



February 02, 2007 Today's Outlook: A pre-market exercise in Market Logic, Deductive Reasoning and Visualizing the Future

Thursday's session closed Above Value and Above the Mean at 1448

Therefore; coming into Friday's session the reference points are:

Support at: Near Term Support is the Average Daily Range Low 1445. S2 is the Statistical Daily Low 1439.75, S4 is the 2nd Statistical Daily Low 1434.50, and S6 is the 3rd Statistical Daily Low 1429.25.

Resistance at: Near Term Resistance is the High 1451.75, R2 is Average Daily Range High 1457.25, R4 is the Statistical Daily High 1462.50 and R6 is the 2nd Statistical Daily High 1467.75

Regarding the possible scenarios coming into Friday's session, the over-night / pre-market action is always the first factor to be taken into account.

IF; a neutral bias after hours is maintained, price will hold support within Thursday's value area; one standard deviation above and below today's mean [between: 1450.25 high/ 1445.50 low].

IF; a negative bias develops, price will break support at 1445.

IF; a positive bias develops price will auction above resistance at 1451.75.

The first hour of Friday's session provides the next source of data to determine whether or not the bulls intend to auction price up above 1451.75 or if sellers intend to drive price back down below 1445.

There are two possible scenarios associated with the test of the Low:

1.) Price tests support at 1445, support holds, price pauses just below Thursday's mean at 1448. Then, buyers step in, auction price

up through Thursday's range, probe above value 1450.25 and goes on to test the High 1451.75.

2.) Price probes to support at the Average Daily Range Low 1445, breaches support on increasing volume [negative differential], price breaks-out below support and auctions down to Friday's Statistical Daily Low 1439.75.

There are two possible scenarios associated with the test of the High:

1.) Price tests resistance at the High 1451.75, resistance holds, price pauses just above Thursday's mean 1448. Then sellers step in, auction price down through Thursday's range and probe below value 1445.75 and goes on test the Average Daily Range Low 1445.

2.) Price probes to resistance at the High 1451.75, penetrates resistance on increasing volume [positive differential], price breaks-out above resistance and auctions up to the Friday's Average Daily Range High 1457.25

IF: the after hours rotational sequence is: price tests the support at 1445 first, and support holds, the pressure is then on the *Bulls* to make a higher high. The probability would favor sellers if the bulls failed to make a higher high and price penetrated *Support* at 1445 on the subsequent test.

A break-out *above* the *High* 1451.75 on increasing volume and strong *positive* bias is a sign the *Bulls* are in control.

IF: the after hours rotational sequence is: price tests the resistance at 1451.75 first, and resistance holds, the pressure is then on the *Bears* to make a Lower Low. The probability would favor buyers if the Bears failed to make a lower low and price penetrated *Resistance* at 1451.75 on the subsequent test.

A break-out *below* the *Low* 1445 on increasing volume and strong *negative* bias is a sign the *Bears* are in control.

IF: Buyer's fail to step in at support, price breaches support at 1445 on increasing volume, the probability is price will auction down to Friday's Statistical Daily Low at 1439.75 [12 points off Thursday's high].

IF: the after hours rotational sequence is: price tests the at and fails to make a higher high, then the probability is greater that a probe down to support at 1445 will penetrate support.

Thursday's settlement: Today's close at 1451 was Above value, 3 points above the mean. The range for the session was 7.75, 2.5 points below average. The volume for the session was 995788 Above Average. The + - Cum **BID/ASK** Differential was +15990.

Interpretation:

Settlement price was Above Value & Above the Mean] indicates Positive close, Positive skew.

Below average range indicates Poor trade facilitation.

Above average volume indicates Strong interest.

Positive + - Cum **BID/ASK** Differential which was 2% of the total daily volume 995788 indicates a Neutral bias.

Possible Day Structure

A neutral day would develop some where between Friday's near term support 1445 and near term resistance 1451.75

A normal distribution would develop between Friday's Average Daily Range High 1457.25 and Low 1445.

A variation of a normal distribution [trend] would develop if price breaks out above or below Friday's 1st Statistical High 1462.50 and the 1st Statistical Low 1439.75

The rotational sequence of the price discovery and the response to the subsequence price probes are best evaluated with the aid of volume & **BID/ASK** differential. Watch the **BID/ASK** Differential at the time of the probe. Successful and un-successful tests of support and resistance, the volume and bias present during the probe provide key data for futures reference in subsequence probes.

The IOAMT volume @ price chart is designed to provide the serious trader with this important decision support information, with out which

discretionary trading using so-called price only indicator is decision making based on the effect rather than the cause. Volume@price information can assist the discretionary trader in determining who's in control of the auction and at what price did the dominate group initiated the actions.

We'll keep you informed of the price action through the day and do our best to point out the opportunities we see as the day's structure develops. Join us for the opening *call* by coming to the IOAMT live trading room. Interested traders offer a two week free trails, available by registering at the IOAMT web-site. www.IOAMT.com.

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