

The PRECISION REPORT

Precise Market Timing



March 2, 2010

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

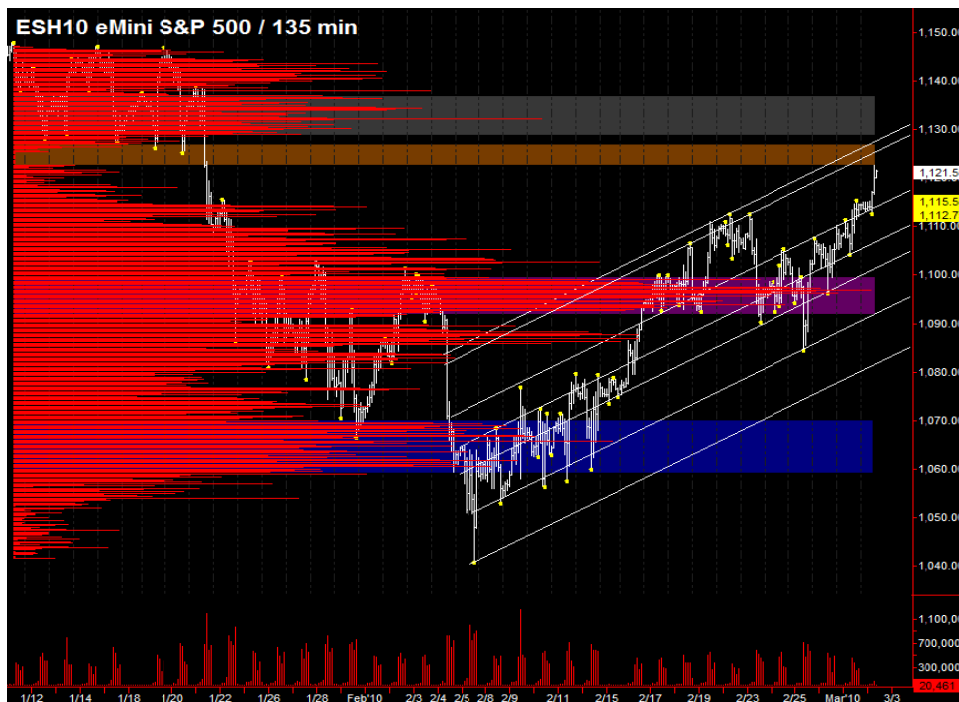
The Precise Take – Equities to gap up again into resistance.

Leaders Analysis: Overnight, the US Dollar Index rejected the same resistance area as the previous day and is back in the middle of its trading range. We probably won't mention it again until it breaks its range as it has not been predictive lately. The EuroYen is basing and looks poised to rally. Though the 30 Year T-Bond yield broke strong trendline resistance last week, it may be a false breakdown because it is up over the trendline again this morning. All in all, the leaders are slightly equities bullish.

Medium Term Analysis: What is notable about the level reached overnight in the ES (1122.75) is that it is the 76.4% retracement of the entire down leg, which would make the second such retracement in a row. The February 5 low was a 76.4% retracement from the October low to the January high. This pattern, which occurs intraday, is more rare on the daily, but can perform four or five such retracements in a row. If the ES closes over 1123, the pattern is negated but, if not, 1060 is the next downside target. Given the strength of yesterday's rally, we expect follow through by tomorrow. But amidst all the bullishness, we also feel compelled to present the less likely alternative.

Trading Today: Besides being fib resistance as mentioned above, 1122.75 marks the lower end of the volume gap (brown, below) created when the ES sold off on January 21. This gap extends up to 1127.00. Volume gaps behave similar to price gaps, tending to get filled, and the extremities can act as support or resistance. While there no major scheduled news today to fuel a trend, the ES has sufficiently gapped up to create that possibility, especially with Greece close to being resolved, if ever so temporarily. For a trend day, the daily R1's must hold as support, from 1117.75 to 1118.75. Otherwise, we expect a gap fill to 1114.25 to 1114.50 and perhaps farther, to today's value area between 1111.25 to 1112.75. To be conservative, we made this area the lower end of the projected range today. The upper end of the projected range includes aforementioned resistance and daily R2's, from 1121.00 to 1123.25. Above, and day-session-only R3 in confluence with the 1127.00 upside target are strong resistance, but we would consider a short if it is quickly rejected.

Today's volume profile:



Day Trading Guide

Daily Gaps

1114.25 (4:00 pm close)
1114.50 (4:15 pm settlement)

Daily Pivots

1112.25 (day-session-only)
1111.25 (day & overnight sessions)

Unfilled Gaps

1138.50 to 1143.00 (price)
1122.75 to 1127.00 (volume)

Upside Targets

1107.50, 1127.00, 1132.25, 1154.50,
1196.00, 1235.00

Downside Targets

1083.00, 1065.75, 1022.75, 1004.75,
975.50, 961.00

Countertrend Longs*

1041.75, 1060.50, 1080.50, 1086.25,
1101.00

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

Motor Vehicle Sales throughout day

Tomorrow's Scheduled News

Major Market Movers

ADP Employment at 8:15 am

Minor Market Movers

Challenger Job Cut Report at 7:30 am

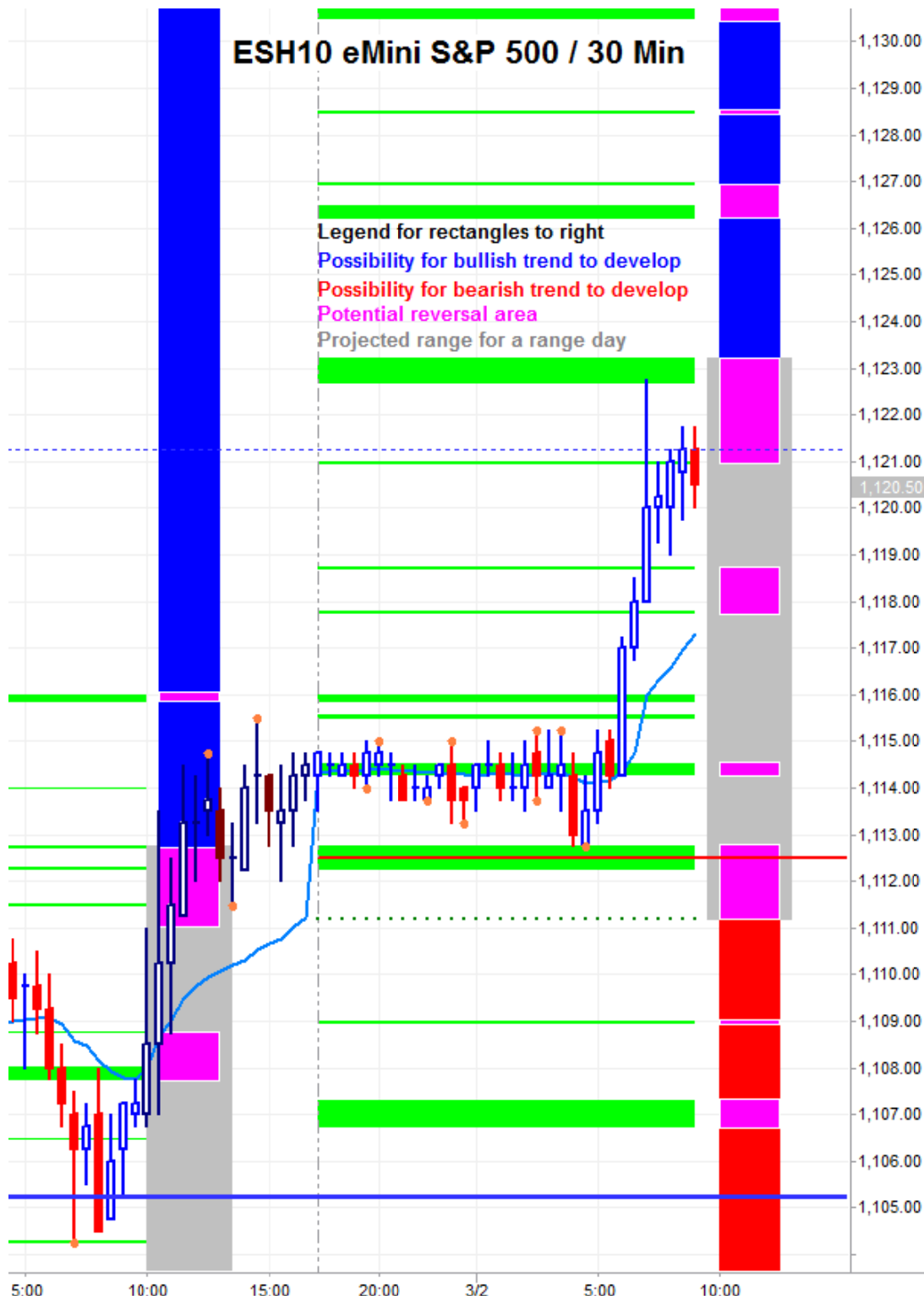
ISM Non-Mfg Idx at 10:00 am

Beige Book at 2:00 pm

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.

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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