



# Natusus

## Daily Trading Plan Jan 19, 2016

### 1. PREVIOUS DAY (ESH6)

Open	High	Low	Closing
RTH 1861.50	1882.00	1849.25	1875.00
GBX 1912.50	1921.00	1849.25	1875.00

### 2. PIVOTS

	Daily RTH and GBX	Weekly	Monthly	Yearly
R3	1921.00	2028.50	2221.00	2472.50
R2	1901.50	1987.50	2163.00	2303.25
R1	1888.25	1931.25	2099.25	2169.50
<b>PPT</b>	<b>1868.75</b>	<b>1890.25</b>	<b>2041.25</b>	<b>2000.25</b>
S1	1855.50	1834.00	1977.50	1866.25
S2	1836.00	1793.00	1919.50	1697.00
S3	1827.75	1736.75	1855.75	1563.33

### 3. FOCUS NUMBERS

	Daily	Weekly
2 <sup>nd</sup> Sell level	1913.75-1915.50	1967.50-1969.75
1 <sup>st</sup> Sell level	1903.00-1907.50	1941.25-1939.50
Key #	<b>1890.50-1887.75</b>	<b>1843.50-1845.50</b>
1 <sup>st</sup> Buy level	1830.50-1833.50	1816.75-1814.25
2 <sup>nd</sup> Buy level	1816.50-1817.50	1775.50-1778.25

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

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

The S&P 500 cash index (\$SPX) closed at 1880.33 last Friday, down 41.70 points for a net weekly loss of 2.2%.

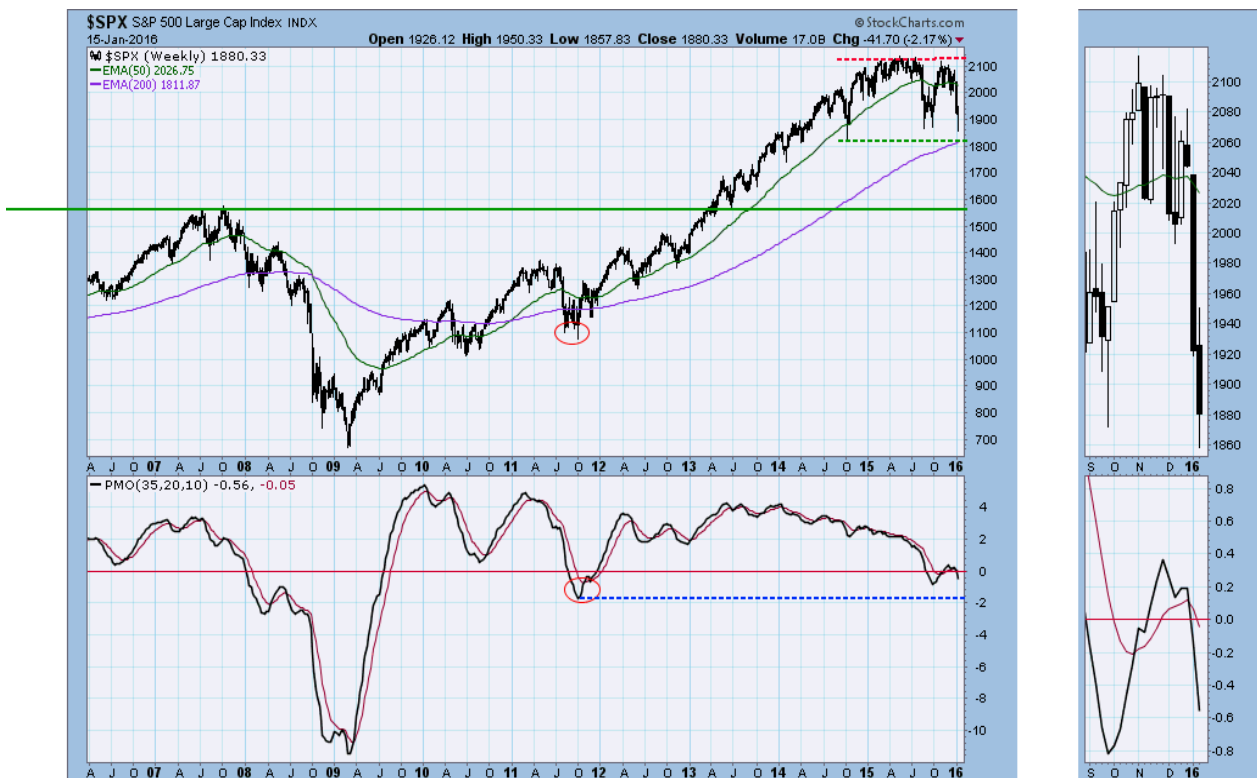
**Last week:** Markets around the whole world were falling last week. Political issues, oil prices tanking, bad earning reports, weak US economic data – all of it was making investors duck and cover.

**This week:** The January option week is behind us. The US market is closed on Monday. Last Friday a quick and sharp reversal move in the afternoon could lead US equity market to have a further bounce in the early week trading.

### Technical analysis

#### 1. Long-term

Chart 1 – SPX Weekly




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The index had a second declining week. The price already hit last year's low and made a lower low during intraday trading. But the index quickly rebounded and managed to close above the 1880 line. So far the index has become extremely oversold in the short-term. We could see some bounce.

Last week we mentioned our price model. In the past two weeks, the index did follow our predicted direction and reach our 1859.50 target. This level is the decision line for the bear market. Often Bulls will come to defend it, and prevent the index from falling through it to trigger a long-term bear market. The Index usually retraces, in this case perhaps up to 1948.50 or 1993 before the price resumes its downside path again.

LONG TERM SP500 Price Prediction						
Y2010	Y2011	Y2012	Y2013	Y2014	Y2015	Y2016
1585.92	1742.67	1616.08	1828.25	2143.83	2379.42	2571.50
1467.88	1621.00	1530.75	1732.06	2067.00	2298.30	2482.50
1408.83	1560.17	1488.08	1683.97	2028.58	2257.70	2393.50
1290.81	1438.50	1402.75	1587.78	1951.75	2176.60	2304.50
1231.79	1377.67	1360.08	1539.69	1913.33	2136.10	2215.50
1172.77	1316.83	1317.42	1491.59	1874.92	2095.55	2126.50
1113.75	1256.00	1274.75	1443.50	1836.50	2055.00	2037.50
1054.73	1195.17	1232.08	1395.41	1798.08	2014.45	1948.50
995.71	1134.33	1189.42	1347.31	1759.67	1973.90	1859.50
936.69	1073.50	1146.75	1299.22	1721.25	1933.00	1770.50
818.65	951.83	1061.42	1203.03	1644.42	1852.24	1681.50
759.63	891.00	1018.75	1154.94	1606.00	1811.69	1592.50
641.58	769.33	933.42	1058.75	1529.17	1730.58	1503.50



Based on the weekly chart, the index hit the low band of the 2015 sideways range. The PMO indicator is near the low area of 2011. This is an intermediate-term oversold situation, but not extreme. Nevertheless we could see some kind of ultra-short-term bounce movement for several days. This is another way to expect the index could hold up the 1859.50 line for a while.

## 2. Short-term

### S&P500 Daily Chart



The SPX index hit the second major target our system predicted in last week's preview (1859) on Friday and had a sharp bounce for closing. That bounce resulted from profit taking. It shouldn't change the short-term downside direction.

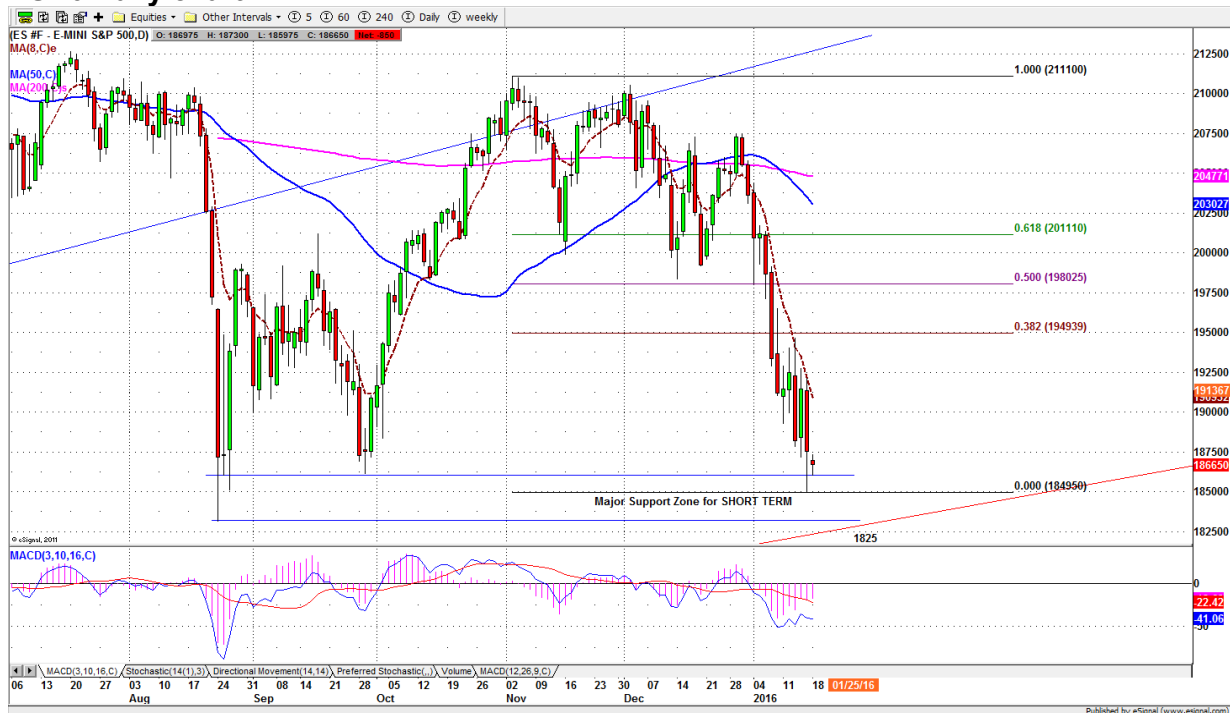
From now until next month the index has to show strength to change its short-term direction. If it does not, the price can still resume its downside and go lower.

PMO indicator is at the level at which the price hit 1860 last year. The index need to move – to go up and down to form a bottom and resolve the oversold condition.

1995-2000 is a major resistance zone on the daily chart, but the index has to deal with our 1948.50-55 resistance zone first. Staying under 1948.50-50 zone would indicate that the bearish outlook continues for the short term.

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

### ESH6 Daily chart



ES hit into the support zone created at the low area of last year. Even though ES closed above that support zone last Friday, the outlook is still bearish in the short-term.

Today ES could repeat last Friday's range by going sideways if overnight trading holds ES under 1875 line and above 1850 line.

A move above 1885.50 line could trigger a computer-trading run up to 1895.50-97.50 or higher to 1913-15 zone to fill the gap at 1914.50 if the upside momentum is strong.

Conversely, a break below 1843.75 line will be bearish again; it is then for ES to retest 1830 (last year's low) or lower to the 1817-21 range.

The US is in a bear market. We may see some bounce from last year's low area due to the extremely oversold short-term condition. But the bounce shouldn't change the major bearish downside direction. Things may get more ugly ... as we expected.

Major support levels: 1850-45, 1830-25  
 Major resistance levels: 1950-56, 1975-78, 1993.75-96.50

Short-term ---- Bearish  
 Medium term -----Bearish  
 Long term ---- Neutral

**6. TRADING STRATEGY: Jan. 19, 2016**

**a. Intraday Scalping numbers**

<b>Sell level</b>	<b>1900.50-1897.50</b>	<b>1914.50-1916.50</b>	<b>1926.75-1923.50</b>
<b>Buy level</b>	<b>1856.50-1852.75</b>	<b>1843.75-1841.75</b>	<b>1833.75-1831.50</b>

**b. Gap Method Trading**

	<b>Gap</b>	<b>Target</b>
<b>Sell level</b>	<b>1900.50-1897.50</b>	<b>1882.00</b>
<b>Buy level</b>	<b>1856.50-1853.50</b>	<b>1875.00</b>

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

	<b>Strike price</b>	<b>Expiration Date</b>	<b>Entry price</b>
	<b>1955 calls</b>	<b>Jan. 22, 2016</b>	
<b>Meanline</b>	<b>1895</b>		
	<b>1800 puts</b>	<b>Jan. 22, 2016</b>	

## Murrey Math Line Movement \*

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

Prior Move	3.91	Up Move	7.81	Down Move	7.81
1882.81	+2/8	1921.88	+2/8	1890.63	+2/8
1878.91	+1/8	1914.06	+1/8	1882.81	+1/8
1875.00	8/8	1906.25	8/8	1875.00	8/8
1871.09	7/8	1898.44	7/8	1867.19	7/8
1867.19	6/8	1890.63	6/8	1859.38	6/8
1863.28	5/8	1882.81	5/8	1851.56	5/8
1859.38	4/8	1875.00	4/8	1843.75	4/8
1855.47	3/8	1867.19	3/8	1835.94	3/8
1851.56	2/8	1859.38	2/8	1828.13	2/8
1847.66	1/8	1851.56	1/8	1820.31	1/8
1843.75	0/8	1843.75	0/8	1812.50	0/8
1839.84	-1/8	1835.94	-1/8	1804.69	-1/8
1835.94	-2/8	1828.13	-2/8	1796.88	-2/8

### 7. OVERNIGHT CALL (3:30am to 8:00 am)

	1 <sup>st</sup> Sell level	2 <sup>nd</sup> Sell level
	1897.75-1899.50 (s101.75)	1913.75-1915.75 (s118.50)
Central line	1883.50	
	1852.50-1855.75 (s49.25)	1835.50-1833.50 (s31.00)
	1 <sup>st</sup> Buy level	2 <sup>nd</sup> Buy level

#### Overnight Call:

Central line =1883.50

Above it, ES could pop up to 1897.75-1899.50 or higher to 1913.75-1915.75 (short entry).

Below it, ES could dip into 1852.50-1855.75 or lower to 1835.50-1833.50 (long entry).

## 9. WEEKLY ECONOMIC REPORTS

Time	Imp.	Event	Actual	Forecast	Previous
<b>Monday, January 18, 2016</b>					
All Day	Holiday	United States - Martin Luther King, Jr. Day			
<b>Tuesday, January 19, 2016</b>					
16:00	▼▼▼	TIC Net Long-Term Transactions (Nov)			-16.6B
<b>Wednesday, January 20, 2016</b>					
08:30	▼▼▼	Building Permits (Dec)		1.200M	1.282M
08:30	▼▼▼	Building Permits (MoM) (Dec)		-6.4%	11.0%
08:30	▼▼▼	Core CPI (MoM) (Dec)		0.2%	0.2%
08:30	▼▼▼	Core CPI (YoY) (Dec)		2.1%	2.0%
08:30	▼▼▼	CPI (MoM) (Dec)		0.0%	0.0%
08:30	▼▼▼	Housing Starts (MoM) (Dec)		1.6%	10.5%
08:30	▼▼▼	Housing Starts (Dec)		1.200M	1.173M
16:35	▼▼▼	API Weekly Crude Oil Stock			-3.900M
<b>Thursday, January 21, 2016</b>					
08:30	▼▼▼	Initial Jobless Claims		281K	284K
08:30	▼▼▼	Philadelphia Fed Manufacturing Index (Jan)		-5.0	-5.9
08:30	▼▼▼	Philly Fed Employment (Jan)			2.2 ●
11:00	▼▼▼	Crude Oil Inventories			0.234M
11:00	▼▼▼	Cushing Crude Oil Inventories			0.097M
<b>Friday, January 22, 2016</b>					
09:45	▼▼▼	Manufacturing PMI (Jan) <sup>P</sup>		51.5	51.2
10:00	▼▼▼	Existing Home Sales (Dec)		5.20M	4.76M
10:00	▼▼▼	Existing Home Sales (MoM) (Dec)		8.5%	-10.5%
13:00	▼▼▼	Baker Hughes U.S. Rig Count			515
15:30	▼▼▼	CFTC Crude Oil speculative net positions			163.5K

Real Time Economic Calendar provided by [Investing.com](http://Investing.com).