



<i>Wednesday, September 10, 2014</i>					
<i>COMMODITY</i>	<i>PERIOD</i>	<i>PRICE</i>	<i>WEEKLY MOVEMENT</i>		
<i>Corn CBOT</i>	<i>Dec</i>	<i>3.45</i>	↓	<i>7</i>	<i>cents</i>
<i>Soybeans CBOT</i>	<i>Nov</i>	<i>9.93</i>	↓	<i>32</i>	<i>cents</i>
<i>Wheat CBOT</i>	<i>Dec</i>	<i>5.20</i>	↓	<i>15</i>	<i>cents</i>
<i>Wheat Minn.</i>	<i>Dec</i>	<i>6.10</i>	↓	<i>10</i>	<i>cents</i>
<i>Wheat Kansas</i>	<i>Dec</i>	<i>6.01</i>	↑	<i>14</i>	<i>cents</i>
<i>Canadian \$</i>	<i>Sept</i>	<i>0.9188</i>	↓	<i>57</i>	<i>points</i>

## **CORN:**

The big question on everyone's mind this year seems to be "when will this price rout end"?

Investment bankers have been fielding questions from investors about when the grain price will bottom but it seems they really don't know the answer.

The bank forecasts US corn production this year at 13.917bn bushels – a touch below last year's record high, and well below the 14.032bn the USDA has already penciled in.

As for a bottom picking, prices typically hit a floor around late October, the harvest low, with the removal of the last of the weather premium and a jump in supplies handing market power to buyers.

Bill Tierney, at Chicago-based AgResource has forecast corn prices averaging \$3.40 a bushel this season, before falling below \$3 a bushel from 2015-16 to 2019-20.

Kansas-based broker Paragon Investments has forecast prices hitting \$3.20 a bushel, as has Purdue University ag economist Chris Hurt, providing the US yield tops 170 bushels per acre.

On the charts, we seem to be finding good support at the \$3.40 level basis the lead month but there is a better than average chance that we will go fishing for stops below the \$3.20 level basis the September contract before it goes off the board and unless something changes in the near term, the next stop is the \$3.00 level.

## **SOYBEANS:**

Chicago's most lucrative soybean contract traded below \$10.00 this week for the first time since 2010

November soybean futures closed at the lows of \$9.92 a bushel on Tuesday, the lowest ever level for the contract.



The decline reflects reduced concerns of widespread frost for the Midwest, potentially ending prematurely development of a crop which is lagging in its maturity, while early results from the South remain strong.

The US Department of Agriculture overnight rated the crop at 72% "good" or "excellent", a historically high number.

The charts still show a strongly entrenched downtrend but the faster we slide the bigger chance of a significant rebound. The next major support is seen at the \$9.35 on the lead month. This represents a 62% drawback from the highs of almost \$18.00 seen in 2012. Significant rallies should still be viewed as selling opportunities. Major overhead resistance is now around the \$12-12.50 level on the lead month contract.

#### **WHEAT:**

The US spring wheat crop is 58% harvested, well behind both the year ago pace and the 5-year average of 78%. The USDA says 60% of spring wheat is in good to excellent shape, 3 points less than a week ago. 3% of winter wheat is planted, compared to 5% last year and 4% on average.

On the charts, without sounding like a broken record, wheat is once again holding the short term support at \$5.15-20 on the lead month chart. The indicators are showing oversold conditions but the trend still remains negative. If this support fails and we see a close below these levels on the September contract, I expect to see an accelerated drop to the \$4.50 level basis the lead month before we find the next major support. Again I feel this market is still in a downtrend and should be treated as such which means any significant rally should be viewed as a selling opportunity until we get a confirmation that this market has turned the corner. Downtrends generally last from 6 months to two years or more.