The uncertainty in the grains and oilseeds will be the planting period weather until well into the month of May. The new-crop corn and soybean contracts will move most when the planning progress is changing, but we should not forget the importance of the nearby contracts which house much of the trade volume and tend to give signals and indications of price change first. May corn is an example. The close on Monday was $2.0575 and the contract low from February 9 is $2.02. If the important support plane across $2.02 holds, and I believe it will until something significant happens later in the year, there is not much downside in corn. I would look to buy back short hedges in old crop and new crop corn on any dip down toward the $2.02 by the May and move to finish any long hedge needs stretched across the futures contracts for the rest of the year.

May soybeans are about $1.00 off February lows at $5.01. The trend line and resistance plane on the November that we waited for and then sketched in last week are the guides in this market. Producers should be aggressive in placing short hedges on any rally up toward the March highs at $6.50. Personally, I would not wait on a close below the trend line in this market but you need the line in the case the rally does not get above $6.40 on the November before it fails. We are seeing harvest of a record crop, albeit smaller than earlier expected, in South America and that will be piled on top of leftover stocks at the world level that are nearly 40 percent above the prior record highs from a few years back.

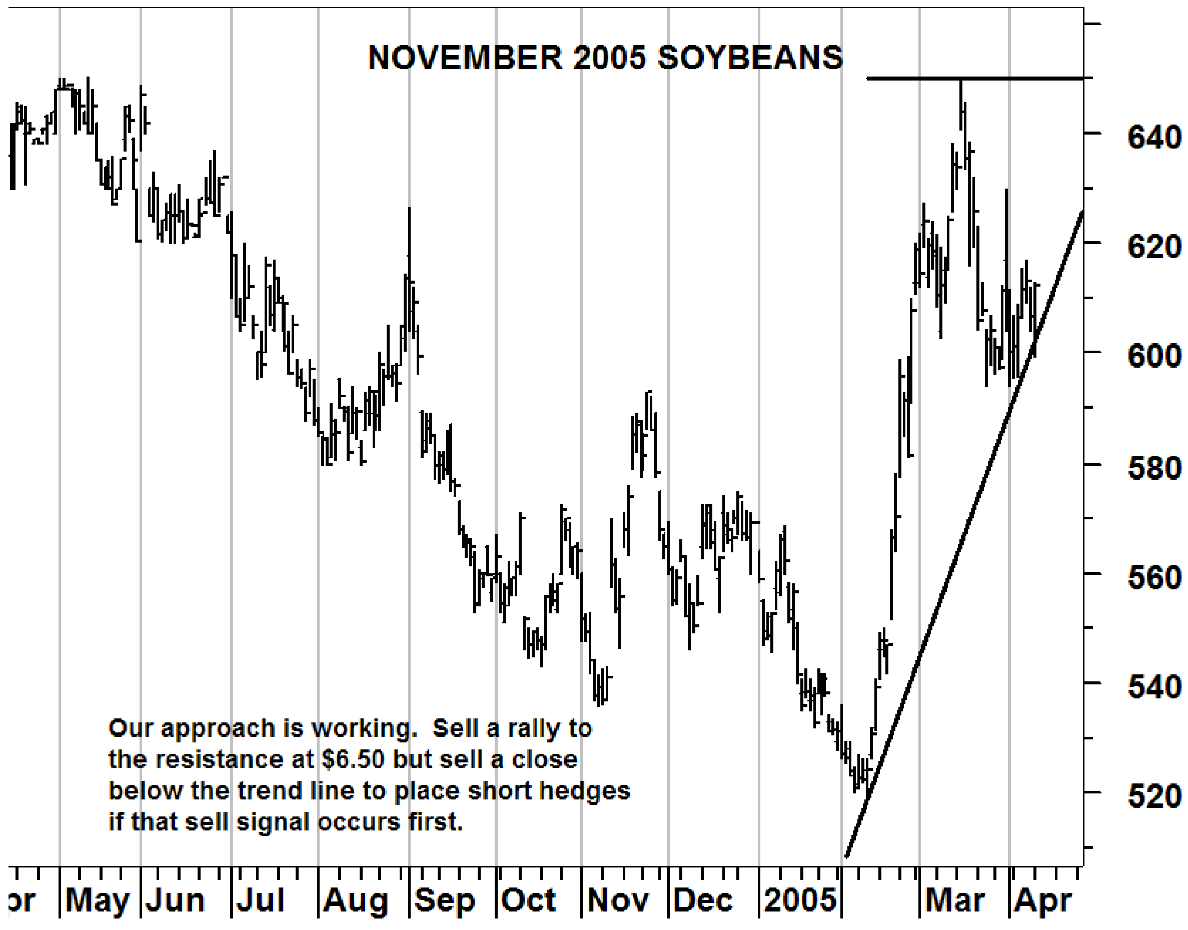
The price declines from the highs in the $3.70's in July wheat in Chicago and in Kansas City are now in excess of any normal corrections. These markets are trying to push back down to the lows around $3.05 in both markets. Producers with short hedges in place should buy those hedges back on any dip below $3.10. If the crops are not priced yet, I would now wait now until we see a correction of this last price break back up toward $3.30 or better. Until that occurs, I would just carry risk in this market and act to protect against sharply lower prices only if we see two consecutive closes below $3.00.

Fed cattle asking prices are as high as $94 in the live trade in the southern part of the feeding region and $150 or higher for carcass based prices in the northern part. Boxed beef values were mixed on Monday and down a bit on Tuesday morning. Levels are in the $154-155 area for Choice types where they have been for several days. We have seen a close below a trend line on the June futures, suggesting short hedges be held. Tuesday's better price may be offering a new chance to price these cattle, and the chart shows a recent high below $87 and then the contract high below $88. Any rally back into the $87 to $88 range should be seen as a short hedging opportunity on June cattle. The futures are below the cash and I do see that fact, but have some doubts that we will see a move up in the futures to accommodate the $90 and better cash cattle. The adjustment is likely to come in the cash market unless the current good demand turns even stronger.

Continue to take profits on long hedges and place short hedges on August feeder cattle on a scale up basis if this market moves above $108. The key here is the live cattle board. If live cattle futures react to the discount to cash by moving up to $90, then the feeder cattle will more on up. But if we do not see $90 in the live cattle pits, then the upside is limited from here on feeder cattle. An alternative is to redraw the trend line on the Augusts chart using the lows put in within

the past week, hope this market continues to make new highs, and wait on a sell signal from the new trend line to sell in this market.

Cash hog prices should increase on a seasonal basis as we move toward May. June futures have dipped toward $76 but are tying to rally this week. If we see a climb back up toward the $82 level across the past highs, I would look to place or replace short hedges in this market. I am not sure we will see strong moves up in June cattle to support the hogs, and the still higher prices may have to wait until July if we are to see them. And the border controversy with Canada is still a factor in this market since re-opening the border will be negative to cattle prices in the U. S. in the short run. Longer term, the exports of beef to Canada, one of our top 4 buyers, more than offset the price pressure from cattle coming across the border but that takes time to settle out. The Japanese issue is still out there. If and when we see beef shipments to Japan again, pork demand will take a hit as the exports of pork to Japan start to decrease.


NOVEMBER 2005 SOYBEANS
Our approach is working. Sell a rally to
the resistance at $6.50 but sell a close
below the trend line to place short hedges
if that sell signal occurs first.
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