Fullermoney Plus

Issue 122
30 August 2000

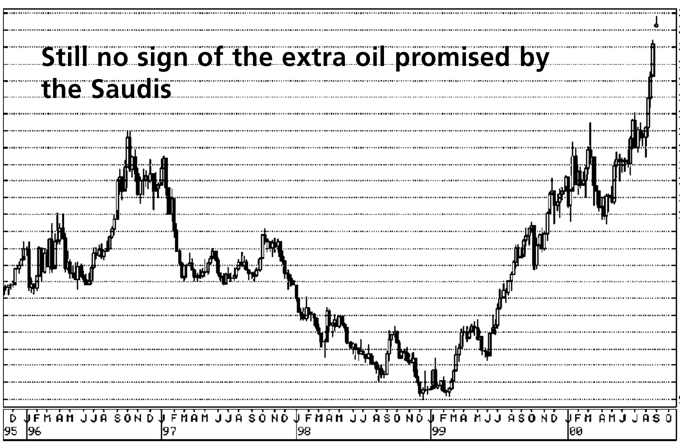
Global Strategy and Investment Trends by David Fuller http://www.fullermarkets.com

Oilfield services stocks to benefit while the price of petroleum remains high.

The OPEC cartel's squeeze on petroleum supplies continues - The spot price for gas oil slumped to $92.38 (IPE) in December 1998. That was too low fundamentally to last and the decline certainly looked overstretched on the charts. It prompted producers to form a cartel that was actually effective. One consequence is that gas oil reached $318.25 yesterday, accelerating well above its 1996/7 peak in what looks like a climactic ending. I believe this level is unsustainable beyond the short to medium term. However, neither the OPEC cartel nor other producers have opened the taps sufficiently to check the current oil shortage. Therefore prices could still move higher in the near term and may take several months to top out as we last saw four years ago. No wonder the ECB is concerned about inflation, especially as Europe's import costs are calculated in soft euros. While high petroleum prices persist we can be sure that oil-importing countries will try to reduce their dependence on OPEC. Oilfield services companies should be among the beneficiaries. These are not cheap, but their similar chart patterns show sufficient underlying trading to support breaks above remaining lateral resistance from former highs. Closes below the following levels would be necessary to question higher scope: BHI $32.5, HAL $47, SLB $75, SII $72 and WFT $40.

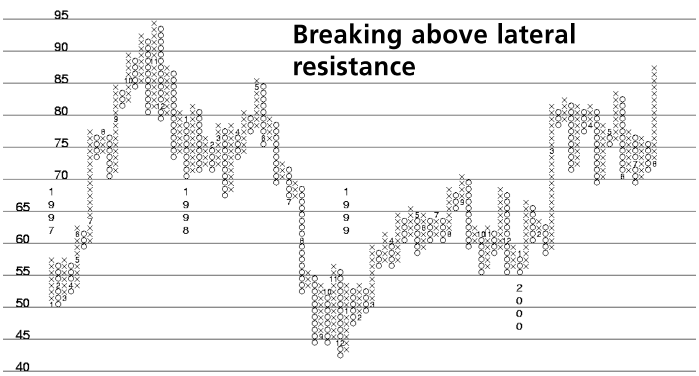
Share	Price	EST PER	Yield
Baker Hughes	$37.6875	77	1.2
Halliburton	$53.75	69	0.93
Schlumberger	$86.375	70	0.87
Smith Int.	$80.25	59	none
Weatherford	$48.3125	69	none

Gas Oil 1st month cont 31325

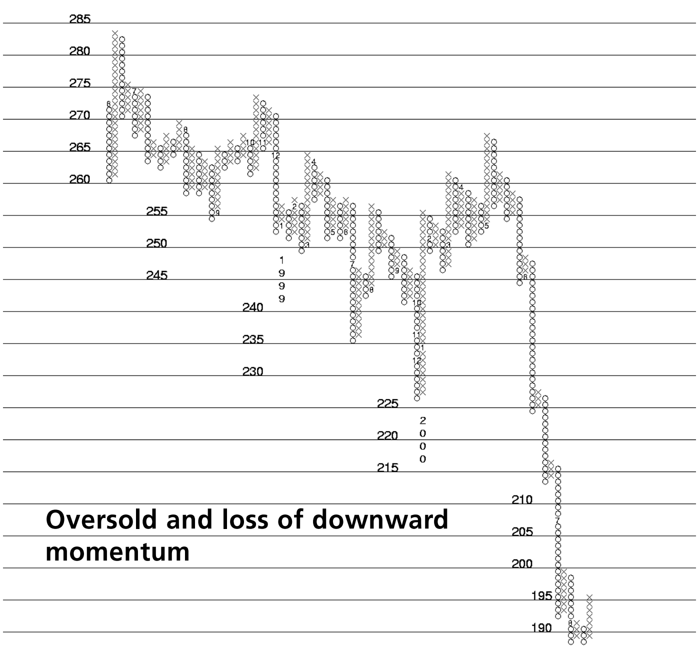


Dry conditions in the US bean and grain-growing regions are lifting prices - US soybean, wheat and corn prices slumped from mid-May to reach historic lows in early August. Reserves were high and plantings sufficient for another bumper crop. However dry weather in some of the growing regions during August, which is forecast to persist for at least the first week of September, triggered a sharp rally in soybeans - see chart in FM195 and COMMODITIES on our website - www.fullermarkets.com. Wheat was next to firm, followed by corn. While these two grain crops have not been threatened by drought to the same extent as soybeans, the chart patterns can easily sustain further recoveries on short covering, hedge buying and speculative interest.

Schlumberger (SLB) (1USD)



Corn CBT December 2000 (1USc)



FullerMarkets a division of Stockcube Research Limited Suite 1.21 Plaza 535 Kings Road London SW10 0SZ UK ***Website:*** www.fullermarkets.com
Email: research@fullermarkets.com ***Tel:*** +44 (0) 20 7351 5751 ***Fax:*** +44 (0) 20 7352 3185