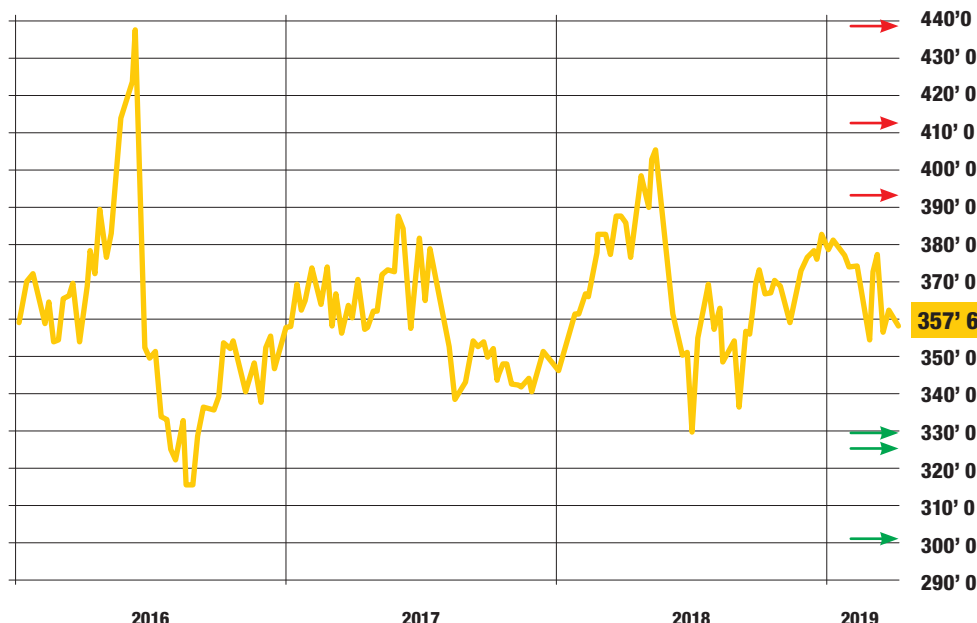


By Al Kluis

CBOT Corn Weekly



This is the weekly CBOT corn continuation chart. The seasonal pattern for corn has shifted. The high has been coming in earlier in the year for the last three years. The highs over the last three years are the three red arrows; the lows are the three green arrows. Corn has not spent many weeks below \$3.30 or above \$4 on the nearby chart for the last several years.

JUNE IS OFTEN THE KEY MONTH TO MAKE MORE SALES

HERE ARE SPECIFIC DATES TO WATCH IN JUNE AND JULY.

My charting desktop is always full. I keep a lot of hand-drawn charts of all of the grain and livestock markets. I chart crude oil and the stock market, and I keep several different corn and soybean continuation charts, as well as the July and December corn and the July and November soybean perpetual daily charts.

Hand-drawn charts let me see market trends I can't see with my live charts on a computer screen.

After 40 years of practice, I still enjoy all of this charting. Even with my large stack of charts, I can update all of them in less than 20 minutes each day.

So why do I do it? Because these hand-drawn charts let me see market trends I can't see with my live charts on a computer screen. The long-

term view – with my hand-written notes in the margins – also gives me a better perspective of market timing.

I can plot out the highs and lows, and I can make projections more easily on these large maps than on the computer-generated charts I watch most of the day. I write on these charts, draw in price objectives, make notes of where we made buy and sell recommendations, and carefully note the prior three years' high and low prices – and just as important – the dates of those highs and lows.

Here are a few things I've noticed in my charts lately.

THE CORN MARKET

First, let's look at my long-term corn continuation charts. What happened in the last few years?

The high in 2018 came in early and the low came in early. The corn market

peaked in late May (the week of Memorial Day, May 24) and then made a major low in the middle of July (July 12). The corn market rallied for five months in 2018 and then almost all of the rally was wiped out in seven weeks.

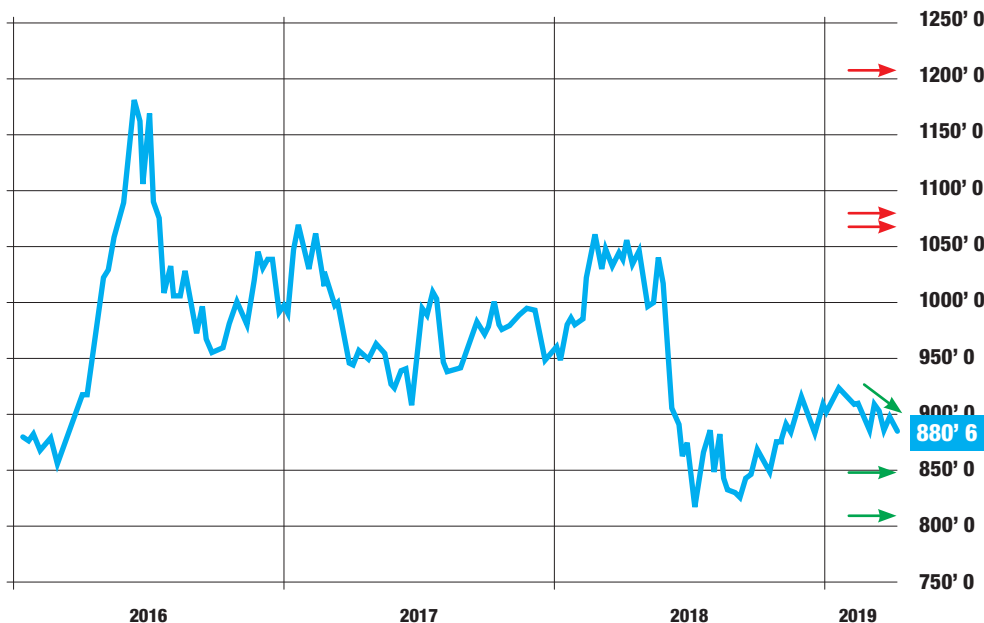
In 2017, corn prices peaked on July 11, 2017. Prices put in a major low seven weeks later on August 30. When the market turned lower, corn prices were hit hard. Prices went almost straight down.

In 2016, the corn market peaked on June 8 and then went down to the major low on August 30, 2016. From the high to the low was just 12 weeks.

What does all that activity tell us when we are looking ahead in 2019?

For June and July 2019, watch the weeks of June 14, June 21, and July 12 for

CBOT Soybean Weekly



This is the weekly CBOT soybean continuation chart. The highs over the last three years have been in January, March, and June. Each year, there has been a second-chance rally back in June to sweep the bins. The red arrows on the chart show the price peaks the last three years; the green arrows show the price level at which prices have bottomed. The soybean market has not stayed above \$10.50 or below \$9 for very long over the last three years.

a possible high. In the last three years, holding corn until late July and August has been a huge financial and marketing mistake.

This year, be nervous about holding any corn into the week of July 12. That may prove to be one of the best sales of the 2018 crop or one of the worst. Get the last 20% to 30% of your cash corn sold by the middle of July. If you're not satisfied with the price, then think about replacing some of those sales with at-the-money December call options.

THE BEAN MARKET

Here are my thoughts on the soybean market. The seasonal pattern the last three years has been very different than the previous 10 years.

June was consistently the best month for most of 2005 to 2015. In the last three years, however, the highs

have usually come in early. The lows have been early, with a secondary low most years during the U.S. harvest. The highs have come in on June 10 (in 2016), January 18 (in 2017), and March 2 (in 2018).

Each of the last three years has provided a second chance to make sales in June. Those sales looked really good at harvest. The lows have come on March 2 (in 2016), June 23 (in 2017), and July 16 (in 2018). These are the low prices for the nearby contract each year. After a spring or summer rally, the soybean market has usually put in a secondary low during the U.S. soybean harvest.

Let's look ahead in 2019, in particular, at the weeks ending June 21 and July 12. Those are the two key change-of-trend weeks for you to watch. If soybean prices rally into those weeks,

then get the last 30% of your cash soybeans sold. If prices collapse into that time period, then it sets up a great buying opportunity.

FINAL THOUGHTS

When I look at prices over the last three years, the news is negative and the trade is bearish when prices are below \$9 and the long-term chart shows major support at \$8.10 to \$8.50.

On the top side, the news is usually very bullish when soybean prices get up to \$10.10 to \$10.50. However, prices never seem to stay that high.

That, my friends, is why I make decisions based on my charts – not on the news. **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 "Al Kluis Report" by going to alkluis.com.



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