

## Afternoon Market Information

Tuesday, June 27, 2017

### CORN

Corn traded 5 cents higher during the session but only managed to close fractionally higher by the closing bell. Funds were buyers of 5,000 corn contracts at mid-session but remain short 80,000 contracts. Early strength was tied to crop conditions not improving as expected in yesterday's condition report and the dollar trading much weaker (tied to ECB comments regarding strengthening EU economy.) Corn crop conditions continue to lag in the eastern cornbelt overall compared to last year while the western corn belt overall is roughly the same as last year. The quarterly stocks and acreage report is expected to hold few surprises with corn acreage possibly down slightly to 89.9 mln. acres. There are estimates for a corn yield of 167 bpa vs. USDA current estimate of 170.7 bpa. Using estimated acres and this yield would give us a 1.810 bln. bu. carry out for 17/18 and a stocks to use ratio of 12.7%. It still seems we need a stocks to use ratio below 12% before anyone gets too excited over supply in the upcoming crop year. Timing of harvest and getting through pollination seem bigger issues at this point. Weather forecasts don't seem threatening for July currently, but pollination will be drawn out through July this year due to intermittent planting.

**Basis Update:** CIF corn fell 1-2 cents today as barge freight eased. Processor quiet. There doesn't seem to be much concern regarding coverage over the weekend and into the July 4<sup>th</sup> holiday. Producer selling remains light – will see if selling improves after July 4<sup>th</sup> if weather forecasts are non-threatening.

**Spread Update:** CN/CU pushed out to -8¾ today. Seems the procrastinating longs used today to liquidate some positions. Delivery vs. cash warrants the widening spread though at this spread level deliveries are only expected in the 100-200 contract range. CZ/CH at -10 is attractive regarding return to space, problem is no one has much new crop ownership and thus are in no hurry to lock in carry.

### BEANS

Bean futures managed to close 4 cents higher but off session highs as they were 11 cents higher during the session. Funds were buyers of 7,000 soybean, 2,000 meal, and 3,000 oil contracts at mid-day but hold an estimated short position in beans of 103,000 contracts. Soybean crop conditions declining surprised the trade and added some bullish spark as did the weaker dollar. Too early to put much faith in crop conditions/yield projections though, and yield projections remain ill-defined. Acreage is expected to increase slightly in Friday's report to 89.8 mln. bu. Using this acreage and 48 bpa would give us a 482 mln. bu. carryout for 17/18. Would need yield to drop to 45 bpa to get ending stocks down to 250 mln. bu. and the market paying more attention. Brazilian real defensive and gaining interest as it might induce more producer selling – today's SA selling activity reportedly very light though.

Wheat in Chicago 3 cents firmer today with KC up 4 cents and MN up 18 cents. HRS crop leading the charge on quality issues and premiums ramping up (not a new story) and has traders hopeful this filters into Chicago wheat futures. Funds were buyers of 6,000 contracts at mid-day and hold an estimated short position of 30,000 contracts

**Basis Update:** CIF values were firmer again today. Bids/asks thin so it is not taking much to move the market currently. Processor quiet. Producer quiet.

**Spread Update:** SN/SQ worked out to and settled at -4¾ as longs pitched positions. Cash well below delivery but delivery projections currently just 150-250 contracts. SX/SF a bit firmer at -7¾.

<u>CN</u>	<u>CU</u>	<u>CZ</u>	<u>CH</u>	<u>SN</u>	<u>SO</u>	<u>SU</u>	<u>SX</u>
3.59 ¼	3.67 ¾	3.77 ½	3.87 ½	9.11 ¼	9.16	9.17 ¼	9.17 ½
Corn Spreads		<u>Settle</u>	<u>Change</u>	Soybean Spreads		<u>Settle</u>	<u>Change</u>
CN/CU	- 8 ½	- ¼		SN/SQ	- 4 ¾	- ¼	
CU/CZ	- 9 ¾	+ 0		SN/SX	-6 ¼	+ ¾	
CZ/CH	- 10	+ 0		SX/SF	- 7 ¾	+ ¼	
	<u>June</u>	<u>July</u>	<u>August</u>	Wheat Spreads			
CIF Corn	+30 N	+31/+31 N	+24 U	WN/WU	- 15 ¾	- ¼	
CIF Beans	+32 N	+37/+40 N	+41 Q	WU/WZ	-22 ¼	+ ¼	
IL River Freight %	300	300	325	The information contained in this report is believed to be reliable but is not guaranteed to accuracy or completeness by MID-CO COMMODITIES, INC. or GROWMARK, Inc. This report is provided for informational purposes only and is not furnished for the purpose of, nor intended to be relied upon for specific trading in commodities herein named. This is not independent research and is provided as a service. As such, this is considered a solicitation.			
Mid. Miss.	300	300	325				
St. Louis	200	200	225				