

# Daily CME Soy Complex Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for May 03, 2017

## CME Soy Complex Price Outlook Summary

02 May 2017	CME Soybean July'17 USc/Bu	CME Soy Meal July'17 USD/MT	CME Soy Oil July'17 USc/Lb	Brazil Soybean 1M Forward USD/MT	Argentina Soy Oil 1M Forward USD/MT
Closing Price	968.75	315	32.62	360.3	717.61
Change	-1.5	-3.6	0.46	-1.31	13.01

### Critical Price drivers Price Direction

Awaited USDA weekly exports sales report	Downward
Y-O-Y higher soybean planting pace amid good weather	Downward
Brisk pace of harvesting pace in Argentina	Downward
Other veg oil dynamics	Upward

### Soybean Jul'17 Soy Meal July'17 Soy Oil July'17

Price Outlook Summary	Prices are likely to test resistance at USc 985 before turning lower again.	Prices are likely to consolidate in the zone of USD 310 to 325.	Prices are likely to test resistance at USc 33.00 and turn lower towards 31.50.
Direction	Mixed	Mixed	Mixed
Price Range	980 to 955	325 to 310	33.00 to 31.50

## CME Soybean Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	July 2017	Sell	980	--	945	Above 995

### Strategy Review

Traders are advised to consider above mentioned strategy.

### Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
CME Soybean 1M	2010 to Till Date	75.29%	USc 675.00
	Mar 2017	100.00%	USc 730.00

## CME Soybean Oil Trading Strategy

### Fresh / Open Position

Contract	Position	Entry	Entry Date	Objective	Stop Loss
July 2017	Buy	32.40	--	33.00	Below 32.00

### Strategy Review

Traders are advised to consider above mentioned strategy.

### Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
CME Soybean Oil 1M	2010 to Till Date	75.70%	USc 26400
	Mar 2017	75.00%	USc 23400

## CME Soybean Meal Trading Strategy

### Fresh / Open Position

Contract	Position	Entry	Entry Date	Objective	Stop Loss
July 2017	Wait	--	--	--	--

### Strategy Review

For fresh strategy traders may wait.

### Closed Positions Audit

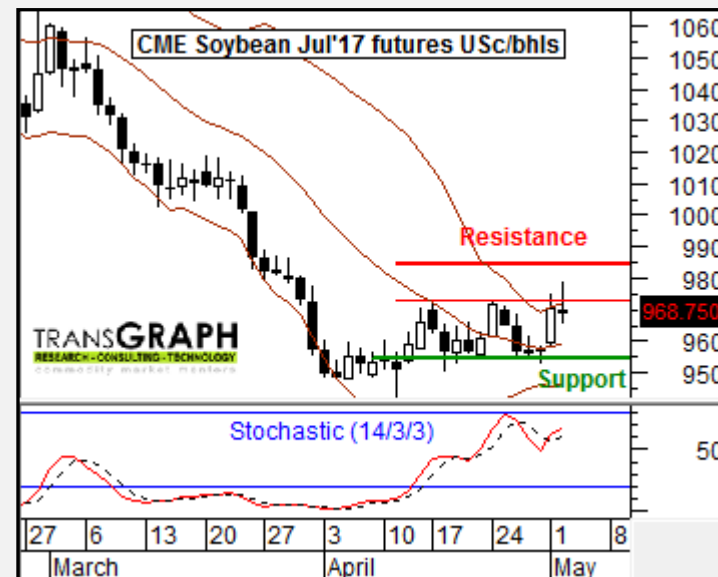
Market	Period	Strike Rate %	Net Profit Per Lot
CME Soybean Meal 1M	2010 to Till Date	75.70%	USD 496
	Feb 2017	100.00%	USD 375

## Fundamental Analysis

- ✓ CME soybean and soymeal traded on weaker note during last trading day over good soybean planting pace in US and ongoing Argentina soybean harvest. However, soy oil traded higher over introduction of US Bio-diesel tax credit policy in US senate.
- ✓ USDA weekly exports sales report for the week ending May 4<sup>th</sup>, 2017 is due to release tomorrow as at 8:30 A.M as per eastern timing. And, USDA gains inspection report has pegged soybean weighed volume for exports at 0.521 million tons vs. 0.646 million tons previous week inspected volume, which is indicating W-O-W lower soybean exports toward 0.4 million tons.
- ✓ Further, soybean planting in US is progressing well ahead of last year and 5 year average planting pace by 3% each. But at the same time, corn planting pace is lagging behind of last year and 5 year average price. Thus, there are high chances for soybean acreage to rise further in June planting report.
- ✓ Argentina soybeans harvesting has been completed by 32.3 % of harvestable acreage (18.4 million hectares). In absolute number, 5.856 M hectares of soy plots has been harvested with average national yield of 3.53 T/H and 20.68 million tons of soybean has been collected till date. The W-O-W and Y-O-Y progress were seen at 16% and 8.1% respectively.
- ✓ From palm front, Indonesia palm oil export tax for May is expected to reduce to Zero from \$ 3 per ton in Apr'17 over significant fall in reference prices, support palm oil export in coming month.

## Technical Outlook: CME Soybean July'17

- ✓ CME Soybean July'17 Futures prices traded on a choppy note after testing the upper band of Bollinger turning the short term momentum back to negative.
- ✓ Prices found support at previous swing low based support while both extreme boundaries of the Bollinger band started to widen suggesting a corrective raise in coming days.
- ✓ Momentum indicators such as RSI (14Pd) and Stochastic (14/3/3) are seen hovering above equilibrium region after turning

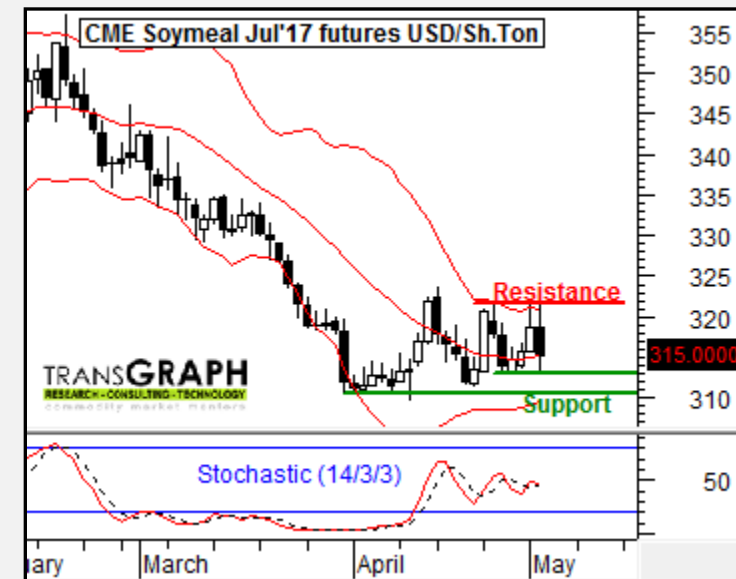


- higher sharply from deep oversold region implying that correction is in place.
- ✓ Hence, prices are likely to test resistance at USc 985/990 before turning lower again.
- ✓ On upside, USc 985 acts as an immediate resistance, followed by USc 990.
- ✓ On downside, USc 965 is likely to act as an immediate support followed by USc 950 as strong support zone.

**Concisely, prices are likely to test resistance at USc 985/990 before turning lower again.**

## Technical Outlook: CME Soy Meal July'17

- ✓ CME Soy Meal July'17 Futures prices turned lower sharply forming a bearish engulfing pattern keeping the overall sideways bias intact.
- ✓ Prices are seen consolidating in a broad range of USD 322 to 310 after turning lower from USD 355 in the month of Feb'17.
- ✓ Both extreme boundaries of the Bollinger are seen moving towards middle band depicting the mixed bias.
- ✓ Momentum indicators such as RSI (14Pd) and Stochastic (14/3/3) are seen coiling at equilibrium region supporting the mixed bias.
- ✓ Therefore taking stock of existing market sentiment on charts, prices are likely to consolidate in the zone of USD 310 to 325.
- ✓ On the higher side resistance is placed at USD 325 followed by USD 330.
- ✓ On the downside, USD 310 would be a good support zone followed by strong support at USD 310.



**Concisely, prices are likely to consolidate in the zone of USD 310 to 325.**

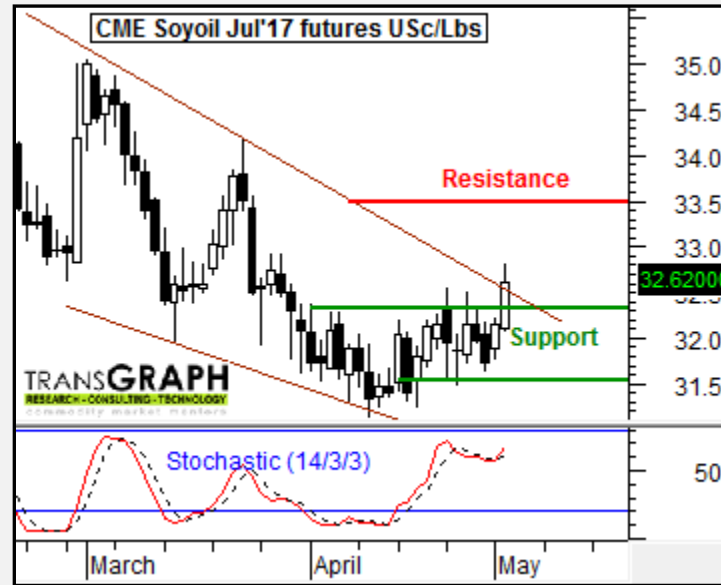
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## Technical Outlook: CME Soy Oil July'17

- ✓ CME Soyoil July'17 futures prices breached above the falling trend line but failed to hold above it keeping the sideways bias intact.
- ✓ Prices are seen trending lower since Dec'16 within a falling wedge pattern suggesting major trend is still bearish while the any subsequent fall is shallow and will be associated with a sharp recovery.
- ✓ On the daily technical setup momentum oscillators like stochastic (14/3/3) &RSI (14) are seen forming higher lows while prices continue to form lower lows forming a positive divergence implying that correction is in place.
- ✓ With prices negating bearish pattern while momentum oscillators depicting potential correction to follow, prices are likely to consolidate.
- ✓ On downside, USc 32.30 acts as an immediate support followed by USc 31.50.
- ✓ On upside, USc 33.00 acts as strong resistance followed by USc 33.50.
- ✓ Note that prices breaching above USc 34.00 would turn the sentiment back to positive again.



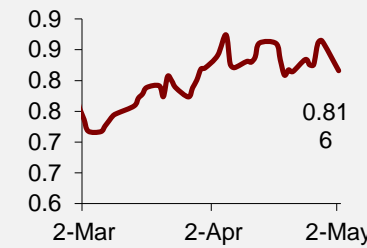
**Concisely, Prices are likely to test resistance at USc 33.00 and turn lower towards 31.50.**

## Mini Charts

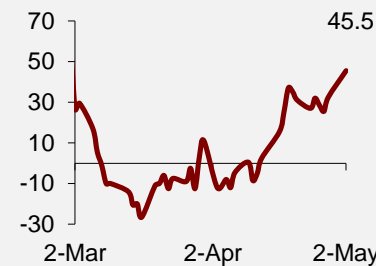
Gross soybean crush margins @ US (USD/bu)

Palm oil refining margins (FOB Malaysia basis, USD/MT)Gross Margin after Product realization

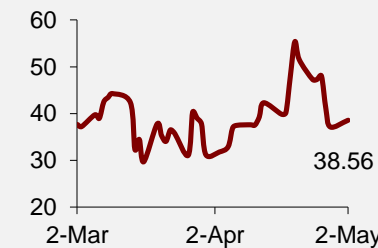
Sun-Soy price spread (FOB Argentina, USD/MT)



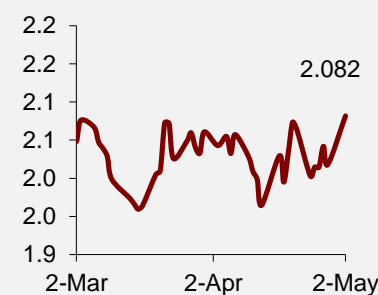
Soy-RBD Olein price spread (At origin, USD/MT)



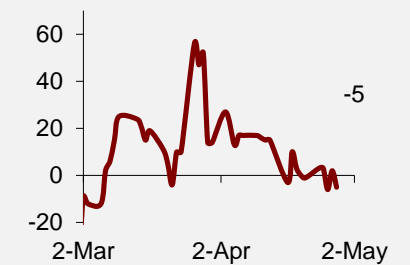
Dollar Index



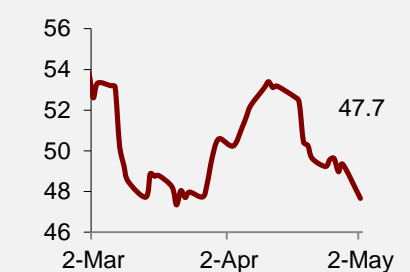
Soy oil/meal ratio (US)



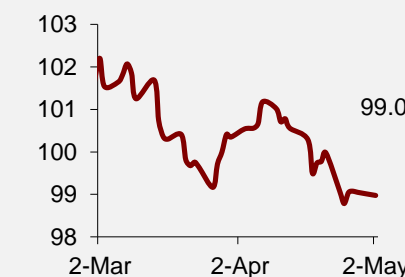
Euro vs. USD



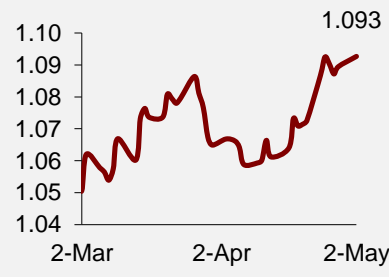
NYMEX Crude (USD/BBL)



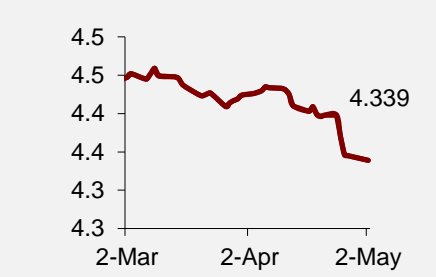
MYR vs. USD



US Weekly Export sales (000 MT)



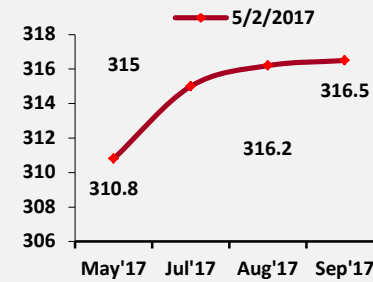
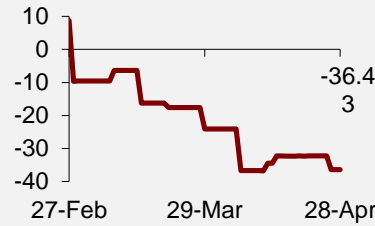
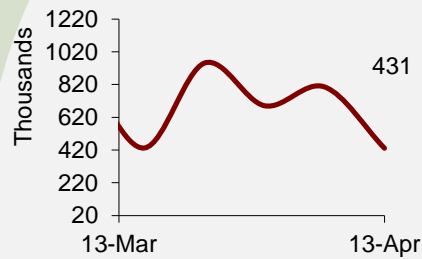
Imported Soybeans crush margin @ China (RMB/MT)



Soy meal Forward Curve

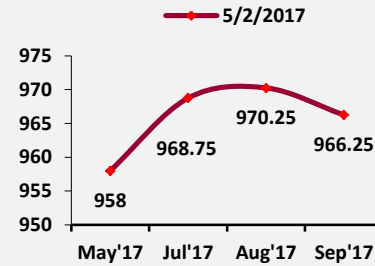
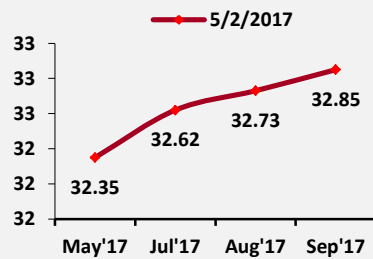
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Soy oil Forward Curve

Soybean Forward Curve



Exchange	Contract	02 May 2017				Change	Previous Close
		Open	High	Low	Close		
Oil USC/Lb	Jul'17	32.1	32.8	32.07	32.62	0.46	32.16

Conversions: 1 ton soy bean = 36.7437 bushels; 1 ton soy oil = 2204.62 pounds; 1 ton soy meal = 1.1023 short ton

Market	Commodity	Premium discount matrix	
		02 May 2017	28 Apr 2017
Argentina	Soy oil one month forward	0/+40	0/+50
Argentina	Soy oil two month forward	-40/0	-30/0
Argentina	Soy meal (47% protein) one month forward	-25/-20	-23/0
Argentina	Soy meal (47% protein) two month forward	-25/-20	-24.5/-21
Brazil	Soy oil one month forward	0/+40	-24/-18
Brazil	Soy oil two month forward	-20/+50	+0/40
Brazil	Soy meal one month forward	0/-32	-35/-29
Brazil	Soy meal two month forward	-28/-26	-28/-27
Brazil	Soybean one month forward	NA	NA
Brazil	Soybean two month forward	NA	NA
USA	Soybean US Gulf barge one month forward	+34/+44	+26/+39
USA	Soybean US Gulf barge two month forward	+28/+31	+26/+39

H: Holiday NA: Not Available. Premium & Discount: Bid/Ask. soy oil – points/pound Soy meal – USD/ ton Soybeans – cents/bu for US while S/ton for Brazil

Market	Commodity	02 May 2017	28 Apr 2017	Change	Change %
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## Market Prices

Exchange	Contract	02 May 2017				Change	Previous Close
		Open	High	Low	Close		
CME Soybean USC/Bu	May'17	958.5	967.75	955	958	-1	959
	Jul'17	969.75	978.5	965.25	968.75	-1.5	970.25
CME Soy Meal USD/MT	May'17	314	316.8	308.9	310.8	-3.5	314.3
	Jul'17	318.6	321.3	313	315	-3.6	318.6
CME Soy	May'17	31.88	32.54	31.88	32.35	0.46	31.89

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## Premium discount matrix

Market		Commodity	02 May 2017	28 Apr 2017		
Argentina	Soy oil	USD/MT	728	710	18.0	2.47%
Argentina	Sunflower oil	USD/MT	705	705	0.0	0.00%
Brazil	Soy oil	USD/MT	843	819	23.4	2.78%
USA	Soy oil	Illinois spot US\$/Lb	30.75	29.58	1.17	3.80%
India	Soybean	Indore spot INR/MT	30810	30770	40.0	0.13%
India	Soy oil	Refined Indore spot INR/MT	61500	61800	-300.0	-0.49%
India	Soy meal	FAS Kandla USD/MT	370	370	0.00	0.00%

## Soy bean Crush margins – CME US\$/Bu

Contracts	May 02 2017	Apr 28 2017	10- day average	30-day high / low
Soybean – Jul'17				
Soy Oil – Jul'17	81.60	86.43	83.39	87.43/77.34
Soy meal – Jul'17				

## Our Extensive coverage of Edible Oilseeds & Oils Complex

Report	Coverage #	Price Outlook & Strategies
Daily BMD Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	MY.CPO.BMD
Daily CME Soy Complex Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	USA.SB.CME, USA.SM.CME, USA.SBO.CME
Daily Indian Edible Oil and Oilseed Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.CPO.MCX, IN.SB.NCDEX, IN.SBO.NCDEX, IN.RMS,NCDEX, IN.SM.KANDLA

Weekly Edible oil and Oilseeds Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M, USA.SBO.CME, MY.CPO.BME, MY.RBDO.FOB, IN.SBO.NCDEX, IN.SBO.INDORE, IN.CPO.MCX
Weekly Edible oil Elliott wave analyser	EWA, PO, 6W	MY.CPO.BMD, USA.SBO,CME, PH.CNO.1M, AR.SFO.1M, UKR.SFO.1M
Weekly Indian Edible Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.RSO.JAIPUR, IN.GNO,RAJKOT, IN.CNO,KOCHI, IN.RBO,KHANNA
Weekly Lauric Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.PKO.1M, RTDM.CNO.1M, MY.PS.SPOT, MY.PFAD.SPOT
Weekly Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.RBD.1M, ID.CPO.1M
Weekly Soy Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M
Weekly Sunflower Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SFO.1M, UKR.SFO.1M
Bi-Weekly Poultry Feed Market Analysis and Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SB.NCDEX, IN.SM.INDORE, IN.MZ.NIZAMABAD
Monthly Edible oil and Oilseed Complex Special Report	FA, BS, WA, PI, TA, PO, 2-3M	USA.SB.CME, USA.SM.CME, USA.SBO.CME, AR.SBO.1M, DXY.SPOT, USDBRL, USDARS, UKR.SFO.1M, MY.CPO.BMD, ID.CPO.1M, USDIDR, USDMYR, MY.CPKO.1M, PH.CNO.1M, IN.SBO.NCDEX, IN.SB.NCDEX, IN.RS.NCDEX,IN.RSE.KANDLA, IN.RSO.JAIPUR, IN.CPO.MCX, IN.CPO.KANDLA, IN.RS.RAJKOT

# News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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