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WHAT'S NEW ---

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The staff of Commodity Systems, Inc. would like to wish everyone a Happy Easter. We will be closed Good Friday, April 17, 1987.

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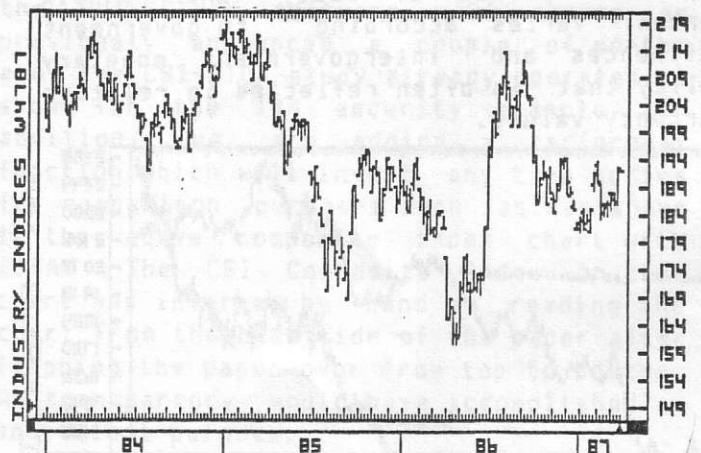
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A NEW LOOK AT CSI
 COMMODITY INDUSTRY INDICES

An important group of daily time series supplied by CSI could greatly improve your perspective for the market you will trade. For about two years, CSI has been delivering about a dozen time series classified by the segment of the commodity industry they serve.

Each time series represents an index of relative prices that can be used to measure the strength of an industry segment. For example, the overall index for livestock (shown below) can be compared directly with a bar chart of live cattle, live hogs, pork bellies or feeder cattle. The trading strategy would be to buy or sell the commodity when the price is inverse to the industry. In other words, should the industry segment appear to be strong or bullish as a whole, and the given commodity demonstrates an opposite aberration, then a purchase of the given commodity may be appropriate because the given commodity should eventually rise to catch up to the industry of which it is a part.



This practice may also be appropriate for the industry segments of grains, energy products, precious metals and oilseeds. Charts displaying the currency and financials may contribute insight into trading

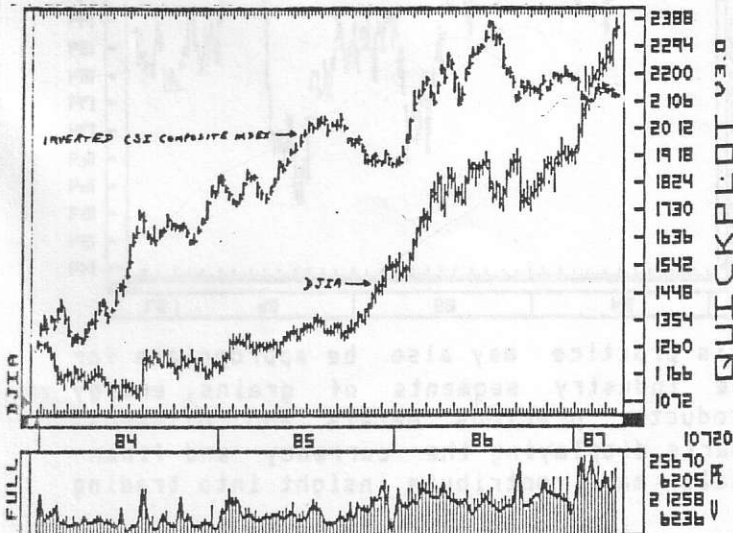
practices, but economic interchangeability may be lacking.

In addition, many other larger group indices offered by CSI will measure various aspects of the U.S. economy. Our "CSI Overall Composite Index" tracks 27 U.S. commodities; the "Miscellaneous Food Product Index" tracks the agricultural sector, our "Industrial Index" tracks non-food commodities, and our "World Economist Index" tracks both U.S. and foreign markets. And, finally, miscellaneous indices in financial and London metal markets round out our diverse index package.

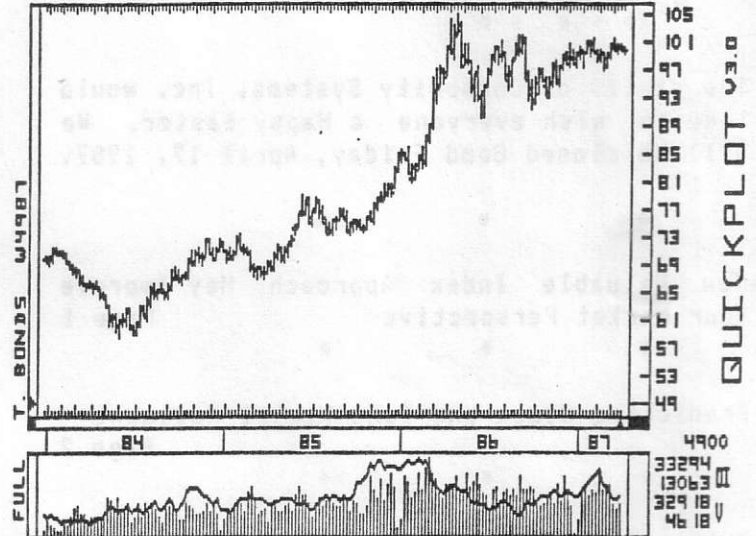
PREDICTING FUTURE STOCK AND BOND MARKET MOVEMENT

Please note the chart below showing the CSI Composite Index and the Dow Jones Industrial Average. There appears to be a month or more of lead time in the index as a predictor of stock market performance. The chart shows the inverted index (the inverse of delivery month 37 of commodity no. 235) leading the market through the 85-87 bull market. It appears the stock market is long overdue for a significant sell-off that could take the Dow significantly lower.

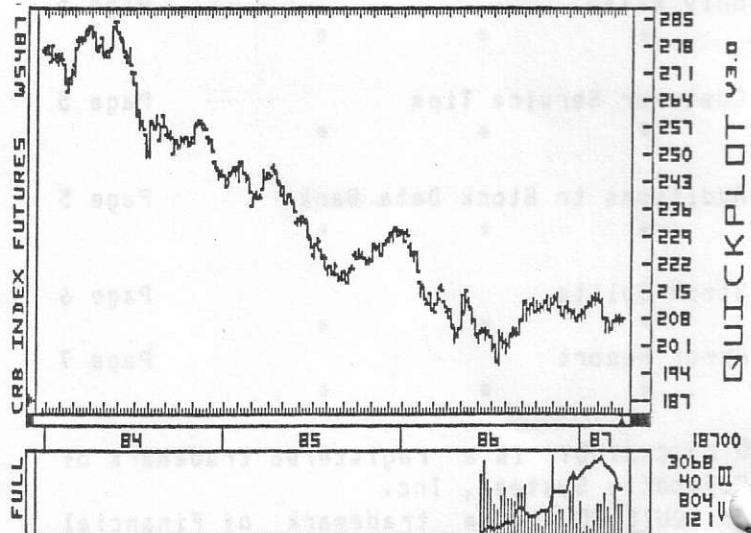
The economic reasoning behind this phenomena may be summed up in the idea that today's raw material prices affect earnings and the cost of money tomorrow. The imprecise period of lead (one to six months) varies according to government influences and intergovernment monetary policy that is often reflected in relative currency values.



The next chart shows the bond market to be even more responsive to the CSI inverted Composite Index. Apparently, the bond market does not share the same degree of enthusiasm as the stock market and is already showing signs of topping. The bond market measures money costs (interest rates) and in our opinion would fall second to raw material as a delayed predictor of security price reaction.



We are also showing the CRB Index which has similar predictive characteristics when displaying in inverted form. The CRB Index, a recently announced candidate for reformulation and redefinition, includes many Canadian commodities priced in Canadian dollars and a heavy concentration of agricultural products. Even so, it can be demonstrated that it too leads the U.S. stock and bond markets.



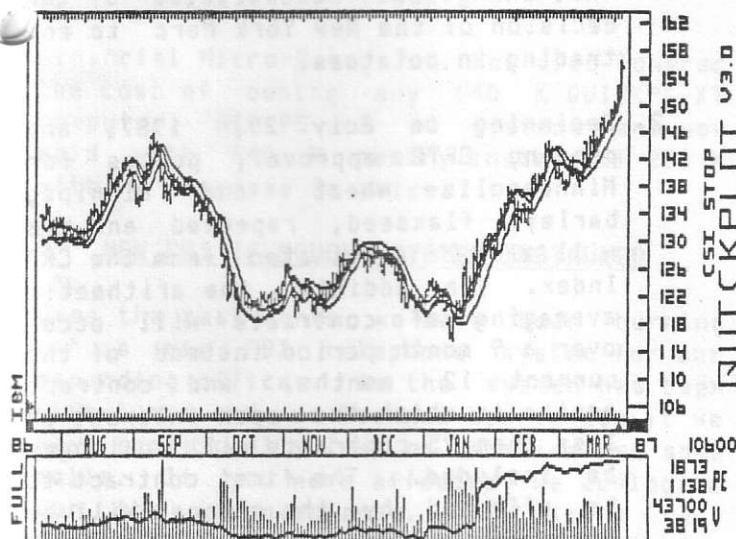
CSI's Industrial Index (delivery month 45 of commodity no. 235) may be an even better predictor of stock and bond market

tivity, but there wasn't time to make an evaluation on this question before going to press.

CSI-STOP AS A MUTUAL FUND SWITCHING TOOL

It may not be well known that CSI offers mutual fund and other ordinary stock data, but the improved CSI-STOP calculation on both the Apple and IBM QUICKSTUDY package may significantly improve your ability to switch your mutual fund or hedge your stock portfolio. (We will add to our data base any fund you may wish to follow on a daily basis)

The IBM chart shown below illustrates how the CSI-STOP levels may be used to move to and from a given security and the money market. Larger portfolio holders of diversified securities and mutual fund managers generally use a medium such as S&P 500 futures to hedge market positions without disturbing their diversified portfolio. CSI-STOP can help you make these decisions.



A fund manager, when confronted with a decision to move out of the active security market may consider shorting a number of S&P 500 futures contracts. When the market turns around, the short position would be covered in hopes of profiting from another swing upward in the market. The holder of mutual funds, adopting a more conservative stance, would probably temporarily switch his fund commitment to his money market account until, according to CSI-STOP, prices rebound.

The CSI-STOP study for IBM shows three lines superimposed over the price. The top line and the bottom line are fairly close together and represent buy-stop and sell-stop thresholds. The middle line has a purpose, but may be excluded from subsequent versions of QUICKSTUDY where stop calculations are required. The center line could be used as a significance level where long positions are sold and short positions covered, but reversals should wait for stop thresholds to be violated.

CSI-STOP may also double as a predictor of tomorrow's high, low and close when the study's "fit factor" input is a value greater than .15, for example.

It is simple to use CSI-STOP. Recognizing that profits can never be guaranteed, the normal procedure we suggest would be to go long the market when the top line is violated on a close-only basis and go short the market when the bottom line is penetrated. Using a close only basis stop, a simple price penetration stop or some other derivative procedure may be appropriate to maximize profits or optimize market switch timing. We do not necessarily recommend any given specific approach, because each may have some general merit according to the commodity or security to be analyzed.

NEW QUICKSTUDY

For IBM PC/XT/AT users only, a number of added capability changes are being made to the QUICKSTUDY software. Of course as previously announced a couple of months ago, the CSI-STOP study already operates as shown for the IBM security example. In addition, we are adding a reciprocal function which will invert any time series for comparison purposes such as was shown in the above composite index chart with DJIA. The CSI Composite Index on that chart was inverted by hand by reading the chart from the back side of the paper after flipping the paper over from top to bottom. A transparency would have accomplished an equivalent purpose.

We have also modified the way in which we will treat the recently announced call/put ratio study by requiring the input data to appear as an artificial option. We therefore changed from what we had identified as a "62" contract to a December put

option with a 9999 striking price. This redefinition makes it possible for us to produce this valuable ratio for security indices as well as for any optionable commodity. Therefore, should you be missing your daily "62" contract in your data feed, please call us so we can advise you on how you can easily switch to the new approach.

Although the change to accommodate the reciprocal calculation may be a major advantage, we are only charging our usual \$25.00 new release fee to anyone who is qualified to take advantage of the new capability. QUICKSTUDY purchasers who paid \$250 or more in the past will qualify. If you became a new user of QUICKSTUDY since 1/1/87, or if you paid \$25 to get the "62" contract data feed analysis software, then there is no charge for the new disk.

NYFE CHANGES CALCULATION GROUND RULES FOR CRB INDEX

In the "My Position" column of the February, 1985 Futures, we publicly identified a number of analytical and procedural defects or flaws in the method used to calculate the CRB's popular commodity index. Our article met with strong defenses and objections by the developer, Bill Jiler, the President of the Commodity Research Bureau. Jiler's rebuttal, printed in the July, 1985 issue of Futures was, in our opinion a very emotional defense of his product.

After several years of study and apparent reservations, the CFTC finally granted approval of the CRB index as a futures market. After less than a year of trading, the NYFE has requested that the CFTC grant approval of a number of changes in the index which will tend to eliminate some of the many objections and reservations CSI announced nearly one and one-half years before.

We are happy to see that through their modifications, the NYFE now officially agrees with many CSI points on how the index should have been constructed.

A significant final change we feel they should make is to employ CSI's perpetual contract to identify each given commodity's price at any given moment. The new

averaging approach they proposed to CFTC will not be as precise as the perpetual approach and will not avoid the coincident contract expiration bias of which we warned. Perhaps this final step will eventually be implemented also. Meanwhile, we wish the NYFE success in their newly revised product which is announced below:

The following insertion is provided to CSI courtesy of John Murphy, author of the popular commodity trading publication "Technical Analysis of the Futures Markets" and a consultant to the New York Futures Exchange.

"The Commodity Research Bureau recently announced changes in the composition of the CRB Futures Price Index, which will require similar adjustments in the NYFE's CRB Index futures contract, which is based on the underlying CRB Index.

1. The first change went into effect on March 2, 1987 when the potato contract was dropped from the index. That change was necessitated by the decision of the New York Merc to end trading in potatoes.
2. Beginning on July 20, 1987, and pending CFTC approval, prices for Minneapolis wheat and Winnipeg barley, flaxseed, rapeseed and rye will also be eliminated from the CRB Index. In addition, the arithmetic averaging of contracts will occur over a 9 month period instead of the current 12 months, and contract months in which the open interest is less than 25 contracts will no longer be included. The first contract to be affected by the changes will be September, 1987.

The amendments should produce a more streamlined index that more accurately reflects current market conditions and should enhance trading in the CRB Index futures contract."

Mr. Murphy is a former technical editor for the Commodity Research Bureau, and is consultant to the New York Futures Exchange.

For more information, please contact:

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(212)656-2731

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Financial Micro-Data, Inc. has also lowered the cost of owning any 640 K QUICKPC-XT computer. All PC and XT systems are now sold with 640 K memory instead of 256 K with no increase in price.

NEW CSI TELEPHONE SYSTEM INSTALLED

Over the past month we have been "burning in" a new PBX telephone system for our expanding offices. As the system has been fine-tuned and we learned how to use it we have occasionally lost or misdirected some calls. If you were affected, we apologize for the inconvenience. It is a very efficient system which includes wiring for an office-wide local area network (LAN). Most of the problems are behind us and we expect to serve you even better in the future.

NOTES FROM CUSTOMER SERVICE

For historical orders placed through the Customer Subsystem to be collected over the phone, please include the first file number under which you wish to pick up the data. Do this using the "Send Message" routine. Suggest a starting file number from 1 to 89. Thirty months of data will fit on

each file, so assume that if additional files are required they will follow in numerical order. If you specify the file number and we receive it between the hours of 8AM and 9PM eastern time Monday through Friday, you can generally assume your order will be filled in two hours.

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ADDITIONS TO THE STOCK DATA BANK

5052	MMT	MFS Multiple Market Income Trust	870305
6018	FMAGX	Magellan Fund	870306
6019	FOSFX	Overseas Fund	870306
5266	SGL	Super Market General	870309
5104	AG	Allegheny Intl Inc.	870309
5965	NBBS	New Bedford Institute for Savings	870312
5966	MINY	Mini Scribe Corp.	870312
5812	ECO	Echo Bay Mines	870310
5269	NLC	Nalco Chemical Co.	870318
5465	CMU	Colonial Muni	870319
5530	LPG	Petro Partners, L.P.	870319
5964	MSCD	Masstor Systems, Corp.	860801
5593	ITX	Int Technology Corp.	870212
5594	HMT	Himont Corp.	870212
5595	DCY	DCNY Corp.	870220

CHANGES TO THE STOCK DATA BANK

5458	LLC	LLC Corp. is now VHI Valhi Corp.
5052	MSA	MESA Petroleum Co. was Reorganized to MLP MESA LP, MLP 5433.