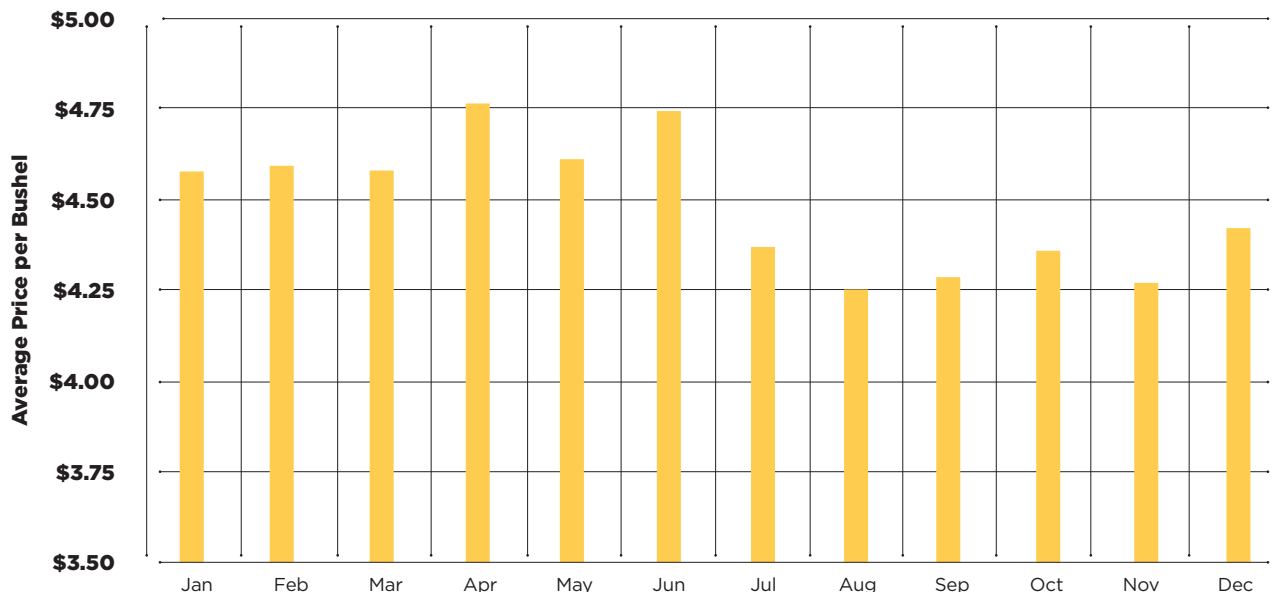


SEASONAL CORN PRICES

10-Year Monthly Average

SEASONAL PRICE PATTERNS
CONTINUE TO WORK

Long-term cycles project lower grain prices in the fall.

By Al Kluis

Every weekday, I watch the markets on an elaborate high-speed computer system in my office. I have multiple oversize screens, a fiber-optic connection for maximum bandwidth, and computer chips normally used by gamers for virtual reality.

However, for long-term thinking and planning, I turn to the hand-drawn charts I have been crafting for 40 years. I use these documents to watch several long-term and short-term price cycles in the grain markets. I also watch yearly seasonal price patterns and study them in many ways. Every year for the past four decades I have updated my yearly seasonal odds charts in January. I post the closing price each month for the nearby corn, soybean, and wheat contracts and plug them into a spreadsheet.

The seasonal patterns are similar to when I first put these studies together in the 1970s,

but they do change over time. I look at the five-year seasonal price patterns, the 10-year seasonal price patterns, and the patterns for even years, odd years, and also election years to try to find the best time to make crop sales and also the key time periods to avoid.

Let's look at the long-term price patterns in corn and soybeans. My long-term corn chart projected a low in 2016 with an important secondary low that was due in 2019 (it came in April 2020). I refer to it as the "COVID-19 low." The next low I have projected for corn is in the fall of 2022 or the first quarter of 2023. For soybeans, a major low came in November 2015, with the next major long-term low in May 2019. The next major low is due in the fall of 2023. I believe the 2019 lows represent major 30-year lows similar to those recorded in 1939, 1968, and 1999. I would be surprised if prices move down to the very low levels that were posted in the corn and

This chart shows April through June have been the best months for making cash sales and getting some new crop hedged ahead. Most years, holding into August has been a big mistake. Remember that in 2021, the corn market corrected \$2.88 from the May high to the September low.

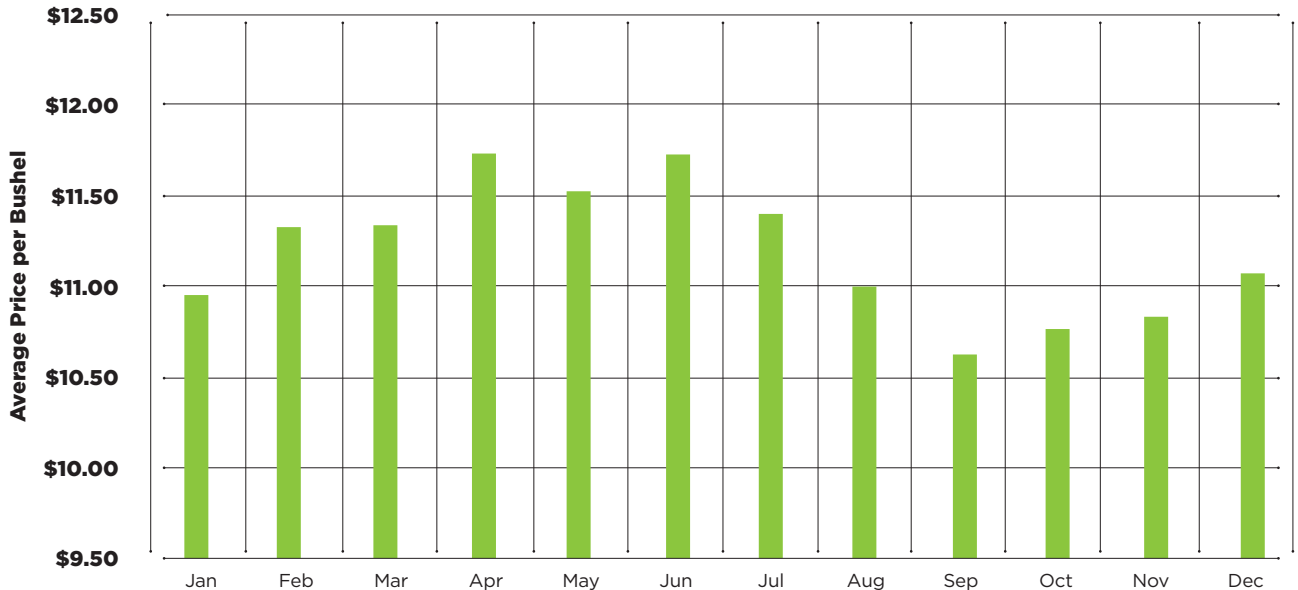
soybean markets in 2020.

In addition to working with the long-term cycles, I study changes in the seasonal odds pattern. South America now produces more soybeans than the United States. South American countries have also turned into major competitors in the global corn export market. As a result, the pattern is different from what I worked with 20 or even 10 years ago.

The main difference now is that we often have two harvest lows. That makes sense because we now have two crop harvest seasons: one in North America and another in South America. Sure ▶

SEASONAL SOYBEAN PRICES

10-Year Monthly Average



This chart shows that April and June are usually the best months to make soybean cash sales and get some new crop hedged ahead. Most years, holding into August and September has been an expensive mistake. Remember that in 2021, the soybean market corrected by over \$5.00 per bushel from the May high to the November low.

enough, we see harvest lows in August (just before the northern harvest) and in February or March (during the southern harvest).


For corn, the new 10-year seasonal odds chart for corn shows the February to March low and the April and June high. The 10-year seasonal odds chart also shows that August is usually the worst month to sell corn. That really jumps out on the five-year seasonal odds chart as well.

For soybeans, the new 10-year seasonal odds chart shows that January through March is often a low period and the best prices are generally from April through June. The 10-year seasonal odds chart also shows that September is usually the worst month to sell soybeans. The five-year chart shows the low coming in August. Both seasonal charts show that storing past July is usually a mistake.

One other notable change is that the yearly price ranges have increased markedly in the past two years. I could blame it on COVID,

but I think this is the new reality as we continue to see more fund money flow into the commodity markets. From 2016 through 2020 the yearly price range for December corn futures was \$1.00 to \$1.20 per bushel. In 2021 it was \$2.81, and so far, the December 2022 corn has a trading range of \$1.96 per bushel.

For soybeans the trading range from 2016 through 2020 for November soybeans was \$2.00 to \$3.20 per bushel. The November 2021 contract had a range of \$6.54, and the year-to-date trading range for November 2022 has been \$4.74 per bushel.

Bottom line: I expect increased market volatility to continue for the next several years. It sure beats selling corn at \$3.50 to \$4.00 a bushel and soybeans at \$8.00 to \$9.00 per bushel. We are likely to have higher highs and higher lows, but I still expect lows during the Northern Hemisphere harvest. Holding on too long was a big mistake again in 2021 for producers who did not stay with a disciplined marketing plan. 

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historical tests of strategies — is not indicative of future results. Trading advice reflects good-faith judgment 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.

Kluis Commodity Advisors
901 - 12 Oaks Center Drive
Suite 907
Wayzata, MN 55391
888/345-2855
kluiscommodities.com

