

## **This Week In Agriculture:**

**A Mixed Bag of Information from the Week that Was: May 25, 2018**

- **Plentiful news stories this week combined with seasonals lent volatility to the market. When the dust settled we saw July corn up 3 with December corn trading to new contract highs before settling back slightly, July wheat was nearly 25 higher with July beans up 43.**
- **The week kicked off with strength as China and the US announced they would work through their trade differences in a calm and respectful manner. President Trump celebrated this development, tweeting Monday morning that the Chinese would buy “massive amounts” of American agriculture products. In conjunction with this announcement we heard news that boats being held up for “quality issues” at Chinese ports these past couple of weeks were being unloaded. The week finished with a cherry on top via China booking a large amount of new crop soybeans and showing up in the export report as a buyer of US corn as well.**
- **The administration and Chinese leaders are continuing to work through sticking points when it comes to technology and intellectual property theft, but at this point many feel the moves being made will continue to benefit the American farmer as well as the Chinese consumer.**
- **Some concern did arise this week though when the administration floated the idea of import tariffs on automobiles. Though very rough when it comes to details, the idea of a 25% import tariffs on cars was met by opposition seemingly across the board. At this point it appears very common for the White House to float ideas in order to read the reaction of the market and experts in each area of business before proceeding. This doesn’t appear to be very different.**
- **There was little news on the NAFTA front. Canadian leaders didn’t seem to talk about the process as glowingly as they had a week ago when asked, but continue to say progress is being made.**
- **North Korean news could be classified as disappointing this week as President Trump cancelled the planned peace talks with North Korea’s leader saying the country wanted to change terms of the meeting.**
- **Traders will continue to monitor relations with Japan as talk about retaliatory tariffs there had been floated over the last couple weeks. At this point everything remains business as usual, but any type of quick change would likely impact agricultural goods at least in the short term.**
- **Planting progress has all but wrapped up in most areas of the Corn Belt aside from an area stretching from north of I80 in Iowa to just south of where I90 runs through Minnesota, stretching east into Ontario impacting much of the Great Lakes and Ohio as well. This area has received much above normal precipitation with some farmers in the hardest hit areas yet to start with corn let alone soybeans.**
- **Planting progress Monday night indicated 81% of the national corn crop was planted, in line with the 5 year average while soybeans planting ran 12% above the 44% 5 year average. This indicates that though the areas that remain too wet to plant are troublesome they are definitely not indicative of how conditions are across the Corn Belt.**
- **In fact many outside of the circle of moisture described earlier will tell you they are too dry, especially with record heat looking to work its way across the nation over the weekend into next week. At this point dry or not the corn that is up looks good to many, with trade talking expectations of close to 80% of the corn being rated as good or excellent in Tuesday night’s initial crop ratings. If realized this would be the best rated crop in recent memory, compared to the 77% good to excellent rating seen in 2012 (yes \*that\* 2012).**

- While this week looks promising for those looking to complete planting, rainfall will be imperative of course to keep ratings high and yield outlooks pegged above trend-line. Talk is starting to get louder about what the USDA will show for planted acreage in the June 29<sup>th</sup> report, with many anticipating an increase to both corn and bean plantings due to reductions in sorghum and spring wheat acres. However this week one of the largest co-ops in the Red River Valley announced this spring had set a record for spring wheat seed demand making one wonder if farmers really cut back on acres up there or not.
- Other talk this week centered around production cuts to the wheat crop in Russia. Private groups and government officials have cut back on their outlooks there due to less than desirable spring conditions giving bulls some excitement. However it is important to remember that though they have cut back from their initial outlook they are still running some 220 million bushels plus higher than the latest estimate released by the USDA.
- Dryness in the Canadian Prairies will have to be monitored as rainfall in some areas there is only running 40% of average for the April/May time period.
- One final interesting tidbit, we had mentioned last week that though April was record cold across much of the Corn Belt May so far had been nearly record warm. This is obvious when looking at the accumulation of growing degree days across the growing area. At the University of Minnesota Waseca location GDDs are running 20% ahead of average. With many other locations across the country showing a similar increase or more.

Going into next week we'll continue to monitor weather of course as we work our way into June. Some are indicating the month ahead could be a very hot and dry one while others are adamant the heat will break down as we work into next weekend with rain in the forecast. With little to no risk premium in the corn market based on the new crop outlook from the USDA last month forecasts will be imperative in the weeks ahead (obviously).

With corn and wheat putting in new contract highs and soybeans trading back up close to recent highs there are plenty of opportunities presenting themselves. Definitely use this time to get new targets in place and work to enhance your bottom line. As always give us a call with any questions, we're here to help! Until next week, have a great weekend and stay safe!

All the Best!

Angie Setzer

Citizens LLC

[www.citizenselevator.com](http://www.citizenselevator.com)

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