TOOL #3 FOR CZ: WEEK 18-08 **C&S WEEKLY FOCUS FOR DECEMBER CORN** **4/26/08**

REVIEWING LAST WEEK: Week 17	**HIGH:**	**LOW:**	**RANGE:**	**USDA-WASDE WATCH:**	
Estimated Prices:	635.00	615.00	20.00	April 09th	High: $4.50
Actual Prices	624.50	593.50	31.00	April 09th	Low: $4.10
Amount of Last Weeks Miss:	-10.50	+ 21.50	+ 11.00	**07/08 Ending Stocks: 1,283 Million BU**	

The Hi-Dex is 105.9 versus 109.2 last week (Page 5). Stocks-To-Use-Ratio (STUR) = 9.8%, Exports-To-Stocks-Ratio =194.8%.
CZ 2008 closed at 606.75, Down 16.00 cents for the week. Corn Open Interest went from 1,472,047 to 1,474,813 contracts, which is 100.2% of last week's OI and 117.3% of a year ago. Total corn trading volume was 99.5% of last week and 86.9% of a year ago.

LOOKING AT THE WEEK AHEAD: Week 18 ends on Friday, May 02, 2008.

*****FOR CZ 2008**	**ESTIMATED HIGH**	**ESTIMATED LOW**	**ESTIMATED RANGES**
With a normal range:	**620.00**	**595.00**	**25.00** cents;
With an expanded range:	**645.00**	**570.00**	**50.00 or 75.00** cents

Many times the range will not expand in both directions, but it can. Sometimes the estimated normal range High turns out to be near the actual Low, and vice-versa. Other times, one of these 4 estimated numbers will be very near the actual High or Low, and one of the 3 potential ranges will follow from there. Past performance does not guarantee future performance.

10-Day Moving Ave=615.8; 20-DMA=609.8; 40-DMA=587.9; 50-DMA=580.3; 100-DMA=533.9; 200-DMA=469.9

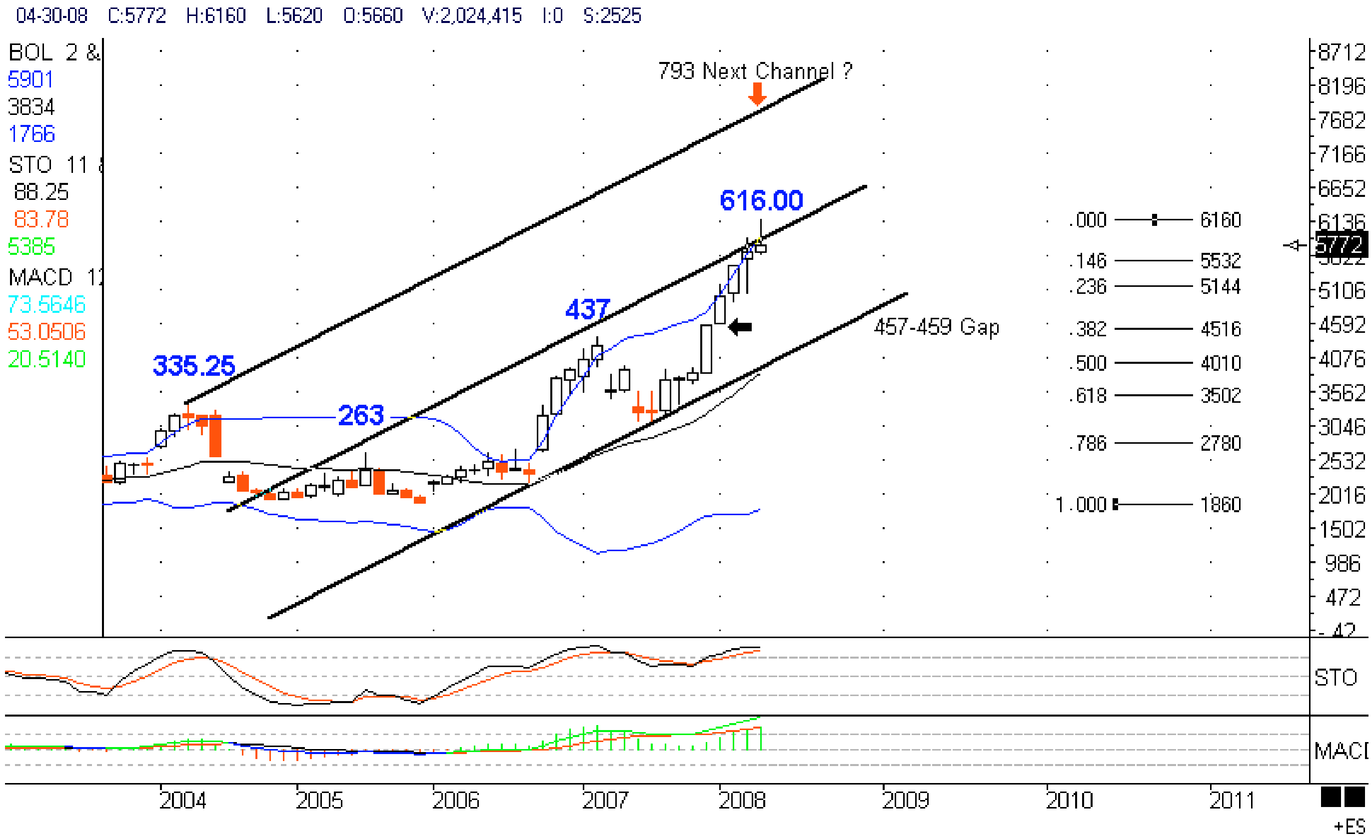
Since 1970, the High is on Mon 34% of the time; the Low is on Tues 26% of the time, and the avg. range is 10.00 cents.

FACTS & PERCEPTIONS	**PRICE IMPLICATIONS**
➢ Weekly corn export sales are now **122.1%** of last year versus the latest WASDE projection of **117.6%**.	+
➢ Corn export inspections are **+263.819** Mil. Bu above last year, Vs **+260.774** last week and are **119.6%** of last year.	+
➢ The CRB (CCI) Weekly Futures Index closed at 543.00 versus 556.00 last week, down 13.00 or 2.34%.	-
➢ Weekly Crude Oil Futures closed at 118.91 versus 116.97 last week, up 1.94 or 1.66%.	+
➢ The U.S. Dollar Cash Index closed at 72.790 versus 72.012 last week, up 0.778 or 1.08%.	-
➢ The SK08/CK08 price ratio ended the week at 2.24:1, down from 2.27:1 last week.	-
➢ Daily Lead-Option Corn closed +62.99 cents above the 100-Day Average versus +95.01 last week.	-
➢ CZ 08 closed at $6.0675 compared to CZ 07 at $3.6750 a year ago, which is +239.25 cents higher than last year.	+
➢ USDA Central Illinois Corn is $5.435 versus $3.435 a year ago. The basis is –33.75 CK vs. –20.75 CK last year.	+/-

BOTTOM LINE:

1. The Lead-Option Corn Contract is now the May Contract (CK), for one more week. It closed at 577.25 on Friday. The Lead-Option Weekly Chart has Fibonacci support at 571, 543, 498 and 462. The Weekly Uptrend line is in the 533 area next week.
2. Total commitments for export sales Vs the last WASDE estimates: Corn is 122.1% Vs 117.6% and Wheat is 141.2% Vs 140.3%.
3. Knowing the history of each week is important. For the week ahead, Week 18, the maximum rally in CZ from its Monday morning opening price has been +35.00 cents in 2007, and its maximum decline has been -24.25 cents in 1975.
4. Until CZ is able to exceed the current Contract High at 631.75, that will become the Spring High. The average date for the Spring High was April 11th, but it has been as late as June 19th in 1995. The average decline into the Spring Low is 12.6%, and the average date for the Spring Low in June 5th. A 12.6% decline from 631.75 will be about 80 cents! Weather premium removed?
5. There is much uncertainty about many things in the market place right now. The East Coast Media loves to blame Corn and Ethanol for all of the world's rising food prices and food availability. The Rice market is on a tear and I wonder how long it will be before Corn is blamed for that one also. (I did see one article last week that did blame Corn. It didn't take too long!)
6. The Commodity Bears and the Dollar Bulls, who are usually one and the same, are all giddy about the reversal in the US $ Index last week. On a Week-To-Week Closing basis, the US $ Cash Spot price increased from 72.012 cents to 72.790 cents, a whole whopping increase of 1.08%. That is like the price of CZ changing 6.5 cents from it closing price of 606.75. Friday's trading range alone in daytime CZ was 16.00 cents, which was equal to 2.63% of its closing price. Give me a break! You know I have been warning of a possible rally back to the 75-cent area in the $, but a 1.08% rally is nothing to get excited about, at least not yet. The $ rallied from 80.48 to 92.53 over a 10 month period in 2005, a 15% rally, only to print new lows in 2007!
7. In Friday's CFTC COT report, the Index Funds increased their net-long position 2,457 contracts to 447,636 versus their all time high of 449,511contracts, which is 99.6% of their record. The Non-Commercial traders increased their net-long position 1,333 contracts to 336,417 contracts versus their all time high of 387,380 contracts, which is 86.8% of their record. **The total net-longs of these two entities in the Corn market equal 3.920 billion bushels, or only 30.0% of the WASDE estimated production.** This is quite small compared to Soybeans currently at 57.9% of the crop and CBOT Wheat currently at 51.5% of the total crop that is owned by the Index Funds and the Non-Commercial Traders. **Small traders are net-short 90,605 Corn contracts.**
8. **Rice prices are not being left behind, but they are still less than 25 cents per pound.** When MGEX Spring Wheat peaked at $25.00 per bushel that was equal to 42.66 cents per pound. Many countries are moving to protect their supply. "Just-In-Time" inventory management is being replaced with "Just-In-Case" management. This could impact Wheat before it is over, especially if the world's Rice production declines, and that will likewise impact Corn. When the acre battle rages, grain prices are all related, sooner or later.
9. Get your financing ready to buy CZ09 Corn Puts during the coming Summer High Rally. They will probably cost you at least $1.00 per bushel for At-The-Money Puts, if they are being actively traded the day you want to buy them.
10. **C&S sales currently stand at 80.0% for the 2007 crop, and 52.5% for the 2008. Hold off on additional sales of both crop years for now except for getting caught up to where you want to be with 2008 crop sales while CZ is still above 600.**

Monthly Lead-Option Corn



The purpose of a Monthly Chart is for focusing on the big picture. The big picture should always remain the central focus. Lead-Option Corn closed the month of March 2008 at $5.6725, the highest monthly close ever in history! So far in April, new highs at 616.00 have been reached.

1) The Monthly Lead-Option Chart still has an open chart gap in it between the December High of 457 and the January Low of 459. If that gap stays open, it will project a move in Lead-Option Futures into the 606 area if measured from last Summer's Low, or the 730 area if measured from the 186 Low of November 2005.

2) The High at 616.00 on 4/09/08 did in fact exceed the 606-target area, so that target has been met. As long as that gap that is centered at 458 stays open, it will provide the lead-option contract the 730 area as an eventual target sometime in the future.

3) The Monthly Lead-Option Chart is printing a potential Bearish Shooting Star Candlestick with the April price action. A 23.6% Fibonacci decline to the 514 area in the lead-option chart could easily unfold once corn planting really gets rolling.

<u>Grain, especially Corn, is being used in at least 4 areas, Feed, Fiber, Food, and Fuel.</u> Can the world grow enough grain to satisfy all demands? The driving forces behind higher grain prices can be organized into 8 areas. **The Globalization Mega Forces at work in the grain markets should not be taken lightly. They are very powerful and long lasting.**

1. **Long-Term Commodity Price Cycles are in the rising phase.** That should remain for another 5 to 13 years. (Fibonacci Numbers). The last bear market down lasted about 21 years from 1980 to 2001.
2. **Historically low US and World Grain Ending Stocks.** That may be changing for Wheat by the end of the year, maybe?
3. **Rising demand for US and World Grain production.** Currently this remains true and is gaining speed.
4. **The fear of running out of grain.** That has not been alleviated. Hoarding of Rice is beginning to develop in some countries.
5. **Strong energy prices.** That will likely continue because of Nigeria, Iran and Pakistan along with limited spare pumping capacity.
6. **A weak US $.** It will take a monthly close initially above 77.85 and eventually above 92.53 to change that long-term downtrend.
7. **Money Flow.** As long as commodity demand increases in the world relative to supply, money will flow into commodities.
8. **Inflation.** Officially, that has barely begun. This one is probably going to be a Super Cycle because of Globalization.

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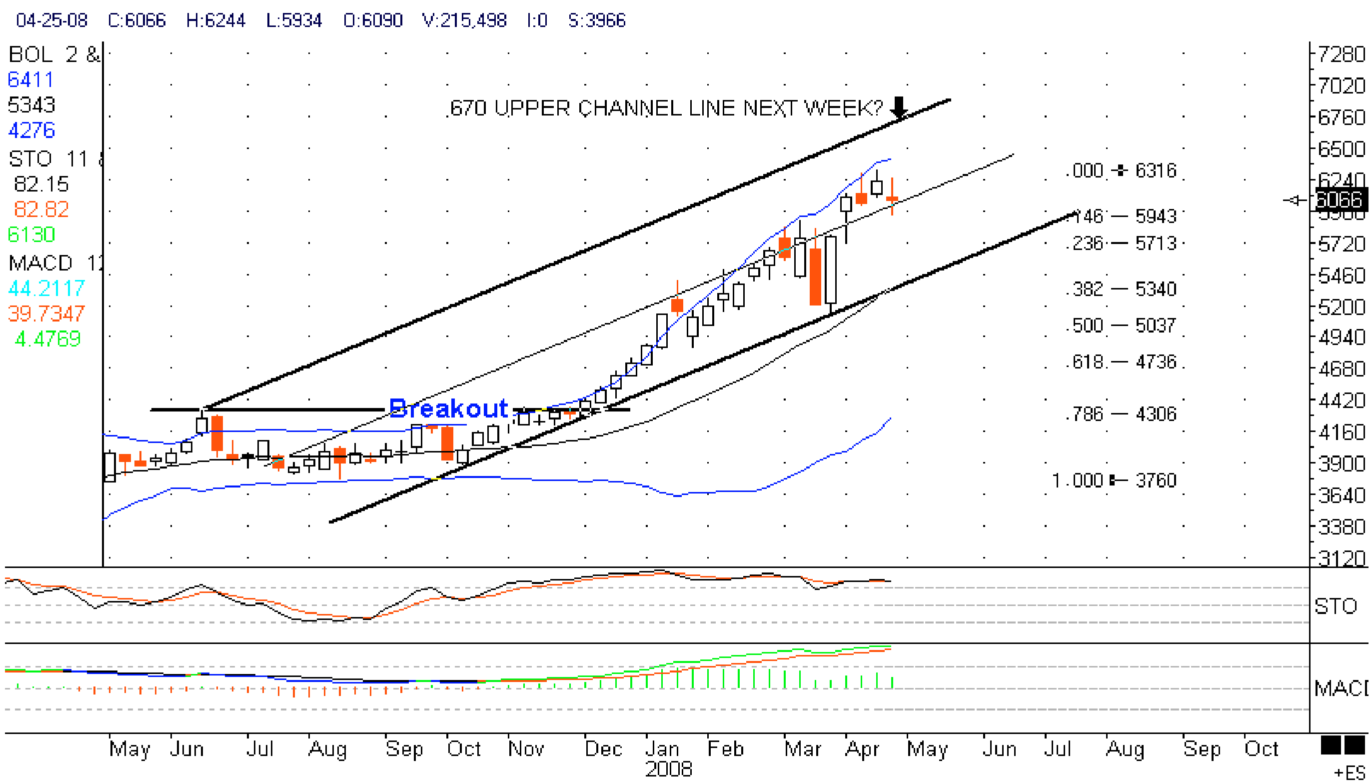
2008 Weekly December Corn (CZ)



CZ 2008 has been trading since 12/19/05. So far, CZ 2008 has a Day-Time Life-Of-Contract High at 631.75 on 4/17/08, and a Day-Time Life-Of-Contract Low of 260.00 on 12/19/05. The annual range so far since the opening price on December 03, 2007 has been 631.75 to 428.00, or 203.75 cents. **The average annual range since 1970 is 89 cents**. CZ08 opened at 428.75 on the first trading day in December on Monday, 12/03/07. The maximum amount that a CZ contract has rallied from its first open in December in its last year of trading has been 191.50 cents in 1973, until 2008. CZ has now rallied 203 cents from its first open last December. **I still expect the corrections and swings to be severe.**

The top of the uptrend channel will be in the 670 area next week. Declines should find support initially in the 590 area, which was the March High. CZ seems to be caught in a 595-625 trading range right now. A Weekly Close above 630 will probably lead to the 660-680 area, and a Weekly Close below 590 will probably lead to the 560-540 area.

As of today, the CZ Contract High at 631.75 on April 17th was the Spring High. The maximum decline from a CZ Contract High before expiration since 1970 has been 149.25 cents in 2004, which was a 43.7% decline. In 2008, a 149.25-cent decline from 631.75 will take CZ down into the 482 area, but a 43.7% decline would take CZ down into the 356 area. That is a large area of difference, based on maximum historical cent declines, or maximum historical percentage declines!

On Friday, 4-25-08, Japan July Corn futures closed at $8.73 versus $8.79 last week. China July Corn Futures closed at $6.18 versus $5.91 last week. The CBOT May Corn Futures (CK) closed at $5.7725 versus $5.995 last week. The US $ Cash Adjusted value for CBOT CK is only $4.30 per bushel to foreign buyers. US Corn to world buyers is still very, very cheap!

On Friday, 4-25-08, Lead-Option Futures prices on a cents per pound basis were: Corn =10.31; Oats =11.55; CBOT Wheat = 13.34; KC Wheat = 14.25; MGEX Wheat = 18.67; Rice = 23.80; Soybeans = 22.10; Crude Oil = 39.37; Heating Oil = 42.16; and Gasoline = 49.68. All of these have been converted to a Cents Per Pound Value. CORN IS THE CHEAPEST!

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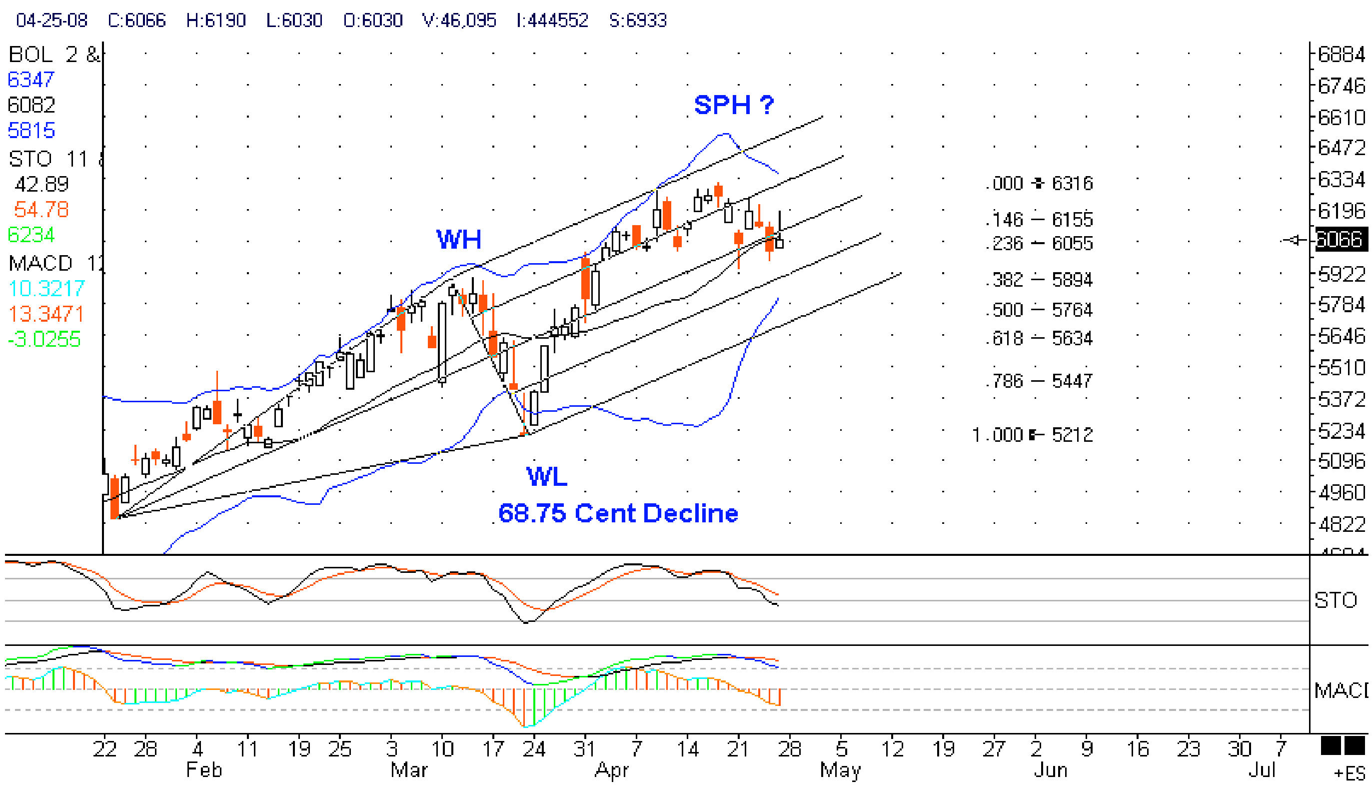
2008 Daily December Corn



What might we expect in the Daily Chart above? Here are some possible scenarios

1) So far, the Andrews Pitchfork shown in the Daily Chart above has been right on target. Now what? Support at the main center vector in the 596 to 603 area last week was apparent. The next vector down could provide support in the 590 area next week.
2) If CZ is somehow able to hold the 600 level on a closing basis again next week, the Spring High may not yet be in place.
3) The Bollinger Bands are moving together and may set up a potential choke point in another few days. The rising Lower Bollinger Band may soon be in the area of last week's low near 593. That may be an important turning point if support is going to hold, or a give-up area if lower prices are to be destined.
4) A Daily Close below 590 will set up 576 as a downside target, then the 563 area.

The decline in CZ to the Winter low of 513.25 on March 24th was 87.0% of the 590.00 March 11th Winter High. There have been 5 other years, 1974, 1975, 1981, 1987, and 2007 when the Winter Low was less than 88.0% of the Winter High, and in all of those years, a Double Top or a new Contract High was traded either at the Summer High or the Fall High. We have already made new contract highs in April this year.

One of the things you pay me for is unique history! In only 5 years since 1970 have the Monthly Highs in CZ been higher every month, December through April. Those years were 1988, 1990, 1995, 1996, and 2006. In 3 of those years, 1988, 1990 and 1996, CZ went on to make its Contract High in July from 121% to 164% of its March High. In two of those years, 1995 and 2006, CZ made its Contract High in November from 128% to 140% of its March High. **The average of the 5 years mentioned above was a final high at 133.5% of its March High. In 2008, that is equal to 133.5 times 590.00, or 787.75!**

The net advance in Corn prices from its 30-year cycle lows in the 1915-1919 cycle was 246%, in the 1939-1948 cycle it was 610%, and in the 1968-1974 cycle it was 295%. The average of the last three cycles has been 384% for Corn. Therefore, the current net advance of 254% is still on the light side, buy does slightly exceed the 1915-1919 cycle. That doesn't mean for certain Corn has to make higher highs, but the increased daily price limits, the requested expanded trading position limits, and the impossibly tight STUR in Corn means there are many more fireworks ahead.

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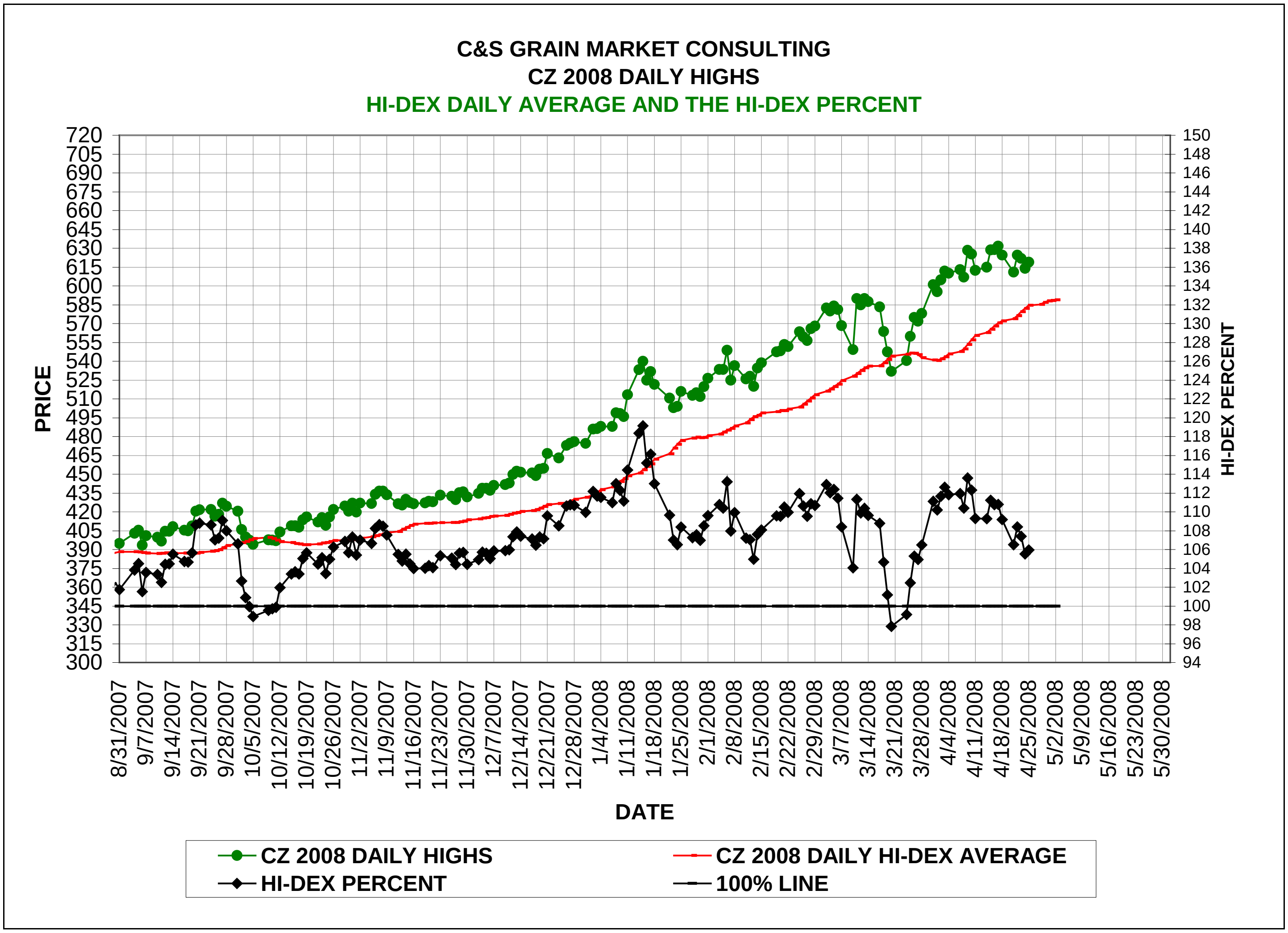
THE HI-DEX AVERAGE FOR CZ 2008 DAILY HIGHS



The HI-DEX Average is a special proprietary average designed by C&S Grain Market Consulting. The HI-DEX Average is a very complex proprietary average that attempts to follow the Highs as closely as possible without a lot of meaningless crossovers taking place. The HI-DEX Average is designed and calculated to be plotted 5 days in advance on the chart. The HI-DEX Percent is calculated by dividing the Highs by the HI-DEX Average.

DURING UP TRENDS: Even when the market is in a well defined up trend, making sales when the HI-DEX Percent is above 104 will usually still average above the average price for the entire year. **This is especially true if prices are also at or above the Upper Bollinger Band when the HI-DEX Percent is above 104.** When the Highs are below the HI-DEX Average for 2 or 3 days in a row, the trend is usually changing, but often times, the Highs will rally back to the HI-DEX Average before heading down in a big way. (During strong, fast markets, anything can happen, so the 104 area will often be greatly exceeded.)

DURING SIDEWAYS TRENDS: Making sales when the HI-DEX Percent is above 104 will almost always allow you to sell meaningful Highs. **Look for times when the HI-DEX Percent is above 104 and prices are at the Upper Bollinger Band as selling opportunities.**

DURING DOWN TRENDS: During strong down trending markets, often time's prices only rally back to the HI-DEX Average. When the fundamentals and technicals are definitely bearish, selling at the HI-DEX Percent of 100% will often be helpful.

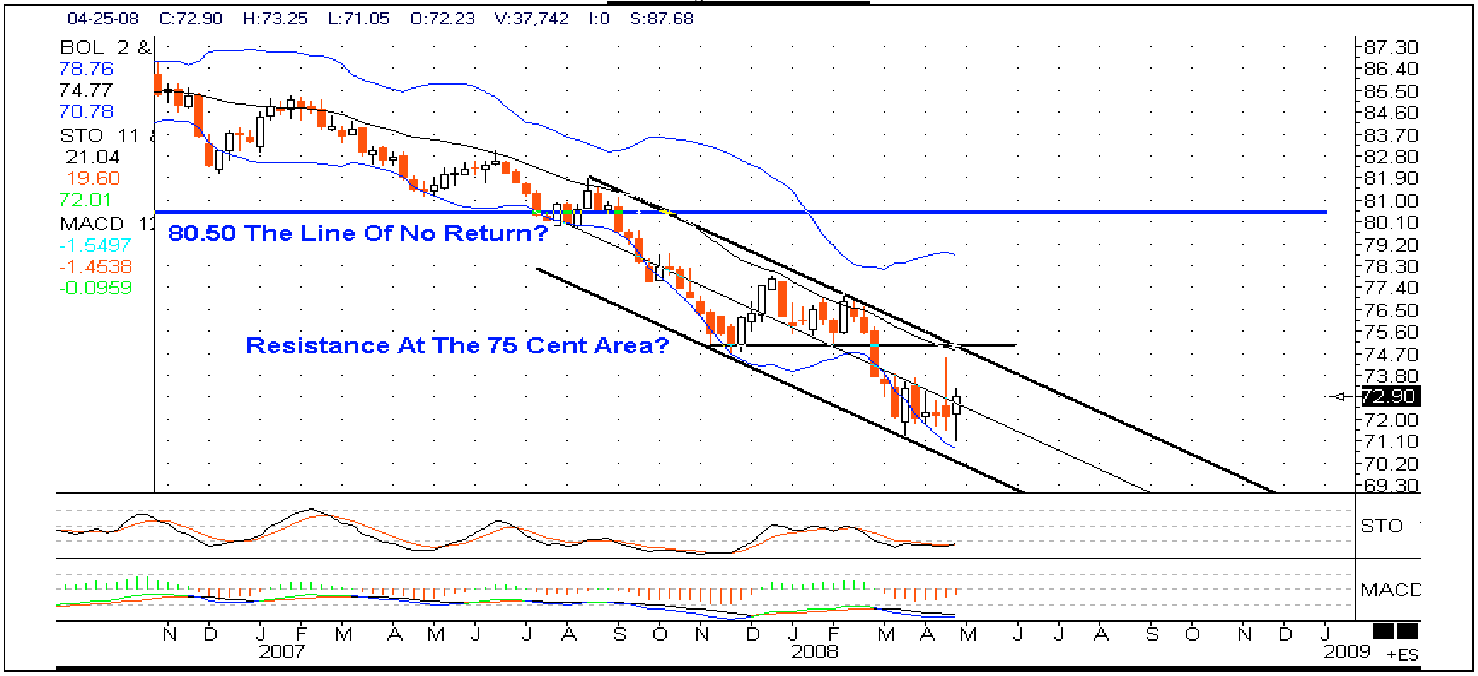
Current Position:

The Hi-Dex Percent on Friday 4/25/08 is at 105.9% versus 109.2% last week, and reached 108.4% during the week. The Upper Bollinger Band in the Daily CZ Chart is currently at 635.0 and is declining.

Bottom Line:

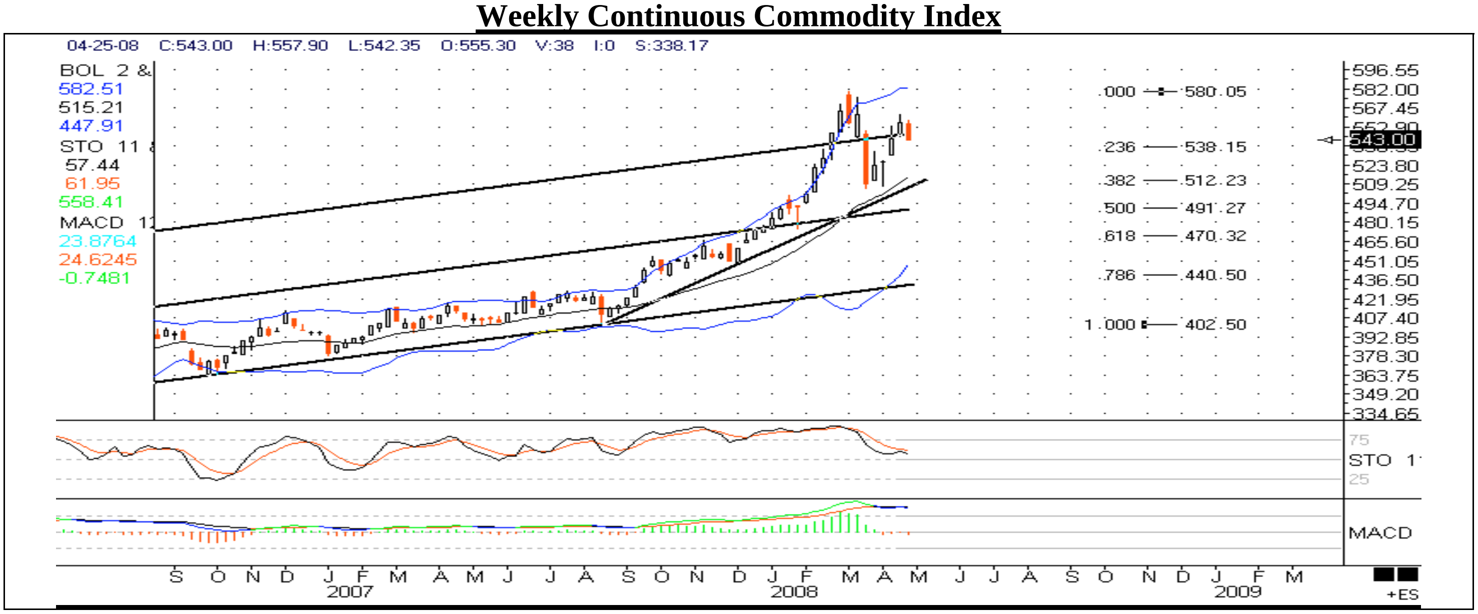
The Hi-Dex Average **(The Red Line)** is at 589 for next Friday 5/02/08 and is rising. Resistance for the Highs should be in the 106%-108% area (624-636) on strength, and Support for the Highs should be in the 102%-104% area (601-612) on weakness in the week ahead.

Weekly US $ Index



The US $ Futures Index Closed the week at 72.89, up from 72.12 last week. The close in March at 72.25 was below the February close of 73.75, and was the lowest monthly close in history, and the 7th month in a row it has closed below the 80.50 level. **The door is still open for tremendous selling pressure in the weeks and months ahead, but a rebound rally back towards the 75-cent area would not be a surprise.** The US $ Index may trade back and forth between the 70 and 75 cent level for awhile, but eventually, it will seek much lower levels. Last week's Key reversal needs follow-through next week to validate a rally back to the 75 cent area. A Weekly Close above 77.85 is needed to provide $ Bulls with hope for a bigger rally. **Remember, the long-term Weekly Chart from before 1992 has a Head and Shoulders Top formation that projects the US $ Index to decline to the 40-cent area by 2012. Please do not ignore this fact!**

Weekly Continuous Commodity Index



If the CCI closes above the 500 level on Wednesday, it will be for 4 months in a row. It Closed at 543.00 last week. The Weekly uptrend line is in the 509 area next week, and the middle of the uptrend channel is in the 470 area in the month of May. If the swing down from the early March High is going to be an "ABC" Zigzag correction, the swing objective is currently in the 487 area. The Inflation spiral, as measured by the original CRB Index, now called the Continuous Commodity Index (CCI) is just getting started with its Inflation Run, in my opinion! It has been going up for about 8 years now as measured from its July 1999 Low, but prior to that, it went down for about 21 years. **Therefore, we could see a trend of higher commodity prices for a very long time.** So far since the 1990's Low at 183.00 was posted in July 1999, the CCI has only rallied 217% while Crude Oil Futures have rallied 1055%. The fears of a meltdown by outside financial institutions do impact the commodity markets on a short-term basis, but probably not in the long-term. All Commodity Bull Cycles are not equal in time for individual commodities, but overall, they are quite similar. **The average length of the last 6 major cycles, as derived with data going back to 1750 from James Flanagan of GannGlobal, ranges from 12 to 31 years. The average is about 21 years.**