

MID-DAY COMMENTS

March 12, 2018

www.advance-trading.com



HIGHLIGHTS: MACRO: Harley Davidson to shutter KC factory in 2019 with a net job loss of 260, according to Bloomberg; the company is also closing a plant in Australia while opening a facility in Thailand. Trade war jitters pressure Wall Street, somewhat. **WALL STREET: Lower.** DOW, **-110**; NAS, **+37.15**; S&P, **-1.62**. **EUROPE: Mostly higher:** DAX, **+0.56%**; FTSE, **-0.14%**; CAC, **+0.04%**. **EXTERNALS: April Gold, -\$5.40 @ \$1,319; \$ Index, -0.030 @ 90.035; Apr crude, -\$1.00 @ \$61.04; Brazil Real, 3.2696, -0.38%. T-STORM Weather:** Drought intensifies through at least Friday for most corn and soybean areas of Argentina. A strong system triggers t-storms within Sat.-Mon timeframe, especially east, but less-so west. Several days of drying should then follow and/or continue before some t-storms return in 10 to 14 days. In Brazil, t-storms focus far-north and far-south over the next 10 days, leaving the southern half of second-crop corn drier than normal before better-organized t-storms follow. In the U.S., above-normal rainfall affects most through two weeks (wettest in / near the Delta), but the rain chances are low for the 51% of drought-stricken HRW wheat in the southwest Plains; best chance in 10 to 14 days. **Highlights:** (1) February 1 - March 15 will rank as #1 driest for soybeans in Argentina over 1980-2018 by a wide margin; (2) No change: 0.75" to 1.50" affects the northern ~30% and ~10% of late-corn and soy. in Arg. Wed.-Thu; (3) No change: 0.25" to 0.75" in western areas of Argentina contrasts with 1.00" to 2.00" east over Sat.-Mon; (4) No change: several days of drying follow the exit of rain in Argentina next week; (5) No change: rains focus north and south of the southern ~50% of second-crop corn in Brazil through 10 days; (6) No change: rains focus on non-drought stricken HRW wheat in the U.S. Plains from this weekend forward. **EUROPE:** UK May Feed Wheat, **0 @ \$5.45 ½**; French Aug Maize, **+1 ½ @ \$5.29 ¾**; French May Milling Wheat, **-2 ½ @ \$5.44 ¼**

Corn

- **Range bound, more corn sales but stocks ARE still ample: CK: +\$.0025; CN: +\$.0025**
- **Spreads:**

Spread	CH/CK	CH/CN	CK/CN	CN/CU	CU/CZ	CZ18/CH19
Current	-7.00	-14.50	-7.75	-4.00	-5.00	-6.75
Change	+.50	+.50	-.25	+.50	-.25	-.25

- **CIF: MAR:** 58/63, bid/asked 2 lower; **APR:** 57/63, bid 1 lower/asked up 1; **MAY:** 57/63, bid 1 lower/asked up 1; **SEP:** 40/--, unch. **Brazil: AUG:** 60/70, unch; **SEP:** 60/70, unch. **Ethanol:** Cedar Rapids, -18 CK, **6 lower**; Blair, -26 CK; unch Decatur, -6 CK, **3 lower**; Fort Dodge, -32 CK, **2 lower**; IN, -5 CK to -1 CK, **1 lower on the top end**. **HEREFORD: FHMAR:** 88 CK, unch; **LH MAR:** 88 CK, unch; **APR:** 72 CK, **up 1**; **June/July:** 65 CN, **steady**
- **Week of 3/11 Barge Freight:** IL River, 525/550, up 25; Upper Miss: NA; Mid Miss: 550/600; 25-50 higher; STL, 425/475, 25-50 higher; OH River, 450/500, up 50; Mem-Cairo: 375/400, unch
- **Daily Sales Announcement:** two this morning—107.8 K MT of 17/18 corn to Japan along with 254.8 K of 17/18 corn to Unknown
- **Corn Export Inspections**—Strong at 54.2; above the 35-47 mbu trade range; 57/week are needed. Good numbers to Japan, Taiwan, the Mid-East and North Africa/Egypt
- **Milo Export Inspections**—Good at 7.6; China accounted for 7.1; 4.8 per week are required to reach the USDA
- **Friday's COT report** indicated the traditional funds/money managers added a substantial 105-110 K to their net long position
- **Overseas China Investment expects China's corn stocks to fall from around 200 MMT this year to around 2 month's worth of consumption in the next 3-5 years. Or, from 200 million down to 50. Ethanol consumption is forecast to rise from 2.3 MMT currently, to 10 million by 2020; a 300+ mbu increase in corn use!!**
- Both **Russia** and the **Ukraine** continue to ship corn: the former's total for this week however dropped from 7.1 to 2.6 mbu; exports from the Ukraine nearly quadrupled, from 3.8 mbu to 14.1
- AgRural reported 81% of **Brazil's safrinha corn crop** was planted last week, 7 points behind last year but equal to the 5-year average
- **Dalian May** corn futures were off rather sharply to open the week, losing 5 ½ to \$7.31 ¼ (1 Yuan = .15790 \$)
- **Argentina Export Line-up:** corn 3 mbu lower to 55 but up 4 year to year
- **O/S Corn Loans: 17/18: 813 (-3). LY: 717**

Soybeans

- **Market continues to vacillate over Argentine crop size; exports weren't bad; meal is weaker: SK: +\$.02; SN: +\$.0275; SMK: -\$1.80; SMN: -\$1.90; BOK: +\$.0003; BON: +\$.0003**

Disclaimer – This material is a solicitation to enter into a derivatives transaction. The information and data contained herein have been obtained from sources believed to be reliable but Advance Trading Inc. ("Advance") does not warrant their accuracy or completeness. Recommendations and opinions contained herein reflect the judgment of Advance as of the date hereof, are subject to change, and are based on certain assumptions, only some of which are noted herein. Different assumptions could yield substantially different results. You are cautioned that there is no universally accepted method for analyzing financial instruments. Advance does not guarantee any results and there is no guarantee as to the liquidity of the instruments involved in our analysis. Advance, its affiliates, and its and their officers, directors, and employees may sell or purchase, for their own account or for customers, positions in futures, options or other instruments which may be similar or different from the positions referred to herein. As a matter of policy, Advance does not give tax, accounting, regulatory or legal advice to clients. Clients therefore should consult their own advisors regarding the tax, accounting and legal implications of the recommended strategies before transactions are affected. Trading commodity futures and options involves significant risk and is not appropriate for all investors. Information relating to past performance is not necessarily indicative of future results. Reproduction in any form without Advance's express written consent is strictly forbidden.

MID-DAY COMMENTS

March 12, 2018

www.advance-trading.com



- **Spreads:**

Spread	H/K	H/N	H/Q	K/N	K/Q	N/Q	N/X	X/F
Current	-10.00	-19.50	-20.00 S	-9.75	-10.75	-1.00	+17.50	-3.50
Change	0	-.50	-.25	-.75	-.75	0	-.75	-.50

- **CIF: MAR:** 38/43, bid 2 lower; **APR:** 39/42, steady. **BRAZIL: APR:** 81/85, bid 5 lower, asked down 3; **MAY:** 81/85, bid 6 lower, asked down 2. **BOARD CRUSH: (K/K),** \$1.24 ¼, -6 ¼. **CASH CRUSH:** Central: \$1.83, +5; East: \$1.81, +1; West: \$1.71, 0
- **Soybean Export Inspections**—33.5, within the 26-37 mbu trade range; China lifted 16.5 TW, 6.6 million more than a year ago. This week's total was 9+ above the implied rate
- AgRural placed the **Brazil soybean harvest** at 48%, trailing last year by 8 points but 2 points above the average pace
- **Argentina Export Line-up:** Soybeans, off 1 to 11, 7 mbu fewer than a year ago; SBM rises 94 k to 1.17 MMT, a 32%/549 K MT decline versus 2017
- **Friday's COT report** indicated the traditional funds/money managers added 38 K to their net long position
- **O/S Loans: 17/18: 101 (-1).** LY: 70
- **Dalian May futures: SB,** -23 ½ @ \$15.53 ¼; **SBM,** -\$8.20 @ \$437.84 /ST; **SBO,** -19 points @ \$.4066/lb

Wheat

- **Some discussion that winter wheat conditions could show some improvement as the crop comes out of dormancy; exports disappoint; Black Sea prices edge lower: WK, -\$0.03; KWK: -\$0.02; MWK: +\$.03750**
- **Spreads:**

Spread	WH/WK	KWH/KWK	MWH/MWK
Current	-2.00	-11.50	+5.00
Change	-1.75	+1.00	+7.50

- **CIF: SRW: MAR:** 65/75 WK, bid 5 higher; **APR:** 63/70, bid up 3/asked 5 higher; **HRW** -12% Pro: **MAR:** 190, unch; **APR:** 175, unch
- **Wheat Export Inspections**—14.3, near the upper end of the 9-17 million trade range; 20.0/week are needed
- **Inspections by Class**—HRS, 2.2 (1.9); HRW, 3.6 (8.5); SRW, 3.0 (4.3); SW, 5.2 (0.1); Mixed, .4 (0)
- Cocereal is expecting a **140.5 MMT EU soft wheat crop** in 2018, down from 141.5 million this past year
- **Funds were estimated to be net short 3,200 contracts** of Chicago wheat as of Friday evening
- **Black Sea weekly wheat exports:** Russia: 19.3 the week ending March 8, up from 17.5 mbu the prior week. Ukraine's shipments were up ½ mbu, from 2.5 million LW to 3.0 TW
- **Iran** reported to be seeking additional quantities of Kazakhstan wheat
- **Argentina Wheat Export Line-up:** down 11 this week to 27 million, 6 more than in 2017
- **O/S Loans: 17/18: 27 (-0).** LY: 69