

01/02/03

Dear Friends,

A New Year often provides opportunities for reevaluation, and as I begin 2003, I am finding the desire for reevaluation to be greater in my life than ever before. The desire for striving for excellence has never been stronger in my heart.

Earlier in December I received the December issue of SFO (Stock Futures & Options). Ever since I became an AP Commodity Broker as well as a CTA for C&S Grain Market Consulting, I have been getting publications I never knew existed! SFO contained a very intriguing article titled "Finding the Zone" written by Brett N. Steenbarger, Ph.D.

The article made reference to research done by K. Anders Ericsson and reported in his book, "The Road to Excellence" showing that successful performers, whether they be in the arts, sciences, or sports are distinguished by the amount of intensive, deliberate and dedicated high-quality practice they devote to their disciplines. **It is further stated in the book that it takes 10 years of deliberate and dedicated high-quality practice to reach excellence in any chosen domain.** I am not quoting the book directly, but I am communicating the essence of what I perceived to be one of its core messages. According to the "Finding the Zone" article mentioned above, the same is true for traders and market analysts.

It was inferred, however, in "The Road to Excellence" that expertise may never develop for some tasks and the marketplace is one of them. The reason to believe this is because the markets are continuously adapting to publicly available information, thus making superior prediction virtually impossible. Yes, the markets are always adapting, but I am not ready to accept the thesis that we can't predict their direction or range.

As most of you know, I am constantly working on developing Formulas, Models and Tools to predict a possible High and Low price for every time frame from a Day, to a Week, to a Month, to a Quarter, and even to a Year. **I will never accept that reasonable price predictions can't be made! That is my passion...developing models that will provide us with reasonable price expectations for any time frame, based on patterns and relationships of the past that continue to occur and re-occur.**

One of the major points of the "Finding The Zone" article, however, is *"persistence of effort fueled by intrinsic love for one's work seems to be a formula for success across a variety of disciplines, not just trading."* My conclusion is that an intrinsic love for the task of mastering the markets is paramount to everyone who is hoping to reach excellence. The trader or analyst that has an intrinsic fascination and love for the markets is constantly working toward improvement and excellence, continually expanding their research. There just are not enough hours in the day to satisfy the innate desire within.

Obviously, total commitment to the challenge can be destructive to family relationships. Even after 40 years of varying involvement in the markets with the last 5 years being in almost total immersion, I am not weary. I do, however, have to be careful I don't put the love of my work above the interests of my wife and family. Marilyn is very understanding and supportive, but she does miss me and I need to keep a proper balance. Maintaining a positive balance likewise includes a healthy diet coupled with regular exercise routines to keep myself physically fit. Excellence involves the entire person, body, emotional, mind, soul and spiritual.

Sometimes my focus gets too broad as one project leads to another project that leads to another and soon I am spread out over about 6 projects in varying stages of completion. When this happens, often I will miss some good marketing opportunities, both in the cash and the futures market. One day last October I felt led to write a poem about being focused, and titled it "Staying Focused". The poem addresses my Spiritual needs mentioned above. I am including it with this letter.

About the same time in December that I became aware of the book by K. Anders Ericsson, I became cognizant of the fact that my 12-year old grandson Jonathan aspires to be a professional NBA basketball player. He has read several books about past and current stars, often watches a Pete Maravich video and emulates his moves along with practicing his own moves on a daily basis. Jonathan is a very good player, and I have seen a tremendous improvement in his game in the last year, but I didn't know about his passion until recently.

The interesting thing about the markets, playing defensive basketball and rebounding is that they are highly correlated with both short-term memory (STM) and long-term memory (LTM) as developed in playing Chess. Pattern recognition is fundamental to all three. I have noticed Jonathan's ability to "read" a player and steal the ball to be increasingly proficient this year and I wondered why?

His mother, my youngest daughter, tells me that he not only loves to play chess with others, but that he also loves to play against himself, trying to anticipate every possible move and the resulting counter moves that can be made, committing them to memory. All of a sudden, in the last few weeks, I have become aware of the fact that Jonathan and I have parallel intrinsic loves that can both benefit from playing chess together. A grandfather and a grandson, 50 years apart in age, both pursuing a passion, both benefiting from the development of pattern recognition skills. Unbelievable that a man should be so blessed!

On December 31st, a good friend of mine initiated a final event that has enhanced my desire to strive for excellence. He told me about the interview that CNBC was going to show that evening with Peter F. Drucker, the 92-year old father of modern management, which I taped. **The binding reflections from viewing that tape are the two questions, What am I about and what am I doing?**

My conclusion is that I am about helping people, especially people who need and use the market place. I am doing this by helping them become better informed with ongoing views of the markets direction through an avenue of unique creative research, couched in historical relationships, that Agriculture producers have not had access to in the past.

One of the new disciplines I am going to employ every Monday through Friday is spending an hour each morning studying charts of many commodities of many time frames to learn as much as possible toward pattern recognition. In the area of technical analysis, I currently use Japanese Candlesticks, Bollinger Bands, Regression Channels, Stochastics, Momentum, Fibonacci Bar Counts and Projections, Elliott Wave Analysis, the Square of Numbers Circle, Arthur Sklarew's Rule of Seven, his 117.5-135-152.5 Rule, and Traditional Chart Analysis.

The area of excelling I want to achieve in is recognizing the alignment of several individual analytical disciplines that can be tied together into a larger focus of price direction for each time frame. The 30-minute, 60-minute, 120-minute, Daily, Weekly and Monthly Charts are all connected in telling the same story but recognizing the relative patterns and positions along the path within each one can often be very elusive.

By the Grace of God, my grandson and I together are going to strive for excellence in our respective areas of passions over the next 10 years. I am looking forward to our success with the same kind enthusiasm that I had when I was his age. Since I am human, I'm sure there will be times when I will become complacent, distracted and tired. Please do not hesitate to keep me challenged and honest when I fall victim.

Toward Excellence In All Areas,

William C. Fordham
C&S Grain Market Consulting