

FORTUCAST AGRICULTURAL TIMER

TIMING AND TECHNICAL TALK BY BARRY ROSEN

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**UPDATED SEPTEMBER 23 FOR MARKETS OF SEPTEMBER 24,
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AGRICULTURAL FUNDAMENTAL BULLETS

(9/24) Grain and soybean futures closed steady to lower on Thursday. Nov beans settled 1/2 cent lower at 537.75 but did print new contract lows for the fourth straight session. Early soybean yields in what were thought to be poorly developed crops in Minnesota are showing numbers in the 40s and 50s when yields in the 30s seemed more realistic going into the harvest. Soybean futures are looking very bearish from a supply perspective. A 3-billion bushel U.S. soybean crop now seems to be a foregone conclusion. Next year's South American soybean crop is projected at 105 million metric tons. Weekly export sales of 36.9 million bushels were better than expected for soybeans and included 17.6 mbu going to China. To reduce the large stockpile of U.S. soybeans following the harvest, China will have to once again be an active buyer—and our prices should be at their liking given abundant supplies. Dec corn closed 2 1/2 cents lower at 207.75 and printed a new contract low for the 10th straight session. As with beans, weekly export sales were much better than expected at 46.4 million bushels but it was not enough to budge the market from oversold conditions. Funds sold an estimated 6,000 corn contracts but commercials bought 5,000. Skeptics think the USDA is too high on its 2.1-billion bushel corn export forecast for the year. CBOT Dec wheat ended 1/2 cent lower at 325.25 after a quiet session. Weekly export sales fell within trade guesses for wheat. Rainy weather in the Plains is a mixed blessing for wheat, as it is good for newly planted winter wheat but is causing harvest delays for the remainder of the spring wheat crop in North Dakota and Minnesota. Funds were light net seller of 1,000 wheat contracts in Chicago. The USDA ag attaché in Australia cut the 04/05 wheat estimate by 3% to 22.9 mmt vs. 23.5 mmt now on the books as the official USDA forecast. Cattle futures finished steady to higher after cash cattle traded at up to \$84.50 and got spillover support from the pork complex. Hog futures closed sharply higher, with most contracts setting new contract highs after cash sales came in better than expected. Hogs also got support from talk about expanded pork exports to both China and Russia.

TODAY'S TRADING RECOMMENDATIONS

- 1) Sell Dec wheat 328 with a 335 stop. Exit 313.50.
- 2) Hold Dec live cattle shorts with a 8845 stop. Exit 8655 oco market on close Friday.
- 3) Sell Nov feeders market on open with a 111.90 stop. Exit 110.30 oco market on close Friday.
- 4) Sell Dec cotton 5005 with a 5105 stop.
- 5) Hold Dec. cocoa longs with a 1475 stop.
- 6) Buy Mar sugar at 856 with an 839 stop.
- 7) Buy Dec coffee at 7915 with a 7715 stop.

DEC. CORN

TRADING RECOMMENDATION: Stand aside.

WEEKLY CHART TREND: Lower to at least 206.

DAILY CHART TREND: Topping.

SWING TARGET DATE AND OBJECTIVE: Lower and recovering.

KEY SUPPORT AND RESISTANCE: Resistance: 213, 215.75, 218.75, 222, 224, 228, 230.50, 232.50, 235, 237.75, 239, 241.50, 244, 246.75, 247.50.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKDOWN: 210 to 206.

TODAY'S EXPECTED DIRECTION: Lower and recovering.

TODAY'S COMMENTS: (9/24) Corn is close to our 206 target that has come in much sooner than we expected. We do see a bounce next week and patterns suggest a 16-point rally at some point before a final push down into harvest. May be a buyer on Monday.

WEEKLY CHART OVERVIEW: (9/16) Now that corn has broken down, patterns are fairly clear to read with the 206 region likely to hold initially but we could see a lower lower into October before it is all done. This winter, rallies could go up to 247.50 and possibly 261 if demand picks up. Probably you will have to sit through a secondary low into around Oct. 13 or Oct. 19-20 when seasons often bottom and then sit through sickly congestion until farmer selling and harvest is done.

TIMING: 9/29 L, 10/5 H, 10/13 L, 10/19-20 L

STRATEGIES: Wait until October to rebuy.

NOV. BEANS

TRADING RECOMMENDATION: Stand aside.

DAILY CHART TREND: Lower.

SWING TARGET DATE AND OBJECTIVE: Higher on Friday.

KEY SUPPORT AND RESISTANCE: (Basis Nov) 631, 624, 618, 610, 600, 594, 591.75, 584, 578, 572, 569, 564, 561, 555, 541, 537, 530, 520, 503, 497.

DAILY CHART BREAK-OF-TREND NUMBERS: (Basis Nov) BREAKOUT: 678;

BREAKDOWN: 525.

TODAY'S EXPECTED DIRECTION: Bottoming and higher.

TODAY'S COMMENTS: (9/24) We are tempted to day-trade the long side on Friday but it has not worked and it seems a safer bet on Monday when a gap up could develop and nice rally could happen into Tuesday with lower price into Wednesday. Look for resistance at 547 and 552. We do not have enough of a handle on patterns to buy but 535 and 530 should hold on Friday.

OVERALL: Still needing to see 583-586 and 589 and we are hoping for another weather scare to get this market back up to a good hedging zone. Still willing to sell the minor "c" wave pattern completion on beans if it comes in at 584-586 or 599. With harvest lows and a Sept. swoon due, we will jump on rallies to sell or hedge, as we should see at least 503 into harvest.

WEEKLY CHART OVERVIEW: (9/9) Nov beans project a 5th-wave target of 503. It's hard to imagine them going lower. Next sale should set up by Sept 8 or so. More inclined to think that September is lower and the market should continue lower into Oct. 13 and Oct. 19-20. Monthly charts would allow a fall to 455 but we are skeptical and think that the 503 region is more reasonable.

TIMING: 9/29 L, 10/5-6 H, 10/13 L

DEC. WHEAT

TRADING RECOMMENDATION: Sell Dec wheat 328 with a 335 stop. Exit 313.50.

DAILY CHART TREND: Topping.

SWING TARGET DATE AND OBJECTIVE: Lower and recovering on Friday.

KEY SUPPORT AND RESISTANCE: 289, 295 303.50, 310, 315.50, 318, 321, 327.50, 330, 335.50, 341, 347, 356, 358, 360.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 345; BREAKDOWN: 309 leading to 303.

SHORT-TERM BREAKOF TREND NUMBERS: BREAKDOWN 327.

TODAY'S EXPECTED DIRECTION: Lower.

TODAY'S COMMENTS: (9/24) We should easily see 320 on wheat with additional support at 315 and 313. If we get a bounce to 328 over the next few days, a sale may set up looking for 313.

WEEKLY CHART OVERVIEW: (9/17) If wheat is doing its 4th-wave bounce, it would project at least a move to the max. 344-347.50. Seasonals are usually positive for wheat into November and geocosmic cycles are positive into early October so it could be that something more positive is happening. After the high, a 5th wave down into Oct. 13 or 19 could take wheat to 285 before a weekly chart 5-wave pattern is complete. First support is at 315 and then 310. Producers will need to see the 4th-wave rally or use Dec. or March puts.

TIMING: 10/13-15 L

DEC. LIVE CATTLE

TRADING RECOMMENDATION: Hold Dec. live cattle shorts with a 8845 stop. Exit 8655 oco market on close Friday.

WEEKLY CHART TREND: Lower to 7770.

DAILY CHART TREND: Researching.

SWING TARGET DATE AND OBJECTIVE: Lower into Friday.

KEY SUPPORT AND RESISTANCE: 8065, 8087, 8150, 8220, 8295, 8330, 8435, 8523, 8610, 8655, 8685, 8705, 8728, 8785, 8865, 8905, 8945, 8960, 9050.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 9050 BREAKDOWN: 8745.

PATTERN ANALYSIS: Research in progress.

CYCLICAL ANALYSIS: Swing low into Friday; higher on Monday.

TODAY'S EXPECTED DIRECTION: Lower.

TODAY'S COMMENTS: (9/24) Cattle had a nice late recovery but it looks like a minor 4th wave that should be followed by a fall to 8650. We will take profits there and look for a bigger bounce starting next week and we may have to be a buyer early on Monday.

BIG PICTURE: Some of our work suggests that this is it for the weekly chart cycle high for cattle and a \$15.00-break to 77.00 is starting into the fall so hedges are necessary. If you are in puts, we still are bearish longer-term but need to do some new research here.

WEEKLY CHART OVERVIEW: (9/10) Cycle lows may temporarily be in but the 7700 target will still come in sometime. We need to do new research to get a handle on when.

KEY DATES: 11/4 L

NOV. FEEDER CATTLE

TRADING RECOMMENDATION: Sell Nov feeders market on open with a 111.90 stop. Exit 110.30 oco market on close Friday.

SWING TARGET DATE AND OBJECTIVE: Researching.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKDOWN: 10590; BREAKOUT: 113.10.

KEY SUPPORT AND RESISTANCE: 104.10, 105.00, 106.20, 107.00, 107.45, 108.60, 108.85, 109.80, 111, 111.87, 112.15, 112.80, 113.40, 114.10, 115.20.

TODAY'S EXPECTED DIRECTION: Higher.

TODAY'S COMMENTS: (9/24) This market is not going lower and we need to exit at support at 110.27 region if it gets there. Should be higher on Monday into Tuesday or so.
CATTLE ON FEED (9/17/04): Bullish. On feed 101 vs. 103 guess; placed 88 vs. 93.5; marketed 93 vs. 91.
KEY DATES: 10/20, 11/3

DEC. LEAN HOGS

TRADING RECOMMENDATION: Stand aside.
SWING TARGET DATE AND OBJECTIVE: Researching.
DAILY CHART BREAK-OF-TREND NUMBER: BREAKDOWN: 6195; BREAKOUT: 7255.
KEY SUPPORT AND RESISTANCE: 6165, 6220, 6340, 6450, 6500, 6650, 6715, 7205.
TODAY'S EXPECTED DIRECTION: Topping and lower.
CYCLICAL INSIGHTS: Congesting before Hogs and Pigs report.
TODAY'S COMMENTS: (9/24) We had nice profits briefly but the market roared back with a major cycle peaking into Monday that should be a top. Too late to chase although some patterns would allow a move to the 7340 region.
COLD STORAGE (9/22): Frozen pork supplies were up 4% from last month at 398.9 million pounds, but down 10% from the previous year. Stocks of pork bellies were down 35% from last month and down 16% from last year at 15.1 million pounds but above the average trade guess of 12.5 million pounds.

DEC. COTTON

TRADING RECOMMENDATION: Sell Dec cotton 5005 with a 5105 stop.
DAILY CHART TREND: Retracing.
SWING TARGET DATE AND OBJECTIVE: Researching.
DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 5610 BREAKDOWN: 4640.
KEY SUPPORT AND RESISTANCE: 4135, 4255, 4445, 4540, 4595, 4625, 4645, 4685, 4748, 4860, 4968, 5150, 5327, 5414, 5505.
TODAY'S EXPECTED DIRECTION: Lower.
TODAY'S COMMENTS: (9/24) Cotton is a day-trade sale on Friday but we cannot rule it coming back to reach up to 5005 into Monday or Tuesday of next week. Willing to sell the 5000 region if it comes in. Patterns to the downside suggest a move to 4431 but we will be patient. The trade usually sells the hurricane news but we are getting tired of this play unless we can do it from the right levels.
FUNDAMENTALS: (9/23) Hurricane Jeanne is in the Bahamas and is expected to reach the U.S. somewhere between Florida and the Carolinas by this weekend. Cotlook lowered its estimate of Chinese cotton production by 400,000 metric tons to 6.0 mmt but increases for the U.S., India and elsewhere accounted for a 300,000-ton increase over their forecast for world cotton production issued last month.
WEEKLY CHART OVERVIEW: (8/20) Cotton is in a 4th-wave rally with a minimum target of 5510 that has come in and an extended target of 5915. Thinking that the market will be lower over the long weekend but not willing to hedge until the week of Sept. 20 when a weekly chart cycle is due. We are expecting another 1747-point fall from the fall high into early winter so producers and hedges may need to consider some March puts on the rally as a hedge. We will be looking for a long-term short. Not sure if current fundamentals will justify such low prices but big crops have a tendency to get bigger.

DEC. COCOA

TRADING RECOMMENDATION: Hold Dec. cocoa longs with a 1475 stop.
WEEKLY CHART TREND: Topping and lower.
DAILY CHART TREND: Bottoming and higher.

SWING TARGET DATE AND OBJECTIVE: Higher into Friday.
KEY SUPPORT AND RESISTANCE: 1420, 1450, 1467, 1536, 1550, 1622, 1653, 1660
1680, 1694, 1722, 1772, 1805, 1825, 1856.
DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 1805; BREAKDOWN:
1585.
CYCLICAL OVERVIEW: Higher into Friday.
TODAY'S EXPECTED DIRECTION: Higher.
TODAY'S COMMENTS: (9/24) Look for resistance at 1540 and 1559 and cycles are
pointing higher into at least Monday and possibly Tuesday before we will see a pullback.
FUNDAMENTALS (9/23): Timely rains in cocoa areas of West Africa continue to
pressure the market; more rain is expected over the next week.
KEY DATES: 9/29 L, 10/15 H

MARCH SUGAR

TRADING RECOMMENDATION: Buy March sugar at 856 with an 839 stop.
WEEKLY CHART TREND: Higher to 914.
DAILY CHART TREND: Higher.
SWING TARGET DATE AND OBJECTIVE: Higher into Monday.
KEY SUPPORT AND RESISTANCE: 726, 739, 750, 774, 792, 806, 820, 833 854, 862,
871, 880, 900.
DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 855; BREAKDOWN: 740.
TODAY'S EXPECTED DIRECTION: Higher.
TODAY'S COMMENTS (9/24) We missed getting long and will buy the 856 gap area
rather than chase this market. Resistance is major at 885 but if that gets taken out, the
market could quickly run to the 914 region.
FUNDAMENTALS (9/23): Sugar has been getting fundamental support from good
physical off-take from recent lows. Expectations for a world production deficit in 2004-
2005 continue to provide underlying support for sugar.
SHORT-TERM KEY DATES: MAJOR: 9/27 H

DEC. COFFEE

TRADING RECOMMENDATION: Buy Dec. coffee at 7915 with a 7715 stop.
WEEKLY CHART TREND: Higher into September.
DAILY CHART TREND: Researching.
SWING TARGET DATE AND OBJECTIVE: Lower into Friday.
CYCLICAL OUTLOOK: Researching.
KEY SUPPORT AND RESISTANCE: 6605, 6774, 6886, 7040, 7150, 7200, 7390, 7490,
7547, 8010, 8176, 8275.
DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 8410 BREAKDOWN:
7395.
TODAY'S EXPECTED DIRECTION: Lower.
TODAY'S COMMENTS: (9/24) Should finish the 2-day pullback at 7910 or max 7745
and given how friendly this market has been, we will buy the higher support level and
hold into Monday/Tuesday.
FUNDAMENTALS: (9/23) Forecasts for rain in Brazil pressured coffee futures. One long-
range forecast calls for light showers in September and plenty of rain in October. Market
bulls contend that Brazil's 05/06 coffee crop will be smaller due to recent adverse
weather and low investment in groves.
WEEKLY CHART OVERVIEW: (9/17) Weekly and monthly chart patterns would still stay
open to a rally to 9955 into 2005 or 2006 if problems develop with next year's crop but
until then harvest pressure is likely to keep this market on the defensive.

CURRENT OPEN POSITIONS

| MARKET | MO. | LONG/ SHORT | ENTRY PRICE | STOP | CLOSING PRICE | OPEN PROFIT/(LOSS) |
|----------------------|-----|----------------|-------------|--------|------------------|-----------------------|
| CORN | DEC | FLAT | | | 207.75 | |
| BEANS | NOV | FLAT | | | 537.75 | |
| WHEAT CHI | DEC | FLAT | | | 325.25 | |
| L. CATTLE | DEC | SHORT | 8865 | 8845 | 8747 | 470 |
| F. CATTLE | NOV | SHORT | 111.00 | 111.90 | 111.45 | (225) |
| HOGS | DEC | FLAT | | | 7120 | |
| COTTON | DEC | FLAT | | | 4882 | |
| COCOA | DEC | LONG | 1505 | 1475 | 1522 | 170 |
| SUGAR | MAR | FLAT | | | 877 | |
| COFFEE | DEC | FLAT | | | 8105 | |
| TOTAL PROFIT/(LOSS): | | | | | | 415 |

Profit or loss totals do not contain commissions.

STP= short-term position trade or hedge.

NOTE (9/17): Due to the complexity of keeping up a daily track record, we are moving toward a monthly update with more detailed info. First monthly update due around Oct. 4.

TRADING STRATEGIES: Day-Trade= 1-day; Swing= 2-5 days; Short-Term Position= 1-3 weeks; Position= 1 month or longer.

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FORTUCAST PRODUCERS SECTION

CORN

SEPTEMBER CROP REPORT (9/10): Bearish. Both production (10.961 bbu) and yields (149.4) would be new records for corn, surpassing last year's crop. Only Minnesota and Wisconsin are not expected to achieve record corn yields due to cool weather all summer and a freeze on Aug. 21-22. US corn ending stocks of 1.209 billion bushels for 04/05 topped the average trade guess of 1.140 bbu and 1.132 bbu last month. World corn ending stocks are up nearly 90 million tons from last month due to higher carryin and production. The projected price range for corn is down 5 cents on each end from last month to \$2.00 to \$2.40 per bushel.

SOYBEANS

SEPTEMBER CROP REPORT (9/10): Mixed. US production at 2.836 billion bushels was lower than expected but world soybean ending stocks are up about 50 million bushels from the August report. The USDA cited cool weather in North Dakota and Minnesota as the reason that their US soybean estimate was 41 mbu below their August 12 estimate and 49 mbu below the average trade guess. Still, a US soybean crop of 2.836 bbu would be the second biggest on record. Yields are expected to average 38.5 bushels per acre. US ending stocks were unchanged for both old crop (105 mbu) and new crop (190 mbu) beans. The U.S. season-average soybean price for 2004/05 is projected at \$5.35 to \$6.25 compared with \$5.40 to \$6.40 per bushel last month, reflecting weaker use and lower corn prices.

WHEAT

SEPTEMBER CROP REPORT (9/10) World wheat ending stocks were unchanged from last month at 142.3 million metric tons when some traders were looking for a slight reduction. World wheat production for 04/05 is projected at a new record high of 610.6 mmt, up nearly 2 mmt from last month. The current record is 610 mmt in 97/98. The biggest production increases are in Ukraine (up 1.5 mmt) and Romania (up 1.2 mmt). The projected price range for wheat is narrowed by 5 cents on either end to \$3.00 to \$3.50.

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