

MID-DAY COMMENTS

October 11, 2017

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HIGHLIGHTS: MACRO: Markets awaiting Fed comments. **Wall Street: Slightly firmer** -- DOW: **+21** NAS, **+6.26**; S&P, **+1.86**. **Europe: mostly lower:** DAX, **+0.17%**; FTSE, **-0.06%**; CAC, **-0.02%**. **EXTERNALS: Oct Gold, -\$3.30 @ \$1,287; \$ Index, -.216 @ 92.885; Dec crude, \$0.00 @ \$51.23; Brazil Real (Oct) 3.1761, +0.37%.** **T-Storm Weather:** Another system produces substantial rainfall in the heart of the Corn Belt this weekend, followed by one week of drying before the next system passes. Rainfall will be limited elsewhere within the central U.S. over the next 10 days (and likely longer in the Plains) where conditions for corn / soybean harvesting and wheat planting improve after substantial rainfall in recent days and weeks. As for Brazil, forecasters are more or less in agreement that significant rainfall is likely for southern Brazil (and Paraguay) at times through next week, after which coverage likely expands into central areas. However, areas such as Bahia, Goias, and Minas Gerais where rainfall may remain limited until late this month or early next month. Argentina is likely to see moisture amounts from a trade to ½" in the South and in excess of ¾" in the SW. **Highlights:** (1) Widespread rain occurred the past 24 hours east of the wettest areas of the Corn Belt over the last 24 hours; (2) No change: substantial rainfall is forecast for the heart of the Corn Belt Sat.-Sun., and then again one week later; (3) rainfall will be limited elsewhere in the U.S., likely allowing wheat planting to steadily advance; (4) t-storms are on tap for South Brazil and Paraguay the next 24 hours, and then again Tue.-Fri; (5) The central and northern growing areas of Brazil remain fairly dry and hot into late month. **EUROPE:** UK Nov Feed wheat, **- 4 ¼ @ \$5.04 ¼**; French Nov Maize, **-3 ¾ @ \$4.55 ¼**; French March Milling Wheat, **-5 ½ @ \$5.35 ¾**

Corn

- **Mexico buys corn, market unimpressed with world supplies being quite ample: CZ: -.0250; CH: -.0250**
- **Spreads:**

Spread	CZ/CH	CZ/CK	CZ/CN	CZ/CU	CH/CK	CH/CN	CK/CN	CN/CU	CU/CZ	CZ18/CH19
Current	-13.50	-22.25	-29.75	-37.00	-8.75	-16.50	7.75	-7.25	-9.25	-9.25
Change	0	0	+25	-.25	0	0	0	-.50	0	0

- **CIF: OCT:** 26/31, bid/asked up 1; **NOV:** 34/38, bid/asked up 2; **Brazil: OCT:** 40/43, steady; **NOV:** 40/48, asked up 3. **Ethanol:** Cedar Rapids, -23 CZ, **steady**; Blair, -28 CZ; **steady**; Decatur, -23 CZ, **6 lower**; Fort Dodge, -22 CZ, **unch**; IN, -9 CZ to 1 CZ, up **8 on the end**. **Hereford: OCT:** 52 CZ, **FH NOV:** 56 CZ, **NA; LH NOV, +58 CZ, NA; DEC:** 61 CZ, **unch**. **TX Gulf FOB Milo:** 125 CZ, **unch**. **CIF Milo,** 95 CZ, **unch**
- **Week of 10/15 Barge Freight:** IL River, 375/400, **steady**; Upper Miss: 400/450, **steady**; Mid Miss: 375/420, **down 25**; STL, 325/350, **25 lower**; OH River, 375/400, **steady**; Mem-Cairo: 300/320, **50 lower**
- **Daily Sales Announcement:** 150 K MT of corn sold to Mexico
- **Corn ratings improved** a point to 64% G/E, 9 points below 2016. The trade had expected a decline, to 62%. A Reuters survey finds the trade expecting the USDA to raise its yield estimate from 169.9 bpa to 170.1
- **Corn harvesting** edged ahead 5 points to 22%, trailing 2016 by 11 and 15 points behind average
- **The slow pace of harvest** is most evident in the Western/Northern Corn Belt . . . Vs average, SD is down 23 points; MN, -22; IA, -20; NE, -16, KS and ND, each -15. IL running 14 behind
- **Thought for the day** . . . global grain markets possess the "recipe for strong volatility" . . . supply-related complacency among other factors according to one pundit
- **South America making BIG inroads on U.S. corn** to the Mid and Far East . . . after 4-5 weeks; YTD sales are off 36%/72 mbu to 127 million; YTD exports are 65%/45 mbu lower at only 24 million
- **Argentina's** vessel line-up for corn declined 10 mbu from LW to 39 million, 20 less than a year ago
- **October WASDE:** trade sees production down 16 mbu tomorrow, reflecting a 2/10's bpa reduction in yield to 169.7 with harvested acres steady at 83.5 million. C/O is expected to decline 86 million to 2.249 bbu
- **January corn futures on the Dalian** posted a 5-cent gain, rising to 3 Yuan to \$6.45 ½ (1 Yuan = .15182 US \$)

Soybeans

- **Sales to China and Unknown provide market support: SX: +\$.0025; SF: +\$.0050; SMV: -\$01.80; SMZ: -\$0.60; BOV: -\$0.0007; BOZ: +.0009**
- **Spreads:**

Spread	X/F	X/H	X/K	X/N	F/H	F/K	F/N	H/K	H/N
Current	-10.75	-20.25	-29.75	-38.25	-9.50	-19.00	-27.75	-9.25	-18.00
Change	-.25	-.50	-.75	-.75	0	-.25	-.50	0	-.25

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- **CIF: OCT:** 26/30, bid down 5/asked 4 lower; **NOV:** 34/38, bid down 3/asked 2 lower; **BRAZIL: OCT:** 64/78, steady; **NOV:** 72/80, steady. **BOARD CRUSH: (Z/X),** \$.93 ½, unch. **CASH CRUSH:** Central: \$1.43, +2; East: \$1.44, +3; West: \$1.30, +3
- **Daily Sales Announcement**—264 K MT of 17/18 soybeans sold to China; 132 K MT sold to Unknown
- **Soybean ratings** saw the % G/E increase 1 to 61%, versus 74% a year ago. The trade was expecting an unchanged number. A Reuters survey expects the USDA to add 1/10 to its yield estimate Thursday, to 50.0 bpa
- **Harvest progress** gained 14 points to 36%, trailing 2016 by 5 and 7 points behind average
- **Northern areas also lagging** in harvesting . . . MN, 41 points behind average; SD, -37; NE, -23; ND, -20; IA, -19
- **Some basis firmness in the WCB** due to the slow pace of harvesting
- **Anecdotal comments regarding low protein levels** from this year's bean harvest—cool summer temps catching the blame
- **Points to ponder** . . . Sep 1 S Am SB stocks estimated to be 18% greater yr to yr (530 mbu); yet, YTD U.S. exports to China down only 3 mbu (131 vs 134 LY); exports to non-PRC markets are up nearly 20% (70 mbu versus 59 LY at this time)
- **October WASDE:** Trade expects production to increase 8 mbu to 4.439 billion; ending stocks are estimated 22 million lower with much of that reflecting September 1 stocks coming in 44 million below the last USDA forecast
- **Argentina** reported a 9 mbu decline in its soybean export line-up to 13 million, 2 more than a year ago. The SBM total fell 100 K MT to 1.5 MMT, a year to year drop of 250 K MT
- **Dalian futures:** Jan SB, +\$.16 ¾ @ \$15.99; Jan SBM, +\$1.45 @ \$383.58/ST; Jan SBO, -3 points @ \$.4165/lb.

Wheat

- **Beneficial rains for the Plains; European wheat prices fall on weaker Russian offers: WZ, -\$.0075; KWZ: -\$.0050; MWZ: +\$.0150**
- **Spreads:**

Spread	WZ/WH	KWZ/KWH	MWZ/MWH
Current	-19.25	-17.75	-20.00
Change	+1.00	+.25	+1.00

- **CIF: SRW: OCT:** 55 Z/--, steady; **NOV:** 55/-- Z, steady; **HRW -12% Pro: OCT:** 177 Z/--, 3 lower; **NOV,** 180 Z, unch
- **Daily Sales Announcement:** 104,202 K MT HRW sold to Mexico for delivery in 17/18
- Winter wheat planting progress up 12 to 48%, 10 points behind average; 25% is emerged, up from 12% LW and versus the average of 30%
- **Argentine wheat line-up:** 13 mbu versus 14 LW and only 3 a year ago
- **October WASDE**—the trade expects the USDA to increase its forecast for ending 17/18 U.S wheat stocks 13 million to 946 mbu
- **European wheat prices** fell yesterday as the result of aggressive Russian offerings in the cash market
- **Egypt's GASC** said to have bought 3 cargoes @ 60 K MT from Russia at a delivered price around the \$213/MT level