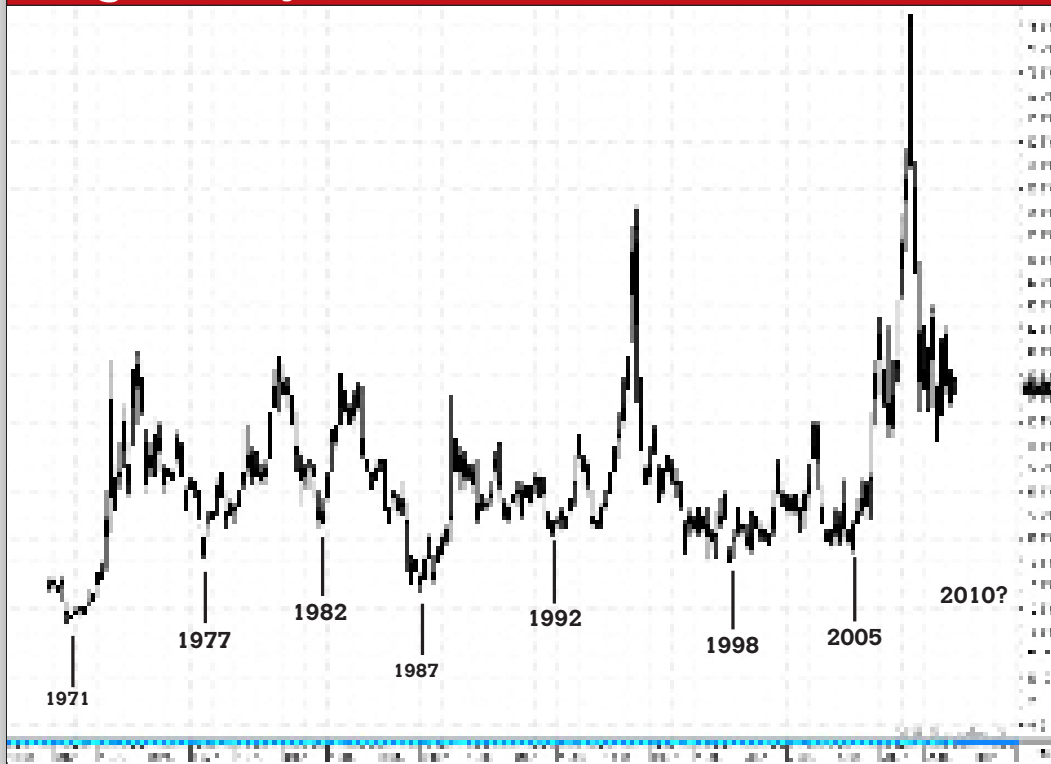


## CBOT Corn Monthly Long-Term Cycle 1970-2010



they work 100% of the time – nothing does – but they provide me with a huge advantage in making sure I have the crops sold ahead of key time periods when the markets are likely to bottom.

### Corn

The dominant long-term cycle in corn shows major lows that average 68 months bottom-to-bottom. Since 1970, this pattern has been repeated six times. These lows have been between five and eight years apart. On average, it is 68 months low-to-low. A review of the long-term monthly CBOT corn chart (left) shows lows that I've labeled in the corn markets.

# Major Lows Are Due In The Corn And Soybean Markets This Fall

Here are three signals to watch that the low is in.

**I** began learning about charting and price cycles in 1974 when I first started trading in the commodity markets. I have to admit that as a college graduate with a degree in ag economics I was skeptical about the whole concept of charting and that commodity prices have reliable long-term cycles. I read all the books I could on the subject. I began keeping hand-drawn daily price

charts on the Commodities Research Bureau and all of the ag commodities – charts that I keep up to this day. I went from being a skeptic to someone who, 36 years later, still enjoys studying and working with my hand-drawn charts each day.

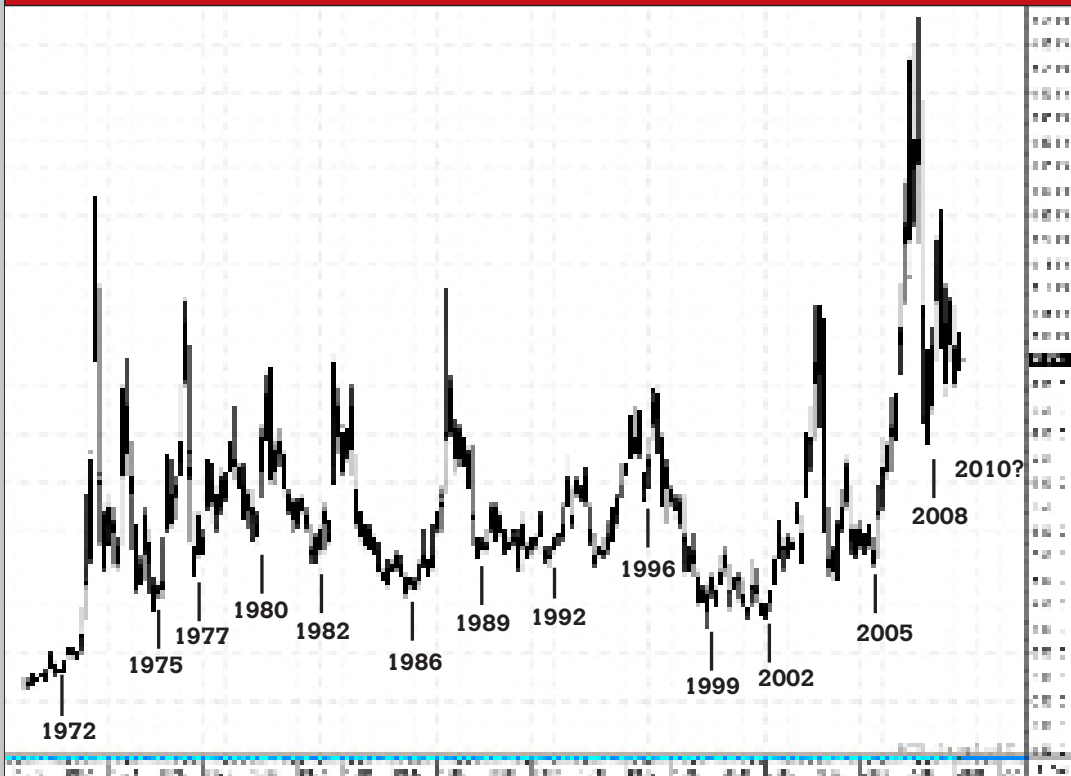
For me, cycles are one of the better long-term market analysis tools. I use long-term cycles in making a lot of my marketing and trading decisions. Not that

Why do I think the low will come in as early as the fall of 2010? Because I also monitor three other intermediate-term price cycles that impact corn prices. These patterns are all in sync and all project a low between August and October 2010. When you're using a cycle that is 68 months long, it could be off by 10% (7 months). That being said, I still project the low to come in September 2010.

### Beans

The dominant (but not as reliable) long-term chart pattern I use for soybean prices averages 39 months low-to-low. Since 1970, I have labeled the 13 major lows that have developed in the soybean market (see chart on the next page), with the next major low due between ➤

## CBOT Soybeans Monthly Long-Term Cycle 1970-2010



your crop marketing plan?

I use cycles to get the cash crop sold and the new crop hedged ahead when prices are due to peak.

This year, I have 100% of the corn and soybeans that have to be priced off the combine protected with a combination of hedges and puts.

I have consistently written in my weekly Al Kluis Report to avoid being in financial and storage positions that force you to price corn and soybeans between August and October 2010.

August and November 2010. This would again prove to be an early low.

I use three different cyclical models in projecting the highs and lows in the soybean markets, and all three models project a low between August and November 2010, with several indicators projecting an October 2010 low. When these patterns are all in sync, prices can get really low.

That is the bad news. The good news is they often post an impressive rally when the trend turns back higher.

### What Will Signal The Low?

In the key time period for the low, I suggest that you watch for the following three indicators that suggest prices have bottomed:

**1** Watch for a week when you have a negative USDA or some other fundamental report, yet prices post a Friday-to-Friday higher close.

**2** Watch for the first week that prices close above the two previous weeks' high.

**3** Watch for the first month that nearby futures close above the two previous months' high.

When I first began trading the market with my own money, I learned three basic analysis methods: the study of time, the study of price, and the study of motion.

The study of time has consistently been the most reliable analysis method that I have used.

So how can you use this information in

ers and ethanol shareholders, the next three months will be a key time period to get your needs locked in for the next six to 12 months. It always looks bearish at the bottom, so get ready for some really negative price forecasts this fall. But be ready to buy when you get the signal. □

**Al Kluis**

Commodity Trader

**Al Kluis has been a commodity trader and adviser since 1974. Join Kluis in his marketing webinar on Thursday, August 26, 2010, at 8:00 p.m. CDT. To register, go to [www.alkluis.com](http://www.alkluis.com).**

**Kluis Commodities**

901 - 12 Oaks Center Drive, Suite 907  
Wayzata, MN 55391

888/345-2855 | [alkluis.com](http://alkluis.com) | [al@alkluis.com](mailto:al@alkluis.com)

