

Bi-Weekly Investment Outlook

Sunday April 4th 2004 Issue # 189

**"We can easily forgive a child who is afraid of the dark.
The real tragedy of life is when men are afraid of the light"**

-Plato-



Saturday April 3rd 2004
12: 30 AM eastern time

The Frenzied Forex Front

Surprise Surprise ... The dollar surged Friday as the US employment report showed 308,000 increase in March payrolls matching a level not seen since April 2000. Gold came off multi year highs and Equities rallied..

The Babble was heavy going in to the report and most likely will be heavy for weeks now as Pundits Jawbone their ideas and financial media debates will make 'Traders' .Dizzy.. Watch the mkts not the news...

Europe's Ecofin said the European Commission may revise down its euro zone growth forecast a bit when it publishes its new projections on Wednesday, The IMF will also revise down its EU projections while raising the U.S Outlook in their month end release.. EU Inflation forecasts will most likely be lowered to 1.8 pct from 2.0 pct. ...

The ECB met last week and president Jean-Claude Trichet said the ECB sees risks to price stability as "broadly balanced", however he did say this does not rule out the possibility of the ECB cutting or raising rates in future.... While at first his comments seemed Hawkish he then reversed tried to sound dovish... He said this does not mean that its interest rates are not "blocked" for a considerable period of time whatever new information comes in. ..He said the council remains alert to all new information and could change its rates in response to this "in any direction" if it were necessary. Dutch finance minister Gerrit Zalm said there is no need for the ECB to lower interest rates. While Austrian finance minister Karl-Heinz Grassler said the ECB has "room for maneuver" on rates and Luxembourg prime minister Jean-Claude Juncker, when asked if he believes there is a need for a rate cut, Juncker said: "I have strong opinions in that field -- in the direction of your suggestion." Traders should note the ECB's mandate is not one which easily promotes growth through stimulus ...Ecofin's Solbes said monetary and fiscal policies are already supportive of economic growth, which can now only be boosted by tough action on structural reforms on pensions and length of work weeks , spending ect ect ... In my opinion this is not policy that makes a reserve currency attractive..

In addition structural reforms are going to be somewhat politically tough. considering that based on recent elections across some parts of Europe the Conservatives are losing their political base ...I suspect over the next few months the ECB will most lower rates ... while The US Fed will move to raise rates , either sooner or later and my guess is after the U.S election process .which in my opinion will not hurt the Economy and Equity markets.. in fact a boost in rates from their lower levels will be seen as a welcome sight and acknowledgement of a healthy economy.. **No change the previous dollar friendly posture**

June Yen

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

Support should appear near 9542 to 9526 and the 9445 to 9429 region , which should hold. A close under is negative and augurs for a test of 9347 to 9316 and the 9156 to 9140 region





June Euro Currency (EC)

Support should appear at 1.2030 to 1.1920, a close under augurs for a test of 11805 and eventually the 11690 to 11640 region..Below that the 1115.00 region should bring out buyers as that is where the long term 200 month avg sits and seem to be a place for the forex mkts to rest for a while after a torrid trading pace over the last few years..

Resistance is at 12175 and 12320 to 12380 .. Beyond that sellers should appear near 12680 to 12740 Traders can sell at 1.2174 for a turn lower and hold for lower prices ... Risk a close over 12252 for three days in a row. Aggressive Traders should go short if a close under 11917 occurs





June Swiss Franc

Resistance should appear near 7836 to 7864 Traders can sell at 7833 for a turn lower and risk a close over 7907 for three days in a row. Beyond that 8029 to 8044 should cap a rally for a bit.

Support should appear near the 7689 to 7675 region and 7601 to 7587.. Below that buyers should appear near 7513 to 7486 and the 7428 to 7414 region.

Aggressive Traders should go short if a close under 7722 occurs. Stay tuned for updates..





June British Pound

Recommended Open Position Short 17955

Support should appear near 1.8150 to 1.8080, however a close under is negative and indicates a test of 1.7940 and eventually the 1.7800 to 1.7740 region.

Resistance should appear near 1.8580 to 1.8560 and the 19020 to 1.9090 region.

Traders should go short if a close under 18072 occurs.



June Canadian Dollar

Recommended Open Position Short 7586

Support should appear near 7513 to 7486, a close under is negative and augurs for a test 7428 to 7414 and the 7342 to 7328 region. Under that buyers should appear near 7255 to 7242. BW Traders can buy for a bounce at 7257 and risk a close under 7137 for three days in a row

Resistance is at 7601 beyond that sellers should appear near 7675 to 7689 and the 7763 to 7777 region. Beyond that 7836 to 7864 should cap any rally.

Traders should go short if a close under 7482 occurs..





June Aussie Dollar

Recommended Open Position Short 7320

Support should appear near 7486 and the 7428 to 7414 region, which should contain a decline for, a bit.. However a close under indicates a test of 7342 to 7328 and 7255 to 7242 ..Below that buyers should appear near the 7003 to 6990 region .. Traders can buy at 7005 and risk a close under 6902 for three days in a row.

Resistance should appear at 7587 to 7601 and 7675 to 7689. Beyond that resistance should appear near 7763 to 7777 and the 7836 to 7864 region. Traders can sell at 7671 for turn lower and risk a close over 7782 for three days in row.. Aggressive Traders should go short if a close under 7481 occurs..





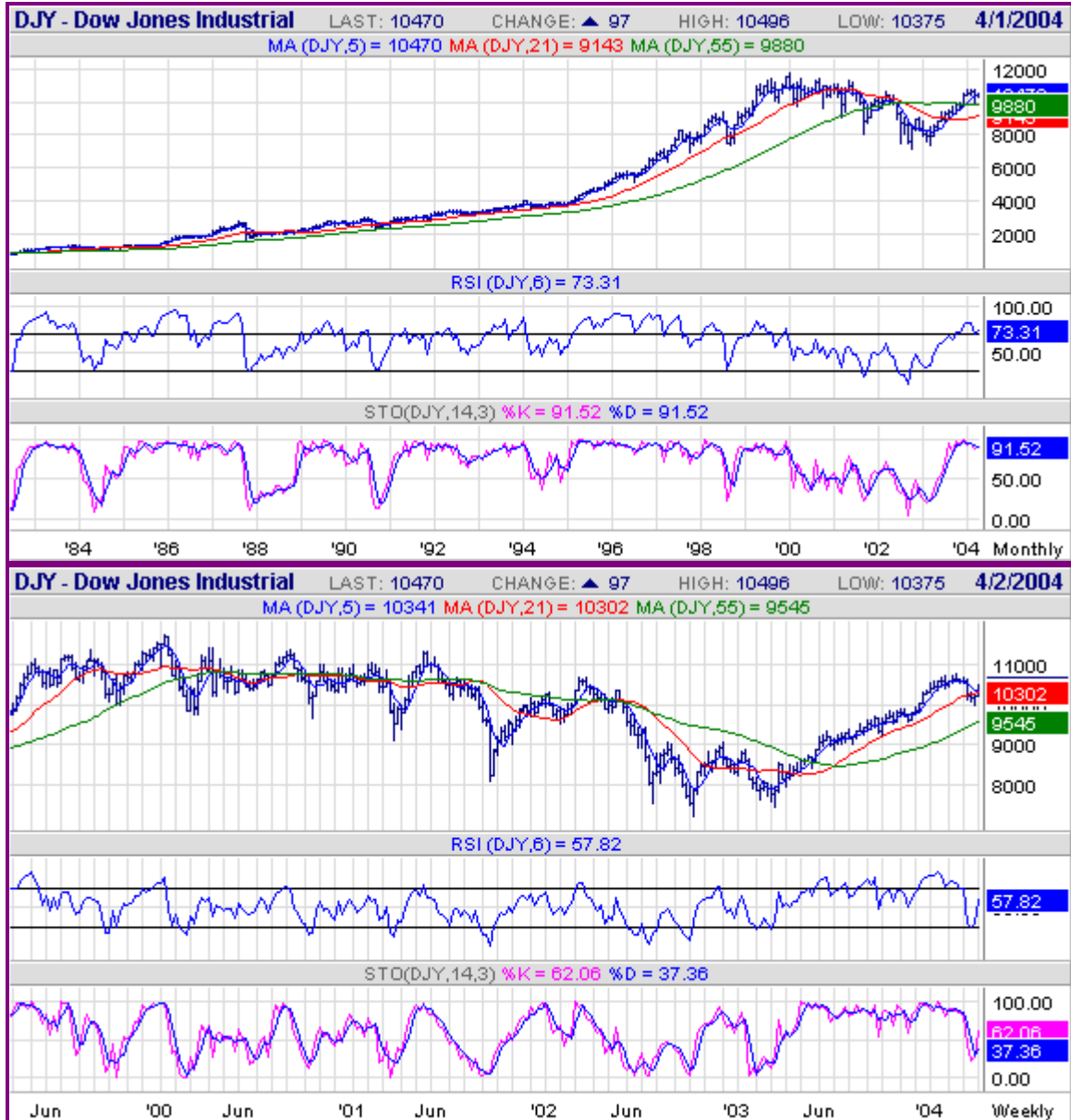
The Sensational Stock and Bond Markets

We remain friendly no change in Posture ...

Dow Jones Industrial Average

Resistance should appear near 10580 to 10680, beyond that sellers should appear near 10820.. Breaching that level augurs for a test of the 10960 to 11010 region.

Support should appear near 10360 to 10320 and 10136 to 10104, which should hold and contain a decline for the time being. ...Below that if the crazies come out of the woodwork a decline into the 9937 to 9921 region is possible and would provide a good buying chance..





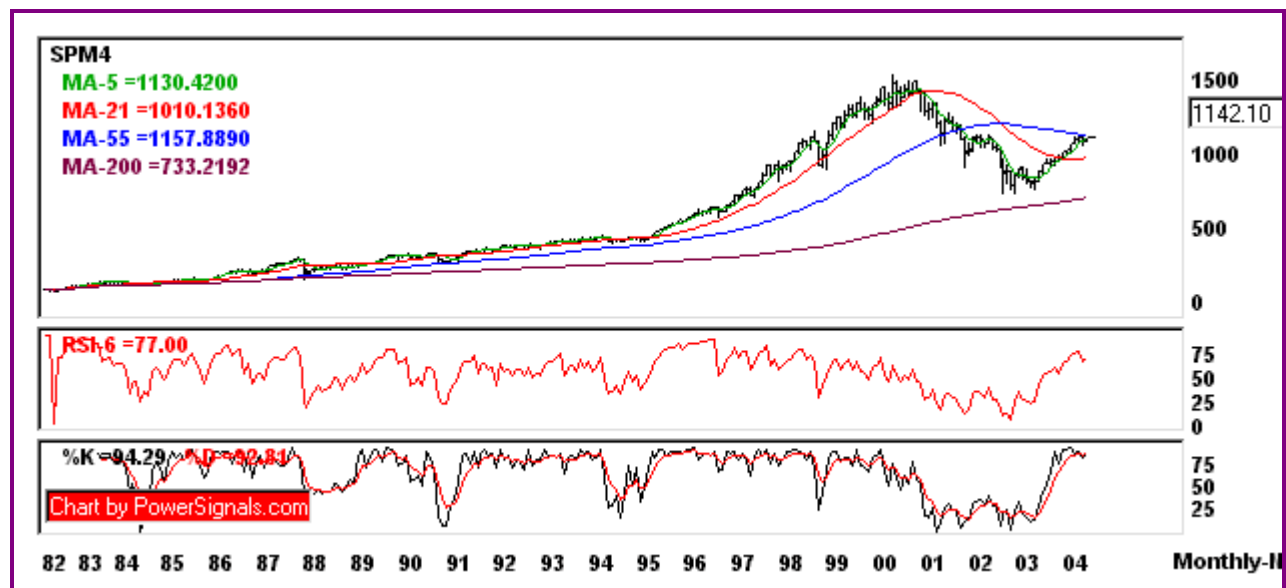
June SP500

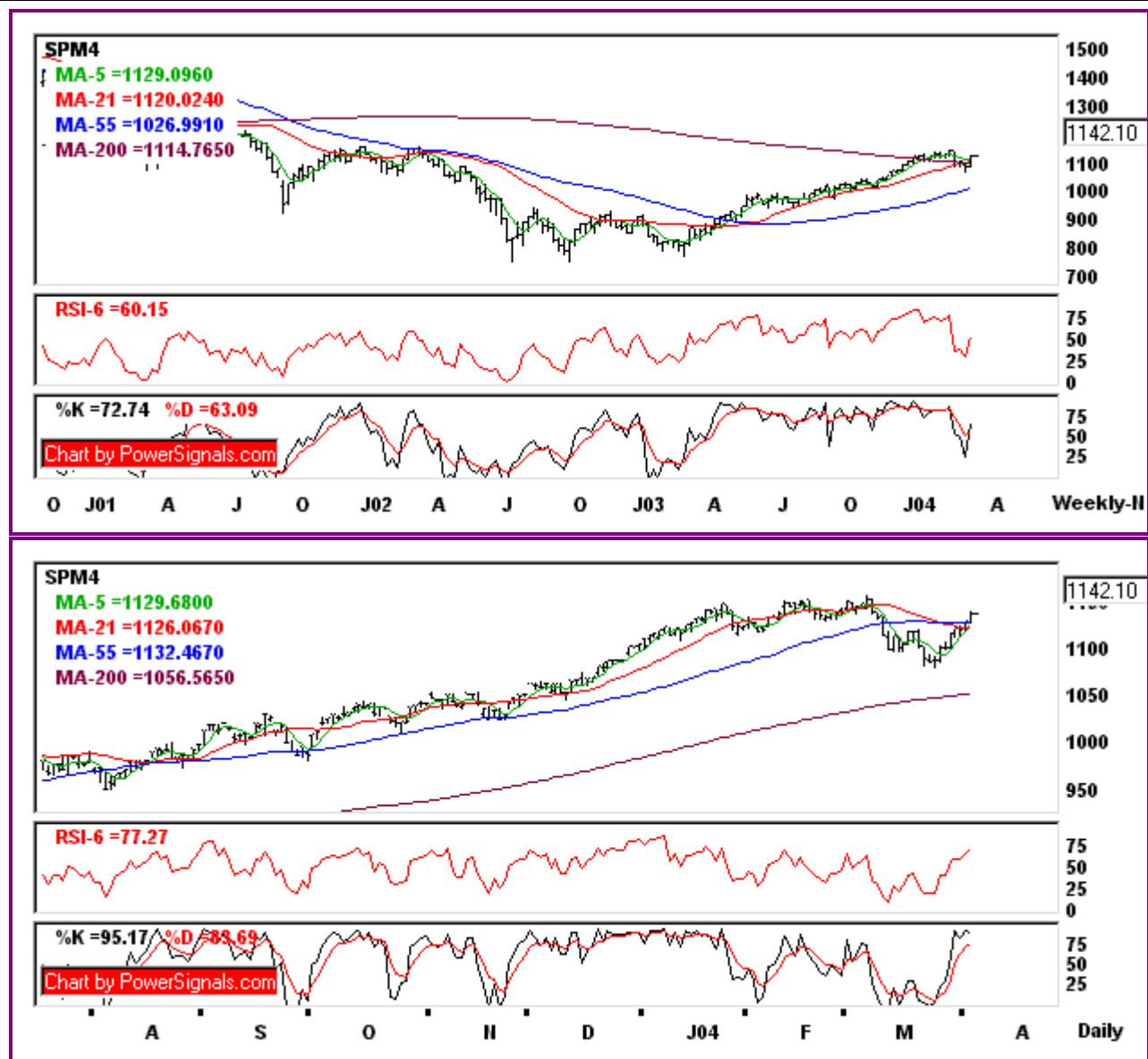
Recommended Open Position Long 2 at 1111.50 avg

Resistance should appear near 1164.00 to 1169.00 and the 1192.00 to 1203.00 region

Support should appear near the 1136.00 to 1130.00 and the 1101.00 to 1096.00 region .. Below that buyers should be evident at 1082 and the 1068 to 1058 region

Traders should stay tuned for Flashes and Updates



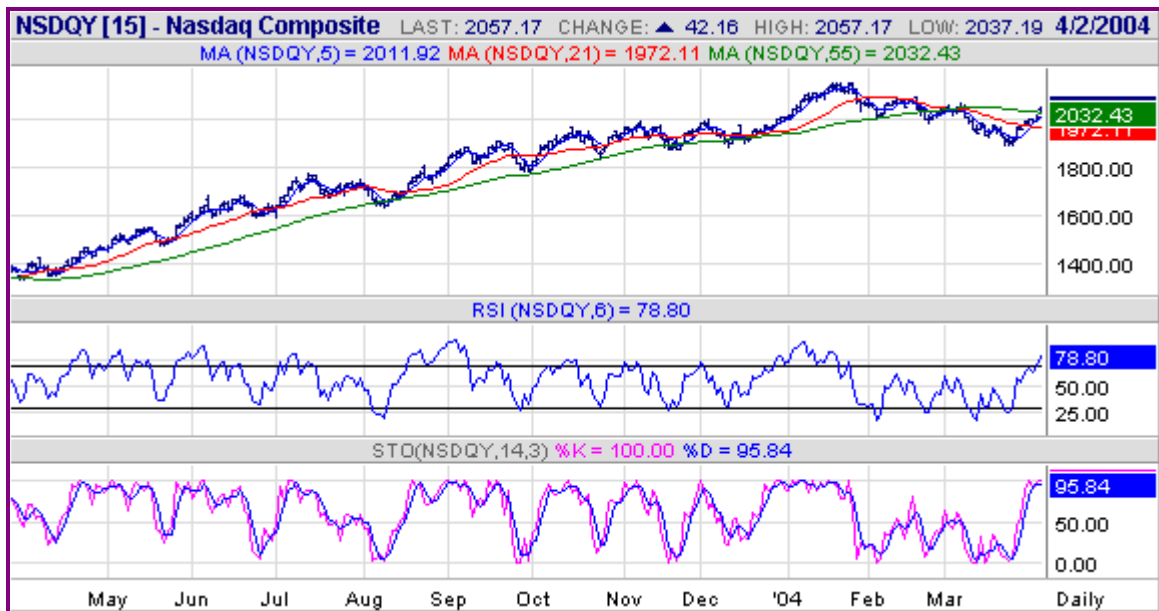


Nasdaq Composite

Support should appear near 2042 to 2034 and 1996 to 1982 below that buyers should appear near 1953 to 1946

Resistance should appear near 2080 to 2089 and 2126 to 2134





June Mini Nasdaq 100

Resistance is at 1529 to 1539 and the 1569 to 1576 region..

Support is at 1484 and 1459 to 1453 .. which should contain an early decline... Below that buyers should step in near 1421 to 1415 and contain a decline..



June 10 Year T-Note

I guess inflation is not the only thing that can bother the Treasuries..

Resistance should appear near 113-07 and 113-22..A close over is friendly and augurs for a test of 114-07 and 114-22 which should Cap a rally

Support is at 112-22 and 112-07 below that buyers should appear near 111-22 and 111-07 .. Under that 110-22 should hold.



Precious Metals

June Gold

Recommended Open Position Short at 418

Support should appear at 418.3 to 416.3 and 412 to 411.1 . A close under is negative and augurs for a test of 405.6 to 404.6 and eventually the 399.2 to 398.2 region.

Resistance is at 423.8 to 424.9 and 430.4 to 431.5 .. beyond that sellers should appear near 437 to 438.1 and the 442.5 to 444.6 region.





May Copper

Support should appear near 134.6 to 133.40 and the 131.00 to 130.40 region.. Failure there augurs for a test of 127.40 to 126.80 and the 123.80to 123.20 region, which should hold..

Resistance should appear near 137.70 to 138. 30 and the 141.5 to 142.10 region. A close over is friendly and augurs for a test of 145.30 to 145.90 and the 148.5 to149.6 region.. Beyond that sellers should appear near 152.90 to 153.50 and cap a rally for a bit.. ..Traders can sell at 152.4 for a turn lower and risk a close over 1.5810 for three days in a row.

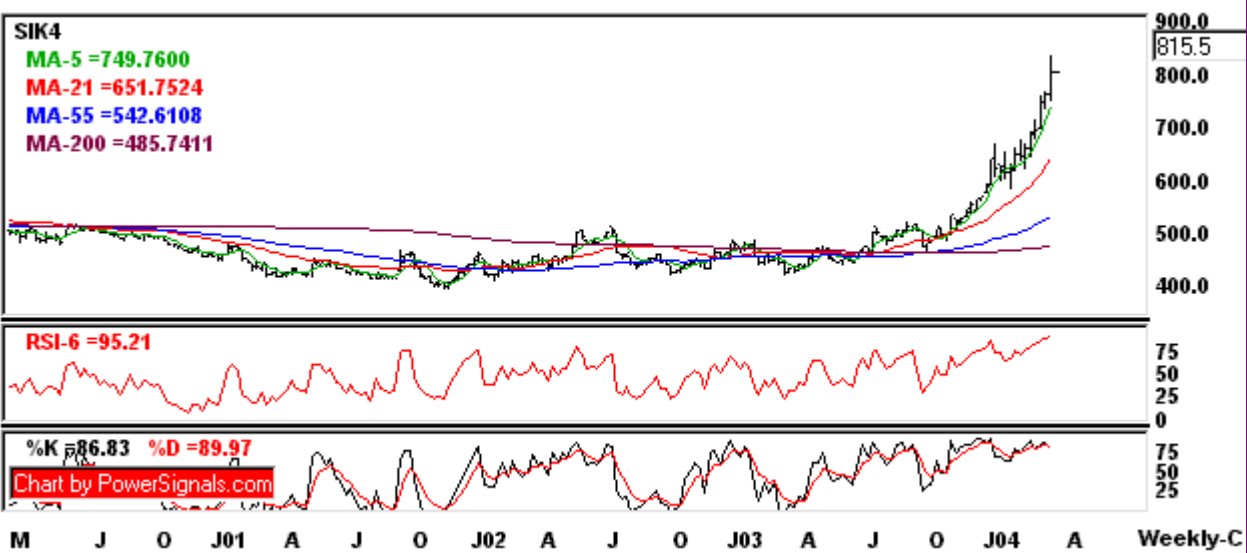
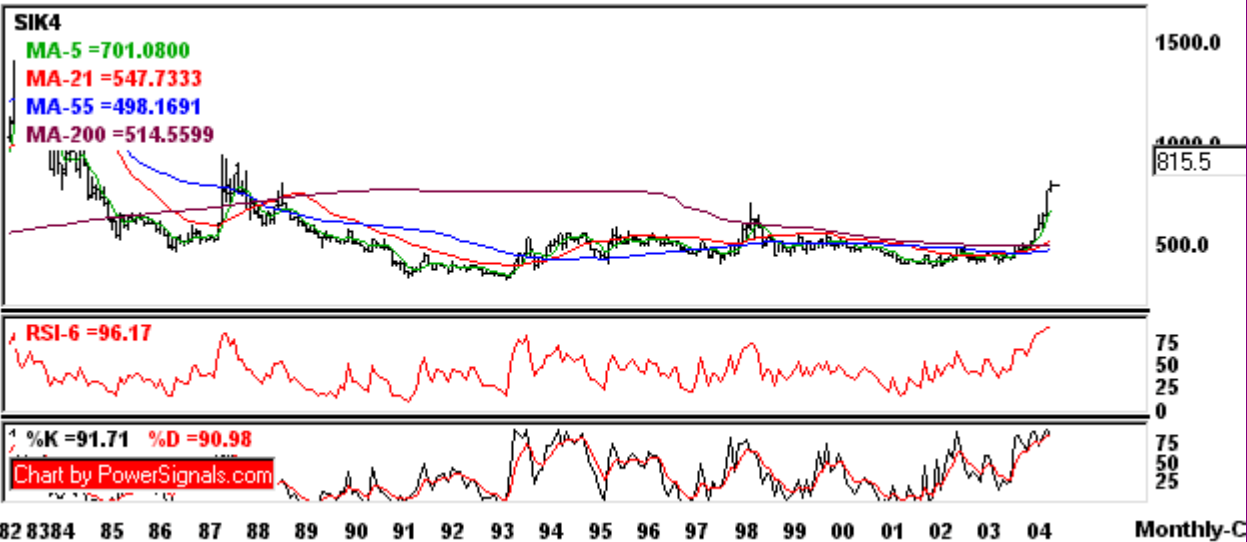




May Silver

Support should appear 804.5 to 802.5 and the 795.5 to 794.0 region. ... a close under augurs for a test of 777.5 to 776.5 and the 734.5 to 734.5 ..Below that buyers should appear near the 717.0 to 714.0 .region.

Resistance is at 830 to 831.5 and the 848.5 to 849.5 region. Beyond that a test of 856 to 859.00 is likely... Above that sellers should appear near 876 to 877.5 ...Traders who sleep on a bed of nails can sell at 875.5 for a turn lower and risk a close over 888.5 for three days in a row. Beyond that 914 to 915.5 should cap a rally.. Stay tuned for a flashes



The Exciting Energies

May Crude Oil

Resistance should appear near 3493 to 3503 and 3553 to 3563 Beyond that sellers should appear near 3613 to 3623 and the 3734 to 3743 region which should cap a rally....

Support is at 3425 and 3386 to 3377 , a close under is negative and augurs for a test of 328 to 3319 and the 3270 to 3261 region.. Below buyers should appear near 3157 to 3148.. and the 3102 to 3092 region.. Which should stop a decline for a bit..





May Unleaded Gas

Resistance should appear near 10820 and 10960 to 11010 .. which should cap an early rally.. beyond that sellers should appear near 11300 to 11360... While the 11640 to 11690 region should bring sellers out.

Support should appear near 10680 to 10580 region. However a close under is negative and augurs for a test of 10360 to 10320 .. failure there augurs for a test of 9935 to 9920 and 9750 to 9705 , which should hold..

Aggressive traders should go short if a close under 10555 occurs





May Heating Oil

Resistance should appear near 8560 to 8590 and the 8765 to 8780 region .. Beyond that sellers should appear near 9045 to 9060 and 9140 to 9155

Support should appear near 8405 to 8390 and 8315 to 8300 ..close under augurs for a test of 8225 to 8190 and eventually the 8045 to 8030 region... below that buyers should appear near 7955 to 7940..

Traders should go short if a close under 8480 occurs..

Trade Accordingly...



The Lively Livestock

A summer fix of the BSE dispute with the Japanese were crimped last week ..According to news reports, the Japanese government tossed out a USDA request to create a panel of experts under the auspices of the World Trade Organization, which would address concerns from both sides and "form the basis of subsequent actions by our governments that would enable the resumption of trade as appropriate." As per a letter that Secretary Venemann sent to the Japanese Minister of Agriculture on March 29.

Japan remains firm in its request for 100% BSE testing and appears unwilling to allow a third party to question this decision. Also reports indicated that USDA will not allow individual packers to conduct private BSE testing in order to export to specific markets

In Pigland nearby hog futures sold off this week. However summer contracts continued to move higher while pork cut price levels remain higher than a year ago. The fact that nearby futures were a bit lower was not a surprise. Seasonally, the end of Lent means that more beef is featured at the retail level. However the extent of the widening between front and back was a bit of surprise and that is most likely now due to corn and the above mentioned cattle news..

The fundamentals for pork remain firm as strong export demand as well as an improving economy continue to be positive for the pork market. Also, the sharp increase in corn prices and the bullish outlook for corn in 2004/05 means that US producers may not have a lot of reasons to expand despite higher hog and pork prices. August Hogs looks attractive at these levels...stay tuned for Updates..

June Cattle

Recommended open position short at 7357

Nearby Support should appear at 7512 to 7487 a slip under augurs for a test of 7342 to 7327 and the 7257 to 7242 region. Below that buyers should appear near 6837 to 6812..

Resistance is at 7587 to 7602 and the 7762 to 7777 region .. Beyond that sellers should appear near 7937 to 7957 and the 8027 to 8047 region.



June Hogs

Support is at 7170 to 7142 , below that buyers should appear near 7002 to 6992 and the 6837 to 6812 region Traders can buy at 6837 and risk a close under 6652 for three days in a row..

Resistance is at 7327 to 7242 and the 7412 to 7427 region. Beyond that sellers should appear near 7587 to 7602 and the 7762 to 7777 region which should cap a rally for a bit which should cap a rally for a bit..



July Hogs

Support is at 7002 to 6992 and 6922 to 6912 .. Below that buyers should appear near 6837 to 6807 and the 6757 to 6742 region. Which should hold. Traders can buy at 6842 and risk a close under 6652 for three days in a row.

Resistance is at the 7072 to 7087 region.. A close over is friendly and augurs for a test of 7142 to 7172 and the 7242 to 7257 region. Beyond that a trade towards 7327 to 7342 is likely.. Traders should go long if a close over 7092 occurs.



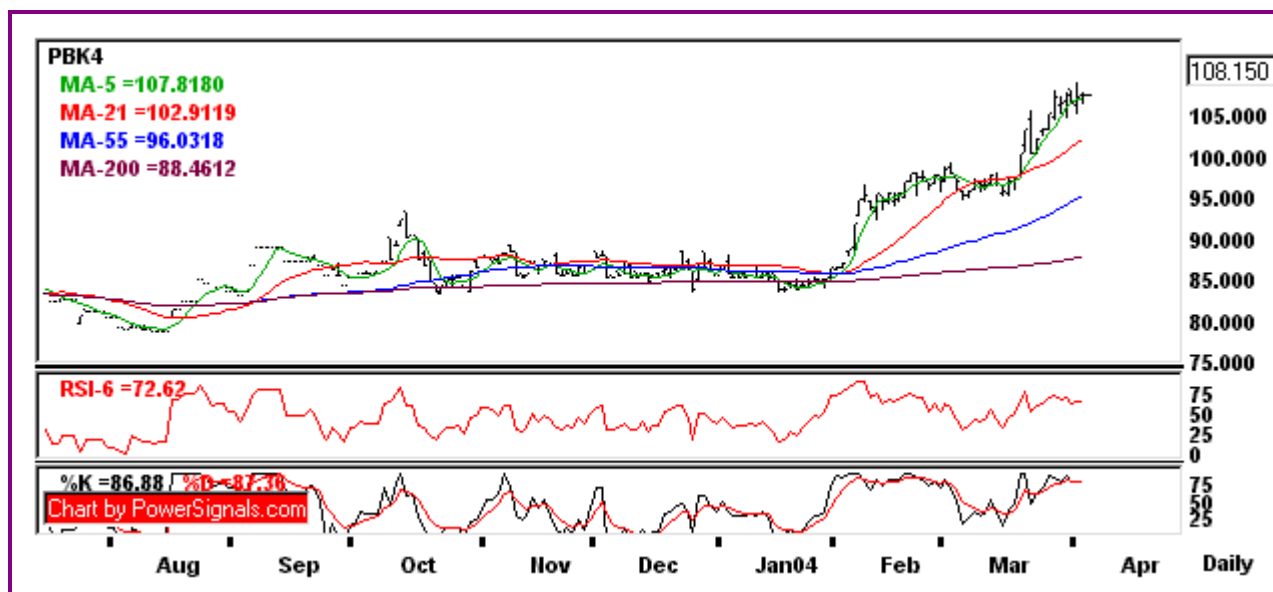
May Pork Bellies

Recommended open position Short at 10122

Support should appear near 10680 to 10630 and 10580. A slip or close under augurs for a test of 10360 to 10320 and eventually the 10137 to 10102 region. Below that buyers should appear near 9737 to 9707..

Resistance is at 10960 to 11010 and 11300 to 11360 . Beyond that sellers should appear near 11640 to 11690 and the 11920 to 12030 region.

--- Traders should stay tuned for BW Updates and Flashes in the Livestock markets ---



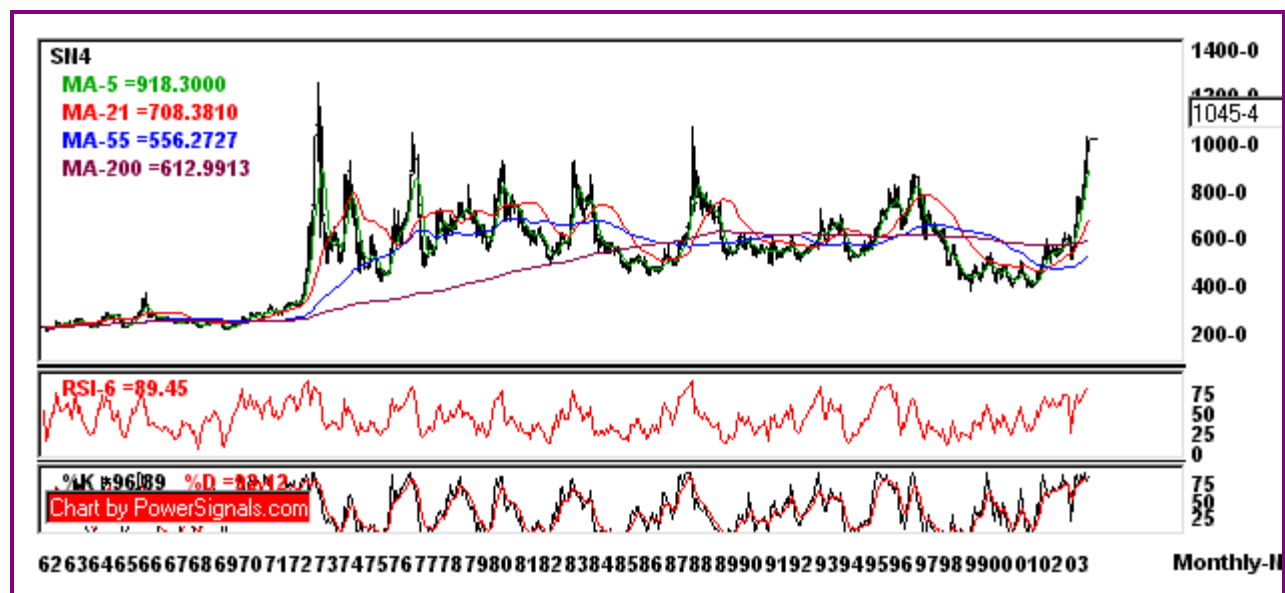
The Grande' Grains

July Soybeans

Resistance is at 1058 to 1068 .. beyond that some selling should appear near 1096 to 1101 and the 1130 to 1136 region..

Support should appear at 1034 to 1032 and 1005 to 1000. A close under augurs for a test of $993 \frac{3}{4}$ to $992 \frac{1}{4}$ and eventually the $973 \frac{3}{4}$ to $970 \frac{3}{4}$ region , which should hold for a bit.. Failure there is negative and indicates a slip to $934 \frac{3}{4}$ to $931 \frac{3}{4}$, which should hold.

Trade According and Stay tuned for Updates

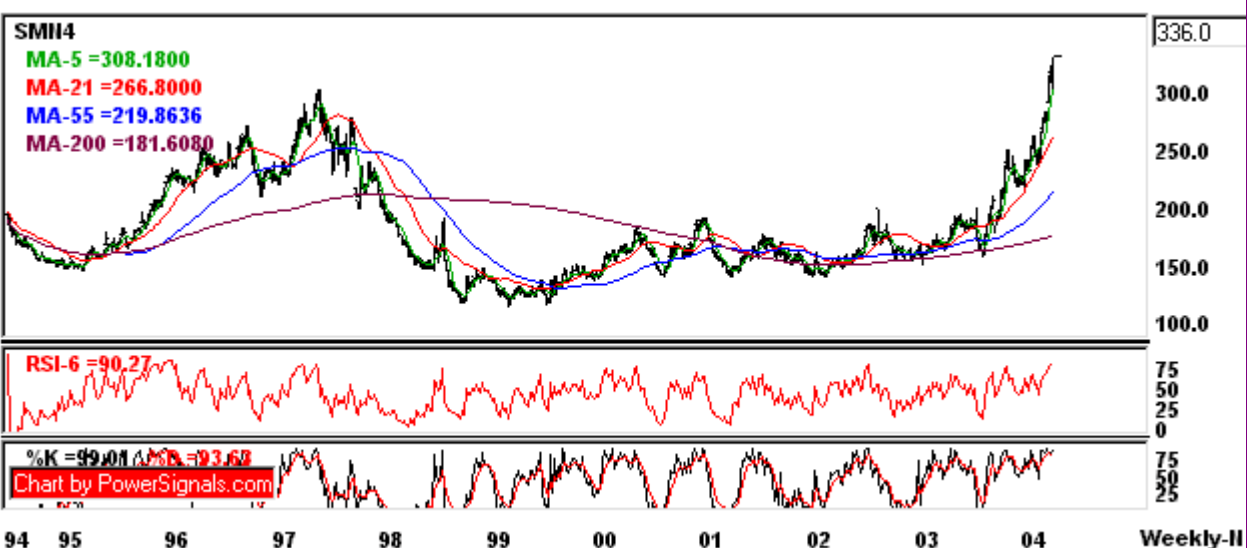




July Soymeal

Support should appear near 332.8 to 331.9 and 321.3 to 319.4 .. Below that buyers should appear near 310.1 to 309.2 and the 304.5 to 303.6 region a close under augurs for a test of 293.7 to 292.8 , which should hold

Resistance should appear near 337.7 to 338.6 and 349.3 to 350.3 Beyond that sellers should appear near 355.3.to 356.3 .. Which should Cap a rally for a bit. Beyond that sellers should appear near 373.4 to 374.3



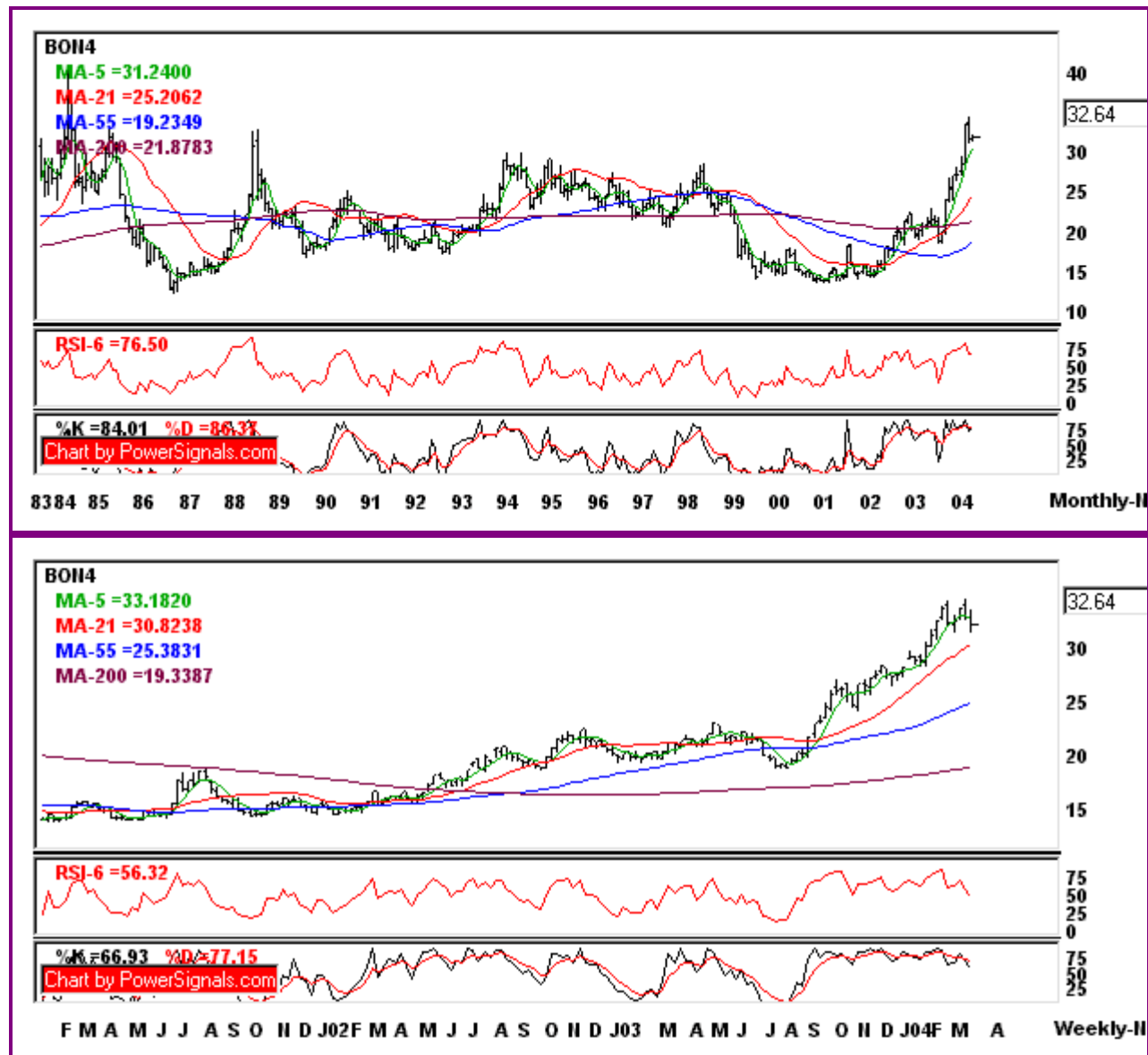
July Soybean Oil

Resistance should appear near 3319 to 3328 and 3377 to 3386 .. Beyond that sellers should appear near 3425 to 3443 and 3493 to 3503 ..

Support should appear near 3261 and 3213 to 3193 , which should contain a decline, Failure there augurs for a test of 3157 to 3148 and eventually the 3102 to 3092 region.. Which in itself would have negative implications for the Bean Complex as a whole..

Aggressive Traders who have 'ice water running thru their veins' can go short if a close under 3189 occurs

Stay tuned for BW Flashes and Updates..





Corn took Control of the Grains last week as bullish implications of the lower than expected planted acreage was a surprise.. The intended corn acreage came in at 79 million acres well below the average trade estimate of nearly 80.3 million acres and below of the range of pre-report guesstimates 79.5-81.0 million acres. While intended corn acres are only a bit above last year's 78.7 million acres many analysts have expected a greater increase in corn acreage... Livestock and export demand are set to exceed the current USDA demand projections for the 2003/2004 crop and ethanol production in January of 2004 hit an all-time high for any month up 19.2% from last year.

Ethanol is now being produced at record levels and stocks at the end of January at 5.3 million barrels, which is down 6.8ish million barrels in September, 2003. The thirst for ethanol remains unabated as unleaded prices remain high and is unlikely to slow due to high corn prices

On to the nitty gritty. As of it's last major outlook in February the USDA was assuming corn usage near 10.5 billion bushels for the 2004/2005 season. Lets assume we get a perfect growing and planting season and a new all-time high for yield of corn at 145 bushels per acre Ending stocks are more than likely still going to tighten. If yield falters from weather perhaps insects .. rot.. or the like and comes in at 137 bushels total supply would be just 10.76 billion bushels, which would leave ending stocks at just 260 million bushels. Now consider the 6-year average corn yield using the intended acres production would be near 9.771 billion bushels. Ooops no corn for thanksgivingotherwise we need for perfect weather and higher prices to soften demand .. Now toss in recent planting delays and nasty dry weather in Brazil which is effecting the winter corn crop's potential and exports from the southern hemisphere could be hindered a tad the over the next year And you may get an nice corn rally beyond current levels this year.. No change in posture – buy dips.. and be long ..

July Corn

Resistance should appear near 342 ½ to 344 ¼ region .. a close over augurs for a test of 349 ¾ to 350 ¼ and 355 ¼ to 356 ½, which should cap a rally for a bit. .. beyond that sellers should appear near 366 ¼ to 368 ½ ..

Support is at 332 ¾ to 331 ¾ Traders can buy at 329 ¾ and hold for higher prices.... Below that buyers should appear near 326 to 326 ¼ and 321 ¼ to 319 ½ Traders should go long if a close over 338 ¾ occurs.



December Corn

Resistance should appear near $337 \frac{3}{4}$ to $338 \frac{3}{4}$ and the $342 \frac{1}{2}$ to $344 \frac{1}{4}$ region .. a close over augurs for a test of $349 \frac{3}{4}$ to $350 \frac{1}{4}$ which should cap a rally for a bit. .. beyond that sellers should appear near $355 \frac{1}{4}$ to $356 \frac{1}{2}$..

Support is at $332 \frac{3}{4}$ to $331 \frac{3}{4}$ and 326 to $326 \frac{1}{4}$. Traders can buy at $333 \frac{1}{4}$ and risk a close under $318 \frac{3}{4}$ for three days in a row. below that buyers should appear near $315 \frac{3}{4}$ to $314 \frac{3}{4}$, which should contain a decline. Traders should go long if a close over $339 \frac{1}{4}$ occurs.



The USDA estimates **All wheat** planted in the U.S. for the 2004 crops to total just 59.5 million acres, a 4% decline from 61.7 million acres last year. Farmland planted with winter wheat is expected to drop 3% to 43.4 million acres in 2004, while other spring wheat planting is seen decreasing by 4% to 13.3 million acres and durum wheat plantings is forecast to decline by 5% to 2.76 million acres.. Moisture shortages are a worry in the Plains states as conditions declined during the winter. In fact according to the USDA "Acreage declined from last year across most of the country, except in the northern Great Plains, western corn belt and parts of the Delta. The largest acreage declines were in the southern Great Plains, where dry fall conditions persisted during seeding." While growers in Idaho intend to plant their lowest acreage since 1988 . With bean as high as they are farmers able to shift to beans may do so even if it means plowing under the front lawn and garage

We remain friendly to wheat as we have been since it was near 250 a bushel.. for two years. Although it is getting pricey market action does not suggest a panic top...

May CBOT Wheat

Support should appear near 412 to 411 then $392 \frac{3}{4}$ to $390 \frac{3}{4}$ and the $386 \frac{3}{4}$ to $385 \frac{3}{4}$ region

Resistance should appear near $418 \frac{1}{4}$ and $423 \frac{3}{4}$ to $424 \frac{3}{4}$.. A close over is friendly and augurs for a test of $430 \frac{1}{2}$ to $431 \frac{1}{2}$ and the $442 \frac{1}{2}$ to $444 \frac{3}{4}$ region.. Traders should go long if a close over $419 \frac{1}{4}$ occurs





July CBOT Wheat

Recommended Open Position Long at 414

Support should appear near 418 $\frac{1}{4}$ to 416 $\frac{1}{4}$ and 412 to 411.. Below that buyers should appear near 405 $\frac{3}{4}$ to 404 $\frac{3}{4}$ and the 392 $\frac{3}{4}$ to 390 $\frac{3}{4}$

Resistance should appear near 430 $\frac{1}{2}$ to 431 $\frac{1}{2}$ and the 442 $\frac{1}{2}$ to 444 $\frac{3}{4}$ region....Above that sellers should appear near 450 $\frac{1}{4}$ to 451 $\frac{1}{4}$.. A close over is friendly and augurs for a test of 469 $\frac{1}{2}$ to 471 $\frac{3}{4}$

Traders should go long if a close over 431 $\frac{1}{2}$ occurs

Trade Accordingly and Stay tuned for updates



The Satisfying Softs

May Coffee

Recommended open Position Long 7645

Support is near 7325 and the 7255 to 7240 region .. Below that buyers should appear near 7090 to 7075 and the 7005 to 6990 region.. Which should contain a decline..

Resistance should appear near 7415 to 7430 , a close over is friendly and augurs for a test of 7485 to 7515 and eventually the 7590 to 7605 region..





July the 'Monster' Coffee

Support is near 7515 to 7485 and 7425 to 7410 ..Below that buyers should appear near 7170 to 7145

Resistance should appear near 7675 to 7690 and 7765 to 7780 , a close over augurs for a test trade to 7835 to 7865 and 7935 to 7955 . Traders should go long if a close over 7615 occurs .



July Cocoa

Support is at 1421 to 1415. A close under is negative and augurs for a test of 1383 to 1377 and the 1346 to 1334 region.. Below that buyers should appear near 1310 to 1304 and 1274 to 1268.. Traders can buy at 1277 and risk a close under 1227 for three days in a row.

Resistance is at 1453 to 1459 and the 1484 to 1496 region ..Beyond that sellers should appear near 1529 to 1535 Traders should go short if a close under 1412 occurs.





July Sugar

Support should appear near 656 and 634 to 630, a close under augurs for a test of 609 to 601 and eventually the 586 to 582 region.. Below that buyers should step in near 562 to 559 and contain a decline..

Resistance should appear near 682 to 686 and the 704 to 712 region. Beyond that sellers should surface near 735 to 739.. traders can sell at 681 and risk a close over 691 for three days in a row





May Cotton

Recommended open position long at 6355

Support should appear near 6190 to 6165 and 6115 to 6105. Below that buyers should surface near 5960 to 5945 and the 5880 to 5855 region.

Resistance should appear near 6335 to 6355. A close over is friendly and augurs for a test 6485 to 6510 eventually the 6655 to 6670 region..

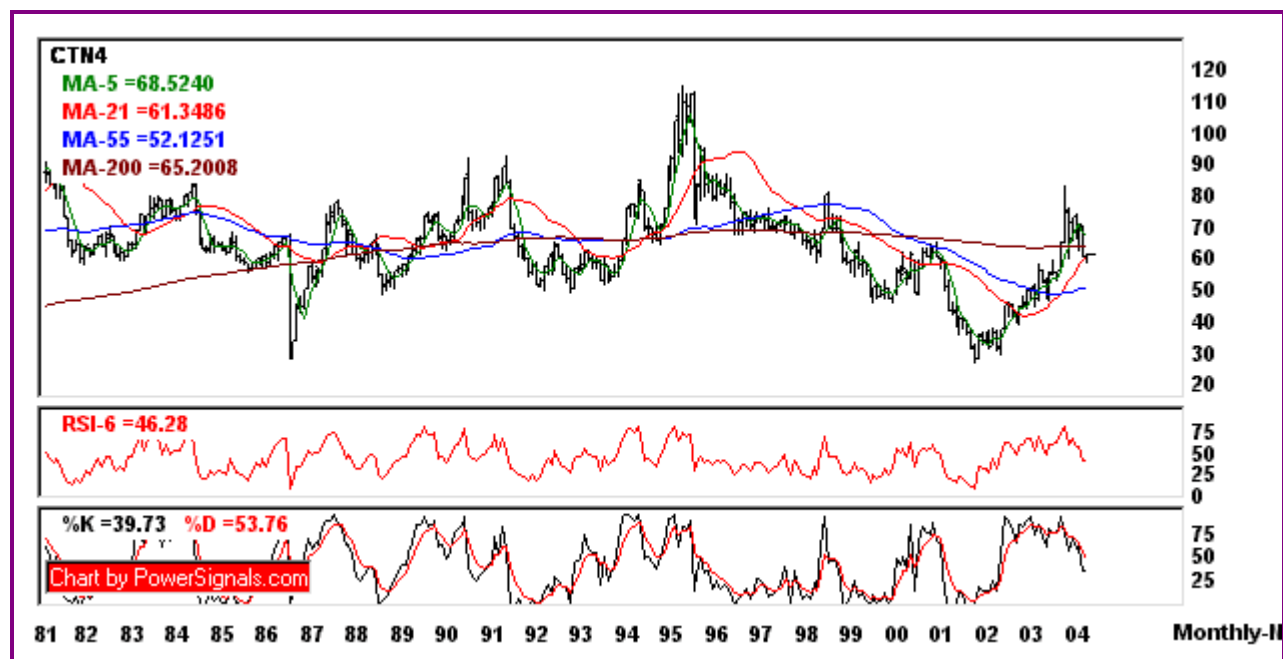


July Cotton

Support should appear near 6430 to 6415. Under that support should appear near 6350 to 6335 and the 6115 to 6105 region ..Traders can buy at 6115 and hold for higher prices. Risk a close under 5935 for three days in a row.

Resistance should appear near 6575 to 6590 . A close over is friendly and augurs for a test 6740 to 6755 and eventually the 6810 to 6835 region.. Beyond that sellers should appear near 6990 to 7005

Traders should go long if a close over 6525 occurs





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

Happy Trading!

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