

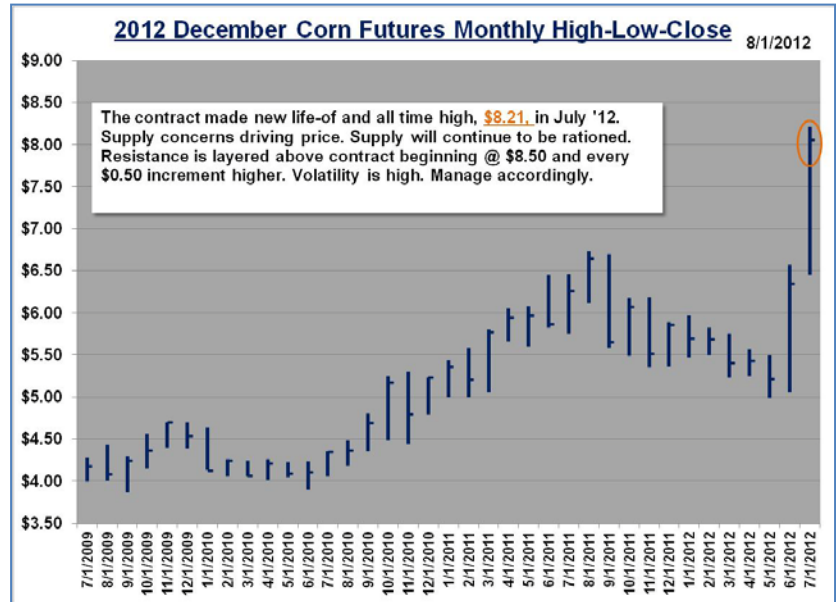


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# Selling Your Yields: *Corn*

In the period (7/17/12 – 7/31/12), *spot cash corn price and spot CME futures price* were higher. The *interior cash corn basis and carrying charge spreads were weaker, respectively*. This indicates cash corn has entered the pipe.

The need to increase world corn production to meet strong global demand and replenish stocks remains in play. See [www.usda.gov/oce/commodity/wasde/](http://www.usda.gov/oce/commodity/wasde/) for current as well as upcoming U.S. and world balance sheets (S&D). New / revised data is capable of changing current market mentality. Next WASDE report is on 8/10/12.



WEATHER, with drought covering much of the country, [www.droughtmonitor.unl.edu/](http://www.droughtmonitor.unl.edu/), Southern Hemisphere winter production prospect, North China Plains, European drought and recession, geopolitical risks, Chinese and Russian import / export intents, livestock and ethanol economics, exchange rates and other assorted macroeconomic features will shape price discovery. These *factors are complex and creating choppy and volatile market*. The net long or short position of the speculative community (directional funds) is creating high risk and historic price change. Their collective mentality is bullish BUT can change abruptly. They are key player in price discovery. Acknowledge and manage accordingly.

*The charge remains one of managing the risks and/or opportunities associated with this complex set of market factors and inherent volatility.* Over the course of the next couple weeks, the September '12 CME Group (CBOT) futures contract is positioned to trade in a range of \$6.79 - \$8.54 (wide range is in character with price volatility). Old crop marketing opportunities are becoming less time tolerant (seasonal). Demand rationing in progress. A more aggressive attitude / effort in completing sales is appropriate. *Carrying position beyond first half August has traditionally been highly risky (spot basis is eroding quickly).* The CZ '12 futures contract (*new crop*) is positioned to trade in a range from \$6.81 - \$8.51. It's currently not advisable to make incremental sale / short hedge / buy put option at or below the bottom of aforementioned futures ranges but rather at / near the upper end of ranges, respectively. Option strategies may assist in

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managing the risks and or opportunities associated with new crop for both short hedging (producer's perspective) and long hedging (consumer's perspective).

Study options @ [www.cmegroup.com/trading/commodities/files/AC-216\\_HedgersGuideNewBoilerplate.pdf](http://www.cmegroup.com/trading/commodities/files/AC-216_HedgersGuideNewBoilerplate.pdf).  
See [Weekly Marketing Highlights](http://www.pioneer.com/weeklymarkets) at [www.pioneer.com/weeklymarkets](http://www.pioneer.com/weeklymarkets) for weekly observations that include weekly price / trend updates.

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