TOOL #3 For SX: WEEK 18-08 C&S WEEKLY FOCUS FOR NOVEMBER SOYBEANS 4/26/08

REVIEWING LAST WEEK: Week 17	**HIGH:**	**LOW:**	**RANGE:**	**USDA-WASDE WATCH:**	
Estimated Prices:	1310.00	1240.00	70.00	April 09th	High: $10.50
Actual Prices:	1288.00	1217.00	71.00	April 09th	Low: $10.00
Amount of Last Weeks Miss:	- 22.00	- 23.00	+ 1.00	**07/08 Ending Stocks: 160 Million BU**	

The Hi-Dex % is 101.3 Vs 105.6 last week (Page 5). Stocks-To-Use-Ratio (STUR)=5.3%, Exports-To-Stocks-Ratio=671.8%.
SX 2008 closed at 1222.0, **Down 59.00 cents for the week.** Soybean Open Interest went from 518,048 to 517,928 contracts, which is 100.0% of last week's OI and 118.2% of a year ago. Total volume was 96.0% of last week and 128.2% of a year ago.

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

For SX 2008	**ESTIMATED HIGH**	**ESTIMATED LOW**	**EST. RANGES**
With a normal range:	**1275.00**	**1215.00**	**60.00** cents;
With an expanded range:	**1355.00**	**1135.00**	**140.00** cents or **220.00** cents

PLEASE NOTE: The formulas used to calculate the estimated prices each week use several weeks of data and assumes the trend will continue. When a market changes trend, the calculations will be skewed for several weeks. 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, or 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.

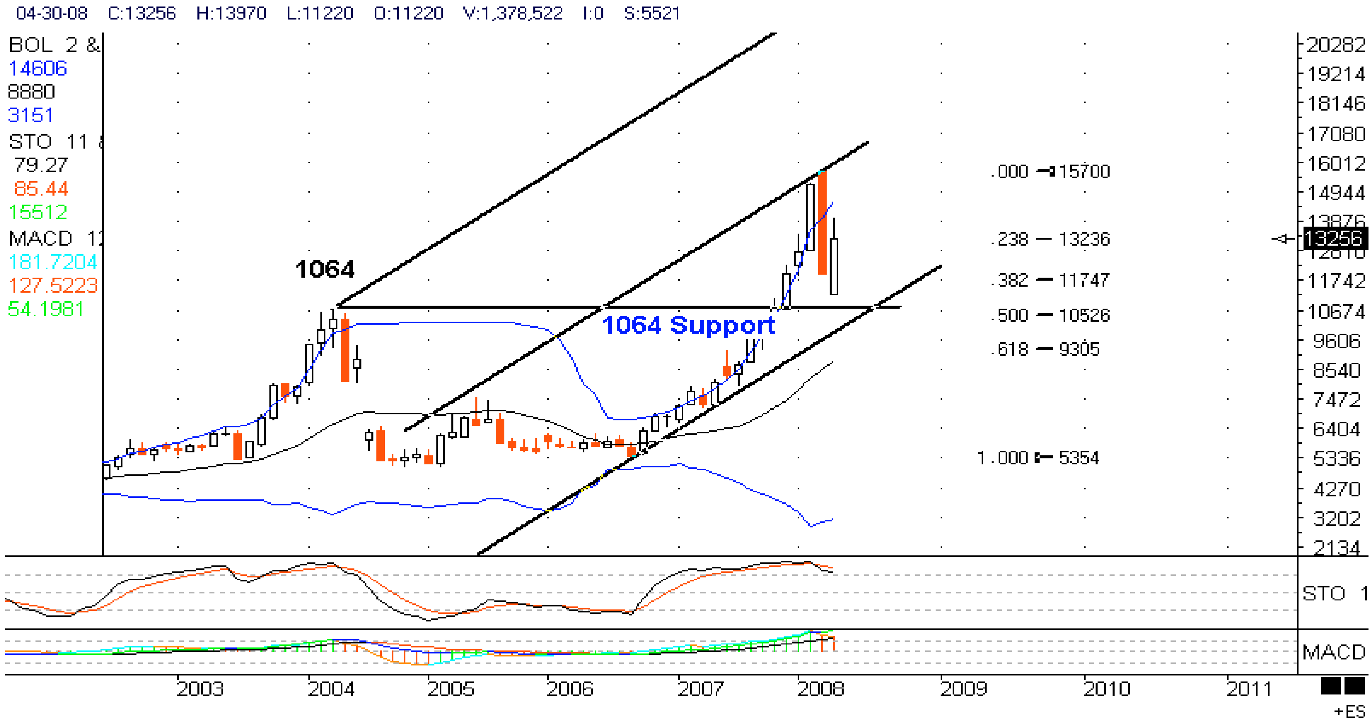
10-Day Moving Ave=1265.3; 20-DMA= 1233.8; 40-DMA=1259.6; 50-DMA=1283.6; 100-DMA=1226.3; 200-DMA=1081.8
Since 1970, the High is on Fri 34% of the time; the Low is on Mon 32% of the time, and the Avg. range is 22.00 cents.

FACTS & PERCEPTIONS	**PRICE IMPLICATIONS**
➢ Weekly Soybean export sales are **101.9%** of last year versus the latest WASDE projection of **96.1%**.	+
➢ Weekly Soybean Meal sales are **106.0%** of last year, and Soybean Oil sales are **233.1%** of last year.	+/+
➢ Soybean export inspections are **-20.724** Mil. Bu below last year, Vs **-29.046** last week and are at **97.7%** of last year.	-
➢ Total Grain exports to date are 3.859 billion bushels versus 3.147 billion bushels last year which is 122.6% of last year.	+
➢ The SX08/CZ08 price ratio ended the week at 2.01:1, unchanged from 2.01:1 last week.	?
➢ Daily Lead-Option Beans closed at +33.61 cents above the 100-Day Average versus +81.71 last week.	-
➢ SX08 closed at $12.22 compared to SX07 at $7.665 a year ago, which is +455.50 cents Higher than last year.	+
➢ USDA Central Illinois Cash Beans are at $12.87 Vs $6.91 a year ago. Basis is -38.75 SK vs. -32.00 SK last year.	+/-

BOTTOM LINE:

1. The Lead-Option Soybean Chart is now the May Contract (SK) for one more week, and closed at 1325.75 on Friday. The Weekly Lead-Option Chart found support at the Midpoint of the Bollinger Bands last week. Resistance should now be seen in the Weekly Chart in the 1375-1385 areas and support should develop in the 1260 to 1240 areas next week.
2. Soybean sales are now 101.9% of last year versus a WASDE estimate of 96.1%, Meal sales are 106.0% of last year versus a WASDE estimate of 100.7%, and Oil sales are 233.1% of last year versus a WASDE estimate of 143.0%. **Crush margins are 78 cents per bushel this week versus 92 cents last week versus 55 cents last year, according to the University of ILL. Stratsoy calculator. With excellent crushing profits waiting, over double a year ago, why stop crushing Soybeans now?**
3. Knowing the history of each week is important. For the week ahead, Week 18, the maximum rally in SX from its Monday morning opening price has been +45.50 cents in 1986, and its maximum decline has been -35.00 cents in 1977.
4. The decline in SX to 1060 on April 1st was a 27.7% decline, or 72.31% of the 1466 Contract High. Since 1970, there have been five years, 1973, 1975, 1997, 1999, and 2000 where the Spring Low was deeper than 79.0% of the Spring High. **In those five years, the following Summer High or Fall High exceeded the Spring High once, and was about 90% of the Spring High in the other 4 years.**
5. So far since the 1990's Low in the Soybean complex, Lead-Option Soybeans have experienced a 295% net increase, Soybean Oil has experienced a 392% net increase, and Soybean Meal has only experienced a 221% net increase. This is quite small compared to Rice at 573%, Copper at 588%, MGEX Wheat at 773%, Crude Oil at 1055% and Heating Oil at 1,078%. **I still say that grains have a long way to go compared to some other commodities. Some analysts believe the Commodity Bull is over.** Interest rates, the recognized inflation rates, $ weakness, and world inventories are too low for that to be the case right now, in my opinion, but corrections and diversions of the main trend can always interfere. That is currently developing with the media pushing the food price rise mania coupled with the talking heads bashing commodity prices and Biofuels. I wonder if the Rice allocations at Costco and Sam's are a trial run for the future here in America?
6. In Friday's CFTC COT report, the Index Funds increased their net-long position 716 contracts to 173,208 versus their all time high of 198,707 contracts, which is 87.2% of their record. The Non-Commercial traders increased their net-long position 6,542 contracts to 126,338 versus their all time high of 155,278 contracts, which is 81.4% of their record.
7. The net advance in Soybean prices from its 30-year cycle lows in the 1915-1919 cycle was 115%, in the 1939-1948 cycle it was 588%, and in the 1968-1974 cycle it was 446%. The average of the last three cycles has been 383% for Soybeans. Therefore, the rally in Lead-Option Soybeans to $15.865 was a net advance of only 295%, which is on the light side of average.
8. **C&S sales are 90.0% for 2007 and 57.5% for the 2008 crop. I want to hold off on further sales until the Summer Rally unfolds. Use rallies in SX into the 1300 area to get caught up with 2008 crop sales if you are not comfortable.**

Monthly Lead-Option Soybeans



Lead-Option Soybeans closed the month of March at 1197.25, down from 1522.00 in February. March printed a huge Bearish Engulfing Candlestick with a Higher High and a Lower Low in the Lead-Option Soybean contract. So far in April, there has been limited follow through to the downside. Longer-term, the question yet remains, will SK and SN continue to find support at or above the 2004 high in the 1064 area, or are Soybeans destined for deeper declines? A 50% decline of the overall rally since the 2006 Low will be in the 1053 area. The Monthly Uptrend line is in the 1010 area in the month of May.

The Monthly Lead-Option Chart could be in the process of developing a multi-month Bull Flag. If that is the case, we might see a swing down into the 1050 area into May or June before the pattern is mature. As I write this, I really doubt if the Bull Flag happens, unless the current demand continues or accelerates, which is a possibility with the uncertain situation in Argentina. If we just meet an average sales pace for the rest of the marketing year, Soybean exports for the 07/08 marketing year will approach 1.16 billion bushels, which will be about 85 million more than what WADSE is now projecting. If that were to develop, we would finish the marketing year with ending stocks being about 75 million bushels, which in way below the pipeline minimum.

If the rally from the March Low is not a corrective rally, but the start of a new series higher, the lead-option contract, which will become the July contract after next week, needs to avoid a weekly close below 1200 minimum, and 1122 maximum, in my opinion. Otherwise, we are probably going to see lead-option Soybean prices leak down to the old 2004 High, or lower, into the 1000 area.

Based on the Crush, Export sales, the Fundamentals are still friendly to bullish for Soybeans, especially for the old crop.

We are truly witnessing extreme extraordinary, never-before experienced, mind boggling times in the world of commodity prices, communications, energy demand, fiat currencies, globalization, money flow, politics, and technology. Hang on!

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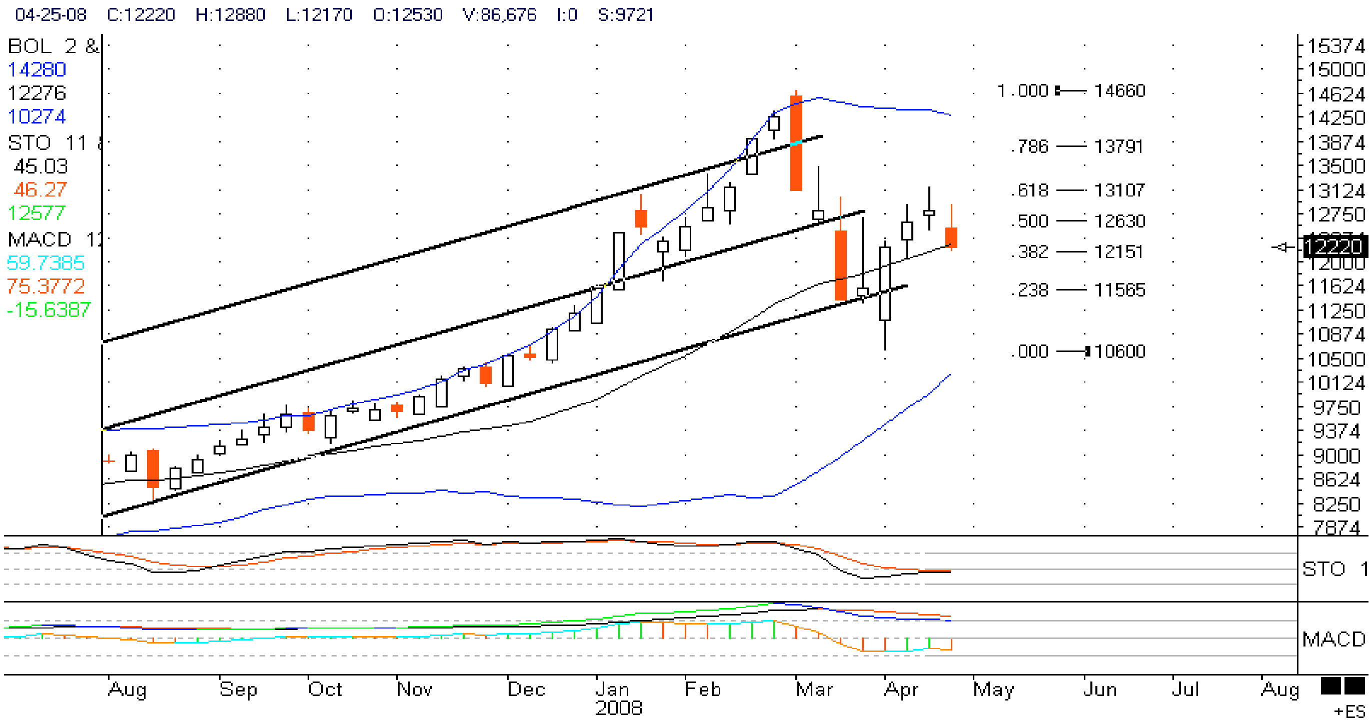
<u>**2008 Weekly November Soybeans**</u>



SX 2008 has been trading since the week of January 20, 2006. So far to date, the SX 2008 Contract has a Day-Time Life-Of-Contract High of 1466.00 on 3/04/08 and a Day-Time Life-Of-Contract Low at 623.00 on 1/20/06. Since 11/01/07, SX08 has a High of 1466.00 and a Low of 956.50, for an annual range of 509.50 cents. **The average annual range since 1970 is 221.00 cents.** SX08 opened at 958.00 on the first trading day in November on Thursday, 11/01/07. The maximum amount that a SX contract has rallied from its first open in November in its last year of trading has been 594.50 cents in 1973. The maximum amount that a SX contract has declined from its first open in November has been 286.00 cents in 1975. **Therefore, from a historical perspective, SX08 could trade as high as 1552.50 or as low as 672.00 without exceeding its previous extremes relative to the opening November price.** In the present environment of volatility, both extremes could happen in SX08 before next October 31st.

Just as prices in the Weekly SX chart traded above the long-term uptrend channel and reversed with a Bearish Engulfing Candlestick 8 weeks ago, prices 4 weeks ago traded below the long-term uptrend line and bounced back while printing a Bullish Engulfing Candlestick. In the process of these two developments, the Weekly SX Chart has somewhat of a balanced look to it right now, but likewise, the rally back to 1315.50 has only slightly exceeded the 62% Fibonacci target of 1310.75. Therefore, the SX Chart is at a critical stage right now. A Weekly Close below the Weekly uptrend line at 1180 next week will open the door for a test on the 1060 area.

From a Bearish point of view, the Weekly SX Chart might be developing an "ABC" swing down, starting from the March 4th High to the April 1st Low. If that is the case, the swing objective for a "C" low will be in the 909 area.

SX has traded a Higher High every month, November through March in the SX 2008 contract. It has done that in 5 other years since 1970 in 1973, 1977, 1988, 1992, and 2004. In 4 of those years the final high for the year occurred later on in the year with an average increase above the March High of 35.7% with a range of 0% to 113%. Therefore, history says, do not discount an attempt for SX to test the 1466 Spring High sometime before the year is over. In light of more acres, what could allow that to happen? Summer Drought, and/or inflation inspired investment money are two reasons, along with the need to not lose more than 2 million acres back to Corn by June 30th.

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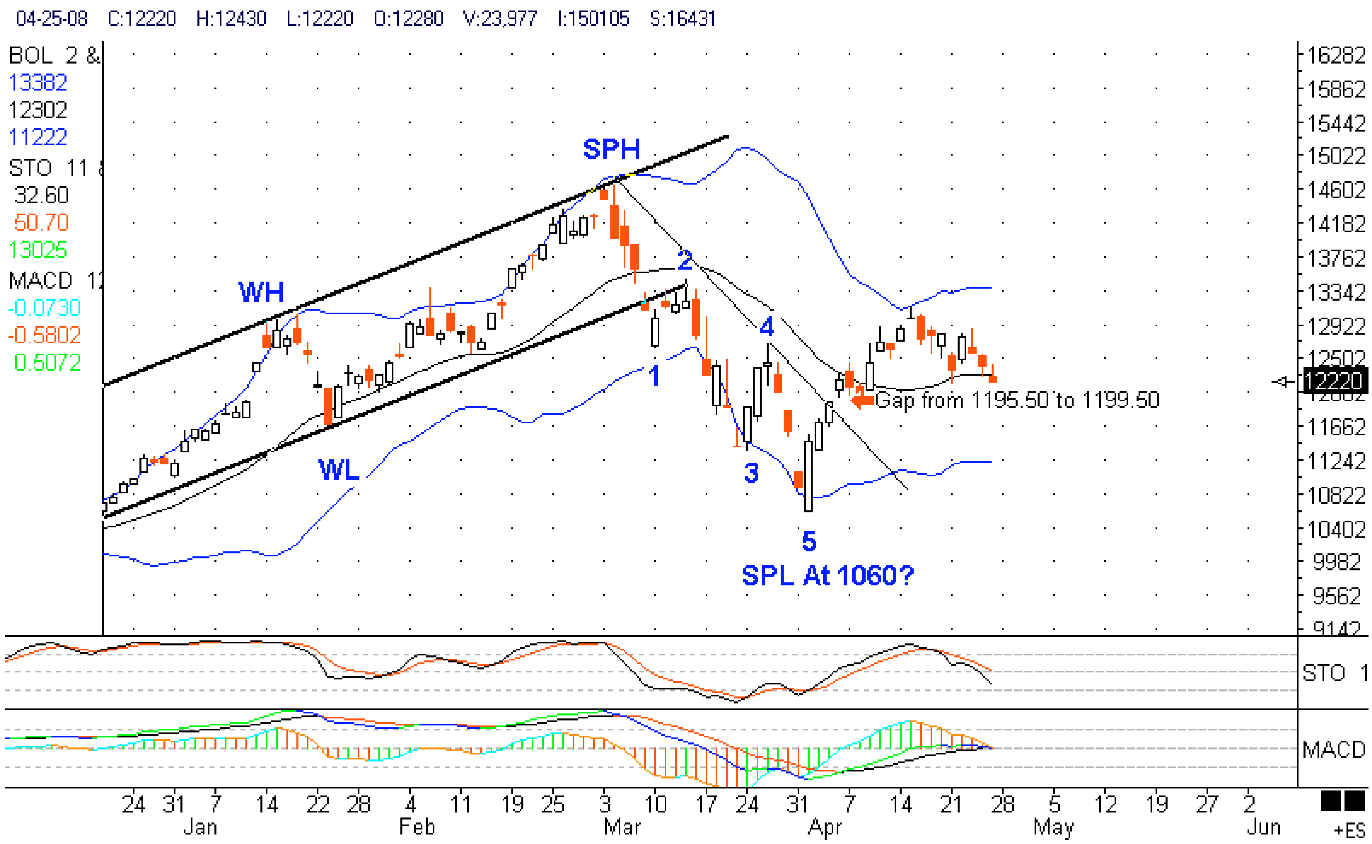
2008 Daily November Soybeans



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

1) SX has completed a 5-wave impulse decline off of its March 4th High of 1466. This of course, implies a new bearish downtrend is beginning. Time will tell. Something important happened 4 weeks ago on Friday that might negate that possibility.
2) On Friday, April 4th SX jumped over the new downtrend line with a gap left between 1195.50 and 1199.50. **As long as that gap stays open, it may become a breakaway gap.**
3) A breakaway away gap would indicate that the decline from the March 4th High at 1466.00 to the April 1st Low at 1060.00 was a Bull Flag in an ongoing Bull market, and that would project an eventual high in the 1696 area later on this year.
4) A Daily Close above Point 2 at 1348 in the chart above will open the door for more strength.
5) If the gap at 1195.50 is filled, especially with a Daily Close below that level, lower prices likely will follow.
6) A Daily Close below 1155, which is the High of the Low Day, will open the door for more weakness.

On Friday, 4-25-08, Japan's June Soybean futures closed at $16.17 versus $16.78 a week ago. China's July Soybean Futures closed at $20.36 versus $20.77 a week ago. The CBOT May Soybean Futures closed at $13.2575 versus $13.615 last week. On an US $ Cash Adjusted basis, CBOT SK Futures are only $9.65 per bushel to foreign buyers. US Soybeans to world buyers are still very, very cheap!

Money continues to leave the Soybean market as measured by the Open Interest. The Total Open Interest is now down to about 494,882 contracts, based on Friday's Preliminary numbers. This is down from 617,228 contracts on 2/28/08, a decline of 122,346 contracts, or 19.8%. This is not bullish! This declining trend may not stop until we get into a Summer weather market, or until the factors impacting money flow, like inflation perceptions as measured by the strength of Gold and the CCI Index, turn more positive.

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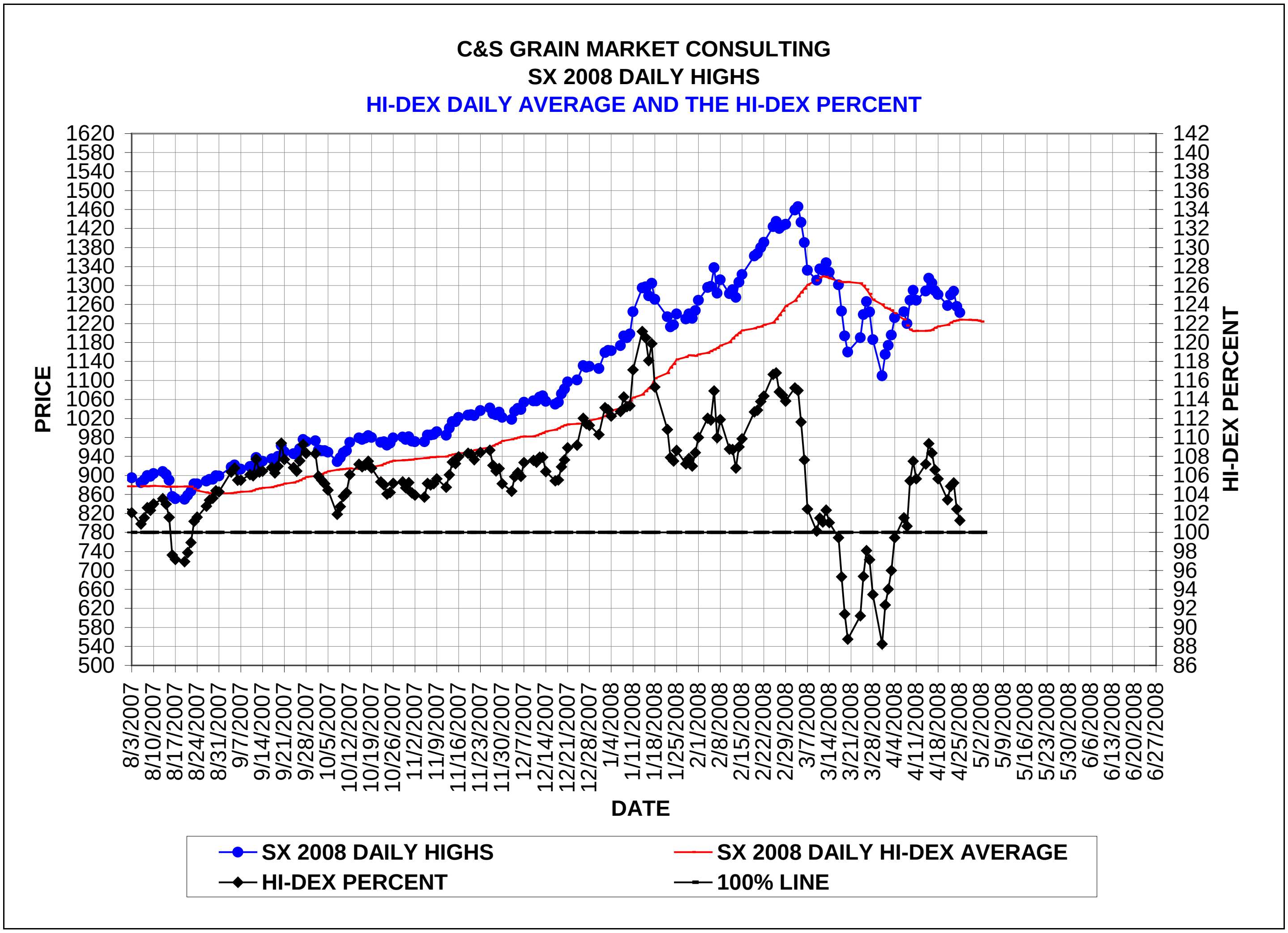
THE HI-DEX AVERAGE FOR SX 2008 DAILY HIGHS



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 weather 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.

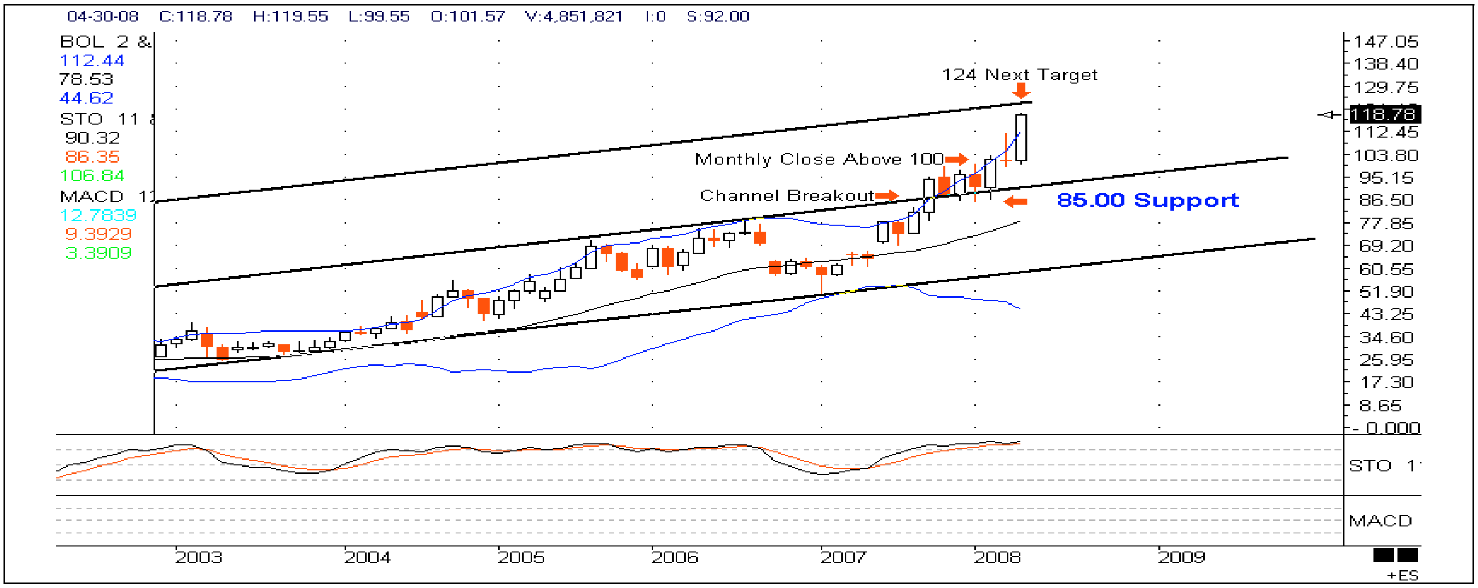
Current Position:

The **Hi-Dex Percent** on Friday 4/25/08 is at 101.3% versus 105.6% last Friday, and reached 105.2% during the week. The Upper Bollinger Band in the Daily SX08 Chart is currently at 1338.0 and is flat.

Bottom Line:

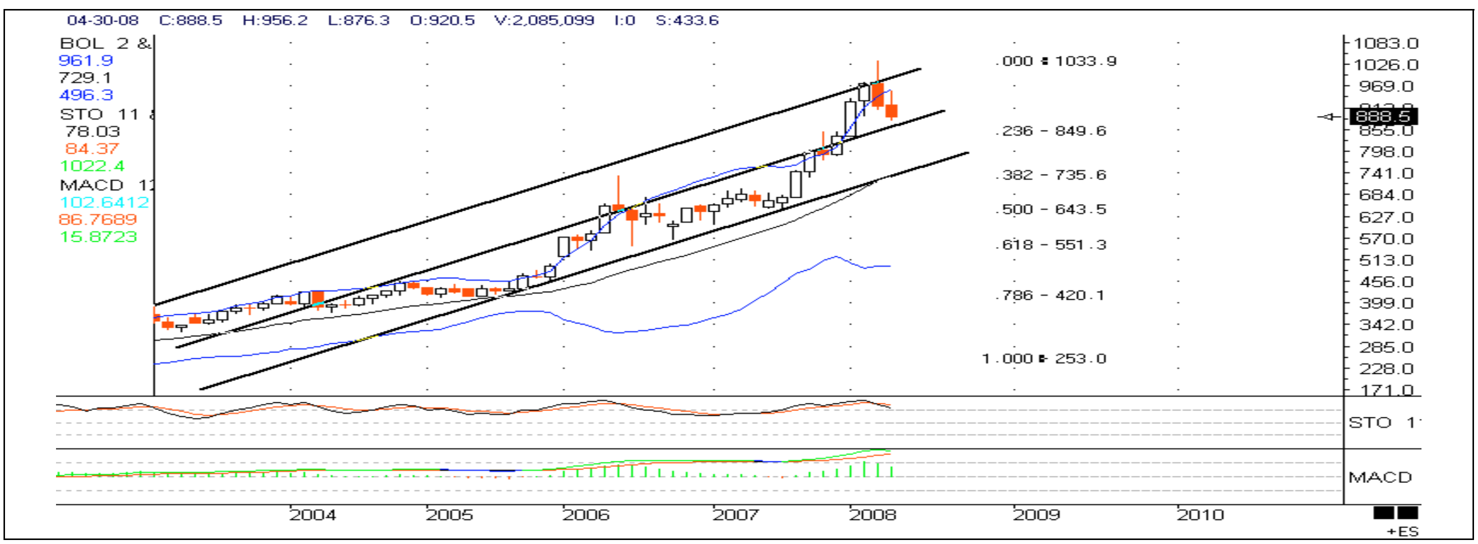
The Hi-Dex Average **(Red line on the chart)** is at 1224 for next Friday, 5/02/08 and is declining. The Highs will probably find resistance in the 103%-105% area of the **Hi-Dex Percent** (1260-1284) on strength, and support for the Highs should be in the 98%-100% areas (1200-1223) on weakness in the week ahead.

Monthly Crude Oil



Crude Oil Futures have closed above the top of the first uptrend channel for 7 months in a row come Wednesday. That channel has been in place since 2000. The channel will likely double in the months ahead. The next level of **Major** resistance in the month of May in the Monthly Lead-Option Chart will be in the $124.00 area. **The psychological $100.00 level has now been breached on a Monthly Closing basis for 3 months in a row, and this is very important for continued strength.** Crude Oil might still trade in about a $15.00 monthly trading range for awhile, but the long-term uptrend in Crude Oil Futures is alive and well, even if prices do rest by going sideways for awhile. Why? Because of the long-term pressure on the Dollar, the reality of "Peak Oil" as it becomes better known, and the political uncertainty in Iran, Pakistan, Nigeria, and the war drums that are beating in the Middle East. **A Short-Term Weekly Uptrend line is in the 106 area and the Long-Term uptrend line will be in the 90.00 area next week. The Middle of the Monthly Uptrend Channel support is in the 91 area. Holding above the 100.00 area on Weekly and Monthly Closes is very positive. Last week's Close was at 118.91 versus 116.97 the week before.**

Monthly Gold



The Gold Bears falsely believes the long-term uptrend in Gold is over because of the $158 decline, or 15% that Gold has witnessed, along with a monthly reversal. A similar pattern and move was experienced in May and June 2006 when Gold declined $186 in two months, (732 to 546) or 25% at that time, only to trade new highs down the road. **The same thing lies ahead.** The analysts that think the Gold market is over really do not understand the big picture of Globalization, the impacts of the derivative meltdown, and the coming Inflation. Support should appear in the 850 areas on serious declines. The long-term trend is up, and will be up as long as the trend in the US $ is down, as long as the inflation fears abound, and as long as the world looks for other areas to invest in besides the US dollar. Gold prices are just getting a good start in reflecting the coming inflationary period the World is facing. So far since the 1990's Low in the 252 area, Gold has only rallied a net increase of about 309%. That is nothing compared to Crude Oil at 1055%. The lid has been temporarily shut tight at the $1000 level and it may still take a few tries to get through it on a Weekly and Monthly Closing basis. **The recent decline looks bad on a Daily Chart, but it's not even a 23.6% correction in the Monthly Chart.**