



WEEK IN REVIEW MARKET UPDATE 12/15/17

Grain

Corn – March 18 **down \$0.05^{1/4}** closing \$3.47^{1/2}
Soybeans – Jan 18 **down \$0.22^{1/2}** closing \$9.67^{1/4}
Wheat – March 18 **down \$0.00^{3/4}** closing \$4.18^{1/4}
Soybean Meal – March 18 **down \$11.10** closing \$320.60

Livestock

Cattle – Feb 18 **up \$2.73** closing \$121.03
Feeders – Jan 18 **up \$2.52** closing \$147.75
Hogs – Feb 18 **down \$0.32** closing \$68.53
Class III Milk – Jan 18 **up \$0.10** closing \$14.47

Outsides

Dow – **up 338.81** closing 24648.33
S&P – **up 23.92** closing 2675.13
NASDAQ – **up 95.36** closing 6933.35
US Dollar – Dec 17 **up 0.055** closing 93.929
Crude Oil – Jan 18 **down 0.06** closing \$57.30

News/Reports:

- Export report released Thursday 12/14. Corn came in at 34.1 million bushels, expected range 28 – 43. Beans came in at 53.4 million bushels, expected range 51 – 73. Wheat came in at 21.6 million bushels, expected range 9 – 17. Beanmeal came in at 455,400 metric tons, expected range 100 – 300K.
- Ethanol output weekly data reports were out Wednesday 12/13 at 1,089,000 barrels per day versus 1,108,000 last week. Ethanol stocks were at 22.374 million barrels versus 22.544 million last week.

Notes:

- January bean futures have fallen off nearly \$.50 in the last 2 weeks since making its recent high \$10.15 on December 5th. The break had started with forecasts for better chances for rains in Argentina where it has been dry. Rains have now materialized and forecasts continue to bode for more rains. The weather received in Argentina (dry through November) and Brazil (wet for northern Brazil) is typical of La Nina conditions.
- In the December WASDE report the expected 2017 production of both beef and pork were lowered again. For crops, the expected amount of milo to be exported was increased by 50 million bushels, thus decreasing the amount going to ethanol and increasing the amount of corn going to ethanol by 50 million bushels. Soybean estimates changed very little, with an increase in seed and a 25 million bushel decrease in exports.
- Informa released their estimates for the final crop yield for 2017 as well as estimated acres for 2018. Informa increased the corn final estimate by 1.2 bushels per acre versus the USDA December estimate to 176.6 while lowering their 18/19 corn acreage to 89.7 million acres versus their previous estimate of 91.4. They increased the bean final estimate by 0.2 bushel per acre versus the USDA December estimate to 49.7 while increasing their 18/19 bean acreage to 91.387 million acres versus the USDA baseline acreage of 91.0.
- With soybean crushing margins over \$1.00 per bushel, new plants are being built at a rate not seen since 1997-1998. By 2019 the US crushing capacity will be 5% greater than today, to total around 1.9 billion bushels.
- This year China has purchased 52 million metric tons of Brazilian soybeans, more than half of their total imports. Brazil raised their estimate of total soybean exports in 2017 to 67.8 million metric tons. They are competing very effectively with the US in the world market.
- Mexico is on pace for their most active calendar year of US wheat purchases on record.
- Farmers are the latest victims of China's desire for cleaner air. Officials have forced natural gas-powered fertilizer plants to shut in areas like Sichuan and Yunnan to conserve the fuel for home-heating in the north, where demand is outpacing supply. That's boosting prices of nitrogen-rich urea, after output was already cut by pollution restrictions on coal-fired facilities.
- Crude prices hit mid 2015 levels this week of \$58.50 after a pipeline in the North Sea was shut down for repairs.
- The next USDA report will be the January quarterly stocks report out on Friday January 12th at 12:00 est.