



Natusus

Daily Trading Plan Sept. 26, 2016

1. PREVIOUS DAY (ESU6)

Open	High	Low	Closing
RTH 2164.00	2166.25	2156.00	2158.00
GBX 2168.25	2169.50	2156.00	2158.00

2. PIVOTS

	Daily RTH and GBX	Weekly	Monthly	Yearly
R3	2180.00	2223.00	2243.50	2472.50
R2	2174.75	2198.00	2217.50	2303.25
R1	2166.50	2178.00	2193.25	2169.50
PPT	2161.25	2152.75	2167.50	2000.25
S1	2152.75	2132.75	2143.50	1866.25
S2	2147.50	2107.75	2117.50	1697.00
S3	2139.25	2087.75	2093.50	1563.33

3. FOCUS NUMBERS

	Daily	Weekly
2 nd Sell level	2183.00-2181.75	2195.50-2197.50
1 st Sell level	2170.50-2173.00	2183.00-2185.50
Key #	2151.00-2152.00	2133.00-2130.50
1 st Buy level	2142.50-2143.50	2114.25-2113.50
2 nd Buy level	2131.50-2130.25	2099.50-2102.50

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

3. WEEKLY OUTLOOK — S&P 500 CASH INDEX

The S&P 500 cash index (\$SPX) closed at 2164.69 last Friday, up 25.53 points for a 1.19% net weekly gain.

Last week: The short-term market movements have become almost entirely a function of the Fed's public statements. Last week the market largely stayed within a 10-point consolidation range from 2140 to 2150 until the Fed Open Market Committee minutes were released, when it rallied roughly 30 points

This week: The first of the debates in the US presidential elections on Monday night will probably attract the largest audience for a political event in the history of the world, and may have some impact on the markets. There is little else in the way of economic data that looks earth-shaking, but the news, if any, will assume greater importance as a result. It is the end of the month and the end of the quarter, so there will be some choppiness in the price action.

Technical analysis

1. S&P500 index weekly



This is a confusing time for investors who focus on the broader market in the long and intermediate time frame. The market remains high, eking out new all-time highs from

time to time, but stuck in a consolidation zone that goes back to the early months of 2015, or beyond.

The brief efforts to move higher seem to have momentary success, but have no staying power and fail to ignite the kind of enthusiasm that might generate a sustained rally. But any attempt to move the market down is met by suspicious “panic buying” that drives the market back up. The shorts have been getting murdered for a year or more, and many have finally capitulated.

The economic fundamentals don't look much better. Earnings are in a steady decline, and companies are finding it more profitable to borrow at historically low interest rates and use to money to buy back their own stock, rather than investing it in plant and equipment.

The “real economy” – to the extent financial markets care about that – is not expanding and is probably in recession now. The market looks like one harsh word in the right place would be enough to start a waterfall.

The long-term (weekly) chart isn't awful. But it is difficult to find anything in it that encourages new long positions. The PMO indicator is not encouraging for Bulls, and a pull back seems more likely than a true rally at this point.

Treat this market with great caution, at least until after the US election. The risk on the downside looks a lot bigger than the reward on the upside, as we have been saying for most of this year.

2. Short-term S&P500 Daily Chart



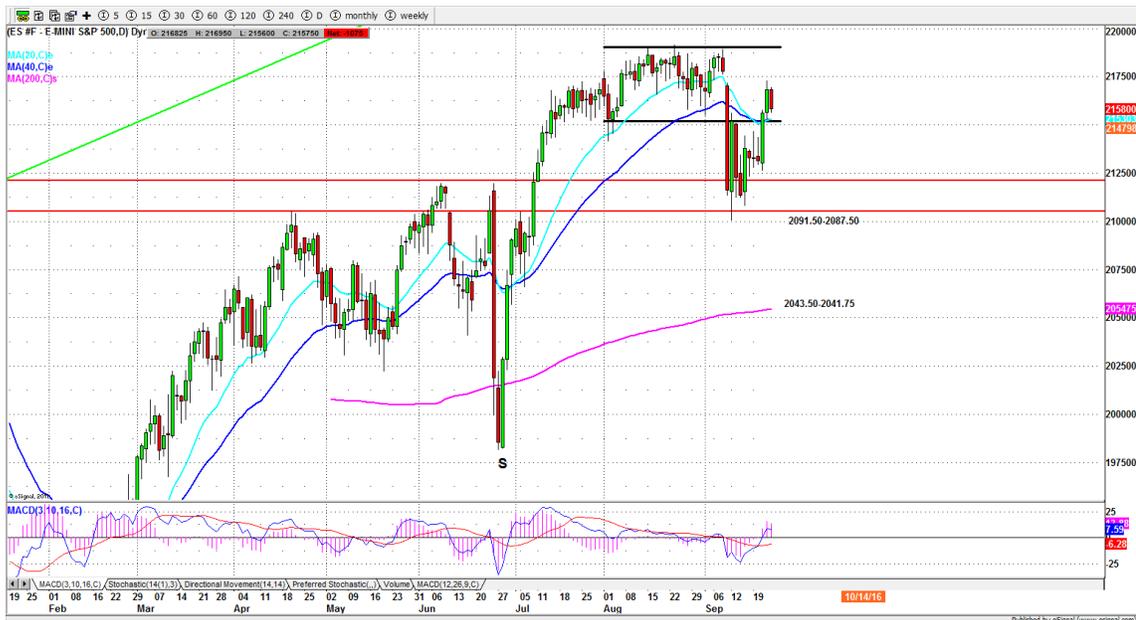
Friday was somewhat discouraging for the Bulls. On Wednesday and Thursday the SPX rallied about 40 points from the low of the short-term consolidation area established while we waited for the FOMC announcement. On Friday it pulled back about 15 points – note the Fibonacci relationship – on reduced volume.

The lack of sustained follow-through is the key. The market broke out decisively from the wedge pattern formed over the last couple of weeks, but has not recovered all of the ground lost in the second week of September. The momentum ran out, and the price ground back down.

If we don't see a push past last week's high around 2180 today or tomorrow, we will be looking for a retracement back into last week's consolidation area 2140-2150.

If that level does not hold the price up, watch for a further decline toward 2120, where the earlier decline was halted. The US election is paralyzing the short-term market; not much encouragement for the Bulls, but great fear among the Bears.

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



ESU6 Daily chart

ES had a minor pullback move last Friday and managed to fill 2156, Thursday's gap. So far the pullback was small, and took almost a day to get to a 10.25-point trading range.

Today ES can continue going lower in the early sessions. 2156-55 will be a key zone to watch. A failure to hold up that zone could drop ES into 2141.50-43.50 to do a back fill move.

2134-35.50 will be first support zone. As long as ES holds price above that support zone, a bounce from it should be expected, if there is no dramatic news moving the market. Sell on strong rally and buy on weakness later will be seen today.

Major support levels: 2135-33, 2123-21.50, 2112-13.50, 2103.50-01.75

Major resistance levels: 2168.50-70.50, 2175.50-78.50, 2188-90.50, 2200-01.50

Short-term ---- Bullish

Medium term -----Bullish

Long term ---- Bullish

5. TRADING STRATEGY: Sept. 26, 2016

a. Intraday Scalping numbers

Sell level	2170.75-2173.00	2182.50-2184.00	2193.50-2192.00
Buy level	2151.00-2152.00	2142.50-2143.50	2128.50-2129.50

b. Option trades (short calls or puts trades)

	Strike price	Expiration Date	Entry price
	2200 calls	Sept 30, 2016	
Meanline	2155		
	2075 puts	Sept 30, 2016	

Murrey Math Line Movement *

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

Prior Move	1.95	Up Move	3.91	Down Move	3.91
2175.78	+2/8	2195.31	+2/8	2179.69	+2/8
2173.83	+1/8	2191.41	+1/8	2175.78	+1/8
2171.88	8/8	2187.50	8/8	2171.88	8/8
2169.92	7/8	2183.59	7/8	2167.97	7/8
2167.97	6/8	2179.69	6/8	2164.06	6/8
2166.02	5/8	2175.78	5/8	2160.16	5/8
2164.06	4/8	2171.88	4/8	2156.25	4/8
2162.11	3/8	2167.97	3/8	2152.34	3/8
2160.16	2/8	2164.06	2/8	2148.44	2/8
2158.20	1/8	2160.16	1/8	2144.53	1/8
2156.25	0/8	2156.25	0/8	2140.63	0/8
2154.30	-1/8	2152.34	-1/8	2136.72	-1/8
2152.34	-2/8	2148.44	-2/8	2132.81	-2/8

7. OVERNIGHT CALL (6:00pm to 8:00 am)

	1 st Sell level	2 nd Sell level
	2170.00-2169.50 (sl73.50)	2174.50-2175.50 (sl 76.50)
Central line	2163.50	
	2152.50-2151.00 (sl49.25)	2143.50-2142.25 (sl 39.75)
	1 st Buy level	2 nd Buy level

9. WEEKLY ECONOMIC REPORTS

MONDAY, SEPT. 26					
10 am	New home sales	Aug.		600,000	654,000
TUESDAY, SEPT. 27					
9 am	Case-Shiller home prices	July		--	5.1%
9:45 am	Markit services PMI (flash)	Sept.		--	51.0
10 am	Consumer confidence	Sept.		98.6	101.1
WEDNESDAY, SEPT. 28					
8:30 am	Durable goods orders	Aug.		-1.5%	4.4%
8:30 am	Core capital equipment orders	Aug.		--	1.5%
THURSDAY, SEPT. 29					
8:30 am	Weekly jobless claims	9/24		258,000	252,000
8:30 am	Gross domestic product	Q2		1.3%	1.1%
8:30 am	Advance trade in goods	Aug.		-\$61.4bln	-\$59.3bln
10 am	Pending home sales	Aug.		--	1.3%
FRIDAY, SEPT. 30					
8:30 am	Personal income	Aug.		0.2%	0.4%
8:30 am	Consumer spending	Aug.		0.2%	0.3%
8:30 am	Core inflation	Aug.		0.2%	0.1%
9:45 am	Chicago PMI	Sept.		--	51.5
10 am	Consumer sentiment	Sept.		90.0	89.8