Bearish reaction to USDA’s August crop reports — Soybean futures had a big negative reaction to the August crop reports Friday, which signaled the rally from the July lows is over and gave bears the upper hand again. Corn futures also reacted negatively to the report data and rolled over to signal a short-term top on the daily price charts. The wheat market was also pressured, but the price action wasn’t nearly as damaging from a technical perspective as it was in the corn and soybean markets. Cattle futures dropped last week after failing to take out the July highs. Futures are signaling a potential short-term top and traders are content to keep futures below the cash market. Lean hog futures plunged to new contract lows but posted key bullish reversals Aug. 9, signaling the market may finally have put in a low. Unless the cash market bottoms or there’s positive trade news, the hog market will struggle to find sustained buying.

Record corn yield expected
USDA’s first survey-based corn crop estimate at 14.586 billion bu. was 175 million bu. higher than the average pre-report guess. That would be the third-highest on record, driven by a yield of 178.4 bu. per acre. That would top the last year’s record yield by 1.8 bu. per acre. Record corn yields are expected in Alabama, Illinois, Nebraska, Ohio, South Dakota and Tennessee. Of the major production states, yields are expected to decline from last year only in Kansas, Michigan, Minnesota and Missouri. USDA reported record ear counts and the third highest implied ear weight in the 10 objective yield states.

Record soybean production expected
USDA’s initial estimate of the soybean crop is a record 4.586 billion bu., 179 million bu. higher than anticipated. The yield estimate at 51.6 bu. per acre would be the second highest on record. Record yields are expected in Alabama, Illinois, Indiana, Kentucky, Mississippi, Nebraska, Ohio and Pennsylvania. Of the major production states, yields are expected to decline from last year in only Arkansas, Kansas and Missouri.

Wheat crop bigger than anticipated
USDA’s all wheat crop estimate at 1.877 billion bu. came in 27 million bu. higher than expected but down 4 million bu. from last month. USDA estimates the national average wheat yield at 47.4 bu. per acre, down 0.1 bu. from last month.

Cotton crop bigger than expected
USDA’s first cotton crop estimate at 19.235 million bales was 845,000 bales bigger than traders expected. USDA puts the national average cotton yield at 911 lbs. per acre, up 6 lbs. from last year. Harvested acres for cotton were cut 370,000 from the July projection.

U.S./China trade row takes next step
The U.S. and China announced countering 25% tariffs on an additional $16 billion in goods, effective Aug. 23. China’s second targets are largely energy and automotive-based. Some observers say Chinese leader Xi Jinping thinks President Donald Trump will alter his current stance if Republicans lose one or both chambers of Congress in the November elections. But Trump watchers say he will not waver. The U.S./China trade battle is going to take time to resolve.

Will China lift tariffs on U.S. soybeans?
China recently removed U.S. crude oil from Chinese tariffs, signaling America has become too big to ignore in the oil market. Could the same happen with soybeans? We don’t have confirmation on any change regarding China’s current tariffs on U.S. soybeans, but there is industry and trade policy chatter about such a potential move. Even without a change in the tariff policy, China will need to import U.S. soybeans (see News page 3).

NAFTA 2.0 talks ‘getting real’
U.S. and Mexican trade officials made progress last week on some of the thorny issues of renegotiating the North American Free Trade Agreement (NAFTA). Canadian trade officials are coming to Washington this week. Bottom line: Odds are increasing of an agreement in principle this year — possibly by the end of August. But a congressional vote on the measure won’t likely come until 2019.

Warm temps, varied rain chances
Forecasts call for above-normal temps and normal to below-normal rainfall across the western Corn Belt this week, which could stress crops in the driest areas. Normal to above-normal temps and above-normal rainfall are expected across the eastern Corn Belt.
**Consultant: Iowa crops not as good as expected**

Crops in Iowa generally weren’t as good as Crop Consultant Dr. Michael Cordonnier expected following a crop-scouting journey across much of the state. His assessment came prior to heavy rains across the northern half of the state Aug. 5-6.

In northeast Iowa, Cordonnier found crops that are tall, dark green, uniform and have very high yield potential. He says recent rains will be enough to get crops to the finish line and lock in the strong yield potential.

The situation was much different in central, southern and southeastern Iowa, where crops are in need of rain. He says ear counts are high, but ear size is small and the yields are declining. Soybeans are also exhibiting moisture stress, especially on the lighter soils.

Cordonnier noted holes in fields in northwest Iowa from too much rain. Corn on higher ground is tall, dark green, has high plant populations and strong yield potential. On the lower ground, corn is pale green, stunted, lacking nitrogen and it has a much lower yield potential. He says soybeans in northwestern Iowa seem to have suffered more than corn from the excessive moisture.

Cordonnier says he’s “not certain what to make of Iowa’s crops” due to the variability across the state.

**Brazil trims corn crop peg**

Brazil’s safrinha corn crop estimate was lowered 660,000 metric tons (MT). Conab now estimates Brazil’s total corn crop at 82.18 million metric tons (MMT), down 15.66 MMT (16.0%) from last year. Cordonnier says the estimate is still too high, as he has maintained an 81-MMT estimate since early June.

Conab lowered its 2017-18 corn export forecast to 27 MMT, which is in line with the estimate from Brazil’s National Association of Cereal Exporters (Anec). An executive with Louis Dreyfus says corn exports may total only 20 MMT this year due to dramatically reduced supplies.

**Brazil judge bans glyphosate**

A Brazilian judge last week suspended the use of products containing glyphosate. New products containing glyphosate cannot be registered in Brazil and existing registrations will be suspended within 30 days, until the government reevaluates the chemical.

Cordonnier says, “If this ruling holds, it is a really big deal for Brazilian producers with just over a month until they can start planting their 2018-19 soybean crop. There are not enough chemicals in Brazil to make up for Roundup. But it’s not uncommon to see rulings like this reversed.”

“Even if the ruling is upheld, it is unenforceable,” he says. I could see the registration of new products being upheld, but there’s no way the Brazilian government would be able to limit use of the existing product.”

**France cuts wheat crop peg**

France’s ag ministry cut its wheat crop forecast by 1 MMT to 35.1 MMT, which would be down 1.5 MMT (4.1%) from last year. But that’s still 1 MMT to 2 MMT above most private estimates.

**Saudis ban Canadian wheat, barley shipments**

Saudi Arabia’s main state grain buying agency told exporters it will no longer buy Canadian wheat and barley in its international tenders due to a dispute between the two countries over women’s civil rights issues. Saudi Arabia typically imports 3 MMT to 4 MMT of wheat per year, but Canada provides very little of that supply and there have been no Canadian shipments to the Middle East country for 2017-18 to date, so impacts will be limited.

Pro Farmer Canada Editor Mike Jubinville says, “This doesn’t affect the overall volume of grain traded globally, but just shifts the wheat trade matrix marginally for now. It opens the door for someone else to fill the void to Saudi Arabia. The first option would be the Black Sea countries.”

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**Putnam Co., (WC) Indiana:**

“We picked up 2.5 inches of rain last week. Second crop beans doubled in height within five days. Beans planted in April look out of this world and that rain should go a long way towards finishing them. I yield-checked a field of 107-day corn planted on April 22 (36,000 pop. with 240 lbs. of N) at 257 bu. per acre. Checked the neighbors planted on April 22 (36,000 pop. with 220 lbs. of N) at 239 bu per acre. As far as western Putnam County is concerned, it’s fair to say we have the big crop everyone is talking about.”

**Swift Co., (WC) Minnesota:**

“Corn looks good doing the wind-shield tour, but wherever water stood, the corn is yellow with very small ears.”

**Floyd Co., (NC) Iowa:**

“It’s fast or famine here. Very wet March through first half of July. Then the rain just about stopped. Should be interesting with three- to four-foot tall corn tasseled.”

**Madison Co., (C) Ohio:**

“Crops look excellent. Most areas have received timely rains all year. Just isolated dryness.”
Chinese soybean imports slow in July
China imported 8.01 MMT of soybeans in July based on preliminary customs data. Imports were down 7.9% from June and 20.6% less than last year, as importers actively brought in soybeans ahead of Chinese tariffs on U.S. beans that started in July.

For January through July, China imported 52.88 MMT of soybeans, down 3.7% from last year’s record pace. It’s uncertain how long the trade war with the U.S. will last, so Chinese end-users are seeking alternative protein sources to soymeal. Feed demand is also expected to be reduced as contraction in China’s hog herd is expected.

Different perspectives on Chinese demand for U.S. beans
Rhetoric out of Beijing continues to downplay China’s need for U.S. soybeans during the trade war. The state-run China Economic Daily newspaper says the country is likely to cut soybean imports by around 11 MMT this year, citing government and feed industry sources. Half of the cut could come from use of lower protein formulas in feed rations, which would lower soymeal use by 5% to 7%, equivalent to about 5 MMT of soybeans. Use of sunflower seeds, palm seeds and rapeseed could replace the equivalent of about 6 MMT of soybeans.

Others, including us, have a different perspective because of limited global supplies compared to world consumption. Oil World forecasts China will need to import 15 MMT of U.S. soybeans in the October to March period, “even if the current trade war is not resolved,” as other countries won’t be able to supply enough soybeans to meet China’s needs.

The biggest risk in our opinion is an extended trade war that forces Chinese feedmakers to find a more economical and viable long-term alternative to soymeal that drastically alters Chinese feed rations. It seems ill-advised to give China a reason to find a viable long-term solution to its dependence on soymeal.

First gauge of tariff impacts on Chinese inflation
China’s Consumer Price Index (CPI) rose a slightly more-than-expected 2.1% over year-ago in July. Food prices increased 0.5% despite a 9.6% decline in pork prices, while non-food prices firmed 2.4%.

China’s Producer Price Index increased 4.6% last month. While factory-gate prices were higher than expected, they eased 0.1 point from June.

The July inflation data is the first gauge on price impacts from tariffs on U.S. goods that began last month. Chinese inflation increased more than expected last month, but at a modest pace. The tariffs on U.S. goods and a lower yuan are expected to put upward pressure on prices moving forward, though Chinese inflation is expected to remain rather moderate.

U.S. beef exports record-strong in June
The U.S. exported 272.6 million lbs. of beef in June, which was a record for the month and just slightly behind the all-time high for any month of 272.8 million lbs. in May of this year. Beef exports surged 36.8 million lbs. (15.6%) from year-earlier levels.

U.S. beef shipments to Asian destinations remain particularly strong. Exports to South Korea (the second largest market for U.S. beef) increased 49.5% from June 2017, followed by Taiwan (the No. 6 market) up 34.7% and Japan (the top market for U.S. beef) up 11.5%.

During the first half of the 2018 calendar year, the U.S. exported 1.529 billion lbs. of beef, up 196.3 million lbs. (14.7%) from last year.

U.S. pork exports slip, but remain strong
U.S. pork exports totaled 454.3 million lbs. in June, which was the second highest on record for the month behind 2008’s 461.3 million lbs. and up 6.0 million lbs. (1.3%) from last year. But pork shipments declined 61.4 million lbs. (11.9%) from May.

Exports dropped 25.0 million lbs. (15.5%) to Mexico (the top market for U.S. pork) and 17.1 million lbs. (25.3%) to South Korea (the third largest market) from the previous month. Shipments to Japan (the No. 2 market) were also down month-over-month, just not as significantly.

The decline in pork exports from May to June is seasonal, but this year’s drop was larger than normal. June was the first month Mexico’s tariffs on U.S. pork were in effect and obviously negatively influenced shipments. As long as the Mexican tariffs remain in effect, we expect exports there to decline year-over-year.

Pork shipments to foreign markets totaled 3.034 billion lbs. during the first half of the year, up 17.6 million lbs. (6.2%) from last year’s record pace.

Fillmore Co., (SE) Minnesota: “We had a late start to planting, but the heat has gotten the crops caught up. There looks to be great potential with just a few wet, compaction areas.”

Knox Co., (WC) Illinois: “Virtually all the corn looks good at 55 mph. I checked a random field in the neighborhood. Class 1 black prairie soil, worked ground, no residue, very loose and bone dry down to four inches with 35,000 ears per acre. It yield checked at 184 bu. per acre.”

Montgomery Co., (EC) Missouri: “Crops around here are virtually burnt up. Our corn looks to go 70 bu. per acre — maybe, while last year it was 170 bu. to 200 bu. per acre. I hope and pray beans still could make 35 bu. per acre with rains. There will be no double-crop beans. Frost will finish them if by chance they do get rain.”

Adams Co., (SC) Nebraska: “Barring a weather event, irrigated corn has a floor of 225 bu. per acre. Beans look good with lots of pods.”

Cavalier Co., (NE) N. Dakota: “Crops were looking really good, but after weeks of no rain and high temps, beans are shutting down and canola is shriveling up. Some wheat has been harvested 40 miles east of us. The thinking was 50 bu. to 60 bu. per acre, but it came in at 35 bu. with lots of protein.”
USDA’s August corn and soybean crop estimates were higher than expected, which caused projected U.S. new-crop corn and soybean ending stocks to also top expectations. New-crop wheat ending stocks declined from last month.

**Old-crop corn:** USDA made no change to the supply-or demand-side of the balance sheet. Carryover is still estimated at 2.027 billion bushels.

USDA now puts the national average on-farm cash corn price for 2017-18 at $3.35 to $3.45, up a nickel on the bottom end and down a nickel on the top end of the price range from last month.

**New-crop corn:** USDA projects corn ending stocks at 1.684 billion bu. in 2018-19, 132 million bu. above last month and 48 million bu. above the average pre-report trade estimate. Total new-crop supplies are up 357 million bu. from last month due to the larger expected crop. Feed & residual use was increased 100 million bu. from July (to 5.525 billion bu.) and exports are now put at 2.350 billion bu., up 125 million bu. from last month.

USDA projects the national average on-farm cash corn price for 2018-19 at $3.10 to $4.10, down 20¢ on both ends of the range from last month.

**Old-crop soybeans:** USDA lowered its carryover estimate to 430 million bu., down 35 million bu. from last month. USDA increased estimated old-crop crush by 10 million bu. (2.040 billion bu.) and increased old-crop bean exports by 25 million bu. (to 2.110 billion bushels).

The national average on-farm cash bean price for 2017-18 is $9.35, unchanged from July.

**New-crop beans:** USDA raised its 2018-19 soybean carryover forecast 205 million bu. from last month to 785 million bushels. Thanks to the bigger crop estimate, total supplies are up 240 million bu. from last month. That increase in supply was only partially offset by a 15-million-bu. increase in estimated new-crop crush (2.060 billion bu.) and a 20-million-bu. jump in estimated exports (also 2.060 billion bushels).

The national average on-farm cash soybean price for 2018-19 is now put at $7.65 to $10.15, down 35¢ on both ends of the range from July.

**Wheat:** USDA lowered its new-crop wheat ending stocks forecast by 50 million bu. from last month to 935 million bushels. Ending stocks are now projected to decline 65 million bu. from 2017-18. Total supplies were cut 5 million bu. from last month due to the slight reduction in the U.S. wheat crop estimate. On the demand side, USDA increased estimated food use 5 million bu. (to 970 million bu.) and estimated exports by 25 million bu. (to 1.025 billion bushels). Those increases in demand were partially offset by a 10-million-bu. cut to estimated feed and residual use to 120 million bushels.

USDA projects the national average on-farm cash wheat price for 2018-19 at $4.60 to $5.60, up a dime on both ends of the range from last month.

**Old-crop cotton:** USDA raised its 2017-18 cotton carryover estimate by 400,000 bales to 4.4 million bales. Domestic use was trimmed 100,000 bales (to 3.25 million bales) and exports were cut by 350,000 bales (to 15.85 million bales). Those demand cuts were partially offset by a 50,000-bale increase in “unaccounted use.”

The price forecast for old-crop cotton at 68¢ was unchanged from last month.

**New-crop cotton:** USDA increased its new-crop ending stocks projection by 600,000 bales from July to 4.6 million bales. Total supplies were raised 1.13 million bales from last month amid the bigger crop forecast. On the demand side, estimated exports were increased 500,000 bales (15.5 million bales) and “unaccounted use” was increased 30,000 bales.

USDA now puts the national average on-farm cash cotton price for 2018-19 at 70¢ to 80¢, up 2¢ on the bottom end and down 2¢ on the top end from last month.

**Global carryover highlights**

**Corn:** Global ending stocks at 193.33 million metric tons (MMT) for 2017-18 are up 1.6 MMT from last month. Projected world carryover for 2018-19 at 155.49 MMT is up 3.53 MMT from July, but still down 37.84 MMT from the current marketing year.

**Soybeans:** Global carryover at 95.61 MMT for 2017-18 is down 410,000 metric tons (MT) from July. World ending stocks at 105.94 MMT for 2018-19 would be a record and are up 7.67 MMT from last month. Global soybean ending stocks are now forecast to rise 10.33 MMT year-over-year.

**Wheat:** Global wheat carryover for 2017-18 at 273.07 MMT is down 430,000 MT from last month. Global 2018-19 ending stocks at 258.96 MMT are projected down 1.92 MMT from last month and down 14.11 MMT from 2017-18. USDA slashed its European Union wheat crop forecast by 7.5 MMT from last month. But it raised its Russian wheat crop projection by 1 MMT and made no changes to the other major exporting countries’ wheat crop pegs.

**Cotton:** Global carryover for 2017-18 at 84.51 million bales was lowered 450,000 bales from last month. Global ending stocks for 2018-19 at 77.10 million bales were reduced 740,000 bales from last month. Global cotton ending stocks are now projected to decline 7.41 million bales from the 2017-18 marketing year.
**CATTLE**

**Position Monitor**

**Game plan:** Fed cattle producers should carry all risk in the cash market. We are targeting the $114.00 level in October live cattle or $117.50 in December live cattle for potential hedges.

**Fundamental analysis**

August usually sees a modest appreciation in wholesale beef values. This year the improvement has been small and slow to come. To manage margins, packers are limiting slaughter to levels where they think they can sell the supply rather than add beef to storage. While beef supplies already peaked in June, production will be similar to slightly higher than a year ago for the next couple of months.

Exports improved again the week ended Aug. 2, rising 15% above the prior 4-week average after an outstanding first half of shipments (see News page 3). August cattle are about $4 above the low posted last year, which also marked the spot low for all of 2017. Prices may be ready to resume their rally.

**Weekly Beef Exports**

**Hogs**

**Position Monitor**

**Game plan:** We anticipate an early seasonal low, followed by a fall/winter price recovery. Continue to carry all risk in the cash market, though there may be more near-term downside risk as the market searches for a low.

**Fundamental analysis**

Futures followed an accelerating drop in cash bids and wholesale pork prices for a second straight week. Fall- and winter-month futures fell to new contract lows before posting key bullish reversals Aug. 9. The pork cutout value is about 8% lower than a year ago and the lowest for early August since 2009 when the world was in the grips of the worst economic downturn since the 1930s. U.S. export sales showed a second straight weak week of strong new business. Mexico/U.S. trade talks may finish soon, leading to an improved demand outlook. Funds are holding a near-record short position, which may fuel a recovery as they cover positions. But rising hog numbers into year end would temper any gains.

**Weekly Pork Exports**

**Feed**

**Feed Monitor**

**Corn**

**Game plan:** You should have all corn-for-feed needs covered in the cash market through the end of September.

**Meal**

**Game plan:** You should have all meal needs covered in the cash market through September. Continue to hold the long hedges against 25% of expected fourth quarter meal needs in long December soybean meal futures at $328.10.

**Fundamental analysis**

August usually sees a modest appreciation in wholesale beef values. This year the improvement has been small and slow to come. To manage margins, packers are limiting slaughter to levels where they think they can sell the supply rather than add beef to storage. While beef supplies already peaked in June, production will be similar to slightly higher than a year ago for the next couple of months.

Exports improved again the week ended Aug. 2, rising 15% above the prior 4-week average after an outstanding first half of shipments (see News page 3). August cattle are about $4 above the low posted last year, which also marked the spot low for all of 2017. Prices may be ready to resume their rally.
Position Monitor

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**Game plan:** On Aug. 9, we advised selling another 5% of old-crop ahead of USDA’s crop reports. Our target for additional 2017-crop sales is $3.80 in September futures, though we’ll move all remaining old-crop inventories before the end of the marketing year on Aug. 31. We have less urgency to sell new-crop corn unless futures post an extended price recovery above the $4.00 level.

**Fundamental analysis**

Corn futures erased early-week gains and halted a three-week rally after USDA projected on Friday a record national yield and the third-biggest U.S. harvest ever. With production up over 350 million bu. from last month’s projection and 20 million bu. smaller than a year ago, carryover supplies were raised just 132 million bu., on stronger export and feed demand. Sales for the 2018-19 season are 59% ahead of a year ago with USDA forecasting exports to fall 50 million bushels. It will take time to digest the bigger crop. Lower prices will increase sales. Demand markets tend to bottom in July and this year’s lows still look like solid support. USDA predicted global production will rise, but demand will rise faster. That will cut world reserve inventories as a percent of use to the tightest in 45 years.

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**Daily December Corn**

*Trend is higher.*

The Oct. 12 low of $3.89 1/4 represents initial resistance. Tougher resistance at the Feb. 20 high of $3.99 is key to the late-summer outlook.

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**Daily March Corn**

*Trend is higher.*

Recent action confirmed initial resistance at the Jan. 25 high of $3.99. Stiffer resistance is at $4.06 1/2.

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**Daily SRW September Wheat**

*Trend is higher.*

A fresh close above initial resistance at the May 29 high of $5.70 3/4 would have bulls again targeting the Aug. 2 spike high at $5.93, then the psychologically important $6.00 level.

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**Wheat**

**Position Monitor**

<table>
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<td>Futures/Options</td>
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**Game plan:** Get current with advised sales. We are targeting $6.00 in September SRW futures for additional 2018-crop sales.

**Fundamental analysis**

SRW: USDA forecast a smaller drop in global production and inventories than expected. Prices fell on the forecasts despite private and government estimates that suggest smaller output. U.S. exports are 28% behind last year and until new sales emerge, the 3-month rally may stall.
**Game plan:** On Aug. 7, we advised hedgers and cash-only marketers to sell another 5% of 2017-crop to trim inventories. We are targeting $9.25 or higher in September futures for additional old-crop sales, but we plan to move all remaining old-crop bushels by the end of the marketing year on Aug. 31. We are willing to wait on a stronger recovery for new-crop sales.

**Fundamental analysis**

USDA forecasts U.S. farmers will harvest the biggest crop ever, and both U.S. and world inventories will rise to record levels in 2018-19. Friday’s USDA report erased two-weeks’ worth of gains. The market was looking for a smaller boost in U.S. output. U.S. export sales are stellar. Any non-Chinese demand is coming for discounted U.S. soybeans. The U.S./Chinese trade war continues with both sides announcing another 25% tariff on $16 billion of goods this past week and publicly warning each other they plan for a long fight. Soybean meal prices in China rose to the highest levels since May 2016 last week and China took U.S. crude oil off the list of tariffs because of its impact on their domestic economy. Strong price recoveries may be slow to develop and limited in scope.

**HRW:** Combined wheat production in the European Union, Russia and Ukraine is forecast down 12% from last year to the lowest level in five years. USDA did not change its production outlooks for Australia or Canada, despite adversely dry weather in those countries. Russia indicated concerns that rising wheat prices are spurring inflation. Ukraine will limit sales from a year ago.

**HRS:** USDA said spring wheat production will be 614 million bu., unchanged from July’s forecast and above market expectations. Total wheat output is seen at 1.877 billion bu., up from 1.741 billion bu. last year.
COTTON

Position Monitor

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Game plan: Get current with advised new-crop sales. We are targeting the 95.00¢ level in December futures for more sales.

Fundamental analysis:
Futures slipped for a second week after rising to seven-week highs to start August. Rain and forecasts for more precip in Texas may help to revive some plants and boost yield potential after months of dry conditions. Exports are up 39% from a year ago to start the new marketing year.

GENERAL OUTLOOK

Shipping Rates: The Baltic Dry Index is one tool to measure demand for raw materials — a measure of shipping rates for dry bulk commodities.

It can be a leading indicator for raw material demand, and at others, it can lag commodity market price action.

Over the past four months, the index has jumped 87% to a 4 1/2-year high even as commodities in general were moving sideways to lower. The Baltic Dry Index has been signaling an upturn in commodity demand the last several months as demand for metals, oil, grains and oilseeds improved, despite ongoing U.S. trade disputes. The Baltic Panamax Index, a measure of the most common grain vessel costs, has risen 18% since the end of May as Chinese buyers shifted soybean and other commodity purchases away from the U.S. to avoid paying a 25% tariff. The rebound in grain and soybean prices may be just beginning if rising shipping costs are a leading indicator of global demand.

FROM THE BULLPEN by Sr. Market Analyst Jeff Wilson

U.S. agricultural trade in the first six months of 2018 rose 2.4% from a year earlier when tonnage reached a record, USDA data last week showed. Shipments to Mexico were mixed, with overall agriculture tonnage down about 3%.

Shipments of corn, soybeans, soybean meal ethanol, beef, pork, poultry, dairy products, fruits, vegetables and pulses to Mexico all rose in the first half of 2018. Soybeans rose 18% and corn gained 3% as low prices boosted demand. Total corn exports to all destinations jumped 15% this year and soybean shipments gained 6% on rising global demand.

Soybean meal shipments surged 42% as Mexico bought more to substitute for reduced imports of dried distillers grain. Beef, pork and poultry exports rose 2% to 4% in the first six months of the year and dairy gained 12%.

The biggest percentage gain occurred in wine and beer shipments, up 69% in the first half. Snack food exports rose 28%, frozen and dried fruit sales jumped 26% and fruit and vegetable juices gained 6%.

Soybean oil shipments fell 43% from the first half a year ago and wheat shipments fell 39% as Mexico sourced from other suppliers and substituted cheaper vegetable oils. Rice exports to our southern customer fell 29% and cotton fell 14%. The biggest drop occurred for sorghum, down 94% as Mexico substituted cheaper corn in feed rations.

The Mexican stock market rose last week to a six-month high and the peso strengthened versus the dollar to the highest since April after Economy Minister Guajardo said a new NAFTA deal may be wrapped up this month. Markets are beginning to focus more on positive trade with Mexico and less on China’s tariffs.

Key Market Items on My ‘To Watch’ List

1) USDA Crop Progress Report — Monday, Aug. 13, 3:00 p.m. CT
Corn, soybean ratings are seen steady-lower with the dry U.S. weather.

2) July NOPA Crush Report — Wednesday, Aug. 15, 11:00 a.m. CT
Record soybean crush continued last month amid strong processing margins.

3) USDA Export Sales Report — Thursday, Aug. 16, 7:30 a.m. CT
Improving corn, soybean demand; waiting to see new wheat business.

4) USDA Broiler Hatchery Report — Thursday, Aug. 16, 2:00 p.m. CT
Slowing U.S. chicken production.

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