PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

TECHNICALS & TRENDS

September 2019 Edition

This month there was a rally in wheat futures.....I haven't said that in a while!

Wheat increased on the December futures:

- Chicago - 45 cents/bu
- Kansas City - 34.3 cents/bu and
- Minneapolis - 56.8 cents/bu

I like to watch how managed money traders are positioned in the markets to give an indication of potential sudden swings. In the case of Minneapolis wheat, as of September 24th, managed money traders were net short a fairly large position of 19,529 contracts. This indicates to me that there still could be more upside in Minneapolis wheat futures because funds could still cover their short positions.

There are a couple instances in the last year that showed this.....

- April 2019 - Net short position reached 12,609 contracts and in seven weeks 7,900 contracts were covered. The market moved 60 cents higher.
- July 2018 - Net short positions reached 12,865 contracts and in four weeks they bought 18,561 contacts to bring them net long 5,696 contacts. The market moved

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

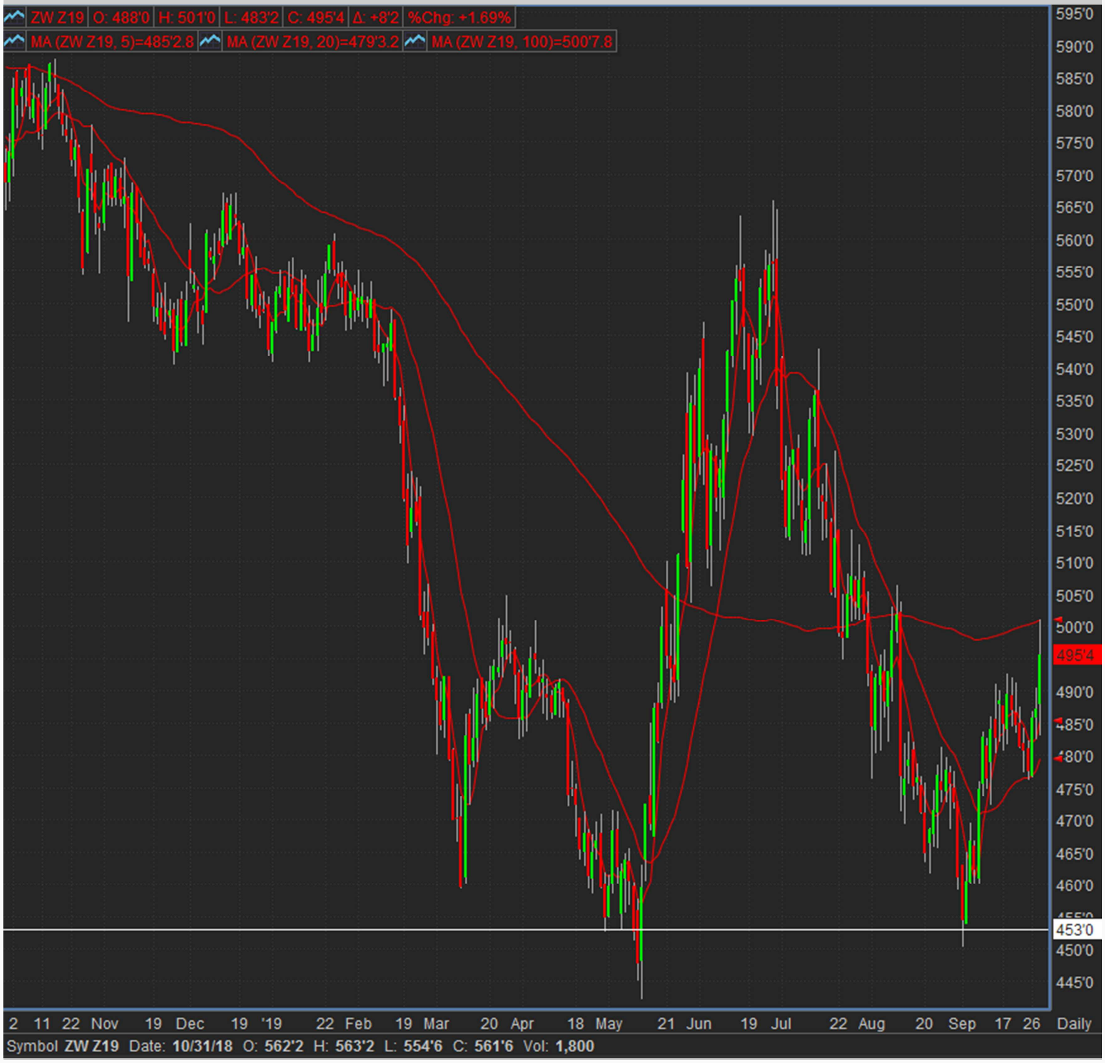
$1.29 higher.

This weather in North America could be a catalyst for a rally further. However, with all this being said I always like to review with clients hedging strategies on these types of rallies. I often here when markets are down "I should have sold when prices were higher", then when markets increase from the lows "I think the price could keep going higher". U.S. and world wheat supplies remain ample, but the quality problems may lift cash prices. Many farms may not want to be selling their physical wheat because they unsure about their crop. I've been adding on hedges for clients depending on their situation.

PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Chicago Wheat December Futures

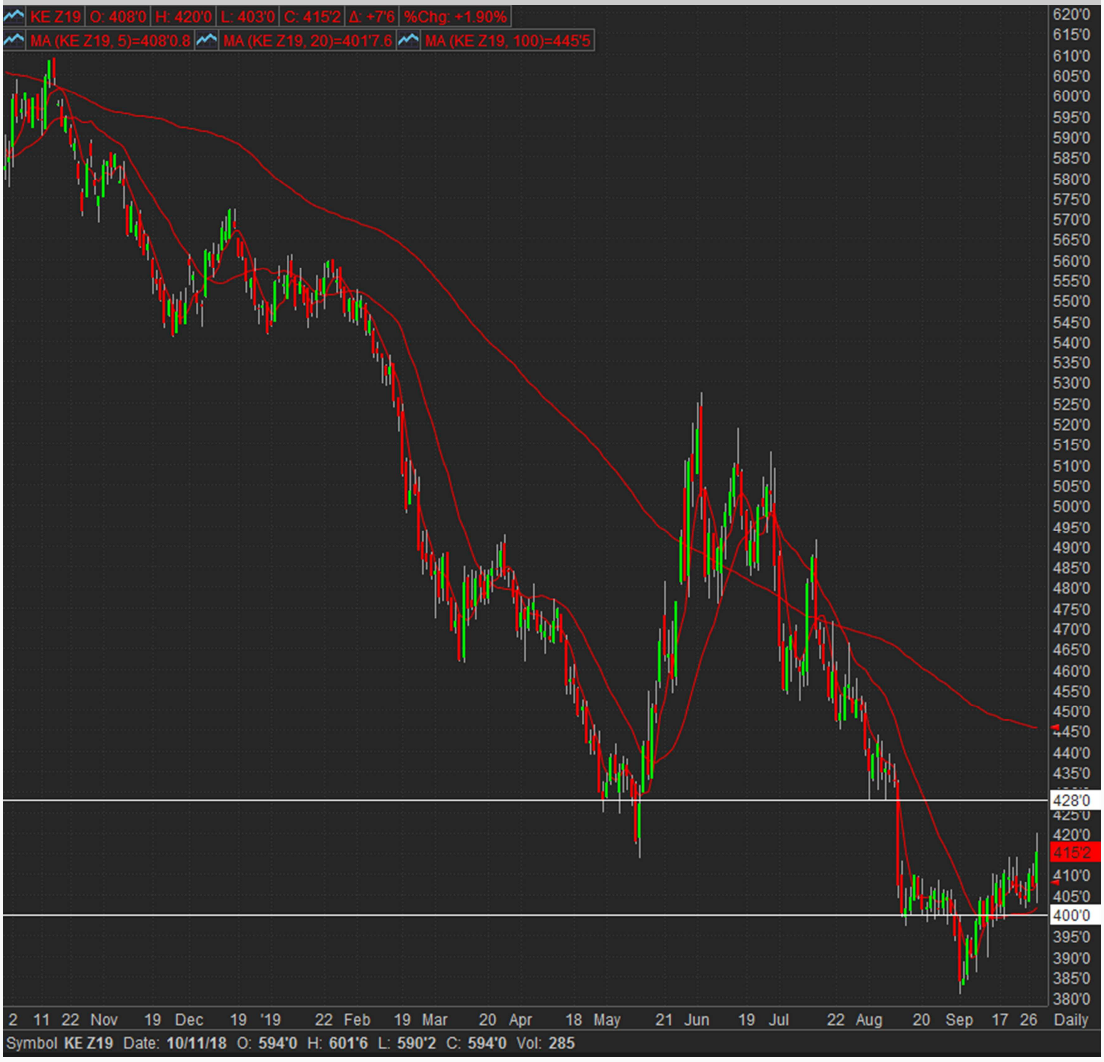


844.982.0010
www.prairiecommodities.com

PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Kansas Wheat December Futures



844.982.0010
www.prairiecommodities.com

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Minneapolis Wheat December Futures

844.982.0010
www.prairiecommodities.com

PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

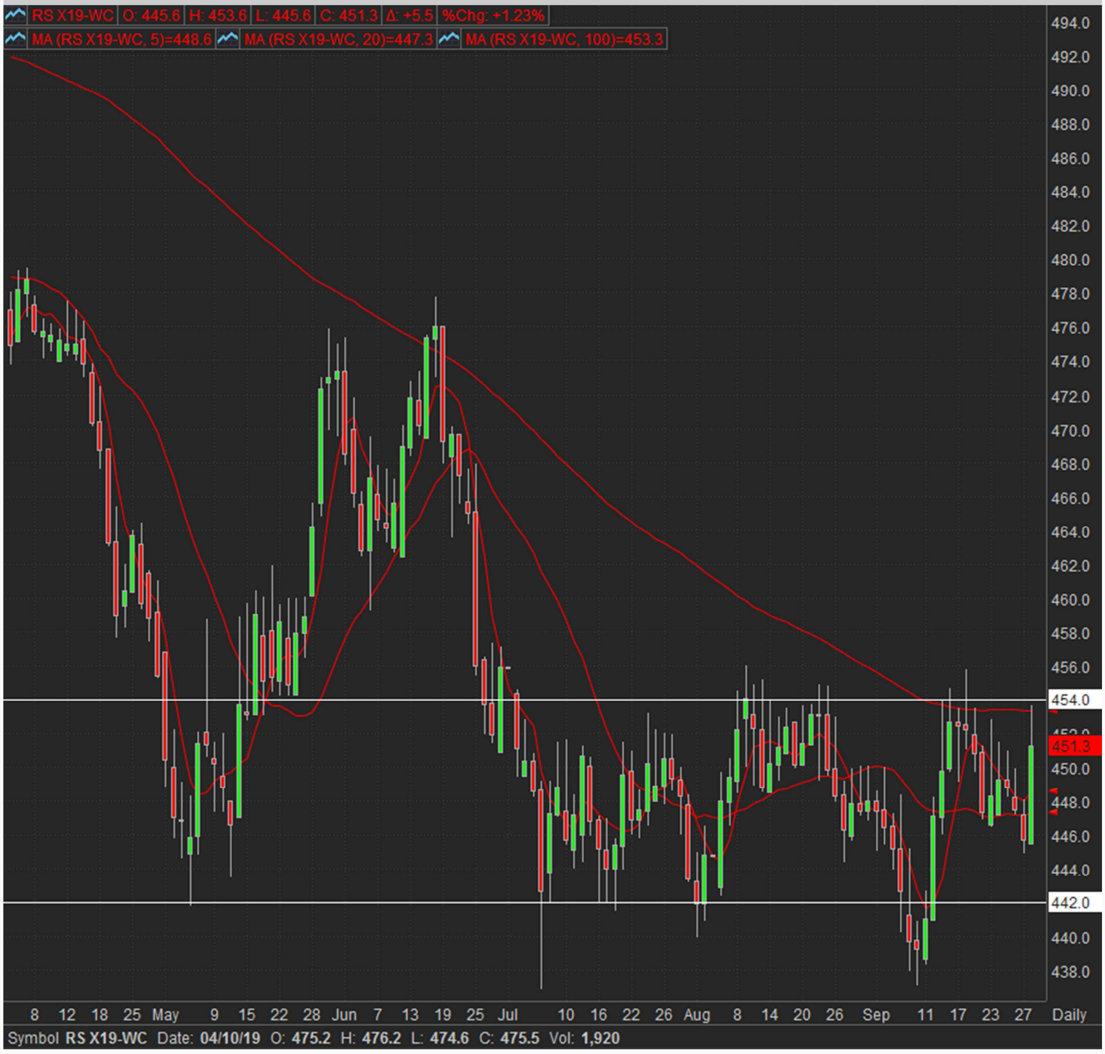
Today canola is rallied mostly due to the soy complex increasing. Below I review what the USDA released today on soybeans. This month canola has stayed in its sideways range. The November contract reached its lowest level on Sept 11th at $438.4/ton, but then retested the highs around $454/ton four days later. From a technical viewpoint, the most explosive price movements are a result of channel breakouts. If this sideways channel seen for the last three months is broken to the upside, canola could go another $20/ton higher. There isn't a StatsCan report until Dec 6th, so most of the movements will come from the weather, soy complex and Canadian Dollar. Often I find the Canadian Dollar factor for canola futures can be overshadowed by the soy complex. I mention to my clients even if you don't grow soybeans watching the price of them and oil/meal is worthwhile to give a better understanding of where canola may be headed.

PI FINANCIAL

experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Canola November Futures



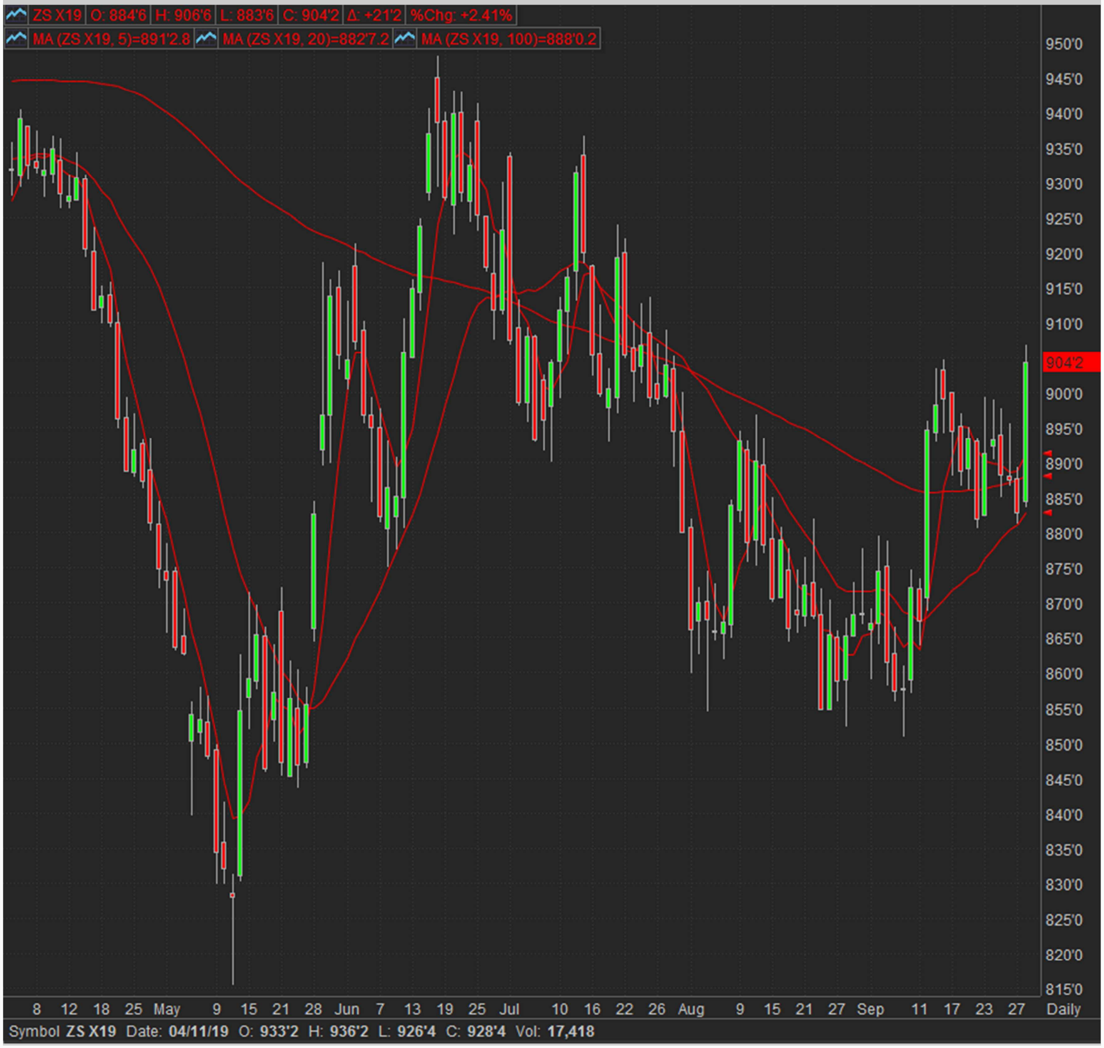
844.982.0010
www.prairiecommodities.com

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Soybeans were lacking fresh news to support any type of increase this month until today. The USDA reported soybean numbers below the low end of trader estimates. September 1st stocks came in at 913 million bushels with the average estimate of 982 million bushels. This news caused soybeans to increase over 20 cents/bu. I think it is worth noting that soybean oil this month reached a five week high. This contributed to the surge in canola during the middle of the month. Since then, soybean oil has declined and took canola along with it. Selling pressure this month for the soy complex could be tied to better weather in Brazil and possibly how the Trump Administration could be limiting US investment in Chinese companies. A 'high level' negotiating team from China is planned to arrive in Washington on October 10th to begin trade talks. This is before the October 15th deadline pegged for imposing additional tariffs. China will be on holiday's this week beginning tomorrow.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Soybean November Futures



Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

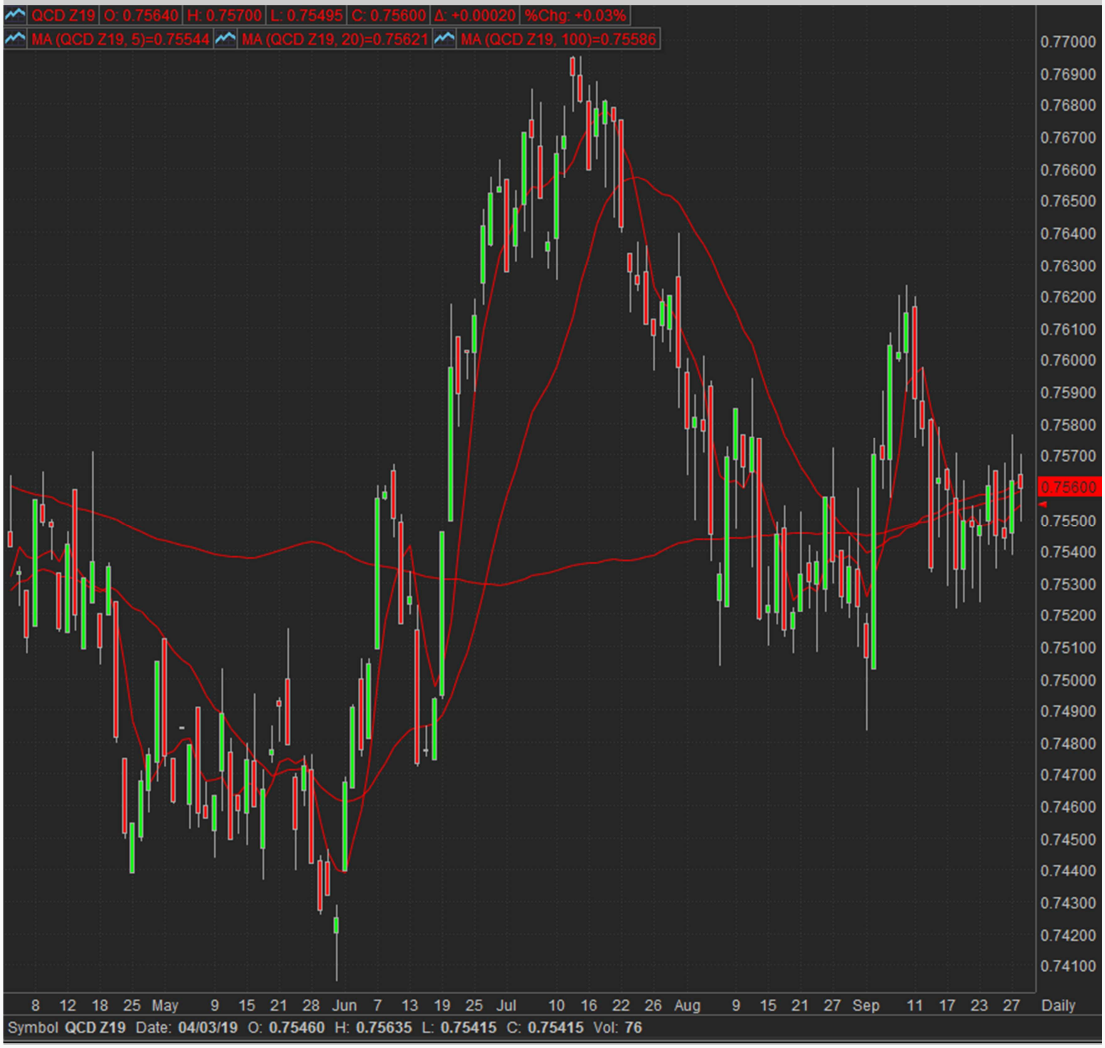
Speculators have slashed their bullish bets on the Canadian dollar to the lowest since June. As of September 24th, net long positions had fallen to 4,592 contracts from 19,823 in the prior week. Uncertainty around economic growth, volatility in oil prices and Canada's upcoming election could all be reasons why traders are being cautious on the loonie.

You have probably heard about the drone attack on Saudi Arabia's largest oil facility this month. As I was digesting the information when I heard about it on the Sunday it happened, I asked myself what commodity markets are going to see a move? The obvious one was oil and boy did it move! It was the single largest day move in 28 years for crude. Events like that are often short lived and oil is now $3/bbl lower than before the strike.

What about the grain markets? Well, soybean oil and WTI often follow each other. For the past 15 years, soybean oil prices typically are a leading indicator of what could come for crude oil. This phenomenon is possibly tied to biofuel mandates in 65 countries and the relatively small size of the vegetable oil market compared to crude oil.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Canadian Dollar December Futures

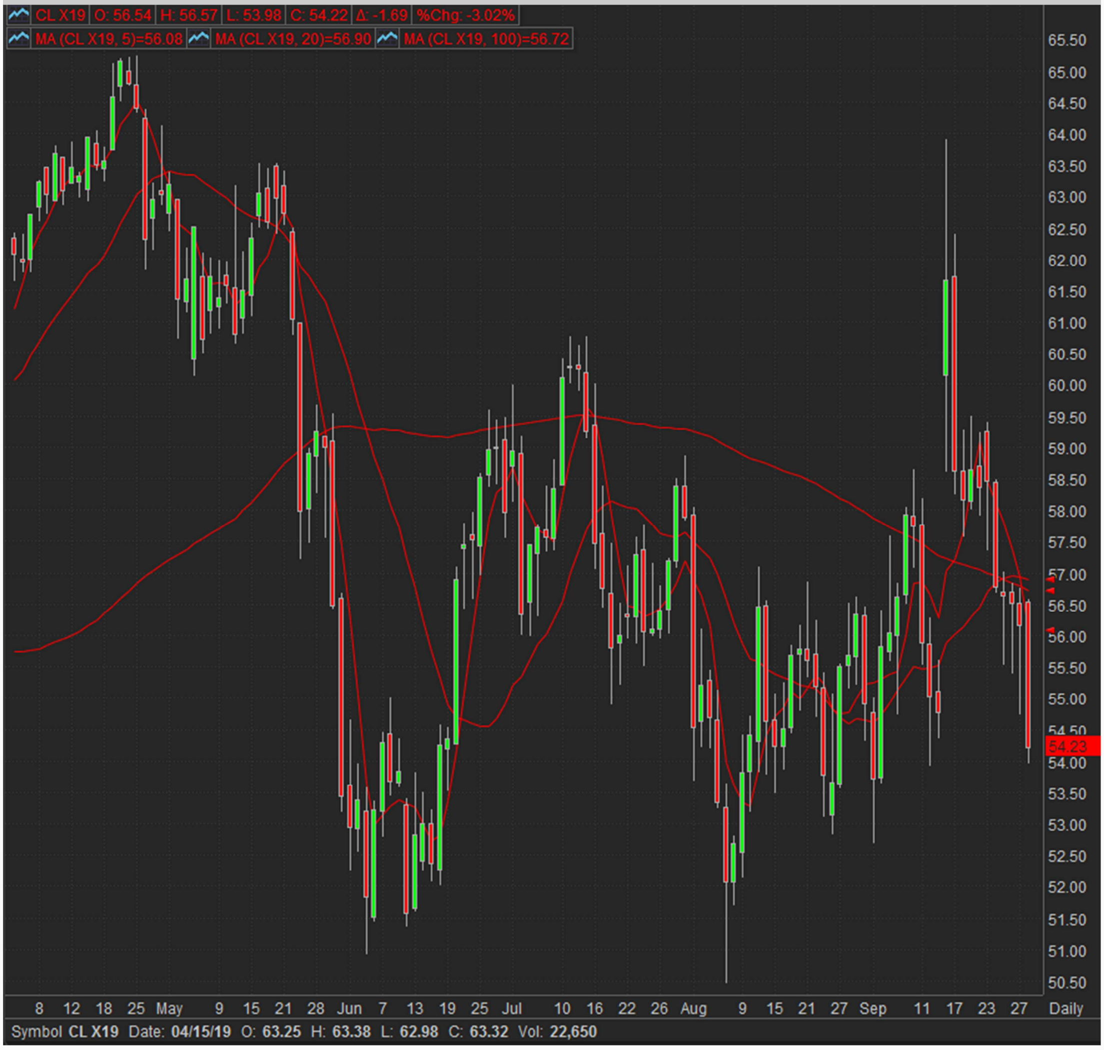


844.982.0010
www.prairiecommodities.com

PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Oil November Futures

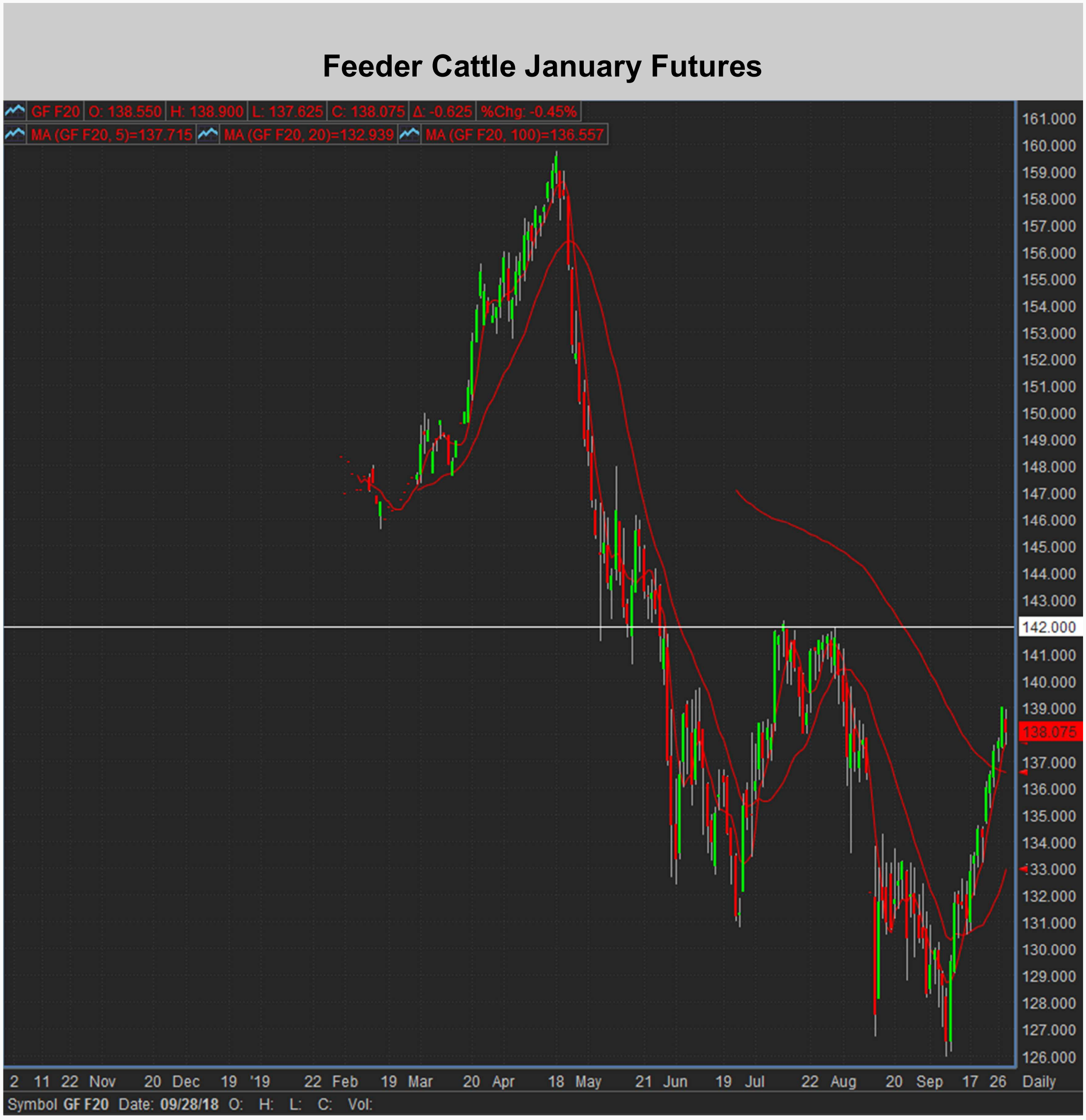


Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Cattle futures have been steadily increasing this month. Since the lows this month, both live and feeder cattle futures have increased 11.93% and 10.05% respectively. Feeders are now trading above where they were before the Tyson Foods fire last month. The futures could keep increasing as there may be smaller than expected cattle supplies in September and October. Positive trade negotiations have been helping cattle futures increase. While overbought short term, longer term the futures are still being led higher by cash prices. I'm watching for levels to protect for my livestock clients. Around $142/cwt on the January feeder cattle futures and $118.8/cwt on the February live cattle futures. The USDA Cattle on Feed report this month was considered bullish. Placements in feedlots during August totaled 1.88 million head, 9% below 2018.This was below analyst projections and goes to show how much the Tyson packing plant fire had on the industry. Marketings of fed cattle during August totaled 1.95 million head, 2% below 2018.

PI FINANCIAL
experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

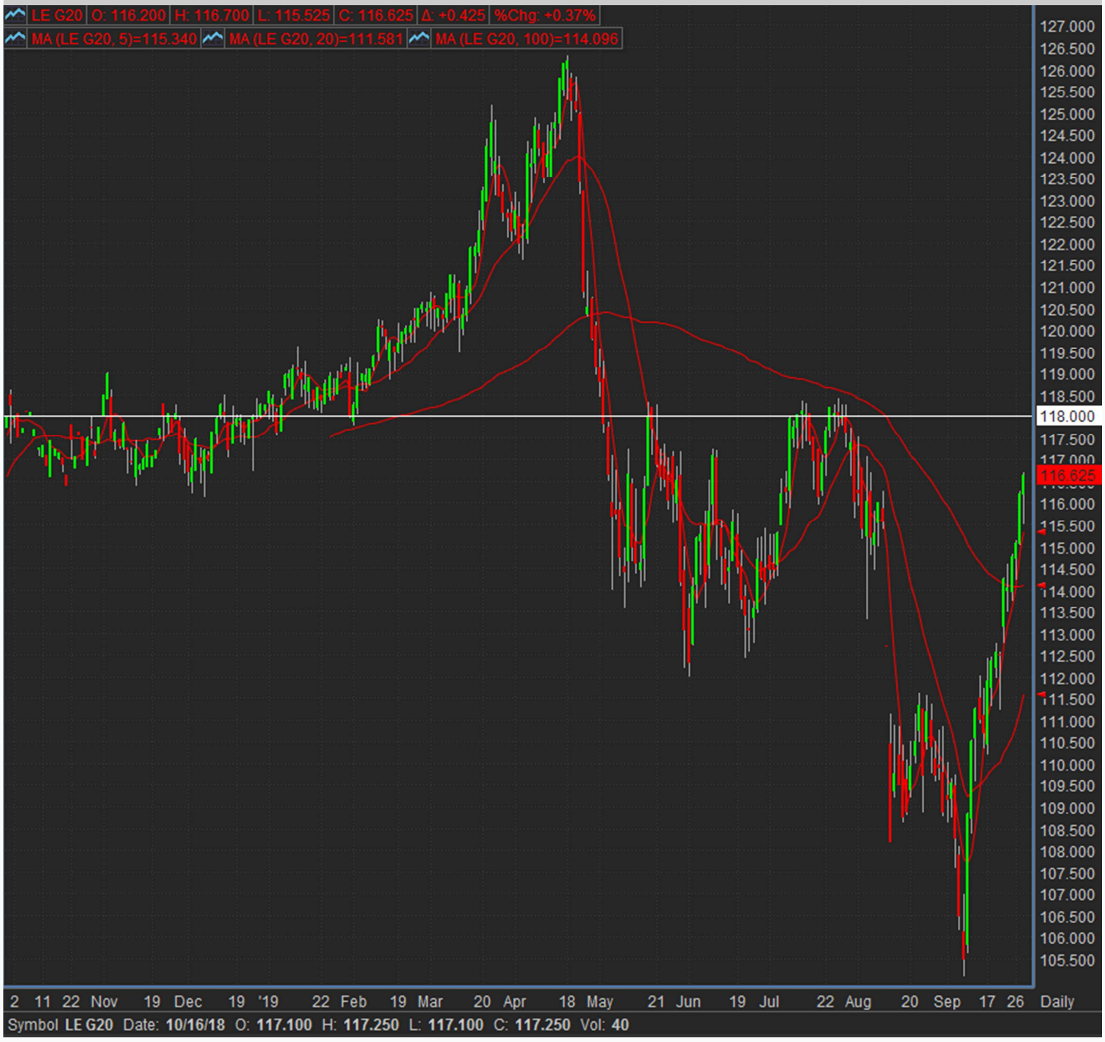


844.982.0010
www.prairiecommodities.com

experience. driven.

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

Live Cattle February Futures



844.982.0010
www.prairiecommodities.com

Adam Pukalo
Associate Portfolio Manager
Commodity Futures Advisor

PI Financial Corp. is a Member of the Canadian Investor Protection Fund. The risk of loss in trading commodity interests can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. In considering whether to trade or the authorize someone else to trade for you, you should be aware of the following. If you purchase a commodity option you may sustain a total loss of the premium and of all transaction costs. If you purchase or sell a commodity futures contract or sell a commodity options you may sustain a total loss of the initial margin funds or security deposit and any additional fund that you deposit with your broker to establish or maintain your position. You may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the requested funds within the prescribe time, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account. Under certain market conditions, you may find it difficult to impossible to liquidate a position. This is intended for distribution in those jurisdictions where PI Financial Corp. is registered as an advisor or a dealer in securities and/or futures and options. Any distribution or dissemination of this in any other jurisdiction is strictly prohibited. Past performance is necessarily indicative of future results.

844.982.0010
www.prairiecommodities.com