



## Daily Trading Plan for Aug.17, 2009

### 1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
1011.00	1011.50	992.25	1005.75

### 2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1033.33	1040.50	1159.33	2082.17
R2	1022.42	1027.25	1076.67	1781.33
R1	1014.08	1016.50	1030.58	1340.67
<b>PPT</b>	<b>1003.17</b>	<b>1003.25</b>	<b>947.92</b>	<b>1039.83</b>
S1	994.83	992.50	901.83	599.17
S2	983.92	979.25	819.17	448.75
S3	975.58	968.50	773.08	298.33

### 3. FOCUS NUMBERS

	Daily	Weekly
<b>1<sup>st</sup> Sell Range</b>	<b>1019.00-1020.75</b>	<b>1033.75-1035.00</b>
<b>2<sup>nd</sup> Sell Range</b>	<b>1029.75-1031.75</b>	<b>1049.25-1053.75</b>
<b>1<sup>st</sup> Buy Range</b>	<b>993.50-992.75</b>	<b>990.25-987.25</b>
<b>2<sup>nd</sup> Buy Range</b>	<b>985.75-984.50</b>	<b>974.75-975.50</b>

#### 4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 1004.09 on Friday for a net weekly loss of 6.4 points.

Last week, Fed kept the interest rate unchanged, and stated “the economy is leveling out”. Many investors interpreted this as “the recession is over,” and kept buying on the dips. The market sentiment immediately turned bullish. According AAll survey, bullish sentiment went up to 51% last Thursday from its previous week low 46%; bearish sentiment is down to 33% from its previous 37%. Based on the survey, the bearishness hasn’t reached the lowest level yet, indicating that this market still has some residual bullish energy. The current rally from July’s low should be in the last stage. As soon as the rally gets exhausted, the partial retracement from current rally should be expected. But the decline shouldn’t be treated as the resumption of the bear market.

In the past 5 months, SPX rallied from March’s low and reached short-term and medium-term overbought conditions. But each overbought condition has been smoothed out every time by sideways moves and then broke out from resistance. The market managed internal corrections quite well; usually this kind of behavior is only seen in a bull market. Now the price is going into long term territory. Many analysts already think the bull market began last month, based on the 50- and 200-day moving average lines crossing which gives a long term buying signal). But I think it is too early to say we are in the bull market. For a true bull market start, we need to see SPX close above 1200, which still is far from the current price.

Based on the weekly chart, 10-week moving average line crossed all 20- and 40-week moving average lines and gave a short term buying signal long ago. As long as this 10-week EMA line holds SPX price up, the sideways move to the higher level neckline 1043.16 remains intact. Plus this week is option expiration week; lots of economic reports can help to move the price. Also the previous sideways movement created a contraction condition and formed a small range inside week pattern last week. Therefore, breakout either direction of last week’s range could create a high volatility move. A move below 990 will be bearish. A sharp pushing price down to 968-972 may occur.

#### 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 been sideways since the beginning of August. It bounced along the 10-day EMA line and tried to breakout 1016 line, but the upside strength seemed to be decreasing every time it tried. This week, we may see a thrust high move to run out the final strength.

This week 989.75-988.75 remains very important support level. Today or tomorrow, if ES fails to breakout 1016 line, but instead breaks below this support zone, ES may dip fast into 983-82 area to find next major support and then push price sharply back up above 990 line. If we see this movement, a reversal up to the top range 1016 or higher to 1031-26 range should be expected. If ES continues moving below 982 line, odds may believe a test of the 956 line may occur, and try to push price down further. For option expiration week, 1000 is battle line. Bulls are fighting for 1025 or higher, and bears are fighting for 990 or lower to 975 area.

ESU9 DAILY Chart



## 6. TRADING STRATEGY FOR Aug. 17, 2009

Last Friday ES went down and stayed down almost for 4 hours. Suddenly in the last half hour, buying programs stepped in and pushed price back up to 1005.75 for closing. But it still left an unfilled gap at 1013.50. Today we may see ES attempt to fill last Friday's gap 1013.50-14.75 (short entry with stop loss 1016) if overnight trading is holding above 1000 level. Later if ES can successfully breakout 1016 line, price could move up to 1023.75-26 range or higher to 1031.75-32 (second short entry). A failure to breakout 1016 line, we may see ES moves down to retest 994-92 range again (long entry with stop loss 988.75). A break below 988.75 is negative. A further move down to 983 area should be expected.

### ESU9 INTRADAY



### INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
<b>Sell level</b>	<b>1014.75</b>	<b>1024.25-1026.25</b>	<b>1031.75-1032.50</b>
<b>Buy level</b>	<b>993.00-992.75</b>	<b>985.25-984.50</b>	<b>975.75-973.75</b>

## 7. PREDICTION FOR NEXT DAY'S MOVEMENT

### Current (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

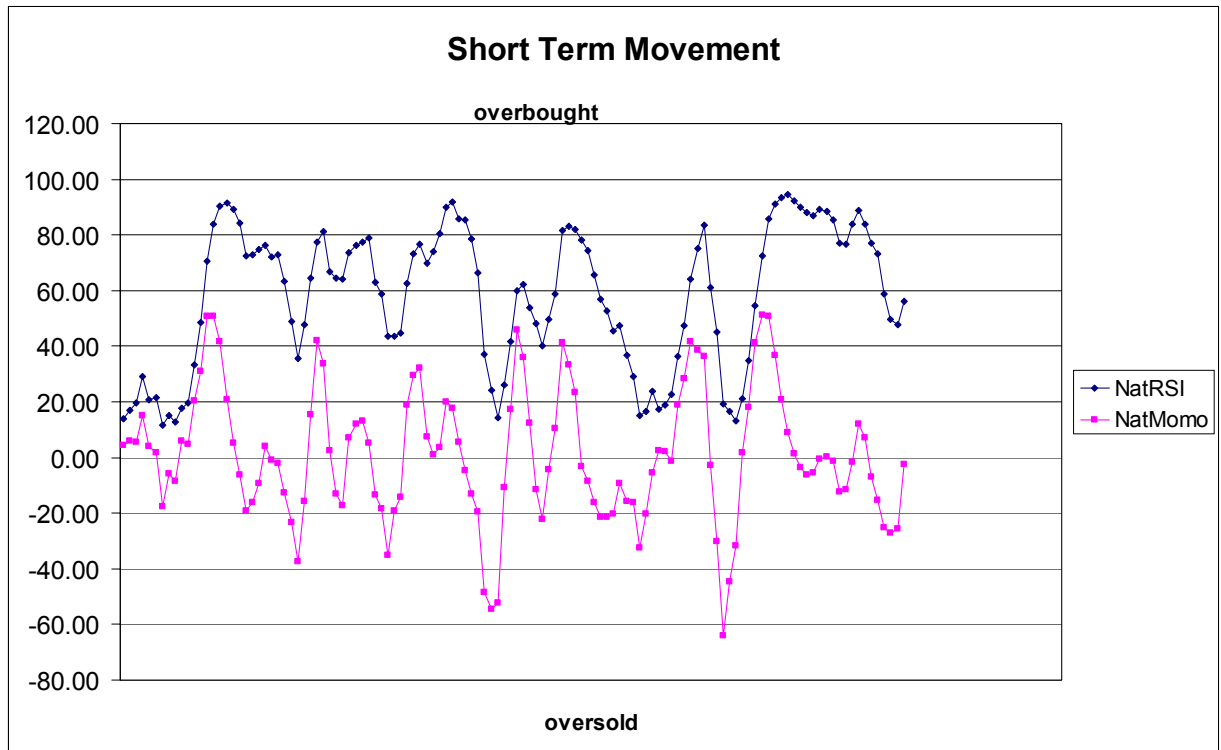
### Up (Interval=3.91)

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 17	08:30	Empire Manufacturing	Aug	5.00	2.20	-0.55	
Aug 17	09:00	Net Long-Term TIC Flows	Jun	NA	\$17.5B	-\$19.8B	
Aug 18	08:30	<a href="#">Building Permits</a>	Jul	565K	576K	570K	
Aug 18	08:30	<a href="#">Core PPI</a>	Jul	0.1%	0.1%	0.5%	
Aug 18	08:30	<a href="#">Housing Starts</a>	Jul	580K	598K	582K	
Aug 18	08:30	<a href="#">PPI</a>	Jul	-0.2%	-0.2%	1.8%	
Aug 19	10:30	Crude Inventories	08/14	NA	NA	+2.52M	
Aug 20	08:30	<a href="#">Initial Claims</a>	08/15	550K	553K	558K	
Aug 20	10:00	<a href="#">Leading Indicators</a>	Jul	0.6%	0.6%	0.7%	
Aug 20	10:00	<a href="#">Philadelphia Fed</a>	Aug	1.0	-2.0	-7.5	
Aug 21	10:00	<a href="#">Existing Home Sales</a>	Jul	5.10M	5.00M	4.89M	