The PRECISION REPORT
Precise Market Timing
January 22, 2010

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

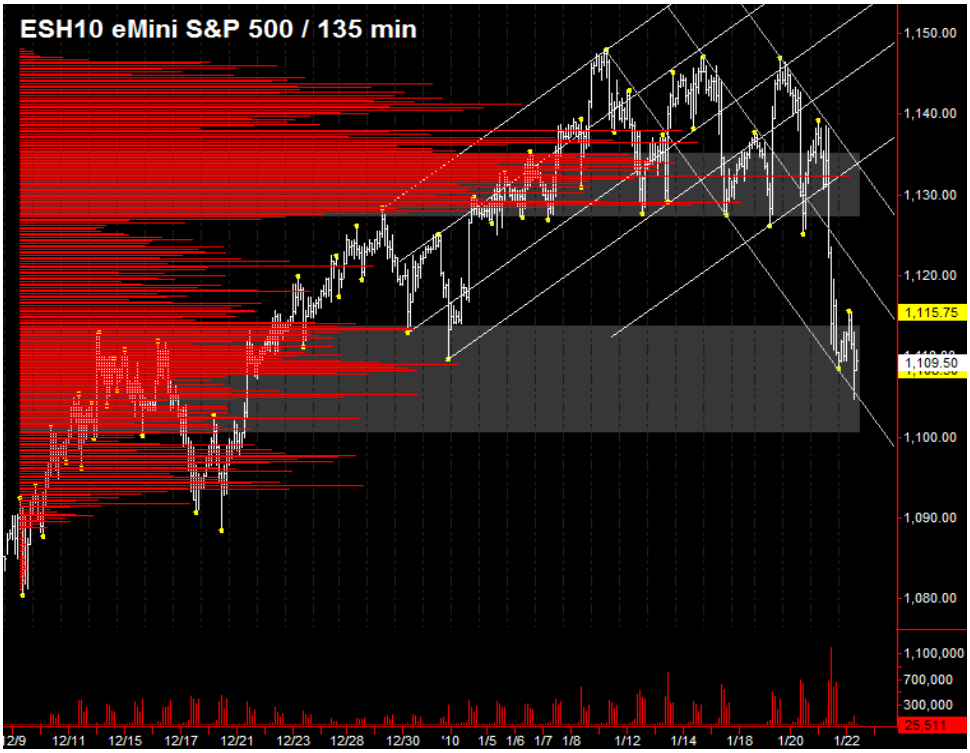
The Precise Take – Equities looking to consolidate after two day losing streak

Leaders Analysis: The US Dollar Index was not able to close above its December swing high and has rejected strong resistance. Accordingly, it looks poised to retrace a bit of its recent gains, which should help equities. The EuroYen tumbled yesterday to the bottom of its wide support band, broke through to the downside marginally overnight, but has recovered. 30 Year T-Bond futures were able to capitalize on equities weakness and push through strong moving average resistance. However the 30 Year yield is now testing 50 day moving average support, which historically has given it at least a pause. All in all, the leaders are equities bullish.

Medium Term Analysis: The general chatter is that the rally that began in 2009 is showing major cracks. While we agree, this does not preclude another run up or new material highs. FOMC and GDP next week could be catalysts. A major reason for the swiftness of decline yesterday was that the retracement was through an area that was traversed upward over the holidays on low volume. The ES has settled into an area that has more volume support, so a repeat of yesterday is unlikely, and further declines, if any, are likely to be more orderly.

Trading Today: We're expecting a higher close, but there is a chance of a further washout after the open, down to the daily S1's in confluence with weekly S3 (1101.00 to 1103.25), which marks the lower end of the projected range. For this area to hold, we want to see the down push occur within the first 30 minutes. If it occurs afterward, it is less likely to hold. If there is no washout, the monthly pivot at 1106.50 should hold. To the upside, the daily pivots in confluence with closing VWAP and a high volume level (1119.75 to 1121.25) mark the upper end of the projected range, though weekly S1 at 1123.75 is also a possible upside target for today.

Today's volume profile:



Day Trading Guide

Daily Gaps
- 1112.25 (4:00 pm close)
- 1111.00 (4:15 pm settlement)

Daily Pivots
- 1119.75 (day-session-only)
- 1120.25 (day & overnight sessions)

Unfilled Gaps
- 1063.00 to 1069.25 (price)
- 1099.00 to 1103.00 (price)
- 1138.50 to 1143.00 (price)

Upside Targets
- 1132.25, 1154.50, 1196.00, 1235.00

Downside Targets
- 1063.00, 1022.75, 1004.75, 975.50, 961.00

Countertrend Longs*
- ~~1126.50~~

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
- None

Minor Market Movers
- None

Tomorrow's Scheduled News

Major Market Movers
- Existing Home Sales at 10:00 am

Minor Market Movers
- None

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.

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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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