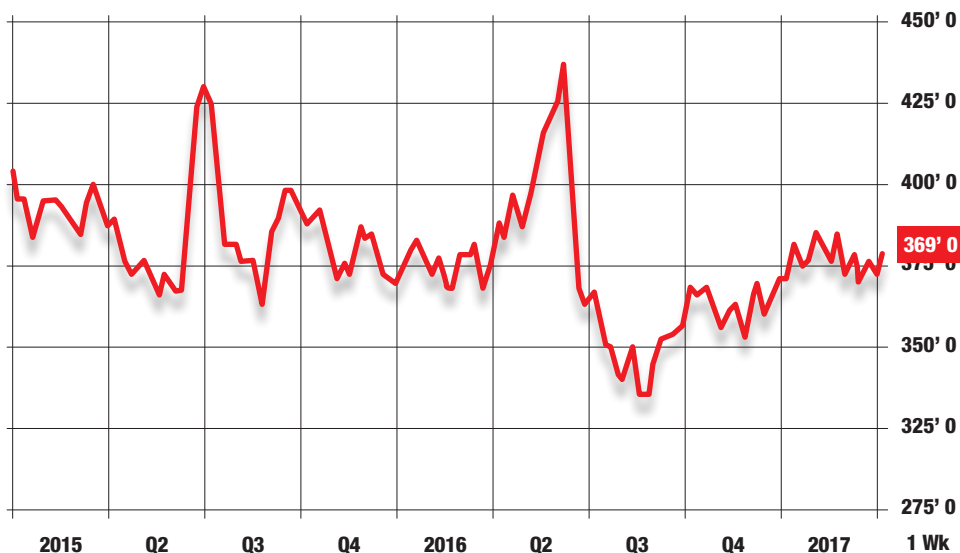


# YOUR PROFIT

By Al Kluis

## CBOT Corn Weekly



This is the weekly corn continuation chart. You can see the double top at \$4.38 in 2015 and 2016. The highs came between June and July. The corn market went down to seasonal lows in 2015 and 2016 between August and October. Prices bottomed between \$3.01 and \$3.16.

## GET READY TO MAKE MORE SALES

HERE ARE THE KEY WEEKS YOU'LL WANT TO WATCH IN 2017.

**M**ay has quite often been a good month to make some additional cash corn and soybean sales and to get some new-crop hedges in place. How has it worked lately for corn? Let's look at the numbers over the last two years.

In May 2015, selling cash corn was not a good move. Nearby futures averaged about \$3.60 that month. Prices dropped into the second week of June and then exploded higher into mid-July before collapsing lower into August.

**If you wait until August to get the last of your corn sold, then it is going to be a big mistake – just like it was the last two years.**

In 2016, your May cash corn sales turned out to be really good sales. Prices went a little higher into the second week of June and then turned sharply lower before dropping to the major low at \$3.01 in late August.

In 2015 and 2016, you may have put

on some new-crop hedges or bought puts to protect new-crop prices when it wasn't the high. However, the hedges looked very good when you were delivering on them at harvest.

### WHAT ABOUT BEANS?

**I**f you sold cash soybeans in May 2015, you did OK when futures averaged about \$9.80 per bushel. If you held on into the second week of June, then you were able to add on about 80¢ per bushel.

In 2016, the results were similar. The average futures price was at \$10.40. If you waited until June 2016, then you were able to add on about \$1 per bushel. If you had put on some new-crop hedges in May of both years, you were happy when you delivered on those hedges at harvest.

If the month of May has been good about 50% of the time in the corn market and

has been about 80¢ to \$1 off the top in the soybean market, then what should you do this May?

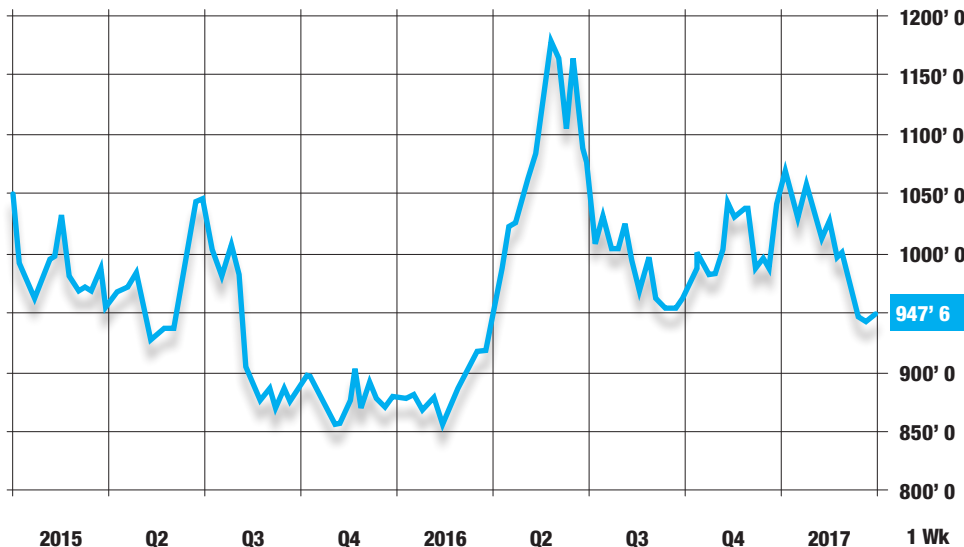
When I study charts, I don't just look at the key months to sell; I also look at the relative price levels.

The corn chart shows a broad trading channel over the last two years. The highs in June or July were \$4.38 in 2015 and 2016. Lows were \$3.01 to \$3.20 between August and October in 2015 and 2016.

This price analysis makes the decision easier. If the nearby corn futures is about \$4 or \$4.20 in May, then get aggressive with making cash sales. If May corn is at \$3.60 or less, then wait until June or July. If you wait until August to get the last of your corn sold, then it is going to be a big mistake – just like it was the last two years.

For soybeans, the decisions are a lot more

## CBOT Soybean Weekly



This is the weekly soybean continuation chart. You can see the highs in 2015 at \$10.50 and at \$12.08. Both highs were in June. From those highs, prices went down to below \$9 per bushel between August and October, when the markets put in harvest lows. In 2017, don't be surprised to see a counter-seasonal low come in June.

complicated. The high in the second week of June 2015 was \$10.50. In the fourth week of June 2016, the high was at just over \$12. Neither of those price targets are realistic in 2017.

I recommend cash soybean sales to be at 90% to 100%. For the 2017 crop, I recommend using a combination of hedges and puts to have 80% to 100% of the crop protected. I am not just a chartist. When all of the global numbers started turning bearish in January and February, I got very aggressive in getting soybean price protection in place.

Because the soybean market put in major highs in mid- to late June 2015 and 2016, be on guard for a potential low in that same time period in 2017.

### 7 KEY WEEKS TO WATCH

Every year I build a fresh set of my hand-drawn charts in early January. I sketch a number of studies on each chart to help me see seasonal trends and key change-of-trend weeks.

**June 13:  
This will  
be the most  
interesting  
day of the  
year to watch  
in corn  
futures.**

Here are the seven key weeks that I have marked on my charts for corn and soybeans as being major change-of-trend weeks:

- May 26
- June 16
- June 23
- July 7
- September 1
- October 27
- November 24

There is also one particular day that I am anticipating: June 13. This will be the most interesting day of the year to watch in corn futures.

In 2015, the second Tuesday in June was a major low in the corn market. Corn prices bottomed at \$3.47 before going on a three-week 90¢ rally to the high at \$4.38.

In 2016, the second Tuesday in June was a major high. Prices peaked at \$4.38, and three weeks later, prices were down over \$1 per bushel.

So what will happen in 2017 on the second Tuesday in June? I will be watching corn prices that day for a potential high or low.

For soybeans, I do not have a specific day that I'm watching. However, after seeing the soybean market put in major highs in mid- to late June 2015 and 2016, I am on guard for a

potential counterseasonal low in that time period in 2017. Until then, I will be watching to see how low prices go. **SF**

**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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