

Bi-Weekly Investment Outlook

Sunday January 16th, 2005 Issue # 209

**“ We must learn to live together as brothers or perish together as fools ”
Martin Luther King Jr. (1929 –1968)**

Saturday January 15th 2005

11:00 PM eastern time

We wish everyone a Happy Holiday as US Markets are closed Monday in observance of Martin Luther King's birthday. (Electronic Stock Indexes and Forex trading will be open)

--Traders should stay tuned for Special Reports and Updates --

Since year end the dollar has rallied rather nicely.. Along with the dollar rally we have seen a setback in Gold while Equities have been sloppy. While Crude has rallied on some supply 'concerns' and has now turned into a weather market.

Thus investors have been left with a 'what the heck do I do now' feeling.

We think the economy is on track, we see beginnings of innovation and a lot of money on the sidelines waiting for a reason to invest in America.. This year should be one where investors continue to move away from hard assets back into paper..

-- A look back at headlines of ' what was and what will be ' have permeated the wires...for example, quoted from the Wall Street Journal during the first days of the New Year.

The recap of the previous year was "Solid Growth".. "Low Inflation. With investors giving a bullish reading" However .."Average Americans were somewhat uneasy about the future". During the year "Unemployment fell and consumer confidence rose". As for expectations by economists for the New Year ... the headline babble was a "poll of 22 private economists predict that GDP will slow and inflation and interest rates will rise in the next year". ----

We notice that reasons for 'hard' asset accumulation such as gold have dissipated noticeably in the first weeks of 2005.... In fact at this writing Gold sits 423ish a mere 7 dollars over the 416.1 close of 2003.

We do see a more normal year in commodities, accentuated by seasonality's. While some markets have great potential, others may tend to be rather range bound. Traders should stay tuned for Special Reports and Updates.

A bit of normalcy may prevail as investment dollars may tend to move back to where they came from.. into assets that have been shunned them the past few years..

The housing market most likely will not crash. However prices may not offer the same rapid increase as the past few years.. As this occurs over time, substantial dollars may flow back into equities, as a place for investment rather than an area 'no one wants to touch with a ten-foot pole'

In addition we are most likely nearing the peak of U.S. current-account deficit expansion.

There is huge pressure to raise the level of savings, by reducing the federal deficit and increasing incentives to save.

President Bush says he will work to shrink the deficit. He won't raise taxes, but says he will reduce the growth of federal spending...There may even be reference this in the speeches following his Inauguration next week .

He didn't veto a single spending bill in his first term. Both the Republicans and Democrats know and understand that government needs some restraint. An Iraq election , will be a great help in this area..

Traders should expect to see reduction in the growth of federal spending in the next few years..

American Businesses have strong balance sheets and the corporate savings rate is higher than it has been for decades. U.S. consumers as of mid-2004, held \$1.6 trillion in savings, about the same level as in the late 1990s and greater than the entire GDP of any European country.

U.S. household wealth is at an all-time record high thanks to the move from stocks into real estate and it's boom.. With short-term rates rising ,most likely to 3% or a tad higher and lower tax rates combined with a flatter housing market the U.S. savings rate should head higher...

This is all good for the U.S Equity market.. As Corporations Innovate and actually plan some expansionary spending , job creation can remain healthy. Thus Consumers will hang in there. especially If the Dearth of nasty news from the Mid-east can slow a bit...

Given this, hard assets may continue to move back to paper for a bit, perhaps the Dollar can show some recovery and slow its rate of decline or even bottom for a few years and ease fears of lack of investment from abroad. This would flatten the cost of some goods a bit (Commodities), allowing Productivity to remain at good healthy levels and keep inflation somewhat under control...toss all this together and we just may get a normal equity market and with hard work this can lead to extraordinary gains..

We continue to maintain a generally bullish posture towards Equities Indexes . While the Dollar tends to firm into Spring we maintain a bullish posture to it as well as things work back to normal.

p.s. ..

*The above quotes from the Wall Street Journal were from **January 3rd, 1994**.....*

The Sensational Stock and Bond Markets

Dow Jones Industrial Average

Resistance should appear near the 10580 to 10630 and 10680 .A close over is friendly and augurs for an eventual test of the 10960 to 11010 region

Support should appear near 10470 and the 10360 to 10320 region.. Which should contain a decline





March SP500

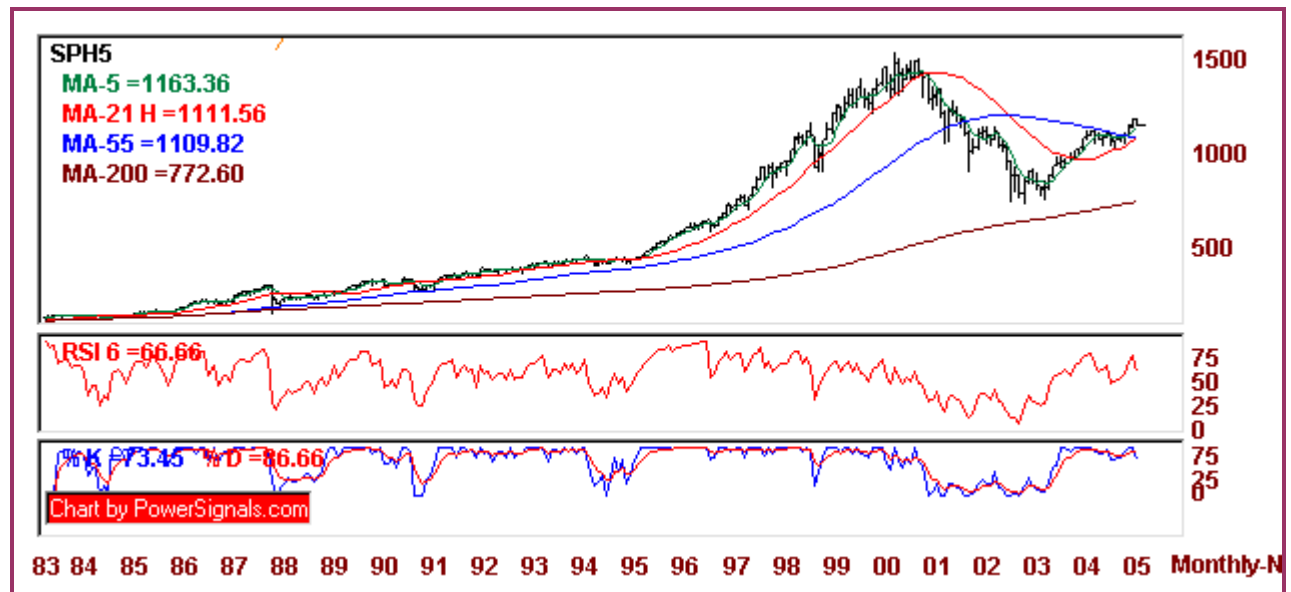
Recommended open position long at 1203

Resistance should appear near 1192.00 to 1203.00, an extended close over augurs for a test of the 1232.00 to 1238.00 region.

Support should appear near 1180.50 and the 1169.00 to 1164.00 region. Below that buyers should appear near 1150.00. BW traders can buy at 1169.30 and plan on risking a close under 1161.00 for three days in a row

Aggressive BW Traders should go long if a close over 1186.40 occurs

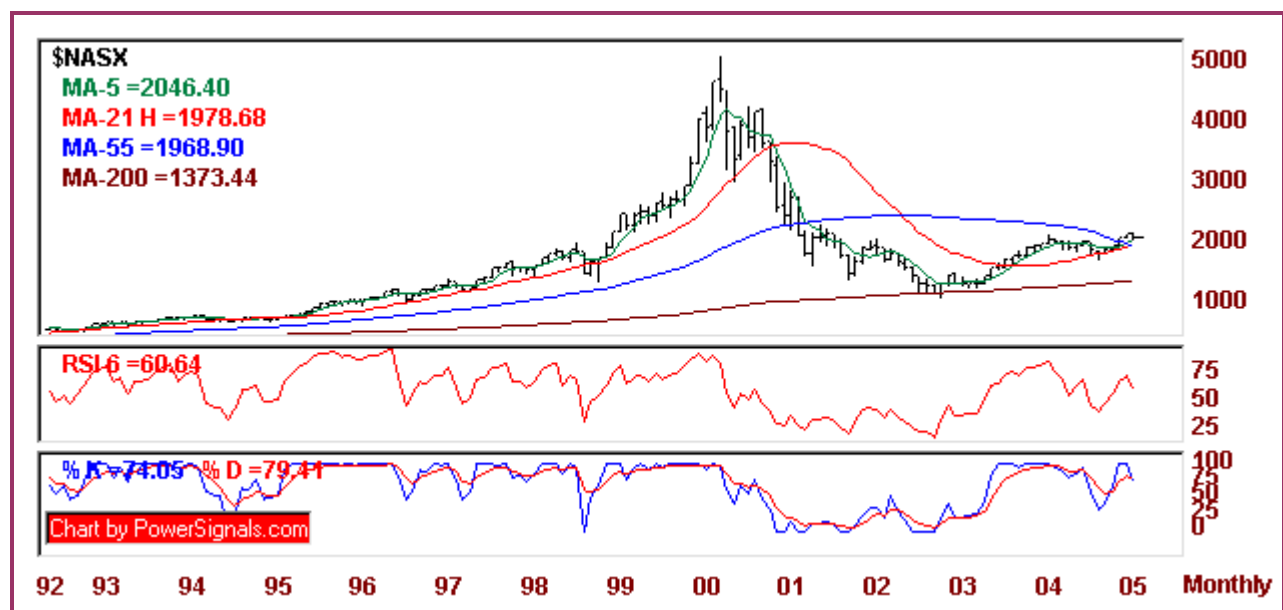
Stay tuned for Flashes and Updates





Nasdaq Composite

Support should appear near 2089 to 2088, under that and 2042 to 2034 should bring buyers out of the woodwork
Resistance should appear near 2126 to 2134, an extended trade or close over augurs for a test of 2170 to 2185





March Mini Nasdaq 100

Recommended open position long at 1577

Resistance is at 1569 to 1576, an close over is friendly and augurs for an eventual test of 1609 to 1635

Support is at 1535 to 1519 and the 1496 to 1484 region. Which should contain a decline.



March Mini Russell 2000

Recommended open position long 620

Support is at 611.30 to 610.10. Below that buyers should appear near 603.50 to 602.30 and the 595.70 to 594.50 region. A slip under is negative and augurs for a test of 588.00 to 585.50 and the 580.5 to 579.2 region Which should hold. . Traders can buy at 580.7 for a bounce and risk a close under 577.70 for three days in a row.

Resistance is at 619.00 and 625.70 to 627.00 an extended trade over is friendly and augurs for a test of the 633.70 to 635.00 region. Beyond that a trade towards 648.30 to 650.9 is likely.



March 10 Year T-Note

Resistance should appear near 112-07 and 112-22. Beyond that sellers should appear near 112-22 and 113-07 which should cap a rally ..

Support is at 111-22., a close under augurs for a test of 111-07 and 110-22.. Failure there augurs for a trade towards the 110-07 region .



The Frenzied Forex Front

March Yen

Recommended open position short 9610

Resistance should appear near 9921 to 9937, a close over is friendly and augurs for a test of 10021 to 10037, beyond that sellers should appear near the 10121 to 10136 region.

Support should appear near 9737 to 9706 a close under augurs for an eventual test of 9542 to 9526 and 9347 to 9316 region.





March Euro Currency (EC)

Support should appear at 13100 to 13040, a close under augurs for a test of 12740 to 12680.

Nearby Resistance should appear near 13160 and 13220, beyond that sellers should appear near 13340 to 13460.. Traders can sell at 13337 and risk a close over 13490 for three days in a row.

Traders should go short if a close under 13037 occurs





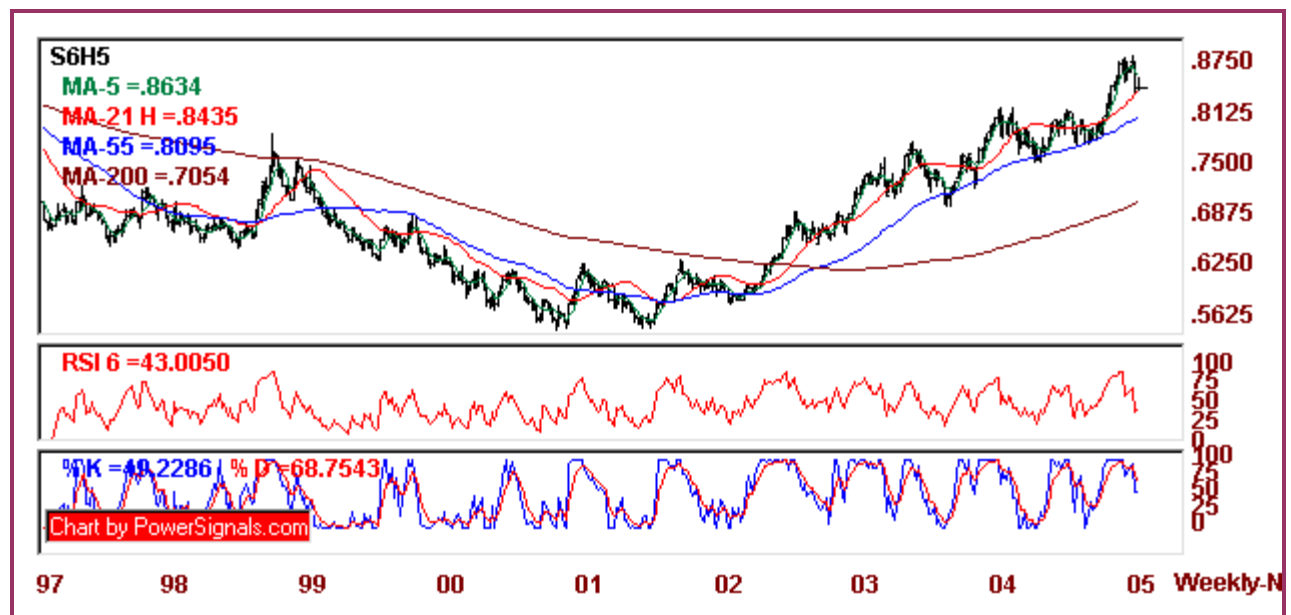
March Swiss Franc

Resistance should appear near 8484 to 8499 and the 8560 to 8589 region..Traders can sell at 8483 and risk a close over 8537 for three days in a row.. Beyond that sellers should appear near 8668 to 8683 and the 8762 to 8777 region

Support should appear near 8406 to 8391, a close under augurs for a test of 8314 to 8300.. Below that buyers should appear near 8223 to 8194 and the 8134 to 8119 region. Which should contain a decline..

Traders should go short if a close under 8387 occurs



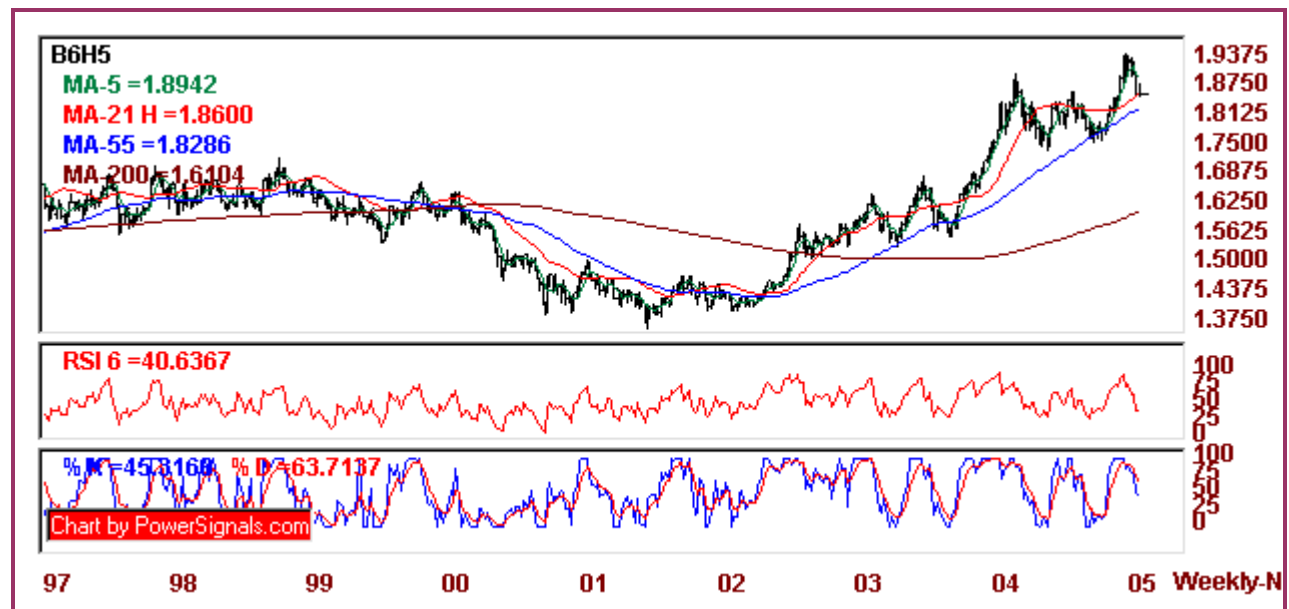


March British Pound

Support should appear near 18580 region... a close under augurs for a test of 18220 to 18080

Resistance should appear near 18867 and 19020 to 19090

Traders should go short if a close under 18576 occurs.



March Canadian Dollar

Recommended open position short 8187

Support should appear near 8134 to 8119 and the 8044 to 8029 region.

Resistance is at 8194 to 8223 and 8300 to 8314

Traders should go short if a close under 8191 occurs..



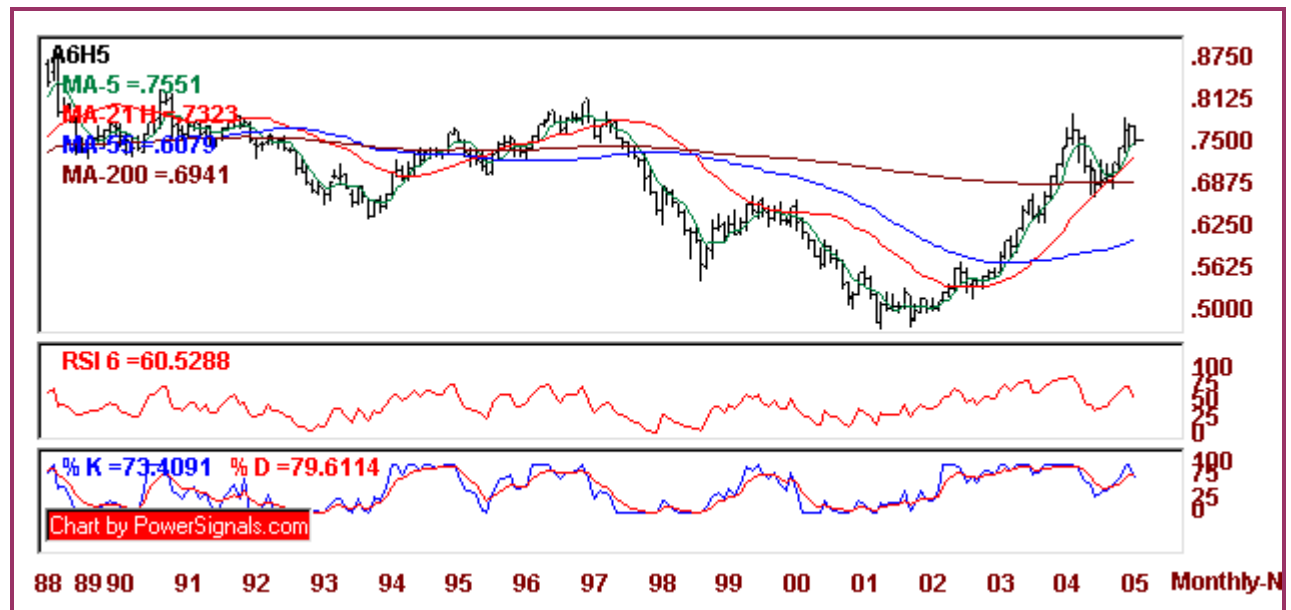


March Aussie Dollar

Support should appear near 7513 to 7486 region.. A slip under augurs for a test of 7428 to 7414 and the 7342 to 7328 region.

Resistance should appear at 7587 to 7601 and 7675 to 7689. Traders can sell at 7584 and risk a close over 7607 for three days in a row. Beyond that sellers should appear near 7763 to 7777 and the 7836 to 7864 region.. Traders can sell at 7762 and risk a close over 7867 for three days in a row.

Traders should go short if a close under 7547 occurs





Precious Metals

February Gold

Resistance should appear at 423.8 to 424.9 and the 430.4 to 431.5 region.

Support is at 418.3 to 416.3 below that a trade towards the 412.0 to 411.0 region is likely..





March Copper

Support should appear near 13830 to 13770 and 13460 to 13340

Resistance should appear near 14150 to 14210 and the 14530 to 14590 region. Traders can sell at 14140 and risk a close over 14690 for three days in a row

Traders should go short if a close under 13740 occurs

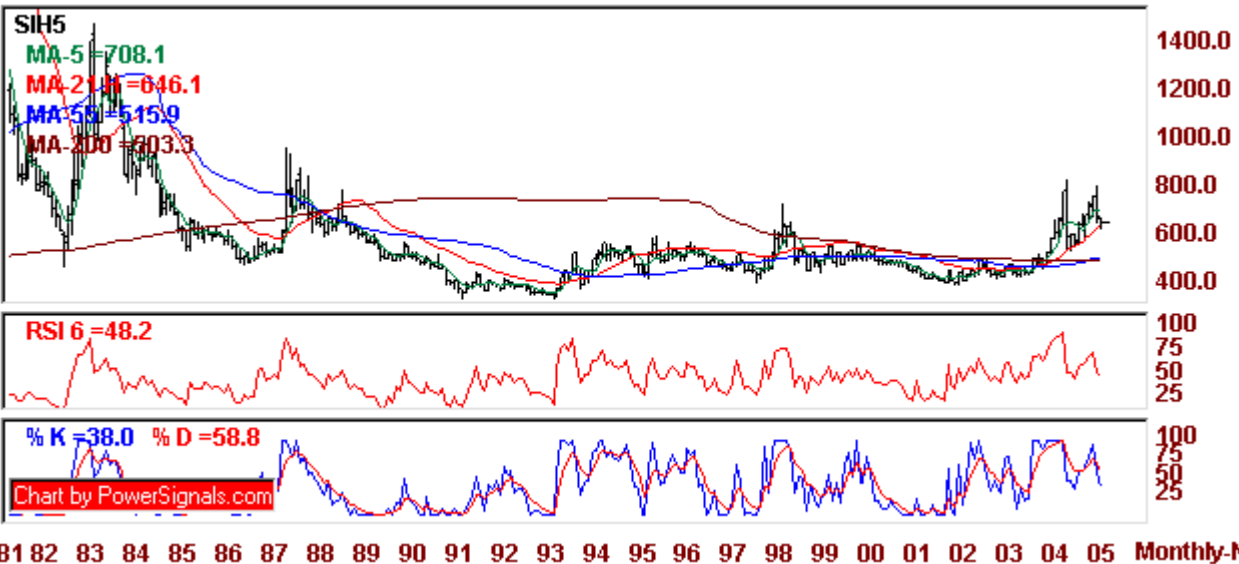




March Silver

Support should appear near 650.5 to 648.0.. below that buyers should appear near 635.0 to 633.5.. A close under augurs for a test of 619 to 616.5 and the 603.5 to 602.3 region.

Resistance is at 665.5 to 667.5 and the 674.0 to 675.5 region . Beyond that sellers should appear near 699.0 to 700.5.

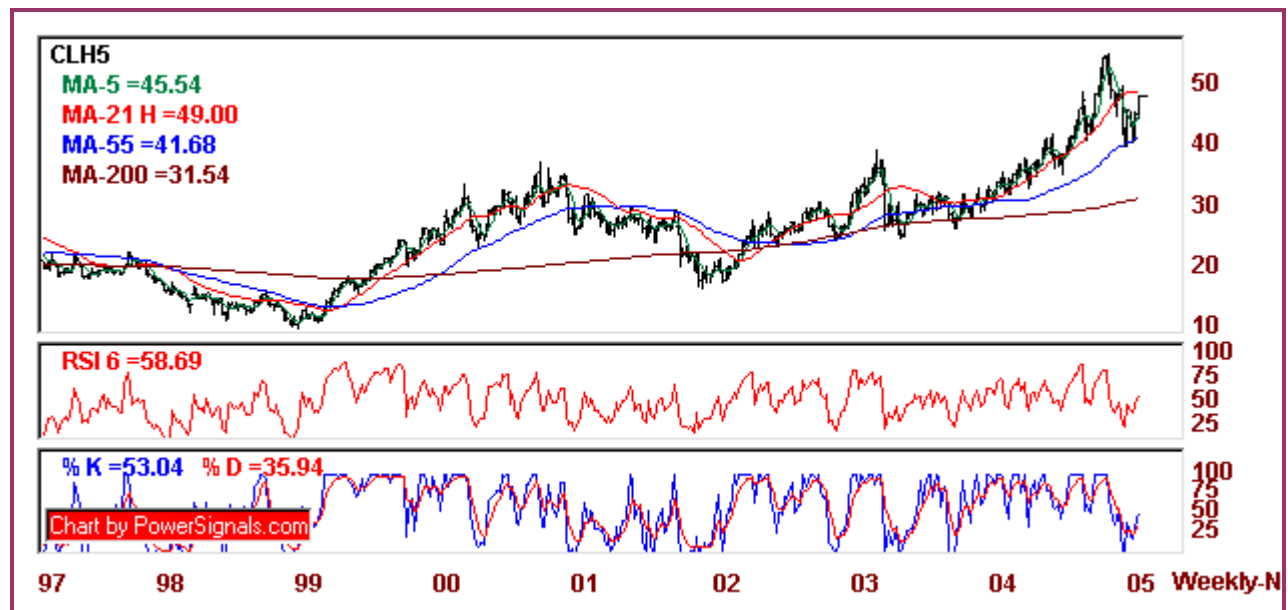
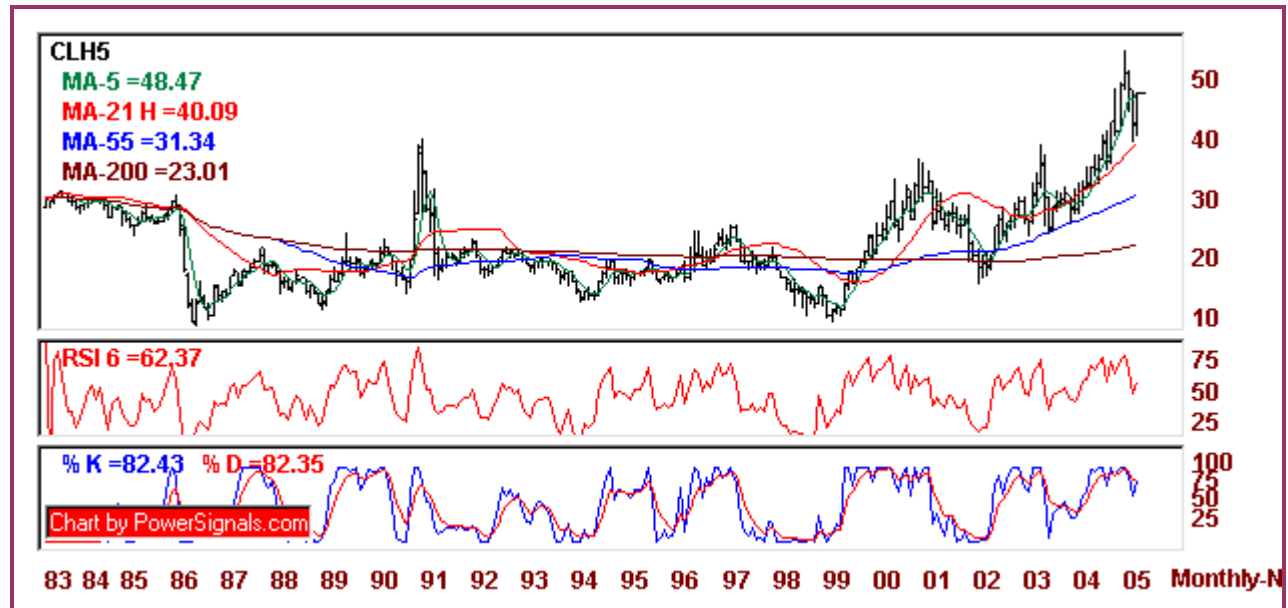


The Exciting Energies

March Crude Oil

Resistance should appear near 4915 to 4926 .. beyond that sellers should appear near 5056 to 5067 and the 5127 to 5139 region. Above that sellers should appear near 5344 to 5356 and the 5553 to 5577 region.

Support should appear near 4785 to 4775, a close under augurs for a test of 4717 to 4695 and eventually the 4650 to 4639 region. Below that buyers should appear near 4582 to 4571 and eventually the 4514 to 4503 region.



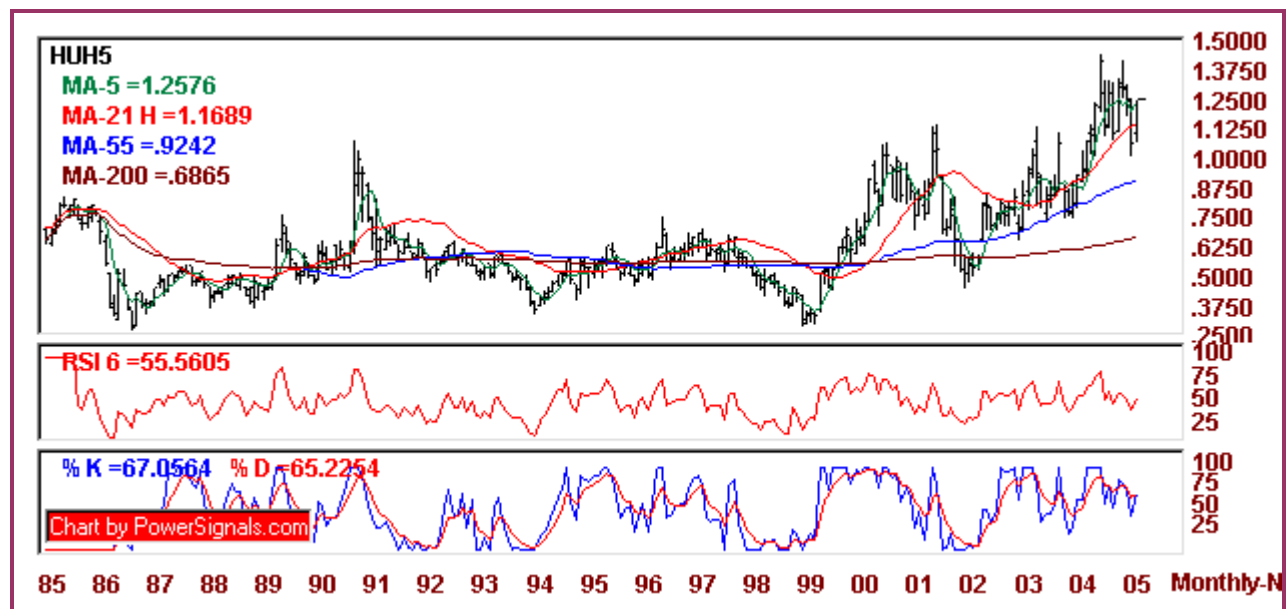


March Unleaded Gas

Resistance should appear near 13040 to 13100 , and the 13340 to 13460 region .. Beyond that sellers should appear near 13770 to 13830 region , which should cap a rally.

Support should appear near 12740 to 12680.. A close under augurs for a test of 12030 to 11920 failure there is negative and indicates a test of 11690 to 11640 and eventually the 11010 to 10960 region

Traders should go short if a close under 12870 occurs





March Heating Oil

Resistance should appear 13460 and the 13770 to 13830 region. Beyond that sellers should appear near 14150 to 14210 and 14530 to 14590.. Which should cap a rally..

Support should appear near 13340 then 13100 to 13040 and the 12740 to 12680 region Below that a test of 12380 to 12320 is likely. Failure there augurs for a trade towards 11690 to 11640.

Traders should go short if a close under 13330 occurs



The Lively Livestock

February Cattle

Support should appear near 9062 to 9042 and 8872 to 8857 .. Below that buyers should appear near 8587 to 8557 and the 8407 to 8392 region.

Resistance is at 9317 to 9347 and 9427 to 9447. Beyond that sellers should appear near 9707 to 9737 and the 9922 to 9937 region.

Traders should go short if a close under 9037 occurs



February Hogs

Recommended open Positions Short 7575

Spread : Short 2 Feb / Long 2 June Hogs -195

Support is 7602 to 7587 and 7517 to 7487 .. A close under augurs for a test of 7427 to 7412 and eventually the 7342 to 7327 region. Below that buyers should appear near 7172 to 7142

Resistance should appear near 7687 and the 7762 to 7777 region .. Beyond that sellers should appear near 7837 to 7862 and the 7932 to 7957 region. Above that 8027 to 8047 should cap a rally..

Traders should go short if a close under 7577 occurs.



February Pork Bellies

Recommended open Position Short 9622

Resistance should appear near 9627 to 9642 .. Beyond that sellers should appear near 9707 to 9737 and the 9822 to 9837 region.

Support is at 9542 to 9527 and 9447 to 9427... A close under is negative and augurs for a test of 9347 to 9317 and the 9157 to 9137 region

Traders should go short if a close under 9517 occurs



The Grande' Grains

March Corn

Support should appear $195 \frac{1}{4}$ to $194 \frac{3}{4}$ then $190 \frac{3}{4}$ to $190 \frac{1}{4}$ and the $185 \frac{1}{2}$ to $185 \frac{3}{4}$ region.

Resistance is at $198 \frac{1}{4}$ to $199 \frac{3}{4}$ and $203 \frac{1}{2}$ to $204 \frac{1}{4}$.. Beyond that sellers should appear near 208 to $208 \frac{3}{4}$.

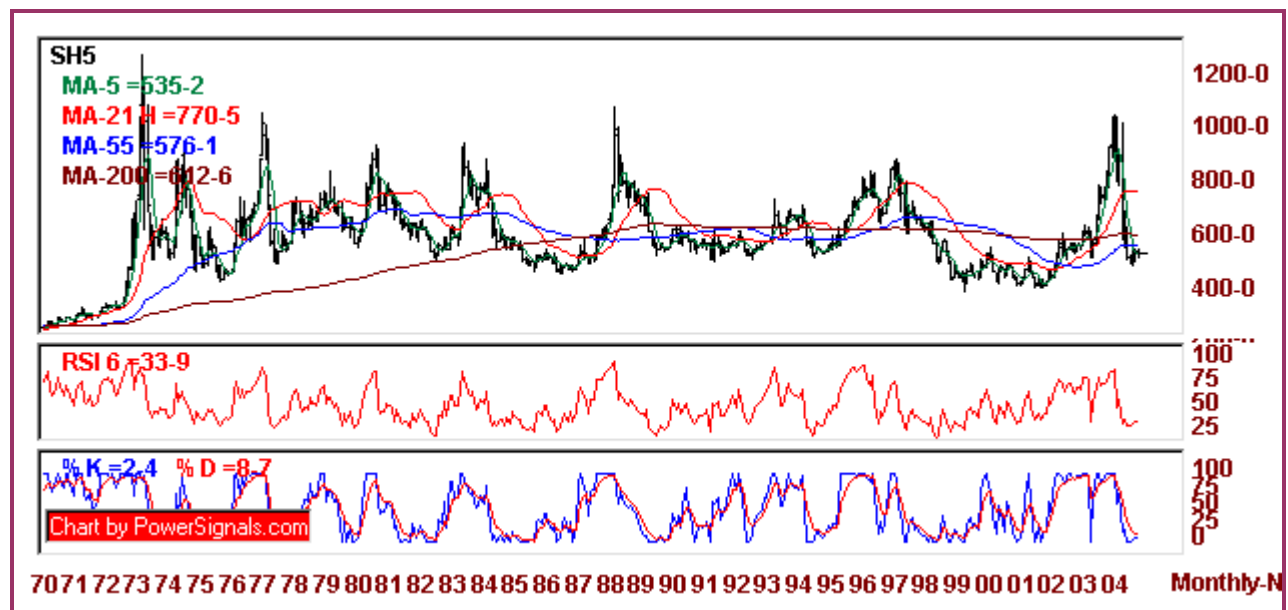




March Soybeans

Support is $513 \frac{3}{4}$ to $512 \frac{3}{4}$ and the $506 \frac{3}{4}$ to $505 \frac{3}{4}$ region. Below that slip towards $499 \frac{1}{2}$ to $497 \frac{1}{2}$ and the $492 \frac{3}{4}$ to $491 \frac{1}{2}$ region is likely.. Under that buyers should appear near $485 \frac{3}{4}$ to $484 \frac{1}{2}$. Traders can buy at $485 \frac{1}{4}$ for a good bounce .. risk a close under $476 \frac{3}{4}$ for three days in a row..

Resistance is at 520 to $521 \frac{1}{4}$ and $525 \frac{3}{4}$ to $528 \frac{1}{2}$..Beyond that sellers should appear near $534 \frac{1}{2}$ to $535 \frac{3}{4}$ and the $541 \frac{3}{4}$ to 543 region

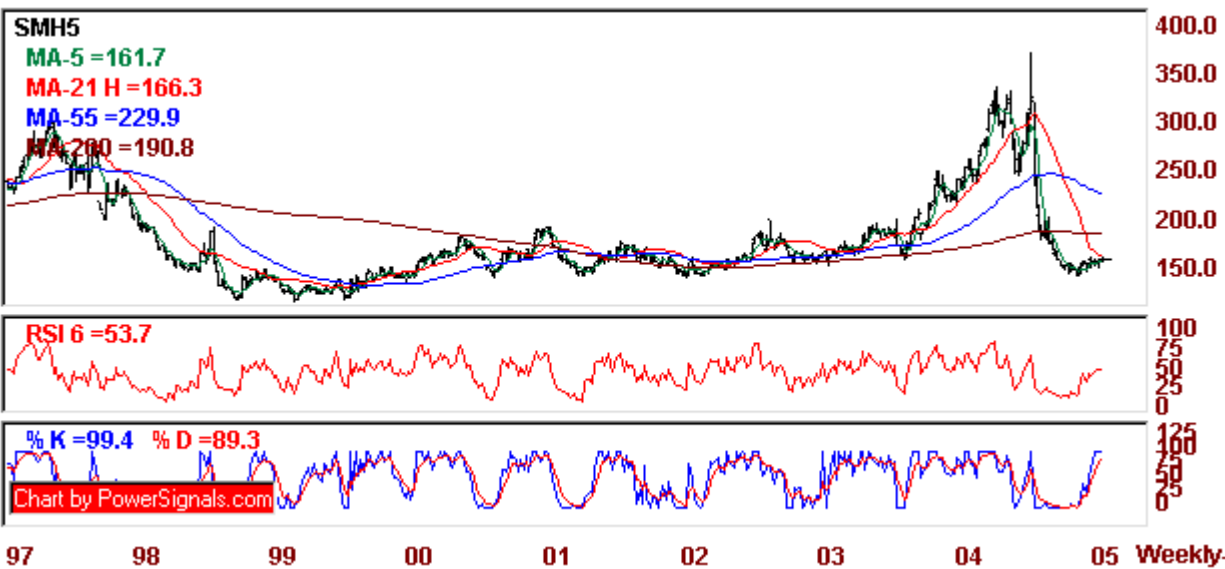
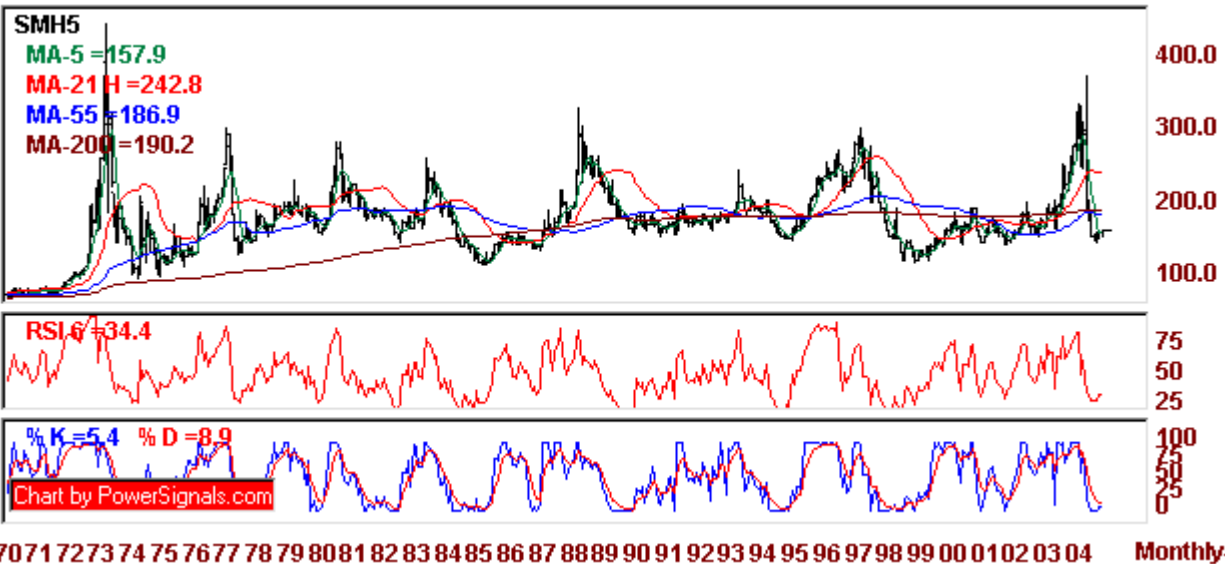




March Soymeal

Support should appear near 153.5 to 152.9 and the 149.6 to 148.4 region

Resistance should appear near 156.9 to 157.6 and the 160.9 to 161.5 region. Beyond that sellers should appear near 164.2 to 165.5



March Soybean Oil

Resistance should appear near 2034 to 2042 and 2080 to 2089.

Support should appear near 1953 to 1946. A close under augurs for a test of 1909 to 1902. Below that buyers should appear near 1865 to 1858.





March CBOT Wheat

Support should appear near $297 \frac{1}{4}$ and the $293 \frac{3}{4}$ to $292 \frac{3}{4}$ region.. Below that buyers should appear near $282 \frac{3}{4}$ to 282 region.. Which should contain the decline..

Resistance should appear near $303 \frac{3}{4}$ to $304 \frac{1}{2}$ and $309 \frac{1}{4}$ to $310 \frac{1}{4}$





The Satisfying Softs

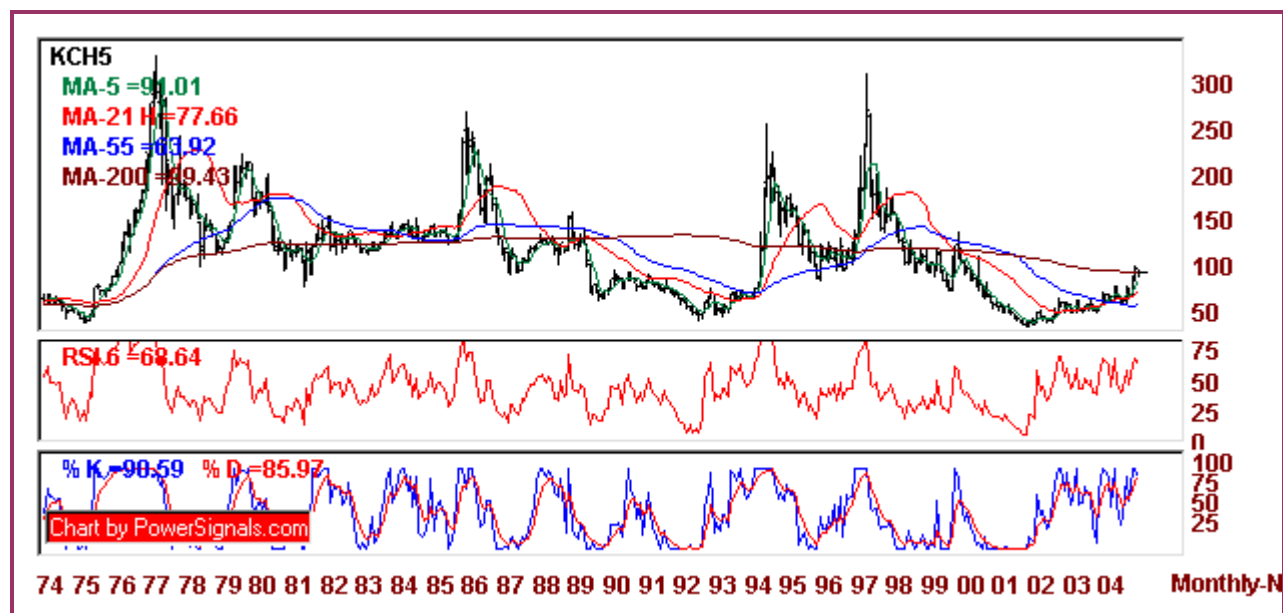
March 'The Monster' Coffee

Recommended open position Long 2 at 10150 avg

Support is near 9940 to 9920 .. below that buyers should appear near 9735 to 9705 and the 9345 to 9315 region

Resistance should appear near 10105 to 10135 and 10320 to 10360..A close over is friendly and indicates a trade towards 10580 to 10680.

Traders should go long if a close over 10370 occurs.





March Cocoa

Support is at 1496 to 1484 region.. A close under is negative and augurs for a test of 1459 to 1453 and eventually the 1421 to 1415 region. Below that buyers should appear near 1346 to

Resistance is at 1529 to 1535 and 1569 to 1576.. Beyond that sellers should appear near 1609 to 1615 and the 1643 to 1655 region. ..Traders can sell at 1608 and risk a close over 1659 for three days in a row..

Traders should go short if a close under 1483 occurs..

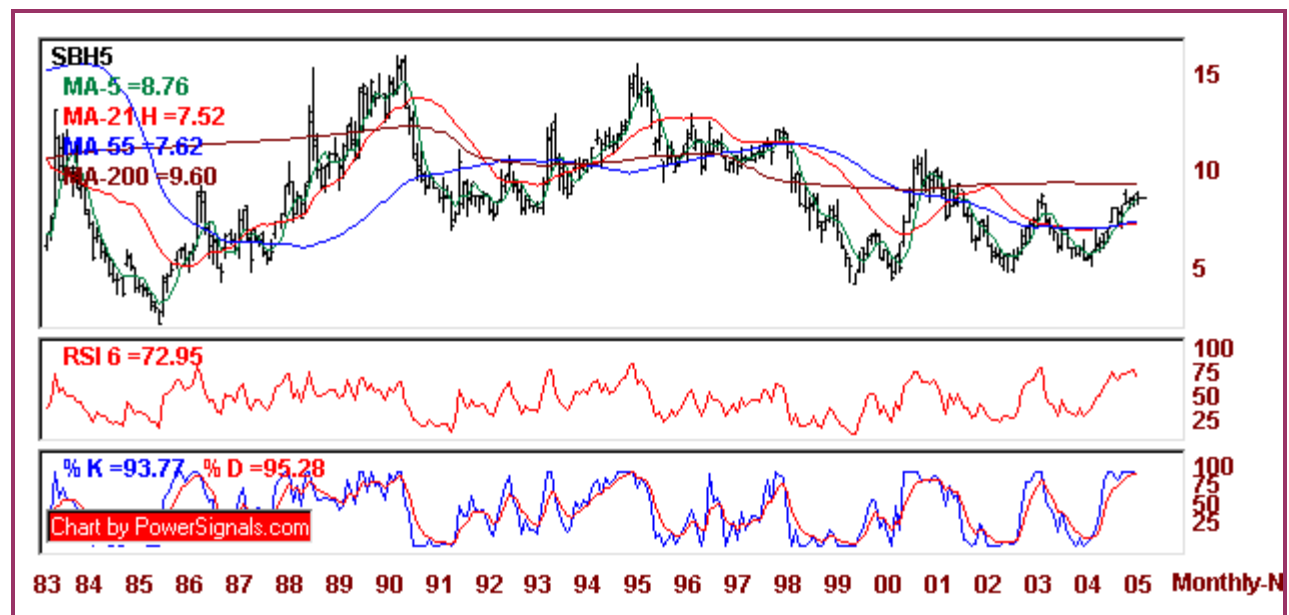




March Sugar

Support should appear near 882 to 877, a close under augurs for a test of 852 to 847. Below that buyers should appear near 823 to 814.

Resistance should appear near 907 to 912 and 932 to 941.. Traders can sell at 907 for a turn lower and risk a close over 947 for three days in row. Beyond that sellers should appear near 968 to 972.



March Cotton

Support should appear near 4585 to 4570 and 4515 to 4505. Below that buyers should appear near 4445 to 4425 and 4385 to 4370 region. Traders can buy at 4520 for the pull

Resistance should appear near 4635 to 4650.. A close over is friendly and augurs for a test of 4775 to 4785 and the 4845 to 4855 region. Beyond that sellers should appear near 5055 to 5070

Traders should go long if a close over 4655 occurs.





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

Happy Trading!

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Sunday January 16th, 2005

6:00 AM South Florida Beach Time

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Current BW Recommended Open Positions

Long March SP500 1203.00

Long March Mini Nasdaq 1577

Long March Mini Russell 620

Short March Yen 9610

Short March Canadian Dollar 8187

Short Feb Hogs 7575

Short 2 Feb / Long 2 June Hogs -195

Short Feb Bellies 9622

Long 2 March Coffee 10150 avg