

## CFO August Commodity Outlook Report

### Corn

#### Outlook: Bearish

The USDA August 2015 report is neutral on 2014/15 “old” corn crop as ending stocks were lowered very slightly to 1.772 billion bushels.

USDA raised the 2015/16 “new” corn crop production to 13.686 billion bushel from 13.53 billion bushels. Planted acres are left unchanged at 88.9 million acres with a very bearish surprise as the yield was raised 2 bushels/ acre to 168.8 bushels per acre. This was above expectations due to the wet start to the crop year.

Exports were lowered 0.025 billion bushels this report, but given how far we are behind so far this year, even this number could be difficult to attain.

US ending stocks for 2015/16 crop are now forecasted to be 1.713 billion bushels, up from last month. 2015/16 US stocks to use ratio is now at 12.6%. Corn crop conditions are steady at 70% good to excellent this week versus last year at 73%.

#### Global Supply Remains Large

Globally, corn supply is high, even though USDA reduced global production this month by 1.5 million metric tons. Global consumption in turn is reduced, which actually raises the world ending stocks by 5 million metric tons.

#### US Currency is Strong

The US dollar has remained strong in recent weeks as crude oil prices have taken another leg down to the low \$40 per barrel. The Chinese economy seems to be in question regarding its strength following currency devaluation programs. Furthermore, their energy demands could be reduced.

#### Funds Have a Long Position.

The non-commercial/reportable funds have a long position of 71,500 lots and will have reduced this position since the report came out .

### Chicago Board Of Trade September 2015 Corn Chart



#### Technical Analysis

The September corn chart has spiked higher to \$4.40 recently as funds built a long position. Since then there has been a steady retracement back to old support around \$3.50. It still needs to have a close below \$3.50 to signal a further bearish move. The MacD, Stochastic oscillators are all showing mixed signals currently.

Currently in a bear flag pattern and a breakout to the downside should be monitored.

All moving averages suggest the bearish move is intact. Good support will be at \$3.50.

#### Weather is Seasonal.

South American weather is of no concern. USA soil moisture levels in some areas are now excessively wet, with a forecast for drier 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: Bearish

The USDA August 2015 report increased US production by 0.031 billion bushels to 3.916 billion bushels. This took the trade mostly by surprise. There was a slight decrease in acres planted to 84.3 million acres. The forecasted yield was raised 0.9 bushels per acre to 46.9 bushels per acre.

The increase in production is partially offset by “old crop” ending stock being reduced to 0.240 billion bushels. The 2015/16 “new crop” carry out is forecasted up by 0.045 billion bushels to 0.470 billion bushels, or a 9 year high and a stock to use ratio of 12.6%.

Global 2015/16 soybean ending stocks were again reduced slightly to 86.88 million metric tons from last month’s 91.8 million metric tons.

#### Supply is Balanced

There are forecasts of Brazil’s next crop (2016/17) being 100 million metric tons. Argentina’s crop is expected to expand and for unprofitable wheat acres to shift to soybeans. USA is forecasted to have a slight increase as well.

#### Funds in a Long Position

The non-commercial/reportable funds have been reducing their short position to now be long 64,900 lots on beans. Their long position on Meal has been increased significantly to 112,000 lots. Both are getting very close to the highest in 52 weeks.

There has been a reduction in their long position in the last few days.

#### Weather is Seasonal

South American weather is of no concern. USA has moderated slightly in the past month.

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

### Chicago Board Of Trade September Soy-Meal Chart



### Technical Analysis

The September 2015 soy meal chart has broken out of the uptrend pattern now and is testing the 50% Fibonacci retracement level at \$325.00

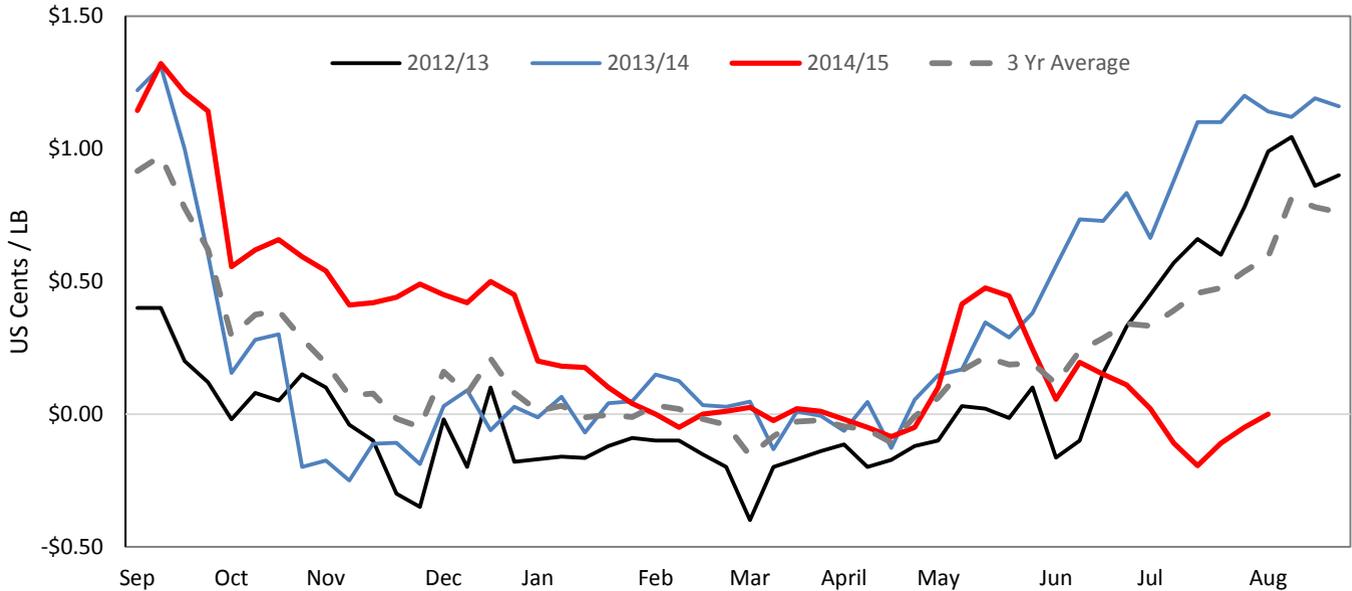
MacD, RSI and Stochastics are about to turn bearish indicating a bearish.

Recent high of \$3.61 is resistance and \$2.99 will be the support level.

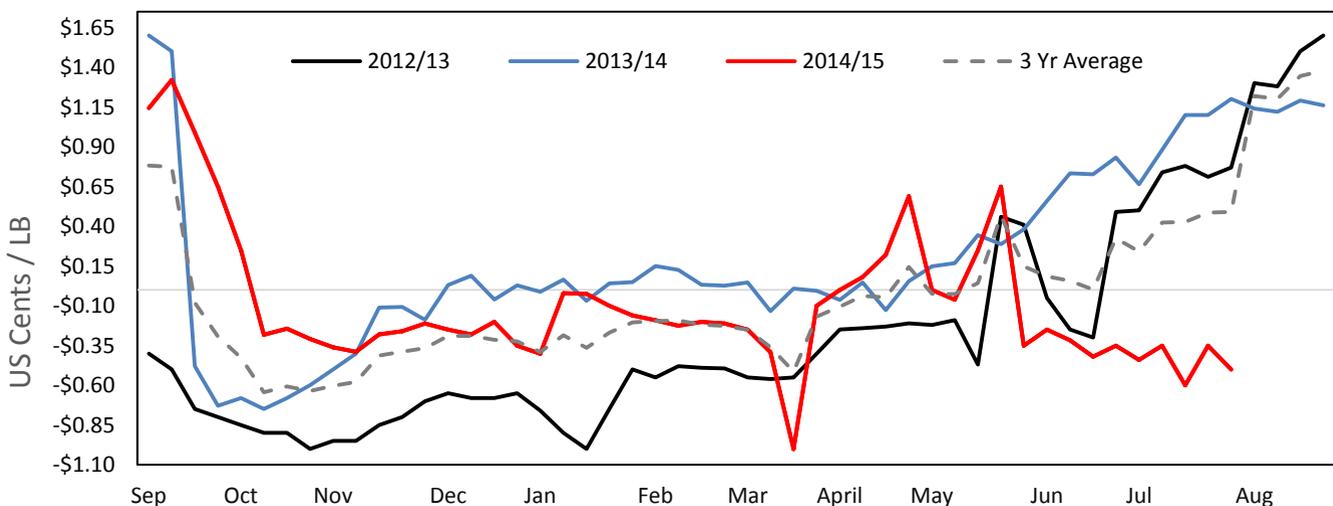
Look for a close below \$3.20 to signal next possible leg down in price.

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### Corn Basis Values – Chatham, Ontario



### Soybean Basis Values – London, Ontario



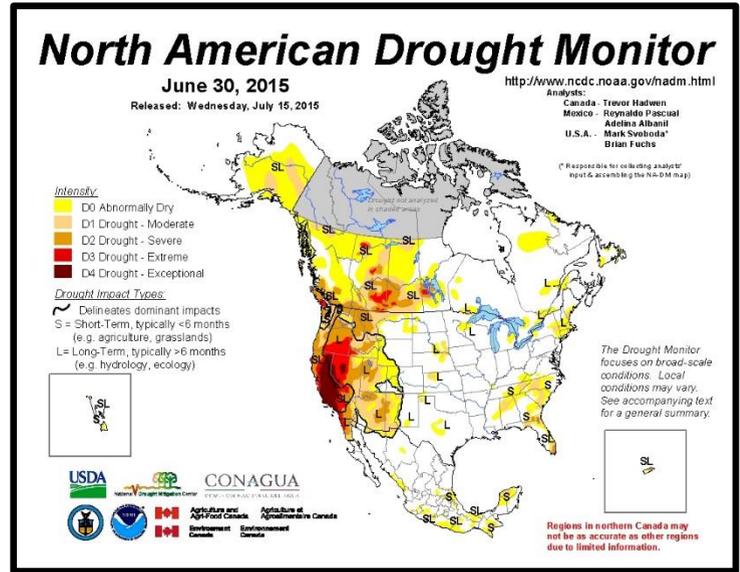
The chart at top outlines the weekly average Corn basis values for Chatham, Ontario which is stable in value and declining. The chart above outlines Soybean basis for London, Ontario. Ontario basis has been strong, but as new crops get closer the values are softening.

In conclusion, basis values are anticipating large crops on the horizon. Weather and crop conditions are to be monitored, but have been improving slightly.

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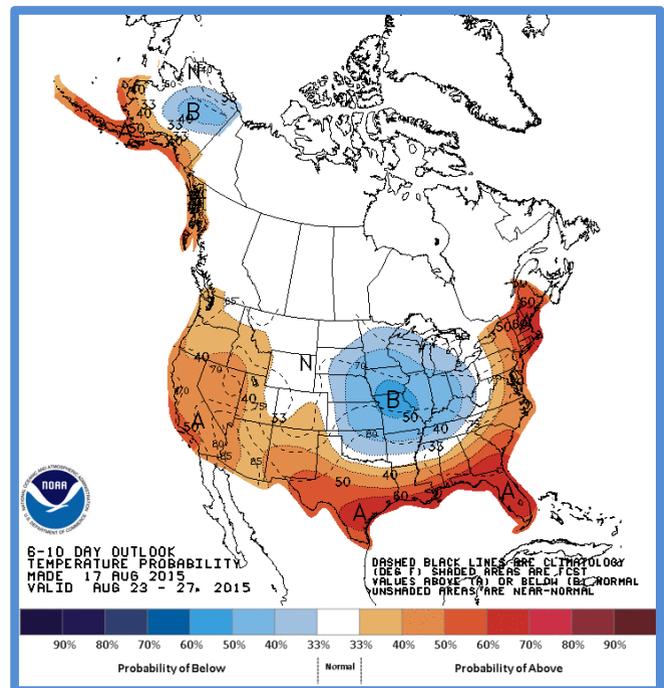
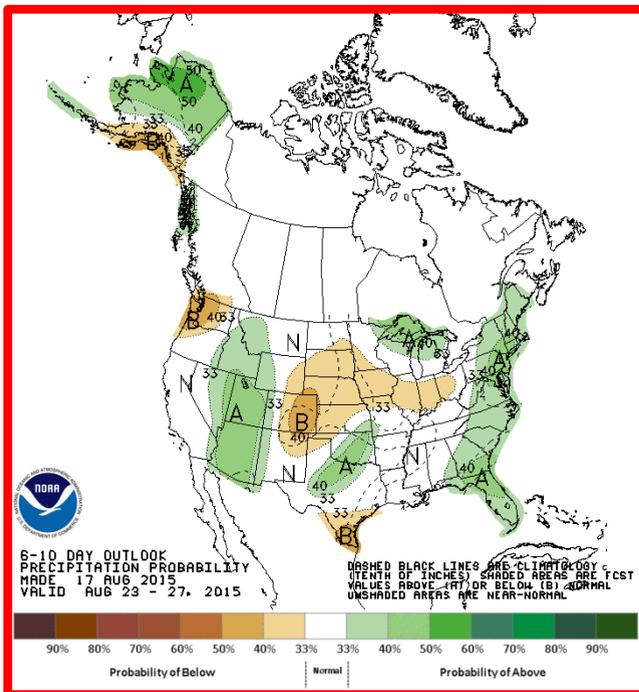
## Weather - Canada

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



## Weather - USA

NOAA maps below reflect a mainly below normal temperature in the main growing regions of the US in the next 6 to 10 days, shown in the blue area. The US will see lower probability of wet conditions in the soybean and corn growing area over the next 6 to 10 days.



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