



Daily Trading Plan for Aug.3, 2009

1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
982.25	990.50	979.50	984.50

2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1001.17	1026.00	1159.33	2082.17
R2	995.83	1010.00	1076.67	1781.33
R1	990.17	997.25	1030.58	1340.67
PPT	984.83	981.25	947.92	1039.83
S1	979.17	968.50	901.83	599.17
S2	973.83	952.50	819.17	448.75
S3	968.17	939.75	773.08	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	990.75 – 992.00	1014.00-1016.00
2nd Sell level	999.75 – 1003.25	1034.25-1036.50
1st Buy level	975.00 – 973.25	953.25-950.00
2nd Buy level	965.00 – 966.25	925.50-927.00

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 987.48 on Friday for a net weekly gain of 8.22 points.

The rally from July 8 started to show signs of slowdown. Optimistic sentiment from financial analysts and investors has picked up fast over the past two weeks. As we mentioned it in the room two days ago, AAll survey showed 47% bullish vs 31% bears, and put/call ratio hit 0.60 level, the market volatility index held up around a low level, all indicating that either the short term Top would be seen in Thursday or Friday or at least that the top was not far away from the current level.

The high Thursday could be a short-term TOP. If it is, a small partial retracement to retest a breakout point around 956 should be expected this week. If this week's closing price is below 906, it will indicate that a medium term Top has been posted, a bearish signal. And then any bounce up will attract the sellers.

Based on the inverted H&S pattern, our neckline is lying around 1043-1045 area. But some people may use flat line as neckline around 956-943 area. Those people will think that the market has broken out from the inverted H&S pattern, and that bullish momentum will carry price up to maximum high 1245 area. This is optimist point of view. For price to carry that far, all other markets should show support for it. For a strong upside move, price not only has to deal with psychological resistance around 1000, also it needs to deal with our neckline which is a major summer season resistance level.

For seasonal trading, August is usually a choppy month. Price has often declined during this month in past bear markets. Plus SPX is already up almost 330 points from March's low. We should respect the decline.

SPX WEEKLY CHART



Major monthly resistance level 1075 and support level is 900
Weekly resistance level 1024 and support level is 945

5. DAILY OUTLOOK

ES already showed weakness last Friday — little different from \$SPX. This morning ES may shakeout the early shorts and attempt to retest last week's high 994 area or fill Oct 2008's gap 1003.25. Because this gap was unfilled about 11 months, it represents strong resistance, and will not give up easily. It is likely for price to fall from there and pull back down to search for higher lows as support for later attempts to breakout again.

For a continuation high move, ES needs to hold the price above 975 to make new highs that can breakout 1008 line to get to 1044-1043 area. All daily 20/40-EMA lines need to follow the price up to support upside move.

For a pullback move, the 1006 line needs to hold price down this week and keep pushing price to go below 965 line. A weekly closing below 965 will give traders the impression this market wants to retest the previous breakout 956-948 range.

First day of Aug, bulls may try to hold up or push up the price. But as soon as the rally shows signs of exhaustion, aggressive early shorts will step into the market. Baby bears and oldest bulls are playing in the garden.

ESU9 DAILY Chart



6. TRADING STRATEGY FOR Aug. 3, 2009

Today overnight trading could set tone for our daily trading. If price can't go above 989-988 range during overnight trading, it is likely for ES to go down to retest last Friday's low 979.50 area. We are looking for downside gap around 975-974 area as first support (scalping long). If price breaks out 989-988 range during overnight, and goes to a higher level around 994-996.50, we are looking for resistance level 998.50-999 (scalping short) or higher to 1003.25-1006 range for short entry. The 974-973 range is key for the both sides.

ESU9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	988.25-989.75	996.50-998.50	1004.25-1006.50
Buy level	975-974.25	965.00-966.25	954.50-952.25

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=1.95)

996.09	+2/8
994.14	+1/8
992.19	8/8
990.23	7/8
988.28	6/8
986.33	5/8
984.38	4/8
982.42	3/8
980.47	2/8
978.52	1/8
976.56	0/8
974.61	-1/8
972.66	-2/8

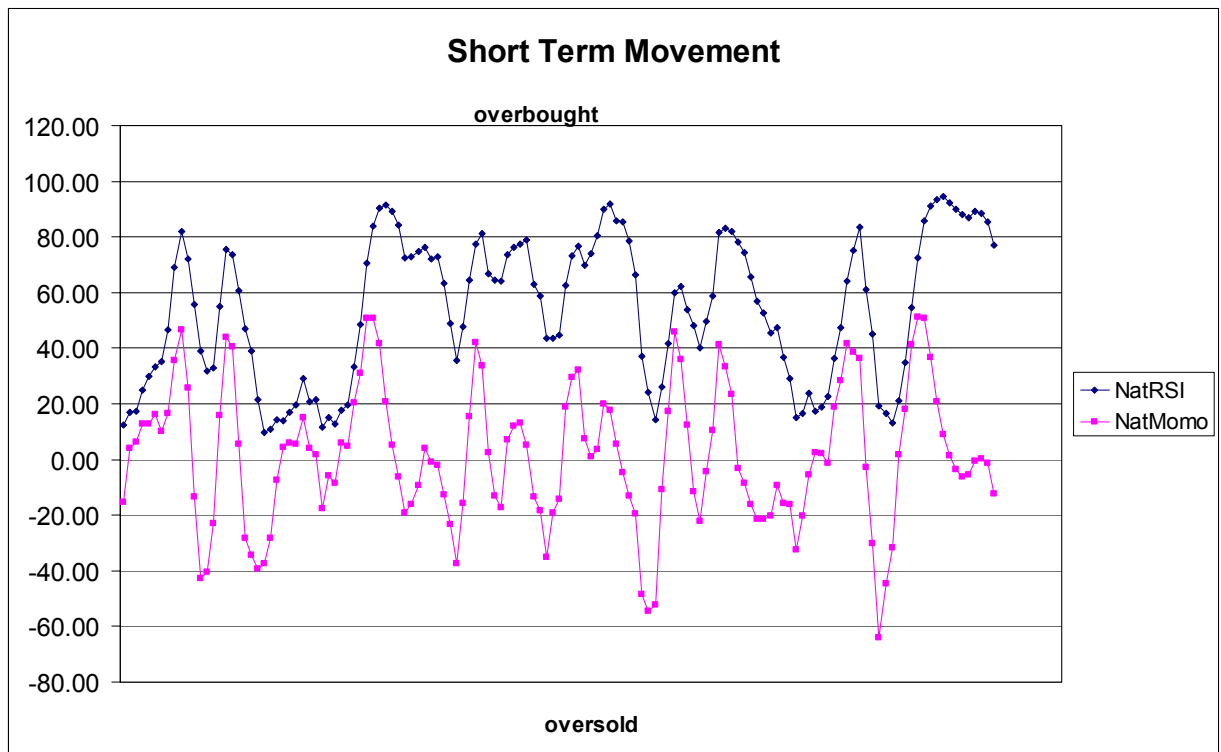
Up (Interval=3.91)

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=1.95)

988.28	+2/8
986.33	+1/8
984.38	8/8
982.42	7/8
980.47	6/8
978.52	5/8
976.56	4/8
974.61	3/8
972.66	2/8
970.70	1/8
968.75	0/8
966.80	-1/8
964.84	-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
Aug 03	10:00	Construction Spending	Jun	NA	-0.6%	-0.9%	
Aug 03	10:00	ISM Index	Jul	NA	46.5	44.8	
Aug 03	14:00	Auto Sales	Jul	NA	NA	3.4M	
Aug 03	14:00	Truck Sales	Jul	NA	NA	3.8M	
Aug 04	08:30	Personal Income	Jun	NA	-1.0%	1.4%	
Aug 04	08:30	Personal Spending	Jun	NA	0.3%	0.2%	
Aug 04	10:00	Pending Home Sales	Jun	NA	0.3%	0.1%	
Aug 05	08:15	ADP Employment Change	Jul	NA	-340K	-473K	
Aug 05	10:00	Factory Orders	Jun	NA	0.5%	1.2%	
Aug 05	10:00	ISM Services	Jul	NA	48.0	48.8	
Aug 05	10:30	Crude Inventories	07/31	NA	NA	+5.15M	
Aug 06	08:30	Initial Claims	08/01	NA	NA	NA	
Aug 07	08:30	Average Workweek	Jul	NA	33.0	33.0	
Aug 07	08:30	Hourly Earnings	Jul	NA	0.1%	0.0%	
Aug 07	08:30	Nonfarm Payrolls	Jul	NA	-333K	-467K	
Aug 07	08:30	Unemployment Rate	Jul	NA	9.6%	9.5%	
Aug 07	14:00	Consumer Credit	Jun	NA	-\$4.1B	-\$3.2B	