

MID-DAY COMMENTS

April 16, 2018

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HIGHLIGHTS: MACRO: Syria less of a worry today. **WALL STREET—Up! DOW, +203; NAS, +45.15; S&P, +19.74. EUROPE: Lower: DAX, -0.41%; FTSE, -0.91%; CAC, -0.04%. EXTERNALS: April Gold, +\$3.20 @ \$1,348; \$ Index, -0.368 @ 88.265; May crude, -\$0.80 @ \$66.59; Brazil Real, 3.4347, -0.18%. T-Storm Weather:** Arctic air combines with snowpack in the north to leave the central U.S. much colder than normal over the next week, and producing one of the very coldest Aprils of the last 124 years in the Corn Belt and northern Plains. Temperatures moderate as next week progresses, leading to near-normal temperatures across a wide area by the end of the month. A series of systems produce areas of mostly light rain and snow within the central U.S. over the next two weeks, but most notably including heavy rain in drought-stricken HRW wheat areas and the Delta within Friday-Sunday, and possibly a wetter system across a wider area within April 26-30. **Highlights: (1)** Light rain-snow affects northern areas of the Corn Belt and Plains Tue.-Wed.; heavy near the IA-MN border; **(2)** 48% of U.S. HRW wheat production received less than half of its normal precipitation over the last 180 days; **(3)** 1-2" of rain alleviates drought for most HRW wheat Fri.-Sat., then affects the Delta Sunday; **(4)** Areas of light rain affect much of the central U.S. at some points next week, but the exact setup is unclear; **(5)** A larger and wetter system is plausible in 10 to 14 days, but the exact setup is still some days away; **(6)** Temperatures gradually turn milder as next week progresses (esp. in the Plains), melting away snowpack. **EUROPE: UK May Feed Wheat, +3 ¼ @ \$5.71 ¼; French Aug Maize, -1 ½ @ \$5.30; French May Milling Wheat, -1 ¾ @ \$5.51**

Corn

- **Weakness in wheat: CK: -\$0.02505; CN: -\$0.0225; CZ, -\$0.0250**
- **Spreads:**

| Spread | CK/CN | CN/CU | CU/CZ | CZ/CH | CZ/CK | CZ/CN |
|---------|-------|-------|-------|-------|--------|--------|
| Current | -8.25 | -7.00 | -9.00 | -7.75 | -12.00 | -15.75 |
| Change | 0 | 0 | +25 | -25 | -25 | 0 |

- **CIF: APR:** 65/69, bid down 2/asked 1 lower; **MAY:** 62/67, bid down 1; **SEP:** 50/--, unch. **Brazil: AUG:** 60/80, asked 5 higher; **SEP:** 60/80, also asked up 5. **Ethanol:** Cedar Rapids, -16 CK, unch; Blair, -12 CK, unch; Decatur, -3 CK, unch; Fort Dodge, -24 CK, unch; IN, +1 CK to +7 CK, unch. **HEREFORD: APR:** 90 CK, unch; **MAY:** 84, unch
- **Week of 4/15 Barge Freight:** IL River, 625/725, up 25; Upper Miss: 600/700, steady; Mid Miss: 625/675; 25 lower; STL, 550/600, unch; OH River, 600/650, unch; Mem-Cairo: 500/525, unch
- **Corn Inspections—**Respectable. 59.2 which was near the high end of the 43-63 mbu range and was 3 mbu above the implied weekly rate of 56.2. China loaded out 5.2 million; huge 7.2 mbu total to Africa; W Hemi solid at 25.4. 3rd quarter pace is a brisk 763, versus ATI forecast of 725 and 689 lifted last year
- **Milo Inspections—**decent. 4.6 versus 4.0/week needed. 4.6 to China with a minor amount to Mexico
- **Corn Planting—**estimated at 4%, versus 2% LW; 6% LY and 5% average
- According to UkrAgroConsult, **Ukraine's Sep-Mar exports** are the slowest in 5 years and are seen falling 10% year to year
- Safras cuts **Brazil crop estimate** ½ MMT to 89.0 with safras at 24.0 and the safrinha at 58.5
- **Ukraine's corn exports** decline almost 50% this week to just 2.7 mbu. April on pace to ship about 31 million, down from 77 mbu in April 2017
- **Russia weekly corn exports** plunged from 14.4 to 2.1 mbu. April pace likely to be around 20 million, versus 12 LY
- **September Dalian corn futures** lost ¾ of a cent on Monday, slipping to \$7.04 ¼ (1 Yuan = .15935 US \$)

Soybeans

- **Exports perhaps mediocre versus what's needed; ideas slow start to corn and wheat plantings could add to bean acres; China's March SB imports fall to a 4-year low; Real continues to weaken; trade unimpressed by record March NOPA crush: SK: -\$0.05; SN: -\$0.0450; SMK: -\$1.90; SMN: -\$1.70; BOK: -\$0.0017; BON: -\$0.0020**

| Spread | SK/SN | SK/SQ | SN/SQ | SN/SX | SX/SF | SX/SH | SX/SK | SX/SN |
|---------|--------|--------|-------|--------|-------|--------|--------|--------|
| Current | -11.00 | -11.50 | -.25 | +13.75 | -3.00 | +11.25 | +15.25 | +12.25 |
| Change | -.50 | -1.25 | -.75 | -2.00 | +.25 | -1.00 | -3.00 | -3.25 |

- **CIF: APR:** 70/79, unch; **MAY:** 67/75, bid 3 lower; **JUNE:** 53/62, asked up 1. **BRAZIL: MAY:** 125/135, asked up 5; **JUN:** 125/130, unch. **BOARD CRUSH: (K/K), \$1.33 ¼, -1 ¼. CASH CRUSH:** Central: \$1.76, +7; East: \$1.68, +3; West: \$1.63, +3

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- **Soybean Inspections**—Mid-range at 16.4; trade was expecting 11-22 with 25.4/week needed. Just 420 K bushels to China. Bright spots continue to be Mexico (3.5) and Egypt (4.1). 3RD quarter pace a bit sluggish at 282, versus ATI estimate of 330 but unshipped sales ARE 50%/134 mbu greater than a year ago at this time
- Celeres reports **Brazilian producers are 47% sold**, up from 45% LW on rising export premiums and a weaker Real. Sales pace compares to 48% LY and 55% average
- AgRural says **Brazilian producers are 85% harvested**, up from 77% LW; 87% LY and 84% average
- **China customs reports Jan-Mar SB imports** of 19.6 MMT, down slightly from 19.5 LY. Oct-Mar receipts of 43.7MMT are up 2.1 MMT, but suggests the Oct-Sep total could fall 1.2 MMT SHORT of the USDA's 97 MMT forecast. March imports fell 11% year to year to 5.66 MMT, the lowest March total since 2015
- Some analysts now see **Argentina importing as much as 4 MMT of soybeans** during its Mar 18-Feb 19 marketing year with a maximum of 600 K originating from the U.S.
- **NOPA March Crush:** a record 171.9 million; 3.7 more than the trade average; Oil stocks came in 16 million pounds below the trade average at 1.946 billion. Supportive across the complex but market seems to think otherwise
- **The Dalian Futures:** SU, -16 ½ @ \$17.03 ½; SMU, -\$3.03 @ \$463.05/ST & BOU, -1 point to \$4208/lb

Wheat

- **Moisture:** WK, **-\$0.0775**; KWK: **-\$0.1475**; MWK: **-\$0.08**
- **Spreads:**

| Spread | WK/WN | KWK/KWN | MWK/MWN |
|---------|--------|---------|---------|
| Current | -16.00 | -19.00 | -9.50 |
| Change | +0.75 | +0.25 | +0.25 |

- **CIF: SRW: APR:** 71/-- WK, **-1**; **MAY:** 70/--, **unch**; **HRW** -12% Pro: **MAR:** 155, **5 lower**; **APR:** 155, **5 lower**
- **Wheat Inspections**—17.7, very near the top of the 7-18 mbu range; 22.7 per week are needed
- **Inspections by Class**—Durum, .3 K TW (.1 K LW); HRS, 4.4 (4.8); HRW, 6.5 (6.1); SRW, 2.5 (1.8); SW, 4.0 (3.1)
- **Winter Wheat ratings**—estimated up 1 point to 31% G/E and versus 54% LY and 45% average
- **Spring Wheat Planting**—6% against 2% LW; 12% LY and 15% average
- **Russia's export pace** continues strong with 19.1 exported this week (23.1 LW). Ukraine's shipments fall 50% to 2.7 million