

## General

### USDA report – Dec. 12th

### Report Aftermath

USDA report reveals a corn crop that continues to get bigger. Highlighted with a 175.4 BPA (up from 171.8) corn yield and concluding with 147 million bushels added to ending stocks for the year. Stocks to use jumped up to 17.2%...not good for price. This was the driving factor for post report trade. Corn traded down 7 cents and made a new low, makes sense. Beans however had a neutral report and a 25 cent trading range. Closing down 13.5 cents sounds bad, but we didn't make a new nearby low which is supportive today. KC Wheat was the surprise bonus with an increase in export driving a 26 million bushel reduction in wheat ending stocks. Don't get the drills out and sew any November wheat, but it does bring stocks to use down to 52.1% vs 56.6% (been as high as 63%). Going the correct direction and the market is reflecting that today! Milo is again in short supply as we are looking at lowest stocks to use in the past 5 years. This should support continued positive values vs corn moving forward.

#### Advance Trading, Inc. Supply/Demand Summary



### Corn

	(In Millions)					USDA Oct 17/18	USDA Nov 17/18	Oct/Nov Change 17/18
	12/13	13/14	14/15	15/16	16/17			
Planted Acres	97.3	95.4	90.6	88.0	94.0	90.4	90.4	0.0
% Harvested	89.8%	91.7%	91.7%	91.8%	92.2%	91.9%	91.9%	
Harvested Acres	87.4	87.5	83.1	80.8	86.7	83.1	83.1	0.0
Yield (BU/AC)	123.1	158.1	171.0	168.4	174.8	171.8	175.4	3.6
Begin Stocks	989	821	1,232	1,731	1,737	2,295	2,295	0
Production	10,755	13,829	14,216	13,602	15,148	14,280	14,578	298
Imports	160	36	32	68	57	50	50	0
TOTAL SUPPLY	11,904	14,686	15,479	15,401	16,942	16,625	16,922	297
Exports	730	1,920	1,867	1,901	2,293	1,850	1,925	75
Feed Use	4,315	5,040	5,280	5,114	5,463	5,500	5,575	75
Food/Ind./Seed	6,038	6,493	6,601	6,648	6,891	6,935	6,935	0
Ethanol for Fuel	4,641	5,124	5,200	5,224	5,439	5,475	5,475	0
TOTAL USAGE	11,083	13,454	13,748	13,664	14,647	14,285	14,435	150
END STOCKS	821	1,232	1,731	1,737	2,295	2,340	2,487	147
Stocks to Use	7.4%	9.2%	12.6%	12.7%	15.7%	16.4%	17.2%	
U.S. Farm Price	\$6.89	\$4.46	\$3.70	\$3.61	\$3.36	2.80 - 3.60	2.80 - 3.60	

### Soybeans

	(In Millions)					USDA Oct 17/18	USDA Nov 17/18	Oct/Nov Change 17/18
	12/13	13/14	14/15	15/16	16/17			
Planted Acres	77.2	76.8	83.3	82.7	83.4	90.2	90.2	0.0
% Harvested	98.6%	99.3%	99.2%	98.8%	99.2%	99.2%	99.2%	
Harvested Acres	76.1	76.3	82.6	81.7	82.7	89.5	89.5	0.0
Yield (BU/AC)	40.0	44.0	47.5	48.0	52.0	49.5	49.5	0.0
Begin Stocks	169	141	92	191	197	301	301	0
Production	3,042	3,358	3,927	3,926	4,296	4,431	4,425	(6)
Imports	41	72	33	24	22	25	25	0
TOTAL SUPPLY	3,252	3,570	4,052	4,140	4,515	4,757	4,752	(5)
Crush	1,689	1,734	1,873	1,886	1,899	1,940	1,940	0
Exports	1,317	1,638	1,842	1,942	2,174	2,250	2,250	0
Seed	89	97	96	97	105	101	101	0
Residual	16	10	50	18	36	35	35	0
TOTAL USAGE	3,111	3,478	3,862	3,944	4,214	4,326	4,326	0
END STOCKS	141	92	191	197	301	430	425	(5)
Stocks to Use	4.5%	2.6%	4.9%	5.0%	7.1%	9.9%	9.8%	
U.S. Farm Price	\$14.40	\$13.00	\$10.10	\$8.95	\$9.47	8.35 - 10.05	8.45 - 10.15	

## Wheat by Class

(In Millions)

	12/13	13/14	14/15	15/16	16/17	USDA Oct 17/18	USDA Nov 17/18	Oct/Nov Change 17/18
<b>Hard Red Winter</b>								
Begin Stocks	317	343	237	294	446	589	589	0
Production	1,000	747	739	830	1,082	750	750	0
<b>TOTAL SUPPLY</b>	<b>1,335</b>	<b>1,109</b>	<b>985</b>	<b>1,130</b>	<b>1,533</b>	<b>1,347</b>	<b>1,346</b>	<b>(1)</b>
Domestic Use	612	426	423	458	488	470	470	0
Exports	380	446	269	226	455	390	415	25
<b>TOTAL USAGE</b>	<b>992</b>	<b>872</b>	<b>692</b>	<b>685</b>	<b>943</b>	<b>860</b>	<b>885</b>	<b>25</b>
<b>END STOCKS</b>	<b>343</b>	<b>237</b>	<b>294</b>	<b>446</b>	<b>589</b>	<b>487</b>	<b>461</b>	<b>(26)</b>
<b>Stocks to Use</b>	<b>34.6%</b>	<b>27.2%</b>	<b>42.5%</b>	<b>65.1%</b>	<b>62.5%</b>	<b>56.6%</b>	<b>52.1%</b>	

### Money Matters...update.

USD/Real ratio (candles) on the graph below. Appears to have found a trading range for now.



**US Dollar Daily Chart** – Appears to be satisfied with 95.07 as resistance and looking to test 94.115 support.



## Futures Comments and Targets

**Jan 18 Soybean Daily Chart** – Soybeans broke up trending support(not shown) and traded through long term down trend resistance (shown). Both these factors could be suggesting a sideways trade pattern setting up using \$10.13 and \$9.81.



**Nov 18 Soybean Daily Chart** – Again similar story here with \$10.15 and \$9.93



**Dec 17 Corn Daily Chart** – Yesterdays report made a new low and is a market to keep an eye on. Could be slippery. Lots of moving pieces with DDG, ethanol, cattle feeding, etc. but also a lot of corn.





**Dec 18 Corn Daily Chart** –This market has held onto its sideways trading range after testing the low yesterday. We could see the old and new crop markets moving different directions.



**Dec 17 Wheat Daily Chart** – Wheat is off its new low looking and broke downtrend resistance after the USDA report. Decent volume traded today, but less than yesterday. Possibly a time to look at calls if you have been on the sidelines! (I am not going to jinx this by calling it bullish)



**July 18 Wheat Daily Chart** – Similar story here with less energy.



### Chart Legend

#### Simple moving averages (SMA)

SMA 5 day – light yellow, SMA 25 day - Purple, SMA 200 day – blue.

**Upper and Lower Bollinger Bands** – Dashed white

**Trend lines** – Red

**Support and Resistance** – Red

	Futures Price Targets			Support	
Dec 17 Wheat	\$ 4.36	\$ 4.60	\$ 4.87	\$ 4.13	\$ 3.98
July 18 Wheat	\$ 4.85	\$ 5.07	\$ 5.19	\$ 4.63	
Dec 17 Corn	\$ 3.54	\$ 3.58	\$ 3.60	\$ 3.40	\$ 3.36
Dec 18 Corn	\$ 3.91	\$ 4.00	\$ 4.10	\$ 3.86	\$ 3.76
Jan 18 Beans	\$ 10.08	\$ 10.13	\$ 10.28	\$ 9.80	\$ 9.69
Nov 18 Beans	\$ 10.15	\$ 10.20	\$ 10.27	\$ 9.93	\$ 9.85

**Futures Price Targets** are technical points of resistance that a particular futures contract has created as it has traded. Typically these are previous highs or lows. They can also be points created by tracking various daily moving averages (30,60,90 day averages), simple trend lines, and numerous other methods for establishing trends.

**Support** is a technical point of resistance for a declining market. They are determined the same way as the Futures Price Targets, but serve as a potential floor to market movement.

**AgMark Pricing Index (API)** is a measure of volatility that can be used to establish an upper and lower trading range. The larger the number, the wider the range. API is an average of weekly trading ranges. It can be used to gauge how long it may potentially take to reach a price target. For example, if an API is \$0.10, there is a higher chance of that futures contract to trade \$0.10 higher or lower in that week. So, if you are waiting on a \$0.20 move up (or down) it is more likely it would take 2 weeks in an upward (or downward) trending market than 1 week.