

The PRECISION REPORT

Precise Market Timing



August 9, 2010

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

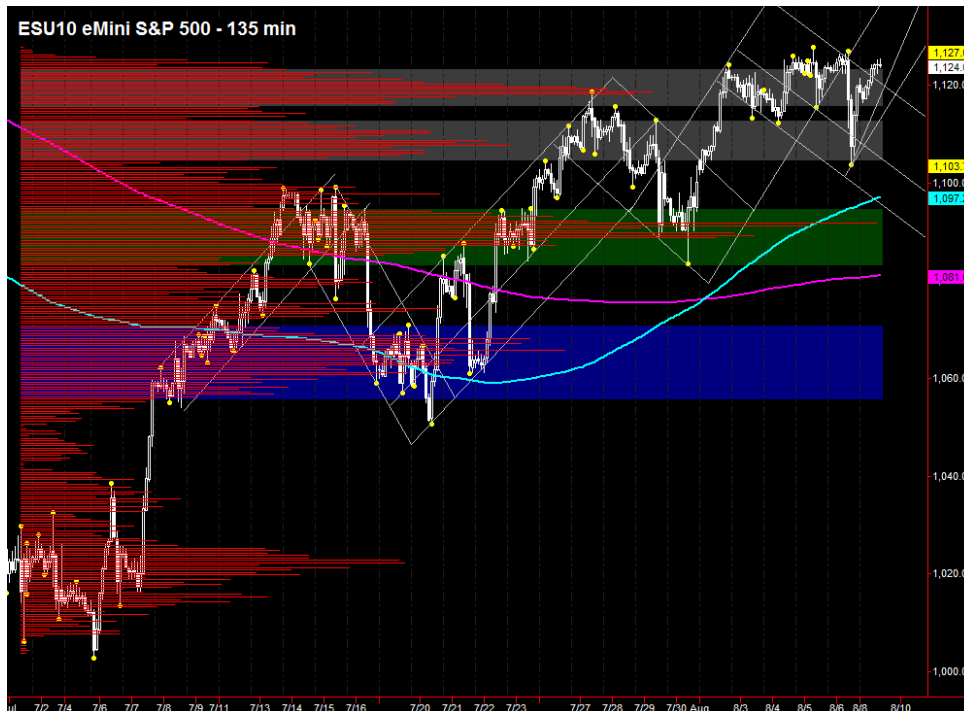
The Precise Take – Equity futures back to interim highs after Friday's shakeout

Big Picture Analysis: After Friday's late recovery and overnight continuation, the ES finds itself back to the 1125-30 resistance band. With bullish FOMC seasonality kicking in at the close today, there is a very good chance it will finally break through by tomorrow afternoon. The markets have priced in a slight easing, and should get it tomorrow. Later in the week, Retail Sales and CPI on Friday will be the focus. 1103.50 has become major support, so if the ES does head down again, it needs to hold or we'll probably see the strong swing longs exit.

Leaders Analysis: 10 Year Treasury futures continue to attract money and rally, yet costing the equities rally virtually nothing. To expand on what we wrote Friday, the correlation between equities and the yield (inverse to the futures price) is only loosely positively correlated; however, large moves in the yield are highly correlated with equities. We can chalk this off perhaps as an aberration induced by the expected free flow of money from renewed QE, but we'll still be on alert on any further large drops in the yield--especially with the 3, 10 and 30 year auctions this week. The EuroYen peaked above its downward trendline from July 28, and is trading back under it. The US Dollar made a new nominal low and is up marginally. It looks as though the leaders are tepidly indicating risk preference and mildly supportive of equities.

Trading Today: The lower end of the projected range contains Friday's settlement and some high volume levels, from 1118.25 to 1119.50. The upper end contains the most recent high, from 1126.50 to 1127.75. These no news Mondays tend to be very quiet unless a large move on above average volume is made in the first hour.

Today's volume profile:



Day Trading Guide

Daily Gaps

1118.50 (4:00 pm close)
1119.50 (4:15 pm settlement)

Daily Pivots

1114.50 (day-session-only)
1116.75 (day & overnight sessions)

Unfilled Gaps

~~1103.50 to 1110.25 (price)~~
1142.75 to 1150.00 (price)

Upside Targets

1132.00, 1143.75, 1150.75, 1165

Downside Targets

1022.75, 1040.75, 1065.75, 1075.75,
1191.75, 1100.25, 1107.75, 1118.75

Today's Scheduled News

Major Market Movers

None

Minor Market Movers

None

Tomorrow's Scheduled News

Major Market Movers

FOMC Announcement between
2:15 pm and 2:18 pm

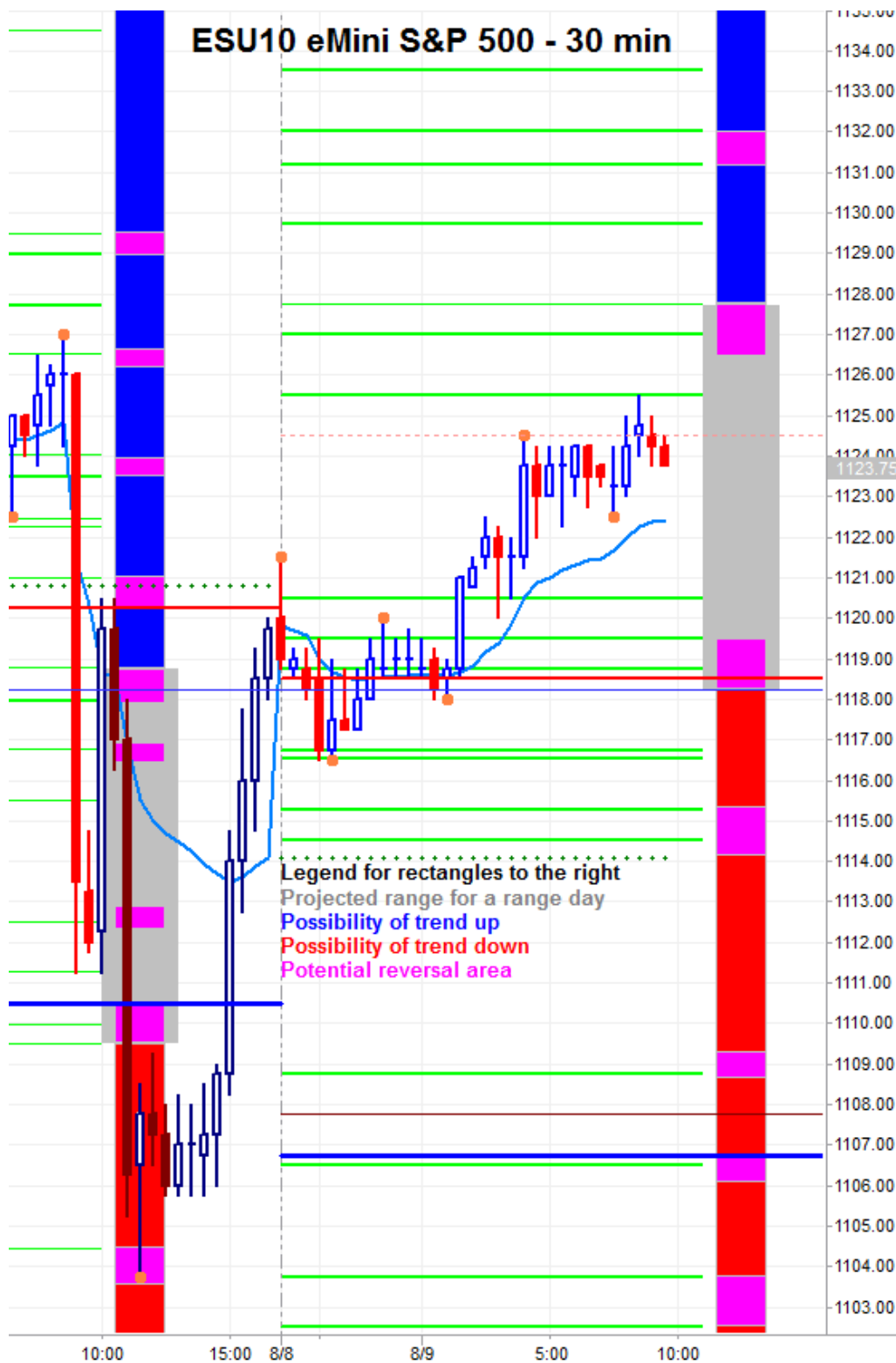
Minor Market Movers

Productivity & Costs at 8:30 am
Wholesale Trade at 10:00 am
3 Yr Note Auction at 1:00 pm

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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