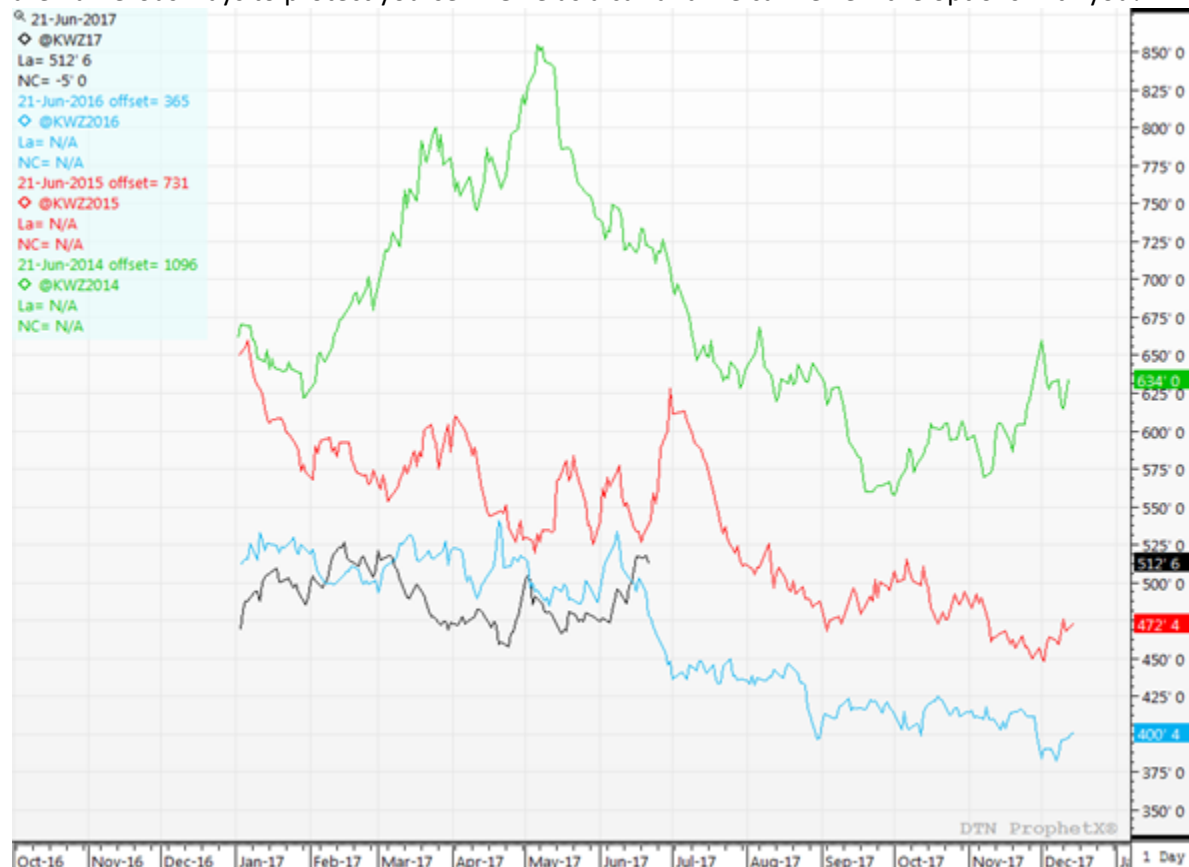
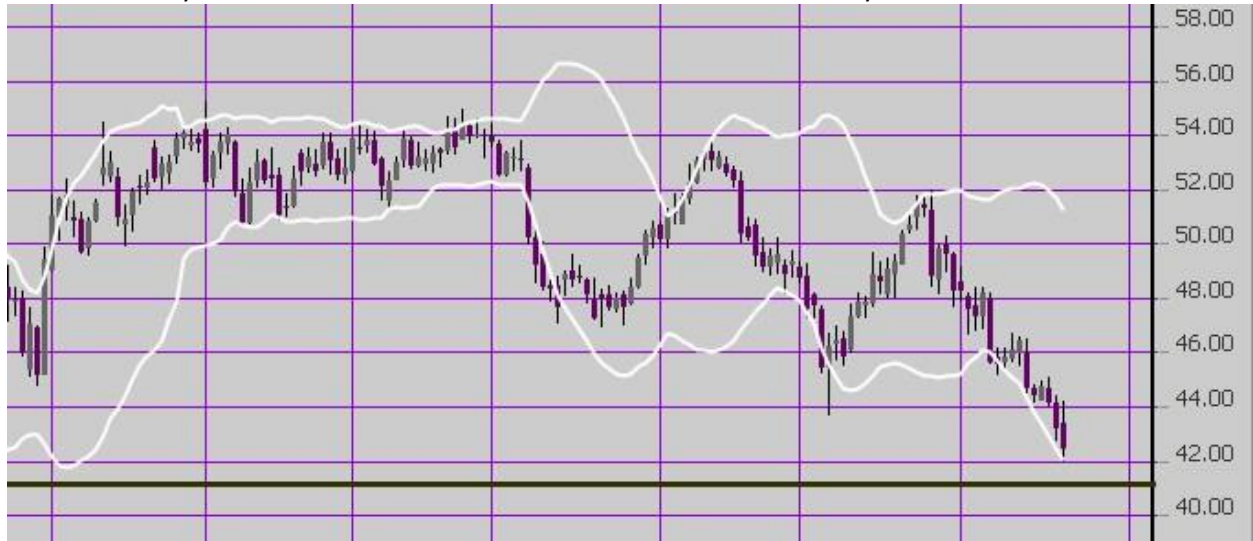


## Bread, Oil and Money

Bread - We are in the middle of wheat harvest in most of Central to North Central KS. The sun is shining and the bushels are being counted. The combines are rolling and the farmers south of you have finished and are selling! Yield reports have been mostly average to above average. If you look just at the yield reports this feels and sounds bearish. This partially explains today's action in wheat...but...perhaps the rest of the story is elsewhere. First let's finish the wheat story. There are reasons to still be bullish. We don't have a firm handle on abandonment from Wheat Streak Mosaic and other events. Possible crop shortages in other countries threaten to short their production. Let's step back and take a look at a few other things. The chart below has Dec KC Wheat futures 2014-2017. December is a good month to look at because we can see the market adjusting to the harvested crop. It shows that the past three years we have put in a high before harvest and they continued lower. If we assume that wheat total production will be higher than expected (yields offsetting acres lost since sewing), the pattern could be repeated. Moral of the story is we can trade lower and this market should be watched closely. There are numerous ways to protect yourself. Give us a call and we can review the options with you!



Oil – Oil has jumped back into the commodity headlines for the wrong reasons. This is significant because money flows into commodities tend to follow oil. Another story to watch!



Money – Again, currency is working against the US export market, as both the ruble and real have dropped. This makes our grain more expensive.

Ruble – Russian currency



Real vs Dollar – Testing the lower range and 200 day SMA again. Creates a disadvantage for US exports.



## General

USDA report – **June 30<sup>th</sup> Planted Acreage**

**Keyword's this week** – Currency, oil market, fund position, potential rainfall, wheat harvest, and continued dryness.

## Futures Comments and Targets

**July 17 Soybean Daily Chart** – Still hasn't broken the 3 month downtrend resistance. Appears to have stalled out for the moment to retest support at \$9.12.



**Nov 17 Soybean Daily Chart** – Did break 3 month downtrend resistance!! Again stalled out short of \$9.50.



**July 17 Corn Daily Chart** – Corn has fallen back to previous trading range levels. Not very exciting.



**Dec 17 Corn Daily Chart** – At some support that needs to hold! 200 day SMA and 3 month uptrend support.



**July 17 Wheat Daily Chart** – Had a good run that appears to be a little topy!



**July 18 Wheat Daily Chart** – Good action that also appears to be topy.



#### **Chart Legend**

##### **Simple moving averages (SMA)**

SMA 5 day – light yellow, SMA 25 day - Pink, SMA 60 day – Gold, SMA 90 day – Lime Green, SMA 200 day – light blue.

**Upper and Lower Bollinger Bands** – Solid white

**Trend lines** – Dark blue and red

**Support and Resistance** – Black

|               | Futures Price Targets |         |         | Support |         | API     |
|---------------|-----------------------|---------|---------|---------|---------|---------|
| July 17 Wheat | \$ 4.72               | \$ 4.88 | \$ 4.94 | \$ 4.50 | \$ 4.43 | \$ 0.21 |
| July 18 Wheat | \$ 5.48               | \$ 5.62 | \$ 5.70 | \$ 5.42 | \$ 5.34 | \$ 0.20 |
| July 17 Corn  | \$ 3.84               | \$ 3.89 | \$ 3.93 | \$ 3.66 | \$ 3.62 | \$ 0.12 |
| Dec 17 Corn   | \$ 3.95               | \$ 4.02 | \$ 4.06 | \$ 3.84 | \$ 3.79 | \$ 0.12 |
| July 17 Beans | \$ 9.30               | \$ 9.42 | \$ 9.56 | \$ 9.12 | \$ 8.85 | \$ 0.28 |
| Nov 17 Beans  | \$ 9.30               | \$ 9.43 | \$ 9.49 | \$ 9.17 | \$ 9.08 | \$ 0.22 |

**Futures Price Targets** are technical points of resistance that a particular futures contract has created as it has traded. Typically these are previous highs or lows. They can also be points created by tracking various daily moving averages (30,60,90 day averages), simple trend lines, and numerous other methods for establishing trends.

**Support** is a technical point of resistance for a declining market. They are determined the same way as the Futures Price Targets, but serve as a potential floor to market movement.

**AgMark Pricing Index (API)** is a measure of volatility that can be used to establish an upper and lower trading range. The larger the number, the wider the range. API is an average of weekly trading ranges. It can be used to gauge how long it may potentially take to reach a price target. For example, if an API is \$0.10, there is a higher chance of that futures contract to trade \$0.10 higher or lower in that week. So, if you are waiting on a \$0.20 move up (or down) it is more likely it would take 2 weeks in an upward (or downward) trending market than 1 week.