

CFO April Commodity Outlook Report

Corn

Outlook: Slightly Bearish

The USDA April 2015 report is slightly bearish on the 2014/15 corn crop compared to market expectations. USDA raised the 2014/15 corn crop ending stocks by 0.005 billion bushels to 1.827 billion bushels. The crop size was unchanged from last month's report at 14.216 billion bushels.

Planted acres are forecasted at 89.2 million acres with a yield of 164 bushels per acre.

The US ending stocks were increased due to 0.005 billion bushel decrease in feed use. US stocks to use ratio is now forecasted to be 13.4% up from 13% last month, which is the highest since in 5 years.

This report saw the corn futures slide lower in price slightly, and continue in the downtrend. Soybeans will continue to be a bearish influence on corn prices.

Supply Remains Large

The USDA crop continues to be forecasted to be a very large production at 14.216 billion bushels. The Brazilian crop forecast is unchanged at 75 million metric tons and Argentina's crop is forecasted to increase by 500,000 thousand metric tons to 24 million metric tons.

US Currency is Strong

The US Dollar has continued to fluctuate between 1.24 and 1.28. Crude oil prices on world futures markets will continue to strengthen the greenback. The price of crude oil did decline to a low of \$44.00 per barrel but has now gained back 15% of its value. Any news on new sources of oil coming to market could affect the US/Can exchange rate.

Funds Have a Short Position.

The non-commercial/reportable funds have extended their position from being short by 22,000 lots last month to being short by 45,700 this month. This is a significant increase in the last four weeks.

Chicago Board Of Trade May 2015 Corn Chart



Technical Analysis

The May corn chart has dropped sharply after the Quarterly Stocks Report and has now broken the support level at \$3.80. The down trend pattern remains intact. The next target is a close below \$3.68 and then a possible retest of \$3.40.

The MacD, Stochastic oscillators are both bearish at this point with room to continue **its decline**. RSI is bearish. All moving averages suggest that the bearish move has just begun and could continue. Good support will be at \$3.40.

Weather is Seasonal.

South American weather is of no concern. North American soil moisture levels are currently in fair shape, if not better than this time last year, for the upcoming planting season. Weather is crucial for the next few months.

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Soybean Meal

Outlook: Bearish

The USDA April 2015 report was slightly bullish compared to most expectations. However, the prices dropped to the lowest levels in the past six months.

Planting Intention Report shows acres planted at 84.6 million acres. This is an improvement of about 1 million acres and possibly higher if not all corn acres get planted on time. US production remains forecasted at 3.85 billion bushels.

There have been a number of reports of avian flu cases since January 2015. This could lead to a slight reduction in feed demand if significant head counts are culled going forward or if export bans of poultry are prolonged.

US ending stocks were reduced from 0.385 billion bushels to 0.370 billion bushels. Global soybean ending stocks for the 2014/15 crop increased slightly to 89.55 million metric tons from last month's 89.53 million metric tons.

China has rolled forward some of its cargoes which confirms lower demand.

South America is Stable

Brazil's soybean crop were unchanged while Argentina's crop was raised 1 million metric tons to 57 million metric tons, based on favourable weather.

Funds Remains Short

The non-commercial/reportable funds have worsen their short position by 10,000 contracts to be short 82,300 lots on beans. Their long position on Meal has been reduced significantly from 66,000 to 36,560.

Weather is Seasonal

Brazil is seeing good weather with moisture in the forecast. North American weather is to be monitored, as it is slightly dry, but rain is in the forecast.

Chicago Board Of Trade Soy-Meal Chart



Technical Analysis

The May 2015 soymeal chart has broken out of the wedge pattern to the downside.

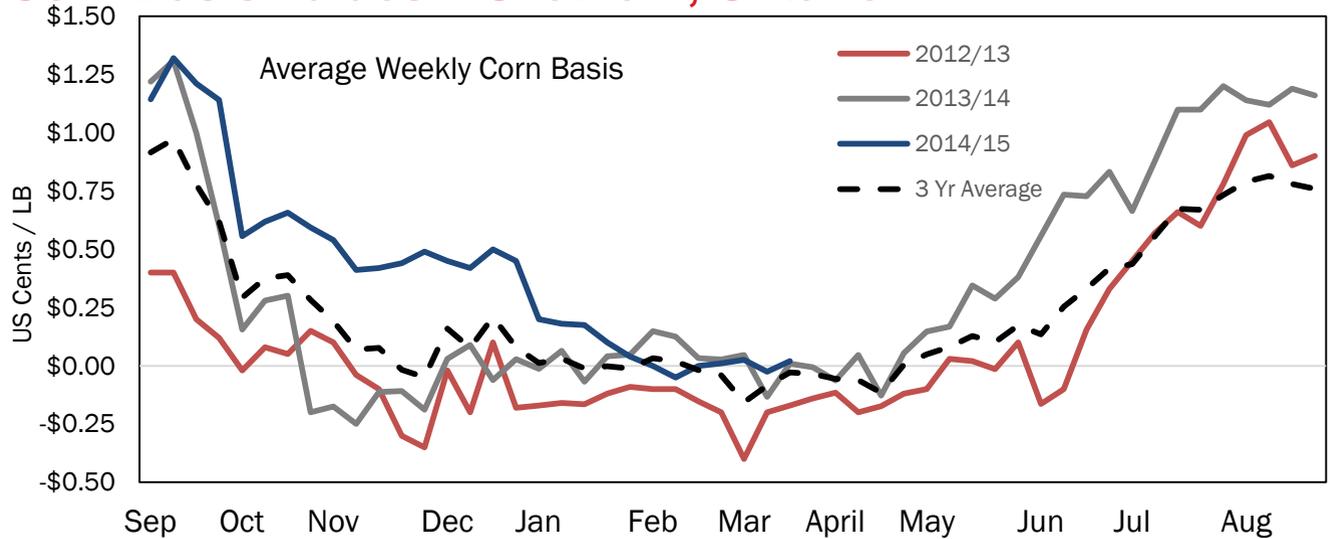
Both support levels of \$325 and \$317 have been broken as well.

Volume has been slipping lower. MacD, RSI and Stochastics have turned bearish. Moving averages are all bearish at this time and look to be heading lower.

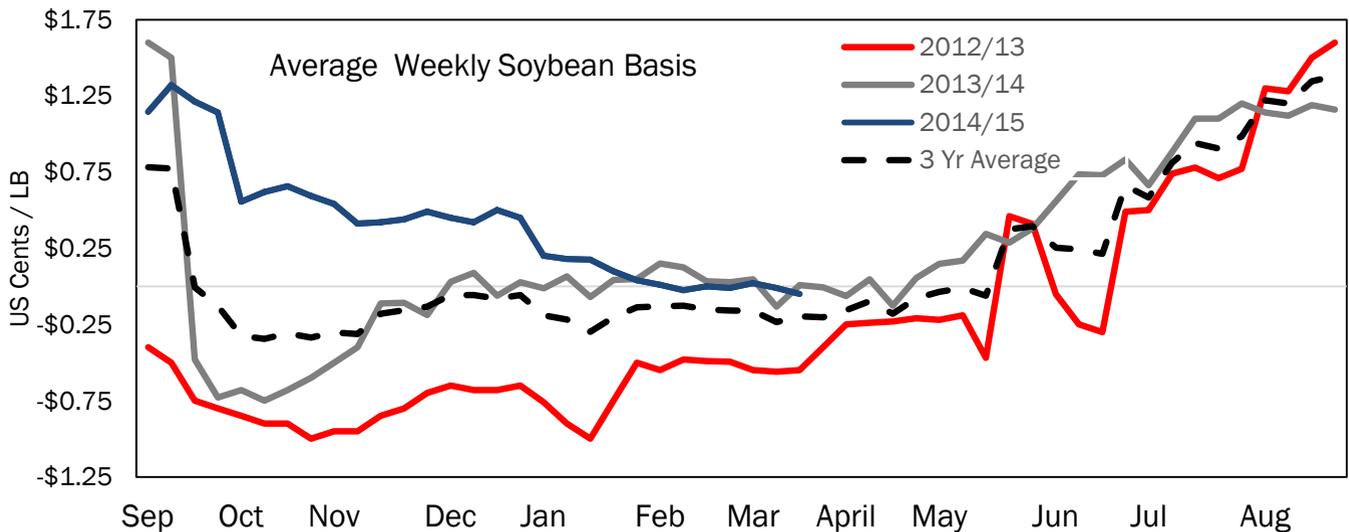
The next support level is \$294.

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Corn Basis Values – Chatham, Ontario



Soybean Basis Values – London Ontario

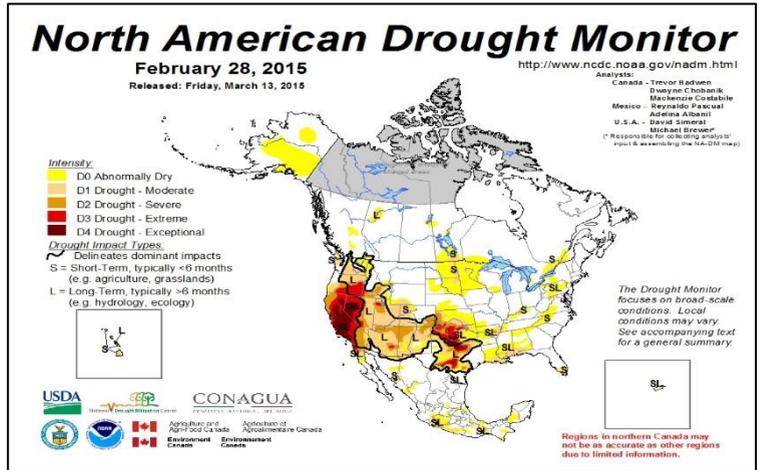


The chart at top outlines the weekly average corn basis values for Chatham, Ontario for the current crop, the past 3 crop years and the 3 year average. The bottom chart outlines soybean basis for London, Ontario. Ontario basis has been dropping slightly to be more in line with historical and seasonal levels. The Ontario basis values are still expected to find seasonal lows in the next 60 days. In conclusion, basis values are trending to seasonal values. Given anticipated large crops on the horizon, lower basis values are expected in the future.

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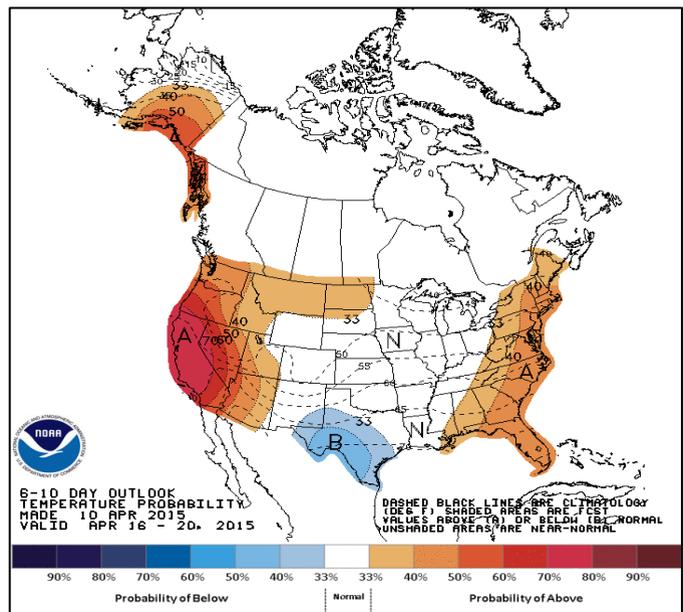
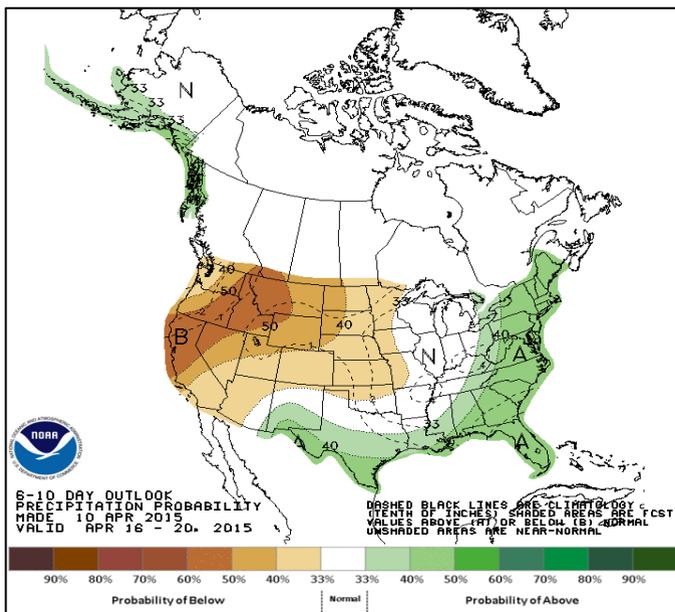
Weather - Canada

The map to the right indicates that there are only a few areas of minor drought conditions that are present in Canada. This is very comparable to last month.



Weather – USA

NOAA maps below reflect cooler than normal temperatures in Texas and warmer than normal in the East and West coasts in the next 6 to 10 days. There are also some areas of slightly lower probability of wet conditions in the western soybean and corn growing areas in the next 6 to 10 days. The map in the lower left shows that some of the corn belt will see below seasonal averages for moisture events. The map in the lower right illustrates the brown/burgundy areas as those areas where the forecasted temperatures will be below seasonal temperatures.



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