

01/16/12 – Glen’s “Free Thought”

**Corn fires a warning shot.**

**In six of the last seven years, corn has posted a significant weekly high or low in the first two weeks of January.** And in the other (seventh) year, 2008, the market posted a weekly peak in the third week of the new year – a high that held for five weeks (on a closing basis). After last week’s plunge *and* low-range close, it seems likely that 2012 will be the seventh of the last eight years in which corn follows this pattern.

Of the past six highs or lows, one held for just three weeks, another capped the market for just seven weeks – yet, corn *effectively* stayed sideways into midyear. But four of the six benchmark highs and lows held the market, for all practical purposes, for half of the year. In two of those years – one high and one low – the early January event essentially capped/supported prices for nearly the entire year.

But what really sparked my intrigue is that this year’s high (anyway, so far) was marked on the first trading day of 2012. In my 40 years of market-watching, I recall at least three times when the high of the year in corn was marked at the start of the year. *All three years proved to be major bear years* – including one, 1986, when the yearly high and yearly low bracket the first and last trading days of the year in December 1986 corn.

Whether this year proves the same is yet to be discovered. But this certainly fits with the likely position of the marketplace as a whole. And if corn closes below the current winter lows (at any time in 2012), the danger would become even greater... for 2012 to be among the bigger bear (down) years in modern history.

***“Setup For Disaster” in agriculture is the feature of the latest View On Futures newsletter. But the risk is not limited just to the farm markets. Just as the “Farm Crisis” of the mid-1980s depressed the prices of nearly all commodities, there is a real danger that a similar scenario was just starting to play out at the end of 2011. If it continues, the next one to three years could be “ugly” – which is much different than the view held by most analysts or other so-called “experts.”***

*The early year pattern in corn is but a minor reason for the concern about the commodity complex descending into a major bear market. View On Futures has been sharing – and will continue to do so – a compelling case that the “crowd” is leaning the “wrong way.” Even if you don’t agree or think otherwise, at the very least, don’t you owe it to yourself to take a look at the “other side?”*

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