

CFO November Commodity Outlook Report

Corn

Outlook: Slightly Bearish

The USDA November 2015 report was bearish versus 2015/16 corn crop.

USDA raised the 2015/16 “new” corn crop production by .099 billion bushels to 13.654 billion bushels from 13.555 billion bushels in October.

The corn yield was raised by 1.3 bushels per acre to 169.3 bushels per acre. This yield increase reflects lower yields in Missouri, Illinois and Ohio as well as gains in Minnesota, North Dakota and Nebraska.

Exports were finally reduced slightly in this report, by .05 billion bushels to 1.80 billion bushels. Exports still will require monitoring.

US ending stocks for 2015/16 crop are now forecasted to be 1.760 billion bushels, up from last month. 2015/16 US stock-to-use ratio is now at 12.9% up from 11.3% last report

Global Supply Gains

Global corn supply continues to be significant. USDA raised global production this month by 2.27 million metric tons.

Global consumption is reduced, and therefore the world ending stocks rise by 24.11 million metric tons.

Global ending stocks are forecasted for the 2015/16 crop at 212 million metric tons versus 218 and 175 the previous two crop years, respectively.

Currency is Stable

The US dollar has steadied in recent weeks as crude oil prices seem to have stabilized in the low to mid \$40’s per barrel. The Chinese as well as several other global economies are now a concern on growth.

Chicago Board of Trade December 2015 Corn Chart



Technical Analysis

The December corn chart has moved to the old support level and is retesting the \$3.60 level, shown by the horizontal red line. A price close below \$3.60 would signal a further bearish move.

The MacD, Stochastic oscillators are all showing a bearish move, while RSI is approaching oversold. Moving averages are all suggesting a bearish move. ADX is bearish and suggesting strength in the bear move.

Weather is Seasonal

South American weather is improving. USA weather is moderating as harvest is finishing.

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

Funds Have a Long Position

The non-commercial/reportable funds have been reducing their long position, now at 37,900 lots, which is well down from last month at 116,800.

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Soybean Meal

Outlook: Slightly Bullish

The USDA November 2015 report raised US production by 0.093 billion bushels to 3.981 billion bushels for 2015/16 crop. Overall, US oilseed production is forecasted up this month from last. Soybean acreage was left unchanged. The 2014/15 crop ratings were reduced slightly as harvest is finishing.

The forecasted yield was raised 1.1 bushels per acre to 48.3 bushels per acre from last month at 47.2 bushels per acre. Minnesota, Wisconsin, Montana and Iowa are the main contributors to the increased yields.

The increase in production is partially offset by an increase in US exports of .04 billion bushels to 1.715 billion bushels.

The 2015/16 “new crop” carry out is forecasted up by 0.040 billion bushels to 0.465 billion bushels and a US stock-to-use ratio increases to 12.4% from 11.5% last report.

Soybean meal supply and demand are relatively unchanged with ending stocks remaining at 300 thousand short tons.

Global Stocks Tighten

Global 2015/16 soybean ending stocks were reduced to 82.86 million metric tons from last month’s 85.14 million metric tons, due mainly to improved exports globally and reduced production outside the US. China is forecasted to see increased domestic consumption.

Funds in a Long Position

The non-commercial/reportable funds are now short 10,900 lots on beans. The long position on meal has dropped to 54,000 lots from 82,000 lots last month.

Weather is Seasonal

Weather is improving in South America as well as North America, similar to corn.

Chicago Board of Trade December Soybean Meal Chart



Technical Analysis

The December 2015 soybean meal chart has now broken the old support level at \$300 and is trying to test the recent support level at \$290 and then \$286.

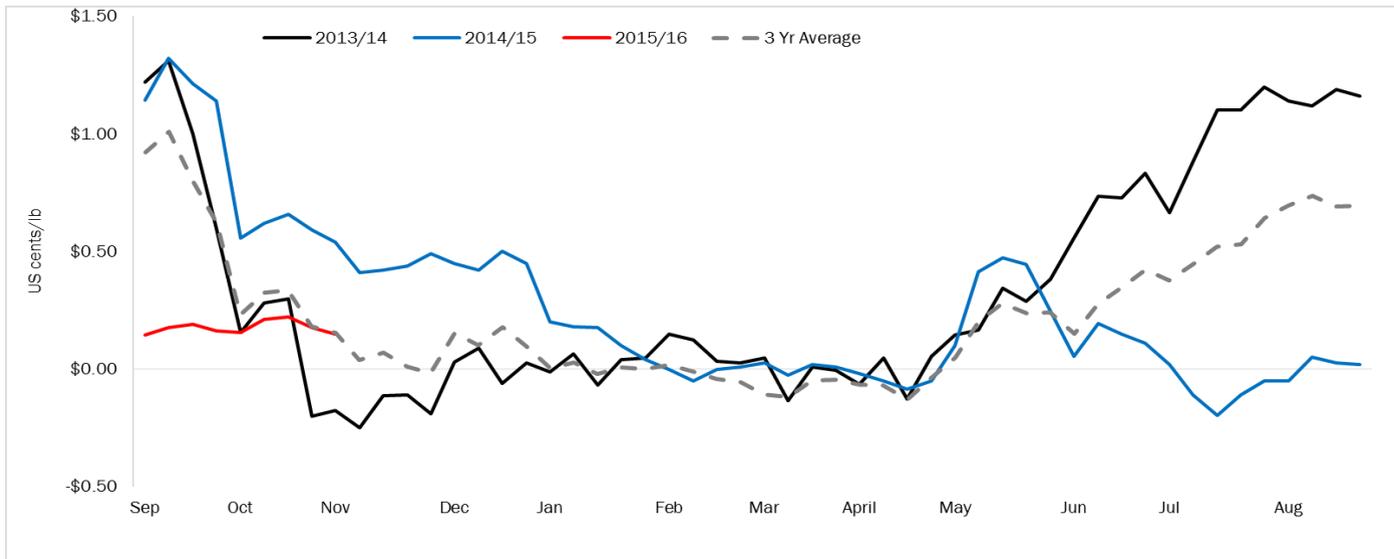
MACD, RSI and Stochastics are showing bearish trends. ADX is now bearish, and showing a strong bearish trend.

Look for a close below \$300 or a break above \$320 to signal the next possible direction in price.

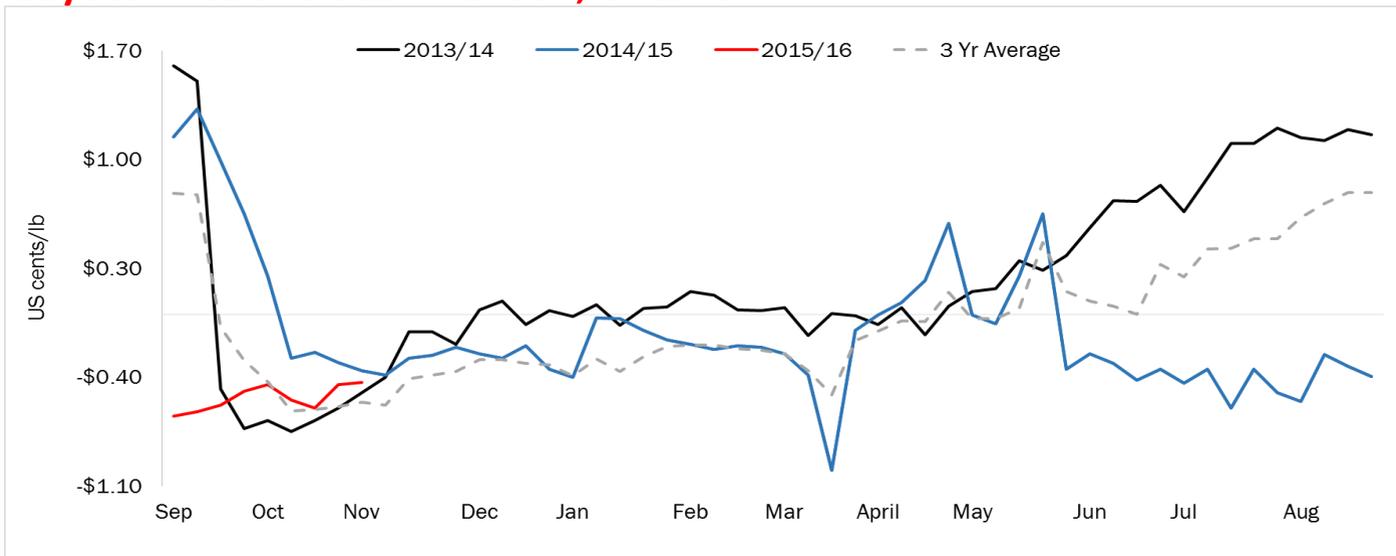
Given the USDA report data, we should see a move to the upside for now.

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Corn Basis Values – Chatham, Ontario



Soybean Basis Values – London, Ontario

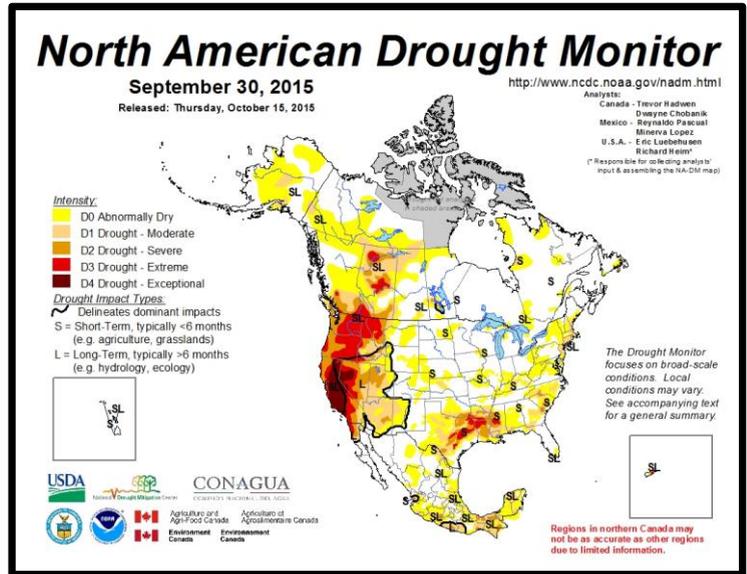


Ontario corn basis values have trended toward historical average as weather and harvest progress have been the main focus of late. Ontario soybean basis has strengthened slightly as futures have dropped in value. In conclusion, basis values are still anticipating large crops being harvested, and the main focus has been on harvest yields. Exports are behind last year's pace and USDA forecast.

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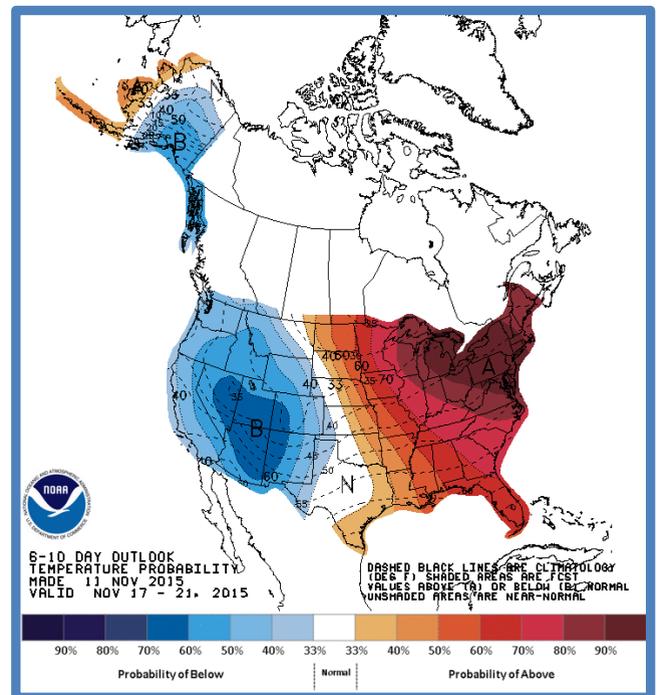
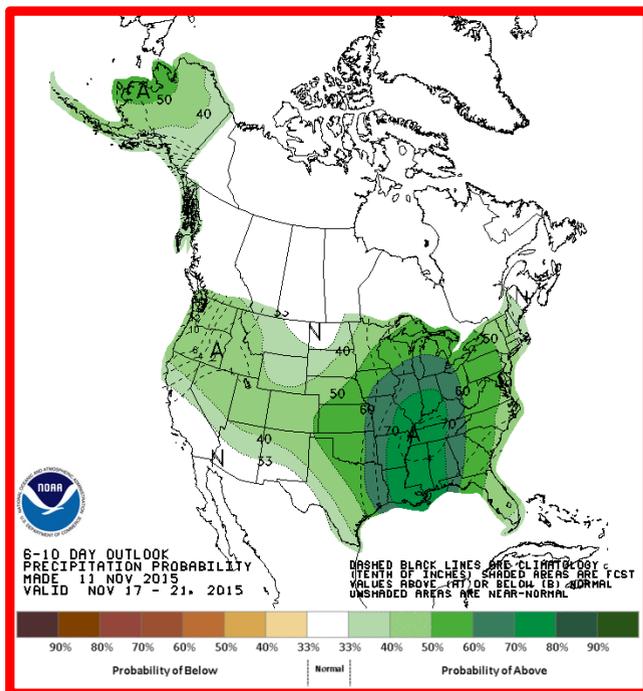
Weather - Canada

The map to the right indicates that there is a continuation in minor areas of slight drought conditions, present in Canada. These soil moisture levels need to be monitored for next crop plantings.



Weather – USA

NOAA maps below reflect a mixed picture in the main growing regions of the US. The next 6 to 10 day forecast is for above normal temperature in Eastern USA and below normal temperatures in Western 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 rain is focused on the Mississippi river system and will help to replenish soil moisture for the next crop.



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