

December 2, 2009

COMMENTARY FOR THE eMINI S&P 500 DEC 2009 CONTRACT (the "ES")

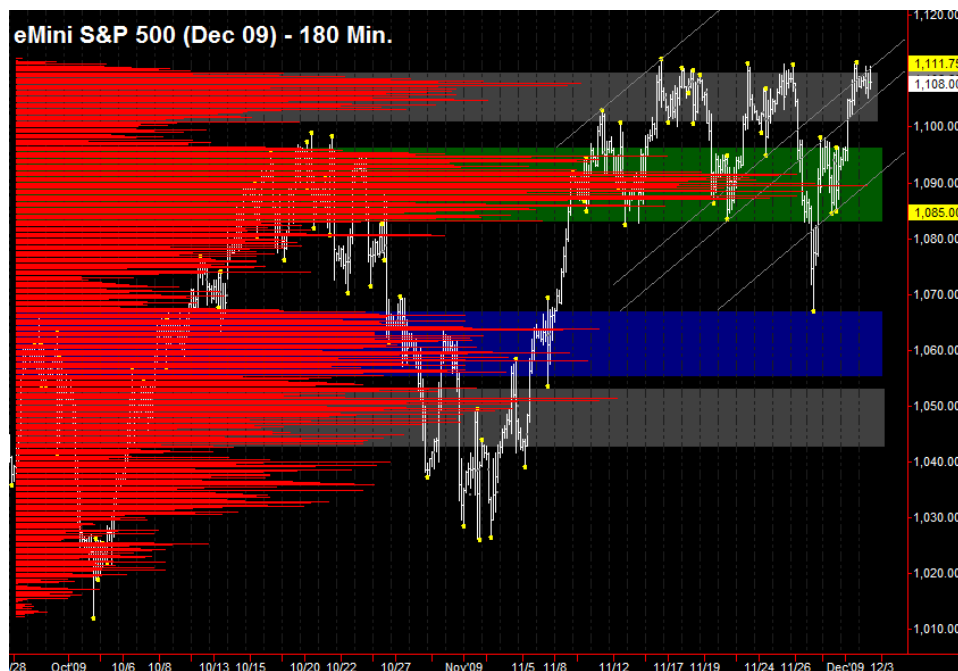
The Precise Take – ES consolidating gains at contract highs ahead of Employment Situation Friday

Leaders Analysis: Gold is trading comfortably over 1200 and the EuroYen continues to advance up to strong resistance marked by its 20 and 200 day moving averages, with the 50 day sitting just above them. It will be important to watch the reaction at these points, as a quick rejection will indicate aversion to the global risk trade. The US Dollar has retreated to support and would likely need to break on a further equities rally.

Medium Term Analysis: Treasuries and interest rates are edging into the spotlight again, with tomorrow's 10 year and 30 year auction announcements. And, though traders are still mainly looking ahead to Friday's Unemployment Situation report, today's Beige Book at 2:00 pm will offer a glimpse at what the FOMC is reading ahead of their meeting in two weeks. The Fed recently announcement it would be conducting temporary open market operations (TOMO) to test triparty repos, which will eventually be used to balance excess reserves should inflation arise. These are the first such TOMOs to occur since last December (they are used to add or drain liquidity), and with Philadelphia Fed Bank President Plosser's hawkish remarks the other day on Fed tightening, the markets will be especially sensitive to interest rates. Though we still favor another runup in equities, recall the skittishness with which they have behaved recently and be aware of where the next scare will likely come from.

Trading Today: The overnight range was very tight and the ES is trading in the daily pivot/gap area. We are expecting a range day and will play such unless and until the projected range is broken. The lower end is 1102.25 to 1104.25, which includes yesterday's day-session-only low and daily S1, and the combined session daily pivot. The upper end is 1116.00 to 1117.00 and is marked by combined session daily R1 and day-session-only daily R2. Note, however, this is above contract highs, so exercise caution with any shorts. 1111.50 to 1112.75 is also strong resistance that includes contract highs, day-session-only R1 and weekly R1.

Today's volume profile:



Day Trading Guide

Daily Gaps

1107.50 (4:00 pm close)
1108.50 (4:15 pm settlement)

Daily Pivots

1104.25 (day-session-only)
1107.50 (day & overnight sessions)

Unfilled Gaps

1011.75 to 1014.75 (price)
1069.25 to 1074.00 (price)
1098.25 to 1103.25 (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*

1031.50, 1050.50, 1056.50, 1076.00,
1086.50

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

Tomorrow's Scheduled News

Major Market Movers
Beige Book at 2:00 pm
Minor Market Movers
Geithner speaks at 9:30 am
EIA Petroleum Stats at 10:30 am

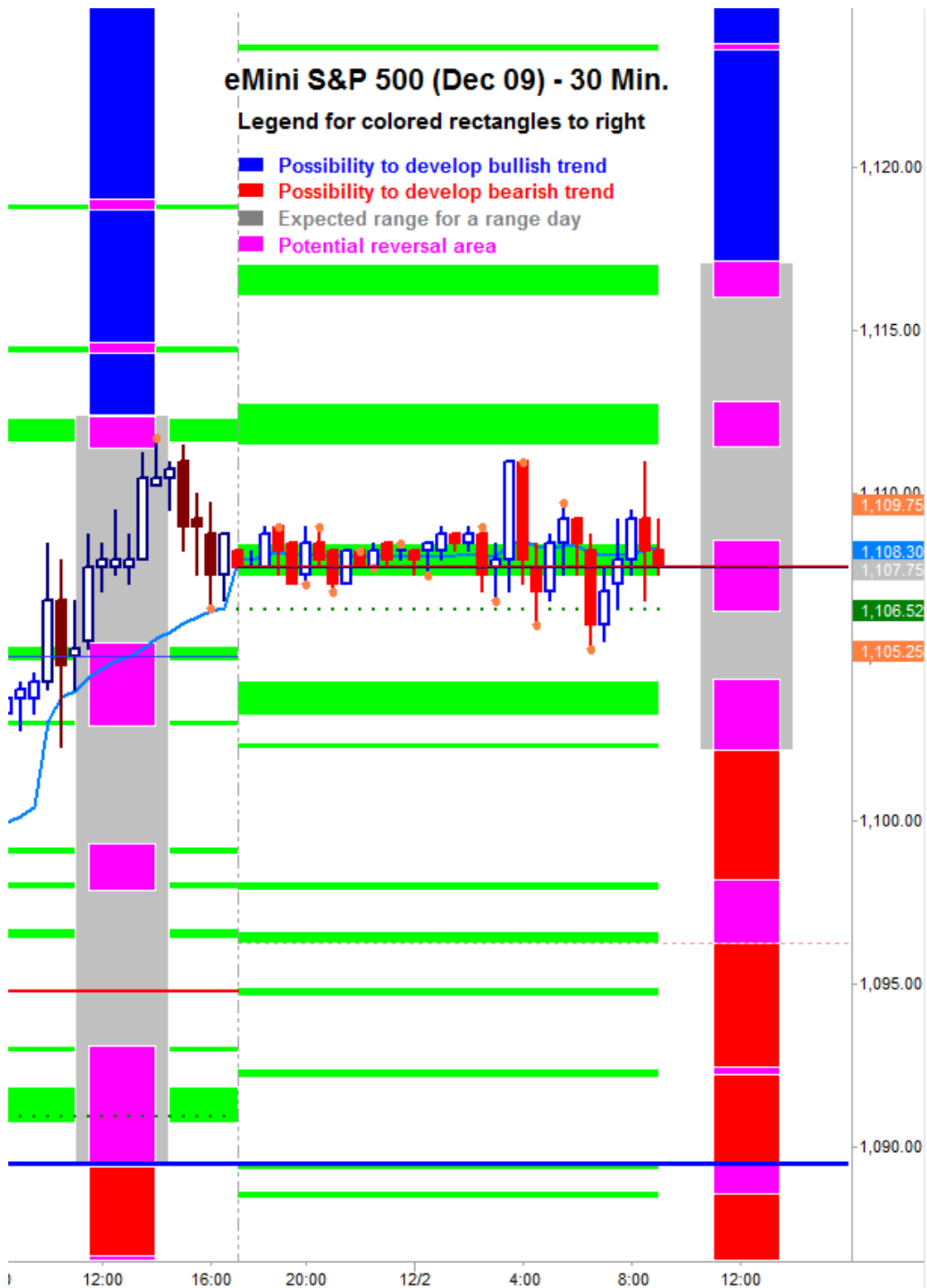
Tomorrow's Scheduled News

Major Market Movers
Productivity & Costs at 8:30 am
Minor Market Movers
Bernanke speaks at ?
ISM Non-Mfg Idx at 10:00 am

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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