

# A Small Weekly Gain for Soybeans

## Reference:

<https://www.agriculture.com/markets/analysis/a-small-weekly-gain-for-soybeans>

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iStock: simazoran

The soybean market had a dead-cat bounce today.

For the week, the January beans gained  $\frac{1}{4}$  cent while trading a  $24\frac{3}{4}\text{¢}$  range. We would call today's action rather limited, as the trade seems to be still digesting yesterday's numbers.

The USDA numbers were not as bullish as the trade had hoped, as the yield was left unchanged and stocks were only lowered 5 million bushels. Technically, the markets' move lower did a bit of damage yesterday, as the longterm uptrend line was taken out. The January beans are still above the 200-day moving average of 9.80½, 100-day moving average of 9.79½, and 50-day moving average of 9.82¼. This provided support to the market. If these areas of support are taken out, 9.69½ and 9.63¼ will be the next levels of support. These moving average levels are critical. If they're taken out, it could encourage fund liquidation.

Our economic models suggest that the current value for beans is \$9.70, based on the current stocks-to-use ratio. We would recommend producers sell the carry anytime beans are over \$10.00 and use options as a lower risk way to maintain some skin in the game if South America has a production problem. There is a bullish seasonal July soybean trade that comes into play next week; call the office for details.

Allendale would like to thank all the armed forces veterans for their service.

Happy Veterans Day.