



Natusus

Daily Trading Plan Oct 3, 2016

1. PREVIOUS DAY (ESU6)

Open	High	Low	Closing
RTH 2153.75	2168.25	2150.50	2160.50
GBX 2145.75	2168.25	2135.75	2160.50

2. PIVOTS

	Daily RTH and GBX	Weekly	Monthly	Yearly
R3	2186.75 2206.50	2210.50	2288.75	2472.50
R2	2177.50 2187.50	2189.50	2239.00	2303.25
R1	2169.00 2174.00	2175.00	2199.75	2169.50
PPT	2159.75 2155.00	2154.00	2150.00	2000.25
S1	2151.25 2141.25	2139.25	2110.75	1866.25
S2	2142.00 2122.25	2118.25	2061.00	1697.00
S3	2133.50 2108.75	2103.75	2021.75	1563.33

3. FOCUS NUMBERS

	Daily	Weekly
2 nd Sell level	2183.75-2186.00	2203.50-2206.50
1 st Sell level	2170.50-2173.00	2192.25-2194.50
Key #	2150.50-2148.50	2148.50-2150.50
1 st Buy level	2145.50-2143.50	2132.25-2133.50
2 nd Buy level	2134.50-2132.25	2100.50-2103.50

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 2168.27 last Friday, up 3.58 points for 0.16% net weekly gain. But for September, it was down 2.68 points for 0.12% net monthly loss. The last two months have formed doji patterns at the top end of the range.

Last week: The SP500 index had a little whipsaw move, resulting from the end-of-quarter rebalance from fund managers. Eventually, the bulls remained in the driver's seat.

This week: The last quarter of the year begins this week. The SP500 index could repeat last week's range before it goes for new high level.

Technical analysis

1. S&P500 index monthly



Three quarters of the year is now past. The last quarter begins this week. So far the index is up more than 6.5% from last year's closing and there is still no sign for long-term correction. The long-term supports remain intact and strong.

2. S&P500 index weekly



Take a close look at the SP500 index weekly chart. The price still closed above its 20-week moving average line (2133.75) and didn't break below its intermediate-term first support line. That means that the intermediate-term trend also remains up.

Even though the index was in an unfavorable season and in overbought condition, the bulls managed to defend their support levels quite well last month.

There was a rectangle pattern formed in the weekly chart. The index broke the top of that pattern and has been holding price above the broken resistance line even while the index pulled back into 2133-35 zone for testing last month.

Now as long as 2135-37.50 zone holds the index up in the short term, the market could pump and dump to kill time until after the US presidential election.

2. Short-term S&P500 Daily Chart



There is not much change in the short term. The Index remains inside its three-month sideways zone from 2190 to 2120. Daily PMO indicator tried to give a short-term buy signal several times before, but it got killed by the price whipsaws. But last Friday, the indicator got both lines overlapping, and today it may give a clear short-term direction signal.

I still expect that we can get a whipsaw move this week. The index can dance along its 20/40 day moving average if the price holds under 2190. A move below the 20/40 day moving average could still lead ES down to 2135-37 zone for testing.

Only a break below 2125 will be bearish, and can squeeze out the weak-hand buyers quickly, but the 2100 psychology support will continue to hold the index up.

Recently bad news about Schedule Bank influenced the overnight trading. But Deutsche bank is not Lehman ... yet. The worse investment outside the US become, the more attractive the US market looks. Buyers will continue to help hold up US stocks.

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



ESU6 Daily chart

ES gapped up at open and managed to hold above the gap for a high closing. The price action was bullish, but volume was lighter than the prior day. This could be the result of window dressing of the last day of the month and the quarter.

Today the 2148.50 gap will be the key line to watch. As long as ES holds the price above it, odds favor the upside.

2170.50-73.50 will be a first resistance zone. On a failure to move above it during overnight trading, ES still can move back down and attempt to fill 2148.50 gap.

2135-33 will be a key support zone.

Sell the early rallies and buy later weakness should be our strategy today.

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

Major resistance levels: 2171-72.50, 2181.50-78.50, 2188-90.50, 2200-01.50

Short-term ---- Bullish

Medium term -----Bullish

Long term ---- Bullish

5. TRADING STRATEGY: Oct 3, 2016

a. Intraday Scalping numbers

Sell level	2171.00-2172.50	2182.50-2181.50	2193.50-2192.00
Buy level	2151.00-2152.00	2141.50-2143.50	2135.50-2133.50

b. Option trades (short calls or puts trades)

	Strike price	Expiration Date	Entry price
	2210 calls	Oct. 7, 2016	
Meanline	2155		
	2100 puts	Oct. 7, 2016	

Murrey Math Line Movement *

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

Prior Move	3.91	Up Move	3.91	Down Move	3.91
2195.31	+2/8	2195.31	+2/8	2179.69	+2/8
2191.41	+1/8	2191.41	+1/8	2175.78	+1/8
2187.50	8/8	2187.50	8/8	2171.88	8/8
2183.59	7/8	2183.59	7/8	2167.97	7/8
2179.69	6/8	2179.69	6/8	2164.06	6/8
2175.78	5/8	2175.78	5/8	2160.16	5/8
2171.88	4/8	2171.88	4/8	2156.25	4/8
2167.97	3/8	2167.97	3/8	2152.34	3/8
2164.06	2/8	2164.06	2/8	2148.44	2/8
2160.16	1/8	2160.16	1/8	2144.53	1/8
2156.25	0/8	2156.25	0/8	2140.63	0/8
2152.34	-1/8	2152.34	-1/8	2136.72	-1/8
2148.44	-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
	2171.00-2172.50 (sl74.50)	2179.50-2181.50 (sl 83.50)
Central line	2160.50	
	2152.75-2151.00 (sl49.00)	2143.50-2142.25 (sl 39.50)
	1 st Buy level	2 nd Buy level

9. WEEKLY ECONOMIC REPORTS

MONDAY, OCT. 3					
9:45 am	Markit manufacturing PMI	Sept.			51.4 (flash)
10 am	ISM	Sept.			49.4%
10 am	Construction spending	Aug.			0.0%
Varies	Motor vehicle sales	Sept.			16.9 mln
TUESDAY, OCT. 4					
	None scheduled				
WEDNESDAY, OCT. 5					
8:15 am	ADP employment	Sept.			177,000
8:30 am	Trade deficit	Aug.			-\$39.5 bln
9:45 am	Markit nonmanufacturing PMI	Sept.			51.0
10 am	ISM nonmanufacturing	Sept.			51.4%
10 am	Factory orders	Aug.			1.9%
THURSDAY, OCT. 6					
8:30 am	Weekly jobless claims	10/1		N/A	N/A
FRIDAY, OCT. 7					
8:30 am	Nonfarm payrolls	Sept.			151,000
8:30 am	Unemployment rate	Sept.			4.9%
8:30 am	Average hourly earnings	Sept.			0.1%
10 am	Wholesale inventories	Aug.			
3 pm	Consumer credit	Aug.			