

# CFO September 2015 Commodity Outlook Report

## Corn

### Outlook: Slightly Bullish

The USDA September 2015 report is slightly bullish on 2014/15 “old” corn crop as ending stocks were again lowered by .04 billion bushels to 1.732 billion bushels.

USDA lowered the 2015/16 “new” corn crop production to 13.585 billion bushel from 13.686 billion bushels. Planted acres are left unchanged at 88.9 million acres and the yield was reduced by 1.3 bushels/ acre to 167.5 bushels per acre. This was probably expected due to the recent reduction in rains.

Ear counts per acre are at the highest on record, with a historical average ear weight.

Exports were unchanged in this report, but given the values of US dollar corn export may still struggle to get the volumes needed.

US ending stocks for 2015/16 crop are now forecasted to be 1.592 billion bushels, down from last month. 2015/16 US stocks to use ratio is now at 11.6%.

### Global Supply Reduced by 2.7%

Global corn supply is still significant, even though USDA reduced global production this month by 7.5 million metric tons. Global consumption is reduced, and therefore the world ending stocks are reduced by 5.4 million metric tons. USDA forecasts that a year from now China will hold about 50% of the world corn ending stocks versus the USA at 25%

### US Currency is Strong

The US dollar continues to be strong in recent weeks as crude oil prices seem to have stabilized in the mid \$40's per barrel. The Chinese economy still seems to be the unknown and US economy seems to be strengthening slowly.

### Funds Have a Long Position

non-commercial/reportable funds have been reducing their long position to 7,9000 lots and will have added to this position since the report came out .

The

Chicago Board Of Trade  
December 2015 Corn Chart



### Technical Analysis

The December corn chart has digested the recent USDA data with a run up in price and has no given all of that move up back to us. A retest of the old support around \$3.60 seems in the cards to attract exports. A price close below \$3.60 would signal a further bearish move. The MacD, Stochastic oscillators are all showing the start of a bearish move, while RSI is neutral. Moving averages suggest a test to the downside.

Good support will be at \$3.60.

### Weather is Seasonal

South

American weather is of no major concern. USA soil moisture levels in some areas are about normal, with a forecast for moist weather over the next two weeks.

Canadian prairies have been dry, but the forecast is for an increase in moisture over the next two weeks.

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## Soybean Meal

### Outlook: Neutral to Bullish

The USDA September 2015 report increased US production by 0.019 billion bushels to 3.935 billion bushels. Acreage planted was unchanged. The forecasted yield was raised 0.2 bushels per acre to 47.1 bushels per acre. Bean pod counts are below last year's levels while bean weights are at a record high. This could be bullish for meal.

The increase in production is partially offset by "old crop" ending stock being reduced to 0.210 billion bushels. The 2015/16 "new crop" carry out is forecasted down by 0.020 billion bushels to 0.450 billion bushels and a stock to use ratio reduction to 12.1%.

Global 2015/16 soybean ending stocks were again reduced slightly to 84.98 million metric tons from last month's 85.88 million metric tons. Stocks have decreased by nearly 7 million metric tons in the past two months.

### Supply in Balance

There are forecasts now of Brazil's next crop (2016/17) being 101 million metric tons, while USDA still sees it at 97 million metric tons. USA is forecasted to have a slight increase as well to 107.1 million metric tons. The Brazil number will play a significant role depending on where it finishes up.

### Funds in a Long Position

non-commercial/reportable funds are now short 21,000 lots on beans. Their long position on Meal has been decreased to 82,000 lots.

### Weather is Seasonal

South American weather is of no concern. USA has seen some rains in the past month.

Canadian prairies have remained dry, but the forecast is for moderate moisture over the next two weeks.

## Chicago Board Of Trade December Soy-Meal Chart



### Technical Analysis

The December 2015 soy meal chart is in the middle of the downtrend pattern now and is trying to test the recent support level at \$308.

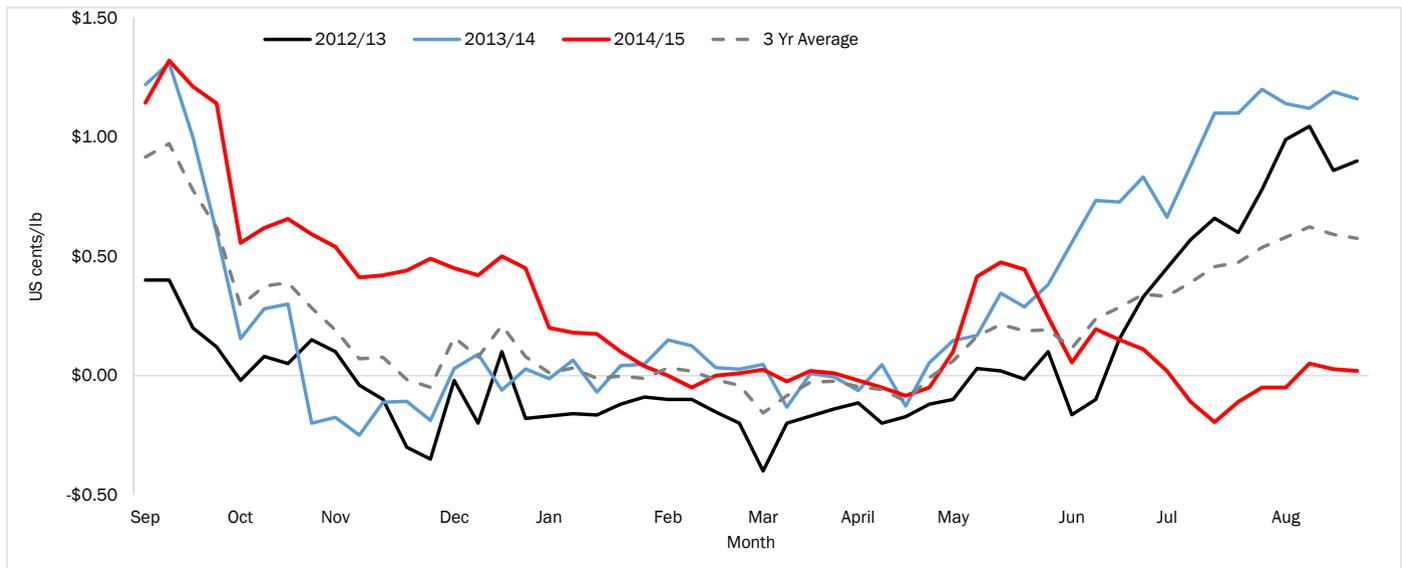
MacD, RSI and Stochastics are about to turn bearish, as well as ADX is bearish but indication of a weak bearish trend.

Recent high of \$319 is resistance and \$308 will be the support level.

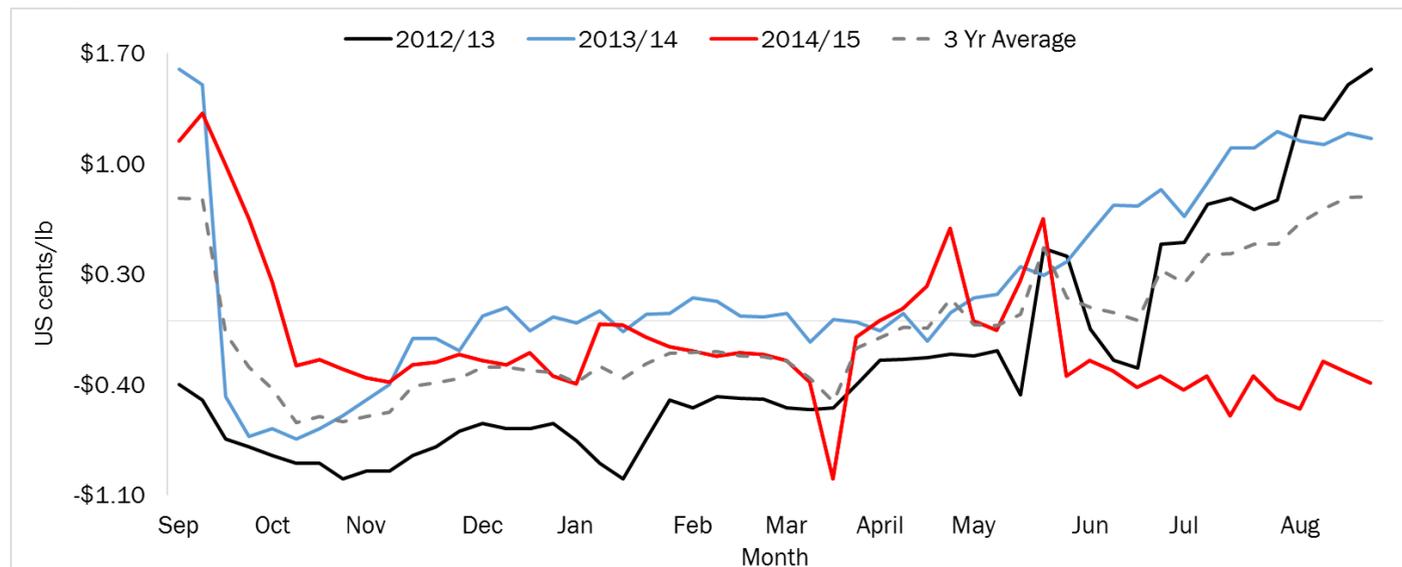
Look for a close below \$310 and then a break of \$308 to signal next possible leg down in price.

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### Corn Basis Values – Chatham, Ontario



### Soybean Basis Values – London, Ontario



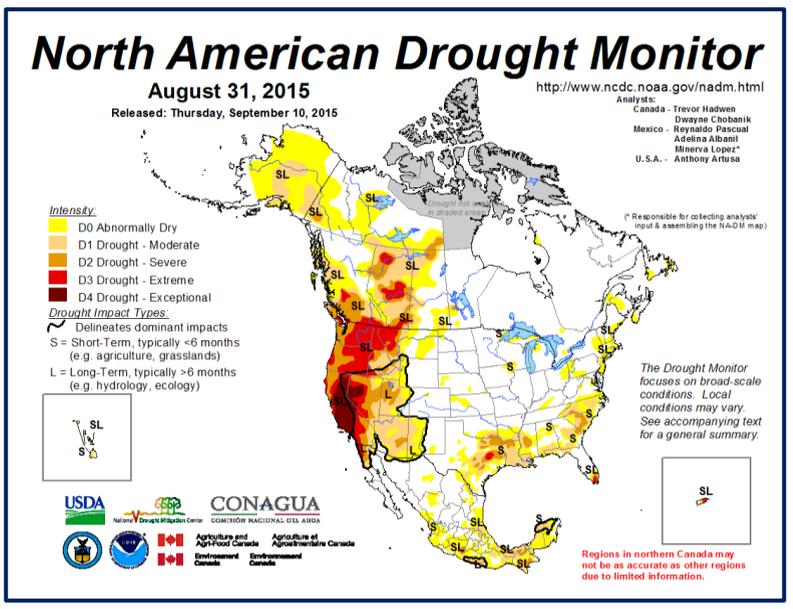
The chart at top outlines the weekly average Corn basis values for Chatham, Ontario which is stable in value. The chart above outlines Soybean basis for London, Ontario. Ontario basis has been strong, but as new crops get closer the values are softening.

In conclusion, basis values are anticipating large crops on the horizon. Weather and exports are to be monitored.

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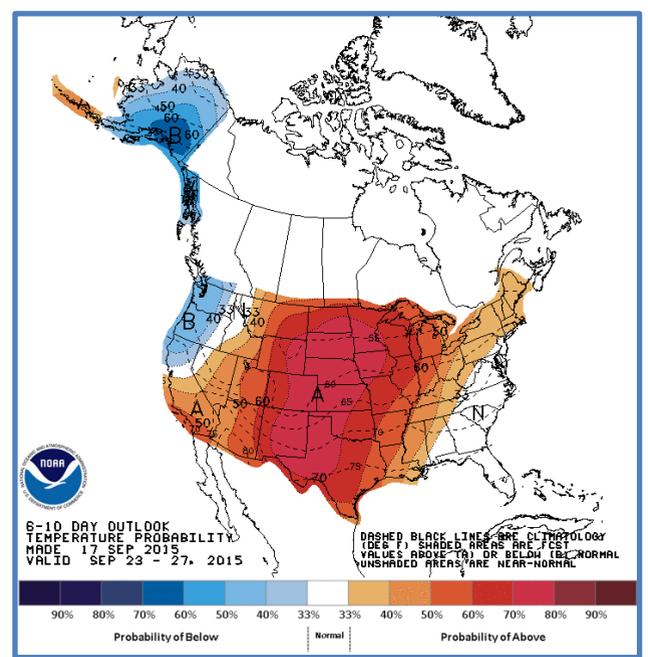
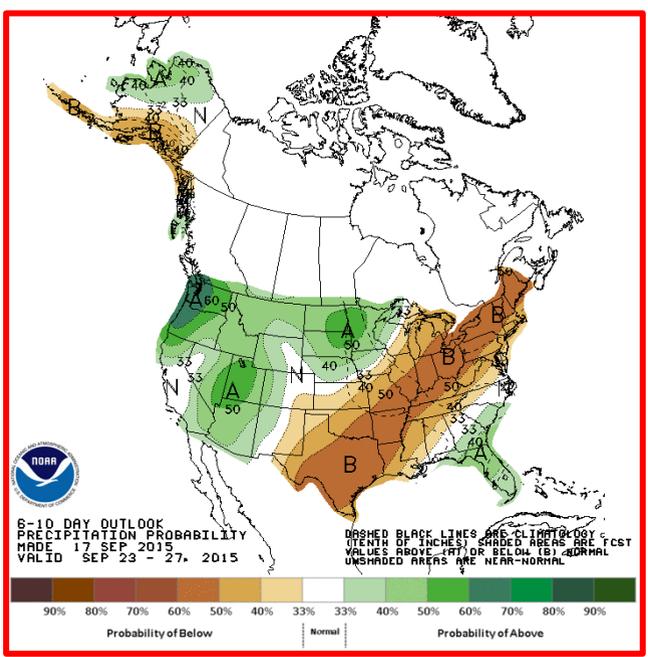
## Weather - Canada

The map to the right indicates that there are areas of drought conditions, present in Canada. This is a slight improvement of conditions compared to last month. Canadian Prairies are forecasted with more rain over the next 10 days.



## Weather - USA

NOAA maps below reflect an above normal temperature picture in the main growing regions of the US in the next 6 to 10 days, shown in the blue area. The US will see a mixture of wet conditions in the soybean and corn growing area over the next 6 to 10 days, with a slight improvement in moisture events in the north and west.



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