



WEEK IN REVIEW MARKET UPDATE 8/24/18

Grain

Corn – Sept 18 **down \$0.15^{3/4}** closing \$3.48^{1/2}
Soybeans – Sept 18 **down \$0.39^{1/2}** closing \$8.42
Wheat – Sept 18 **down \$0.45^{3/4}** closing \$5.14^{3/4}
Soybean Meal – Dec 18 **down \$16.10** closing \$316.30

Outsides

Dow – **up 127.95** closing 25790.01
S&P – **up 25.55** closing 2874.90
NASDAQ – **up 130.71** closing 7946.24
US Dollar – September 18 **down 0.918** closing 95.063
Crude Oil – October 18 **up 3.51** closing \$68.72

Livestock

Cattle – Oct 18 **down \$4.18** closing \$106.70
Feeders – Oct 18 **down \$5.12** closing \$146.73
Hogs – Oct 18 **down \$6.82** closing \$51.78
Class III Milk – Sept 18 **up \$0.36** closing \$16.17

News/Reports:

- Export report released Thursday 8/23. Corn came in at 6.8 million bushels, expected range 8 – 20. Beans came in at 5.6 million bushels, expected range 4 – 11. Wheat came in at 8.8 million bushels, expected range 17– 31. Beanmeal came in at 212,500 metric tons, expected range 100 – 200K.
- Ethanol output weekly data reports were out Wednesday 8/22 at 1,073,000 barrels per day versus 1,072,000 last week. Ethanol stocks were at 23.259 million barrels versus 23.017 million last week.
- Corn Conditions came out 8/27 at 68% good to excellent versus 68% last week, and 62% last year.
- Soybean Conditions came out 8/28 at 66% good to excellent versus 65% last week, and 60% last year.

Notes:

- Pro Farmer analyst took to the fields this week to survey corn and soybeans and confirmed the USDA's large crop estimates. The national corn yield was estimated at 177.3 bushels per acre, 0.9 bushels lower than USDA's August WASDE estimate but 0.7 bushels larger than last year's record corn crop. Soybean yield came out at 53.0 bushels per acre, 1.4 bushels above the USDA's August WASDE soybean estimate, 11% larger than last year, and 1.0 bushels larger than 2016 record crop.
- Ag Secretary Perdue announced details of a \$12 billion MFP (Mkt Facilitation Program) for agriculture that includes direct payments as well as commodity purchases. The initial round of payments is limited to 50% of production and that the agency will later revisit whether to add payments on the remaining 50% of production. Program signup will start September 4. Total crop payments and combined pork and dairy payments are capped at \$125,000 for each legal entity. In addition, USDA will purchase \$1.2 billion in surplus commodities for food banks and will invest an additional \$200 million in foreign market development. Payment rates are as follows:
 - Wheat: 14 cents per bushel on 50 percent of 2018 production
 - Sorghum: 86 cents per bushel on 50 percent of 2018 production
 - Soybeans: \$1.65 per bushel on 50 percent of 2018 production
 - Corn: 1 cent per bushel on 50 percent of 2018 production
 - Cotton: 6 cents per pound on 50 percent of 2018 production
 - Dairy: 12 cents per hundred weight on 50 percent of MPP production
 - Pork: \$8 per head on Aug. 1 for 50 percent of herd
- Donald Trump has signed a bilateral agreement with Mexico to revamp the North American Free Trade Agreement (NAFTA). A deal has not yet been reached with Canada and they will need to be brought back into the conversations for NAFTA to be finalized. Mexico imports more pork from American farmers than any other country and is a major destination for corn.
- The US imposed \$16B in tariffs against China on Thursday. China retaliated with a like amount on products such as fuel, steel, autos, and medical equipment.
- Jobless claims fall to 210,000, a level not seen since 1969.
- The fourth case of African Swine Fever in 3 weeks has been reported in China and has now been reported in four provinces. The newest report is 1,335 miles south from the originating case. China has culled more than 20,000 pigs to try to control the spread, but pigs are being transported great distances and through pig dense regions making it difficult to contain the highly contagious disease. The US hog industry is very concerned that ASF may find its way into the US. EU continues to deal with ASF and Romania has confirmed 725 outbreaks with the first case reported in July.
- Friday's USDA Cattle on Feed report confirmed increased placements into feedyards during July. Placements were 8% larger than last year and were the largest for July since 2012. In addition to an expanding cattle herd, dry conditions in some key cattle producing regions likely forced cattle off pastures and into feedyards during July. Marketings were also above last year thanks to one additional workday during the month. When compare on a per workday basis, marketings this July were even with last year. The number of cattle on feed remain well above year ago levels. Cattle on feed on August 1 were up 5% from last year and is the largest August 1 on feed supply on USDA records back to 1996.
- The next USDA report will be the September WASDE report out on Wednesday September 12th at 12:00 est.