Ontario Grain Market Commentary for ***June20***, 2018

Wednesday, June 20, 2018 Closing Prices					
COMMODITY	*PERIOD*	*PRICE*	*WEEKLY MOVEMENT*		
Corn CBOT	*July*	*3.55*	↓	*20*	*cents*
Soybeans CBOT	*July*	*8.90*	↓	*46*	*cents*
Wheat CBOT	*July*	*4.88*	↓	*29*	*cents*
Wheat Minn.	*July*	*5.52*	↓	*32*	*cents*
Wheat Kansas	*July*	*4.88*	↓	*52*	*cents*
Chicago Oats	*July*	*2.39*	↑	*07*	*cents*
Canadian $	*Sep*	*.7530*	↓	*1.41*	*points*

Corn:

Rough week in the grain markets as we had a price rout that saw many support levels annihilated. The July corn contract hit $3.40 and is now trading 15 cents higher at the $3.55 level. This has done damage to the short term charts but not the long term charts. Are we seeing a washout before a major trend reversal? Possibly. But it will take time before we see the volatility and prices to stabilize. We did receive a red sell signal on the weekly chart but we are still positive on the primary or monthly charts.

Short term indicators are negative but oversold. Support is now seen at $3.25 on the weekly charts.

Current overhead resistance is still seen at the $3.75 - $4 level on July, while support is seen at the $3.25 - $3.35 level based on the lead month futures contract.

Soybeans:

Soybeans acted as expected. We saw a hard break of more than $1 in the month of June. The critical $10.80 major overhead resistance level failed once again and prices started a massive correction. Our last commentary suggested that $8.50 was a very real possibility and a week later, here we are. There are, however, a couple of positive points with the price drop. The first one is that the two-year-old bottom price of $8.40 held up very nicely and the prices rebounded within hours. The second positive point is that indicators are oversold and a rebound is expected from these levels even if only for a short time.

Short term indicators are negative, while the intermediate trend, as indicated on the weekly chart, is neutral to mildly bullish. The primary trend needs to see a close above the $10.80 level on the lead month futures contract to reverse the six-year-old bear market in soybeans. Until we have a convincing close above that level, the primary trend remains down.

Wheat:

The Chicago wheat fared better than the other grains after the Trump words of war over tariffs with China. The wheat charts still remain relatively neutral to mildly bullish. We did get below our initial $4.80 support line but it did not tarry and quickly rebounded. We did however, receive a short term red sell signal which is concerning for more downside.
Going forward we should see more volatility and news from the Trump camp with regards to further pressure with talks of sanctions. If this war of words continues, we could expect to see further sell-offs and increased volatility. In the end, I still feel we will see a compromise and the grains should quickly contain losses and possibly rebound after the dust settles. Of course this is all happening as we approach harvest which in itself could produce its own issues.

Solid support is seen at a major support level near the $4.40 - $4.50 based on the lead month contract.
Short term indicators are negative while the primary trend is still mildly bullish.

Harvest 2018 Grain prices as of the close, ***June 20, 2018*** are as follows:
SWW @ $233.61/MT ($6.36/bu), **HRW** @ $236.06/MT ($6.42/bu),
HRS @ $221.40/MT ($6.03/bu), **SRW** @ $232.64/MT ($6.33/bu).

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