

## CFO November Commodity Outlook Report

### Corn

#### Outlook: Slightly Bearish

The November USDA report raised the 2016/17 US corn production by 169 million bushels to 15,226 million bushels. Planted acres were unchanged at 94.5 million acres. The corn yield was raised 1.9 bushels per acre to 175.3 bushels per acre. The ending stocks for 2015/16 crop were unchanged at 1,738 million bushels.

Corn supplies for 2016/17 were lifted to 17,013 million bushels from 16,845 million bushels last month. Current supplies are 10.5% above last years supply. Ethanol demand was raised 25 million bushels to 5,300 million bushels and exports are unchanged at 2,225 million bushels. US ending stocks for 2016/17 are up 83 million bushels to 2,403 million bushels. The US stock-to-use ratio for 2016/17 rises to 16.4% from 15.9% last month.

Corn crop conditions finished with very high ratings and harvest is now complete.

#### Global Supply Rebounds

Global corn production is projected up 4.8 million metric tons to 1,030.5 million metric tons for 2016/17. Increases in supply outweighed increases in demand resulting in global ending stocks up 1.4 million metric tons to 218.2 million metric tons.

Russia and Ukraine have harvested record crops. The EU is seeing crop in line with historical trends despite a shortfall from France. The size of the Brazil corn planting is the next item to watch, as it is viewed in Brazil to be financially advantageous to plant corn versus soybean this year.

#### Currency: USD Strong

The US dollar has continued to strengthen relative to the Canadian dollar. Crude oil has slipped to the \$45.00 level as we have yet to see a production cap put in place.

### Chicago Board Of Trade December 2016 Corn Chart



#### Technical Analysis: Bullish

The December 2016 corn chart has continued it's recent sideways trading. The inverted head & shoulders pattern from last month shown by the black lines did not reach its full upside potential. It appears to have stalled with a double top at the \$3.59 level and currently sits at the bottom of the recent bullish range.

The RSI is neutral, stochastics are bearish and possibly oversold, and the MacD is slightly bearish. Moving averages have converged and are looking bearish, keep in mind moving averages are lagging indicators. Support remains at \$3.15.

#### Funds in a Long Position

The non-commercial/reportable funds are long 11,200 lots as of Nov 1<sup>st</sup>. The funds have probably reduced their position by now based on market movements after the USDA report.

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### Soybean Meal

#### Outlook: Neutral

The November USDA report forecasts soybean production up again, this month by 92 million bushels, to a record 4,361 million bushels. No changes to the planted acres. Yield was raised again to 52.5 bushels per acre. Soybean ending stocks for 2015/16 are unchanged at 197 million bushels.

Soybean supplies for 2016/17 are raised to 4,588 million bushels from 4,496 million bushels. Soybean crush is adjusted down 20 million bushels to 1,930 million bushels. Soybean exports are forecasted up again, this month by 25 million bushels, to 2,050 million bushels. Total use is relatively unchanged. Soybean ending stocks for 2016/17 are adjusted up 22% to 480 million bushels from 395 million bushels. The US stock-to-use ratio rises to 11.7% from 9.6%. Soybean supply continues to be seen as adequate.

Soybean meal carry in stocks for 2016/17 were lowered to 264 thousand short tons. Production was lowered to 45,811 thousand short tons on soybean meal based on reduced bean crush. Exports and domestic use were trimmed to offset the decreased supply. Ending meal stocks remain unchanged at 300 thousand short tons.

Soybean crop conditions were good for harvest which is now complete. If next crops weather is normal, South America could provide a lot of competition next spring.

#### Global Supply Continues Upward

Global soybean supply increased 4.5 million metric tons to 549.4 million metric tons based on increased beginning stocks and production for 2016/17. Global soybean ending stocks are projected up 4.2 million metric tons to 81.5 million metric tons.

#### Weather is Favourable

South American weather is to be watched as the soybean crop gets planted and develops. We need to watch for adequate rains and no extreme heat.

### Chicago Board Of Trade December 2016 Soybean Meal Chart



#### Technical Analysis: Neutral

The December 2016 soybean meal chart has now tested the 61.8% Fibonacci retracement level of \$319 three times.

The RSI is neutral, stochastics look slightly bearish, and the MacD is trying to turn bearish. Moving averages have continued to converge. We should watch for a close below \$310 or above \$319 for future direction.

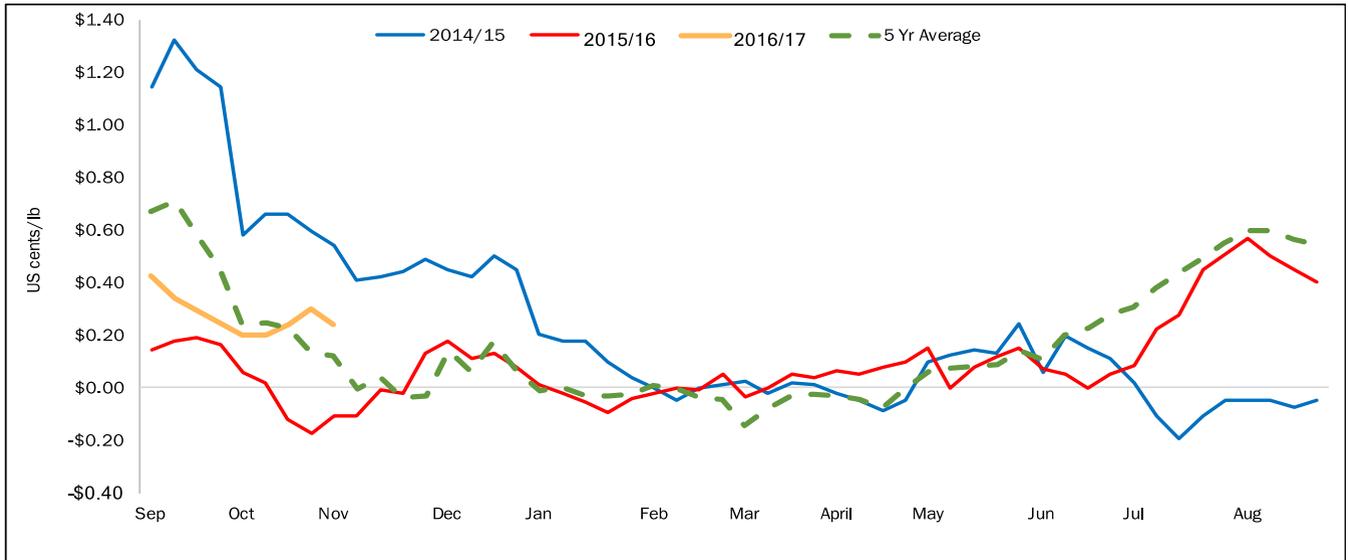
#### Funds in a Long Position

The non-commercial/reportable funds are in a long soybean meal position of 46,000 lots, up from last months position of 32,000 lots.

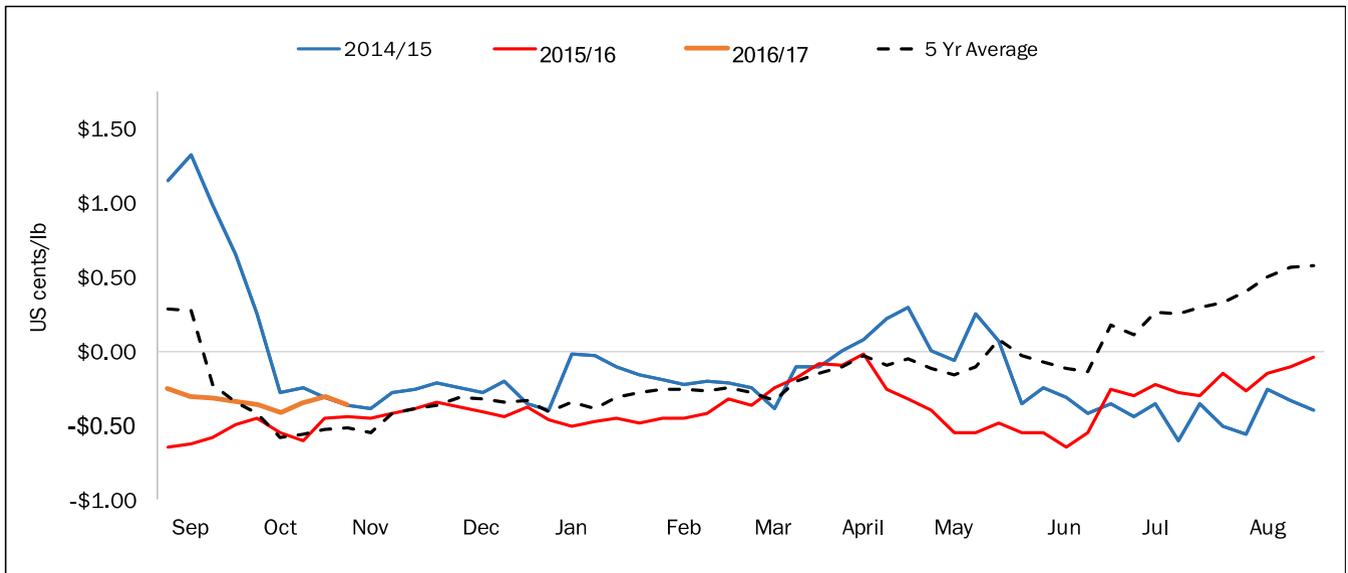
The soybean position is long 104,700 lots as weather delays to harvest and slightly smaller South American planted acres have encouraged the funds to add some coverage.

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### Corn Basis Values – Chatham, Ontario



### Soybean Basis Values – London, Ontario

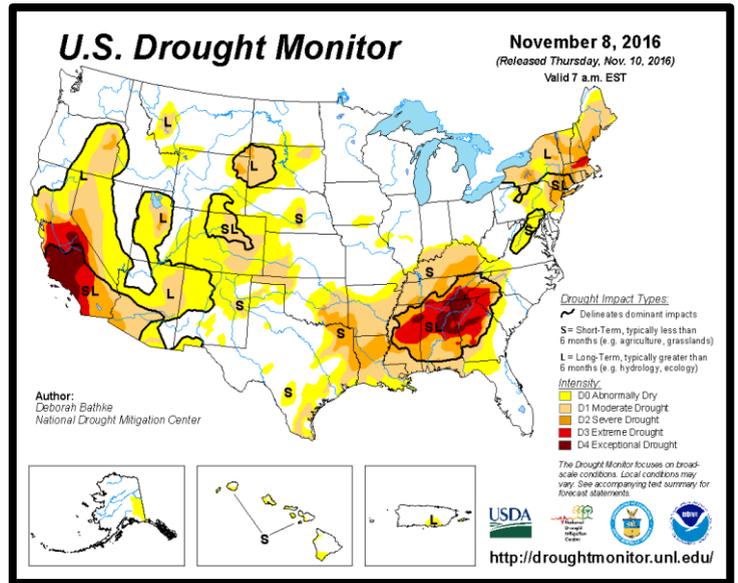


Ontario corn basis values have started to drift sideways now that harvest is complete and weather is less of a concern. Ontario soybean basis has mainly followed seasonal trends, drifting slightly lower recently.

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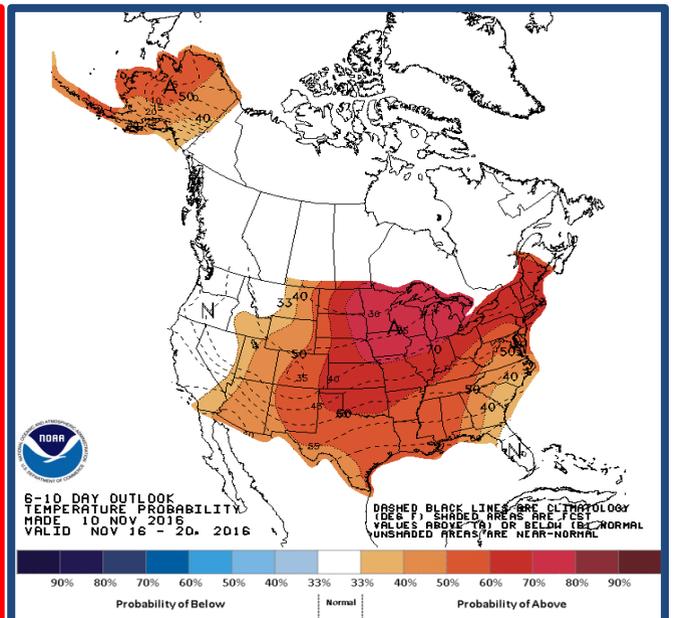
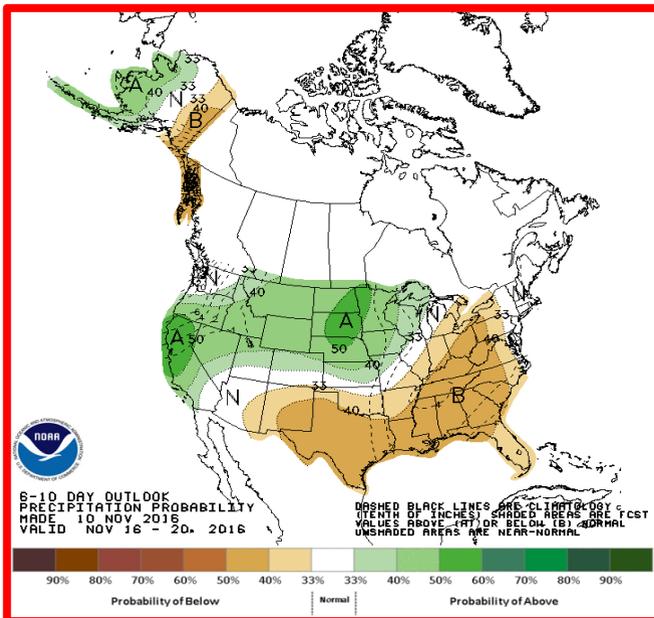
## Weather – North America

The map to the right is the most current USA drought monitor map of November 8<sup>th</sup> 2016. Soil moisture levels are showing small areas of dryness in the south east at this time. California still struggles with very dry conditions affecting produce and nut production.



## Weather – USA

NOAA maps below, in red shows precipitation probability remains above normal in the crop growing regions, certainly in the Northern half of the country. California is expected to continue to receive above normal precipitation while south east areas remain dry. The map in blue continues to reflect a very high probability of above normal temperatures for most of the USA. The Canadian prairies are forecasted slightly warmer than normal and Ontario warmer than normal.



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