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*Magazine*

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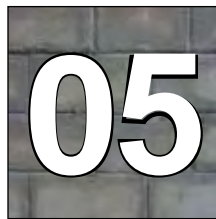
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## Off The Wall

By: Lan H. Turner

This Month's *Off the Wall* chart comes from Confident Trader, who has made some predictions concerning the Eurodollar: *If bullish, another test of the new resistance zone, which would give bears...*



## June 2008 Commodity

**Trader's Almanac** By: Scott Barrie

Last month we discussed the Livestock Industry and its seasonality, a demand push sell-off which typically affects prices in a similar way to how the "summer driving season" affects petroleum prices.



## Exclusive Interview: Richard

**Asplund** By: Andrew S. Hyman

The solar industry is a big business. Some of the solar manufacturers have bigger market capitalizations than many well-known energy...



## Good or Bad Timing

By: Matthew Bradbard

Last year's under-performers may merit your 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.



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# Good or Bad Timing

by: Matthew Bradbard

Last year's under-performers may merit your 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. However, looking at markets that are down, as opposed to up, is a strategy we recommend when trying to identify opportunities which are not on all traders' radar. This is not too different than juggling asset allocation in your stock portfolio – diversifying into stocks that have been beaten down which you believe have potential to fight back. There are three commodities that may offer opportunities in coming weeks to months: Natural 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 Units. 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 did not have any

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***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.***

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significant resistance until the highs reached above \$15 in 2006. 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 that with current prices just above \$12, the record high that was hit in 2006 during hurricane season, we were trading below \$7 in the first of June. If we were to see a similar appreciation in percentage 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



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to position long and look for anywhere from a 10-15% move higher between now and August.

***As long as the trend support line in the accompanying chart holds, we will be advising long exposure and looking for higher prices in coming weeks to months.***

There are various ways to gain exposure to natural gas; when weighing what strategy works best, traders must recognize the amount of capital they can afford to speculate with and how many 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 the client's beliefs, goals and their risk tolerance. As long as the trend support line in the accompanying chart holds, we will be advising long exposure and 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, and by the end of the year prices in the front month contract finished near \$1.44 – down over 25%. 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 that we are forming a base as we have been trading within a 20 cent 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 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 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.

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, where current price is \$1.12.



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at 10.80. After a bounce at the beginning of 2008 prices have retreated almost 30% and we feel that we have currently reached a value zone. Although we try to avoid picking bottoms, if you were to look at where sugar prices have been and where they currently sit, a compelling argument can be made for why all commodity traders that can exercise 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 1970'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 has had a world deficit, but according to recent reports world production is expected to come in 1-2 million tons below world consumption in 2008-2009.

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 and 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.

*MB Wealth Corp. is not responsible and does not endorse anything out side of the content of this article authored by Matthew Braddard; President of MB Wealth.*

### Sugar:

For 2007, the front month contract of Sugar #11 was down 7%, starting the year at approximately 11.60 cents/lb and finishing



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*For specific strategies in these 3 markets in addition to other plays we are making for our clients contact us via e-mail at [contact@mbwealth.com](mailto:contact@mbwealth.com) 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 CTAs with proven track records at [www.mbwealth.com](http://www.mbwealth.com)*