

November 30, 2007

Friends:

What a ride this year, eh? Next year will be even more interesting, but not nearly as easy for the store and it goes up crowd.

After patiently watching and riding the bean wave, it is seriously time for some action to protect an amazing year in corn and beans, hogs we won't talk about...

SOYBEANS:

There are a number of harmonic reasons, and a large number of fundamental reasons as well, for why we might have just seen the winter high in soybeans. Don't laugh, I'm serious.

The January beans have completed a fascinating harmonic "period doubling" event right out of the Chaos theory handbook. At a minimum it would seem SF will retrace down to \$10.30 to its breakout point.

Remember NO guarantees, but this is a great time for a high (12/3 was my ideal weekly target, but the daily harmonics seem to imply that 11/26 was close enough.)

There was tremendous energy on 11/5 and it was a great place for a high, but the market gapped up instead. NOW, if you remember the wheat market where I went bearish old wheat on 9/12, it over-ran the ideal by 2 weeks, not bad over a 3 year run. The beans might have just done the identical thing, overrun by 2 weeks. This makes for a beautiful synergy with the daily weekly and monthly counts.

Since we are not perfect sometimes, we are going to use the Parabolic moving average for our sales trigger. After some research I am using a 72 day period for beans and not the standard 50.

SELLING 30% of 07 beans @ 10.81 SF on a stop. Beans could easily be down 30 today, fyi.

Also, for 08, we are selling 5% in SX8 if the above stop is hit.

CORN:

As written for years now, 2008 should be the year for the corn spike and final highs. This of course doesn't mean it won't have some setbacks. Since we are only 30% sold, we are going to sell another 20% to get to 50% sold. We will use the parabolic trigger with a 90 day period and that places the stop today at 3.9725.

ALL corn that must be shipped before May 1 should be price protected. It may not happen, but this is a great place for a swing high that leads to a 6 to 8 week decline of some substance. The big run higher in corn should be from mid to late February to July 4th as is normal.

Also, selling 5% of the 08 corn today as it has tested last year's high. It should be broken this summer, but should is not the same as "will".

ALL deferred sales and even the nearby sales would be lifted IF we get the expected 6 to 8 week decline going into Feb. All meaning ALL, by the way.

BROCK:

Just attended a speech that Brock gave, he of course was bearish as is humanly possible. That wasn't of much value as he just normally is that way. What was INSTRUCTIVE, was the fact that some in the room were almost mocking him. When farmers are bold enough to publicly take verbal shots at a good bear, it is time to get concerned. No one is wrong forever, or in this case the farmer will not be right forever. I hate to sell at the same time Rick is, but he is a good bear and bears still need to be respected, ESPECIALLY if you have to move grain in the next 12 weeks.

BASIS:

We locked up basis on all corn we are shipping in Dec and Jan yesterday at 0 under Chicago. Was told elevators will move the piles at zero under and that Linden is covered through Jan so it won't drive the bids for awhile. Could be wrong but 0 under is 0 under.

Be safe,

Ken