



Commodity Symbol	Month	Sentiment	Support	Resistance	Trend				
					short	medium	long		
Energy									
Crude oil	CL	H	BEARISH	69.40, 67.40	72.50, 75.00	DOWN	DOWN	SIDEWAYS	
Heating oil	HO	H	BEARISH	1.84, 1.80	1.90, 1.9450	DOWN	DOWN	SIDEWAYS	
Gasoline	XRB	H	BEARISH	1.86, 1.82	1.90, 1.94	DOWN	DOWN	SIDEWAYS	
Natural gas	NG	H	NEUTRAL	5.40, 5.20	5.65, 5.90	SIDEWAYS	DOWN	SIDEWAYS	
Livestock									
Live cattle	LC	J	BULLISH	90.00, 89.00	91.00, 91.75	UP	SIDEWAYS	SIDEWAYS	
Feeder cattle	FC	H	NEUTRAL	97.60, 97.00	99.00, 100.00	SIDEWAYS	UP	SIDEWAYS	
Lean hogs	LH	J	BEARISH	66.00, 64.80	68.00, 69.50	DOWN	SIDEWAYS	UP	
Financials									
Dow	DJ	H	BEARISH	9840, 9640	10100, 10275	SIDEWAYS	DOWN	UP	
S&P 500	SP	H	BEARISH	1045, 1025	1080, 1100	SIDEWAYS	DOWN	UP	
30-yr Bonds	US	H	BULLISH	118'25, 118'05	120'00, 120'16	SIDEWAYS	UP	SIDEWAYS	
10-yr Notes	TY	H	BULLISH	118'10, 117'20	119'00, 120'00	UP	UP	SIDEWAYS	
Euro-dollars	ED	Z	BULLISH	99.00, 98.90	99.15	UP	UP	SIDEWAYS	
Currencies									
Euro	EC	H	BEARISH	1.3585, 1.3450	1.3740, 1.3850	DOWN	DOWN	DOWN	
Aussie	AD	H	NEUTRAL	.8540, .8470	.8690, .8790	DOWN	SIDEWAYS	SIDEWAYS	
Swissie	SF	H	BEARISH	.9260, .9185	.9380, .9470	DOWN	SIDEWAYS	SIDEWAYS	
Loonie	CD	H	NEUTRAL	.9270, .9170	.9390, .9500	SIDEWAYS	SIDEWAYS	SIDEWAYS	
Cable	BP	H	BEARISH	1.5540, 1.5300	1.5750, 1.5900	DOWN	SIDEWAYS	SIDEWAYS	
Yen	JY	H	NEUTRAL	1.1125, 1.1000	1.1300, 1.1425	UP	UP	SIDEWAYS	
Kiwi	NZ	H	BEARISH	.6790, .6700	.6940, .7070	DOWN	SIDEWAYS	SIDEWAYS	
US Dollar	DX	H	BULLISH	80.00, 79.00	80.80, 81.50	UP	UP	UP	
Grains									
Corn	C	H	NEUTRAL	3.45, 3.35	3.60, 3.75	SIDEWAYS	DOWN	SIDEWAYS	
Soybeans	S	H	NEUTRAL	9.05, 8.88	9.25, 9.40	SIDEWAYS	DOWN	SIDEWAYS	
Soybean oil	BO	H	NEUTRAL	36.50, 35.75	37.50, 38.35	UP	DOWN	SIDEWAYS	
Soy bean meal	SM	H	NEUTRAL	265, 260	275, 280	SIDEWAYS	DOWN	SIDEWAYS	
CBOT wheat	W	H	NEUTRAL	4.65, 4.58	4.83, 5.00	SIDEWAYS	DOWN	SIDEWAYS	
KC wheat	KW	H	NEUTRAL	4.79, 4.74	4.95, 5.05	SIDEWAYS	DOWN	SIDEWAYS	
Oats	O	H	NEUTRAL	2.25, 2.15	2.32, 2.40	SIDEWAYS	DOWN	SIDEWAYS	
Softs									
Cocoa	CO	K	BEARISH	2985, 2885	3080, 3150	DOWN	SIDEWAYS	SIDEWAYS	
Sugar #11	SB	H	BEARISH	25.40, 24.50	27.00, 28.00	DOWN	SIDEWAYS	UP	
Cotton	CT	H	BEARISH	65.70, 64.25	68.00, 69.50	DOWN	DOWN	SIDEWAYS	
Coffee	KC	H	BEARISH	1.28, 1.26	1.30, 1.32	DOWN	DOWN	SIDEWAYS	
Orange Juice	OJ	H	NEUTRAL	1.3250, 1.29	1.37, 1.40	SIDEWAYS	SIDEWAYS	UP	
Lumber	LB	K	BULLISH	285, 275	295 - 300	UP	UP	UP	
Metals									
Gold	GC	J	BEARISH	1044, 1020	1075, 1090	DOWN	SIDEWAYS	SIDEWAYS	
Silver	SI	H	BEARISH	14.65, 14.15	15.30, 16.00	DOWN	SIDEWAYS	SIDEWAYS	
Copper	HG	H	BEARISH	2.80, 2.65	2.95, 3.10	DOWN	DOWN	SIDEWAYS	

Month - Jan F, Feb G, Mar H, Apr J, May K, June M, July N, Aug Q, Sept U, Oct V, Nov X, Dec Z

Trend - short 7 day, medium 30 day, long 90 day

Risk Disclosure: The risk of loss in trading commodity futures and options can be substantial.
Past performance is no guarantee of future trading results.

Energies In the last 60 days Crude oil advanced \$11/barrel only to do an about face and then fall \$14/barrel just as quick. No one can tell me the fundamentals have shifted that much nor can you read too much into the technicals. That being said, oil is a traders market and not for the faint of heart. Heavy buying defended the \$70 level Friday but depending on how the dollar comes in to start the week that level could give way. For new entries we would suggest holding off on longs and shorts until we get a clearer picture. Clients are currently long May call spreads and under water but on a trade back near \$74/75 they should be even on the trade. We do not see oil getting through \$65 and if prices get close we would suggest buying at that level. Both RBOB and heating oil broke the support from the previous week and will continue to look for guidance from oil. The only exposure clients have is June call spreads in RBOB. Those looking to get long either distillate should use a sharp break like we're experiencing to be an option buyer being the premiums are getting hit. I am not calling a bottom but just explaining the logic. Natural gas was actually higher on the week but we would refrain from new entries here as well. Clients were advised to go flat and book profits on their longs last week. We see support in March at \$5.25 and resistance at \$5.80.

Livestock Livestock was one of the few sectors that was immune to the commodity liquidation we experienced with cattle gaining and lean hogs sideways last week. As for live cattle we are expecting a trade lower in the immediate future as the futures prices are carrying a premium to cash prices. This should play out in the coming weeks as February goes off the board and April become the front month. We've positioned clients in a delta neutral strategy short futures and long (3) 92 cent calls. On a break lower clients should make more money on their futures than they lose on their options or at a minimum finance most of the premiums paid. If prices continue higher we may opt to liquidate the calls at a profit and buy June futures against their April shorts...stay tuned. Lean hog prices were sideways last week but have come down 10% in the last 3 weeks and are currently oversold. The weekly chart still says lower prices are in the cards though the daily chart is starting to look like a buy. We would give it another week and then should have some trade ideas.

Financials

Stocks: The NASDAQ was able to pick up slightly on the week but the Dow and S&P closed lower for the fourth consecutive week. We've only had four consecutive losing weeks two other times in the past twelve months; in March when prices bottomed and then again in July when prices reversed to trade higher for the preceding seven weeks. Will history repeat itself? It's a tough question being all Indices are below their 100 day moving averages. We do see a trade higher if we get any positive reaction out of the G-7 or if we hear talk of a bailout out in Europe but without either scenario a rally could be short lived. Don't think that there was fresh buying on Friday, that was just short covering ahead of the weekend. We would suggest implementing some sort of hedging strategies on investors' holding a large equity position. As for a speculation we want to be a seller in the ES and SP between 1105/1115 for clients.

Bonds: Treasuries were bid higher last week as risk assets were sold and the money flowed into the safe haven; US debt. This to me is fine short term but *US debt* as a safe haven could prove to be an oxymoron down the road. Continue to expect an inverse relationship between equity prices and Treasuries. We have no positions for clients in either 30-yr bonds or 10-yr notes but the trend for now is sideways to up. We would expect 118'00 to support March bonds and can see a trade up 121'00 in the coming weeks. As for 10-yr notes 117'10 should support and a trade up to 119'16 is expected. We prefer to be a seller from higher levels with clients as opposed to be a buyer here. Euro-dollars continue to trade higher against our position but we are sticking to our guns and holding a small short position in early 2011 futures and will continue to scale into long dated puts for clients. Our logic is we would rather be early than late to this trade as we expect that once prices start to fall it will be violent. We are early on this trade but because we have such a small position and margins are low clients should be OK. If you do not think by Q3, Q4 the Fed will be raising interest rates this trade is not for you.

Currencies The run higher in the dollar continued last week as prices carried to seven month highs. As we suggested in last week's commentary and blogs we think the appreciating is nearing its end. The recent 8% appreciation has overshadowed the depreciation for all 2009. Though things appear just as bad over seas the US dollar being the reserve currency may come into question down the road if investors really dissect the decisions of the Fed and US government and their potential implications. I'm not calling

a top in the dollar but this pace is unsustainable. We think the likely scenario is more of a sideways market with prices not getting too far from the 80.00 level. We expect to here some news out of Europe that could help boost the European currencies as we feel they have over shot to the downside. That being said we would still be a seller on rallies. Expect a trade higher in the Euro, Swissie and Pound this week. Rallies should be contained at 1.40, .9450 and 1.5900 respectively. Once commodities stabilize, namely energies and metals, we would be looking to establish longs in the Loonie and Aussie for clients; stay tuned. If equities and commodities continue to meltdown look for the Yen to trade higher. Clients are currently long Euro/short yen on a spread trade that we will attempt to trade out of this week. The spread widened 5 cents last week and clients are down about half of that (\$3,125)/per.

Grains We misspoke last week and mistakenly said the USDA report was Monday it is not Monday but rather Tuesday. As we see it all the bearish news is factored into the Agriculture complex so *if* any surprise it should be a bullish surprise. Clients are positioned long May soy meal via calls and long corn via calls and futures depending on their risk tolerance and size of account. The story with corn and why we are recommending long exposure is we need to buy an additional 3-4 million acres and with the rising cost of inputs farmers are only going to plant more corn if prices justify a shift in acreage. The idea would be to have ½ of the long position you want into the planting intentions report that comes out the end of March. Agriculture as a whole seems to be trying to find a bottom so for longer term traders it may make sense to start building long positions. What may fit that bill is KCBOT wheat, CBOT wheat, oats, soybeans, corn, soybean meal and soybean oil.

Softs Cocoa prices continued to crater last week as we may have exited shorts too early. We would expect prices to even out around these levels and if the dollar was to come off an interim bottom would likely form. We would suggest new entries long or short to trade May instead of the March contract. Sugar prices closed just below the 50 day moving average as prices have come off 13% in the last 5 days. This allowed clients to trade out of their calendar spreads (*short March/long July*). The lesson here is because we had such a small position we were able to weather a trade that initially went against us and ultimately became a profit. On a further 3-5% deprecation we will be looking to get long May or July to ride a bounce higher with clients. Cotton prices have lost 14% in the last 30 days and probably have more to go. On a trade closer to 63 cents we may start shopping longs for clients. We would suggest trading out until at least July and we may opt to go with December contracts. *Note: this buy target has been adjusted lower than recent commentaries.* The 50 day moving average and trend line held in May OJ but we may need confirmation from the USDA report this week on crop damage in Florida to turn the trend up once again. Clients hold May back ratio spreads anticipating a trade back to \$1.50; filling the gap from January 8th.

Metals From the first of the year copper prices have come down 15% and though we rarely take trades in copper, the price movement serves as a great indicator on overall commodity strength and weakness. Prices in March copper ended last week just below the 100 day moving average; prices had not been below that level since July of 09'. Clearly the trend is down but we would expect the 200 day moving average at \$2.75 to support. We are not expecting a quick trade back above \$3 but if prices can stabilize that would indicate that the selling in commodities should abate. April gold closed down for the fourth consecutive week near its lows but the good news is that the 100 day moving average at \$1044 held. At this point we cannot rule out a violation of that level which ultimately would cause a test of the next support between \$1020-1030. We've yet to re-establish long positions in futures with clients though we've lightly been buying June outright calls and call spreads. Until an interim bottom is established we would suggest restraining from trying to pick a bottom with futures. March silver sliced through all support levels losing 11.5% in just the last 3 sessions. We do think we are very close to a turning point being the recent move is a 61.8% Fibonacci retracement but your are playing with fire trying to pick a bottom with futures, We do think these levels are a buy but wait for further evidence before committing with futures, As for options we suggest May \$2 call spreads and out of the money outright calls in July. We do expect \$20/ounce in 2010 but the question is from what level?

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