

STOCKS

Hope of QE3 continues to support stock market

Weekly Dow Jones Industrial Average

Long-term trend is up.

If the May high at 13,338.66 is cleared, bulls' next target would be the all-time high of 14,198.10.



Fundamental trends

ECONOMY: Some members of the Federal Reserve are growing increasingly concerned with the U.S. economy and may push for more economic stimulus sooner rather than later.

While the Federal Open Market Committee (FOMC) holds its next policy meeting July 31-Aug. 1, few are expecting any action then. The more likely scenario

would be at the annual economic policy symposium at Jackson Hole, Wyoming, in late August or following the Sept. 12-13 FOMC meeting.

But history says the Fed does not act in presidential election years, especially right ahead of the election. If that stance holds true this year, the Fed's next move wouldn't come until after the Dec. 11-12 FOMC meeting.

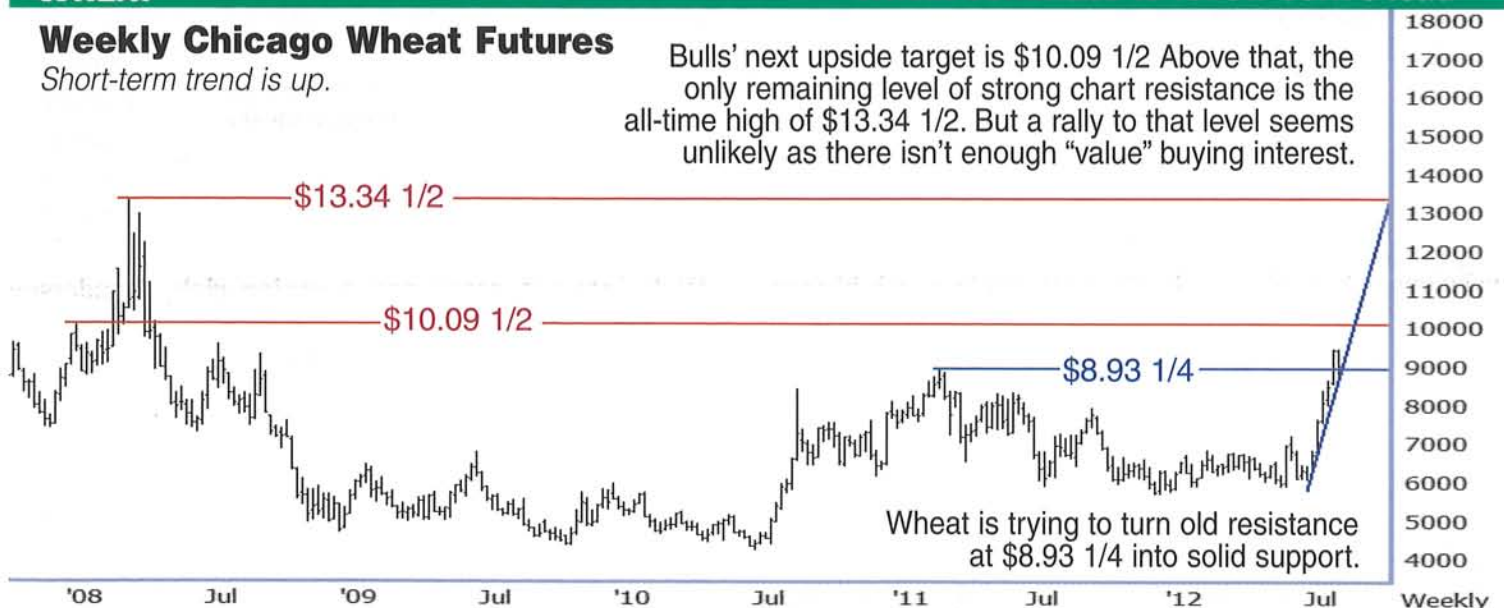
WHEAT

Wheat continues to follow corn's lead

Weekly Chicago Wheat Futures

Short-term trend is up.

Bulls' next upside target is \$10.09 1/2. Above that, the only remaining level of strong chart resistance is the all-time high of \$13.34 1/2. But a rally to that level seems unlikely as there isn't enough "value" buying interest.



Fundamental trends

SRW: Wheat futures took a breather from the recent, strong price surge as the corn market modestly pulled back from its all-time highs last week. Despite improving fundamentals and relative "value" status compared to corn and beans, wheat remains very much in a follower's role, dependant on the corn market for price strength.

HRS: The spring wheat crop has very good yield potential and crop quality is expected to be high as the quick start to the growing season and favorable early weather allowed the crop to avoid most of the ill effects of spreading drought. A bountiful, high-quality crop should boost demand for U.S. spring wheat.

Weekly Corn Futures

Short-term trend is up.



Fundamental trends

CORN: Showers last week came too late and were too light and scattered to have a broad, positive impact on corn. At best, the rains will help the crop hold on to remaining yield potential in areas that were fortunate enough to get them. In areas where rains again failed to materialize, crop conditions and yield potential continue to rapidly decline. While the supply side of the market remains bullish, signs of

demand deterioration are surfacing. For the week ended July 19, USDA reported net weekly export sales reductions for 2011-12 and 2012-13 — the first time there were net cancellations for both marketing years in the same week. Plus, weekly ethanol production has now declined for six consecutive weeks. With prices just below recent, historic highs, more demand destruction is likely.

SOYBEANS

Still time to 'save' beans, but no proof of weather pattern change

Weekly Soybean Futures

Short-term trend is up.



Fundamental trends

BEANS: Needed rains pushed across the Corn Belt last week, producing the best precip in weeks (or months) for many areas. As the rains developed, they triggered a negative price response since the crop is into its critical yield-building stages. But the realization these rains were too light and scattered to have a significant impact on yield potential allowed futures to rebound well off the weekly lows. With

the crop flowering and setting/filling pods, weather over the coming weeks is critical. Even though the soybean crop has been stunted by drought conditions, there's still time for much of the crop to recover if conditions turn favorable. Weather forecasts offer some hope of improved conditions in August, but there's no proof yet the pattern has shifted. And there's no indication high prices have slowed demand.