

Bi-Weekly Investment Outlook

Sunday July 17th 2005 Issue # 222

"Among the hazards of speculation the happening of the unexpected -I might even say the unexpectable- ranks high. There are certain chances that the most prudent man is justified in taking - chances that he must take if he wishes to be more than a mercantile mollusk-
" Reminiscences of a Stock operator "

Saturday July 16th 2005

9:00 PM eastern time

The Sensational Stock and Bond Markets

Industrial production grew 0.9% in June the biggest increase since February 2004 after a 0.3% increase in May.. June Capacity utilization rose to its highest level since December 2000 at 80.0%.from 79.4% in May ... The consumer grew more optimistic in the first 10 days of July according to the University of Michigan sentiment survey which rose to 96.5 from 96.0 in June. This was the highest level since 97.1 in December. The NY Fed measures manufacturing with its Empire state index. The Empire state surprised a few traders and moved up to 23.9 in July from a revised 10.5 in June .. Also the highest reading since December.

As a result, some investors continued to move away from some hard assets accumulated over the last few years and back to back to 'paper'...Gold tested its 2003 closing price on Friday before bouncing. While Stocks held firm with SP500 front-end futures closing at their highest weekly close since June of 2001 and the Russell 2000 Index settled Friday at an all time high weekly close ...

No change in Trading posture .. Stay tuned for Updates and Flashes..

Dow Jones Industrial Average

Resistance should appear near 10680 and the 10960 to 11010 region .

Support should appear near 10630 to 10580 and 10470.. Below that buyers should appear near 10360 to 10320





Sept SP500

Support should appear near 1217.50 and the 1203 to 1192.00 region

Traders can buy at 1203.10 for a good bounce and hold for higher prices

Resistance should appear near 1232 to 1238 and 1268 to 1274

Aggressive Traders should go long if a close over 1238.10 occurs





Nasdaq Composite

Support should appear near 2134 to 2126 and 2089 to 2088

Resistance should appear near 2170 to 2185 , beyond that a test of the 2219 to 2226 region is likely





Sept Mini Nasdaq 100

Resistance should appear near 1609 to 1615 and the 1642 to 1655 region

Support is at 1576 to 1569 and 1535 to 1529 . Traders can buy at 1536 and hold for higher prices..
 risk close under 1481 for three days in a row,



Sept Mini Russell 2000

Support is at 659.10 to 657.7 and the 650.9 to 648.30 region...Below that buyers should appear near 643.00 to 641.70 .. Traders can buy at 651.10 and risk a close under 640.9 for three days in a row.

Resistance should appear near 674.3 to 675.50 and the 680.90 to 683.60 region .

Trade Accordingly and Stay tuned for updates and Flashes





Sept 10 Year T-Note

Resistance should appear near 112-07 and 112-22 .. Beyond that sellers should appear near 113-07

Support at 111-07 and 110-22.. below that buyers should appear near 109-22 and 109-12





Sept 30 Yr T-Bond

Resistance should appear near 116-21. Beyond that a trade towards should 117-07 and 117-21 should bring out sellers.

Support is at 116-07 and 115-21 .. Below that 115-07 and 114-21 should bring out buyers .



The Frenzied Forex Front

No change in Forex Posture

Sept Yen

treasury Secretary Snow said last week he believed Beijing would revalue its currency within the next 2 months. The People's Bank of China has said it has no immediate plans to revalue. Expect more noise and babble to come out on the revaluation.

Meanwhile Japan still suffers from marginal deflation and there is no sign of a change in the Bank of Japan's ultra-easy money policy.

Resistance should appear near 9044 to 9060 and the 9140 to 9156 region. . Traders can sell at 9140 and risk a close over 9167 for three days in a row . Beyond that 9316 to 9347 should cap a rally .
Support should appear near 8964 to 8934, a close under augurs for a test of the 8777 to 8762 region. and most likely the 8683 to 8668 region...



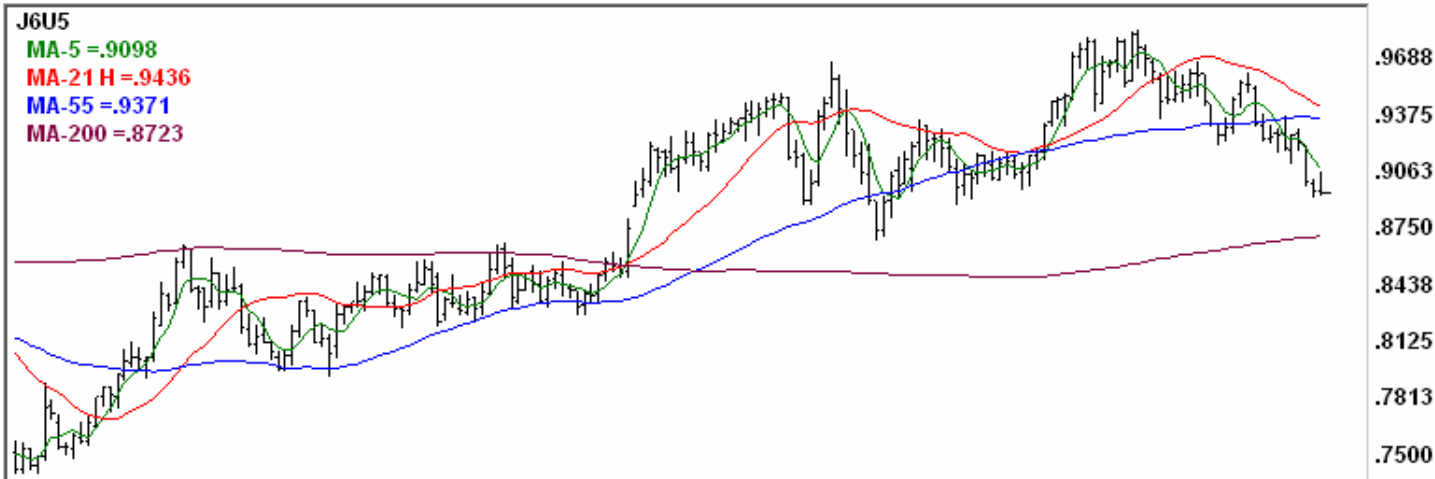
J6U5

MA-5 =.9098

MA-21 H=.9436

MA-55 =.9371

MA-200 =.8723



% K =.0000 % D =3.1630



RSI 6 =19.4372



Chart by PowerSignals.com

F M A M J J A S O N D J03 F M A M J J A S O N D J04 F M A M J J A S O N D J05 F M A M J J Weekly-N

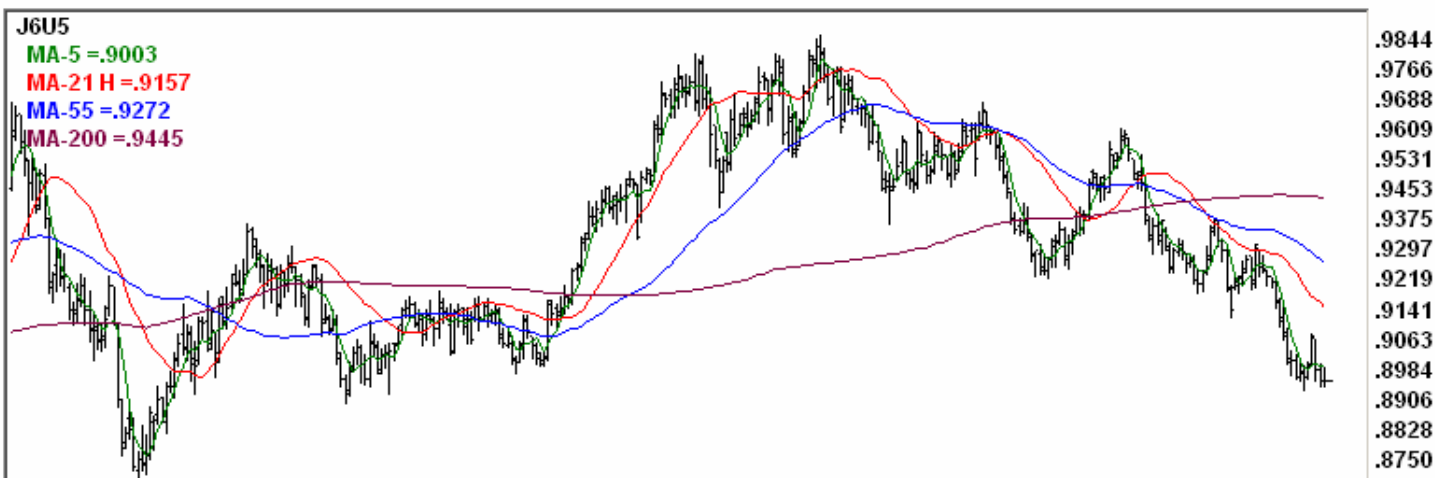
J6U5

MA-5 =.9003

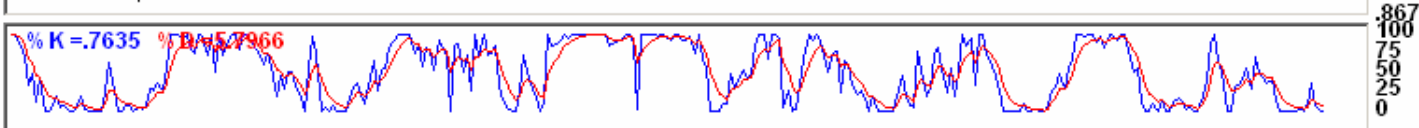
MA-21 H=.9157

MA-55 =.9272

MA-200 =.9445



% K =.7635 % D =5.7966



RSI 6 =33.0353

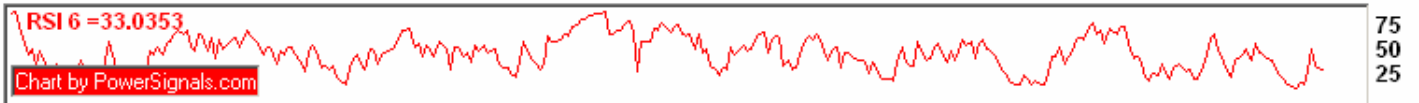


Chart by PowerSignals.com

Apr May Jun Jul Aug Sep Oct Nov Dec Jan05 Feb Mar Apr May Jun Jul Daily-N

Sept Euro Currency (EC)

Italy's growth forecasts were 1.2 in April and are now zero .. While Growth is expected to pick up next year the euro zone's third-largest economy went into recession at the beginning of 2005..

Top make matters worse , potential growth (normal trend growth)has fallen from 4% in the 1970s, to 1.5% in the mid-90s and now sits at 1.3%.. The budget deficit will be 4.3% of GDP again this year. Thus breaking the EU budget rules again... In light of all this Fitch Ratings has warned it might cut Italy's debt ratings, making a case that sluggish growth could put extra pressure on the deficit.

A year ago, Standard & Poor's cut Italy's ratings ..

Germany is really no better off. as it continues to struggle with structural problems .. while growth may improve marginally .for all intensive purposes German growth is rather stagnant.. ..
France appears to be doing a tad better.

Support should appear at 12030 to 11920, an extended trade under augurs for an eventual test of 11805 and more likely 11690 to 11640.

Resistance should appear near 12102 and 12175. Traders can sell at 12102 for a turn lower and hold for lower prices. Beyond that sellers should appear near 12247 and 12320 to 12380. Traders can sell at 12349 and risk close over 12392 for three days in a row.





Sept Swiss Franc

Resistance should appear near 7763 to 7777 and the 7836 to 7864 region ..Beyond that sellers should appear near 7939 to 7954.. Traders can sell at 7834 for a turn lower and risk a close over 7957 for three days in a row

Support should appear near 7675 to 7689 below that a trade towards the 7601 to 7587 region is likely

Traders should go short if a close under 7722 occurs





Sept British Pound

Support should appear near 17380 to 17320 and the 16960 to 16890 region

Resistance should appear near 17740 to 17800 and 18080 to 18220

Traders can sell at 17740 for a turn lower and risk a close over 17960 for three days in a row





Sept Canadian Dollar

Support should appear near 8134 to 8119 and 8044 to 8029

Resistance is at 8223 and 8300 to 8314 region.





Sept Aussie Dollar

Resistance should appear near 7486 to 7513 and the 7587 to 7601 region .Beyond that 7675 to 7689 should cap a rally.. .Traders can sell at 7486 and risk a close over 7607 for three days in a row.

Support should appear near the 7428 to 7414 , a close under augurs for a test of 7342 to 7328 and eventually the 7255 to 7242 region

Traders should go short if a close under 7411 occurs



Precious Metals

August Gold

Recommended open position short at 423.6

Resistance should appear at 423.8 to 424.9 and 430.4 to 431.5.. Traders can sell at 430.3 and risk a close over 438.9 for three days in a row.

Support is at 418.3 to 416.3 , a slip under augurs for a test of 412.0 to 411.0 region.

Below that 405.6 to 404.6 should bring out buyers ..

Traders should go short if a close under 415.9 occurs.

Trade Accordingly





Sept Copper

Support should appear near 15350 to 15290 .. a close under augurs for a test of 14960 to 14840 and eventually the 14590 to 14530 region..

Resistance should appear near 15690 to 15760 and 160.90 to 161.50

Traders should go short if a close under 152.80 occurs



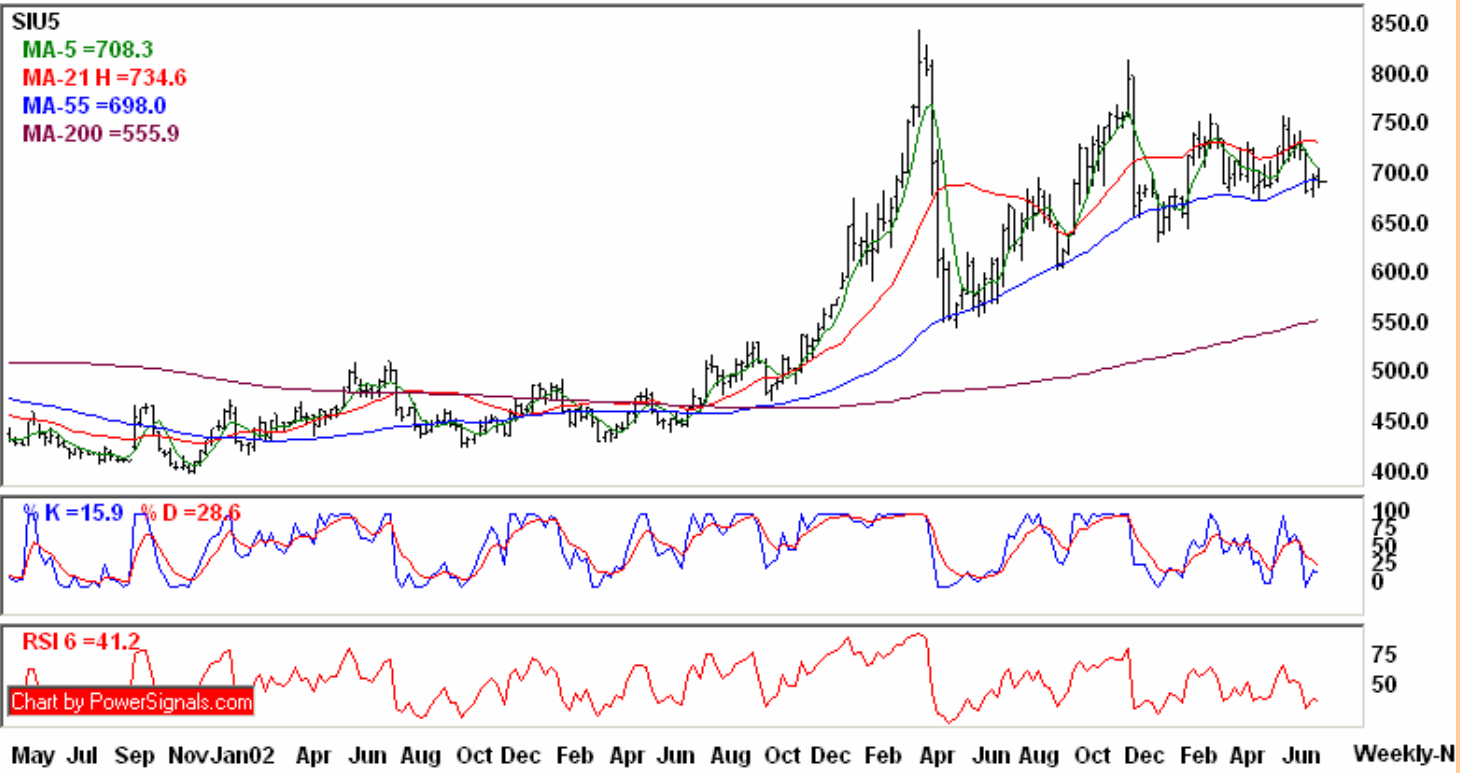


Sept Silver

Support should appear near 691.5 to 690.5 then 683.5 to 680.5 and the 667.5 to 665.5 .region ..

Resistance is at the 707.5 to 708.5 region .Beyond that 714.5 to 717.0 should cap a rally





The Exciting Energies

Recent Chinese government data showing a notable drop in the country's oil imports may provide relief to Oil prices, as analysts now have to re-consider their Chinese oil demand growth numbers..

Sept Crude Oil

Resistance should appear near 5945 to 5957 and 6023 to 6035.. Beyond that, sellers should appear near 6101 to 6113 and the 6337 to 6350 region.

Support should appear near 5880 to 5855, a close under is negative and augurs for a test of the 5805 to 5792 and the 5729 to 5716 region... A close under is negative and augurs for a test of 5577 to 5553.





Sept Unleaded Gas

Resistance should appear near 16420 to 16550 and 16890 to 16960 .. Beyond that sellers should appear near 17310 to 17380 and 17740 to 17800

Support should appear near 16150 to 16090 and the 15350 to 15290 region. Below that a test of 14960 to 14840 is likely.





Sept Heating Oil

Resistance should appear near 17310 to 173.8 and the 17740 to 17800. region Beyond that sellers should appear near 18080 to 18220

Support should appear near 16550 to 16420 and 16150 to 16090 .. A close under is negative and augurs for a test of 15350 to 15290.

Trade Accordingly





The Lively Livestock

Cattle

A federal appeals court lifted the injunction blocking the U.S. plan to resume cattle imports from Canada.. The immediate impact will be to pressure live cattle prices in the U.S. .

The ban on live cattle imports from Canada was positive to live cattle prices in the U.S. while it was in effect. In the long run Canada has increased their slaughter capacity which is negative to the cattle industry because more cattle will be fed out and slaughtered in Canada..

Next Friday cattle inventory as of July 1st will be released we expect the total herd to be up but maybe by less than 1%. We also expect the cow herd to be up around 1%, the number of heifers held for beef cow replacements to be up 5% or more and the calf crop to be up a short 1%.

Cattle prices in general are firm strong during the build up phase of a cattle cycle Which we feel is going on now and have said that in prior commentary. Eventually a build up should pressure prices to levels which we have not seen yet..

On the Retail side prices for June were down 1.8% from May of 2005 but up 0.3% from June of 2004. Retail beef prices for the first 6 months of 2005 were up 3.6% from 12 months earlier...

Retail prices need to come down a good chunk

No change in posture .. Sell rallies and be short

October Cattle

Support should appear near 8037 top 8022 , a close under is negative and augurs for a test of 7867 to 7837 and the 7777 to 7762 region.. Below that, buyers should appear near 7602 to 7586...

Resistance is at 8137 Beyond that sellers should appear ear 8297 to 8317.. Traders can sell at 8297 and risk a close over 8427 for three days in a row

Traders should go short if a close under 8017 occurs.



Hogs

Sow Slaughter continues to run well below a year earlier, for the week ending July 2, sow slaughter was down over 9 % from 2004 ..

Looking at the 4 weeks ending July 2, sow slaughter was 6 % below last year. For the year 2005 to date as of July 2 sow slaughter was down 5.6 percent .

During June gilt slaughter was above last year, but since the June 1 Hogs and Pigs report--Gilt slaughter is at a level that would indicate expansion of the herd . Traders should note a few weeks is not a long enough make any conclusions about a change in breeding herd..

However, the implications are that 150,000 head increase in the breeding herd over the next year is likely . Apparently some producers feel higher prices over the last few years may fade and will try to make up for lower profits by producing more pigs..

If we do increase the breeding herd and get the average productive growth that has occurred over the last 5 years. Pork production in 2007 would likely be over 110 million head without slaughter capacity to handle them .. This would stress live hog prices substantially..

Demand at the consumer level has been declining and with a productivity growth of between 2 and 3 percent ..

Corporate and Farmers who have plans to exit the pork production business in the next year or two for what ever reason should consider this and make plans for a sooner than later exit..

No change in Posture .. look for Live Hog prices to challenge lower levels

August Hogs

Recommended open position short at 6902

Support is at 6512 to 6482.. A close under is negative and augers for a test of 6432 to 6417 and eventually the 6350 to 6337 region. Below that, 6272 to 6257 should hold

Resistance is at 6657 to 6672 and 6742 to 6757 ..Beyond that sellers should appear near 6907 to 6922 and the 6992 to 7002 region.

Trade Accordingly and stay tuned for flashes





October Hogs

Recommended open position short 2 at 5617 avg

Support is 5732 to 5717 and the 5577 to 5552 region, a close under is negative and augurs for a test of 5507 to 5492 and the 5432 to 5417 region. ..

Resistance is at 5792 to 5807.. Beyond that sellers should appear near the 5852 to 5882 and the 6022 to 6037 region .. Above that sellers should appear near 6102 to 6112. Traders can sell at 6102 for a turn lower and risk a close over 6212 for three days in a row hold for lower prices..

Traders should go short if a close under 5637 occurs



Stay tune for Flashes and Updates

August Pork Bellies

Resistance should appear near 6657 to 6672 and 6807 to 6837..

Support is at 6352 to 6337 and the 6112 to 6102 region .



Trade accordingly and stay tuned for flashes and updates

The Grande' Grains

November Soybeans

Resistance at $732 \frac{3}{4}$ to $734 \frac{1}{2}$ and the $741 \frac{1}{2}$ to $742 \frac{3}{4}$.. Beyond that sellers should appear near $748 \frac{3}{4}$ to $751 \frac{3}{4}$ and cap a rally for a bit.. . Traders who have Ice Water in their Veins can sell at $747 \frac{1}{4}$ and hold for lower prices.. Risk a close over $761 \frac{3}{4}$ for three days in a row..

Support should appear near 717 to $714 \frac{1}{2}$ and $700 \frac{1}{4}$ to 699 .. Below that $683 \frac{3}{4}$ to $680 \frac{3}{4}$ should contain a decline..





Dec Soymeal

Support should appear near 227.5 to 226.7 . A close under augurs for a test of 213.4 to 212.6 and eventually the 195.3 to 194.6 region

Resistance should appear near 231.5 to 232.2 and the 235.4 to 237 region . Beyond that sellers should appear near 241.1 to 241.9 and the 251.1 to 251.9 region .. Traders can sell at 231.4 and risk a close over 237.7 for three days in a row..





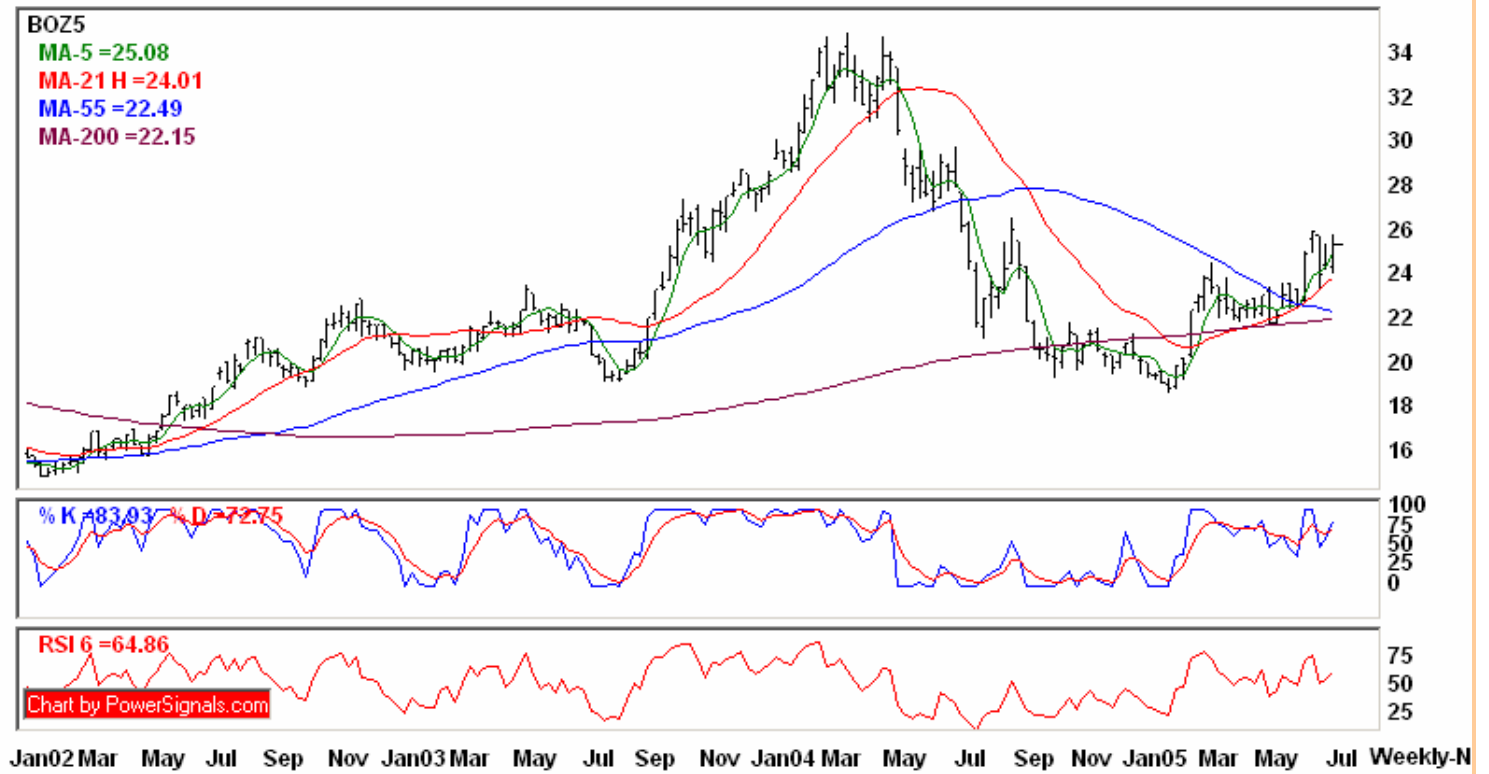
Dec Soybean Oil

Resistance should appear near 2612 to 2620 and the 663 to 2672 region . Which should cap a rally

Support should appear near 2568 to 2558 and the 2519 to 2511 region. . A close under is negative and augurs for a test of 2370 to 2354

Traders should go short if a close under 2507 occurs





Dec Corn

Resistance should appear near $271 \frac{3}{4}$ to $272 \frac{1}{2}$ and 282 to $282 \frac{3}{4}$ which should cap a rally..

Support is at $267 \frac{1}{4}$ to $266 \frac{1}{2}$ and the 262 to $261 \frac{1}{4}$ region. Below that buyers should appear near $256 \frac{3}{4}$ to $255 \frac{3}{4}$





Dec Wheat

Resistance should appear near $366 \frac{1}{4}$ to $368 \frac{1}{4}$ and $373 \frac{1}{2}$ to $374 \frac{3}{4}$.. Beyond that sellers should appear near $385 \frac{3}{4}$ to $386 \frac{3}{4}$...

Support should appear near $362 \frac{1}{4}$ to $361 \frac{1}{4}$ A close under augurs for a test of $350 \frac{1}{4}$ to $349 \frac{1}{4}$ a and the $338 \frac{3}{4}$ to $337 \frac{3}{4}$ region.





The Satisfying Softs

Sept 'The Monster' Coffee

Support should appear near 10360 to 10320 region. Below that, buyers should appear near 10135 to 10105 and the 9935 to 9920 region... Under that a test of 9545 to 9525 is likely

Resistance should appear near 10580 to 10680 and 10960 to 11010 .. Beyond that sellers should appear near 11300 to 11360





Sept Cocoa

Support is at 1383 to 1377 .. Below that buyers should appear near 1346 to 1334 and the 1310 to 1304 region... which should contain a decline. .. Traders can buy at 1311 for a bounce and risk a close under 1264 for three days in a row.

Resistance is at 1409 to 1415 and 1453 to 1459 Beyond that sellers should appear near 1484 to 1496 and the 1529 to 1535 region. Which should cap a rally...





Oct Sugar

Support should appear near 941 to 932 and 912 to 907.

Resistance should appear near 968 to 972.. Beyond that sellers should appear near 1000 to 1005.. Traders can sell at 967 and Hold for lower prices..





Dec Cotton

Support should appear near 5070 to 5055 and the 4925 to 4915 region. A close under augurs for a test of 4715 to 4695 and eventually the 4450 to 4425 region.

Resistance should appear near 5200 to 5210 and 5255 to 5285 .. Beyond that sellers should appear near 5345 to 5355 and the 5415 to 5430 region. Which should cap a rally

Trade Accordingly





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

Happy Trading !
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BW Recommended Open Positions as of 7-16-2005

Short August Gold 423.6

Short August Hog 6902

Short 2 Oct Hogs 5617 avg