

## **Idaho Grain Market Advisory Alert (9.2.2010)**

The grains all enjoyed a good day in the market as technical buying signals produced more buying in the markets. The outside financial markets were higher as the Dow and S&P 500 posted big gains. Crude oil was also up with the financial markets as it is tied to the movement in the financial markets. When the financial markets get weak so does crude oil and the oil products in the market, but not at the pump or wholesale level. Did you notice that when you purchased fuel? It is fast to rise with the cost increase in crude but very slow to retrace when crude goes down. That brings us to another point. Have you noticed fertilizer prices since grain has had strength in the market? Was it Natural Gas that caused the price increase? No, it was not. Since July 1<sup>st</sup> 2010 NG has gone down in price on the Oct. futures market from 5.00 to 3.77. It has to be something else other than the cost of NG. Is it cost to produce the fertilizer? Or could it be that fertilizer will be priced as to what the market will bear? Hedging fertilizer once worked with a hedge against natural gas, it does not work in these types of markets. If you had bought NG to protect against high fertilizer prices you would have lost both ways. It is very hard to protect against high rising fertilizer prices when the market is rising because of reasons other than the cost of the main ingredients. The point I want to make is be careful out there things are wild and could get worse. These are all things that affect the bottom line in grain production and we need to be aware of them. One more thought, what will happen to fuel prices when they have a strong financial market to back them? ----- That is what I said also.

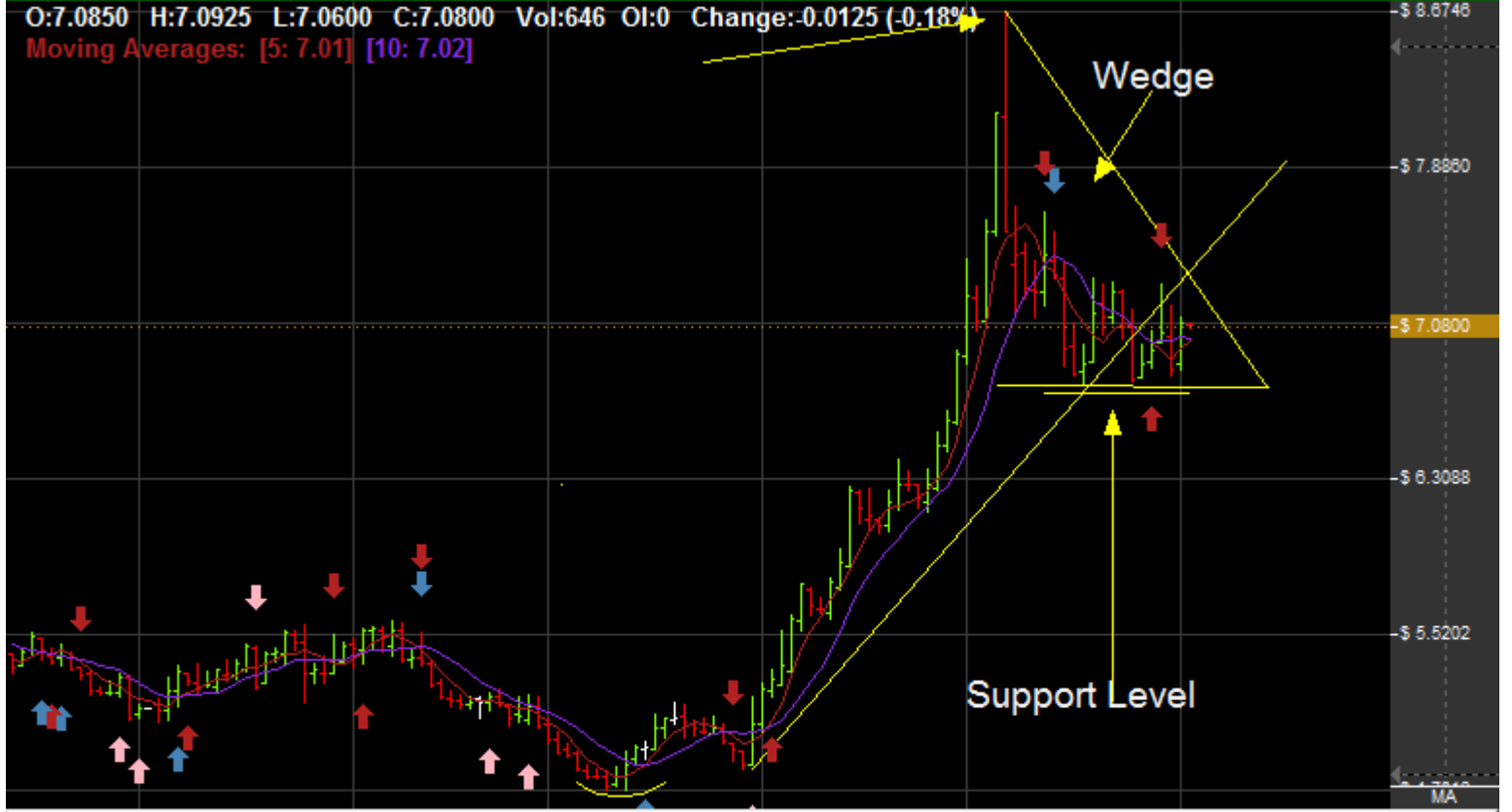
**Corn-** Enclosed is the Dec corn chart. Last week we had just tested support. It held and the old high back on Aug 5<sup>th</sup> of 4.39 was waiting to be tested. The market moved right up and closed higher. That posted a strong signal with the moving averages and the MACD. The trend is still higher but the RSI is approaching over bought territory. The market is strong right now.

**Wheat-** Enclosed is a Dec wheat chart. Support has been tested and so far it has held. The moving averages are just starting to cross and the MACD won't be far behind if we keep closing higher. The RSI is about even as the consolidation in the market has allowed it to calm down. Wheat is forming a wedge pattern that is caused by consolidation. Wedge formations that break out to the upside are bullish. We shall see, but it looks strong.

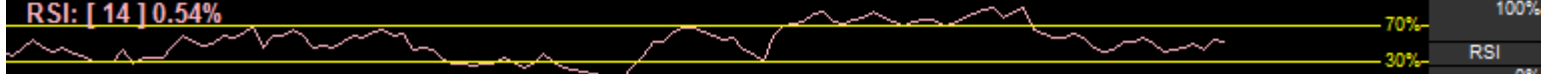
**Barley-** There is no futures market to produce a chart but barley has been given strength due to the movement in corn and wheat. It has been very steady and the other markets have provided positive signals.

Craig

O:7.0850 H:7.0925 L:7.0600 C:7.0800 Vol:646 OI:0 Change:-0.0125 (-0.18%)  
Moving Averages: [5: 7.01] [10: 7.02]



RSI: [ 14 ] 0.54%



MACD: [ 12,26 ] Bullish Bearish Trigger: [ 9 ] 0.1145 0.1866



ZCZ0 : DAILY Corn Electronic 2010Z - Dec.

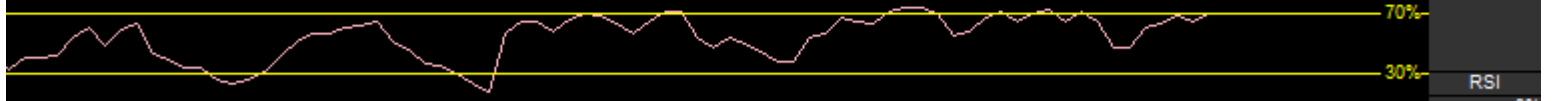
+0.06%

O:4.4675 H:4.4725 L:4.4650 C:4.4700 Vol:3219 OI:0 Change:0.0025 (0.06%)

Moving Averages: [5: 4.42] [10: 4.35]



RSI: [ 14 ] 0.71%



MACD: [ 12,26 ] Bullish Bearish Trigger: [ 9 ] 0.1056 0.0995



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 1 / 5 / 15 / 30 / 60 / Day / Week / Month /