

Bi-Weekly Investment Outlook

September 21st 2002

"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, September 21, 2002

4:00 AM eastern standard time

Economic reports due out this week (eastern standard time)

Monday

1000 August Leading Indicators (last -0.4%)

Tuesday

0745 UBS Warburg Chain Store Sales Index for Sept. 21 Week (last unch)

0900 Federal Open Market Committee meeting opens; rate decision expected at 2:15 p.m.

0900 Redbook Retail Sales for Sept. 21 Week (last +0.5%)

1000 September Conference Board Consumer Confidence (last 93.5)

Wednesday

0700 MBA Refinancing Index (last -7.9%)

1000 August Existing Home Sales (last +4.5%)

Thursday

0830 August Durable Goods (last +9.2%)

0830 Initial Jobless Claims For Sept. 21 Week (last -9K)

1000 August Conference Board Help-Wanted Index (last 44)

1000 August New Home Sales (last +6.7%)

1400 Federal Open Market Committee releases Aug. 13 meeting minutes

1630 Money Supply

Friday

0830 Second-Quarter Final Gross Domestic Product (preliminary +1.1%)

0830 Second-Quarter Revised Corporate Profits (preliminary +1.7%)

0945 September Final University of Michigan Consumer Sentiment (mid-September 86.2, end August 87.6)

The 'Frenzied' Forex Front

Japan's government again provided traders with more babble on Friday, failing to come up with a promised plan for a long awaited banking sector cleanup.

Expectations were already low after Prime Minister Junichiro Koizumi glossed over banks' bad loan problem in a highly touted policy speech Thursday. Investors had hoped some direction would have come out of last week's meetings.. But .. "Bad loans didn't come up," Bank of Japan Governor Masaru Hayami told reporters after the Council on Economic and Fiscal Policy meeting. Economy Minister Heizo Takenaka said there was no "particular" discussion of pumping public funds into ailing financial institutions –

Maybe the bank of Japan should just buy the bad companies paper and then have a bonfire and roast marsh mellows ??

Hopes were raised Wednesday when the Bank of Japan shocked the financial world by announcing it would buy shares directly from banks as a step to preserve stability in the financial sector.

Prime Minister Junichiro Koizumi's promises to fix the crippled banking system have yet to really materialize. As the BOJ appears willing to expand its efforts to clean it up.. but the BOJ cannot do it alone and reforms MUST take hold .. exporting their way out of the mess .. will take much longer during this period of world slowdown..

Takenaka would like to see fast disposal of non-performing loans, aided by a round of public funds to banks to keep the financial system afloat, is the only way to go. – I agree there ...

The Finance Ministry, feels a bank bailout could run in the trillions on yen. The Financial Services Agency, which oversees the banking sector publicly believes that banks don't need public help emphasizing their capital adequacy ratios are up to international snuff.

Koizumi, has other things on his mind - he used his Thursday policy speech talking about this week's visit to North Korea. Only briefly did he mention economic issues. Investors sold stock and yen as hopes dimmed for any strong leadership. MOF, which prides itself on investors' confidence in Japanese government bonds, got a wake up call Friday, when a 10-year JGB auction was under-subscribed for the first time ever.

The economy might be just coming out from its deepest postwar recession but the export-led recovery may flounder as overseas economies stumble .

Koizumi wants at least a Y1 trillion cut.. Members of his policy council, including Toyota Motor Corp. chairman Hiroshi Okuda, are urging cuts of at least Y2.5 trillion.

Takenaka called that plan "reasonable" from an economic point of view. "In the end, though, it's a political decision."

Commenting about the auction , Hayami when queried said 'Since long-term interest rates had fallen to as far as 1%, it was inevitable for some minor instability as the market corrected".

Even with such an occurrence, I'm not that concerned." Hayami said that factors contributed to the glitch Friday, one being the large size of the auction and looming semiannual book closings. He also said the BOJ's plans to buy stockholdings from commercial banks weren't behind the jitters in the bond market " Hayami said.

Hayami said the BOJ's plans to buy shares - an unprecedented move by a major central bank - didn't indicate the BOJ was afraid Japan's financial system was about to fall off a cliff.

"I don't think the financial system is in crisis now," Hayami said. However , Hayami conceded that the economy continues to be plagued by deep-rooted problems, particularly the glut of bad loans clogging up the banking system. "I can't say confidence in Japan's financial system has been fully restored at home or abroad," Hayami said.

A crisis is like a bubble .. you do not know you have one until after it happens...

Hayami said the BOJ's planned "comprehensive" review of banks' Non Performing Loans would help policymakers get a grip on the situation. He also said it was important to gauge the value of NPLs on banks' books and get a clear idea of the extent to which lenders have made provisions for potential dud loans.

"It's necessary to use the BOJ's inspections to check if banks are making appropriate loan-loss provisions," Hayami said. "I want to compile our basic thinking on bad loans as soon as possible. I can't comment on details now." Hayami repeated that Japan's economy has almost stabilized, though the risks stemming from uncertainties overseas and domestic stock price declines cloud the outlook.

-I expect the Yen to be range bound for now --

In Euro land , The ECB In its September monthly bulletin estimates that a permanent decline of 10% in stock prices would "imply a very limited long-term decline in consumption by approximately 0.06%." However, pinning down a permanent decline in equity prices versus a short-term correction may be difficult. The impact of stock markets on euro-zone economic activity appears to be "rather limited, though discernible," with euro- zone households having increased their exposure to equities in recent years, the European Central Bank said Thursday.

"stock-price changes can significantly affect budgetary positions and increase the variability of fiscal balances in some countries," the ECB said. But effects on consumption and related taxes are "hard to quantify with sufficient precision."

The ECB noted that , "if market participants perceive a decline in equity prices as being permanent - reflecting, for example, revised expectations of permanently lower corporate earnings growth - it is likely that consumers and firms will react more strongly."

In addition if stock-price declines are regarded as temporary - "for example in a period of exceptional financial uncertainty, consumers and firms may not adjust their current spending plans downward at all," the ECB said.

The so-called "wealth effect" has become more significant in the euro zone in recent years as households boost their direct and indirect holdings of equities, although the effect isn't as prominent as in the U.S.

Euro-zone households' holdings of shares and mutual funds as a percentage of disposable income rose to 66% in 2000 from 45% in 1997, the ECB said. While this is an increase, it falls behind the U.S. percentage for households that grew to 122% from 116% during the same time frame.

Despite the increase in stock ownership, Europeans also seem to consume a lower portion of their equity wealth, known as the "marginal propensity to consume," the ECB said. One reason may be that direct equity holdings of households are still not as widely distributed in the euro zone as in the U.S., the central bank said.

"This notwithstanding, equity holdings have become more popular among euro-area households across all income classes over recent years," the ECB said. Recent surveys in Germany and France, for example, showed 10% and 13%, respectively, of households held stocks directly in 2000, up from 6% and 12% in 1997. In Italy, the percentage doubled to 10% in 2000 from 5% in 1995.

Even though the data, so far, point to a limited direct impact on economic activity from stock market declines, "the euro-area economy is more affected by a synchronous worldwide downturn in equity prices resulting in spillover effects from abroad," the ECB said.

"Adverse stock price effects in the United States, in particular, may lead to reduced economic activity in this country which, in turn, affects economic growth in the euro area as well, mainly through international trade effects," it added.

The ECB is keeping rate-cut hopes alive by putting slightly more of an emphasis on the downside risks to euro-zone growth in the editorial of its September bulletin.

However, the ECB's continued neutral stance on interest rates also suggests that may be months away from contemplating an easing. Unless they are going to surprise the market.. something the Bundesbank used to frequently do , but the ECB seems reluctant to provide surprises.

According to the ECB, "inflation risks appear to be rather balanced," with interest rates currently at "appropriate" levels.

While the ECB repeated that conditions are in place for a pick-up in economic activity next year, it acknowledged that "there are downside risks to the economic outlook for the euro area that need to be monitored closely." "On the one hand, these risks relate to developments and imbalances in the global economy and their possible spillovers to the euro area," it noted. "On the other, the uncertainty surrounding developments in financial and labor markets could pose a risk to domestic demand," the ECB added. .. The comments by the ECB appear a bit more incline to a rate cut , than in recent weeks..

This past week soft data included a lower September Italian consumer confidence and a surprising decline in French July industrial production of 1.0% on the month, bringing the year-on-year decline to 1.7%.

Business sentiment data in Germany, France and Belgium are due out next week ..

Inflation in August came in at 2.1%, just above the ECB's 2% ceiling, and the bank continues to expect inflation to hang around that ceiling for the remainder of the year.

With the central bank on hold now for almost a year, and renewed easing would reflect a recognition that the recovery is in trouble.. albeit , not nearly the trouble the U.S economy is in ..

To the North higher than expected Canadian inflation data propped up the Canadian dollar early Friday in anticipation of an interest rate increase by the Bank of Canada in October.

Canada's consumer price index increased by 2.6% in August, compared with a 2.1% increase in July, Statistics Canada reported. Higher cigarette and energy prices were the main drives behind the jump in the CPI.

The Canadian currency moved slightly higher on the news Bank of Canada Gov. David Dodge has said the bank will fight high inflation by removing the amount of monetary stimulus from the economy. The Bank of Canada is attempting to put space between it self and other countries, making Canada a more attractive investment realm....The bank will meet on Oct. 16 to discuss Canadian financial policy.

It's expected to will raise the overnight interest rate by 25 basis points. Canada's overnight interest rate stands at 2.75%, a full point higher than the U.S. rate at 1.75%. and we argue that reasons for maintaining a long posture versus the dollar should be continued.. however Problems from the drought may adversely effect the economy in certain areas..

December Yen

Support should appear near the 8134 to 8119 region.. A close under is negative and augurs for a test of 8044 to 8029 .. Below that buyers should appear near 7865 to 7835 .. Under that a test of the 7777 to 7762 region is likely.

Resistance should appear near the 8194 to 8223 and the 8300 to 8314 region . A close over 8314 is friendly and augurs for a test of 8560 to 8589 and most likely the 8668 to 8683.region ...
BW Traders should go long if a close over 8502 occurs. Stay tuned for Updates

Monthly Yen



Daily Yen



December Euro Currency (EC)

Support should appear at 9737 to 9707 and 9641 to 9625. Traders can buy at 9642 and risk a close under 9625 for three days in a row. Below that buyers should appear near 9542 to 9526 and the 9445 to 9429 region. Under that Support should appear near 9347 to 9316.

Resistance is at 9779 and the 9821 to 9837 region. A close over is friendly and augurs for a test of 9921 to 9937 and eventually 1.0021 to 1.0037 and the 1.0104 to 1.0136 region. Beyond that a trade towards 1.10185 and 1.0320 to 1.0360 is likely. Traders can sell at 1.0318 and risk a close over 1.0477 for three days in a row.

Traders should go long if a close over 9784 occurs

Stay tuned for Updates
Monthly EC Cash



Weekly EC



Daily EC



December Swiss Franc

Nearby Resistance should appear near 6741 to 6755. A close over is friendly and augurs for a test of 6782 then 6809 to 6836 and the 6909 to 6922 region. Beyond that sellers should appear near the 6990 to 7005 region.

Support should appear near 6707 then 6673 to 6659. Traders can buy at 6708 and hold for higher prices. Below that buyers should appear near 6591 to 6577 then 6509 to 6482 and the 6430 to 6417 region, which should contain a decline. . . Traders should go long if a close over 6759 occurs

Monthly Swiss Franc



Weekly Swiss Franc



Daily Swiss Franc



December British Pound

Support should appear near 1.5350 to 1.5290 and 1.4960 to 1.4840... Traders can buy at 1.5356 for a turn higher and hold for higher prices..

Resistance is at 1.5520 and the 1.5690 to 1.5760 region.. A close over is friendly and augurs for a test of 1.6090 to 1.6150.

Traders should go long if a close over 1.5528 occurs.

Monthly British Pound



Daily British Pounds



December Canadian Dollar

Support should appear at 6270 to 6257 and the 6190 to 6165 region.. Below that Buyers should appear near 6113 to 6101 , Traders can buy at 6117 for a turn higher and risk a close under 6097 for three days in a row.

Resistance is at 6337 to 6350 then 6417 to 6430 and the 6484 to 6509 region. Traders should go long if a close over 6362 occurs

Weekly Canadian Dollar



Daily December Canadian Dollar



December Aussie Dollar

Recommended Open BW Position Long at 5484

Support is at 5418 and 5356 to 5344.. Traders can buy at 5388 and risk a close under 5339 for three days in a row. Under that buyers should appear near 5282 to 5259 and the 5211 to 5200 region.

Resistance is at 5430, beyond that sellers should appear near 5492 to 5504 and the 5640 to 5653 region.

Traders should go long if a close over 5437 occurs.

Monthly Aussie Dollar



Daily Aussie Dollar



The Sensational Stock and Bond Markets

"One cannot be certain if easy monetary and growth orientated fiscal policy will really have any real effect until unemployment reaches the 6.5 to 7.5 % level. Where as at that point hopefully NEW consumption increases fueled by returning workers should sustained an earnings recovery and a higher stock mkt. for the textbook rule of low inflation and easy money has done very little so far and expectations may be a bit premature..." ----

-- "In my opinion a bit of Stagflation in the U.S may be just around the corner. In case many of you had forgotten , Stagflation was the culprit during 1974 to 1976, that nasty mix of rising prices (inflation)) and a recession or stagnant economy.. A phenomenon where BOTH Prices and Unemployment rose If the depressionary price spiral cannot be offset by rising demand caused by growth / consumption and while productivity gains are still present .. Commercial interests may begin by 'covering their own asses' so to speak by cutting production to increase prices and attain profits for their shareholders that way. So prices may rise and create cost push inflation as a result from knee-jerk lowered production, War,

pestilence or disease (swine flu, mad cow.. Hoof and Mouth) and famine rather than the great evil of Demand Pull Inflation that Greenspan fought during the late 1990's.. What a pickle we would have then...

Copper production cuts..; Oil Production Cuts ... Hell , maybe with coffee prices so cheap.. producers will take coffee off the table so to speak or farmers won't pick the beans cause it's not worth it.. perhaps consolidation of the steel industry.. and so on and so on..

.Toss in a bit 'o war' a crop disaster or two.. governments who want to see their only source for income increase in price. and over time prices rise on their own.

Throw in a recession simultaneously you get Stagflation. When this occurs it is difficult to know which monetary policy and fiscal to apply. resulting in more uncertainty , lower stock markets ect ...Everyone running around like chickens with their heads cut off trying to find a cure. Leaving HARD ASSETS looking relatively attractive..."--Futures Com 12-15-2001

--Nine months have past and my opinion has not changed--

Dow Jones Industrial Average

Nearby Resistance should appear near the 7991 and the 8029 to 8044 region . Beyond that resistance is at 8119 to 8134 while sellers should appear near the 8194 to 8223 region. A close over is friendly and augurs for a test of the 8300 to 8314 and the 8391 to 8404 region. Which should Cap a rally for a bit.. Beyond that resistance is at 8484 to 8499 and the 8560 to 8589 region.

Nearby Support should appear near 7954 to 7939 . An extended trade or close under augurs for a test of 7865 to 7835 and the 7777 to 7762 region. Below that buyers should appear near the 7689 to 7675 region, which should hold for a bit.. A close under augurs for a test of 7601 to 7587 .. Below that 7513 to 7487 to contain a decline ...

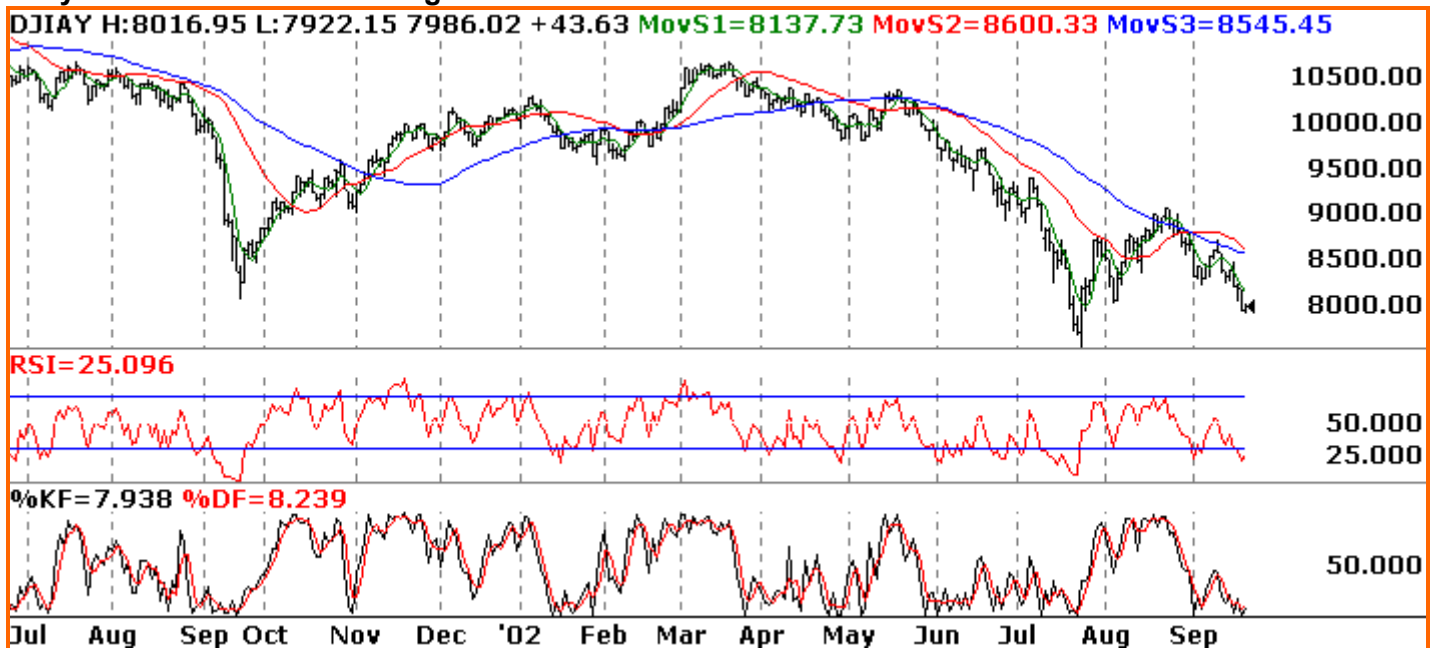
Monthly Dow Jones Industrial Avg.



Weekly Dow Jones Industrial Avg.



Daily Dow Jones Industrial Avg



December SP500

Nearby Resistance is at 844.50 and 848.40 to 849.90 .. Beyond that sellers should appear near 856 to 858.90 and the 876.20 to 877.70 region.. Aggressive Traders can sell at 875.9 for a turn lower and hold for lower prices.. Risk a close over 887.90 for three days in a row and stay tuned.. Beyond that resistance is at 893.40 to 896.40 and the 904.00 to 906.00 region , which should cap a rally for a bit. Beyond that sellers should appear near 931.60 to 934.70 and the 942.90 to 944.50 region. Beyond that 982.10 to 983.70 should contain any excitement...

Nearby Support should appear near 840.60 to 839.10, an extended trade or close under is negative and augurs for a test of 831.40 to 830.00 and the 822.30 to 819.40 region. Below that buyers should appear near 813.40 to 811.90 and the 804.40 to 802.90 region, which should contain a decline for a bit.. However a slip under augurs for a test of 795.40 to 793.90 then 786.50 to 783.50 and the 777.70 to 776.20 region.

Which should contain a decline.. However if All Hell Breaks loose again .. traders can buy at 692.00 for a good bounce and risk a close under 680.40 for three days in a row.

Monthly SP500



Weekly SP500



Daily SP500



Nasdaq Composite

Nearby Resistance is at 1232 to 1238. A close over is friendly and augurs for a test of 1253 and the 1268 to 1274 region. Which should Cap a rally for a bit.. Above that resistance should appear near 1304 to 1301 then 1334 to 1346 and the 1377 to 1383 region.

Support should appear near 1217.50 , a slip under augurs for a test of 1202 to 1192.. An extended trade or close under is negative and augurs for a test of 1169 to 1164 .. Below that buyers should appear near 1136 to 1130..

Monthly Nasdaq



Weekly Nasdaq



Daily Nasdaq



December Mini Nasdaq 100

Resistance is at 876.50 to 878.00 then 885.50 to 887.00 and the 904.50 to 906.00. region . A close over is friendly and augurs for a test of the 914.00 to 915.50.. Beyond that sellers should appear near the 931.50 to 935.00 region and Cap a rally for a bit.

Support is at 868.50 to 866.50 and the 859.00 to 856.00 region . Under that buyers should surface near 850.00 to 848.50 and the 831.50 to 830.00 region and contain a decline for a bit.. A close under is negative and augurs for a test of 813.50 to 811.50 and the 804.50 to 802.50 region.

Weekly Nasdaq 100



Daily Nasdaq 100



December Ten Year T-Notes

Resistance should appear near 114-23 then 115-07 and 115-23 to 116-07 which should cap a rally for a bit.. However close over is friendly and augurs for a test of 116-22 and 117-07.. Which Should Cap a rally..

Support is at 114-07 and 113-23. Under that buyers should appear near 113-07.. A close under is negative and augurs for a test of 112-23 and 112-07 which should contain a decline for a bit... Below that buyers should appear near the 111-23 region..

Weekly Ten-Year Notes



Daily December 10 -Year T-Notes



Precious Metals

December Gold

Recommended Open BW Position Long at 323.9

Nearby Support should appear at 321.3 to 319.4 and the 315.7 to 314.8 region.. Below that 310.2 to 309.2 should hold...

Resistance is at the 326.0 to 327 region.. A close over 327 is friendly and augurs for a test of 331.9 to 332.8 and eventually the 337.7 to 338.6 region.. Traders should go long if a close over 327.4 occurs

Monthly Gold



Weekly Gold



Daily December Gold



December Copper

Support should appear near 6805 and the 6755 to 6740 region.. A close under 6740 is negative and augurs for a test of 6670 to 6655.. Below that buyers should appear near 6590 to 6575 and the 6510 to 6480 region.. Traders can buy at 6515 and risk a close under 6320 for three days in a row.

Resistance should appear near 6905 to 6920 and the 6990 to 7005 region. A close over augurs for a test of 7140 to 7170. Beyond that 7240 to 7255 should cap a rally.. Traders can sell at 7235 for a turn lower and risk a close over 7440 for three days in a row.

Daily December Copper



Weekly Copper



December Silver

Support should appear near 458.5 to 457.0 then 451.5 to 450.5 and 444.5 to 443.5 .. A close under 437 is negative and augurs for a test of 425 to 423.. below that buyers should appear near 412 to 411 Traders can buy at 412.5 and risk a close under 404 for three days in a row..

Resistance is at 465 and 469.5 to 471.5, a close over is friendly and augurs for a test of 477.5 to 478.5 Beyond that sellers should appear near 484.5 to 485.5 and the 491.5 to 493.0 region.

Traders should go long if a close over 473.0 occurs.

Monthly Silver



Weekly Silver



Daily December Silver



The Exciting Energies

After OPEC left production the same , Saudi Arabia's oil minister said Saturday the Organization of Petroleum Exporting Countries would look at "all the variables" when deciding whether to raise output quotas Dec. 12. Ali Naimi indicated OPEC will study the supply/demand outlook, prices and political factors at that time.

Natural gas is trading near 15-month highs , however longs took profits ahead of the weekend amid uncertainty about Hurricane Isidore and it's impact on supply.. The hurricane is now entering the Gulf of Mexico.

I don't see any real point in commenting about Iraq or the potential of War.. that news is a moving target and changes minute-to-minute and day-to-day.. But traders should realize that one of Saddam the Sadistic's goals might just be to elevate the price of Oil as high as he can for as long as he can ...

November Crude Oil

Support should appear near 2937 to 2928 and 2883 to 2874.. Aggressive Traders can buy at 2941 and hold or higher prices .. Below that Support is at 2829 to 282. Under that buyers should appear near 2775 to 2758 and the 2724 to 2716 region. Which should contain a decline. Traders can buy at 2778 and risk a close under 2712 for three days in a row.

Resistance is at 2990 and the 3036 to 3045 region A close over is friendly and augurs for a test of 3092 to 3102. Beyond that sellers should appear near 3148 to 3157 and the 3194 to 3213 region.

Monthly Crude Oil



Weekly Crude Oil



Daily Crude Oil



November Natural Gas

Resistance is at 4.046 to 4.056 and the 4.110 to 4.120 region. A close over is friendly and augurs for a test of 4.163 to 4.183 and the 4.23.8 to 4.24.9 region

Support is at 3.982 and 3.806 to 3.795 under that buyers should appear near 3.623 to 3.613 which should contain a decline for a bit.. Below support at 3.503 to 3.493...Traders can buy at 3.505 and hold for higher prices..

Monthly Natural Gas



Weekly Natural Gas



Daily Natural Gas



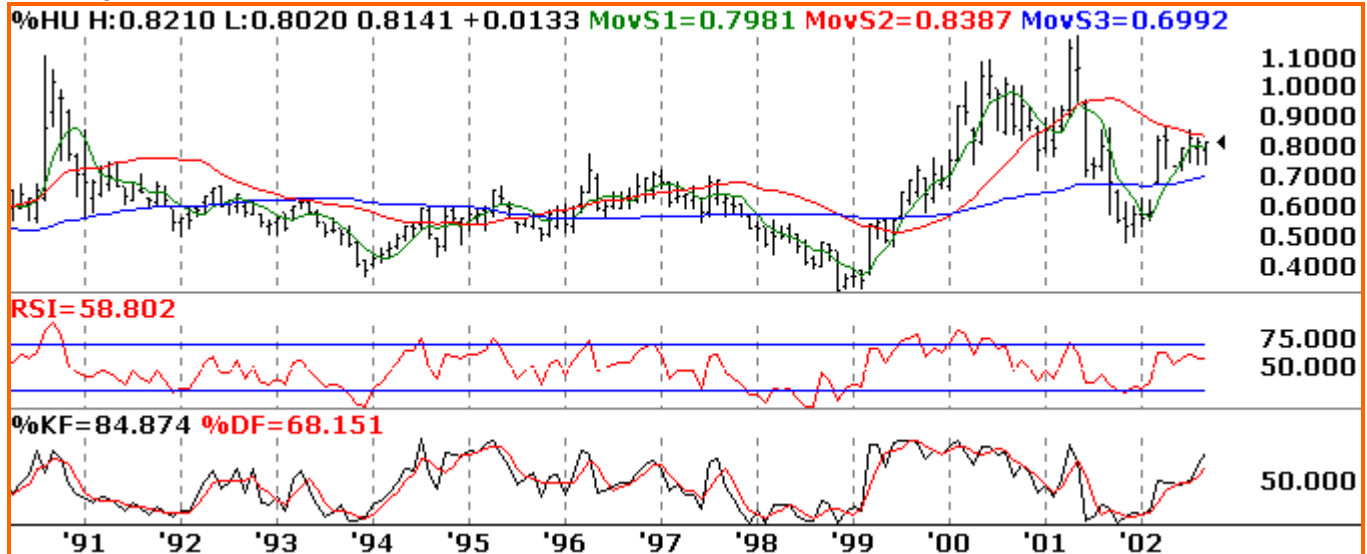
November Unleaded Gas

Support should appear near 7865 to 7835 then 7780 to 7760 and 7690 to 7675. Traders can buy at 7705 and hold for higher prices .. Below that support is at 7605 to 7585 and 7515 to 7485. .. Under that 7345 to 7325 should contain a decline

Resistance is at 8025 to 8045. A close over is friendly and augurs for a test of 8120 to 8135 and the 8300 to 8315 region. . Beyond that sellers should appear near 8390 to 8410 and the 8485 to 8500 region.

Traders should go long if a close over 8055 occurs.

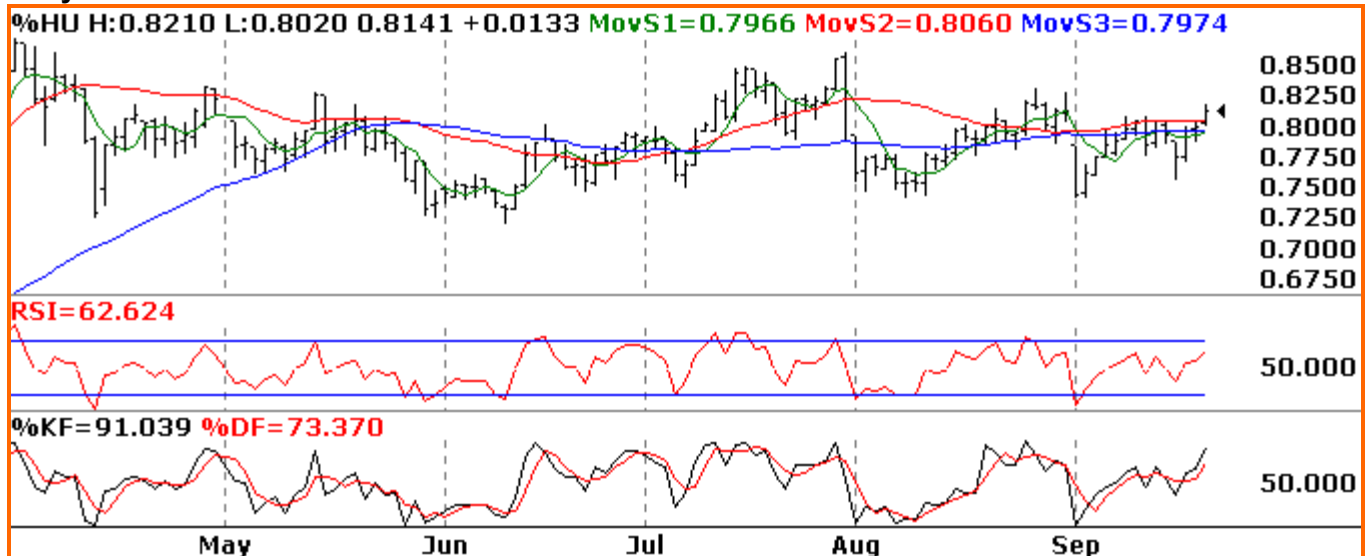
Monthly Unleaded Gas



Weekly Unleaded Gas



Daily Unleaded Gas



November Heating Oil

Recommended Open BW Position, Long 8005

Resistance is at 8025 to 8045 and the 8115 to 8135 region. Beyond that sellers should appear near 8195 to 8225 and the 8385 to 8405 region.

Support should appear near 7935 then 7865 to 7835 and 7780 to 7765 Under that buyers should appear near 7690 to 7665 then 7605 to 7585 and the 7515 to 7480 region ..

Traders should go long if a close over 8150 occurs.

Monthly Heating Oil



Weekly Heating Oil



Daily Heating Oil



The Lively Livestock

Traders should expect a bit of negative reaction to the latest U.S. Department of Agriculture monthly Cattle-On-Feed survey Monday. The lower-than-expected August marketing figure was perceived as a negative for Oct cattle futures, while Dec may come under pressure from larger placements than a year ago which ended a string of four straight lower numbers.

The survey showed 5.4% more heavyweight feeders than last year crowded into the nation's feedlots. The USDA estimated cattle on feed Sept. 1 at 94% of last year compared with analysts' average forecast of 93.4%, within a range of 92.6% to 94.5%. August placements were estimated at 102% compared with the average analyst estimate of 99.9%, within a range of 96.5% to 103.0%. The USDA forecast August marketing's at 97% compared with the analyst average of 99.5%, in a range of 97.0% to 101.1%. In addition, USDA cold storage data showed modern record high beef stocks as of Sept. 1, breaking the record set last Dec. 31.

Meanwhile last week's Hog Slaughter estimates were Up 7.25% with the Aug-Sep Rate 6.35% over a year ago. although weights seem steady. total pork and ham inventories have been bearish the past few months and not expected to change soon especially with Christmas still a few months away. On Friday the USDA released the All-Important Cold Storage, revealed that August belly stocks were nearly 3 million pounds above the average of pre-report estimates, while total pork and ham stocks either reached or surpassed previous August records.

The U.S. Department of Agriculture reported frozen pork belly inventories as of August 31 at 15.3 million pounds, compared with the average projection of 12.43 million and a pre-survey range of 10.6 million to 14.8 million. Last year the industry had 12.8 million pounds of bellies on hand for the same period.

According to USDA, there were 463.3 million pounds of total pork on hand as of August 31, which exceeded the previous record for August of 455.6 million set in 2000.

Traders had anticipated a total pork range from 440.0 million to 445.0 million. Ham stocks came in at a deplorable 140.2 million pounds, much heavier than last year's 90.3 million-pound figure and matched the record for August set two years ago.

The total amount of beef on hand, at 463.8 million pounds, eclipsed the amount of pork in storage, and leaped well beyond last year's 373.2 million figure.

While the belly figure was not historically large, it was however not as small as had been expected by some.

Over the last five years Total Pork inventory in August has been drawn-down by about 26.0 million pounds from the previous month in the August report.. This year , he draw down was less than 9.0 million pounds.

This leaves the freezers with the largest amount of pork in storage for the end of August since 1960..

The upcoming All-Important Quarterly Hog and Pig report is expected to show less pork to be available next summer, which may lessen results of this cold storage report. However, if the quarterly hog report does not show industry curtailment as expected.. the meat in storage results looms over the market with a heavy hand..

Wholesale prices for pork have held steady recently , but with the dwindling share prices of major grocers impacting earnings and traffic in stores not up to snuff in some areas of the country .. I would expect prevalent features of Red meat to lure the shopper may be accompanied by lower prices as industry participants attempt to 'clean up' excessive supplies before the seasonal holiday demand increases occur.. so real money can be made prior to the end of year. ...

December Live Cattle

Nearby Support should appear near 7172 to 7137 and 7087 to 7072. ... Below that buyers should appear near 7007 to 6992.. Under that support is at 6922 to 6907 and the 6837 to 6807 region.. Traders can buy at 6842 for a bounce and risk a close under 6732 for three days in a row..

Resistance is at 7242 to 7257 region.. Beyond that sellers should appear near 7337 to 7342 which should cap a rally for a bit.. Traders can sell at 7332 for a turn lower and risk a close over 7442 for three days in a row. Above that Resistance is at 7487 to 7512 and the 7587 to 7602 region.

Daily December Cattle



December Hogs

Support is at 3747 to 3737 then 3682 to 3662 and 3567 to 3552 . Below that buyers should appear near 3507 to 3492. Traders can buy at 3512 for a turn higher and hold for higher prices.. Under that support is at 3442 to 3422 and the 3212 to 3192 region.

Resistance is at 3857 to 3867 region. Beyond that resistance should appear near 4042 to 4057 and the 4237 to 4252 region. Above that Sellers should appear near 4422 to 4447 Traders can sell at 4442 and risk a close over 4527 for three days in a row. Stay tuned for updates..

Daily December Hogs



February Pork Bellies

Support should appear at 6837 to 6807 and the 6752 to 6742 region .. Below that buyers should appear near 6672 to 6657 . Traders can buy at 6672 and hold for higher prices... Below that 6592 to 6577 should hold A close under is negative and augurs for a test of 6512 to 6487 and the 6352 to 6337 region.

Resistance is at 6992 to 7002 and the 7072 to 7087 region. A close over is friendly and augurs for a test of 7142 to 7172 and the 7327 to 7342 region. Which should Cap a rally ..

Daily Feb Bellies



-Stay tuned for Livestock and Belly Updates and Flashes-

The Grande' Grains

U.S. cash grain markets were mixed Friday as gyrations in futures prices we equaled to an even greater extent in local basis premiums. Spot corn futures at the CBOT sank Friday, while spring and soft red winter wheat prices rose.... Soybean and hard red winter wheat values held about steady.

Declines in corn prices mostly came harvest pressure amidst reports of better-than-expected corn yields. While soybean futures were held steady at days end ... Wheat futures had a 15 to 20 cent range for some contracts Friday.

Volatile futures trading limited farmer deliveries of cash grain to major interior terminals surveyed by the CBOT to just over 1.2 million bushels Friday, down from more than 2 million bushels on Thursday.

With harvesting put off in many areas affected by wet weather while others regions continued picking row crops at full steam the basis values were all over the place on Friday, ranging from as much as 10c higher to 10c lower for corn, from 8c higher to 5c lower on soybeans, and 10c higher to 3c lower for winter wheat.

Spring wheat basis in the U.S. interior was steady to 5c lower, Basis levels for corn and soybeans were stronger at the Louisiana Gulf export market Friday, owing to the development of a hurricane in the Caribbean that had exporters rushing to book supplies ahead of possible disruptions.. Earlier this week, French wheat was being offered on the world market at prices more than \$40.00 a metric ton below those of quoted for U.S. wheat. That will not last that long .. and when it's gone it's gone..

Export markets have been active again of late, .Commercial stocks of U.S. cash grain rose by 1% last week, leaving selected terminals and elevators surveyed by the U.S. Department of Agriculture filled to an average of 39% of capacity, down from 50% one year ago. As prices slipped with harvest underway farmer deliveries of cash grain rose by about 5% on the week, approaching 9 million bushels at interior terminals surveyed by the CBOT ..Meanwhile, the amount of grain inspected for export dropped 3%, to less than 57.5 million bushels.

With poor U.S and Canadian crops, global shortages of milling quality wheat could develop later in the year and millers should be covered now.. Forget the hand to mouth approach that has worked well over the last 4 years ..Buying of wheat for food aid donation programs by the USDA also lent a bullish market tinge.

Don't expect that to abate anytime soon also..

In Canada a large portion of the wheat crop is still left to be harvested . Average planting progress has been reported in winter wheat areas. As of Sept. 15, seedlings were 17% completed, which was in line with average.

On Sept 30 the USDA will release its small grains report, which includes revised U.S. wheat production and harvested acreage figures.

The initial stages of the fall soybean harvest in the Midwest produced a doubling of soybean receipts at major interior terminals, but that seasonal harvest pressure was offset by a 50% increase in export shipments. Gulf soybean basis gained 7c on the week, with the potential for Chinese purchases providing background support to the market.

A large area of showers and thunderstorms extend across the Delta, corn belt and Great lakes Friday, delaying fall harvest in areas from Wisconsin to Louisiana.

Global Weather Services said the cold front responsible for the rain will continue to move eastward in the Atlantic Coast states Saturday, creating additional harvest delays for corn, soybeans and other fall crops.

Once the rain ends, a dry and somewhat cool weather pattern will take hold of the eastern two-thirds of the country next week. Some areas may experience a light frost..

With a late planting an early hard frost or freeze looms large..

Strong demand for soybeans at a time when supplies remain tight as harvest is only starting was another supportive factor for the nearby contract as a bit of bull spreading was apparent ..Crop condition ratings come out Monday and is expected to show soybeans have remained steady if not declined a bit..

If that occurs , The U.S. crop probably has gotten smaller since the beginning of September.. Next week traders will be positioning themselves ahead of quarterly grains stocks report due Sept. 30

Pay attention to South American weather as farmers there begin preparations to plant the 2002-03 crop.

On Friday Soymeal closed lower , mainly from spread trading against soyoil ,,

Corn futures acted like doggy doo during a fourth ay of losses The setback saw prices dropping to lows not seen since right before the August U.S.D A production report, which ignited a bullish move to five-year highs.

Recent rumors that Sparks Advisory is anticipating this year's crop to be four bushels per acre higher than U.S. Department of Agriculture Sept. 12 estimates were rampant this week. Most likely the timing of the rumors aided their short position exit.. something not uncommon from them.. However areas where yields were expected to be strong are coming in better than anticipated, while late-planted areas hit by rain delays and drought were thought to be to be in less worse shape than expected. But with only crop a portion of the crop harvested anything can occur.. Last month the USDA projected crop production at 8.849 billion bushels, using a harvested-acre count of 70.5 million, and a yield projection of 125.4 bushels per harvested acre. We will see what the next report brings..

Friday's commitment of trader's reports showed that large traders reduced longs , while commercials add to longs as of Sept 17th..

November Soybeans

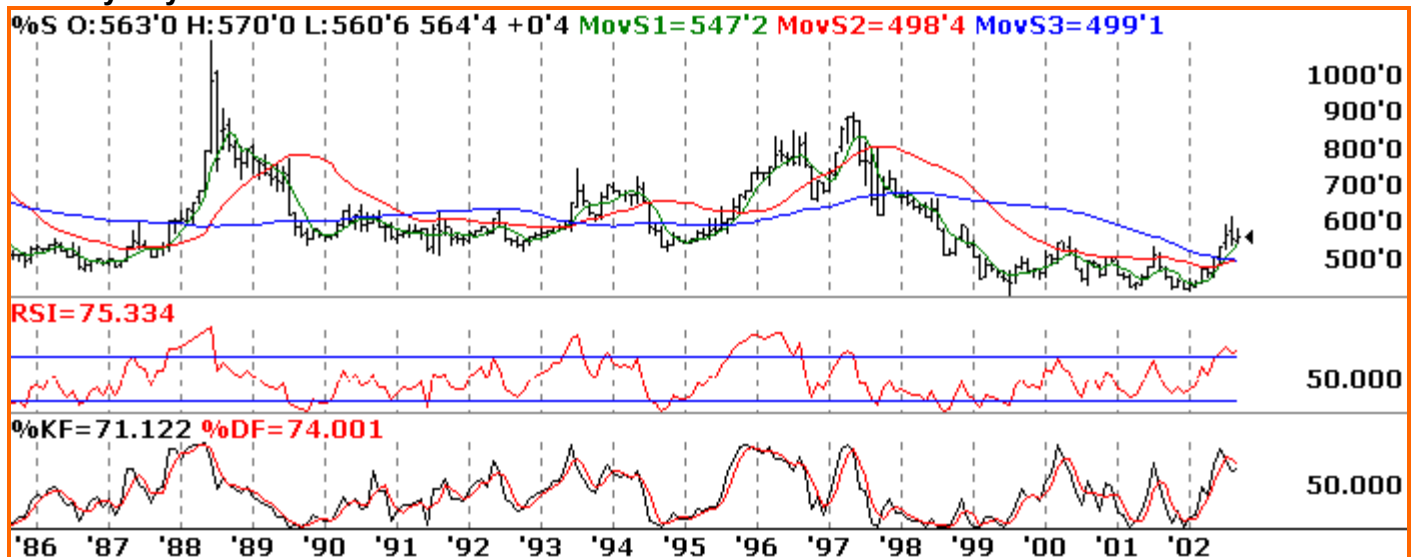
Recommended Open BW Position, Long at 557 3/4

Resistance is at 565 3/4 , a close over is friendly and augurs for a test of 571 3/4 to 572 1/2 and eventually the 579 1/4 to 580 1/2 region.. Beyond that resistance should appear near 594 3/4 to 595 1/2 , A close over 595 3/4 is friendly and augurs for a test of the 610 1/2 to 611 1/4 region.

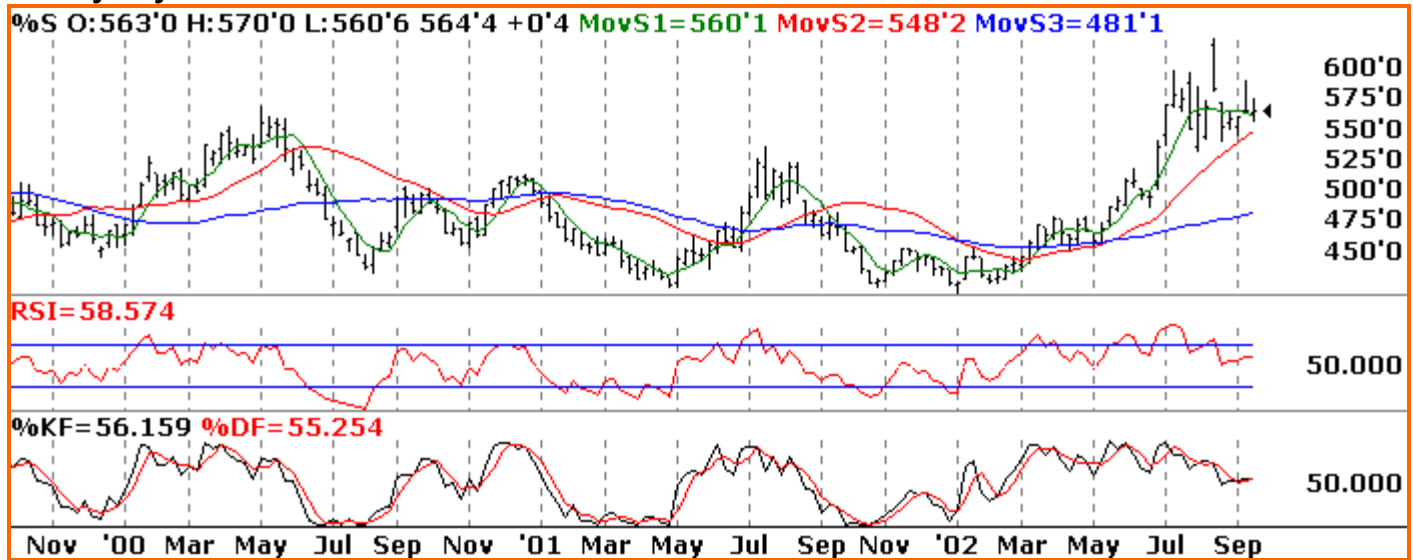
Support should appear at 557 3/4 to 555 1/2 and 550 1/2 to 549 3/4.. Under that buyers should appear near 542 to 541 3/4 . Below that support is at the 535 3/4 to 534 1/2 region.. Under that 528 1/2 to 525 3/4 should contain a decline.

Traders should go long if a close over 565 3/4 occurs

Monthly Soybeans



Weekly Soybeans



Daily November Soybeans

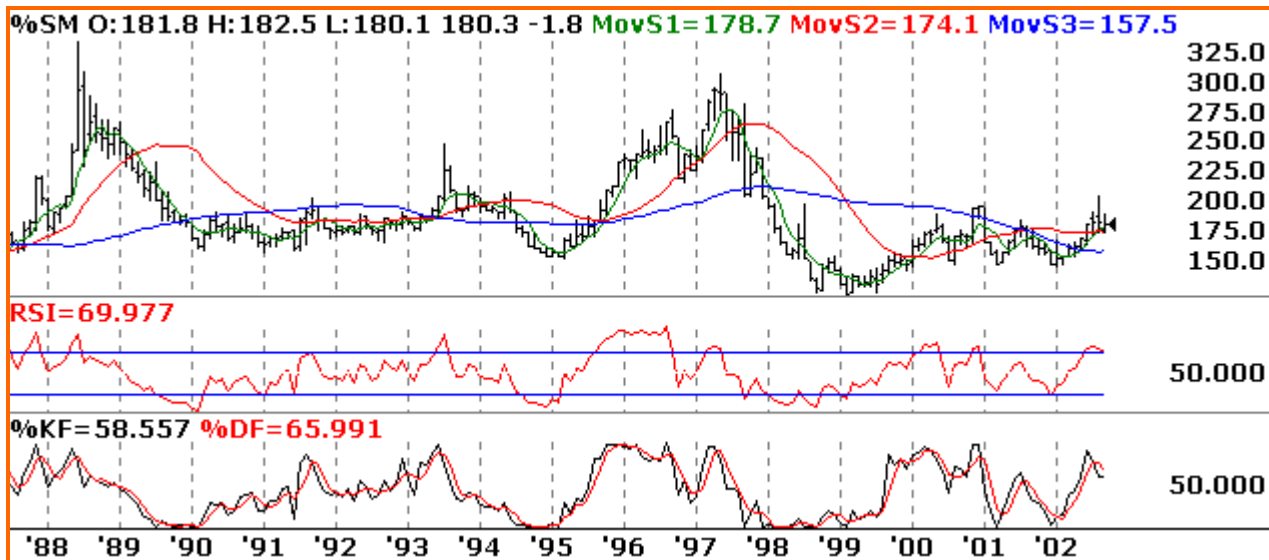


December Soymeal

Support should appear near 178.0 to 177.5 and 173.8 to 173.1 which should contain a decline for a bit.. Traders can buy at 173.9 and risk a close under 171.2 for three days in a row. Below that buyers should appear near 169.6 to 168.9 and the 165.5 to 164.2 region

Resistance is at 180.8 to 182.2 A close over augurs for a test of 185.8 to 186.5 .. Beyond that sellers should appear near 190.2 to 190.6 and the 194.6 to 195.3 region.

Traders should go long if a close over 182.6 occurs.



Weekly Soymeal



Daily December Soymeal



December Soybean Oil

Recommended Open BW Position, Long 2045

Resistance is near 1996 and 2034 to 2042 .. beyond that a test of 2080 to 2088 is likely.. Above that sellers should appear near 2126 to 2134 ..A close over is friendly and augurs for a test of 2219 to 2226..

Support should appear near 1982, below that buyers should appear near 1953 to 1946 and the 1909 to 1902 region , which should contain a decline..

Traders should go long if a close over 2001 occurs.

Monthly Soybean Oil



Weekly Soybean Oil



Daily December Soybean Oil



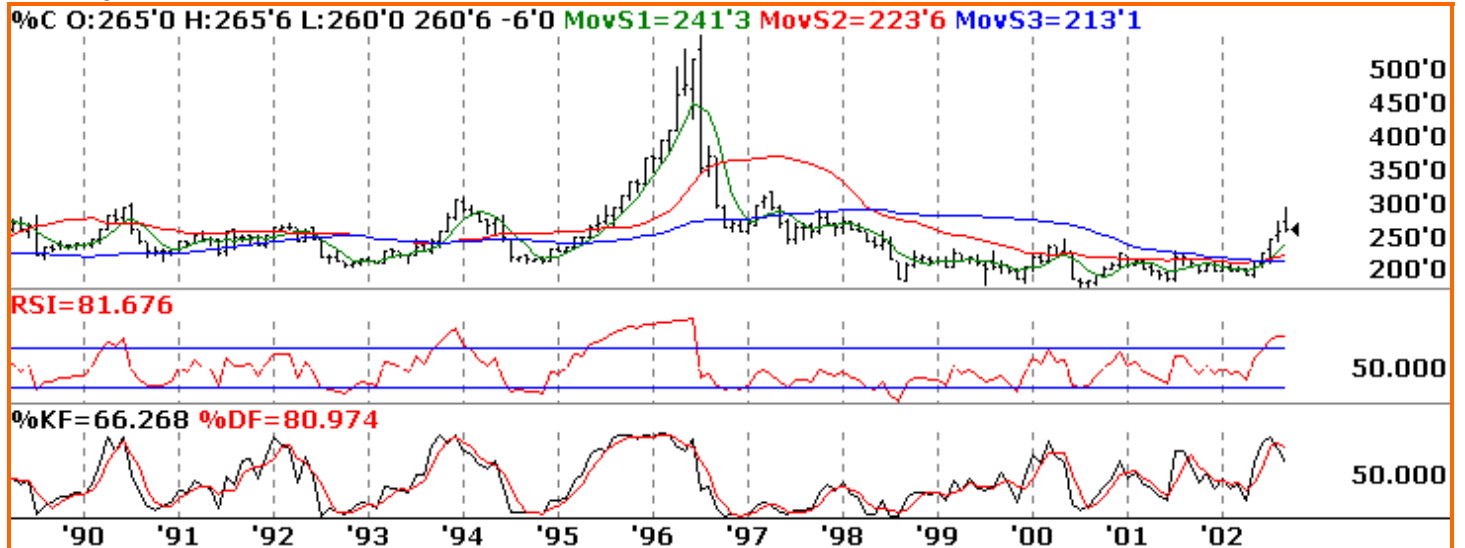
Dec Corn

Recommended Open BW Position, Long 277 3/4

Resistance should appear near 261 1/4 to 262 and 266 1/2 to 267 1/2

Support is at 256 3/4 to 255 1/2 and the 252 to 251 1/2 region

Monthly Corn



Daily Corn



December Wheat

Recommended Open BW Position, Long 2 at 410 1/2 avg

Support should appear at 399 1/4 to 398 1/2 and the 392 3/4 to 390 3/4 region.. Below that support should appear near 386 3/4 to 385 3/4 and the 380 3/4 to 379 1/2 region. Under that 374 1/2 to 373 1/2 should hold.

Resistance is at 404 3/4 to 405 3/4 then 411 to 412 and the 416 1/4 to 418 1/2 region . A close over is friendly and augurs for a test of 423 3/4 to 424 3/4 .Beyond that a test of 430 to 431 1/2 is likely. Above that sellers should appear near 437 to 438 1/2 and the 442 1/2 to 444 3/4 region

Aggressive Traders should go long if a close over 406 1/2 occurs

Monthly Wheat



Weekly Wheat



Daily December Wheat



The Satisfying Softs

According to a report by ED&F Man, world cocoa market is expected to register a supply deficit of about 138,000 metric tons during the 2002-03 season based mainly on a recovery in cocoa grindings..

This would be the third consecutive deficit year following the revised down numbers of 50,000 tons in 2001-02 season and the 250,000 tons in 2000-01. Man attributes the deficits to reductions in product inventories, and said it does expect cocoa grindings to increase in the 2002-03 season.

While it doesn't expect grindings to recover anywhere close to a peak of 3.061 million tons in 2000-01, ED&F Man is projecting a 4% climb to 2.925 million tons. "The extent of the increase will be dictated by the underlying demand for cocoa butter and powder," they estimated a slight increase in the 2002-03 world production to 2.815 million tons compared with the previous season's 2.782 million tons..

On the crop supply side Man said that yields in Ivory Coast, the world's largest cocoa producer, appear "disappointing" despite a significant improvement in farm maintenance due to the incentive of historically high farmer prices."

The trade house estimated the Ivorian main-crop arrivals to reach 995,000 tons compared with the 1.060 million main-crop estimate and the 1.225-million-ton total crop projection for 2001-02.

The crop in Ghana appears in good shape with 2002-03 production potentially reaching 390,000 tons. Compared with the previous season's 320,000 tons. ..Indonesia's crop prospects "appear bleak" as the cocoa trees need to "rest" following the previous season's record May crop..

On Friday Cocoa futures settled a tad lower Friday as concerns over the attempted coup d'etat in the Ivory Coast subsided. Ivorian Defense Minister Lida Kouassi Moise said Friday that the country was back under government control after the coup. Violence on Thursday left a Cabinet minister and a number of military officers dead. The Ivory Coast's main port of Abidjan remained closed, while its second port of San Pedro was only partially active and very quiet.

However the closure is unlikely to have much effect on cocoa exports from the Ivory Coast with the main crop harvest beginning in October and activity usually busiest between December to January. If violence persists during that period it could have an adverse impact on exports and supply from that country..

Sugar futures ended lower as we exited longs prior to a reversal from new eight month highs. Russian officials Friday authorized 51 domestic firms to participate in a Sept. 25 auction of 2003 tariff-rate import-quota permits. Last year, 23 companies bought permits. The 2003 quota was earlier set at 3.95 million metric tons versus 3.65 million tons in 2002. H

Isadore lent early support .. however more importantly in coming months El Nino may bring irregular rainfall to Brazil's southeast, a top sugar cane area.. That has officials there a bit worried.. On Thursday the Brazil Govt authorized 500 million reais in financing to create ethanol fuel stocks to ensure adequate supplies in the inter-harvest period. ----- Over half Brazil's Sugar cane crop is used for ethanol-----

Speaking of Brazil , the world's largest producer and exporter of coffee. has almost done passing out its entire 690 million-real coffee fund financing budget . According to the Agriculture Ministry local banks are arranging to lend the last of the credit, which was designed to take around 8 million 60-kilogram bags of Brazil's bumper 2002-03 crop off the market until next year. The government approved the release of the funds in February, but coffee farmers were exasperated by the slow release of the money, due principally to the hefty guarantees demanded by banks of cash-strapped farmers. The scheme was designed to support prices by evening out supply between this year's record harvest and next year's, when output is expected to be well down.

The International Coffee Organization has a campaign to set minimum standards for exported coffee next week when its council and executive board meets in London .. The ICO wants the world's leading producers to honor a resolution to create minimum standards for exportable coffee and certificates of origin to help world prices recover from their recent historic lows.

The resolution was agreed to by all 27 ICO exporter members, but the world's No. 2 producer, Vietnam, has asked for a waiver in implementing the resolution, saying it will not be able to comply in time because of the volume of its crop and the lack of infrastructure.

While offering support for the quality plan. Brazil officials said proposals to burn stocks were impractical as neither Brazil nor the other major exporting nations had funds to reimburse farmers. Brazil and Vietnam have been blamed for excess beans on the market. .. All the while Colombian coffee growers will propose at the meeting that producers worldwide immediately freeze planting any new hectares of coffee..

Columbia's 'Fedecafe' said Friday. "The world cannot withstand even one more coffee bush," Fedecafe General Manager Gabriel Silva told reporters. Silva said he would ask all coffee producing nations to agree "to freeze the coffee frontier" to protect the quality of coffee.

For each additional one million 60-kilogram bags of coffee that enters the market, the price of coffee drops two U.S. cents, he said.

The IOC meets Sept. 23-27 in London, and will include delegates from 65 countries that produce or consume coffee. Recent 30 Year lows in rices have left Fedecafe - and Colombia's whole coffee sector – on the brink of bankruptcy.

Colombia is world's third largest producer of coffee overall after Brazil and Vietnam.
 ---Sounds like the Airline business in the U.S

Another weakish 'price disaster 'market that can have great price appreciation is Cotton. It closed up Friday but failed to maintain the highs made on the opening over fears of the impact of Hurricane Isidore on cotton crops. Heavy rainfall this week over many cotton-producing areas of the lower Mississippi River Basin, which includes Arkansas, Louisiana and extreme western parts of Tennessee, had already threatened the fiber quality of the cotton.. Cotton is in an extended historically bad slump .. have I have no real desire to short it. and will continue to poke at the long side for the time being for 'what goes around comes around'

December Cocoa

Resistance is at 2126 to 2134 and the 2170 to 2185 region. Beyond that sellers should appear near 2219 to 2226 and the 2267 to 2275 region

Support should appear near 2088 to 2080 then 2042 to 2034 and the 1996 to 1982 region . Traders can buy at 2035 and risk a close under 1942 for three days in a row ... Below that buyers should appear near 1909 to 1902 and 1865 to 1858 . Traders should go long if a close over 2138 occurs.

Monthly Cocoa



Weekly Cocoa



Daily Cocoa



December Coffee

Support is near 5580 to 5555 and the 5430 to 5415 region ..Traders can buy at 5585 for a bounce and risk a close under 5405 for three days in a row. Under that support should appear near 5355 to 5345 and the 5215 to 5200 region...Below that 5140 to 5125 should hold

Resistance should appear near 5640 to 5655 then 5715 to 5730 , a close over is friendly and augurs for a test of 5790 to 5805 and the 5855 to 5880 region. Beyond that sellers should appear near 5935 to 5955 the 6025 to 6035 region which should Cap a rally for a bit .

March Sugar

Support should appear near 634 to 630 and 609 to 601 and 586 to 582. Trader can buy at 612 and hold for higher prices.. Risk a close under 579 for three days in a row. Under that support should appear near the 563 to 558 region.

Resistance should appear near 656 to 661.. A close over is friendly and augurs for a test of 682 to 686. Beyond that a test of the 704 to 712 and the 735 to 739 region is likely,.. Traders can sell at 732 and risk a close over 744 for three days in row.

Traders should go long if a close over 665 occurs.

Monthly Sugar



Weekly Sugar



Daily March Sugar



December Cotton

Support should appear near 4380 to 4370 then 4255 to 4235 and the 4185 to 4165 region. Below that buyers should appear near 4060 to 4045.. Traders can buy at 4065 and risk a close under 3965 for three days in a row..

Resistance is at 4425 to 4445, a close over is friendly and augurs for a test of 4505 to 4515 then 4570 to 4585 and the 4635 to 4650 region. Traders should go long if a close over 4455 occurs.

Monthly Cotton



Daily December Cotton



***A Ship in Harbor is Safe.. But that is not what ships are built for –
Happy Trading!
Bill***

bill@futurescom.com

1--561-433-2995

Saturday, September 21, 2002

9:25 PM , South Florida Beach Time

THIS PUBLICATION CONTAINS THE VIEW AND OPINIONS OF THE AUTHOR, EXCEPT WHERE OPINIONS ARE ATTRIBUTED TO OTHER SOURCES. WRITTEN PERMISSION IS REQUIRED PRIOR TO ANY DISTRIBUTION OR REPRODUCTION. FUTURES TRADING ARE RISKY AND CAN CAUSE SUBSTANTIAL FINANCIAL LOSS. THE USE OF OPTIONS AND OPTION TRADING INVOLVES A HIGH DEGREE OF RISK. THE USE OF STOPS MAY NOT LIMIT LOSSES TO INTENDED AMOUNTS. SPREAD POSITIONS MAY NOT BE LESS RISKY THAN OUTRIGHT FUTURES POSITIONS. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. SOURCES ARE BELIEVED TO BE RELIABLE BUT NO ASSURANCE IS MADE FOR ACCURACY. ADDITIONAL RISK DISCLOSURE IS AVAILABLE.

FuturesCom Investment Publications Copyright@1996-2002 all rights reserved