

MORNING COMMENTS

Tuesday, May 1, 2018

9:15 am EST

Market Headlines

Symbol	Last	Change
CN18	402.25	▲ 1.50
CZ18	417.00	▲ 1.00
CH19	423.75	▲ 0.25
SN18	1045.50	▼ -3.00
SU18	1044.00	▼ -3.25
SX18	1041.50	▼ -3.25
SMN18	394.00	▲ 0.20
BON18	30.53	▼ -0.09
KPON18	2362	▼ -20
WN18	510.00	▼ -0.50
WZ18	546.50	▼ -0.75
IHX.X	61.75	▲ 4.95
HEM18	72.700	▲ 0.075
LEM18	106.100	▼ -0.900
GFQ18	146.200	▼ -2.050
CRDN18	67.69	▼ -0.79
DX.X	92.2550	▲ 0.4380
BRZ.R	0.2828	▼ 0.0019
SPM18	2645.90	▼ -1.10
Prices as of 8:45am EST Source: DTN ProphetX		

Good morning! Corn is up 1 ½ cents, soybeans are down 3 cents and wheat is down ½ cent/bushel as of the biscuit break.

Corn has extended a two-day rally into this morning on slow planting concerns with mid-week rainfall forecast for much of the Corn Belt. Nevertheless, the next two weeks remain favorable for seeding with warming temperatures, nearly ideal soil conditions and just two rain events forecast for the Corn Belt over the next ten days.

Soybeans extended Monday's sell-off overnight and into this morning with notable profit-taking near key resistance and planting progress in line with the five-year average both weighing on the market. Wheat gapped above \$5.00 and closed sharply higher on short-covering and concerns over a dry U.S. central Plains outlook on Monday and has since pulled back in consolidated turnaround Tuesday trade this morning.

Chatter among the trade this morning that planting progress is better than USDA reported on Monday, which should provide a bearish undertow for price over the next two weeks. Reports from RJO's weekly crop round-up on Monday indicate excellent soil conditions courtesy of warming temperatures and virtually no talk of farmers cutting back on inputs despite tightening margins. Across the Corn Belt, farmers are overly optimistic for increased planting progress this week.

New fund inflows on the long side continue to favor potential summer crop adversity against the backdrop of tightening new crop corn and soybean stocks at trend yields. Soybean trade will be keeping a close eye on U.S. and Chinese trade talks beginning Wednesday while managed funds may capitalize on breaks to extend net length in corn.

Managed Money: On Monday, managed funds were notable buyers of corn for a second consecutive session and continued to liquidate net length in soybeans. Funds bought 11k corn contracts on the day and increased net length to just under 150k contracts. In soybeans, funds liquidated -6k contracts of their still-sizable net long that now stands at around 180k contracts. In wheat, funds bought back 6k contracts on the day and retain a -38k contract net short, as shown on the table above.

Managed Funds: *Estimated Daily Positions*

5/01/2018	Corn	Soybeans	Wheat
Daily	11,000	-6,000	6,000
Est. Net	147,118	180,915	-38,507
Record +	409,444	260,433	73,662
Record -	-242,884	-105,705	-155,196

Source: Reuters

USDA Export Inspections (4/30/2018)			
Mln Bushels	Actual	Estimates	Need
Corn	57.7	47.2 - 66.9	55.2
Soybeans	24.9	11.0 - 22.0	25.8
Wheat	13.8	12.9 - 20.2	24.1

Export News: The weekly **USDA Export Inspections Report** on Monday showed U.S. soybean exports on the high end of estimates and corn and wheat exports within trade expectations. The table above shows soybean exports of 24.9 million bushels were just off the necessary weekly pace.

On Monday, USDA announced the sale of 120k tons of soybeans to Argentina for the 2018-19 marketing year.

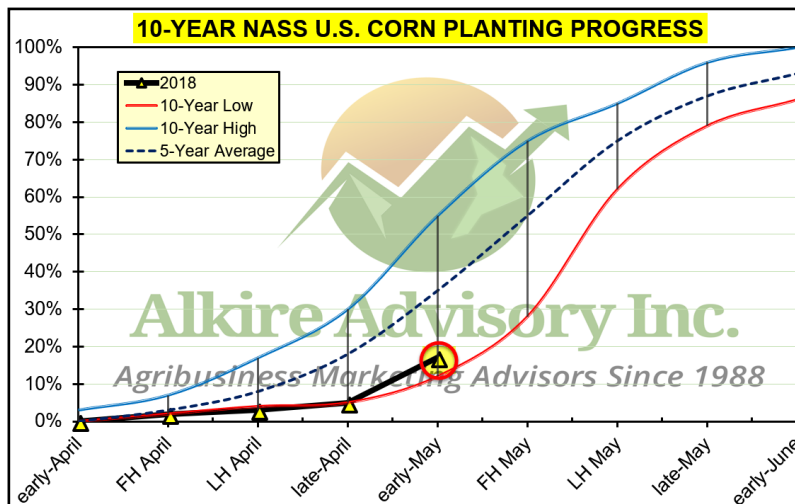
USDA Crop Progress: The weekly **USDA Crop Progress Report** on Monday showed the national U.S. corn planting progress at 17% complete as of Sunday evening, predictably below trade expectations given USDA's lagging tendency, but the NWS 6-10 and 8-14-day maps remain favorable for progress. Although strong progress was noted across the Corn Belt, this time last year corn planting was at 32% complete and the current pace remains below the 27% five-year average, as shown on the table above.

USDA Crop Progress Report							
Reporting as of	This	Avg.	Range of	Last	Last	5YA	
April 29, 2018	Week	Est.	Estimates	Week	Year		
Corn	Planting Progress	17%	18%	12-25%	5%	32%	27%
Soybeans	Planting Progress	5%	7%	4-18%	2%	9%	5%
Spring Wheat	Planting Progress	10%	12%	7-20%	3%	30%	36%
Winter Wheat	Condition Rating	33%	32%	30-34%	31%	54%	-

Source: USDA

Alkire Advisory Inc.

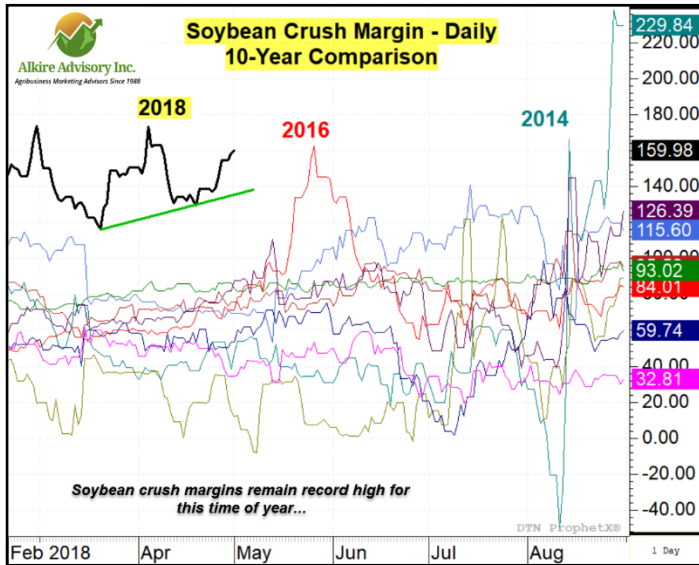
The national U.S. soybean crop was 5% planted this week and at the low end of trade estimates but in line with the 5% five-year average planting pace for this time of year. The U.S. spring wheat crop planting was reported at just 10% complete this week and continues to lag the 36% five-year average and is 20% behind last year's pace for this time of year. The U.S. winter wheat crop condition improved to 33% good to excellent this week but is 21% below this time last year.



Majority of Indiana and Ohio planting progressed over the weekend and will see a major push over the next three days ahead of mid-week rainfall. The U.S. Delta is back in good shape amid warming spring temperatures and the absence of unfavorably wet weather. Mid-week rains will be welcomed across Iowa and the central part of the state is near 50% planted with 80-degree temperatures. Nebraska is reportedly closer 30% planted and expected to advance further with a dry ten-day forecast ahead.

The chart above shows ten years of NASS U.S. corn planting progress and the five-year average relative this year. Progress remains below the 5YA line but jumped above the 10-year low this week.

U.S. Wheat Crop Quality Tour: Day 1 of the U.S. Crop Quality Wheat Tour has begun, and the trade is expecting to find better HRW wheat yield potential in the eastern portions of Kansas where rainfall has improved as of late. Conditions and yield potential is expected to deteriorate as the Tour heads west into western Kansas later this week.

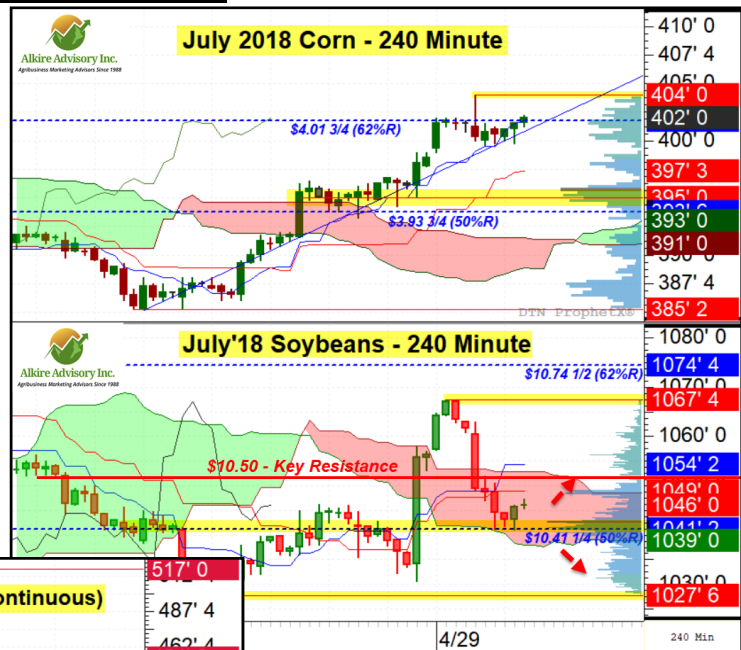


Soybean Crush: The monthly **USDA soybean crush report** this morning is expected to show 183.2 million bushels of soybeans were crushed during the month of March, up from 164.95 million bushels in February and 160.0 mbu last March. NOPA March crush came in at a record monthly total 171.9 million bushels a couple weeks ago.

The chart above shows the soybean crush margin remains the highest of the last ten years on May 1.

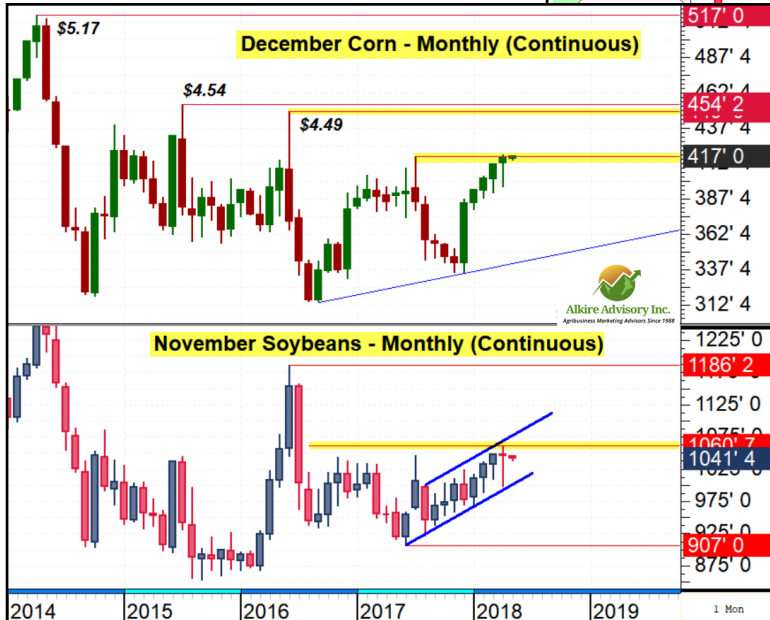
Charts of the Day

July 2018 Corn – 240 Minute: The 240-minute July'18 corn chart above shows the market having backed off Monday's new 8 3/4-month high at \$4.04 overnight and is now working higher this morning. Key support is at \$3.95 and closes above the pivot point at \$4.01 3/4 (62% retracement) encourage a test of the next upside target at \$4.10-\$4.11 near-term.



July 2018 Soybeans – 240 Minute: The 240-minute July'18 soybean chart shows key support having developed for the

market at \$10.41 1/4 corresponds with the 50% retracement objective and is one that will need to hold to prevent a test of \$10.25 support. Sustained closes above \$10.40 encourage a test of key psychological resistance at \$10.50, as shown.



December Corn – Monthly (Continuous): First of the month is a great time to review monthly charts. The December monthly continuous above shows the market ending the

month of April at \$4.16 – just 1 ¼ off last year's high of \$4.17 ¼. **Note there is not much technical resistance between \$4.18 and \$4.49.**

November Soybeans – Monthly (Continuous): The monthly November soybean chart shows the mid-2017 uptrend continuing but April's near-Doji (unchanged) close above \$10.60 should encourage corrective pullback toward \$10.25 this month.

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



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