GERALD GRAIN CENTER INC.

WEEK IN REVIEW MARKET UPDATE 8/16/19

Grain

Corn – Sept 19 down $\$.39^{1/4}$ closing \$3.71
Soybeans – Sept 19 down $\$.11^{3/4}$ closing $\$8.67^{1/4}$
Wheat – Sept 19 down $\$.28^{3/4}$ closing $\$4.70^{3/4}$
Soybean Meal – Sept 19 down \$3.60 closing \$294.90

Livestock

Cattle – Oct 19 down \$8.70 closing \$98.05
Feeders – Sept 19 down \$6.07 closing \$132.38
Hogs – Oct 19 down \$4.98 closing \$62.00
Class III Milk – Sept 19 down \$0.03 closing \$17.84

Outsides

Dow – down 394.27 closing 25886.41
S&P – down 29.99 closing 2888.58
NASDAQ – down 64.92 closing 7894.14
US Dollar – Sept 19 up 0.690 closing 98.020
Crude Oil – Sept 19 up 0.40 closing \$54.94

News/Reports:

- Export sales report released Thursday 8/15. Corn came in at 2.2 million bushels, expected range 4 – 12. Beans came in at (4.0) million bushels, expected range 2 – 11. Wheat came in at 17.0 million bushels, expected range 7 – 18. Soybean Meal came in at 130.1 million metric tons, expected range 75 – 200K.
- Ethanol output weekly data reports were out Wednesday 8/14 at 1,045,000 barrels per day versus 1,040,000 last week. Ethanol stocks were at 23.883 million barrels versus 23.117 million last week.
- Corn Conditions came out 8/19 at 56% good to excellent versus 57% last week, and 68% last year.
- Soybean Conditions came out 8/19 at 53% good to excellent versus 54% last week, and 65% last year.

August 12th WASDE Continued:

- **Corn** - FSA data and NASS planting intentions in this report would suggest the highest intentions on record for corn around 102 million acres. Harvested acres are the key number going forward and will explain some of the differences in the data. Abandonment at 9% versus 8% average as this year the US farmer can plant sileage on PP acres as a cover crop which you haven't been able to do in year's past. The fact a large percentage of the crop was planted later than PP dates, suggests the upside for abandonment/sileage/less harvested US acres could increase. Bottom line, as much as we may disagree with the acreage number, the trade doesn't care and until we learn more, we need assume 90 million acres today and be flexible as we dial in yield/demand. In a typical year, acres would not change more than 1 million acres from here on out.
- **Soybeans** – Positive in that fewer acres intended (all those going to corn) but reality check is that a 755 million bushels carry out would still be the 2nd largest on record. Demand weakness out of China continues to weight on S&D. USDA yield at 48.5 bushels per acre would be the 6th consecutive year above trend line in a row, the 1st time that has happened in 50 years.
- **Wheat** - World wheat production decreased 3.4 million metric tons to 768.1 million metric tons (which is still a record). We will see the next update on harvested acres in the USDA Small Grain Summary on September 30th.

Notes:

- The Pro Farmer Tour will start Monday with Ohio and South Dakota with results scheduled for Monday afternoon. Indiana and Nebraska on Tuesday, Illinois and Iowa on Wednesday, Minnesota and the rest of Iowa on Thursday, and the full estimate on Friday. The market will be watching for a substantial faded Pro Farmer number from the WASDE's latest production estimate of 13.901 billion bushels (90 mil/acres @ 169.5 bpa). Over the past 16 years the group has undershot the September yield 12 times by an average of 2.67 bpa and overshot the September yield 5 times by an average of 1.28 bpa. Versus final yield they have missed by as much as 13 bushels per acre, but only in 4 years they have missed the final estimate by more than +/- 5 bushels per acre. Thoughts are that their yield will need to be sub 165 bushels per acre for folks to start raising eyebrows and sub 160 bushels per acre should really get the market interested versus the government's latest current yield at 169.5.
- DTN was out with their Illinois, Indiana, and Ohio tour on Thursday which showed Illinois at 153 bushels per acre (28 below USDA), Indiana at 138 bushels per acre (28 below USDA), and Ohio at 136 bushels per acre (24 bpa lower USDA and lowest of the 10 states in their tour).
- The White House announced this week that talks with China will resume in 2 weeks and that they will delay the 10% tariff on some Chinese products until Mid-December. Phones and toys are on the list, and perhaps it is thought this is to avoid increasing prices during the back to school purchases to Christmas shopping.
- The crop insurance time frame for wheat started Thursday August 15th and will run thru September 15th. HRW in Kansas is about \$1.30 below last year and SRW in Ohio is \$.70 below last year.
- MFP payments are also starting to come out on the first 50%, payments were made first available on Friday August 16th.
- While Chinese plants are now routinely testing for ASF, no information has become public as the results of those tests. The only information on ASF has come from hogs seized while in transport. Hog prices in all regions of China have been accelerating higher. The average national hog price is now up 12% since the beginning of the month and up 52.5% since the start of the year.
- 10-Year T-Note fell below the 2-Year rate this week, this has been a reliable indicator of economic recessions.
- The next USDA report will be the September WASDE report out on Thursday September 12th at 12:00 est.