# The PRECISION REPORT

Precise Market Timing

December 29, 2009

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

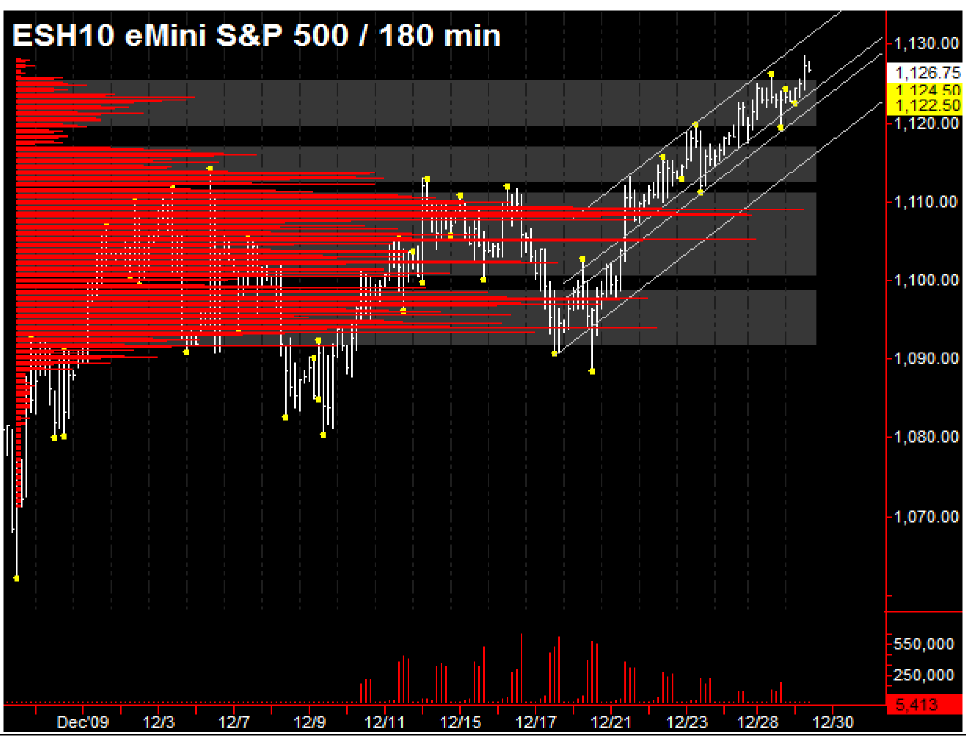
***The Precise Take*** – ES up again overnight

***Leaders Analysis:*** Overnight, the 13 Week T-Bill rate doubled, to 0.105%. This could merely be part of end-of-year window dressing, with institutions creating demand for cash and short duration Treasuries. So, we'll need to wait until the new year to confirm before coming to any broader conclusions. The 30 Year opened flat relative to yesterday but is still testing the June highs. This is significant with two more important auctions on deck this week. The US Dollar is down again overnight and, notably, the EuroYen has now advanced to its 50 day moving average resistance, with the 200 day just above. It will be important to watch how it reacts to this resistance zone.

***Medium Term Analysis:*** The holiday pattern has held once again, with a small range during the day session and new highs overnight. How long can this continue? It would be reasonable to speculate at least until the end of the year, Thursday. However, with some of the leaders at important inflection points, it could occur sooner. A major selloff is unlikely, but we should be prepared for the possibility that traders will be quick to book profits on this gift rally.

***Trading Today***: Yesterday, we watched with interest as the 1126.25 50% retracement of the entire down move from the Oct 07 high was respected to the tick. It was, however, blown out overnight, so it is reasonable to assume we will eventually see new highs in the new year. There is some potential market moving news after the open at 10:00 am, and the 5 Year Auction is at 1:00 pm. We expect longs to defend today's value area, which marks the lower end of the projected range, from 1122.00 to 1123.75. The upper end of the projected range is 1129.75 (day-session-only R2). Notably, there is strong resistance above from weekly R1 and combined session R2 (1130.75 to 1131.00), from which we would consider fading short. We would not fade long below 1122.00. Case Shiller is out at 9:00 am, pre market, so we need to evaluate price action before determining the preferred early trade.

***Today's volume profile***:

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### Day Trading Guide

Daily Gaps
- 1123.75 (4:00 pm close)
- 1123.00 (4:15 pm settlement)

Daily Pivots
- 1123.00 (day-session-only)
- 1122.25 (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, 1115.25, 1120.25

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
- S&P Case-Shiller HPI at 9:00 am
- Consumer Confidence at 10:00 am

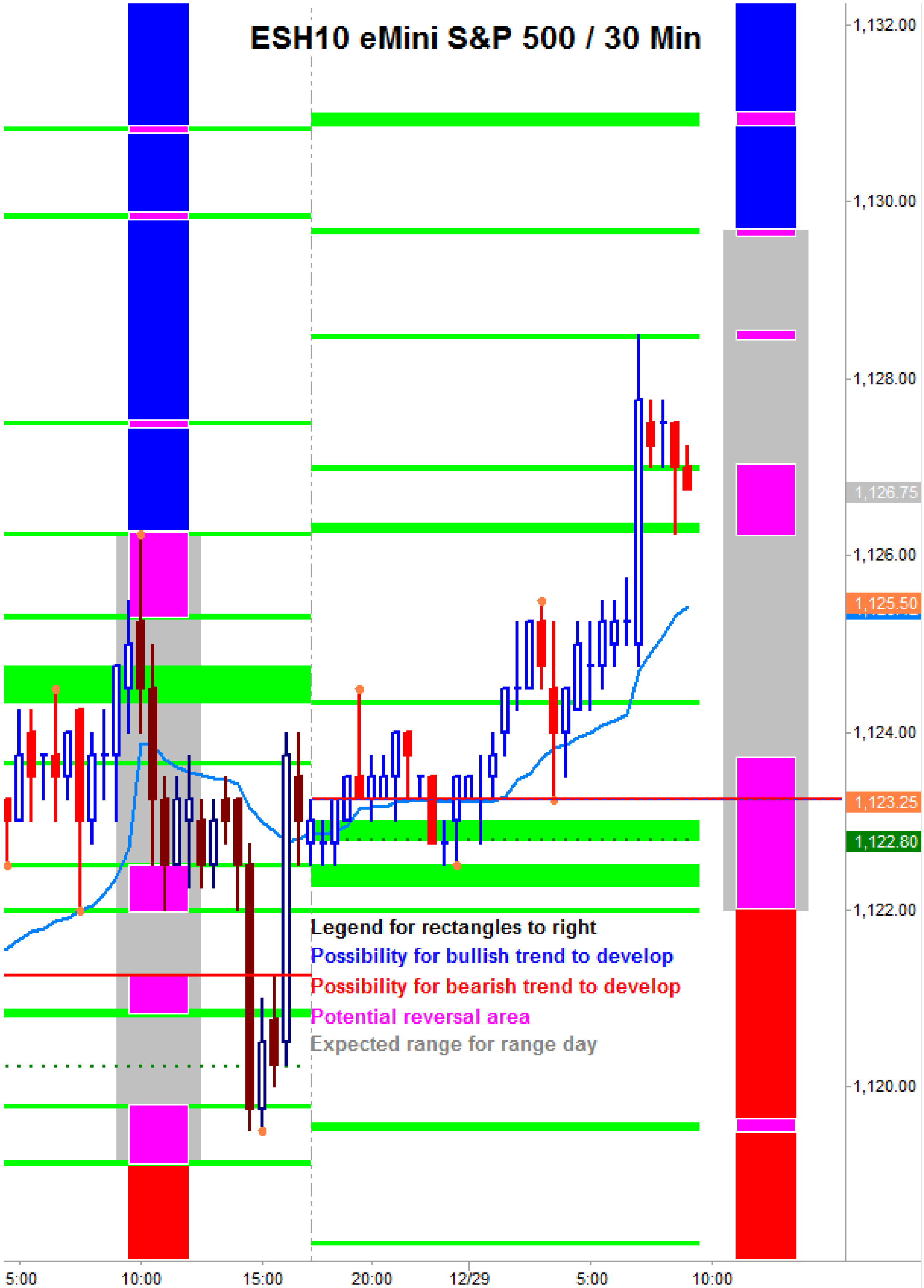
Minor Market Movers
- State St. Investor Confidence Idx at 10:00 am
- 5 Yr Auction at 1:00 pm

### Monday's Scheduled News

Major Market Movers
- Jobless Claims at 8:30 am

Minor Market Movers
- Chicago PMI at 9:42 am
- 7 Yr Auction at 1:00 pm

***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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