

"Observation, experience, memory and mathematics--These are what a successful trader must depend on. He must not only observe accurately but remember at all times what he has observed. He cannot bet on the unreasonable or on the unexpected, however strong his personal convictions maybe about man's unreasonableness or however certain he may feel that the unexpected happens very frequently. He must bet always on probabilities--that is try to anticipate them. Years of practice at the game, of constant study, of always remembering, enables the trader to act when the unexpected happens as well as when the expected comes to pass. A man can have great mathematical ability and unusual power of accurate observation and yet fail in speculation unless he also possesses the experience and memory "

--Reminiscences of a Stock operator-- 1929

Monday October 4th , 2004
9:00 PM eastern time

Hog Spreads

Reprint From BW # 202 10-02-2004

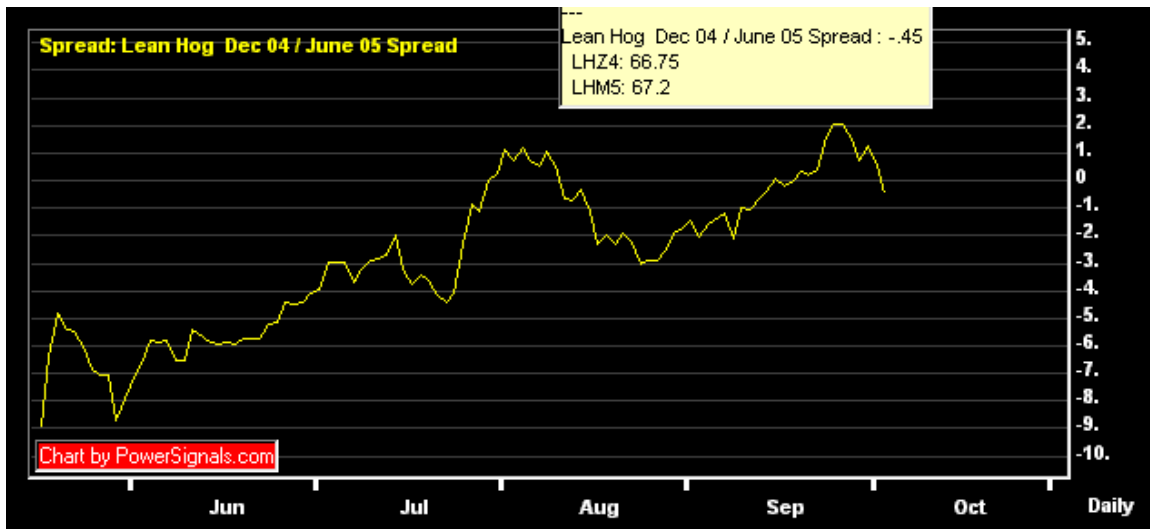
"Some analysts are questioning the size of the US Hog Breeding herd numbers in the last USDA Hog Report. 77% of the increase in the size of the breeding herd on September 1 was in North Carolina. Apparently in North Carolina the breeding herd is rounded to the nearest 50 thousand head. If so the increase may be less than a 50,000 increase...This would Support next summer hogs prices and possibly cause a bot of widening of the price differential between winter hog and next summer prices

Looking to the 4th quarter we expect slaughter to be up 1-2% compared to last years numbers which were down from the previous year.. The unknown is demand .. and the obvious is that cheap corn continues to act as a carrot for hog producers to increase heard size in both the US and Canada for some time"

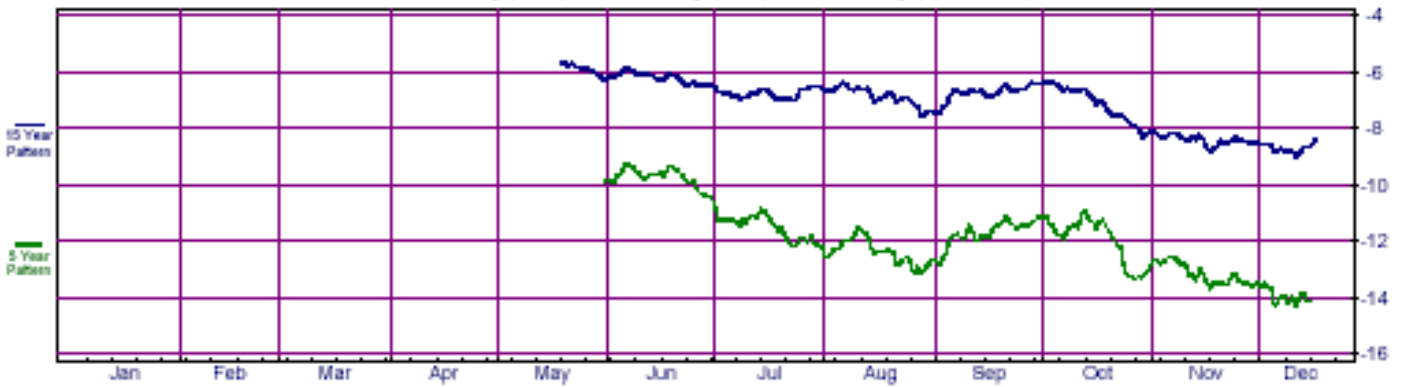
Traders Stay tuned for Flashes and continue to Buy June and Sell December Hogs ..

(do not confuse the spread with open positions, the spread should work in an up or down market)

Current Daily Chart

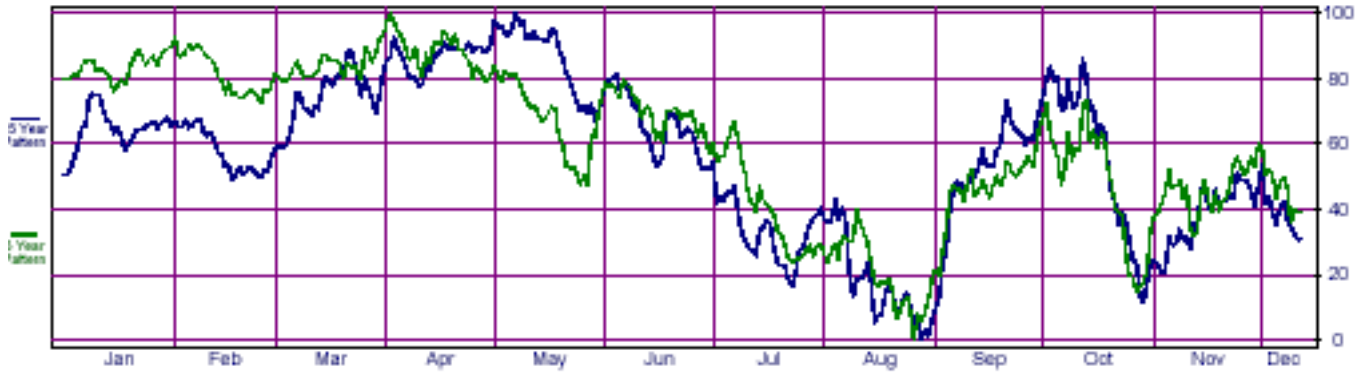


Dec Lean Hogs(CME) - Jun Lean Hogs(CME) 15 Year Average(85/90-03/04)



Historical Seasonal Data Courtesy of CME. <http://www.cme.com>

December Lean Hogs(CME) Seasonal Patterns(1989-2003)



Seasonal Hog trades

Buy Feb Lean Hogs(CME) Sell Dec Lean Hogs(CME)	9/26	11/09	93	14	1	15	830	18	39
Sell Lean Hogs(CME)—December	10/03	10/29	93	14	1	15	914	33.85	39
Buy Feb Lean Hogs(CME) Sell Dec Lean Hogs(CME)	10/03	11/03	93	14	1	15	645	20	40
Sell Lean Hogs(CME)—December	10/12	10/29	93	14	1	15	935	51.94	40
Buy Apr Lean Hogs(CME) Sell Dec Lean Hogs(CME)	10/13	11/05	93	14	1	15	673	28	41

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

Happy Trading !

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Monday October 4th 2004

10:10 PM South Florida Beach Time

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