



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

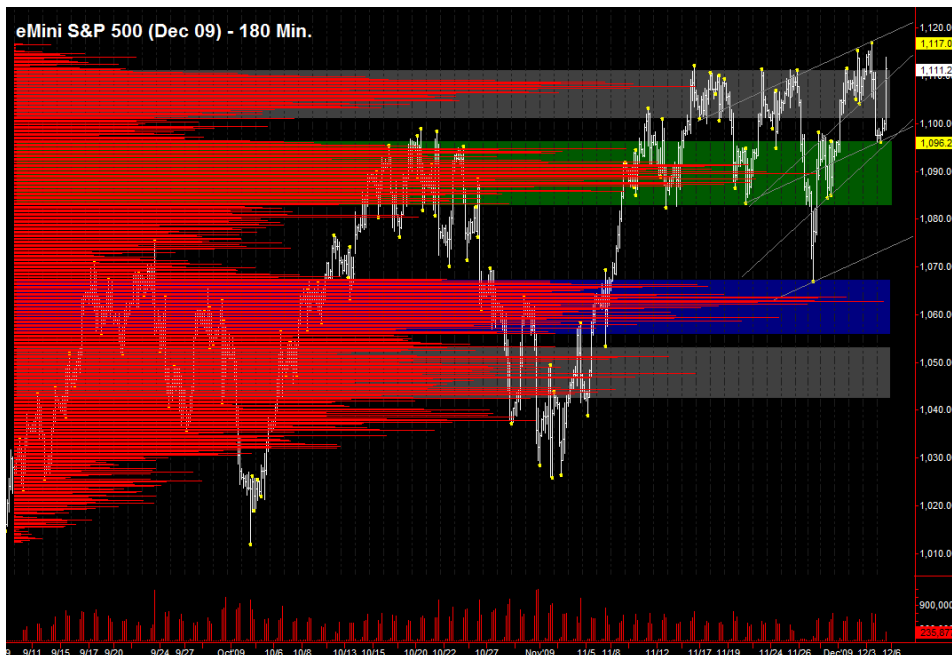
The Precise Take – ES needs to show strength after most bullish report of the year

Leaders Analysis: The EuroYen is shooting above its 20, 50 and 200 day moving averages and long term yields are following. The US Dollar Index has not moved much overall and continues to form a wedge pattern. We'll look to it for ultimate confirmation.

Medium Term Analysis: The slide late yesterday was not completely unexpected ahead of today, but was a bit delayed as all the bad news was out in the morning with Bernanke's reconfirmation hearings, the weak ISM non-Mfg reports and some bearish statements by the White House press secretary regarding unemployment. It looks like the White House has faked out the shorts, though, as there was an actual downtick in the household survey to 10.0%, while actual non-farm payroll losses are the best since Dec 07 at -11,000. If the ES manages another rally into early next week, watch out for a sharp correction possibly late Tuesday or early Wednesday ahead of the 10 Year auction. Long term yields have just exploded and the pattern in previous months has been for equities to struggle around important auctions, thus elevating demand. M2 money supply declined as reported by the Fed yesterday, so the long term liquidity problems in the general economy that we have been noting remain. Were we long term investors, we would be using equities strength to liquidate holdings this December.

Trading Today: The ES has rallied nearly 15 points to 1114.00, and we now want to see the value area of 1108.00 to 1108.75 supported early after the open. The ES should be able to rally to new highs today. If it closes below the daily pivot of 1104.25, then the rally is in jeopardy because the bullish news will have been sold into. A volume and price gap were filled yesterday. Note in the chart below that the 1096.50 to 1101.00 area has very little volume and that price tends to move through it quickly.

Today's volume profile:



Day Trading Guide

Daily Gaps

1099.25 (4:00 pm close)
1098.00 (4:15 pm settlement)

Daily Pivots

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

Unfilled Gaps

1011.75 to 1014.75 (price)
1069.25 to 1074.00 (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*

1031.50, 1050.50, 1056.50, 1076.00,
1086.50, ~~1105.50~~

Countertrend Shorts*

1109.50

* 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

None

Minor Market Movers

Factory Orders at 10:00 am

Tomorrow's Scheduled News

Major Market Movers

Bernanke speaks at 12:00 pm

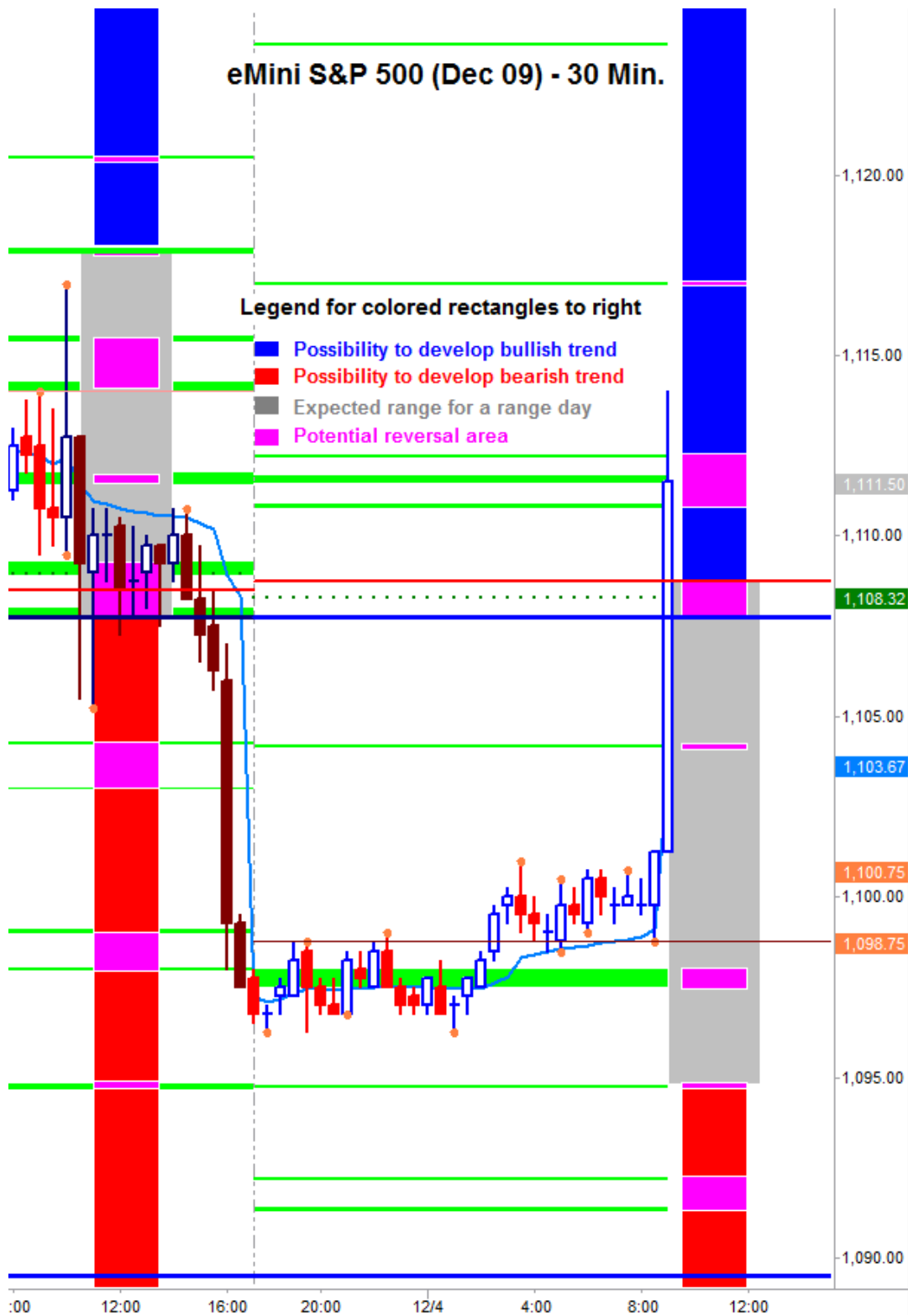
Minor Market Movers

Consumer Credit at 3:00 pm

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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