Daily Grain / Hogs Marketing Outlook
Written by: Jim Gerlach
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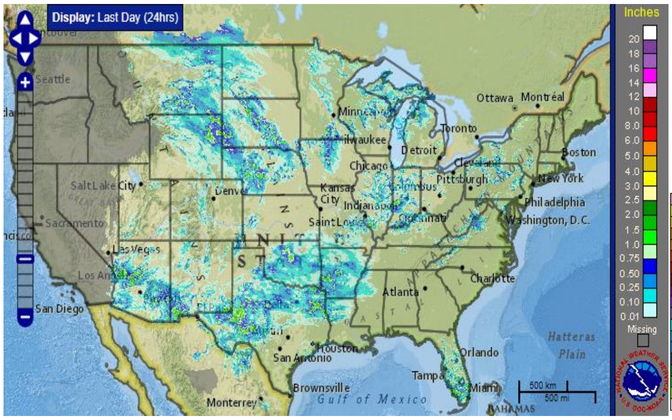
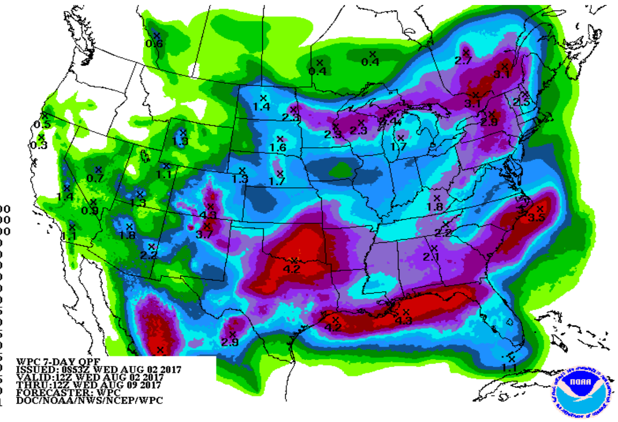
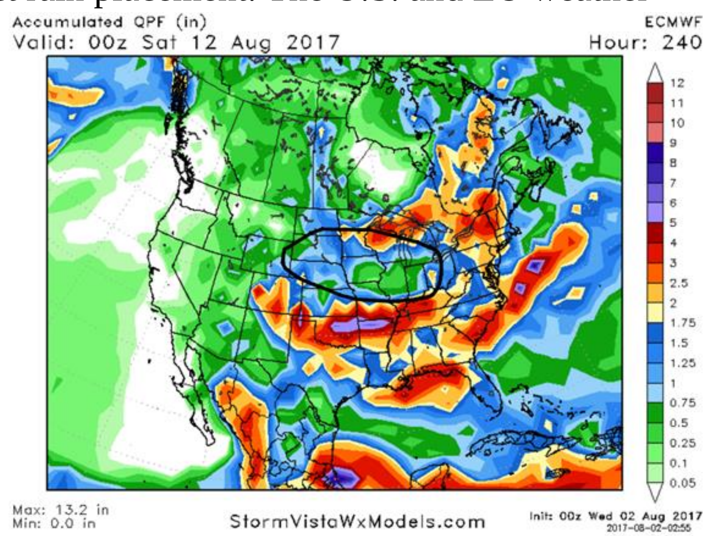
Early Call 8:45am EDT: Corn up $.04, soybeans up $.08, wheat up $.04. After Tuesday's sharp break, a move tied to short-term technical signals on daily charts, the soybean market was able to stabilize overnight into Wednesday morning. This provided light support to corn and wheat markets as well. Outside commodities were mostly lower, though cotton, lumber, and heating oil were able to post gains. The U.S. dollar index was down while higher DJIA futures point to continued strength when equities open later in the morning.

Grains: Soybean futures fell more than 3% Tuesday after a report showed an unexpected improvement in the U.S. crop. The USDA said late Monday that the share of the oilseed crop in good-or-excellent shape rose to 59% as of Sunday from 57% a week earlier. Analysts expected the good-or-excellent ratings to be steady to lower. Combined with a turn for the better in weather forecasts across the central U.S., with more rain and cooler temperatures expected in the coming weeks, those ratings had traders rushing out of bets that soybean production would suffer this year. The weather forecasts look really favorable as we're going to have what looks like plenty of rain for most major soybean areas. The soybean crops are really made in August. That prompted heavy selling in the soybean market. CBOT August soybean futures fell 3.5% to $9.59 1/2 a bushel on Tuesday, closing at the lowest point since early July. U.S. farmers this year planted more acres of soybeans than ever before, while farmers in Brazil produced their own bumper oilseed crop. Without a growing issue that limits this year's U.S. production, soybean prices, which are down for the year, could remain under pressure amid swelling global supplies. The sharp losses in the soybean market also weighed on corn and wheat futures. The proportion of both crops in good-or-excellent condition fell last week, however, according to the USDA, with corn at 61% and spring wheat at 31%. Still, outside markets added to the pressure on crop prices. A higher dollar hampered U.S. export competitiveness while lower crude oil prices took money out of the commodity market. CBOT September wheat futures fell 2.8% to $4.61 1/4 a bushel while September corn dropped 2.2% to $3.62 1/2 a bushel. Spring wheat futures were also lower.



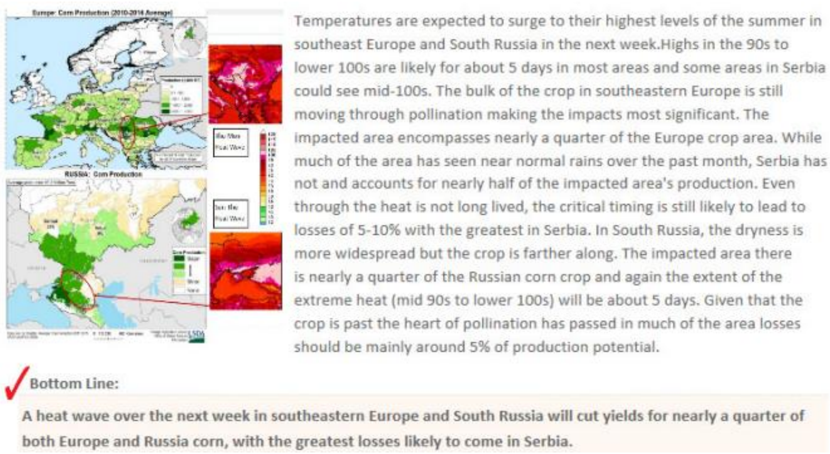


Patchy showers fell in southern Canada, MT, western NSD, central SD, western NE, eastern IL, western IN, near the MN/IA border and the southern Delta the past day (see map left). Rains will track from the northern Plains into the northern/eastern Midwest into Friday, with a weaker disturbance but similar track Sat-Mon (see 7-day NOAA forecast map right). Given recent model biases to track rains too far north in the Midwest, confidence remains low in exact rain placement. The U.S. and EU weather models remain in agreement which raises our confidence in their solution. Both models have shifted heavy rains north and south (see 10-day EU model right), leaving the central Plains and the central Midwest with a drier profile for at least the next 10 days. Parts of central IL, central/western IA, northern MO, southeastern SD and far eastern NE will be the driest (about 25% of the belt). Northern Plains rain today and Saturday will be too late to help spring wheat, while notable southern Plains rain aids pre-planting moisture through mid-Aug. Mild/wet weather in the 6-15 day period aids late soybean growth in the South, but needs to be watched for cotton. Light showers this week occur in Canada, but will only provide patchy relief for the driest 40% of the wheat/canola belt in the southern Canadian Prairie, with the 6-15 day period largely dry.



FC Stone overnight pegged the final U.S. corn harvest at 13.59 billion bushels on a yield of 162.8bpa. This compares to the USDA currently working on a production figure of 14.255 billion bushels on a yield of 170.7bpa. FC Stone's soybean figures were less bullish in showing a harvest of 4.235 billion bushels on a yield of 47.7bpa. That is only modestly below the USDA's figures of 4.260 billion bushels and 48.0bpa, respectively. It is probably too late to become bearish of corn, soy or wheat with rain in the forecast and not in the gauge. Soybean conditions remain the 2nd worst in the last 11 years, only better than the horrendous 2012 crop year. Corn conditions remain the 2nd worst in the last 10 years, again only being better than 2012. Dr. Michael Cordinnier left his corn yield unchanged at 163.5bpa and soybeans at 46.5bpa. Trade sources believe Informa will release their estimate tomorrow during the session, but it should be substantially higher as they don’t try to peg final field, but rather what the USDA will say each month. A prominent analyst pegs the 2017 U.S. HRS wheat crop at 325mb (USDA 385mb) assuming 15.24% abandonment and 37.2bpa yield.

The USDA ag attache in Indonesia sees palm oil production in 2017/18 rebounding to 36.5mmt (USDA 36.0mmt) from 34.0mmt last year and 32mmt in 2015/16. Palm exports are pegged at 26.5mmt vs. the USDA at 25.5mmt and 25.5mmt a year ago. Turkey sees wheat production at 21.8mmt, well above the USDA at 19.5mmt and up sharply from last year’s 17.3mmt. Russia's IKAR consultancy increased their 2017/18 wheat production estimate to 74-77mmt, an increase of 2mmt and compared to the USDA's 72mmt. Heat in eastern Europe and south Russia looks to cut corn yields (see attached graphic courtesy of Commodity Weather Group www.commoditywx.com).



Technically speaking, both soybeans and corn are on thin ice as noted in a report yesterday from my friends at the Powerline Group (www.powerlinegroup.net). *The chart on the left is a 240 minute or 4-hour bar chart. The soybean market is breaking down and out of a descending triangle. The descending triangle breakout below $9.84 has a possible measurement of $.55 down to $9.30 level. The November beans also have a price gap down at $9.58. Markets hate to leave unfilled chart gaps. Look for November beans to slide on down and fill that open chart gap at $9.58 for the next downside support. December corn (right chart) is looking like General Custer trying to make its last stand. If the selling pressure pushes December corn down through $3.75 support, then look for December corn to drop on down to fill the chart gap at $3.58.* I believe the chart gap objective at $3.58 will be a harvest objective for bears, but don't look for that to be tested right now. At the June low and last year's harvest low last year ($3.74-$3.74 ½), the market was pricing in ending stocks near 2.2-2.3 billion bushels. At 165bpa, ending stocks come in near 1.8 billion bushels and at 162bpa, stocks come in near 1.6 billion bushels. As far as timing goes, I'm looking for an early harvest low in the corn market as lower than trend yields, particularly in the Dakotas, along with a lot of storage built in the last several years, should mean commercials will have a hard time filling up this year. Once they realize they won't get full, an early bottom should occur in Dec 17 corn.

On the demand front, after yesterday's declines near gap support, the conversation is to whether prices have fallen far enough to touch to the demand side of the balance sheet, with weaker values are designed to stimulate. In corn, for instance, prices are now low in recent experience and will be even cheaper to non-dollar customers, given that the greenback is trading close to 13-month lows. The trouble is that the boost to demand may lag. The market might yet need to some proof of this, though, in export numbers before arresting the decline in prices. Indonesian palm oil exports will hit a record, lifted by better-than-expected production, and a boost to demand from the spring retreat in prices, according to the USDA ag attache. The Jakarta bureau hiked its palm oil export forecast to 26.5mmt in 2017-18, a figure 1.0mmt above the USDA's official estimate. The upgraded figure would represent the highest exports on record from Indonesia, the top palm oil shipper and producer, eclipsing the 25.96mmt shipped in 2014-15.

Brazil represents a bigger threat to the U.S. in corn rather than soybeans in export markets, for now, the head of Archer Daniels Midland said, while forecasting a boost in oilseeds from wheat dynamics too. Juan Luciano, the ADM chief executive, flagged the threat to U.S. crop trading "because we're going to get all these potential exports from South America" during the July-to-September quarter, following strong corn and soybean harvests in the likes of Argentina and Brazil. It is the country's bumper corn harvest which looks like providing particular competition to U.S. trade, thanks in part to continued knock-on effects of Brazilian growers' reluctance to sell soybeans in particular at prices dented by strengthening the real as well as by softer international values. Brazilian soybean prices are down 15.5% over the past year, according to data from research institute Cepea, compared with a 2.0% decline in dollar-denominated Chicago futures. "Talking about Brazil, if you think about soy, the farmers probably have sold about two-thirds of it, and it would compare to about over 80% a year ago," Mr. Luciano told investors. "New crop [2017-18], at the moment, probably maybe 8-10% versus maybe 15% a year ago." For corn, however, sales of 2016-17 crop, at about half of production compare with "maybe 55% a year ago". "I would say we'll probably see Brazilian farmers, or Brazil, exporting more of the corn and holding a little bit more of the beans as they go forward," Mr. Luciano said.

The USDA grain crush report yesterday showed 436.7mb of corn crushed for ethanol during June, down 3.48% from May but up 2.14% over June 2016. Green Plains said Monday that it slashed its June ethanol production by 50 million gallons, or 40%, in response to weaker margins. Green Plains returned to full production in July, it "will remain disciplined in our response to supply/demand imbalances." The company said ethanol production in the quarter totaled 275.5 million gallons, up slightly from 274.3 million gallons in the year-ago period. Archer Daniels Midland is modifying one of its Illinois ethanol plants to produce industrial alcohols, another signal that ADM's cooling on the ethanol business. Ethanol manufacturers have dealt with downdrafts in crude oil prices over the past two years that pressured profits, and ADM last year said it would explore a possible sale of several of its ethanol plants. ADM's move to shift production at the Illinois plant will remove about 100 million gallons annually from the U.S. industry total capacity of 15.7 billion gallons annually.

The USDA reported U.S. soybean crush in June was 154.1mb, sharply above average market expectations of 146.9mb, well above the entire range of ideas of 146.0-148.0mb and was unchanged from last year's June crush of 154.1mb as well. While June crush was down slightly from May's 158.0mb, the average daily crush rate of 5.14mb/day was up slightly from 5.10mb/day in May. Additionally, June was the first month in which crush wasn't below last year's level since January. Marketing year to date (Sept-June) crush of 1.598 billion bushels is still marginally above last year's 1.592 billion bushels, but we remain concerned that July-August crush needs to total 302mb vs. 294mb last year, up 2.9%, in order for the USDA's 2016/17 annual crush estimate of 1.900 billion bushels to be reached. June soybean oil production was 1.806 billion pounds vs. 1.839 billion in May and 1.787 billion last year, with an average yield of 11.72 pounds/bushel, up from 11.64 in May and last year's June yield of 11.60. The USDA reported end June soybean oil stocks were 2.243 billion pounds, in line with market expectations of 2.240 billion pounds, but with crush much larger than expected, soybean oil usage in June was obviously larger than expected as well. Pending official Census export data, we estimate June domestic soybean oil usage was up a little more than 2% from last year, the first year-over-year increase in domestic soybean oil usage since December.

Hogs: Cash hogs are called steady to $1 lower. Pork processing margins remain quite profitable, encouraging packers to crank chain speed if they can find numbers without spending significantly more money. After moving minimal numbers on Monday with sharply lower bids, hog buyers spend a bit more on Tuesday and managed to generate decent trade volume. Perhaps spot numbers are not set to accelerate as quickly as many bears fear? At this time, Saturday kill plans should total close to 74,000 head. Pork production is expected to continue increasing. This week's slaughter could be as large as 2,255,000 head, 2.5% greater than 2016. The national bid yesterday gained $.08 to close at $79.87, while the IA/MN bid lost $.07 to close at $80.27. The CME Lean Hog Index for 7/28 was $.65 lower than the previous day at $88.10. The USDA pork carcass cutout value was $.84 lower at $98.82 on good movement of 400 loads. The butt, picnic and rib were all reported higher. Estimated packer margins were $32.57/head for non-integrators and $80.79/head for integrators vs. $35.84 and $83.18 the previous day. Weekly kill is up 1.28% vs. last week and 10.01% from last year through Tuesday. While weekly hog slaughter has been running a bit under the USDA's H&P numbers. However, for the last few months weekly hog slaughter data has been revised consistently higher. Since June 4, total hog slaughter based on the initial weekly hog slaughter estimate has been 12.744 million head, while the revised slaughter has been 12.807 million, a 0.5% difference, helping to bring slaughter close to H&P expectations.

Hog futures fell Tuesday on continued weakness in the cash market. The CME's cash hog price index fell to 88.75 cents a pound on Monday, and analysts expected prices to slide further in Tuesday's cash trade. CME August lean hog futures fell 0.6% to 79.8 cents a pound. Lean futures should open lower, pressure by follow-through selling and nervous supply expectations. Lean hog futures appear to be oversold with RSI oscillators trending well under 30 basis most contracts. At the very least, the board could be ripe for some kind of correction. For August futures, there is currently an almost $8 basis with just two weeks or so until expiration. Futures are currently implying significant value erosion in the cutout, but so far, we have not seen much to support that. The market is significantly discounted and participants will trade accordingly depending on how trade develops in the next few days. The overall value of the pork cutout is now up 25.4% from last year and the difference between the hog and cutout gains has translated in improved meat margins for pork packers. The loin primal is up 5% from last year, the picnic primal is up 4% and the ham primal is up 19% from a year ago. So, while ham cold storage stocks may have increased in June, one should not immediately assume that it reflects a slowdown in demand. Exports are a big part of pork sales these days and exports to Asian markets require that product be staged in cold storage before it ships out. Consequently, higher cold storage stocks may not necessarily imply a weakness in demand, particularly when ham primal values are up significantly compared to a year ago.

Cattle futures bounced from a low for the year to close higher Tuesday as traders bet that prices had bottomed. Contracts for live cattle have fallen from a seasonal peak in early June to trade at 2017 lows in July, sliding around 15% as seasonal pressures such as growing supplies and weaker beef demand pressure prices. August-dated live cattle futures at the Chicago Mercantile Exchange reversed course to rise 0.7% to $1.128 a pound on Tuesday, however. The live cattle market is still technically under pressure, although people are looking for a seasonal bottom. The recovery in the live cattle market was helped by contracts for feeder cattle. A selloff in the grain futures market, with corn falling over 2%, helped feed yards by lowering the costs of fattening their herds. CME August feeder cattle rose 2.1% to $1.49175 a pound. This week's cash market would determine whether futures could go lower yet. Cattle traded mostly around $1.17 a pound live and $1.87 a pound dressed last week, and meatpackers buying cattle from feed yards for slaughter will likely be looking to lower their bids. The online Fed Cattle Exchange auction on Wednesday morning will give an early sense of how cash prices will trend. A little over 1,000 cattle are listed, down from over 2,000 a week in July.

Bacon may be more expensive but at least eggs have gotten cheaper, holding down the cost of breakfast. The U.S. egg industry is well past bird flu now and has gone full circle from shortage to a glut of eggs. Prices have fallen to where producers are losing money even with cheap feed. Analysts at Urner Barry say that the 48% decline in egg prices from two years ago is historic. Egg exports have picked up but not enough to clear the glut of supply. High prices destroyed some demand that has not recovered as quickly as supply did as bakers opted for cheaper alternatives for eggs in ingredients. Dried egg stocks hit a 10-year record.

Weather: Today's U.S. and European models are in good agreement today. The large-scale pattern will feature a ridge over western Canada and the northwest U.S. extending eastward across much of northern Canada. This blocking pattern will force a trough southward into south-central Canada and the central U.S. This will allow for moderate temperatures and episodes of scattered showers and thunderstorms in the Midwest favoring late pollinating and filling corn and filling soybeans. The most stressful weather with this pattern will be over the western Prairies under the ridge.

Other than a few light showers bringing generally less than .25” to around 15-20% of the Midwest region yesterday, things remained dry. Temps were close to average, with highs in the mid to upper 80’s in most cases and some low 90’s in the west. A front will bring rains to sections of the region the second half of this week. Confidence is good that MN, WI, MI, OH and northern IA will see the rains, but the models are still mixed on rainfall ideas for eastern IA and most of IL/IN. The weekend looks to be fairly quiet and then some hit and miss rains look to bring mainly light to imbedded moderate totals to around 60% of the region the first half of next week. Those rains now look to favor areas north of I-80. Temps will run near average for the next day or two, with highs in the 80’s and some low 90’s. Cooler air will then build in for the end of the week, with 70’s in the north and some 80’s in the south. A gradual return to average temps is seen for the first half of next week. Things were mainly dry across the northern Plains region again yesterday, with just a few spotty showers in western SD. Temps were in the upper 80’s to mid 90’s for highs. A front will bring rains to the region in the next 24 hours. Those rains now look to favor the eastern 2/3rds of the Dakotas. Things till look to quiet back down for the rest of the week, the weekend and much of next week. Temps will run average to below for the rest of this week and weekend and then warm to average for next week. Rains of generally under .25” fell across around 40% of the Delta region yesterday favoring the west. Temps were in the 80’s for highs. Rains look to be fairly limited for the rest of this week. Some hit and miss showers and thunderstorms will pop up from time to time, but amounts in the next 10 days look to be generally under .50”, with coverage of around 50%. By later in the weekend, a front is indicated to bring rains of .50-1” to the southern ½ of the region. Additional rains are seen into next week as well. The 11-16 day forecast has some differences. The European sees ridging in the western U.S. to bring hot and dry weather to the Plains, with dry weather and seasonable temps in the western Midwest and close to average temps/precip in WI, MI, IN and OH. The GFS sees the ridging to bring hot and dry weather to all of the Plains and Midwest.

North American Weather Highlights: Episodes of above to much above normal temperatures and below normal rainfall in the northern Plains stresses pollinating and filling corn and filling soybeans. Crop losses are expected. Significant losses to spring wheat have already occurred. Temperatures will not be as hot during the next 7 days, but rainfall will remain below normal. Episodes of above to much above normal temperatures and below normal rainfall in the Canadian Prairie stresses heading and filling spring wheat and developing canola. Significant crop losses are expected. More favorable weather is forecast for pollinating and filling corn and filling soybeans in the western Midwest, with some beneficial rainfall and more moderate temperatures. However, some significant dry areas still exist in Iowa as crop ratings continue to fall. Unfavorably wet weather returns to Indiana and Ohio.

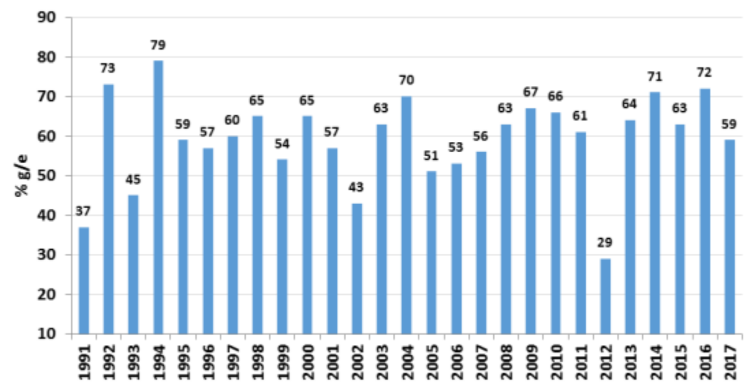
Global Weather Highlights: Renewed concerns continue over the lingering impacts of spring and early summer dryness in north-central Ukraine. Good crop prospects exist elsewhere in Ukraine, with generally favorable conditions in Russia. Northeast China is seeing mostly favorable conditions, with some beneficial rains occurring at this time. Some damage is occurring to recently emerged cotton and groundnuts in the Gujarat peninsula of India due to excessive rainfall. Drier weather is occurring this week. In other key western cotton and oilseed areas, soil moisture is generally adequate to locally excessive. More rain will be needed in Australia to support the wheat crop in the spring as winter rainfall deficits have been the worst in 5 years in many areas. Some beneficial rain occurs in the east the first half of this week.

Macros: The macro markets were quiet as of 8:40am EDT, with Dow futures up 0.2%, the U.S. dollar index is unchanged, crude oil is unchanged and gold is down 0.5%. The S&P 500 on Tuesday closed 0.24% higher, the DJIA gained 0.33%, and the Nasdaq gained 0.25%. Bullish factors included signs of strength in the global economy after Eurozone Q2 GDP grew at a 2.1% pace, the strongest year-on-year increase in 6 years, and after the July Caixin China manufacturing PMI rose 0.7 to 51.1, the fastest pace of expansion in 4 months, and underlying support from the strong Q2 earnings season. Bearish factors included the U.S. Jun personal income report of unchanged, weaker than expectations of 0.4%, and the 1.3% decline in U.S. Jun construction spending, weaker than expectations of 0.4%. The market consensus is for today's July ADP employment report to show an increase of 190,000, which would be very close to the 12-month trend average of 193,000. The ADP data has been volatile in the past three months, ranging from a low of 148,000 in April to a high of 230,000 in May. On the labor front, the market is mainly looking ahead to Friday's July payroll report, which is expected to show an increase of 180,000, close to the 12-month trend increase of 187,000 but down from June's 222,000. Payroll growth was shaky at 50,000 in March and 152,000 in May, but otherwise payrolls have been strong at more than 200,000 in the other months of this year. Meanwhile, the consensus is for Friday's July unemployment rate to fall by 0.1 point to 4.3%, thereby matching May's 16-year low of 4.3%. That would leave the unemployment rate virtually right at the Fed's forecast for an unemployment rate of 4.3% by late this year and 4.2% in 2018-19. The market consensus for today's weekly EIA report is for a 3.0 million barrel decline in U.S. crude oil inventories, a 1.0 million barrel decline in gasoline inventories, a 750,000 barrel decline in distillate inventories, and a 0.5 point decline in the refinery utilization rate to 93.8%. Oil prices have risen sharply over the past month partly because of the -25.8 million barrel (-5.1%) drop in U.S. crude oil inventories seen in the past four reporting weeks. U.S. crude oil inventories are still in a glut at 24.0% above the 5-year seasonal average, but inventories are actually below last year's level at this time and have fallen to the tightest level in two years relative to the 5-year average. Meanwhile, product inventories remain ample with gasoline inventories at 3.9% above the seasonal 5-year average and distillate inventories at 11.3% above the 5-year average.

Overnight, Bloomberg News reported that *miners weighed on Europe's benchmark equity index as most industrial metals traded lower and a surge in the euro added a further headwind for exporters. Oil fluctuated after retreating from its brief rise above $50 a barrel. Rio Tinto Plc led the drop among basic resources shares after first-half profit missed estimates. Banks slid after Standard Chartered Plc said it can't resume dividends amid an uncertain recovery and Societe Generale SA slumped as litigation costs increased. Oil traded near $49 a barrel as U.S. crude stockpiles expanded, while copper dropped a second day and gold edged lower. The euro, coming off its best month since March 2016, reached a new two-and-a-half-year high against the ailing dollar. The common currency's longest rally since 2013 has been sustained by interest-rate differentials and broad dollar weakness as investors lost faith in Donald Trump's spending plans amid an administration in disarray. With the dollar index near a two-year low, the options market shows that traders are gearing up for more euro strength, with demand growing for calls, which give the right to buy. The currency's advance has pushed European earnings revisions into negative territory, according to Credit Suisse Group AG. While most company results this quarter are supporting the case for a firm global economy that's propelling equity gauges to new highs, questions remain about how long the rally can run amid stretched valuations and mixed U.S. data.*

The Stoxx Europe 600 Index dipped 0.2 percent as of 8:21 a.m. in New York. The U.K.'s FTSE 100 Index sank 0.4 percent. Germany's DAX Index decreased 0.2 percent. The MSCI All-Country World Index declined 0.1 percent. Futures on the S&P 500 Index advanced 0.1 percent. The Bloomberg Dollar Spot Index gained less than 0.05 percent. The euro climbed 0.2 percent to $1.1829 after reaching the strongest level since January 2015 earlier. The British pound advanced 0.2 percent to $1.3227, the strongest *in more than 10 months. The yield on 10-year Treasuries advanced two basis points to 2.27 percent. Britain's 10-year yield climbed two basis points to 1.235 percent, the highest in a week. Germany's 10-year yield gained less than one basis point to 0.49 percent. West Texas Intermediate crude declined less than 0.05 percent to $49.15 a barrel. Gold fell 0.2 percent to $1,266.57 an ounce, the biggest fall in a week. Copper fell 0.2 percent to $2.88 a pound. Japan's Topix index gained 0.4 percent. Honda jumped following the company's higher profit forecast. Australia's S&P/ASX 200 Index fell 0.5 percent and South Korea's Kospi index added 0.2 percent. Hong Kong's Hang Seng Index was 0.2 percent higher, while the Shanghai Composite Index swung between gains and losses. The Japanese yen fell 0.4 percent to 110.78 per dollar.*

Summary: Cooler forecasts continue to pound the market into submission, with yesterday a huge down day across the grain sector. Soybeans were rocked and dropped a whopping $.36 ½ and bean oil was down 85 points. Corn was also hit hard with an $.08 ¼ loss. Wheat decided to follow the row crops lower with MGE and Chicago down $.13 ¼ and KC off $.09 ¾. The cooler temperatures and an increase in soybean ratings brought out some massive selling. Soybean good to excellent ratings improved from 57% to 59%, when analysts thought things would stay unchanged. The bean rating of 59% is slightly less than the 5-year average. However, this is the 2nd lowest rating for this week of the last 10 years (see chart), with only the disaster summer of 2012 being lower. The cooler temperatures are welcomed by most. The rainfall in the forecast is above average for pretty much the heart of the country, which is easing any fears of yields dropping way off of trend. Straying outside of the grains show that the Dow is on a heck of a rally the last 10 days. It keeps posting new all-time records and has been the pleasant surprise and the star performer since Trump has taken office.



November soybeans collapsed to a sharply lower close Tuesday, breaking the bottom of the recent consolidation range. The action is negative and turns the short-term trend to bearish. On the upside, the old range bottom at $9.84 becomes resistance for beans and as long as that holds firm, the bears will retain the short-term technical edge. On the downside, bean bears see gap support at $9.63-$9.58. Markets have a tendency to fill gaps, and that zone could be a bearish target this week. September corn etched a bearish breakdown on the daily chart on Tuesday. The corn contract smashed through major daily chart support at $3.64 1/2, the June 23 daily low, and the bottom of the recent consolidation range. That zone now becomes resistance for corn and as long as it holds firm, corn is vulnerable to a new selling wave. The next bearish target and potential support zone lies at $3.56 1/4, the Sept. 30 daily low. Conversely, if corn bulls support a recovery above the $3.64 1/2 zone on Wednesday, it would suggest a bear-trap breakout. On the upside, gap resistance remains open from $3.73-$3.72 1/4.