

## CFO May Commodity Outlook Report

### Corn

#### Outlook: Bullish

The USDA May 2015 report is slightly bearish on the 2014/15 “old” corn crop as they raised the ending stocks by 0.024 billion bushels. USDA lowered the 2015/16 “new” corn crop production to 13.63 billion bushels from last month’s report at 14.216 billion bushels. This is well below last year’s record crop.

Planted acres are forecasted at 89.2 million acres with a yield of 166.8 bushels per acre.

Exports were lifted by 0.075 billion bushels on more competitive costs, and the feed and residual figure was raised as well by 0.050 billion bushels on the assumption of a growing livestock herd.

US ending stocks for 2015/16 crop is forecasted to be 1.746 billion bushels. US stocks to use ratio will slip to 12.7% from previous forecast at 13.4%

#### Global Supply Remains Large

The Brazilian crop forecast is raised to 78 million metric tons and Argentina’s crop is forecasted to increase by 500,000 thousand metric tons to 24.5 million metric tons. A number of agencies are still forecasting the Brazil crop to be above 80 million metric tons.

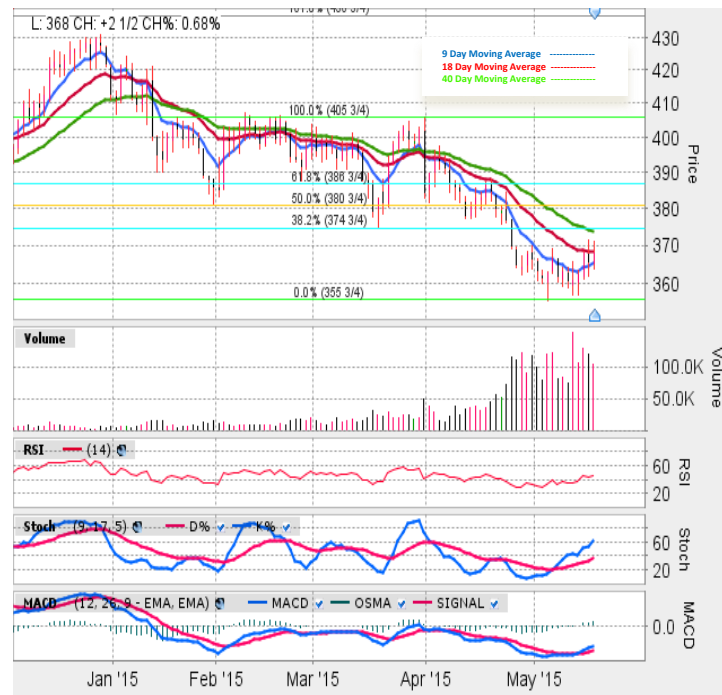
#### US Currency is Mixed

The US Dollar has lost some value in recent weeks as Crude oil prices on world futures markets have continued to strengthen back towards the \$62 level. Political and economic risk in other parts of the world will see money flow into US dollar, therefore supporting it.

#### Funds Have a Short Position.

The non-commercial/reportable funds have extended their position to being short by 159,000 lots currently, but in the past week have been reducing or buying back a small portion of this short position. Over a longer view, funds are still sitting at a near extreme short position for the past 52 weeks.

### Chicago Board Of Trade July 2015 Corn Chart



#### Technical Analysis

The July corn chart has continued lower and has now formed a double bottom pattern at the \$3.56 level. The down trend pattern remains intact for now unless we get a close above \$3.75. If not, then a possible retest of the \$3.56 area is a possibility.

The MacD, Stochastic oscillators are both bullish at this point with room to continue to the upside on price. RSI is neutral. All moving averages suggest that the bearish move might be over. Good support will be at \$3.56.

#### Weather is Seasonal

South American weather is of no concern. North American soil moisture levels are currently in good shape, if not better than this time last year, for the upcoming planting season. Planting progress is well ahead of historical pace.

## CFO May Commodity Outlook Report

### Soybean Meal

#### Outlook: Neutral to Bearish

The USDA May 2015 report saw US production at 3.85 billion bushels, down slightly from last year's crop. The higher acres planted this year is offset by the forecasted trend yield at 46 bushels per acre. Last year's crop saw a yield of 47.8 bushels per acre so there is a possibility of the yield being raised later.

The "old crop" ending stock was reduced by 0.02 billion bushels as crush and export values were both raised 0.01 billion bushels each. Therefore, US "old crop" ending stocks are forecasted at 0.35 billion bushels versus "new crop" at 0.50 billion bushels.

Global soybean ending stocks were reduced slightly to 85.54 million metric tons from last month's 89.55 million metric tons.

There have been several more reports of avian influenza and as many as 35 million birds culled in US.

#### South America is Stable

Brazil's soybean crop was unchanged at 94.5 million metric tons while Argentina's crop was raised 1.5 million metric tons to 58.5 million metric tons, based on favourable weather. There are some opinions that the final production numbers will be higher.

#### Funds Position are still Short

The non-commercial/reportable funds have decreased their short position by 10,000 contracts to now be short 72,000 lots on beans. Their long position on Meal has been reduced significantly from 36,560 to 14,500.

#### Weather is Seasonal

Brazil is seeing good weather with moisture in the forecast. North American weather is good with planting ahead of historical pace.

### Chicago Board Of Trade Soy-Meal Chart



#### Technical Analysis

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

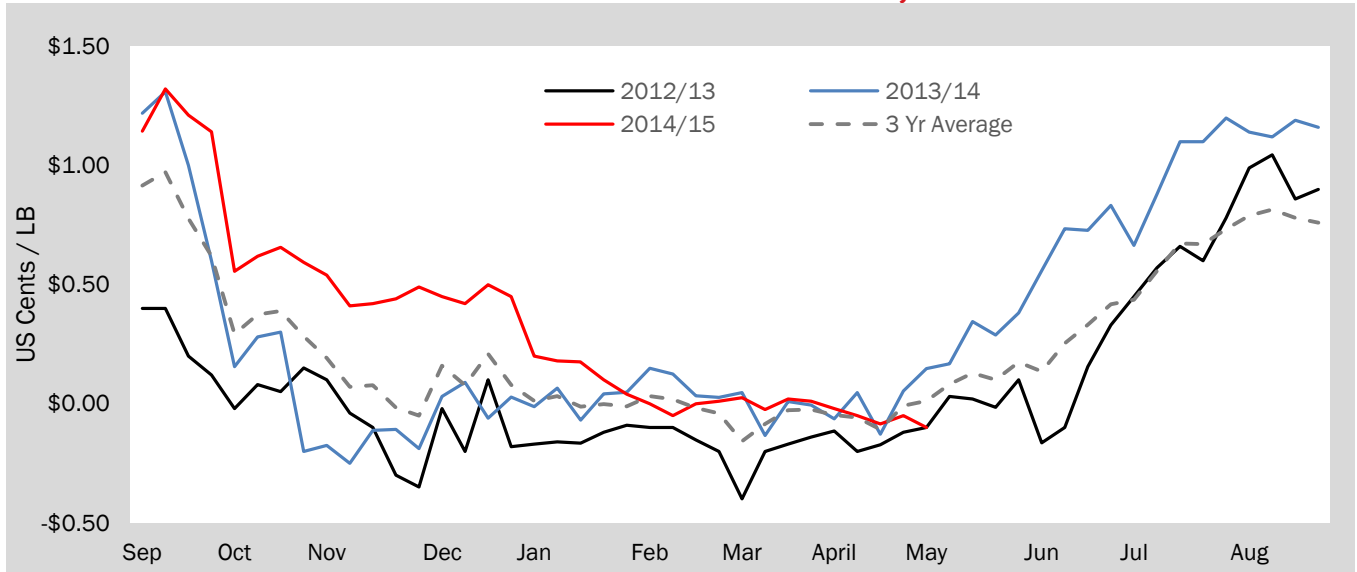
Both support levels of \$325 and \$317 have been broken as well.

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.

## CFO May Commodity Outlook Report

### Chart 1: Corn Basis Values – Chatham, Ontario



### Chart 2: Soybean Basis Values – London Ontario

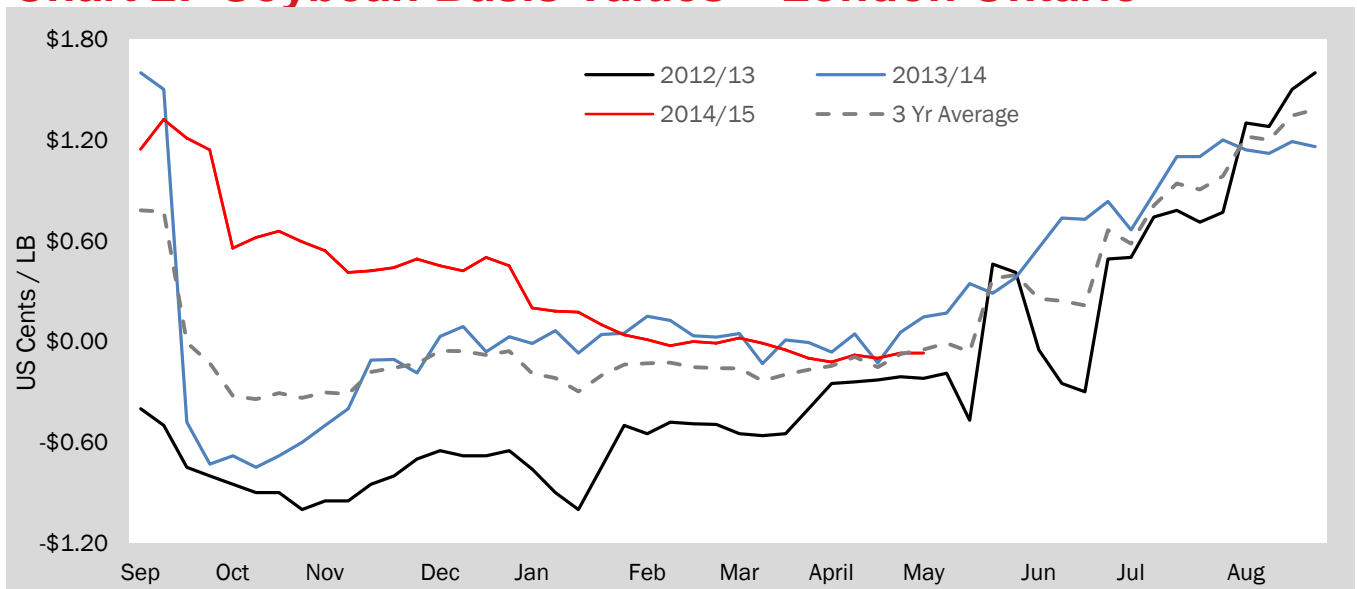


Chart 1 outlines the weekly average Corn basis values for Chatham, Ontario which has been slipping very slightly in value. Chart 2 which outlines Soybean basis for London, Ontario, is indicating the Ontario basis has been very steady and in line with historical and seasonal levels.

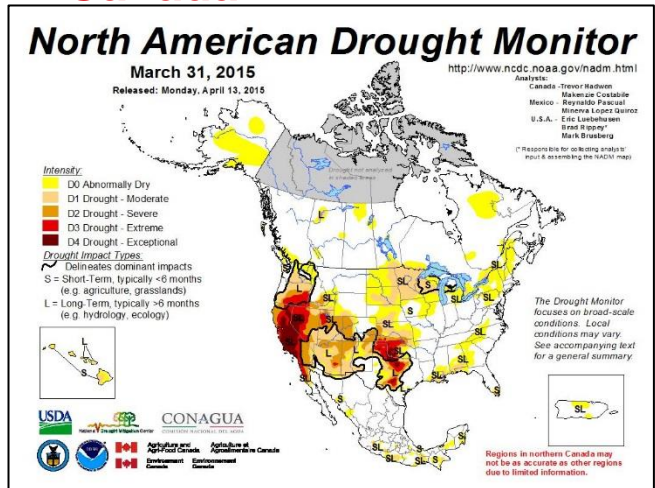
In conclusion, basis values are trending to seasonal values and the anticipation of a large crop on the horizon will lead to lower basis values in the future. Weather and planting progress are to be monitored.

This material has been prepared by an agent of CFO solely for information purposes and is not intended to be a solicitation or to provide trading advice. By accepting this communication you agree that you will not rely solely on this communication in making any trading decisions. Opinions provided in this communication reflect our good faith judgment at a specific time and are subject to change without notice.

# CFO May Commodity Outlook Report

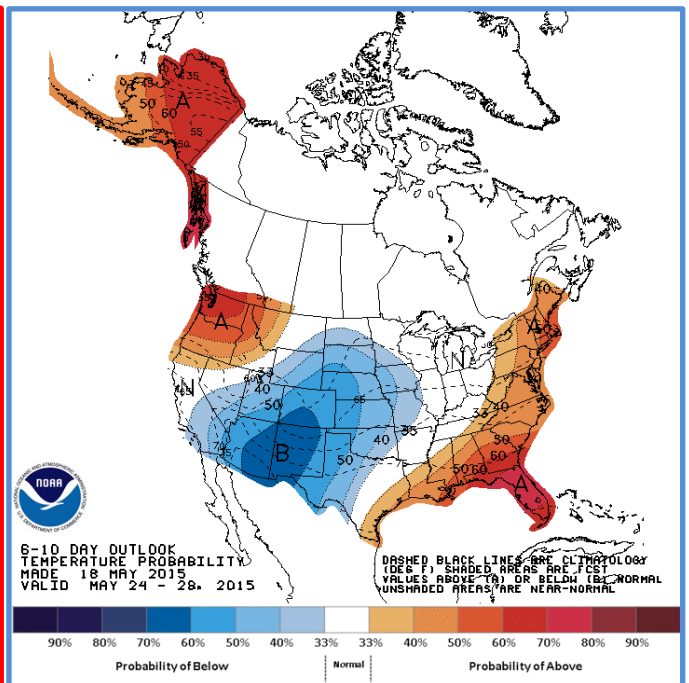
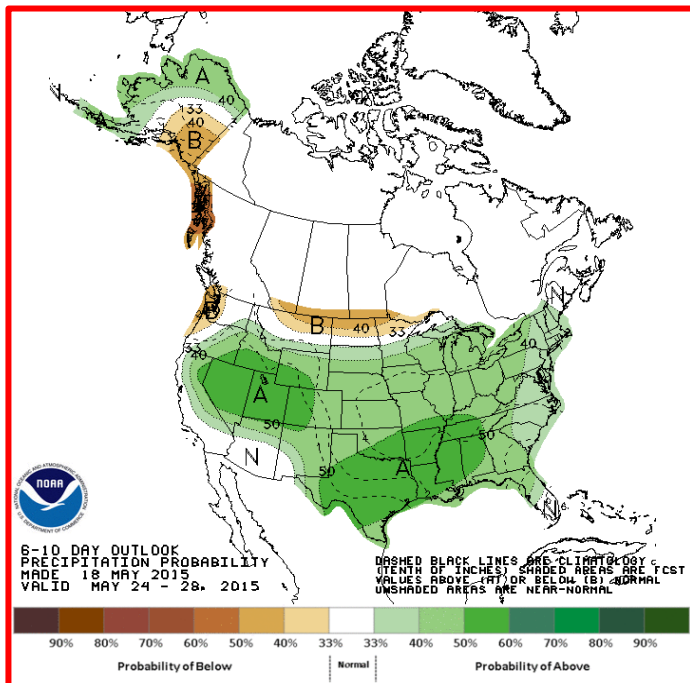
## Weather - Canada

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. Also the Canadian Prairies are forecasted with cooler than normal temperatures over the next week.



## Weather – USA

NOAA maps below reflect normal to cooler than normal temperatures in the main growing regions of the US and Canada in the next 6 to 10 days. As well, Canada will see of slightly lower probability of wet conditions and in the US soybean and corn growing areas wetter than normal in the next 6 to 10 days.



This material has been prepared by an agent of CFO solely for information purposes and is not intended to be a solicitation or to provide trading advice. By accepting this communication you agree that you will not rely solely on this communication in making any trading decisions. Opinions provided in this communication reflect our good faith judgment at a specific time and are subject to change without notice.