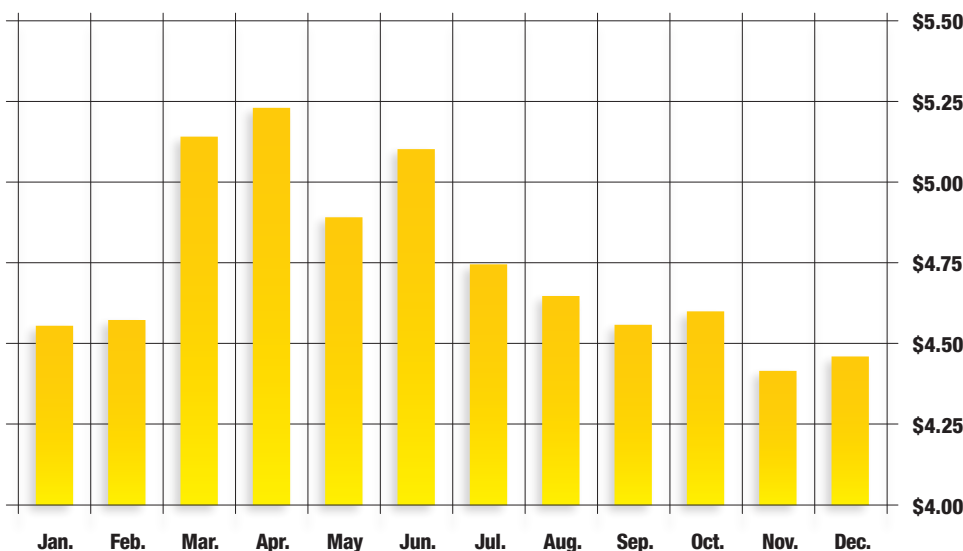


# YOUR PROFIT

By Al Kluis

## Seasonal Corn Prices: 5-Year Monthly Averages



This chart shows that in the last five years, selling your cash corn in March, April, and June has been the right marketing decision. That has also been the ideal time to place new-crop hedges and puts. On the other hand, it shows how holding on as long as August to October has been a huge mistake.

## PUT TOGETHER YOUR SEASONAL PLAN WATCH WHAT TO DO EACH MONTH THIS SPRING AND SUMMER.

I've learned in 40 years of grain trading that you need to anticipate – not just react to – what the grain market will do. I watch for key months and key weeks during the marketing year for major highs or lows. I stay aware of the current market news, but I watch my charts to make buy and sell decisions. If I am wanting to buy, then I actually prefer to read all of the bearish short-term market news as prices approach a major low.

The same is true at the top of a market. In the critical weeks when I expect a high, I watch for a good batch of bullish news.

**Learning when to make the right merchandising decisions is an important part of your risk-management plan.**

That can give me the confidence to sell. It is the old theory of contrary opinion, and it still works well.

Think of making preharvest sales and getting 30% to 60% of the new crop hedged ahead or covered with puts. Avoid making sales at harvest and then put together

a postharvest sales plan. By then, you'll know exactly how many bushels you have to work with. Once the combine is put away, study your historic basis trends and evaluate the carrying charges in the corn and soybean markets. This will allow you to decide if you want to hold (carry) any of your corn and soybean crops.

Learning when to make the right merchandising decisions is an important part of your risk-management plan.

For my long-term monthly decisions, I use a written plan using my seasonal odds charts. For corn and soybeans, I am a disciplined seller, making cash sales and placing new-crop hedges between April and July.

It's important to use time as part of your marketing plan and to make disciplined sales in that time window. Don't let your farm get in a position where

you have to sell your corn and soybeans between August and October. That's usually when the futures are low and the basis is at its widest level.

I also work with key weeks during the year that I call change-of-trend weeks. Those are the weeks I watch for major highs, lows, or the possibility of a trend reversal.

### WHEN TO BUY

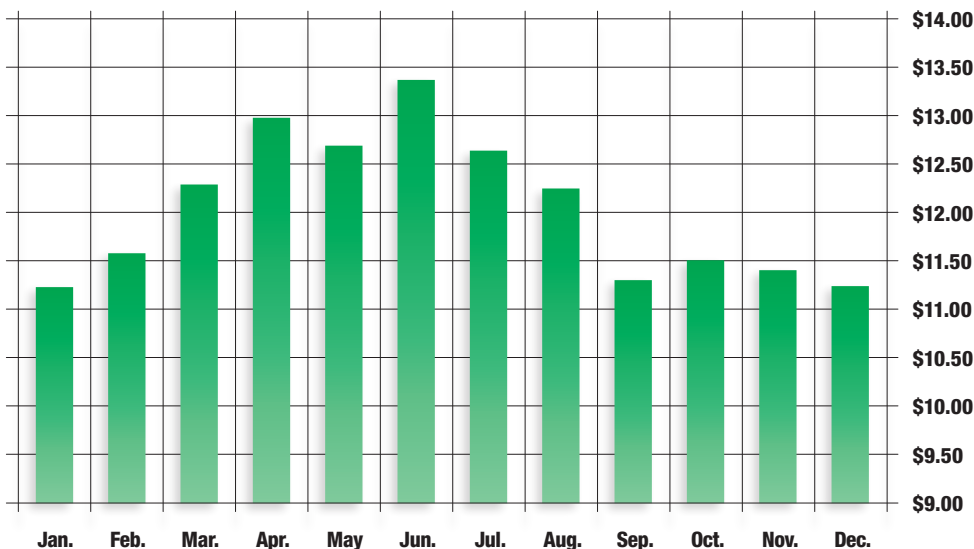
The key weeks I will often recommend for end users who need to buy corn, soybeans, and soybean meal are the first week of October and the first week of March. Those two weeks have worked really well over the last two years.

### WHEN TO SELL

There are key months or weeks when you should plan on making sales.

April can be a good month to sell if you have some planting delays and

## Seasonal Soybean Prices: 5-Year Monthly Averages Avg. Price/Bu.



This chart shows that in the last five years, selling your cash soybeans between April and June has been the right marketing decision. In the last two years, if you placed new-crop hedges during the month of June, you were way ahead at harvest. Farmers who hold and make cash or new-crop sales in August through October have made a major marketing mistake.

you get an early-season weather scare. If prices get hit hard in April after the major USDA reports at the end of March, then hold off until May.

May is often a good time to make some cash sales and to get some new-crop hedges in place. If prices rally into the week ahead of Memorial Day, then use that rally to get up to 80% sold on cash corn and soybeans, and get up to 40% sold ahead on the new crop. Look at the profit level that is available and make the decision on what percentage to cover with hedges and what percentage with puts.

June is the most challenging marketing month of the year. It can be a month of great weather scares and extreme price moves.

The second week of June 2015 was a major low and the second week of June was the high for the year in 2016. In fact, on my hand-drawn corn charts, the anniversary day of the 2015 low was the high day in 2016.

So how can you handle this? Set up some rules. If prices are rallying sharply higher during the month of June, then you need to make disciplined cash sales and get new-crop hedges in place. This is important to do even if you are in

an area that is getting hit with some weather problems.

If you have legitimate concerns that you may end up with a smaller crop, then you may want to use more puts and fewer hedges. The weather scare should not stop you from making cash sales. If prices

collapse in the second or third week of June, then hold off on sales until mid- to early July.


July is what I call a double-or-nothing month. During a few years (about one in five), you can make more money in a short time period by holding onto the last 10% to 20% of your corn crop.

In 2015, prices dropped hard during the month of July. In 2016, there was a major high during the third week of July before prices collapsed lower by late August. In both 2015 and 2016, soybean prices peaked in June and moved sharply lower during July.

The risk of holding during the month of July does not justify holding any cash corn or soybeans. It worked great in 2012, but it has cost farmers a lot of money every year since then.

### BOTTOM LINE

My five-year seasonal odds charts show how

holding onto corn and soybeans too long can be a big financial mistake. I have a lot of different long-term seasonal studies and they all indicate the same thing. 

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

### AL KLUIS Commodity Trader

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](http://alkluis.com).



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**Holding onto corn and soybeans too long can be a big financial mistake.**