



September 4, 2009

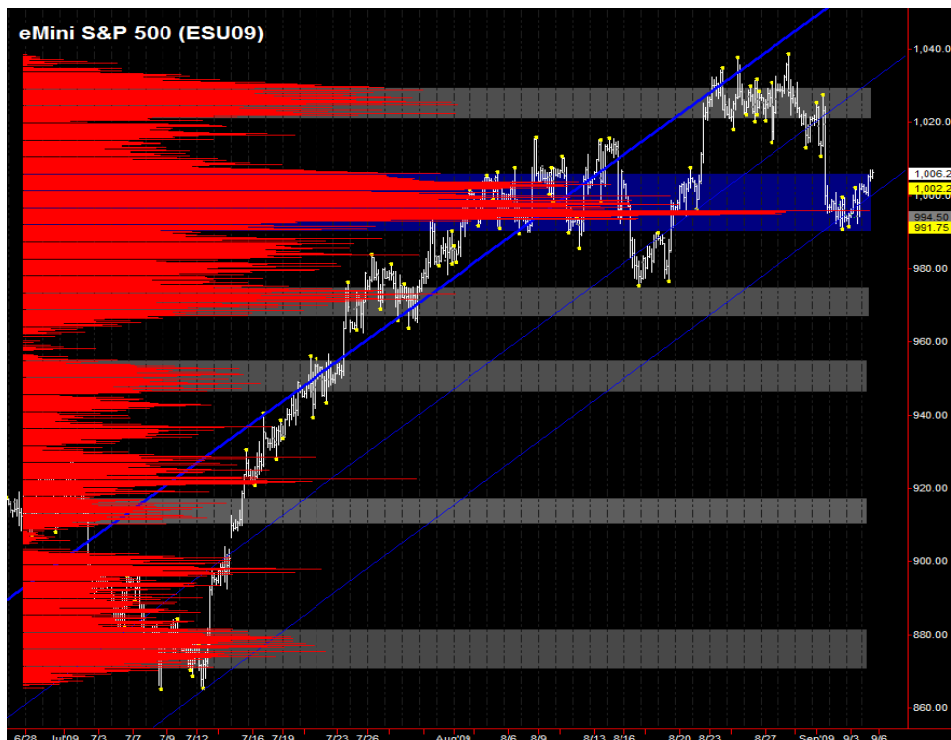
COMMENTARY FOR THE eMINI S&P 500 SEP 2009 CONTRACT (the "ES")

The Precise Take – Can rally off bearish NFP report continue?

Treasury Analysis: Treasury announced yesterday the schedule for next week's auctions of the 3, 10 and 30 Year. The uptrend in auction amounts has been broken for the 10 Year (\$20 B down from \$23 B last month) and 30 Year (\$12 B down from \$15 B), though the 3 Year is up (\$38 B up from \$37 B). It may be a bit easier to pull off a decent auction now, but one wonders if the termination of quantitative easing (POMO buys of long term Treasuries) is weighing on this decision to sell less at auction because of anticipated problems with demand. In an event, yields on the 30 Year hit a low of 4.10% Wednesday (down from a high of 4.84% in June) and Bernanke is not facing the same problem of out of control yields he did then. Rather, talk has turned to concerns of deflation, and with yields at support and the 30 Year T-Bond future at resistance, we should get an extended move underway next week in one direction or the other.

NFP: As we write, the headline number of jobs lost came in at -216,000 (middle of expectations) and the previous month was revised down by 49,000 jobs (bearish), and the unemployment rate continued to climb another tenth to 9.7%, the highest rate in 20 years (bearish). However, support has formed at the 1000 level, just above the daily pivots, and the ES has now made new highs into the 1010 area. The pattern has been for NFP day to mark interim highs or lows. With today's low being too far (in our opinion) off the 991.00 low to mark an interim low, for the pattern to hold, we would need to see 1025 today (preferably higher), then head down into next week, thus making an interim high. All in all, the best we can say is we are getting mixed signals this time around that are suggesting some unlikely conclusions.

Trading Today: Key today will be the opening 30 minutes to either confirm or reject the upward thrust in pre-market trading. Longs will want to keep the ES above the range formed by yesterday's high to the daily R1's (1004.25 to 1007.00) to keep the directional up movement going. Below 1004.25 in day session trading and we could have a reversal that tests at least 991 support.



Day Trading Guide

Daily Gap
1002.00 (4:00 pm close)
1001.75 (4:15 pm settlement)

Daily Pivot
998.75 (day-session-only)
999.00 (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
None

Tomorrow's Scheduled News

Major Market Movers
None

Minor Market Movers
3 Yr Note Auction at 1:00 pm
ICSC Goldman Store Sales at 7:45 am
Redbook at 8:55 am
Consumer Credit at 3:00 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.

Non farm payroll days:

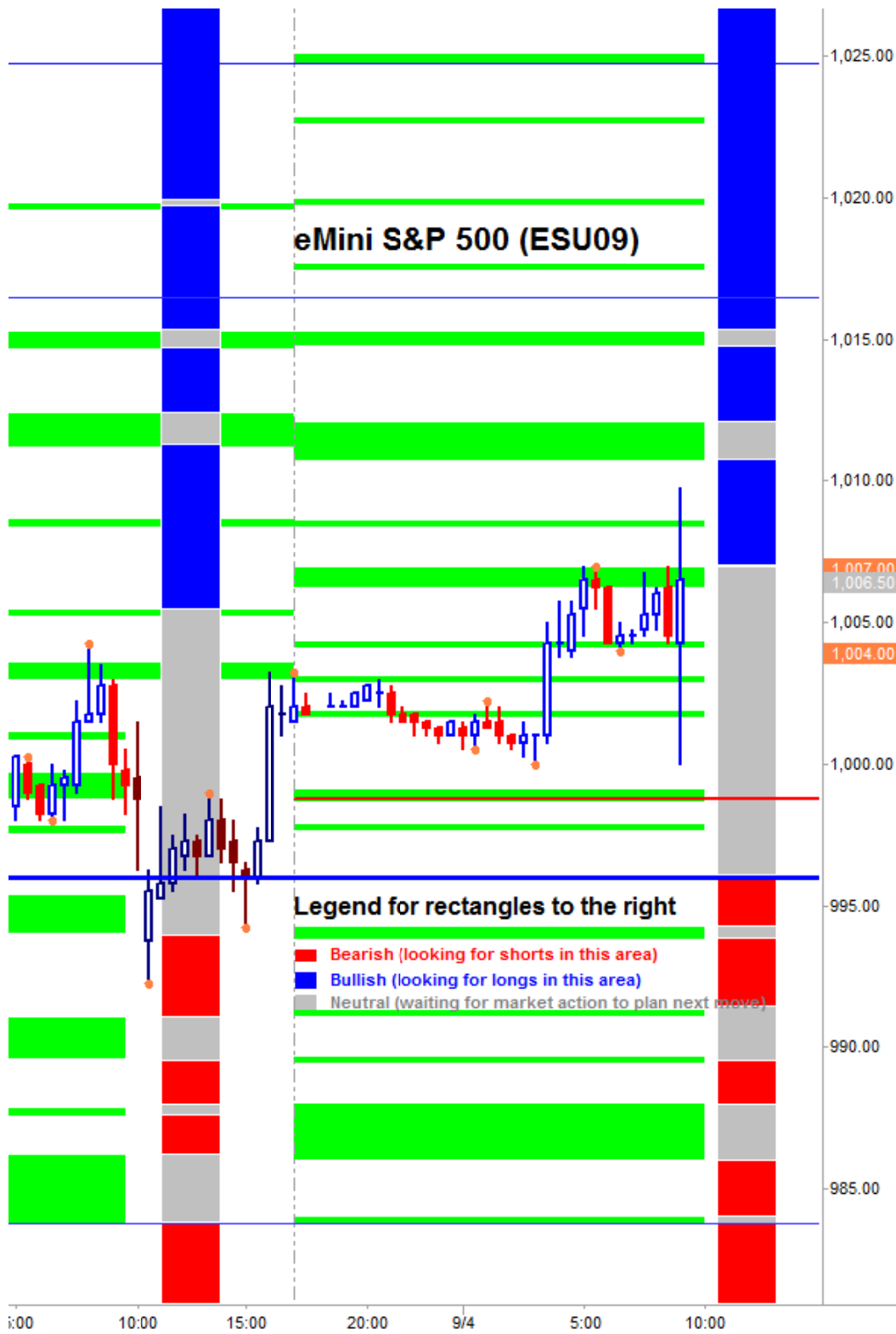


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Support and resistance is as follows:



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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