

## THE STORM STRENGTHENS

As noted in the update from July 9th, (dated 7/14 on the site when we went live), a LIVE ROUNDS weather event was signaled by the gap higher on July 8th. This creates a **VERY** unusual situation that needs to be managed aggressively. Many producers just mentally lock up in such situations. The opportunities are greater than ever. **It is not a time to lock up.**

**EXCEEDING FRIDAY'S HIGH WOULD IMPLY 11 MORE DAYS UP IN CORN/BEANS. THIS IS THE MEASURING POINT IN TIME THAT THE PREVIOUS UPDATE ALLUDES TO.**

**SHIFTING "HAMMER TIME"** in the soybeans. I think many find it hard to comprehend that we would place so much emphasis on one day of trading activity (the gap higher July 8th). Well, of course it isn't just one day. It is the summation of many days of events that THE MARKET decides to recognize on one given day. In this case the virtual gap higher July 8th.

The result of this situation is that we are forced to shift our analysis into the "ABNORMAL market" category and now must allow for the very unusual 1974 weather pattern to continue.

Now, this is going to get complicated. BUT simply stated, AS LONG AS THE LOWS OF July 8th hold, we have to assume we are in a real, once every 15 years, weather market. As such, this rare event ALWAYS tends to shift the timing rhythms. They still exist, they are more valuable than ever, but they have to shift to allow for the huge shift in energy.

SO, for those who study TIME and not merely price, we go back to the drawing board and say WHAT IF.

To that end, I have attached some new soybean charts and new meal charts. Much like wheat earlier this year, the picture becomes very clear just in time to capitalize. IT IS IMPERATIVE to note, that we must ALLOW for the weather market to continue (UNTIL July 8th lows are broken). As such, **the 144 weekly count**, (yes that is WEEKLY for recently joined peers), that **clearly projected a low for Sept/Oct, (AND in 9 out of 10 years WOULD BE a LOW)** must now be shifted to a possible high. IF it plays out this way, it will be a HUGE HAMMER TIME opportunity, multi-year in nature.

**SHIFTING "HAMMER TIME"**. To this end, the **"Hammer Time Purple Diamonds"** that I had placed on the soybean charts **must be shifted back to the Sept dates** shown on the charts. September 9th to be precise, probably with a test on October 4th.

As farm marketers, we will not remove our hedges or prior sales, but rather use this potential timing point to complete sales for 2011, and increase sales in a big way for 2012 and 2013.

**ASLEEP AT THE SWITCH:** In this category, I must place our hedging of bean MEAL for the 2011/12 hog production year. Why we did not hedge that in long Sept meal on July 8th is just, well, ASLEEP AT THE SWITCH. So we covered it last night. Again, we will exit the hedges IF the July 8th low is broken, OR if the market rallies into a nearby timing point.

**OLD SCHOOL TECHNICAL ANALYSIS:** The 6 months worth of sideways price action found in the soybean complex IS WITHOUT QUESTION coiling the market for a HUGE move. **Either up or down.** This rally to the top of the range is the 4 test of these highs. All the OLD SCHOOL guys will be expecting this to breakout to the upside. Until proven otherwise, I must agree that the outcome clearly favors such a breakout. IF this occurs, the move will be SWIFT AND VIOLENT. Prepare yourself and get your capital in place to capitalize on such a blow-off move hedging the 2012 crops at the end of the run higher. PLEASE note that I mention to get ready...but note that such an event may not occur, just be ready if it does.

JUST IN SUMMARY...A VERY UNIQUE OPPORTUNITY IS SHAPING UP that might present us with opportunities that statistically are EXTREMELY RARE.

ANOTHER THOUGHT...I really don't like drought markets because they almost always never end up being REAL. Today's action is classic, crop is in real trouble in spots and the market collapses into the close. THIS IS WHY IT IS SO IMPORTANT TO REMAIN FOCUSED ON THE JULY 8TH LOW. Each day above that level, makes the drought real. IF it is broken, IT WILL BE VERTICAL DOWN.



## S2-056: Soybeans CBT (Comb) Cont Exp (Weekly bars)

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