

July 16, 2018

Trilateral Grain and Market Weather Update

Market Summary Highlights

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Market Headlines

Soybeans: Stuck near 10-year low as trade battle hangs over market

Corn: Down early Monday, coming off of a mostly dry weekend performance in the Corn Belt with hot temperatures on the western side.

Wheat: Eases after rally on European harvest downgrades

Morning Trading

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

Overnight Trade			
Commodity	Month	Last	Change
Corn	Dec	3.5425	(0.25)
Soybeans	Nov	8.3375	(0.75)
Soybean Meal	Dec	323.40	0.50
Soybean Oil	Dec	28.2000	(0.20)
Chicago Wheat	Sep	4.9450	(2.50)
KC Wheat	Sep	4.9025	(1.50)
MPLS Wheat	Sep	5.3075	(1.00)
Sep			
Commodity	Month	Last	Change
Crude Oil	Aug	69.49	(1.55)
Natural Gas	Aug	2.770	0.016
Gold	Aug	1243.20	1.90
S&P Futures	Sep	2803.00	(0.25)
Dollar Index	Cash	94.44	(0.310)

USDA & Government Reports

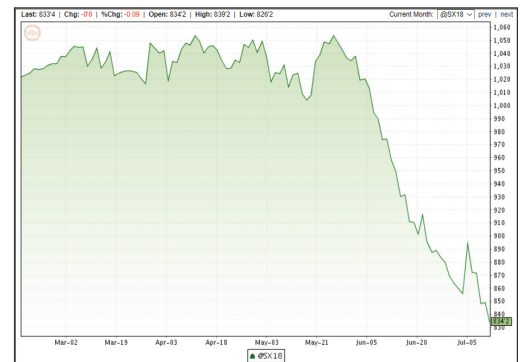
- Oil Crops Outlook
- Feed Outlook
- Wheat Outlook
- Crop Progress

Soy Complex

Source: DTN

- November soybeans are still under pressure after breaking to the lowest November prices in over nine years last week. Chicago soybean futures edged down on Monday to set fresh decades lows as the prospect that a U.S.-China trade clash will weaken demand continued to hang over the oilseed market.
- Worries about fallout from a tit-for-tat tariffs between Washington and Beijing in a deepening trade dispute remained the focus for soybeans, the most valuable U.S. agricultural exports to China.
- As described for corn below, USDA’s crop ratings for soybeans may come down a little Monday afternoon, but are still likely to be high for this time of year with a favorable looking forecast for the week ahead.
- Friday’s CFTC data showed noncommercials turned back to slightly net long in soybeans on July 10, suckered by last Friday’s one-day short-covering rally before prices returned to new lows. Commercials took advantage of the brief rally to reduce net longs from 34,663 to 22,577.
- Monday’s crush report from the National Oilseeds Processors Association should show another high crush number for June as the incentives remain high in 2018, but soybean prices will need more than that to turn the trend around.
- The trend in soybeans remains down, but we also see commercials net long at these cheaper prices -- the lowest November soybean prices in nine years.

Soybeans



Soybean Meal



Soybean Oil



Corn

Source: DTN

- December corn is down early Monday, coming off of a mostly dry weekend performance in the Corn Belt with hot temperatures on the western side.
- This week's temperatures are expected to be more moderate for all, but the southwestern Corn Belt. The western Corn Belt is expecting moderate rain amounts the next few days, followed by a few days of the same in the eastern Corn Belt.
- USDA's Crop Progress report could show slightly lower crop ratings for corn and soybeans Monday afternoon, but will still be higher overall, suggesting another big harvest this fall.
- Friday's CFTC data showed noncommercials still stubbornly bullish and reluctantly cutting net longs, from 148,352 to 109,320 as of July 10.
- USDA's outlook for lower world corn supplies in 2018-19 remains the one factor that should help prices find support above last year's lows.

Corn



Wheat

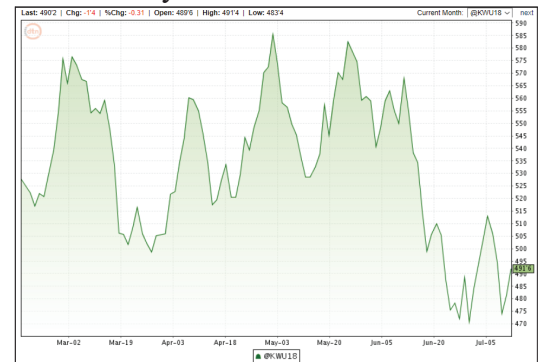
Source: DTN

- September K.C. wheat is down early, still holding above its 2018 low, but not finding a strong enough argument to sustain a price rally.
- September Minneapolis wheat is down 3 1/2 cents early, still near its lowest prices in 22 months with the U.S. spring wheat crop looking good and USDA apt to post another high crop rating on Monday afternoon.
- Chicago wheat was also lower, consolidating after a steep two-day rally fuelled by a declining harvest outlook for Europe and the Black Sea region.
- Dry weather has reduced wheat prospects in Australia, Europe, and southern Russia to the point where USDA's world wheat crop estimate is now down 3% from a year ago, but the estimate of global ending stocks is still historically high at 35% of annual use.
- Friday's CFTC data showed noncommercials bearish, holding 9,412 net shorts as of July 10, while commercials continue to find value at the lower prices, holding 11,979 net longs. For now, the trends remain down for all three wheats.

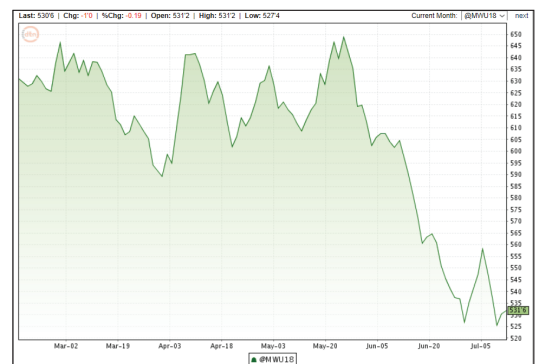
Chicago SRW



Kansas City HRW



Minneapolis HRS



Related Market News

REUTERS

- India's June palm oil imports plunge to 4-1/2 yr low
- Europe's second-quarter cocoa grind rose 7.3 percent from the same period last year to 356,109 tonnes, the Brussels-based European Cocoa Association said on Monday. The figure was higher than dealer expectations for a rise of roughly 3 percent .
- Germany is expected to harvest 21.49 million tonnes of wheat this year, down 12 percent from 2017, consultancy Agritel said on Monday
- Russian wheat export prices rose last week after downgrades to forecasts for this year's grain crop in the Black Sea area, including Russia and Ukraine, analysts said on Monday.
- .S. soybean crushings in June were likely the largest on record for the month as soy plants took advantage of highly profitable margins for processing the oilseed into meal and oil, analysts said ahead of a monthly National Oilseed Processors Association (NOPA) report.
- Speculators hold record bearish views toward Chicago-traded corn and soybeans for mid-July, as expectations for big U.S. yields and the U.S.-China trade war are just about the only two things in focus at the moment.
- The dollar slipped on Monday, having notched up its biggest weekly gain in a month last week, as a rebound in risk appetite prompted investors to diversify away from their long dollar bets which have grown rapidly in recent weeks.
- China's economy expanded at a slower pace in the second quarter as Beijing's efforts to contain debt hurt activity, while June factory output growth weakened to a two-year low in a worrying sign for investment and exporters as a trade war with the United States intensified. World stocks rose for a second consecutive week on Friday as investors prepared for an expected run of strong earnings in the United States, although fears about the U.S.-China trade conflict kept gains in check and pushed the dollar higher.

Weather Update

DTN Ag Weather Brief

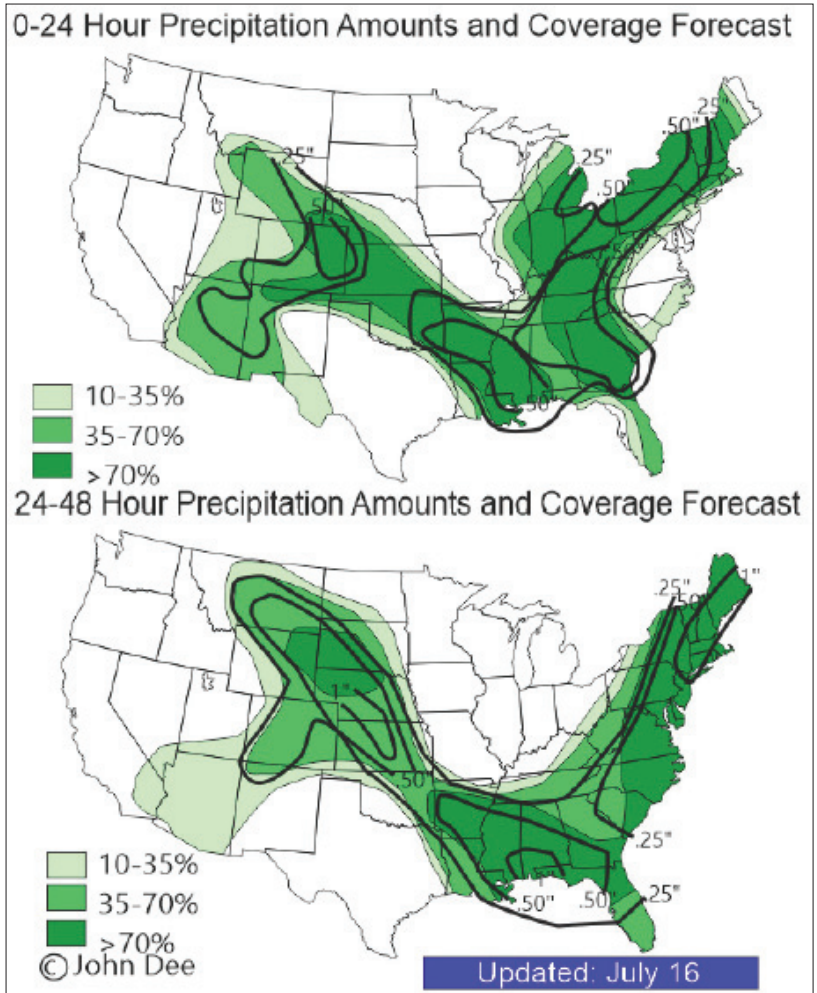
MIDWEST (CORN, SOYBEANS): Increasing shower activity and no significant heat will favor developing and reproductive crops in the Midwest region during this week.

NORTHERN PLAINS (SPRING WHEAT, CORN, SOYBEANS): Crops remain in mostly good to excellent condition at this time, especially in North Dakota and northern Minnesota. Showers and a more variable temperature pattern in the eastern and southeast areas this week will favor developing crops. Drier, hotter weather in Montana spring wheat areas may increase the stress to this crop, somewhat.

CENTRAL/SOUTHERN PLAINS (WHEAT/ CORN/SOYBEANS/SORGHUM): Showers and cooler temperatures will favor reproductive corn and soybeans through north and central areas early this week. Hotter drier weather will increase the risk to reproductive crops later this week.

UKRAINE/SOUTH RUSSIA (CORN, SUNFLOWER, SUGARCANE): Moderate to heavy showers and thunderstorms occurred late in the weekend period and overnight last night in southeast Ukraine and the southern Russia area. The most significant rain that has occurred in the areas all summer long. This should ease stress to reproductive and filling crops. It is unlikely to significantly improve prospects for corn but filling soybeans and sunflower may benefit.

CANADIAN PRAIRIES (WHEAT, CANOLA): Scattered showers favoring west-central and north areas during the weekend period. Hot southeast areas early in the period, cooler later in the period. A variable temperature pattern and episodes of scattered showers during this week will favor developing crops.



Feedstuffs

Links to weekly USDA feedstuffs reports:

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

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