




Market Commentary

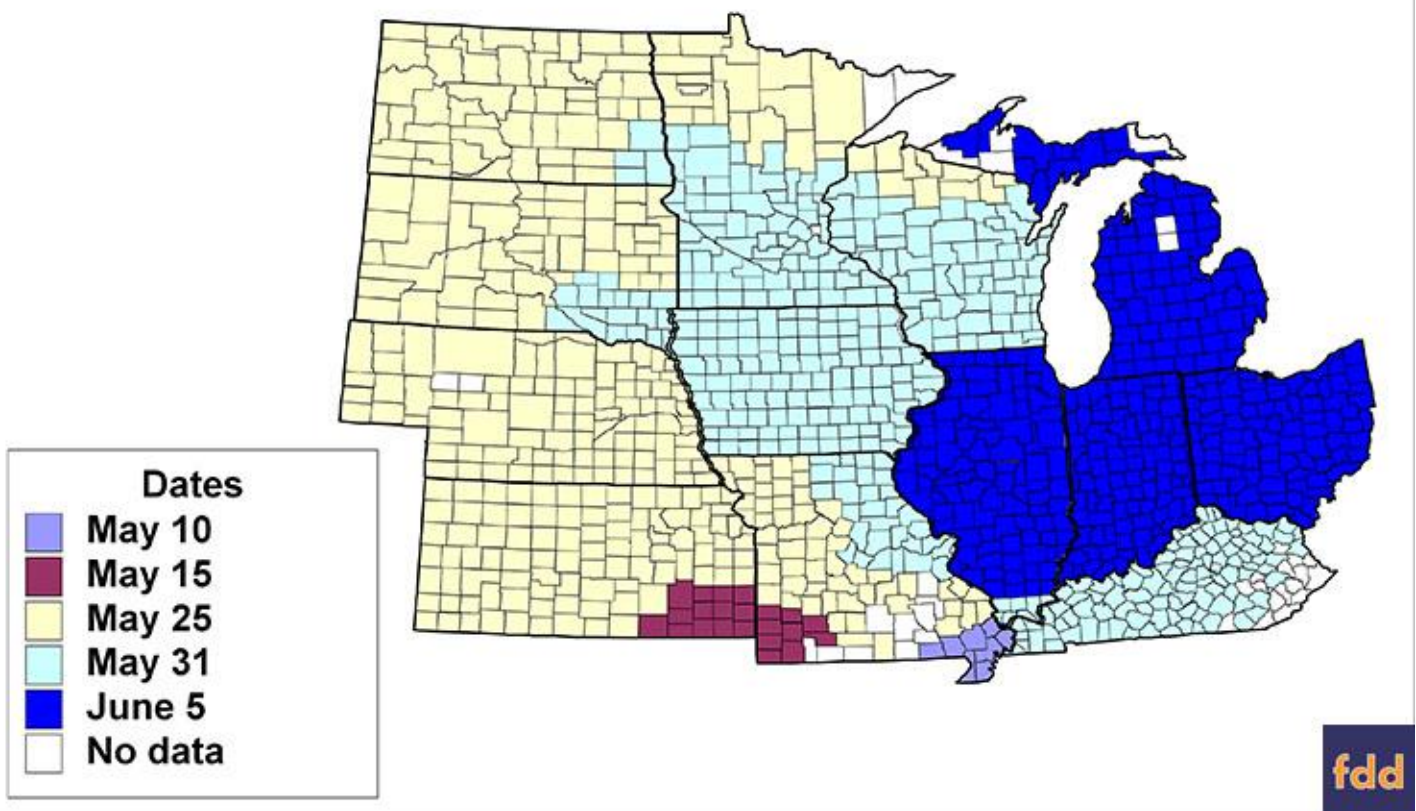
- ❖ Futures activity for the past week continued in a very bearish manner, especially on the Soybean front
- ❖ The biggest headlines of the week centered around ongoing trade negotiations with the Chinese delegation
 - Effective 12:01 AM Friday May 10th the existing 10% tariffs were increased to 25%
 - The increased tariff rate will apply to any vessel that departs a Chinese port after said time, and any in transit cargo that does not arrive to a United States port prior to June 1, 2019
 - The previous statement is leading some to believe this is a positive sign for the 2 sides to reach a final agreement prior to the June 1 date
 - Not wanting to be to crass, but simply put, We will believe it when we see it
- ❖ USDA released their May WASDE report at 11:00 AM CST on Friday
 - Summary of Report courtesy of Advance Trading Inc.

<i>USDA Report 05/10/19</i>								
			May 10 Report	Prior**	Change	Estimates		
						Low	Avg.	High
<u>All Wheat</u>								
(billion bushels)	18/19 End Stocks	1.127	1.087	0.040	1.079	1.097	1.187	
(billion bushels)	19/20 Production	1.897	2.060	-0.163	1.815	1.909	1.986	
(billion bushels)	19/20 End Stocks	1.141	0.933	0.208	0.947	1.060	1.129	
<u>Corn</u>								
(billion bushels)	18/19 End Stocks	2.095	2.035	0.060	2.011	2.055	2.135	
(billion bushels)	19/20 Production	15.03	14.930	0.100	na		na	
(bushels per acre)	19/20 Yield	176	176.5	-0.500	na		na	
(billion bushels)	19/20 End Stocks	2.485	1.603	0.882	1.787	2.131	2.387	
<u>Soybeans</u>								
(million bushels)	18/19 End Stocks	995	895.0	100.000	880.0	920.0	1010.0	
(billion bushels)	19/20 Production	4.15	4.090	0.060	na		na	
(bushels per acre)	19/20 Yield	49.5	50.0	-0.500	na		na	
(million bushels)	19/20 End Stocks	970	723.00	247.000	786.00	910.00	1103.00	
<u>World Ending Stock 2019/2020</u>								
(million metric tons)	Wheat	293.01			259.00	277.42	290.00	
(million metric tons)	Corn	314.71			271.20	304.71	322.00	
(million metric tons)	Beans	113.09			100.00	109.55	120.00	

**Prior is the April WASDE for 18/19 End Stocks and USDA outlook conference for new crop

- ❖ Given the lack of export business for the current marketing versus the past few marketing years, no real surprises here with the increased carryout amounts for the US in Corn, Soybeans, & Wheat
 - However, we would like to point out the bushel per acre decrease in both Corn and Soybeans on this report from the February USDA Outlook meeting
 - For soybeans the decrease of .5 BPA was only the second time an adjustment has been made since 1998 on this particular report (The lone previous adjustment was .1 BPA decrease in 2005)
 - In corn the decrease of .5 BPA was the first time an adjustment has taken place since the 2013 report
 - One would assume these changes were made based upon the weather experienced across the primary crop growing belt so far this Spring
- ❖ For Monday's weekly planting progress report on May 13th we do not anticipate seeing much of a catch up made in the past week
 - In this writer's opinion given what the prevent plate dates are (see below) for the areas that are currently sitting the farthest behind average on corn planting progress we still have time on the calendar before the market would give us a weather rally
 - Even if Mother Nature chooses to continue on in her unforgiving ways, something else needs to change as well in our market to create a bullish move

Figure 1. Map of Crop Insurance Final Planting Dates, Corn for Grain



- ❖ Last thing to note would be the Managed Money position in corn, soybeans, and wheat continues to play from the short side of table
 - If/When they see something that changes their course of action be sure you have done your homework and have orders placed with the AgMark team that will give your operation a positive return on your investment

❖ **Looking to the Future!**

- December 2020 futures closed today at \$4.0625
- The past 5 year CZ history shows us that opportunities above \$4.20 are few and far between (see chart)
- Based upon early indications of what input costs could look like for next year from our owners, it is very much within reason today that if a rally were to take place, YOU have the opportunity to lock in your first 20% of next year's corn/milo production at a 10% ROI (return on investment)
 - *How great would it feel to kick off your 2020 marketing plan with black ink on the balance sheet?!?!*



- ❖ As always your AgMark Marketing Consultant and Merchandising Team are here to answer your questions and assist you in your grain marketing plan to achieve the desired results for your farming operation!

AgMark Mission Statement:

To be the recognized leader in grain marketing, merchandising and logistics solutions for our cooperative and farmer owners, helping them maximize profits through our industry expertise.