

# MID-DAY COMMENTS

June 16, 2017

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**HIGHLIGHTS: MACRO:** Mixed trade; May housing starts were down 5.5%, versus expectations for a 3.5% decline; consumer sentiment falls short. **Wall Street:** Dow: +4; NAS, -16; S&P, -2; **Europe: Firmer:** DAX, +0.48%; FTSE, +0.60%; CAC, +0.89%. **EXTERNALS: June Gold,** +\$1.30 @ \$1,254; **\$ Index,** -.252 @ 96.900; **June crude,** +\$0.25 @ \$44.93; **Brazil Real,** 3.303, -0.12%. **T-Storm Weather:** Good rains across Eastern KS, SE IA, NE MO and far NW IL the past 24 hours. The central U.S. will be divided by intense heat to SW and unseasonable coolness to the NE the next 10 days, causing temperatures to fluctuate and ultimately average much warmer than normal across the southwest third (maximums often in the 90s from NE south), cooler than normal across the northeast third (maximums in the 70s), while the central third has a mix of both. This in turn, will cause strong jet stream flow through the central U.S. over the next 10 days and trigger t-storms in varying areas at varying times. The most likely scenario is to result in total rainfall of: 1) 1.25" to 2.75" across the southeast two-thirds of the Corn Belt, 2) 0.50" to 1.50" across the northwest third of the Corn Belt, 3) 0.75" to 1.75" in the Delta, and 4) 0.25" to 0.75" in the Plains. The result is that above-normal rainfall within the southeast two-thirds of the Corn Belt coincides with near- and below-normal rainfall elsewhere. The week of June 26-30, a warmer period likely develops as heat to the southwest expands into the central U.S. The setup is conducive to t-storm clusters in central and northern areas where the jet stream remains strong, but less-so with the southward extent. **EUROPE:** UK July Feed wheat, 5 ¼ @ \$5.00 ½; French Nov Corn, up 7 ¼ @ \$4.90; Sep Milling Wheat, up 7 ½ @ \$5.26 ½

## Corn

- **Strength in wheat, rainfall uncertainty:** CN: +\$.0250; CU: +\$.02; CZ: +\$.0175
- **Spreads—CN17/CU17:** -7 ½, up ½; **CN17/CZ17:** -17 ½, up ¾; **CU17/CZ17:** -10, up ¼; **CZ17/CH18:** -9, unch; **CZ17/CK18:** -14 ¼, up ¼; **CZ17/CN18:** -19 ¼, up ¼; **CN18/CU18:** +7, up ½
- **CIF: JUNE:** 32/34, bid up 3/asked up 2; **JULY:** 32/34, bid 2 higher/asked up 1; **AUG:** 29/30, bid 2 higher/asked up 1; **Brazil: AUG:** 16/25 CU, unch; **SEP,** 15/24, unch. **Ethanol:** Cedar Rapids, -19 CN, unch; Blair, -33 CN, unch; Decatur, +3 CN, 1 lower; Fort Dodge, -33 CN, unch; IN, +8 CN to +14 CN, unch. **Hereford: June:** 52, unch; **FH JUL,** 54, unch. **TX Gulf FOB Milo:** 75 CZ, unch. **CIF Milo,** 30 CZ
- **Week of 6/18 Barge Freight:** IL River, 280/290, +20 (LaGrange Lock repair work next 90 days); Upper Miss: 325/340, up 5; Mid Miss: 265/275, 5-10 higher; STL, 175/180, unch; OH River, 185/190, unch; Mem-Cairo, 160/170, unch. Mid-IL Oct: 375/390, unch
- **Corn ratings** on Monday expected to be in a range of +1 to -1 versus last week's 67% G/E total and 75% for LY
- **Bloomberg Trader Bias:** Bullish, 50%; Bearish, 20%; Neutral, 30%
- BA Grain Exchange reports that 45% of the **Argentine crop** is in the bin/silo bag
- **Daily Sales Announcement:** USDA reports a 120 K MT corn sale to Mexico for delivery in 17/18
- BA Exchange maintains 39 MMT **Argentine corn crop** estimate; 45% of the crop is harvested
- **Brazil Export Line-up:** 39 mbu, up 3 from the day before; 8 more than LW and versus 26 mbu LY
- **Dalian September corn** was fractionally lower, off ½ cent to \$6.26 ¾ (1 Yuan = .14703 \$)

## Soybeans

- **Oil leading the way on follow through from yesterday's NOPA oil stx report:** SN: +\$.0050; SX: +\$.0025; SMN: - \$0.90; SMQ: -\$0.90; BON: +\$.0031; BOQ: +\$.0030
- **Spreads: SN/SQ:** -4, unch; **SN17/SU17:** -5 ½, down ¼; **SU17/SX17:** -3 ¾, up ¼; **SX17/SF18:** -6 ¾, up ½; **SX17/SH18:** -12 ¼, up ½; **SX17/SK18:** -17 ½, up ¾; **SX17/SN18:** -23 ¼, up ¼; **SMN/SMQ:** -\$1.80, +\$0.00; **BON/BOQ:** -.12, +0.01
- **CIF: JUNE:** 29/34, asked 2 higher; **JULY:** 37/41, bid/asked 1 higher; **BRAZIL: JUNE:** 55/57, unch; **JULY:** 55/57, unch. **BOARD CRUSH: (N/N),** \$.87 ¾, up 1. **CASH CRUSH:** Central: \$1.11, +5; East: \$1.20, +5; West: \$1.00, +5
- **Soybean ratings** expected to be unchanged to up/down 1 from LW's 66% figure and versus 73% LY
- **Brazil Export Line-up:** 154 mbu, up 3 from yesterday; 10 less than LW and 14 million more than a year ago
- **Argentine producers** have harvested 94.5% of this year's crop; heavy rains delaying gathering of some 300 K ha
- **July old crop WASDE thoughts**—increase bean exports by 15 and lower crush 10-15?
- **Bloomberg Trader Bias:** Bullish, 26%; Bearish, 35%; Neutral, 25%

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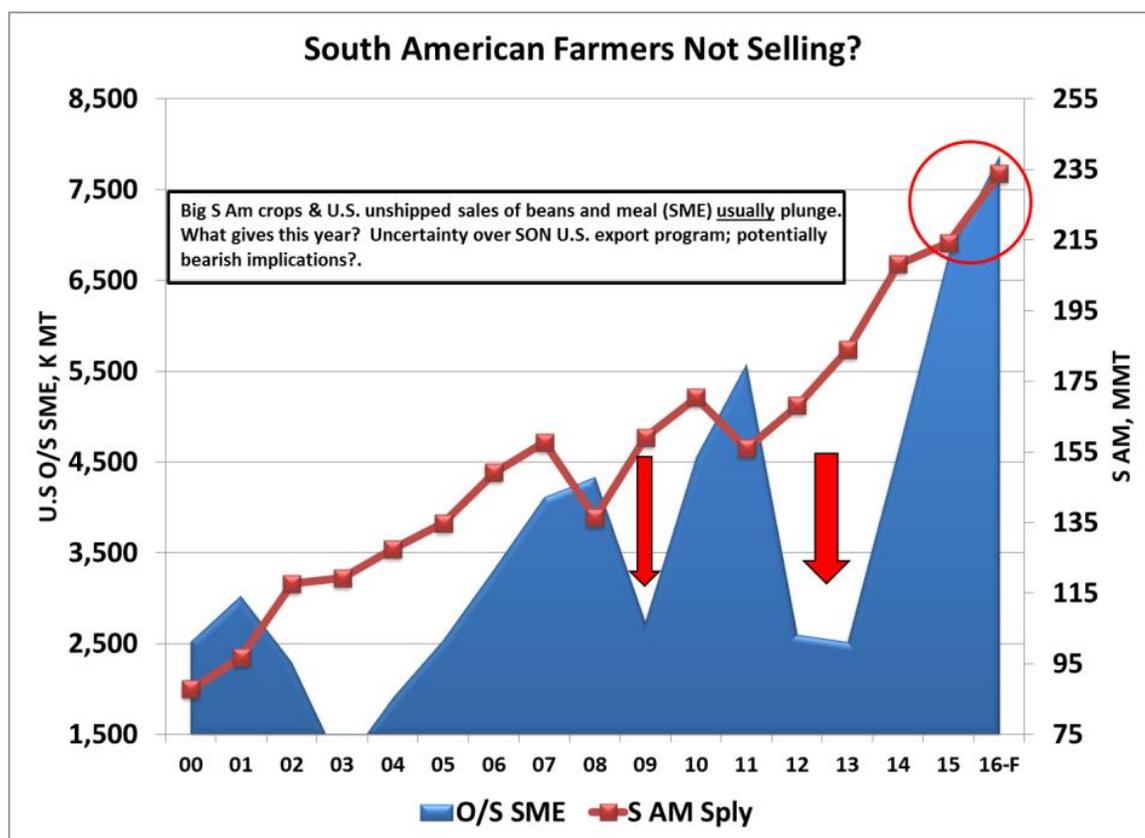


- **China will be visiting the U.S.** July 11-16 for their annual soybean shopping spree
- **Dalian futures:** September SB futures lost \$.02 overnight, falling to \$15.79 ¼; Sep SBM gained \$1.66 to \$357.47; Sep SBO settled 26 points higher at \$.3926/lb

## Wheat

- **Yield/protein concerns here and dryness worries in the EU and Australia:** WN: +\$.1025; KWN: +\$.0750; MWN: +\$.0850
- **Spreads:** WN/WU: -16, ¾ weaker; KWN/KWU: -17 ½, up ½; MWN/MWU: -4 ½, up 2 ½
- **CIF: SRW: JUNE:** 43/--, unch; **JULY:** 45/--, bid up 2; **HRW -12% Pro: JUNE:** 190 N/--, up 10; **JULY:** 190 N/-, up 10
- **Bloomberg Trader Bias:** Bullish, 63%; Bearish, 11%; Neutral, 46%
- **Dryness in Europe and Australia** continues to lurk in the background
- **The EU granted 113 K in export licenses for wheat** this week, bringing the YTD total 22.6 MMT, down from 29.9 at this time last year
- **BA Grain Exchange says excessive rain is delaying wheat seeding activity which was unchanged this week at 36.6%**

**Quasi Chart of the Day:** There is a record South American soybean crop moving (slowly) into the world market and at the same time, the U.S. has a record amount of unshipped soybeans and soybean meal still to ship. Great demand and/or a big risk of cancellations just as the U.S. crop is being harvested?



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