

MID-DAY COMMENTS

March 20, 2017

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HIGHLIGHTS: MACRO: Equities are mostly higher with market focus on Fed comments regarding the next rate hike. **Wall Street:** Mixed—DOW, +23; NAS, +5.80; S&P, -1.38. **EUROPE**-Mostly lower: DAX, -0.30%; FTSE, +0.08%; CAC, -0.20%. **EXTERNALS: Gold,** +\$2.30 @ \$1,232.60 **\$ Index,** -.010 @ 99.95; **APR crude,** -\$0.36 @ \$48.42; **BR Real,** +0.84%. **Weather:** Argentina turned dry late in the weekend while Brazil was wet with Mato Grosso and Minas Gerais receiving rainfall. Midwest temperatures warmed over the weekend with good rain amounts reported in the ECB while the WCB was mostly dry. The U.S. Great Plains were mostly hot and dry. There is a possibility of showers for U.S. hard red winter areas Thursday and Friday with 0.10" to 0.70" across north-central Texas to eastern Kansas and 0.25"-1.00" inch from northeastern Colorado into Nebraska. The US Midwest turns active during the second half of the week. The Delta and southeastern states will see an increase in rain activity later in the week. **EUROPE: May Feed Wheat:** \$5.01 ¼, down ¼; **May Corn:** \$4.71 ¼, up 2; **March Milling Wheat,** \$5.00, off 2 ¼

Corn

- **Market moves higher after fund realignment, then works lower, weekend rains as well as immediate outlook adding moisture: CK: -\$0.03; CN: -\$0.03**
- **Spreads—CK17/CN17:** -7 ¾, off ¼; **CN17/CU17:** -7 ½, ¼ weaker; **CN17/CZ17:** -15 ½, down ¾; **CU17/CZ17,** -8 ¼, down ¾; **CZ17/CH18:** -9 ½, steady; **CZ17/CK18:** -14, up ½; **CZ17/CN18:** -18, ¼ weaker
- **CIF: MAR:** 38/42, bid/asked 1 lower; **APR:** 38/41, bid/asked 1 lower. **Brazil: AUG:** 15/35 CU, steady. **Ethanol:** Cedar Rapids, -12 CK, unch; Blair, -22 CK, 3 firmer; Decatur, -2 CK, unch; Fort Dodge, -29 CK, down 1; IN, 5 CK to +10 CK, unch. **Hereford: MAR:** 54 CK, unch; **APR,** 54 CK; unch; **MAY,** +54 CK, unch. **TX Gulf Milo:** 50 CK, unch. **CIF Milo,** 20 CK, unch
- **Week 3/19 Barge Freight:** IL River, 275/285, 15 lower; Upper Miss: 340/350, unch; Mid-Miss: 290/300, 10 lower; STL, 215/225, down 5; Ohio River, 225/235, 15 lower; Memphis-Cairo, 175/185, unch
- **Daily Sales Announcement—**USDA reports 132 K MT corn sale to South Korea for 16/17 delivery
- **Corn Export Inspections—**Mid-range at 52.5; trade was expecting 43-59 with 43.1/week needed
- **Milo Export Inspections—**Weak: 1.9 with 3.8 per week needed
- **Brazil's summer corn** harvest is 14% complete, trailing last year by 11 points. Winter corn planting in the Center-South is nearing completion—96% finished and versus 93% LY--AgRural
- Safras maintains **Brazil corn** crop estimate at 98 MMT
- U.S. old crop exports could remain robust—IMEA says only 39% of **Brazil's safrinha crop** has been forward sold, down sharply from last year's 81% figure
- U.S. could face a **loss of up to 25% of its ethanol export market** if Brazil imposes an import duty which some say may go as high as 20%. China accounted for another 17% and is restricting imports as well
- CNG&OIC says **Chinese feed mills** have booked between 1.2-1.3 MMT of corn, milo and barley the past 2 weeks, mostly for May/June shipment. Driven by domestic quality concerns; in excess of ½ MMT is U.S. origin
- **China** has reportedly suspended imports of Brazil beef following the recent meat inspection scandal
- **Russia** has so far exported 16.5% more corn through March 15th, with the total reaching 3.6 MMT—Ag Minister
- **Mexico Ag Attaché** is forecasting a near 2 MMT decline in corn production to 25.25 MMT on both reduced area and lower yields for 17/18, in part due to reduced agronomy applications. Imports expected to remain steady at 13.4 (16/17 revised 400 K lower to 13.4); mentions "willingness to import from South America"
- **Dalian May corn** reaches an 11-month high on reduced plantings with 4 NE provinces set to cut area by 2.6 million acres, about 1 million more than the government target. Futures closed up 4 ¼ at \$5.85 ¼ (1 Yuan = \$.14496)

Soybeans

- **Higher but appears to be struggling to stay positive; exports a little better than expected: SK: +\$.0250; SN: +\$.0275 SMK: -\$0.10; SMN: -\$0.10; BOK: +\$.0022; BON: +\$.0021**
- **Spreads: SK/SN:** -10, unch; **SK/SQ:** -11 ¼, down ¼; **SN/SQ:** -1 ¼, down ¼; **SN17/SU17:** +8 ¾, down ¼; **SU17/SX17:** +8, up ½; **SX17/SF18:** -5, unch; **SX17/SH18:** -7 ½, unch; **SX17/SK18:** -9 ¾, up ¼; **SMK/SMN:** -\$3.40, -\$0.10; **BOK/BON:** -.29, 0.00

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- **CIF: MAR:** 25/34, bid down 4, asked up 1; **APR:** 24/30, bid/asked 2 lower. **BRAZIL: APR:** 39/41, asked down 2. **BOARD CRUSH: (K/K),** \$.78 ¾, down ¼. **CASH CRUSH:** Central: \$.79, up 1; East: \$1.17, up 1; West: \$0.96, up 1
- **Soybean Inspections**—Better than expected (15-24) at 27.1; 14.3/week needed
- AgRural puts the **Brazil soybean harvest at 62%**, 1 point ahead of last year and 7 ahead of the 5-year average
- ABIOVE sees **Brazil bean crop** at 107.3, up from its 104.6 February estimate
- **June Palm Oil** closed off .9% at 2,778 ringgit per MT on weakness in crude oil
- **Dalian May SB futures** opened the week 4 ¾ higher at \$15.13; **MAY SBM** rose \$2.76 to \$377.56; **May SBO** gained 8 points to \$.4190/lb. Crush margins are estimated \$0.70 for the Gulf; \$.86 for the PNW & Brazil, \$.99

Wheat

- **Rain in the forecast Thursday-Saturday for the West: WK: -\$0.0550; KWK: -\$0.0825; MWK: unch**
- **Spreads: WK/WN:** -15, up ¼; **KWK/KWN:** -11 ¾, unch; **MWK/MWN:** -4, up 1
- **CIF: SRW: MAR:** 47/--, unch; **APR:** 49 K/58, unch. **HRW -12% Pro: MAR:** 106 K/--, unch; **APR:** 98 K/--, unch
- **Wheat Export Inspections**—22.9, exceeding trade guesses of 13-20; 24.1 per week needed. China accounted for 4.2 million
- **Export Inspections by Class**—HRS, 8.2 (6.2); SW, 2.1 (2.7); HRW, 9.2 (9.3); SRW, 2.2 (1.7); Durum, 1.1 (0); HW, 100 (0)
- Next week will bring a little moisture relief to the **HRW areas**—Global Weather. 24% of U.S. production was classified as being “in drought”, up from 4% last year according to the U.S. Drought Monitor
- **Agriculture & Agri-Food Canada** leaves 17/18 wheat forecast unchanged at 28.6 MMT
- **Russia's** wheat exports are up 2.9% year to year through March 15th at 20.1 MMT

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