

There is not much change in the corn and soybean markets. November soybeans are in a sideways pattern above \$6.00 and December corn is churning along above the January lows just above \$2.25. We are not likely to see much movement in these markets unless planting period weather turns out to be unusually wet and delays the corn crop getting in the ground. That always brings talk that some late acres will be switched to soybeans and the market spends some time sorting out what it all means and usually, when there is uncertainty, the new-crop prices go up.

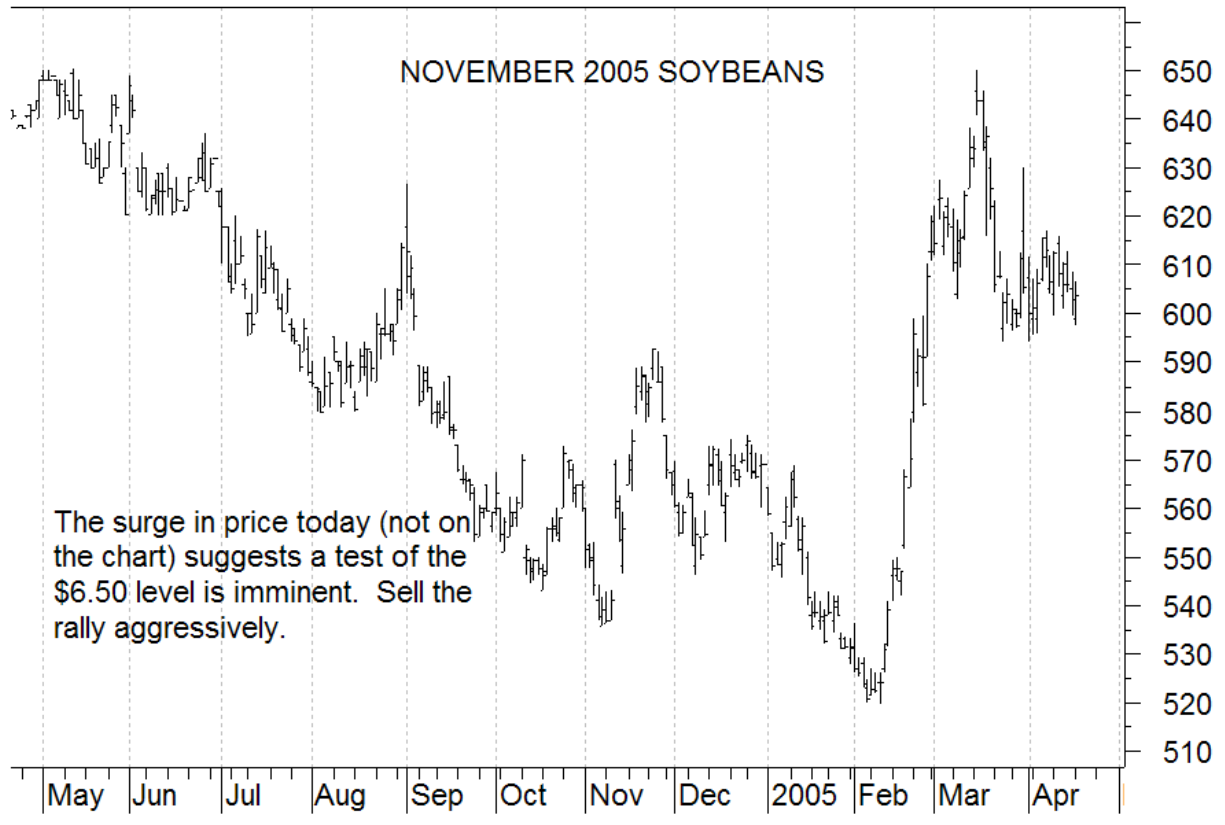
I would have bought back short hedges on December corn on Monday's dip to the \$2.27 area and used that as a signal to place long hedges on corn throughout the year. This is the dip to within a few cents of the lows we have been talking about. I would continue to follow that line of action across the next few weeks. Producers do not need to be taking cash contracts or going into a hedge-and-hold strategy at these low prices. We have huge stocks and the acreage is going to be large, but we will see better prices than \$2.25 on the December futures.

Soybean futures are up sharply in Tuesday's session. It is partly short covering and is primarily technical in nature, but it will mean better pricing opportunities. I would be aggressive in selling this market on a rally toward the March 15 high at \$6.50. I see the very real possibility of a double top at or near \$6.450 on the November futures. Keep in mind the very bearish situation we are seeing at the world level in soybeans.

Some fed cattle are selling at \$92 in the limited trade to date this week. Choice boxed beef values were up sharply at noon on Tuesday and up about \$4.00 across the past 5 to 6 days. There is talk about better demand but that talk always starts when the box prices try to trade higher. Demand has generally been good since the bottom in 1998 with some interruptions from the Japanese actions to close off exports and a soft spot late in 2004 and into 2005 where the rate of the demand increase slowed. There is much talk about the demand not being that good in the institutions and that we are not measuring it all in looking at fresh beef prices, but the retailers buy boxes in the same market that institutions buy in and we would expect to see those prices run in parallel. June live cattle are up nicely in the Tuesday session. Be an aggressive short hedger on a rally toward the \$87.70 high on March 9. Sell the August feeder cattle at \$109 or better or use an uptrend line and sell when the higher prices stop and you see a close below the line.

The pattern on the June lean hogs looks bullish to me and we could see a rally to the 81 level again. I would be a seller and a placer of shorter hedges on that type of rally. We are supposed to see a seasonal rally moving into June, but this is well above anything we have seen in the cash markets in recent weeks.

NOVEMBER 2005 SOYBEANS



The surge in price today (not on the chart) suggests a test of the \$6.50 level is imminent. Sell the rally aggressively.