

## INFINITY DAILY GRAIN & LIVESTOCK MARKETS Friday July 30, 2010

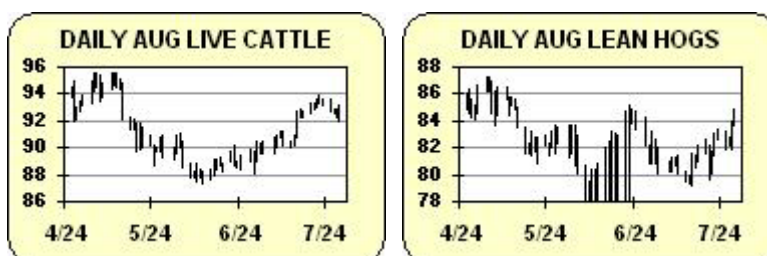


### Grain Outlooks

**BEANS:** We may be seeing a shift in market psychology to the bull camp.

**CORN:** Grains moving higher on a change in psychology triggered by wheat.

**WHEAT:** The drought rally has end users scrambling. This should continue.



### Livestock Outlooks

**CATTLE:** Econ news could spark long liquidation; beef lowest since June 14th

**HOGS:** Tight supply to continue for a few more weeks and pork on the move up

### Overnight Price Changes

**CORN** +3.0, **SOY BEANS** +5.0, **BEAN OIL** -0.2, **SOYMEAL** +2.6

### Grain Markets Fundamental Overview

**SOYBEANS:** The grain and soybean markets may have made a psychological shift in recent days following the month's spectacular gains in wheat. End users are becoming more concerned about a lack of coverage and we may even see an increased willingness to hold larger physical inventories into 2011 as fears of food inflation cause more and more countries to consider some form of market intervention. Weather has shifted to neutral in the US and it could shift to being a positive price factor by early next week. The upside break-out leaves 1004 3/4 as next objective for November soybeans.

**CORN:** While corn is lagging wheat and soybeans, it still managed to hold most of its gains and move higher this week, and price action over the past two weeks has prevented this market from becoming overbought. Weather may have stopped being a negative factor for corn and it is possible that it could even become a slightly positive

price factor if above normal heat persists into mid August and dryness spreads in the eastern Midwest and SE. Remember, we need a record yield to avoid tightening ending stocks this season and the drop in availability of feed wheat from Russia and eastern Europe could be a factor to boost US corn exports. Even if we hold demand steady, a 162 yield would leave stocks/usage at 9.4%, the second tightest since 1973.

**WHEAT:** Adjustments within the wheat market may now be more important than the weather forecast in Russia as the potential for further damage there starts to diminish rapidly for the last of the maturing winter wheat crop. Our objective remains near 7.35 in the December contract although increasingly large short term breaks are possible as the market nears that goal. First support in the December contract is at 6.40 and then near 627 1/4. Minor resistance is at 672.34 and then at 7.00 and 7.35.

### **LIVESTOCK FUNDAMENTAL OVERVIEW**

**CATTLE:** The beef market is sluggish, and specs still hold a hefty net long position. This is a negative set-up and "if" the stock market turns down sharply, speculative long liquidation selling could turn active. October cattle resistance comes in at 93.95 with 92.62 as initial support.

**HOGS:** Packer margins remain deep in the black, and the surge higher in pork values this week will likely spark increased interest from packers to move as many hogs as possible through the pipeline next week. This should keep the cash market firm, especially if marketings slow down from the heat next week. October hog support comes in at 77.37 and 77.02, with 80.12 as the next upside target.

### **TODAY'S GRAIN MARKET OUTLOOKS**

**SOYBEANS:** Buying puts under 10.00 in November soybeans should be considered, but only for aggressive traders.

**CORN:** Traders can raise their buying points in December corn to near 3.85 to 3.89 with 423 and 435 as longer term upside objectives.

**WHEAT:** Buying gets increasingly risky as wheat nears its biggest one month gain since 1973. However, aggressive traders can continue buying futures and calls on 20 cent pullbacks from a new high with the next objective remaining at 735.

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