

Dollar vs Corn:

Allendale Inc performed a study that suggests there is little to no correlation between the US dollar and corn or wheat. In the month of January, when the US dollar moved, corn and wheat moved in the same direction 45% and 35% of the time, respectively. The perception has been that when corn is down, the dollar must be up and visa versa!

In the month of February, the dollar moved in the same direction as corn 35% of the time while wheat was around 45%. In the first 23 trade days in March, corn and wheat moved in the same direction as the US dollar 41% and 18% of the time.

How about the dollar vs crude oil? The perception has been that when the dollar is lower, crude oil must be higher or visa versa. Better, but still not a good correlation, as the dollar moved in the same direction as crude oil 25% of the time in January, 30% in February, and only 9% thus far in the month of March.

Once again there is measurable difference between perception and reality between the dollar and crude oil, corn and wheat. You can not automatically assume just because the dollar is moving higher or lower it has a tight correlation to the corn or wheat.

You might turn your long range outlook to the seasonals as we are all aware of the driving forces during various times during a given year. It is very unlikely you will pick a top or bottom but at least you will know the laws of averages suggest an opportunity for producer and end user. Allendale follows its custom seasonals for all the grain and livestock. We have attached the seasonal corn price chart for your viewing.

Please keep in mind the price chart is just one of many items we watch on a daily basis but does help point us in the right direction for our producer and end user clients.

The question you must ask yourself is do you enjoy total control of your grain and are you satisfied with your marketing plan in 2010?

We welcome your questions and comments.....Joe Victor

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or e-mail research@allendale-inc.com

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