

Idaho Grain Market Advisory Alert (7.22.2010)

Both the corn and wheat markets had sell off days on Monday's trade it looked like the start of a retracement that was expected. The markets are trading very nervous any little movement and it causes a fast move one way or the other. It looks like the corn market is following the lead of the wheat market. We can still expect for the markets to retrace back before starting a new leg higher. In the wheat market on any lower day the buyers have been waiting for any selling and that has made retracement short lived.

There has been some question about buying calls to protect a run up in the wheat prices for wheat or other grains sold against wheat for delivery later. I would like to see a retracement in the markets and then make the decision of what to cover and how much. That is true with any hedges on the long or short side. We need to see how much the market is going to react either way.

Wheat- On the enclosed Dec wheat chart the key to a stronger trade is a close above the old Jan high of 631.50 so far 626.5 has turned the market back. The RSI is better but still over bought and is looking for a correction. The MACD is still strong. The basis for wheat across much of the wheat growing region of the US has fallen 10-15 cents a bushel as the futures prices have gone higher. Cash wheat is following futures but is lagging and that is due to demand. Demand will have to start to come into the market and if these droughts and weather problems are for real that will jump start demand. If it does not we have other problems going on.

Corn- The Dec corn chart shows that it did break out from the 398 area . It has now backed off and support is at 385. The RSI in corn has just about corrected the over bought condition. The MACD is not as strong as it was and that can be from the correction seen in the market.

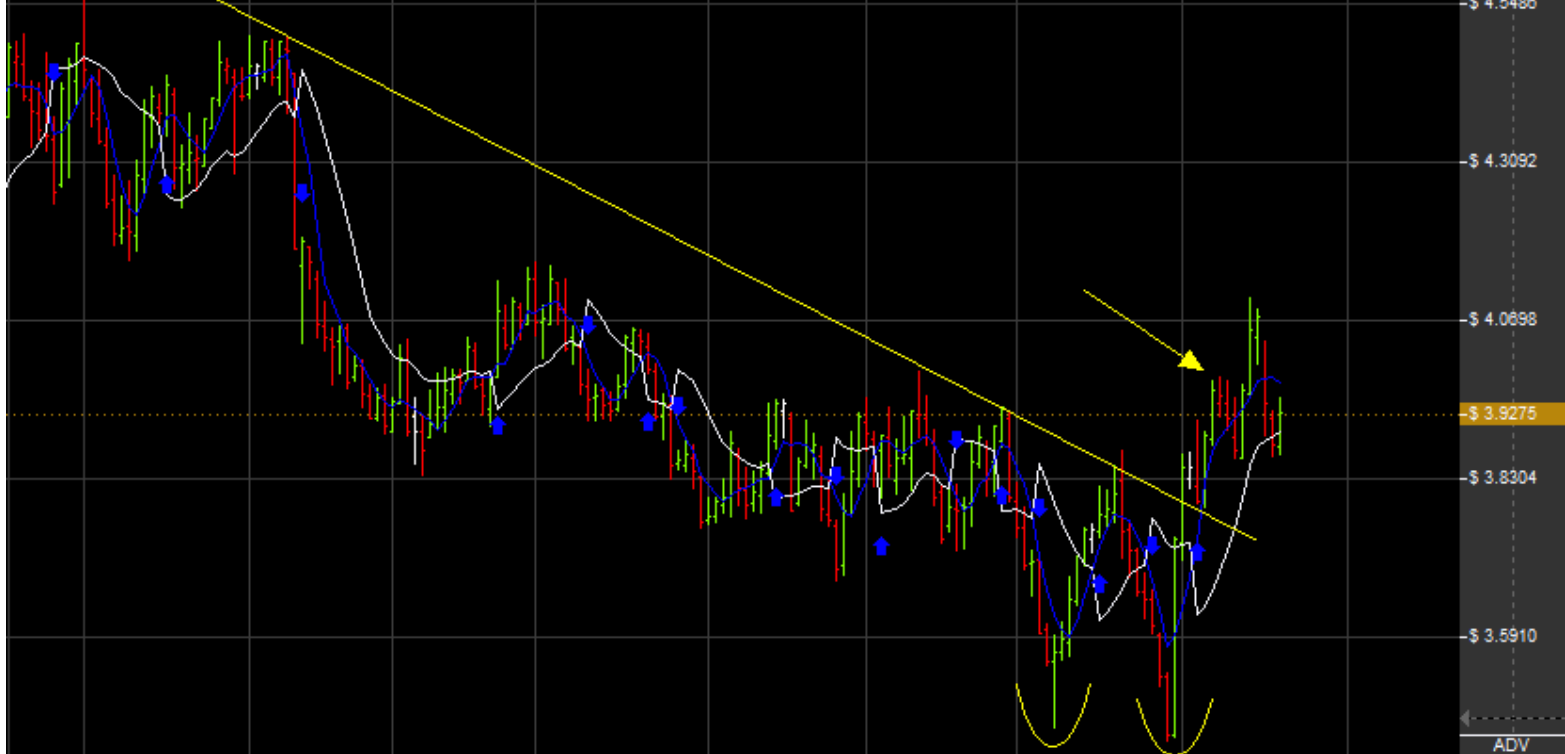
The grains traded very well today in spite of the fact that the outside markets did not. Fed Chairman Ben Bernake spoke to the Senate Banking Committee and that sent the outside markets down. Grains were off the highs but stayed on the positive side. We need to pay very close attention to what is happening in these markets for the grains to continue higher.

ZCZ0 : DAILY Corn Electronic 2010Z - Dec.

-0.19%

O:3.8750 H:3.9500 L:3.8650 C:3.9275 Vol:0 OI:0 Change:0.0500 (1.27%)

Advantage Lines: Simple [5, 10] 3.97 3.90



RSI: [14] 0.48%



VOL/OI: [Previous Close] 0



< 1 5 15 30 60 Day Week Month > | Dec 2009 | Jan 2010 | Feb 2010 | Mar 2010 | Apr 2010 | May 2010 | Jun 2010 | Jul 2010 | Aug 2010

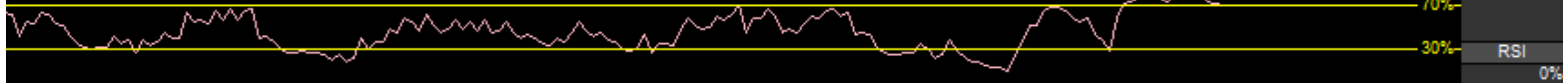
ZWZ0 : DAILY Wheat Electronic 2010Z - Dec.

-0.36%

O:6.0700 H:6.2425 L:6.0400 C:6.1650 Vol:0 OI:0 Change:0.1000 (1.62%)



RSI: [14] 0.72%



MACD: [12,26] Bullish Bearish Trigger: [9] 0.2782 0.2017



< 1w | Dec 2009 | Jan 2010 | Feb 2010 | Mar 2010 | Apr 2010 | May 2010 | Jun 2010 | Jul 2010 | Aug 2010 | > TmT