Ontario Grain Market Commentary for May 27, 2015

Wednesday, May 27, 2015					
COMMODITY	*PERIOD*	*PRICE*	*WEEKLY MOVEMENT*		
Corn CBOT	*July*	*3.49*	↓	*10*	*cents*
Soybeans CBOT	*July*	*9.27*	↓	*15*	*cents*
Wheat CBOT	*July*	*4.88*	↓	*26*	*cents*
Wheat Minn.	*July*	*5.46*	↓	*22*	*cents*
Wheat Kansas	*July*	*5.12*	↓	*23*	*cents*
Canadian $	*June*	*.8015*	↓	*1.85*	*points*

CORN:

On May 24, the U.S. Department of Agriculture (USDA) progress report showed 92 per cent of corn fields were planted compared to 86 per cent at the same time last year. The percentage of emergence is 46 per cent compared to 51 per cent from the same reporting period in 2014.

On the charts: While the July corn contract has been range-bound from $3.50 - $3.70 for the month of May, it is still in negative mode. The only positive I see technically is the oversold condition could produce a short term bounce. Support is seen at $3.50 then at $3.20.

All three indicators are negative.

SOYBEANS:

The USDA progress report showed soybeans at 61 per cent planted compared to 55 per cent at the same time last year. The percentage of emergence is 32 per cent compared to 23 per cent a year earlier.

On the charts: The July soybean contract has continued its weakness during the entire month of May. We are now once again approaching the all-important $9 level on the July contract, losing 75 cents per bushel on the Chicago contract during May. A close below the $9 level would put severe pressure on prices and see a significant selloff. A second possibility could see a run on stops below the $9 level and a move back to retest the $10 level in the coming weeks. Support is seen at the $9 level and resistance is at $10 - $10.25. Rallies should still be viewed as selling opportunities.

WHEAT:

The USDA surprised markets by keeping the proportion of domestic winter wheat rated as "good" or "excellent" at 45% as of May 24, despite the heavy rains which destroyed homes and caused some deaths in the southern Plains over the previous weekend.

On the charts: Although all indicators are still negative and have been for quite some time, there seems to be a bottoming action that will eventually lead to a sustained rally in the wheat crop. The range-bound crop seems to be comfortable in the $4.50-$5.50 range on the lead month contract. Initially there is support at the $4.50 level and again at $4.25 before hitting the major trend line at $4. To sustain a rally and turn this market, I feel we would need a close above the $5.30 level based on the lead month contract. Until then we need to treat this market as the charts insist, bearish. All indicators are still negative continuing the multi-year slide.

2014 CROP CASH PRICES AS OF CLOSE May 27, 2015

SWW @ $281.12/mt ($7.65/bu), SRW @ $214.62/mt ($5.84/bu),
HRW @ $244.43/mt ($6.65/bu), HRS @ $234.34/mt ($6.38/bu).

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