

The strategy from last week in cattle is intact. June is trying to rally toward the highs above \$87 and there has been no close below the trend line I show again this week. Choice boxed beef is down from the mid \$160's to the \$159 area but cash prices so far this week are as high as \$91.50. Look for the market to give up some of the premium in cash to the June futures and I am not expecting to see anything other than a rally toward the \$87 area by the June. Sell such a rally. I think the more likely possibility is a move down from current levels and a close below the trend line and that certainly would dictate the placing of short hedges.

August feeder cattle are making new highs above \$110 but I see the upside from here as very limited. If fed cattle prices dip from the \$90 plus level, the feeder cattle prices will weaken. I would look at taking profits on long hedges and placing short hedges on the August feeder cattle. Keep in mind that any weather related rally in corn will hurt the feeder cattle market.

My general plan in hogs is to sell the rallies and hold short hedges until we see signs of at least a short term bottom. It looks like the June will dip toward the past lows just above \$74. Make the market show you some support there before being quick to buy back short hedges. We can see better cash prices as we move into the summer months but the market has been reluctant to anticipate that pattern.

The modest rally in corn is coming on light volume and I do not expect it to hold. In this market, I expect to see modest rallies and then a dip to new lows. We may have to get the crop planted but if it does go in the ground in a timely fashion, we will see lower prices and my long term call is for December corn to go below \$2.00. Hold short hedges in this market even if you have to answer a margin call until we see a better rally and the chance to add to or replace short hedges. If you have long hedges in place, be alert for further price dips and the chance to get long hedges placed at still better levels if you need to add to coverage.

We watched the trend line and resistance plane on the November soybeans for several weeks. We saw closes below the trend line last week with no follow through to the downside and you would have short hedges in the \$6.15 to \$6.20 range. I think those short hedges will work fine. Now, we are seeing another attempt to rally toward the high near \$6.50, but this market has quit at \$6.42 since the \$6.50 high was recorded. If you need more short hedges, be aggressive on anything above \$6.40. This is a very bearish market at the world level and I anticipate in the long term a move to \$5.00 and perhaps lower.

Aggressive selective hedgers will be buying back short hedges in the \$3.05 to \$3.10 range on July wheat in Chicago and Kansas City. We have a number of lows and potential support planes in that price range. Be careful if we see two consecutive closes in new price lows, that is, a sell signal seen around the world. Look to replace short hedges if that happens. More conservative hedgers will hold short positions and let the coming harvest determine where this market is going.

