

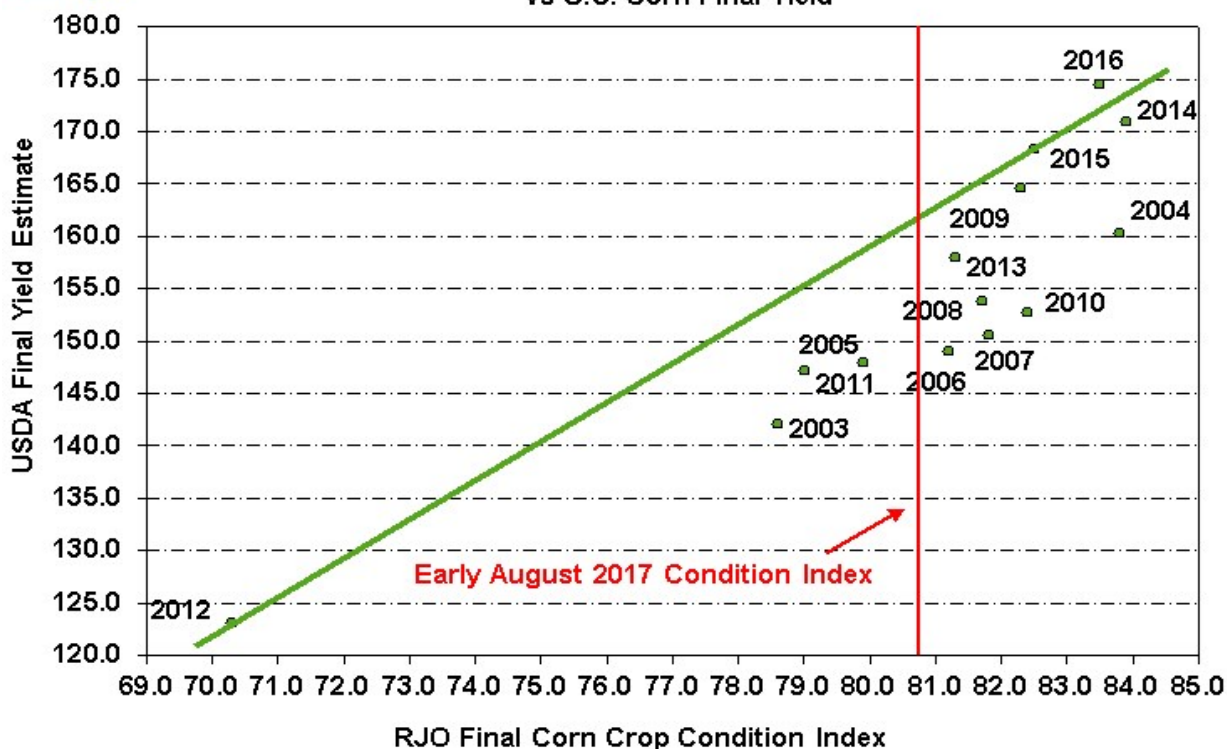
### Center Stage

The USDA report will be released tomorrow at 11 AM. It will provide new information for the market to eagerly digest and compare what they think verses the USDA numbers. Couple of important points....

1. This report will include USDA field based surveys for yield. **Most anticipated information of the report and should set the tone for trade moving forward.**
2. Corn demand adjustments. There is an expectation that USDA will adjust corn used for ethanol production down. They might also adjust export up bit. It will be interesting to see if these will offset in USDA eyes.
3. Corn Yield – expectation is lower than the previous USDA's 170.7. Below is an interesting chart that was put together to show the relationship between crop ratings to final yield. Chart indicates at 161-164 range. Taking a hard look it could also be suggested that crop conditions could indicate a even lower final yield. This could be viewed as confirmantion bias with RJO projecting a 162.6, but I liked how displayed conditions in relation to USDA final yield. Even with a drop in yield the corn stocks-to-use would return to a lower but still comfortable 12% ish. Cash during those period was \$3-\$4.25 range.



RJO Weighted U.S. Corn Final Crop Condition Index  
vs U.S. Corn Final Yield

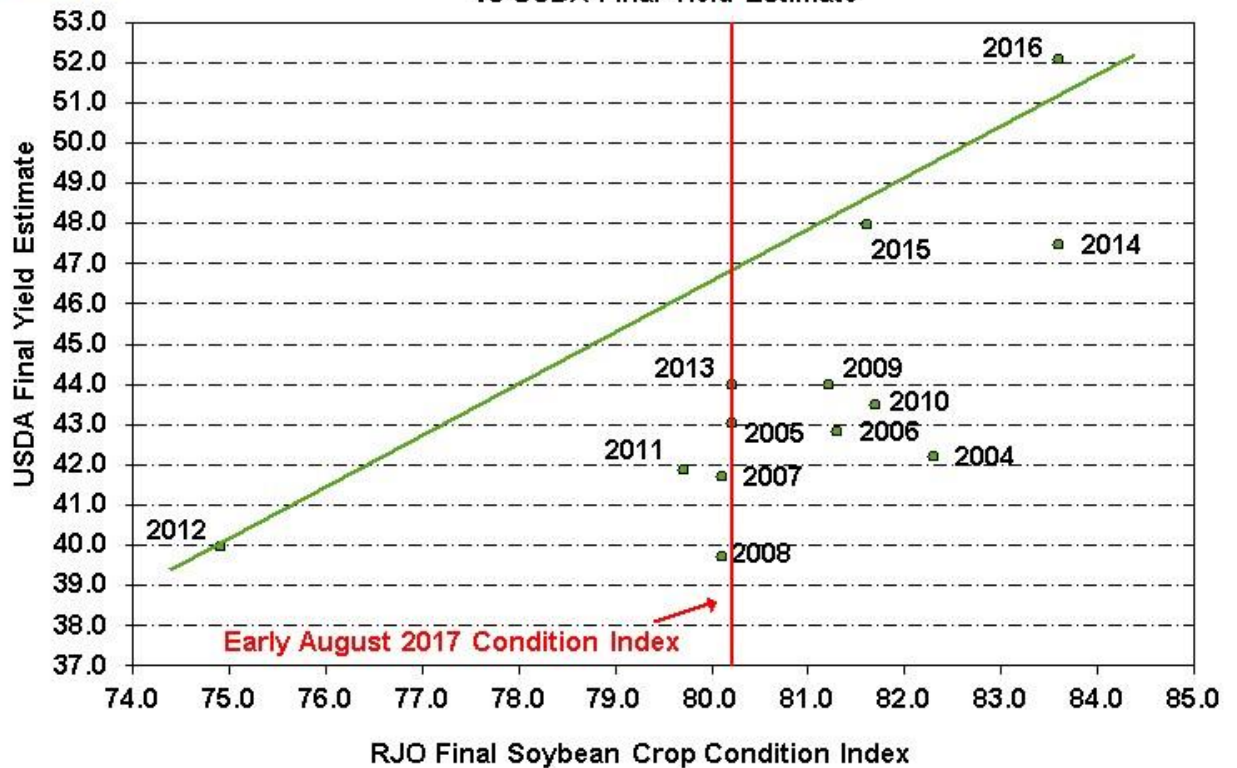


4. Soybean ending stocks are expected to be reduced, but soy crush could fully/partially offset.
5. Soybean yield – Currently USDA has it at 48. Market again expects a lower yield. Trade estimates 47.4. I have included the same chart displaying Conditions vs yield. I would suggest that this chart better displays how difficult it is to use soybean crop conditions to predict soybean yields, than to predict. It does point to a yield closer to 46.5 bushels per acre and

potential for reduced ending stocks.



RJO Final Soybean Condition Index  
vs USDA Final Yield Estimate



6. Wheat – possible revision of wheat stocks higher but nothing significant is expected. The report should be interesting tomorrow. Make sure to have offers working! Short-dated options will also provide report protection.

**US Dollar Daily Chart** – Recent strength. Traditionally US conflict leads to a strengthening dollar.



#### General

USDA report – Tomorrow **August 10<sup>th</sup>** -

**Keyword's this week** – USDA report yield predictions. August makes beans. How to positioning ahead or the report.

#### Futures Comments and Targets

**Nov 17 Soybean Daily Chart** – 200 day SMA becomes resistance at \$9.86. Gap closed creating support at \$9.55! One less excuse for the bulls to stay on the sidelines during report action. \$10 is downtrend resistance...means 25 cents up and 20 cents down worth of action to be played without breaking out tomorrow. Buckle up!



**Nov 18 Soybean Daily Chart** – 200 SMA support held at \$9.67. \$9.95 is downtrend resistance. Similar story to Nov 17 beans.



**Sept 17 Corn Daily Chart** – Support from Sept 16<sup>th</sup> @ \$3.60 remains intact. Tested and broke downtrend trading up to \$3.74. Now we wait for the report reaction. \$3.80 is 200 day SMA resistance and 3.82 is the next highest point the market open.



**Dec 17 Corn Daily Chart** – Dec corn futures support @ \$3.75 held, but downtrend still respected after trading up to \$3.88. Feels like that will not be a barrier for tomorrow's range. \$3.88 is the 200 day SMA resistance.





**Sept 17 Wheat Daily Chart** –\$4.57 continues to hold making a strong case that we could be putting in a floor, but I am not holding my breath. 200 day SMA is the resistance @ \$4.71.



**July 18 Wheat Daily Chart** – Time is on our side in this market. Respecting uptrend support @ \$5.31.



### Chart Legend

#### Simple moving averages (SMA)

SMA 5 day – light yellow, SMA 25 day - Purple, SMA 200 day – blue.

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

**Trend lines** – Red

**Support and Resistance** – Red

	Futures Price Targets			Support		API
Sept 17 Wheat	\$ 4.71	\$ 4.81	\$ 4.93	\$ 4.57	\$ 4.40	\$ 0.28
July 18 Wheat	\$ 5.45	\$ 5.54	\$ 5.62	\$ 5.31	\$ 5.26	\$ 0.23
Sept 17 Corn	\$ 3.74	\$ 3.82	\$ 4.03	\$ 3.60	\$ 3.49	\$ 0.14
Dec 17 Corn	\$ 3.88	\$ 3.95	\$ 4.06	\$ 3.75	\$ 3.68	\$ 0.14
Nov 17 Beans	\$ 9.86	\$ 10.00	\$ 10.13	\$ 9.55	\$ 9.10	\$ 0.30
Nov 18 Beans	\$ 9.95	\$ 10.01	\$ 10.17	\$ 9.67	\$ 9.62	\$ 0.30

**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.