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CROP PRODUCTION. SUPPLY/DEMAND ON FRIDAY POTENTIAL WEATHER ISSUES

Posted on 6/8/2016 7:23:45 AM

WE HAVE A VERY GOOD HEDGING DEPARTMENT HEADED BY TED SEIFRIED. WHY NOT TALK TO HIM OR ANY OF OUR OTHER HEDGING BROKERS. NO ONE WILL PRESSURE YOU AND WHAT HAVE YOU GOT TO LOSE? I'VE BEEN A LICENSED FUTURES BROKER FOR OVER 43 YEARS AND TRUST NO ONE MORE THAN TED AND HIS GROUP.

Higher closes for Minneapolis, Kansas City and Chicago wheat along with corn, soybeans and soybean meal while lower for soybean oil. BEFORE I BEGIN GIVING OUT INSIGHTFUL THOUGHTS I FEEL I SHOULD REMIND EVERYONE THAT WE SHOULD ACCEPT A NORMAL CROP YEAR FOR THE GRAINS UNLESS PROVEN OTHERWISE. I'M NOT SAYING THE HOT DRY WEATHER FORECASTS WON'T HAPPEN BUT DON'T GET CAUGHT IF IT DOESN'T. THE GRAINS HAVE TAKEN OFF LED BY THE BEANS AND MEAL WHICH IS GREAT BUT AFTER 43 + YEARS IN THIS BUSINESS, I'VE LEARNED TO BE PREPARED FOR THE WORST. IN OTHER WORDS, AT THIS TIME MOST OF THE NEWS OUT THERE INCLUDING WHAT CHINA HAS BEEN DOING AND THE GRAIN STOCKS IN STORAGE, THE OVERALL INFORMATION IS NOT REALLY BULLISH IN MY OPINION. IF THE GRAIN REPORTS ON FRIDAY ARE BEARISH, NEUTRAL OR MILDLY BULLISH WE COULD SEE A SHARP CORRECTION DOWN NO MATTER WHAT THE WEATHER FORECASTS ARE. IF THE REPORTS ARE BULLISH I DON'T FEEL THE POTENTIAL AFFECT HIGHER WILL BE AS STRONG AS THE POTENTIAL FALL IF THEY'RE NOT. YES, TECHNICALLY THE GRAIN COMPLEX IS IN A BULL MARKET BUT THE FUNDAMENTALS WILL WIN OUT IN THE END WHATEVER THAT MIGHT BE. FINALLY, THE WHEAT FUNAMENTALS HAVEN'T CHANGE ENOUGH TO WARRANT THIS RALLY IN MY OPINION, JUST LOOKS AT THE LAST FEW YEARS AND ACT ACCORDINGLY. With that being said the wheat complex along with corn, soybeans and meal have closed higher five consecutive sessions. The Minneapolis/KC wheat spreads have stayed about the same since my last Wednesday's report so nothing to talk about there. Minneapolis (July) has had a nice rally since last Wednesday but now is in a decent looking resistance area as seen below. However, technically it's not a good area to take a long position. KC had its best high and close since April and is also in a resistance area. I would stand aside at this time but a close over 500 would look good no matter what the fundamentals look like. Chicago had its best close also since April and closing over 500 and with little resistance nearby, looks pretty good at this time. I can't deny that it looks like it will continue to move higher at this time. The grade of the wheat stocks isn't that good but the overall world supply remains high and should continue to keep a lid on how high the wheat prices will go but the bullish sentiment for the beans and to a lesser extent corn, has helped rally the wheat complex so far. I still want to see the July Minneapolis wheat contract settle over 560 and KC over 500 like Chicago has already done. Oats just had its best high and close in 2 1/2 weeks while remaining overall in a 185-200 range since May 5th and being in a downtrend since April 2014. Rice now looks like it will test its May 18ty high still in an uptrend while not looking toppy like it did last week. Corn had its best high and close since July 2015 with little or no resistance overhead stimulated by the weather forecast mentioned above. Its nearest support area is now under 400. I FEEL THE KEY FOR CORN IS TO KEEP AN EYE ON THE SOYMEAL MARKET FOR GUIDANCE. The beans led by meal continue to lead the way culminating with the beans making their best high and low since June 2014 and meal a new CONTRACT HIGH AND CLOSE for all the reasons mentioned above. ALSO, WITH OPEN INTEREST CONTINUING TO MOVE UP THAT MEANS TRADERS ARE CONTINUING TO PICK THE TOPS IN THE GRAIN COMPLEX FURTHERING POTENTIAL RALLIES! I STILL DON'T KNOW HOW FAR THE BEANS AND MEAL WILL GO BUT

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I WILL FOLLOW THE MEAL/OIL SPREADS CLOSELY. IF AND WHEN OIL BECOMES STRONGER THAN MEAL, THEN I WOULD LOOK FOR A POSSIBLE DECENT SIZE CORRECTION. Oil, meanwhile, has retraced higher but still looks bearish overall while now in a resistance area. BUY SIGNALS FOR MINNEAPOLIS WHEAT, SOYBEANS. SOYBEAN MEAL, ROUGH RICE AND CORN. SELL SIGNAL FOR OATS AND SOYBEAN OIL. For additional charts, quotes, news, commentary & more, sign up for a FREE 30 -day trial to markethead.com.

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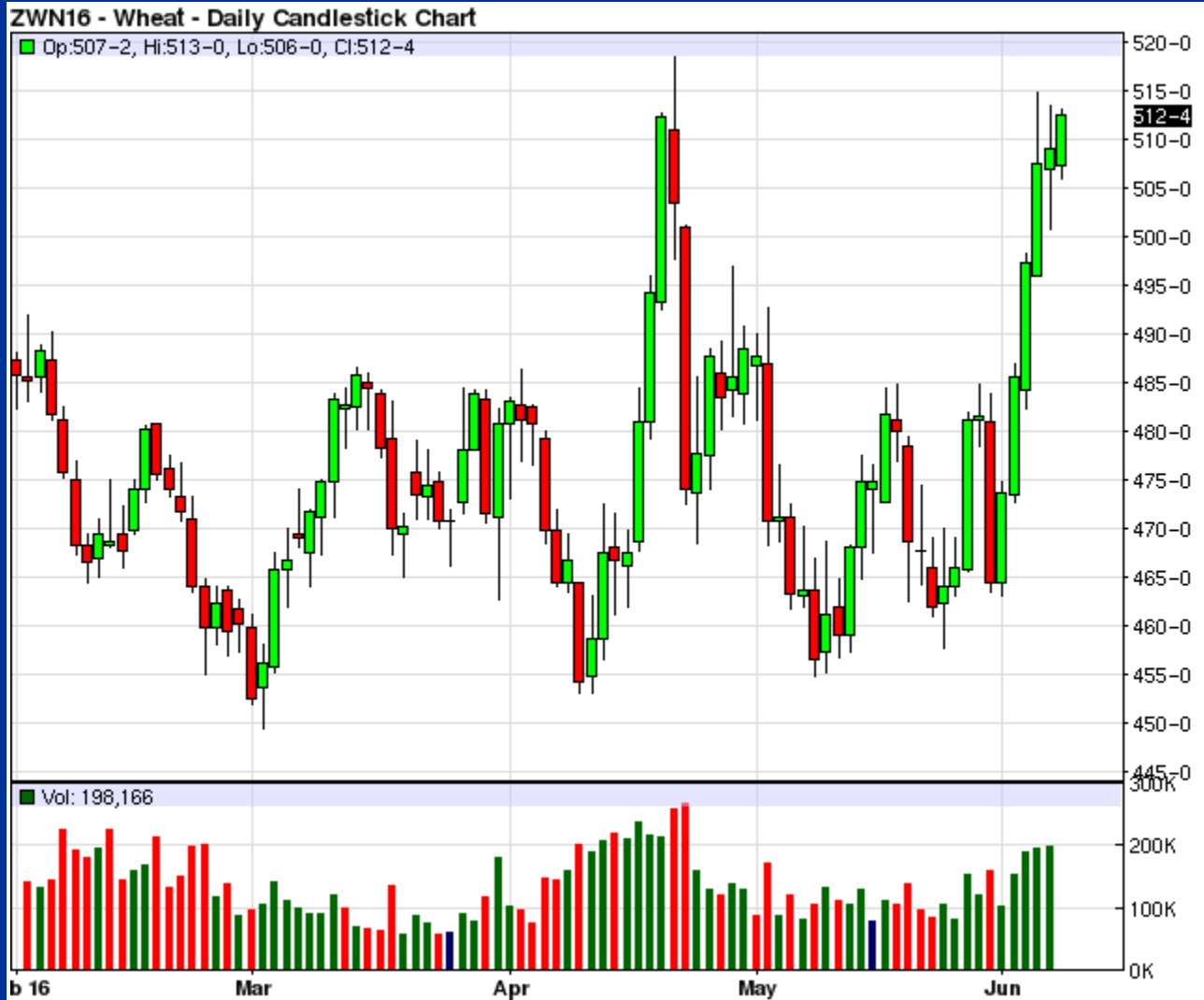
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ZCZ16 - Corn - Daily Candlestick Chart



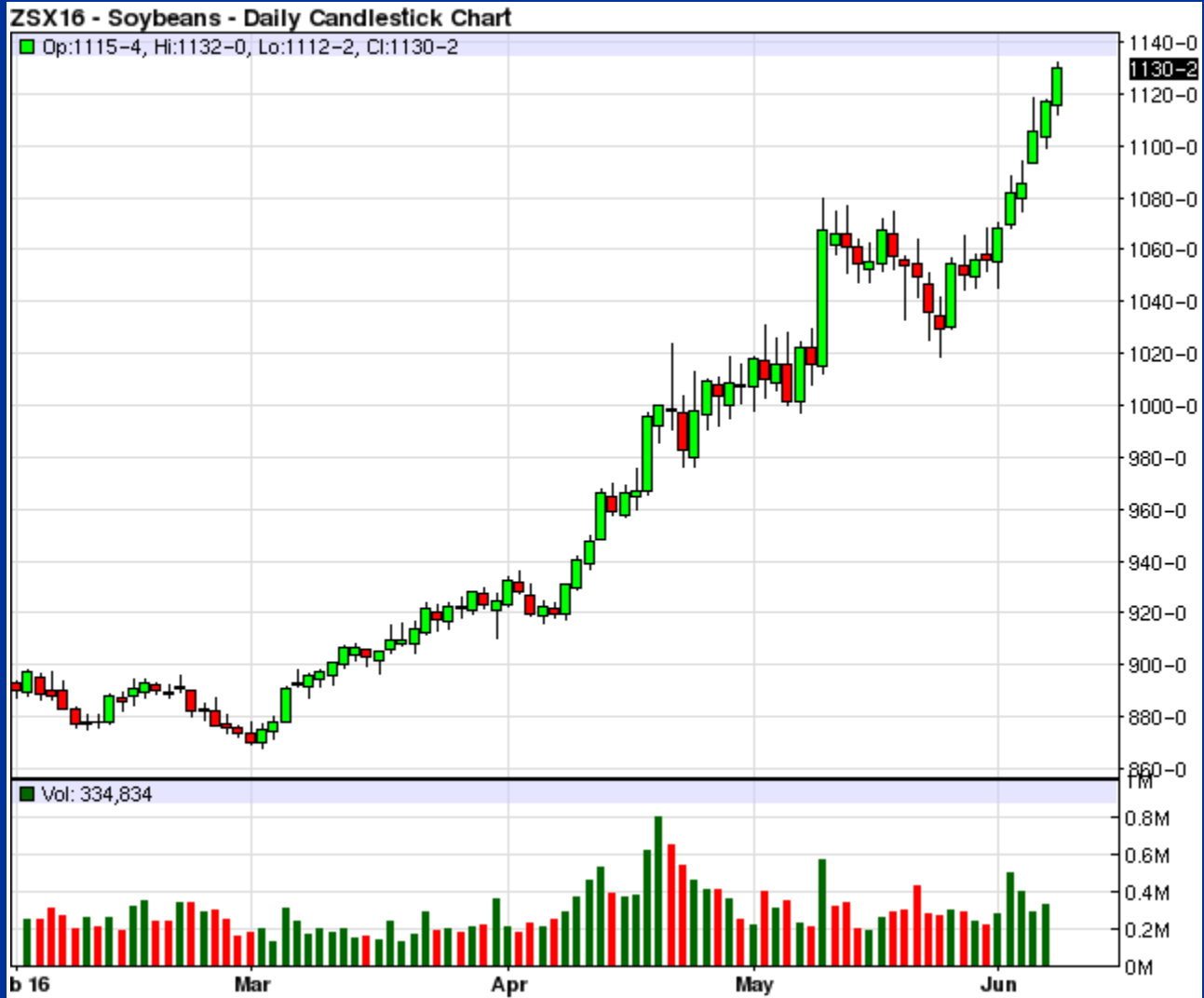
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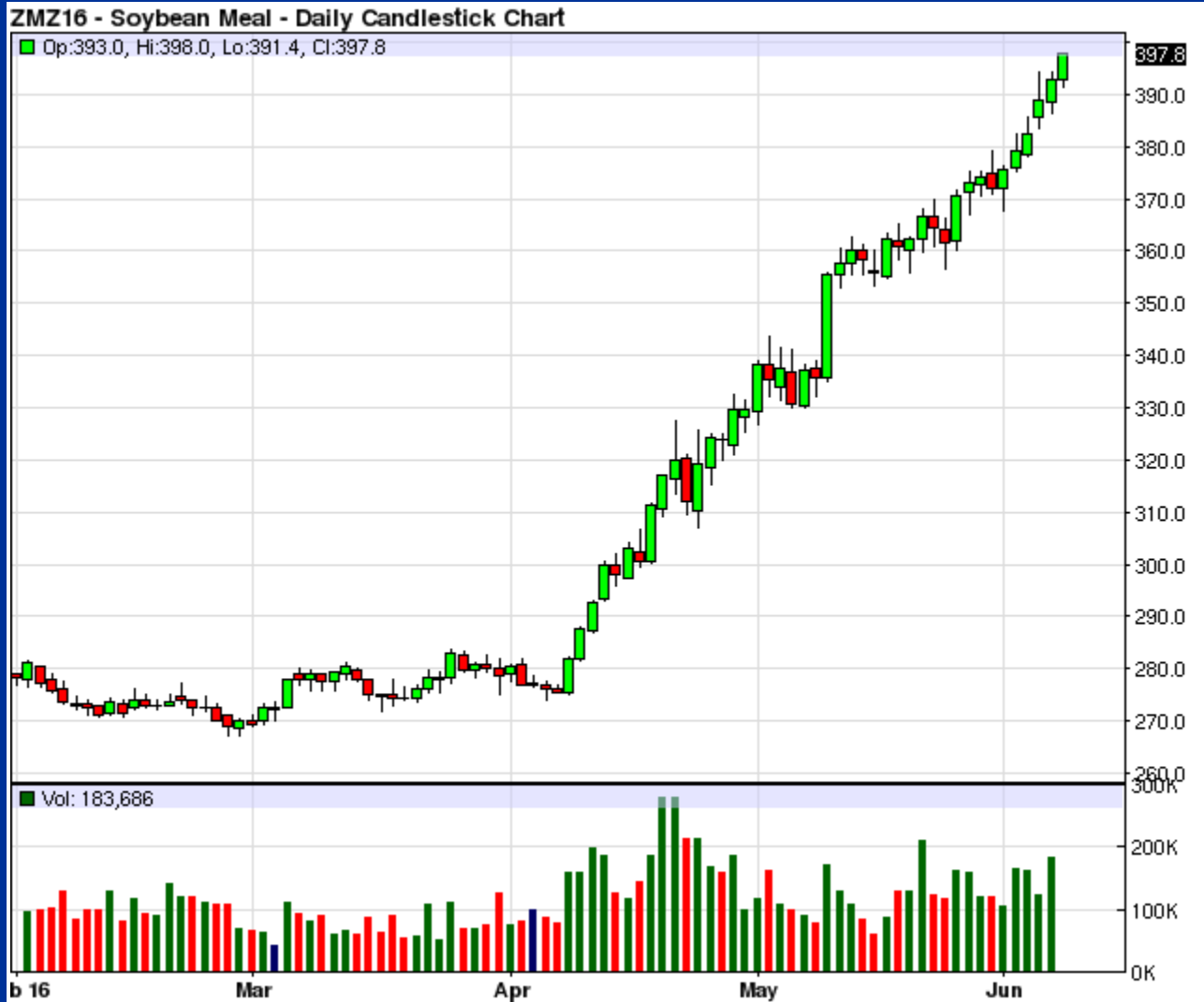
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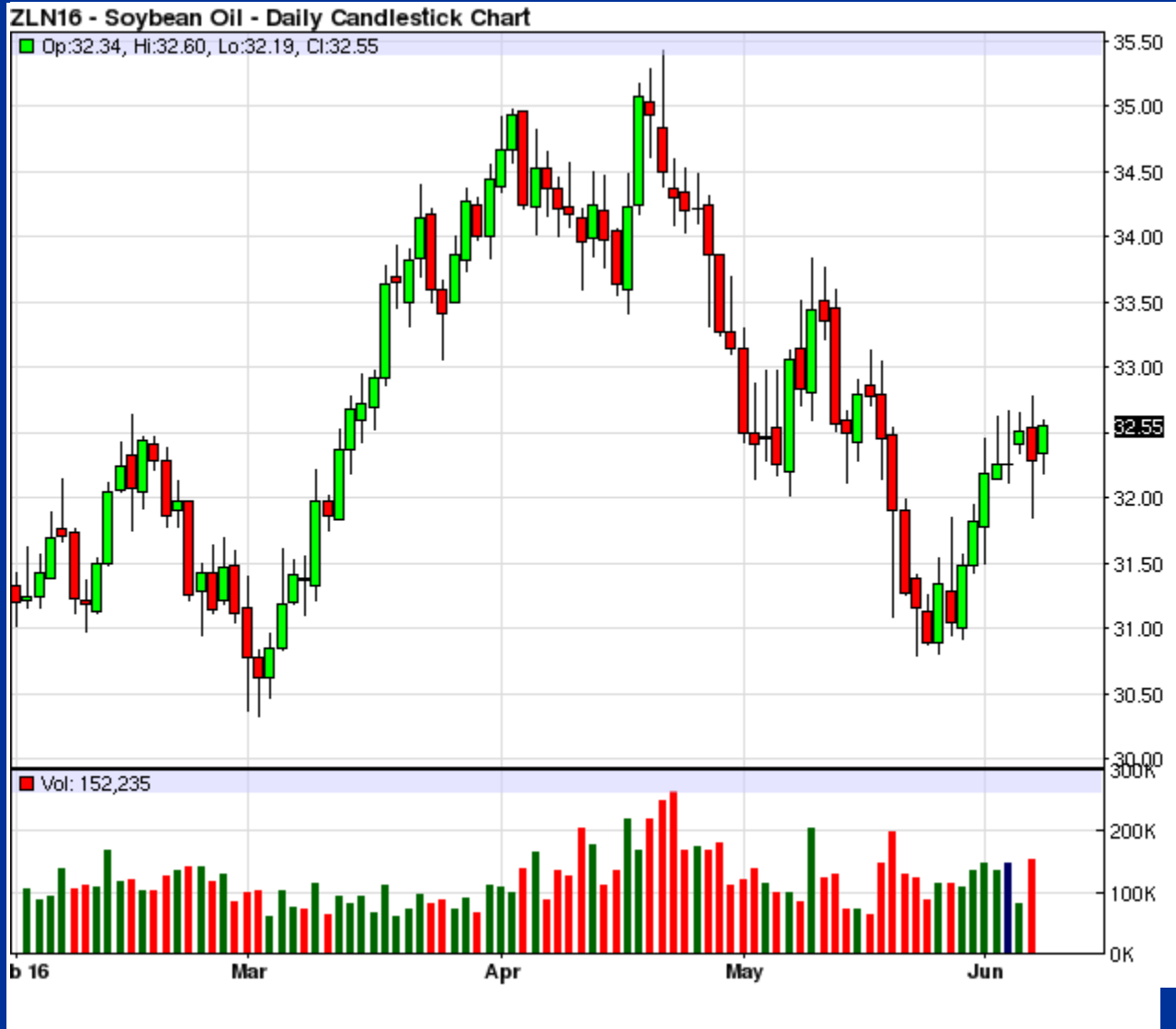
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