

May 29, 2018

Trilateral Grain and Market Weather Update

Market Summary Highlights

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Market Headlines

Soybeans: Broke lower late in the overnight session on U.S. trade action talk against China

Corn: “Entering the traditional weather market as the U.S. crop develops.”

Wheat: Prices hit 10-month high on weather worries

Morning Trading

- Corn futures Lower
- Soybeans Lower
- CBOT Wheat Higher
- Dow Jones: Lower
- U.S. Dollar Index: Higher
- Gold: Lower
- Crude Oil: Lower

Overnight Trade			
Commodity	Month	Last	Change
Corn	Jul	4.0525	(0.50)
Soybeans	Jul	10.3875	(6.25)
Soybean Meal	Jul	378.70	(1.90)
Soybean Oil	Jul	31.3300	0.00
Chicago Wheat	Jul	5.4825	3.25
KC Wheat	Jul	5.7000	4.50
MPLS Wheat	Jul	6.4275	(0.25)
Sep			
Commodity	Month	Last	Change
Crude Oil	Jun	67.09	(0.84)
Natural Gas	Jun	2.900	(0.062)
Gold	Jun	1295.40	(8.20)
S&P Futures	Jun	2701.00	(15.50)
Dollar Index	Cash	94.68	0.489

USDA & Government Reports

- Crop Progress
- S&P Corelogic Case-Shiller HPI
- Consumer Confidence

Soy Complex

Sources: Reuters, DTN, RJO and RJO Hightower Report

- Soybeans broke lower late in the overnight session on U.S. trade action talk against China July soybeans were down 6 cents early Tuesday.
- Brazil's truck strike has been well-publicized lately and put so much strain on the country that President Temer agreed to subsidize 10% of diesel prices for 60 days, reported AP news. FOB soybean prices in Brazil, however, have not shown much impact yet from the transportation problems and are trading 3 cents below FOB prices in New Orleans.
- Friday's CFTC data showed noncommercials still bullish, but steadily trimming their holdings, from 155,648 to 143,470 as of May 22. For now, the trends are sideways in both, July and new-crop soybeans.
- New-crop futures spreads continue to show a bullish commercial outlook and November soybeans are near their contract highs.
- **As of Friday's close, it's actually the new-crop market that continues to be the most bullish fundamentally with the November-to-January futures spreads finishing at a carry of only 2 3/4 cents. It will be interesting to watch activity in this spread, the new-crop forward curve, as the week progresses..**

Soybeans



Soybean Meal



Soybean Oil



Corn

Sources: Reuters, DTN, RJO and RJO Hightower Report

- July corn was unchanged early Tuesday as traders look at another dry satellite map for Brazil and a seven-day forecast that is mostly dry. Southern Brazil may have a chance for rain in the extended forecast, but corn in Mato Grosso remains out of the path of rain chances.
- With Brazil's second corn crop at risk, Friday's CFTC data showed noncommercials staying bullish in corn, holding 400,338 net longs as of May 22, near the highest total on record. "Corn is entering the traditional weather market as the U.S. crop develops," Matt Ammermann, commodity risk manager with INTL FCStone said. "The market is expected to react to any indications of unfavourable crop weather in U.S. corn belts."
- Here in the U.S., much of the Corn Belt experienced a hot weekend while the southeastern U.S. contended with heavy rains and flooding. Western Kansas is getting much-needed rain early Tuesday and USDA's Crop Progress report is likely to show increased planting across the northern states, later Tuesday afternoon.
- It will be interesting to see if commercial traders lead the charge and if so, will they be more active in old-crop or new-crop. Overnight trade showed futures spreads favoring the latter (new-crop), though this could be a result of lower trade volume in far-deferred contracts. Coming out of last week **both the old-crop July-to-September and new-crop December-to-March spreads were threatening stronger downtrends (increasing carries) on their respective weekly close-only charts, a reflection of a less bullish/more bearish attitude toward supply and demand.**

Corn



Wheat

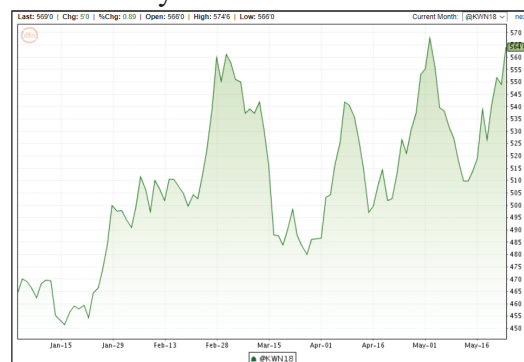
Sources: Reuters, DTN, RJO and RJO Hightower Report

- U.S. wheat futures rose on Tuesday to hit their highest in more than 10 months, with **traders worried that adverse weather across several key global growing regions could reduce crops.**
- With harvest nearing, starting in far southern Texas, the concern is the weather since last fall has actually done the HRW crop in this time.
- July Chicago wheat was up 4 1/2 cents and July Kansas City wheat was up 6 1/4 cents at the morning break after a hot weekend in the southwestern Plains, followed by more triple-digit temperatures in the region this week.
- **“Wheat is again being supported by worry about dryness in world production regions with most focus today on the Black Sea,”** said Matt Ammermann, commodity risk manager with INTL FCStone. **“There is also worry about dryness in the United States, Australia and Canada.**
- **“We see a lack of rain in Russia with a debate about if this will reduce the crop, although it is still rather early for detailed estimates. It cannot be termed a drought but the market is starting to get worried that a stress point has been reached in Russia.”**
- The seven-day forecast expects moderate rain amounts in the western Plains as far south as Kansas, but continues to look dry for most of the southwestern Plains.
- Spring wheat in the Dakotas is expecting beneficial rains, but the U.S. winter wheat crop remains extremely stressed and deserves a lower production estimate from USDA.
- Friday’s CFTC data showed noncommercials a little more bullish in Chicago wheat, having increased net-longs from 22,644 to 41,849 as of May 22.

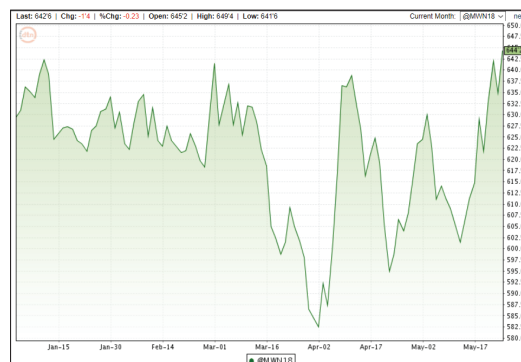
Chicago SRW



Kansas City HRW



Minneapolis HRS



Related Market News

RJO

- **US and Matif wheat gap higher overnight on concern over Russian wheat deterioration along with Reuters report that KS/OK farmers tearing up wheat to plant cotton.**
- Soybeans break late in overnight session on U.S. trade action talk against China
- First corn crop condition ratings this afternoon
- Brazilian trucker strike continues despite government efforts - threatens grain exports
- Argentina raising biodiesel export tax
- Good corn belt rains expected this week
- USDA announces corn sales to unknown - mostly new crop

REUTERS

- **ISO raises forecast for 2017/18 global sugar surplus:** The International Sugar Organization (ISO) on Tuesday forecast a global sugar surplus of 10.51 million tonnes in 2017/18, sharply above its previous projection of a 5.15 million tonne surplus. "Since February, the statistical picture has become clearer and more alarming ... the world sugar economy has managed to generate some late-season surprises, considerably worsening the fundamental picture," the ISO said in a quarterly report.
- Raw sugar futures edged higher on Tuesday as worries about trucker protests in top producer Brazil remained in focus. "The consequences to the sugar market will be several days of delay to exports but, more seriously, many days of harvesting lost," Marex Spectron said in a report.
- **Dry weather in parts of Ivory Coast may affect cocoa mid-crop quality.** Below-average rain in parts of Ivory Coast's main cocoa growing regions could impact the quality of the April-to-September mid-crop, farmers said on Monday, although overall they expected a good harvest. Ivory Coast, the world's top cocoa producer, is in the midst of the rainy season. But while rainfall has been abundant in the south-east and west of the country, its central and southern regions have been unusually dry. In the centre-western region of Daloa, which accounts for a quarter of Ivory Coast's national output, farmers said more rain was needed to boost the final stage of the mid-crop.
- Oil prices tumble as hedge funds quit crude: Hedge fund managers were busy reducing bullish positions in petroleum well before OPEC and its allies indicated in the middle of last week that they would consider relaxing output curbs.
- U.S. stock index futures pointed to a lower open on Tuesday as investors switched cash into perceived safe havens of global financial markets due to a deepening political crisis in Italy.

Weather Update

DTN MAJOR WORLD HIGHLIGHTS/IMPACT:

MIDWEST (CORN, SOYBEANS): Dryness is of increasing concern for crop areas of the southwest belt, especially with the current extreme heat in the region. Eastern areas may have to deal with some local flooding as the remnant low from tropical Alberto moves through tonight and Wednesday.

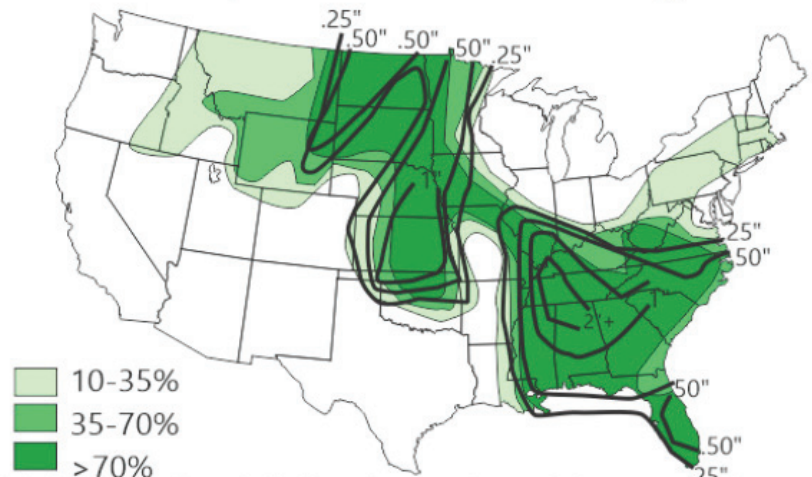
CENTRAL/SOUTHERN PLAINS (WINTER WHEAT): High heat and dryness continues to stress filling wheat and early development of sorghum in southeast Colorado, Oklahoma and Texas. Scattered thunderstorms will, at times, off set the impact from hot temperatures in southern Kansas. Scattered thunderstorms mostly favor development of corn, soybeans and winter wheat in northern Kansas and southern Nebraska. Some improvement is also possible in central Kansas as well.

NORTHERN PLAINS (SPRING WHEAT, CORN, SOYBEANS): Generally favorable conditions for planting and developing spring wheat, corn and soybeans throughout the northern plains. Episodes of scattered showers help to ease dryness concerns.

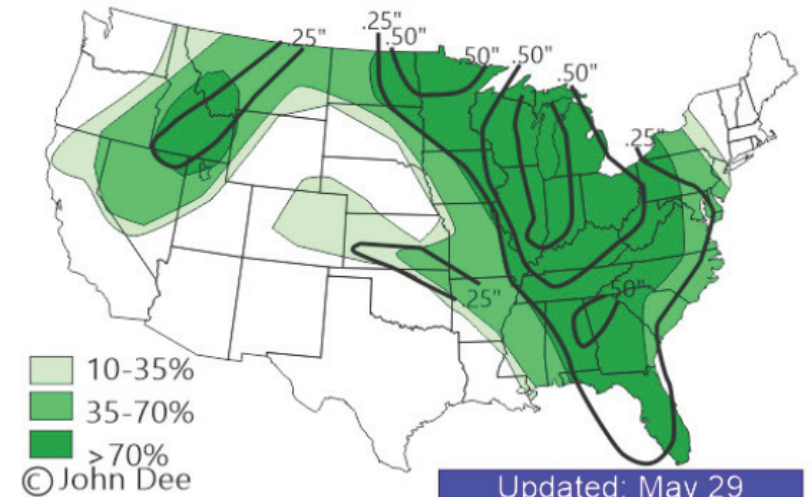
Brazil Corn: Mostly dry with a somewhat hotter trend in the area where most of the second crop corn is grown during the next 5 days. Scattered thundershowers may reach Parana again next Monday into Tuesday.

CANADIAN PRAIRIES (WHEAT, CANOLA): Showers favoring eastern areas during the weekend period. Temperatures above to well above normal.

0-24 Hour Precipitation Amounts and Coverage Forecast



24-48 Hour Precipitation Amounts and Coverage Forecast



Episodes of light to moderate showers east and light showers west during the next 5 to 7 days.

Feedstuffs

Links to weekly USDA feedstuffs reports:

- [National Weekly Feedstuffs Prices](#)
- [Corn Belt Weekly Feedstuffs](#)

Kansas City Daily Feedstuffs Prices:

SJ_GR210
St. Joseph, MO Fri May 25, 2018 USDA-MO Dept Ag Market News

Kansas City Daily Feed

***This report will not be released on Monday, May 28, 2018 due to the holiday.
The next available report will be Tuesday, May 29, 2018.***

NOTE: This report will be discontinued effective June 04, 2018.
The information will be available every Tuesday on the Weekly Kansas
City report at https://www.ams.usda.gov/mnreports/sj_gr215.txt

Wholesale bids per ton, bulk, in truck lots, unless otherwise specified.
(Soybean meal, Soybean hulls, and Pellets- FOB processors KC and St.
Joseph.)

Commodities	Basis	Change	Bids	Change
Soybean Meal 48 Pct	-13N to -10N	UNCH	367.30-370.30	UP 3.00
Soybean Hulls-Bulk			110.00-120.00	UNCH
Soybean Hull Pellets-Bulk			120.00-125.00	UNCH
Cottonseed Meal 41 Pct			315.00	UNCH
Gluten Feed 21 Pct Pellets			173.00-200.00	UNCH
Gluten Meal 60 Pct			560.00	UNCH
Wheat Bran and Middlings				
	Interior KS Rail		87.00-97.00	UNCH
	Interior KS Truck		120.00	UNCH
Hominy Feed (FOB KC Northwest)				
	Rail		n/a	n/a
	Truck		n/a	n/a

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