

WEEK IN REVIEW MARKET UPDATE 8/31/18

Grain

Corn – Dec 18 **up** \$.02^{1/4} closing \$3.65
Soybeans – Nov 18 **down** \$.11^{3/4} closing \$8.43^{1/2}
Wheat – Dec 18 **up** \$.09 closing \$5.45^{1/2}
Soybean Meal – Dec 18 **down** \$9.10 closing \$307.20

Livestock

Cattle – Oct 18 **up** \$2.08 closing \$108.78
Feeders – Oct 18 **up** \$2.40 closing \$149.13
Hogs – Oct 18 **down** \$1.35 closing \$50.43
Class III Milk – Sept 18 **up** \$0.34 closing \$16.51

Outsides

Dow – **up** 170.40 closing 25960.41
S&P – **up** 27.53 closing 2902.43
NASDAQ – **up** 164.64 closing 8110.88
US Dollar – September 18 **up** 0.020 closing 95.083
Crude Oil – October 18 **up** 1.08 closing \$69.80

News/Reports:

- Export report released Thursday 8/30. Corn came in at 6.9 million bushels, expected range 4 – 12. Beans came in at 4.1 million bushels, expected range 0 – 9. Wheat came in at 15.2 million bushels, expected range 7– 18. Beanmeal came in at (21,500) metric tons, expected range 50 – 350K.
- Ethanol output weekly data reports were out Wednesday 8/29 at 1,070,000 barrels per day versus 1,073,000 last week. Ethanol stocks were at 23.061 million barrels versus 23.259 million last week.
- Corn Conditions came out 9/4 at 67% good to excellent versus 68% last week, and 61% last year.
- Soybean Conditions came out 9/4 at 66% good to excellent versus 66% last week, and 61% last year.

Notes:

- Mexico and the US reached a bilateral trade agreement and gave Canada a deadline of Aug 31st to reach agreement. Dairy has become the sticking point between Canada and the US with the attempt to restructure a tri-lateral NAFTA with talks breaking down and reasons it did not meet the deadline for the agreement. With no deal reached between Canada and the US, trade groups support the trade agreement with Mexico but caution and urge not to dissolve the existing trilateral agreement with Canada.
- President Trump reportedly wants to move forward with the \$200B in tariffs on Chinese imports as soon as the public comment period ends September 6th.
- Last week was a very bad week financially in Argentina. Last Wednesday, President Macri said that the International Monetary Fund (IMF) had agreed to expedite cash payments to Argentina as part of a \$50 billion line of credit. That resulted in a 20% plunge in the value of the Argentine peso over a two-day period. Last Thursday, the Argentine Central Bank increased the prime interest rate by 15% to a world-high 60% in an effort to stabilize the currency. The government now says that inflation is running at 30%, but most people think it is higher than that. The bottom line is that corn and wheat exports will be taxed at 10.5% compared to the 0% export tax on those two commodities which has been in place for approximately the last three years. Soybeans will face an export tax of 28.5% and soybean meal and soybean oil will face an export tax of 25.8%. These taxes will remain in place until 2020.
- A Brazil court has overturned a lower court decision from August 3rd that banned the use of glyphosate (Roundup) herbicide in Brazil. The judge indicated that there was no justification for such an abrupt ban on a product that could have a grave impact on the economy of the country and the population in general. He also indicated that the product had been approved by all the competent public agencies based on comprehensive studies concerning human health and the environment.
- China reported its 8th case of deadly African Swine Fever late on Monday, and the third in two days, as the highly contagious disease spreads rapidly through the world's largest pork producer. Authorities recently shut live markets and banned transporting pigs and pork products from affected provinces as it struggles to contain further outbreaks. Also, the largest breeding farm in Romania tested positive for African Swine Fever. All 140,000 pigs will be culled, beginning on Tuesday. The widespread nature of the reported cases continues to cause concern, as no mechanism of transmission has been reported and, conversely, potential mechanism suggests the potential for many more cases. This risk is exemplified by the fact that South Korea detected evidence of the virus in foods containing pork that were brought in by airline passengers coming back from Shenyang on August 3rd.
- USDA discovered a cow in Florida infected with bovine spongiform encephalopathy (BSE), more commonly known as mad cow disease. The infected cow was not slaughtered for human consumption and no meat from the animal entered the human food supply. It's the first detection of the deadly disease in the US since July of last year, when BSE was found in a 11-year-old cow in AL. The infected cow is the 6th confirmed BSE case in the US. The first, in 2003, was in a cow born in Canada. In 2015, the World Organization for Animal Health (OIE) determined atypical BSE sporadically appears in a small percentage of cattle. This is differentiated from classical BSE, associated with cattle consuming feed containing ruminant-products infected with prions. This practice has been prohibited in the US and other countries in the world. With this case of atypical BSE, Korea plans to increase their inspection samples of US beef imports from 3% to 30%. Last year, South Korea was the second largest market for US beef (on value) and imported \$1.22 billion of beef.
- The next USDA report will be the September WASDE report out on Wednesday September 12th at 12:00 est.