



Daily Trading Plan for Aug.10, 2009

1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
1004.75	1016.00	999.50	1006.50

2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1031.67	1046.00	1159.33	2082.17
R2	1023.83	1031.00	1076.67	1781.33
R1	1015.17	1018.75	1030.58	1340.67
PPT	1007.33	1003.75	947.92	1039.83
S1	998.67	991.50	901.83	599.17
S2	990.83	976.50	819.17	448.75
S3	982.17	964.25	773.08	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell level	1018.75-1021.75	1029.75-1032.75
2nd Sell level	1030.25-1032.75	1052.75-1056.00
1st Buy level	993.25-995.00	988.75-989.25
2nd Buy level	984.50-983.00	968.75-970.25

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 1010.49 on Friday for a net weekly gain of 23.01 points. The market has been up 15.86% from July 8 low and gained more than 50% in total from March 6 low.

Many people thought the U.S economy was in deep recession and the stock market wouldn't recover until next year. But that is not the case. In many past trading plans, we repeatedly mentioned that our stock market will anticipate the future economic move by 6 months — which means the stock market often reaches its top 6 months earlier than the economy reaches its real top, and reaches its bottom 6 months earlier than the economy reaches its actual bottom. So when everybody was still complaining about the bad economic situation, the stock market had already started to anticipate an improvement in the economy by breaking short-term and medium-term resistance levels. Now as the economy shows some signs of recovery, our stock market may head up further.

Last week the biggest news was a less-bad unemployment report. It convinced many investors the recession is over or nearly over. We are still skeptical. The current market behavior is like people running to catch the train before it pulls away from them. In this kind of situation, few people will doubt the accuracy of the data or the seasonally adjusted numbers. Many people will be encouraged by the usual cheerleaders to follow the crowd. In the early stages this kind of crowd behavior can interrupt the fundamental and technical analysis of the market. It can drive higher and last longer than anyone expects.

Now we should come back to our technical chart analysis. In last Monday's daily trading plan we mentioned an inverted H&S pattern neckline in the 1043 area; in the room we also discussed the possibility the public would consider the neckline breakout could occur around 950 area. In the past two weeks, the follow-through to the upside confirmed the breakout of the 950 line, which now becomes a major support area. As long as this area holds the price up, the short term and medium term all remain up. The first upside target 1044-50 is now more reasonable and major resistance should be around the long term downtrend line area (blue line on the chart).

Based on the weekly chart, the long-term picture looks more convincing for the buyers. Even though the medium term indicators move into overbought territory, in the past weeks each pullback smoothed out short-term overbought conditions and pushed price to make new highs. That was bull market behavior — an internal correction. In addition the 10-week moving average crossing above the 40-week moving average last week also sent a buying signal for the long term. Therefore any retracement should be only a small portion of the past rally length and the pullback time could be short.

For this week, based on the daily pattern move, SPX may want to reach the upside pattern target 1044-1037 as long as price holds above 996-990 range. If SPX fails to hold that range, a sharp retracement down to 950-966 area should be expected.

Heavy economic reports this week will also create high volatility and price swings. Choppy.

SPX WEEKLY CHART



Major monthly resistance level 1075 and support level is 900
 Weekly resistance level 1045 and support level is 945

5. DAILY OUTLOOK

ES has made the same moves as its big brother SPX. ES is climbing slowly and steadily up. All moving average lines were acting as support and pushing the price to move higher in the past weeks.

Today and tomorrow, ES may want to push price up extremely to 1044-45 area before pulling back down sharply for next option expiration week. 988.75 is the first key level support for ES. If there is a move below this key support, a further retracement down to 968 or lower to 957-55 range for testing is very possible.

ESU9 DAILY Chart



6. TRADING STRATEGY FOR Aug. 10, 2009

Today the overnight key range 999.50-1000 could help us to find which direction ES intends to go first. Last Friday's regular session price activity left an indecision pattern. It could be an abandoned baby pattern, but also could be a pause pattern for next leg up move. For upside, the 999.50 line must be held up for retesting Friday's high 1016 (short entry) or new highs 1031.75-32.50 (short entry) to complete last sub-rally 5th wave. For downside move, the bears need to breakdown 987-88 line to push ES lower to 975 area for filling the gap.

ESU9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	1012.50-1014.50	1024.25-1026.25	1031.75-1032.50
Buy level	991.75-989.25	985.25-984.50	975.75-973.75

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=1.95)

1019.53	+2/8
1017.58	+1/8
1015.63	8/8
1013.67	7/8
1011.72	6/8
1009.77	5/8
1007.81	4/8
1005.86	3/8
1003.91	2/8
1001.95	1/8
1000.00	0/8
998.05	-1/8
996.09	-2/8

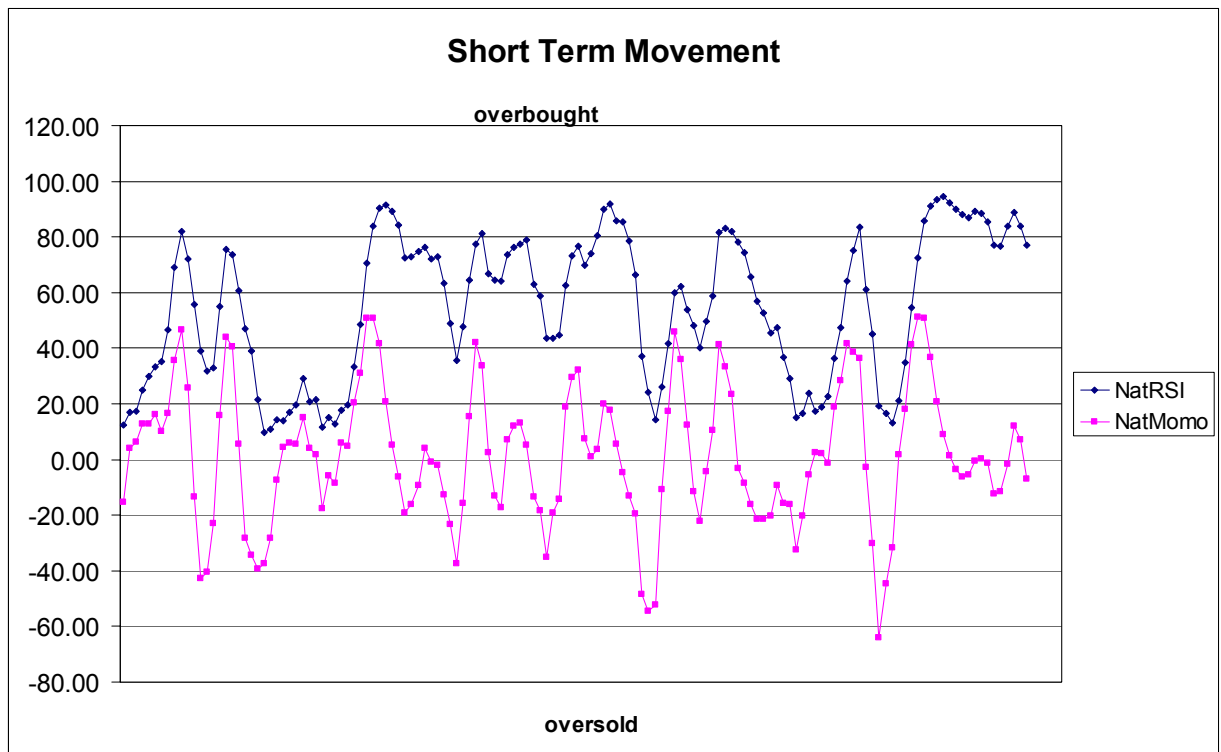
Up (Interval=3.91)

1039.06	+2/8
1035.16	+1/8
1031.25	8/8
1027.34	7/8
1023.44	6/8
1019.53	5/8
1015.63	4/8
1011.72	3/8
1007.81	2/8
1003.91	1/8
1000.00	0/8
996.09	-1/8
992.19	-2/8

Down (Interval=3.91)

1023.44	+2/8
1019.53	+1/8
1015.63	8/8
1011.72	7/8
1007.81	6/8
1003.91	5/8
1000.00	4/8
996.09	3/8
992.19	2/8
988.28	1/8
984.38	0/8
980.47	-1/8
976.56	-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 11	08:30	Productivity-Prel	Q2	5.2%	5.4%	5.4%	1.6%
Aug 11	08:30	Unit Labor Costs	Q2	-2.2%	-2.4%	-2.4%	3.0%
Aug 11	10:00	Wholesale Inventories	Jun	-0.9%	-0.9%	-0.9%	-0.8%
Aug 12	08:30	Trade Balance	Jun	-\$31.0B	-\$28.5B	-\$28.5B	-\$26.0B
Aug 12	10:30	Crude Inventories	08/07	NA	NA	NA	+1.67M
Aug 12	14:00	Treasury Budget	Jul	NA	-\$180.0B	-\$180.0B	NA
Aug 12	14:15	FOMC Rate Decision					0.00%-0.25%
Aug 13	08:30	Export Prices ex-ag.	Jul	NA	NA	NA	0.8%
Aug 13	08:30	Import Prices ex-oil	Jul	NA	NA	NA	0.2%
Aug 13	08:30	Initial Claims	08/08	540K	545K	545K	550K
Aug 13	08:30	Retail Sales	Jul	0.9%	0.7%	0.7%	0.6%
Aug 13	08:30	Retail Sales ex-auto	Jul	0.3%	0.1%	0.1%	0.3%
Aug 13	10:00	Business Inventories	Jun	-0.9%	-0.9%	-0.9%	-1.0%
Aug 14	08:30	Core CPI	Jul	0.1%	0.1%	0.1%	0.2%
Aug 14	08:30	CPI	Jul	0.0%	0.0%	0.0%	0.7%
Aug 14	09:15	Capacity Utilization	Jul	68.5%	68.4%	68.4%	68.0%
Aug 14	09:15	Industrial Production	Jul	0.5%	0.4%	0.4%	-0.4%
Aug 14	09:55	Mich Sentiment-Prel	Aug	70.0	69.0	69.0	66.0