

CFO June Commodity Outlook Report

Corn

Outlook: Bullish Medium/Long term

The USDA June 2015 report is still slightly bearish on the 2014/15 "old" corn crop as ending stocks were raised by another 0.024 billion bushels to 1.851 billion bushels. This move was due to a reduced demand for corn for ethanol production in the past few months. USDA held the 2015/16 "new" corn crop production at 13.63 billion bushels. Several months ago the forecast had been over 14 billion bushels. Planted acres are forecasted at 89.2 million acres with a yield of 166.8 bushels per acre.

US ending stocks for 2015/16 crop are still forecasted to be 1.746 billion bushels, unchanged from last month. US stocks to use ratio is 12.7% .

Corn crop conditions has slipped very slightly to 73% good to excellent this week versus 5 year average of 76%. There have been no adjustments in feed use due to Avian Flu.

Global Supply Remains Large

The Brazilian crop forecast is raised 3 million metric tons to 81 million metric tons on higher yields and slightly better weather. This is in line with comments last month's report, that the Brazil crop could be above 80 million metric tons.

US Currency is Mixed

The US Dollar has remained steady in recent weeks as Crude oil prices on world futures markets have hovered in the \$58 to \$62 level. Greece is the main political undercurrent at this time as well as interest rate changes.

Funds Have a Short Position.

The non-commercial/reportable funds have been at record short position recently, but have been buying back those shorts recently. Funds are short 140,000 lots currently, and are probably less short by the time of this writing.

Chicago Board Of Trade July 2015 Corn Chart



Technical Analysis

The July corn chart has continued lower and has now formed another double bottom pattern at \$3.47 level. The down trend pattern remains intact for now unless price exceeds the \$3.62 level, which the market looks to be trying hard to do. If not, then a possible retest of the \$3.47 area is next.

The MacD, Stochastic oscillators are mixed at this point. RSI is neutral. All moving averages suggest the bearish move might be over. Good support will be at \$3.47.

Weather is Seasonal.

South American weather is of no concern. North American soil moisture levels are currently in good shape, if not possibly too wet. Planting progress was well ahead of historical pace but in recent weeks has slowed. Remember a very large % of the crop got planted quickly and early.

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Soybean Meal

Outlook: Slightly Bullish

The USDA June 2015 report held US production at 3.85 billion bushels, which is smaller than last year's crop. The 84.7 million acres planted this year and the forecasted trend yield at 46 bushels per acre project a crop of 3.85 billion bushels. This yield number needs to be monitored for increases as the weather pattern develops this year.

The "old crop" ending stock was reduced by another 0.02 billion bushels as crush rises and imports were decreased. Therefore US "old crop" ending stocks are forecasted at 0.33 billion bushels versus "new crop" at 0.475 billion bushels.

Global soybean ending stocks were reduced slightly to 83.7 million metric tons from last month's 85.54 million metric tons.

Avian Flu cases continue to be monitored in US and Canada. Egg prices have seen substantial increases.

Supply Is Stable

Russia's soybean crop has been upgraded based on increases in acres planted as well as good planting progress. Argentina's crop was raised 1.0 million metric tons to 59.5 million metric tons, based on favourable weather and a higher percentage of acres harvested.

Funds Tapering Short Position

The non-commercial/reportable funds had increased their short position from last month, but are recently reducing their short position to now be short 94,000 lots on beans. Their long position on Meal has been increased significantly from 14,500 to 33,300 lots.

Weather is Seasonal

Brazil is seeing good weather. North American weather is good with planting ahead of historical pace, but slowing.

Chicago Board Of Trade July Soy-Meal Chart



Technical Analysis

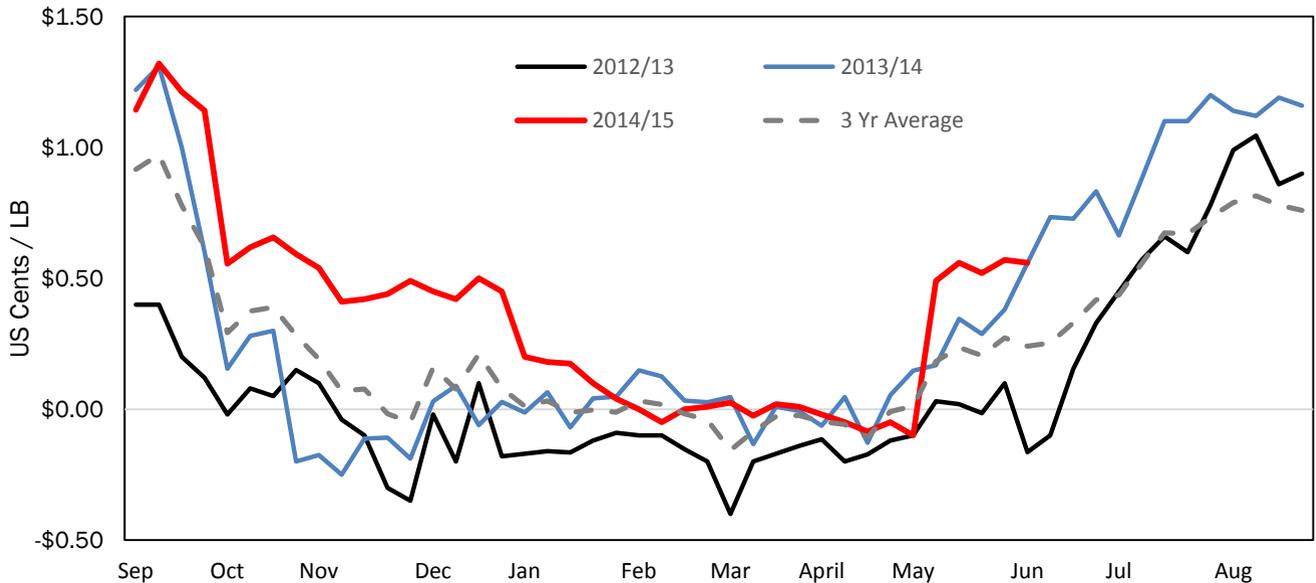
The June 2015 soymeal chart has broken out of the downtrend pattern now and is retesting the recent high at \$325

\$333 could be the next target to the upside.

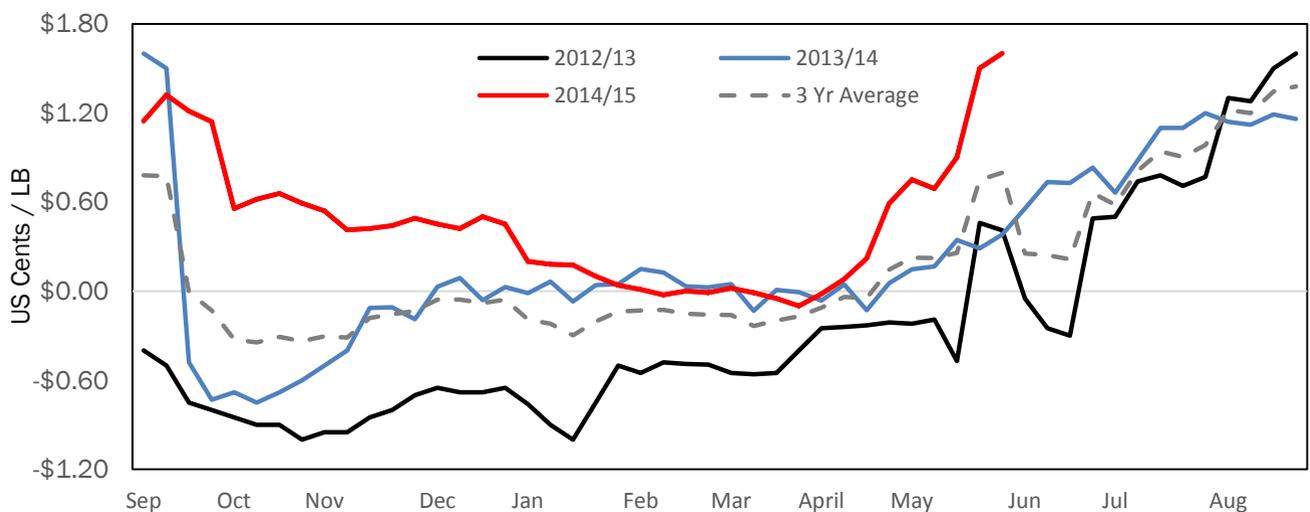
MacD, RSI and Stochastics are all indicating a bullish pattern. Moving averages are all bullish as well. Look for follow through to the upside on price.

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Corn Basis Values – Chatham, Ontario



Soybean Basis Values – London, Ontario



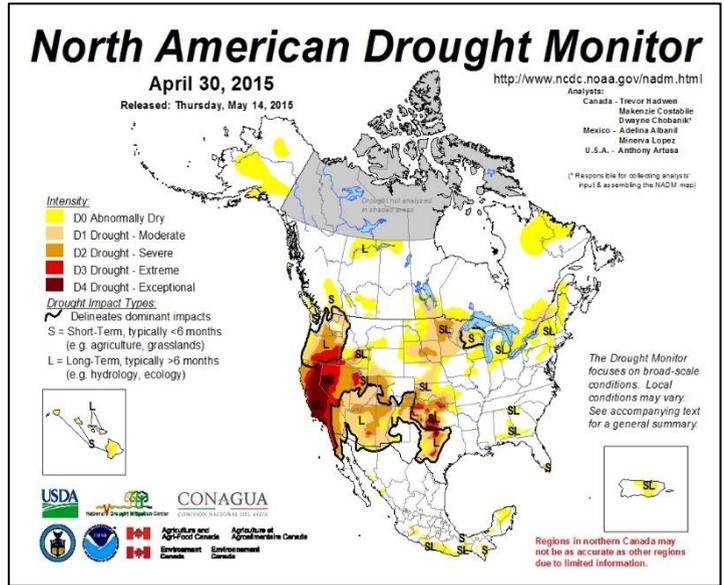
The chart at top outlines the weekly average Corn basis values for Chatham, Ontario which in value due to slow plantings. The chart above outlines Soybean basis for London, Ontario. Ontario basis has been very strong compared to historical and seasonal levels.

In conclusion, basis values are trending to seasonal values or slightly higher, and anticipating a large crop on the horizon, and therefore lower basis values are expected in the future. Weather and crop conditions are to be monitored.

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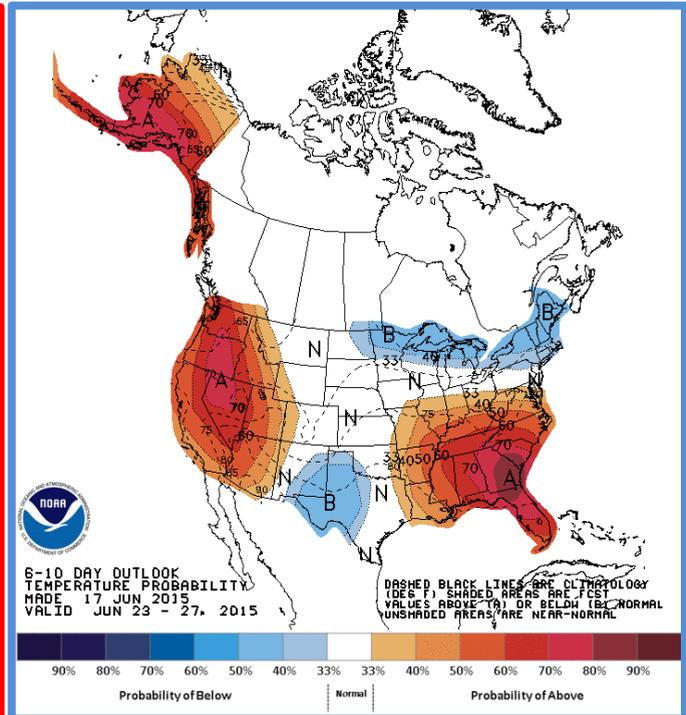
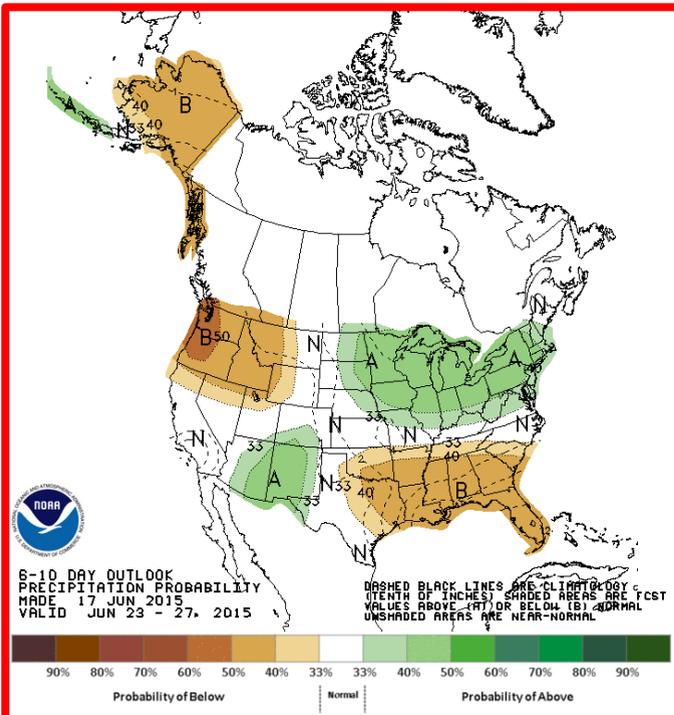
Weather - Canada

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. Also, some parts of 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 slightly wetter than normal in the next 6 to 10 days in some areas only. The rest seem to be seasonal.



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