



WEEK IN REVIEW MARKET UPDATE 4/6/18

Grain

Corn – May 18 up \$.00^{3/4} closing \$3.88^{1/2}
Soybeans – May 18 down \$.11 closing \$10.33^{3/4}
Wheat – May 18 up \$.21^{1/4} closing \$4.72^{1/4}
Soybean Meal – May 18 up \$2.30 closing \$386.30

Livestock

Cattle – June 18 down \$0.25 closing \$102.33
Feeders – May 18 up \$1.60 closing \$135.63
Hogs – June 18 down \$3.27 closing \$73.28
Class III Milk – May 18 up \$0.45 closing \$14.70

Outsides

Dow – down 237.38 closing 23936.65
S&P – down 38.50 closing 2605.21
NASDAQ – down 153.24 closing 6915.20
US Dollar – June 18 down 0.055 closing 89.755
Crude Oil – May 18 down 2.88 closing \$62.06

News/Reports:

- Export report released Thursday 4/5. Corn came in at 35.4 million bushels, expected range 39 – 51. Beans came in at 41.6 million bushels, expected range 22 – 33. Wheat came in at 4.0 million bushels, expected range 7 – 18. Beanmeal came in at 414,300 metric tons, expected range 150 – 300K.
- Ethanol output weekly data reports were out Wednesday 4/4 at 1,038,000 barrels per day versus 1,039,000 last week. Ethanol stocks were at 22.425 million barrels versus 22.790 million last week.
- Winter Wheat Conditions came out 4/9 at 30% good to excellent versus 32% last week, and 53% last year.

Notes:

- Quarterly stocks and prospective planting acreage reports were out and the market responded in a bullish fashion giving emphasis to the acreage report. The big surprise, was the 2 million acres lower soybean acres than expected and 1.4 million acres lower corn acres. Corn and soybean March 1 stocks were both on the high side of the pre-report estimates at 8.89 billion bushels of corn and 2.11 billion bushels of soybeans.
- China implemented import tariffs the first of the week, with 15% added to the existing 30% tariff on US ethanol. China has also instituted tariffs on US pork imports to the tune of 25%.
- Soybeans were added to the tariff list on Wednesday with a 25% tariff, plunging futures. Soybeans are a key agriculture player, as China imports 60% of the US soybean exports (roughly 1/3 of US total usage on the balance sheet). Given South America won't run out of beans until October, China will not need our beans till then. That means the trade negotiations could continue with a lack of agreement for some time. That lingering uncertainty may make planting corn seem less risky. A 5 month timeline has been outlined for negotiation protocol. Other items on the tariff list include corn, cotton, milo, DDGS, wheat, and beef. Beef's addition comes after 11 months of having US beef exports reopened to China, gaining traction and market share, after a 13-year market closure.
- After the announcement of the China bean tariffs, China was reportedly able to buy 20-25 cargoes of Brazil beans this week with around \$1.00 premium to US soybeans. It felt like the rest of the world came to buy soybeans at the gulf.
- After the dust had settle in the trade war talk, the US became the cheapest source of beans/meal in the world with very large crush margins.
- Other big news out this week, being overshadowed by the China tariffs, was the EPA exemption of one of the largest oil refining companies, Andeavor, from complying with regulation at 3 or their 10 refineries. RIN values declined 9% on the news.
- Delta/Mid-South corn planting not as far behind as initially thought with gangbuster progress made prior to heavy rains last week, now running ahead of the 5 year average and only a few points behind last year. While it is easy to drop a few bushels off trend, using USDA's acres, and get the 18/19 carryout below 1.3 billion bushels, let's not overlook the ability for the US farmer to rapidly plant the crop in a short period of time and achieve above trend yields. Last year April/May was the 5th wettest across the corn belt in the last 120 years and we had a record yield.
- The next USDA report will be the April WASDE report out on Tuesday April 10th at 12:00 est.