



Daily Trading Plan for Oct. 26, 2009

1. ESZ9 IN PREVIOUS DAY

Open	High	Low	Closing
1092.50	1092.75	1071.50	1077.00

2. PIVOTS FOR ESZ9

	Daily	Weekly	Monthly	Yearly
R3	1110.58	1121.83	1173.58	2082.17
R2	1101.67	1110.17	1124.67	1781.33
R1	1089.33	1093.58	1088.83	1340.67
PPT	1080.42	1081.92	1039.92	1039.83
S1	1068.08	1065.33	1004.08	599.17
S2	1059.17	1053.67	955.17	448.75
S3	1046.83	1037.08	919.33	298.33

3. FOCUS NUMBERS

	Daily	Weekly
1st Sell Range	1086.25-1088.75	1098.00-1099.00
2nd Sell Range	1098.50-1097.75	1127.25-1129.75
Key #	1083.25-1081.25	1086.25-1085.50
1st Buy Range	1067.25-1064.75	1055.75-1057.25
2nd Buy Range	1054.75-1052.75	1042.25-1040.75

The key # is a control point for up or down moves. When price moves from one side of that line to the other and stays in the new range it often indicates a change in trend and the beginning of a stop run. Look for the price to move toward new support and resistance levels, often at/near our buy or sell range. For more information visit www.naturus.com.

4. WEEKLY OUTLOOK

The S&P 500 (\$SPX) closed at 1079.60 on Friday for a net weekly loss of 8.08 points. The stock market paused beneath the long-term resistance line.

Last week, the stock market opened up strong and sold off the following day, and then on Wednesday price was pushed back up to make a new high in the morning session, and sold off harder in the afternoon session. On Thursday, the stock market struggled back from its morning session low to push back up the Wednesday's intraday high for closing, but unfortunately on Friday, the stock market sold off for closing. Based on a whole week price movement, it indicates that there is a changing trend sign from the stock market, and a distribution move from top has been in process. As soon as the upside strength runs out of steam, a decline toward 950 line could be the next move. But we still need to see a breakdown of 1042 line first to get confirmation that the uptrend rally has ended before we see a sharp correction to the 950 area.

This week is a major decision week for the stock market. A sideways move for the entire week formed a NRW7 (narrow range week) pattern. That indicates the price had been compressed for quite a long time. Weekly contraction can lead a strong expansion, and the NRW7 pattern indicates the price can go either direction. A number of indications show the market can move down this week: i) the completion of the bullish butterfly pattern; ii) the \$VIX at support area; iii) the AAll survey report showing bullish sentiment at a the high level; iv) non-confirmation from DOW JONES TRANSPORTATION last Wednesday. But the \$SPX has been unable to break below its 40-day EMA line in the past 3 months, and many other indicators — except SST which is showing overbought — suggest a small correction is possible. So there is also a chance for \$SPX to hold price up this time.

We should look for the actual price. A move above 1101.36 (last week high) will be bullish. It indicates uptrend remains intact, and 1130 or higher to 1158.85 are still possible achieved. A break below 1074.31 will be bearish. Odds will favor the low 1050 area or lower 1046-42 level to search for support. If SPX can't hold up 1042, a strong decline toward 1012 area should be expected. If there is no breakout this week, then painful sideways 1103-1070 range move should be expected.

SPX WEEKLY CHART



Major monthly resistance level 1123 and support level is 1012
 Weekly resistance level 1103 and support level is 1012.

5. DAILY OUTLOOK

Last week, pump and dump didn't change our view about the bullish butterfly pattern completion. The 1098.50 remains the recent high and acts as a resistance level. As long as this high is not violated, the selling should continue until ES finds the next support level. The question is whether ES can hold up itself above 20-day EMA this week. A move below 1067 line will be the first indication that ES wants to go lower. The key support zone 1040-42 range will be possible for the downside target. On the upside, if ES can hold up 1069.50 line, 1093.50-1092.75 range could be retested again. No matter how high ES bounces, it shouldn't go above 1098.50. If it does, shorts will be squeezed hard and could push price higher to 1113-15 or higher to 1128.00 - 30.25,

ESZ9 DAILY Chart



6. TRADING STRATEGY FOR Oct. 26, 2009

Today overnight trading will give the first indication of the daily trading movement. The 1083.50-82.50 range needs to hold price down to help the daily trend change (from up to down). On a move above 1083.50, it is likely for ES to move up to 1090.50-1092 range (short entry) for testing last Friday's high. A breakdown below 1067.00 could push price down to 1062.25 or lower to 1055.75-57.50 (long entry). A huge unbalance open on either side will cause strong squeezed running.

ESZ9 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
Sell level	1083.50-1082.50	1098.00-1099.00	1103.25-1106.50
Buy level	1057.50-1055.75	1053.75-1050.25	1042.50-1043.75

7. PREDICTION FOR NEXT DAY'S MOVEMENT

Current (interval=3.91)

1101.56	+2/8
1097.66	+1/8
1093.75	8/8
1089.84	7/8
1085.94	6/8
1082.03	5/8
1078.13	4/8
1074.22	3/8
1070.31	2/8
1066.41	1/8
1062.50	0/8
1058.59	-1/8
1054.69	-2/8

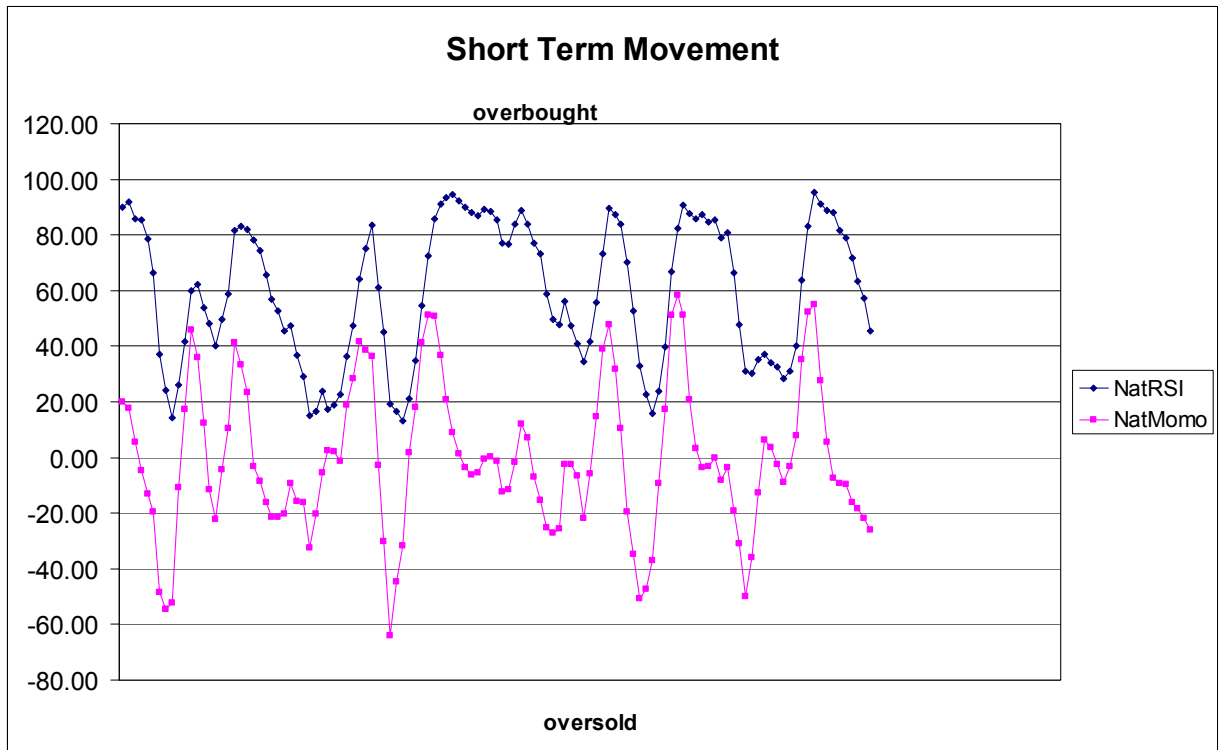
Up (Interval=3.91)

1101.56	+2/8
1097.66	+1/8
1093.75	8/8
1089.84	7/8
1085.94	6/8
1082.03	5/8
1078.13	4/8
1074.22	3/8
1070.31	2/8
1066.41	1/8
1062.50	0/8
1058.59	-1/8
1054.69	-2/8

Down (Interval=3.91)

1101.56	+2/8
1097.66	+1/8
1093.75	8/8
1089.84	7/8
1085.94	6/8
1082.03	5/8
1078.13	4/8
1074.22	3/8
1070.31	2/8
1066.41	1/8
1062.50	0/8
1058.59	-1/8
1054.69	-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
Oct 27	09:00	CaseShiller Home Price Index	Aug	-13.0%	-11.90%	-13.30%	
Oct 27	09:00	Consumer Confidence	Oct	52.6	53.5	53.1	
Oct 28	08:30	Durable Orders	Sep	0.5%	1.0%	-2.4%	
Oct 28	08:30	Durable Orders ex Transportation	Sep	0.1%	0.7%	0.0%	
Oct 28	10:00	New Home Sales	Sep	450K	440K	429K	
Oct 28	10:30	Crude Inventories	10/23	NA	NA	1.31M	
Oct 29	08:30	Chain Deflator-Adv.	Q3	1.3%	1.3%	0.0%	
Oct 29	08:30	GDP-Adv.	Q3	2.5%	3.2%	-0.7%	
Oct 29	08:30	Initial Claims	10/24	520K	525K	531K	
Oct 29	08:30	Continuing Claims	10/17	5890K	5915K	5923K	
Oct 30	08:30	Personal Income	Sep	-0.2%	0.0%	0.2%	
Oct 30	08:30	Personal Spending	Sep	-0.7%	-0.5%	1.3%	
Oct 30	08:30	PCE Prices	Sep	-0.5%	-0.5%	-0.5%	
Oct 30	08:30	Core PCE Prices	Sep	0.1%	0.2%	0.1%	
Oct 30	09:45	Chicago PMI	Oct	51.0	48.7	46.1	
Oct 30	09:55	Mich Sentiment-Rev	Oct	70.3	70.0	69.4	
Oct 30	10:00	Employment Cost Index	Q3	0.2%	0.4%	0.4%	