

# The PRECISION REPORT

Precise Market Timing



February 4, 2010

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

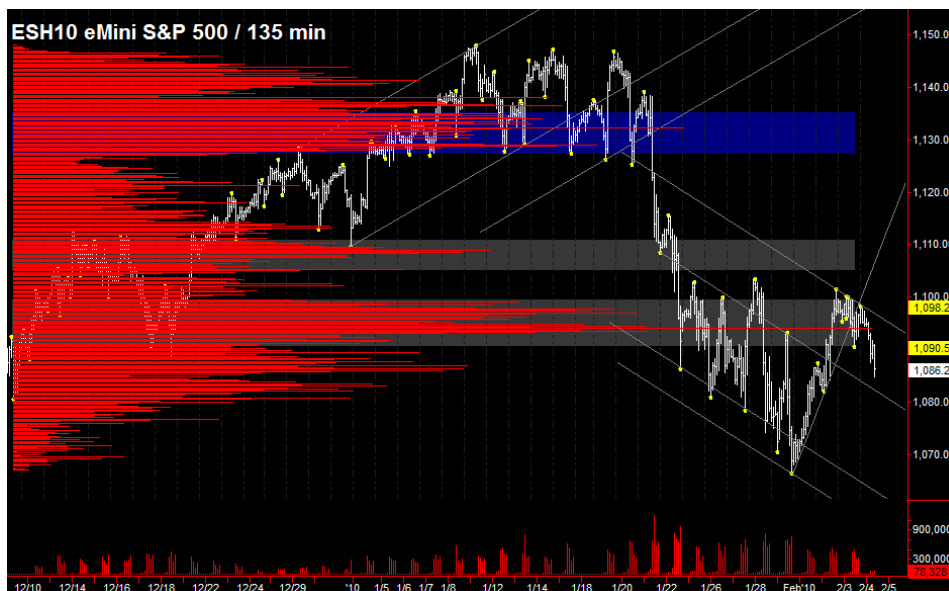
**The Precise Take** – Equities down overnight ahead of Employment Situation Friday

**Leaders Analysis:** The US Dollar Index rallied yesterday and was able to clear strong resistance overnight, trading up to just shy of minor fib resistance of 79.75. It looks poised to rally to a long term pivot and fib target area of 80.44 to 80.54 over the coming weeks, which would weigh on equities. Indeed, there has not been a strong down day in nearly a month, and that's probably what it would take for the ES to clear the 1109 level. The EuroYen is down overnight and looks set to test the 124.670 pivot low. The leaders are slightly equities bearish, the "slightly" only because the Dollar could stall at minor resistance.

**Medium Term Analysis:** The consensus for tomorrow's Employment Situation report is a characteristically wide -40,000 to +75,000, with the usually on-point Goldman Sachs estimate at minus 25,000. We mentioned earlier in the week the annual benchmark adjustment will be applied retroactively to the preceding year's numbers and will be net -824,000. This may or may not get attention, but our understanding is that the supranaturally bullish [small business] birth/death model will be adjusted going forward to be less bullish, which makes the statistical recovery in jobs for 2010 a bit less likely. Short term, the opening gap on an Employment Situation report date often, but not always gets reversed, such that a gap up would end up with a lower close and vice versa. Given that these dates also tend to mark equities reversals, a slight gap down near the recent lows in the ES would give a non-intuitively bullish edge for the day and coming week. A notable exception is the July report that gapped down strong near lows and did not bottom until three days later.

**Trading Today:** As we write, the ES is poised to gap down below yesterday's low and has traded below the daily S2's. The upper end of the projected range is 1093.75 to 1096.50, which contains today's value area along with several other forms of resistance. However, the daily S1's in confluence with yesterday's low, from 1090.50 to 1091.50 is a potential reversal area where we would consider an early short. In fact, the longer the ES spends below this area, the less likely it is to reach the upper end of the projected range. To the downside, the lower end of the projected range is 1080.25 to 1082.50, and contains the weekly pivot and daily S3's. There is the possibility of a trend day down if the lower end is reached in the first 30 minutes of trading.

**Today's volume profile:**



### Day Trading Guide

#### Daily Gaps

1093.75 (4:00 pm close)  
1096.50 (4:15 pm settlement)

#### Daily Pivots

1095.50 (day-session-only)  
1095.75 (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\*

1085.50

#### 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

None

#### Minor Market Movers

Factory Orders at 10:00 am

### Tomorrow's Scheduled News

#### Major Market Movers

Employment Situation at 8:30 am

#### 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), 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.

**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.