



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

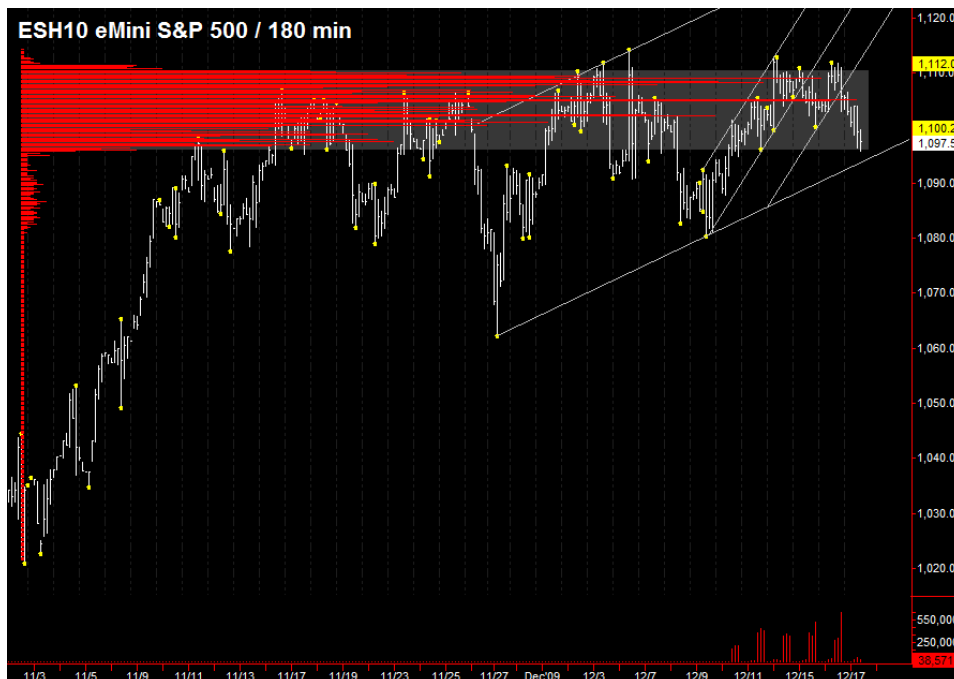
**The Precise Take** – ES back to bottom of range ahead of Quadruple Witching Friday

**Leaders Analysis:** Once again the major move has been overnight, with the US Dollar Index reaching its first upside target of 77.82 to the cent, which is the 50% retracement from the June 8 interim high. The 61.8% retracement is 78.68, and it will be important to monitor price action in this Fib box. The EuroYen had been consolidating in a wedge just under its 50 day moving average and sold off overnight, and 30 Year T-Bond futures are now advancing off support. The current trends will likely last until T-Bonds advance to moving average resistance in the mid 119 to mid 120 area. Until then, equities will probably continue to chop sideways to down. If there is a high in the USD Index for a day, then equities could climb back up toward the top of their range. If 77.82 is materially exceeded, the ES will probably slide down further.

**Medium Term Analysis:** As expected, the FOMC did not make any waves yesterday, though they did shorten the time frame for winding down Agency and Agency MBS purchases (QE) from the end of March 2010 to the beginning of February. How the mortgage markets will function without the Fed as market maker remains to be seen; however, that is beyond the scope of the medium term. We still expect an end of year rally, but it looks like weak longs need to be shaken out first. After the ES failed to take out weekly R1 three days in a row, it was a good bet that there would be a return to at least the weekly pivot at 1096.50, which was why we picked this as a downside target [yesterday afternoon](#).

**Trading Today.** The preferred early trade is to be long with a target of overnight VWAP at 1100.25 to the daily S1's at 1101.75, where we may reverse short. The value area of 1105.00 to 1107.75 seems a bit far from here. The ideal entry is just above 1096.50 or, if the ES heads lower, to just above the 1093.75 trendline and Fib support level, which marks the bottom of the expected daily range. If the ES is not able to climb above 1096.50 by 10:00 am, however, further downside action is likely. Weekly S1 at 1087.25 is a natural target.

**Today's volume profile:**



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

### Day Trading Guide

#### Daily Gaps

1105.50 (4:00 pm close)  
1105.75 (4:15 pm settlement)

#### Daily Pivots

1106.75 (day-session-only)  
1106.75 (day & overnight sessions)

#### Unfilled Gaps

1063.00 to 1069.25 (price)  
1092.00 to 1094.75 (price)

#### Upside Targets

1126.25, 1144.75, 1160.75

#### Downside Targets

1063.00, 1022.75, 1004.75, 975.50,  
961.00, 937.25, 899.00, 882.25,  
831.25

#### Countertrend Longs\*

None

#### 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

Phili Fed Survey at 10:00 am

#### Minor Market Movers

Leading Indicators at 10:00 am

### Tomorrow's Scheduled News

#### Major Market Movers

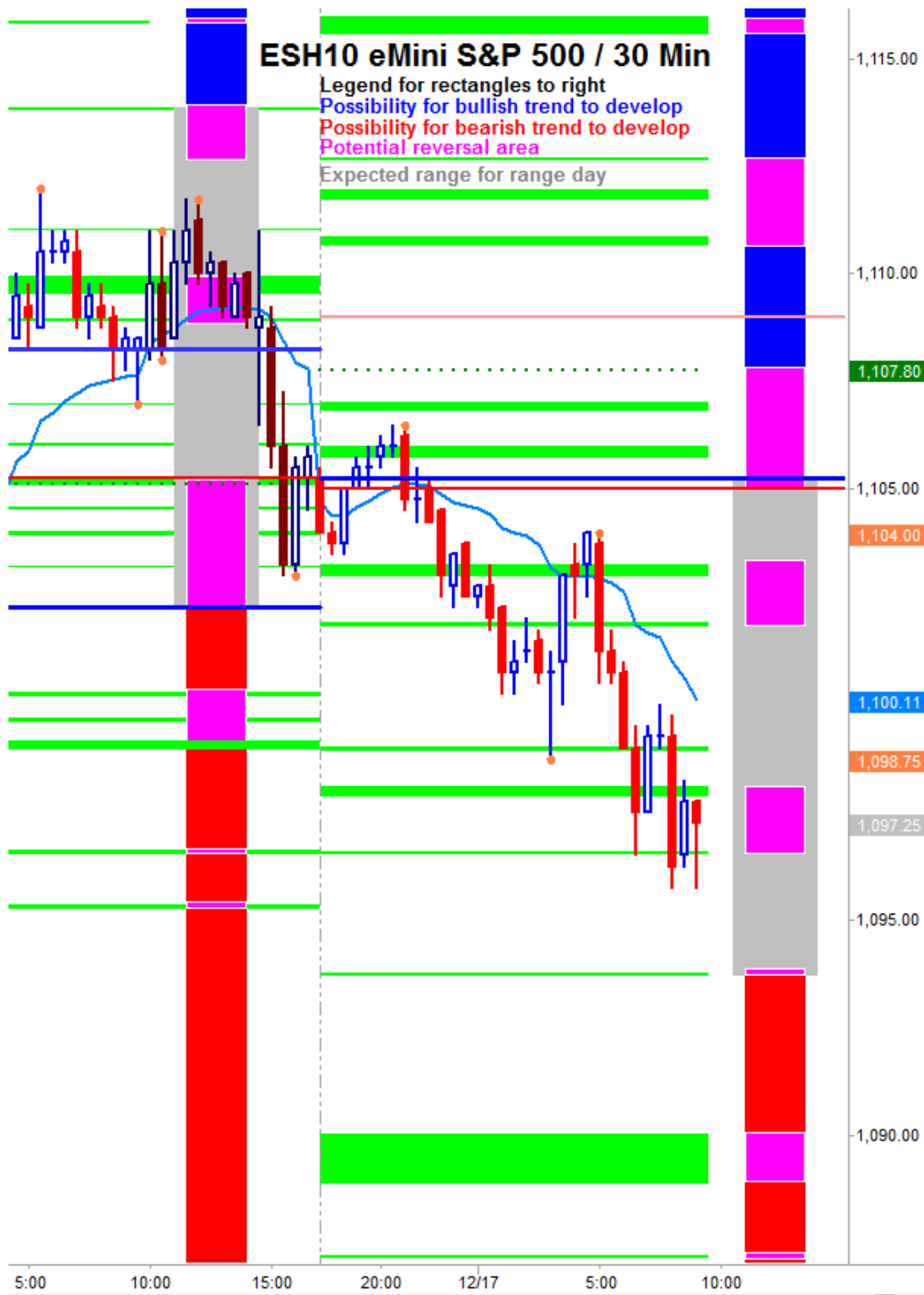
Quadruple Witching

#### Minor Market Movers

None

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Today's Support and Resistance:



**Legend:** Market Profile points of control (POC's) 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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