



## Daily Trading Plan for July 27, 2009

### 1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
967.75	979.00	962.50	977.75

### 2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1000.17	1033.83	1019.25	2082.17
R2	989.58	1006.42	986.00	1781.33
R1	983.67	992.08	950.75	1340.67
<b>PPT</b>	<b>973.08</b>	<b>964.67</b>	<b>917.75</b>	<b>1039.83</b>
S1	967.17	950.33	882.25	599.17
S2	956.58	922.92	849.00	448.75
S3	950.67	908.58	813.75	298.33

### 3. FOCUS NUMBERS

	Daily	Weekly
<b>1<sup>st</sup> Sell level</b>	<b>987.25-990.00</b>	<b>987.75-990.25</b>
<b>2<sup>nd</sup> Sell level</b>	<b>999.75-1003.25</b>	<b>1004.75-1006.50</b>
<b>1<sup>st</sup> Buy level</b>	<b>965.00-963.75</b>	<b>953.25-950.00</b>
<b>2<sup>nd</sup> Buy level</b>	<b>950.25-952.50</b>	<b>925.50-927.00</b>

#### 4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 979.26 on Friday for a net weekly gain of 61.12 points — another 6% gain from its previous week.

Last week, \$SPX decisively broke out its yearly high 957 and is likely go higher in the future. The weekly chart has formed an inverted H&S pattern, as we predicted quite long ago. The neckline is around 1049-1072.15 range. In the past two weeks, the bulls were in control of the market. Each pullback was small and short. This kind of market behavior probably will continue until \$SPX hits around neckline area.

This week, we may see a continuation high move early in the week, and then price retraces from whatever high is made on Monday or Tuesday. The breakout point 957 area could be retested by this week; 873-875 range has been turned into major support level. This support line shouldn't be breached for the rest of the year. In other words this level should be the low for the rest of the year.

Lots of people asked why this market should go higher at this time when the economy is still not fully recovered? My answer is: 1). market always looks 6 months ahead of the moves in the economy; currently the price move has anticipated the partial recovery of the economy after the government stimulation plan executed last year. 2). The devaluation of \$US will still be a major issue in the coming months and years. As long as the \$US slides down, assets inflation will occur, and will also lead to inflation in the index. As the \$US loses value, the *nominal* price of assets tends to increase.

#### SPX DAILY CHART



Major monthly resistance level 1000 and support level is 812  
Weekly resistance level 1000 and support level is 950.00

## 5. DAILY OUTLOOK

After last March, ES found its major low 666 area and started its correction move (counter-rally). Within this counter rally, ES completed its sub-wave 1<sup>st</sup> on June 11 and did a small correction sideways to find the sub-wave 2<sup>nd</sup> bottom on July 8, then resumed its rally. The current rally could push the price as high as 1050 area to complete sub-wave 3<sup>rd</sup>. Before price gets there, any pullback may be relatively small and time period could be short. Once the price completes its 3<sup>rd</sup> wave, a fast pullback toward uptrend channel low band area (green and red crossing area) should be expected.

Since Oct, 2008 there has been an unfilled gap at 1003.25. If price goes above 991.75 line today, upside momentum is likely to push price higher to 1003 area to fill that gap. If 990 line can hold price down, and if the important economic reports due this week are not as good as expected, then a fast sharp dip should be expected. But no matter how low price goes, as long as 912 level holds, the dip will not last very long — maybe only one or two days.

ESU9 DAILY Chart



## 6. TRADING STRATEGY FOR July 27, 2009

Today ES can make its continuation high 987-990 (short entry) if it can quickly find the support level around 970 (scalping long entry) area in the early morning. If 970 line fails to hold price up, then last Friday's low 962 (long entry) area could be retested again. If ES gaps up at open, watch for a high area reversal signal, when a pullback into 970 line should be expected.

### ESU9 INTRADAY



### INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
<b>Sell level</b>	<b>980.75-983.00</b>	<b>987.75-990.50</b>	<b>999.75-1003.25</b>
<b>Buy level</b>	<b>970.00-969.00</b>	<b>965.00-963.00</b>	<b>954.50-952.25</b>

## 7. PREDICTION FOR NEXT DAY'S MOVEMENT

### Current (interval=3.91)

1007.81	+2/8
1003.91	+1/8
1000.00	8/8
996.09	7/8
992.19	6/8
988.28	5/8
984.38	4/8
980.47	3/8
976.56	2/8
972.66	1/8
968.75	0/8
964.84	-1/8
960.94	-2/8

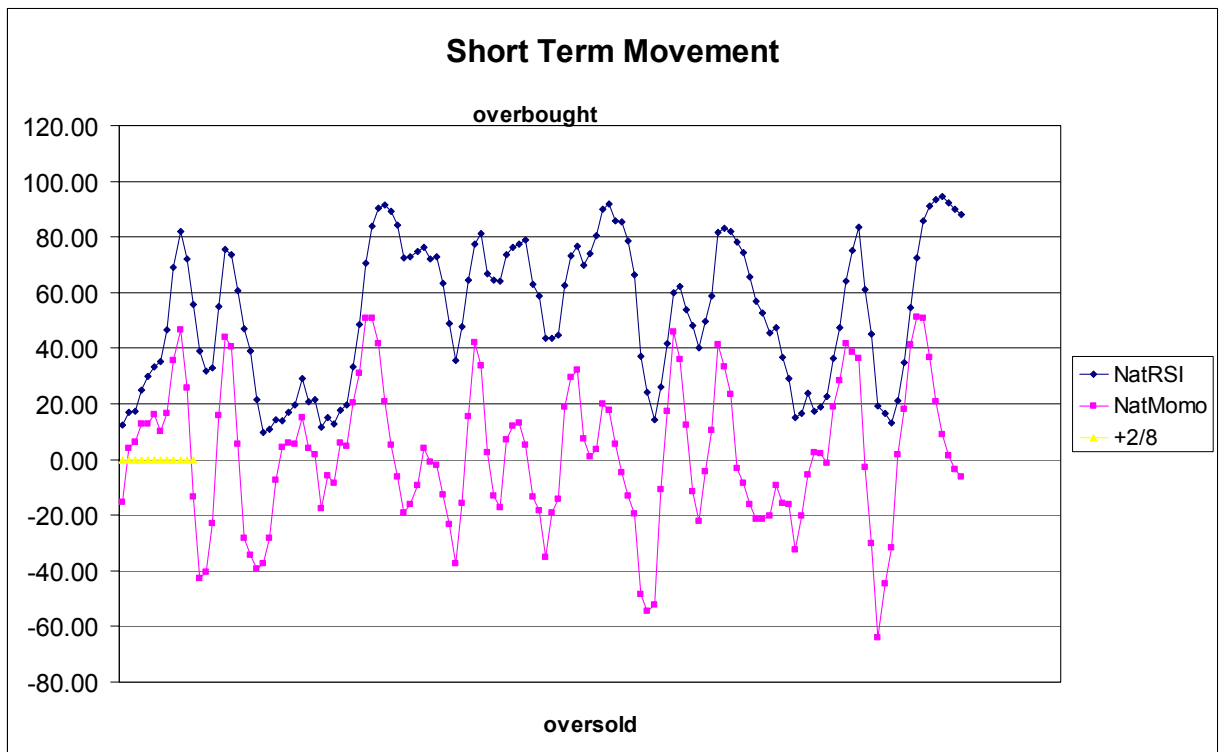
### Up (Interval=3.91)

1007.81	+2/8
1003.91	+1/8
1000.00	8/8
996.09	7/8
992.19	6/8
988.28	5/8
984.38	4/8
980.47	3/8
976.56	2/8
972.66	1/8
968.75	0/8
964.84	-1/8
960.94	-2/8

### Down (Interval=3.91)

992.19	+2/8
988.28	+1/8
984.38	8/8
980.47	7/8
976.56	6/8
972.66	5/8
968.75	4/8
964.84	3/8
960.94	2/8
957.03	1/8
953.13	0/8
949.22	-1/8
945.31	-2/8

## 8. SHORT TERM SENTIMENT



## 9. WEEKLY ECONOMIC REPORTS

(<http://www.briefing.com/Investor/Public/Calendars/EconomicCalendar.htm> )

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Jul 27	10:00	<a href="#">New Home Sales</a>	Jun	NA		352K	342K
Jul 28	09:00	<a href="#">Consumer Confidence</a>	Jul	NA		48.7	49.3
Jul 28	09:00	S&P/Case-Shiller Home Price Index	May	NA		-17.80%	-18.12%
Jul 29	08:30	<a href="#">Durable Orders</a>	Jun	NA		-0.5%	1.8%
Jul 29	08:30	<a href="#">Durables, Ex Transportation</a>	Jun	NA		0.1%	1.1%
Jul 29	10:30	Crude Inventories	07/24	NA		NA	-1.80M
Jul 29	14:00	Fed's Beige Book					
Jul 30	08:30	<a href="#">Initial Claims</a>	07/25	NA		585K	554K
Jul 31	08:30	<a href="#">GDP-Adv.</a>	Q2	NA		-1.5%	-5.5%
Jul 31	08:30	<a href="#">Core PCE</a>	Q2	NA		2.4%	1.6%
Jul 31	08:30	<a href="#">Chain Deflator-Adv.</a>	Q2	NA		1.0%	2.8%
Jul 31	08:30	<a href="#">Employment Cost Index</a>	Q2	NA		0.3%	0.3%
Jul 31	09:45	<a href="#">Chicago PMI</a>	Jul	NA		42.0	39.9