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W: www.iaminwallstreet.com

E: info@iaminwallstreet.com

2019 Corn & Soybeans Bulletin

Forecast & Strategy

26th of April 2019 - UPDATE

Based on Daniele Prandelli's Studies

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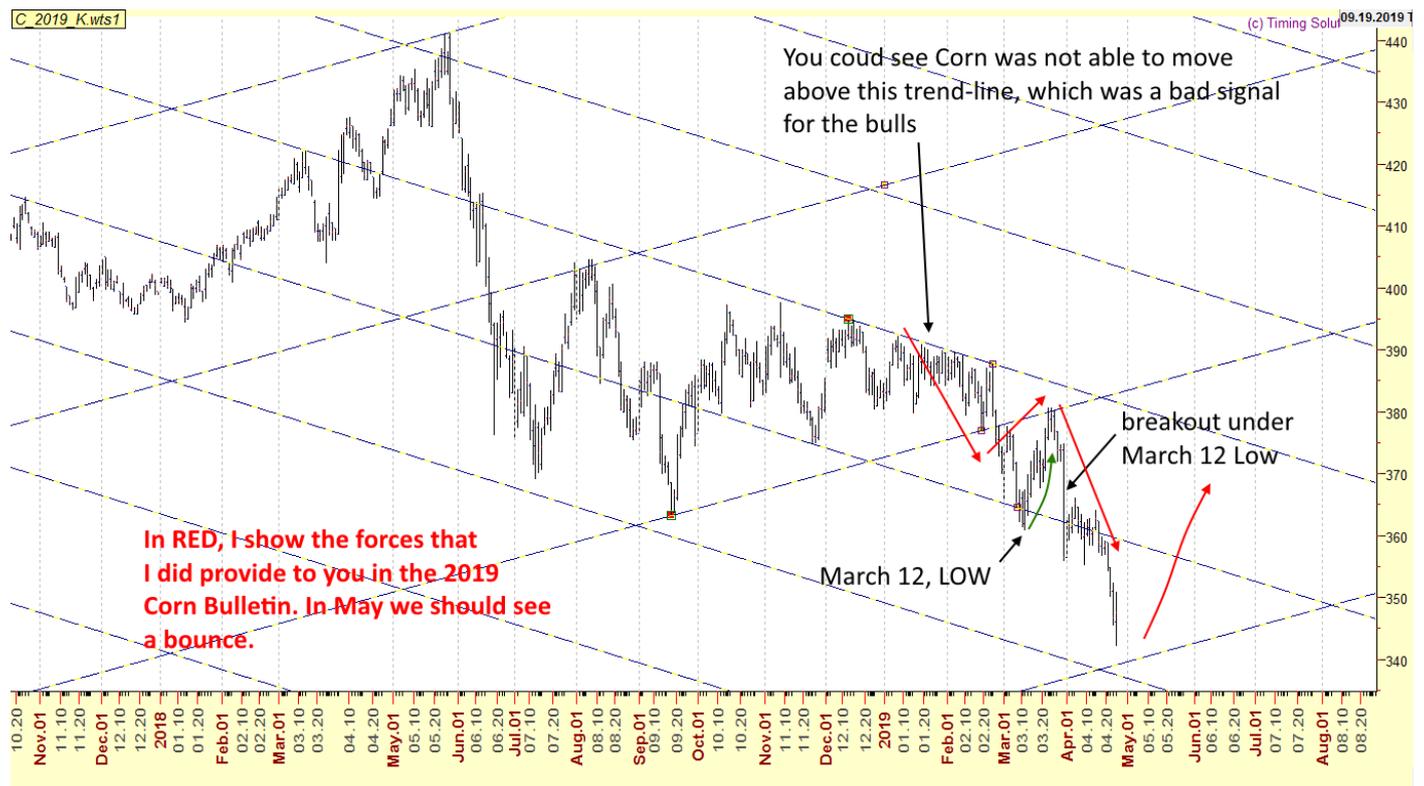
WHAT HAPPENED

On March 12, I sent you the last Updated, which followed the one I sent out at the end of February, when I said I was waiting after March 8 before to start buying Grains.

The last Update, on March 12, was clearly saying that I was buying with Corn and Soybeans, and I was respectively using the levels 360 and 895 to follow the uptrend above these levels, and closing the positions under them.

What happened, as you know, is that my forecast was right, at the beginning, but the mid-term trend was wrong, and there is no reason to hide it. I am aware that my forecast can be wrong sometimes. And that is why I also use stop-loss orders.

Let's see what happened:



I mean, the Chart reveals that probably I had my reasons if I sent you, on March 12, a quick Update, telling you: *this is the right time to buy!* March 12 was the exact Low where a new upswing began. My calculus gave me a buy opportunity on that time, but I have been wrong forecasting the main trend, which did not invert; instead, it remained negative. On March 29, the USDA Grain Stock Report pushed Corn

strongly down, reaching my Key Level at 360. At this point, I had to close the position under it, in loss. I have not had a big loss, it was just a little loss, but you can imagine the frustration of working after a strategy for weeks, to end up with a little loss! But I know this is trading, and I accept it and I wait for the next opportunity.

The main “mistake” was to bet on the uptrend, while Corn never confirmed it. I had to make a choice, and I picked the wrong one. If you look at the 2019 Corn Bulletin, where I share the natural forces that should influence the Market during the year, I said:

Corn should remain sideways or weak until February. In my opinion, the best buy opportunity will be around mid February/21 February or right at the end of February/beginning of March.

Then, we should see an up push working until the end of March/beginning of April. After the up push, new down push toward a Low in April. From the April Low, we should see a positive trend until June

...

let me say that Corn may be in a weak position, and the uptrend expected from February to June may not be so evident, showing a sideways/weak pattern instead of a positive pattern, and accelerating down from June.

I clearly made the mistake of not following the main downtrend. The BUY on March 12 was not a mistake, but I had to be aware that from the end of March, a new negative wave could come. I thought it could be just a pullback, without breaking March 12's Low.

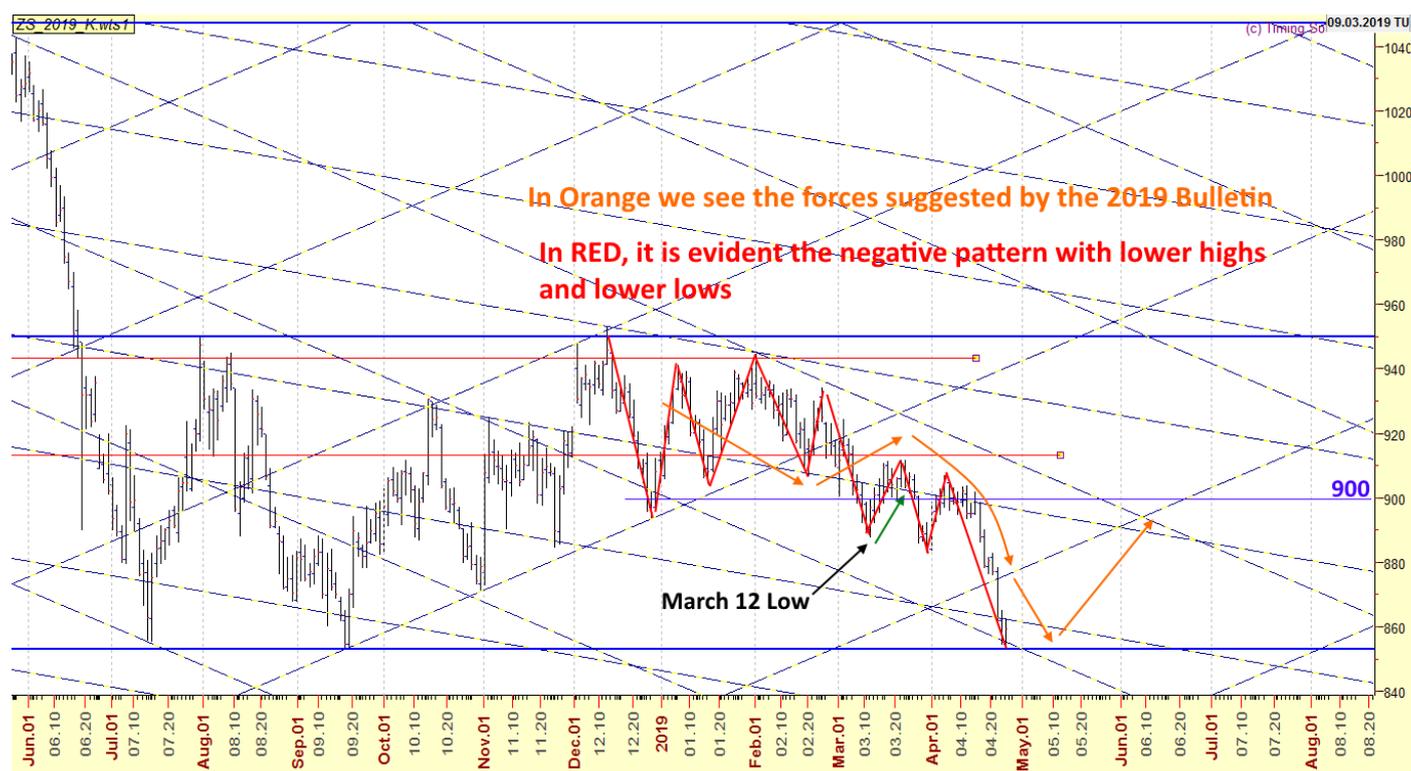
The situation with Soybeans has been even worse, because the bounce after March 12 (which was a Low), was very little, and two weeks after this level have been broken. In March and April I kept working with area 895, and I made several little trades, some in loss, and some in profit, while I was waiting for a final breakout above 913 to let the LONG position to run... but that breakout never came! I have closed my last position at 893 points. Even with Soybeans, I clearly see that the

short-term call of a Low on March 12 was right, but the main trend was still the downtrend, and my call for a turn of the trend has been wrong.

Please, pay attention to what I wrote in the 2019 Soybeans Bulletin:

- *weakness starting immediately within the first two weeks of January*
- *we should see lower levels in February*
- *February is also a possible intermediate Low, where we see a new little up push toward an intermediate High in March. The High should be in the last 10 days of the month.*
- *From the High of March, a new downtrend should begin until May.*

If we look at the chart, we could see that the main forces were correct, but they were more evident during down pushes than during up pushes:



The breakout under March 12 Low was already a negative signal; for this reason I also decided to use area 895 to maintain the LONG position, and once I saw an acceleration under it, I remained FLAT.

As I said, I have missed the opportunity to follow the downtrend, I took also a little loss, but no disasters happened. I have just bet on the wrong main trend, but I did not get stuck in the downtrend with a LONG position. I just took a little loss.

I try to understand why I read wrongly the Market: the main reason was the area 900: when I saw Soybeans remaining above this area in the first months, I thought Soybeans could be in a strong position. Also Wheat was above area 450, a very important area; after seeing Wheat moving under 450, in April, that was for me the final signal that lower levels were coming. Corn, under 400, was already in a weak position since the beginning.

If you read the Soybeans 2019 Bulletin, you see that I had two different paths after March: higher levels would have created a scenario A; lower levels creates the scenario B. Well, we are now in the scenario B. This is what I wrote:

- *From the High of March, a new downtrend should begin until May. Attention, because probably here is where we understand if Soybeans are strong or weak! If we see higher levels in March, it is possible we see a continuation of the uptrend until June. If we see lower levels after March, we should see a Low in May, a little up push in June, and new down acceleration in June.*

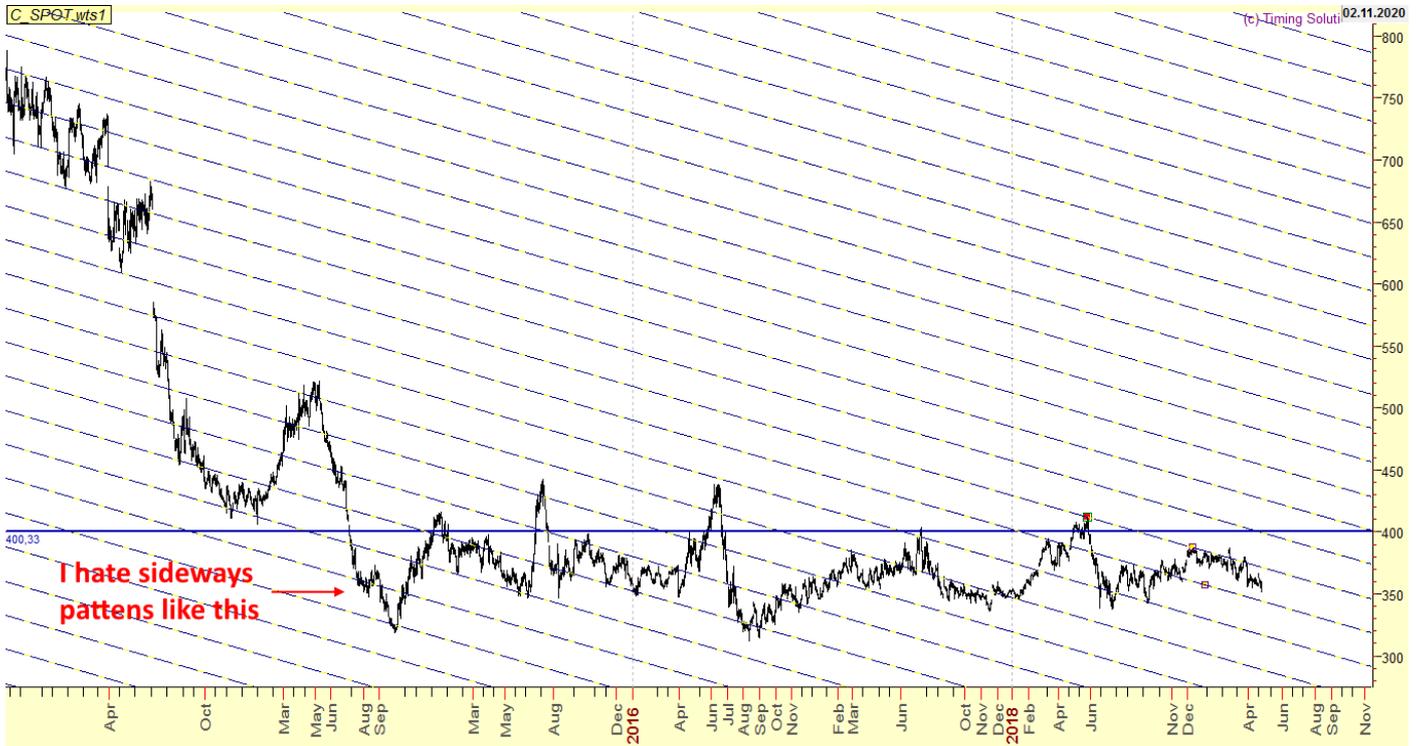
The trigger of the last strong down acceleration was the movement under March's Low, providing the signal of weakness, as I said in the Bulletin.

Personally, I have not made money with Soybeans and Corn, since the beginning of the year. I made profits with Wheat, because I could take advantage of better swings.

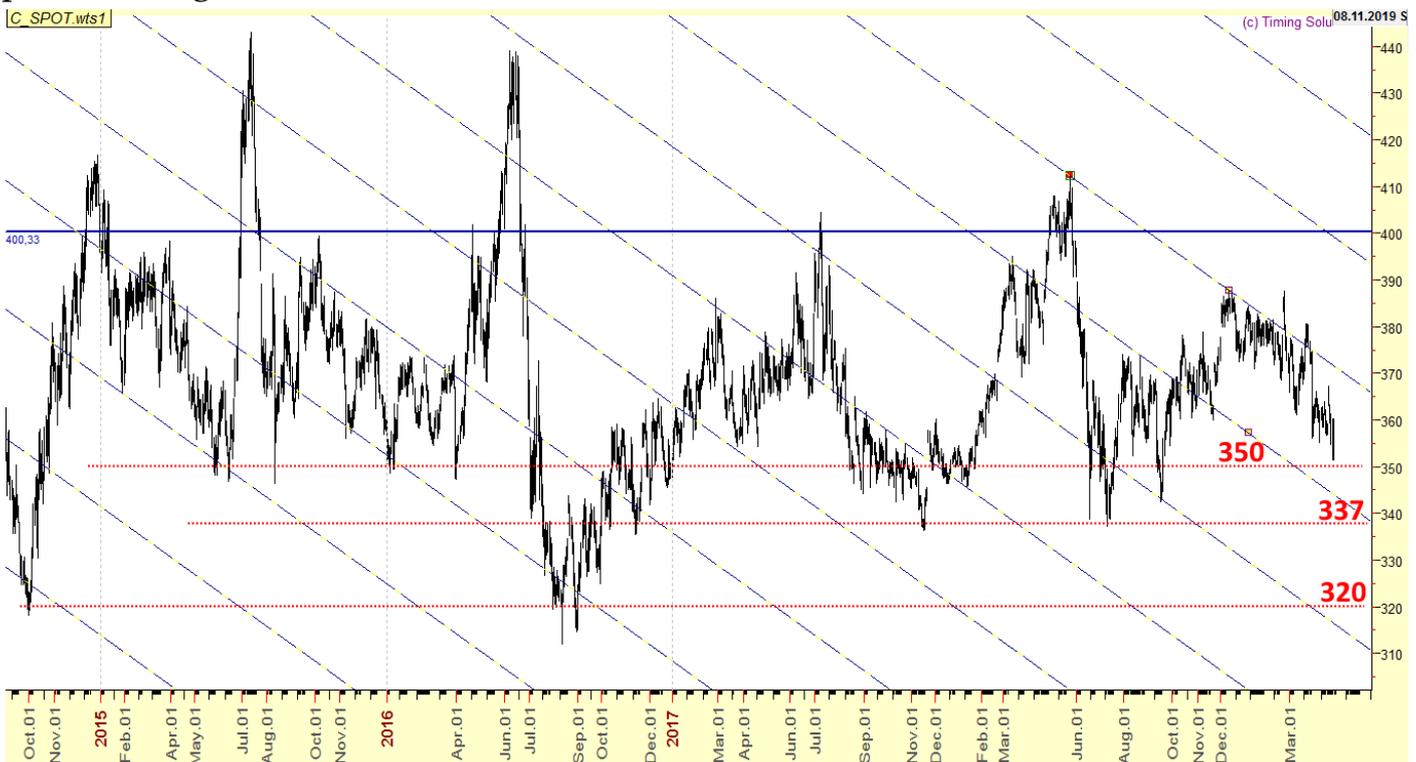
Let's try to turn this first part of the year in future profits.

Corn: What's Next

You know already the big picture of Corn, a Market stuck in a sideways pattern since 2014:



Looking at the last 5 years, we can see potential Low levels in the following chart, and we have to keep them in mind because at important time-windows they can profit the right accumulation areas:



Moving to the shorter-term, we look at the July Contract (symbol CN19):



I am not going to fight the trend for the next days. I wait for the important time window around mid-May, and then I will plan to open positions. I will open LONG positions if I see a Low, or a signal that the trend is changing (for example with higher Highs and higher Lows); I monitor the important levels you see in the chart to decide where to create a strategy to cut the losses and let the position to run.

If we see right now an upswing, leading to a high around mid-May, this time window can turn in a High, and in this case, I may consider opening SHORT positions (but the favorite scenario suggests a High in June).

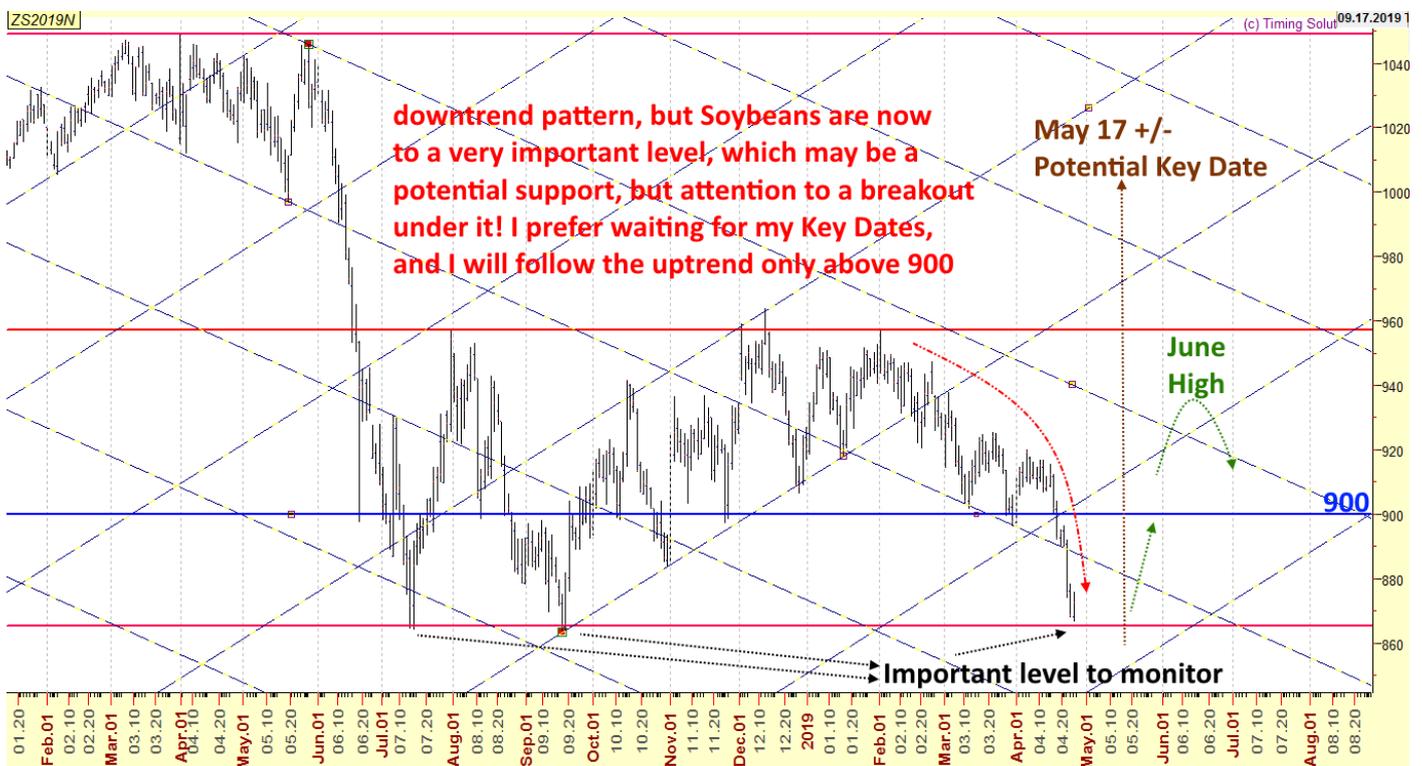
I have a doubt for a new, imminent up push, starting in the last days of April. If you look at the PFS, you see an evident up push starting right at the end of April. As I said, I am not trying this trade (even because I prefer to take it with the Soybeans Market which shows a strong triple bottom), but if you believe Corn may be ready for a bounce, I would use the level at 354 and be always LONG above it and FLAT under it.

After June, the natural forces suggest a new descent; hence, the downtrend may not be over. The more I get close to mid-May, the clearer the situation will be, and I will send you an update to clarify my next trading approach. For now, I think it is not wise fighting the trend while it is accelerating down.

Soybeans: What's Next

About the Soybeans Market, I do have a similar path (which is not a surprise), with an important Key Date to monitor around May 17. Hence, I am mainly waiting for this time window before to plan the next trade, above all if it will be a Low, because then it would become a possible BUY opportunity.

Also in this case, I will send you a quick update once things get clearer. For now, let's have a look at the July Contract, symbol SN19:



I prefer of waiting for mid-May before to plan the next important trade. Please, be aware that it may turn to a High as well; we have to wait for that date before to know how to trade it.

The importance of area 865 is evident, with a potential triple Low. Plus, if you look at the PFS, it suggests a strong up push starting right at the end of April. For this reason, I decide to take a little risk, fighting the trend, and using area 865-868 as a Key Price, I will be always LONG above it and FLAT under it. It is very important to remain FLAT under it, in case we see a breakout under the previous Lows!

It is up to you if you want to take this trade. This trade plays around the potential triple Low and the PFS suggesting an up push. However, with other studies, the

timing is not great for an important Low. Keep in mind that it would be better waiting for a confirmation first, like a bounce, and then open LONG positions with a stop-loss under the Lows.

Good Trading!

Best Regards,
Daniele Prandelli

E-mail: info@iaminwallstreet.com

www.iaminwallstreet.com

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