

Strategic Traders Are Turning To Agriculture

As summer approaches, many commodity traders are looking for opportunities in the agriculture sector. Based on the chart of the PowerShares DB Multi-Sector Commodity Trust Agriculture Fund ([DBA](#)), which is a common barometer of the sector used by retail traders, you'll notice that the price of the [ETF](#) has found support near the \$22 mark. The recent bounce higher combined with the bullish crossover between the [MACD](#) indicator and its signal line (blue circle) suggests that the bulls are trying to regain control of the momentum. (For more, see [A Primer On The MACD](#))

For those unfamiliar with this ETF, the managers of the fund seek to track the performance of the DBIQ Diversified Agriculture Index, which for many is the most cost-effective method for investing in commodity futures without opening a futures account. The fund offers traders exposure to commodities such as cattle, cocoa, corn, cotton, lean hogs, soybeans and wheat. (For more, see [Top 3 Agriculture ETFs](#))

PowerShares DB Multi-Sector Commodity Trust Agriculture Fund ([DBA](#))



Corn

Taking a look at the Teucrium Commodity Trust Corn Fund ([CORN](#)), which is the most common product used by retail traders for gaining exposure to corn prices, you'll notice the short-term trend is moving in the opposite direction as the [RSI indicator](#). This type of divergence is a common tool used by active traders to suggest that the downward momentum is waning and that the bulls are about to attempt a reversal. Like the chart above, you'll see that the MACD indicator recently crossed above its signal line, which is a common buy signal amongst many who rely on technical analysis to make trading decisions. Based on the setup shown below, some traders may want to remain on the sidelines until the price is able to close above the 200-day moving average (red line) because this would be a clear indicator of a long-term trend reversal. The limited upside might not be for

everyone, but regardless corn is a commodity worth watching over the coming weeks. (For more, see: [Invest Seasonally In The Corn Market](#))

Teucrium Commodity Trust Corn Fund ([CORN](#))



Deere & Co.

No analysis of the agriculture sector is complete without a look at Deere & Co. ([DE](#)). The company with a market capitalization of \$30.5 billion is one of the largest players and its products are used in nearly every segment of the market. Taking a look at the chart, you'll find that the bears have recently sent the price toward the support of a nearby horizontal trendline. This chart is an excellent example of how the price often drifts toward a breakout point once the market settles down after a surge in volatility and how the retest often provides patient traders with an ideal entry point.

Deere & Co. ([DE](#))



The current price level is offering active traders the best risk/reward ratio in months and it wouldn't be surprising to see stop-loss orders set below either the horizontal trendline of the 200-day moving average depending on risk tolerance. Strengthening prices in underlying agriculture commodities could result in higher demand for Deere products so this could be a stock to watch over the coming months. (For more, see: [Deere May Be Getting Too Little Credit](#))