

KSU Agriculture Today Radio Notes

Daniel O'Brien, Extension Agricultural Economist, Kansas State University

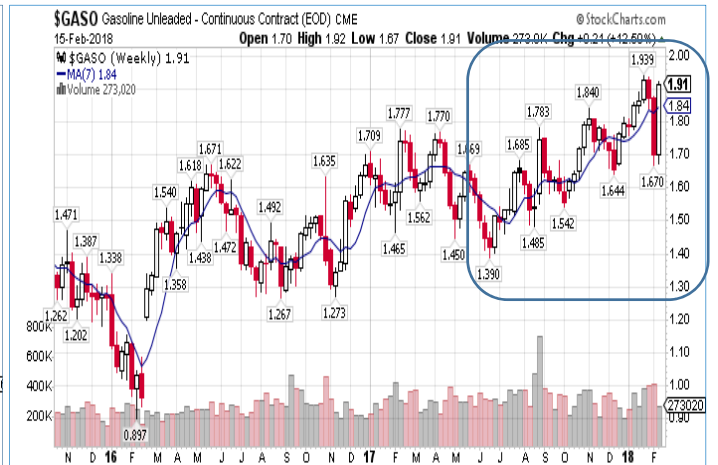
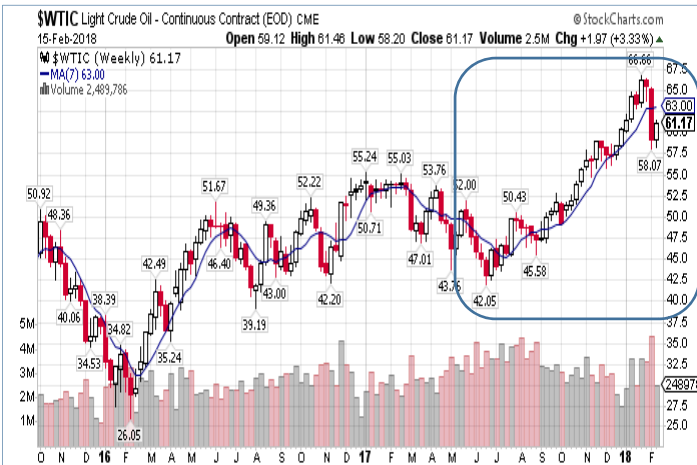
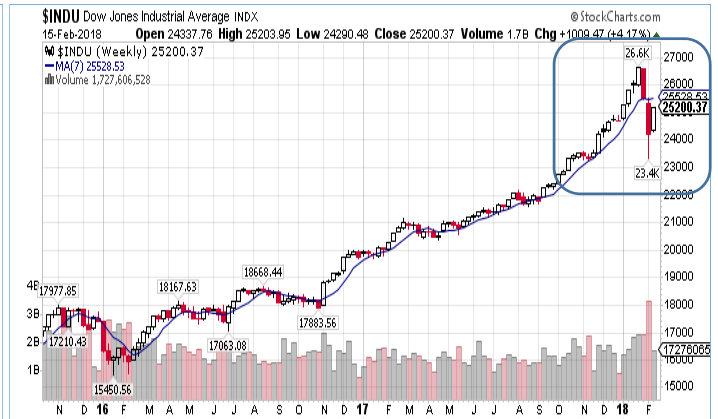
For Radio Program to be aired 10:00-10:15 a.m., Friday, February 16, 2018

I. Grain Futures Closes, Changes & Carry on Thursday, February 15, 2018

Corn Futures				Soybean Futures				Kansas HRW Wheat Futures			
Month	Close	Change	Carry /mo	Month	Close	Change	Carry /mo	Month	Close	Change	Carry /mo
Mar 18	\$3.67 ¾	↑ \$0.0050	---	Mar 18	\$10.24 ¼	↑ \$0.07	---	Mar 18	\$4.78	↑ \$0.0825	---
May 18	\$3.75 ½	↑ \$0.0075	\$0.03 ⁸⁷⁵	May 18	\$10.35	↑ \$0.0725	\$0.05 ³⁷⁵	May 18	\$4.93	↑ \$0.0850	\$0.07 ⁵⁰
July 18	\$3.83	↑ \$0.0050	\$0.03 ⁷⁵	July 18	\$10.44 ¾	↑ \$0.0725	\$0.04 ⁸⁷⁵	July 18	\$5.10 ½	↑ \$0.0850	\$0.08 ⁷⁵
Sept 18	\$3.89 ¾	↑ \$0.01	\$0.03 ³⁷⁵	Aug 18	\$10.45 ¾	↑ \$0.0725	\$0.01	Sept 18	\$5.28	↑ \$0.0825	\$0.08 ⁷⁵
Dec 18	\$3.97 ½	↑ \$0.01	\$0.02 ⁵⁸³	Sept 18	\$10.33	↑ \$0.0575	No Carry	Dec 18	\$5.49 ¼	↑ \$0.0250	\$0.07 ⁰⁸³
Mar 19	\$4.05 ¼	↑ \$0.0125	\$0.02 ⁵⁸³	Nov 18	\$10.23 ¾	↑ \$0.0375	No Carry	Mar 19	\$5.61	↑ \$0.0675	\$0.03 ⁹¹⁷
May 19	\$4.09 ¾	↑ \$0.01	\$0.02 ²⁵	Jan 19	\$10.27 ½	↑ \$0.0450	\$0.02 ¹²⁵	May 19	\$5.63	↑ \$0.06	\$0.01
July 19	\$4.14	↑ \$0.0075	\$0.02 ¹²⁵	Mar 19	\$10.22	↑ \$0.0525	No Carry	July 19	\$5.58 ¼	↑ \$0.0625	No Carry

Price^{Soybean} / Price^{Corn} Ratios on February 15, 2018:

- “Current Crop^{2017/18}” ⇒ \$MAR²⁰¹⁸ Soybeans ÷ \$MAR²⁰¹⁸ Corn = \$10.24 ¼ ÷ \$3.67 ¾ = 2.79***
- “Next Crop^{2018/19}” ⇒ \$NOV²⁰¹⁸ Soybeans ÷ \$DEC²⁰¹⁸ Corn = \$10.23 ¾ ÷ \$3.97 ½ = 2.58



Central Kansas Terminal and Processor Daily Grain Report

TERMINAL HRW WHEAT ORD US NO 1				
	Bids	Change (¢/bu)	Basis	Change
Atchison	4.2300	UP 8.25	-55H	UNCH
Topeka	4.4800	UP 8.25	-30H	UNCH
Concordia	4.3300	UP 8.25	-45H	UNCH
Salina	4.4300-4.4800	UP 8.25	-35H to -30H	UNCH
Great Bend	4.4800	UP 8.25	-30H	UNCH
Newton	4.1400	UP 8.25	-64H	UNCH
Hutchinson	4.2000-4.3800	UP 8.25	-58H to -40H	UNCH
Wichita	4.2500-4.3800	UP 8.25	-53H to -40H	UNCH
Wellington	4.1800-4.2800	UP 8.25	-60H to -50H	UNCH
Arkansas City	4.1300	UP 8.25	-65H	UNCH

TERMINAL HWW WHEAT ORD US NO 2				
	Bids	Change (¢/bu)	Basis	Change
Wichita	4.3800	UP 8.25	-40H	UNCH

TERMINAL US NO 2 YELLOW CORN				
	Bids	Change (¢/bu)	Basis	Change
Atchison	3.5775	UP 0.5	-10H	UNCH
Topeka	3.5275	UP 0.5	-15H	UNCH
Salina	3.3775	UP 0.5	-30H	UNCH
Newton	3.2875	UP 0.5	-39H	UNCH
Hutchinson	3.4275-3.4575	UP 0.5	-25H to -22H	UNCH
Wellington	3.2775	UP 0.5	-40H	UNCH
Arkansas City	3.2775	UP 0.5	-40H	UNCH

TERMINAL US NO 2 SORGHUM				
	Bids	Change (¢/cwt)	Basis	Change
Topeka	5.58	UNCH	-55H	UNCH
Concordia	5.50	UP 1	-60H	UNCH
Salina	5.58	UNCH	-55H	UNCH
Hutchinson	5.92-6.21	UNCH-UP 1	-36H to -20H	UNCH
Wellington	5.94-6.03	UP 1	-35H to -30H	UNCH
Arkansas City	5.76	UP 1	-45H	UNCH
Great Bend	5.94	UP 1	-35H	UNCH

TERMINAL US NO 2 SOYBEANS				
	Bids	Change (¢/bu)	Basis	Change
Atchison	9.7425	UP 7	-50H	UNCH
Topeka	9.6925	UP 7	-55H	UNCH
Salina	9.4425-9.4925	UP 7	-80H to -75H	UNCH
Newton	9.3025	UP 7	-94H	UNCH
Hutchinson	9.3025-9.3925	UP 7	-94H to -85H	UNCH
Wichita	9.4025	UP 7	-84H	UNCH
Wellington	9.3425	UP 7	-90H	UNCH
Arkansas City	9.3425	UP 7	-90H	UNCH

PROCESSOR US NO 2 YELLOW CORN				
	Bids	Change (¢/bu)	Basis	Change
Atchison	3.5775	UP 0.5	-10H	UNCH

PROCESSOR US NO 2 SOYBEANS				
	Bids	Change (¢/bu)	Basis	Change
Emporia	9.7925	UP 7	-45H	UNCH
Wichita	9.7425	UP 7	-50H	UNCH

* All bids are \$/bu except Sorghum, which is \$/cwt.

Chicago Board of Trade month symbols: F January, G February, H March, J April, K May, M June, N July, Q August, U September, V October, X November, Z December

Western Kansas Grain Markets

Thursday's closing elevator grain bids:

	Bids	HRW WHEAT ORD US NO 1 Change (¢/bu)	Basis	Change
Dodge City	4.13	UP 8.25	-65H	UNCH
Colby	4.21	UP 8.25	-57H	UNCH
Garden City	4.18	UP 8.25	-60H	UNCH
Goodland	4.21	UP 8.25	-57H	UNCH
Protection	4.18	UP 8.25	-60H	UNCH
Scott City	4.18	UP 8.25	-60H	UNCH
Sublette	4.18	UP 8.25	-60H	UNCH
Syracuse	4.43	UP 8.25	-35H	UNCH
Ulysses	4.38	UP 8.25	-40H	UNCH

	Bids	US NO 2 YELLOW CORN Change (¢/bu)	Basis	Change
Dodge City	3.48	UP 0.5	-20H	UNCH
Colby	3.23	UP 0.5	-45H	UNCH
Garden City	3.50-3.53	UP 0.5	-18H to -15H	UNCH
Goodland	3.15	UP 0.5	-53H	UNCH
Protection	3.43	UP 0.5	-25H	UNCH
Scott City	3.40	UP 0.5	-28H	UNCH
Sublette	3.58	UP 0.5	-10H	UNCH
Syracuse	3.55	UP 0.5	-13H	UNCH
Ulysses	3.61	UP 0.5	-7H	UNCH

	Bids	US NO 2 SORGHUM Change (¢/cwt)	Basis	Change
Dodge City	5.58	UNCH	-55H	UNCH
Colby	5.58	UNCH	-55H	UNCH
Garden City	5.67	UNCH	-50H	UNCH
Goodland	5.58	UNCH	-55H	UNCH
Protection	5.67	UNCH	-50H	UNCH
Scott City	5.50-5.58	UP 1-UNCH	-60H to -55H	UNCH
Sublette	5.67	UNCH	-50H	UNCH
Syracuse	5.85	UP 1	-40H	UNCH
Ulysses	5.80	UP 1	-43H	UNCH

	Bids	US NO 2 YELLOW SOYBEANS Change (¢/bu)	Basis	Change
Dodge City	9.09	UP 7	-115H	UNCH
Colby	8.87	UP 7	-137H	UNCH
Garden City	9.09-9.14	UP 7	-115H to -110H	UNCH
Protection	9.14	UP 7	-110H	UNCH
Scott City	8.94-9.24	UP 7	-130H to -100H	UNCH
Sublette	9.09-9.14	UP 7	-115H to -110H	UNCH
Ulysses	8.94	UP 7	-130H	UNCH

	Bids	US NO 2 SORGHUM - FEEDMILL BID Change (¢/cwt)	Basis	Change
Ashland	6.21	UP 1	-20H	UNCH

Cotton Grade 41, Leaf 4, Staple 34, West Texas base price 70.00 cents per pound
FOB Railcar or Truck

* All bids are \$/bu except Sorghum, which is \$/cwt.

Chicago Board of Trade month symbols: F January, G February, H March, J April,
K May, M June, N July, Q August, U September, V October, X November, Z December



US #2 Yellow Corn - dollars/bushel					Distillers Grain - dollars/ton								
	Cash Bids	Chg	Basis	Avg:	Dried 10%	Chg	Avg:	Modified 50-55%	Chg	Avg:	Wet 65-70%	Chg	Avg:
Iowa-Eastern:	3.3225 - 3.5725	↑	-35H to -10H	-22.50	140.00	—	140.00	65.00 - 70.00	—	67.50	NA	NA	NA
Iowa-Western:	3.2825 - 3.4825	↑	-39H to -19H	-29.00	134.00 - 155.00	—	144.50	55.00 - 70.00	—	62.50	27.00 - 60.00	—	43.50
Illinois:	3.5425 - 3.7925	↑	-13H to 12H	-0.50	140.00 - 176.00	—	158.00	NA	NA	NA	45.00	↓	45.00
Indiana:	3.6025 - 3.7725	↑	-7H to 10H	1.50	146.00 - 170.00	—	158.00	75.00	—	75.00	NA	NA	NA
Ohio:	3.7225 - 3.7725	↑	5H to 10H	7.50	155.00 - 168.00	↑	161.50	NA	NA	NA	NA	NA	NA
Michigan:	3.4625 - 3.7425	↑	-21H to 7H	-7.00	160.00 - 178.00	↑	169.00	66.00 - 70.00	—	68.00	NA	NA	NA
Kansas:	3.5325 - 3.9725	↑	-14H to 30H	8.00	150.00 - 180.00	—	165.00	NA	NA	NA	47.00 - 68.00	—	57.50
Minnesota:	3.1325 - 3.3425	↑	-54H to -33H	-43.50	135.00 - 140.00	—	137.50	65.00	—	65.00	30.00 - 45.00	—	37.50
Nebraska:	3.2425 - 3.5725	—	-43H to -10H	-26.50	140.00 - 154.00	—	147.00	60.00 - 83.00	—	—	45.00 - 51.50	—	48.25
Wisconsin:	3.2725 - 3.4325	↑	-40H to -24H	-32.00	140.00 - 145.00	—	142.50	62.00 - 75.00	—	68.50	40.00	—	40.00
South Dakota:	3.0725 - 3.3525	↑	-60H to -32H	-46.00	136.00 - 152.00	—	144.00	65.00 - 76.00	—	70.50	40.00 - 75.50	—	57.75
Missouri:	3.3725 - 3.4625	↓	-30H to -21H	-25.50	165.00 - 170.00	—	167.50	85.00	—	85.00	46.00 - 59.00	—	52.50

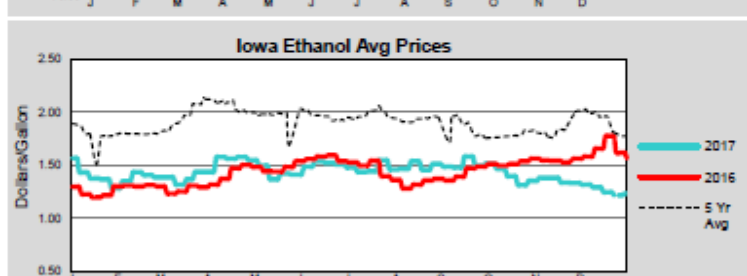
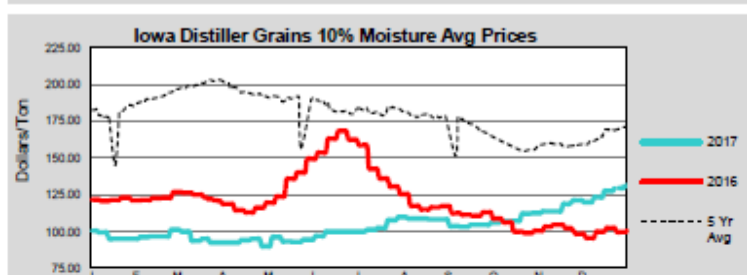
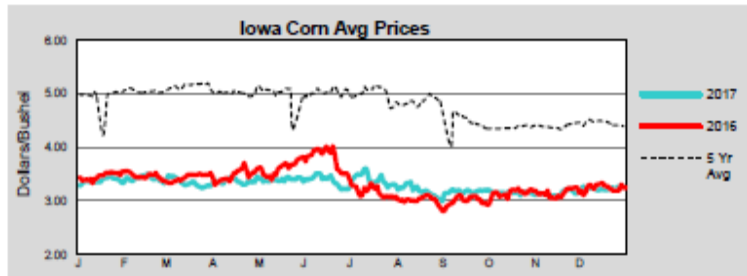
Sorghum - dollars/bushel				
	Cash Bids	Chg	Basis	Avg:
Kansas:	3.4725 - 3.7725	↑	-20H to 10H	-5.00
Missouri:	NA	NA	NA	NA

Corn Oil - cents/pound			
W/E 02/09/18	Range	Chg:	Avg:
Iowa:	20.00 - 24.00	↓	22.00
Eastern Cornbelt:	22.00 - 24.00	↑	23.00
Nebraska:	23.00 - 25.00	↑	24.00
South Dakota:	20.00 - 21.50	↓	20.75

Ethanol - dollars/gallon			
W/E 02/09/18	Range	Chg:	Avg:
Iowa:	1.22 - 1.46	↑	1.34
Eastern Cornbelt:	1.40 - 1.40	↑	1.40
Kansas:	1.22 - 1.31	↑	1.27
Minnesota:	1.27 - 1.41	↑	1.34
Nebraska:	1.22 - 1.29	↑	1.26
Wisconsin:	NA	NA	NA
South Dakota:	1.44 - 1.44	↑	1.44

Daily Nearby Futures			
	Today	Yesterday	Last year
CME group			
Corn (\$/bu)	3.6675	3.6725	3.7350
Ethanol (\$/gal)	1.4630	1.4540	1.5410
NYMEX:			
RBOB Gasoline (\$/gal)	1.7014	1.7130	1.5247
Natural Gas (mmBtu)	2.5810	2.5870	2.8540

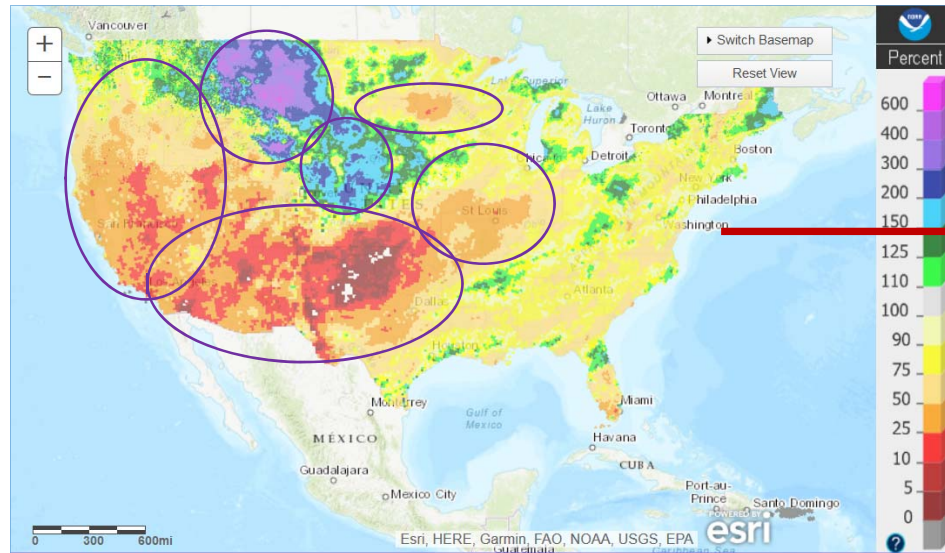
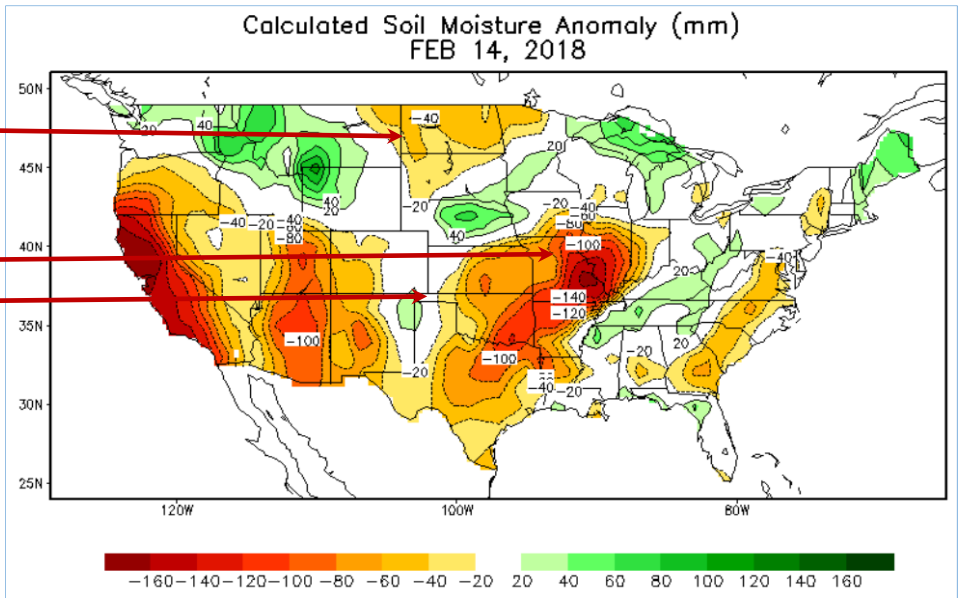
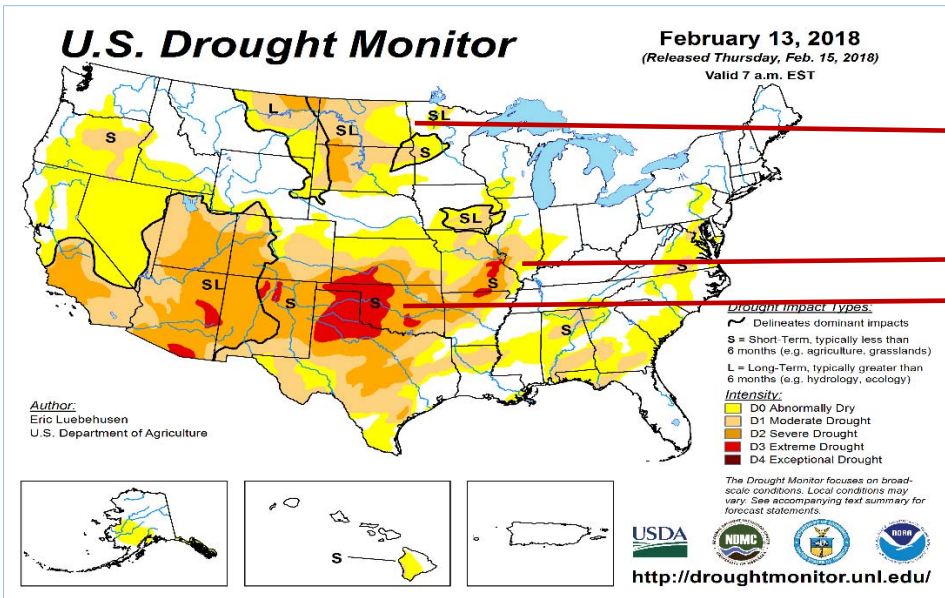
Daily Market Review
 On Thursday March corn futures closed 0.50 cent higher at \$3.6725. Ethanol manufacturing for the week of Feb 9th was recorded at 1.016 million barrels, which is 41,000 barrels lower than the previous week's. Local analysts are predicting a sizeable decrease in production in Argentina due to weather.



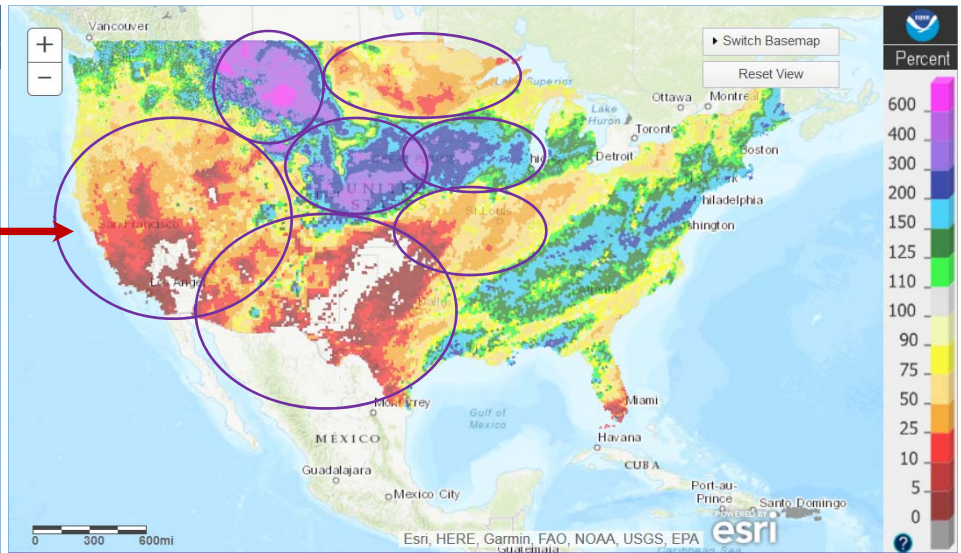
BIO-ENERGY REPORT NOTES

Yellow corn : US #2 spot bids at ethanol plants reported as \$/per bushel
 Distiller grains: Spot bids FOB the ethanol plant reported as \$/per ton. Protein content 28-30% for most distiller grains on a dry matter basis.
 Ethanol: Spot bids FOB the ethanol plant reported as \$/gallon.
 Distiller corn oil: Spot bids FOB the ethanol plant reported as ¢/lb. Distiller corn oil is intended for animal feed or biofuel and is not Generally Regarded As Safe (GRAS) for human consumption. It may also be referred to as inedible crude corn oil or crude corn oil.
 Chicago Board of Trade month symbols: F January, G February, H March, J April, K May, M June, N July, Q August, U September, V October, X November, Z December

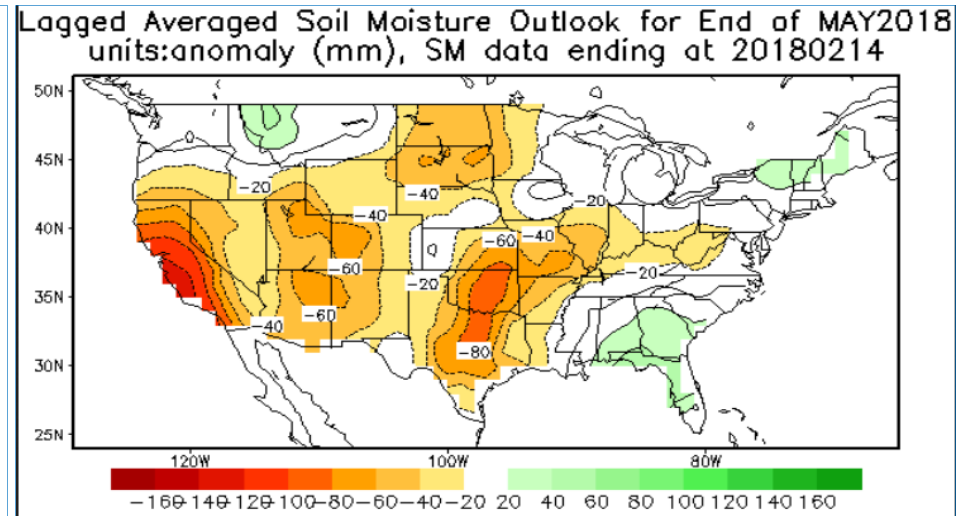
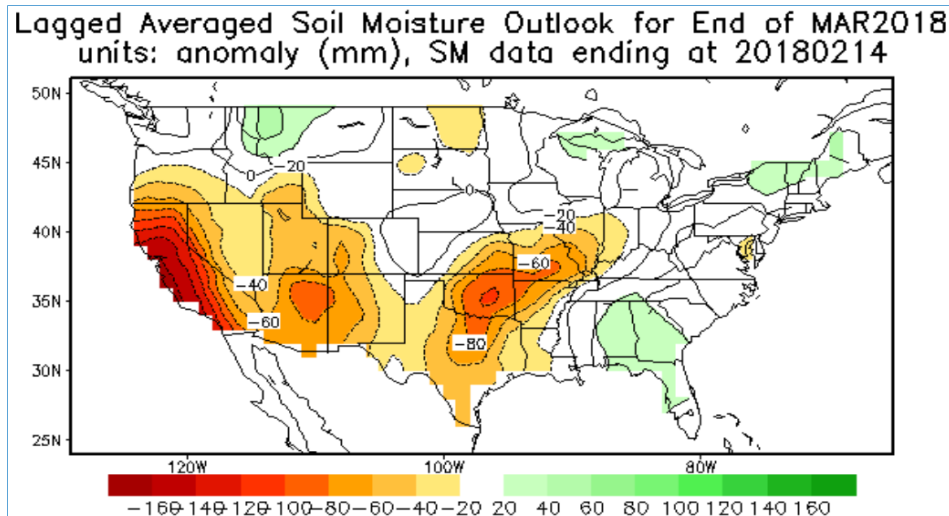
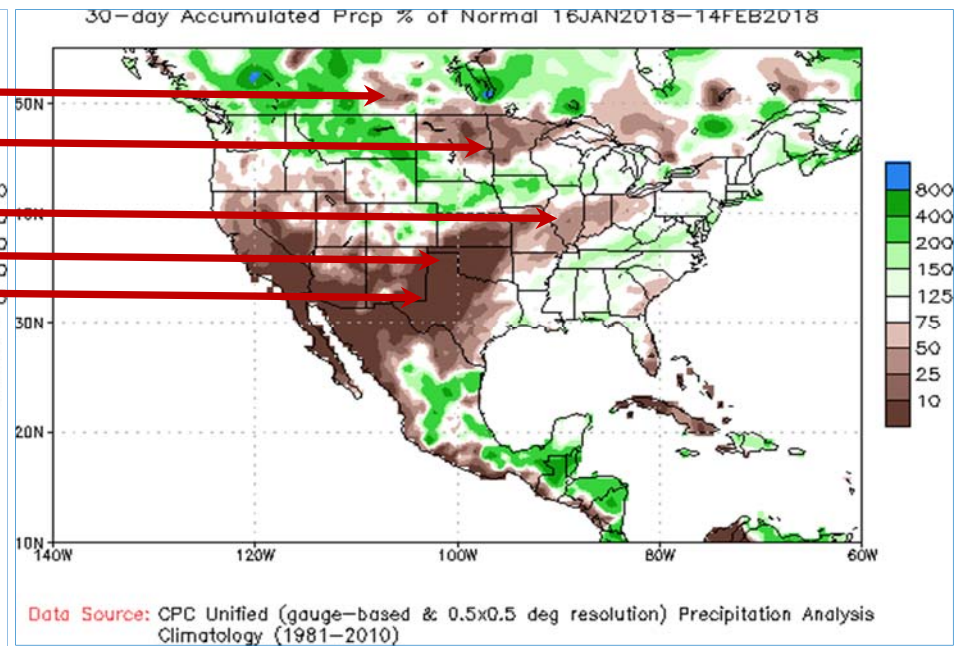
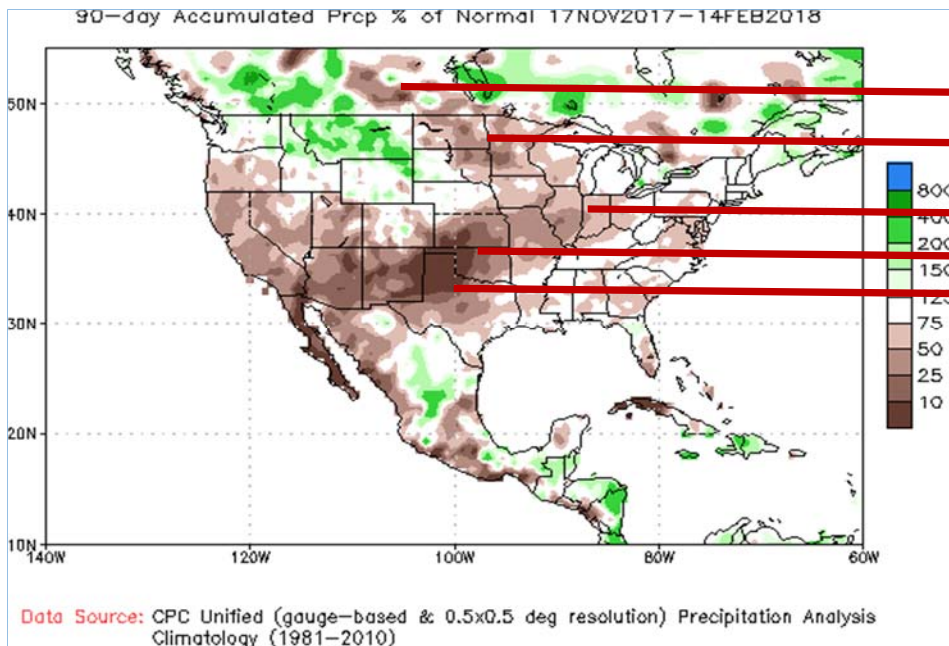
III. U.S. & World Drought Monitor, Moisture Accumulations & Forecasts (Weekly Weather and Crop Bulletin)



Displaying Last 90-Day Percent of Normal Precipitation
 Valid on: February 15, 2018 12:00 UTC



Displaying Last 30-Day Percent of Normal Precipitation
 Valid on: February 15, 2018 12:00 UTC



INTERNATIONAL CROP AND WEATHER HIGHLIGHTS

USDA/WAOB Joint Agricultural Weather Facility

February 13, 2018

EUROPE – Highlight: Colder, But Mostly With Rain

- Colder weather settled over **northern and western Europe**, but precipitation fell mostly as rain leaving most growing areas devoid of snow cover. ★
- Cold conditions in **Spain** slowed wheat and barley development but did not pose a freeze risk. ★

NORTHWEST AFRICA – Highlight: Cold, With Rain And Historic Snow

- Cold, wet weather in **Morocco** and **western Algeria** slowed wheat and barley development, with snow in **southern Morocco** falling outside of primary growing areas and in the **Atlas Mountains**. ★
- Late-week rain in **northeastern Algeria** and **Tunisia** improved soil moisture for winter grains. ★

MIDDLE EAST – Highlight: Very Warm

- Much-above-normal temperatures melted the remaining snow cover on **Turkey's Anatolian Plateau** and accelerated winter grain development from the **eastern Mediterranean Coast** into **central Iran**. ★
- Dry weather maintained drought across **southern Iraq** and **northeastern Iran**. ★

FSU – Highlight: Warm, With Rain

- Warm, rainy weather further eroded the snowpack in **southern Ukraine** and **southwestern Russia**. ★

SOUTH ASIA – Highlight: Beneficially Cooler For Wheat

- Temperatures were favorably lower for wheat in **northern India**. ★

EAST ASIA – Highlight: Unseasonably Cold Weather Continued

- Colder-than-normal weather continued across **eastern China** but had little effect on dormant wheat and rapeseed. ★★

SOUTHEAST ASIA – Highlight: Improved Moisture In Java, Indonesia

- Heavy showers in **western Java, Indonesia**, erased short-term moisture deficits for rice but seasonal deficits persisted. ★
- Drier weather in the **eastern Philippines** further eased excessive wetness for rice and corn. ★

AUSTRALIA – Highlight: Reasonably Favorable

- Following last week's beneficial rainfall, sunny skies and seasonably warm weather promoted cotton, sorghum, and other summer crop development in the east. ★

SOUTH AMERICA – Highlight: Warm, Mostly Dry Weather Dominated Argentina

- In **central Argentina**, scattered showers brought only localized relief from unseasonable warmth and dryness to corn, soybeans, and other summer crops advancing through reproduction. ★
- Drier conditions prevailed in **southern Brazil**, though moisture remained adequate for soybeans and other summer crops. Abundant rain continued in **central and northeastern Brazil**, sustaining moisture for immature soybeans as well as newly-sown corn. ★

SOUTH AFRICA – Highlight: Warm, Showery Weather Benefited Summer Crops

- Showers and summer warmth spurred growth of corn and other rain-fed summer crops. ★

International Weather and Crop Summary

February 4-10, 2018

International Weather and Crop Highlights and Summaries provided by USDA/WAOB

HIGHLIGHTS

EUROPE: Cooler, unsettled weather maintained adequate to abundant moisture supplies for dormant winter crops, but much of the precipitation fell as rain. ★★

MIDDLE EAST: Unseasonably warm weather melted the remnants of central Turkey's snow cover and accelerated winter grain development from the Mediterranean Coast into Iraq and southern Iran. ★

NORTHWESTERN AFRICA: Sharply colder weather was accompanied by rain and snow in western portions of the region, though impacts on winter grains were minor. ★

SOUTHEAST ASIA: Heavier showers in western Java, Indonesia, erased short-term moisture deficits for rice, but more rain is needed to bolster long-term water supplies. ★★

AUSTRALIA: Sunny skies and seasonably warm weather promoted summer crop development. ★

SOUTH AFRICA: Warm, showery weather overspread the corn belt. ★

ARGENTINA: Scattered showers brought limited relief from sustained unseasonable warmth and dryness. ★★

BRAZIL: Drier conditions prevailed in southern soybean areas but heavy showers continued in northern production areas. ★★



For additional information contact: mbrusberg@oce.usda.gov

February 8 ENSO Update

EQ. Upper-Ocean Heat Anoms. (deg C) for 180–100W

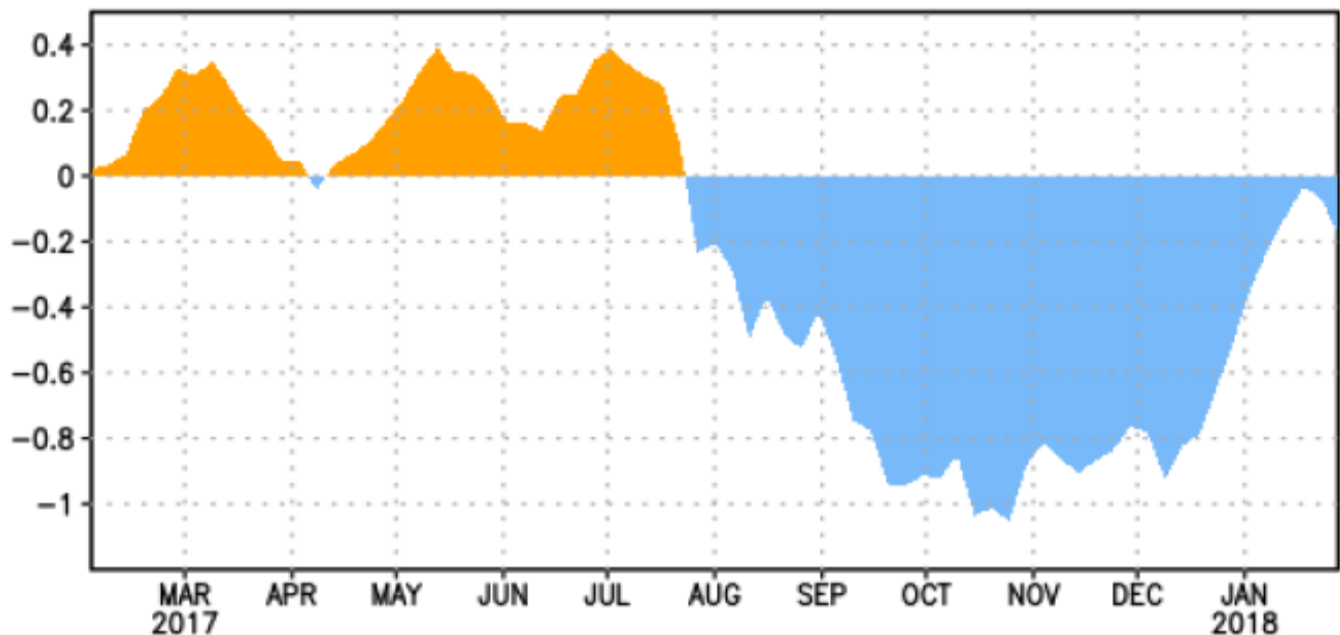


Figure 1: Area-averaged upper-ocean heat content anomaly (°C) in the equatorial Pacific (5°N-5°S, 180°-100°W). The heat content anomaly is computed as the departure from the 1981-2010 base period pentad means.

ENSO Alert System Status: [La Niña Advisory](#)

Synopsis: A transition from La Niña to ENSO-neutral is most likely during the Northern Hemisphere spring (~55% chance of ENSO-neutral during the March-May season).

During January 2018, La Niña was evident in the pattern of below-average sea surface temperatures (SSTs) across the central and eastern equatorial Pacific Ocean. The latest weekly index values were close to -1.0°C in the Niño-1+2, Niño-3, and Niño-3.4 regions, while the western-most Niño-4 region was -0.5°C. While negative anomalies were maintained near the surface, the sub-surface temperatures in the eastern Pacific Ocean returned to near average during the last month (Fig. 1). This was due to the eastward propagation of above-average temperatures in association with a downwelling equatorial oceanic Kelvin wave, which undercut the below-average temperatures near the surface. The atmospheric conditions over the tropical Pacific Ocean also reflected La Niña, with suppressed convection near and east of the International Date Line and enhanced convection around Indonesia. Also, the low-level trade winds remained stronger than average over the western and central Pacific, while upper-level winds were anomalously westerly. Overall, the ocean and atmosphere system remained consistent with La Niña.

Most models in the IRI/CPC plume predict La Niña will decay and return to ENSO-Neutral during the Northern Hemisphere spring 2018. The forecast consensus also favors a transition during the spring with a continuation of ENSO-neutral conditions thereafter. In summary, a transition from La Niña to ENSO-neutral is most likely during the Northern Hemisphere spring

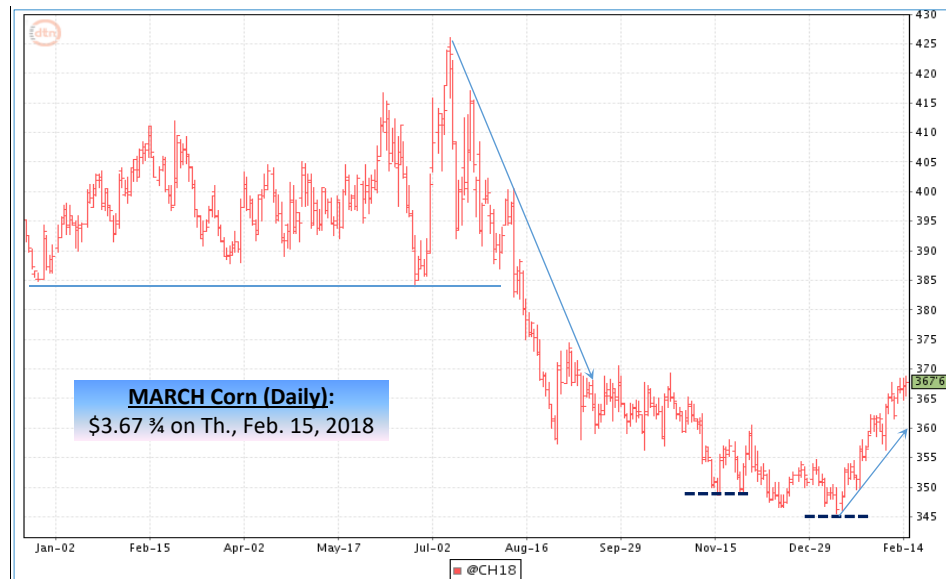
(~55% chance of ENSO-neutral during the March-May season) (click [CPC/IRI consensus forecast](#) for the chance of each outcome for each 3-month period).

La Niña is anticipated to continue affecting temperature and precipitation across the United States during the next few months (the [3-month seasonal temperature and precipitation outlooks](#) will be updated on Thursday February 15th). The outlooks generally favor above-average temperatures and below-median precipitation across the southern tier of the United States, and below-average temperatures and above-median precipitation across the northern tier of the United States.

This discussion is a consolidated effort of the National Oceanic and Atmospheric Administration (NOAA), NOAA's National Weather Service, and their funded institutions. Oceanic and atmospheric conditions are updated weekly on the Climate Prediction Center web site ([El Niño/La Niña Current Conditions and Expert Discussions](#)). Forecasts are also updated monthly in the [Forecast Forum](#) of CPC's Climate Diagnostics Bulletin. Additional perspectives and analysis are also available in an [ENSO blog](#). The next ENSO Diagnostics Discussion is scheduled for **8 March 2018**. To receive an e-mail notification when the monthly ENSO Diagnostic Discussions are released, please send an e-mail message to: ncep.list.ensu-update@noaa.gov.

IV. Corn & Grain Sorghum Market Information

Daily CME MARCH 2018 Corn Futures



Key Corn & Grain Sorghum Supply-Demand Factors:

U.S. Corn Exports: "Negative" short-term "New Crop" MY 2017/18 U.S. corn shipments with "positive" long-term sales

- **Weekly Export Shipments** week of 2/8/2018 for MY 2017/18 = 34.0 mb **(Negative)** vs 49.5 mb/wk needed to meet USDA's February 8th projn of 2.050 bb exports
- **Total shipments** through 2/8/2018 for MY 2017/18 = 615.6 mb i.e., 30.0% of 2.050 bb USDA projn with 44.2% of MY complete (23/52 weeks)
- **Total sales** through 2/8/2018 for "new crop" MY 2017/18 = 1.417 bb **(Positive)** i.e., 69.1% of 2.050 bb USDA projn w. 44.2% of MY complete (23/52 weeks)

U.S. Grain Sorghum Exports: "Neutral" short-term "New Crop" MY 2017/18 sorghum shipments & "Bullish" long-term sales

- **Weekly Export Shipments** week of 2/8/2018 for MY 2017/18 = 5.1 mb **(Neutral)** vs 5.4 mb/wk needed to meet USDA's February 8th projn of 260 mb exports
- **Total shipments** through 2/8/2018 for MY 2017/18 = 103.8 mb i.e., 39.9% of 260 mb USDA projn with 44.2% of MY complete (23/52 weeks)
- **Total new sales** through 2/8/2018 for "new crop" MY 2017/18 = 211.8 mb i.e., 81.4% of 260 mb USDA projn w. 44.2% of MY complete (23/52 weeks) **(Bullish)**

World & U.S. Corn Supply-Demand Fundamentals

Mktg Yr	World % S/U	U.S. % S/U	U.S. \$/bu	U.S. Crop
2009/10	17.2% S/U	13.1% S/U	\$3.55 /bu	13.067 bln bu
2010/11	14.3% S/U	8.7% S/U	\$5.18 /bu	12.425 bln bu
2011/12	14.7% S/U	7.9% S/U	\$6.22 /bu	12.314 bln bu
2012/13	15.2% S/U	7.4% S/U	\$6.89 /bu	10.755 bln bu
2013/14	18.4% S/U	9.2% S/U	\$4.46 /bu	13.829 bln bu
2014/15	21.6% S/U	12.6% S/U	\$3.70 /bu	14.216 bln bu
2015/16	22.2% S/U	12.7% S/U	\$3.61 /bu	13.602 bln bu
2016/17	21.7% S/U	15.7% S/U	\$3.36 /bu	15.148 bln bu
2017/18 ^{USDA}	19.0% S/U	16.1% S/U	\$3.30 /bu	14.604 bln bu
2018/19 ^{USDA}	-----	17.1% S/U	\$3.25 /bu	14.520 bln bu

❖ U.S. Grain Sorghum Supply-Demand Fundamentals

2015/16	8.459 mln ac.	6.4% S/U	\$3.31 /bu	597 mln bu
2016/17	6.690 mln ac.	6.8% S/U	\$2.79 /bu	480 mln bu
2017/18 ^{USDA}	5.626 mln ac.	6.4% S/U	\$3.15 /bu	364 mln bu
2018/19 ^{USDA}	6.700 mln ac.	9.5% S/U	\$3.30 /bu	384 mln bu

WASDE Exports: \$4.50 Corn “Realistic” If Stars Align

February 8, 2018

On Thursday, the USDA released its monthly World Agricultural Supply and Demand Estimates (WASDE) report, showing corn is seeing increased exports and reduced stocks. Exports have been increased to 125 million bushels, and stocks have been lowered 125 million bushels from the January report.

On the other hand, soybean exports aren't experiencing the same strength as corn. It's been no secret that exports have been sluggish. Exports for the 2017-18 marketing year are down 60 million bushels to 2,100 million. “It's bad news, but all things considered, the market has held together pretty well,” said Joe Vaclavik, president of Standard Grain, during a Facebook live.

There's been rumors that the soybean crop in South America is strong in Brazil. Andy Shissler of S&W Trading says the USDA is looking at the weather situation in dry Argentina. “If they don't get rain in Argentina, you're looking at a 7 to 10 million metric ton drop in production,” he said. “It could be even more than that. This next rain event, [it] need[s] to happen or it will be market changing on price.”

According to Kirk Hinz, meteorologist at BAMWX.com, this dry weather pattern could hang around until mid-February, or the rest of the month. “Things will get worse before they get better,” [he said on AgriTalk](#).

If this dry weather stays in Argentina, Shissler thinks the U.S. will see “a more dynamic market.” “It could add a buck in beans,” he said. “With our weather here—it could be even more than that.”

While this price sounds better, there's still a question of acreage. Some analysts believe soybean acres will top corn at upwards of 91.5 to 92 million acres. Vaclavik thinks with the price of December corn, the acreage mix will be 50/50 this year. “I don't see a big acreage rotation much different than last year—I don't think there's the incentive for either crop,” he said.

Corn exports in the WASDE report were especially impressive for Vaclavik. He said if this trend continues, farmers could see stronger corn prices, upwards of \$4. “You can figure the rest out, but you can't make a market rally,” said Shissler.



FarmJournal
BROADCAST



By Ashley Davenport
Farm Journal Broadcast
Multimedia Editor

More than half Argentina's soy, corn in poor condition -exchange - Reuters News 15-Feb-2018 01:50:46 PM

BUENOS AIRES, Feb 15 (Reuters) - More than three months of dry weather has left most Argentine soy and corn fields in poor to very poor condition, the Buenos Aires Grains Exchange said in its weekly crop report on Thursday.

With little chance of substantial rains on the horizon, the exchange said 56 percent of the 2017-18 soy crop and 58 percent of corn has been damaged by a drought that began in November.

"During the last week there were rains of varying intensity in different parts of the country, but not enough to make up for the moisture deficit," the report said.

The exchange left its forecasts of a 50 million tonne soy harvest and a 39 million tonne corn crop unchanged. Over the days ahead it said moderate rains of 10 to 20 millimeters were expected in the central and southern parts of the farm belt.

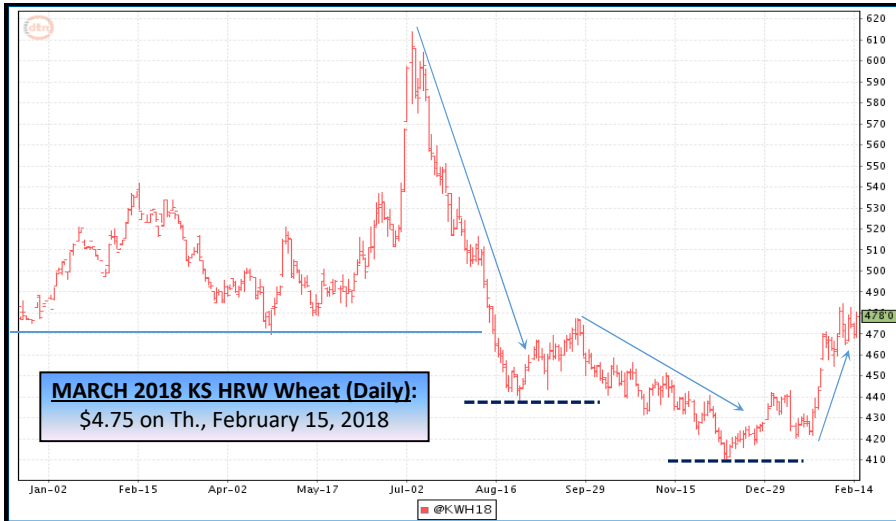
The report was published a day after the top analyst at the Rosario grains exchange said Argentina's 2017-18 soy harvest would be 50 million tonnes at the most. ([Full Story](#))

(Reporting by Hugh Bronstein and Maximilian Heath; Editing by James Dalglish)

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V. Wheat Market Outlook

Daily MARCH 2018 KS HRW Wheat



Monthly Kansas HRW Wheat eFutures



Wheat Export Situation:

U.S. All Wheat Exports: “Neutral-Positive” short-term Export Shipments with “Positive” long-term export prospects in “New Crop” MY 2017/18 total sales

- Weekly Export Shipments wk of 2/8/2018 for “new crop” MY 2017/18 = 18.0 mb (Neutral-Positive) vs 17.7 mb /wk needed to meet USDA’s February 8th projn of 950 mb exports
- Total shipments through 2/8/2018 for “new crop” MY 2017/18 = 595.8 mb i.e., 62.7% of 950 mb USDA projn with 61.5% of MY complete (32/52 weeks)
- Total shipments + new sales thru 2/8/2018 for “new crop” MY 2017/18 = 775.8 mb i.e., 81.7% of 950 mb USDA projn with 61.5% of MY complete (32/52 weeks) (Positive)

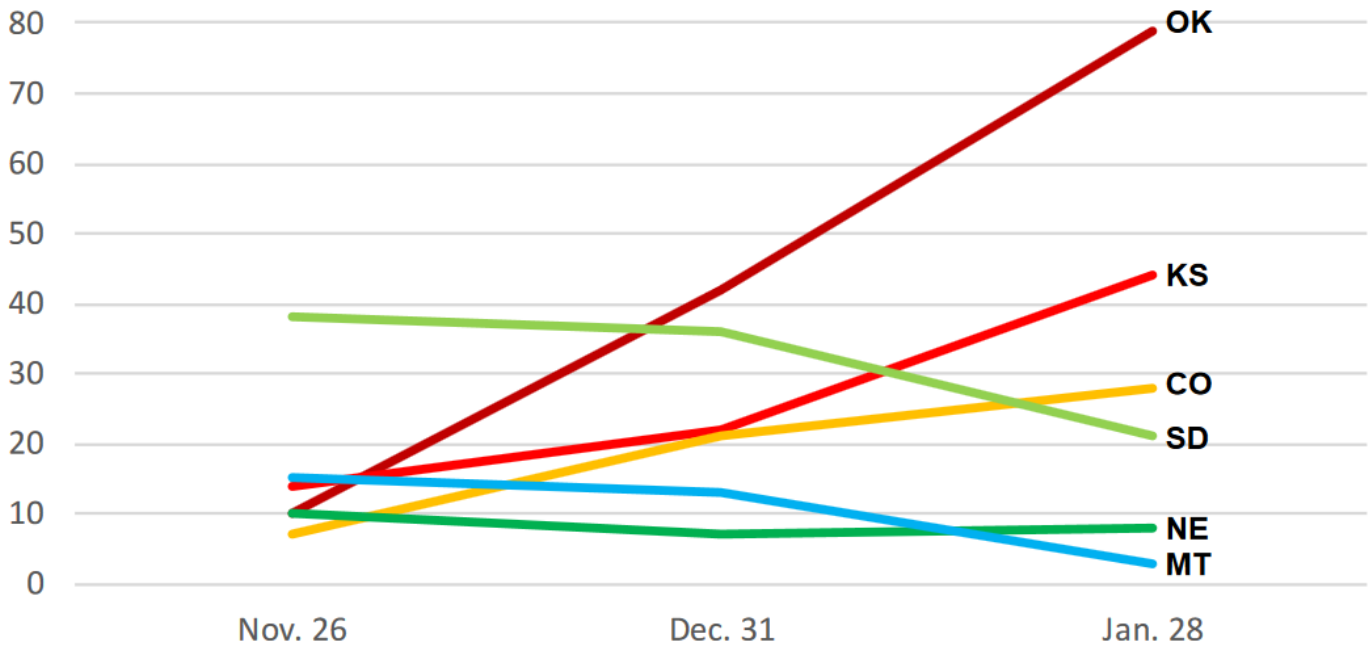
U.S. Hard Red Winter (HRW) Wheat Exports: “Neutral-Negative” short-term Shipments with “Positive” long-term prospects in “New Crop” MY 2017/18 total sales

- Weekly Export Shipments wk of 2/8/2018 for “new crop” MY 2017/18 = 7.1 mb (Neutral-Negative) vs 7.4 mb /wk needed to meet USDA’s February 8th projn of 395 mb HRW wheat exports
- Total shipments through 2/8/2018 for “new crop” MY 2017/18 = 247.5 mb i.e., 62.7% of 395 mb USDA HRW wheat exports with 61.5% of MY complete (32/52 weeks)
- Total shipments + new sales thru 2/8/2018 for “new crop” MY 2017/18 = 313.6 mb i.e., 79.4% of 395 mb for HRW wheat w. 61.5% of MY complete (32/52 weeks) (Positive)

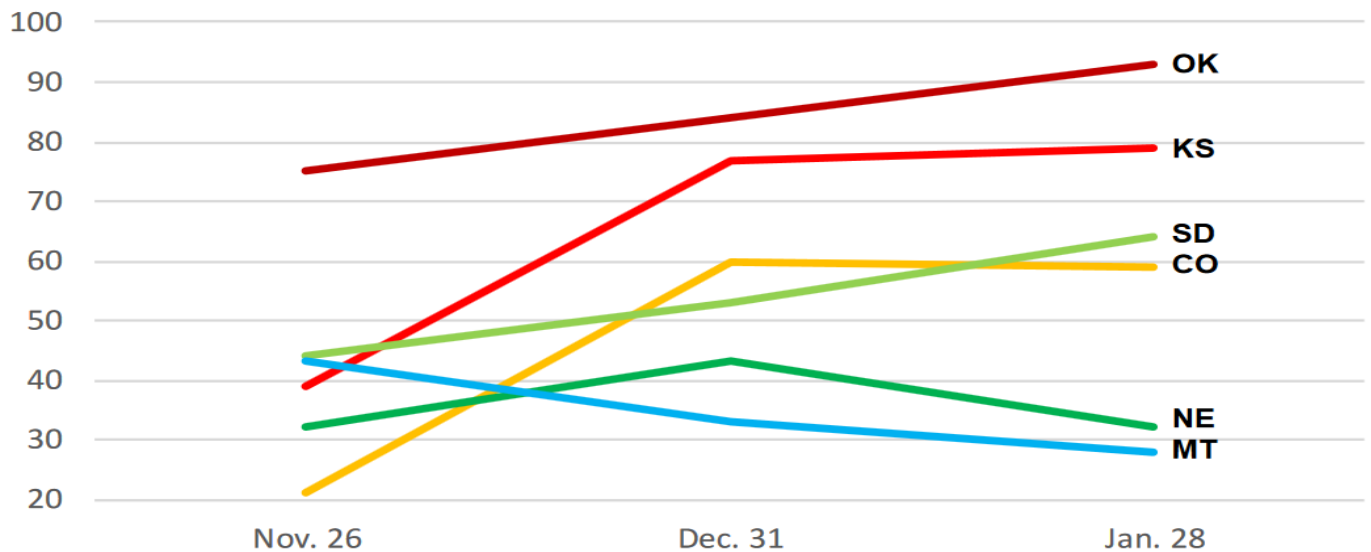
“Negative” World & U.S. Wheat S/D Fundamentals

Mktg Yr	World % S/U	World Crop	U.S. % S/U	U.S. \$/bu	U.S. Exports
2007/08	20.9% S/U	611.9 mmt	13.2% S/U	\$6.48 /bu	1,263 mln bu
2008/09	26.6% S/U	684.0 mmt	28.7% S/U	\$6.78 /bu	1,015 mln bu
2009/10	31.4% S/U	687.4 mmt	48.6% S/U	\$4.87 /bu	879 mln bu
2010/11	30.5% S/U	649.6 mmt	36.4% S/U	\$5.70 /bu	1,291 mln bu
2011/12	28.9% S/U	697.3 mmt	33.4% S/U	\$7.24 /bu	1,051 mln bu
2012/13	25.9% S/U	658.7 mmt	29.9% S/U	\$7.77 /bu	1,012 mln bu
2013/14	28.2% S/U	715.1 mmt	24.2% S/U	\$6.87 /bu	1,176 mln bu
2014/15	31.1% S/U	728.2 mmt	37.3% S/U	\$5.99 /bu	864 mln bu
2015/16	34.0% S/U	735.3 mmt	50.0% S/U	\$4.89 /bu	778 mln bu
2016/17	34.2% S/U	750.4 mmt	53.2% S/U	\$3.89 /bu	1,055 mln bu
2017/18^{USDA}	35.7% S/U	758.3 mmt	48.8% S/U	\$4.60 /bu	975 mln bu
2018/19^{USDA}	-----	-----	42.8% S/U	\$4.60 /bu	950 mln bu

Winter Wheat, Percent Very Poor to Poor Selected States, Winter 2017-18



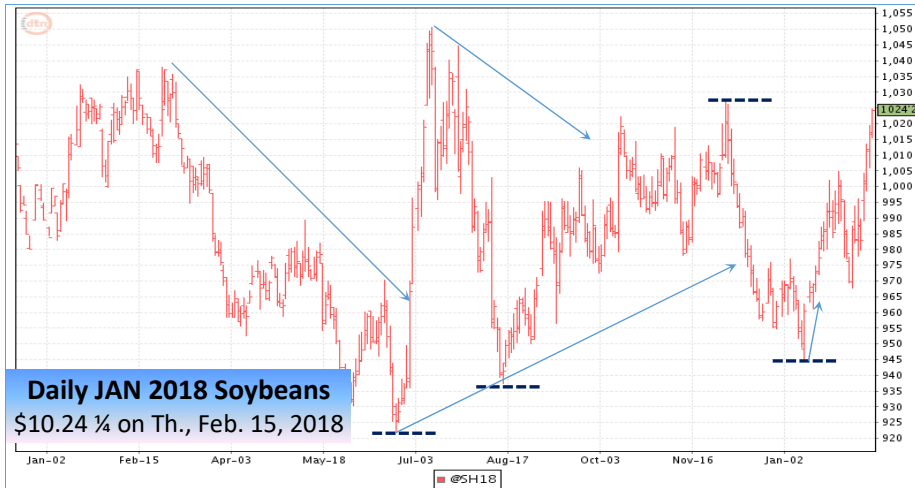
Topsoil Moisture, Percent Very Short to Short Selected States, Winter 2017-18



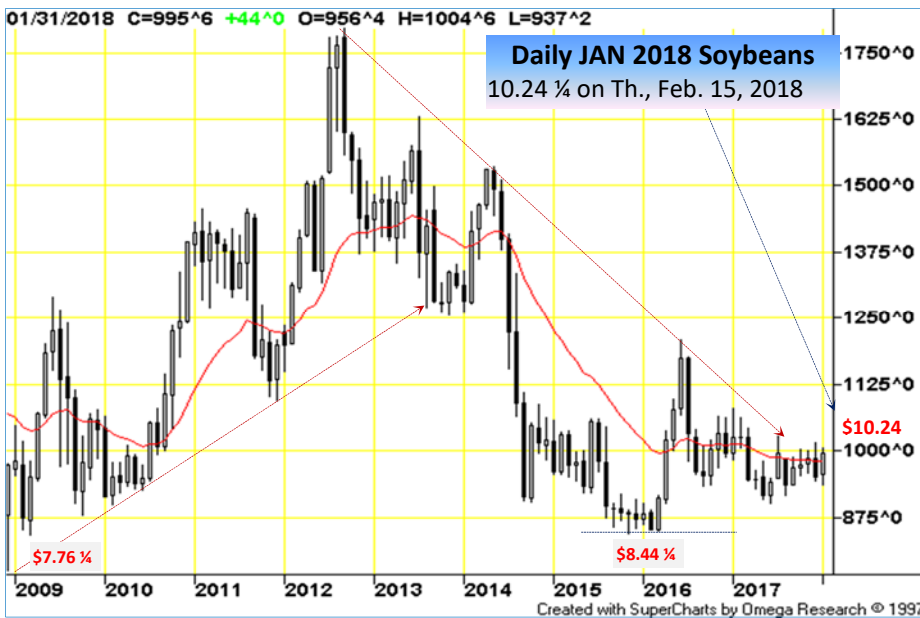
Since winter wheat slipped into dormancy, drought on the southern Great Plains has lowered the perceived condition of winter wheat condition, per USDA/NASS, and has increased topsoil moisture shortages. Some of the harshest winter drought has been observed in Oklahoma, where—between November 26 and January 28—wheat rated very poor to poor increased from 10 to 79 percent, while topsoil moisture rated very short to short increased from 75 to 93%.

VI. Soybean Market Outlook

Daily JANUARY 2018 Soybean Futures



Monthly Soybean eFutures



Key Soybean Supply-Demand Issues:

❖ U.S. Soybean Exports: “Neutral” short-term export shipments in “New Crop” MY 2017/18 and “neutral” long-term total sales

- **Weekly Export Shipments week of 2/8/2018 for MY 2017/18 = 50.5 mb (Neutral) vs 26.7 mb/wk needed to meet USDA’s February 8th projn of 2.100 bb exports**
- **Total shipments through 2/8/2018 for MY 2017/18 = 1.325 bb i.e., 63.1% of 2.100 bb USDA projn with 44.2% of MY complete (23/52 weeks)**
- **Total sales through 2/8/2018 for “New Crop” MY 2017/18 = 1.569 bb i.e., 74.7% of 2.100 bb USDA projn w. 44.2% of MY complete (23/52 weeks) (Neutral)**

❖ U.S. Soybean Meal Exports: “Bullish” short-term export shipments in “New Crop” MY 2017/18 and “Bullish” long-term total sales

- **Export Shipments for week of 2/8/2018 for “New Crop” MY 2017/18 = 253,600 mt (Bullish) vs 217,130 mt/wk needed to meet USDA’s February 8th projn of 11.070 mmt exports**
- **Total shipments through 2/8/2018 for “New Crop” MY 2017/18 = 3.905 mmt i.e., 35.3% of 11.070 mmt USDA projn with 36.5% of MY complete (19/52 weeks)**
- **Total shipments & new sales (2/8/2018) for “New Crop” MY 2017/18 = 7.671 mmt i.e., 69.3% of 11.070 mmt USDA projn with 36.5% of MY complete (19/52 wks) (Bullish)**

❖ World & U.S. Soybean Supply-Demand Fundamentals

Mktg Yr	World % S/U	World Crop	U.S. % S/U	U.S. \$/bu	U.S. Exports
2009/10	25.1% S/U	260.8 mmt	4.5% S/U	\$ 9.59 /bu	1.499 bln bu
2010/11	27.7% S/U	264.4 mmt	6.6% S/U	\$11.30 /bu	1.505 bln bu
2011/12	20.7% S/U	240.4 mmt	5.4% S/U	\$12.50 /bu	1.365 bln bu
2012/13	21.2% S/U	268.5 mmt	4.5% S/U	\$14.40 /bu	1.328 bln bu
2013/14	22.6% S/U	282.8 mmt	2.6% S/U	\$13.00 /bu	1.638 bln bu
2014/15	25.7% S/U	320.0 mmt	4.9% S/U	\$10.10 /bu	1.842 bln bu
2015/16	24.8% S/U	313.8 mmt	5.0% S/U	\$ 8.95 /bu	1.942 bln bu
2016/17	29.1% S/U	351.3 mmt	7.2% S/U	\$ 9.47 /bu	2.174 bln bu
2017/18^{USDA}	28.6% S/U	346.9 mmt	12.7% S/U	\$ 9.30 /bu	2.100 bln bu
2018/19^{USDA}	-----	-----	10.8% S/U	\$ 9.40 /bu	2.325 bln bu

Here is the first question I got this winter at a seminar in Illinois: “Al, you taught me a long time ago that the cure for low prices is low prices. But how much longer am I going to have to wait for the cure?”

I had to admit that the grain market has been moving lower for longer than I thought it would. On top of that, last year’s rally in the corn market was the smallest seasonal rally since 2005. Wheat prices have also gone (and stayed) lower than I had expected. Some wheat farmers in the Southern Plains were able to lock in an LDP at the harvest low in 2017.

Still, I had an answer for that farmer, and it was based on several of the marketing tools I’ve used for the last four decades; namely, my global supply/demand reports, U.S. supply/demand reports, and my long-term charts. These are the same tools I use each year when I put together my long-term market plan.

A look at supply/demand

Let’s start with a look at my analysis of the long-term global and U.S. supply/demand. I have good news and bad news.

The bad news: wheat. Global wheat demand is increasing by just 1% each year. Demand is growing, yes, but so has production in many areas of the world.

The U.S. percentage of the global wheat exports is down to just 14% and is moving lower. If wheat prices are going to turn higher and return to a decent profit, then it will take production problems in both Russia and Europe.

Global ending stocks have started to move lower but are still huge. As a result, a smaller crop in just the U.S. could impact basis bids and protein bids, but it would have minimum impact on U.S. and global wheat futures prices.

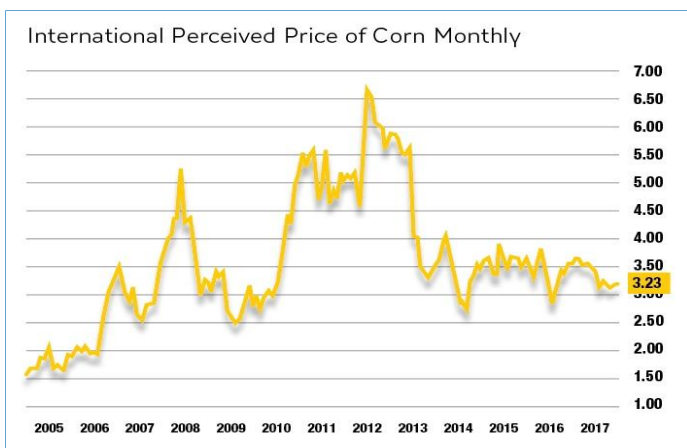
For **global feed grains**, the news and the fundamentals are a little better. Global demand is growing by about 1.5%. **The U.S. is the dominant nation in the world in corn production with about 28% of the world’s production and nearly 50% of the global trade.**

Global ending stocks have been moving lower for the last three years. **Production problems or even a major weather scare in the main U.S. Corn Belt will have a large and sudden impact on corn prices.**

The good news: soybeans. Global soybean demand is increasing by 3% a year. South America (mainly Brazil and Argentina) produces more soybeans than the U.S. The area has had two years of great crops to add on to record harvests from the U.S. **But even with these large supplies, soybean prices have held much better than corn and wheat.**

Global ending stocks are virtually unchanged from three years ago. In addition, the stocks-to-use ratio is getting smaller. **The U.S. produces 22% of global oilseeds and has about 35% of global exports.**

The U.S. is not as dominant in soybeans as it is in corn, but with record oilseed demand and relatively low global ending stocks, **any weather problems this summer will create a volatile rally back in the soybean market.**



I build this chart by multiplying the nearby CBOT futures price of corn by the current U.S. dollar value. This shows the price that global customers are paying for U.S. corn, and it factors in the strength or weakness of the dollar. The recent 10% drop in the U.S. dollar has made our corn export price very competitive in the global market.

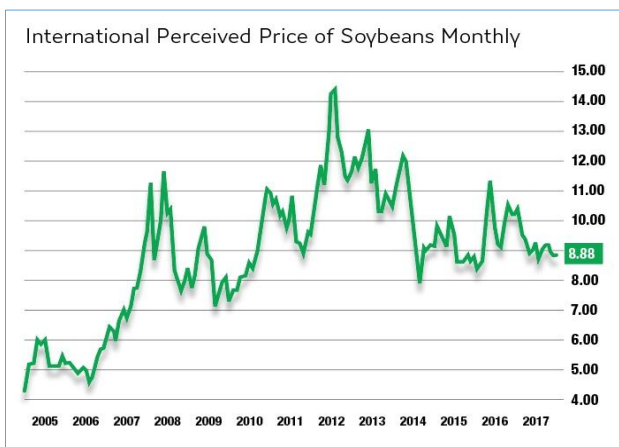
A look at my long-term charts

What do my long-term charts tell me? Let's start with corn. Corn prices – especially in international terms – are very cheap. Corn prices are within 2% of the lows made in 2009, 2014, and 2016. The other long-term observation is that prices have held a higher low each of the last three years.

The good news is, eventually this will result in a higher high on my long-term chart. In this basing type of market, the longer the base, the better the reward.

For soybeans, international soybean prices are also really cheap. Even with record supplies, soybean prices have held well above the lows made in 2009 and in 2014.

The long-term soybean chart since 2014 shows a series of higher lows. I am watching for a close above the two previous months' high on this long-term chart to confirm a major low in the soybean market.



I build this chart by multiplying the nearby CBOT futures price of soybean by the current U.S. dollar value. Soybean futures have dropped in recent weeks. The lower CBOT futures price and the 10% drop in the U.S. dollar over the last 13 months have dropped U.S. soybean prices down to within 4% of the major lows made in 2014 and 2016.

How much longer?

To answer that farmer in Illinois who wanted to know how much longer he's going to have wait for the cure: It will take some more patience (and endurance).

I do not forecast an instant rally back to the prices and profits of 2011 through 2013. However, I do anticipate a combination of lower input costs, higher yields, and a slight increase in prices. This will create a gradual improvement in farm profits.

If we get the normal 40¢ to 50¢ seasonal rally in corn, 60¢ to 80¢ in wheat, and \$1 per bushel in soybeans this summer, then your 2018 bottom line may be better than you expect at this time.

Hang on a little longer and you will get some reward in 2018.

Meanwhile, I hope to see you at the [2018 Commodity Classic](#) in Anaheim, California. I will be speaking at the trade show on the Main Stage on Tuesday, February 27, at 12:15 p.m. and again on Wednesday, February 28, at 2:30 p.m.

Between talks, I will be at the Successful Farming booth, and I would enjoy meeting you face to face. Bring me your questions and let's talk about your farm and your future.

NOTE: Trading of futures and options has substantial financial risk of loss and is not for all investors.