



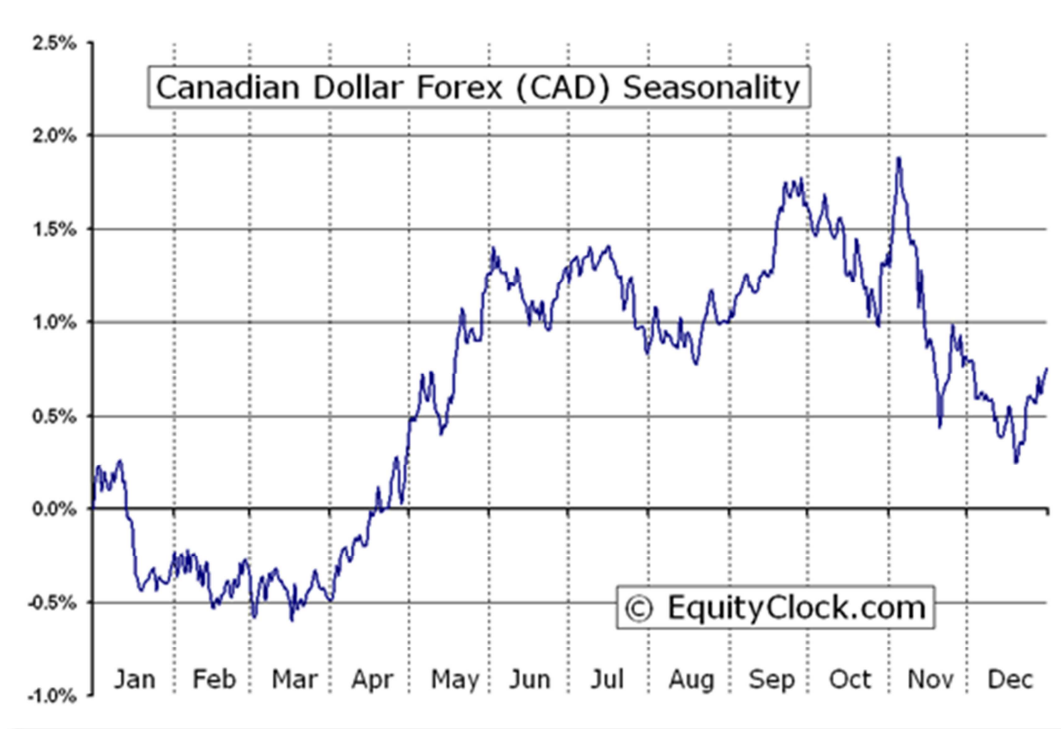
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TECHNICALS & TRENDS

April 2016 Edition

Highlighted: CDN\$, Canola Soybeans, & Cattle

In March, we saw the dollar break above \$0.75 and go to a high of \$0.7798 intraday on March 30, 2015. I was watching the \$0.75 level as a resistance (ceiling) level for the dollar to stay under. Now that it has broken through that \$0.75 ceiling, it can now be considered the new support. How high can the dollar go? Oil has come off the lows, the US dollar index is declining, and we are coming into a seasonally strong time for the dollar from April-beginning of June (see chart below).



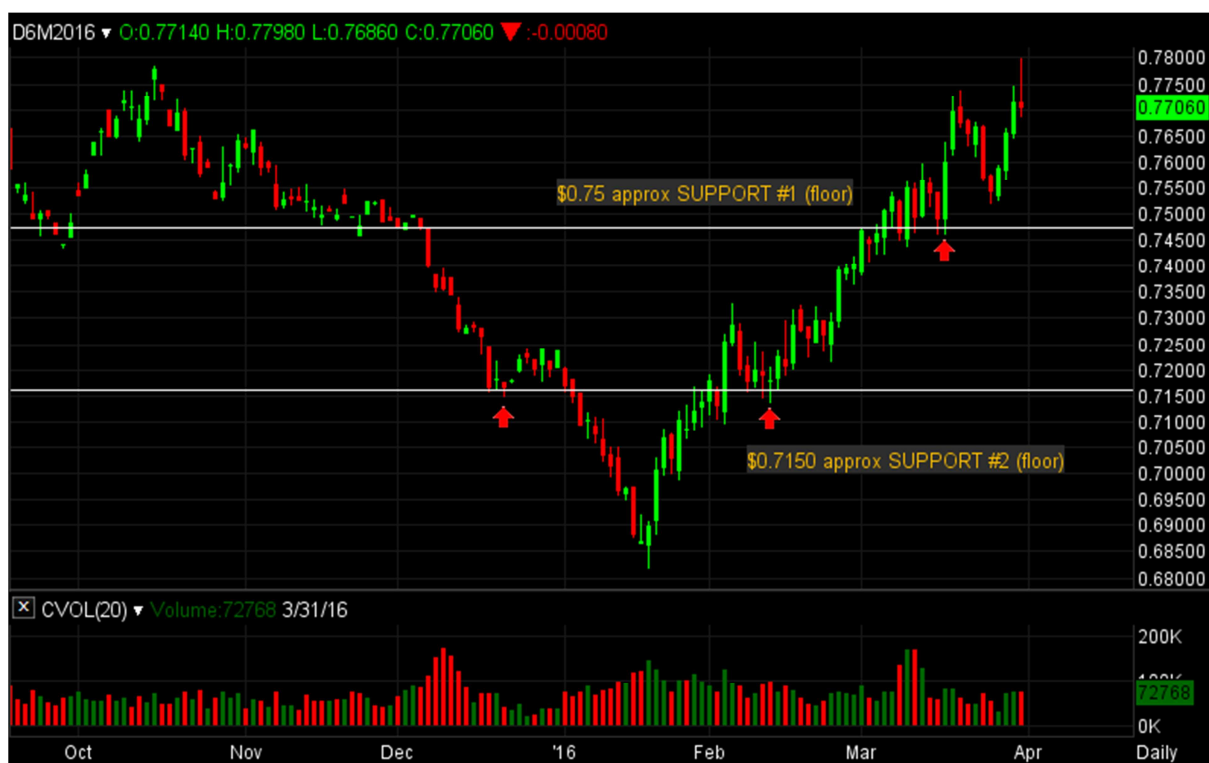


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Looking back, the last time the dollar was hovering around \$0.77 was in Oct of 2016. We have started to review taking profit on our dollar hedges for clients and reposition at a lower level. .

Canadian Dollar March contract:





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New crop canola (Nov futures contract) gained 6% approx. in March coming up from the lows of \$450 to the \$480 level. As a result of this move, we have added to our new crop canola protection for those operations that do not have much sold for next year. We have been using different spread option strategies to reduce the cost AND still give growers all the upside in the price because they aren't "locking-in" like at the elevator.

Canola November (new crop) contract:





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Next, I want to touch on soybeans. We have been in a \$0.50 approx. range from Aug 2015 until now. This month alone they went from \$8.70 to \$9.20 on the new crop Nov futures. Since we are seeing beans at the top end of the range, more weakness may be upon us. Similar to canola, we have been using strategies to leave the upside open in case there is a confirmed break above \$9.20 and the trends may continue higher. We have put on more new crop soybean protection.

Soybean November (new crop) contract:





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Lastly, cattle prices have been under downward pressure since the middle of the month.

We now see both feeder and live cattle futures inching towards their support (floor) levels at \$150 and \$129 respectively. For those operations that don't have any protection on, you can be patient if you want to risk breaking through support. Many of you now won't have risk out until Oct/Nov when you sell your animals.

Feeder Cattle April contract:





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Live Cattle April contract:





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Most notably there was a USDA Production Estimates report today that moved the markets.

Here is a bit of a summary on each commodity:

SOYBEANS: March 1st soybean stocks were pegged at 1.530 billion bushels as compared with trade expectations for 1.557 billion bushels (range of 1.425 to 1.611 billion) and compared with 1.327 billion last year. Soybean planted area was pegged at 82.236 million acres from trade expectations for 83.07 million acres (range of 81.5 to 84.1 million) and compared with 82.65 million last year.

CORN: March 1st corn stocks came in at 7.808 billion bushels as compared with trade expectations for 7.798 billion bushels (range of 7.699-8.100 billion) as compared with 7.750 billion last year. Corn producers planted a whopping 93.6 million acres this year as compared with trade expectations for 89.99 million acres (range of 89.0 to 92.0 million) and compared with 87.999 million last year.

WHEAT: The USDA pegged total wheat plantings this year at 49.6 million acres which is down 9% from last year and well below expectations. March 1st stocks came in at 1.371 billion bushels as compared with trade expectations for 1.354 billion bushels (range of 1.325 to 1.415 billion) and compared with 1.14 billion last year.

Bottom Line: Reports like this can move the markets in either direction on the day they come out. We look at the short/long term trends and make objective decisions to protect your margins.

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