GERALD GRAIN CENTER INC.

# WEEK IN REVIEW MARKET UPDATE 4/17/20

**Grain**

Corn – May 20 down $\$.09^{1/2}$ closing $\$3.22^{1/4}$
Soybeans – May 20 down $.31 closing $\$8.32^{1/2}$
Wheat – May 20 down $.23 closing $\$5.33^{1/2}$
Soybean Meal – May 20 down $4.30 closing $288.20

**Livestock**

Cattle – June 20 up $1.92 closing $86.30
Feeders – May 20 up $0.33 closing $119.28
Hogs – June 20 down $4.95 closing $43.73
Class III Milk – April 20 down $0.15 closing $13.41

**Outsides**

Dow – up 527.96 closing 24232.04
S&P – up 84.51 closing 2873.55
NASDAQ – up 496.57 closing 8646.67
US Dollar – June 20 up 0.230 closing 99.820
Crude Oil – May 20 down 5.07 closing $18.19

***News/Reports:***

- Export sales report released Thursday 4/16. Corn came in at 35.7 million bushels, expected range 24 – 47. Beans came in at 9.0 million bushels, expected range 11 – 22. Wheat came in at 6.6 million bushels, expected range 6 – 13. Soybean Meal came in at 158.7 million metric tons, expected range 100 – 250K.
- Ethanol output weekly data reports were out Wednesday 4/15 at 570,000 barrels per day versus 672,000 last week. Ethanol stocks were at 27.469 million barrels versus 27.091 million last week.
- Winter Wheat Conditions came out 4/20 at 57% good to excellent versus 62% last week, & 62% last year.
- Corn Progress came out 4/20 at 7% planted versus 3% last week, 5% last year, 9% 5-year average.
- Soybean Progress came out 4/20 at 2% planted versus NA last week, 1% last year, 1% 5-year average.

***Notes:***

- The USDA/Trump Administration will now be offering a $19 billion US Agriculture assistance package to US farmers which will largely be offered to the US meat industry. The $19 billion package includes $16 billion in direct payments to US farmers. The allocation of the $19 billion of direct payments is broken out; $9.6 billion estimated to livestock ($5.1 billion for beef cattle producers, $2.9 billion to dairy, $1.6 billion for hogs) with $3.9 billion targeted for row crops and $2.1 to specialty crop producers. $3 billion will be for direct CCC Commodity Credit purchases of meats, dairy and fresh produce. An additional $500 million will be set aside for "other" crops. The $3 billion of CCC direct purchases of US meat, dairy and produce crops will not have a meaningful impact on price as $850 million will be spent on Food Bank Administrative costs. The aid package announced did not include anything for ethanol. The USDA also stated that an additional CCC funding will likely be available in June. Farmers will have to complete seeding to be eligible for MFP like payments which will likely go to row crop farmers. USDA has yet to release program details, but the payments are to made on a loss basis with the checks hopefully reaching farm mailboxes by late May.
- The white house issued guidelines to the states for reopening and said they thought 29 states should go to Phase 1. Here's a quick overview. Phase 1: Restaurants, movie theaters, sporting venues, places of worship and gyms can reopen if they observe strict social distancing. Phase 2: Schools and organized youth activities like camps can reopen. Nonessential travel can resume, and people can start circulating in parks, outdoor recreational areas and shopping centers, while avoiding gatherings of more than 50 individuals. Phase 3: Vulnerable individuals can resume public interactions but practice social distancing. Employers can resume unrestricted staffing of workplaces. Large public venues can operate under limited social distancing rules. Some states like Ohio are planning to start reopening around May 1st. Others like New York have moved their stay at home orders through May 15th.
- An Iowa State University study estimated the revenue impacts due to the COVID-19 outbreak on some of Iowa's largest agricultural industries. It estimated overall annual damage in Iowa of roughly $2.5 billion for ethanol, $2.1 billion for hogs, $788 million for corn, $658 million for fed cattle, $213 million for soybeans, and $34 million for calves and feeder cattle. These estimates will certainly change, but for now this represents their best assessment of the impact on these industries.
- A devalued Brazilian currency has made Brazilian soybeans very competitive in the world market resulting in record amounts of soybean exports. In March of this year, Brazil exported a record 13.3 million tons of soybeans surpassing the previous record of 12.3 million tons set in March of 2018. For the month of April, there is speculation that Brazil could set a new monthly record by exporting 14.5 million tons of soybeans. The vast majority of Brazil's soybean exports are destined for China. China purchased 60 million tons of Brazilian soybeans in 2019 compared to 66 million tons in 2018 and they are expected to purchase 60 to 66 million tons in 2020.
- China's pork production in the 1st quarter fell nearly 30% from a year ago as the industry continues to feel the effects of African Swine Fever.
- The next USDA report will be the May WASDE Report out on Tuesday May 12th at 12:00 est. NASS will resurvey Michigan, Minnesota, South Dakota, and Wisconsin for this crop report and North Dakota will be done at a later date.