

Is The Correction Over?

After leading the commodity markets higher on Wednesday, wheat posted a weak session on Thursday. The fact that wheat was not the leader today is not one of my concerns. However, I was disappointed with the close. A new high for the session was followed by a sharp selloff during the close. Wheat failed to take out yesterday's highs. I expect the wheat market to take another shot at the recent highs in the near future.

While I am completely out of my short positions, I am not bullish wheat. I have been waiting to establish short positions on a modest rally. I do not think it will take very long to find out if the late session rally experienced today was the opportunity I have been looking for. If today was the day, the wheat will respond by selling off sharply. I do not believe the market is going to sit near these levels for very long. One of these two things is going to happen: the market is going to continue to correct itself on short covering most likely generated by a weakening dollar or the bulls are going to give up completely which may cause the market to test the October lows. I am not inclined to do anything one way or the other. Based on today's close, aggressive traders could try selling additional weakness. The risk is pretty well defined. You would want to get out if Chicago wheat trades above the 505 level. Additionally, the first target on a selloff is 466 $\frac{1}{2}$. If the market fails to get below that level, I would look at getting out of the position at a modest profit. Just in case these markets are caught in a range.

I personally do not see any reason to get very aggressive in the wheat trade right now. Besides weak fundamentals, the market is trading strength and/or weakness in the dollar, which is tied to the debt crisis in Greece and the potential remedies. Take profits when available and keep the powder dry for future opportunities.

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