

# The PRECISION REPORT

Precise Market Timing



February 9, 2010

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

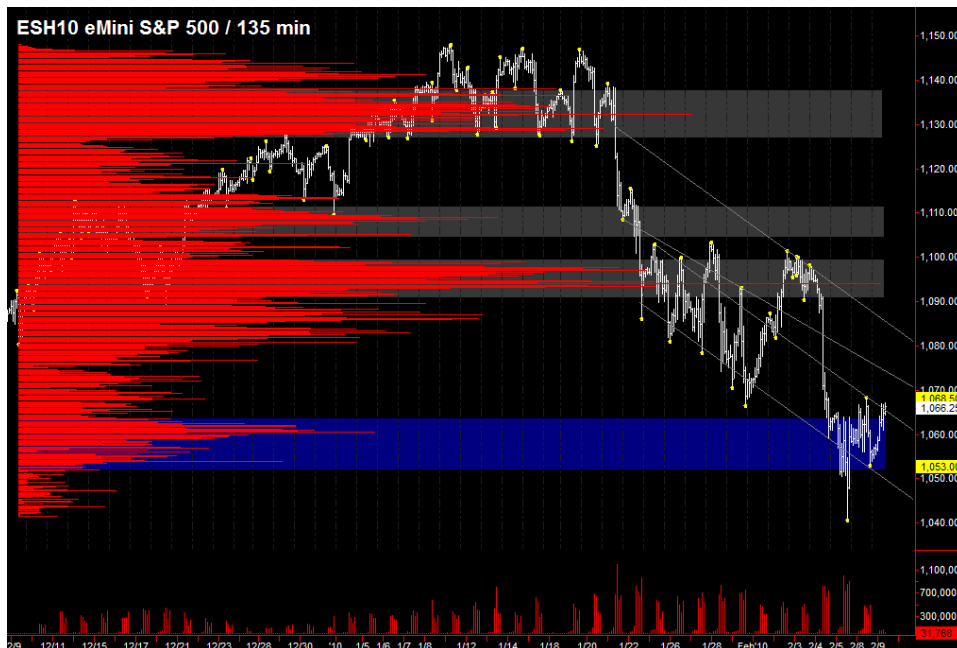
**The Precise Take** – Equities poised for rally attempt

**Leaders Analysis:** The EuroYen rallied overnight, trading above its weekly pivot. The US Dollar Index is down, but has not traded below its weekly pivot. 30 Year T-Bond futures are down as well after failing overnight at yesterday's day session high. The leaders are the most equities bullish since February 1, which was the first of a two day rally attempt. That rally failed, but it looks like today will be another attempt.

**Medium Term Analysis:** As we wrote yesterday, we have a quiet news week and the markets are sensitive to unscheduled news. Overnight, equities are up on some bullish rumors regarding a Greek bailout. Some have compared the situation to the Dubai events in late November that led to a quick selloff and rebound in world equities. However, this situation is not to be taken lightly, as a Greek default would be three times as large as the Lehman bankruptcy, and could quickly devolve into another global crisis of confidence. Accordingly, the markets are at the whim of the ECB. If it bails out Greece, there will probably be a large short covering rally. If it lets Greece default, there will probably be another selloff. And, if it does nothing and Greece muddles through for the time being, there will probably be a series of minor rallies that lead to larger selloffs. The moves generated by the first two scenarios will be very swift, so swing traders will need to be prepared to react just as quickly. First critical resistance in the ES is 1080 to 1083.

**Trading Today:** As we wrote above, equities look like they will attempt to rally today. Barring surprise news, there is nothing scheduled that would facilitate a large move. The lower end of the projected range is 1059.25 to 1062.75, which includes the day's value area and the likely half gap. However, we have confidence in it holding only for an initial push down in the first 30 to 60 minutes, the sooner the better. If it spends too much time there or falls to it later in the day, it will probably give way. If the bulls are very strong, a general rule is that the daily R1's (today at 1065.25) should serve as support after the open. In that case, the ES should at least be able to rally to the daily R2's at 1074.75. Otherwise, if 1065.25 does not hold after the open, the upper end of the projected range is 1070.50 to 1071.25.

**Today's volume profile:**



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

### Day Trading Guide

#### Daily Gaps

1054.00 (4:00 pm close)  
1056.00 (4:15 pm settlement)

#### Daily Pivots

1059.25 (day-session-only)  
1059.25 (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

#### 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

Wholesale Trade at 10:00 am  
3 Yr Note Auction at 1:00 pm

### Tomorrow's Scheduled News

#### Major Market Movers

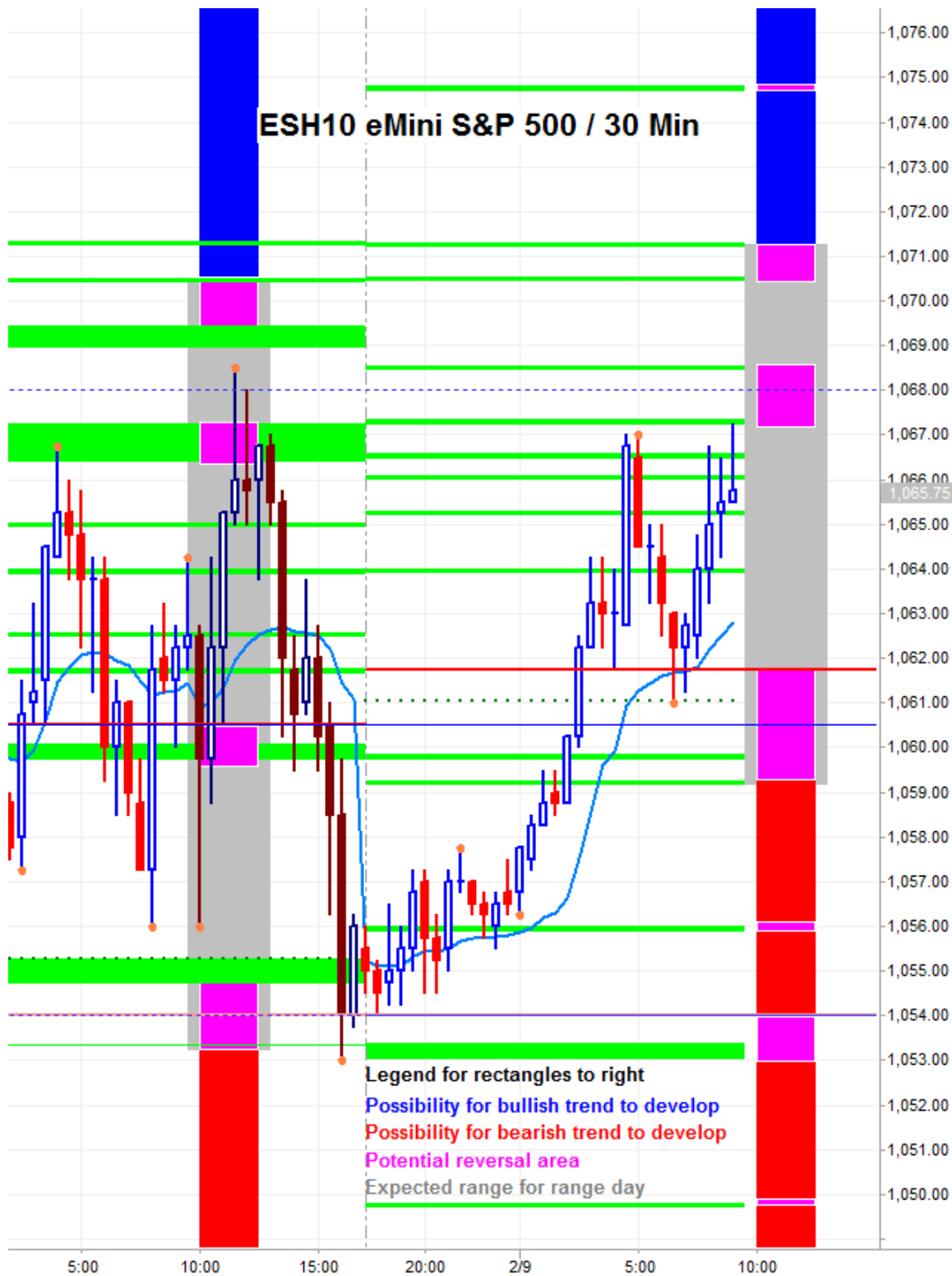
None

#### Minor Market Movers

Int'l Trade at 8:30 am  
Bernanke speaks at 10:00 am  
10 Yr Note Auction at 1:00 pm  
Treas. Budget at 2:00 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.

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.