2007 STRATEGY CALENDAR

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
JANUARY	1 JANUARY New Year's Day	2	3	4	5	6	7
	8	9	10	11	12	13	14
	15 Martin Luther King Day	16	17 OE:CL(G)	18	19	20	21
	22 FND: CL(G)	23	24	25 OE: GC(G)	26 OE: NG(G)	27	28
	29 FND: NG(G)	30	31 FND: GC(G)	1 FEBRUARY	2 OE: LC(G), CC(H)	3	4
FEBRUARY	5 FND: LC(G)	6	7	8	9 OE: KC(H)	10	11
	12	13	14 FND: LH(G)	15	16	17	18
	19 Presidents' Day	20 FND: CL(H, KC(H))	21 Ash Wednesday	22 OE: SI(H, SB(H)	23 OE: NG(H), S(H), C(H), W(H)	24	25
	26 FND: NG(H)	27 FND: S(H), C(H), W(H)	28 FND: SI(H), SB(H)	1 MARCH	2	3	4
MARCH	5	6	7	8	9 OE: KC(K)	10	11 Daylight Saving Time Begins
	12	13	14	15 OE: CL(J)	16	17 St. Patrick's Day	18
	19	20 FND: CL(J)	21	22	23	24	25
	26	27 OE: NG(J), GC(J)	28 FND: NG(J)	29	30	31	1 APRIL
APRIL	2	3 Passover	4	5 OE: LC(J), CC(K)	6 Good Friday	7	8 Easter
	9 FND: LC(J)	10	11	12	13	14	15
	16 FND: LH(J) OE: LH(J)	17 FND: CC(K) OE: CL(K)	18	19	20 FND: CL(K), KC(K) OE: S(K), W(K), C(K)	21	22
	23	24	25 OE: NG(K), SI(K) OE: SB(K)	26 FND: NG(K)	27 FND: S(K), W(K), C(K)	28	29
	30 FND: GC(J), SI(K), SB(K)	1 MAY	2	3	4	5	6
MAY	7	8	9	10	11	12	13 Mother's Day
	14	15	16	17 OE: CL(M)	18	19	20
	21	22 FND: CL(M)	23	24 OE:GC(M)	25 OE: NG(M)	26	27
	28 Memorial Day	29 FND: NG(K)	30	31	1 JUNE OE: LC(M), CC(N)	2	3
JUNE	4 FND: LC(M)	5	6	7	8 OE: KC(N)	9	10
	11	12	13	14 FND: LH(M)	15 OE:CL(N)	16	17 Father's Day
	18 FND: CC(N)	19	20 FND: CL(N)	21 FND: KC(N)	22 OE: S(N), W(N), C(N)	23	24
	25	26 OE: NG(N), SI(N), SB(N)	27 FND: NG(N)	28 FND: S(N), W(N), C(N)	29 FND: GC(M), SI(N), SB(N)	30	1 JULY

Market closed on shaded weekdays; closes early when half-shaded.

2007 STRATEGY CALENDAR

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	
2	3	4 Independence Day	5	6	7	8	JULY
9	10	11	12	13	14	15	
16 FND: LH(N)	17 OE: CL(Q)	18	19	20 FND: CL(Q)	21	22	
23	24 OE: S(Q)	25	26 OE: NG(Q), GC(Q)	27 FND: NG(Q)	28	29	
30 FND: S(Q)	31 FND: GC(Q)	1 AUGUST	2	3 OE: LC(Q), CC(U)	4	5	AUGUST
6 FND: LC(Q)	7	8	9	10 OE: KC(U)	11	12	
13	14 FND: LH(Q) OE: LH(Q)	15	16 OE: CL(U)	17	18	19	
20 FND: LC(U)	21 FND: CL(U)	22	23 FND: KC(U)	24 OE: S(U), W(U), C(U)	25	26	
27	28 OE: NG(U), SI(U), SB(V)	29 FND: NG(U)	30 FND: S(U), W(U), C(U)	31 FND: SI(U)	1 SEPTEMBER	2	SEPTEMBER
3 Labor Day	4	5	6	7 OE: LC(U)	8	9	
10 FND: LH(U)	11	12	13 Rosh Hashanah	14	15	16	
17 FND: CL(V)	18	19	20 FND: LC(V)	21	22 Yom Kippur	23	
24	25 OE: NG(V), GC(V)	26 FND: NG(V)	27	28 FND: GC(V) SB(V)	29	30 FND: SB(V)	
1 OCTOBER	2	3	4	5 OE: LC(V)	6	7	OCTOBER
8 Columbus Day FND: LC(V)	9	10	11	12 FND: LH(V) OE: LH(V)	13	14	
15	16	17 OE: CL(X)	18	19	20	21	
22 FND: CL(X)	23	24	25	26 OE: NG(X), S(X)	27	28	
29 FND: NG(X)	30 FND: S(X)	31	1 NOVEMBER	2 OE: CC(Z)	3	4 Daylight Saving Time Ends	NOVEMBER
5	6 Election Day	7	8	9 OE: KC(Z)	10	11 Veterans' Day	
12	13 OE: CL(Z)	14	15 FND: CC(Z)	16 FND: CL(Z)	17	18	
19	20 FND: KC(Z)	21	22 Thanksgiving	23 OE: W(Z), C(Z)	24	25	
26	27 OE: NG(Z), GC(Z), SI(Z)	28 FND: NG(Z)	29 FND: W(Z), C(Z)	30 FND: GC(Z), SI(Z)	1 DECEMBER	2	DECEMBER
3	4	5 Chanukah	6	7 OE: LC(Z)	8	9	
10 FND: LC(Z)	11	12	13	14 FND: LH(Z) OE: LH(Z)	15	16	
17	18	19	20	21	22	23	
24	25 Christmas	26	27	28	29	30	
31	1 JANUARY New Year's Day	2	3	4	5	6	

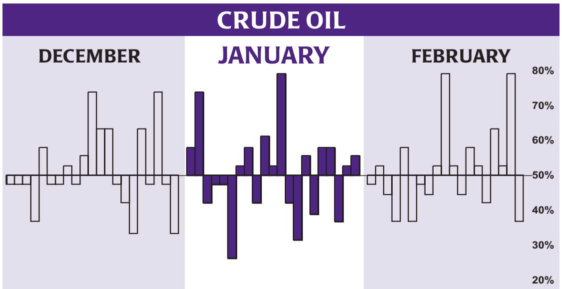
JANUARY ALMANAC

JANUARY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

FEBRUARY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			



Market Probability Chart above is a graphic representation of Crude Oil futures taken from the Market Probability Calendar on page 124

PETROLEUM FUTURES: End of previous year Crude Oil weakness commonly reversed in January ◆ Breaks in March Crude Oil of -\$1.00/bbl or more during December have seen March Crude Oil settle above these levels in January on 12 of last 14 occurrences ◆ Worst month on record for Natural Gas futures ◆ June Natural Gas futures reversed January weakness on 8 of 10 last occurrences.

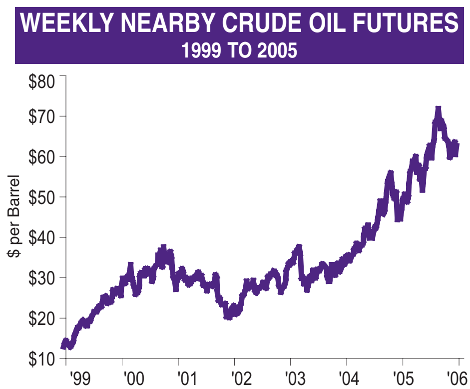
METALS FUTURES: Worst month on record for Gold since 1987 ◆ April Gold down an average of -\$3.85/ounce during January as jewelry demand wanes post-holidays ◆ Platinum futures gain relative to Gold in 1st quarter — see page 18.

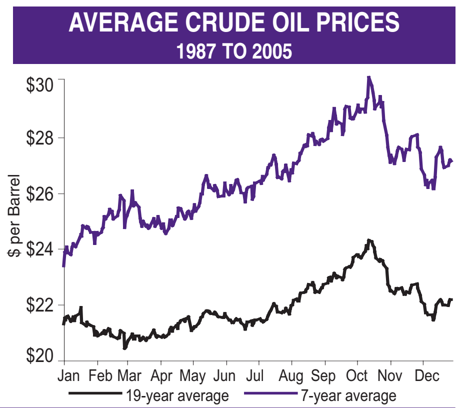
GRAIN FUTURES: January is worst month for Soybeans ◆ March Soybeans up 5 / down 14 ◆ All but one January rally basis March CBOT Wheat has been reversed in February (see page 16) ◆ May Corn is the only grain to post a gain in January/February period on average.

LIVESTOCK FUTURES: Live Cattle futures begin year strong up 15 of last 19, gaining an average of +0.67 cents/lb ◆ December's monthly high exceeded in January 16 of 19 in Cattle ◆ 2nd-strongest month on record for Hog futures ◆ January's monthly direction predicts April hogs February direction (13 of 19).

SOFTS FUTURES: January breaks in Sugar tend to be continued in February (7 of 10) ◆ March Sugar down in January 10 / up 9 ◆ December weakness basis March Cocoa continues in January (9 of 11) ◆ March Cocoa down in January 13 of 19 ◆ Though down usually, March Cocoa has had two major rallies in January (in 2003 & 2001) due to political unrest on the Ivory Coast.

COMMODITY SPOTLIGHT CRUDE OIL





Petroleum prices are demand-driven primarily, with prices often rising in anticipation of the driving and heating seasons. But the petroleum markets also tend to be an excellent barometer of world tensions, rising in times of political uncertainty — especially in producing nations.

JANUARY 2007

MONDAY 1

New Year's Day (Market Closed)

In the stock market those who expect history to repeat itself exactly are doomed to failure. — Yale Hirsch

TUESDAY 2

CL	57.9	**NG**	47.4	**GC**	78.9	**SI**	63.2
S	73.7	**W**	52.6	**C**	55.6	**LC**	52.6
LH	47.4	**KC**	42.1	**CC**	44.4	**SB**	73.7

There is no tool to change human nature…people are prone to recurring bouts of optimism and pessimism that manifest themselves from time to time in the buildup or cessation of speculative excesses.
— Alan Greenspan (Fed Chairman, July 18, 2001, monetary policy report to Congress)

WEDNESDAY 3

CL	72.2	**NG**	42.1	**GC**	26.3	**SI**	36.8
S	42.1	**W**	63.2	**C**	38.9	**LC**	38.9
LH	66.7	**KC**	66.7	**CC**	52.6	**SB**	47.4

Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so. — Douglas Adams

THURSDAY 4

CL	47.4	**NG**	52.6	**GC**	31.6	**SI**	42.1
S	68.4	**W**	63.2	**C**	57.9	**LC**	38.9
LH	63.2	**KC**	61.1	**CC**	42.1	**SB**	31.6

Every great advance in natural knowledge has involved the absolute rejection of authority.
— Thomas H. Huxley (British scientist and humanist, defender of Darwinism, 1825–1895)

FRIDAY 5

CL	47.4	**NG**	55.6	**GC**	42.1	**SI**	63.2
S	57.9	**W**	66.7	**C**	89.5	**LC**	55.6
LH	66.7	**KC**	63.2	**CC**	61.1	**SB**	68.4

In a bear market everyone loses. And the winner is the one who loses the least. — Richard Russell (*Dow Theory Letters*)

SATURDAY 6

SUNDAY 7

NEW YEAR WEAKNESS CREATES BARGAINS IN CRUDE OIL

January tends to be a strong month for Crude Oil futures. March Crude Oil futures gained 13 times during January in the last 19 years. However, breaks in January are not uncommon, though they tend to be extremely short-lived.

Since 1988, March Crude Oil futures have broken -$1.90/bbl on average below their December closes to their lows during the first two weeks of January. Fourteen times these early-January breaks have exceeded -$1.00/bbl, with the worst break of -$4.39/bbl occurring in 2003. However, following these breaks in excess of -$1.00/bbl, March Crude Oil futures have finished the month of January above these levels 12 times (85.7%) during the aforementioned period.

MARCH CRUDE OIL FUTURES DOLLARS PER BARREL CHANGES

	December-January Rally			January Break		January 1st 2 wks Low-Close		
Rally	Prev Dec Close	Jan High	Dec Close-Jan high	Jan Low 1st 2 wks	Dec Close Jan Low	Jan Close	1st 2 wks Low-Jan Close	Jan Change
1988	$16.59	$18.55	$1.96	$14.70	– $1.89	$16.94	$2.24	$0.35
1989	16.69	16.75	0.06	14.83	– 1.86	17.03	2.20	0.34
1990	21.49	21.65	0.16	19.38	– 2.11	22.68	3.30	1.19
1991	27.80	29.10	1.30	24.00	– 3.80	21.54	– 2.46	– 6.26
1992	19.12	21.07	1.95	18.40	– 0.72	18.90	0.50	– 0.22
1993	19.71	20.15	0.44	18.86	– 0.85	20.26	1.40	0.55
1994	14.50	15.98	1.48	14.32	– 0.18	15.19	0.87	0.69
1995	17.71	18.05	0.34	16.57	– 1.14	18.39	1.82	0.68
1996	19.06	19.08	0.02	17.79	– 1.27	17.74	– 0.05	– 1.32
1997	24.67	25.12	0.45	22.20	– 2.47	24.15	1.95	– 0.52
1998	17.83	19.34	1.51	17.70	– 0.13	17.21	– 0.49	– 0.62
1999	12.19	13.15	0.96	11.10	– 1.09	12.75	1.65	0.56
2000	24.79	25.99	1.20	22.80	– 1.99	27.64	4.84	2.85
2001	25.98	32.30	6.32	25.14	– 0.84	28.66	3.52	2.68
2002	20.11	21.60	1.49	18.45	– 1.66	19.48	1.03	– 0.63
2003	30.59	32.80	2.21	26.20	– 4.39	33.51	7.31	2.92
2004	32.28	33.40	1.12	29.20	– 3.08	33.05	3.85	0.77
2005	43.63	49.18	5.55	41.00	– 2.63	48.20	7.20	4.57
2006	61.90	63.45	1.55	57.95	– 3.95	67.92	9.97	6.02
Averages			**$1.58**		**– $1.90**	**$2.67**	**$0.77**	
				# Jan Breaks < -$1.00	**14**	**< -$1.00 Break Avg**	**$3.20**	
						# Up	**16**	**13**
						# Down	**3**	**6**

Since January 1988, only 5 years have not seen a break in the first 2 weeks of January of -$1.00/bbl or more below the December close: 1992, 1993, 1994, 1998, and 2001. Following the 14 -$1.00/bbl breaks in January, March Crude Oil futures have finished higher 12 times for an average gain of +$3.20/bbl.

Waiting for a $1 break in early January is an excellent opportunity to establish positions for a January low-to-close rally.

JANUARY

MONDAY
8

CL	44.4	**NG**	47.4	**GC**	63.2	**SI**	68.4
S	55.6	**W**	68.4	**C**	61.1	**LC**	68.4
LH	47.4	**KC**	57.9	**CC**	42.1	**SB**	83.3

Education is a progressive discovery of our own ignorance. — Will Durant

TUESDAY
9

CL	33.3	**NG**	66.7	**GC**	47.4	**SI**	47.4
S	47.4	**W**	61.1	**C**	47.4	**LC**	55.6
LH	72.2	**KC**	52.6	**CC**	36.8	**SB**	42.1

Big money is made in the stock market by being on the right side of major moves. I don't believe in swimming against the tide. — Martin Zweig

WEDNESDAY
10

CL	47.4	**NG**	47.4	**GC**	57.9	**SI**	55.6
S	52.6	**W**	33.3	**C**	47.4	**LC**	73.7
LH	47.4	**KC**	63.2	**CC**	42.1	**SB**	47.4

The heights by great men reached and kept, were not attained by sudden flight, but they, while their companions slept, were toiling upward in the night. — Henry Wadsworth Longfellow

THURSDAY
11

CL	47.4	**NG**	38.9	**GC**	42.1	**SI**	31.6
S	36.8	**W**	52.6	**C**	38.9	**LC**	63.2
LH	57.9	**KC**	42.1	**CC**	57.9	**SB**	52.6

The worst trades are generally when people freeze and start to pray and hope rather than take some action. — Robert Mnuchin (Goldman, Sachs)

FRIDAY
12

CL	31.6	**NG**	42.1	**GC**	57.9	**SI**	42.1
S	47.4	**W**	57.9	**C**	47.4	**LC**	42.1
LH	47.4	**KC**	47.4	**CC**	57.9	**SB**	36.8

The facts are unimportant! It's what they are perceived to be that determines the course of events. — R. Earl Hadady

SATURDAY
13

SUNDAY
14

FADE JANUARY RALLIES IN MARCH CBOT WHEAT

A combination of increased crop marketing and transportation problems tends to weigh on Chicago Board of Trade (CBOT) Wheat futures at the beginning of the year.

At the end of the calendar year, producers limit crop marketing because if they postpone sales into the New Year, the associated tax burden can be pushed forward into the following tax year. As such, sales at the end of December tend to be light, and increase in January and especially February. These increased sales are difficult to move by barge during the winter, hence supplies tend to build up in the interior of the nation, pressuring prices.

This dynamic can readily be seen by the fact that since 1988 all but one (2006) of the January rallies in the March CBOT Wheat futures have reversed in February. March CBOT Wheat futures have also declined in 15 of the last 19 years during February under these pressures. Wheat traders should be very skeptical of strength at the beginning of the year, anticipating a February break, especially after a January rally.

MARCH CBOT WHEAT FUTURES CENTS PER BUSHEL CHANGES

						February Break		
Date	Prev Dec Close	Jan Close	Jan Change	Feb High	Feb Low	Jan Close-Feb Low	Feb Close	Feb Change
1988	310 3/4	326	15 1/4	339	309 1/2	– 16 1/2	315 1/2	– 10 1/2
1989	440	440 1/2	1/2	439 1/2	419 1/2	– 21	436 1/4	– 4 1/4
1990	409 1/4	375 3/4	– 33 1/2	398 1/4	373 1/4	– 2 1/2	393 1/4	17 1/2
1991	260 1/2	263	2 1/2	263 1/2	248	– 15	259 3/4	– 3 1/4
1992	404 3/4	440 1/4	35 1/2	463 1/4	401	– 39 1/4	401 1/2	– 38 3/4
1993	353 3/4	380	26 1/4	380 1/2	356 1/4	– 23 3/4	372 1/4	– 7 3/4
1994	378 1/4	371 3/4	– 6 1/2	378 1/2	340	– 31 3/4	342 1/2	– 29 1/4
1995	401 1/2	373 1/2	– 28	378	349	– 24 1/2	349 3/4	– 23 3/4
1996	512 1/4	519 1/2	7 1/4	533	495	– 24 1/2	512 1/2	– 7
1997	381 1/4	359 3/4	– 21 1/2	380	351	– 8 3/4	373	13 1/4
1998	325 3/4	337 1/4	11 1/2	347	316	– 21 1/4	327 1/2	– 9 3/4
1999	276 1/4	275 1/2	– 3/4	274 1/2	236 1/2	– 39	237 1/4	– 38 1/4
2000	248 1/2	256 1/4	7 3/4	273 1/2	244	– 12 1/4	247	– 9 1/4
2001	279 1/2	273	– 6 1/2	273	256 1/4	– 16 3/4	265	– 8
2002	289	286	– 3	288 1/4	266 1/4	– 19 3/4	267 1/4	– 18 3/4
2003	325	320 1/2	– 4 1/2	338	308 1/2	– 12	312 1/2	– 8
2004	377	389	12	395	364	– 25	380 3/4	– 8 1/4
2005	307 1/2	291	– 16 1/2	337 1/2	287	– 4	337 1/4	46 1/4
2006	339 1/4	343 1/4	4	378	337 1/2	– 5 3/4	370 1/4	27
	Averages		**0**			**– 19**		**– 6 1/4**
	# Up		**10**		**Subseq Avg Break**	**– 20 1/2**		**– 7 1/4**
						# Up Feb After Up Jan		**1**
						# Down Feb After Up Jan		**9**

JANUARY

Martin Luther King Jr. Day (Market Closed)

MONDAY
15

Genius is one percent inspiration and ninety-nine percent perspiration.
— Thomas Alva Edison (American inventor, 1093 patents, 1847–1931)

TUESDAY
16

CL	44.4	**NG**	47.4	**GC**	42.1	**SI**	47.4
S	47.4	**W**	57.9	**C**	61.1	**LC**	61.1
LH	38.9	**KC**	52.6	**CC**	47.4	**SB**	22.2

I never buy at the bottom and I always sell too soon. — Baron Nathan Rothchild's success formula (London financier, 1777–1836)

WEDNESDAY
17

CL	52.6	**NG**	73.7	**GC**	27.8	**SI**	66.7
S	61.1	**W**	36.8	**C**	68.4	**LC**	47.4
LH	47.4	**KC**	38.9	**CC**	42.1	**SB**	66.7

I am glad that I paid so little attention to good advice; had I abided by it I might have been saved from my most valuable mistakes.
— Gene Fowler (Journalist, screenwriter, film director, biographer, 1890–1960)

THURSDAY
18

CL	66.7	**NG**	55.6	**GC**	68.4	**SI**	72.2
S	57.9	**W**	47.4	**C**	52.6	**LC**	44.4
LH	66.7	**KC**	57.9	**CC**	63.2	**SB**	36.8

If the world were a logical place, men would ride sidesaddle. — Rita Mae Brown

FRIDAY
19

CL	31.6	**NG**	42.1	**GC**	57.9	**SI**	42.1
S	47.4	**W**	57.9	**C**	47.4	**LC**	42.1
LH	47.4	**KC**	47.4	**CC**	57.9	**SB**	36.8

Under capitalism, the seller chases after the buyer, and that makes both of them work better;
under socialism, the buyer chases the seller, and neither has time to work. — Andrei Sakharov's Uncle Ivan

SATURDAY
20

SUNDAY
21

A TALE OF TWO DEMAND STRUCTURES: PLATINUM VS. GOLD IN THE 1ST QUARTER

Platinum is used primarily by the automotive industry in the production of catalytic converters, and in jewelry and electronics as well. The lion's share of the demand for Gold comes from the jewelry industry.

The demand for Gold tends to wane in the first quarter, after the holiday shopping season is over. At the same time, the demand for Platinum tends to increase, as the automotive industry begins gearing up production for the release of new model year cars. As such, Platinum prices tend towards strength in the 1st quarter, while Gold prices tend to languish.

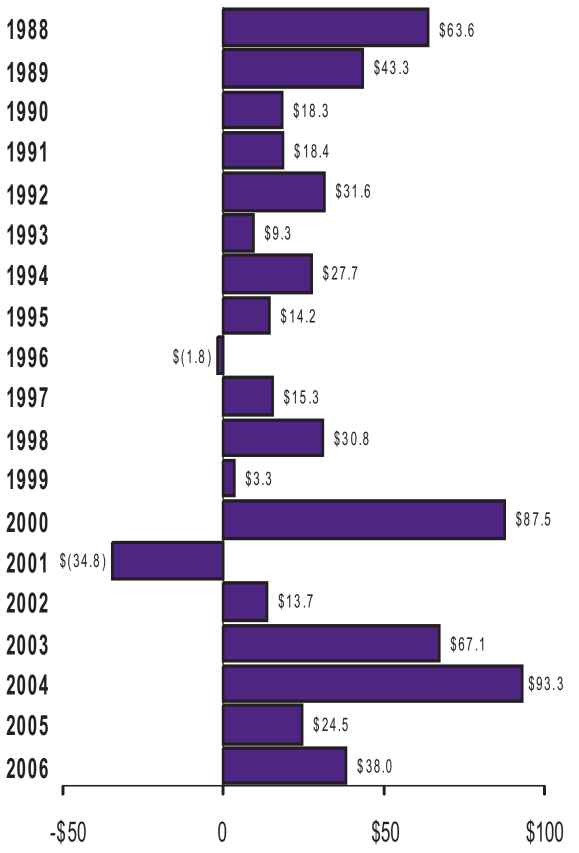
During the 19-year period from January 1988 to March 2006, April Platinum futures have gained relative to April Gold futures in 17 years (89.5%). On average, April Platinum has gained $29.6/oz relative to April Gold.

In the world of commodity trading, a position entailing buying (long) one commodity and selling (short) a similar but different commodity is known as an "Intercommodity" spread (see page 26) position — like long April Platinum and short April Gold. Such positions benefit when the long (purchased) contract gains in value relative to the short (sold) contract, as April Platinum has done relative to April Gold futures in 17 of the last 19 years from the beginning of January through the end of March.

In order to take advantage of this "Inter-Market" spread properly, traders have to even out the contract sizes. Platinum futures represent 50 ounces of Platinum, while Gold futures represent 100 ounces of Gold. As such, traders must purchase 2 contracts of Platinum, and sell 1 contract of Gold, so each futures position represents 100 ounces.

Long 2 Platinum versus short 1 Gold futures contract is an exchange-recognized spread position and as such may be subject to lower margin requirements, though not necessarily, as margins are subject to change without notice.

APRIL PLATINUM — APRIL GOLD
January to March Dollars Per Ounce Changes



MONDAY 22

CL	52.6	**NG**	36.8	**GC**	57.9	**SI**	52.6
S	57.9	**W**	66.7	**C**	44.4	**LC**	26.3
LH	36.8	**KC**	44.4	**CC**	63.2	**SB**	61.1

As investors, we are only the limited product of our own experiences and therefore vulnerable unless we read and assimilate the accumulated wisdom of the great ones. And financial history definitely tends to repeat itself. — Barton Biggs

TUESDAY 23

CL	36.8	**NG**	36.8	**GC**	63.2	**SI**	52.6
S	52.6	**W**	36.8	**C**	31.6	**LC**	38.9
LH	36.8	**KC**	55.6	**CC**	52.6	**SB**	42.1

There are no secrets to success. Don't waste your time looking for them. Success is the result of perfection, hard work, learning from failure, loyalty to those for whom you work, and persistence. — General Colin Powell

WEDNESDAY 24

CL	52.6	**NG**	47.4	**GC**	36.8	**SI**	68.4
S	38.9	**W**	42.1	**C**	61.1	**LC**	47.4
LH	63.2	**KC**	57.9	**CC**	44.4	**SB**	55.6

The men who can manage men manage the men who manage only things, and the men who can manage money manage all. — Will Durant

THURSDAY 25

CL	57.9	**NG**	47.4	**GC**	57.9	**SI**	57.9
S	68.4	**W**	55.6	**C**	66.7	**LC**	63.2
LH	57.9	**KC**	31.6	**CC**	42.1	**SB**	47.4

With enough inside information and a million dollars, you can go broke in a year. — Warren Buffett

FRIDAY 26

CL	55.6	**NG**	52.6	**GC**	61.1	**SI**	63.2
S	36.8	**W**	44.4	**C**	55.6	**LC**	47.4
LH	47.4	**KC**	61.1	**CC**	55.6	**SB**	31.6

When a country lives on borrowed time, borrowed money, and borrowed energy, it is just begging the markets to discipline it in their own way at their own time. Usually the markets do it in an orderly way — except when they don't.
— Thomas L. Friedman (Op-ed columnist, *New York Times,* February 24, 2005)

SATURDAY 27

SUNDAY 28

FEBRUARY ALMANAC

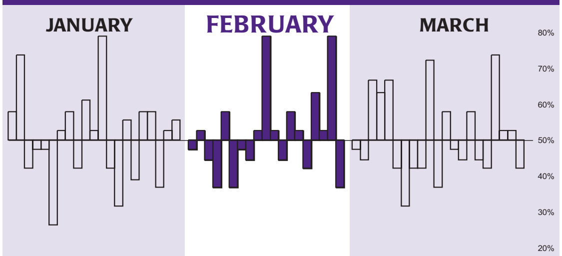
FEBRUARY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

MARCH

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

CBOT WHEAT



Market Probability Chart above is a graphic representation of CBOT Wheat futures taken from the Market Probability Calendar on page 149

PETROLEUM FUTURES: Crude Oil futures mixed in February (up 9 / down 10) ◆ February breaks reversed in March (7 of 8) basis June Crude ◆ Best Februarys in Natural Gas follow strong Januarys ◆ June Natural Gas rallies in February continue in March (8 of 10).

METALS FUTURES: 1st quarter gold demand is usually weak ◆ Platinum and Silver tend to gain relative to Gold ◆ April Gold down 12 / up 7 in last 19 years ◆ May Silver up 8 / down 11 ◆ Despite poor batting averages, May Silver gained an average of 4.2 cents/ounce in February since 1987 ◆ Worst Februarys have followed January weakness.

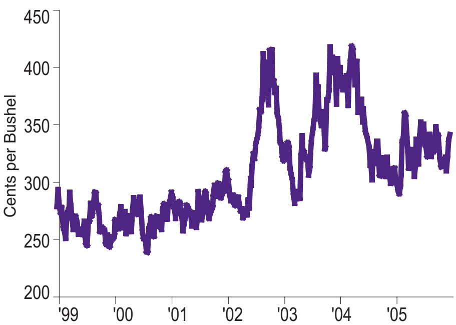
GRAIN FUTURES: March CBOT Wheat down 15 of last 19 ◆ Worst Februarys have followed January strength in Wheat ◆ 9 of 11 March CBOT Wheat rallies in January have been reversed in February ◆ Soybeans tend towards strength as southern hemisphere producers (Brazil/Argentina) begin harvest ◆ 9 of last 12 February rallies have continued through March basis May Soybeans.

LIVESTOCK FUTURES: Generally a strong month for Live Cattle (up +9.575 cents/lb) ◆ 10 of 15 January rallies have continued through February basis April Live Cattle ◆ Mixed month for Hog futures (up 8 / down 11) ◆ Watch for breaks following January strength in April Hogs ◆ 7 of 11 February rallies have continued through March basis June Hogs.

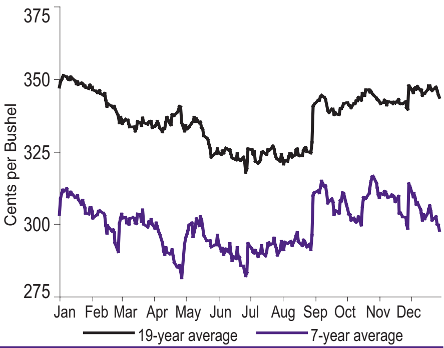
SOFTS FUTURES: January weakness continues in February (7 of 10) basis May Sugar ◆ February weakness is often reversed in March (7 of 10) basis May Sugar ◆ Ivory Coast main crop harvest finale causes February weakness in May Cocoa to continue through March (6 of 8).

COMMODITY SPOTLIGHT CBOT WHEAT

WEEKLY NEARBY WHEAT FUTURES
1999 TO 2005



AVERAGE WHEAT PRICES
1987 TO 2005



The combination of dwindling winter risk coupled with increased wheat sales to meet tax and lease obligations pressures CBOT Wheat futures in February (down 15 of last 19).

MONDAY
29

CL	47.4	**NG**	47.4	**GC**	36.8	**SI**	38.9
S	47.4	**W**	47.4	**C**	44.4	**LC**	47.4
LH	47.4	**KC**	31.6	**CC**	36.8	**SB**	44.4

Chance favors the informed mind. — Louis Pasteur (French chemist, founder of microbiology, 1822–1895)

TUESDAY
30

CL	66.7	**NG**	52.6	**GC**	33.3	**SI**	44.4
S	36.8	**W**	44.4	**C**	38.9	**LC**	36.8
LH	44.4	**KC**	42.1	**CC**	57.9	**SB**	33.3

In investing, the return you want should depend on whether you want to eat well or sleep well. — J. Kenfield Morley

WEDNESDAY
31

CL	44.4	**NG**	44.4	**GC**	31.6	**SI**	36.8
S	31.6	**W**	52.6	**C**	33.3	**LC**	42.1
LH	47.4	**KC**	36.8	**CC**	21.1	**SB**	47.4

Good judgment comes from experience, and often experience comes from bad judgment. — Rita Mae Brown

THURSDAY
1

CL	44.4	**NG**	44.4	**GC**	31.6	**SI**	36.8
S	47.4	**W**	72.2	**C**	33.3	**LC**	55.6
LH	52.6	**KC**	36.8	**CC**	21.1	**SB**	47.4

When the market goes against you, you hope that every day will be the last day — and you lose more than you should had you not listened to hope. And when the market goes your way, you become fearful that the next day will take away your profit and you get out — too soon. The successful trader has to fight these two deep-seated instincts. — Jesse Livermore

FRIDAY
2

CL	47.4	**NG**	55.6	**GC**	66.7	**SI**	57.9
S	38.9	**W**	68.4	**C**	55.6	**LC**	44.4
LH	52.6	**KC**	57.9	**CC**	47.4	**SB**	26.3

Science (or "speculation") is a wonderful thing if one does not have to earn one's living at it.
— Albert Einstein (German/American physicist, 1921 Nobel Prize, 1879–1955)

SATURDAY
3

SUNDAY
4

THE FABLED FEBRUARY BREAK IN WINTER WHEAT

Winter Wheat, the type represented by the Chicago Board of Trade (CBOT) Wheat futures, is planted in October/November and harvested during the summer. Typically, near year-end, farmers tend to postpone marketing (sales) of their crops for tax abatement purposes into the New Year — effectively postponing tax payments on sales into the following tax year.

However, as the New Year rolls forward, cash-flow management forces many producers to sell. Typically in March and April, lease payments and taxes are due. Transportation difficulties along the major waterways cause supply excesses near production centers, adding to price pressures in February.

These pressures on prices can be seen by the fact that March CBOT Wheat futures have declined in February 15 times (78.9%) during the 19-year period from 1988 to 2006. Since 1988, March CBOT Wheat futures have lost a total of -120 3/4 cents/bu (average -6 1/4) for the whole month February and fell a total of -690 cents/bu (average -36 1/4) for the Janaury high to the February low.

Traders should note that the worst February CBOT Wheat breaks have followed January rallies — see page 16 — proving that the "Trend Is Not Always Your Friend" in the commodity futures markets.

MARCH CBOT WHEAT FUTURES CENTS PER BUSHEL CHANGES

Date	Jan High	Jan Low	Jan Close	Feb High	Feb Low	February Breaks Jan High-Feb Low	Feb Close	Feb Change
1988	336 1/2	311 1/4	326	339	309 1/2	– 27	315 1/2	– 10 1/2
1989	449	428 1/2	440 1/2	439 1/2	419 1/2	– 29 1/2	436 1/4	– 4 1/4
1990	412	371 1/2	375 3/4	398 1/4	373 1/4	– 38 3/4	393 1/4	17 1/2
1991	264	244 1/2	263	263 1/2	248	– 16	259 3/4	– 3 1/4
1992	442 3/4	392 1/2	440 1/4	463 1/4	401	– 41 3/4	401 1/2	– 38 3/4
1993	393	353	380	380 1/2	356 1/4	– 36 3/4	372 1/4	– 7 3/4
1994	394 1/2	361	371 3/4	378 1/2	340	– 54 1/2	342 1/2	– 29 1/4
1995	402 3/4	363 1/4	373 1/2	378	349	– 53 3/4	349 3/4	– 23 3/4
1996	527 1/2	473	519 1/2	533	495	– 32 1/2	512 1/2	– 7
1997	399 3/4	357	359 3/4	380	351	– 48 3/4	373	13 1/4
1998	348	319 1/4	337 1/4	347	316	– 32	327 1/2	– 9 3/4
1999	294	263	275 1/2	274 1/2	236 1/2	– 57 1/2	237 1/4	– 38 1/4
2000	269	241	256 1/4	273 1/2	244	– 25	247	– 9 1/4
2001	294 1/2	268	273	273	256 1/4	– 38 1/4	265	– 8
2002	313 1/4	283 1/2	286	288 1/4	266 1/4	– 47	267 1/4	– 18 3/4
2003	339	307 1/2	320 1/2	338	308 1/2	– 30 1/2	312 1/2	– 8
2004	407	373	389	395	364	– 43	380 3/4	– 8 1/4
2005	312	287 1/2	291	337 1/2	287	– 25	337 1/4	46 1/4
2006	350	321 1/2	343 1/4	378	337 1/2	– 12 1/2	370 1/4	27
					Totals	**– 690**		**– 120 3/4**
					Averages	**– 36 1/4**		**– 6 1/4**
							# Up	**4**
							# Down	**15**

FEBRUARY

MONDAY
5

CL	47.4	**NG**	61.1	**GC**	52.6	**SI**	52.6
S	57.9	**W**	61.1	**C**	57.9	**LC**	52.6
LH	31.6	**KC**	47.4	**CC**	61.1	**SB**	55.6

Brilliant men are often strikingly ineffectual; they fail to realize that the brilliant insight is not by itself achievement. They never have learned that insights become effectiveness only through hard systematic work.
— Peter Drucker (Management consultant, "The man who invented the corporate society," born in Austria 1909)

TUESDAY
6

CL	52.6	**NG**	36.8	**GC**	42.1	**SI**	57.9
S	44.4	**W**	42.1	**C**	31.6	**LC**	66.7
LH	52.6	**KC**	42.1	**CC**	44.4	**SB**	47.4

Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all. — Dale Carnegie

WEDNESDAY
7

CL	42.1	**NG**	73.7	**GC**	36.8	**SI**	47.4
S	47.4	**W**	42.1	**C**	52.6	**LC**	44.4
LH	42.1	**KC**	57.9	**CC**	47.4	**SB**	55.6

Education is when you read the fine print. Experience is what you get if you don't. — Pete Seeger

THURSDAY
8

CL	47.4	**NG**	52.6	**GC**	21.1	**SI**	26.3
S	42.1	**W**	57.9	**C**	55.6	**LC**	47.4
LH	61.1	**KC**	52.6	**CC**	42.1	**SB**	31.6

An educated person is one who has learned that information almost always turns out to be, at best, incomplete and very often false, misleading, fictitious, mendacious — just dead wrong. — Russell Baker

FRIDAY
9

CL	52.6	**NG**	47.4	**GC**	72.2	**SI**	68.4
S	61.1	**W**	66.7	**C**	72.2	**LC**	72.2
LH	57.9	**KC**	47.4	**CC**	57.9	**SB**	44.4

I am opposed to millionaires, but it would be dangerous to offer me the position.
— Mark Twain (American novelist and satirist, pen name of Samuel Longhorne Clemens, 1835–1910)

SATURDAY
10

SUNDAY
11

WINTER KILL CAUSES KCBT WHEAT GAINS RELATIVE TO CBOT WHEAT

Kansas City Board of Trade (KCBT) Wheat tends to be the strongest class of Wheat as the marketplace begins to brace for the winter wheat harvest. In most years, KCBT Hard Red Winter Wheat commands a premium over CBOT Soft Red Winter Wheat, due to its higher protein content. At the end of January, May KCBT Wheat traded at a premium to the May CBOT Wheat +10 3/4 cents/bushel on average from 1988 through 2006. KCBT Wheat traded at a discount to CBOT Wheat in only 5 of the 19 years.

The relative performance of KCBT Wheat over CBOT Wheat may be due to the fact that KCBT Hard Red Winter Wheat is grown in more northern climates, with greater temperature fluctuations. The crop is more susceptible to damage, especially from heaving (thawing and refreezing of the ground) which causes soil to expand and contract, potentially damaging the wheat crop. Because CBOT Soft Red Winter Wheat is grown in more southern climates, this type of damage is less prevalent.

Since 1988, May KCBT Wheat futures gained relative to May CBOT Wheat futures in 15 of the 19 years (78.9%) from February through April for an average gain differential of +9 1/4 cents/bushel.

Traders can take advantage of the gain in KCBT Wheat relative to CBOT Wheat by establishing an "Intermarket" spread position (see page 26). This involves buying one futures contract on one exchange (like May KCBT Wheat) and simultaneously selling the same commodity and contract month on a different exchange (like May CBOT Wheat). The position will be profitable if the purchased (long) contract either gains in value more than, or decreases in value less than, the sold (short) contract.

MAY KCBT WHEAT VS. CBOT WHEAT FUTURES JANUARY TO APRIL CENTS PER BUSHEL DIFFERENCES

	May KCBT Wheat			May CBOT Wheat			KCBT – CBOT		
Date	January Close	April Close	Feb - Apr Change	January Close	April Close	Feb - Apr Change	January Close	April Close	Feb - Apr Change
1988	312 3/4	305 1/4	– 7 1/2	327	304 1/2	– 22 1/2	– 14 1/4	3/4	15
1989	429	428 3/4	– 1/4	435	417 1/2	– 17 1/2	– 6	11 1/4	17 1/4
1990	369 1/2	374 1/4	4 3/4	362 3/4	374 1/4	11 1/2	6 3/4	0	– 6 3/4
1991	273	282 1/4	9 1/4	271 1/4	272 3/4	1 1/2	1 3/4	9 1/2	7 3/4
1992	420 3/4	358	– 62 3/4	421 1/2	372 1/4	– 49 1/4	– 3/4	– 14 1/4	– 13 1/2
1993	339 1/4	323	– 16 1/4	352 3/4	348	– 4 3/4	– 13 1/2	– 25	– 11 1/2
1994	350	346 1/2	– 3 1/2	353 3/4	326 1/2	– 27 1/4	– 3 3/4	20	23 3/4
1995	360	356 1/4	– 3 3/4	358 3/4	350 1/2	– 8 1/4	1 1/4	5 3/4	4 1/2
1996	491	672	181	485 1/2	641 1/2	156	5 1/2	30 1/2	25
1997	366 1/2	457	90 1/2	348 1/2	423	74 1/2	18	34	16
1998	357 1/2	315 1/2	– 42	347 1/4	289 3/4	– 57 1/2	10 1/4	25 3/4	15 1/2
1999	318	278	– 40	285 1/2	259	– 26 1/2	32 1/2	19	– 13 1/2
2000	294	271	– 23	268	242 1/4	– 25 3/4	26	28 3/4	2 3/4
2001	328 3/4	331	2 1/4	285	272 3/4	– 12 1/4	43 3/4	58 1/4	14 1/2
2002	291 1/2	274	– 17 1/2	289 3/4	261 3/4	– 28	1 3/4	12 1/4	10 1/2
2003	340 1/2	321 1/2	– 19	313	279 1/2	– 33 1/2	27 1/2	42	14 1/2
2004	395 1/2	394	– 1 1/2	395	381 1/2	– 13 1/2	1/2	12 1/2	12
2005	317	341	24	298 3/4	318	19 1/4	18 1/4	23	4 3/4
2006	401	429 3/4	28 3/4	354 1/2	346 1/4	– 8 1/4	46 1/2	83 1/2	37
		Totals	**103 1/2**			**– 72**	**202**		**175 1/2**
		Averages	**5 1/2**			**– 3 3/4**	**10 3/4**		**9 1/4**
		# Up	**7**			**5**	**14**		**15**
		# Down	**12**			**14**	**5**		**4**