

The PRECISION REPORT

Precise Market Timing



December 23, 2009

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

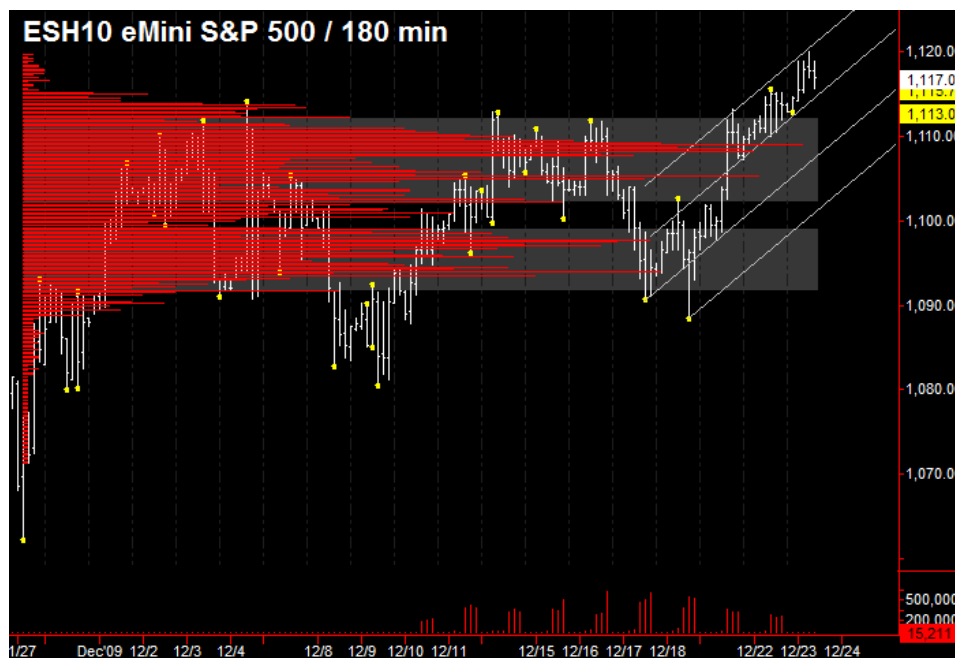
The Precise Take – The drift higher continues

Leaders Analysis: The leaders are quiet overnight and relatively unchanged from yesterday.

Medium Term Analysis: The S&P 500 cash index will likely open at or very near the 50% retracement of the entire down move that began after the high was made in October 2007. The ES' 50% level is just above at 1126.25, and there are a lot of long term traders that will sell into this setup with size. When SPY reached its 50% level on December 4, the day ended down, followed by two more down days. The bullish seasonality could temper the reaction, however, longs should exercise caution as a down move could feed on itself despite the recent low volatility. Also, the 30 Year T-Bond yield is quickly approaching levels that will make next week's Treasury auctions in the 2, 5 and 7 years expensive for the US (the amounts will be released today). With the situation of certain EU states still in flux, the markets remain vulnerable to news shocks. While short term new highs are still in the cards, swing and position longs would be well advised to watch their stops and consider the risk of holding over the three day weekend.

Trading Today: The ES should gap up again and, on the 8:30 am report found support at yesterday's high of 1115.75. The projected range is 1120.75 (combined session R2) to today's value area from 1112.25 to 1113.50. We are inclined to short early looking for at least a half gap fill if the ES opens above 1115.75. But this is aggressive because the ES has been pushing up hard early recently. There is also a slim possibility today of a push up to the 1123.75 to 1126.25 area, which would be met with heavy selling. If today's value area is not supported, there is also the possibility of a slide to the ~1105 area. Careful around the 9:55 and 10:00 am reports.

Today's volume profile:



Day Trading Guide

Daily Gaps

1113.25 (4:00 pm close)
1113.50 (4:15 pm settlement)

Daily Pivots

1113.25 (day-session-only)
1112.25 (day & overnight sessions)

Unfilled Gaps

1063.00 to 1069.25 (price)
1099.00 to 1103.00 (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*

1110.75

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

Consumer Sentiment at 9:55 am
New Home Sales at 10:00 am

Minor Market Movers

None

Tomorrow's Scheduled News

Major Market Movers

Durable Goods at 8:30 am
Jobless Claims at 8:30 am

Minor Market Movers

None

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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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