

"Analysis. Advice. Action."

## Stewart-Peterson Advisory Report

### *Sample*

6 segments \* 4 daily updates \* \$299/year or \$159/six months  
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This page is a sample of our Stewart-Peterson Advisory Report and pricing information. With the Stewart-Peterson Advisory Report you get a concise, to-the-point market outlook with closing prices, trade comments, recommendations, alerts and charts (email only) for corn, soybeans and wheat as well as a marketplace overview. The day's events are explained and analyzed with both short- and long-term outlooks provided. The cash, futures and options strategies are clearly a valuable tool in your marketing tool chest. This product is competitively priced at a level that makes sense to today's producer.

### Today's Alerts *Sample*

#### Executed Recommendations:

**2010 Corn:**

**Exited 30% short Dec 2010 futures at 403-1/2**

#### New Recommendations:

**2010 Corn:**

**Sell 15% DEC 2010 futures on a stop at 395 (DEC 2010)**

**Sell 15% DEC 2010 futures on a stop at 377-3/4 (DEC 2010)**

#### Long-term Technical Commentary Updates:

None

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# Calls and Updates

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Stewart-Peterson Mid-Day Update *Sample*

**CORN:** Corn futures soared to 3-month highs in early trading. Futures contracts flirted with the 30-cent limit and above the 100-day moving average before trimming gains. Active fund-buying and short-covering is occurring, fueled by the potential risk to the late corn crop due to frost. Look for more volatility as drier conditions next week help advance harvest.

**SOYBEANS:** Soybean futures are trading sharply higher led by the strength from the outside markets and weather forecasts that have spurred fund-buying. Technically, Nov futures rose to the 21-day moving average before setting back. In addition, futures are still trading below October 1 highs.

**WHEAT:** Wheat futures are trading sharply higher in tandem with corn and soybeans. A weaker dollar adds support. Wheat is basically benefiting from the commodity fund-buying that is going on in recent sessions. Technically, Dec CBOT futures rose to 2-week highs.

**CATTLE:** Cattle futures are trading narrowly mixed with a weak tone in the front month contracts. This is due to short-covering and support from outside markets including record highs in gold, a higher stock market and a lower dollar underpin cattle futures. Technically, Oct posted a new 10-month low and Dec a new contract low in early trade.

**HOGS:** Hog futures are trading sharply higher in a recovery from trade below the 40-day moving average, a 1-month low in overnight Globex trade. A slight improvement in pork cutouts on Monday combined with steadier cash hog markets early today and higher outside markets keeps the hog market volatile to the upside today.

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## Marketplace Overview

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*Sample*

The grains traded higher on broad-based commodity fund investing. The corn led the grains higher, but a failure to find any strong buying over 348 led to a sell-off going into the close. The beans and wheat dropped back to unchanged when corn sold off in the closing minutes.

Today, more fund money went into commodities, which was apparent by the straight moves higher from the morning lows. The stock market bounced on a weak dollar.

Week ended	<i>Sample</i>	<i>Sample</i>	<i>Sample</i>	5-year
SOYBEANS DROPPING LEAVES	79	63	81	88
SOYBEANS HARVESTED	15	5	28	36
SPRING WHEAT HARVESTED	97	94	100	99
CORN DENTED	95	90	98	99
CORN MATURE	57	37	70	84
CORN HARVESTED	10	6	13	25
WINTER WHEAT PLANTED	53	36	55	55
WINTER WHEAT EMERGED	26	13	25	27

### 5 min Dec Corn Chart- Cash Inflows by the Funds?



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## The Corn Market

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*Sample*

### Today's Corn Market News:

Dec 2009 corn closed up 8 cents at 341-1/2  
Dec 2010 corn closed up 7 cents at 389-3/4

The corn market opened slightly lower and proceeded to rally 20 cents straight up. The market sold off going into the close after touching 350. The main reason for the strong move up was the funds were buying commodities.

Most of the main commodities rallied sharply from the early morning lows (Crude oil, Gold, Stocks, Grains) with the rally in the CRB commodity index. This strength is attributed to fresh money being allocated to the commodities in the first few days of the month. It isn't always seen every single month, but it is noticeable more than not and should not be a surprise.

The media was attributing the strength to the wet weather and harvest delays. If that was true, why were beans only up half of what corn was? If it was truly wet weather, beans would have been up just as much or more than corn.

Some claimed the killing freeze forecasted for the weekend was the reason behind the strength. However, this is old news and was known last week already. Three weeks ago the frost risk was expected to be less than a half of a percent of the total crop.

**In summary:** The corn market was up primarily on first of the month fund money and aided by wet weather. Despite trading over resistance, corn went straight down after tagging 350 (DEC).

Long-Term Trend	Down
Short-Term Trend	Sideways
Major Resistance	377-1/4 (Dec)
Minor Resistance	347-3/4 (Dec)
Minor Support	310 (Dec)
Major Support	304 (Dec)
Next Objective	-- (Dec)
Stop on Objective	-- (Dec)

## Short Term Technical Analysis

Dec 120 min Corn Chart



The short term trend is sideways and has been since the beginning of July.

The corn market rallied 20 cents off the opening lows by 12:30. The market hit buy stops starting at 341, 345, and 347. The failure to sustain the move over resistance of 348 means the market is still range bound and just playing with stops above the market.

Support is 310 and resistance is 347-3/4.

**In summary:** We expect the 348-350 area to continue to hold and the market to begin working down to the 310-300 area by the end of this week.

## Long Term Technical Analysis

Daily Continuation Corn Chart



The long-term trend remains down. Corn is beginning the final leg lower after the completion of the ABC correction that ended the first week of June. The downside objectives remain at 190-260. The corn market is currently holding major support at 304 in the front month contract. A close below the 304 level will cause heavy long liquidation.

This pop higher that began September 15 could last for a few days. It most likely could go up to 360, and actual damage results could possibly take it back up to 411-396. However, who is to say that the yield of 161.8 is accurate when it could be around 168? If that is the case, \$4 corn seems unlikely, regardless of a frost.

Livestock demand remains on the decline as profit margins continue to run in the severe red for hogs and dairy. The USDA is forecasting close to a 1 billion bushel increase in demand from last year. They could be right, but that increase would not be at \$3 or higher. We would need to see a large fundamental shift in the livestock markets to even think about an increase in feed demand.

**In Summary:** The corn fundamentals are increasingly bearish, and this little pop in corn does not change the long-term technicals. We still remain bearish and look for the long-term trend to continue down to 190-220 by fall.

## Corn Recommendations

## **New Crop Corn (2009):**

We recommend being 50% sold in the cash market; 50% sold on December futures; continue to hold Dec 500 calls on 25% and Dec 360 calls on 50%. This leaves 100% of the crop with a floor and 75% with the upside open.

Neither the chart nor the fundamentals have changed to cause us to make changes to the recommended positions. Corn is still in the same range it has been since early July. If that pattern continues to hold, one should be selling here, not buying or going long.

There is strong resistance between 365 - 375.

### **Open Orders:**

None at this time

## **New Crop Corn (2010):**

We recommend being 25% sold in the cash market and 30% hedged with DEC 2010 futures.

Our recommended buy-stop was triggered to exit half of the short futures position. We believe the shows enough strength to trim back the recommended short position. This move seems very skeptical and unsustainable, but we can always get back in when there is less confusion.

### **Executed today:**

**Exited 30% short Dec 2010 futures at 403-1/2 (DEC 2010).**

### **Open orders:**

**Sell 15% DEC 2010 futures at 395 (DEC 2010)**

**Sell 15% DEC 2010 futures at 377-3/4 (DEC 2010)**

## **New Crop Corn (2011):**

We recommend being 0% sold in the cash market and 0% hedged.

We will entertain looking at selling 25% if the front month contract breaks through 304 (Dec). We would recommend using futures as this hedge would be removed this fall.

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# **The Soybean Market**

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*Sample*

## **Today's Soybean Market News:**

**Nov 2009 Beans closed unchanged at 885**

**Nov 2010 Beans closed up a quarter cent at 887**

The bean market reluctantly followed the corn higher, which was evident when the close approached. The bean market bounced back to the breakout point of 898 and then headed back to trade lower on the day. The volume was heavy.

The bean market just followed corn up, made a correction of the sharp sell-off last Friday and was supported by wet weather. The rain moving through the Midwest is going to keep farmers out of the bean fields and limit harvest pressure to some degree.

The chart held support at 880 (NOV), but the close today was not encouraging. The market still has downside momentum and we could see that tomorrow despite the ability to hold 880 support today.

**In summary:** The bean market bounced in the first part of the session in sympathy with corn and some wet weather harvest delays. The weak close shows the momentum is picking up to the downside and 880 support may not hold for that long.

Long-Term Trend	Down
Short-Term Trend	Down
Major Resistance	955 (Nov)
Minor Resistance	900 (Nov)
Minor Support	880 (Nov)
Major Support	880 (Nov)
Next Objective	800 (NOV)
Stop on Objective	938 (NOV)

## Short Term Technical Analysis

Nov 120 min Bean Chart



The short-term trend is now lower after last week's breakout to the downside.

The bean market held support on the open (880) and then rallied back to the breakout point (898-900). This area held and heavy selling set in going into the close driving beans all the way back down to unchanged.

If 880 is taken out, we would look for a quick move down to 775-800.

**In summary:** We expect the 880-882 support level to break and beans to accelerate to 800 in the next week and a half.

## Long Term Technical Analysis

Daily Front Month Continuation Bean Chart



The long-term trend remains down. We believe the ABC correction is complete. We are waiting on confirmation of this, which would be a close below 838 in the front month contract.

Despite all the hype on Chinese buying, the bean market has failed to move higher on what has been huge buying out of China. This leaves the bean market with a heavy feel. If we can't rally on that type of buying with this tight of supplies, what is it going to take to push beans over \$11.

Early yield reports are coming in between 50-70 bpa, with most in the 60s. With frost out of the forecast and beans quickly maturing, the beans will continue the trend lower into harvest as the market anticipates a record crop. Another concern supporting our bearish bias is the livestock industry has taken it on the chin. This is crimping meal demand.

Technically, indicators still point toward lower price action for the coming months. We feel the market has begun its next leg down, and we await confirmation of this with an initial close below 880 and then below 838. This next leg down should take us into fresh lows and down to 500-660 in the front month.

**In Summary:** With several crop "what ifs" behind us and harvest approaching, we believe beans will continue to push lower. For most of the year, beans have been in a major correction; this correction has ended, and beans have begun the next leg lower. Our target remains the 500-660 window.

## Soybean Recommendations

### New Crop Beans (2009):

You should now be 50% sold on new crop beans, 50% short Nov futures.

We remain bearish, but respect a close over 938 in the Nov futures. We would not understand why the market would accomplish this, but we don't care. It would signal a possible change in trend, which is why we would recommend exiting some short hedges to cut down some risk.

**Open Orders:**

**Exit 25% short Nov futures on a close over 938 (NOV 2009)**

### New Crop Beans (2010):

You should be 25% sold and 45% hedged with 2010 Nov futures.

We recommend placing a stop to exit some short hedges if the Nov 2009 futures closes over 938. We feel that if beans are still going to move lower, Nov 2009 beans should not close over 938.

**Open Orders:**

**Exit 25% short Nov 2010 futures on a close over 938 (Nov 2009)**

### Old Crop Beans (2011)

You should be 0% cash sold and 0% hedged. We need to see long-term technical damage before looking to recommend any 2011 hedges.

**Open Orders:**

None at this time

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## The Wheat Market

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*Sample*

### Today's Wheat Market News:

**Dec Chi Wheat closed up 1-1/2 cents at 442-3/4**

**July Chi Wheat closed up 1 cent at 486-1/2**

The wheat market opened steady to lower, rallied a dime with the corn market, and then sold off going into the close to finish marginally higher. The wheat market was supported by some fund money, but it was mostly mimicking corn.

The wheat exports remain bearish. For the year, wheat exports have been 291 mil bu vs 459 mil bu last year at this time. Last year was not a good export year, and we are behind that already.

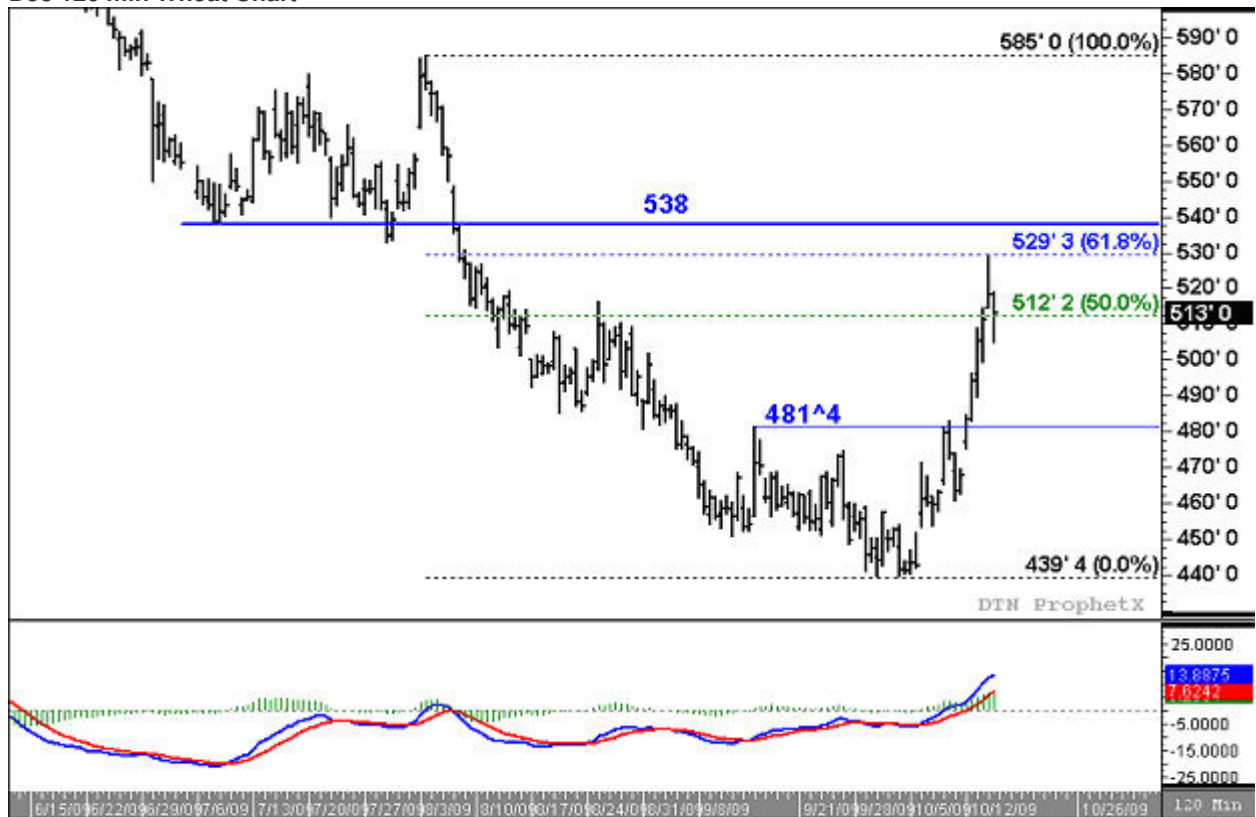
The trend remains down, and any attempt to change it gets denied.

**In summary:** Wheat continues to follow the slow trend lower.

Long-Term Trend	Down
Short-Term Trend	Down
Major Resistance	502 (Dec)
Minor Resistance	460 (Dec)
Minor Support	?? (Dec)
Major Support	350 (Dec)
Next Objective	350 (Dec)
Stop on Objective	502 (Dec)

## Short Term Technical Analysis

Dec 120 min Wheat Chart



The short-term trend is lower.

The wheat market followed the corn higher but again ran into heavy selling at the previous lows of 450. This selling increased as the market dropped pushing wheat back to unchanged. The wheat will find more long liquidation into new lows.

**In summary:** The downtrend line continues to force wheat into new lows.

## Long Term Technical Analysis

## Daily Front Month Continuation Chi Wheat Chart



The long-term trend remains down. On a weekly basis, the wheat market continues work down to our long-term target.

The wheat market is entrenched in a significant down trend as exports remain light. To make matters worse, the fear of game changing by the CFTC on the index funds keeps them from buying large amounts. This leaves plenty of supply with very few buyers at this price level.

With indicators still supporting long-term short positions, we will remain defensive on the 2009 and 2010 crops. The next major leg down could take wheat down to 270-350. We would not be surprised to see wheat experience an intermediate correction higher back to the \$5 level in the coming weeks.

**In Summary:** We expect the long-term trend to continue to be lower and the front month wheat contract to work down to the 300 area through the end of the year.

## Wheat Recommendations

### New Crop Wheat (2009):

We recommend being 65% sold in the cash market and short 35% Dec 2009 futures.

We recommend being 100% covered unless the trend changes and export demand picks up. We look for the strong downtrend to continue pressing wheat lower with very little relief.

### Open Orders:

None at this time

## **New Crop Wheat (2010):**

We recommend being 45% sold in the cash market and 35% hedged using July 2010 Chicago futures.

**Open Orders:**

None at this time

## **New Crop Wheat (2011):**

We recommend being 0% sold in the cash market and 0% hedged.

**Open Orders:**

None at this time

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## **Disclaimer**

\*\*\* Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program.

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