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TECHNICALS & TRENDS

January 2016 – 2015 Year in Review

What did grain and livestock prices do this year and where do we see them headed?

CONTRACT	UP OR DOWN?	JANUARY 1, 2015 OPEN	CURRENTLY – front futures month
Wheat (Kansas HR)	29% DECLINE	\$655.60	\$480
Canola	13% INCREASE	\$426	\$482
Soybeans	13% DECLINE	\$1012	\$883
Corn	11% DECLINE	\$427	\$381
Live Cattle	21% DECLINE	\$155.50	\$123.050
Feeder Cattle	25% DECLINE	\$210.000	\$157.700
CDN\$	14% DECLINE	\$0.8490	\$0.7286

**All numbers are approximate and are thought to be accurate. Based on front futures month from www.cmegroup.com.*



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Overall, grains have been weak in 2015. For the time being, canola is the only grain that may have some positive momentum. We have just seen a short term breakout on the March ICE contract when it went above \$490 approximately.

Canola March Contract:





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A one day breakout does not set a trend, but now we would like to see \$490 hold. There are a few factors that have helped contribute to canola moving higher. The first is our weak loonie. It has steadily been declining all this year. Just in December alone we have seen our loonie go from \$0.75 to \$0.717, or a 4.40% move lower.

Canadian Dollar Dec Contract:





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The second is a stronger soybean oil futures contract. There have been some concerns about dry weather in Brazil's Mato Grosso state, which produces about 30% of that country's soybean crop. Yesterday, there was a report from the Mato Grosso Institute for Agricultural Economy stating that almost half the states sop crop was in bad to very bad conditions. As for soybeans, they had a "false breakout" above \$9 in middle of October. We saw this level again tested in beginning of December. \$9 aoprox. can now be considered a resistance (ceiling) for soybeans.

Soybeans March Contract:





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Wheat futures are seasonally strong from Dec 6th to March 12th. Over the last 10 years the total return during this period has been 37.4% and has shown positive results in five of those periods. Whereas, the buy and hold return for the past 10 years was -40.4% These numbers show how important it is to make unemotional marketing decisions. If you were to follow this seasonality, you would have been profitable over the past 10 years on your wheat. However, seasonality is just one part of our decision making process. The longer term trends in wheat are still down, and show no sign of changing anytime soon. On the fundamental side, there is still a lot of wheat supply helping prices stay low. Below is a chart of March Kansas City. Until we see a move above \$520 and a clear hold at that level, our views are the price can still stay lower for longer.

Wheat (KC) March Contract:





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Corn has continued in a sideways pattern in the range of around \$0.15. We are watching to add protection for farms around \$3.80. This has been a strong resistance (ceiling) for the price since it moved lower in early November. See chart below at the beginning of November with the two large red bars (indicating negative days) that helped create our current range. On the downside, we want to see \$3.65 hold.

Corn March Contract:





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Lastly, all the meats have went significantly lower this year. The past few days we have seen cattle come up from its lows. For feeder cattle, we would like to see the price come up to around \$160 before adding anymore protection. On the downside, \$145 approx. could be considered the support (floor).

Feeder Cattle March Contract:



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