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# TECHNICALS & TRENDS

*March 2017 Edition*

## Highlighted: Canola, Soybeans, Wheat, Corn & Cattle

I've been actively discussing with clients this month how much old crop canola they have left and if they have priced any new crop. Since the beginning of the month, July canola futures have declined $25/ton. For some clients, I have taken profit on the Put Options they bought for protection because I believe we are at a bottom here. However, if the market does continue lower new protection will have to be added at a lower level. I'd look to Buy Put Options for new crop around the $500/ton level. As I mentioned in my commentary last month, my view is that we are going to see higher canola prices come spring time. I've discussed with clients replacing any old crop they may have sold with Call Options. Currently, a July at-the-money (where the market is trading) Call Option would cost $15/ton approx.

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**Canola July Futures**



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Soybeans have continued trending lower in March. Today there is a USDA report that could cause some volatility. The average estimate for soybean acres is 88.3 million acres in a range of 90.2 to 86.4 million acres.The average estimate for March 1st stocks is 1.684 billion bushels in a range of 1.885 to 1.627 billion bushels. Technically a floor could be $9.50 bushel, which is still 18 cents away. The market may be anticipating traders liquidating their long contracts (65,669 as of March 21st) if bearish news from the report comes. There are technical indicators showing that we are oversold, but this doesn't mean necessarily a correction could happen. At this point, it is the fundamental news that is supporting prices to keep declining.

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Chicago and Kansas wheat is once again close to its lows. Continued rains are falling in the hard red winter wheat belt favoring the Northern regions with Colorado, Nebraska and the Dakotas getting beneficial moisture. Minneapolis wheat is trending more positive on concerns of further shifts of spring wheat acres to soybean acres in the Dakotas. It seems this is due to a probable wet spring and also the economic advantage in planting soybeans over spring wheat. The USDA report today is estimated to have March 1st stocks at 1.627 billion bushels, 255 million bushels above last year. A number that large would make it difficult for wheat to increase. However, a lot of the bearish sentiment is already in place because it isn't a surprise how much wheat there is.

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### Kansas Wheat July Futures


### Minneapolis Wheat July Futures


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Corn has been the grain that has traded the most sideways this month. It is interesting how the volatility in soybeans hasn't affected the price more. I'm watching for the July corn futures to hold $3.60 bushel to give a Buy signal. Corn plantings today are expected to be at 90.9 million acres, with a range of 89 to 92.5 million. There has been heavy rains falling in the US Southern Corn Belt that is slowing early planting, but most producers could benefit from the moisture into seeding. Rains in Argentina need to be monitored closely as harvest progress will be slowed and possibly some low lying crop damage.

**Corn July Futures**



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This last month cattle futures have increased nearly $12/cwt. The market is still trying to deal with a discount of futures to the cash market possibly supporting the futures. However, we have already seen a $6/cwt selloff from the high as the market may have went up "too far too fast". The sharp drop in beef prices and ideas that packers will draw on contracted cattle next week are factors which contributed to the more aggressive selling. Weaker beef prices and the high cash cattle market is pressuring packer profit margins from deep in the black levels of the past several weeks. The USDA estimated cattle slaughter came in at 111,000 head yesterday. This brings the total for the week so far to 456,000 head, down from 463,000 last week at this time but up from 429,000 a year ago.

**Feeder Cattle May Futures**


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### Live Cattle June Futures





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