



October 14, 2009

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

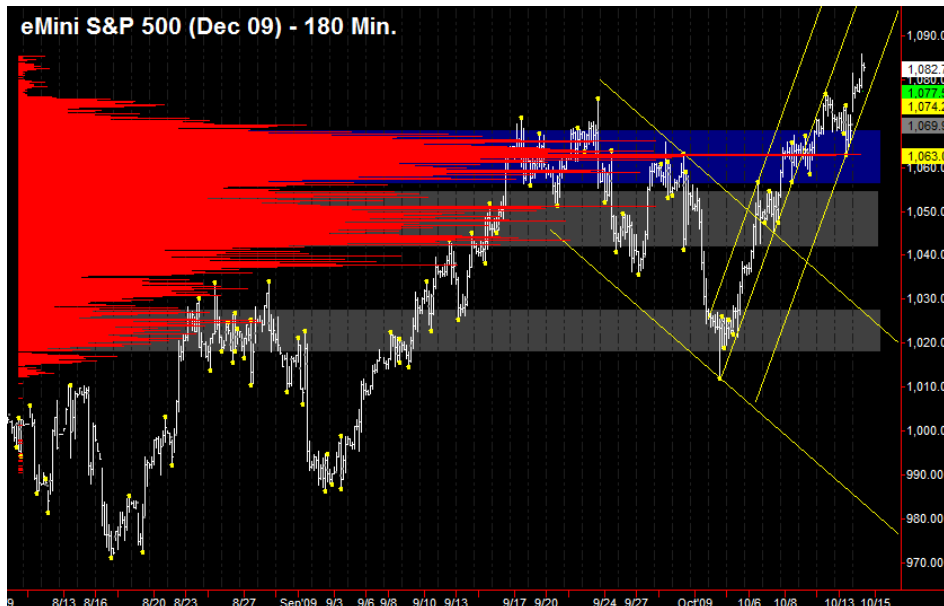
**The Precise Take** – Equities get needed boost ahead of full news week

**Leaders Analysis:** Everything's pretty much in alignment, confirming overnight strength in equities. 30 Year T-Bond futures have broken support and yields broken through 50 day moving average resistance. Downside target is now 116'16 to 117'8 in the futures.

**Medium Term Analysis:** Intel's after market earnings cleared overhead resistance and equities are in shape to weather some bad news this week. As we write, JPM has excited the markets as well. Though overbought at present, 1126.25 is still the next major upside target. If the markets can avert disaster until the end of next week, the [M2 contraction we have been noting](#) will not have as amplified an effect and seasonal liquidity should return to the general economy. The unprecedented redirection of bank non-borrowed reserves (as a result of Fed monetization) has carried the markets, with room to spare in a short while.

**Trading Today:** Yesterday, the ES bounced precisely off the 1063.00 highest volume market profile point of control, and it has not looked back. As we write, the markets are having a neutral reaction to Retail Sales. We prefer to be buyers on a retracement to the combined session daily R2 at 1078.00, but will also consider buying the 1075.75 to 1077.25 area that contains day-session-only R2. Below that, and the daily candle will be too ominous for us to jump in long. A close below the overnight open (including the day-session-only R1) of 1072.75 is bearish in the medium term. Above, and we will watch the first potential reversal area of 1084.50 to 1085.75, which contains weekly R1 and day-session-only R2, and we may cover longs or outright short if we see weakness in market internals. Above 1085.75 and we will not pick tops, but will look to take profits on any longs in the 1090.25 to 1091.25 area that contains monthly R1 and combined session daily R3.

**Today's volume profile:**



### Day Trading Guide

#### Daily Gaps

1070.75 (4:00 pm close)  
1068.75 (4:15 pm settlement)

#### Daily Pivots

1068.00 (day-session-only)  
1068.75 (day & overnight sessions)

#### Unfilled Gaps

1011.75 to 1014.75 (price)  
1038.50 to 1042.50 (price)  
1054.25 to 1056.75 (price)

#### Upside Targets

1126.25, 1144.75, 1160.75

#### Downside Targets

1063.00, 1051.25, 1016.00, 991.00,  
948.75, 922.25, 913.00, 854.75

#### Countertrend Longs\*

1065.50, 1046.25

#### 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

FOMC Minutes at 2:00 pm

#### Minor Market Movers

None

### Tomorrow's Scheduled News

#### Major Market Movers

CPI at 8:30 am  
Jobless Claims at 8:30 am

#### Minor Market Movers

Phili Fed Survey at 10:00 am  
EIA Petroleum Stats at 11:00 am



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

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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