



Ontario Grain Market Commentary for October 8 2014

Marty Hibbs, Grain Farmers of Ontario

Wednesday, October 8, 2014					
<i>COMMODITY</i>	<i>PERIOD</i>	<i>PRICE</i>	<i>WEEKLY MOVEMENT</i>		
<i>Corn CBOT</i>	<i>Dec</i>	<i>3.43</i>	↑	<i>22</i>	<i>cents</i>
<i>Soybeans CBOT</i>	<i>Nov</i>	<i>9.35</i>	↑	<i>17</i>	<i>cents</i>
<i>Wheat CBOT</i>	<i>Dec</i>	<i>5.07</i>	↑	<i>28</i>	<i>cents</i>
<i>Wheat Minn.</i>	<i>Dec</i>	<i>5.65</i>	↑	<i>33</i>	<i>cents</i>
<i>Wheat Kansas</i>	<i>Dec</i>	<i>5.86</i>	↑	<i>31</i>	<i>cents</i>
<i>Canadian \$</i>	<i>Dec</i>	<i>0.8984</i>	↑	<i>57</i>	<i>points</i>

CORN:

With harvest season underway in the U.S., the ag markets have shown some life in the past week ahead of the October 10 U.S. Department of Agriculture (USDA) report. The U.S. corn crop is about 25% harvested as of the first week of October, this is about half the five-year average.

December corn is trading at \$3.38 a bushel as of this writing, up almost 20 cents from last week's lows. Monday October 6, generated our first buy signal in almost two months. It will be interesting to see if this eventually leads to a genuine trend reversal. The main trend is still negative. This means rallies should be viewed as selling opportunities for the time being. Overhead resistance levels are \$3.50-\$3.60 on the December charts with major resistance now standing at \$3.70-\$3.80 basis the lead month contract.

SOYBEANS:

Soybean harvest in the U.S. has been hampered by rains and is about 18% complete compared to a five-year average of 32%. Muddy fields also leave fields vulnerable to massive equipment damaging the ground which could become standing pools of water. Although progress is slow, concerns are tempered by the fact that today's massive combines can make up lost time in a hurry.

Like corn and wheat, soybeans have also experienced a rally this week. We saw the November contract trade as low as \$9.04 last week before rebounding to \$9.50 today. The November contract is trading at \$9.40 as of this writing and the major overhead resistance is at the \$10 to \$10.40 level. The main down-trend remains very much intact and significant rallies are being viewed as selling opportunities until we get confirmation of a trend change. The soybean chart looks the weakest of the three but also the most volatile. The recent low of \$9.04 could be tested after the (USDA) report is released this Friday October 10th.



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WHEAT:

Chicago wheat futures gained forty cents a bushel from last week attributed to a wave of short-covering by speculators which, a week ago, held a net short position in Chicago futures and options of more than 75,000 contracts. That is the largest net short on records going back to 2006. Short covering is a means by which speculators and hedgers unwind their short positions to lock in a profit. This could be a sign that the participants feel we are nearing a short term bottom and expect prices to rally or just a precautionary action before the upcoming WASDE report October 10.

On the charts, Chicago wheat is still in a down-trend; however, short term indicators flashed a buy signal last Friday which caused prices to rally as speculators cover their short positions. "We need a lot more work before we get a trend change." December wheat is trading at \$5.07 a bushel as of this writing. The October 10 USDA report could cause extreme volatility in the ag markets because of the delays at harvest-time. If the report is deemed bearish and the bottom prices of last week are negated and close in new contract lows, we could see further price deterioration in the coming weeks.

Overhead resistance is \$5.15-\$5.20 while major resistance is at the \$5.40-\$5.50 levels basis the December contract.

2014 harvest prices as of the close of October 8 are as follows:

SWW at \$212.92/mt (\$5.79/bu), **HRW** at \$217.03/mt (\$5.91/bu),

HRS at \$214.05/mt (\$5.83/bu), **SRW** at \$198.53/mt (\$5.40/bu).