



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

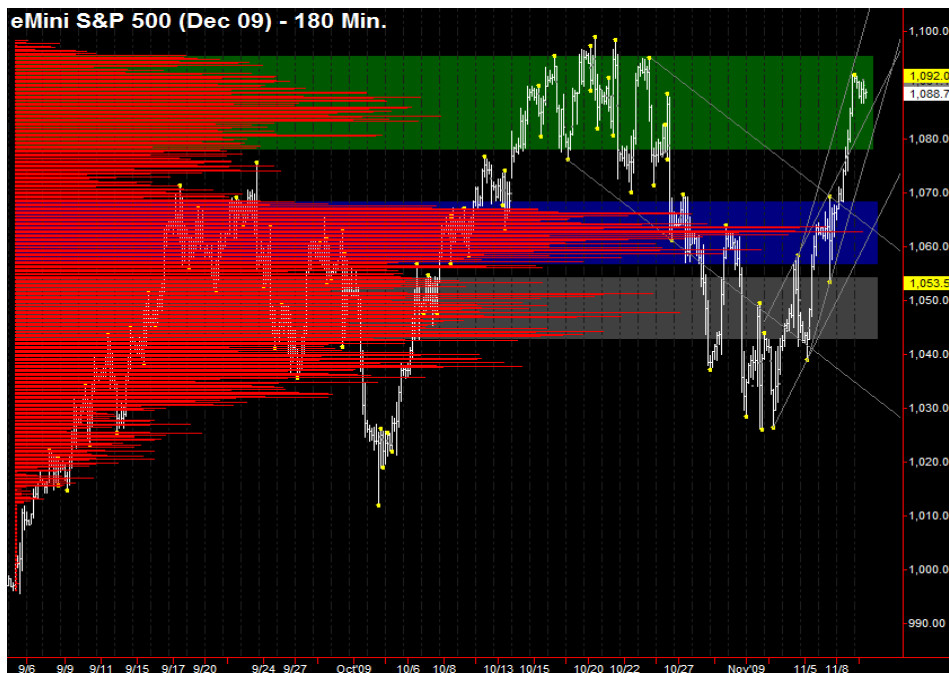
The Precise Take – ES testing contract highs with little news impediment

Leaders Analysis: Both 30 Yr Treasury Bonds and the EuroYen appear as though they want to break to the upside. Unfortunately, they are generally inversely correlated, so we will watch them to see who wins to give an idea when and if the ES can break to new highs.

Medium Term Update: The main news today is the 10 Yr Auction at 1:00 pm, with nothing else until Thursday's weekly Jobless report at 8:30 am, a 30 Yr Auction at 1:00 pm and the Treasury Budget at 2:00 pm. The ES is currently trading in a relatively undeveloped value area marked by the 1084.25 point of control, and we would not be surprised to see it filled in a bit before attempting to head higher. As we wrote yesterday, next week begins with Retail Sales at 8:30 am and longs will have wanted to push to new highs by then to discourage shorts on what will likely be a bearish report.

Trading Today: Given the (still) overbought short term status of the ES, we're willing to carefully short two areas if the ES heads higher: (1) by the daily gap in confluence with yesterday's high at 1091.75 to 1092.00, not giving it more than a point, and (2) by the confluence of weekly R2, day-session-only R1, contract highs from 1097.50 to 1099.00. Combined session daily R1 at 1100.75 provides a protective stop for 2, but note it is above contract highs, so we will not be short above. We want to see a quick rejection of the area to stay in the trade. If the ES heads lower, it may break the overnight low at 1086.75 and simply bounce off the day-session-only pivot at 1086.00. If this occurs, we will try to get long on a pullback and ride to 1097.50, where we would consider reversing per before. If it heads lower, we will look for longs from 1079.75 to 1084.00, which includes day-session-only S1, combined session daily pivot, yesterday's point of control, closing VWAP, combined session daily pivot, monthly R1 and a long term point of control. Though we don't like giving such a large range, it is unavoidable today with so many support levels. Below 1079.75 and the ES will probably trade down to combined session daily S1 in confluence with yesterday's day-session-only low and another long term point of control at 1073.75 to 1074.00.

Today's volume profile:



Day Trading Guide

Daily Gaps

1090.75 (4:00 pm close)
1091.75 (4:15 pm settlement)

Daily Pivots

1083.00 (day-session-only)
1086.00 (day & overnight sessions)

Unfilled Gaps

1011.75 to 1014.75 (price)
1069.25 to 1074.00 (price)

Upside Targets

1099.00, 1126.25, 1144.75, 1160.75

Downside Targets

1022.75, 1004.75, 975.50, 961.00,
937.25, 899.00, 882.25, 831.25

Countertrend Longs*

1031.50, 1050.50, 1056.50

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

Major Market Movers

10 Yr Note Auction at 1:00 pm

Minor Market Movers

Redbook at 8:55 am
Janet Yellen speaks at 10:00 am

Tomorrow's Scheduled News

Major Market Movers

None

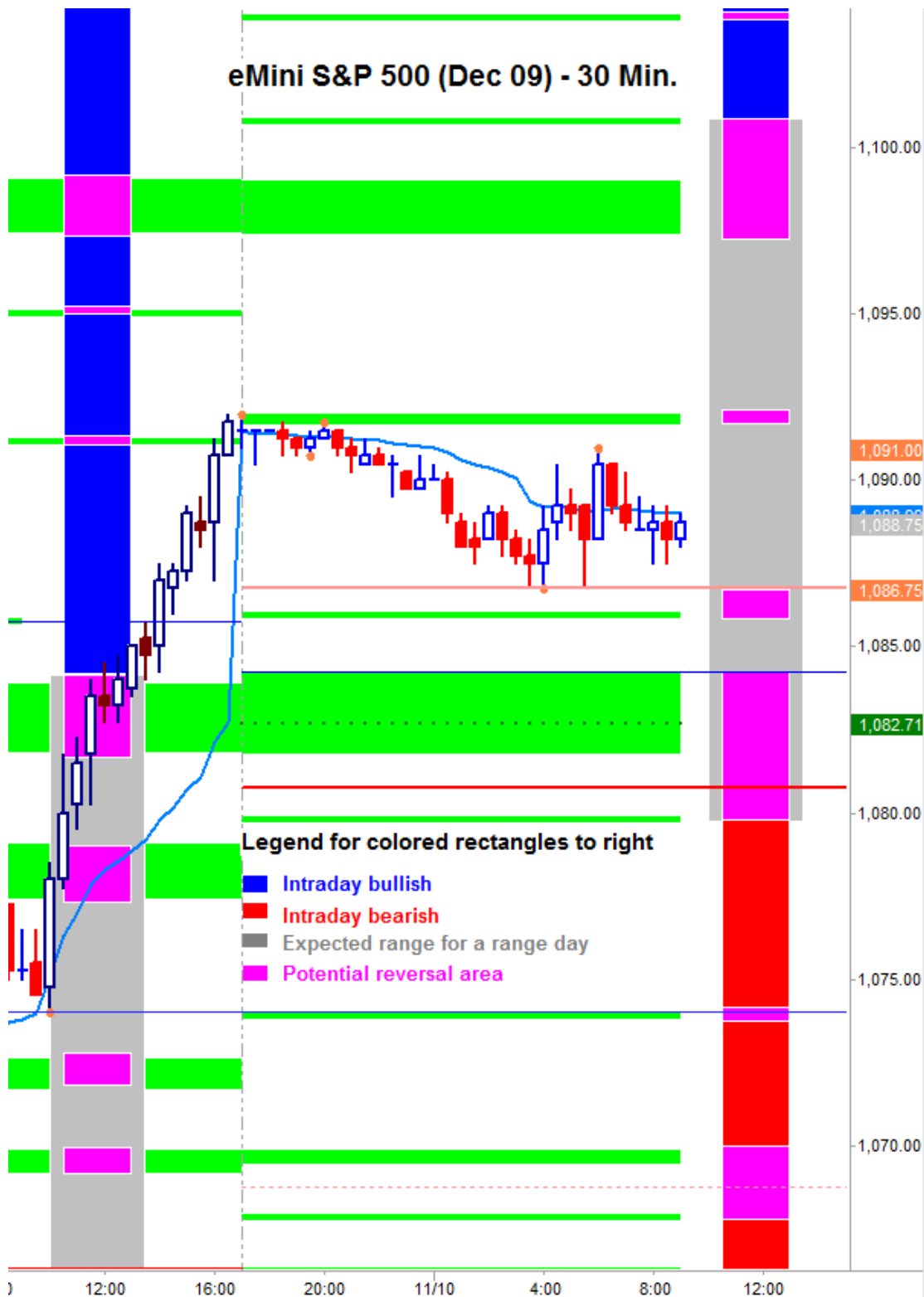
Minor Market Movers

None

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

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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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