

The PRECISION REPORT

Precise Market Timing



January 7, 2010

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

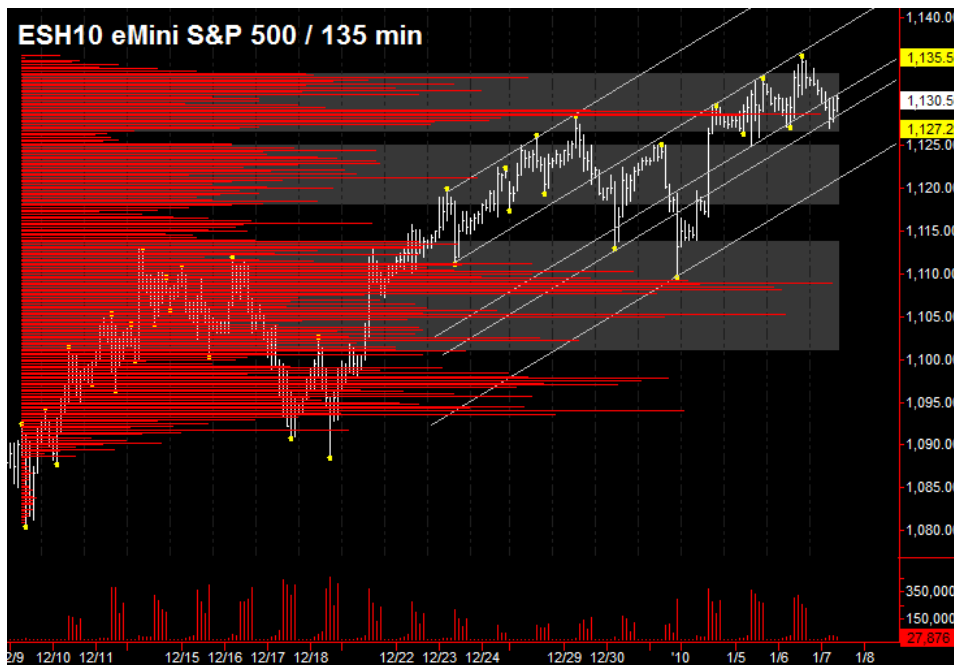
The Precise Take – ES continues low volatility action ahead of Employment Situation Friday

Leaders Analysis: We said we would be watching 30 Year T-Bonds and the US Dollar yesterday, the latter of which is very strong overnight, but still in its trading range. T-Bonds have been hugging trendline resistance for three days now. If they do not break to the upside soon, another leg down will be forthcoming (which would likely be on tomorrow's Employment report). Notably, the EuroYen was as strong yesterday as it was weak on Tuesday. With it very close to breaking its Monday high, it will be a leader to keep an eye on as well. Unfortunately, given the mixed bag, the leaders are equities neutral for the third day in a row.

Medium Term Analysis: Employment Situation Fridays tend to mark reversal points. As we are still at highs, we are more than likely to have an interim top with either downside action, or sideways then downside action. That is, unless, the ES can manage a material rally and close near highs. We will post a chart on the first update today ([free registration](#)). The explanation for this phenomenon, which extends prior to the 2009 rally is likely that large players use the volatile number to extend a rally and sell into it, with reality catching up in subsequent sessions. After institutional support evaporates, prices fall. However, if equities have been correcting, the opposite happens and a new uptrend tends to start. This latter case is largely limited to the 2009 rally.

Trading Today: After exceeding weekly R2 by two ticks yesterday (high of 1135.50), overnight, the ES traded down to day-session-only R2 (1127.20). The lower end of the projected range is about the same as yesterday, 1126.25 to 1127.25. The upper end is a bit higher 1135.00 to 1136.50, as we will consider a nominal new high to combined session R1 (1136.50) as a potential bull trap. Though we always consider it aggressive to attempt to pick a top or bottom outside the projected range, it is particularly so today, especially to the downside. If 1126.25 does not hold, the tight range since Tuesday could easily give way to a further ten point downside move. Nonetheless, we will play the range today. If the ES rallies to today's value area of 1132.00 to 1133.00 and shows weakness, then this provides a good short opportunity.

Today's volume profile:



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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Day Trading Guide

Daily Gaps

1133.00 (4:00 pm close)
1133.00 (4:15 pm settlement)

Daily Pivots

1132.75 (day-session-only)
1132.00 (day & overnight sessions)

Unfilled Gaps

1063.00 to 1069.25 (price)
1099.00 to 1103.00 (price)

Upside Targets

1144.75, 1154.50, 1196.00, 1235.00

Downside Targets

1109.00, 1063.00, 1022.75, 1004.75,
975.50, 961.00

Countertrend Longs*

1126.50

Countertrend Shorts*

1134.75

* 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

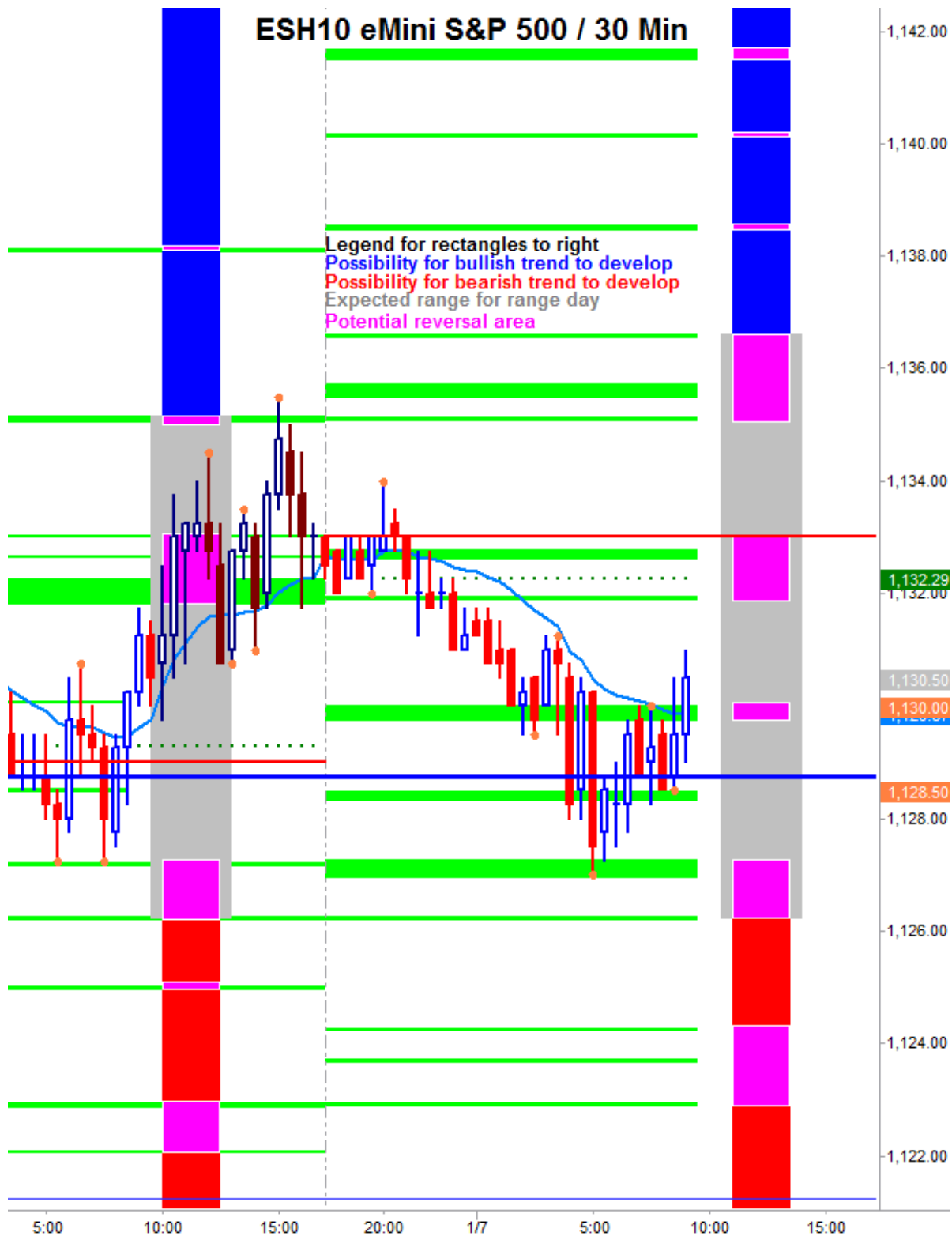
Major Market Movers

Employment Situation at 8:30 am

Minor Market Movers

Wholesale Trade at 10:00 am
Consumer Credit at 3:00 pm

Today's Support and Resistance:



Legend: Market Profile points of control (POC's) 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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