

This Week In Agriculture:

A Mixed Bag of Information from the Week that Was: August 17, 2018

- **Though the week started seemingly weaker with traders still reeling from last week's production outlook surprise, ideas that trade dispute resolution is right around the corner helped push the markets to a higher close. When the closing bell rang on Friday afternoon we saw corn up 6, wheat up 13 and November beans up 35 for the week.**
- **Crop conditions Monday night showed a one point drop in good to excellent ratings for both corn and beans. That, coupled with continued fast maturity across the Corn Belt has some agronomists, farmers and traders thinking yields may end up lower than the most recent August estimate. In fact there's a strong historical tendency to see the USDA crop estimate come in higher in August than where final numbers are pegged in January.**
- **One major plus of advanced maturity in corn especially is that we will have a better idea on actual yield sooner than in most years. The well followed Pro-Farmer crop tour takes place next week with a final yield estimate set to be released after the close on Friday.**
- **Trade continued to be the most talked about topic this week. Some analysts believe cracks are beginning to form in China's stoic façade when it comes to weathering the most recent trade troubles. The country's CSI 300 index (an index of the country's top 300 stocks) fell to its lowest level in 2 years due to the most recent round of economic pressure. With a troubled economy the last thing anyone in the country wants to see is food inflation on top of reduced income.**
- **Concerns are also developing in China over a potential outbreak of African Swine Fever. The disease which is deadly to hogs was initially found 2 weeks ago and reported as an isolated incident. The country's second outbreak this week was found over a thousand miles away in a group of hogs that had traveled a long distance. Some believe this is not a new issue, but that this province has been dealing with this problem since April.**
- **Of course as with any new or developing issue the ideas of what it could mean for markets among analysts varies. Some feel this is bullish for US hogs as a reduction in Chinese supply would mean import needs for the country. Others feel this could be bullish for domestic meal demand as an increase in US hog exports would mean more hogs to feed here. While some feel this is bearish for beans as it will limit potential Chinese imports going forward as their need to crush will be diminished. In reality as with any story out of China actual implications will likely remain unseen for some time.**
- **Hogs also happened to get a nice shot in the arm from Mexico trade talk. Mexican and American trade representatives are indicating an announcement on a NAFTA agreement between the two countries could take place as early as next week. While it seems this is a reoccurring headline the fact that we are still at the negotiating table and continuing to get somewhere is a positive sign. There are hopes successful Mexican/US talks will help push Canadian talks in the right direction as well.**
- **President Trump made it clear this week though that if the agreement is not "perfect" he has instructed his representatives to walk away. So until an actual agreement is announced and inked the market will remain hesitant.**
- **Another round of Black Sea wheat export rumors hit the marketplace late this week, with reports Russian wheat export curbs were imminent due to a poor crop. At this point while it appears the quote used to generate the headline was more opinion than fact the idea the USDA's most recent Russian export projection of 34 million is a touch too high will remain in the forefront of trader's minds.**

As mentioned the Pro Farmer crop tour will take place next week. This well-followed in-depth tour of several Corn Belt states tends to give an indication of what the crop itself actually looks like. With such varying conditions across counties let alone states many traders are looking forward to seeing estimates and pictures of what is out there. Many smaller state tours will be held as well, so information flow will likely be great.

In addition to crop tour, traders will be looking to see what rain fall totals look like with long term dry conditions causing great concern if weekend rains don't materialize. While the crop has been in a hurry to mature it still remains quite a ways from being done in many areas meaning catching the late season rains could have major implications on overall production.

Trade updates will be important as well with low level Chinese negotiators expected in Washington DC some time mid next week.

In the meantime don't hesitate to contact us with any questions, we're here to help!

All the Best!

Angie Setzer

Citizens LLC

www.citizenselevator.com

******Commodities trading is very risky, Citizens LLC holds no liability for the use of the information contained herein******