



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Date: April 20, 2016

In yesterday's grain and oilseed trade the bean market was on fire to the upside, pulling wheat up nicely and corn still acted very reluctant to follow. The focus of fundamental soybean reasoning for the recent sharp rise is too wet in Argentina, too dry in Brazil and a weakening US Dollar compared to South American currency, specifically Brazil's Real.

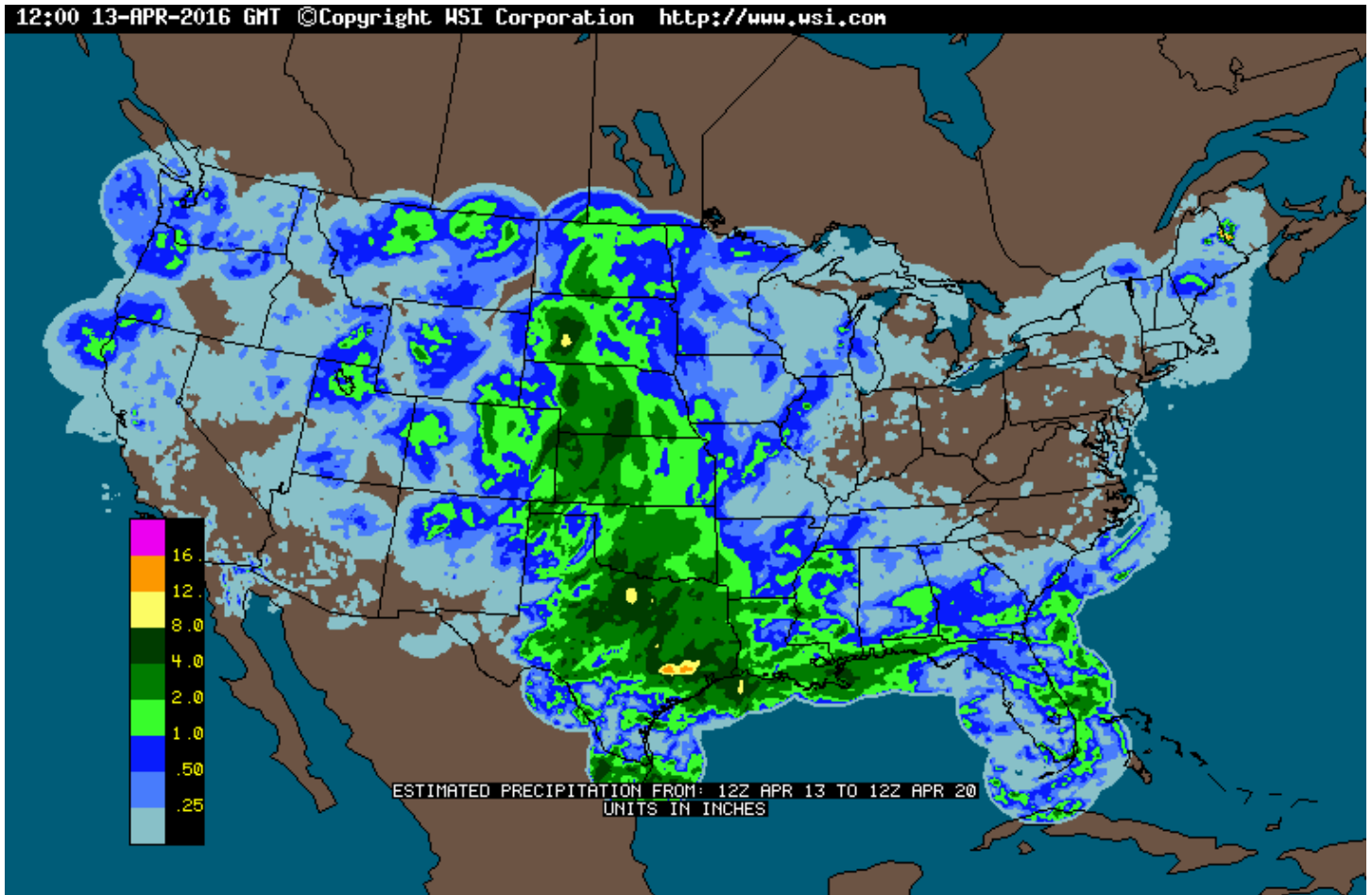
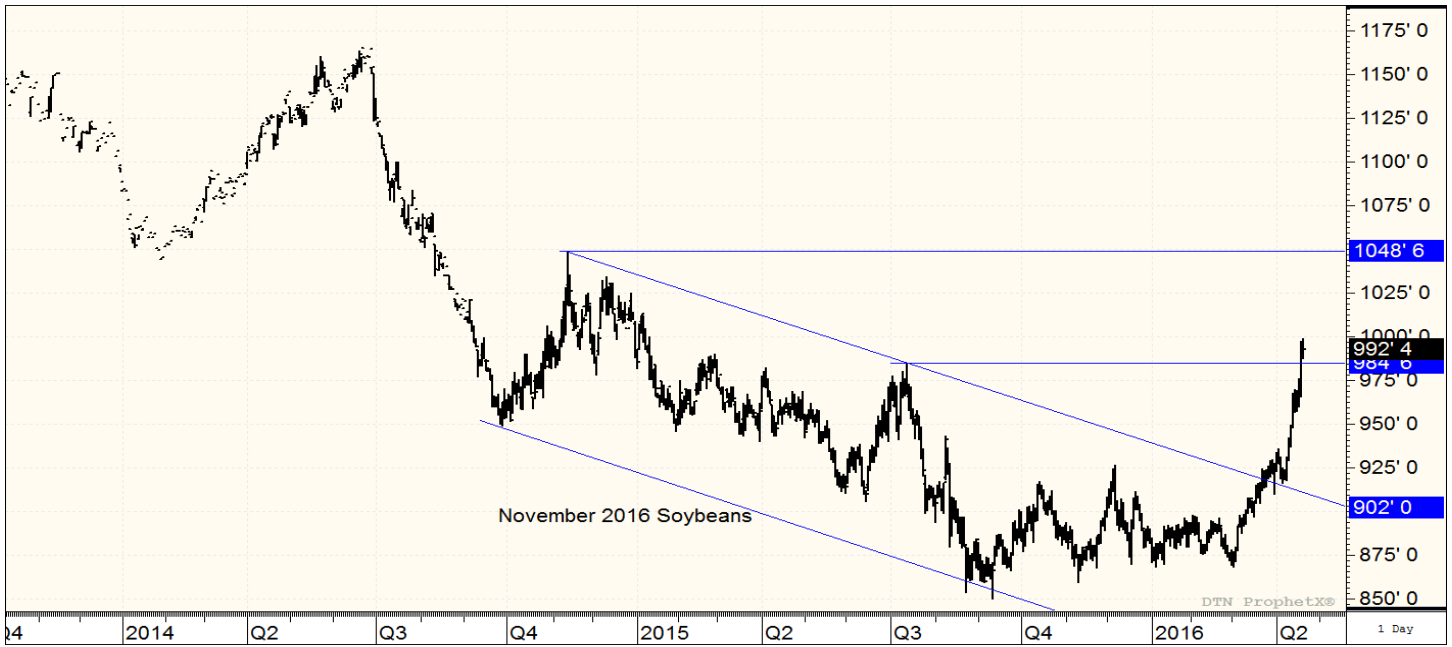
Honestly though, I think the technical aspect of the trade has been more of a driver than fundamentals. Commodity funds and managed money have been HUGE buyers in soybeans as resistance levels continue to be taken out and long term moving averages are crossed. Yesterday the \$9.85 key resistance level in new crop beans was breached, resulting in the 20-30 cent gains across the board in a strong push above that level. The next major resistance level is \$10.48 $\frac{3}{4}$ from back in November of 2014.

Back to the fundamental equation though, I think it's important not to get too bulled up to the bean market yet. I say that because we need to have actual valid fundamental long term reasoning to get bullish beyond current levels. South American soybean production is record large this year. World ending stocks are projected at a record. US domestic stocks were lowered in this month's report, but are still 445 mln, which is historically huge. Is there room in those stocks for a major hiccup in world production? Absolutely not. BUT, we don't have a major production shortfall anywhere. South America is a record and the US bean crop is still in the seed bag and not even in the ground. It's a little too early to get bullish beans. In fact, it's not possible to be fundamentally rationally bullish beans from this level..., yet. If the US has a big production shortfall this summer, that's a different story. We would all be crazy to try and predict that at this point though despite what some goofy every year drought predictors are trying to tell us.

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