



WEEK IN REVIEW MARKET UPDATE 5/4/18

Grain

Corn – July 18 **up \$0.07^{3/4}** closing \$4.06^{1/4}
Soybeans – July 18 **down \$0.19^{1/2}** closing \$10.36^{3/4}
Wheat – July 18 **up \$0.27^{3/4}** closing \$5.26^{1/4}
Soybean Meal – July 18 **down \$1.60** closing \$393.70

Livestock

Cattle – June 18 **down \$0.95** closing \$106.05
Feeders – August 18 **down \$1.92** closing \$146.33
Hogs – June 18 **up \$0.90** closing \$73.53
Class III Milk – May 18 **up \$0.02** closing \$15.09

Outsides

Dow – **down 51.23** closing 24261.51
S&P – **down 7.12** closing 2662.95
NASDAQ – **down 88.88** closing 7208.08
US Dollar – June 18 **up 1.058** closing 92.408
Crude Oil – June 18 **up 1.62** closing \$69.72

News/Reports:

- Export report released Thursday 5/3. Corn came in at 40.2 million bushels, expected range 28 – 39. Beans came in at 15.3 million bushels, expected range 11 – 22. Wheat came in at 8.6 million bushels, expected range 0 – 11. Beanmeal came in at 246,000 metric tons, expected range 150 – 350K.
- Ethanol output weekly data reports were out Wednesday 5/2 at 1,032,000 barrels per day versus 985,000 last week. Ethanol stocks were at 22.142 million barrels versus 21.701 million last week.
- Winter Wheat Conditions came out 5/7 at 34% good to excellent versus 33% last week, and 53% last year.
- Corn Progress came out 5/7 at 39% planted versus 17% last week, 45% last year, 44% 5-year average.
- Soybean Progress came out 5/7 at 15% planted versus 5% last week, 13% last year, 13% 5-year average.

Notes:

- The last several weeks have been very good for Brazilian soybean farmers. Soybean prices have improved on the Chicago Board of Trade, soybean prices in the interior of Brazil have improved, premiums at the Brazilian ports are high, and the Brazilian currency has weakened. All of these factors are good news for Brazilian soybean farmers. As a result, the current soybean prices in Brazil are now the third best in history. The improved prices are in a large part due to the strong demand for soybeans and the drought in neighboring Argentina that severely impacted the Argentine soybean crop.
- Argentina's corn crop clearly has issues and while the USDA put production at 33.0 million metric tons in the April WASDE, most private estimates are now in the 31-32 million range. Brazil's safrinha crop is not finishing well as recent dryness and high temperatures have likely scaled the country's total production back to 86-87 million, some 5-6 below the last USDA estimate and short of CONAB's April forecast of 88.6 million. These developments have obvious implications for US exports, both for the balance of this year and into the first half of 18/19.
- The annual Wheat Quality Council crop tour concluded with a 37.0 bushel per acre winter wheat yield for Kansas and a 243.3 million bushel production number, well down from 48.0 bushel per acre and 333.6 million for USDA final in 2017. This would be the lowest Kansas wheat production since 1989. The 37 yield compares to the tour's 46.1 last year and 41.0 average. It's very difficult to generate an accurate opinion of the wheat crop before it heads out which will give both the bulls and bears a reason to dismiss the crop estimate.
- Currency markets were not in the US farmers favor this week as the US \$ made a new high for the year, the Brazilian Real hit a new low, and the Argentine Peso made an all-time low.
- The two-day US-China trade discussion ended in Beijing on Friday with an agreement to keep on talking, and little else. The US wants China to lower its tariffs rates to match US levies, in a move that could boost exports of American goods to the world's No. 2 economy. Washington also sought an agreement from Beijing to not target US farmers and agricultural products.
- The Chinese Tariff Clock is clicking closer to action with a May 15th public hearing on proposed tariffs, a May 21st deadline on Chinese investment restrictions, and after May 22nd tariffs could be imposed.
- Officials from the US, Mexico, and Canada will be meeting this coming week in Washington to work on NAFTA renegotiations. Rules of origin and a sunset clause are two of the sticking points to be discussed.
- The next USDA report will be the May WASDE report out on Thursday May 10th at 12:00 est. The USDA will enlighten the trade with their 1st 18/19 projections, of interest will be their corn export forecast which the private trade ranges from 2.3 to 2.4 billion bushels, which could draw a carry out sub 1.6 billion bushels versus 2.2 billion this marketing year.