

CFO October Commodity Outlook Report

Corn

Outlook: Neutral

The USDA October 2015 report meet expectations on 2014/15 “old” corn crop as ending stocks were basically left unchanged at 1.731 billion bushels.

USDA lowered the 2015/16 “new” corn crop production by .030 billion bushels to 13.555 billion bushel from 13.585 billion bushels in September. Planted acres were reduced 500,000 million acres to 88.4 million acres and Harvested acres were reduced 400,000 acres. The USDA raised the corn yield by .5 bushels/acre to 168 bushels per acre. This yield increase is probably partially due to the elimination of some lower producing acres.

Exports were unchanged in this report, at 1.85 billion bushels. This level of exports still seems to large given the current pace and price. US ending stocks for 2015/16 crop are now forecasted to be 1.561 billion bushels, down from last month. 2015/16 US stocks to use ratio is now at 11.3%.

Global Supply Reduced

Global corn supply is still significant, even though USDA reduced global production this month by 5.5 million metric tons. Global consumption is reduced also, and therefore the world ending stocks are reduced by 1.9 million metric tons. The recent weakening in the Brazilian Real should probably encourage larger acreage to be planted in the next crop.

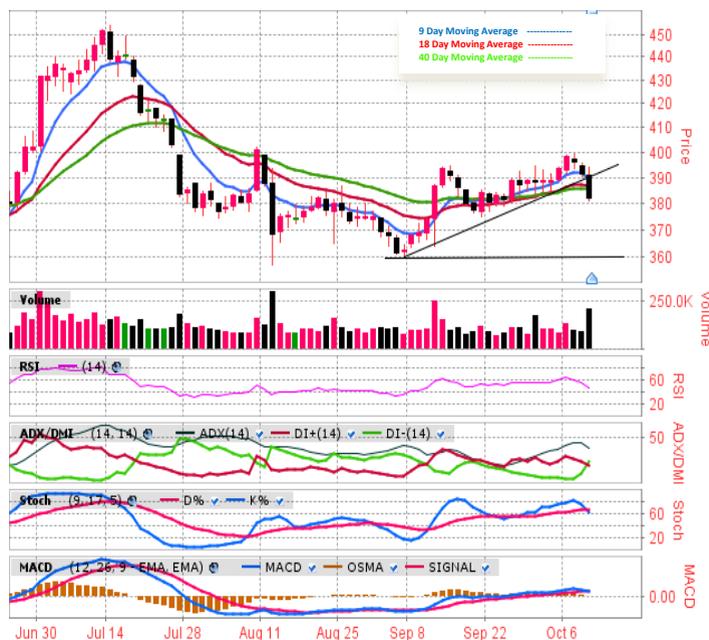
Currency

The US dollar has weakened slightly in recent weeks as crude oil prices seem to have stabilized in the mid to high \$40's per barrel. The Chinese economy is still a concern on growth and US economy seems to be strengthening slowly.

Funds Have a Long Position

The non-commercial/reportable funds have been adding to their long position at 116,800 lots.

Chicago Board Of Trade December 2015 Corn Chart



Technical Analysis

The December corn chart has digested the recent USDA data with move below the bottom of the recent uptrend.

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.

Harvest is progressing well.

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Soybean Meal

Outlook: Slightly Bullish

The USDA October 2015 report lowered US production by 0.047 billion bushels to 3.888 billion bushels. In general US oilseed production is forecasted down this month from last. Soybean acreage planted was lowered by 1.1 million acres, due to areas of flooding. The forecasted yield was raised 0.1 bushels per acre to 47.2 bushels per acre.

The decrease in production is partially offset by a reduction in US exports of .05 billion bushels to 1.675 billion bushels. As with corn, this export level may well be difficult to fulfill.

Soybean crushing is forecasted up slightly to support increased forecast for meal needs.

The 2015/16 “new crop” carry out is forecasted down by 0.025 billion bushels to 0.425 billion bushels and a stock to use ratio reduction to 11.5%.

Global 2015/16 soybean ending stocks was raised to 85.14 million metric tons from last month’s 84.98 million metric tons.

Supply in Balance

The USDA forecast of Brazil’s next crop (2016/17) are at 100 million metric tons, up from last month at 97 million metric tons. USA is forecasted to have a slight decrease as well to 105.81 million metric tons.

Funds in a Long Position

The 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 nearing the end of the wedge pattern now and is trying to test the recent support level at \$300 or resistance at \$310

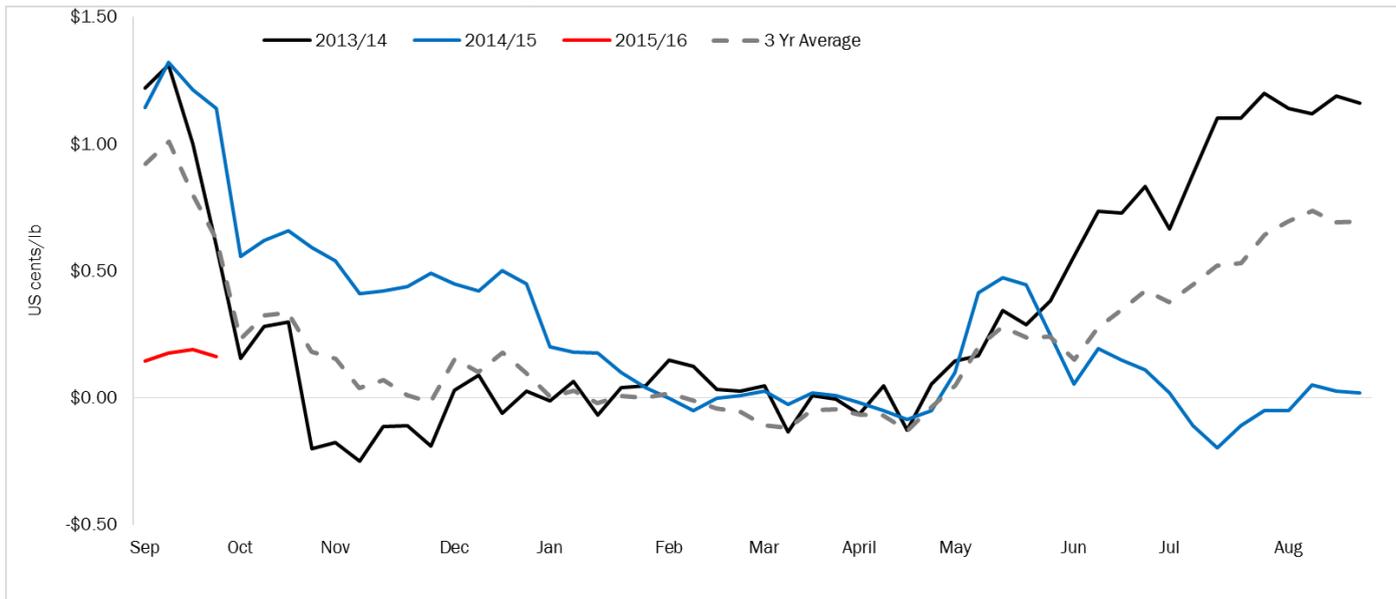
MacD, RSI and Stochastics have just turned bullish. ADX is bullish but the trend doesn’t show strength at this time.

Look for a close below \$310 or a break above \$310 to signal next possible direction in price.

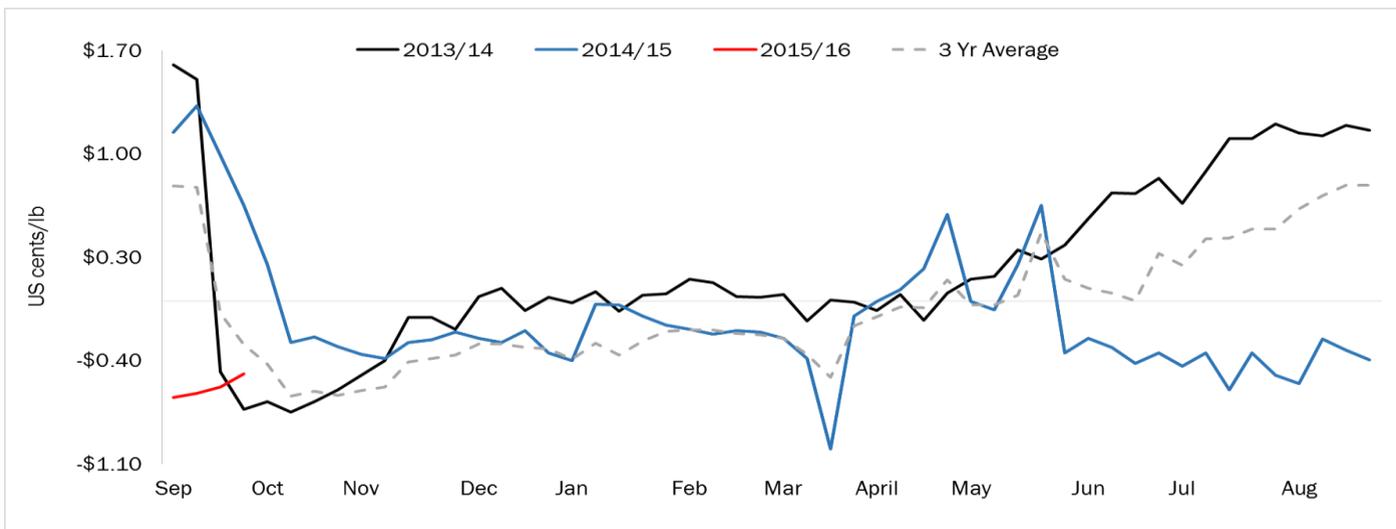
Given the USDA report data, we should see a move to the upside for now,

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Corn Basis Values – Chatham, Ontario



Soybean Basis Values – London, Ontario



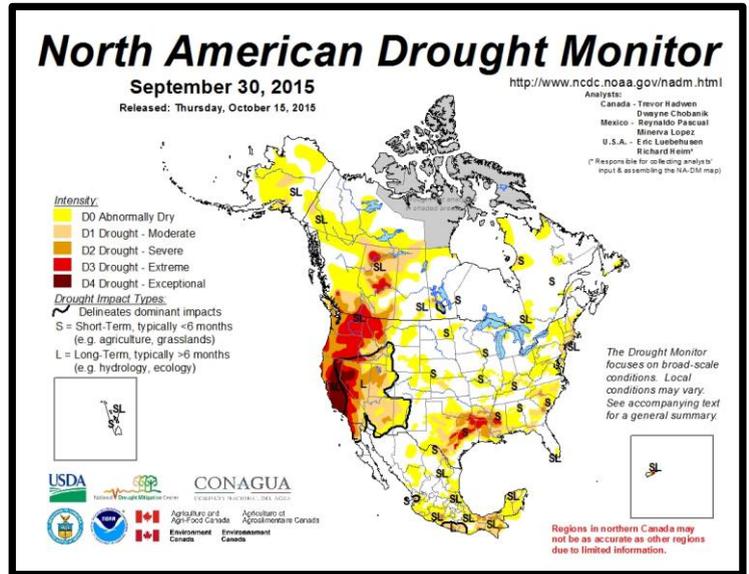
The chart at top outlines the weekly average Corn basis values for Chatham, Ontario which is stable recently, increasingly in response to currency and minor crop reductions. The chart above outlines Soybean basis for London, Ontario. Ontario basis has strengthened recently similar to corn. In conclusion, basis values are still anticipating large crops being harvested , albeit slightly less than original expectations. Exports are to be monitored.

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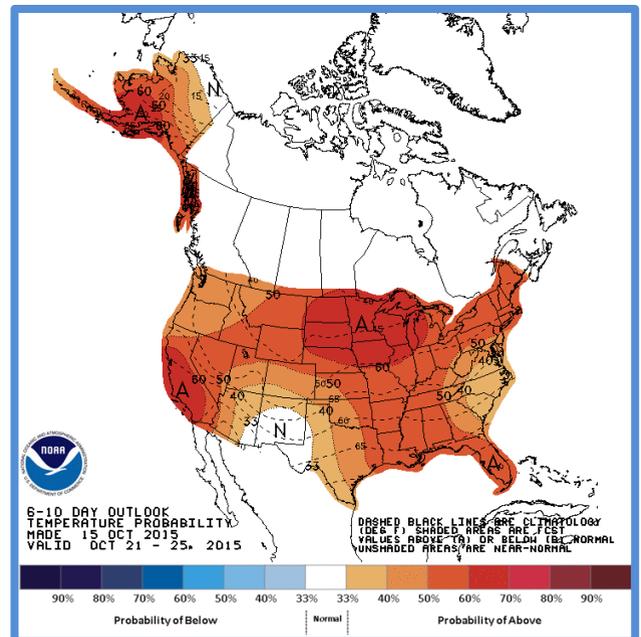
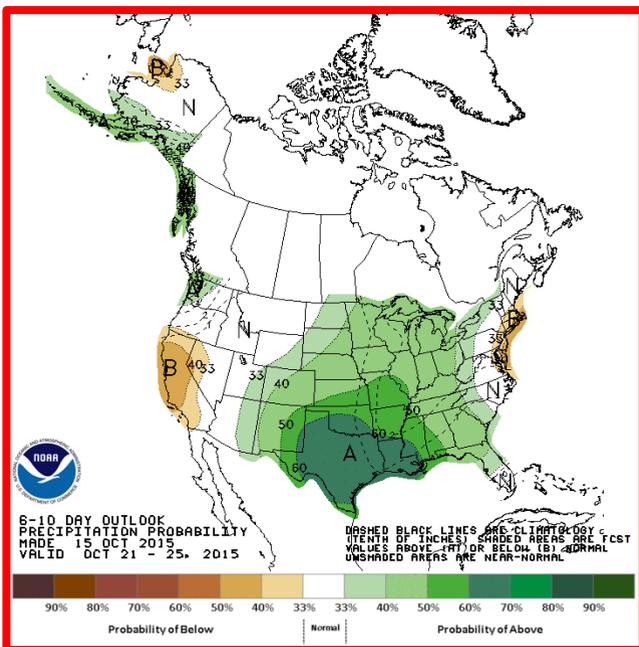
Weather - Canada

The map to the right indicates that there are areas of slight drought conditions, present in Canada, but this is ideal for harvesting. These soil moisture levels need to be monitored for next crop plantings.



Weather - USA

NOAA maps below reflect an above normal temperature picture in the main growing regions of the US. The next 6 to 10 day forecast is for above normal temperature in most of the USA. The US will see a higher probability of wet conditions in the soybean and corn growing area over the next 6 to 10 days. The higher probability area of rains is in the southern half of the growing region which has mostly been harvested already.



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