



## Day trading the SP 500 e-mini

### Outlook for the week of July 26, 2010

This is the weekly market outlook from [www.naturus.com](http://www.naturus.com)  
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#### 1. ESU0 IN PREVIOUS DAY

Open	High	Low	Closing
1087.50	1101.50	1084.00	1100.50

#### 2. PIVOTS FOR ESU0

	Daily	Weekly	Monthly	Yearly
R3	1124.17	1165.50	1199.50	1730.33
R2	1112.83	1133.50	1163.50	1428.42
R1	1106.67	1117.00	1095.00	1269.58
<b>PPT</b>	<b>1095.33</b>	<b>1085.00</b>	<b>1059.00</b>	<b>967.67</b>
S1	1089.17	1068.50	990.50	808.83
S2	1077.83	1036.50	954.50	506.92
S3	1071.67	1020.00	886.00	348.08

#### 3. FOCUS NUMBERS

	Daily	Weekly
1 <sup>st</sup> Sell level	1110.25-1111.25	1035.50-1138.75
2 <sup>nd</sup> Sell level	1118.50-1120.25	1154.75-1156.75
<b>Key #</b>	<b>1106.75-1107.75</b>	<b>1085.00-1082.50</b>
1 <sup>st</sup> Buy level	1092.25-1090.00	1075.50-1073.25
2 <sup>nd</sup> Buy level	1081.75-1080.25	1048.00-1046.25

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](http://www.naturus.com)

#### 4. WEEKLY OUTLOOK — SPX

The S&P 500 (SPX) closed at 1102.66 for a weekly net gain of 37.78 points, up about 3.5%. The relatively strong earnings reports and increasing evidence of recovery in the euro zone helped the Index back above the 1100 level last week.

The U.S. housing market and Retail Sales both showed drops in the 2<sup>nd</sup> quarter, earlier than expected; analysts had expected further declines, but not until the second half of the year. Fed Chairman Bernanke testified to Congressional banking committees that the U.S. economy still faces “usual uncertainties” and needs to have fiscal support and stimulus remain in place. He said the Fed will be willing to take measures to expand liquidity further if the U.S. recovery stumbles more than expected.

His views and opinions are completely opposite to those of Euro-zone central bank and most of G-20 nations, which suggested government spending needs to be cut now, and taxes need to be increased. Neither of those measures will remove uncertainties on economic recovery in the second half of the year.

The European bank stress test was timed to be released after European stock markets closed for the weekend. But the result was to encourage the US market, and the SPX was able to hold above the 40-day moving average line and closed above the 20-day ema. Most important: the SPX broke through a three-month downtrend line. The price action is a good step in the right direction for bulls.

This week it is possible for SPX to move higher. The rally from July 2 extended to last Friday's closing high, indicating that the previous wave structure has been changed in the short-term. As we mentioned many times, the long-term H&S pattern was widely observed and anticipated, which reduced its power. The alternative pattern, an inverted H&S, now seems to be in control, implying a move higher. We could see a breakout from the neckline this week

There is also another correction A-B-C pattern developing on the weekly chart, which possibly will be formed if SPX breaks through 1131-35 range and closes above it on weekly basis.

There is one thing about these indicators pointing to a higher move that still bothers me, which I have to bring to the attention of our members: TIME. We have been making peaks on a 9-day cycle; Friday's high close maintained that pattern, which suggests the SPX could be at a top here. The presence or absence of a follow-through on Monday or Tuesday will tell us.

### S&P 500 WEEKLY CHART



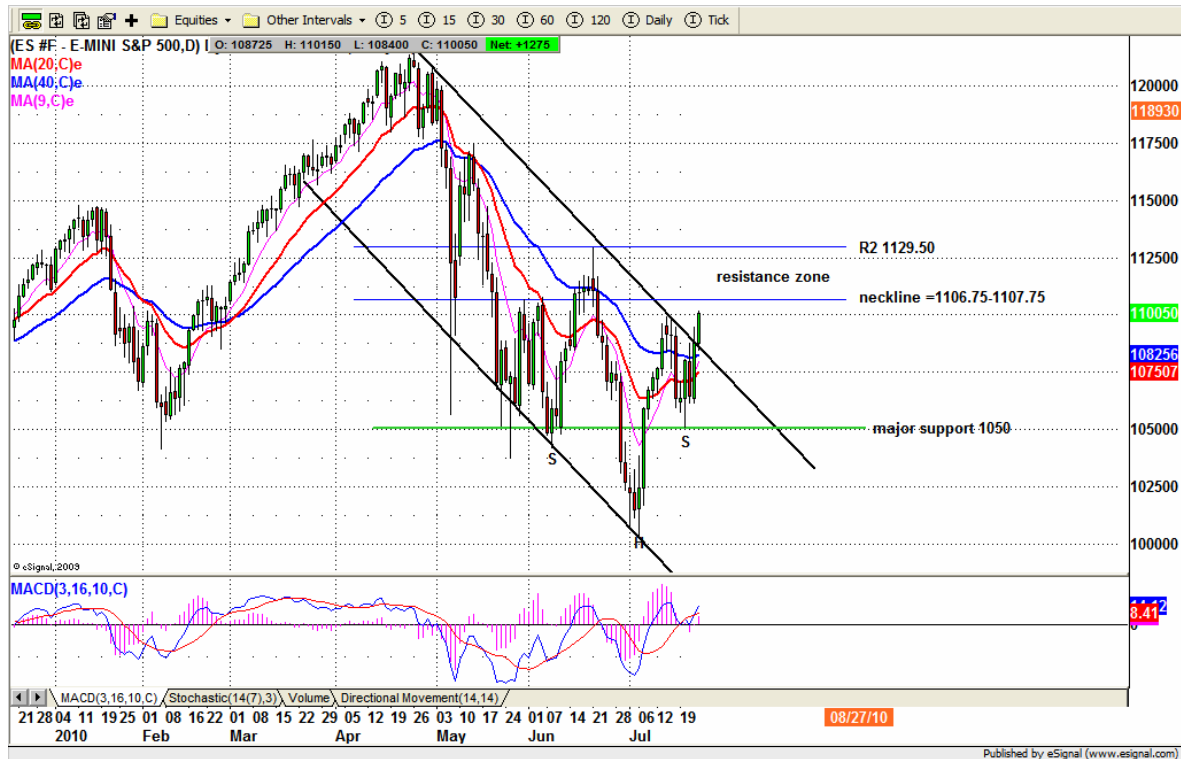
Monthly resistance 1135 and support 950; Weekly resistance 1135 and support 1080

### 5. DAILY OUTLOOK – ESU0

On the daily chart, ES broke through a 3-month downtrend line and made a solid close above that resistance line. The neckline of the inverted H&S pattern 1106.75-1107.75 will be key zone for today's trading. If there is a move above it, price is likely heading up to 1129.50 direction to challenge the June 21 high.

The market volatility index closed around major key support level 23.38. A break under this level will indicate ES will go higher. Alternatively, if this support level holds up, it suggests the ES could move down to 1085 area one more time for testing.

ESU0 DAILY Chart



6. TRADING STRATEGY FOR July 26, 2010

Friday afternoon ES made a daily range breakout move and in the last ½ hour of trading pulled price back down for testing. So far the testing succeeded. Today the continuation move higher to complete final target 1111 is possible. If ES does move in this direction as we expect, it could then trigger a weekly range breakout point 1101.50. Upside momentum could hold price up until next day. In overnight trading we may see 1094.50-1092.25 range (long entry) tested one more time for a move higher to 1106.75-1107.75 or higher 1111-1113.50 (short entry for target 1101-1100). A move under 1080 will be bearish.

ESU0 INTRADAY



INTRADAY SCALPING NUMBERS

	Very Aggressive	Aggressive	Conservative
<b>Sell level</b>	<b>1106.75-1107.75</b>	<b>1111.00-1113.25</b>	<b>1118.50-1119.50</b>
<b>Buy level</b>	<b>1092.25-1090.25</b>	<b>1081.25-1083.00</b>	<b>1071.00-1070.75</b>

## 7. WEEKLY ECONOMIC REPORTS

(<http://www.briefing.com/Investor/Public/Calendars/EconomicCalendar.htm> )

Date	ET	Release	For	Actual	Briefing.com	Consensus	Prior
Jul 26	10:00	<a href="#">New Home Sales</a>	Jun	295K	310K	300K	
Jul 27	09:00	Case-Shiller 20-city Index	May	4.0%	4.0%	3.81%	
Jul 27	10:00	<a href="#">Consumer Confidence</a>	Jul	51.0	51.0	52.9	
Jul 28	08:30	<a href="#">Durable Orders</a>	Jun	1.0%	1.0%	-0.6%	
Jul 28	08:30	<a href="#">Durable Orders ex Transportation</a>	Jun	0.5%	0.5%	1.6%	
Jul 28	10:30	Crude Inventories	07/24	NA	NA	0.360M	
Jul 28	14:00	Fed's Beige Book	Jul				
Jul 29	08:30	<a href="#">Initial Claims</a>	07/24	450K	464K	464K	
Jul 29	08:30	<a href="#">Continuing Claims</a>	07/17	4550K	4550K	4487K	
Jul 30	08:30	<a href="#">GDP-Adv.</a>	Q2	3.0%	2.5%	2.7%	
Jul 30	08:30	<a href="#">Chain Deflator-Adv.</a>	Q2	0.7%	1.1%	1.1%	
Jul 30	08:30	<a href="#">Employment Cost Index</a>	Q2	0.5%	0.5%	0.6%	
Jul 30	09:45	<a href="#">Chicago PMI</a>	Jul	58.5	56.5	59.1	
Jul 30	09:55	<a href="#">U Michigan Sentiment - Final</a>	Jul	67.5	67.5	66.5	

## 8. OUTCOMES – previous week

### Weekly summary:

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Type	Number	Outcome (points)
scalping calls	24	73.00
position calls	1	-2.00
method calls	3	10.00

To see a day-by-day summary of Nat's calls, click the link in your Quick Menu at [www.naturus.com](http://www.naturus.com). To see more of Nat's site, create an account by following the link in the orange log-in box. It is free, and there is no obligation. You will also get notice of changes in Nat's service and special seminars she offers from time to time, as well as this weekly market preview.

This is an abridged version of Nat's Daily Trading Plan. To see the full trading plan contact [admin@naturus.com](mailto:admin@naturus.com)

Note that Nat may modify the weekly preview based on pre-market price action. Members, access the chat room for Nat's pre-market briefing before 9:00 a.m. Monday morning, or see the updated Trading Plan before the market opens.

This commentary does not constitute a recommendation to buy or sell any security.