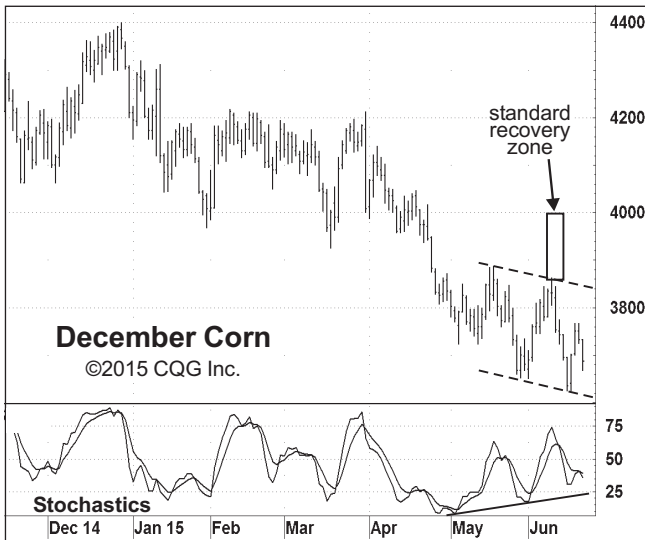
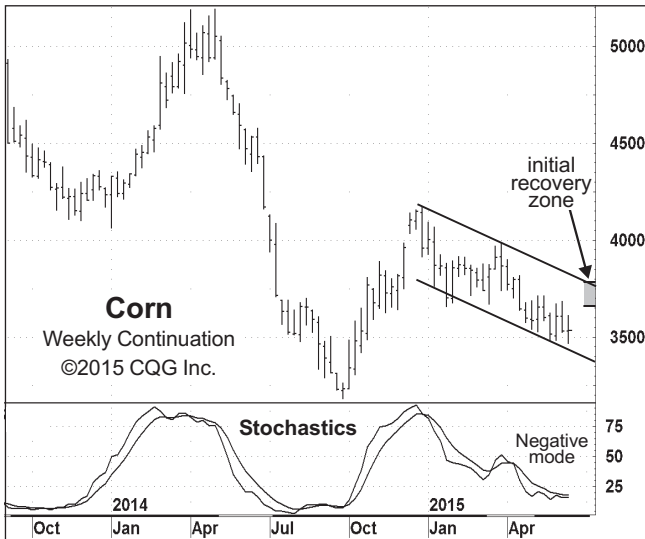


## TOO MANY UNKNOWNNS TO ASSUME BEAR MARKET WILL CONTINUE !



As shown previously, all downside objectives indicated in prior issues were achieved. Following this week's low, a broad down trend channel has become apparent. Two consecutive closes outside the formation would indicate a move of 21 cents in direction of the breakout. The standard recovery zone shown in previous issues from 3.86 to 4.00 remains operative at this juncture. Stochastics have shown divergence since early May, indicating a loss in bearish momentum. Stochastics have given buy and sell signals in recent weeks, indicating indecisiveness.



The market has traded in a downtrend channel since late December. A weekly close above the upper line would indicate an advance of 37 cents from the breakout. The initial recovery zone ranges from 3.66 to 3.79. Stochastics are in deep oversold territory, but remain in a negative mode.

### Overview

The USDA reported feed/residual use for the first half of the season down 95 million bushels from last year. When feed use is down in this period, history indicates it is above the previous year in the March-May quarter. Therefore, the June 1 stocks report may be lower than expected by the trade. Heavy rains in recent weeks will reduce acreage to some extent. But, the June acreage survey was taken before heavy rains occurred. Therefore, the trade could view the acreage survey as somewhat overstated. There are too many unknowns at this point in time to assume prices will continue the downtrend.

### June 1 Stocks Report

The most important part of the June 1 stocks report will be feed/residual usage. The USDA has tended to surprise the trade when feed/residual usage was *above* expectations during the September-February period; it was *below* expectations in the March-May quarter. Conversely, when usage was *below* expectations in the September-February period, it tends to be *above* in the March-May quarter . . .

### Feed Usage May Increase!

US Corn Feed/Residual Usage  
Million Bushels

	Sep-Feb Usage	Mar-May Usage
2008-09	3551	947
2009-10	3356	1273
Chg	<b>-195</b>	<b>+326</b>
2009-10	3356	1273
2010-11	3631	715
Chg	<b>+275</b>	<b>-558</b>
2010-11	3631	715
2011-12	3329	861
Chg	<b>-302</b>	<b>+146</b>
2011-12	3329	861
2012-13	3147	921
Chg	<b>-182</b>	<b>+60</b>
2012-13	3147	921
2013-14	3763	859
Chg	<b>+616</b>	<b>-62</b>
2013-14	3763	859
2014-15	3668	1075*
Chg	<b>-95</b>	<b>+216*</b>

\*CIS estimate

Continued . . .