By Al Kluis

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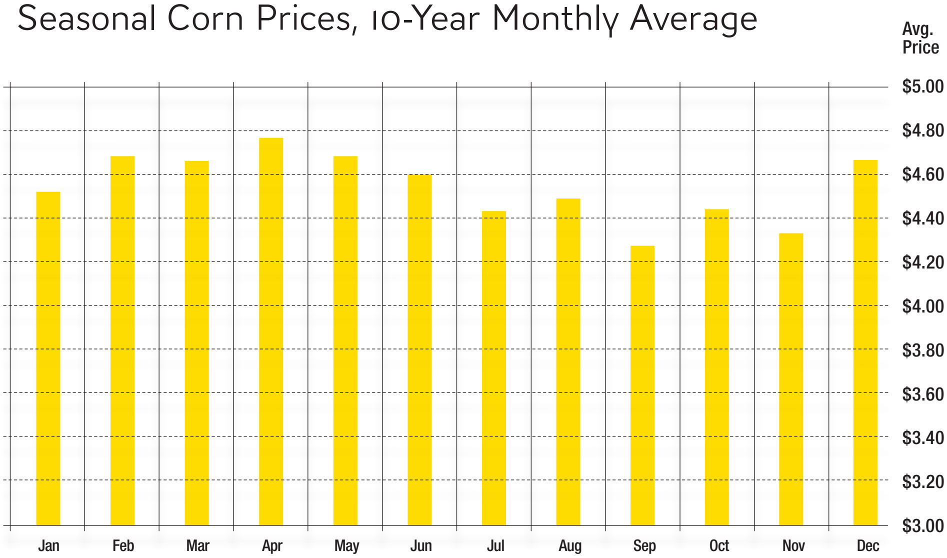
Seasonal Corn Prices, 10-Year Monthly Average



This chart shows the 10-year average of nearby CBOT corn futures prices. Notice the pattern of high prices in the April through May time period, with the low coming in the month of September. This seasonal selling pattern has worked well through the last 30 years and worked great in 2014.

TWO TIMING TOOLS FOR 2015

HERE'S A SIMPLE PLAN TO ADD TO YOUR BOTTOM LINE: SELL CASH AND NEW CROP AT THE RIGHT TIME OF YEAR.

In previous columns, I have written about my three favorite market analysis methods: the study of price, the study of time, and the study of motion (with tools like the Elliott Wave and the Relative Strength Index). I think the study of time is the most reliable – and the most underused.

At a recent winter meeting in Illinois, my seminar was right after a rather doom-and-gloom speaker. As a result of that pessimistic outlook still hanging over the attendees, a longtime customer asked me if there were marketing methods from the 1980s he should start using again.

I do not see a repeat of the 1980s coming, but I do believe we're likely to have another year or two of tight margins. So, I told my customer there were two old-time analysis methods that I would be pulling out of my toolbox.

> **There are two old-time analysis methods that I am pulling out of my toolbox.**

2 TIMING TOOLS

The two methods I use are called "calendar trades." I used them in the 1980s and in the 1990s. I think they will work well for this decade – especially in 2015.

- **The first calendar trade is seasonal selling.**

For corn, I will be making a series of cash sales between the middle of March and the end of May. I will also be placing five 10% or 20% hedges starting in the middle of March and continuing through the end of May. Last year was the best time to sell cash corn and place new-crop hedges, and I believe it will be the same case in 2015. Look back in time and you can see this worked in 24 of the last 30 years.

For soybeans, the lows and highs come in a little later than corn because of South America.

The South American soybean harvest dominates global markets in February and March. I will be making five 10% or 20% cash soybean sales after the South American harvest is complete.

At the same time, I will be placing five 10% to 20% new-crop hedges. I will delay those sales until the middle of April, then wrap up at the end of June.

Historically, if you make five sales using this method, you will hit near the highs for the year with at least one or two of the sales. Overall, you come out with a great average.

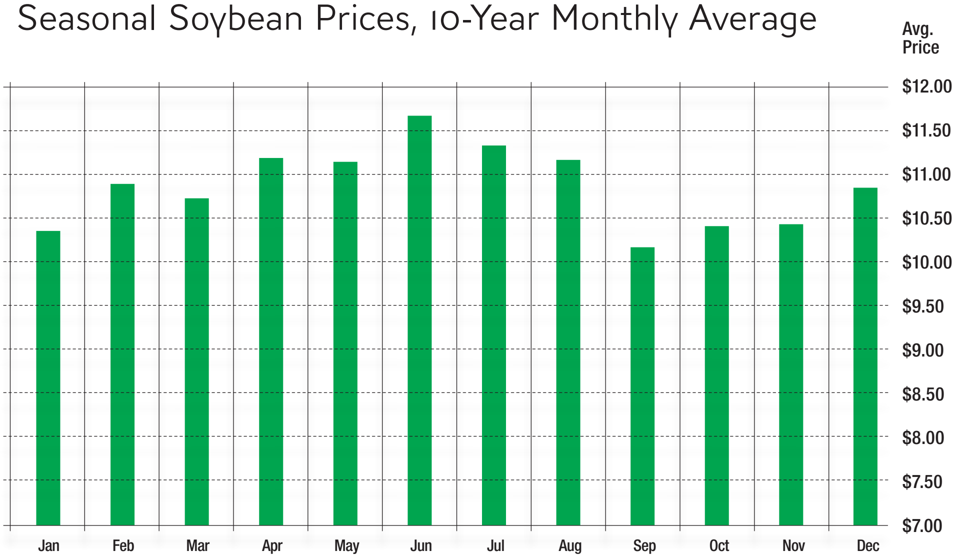
This is a simple, time-tested method that has worked well – even in the 1980s.

- **The second calendar trade is The Wednesday Sale.**

I will make 10 sales of 5% of my cash crop and 5% of my projected new crop bushels every Wednesday starting April 22, 2015. It's a simple plan, but it works.

If you are skeptical, try it on a small part of your 2014 cash crop. Then, try to beat that 10-week average plan with the balance of your bushels. If you can beat it, congratulations! You're a double winner.

Seasonal Soybean Prices, 10-Year Monthly Average



This chart shows the 10-year average of nearby CBOT soybean futures prices. Notice the pattern of high prices in the May through June time period, with the low coming in the month of September. This seasonal selling pattern has worked well through the last 30 years and worked great in 2014.

3 RULES FOR MAKING CASH SALES AND NEW-CROP SALES

Since the 1980s, I have worked hard to optimize these calendar trade tools, as well as set up some rules for making cash sales and new-crop sales at the highest possible price.

The challenge is to make small changes that are easy to understand, that are easy to implement, and that really do add to your bottom line.

Here are three rules that have passed the test:

• **Rule 1:** If you are in the seasonal selling window for corn and corn futures are sharply higher for two days, make the 10% or 20% sale on the opening of the third day. I have noticed that when you are in weather-scare markets, you just about never hold gains on the third day up.

• **Rule 2:** For soybeans, it is the same: Always sell the third straight up day. If prices are higher for five days in a row, then make a 20% sale.

• **Rule 3:** Be willing to make a sale late in the day on Friday on the first week that prices are closing below the previous week's close. I especially like using candlestick charts on my computer to generate that sell signal.

The challenge is to make small changes that are easy to understand, that are easy to implement, and that really do add to your bottom line.

A FEW FINAL COMMENTS

My final comments are about how marketing decisions are made.

When I first started in the business, most of the decision-making was done by "the man." He was the owner, the guy who had built the farm, the one who made all of the decisions. The rest of the partners just bit their lips and lived with the resulting outcome.

The mid-1980s took some of those farmers out, and a lot of them have retired.

Now, I mostly work with farms that have marketing teams. They have regular weekly marketing meetings, they have a written marketing plan, and they use all of the marketing tools available. Year-in and year-out, they make better decisions because all team members know where they are at.

If you are "the man" and you are not happy with your grain marketing results, maybe it's time to add some team members to your process.

I encourage you to leave the 1980s behind and make some new rules for success in 2015. SF

NOTE: Trading of futures and options has substantial financial risk of loss and is not for all investors.

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Al Kluis has been trading grain futures since 1974. Sign up for a free trial to his daily morning email and weekly "Al Kluis Report" by going to alkluis.com.

Join Kluis and his team for his free Second Tuesday webinar on Tuesday, March 10, at 8 p.m. CST. Register at alkluis.com.

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