

## What Is Up? Commodities!

With more delays in harvest and frost in the news, the trade continues to sort out the fundamental picture in corn and soybeans, while the technical picture is certainly a lot brighter than it has been in a long time. By looking at the chart below, you can see that December corn saw a downtrend line broken and the old high of \$3.76 made in August both have been taken out. The next area the trade has in their sights is \$3.91, which is the old low made back in April. Being more technical in nature and looking at Fibonacci projections, from the September low of \$3.02 to its first rally point of \$347 <sup>3</sup>/<sub>4</sub> it also projected up to \$3.76 and those August highs. With that now achieved the next Fibonacci objective up from here projects to \$3.93 <sup>1</sup>/<sub>2</sub>(just over those April lows). Stochastics are deep in overbought territory, but in bullish times that doesn't seem to matter much. Just like planting delays last spring rallied this corn market to those early June highs over \$4.70, harvest delays in trying to collect the second largest corn crop on record are having the same influence in pushing prices higher now. As USDA left corn carryout virtually unchanged at 1.6 billion bushels for a second month in a row in its monthly supply and demand report, it fundamentally suggests that the current corn price needs some type of pull back with ample supplies on tap. But, one must keep an open mind to the thought that the funds and other speculative buyers are in control of this market at the moment. With outside markets like crude oil challenging August highs and the relentless decline of the U.S. Dollar money continues to flow into the commodity markets with setbacks offering more purchase opportunities that look favorable to this group. Funds are macro economic in nature, so a watch full eye must be kept on the dollar and it's near term direction. At some point fund and speculative buying may dry up and we don't have fundamental numbers back these current price levels in corn and soybeans. If they should decide to exit the market, we need to be aggressive sellers of corn as well as soybeans and not be caught with our hands in our pockets watching prices plummet as happened last June.

Rich Mosier  
 Allendale Branch Manager at Davenport, NE  
 Toll Free 1.888.439.3636  
[rmosier@allendale-inc.com](mailto:rmosier@allendale-inc.com)

