

Page

<i>For Your Information</i>	Preface	2
	How to Interpret Seasonal Pattern & Average Charts	3
	How to Interpret a Strategy Sheet	4
	How to Interpret Average Volatility & Bull/Bear Charts.....	5
<hr/>		
<i>Lumber Futures</i>	Section Index	7
	Futures & Options Specifications.....	8
	Weekly & Monthly Nearby Lumber Charts.....	9
	Seasonal Pattern, Seasonal Average, & Weekly Charts	10
	Seasonal Strategy Summary	23
	Strategy Detail Tables	24
Howe's Limit Rule	35	
<hr/>		
<i>Daily Charts</i>	Section Index	39
	Daily Futures Price Charts.....	40
<hr/>		
<i>Miscellaneous</i>	Section Index	53
	Option Volatility Charts	54
	Bull/Bear Charts	56

(Note: Charts current through December 2011.)



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.

Copyright ©1989-2012. Moore Research Center, Inc. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, facsimile, or any information storage and retrieval system, without written permission. Retransmission by fax or other means which results in the creation of an additional copy is unlawful.

Knowledge is a foundation essential to making successful decisions. Does a prudent businessman market product/purchase raw material without first researching profit/cost potential? Does a successful futures trader/investor jump at a “hot tip” or a story in *The Wall St. Journal*? Or would one first seek some background—some history?

The purpose of this publication is to quantify price history—both cash and futures—in the lumber market, offer it from a variety of relevant perspectives, and present it in a format useful to those whose commerce is substantially affected by fluctuations in lumber prices. The business executive and investor alike are encouraged to examine the following pages thoroughly, for seasonality can be a primary component of price movement in lumber.

Seasonal Patterns

Nearly all markets—real estate, interest rates, cash lumber, stock index futures—are responsive to various fundamental forces, many seasonal in nature. Such forces as weather, fiscal calendars, Treasury refundings, and specific characteristics of futures contracts (such as expiration) tend to recur and influence, to one degree or another, certain markets every year. As any market responds to a series of these annually recurring factors, seasonal price patterns tend to evolve.

Daily seasonal patterns, both the 15-year and the most recent 5-year, are derived from and a composite of the historical daily price activity in the specific futures contract or cash market under consideration. The numerical index to the right of each seasonal pattern chart reflects the historical tendency for that market to reach its seasonal high (100) or low (0) at a given time.

Daily seasonal average spread charts do portray **averaged** price differences between futures or between futures and cash.

Weekly continuation charts, also contract-specific, are intended to illustrate historical relative value, turning points, and longer-term trends. Points on futures **spread** charts are plotted by subtracting the price of the second-named contract from that of the first.

Per industry standard, points on **basis** charts are plotted by subtracting the futures price from the designated cash price, thereby obtaining quotes such as “\$16 under” or “\$20 over” futures. This publication presents **average cash basis charts** (see page 3).

Windows of Opportunity

From these seasonal patterns, one can derive a seasonal approach to both cash and futures markets that is designed to anticipate, enter, and capture recurrent price trends as they emerge and exit before they are “realized.” Within these patterns may exist certain “windows of opportunity” wherein well-defined seasonal tops, bottoms, and trends tend to appear.

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 strategy of such historical reliability valid for trading considerations. However, that past performance is not *necessarily* indicative of future results.

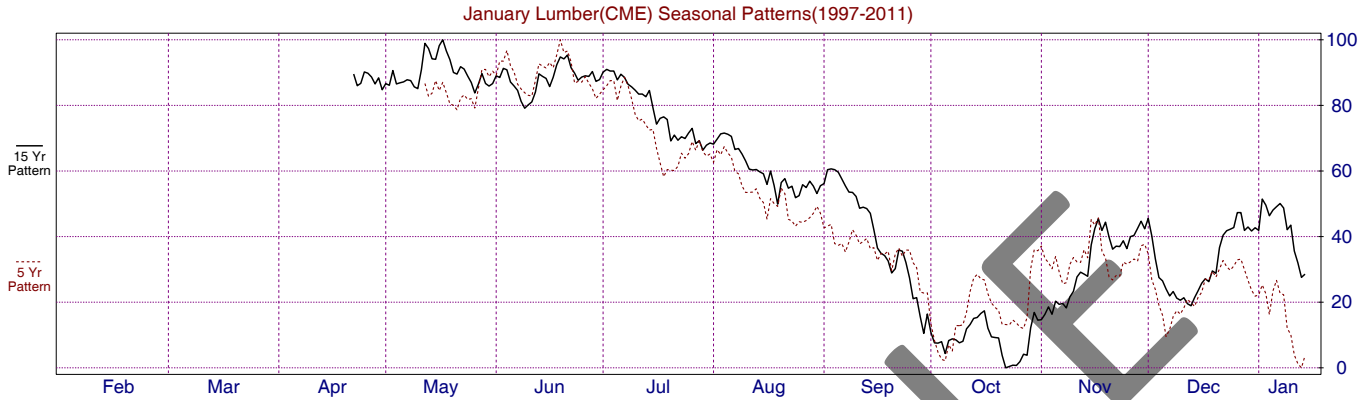
Even though ***these are potential strategies only and not recommendations***, there is no mystery to them. They are merely presentations of quantified historical fact. However, if knowledge is essential to decision-making, then historically reliable strategies would seem to offer a starting point from which to take a reasoned approach to the lumber market.

Commercial users/producers, then, may find seasonal analysis vital to managing cost/profit risks. The consistency implied by seasonality and its more reliable strategies can afford, to the business strategist planning into the future, greater confidence in purchasing raw material and/or marketing product.

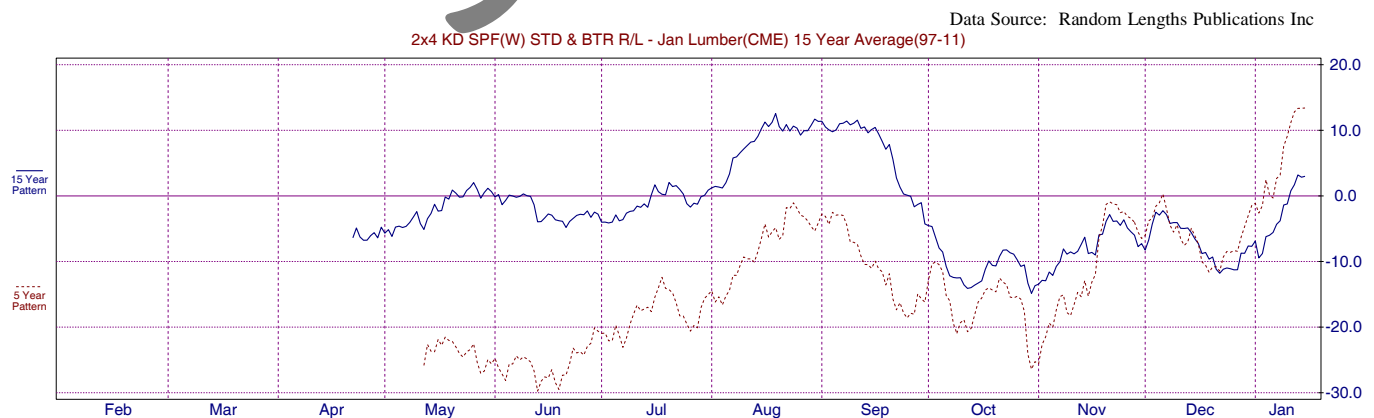
Price movement affects management decisions. Those with the knowledge to anticipate price movement more accurately also have the capacity to make successful decisions more consistently.

Each 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), November 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 Thanksgiving or first deliveries against a lead contract? If so, does there exist an implied opportunity? ❖



Seasonal spread average charts in the *Lumber Futures* section portray the averaged difference at any given time between two designated futures contracts. Per industry standard, the price of the second-named contract is subtracted from the price of the first. Thus, with the graph illustrating the fluctuation of the first-named contract around the second-named, the latter is the reference against which quotes for the former are made and is represented on these charts by the 0-line. [The chart itself consists of both the 15-year average (the solid line) and its most recent 5-year average (the dotted line).] From these charts, one may discern typically spread levels and when they widen and narrow and at what time of the year. ❖



Unique MRCI strategy sheets present each historically reliable seasonal trade with a table of its relevant detail. Traders are encouraged to evaluate each strategy individually; some may be more speculative in nature than others. To detect a trade, MRCI's computer system scrutinizes the last 15 years (when available) of historical price data for those trends that have moved in the same direction, during the same period of time, in at least 80% of those past years. Those strategies are then subjected to further criteria established for average profit and duration of time window. (Special reports may present strategies with duplication/overlap and trading in "spot month" contracts that have commercial application.) Once discovered and initially evaluated, a trading strategy is outlined and its crucial data tabulated and presented in the following format for closer analysis.

Reading the Table

For each contract year studied, the table lists entry date and price, exit date and price, and the ultimate profit or loss. Entry and exit prices are definitively based on *settlement prices* for the dates listed, as are profit and loss values. For optimized trade dates that fell on weekends or holidays, entries were considered to have been made on the following trading day but exits on days prior. [In representing historical fact, these strategy sheets do not utilize equity protection methods (STOPS).] Thus, the table encourages further evaluation by providing historically accurate peak-equity and worst-drawdown dates and amounts for each year included in the analysis.

The bottom section of the table calculates the strategy's historical reliability and overall average results. Historical strategies represent computer-optimized statistical analyses with neither the benefit nor the bias of either fundamental or technical consideration. When trading in real time, MRCI urges all traders to employ proper money management techniques at all times. ❖

Moore Research Center, Inc.		Buy Mar Lumber(CME) / Sell Jul Lumber(CME)									
Enter on approximately 01/13 - Exit on approximately 02/11											
CONT YEAR	ENTRY DATE	ENTRY PRICE	EXIT DATE	EXIT PRICE	PROFIT	PROFIT AMOUNT	BEST EQUITY DATE	BEST EQUITY AMOUNT	WORST EQUITY DATE	WORST EQUITY AMOUNT	
2011	01/13/11	-22.80	02/11/11	-15.30	7.50	825.00	02/10/11	913.00	01/27/11	-286.00	
2010	01/13/10	-34.00	02/11/10	-25.80	8.20	902.00	02/04/10	1958.00			
2009	01/13/09	-30.60	02/11/09	-29.80	0.80	88.00	02/06/09	1144.00	01/26/09	-715.00	
2008	01/14/08	-35.00	02/11/08	-30.20	4.80	528.00	02/11/08	528.00	01/30/08	-495.00	
2007	01/16/07	-34.80	02/09/07	-26.40	8.40	924.00	02/09/07	924.00	01/31/07	-220.00	
2006	01/13/06	10.50	02/10/06	0.50	-10.00	-1100.00	01/24/06	308.00	02/09/06	-1650.00	
2005	01/13/05	-6.00	02/11/05	28.50	34.50	3795.00	02/08/05	4048.00			
2004	01/13/04	-14.30	02/11/04	24.50	38.80	4268.00	02/11/04	4268.00			
2003	01/13/03	-14.30	02/11/03	-3.70	10.60	1166.00	02/10/03	1485.00	01/22/03	-726.00	
2002	01/14/02	-21.00	02/11/02	-10.50	10.50	1155.00	01/25/02	1980.00			
2001	01/16/01	-26.10	02/09/01	30.00	-3.90	-429.00	01/29/01	429.00	02/08/01	-495.00	
2000	01/13/00	11.40	02/11/00	11.70	0.30	33.00	02/03/00	737.00	01/25/00	-1474.00	
1999	01/13/99	12.20	02/11/99	16.50	4.30	473.00	01/25/99	2937.00			
1998	01/13/98	-20.10	02/11/98	-12.20	7.90	869.00	02/10/98	1254.00	01/22/98	-550.00	
1997	01/13/97	22.60	02/11/97	24.70	2.10	231.00	01/27/97	2002.00	02/05/97	-1199.00	
Percentage Correct	87										
Average Profit on Winning Trades					10.67	1173.62	Winners		13		
Average Loss on Trades					-6.95	-764.50	Losers		2		
Average Net Profit Per Trade					8.32	915.20	Total trades		15		
<small>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.</small>											

	Seasonal Strategy	Entry Date	Exit Date	Win Pct	Win Years	Loss Years	Total Years	Average Profit	Ave Pft Per Day	Pg No
1	Buy Mar Lumber(CME) Sell Jul Lumber(CME)	1/13	2/11	87	13	2	15	915	31/30	24
2	Buy Lumber(CME)—March			80	12	3	15	1274	45/28	24
3	Sell Lumber(CME)—May			80	12	3	15	1060	24/45	25
4	Sell Lumber(CME)—May			87	13	2	15	527	28/19	25
5	Buy Sep Lumber(CME) Sell May Lumber(CME)			93	14	1	15	512	27/19	26
6	Buy Lumber(CME)—May			80	12	3	15	692	99/7	26
7	Sell Lumber(CME)—July			80	12	3	15	1310	31/42	27
8	Buy Lumber(CME)—July			80	12	3	15	732	56/13	27
9	Sell Lumber(CME)—July			87	13	2	15	630	57/11	28
10	Sell Lumber(CME)—September			93	14	1	15	1139	52/22	28
11	Sell Lumber(CME)—November			93	14	1	15	4778	43/111	29
12	Sell Lumber(CME)—November			93	14	1	15	3541	54/66	29
13	Buy Mar Lumber(CME) Sell Nov Lumber(CME)			100	15	0	15	1594	50/32	30
14	Sell Lumber(CME)—November			93	14	1	15	3134	104/30	30
15	Sell Lumber(CME)—November			93	14	1	15	2506	119/21	31
16	Buy May Lumber(CME) Sell Jan Lumber(CME)			100	15	0	15	1108	26/43	31
17	Sell Lumber(CME)—March			100	15	0	15	501	56/9	32
18	Buy Lumber(CME)—March			87	13	2	15	1315	57/23	32
19	Buy Lumber(CME)—March			87	13	2	15	819	91/9	33
20	Sell Lumber(CME)—March			87	13	2	15	789	61/13	33
21	Buy Lumber(CME)—May			80	12	3	15	1364	24/56	34
22	Buy Lumber(CME)—May			80	12	3	15	812	51/16	34

For other **MRCI** products and information: 1-800-927-7259
or (541) 484-7256 - Fax: (541) 484-0243
Website: <http://www.mrci.com> Email: sales@mrci.com

****** All strategy calculations are based on a contract of 110,000 board-feet in an effort to reflect what would have happened had the current contract been in effect.**

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.

Copyright ©1989-2012 Moore Research Center, Inc.

