



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

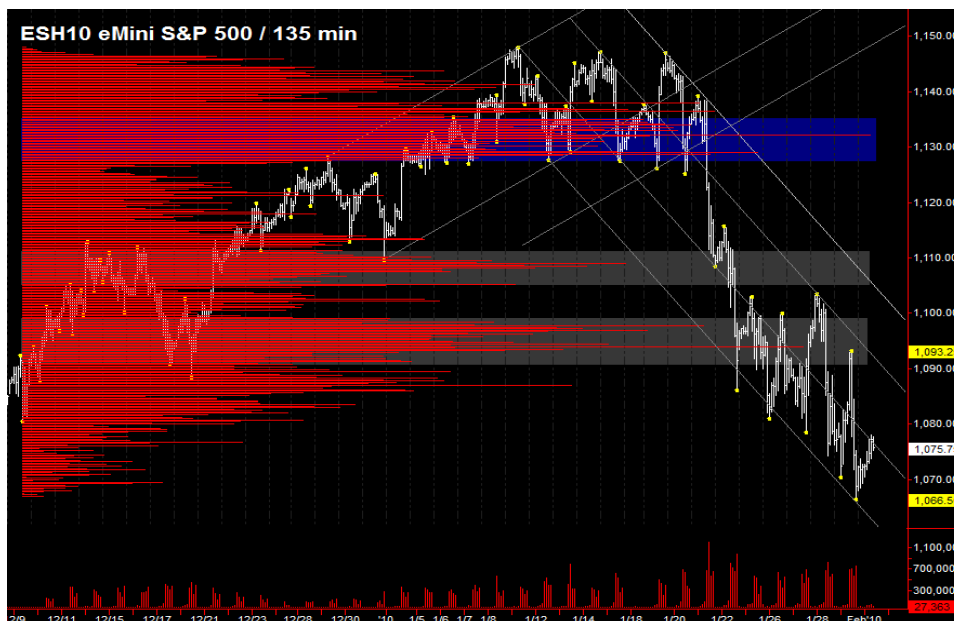
**The Precise Take** – When will equities bounce?

**Leaders Analysis:** The US Dollar Index made a new nominal high overnight but is now trading down after stalling at long term pivot resistance. If the daily pivot at 79.27 cannot support price early, we would expect a return to the new weekly pivot at 79.00, which would relieve some of the downward pressure on equities. 30 Year T-Bond futures are trading at last week's high, while the yield is at 50 day moving average support. A close above resistance in the futures and below support in the yield would signal the trend is ready to continue. The EuroYen forex cross is up from Friday's close, but is not showing any particular chart pattern that is instructive with respect to equities. The leaders are equities neutral until we see what T-Bonds and the Dollar Index do at these potential inflection points.

**Medium Term Analysis:** Everyone wants to know when we're going to get a bounce and how big it will be. The longer the decline lasts, the more emboldened the shorts become, which means that it will take more effort to get them to cover. The ES has been unable to break above the daily R1's by more than a couple points since the decline began. In addition, the opening hour, which had been bullish since October 2009, has been very bearish in January 2010. And, the closing hour (3:00 pm to 4:00 pm) has been a disaster since January 21. The bounce will probably begin with a gap up and an opening drive to above the daily R1's, that leads to a trend day up. Alternatively, it could be a range day that has a strong close above R1. Either would signal an end of the decline to us. However, we are not as confident as we were last Monday of a return to highs without seeing new lows first. We expect to see at least 1099, but either 1099 or 1109 could be as far as the ES goes before another push down. If the sovereign (Greece) debt issues or political uncertainty are resolved, that may be enough to force a short covering rally. Otherwise, there is not much on the news calendar in the next two weeks that would provide such an impetus.

**Trading Today:** The lower end of the projected range is a bit wide today, but necessarily so, as it includes the daily gap area and some support just underneath Friday's low, which would make for a nice bear trap. The upper end contains fib resistance, a high volume area from Friday and the daily R1's from 1085.75 to 1087.00. In line with our commentary above, an early drive to this upper area has a chance of breaking, so caution is warranted with shorts in that scenario.

**Today's volume profile:**



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.

### Day Trading Guide

#### Daily Gaps

1069.50 (4:00 pm close)  
1068.75 (4:15 pm settlement)

#### Daily Pivots

1076.75 (day-session-only)  
1076.25 (day & overnight sessions)

#### Unfilled Gaps

1063.00 to 1069.25 (price)  
1138.50 to 1143.00 (price)

#### Upside Targets

1109.00, 1126.25, 1132.25, 1154.50,  
1196.00, 1235.00

#### Downside Targets

1022.75, 1004.75, 975.50, 961.00

#### Countertrend Longs\*

1082.75

#### Countertrend Shorts\*

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

ISM Mfg Idx at 10:00 am

#### Minor Market Movers

Construction Spending at 10:00 am

### Tomorrow's Scheduled News

#### Major Market Movers

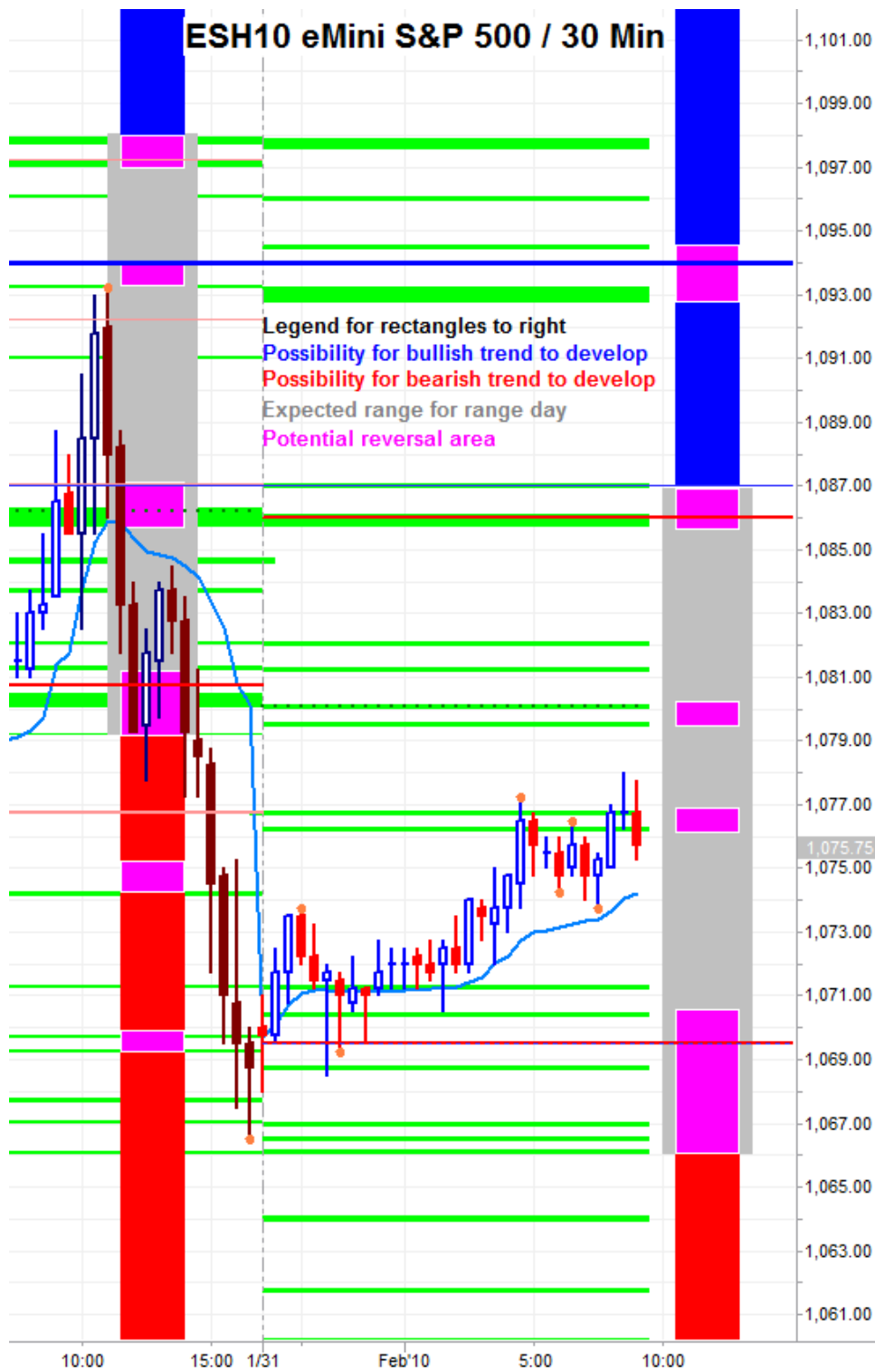
Pending Home Sales Idx at 10:00 am

#### Minor Market Movers

Motor Vehicle Sales (released throughout day)

Geithner and Volcker speak at 10:00 am

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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