

CFO April Commodity Outlook Report

Corn

Outlook: Slightly Bullish

The USDA April 2016 update reported close to trade expectations. USDA left unchanged yield, planted acres, and the 2015/16 “new” corn crop production at 13.601 billion bushels.

Ethanol production raised the demand for corn by 0.025 billion bushels and Feed/Residual demand was lowered 0.050 billion bushels.

Exports were left unchanged in this report, at 1.650 billion bushels. Weekly US export numbers for corn are running behind last year's numbers but the gap has been narrowing. Brazil's political situation is worth monitoring to see what effect it has on their currency.

Overall, US ending stocks for 2015/16 crop were increased 0.025 billion bushels to 1.862 billion bushels. The 2015/16 US stocks to use ratio is now at 13.77% or 50 days of inventory.

Global Supply Mixed

Global corn supplies increased by 6 million metric tons, production accounted for 2.5 of the 6 million metric ton increase. Argentina saw increases to their crop size of 1.7 million metric tons last month, Brazil was left unchanged, but could see reductions.

Global ending stocks are forecasted up 1.94 million metric tons. This is almost a complete reversal of last month's reduction in global ending stocks.

US Currency Still Strong

The US dollar continues to be strong, but has lost some of its momentum versus the Canadian dollar. It has retraced back to the \$1.285 level.

Crude oil prices have found support at the \$35 level recently and have tested the \$42 level. Global economic concerns continue to see the US dollar as a safe haven. OPEC nations still have not agreed on a production plan for the over supply of crude oil.

Chicago Board Of Trade May 2016 Corn Chart



Technical Analysis: Mixed

The May 2016 corn chart is bullish, after plunging to the \$3.50 level following the bearish quarterly stocks report. Corn has now broken the top end of the recent downtrend it was in. The new support level is at \$3.74, the new resistance level is at \$3.88 and then just above \$4.00.

The RSI and MacD are both showing the start of a bullish move, while Stochastics are about to turn bearish as corn has moved up in price very quickly.

Moving averages are aligned bullishly. Technically the picture is mixed, so further upside might be limited.

Weather is Seasonal

Argentine weather has seen rains delay soybean harvest progress. Brazil weather has been dry, spreading fears of crop reduction. The forecast for the US mid west is looking ideal for planting progress.

Funds Have a Short Position

The non-commercial/reportable funds are now short 94,800 lots, as there has been significant short covering in recent weeks.

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Soybean Meal

Outlook: Moderately Bullish

The USDA April 2016 update reported no changes to yield, acres planted, or production. US soybean production for the 2015/16 crop is 3.929 billion bushels.

Exports were increased slightly to 1.705 billion bushels. US exports have seen significant export competition from Brazil, but the last 6 weeks the export numbers for the US have been strong versus the same weeks last year.

The 2015/16 soybean carry out is forecasted down by 0.015 billion bushels to 0.445 billion bushels and now the US stock to use ratio drops to 12.01%. There is still adequate supply.

Soybean meal and soybean oil balance sheets were left unchanged. Ending meal stocks remaining at 300 thousand short tons.

Soybean planting has not yet started.

Global Supply Mixed

Global soybean supply was increased by 2.22 million metric tons. Brazilian production is unchanged at 100 million metric tons. Argentine production is seeing slightly higher yields per acre and a slightly lower acreage, which increases the forecasted production by 0.5 to 59 million metric tons.

China's crop was reduced by 200,000 metric tons and the European Union was raised 150,000 metric tons.

Global 2015/16 soybean ending stocks are projected up 0.15 to 79.02 million metric tons.

Weather is Seasonal

US weather is very good so far for the upcoming planting season, with some issues to be watched in South America.

Chicago Board Of Trade May 2016 Soybean Meal Chart



Technical Analysis: Mixed

The May 2016 soybean meal chart has broken out of its prolonged downtrend with a support level now at \$285 and a level resistance at \$310. RSI and Stochastics are showing over done bullish signals at this point. MacD is still looking bullish.

Moving averages are currently bullish, but this pattern isn't expected to continue much longer.

Look for a close above \$300, and if that fails look for soybean price to test the support level at \$285.

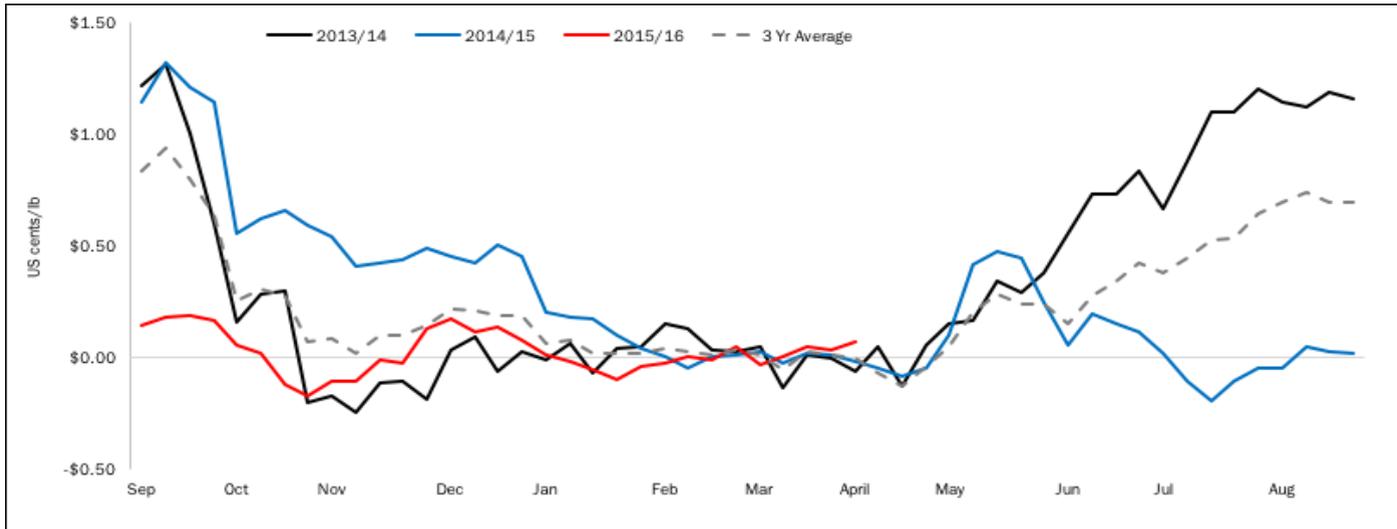
Funds in a Long Position

The non-commercial/reportable funds are now long 1,800 on soybean meal. There has been a huge reduction in what was their short position on meal in the last 7 days.

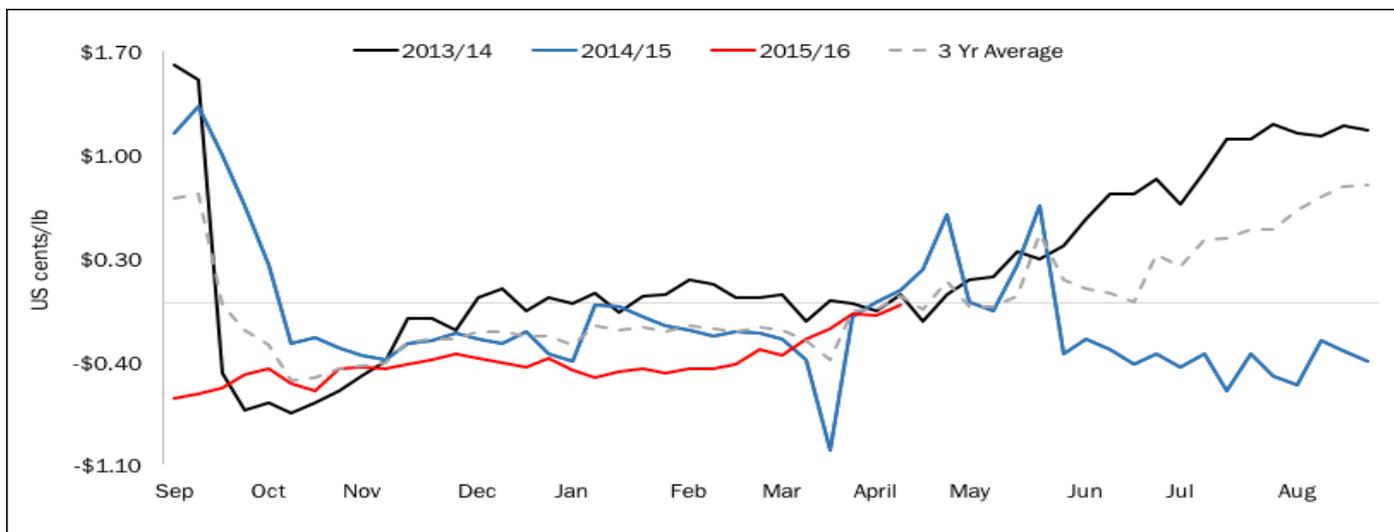
Soybean position is now long 74,000 lots and soyoil is long at 140,000 lots.

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Corn Basis Values – Chatham, Ontario



Soybean Basis Values – London, Ontario



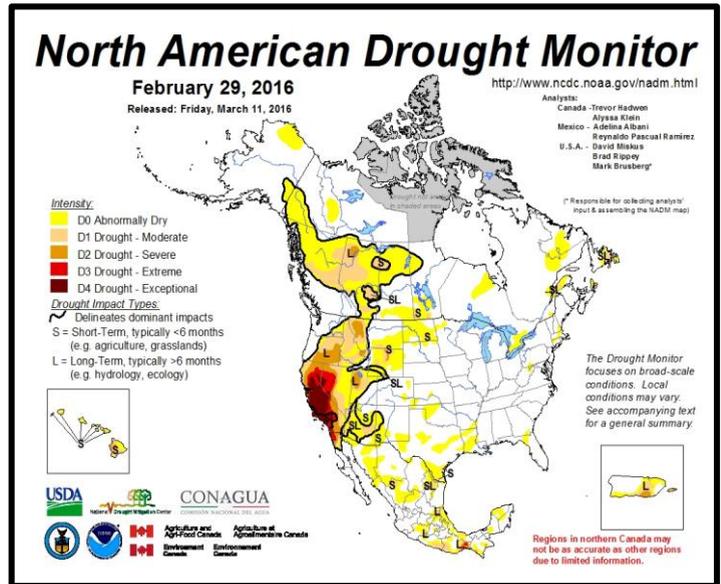
Ontario corn basis values continue to strengthen to a level slightly above the 3 year average. The focus right now is on weather for the upcoming planting season, which is off to a good start.

Ontario soybean basis has been in line with the 3 year average. New found export business has strengthened both futures and basis in recent weeks. All eyes will be watching as planting starts shortly.

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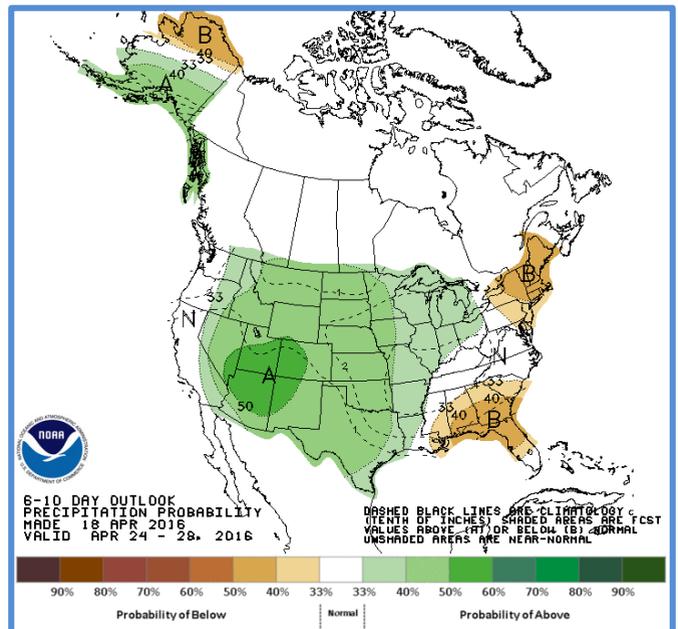
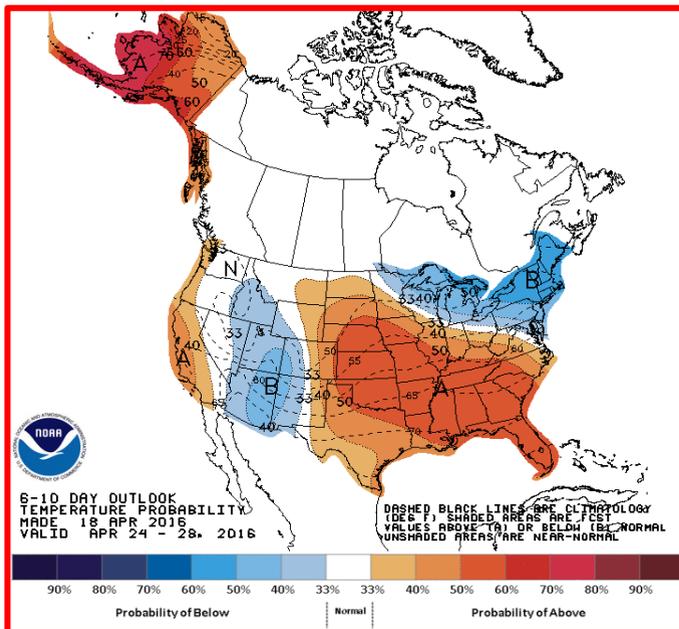
Weather – North America

The map to the right is the February 29th 2016 map from USDA, as they have not published the end of March map yet. Upon reviewing the daily maps there is a slight change in the soil moisture level indicated on this map. There is a continued expansion to the dryness in Texas and the Mid West from the last report, but there are rain events forecasted. Areas of drought conditions in Canadian crop regions have been getting moisture. The weather forecasts for the next 2 weeks look to be ideal for planting. Corn planting has started and is ahead of last years pace.



Weather – USA

NOAA maps below, in red shows precipitation probability that is above normal for all of the crop growing region which should help dry areas. The soil moisture levels are currently ideal for planting, and are much better than either of the past 3 years at this time. The map in blue reflects a high probability of above normal temperatures in the growing region, which continues the overall warmer trend seen in the past few months.



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