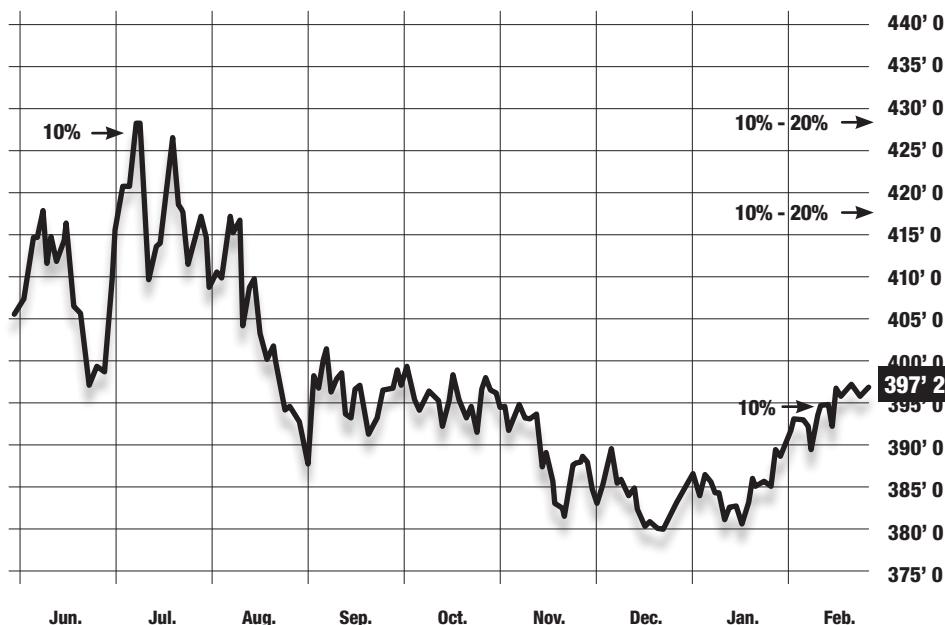


YOUR PROFIT

By Al Kluis



December 2018 Corn Price Targets



This is the December 2018 corn chart. You can see the high in early July 2017 at \$4.29 and then the downtrend until November 2017. That is when the price bottomed out at \$3.80. The arrows show where I am encouraging you to make incremental new-crop sales on any weather scare rally that develops this spring and summer. If you follow this type of selling plan, you will not hit the top, but you will end up with a good average price.

LEARN ALL YOU CAN ABOUT MARKETING THEN CREATE YOUR MARKETING PLAN.

I really enjoy teaching at my Kluis Grain Trading Academy. Students participate in classes to learn about charting, options, risk management, and how to make better grain merchandising decisions. I have taught in my academy for the past seven years. These classes have opened my eyes to how farmers think and make decisions. I've also learned a lot by interviewing the students. I ask what classes they find most helpful and which classes are not worthwhile. Based on what I've learned, I try to improve the curriculum each year.

Here's what the students say are the most valuable subjects:

- Charting
- Options
- Grain Merchandising

Following is a breakdown of why the students value these particular topics.

Charting. Every year, students tell me that when they do the charting and begin to understand the charts it gives them the confidence to make decisions. They learn to see the patterns the charts reveal. This helps them, for example, have the confidence to sell even when the news they are reading is bullish. Several students have told me that charting has changed the way they think about prices and how they sell their crops. One young student said, "Now I think about my crops like they are

money – not just bushels in the bin."

Options. It's important that students understand the difference between calls and puts. If they know how to use them the right way, then options are an effective marketing tool. To help students learn, they compete during the class in a mock trading options account. Once they get the basics, my job – sometimes – is to pull in the reins. Once they understand how the money works, they can make better decisions.

Grain Merchandising. In class, students learn how a grain elevator works. This enables them to see how making the right merchandising decisions can add 30¢ to 40¢ to their selling price –

without taking on more risk. They learn how to separate futures and basis decisions. That additional 30¢ to 40¢ return on making better grain merchandising decisions has been the difference between a profit and a loss the last several years.

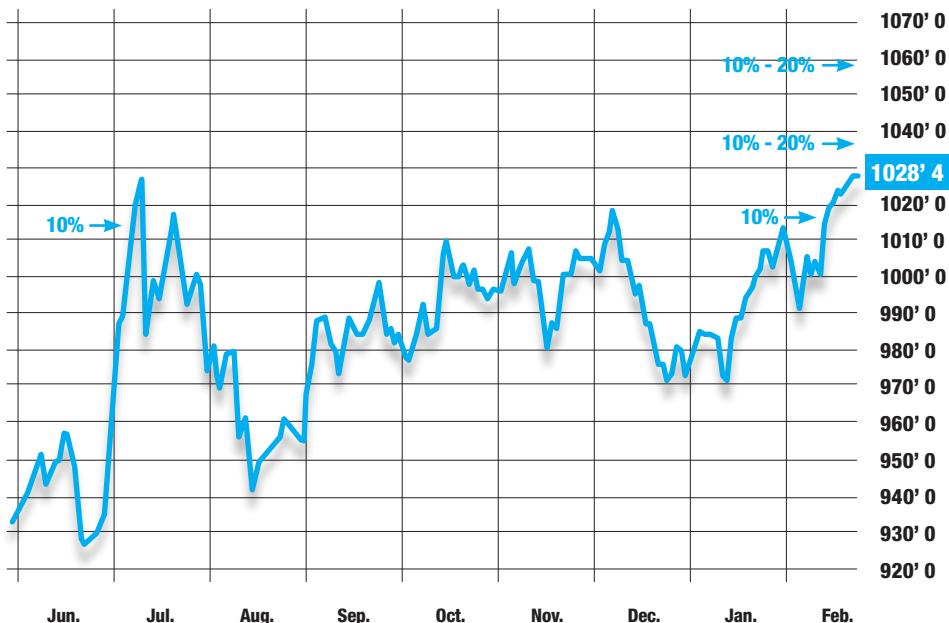
NEVER TOO LATE TO START LEARNING

Even if you have not yet taken any classes, it is not too late. It is never too late to make changes that will help you make better decisions.

How you can start charting.

At a minimum, I encourage you or someone on your farm team to start charting. You can also look at the CBOT website and the interactive charts you can build at that website. (I still prefer hand-drawn charts because I can see the trends develop and when trends change.)

November 2018 Soybeans Price Targets



This is the November 2018 soybean chart. This chart shows the high in December 2017 at \$10.24 and the sell-off to the low at \$9.67 in January 2018. Since then, prices have turned higher as weather problems developed in Argentina. The arrows show where I have made new-crop sale recommendations and where my offers are in above the market. Getting your soybeans sold ahead on the seasonal rally and avoiding soybean sales between August and October has worked in 32 of the last 44 years.

and avoid cash and new-crop sales between August and October.

The charts in this article show where I have made sales and where my new-crop price targets are for December 2018 corn and November 2018 soybeans.

For your farm, decide how much to sell and how you want to sell it. **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.



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I have heard from some farmers that they just don't have enough time to chart. I disagree. You are not just growing crops; you are growing money. Simply put, understanding charts can help you grow more money.

How you can start using options. There are small steps you can do on your own to learn a little about options.

I encourage you to write down on your calendar

Go slow and ask questions. The long-term key to earning more is learning more.

the price each week of the December 2018 corn \$4 call option, the cost of the December 2018 corn \$4 put option, and the price of December 2018 corn futures.

Then watch. When corn futures change, the value of the puts and calls change.

If you track these numbers over the ups and downs of the full growing season, you will begin to understand how the money works.

I know this will take a little time each week, but it is an investment in you and in your farm operation.

Always remember that you are growing money – not just corn and soybeans.

How you can start merchandising your grain. For small lessons in grain merchandising, pull out that calendar again. Each week, write down the current value of your cash corn and soybeans. Then look at futures prices

to see the value in 60 days, 120 days, and 180 days. These prices tell you if it is worth storing your grain.

As I am writing this article, I see that storing soybeans does not appear to pay, but storing corn does.

If you have never done a hedge-to-arrive contract, then put one or two new-crop corn hedges on when prices rally this spring or early summer. Then monitor your fall basis.

Go slow and ask questions. The long-term key to earning more is learning more.

FINAL THOUGHTS

I encourage all of my students, readers, and subscribers to develop a marketing plan and then to execute that plan.

I usually like to get 30% to 60% of the crop hedged between March and early July