Ontario Grain Market Commentary for ***July 12***, 2017

Wednesday, July 12 2017 Closing Prices					
COMMODITY	*PERIOD*	*PRICE*	*WEEKLY MOVEMENT*		
Corn CBOT	*Sept*	*3.85*	↓	*07*	*cents*
Soybeans CBOT	*Nov*	*10.35*	↑	*45*	*cents*
Wheat CBOT	*Sept*	*5.37*	↓	*13*	*cents*
Wheat Minn.	*Sept*	*7.82*	↓	*38*	*cents*
Wheat Kansas	*Sept*	*5.44*	↓	*25*	*cents*
Chicago Oats	*Sept*	*2.82*	↓	*04*	*cents*
Canadian $	*Sept*	*.7850*	↑	*1.30*	*points*

Corn: This week, we will focus on the July 12 USDA report that was released at noon today.

Global carryout for the 2017/2018 corn is projected to be 2325 million bushels, up more than 200 million bushels since the June report. This was construed as bearish, as the September futures failed to close above our major trend line at the $4 level once again. The day charts also show a 5 point reverse wave, suggesting this is a corrective wave.

Initial support on the September futures is seen at $3.75 on the September futures, 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: As for the report numbers, the carryout for 2017/2018 crop year is estimated at 460 million bushels, compared to 495 million bushels shown in the June report.

As for the charts, we left the $9 support level last week, and we hit our resistance line at $10.50 area on the September all in one week (as indicated in last week's commentary). We are now getting conflicting signals: a red short term buy signal, coupled with two gaps and a nose bump into our resistance line after the report. The red signal suggests higher prices in the near term, but it has yet to confirm a trend change. A close above the $10.75 level could do the job. Meanwhile, like the corn, we need to regroup before another assault ensues. Overhead resistance is still seen at that $10.50-$10.75 level on the September contract, while support is now at the $10 level and again at $9.60, all based on the November futures contract.

Like the other crops, this one could be very sensitive to weather issues over the next few weeks.

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

WHEAT:

Chicago: Old crop ending numbers increased by 23 million bushels to match June numbers, but the new crop production was down 64 million bushels. This again is termed bearish by the fundamentalists. Of course, the weather still has a say in this market going forward. As a believer in trends, I do believe that the unusual weather will not only continue but intensify over the next couple of years.

The September contract traded into the gap as we anticipated. If we close below the gap at $5.25, we will be looking at our first support level being tested at the $5 mark on the September futures.

Minneapolis was the front runner on the recent rally, and it should be the dollar leader on the correction as well. Last week, we pinned the target resistance at $8.75, and we reached $8.70 on September futures. Close enough. If this is indeed the corrective stage of our rally, our initial support at the $6.75-$7 price points on the September chart at this time. The trend is up in both markets, but we have to expect volatility going forward as this is a weather market.

Support on Minneapolis is seen at the $7.40 level, and again at the $7 level basis September.

All indicators are positive and the primary trend is up.

Harvest 2017 prices as of the close, **July 12** are as follows:
SWW @ $237.07/MT ($6.45/bu), **HRW** @ $237.07/MT ($6.45/bu),
HRS @ $281.96/MT ($7.67/bu), **SRW** @ $236.14/MT ($6.43/bu),

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