



Daily Trading Plan for Aug. 24, 2009

1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
1013.50	1027.00	1011.75	1025.25

2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1046.17	1094.17	1159.33	2082.17
R2	1036.58	1060.58	1076.67	1781.33
R1	1030.92	1042.92	1030.58	1340.67
PPT	1021.33	1009.33	947.92	1039.83
S1	1015.67	991.67	901.83	599.17
S2	1006.08	958.08	819.17	448.75
S3	1000.42	940.42	773.08	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell Range	1033.75-1036.50	1034.75-1037.75
2nd Sell Range	1041.75-1043.75	1063.75-1059.75
1st Buy Range	1010.50	1012.50-1010.50
2nd Buy Range	1005.50-1004.75	1000-998.50

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 1026 on Friday for a net weekly gain of 21.91 points — up about 2.2%. It was a typical option expiration week. The market started with negative move due to Shanghai market declining. Later in the week the existing home sales report and Ben's speech excited the market and short covering moves by large traders led price higher. All three major indices closed at top levels.

Economy: In 2008 the combination of the housing market crash and the financial crisis pushed economy into deep trouble. The housing market improvement is the first signal for an economic recovery. Does recent housing market really improve? If you read last Friday's housing sales report carefully, you will find that the increased sales are related to the \$8,000 bonus being paid to first-time home-buyers. The rest of housing market still doesn't show any signs of recovery yet. The \$8,000 bonus program will expire in November. After that month, the real sales figure will tell the truth. Ben speech ("we saved the world") wasn't shy about claiming credit for helping avert a global disaster. He argued that fast aggressive action in late September and early October was necessary. So far we don't know whether that will work or not. But last Friday 4 more banks failed, bringing the total for the year to 81. And California's unemployment rate is nearing 12% and Michigan's has topped 15%.

Market: All major financial markets closed at high for last Friday. All looked like typical option expiration day action. All the price movement Friday was in the early morning when most expirations took place. For the rest of the day the price just sat still. Based on the weekly chart, SPX intends to try for the long term major resistance level 1158.76 area. The medium-term buying signal was given five weeks ago and short term support held price up quite well in the past. All indicate that SPX could go up little to further highs to close out the Bear market rally from March's low.

But the problem is that SPX is getting into both short-term and medium-term overbought territory with long term resistance ahead. Should SPX reach its final destination 1158 area before it ends the rally? Or it will quit before it reaches its final? In addition, the first month of the worse seasonal trading period hasn't ended yet. The market still has to deal with two coming months (Sept. and Oct). One or two more weeks could tell us if the rally ends soon or not. Each side is looking for entry and exit levels for coming two months trading.

Right now we can only go step by step. The first short-term resistance level for SPX is 1043.14-1044.31 area, which, as we mentioned last week, will be regarded by some traders as the neckline of an inverted Head & shoulders pattern. If we have a move above 1050, the 1072.15 area (which we believe is the real neckline of the pattern) could be retested. This week, if SPX can't breakout 1037-1039 range, it is likely for it to move inside last Friday's range to wait for the new month beginning — especially if the price moves below last Thursday's low.

SPX WEEKLY CHART



Major monthly resistance level 1075 and support level is 900
 Weekly resistance level 1075 and support level is 975

5. DAILY OUTLOOK

ES broke out the previous week's high 1016 on Friday and closed up for expiration day. Now 1016-1007.75 turns into a support zone. And this support zone needs to hold for ES to reach the major upside target 1041-43.75 or higher to 1049.75-56.50. Because last Friday was option expiration day, and even though the existing homes sales report blew out the shorts, it doesn't mean that the shorts will not regroup for re-shorting this week again. If today ES opens below 1014, it is likely for it to move lower to fill last Friday's gap around 1004.50 area before the price bounces up again.

ESU9 DAILY Chart



6. TRADING STRATEGY FOR Aug. 24, 2009

Sunday overnight will set the tone for Monday's trading. ES may go up a little higher to 1029.75-1031.75 (short entry) overnight and go down sharply before the market regular session opens. ES needs to retest 1016-14 range and try to get true confirmation from that range breakout zone. If ES fails to hold up 1010.50 line overnight, 1004.75 gap could be filled. If this is the case, we are looking for support level around 1004.00-01.00 for long side scalping to the target 1014 area.

ESU9 INTRADAY

INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	1029.75-1031.75	1036.50-1039.75	1043.75-1046.75
Buy level	1011.75-1010.25	1005.75-1004.50	998.50-995.50

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=1.95)

1035.16	+2/8
1033.20	+1/8
1031.25	8/8
1029.30	7/8
1027.34	6/8
1025.39	5/8
1023.44	4/8
1021.48	3/8
1019.53	2/8
1017.58	1/8
1015.63	0/8
1013.67	-1/8
1011.72	-2/8

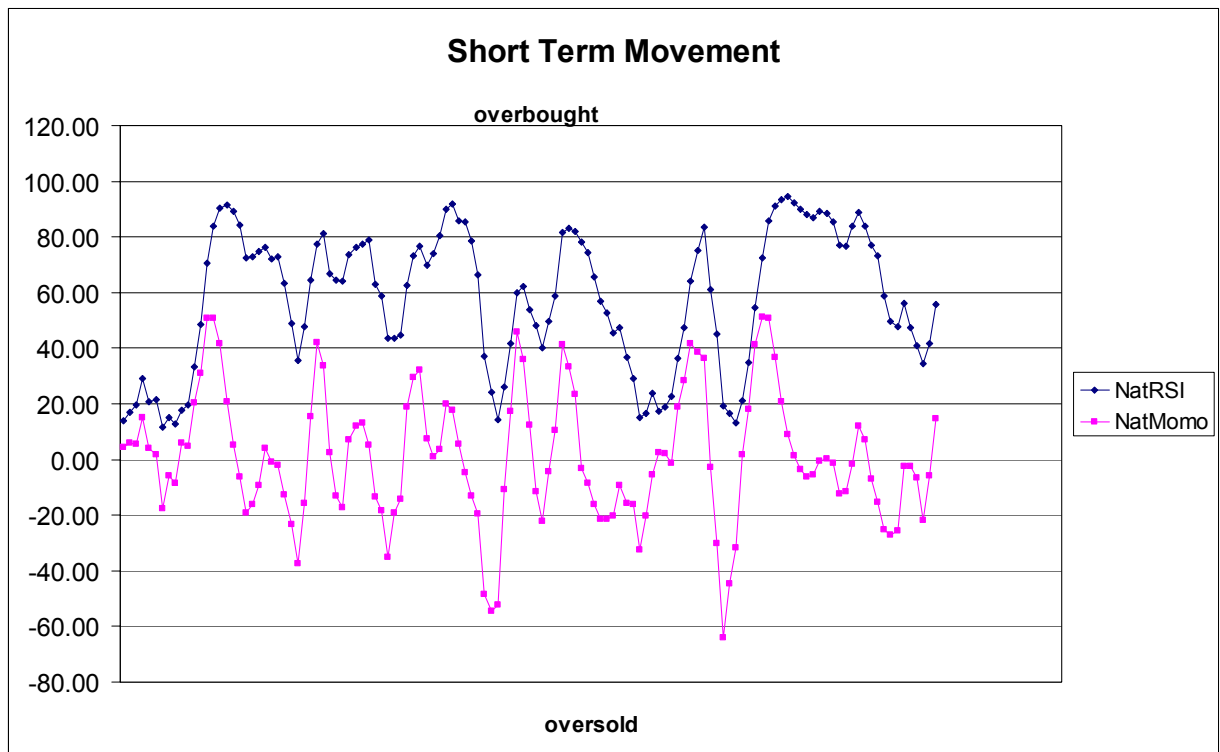
Up (Interval=3.91)

1054.69	+2/8
1050.78	+1/8
1046.88	8/8
1042.97	7/8
1039.06	6/8
1035.16	5/8
1031.25	4/8
1027.34	3/8
1023.44	2/8
1019.53	1/8
1015.63	0/8
1011.72	-1/8
1007.81	-2/8

Down (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

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 25	09:00	S&P/Case-Shiller Home Price Index	Jun	-17.0%	-16.40%	-17.06%	
Aug 25	10:00	Consumer Confidence	Aug	48.0	48.0	46.6	
Aug 26	08:30	Durable Orders	Jul	2.8%	3.2%	-2.5%	
Aug 26	08:30	Durables, Ex Transportation	Jul	0.4%	1.0%	1.1%	
Aug 26	10:00	New Home Sales	Jul	308K	390K	384K	
Aug 26	10:30	Crude Inventories	08/21	NA	NA	-8.40M	
Aug 27	08:30	Initial Claims	08/22	550K	565K	576K	
Aug 27	08:30	Q2 GDP - Prelim	Q2	-1.6%	-1.4%	-1.0%	
Aug 27	08:30	GDP Deflator	Q2	0.2%	0.2%	0.2%	
Aug 27	08:30	Core PCE	Q2	2.0%	2.0%	2.0%	
Aug 28	08:30	Personal Income	Jul	-0.1%	0.1%	-1.3%	
Aug 28	08:30	Personal Spending	Jul	0.3%	0.2%	0.4%	
Aug 28	08:30	PCE Core	Jul	0.1%	0.1%	0.2%	
Aug 28	09:55	Mich Sentiment-Rev	Aug	64.8	64.8	63.2	