

The PRECISION REPORT

Precise Market Timing



October 29, 2009

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

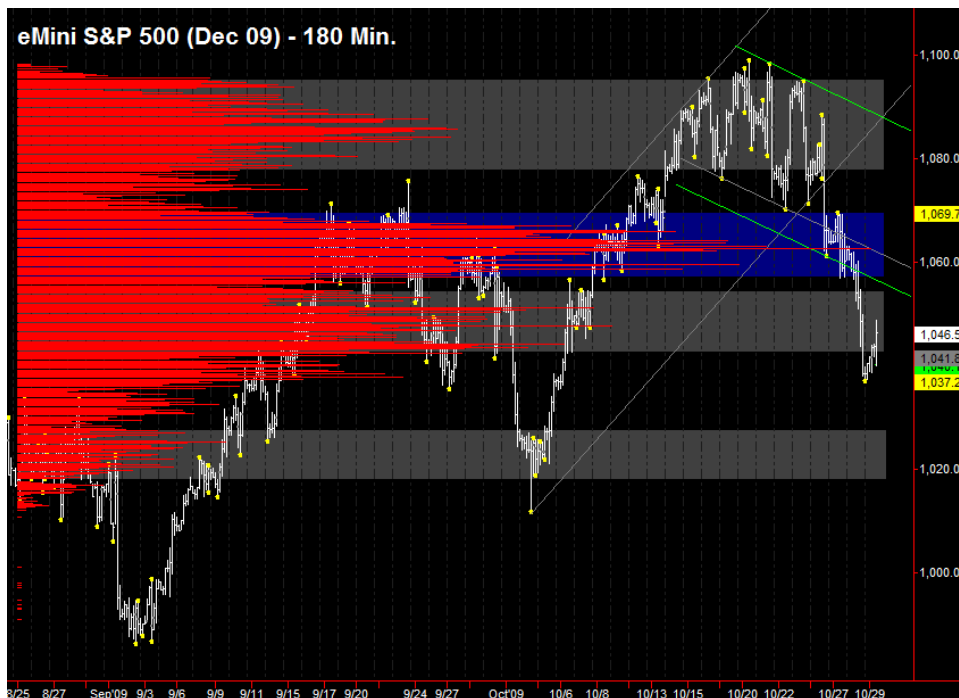
The Precise Take – GDP satisfies, equities need to prove themselves with a rally

Leaders Analysis: Overnight, the EuroYen tumbled more, to near its 61.8% key support that we [updated on yesterday](#). Gold advanced overnight after hitting the bottom of its trend channel yesterday, the US Dollar is up immaterially, and 30 Year T-Bonds are relatively unchanged ahead of GDP. Overall, a slight equities bullish bias.

Medium Term Analysis: We have been expecting some small oversold bounce the past two days but it has taken a 3.5% GDP (in line with expectations, except Goldman's) to provide the juice. Given the market internals and leaders reactions as of late, we will not be so quick to expect another short covering rally to new highs as we have in the past couple months. Rallies will be swift and volatile to shake out weak shorts, but we will view them as shorting opportunities unless the markets change posture significantly. Tomorrow is an unusually full news day for a Friday that will cap a volatile week and the end of the month. Though Chicago PMI tomorrow at 9:42 am (released 3 min. ahead of official time to subscribers) is not expected to be a market mover, it was a surprise at the end of last month that provided some early volatility to the trading day. FOMC and Employment Situation next week may provide rallies for possible swing shorts.

Trading Today. The ES sold off down to the monthly pivot yesterday at 1038.50 where it settled, and on GDP, has rallied to the confluence of the 50% retracement off yesterday's intraday high and closing VWAP at 1048.75. It's a bit surprising the rally has not moved farther in light of GDP delivering as expected, so while we're still willing to buy down to the overnight low at 1037.50, a move below 1043.00 will make it difficult to break to new highs after the open. Above, and 1053.25 to 1055.50 is R1 resistance, then there is a clear path up to the highest volume point of control at 1063.00 in close confluence with yesterday's high. If the ES can close above, a minor short covering rally will likely continue into tomorrow. If the ES heads south, we will not attempt to pick bottoms below 1037.25, but 1032.50 to 1033.75 is strong Fib support.

Today's volume profile:



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

Day Trading Guide

Daily Gaps

1039.50 (4:00 pm close)
1038.50 (4:15 pm settlement)

Daily Pivots

1045.50 (day-session-only)
1046.50 (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

1033.75, 1022.75, 1004.75, 975.50,
961.00, 937.25, 899.00, 882.25,
831.25

Countertrend Longs*

~~1046.25~~

Countertrend Shorts*

1064.50

* 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

7 Yr Note Auction at 1:00 pm

Tomorrow's Scheduled News

Major Market Movers

Personal Income/Outlays at 8:30 am

Consumer Sentiment at 9:55 am

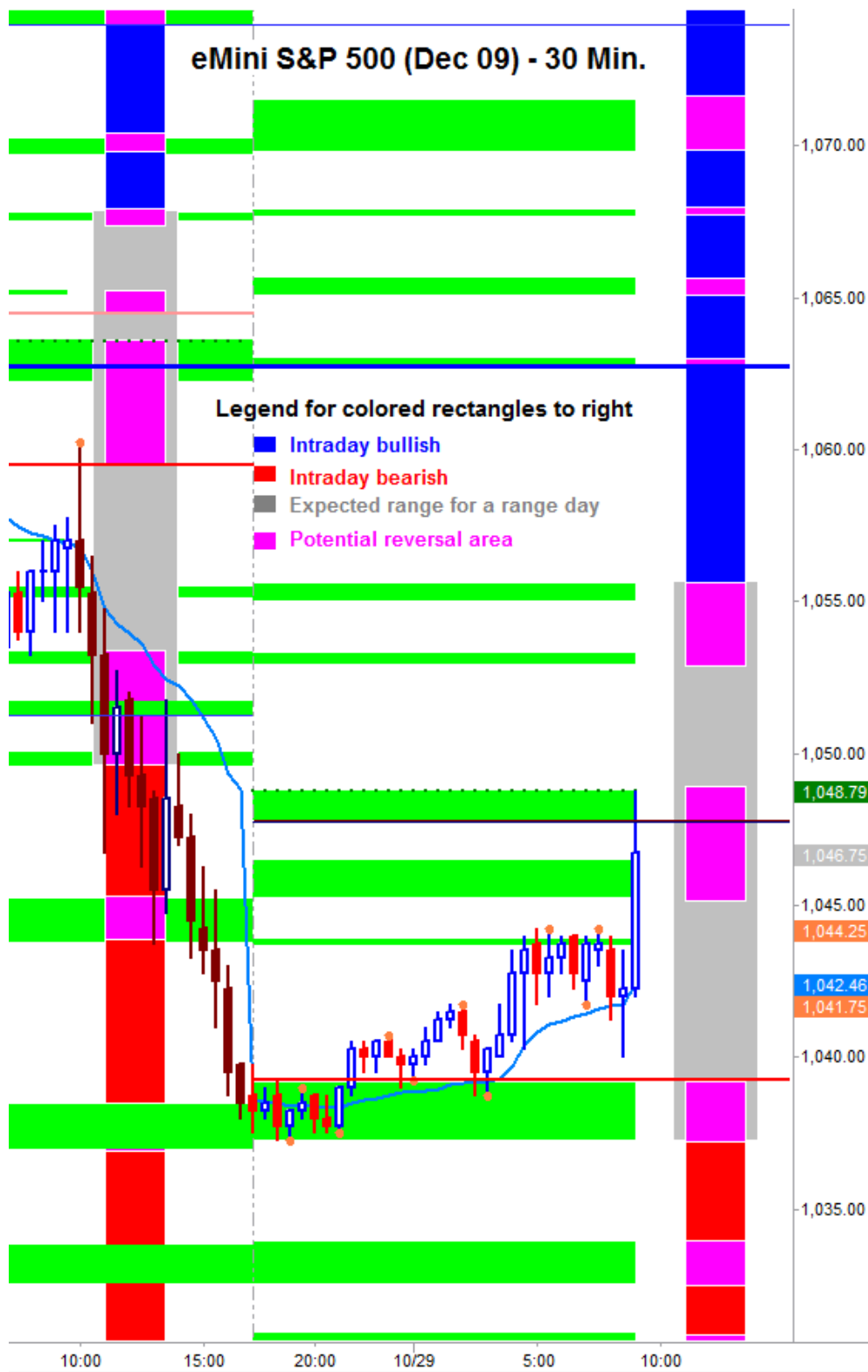
Minor Market Movers

Employment Cost Idx at 8:30 am

Chicago PMI at 9:42 am

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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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