



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

**The Precise Take** – Equities maintaining strength in the midst of heavy news week

**Leaders & Medium Term Analysis:** Gold shot up to 1023.30 overnight (basis Dec 09) on continued US Dollar weakness, which also has helped fuel the continued surge in equities. As we have been writing, we have a very good probability of a top either today or tomorrow, but need to see confirmation with a close below 1030 in the ES by tomorrow. Overnight, the ES has maintained strength by yesterday's highs, but 30 Year T-Bond futures are up slightly and the EuroYen forex cross down materially, which are both non-confirmations for equities and gold strength. The ideal top will be a spike up in equities on one of the pre-market reports this morning with a distribution day that closes below 1030. Alternatively, tomorrow's two 8:30 am reports could be the bearish catalyst. If this scenario does not play out, there is very little overhead resistance above 1066.00 until we get to the 50% retracement of the entire down move at 1126.25, with other Fibonacci resistance at 1144.75 and 1160.75.

**Treasury Analysis:** Tomorrow, Treasury will announce next week's auction schedule. Last month, the continued upward trend in auction amounts was halted, and we expect this month to be on par to slightly less than last month. We do not expect the same nervousness in the bond markets that we had in previous months as recent long term auctions have gone well and yields are testing support rather than on the verge of breaking through upside resistance. If we do get the reversal in equities this week, the 30 Year should be finally able to break through its resistance (and yields through support) and we would likely see a short covering rally up to at least the 124-125 level.

**Trading Today:** As we write, the markets have reacted tepidly to CPI and the Current Account reports at 8:30 am, and there are still TIC and Industrial Production before the market opens. We are willing to cautiously buy strength between 1042.50 to 1046.00, but become intraday bearish below, mindful of the strong possibility of a longer term correction. Therefore, we will *not* fade long weakness below 1042.50. We become intraday bullish above 1053.25, willing to fade short early weakness between 1051.25 to 1053.25 (allowing for up to a one point spike above this area that is quickly reversed). Above 1053.25 and we will only look for longs up to 1065.25 to 1070.00, where we are willing to fade short weakness (this is the upper end of our long term upside price target area).

### Day Trading Guide

**Daily Gap**  
 1047.75 (4:00 pm close)  
 1046.00 (4:15 pm settlement)

**Daily Pivot**  
 1045.50 (day-session-only)  
 1045.50 (day & overnight sessions)

**Unfilled Gaps**  
 1011.75 to 1014.75 (price)

**Upside Targets**  
 1053.50, 1066.00, 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\***  
 1040.25

**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

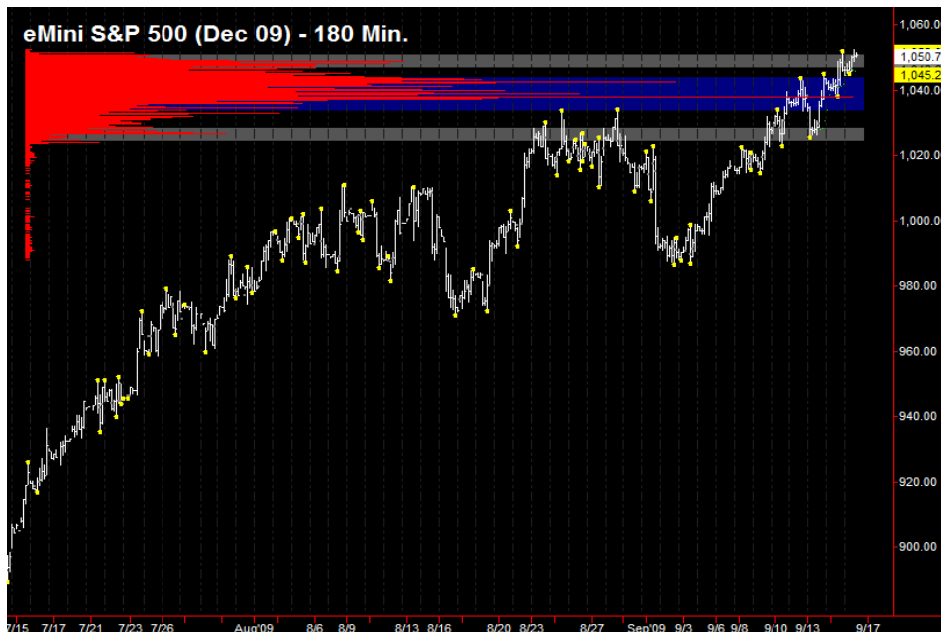
**Major Market Movers**  
 Industrial Production at 9:15 am

**Minor Market Movers**  
 Treasury Int'l Capital at 9:00 am  
 EIA Petroleum Stats at 10:30 am  
 Housing Mkt Index at 1:00 pm

### Tomorrow's Scheduled News

**Major Market Movers**  
 Housing Starts at 8:30 am  
 Jobless Claims at 8:30 am

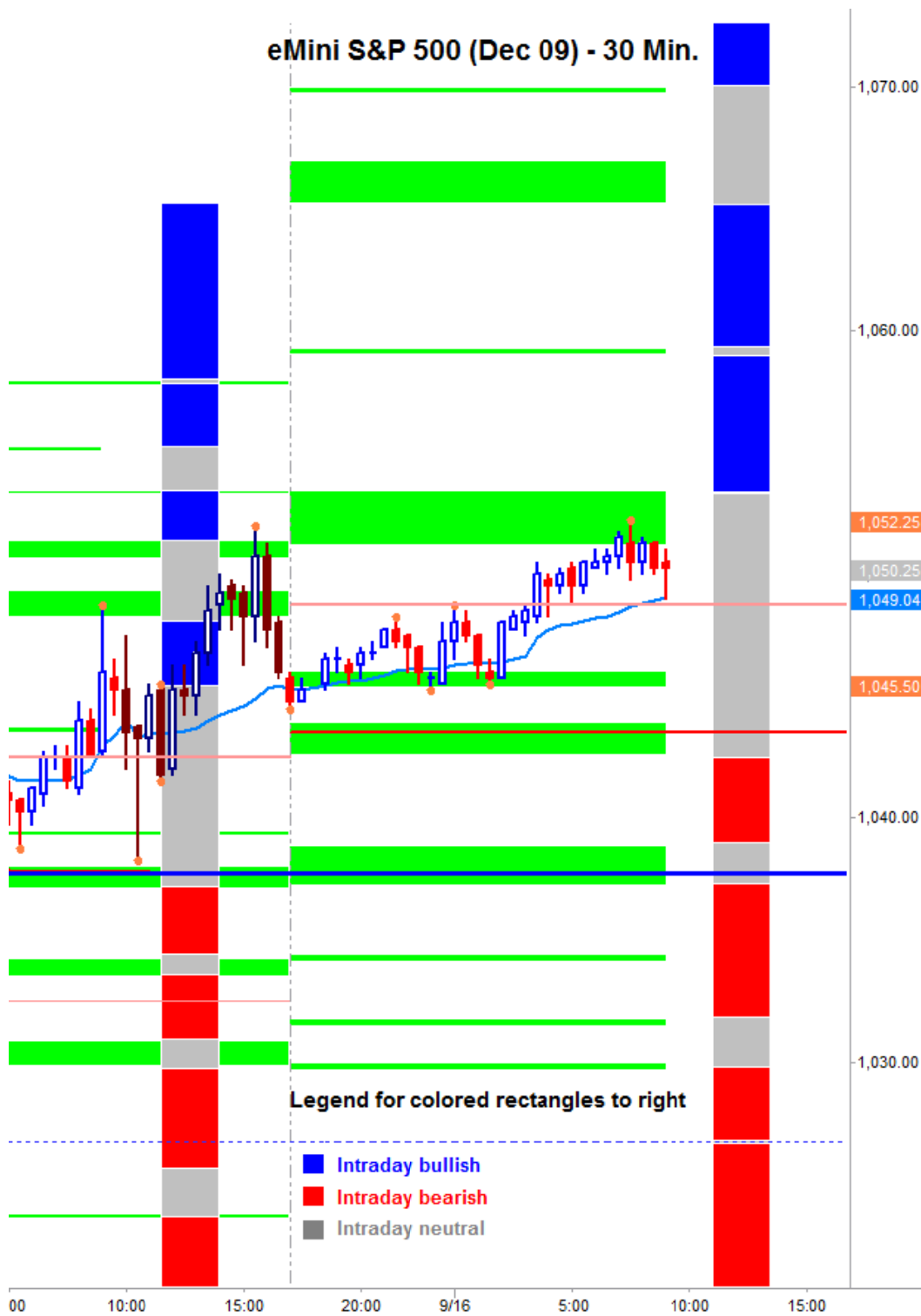
**Minor Market Movers**  
 Phil Fed Survey at 10:00 am  
 Fed Res Auction Announcement at 11:00 am



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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