

The PRECISION REPORT

Precise Market Timing



September 3, 2009

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

The Precise Take – Markets positioning ahead of Friday's Employment Report and 3 day weekend

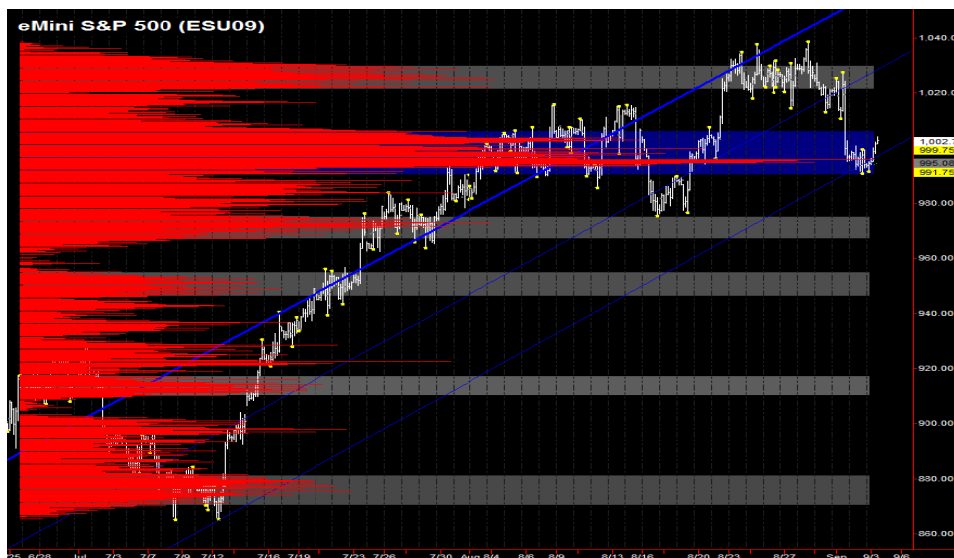
Gold: Thanks for all the responses to our [posts yesterday](#) regarding the breakout in gold. We will have additional thoughts to be posted intraday today. For now, gold has indeed advanced higher again overnight, but we don't expect a confirmation of the breakout until at least tomorrow, if not early next week.

Time Profile: Today is an Agency POMO day; however, as we wrote Tuesday morning, the POMO edges have dwindled to nothing recently. Additionally, we believe the Agency POMO effect of the last two months was helped in part because most of these days were Friday's, which have had a bullish bias since March. Accordingly, we're not posting a Time Profile for today.

Employment Situation (NFP): As we have noted before, the March rally was kicked off on an NFP day, and every subsequent report has been at an important support or resistance level. As we are now in the bottom range of the week's range, the probability (if the pattern holds) is for tomorrow's report to result in a spike low that confirms ~991 as support in the ES, and leads to a rally into next week. This would also confirm the positive correlation between gold and equity prices. As always, though, we must be prepared for when patterns break, so it could be that tomorrow's report will result in an extension of the down move. We will have more information in tomorrow's report (published just after the report) for what we expect the resulting move to be.

Market Profile: As evidenced by the market profile chart below, the ES is still in the value area centered around the 995.25 point of control. Should it break out of the value area (higher than 1006.00), it will likely test at least the minor point of control at 1016.50. A quick rejection off that area is a very strong sell signal, but not likely to be reached today. Above 1016.50, and the next point of control is 1024.75. If the ES breaks above and starts accepting value there, new highs are likely. To the downside, a break below 991.75 suggests a test of the 973.25 point of control, again not likely today.

Trading Today: We are expecting another low range day and would fade the 1004.00 to 1006.00 area short on weakness (quick rejection of the area). If the ES hangs around in the upper range and starts building volume there, then we would prepare for a move up to at least the monthly pivot at in confluence with daily R3 at 1011.50 to 1012.50, where again we would fade short weakness. A move down to the daily pivot gap area in confluence with the main point of control (994.00 to 995.25) is a buy for us. We become intraday bearish below this area (994.00) and will not look for longs until the 984.00 to 986.00 area.



Day Trading Guide

Daily Gap
993.75 (4:00 pm close)
994.00 (4:15 pm settlement)

Daily Pivot
995.00 (day-session-only)
995.25 (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

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
RBC CASH Index at 9:00 am
ISM Non-Mfg Index at 10:00 am
Fed Balance Sheet & Money Supply at 4:30 pm

Tomorrow's Scheduled News

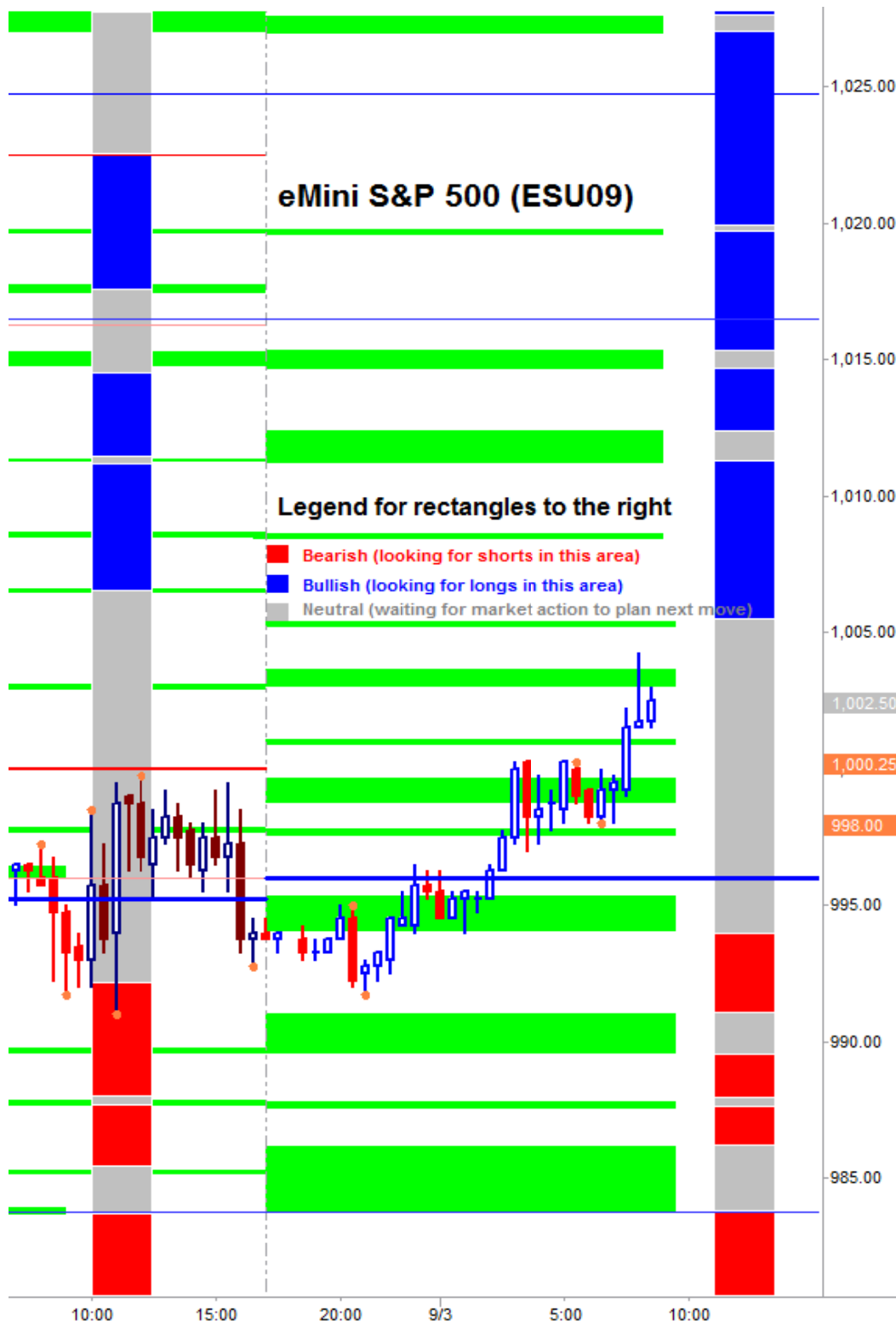
Major Market Movers
Employment Situation at 8:30 am

Minor Market Movers
ECB Announcement at 7:45 am
RBC CASH Index at 9:00 am
ISM Non-Mfg Index at 10:00 am
Fed Balance Sheet & Money Supply at 4:30 pm

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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