



Natusus

Daily Trading Plan Aug 3, 2015

1. PREVIOUS DAY (ESU5)

	Open	High	Low	Closing
RTH	2108.25	2108.50	2095.25	2098.50
GBX	2101.75	2109.25	2095.25	2098.50

2. PIVOTS

	Daily RTH and GBX	Weekly	Monthly	Yearly
R3	2120.75	2172.50	2130.50	2540.25
R2	2115.00	2141.00	2178.50	2314.50
R1	2106.75	2119.75	2138.50	2183.50
PPT	2101.00	2088.25	2086.50	1957.75
S1	2092.75	2066.75	2046.25	1826.75
S2	2087.00	2035.50	1994.25	1601.00
S3	2078.75	2014.00	1954.25	1470.00

3. FOCUS NUMBERS

	Daily	Weekly
2 nd Sell level	2123.25-2126.00	2162.00-2158.00
1 st Sell level	2111.75-2114.00	2126.75-2033.00
Key #	2092.50-2093.75	2080.50-2078.50
1 st Buy level	2082.75-2081.00	2054.50-2052.50
2 nd Buy level	2067.50-2066.00	2038.00-2037.50

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

4. WEEKLY OUTLOOK — S&P 500 CASH INDEX

The S&P 500 cash index (\$SPX) closed at 2103.84 on Friday, up 24.19 points for a 1.16% net weekly gain.

The week started with a sharp sell-off on Monday's at the open, sparked by a rout in the Chinese stock market. The Shanghai index closed down 8.5% for its biggest one-day drop since Feb. 2007. But the SPX managed to hold itself above the 200-day moving average line and immediately reversed to the upside to close above the previous week's closing.

This week: the SPX may continue to go sideways with some modest gains, but it will likely remain within the same large sideways range, with 2135 on the upside and 2035 on the downside. The ADP private employment report will be released on Wednesday and Non-farm payroll on Friday. Both reports will be used by the Street to guess at the Fed's next pass at increasing interest rates, which seems to be the only thing the market worries about now.

Technical analysis

S&P500 Weekly Chart



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a) Long-term

The S&P500 index closed up 2.1% for July. The price closed well above all its intermediate-term momentum lines (20/40 ema) to continue giving a bullish outlook. In the past 30 trading days, the index declined right to its 200-day moving average line and reversed off it many times. That line has become critical support now. The higher lows made last month are a bullish indicator.

Based on the weekly chart, there is a long-term uptrend support line (green) rising since 2013. As long as the index holds above both the 200-day moving average line at 2062 and the weekly uptrend support line at 2077, the long-term uptrend remains intact.

Eventually the long sideways range that had contained prices all this year will be broken, either by a long term decline or a long term advance.

For a long-term advance, the index has to break out from the 2135 line to move toward the 2200 target. We have posted the long-term destination targets many times. As long as the index doesn't close below this year's live pivot at 2055, the long-term upside targets will not change after the breakout occurs.

For a long-term decline, the Bears have to fight through many support lines below the current price, which may be difficult. It is difficult to change the direction of an uptrend of such long duration, especially as the \$VIX index refuses to move back above 15.

August is typically a time of seasonal weakness. Many traders will take their vacations until after Labor Day. The volatility will be bad, and thin volume could make the price action more choppy. So far price action is strong, and the market sentiment is still bullish, but the \$VIX at historic lows and the market breadth-advance/decline line is making news lows and lower highs. That is not the right condition for a bullish breakout.

Therefore we suggest our traders either take a vacation or trade short-term moves in August until the big players return after Labor day. August may be a good month for the beach.

b) Short-term

S&P500 Daily Chart



There is a sideways range from 2130 to 2040 which has been well-defined since March. Now the 200-day moving average line has become a critical support line for this week.

The market may continue sideways this week. The resistance line at 2135 and support line at 2040 identify a sideways trading pattern. Both lines are marked as “breakout” or “breakdown” levels. The index has been unable to break out to either the upside or the downside of this range since March, which is a very long time for a consolidation market.

At some point this range will be broken. The question is: When?. Right now there are many mixed signals from the major indices and which don't confirm each other. It is hard to predict when or in which direction the SPX will go next. We can only follow the short-term trends until a true breakout (or breakdown) occurs.

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

ESU5 Daily chart



On Friday the ES ran up in the pre-market and opened the day session at a high level then dropped back to close at the low of the regular hours trading range. It formed a relatively long tail candle pattern. Below it there are 3 momentum lines (10-20-40ema lines) creating a key zone for today's trading.

A move below 2086.50 could lead ES to drop back down to 2078.50-2075.50 or lower towards 2065.50-62.25 zone to bail out last Monday's trapped shorts. Holding above 2092 level will encourage buyers to push the price back up to Friday's high area for testing. Above 2116.50 level there are some buy stops. A takeout of the 2116.50 level could squeeze the shorts again and push ES up to July's high.

The short-term indicators are neutral. But all short time-frames are getting overbought again. Today ES could bounce from the overnight low area if overnight trading manages to hold up 2086.50. If the price goes up first without testing the 2093.75 line, ES may reach 2106-10 zone in the early sessions, but is likely to drop back down again in the regular trading sessions.

The major support levels: 2065-62, 2054-55, 2043.50-45.50, 2038-35
 the major resistance levels: 2126.75-28.50, 2134-36.50 and none

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

6. TRADING STRATEGY: Aug 3, 2015

a. Intraday Scalping numbers

Sell level	2107.50-2108.50	2114.50-2116.50	2126.75-2128.50
Buy level	2088.50-2089.75	2078.00-2079.50	2068.50-2066.50

b. Gap Method Trading

	Gap	target
Sell level	2108.00-2110.00	2100.00
Buy level	2088.00-2089.00	2098.50

c. Option trades (short calls or puts trades)

	Strike price	Expiration Date	Entry price
	2150 calls	2015-08-07	ES near 2110
Meanline	2095		
	2020 puts	2015-08-07	ES near 2060

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
2113.28	+2/8	2132.81	+2/8	2117.19	+2/8
2111.33	+1/8	2128.91	+1/8	2113.28	+1/8
2109.38	8/8	2125.00	8/8	2109.38	8/8
2107.42	7/8	2121.09	7/8	2105.47	7/8
2105.47	6/8	2117.19	6/8	2101.56	6/8
2103.52	5/8	2113.28	5/8	2097.66	5/8
2101.56	4/8	2109.38	4/8	2093.75	4/8
2099.61	3/8	2105.47	3/8	2089.84	3/8
2097.66	2/8	2101.56	2/8	2085.94	2/8
2095.70	1/8	2097.66	1/8	2082.03	1/8
2093.75	0/8	2093.75	0/8	2078.13	0/8
2091.80	-1/8	2089.84	-1/8	2074.22	-1/8
2089.84	-2/8	2085.94	-2/8	2070.31	-2/8

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

	1 st Sell level	2 nd Sell level
	2104.50-2106.50 (s107)	2109.25-2111.75 (s12.75)
Central line	2098.50	
	2092.25-2090.50 (s187.50)	2081.75-2080.50 (s78.50)
	1 st Buy level	2 nd Buy level

Overnight Call:

Central line = 2098.50

Above it, ES could pop up to 2104.50-2106.50 or higher to 2109.25-2111.75 (short entry).

Below it, ES could dip into 2092.25-2090.50 or lower to 2081.75-2080.50 (long entry).

9 WEEKLY ECONOMIC REPORTS

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

Monday

- Personal Income and Outlays, PMI Mfg index, ISM Mfg Index and Construction Spending

Tuesday

- Factory Orders

Wednesday

- ADP Employment Report, International Trade, PMI Service Index and ISM Non-Mfg Index, EIA Petroleum Status Report

Thursday

- Jobless Claims

Friday

- Non-Farm payroll, Consumer Credit