



July 28, 2009

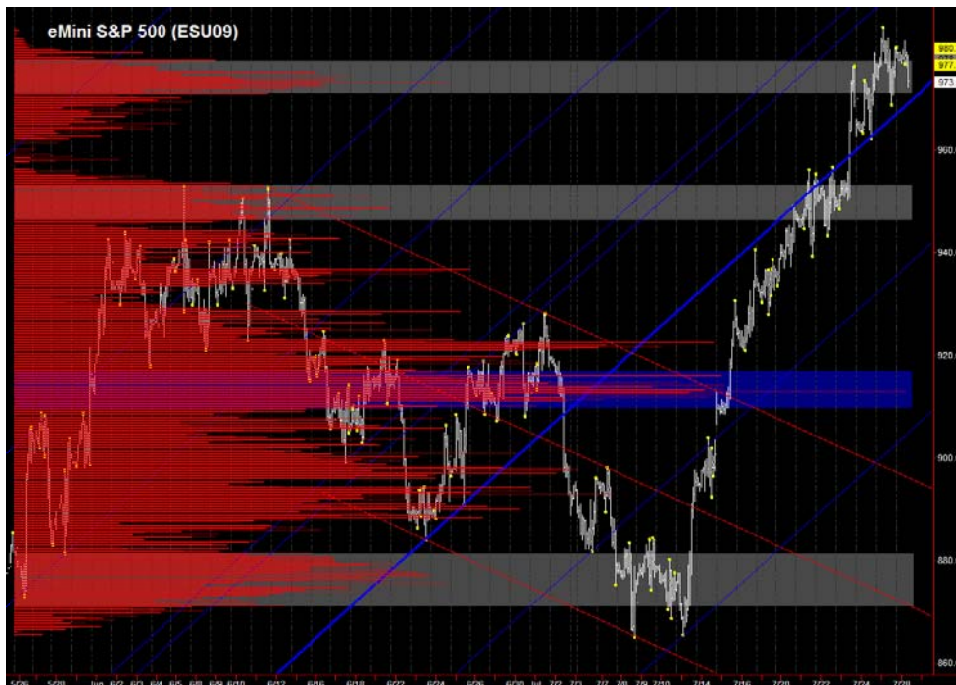
COMMENTARY FOR THE eMINI S&P 500 SEP 2009 CONTRACT (the "ES")

The Precise Take – Slight weakness into significant Treasury auction day

The short term and TIPS Treasury auctions went well as expected yesterday, with the first test of the real demand for medium term Treasuries today at 1:00 pm with the 52 Week and 2 Year auctions. We're still looking for leadership clues with gold trying to break through 61.8% resistance or reverse to the downside off this level, and similarly a break in 10 year notes and 30 year bonds of support or a reversal to the upside, with none of the three moving materially since yesterday.

Tomorrow and Thursday of this week are back to back days in which the Federal Reserve Bank of New York (FRNY) will be conducting permanent open market operations (POMO)*, which will flood large banks with leveragable liquidity at about 11:00 am on each of those days, and which has an end of day tape-painting effect. See page two for time profile graphs of what can statistically be expected for today, tomorrow and Thursday. There is a tendency on a Pre POMO day, such as today, to front run the expected liquidity injection into the close (3:30 pm to 4:15 pm). Tomorrow, we would also expect most gains to be into the close. And, though there have been only 6 prior back to back POMO days (all since May), the bullish edge appears to disappear on the second POMO day, which would be this Thursday. Accordingly, swing longs may want to close out positions by tomorrow (Wed) as opposed to waiting for the close on Thursday.

Today is a moderately full news day with the times to watch as 9:00 am, 10:00 am and 1:00 pm. With premarket action in the ES getting down to daily S1 (day-session-only) and below yesterday's highest value area point of control, we have a bearish bias. Longs will need to get above the daily pivot/gap area of 976.25 to 980.00 to regain momentum and we don't get outright bullish until about 981.25. Below, we're watching the 962.75 to 965.25 area as a possible reversal area and are willing to fade long. Also, 971.00 to 972.25 is a potential early reversal area that shorts will need to break.



Day Trading Guide

Daily Gap

979.00 (4:00 pm close)
980.00 (4:15 pm settlement)

Daily Pivot

976.25 (day-session-only)
977.75 (day & overnight sessions)

Unfilled Gaps

903.50 to 912.50 (price)
955.00 to 962.50 (volume)

Upside Targets

1008.50, 1066.00

Downside Targets

922.25, 913.00, 854.75, 846.00,
828.00, 811.75, 777.25

Countertrend Longs*

917.75, 933.25, 940.75, 945.25,
963.25

Countertrend Shorts*

None

* 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 (all times EDT)

Major Market Movers

S&P Case-Shiller Home Price Index at 9:00 am

Consumer Confidence at 10:00 am

Minor Market Movers

State St. Investor Confidence Index at 10:00 am

4 Wk, 52 Wk, 2 Yr Auctions at 1:00 pm

Tomorrow's Scheduled News

Major Market Movers

Durable Goods at 8:30 am

5 Yr Auction at 1:00 pm

Minor Market Movers

MBA Purchase Apps at 7:00 am

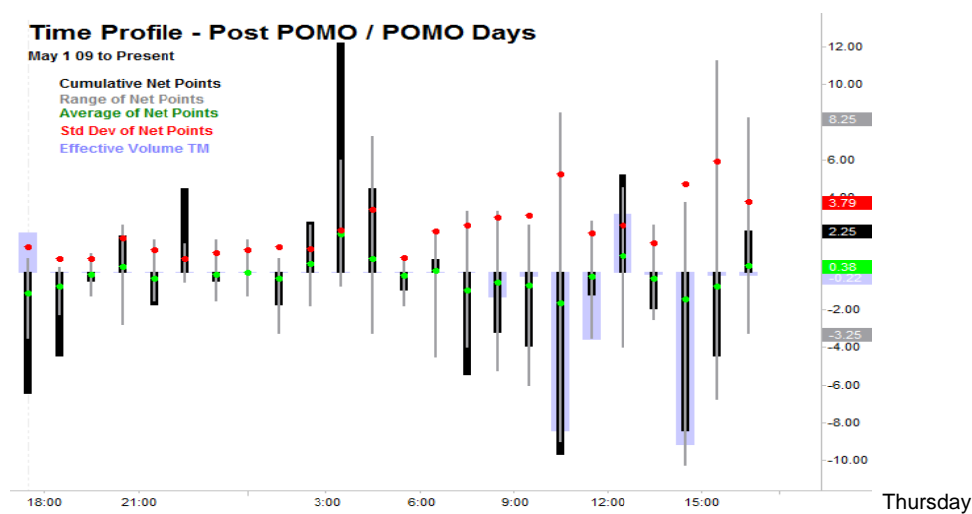
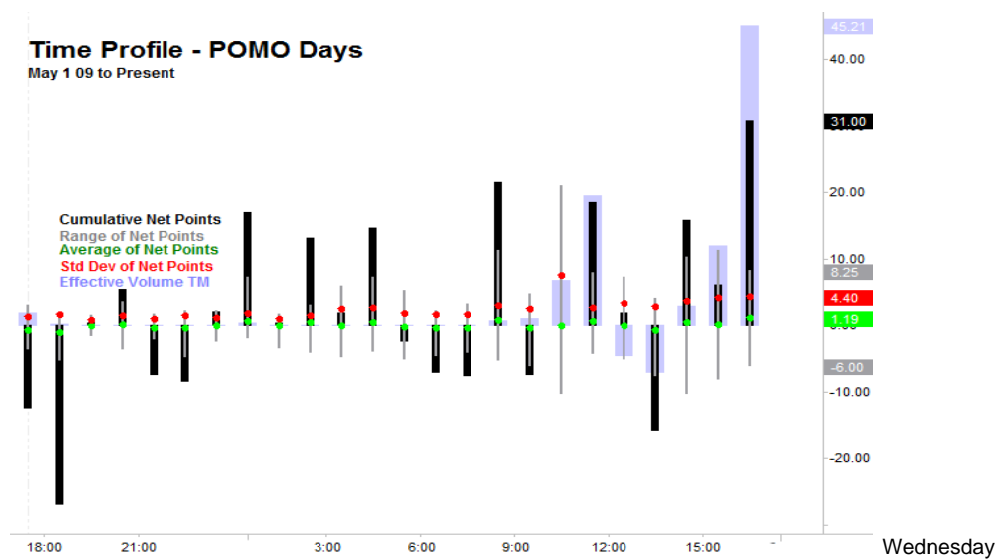
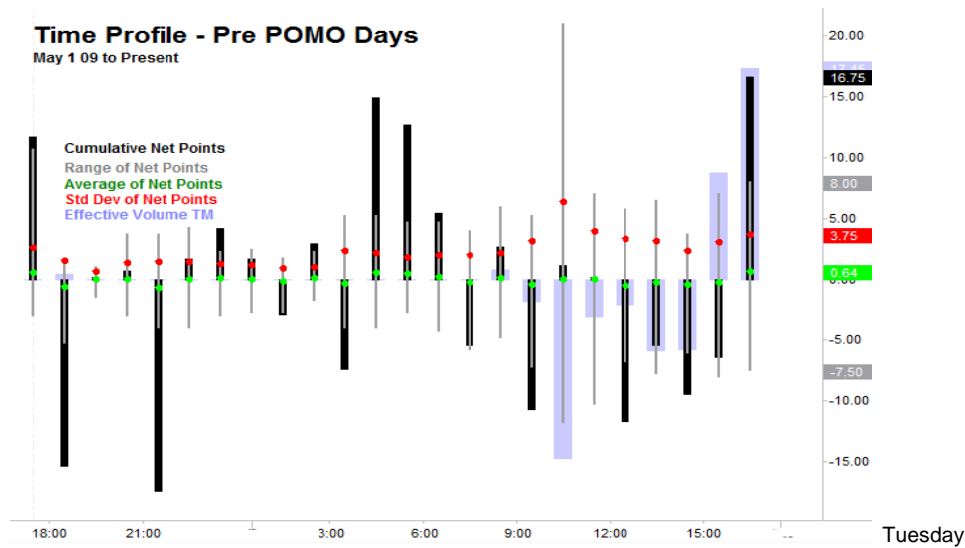
EIA Petroleum Status at 10:30 am

Fed Beige Book at 2:00 pm

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

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Time Profiles

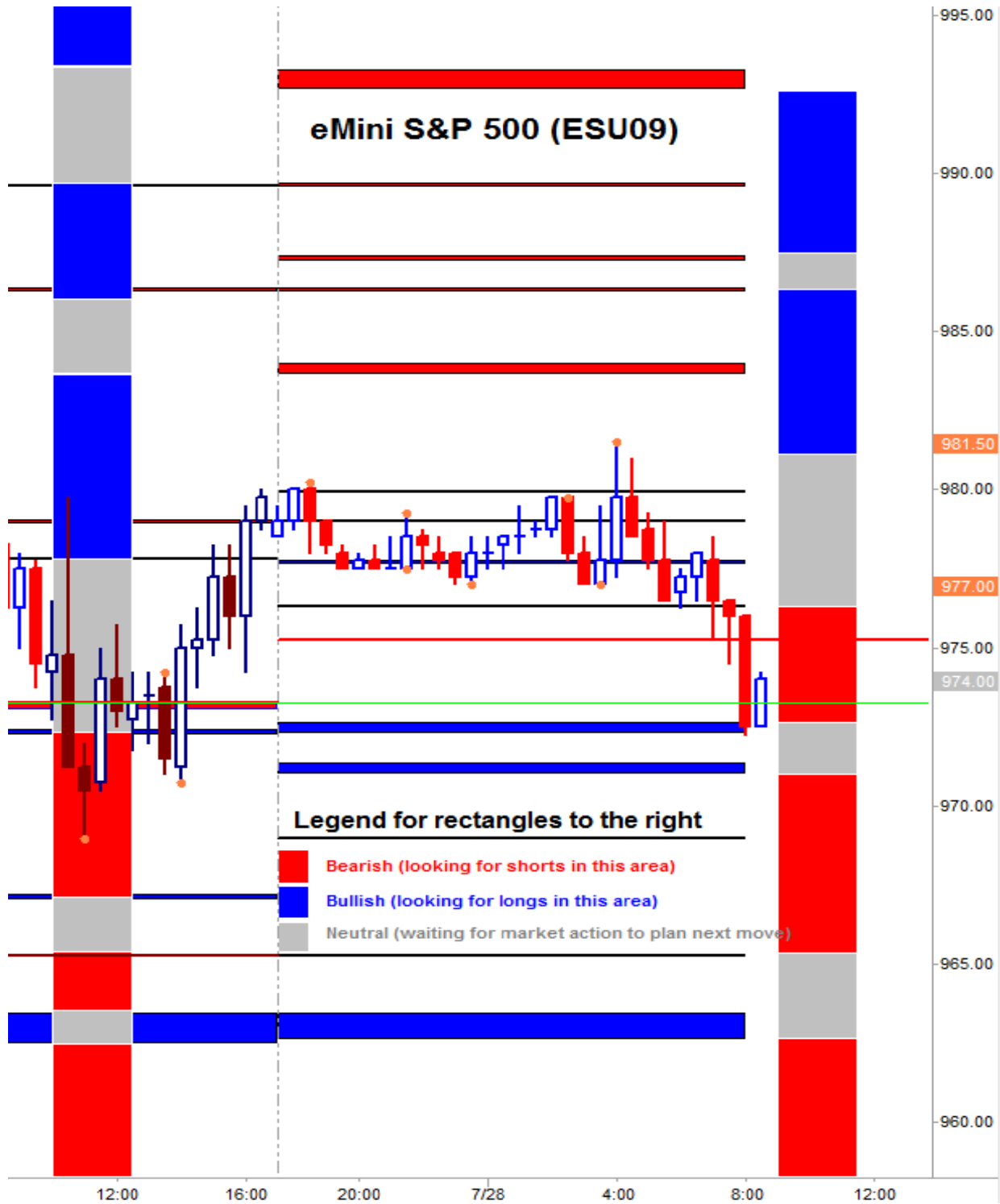


* Thanks to Thanassis Stathopoulos and Billy O'Nair for the *POMO effect* discovery and development of trading edges. Thanks to Pascal Willain for the development of Effective Volume TM and hosting the Value in Time Group.

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Support and resistance is as follows:



Legend: Market Profile points of control (POC's) are calculated each day and displayed as lines colored shades of green or red. Shades of green 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. They areas are drawn as shaded blue (support) and red (resistance) boxes. Previously drawn areas have not been adjusted retroactively.

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