



Daily Trading Plan for Sept. 8, 2009 (Rollover week)

1. ESU9 IN PREVIOUS DAY

Open	High	Low	Closing
1003.75	1016.25	1000.75	1014.00

2. PIVOTS FOR ESU9

	Daily	Weekly	Monthly	Yearly
R3	1035.42	1067.58	1110.42	2082.17
R2	1025.83	1047.67	1074.58	1781.33
R1	1019.92	1030.83	1047.17	1340.67
PPT	1010.33	1010.92	1011.33	1039.83
S1	1004.42	994.08	983.92	599.17
S2	994.83	974.17	948.08	448.75
S3	988.92	957.33	920.67	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1 st Sell Range	1023.25-1025.75	1029.75-1031.75
2 nd Sell Range	1029.25-1031.75	1042.50-1043.75
1 st Buy Range	1004.25-1002.00	992.50-990.50
2 nd Buy Range	993.75-990.75	965.50-962.50

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 1016.40 on Friday for a net weekly loss of 12.53 points — down about 1.2%. Last week the market recovered about 50% (from August high to recent low) and put price at a “neutral” level. Monday is closed for Labor Day Holiday. After holiday, the market activity should be back to “normal”.

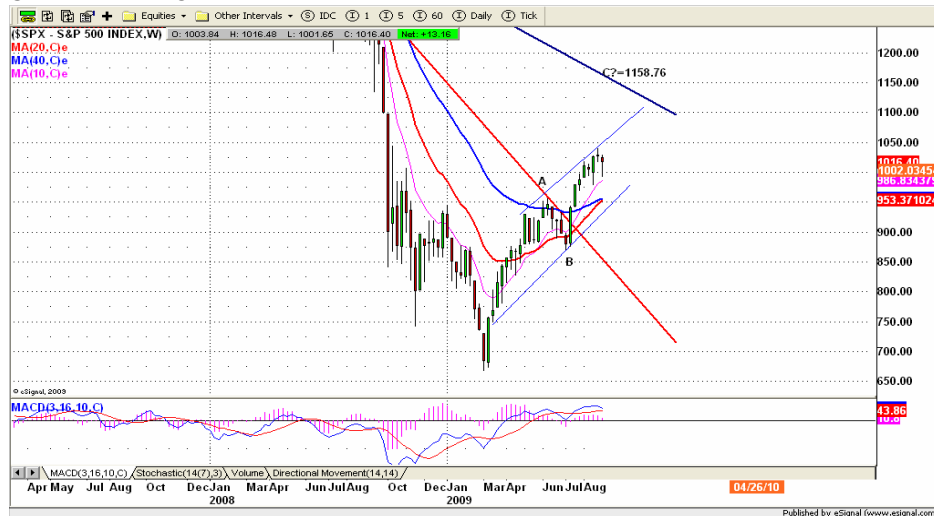
Market: In past three pre-holiday trading days, the price was rising while volume was decreasing. But the market breadth figures were strong – eg A/D ratio 4:1 and VIX below its 20/40EMA (daily) again. Mixed signal were given by volume and breadth figures. It indicates SPX could go either direction as soon as the market activity returns to normal. This week should be very important for near-term trend

One possibility is a move higher, based on last week’s strong market breadth figures. For that case, SPX needs to hold price above 1007 line and keep pushing price above 1031.25 to support breakout of 1039.47 — the August high. Volume needs to be increasing while the price moves higher and higher, and the presence of solid positive breadth figures will lead the price higher. Only this kind of move would indicate that SPX hasn’t reached its C top yet, and our previous projection of the C top around 1158.76 level remains intact for SPX.

The alternative is a move lower, based on last week’s decreasing volume. In this scenario SPX needs to hold price down below last week’s high 1027.48, and good volume with negative breadth figure could shake the confidence of the buyers. If the breadth figures past week were skewed because of the coming holiday, we may see SPX go lower again in early week.

This week is rollover week. Confusion may also lead to high volatility. So trade with caution

SPX WEEKLY CHART



Major monthly resistance level 1075 and support level is 950
Weekly resistance level 1060 and support level is 990

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5. DAILY OUTLOOK

ES has similar problem to its big Brother (SPX). Overlap patterns in daily chart also bring both sides into the fight. One bullish W pattern leads the buyers to think the decline from Aug 28 is over. Friday's move should begin the process to carry price back up to 1054.25 area to complete this W pattern. If this pattern works, ES needs to breakout 1031-1033 range first to create the upside momentum, and then it is very likely to see 1054.25.

But another H&S pattern is also possible if ES can't breakout 1031 line. The Aug. 28 high 1038.75 could be the Head; 1016 could be the left shoulder, and a future high around 1027.75-1031 could be the right shoulder. The neckline will be laying around 1004 area. If this pattern works, while the price moves up, the volume should be very light, and market breadth figure should be much weaker than last Friday. As soon as the price moves below 994, the decline would be sharper while the volume picks up, and the price could go further down.

ESU9 DAILY Chart



6. TRADING STRATEGY FOR Sept. 8, 2009

Based on last Friday's move, the upside could push price a little higher to 1021 area (short entry) or higher below last week high 1027.75 (2nd short entry) area early today, and then reverse from whatever high is made by the pre-market or morning session. ES could be pushed back down to 1007-04 range (long entry) and bounce up again. But if ES can't move back up 1014-16 range, sideways on low range should be expected. A break below 998-996 range will be negative and last week's low area 991 could be retested again.

ESU9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	1020.75-1023.25	1026.75-1029.25	1037.50-1039.75
Buy level	1010-1007	1001.75-998.75	993.25-990.75

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=1.98)

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

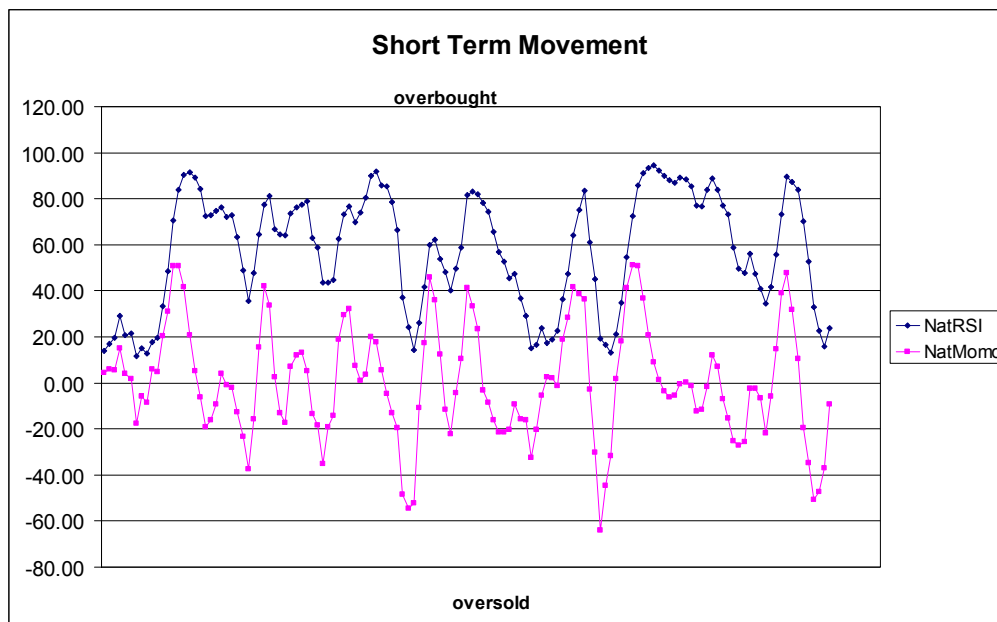
Up (Interval=3.91)

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
Sep 08	14:00	Consumer Credit	Jul	-8.5B	-4.0B	-10.3B	
Sep 09	10:35	Crude Inventories	09/04	NA	NA	-372K	
Sep 09	14:00	Fed's Beige Book					
Sep 10	08:30	Initial Claims	09/05	-565K	560K	570K	
Sep 10	08:30	Continuing Claims	09/29	6150K	6200K	6234K	
Sep 10	08:30	Trade Balance	Jul	-25.5B	-27.4B	-27.0B	
Sep 11	08:30	Export Prices ex-ag.	Aug	NA	NA	0.2%	
Sep 11	08:30	Import Prices ex-oil	Aug	NA	NA	-0.2%	
Sep 11	09:55	Mich Sentiment-Prel	Sep	69.0	67.8	65.7	
Sep 11	10:00	Wholesale Inventories	Jul	-1.4%	-1.0%	-1.7%	
Sep 11	14:00	Treasury Budget	Aug	-168.0B	-162.0B	-111.9B	