

# The PRECISION REPORT

Precise Market Timing



October 8, 2009

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

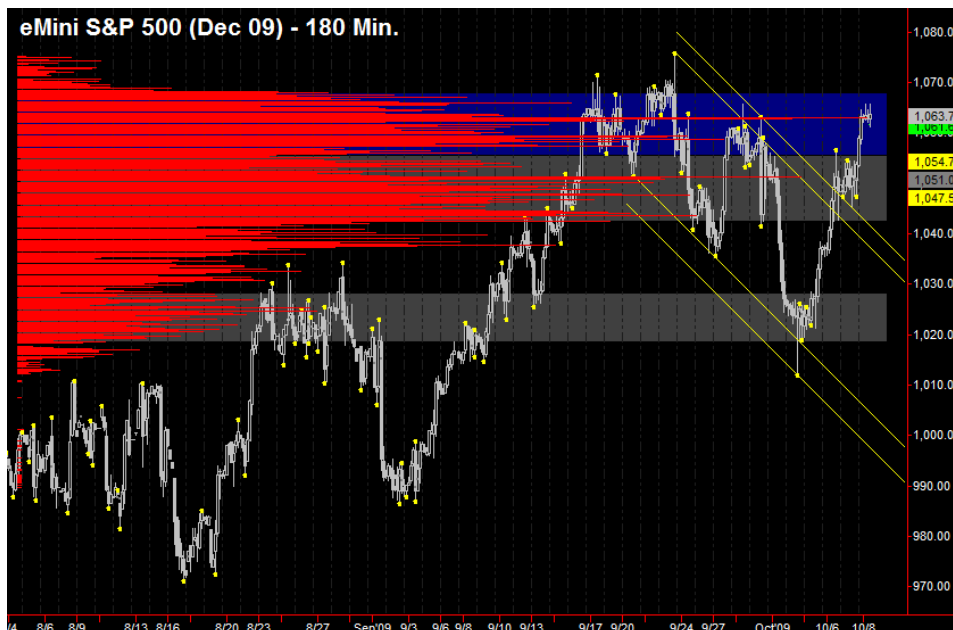
**The Precise Take** – ES testing contract highs as earnings season is underway

**Leaders Analysis:** Gold has advanced with equities overnight on the Alcoa *earnings surprise*. As we [wrote yesterday](#) ([free registration](#)), we don't like to chase gold, but it will likely advance strongly as long as equities do the same. However, strength in 30 Year T-Bonds and the Yen, especially in the EuroYen cross (still hugging the 200 day moving average), continues to refuse to confirm the moves in equities and gold. They may simply be lagging, waiting to see if the S&P 500 can break through its September's closing highs.

**Medium Term Analysis:** As we have been writing, it is best not to get too aggressive with shorts while the Fed liquidity spigots are on, even with dismal fundamentals, such as yesterday's [Consumer Credit report](#). Having said that, the longs have been put through some pain as well. Such is the volatility we expect in October as a result of the distortions and strong contraction in money supply. The ES is close to, but has not yet cleared the 1067 resistance level (two week's prior point of control), which is the last major holdout to new highs. Longs will want to have cleared it and made new highs prior to next Wednesday's Retail Sales report, which is likely to be dismal. With a three day weekend ahead, all the better if the shorts are scared out entirely by Friday.

**Trading Today:** As we write, the ES is attempting to break through the lower boundary of strong resistance from 1065.75 to 1068.00 on a bullish Jobless Claims report. If it cannot break through pre-market, we would still be buyers at the 1059.75 to 1060.75 daily R2's support area. Longs will want the daily R1's at 1056.50 to 1057.00 to provide support to continue the rally this week (we would still consider buying here as well, though not as aggressively); however, only a close below 1050.00 puts the rally in more serious jeopardy. Above, and we won't attempt to pick tops, but will watch 1070.25 and 1075.75 as potential reversal areas. The only possible (aggressive) short we would consider as of now is an early failure after the open in the 1065.00 to 1068.00 area, wanting to see a quick rejection of this area.

**Today's volume profile:**



### Day Trading Guide

**Daily Gaps**  
 1053.25 (4:00 pm close)  
 1053.50 (4:15 pm settlement)

**Daily Pivots**  
 1051.50 (day-session-only)  
 1051.25 (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**  
 991.00, 948.75, 922.25, 913.00,  
 854.75, 846.00, 828.00, 811.75,  
 777.25

**Countertrend Longs\***  
 1046.25

**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**  
 30 Yr Bond Auction at 1:00 pm

**Minor Market Movers**  
 RBC CASH Index at 9:00 am  
 Wholesale Trade at 10:00 am

### Tomorrow's Scheduled News

**Major Market Movers**  
 Int'l Trade at 8:30 am

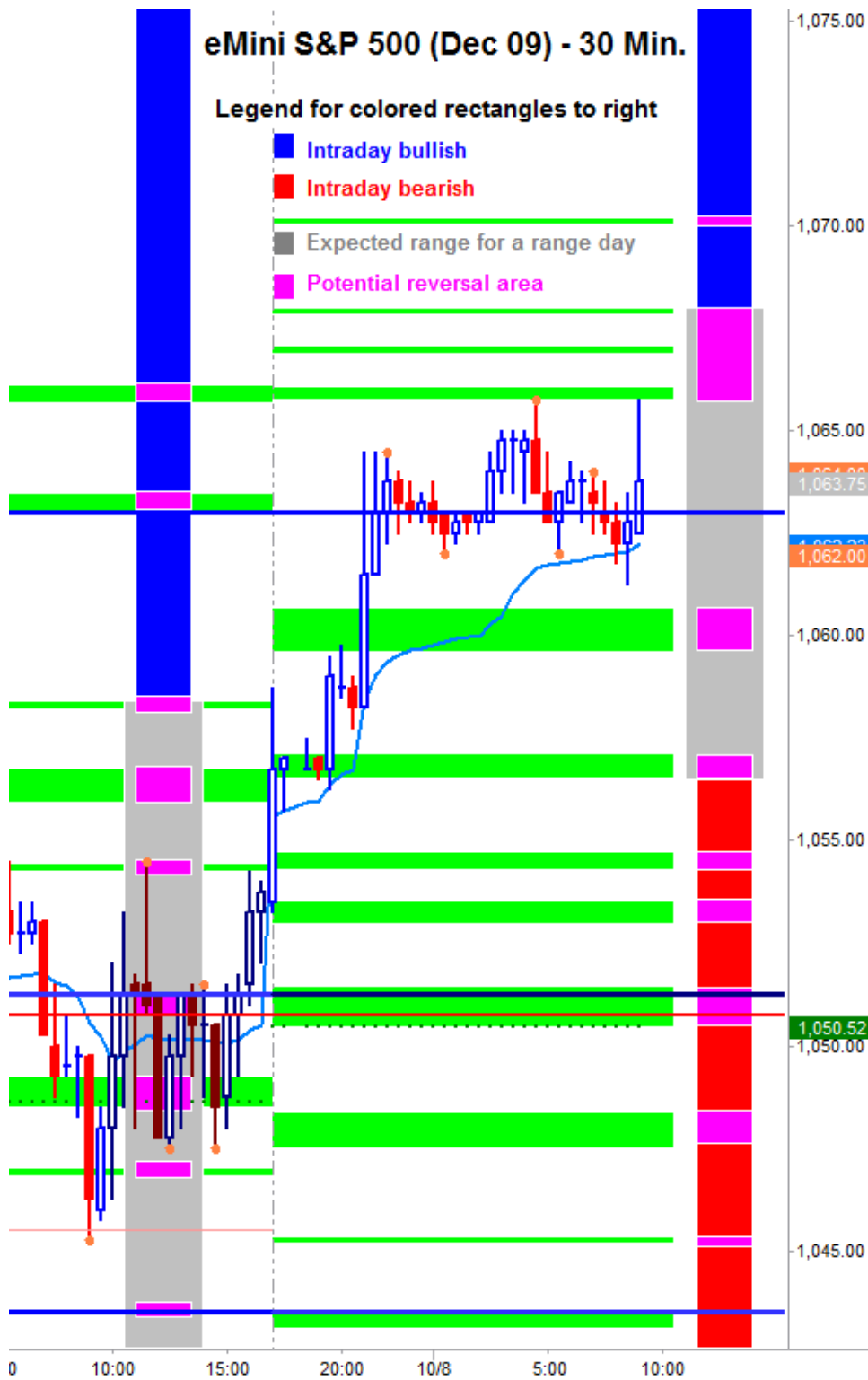
**Minor Market Movers**  
 None



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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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