



WEEK IN REVIEW MARKET UPDATE 5/25/18

Grain

Corn – July 18 **up \$0.03^{1/2}** closing \$4.06
Soybeans – July 18 **up \$0.43** closing \$10.41^{1/2}
Wheat – July 18 **up \$0.24^{3/4}** closing \$5.43
Soybean Meal – July 18 **up \$4.00** closing \$380.30

Outsides

Dow – **up 50.49** closing 24764.82
S&P – **up 9.62** closing 2722.57
NASDAQ – **up 81.56** closing 7435.86
US Dollar – June 18 **up 0.585** closing 94.130
Crude Oil – July 18 **down 3.49** closing \$67.88

Livestock

Cattle – August 18 **up \$4.07** closing \$102.30
Feeders – August 18 **up \$7.30** closing \$144.93
Hogs – July 18 **up \$0.30** closing \$77.55
Class III Milk – June 18 **up \$0.02** closing \$15.67

News/Reports:

- Export report released Thursday 5/24. Corn came in at 33.6 million bushels, expected range 28 – 43. Beans came in at (5.1) million bushels, expected range (7) – 15. Wheat came in at 4.1 million bushels, expected range (4) – 4. Beanmeal came in at 239,500 metric tons, expected range 100 – 400K.
- Ethanol output weekly data reports were out Wednesday 5/23 at 1,028,000 barrels per day versus 1,058,000 last week. Ethanol stocks were at 22.129 million barrels versus 21.505 million last week.
- Winter Wheat Conditions came out 5/29 at 38% good to excellent versus 36% last week, and 50% last year.
- Corn Conditions came out 5/29 at 79% good to excellent versus N/A last week, and 65% last year.
- Corn Progress came out 5/29 at 92% planted versus 81% last week, 90% last year, 90% 5-year average.
- Soybean Progress came out 5/29 at 77% planted versus 56% last week, 65% last year, 62% 5-year average.

Notes:

- With the US and China trade tariffs being put back on hold last weekend, beans were by far the biggest benefactor. China is stating that they would intend to step up their agriculture purchases by 35-40%, to help narrow their trade balance with the US. Even with trade back to being open for now with China, Brazil basis remains the competitive bid given their currency weakness and farmer movement. US bids look to get more competitive for late summer and fall for the time being.
- Farmers in southern Brazil who plant safrinha corn worry about two things, an early onset of the dry season and the potential for cold weather/frost before the corn is mature. Unfortunately, this year they are experiencing both. The rating for the safrinha corn crop in Brazil declined again this week. Even though the crop did receive some much needed rainfall, it was accompanied by strong winds and record cold temperatures. Additionally, the rainfall came very late especially for the corn that suffered from weeks of hot and dry conditions.
- The House Agriculture Committee last week was surprised by the vote that rejected the proposed 2018 Farm Bill. Sticking points were the inability to strengthen the farm safety net and impose work requirements for SNAP participants. Additionally, the Freedom Caucus voted against the bill to get to a vote on immigration. Another Farm Bill vote may come mid-June. If that doesn't come to fruition, we may have to wait until next year. Keep in mind the midterm elections are in November. The 2014 Farm Bill expires September 30th.
- Friday's USDA Cattle on Feed report confirmed cattle placements into feedyards remained below year earlier levels for a second consecutive month. However, to keep the decline in perspective, it should be noted last year's placements were the second largest during April on USDA records back to 1996. So, even with an 8% year-on-year decline, placements were still 1% larger than the 5-year average for April. April's year-on-year decline in placements followed a 9% decline during March. On the other hand, marketings were well above last year, due in large part to one more marketing day than a year ago. When compared on a per workday basis, marketings this April were 1% larger than last year and were 7% larger than the five-year average for this time of year. These were also the largest per workday marketings for April since 2012. The number of cattle on feed also remain well above year ago levels. Cattle on feed on May 1 were up 5% from last year and were 8% larger than the five-year average for this time of year. This is also the largest May 1 on feed supply since 2006.
- Trade contemplating a good mix of politics/trade/demand/weather, could be a perfect storm for a wild summer for prices. Reportedly, the US goes back to China this week to continue discussions.
- The next USDA report will be the June WASDE report out on Tuesday June 12th at 12:00 est.