

Grain Market Analysis

KSU Ag Econ 520

Commodity Futures Trading

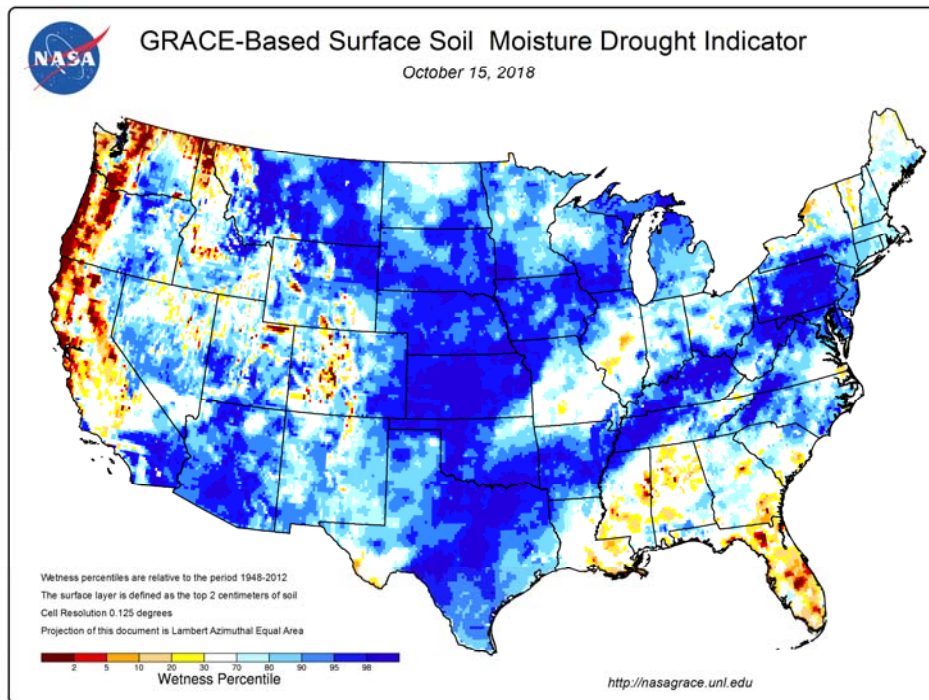
October 18, 2018

DANIEL O'BRIEN

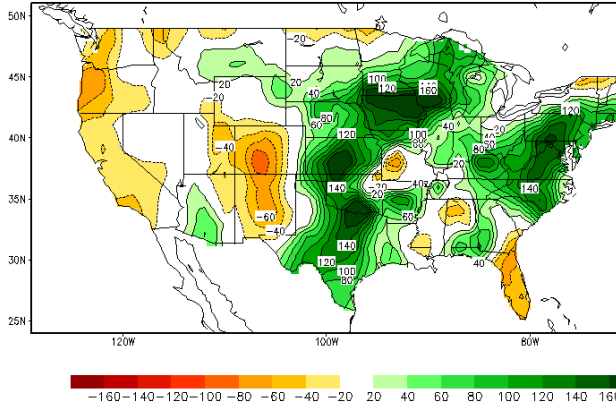
EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

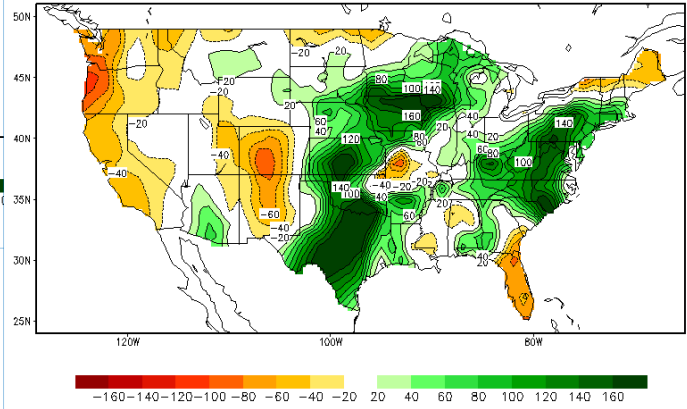
Department of Agricultural Economics



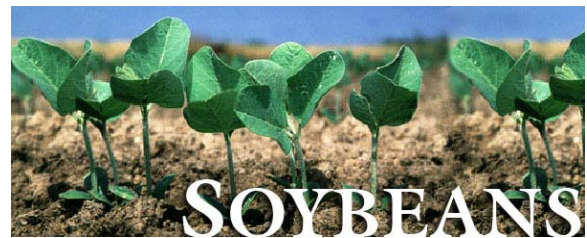
Calculated Soil Moisture Anomaly (mm)
OCT 15, 2018



Predicted Soil Moisture Anomaly (mm)
(16Oct2018-23Oct2018)



Soybean Markets



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Department of Agricultural Economics

U.S. Soybean Market Prospects in 2018-19

A. U.S.-China Trade Dispute

- **HAS** affected U.S. Soybean prices, but so far **LIMITED EFFECT** on U.S. export shipments & forward purchases

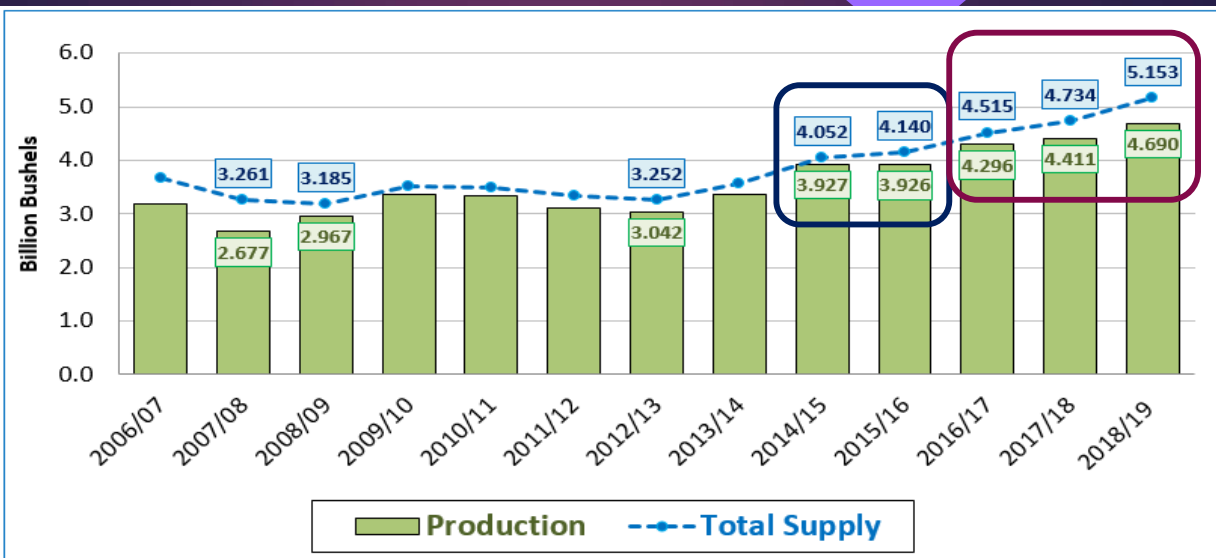
B. USDA forecasts U.S. Exports to be **large** despite Tariffs

- Foreign buyer "**switching**" between **U.S.** & **South America**, & some "**trans-shipments**" have occurred among countries

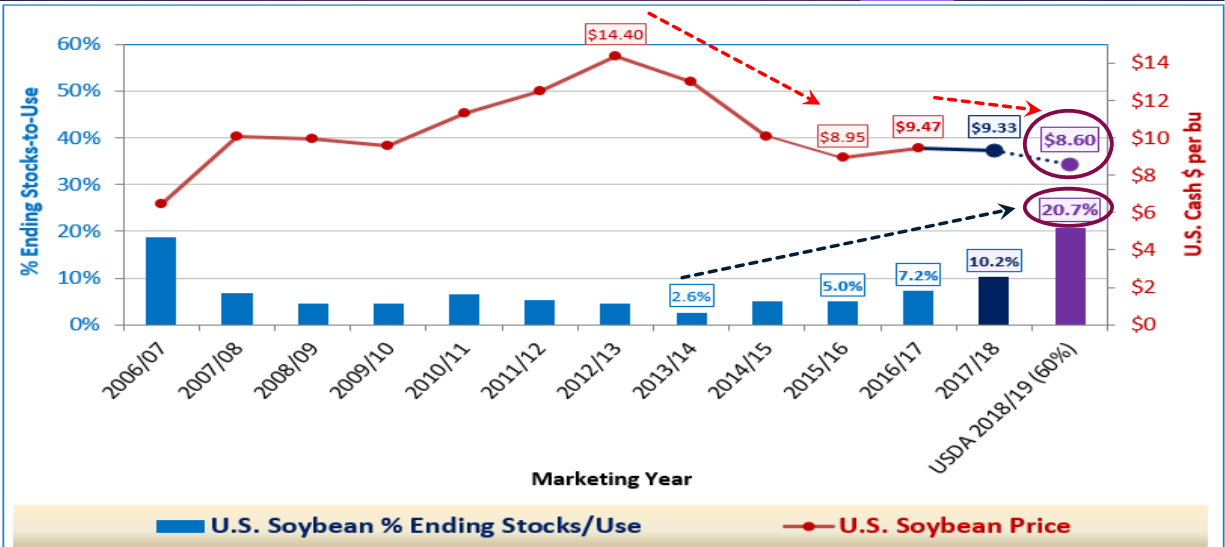
C. Market Focus in Fall-Winter 2018-19

- **So. America** crop prospects – their response to high 2018 \$'s

U.S. Soybean Production & Supplies



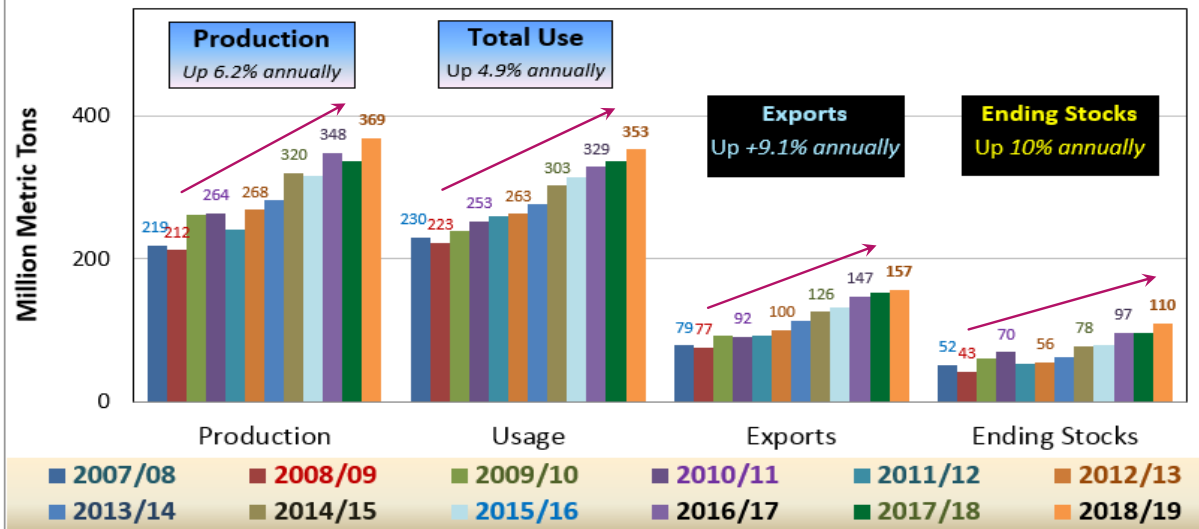
U.S. Soybean % Stocks/Use vs Price\$



U.S. Soybean Stocks.....

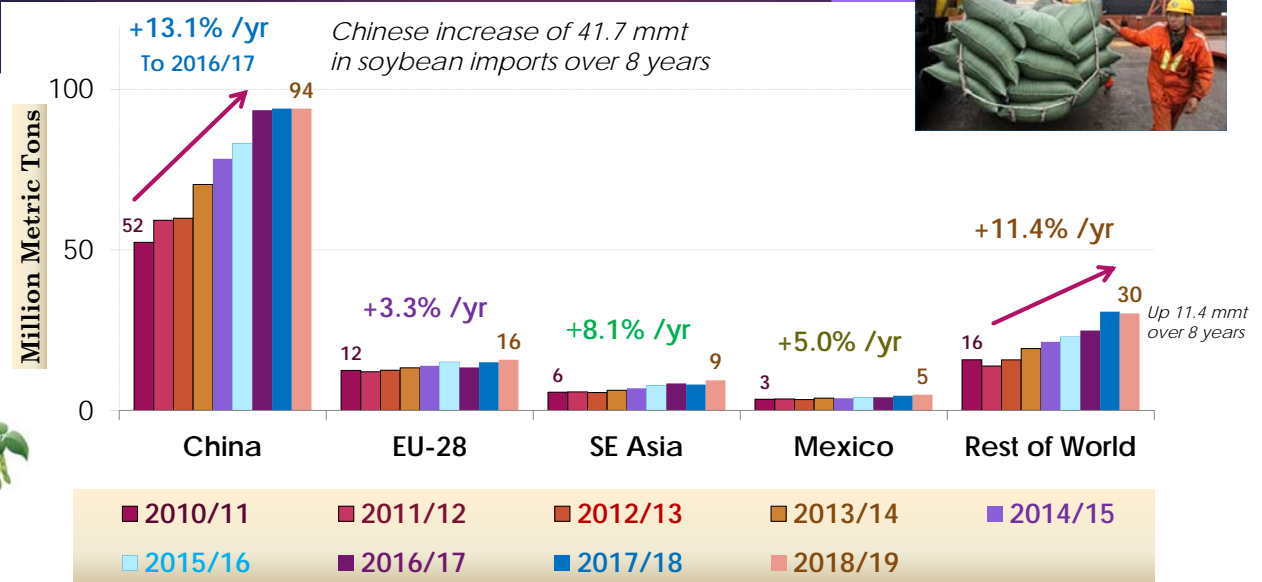
- Soybean: "*Large*" Stocks & % S/U
 - End Stocks ^{2018/19} ⇒ 885 mln bu (*High vs 438 mb last year*)
 - % Stocks/Use ^{2018/19} ⇒ 20.7% S/U (*High vs 10.2% last year*)

World Soybean Supply, Use & Stocks



Administration

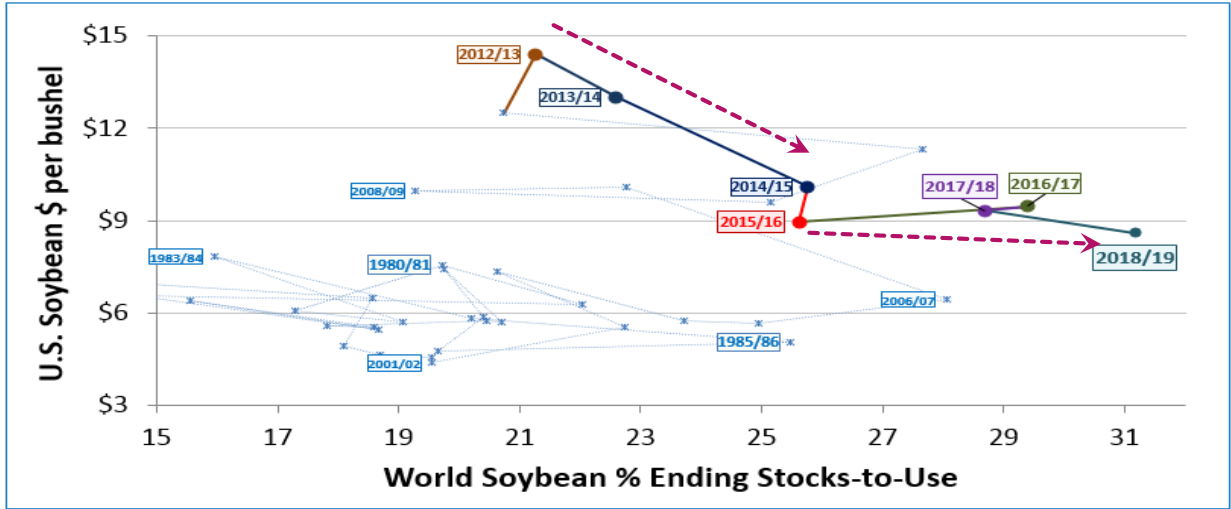
Soybean Importer Purchases



U.S. Soybean\$ vs World %Stx/Use



MY 1973/74 through "New Crop" MY 2018/19



CME Soybean Futures

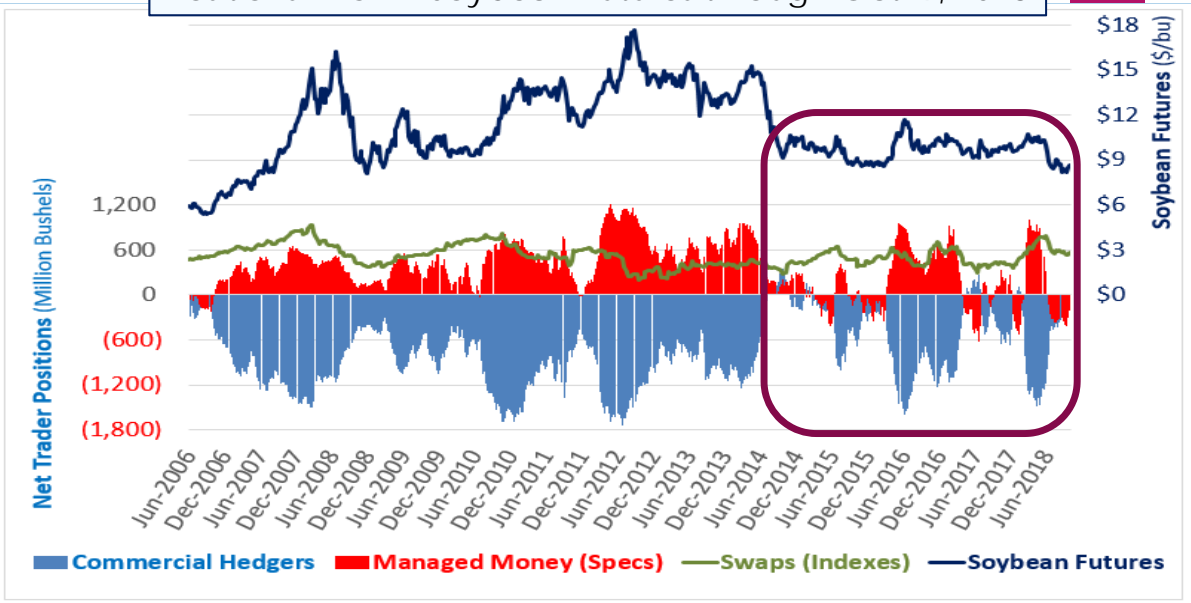


Monthly Chart: July 2009 through September 2018 + 10/17/2018 a.m.



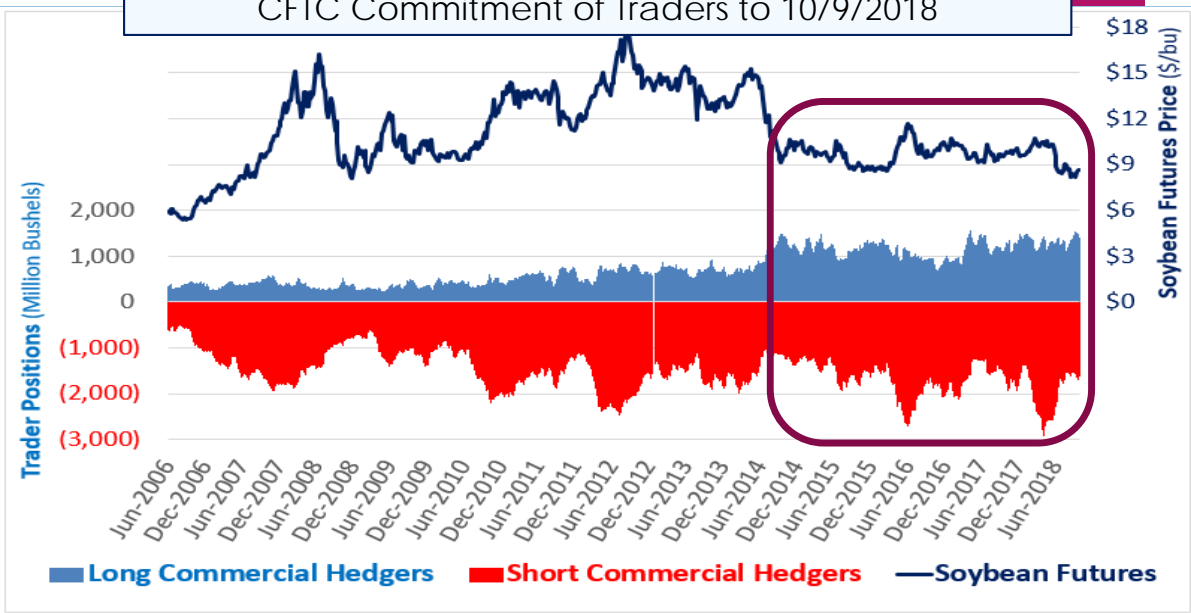
CFTC Commitment of Traders Report

Positions in CME Soybean Futures through Oct. 9, 2018



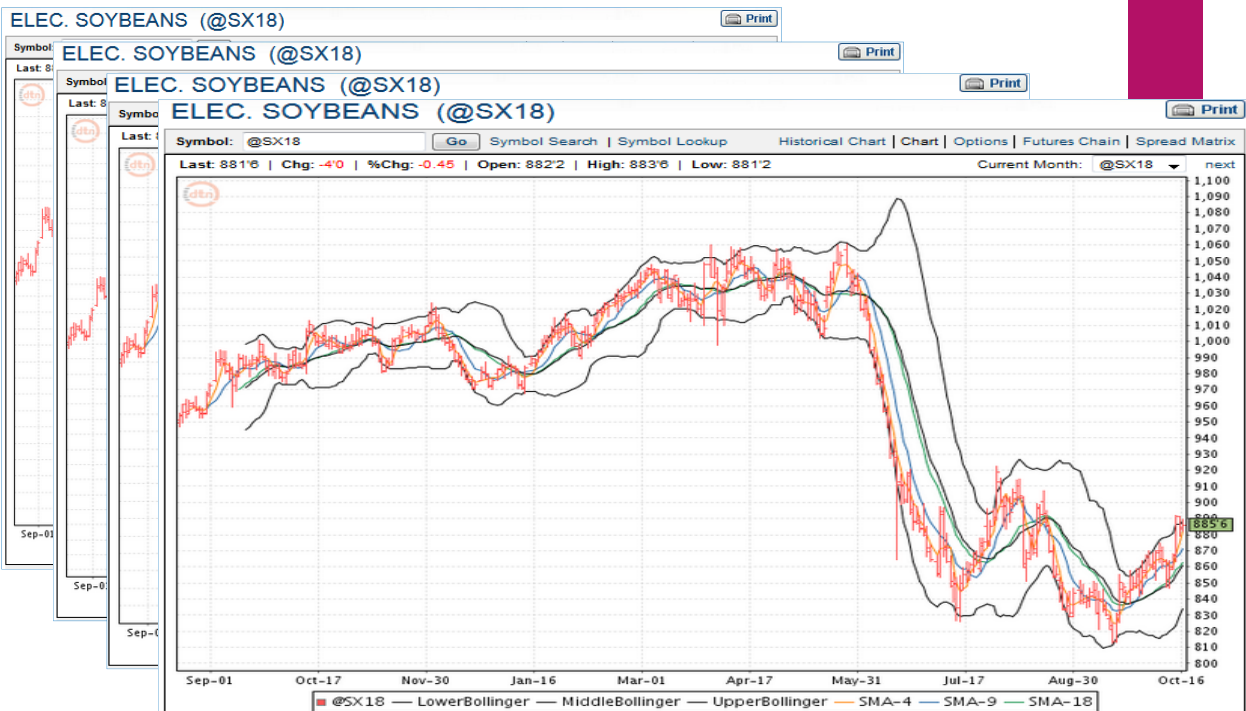
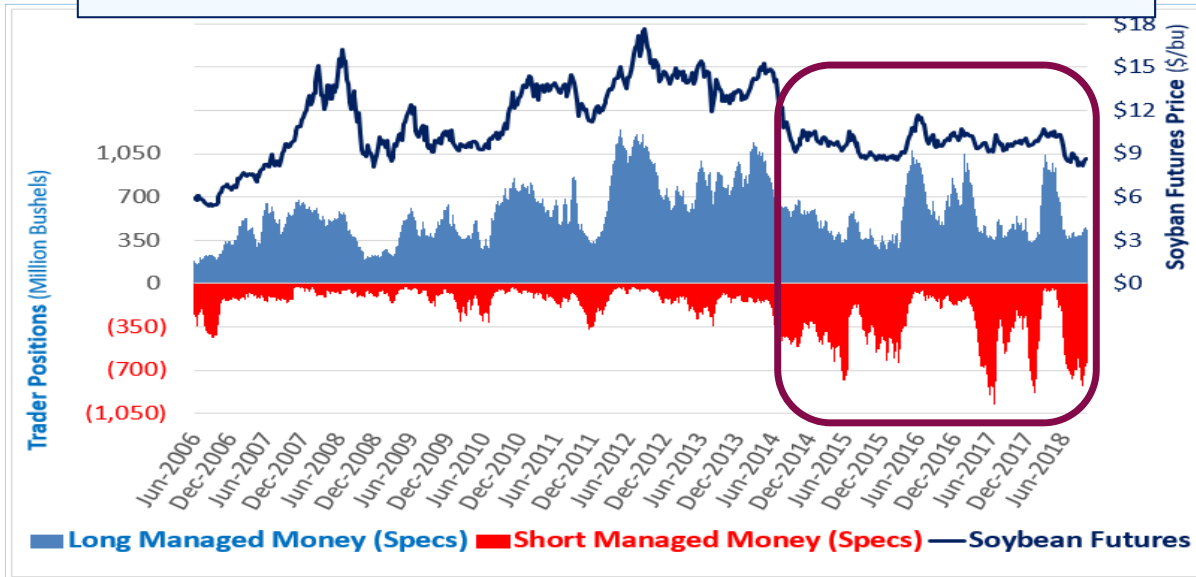
Commercial Hedge Positions in Soybeans

CFTC Commitment of Traders to 10/9/2018



Managed Money (Spec) Positions in Soybeans

CFTC Commitment of Traders to 10/9/2018



ELEC. SOYBEANS (Jan 2019) [10 Minute Delay]

Refresh 2

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
895'4	-4'2	-0.47	896'4	897'6	895'4	899'6	51688	CBOT	10/17/18 19:55

Symbol: @SF19 Symbol Search | Symbol Lookup | Strike Range: Near-the-Money

Nov 2018 | Jan 2019 | Mar 2019 | May 2019 | Jul 2019 | Aug 2019 | Sep 2019 | Nov 2019 | Jan 2020 | Nov 2020

Jan 2019
Jan 2019 Options

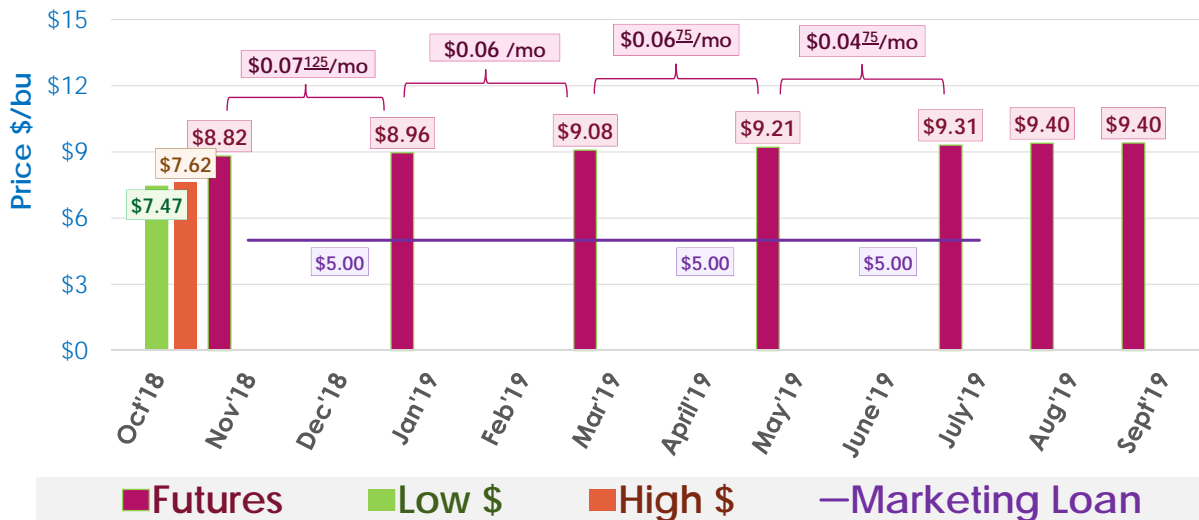
Days Until Expiration: 65

Calls								Puts								
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int
<input type="checkbox"/> @SF19C8500	57'2s	0'5	56'0	56'0	56'0	5	65	8500	<input type="checkbox"/> @SF19P8500	7'7	0'2	7'7	7'7	7'7	956	6195
<input type="checkbox"/> @SF19C8600	49'4s	0'4	49'2	52'2	49'2	9	2142	8600	<input type="checkbox"/> @SF19P8600	9'7s	0'0	10'2	10'2	9'0	181	3505
<input type="checkbox"/> @SF19C8700	42'3s	0'4	44'6	44'6	44'6	34	464	8700	<input type="checkbox"/> @SF19P8700	12'6s	0'0	12'2	13'4	12'0	186	2456
<input type="checkbox"/> @SF19C8800	35'7s	0'4	37'3	37'7	37'3	66	2415	8800	<input type="checkbox"/> @SF19P8800	16'1s	-0'1	16'2	16'4	15'1	382	2181
<input type="checkbox"/> @SF19C8900	30'0s	0'2	--	--	--	0	3107	8900	<input type="checkbox"/> @SF19P8900	20'3s	-0'1	20'2	20'4	19'2	55	480
<input type="checkbox"/> @SF19C9000	25'0s	0'2	23'7	26'6	23'0	251	9586	9000	<input type="checkbox"/> @SF19P9000	25'2s	-0'1	25'3	26'1	23'4	144	3526
<input type="checkbox"/> @SF19C9100	20'5s	0'2	19'5	22'2	19'5	321	3183	9100	<input type="checkbox"/> @SF19P9100	30'7s	-0'2	--	--	--	0	45
<input type="checkbox"/> @SF19C9200	17'0s	0'2	16'1	18'4	16'0	42	5633	9200	<input type="checkbox"/> @SF19P9200	37'1s	-0'3	37'6	37'6	36'0	46	660
<input type="checkbox"/> @SF19C9300	14'0s	0'2	14'4	15'0	14'1	695	1273	9300	<input type="checkbox"/> @SF19P9300	44'1s	-0'2	--	--	--	0	3
<input type="checkbox"/> @SF19C9400	11'4s	0'1	11'2	12'5	11'2	732	5762	9400	<input type="checkbox"/> @SF19P9400	51'5s	-0'2	49'1	49'1	49'1	1	1121
<input type="checkbox"/> @SF19C9500	9'4s	0'1	8'7	10'4	8'7	213	2710	9500	<input type="checkbox"/> @SF19P9500	59'5s	-0'2	56'6	56'6	56'6	1	31

In the money At the money
Quotes generated on: Wed, Oct 17, 2018 8:09 PM CDT

Soybean Cash & Futures Price\$'s

Salina, KS Local Elevators - October 17, 2018



Corn Markets



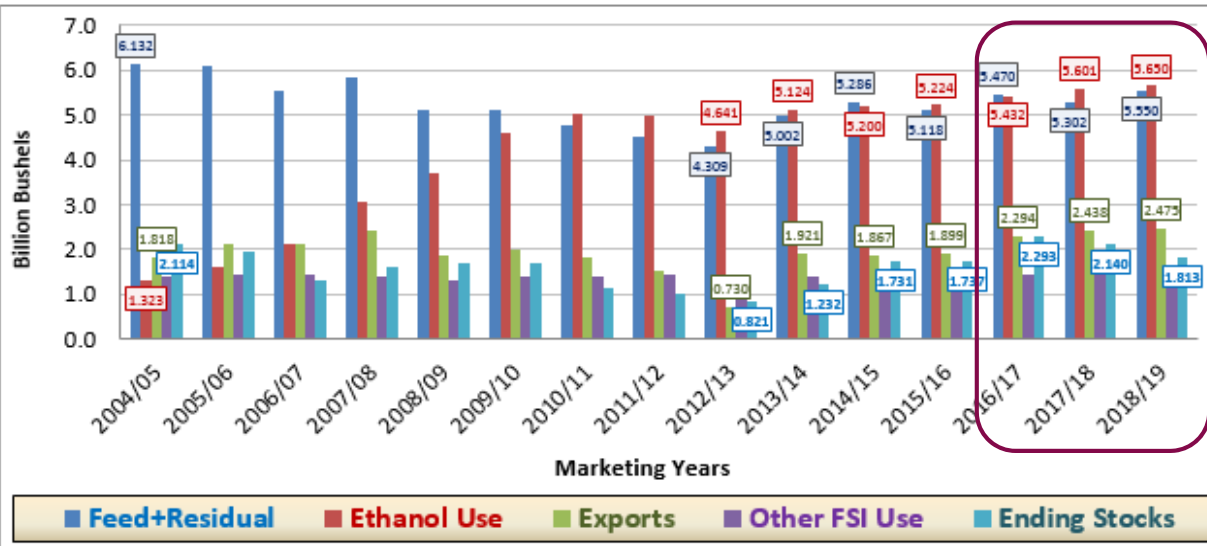
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U.S. Corn Production & Supplies

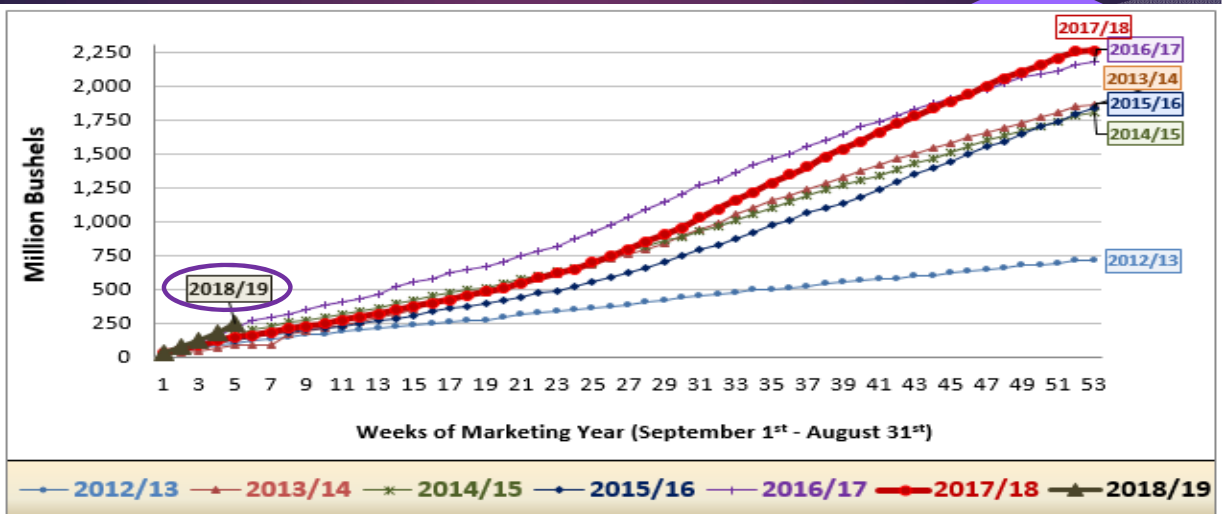


U.S. Corn Use & End Stocks

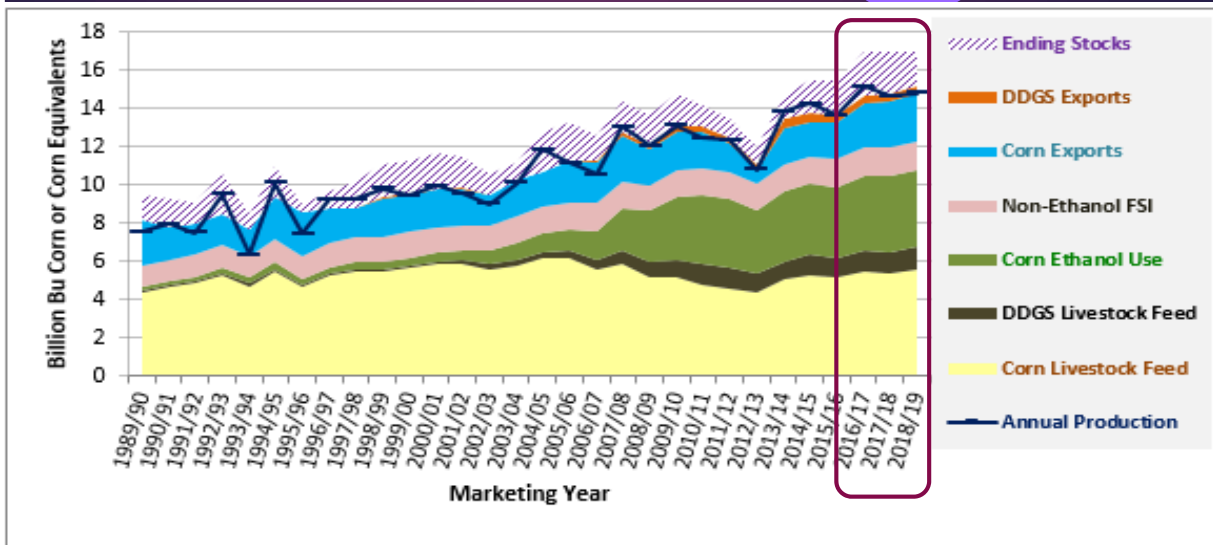


U.S. Corn Export Shipments

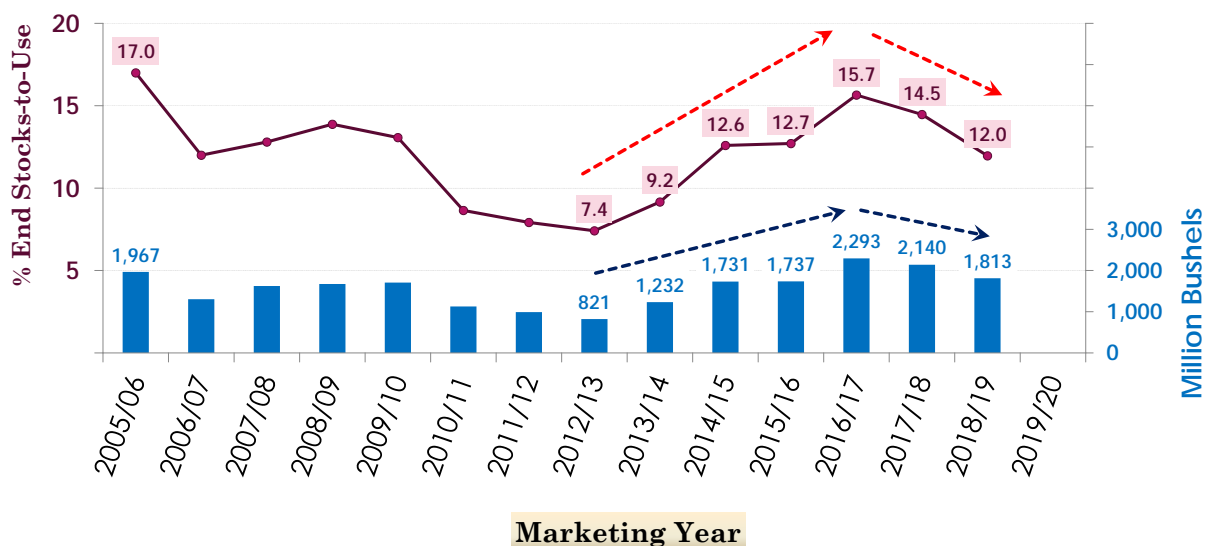
Last 7 Marketing Years: MY 2012/13 – 2018/19 (Thru 10/4/2018)



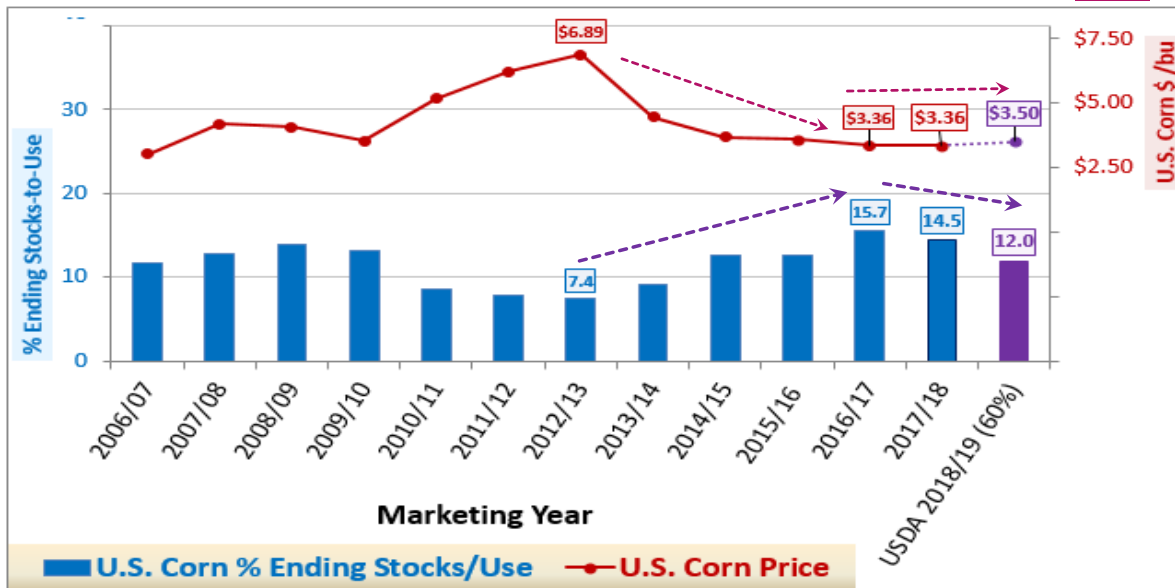
U.S. Corn Use & End Stocks



U.S. Corn Ending Stocks & % Stx/Use



U.S. Corn % Stocks/Use vs Price\$



U.S. Corn & Sorghum Stocks.....

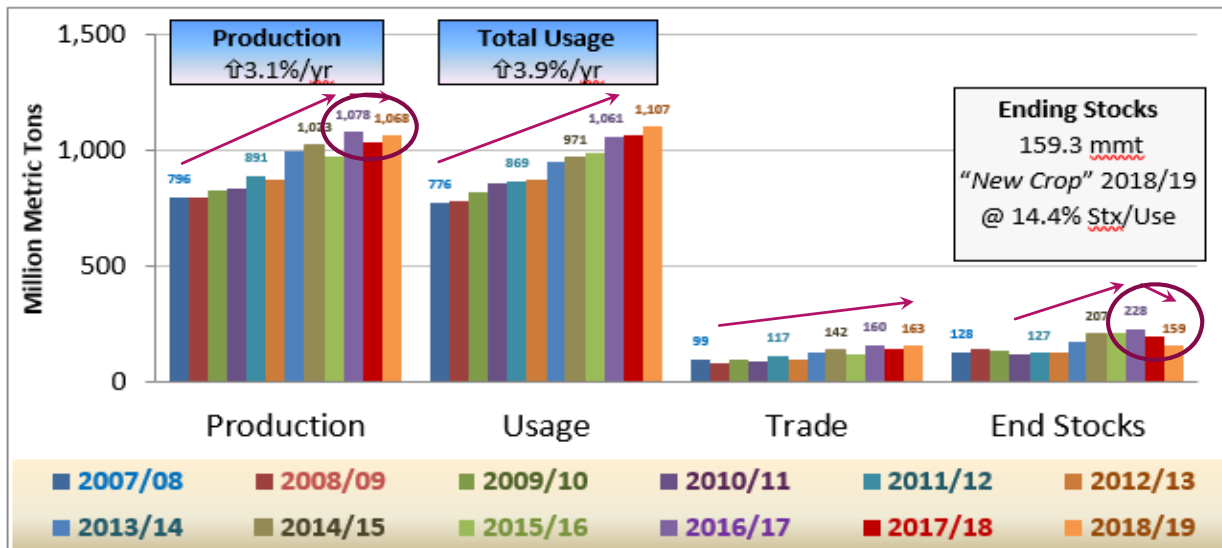
- Corn: "Moderate" Stocks & % S/U

- End Stocks 2018/19 ⇒ 1.813 bln bu (vs 2.140 bb last year)
- % Stocks/Use 2018/19 ⇒ 12.0% S/U (vs 14.5% S/U last year)

- Grain Sorghum: "Low" Price\$'s (Hurt by trade issues)

- End Stocks 2018/19 ⇒ 37 mln bu (↓ Exports & ↑ Ethanol Use)
- % Stocks/Use 2018/19 ⇒ 9.7% S/U (↑ vs 9.6% S/U last year)

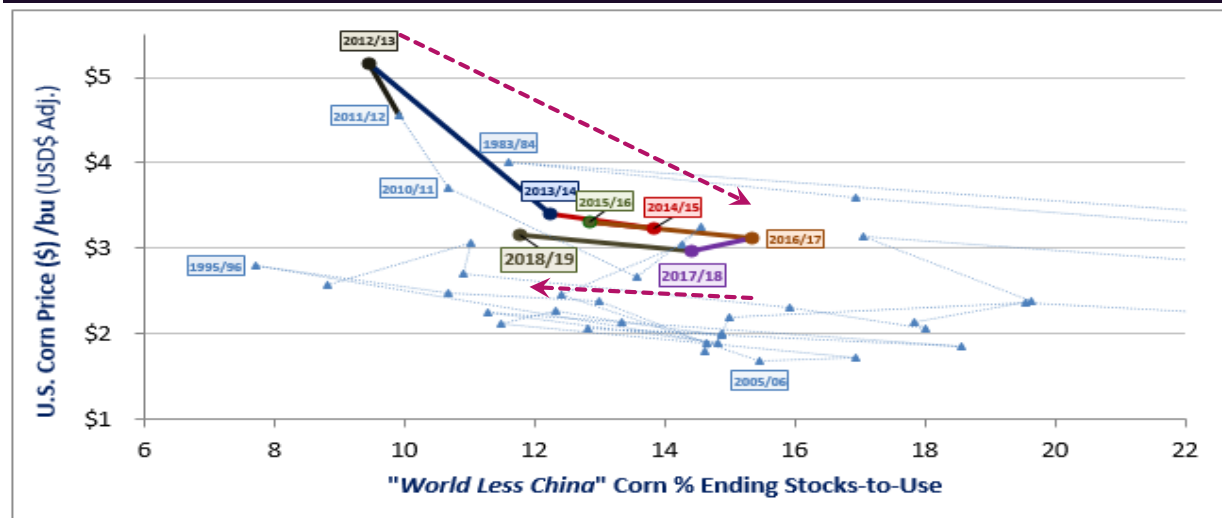
World Corn Supply, Use & Stocks



Ernst & Young

U.S. Corn\$ vs "World-Less-China" %Stx/Use

MY 1973/74 through "New Crop" MY 2018/19



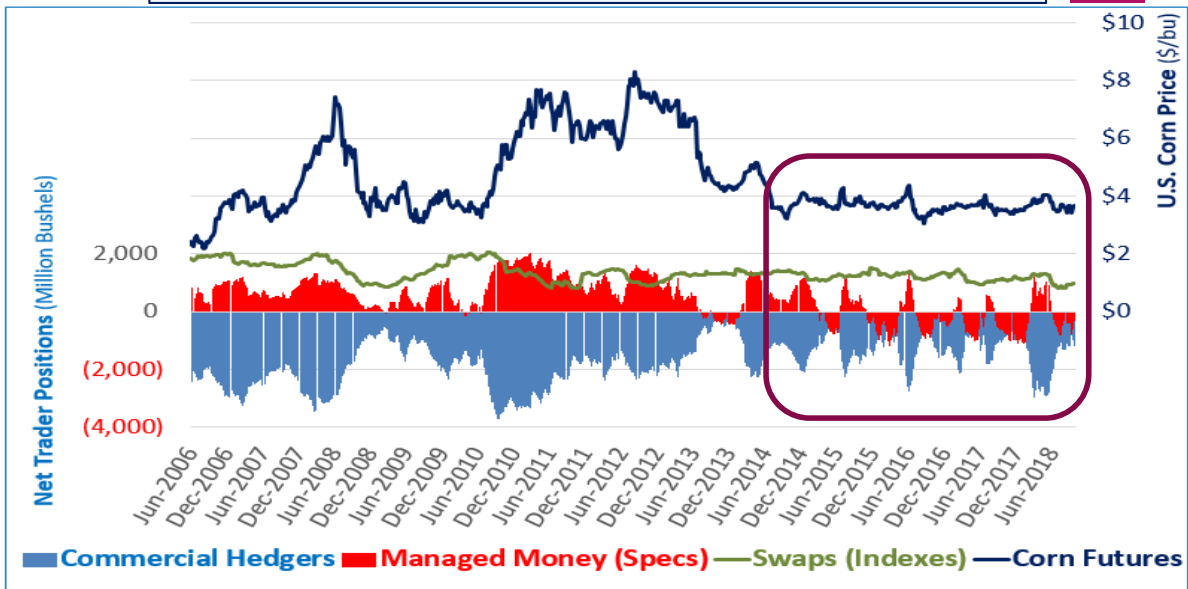
CME Corn Futures

Weekly Chart: August 2009 – September 2018 + 10/17/2018



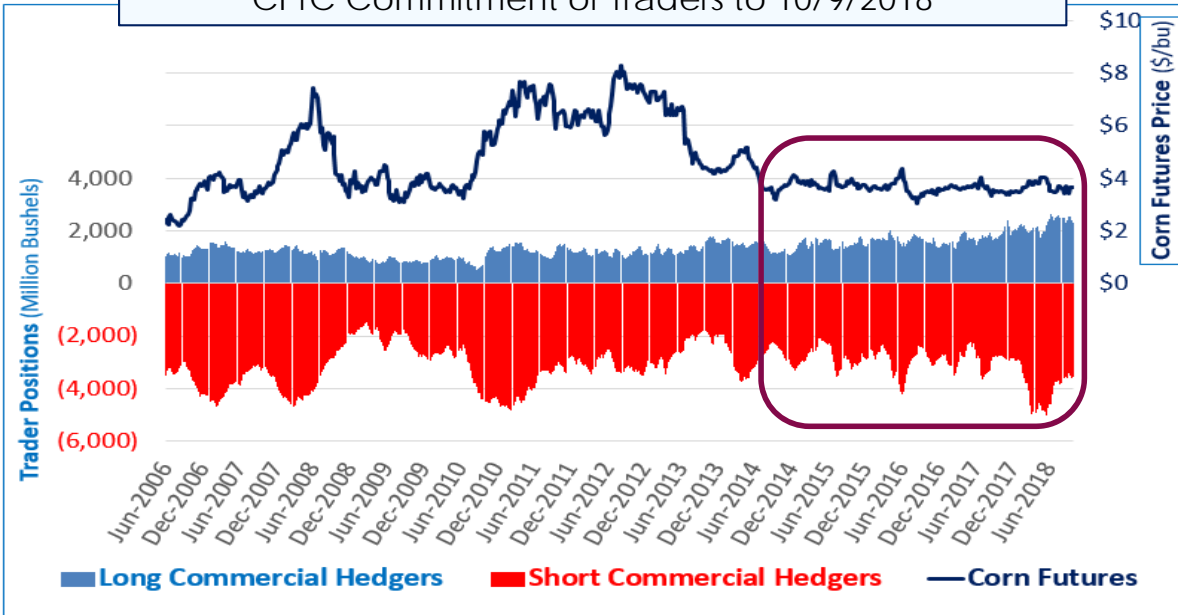
CFTC Commitment of Traders Report

Positions in CME Corn Futures through Oct. 9, 2018



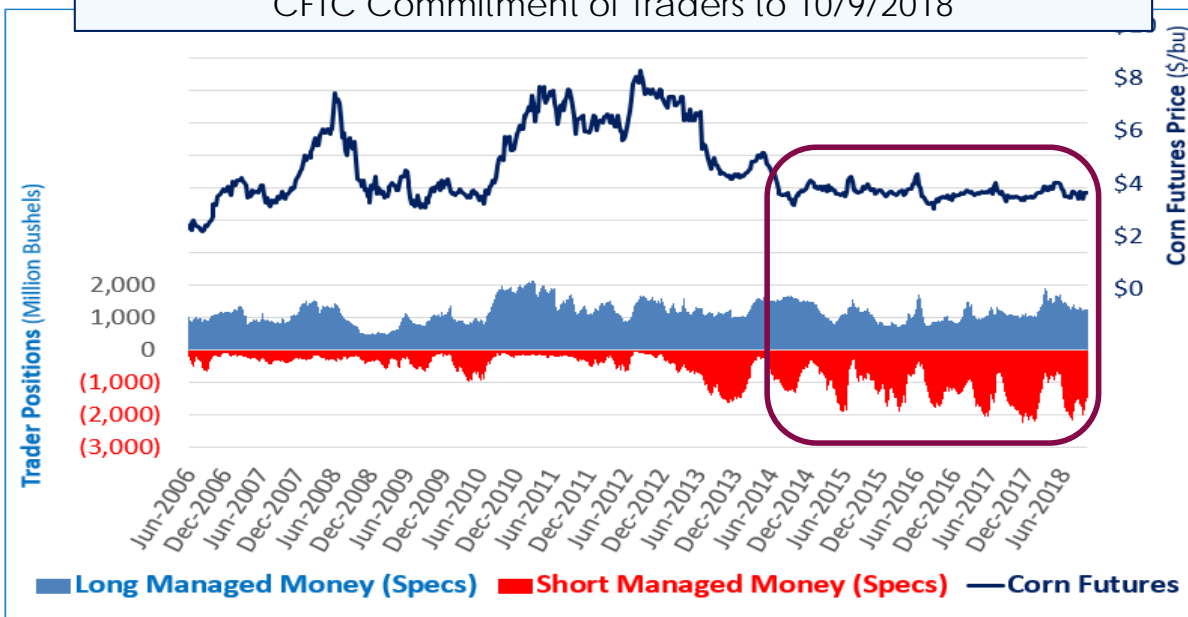
Commercial Hedger Positions in CME Corn

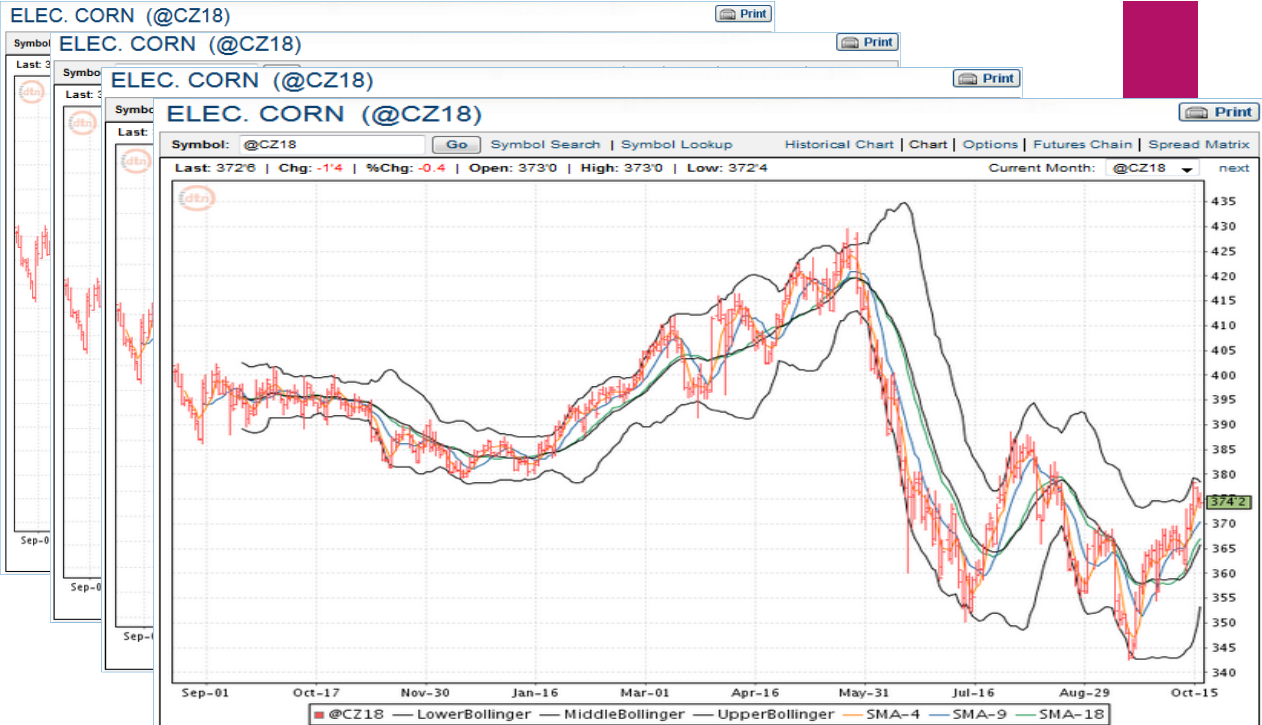
CFTC Commitment of Traders to 10/9/2018



Managed Money (Spec) Positions in CME Corn

CFTC Commitment of Traders to 10/9/2018





ELEC. CORN (Dec 2018) [10 Minute Delay]

Refresh 2

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
372'2	-2'0	-0.53	373'0	373'0	372'2	374'2	106446	CBOT	10/17/18 20:24

Symbol: @CZ18 | Go | Symbol Search | Symbol Lookup | Strike Range: Near-the-Money | Chart | Options | Futures Chain

Dec 2018 | Mar 2019 | May 2019 | Jul 2019 | Sep 2019 | Dec 2019 | Mar 2020 | May 2020 | Jul 2020 | Dec 2020

Dec 2018

Dec 2018 Options

Days Until Expiration: 37

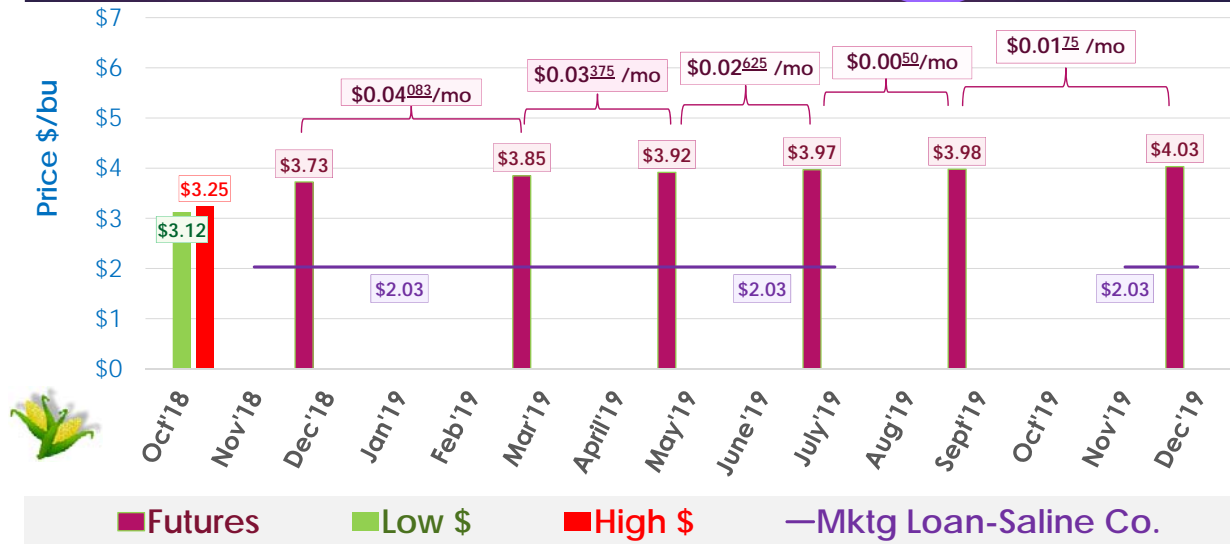
Calls								Puts								
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int
@CZ18C3500	25'1s	-1'0	28'4	28'4	25'0	53	15640	3500	@CZ18P3500	0'7	0'0	0'7	0'7	0'7	393	38616
@CZ18C3550	20'5s	-1'1	21'3	22'2	21'1	159	2927	3550	@CZ18P3550	1'3s	-0'1	1'4	1'4	1'2	403	7293
@CZ18C3600	16'4s	-1'0	17'5	17'6	16'2	90	17962	3600	@CZ18P3600	2'2	0'0	2'2	2'2	2'2	1704	40525
@CZ18C3650	12'6s	-1'0	---	---	---	6	14628	3650	@CZ18P3650	3'4s	0'0	3'4	3'4	3'3	102	5019
@CZ18C3700	8'5	-1'0	8'5	8'5	8'5	649	38351	3700	@CZ18P3700	5'7	0'4	5'7	5'7	5'7	2064	31487
@CZ18C3750	6'3	-0'8	6'8	6'8	6'3	679	7721	3750	@CZ18P3750	7'7s	0'1	7'6	8'0	7'3	105	1438
@CZ18C3800	4'4	-0'5	4'7	4'7	4'4	3064	41630	3800	@CZ18P3800	12'0	1'1	11'2	12'0	11'2	49	20894
@CZ18C3850	3'5s	-0'5	4'4	4'4	3'6	72	10133	3850	@CZ18P3850	14'3s	0'3	15'2	15'2	15'2	1	77
@CZ18C3900	2'4s	-0'4	2'5	3'0	2'4	5041	33719	3900	@CZ18P3900	18'2s	0'4	18'6	18'6	17'2	93	14819
@CZ18C3950	1'4	-0'2	1'4	1'4	1'4	218	3493	3950	@CZ18P3950	22'4s	0'5	---	---	---	0	244
@CZ18C4000	1'2s	-0'2	1'3	1'4	1'2	1828	63571	4000	@CZ18P4000	27'0s	0'6	26'6	26'6	25'4	13	14269

In the money At the money

Quotes generated on: Wed, Oct 17, 2018 8:35 PM CDT

Corn Cash & Futures \$'s

Salina, KS Local Elevators – October 17, 2018

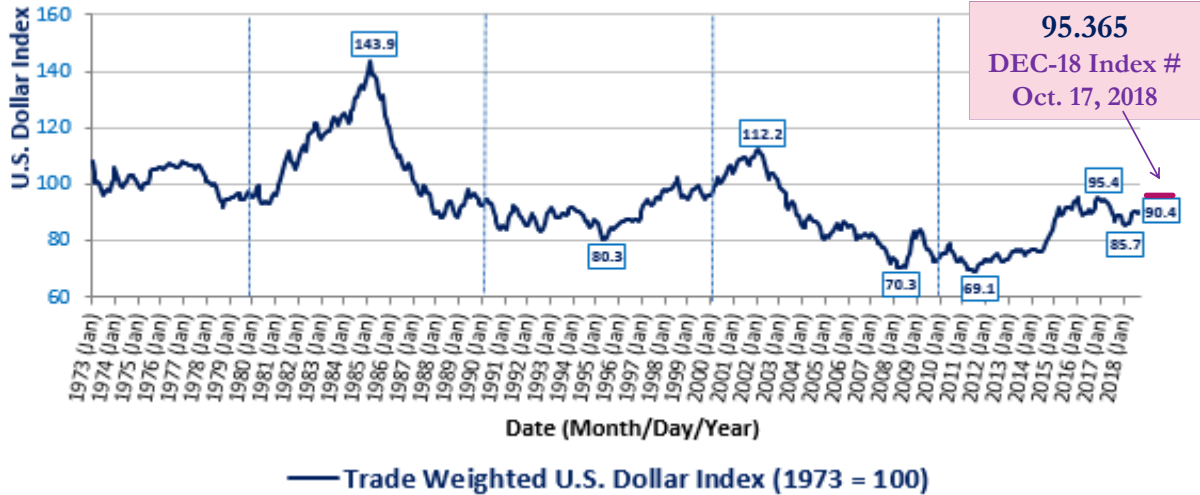


Wheat Markets



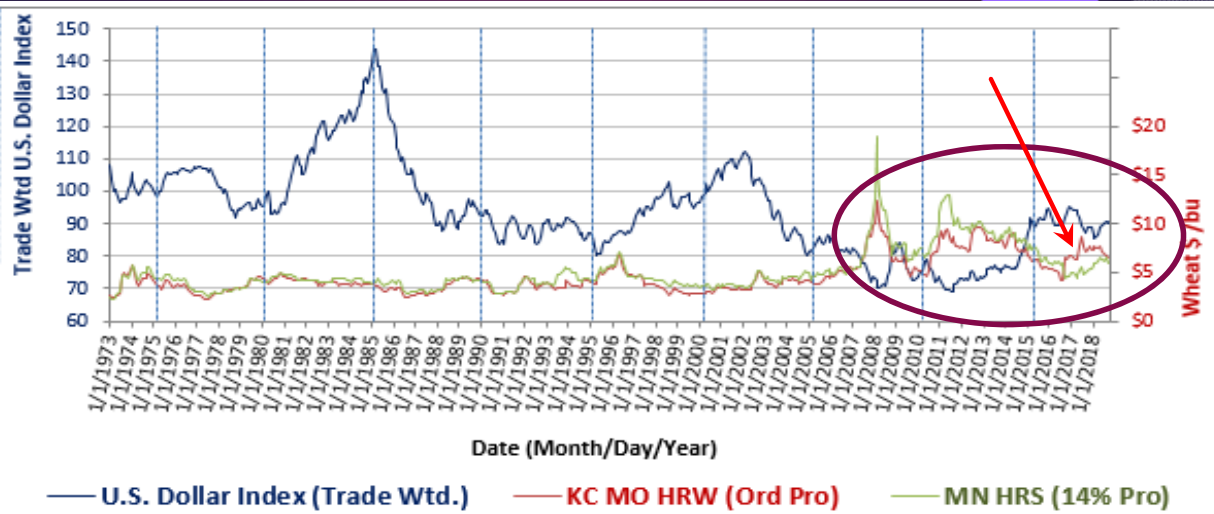
U.S. Dollar Index (ICE Futures)

Monthly Chart: January 1973 through October 12, 2018



U.S. Dollar, HRS^{14%} Pro & HRW^{ORD} Pro Wheat

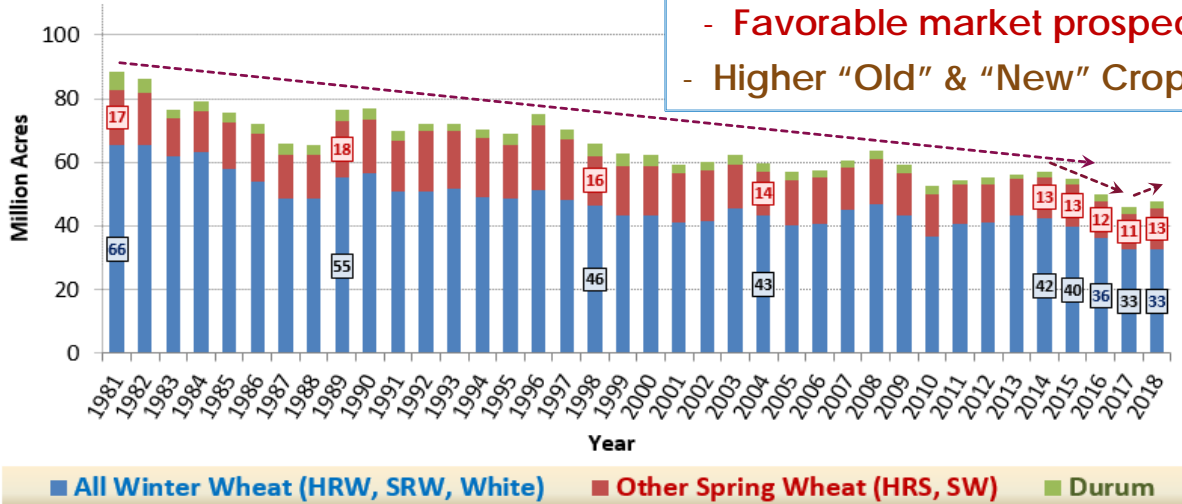
Impact of U.S. Currency & Wheat Protein by Class on Prices



U.S. Wheat Seeded Acreage

2019 Winter Wheat Acres ↑??

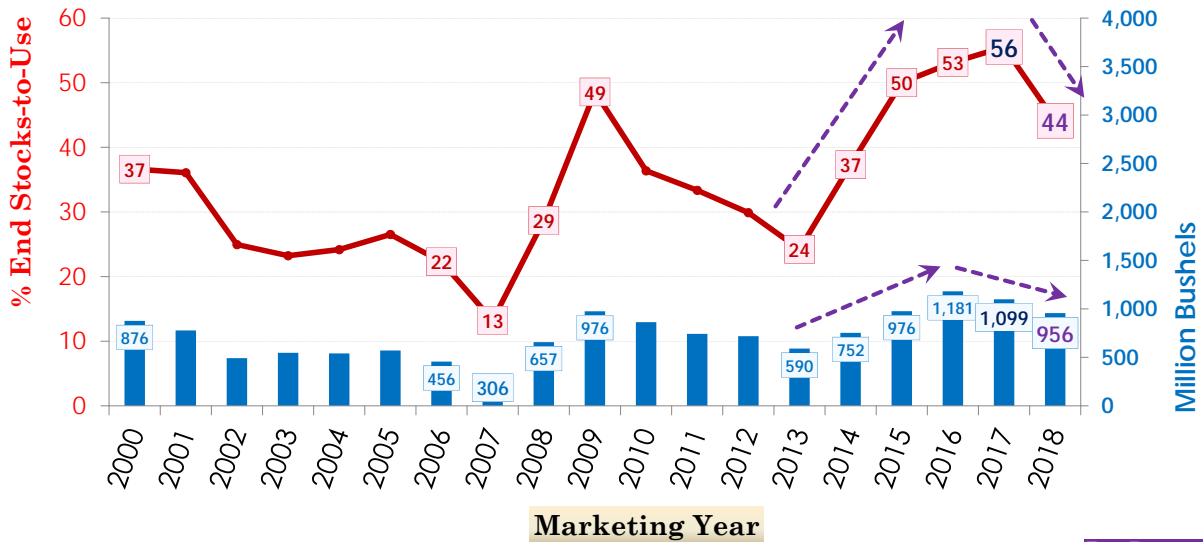
- Favorable market prospects
- Higher "Old" & "New" Crop \$'s



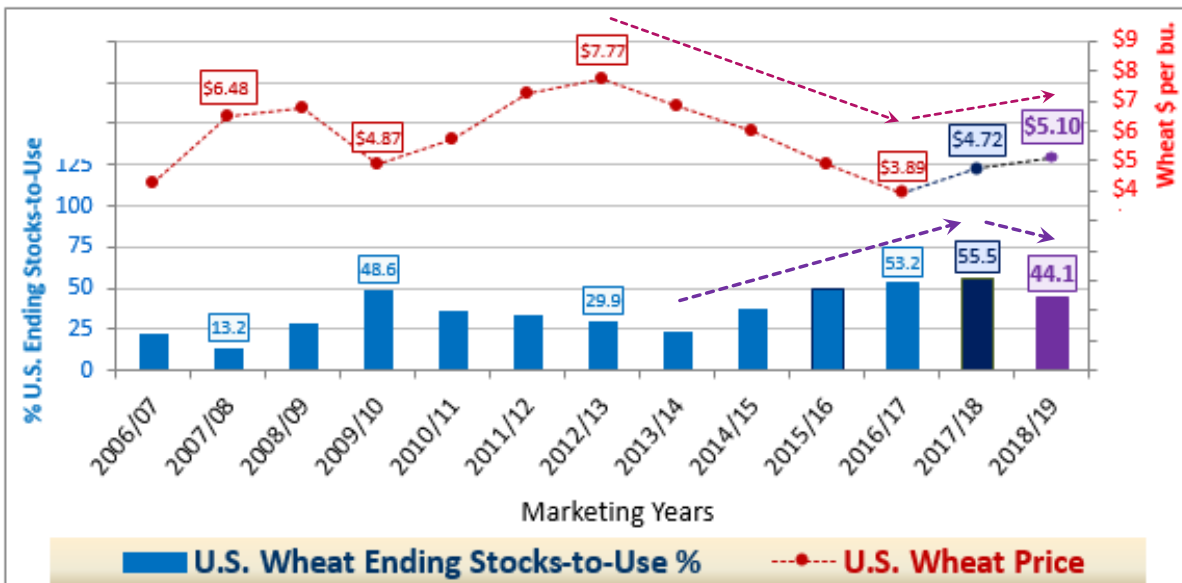
U.S. Wheat Production & Supplies



U.S. Wheat Ending Stocks & % Stx/Use



U.S. Wheat % Stocks/Use vs Price\$



U.S. Wheat Stocks.....

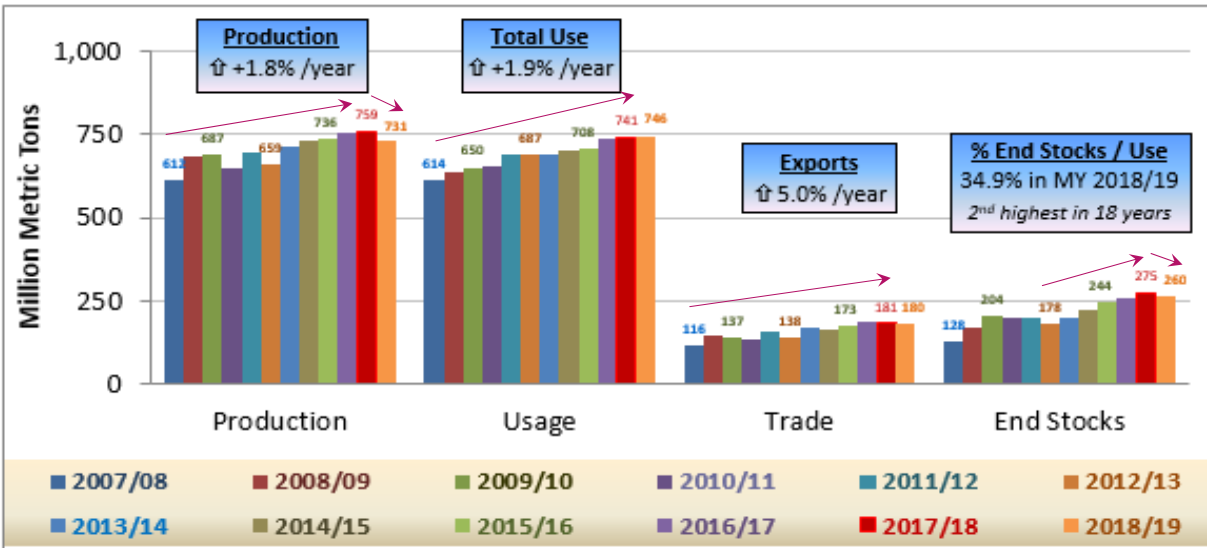
- All U.S. Wheat: "Declining" Stocks
 - End Stocks 2018/19 ⇒ 956 mln bu (1.099 bb last year)
 - % Stocks/Use 2018/19 ⇒ 44.1% S/U (55.5% Stx/Use last year)
- U.S. HRW Wheat: "Still Large" Carryover (also declining)
 - End Stocks 2018/19 ⇒ 424 mln bu (581 mb last year)
 - % Stocks/Use 2017/18 ⇒ 51.5% S/U (76.0% Stx/Use last year)

World Wheat Market Prospects:

Large Supplies ⇒ Less of a "Buyer's Market"

- Lower Supplies - BUT - Record Usage Forecast for 2018/19
 - 1st year lower after 4 consecutive record high World wheat crops
- **Poorer 2018 crops:** E.U., France-Germany, Australia, & Russia
- More "competitive buying pressure" in World Trade
 - "Tight" supplies among **Top 7 World Wheat Exporters**
 - NOT MUCH evidence "YET" of "stronger" U.S. wheat exports

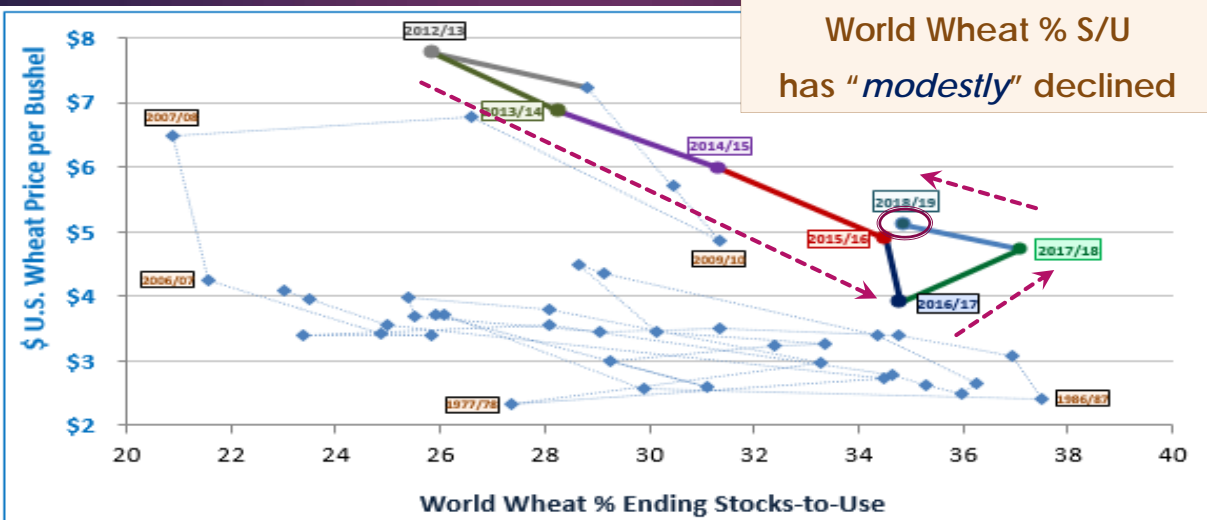
World Wheat Supply, Use & Stocks



USDA/ERS

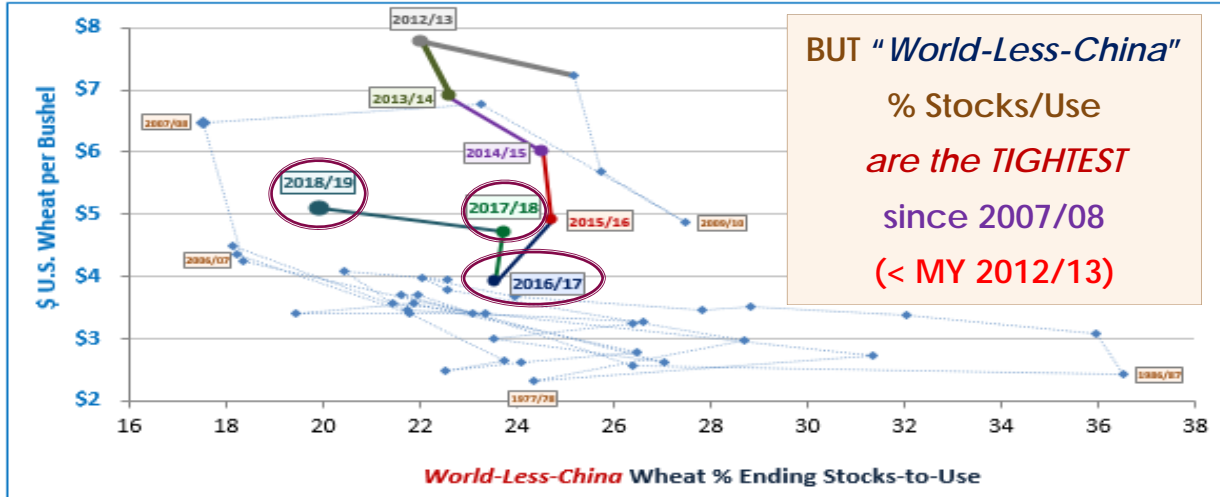
U.S. Wheat Price (\$) vs World % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18



U.S. Wheat \$ vs Non-China % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18



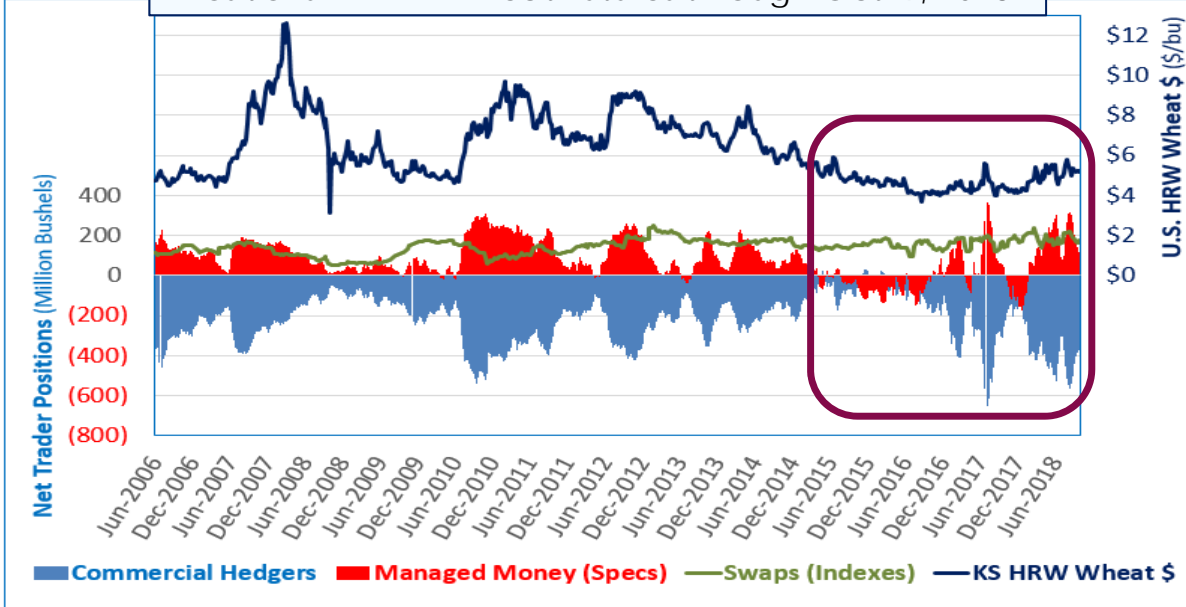
CME Kansas Hard Red Winter Wheat

Monthly Chart: August 2009 – September 2018 + 10/17/2018



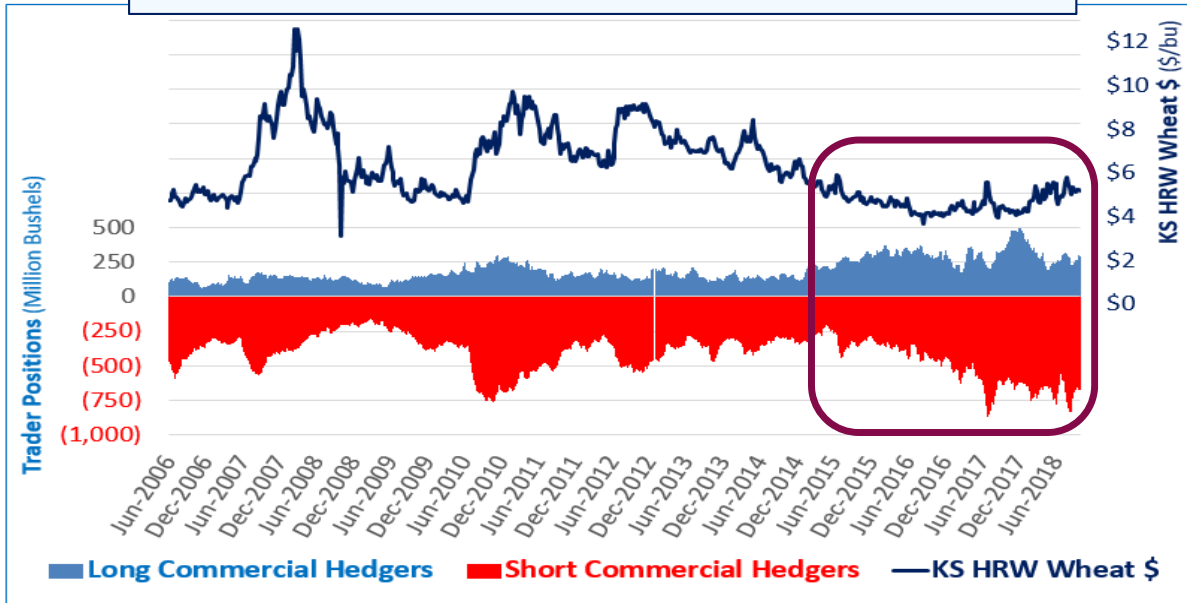
CFTC Commitment of Traders Report

Positions in HRW Wheat Futures through Oct. 9, 2018



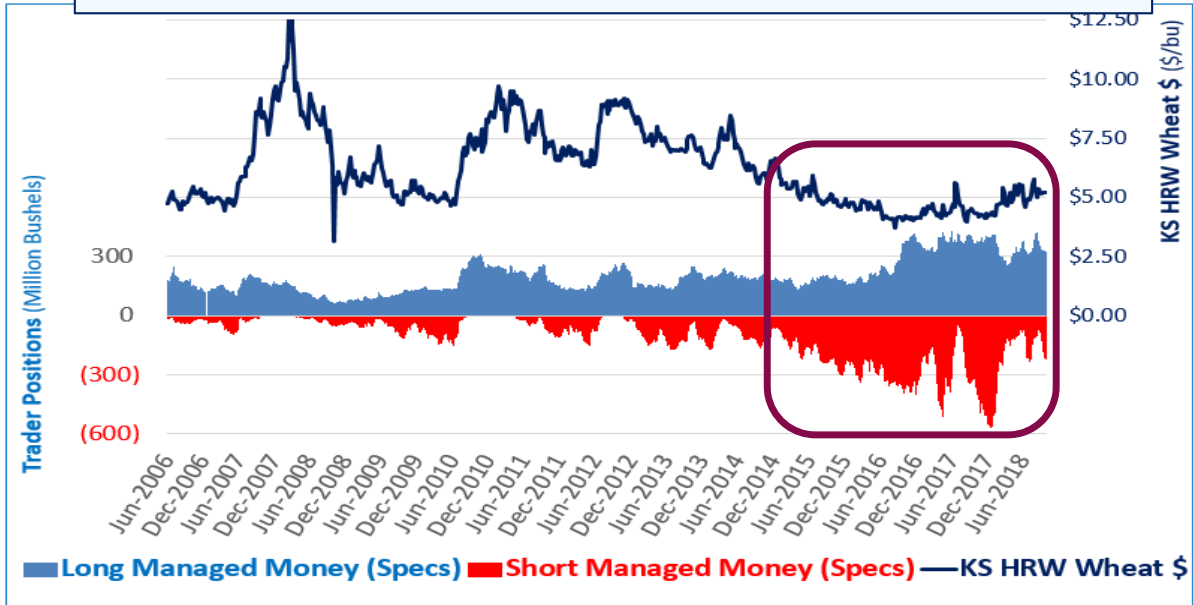
Commercial Hedge Positions in HRW Wheat

CFTC Commitment of Traders to 10/9/2018



Managed Money (Spec) Positions in HRW Wheat

CFTC Commitment of Traders to 10/9/2018

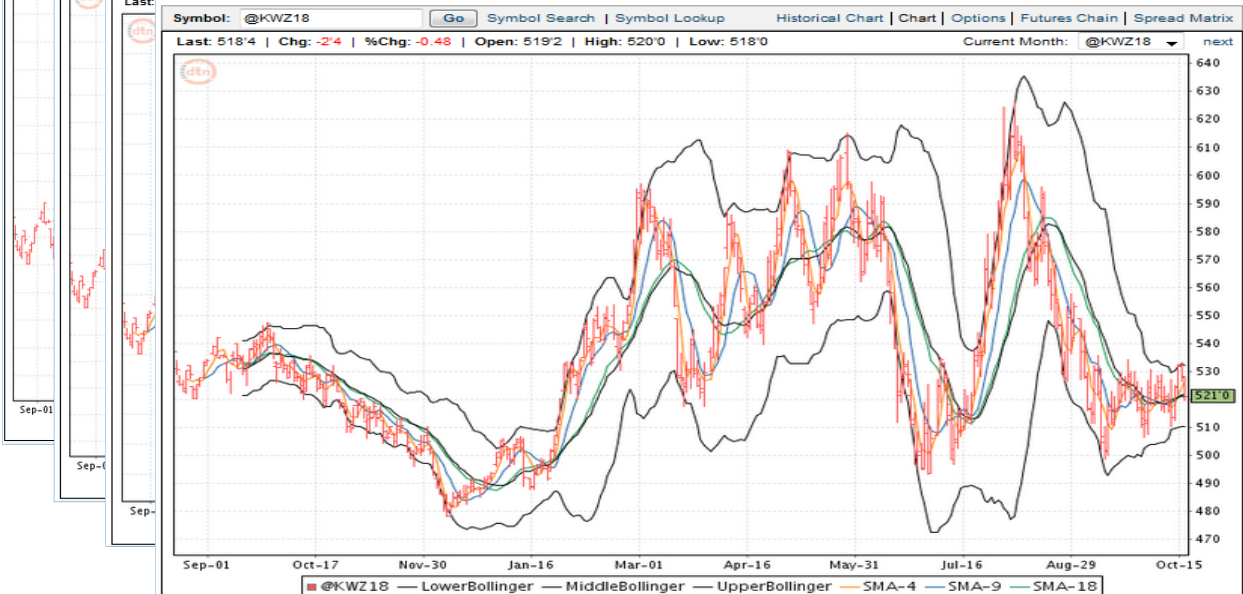


ELEC. HRW WHEAT (@KWZ18)

Symbol: ELEC. HRW WHEAT (@KWZ18)

Last: ELEC. HRW WHEAT (@KWZ18)

Symb: ELEC. HRW WHEAT (@KWZ18)



ELEC. HRW WHEAT (Dec 2018) [10 Minute Delay]

Refresh

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
518'4	-2'4	-0.48	519'2	520'0	518'0	521'0	12199	KCBT	10/18/18 00:00

Symbol: @KWZ18 [Symbol Search](#) | [Symbol Lookup](#) Strike Range: Near-the-Money | [Options](#) | [Futures Chain](#)

Dec 2018 | Mar 2019 | May 2019 | Jul 2019 | Sep 2019 | Dec 2019 | Jul 2020

Dec 2018 Options

Days Until Expiration: 36

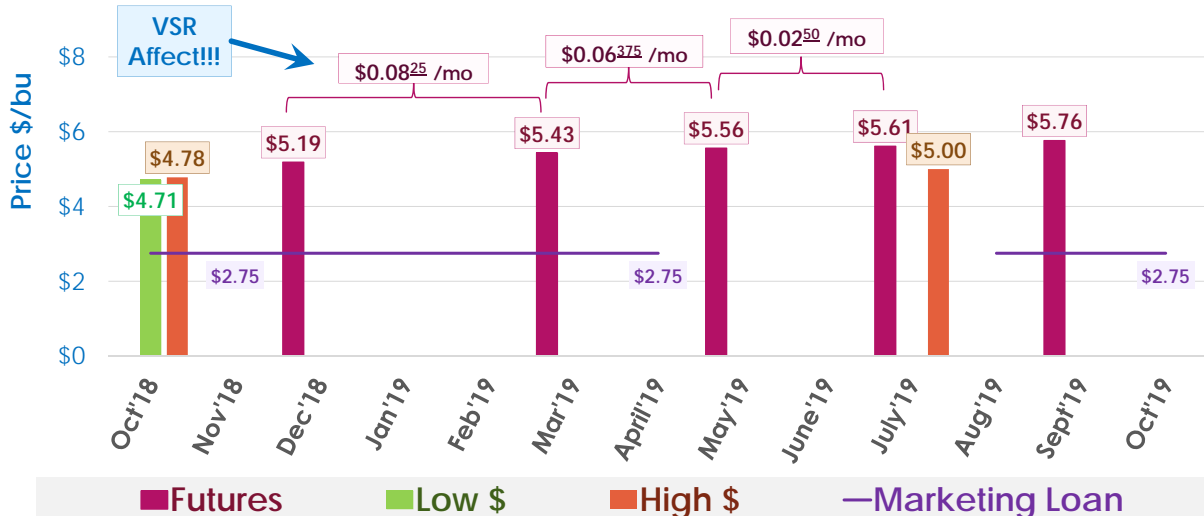
Calls								Puts								
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int
<input type="checkbox"/> @KWZ18C4950	29'3s	-8'3	--	--	--	0	0	4950	<input type="checkbox"/> @KWZ18P4950	3'4s	0'6	--	--	--	0	44
<input type="checkbox"/> @KWZ18C5000	25'7s	-5'7	27'0	27'0	25'5	3	205	5000	<input type="checkbox"/> @KWZ18P5000	4'7s	1'1	--	--	--	0	3019
<input type="checkbox"/> @KWZ18C5050	22'4s	-5'5	--	--	--	0	1	5050	<input type="checkbox"/> @KWZ18P5050	6'5s	1'4	6'0	6'0	6'0	5	120
<input type="checkbox"/> @KWZ18C5100	19'5s	-5'1	--	--	--	0	633	5100	<input type="checkbox"/> @KWZ18P5100	8'5s	1'7	7'0	9'0	7'0	40	696
<input type="checkbox"/> @KWZ18C5150	17'0s	-4'6	--	--	--	0	42	5150	<input type="checkbox"/> @KWZ18P5150	11'0	0'0	11'0	11'0	11'0	12	109
<input type="checkbox"/> @KWZ18C5200	14'5s	-4'4	14'6	16'0	14'4	40	1492	5200	<input type="checkbox"/> @KWZ18P5200	13'5s	2'4	--	--	--	0	1832
<input type="checkbox"/> @KWZ18C5250	12'5s	-4'1	--	--	--	0	51	5250	<input type="checkbox"/> @KWZ18P5250	16'5s	2'7	--	--	--	0	30
<input type="checkbox"/> @KWZ18C5300	10'6s	-3'7	11'1	11'1	11'1	8	2137	5300	<input type="checkbox"/> @KWZ18P5300	19'6s	3'1	--	--	--	0	1291
<input type="checkbox"/> @KWZ18C5350	9'2s	-3'4	--	--	--	0	424	5350	<input type="checkbox"/> @KWZ18P5350	23'2s	3'4	--	--	--	0	335
<input type="checkbox"/> @KWZ18C5400	7'7s	-3'2	8'1	8'1	8'1	1	3993	5400	<input type="checkbox"/> @KWZ18P5400	26'7s	3'6	--	--	--	0	674
<input type="checkbox"/> @KWZ18C5450	6'6s	-2'7	--	--	--	0	2	5450	<input type="checkbox"/> @KWZ18P5450	30'6s	4'1	--	--	--	0	0

In the money At the money

Quotes generated on: Thu, Oct 18, 2018 12:12 AM CDT

Wheat Cash & HRW Wheat Futures

Salina, KS Local Elevators - October 17, 2018





Questions?

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**KANSAS STATE
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Department of Agricultural Economics