

Tuesday, May 23, 2017

Tonight's Futures Closes:

July 17 Corn	\$3.7125	+1.75	July 17 Soybeans	\$9.4825	unch	July 17 CH Wheat	\$4.325	+3.0
Sep 17 Corn	\$3.79	+2.0	Aug 17 Soybeans	\$9.5025	unch	Sep 17 CH Wheat	\$4.46	+2.0
Dec 17 Corn	\$3.8975	+2.0	Nov 17 Soybeans	\$9.48	-0.5	July 17 KC Wheat	\$4.3275	+2.25
Mar 18 Corn	\$3.9925	+1.75	Jan 18 Soybeans	\$9.5525	-0.5	Sep 17 KC Wheat	\$4.505	+2.25
May 18 Corn	\$4.0525	+1.5	Mar 18 Soybeans	\$9.5875	-0.5	July 17 MN Wheat	\$5.61	+6.75
July 17 Oats	\$2.2675	+1.5	Nov 17 Rapeseed	\$498.3	-2.9	Sep 17 MN Wheat	\$5.6675	+6.5
Dec 17 Meal	\$311.0	-0.1	July 17 Cotton	\$77.54	+0.32	Jun Dollar Index	96.980	-0.284
Dec 17 SB Oil	\$32.82	-0.04	Oct 17 Cotton	\$74.50	+0.77	June Crude Oil	\$51.31	-0.16
Aug 17 Cattle	119.925	-1.400	Dec 17 Cotton	\$73.08	+0.71	June Gold	\$1257.7	+2.2
Aug 17 Feeder	148.675	-2.825	July 17 Rice	\$1105.5	+14.5	June S&P	2401.50	+3.50
Aug 17 Hogs	79.850	-0.050	Nov 17 Rice	\$1152.5	+14.0	June Dow Jones	20986	+72

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

Markets were pretty quiet again today, but corn, spring wheat, rice, & to some extent cotton tried to push higher. There's a LOT of talk around the corn market on social media, and even the big press has started to run stories about record amounts of replant that are being seen this year. But what does it mean for the corn market?

Farmdoc put out a study this morning that said there is no statistical proof that Illinois loses corn production in the month of May. However, I would suggest that things DO happen in May that CAN impact production, specifically how many acres get planted. In last week's *Third Thursday Marketing Meeting* I showed this year's **DSMG Corn Stocks Matrix**. This is a good tool for seeing many "what if's" for 2018 corn carryout, with various yield & acreage scenarios. The one we're watching closest right now is planted acres. With the forecast remaining wet for many areas into June (see page 2), the question is, "will there be many prevent plant corn acres or acres switch to soybeans?" As of this week's Crop Progress report, there were 14.4 million acres of intended corn acres left to plant, including: WI 1.4 mln, IN 1.3 mln, IL 1.2 mln, OH 1.0 mln, MI 0.8 mln. So these 5 Eastern Corn Belt states, which are expected to remain wet for the foreseeable futures, account for 5.7 million acres, or about 900 million bushels in production. Let's say we lose 2 million corn acres & end up with 88 million. With a trend line yield and all else held constant, carryout next year would drop to 1.8 billion bushels – not tight, but certainly would underpin price. Thus, I think the weather forecast next Monday night (market is closed Monday in observance of Memorial Day) will be BIG for next week's trade.

2017-18 Diversified Services Marketing Group Corn Stocks Matrix

Corn Ending Stocks Based on Possible Acreage/Yield Scenarios:
(billion bushels)

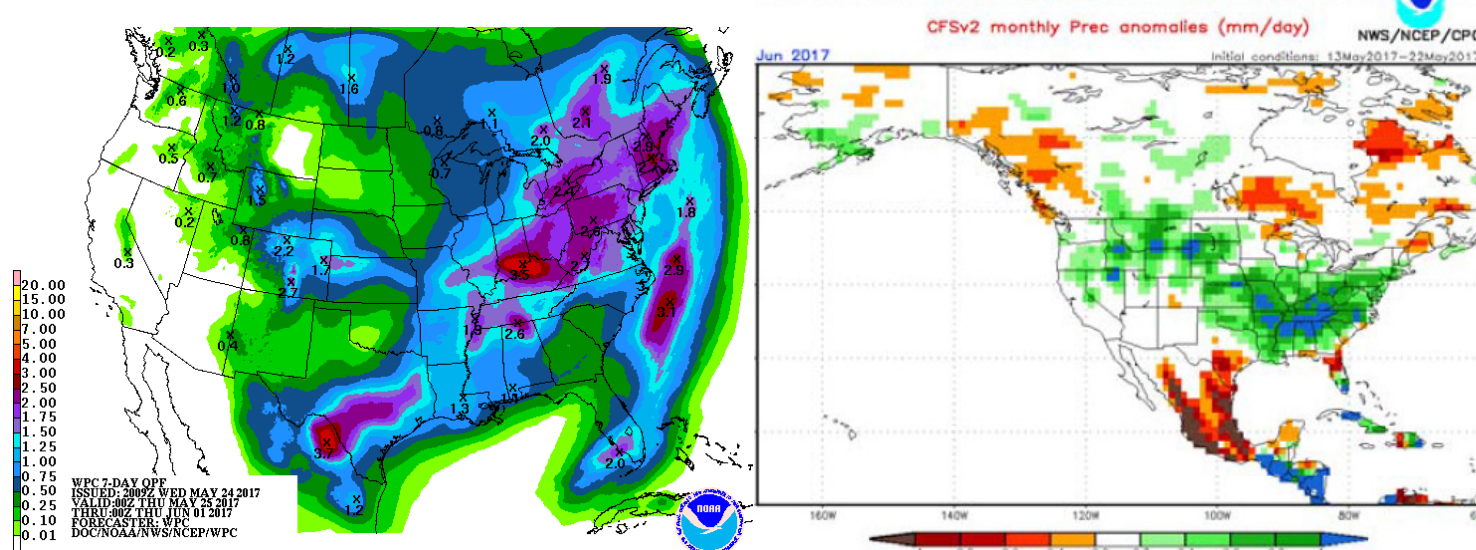


Estimated 2017-18 Beginning Stocks:	2.295 billion bushels	1.737 bln bu est. in 2016-17
Estimated 2017-18 Demand:	14.300 billion bushels	14.645 bln bu est. in 2016-17

Planted Acres	Percent Harvest	Harvested Acres	Yield per Acre										
			165	166	Lanworth 166.9	2015 Final 168.4	Cordonnier 169	170	Informa 170.6	USDA May 170.7	172	173	2016 Final 174.6
91.0	0.916	83.4	1.797	1.880	1.955	2.080	2.130	2.214	2.264	2.272	2.380	2.464	2.597
USDA 3/31	90.0	82.4	1.646	1.728	1.802	1.926	1.975	2.058	2.107	2.116	2.223	2.305	2.437
89.5	0.916	82.0	1.570	1.652	1.726	1.849	1.898	1.980	2.029	2.037	2.144	2.226	2.357
89.0	0.916	81.5	1.494	1.576	1.649	1.772	1.821	1.902	1.951	1.959	2.065	2.147	2.277
88.5	0.916	81.1	1.419	1.500	1.573	1.695	1.743	1.824	1.873	1.881	1.986	2.067	2.197
88.0	0.916	80.6	1.343	1.424	1.496	1.617	1.666	1.746	1.795	1.803	1.908	1.988	2.117
87.5	0.916	80.2	1.268	1.348	1.420	1.540	1.588	1.669	1.717	1.722	1.829	1.909	2.037
87.0	0.916	79.7	1.192	1.272	1.344	1.463	1.511	1.591	1.638	1.646	1.750	1.830	1.957

Dark Red < minimum pipeline (6% or 750 mln) Red < 1.5 billion Gray 1.5-2.0 billion Green 2.0-2.295 billion Dark Green > 2016

The latest **7-day precipitation forecast** (below left) looks favorable for getting a lot of field work done in the Western Corn Belt & Plains, but not so favorable in the Eastern Corn Belt & Southeast. And this afternoon's 6-10 & 8-14 day forecast maps look similar – dry in the Upper Midwest and moist in much of the rest of the country. The **latest CPC outlook for June** (below right) continues to show above-normal precipitation for much of the country, which may mean that the windows for getting remaining crops planted could be rather skinny. Again, I think Monday evening's market open should be rather interesting.



December corn continues to stick within an EXTREMELY tight trading range! And all if the moving average lines are within a nickel, which is a historic rarity. Volatility is low, which means option premiums are relatively cheap for this time of year. I'm still in the camp of thinking this market has the potential for a seasonal rally, and using "courage calls" to help you be able to pull the trigger on both old and new crop sales on such a rally seems prudent. September short-dated calls on December futures - \$4.20's @ 11 cents or \$4.50's @ 6 cents – are a couple you might consider. Then put offers in to sell/hedge the corn!



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