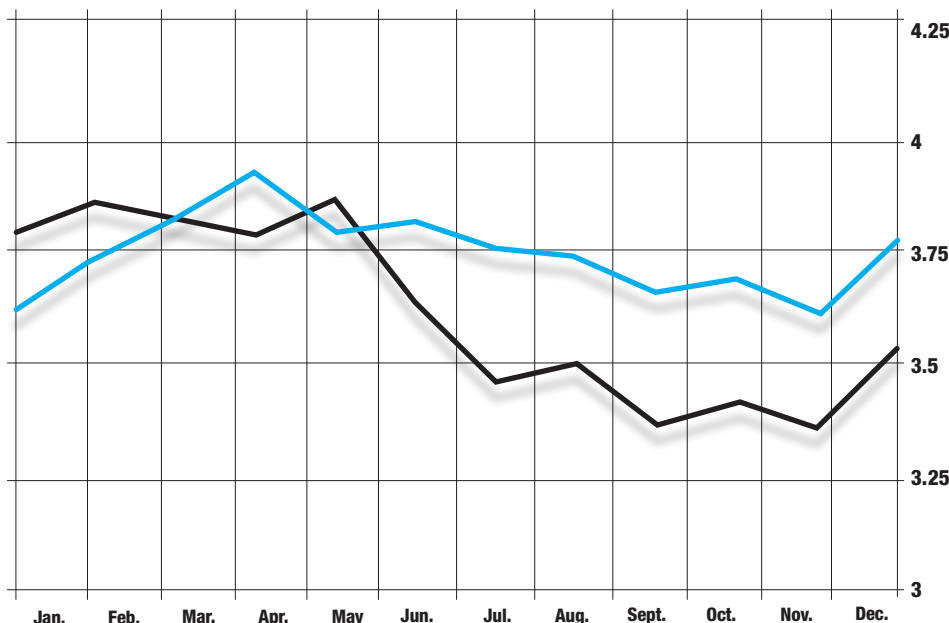


By Al Kluis

Seasonal Corn Prices (20-Year Average)

Even Odd



This chart shows the different pattern for corn prices comparing the average price pattern in the even-number and odd-number years for the past 20 years. Corn prices tend to have higher highs and higher lows in the even-number years. The best advice is to sell ahead in April and avoid September and November. As you look ahead to 2019, have realistic price objectives. Note that in the odd-number years, the highs and lows are usually lower. Use a seasonal rally between April and July to sell cash and get new-crop hedges on; avoid September.

FINE-TUNE YOUR 2019 MARKETING PLAN

USING SEASONAL PRICE PATTERNS CAN HELP.

I have used the seasonal odds concept for over 40 years and usually update all of my seasonal odds studies in early September after the end of the corn and soybean marketing year. The basic concept of seasonal odds is that corn and soybean prices will put in the high price for the year during the crop weather scare season between April and early July. That is the key time period to make cash sales and to place new-crop hedges. The normal pattern is that from the spring and summer highs, prices move lower to the harvest lows. This concept has worked well in 40 of the 44 years I have been in the grain-trading business – including 2015 through 2018. In fact, in the last decade, the only year that seasonal odds did not work was 2012.

Let's look at some of the results of my market studies.

For corn. This year, I noticed that over the last five years, corn prices have averaged about 70¢ per bushel lower than in the 10-year study. The highs and lows are also coming in earlier. During that five-year span, the best month to sell cash corn and get new-crop hedges on is April. (In the five-year pattern before that, it was May.) Likewise, the five-year pattern says the lows come in September, while the 10-year seasonal pattern is for an October low. In the last few years, selling cash corn in April

through June and avoiding September and October has been the right merchandising and financial move.

For soybeans. The five-year average price for soybeans is about 50¢ per bushel less than the 10-year average. Unless something changes in trade relations with China, it may stay that way. The lower highs and lows the last five years is worth noting.

The five-year pattern has been for the soybean market to peak a little earlier. In the last five years, April and May have been the ideal time to get cash soybeans sold and new crop hedged. The lows have consistently come in September. The 10-year soybean seasonal pattern was for a June high and the low to develop in September.

If you look at both the five- and 10-year charts, then holding soybeans in July has been a high risk, high reward

proposition. In contrast, holding cash soybeans or waiting to hedge your new-crop soybeans until August has been a disaster.

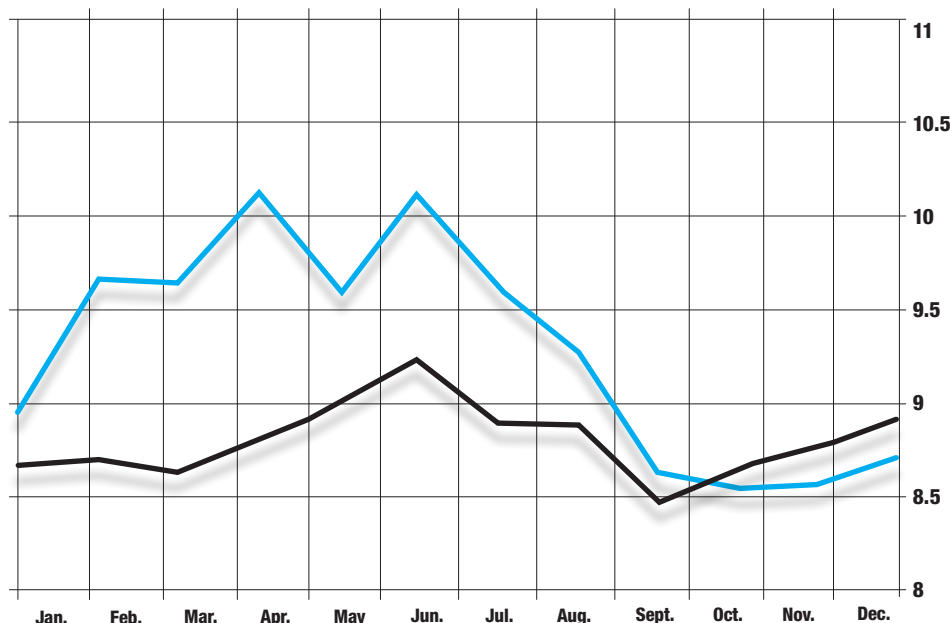
For corn, the five- and 10-year charts are very similar. In even-number years, the highs usually come in April and the lows in November. In the odd-number years, the highs are not quite as high. The highest price is usually in May and the low is in September. Following an October bounce, a double bottom often develops in November.

Over the last three years, if you sold cash corn in April and May and put on new-crop hedges in April and May, you did a good job of corn marketing. If you used the hold-and-hope marketing method and held on until September or October, it was a big marketing and financial mistake.

When you look at soybeans, the prices and the patterns are quite different. The average high in the even-number years is about 80¢ per bushel higher than the odd-number years. The yearly price range from high ▶

Seasonal Soybean Prices (20-Year Average)

■ Even ■ Odd



This chart shows the different pattern for soybean prices comparing the average price pattern in the even-number and odd-number years for the past 20 years. It is worth knowing that in the odd-number years, the highs have been lower than the even-number years. The average high to low has been just 80¢ per bushel. Making sales in April and avoiding September has worked well. In the even-number years, there's more volatility with higher highs and higher lows. The average high to low is right at \$1.50 per bushel. It is usually best to sell in April and June and avoid September and October.

to low in even-number years is right at \$1.50 per bushel. In the odd-number years, the price range is down to less than \$1 per bushel. In the even-number years, selling ahead in April is the right move, and the low month pretty consistently is October. In the odd-number years, the high is in June and the low is in September.

In almost every year, holding cash soybeans through the end of July and during the month of August has been a huge mistake.

LOOKING TO 2019

What does all of this mean for 2019?

• **Global grain fundamentals have turned positive for corn and negative for soybeans.** However, if U.S. farmers plant 3 million acres more wheat, 3 million acres more corn, and 6 million acres less soybeans, then the fundamental situation could

change very quickly this year.

• **For corn in 2019, I plan to use the same price plan that I did in 2017 and 2018.**

If nearby or deferred corn futures rally up to \$4.10 to \$4.30, then I will make cash and new-crop sales. I will get the crop sold by June.


For soybeans in the last three years, I have sold between \$9.90 and \$10.50 futures. I do not know if that is realistic in 2019. I have 60% of the 2018 cash soybeans sold at over \$10 average futures price. I'll be targeting \$9.80 to \$10.20 for the balance and will have the cash soybeans all sold by June.

• **December is a key time to evaluate your marketing performance, evaluate your marketing team, and make the changes you need for 2019.** I see a large difference in how much farmers know about marketing and the huge difference it has on their bottom line.

If you are not happy with your marketing performance in 2018, then make sure you and everyone on your marketing team attends some marketing classes to learn more about the grain markets this winter. For more information on the Kluis Grain Trading Academy, go to kluisu.com.

UPCOMING SEMINARS

I will be holding a free seminar on January 25, 2019, from 1 to 3 p.m. at the DoubleTree by Hilton Hotel of Phoenix in Gilbert, Arizona. Topics include land price trends, weather, and grain market outlook for 2019. Preregister online at kluiscommodities.com/events or call 888/345-2855.

Also, plan to join me at Commodity Classic 2019 in Orlando on February 28 to March 3. Watch for details in the January and February "Your Profit" columns. 

NOTE: The risk of loss in trading futures and/or options is substantial, and each investor and/or trader must consider whether this is a suitable investment. Past performance – whether actual or indicated by simulated historical tests of strategies – is not indicative of future results. Trading advice reflects good-faith judgement at a specific time and is subject to change without notice. There is no guarantee that the advice given will result in profitable trades.

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Al Kluis has been trading grain futures since 1974. Sign up for a free trial to his daily morning email and weekly "Al Kluis Report" by going to alkluis.com.



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