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Soybean Oil could spend more time at lower prices; buy OTM calls to cap risk



A year ago, our soybean oil comments were spot on, as we projected 32 cents would be in the market's sights. This year, we are faced with a six month congestion zone between 35 and 32 cents, so we have indeed found a "value area" for this product. Price Counts all converge in this 32 to 29 cent area suggesting to us we are going to spend more time in this value zone. So, limited downside of 10% in value and upside weather risk if something big happens. That can be protected with upside calls in a world where bear stats prevail in beans, and historically strong crush margins have been the feature of the last 8 months. -- linngroup

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