



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

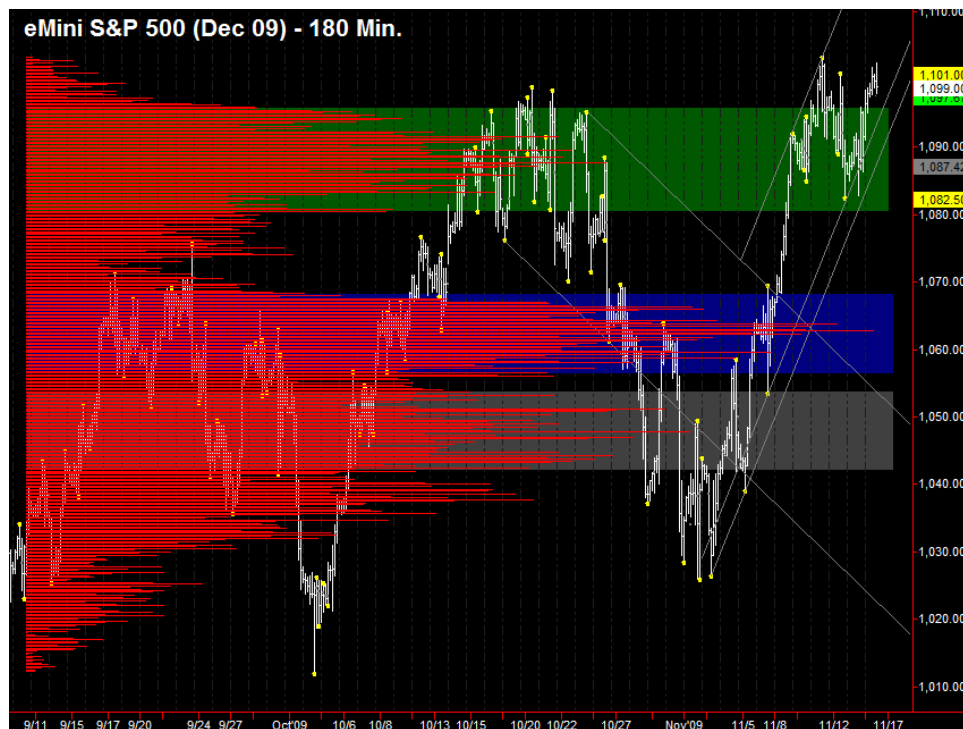
The Precise Take – ES testing highs at beginning of packed news week and opex

Leaders Analysis: Gold continues to press to new highs as the US Dollar has fallen back to support. The EuroYen forex cross is up marginally. Only 30 Year T-Bond futures disagree with equities strength, as they have now decisively broken up through downward trend channel resistance. As we have been writing, this usually correlates with sideways to downward action in equities, with the correlation sometimes lagging a day.

Medium Term Analysis: The free news ride is over, as the markets must contend with some of the most difficult items in the news calendar this week, including Retail Sales (as we write), PPI, CPI, and various housing reports. In addition, options expiration is this Friday, and this has been the week in previous months when rallies have topped. So, while new highs are in the cards early this week, swing longs may want to pull up stops.

Trading Today: As we write, the headline number for the much dreaded Retail Sales report came in above expectations; however, there was a material revision of the prior month for the worse. In addition, the concurrent Empire State index came in very low, which appears to be limiting upside action. Early trading will be key today for longs, as the past two afternoons have been weaker than the mornings. As long as the confluence area of Friday's high of 1096.00 and the daily R1's at 1097.50 hold, we have a bullish bias and believe weekly R1 at 1108.25 is a realistic target for today, though we will protect any long profits at the contract high of 1103.25. If the ES cannot hold 1096.00, it will probably head lower to strong value confluence of closing VWAP, the daily pivots, last week's settlement and Friday's market profile point of control from 1089.75 to 1091.50. We would consider punting a long here, but cautiously, as that will have been a steep decline from current price. A close below the weekly pivot at 1086.50 puts the November rally in serious jeopardy.

Today's volume profile:



Day Trading Guide

Daily Gaps

1085.50 (4:00 pm close)
1087.25 (4:15 pm settlement)

Daily Pivots

1090.00 (day-session-only)
1090.00 (day & overnight sessions)

Unfilled Gaps

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

Upside Targets

1126.25, 1144.75, 1160.75

Downside Targets

1063.00, 1022.75, 1004.75, 975.50,
961.00, 937.25, 899.00, 882.25,
831.25

Countertrend Longs*

1031.50, 1050.50, 1056.50, 1084.25

Countertrend Shorts*

1098.75

* 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

Business Inventories at 10:00 am
Bernanke speaks at 12:00 pm

Tomorrow's Scheduled News

Major Market Movers

Producer Price Idx at 8:30 am
Industrial Production at 9:15 am
Housing Mkt Idx at 1:00 pm

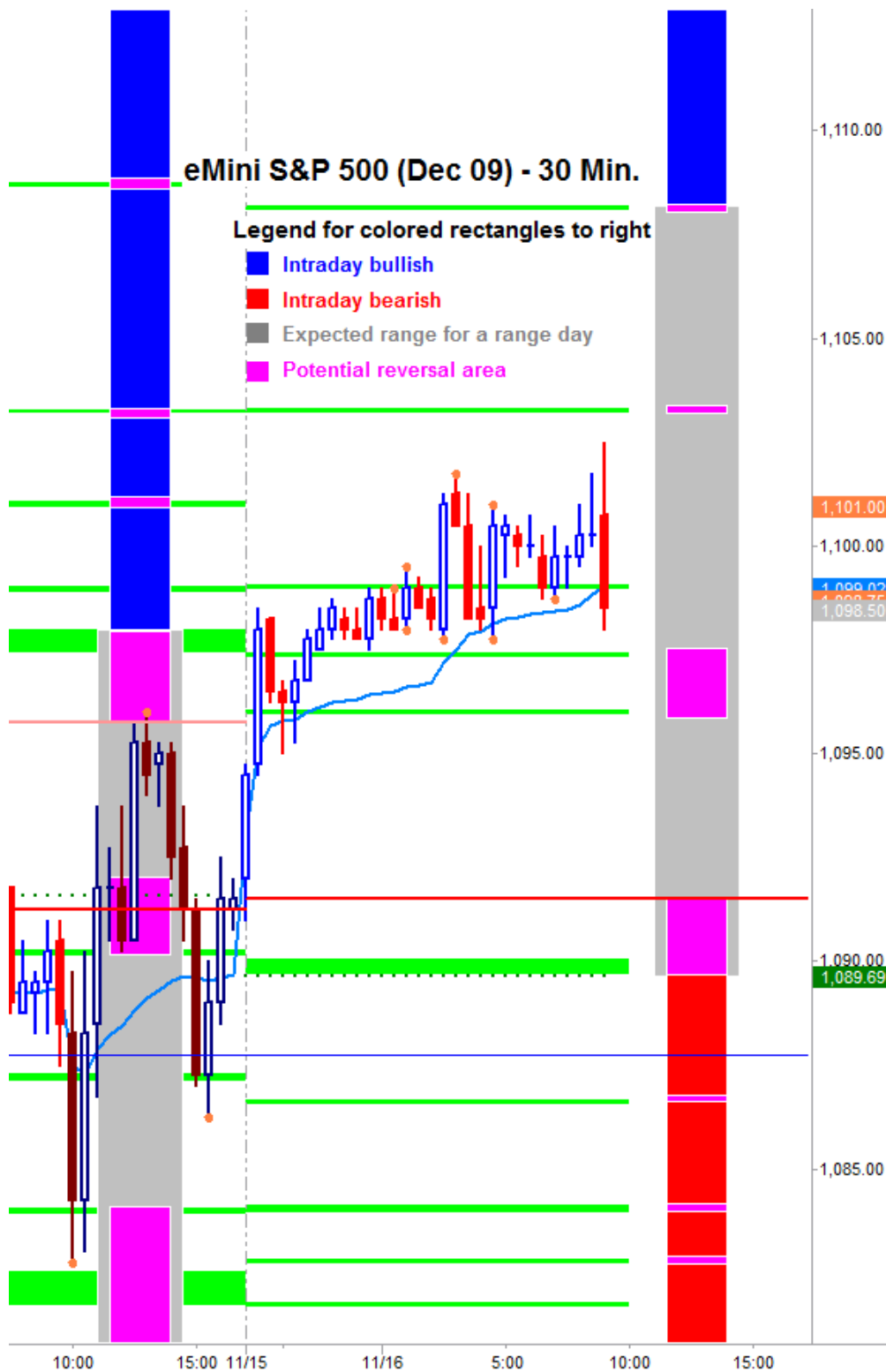
Minor Market Movers

ICSC—Goldman Store Sales at
7:45 am
Redbook at 8:55 am

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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