



United Comments

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Grain Highlights

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- Argentina's corn harvest progress advanced 3% to 35% complete this week, down from 43% last year and 53% 3 year average pace, according to the Buenos Aires Exchange. Soybean harvest added 4% to be 91% done this week, down from 99% last year and the 97% 3 year average pace.
- Bean funds ended the week long 169,226 contracts of soybeans, the CFTC report saw a correction of 26,000 less long compared to what the trade was expecting. Bean funds record for a long position is 260,000 contracts. The corn funds were long 261,412 contracts at end of week and that included a CFTC correction of 28,000 more long than trade was expecting. Record long for corn is 498,000 contracts.
- Wednesday, NOPA May crush was released at 152.8 mil. bushels vs estimate of 149.7 mil. bu., last month number was 147.6 and May 2015 was 148.4 mil. bu. This is the highest crush for the month of May on record, but it has to be with the USDA's 1.890 bil. bu. crush estimate for 2015/16. Even with this number we need to average 6 mil. bushels/month for last 4 months of the 2015/16 to reach 1.89 mil. estimate.
- China sold another large packet of its 2012/2013 corn reserve in a auction. Of the 4.5 MMT offered to their domestic market, they found 3.12 MMT of buyers. This is on top of 1.5 MMT sold earlier this week. The sale price was approx. \$ 6.40/bu. which is about 60 cents under what it would cost to import. They will sell an additional 1.9 MMT next week and has another 220 MMT to sell. Most of the corn went to ethanol feed markets domestically in China. These lower prices have revived the Chinese ethanol industry due to be 25% lower than past months. Some in trade are concern if China is selling that much below import price, could they become a next exporter in future to sell reserves and will they quit being a buyer of US ethanol.
- US ethanol production set a new record production of 1.013 bil. barrel/day last week. One negative was that ethanol stocks grew to near record level of 21.182 mil. barrels. Ethanol margins are now about 35 cents/gal. which has helped boost production. This is double the margins plants had in last 8 months. The sharp rally in DDG's to replace high priced soy meal in feed rations has significantly contributed to the ethanol crush profitability.
- An Argentine govt. official on Tuesday said only "around 3.7-4.0 mil tonnes" of soy was lost this year due to the flooding, with another million suffering quality damage; he put 2015/16 production at 57.6 MMT, down from 61.4 MMT last season, but still 1.1 MMT above the current USDA estimate.
- A Ukraine state-run grain firm said 1.2 MMT of corn was shipped from Ukraine to China in calendar year 2015, less than original forecast for 2.0 MMT.
- A China official at the International Grain Council said China's 2016/17 bean imports were expected to reach 85 MMT, up from 82 MMT in 2015/16 and 78.35 MMT in 2014/15, this is less than the USDA's current 87.0 MMT estimate.
- At the same IGC meeting, a USDA economist said he expected bean planting to rise from initial govt. expectations due to the higher bean/corn price ratio following the March Prospective Planting report.
- Private analysts Informa on Monday pegged US corn planted acreage at 92.566 mil. acres, down just over a million from the March USDA and 810,000 below their last estimate. They pegged beans at 83.761 mil. acres compared to USDA's 82.2 mil. acres and their last estimate of 83.0.
- National corn ratings stayed steady this week at 75% g/ex, above the average guess and last year at 74% each, and the 69% 5 year average. Emergence hit 96%, up from 90% LW, 95% LY, and the 94% 5 year average. Soy ratings rose 2% to 74% g/ex, with trade looking for a steady number there as well; that beat 69% LY and the 67% 5 year average. Bean planting and emergence remained ahead of LY and average at 92% and 79%, respectively.

Technical Comments - December Corn

The technical comments have rolled to December futures and the trend remains in that chart like it was in July futures. The market finally broke above the highs at 4.47 which signaled a new target of 4.73. Support for the uptrend resides at the steep uptrend line valued at 4.2825 and rises 2 cents a session. A breach of that line on a close ends the uptrend but a downtrend only starts with a close below 4.25 in the next 10 sessions.



Technical Comments - November Beans

The bull trend stayed with the market as technical comments rolled from the July to the November. Trend support resides at 10.835 and rises 3.25 cents per session. A breach of this trend-line by a close would break the uptrend and start a downtrend. The target of the uptrend currently is the first high of 11.845, and if that is overcome by a close then the next target is the 12.55 level.



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:

2015/16 corn crop - Well, what a difference a month can make in the markets. I would look to get some corn offered at 3.90-3.95 as seems the 4.00 area has been a large barrier to punch thru. I still have my concerns with basis with plenty of corn still owed by producers and we still have a carryout of 1.708 billion. Ethanol plants have June/July covered and are working on August.

2016/17 corn crop - With the weather concerns we have got some corn sold at \$ 4 and would get more offers in at 4.05-4.10. The markets is watching for hot/dry and feel we are setting up for a 30-40 cents rally or drop. I still have my concerns with the feed usage number being used by USDA. The 16/17 carryout of 2.008 billion could become 2.2 or larger. The June 30th stocks report should answer this concern.

2015/16 bean crop - -- Hope you have been able to grab these great prices in last month. Get the last old crop offered at 10.75-11 and lets started marketing the 16/17 crop.

2016/17 bean crop - - I hope you were able to get some sales made at 10.50-11.00. Let's remember that the funds can be both a friend and an enemy. The bean funds are approaching very close to a record for being long. The market is still a weather market and we all know those can be crazy.



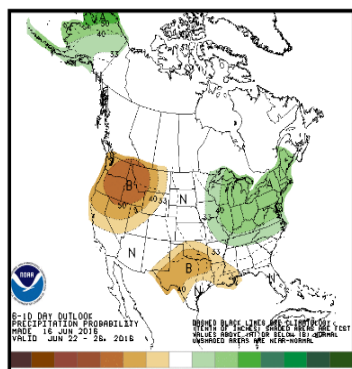
June 10th USDA Supply/Demand Report

Last weeks report was slightly friendly to markets. Corn carryout was dropped to 1.708 bil. bu for 2015/16 vs trade estimates of 1.772. Exports were raised by 100 mbu in response to Brazil crop being smaller and on hope we will pick up some business. The 2016/17 carryout was projected at 2.008 bil bu. which was 117 mil. bu below the average trade estimate. This was 150 mbu below the May report due to exports up 50 mil. bu. and the 100 mbu carry thru from 2015/16 crop. Exports sales and inspections look to confirm these higher exports for both years. The main concern I still have is with USDA calling feed usage 300 mbu higher for next year compared to 2015/16. The June 30th stocks report will answer this concern. My reason for questioning the higher number is we aren't so cheap with the recent rally and many in trade feel the low protein US wheat crop for 2016 will try to price it's way into livestock rations in place of corn. Beans saw similar cuts in carryout with 2015/16 at 370 mbu with trade expecting 385 mbu. This was 30 mbu lower than May report due to exports up 20 mbu and crush raised 10 mbu (expecting US to capture some of South American business). This week some in trade starting to question the exports increase with talk Argentina's crop may be better. The 2016/17 carryout was called 260 mbu which was 45 mbu under the May number with exports up 15 mbu above 15/16 and the carry thru of the lower 15/16 changes. World crop production saw Brazil corn down 3.5 MMT & Brazil bean down 2 MMT on crop problems there. Argentina corn & beans were left unchanged at 27 MMT corn and 56.5 MMT beans. My thoughts are that both crops will be watching the June 30th Stocks and Acreage report for direction and continuing to trade the extended forecast for fears of hot/dry weather.

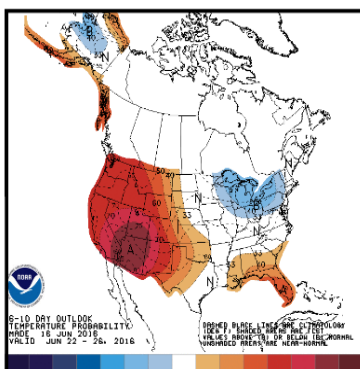
Weather Talk

Latest 6-10 & 8-14 day forecast calls for above normal temps for areas west of the corn-belt and in southeast areas of US. Precipitation is expected to be normal for western corn-belt and slightly above normal for eastern corn-belt areas. NWS long-term forecasts released on Thursday show above-normal temperatures for the US growing areas throughout the summer, but better precipitation chances (generally around normal or even a bit above) for July and July/Aug/Sept.

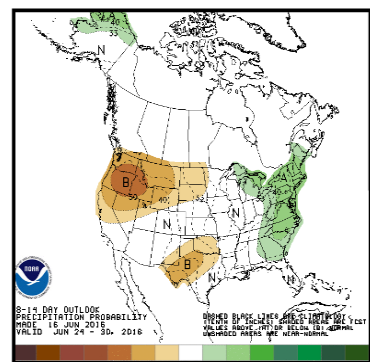
Current 6-10 Precipitation



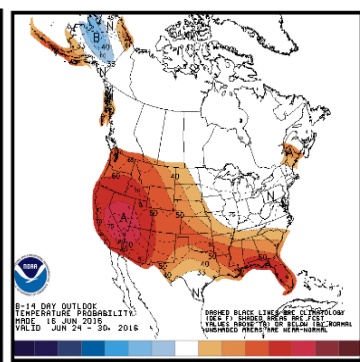
Current 6-10 Temperature



Current 8-14 Precipitation

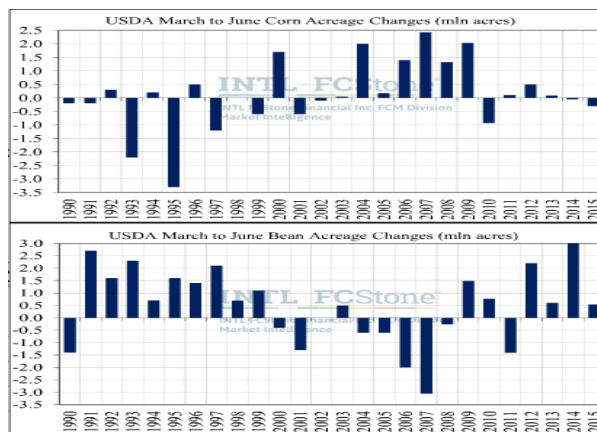


Current 8-14 Temperature



Changes in acres from March to June

Charts below show US corn & bean planted acreage changes between the March USDA report and June USDA reports, since 1990. It's widely expected that corn will lose ground later this month (up to 1 mil. acres) with beans picking up that slack and then some (major trade estimates are running +1.5-2 mil. acres); corn has been flat over the last 5-6 years with bean acres up in 6 of the last 7, averaging +1.5 extra acres.



Cash Price Comparison		
Corn		
June 2015	Last Month	Current
\$ 3.36	\$ 3.52	\$ 3.90
Beans		
June 2015	Last Month	Current
\$ 9.39	\$ 9.93	\$10.63