

Bi-Weekly Investment Outlook

Saturday March 26th, 2005 Issue # 214

“Observation, Experience, Memory and Mathematics--These are what a successful trader must depend on. 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-

Saturday March 26th 2005
4:00 AM eastern time

[Open BW Positions](#) (recap at end of letter)

Stocks and Dollar:

As expected, the market is exhibiting of weakness into the end of March, We remain in the bull camp and feel this is not the time to cut and run. Traders should look to buy dips as we see a higher market in front of us.

As for the dollar, we maintain that Growth rate and interest rate differential will continue to support the dollar .. We maintain that the Dollar's decline is long in the tooth and the upside potential still far outweighs the downside. Traders should look for the dollar to be widely range bound with strength

On the Data front US orders for consumer durables rose by a weaker than expected 0.3% last month after falling 1.1% in January, while orders for non-defense goods excluding aircraft fell 2.1%, after a 4.4% increase in January and a 3.4% climb in December.

Housing gave an upside surprise on Friday as sales of new homes rose 9.4% to a 1.226 million units, showing the biggest increase in 4 years

- No change in posture -

The Sensational Stock and Bond Markets

Dow Jones Industrial Average

Resistance is near 10470 and 10580 to 10680

Support should appear near 10360 to 10320 should contain a decline .. However if it fails badly a test of 10185 is likely and should contain a decline for some time.



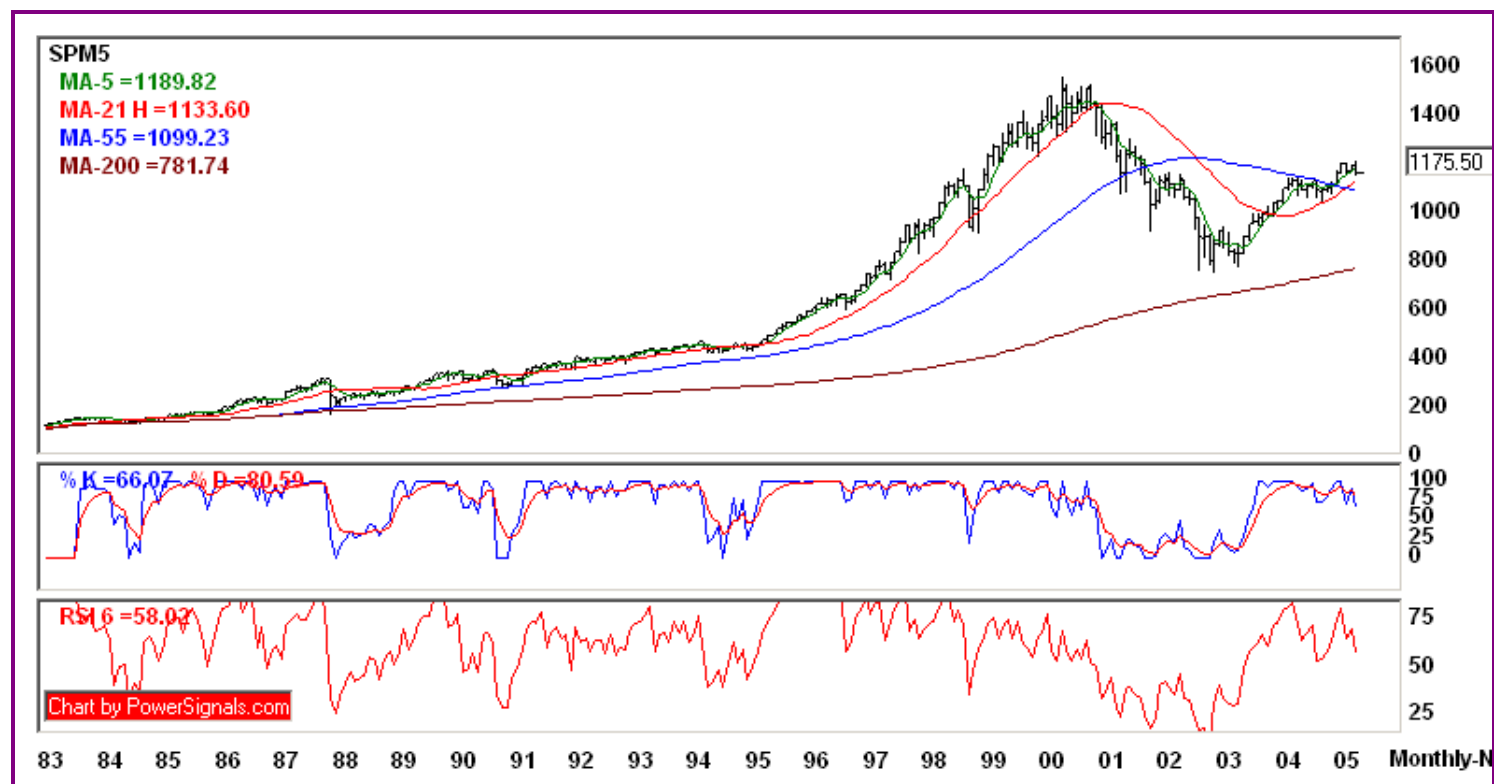


June SP500

Recommended open position long at 1169.10

Resistance should appear near 1180.50 , a close over is friendly and augurs for a test of the 1192 to 1203 region.

Support should appear near the 1169 to 1164.00 region. Under that 1150 and the 1136 to 1130 region should bring buyers out from the woodwork .. Aggressive Traders should go long if a close over 1180.60 occurs





Nasdaq Composite

Support remains near 1982.. Below that buyers should appear near 1953 to 1946 and the 1909 to 1902 region.

Resistance should appear near 2034 to 2042 and the 2080.00 to 2089.00 region.





June Mini Nasdaq 100

Resistance should appear near 1484 to 1496 , a close over is friendly and augurs for a test of 1529 to 1535 and the 1569.00 to 1576.00 region.

Support is at 1459 to 1453 , a slip under augurs for a test of 1421 to 1415 .. Traders can buy at 1422 for a bounce and risk a close under 1412 for three days in a row. .. Below that 1383 to 1377 should hold.

Traders should go long if a close over 1498 occurs



June Mini Russell 2000

Support is at 611.3 to 610.1 and 603.5 to 602.3 which should contain a decline... Below that buyers should appear near 595.7 to 594.5 .. Traders can buy at 603.6 and risk a close under 593.4 for three days in a row..

Resistance is at 616.5 to 619. A close over is friendly and augurs for a test of 633.70 to 635.00 and 641.70 to 643.00

Traders should go long if a close over 619.7 occurs.





June 10 Year T-Note

Resistance should appear near 108-22 and 109-07.. Beyond that sellers should appear near 109-22 and 110-07 which should cap a rally..

Support remains at 108-07 and 107-22.. Below that a trade towards 107-07 region is likely.. Which should contain the decline.. . Under that 106-22 and 106-07 should hold.



The Frenzied Forex Front

June Yen

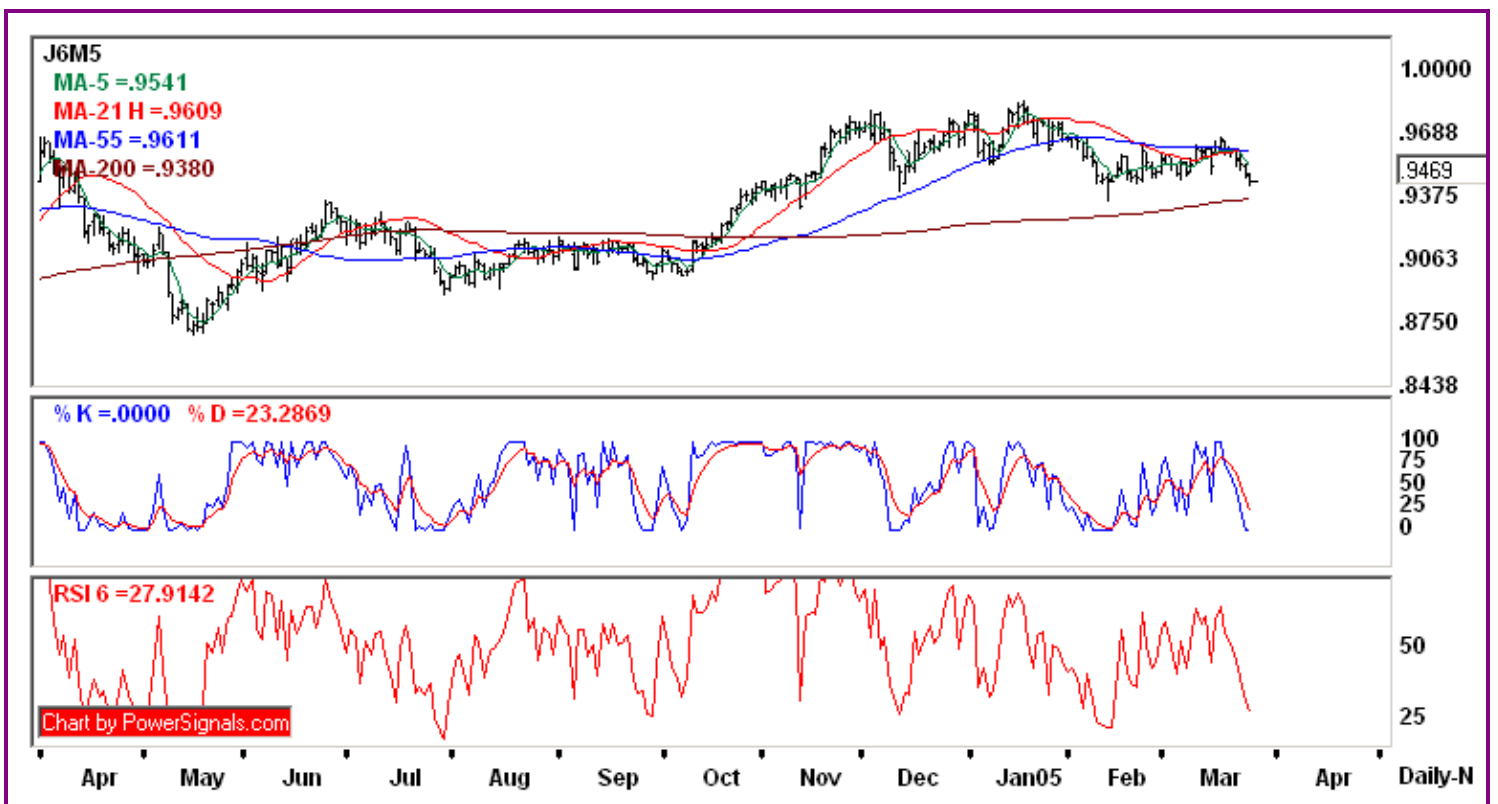
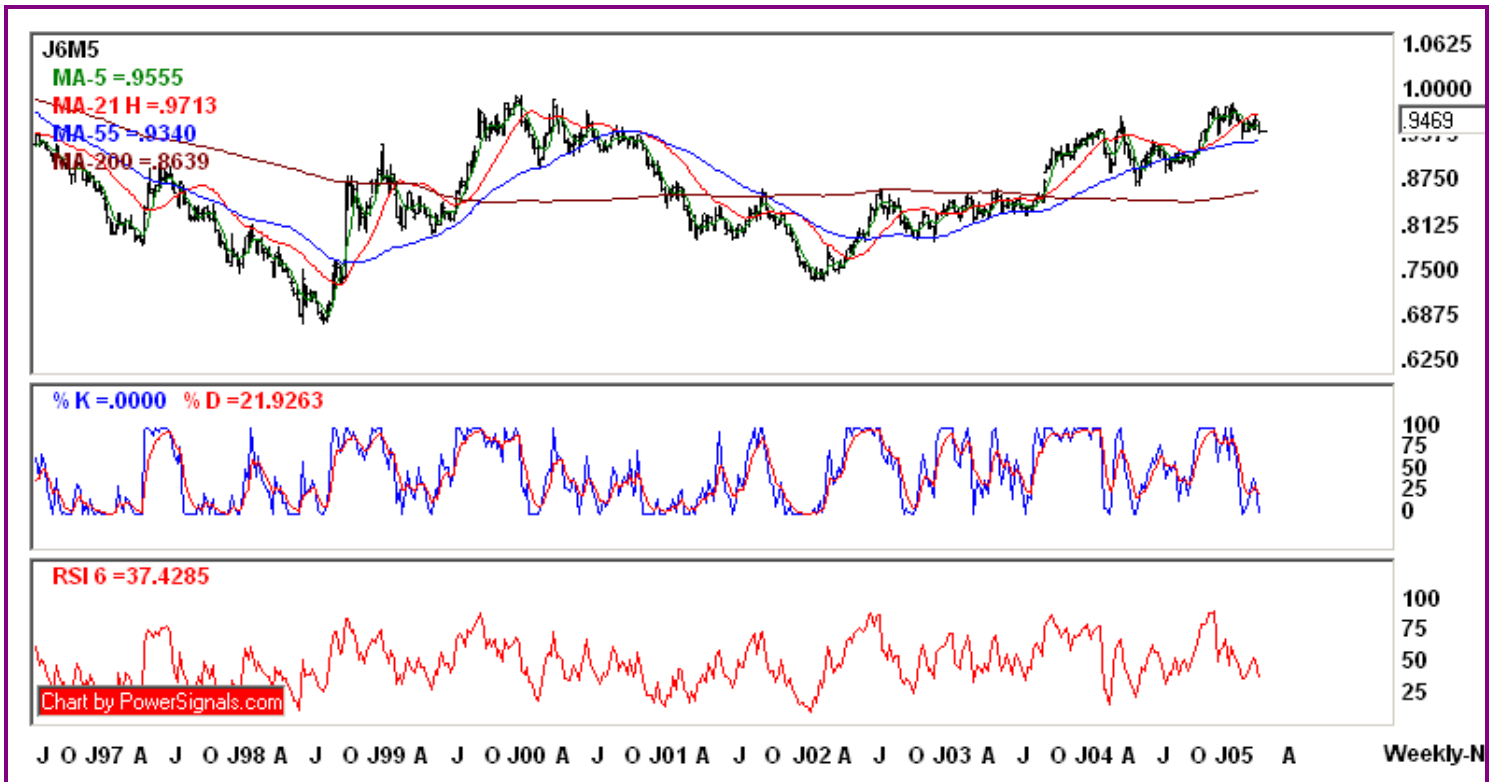
Resistance should appear near 9526 to 9542 and the 9625 to 9641 region. Beyond that a test of 9707 to 9737 is likely. A close over is friendly and augurs for a test of 9821 to 9837.. Traders can sell at 9819 and risk a close over 9942 for three days in a row.

Support should appear near 9445 to 9429 and the 9347 to 9316 region. .Traders can buy at 9349 and hold for higher prices... Below that support should appear near 9237 and the 9156 to 9140 region. ..

Traders should go long if a close over 9547 occurs.

Trade Accordingly and Stay tuned for Flashes





June Euro Currency (EC)

Support should appear at 12890 and 12750 to 12680.. A slip under augurs for a test of 125.30.

Resistance should appear near 13040 to 13100 and 13220 Traders can sell at 13037 and risk a close over 13142 for three days in a row,

Traders should go short if a close under 12965 occurs





June Swiss Franc

Resistance should appear near 8391 to 8406 , traders can sell at 8390 for a turn lower , risk a close over 8449 for three days in a row.. Beyond that sellers should appear near 8484 to 8499 and the 8560 to 8589 region.

Support should appear near 8314 to 8300 , a close under augurs for a test of 8223 to 8194 and eventually the 8134 to 8119 region. Aggressive Traders should go short if a close under 8299. .. Stay tuned for flashes and updates.





June British Pound

Support should appear near 18580 and the 18220 to 18080 region.

Resistance should appear near 18650 and 18836, beyond that 19020 to 19090 should cap a rally. .





June Canadian Dollar

Support should appear near 8223 to 8194 , a close under augurs for a test of 8134 to 8119 and eventually the 8044 to 8029 region.. Under that 7954 to 7937 should contain a decline

Resistance is at 8300 to 8314, traders should sell at 8300 and risk a close over 8409 for three days in a row.. Beyond that 8848 to 8499 should cap a rally.
Traders should go short if a close under 8193 occurs





June Aussie Dollar

Resistance should appear near 7675 to 7689 and the 7763 to 7777 region. Beyond that 7836 to 7834 bring out sellers and should cap a rally.

Support should appear at 7601 to 7587, below that a test of 7513 to 7486 and the 7342 to 7329 region is likely. Traders should go short if a close under 75887 occurs.





Precious Metals

June Gold

Resistance should appear at 430.40 to 431.5 and 437 to 438.1. Traders can sell at 430.3 and risk a close over 440.4 for three days in a row. Beyond that 442.5 to 444.6 should cap a rally.

Support is at 424.9 to 423.8 , a close under augurs for a test of 418.3 to 416.3 .. Failure there is negative and indicates a test of 412 to 411 and most likely the 405.6 to 404.6 region.

Traders should go short if a close under 423.8 occurs.





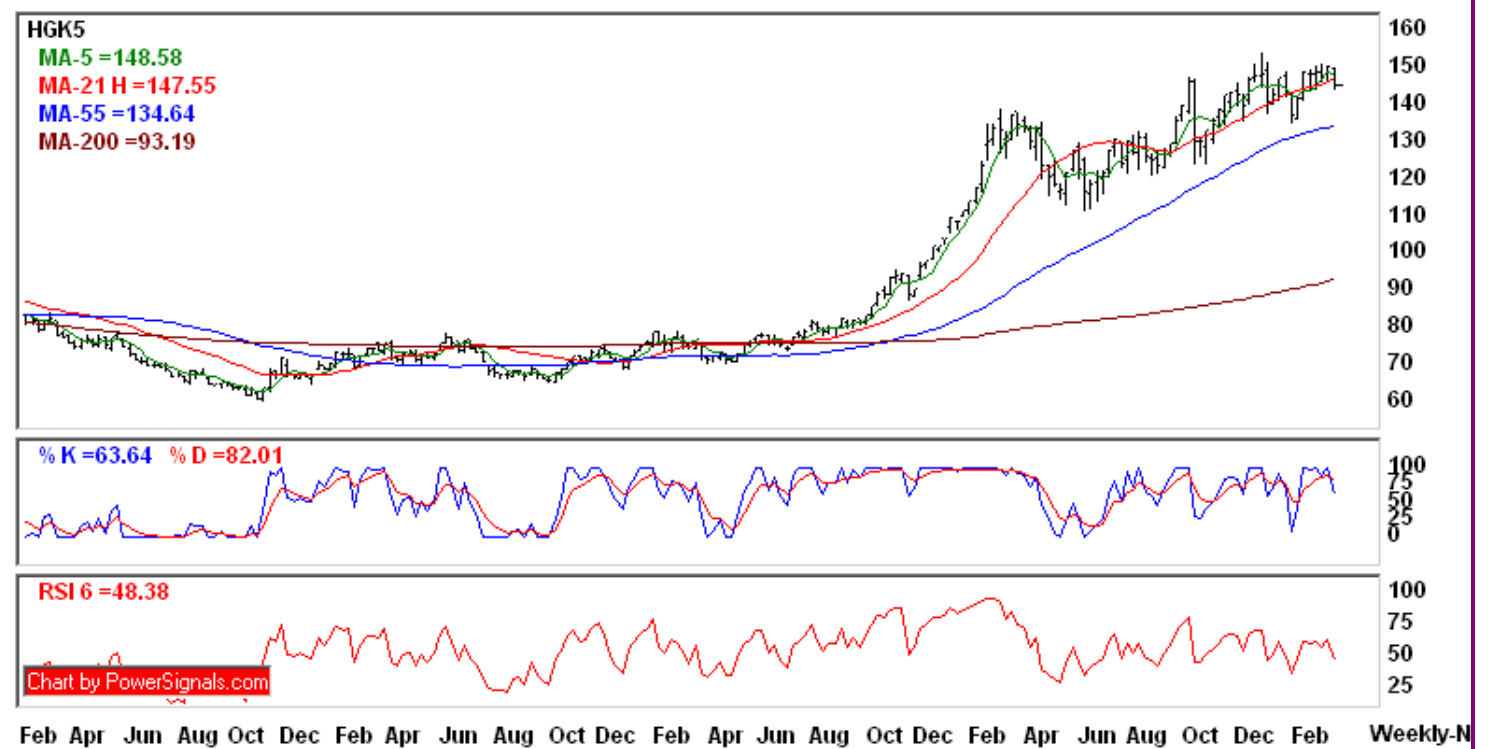
May Copper

Recommended open position short at 14435

Support should appear near 142.1 to 141.5 and the 138.30 to 137.70.. a slip under augurs for a test of 13460 to 13340 .. Which should contain a decline .. Under that 13100 to 13040 offers support.

Resistance should appear near 14590 and the 14840 to 14960 region.. Beyond that sellers should appear near 15290 to 15350 .. Traders can sell at 152.70 and risk a close over 1.5830 for three days in a row

Traders should go short if a close under 145.30 occurs.





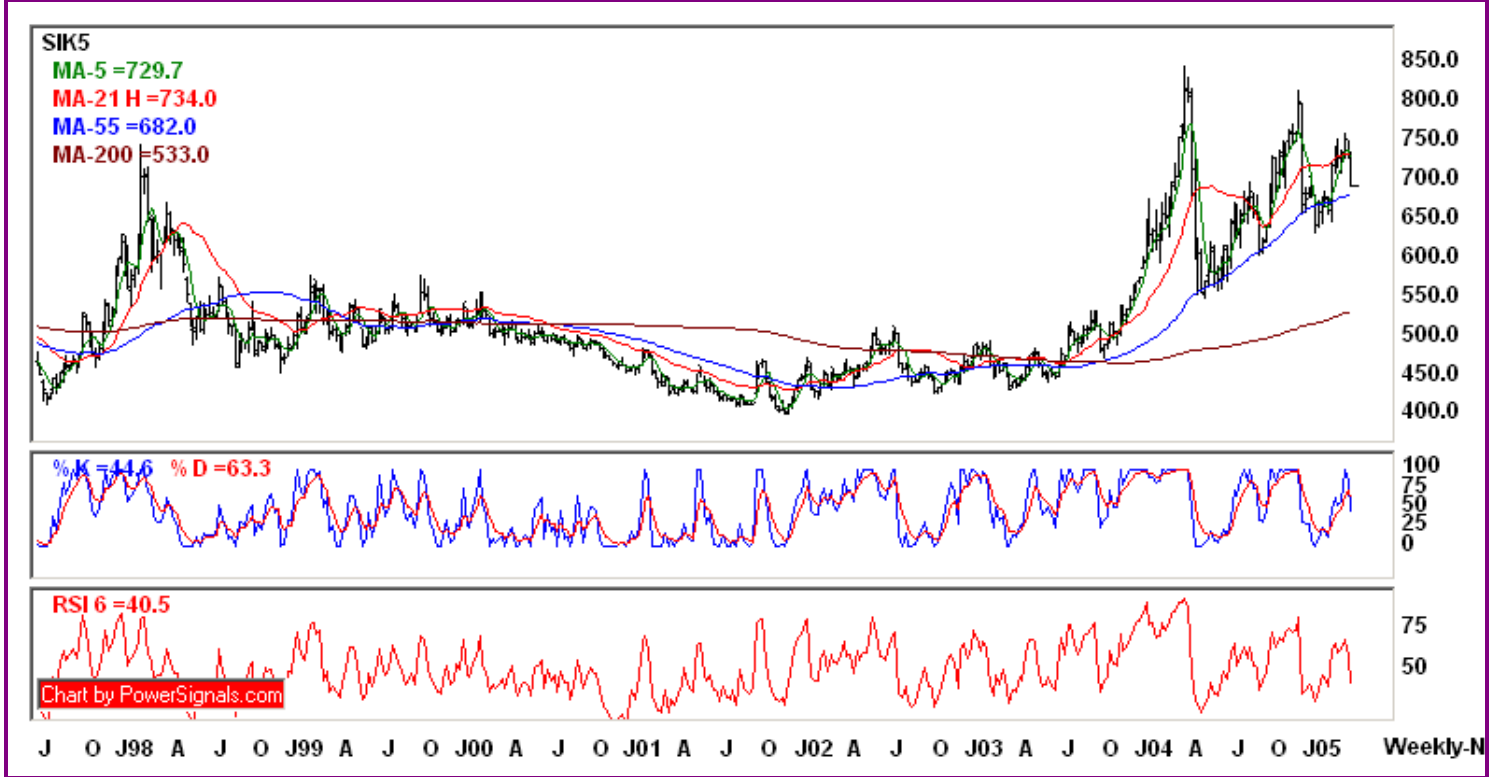
May Silver

Support should appear near 683.5 to 680.5 and the 667.5 to 665.5 region.. A close under is negative and augurs for a test of 651.0 to 648.5 and the 635 to 633.5 region .

Resistance is at 699 to 700.5 and the 714.5 to 717.0 region . Beyond that sellers should appear near 732.5 to 734.5 and the 741.5 to 742.5 region Traders can sell at 732 for a turn lower and risk a close over 744 for three days in a row,

Aggressive Traders should go short if a close under 665.5 occurs.





The Exciting Energies

May Crude Oil

Resistance should appear near 5490 to 5504 and 5553 to 5577.. Beyond that 5640 to 5653 should cap a rally.

Support should appear near 5356 to 5344 and 5282 to 5259. A close under is negative and augurs for a test of 5137 to 5129





May Unleaded Gas

Resistance should appear 16420 to 16550 and the 168790 to 16960 region. Beyond that 17310 to 17380 should cap a rally . Traders can sell at 16880 and risk a close over 17380 for three days in row.

Support should appear near 16150 to 16090 and the 15760 to 15690 region.. A close under augurs for a test of 15350 to 15290 . Below that buyers should appear near the 14960 to 14840 region.

Aggressive Traders should go short if a close under 16090 occurs.

Trade accordingly





May Heating Oil

Resistance should appear near 15350 then 15690 to 15760 and the 16090 to 16150 region Beyond that sellers should appear near 16420 to 16550, which should cap a rally .

Support should appear near 14960 to 14840 and 14210 to 14150.. A close under is negative and augurs for a test of 13830 to 13770 and most like the 13460 to 13340 region.

Traders should go short if a close under 14840 occurs.

Trade Accordingly ...





The Lively Livestock

Cattle:

The two big items that will move cattle prices into spring into summer continues to be demand for beef and when the border to Canada will open to live cattle..

Cold storage beef supplies on hand February 28 were down nearly 12% from the end of January and down 7.2% from the end of February of 2004. Retail beef prices during January and February were up 2.7% from the same months of 2004. These data indicate beef demand is strong, , however should be some loss of demand in 2005 compared to 2004 as world markets and eating habits adjust ..

Hogs:

There were no surprises in the March 1 Hogs and Pigs report that was released on Thursday.

The total herd at 101%, the breeding herd at 100% and the market herd at 101% of this time 2004 were exactly as our estimates two weeks ago. The estimates for the next quarter are up 1.5% from 2004.

However, we do believe prices in the 2nd quarter will be same to down from 2004 and the 3rd quarter prices down more because of a weaker demand.

This is now becoming more apparent . Cold storage stocks at the end of February were up 9% from the end of January. In 2004 the industry reduced cold storage stocks of pork about 5% during February. However pork production in February this year was up 3.7% from a year earlier. This is one of the earlier signs that pork demand domestically has begun to weaken.

In addition we continue to hear various reports that fewer people on the low carb diets.

We mentioned this may occur months ago

We continue to see growth in the US breeding herd. For the year up to the week ending March 12 sow slaughter was down 4.5% after adjusting for herd size and gilt slaughter down 0.7%.

If we see demand wane and the herd productivity and size continues to expand even at a slow pace.

We may as well end up at price levels comparable to 2003 .. As Herd size is now about 3 to 4 % above 2003 and Price levels are 15 % to 20 % Higher.

For example June Hogs in 2003 topped off in May around 6700 (versus 7820 now) and those levels are where the Feb contract of this year ended up as the front end collapsed into Early Feb ..

The 2003 October hogs High in June of that year was near 5800 and sold off to near 5100 into July... At current price levels Oct hogs appear a bit steep. However that is an issue we prefer to deal with later next month...

No change in Posture ..

June Cattle

Support should appear near 8482 and 8407 to 8392.. A close under is negative and augurs for a test of 8317 to 8302 and eventually the 82222 to 8192 region. Below that buyer should appear near 8047 to 8027 .

Resistance is at 8560 to 8592 and the 8667 to 8682 region. Beyond that sellers should appear near 8762 to 8777 and the 8932 to 8967 region. Traders can sell at 8762 for a turn lower and risk a close over 8977 for three days in row

Traders should go short if a close under 8387 occurs



June Hogs

Support is at 7777 to 7762, a close under augurs for a test of 7692 to 7672 and eventually the 7602 to 7587 region. Below that buyers should appear near 7512 to 7487 and the 7342 to 7327 region.

Resistance should appear near 7837 to 7867 and the 7937 to 7957 region Beyond that 8027 to 8047 should cap a rally Traders can sell at 7932 and risk a close over 8067 for three days in a row. Above that sellers should appear near 8117 to 8227 and the 8302 to 8317 region... Traders should go short if a close under 7757 occurs.

Spread Traders should Buy August and Sell June Hogs on the open to move back into the spreads.



May Pork Bellies

Recommended open position short at 9137

Resistance should appear near 9527 to 9542 and the 9707 to 9737 region. Beyond that sellers should appear near 9822 to 9837 and 9922 to 9937

Support is at 9447 to 9427 and 9347 to 9317 . A close under is negative and augurs for a test of 9157 to 9142 Failure there augurs for a test of 9062 to 9042 . . . trade accordingly and stay tuned for flashes and updates.



--Stay tuned for Updates and Flashes --

The Grande' Grains

Soybean Complex :

Demand versus supply issues remain as overhanging factors and over the last two weeks weighed on Beans at higher levels. However, most recent reports did not encourage selling after a blistering 75 cent decline.

The recent Monthly crush report for February was below expectations at 137.7 million bushels versus 148.5 million bushels in January.

Bean Oil stocks are above expectations at 1.631 billion pounds and meal is at 323,000 versus guesstimates of 330,000 tons and weekly export sales for soybeans were 424,600 tons below the guess

However old crop sales have reached 94.1% of the USDA's projection for the year.

This is above the average of 89.4 % for this period. Meal sales came in better at 149,900 tons, better than expected and sales are 78.5% of the USDA projection versus 73.1% on average.

Bean Oil sales were below guesses at 1700 tons

After the run up and decline on violent moves over the last two weeks the issue is not demand nor is it supply.

The issue to us it appears to be a fear of any looming Asian rust news and typical seasonal strength patterns that normally take place until more solid information about a US crop is known.

Otherwise the bullish seasonals appear to taking hold again at lower levels.

We look to sell strength for shorts but not here and not now. We feel that is something to attend past Mid April or on a large spike.

Corn:

Weekly export sales for corn were 880,100 tons, which was above the upper end of trade expectations.

Old crop cumulative sales have reached 68.4% of the USDA projection for the year as compared with 67.7% on average for this time of the year. In addition, the USDA announced a sale of 115,000 tons of US corn to unknown destination. Still lot of Corn out there...

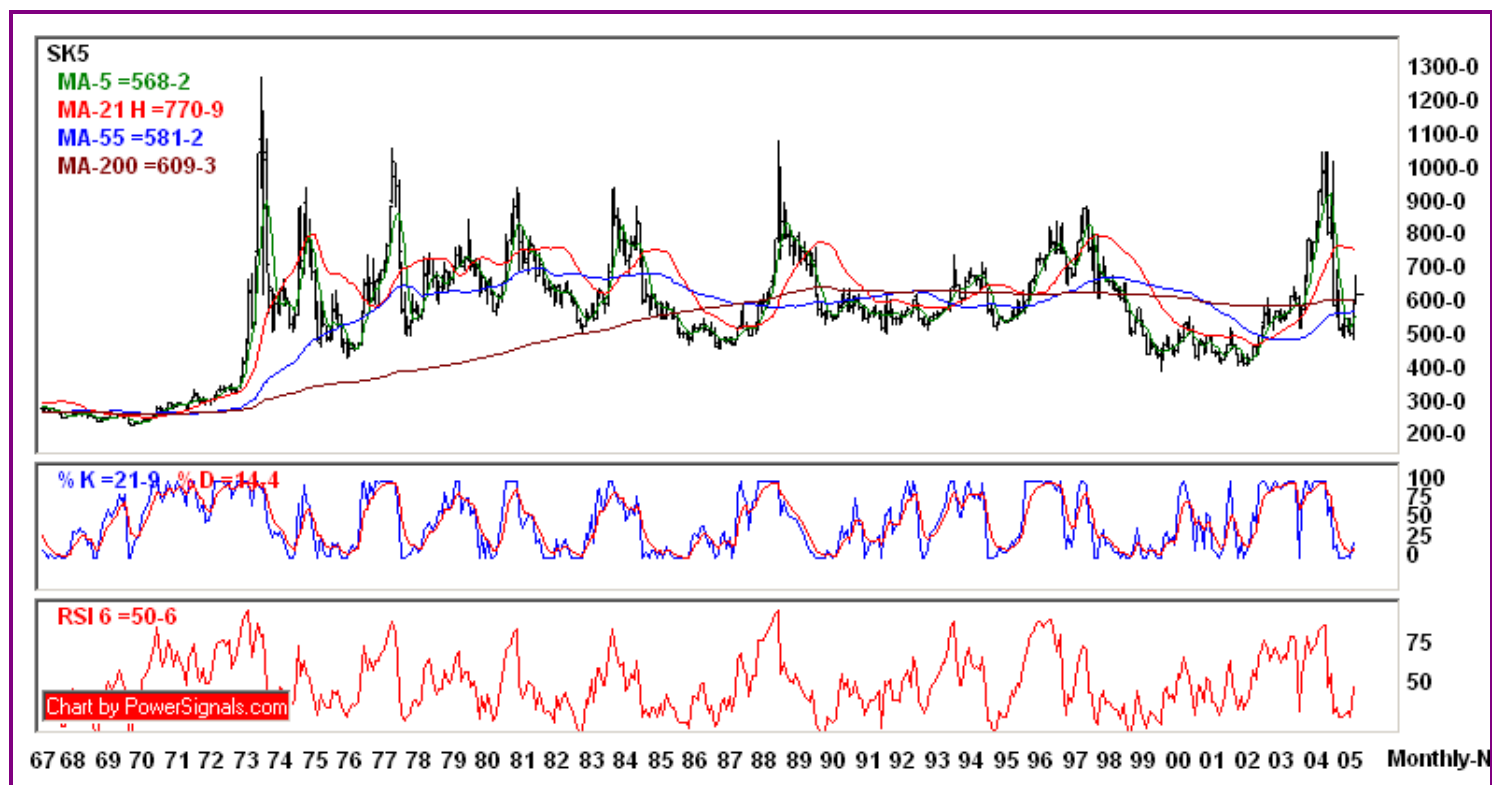
No change in current posture or ideas

May Soybeans

Recommended open position long at 619 1/2

Support is 627 to 625 3/4 and the 619 to 616 1/2 region. Below that buyers should appear near 611 1/4 to 610 1/4 and the 595 3/4 to 594 1/2 region. Which should hold into early April

Resistance should appear near 633 3/4 to 635 , a close over is friendly and augurs for a test of 641 3/4 to 643
Beyond that sellers should appear near 657 3/4 to 659 1/4 and the 665 3/4 to 667 1/4 region





May Soymeal

Support should appear near 186.4 to 185.8 and the 182.2 to 180.8 region .. Below that buyers should appear near 173.8 to 173.1 and the 165.5 to 164.2 region.

Resistance should appear near 190.2 to 190.9 and 203.4 to 204.2 beyond that sellers should appear near 212.6 to 213.4 and the 217.0 to 218.5 region. Aggressive Traders can sell at 216.9 and risk a close over 222.9 for three days in row.





May Soybean Oil

Resistance should appear near the 2315 to 2322 and the 2354 to 2370 region .. beyond that sellers should appear near 2411 to 2419 and the 2461 to 2469 region . which cap a rally for a bit.

Support should appear near 2275 to 2267 and the 2226 to 2219 region . Traders can buy at 2276 for a turn higher and risk a close under 2170 for three days in a row. Under that buyers should appear near 2134 to 2126.

Traders should go long if a close over 2323 occurs.





May Corn

Support should appear near $208 \frac{3}{4}$ to 208 and the $204 \frac{1}{4}$ to $203 \frac{1}{2}$ region. Below that buyers should appear near $199 \frac{3}{4}$ to $198 \frac{1}{4}$. and the $195 \frac{1}{4}$ to $194 \frac{3}{4}$ region

Resistance is at $212 \frac{3}{4}$ to $213 \frac{1}{2}$ and the 217 to $218 \frac{1}{2}$ region Beyond that sellers should appear near $221 \frac{3}{4}$ to $222 \frac{3}{4}$ and the $226 \frac{3}{4}$ to $227 \frac{1}{2}$ region.





Recently weak export numbers of 365,100 tons should pressure wheat which typically makes it's lows in July.

While sales have reached 89.2% of USDA numbers for the year versus an average of 84%, overseas wheat prices are becoming more competitive on the world market and will loom in the background especially from places like Russia who back in the 90's were a main export destination for US wheat ..

How things change.. In the later part of the last Decade then the plan was to help the post Soviet Era Russian farm economy to become more self sustaining and increase output.

Generally speaking looks like it worked ..

-No change in Posture-

May CBOT Wheat

Resistance should appear near the $342\frac{1}{2}$ to $344\frac{1}{4}$ and the $349\frac{1}{4}$ to $350\frac{1}{4}$ region. Beyond that sellers should appear near $355\frac{1}{4}$ to $356\frac{1}{4}$, which should cap a rally. Traders can sell at $354\frac{3}{4}$ and risk a close over $362\frac{3}{4}$ for three days in a row, Above that sellers should appear near $373\frac{1}{2}$ to $374\frac{1}{4}$..

Support should appear near $337\frac{3}{4}$ and the $332\frac{3}{4}$ to $331\frac{3}{4}$ region . A close under augurs for a test of 327 to $326\frac{1}{4}$ and eventually the $315\frac{3}{4}$ to $314\frac{3}{4}$ region.

Traders should go short if a close under $331\frac{3}{4}$ occurs.

Trade Accordingly –





The Satisfying Softs

Coffee ...

According to one of Brazil's leading coffee bean producers, 'Ipanema Coffees', higher coffee prices can be expected for the next two years. The drought in Brazil has complicated a usual downturn in its crop cycle and has led to a steep decline in production. The situation has been made worse by a epic drought in Vietnam, which recent rains will largely have nominal or no impact on tonnage and quality. ..One might say 'What is lost is lost'

Demand data showing more people are drinking coffee that was shrugged off only six months ago has now led to the ICO (International Coffee Organization) predictions of an 8% deficit of supply versus demand this year..

Which in our opinion will continue to ratchet upwards as the Supply losses from weather have not been fully accounted for in reports largely made in February..

The Brazilian producer, Ipanema Coffees, says it is inevitable retail prices will continue to go up as a result. The company says it does not expect prices worldwide to stabilize for at least two to three years.

We feel the recent spate of higher prices are significant, they began some time ago.

There have been fundamental changes in the coffee market. Producing governments and trade groups have encouraged producers to focus on primarily supplying the market place with higher grade coffee. There have also been increases in consumption worldwide, especially in regions of the world where coffee was not a mainstay.. 'I have yet to hear the term all the coffee in china' but maybe someday..

Production events, like droughts, Tsunami based delays in shipments from Indonesia and smaller-than-expected production in Brazil has lead us to believe that prices could reach as high as 3.50 cents per pound within months to a year if not sooner..

These events can have medium to long term results and that has shifted balance of supply and demand to lean on the side of inadequate supplies..

May 'The Monster' Coffee

Recommended open position Long at 12600

Nearby Support should appear near 12030 to 11920 and the 11690 to 11640 region. Below that buyers should appear near 11360 to 11300 and contain a decline

Resistance should appear near the 12320 to 12380, a close over is friendly and augurs for a test of 12680 to 12740 and the 13040 to 13100 region

Be long.





July 'The Monster' Coffee'

Recommended open position Long 2 at 12360

Nearby Support should appear near 12320 and the 12030 to 11920 region . Below that buyers should appear near 11690 to 11640 and contain a decline

Resistance should appear near 12680 to 12740 and the 13040 to 13100 region



May Cocoa

Support is at 1576 to 1569 and the 1535 to 1529 region. Below that buyers should appear near 1459 to 1453 and 1421 to 1415 Which should hold.

Resistance is at 1609 to 1615 and 1642 to 1655 Beyond that sellers should appear near 1689 to 1696 and 1731 to 1738, which should cap a rally.





July Sugar

Support should appear near 882 to 877 Below that buyers should appear near 852 to 847 and the 823 to 814 region , which should hold.

Resistance should appear near 907 to 912 and 932 to 941.. Beyond that a test of 968 to 972 is likely.





May Sugar

Recommend open position long at 912

Support should appear near 852 to 847 and 823 to 814.

Resistance should appear near 877 to 882 and 907 to 912.



July Cotton

Recommended open position Long at 5305

Support should appear near the 5285 to 5260 region. Below that buyers should appear near 5140 to 5125 and the 5070 to 5055 region, which should contain a decline... Under that support should appear near 4925 to 4915.

Resistance should appear near 5345 to 5355, a close over is friendly and augurs for a test of 5415 to 5430 and eventually the 5555 to 5575 region.. Beyond that a test of 5715 to 5730 is likely, where sellers should appear near and cap a rally for a bit..

Trade Accordingly..





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

Happy Trading!

Bill wil@futurescom.com

1-866-409-3890

Sunday March 27th, 2005

5:20 PM South Florida Beach Time

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BW Recommended Open Positions

Long June SP500 1169.10
Short May Copper 144.35
Short May Pork Bellies 9137
Long May Soybeans 619 1/2
Long May Coffee 12600
Long 2 July Coffee 12360
Long July Cotton 5305
Long May Sugar 912
