Ontario Grain Market Commentary for ***July 5***, 2017

Wednesday, July 5 2017 Closing Prices					
COMMODITY	*PERIOD*	*PRICE*	*WEEKLY MOVEMENT*		
Corn CBOT	*Sept*	*3.92*	↑	*35*	*cents*
Soybeans CBOT	*Nov*	*9.95*	↑	*75*	*cents*
Wheat CBOT	*Sept*	*5.60*	↑	*85*	*cents*
Wheat Minn.	*Sept*	*8.19*	↑	*1.10*	*cents*
Wheat Kansas	*Sept*	*5.69*	↑	*89*	*cents*
Chicago Oats	*Sept*	*2.86*	↑	*27*	*cents*
Canadian $	*Sept*	*.7710*	↑	*.20*	*points*

Corn: With all the excitement in the wheat market, corn has barely managed to crawl back to the $3.90 - $4 resistance level that has been our main resistance preventing this market from turning bullish. According to the charts, I would expect this area to continue to be our main point of resistance until the technicals tell us differently.

Initial support on the September futures is seen at $3.50, while overhead resistance is still at $4, also on the September contract.

Short term indicators are neutral and the main trend is still down.

SOYBEANS: Our $9 support continued to hold and finally we are getting some action on the upside of the soybean charts. Looking at the new crop, November contract, we received a red buy signal on the short term indicators on June 30. This should at least lead to a challenge of the main trend line around the $10.25 - $10.50 level in the coming weeks. The November contract has left a nice gap at the $9.60 level based on the new crop contract. I would expect at some point we could revisit that level and find good support there. Meanwhile, our sights should be set on the $10.50 area as major resistance and a possible area to sell a portion of your crop. Overhead resistance is now seen at that $10.50 level while solid support is now at the $9.60 level, all based on the November futures contract.

Short term indicators are positive but for now the primary trend is still down.

WHEAT: We have a bull market… at least according to the chart price action. This is not to say that we won't see excessive volatility but let's just go by the charts as an indicator as to what to expect. Our $5.25 downtrend line on Chicago was challenged on schedule on June 30 and the next trading day opened with a 10 cent gap, negating a major down-trend line. This is a very bullish sign for any technician. What next you ask? Well, if we were to conclude anything from the charts, we would first and foremost announce that both the Chicago and Minneapolis wheat contracts have broken the back of a six-year-old bear market in the last two weeks. Let's look at them individually.

Minneapolis: This has been the leader of the pack as we first received a red buy signal back in April of this year. It took a few months to turn parabolic, but we are now into the curve and the moonshot has begun. Please remember that technical analysis throws all fundamentals out the window so we will not be discussing carry-outs, weather, or even supply and demand as these points are already baked into the price on a technical analysis. The recent move has broken two main trend lines, the weekly and the monthly (or primary) trend. Our only concern now is how high will this breakout take us before a correction sets in? We can use several tools to guess the outcome but it will be just a guess. My first target would be the current level as of this writing of about $8.75 based on the weekly chart; which we came close to today and if we manage to clear that area on a close, our next prime target is the all-important $10 level on the lead month contract. An important considerations going forward is the last trading day on July 14. We could see continued upward pressure on Minneapolis until the July contract expires on that date. Open interest has increased along with volume confirming that this move is real. Support on Minneapolis September chart is at the $7.40 and again at the $7.level.

Chicago: Although not quite as strong, the move has been impressive. The price moved to our target of $5.25 and gapped higher - which technically is a show of strength. This gap should prove to be good support in the event of a pullback to the $5.25 - $5.30 breakout level.
If we trade into this area in the next day or two our charts suggest a move towards the $5.80 - $6 level on September futures after that correction. However, if we continue higher from here without trading back to the gap, we could see stronger prices into the July contract expiry on July 14 before the pull back to the gap occurs.
Bottom line according to the technical is that this market has finally turned the corner and although it could be quite volatile it could provide a fun ride.

Support is seen at the $5.25 level and again at the $5 level basis September with our next target at $5.80 - $6.
All indicators are positive and the primary trend is up.

Harvest 2017 prices as of the close, **July 5** are as follows:
SWW @ $252.58/MT ($6.87/bu), **HRW** @ $250.20/MT ($6.81/bu),
HRS @ $319.18/MT ($8.69/bu), **SRW** @ $250.20/MT ($6.81/bu),

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