



WEEK IN REVIEW MARKET UPDATE 1/12/18

Grain

Corn – March 18 **down \$0.05** closing \$3.46^{1/4}
Soybeans – March 18 **down \$0.10^{1/4}** closing \$9.60^{1/2}
Wheat – March 18 **down \$0.10^{1/4}** closing \$4.20^{1/2}
Soybean Meal – March 18 **down \$4.90** closing \$317.00

Outsides

Dow – **up 508.83** closing 25803.23
S&P – **up 42.94** closing 2785.83
NASDAQ – **up 123.50** closing 7259.10
US Dollar – March 18 **down 0.945** closing 90.725
Crude Oil – Feb 18 **up 2.86** closing \$64.30

Livestock

Cattle – Feb 18 **down \$1.87** closing \$117.38
Feeders – March 18 **up \$0.67** closing \$142.65
Hogs – Feb 18 **up \$0.15** closing \$71.58
Class III Milk – Feb 18 **down \$0.38** closing \$13.07

News/Reports:

- Export report released Thursday 1/11. Corn came in at 17.2 million bushels, expected range 14 – 26. Beans came in at 22.3 million bushels, expected range 18 – 31. Wheat came in at 2.6 million bushels, expected range 9 – 17. Beanmeal came in at 209,300 metric tons, expected range 75 – 250K.
- Ethanol output weekly data reports were out Wednesday 1/10 at 996,000 barrels per day versus 1,032,000 last week. Ethanol stocks were at 22.719 million barrels versus 22.619 million last week.

Notes:

- China's December soybean imports were record large at 9.55 million metric tons which was up 6% from last year and for the calendar year of 2017 Chinese bean imports are up 14% versus 2016. While US bean sales and liftings to-date are disappointing, it is not because China has reduced their overall buying, but just buying more from South America.
- President Trump told American farmers they have not been forgotten when he addressed the American Farm Bureau convention. Most of his address focused on deregulation, tax relief, and rural broadband infrastructure, all supportive of agriculture in the US. Little attention was given to trade, but Trump emphasized his goal of fair and reciprocal trade agreements. In 2016, the US exported to Mexico and Canada 27% of corn produced, accounting for \$2.65 billion, 7% soybeans produced, accounting for \$1.6 billion, and 12% of wheat produced, accounting for \$629 million. Mexico and Canada accounted for \$1.9 billion of US pork (40% of US pork exports) and \$1.3 billion of beef (24% of US beef exports).
- Reuters reported this week that Canadian officials are increasingly convinced the US will pull out of NAFTA. Canadian officials have since denied these claims. The next round of talks starts in roughly two weeks.
- A few reports that cattle are getting moved off wheat acres and placed into lots due to poor wheat conditions. They're not trying to save the wheat crop, there's just not enough nutritional value.
- Quality brings added value. In the case of beef, the choice/select spread averaged \$11.82/cwt for 2017, \$1.11/cwt higher than 2016. Prime carcasses received on average a \$15.94/cwt premium over choice carcasses, \$0.89/cwt more than in 2016, and CAB (Certified Angus Beef) brought \$4.33/cwt over choice, down \$0.17/cwt from 2016.
- America was a net gas exporter for the first time in 60 years in 2017.
- Major stock markets move to another all-time high over the past week, but technical indicators suggest that they might be overbought at current levels. Traders will be keeping an eye on several key economic indicators, including industrial production on January 17th, jobless claims on January 18th, and consumer sentiment on January 19th.
- Crude hit a 3 year high this week.
- The next USDA report will be the February WASDE report out on Thursday February 8th at 12:00 est.