

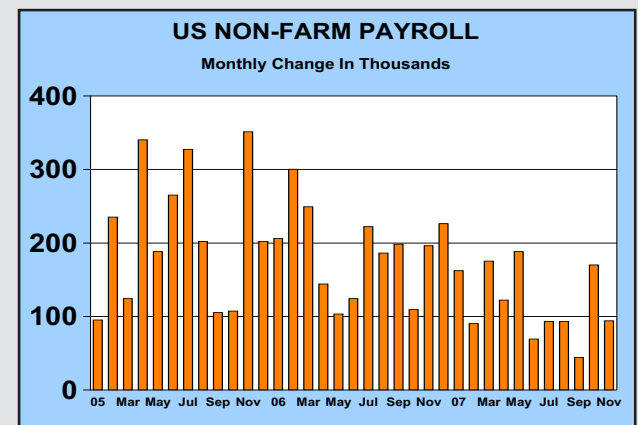
December 17th, 2007 - Trades good through January 11th, 2008 - Next Issue January 14th, 2008 ~ Hartfield Management Inc., C.T.A.

Commodity Outlook

In our last newsletter we acknowledged the chance for a bump in the road for some of the stalwart commodity bull markets, and certain markets look to remain mired in a consolidative posture into the holiday period. However, it is also clear that markets like energies, copper, gold, silver and cotton have effectively factored in a bit of slowing and that additional declines might prove to be unjustified. Certainly the ongoing fears of slowing off the sub-prime crisis continues to be a major source of concern for a number of commodity markets, but it is our opinion that the market is now in position to get beyond that threat. Our rationale for suggesting that the sub-prime crisis is past is based on a number of developments over the last three weeks. The most important development is the Fed's persistent effort to lower interest rates, but seeing a number of cash infusions into major global

financial companies is a close second to the Fed's accommodative stance. Certainly seeing attempts to provide direct support to various adjustable rate mortgage holders in the US contributes to the idea that the sub-prime impact will be overcome, but last week's announcement that the US Federal Reserve was joining 4 other Central Banks to provide a series of injections into global money markets could be considered the beginning of the end of the liquidity crisis. In fact, the December S&P managed a bounce from 1487.20 to 1516.40 within 45 minutes in the aftermath of the official announcement of the Central Bank plan, and that is a nearly a 2% gain! It should also be noted that crude oil prices from their November highs to the early December lows were down by as much as \$13.47 per barrel, which could also end up taking some pressure off the consumer. Certainly the US economy will continue to be presented with a bit of classical slowing, and one should not totally discount the added drag

from the ongoing weakness in the real estate markets. However, if one looks to the enclosed chart of the S&P 500 over the last 8 months, it is clear that the zenith of the crisis was forged around the Mid-August low in the S&P, that the first recovery move to the October highs was premature and that the late November washout in prices was an attempt to rekindle the situation into a full blown crisis. In conclusion, the market should now have enough elements in place to get beyond the crisis, and in the coming month that should clear the way for an eventual return to the early October highs in the stock market, which in turn should remove the demand suspicions from a number of physical commodity markets, like energies, copper, gold, silver and platinum. In other words, we conclude that the 4th quarter commodity correction has run its course and that the commodity super cycle is now set to resume.

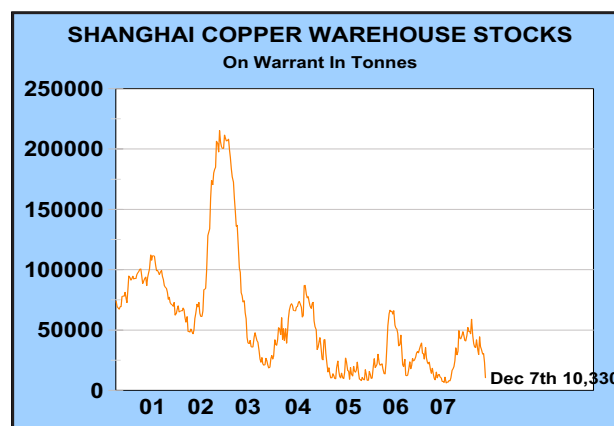
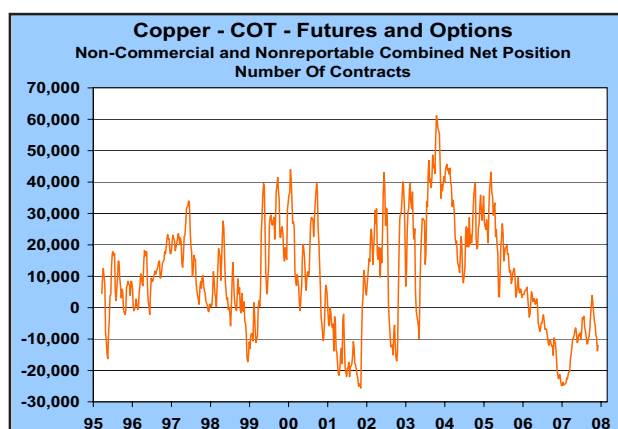


Copper Strategies

In our last letter we were mixed on the fate of the copper market, as the trade seemed to have entered an extremely critical junction. Following the November meltdown in copper prices and the rising prospect of a global recession, we were fearful of a sharp slide to the \$2.30 level in March copper. However, a number of developments have taken place that seem to shift the fundamental tide in copper back toward the bull camp. In addition to a very significant pattern of recent declines in Shanghai copper stocks, a gradual improvement in the US economic outlook should at least begin to repair the demand suspicions that have plagued the copper market for the last two and a half months. Traders should note that expectations of solid Chinese copper demand have and can in the future dominate the copper market, even in the face of sagging US demand fears. While the improved macroeconomic outlook sets the stage for a fresh buy in copper, the main fundamental reason behind our new found interest in the long side is the fact that Shanghai copper stocks recently have fallen back to preciously low levels. In fact, since the 2007 highs in Shanghai deliverable copper stocks, the market has seen a decline of

roughly 73,000 tons to stand at only 27,600 tons at the beginning of December. With Shanghai copper stocks again approaching the tightest levels seen in modern history and Chinese November copper imports rising by 9.5%, it would appear that the market is at least being presented with a solid bottoming argument. Certainly the prospect of increased production from BHP and lingering concerns toward the US auto and hous-

Suggested Trading Strategies: 1) Buy 3 February copper 330 calls for 650 and then look to Sell 1 March copper futures contract at \$3.11 or better. Look for an objective on the short futures of \$2.95 or an objective of 1500 on the calls in the event of a rally. Look to risk the combination play to a net loss of \$1,400. 2) Buy a March copper 340 call for 400 and then look to sell a February 340 call for 300. Look for an objective of 0 in the short February call and an objective of 1500 in the long March call. Risk the combination to a net loss of \$950.



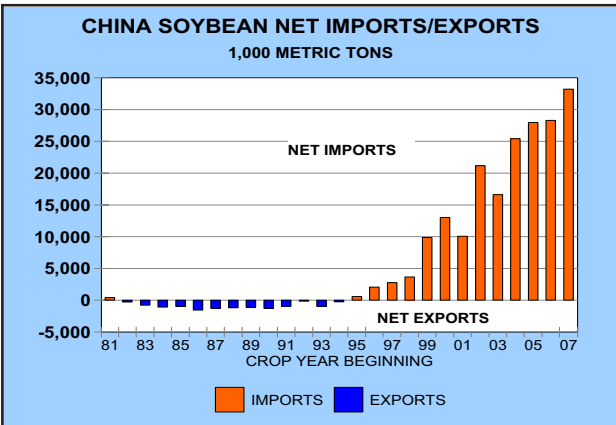
ing sectors make a long play in copper risky, but given the fact that the spec and fund "short" position in copper might have reached 16,000 contracts recently, we would suggest that the technicals stand against a significant downside extension. In our opinion, the late November early December consolidation zone bound by \$2.95 and \$3.15 has become an extremely critical trading range, and failing to hold above the November low of \$2.92 in the March copper contract in the face of the internal and external fundamental conditions facing that market would be a sign that our bullishness is misguided. On the other hand, seeing renewed Chinese demand expectations, further declines in Shanghai copper stocks and a persistent improvement in the macroeconomic condition could quickly project March copper prices back above the \$3.30 level and perhaps to \$3.50 by the middle of January.

Soybean Strategies

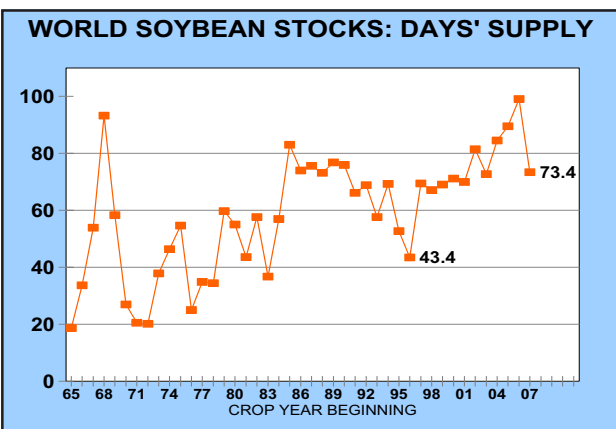
The soybean market has remained in a solid uptrend, with January soybeans gaining more than \$3.00/bushel since the August lows. Solid demand news in the December Supply/Demand report, increased uncertainty ahead for the size of the Brazil and Argentina crops and the continued battle for planted acres for 2008 are factors which should keep the market in an uptrend into next year. Inflation in agricultural markets has added to the positive tone for the soybean market, and the influx of new investors in the commodity sector should be an offset to any major readjustments from existing investors as individual index funds reallocate contracts to adjust for the recent strength. However, if there is a stagnant dollar amount invested in index funds or a reason to see investors shy away from commodities into early 2008, some index funds will need to lower the number of contracts they are long in soybeans to adjust for a 65% year-to-date gain in soybean prices for 2007.

The USDA report last week left few reasons to turn negative on soybeans. Demand news was mostly bullish, and the report indicated supply is tightening. The USDA pegged US soybean ending stocks at 185 mil-

lion bushels as compared with the average trade estimate of 197 million bushels (range 144-210) and compared with 210 million posted in the November report. Both crush and export numbers were revised higher, which was considered supportive, and China import demand was revised higher by 500,000 tonnes to 34 million tonnes. While the market may be getting somewhat complacent about China soybean demand, a quick review of the enormous growth in import demand may be beneficial when reviewing the big picture fundamentals for soybeans. China will import 34 million tonnes this season (1.25 billion bushels), which is equivalent to 48% of US production. This compares with 28.7 million tonnes last year and 28.3 two years ago and up from just 10 million tonnes for the 2001/02 season. The surge in usage in China as it attempts to produce enough vegetable oil and protein to keep up with demand remains impressive.



The USDA pegged world soybean ending stocks for the 2007/08 season at 47.32 million tonnes from 49.35 million estimated in last month's report and from 61.11 million for 2006/07. The drop is especially supportive because the USDA left Brazil production unchanged at 62 million tonnes while several recent estimates from other sources have been well under 60 million. Brazil's government stats agency, IBGE, pegged the soybean crop at 59.35 million tonnes last week, while *Oil World* pegged the Brazil crop at just 58.5 million tonnes. If the world ending stocks end up near 44 million tonnes, this would represent an unprecedented 28% drop in ending stocks for one year. In addition, record wheat prices and still high corn prices could keep US soybean producers from expanding enough for 2008/09 to keep up with growth in world demand. For example, if producers increased planted area in the US by 13.3% (up 8.5 million acres from last year) and we assume demand numbers and yield is the same from last year, ending stocks in the US could still drop to just 142 million bushels or 4.7% stocks/usage. This would rank as one of the 3 tightest years in the past 42. At a 7.5 million acre jump in planted area, ending stocks would come in near 101 million bushels and the stocks/usage ratio would fall to 3.4% (record low).

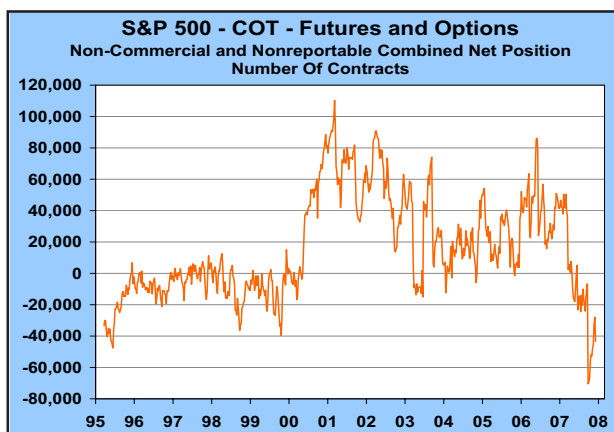


There are certainly signs that the market is overbought from a technical perspective, but the potential tightness ahead even with a surge in planted area in the US next year illustrates the importance for soybeans to maintain extremely high paper returns for producers for next year in order to be able to compete with corn, wheat and cotton for planted area.

Suggested Trading Strategies: 1) Buy May soybeans at 1146 1/2 with an objective of 1290. Risk to 1125. 2) Buy the May soybean 1180/1280 bull call spread at 31 cents with an objective of 62 cents. Risk 10 cents from entry. If the premium seems too high, the trader can also sell a May 1020 put for 25 cents to lessen the initial cost of the trade (and increase the potential return), but the short put will increase the risk on the position if futures shift to a downtrend.

S&P Strategies

As indicated in the Commodity Outlook, we think that horrific consequences of the sub-prime threat have abated and that the stock market has already made a significant bottom. However, we would suggest that traders avoid making position buys in the March S&P above the 1461 level, as it still isn't clear if the US holiday shopping season is going to end up being a net positive. In fact, as of December 11th it seemed that many retailers were so concerned about the pace of holiday sales that many were invoking discount programs in an effort to save the season. Therefore, despite the sharp euphoria burst in the stock market on December 12th, the stock market is not in a position where we would feel comfortable chasing rallies in an effort to get long for the trend. In fact, we would suggest that would-be buyers of the March S&P wait for a correction back down toward the August consolidation lows around 1450 to enter the market on the long side. In the near term, if it appears that the major financial contagion concerns have been reduced, and that in turn could leave the market with only classic economic slowing concerns to overcome. It is our opinion that the US numbers will either begin to improve or the Fed will respond with additional rate cuts, and therefore even the classical threat of slowing will soon be overcome. Since it isn't a given that the sub-prime crisis is completely in the past and the effects of the housing crisis are also unclear, one could suggest that upside targeting in the March S&P prices could be limited to 1525 to 1570 range, and for that reason alone one is probably forced to keep long entries below the 1450 level. Since it is our opinion that we have passed the main fundamental anxiety threat and the most recent COT report generally showed the S&P to be moderately net spec short, traders should now consider using net credit spreads in the puts as a way to capitalize on a major bottom in the stock market.



Suggested Trading Strategies: 1) Buy March S&P at 1452 with an objective of 1509. Risk the trade to a close below 1438.10. 2) Sell a January S&P 1455 put for 303 and look to buy a January S&P 1430 put for 150 or a net credit of roughly \$3,775 on the combination. Look for both options to expire worthless and look to risk the combination play to a net loss of \$1,575.

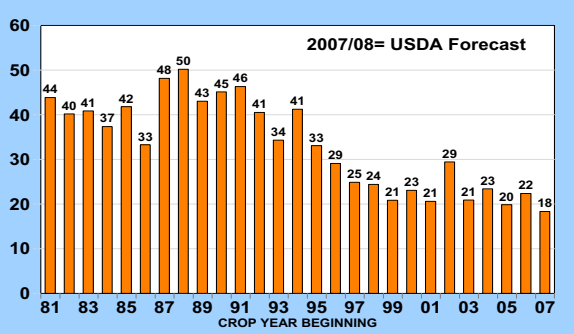
Coffee Strategies

The coffee market appears poised to begin another leg higher into early 2008, as fears of another large Vietnam crop have subsided, there is significant uncertainty about the size of the Brazil 2008 crop (a crop that will need to be large enough to offset this year's extremely tight stocks), and global demand growth (especially from developing countries) appears to be catching up to the potential growth in supply.

March coffee has already recaptured 50% of the October to November break. Vietnam prices jumped more than 4% in the second week of December as production from the harvest in the key growing region in the Central Highlands was not coming in as well as expected. Talk of a 20% drop in harvest (which is nearly 50% complete) helped spark some of the recovery bounce in cash prices. The threat that the Vietnam harvest will be smaller due to periods of poor weather in the past, along with uncertainty on the size of the Brazil 2008/09 crop, should help provide a foundation for another leg higher into early next year. Coffee bean exports from Indonesia's main growing region of Sumatra fell 22.7% in the first 11 months of 2007.

The USDA pegged world production for the 2007/08 season at 122.9 million bags last week, which was up 4 million from their June estimate. Global coffee con-

WORLD COFFEE ENDING STOCKS

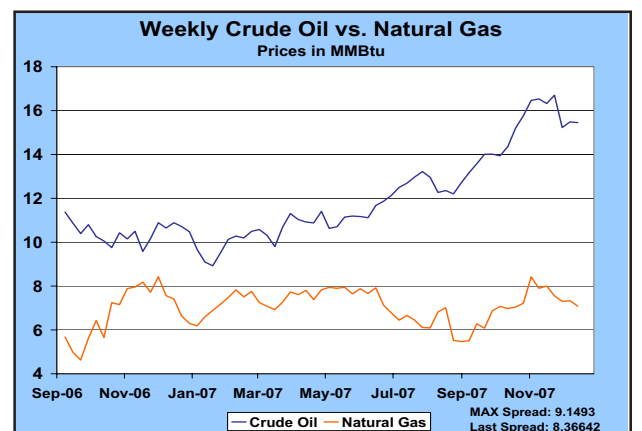


sumption for the 2006/07 season was pegged at 131.1 million bags. World coffee stocks for the 2007/08 season are now pegged at 18.3 million bags, the lowest level back to at least 1960/61. Traders await a key report from the Brazilian government on the size of the coffee crop on December 14th. We maintain a bullish bias for coffee, as the market may begin to build a weather premium for the critical 2008/09 Brazil coffee crop ahead, with 152.35 as a longer-term upside target.

Suggested Trading Strategies 1) Buy March coffee at 131.55 with objectives of 141.00 and 152.35. Risk to 128.65. 2) Buy the May coffee 140/155 bull call spread at 325 with an objective of 850. Risk 125 from entry. If the premium seems too high, the trader can also sell a May 125 put for 275 to lessen the initial cost of the trade (and increase the potential return), but the short put will increase the risk on the position if futures shift to a downtrend.

Natural Gas Strategies

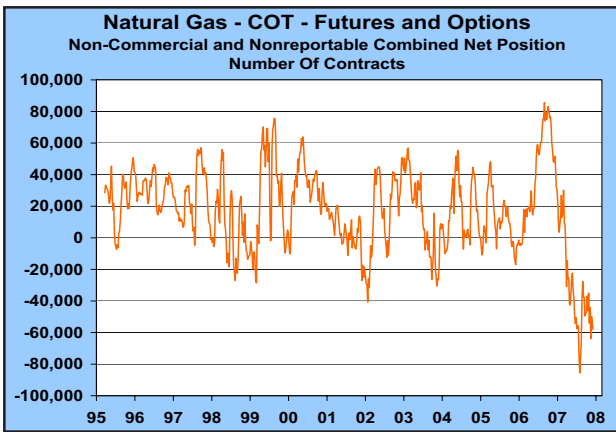
After being in a protracted downtrend since April 2006, we sense the fundamental situation in natural gas is beginning to shift to a more positive price outlook. After falling nearly \$3 from the May high on the themes of ample supplies and a mild winter forecast, March natural gas appears to be forming a base near the \$7.00 price level. The well-known bearish fundamentals of this market have led fund traders to build up a very large net short position in natural gas this year, measured at 81,727 contracts as of Dec 4th. The traders' setup leaves natural gas with extensive short covering capacity. However, we think the odds are rising for a significant price recovery in natural gas to take place in coming months, given a higher price outlook for crude oil, signs of growing industrial demand for natural gas and the winter season just ahead. In looking at a weekly chart of crude oil compared to



natural gas prices in MMBtu, it is clear that the surge in crude oil prices this year has left natural gas prices looking "cheap" by comparison. As a result, utility companies with the ability to rotate between the two fuels will likely step up their use of natural gas this winter, as natural gas has clearly become the more cost effective fuel. In fact, GE has noted an increase in gas turbine sales, which would seem to reflect the growing industrial use of natural gas. Exxon's plans to build a liquefied natural gas terminal on the East Coast reflect the growing demand for natural gas in that region. While current natural gas supplies are relatively high, forecasts for sharp declines in Canadian natural gas output over the next two years could certainly impact the US supply situation, as US imports about 16% of its natural gas needs from Canada.

With a major investment banking firm raising its crude oil price outlook for next year and the EIA also seeing more upside price risk, we suspect the potential for the spread relationship to widen between crude oil and natural gas could result in a significant rise in industrial natural gas usage in 2008, a factor we think the futures market has yet to price in. We also suspect calls for a mild winter have made the market too com-

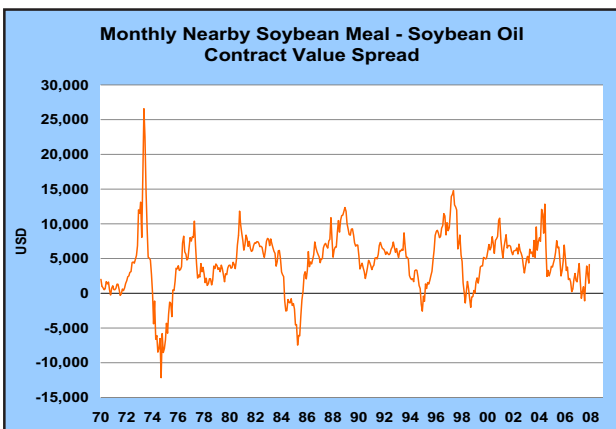
placent, possibly setting the market up for a bullish shock if colder than expected temperatures takes hold. Therefore, the combination of an oversold market condition, rising industrial demand and a higher price outlook for crude oil creates a situation for March natural gas to stage a significant short covering rally this winter.



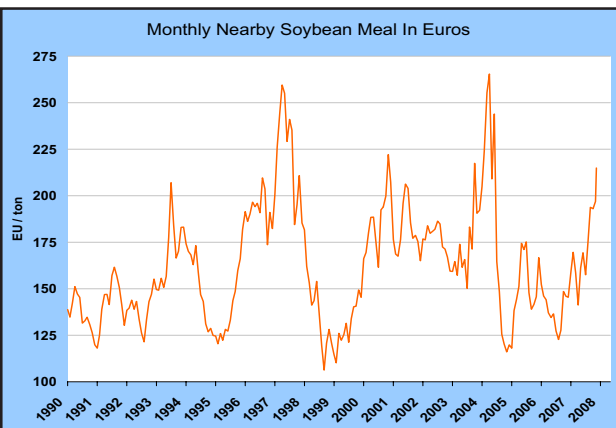
Suggested Trading Strategies: 1) Buy March natural gas futures at the market and then look to buy a March natural gas 7.20 put and sell a March natural gas 8.35 call for a net debit of \$3,200. Look for an eventual upside target of \$8.25 in the long futures and/or an objective of 0 on the short call and an objective of 800 on the long 7.20 put. Risk a total of \$1,900 on the combination play. 2) Buy 1 March natural gas 8.00 call for 390 and then look to sell 1 February natural gas 8.00 call for 290. Look for an objective of 0 on the short February call and an objective of 740 on the long call. Risk the combination to a net loss of \$1,600.

Corn and Meal Strategies

For more than a year, the attention of the grain markets has been riveted on headline-grabbing price developments including: the maturing of the "China market," the worldwide rush to convert vegetable oils and corn into biofuels, new all-time highs in wheat and, of course, the ongoing battle for acres. While all of these high profile factors will continue to play a major role in the markets, we may see a shift in focus to a much more mundane fundamental in coming weeks, namely, feed usage.



The bullish case for feed demand is rooted in many markets around the globe. Growing demand for meat in China and India is well-documented, and now US demand shows signs of picking up with Weekly Broiler Hatchery Reports showing significant increases in both Eggs Set and Placements in recent months. This trend may be accelerating. During week ending December 1st, the placements number rose by a very strong 6%. Combined with normal winter increases in feed demand, this should result in strong meal usage numbers into 2008.



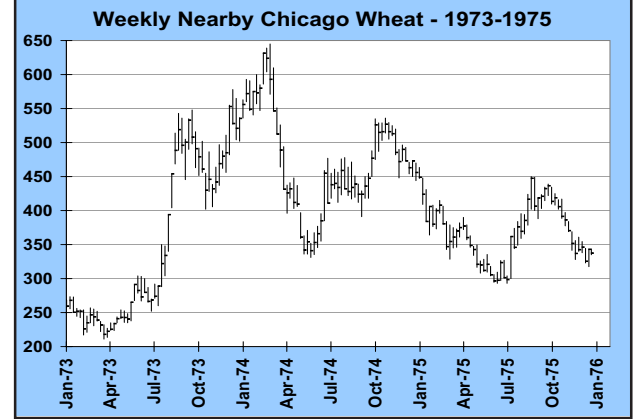
In the EU, livestock producers have multiple supply problems. They are nearly out of feed wheat, and cereal stocks are nearing depletion. The EU has sharply increased its import licenses for corn and sorghum in comparison to last year to make up for the shortfall, but it is becoming increasingly difficult for EU livestock feeders to buy non-GMO grain and feed to replace vanishing domestic supplies. Last week policy

makers there warned that parts of the EU livestock industry will eventually have to start moving offshore if GMO import restrictions are not eased.

With soybeans prices at 34-year highs, one might assume that feed ingredients are near historical highs and that this will result in a contraction of demand rather than an expansion. But feed ingredients are still affordable. March corn is currently trading at "only" around 420 to 430, which is well off the 1996 high at 554 1/2. January meal is trading at around 320.00 as of this writing, far below its 1973 high of 451.00. Meal priced in Euros is not cheap, but it too is well off recent highs and far below any 1973 comparables. And the meal/oil contract value spread may be the most dramatic evidence of meal's "cheapness." It shows meal at the lower end of its historic range relative to oil. Allowing for inflation, of course, makes all of these price levels and comparisons even cheaper.

CORN: March corn should push above the February and June highs within the next 2-3 weeks and then establish a trading range into late winter-early spring that is bounded by 415 to 425 on the low end and 475 to 485 on the high end.

MEAL: March meal may pause to back and fill after reaching its near term objective at 338.00 to 339.00. A break of 10-12% from this interim high would be a buying opportunity.



WHEAT: In our last newsletter we indicated that many traders who are attempting to short wheat are assuming that price action of the past few weeks is analogous to price action on the way down after previous rallies to new all-time highs. Instead, we believe it is analogous to action on the way up, particularly in 1974. This gives us an objective in March wheat of at least 1045 and possibly 1134. Traders should not try to get long corn by selling wheat against it.

Suggested Trading Strategies: 1) Buy March meal at 309.00 with an objective of 335.00. Risk 9.50 on the trade. 2) Buy March meal/sell March oil at \$3450 premium the meal (contract value) with an objective of \$5600 premium meal. Risk \$700 from the point of entry. 3) Buy March corn at 408 with an objective of 443. Risk 11 cents from the point of entry.

Non-Commercial Investor Selling Patterns: New Year Selling?

Over the last several years there has been a tremendous influx of investment into commodities from the non-commercial trader. We thought it would be interesting to run a study on the non-commercial participants' selling patterns over the year. Using the Commitment of Traders Report with options data, we averaged the change in the non-commercial long position for every week of the year over the number of years available for a particular commodity. The enclosed table shows the weeks with the largest average increase (the most popular weeks non-commercial participants tend to sell). While these historical statistics doesn't necessarily mean this selling pattern will occur in the future, it is interesting to see that the data reveals some distinct patterns in some commodities. For several commodities such as copper, gold, crude oil, platinum, gasoline (RBOB), soybeans, soymeal, hogs, sugar and orange juice, the heaviest selling tends to occur in the first few weeks of the year. For several others like natural gas, heating oil, corn and cattle also show heavy selling in January.

Contract	Year	Week of the Year	Starting	Average Increase	Shorts	Contract	Year	Week of the Year	Starting	Average Increase	Shorts	Contract	Year	Week of the Year	Starting	Average Increase	Shorts
COCOA	2008	16	4/13/08	1,709		RBOB	2008	52	12/21/08	5,158		SILVER	2008	36	8/31/08	2,336	
		40	9/28/08	1,271				1	1/2/08	3,917				23	6/1/08	1,874	
		34	8/17/08	1,000				2	1/6/08	3,451				15	4/6/08	1,751	
		9	2/24/08	959				50	12/7/08	3,038				27	6/29/08	1,324	
		19	5/4/08	881				44	10/26/08	2,664				12	3/16/08	1,158	
		45	11/2/08	879				4	1/20/08	2,478				18	4/27/08	1,086	
		6	2/3/08	817				19	5/4/08	2,207				13	3/23/08	979	
3	1/13/08	800		48	11/23/08	1,123		44	10/26/08	948							
COFFEE	2008	26	6/22/08	1,379		GOLD	2008	2	1/6/08	3,830		S MEAL	2008	4	1/20/08	2,894	
		18	4/27/08	1,364				1	1/2/08	3,676				2	1/6/08	1,305	
		48	11/23/08	1,348				31	7/27/08	3,648				32	8/3/08	1,212	
		10	3/2/08	1,280				21	5/18/08	3,378				29	7/13/08	1,181	
		5	1/27/08	1,058				36	8/31/08	2,984				28	7/6/08	1,016	
		16	4/13/08	1,008				15	4/6/08	2,868				14	3/30/08	903	
		24	6/8/08	883				14	3/30/08	2,526				46	11/9/08	842	
23	6/1/08	864		12	3/16/08	2,350		40	9/28/08	836							
COPPER	2008	1	1/2/08	1,848		HOGS	2008	1	1/2/08	1,996		BN OIL	2008	40	9/28/08	3,164	
		53	12/28/08	1,581				2	1/6/08	758				21	5/18/08	2,035	
		9	2/24/08	1,541				27	6/29/08	711				50	12/7/08	1,868	
		41	10/5/08	1,522				5	1/27/08	643				19	5/4/08	1,743	
		14	3/30/08	1,475				12	3/16/08	594				2	1/6/08	1,707	
		15	4/6/08	991				20	5/11/08	588				51	12/14/08	1,468	
		25	6/15/08	887				15	4/6/08	579				49	11/30/08	1,435	
32	8/3/08	843		14	3/30/08	568		4	1/20/08	1,390							
CORN	2008	19	5/4/08	6,937		CATTLE	2008	45	11/2/08	1,004		SOYBNS	2008	4	1/20/08	3,675	
		27	6/29/08	5,629				11	3/9/08	882				2	1/6/08	2,796	
		2	1/6/08	5,359				4	1/20/08	859				12	3/16/08	2,310	
		4	1/20/08	4,335				50	12/7/08	845				39	9/21/08	1,887	
		25	6/15/08	3,701				22	5/25/08	817				21	5/18/08	1,823	
		51	12/14/08	2,951				6	2/3/08	749				14	3/30/08	1,702	
		50	12/7/08	2,751				49	11/30/08	647				31	7/27/08	1,690	
12	3/16/08	2,640		26	6/22/08	605		6	2/3/08	1,578							
COTTON	2008	17	4/20/08	2,854		NAT GAS	2008	28	7/6/08	4,190		SUGAR	2008	1	1/2/08	5,263	
		15	4/6/08	2,553				3	1/13/08	3,516				5	1/27/08	4,298	
		8	2/17/08	2,125				15	4/6/08	3,505				4	1/20/08	3,716	
		46	11/9/08	2,094				30	7/20/08	3,029				40	9/28/08	3,219	
		13	3/23/08	1,624				29	7/13/08	2,122				33	8/10/08	2,696	
		7	2/10/08	1,549				18	4/27/08	1,943				9	2/24/08	2,500	
		16	4/13/08	1,406				48	11/23/08	1,911				15	4/6/08	2,182	
47	11/16/08	1,392		2	1/6/08	1,752		37	9/7/08	2,168							
CRUDE	2008	1	1/2/08	9,052		HT OIL	2008	39	9/21/08	1,460		WHEAT	2008	6	2/3/08	3,087	
		25	6/15/08	4,462				4	1/20/08	1,367				21	5/18/08	2,823	
		39	9/21/08	3,197				24	6/8/08	948				50	12/7/08	2,251	
		22	5/25/08	2,881				38	9/14/08	913				37	9/7/08	1,821	
		50	12/7/08	2,768				40	9/28/08	897				34	8/17/08	1,740	
		30	7/20/08	2,485				42	10/12/08	608				49	11/30/08	1,701	
		35	8/24/08	1,998				8	2/17/08	591				17	4/20/08	1,560	
47	11/16/08	1,838		43	10/19/08	550		47	11/16/08	1,443							
OJ	2008	2	1/6/08	589		PLATNM	2008	1	1/2/08	848		WHT/KC	2008	6	2/3/08	1,556	
		3	1/13/08	577				40	9/28/08	535				28	7/6/08	1,055	
		18	4/27/08	470				36	8/31/08	406				7	2/10/08	817	
		29	7/13/08	450				14	3/30/08	359				16	4/13/08	791	
		37	9/7/08	411				26	6/22/08	340				51	12/14/08	569	
		47	11/16/08	383				49	11/30/08	254				8	2/17/08	546	
		53	12/28/08	364				41	10/5/08	201				49	11/30/08	515	
32	8/3/08	348		6	2/3/08	199		29	7/13/08	475							

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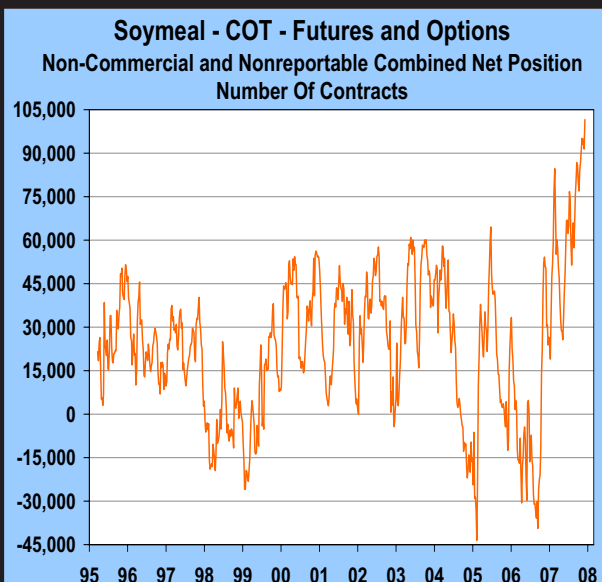
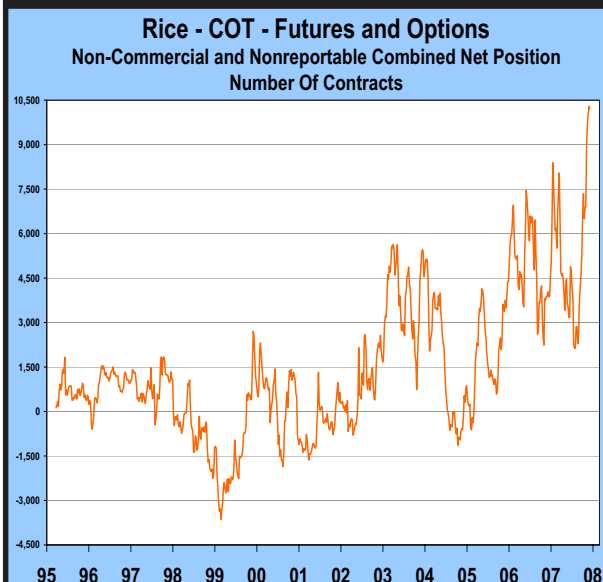
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OPTION STRATEGIES



UNDERVALUED OPTIONS

Buy May Sugar 11.00 calls @ 30
Buy Mar S&P 1660 calls @ 700
Buy Mar Copper 340 calls @ 400

OVERVALUED OPTIONS

*Sell Mar Copper 280 puts @ 860 **
*Sell Mar Bonds 120 calls @ 40 **

OPTIONS FOR TREND REVERSALS

Sell Apr Gold 900 calls @ 1500
Buy Mar Natural Gas 860 calls @ 200

* When selling options, only risk to double the premium received

These opinions can be a valuable addition to the investment or hedging goals of our readers. Investors are reminded of the inherent risks associated with trading futures contracts much like any leveraged investment vehicle. Market conditions may prevent stop-loss or other liquidating orders from being executed at a particular price. **REFUND POLICIES ARE PRO-RATED WITH AN ADDITIONAL \$20 SERVICE CHARGE PLUS CHARGES FOR ANY FREE RESEARCH MATERIAL RECEIVED.**