

The PRECISION REPORT

Precise Market Timing



October 2, 2009

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

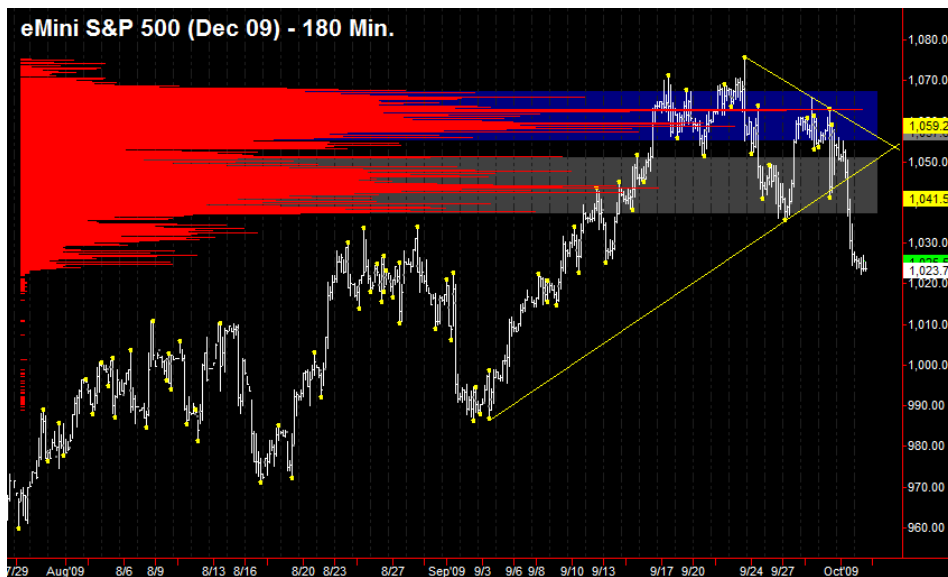
The Precise Take – T-Bonds break out, equities looking for support on Employment report

Leaders Analysis: As we noted intraday yesterday, 30 Year T-Bond futures broke above critical resistance of 122 and now sit around the mid 123's. A weekly close above 122, which is now very likely will make it more difficult for equities to continue to advance. Also, the EuroYen forex cross has now broken below its 200 day moving average overnight, and a close below is also bearish for equities.

Medium Term Analysis: The one positive for equities is that they have continually reversed when things have looked their most bleak. To quantify, however, we need to see a daily close above the 1043.50 market profile point of control for longs to prove they can at least hold the current lows. Looking to next week, there is very little in terms of scheduled news that would provide an upside impetus for equities. Unless today reverses substantially the damage done yesterday, the best case for the longs is probably a repeat of the June earnings season with lower to sideways action until another excuse for a short covering rally can be found (a la Goldman earnings surprise). The danger is that an October correction, which everyone seems to expect, can easily feed on itself.

Trading Today. As we write, the Employment Situation report has disappointed and the ES has traded to strong Fib support (actual low 1013.50). The 1011.50 (weekly S2) level should hold early and we are willing to trade long against it give the extreme oversold nature of the market. If the ES trades below that, we stand clear. Due to the bullish nature of Employment Report Friday's, we won't try to fade short the potential reversal areas unless and until we see weakness in the 1036 to 1044 range.

Today's volume profile:



Day Trading Guide

Daily Gaps
 1024.75 (4:00 pm close)
 1027.50 (4:15 pm settlement)

Daily Pivots
 1033.75 (day-session-only)
 1036.00 (day & overnight sessions)

Unfilled Gaps
 1011.75 to 1014.75 (price)

Upside Targets
 1126.25, 1144.75, 1160.75

Downside Targets
 991.00, 948.75, 922.25, 913.00,
 854.75, 846.00, 828.00, 811.75,
 777.25

Countertrend Longs*

None

Countertrend Shorts*
 1064.50, 1071.25

* 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
 Factory Orders at 10:00 am

Tomorrow's Scheduled News

Major Market Movers
 ISM Non-mfg Index at 10:00 am

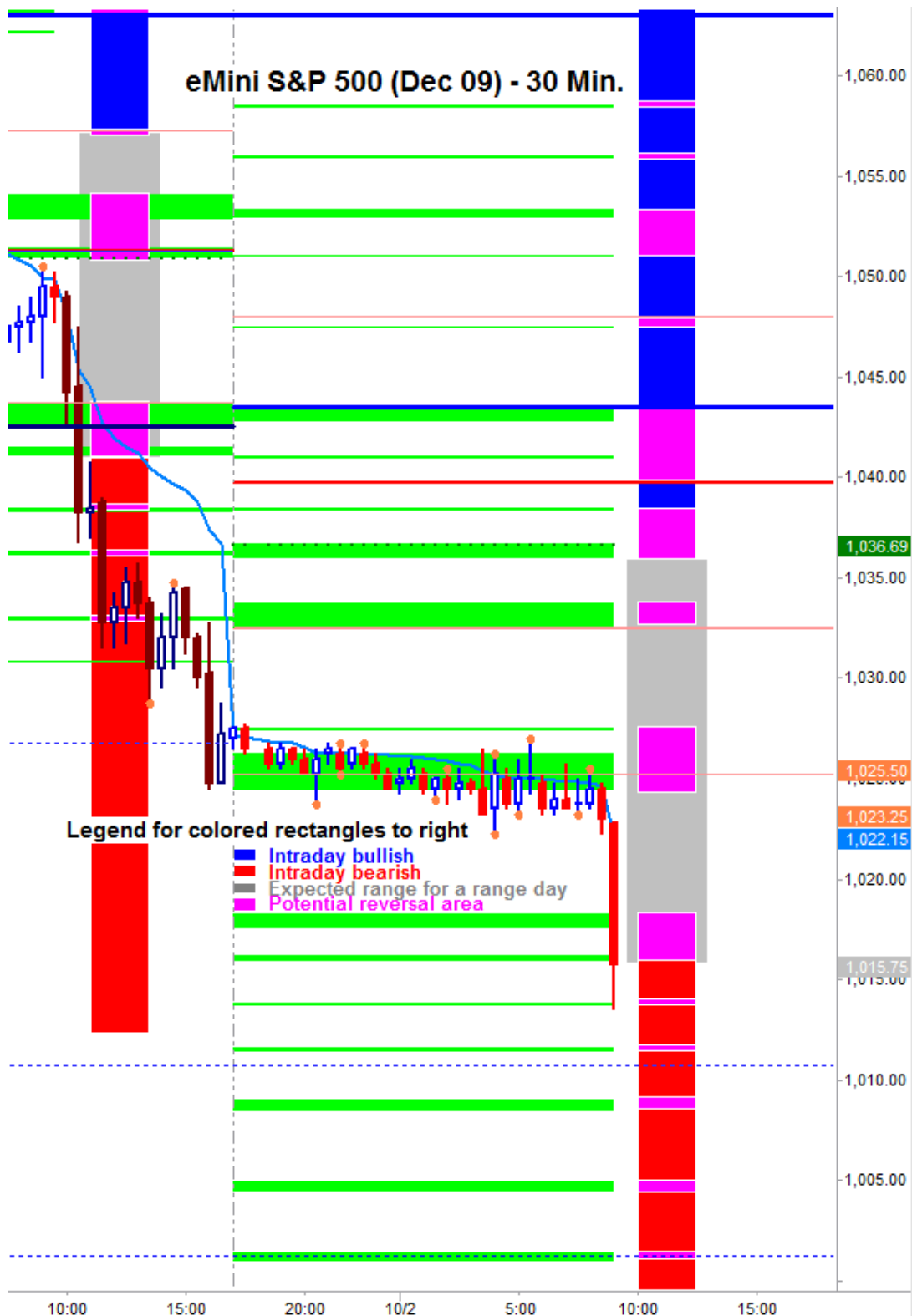
Minor Market Movers
 None



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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