



WEEK IN REVIEW MARKET UPDATE 6/1/18

Grain

Corn – July 18 **down \$.14^{1/2}** closing \$3.91^{1/2}
 Soybeans – July 18 **down \$.20^{1/4}** closing \$10.21^{1/4}
 Wheat – July 18 **down \$.19^{3/4}** closing \$5.23^{3/4}
 Soybean Meal – July 18 **down \$6.10** closing \$374.20

Outsides

Dow – **down 129.67** closing 24635.15
 S&P – **up 11.40** closing 2733.97
 NASDAQ – **up 115.64** closing 7551.50
 US Dollar – June 18 **up 0.050** closing 94.180
 Crude Oil – July 18 **down 2.07** closing \$65.81

Livestock

Cattle – August 18 **up \$1.33** closing \$103.63
 Feeders – August 18 **up \$1.40** closing \$146.33
 Hogs – July 18 **up \$1.25** closing \$78.80
 Class III Milk – July 18 **down \$0.13** closing \$16.22

News/Reports:

- Export report released Friday 6/1. Corn came in at 39.1 million bushels, expected range 28 – 39. Beans came in at 10.0 million bushels, expected range 11 – 22. Wheat came in at 1.1 million bushels, expected range (4) – 4. Beanmeal came in at 140,700 metric tons, expected range 100 – 400K.
- Ethanol output weekly data reports were out Thursday 5/31 at 1,041,000 barrels per day versus 1,028,000 last week. Ethanol stocks were at 21.263 million barrels versus 22.129 million last week.
- Winter Wheat Conditions came out 6/4 at 37% good to excellent versus 38% last week, and 49% last year.
- Corn Conditions came out 6/4 at 78% good to excellent versus 79% last week, and 68% last year.
- Soybean Conditions came out 6/4 at 75% good to excellent versus NA last week, and NA last year.
- Corn Progress came out 6/4 at 97% planted versus 92% last week, 95% last year, 95% 5-year average.
- Soybean Progress came out 6/4 at 87% planted versus 77% last week, 81% last year, 75% 5-year average.

Notes:

- Trade disputes continue to escalate as the exemption for Canada, Mexico, and EU steel and aluminum import tariffs expire. Mexico's retaliatory tariff list includes \$1.14 billion in pork products. Other commodities affected include apples, grapes, blueberries, and cheeses. The EU's retaliatory tariff list includes \$3.5 billion in US products, \$1 billion of that being agricultural. Canada announced their retaliatory tariffs on \$12.8 billion worth of US exports. These all put more pressure on agriculture as overall farm incomes decline and the pork industry expands.
- The Trade Outlook Report is predicting 6% lower oilseed and product exports for 2018. Increases in exports of livestock, poultry, and dairy (up \$800 million), cotton (up \$600 million), and grain and feed (up \$300 million) will not be enough to offset the \$2.0 billion forecasted decrease in oilseed exports caused by decreased exports to China and greater competition from Brazil. China is still the US's largest export customer, with Canada and Mexico the second and third for agricultural exports. The US currently has trade contentions with all three of these countries.
- Canadian Prime Minister Justin Trudeau said NAFTA talks fell apart this week after Vice President Mike Pence demanded that any deal expire automatically in five years. Trudeau was going to be in DC this week but Pence told him the meeting would only take place if the sunset provision was agreed to in advance.
- Corn condition rating of 79% last week is the highest since 1996 suggesting corn is off the its best start in the past 20 plus years.
- Starting June 1st, there are many corn marketing strategies for seasonal pricing tools. Usually prices tend to be near their highest in June-July due to factors relating to the old crop and ambiguity over the new crop harvest. Harvest increases current supply which puts downward pressure on prices reaching their lowest levels of the crop year. Below is a chart that shows the past few years history between the average price during the seasonal time frame versus our harvest time frame. The seasonal high for December futures with in the last 4 years was \$4.51¾ on July 13th, 2015 and the high for December 18 futures is \$4.29½ on July 11th 2017 & again on May 24th 2018.

	<u>SEASONAL</u> 6/1 - 7/15	<u>HARVEST</u> 10/1 – 10/31	
	December Futures Average	December Futures Average	Difference
2017	\$3.94	\$3.49	\$0.45
2016	\$4.00	\$3.50	\$0.50
2015	\$3.99	\$3.86	\$0.13
2014	\$4.31	\$3.49	\$0.82
2013	\$5.34	\$4.39	\$0.95
2012	\$6.05	\$7.50	(\$1.45)
2011	\$6.60	\$6.32	\$0.28
2010	\$3.76	\$5.46	(\$1.70)
2009	\$4.06	\$3.72	\$0.34
2008	\$7.26	\$4.13	\$3.13
2007	\$3.79	\$3.58	\$0.21

- The next USDA report will be the June WASDE report out on Tuesday June 12th at 12:00 est.