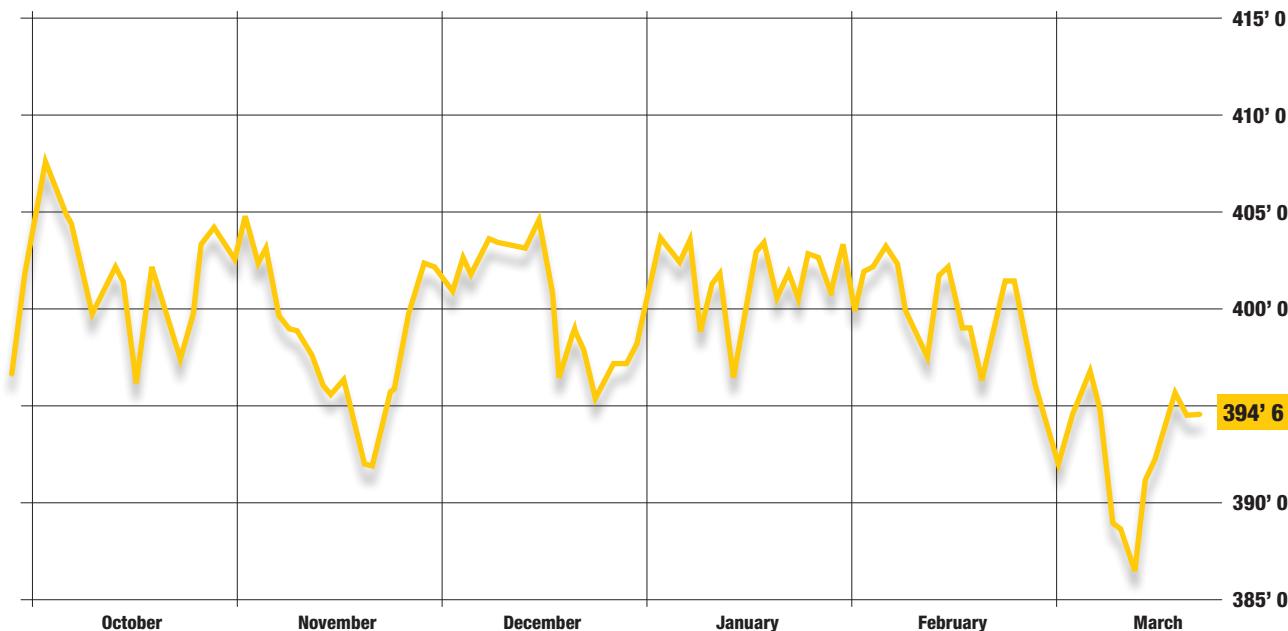


By Al Kluis

## December 2019 CBOT Corn



## MAY: A KEY MONTH TO MAKE MORE SALES

HERE ARE 3 SUGGESTIONS TO FINE-TUNE YOUR PLAN THIS YEAR.

I like to sell into weather-scare rallies. That is especially true if the weather scare is in some other region other than the Corn Belt. I also know that if I try to trade or make marketing decisions based on what I am looking at in my backyard, it usually results in bad decisions.

The weather-scare rallies in May the last few years have been very good opportunities to sell cash and new-crop corn and soybeans. If the markets rally this May, then I will be selling more cash and new-crop corn and soybeans.

Here are three factors that have changed over the last

five to 10 years that make it difficult to sustain a rally in the grain markets.

**1 The new seed varieties and seed treatments.** These technical advances allow farmers to get nearly ideal stands in challenging conditions. These new varieties have moved the Corn Belt farther north and west.

**2 Better planting equipment and faster planting progress.** Farmers using the newest planting equipment get seed placed at an optimum seeding rate and at the ideal depth. Many farmers now only need five days to get their corn crop planted.

A decade ago, it took 10 to 12 days. Those few saved days can make all the difference when facing unpredictable spring weather.

### 3 Ideal late-summer weather.

A large portion of the Corn Belt has not faced late-summer dry spells or major heat since 2012. That could turn out differently in the summer of 2019. However, none of the long-term forecasts I am looking at right now call for any sustained heat in the summer of 2019.

If we experience wet weather and planting delays in May, then it is initially bullish for corn futures. Quite often it becomes bullish for the entire grain complex.

I always watch to see what percent of the U.S. corn crop is planted by May 10. If it is less than 50%, then it is more difficult to get a trend-line yield. Also, if there are

This is the daily CBOT 2019 corn chart. You can see the high in October 2018 at \$4.08 and then the high in December 2018 at \$4.05. The contract high in August 2017 was at \$4.23.

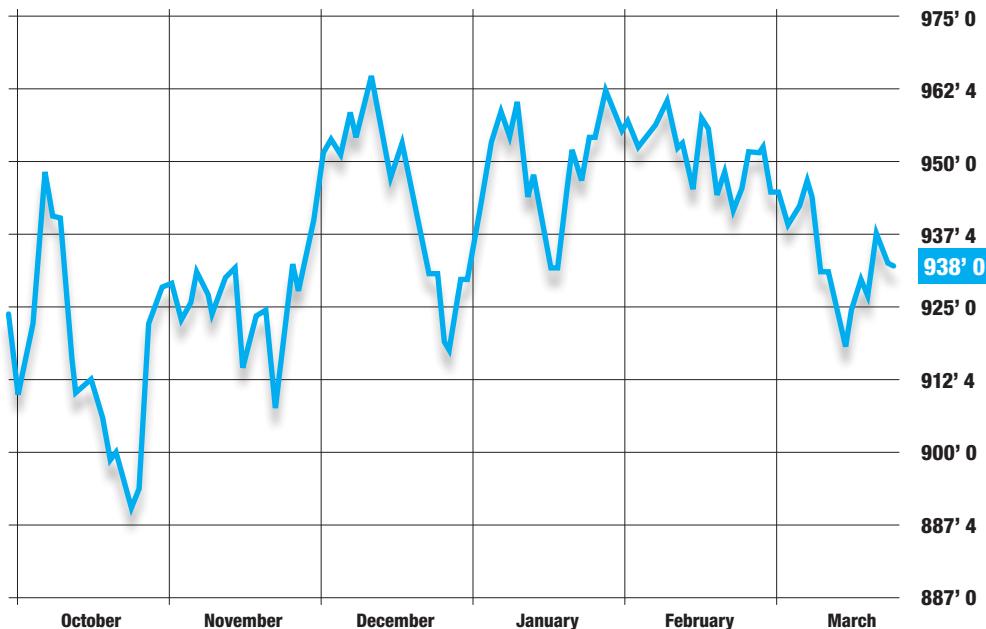
Plan to use a rally up to \$4.08 to \$4.18 to get at least 30% of the 2019 crop hedged ahead. If those price targets are hit, then get another 30% to 50% protected with put options.

enough planting delays in the northern Corn Belt, then I expect a larger-than-normal amount of “prevent planting” crop insurance claims. That may reduce corn, soybean, and spring wheat acreage compared with what the March Prospective Plantings Report indicated.

The seasonal patterns I work with have changed over the last decade.

The average high and low for corn is about 20¢ lower on the five-year seasonal study than the 10-year seasonal study, even if I take out 2012. ▶

## November 2019 CBOT Soybeans



This is the daily CBOT 2019 November soybean chart. You can see the highs at \$9.73 and \$9.71 in December 2018 and January 2019. The contract high came in December 2017 at \$10.15.

Plan to use a rally back to \$9.70 to \$10.10 to get at least 30% of the new-crop 2019 soybeans hedged and another 30% to 50% protected with put options.

For soybeans, the highs and lows are about 45¢ lower.

The other significant change is that the corn high tends to come in during April and May over the last five years. It is now 30 to 60 days earlier than the 10-year seasonal. For soybeans, the key months for the five-year and 10-year seasonal high is May and June. I have recommended having 70% of the 2018 cash corn and soybeans sold by the end of March. Watch for a rally to get the last 30% sold.

May is a critical month for growing and marketing your corn and soybean crops. Here are three suggestions on how to fine-tune your plan this month.

**Plant and grow the best crop you can. But also make sure you are executing your marketing plan to get the most money out of your crop.**

- 1 Make sure you have price targets above the market to make cash and new-crop sales.**
- 2 Confirm with your broker or grain elevator that these orders are in as GTC (Good Till Cancelled) orders.**
- 3 Make sure you have basis offers in.** A lot of farmers are too busy to sell grain in the month of May. As

a result, processors will often push bids in May to get some corn and soybeans bought. If you have a basis offer in, then they may just push enough to get your grain bought.

May – planting time – is a great time of year. It's very busy, but you need to take time each day to spend on marketing.

I suggest that you spend five minutes on your marketing before you head out to the field. Remember, you may think you are growing corn and soybeans, but you are actually growing money. Plant and grow the best crop you can. But also make sure you are executing your marketing plan to get the most money out of your crop. **SF**

**NOTE: The risk of loss in trading futures and/or options is substantial, and each investor and/or trader must consider whether this is a suitable investment. Past**

**performance – whether actual or indicated by simulated historical tests of strategies – is not indicative of future results. Trading advice reflects good-faith judgement at a specific time and is subject to change without notice. There is no guarantee that the advice given will result in profitable trades.**

### 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 "Kluis Report" by going to [kluiscommodities.com](http://kluiscommodities.com).



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