



October 30, 2009

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

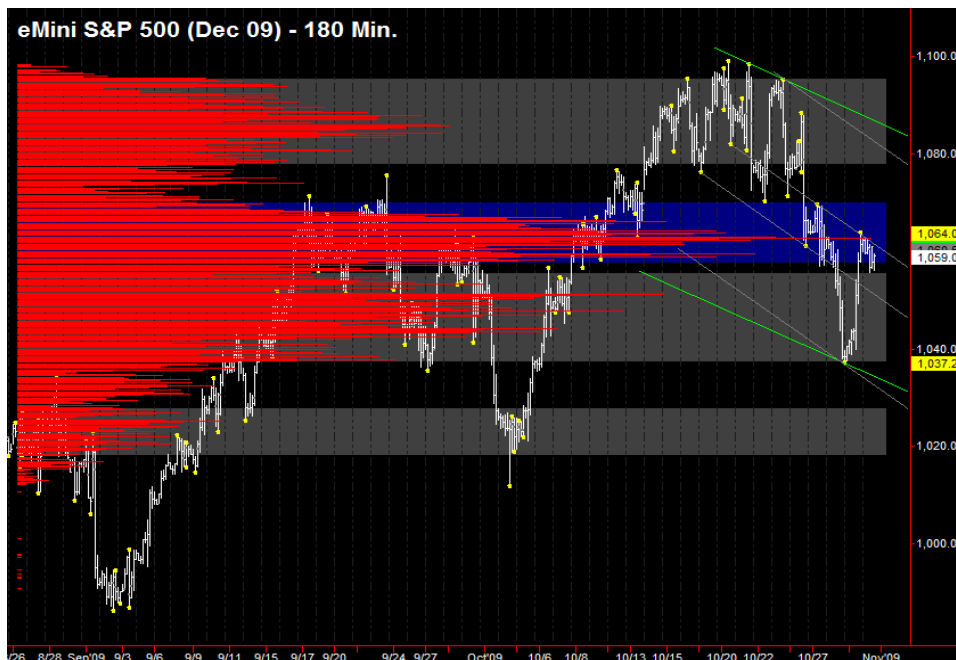
**The Precise Take** – Equities attempt to hold on to gains on the close of the month

**Leaders Analysis:** Big reversals yesterday in just about everything and overnight, mostly consolidation. 30 Year T-Bonds look poised for another test of the upward boundary of the downward trend channel, so we will watch them closely today to see if they can break out (equities bearish) or reverse down (equities bullish).

**Medium Term Analysis:** We wrote toward the close yesterday that it would take a near perfect storm for bulls to reach new highs in the S&P 500 and that the deck is stacked against them. However, they have pulled many rabbits out of their hats, so here's how a rally would need to unfold. Today and Monday are key because they contain the most likely negative reports—Chicago PMI, Consumer Sentiment and ISM Manufacturing—for nearly two weeks. The second week of November features no major report until Thursday, and even then, nothing likely to be interpreted too negatively if equities are up. The third week is much more difficult and begins with Retail Sales on Monday at 8:30 am, then PPI, Industrial Production, CPI and Housing Starts. Back to the present, if bulls can get over this two day hump, and FOMC next Wednesday and Employment Situation next Friday support, there is a chance of another short covering rally with new material highs. As we have written before, FOMC is unlikely to say anything that rocks the boat, and many of their policy changes are being announced in separate press releases. Barring the perfect bull storm outlined above, we still expect sideways to down action for November.

**Trading Today.** As we write, the two 8:30 am reports have not moved the markets much, so the two reports prior to 10:00 am today will be the catalysts if they are out of line with expectations. We prefer to be early buyers between 1053.00 to 1056.75, but may buy down to S1 at day-session-only 1049.50, depending on the reports. It's the end of the month, so we will be careful not to fade a directional move that gets underway. Above, and we will look to protect profits on any longs at 1067.00 to 1068.75 and perhaps reverse short. The important level to watch remains 1063.00, above which longs will want to close today. We will update shortly after 10:00 am.

**Today's volume profile:**



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

### Day Trading Guide

#### Daily Gaps

1061.50 (4:00 pm close)  
1061.50 (4:15 pm settlement)

#### Daily Pivots

1056.75 (day-session-only)  
1054.25 (day & overnight sessions)

#### Unfilled Gaps

1011.75 to 1014.75 (price)  
1038.50 to 1042.50 (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\*

1045.75, 1050.25

#### 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

Consumer Sentiment at 9:55 am

#### Minor Market Movers

Chicago PMI at 9:42 am

### Tomorrow's Scheduled News

#### Major Market Movers

ISM Mfg Idx at 10:00 am

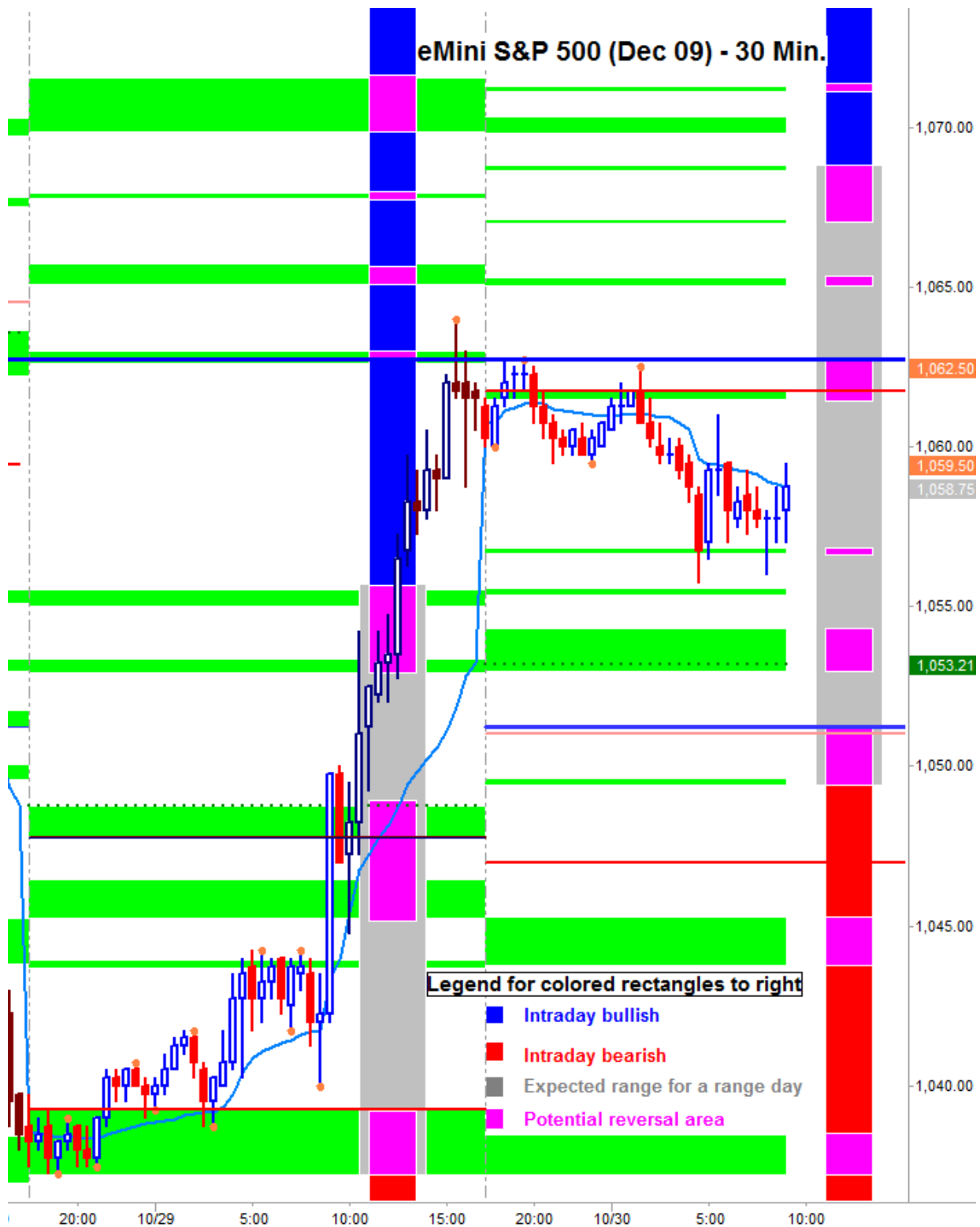
Pending Home Sales Idx

#### Minor Market Movers

Construction Spending at 10:00 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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