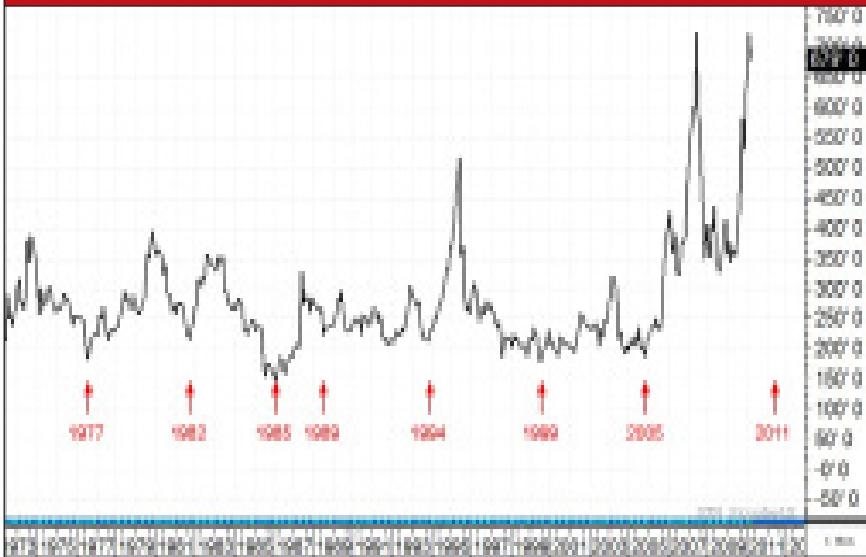


Corn Monthly Low To Low



Since 1969, corn prices have had a reliable pattern of bottoming about every 68 months. This low-to-low pattern has come in just 48 months apart and as long as six years apart.

Al Kluis' current analysis would project a low between August 2011 and March 2012.

are not as reliable, but they can help me get the crop sold on the right days and avoid the lows when prices collapse.

The corn and soybean markets tend to move up and down together. But the timing of when prices put in major long-term highs and lows is quite different.

Following are explanations of the patterns and when I think you should avoid sales in the corn and soybean markets.

Long-Term Lows Are Due This Fall

Watch for a harvest low.

Do your chart patterns work when you have earthquakes, tsunami, and a nuclear meltdown?" was the first question from a nervous farmer before the meeting even started. The meeting was on the day last March when corn and soybean prices had dropped the limit down.

Her second question and comment were, "Why is this so hard? The volatility has made it impossible for me to sleep some nights. I feel like I don't have any control even though I watch the markets all the time."

Answer To Question #1

The chart patterns I work with do not work all of the time, but they do work the majority of the time.

When you have a dramatic fundamental event (like the earthquake and

tsunami in Japan this winter), grain prices can move sharply higher or lower for a few days before other global fundamentals again take control of the price action.

Day to day, no one can forecast fundamental changes, so no one can predict the short-term gyrations in the market. I believe if you are farming and marketing your grain, you should not be so close to the market that you are watching every tick.

I use all kinds of market cycles and studies of patterns to fine-tune the recommendations that I make. The study of time cycles has helped me make better decisions. The longer-term patterns have been very reliable and useful in making decisions.

The long-term patterns will help me avoid having to sell in the months when prices are low. The short-term patterns

Corn Patterns And Strategies

The long-term corn price cycle I work with averages 68 months low to low. The monthly corn chart (above) shows the lows that have developed in the corn market since 1975.

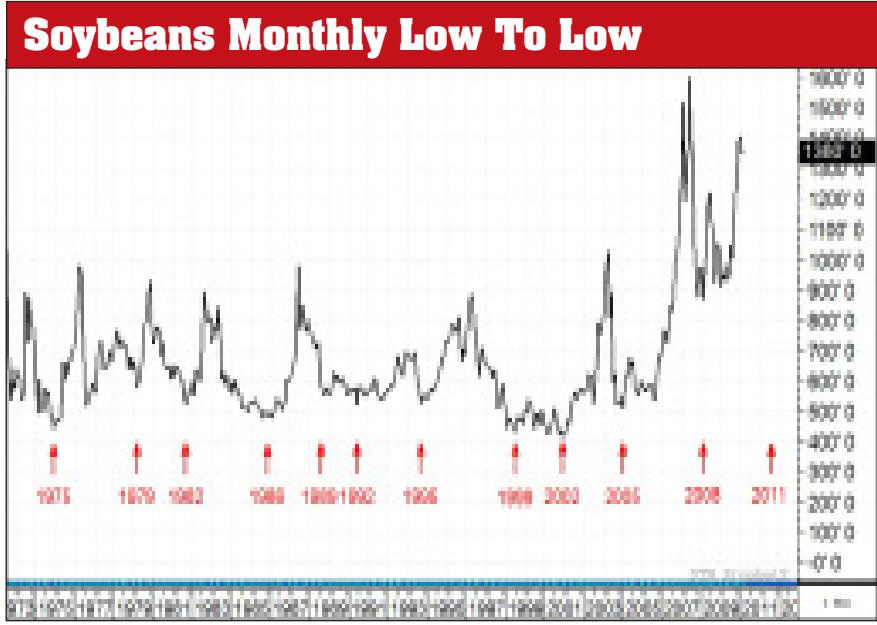
This is not a perfect pattern. Some of the lows are just three years apart, and the longest low-to-low pattern is seven years apart.

The most significant low that I work with is from the low that occurred in 1999. That was 30 years from the 1969 low and 60 years from the depression low of 1939.

The time counts I work with project a 68-month low between August 2011 and March 2012. I also watch a 24-month and a nine-month pattern in the corn market.

Rarely are these cycles all in sync, and that creates a lot of market volatility.

When I fine-tune these studies and examine other market factors, I look for a low in August through October 2011. I do not know when the lows will actually occur; however, I will make sure ➤



Since the major low in 1969, soybean prices have bottomed about every 39 months. This cycle and several other patterns suggest a low in soybean prices between September and December 2011. That is likely to be the ideal time to lock in soybean meal if you are a livestock feeder.

2 Never look back.

If you have made a good sale and prices go higher, focus on where you will make the next sale. If you are disciplined about selling on the way up, you do not have to panic and sell on the way down.

3 Make incremental sales.

With all of the volatility, a series of 10% sales will likely result in a better average selling price. And it will keep some cash flow coming into your checking account.

4 Have your resting offers in place.

There are a lot of days (and some nights) where corn has a 40¢ trading range and soybeans have over a 50¢ trading range. It makes a lot more sense to call your offers in than to watch the market tick for tick. □

I do not plan to sell any corn in August through October 2011.

Soybean Patterns And Strategies

The long-term lows that I work with show lows developing about every 39 months. I will again start my current projections from the 30-year low that came in July 1999. If the 39-month low to low hits right on time, it would project a low in the second quarter of 2012.

The other weekly and monthly patterns I work with, however, suggest an earlier low. So the ideal time frame would be for an early low in November 2011.

I plan to be in a position where I do not have to sell any soybeans between September and December 2011.

If I do have to sell, I'll have them forward-sold. That is also the ideal time to get soybean meal bought ahead for the livestock feeders.

Answer To Question #2

Now to address the second question that nervous farmer asked, "Why is it so hard now?" It is harder now because

there is more at risk.

If you look back six or eight years ago, corn had a yearly trading range of 80¢ to \$1 per bushel. Soybeans had a yearly trading range of \$2 to \$2.40 per bushel. Your income on an acre of corn would swing by about \$110 per year, and your income on soybeans would change by about \$90 per year. If you held on too long, an LDP payment would cushion the bad marketing decision.


Now, the trading range for corn is over \$2 per year; for soybeans it is often \$4.50 or more. Your income swing is up to \$200 per acre for soybeans and \$300 for corn. If you screw up now, you are not going to get an LDP.

So how can you reduce anxiety, sleep at night, and improve your average price? Here are four suggestions.

1 Think and plan long term.

A written marketing plan should spread your sales out over 18 months before you plant the crop and for six months after you harvest the crop. With that longer-term window, do not worry about short-term volatility.

Al Kluis



Al Kluis has been a commodity trader and adviser since 1974. Join his free webinar on the second Tuesday of the month – May 10 and June 14 – at 8:00 p.m. CDT. The June webinar will discuss long-term cycles. To register, go to www.alkluis.com.

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