



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

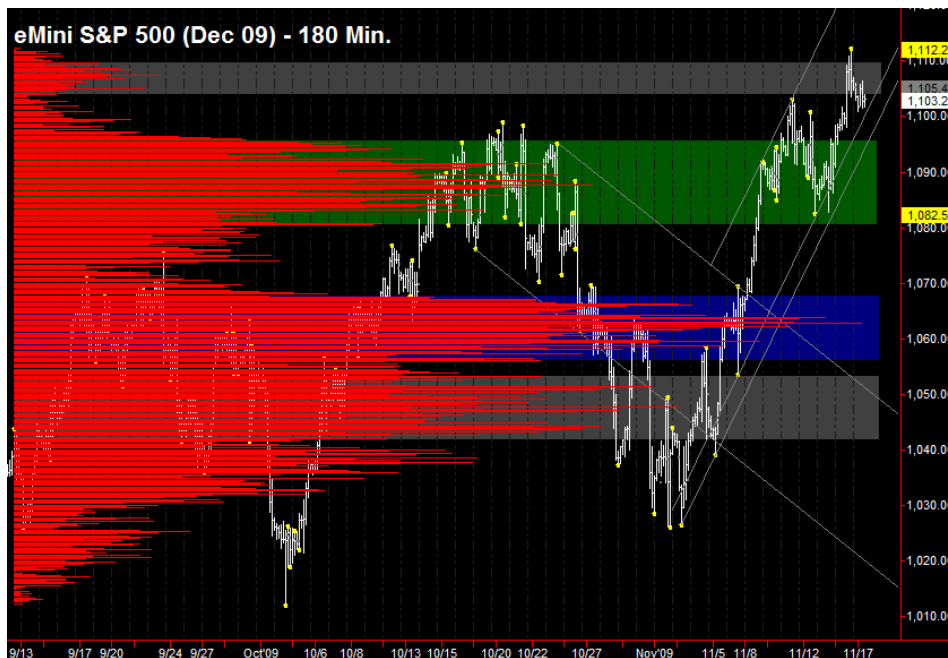
The Precise Take – ES consolidating gains ahead of tomorrow's CPI

Leaders Analysis: Despite yesterday morning's large gains in equities, 30 Yr T-Bonds pushed higher throughout the day, especially after Bernanke's noon remarks. Interestingly, the EuroYen trended lower all day and overnight, so both were non-confirming of equities strength. Unless the 9:00 am Treasury International Capital report shows a flight from Treasuries and causes T-Bonds to reverse, their strength should catch up with equities today, and we would be surprised to see material equities gains.

Medium Term Analysis: After PPI (out as we write), there are four more major reports in the next 24 hours, culminating with CPI tomorrow at 8:30 am. An extreme divergence from consensus could always create volatility, but this should be a range day otherwise. As we wrote yesterday, this has been about the time when previous month's rallies begin their topping process. This does not preclude new highs this week, but longs should be on alert, especially in light of the T-Bonds breakout yesterday.

Trading Today: The ES sold off yesterday's settlement in confluence with closing VWAP all night (actual high 1107.00). However, yesterday's point of control at 1107.50 and weekly R1 at 1108.25 loom just above, which creates the possibility of an early bull trap with a break of the overnight high. If that occurs, there should be a quick reversal to the downside after breaking 1107.50, which would make a nice shorting opportunity. If 1108.25 is broken to the upside, there should be a run to test yesterday's high at 1112.25 in confluence with day-session-only R1 at 1113.00. Below, and there is strong support at yesterday's day-session-only low and S1 at 1098.25 to 1099.00.

Today's volume profile:



Day Trading Guide

Daily Gaps

1107.25 (4:00 pm close)
1106.50 (4:15 pm settlement)

Daily Pivots

1105.50 (day-session-only)
1103.25 (day & overnight sessions)

Unfilled Gaps

1011.75 to 1014.75 (price)
1069.25 to 1074.00 (price)
1096.00 to 1098.25 (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*

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

Industrial Production at 9:15 am
Housing Mkt Idx at 1:00 pm

Minor Market Movers

Treas. Int'l Capital at 9:00 am
Redbook at 8:55 am

Tomorrow's Scheduled News

Major Market Movers

Consumer Price Idx at 8:30 am
Housing Starts at 8:30 am

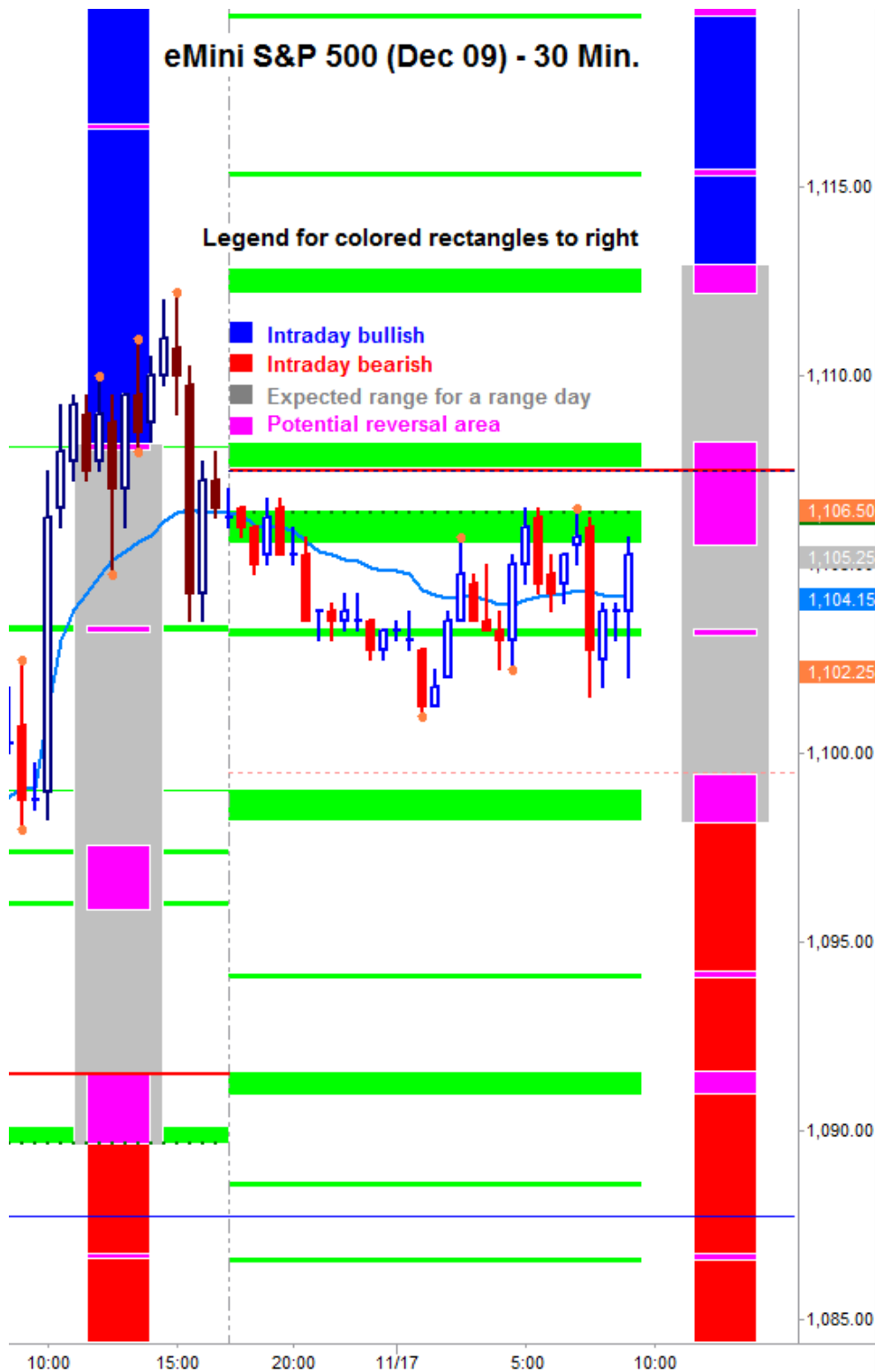
Minor Market Movers

MBA Purchase Apps at 7:00 am
EIA Petroleum Stats at 10:30 am

Free intraday updates at <http://www.precisioncapgmt.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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