

FORTUCAST AGRICULTURAL TIMER

PRECISE TIMING and MOVEMENT ANALYSIS by BARRY ROSEN

"Serving Futures Traders since 1987"

UPDATED OCT 1ST for MARKETS of OCT 2ND , 2019

SPEC TRADING RECOMMENDATIONS*

WEATHER: Cooler weather is on its way later this week, but daytime highs remain tenaciously above-normal for now, especially in the eastern Corn Belt. Per the latest 72-hour cumulative precipitation map from NOAA, parts of Kansas, Iowa, Wisconsin and Michigan could see another 2" of rainfall between today and Friday.

OVERALL: Did not get the pullbacks we needed to get in but now some upper targets have been reached with beans having hit 915 but still having a chance for 927 later in the week and corn up to 395.00 and wheat up to 504-5 but it is struggling the most. Cycle lows due for means on Wednesday but do you have the guts to buy the dips after the volatility of late? Overall grains should hold up into Friday but so close to first pattern completions that a pullback on Thursday would not be surprise.

DEC CORN

TRADING STRATEGY: stand aside.

TODAY'S COMMENTS: (10/1) Resistance at 391.25 came in with support now back to 386.75 for buys. Key resistance at 393 and 395 and 401 but we still have until Friday to rally. Weekly chart bounce resistance is at 395. Market still has plenty of time to rally into Friday but next week looks lower and prices near 400 will attract lots of commercial selling and hedging. Unclear where secondary fall low will go but market has to close above 420 to confirm a weekly chart bottom.

MONTHLY CHARTS (8/13) We continue to see multi-year lows in and weather problems over the next 3-4 years causing scarcity and driving up prices. Weekly chart patterns project 515. Still we are seeing the multiple year lows that we were looking for and the weather problems are not going to go away for a long time.

CYCLES OVERVIEW: ; higher on Wednesday. Higher into Friday; an Monday; lower into Oct. 13th and Oct. 14th and Oct. 15th

NOV. SOYBEANS

TRADING RECOMMENDATION : stand aside.

TODAY'S COMMENTS: (10/1) Key resistance close at hand at 922 and 927.75 and there is a chance of a deeper break that will hold 900 but into Thursday and it is there in the patterns. Hard to chase up here.

OVERALL: Upper target on the continuation chart is 972-77 and those may be reasonable into January. Unclear how much harvest pressure may press this market but if you have short-term needs you may need to sell the 925-27 region and then buy the market back at harvest lows. Working on those calculations and fundamental value from the report.

CYCLES OVERVIEW: higher on Wednesday. Higher into Friday; an Monday; lower into Oct. 13th and Oct. 14th and Oct. 15th

DEC. CHICAGO WHEAT

SWING TRADING RECOMMENDATION: Stand aside.

TODAY'S COMMENTS: (10/1) Wheat was the weakest but the other markets could pull it up to the 504-5 region. We did not have the guts to buy the key 490 region. Still not thinking it can do too much up here.

CYCLES OVERVIEW: lower into Tuesday and higher on Wednesday. Higher into Friday; an Monday; lower into Oct. 13th and Oct. 14th and Oct. 15th

TUESDAY GRAIN FUNDAMENTALS:

Soybeans were higher on commercial and technical buying. The USDA's stocks report showed better than expected demand during the fourth quarter of the recently ended marketing year, along with a modest reduction in the 2018 production total. Crop development and early harvest activity are slow, with more rain in the forecast for some key U.S. growing areas. The trade is also watching planting weather in Argentina and Brazil, with conditions slower than average in many areas because of dry weather. Trade talks with China are scheduled to resume later this month. More sales to China are rumored, but there's been no confirmation. On the first day of the 2019/20 marketing year for soybean products, bean oil was up sharply on demand expectations while bean oil was lower on product spread adjustments. The USDA says the soybean crush during August 2019 was 178 million bushels, down 1 million from July, but up 8 million from August 2018.

Corn was higher on commercial and technical buying. Corn also saw another round of support from the USDA numbers and weather. Along with that rain, parts of the Midwest and Plains are expected to see cooler temperatures later this week. The frost chance appears to be limited, but with this year's slow development, a portion of the U.S. crop is at risk for some type of damage. Ethanol futures were lower. The U.S. Energy Information Administration's weekly ethanol production and stocks numbers are out Wednesday. According to the USDA, corn for fuel alcohol consumption during August was 455 million bushels, up 1% on the month, but down 6% on the year. DDGS production of 2.01 million tons was 1% more than the previous month, but 8% less than a year ago.

The wheat complex was mixed, with Chicago up following corn and Kansas City and Minneapolis down on profit taking. Winter wheat planting and spring wheat harvest activity both made solid advances last week and many forecasts have a drier pattern for the northern U.S. Plains. Still, that last 10% of spring wheat might have a difficult time coming out of those very wet fields and Canada's harvest has been halted in some areas by a freeze. Monday's USDA numbers were close to pre-report expectations for wheat overall, even if the winter wheat production number was below many projections and spring wheat was above most pre-report guesses.

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FORTUCAST CATTLE / HOGS

HOG AND CATTLE FUNDAMENTALS:

Chicago Mercantile Exchange live cattle futures were mostly lower ahead of the week's widespread direct cash business. October was up \$.05 at \$104.62 and December was down \$.47 at \$109.82.

Feeder cattle were down on the higher moves in corn and soybean meal as traders get ready for direct business. October was \$1.42 lower at \$140.97 and November was down \$1.75 at \$140.17.

Direct cash cattle markets were mostly quiet. Some very light trade was reported at \$106 live and \$165 dressed in Iowa, but not enough to establish any kind of a trend. Asking prices are \$108 and \$110 live and \$175 dressed. There's some optimism ahead of this week's trade, but it looks like widespread direct business will wait until the second half of the week, depending on packer demand. The limited trade deal with Japan is viewed as a positive for export demand, but the passage of the USMCA is a question mark, because of the impeachment inquiry in the U.S. House. This week's offering at the Fed Cattle Exchange is 846 head.

Boxed beef closed mixed on moderate to good demand and offerings. Choice was up \$1.03 at \$213.47 and Select was down \$1.06 at \$186.05. The estimated cattle slaughter of 117,000 head was steady on the week and up 1,000 on the year.

At the Joplin Regional Stockyards in Missouri, compared to the previous week, feeder steer and heifer calves and yearlings were steady to \$3 higher. The USDA says demand was moderate to good for a moderate supply. Receipts were up on the week and the year. 47% of the offering were heifers and 59% of the run weighed more than 600 pounds. Medium and Large 1 feeder steers weighing 800 to 900 pounds sold at \$134 to \$145 and Medium and Large 1 to 2 feeder steers weighing 600 to 700 pounds were reported at \$139 to \$152. Medium and Large 1 feeder heifers weighing 700 to 800 pounds brought \$125 to \$137.25 and Medium and Large 1 to 2 heifers weighing 550 to 650 pounds ranged from \$119 to \$138.50.

Lean hog futures were sharply lower on profit taking and commercial selling, waiting for some confirmation of rumored Chinese demand. October was down \$2.90 at \$62.55 and December was \$2.67 lower at \$69.92.

Cash hogs were mixed, with a large closing negotiated run for the major direct markets. The day's trends depended on near-term packer needs and the ability to move needed numbers, while trying to maintain margins and meet demand. The industry continues to wait for confirmation of new pork sales to China ahead of the resumption of negotiations later this month. China is on holiday over the next few days, but sales from last week would still show up on the weekly numbers out Thursday morning. In the meantime, African swine fever continues to spread in Asia.

Pork closed \$1.56 higher at \$75.29. All the primal cuts were firm to higher, including a \$5.54 gain in bellies. The estimated hog slaughter of 490,000 head was up 20,000 on the week and 14,000 on the year.

National direct barrows and gilts closed \$.45 higher at \$44 to \$51.50 with a weighted average of \$49.36, while Iowa/Southern Minnesota was down \$.16 at \$49.63, the Western Corn Belt was \$.13 lower at \$49.55, and the Eastern Corn Belt had no comparison at \$49.06. Butcher hogs at the Midwest cash markets were steady at \$36. Illinois direct sows were steady at \$18 to \$30 on light to moderate demand for moderate to heavy offerings. Barrows and gilts were \$1 to \$2 higher at \$30 to \$34 on moderate demand and offerings. Boars ranged from \$5 to \$15.

(Special Thanks to Reuters, USDA, Brownfield and Ag Center)

DEC LIVE CATTLE

TRADING STRATEGY: stand aside.

TODAY'S COMMENTS: (10/1) Looking for a pullback to 107.90 or 106.80. The market has been too strong and it seems suicidal to sell the market and upper target of 113.60 or at least

112.80 needs to come but that has a better chance next week. Market is overbought and due for a pullback and some cycles suggest one into Wednesday when 4 cycle lows dominate. Not going to sell but market running out of steam. Resistance at 113.60 still later in Oct. with 111.50 gap almost filled.

CYCLES OVERVIEW : lower into Wednesday and maybe Thursday.

FUNDAMENTALS:

Show lists were larger this week following smaller sales volumes last week. The slaughter last week at 648,000 head fell short of the previous week [658,000] but still was sufficient to work off peak supplies of fed cattle. October will begin to taper off from peak supplies. This also is a time period when beef demand can improve with more moderate weather in much of the country. Asking prices are higher this week.

The spread between north and south has existed for many weeks. Northern cattle numbers suffered a decline as the impact from last winter's severe weather took a toll. Smaller numbers of fed cattle, in addition to a better quality grade in the north, kept premiums to the south high. The Tyson fire assured southern discounts to the point it caused quite a few cattle to be shipped to Nebraska and Colorado from Kansas and Texas. This condition allowed the south to regain some of the parity in price with the north at the end of last week.

Grading improved last week and for the first time in many weeks exceeded last year. Almost 77% of the cattle slaughtered last week were choice or prime. Both carcass weights and quality grade are top indicators of the current status of the nation's fed cattle supplies.

(Special thanks USDA, Reuters, Brownfield and Ag Center)

NOV. FEEDER CATTLE

SWING TRADING RECOMMENDATION: stand aside. .

TODAY'S COMMENTS: (10/1) First support at 140.80 came in and then 139.20. If pullbacks are minor we still could see 144.50 or 145.45 into next week. Resistance at 144.50 and 145.45. Hard to sell but scalpers have to honor the short-side another day .

CYCLES OVERVIEW: :: lower into Wednesday and maybe Thursday, higher into Friday and Monday.

DEC. LEAN HOGS

TRADING RECOMMENDATION: stand aside.

TODAY'S COMMENTS: (10/1) Support at 6685 and 6510 but not clear. 20 day average is at 6710. We have a low on Wednesday and one of these numbers will set up a buy but hard to buy after a near limit down day! Patterns suggest needing to go to 7688 but we need a 2 day pullback first and should at least get to 7075 with lower support to 68.65. If we buy the market it seems waiting until a move lower into Oct. 1st would be more appropriate.

CYCLES: lower into Wednesday; higher into Thursday; higher into Friday.

NOTE TO DTN CUSTOMERS: If you are not aware, we do put out morning comments.

-Evening reports are sent to DTN in advance of evening's open CDT and are accessed at the 4th window labeled 'Fortucast Trading'.

-Grains, meats, and hedging windows are labeled accordingly.
-AM updates are sent to DTN by 8AM CDT and are labeled "Morning Comments"

Please note that morning updates can be delayed when DTN gets backed up during pre-opening comments by other advisors; however, this is out of our control, but it seems they get typically posted 10-15 minutes after our delivery to DTN

HEDGING RECOMMENDATIONS from Barry Rosen

Note: Contract months give you time windows for short-term and long-term hedging. Hence if we specify the May contracts, we're looking at spring hedging needs on old crop.

DEC. CORN: (10/1) OPEN POSITIONS: none.

WEEKLY CHART: Bottom probably is in. Hard to make a case for lower rung to 320. Market should be starting a rally into January and we will have an update on price potential soon.

NOV. SOYBEANS: (10/1) OPEN POSITIONS: None.

OVERALL: Bottom probably in with first resistance up to 927 and then 972 as a January target. .

DEC. WHEAT: (CBOT)

COMMENTS: (10/1) researching.

DEC. LIVE CATTLE: (10/1) Bottom is in and it should work back to 113.50 short-term.

NOV. FEEDER CATTLE: Bottom is in and weekly chart should work toward 145.50 short-term. Working on weekly chart targets.

DEC. LEAN HOGS: (10/1) Market bottom in now so safer to be buying. Should do a 3 wave bounce to 7860. Long term fundamentals are excellent. Hard to imagine this market falling apart even if China throws a temper-tantrum. They badly need our pork.

STATEMENT OF DISCLAIMER

FUTURES AND OPTIONS TRADING IS RISKY, AND CAN RESULT IN SUBSTANTIAL LOSS. THE USE OF STOPS MAY NOT LIMIT LOSSES TO INTENDED AMOUNTS. SPREAD POSITIONS MAY NOT BE LESS RISKY THAN OUTRIGHT POSITIONS. PAST RESULTS DON'T NECESSARILY INDICATE FUTURE RESULTS. SOURCES ARE BELIEVED TO BE RELIABLE, BUT NO ASSURANCE IS MADE FOR ACCURACY.

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

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LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL, OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

TRADING INSTRUCTIONS

POLICY CHANGE (5/11/2012)

- 1) Night session currencies entry orders expire at the completion of the electronic session at 3:15 p.m. and should be pulled until the next order comes out.
- 2) Currency and electronic stops from the previous day should continue until the new stop is available. Given market liquidity in the night session for currencies and the S & P and the ease of electronic trading and placing stops, we'll assume stops are being executed for you. Plus we do have foreign traders and people who stay up all night.
- 3) If we want to exclude night session entries, we'll indicate "day session only" in the trading strategy. If an order says to exit market on close, it means the electronic session. To accommodate this new policy, we'll do our best to publish as early as possible or send out new intraday updates so that you can get night session entries and stops in place.
- 4) If an exit target is hit within 1-2 ticks, we would cancel the entry order, as the pattern is complete and the trade should be nullified.
- 5) Breakout and breakdown orders on stops should only be entered during the day session and should not be used at the open of a market unless they are accompanied by a limit order.
- 6) Note: (early only) means first 1-1 1/2 hours of trade.
- 7) Exit targets even if they originate from intraday updates should be executed in day or night session.
- 8) Market-on-open orders with limits are only executable during the opening range and should be pulled after five minutes if not filled. If the market gaps under or over our stop at the open or if the opening call indicates that it'll, the order is negated and should not be entered later in the day.
- 9) Fortucast assumes that if a limit order entry or exit hits within 1 or 2 ticks, that you will issue a "cancel and replace" market order to complete the trade five minutes after the number was hit
- 10) NEW: If on entries you only miss a trade within 2 ticks, then after five minutes, cancel and replace the trade to the market.
- 11) Exiting or entering market on close in the electronic session refers to the last trade there and not to settlement. The electronic markets settle to the pit closes based on exchange rules and regulations. For simplicity, for open profit and loss we do show the settlement, which often skews where the market was trading when it closed before settlement.
- 12) We often trade in 1-lots, but you have to adjust the number of contracts to your trading account size. When we really like a trade, we specify a 2nd position.

FORTUCAST PRE-OPENING AND DAILY REPORT SCHEDULE

- * 7:30-9:00 am CDT updates with pre-opening grains, weather and fundamentals and morning technicals. Pre-opening meats follow around 9:00-9:15 am.
 - * Intraday comments available through Internet 9:30 am-2:00 pm.
 - * Pre-opening Evening Grains by 7:00 pm Central Time open.
 - * Daily report for Markets of the next day published between 8:00-9:00 pm CDT.
 - * Special Monthly overview: AG VISIONS with expanded long-term cycles, charts, weather and fundamentals. Available only online and by snail mail.
- For more information call 1-800-788-2796.

CUSTOMER SERVICE HOURS (UPDATED 8/5/2012)

- 1) E-mail us at and regarding delivery problems and not receiving the service. Responses to your requests will happen between 7:00-8:30 am Central time.
- 2) Live customer service is **available 8:30 am-5:00 pm Central time** at 800-788-2796 or from outside the US at 928-284-5740 or 641-583-7985. E-mails are answered between 8-9:30 am PDT.

3) Leave a voice mail at 1-928-284-5740.

4) Our webmaster has constructed a special customer service page that will allow you to have missed reports resent, make vacation changes, and other basic functions. Go to your Member login page after you have signed on to Silverlight Viewer.

5) Problems understanding or clarifying intraday updates can be sent to Barry Rosen. Barry Rosen will attempt to get these answered ASAP but he is often intensely involved in trading and response time can vary but he will do his best to get your questions answered as soon as possible.

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