



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

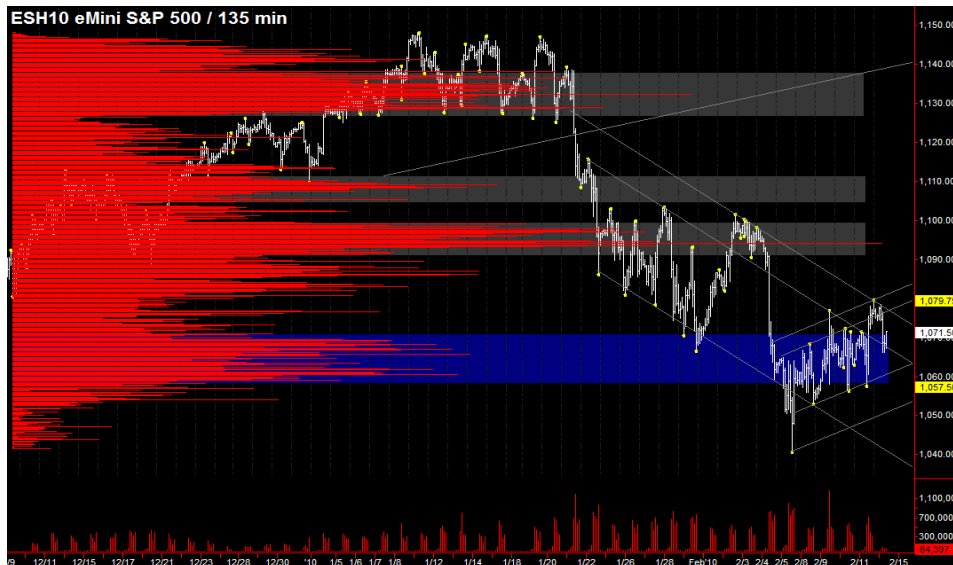
The Precise Take – ES weak overnight on further China tightening & ahead of 3 day weekend

Leaders Analysis: Despite the mid-day bearish reversal in the US Dollar yesterday along side equities strength, the EuroYen did not confirm the move, closing down. Overnight, it is down again and the US Dollar has broken through critical resistance. If it closes above 80.55, the rally should continue next week, with the next target at 81.22, then the 50% retracement of the entire 2009 down leg at 81.86. The long term Treasury auctions went poorly this week when we expected them to benefit from flight to quality. One wonders what would have happened without the Greek situation. Regardless, they have bounced from strong support and should be able to rebound next week. All in all, the leaders are equities bearish.

Medium Term Analysis: Equities cannot seem to catch a break, as yesterday's rally was reversed on overnight news that China is taking further monetary tightening steps. Fridays have been volatile lately, with the previous Friday first selling off, then rallying into the close, and the prior two Fridays selling off strongly to close near the low. There is a bearish seasonality to the Friday preceding US President's day, and with the markets closed Monday, today's action will be important to gauge the bulls' fear vs. the bears' confidence. There are some housing-related reports next week, but the focus will be on CPI and options expiration next Friday. With the threat of near term tightening off the table, CPI may not be much of a mover.

Trading Today: As we write, Retail Sales came in at the upper end of consensus and has not moved the markets much. Consumer Sentiment at 9:55 am could. The upper end of the projected range contains yesterday's settlement and high, as well as high volume levels, from 1076.25 to 1078.00. The lower end is 1063.25 to 1064.00 and contains the daily S1's and fib support. We give the possibility of a range day today at best 50% due to the aforementioned Friday volatility trend, with a strong move in either direction possible, down more likely than up. The 1080 level has indeed proved formidable resistance and that is the nearby level to watch. The possibility of a strong up move, though not likely, should be considered because of what is at stake for the bulls. It has taken much effort to generate the higher highs and higher lows on the daily chart this week, and another washout could easily take the ES down to its 200 day moving average, currently at 1015.42. The 1058 to 1071 market profile value area has been sufficiently filled in to expect another major move in the coming days.

Today's volume profile:



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

Day Trading Guide

Daily Gaps

1076.50 (4:00 pm close)
1076.50 (4:15 pm settlement)

Daily Pivots

1070.75 (day-session-only)
1070.75 (day & overnight sessions)

Unfilled Gaps

1138.50 to 1143.00 (price)
1090.50 to 1085.75 (price)

Upside Targets

1082.00, 1109.00, 1126.25, 1132.25,
1154.50, 1196.00, 1235.00

Downside Targets

1022.75, 1004.75, 975.50, 961.00

Countertrend Longs*

1041.75, 1060.50

Countertrend Shorts*

1084.75, 1109.75, 1118.75

* 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

Minor Market Movers

None

Tuesday's Scheduled News

Major Market Movers

None

Minor Market Movers

Treas. Int'l Capital at 9:00 am
Housing Market Idx at 1:00 pm

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), or high volume levels, 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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