



It is not about a good or bad market but rather good or bad timing

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Last years under performers may merit you attention. We are not suggesting to fully diversify out of what has been working; we still expect to see appreciation in metals, energies and grains but looking at markets that are down as opposed to up is a strategy we recommend when trying to identify opportunities not on all traders radar. This is not too different than juggling your asset allocation in your stock portfolio, diversifying into stocks that have been beaten down that you believe have potential to fight back. 3 commodities that may offer opportunity in coming weeks to months; naturals gas, fcoj, and sugar.

Natural gas:

For much of 2007 natural gas stayed contained between \$5 and \$9, from January through December prices for the front month moved from \$6 to \$7 per million British thermal unit. That in itself is impressive registering a 16% increase but when compared to crude oil in 2007 where prices swooned from \$50 to \$96; a 92% appreciation 16% seems disappointing. Prices recently traded above the 2003 highs and we do not have any significant resistance until the highs reached in 06' above \$15. Current supplies are 16% below last year's levels and we have just started what could become an active hurricane season. It is too early to say but traders will certainly be paying close attention to upcoming weather reports. What is frightening is with current prices just above \$12 the record high that was hit in 06' during hurricane season we were trading below \$7 in the first of June. If we were to see a similar appreciation in % terms that would put prices closer to \$20-25. Although we are not forecasting such a dramatic move we feel it is worth the risk positioning long looking for anywhere from a 10-15% move higher between now and August. There are various ways to gain exposure to natural gas; when weighing what strategy works best for you traders must recognize what amount of capital they can afford to speculate with and what amount of risks they are willing to take. We will be advising long futures, long mini futures, purchasing bull call spreads, and potentially trading options against futures depending on our client's beliefs, goals and their risk tolerance. Looking at the accompanying chart as long as the trend support line hold we will be advising long exposure looking for higher prices in coming weeks to months.



FCOJ:

If you were long fcoj last year I am sorry, if short congratulations. FCOJ started 2007 just above \$2/lb, by the end of the year prices in the front month contract finished near \$1.44 down over 25% and prices traded as low as \$1.18 during last summer. Current prices are at levels not seen since October 2005 and it appears on daily charts we are forming a base as we have been trading within a 20 cent trading range ytd. Looking at the daily and weekly charts if we are able to hold the current lows bargain hunters may look to shift some exposure into fcoj. Although volumes are thin at times and this market does not a get a lot of respect fcoj tends to be a trending market and we are going to gamble that the tide is about to shift. As you can see from below on September fcoj the stochastic show an oversold market. It is not uncommon to see volume spikes near market reversals; both for highs and lows, notice this last week. We are positioning clients long September via futures and options looking for a potential move to the 100 day moving average in coming months that comes in just above \$1.25, current price is \$1.12.



Sugar:

For 2007 the front month contract of sugar #11 was down 7% starting the year at approximately 11.60 cents/lb and finishing at 10.80. After a bounce at the beginning of 2008 prices have retreated almost 30% and we feel have currently reached a value zone. Although we try to avoid picking bottoms if you were to look where sugar prices have been and where they currently sit a compelling argument can be made for why all commodity traders that can exercise some patience should have sugar in their commodity account with a 1 ½ -3 year time frame. Depending on the contract month prices are trading between 10-14.50 cents/lb, to put things into perspective with many commodities recently hitting record highs sugar prices have traded in the mid sixties before. Coincidence or not that was in the mid 70's; the last time we had an energy crisis. Past performance is never indicative of future results but those who chose to ignore history are destined to repeat it. Furthermore, if a market was to shift from a world surplus to a world deficit would that be bullish? We think so! Over the last 2 years the sugar market had a world deficit but according to recent reports world production is expected to come in 1-2 million tons below world consumption in 08/09. On the accompanying chart you can see that we are currently oversold and we are positioning clients long via futures and options looking to have exposure for the next few years to take advantage of a major move higher. In the shorter term we expect to break out of the ascending triangle before we reach the apex which should be in the next 1-2 weeks.



For specific strategies in these 3 markets in addition to other plays we are making for our clients contact us via e-mail at <http://www.mbwealth.com/contact.html> or telephone at (888) 920-9997. For the most part investors reading this analysis want to be more hands on, however we suggest taking a look at our new managed futures section and consider diversifying further with CTA's with proven track records: <http://www.mbwealth.com/cta/risk.html>

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Calculations of profit and loss have not factored in commissions and fees.