

# London Agricultural Commodities

## Weekly Newsletter

January 12, 2018

### Market Commentary

by: Chris Betz

Wheat took a bearish punch in the face with U.S. planted wheat acres well exceeding expectations at 32.608 million acres versus the average estimate of 31.307. This, a slight reduction from 2017 seedings which were 32.696 million acres, but still would be the lowest figure since 1909. The overall story, however, is the same. A world awash with wheat. World ending stocks were projected, close to pre-report expectations, at 268.02 million tons. U.S. wheat exports were left unchanged at 975 million bushels, and domestic demand was decreased 24 million bushels. Not a pretty picture for working through already large stocks, and resulting in an increase to U.S. ending stocks by 29 million bushels to 989 million bushels.



Soybeans responded positively at noon, thanks to a reduction U.S. yield to 49.1 bushels per acre versus 49.5 in last month's report. Domestic crush was also increased 10 million bushels. U.S. ending stocks being increased 25 million bushels will have tempered excitement. This is largely due to a 65 million bushel reduction to exports. It has been a poor start to the marketing year for exports, and South American crops are looking promising overall. The USDA increased Brazilian bean production to 110 million metric from 108 last month. CONAB put Brazilian soybean production at 110.44 metric tons. Argentina bean production was left unchanged at 57 million metric tons not reflecting dryness concerns that have been a market talking point.

The report was neutral for corn, which figures to leave a grind sideways to lower in place. U.S. production was increased 26 million bushels with a 1.2 bpa increase for the national average yield to 176.6. This is slightly offset by trimming planted/harvest acres. Feed and residual use was decreased 25 million bushels, while food seed and industrial use was increased 10 million. Use for ethanol was left unchanged. U.S. exports were also left unchanged with Brazilian and Argentina corn production left unchanged from the December USDA estimates. CONAB, yesterday, pegged Brazil's total 2017-18 corn crop at 92.35 million metric tons, versus the USDA's 95 million metric ton estimate.

Michigan corn yield was reduced to 159 from 167, which represents the largest percentage drop of any state. Soybean yield was also reduced 5.6% to 42.5 bpa. The first planted wheat number came in at 530,000 acres, higher than most would have projected. At the close Friday, wheat took the beating closing down a tick under thirteen cents, soybeans finished firmly on technical buying up a dime on the March, and corn is down two cents.

In outside markets, the USD broke below technical resistance Friday and is testing three year lows. Energies are firmly higher with natural gas leading the charge as a winter storm makes its way across the Midwest. Ethanol has benefitted the last two sessions from firmness in the energy sector. Metals have been mixed this week. Softs are also mixed with cotton trading new highs. Livestock are generally softer this week. The Dow Jones Industrial Average is up another 203 points Friday to 25,777.

# Technical Thoughts

## By: Ken Lake



The “glimmer of hope” I talked about last week collapsed after Monday’s miserable trade to the contract low of 346. The balance of the week did give us the opportunity to sell 350 March futures but the market quickly turned lower after USDA’s final crop production report showed somewhat bearish numbers. We did have a positive trade within the final minutes of trade closing at 347. The penetration of the contract low now leaves corn vulnerable to test 310 support on the weekly charts. Keep in mind that the managed money is on the short side of the corn trade and a rally could ensue if given a reason to cover but for now, values will remain on the defensive. The December contract held support of 379. Momentum indicators are oversold. No new sales recommendations in December corn at this time.

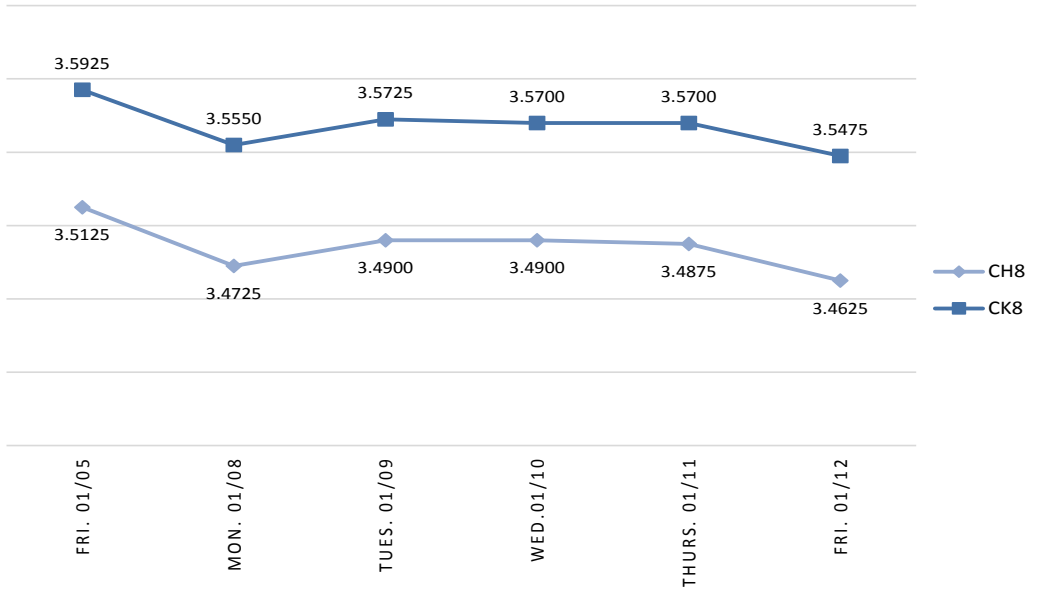
Soybeans traded higher. March soybeans traded higher on USDA numbers. Support remains at 923. Resistance at 965. Target 970 and 985. Likewise November soybeans traded higher today. Support is 965. Resistance is 988 then 993.

Wheat contracts broke lower on USDA reports. Both old and new contracts are oversold. No sales recommendations at this time.

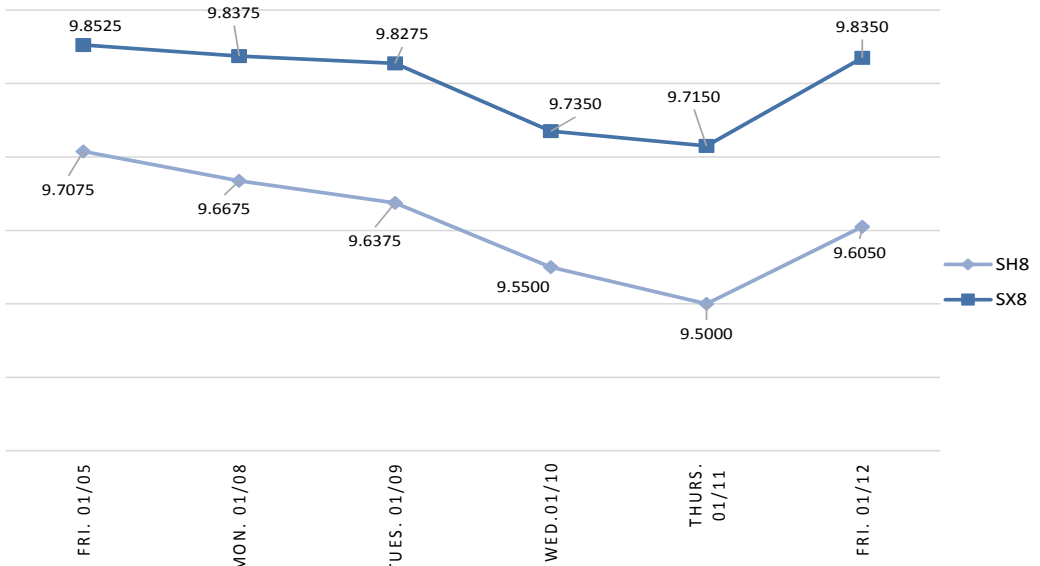
<b>2017-18 U.S. Corn, Soy Production (million bushels)</b>			
	USDA	Avg	USDA
	Jan	Estimate	November
Corn	14.604	14.579	14.578
Avg Yield	176.6	175.4	175.4
H.A	82.703	83.103	83.119
Soybeans	4.392	4.427	4.425
Avg Yield	49.1	49.5	49.5
H.A	89.522	89.501	89.471
<b>2017-18 U.S. grain ending stocks (billion bushels)</b>			
	USDA	Avg	USDA
	Jan	Estimate	December
Wheat	0.989	0.959	0.96
Corn	2.477	2.431	2.437
Soy	0.47	0.472	0.445
<b>2018-19 U.S. Winter Wheat Seedings (million acres)</b>			
	USDA	Avg	USDA
	Jan	Estimate	2017 Seedings
Total Winter	32.608	31.307	32.696
HRW	23.1	22.327	23.426
SRW	5.98	5.555	5.733
WW	3.56	3.435	3.537
<b>2017-18 World Crop Ending Stocks (million tons)</b>			
	USDA	Avg	USDA
	Jan	Estimate	December
Wheat	268.02	268.26	268.42
Corn	206.57	203.09	204.08
Soy	98.57	99.06	98.32
<b>2017-18 SOAM Crop Production (million metric tons)</b>			
	USDA	Avg	USDA
	Jan	Estimate	December
Argy Corn	42	41.5	42
Argy Bns	56	56.33	57
Braz Corn	95	94.13	95
Braz Bns	110	110.27	108

# Daily Futures Closes

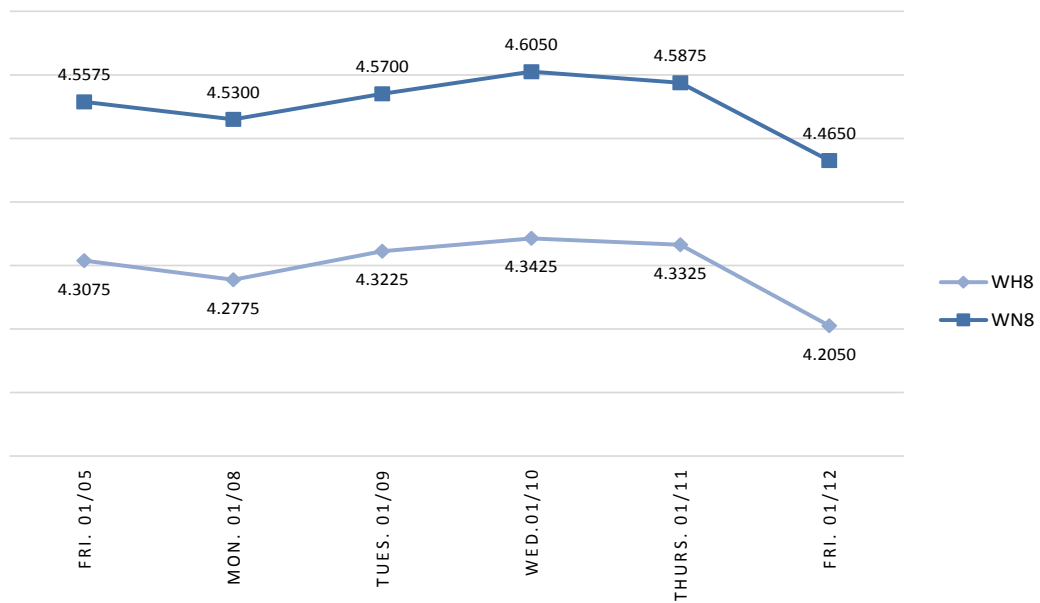
## CORN FUTURES PRICES



## SOYBEAN FUTURES PRICES



## WHEAT FUTURES PRICES



# Facility Updates

## Blissfield (517-486-2171)

[Click Here for Blissfield Cash Prices](#)

We finished up shipping our bean pile this week and will continue to ship out soybeans. The weather today has slowed down farmer deliveries from their bins. Don't forget to RSVP for the Outlook conference on Thursday, February 8th. Blissfield and Jasper customers call 517-486-2171 if you would like to take the group bus to the conference. Have a great weekend!

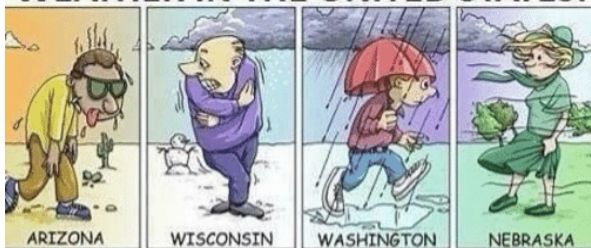
## Breckenridge (989-842-3104)

[Click Here for Breckenridge Cash Prices](#)

Status update from Breckenridge:



## WEATHER IN THE UNITED STATES:



## WEATHER IN Michigan



Basically

## Jasper (517-436-3126)

[Click Here for Jasper Cash Prices](#)

The Jasper plant has been busy with outside maintenance and housekeeping. We even took in corn this week. So far the big storm hasn't proved itself. Hopefully, we haven't spoken too soon. Have a great weekend everyone!

## Marlette (989-635-3578)

## Brown City (810-346-2711)

[Click Here for Marlette Cash Prices](#)

[Click Here for Brown City Cash Prices](#)

With safety as a top priority at MAC, our Brown City and Marlette crew completed a safety course this week on respirator awareness. Some of our employees also attended the MABA Winter Conference in Lansing this week, where our very own Chuck and Duane gave a great presentation on our testing procedures for vomitoxin and the falling number in wheat. Our area has a winter weather advisory in effect until 7pm this evening, have a great weekend and stay safe out there!

## Middleton (989-236-7263)

[Click Here for Middleton Cash Prices](#)

The Middleton area has been hit by the January thaw. Our crew has been loading railcars of grain, attending meetings, performing housekeeping, and moving melting snow. The MSU Extension is holding meetings around the state for recertification for your RUP license, and the Saginaw Valley Bean and Beet day is set for Tuesday, January 16th. Here is hoping everyone has a safe and happy weekend.

## Newaygo (231-652-6017)

[Click Here for Newaygo Cash Prices](#)

The crew spent the week busy with shipments. A reminder that our Outlook Conference is February 8th which is less than a month away. Please RSVP by contacting the office. Have a great weekend!

## Tupperville (519-627-4861)

[Click Here for Tupperville Cash Prices](#)

This winter has reminded us of the old saying "if you don't like the weather in Ontario, wait a few hours". We need to give thanks to our operators in the yard. They have been able to keep things running smoothly by adapting to the arctic temps, snow and now the rain induced meltdown. Don't forget to register for our Outlook Meeting happening February 21, 2018. For more details give us a call or see our website [www.londonag.com](http://www.londonag.com) under the "Outlook Meeting" tab. Have a great week!

# Additional Information

## Safety Moment

The U.S. Fire Administration reports that fires kill more than 4,000 Americans each year and approximately injure 20,000 more. U.S. fire departments respond to nearly 2 million fires each year, with three-quarters of them occurring in residences. A home is often referred to as a safe haven. This month, make sure your home is protected from a fire but also protected in case a fire did happen. Here are four tips:

### Tip #1: Smoke Alarms

These are still a very important addition to your home. Smoke alarms are widely available and inexpensive. Install a smoke alarm on every level of your home and test it monthly.

### Tip #2: Prevent Electrical Fires

Don't overload circuits or extension cords. Cords and wires should never be placed under rugs or in high traffic areas. Avoid loose electrical connections by checking the fit of the plug in the wall outlet. If the plug loosely fits, inspect the outlet right away. A poor connection between the plug and the outlet can cause overheating and can start a fire in minutes.

### Tip #3: Keep Plugs Safe

Unplug all appliances when not in use. If a plug is overheating, smells strange, shorts out or sparks – the appliance should be shut off immediately, then replaced or repaired.

### Tip #4: Have Two Ways Out

It is important to have a home fire escape plan that prepares your family to think fast and get out quickly when the smoke alarm sounds. What if your first escape route is blocked by smoke or flames? That is why having two ways out is such a key part of your plan.

Thanks and Be Safe,

Josh Spegel

## WELCOME ERIN!



**ERIN (KOGLIN) ALLEN**

MAC is pleased to announce that Erin (Koglin) Allen has started employment with MAC. Erin is filling a new position for MAC : Customer Relations and Employee Development Manager. Erin will be taking the lead role in new employee recruitment and retention. She will lead efforts on employee training updates, customers service and promotion of MAC. Erin will supervise our newsletter, web page, social media and other public relations outlets.

She was previously with Syngenta for over 8 years. As their AgriEdge Specialist, she worked with large producers on a digital agricultural platform that assisted producers with production, agronomics and other data. Erin is a graduate of MSU with a degree in Agri-Business Management. Originally from Port Hope, she and her husband, Eric, now reside in Delta Township (Lansing). MAC is eager to welcome Erin to our team.

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