



3F Forecasts Futures · Farming · Finance

LARRY ACKER • 1710 NORTH SUMMER HILL ROAD • POLO, ILLINOIS 61064-9263
(815) 946-3001 • Fax (815) 946-2003 • (E-Mail) Lacker@essex1.com • (Web Site) www.3FForecasts.com

3F Commodities Hotline

January 24, 2017

Thank you for subscribing to 3F Forecasts Commodities Hotline. This is the update for January 25-28, 2017. The next update will be on January 28, 2017 about 9-10 PM CST. I should be available for the rest of the week for consulting if you need any assistance. If there are any changes, they will be on Thursday as a medical appointment is necessary but time has not yet been set.

Why the change? I have heard from several of you why I changed to being short energy instead of staying long as I was. The reason is that the charts don't look very favorable. We have two cycle lows coming – one in April and a secondary low in June-July 2017. The high (short-term) should have been in January (this month). We think that the oil market will now head slowly lower—first to about \$47.50 and then to about \$44.50-45.00 later on. Being bearish looks safer than being bullish.

Grains: The wheat market continues bearish on the supply side, but no better than neutral on the demand. With big world supply and the lowest winter wheat plantings since 1909, there may be hope for later in 2017 for any better prices. But the world supply from other wheat growing regions of the world show little production cutback. In contrast, we expect more soybean acreage in the US and a little higher production in Brazil. In Argentina, some production of beans and even corn has been all but lost due to the very wet conditions and the heavy storms. Corn still has good exports. The total US exports for corn in 2016-2017 are up 76% from a year ago. China is importing less ethanol and DDGs than one year ago. President Trump just signed an executive order to withdraw from the TPP. It remains unknown how this will affect our exports to other nations in the years ahead. The grains should be mixed to higher into the end of the month but go lower into the “February break” starting next week. **Speculators:** We reversed and went short last Tuesday. We are now short 6 March corns at \$3.63½, 6 March beans at \$10.68½, 6 March bean meal at \$349.80, 6 bean oils at 35.88¢, 6 March oats at \$2.57, 6 March wheat (Chicago) at \$4.33. We sold 2 more of everything on Monday's rally. We sold 2 March corns at \$3.70, 2 March soybeans at \$10.67, 2 March bean meals at \$348.70, 2 March bean oils at 35.45¢, 2 March oats at \$2.60½ and 2 March Chicago wheat at \$4.25½. This is all the shorts we will put on. Stay short. Trader's discretion. **Farmers:** Sell into price rallies. Sell some grain on current rallies if you need money. Grains should have peaked out by now, so sell all grain you need to sell for the next six months.

Live Cattle: We are currently short and the moo-moos should be higher on Wednesday. If the weather remains bad for cattle, we can see the cattle rally into Wednesday. Chart high could be as high as \$120.00 basis February futures. We are short 2 February cattle at \$120.00 and 2 at \$120.25. If you are short April futures, stay short. If you can make \$2.50 per hundred, take your money. Ice storm has helped the meats. Stay short. Trader's discretion. **Farmers:** Sell all cattle on rallies that do come.

Lean Hogs: We are still short the hogs also. However, they have recovered. We think they will top out on Wednesday. We would sell rallies. We are short 2 February hogs at \$65.60, 2 at \$65.70 and 2 at \$66.05. Stay short. Get out at \$64.80 or lower if you get the chance. Trader's discretion. **Farmers:** Keep all marketings current. Sell everything you can on rallies.

Sugar: The sweet stuff should be mixed on Wednesday. Sugar has rallied back above 20¢, but may plateau here. We are looking to buy (go long) March sugar futures on any breaks into this hotline update. We bought 2 March sugars on weakness at 20.18¢ a pound and 2 more at 20.05¢. Sugar bottomed at 20.05¢ but we didn't get filled. Keep trying. Be ready to buy 2 more at 20.05¢ or lower. Stay long. Trader's discretion.

Cotton: We expect the white stuff to be mixed to up on Wednesday. India, the world's largest producer, may double its imports due to drought and insects. Texas should be a good strong producer next crop season. The number to watch is what percent of total crop has already been exported by the US. We bought 4 May cottons at 72.12 on last Wednesday's open. Stay long. Get out at 75¢ or higher. Trader's discretion.

Farmers: Sell over 75¢/pound if possible.

Precious Metals: Metals may be drifting lower on Wednesday. There is a possible rally first and then a fall. The metals are still slowly drifting lower. Not a lot of action in this complex. There are many cross currents presently in the metal cycles. We are now short 4 February golds at \$1184.20 and 4 March silvers at \$16.68 per ounce. Be ready to add to shorts on any good rally. We are short 2 February golds at \$1205.02 and 2 March silver at \$17.12. There is cycle weakness this week. Maybe we were too early. If nervous, get out on weakness. Major cycle low is in June, 2017. Trader's discretion.

Energy: Energy should be mixed to lower on Wednesday. But with colder weather turning milder over the next week, energy could strengthen before turning weaker again. Oil rig count last week was 689 up 35 last week. A year ago the rig count was 637. We expect some selloff in the next 10-14 days due to higher inventory. We reversed and went short on last Wednesday's open. We are short 22 March crude at \$53.33, 22 March gasoline at \$163.03, 22 heating oils at \$166.20 and 22 March natural gas at \$3.39. If short now, stay short. Oil usage is declining compared to last year. A major low is still possible on April 10, 2017 and possibly in July, 2017 when a secondary low is due. Trader's discretion.

Financials: March T-Bonds should be lower on Wednesday. The Chinese are selling US T-Bonds like crazy. We got out on any rally and took our money. We had a nice profit so we took it. Due to politics, let's sell 2 March T-Bonds on any rally. If it is a sharp rally, sell 2 more. FOMC meetings for 2017 will be on January 31/February 1, March 14-15, May 2-3, June 13-14, July 25-26, September 19-20, October 31/November 1 and December 12-13. The S&P 500 continues in a narrow trading range. A low was due January 23. We bought on the low day. We are long at \$2265.40 (2 March contracts). Buy 2 more on weakness. Reverse to short positions above \$2285 if you reach that price. We can still see a short rally and maybe you can still get short at \$2280-2285. We haven't made it yet. Trader's discretion. Currency markets are hard to trade at this time. US \$ looks mixed to lower on Tuesday. The dollar depends upon the Fed and their actions. We don't trust the Fed or Europe. Let's buy 2 March US \$ on weakness if possible. Buy 2 US \$ on the open on Wednesday. Do both if you can afford it. If you can make at least 50¢, get out. Trader's discretion.

The next update will be on January 28, 2017 about 9-10 PM CST. Thank you.

This analysis is made from information believed reliable but accuracy and completeness are not guaranteed.