Ontario Grain Market Commentary for November 19 2014

Wednesday, November 19, 2014					
COMMODITY	*PERIOD*	*PRICE*	*WEEKLY MOVEMENT*		
Corn CBOT	*Dec*	*3.63*	↑	*25*	*cents*
Soybeans CBOT	*Jan*	*10.05*	↓	*50*	*cents*
Wheat CBOT	*Dec*	*5.37*	↓	*20*	*cents*
Wheat Minn.	*Dec*	*5.72*	↓	*16*	*cents*
Wheat Kansas	*Dec*	*5.83*	↓	*25*	*cents*
Canadian $	*Dec*	*0.8815*	↑	*28*	*points*

CORN:

Eighty-nine per cent of corn in the main U.S. growing areas was harvested as of Nov. 16, ahead of the average pace, the United States Department of Agriculture (USDA) said November 18. The agency expects U.S. farmers to produce 14.407 billion bushels, an all-time high.

On the charts:

We managed to reach our resistance target of $3.90 last week and have since backed off and are trading at $3.63 as of this writing. Short term indicators remain positive and our support is seen at $3.50 while our new resistance is $3.90 once again. If this rally is to continue, the next challenge is to close above the $3.90 level and set our sights on the $4.10 - $4.20 level basis the lead month. If this were to happen, I feel the main trend indicators would turn positive; but as of now, we must hold our course. The short term indicators are remaining positive but the main trend is still down.

SOYBEANS:

The soybean harvest was 94 per cent complete as of November 16, compared with an average pace of 96 per cent at this time of year,. Production will reach a record 3.958 billion bushels.

For the first time in months, we are seeing normalized futures markets with the absence of inversion. This suggests that the nearby demand has been satisfied for the time being and we are back to a carry market. Pricing will depend largely on the immediate supply situation and South American crop progress going forward. This also tells me that we could see lower prices once the South American production is assured.

On the charts:

We saw our $11.00 target area challenged last Wednesday and have since slipped back to retest the $10.00 support level as of this writing. As I indicated before, the volatility of the beans is

evident in the price swings as we continue to see hedge funds and large specs jockey for position in a bear market. A test of the support at the $9.65-75 level is important as a close below that area could ignite a further drop to challenge the critical $9.00 level on the weekly charts. Overhead resistance is now at $11.00 and $11.50 basis the January contract.
As for now, the short term indicators remain positive but the main trend is still down and rallies are being viewed as selling opportunities.

WHEAT:

Our fifty cent rally this week has reached our target level of $5.60 as the wheat futures have moved a full dollar from their September 25 lows of $4.66. However, the wheat is still the strongest looking of the three ags on a technical level. We could see further rallies once we complete this pullback and digest the move. The market carry into March is currently absent which could persuade shorts to exit the market instead of rolling their positions. This could ignite another rally into the expiry of the December contract.

On the charts: The $5.60 overhead target did its job and held off the advance of the December contract as it closed out the week at $5.60 ½ on November 14. Our main trend indicator crossed from negative to neutral. From this level we could see a pullback to the $5.25 level on December. If we manage to retest overhead resistance and penetrate it, the next obstacle is at the $6.00 level basis the lead month contract. A close above the $5.75 level on December could actually turn our main trend indicators positive. However, we have a lot of work ahead of us for this to happen.

Marty Hibbs, Grain Farmers of Ontario