MB Wealth
COMMODITY BROKERAGE

The Line in the Sand

For March 1st - March 5th 2010

							Trend	
	Commodity Symbol	**Month**	**Sentiment**	**Support**	**Resistance**	**short**	**medium**	**long**
Energy								
Crude oil	CL	J	NEUTRAL	77.75, 76.00	80.00, 81.50	SIDEWAYS	SIDEWAYS	SIDEWAYS
Heating oil	HO	J	NEUTRAL	1.98, 1.94	2.06, 2.10	DOWN	SIDEWAYS	SIDEWAYS
Gasoline	XRB	J	NEUTRAL	2.1325, 2.10	2.21, 2.2350	DOWN	SIDEWAYS	SIDEWAYS
Natural gas	NG	J	BEARISH	4.73, 4.60	4.95, 5.15	DOWN	DOWN	SIDEWAYS
Livestock								
Live cattle	LC	J	NEUTRAL	91.25, 90.25	92.30, 93.00	DOWN	UP	SIDEWAYS
Feeder cattle	FC	J	NEUTRAL	101.75, 100.75	103.00, 104.00	DOWN	UP	UP
Lean hogs	LH	J	BULLISH	71.40, 70.40	73.30, 74.30	UP	SIDEWAYS	SIDEWAYS
Financials								
Dow	DJ	H	NEUTRAL	10240, 10100	10375, 10450	SIDEWAYS	SIDEWAYS	SIDEWAYS
S&P 500	SP	H	NEUTRAL	1090, 1075	1111, 1127	SIDEWAYS	SIDEWAYS	SIDEWAYS
30-yr Bonds	US	M	BULLISH	116'26, 115'26	118'00, 119'00	UP	SIDEWAYS	SIDEWAYS
10-yr Notes	TY	M	BULLISH	116'29, 116'00	118'00, 118'11	UP	SIDEWAYS	SIDEWAYS
Euro-dollars	ED	H 11'	BULLISH	98.75, 98.58	98.90	UP	UP	SIDEWAYS
Currencies								
Euro	EC	H	BEARISH	1.3530, 1.3430	1.3700, 1.3800	SIDEWAYS	DOWN	DOWN
Aussie	AD	H	NEUTRAL	.8850, .8800	.9000, .9080	SIDEWAYS	UP	SIDEWAYS
Swissie	SF	H	BEARISH	.9230, .9165	.9350, .9430	SIDEWAYS	DOWN	DOWN
Loonie	CD	H	NEUTRAL	.9410, .9350	.9540, .9640	DOWN	SIDEWAYS	SIDEWAYS
Cable	BP	H	BEARISH	1.5000, 1.4775	1.5250, 1.5375	DOWN	DOWN	DOWN
Yen	JY	H	BULLISH	1.1130, 1.1050	1.1300, 1.1400	UP	SIDEWAYS	SIDEWAYS
Kiwi	NZ	H	NEUTRAL	.6900, .6825	.7050, .7150	SIDEWAYS	SIDEWAYS	SIDEWAYS
US Dollar	DX	H	NEUTRAL	80.00, 79.50	81.00- 81.50	SIDEWAYS	UP	UP
Grains								
Corn	C	K	NEUTRAL	3.83, 3.70	3.90, 4.00	UP	SIDEWAYS	SIDEWAYS
Soybeans	S	K	NEUTRAL	9.45, 9.30	9.75, 9.85	SIDEWAYS	SIDEWAYS	SIDEWAYS
Soybean oil	BO	K	NEUTRAL	39.00, 38.50	40.00, 40.50	SIDEWAYS	UP	SIDEWAYS
Soybean meal	SM	K	NEUTRAL	266, 260	275, 283	SIDEWAYS	SIDEWAYS	SIDEWAYS
CBOT wheat	W	K	NEUTRAL	5.05, 4.95	5.25, 5.38	SIDEWAYS	SIDEWAYS	SIDEWAYS
KC wheat	KW	K	NEUTRAL	5.10, 5.00	5.30, 5.45	SIDEWAYS	SIDEWAYS	SIDEWAYS
Oats	O	K	BEARISH	2.23 - 2.25	2.35, 2.45	DOWN	SIDEWAYS	DOWN
Softs								
Cocoa	CO	K	BEARISH	2900, 2840	2970, 3040	DOWN	DOWN	SIDEWAYS
Sugar #11	SB	K	BEARISH	23.25, 22.25	24.10, 24.70	DOWN	DOWN	SIDEWAYS
Cotton	CT	K	BULLISH	80.50, 79.50	83.00, 84.00	UP	UP	SIDEWAYS
Coffee	KC	K	BEARISH	1.2975, 1.2825	1.3275, 1.3475	DOWN	SIDEWAYS	SIDEWAYS
Orange Juice	OJ	K	NEUTRAL	1.40, 1.37	1.44, 1.50	SIDEWAYS	SIDEWAYS	SIDEWAYS
Lumber	LB	K	NEUTRAL	268, 261	276, 283	DOWN	SIDEWAYS	UP
Metals								
Gold	GC	J	NEUTRAL	1100, 1085	1123, 1147	SIDEWAYS	SIDEWAYS	SIDEWAYS
Silver	SI	K	NEUTRAL	16.00, 15.50	16.60, 17.10	SIDEWAYS	SIDEWAYS	SIDEWAYS
Copper	HG	K	NEUTRAL	3.21, 3.17	3.38, 3.48	DOWN	SIDEWAYS	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

Energies Crude oil is busy trying to decide where prices go from here as we've been in a $3 trading range for the last 7 sessions. We are advising clients to be sellers near $80 anticipating a trade down near $75/76 in the coming weeks. However we do think that if we're right in the immediate direction we will likely reverse and be a buyer for clients from lower ground because we anticipate that April/May prices could make their way north of $85/barrel. I would advise futures traders to have stops above $81 on a closing basis and advise option traders May $75/70 put spreads. If oil trades down as we suspect in the next 1-3 weeks we could see RBOB and heating oil coming off approximately 15 cents. Natural gas has traded lower 3 out of the last 4 weeks but we think most of the damage has been done so we are positioning clients long at these levels. We suggest starting lightly buying April futures looking to add when the markets proves you right and for options we like June $5/5.50 call spreads. On a trade higher our targets are as follows: $5.20, 5.40, 5.60, and 5.90. Buying in mid-February and holding until mid-April has been a wining trade 15 out of the last 19 years. Past performance is not indicative of future results.

Livestock After an impressive 3 week rally that carried live cattle prices to 15 month highs could we finally get a retracement? We are operating under the impression an interim high was formed just above 93 cents in April cattle recently and have positioned clients in April puts and short April futures to take advantage of further weakness. Clients were advised last week to leg out of their June live cattle longs and to remain short April as we feel a trade down to 89 is likely. Beyond just the technical picture, front-month live cattle prices tend to post a seasonal high in March as producers are liquidating inventories because packers and processors are preparing for the BBQ season. April feeder cattle too looks to be headed lower; though clients have no exposure we think a trade below 100.00 is feasible in the weeks to come. April lean hogs resumed the up move and prices are now above the trend line that we've alluded to in recent posts. 70.75-71.00 should support and we could get an attempt at the January highs this week near 74.00. If forced to be involved we favor longs but with prices overbought we'd prefer to stand aside.

Financials
Stocks: Jobless claims and the NFP # should determine the immediate direction this week in indices. We remain vigilant that investors should be looking for an exit door on large equity positions, hedging off some of their risk and for the more aggressive traders looking for ways to get short. Nothing has changed in our assessment as we think the same resistant levels we quoted in recent weeks should act as a ceiling. We continue to advise our clients to gain short exposure via short S&P futures and June 1050 and 1000 puts expecting a trade below 1000 by Memorial Day. We think on a close below the 100 day moving averages a move lower would be confirmed; these levels come in at 1090 in the S&P, 10180 in the Dow and 1785 in the NASDAQ.

Bonds: 30-yr bonds have traded higher 7 out of the last 9 weeks but last week's move may have been the most impressive as prices quietly advanced almost 3 handles. We have absolutely no interest in being long but clients are willing to be sellers from higher ground. On a trade above 118'00 in June we will start pricing out puts, following NOB spreads and advising entry points. The closer the sale can be made to the 121'00 level the more agreeable we would be. Like 30-yr bonds the path of least resistance in 10-yr notes remains up as well, we see a trade up to 119'00 as likely but we prefer to be a spectator. As for Euro-dollar shorts there is no doubt in our mind that this trade will be massive but we recognize our timing may be a bit off. We have decided we will hold off on new sales and on a trade lower we will be looking to exit client's puts and shorts. It is too early to say if the December 10' and 2011 contracts will be exited at a profit or loss. The next few weeks will determine that and we will keep you posted.

Currencies There will be 4 Central bank decisions this week on interest rates; if any were to raise it would be Australia but we don't expect any change at all. The BoC is expected to stay at 0.25%, the RBA stay at 3.75%, the BoE stay at 0.50% and finally the ECB stay at 1.0%. The Euro-currency looks to be bottoming but considering the situation in Greece and beyond has yet to be resolved, we maintain that options may be a better way to play than futures as the risks are too great in our opinion. Clients own a small position in April 1.40 calls expecting a trade up to 1.3850/1.39 this week or next. The Swissie continues to look for direction from the Euro and appears to have a strong correlation. That being said if we are right on the Euro we should get a mild bounce in the Swissie, perhaps to .9400/.9500. The Pound is ugly and we think in time will get uglier; we are hoping for a rally to sell for clients as we think that prices have much more downside. The 3 commodity currencies; the Kiwi, Loonie and Aussie continue to bounce back and forth and until we get a clearer picture in the dollar and commodities we would refrain from picking a direction. The last 6 sessions have been positive in the Yen as prices have been able to gain 4 cents within that time. We maintain that what equities do the Yen should do the opposite. On a trade above 1.13 we could see 1.15 soon thereafter. Clients have no exposure. The dollar traded below the 20 day moving average but has not closed below that level since mid January. Prices appear to be rolling over on the daily chart but it may take a major event to get prices thru 79.00 in March. This is where the trend line comes in that has held since the November lows.

Grains There is a USDA supply/demand report next week and the planting intentions at the end of the month. Corn traded to 6 week highs last week on talk of planting delays. We forecasted this in recent weeks but now that the mainstream media has gotten hold we hope more investors listen. Clients are positioned long May and July corn options and December futures expecting a trade up to previous resistance in the coming weeks, about 50 cents higher. Soybeans should be bought on dips but until we get a close above the 40 day moving average we do not expect much upside. This level comes in at $9.65 in the May contract. To put things in perspective prices have not closed above that level since January 7th when prices were trading about $1 higher in the futures. Like soybeans we like soy meal on dips as prices closed Friday almost 5% off their recent highs. On the May contract support is seen at 260 so stops should be just under that level. We have not really been paying keen attention to CBOT and KCBOT wheat lately but looking at the weekly and daily charts we may be finding a value zone. I would give it a little time to see if this is fresh buying or just short covering.

Softs Another week goes by and cocoa trades lower once again having lost 16% in the last 5 weeks. With prices convincingly below the 200 day moving average we should see continued selling. We suggest using movement in the dollar and Pound to help navigate entry and exit here. May sugar closed at the trend line that has held since mid June so we have reached a decision point. We favor longs but prefer options as opposed to futures until we confirm an interim bottom. Clients are long May calls anticipating a trade back to 26 cents in the coming weeks. 12 out of the last 14 sessions cotton prices have trade higher but this is likely to end horribly as a pace like this is unsustainable. We recognize exports have been adjusted up and the crop size reduced but a move of this magnitude we feel has overshot to the upside. Clients remain short via a July fence; sold July 90 cent calls and bought July 74 cent puts. We anticipate a trade back below 75 cents in March…stay tuned. If coffee trades lower to the next support level closer to $1.25 in May we may re-visit the idea of long exposure for clients.

Metals May copper was down on the week but did mange to close back above the 50 day moving average. We think in this environment the upside is limited and would use $3.38/3.40 as resistance and $3.20 followed by $3.10 as support. Both the gold and silver markets have been sending mixed signals as one day it appears selling will overwhelm the market and then some type of news comes out that reinvigorates buyers so be careful. April gold over took the $1100 level last week closing back above the 50 and 100 day moving averages. Those MA should serve as the pivot point come in around the same level; 1108 and 1106 respectively. As long as $1087 holds we like having a light long position in futures. To weather the large swings options may be the better choice; clients are long August $1150/1250 call spreads. For the last 3 weeks silver has been able to make headway but it has not been a smooth ride. The average daily range since prices bottomed 2 weeks ago is 54 cents, which is a $2695 per futures contract. We see the first support at the 200 day moving average just above $16/ounce followed by $15.50. Resistance is seen at $16.55 followed by $17.10. We like being long with clients as long as support holds but with the volatility if you do not have the intestinal fortitude options may be the answer. We are suggesting July $2-3 call spreads. As one can see the directional movement in gold and silver appears to be correlated but silver is far more volatile.