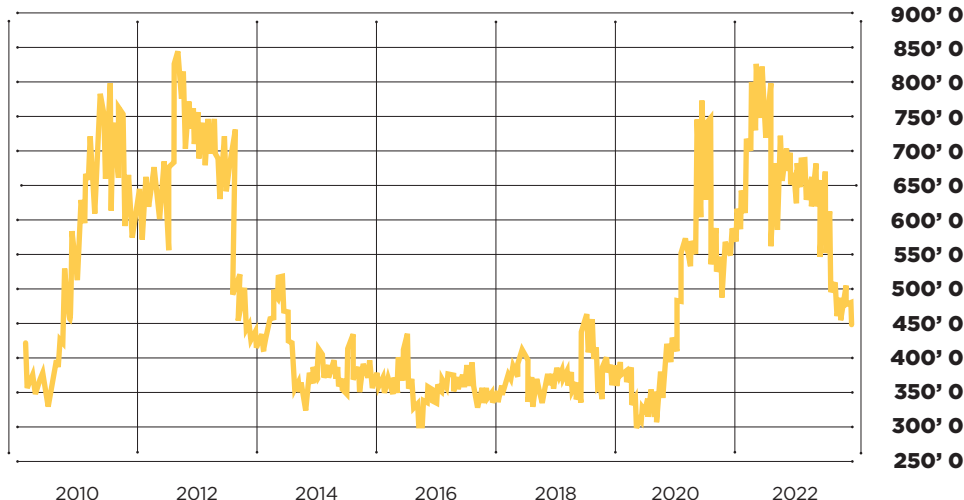


CBOT CORN MONTHLY



This CBOT weekly corn continuation chart shows the low in the fall of 2011 and the rally to the high in August 2012. In 2016 the high to low was 92¢ a bushel, and in 2020 the rally was over \$1.80 per bushel. From the most recent low in the corn market, this sets up targets of \$5.87 to \$6.39.

the early and very optimistic production estimates for South America for the past three years. I think the estimates will move lower again this year, making it four out of four.

I also expect the early USDA yield projections for 2024 to be above 182 bushels per acre (bpa) for corn and 52 bpa for soybeans. Good luck with that! As USDA is forced to take projected yields lower, prices usually rally.

ELECTION YEAR MARKETING PLANS

Make the right moves in 2024.

By Al Kluis

enjoy the questions that come in from readers via email and over the phone. A central Illinois farmer called to say he saves all my articles in a three-ring binder and that he had a lot of questions. "Do you have time to talk now or do you want to call me back?" he asked. I waited until the market closed and then called him back. He was looking at a Your Profit article from 2019 when I wrote that I expected an election year rally in 2020. He said he thought I was crazy, but it worked. "You really nailed the corn market," he said.

Will It Happen Again in 2024?

I gave him an honest answer: "Yes, I am still crazy, and yes, I am again calling for an election year rally in the grain markets in 2024." Here is why.

I assured him I was aware of all the global and U.S. economic problems and that the rapid increase in federal debt was a long-term worry for me. However, people still have to eat. Even with the recent rapid increase in interest rates, U.S. consumers keep buying, and unemployment remains at a historic low rate of just over 3%.

Every morning, I read three U.S. newspapers first thing while I am writing my morning update and watching the overnight grain and energy markets. Then I go to the office to work and study my charts. The news and news analysis can be confusing, so when I get to work, the first thing I do is update my charts. It helps me sort through the noise.

Here are three fundamental early observations for the 2024 marketing year.

First, as we enter 2024 (and at the time I am writing this article), corn and wheat prices are at multiyear lows. Nearby soybean futures are down more than \$3.00 per bushel from the highs posted last June. It is a lot easier to make a long-term bullish forecast for 2024 when prices are low.

Second, the U.S. dollar is trending lower. I think it could be much lower later in 2024. It appears that the U.S. Federal Reserve is done raising interest rates. I expect lower interest rates by later in 2024, and that is likely to take the U.S. Dollar Index below 100. I would not rule out the dollar dropping below 90 by late 2024.

Third, we have an increased chance of dry weather and a weather rally again in 2024. USDA has consistently had to lower

What Do the Charts Show?

Here are key chart observations to watch for this year.

#1. Watch the futures alignment in the corn, soybean, and wheat markets. When the grain markets turn higher, watch for the spreads to narrow. A very bullish sign will be if the markets invert. That means nearby futures are higher than the deferred (later) contracts. In bull markets, bull spreads work.

#2. Watch for the first week that prices can close above the two previous weeks' high. The corn and wheat markets have been in a grinding bear market. The first hint that the corn and wheat markets have bottomed out is when prices are able to close above the two previous weeks' high. This will likely turn the trend

This CBOT weekly soybean continuation chart shows the low in the fall of 2011, and prices then rallied to the high in August 2012. This rally was almost \$6.00 per bushel. From the harvest low in 2015 to the 2016 high was \$3.19 per bushel, and in 2020 the rally was \$3.90 per bushel. From the most recent low in the soybean market, this sets up targets of \$16.29 to \$17.11.

sideways as a base begins to build.

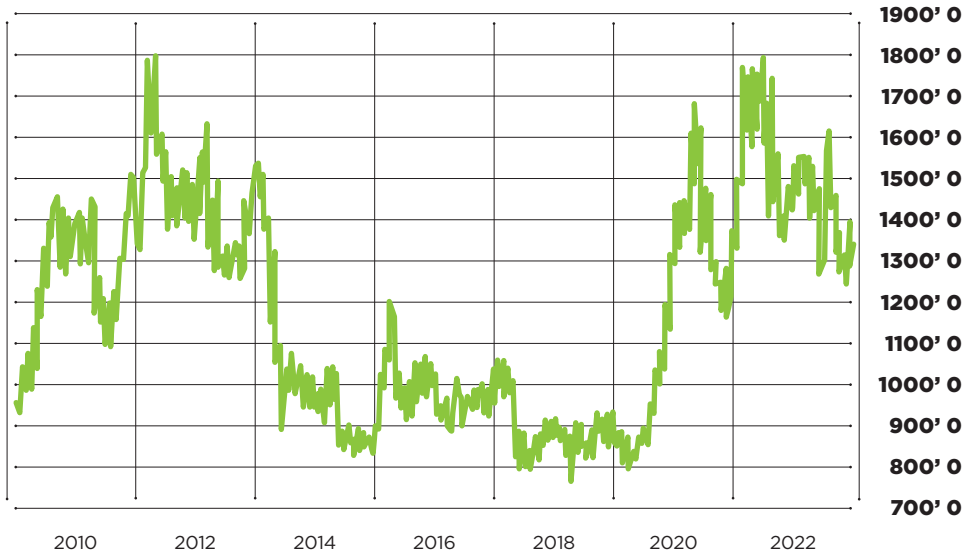
#3. Watch for when the nearby futures close above the previous month's high.

Again, this will show the potential of trend change from sideways to higher. With this trend change, expect a big increase in day-to-day market volatility.

#4. Expect a different seasonal pattern in 2024, not the normal pattern where the highs in the grain market come between April and June. In fact, May has often been a bad month to sell in election years. Instead, the high in 2024 is likely to come later in the year, especially if the grinding bear market continues January through March. In 2020, the rally in corn and soybeans lasted into November. I do not expect that in 2024. However, if it happens, I will use that rally to get the 2024 crop sold and some 2025 crop hedged ahead. When I look at what I could have done differently in 2020, I realize that holding on to sell later in the year and using puts instead of hedges would have made more money.

Back to my caller. "OK," he said. "Your price projections in 2020 worked great. You nailed the corn market in 2020 and did OK in the soybean market. If you have

CBOT BEANS MONTHLY



a different seasonal selling plan in 2024, what are your price targets for next year?"

A good question! I looked again at the corn market over the previous three election years. The nearby corn contract shows an average rally of \$1.89 per bushel, when I average the rallies in 2012, 2016, and 2020. If I exclude 2012, then the average is down to \$1.37 per bushel.

This sets up a range of targets of \$5.87 to \$6.39 for the nearby corn contract in 2024.

Then I looked at the soybean market over those election years. The nearby contract shows a rally of \$4.31 when I average the rallies in 2012, 2016, and 2020. With 2012 excluded, the average is down to \$3.49.

This sets up a range of targets of \$16.29 to \$17.11 for the nearby soybean contract in 2024.

I will admit that as I am writing this, those targets seem really high, but then I remember how well this same method worked in 2020.

The farmer was not convinced. He read me a whole list of concerns — the same ones I read about every day in my three morning newspapers.

Finally, he calmed down. "Your projections worked in 2020, and I sure hope they do in 2024," he said. "I keep your articles not for just your price targets, but what I learn

reading them."

I told him that my projections do not always work, but the educational concepts I write about should be a long-term benefit to his farm. He agreed and said he would call me next winter to report how it went. **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 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

