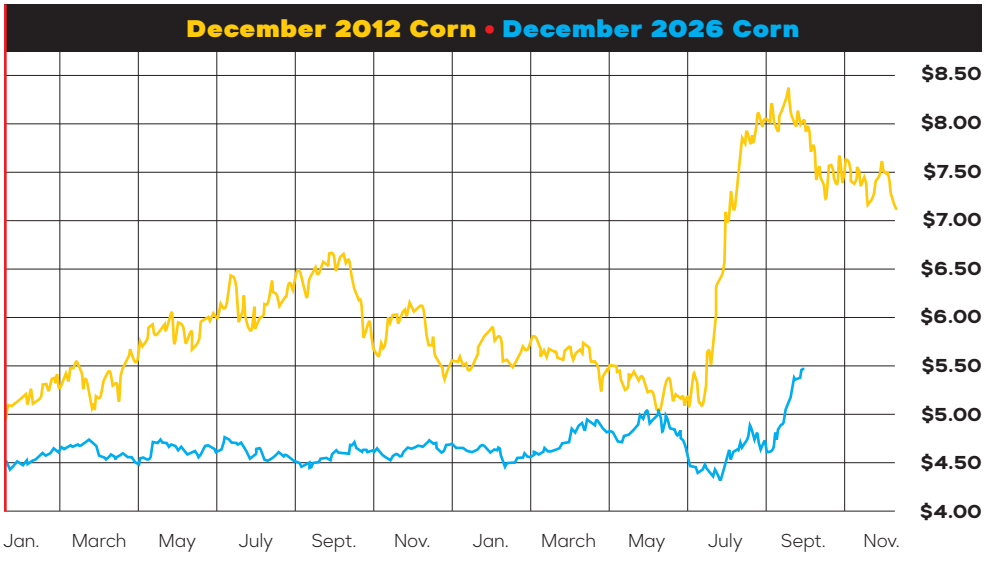
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your
PROFIT



By **Al Kluis**
Commodity trader, trading grain futures since 1976. Sign up for his daily and weekly reports at **kluiscommodities.com.**



This corn chart compares December 2012 futures from January 2011–November 2012 with December 2026 futures from January 2025–September 2026. For both, prices bottomed in late June of the second year, then rallied to an initial high in September. In 2012, that proved a major high. I think the high in 2026/2027 is likely to be sometime in March–July 2027.

The Counterseasonal Price Pattern of 2026

Create a price plan that works for your farm.

This summer, I got some good-natured ribbing from growers at local field days and golf events. As the corn and soybean markets rallied, the mood was much improved, and even festive. "Al, the last time you had me sell in September was 2012," said one grower in the barbecue line. "And then, I had to wait 14 years for this rally."

And more: "You always say not to sell in August," said a grower on the third hole. "But this year, my last 9,000 bushels of overrun corn was the highest price I sold any of my 2025 corn. What happened?"

Earlier this year, I discussed why I thought grain prices would go higher in 2027, adding: "Plan to use your bins to hold this year's grain later in the marketing year. The last several years, I have had 60–90% of the cash corn and soybeans sold by January. Next year, I will likely be holding 60–80% into May and June."

Then ... 2026 happened. What caused this rapid and historic change in the grain markets?

Three Main Factors

No. 1. Two wars. Both, U.S.-Israel/Iran and Ukraine/Russia, continue. With the Strait of Hormuz closed, higher-priced energy and fertilizer brought a lot of speculative money into the grain markets. The war between Russia and Ukraine reduced corn, sunflower, and wheat exports, diverting more grain business away from their fertile fields.

No. 2. Global weather challenges. First, hot and dry conditions hit Europe, reducing wheat production and increasing corn import needs. Second, the late-summer drought in the U.S. reduced corn and soybean yield potential.

No. 3. Inflation fears. Spurred by No. 1, these brought a lot of money into the U.S. and global commodity markets. As U.S. and global bond values plummeted, investors looked at owning grain as a good inflation hedge.

When I teach our Kluis Grain Marketing Academy, I have the students create their own marketing plans, which they are instructed to review and update at least monthly. This year, however, they were told to update them weekly, because the markets were so volatile.

How Can You Manage the Turmoil?

- **Write out your plan.** If you do not write it out, it is just a wish. Using pen and paper or a spreadsheet, list the number of bushels you have for each crop, and their current value. What is your price plan, and what is your time plan? What is your income goal? The simple act of putting the numbers on paper or on a screen helps you to think of your crop as money.
- **Review the plan.** How many bushels have you sold, and what is the average price? What is the plan for the bushels you have in the bin? Where are your price targets, and what percentage of your new crop are you

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Listen to Al Kluis's marketing insights on the Successful Farming podcast **the fourth Monday of each month.**



This soybean chart compares November 2012 futures from January 2011–November 2012 with November 2026 futures from January 2025–September 2026. For both, prices found lows in June of the second year, and rallied into harvest. In 2012, prices rallied to a major high in September. I think the ultimate high for 2026/2027 is more likely to be sometime in March–July 2027.

comfortable hedging? Are new-crop prices above your breakeven? Spend time on all these questions and write down the answers.

• **Update the plan.** For many farmers this year, this became a daily exercise. Day by day, yield potential was falling, while futures prices rose. What was the net effect on your crop value? For many farmers, even with smaller yields, revenue per acre was moving higher. Growers often made additional new-crop sales but sold fewer bushels in each sale. This gave them more flexibility. Hedges were made into the spring and summer of 2027 to capture the carry and wait for better basis bids.

Another question I got this summer while I was out and about came from a longtime customer in southwest Minnesota: "Have you ever seen another year like this one?"

My answer: Yes. It was 2012.

That year had a similar chart — we call it an "analogue" year. The timing was similar, and the stocks-to-use ratio was similar. I am not suggesting grain prices will go as high as they did in 2012, when corn peaked at $8.40 per bushel and soybeans put in a high of $17.90 per bushel. You may also recall that in 2012, the corn yield dropped 20 bushels below the trend line, ending at 123.1 bushels per acre (bpa), and soybean yields fell to 40 bpa.

As a firm, we delivered 30% of the crop on hedges that were out of the money.

What Can 2012 Teach Us?

What did I learn from 2012 I think I should use in 2026?

First, do not worry about the earlier new-crop hedges. Don't look back. The new-crop hedges you made in 2024 and 2025 kept you in the black. Now, focus on getting the rest of your 2026 crops sold, and also look ahead to 2027 crop sales.

Second, the history and timing of bull markets in the grain complex suggest the rallies last six to nine months. The grain markets put in a major low in June 2026. This was a very early low. That suggests we need to be aware of putting in a high early in the season, possibly as early as December 2026 through March 2027.

Third, farmers who focused on making sales based on their revenue per acre did the best job. Those who tried to hit the top held on way too long. The lesson there: Make decisions on what works for your farm, not what you read on the internet.

Fourth, farmers who sold ahead the 2013 crop in the summer of 2012 had some great hedges in place in October 2013. They delivered on corn hedges that were over $2 per bushel in the money. The 2013 soybean hedges placed in the summer of 2012 were over $1 per bushel in the money at harvest time in 2013.

Grain prices are cyclical and, yes, history does repeat itself. The longer-term price cycles have turned higher, but you still need to create a disciplined plan. Write it out, review the plan, and update it as conditions and prices change. •

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. •

Source: Barchart