

MORNING COMMENTS

Monday, April 9, 2018

9:15 am EST

Market Headlines

Symbol	Last	Change
CK18	389.75	▲ 1.25
CN18	398.25	▲ 1.25
CZ18	413.50	▲ 1.00
SK18	1045.75	▲ 12.00
SN18	1056.50	▲ 11.75
SX18	1042.25	▲ 9.00
SMK18	388.60	▲ 2.30
BOK18	31.52	▼ -0.01
KPOK18	2466	▼ -43
WN18	494.00	▲ 5.50
WZ18	533.25	▲ 5.00
IHX.X	55.27	▼ -1.45
HEJ18	52.125	▼ -0.325
LEJ18	112.225	▼ -2.075
GFK18	135.625	▼ -2.425
CRDK18	62.70	▲ 0.64
DX.X	89.9550	▼ -0.1170
BRZ.R	0.2959	▲ 0.0004
SPM18	2618.10	▲ 12.40

Prices as of 8:45am EST
Source: DTN ProphetX

Good morning! Corn is up 1 ¼ cents, soybeans are up 12 cents and wheat is up 5 ½ cents/bushel as of the biscuit break.

Soybeans gapped higher overnight and are back challenging key psychological resistance at \$10.50 to start the week – a level the market has failed to close above since July 2016. Nearby corn took out key resistance at \$3.90 overnight and remains solidly above the 62% retracement level at \$3.86 to start the week. Nearby corn and soybean open interest is now the highest of any time in the last 15 years (see **Food for Thought**).

Market concerns over Chinese and U.S. trade tariffs eased over the weekend as President Trump tweeted late Sunday that he believes the Chinese will remove the trade barriers. China is back from an extended holiday this week and the trade will be keeping an eye on Chinese president Xi's remarks overnight Tuesday and into Wednesday morning for direction on the trade dispute. The U.S. and China certainly appear to be settling into the negotiation phase of the current trade quarrel and it may take months to implement any of the proposed tariffs.

Weather is bullish price near-term with the Midwest expected to remain cold and wet the next ten days this week, which will be largely unfavorable for fieldwork progress. CWG is at 75% rainfall coverage for the Midwest over the next five days. Rains are slated for most of the Midwest late-week for the eastern Corn Belt, although next week is expected to be slightly drier.

Dec'18 Corn and Nov'18 Soybeans are at the top end of their respective trading ranges we defined last week. Dec'18 Corn will need to sustain closes above \$4.10 ½ this week to support a breakout above the \$4.16 near-term high, while Nov'18 Soybeans have serious psychological resistance at \$10.50 (see **Charts of Day**).

Markets may continue to error on the upside and build risk premium into price heading into tomorrow's crop report as U.S. spring weather looks to be delayed into late April. Easing Chinese trade tensions are subject to change at any time.

Managed Money: The weekly **CFTC Commitment of Traders Report** on Friday showed managed funds increased their net long in corn within trade expectations and were rather unchanged in soybeans for the period ended April 3. This week's report did not include fund activity from Wednesday's reportedly record CME agricultural futures trade volume.

**CFTC Commitment of Traders Report
Disaggregated Futures & Options
3/27/2018 - 4/03/2018**

	Net Position	Weekly Change
GRAINS		
Corn	140,187	23,276
Wheat	-73,418	4,334
Soybeans	181,154	-2,424
Soybean Oil	-22,442	13,674
Soybean Meal	98,227	-3,846

Managed Funds: Estimated Daily Positions

4/09/2018	Corn	Soybeans	Wheat
Daily	-16,000	9,000	5,000
Est. Net	117,245	182,249	-52,963
Record +	409,444	260,433	73,662
Record -	-242,884	-105,705	-155,196

Source: Reuters

On Friday, funds reduced net length

in corn by -16k contracts, increased their soybean net long by 9k contracts and offset their wheat short by 5k contracts,

as shown on the table above. Funds now hold net longs in corn of 117k contracts and 182k soybean contracts, as well as a -53k contract wheat short to start the week.

Export News: This morning, USDA announced the sale of 232,500 tons of soybeans to Unknown Destinations for the 2017-18 marketing year.

USDA April 10 Crop Report			
2017-18 U.S. Grain Ending Stocks			
Mln bushels	Avg.	Range	Mar
Corn	2,196	2,067 - 2,340	2,127
Soybeans	575	520 - 650	555
Wheat	1,037	989 - 1,080	1,034

**USDA
April 10
Crop
Report:**

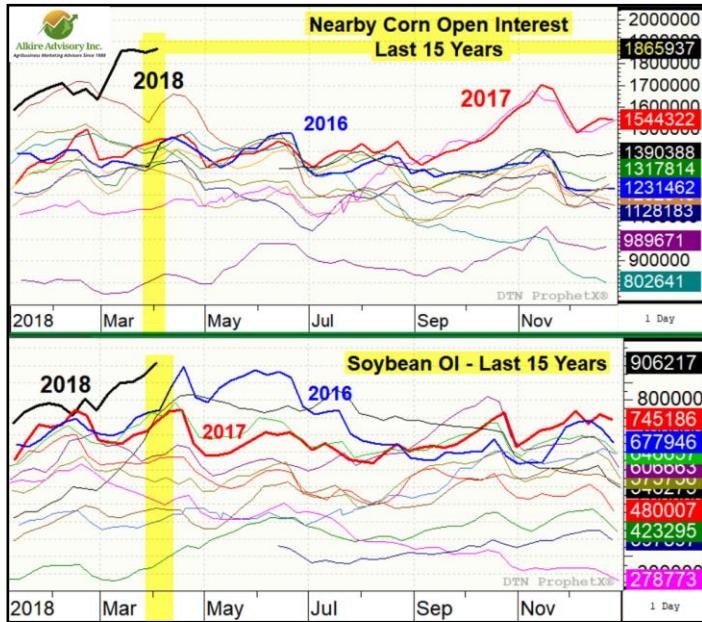
The monthly

USDA April 10 Crop Report

2017-18 South American Production

Million Metric Tons (MMT)	Argentina		Brazil	
	Corn	Beans	Corn	Beans
Average Estimate	33.3	42.1	91.6	115.6
High Estimate	36.0	46.0	96.0	119.0
Low Estimate	29.0	38.9	86.0	113.0
USDA March	36.0	47.0	94.5	113.0

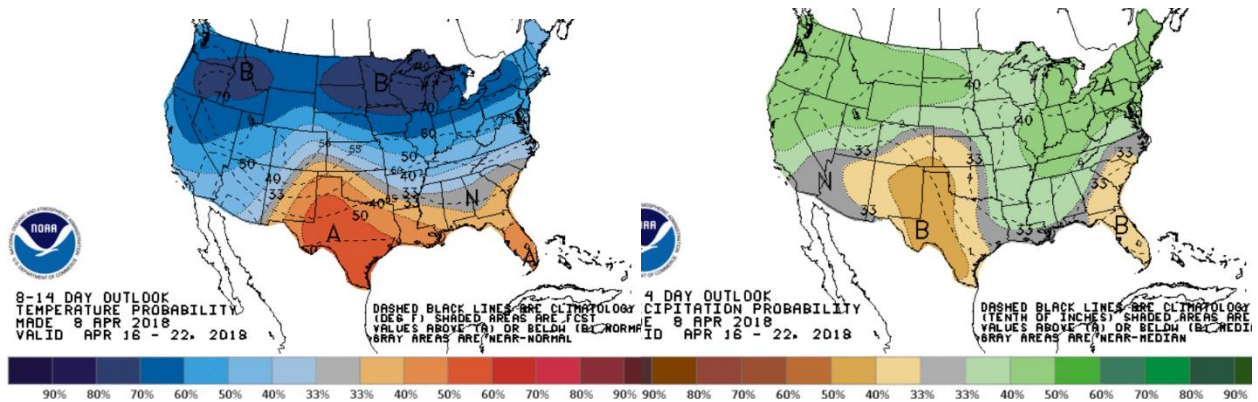
USDA Supply/Demand Report will be released tomorrow at 12:00 pm EST (11:00 am CST). The key highlights on tomorrow's report will be USDA's ending stocks figure on corn, which is expected to be increased via the Feed/Residual category from last month due to USDA underestimating the size of the crop, and USDA's South American crop estimates. Average trade estimates and ranges are shown on the tables above.



Food for Thought: The split chart above shows nearby corn and soybean futures open interest is currently the highest of any time in the last 15 years. Article from Barron's over the weekend details corn's potential to go to \$8/bushel with a 2018 U.S. summer drought, and longer term due to China's ethanol mandate. **This is one of the reasons we are bullish U.S. agriculture.**

We will be discussing more during this afternoon's teleconference at 3:00 pm EST (2:00 pm CST), along with the **March 2018 Crop Report, Trade War Review and Strategies.**

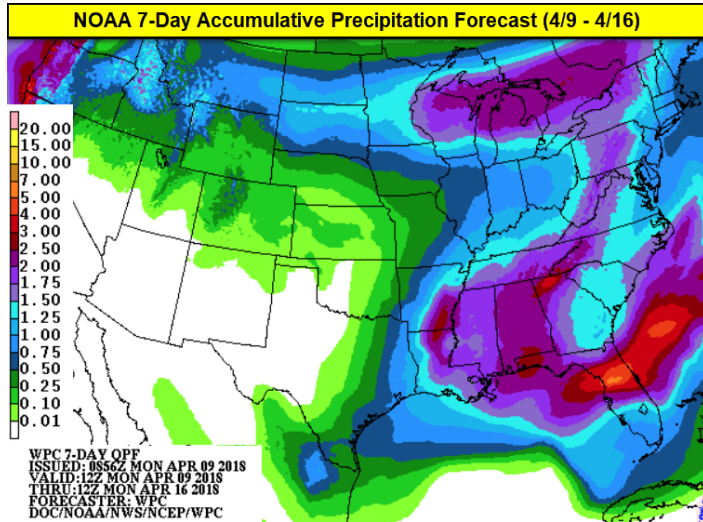
Weather Outlook



U.S. Corn Belt: According to RJO Weather this morning, things were quiet across most of the region Friday and Saturday and then snows moved into western MN and IA on Sunday, bringing totals of around 1-5". Those snows have since moved into most areas east of the MS River overnight last night and have brought totals of an inch or so to those areas. Temps were below average, with highs in the 30's and 40's and lows in the teens and 20's.

The pattern looks to remain largely unfavorable for spring fieldwork in the next 10 days. The current system will exit the east today, after bringing an additional inch or so of snow to WI, MI, northern IL and most of IN and OH. Things then look to be quiet from tomorrow through Thursday. A strong spring storm is indicated to bring widespread precip to all the region by Friday into the weekend.

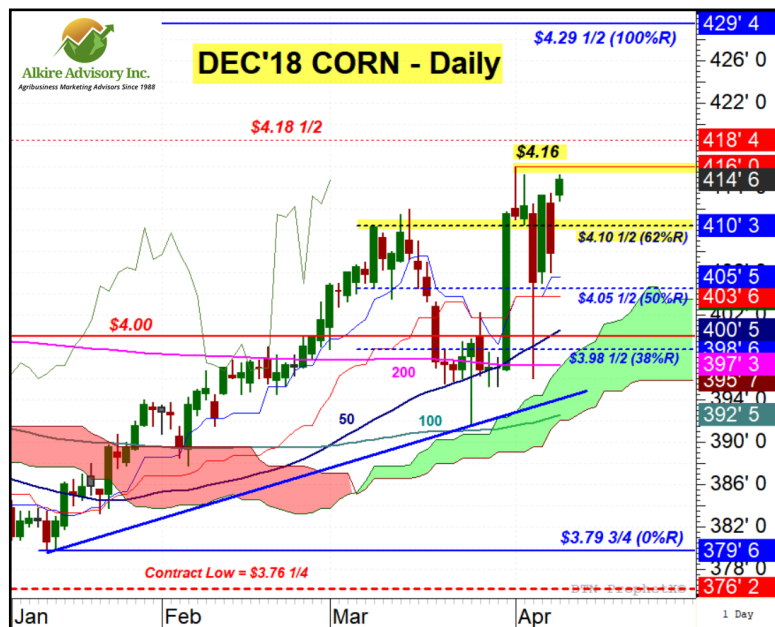
Most of the precip will fall as rain, with snows seen for the Dakotas and much of MN. Both the rainfall and snowfall totals look to be quite heavy with this system. Things then look to quiet down for the first half of next week.



Temps will be running below average for all of the next 10 days, with highs in the 30's and 40's in most cases and a few 50's in the south from time to time. Lows will be in the teens and 20's north, with 20's and 30's south.

The maps above show the NOAA 7-Day Precipitation Forecast through April 16 and the NOAA 8-14 Day Temperature and Precipitations Outlooks from April 16 into April 22.

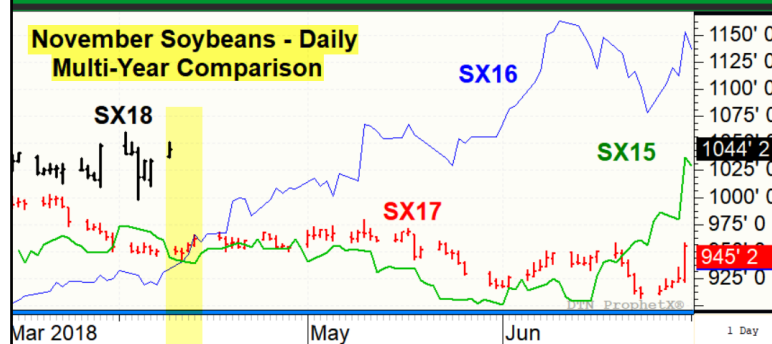
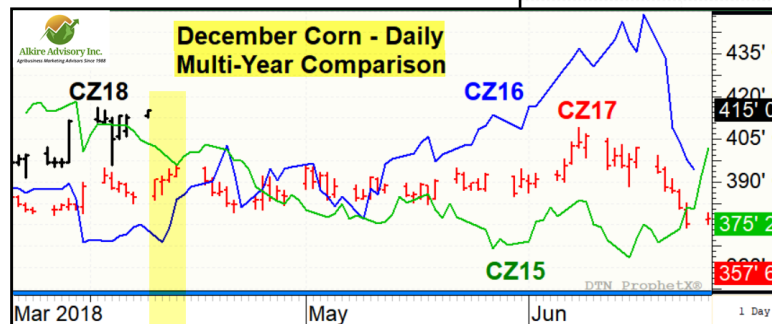
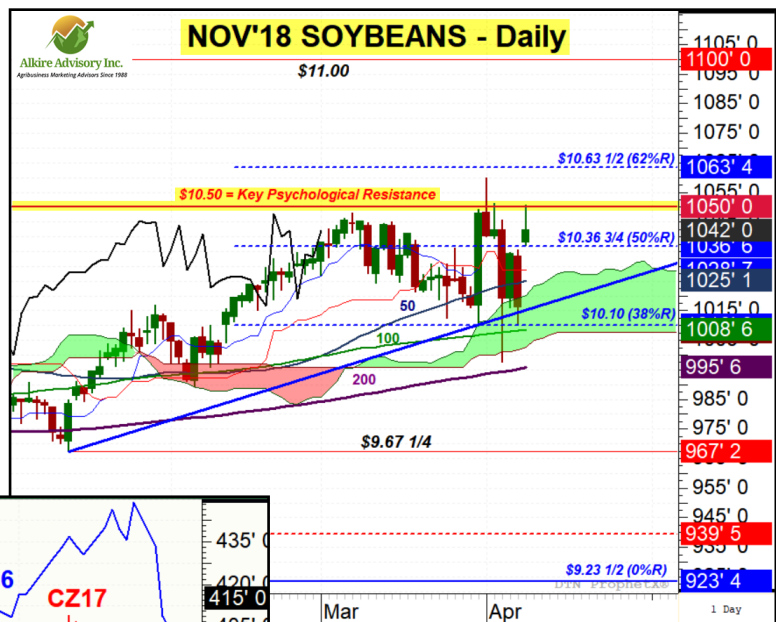
Charts of the Day



December 2018 Corn – Daily: The Dec'18 Corn chart above shows the market at the top end of the \$4.16 to \$4.00 trading range of the past month and a half. It will need to sustain closes above the 62% retracement level at \$4.10 ½ this week to support a breakout above the \$4.16 near-term high. The market has solid support consolidated around the \$4.05 level.

November 2018 Soybeans – Daily:

The Nov'18 Soybean chart above shows the overnight up-gap through the key 50-day moving average and above the 50% retracement level at \$10.36 3/4. The market is up against strong psychological resistance at \$10.50 this week – a level the market has not closed above since July 2016. Sustained closes above \$10.36 support upside price momentum near-term.



December Corn & November Soybeans – Daily (Multi-Year Comparisons):

The Dec'18 Corn multi-year above shows the market rallied during this same week last year and in 2016. Higher highs and higher lows this year suggest a pattern more similar to 2016 December corn, which began its summer weather rally in May.

The Nov'18 Soybeans multi-year comparison chart shows the market rallied in 2015 and 2016 during this same week, around the time Nov'16 Soybeans began their rally into summer. Nov'15 and Nov'17 price

action argues for sideways trade into May.

Please call if you have any questions and have a great week!



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