

Bi-Weekly Investment Outlook **Saturday October 4th, 2003**

Saturday October 4th, 2003
2:00 AM eastern time

The 'Frenzied' Forex Front

On Friday the dollar rallied off it's recent lows and Equities quickly soared on the back of Job creation in September for the first time in 7 months. The unemployment rate however remaining unchanged..

U.S. Nonfarm payrolls were reported to have risen by 57,000 in September. Ending a 7 month spate of job losses totaling nearly a half a million jobs. Additionally the jobs lost number in August were revised down to 41,000 from 93,000, which was also good news..

However the report showed manufacturing continued to flush another 29,000 workers down the toilet for the 37th consecutive month.. No real change in that should be assumed for the foreseeable future ..

The services sector created 74,000 of jobs , of which about half came from the fifth consecutive month of rises in temporary help... .

Many investors and economists are hoping could lead companies to shift towards hiring more permanent workers before year-end... which is not likely to happen in a large way since temporary and part-time workers can be employed at a fraction of the benefit costs associated with Full time employees. Such as paid vacations, bonuses and the ever rising health insurance..

Apparently I am not the only one feels this way as Philadelphia Fed's Santomero showed a bit of concern about the possibility that some persistent structural unemployment may exist.

Some evidence of this can be seen in the ISM service employment index as it fell in September after three months of rising to 49.1 from 51.0 in August .. For the past four months it has hovered near 50 ... the risks here is that Service Jobs are only beginning to be whittled away..

Over all the ISM remains positive however new orders index slipped to 59.9 from 67.6 including exports which slipped a bit.. Another similar slip and that index heads towards near contraction. While the Backlog of orders grew at a faster pace and inventory sentiment improved the Exports Orders section of the survey slipped a bit..

While this is still in the above 50 category it should be raising alarms considering the Dollars broad decline this year...

On Thursday August U.S. factory orders , expected to be up 0.3% to 0.5 % were reported as a 0.8% decline and July was revised from 1.6 to 2% In addition the last durable goods numbers were revised down to - 1.1% from 0.9%.

Over all the September's ISM U.S. survey for services declined slightly to 63.3 from the 65.1 in August (still a robust level) while the Friday data from Overseas improved once again

Notable chatter...Midweek, most likely even after having seen the Jobs data Chicago Fed's head Moscov while optimistic, mentioned that both the unemployment and payrolls data showed weak job markets. However he felt that they are not likely to hurt spending.... Both Moscov and Fed Governor Bernanke repeated once again, their main concern was a decline in inflation rather than an increase. Also on Thursday October 16th at 10 am Treasury Secretary John Snow will testify before the Senate Banking Committee and answer questions concerning the Department's annual report on trade and currency practices of America's trading partners.

Overseas

Eurozone September Services Index released early Friday showed a rise to the highest level since February '01' It was expected to be 52.5 and came in at 53.6 additionally the previous month was revised up to 52.5 from 52.0. Lately the Eurozone manufacturing surveys have also been increasing while the U.S. has declined. The ECB's (soon to be leaving) Duisenberg said the current EC level is at its 25-year average and that short term daily movements do not impact ECB decision making.

Thus , one can assume that current ECB interest rates are going to remain steady he also said he is confident as he was 4 weeks ago and he said the US has a big problem with trade and fiscal deficits but he hopes will abate via US growth.

The EC had its largest decline in 2 weeks however it EC closed higher for the sixth week, in a row. Ditto for the Swiss Franc ...In fact , all the currencies we followed closed higher on the week...

In the UK , it's September PMI Services data was expected to be down to 56.8 from August's 57 and came in at 58.7 it was the highest since April 2000...On Wednesday the manufacturing numbers rose 1 point to 52.9 in September a 17-month high.

Prospects for the Sterling which tested 3 month highs last week remain unchanged and long term positive as the higher yield should attract investors in addition it's unemployment is one of the lowest of the G7 Buy the pullbacks and look for an eventual test of 1.73 ish by year end if it holds..

Talking Yen, Japan's Takenaka made a statement indicating that recent yen strength would not have any major impact on the overall economy in Japan.. Which makes sense ..for the time being since Data from Japan suggests that exports to the US were slowing anyway prior to the Yen's sharp rally.....

The Aussie continues to be the outperforming currency of the year, up 22% against the dollar ..

The Reserve Bank of Australia (RBA) has gone against the central bank trend and has not cut interest rates since June '02'. However the decline in gold , which I see as temporary should pressure the Aussie somewhat..

Ditto for the Canuck.. however the rise in Oil and prospects for Limited beef exports to the U.S should assist The yield differential in keeping the Canuck firm through dips and should offer a trading range near term..

Look for range bound consolidation --No change in long term posture—

December Yen

Support should appear near 8964 to 8934, a close under augurs for a test of 8871 to 8857 and the 8777 to 8761 region. Below that buyers should appear near 8683 to 8668. Traders can buy at 8779 and risk a close under 8657 for three days in a row.

Resistance should appear near 9044 to 9060 and the 9140 to 9156 region.. Beyond that sellers should appear near 9316 to 9347.. Trader can sell at 9312 and hold for lower prices.. initially risk a close over 9455 for three day in a row....





December Euro Currency (EC)

Support should appear at 11500.. Aggressive Traders can buy at 11500 and risk a close under 11459 for three days in a row. .. below that buyers should step near 11360 to 11320 then 11225 and the 11010 to 10960 region.. which should contain any decline for some time.. .. Traders can buy at 11367 and hold for higher prices..

Resistance is at 11605, a close over augurs for a test of 11640 to 11690 and 11805, beyond that sellers should appear near 11920 to 12010

Aggressive Traders should go long if a close over 11605 occurs.





December Swiss Franc

Resistance should appear near 7513 and the 7586 to 7601 region.. Beyond that sellers should appear near 7675 to 7690 and the 7762 to 7777 region...

Support should appear near 7428 to 7414 then 7342 to 7328 and the 7255 to 7243 region below that buyers should surface near 7170 to 7143 ...Traders can buy at 7347 and risk a close under 7237 for three day in a row..

Traders should go long if a close over 7517 occurs





December British Pound

Support should appear near 1.6484 and 1.6420, below that buyers should appear near 1.6286 and the 1.6150 to 1.6090 region ..Traders can buy at 1.6486 and risk a close under 1.6412 for three days in a row..

Resistance should appear near 1.6710 , a close over is friendly and augurs for a test of the 1.6890 to 1.6960 Traders should go long if a close over 1.6562 occurs





December Canadian Dollar

Support should appear near 7342 to 7328 and 7255 to 7242...

Traders can buy at 7346 and risk a close under 7228 for three day in a row..

Resistance is at the 7414 to 7428 and the 7486 to 7513 region

Traders should go long if a close over 7432 occurs





December Aussie Dollar

Support should appear near 6673 to 6659 Traders can buy at 6673 for a bounce and hold for higher prices . Below that buyers should begin to step in and contain a decline near the 6591 to 6577 and the 6509 to 8483 region ..Traders can buy at 6597 and risk a close under 6476 for three days in a row.. Under that support is at 6430 to 6417

Resistance should appear at 6741 to 6755, a close over is friendly and augurs for a test of the 6809 to 6836 region. Beyond that sellers should appear near 6906 to 6919 and the 6990 to 7003 region,, which now appear more likely to be tested than not..

Traders should go long if a close over 6759 occurs.



The Sensational Stock and Bond Markets

Dow Jones Industrial Average

Resistance should appear near 9625 to 9641 and the 9707 to 9737 region... Above that sellers should appear near 9821 to 9837 and the 9921 to 9937 region...

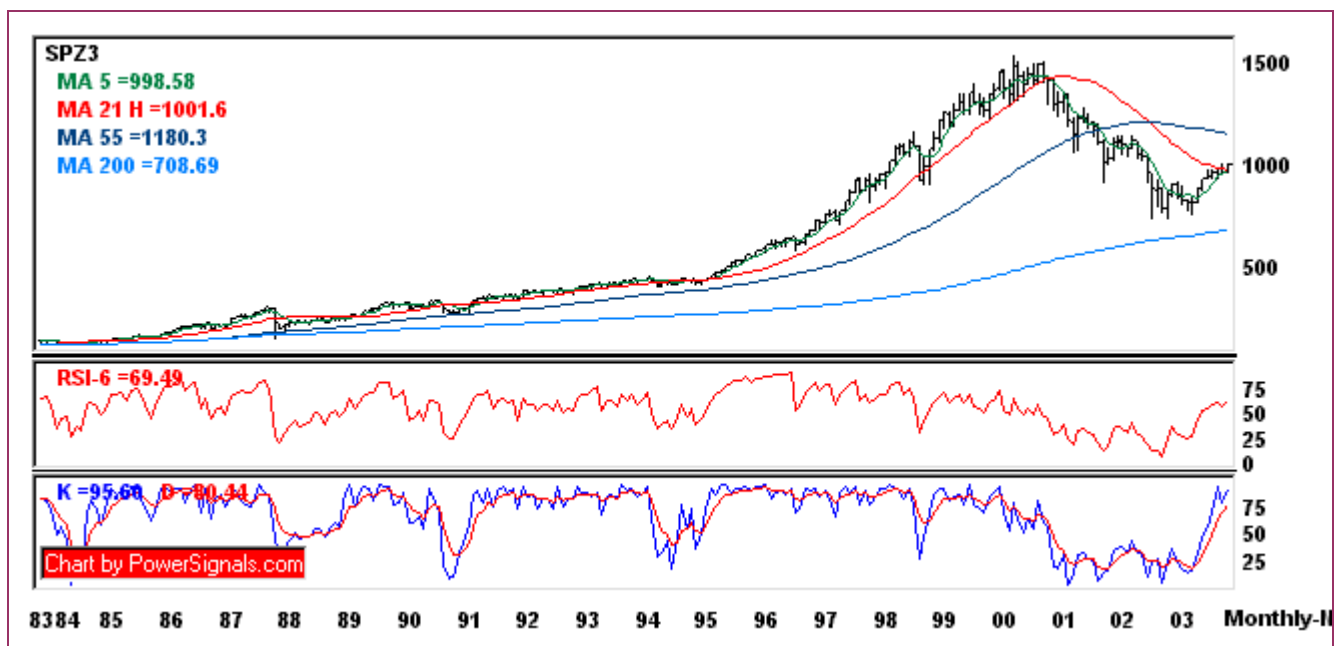
Support should appear near 9542 to 9526 a close under augurs for a test of 9445 to 9429 and the 9347 to 9316 region. Below that a test of the 9156 to 9140 region is likely..

December SP500

Recommended Open position Short at 1016.20

Resistance should appear near the 1032.00 to 1036.00 region, beyond that sellers should appear near 1047.00 then 1058.00 to 1068.00 and 1096 to 1101 .. Traders can sell at 1095.90 and risk a close over 1101.90 for three days in a row

Support should appear near 1018.50 and 1013.60 to 1010.40 . Below that buyers should appear near 1005.00 and 1003.70 to 1002.10. Under that support is 993.70 to 992.10 and the 983.70 to 982.10 region.





Nasdaq Composite

Resistance should appear near 1902 to 1909 then 1946 to 1953 and the 1982 to 1996 region. Beyond that sellers should appear near 2034 to 2042 .

Support should appear near 1865 to 1858 , a close under augurs for a test of 1822 to 1808 and eventually the 1780 to 1774 region.. Below that buyers should appear near 1738 to 1731...

December Mini Nasdaq 100

Resistance is at 1377 to 1383 and 1415 to 1421 ..beyond that sellers should appear near 1453 to 1459 and the 1484 to 1496 region..

Support is at 1346 to 1334 , a close under augurs for a test of 1310 to 1304 and eventually the 1274 to 1268 region..



December 10 Year T-Note

Resistance should appear near 112-23 then 113-07 and 113-23.

Support is at 112-07 and 111-23.. Under that buyers should step in near 111-07 and 110-22



The Precious Metals

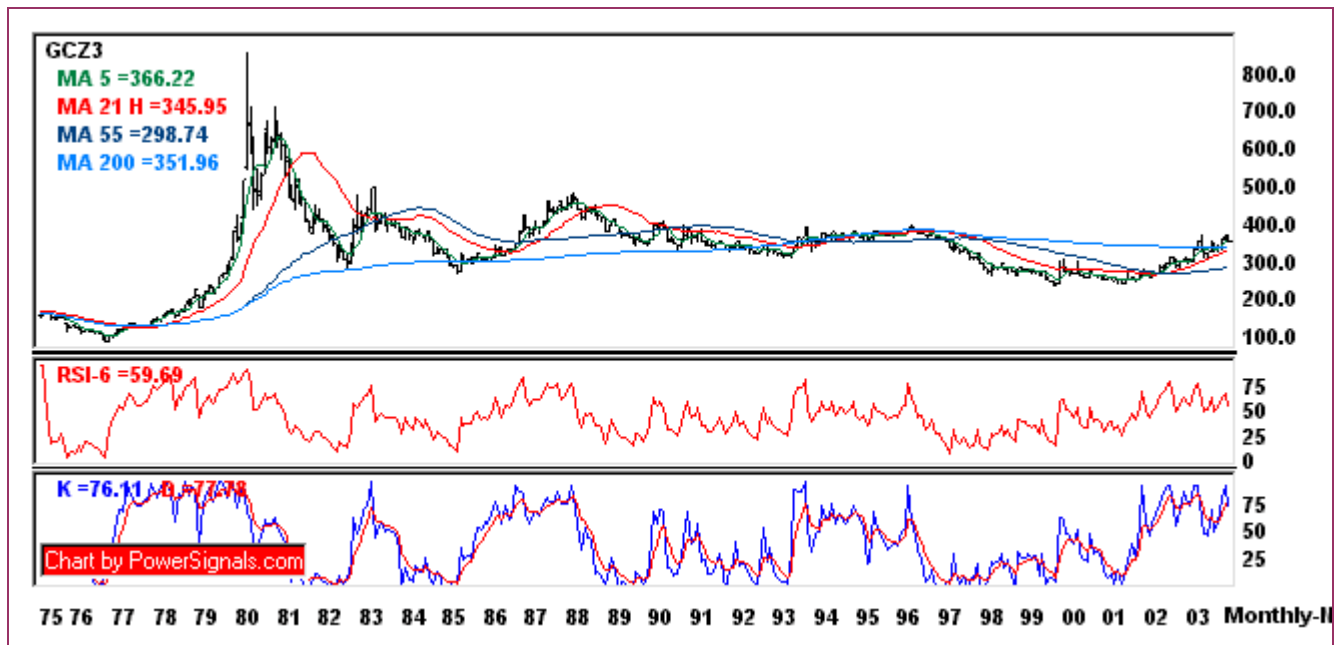
Gold dropped over \$13 Friday to \$370 on fund selling, The stops got hit in a couple rapid waves.. Which leads me to believe that all the sell stops from 380 down were most likely filled at the lows under 370.. Essentially forcing getting many longs out of the market just above where they would be buyers . Look for some consolidation and regrouping amidst a wide range..

December Gold

Recommended Open position Long at 388.30

Support should appear at 368.20 to 366.20 and the 362.3 to 361.3 region. Traders can buy at 362.7 and risk a close under 354.90 for three days in a row..

Resistance is at 373 to 374.3 and 379.5 to 380.6





December Copper

Recommended Open position Short at 8200

Support should appear near 8315 to 8300 , a close under is negative and augurs for a test of 8225 to 8190 and the 8135 to 8115 region.. Below that 8045 to 8025 should hold.

Resistance should appear near 8390 to 8405 and the 8485 to 8495 region. .. Beyond that sellers should appear near 8560 to 8590 Traders can sell at 8555 and risk a close over 8785 for three days in a row..





December Silver

Support should appear 478.5 to 477 and the 465 to 463 region

Resistance is at 484.5 to 485.5 and 497.5 to 499.5

The Exciting Energies

November Crude Oil

Support should appear 3036 and the 2990 to 2972 region.. Below that buyers should appear near 2937 to 2928.. Traders can buy at 2941 and risk a close under 2869 for three days in a row..

Resistance is at 3092 to 3102 and the 3148 to 3157 region.. Beyond that sellers should appear near 3194 to 3213 ...





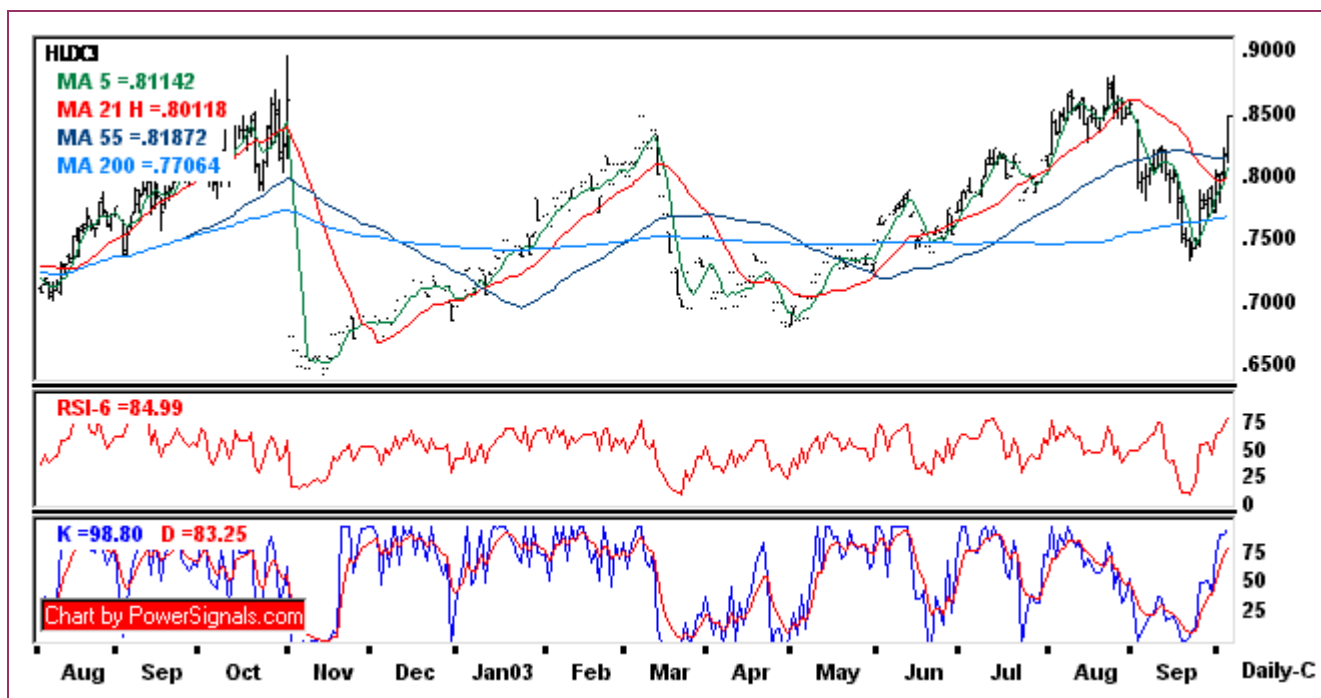
November Unleaded Gas

Resistance should appear near 8560 to 8590, a close over is friendly and augurs for a test of 8765 to 8775. Beyond that sellers should appear near 9045 to 9060 and the 9140 to 9155 region..

Traders should go long if a close over 8595 occurs..

Support should appear near 8405 to 8390 and the 8315 to 8300 region... Which should contain a decline for a bit.. Below that buyers should appear near 8135 to 8120 and the 7955 to 7940 region.. Traders can buy at 8325 for a bounce and risk a close under 8185 for three days in a row ..





November Heating Oil

Resistance is at 8190 to 8225 and 8300 to 8315 .. a close over is friendly and augurs for a test of 8560 to 8590 .. Beyond that sellers should appear near 8935 to 8965...

Support should appear near 8135 to 8115 and the 8045 to 8030 region.. Traders can buy at 8135 and risk a close under 8015 for three days in a row.. Below that buyers should appear near 7955 to 7940 and the 7865 to 7836 region.. which should stop a decline.. traders can buy at 7870 and hold for higher prices..

Traders should go long if a close over 8230 occurs



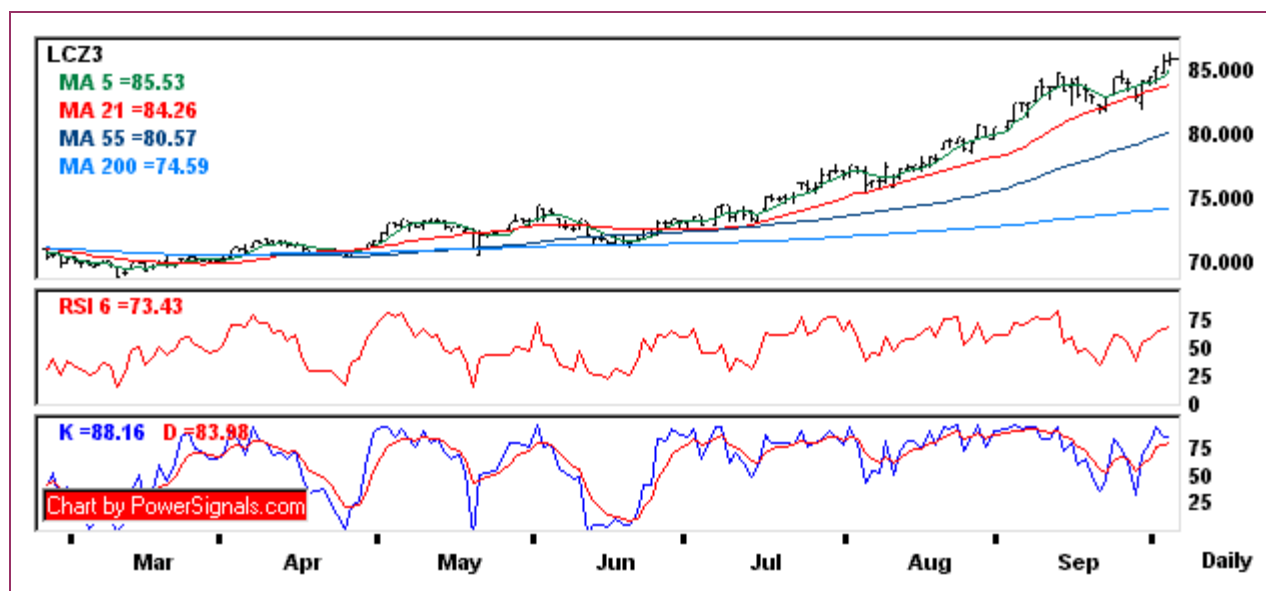
The Lively Livestock

December Live Cattle

Resistance should appear near 8663 to 8682 and the 8776 to 8777 region.. Beyond that sellers should appear near 8857 to 8872 and the 8932 to 8967 region..

Support is at 8587 to 8557, a close under augurs for a test of 8407 to 8392.. below that buyers should appear near 8317 to 8302

Traders should go short if a close under 8552 occurs..



December Lean Hogs

Support is at 5432 to 5417 and the 5357 to 5342 region... Failure there augurs for a test of 5282 to 5257 and eventually the 5212 to 5197 region.. Below that buyers should appear near 5137 to 5127 and the 4997 to 4972 region..

Resistance is at 5492 to 5507 .. Traders can sell at 5487 for turn and hold for lower prices.. beyond that resistance is at 5552 to 5577 and the 5637 to 5652 region... Above that sellers should appear near 5717 to 5732.. Traders can sell at 5632 and risk a close over 5757 for three days in a row
Traders should go short if a close under 5412 occurs.



February Pork Bellies

Recommended open Position Short at 8737

Support should appear near 8502 to 8487, a close under is negative and augurs for a test of 8407 to 8392 and eventually the 8317 to 8302 region. Below that buyers should appear near the 8137 to 8117 region.

Resistance is at 8557 to 8587 and the 8662 to 8687 region. Beyond sellers should appear near 8762 to 8777. and the 8857 to 8862 region.. Traders can sell at 8657 and hold for lower prices..

Traders should go short if a close under 8487 occurs



The Grande' Grains

Last Tuesday the USDA reported Sept. 1 2003 Soybean stocks stood at 169 million bushels, at the high end of the trade guesstimate and above the average of 148 million ..

The USDA listed Sept. 1 corn stocks at 1.086 billion bushels, also above the average trade guess of 1.020 billion and above the last govt. report .. Which is pretty depressing to bulls considering the dollar weakness

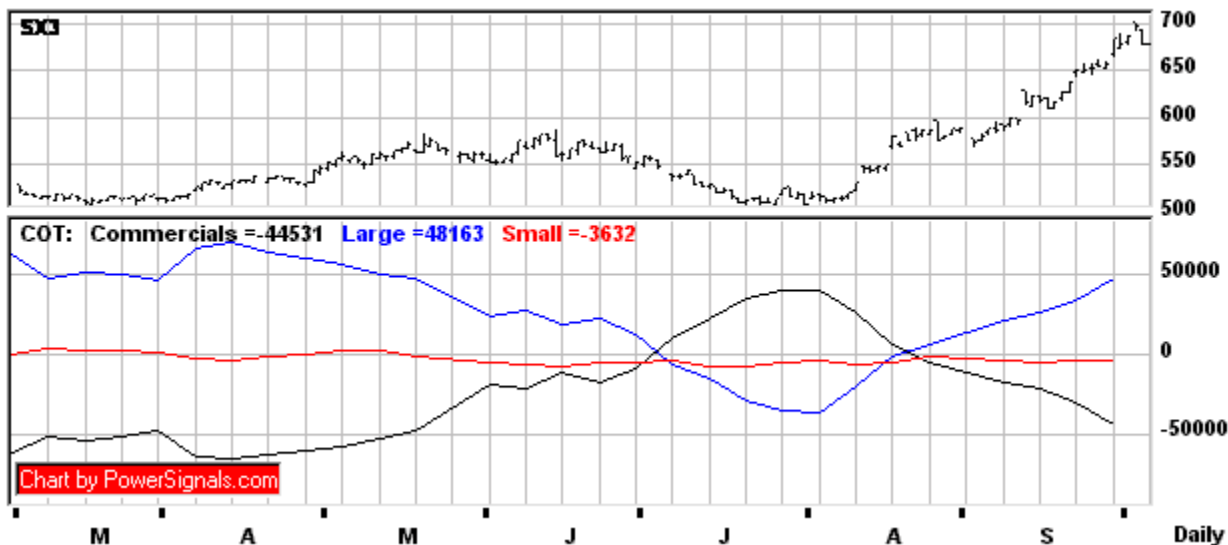
USDA Sept. 1 wheat stocks of 2.036 billion bushels came in below the average trade estimate of 2.078 billion. However, the larger spring wheat crop adding to technical weakness seen in CBOT wheat....

The USDA pegged the 2002-03 U.S. wheat crop at 2.337 billion bushels, up 55 million from the previous forecast made in August. *The Winter Wheat crop was actually trimmed slightly, while all of the increases were made in other spring wheat.*

On Tuesday Beans opened lower .. rallied and closed lower .. then 'Old Man Winter ' , the reason for the rally over the past week or so, came early across the Midwest and what ever was not harvested at the time was deemed to be in danger .. 7.00 was hit on Thursday..

Most likely , there is little of the crop that would still be susceptible to weather in the northern and western part of the Corn Belt . However yield reports from fields already harvested have been consistently getting worse and unfavorable weather adds to the perception that the crop is getting smaller. Yield reports are focusing on the shortfalls of the crop this year even as talk that some of the crop did well despite the weather.. While cold weather is generally supportive to the bean market at this time of the year Soy Oil fares the worst under those conditions , while soymeal is generally thought to benefit from increased feed demand for animals ..

However temperatures have warmed up a bit now.. and... By the nature of the beast weather markets are meant to be sold.. The latest commitment of trader's data showed the commercial short Beans and Large Funds long.. almost opposite of where they were near 5.00 in the summer..



On Friday the Soy complex closed sharply lower , but the market remained supported by concern surrounding the cold weather and its damage soybean and Soyoil yields.. The back end of beans was supported last week drier/ warmer than usual weather conditions in Brazil as farmers they are starting to plant their soybean crop.. However to expect the equatorial Brazil not to rain is like expecting a 'snow ball in Miami'

The last USDA production estimate stands expected to see a soybean crop of 2.643 billion bushels this marketing year, However it been reduced throughout the summer and that could come down even further Estimates for as much as 100 million to 150 million bushels smaller are now making the rounds.

As the market is looking for a smaller production estimate in next week's U.S. Department of Agriculture supply and demand report.. Brazil's farmers held selling last week in the expectation of prices rising further..

If beans fall further expect some of that to come loose ..

On the export side China should resume it's buying and looking , while Japan should be looking for bean to import for the last half of November and December this is normal to occur during and at the end of harvest as beans seasonally tend to be weaker During October and November than in August and September as harvest occurs.. not to say they will not hold or rise further.. as it is a short crop this year.. but the selling does come..

The market can go either way on the flip of a dime so to speak..however they look a bit expensive and some liquidation down to support levels can occur as traders prepare for Friday's report..

Consider Beans and the products a trading affair..

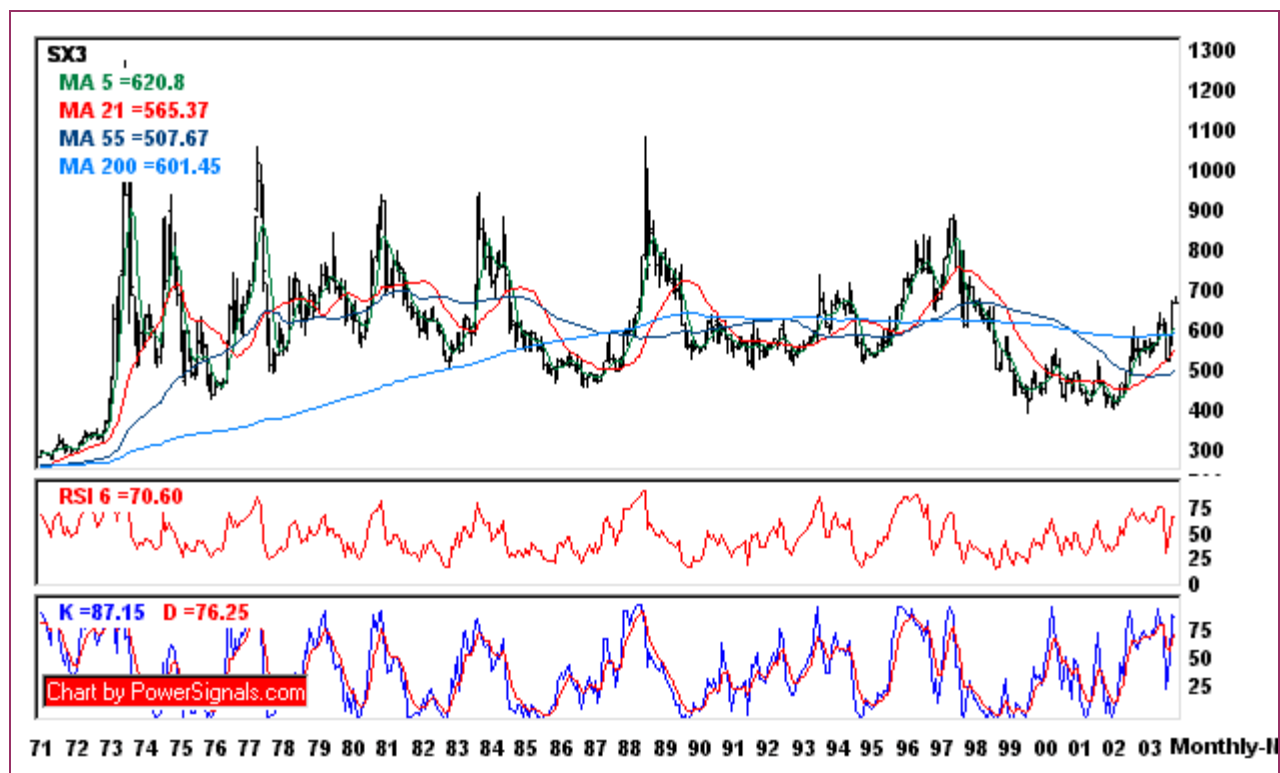
Where as corn and wheat may benefit from some unwinding of short side of spread if this occurs ..

November Soybeans

Resistance is at $680 \frac{3}{4}$ to $683 \frac{3}{4}$ and the $690 \frac{3}{4}$ to $691 \frac{3}{4}$.. Traders can sell at $690 \frac{1}{4}$ and hold for lower prices.. Beyond that resistance should appear near 699 to $700 \frac{1}{2}$ and the 707 to 708 region..

Support should appear at $675 \frac{1}{2}$ to $674 \frac{1}{4}$, a close under augurs for a test of $667 \frac{3}{4}$ to $665 \frac{3}{4}$ and the $559 \frac{1}{2}$ to $657 \frac{3}{4}$ region , which should contain a decline. Traders can buy at $651 \frac{1}{4}$ for a bounce and hold for higher prices. Below that buyers should appear near $651 \frac{3}{4}$ to 648 and the 643 to $641 \frac{3}{4}$ region..

Traders should go short if a close under $673 \frac{1}{4}$ occurs..



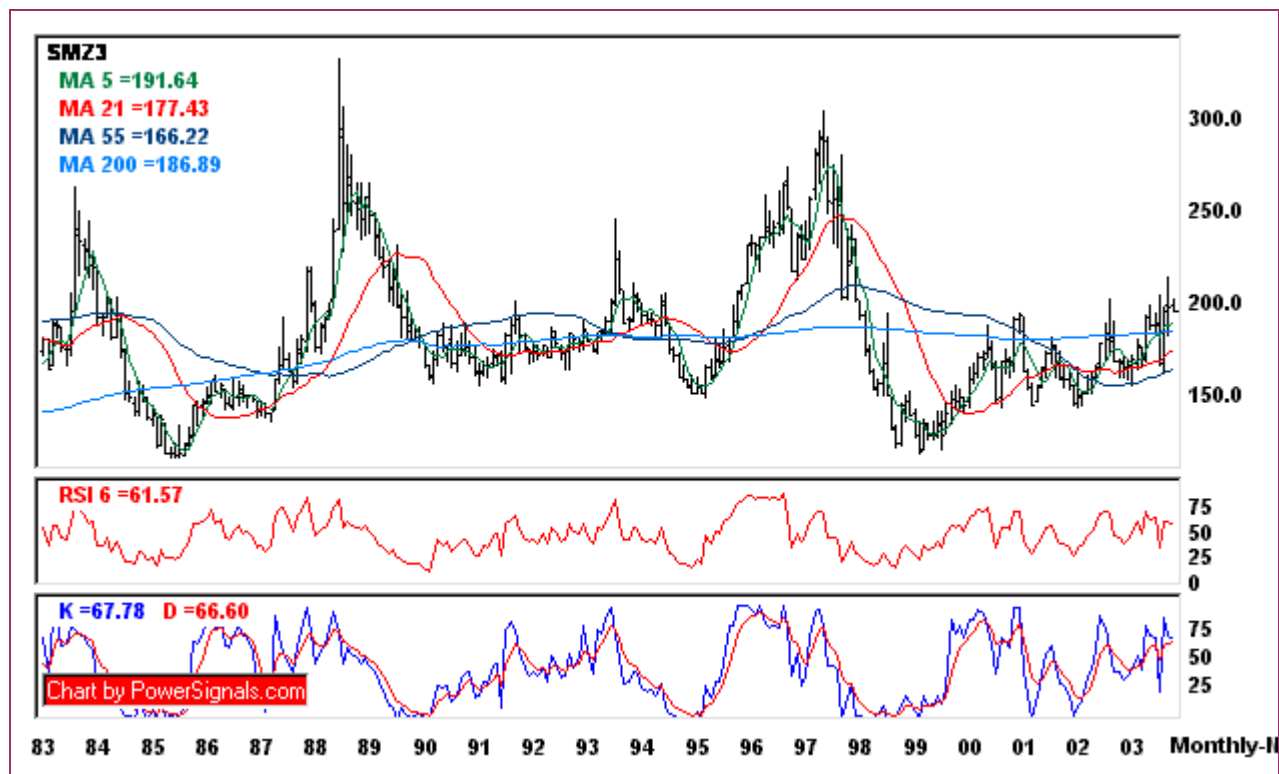


December Soymeal

Recommended open Position Short 203.1

Support should appear near 198.2 and 190.9 to 190.2 .. below that buyers should appear near 186.5 to 185.8 and the 182.2 to 180.8 region.. Traders can buy at 182.3 and risk a close under 180.4 for three days in a row.

Resistance should appear near 203.4 to 204.2 and the 208.0 to 208.8 region.. Beyond that sellers should appear near 212.6 to 213.4





December Soybean Oil

Resistance should appear near 2511 to 2519 and the 2552 to 2568 region.. Beyond that sellers should appear near 2612 to 2620 ..

Support should appear near 2469 to 2461 , a close under augurs for a test of 2419 to 2411 and the 2370 to 2354 region... ..below that buyers should appear near 2322 to 2315 and the 2275 to 2267 region.





December Corn

Resistance should appear near $226 \frac{3}{4}$ to 227 and the $231 \frac{1}{2}$ to $232 \frac{1}{4}$ region.

Support is at $222 \frac{3}{4}$ to $221 \frac{3}{4}$. Below that buyers should appear near $213 \frac{1}{2}$ to $212 \frac{3}{4}$. Traders can buy at $222 \frac{3}{4}$ and hold for higher prices..

Traders should go long if a close over $227 \frac{1}{4}$ occurs.





Argentina, a top food producer and fifth largest producer of wheat and major exporter of Wheat to Brazil expects to suffer severe losses in 10 of 23 provinces as a result of its worst drought since 1929. Wheat production is expected to shrink as 15 to 20 percent of the Crop is now being considered a total loss..

In the U.S., half of the fall winter wheat plantings have been completed, which is ahead of average.. once that is over .. traders will begin to focus less on Government seeding and more on growing conditions and seasonality's as Winter Wheat tends to rise during Oct thru December after it's seasonal lows are put in usually in July Thru September .. Weekly export sales were solid last week to slightly better than expected as the lower dollar is beginning to spur exports.. he technicals are turning sloppy again , however that can easily change .. buy dips and be patient..

December CBOT Wheat

Recommended open Position Long 353

Support should appear near $350 \frac{1}{4}$ to $349 \frac{1}{4}$ and $344 \frac{1}{2}$ to $342 \frac{1}{2}$, traders can buy at $344 \frac{3}{4}$ and risk a close under $336 \frac{3}{4}$ for three days in a row.. Below that buyers should appear near $338 \frac{3}{4}$ to $337 \frac{3}{4}$ and $332 \frac{3}{4}$ to $331 \frac{3}{4}$.

Resistance is at $355 \frac{1}{4}$ to $356 \frac{1}{2}$, a close over is friendly and augurs for a test of $361 \frac{1}{4}$ to $362 \frac{1}{4}$ region..Beyond that a test of $373 \frac{3}{4}$ to $374 \frac{3}{4}$ is likely.

Traders should go Long if a close over $355 \frac{3}{4}$ occurs





The Satisfying Softs

December the 'Monster' Coffee

Recommended open Position Long at 6475

Support is near 6430 to 6415 then 6350 to 6335 and 6115 to 6105 . Traders can buy at 6125 and risk a close under 5845 . for three days in a row

Resistance should appear near 6575 to 6590 and the 6740 to 6755 region... a close over is friendly and augurs for a test of 6905 to 6920

Traders should go long if a close over 6595 occurs.

Trade Accordingly and Be Long





December Cocoa

Support is at 1535 to 1529 then 1496 to 1489 and the 1459 to 1453 region.. Below that buyers should appear near 1421 to 1415, which should hold..

Resistance should appear near 1569 to 1576 and 1609 to 1615, a close over is friendly and augurs for a test of 1642 to 1655 and the 1689 to 1696 region



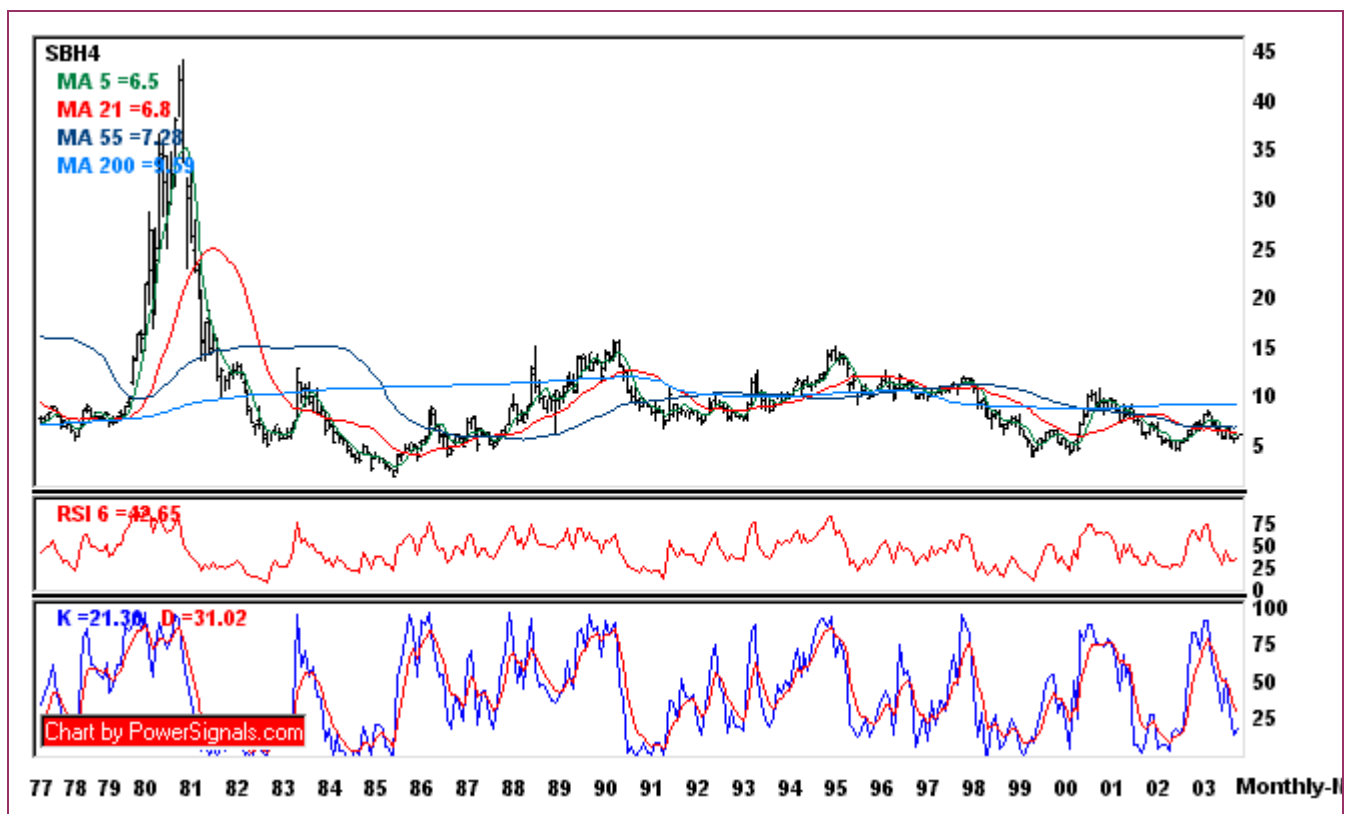


March Sugar

Recommended open Position Long at 640

Support should appear near 634 to 630. Traders can buy at 635 for a turn higher and risk a close under 627 for three days in a row. Below that support should appear near and 609 to 601 and 586 to 583

Resistance should appear near 656 to 661 and 682 to 686.. Beyond that sellers should appear near the 704 to 712 region.. traders should go long if a close over 665 occurs





Cotton fell Friday after making contract highs early in the session. At these levels High prices may hamper export sales market versus world markets and with the dollars decline stalling it may consolidate a bit.. In addition a larger yield is now expected from the coming cotton crop, estimates for the 2003-04 cotton crop are near 17.08 million bales versus the USDA's September figure of 16.939 million...Expect it to be range bound as the mkt awaits next Friday's crop data..

December Cotton

Support should appear near 6670 to 6655 then 6510 to 6485 and the 6430 to 6415 region.. Below that buyers should appear near 6350 to 6335 and the 6190 to 6165 region. Traders can buy at 6195 and risk a close under 6015 for three days in a row.

Resistance should appear near 6740 to 6755. and the 6810 to 6835 region.. Beyond that sellers should occur near 6990 to 7005 and the 7074 to 7090 region.. Traders can sell at 6830 and risk a close over 6925 for three days in a row..





***A Ship in Harbor is Safe.. But that is not what ships are built for –
Happy Trading!***

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Sunday October 5th 2003

10:30 AM .. South Florida Beach Time

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