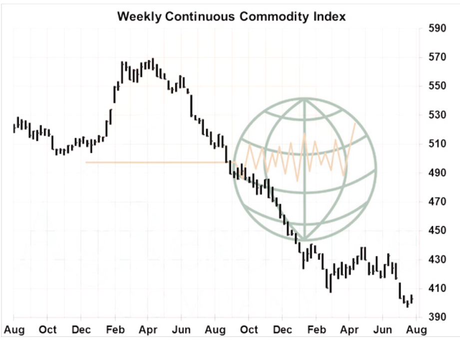
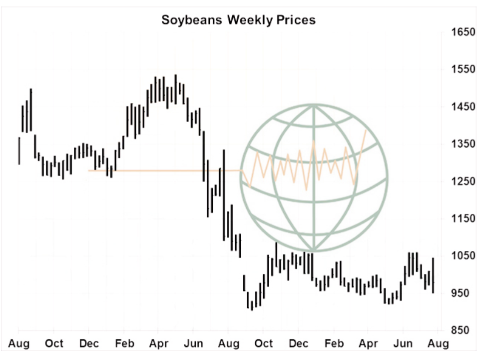
| 14-Aug-15 | High | Low | Close | Change | 52 week | | Moving Average | | | 14 Day RSI | View |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | High | Low | 50 Day | 100 Day | 200 Day | | |
| **Corn** | 391.50 | 346.50 | 364.00 | -8.75 | 438.75 | 318.25 | 384.51 | 376.37 | 380.54 | 38.99 | Bearish |
| **Soybeans** | 1045.75 | 950.00 | 978.50 | -30.50 | 1189.25 | 904.00 | 994.23 | 978.85 | 993.81 | 44.21 | Bearish |
| **Soybean Meal** | 363.10 | 327.00 | 330.90 | -21.70 | 463.80 | 296.30 | 344.28 | 328.82 | 343.03 | 37.65 | Bearish |
| **Soybean Oil** | 30.50 | 28.78 | 28.78 | -1.25 | 35.29 | 28.78 | 31.78 | 31.90 | 31.94 | 28.02 | Bearish |
| **Wheat (CBOT)** | 530.00 | 484.00 | 506.50 | -4.00 | 677.00 | 460.00 | 525.28 | 526.59 | 555.81 | 34.81 | Neutral |
| **Wheat (KCBT)** | 511.25 | 469.25 | 489.75 | -3.25 | 705.75 | 469.25 | | | | | Neutral |
| **Wheat (MGE)** | 541.25 | 505.25 | 518.50 | -6.50 | 680.25 | 505.25 | 560.11 | 556.60 | 572.54 | 32.96 | Neutral |
| **Ethanol** | 1.51 | 1.43 | 1.47 | 0.01 | 2.27 | 1.29 | 1.53 | 1.56 | 1.59 | 41.78 | Bearish |
| **CCI (Continuous Commodity Index)** | 406.01 | 399.58 | 401.86 | 2.60 | 516.87 | 396.77 | 415.70 | 420.88 | 435.43 | 39.45 | Bearish |

## Weekly CCI Analysis:




The CCI rallied from multi-year lows, albeit slightly. The US$ traded fairly wildly this week, ending 1% weaker and this has offered relative support to metals and energies. It remains our belief that rallies in commodity markets will be fleeting in the months ahead, as China somewhat surprisingly devalued the Yuan this week, and energy prices remain near June lows. Iranian oil production is expected to hit the market in 2016, and China's devaluation is just more evidence that substantial government intervention is needed to maintain projected economic growth. As for grains, the USDA's August WASDE was bearish across the board, and adverse weather in South America this winter is needed to alter the structure of agricultural markets longer term – and even this is unlikely amid a building El Niño, which does not look as if it will peak until late 2015.

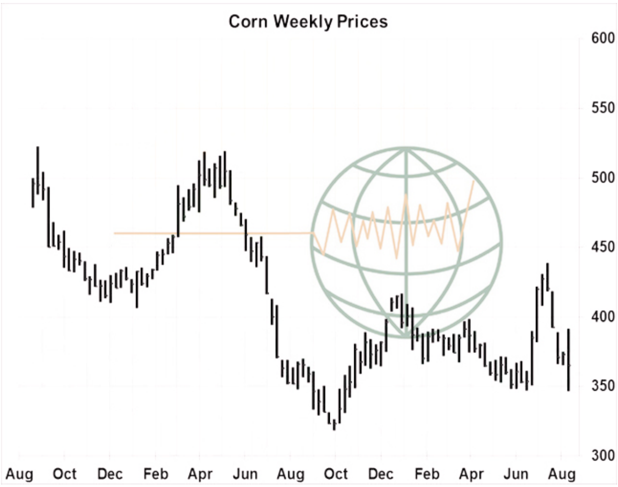
## Longer-term soybean analysis:




Spot soybean futures traded a broad range through the week and finished lower. The market advanced ahead of the August crop reports on concerns that the NASS would lower yield estimates, and then collapsed when the USDA reported larger yields. The supply shock sent prices sharply lower and the November soybean contract marked the largest one week loss in more than a year. Much of the Midwest will see nearly ideal conditions next week, and weather into the end of the month is non-threatening. The trade will be looking to see if the late week break was enough to stimulate any demand from China, but the market theme going forward is that rallies will be limited by large US and global supplies. Immediate resistance is expected above $9.30 basis November ’15 futures and we look for a drop back to $8.50- 8.60, to be realised around harvest.

**<u>Longer-term corn analysis:</u>**

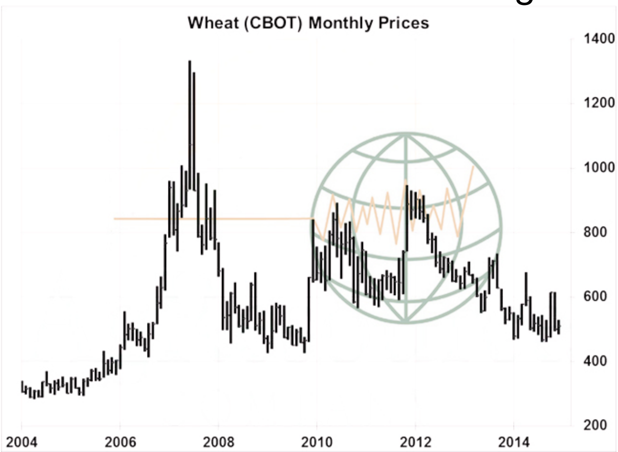
December corn settled the week 8 cents lower, after touching




summer lows following the USDA’s August reports. NASS shocked the trade with a higher than expected yield (168.8 bushels/acre), which confirms that June precipitation is not a major variable in determining yield. Rather, it’s overall soil moisture and July temperatures that are the dominant variables, and both have been rather favorable in 2015. Additionally, whether the market believes the USDA’s latest production forecast, or not, big crops tend to get bigger into the autumn USDA reports, and there’s little evidence to support a drastic downgrade to production moving forward. More importantly, the USDA raised global corn supplies, and with S American origin still modestly cheaper than the US into November, demand growth will struggle. The USDA’s balance sheet suggests harvest lows of $3.50-3.60, basis December ’15 futures. Amid some lower total consumption forecast, harvest lows are likely at $3.20- 3.30. It will be another year that short-covering rallies become selling opportunities.

**<u>Longer-term wheat analysis:</u>**

US wheat futures ended a mere 5-8 cents lower on the week despite a flood of new bearish data. US ending stocks were raised slightly (8 million bu) to 850 million, world stocks were boosted to a new record high, and Egypt this week secured Black Sea wheat for September arrival at $180-186/mt, some $35-40/mt below US Gulf quotes. Funds as of this week held a modest net short position, and some covering of this position was noted. We believe that US end stocks could well reach north of 900 million bu unless the US market better competes for world trade – which will be difficult with Russian origin trading at levels comparable to




$4.50-4.60/bu. El Niño continues to strengthen, which will allow normal rainfall to continue across the US Southern and Central Plains. Australian weather will be watched closely in the next 4-6 weeks, but soil moisture there is adequate and without an Aussie drought a test of recent lows is expected in late Aug/Sep. We look at $5.30/bu plus basis December ’15 Chicago as another selling opportunity.