



December 21, 2009

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

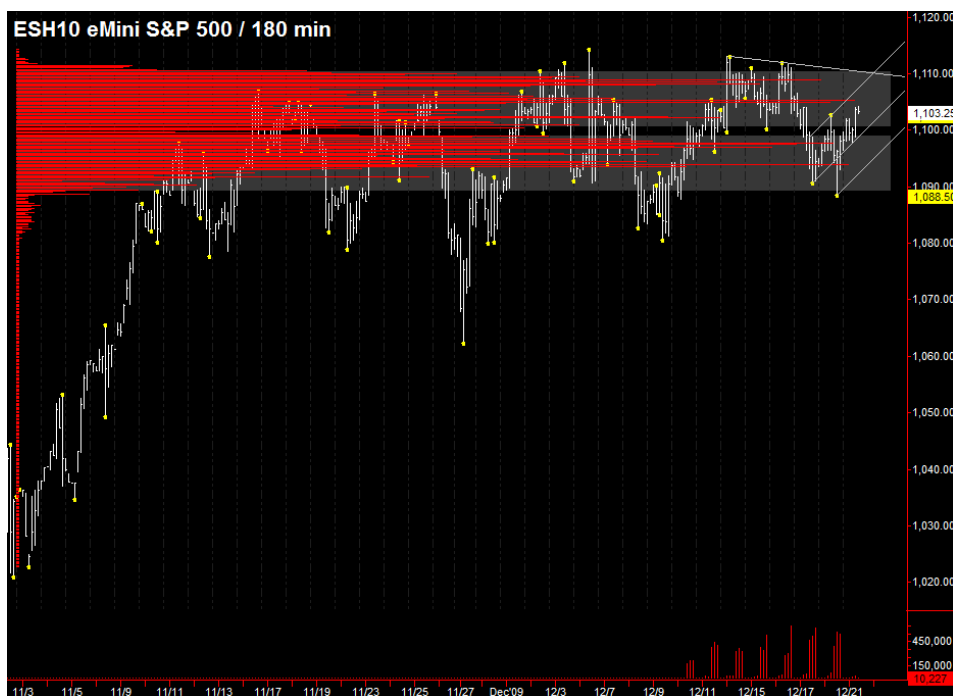
**The Precise Take** – ES to gap open on quiet news day

**Leaders Analysis:** The EuroYen forex cross remains strong and has advanced from Friday's close, but still has not broken the 20 day moving average that has contained it since Dec 8. Friday we wrote that T-Bonds and the US Dollar would likely correct a bit early this week and that T-Bonds were the weaker of the two. In fact, T-Bonds have already retraced back to support and the US Dollar is only marginally down, but is demonstrating the potential to put in a topping pattern on the daily chart. Nasdaq 100 futures are poised to open above resistance (~1813) that has held since mid November. Early acceptance and a close above this level would help spark the end of year rally that many are waiting for. All in all, the setup is equities bullish, but with several of the leaders at potential inflection points, we will be watching the EuroYen and NQ in particular over the first hour for confirmation.

**Medium Term Analysis:** With no scheduled news today, we're expecting more of the same low volatility, which will probably continue for at least the remainder of this week and likely the next. Tomorrow features the third estimate for Q3 GDP, but a major revision is unlikely. Next week will complete Treasury's 2009 auctions and supply on deck will be large, which could weigh on equities.

**Trading Today.** The ES is up overnight with the high so far of 1104.25 at combined session R1. Just above is resistance from a high volume level and day-session-only R2 from 1105.25 to 1105.50, which form the upper end of the projected range. Though we're expecting low volatility range-bound action, because of the strongly bullish setup in the leaders, we will be more careful with shorts in the first hour. To the downside, longs will likely defend the weekly pivot at 1099.75, with stronger support at the upper end of today's value area from Friday's settlement of 1097.75 to Friday's high volume level at 1097.25, which forms the lower end of the projected range. If longs cannot defend the lower area of today's value area range from 1093.75 to 1095.25, we are not as confident in an end of year rally.

**Today's volume profile:**



### Day Trading Guide

#### Daily Gaps

1098.50 (4:00 pm close)  
1097.75 (4:15 pm settlement)

#### Daily Pivots

1095.00 (day-session-only)  
1096.25 (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

None

#### Minor Market Movers

None

### Tomorrow's Scheduled News

#### Major Market Movers

GDP at 8:30 am  
Existing Home Sales at 10:00 am

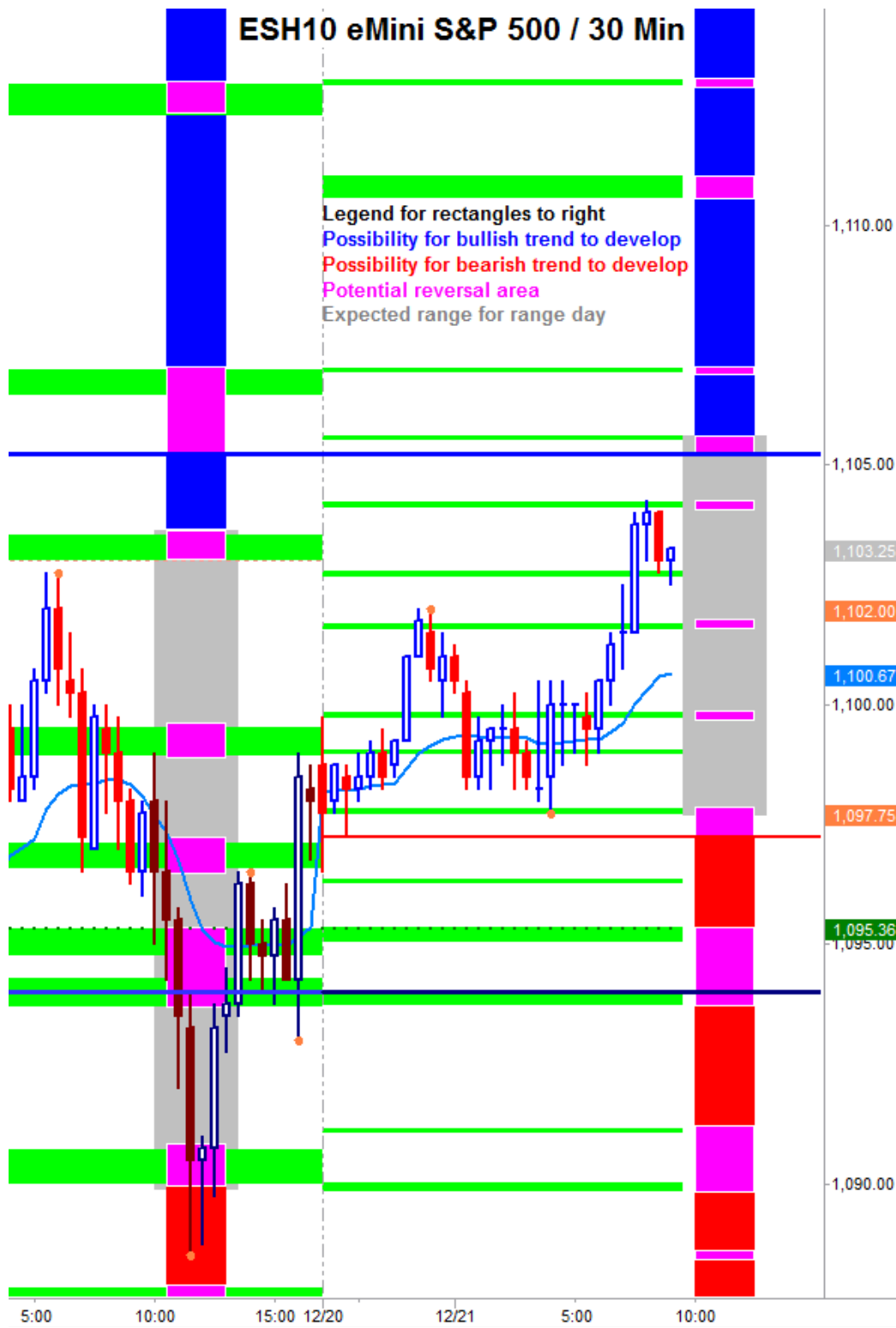
#### Minor Market Movers

ICSC-Goldman Store Sales at 7:45 am  
Redbook at 8:55 am  
Corporate Profits at 8:30 am  
FHFA House Price Idx at 10:00 am

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

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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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