

The PRECISION REPORT

Precise Market Timing



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

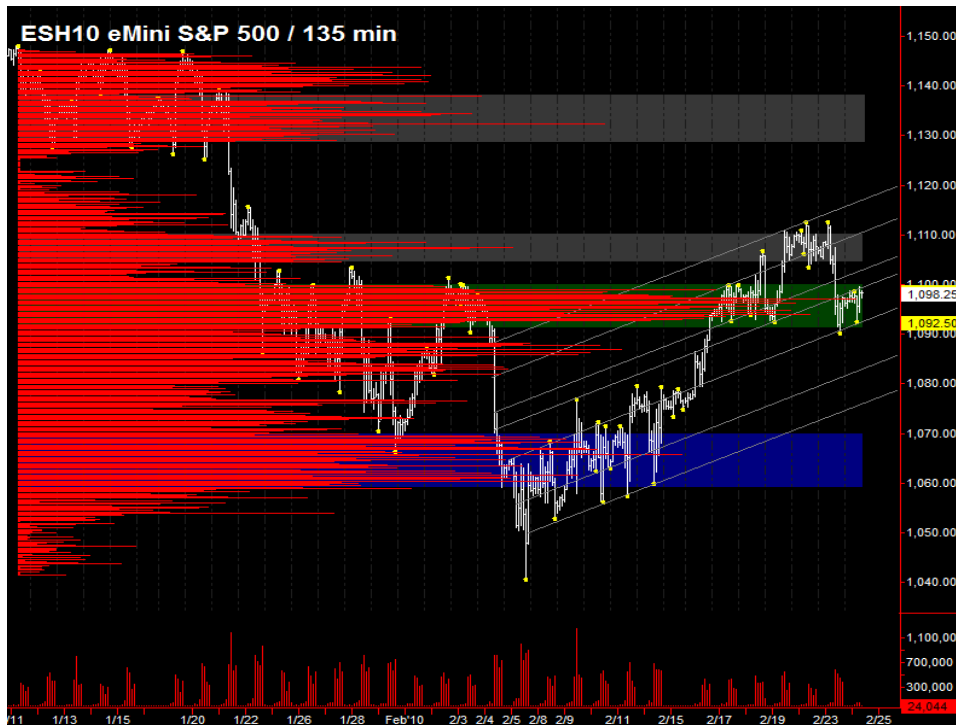
The Precise Take – Markets consolidating ahead of Bernanke testimony

Leaders Analysis: The EuroYen sold off hard yesterday to strong support at the ~121.5 level. The US Dollar had already made most of its up move by the open, but did manage to extend a bit on the equities selloff. 30 Yr T-Bond futures had a big up day, rallying to the 20 day moving average. Overnight, all three are consolidating yesterday's moves, and are equities neutral.

Medium Term Analysis: Yesterday's equities selloff was capped at about the 1090 level in the ES, which did not have much particular significance except that it was just below the lower end of the value area highlighted below in green. Our hypothesis of the US Dollar topping this week (and supporting an equities rally) was based partly on a cooling of the Greece situation, which instead flared up again yesterday. Accordingly, we no longer believe that 1082 to 1085 will hold on another selloff. Instead, the ES would probably trade down to the lowest price level value area, from ~1060 to ~1070. The bottom line is 1090 needs to hold for the bulls to have a chance at 1127+. If the ES cannot break up to and accept at 1107 by tomorrow afternoon (ideally this afternoon), shorts will probably gain the upper hand again. Bernanke's testimony is likely to be equities supportive (10:00 am today), but there is a chance it could spook the markets, precipitating another selloff.

Trading Today: The upper end of the projected range is 1101.25 to 1101.50, which includes the 50% retracement of yesterday's down leg (combined session) and a minor high volume level. It could also easily have been the combined session daily pivot in confluence with the current overnight high, from 1099.50 to 1100.00. The lower end of the projected range contains the overnight low and yesterday's 4:00 pm close, from 1092.50 to 1093.00. Whether or not today is a range day largely depends on the Bernanke testimony. Though outside the projected range, we would consider a short from 1106.25 to 1107.50, which includes yesterday's day-session-only R1 and high, or a long from 1089.25 to 1090.25, which includes yesterday's day-session-only S1 and low. These latter two trades are slightly aggressive and need to see quick rejections of the areas to stay in the trade.

Today's volume profile:



Day Trading Guide

Daily Gaps

1097.25 (4:00 pm close)
1107.50 (4:15 pm settlement)

Daily Pivots

1100.00 (day-session-only)
1098.25 (day & overnight sessions)

Unfilled Gaps

1138.50 to 1143.00 (price)

Upside Targets

1127.00, 1132.25, 1154.50, 1196.00, 1235.00

Downside Targets

1083.00, 1065.75, 1022.75, 1004.75, 975.50, 961.00

Countertrend Longs*

1041.75, 1060.50, 1180.50, 1091.50

Countertrend Shorts*

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

Bernanke speaks at 10:00 am

Minor Market Movers

New Home Sales at 10:00 am
5 Yr Note Auction at 1:00 pm

Tomorrow's Scheduled News

Major Market Movers

Durable Goods at 8:30 am
Bernanke Speaks at 9:00 am

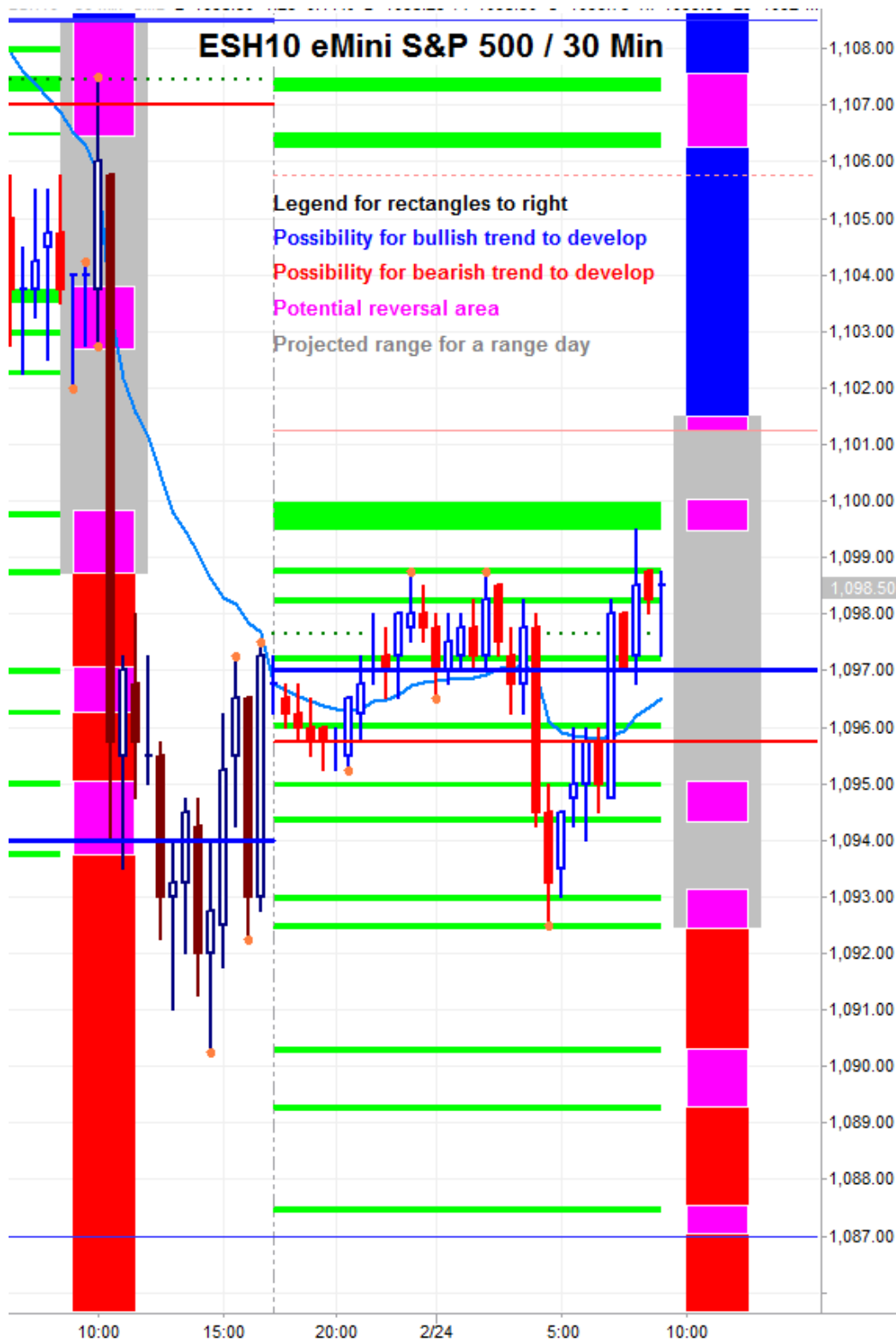
Minor Market Movers

Jobless Claims at 8:30 am
7 Yr Note Auction at 1:00 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), 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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