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*[Note: Charts current through August 2011.]*

**Note:** Monetary values for International Strategies are in local currencies. See contract size in upper right corner of strategy details.

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or (541) 484-7256 - Fax: (541) 484-0243  
Website: <http://www.mrci.com> Email: [sales@mrci.com](mailto:sales@mrci.com)



*The Moore Research Center, Inc. (MRCI), located on 73 secluded acres outside Eugene, Oregon, is sought for its futures market analysis, combining many years of intensive computerized study and the experience of real-time trading. Our hardware and software both are constantly upgraded, giving MRCI the speed and depth of capability to study price movement that we believe are state-of-the-art for the industry.*

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**K**nowledge is the foundation essential to making successful decisions more consistently. Does a prudent investor allocate his financial resources without first researching his timing and his profit/cost potential? Does a successful trader/investor immediately jump at a “hot tip” or the lead story on the front page of *The Wall St. Journal*? Or would he more closely examine his targeted market(s)?

The purpose of this publication is to quantify price history for interest rate futures instruments all along the yield curve. The results are offered from a variety of relevant perspectives and presented in a format useful to those whose business, trading, and/or investment portfolios are directly affected by fluctuations in interest rates. Business executives, investors, and traders alike are encouraged to examine the following, for seasonality can be a primary component in price movement.

### **Seasonal Patterns**

Nearly all markets — real estate, stocks, bonds — are affected by various fundamental forces, many of which are seasonal in nature. Such forces as fiscal calendars, Treasury refundings, tax collections, and the specific characteristics of futures contracts (such as delivery and expiration) tend to recur and influence, to one degree or another, certain markets every year. As any market responds to a series of annually recurring factors, price patterns tend to evolve.

Daily *seasonal patterns*, both the 15- and most recent 5-year, are derived from and a composite of historical daily price activity in the specific contract or spread relationship under consideration. The numerical index to the right reflects the observed historical tendency for prices most consistently to be highest, at the seasonal high (100), or lowest, at the seasonal low (0), at a given time during the year.

Weekly continuation charts are also contract-specific. They are intended to better illustrate historical relative value, turning points, and long-term trends for particular trading and spread strategies.

### **Windows of Opportunity**

From these seasonal patterns, one can derive a seasonal approach to futures designed to anticipate, enter, and capture recurrent price trends as they emerge and exit before they are “realized.” Within such patterns may exist seasonal tops, bottoms, and trends.

**Moore Research Center, Inc. (MRCI)** computer programs have analyzed trends that have recurred in the same direction during a similar period of time in at least 80% of the last 15 years. The underlying theory assumes that causal fundamental factors specific to that time period must have existed and may be influential again, thus making each historically 80%-or-more reliable strategy valid as a *potential trading idea*. Remember, however, that past performance is *not necessarily* indicative of future results.

*These strategies are not recommendations*, but rather presentations of quantified historical fact. Seasonal strategies identify computer-optimized dates on which prices have with a great degree of consistency been higher (lower) than on a previous date. Both traders and investors may find that consistency implied by seasonal analysis to be vital in managing cost/profit risks, thus affording greater confidence in seeking greater returns into the future.

### **Conversions, "Red" & "Green"**

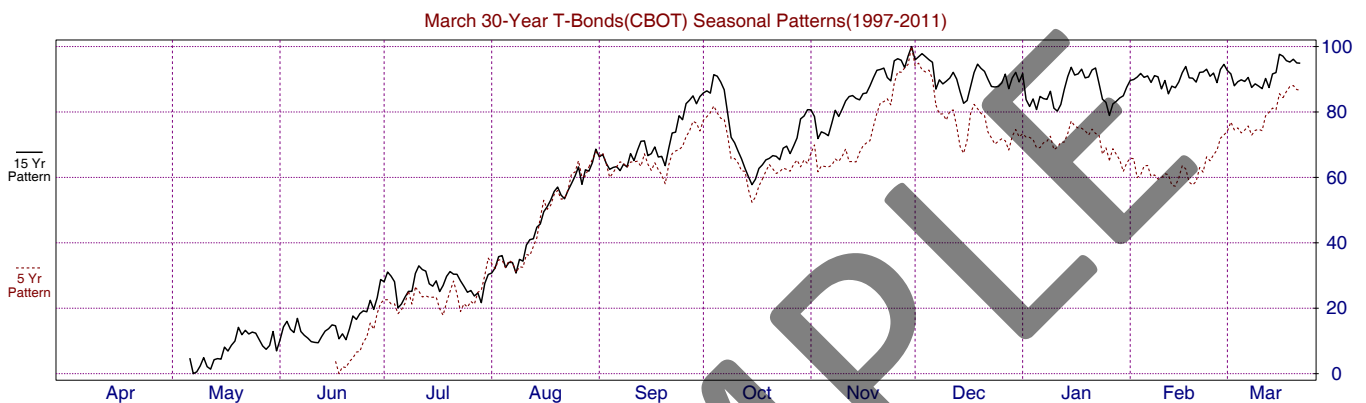
\*\*\* *Of special note*, beginning with March 2000 contracts, the notional coupons of CBOT Treasury bonds and 2-, 5-, and 10-year Treasury notes changed from 8% to 6%. *All historical prices, for both charts and calculations, have been converted to reflect the current 6% rate*. All converted prices are rounded to the nearest minimum increment *currently* applicable.


*Minimum increments* for 30-year bonds were and 10-year notes are one half of one thirty-second, quoted as “~005.” Those for 2- and 5-year notes are one quarter of one thirty-second, quoted in order as “~002, ~005, ~007,” respectively. Values for all *spreads* involving notes and bonds have been converted to one quarter of one thirty-second except for those between the \$200,000 contract for 2-year notes and the \$100,000 contracts for other notes or bonds, which reflect a difference in futures contract equity.

“*Red*” denotes a contract one year deferred and “*Green*” two years deferred from the nearby of the same delivery month.

**E**ach chart consists of two aspects of a market’s seasonal pattern—the most recent 15-year (solid line) and its most recent 5-year (dotted line), June 2011 contracts inclusive. Thus, any evolution in the pattern may be perceived, as well as trends, tops, and bottoms coincident to both. The numerical index to the right measures the greatest historical tendency for the market to make a seasonal high (100) or low (0) at a given time.

Besides illustrating the more obvious seasonal tops, seasonal bottoms, and seasonal trends, these patterns also suggest certain cause/effect phenomena which may present secondary opportunities. For instance, do smaller but well-defined breaks/rallies typically precede certain events, such as Treasury auctions, fiscal years, or income taxes?



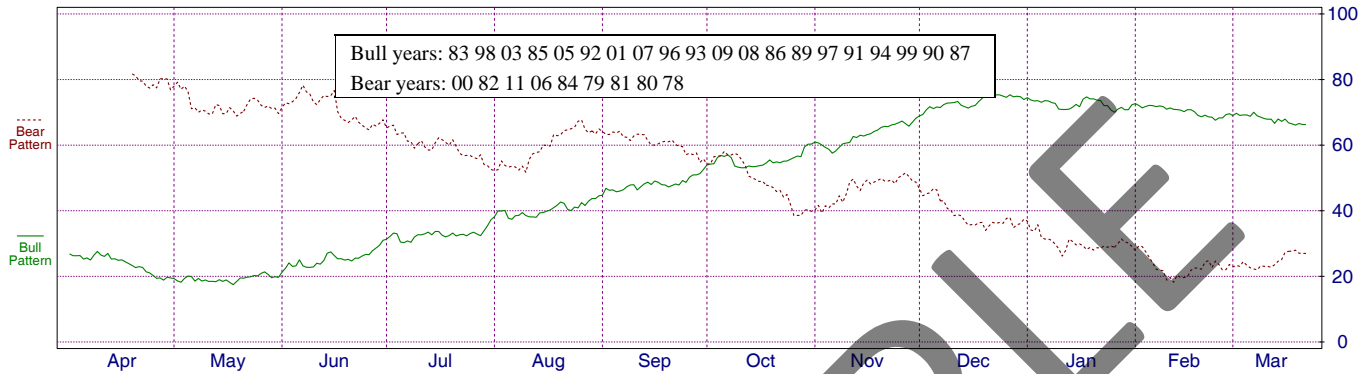
 Moore Research Center, Inc.		<i>Month Symbols</i>	
MONTH	SYMBOL	MONTH	SYMBOL
January	F	July	N
February	G	August	Q
March	H	September	U
April	J	October	V
May	K	November	X
June	M	December	Z

*Seasonal Pattern Explanation and Month Symbols*

Each bull/bear chart consists of one composite pattern for bull years (solid line) and one for bear years (dotted line), with component contract years for each indicated in the box (“83” denotes 1983) for reference. Rather than chronologically, the order of contract years listed is determined by the degree of inclination/declination of the line best describing its scatterplot. In other words, the **most bullish (as defined by comparing slopes) of the bull years is listed first, but the most bearish of the bear years is listed last.**

That neither bull nor bear pattern reaches either 0 or 100 reflects a conscious decision made to better reproduce the vigor of dynamic trends. When MRCI constructs a 15-year pattern, averaged raw percentage values for each calendar day typically lie between 35 and 65—and are then blown out to between 0 and 100 to reflect greatest **tendency**. That final step is not taken when constructing these bull/bear patterns, and thus each better represents the extent of the typical bull or bear move.

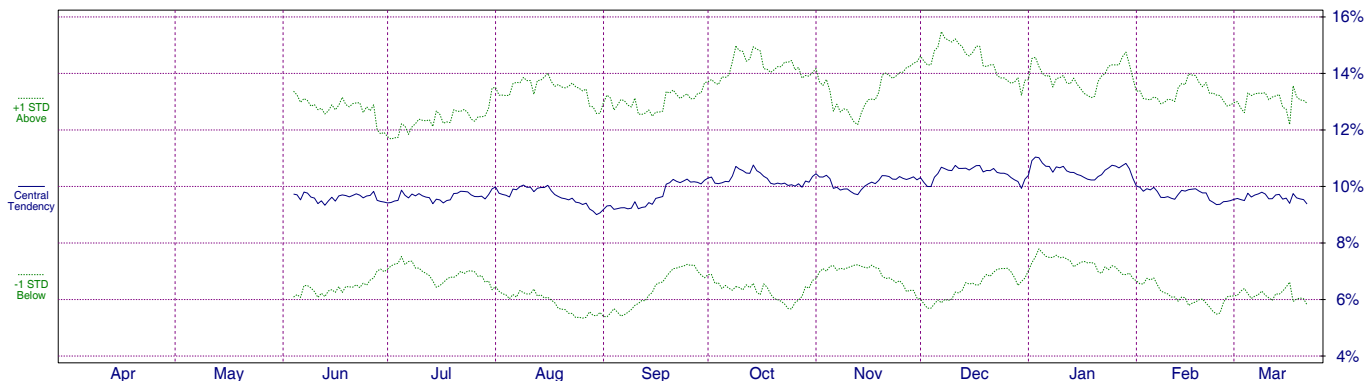
March 30-Year T-Bonds(CBOT) Bull/Bear Patterns(1978-2011)



Using options on futures to place or protect positions or hedges can provide tremendous advantages, including additional flexibility, leverage, income, and/or reduced cash-flow problems and performance requirements. However, one must understand the dynamics of option trading and the various components that create premium value to benefit from the opportunities they offer. The three primary variables that determine the value of an option premium are (1) the relationship of the underlying futures contract to the option’s strike price, (2) the time remaining until expiration, and (3) volatility.

Option volatility charts presented in this publication portray the 15-year average **historical** volatility (the central line) for the **futures** contract. The dotted lines above and below are each at 1 Standard Deviation (STD). Historical volatility remained between these two STD lines 68% of the time but was found above the upper one 16% of the time and below the lower one 16% of the time during the last 15 years.

Mar 30-Year T-Bonds(CBOT) 15 Year Ave Volatility(97-11)



	Seasonal Strategy	Entry Date	Exit Date	Win Pct	Win Years	Loss Years	Total Years	Average Profit	Ave PPD/ Days	Pg No
1	Buy 3-Mth Eurodollars(IMM)—June	1/02	1/22	80	12	3	15	459	22/21	19
2	Sell 30-Year T-Bonds(CBOT)—June			87	13	2	15	1446	17/86	19
3	Sell 30-Year T-Bonds(CBOT)—June			87	13	2	15	1225	16/79	20
4	Sell 5-Year T-Notes(CBOT)—June			93	14	1	15	506	42/12	20
5	Sell 30-Year T-Bonds(CBOT)—June			80	12	3	15	1552	44/35	21
6	Sell 30-Year T-Bonds(CBOT)—June			93	14	1	15	1200	133/9	21
7	Buy 30-Year T-Bonds(CBOT)—September			87	13	2	15	2288	36/63	22
8	Buy 30-Year T-Bonds(CBOT)—September			87	13	2	15	3608	40/90	22
9	Buy 2-Year T-Notes(CBOT)—September			87	13	2	15	1443	20/72	23
10	Buy 5-Year T-Notes(CBOT)—September			87	13	2	15	1818	25/72	23
11	Buy 3-Mth Eurodollars(IMM)—March			93	14	1	15	1262	14/88	24
12	Buy 30-Year T-Bonds(CBOT)—September			93	14	1	15	3317	41/81	24
13	Buy 10-Year T-Notes(CBOT)—September			93	14	1	15	2240	29/78	25
14	Buy 30-Year T-Bonds(CBOT)—September			93	14	1	15	1423	57/25	25
15	Buy 30-Year T-Bonds(CBOT)—September			93	14	1	15	3150	44/72	26
16	Buy 3-Mth Eurodollars(IMM)—March			93	14	1	15	1397	14/100	26
17	Buy 5-Year T-Notes(CBOT)—September			87	13	2	15	616	47/13	27
18	Buy 2-Year T-Notes(CBOT)—September			87	13	2	15	1077	20/53	27
19	Buy 3-Mth Eurodollars(IMM)—March			93	14	1	15	1132	14/81	28
20	Buy 30-Year T-Bonds(CBOT)—December			93	14	1	15	3977	59/67	28
21	Buy 2-Year T-Notes(CBOT)—September			87	13	2	15	558	24/23	29
22	Buy 10-Year T-Notes(CBOT)—September			93	14	1	15	1403	45/31	29
23	Buy 30-Year T-Bonds(CBOT)—September			93	14	1	15	2479	80/31	30
24	Buy 10-Year T-Notes(CBOT)—December			100	15	0	15	2470	48/51	30
25	Buy 3-Mth Eurodollars(IMM)—March			100	15	0	15	802	16/51	31
26	Buy 10-Year T-Notes(CBOT)—December			100	15	0	15	2822	46/62	31

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*Note: These trade strategies have worked with historical consistency. No representation is being made that they will work this year or in the future. Please check current market fundamentals and technical conditions before considering these trades. This information is not a recommendation to buy or sell at this time, but merely a historical presentation of trade strategies. Past results are not necessarily indicative of future results. No representation is being made that an account will or is likely to achieve profits or incur losses similar to those shown.*

SEASONAL TENDENCIES ARE A COMPOSITE OF SOME OF THE MORE CONSISTENT COMMODITY FUTURES SEASONALS THAT HAVE OCCURRED OVER THE PAST 15 YEARS. THERE ARE USUALLY UNDERLYING FUNDAMENTAL CIRCUMSTANCES THAT OCCUR ANNUALLY THAT TEND TO CAUSE THE FUTURES MARKETS TO REACT IN A SIMILAR DIRECTIONAL MANNER DURING A CERTAIN CALENDAR PERIOD OF THE YEAR. EVEN IF A SEASONAL TENDENCY OCCURS IN THE FUTURE, IT MAY NOT RESULT IN A PROFITABLE TRANSACTION AS FEES, AND THE TIMING OF THE ENTRY AND LIQUIDATION MAY IMPACT ON THE RESULTS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT HAS IN THE PAST OR WILL IN THE FUTURE ACHIEVE PROFITS UTILIZING THESE STRATEGIES. NO REPRESENTATION IS BEING MADE THAT PRICE PATTERNS WILL RECUR IN THE FUTURE. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. RESULTS NOT ADJUSTED FOR COMMISSION AND SLIPPAGE.

