



WEEK IN REVIEW MARKET UPDATE 5/11/18

Grain

Corn – July 18 **down \$0.09^{3/4}** closing \$3.96^{1/2}
Soybeans – July 18 **down \$0.33^{1/2}** closing \$10.03^{1/4}
Wheat – July 18 **down \$0.27^{1/2}** closing \$4.98^{3/4}
Soybean Meal – July 18 **down \$15.10** closing \$378.60

Outsides

Dow – **up 567.46** closing 24828.97
S&P – **up 64.40** closing 2727.35
NASDAQ – **up 192.75** closing 7400.83
US Dollar – June 18 **up 0.003** closing 92.411
Crude Oil – June 18 **up 0.98** closing \$70.70

Livestock

Cattle – June 18 **up \$1.58** closing \$107.63
Feeders – August 18 **down \$2.43** closing \$143.90
Hogs – June 18 **up \$1.57** closing \$75.10
Class III Milk – May 18 **up \$0.14** closing \$15.23

News/Reports:

- Export report released Thursday 5/10. Corn came in at 27.4 million bushels, expected range 28 – 39. Beans came in at 13.0 million bushels, expected range 11 – 22. Wheat came in at 1.3 million bushels, expected range 0 – 13. Beanmeal came in at 90,900 metric tons, expected range 100 – 400K.
- Ethanol output weekly data reports were out Wednesday 5/9 at 1,040,000 barrels per day versus 1,032,000 last week. Ethanol stocks were at 21.964 million barrels versus 22.142 million last week.
- Winter Wheat Conditions came out 5/14 at 36% good to excellent versus 34% last week, and 51% last year.
- Corn Progress came out 5/14 at 62% planted versus 39% last week, 68% last year, 63% 5-year average.
- Soybean Progress came out 5/14 at 35% planted versus 15% last week, 29% last year, 26% 5-year average.

Notes:

- The biggest problem for the safrinha corn in Brazil is in southern Brazil, especially in the states of Parana and southern Mato Grosso do Sul. Some areas of the state have now been dry for over 30 days and some of the corn leaves are fired up to the ears. The situation would had been worse had it not been for good soil moisture at the start of the growing season. As a result, the earliest planted corn is probably going to have an acceptable yield, but the yields will decline the later the corn has been planted. The latest planted corn will have the most disappointing yields because it has basically been dry ever since the corn was planted. The safrinha corn crop in Brazil is going to be disappointing, it's just a matter of how disappointing and that will depend on any future rain.
- US Hay Supplies at 15.7 million metric tons, down 36% from last year and the 3rd lowest on record.
- A compromise on RFS has been reached. Stating the ethanol industry will receive a year-round RVP waiver for E15 blends and all ethanol exports will generate RIN credits.
- The Brazil real is the weakest it's been since January 2017 around 3.61 versus the US Dollar and the Argentine Peso had one of the worst weeks since 2015 after the International Money Fund said it wants to conclude talks on a possible credit line for the country as soon as possible (they have over \$111 billion in payments as a debt burden to be made over the next 10 years and are looking for \$30 billion in credit).
- President Trump said he would work to prevent the collapse of Chinese electronics manufacturer ZTE. ZTE has long been viewed as a national champion for its effort to take a global lead in establishing 5G mobile internet networks. It would appear this could be a bargaining chip as Chinese officials fly into DC later this week. For context, ZTE violated US sanctions by selling products to all five embargoed countries – Iran, Sudan, North Korea, Syria, and Cuba. The US responded by banning US companies from selling parts/software to ZTE for 7 years which sent the company into an operational tailspin. In return for the potential relief on ZTE, China would agree to hold back tariffs on a variety of US agricultural products it announced in early April as retaliation for US tariffs on Chinese steel and aluminum exports. The US products targeted include ginseng and pork. China would also ease some nontariff restrictions on American farm products as part of the potential pact. For instance, since late last year, China has tightened quality testing for US soybeans, resulting in the crop getting held up at Chinese ports.
- The next USDA report will be the June WASDE report out on Tuesday June 12th at 12:00 est.