



Thursday July 1, 2010

Grain and soybean futures were higher on Thursday. The sharply lower dollar attracted fund buying to get wheat to be the upside leader. Corn managed to rally about 12 cents, but then ran into technical resistance. Soybeans posted slight gains, seemingly the follower. The gains were impressive in light of the \$3 lower crude oil, suggesting at least a temporary divorce from the other commodities. The overnight trade may be quiet as traders await tomorrow's jobs report.

SOYBEANS... Soybean futures were higher. The gains were quite reserved compared to the grains, up only 3-6 cents. The old crop gained on the new crop, continuing to suggest concern about current supplies. The strong export sales data for the old crop provided reasons for support. The other spread trade was obvious with the higher soymeal and the lower soyoil. Soyoil found pressure from the weak crude oil and continued concerns about lack of soyoil usage for diesel fuel. The December soyoil chart reached its lowest level since last October. Midwest weather conditions are considered mostly favorable, but there is still a lot of summer left for this soybean crop, which concerns bears, especially before the July Fourth weekend. As long as the weather looks favorable there will be buying interest. Spec longs are willing to jump in here, encouraged by the dollar, as the risk-reward (i.e. 8.00 -12.00) is attractive.

US Soybean Export Basis: 75Q dn4

Bean Options... NO OPTION COMMENTS TODAY

CORN... Corn futures were higher, posting gains of 10-11 cents. The rally continued into the closing hour. Follow-through buying from yesterday's bullish reports, spec buying with the lower dollar, and buy stops as it moved up through technical areas. The gains were impressive considering the \$3 decline in the crude oil. There was some spillover support from the sharply higher wheat futures, which seemed to attract spec buying first. Bears are still scared to sell it amid the strong usage, waiting for ammunition of good pollination weather. This has them thinking that futures could float up toward the 4.00 level before betting more fundamental pressure, assuming good pollination weather as appears to be the case for the early pollinating areas.

US Corn Export Basis: 39U dn 1

Corn Options ... NO OPTION COMMENTS TODAY

WHEAT ... Wheat futures were sharply higher. Fund buying was the noted feature, being the upside leader despite many declaring that the fundamentals look the weakest. Funds were credited for buying at least 15,000 contracts. The impressive rally has occurred despite harvest pressure as well. The nearby contracts gained on the more deferred, narrowing some of the premium held by the more deferred contracts. There remains

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concerns about wheat quality for milling purposes and about the Russian dryness that looks to shrink their crop.

US Wheat Export Basis: 45U

Wheat Options... NO OPTION COMMENTS TODAY

GRAINS by **Brian Brase**

OPTIONS by **Greg Lytle**

HEDGE STRATEGIES

		PCT SOLD	AVE PRICE	CLOSE	OBJECTIVE
1)	09 SOYBEAN	85	9.67	9.53.5	9.70
2)	10 SOYBEAN	50	9.40	9.05.5	9.50
3)	11 SOYBEAN	20	9.48	9.21.2	10.00
4)	09 CORN	50	4.00	3.65.5	3.80
5)	10 CORN	30	4.07	3.84.5	4.00
6)	09 WHEAT	75	5.60	4.84	5.00
7)	10 WHEAT	30	5.13	4.84	5.00

TECHNICAL COMMENTS (uses All Session charts) by Brian Brase

SOYBEAN TECHNICALS... November soybeans posted a lower range (lower high and lower low), continuing the slide for a test of support at the June low at 886.75. However the higher close puts reversal action on the chart. Trade was on both sides of unchanged and both sides of 900. Resistance is thought to be the 10-day moving average of 919.1. Bulls see the recent trade as a correction to the June rally. The Elliott Wave theory sees the current action as the start of a fifth-wave down, with a downside objective of about 800-850. Stochastics are trending down to favor the sell side, but lost some momentum. The RSI has a choppy downtrend that suggests selling but with less confidence.

CORN TECHNICALS... December corn was sharply higher, adding to yesterday's strong gains. The buying ran into resistance at the 100-day moving average of 385.4. That resistance has stopped the last three swing highs. There is another level of resistance at 387.5 that comes from a downtrend line drawn off the March-May highs. The high-range close above the pivot point suggests a bullish bias for Friday. Directionals have bounced sharply higher from their oversold condition, favoring the buy side.

WHEAT TECHNICALS... December wheat was sharply higher, climbing to a new high since the June contract low. The high-range close above the pivot point suggests a bullish bias for Friday. The buying ran into resistance as it approached the 100-day moving average of 528.5 and the 62% retracement of

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the May-June decline of 525. Support now looks like it should be the 50-day moving average of 514.7. Directionals have turned higher and favor the buy side.

DAILY TECHNICAL WORKSHEET

Moving Averages:

	20-day	40-day	50-day	100-day	Sup 1	Sup2	Pivot	Res 1	Res 2
CN	347	356	358	368	346	356	361	371	377
CZ	367	375	376	385	365	375	381	391	397
WN	452	462	470	485	452	468	477	493	502
WZ	496	508	515	528	492	508	518	534	543
SN	950	949	958	962	939	946	950	957	961
SX	913	916	927	930	888	897	903	912	918
BON	3713	3742	3778	3884	3543	3565	3597	3619	3651
SMN	287	281	283	276	288	290	292	294	296