

CFO July Commodity Outlook Report

Corn

Outlook: Bullish Medium/Long term

The USDA July 2015 report is bullish on the 2014/15 “old” corn crop as ending stocks were lowered by 0.097 billion bushels to 1.779 billion bushels. This move was due to a correction based on the Quarterly Stocks report.

USDA lowered the 2015/16 “new” corn crop production to 13.53 billion bushel from 13.63 billion bushel, which is now 4% below last year's record production. Planted acres are at a forecast of 88.9 million acres with a yield of 166.8 bushels per acre. The lower acres are due to weather that possibly prevented some areas to be fully planted.

US ending stocks for 2015/16 crop are now forecasted to be 1.599 billion bushels, down from last month. US stocks to use ratio has slipped to 11.6% .

Corn crop conditions are steady at 69% good to excellent this week versus last year at 76%.

Global Supply Remains Large

The Brazilian crop forecast is raised new crop expectations for Brazil by 2 million metric tons to 77 million metric tons on thinking that the acres planted will be increased. This tears crop for Brazil is raised to 81 million metric tons. China’s next corn crop is seen larger than this year, while EU crop will be lower due to dryness.

US Currency is Strong

The US Dollar has remained strong in recent weeks as crude oil prices have taken another leg down. Greece is still a large topic here, as well as recent indications of weakening Chinese economy and their energy demands.

Funds Have a Long Position.

The non-commercial/reportable funds have been aggressively buying back their shorts recently. Funds have reversed their short 140,000 lots position to now be long 8,800 lots in the last 4 weeks.

Chicago Board Of Trade September 2015 Corn Chart



Technical Analysis

The September corn chart has spiked higher on the double bottom pattern at \$3.47 level and funds exiting their short position. The uptrend pattern is strong for now. If not, then a possible retest of the \$3.47 area is next.

The MacD, Stochastic oscillators are all at overbought levels and look to be turning bearish. All moving averages suggest the bullish move is intact. Today we tested support at \$4.28 and the short term moving average. A close below \$4.28 is needed to go lower. 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: Bullish

The USDA July 2015 report increased US production by .035 billion bushels to 3.885 billion bushels. There was a slight increase in acres planted to 85.1 million acres. The forecasted yield at 46 bushels per acre is unchanged.

The increase in production is offset by “old crop” ending stock being reduced by another 0.075 billion bushels as crush rises to meet the needs of higher domestic consumption of meal. Therefore US “old crop” ending stocks are forecasted down at 0.255 billion bushels, 6.6% stocks to use ratio.

The 2015/16 “new crop” carry out is forecasted down to 0.5 billion bushels, or a 11.4% stock to use ratio.

Global 2015/16 soybean ending stocks were again reduced slightly to 91.8 million metric tons from last month’s 93.2 million metric tons.

Supply is Balanced

Brazil’s next crop is forecasted at 97 million metric tons, while Argentina’s crop is seen at 57 million metric tons.

Funds in a Long Position

The non-commercial/reportable funds have been reducing their short position to now be long 73,500 lots on beans. Their long position on Meal has been increased significantly to 85,000 lots.

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.

Chicago Board Of Trade September Soy-Meal Chart



Technical Analysis

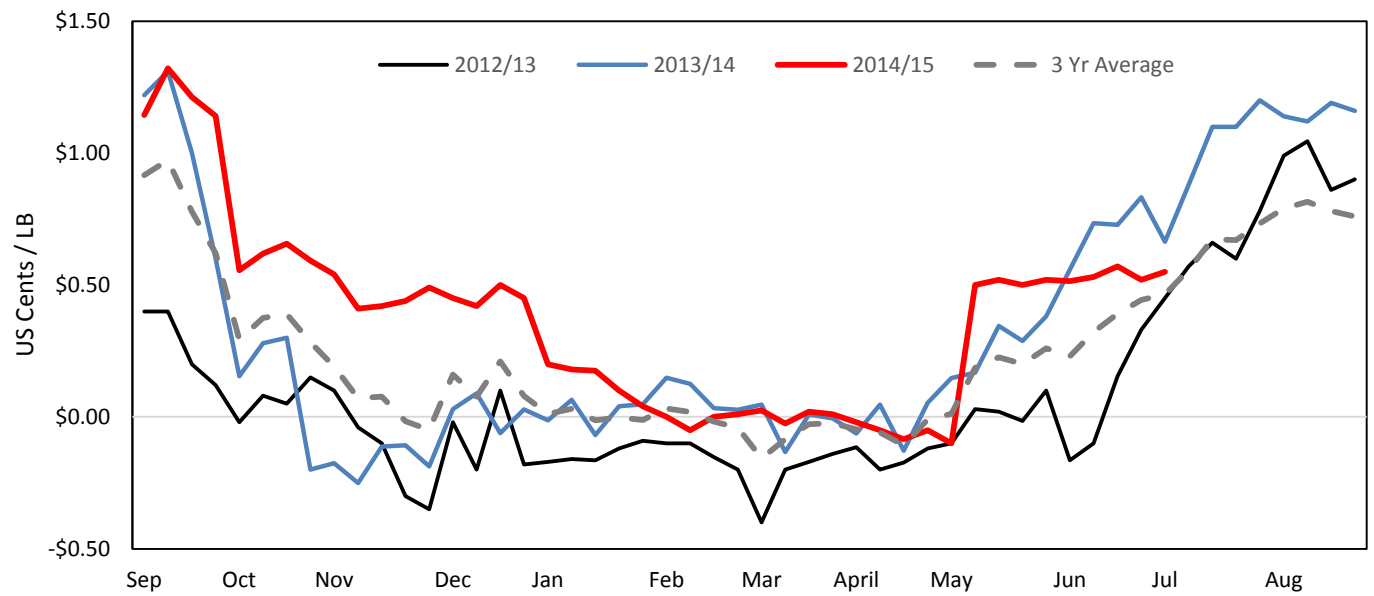
The September 2015 soy meal chart has broken out of the downtrend pattern now and has tested the recent high at \$362.50

Look for a possible retest on any further wet weather forecasts or on any yield down grades.

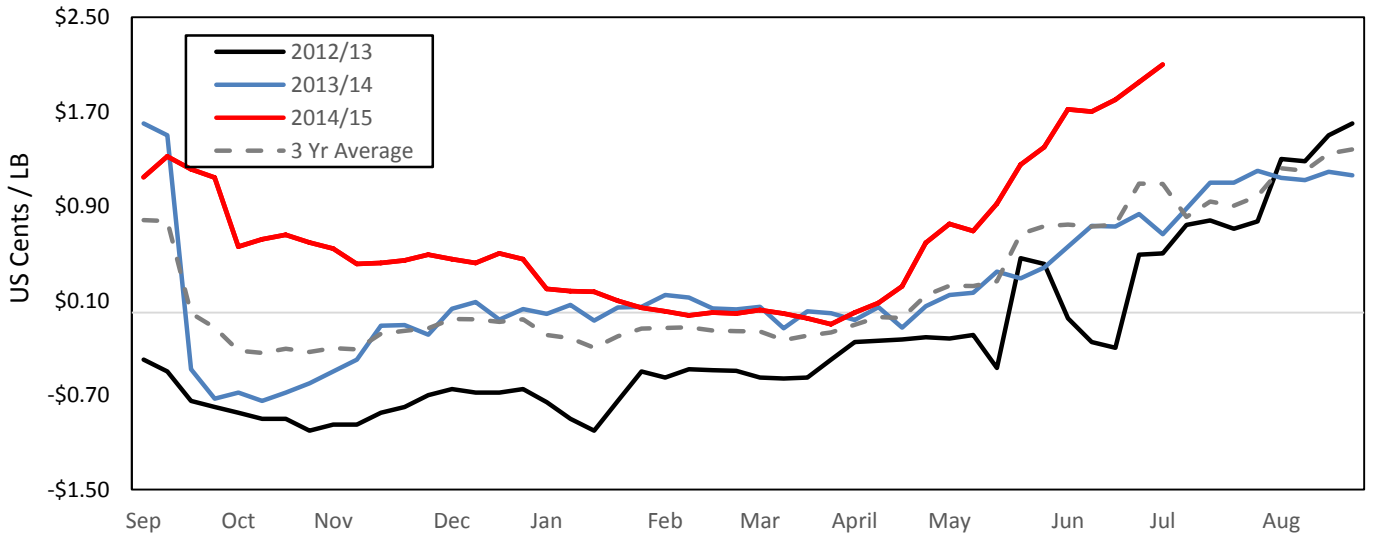
MacD, RSI and Stochastics are all indicating a bullish, but at the same time a mixed pattern. Moving averages are all bullish as well. Recent high of \$3.61 looks like it could hold as resistance.

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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. The chart above outlines Soybean basis for London, Ontario. Ontario basis has been very strong compared to historical and seasonal levels due to strong crushing margins and demand. In conclusion, basis values are trending to seasonal values or slightly higher, and anticipating large crops on the horizon. Weather and crop conditions are to be monitored.

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Weather - Canada

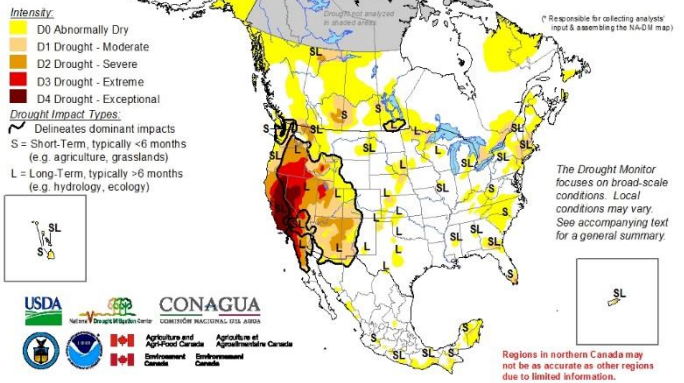
The map to the right indicates that there are areas of drought conditions that are present in Canada. This is a slight worsening of conditions compared to last month. Parts of the Canadian Prairies are forecasted with more rain over the next 10 days, which will help.

North American Drought Monitor

May 31, 2015

Released: Thursday, June 11, 2015

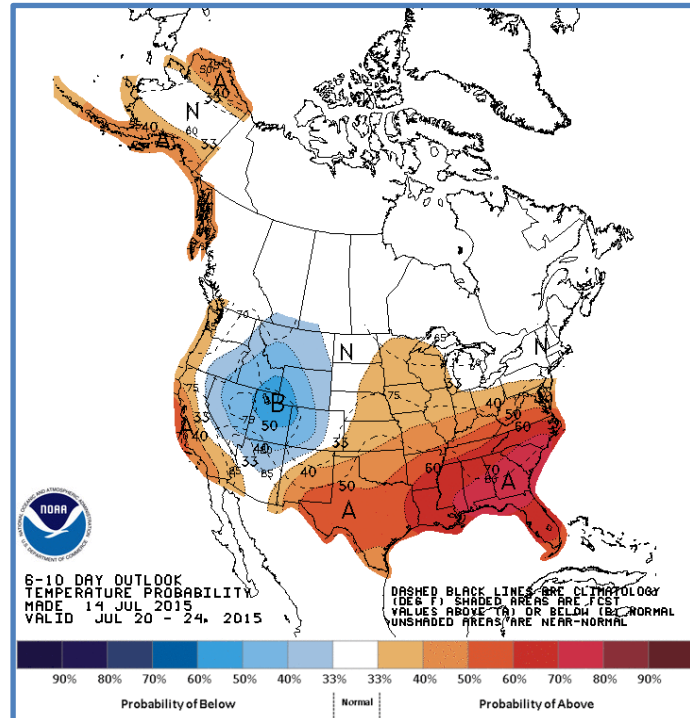
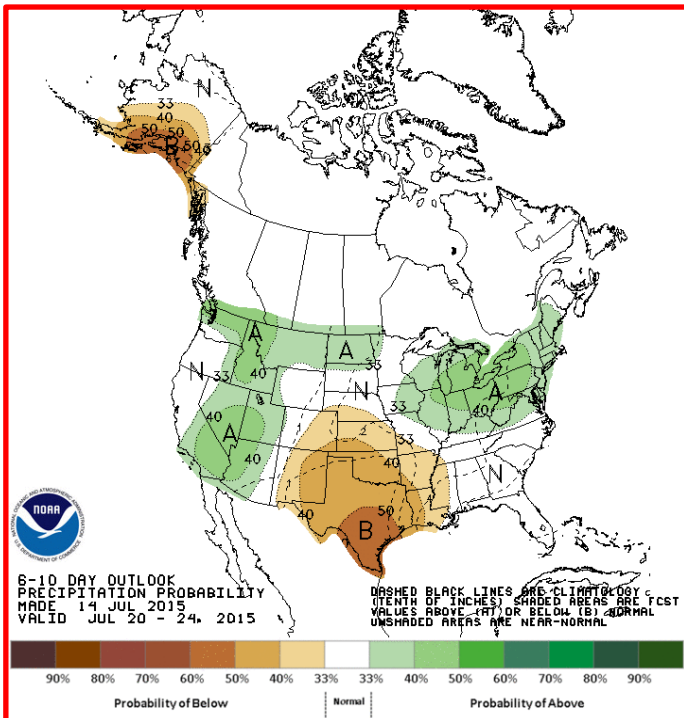
<http://www.ncdc.noaa.gov/nadm.html>



Weather - USA

NOAA maps below reflect a mixture of above and below normal temperatures in the main growing regions of the US in the next 6 to 10 days.

As well, US will see lower probability of wet conditions in the soybean and corn growing areas. Temperatures are mixed as well in the next 6 to 10 days.



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