



WEEK IN REVIEW MARKET UPDATE 7/6/18

Grain

Corn – Sept 18 **up** .00^{3/4} closing \$3.60^{1/4}
Soybeans – Aug 18 **up** \$.14 closing \$8.77^{1/2}
Wheat – Sept 18 **up** \$.14 closing \$5.15^{1/4}
Soybean Meal – Aug 18 **up** \$7.10 closing \$338.10

Outsides

Dow – **up** 175.48 closing 24464.28
S&P – **up** 40.24 closing 2759.80
NASDAQ – **up** 170.53 7687.93
US Dollar – September 18 **down** 0.580 closing 93.76
Crude Oil – August 18 **down** 0.35 closing \$73.80

Livestock

Cattle – August 18 **down** \$0.35 closing \$106.38
Feeders – August 18 **up** \$0.87 closing \$152.20
Hogs – August 18 **down** \$1.02 closing \$75.43
Class III Milk – July 18 **down** \$0.39 closing \$14.22

News/Reports:

- Export report released Friday 7/6. Corn came in at 17.3 million bushels, expected range 20 – 31. Beans came in at 20.6 million bushels, expected range 7 – 18. Wheat came in at 16.2 million bushels, expected range 11– 18. Beanmeal came in at 132,800 metric tons, expected range 50 – 200K.
- Ethanol output weekly data reports were out Thursday 7/5 at 1,067,000 barrels per day versus 1,072,000 last week. Ethanol stocks were at 21.975 million barrels versus 21.674 million last week.
- Corn Conditions came out 7/9 at 75% good to excellent versus 76% last week, and 65% last year.
- Soybean Conditions came out 7/9 at 71% good to excellent versus 71% last week, and 62% last year.

Notes:

- Well here we are, US tariffs on \$34B of Chinese goods went into effect and the Chinese responded with \$34B in tariffs which included soybeans. Friday on Air Force One, President Trump said another \$16B in tariffs will be coming in two weeks and “we have \$200B in abeyance and then after the \$200B we have \$300B in abeyance”.
- Soybean export sales came in at 20.6 million bushels old crop, and new crop were 16.9 million bushels. Both were better than expected, but the old crop had the Chinese cancelling 13 million bushels of old and 2.4 million bushels of new crop. The top 5 buyers were the Netherlands, Bangladesh, Vietnam, Unknown, and Mexico. Hardly a group one would expect to round out their top 5, but they potentially highlight how the rest of world may be coming to the US as South America becomes China’s new favorite supplier. Old crop sales are a record for this time of year.
- China Agriculture ministry reportedly has been meeting with feed/livestock companies to encourage them to look at using less protein in rations. This would lessen their dependency on soybean meal by using more corn. We have no idea how quickly they could transition to a more “Western Style Rations” but should US feeding rates be adopted this could mean less annual soybean demand and possibly raising corn.
- Mexico elected a new President that will take office December 1st. President Trump has said he will delay a NAFTA deal until after mid-term elections in hopes of reaching a better deal with Mexico and Canada. Canadian officials are eager to reach an agreement this summer.
- Scott Pruitt resigned as head of the EPA on Thursday. His deputy & former coal lobbyist, Andrew Wheeler, will take the reins of the department. Several weeks ago, Wheeler said he did not want the position so there may be changes in the coming weeks.
- Since 1895 this year is the 2nd warmest May/June in the corn belt with only 1934 being warmer. It was 5.5 degrees above normal.
- Up, up, and away summarizes the June Hog and Pig Report. Set many new June quarterly report records including all hogs and pigs of 73.5 million, market hogs of 67.1 million (up 3% from last year), March-May pig crop of 33.2 million and March-May pigs per litter 10.63. The breeding herd totals 6.32 million head up 3% from one year ago and 2% from the last quarter. Pre-report estimates were expected large numbers but the addition of 110,000 sows since the last quarterly report was higher than pre-report expectations. This is the largest quarter-to-quarter addition since 1997. However, unlike what succeeded 1997 in 1998, shackle space is not pressured. With these added sows, farrowing intentions for June-August and September-November 2018 are both up 2% from 2017. Safe to assume come September we will set new inventory records surpassing record numbers set in 2017.
- The next USDA report will be the July WASDE report out on Thursday July 12th at 12:00 est.