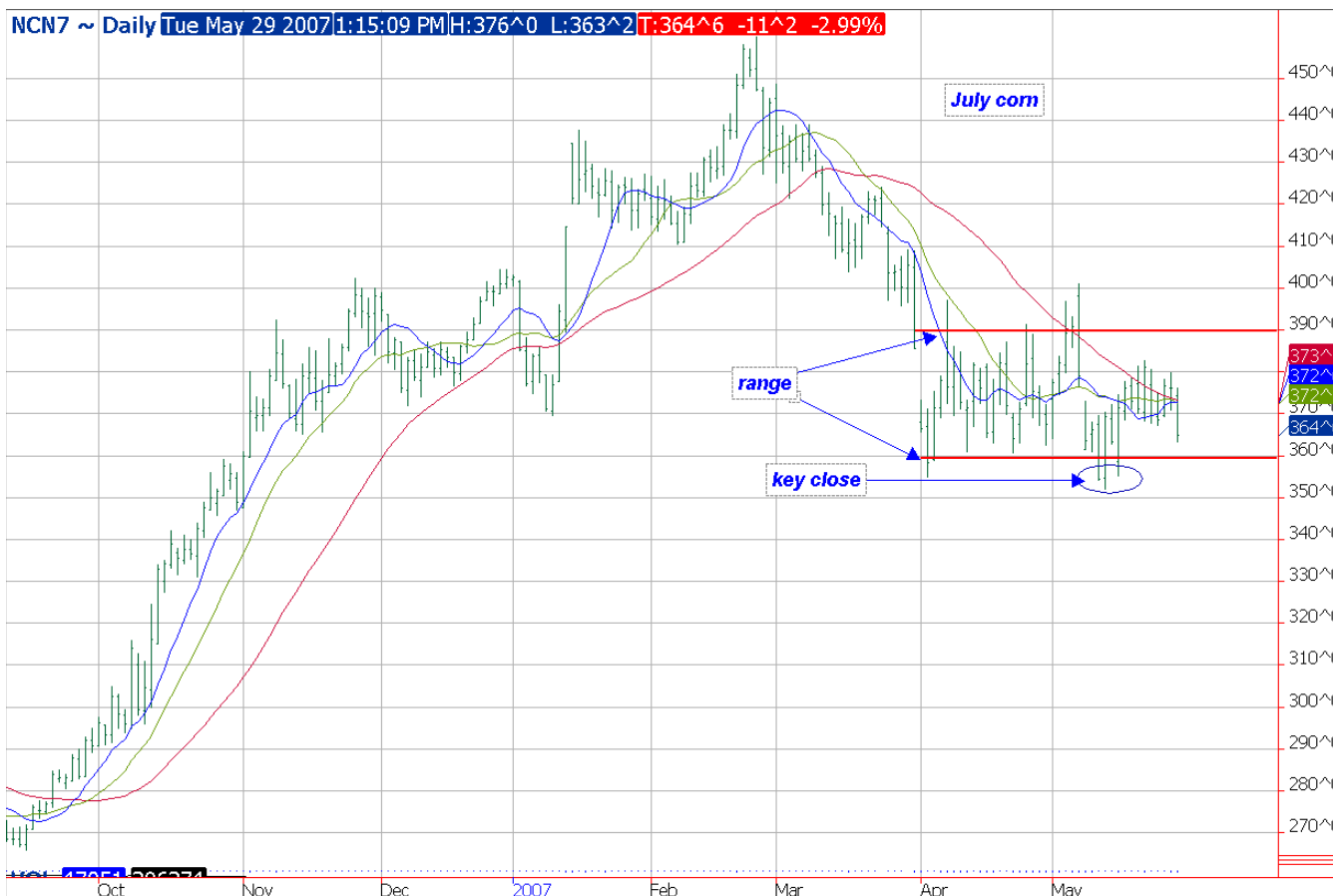




Daily Grain Technical Comment

Tuesday, May 29, 2007

The corn market has broken out of its recent narrow range as we set up another test of the May lows under \$3.60. That's still the key to further bear swing but again we need a close under \$3.52 to confirm it – counts would project to \$3.30. For the moment, look for support from \$3.60 to \$3.57 – we should see some buying against those levels. Play for a bounce. Look for liquidation from \$3.70 to \$3.75. However, sustaining this trade here would leave the \$3.70 to 3.80 range as tough overhead. We have a very important near term trade for the corn market. The July-Dec. spread is suggesting more weakness but it's been a 5 over to 5 under market for quite some time. Meanwhile, December is threatening to break its range as well – there the recent \$3.63 low could be enough to force a run into new lows - counts would be \$3.44. The \$3.80 level is still the problems there as well.



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Wheat has immediately retreated from the pivotal \$5.00 level again but this time we should respect last week's lows. Expect short covering from \$4.80 to \$4.85. Look for buying from \$4.80 to \$4.85. A close over \$5.00 would trigger a run into the \$5.10 to \$5.20 range. Lighten up there. No major change in the wheat-corn spreads but last week's rebound has turned that trade more neutral. A close over \$1.33 on July would be significant. We also have kwn leaving Friday's close as we quickly try to correct last week's rally. However, the break should be limited to the \$4.70 to \$4.72 area. Look for buying there. Clearing the \$4.93 level would open up this trade for a run into the \$5.00 to \$5.10 range. However, the kwn-wn doesn't show much- more of range for the moment.

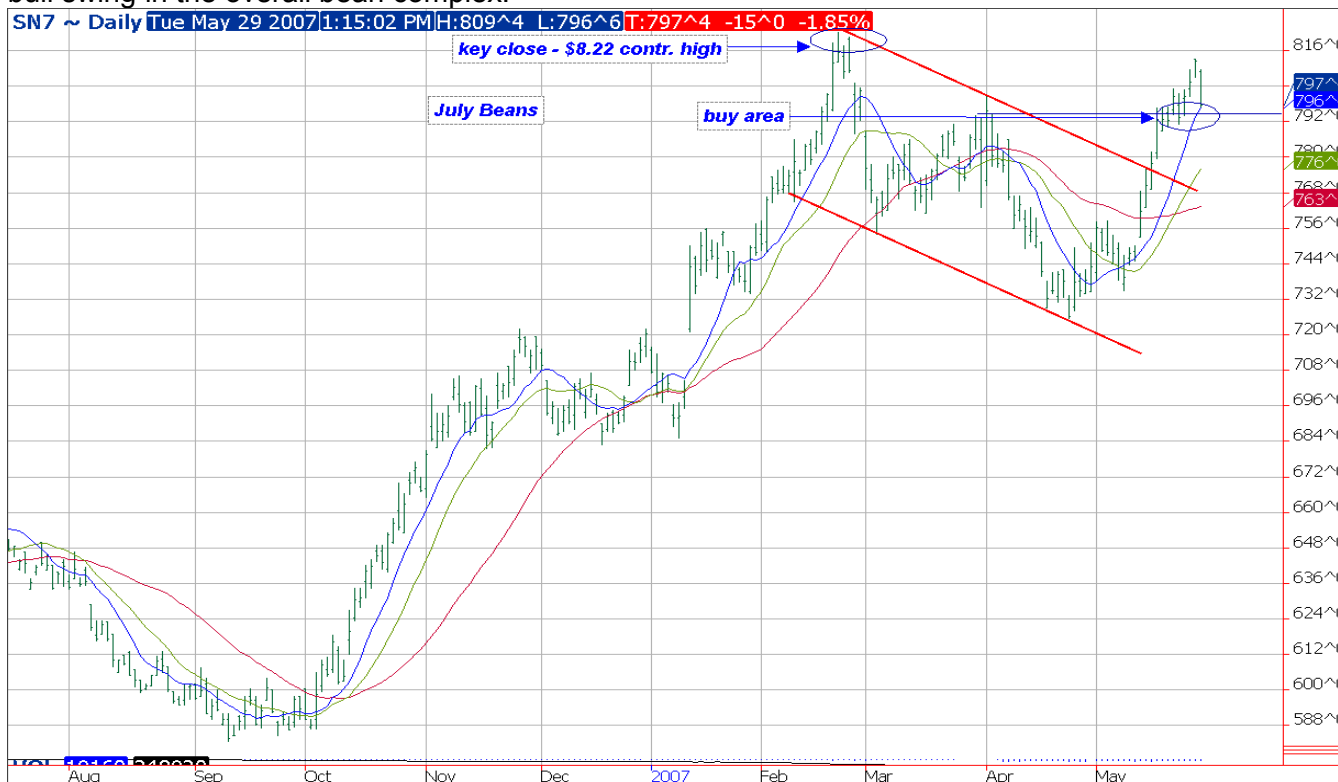


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Beans finally took a breather with our break back under \$8.00 but right into our initial support area. Look to buy July beans here and add to at 7.92 or go to the options. Use a \$7.75 stop on sn. Still looking for a challenge of the \$8.22 contract highs but at this point we should be setting up for a run to weekly retracements near \$8.50. Meanwhile, oil is leaving our new highs near 36 cents from last Friday which could see a bit more of a correction. Key s/t trade is right here at 35 cents, a break below that level would force a quick run in to the 34.00 to 34.50 area. This market is closing in on price targets so would be more inclined to be liquidating on strength. Meal will be the interesting trade and very likely the key to further strength in the bean complex. Right now, we're cooling off against the \$220.00 retracement but with gap action –that could be significant over the next day or so. Look to buy July here. Add to at \$212.00. Risk a close below \$210.00. Tomorrow should be a pivotal day for this recent bull swing in the overall bean complex.



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