



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

**The Precise Take** – Overnight weakness ahead of opex Friday

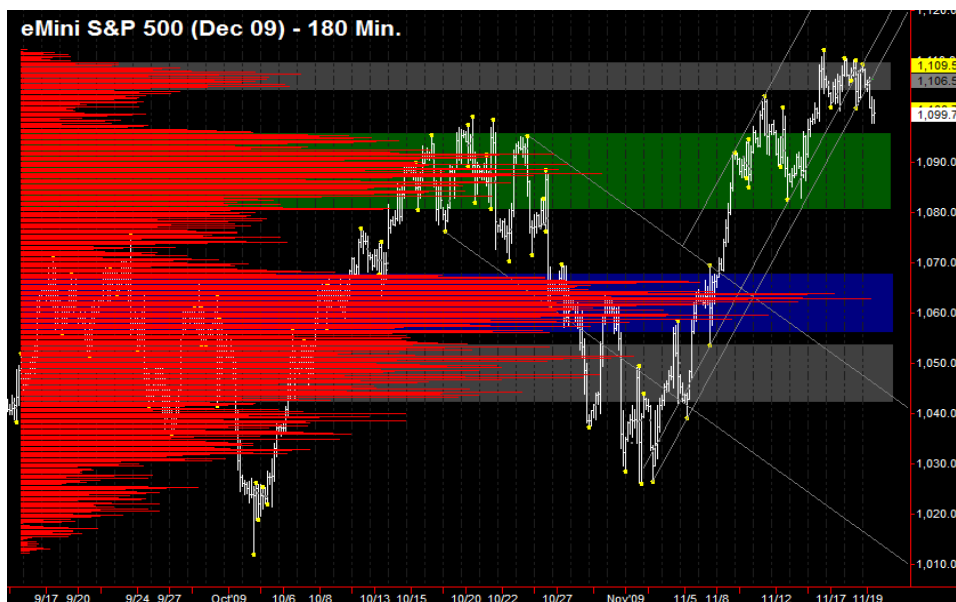
**Leaders Analysis:** After posting a less than convincing upside reversal bar yesterday, the EuroYen forex cross (a barometer of risk appetite) is now trading below its 200 day moving average. It poked below on July 8 and October 2, but closed above each of those days. A close below the moving average today would be the first such since it broke above on May 22, and would warn of not only an interim equities top, but possibly a longer term one. A close above and subsequent rally tomorrow would suggest there is more life in the rally. 30 and 10 Year Treasury futures are still hovering at resistance and a strong move either way will confirm the EuroYen. The US Dollar is up near its 20 day moving average, which has provided support and resistance since early October.

**US Dollar Correlation:** Yesterday, Goldman Sacks released an interesting report that suggested the US Dollar carry trade (borrow Dollars to invest in risk instruments) was not the only possible reason for the strong negative correlation between the Dollar and equities, but that many foreign investors in US instruments are increasingly hedging their foreign exchange risk. Accordingly, a purchase of a basket of US stocks would be matched with a concurrent sale of the US Dollar, and the reverse upon the close of the trades. This makes sense, and suggests the unwinding of the carry part of the US Dollar decline may not be as dramatic as is currently believed by many.

**Medium Term Update:** Next week is US Thanksgiving on Thursday. Tuesday will feature the first revision to Q3 GDP and Wednesday is Durable Goods, both of which have the potential to weigh on the markets if they disappoint. However, the Friday after Thanksgiving is historically bullish on holiday shopping euphoria. Accordingly, longs will want to break to new highs by Monday ahead of GDP to continue the rally. If equities are not down too much after the close this week, look for this possibility Monday.

**Trading Today:** The ES has pared some of its overnight losses on the 8:30 am Jobless Claims report. The daily S2's need to provide support early for the longs (1096.75 to 1097.50) because there is little support below until 1091.50. There is a large sell zone from 1105.50 to 1109.50 that shorts will defend aggressively. We would look for shorts there ourselves and entertain a long into that area in the first 30 minutes if 1097.50 holds into the open.

**Today's volume profile:**



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

### Day Trading Guide

#### Daily Gaps

1108.00 (4:00 pm close)  
1108.50 (4:15 pm settlement)

#### Daily Pivots

1106.25 (day-session-only)  
1106.75 (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,  
~~1100.75~~

#### Countertrend Shorts\*

1109.25

\* 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

Leading Indicators at 10:00 am  
Phili Fed Survey at 10:00 am

### Tomorrow's Scheduled News

#### Major Market Movers

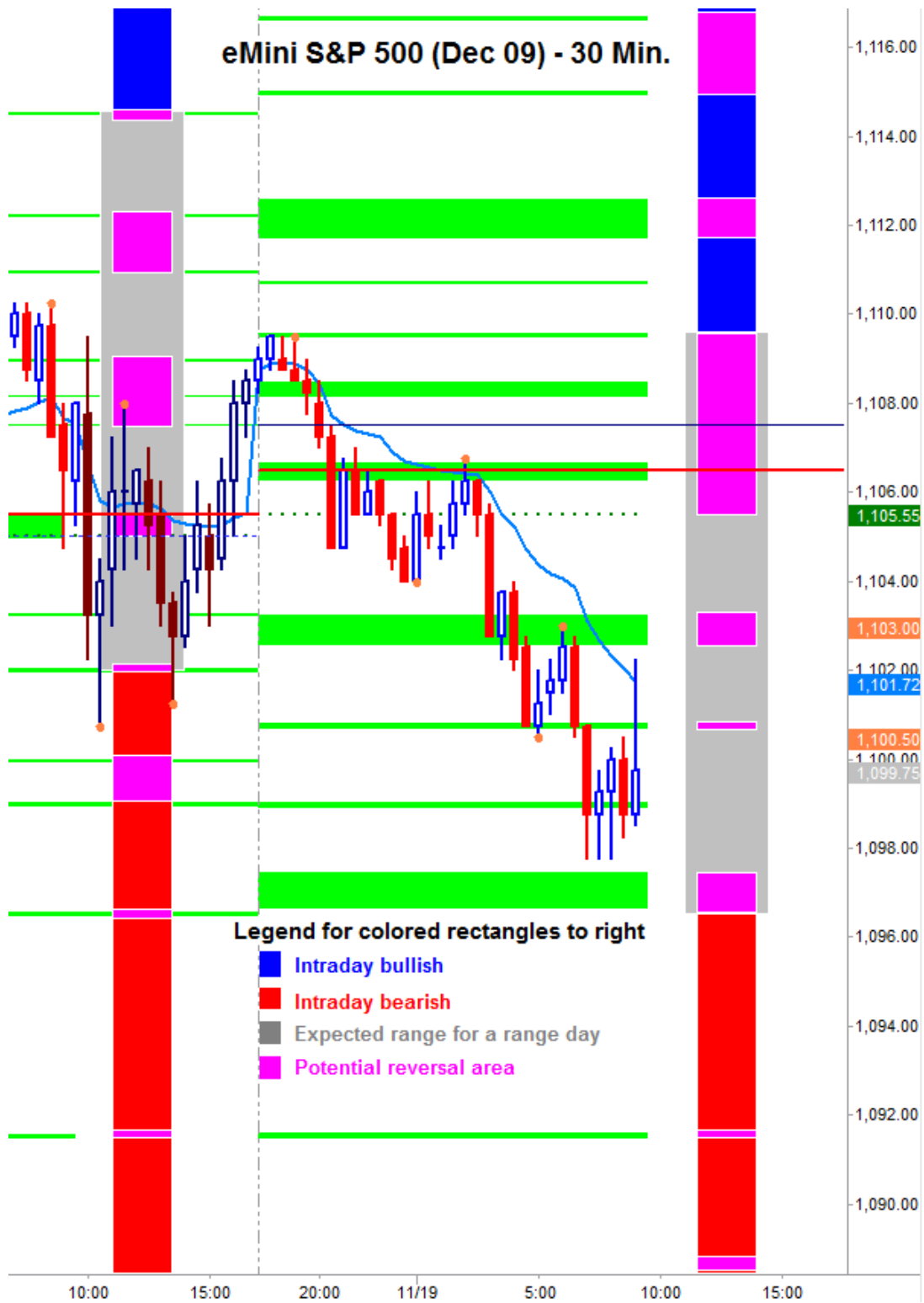
None

#### Minor Market Movers

None

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) 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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