

The PRECISION REPORT

Precise Market Timing



December 18, 2009

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

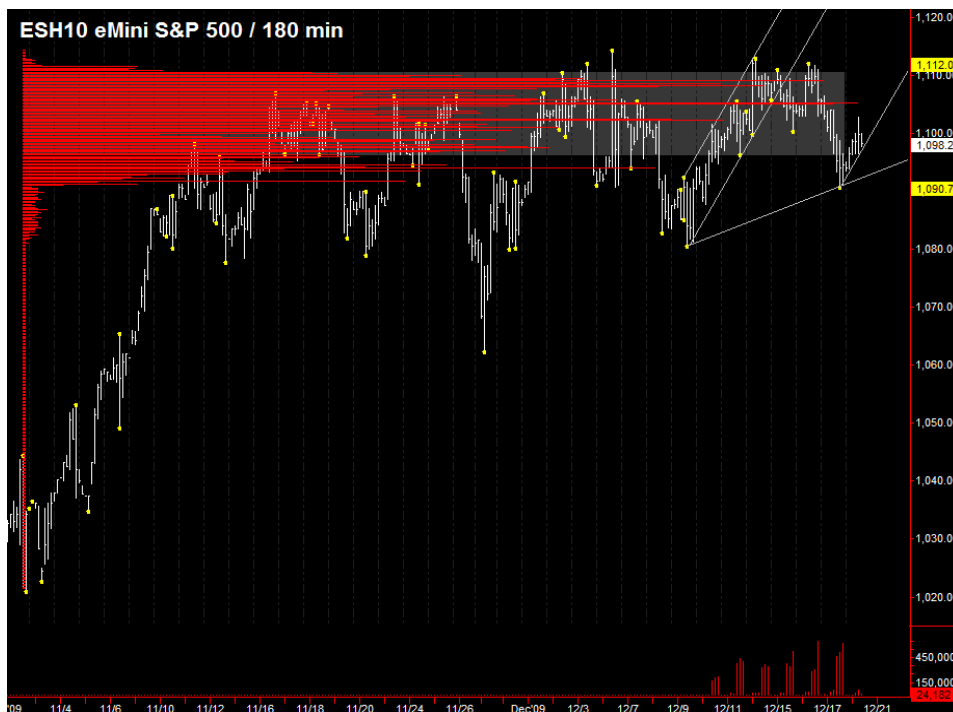
The Precise Take – ES maintaining range support on options expiration

Leaders Analysis: The EuroYen forex cross (as a barometer of global risk appetite) had a very bullish reaction to support overnight, which helps confirm our belief that yesterday's down move is part of a shakeout of weak equity longs before a move higher. A close above its 20 day moving average today or Monday would be stronger evidence. Though the US Dollar and 30 Year T-Bond futures are maintaining yesterday's big gains, they will probably attract sellers on any more strength and correct a bit early next week, with T-Bonds the weaker of the two. US Treasuries in general are benefitting from the sovereign risks in Greece and elsewhere, and traders should be sensitive to the possibility that a resolution or exacerbation of the situation could cause immediate volatility.

Medium Term Analysis: Today is quadruple witching options expiration, so caution is warranted, especially around the open and close. Next week, however, presents a good opportunity for equity bulls, as the scheduled news should be favorable. For this scenario, weekly S1 in the ES at 1087.25 needs to hold today. Day trading opportunities will likely be limited with continuing decreased volatility during the holiday day sessions. The week after next features a large set of Treasury auctions in the 2, 5 and 7 Year tenors, which will tend to damp equity gains, after which the focus will move to annual earnings in mid-January.

Trading Today: The ES had a strong closing 15 minutes yesterday and was able to rally impressively overnight. Today's value area is from 1093.75 to 1097.25, and if the ES opens in or near it (as it looks like it will), we don't have a preferred early trade and will wait to see what the initial direction is. We will be on alert for a quick push to one end of the projected daily range (1090.00 to 1103.50) with a quick reversal. A push beyond to higher resistance or lower support with a reversal is possible too. In short, conditions seem ripe to trap traders today. We will post an update to our site shortly after 10:00 am.

Today's volume profile:



Day Trading Guide

Daily Gaps

1091.75 (4:00 pm close)
1094.25 (4:15 pm settlement)

Daily Pivots

1094.75 (day-session-only)
1094.75 (day & overnight sessions)

Unfilled Gaps

1063.00 to 1069.25 (price)
1103.00 to 1099.50 (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*

1091.50

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
Quadruple Witching
Minor Market Movers
None

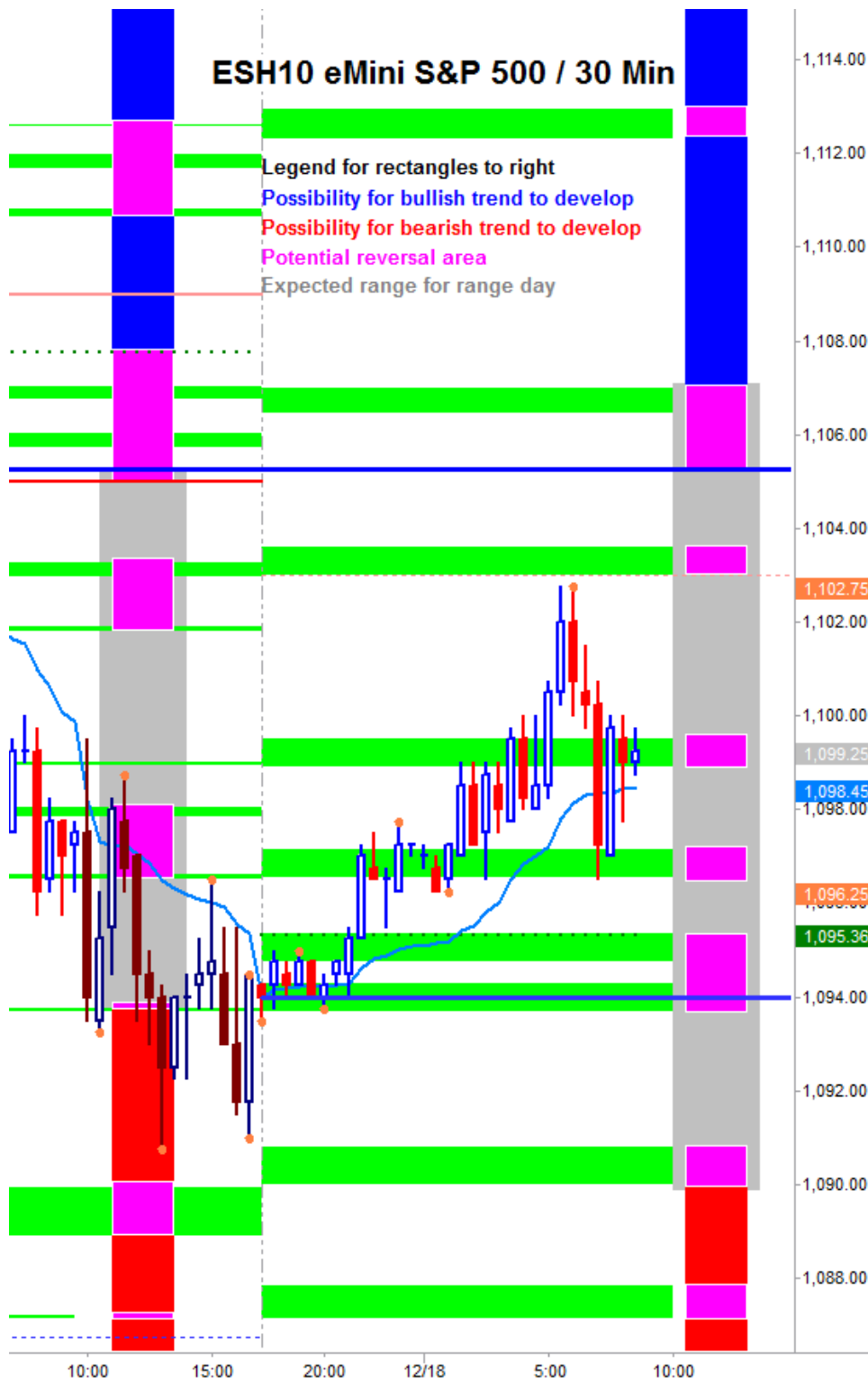
Tomorrow's Scheduled News

Major Market Movers
None
Minor Market Movers
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 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) 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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