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**Energy & Interest Rates  
Outlook**

**June 21, 2003**

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## Natural Gas Futures July 2003 Contract

### Previous Forecast July 2003 Contract From June 14, 2003

*Though the current outlook chart shows no potential upside resistance levels, many are still there but are shifted somewhat downward. They are not shown simply because of the way I designed the forecasting program. This simply means that, in the event the market reverses upward from near current levels, last week's identified range will come back into play, with slight downward bias.*

*In the event this market continues to move lower, the current downside support range is located at [**\$3.86 to \$4.60**]. Recall that forecasted **support** and **resistance** levels are not predictions the market will move to these levels. Rather, in the event the market does move to these forecasted levels, a potential market reversal is forecasted at the stated level of probability.*

### Natural Gas July 2003 Front-month Contract Looking Back at June 14, 2003



**Natural Gas**  
**August 2003 Front-month Contract**  
**Current Look - June 21, 2003**



**Forecast Accuracy**

N/a.

**Current Outlook**  
**August 2003 Contract**

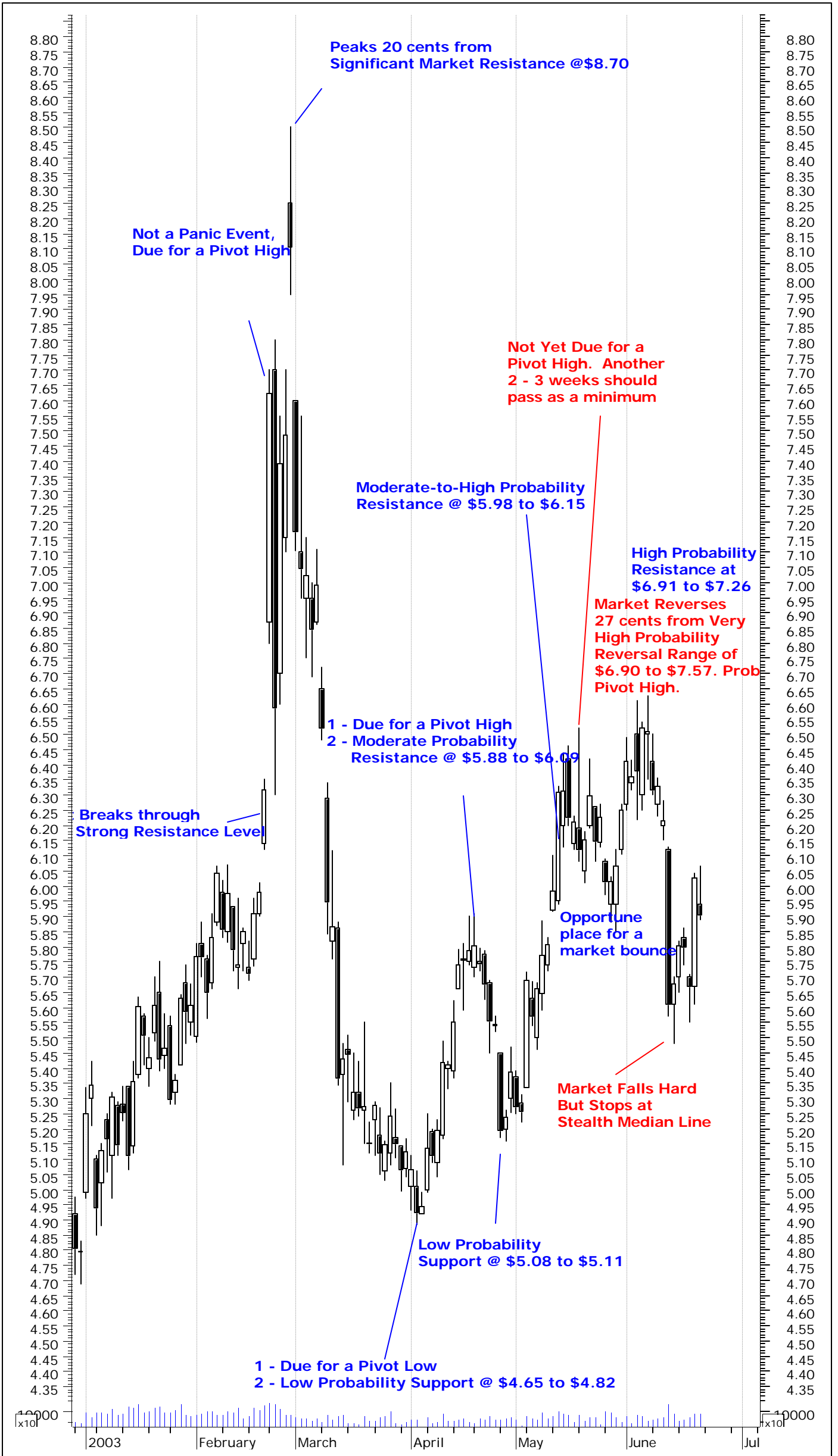
Nothing definitive has transpired since last week's update.

In the event this market continues to move lower, the current downside support range is located at [**\$3.94 to \$4.69**]. The potential support at the lower portion of this range is far more meaningful than the top portion. The [**\$3.94**] potential support level is rated as high-to-very high probability of market reversal in the event the market makes it that low.

In the event this market continues to move higher, the current upside resistance range is confined to a narrow [**\$6.91 to \$7.26**]. This small price range is a very high probability reversal range. In the small probability event prices rise above this range, the potential exists for an explosive upward market move – much like that of February 21, 2003.

Look for bearish natural gas fundamentals to emerge in the event this market approaches [**\$6.91 to \$7.26**] - namely, higher than anticipated storage injections, and/or mild summer temperatures.

Recall that forecasted **support** and **resistance** levels are not predictions the market will move to these levels. Rather, in the event the market does move to these forecasted levels, a potential market reversal is forecasted at the stated level of probability. Prices only apply to the current contract front-month.



# Crude Oil Futures

## Previous Forecast August 2003 Contract From June 14, 2003

*Downside Potential Support Levels - [\$23.11] is the closest identified potential support level. There is no downside forecast at this time. The market can easily bounce above its recent high in the near term, yet I do not think it will surpass [\$32.84] before setting a Pivot High.*

## Crude Oil August 2003 Front-month Contract Looking Back at June 14, 2003



**Crude Oil**  
**August 2003 Front-month Contract**  
**Current Look - June 21, 2003**



**Forecast Accuracy**

N/a.

**Current Outlook**  
**August 2003 Contract**

There are currently eight (8) different near-term market resistance levels impeding upward movement and a single low probability support level. This indicates a high probability that the market will reverse anywhere in the narrow [\$31.41 to \$32.84] range. As stated last week, the market has already bounced off the exact lower portion of this range [\$32.50] from a July 2003 contract perspective. Continuing from last week, the market can easily bounce above its recent high in the near term, yet I do not think it will surpass [\$32.84] before setting a Pivot High. The tentative pivot high and pivot low connectors are of little significance. They simply indicate at least one-half the requirement is met to establish such a pivot.

Looking at the downside, [\$23.11] is of minute significance so it will be ignored. The high probability market support range is located at [\$19.97 to \$21.49].

The bottom line - There is very little upside potential with huge downside risk. Look for bearish crude oil fundamentals to surface – especially in the event the market moves to [\$31.41 to \$32.84].

Recall that forecasted **support** and **resistance** levels are not predictions the market will move to these levels. Rather, in the event the market does move to these forecasted levels, a potential market reversal is forecasted at the stated level of probability. Prices only apply to the current contract front-month.

**30-Year Treasury Rates (TYX)**  
**- Weekly Chart -**  
*Looking Back at June 16, 2003*



**30-Year Treasury Rates**  
**- Daily Chart -**  
**Current Look - June 21, 2003**



**Market Observations**

The Interest Rate market (TYX) bounced nicely [approaching +40 basis points] at the market support level identified earlier in the week. This range will likely hold further downside movement for at least 1 to 2 months. Short T-Bond futures have moved approximately +\$3,500 per contract from Monday's peak. Look for Greenspan's comments and actions this coming week to have little-to-no bearish long-term rate connotations – at least where the market does not move below [3.973%].

- Brian