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WASDE REPORT FRIDAY. HIGH CORN BASIS HAS TRADERS CONFUSED. WEATHER (2W) FORECAST WARMER + PRECIP.

Higher closes for Minneapolis, Kansas City and Chicago wheat along with oats and rough rice while lower for corn, soybeans and soybean oil. EXPECTED AN INCREASE IN CORN ESTIMATES FOR THE WASDE REPORT ALONG WITH CONTINUING RECORD LOW EXPORTS ALONG WITH THE TARIFF SITUATION TO BE THE MAIN FOCUS AT THIS TIME. CASH REMAINS AT A HIGH LEVEL FOR THIS TIME OF YEAR BECAUSE OF FARMERS HOLDING THEIR STOCKS FOR HOPEFULLY HIGHER PRICES WHICH HAS BEEN CONFUSING TRADERS. TECHNICALLY THE DOLLAR COULD BE BOTTOMING WHICH WOULD ALSO PUT A STRAIN ON EXPORTS IF THAT HAPPENS. LATENESS OF HARVEST HAS HELPED THE BEANS ALONG WITH THE ALWAYS POSSIBLE ENDING TO THE TARIFF SITUATION. A POSSIBLY HIGHER DOLLAR WOULD ALSO HURT WHEAT EXPORTS. BRAZIL'S WEATHER FORECAST CALLS FOR RAIN IN MOST AREAS EXCEPT AROUND BUENOS AIRES.

Minneapolis wheat seems to be in a BEAR PENNANT at this time while also in a possible M formation. However, if you look at the chart below you can see a possible large bottoming formation going on at the same time. I think it's best to stand aside for now although if the dollar turns back higher, I would expect the wheat to struggle for a while. Oats continue to move higher overall in steady action since the end of October. However, oats still haven't taken out the high on October 16th. Rough Rice continues to gradually fall since the middle of September. I need to see a close over 1250 and then 1260 for it to turn back higher at this time. Corn has also been falling since the middle of October with record low exports and the possibility of higher corn production than originally anticipated. The farmers are doing their best to hold cash corn prices as the strong basis indicates. It seems they are holding out for higher prices down the road. With this being said corn has remained between 360 and 400 (except for one session) since August 13th. The bean complex has been holding up well with oil actually leading the way while meal has been slowly gaining strength. Beans have good support under 930 while needing to hold 920 and close above 955 in my opinion. Otherwise, they do look higher overall while consolidating over the last month. Meal has improved technically but still seems to be dragging down the bean prices while oil has continued looking strong. THE BOTTOM LINE IN MY OPINION IS THAT THIS TIME OF YEAR AND THE OVERALL SITUATION MEANS IT WOULD NOT BE WISE TO TAKE SHORT POSITIONS (ESPECIALLY IN THE BEAN COMPLEX) IN THE GRAINS UNLESS FOR A SHORT TIME OR NEEDING TO HEDGE. BUY SIGNALS FOR MINNEAPOLIS, KANSAS CITY AND CHICAGO WHEAT, OATS, CORN SOYBEANS, SOYBEAN MEAL AND SOYBEAN OIL. For additional charts, quotes, news, commentary & more, sign up for a FREE 30 day trial to markethead.com.

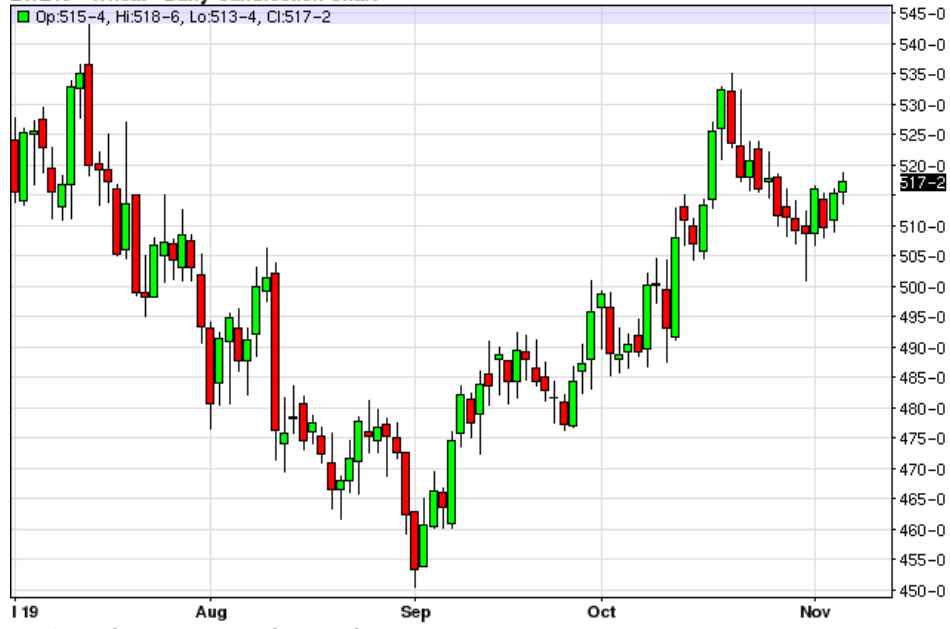
MWZ19 - Spring Wheat - Daily Candlestick Chart



KEZ19 - Hard Red Wheat - Daily Candlestick Chart



ZWZ19 - Wheat - Daily Candlestick Chart



ZOZ19 - Oats - Daily Candlestick Chart



ZRF20 - Rough Rice - Daily Candlestick Chart



ZCZ19 - Corn - Daily Candlestick Chart

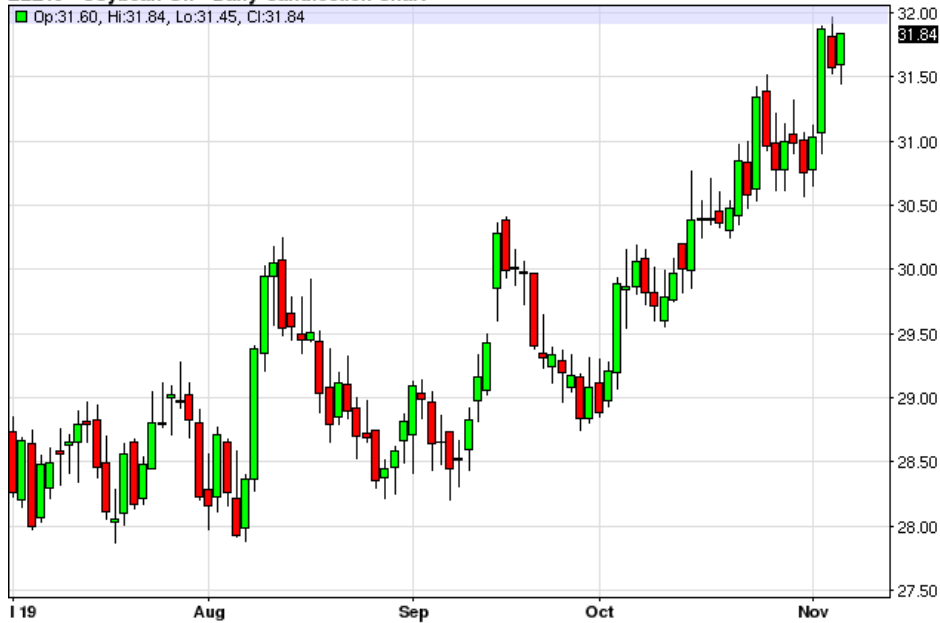


ZSF20 - Soybean - Daily Candlestick Chart



ZMZ19 - Soybean Meal - Daily Candlestick Chart



ZLZ19 - Soybean Oil - Daily Candlestick Chart

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