



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

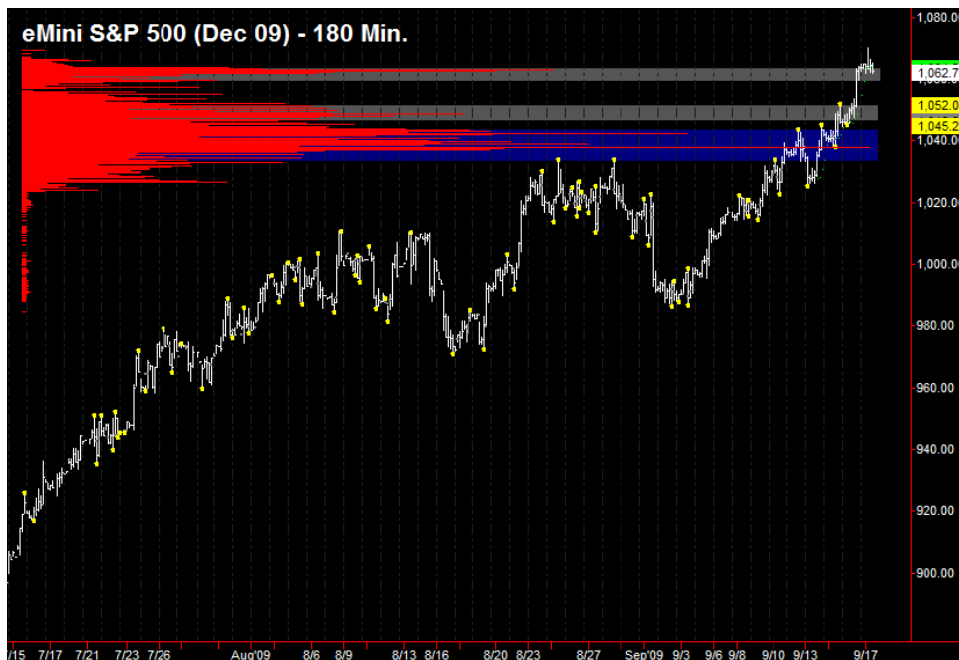
The Precise Take – Continued strength overnight into options expiration Friday

Leaders Analysis: As we [updated yesterday](#), the leaders are confirming the strength in gold and equities, with correlations that match the past year's norms.

Treasury Update: As we [also updated yesterday](#), Treasury has announced the effective cessation of its Supplemental Financing Program that was intended to help the Fed with its balance sheet one year ago, with the effect that \$185 B could possibly work its way into the markets over the coming weeks. We received many questions and comments and will post an update before Friday noon at the latest after we have seen the Fed's latest statistics published after today's close. If Treasury gave appropriate notice of this change, any trading effects should not be felt until next Thursday.

Medium Term Analysis: Yesterday, we did not see the distribution day we wanted to confirm an intermediate top. We could still get one today per our less likely scenario, but we would need to form a bearish engulfing candle with a close below yesterday's overnight low of 1044.50 to have this possibility. As always, we don't front run possibilities; however, we do adjust our day trading accordingly. Tomorrow is options expiration day, and next week features the end of month Treasury auctions and an FOMC Announcement Wednesday. Any major change to monetary policy is unlikely to be announced, and we must take heed of the historical probability of another surge in equities on this day. If we don't correct today, the next upside targets range from 1126.25 to 1160.75 and are reachable by early October.

Trading Today: Overnight, the ES reversed down off the confluence of daily R1 and monthly R2 at 1070.00. This will be a key level for the longs to break to make new highs this week. Above, and we are outright intraday bullish, watching 1074.75 to 1076.75 as a potential reversal area and which we are willing to fade short on a quick rejection of the area. Above that, and we have no more resistance until 1091.00. Below the overnight low of 1061.75 (as we write), we become intraday bearish, watching 1057.25 to 1058.50 and 1050.75 to 1053.00 as potential reversal areas. We are willing to fade long the former at ~1058 as it contains the daily pivots, but will not pick bottoms below.



Day Trading Guide

Daily Gaps
 1063.50 (4:00 pm close)
 1063.50 (4:15 pm settlement)

Daily Pivots
 1058.50 (day-session-only)
 1057.50 (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*

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

None

Minor Market Movers

Phili Fed Survey at 10:00 am
 Fed Res Auction Announcement at 11:00 am

Tomorrow's Scheduled News

Major Market Movers

None

Minor Market Movers

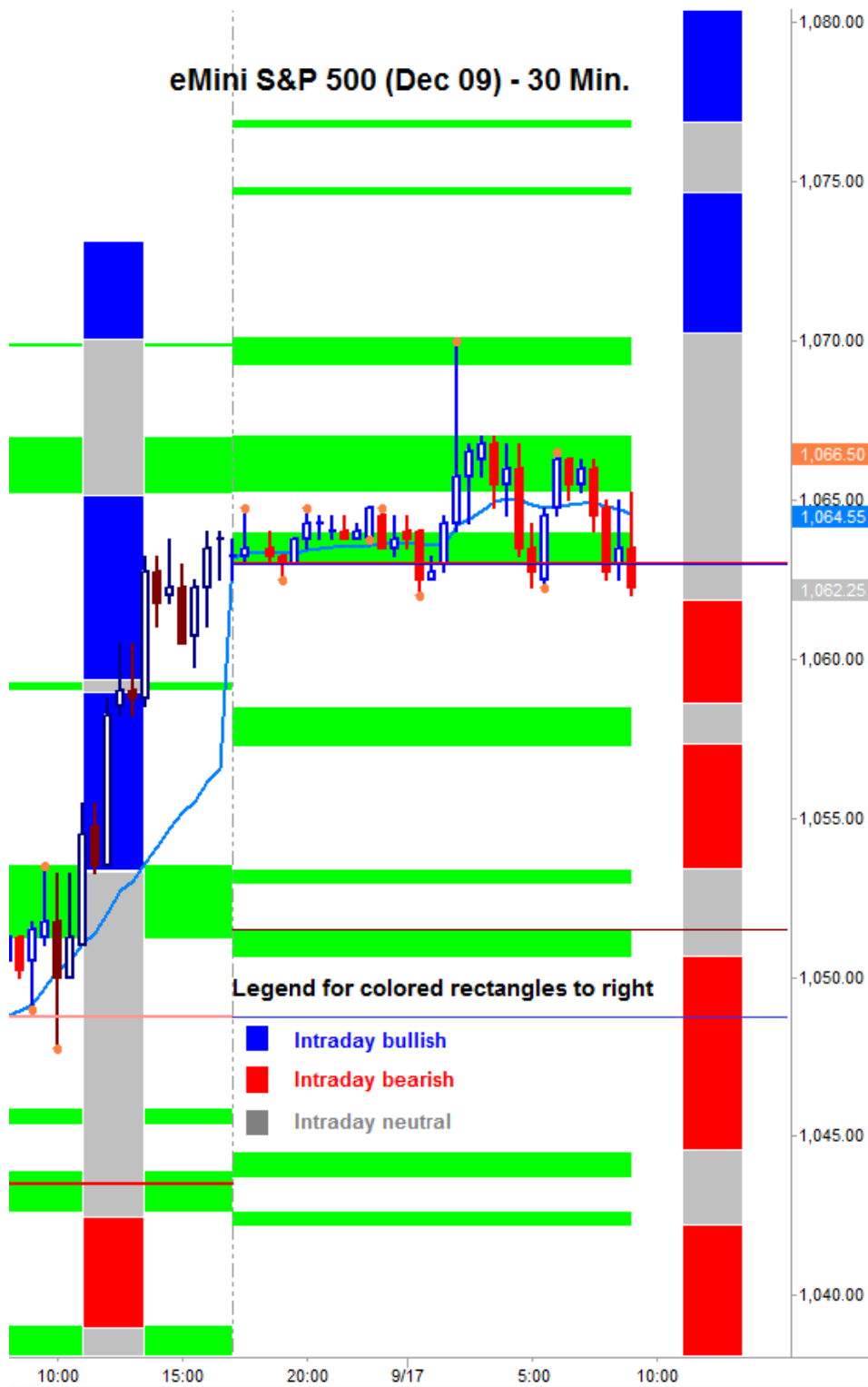
None



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 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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