

# The PRECISION REPORT

Precise Market Timing



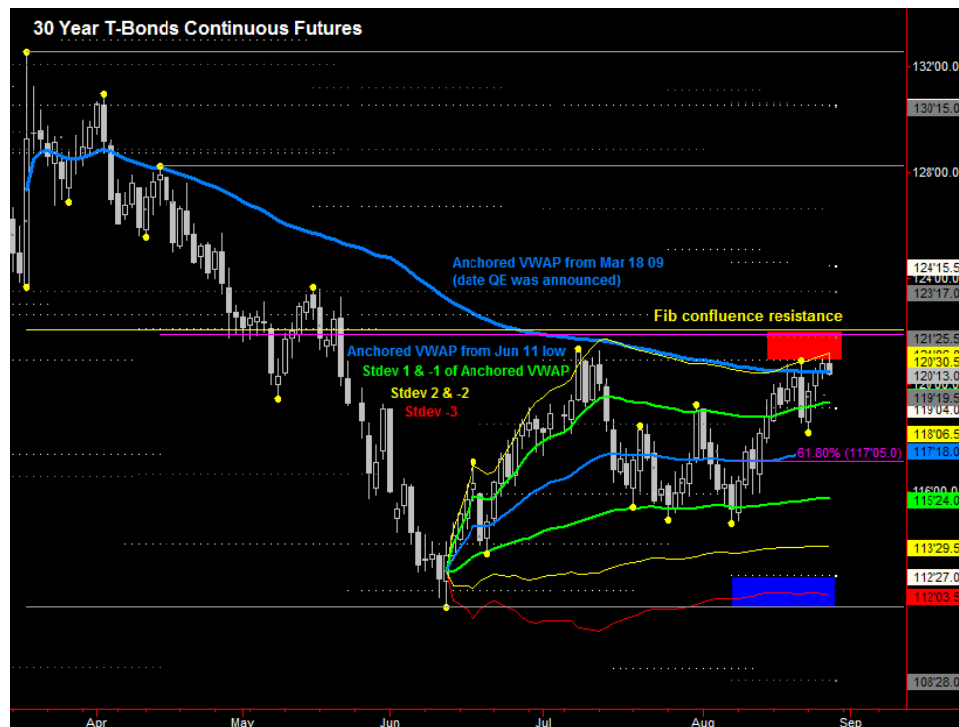
## COMMENTARY FOR THE eMINI S&P 500 SEP 2009 CONTRACT (the "ES")

**The Precise Take** – Equities maintaining into final Treasury auction of the week

**Medium to Long Term Analysis:** Below is the 30 Year T-Bond futures chart updated through this morning, which shows the 30 Year still hovering around resistance (red rectangle). That it didn't retrace this week to the 61.8% (or even the 50% level) of the most recent upswing is bullish for it (and bearish for equities), but today's 7 Year auction will likely be the catalyst to either new highs or a stronger retracement downwards. Our bias is for a strong 7 Year (bearish for equities) as we had last month, but anything is possible as always.

**Time Profile:** Today is the day after the FRNY has conducted permanent open market operations (POMO). Since inception of POMO in Mar 09, there has been a bullish bias in the opening hour and a bearish bias in the closing hour. These biases dissipated slightly in May and June, but have reasserted in July and August (see page 2 for chart). If there are gains today, we would warn to protect profits before heading into the close. If we head down today, losses could accelerate into the close.

**Trading Today:** As we write, GDP (revised) and Jobless Claims released at 8:30 am caused a slight upsurge to 1031.00 in the ES, with a subsequent retreat downwards. We always pay head to spike highs on important news around contract highs, so longs will need to head higher early to prevent a potential selloff. The one mitigating factor to this bearishness is the looming 1:00 pm 7 Year auction today, which is the last major auction in this month's Treasury funding operations. Market participants may simply sit out until it has completed. We are intraday bullish above 1032.50 and intraday bearish below 1020.25, willing to fade long in the 1008.50 to 1011.00 area, but not willing to fade short above 1032.50 unless we see another spike high on the 7 Yr auction.



### Day Trading Guide

**Daily Gap**  
 1027.00 (4:00 pm close)  
 1026.75 (4:15 pm settlement)

**Daily Pivot**  
 1026.25 (day-session-only)  
 1026.25 (day & overnight sessions)

**Unfilled Gaps**  
 903.50 to 912.50 (price)  
 955.00 to 962.50 (volume)  
 1007.75 to 1011.75 (price)  
 1010.50 to 1021.25 (volume)

**Upside Targets**  
 1053.50, 1066.00, 1126.25

**Downside Targets**  
 995.25, 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**  
 7 Yr Auction at 1:00 pm

**Minor Market Movers**  
 Fed Balance Sheet & Money Supply  
 at 4:30 pm

### Tomorrow's Scheduled News

**Major Market Movers**  
 Personal Income & Outlays at  
 8:30 am

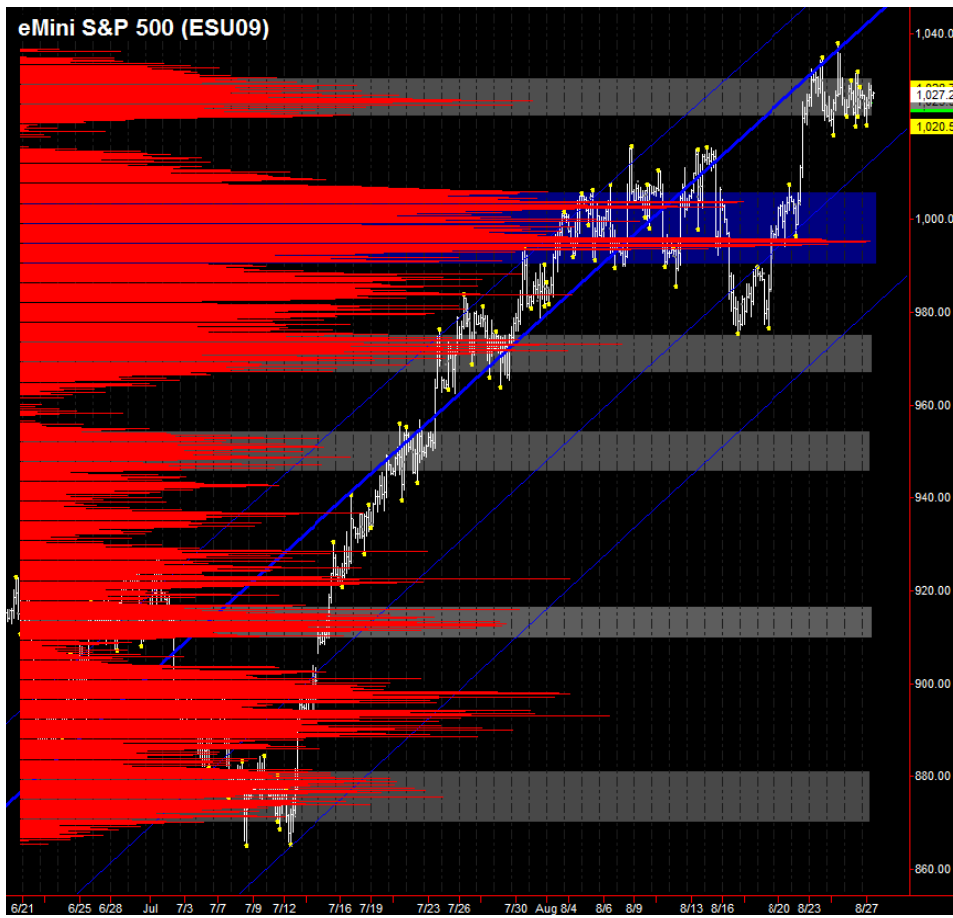
**Minor Market Movers**  
 Consumer Sentiment at 9:55 am

None

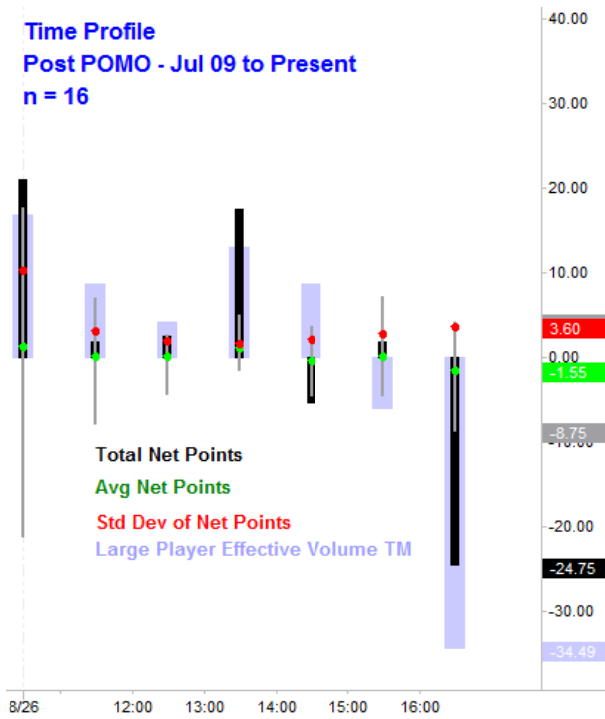
Free intraday updates at <http://www.precisioncapmgt.com>.

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 is highly risky and you can lose a substantial amount of money. Past performance is not necessarily indicative of future results.

**Volume Profile:**



**Time Profile for the eMini S&P 500.**

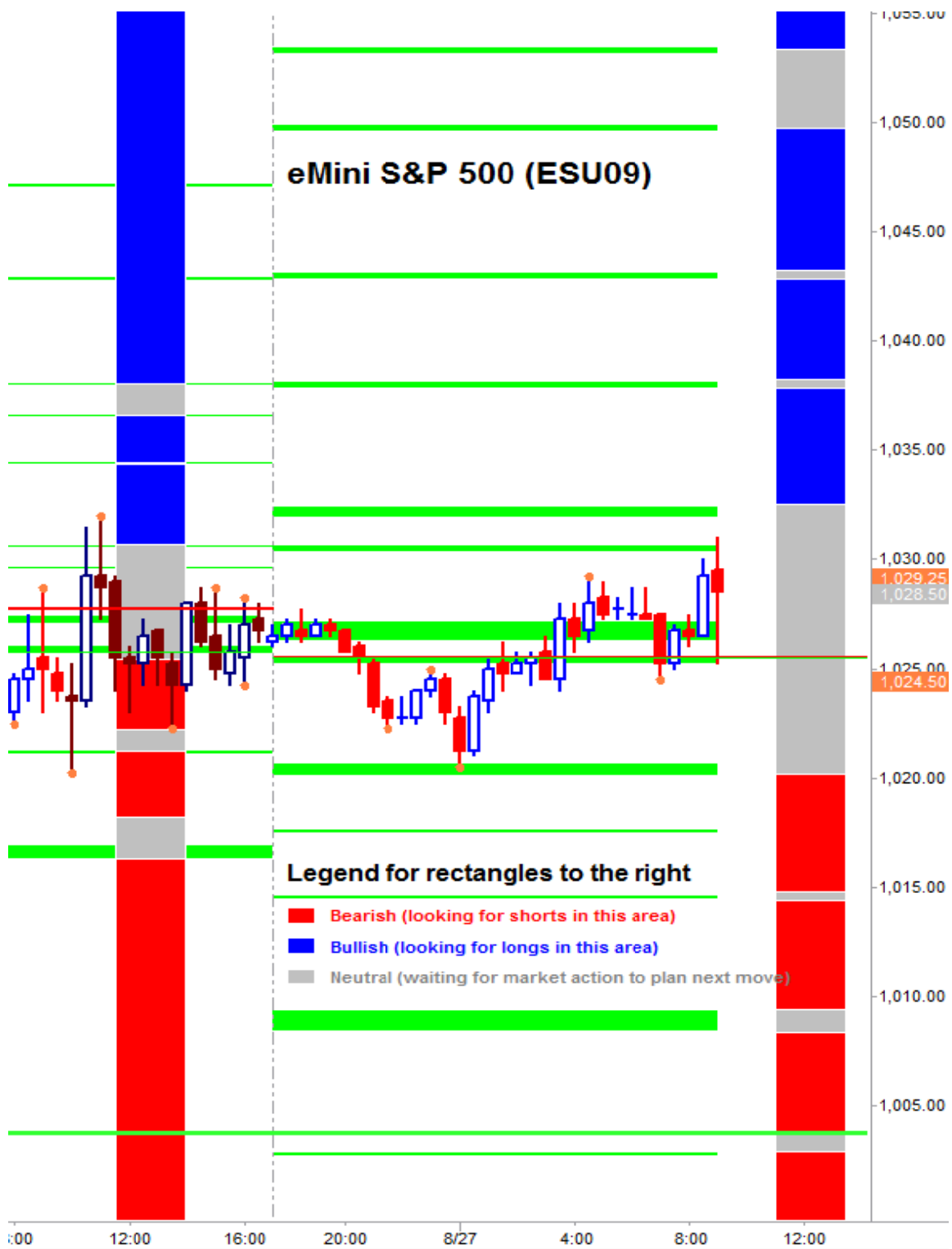


\* Thanks to Thanassis Stathopoulos and Billy O'Nair for the *POMO effect* discovery and development of trading edges. Thanks to Pascal Willain for the development of *Effective Volume*™ and hosting the Value in Time Group.

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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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