

# The PRECISION REPORT

Precise Market Timing



August 21, 2009

## COMMENTARY FOR THE eMINI S&P 500 SEP 2009 CONTRACT (the "ES")

**The Precise Take** – Can overnight gains extend, or will typical OpEx choppiness reverse them?

**Treasury Analysis:** The 30 Year T-Bond has hit the lower end of a very strong resistance area that extends from 120'30 to 122'03. Please visit [Wall St. Cheat Sheet's](#) Chart Junkie page about mid-day for the chart and explanation of the forms of resistance we're seeing. The auction amounts for next week as released yesterday will be for slightly less than last month's (see below), with the trend of increase in the longer dated auction amounts halted (at least temporarily). With equities also retesting highs and a new "moderating" tone at the Treasury, the 30 Year will be key next week to confirm a breakout or double top in equities.

2009	January	February	March	April	May	June	July	August
<b>3 Mos</b>	29	31	31	29	31	31	32	31
<b>6 Mos</b>	28	30	29	28	30	30	31	30
<b>52 Wk</b>	22	23	25	26	26	27	27	27
<b>2 Yr</b>	40	40	40	40	40	40	42	42
<b>5 Yr</b>	30	32	34	35	35	37	39	39
<b>7 Yr</b>	0	22	24	26	26	27	28	28
	<b>149</b>	<b>178</b>	<b>183</b>	<b>184</b>	<b>188</b>	<b>192</b>	<b>199</b>	<b>197</b>

**Time Profile:** See page 2 for historical Time Profiles of options expiration day. Notable is that from the 2001 bear market until the end of 2004, there was a strong initial bearish bias in the first hour, which gave way to an initial bullish bias that has increased since about August 2007 (not shown). Derivatives (including options) trading has changed so much since 2001, that we don't place too much importance on the direction of the bias, so much as tendency of it not to continue (and indeed often be reversed) early in the day. As the Time Profile measures the net change from the prior period's close, the first hour includes any opening gaps. This means, any overnight gains are likely to not extend materially in the opening 60 minutes, and have a tendency to be reversed slightly in the 10:30 am to 11:00 am period. The rest of the day tends to be choppy with the final hour having a bullish bias and the final 15 minutes after 4:00 pm (in the futures) tending to reverse.

**Trading Today:** As of yesterday, 995.25 is the new highest volume market profile point of control for the life of the September 09 ES contract, having overtaken the 913.00 level that held for so long. This will make the 995.25 level the key level to watch going forward. We become intraday bullish above overnight highs (as we write) of 1011.75, but would be surprised if the ES were able to climb above key resistance today from 1015.75 to 1017.50. Were this area to be reached early, we would fade short weakness; however, we would be more cautious in this area around late in the afternoon as momentum would likely be greater. Anywhere from 1002.25 to 1004.75 would serve as a good long entry area. However, below 1002.25, we become intraday bearish down to 996.50, where we are willing to fade long on strength.

### Day Trading Guide

**Daily Gap**  
1005.50 (4:00 pm close)  
1004.75 (4:15 pm settlement)

**Daily Pivot**  
1002.25 (day-session-only)  
1002.25 (day & overnight sessions)

**Unfilled Gaps**  
903.50 to 912.50 (price)  
955.00 to 962.50 (volume)

**Upside Targets**  
1053.50, 1066.00, 1126.25

**Downside Targets**  
973.25, 948.75, 922.25, 913.00,  
854.75, 846.00, 828.00, 811.75,  
777.25

**Countertrend Longs\***  
917.75, 933.25, 940.75, 945.25,  
963.25

**Countertrend Shorts\***  
None

\* Countertrend trades have a 2 point target and 2 point stop, are valid during the day session only, and are not recommended on high volume moves or around major news releases.

### Today's Scheduled News

**Major Market Movers**  
Existing Home Sales at 10:00 am

**Minor Market Movers**  
Bernanke speaks at 10:00 am

### Tomorrow's Scheduled News

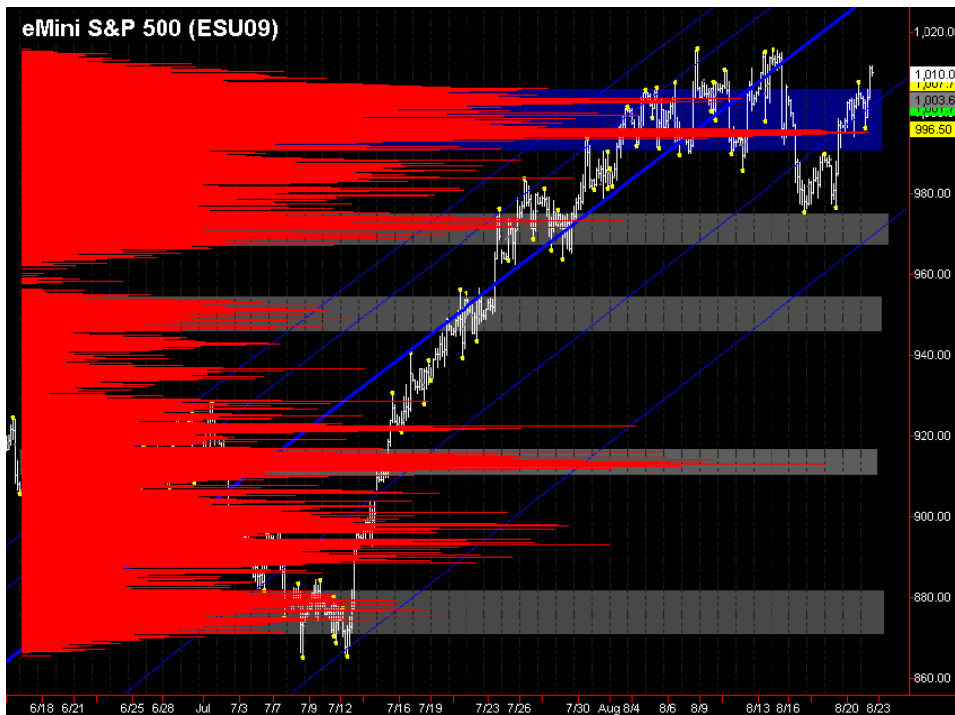
**Major Market Movers**  
None

**Minor Market Movers**  
3 & 6 Mos. Auctions at 1:00 pm

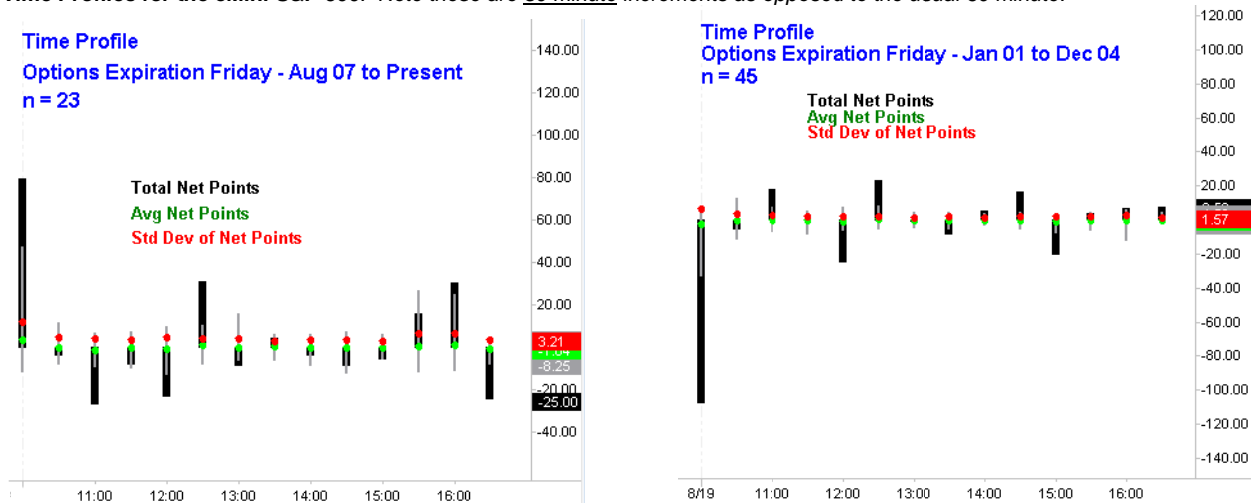
Free intraday updates at <http://www.precisioncapmgt.com>.

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**Volume Profile:**



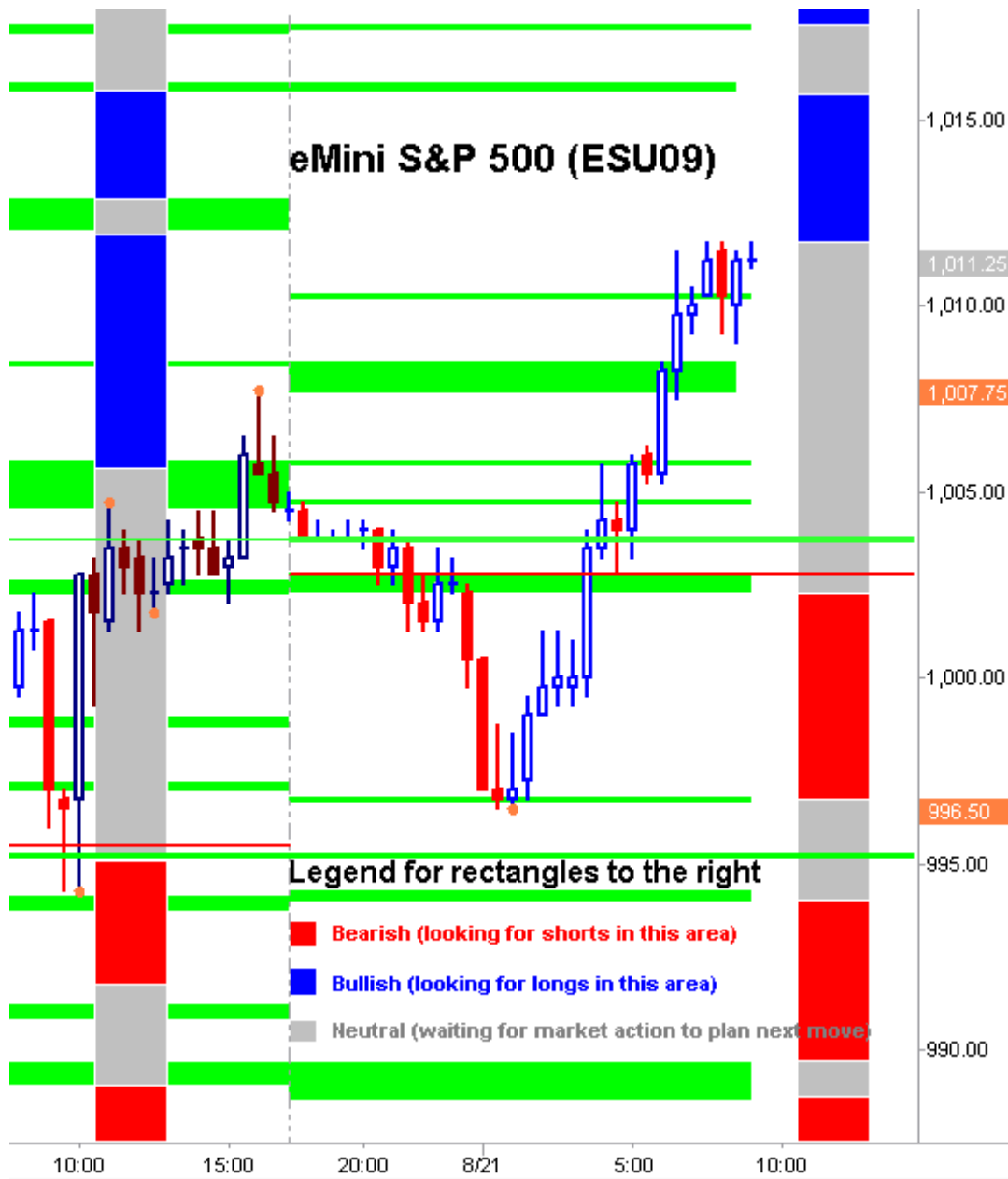
**Time Profiles for the eMini S&P 500.** Note these are 30 minute increments as opposed to the usual 60 minute:



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Support and resistance is as follows:



**Legend:** Market Profile points of control (POC's) are calculated each day and displayed as lines colored shades of green or red. Shades of green 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. They areas are drawn as shaded blue (support) and red (resistance) boxes. Previously drawn areas have not been adjusted retroactively.

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