



# Natusus

## Daily Trading Plan Aug 24, 2015

### 1. PREVIOUS DAY (ESU5)

	Open	High	Low	Closing
RTH	2018.50	2022.25	1968.00	1971.50
GBX	2026.50	2029.00	1968.00	1971.50

### 2. PIVOTS

	Daily RTH and GBX	Weekly	Monthly	Yearly
R3	2060.75	2196.50	2130.50	2540.25
R2	2041.50	2150.25	2178.50	2314.50
R1	2006.50	2061.00	2138.50	2183.50
<b>PPT</b>	<b>1987.25</b>	<b>2014.50</b>	<b>2086.50</b>	<b>1957.75</b>
S1	1952.25	1925.00	2046.25	1826.75
S2	1933.00	1878.50	1994.25	1601.00
S3	1898.00	1789.25	1954.25	1470.00

### 3. FOCUS NUMBERS

	Daily	Weekly
2 <sup>nd</sup> Sell level	2008.50-2012.50	2045.50-2048.00
1 <sup>st</sup> Sell level	1995.50-1998.50	2029.50-2025.50
Key #	<b>1981.75 -1971.50</b>	<b>1989.50-1993.50</b>
1 <sup>st</sup> Buy level	1941.25-1937.25	1913.25-1916.50
2 <sup>nd</sup> Buy level	1930.75-1928.50	1892.50-1887.50

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

#### 4. WEEKLY OUTLOOK — S&P 500 CASH INDEX

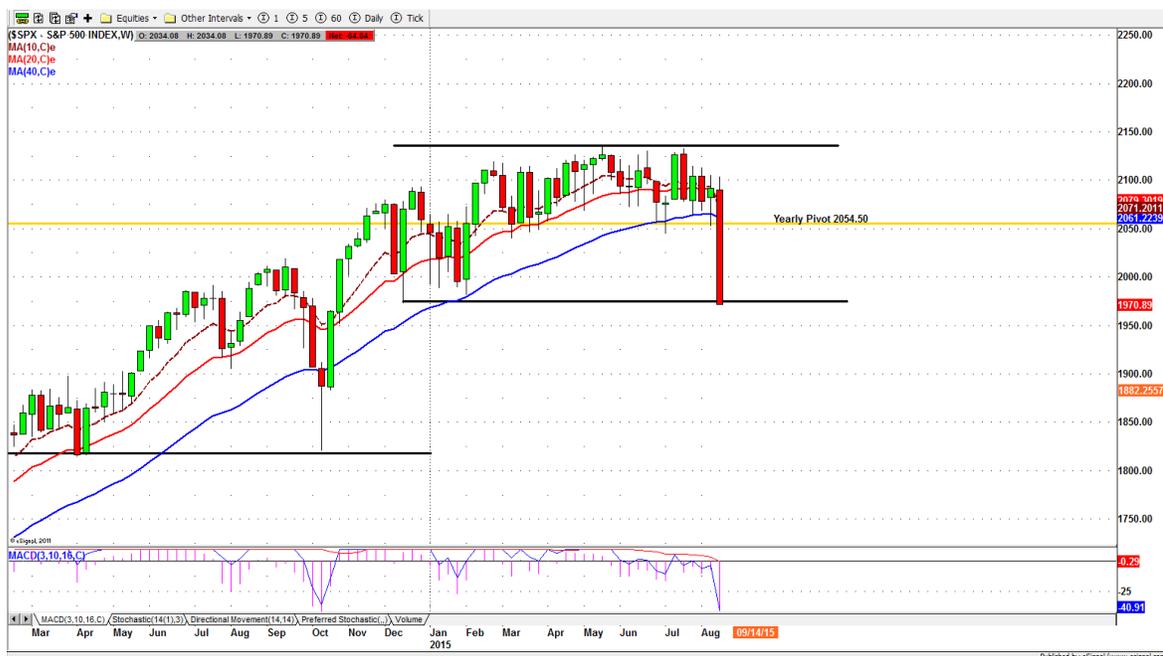
The S&P 500 cash index (\$SPX) closed at 1970.89 last Friday, down 120.61 points for a 5.76% net weekly loss.

**Last week:** The seasonal weakness finally arrived in the US stock market. The three major indexes all crashed more than 5% for the week.

**This week:** Sentiment has changed to extremely bearish. This bearishness could carry further and drag the markets down further. The Dow-Jones industrial average (\$INDU) enters Bear market after the 50-day moving average line crossed below the 200-day moving average line. SP500 hasn't seen that cross yet, but the first sell signal was given when the fast moving average (10ema) crossed under the 200-ema in the short time-frame. It indicates that the Bears are in the driver's seat.

### Technical analysis

#### S&P500 Weekly Chart



## a) Long-term

Even though the long-term direction wasn't changed by last week's panic selling, the intermediate-term momentum indicators have given a first selling signal and declare the beginning of an intermediate-term correction.

Last week the triple trigger selling levels of the SPX were at 2070, 2055 and 2035. Each of those levels was broken last week, and each one now forms a resistance area for bounce in the intermediate-term correction. The index may get a bounce to test that resistance, but the bounce shouldn't change the intermediate-term downside direction until all of the intermediate-term indicators move into oversold territory.

How far down should the index go? That will depend on external events: a Chinese recession; further declines in oil and commodities; currency devaluations; the Fed's decision to either raise rates or start a new QE. But we can estimate some levels here the index may stop for a bounce or retracement when the selling gets exhausted.

First, the index broke the three-month sideways range at 2039, and confirmed that 2134.72 is the short-term top. The breakdown movement should head toward the 1944 area, which is below the 2015 January low around 1980. The price needs to hit 1944 and quickly move back above 1980 to end the current declining move.

Second, Last Friday's closing price also gives some initial — not final — confirmation that 2134.72 could be this year's top. It can give final confirmation next Monday if the closing price is below 1980.

Assuming we get final confirmation now, we should then expect the index to go down further. The first target will be 1950-1940; the second will be 1895-85; and the last one should be near 1829-25. In order to reach those targets, the index has to hold the price under the 2055-28.50 zone.

Third, this bull has run up for almost 6.5 years, and a 20-40% intermediate-term correction should be expected if the global economy and the US economy continue to show signs of slow or deteriorating growth.

The first three-and-a-half years of the bull market was a consequence of the Fed's QE program. If that is deducted, the real starting point for the current bull market is around the 1575-1585 zone, which is a 38% retracement of the move from the March 2009 low at 666 to the top at 2134.72. Traders should be aware that the market will often return to retest its starting point.

## 2. Short-term

### S&P500 Daily Chart



The S&P500 index not only broke its 200-day moving average line decisively, also it broke the solid support of the three-month sideways range at the 2030 level. The breakdown movement acts like a double-edged knife, that directly weakened the bull, and proclaimed the start of the intermediate-term correction.

Now the yearly pivot at the 2055 level area will become a major resistance area. Any bounce that does not break through that level will be sold and attract new sellers. Unless the Fed launches a new QE4, the short-term and intermediate-term will remain down for a while. Until the intermediate-term correction is over, any short-term bounce will be limited and shouldn't last very long.

Monday could be the fifth day of declining if the SPX can't move above the 2000 level. The price could go down further to search for support, with a small bounce later -- perhaps a one or two day bounce later in the week. But any bounce shouldn't change the short-term downside direction. Traders should continue focusing on the short side if there is a bounce to major resistance lines in the early part of the week.

## 5. DAILY OUTLOOK – S&P 500 MINI FUTURES (ES)

### ESU5 Daily chart



Last Friday ES triggered a major momentum sell-off by a break through the lower bound of the three-month sideways range. The full measurement for that movement should be around the 1930.50 area, which is still 38 points away from the current level. Over the weekend there may be margin calls that could lead to continuation selling in early trading today.

The volume was extremely high last Friday, and price action was extremely bearish. Today could be the fifth declining day before the price bounces. ES will search for support below 1960 level and try to bounce. But any early bounce is likely to slide away back down again.

There were several breakdown levels on Friday; 1981.75 and 1986.50 may get tested today. 2022-2029 will be major resistance area for today. As long as ES stays under it, any bounce will be sold at the intraday resistance areas 1995.50-98, and 2012-14.50. The ultra-short-term indicators (60, 30 ema's on the 15min charts) all are oversold.

A small bounce is likely. But on any bounce up to those chart resistance lines (the 20/40 ema lines) we could see scalping short players showing up.

The major support levels: 1940-35, 1922-18.50, 1905-00, 1875-50.50  
 the major resistance levels: 2029-28.50, 2055-45 and none

Short-term ---- Bearish  
 Medium term -----Bearish  
 Long term ---- Bullish

## 6. TRADING STRATEGY: Aug 24, 2015

### a. Intraday Scalping numbers

<b>Sell level</b>	<b>1998.50-1995.50</b>	<b>2012.50-2014.50</b>	<b>2025.50-2028.50</b>
<b>Buy level</b>	<b>1942.00-1937.50</b>	<b>1922.50-1918.50</b>	<b>1906.75-1908.20</b>

### b. Gap Method Trading

	Gap	target
<b>Sell level</b>	<b>1998.50-2003</b>	<b>2071.50</b>
<b>Buy level</b>		

### c. Option trades (short calls or puts trades)

	Strike price	Expiration Date	Entry price
	<b>2065 calls</b>	<b>2015-08-28</b>	<b>ES near 2000</b>
<b>Meanline</b>	<b>2050</b>		
	<b>1800 puts</b>	<b>2015-08-28</b>	<b>ES near 1940</b>

## Murrey Math Line Movement \*

(Caution. Know MMLine rule before you trade these numbers.)

Prior Move	7.81	Up Move	7.81	Down Move	7.81
2046.88	+2/8	2046.88	+2/8	2015.63	+2/8
2039.06	+1/8	2039.06	+1/8	2007.81	+1/8
2031.25	8/8	2031.25	8/8	2000.00	8/8
2023.44	7/8	2023.44	7/8	1992.19	7/8
2015.63	6/8	2015.63	6/8	1984.38	6/8
2007.81	5/8	2007.81	5/8	1976.56	5/8
2000.00	4/8	2000.00	4/8	1968.75	4/8
1992.19	3/8	1992.19	3/8	1960.94	3/8
1984.38	2/8	1984.38	2/8	1953.13	2/8
1976.56	1/8	1976.56	1/8	1945.31	1/8
1968.75	0/8	1968.75	0/8	1937.50	0/8
1960.94	-1/8	1960.94	-1/8	1929.69	-1/8
1953.13	-2/8	1953.13	-2/8	1921.88	-2/8

### 7. OVERNIGHT CALL (3:30am to 8am)

	1 <sup>st</sup> Sell level	2 <sup>nd</sup> Sell level
	1981.75 – 82.75 (sl 83.50)	1993.50 – 95.50 (sl 97.75)
Central line	1964.5	
	1946.25 – 42.25 (sl 41.00)	1934.50 – 31.75 (sl 28.50)
	1 <sup>st</sup> Buy level	2 <sup>nd</sup> Buy level

#### Overnight Call:

Central line = 2089

Above it, ES could pop up to 2098.75-2096.00 or higher to 2107.25-2105.75 (short entry).

Below it, ES could dip into 2079.00-2080.50 or lower to 2074.00-2071.50 (long entry).

## 9 WEEKLY ECONOMIC REPORTS

<http://www.briefing.com/investor/calendars/economic/>

### Monday

- Chicago Fed National Activity Index

### Tuesday

- FHFA House Price Index, S&P Case-Shiller HPI, New Home sales and Consumer confidence, Richmond Fed Mfg Index

### Wednesday

- Durable Goods Order, PMI Services Flash. EIA Petroleum Status Report

### Thursday

- GDP, Pending Home sales Index

### Friday

- Personal Income and Outlays and Consumer Sentiment