



<i>Wednesday, May 18, 2016 Closing Prices</i>					
<i>COMMODITY</i>	<i>PERIOD</i>	<i>PRICE</i>	<i>WEEKLY MOVEMENT</i>		
<i>Corn CBOT</i>	<i>July</i>	<i>3.99</i>	↑	<i>22</i>	<i>cents</i>
<i>Soybeans CBOT</i>	<i>July</i>	<i>10.75</i>	↓	<i>2</i>	<i>cents</i>
<i>Wheat CBOT</i>	<i>July</i>	<i>4.59</i>	↑	<i>21</i>	<i>cents</i>
<i>Wheat Minn.</i>	<i>July</i>	<i>5.37</i>	↑	<i>10</i>	<i>cents</i>
<i>Wheat Kansas</i>	<i>July</i>	<i>4.57</i>	↑	<i>17</i>	<i>cents</i>
<i>Chicago Oats</i>	<i>July</i>	<i>1.93</i>	↑	<i>5</i>	<i>cents</i>
<i>Canadian \$</i>	<i>June</i>	<i>.7690</i>	↓	<i>1.05</i>	<i>points</i>

CORN: Corn continues to show signs of life on the technicals. As of May 18 we are sitting at the \$4 level discussed last week. We are now approaching the April 21 high of \$4.07 and should be testing it within the next few days. A close above that level on the July Chicago futures would propel us toward the next important resistance of \$4.25 - \$4.35.

This week, we received a red signal on the weekly charts. This is very encouraging and for those of you who do not know, it is a confirmation indicator that I use to confirm an initial signal. This week's red signal is indicating we are now positive on the weekly charts. This however does not mean we won't trade lower, just that we have reason to believe that the long-term trend is becoming neutral and the possibility of a trend reversal is on the horizon. Incidentally, a close above the \$4.07 would also negate a four-year-old trend line on the long-term charts.

We are looking at a support level of \$3.70 and again at \$3.50 with initial overhead resistance of \$4 - \$4.10 based on the closing prices of the July Chicago futures. Short and medium term indicators are now positive, but the long term trend is still down.

SOYBEANS: The April 13 commentary indicated we had a red signal on the beans from the previous week. At that time, we were trading at \$9.55 and the indicators suggested a challenge of the \$10 level on the upside. Since then, we continue to work higher and are now staring at last week's high of \$10.92 as our roadblock. As of May 18 we are trading at \$10.80. There is a strong possibility that before next week's commentary we will have moved through the \$11 level on July and the big question is whether we will see a blow off top with a reversal soon after, or a break to even higher prices. Either way, it seems likely we will challenge the \$11 mark very soon. If we manage to make our way above \$11.25 on any close, there is not much stopping this market from launching an attack on the \$12 Chicago futures price. Meanwhile, like the corn, we now have both short and medium term indicators receiving a red signal. The key here is that we still need to recognize for the time being that we are in a bear market. This has been our stand for many months and until we get confirmation of a major trend change, we need to view this as a bear market rally until we receive a red signal on the long term charts.



Support is now seen at \$10 while overhead resistance remains at \$11 and \$11.25. Short term indicators remain bullish, but the long term trend is still negative.

WHEAT: After testing support once again at the \$4.55 area, the July wheat finally put in a strong performance closing about 20 cents higher on the week. Last week, we suggested we would see strength in the wheat prices if the corn and beans continued to perform. That seems to be the case and the daily wheat chart actually looks quite positive suggesting a good move higher in the coming weeks. Of course, this is the technical indicators and nothing is guaranteed. Looking at the support and resistance, we see major resistance between the \$5.20 and \$5.40 area on the July contract. A close above \$5.40 on July could be reason for excitement as it would violate a four-year-old trend line. The week of May 16 we witnessed an initial buy signal on both the daily and weekly charts but these are not the red confirmation signals that are more prevalent. Meanwhile, the short term indicators have turned positive with the 20 cent move higher but the long term trend is still stubbornly down.

HARVEST 2016 CROP CASH PRICES as of **CLOSE** on **May 18, 2016**

SWW @ \$205.14/MT (\$5.58/bu), HRW @ \$200.37/MT (\$5.45/bu),
HRS @ \$230.91/MT (\$6.28/bu), SRW @ \$200.37/MT (\$5.45/bu).

Marty Hibbs, Grain Farmers of Ontario