



# 3F Forecasts

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## 3F Commodities Hotline

March 25, 2017

Thank you for subscribing to 3F Forecasts Commodities Hotline. This is the update for March 26-28, 2017. The next update will be on March 28 about 9-10 PM CDT. Be advised that I will be in Springfield, Illinois on March 29 and coming back on March 30 on State of Illinois business. I will not be available for consultation until Friday morning, March 30—just ahead of the USDA crop reports. Sorry to cause any possible inconvenience.

**Cycles changing?** I'm looking at some of the recent cycle work I have done. I was checking the markets we are following. We think the S&P 500 will bottom by April 6-10 along with the grains, then they will be higher into May. It may be a good time to go long the US \$ after April 6-10. Gold and silver still look a little higher short-term. Crude oil is tending to look lower over the next couple of months. Good luck.

**Grains:** The grain bulls took it on the chin this past week. I am bearish on the USDA Crop Reports. However, just about everybody in the trade is bearish on the report. Now, using contrary opinion, the grain prices may rally before and after the report. It may not be much of a rally or a strong rally, but be aware that a rally is definitely possible. Preliminary yield reports out of Argentina suggest that soybean yields are above average but often the early harvest estimates of yields are optimistic. Farm Futures (FF) is estimating about 90.9 million acres of corn being planted this year vs. 94.0 million acres in 2016. The corresponding numbers for soybeans are 89 million acres in 2017 vs. 83.4 million acres in 2016. Meantime, FF found that wheat farmers are cutting planted acres planted to spring wheat and durum wheat due to negative fundamentals and lower prices. Wheat may be concerned with hot, dry weather in the US southwest, but there will still be plenty of wheat. This is true for corn and soybeans, too. By the way, wheat acreage may be at a 100-year low. The USDA's weekly crop progress reports begin after April 1. The selloff was too fast so we reversed to long near Friday's close. We'll go back short later. **Speculators:** We were short the following: 10 May corns at \$3.64½, 10 beans at \$10.09½, 10 bean meals at \$350.40, 10 bean oils at 33.09¢, 10 Chicago wheat at \$4.42 and 10 May oats at \$2.47. A market rebound is due. We are now long 10 May corn at \$3.56, 10 May beans at \$9.75½, 10 bean meals at \$318.20, 10 bean oils at 32.23¢, 10 May wheat at \$4.24 and 10 May oats at \$2.46¼, we made fast money. We will stay with May contracts. Cycle low is April 4-7. This will be after the report. Trader's discretion. **Farmers:** Sell into price rallies. We would hold off selling crops until mid to late April when rallies are due once again.

**Live Cattle:** The cows should be lower on Monday. Big selloff is due. Get out if you can make any money. Get out without getting slaughtered. This weather factor may now be about finished. We reversed to April futures at \$118.05. Low is due March 30-31. We are short 6 April cattle at \$118.05 and 2 June cattle at \$107.90. If nervous, get out. We are getting really nervous. Trader's discretion. **Farmers:** Sell all cattle on rallies that do come.

**Lean Hogs:** Cycles are more bearish in the hogs. We think they will be lower on Monday. Weather is wrecking the cycles. Low target for resistance is \$73.40. We went short only 4 April hogs at \$68.70. If you can make at least \$2.00, get out. We did not add to our short positions. If nervous, get out if you can make a

profit. We are nervous. Trader's discretion. **Farmers:** Keep all marketings current. Sell everything you can on rallies. Now is a good time to sell on these rallies.

**Sugar:** The sweet stuff should be mixed on Monday. Sugar has certainly been volatile. We were long 6 May sugars at 20.43¢, 2 at 20.00¢ and 2 at 19.10¢ per pound. Sugar supply is growing once again. The EU and India are increasing supplies next winter. This is bearish. Sugar is getting more active. We got out on Thursday's rally at 17.60¢ on the close. We are staying out for now. Trader's discretion.

**Cotton:** We expect the white stuff to be mixed to up on Monday. Heavy rains plagued south Texas into last week. We are still long 2 May cottons at 76.37¢, 2 at 76.35¢, 2 at 77.65¢ and 2 at 75.55¢. Get out at 79.90¢ if possible, but 79.00¢ is okay. If nervous, get out on rallies. We are getting nervous. World production is virtually unchanged. US exports are at a seven-year high and account for about 37% of the world trade. US production was raised 271,000 bales by USDA. Trader's discretion. **Farmers:** Sell over 75¢/pound if possible.

**Precious Metals:** Metals may be drifting lower on Monday. Not a lot of action yet in this complex, but there will be lots of action after July 1. Metals want to go up, but we are nervous and rallies are not very strong. We are still long 2 April golds at \$1226.5, 2 at \$1216.50, 4 more at \$1202.00 and 2 at \$1244.70 and 2 May silvers at \$17.74, 2 at \$17.54, 4 at \$16.92 and 2 at \$16.01. If gold rallies to March 29, reverse short into June gold. Major cycle low is in June, 2017. Be ready to go short (reverse) into June gold by March 29. Reverse May silver by April 6-7. Huge rally starts later in summer of 2017. Trader's discretion.

**Energy:** Energy should be mixed to lower on Monday. Cycles may be mostly down into March 28-29. Supply in storage keeps going higher causing the market to drop. Oil rig count last week was 809 up 20 last week. A year ago the rig count was 464 and going down. Crude may be lower to at least March 29. The war cycles are on into April 6. We reversed long on last Monday's weakness. We are now long 22 May crude oils at \$48.90, 22 May gasolines at \$160.05, 22 heating oils at \$150.62 and 22 May natural gas at \$2.97. Oil usage is especially declining compared to last year. A low is still possible on April 6-10, 2017 and also possibly in July, 2017 when a secondary low is due. The \$47.00-47.50 low on crude oil has held so far. Fundamentals are even more bearish. We are staying long, but we want to roll into short June futures on any rally—especially to May crude oil near \$48.90. Trader's discretion.

**Financials:** June T-Bonds should be lower on Monday. Daily stochastics have turned bearish. Market is oversold now and may go up for a couple of days. T-Bonds may turn turbulent. We're not sure what is going on so we'll stay out. Let's wait. FOMC meetings for 2017 will be on 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 and looks mixed to lower on Monday. Most individual stocks are weaker than the averages. This bothers us. We went short June futures on March 16 at \$2380.50. We see another small sell possible earlier this week. Trader's discretion. Currency markets have been difficult to trade this year so far. US \$ looks mixed to higher on Monday. The dollar depends upon the politicians. We'll stay out for now. Trader's discretion.

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

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