



WEEK IN REVIEW MARKET UPDATE 8/3/18

Grain

Corn – Sept 18 **up** \$.07^{3/4} closing \$3.69^{3/4}
Soybeans – Sept 18 **up** \$.16^{1/4} closing \$8.91^{1/2}
Wheat – Sept 18 **up** \$.25^{3/4} closing \$5.56^{1/4}
Soybean Meal – Sept 18 **down** \$1.20 closing \$330.60

Outsides

Dow – **up** 13.34 closing 25459.73
S&P – **up** 21.59 closing 2840.07
NASDAQ – **up** 73.54 closing 7811.32
US Dollar – September 18 **up** 0.500 closing 94.960
Crude Oil – September 18 **down** 0.40 closing \$68.49

Livestock

Cattle – Oct 18 **up** \$1.52 closing \$112.00
Feeders – Sept 18 **up** \$0.85 closing \$153.03
Hogs – Oct 18 **down** \$0.10 closing \$50.78
Class III Milk – Sept 18 unchanged closing \$15.64

News/Reports:

- Export report released Thursday 8/2. Corn came in at 11.5 million bushels, expected range 12 – 24. Beans came in at 3.4 million bushels, expected range 6 – 18. Wheat came in at 14.1 million bushels, expected range 7– 17. Beanmeal came in at 79,000 metric tons, expected range 50 – 250K.
- Ethanol output weekly data reports were out Wednesday 8/1 at 1,064,000 barrels per day versus 1,074,000 last week. Ethanol stocks were at 21.967 million barrels versus 21.653 million last week.
- Corn Conditions came out 8/6 at 71% good to excellent versus 72% last week, and 60% last year.
- Soybean Conditions came out 8/6 at 67% good to excellent versus 70% last week, and 60% last year.

Notes:

- Heightening rhetoric on trade/tariff war with China this week started off by Administrated official saying that talks have resumed with China at the “highest levels”, giving a positive market reaction. News then broke that the second round of \$200 billion in US tariffs on Chinese goods may be at 25% versus the 10% earlier discussed. President Trump dismissed 10% as weak because China may have enacted counter moves (China’s currency has been off about 6% in the past couple of months) to offset much of the 10%, so the more robust 25% may bring China to the negotiating table. China then retaliated by putting tariffs of 5-25% on \$60 billion more in US exports. If China blinks it will be because their financial markets start to meltdown.
- Secretary Perdue spoke of the \$12 billion aid program and said farmers will get around \$7-8B directly via cash. The remaining \$4-5B will be issued via programs. "We expect the checks to go out in late Sep or Oct. As soon as they prove their yields," Perdue said. "They will be based on actual production, not historical averages." This farmers aid package is the largest offered out on record to help buffer the impact of a trade dispute. The last time the government offered farmers a comparable sum was 20 years ago, in 1998 to address low prices for corn, soybeans, & hogs.
- There is considerable discussion about shrinking wheat production among key exporters and an eventual increase in US exports. Thursday a news wire on Ukraine limiting milling wheat exports lead the wheat market to a 3-year high, only to have Ukraine retract that news wire. September 18 wheat ended the week up \$.25^{3/4}, but was up \$.62^{1/2} after the Ukraine news broke. Market appears to be providing incentive for northern hemisphere producers to plant more 2019 acres.
- Corn continues to be a follower of wheat, not to mention the world corn and coarse grain balance sheet is tight.
- NAFTA talks are on “rapid track” and a deal with Canada should fall into place once the US & Mexico reach a deal. Mexico sees key NAFTA issues resolved with the US next week.
- With the first yield adjustments out in the USDA August WASDE report on Friday August 10th at 12:00 est., several private groups have come out with their yield and production numbers.
 - **Corn:** July USDA current yield at 174bpa with a 14.230-billion-bushel production
 - FC Stone yield at 178.1bpa with a 14.562-billion-bushel production
 - Informa yield at 176.0 with a 14.392-billion-bushel production
 - Farm Futures yield at 175.4 bpa yield with a 14.36-billion-bushel production
 - **Beans:** July USDA current yield at 48.5 bpa with a 4.310-billion-bushel production
 - FC Stone yield at 51.5 bpa with a 4.574-billion-bushel production
 - Informa yield at 50.0 bpa with a 4.445-billion-bushel production
 - Farm Futures yield at 49.8 bpa with a 4.420-billion-bushel production
- US pork has not traded into Argentina in the last 20 years. Argentina and US trade officials this week celebrated the reopening of US pork to Argentina. This agreement was originally arranged in April 2017.