



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

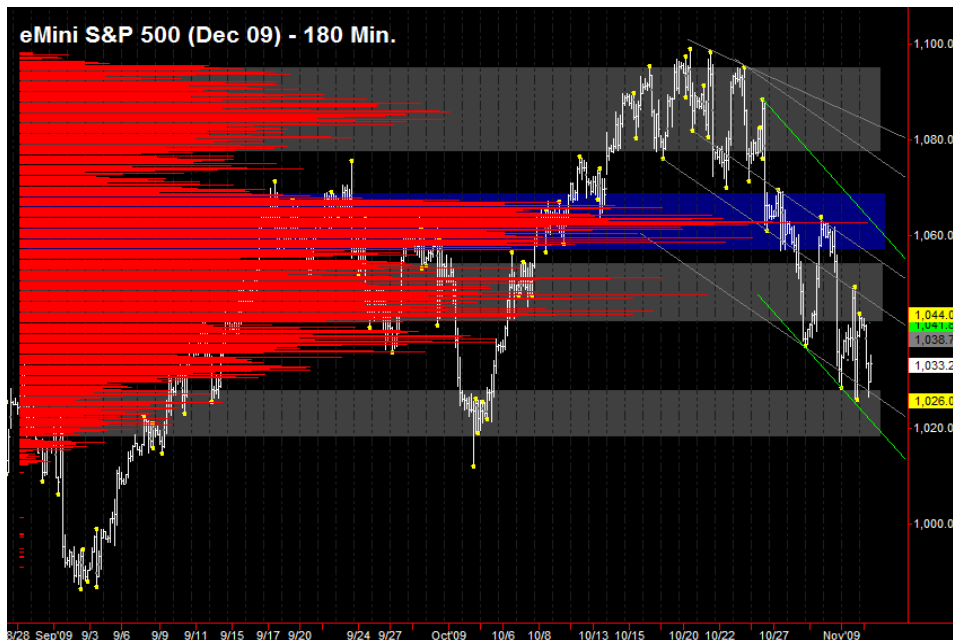
The Precise Take – ES tests lows overnight as leaders advance to critical levels

Leaders Analysis: The US Dollar is up materially overnight having reached strong trendline resistance near the 77 level. The EuroYen forex cross has headed down again towards its 200 day moving average, and gold is up immaterially overnight after yesterday's large gain, trying to test recent highs. We would have expected long term Treasuries to be up more after 30 Year T-Bond futures broke out of the downward trend channel and the other leaders made more substantial moves. However, with the FOMC Announcement and Treasury's quarterly refunding announcement tomorrow, a bit of consolidation can be expected.

Medium Term Analysis: Today is a relatively slow news day, with a minor Factory Orders report at 10:00 am, which we will monitor, but don't expect big waves from. Vehicle Sales are also released by the major auto manufacturers throughout the day (unscheduled), which could weigh on equities as September's post-clunker sales did. Tomorrow's the big news day and, with the US Dollar at resistance, we would not be surprised to see a Dollar and equities reversal (down and up, respectively). The prior FOMC Announcement did not give the expected boost and marked an interim high, but this is the exception, not the norm.

Trading Today: Yesterday, the confluence between the monthly and weekly pivots at 1048.00 to 1050.25 were the major obstacle for the ES. Today, 1050.25 is also the daily R1's, so this is the level longs need to break to mark an interim bottom. Absent some surprise good news (and note, the ES has been unable to rally even on good news), this is more likely to happen tomorrow than today. We prefer to be early sellers around the daily gap/pivot area that also includes yesterday's point of control and closing VWAP, from 1037.75 to 1039.75, to test the overnight low. If the ES opens above this area, we may consider a long to test the aforementioned 1048.00 to 1050.25 level. The ES feels ripe for an oversold bounce, so we will be careful with shorts. Below, the ES already tested the daily S1's in confluence with yesterday's low from 1026.00 to 1026.75, so we may fade long here. There is also strong long term Fib confluence at precisely 1022.75, which could mark the low of this downturn and which we will watch closely. Below that, we don't fade long.

Today's volume profile:



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

Day Trading Guide

Daily Gaps
 1039.00 (4:00 pm close)
 1039.00 (4:15 pm settlement)

Daily Pivots
 1038.25 (day-session-only)
 1038.25 (day & overnight sessions)

Unfilled Gaps
 1011.75 to 1014.75 (price)

Upside Targets
 1063.00, 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*
 None

Countertrend Shorts*
 1049.00

* 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
 Redbook at 8:55 am
 Factory Orders at 10:00 am

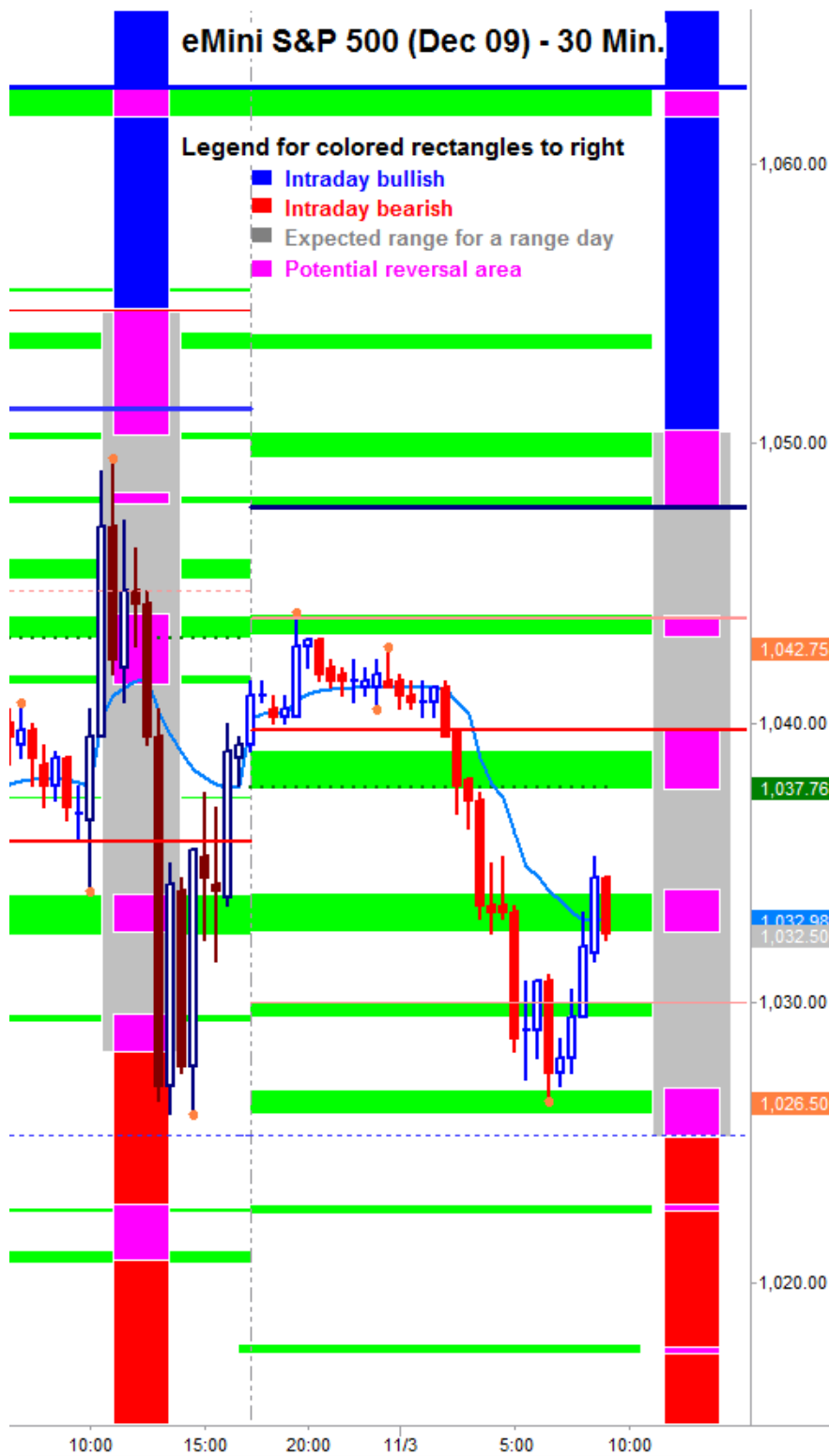
Tomorrow's Scheduled News

Major Market Movers
 ADP Employment Report at 8:15 am
 FOMC Announcement at 2:15 pm

Minor Market Movers
 MBA Purchase Apps at 7:00 am
 Challenger Job-Cut Report at 7:30 am
 Treasury Refunding Announcement at 9:00 am
 ISM Non-Mfg Idx at 10:00 am

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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