

November 2, 2018

Trilateral Grain and Market Weather Update

Market Summary Highlights

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Market Headlines

Corn: Higher Friday morning, piggy-backing off the strength in the soy complex

Soybeans: Set for biggest weekly gain in 16 mths on US-China trade hopes

Wheat: Eyes weekly rise after three weeks of losses

Morning Trading

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

USDA & Government Reports

- Employment Situation
- Factory Orders

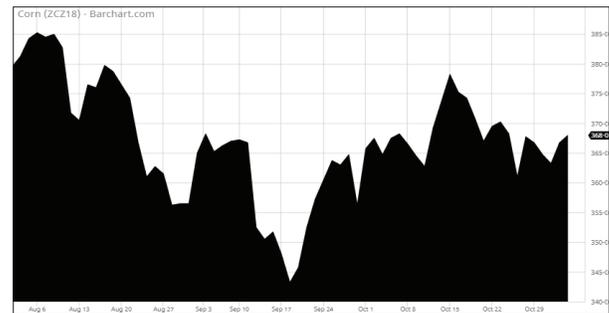
Overnight Trade			
Commodity	Month	Last	Change
Corn	Dec	3.6800	1.25
Soybeans	Jan	8.8775	4.50
Soybean Meal	Dec	312.90	(0.80)
Soybean Oil	Dec	28.3800	0.04
Chicago Wheat	Dec	5.0675	(1.00)
KC Wheat	Dec	5.0075	0.00
MPLS Wheat	Dec	5.7700	(0.25)
Sep			
Commodity	Month	Last	Change
Crude Oil	Jan	63.31	(0.35)
Natural Gas	Dec	3.179	(0.058)
Gold	Dec	1233.30	(5.30)
S&P Futures	Dec	2748.00	9.75
Dollar Index	Cash	96.32	0.044

Corn

Source: DTN

- Corn futures are higher Friday morning, piggy-backing off the strength in the soy complex for the second day in a row. Two-cent gains Friday morning put the December contract slightly more than 8 cents away from its October low, and 10 cents away from its October high. At the highs, December corn touched \$3.71 but closed well off those highs to get back under the \$3.70 resistance point. There really wasn't anything behind the corn strength apart from spillover support in soybeans and wheat.
- Corn export sales totaled just 15.5 million bushels vs. the 36.5mbu needed weekly to hit the USDA forecast. Total commitments of 859.5mbu are 28% higher than a year ago and account for 34.6% of USDA's marketing year forecast. However, export sales for this week at 15.5mbu were the lowest since 2012's drought reduced sales at 6.5mbu.
- One prominent brokerage released the latest estimate of this year's corn crop, pegging the US at 14.830 billion bushels of production with an average yield of 181.4 bushels per acre vs. 180.7bpa by USDA. This was a bit surprising as trade ideas seemed to be moving lower vs. last month.
- Averaging new crop futures prices through the month of October, soybeans came to \$8.60 and corn came to \$3.68. That's a 2.34-to-1 price ratio compared to February's 2.56-to-1 price ratio, showing how fundamentally the relative prospects of these two crops have changed during the U.S.-China trade war. There has been discussion that farmers may increase corn acres in 2019, as they presently have the opportunity to book next year's seed and make fall fertilizer applications.
- However, a lot can change between now and next May, and this week there's some fresh optimism about that trade war coming to negotiation.

Corn



Soy Complex

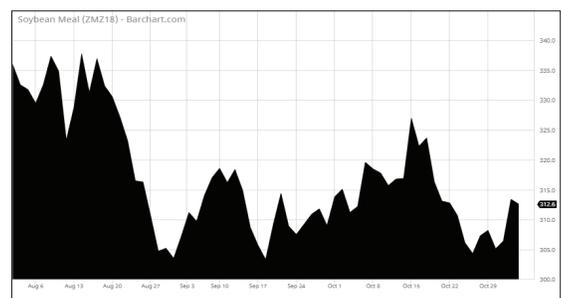
Source: DTN

- Soybeans are higher again after President Trump's tweet Thursday, and overnight comments that suggest he wants a trade deal with China done by the G20 Summit. Thursday and overnight's rally shows just how easily excitable the trade can get.
- We've seen nothing concrete between the two countries, but the comments from the President are the most encouraging we've seen to-date. The market will want to see export sales to China, or meetings between senior officials soon to justify these higher prices and retain the premium we've added.
- While traders wait for details or confirmation, soybean futures may continue to see stability and keep off recent lows during the weeks leading up to the G20 Summit (leaders will meet on November 30).
- The January soybean contract still remains roughly twelve cents below its high from October 15, when there was maximum concern about the late U.S. harvest.
- Weekly export sales totaled 14.5mbu vs. the 29.8mbu needed weekly to hit the USDA forecast. Total commitments of 481.5mbu are down 16% from a year ago, but slowly making ground. The 788.0mbu of total commitments are the lowest since 2011, while the commitments as a percentage of the USDA's forecast was 38.26%, the lowest level since 2005.

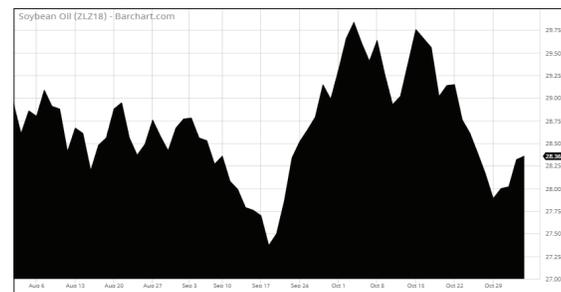
Soybeans



Soybean Meal



Soybean Oil

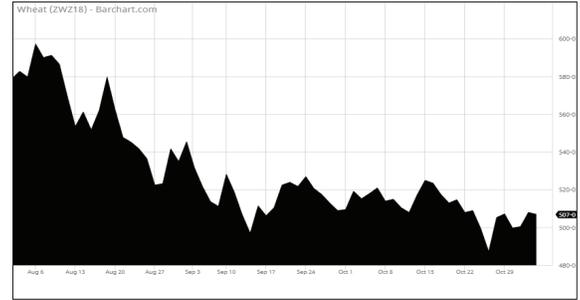


Wheat

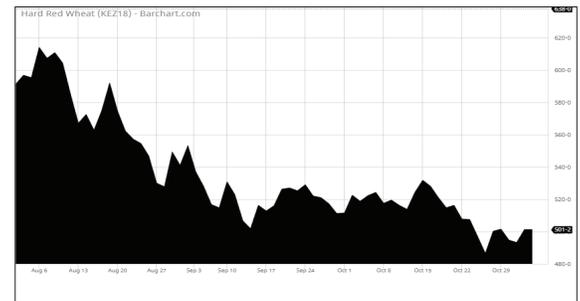
Source: DTN

- Wheat was down slightly on profit-taking and technical selling after rallying 1.5 percent in the previous session. Wheat has some momentum with US supplies working into non-traditional destinations, and basis should lead the charge if exporters are serious. Also, there is enough uncertainty regarding winter wheat planted acreage to keep deferred prices firm.
- **A strong day in the WZ/WH spread again today, hitting -14.00 cents** and working ever closer to a dropping variable rate storage charges.
- **Bullishness has been noted in the spring wheat market late this week, and the December contract may close the week with light gains.** Even basis bids cranked tighter for that class of wheat Thursday, and **the December-to-March Minneapolis futures spread has fallen to 7 1/4 cents.**
- Adding to support in wheat was news the Russian Ag safety organization was planning to suspend grain loadings at five interior shipping stations. No real reason is being given about the suspension but likely another government tactic to slow wheat exports “naturally.”
- Export sales Thursday were solid and above expectations at 21.4mbu vs. the 17.2mbu needed weekly. Total commitments of 481.5mbu are down 16% from a year ago but making up ground with a year ago. Total commitments remain historically weak while the percentage of commitments to the USDA’s export forecast remains the lowest on record going back to 1990 at 46.97%.

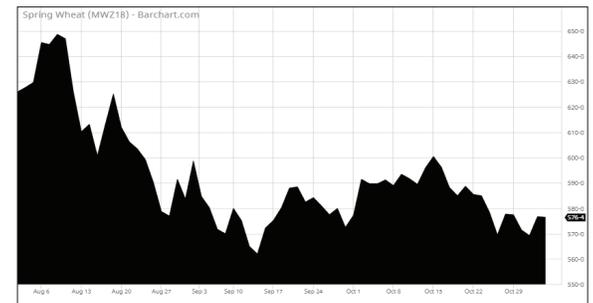
Chicago SRW



Kansas City HRW



Minneapolis HRS



Related Market News

RJO

- US/Chinese oilseed markets ride the overnight news/tweet waves
- USDA to release early long-term baseline projections today at 11:00 AM CT
- USDA reports corn sold to Mexico
- Palm oil prices seen rising in 2019.

REUTERS

- **Palm oil analysts see price rise** as China demand shifts; output growth eases: Palm oil prices are expected to improve next year, top industry analysts said, as production growth will ease and China shifts some of its vegetable oil demand to palm due to its trade dispute with the United States. **Prices are near the bottom for palm oil, said industry analyst Dorab Mistry at a palm oil conference in Indonesia.** At current ringgit levels, Malaysian futures at around 2,100 ringgit (\$504.81) a tonne make palm competitive and can help producers boost exports. Malaysian palm oil futures 1FCPOc3 fell to their lowest in more than three years on Friday at 2,108 ringgit a tonne. **Leading analyst Thomas Mielke expects palm oil and soy oil prices to rise by \$50 to \$100 per tonne in the next nine months.** Mielke said global palm oil stocks would peak in November or December this year, before starting to fall in 2019 as growth in output slows. Mielke reiterated his estimate that Malaysian palm oil prices would trade between 2,200 ringgit and 2,600 ringgit per tonne in the first half of 2019.
- China's most actively traded soymeal futures fell by the maximum 5 percent at the market open on Friday, its biggest daily drop in almost six years, as traders reacted to positive comments after a phone call between U.S. President Donald Trump and Chinese President Xi Jinping.
- Sugar futures on ICE rose on Friday, boosted by a weaker U.S. dollar and signs of reduced production going forward, while arabica coffee extended gains and the British pound pressured London cocoa.
- U.S. job growth rebounded sharply in October and wages recorded their largest annual gain in 9-1/2 years, pointing to further labor market tightening that could encourage the Federal Reserve to raise interest rates again in December.

Weather Update

DTN Ag Weather Brief

MIDWEST (CORN, SOYBEANS): Another round of rain through the southern and eastern Midwest early next week will continue to delay harvests in the area. Some chance for improving conditions in the six-to 10-day period. The western Midwest will see light to moderate rainfall during the weekend before turning drier next week.

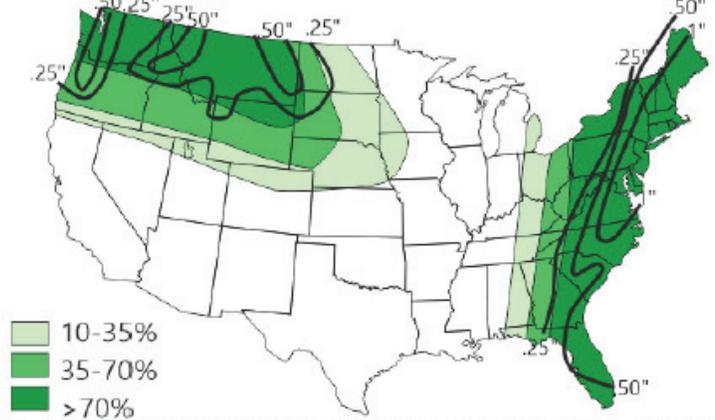
NORTHERN PLAINS (CORN, SOYBEANS): Rain and some accumulating snow on Friday will lead to harvest delays. Snow is most likely in northeast Montana and western North Dakota but may be more widespread than that. Drier again after the weekend.

CENTRAL/SOUTHERN PLAINS (WHEAT): Favorable soil moisture and temperatures for development of recently planted wheat at this time. A few areas may experience planting delays during this week but many will not.

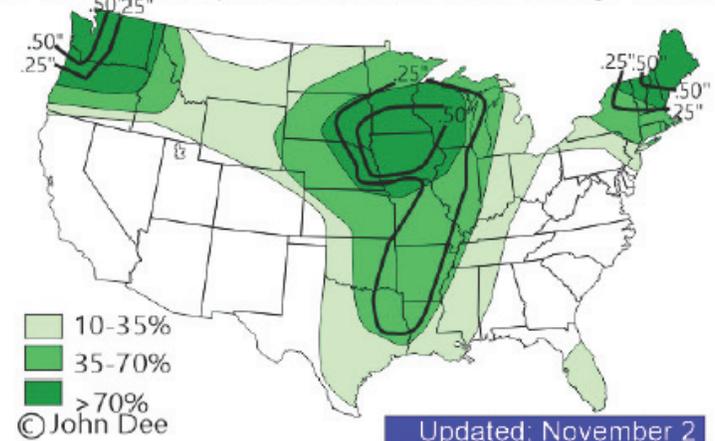
BRAZIL (SOYBEANS/CORN): Mostly favorable conditions for development of early planted soybean and full season corn in areas from Mato Grosso to RGDS. Rain, some heavy rain, likely means delays to seasonal field work, at times.

ARGENTINA (CORN/SOYBEANS): Recent moderate-to-heavy rainfall has improved soil moisture and will favor development of early planted crops. A somewhat drier trend will allow for improving conditions for planting.

0-24 Hour Precipitation Amounts and Coverage Forecast



24-48 Hour Precipitation Amounts and Coverage Forecast



Feedstuffs

Links to weekly USDA feedstuffs reports:

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

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