



# United Comments

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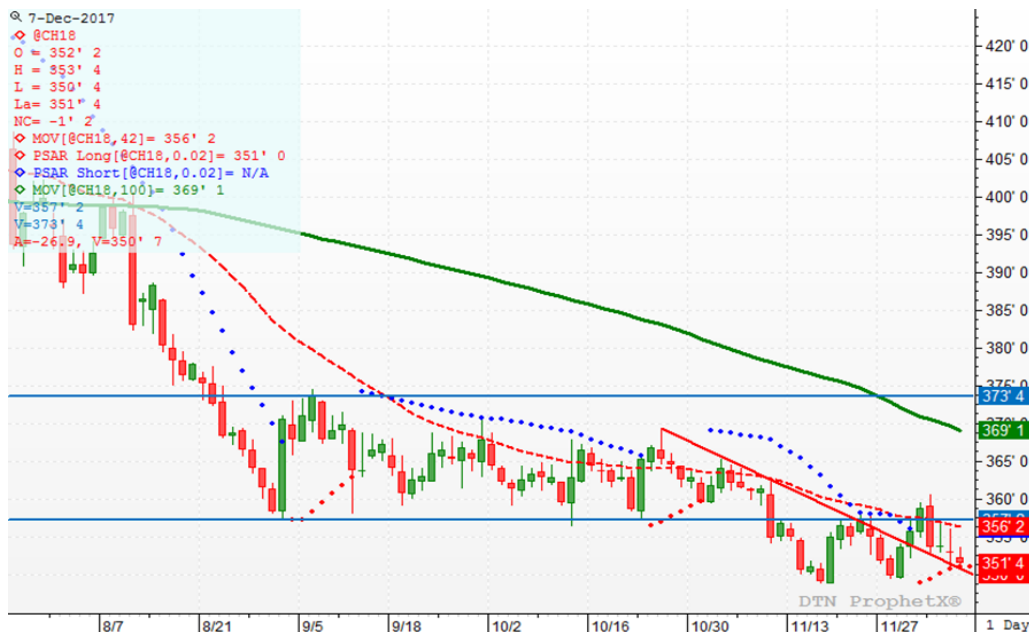
From United Coop

## Grain Highlights

- Interesting comments from the head of Monsanto in South America last week revealed that they are looking for as much as a 20-30% drop in summer corn acreage in 2017/18, with bean planting delays and a reduction in investments potentially impacting winter corn production as well.
- Trade expects CONAB to raise its soy production 3.3 MMT to 110.8 next week. This would be 2.8 MMT above USDA's Nov number. Trade fears USDA will follow CONAB lead in the Dec 12<sup>th</sup> S&D report. AgRural raised its Brazil soy forecast to 112.9 MMT from 110.2 in Nov. Both estimates appear to more than offset what analysts are willing to trim from the Argentina soy crop due to dryness at this point. Argentina soy planting progress at 53% complete, down 11% from the average. Corn progress is 40% down 13% from average as rains are needed to push things forward. Brazil's currency continues to weaken against the US dollar, giving the S.A. producers some advantages vs US markets. Safras & Mercado reporting SA producers have sold 27% of their soybean crop vs 33% average this time of the year ahead of harvest. US advantage to Brazil for beans landing in China is 5-10 cents.
- Private analysts Informa yesterday increased their EU corn production estimate for 2017 by +2.4 MMT this month, to 62.0 MMT; they cut Australian wheat by 1.3 MMT to 20.3 MMT, and 2017 Brazilian soybean output fell by 1 MMT as well to 110.0 MMT. Brazilian corn output was down by 3 MMT as well, to 89 MMT. Informa gave no U.S. row crop revisions this month, ahead of similar non-action in next week's December USDA S&D.
- INTL FCStone Brazil raised their 2017/18 soybean production estimate from 106.1 to 107.6 MMT; they cut first-crop corn from 23.6 to 23.4 MMT.
- Brazilian consultancy Safras & Mercado on Friday estimated 2017/18 corn production at 90.5 MMT, down almost 17% from last year's 108.9 MMT and below 93.6 MMT in Sept, with planted acreage down almost 13% versus LY.
- Brazilian grain exporting association ANEC on Friday pegged 2017 corn exports at 30 MMT, down from 33 MMT just a week prior after exports slipped in November. Brazil's trade ministry estimated Nov corn exports at 3.5 MMT, down from 5.03 MMT in Oct but still well above 961k tonnes last November. Bean exports of 2.14 MMT in Nov were up from 320k tonnes last year but down from 2.49 MMT last month, while Nov ethanol exports of 135 million liters down 40 mln LY but came in below 153 mln liters last month.
- Friday's USDA October soybean crush came in at 175.9 million bushels, basically even with last year and above the average 174.7 mbu trade estimate (and above even the most optimistic guess in the range), and well above 145.4 mln bu in September. Corn used for ethanol in October was 470.1 mln bu, up from 455.5 mbu in Sept and 455.8 mbu LY, while total DDG's produced in Oct were 1.962 mln short tons, vs 1.854 mln in Sept and 1.927 mln last Oct.

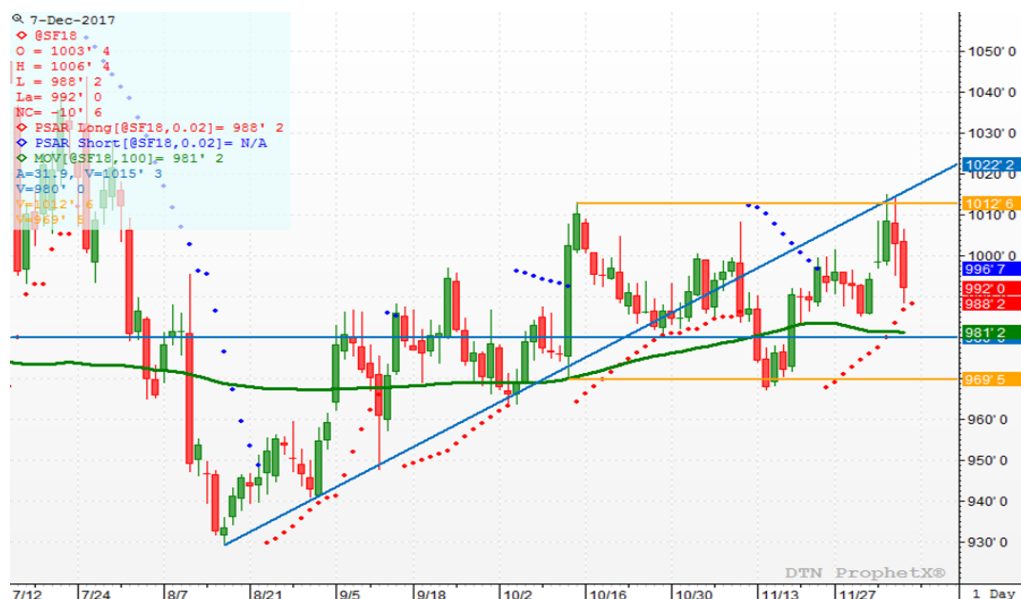
## Technical Comments - March Corn

Trend is down and the market seems to be pounding out a range even within the downtrend that would span 3.57 to 3.40 in March. Current downside targets are 3.48 and 3.41. The downtrend would break if the market closes above 3.62. An uptrend begins at a close above 3.70. Some buying would accompany a close above 3.57 if the market can muster no further downside as it would form a W formation.



## Technical Comments - January Beans

January continues its wide chop in a neutral trend action. A breakout above 10.13 or below 9.70 would establish some direction. A breach of the 100 moving average at 9.81 could stimulate some selling as its one of the major moving averages. All things considered this market is directionless until a breakout can be made.



Tech Comments provided by Bevan Everett, Risk Management Consultant and Grains Market Analyst, INTL FCStone Financial Inc. – FCM Division. This material should not be construed as the solicitation of trading strategies and/or services provided by the FCM Division of INTL FCStone Financial Inc. noted. The trading of derivatives such as futures and options on futures may not be suitable for all investors. Derivatives trading involves substantial risk of loss, and you should fully understand those risks prior to trading.



### CASH TALK:

**2017/18 corn crop** - Market still seems to be stuck in range of \$ 3.50-3.60 in March and look to make cash sales if need cash before year-end at 3.15-3.20 area on PL grain. Farm stored grain should look to sell the carry on May/July if can rally 10 cents from present area. If looking to get prices above 3.20, ask me about bonus premium contracts using the Dec 18 contract. Basis has improved since switched to March so may struggle to improve much from here.

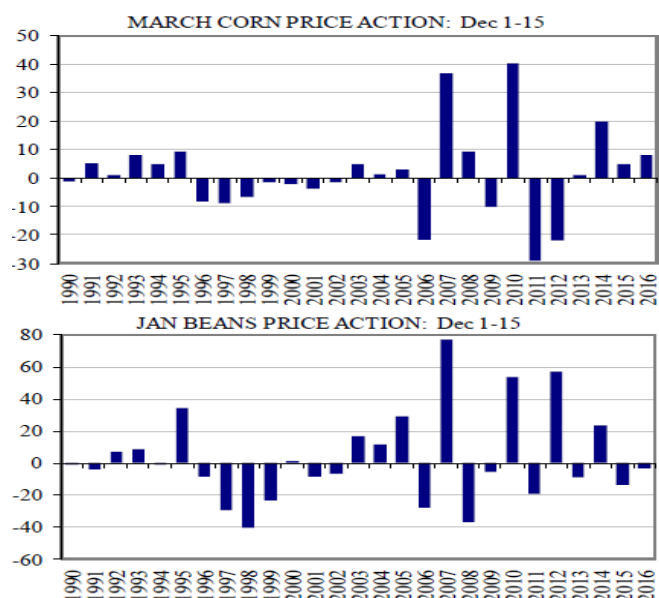
**2018/19 corn crop** - I am in no hurry to make any sales for next year until we either reach \$ 3.50 or get closer to February and get an idea on crop insurance levels. Have some accumulators working in 4.30 area for December, but that's 20-25 cents away.

**2017/18 bean crop** - Markets still not sure how to trade the Argentina dryness concerns. I would place offers to sell beans at \$ 9.30-9.40 area if need some cash before Jan 1. Basis has improved some, but meal just can't find home to help basis improve more.

**2018/19 bean crop** - No hurry to make sales for fall 18 unless we see numbers closer to \$ 9.50. Got 1 accumulator sold last week with 10.50 accumulation level, 10.15 guarantee and 9.25 knock out. Would sell another if anyone is interested.



## Price action for lead future months Dec 1-15



### Argentina weather in past 60 days

Storm systems continue to underperform in South America, leaving the region dry, but market is thus far unimpressed. Strong demand continues to underpin the market, but rallies above \$ 10 have been difficult to sustain. Corn prices have had some strength in the last week, but beans struggle daily with gains some day and dip some days. That's not unusual this time of year, unless adverse weather rears its head somewhere. That is currently the case in Argentina, but it's the equivalent to June in our growing season down there and traders know how big this year's US crop proved to be. As such, traders want to see if heat becomes an issue to go along with the dryness. This graphic shows rainfall as a % of normal over the Argentina bean belt over the past 60 days, with 62% of the region seeing less than 75% of normal rains. That is why the next 30 days rainfall will become critical.

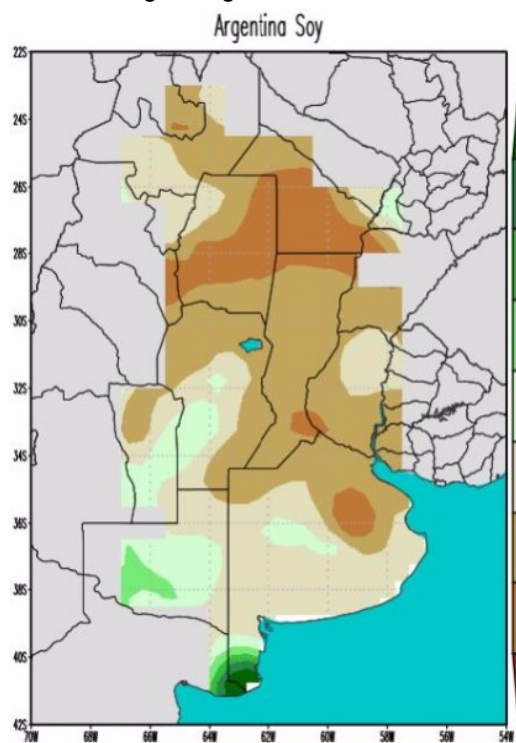


Figure 1 - 60-day rainfall anomaly for Argentine soybean belt. SOURCE: Commodity Weather Group

## March 12th USDA Report Estimates

USDA 2017/18 U.S. Carryout (in billion bushels)

	USDA Dec 2017	Average Trade Est.	INTL FCS Estimate	Range of Trade Est.	USDA Nov 2017
Corn		2.478	2.394	2.394-2.517	2.487
Soybeans		0.438	0.486	0.425-0.486	0.425
Wheat		0.938	0.941	0.925-0.960	0.935

World 2017/18 U.S. Carryout (in million tonnes)

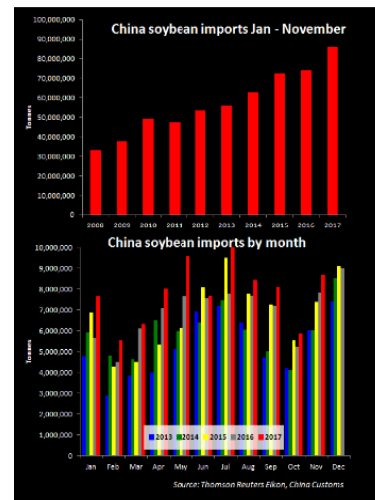
	USDA Dec 2017	Average Trade Est.	INTL FCS Estimate	Range of Trade Est.	USDA Nov 2017
Corn		202.72	195.70	195.70-205.00	203.86
Soybeans		97.82	95.20	95.20-99.00	97.90
Wheat		267.07	266.50	264.00-270.00	267.53

South American Production (in million tonnes)

	USDA Dec 2017	Average Trade Est.	INTL FCS Estimate	Range of Trade Est.	USDA Nov 2017
ARG Corn		41.77	41.00	41.00-42.00	42.00
ARG Soy		56.52	54.00	54.00-57.00	57.00
BRZ Corn		93.26	86.90	86.90-95.00	95.00
BRZ Soy		108.21	107.60	107.60-109.00	108.00

### Chinese soybeans import review

Chinese customs data shows November 2017 bean imports at 8.68 MMT, up 48% from October 2017 and up 11% from last year, with cumulative Jan-Nov imports at 85.99 MMT, up from last year's 74.92 MMT pace. China imported 93.5 MMT in 2016/17 and USDA is projecting a 3.5 MMT increase this year. Estimates for December's has already exceed 9 MMT, putting the import pace well ahead of the 97 MMT annual goal. Hog profitability and general livestock feed demand has aided imports. Chinese soy crush margins continued to near record in profits when looking at past years.



Cash Price Comparison		
Corn		
Dec 2016	Last Month	Current
\$3.05	\$3.05	\$3.09
Beans		
Dec 2016	Last Month	Current
\$9.49	\$9.11	\$9.12