



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

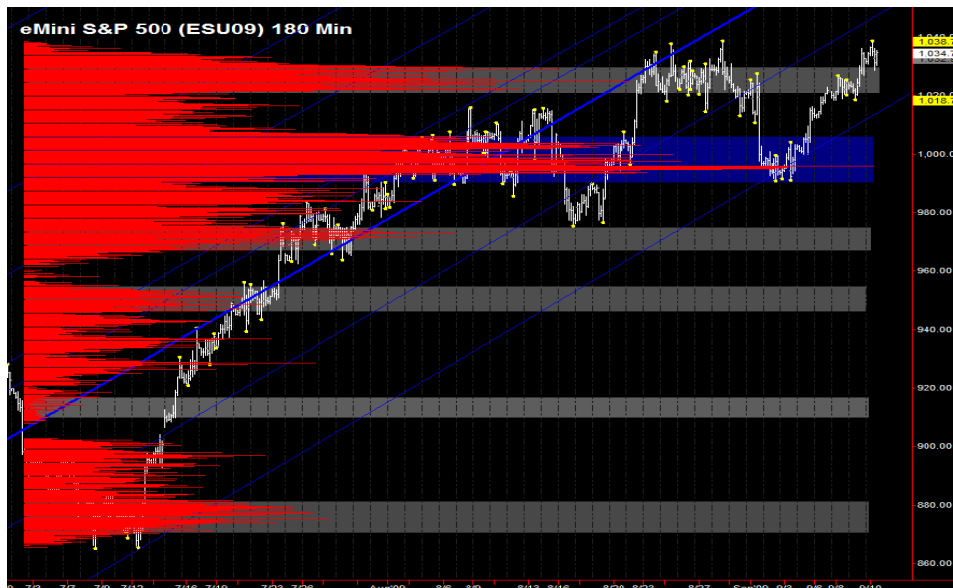
**The Precise Take** – Overnight, the eMini S&P 500 tests contract highs to the tick

**Leaders Analysis:** Markets had priced in strong demand at yesterday's 10 Year auction and equities closed strongly. 30 Year T-Bond futures made a hammer bottom on the daily chart, spiking nearly to the 61.8% support. Gold continues to back off from the 1000 level and the US Dollar index is respecting trendline support. Nearly all the market leaders are pointing to lower equities; however, equities refuse so far to obey. The lone dissenter among the leaders (or at least neutral) is the EuroYen forex cross, which is at its 50 day moving average, but is not yet showing reversal signs to confirm the other leaders. The two most likely possibilities are:

- 1) The majority of the leaders are correct and equities will correct today. This means we either have a perfect double top at 1038.75, or we will get an extension beyond the highs, which will be reversed late day.
- 2) The majority of the leaders are correct, but will tread water while equities head higher and eventually reverse next week.
- 3) The majority of the leaders are incorrect and equities will continue to post new material highs with the leaders reversing into next week (gold higher, Treasuries and the Dollar lower).

1 is the most likely, but 2 is gaining ground quickly. Everyone seems to expect a September correction, which we believe will come, but will likely cause considerable pain to the shorts before occurring. Currently, we don't believe the shorts have hurt enough and believe an extension to the next upside target of 1053.50 (a major 50% retracement on the continuous futures chart for the ES) would be sufficient to cause this. Today is a full news day and a 20 point extension upwards is at least conceivable.

**Trading Today:** As we write, the ES is advancing on the 8:30 am Int'l Trade and Jobless Claims reports. Overnight, yesterday's highest point of control in confluence with the combined session pivot point served as support, and longs will need to keep price above this low of 1028.75 to get another extension. We will not fade short any strength until late afternoon, if at all, as it is dangerous to pick tops here. Above 1039.50 and we are outright intraday bullish, only looking for longs. Below 1028.75, we are outright intraday bearish, only looking for shorts. Because of the large potential for a top today, we will likely not fade long weakness.



### Day Trading Guide

#### Daily Gap

1033.00 (4:00 pm close)  
1032.50 (4:15 pm settlement)

#### Daily Pivot

1030.50 (day-session-only)  
1029.75 (day & overnight sessions)

#### Unfilled Gaps

903.50 to 912.50 (price)  
955.00 to 962.50 (volume)

#### Upside Targets

1053.50, 1066.00, 1126.25

#### Downside Targets

973.25, 948.75, 922.25, 913.00,  
854.75, 846.00, 828.00, 811.75,  
777.25

#### Countertrend Longs\*

917.75, 933.25, 940.75, 945.25,  
963.25, 1001.75

#### 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

Int'l Trade at 8:30 am  
Jobless Claims at 8:30 am  
EIA Petroleum Stats at 10:30 am  
30 Yr Bond Auction at 1:00 pm

#### Minor Market Movers

Bank of Canada Announcement at 9:00 am  
RBC CASH Index at 9:00 am

### Tomorrow's Scheduled News

#### Major Market Movers

Consumer Sentiment at 9:55 am  
Treasury Budget at 10:00 am

#### Minor Market Movers

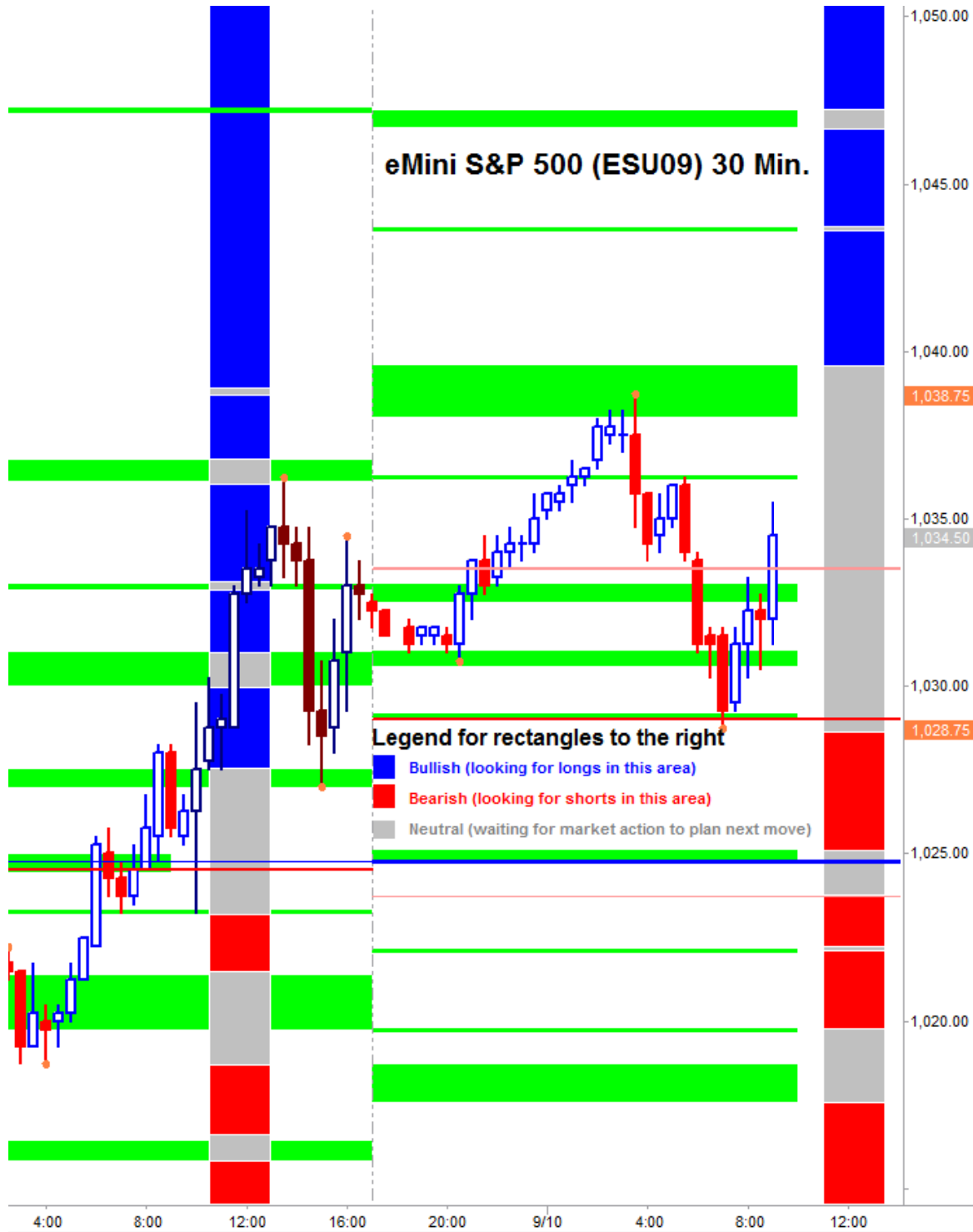
Wholesale Trade at 10:00 am



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 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.

Support and resistance is as follows:



**Legend:** Market Profile points of control (POC's) are calculated each day and displayed as lines colored shades of green 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. They areas are drawn as shaded green boxes. Previously drawn areas have not been adjusted retroactively.

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