



The history of the soybean market, like many of those commodities where the government has provided price supports, subsidies and loan programs, is one of lengthy trading ranges. Throughout these trading ranges, the relative stability has been shattered by an average 8.85-year cycle. This cycle has turned up at the right-hand side of the 1932-1940 trading range and at the conclusion of the 1948-1969 trading range. The trading range from the 1973 high is the longest on record. There have been three cycle lows since 1973. The next cycle low is scheduled to turn up in a window between November, 2002 and August, 2003. It is expected to coincide with a higher price low as occurred in 1968. From a Wyckoff perspective, the sell-off in 1999 washed out the bottom of the trading range from the 1973 high. This is viewed as a terminal shakeout on the yearly cash chart. The terminal shakeout was re-tested in 2001 and prices have rallied vigorously in 2002. The pullback from this year's high is expected to hold between 5.00 and 4.80 on the daily cash chart. When the force of the cycle lifts prices on the next upwave, we can expect a rally to at least the upper level of the 29-year trading range. In conclusion, soybeans should be watched very closely in periods of weakness. David Weis (10/8/02)