



United Comments

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Grain Highlights

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Locations

Highview	832-4393
Kamrar	539-4205
Stratford	838-2410
Stonega	832-5671
Webster City	832-2270

**United Cooperative
Main Office
1932 W. 2nd Street
Webster City, IA
50595**

**Phone: 832-6373
Fax: 832-6380**

**Email:
bshimp@unitedcoop.com**

**We're on the Web! Visit
us at
www.unitedcoop.com**

- Brazil Crop supply agency Conab Thursday pegged the upcoming 16/17 soybean production at 101.9-104 MMT, up from 95.4 MMT in 15/16; total corn production was seen as 82.3-83.8 MMT, up from 66.7 MMT last season. Also the country's biotech commission approved imports of some new GMO corn varieties from the US, enabling more US corn imports to fill the supply gap from now until new crop supplies become available.
- The Buenos Aires Exchange on Wednesday estimated Argentine commercial-use corn production at a record 36.MMT for 16/17, up 20% from 15/16's 30 MMT; bean output is seen falling 3 MMT in 16/17 to 53 MMT. Argentina's Ag Minister also said they expect a small reduction in planted bean acres in 16/17.
- Last Wednesday, private analysts Informa pegged 2016 US corn yields at 174.5 bu. per acre, down from 174.8 bpa last month, with production at 15.215 million bushels, up 122 million bushels from the Sept USDA estimate thanks to a planting acreage number at 94.8 mln acres, up 676,000 from the USDA. Beans yields came in at 51.6 bpa, up 2.1 bpa from last month, with total production at 4.3 billion bu., up 99 mln above the Sept USDA due to 322,000 more acres (84 million acres).
- Tuesday, NASS reported its grain crushing for August at 458.132 mln bu. for ethanol, which would imply 15/16 ethanol usage at 5.257 billion (57 mln above the last USDA estimate), this would imply feed at 5.112 billion when looking at September stocks (down 88 mln from last USDA report). NASS number for bean crushing was 140.65 mln bu. for August and would suggest 15/16 crush at 1.886 mln bushels with the last USDA estimate at 1.90 billion bushels
- Last Monday, FCStone released their October crop estimates at 175.2 bu/acre down from 175.6 in August and 15.163 billion total production down from 15.195 in Sept. Their bean number was 52.5 bu/acre up from 50.1 in September and made production higher at 4.357 billion (up from 4.163 billion in September).

Trade estimates for October 12th USDA Report USDA 2016 Harvested acres (in millions)

	USDA Oct 2016	FCStone Estimate	Average Trade Est.	Range of Trade Est.	USDA Sept 2016
Corn		86.6	86.75	86.3-87.3	86.55
Beans		83.0	83.115	82.5-83.4	83.04

USDA 2016 Yield (in bushels/acre)

	USDA Oct 2016	FCStone Estimate	Average Trade Est.	Range of Trade Est.	USDA Sept 2016
Corn		175.2	73.5	169.5-175.2	174.4
Beans		52.5	51.5	50.1-52.6	50.6

USDA 2016 Production (in billion bushels)

	USDA Oct 2016	FCStone Estimate	Average Trade Est.	Range of Trade Est.	USDA Sept 2016
Corn		15.163	15.060	14.713-15.215	15.093
Beans		4.357	4.286	4.147-4.366	4.201

USDA 2016/17 US Carryout (in billion bushels)

	USDA Oct 2016	FCStone Estimate	Average Trade Est.	Range of Trade Est.	USDA Sept 2016
Corn		2.662	2.359	2.181-2.662	2.384
Beans		0.459	0.413	0.325-0.517	0.365

Technical Comments - December Corn

The breakout above 3.4425 was short-lived and with values ducking back inside of the range of 3.4425-3.225, the sideways chop has returned. The market needs to close above 3.50 to restart the uptrend. In order to start a downtrend a sub 3.225 close is needed.



Technical Comments - November Beans

The sideways chop continues even though it wandered through the down trending resistance line which leaves the in a neutral pattern. A close above 9.94 will give a short term boost to 10.23, but it will take a close above 10.23 to induce a real rally. A close below 9.43 starts a downtrend if we were to work that low in the next 5 sessions.



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:

2016/17 corn crop - I want to watch this market as we try to hold the market over 3.44 on December futures. The crop appears to have peaked in size. I still have fears that the feed usage number is too big, but USDA will probably wait on that area for a later report. If we can close over 3.44, I look for a chance to get to 3.60 area (3.20 cash). I look for exports to be good and I feel that ethanol plants are making decent money. Let's hope those 2 demand areas give us some help. If not needing cash, I would put the crop in storage as we do have some carry on CBOT.

2017/18 corn crop - I am in no hurry to sell for next year. If we get to 4.20-4.30 area on CBOT (up 30-40 cents), I would look to get 10% sold.

2016/17 bean crop - Since we still aren't sure how big this crop is, I want to get some beans sold if we can get to 9.10-9.20 cash. I think there will be some selling opportunities after we put the crop away. If S. America doesn't expand their beans acres next year, the US will need to fill that void and we could have some 9.75-10 cash possible.

2017/18 bean crop - We have plenty of time to watch the markets for 2017, but I want to keep a eye on talk for acres planted next year. With bean profits better than corn for 2017, we could plant 88-90 mln acres and 9.50 cash may look better.



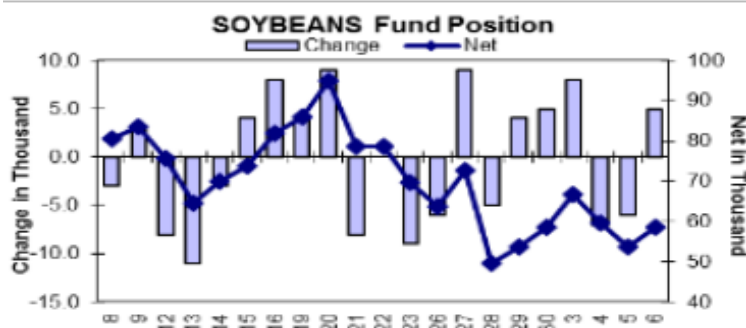
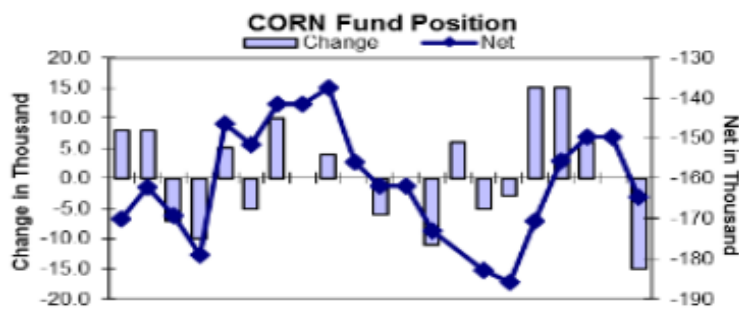
Recap of Sept 1 Stocks report and thoughts on Oct 12th Report

September 30th Stocks report— Report was basically a yawner. Corn stocks were slightly below the trade guess of 1.754 bln bushels at 1.738 bln bushels. Feed usage looks to 5.177 bln which is slightly under the last USDA number of 5.20 bln, but many in trade were fearing a number much worse. This was the largest 4th quarter usage since 2008. Market closed better on idea that things could have been worse. Bean number was similar at 197 million with trade expecting 201 mln bushel stocks. This could help us except a larger yield in later reports. Market still is watching demand side of supply/demand and how it will handle the talk of not much expansion in acres in South America.

Thoughts on October 12th S/D— Looking at trade estimates on 1st page, I think the trade is expecting USDA to lower the yield on corn and raise the yield on beans. I agree that this corn crop has probably saw it's largest crop for the year, but as not sure if bean yield can't be even larger. My thought that the wild card is with acres. I am hearing from trade that the FSA numbers seem to be closer to USDA and some traders feel that could mean more acres for both corn and beans. Figures being discussed are .5-1 million corn acres and .3-.4 million bean acres. Trade feels that prevented planting acres were lower due to less problems at planting time and idea that less ponds this year. Looking at corn carryout for 16/17, I feel USDA needs to lower feed usage, but sounds like they want to wait 1-2 reports to confirm the idea. The change could be 100-150 million bushels, but let's hope that comes later in Nov-Jan. Exports are starting out great and let's hope the US dollar doesn't put a stop to them. Ethanol margins seem to be decent now and I think we can expect it to stay constant for now. On the bean S/D, demand is the wild-card as we all watch to see if Brazil & Argentina expand acres like in past of not. Presently I feel Brazil farmers will look at great corn prices lately and plant more corn then in past with hopes of good prices. Argentine farmers look to expand corn acres with the govt taking taxes of corn and wheat and saying they would start lowering bean export taxes for another year. I do have some concerns with bean crush as margins have limited the chances for any large increase in 16/17.

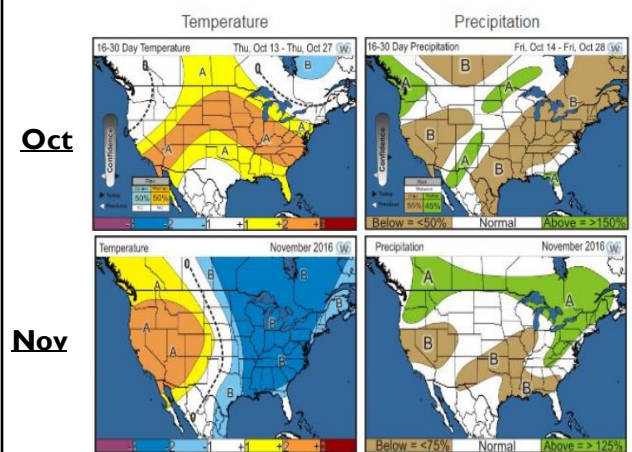
Fund Position Recap

You can see below that funds have kept a short position in corn of 150-190,000 contracts lately. Beans are opposite with being long 50-100,000 contracts. I want to watch this following the report on Wednesday. Will the bean funds keep long as this crop becomes larger? Will the corn funds exit their short positions as we appear to have seen the largest production of the year?



October & November Weather

Looking below you can see that Oct temperatures look to be 3-4 degrees above normal with November to be below average. Precipitation should be normal to below normal for all the cornbelt.



Cash Price Comparison		
Corn		
Oct 2015	Last Month	Current
\$ 3.44	\$ 2.98	\$ 2.98
Beans		
Oct 2015	Last Month	Current
\$ 8.21	\$ 9.45	\$ 8.82