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# FuturesCom



Bi-Weekly Investment Outlook # 517

Sunday January 15, 2017

**Equity Indices • Treasuries • Forex • Precious Metals • Energy • Grains • Livestock • Softs • Socio Economics since 1979**

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

**Saturday January 14, 2017**

**7:00 PM, South Florida Beach Time**

U.S. Markets are closed Monday in observance of the birthday of Dr. Martin Luther King Jr. (Electronic markets and Forex trading will be open). We wish everyone a happy and safe holiday.

Contact our office if you need long or short term analysis for global equities or foreign exchange markets and commodities not covered in our Bi-Weekly Investment Outlooks. Volatility for global markets is likely to be high for the foreseeable future. Stay tuned for flashes, updates and recommendations for all markets.

U.S. stock indices long-term support remains below current levels, the Shiller inflation adjusted P.E. is now over 28, look for a trading range. Support for 30-yr bond futures remains well under the current price. Forex Markets; The U.S. dollar index pulled back a little. The Dollar index highs for the year are likely in front of the market not behind. Overseas Europe’s Euro is lower year over year. The European Central Bank (ECB) Governing Council monetary policy meeting is on Thursday. The meeting will be followed by a rate announcement and a press conference held by ECB President Mario Draghi.

Netherlands is scheduled to hold its general election during March, the nationalist-populist right wing Freedom party is leading in the polls. Elections in France are scheduled for May. In Italy, the populist

Five-Star Movement is 'fighting it out toe to toe' with the Democratic Party. Britain's Prime Minister Theresa May is scheduled to speak on the U.K. approach to Brexit talks in a speech Tuesday.

The Bank of Canada (BOC) interest rate announcement and monetary policy report is due out Wednesday followed by a press conference held by Bank of Canada Governor Stephen Poloz. Look for Canadian Dollars to trade in a moderate to wide range a sustained move under 7587 is negative. Japanese Yen; Watch out for volatility. Broadly speaking March Yen has resistance near 8856 to 8871 and support is at 8314 to 8300. Nothing has changed. The long-term work is rolling over to the downside. Aussie and Kiwi longer term downside targets remain lower. Seasonally the Aussie typically firms into first few weeks of the year and is doing that now, the long-term work remains to the downside. Kiwi resistance is near 7328 to 7342 and downside under 6990 is possible.

Precious Metals and Energy; Gold acts better after moving higher, gold is near year end 2014 prices. Silver is a trading affair. Copper has moved up and is trading higher on the year and month. WTI Crude Oil, Brent Crude and the products are trading rangebound near last summer's highs. Crude tends to work higher after late January into March. June unleaded and back, historically tend to firm from late January till late March. Stay tuned for flashes on both sides of the energies. Geo-politics and OPEC are going to have impacts both up and down on crude and crude products. Natural Gas fell apart over the last few weeks, it was a weather driven rally (weather markets are typically meant to be sold).

Grains; Soybeans and soymeal rallied after the USDA report on Thursday. The USDA supply and demand and grain stocks report for soybeans showed Dec 1st soybean stocks 2.895 billion bushels. Soybean ending stocks were 420 million bushels versus 480 million a month ago. U.S. final soybean production was 4.307 billion bushels and the yield was 52.1 bushels per acre versus 52.5 bushels per acre a month ago. The USDA sees Brazil's soybean production at 104.0 million tonnes. The agency is forecasting Argentina's soybean production at 57.0 million tonnes and global ending soybean stocks at 82.3 million tonnes. Traders should look to buy soybeans beans in the middle of February for a trade and preferably at lower prices than currently trading. Global weather and geo-political issues will remain a focus. Soybean Oil typically moves higher into early March. Be prepared to trade both sides of the gain markets. The new White House EPA policy may have an impact on corn and bean oil prices if bio-fuel policy adjustments are made. The USDA wheat crop report showed December 1st U.S. wheat stocks of 2.073 billion bushels. The agency sees wheat ending stocks at 1.186 billion bushels. The USDA winter wheat seeding's estimate was 32.38 million acres. Global ending wheat stocks were

253.3 million tonnes. Wheat typically makes its highs of the season into early January and acts lousy into the end of January and really into summer. Wheat is a little higher on the month. Wheat acreage is historically low, world wheat supplies are at a record high and weather may have an impact on prices. Thursday's USDA corn crop report showed corn supplies at 12.384 billion bushels. The corn ending stocks figure was 2.355 billion bushels versus 2.403 billion bushels a month ago. U.S. corn production was 15.148 billion bushels versus and the yield was 174.6 bushels per acre. Feed usage was revised lower by 50 million bushels and ethanol usage was moved up 25 million bushel. Brazil's corn crop was estimated at 86.5 million tonnes. Argentina's corn production was estimated at 36.5 million tonnes. The agency sees global ending corn stocks at 220.98 million tonnes. Corn is a trading affair.

Livestock; Front-end Live Cattle futures are up against long term resistance established after the 'decade highs' were made. Weather may affect livestock movement and development along with consumer demand during this time of year. Those who need to hedge cattle that is coming to the market soon should be hedging now. Trading wise cattle is now a trading affair. Hog herd levels are at record highs and expansion is ongoing. Animal weights moved up a bit. We are short and will watch for trades on both sides. April hogs are likely to drift around and begin show weakness into Easter. Spreaders can buy June Hogs and Sell April Hogs. June and July hogs are not a 'bargain' at current levels and may be near the summer highs now. Stay tuned for livestock flashes, there are likely to be a lot of them. Soft's; Coffee is likely to trade in a wide range. The International Coffee Organization (ICO) said world coffee production was unchanged at 151.6 million bags for 2016-2017. The group reported that Arabica coffee production may be near a record at 93.5 million bags and Robusta production is estimated to fall by around falling 3.7 million bags. Stay tuned for coffee flashes. Sugar prices tend to drift lower during late January into mid-February. Sugar remains in a global supply deficit and prices have moved up. Consider sugar a trading affair. Cotton is a trading affair and stuck in range for some time now. May Cotton tends to firm now until the end of the month. Look for unchanged to lower on the year to attract buyers and those levels are below current prices. Cocoa moved violently on Ivory Coast political issues. The Malaysia Cocoa Board reported last week that Malaysia's 4th quarter of 2016 cocoa grindings rose 18.7 percent to 57,029 tonnes versus 48,030 tonnes last year. Ivory Coast port arrivals of cocoa from October 1st to January 8th were estimated to be around 942,000 tonnes versus 936,000 tonnes a year ago. January tends to show rangebound trading, Sell rallies. Nothing has changed.

On to the Nitty Gritty.

## THE SENSATIONAL STOCK AND BOND MARKET

### DOW JONES INDUSTRIAL AVERAGE

Support is at 19,675.00 and the 19,530.00 to 19,460.00 region.

Resistance is at 19,960.00 and the 20,340.00 to 20,420.00 region.

### DOW JONES TRANSPORTS

Support should appear near 9,160.00 to 9,144.00 and the 8,964.00 to 8,934.00 region.

Resistance should appear near 9,316.00 to 9,347.00 and 9,429.00 to 9,445.00 region.

### MARCH E-MINI SP500

Resistance should appear near 2315.00 to 2322.00 and the 2354.00 to 2370.00 region.

Traders should consider selling at 2352.75 and holding for lower prices.

Support should appear near 2246.50 a close under is negative and augurs for a test of 2226.00 to 2219.00, below that buyers should appear near the 2185.00 to 2170.00 region. Traders can buy at 2187.75 for a bounce and risk a close under 2167.00 for three days in a row.

### NASDAQ COMPOSITE

Resistance should appear near 5640.00 to 5653.00 and the 5716.00 to 5719.00 region.

Beyond that sellers should appear near 5792.00 to 5805.00 and cap a rally.

Support should appear near 5504.00 to 5492, a close under augurs for a test of 5356.00 to 5344.00 and the 5282.00 to 5259.00 region. Below that 5211.00 to 5200.00 should hold.

### MARCH E-MINI NASDAQ 100

Support should appear near 4995.00 to 4973.00 a close under augurs for a test of the 4856.00 to 4845.00 region.

Resistance is at 5067.00 and the 5127.00 to 5139.00 region. Beyond that sellers should appear near 5200.00 to 5211.00.

### MARCH E-MINI RUSSELL 2000

Resistance should appear near 1377.00 to 1383.00 and the 1415.00 to 1421.00 region.

Support should appear near 1346.00 to 1334.00 and the 1310.00 to 1304.00 region.

Stay tuned for stock index flashes and additional recommendations.

## **MARCH 30 YR BONDS**

Resistance should appear near 152-21 and 153-21. Beyond that 155-21 should bring out sellers.  
Support should appear near 151-21 and 149-21, below that a test of 148-07 is likely.

## **MARCH 10 YR NOTES**

Resistance should appear near 125-07 and 126-21. Beyond that 127-07 should cap a rally.  
Support should appear near 123-21 and 123-07. Below that buyers should appear near 121-21.

## **THE FRENZIED FOREX FRONT**

### **MARCH DOLLAR INDEX**

Resistance should appear near 10137, a sustained close over is friendly. Beyond that a trade towards 10185 and 10320 to 10360 is likely.

Support should appear near 10104 and the 10037 to 10021 region. Below that 9937 to 9921 should bring out buyers.

### **MARCH JAPANESE YEN**

Resistance should appear at 8762 to 8777 and 8856 to 8871

Support should appear near 8683 to 8668, a close under augurs for a test of 8406 to 8399.

### **MARCH EURO CURRENCY**

Support should appear near at 10580 then 10470 and the 10360 to 10320 region.

Resistance should appear near 10680. Beyond that sellers should appear near 10747.

### **MARCH SWISS FRANC**

Resistance should appear near the 10021 to 10037 region. Beyond that sellers should appear near 10104 to 10136.

Support should appear near 9837 to 9821. A close under augurs for a test of 9737 to 9706

### **MARCH BRITISH POUND**

Support should appear near 12030 to 11920 and 11805.

Resistance should appear near 12247 then 12320 to 12380 and 12530.

## **MARCH CANADIAN DOLLAR**

Resistance should appear near 7675 to 7689 and the 7763 to 7777 region.

Support should appear near 7613 to 7587, a close under augurs for a test of 7428 to 7414.

## **MARCH AUSSIE DOLLAR**

Resistance should appear near 7587 to 7601 and the 7675 to 7689 region.

Support should appear near 7342 to 7328 and 7170 to 7143 region.

## **THE PRECIOUS METALS**

### **FEBRUARY GOLD**

Resistance should appear near 1203.0 and the 1232.0 to 1238.0 region.

Support should appear near 1169.00 to 1164.00 and the 1136.0 to 1130.00 region.

### **MARCH COPPER**

Resistance should appear near 27580 to 27750 and 28200 to 28290.

Support should appear near 26200 to 26120 and the 25680 to 25520 region.

### **MARCH SILVER**

Resistance should appear near 1689.0 to 1696.0 and the 1731 to 1738 region.

Support is at 1655.0 to 1642.00 and 1615.0 to 1609.0 region.

## **THE EXCITING ENERGIES**

### **MARCH CRUDE OIL**

Support should appear near 5282 to 5259 the 5211 to 5200 region. Under that buyers should appear near the 5139 to 5127 region.

Resistance should appear near the 5418 to 5430 region. Beyond that sellers should appear near 5494 to 5504 and the 5553 to 5577 to region.

Traders should go long if a close over 5357 occurs, stay tuned for flashes

### **APRIL CRUDE OIL**

Support should appear near 5355 to 5344 and 5282 to 5259. Under that buyers should appear near 5211 to 5200 and contain a decline.

Resistance should appear near 5494 to 5504 and the 5553 to 5577 region. Beyond that sellers should appear near 5640 to 5653 and cap a rally.

### **APRIL BRENT CRUDE OIL**

Support should appear near 5577 to 5553 and the 5356 to 5344 region.

Resistance should appear near 5792 to 5805 and the 5855 to 5880 region.

### **MARCH HEATING OIL**

Support should appear near the 16550 to 16420 region. Below that buyers should appear near the 15760 to 15690 region.

Resistance should appear near 16890 to 16969 and the 18080 to 18220 region.

### **MARCH UNLEADED GAS**

Support should appear near 16150 to 16090. Below that buyers should appear near 15760 to 15690 and 15350 to 15290.

Resistance should appear near 16890 to 16960 region. Beyond that sellers should appear near 17310 to 17380 and cap a rally.

### **MARCH NATURAL GAS**

Support should appear near 3213 to 3194 and the 3045 to 3036 region.

Resistance should appear near 3734 to 3743 and the 3858 to 3867 region.

## THE GRANDE' GRAINS

### MARCH SOYBEANS

Resistance should appear near 1047 and the 1058 to 1068 region. Beyond that sellers should appear near 1096 to 1101.

Support should appear near 1036 to 1032 and 1018  $\frac{1}{2}$ . Below that buyers should appear near 973  $\frac{3}{4}$  to 970  $\frac{3}{4}$  region.

Traders can buy May Soybeans at 974  $\frac{3}{4}$  and hold for higher prices.

### MARCH SOYOIL

Support should appear near 3503 to 3493 and the 3443 to 3425 region.

Below that buyers should appear near 3270 to 3261.

Resistance should appear near 3613 to 3623 and the 3734 to 3743 region.

### MARCH SOYMEAL

Resistance should appear near 337.7 to 338.6 and the 349.3 to 350.3 region and cap a rally.

Support should appear near 315.7 to 314.8 and 310.2 to 309.2. Below that 304.5 to 303.6 should hold.

### MARCH CORN

Support should appear 350  $\frac{1}{4}$  to 349  $\frac{1}{4}$  and the 338  $\frac{3}{4}$  to 337  $\frac{3}{4}$  region. Below that 327 to 326  $\frac{1}{4}$  should hold.

Resistance should appear near 361  $\frac{1}{4}$  to 362  $\frac{1}{4}$  and the 366  $\frac{1}{4}$  to 368  $\frac{3}{4}$  region. Beyond that sellers should appear near 373  $\frac{1}{2}$  to 374  $\frac{3}{4}$  and cap a rally.

### MARCH WHEAT

Support should appear near 418  $\frac{1}{2}$  to 416  $\frac{1}{4}$  and the 405  $\frac{3}{4}$  to 404  $\frac{3}{4}$  region. Below that as test of 385  $\frac{3}{4}$  to 386  $\frac{3}{4}$  is likely.

Resistance should appear near 430  $\frac{1}{2}$  to 431  $\frac{1}{2}$  and the 437 to 438  $\frac{1}{4}$  region.



## THE LIVELY LIVESTOCK

### **FEBRUARY CATTLE**

Support should appear near 11690 to 11640. Below that a test of 11360 to 11300 is likely.

Resistance should appear near 11920 to 12030 and 12320 to 12380

### **APRIL CATTLE**

Support should appear near 11690 to 11640 and the 11360 to 11300.

Resistance should appear near 11805 and the 11920 to 12030 region.

### **JUNE CATTLE**

Support should appear near 10680 to 10580, below that buyers should appear near 10360 to 10320.

Resistance should appear near 10960 to 11010 and 11155 where sellers should cap a rally.

### **FEBRUARY HOGS**

Resistance should appear near 6657 to 6672 and the 6807 to 6857 region.

Support should appear near 6512 to 6507 and 6432 to 6417, a close under is negative and augurs for a test of 6350 to 6337.

### **APRIL HOGS**

Resistance should appear near 6987 to 7003 region. Beyond that sellers should appear near the 7074 to 7092 region.

Support should appear near 6837 to 6817 and the 6757 to 6742 region.

### **June Hogs**

Resistance should appear near 7937 to 7957. Beyond that sellers should appear near the 8027 to 8047 region and cap a rally

Support should appear near 7777 to 7762 and the 7607 to 7587 region.

## THE SATISFYING SOFTS

### MARCH COFFEE

Resistance should appear near 15290 to 15350 and 15690 to 15760 region.

Support should appear near 14590 to 14530 and the 14210 to 14150 region.

### MARCH COCOA

Resistance should appear near 2219 to 2226. Beyond that sellers should appear near 2267 to 2275 and the 2315 to 2322 region. Traders can sell at 2312 and initially risk 30 points.

Support should appear near 2185 to 2170 and 2134 to 2126. Below that a test of 2042 to 2034 is likely.

### MARCH SUGAR

Resistance should appear near 2080 to 2089 and 2126 to 2134.

Support should appear near 2042 to 2034, a close under is negative and augurs for a test of 1953 to 1946.

### MARCH COTTON

Support should appear near 7088 to 7074 and the 7003 to 6990 region.

Resistance should appear near 7328 to 7342 and the 7414 to 7428 region

**Stay tuned for Flashes and Updates in all Markets**

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

**Happy Trading!**

**Bill [wil@futurescom.com](mailto:wil@futurescom.com)**

**Sunday January 15th, 2017**

**3:15 PM, South Florida Beach Time**

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