

CSI NEWS JOURNAL

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MONDAY, AUGUST 3, 1987

Boca Raton, Florida

\$5.00

WHAT'S NEW ---

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CSI will be closed for voice contact Labor Day, September 7th, 1987.

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Just a reminder: Our Customer Service Department is here on Saturdays from 9AM to 5PM, should anyone wish to place an order or require technical support. Regular weekday hours are 8AM to midnight.

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A LONG TERM PRICE PREDICTION METHODOLOGY

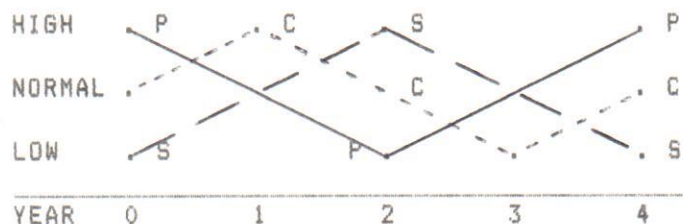
Every commodity market when studied according to its own techno-fundamental characteristics, can be analyzed to forecast future cyclic movement in a way not ordinarily adopted by the commodity technician.

The livestock market, for example, is a product of the corn market and is influenced on a lagged basis by both the gestation period and the feeding period of the animal. A hog, for example, reaches the target marketable weight of around 220 pounds in about six months. The gestation period is 3 months, 3 weeks, and 3 days. Allowing for marketing and a month or so to impregnate the sow produces approximately a one year interval from intent to produce to eventual slaughter.

The hog price cycle is well known to cover a four year interval broken down into four one-year periods. The price in one period affects the size of the pig crop in the next which, in turn, determines the number to be slaughtered. The number slaughtered affects the current price, which influences the next pig crop, etc., in an endless chain. Unfortunately, when the farmer sees high prices today, he is sometimes falsely influenced to produce more hogs, reaping a lower market price one year later. Consequently, the one year delay in bringing the product to market leads to an acceleration in slaughter the next year. When prices are at their highest, slaughter is at its least, and the pig crop (supply) is usually normal and in balance. Based on the one year production period of hogs, it will take one year for the slaughter rate to increase from its lowest levels to its normal or average level, thereby reflecting the size of the previous year's pig crop. Prices will correspondingly decrease from their highest price extreme to average

levels. One year after these high prices and the low slaughter rate the pig crop reaches its highest level. The large pig crop then influences slaughter to rise still further in year two, pushing prices down more so that these two variables are inverse to their respective positions two years earlier. The resulting low prices of hogs influence farmers to avoid breeding them and the high slaughter rate at the end of year two reduces the pig crop to its lowest level in four years at the end of period three. The disappearing pig crop at the end of year three pushes prices up even more with a corresponding decrease in slaughter that takes prices to four year highs and slaughter to a four year low. At this point the four year process repeats.

The following chart graphs this phenomena over time:



Where P is price, S is the level of slaughter and C is the pig crop inventory level.

It isn't absolutely necessary (but it would be helpful) to collect data that reflects the size of the pig crop or the level of slaughter to predict the current price if the production period is well established. In addition, the cost and supply of corn (the primary feed used in hog production) has a great deal to do with the shape of the price curve over time. The above analysis assumes such independent exogenous variables as corn to be a constant, a certain distortion of the facts. Nevertheless, without such an assumption, we could not uncover the relationships between the important variables.

A similar analysis could be devised for other commodities that ties together price, inventory and consumption. Interest rates, money supply, and the demand for capital may be formed into a similar model to understand and project the longer term market levels of interest rates. Under-

standing the associations that are part of a given market often lead to improved trading performance, because cause and effect reactions become the basis for further distant predictions.

QUICKMONEY, a product we hope to soon release, will take advantage of the known cycle lengths and the interrelationship between related commodities to benefit from the inevitable dispersions that regularly occur.

Classical ratios of important parameters may also contribute to a better understanding of price movement for related commodities. Just as a PDI, RSI or stochastic calculation may reveal technical overbought or oversold conditions, a hog to corn ratio, for example, may suggest similar conditions for the hog market when extremes are reached. QUICKMONEY will help the user to examine such situations, but the QUICKSTUDY ratio studies ("Divide Two Contacts") may also contribute valuable information to the trader who adopts a fundamental point of view.

NOTICE TO NON-FLORIDA CUSTOMERS

Effective July 1, 1987, the State of Florida has imposed a tax on the sale or use of any service in this state. In general, if the benefit of the service is enjoyed inside the State of Florida, the service is taxable. However, services sold in Florida for use outside of Florida are exempt if the benefit of the service is enjoyed outside the state.

To claim an exemption, CSI customers who reside outside-of-Florida must complete the enclosed form DR-14A, Exempt Service Purchase Affidavit. Section 2 must be completed by non-Florida businesses, and Section 3 must be completed by non-Florida residents. Section 4 must be signed by everyone claiming an exemption. This affidavit is only a temporary means of claiming exemption until it can be replaced by an Exempt Service Purchase Permit (form DR-14P) which is a blanket exemption, good for five years. CSI has ordered a supply for all our customers and hopes to have them in time for next month's invoicing.

It is important that you complete these forms to avoid the imposition of a 5% sales

tax. If you find you cannot sign the enclosed form, please add 5% to the amount due.

SIX MONTH WARRANTY ON QUICKPC COMPUTERS

All QUICKPC computer systems purchased from Financial Micro-Data Inc. hold a six month warranty. Financial Micro-Data Inc. has extended this warranty at no cost to the consumer due to the high reliability of the machines. Financial Micro-Data has PC, XT, and AT models which may be configured to your specifications. Prices start as low as \$695 for a PC system. You may call Financial Micro-Data Inc. directly at (305) 392-8677 for more information.

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*          MODEM SALE          *
*                               *
* PRACTICAL PERIPHERALS 1200 BAUD INTERNAL *
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COMPU TRAC TAG IX

Compu Trac has asked that we announce that they will hold their ninth annual Technical Analysis Conference in San Francisco, September 18, 19 and 20, 1987.

The conference is open to all traders having an interest in technical analysis of stocks, futures, stock index futures, commodities and options.

Each of the twenty conference speakers will conduct a workshop highlighting their area of technical expertise. The workshop format allows attendees to ask questions and acquire a thorough understanding of new techniques, re-acquaint themselves with classical studies and investigate the factors which make up market behavior.

Eleven 2-hour workshops will be offered. Each workshop is presented twice. The entire weekend is scheduled to allow the attendee to participate in as many different workshops as they wish.

Details and further information can be obtained by writing Compu Trac, Inc. 1017 Pleasant Street, New Orleans, LA 70115 or by calling 1-800-535-7990.

ADVERTISEMENT ENCLOSED

We have two participating advertisers this month, Technical Trading Strategies, Inc.'s Volatility Breakout System, and North American Chicago Corp.'s Ostry-Cohen Trading System. We accept advertisements to accompany our News Journal to defray postage costs. We cannot recommend nor endorse the products or services of any advertisers.

ADDITIONS TO THE STOCK DATA BANK

5606 ERC	ERC Int'l Inc.	870622
5607 FEN	Fairchild Ind.	870622
5608 DYN	Dynallectron Corp.	870622
5609 WGL	Washington Gas Light	870622
5815 WDC	Western Digital Corp.	870622
5971 CSBF	Citizens Savings Bank	870622
5972 HOOP	Hooper Holmes Inc.	870622
5973 NASA	N. American Saving Asso.	870626
5974 AMBJ	American Cities Business Journal	870626
5242 STB	Southeast Banking Corp	870629
5611 POM	Potomac Utilities	870102
5600 MKC	Marion Lab	870324
5610 BLC	Belo A H	870102
5598 GER	Gerber Scientific Inc.	870324
5613 MBI	MBIA Inc.	870701
5614 EII	E-II Hldg.	870702
5757 KDE	Kiddie Co.	870707
5612 RCI	Reichold Chemicals	870625
5898 PNP	Pay 'N Pak	870708
5899 PCF	Putham Hi Inc.	870709
5897 LTR	Loews Corp.	870710
5896 MNR	Manor Care	870710
5895 TRB	Tribune Co.	870710
5894 ERB	Erbamont NV	870710
5893 BCM	Banco Central SA Dep SH	870710
5892 PVH	Phillips-Van Heusen Cp	870710
6046 VGPMX	Vanguard Specialized Port	870715

The following stocks all started on 870723.

5128 CHM	Champion Spark Plug
5802 BFDA	Braun-Forman Inc. Class A
5975 WLKR	Walker (BB) Co.
5461 UCT	United Cable TV
5582 BRK	Broadway Inc.
5890 TIN	Temple-Inland Inc.
5816 LT	Lorimar Telapictures
5889 PDQ	Prime Motor Inns Inc.

STOCK ADDITIONS cont.

5888 RBD Rubbermaid Inc.
 5957 CTCO Cross & Treker Co.
 5887 DLX Deluxe Check Printers
 5886 NSI National Service Ind.
 5885 SRV Service Corp Int'l
 5884 SYV Sysco Corp.
 5976 JERR Jerrico Inc.
 5883 GPS Gap Inc.
 5882 NBD NBD Bancorp Inc.
 5881 WFC Wells Fargo & Co.

The following Mutual Funds all started on 870706.

6097 ACRNX Acorn Fund, Inc.
 6098 EVGRX Evergreen Fund
 6099 EVTRX Evergreen Total Return Fd Inc.
 6140 TEGTX Twentieth Century Giftrust Investor
 6141 TWCIX Twentieth Century Growth
 6142 TWCIX Twentieth Century Select Inv.
 6143 TWUSX Twentieth Century US Gov't
 6144 TWCUX Twentieth Century Ultra Invest.
 6145 TWCUX Twentieth Century Vista Invest.
 6148 PHAGX Pacific Horizon Aggressive Growth Port.
 6149 PHHYX Pacific Horizon Hi Yield Bond Port.
 6150 CHTRX AIM Funds Charter Fund
 6151 CSTGX AIM Funds Consellation Growth Fund
 6152 CONVX AIM Funds Conv. Yld Securities
 6153 EDSNX AIM Funds Greenway Fund Inc.
 6154 HGSIX AIM Funds High Yield Securities
 6155 WEINX AIM Funds Weingarten Equity Fund
 6157 USCRX USAA Multi Fund Group Cornerstone Fund
 6158 USAAX USAA Multi Fund Group Growth Fund
 6159 USAUX USAA Multi Fund Group Sunbelt ERA

CHANGES TO THE STOCK DATA BANK

5113 BHI is the symbol not BHII.
 5026 SRD Standard Oil Ohio merged with BP British Petroleum on 870630.
 5481 GOC Gulf Canada is now w/ GOVI.
 5542 LTC Leaseway Transportation was acquired by an investors group for \$51.00 a share on 870625.
 5242 JOY Joy Manufacturing had a leveraged buyout of \$35.00 a share.
 5749 RYN Ryan Homes Inc. was acquired by NVR Ryan Homes on the American Exchange on 870622.

5692 ARH Anchor Hocking was acquired by NWL Newell B. on 870702.
 5128 REV Revlon was acquired by MacAndrews & Forbes for \$20.10 cash per share on 870707, Private.

STOCK SPLITS

STK #	COMPANY NAME	DATE OF SPLIT	DATE OF SPLIT
5119	MCD McDonalds Corp.	3/2	870623
5506	REN Rollins Environmental Svc. Inc.	3/2	870625
5611	POM Potomac Utilities	2/1	870519
5600	MKC Marian Lab	2/1	870421
5172	PRD Polaroid Corp.	2/1	870629
5392	ASN Alco Standard Corp	2/1	870629
5175	SQB Squibb Corp.	2/1	870630
5948	NASX Masco Ind. Inc.	2/1	870630
5505	ZRN Zurn Ind.	2/1	870701
5645	Y.I Allegheny Corp.wi	3/2	870701
5753	WEC Wisconsin Energy	2/1	870701
5917	NOBE Nordstrom Inc.	2/1	870701
5311	RLM Reynolds Metals	2/1	870702
5438	OG Ogden Corp.	2/1	870706
5137	WMT Wal-Mart Stores	2/1	870713
5226	JWC Walter (Jim) Corp.	5/4	870713
5569	IR Ingersoll-Rand Co.	5/2	870713
5523	UN Univever LTD NV Shr	5/1	870714
5169	ABX American Barrick	2/1	870716

ADDITIONS TO THE COMMODITY DATA BANK

COMMODITY NUMBER: 180
 COMMODITY NAME: LONG TERM JAPANESE BOND
 SYMBOL: LG
 EXCHANGE: LIFFE
 UNIT OF MEASURE: YEN
 CONTRACT SIZE: 100,000,000 YEN
 DELIVERY MONTHS: 3, 6, 9, 12
 CONVERSION FACTOR: +2
 FIRST DAY ON FILE: 870713

LONDON COMMODITY CHANGES

1. Volume figures for all London Metals are now given in lots, not in tonnes.
 25 tonnes is equal to 1 lot for Copper #38, Lead #47, Zinc #48, Aluminum #82 and #92. 6 tonnes equals 1 lot for Nickel #80.
2. The method of calculation adopted by our source of the open interest figures for commodity #49-London Cocoa, #50-London

Chris Bicknell, a long time customer of CSI has been instrumental in rationalizing these matters. He has been following London Commodities generally for 18 years as a broker for Prudential Bache based in Toronto. He would be happy to answer any inquiries regarding London Commodities and can be reached at (416) 860-3086.

3. Commodity #39 - London Silver is quoted in dollars instead of sterling, effective 7-1-87.
4. Commodity #209 - London FTSE 100 Index (LIFFE) now has a cash price available. The first day on file is 4-21-87. The index is available as a lag day reading only in the form of delivery code #61.

[illegible]

IL	Danville	217/442-1452
IL	Elgin	312/888-8113
IN	Bloomington	812/332-0544
NY	Hempstead	516/481-0150
OH	Newark	614/345-8953
WY	Cheyenne	307/638-0403
Canada		
St. Laurent, Montreal		514/747-2996
Ottawa		613/563-2910

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The following errors were found after the data was first released. They may or may not affect a user depending upon the time of access. The figures in bold print represent the corrected values. The volume and open interest are presented in scientific notation ready for input into an Apple or Commodore computer. The scientific notation requirement of QUICKTRIEVE would require a raw open interest value of 175330, for example, to be stored as 117533 as in the Wheat open interest reading below. A volume or open interest of magnitude 99999 or less requires no adjustment. If you require the raw value (which all IBM users require), convert any six digit number shown below from scientific notation to the raw original form, per above example.

[illegible]

BULK DATA SALE

The following sale prices are now available on IBM-format floppy diskettes. The data files include each normally-traded contract from its inception through its last trading day or through June 30, 1987 for current contracts. Total volume and open interest figures are provided.

ANY ONE COMMODITY	* 1979 - 6/87	\$ 90.00
ANY ONE COMMODITY	* 1969 - 6/87	\$ 165.00
ANY 30 COMMODITIES	1979 - 6/87	\$2,000.00

* subject to the greater of above start date or first day on file per CSI Fact Sheet.

To order, simply contact CSI's Customer Service Department with your request. For smaller purchases, a Copyright agreement form need not be submitted if we have one on file.

Purchasers of 30 commodities or more must submit a signed and notarized agreement for more positive identification.

Custom orders and Apple Data Diskettes will be priced at CSI's standard rates. All prices are subject to change without notice.