



WEEK IN REVIEW MARKET UPDATE 2/7/20

Grain

Corn – March 20 **up \$0.02^{1/4}** closing \$3.83^{1/2}
Soybeans – March 20 **up \$0.09^{1/2}** closing \$8.82
Wheat – March 20 **up \$0.05** closing \$5.58^{3/4}
Soybean Meal – March 20 **down \$1.70** closing \$289.30

Livestock

Cattle – April 20 **up \$0.12** closing \$119.80
Feeders – March 20 **down \$1.75** closing \$135.00
Hogs – April 20 **up \$4.65** closing \$66.25
Class III Milk – March 20 **down \$0.37** closing \$17.37

Outsides

Dow – **up 852.97** closing 29101.37
S&P – **up 102.63** closing 3327.65
NASDAQ – **up 372.14** closing 9521.41
US Dollar – March 20 **up 1.355** closing 98.575
Crude Oil – March 20 **down 1.19** closing \$50.35

News/Reports:

- Export sales report released Thursday 2/6. Corn came in at 49.1 million bushels, expected range 24 – 51. Beans came in at 25.9 million bushels, expected range 15 – 29. Wheat came in at 12.4 million bushels, expected range 7 – 26. Soybean Meal came in at 212.7 million metric tons, expected range 200 – 500K.
- Ethanol output weekly data reports were out Wednesday 2/5 at 1,081,000 barrels per day versus 1,029,000 last week. Ethanol stocks were at 23.474 million barrels versus 24.244 million last week.

Notes:

- As of Sunday night, China has said that there has been over 40,000 confirmed cases of coronavirus and 908 people had died, while 14 Americans have tested positive for the virus aboard a cruise ship quarantined in Japan. The death toll from the coronavirus has also overtaken that of the SARS outbreak in the early 2000s.
- Chinese President Xi said over the weekend that China would meet its Phase 1 purchasing targets despite concerns and delays associated with coronavirus. This Friday, February 14th will be the official start of the phase 1 agreement. While this served to ease some concerns, many in the trade are still waiting for new actual proof of fresh Chinese buying before getting bullish. There is allegedly an official agreement in place that lays out the specific purchase details by commodity, but at this point in time that specific list has not been made available to the USDA or the general public. Until the details are made available, the USDA is likely to take a conservative approach with balance sheet updates.
- China said it would cut tariffs on \$75B of US goods on February 14th. Some analysts see this as a sign of goodwill in that we're on board with the deal but imports may not get ramped up right away due to the coronavirus. Soybean tariffs will be cut from 33% to 30.5%, even at a zero tariff, Brazil beans will still pencil better than US.
- February Crop Insurance averages as of 2/7/20 for December Corn is at \$3.92 versus \$4.00 last year and November Beans is at \$9.19 versus \$9.54 last year.
- Argentina/Brazil weather remains good overall, and if anything, North East Brazil is too wet. Brazil soybean harvest is 15% complete versus 24% last year and 13% average (last year was record pace). Mato Grosso is 45% complete with bean harvest and safrinha corn is 40% planted.
- The American Farm Bureau Federation reported that farm bankruptcies hit a 9-year high of 590 in 2019, up almost 100 from 2018.
- Government and academic experts in the US have developed a vaccine against African swine fever that's proved 100% effective, according to the American Society for Microbiology. Both high and low doses of the vaccine, developed from a genetically modified prior strain of the virus, were effective in pigs when they were challenged 28 days after inoculation. Exactly how quickly an experimental US ASF vaccine could be delivered to China as there has been many knock-off vaccines tried as the process/testing is shorter in China than US.
- The next USDA report will be the February WASDE Report out on Tuesday February 11th at 12:00 est.