

# The PRECISION REPORT

Precise Market Timing



February 5, 2010

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

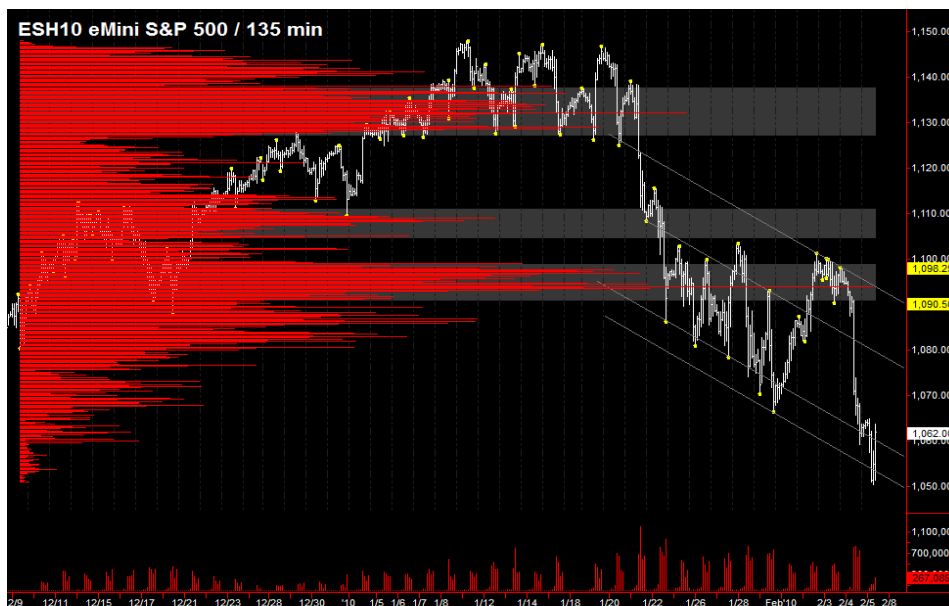
**The Precise Take** – Equities trying to hold on after mixed Employment Situation report

**Leaders Analysis:** The US Dollar Index has been on a tear and came within one cent of our 80.44 to 80.54 target overnight, from which it has backed off a bit. If it is going to take a breather, this would be the level from which to do so. Correspondingly, the EuroYen had its biggest down day since July and has bounced from strong long term pivot support. 10 Year T-Note futures have broken through resistance, but 30 Year T-Bonds have not been able to push through. Despite the strong equities bearish movements over the past two days, given the overbought/sold status of the Dollar and EuroYen at strong support/resistance, the leaders are equities neutral.

**Medium Term Analysis:** The headline numbers for the Employment Situation came in with a better than expected unemployment rate of 9.7% (best since August), with a monthly drop of 20,000 payrolls, which is toward the lower end of expectations. It looks like the report will be spun as bullish. After yesterday, bearish sentiment has taken hold strongly and any rallies will be met with both long liquidation and strong shorting. A major hedge fund created to take advantage of the unique opportunities presented in late 2008 announce it would close recently, stating that the easy money had been made. Accordingly, the general profit taking in the markets can fuel a more substantial correction in equities in the coming weeks.

**Trading Today:** As we write, the ES has rallied ten points after hitting day-session-only S1 on the report. As it is now trading above yesterday's close, we must keep in mind the possibility that this is a false rally that will be reversed after the open. What mitigates this possibility, however, is the strong oversold condition after yesterday that in itself would warrant a minor bounce. Accordingly, we will cautiously entertain shorts at the upper end of the projected range of 1072.00 to 1073.00, which includes a minor high volume level from yesterday and the combined session pivot. It's also possible the rally will stall at a major high volume level from yesterday in confluence with the day-session-only pivot from 1068.00 to 1069.00. To the downside, weekly S1 at 1056.75 to 1060.00, which includes yesterday's 4:00 pm close, is the lower end of the projected range. The same warning as yesterday remains, that if the lower end does not hold early, we could have another strong selloff, which would make three Fridays in a row.

**Today's volume profile:**



### Day Trading Guide

#### Daily Gaps

1060.00 (4:00 pm close)  
1061.75 (4:15 pm settlement)

#### Daily Pivots

1069.00 (day-session-only)  
1073.00 (day & overnight sessions)

#### Unfilled Gaps

1138.50 to 1143.00 (price)  
1090.50 to 1085.75

#### 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\*

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

None

#### Minor Market Movers

Consumer Credit at 3:00 pm

### Tomorrow's Scheduled News

#### Major Market Movers

None

#### Minor Market Movers

None

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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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