

Wheat on Fire!!

Minneapolis wheat has been on a strong rally the past month. 3 year high! **Today's action showed us a trading range of 94 cents!!!** Terrible growing conditions have sparked major fears of this crop falling desperately short (some voices are getting louder about corn and beans dryness as well, supportive). Funds have been actively buying and producers have been actively selling this market. KC wheat has benefited \$1.30 to date. This was the kind of rally we would all be hoping for in KC wheat when we watched western KS engulfed by a blizzard. Instead we only 50 cents! Why is that important? It speaks to the fundamental support of this rally vs KC Wheat. This is a rally that has plenty of Minneapolis wheat fundamental support to date. KC wheat should be watched closely, as fundamental support for this kind of move in KC wheat seems weak.

Purple is Sept Minnie wheat and bluish is Sept KC wheat. Some obvious periods these markets moving together (recent)...and more importantly not moving together!!!



Some back of the napkin math to be thinking about...You can contract 2018 wheat for \$5.39 as of this email. **If you assume approximately \$150 per acre costs you can cover 2018 wheat crop by contracting 28 bushels per acre planted.** I haven't been able to say that in a long time!!!! You can always look to re-own with a call if you regret it later.

Conditions (Good + Excellent)	
Corn Conditions	G/E: 68% TW vs. 67% LW, 75% LY
Soybean Conditions	G/E: 64% TW vs. 66% LW, 70% LY
Milo Conditions	G/E: 62% TW vs. 65% LW, 69% LY
Winter Wheat Conditions	G/E: 48% TW vs. 49% LW, 62% LY
Spring Wheat Conditions	G/E: 37% TW vs. 40% LW, 72% LY
Crop Progress Summary	
Corn Silking	10% TW vs. 4% LW, 14% LY, 13% AVG
Soybean Emerged	98% TW vs. 94% LW, 98% LY, 95% AVG
Soybean Blooming	18% TW vs. 9% LW, 20% LY, 17% AVG
Milo Headed	25% TW vs. 20% LW, 29% LY, 24% AVG
Winter Wheat Harvested	53% TW vs. 41% LW, 56% LY, 54% AVG
Spring Wheat Headed	59% TW vs. 36% LW, 71% LY, 54% AVG

US Dollar – Sorry for the size here but we have officially closed below the election night shocker (red arrow). I guess we can survive in a low dollar environment. We have been as low as 91 in May 2016. Good for those who export!!!



General

IMPOTANT HOUSEKEEPING NOTE! AgMark has rolled to September contract in wheat and corn. August in soybeans.

USDA report – July 12th

Keyword's this week – Wheat, dryness, wheat conditions, corn needs rain, beans need rain.

Futures Comments and Targets

Aug 17 Soybean Daily Chart – Gap in circled. \$9.88 is the next hill to climb.



Nov 17 Soybean Daily Chart – Continued higher today. Clearing \$9.98 will open the chart up! Above 200 day SMA. Gap circled.



Sept 17 Corn Daily Chart – Gap Circled. Nice action off the lows to the high side of the range. We will see if we are still range bound shortly.



Dec 17 Corn Daily Chart – Similar story as Sept.



Sept 17 Wheat Daily Chart – Wow! Very nice moves in wheat. Gap circled. Strong finish today after trading lower most of the day. Volume was strong today.



July 18 Wheat Daily Chart – Contract highs!!!



Chart Legend

Simple moving averages (SMA)

SMA 5 day – light yellow, SMA 25 day - Pink, SMA 60 day – Gold, SMA 90 day – Lime Green, SMA 200 day – light blue.

Upper and Lower Bollinger Bands – Solid white

Trend lines – Dark blue and red

Support and Resistance – Black

	Futures Price Targets			Support		API
Sept 17 Wheat	\$ 5.79	\$ 5.83	\$ 6.04	\$ 5.29	\$ 5.06	\$ 0.27
July 18 Wheat	\$ 6.50	\$ 6.75	\$ 7.00	\$ 6.08	\$ 5.81	\$ 0.23
Sept 17 Corn	\$ 3.96	\$ 3.99	\$ 4.21	\$ 3.83	\$ 3.65	\$ 0.14
Dec 17 Corn	\$ 4.06	\$ 4.13	\$ 4.20	\$ 4.03	\$ 3.96	\$ 0.14
Aug 17 Beans	\$ 9.98	\$10.34	\$10.15	\$ 9.50	\$ 9.08	\$ 0.29
Nov 17 Beans	\$ 9.98	\$10.34	\$10.60	\$ 9.58	\$ 9.49	\$ 0.23

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.