

Tuesday, May 15, 2018

Tonight's Futures Closes:

July 18 Corn	\$4.0225	+5.75	July 18 Soybeans	\$10.1875	+1.0	July 18 CH Wheat	\$4.935	+2.25
Sep 18 Corn	\$4.105	+5.75	Aug 18 Soybeans	\$10.22	+1.0	Sep 18 CH Wheat	\$5.0975	+1.75
Dec 18 Corn	\$4.1925	+5.0	Nov 18 Soybeans	\$10.2475	+1.5	July 18 KC Wheat	\$5.0975	unch
Mar 19 Corn	\$4.2725	+4.25	Jan 19 Soybeans	\$10.285	+0.75	Sep 18 KC Wheat	\$5.285	unch
May 19 Corn	\$4.3175	+3.75	Mar 19 Soybeans	\$10.135	+0.5	July 18 MN Wheat	\$6.0625	+4.75
Dec 18 Oats	\$2.5675	+1.0	Nov 18 Rapeseed	\$521.0	+1.5	Sep 18 MN Wheat	\$6.1325	+4.5
Dec 18 Meal	\$374.4	-2.7	July 18 Cotton	\$83.76	+0.06	Jun Dollar Index	93.093	+0.631
Dec 18 SB Oil	\$31.85	-0.11	Oct 18 Cotton	\$81.34	+0.14	July Crude Oil	\$71.31	+0.35
Aug 18 Cattle	100.400	-1.500	Dec 18 Cotton	\$80.11	+0.25	Aug Gold	\$1290.3	-27.9
Aug 18 Feeder	138.450	-1.925	July 18 Rice	\$1248.5	-2.0	June S&P	2709.00	-21.90
Aug 18 Hogs	77.450	-0.925	Nov 18 Rice	\$1199.0	-2.5	June Dow Jones	24660	-226

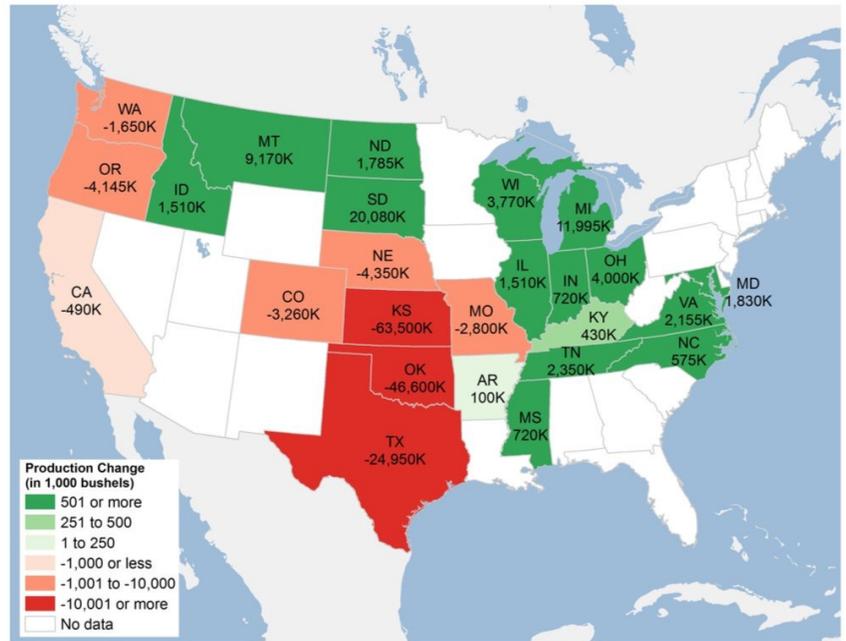
(Futures contracts highlighted in green were the bull leaders today; futures prices highlighted in red were the bear leaders today.)

Markets firmed during the session, and esp at the close in the **corn** market. July corn closed back above the magic \$4.00 mark. The **Hightower Report** attributed buying from: "Some link the new buying to concern that parts of the north US Midwest corn plantings may be delayed past the optimum time for the best yields. There was more talk about USDA est of higher 2018/19 World corn demand and lower end stocks. This esp true in US and China. Some feel USDA China end stock est is too low but lower acres and higher domestic demand could begin to tighten China free supply."

Soybeans crept back to the upside as well with on again/off again thoughts on getting a trade deal done with China. The positive news came from today's April NOPA soybean crush report, with another record of 161 million bushels crushed (avg trade guess 155 mb). **Cotton** also crept back to finish positively, and the December contract closed again above 80 cents. There really isn't a working story here right now as long as the planting pace continues at least average.

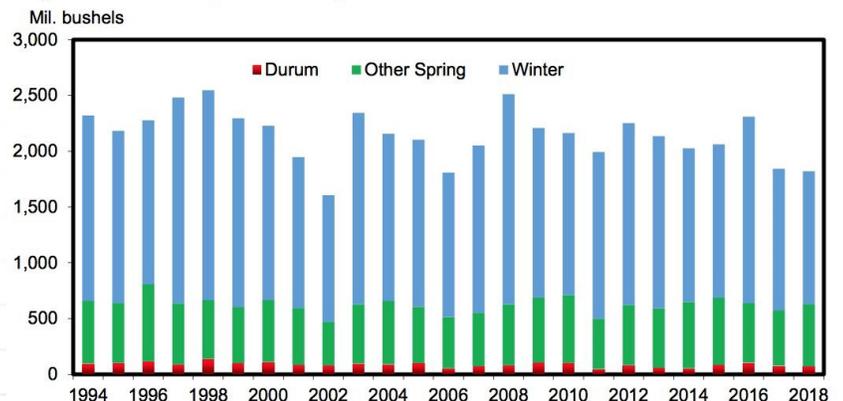
Wheat continues to be the weakest link of the row crop markets, and from a marketing perspective there hasn't been a whole lot to write/talk about. I think the corn market pulled wheat into positive numbers at the close today. The **Hightower Report** wrote: "Higher US Dollar, lower stocks, lower gold and talk of higher US interest rates may have offered early resistance to wheat prices. Radar showing rain in the US south Plains, rain forecasted for the Black Sea crops and talk of some rain next week in Australia may have offered resistance." I found some interesting maps & charts from USDA that paint a picture of what's happening in the US with production – hard red winter wheat production will be down as expected, but soft red winter wheat and hard red spring wheat are expected to make up for those losses, with total US production nearly unchanged.

Figure 3: Winter wheat production changes, 2018 vs. 2017



Source: USDA, National Agricultural Statistics Service Quick Stats database.

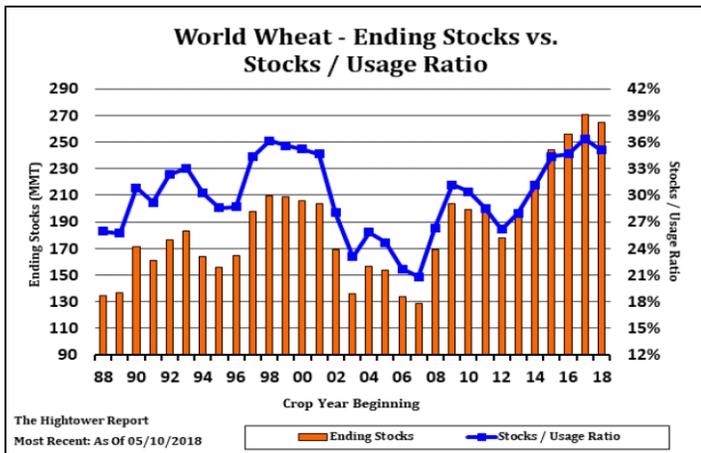
Figure 2: U.S. wheat production by class



1/ 2018 production figures are projected.

Source: USDA, National Agricultural Statistics Service. Quick Stats database.

The table below shows that world wheat stocks are expected to drop slightly this year, but not really that much. While some classes of wheat (hard red winter in the US) will see significant drops, there is still plenty of overall stock. And right now there don't seem to be other world producing areas having severe issues.



IEG Expected Planted Acreage, 2018 (Thousand Acres)

Crop	USDA		IEG May 2018	Change from March
	2017	March 2018		
Corn	90,167	88,026	88,976	up 950
Grain Sorghum	5,626	5,932	5,732	down 200
Oats	2,588	2,716	2,736	up 20
Barley	2,481	2,286	2,316	up 30
Other Spring	11,009	12,627	12,427	down 200
Durum Wheat	2,307	2,004	2,054	up 50
Rice	2,463	2,690	2,690	unchanged
Soybeans	90,142	88,982	89,412	up 430
Sunflowers	1,403	1,385	1,385	unchanged
Upland Cotton	12,360	13,207	13,727	up 520
All Cotton	12,613	13,469	13,989	up 520

Today, **Informa Commodities** released its updated 2018 expected planted acreage (above, right). Informa expects final corn, soybean, & cotton acres to be larger than USDA's Planting Intentions estimates, with sorghum and spring wheat acres to be slightly less. Informa mentions that their total planted acreage is about 1.6 million above USDA's March projection, with the majority of those acres in the West. They didn't say why, but I would guess that the majority are from fewer prevent plant acres this year. USDA will release its next updated acreage report on June 29th.

Price Select Update

	Base Price	March	April	May (to date)
September Corn	\$3.82	\$3.97	\$4.01	\$4.11
December Corn	\$3.96/\$3.91	\$4.03	\$4.10	\$4.19
November Soybeans	\$10.16/\$10.04	\$10.33	\$10.40	\$10.31
January Soybeans	\$10.09	\$10.36	\$10.43	\$10.35
December Cotton	75 cents	78 cents	78 cents	80 cents
MN September Wheat	\$6.31	\$6.24	\$6.18	\$6.21

We are now half way thru the month of May, and despite last week's setback, corn, soybeans, and cotton remain "in the money" for the Price Select program. Barring a sharp downward market move, this will be the 3rd straight month those 3 crops will trigger for Price Select (spring wheat continues to trade below its base price). So if you have Price Select for any of these crops for any of these months, you're crop insurance guarantee would increase.

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