



COMMENTARY FOR THE eMINI S&P 500 MAR 2010 CONTRACT (the "ES")

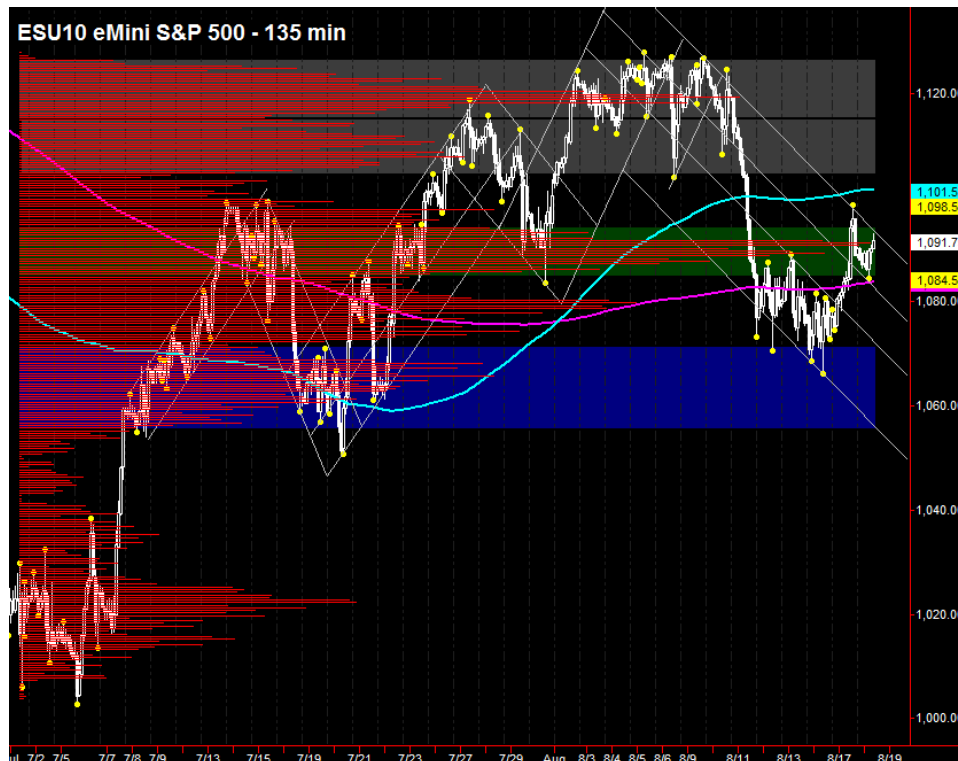
Going forward, the Big Picture Analysis will be combined with the Leaders Analysis

The Precise Take – Equities consolidating yesterday's gains ahead of opex Friday

Big Picture Analysis: The Federal Reserve Bank of New York conducted its first Treasury permanent open market operation (POMO) yesterday--the first such since October, 2009. Long time readers will recall that there was a strong correlation between POMO days and paint the tape closes in the second and third quarters of 2009. Yesterday was nearly the reverse, as equities rallied throughout the morning auction and shortly thereafter, but sagged on the close. A sample size of 1 a trend does not make, but it seemed to be a blatant risk-supportive signal. Also noteworthy was the large decline in 10 Year T-Note futures, suggesting that their recent parabolic rise could have been mere front-running of the Fed--financial institutions bidding up coupon Treasuries in anticipation of selling them at a profit back to the Fed. The amount of Fed purchases (\$18 billion for the first month) is a bit less than 2009, so it remains to be seen if the 2009 effect can be duplicated. It's also possible the money will be directed back into Treasuries, or some other market, instead of equities. Overnight, the 10 Year is within yesterday's range, which itself is within Monday's range. A breakout will be a clue as to where the money flows. Subsequent POMOs will occur tomorrow, then next Tuesday and Thursday.

Trading Today: The upper end of the projected range for a range day contains day-session-only R1, from 1096.75 to 1097.50. The lower end contains the overnight low and 50 day moving average, from 1084.50 to 1085.25.

Today's volume profile:



Day Trading Guide

Daily Gaps

1090.75 (4:00 pm close)
1089.00 (4:15 pm settlement)

Daily Pivots

1090.25 (day-session-only)
1087.25 (day & overnight sessions)

Unfilled Gaps

1142.75 to 1150.00 (price)
1101.50 to 1108.25 (price)

Upside Targets

~~1191.25, 1097.00~~, 1106.75, 1119.25,
1132.00, 1143.75, 1150.75, 1165.00

Downside Targets

1022.75, 1035.25, 1053.50, 1060.50,
1065.75, 1079.75

Today's Scheduled News

Major Market Movers

None

Minor Market Movers

None

Tomorrow's Scheduled News

Major Market Movers

None

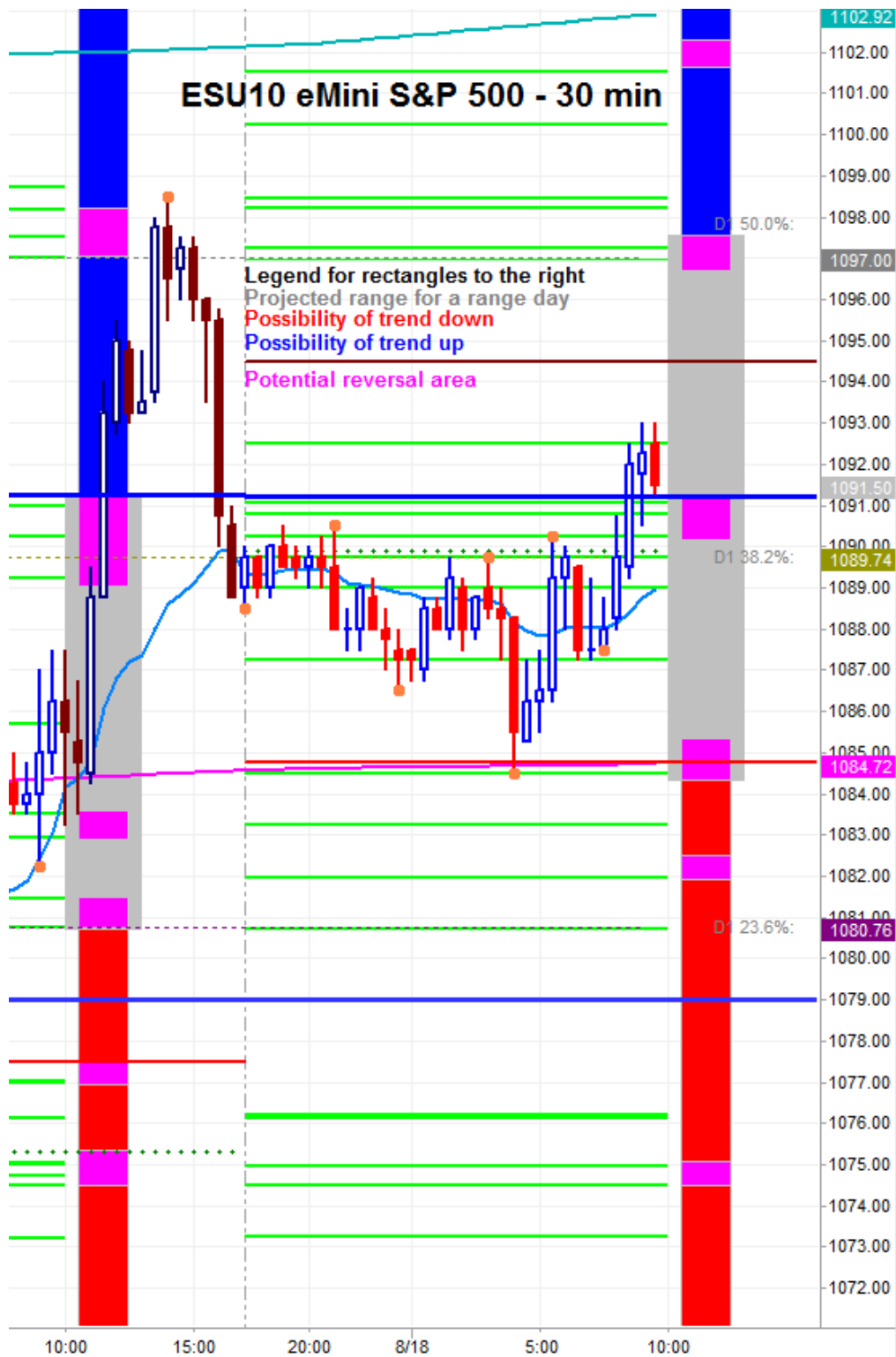
Minor Market Movers

Jobless Claims at 8:30 am
Leading Indicators at 10:00 am
Phili Fed Survey at 10:00 am

Free intraday updates at <http://www.precisioncapmgt.com>.

Disclaimer: The information in this report is general market commentary and for educational purposes only. No personal trade recommendations are being made hereby. Trading futures and securities is highly risky and you can lose a substantial amount of money. Past performance is not necessarily indicative of future results. All charts herein created with TradeStation.

Today's Support and Resistance:



Legend: Market Profile points of control (POC's), or high volume levels, are calculated each day and displayed as lines colored shades of blue or red. Shades of blue measure POC's over the life of the contract. Shades of red measure POC's for the previous day only. Confluence areas of support and resistance are calculated using Fibonacci retracement and extensions, market profile POC, and pivot formulas calculated on monthly, weekly and daily (day-session-only and day/overnight combined) time frames. These areas are drawn as shaded green boxes. Previously drawn areas have not been adjusted retroactively.

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