June 18, 2010

Friends:

Well, the early June expected lows occurred EXACTLY on TIME. So far so good.

This is just a quick WARNING....that things may not be going quite according to plan. It is too early to tell BUT just be warned, the market is taking on the same technical structure as the hog market did last summer right before its final collapse.

Specifically, Open Interest on this rally has declined. If you look back at the hogs in June and July you will note that open interest declined after the perfect low was in place on that first rally in early July. As they say, the rest is history. IMPORTANTLY, look in August in the hogs after the final low WAS in place, open interest climbed almost every single day.

ALSO, Dec corn has not exceeded the .618 retracement of the last swing low as of yet. It NEEDS to do this to confirm that a real low is in place. IF not, it is set up for a final washout into a normal July9 th low.

PLUS, almost everyone I know was expecting an early June low. This is concerning, I much prefer to be a lone wolf in the wilderness.

The point that I am making is that if you have old grain you are storing, make sure and take action accordingly.

This is the highest risk portion of any trend change forecast decision matrix. IF you are already out of position, i.e. have any old crop left, you might want to defend it here and make CZ exceed its .618 retracement which would actually change the trend.

Good Luck and sorry for waffling. We will stay unhedged and take the risk. Others would take a different view and I respect that.
Ken