

COMMODITY: CANOLA

FRIDAY, JUNE 19, 2026

SUMMARY (5 BULLET KEY TAKEAWAYS)

- **Strong primary uptrend remains intact** — Canola has produced higher highs and higher lows since late 2025 and trades well above its rising 200-period EMA, confirming a bull market. Short-term action has entered a corrective phase after the May 2026 high.
- **Fundamentals are mixed but leaning supportive** — 2026/27 production is forecast at 20.11 MMT (down <8%), offset by rising crush demand to 12.5 MMT and major China tariff relief (seed tariff cut to 5.9% from 75.8% in early 2026).
- **Short-term technical warning signs exist** — Price has formed an **Ascending Broadening Wedge** with bearish divergences in RSI, MACD, and MFI. The market is in a high-risk consolidation zone, with **730–735** as the critical support level.
- **Confidence is Bullish overall** — Three Green signals (Trend, Currency & Macro, Geo-Political) and three Yellow signals, with zero Red. This supports a bullish bias for the 60–90 day window, though short-term seasonal pressure and technical damage warrant caution.
- **Bottom Line:** Bullish on dips in a primary uptrend. Buy the 730–735 support zone with stops below 700. Risk/reward favors longs for 60–90 days. Avoid chasing strength above 760 until the market holds the lower wedge boundary.
- **USMCA Trade Agreement:** USMCA provides stable, duty-free access for Canadian canola seed, oil, and meal into the large U.S. market. While the upcoming 2026 joint review introduces some uncertainty, current disputes center more on dairy and biotechnology than canola. The agreement supports integrated North American crush and biofuel supply chains.

20% RULE

RULE ONE: THE TREND IS YOUR FRIEND

Canola remains in a clear bull cycle since December 2025. We do not trade against the prevailing trend.

Targets are set above resistance (780–800+) on strength. The market has shown relative strength and is decoupling positively from broader global trends due to Canada-specific drivers (China tariff relief + biofuel-driven crush demand).

RULE TWO: CONFIDENCE

Market Classification: Bullish (with short-term caution)

Category	Result	Key Reason
Trend Strength & Direction	● Green	Strong multi-timeframe uptrend confirmed by a clear series of higher highs and higher lows since the December 2025 low. Price remains comfortably above the rising 200-period EMA across daily and weekly charts, with the primary bull market structure still intact despite the recent correction.
Fundamentals (S&D)	● Yellow	Mixed but leaning supportive. 2026/27 production is forecast lower at 20.11 MMT due to yield normalization, however this is offset by sharply rising domestic crush demand to 12.5 MMT and the major China tariff relief. Global supply remains ample, which limits strong bullish momentum from fundamentals alone.
Technical Structure	● Yellow	Long-term structure remains bullish with price above key moving averages and within a larger ascending channel. However, the short-term structure has deteriorated into an Ascending Broadening Wedge accompanied by clear bearish divergences in RSI, MACD, and MFI. This creates a neutral short-term technical picture with no clear edge until support is tested.
Seasonal & Historical	● Yellow	Currently transitioning out of the historically strong bullish seasonal window (May–June peak). The market is now entering the typical post-peak period that often sees price pressure into harvest (September–October). While the longer-term historical bias remains upward in bull cycles, there is currently no strong seasonal tailwind.
Currency & Macro	● Green	Supportive macro environment. The Canadian dollar has weakened recently (USD/CAD around 1.41–1.42), improving export competitiveness. Strong U.S. biofuel demand, supported by expanded renewable fuel and 45Z tax credits, continues to provide structural demand for canola oil and meal.
Geo-Political	● Green	Major positive development: China reduced the anti-dumping tariff on Canadian canola seed to 5.9% (from 75.8%) in February/March 2026 and suspended all tariffs on Canadian canola meal through the end of 2026. This is one of the strongest bullish geo-political catalysts for Canadian canola in recent years and significantly improves export access. Additional supportive factors: • USMCA Trade Agreement provides stable, duty-free access for Canadian canola seed, oil, and meal into the large U.S. market. While the 2026 joint review introduces some uncertainty, there are currently no major disputes specifically targeting canola • Strait of Hormuz tensions: Any escalation that disrupts oil flows would push global energy prices higher, which is generally supportive for biofuel demand (including canola oil used in renewable diesel).

MASTER RATINGS

- 30 Days: ● **Neutral to Bullish (technical damage + seasonality)**
- 60–90 Days: ● **Neutral to Bullish (crush demand expected to support)**
- 120 Days: ● **Neutral to Bullish (harvest uncertainty)**

Growing season is in full swing so market can quickly turn bearish if crop looks like a bumper.

FUNDAMENTALS:

2026/27 (New Crop): Production 20.11 MMT, Area +1%, Yield normalized to 40.9 bu/ac
Crush rising to 12.5 MMT. Exports forecast 7.5 MMT. Ending stocks ~2.63 MMT.

Key Catalyst: China reduced seed anti-dumping tariff to 5.9% (from 75.8%) and suspended meal tariffs through year-end — the biggest bullish development in over a year.

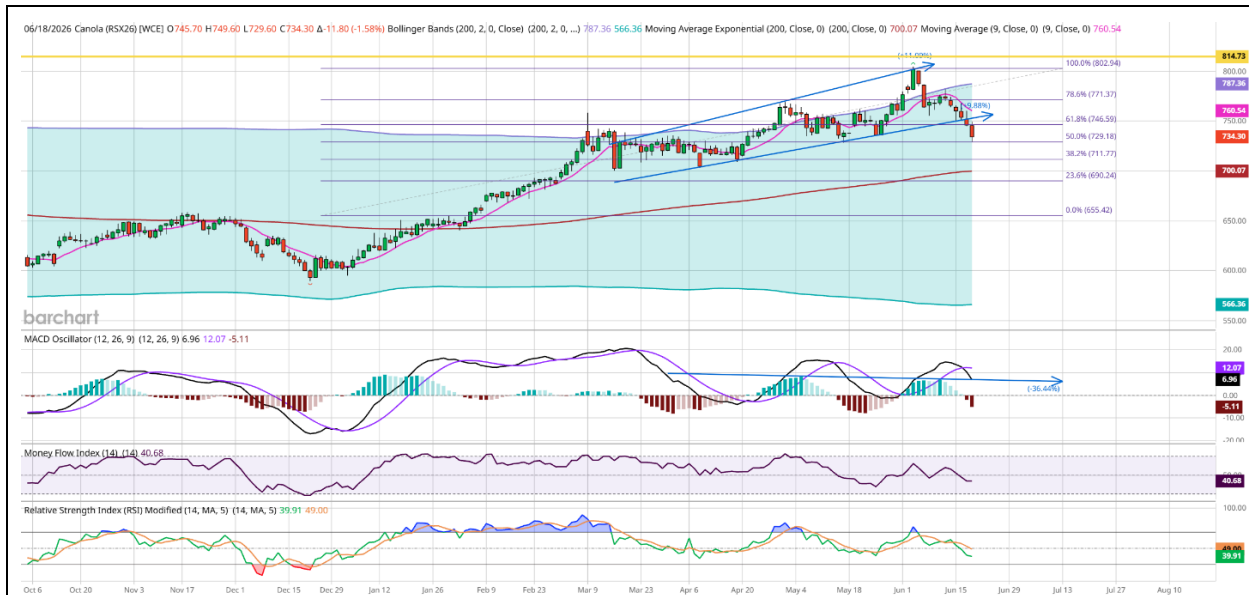
Global Context: Record global rapeseed supply caps upside, but Canada benefits from rising domestic crush, improved China access and Biofuel mandates.

Overall fundamental bias: **Neutral to Mildly Bullish.**

THOUGHTS:

Overall Market View Canola remains in its **primary bullish uptrend**. However, the risk premium tied to potential Strait of Hormuz disruptions is fading, and the market is decoupling from its recent lockstep movement with energy prices. As focus shifts back to pure agricultural supply-and-demand fundamentals, canola is likely re-establishing a broader trading range of **700–800** for the 2026 crop year.

Near-term Expectation Expect continued **pullback pressure** driven by technical selling, fund positioning, and weather models forecasting timely rains across the Prairies. Production is likely to be **average** this year, removing major shortage fears but also limiting explosive upside in the short term.



TECHNICALS:

Key Levels

- **Resistance:** 760–770 | 780–787 | 800–814
- **Support:** 730–735 (critical) | 711–720 | 680–700 | 650–655

Trend & Structure Primary trend: Bullish (higher highs/lows since Dec 2025). Short-term: Corrective/consolidation with lower highs since May. Long-term structure remains intact above the 200 EMA; short-term structure has weakened.

Key Pattern Ascending Broadening Wedge (diverging upward trendlines). This is a bearish distribution pattern. Highest probability outcome is a breakdown below 730–735, targeting 680–650. A hold above 730–735 keeps the door open for a move back to 780–800.

Momentum RSI neutral (~50) with clear bearish divergence at the May high. MACD and MFI also show weakening momentum and distribution. Not yet oversold.

Technical Bottom Line: Long-term bullish structure intact, but short-term pattern and divergences raise risk of a deeper correction. 730–735 is the line in the sand.