



Analysis. Advice. Action.

137 S. Main Street, West Bend WI 53095 800-334-9779

## Ag Lender Newsletter

November 26-30, 2007

### Corn continues to have trouble moving through \$3.90 Resistance

**Corn:** The corn market had another choppy week that resulted in little futures price movement. Corn is caught between bullish soybean prices and its own large supply issues. Technically, corn is in a relatively simple situation. A close over \$3.90 (double top) on December futures would be a major buy signal. If we continue to struggle to get over \$3.90, a test of \$3.74 should be anticipated. If

3.74 is broken, watch out, a quick move down to \$3.25 or lower could be in store. Be defensive at this point. Acreage and exports may still be bullish in the future; however one must respect the chart in this situation. Remember we can always assign reasons why the market does something at a later date, the key is to have a strategy to take advantage of each scenario no matter what plays out.

#### "Top Step" prices:

March Corn \$4.01-1/2  
Jan Beans \$10.80  
March C. Wheat \$8.67  
March KC Wheat \$9.07  
March M. Wheat \$9.50

### Beans see the 1<sup>st</sup> down week in the last 8 weeks

**Soybeans:** Beans saw some profit taking this week. Outside markets have really dominated soybean trade the last 5 weeks. Crude oil has made a correction below \$90 this week, and the dollar has stopped the bleeding, for the moment at least. Beans, of course, are trying to buy acres back from corn this year and that has led to an almost 14 month bull market run. Wheat made a 6

month correction before making its push to all-time highs, and corn is still experiencing a correction from its February highs, it should be expected that soybeans will go through a similar pattern. All upside objects have been met but two, \$11.75 and

\$12.75, making the likelihood of a correction extremely high at this point. A marketer's focus should on moving the crop at these price levels and looking for a dip to buy back inventory on paper, when you know exactly what is at risk vs. holding cash crop.

**The likelihood of a correction is extremely high at this point.**

### Volatility is back!

**Wheat:** Last week wheat rallied 77 cents and this week wheat added another 41 cents to last week's total. Technically, wheat looks to be in an A-B-C correction. A move back down to \$7.30 off March futures could be anticipated. It would take a move over all time highs of

**The Argentina government has suspended all new export sales.**

\$9.61-1/2 to negate that theory. Worries over last weekends frost/freeze in Argentina are the main fundamental news for the run-up. The Argentine government has suspended all new export sales till it can evaluate the damage. This has the market on the edge. U.S.

exports were also at the high end of the range at 498,000 metric tones, although that is still well below earlier season sales totals of 1 million + metric tones. A strengthening dollar could dampen the rally, but it is so low anyway it is hard to believe anyone would panic buy because the dollar is rallying.