

KSU Agriculture Today Radio Notes

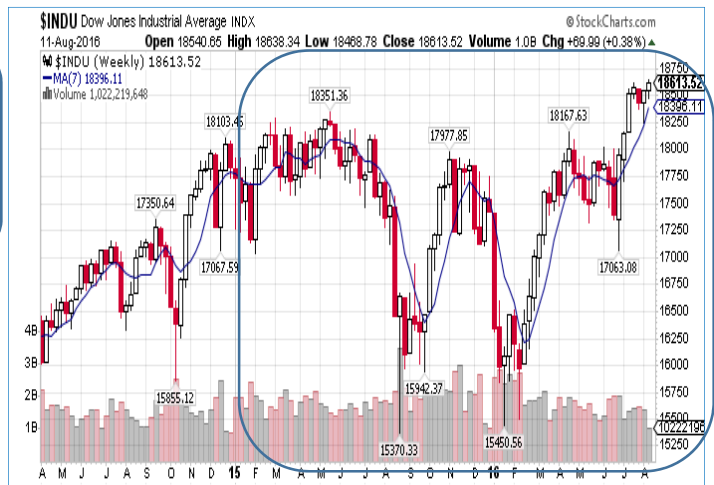
Daniel O'Brien, Extension Agricultural Economist, Kansas State University

For Radio Program to be aired 10:00-10:15 a.m., Friday, August 26, 2016

I. Grain Futures Closes, Changes & Carry on Thursday, August 25, 2016

Corn Futures				Soybean Futures				Ethanol Futures			
Month	Close	Change	Carry/mo	Month	Close	Change	Carry/mo	Month	Close	Change	Carry/mo
Sept 16	\$3.23 ½	↓ \$0.04	---	Sept 16	\$ 9.98 ¼	↓ \$0.325	---	Sept 16	\$1.450	↓ \$0.007	---
Dec 16	\$3.32	↓ \$0.0425	\$0.02 ⁸³³	Nov 16	\$ 9.74 ½	↓ \$0.2975	No carry	Oct 16	\$1.440	↓ \$0.005	No Carry
Mar 17	\$3.42	↓ \$0.04	\$0.03 ³³³	Jan 17	\$ 9.77 ½	↓ \$0.285	No carry	Nov 16	\$1.417	↓ \$0.005	No Carry
May 17	\$3.49	↓ \$0.0375	\$0.03 ⁵⁰	Mar 17	\$ 9.76 ½	↓ \$0.27	No carry	Dec 16	\$1.390	↓ \$0.005	No Carry
July 17	\$3.55 ¾	↓ \$0.0375	\$0.03 ³⁷⁵	May 17	\$ 9.76 ½	↓ \$0.2475	No carry	Jan 17	\$1.376	↓ \$0.005	No Carry
Sept 17	\$3.63	↓ \$0.035	\$0.03 ⁶²⁵	July 17	\$ 9.76 ¾	↓ \$0.2375	\$0.00 ²⁵	Feb 17	\$1.380	↓ \$0.005	\$0.004
Dec 17	\$3.73	↓ \$0.03	\$0.03 ³³³	Aug 17	\$ 9.70 ½	↓ \$0.2275	No carry	Mar 17	\$1.394	↓ \$0.005	\$0.014
Mar 18	\$3.82 ¾	↓ \$0.0275	\$0.03 ²⁵	Sept 17	\$ 9.49 ¼	↓ \$0.2075	No carry	Apr 17	\$1.411	↓ \$0.005	\$0.017

Kansas HRW Wheat Futures				Chicago Wheat Futures				MGEX Spring Wheat Futures			
Month	Close	Change	Carry/mo	Month	Close	Change	Carry/mo	Month	Close	Change	Carry/mo
Sept 16	\$4.05 ½	↓ \$0.0225	---	Sept 16	\$ 4.01 ¼	↓ \$0.0275	---	Sept 16	\$4.97 ¾	↓ \$0.04	---
Dec 16	\$4.32 ¼	↓ \$0.0175	\$0.08 ⁹¹⁷	Dec 16	\$ 4.23 ¾	↓ \$0.025	\$0.07 ⁵⁰	Dec 16	\$5.04 ½	↓ \$0.0425	\$0.02 ²⁵
Mar 17	\$4.48 ½	↓ \$0.0175	\$0.05 ⁴¹⁷	Mar 17	\$ 4.46 ¾	↓ \$0.0175	\$0.07 ⁶⁶⁷	Mar 17	\$5.16 ¼	↓ \$0.0425	\$0.03 ⁹¹⁷
May 17	\$4.58 ¾	↓ \$0.0175	\$0.05 ¹²⁵	May 17	\$ 4.60 ¾	↓ \$0.015	\$0.07	May 17	\$5.25 ¾	↓ \$0.04	\$0.04 ⁷⁵
July 17	\$4.68 ¼	↓ \$0.0475	\$0.04 ⁷⁵	July 17	\$ 4.70	↓ \$0.01	\$0.04 ⁶²⁵	July 17	\$5.35 ½	↓ \$0.0625	\$0.04 ⁸⁷⁵
Sept 17	\$4.84 ½	↓ \$0.0125	\$0.08 ¹²⁵	Sept 17	\$ 4.84	↓ \$0.01	\$0.07	Sept 17	\$5.45 ¼	↓ \$0.0325	\$0.04 ⁸⁷⁵
Dec 17	\$5.07 ¾	↓ \$0.01	\$0.07 ⁷⁵	Dec 17	\$ 5.03 ¾	↓ \$0.0125	\$0.09 ⁸⁷⁵	Dec 17	\$5.59 ¾	↓ \$0.0375	\$0.04 ⁸³³
Mar 18	\$5.20 ¾	↓ \$0.0125	\$0.04 ³³³	Mar 18	\$ 5.19 ½	↓ \$0.015	\$0.05 ²⁵	Mar 18			



Central Kansas Terminal and Processor Daily Grain Report

TERMINAL HRW WHEAT ORD US NO 1				
	Bids	Change (+/bu)	Basis	Change
Atchison	3.3050	DN 1.75	-75U	UNCH
Topeka	3.3550	DN 1.75	-70U	UNCH
Concordia	3.0550	DN 1.75	-100U	UNCH
Salina	3.1550-3.2050	DN 1.75	-90U to -85U	UNCH
Great Bend	3.0350	DN 1.75	-102U	UNCH
Newton	2.8650	DN 1.75	-119U	UNCH
Hutchinson	2.9650-3.2550	DN 1.75	-109U to -80U	UNCH
Wichita	3.0350-3.2050	DN 1.75	-102U to -85U	UNCH
Wellington	3.0150-3.1050	DN 1.75	-104U to -95U	UNCH
Arkansas City	2.9550	DN 1.75	-110U	UNCH

TERMINAL HWW WHEAT ORD US NO 2				
	Bids	Change (+/bu)	Basis	Change
Wichita	3.2050	DN 1.75	-85U	UNCH

TERMINAL US NO 2 YELLOW CORN				
	Bids	Change (+/bu)	Basis	Change
Atchison	3.0050	DN 4	-23U	UNCH
Topeka	3.0050	DN 4	-23U	UNCH
Salina	2.5850-2.6850	DN 4	-65U to -55U	UNCH
Newton	2.3950	DN 7	-84U	DN 3
Hutchinson	2.6450-2.6850	DN 4	-59U to -55U	UNCH
Wellington	2.6400	DN 4.25	-68Z	UNCH
Arkansas City	2.6200	DN 4.25	-70Z	UNCH

TERMINAL US NO 2 SORGHUM				
	Bids	Change (+/cwt)	Basis	Change
Topeka	4.50	DN 8	-80Z	UNCH
Concordia	4.26	DN 7	-85U	UNCH
Salina	4.44-4.50	DN 7-DN 8	-75U to -80Z	UNCH
Newton	4.13	DN 8	-92U	UNCH
Hutchinson	4.28-4.79	DN 7-DN 8	-84U to -55U	UNCH
Wellington	4.26	DN 7	-85U	UNCH
Arkansas City	4.22	DN 7	-87U	UNCH

TERMINAL US NO 2 SOYBEANS				
	Bids	Change (+/bu)	Basis	Change
Atchison	9.4550	DN 29.75	-30X	UNCH
Topeka	9.4550	DN 29.75	-30X	UNCH
Salina	9.1050-9.2550	DN 29.75	-65X to -50X	UNCH
Newton	9.2550	DN 29.75	-50X	UNCH
Hutchinson	9.1550-9.2450	DN 29.75	-60X to -51X	UNCH
Wichita	9.3350	DN 29.75	-42X	UNCH
Wellington	9.2950	DN 29.75	-46X	UNCH
Arkansas City	9.3150	DN 29.75	-44X	UNCH

PROCESSOR HRW WHEAT US NO 1				
	Bids	Change (+/bu)	Basis	Change
Wichita-11%	3.4550	DN 1.75	-60U	UNCH
Wichita-12%	3.8050	DN 1.75	-25U	UNCH
Wichita-13%	4.1050	DN 1.75	5U	UNCH

PROCESSOR US NO 2 YELLOW CORN				
	Bids	Change (+/bu)	Basis	Change
Atchison	3.0550	DN 4	-18U	UNCH

PROCESSOR US NO 2 SOYBEANS				
	Bids	Change (+/bu)	Basis	Change
Emporia	10.0050	DN 29.75	25X	UNCH
Wichita	9.9050	DN 29.75	15X	UNCH

* All bids are \$/bu except Sorghum, which is \$/cwt.

Chicago Board of Trade month symbols: F January, G February, H March, J April, K May, M June, N July, Q August, U September, V October, X November, Z December

Source: USDA-KS Department of Ag Market News Service, Dodge City, KS
Richard Hruska 620-227-8881 DodgeCity.LPGMN@ams.usda.gov

Western Kansas Grain Markets

Thursday's closing elevator grain bids:

HRW WHEAT ORD US NO 1				
	Bids	Change (¢/bu)	Basis	Change
Dodge City	2.86	DN 2.25	-120U	UNCH
Colby	2.91	DN 2.25	-115U	UNCH
Garden City	2.86	DN 2.25	-120U	UNCH
Goodland	2.86	DN 2.25	-120U	UNCH
Protection	2.86	DN 2.25	-120U	UNCH
Scott City	2.84	DN 2.25	-122U	UNCH
Sublette	2.96	DN 2.25	-110U	UNCH
Syracuse	2.86	DN 2.25	-120U	UNCH
Ulysses	2.95	UP 1.25	-137Z	UP 3

US NO 2 YELLOW CORN				
	Bids	Change (¢/bu)	Basis	Change
Dodge City	2.84	DN 4	-40U	UNCH
Colby	2.69	DN 4	-55U	UNCH
Garden City	2.86-2.89	DN 4	-38U to -35U	UNCH
Goodland	2.59	DN 4	-65U	UNCH
Protection	2.89	DN 4	-35U	UNCH
Scott City	2.76-2.81	DN 4	-48U to -43U	UNCH
Sublette	2.92	DN 4	-32U	UNCH
Syracuse	2.92	DN 4.25	-40Z	UNCH
Ulysses	2.92	DN 5.5	-40Z	DN 10

US NO 2 SORGHUM				
	Bids	Change (¢/cwt)	Basis	Change
Dodge City	4.17	DN 7	-90U	UNCH
Colby	4.17	DN 7	-90U	UNCH
Garden City	3.99-4.21	DN 7	-100U to -88U	UNCH
Goodland	NA	NA	NA	NA
Protection	4.26	DN 7	-85U	UNCH
Scott City	3.90-3.96	DN 7	-105U to -102U	UNCH
Sublette	4.17-4.26	DN 7	-90U to -85U	UNCH
Syracuse	4.32	DN 8	-90Z	UNCH
Ulysses	4.20	UP 5	-97Z	DN 2

US NO 2 YELLOW SOYBEANS				
	Bids	Change (¢/bu)	Basis	Change
Dodge City	8.86	DN 29.75	-90X	UNCH
Colby	NA	NA	NA	NA
Garden City	8.76-8.96	DN 29.75	-100X to -80X	UNCH
Protection	8.91	DN 29.75	-85X	UNCH
Scott City	8.76	DN 29.75	-100X	UNCH
Sublette	8.76-8.96	DN 29.75	-100X to -80X	UNCH
Ulysses	8.73	DN 29.75	-103X	UNCH

US NO 2 YELLOW CORN - FEEDMILL BID				
	Bids	Change (¢/bu)	Basis	Change
Ashland	NA	NA	NA	NA

US NO 2 SORGHUM - FEEDMILL BID				
	Bids	Change (¢/cwt)	Basis	Change
Ashland	4.62	DN 7	-65U	UNCH

Cotton Grade 41, Leaf 4, Staple 34, West Texas base price 64.25 cents per pound
 FOB Railcar or Truck

* All bids are ¢/bu except Sorghum, which is ¢/cwt.

Chicago Board of Trade month symbols: F January, G February, H March, J April,
 K May, M June, N July, Q August, U September, V October, X November, Z December

Source: USDA-KS Department of Ag Market News Service, Dodge City, KS
 Richard Hruska 620-227-8881 DodgeCity.LPGMN@ams.usda.gov
 www.ams.usda.gov/mnreports/DC_GR110.txt
 www.ams.usda.gov/LPSMarketNewsPage



US #2 Yellow Corn - dollars/bushel				
	Cash Bids	Chg	Basis	Avg:
Iowa-Eastern:	2.9450 - 3.2250	↔	-33U to -5U	-19.00
Iowa-Western:	2.8750 - 3.1150	↓	-40U to -16U	-28.00
Illinois:	3.1750 - 3.4350	↓	-10U to 16U	3.00
Indiana:	3.2025 - 3.4750	↓	-16Z to 20U	2.00
Ohio:	3.3750 - 3.4350	↓	10U to 16U	13.00
Michigan:	3.1125 - 3.4350	↓	-25Z to 16U	-4.50
Kansas:	3.0150 - 3.3250	↓	-26U to 5U	-10.50
Minnesota:	2.7650 - 3.0050	↓	-51U to -27U	-39.00
Nebraska:	2.8550 - 3.1750	↓	-42U to -10U	-26.00
Wisconsin:	2.9650 - 3.0350	↓	-31U to -24U	-27.50
South Dakota:	2.8750 - 3.0050	↓	-40U to -27U	-33.50
Missouri:	2.9050 - 3.0850	↓	-37U to -19U	-28.00

Distillers Grain - dollars/ton										
	Dried 10%	Chg	Avg:	Modified 50-55%	Chg	Avg:	Wet 65-70%	Chg	Avg:	
Iowa-Eastern:	115.00	↔	115.00	48.00 - 60.00	↔	54.00	NA	NA	NA	NA
Iowa-Western:	108.00 - 128.00	↔	118.00	42.00 - 60.00	↔	51.00	30.00 - 36.00	↔	33.00	
Illinois:	125.00 - 145.00	↔	135.00	NA	NA	NA	NA	NA	NA	
Indiana:	120.00 - 135.00	↔	127.50	65.00	↔	65.00	NA	NA	NA	
Ohio:	122.00 - 133.00	↔	127.50	NA	NA	NA	NA	NA	NA	
Michigan:	115.00 - 137.00	↔	126.00	55.00 - 60.00	↔	57.50	NA	NA	NA	
Kansas:	120.00 - 145.00	↔	132.50	NA	NA	NA	38.00 - 45.00	↔	40.50	
Minnesota:	105.00 - 115.00	↔	110.00	50.00	↔	50.00	28.00 - 35.00	↔	31.50	
Nebraska:	112.00 - 133.00	↔	122.50	45.00 - 62.00	↔		29.00 - 37.50	↔	33.25	
Wisconsin:	115.00 - 130.00	↔	122.50	50.00	↔	50.00	NA	NA	NA	
South Dakota:	90.00 - 125.50	↔	107.75	50.00 - 64.00	↔	57.00	40.00	↔	40.00	
Missouri:	120.00 - 155.00	↓	137.50	65.00	↔	65.00	30.00 - 42.00	↓	38.00	

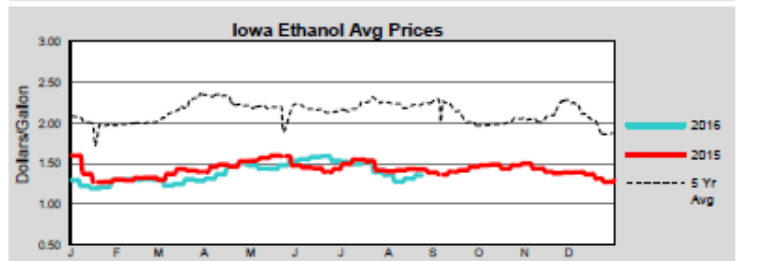
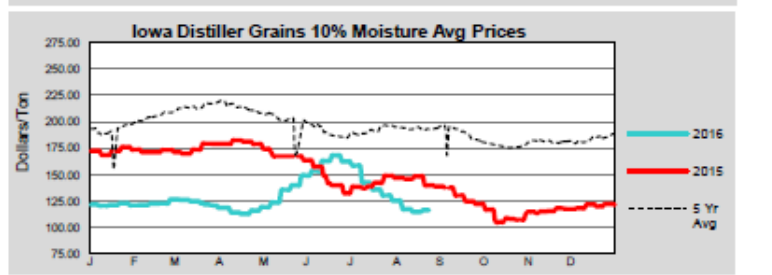
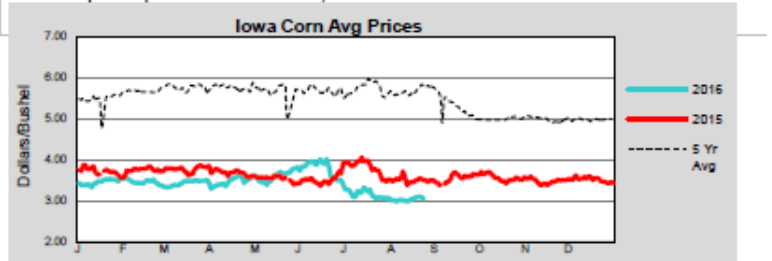
Sorghum - dollars/bushel				
	Cash Bids	Chg	Basis	Avg:
Kansas:	2.6250 - 2.8750	↓	-65U to -60U	-62.50
Missouri:	2.7050	↓	-57U to -57U	-57.00

Corn Oil - cents/pound				
W/E 8/19/16	Range	Chg:	Avg:	
Iowa:	26.00 - 27.00	↑	26.50	
Eastern Cornbelt:	26.00 - 27.00	↑	26.50	
Nebraska:	25.00 - 27.00	↑	26.00	
South Dakota:	NA	NA	NA	

Ethanol - dollars/gallon				
W/E 8/19/16	Range	Chg:	Avg:	
Iowa:	1.28 - 1.43	↑	1.36	
Eastern Cornbelt:	1.41 - 1.45	↑	1.43	
Kansas:	1.28 - 1.37	↓	1.33	
Minnesota:	1.31 - 1.42	↑	1.37	
Nebraska:	1.28 - 1.36	↑	1.32	
Wisconsin:	NA	NA	NA	
South Dakota:	1.31 - 1.42	↑	1.37	

Daily Nearby Futures				
	Today	Yesterday	Last year	
CME group				
Corn (\$/bu)	3.2675	3.2750	3.6375	
Ethanol (\$/gal)	1.4480	1.4570	1.4280	
NYMEX:				
RBOB Gasoline (\$/gal)	1.5021	1.5096	1.4568	
Natural Gas (mmBtu)	2.8340	2.7960	2.6640	

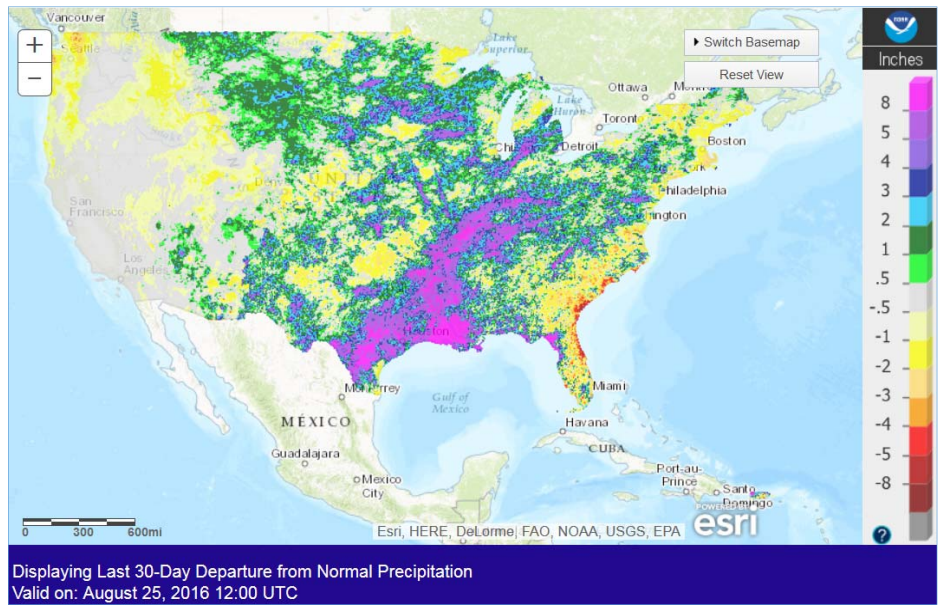
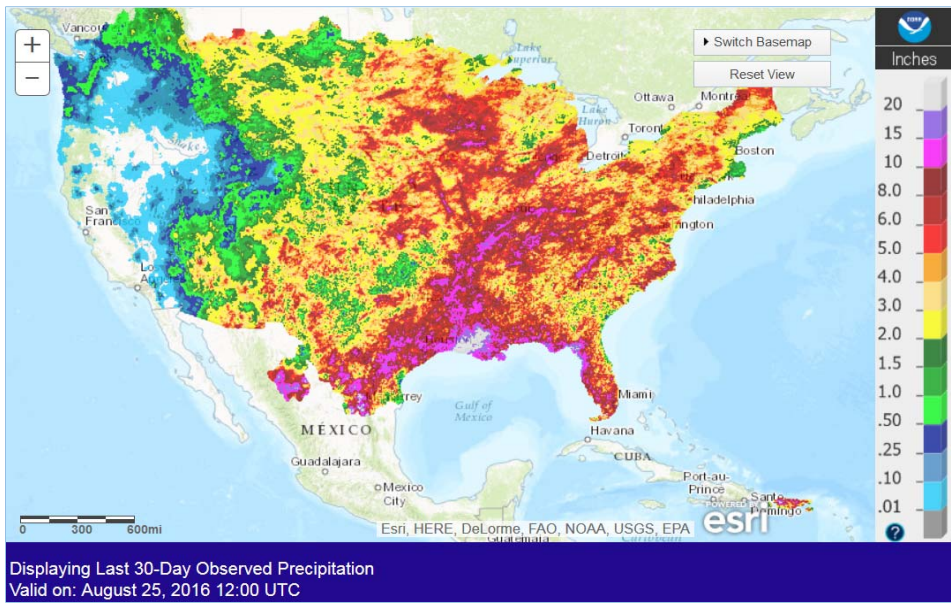
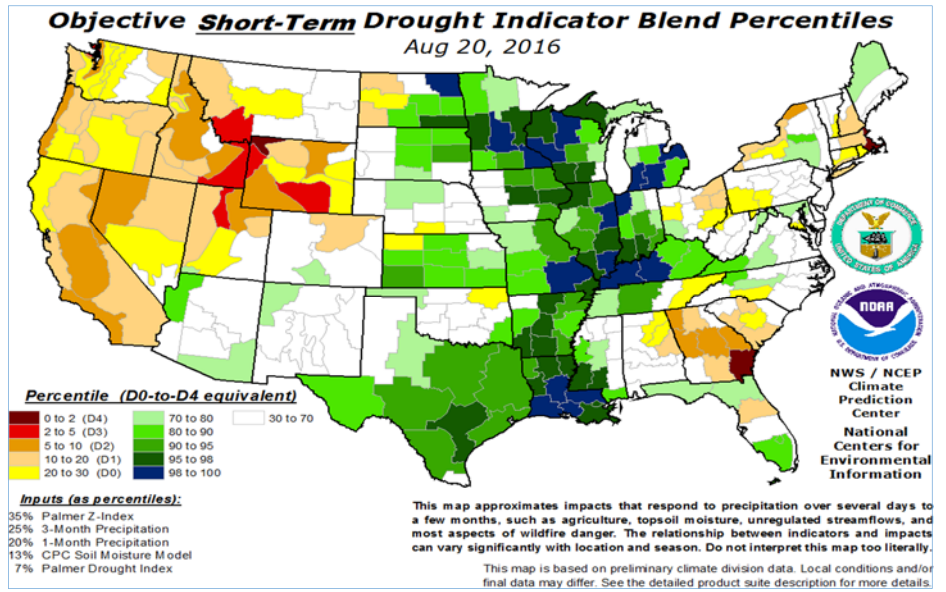
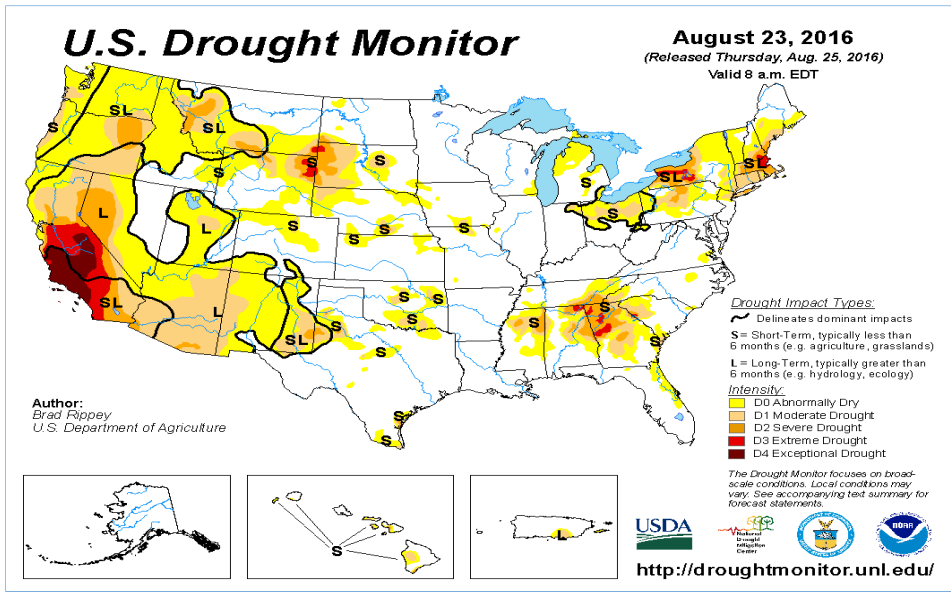
Daily Market Review
 Dry distillers grains traded mostly steady throughout the Eastern Cornbelt and South Dakota, with dry and wet distillers in Missouri seeing price decreases. Yesterday the Pro Farmer's Midwest Crop Tour estimated the Illinois corn yield as 193.5 bushels, which is 13% higher than last year. Last week's export shipments totaled 41.2 mb, 189 mb short of the USDA's estimate.



BIO-ENERGY REPORT NOTES

Yellow corn : US #2 spot bids at ethanol plants reported as \$/per bushel
 Distiller grains: Spot bids FOB the ethanol plant reported as \$/per ton. Protein content 28-30% for most distiller grains on a dry matter basis.
 Ethanol: Spot bids FOB the ethanol plant reported as \$/gallon.
 Distiller corn oil: Spot bids FOB the ethanol plant reported as ¢/lb. Distiller corn oil is intended for animal feed or biofuel and is not Generally Regarded As Safe (GRAS) for human consumption. It may also be referred to as inedible crude corn oil or crude corn oil.
 Chicago Board of Trade month symbols: F January, G February, H March, J April, K May, M June, N July, Q August, U September, V October, X November, Z December

II. U.S. & World Drought Monitor, Moisture Accumulations & Forecasts (Weekly Weather and Crop Bulletin)



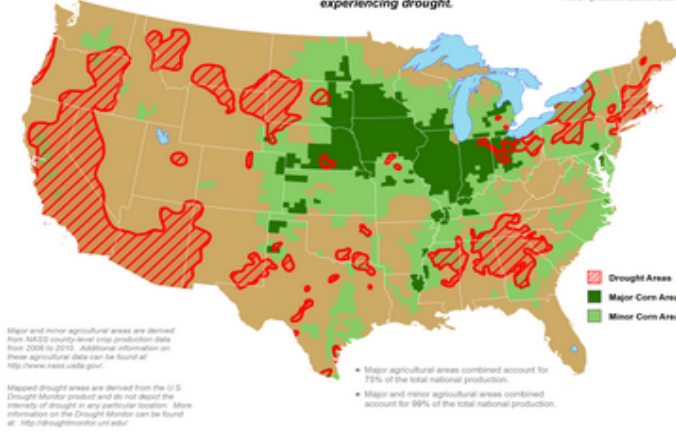
Impacts

U.S. Corn Areas Experiencing Drought

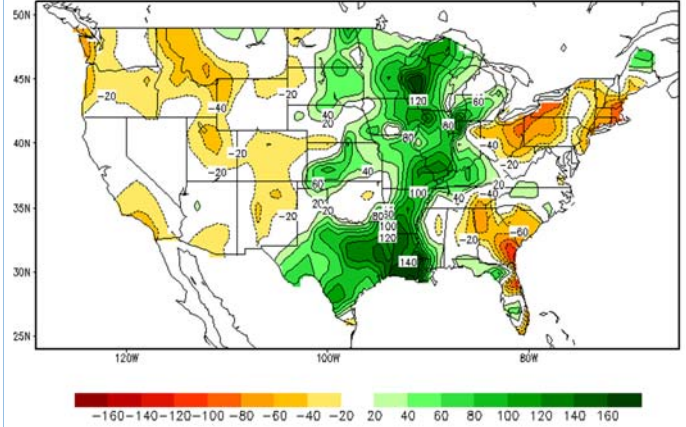
Reflects August 16, 2016
U.S. Drought Monitor data

Approximately 4% of corn
production is within an area
experiencing drought.

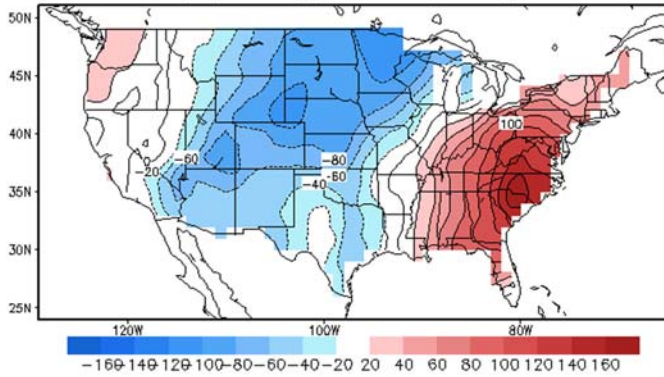
USDA United States
Department of
Agriculture
This product was prepared by the
USDA Office of the Chief Economist
World Agriculture Outlook Board



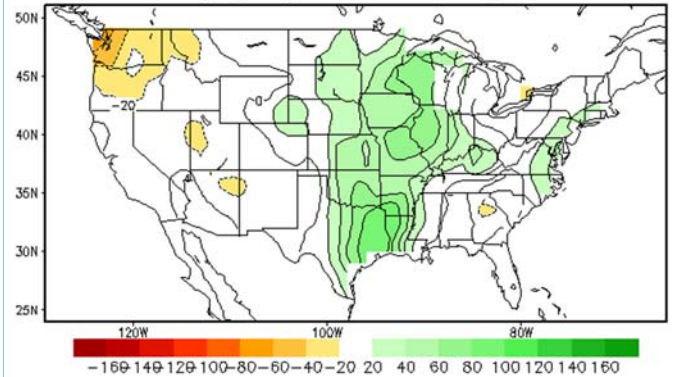
Predicted Soil Moisture Anomaly (mm) (01Sep2016-25Aug2016)



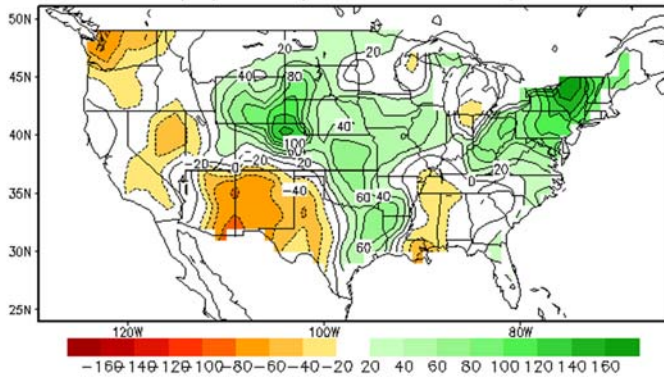
Lagged Averaged Temperature Outlook for SEP 2016 units: anomaly (sdX100), SM data ending at 20160824



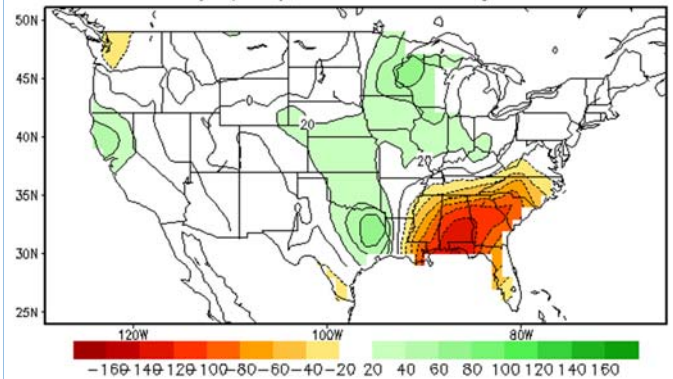
Lagged Averaged Soil Moisture Outlook for End of SEP2016 units: anomaly (mm), SM data ending at 20160824



Lagged Averaged Precipitation Outlook for SEP 2016 units: anomaly (sdX100), SM data ending at 20160824



Lagged Averaged Soil Moisture Outlook for End of NOV2016 units: anomaly (mm), SM data ending at 20160824



INTERNATIONAL CROP AND WEATHER HIGHLIGHTS

USDA/WAOB Joint Agricultural Weather Facility

August 23, 2016

EUROPE – Highlight: Dry Weather Favored Fieldwork For Much Of The Week

- Sunny skies promoted summer crop maturation and winter crop harvesting in **France** and **England**.
- Following early-week showers, drier weather favored the maturation of corn, sunflowers, and soybeans from **Germany** and **northern Italy** into most of eastern **Europe**.
- Localized drought in the lower **Balkans** trimmed yield prospects for filling corn and sunflowers.

MIDDLE EAST – Highlight: Summer Crop Maturation And Harvesting Continued

FSU – Highlight: Building Heat Trimmed Spring Wheat Prospects

- Showers favored filling corn and sunflowers in eastern **Ukraine** and western **Russia**. In contrast, localized short-term drought lingered in west-central **Ukraine**, impacting corn and soybeans.
- Excessive heat lowered yield prospects for filling spring wheat in parts of central **Russia**, though the crop was beyond the most susceptible reproductive stages of development.
- Seasonably hot, mostly dry weather favored cotton maturation in **Uzbekistan**.

SOUTH ASIA – Highlight: Flooding Rainfall For Soybeans

- A strong monsoon low pressure area that tracked across north-central **India** brought heavy showers and localized flooding to rice and soybeans.

EAST ASIA – Highlight: Dryness Persisted In Northeastern China

- Unfavorably dry weather continued for corn and soybeans in parts of northeastern **China**.
- A series of tropical cyclones brought heavy showers to northern **Japan**, increasing soil moisture and water supplies for rice in the latter stages of reproduction.

SOUTHEAST ASIA – Highlight: Flooding Rainfall In Vietnam And Laos

- Tropical Storm Dianmu made landfall in northern **Vietnam**, producing flooding rainfall that spread into northern **Laos**.
- Drier weather prevailed for rice in northeastern **Thailand**, but moisture conditions remained favorable nevertheless.

AUSTRALIA – Highlight: Continued Favorable Weather

- In the west and southeast, widespread showers maintained good to excellent yield prospects for wheat, barley, and canola.
- In the northeast, mostly dry, seasonably warm weather benefited reproductive winter wheat.

SOUTH AMERICA – Highlight: Rain Continued In Brazil's Wheat Belt

- Rain provided additional moisture for wheat in southern **Brazil**.
- Warm, mostly dry weather favored late corn harvesting and winter grain planting in **Argentina**.

MEXICO – Highlight: Widespread Rain

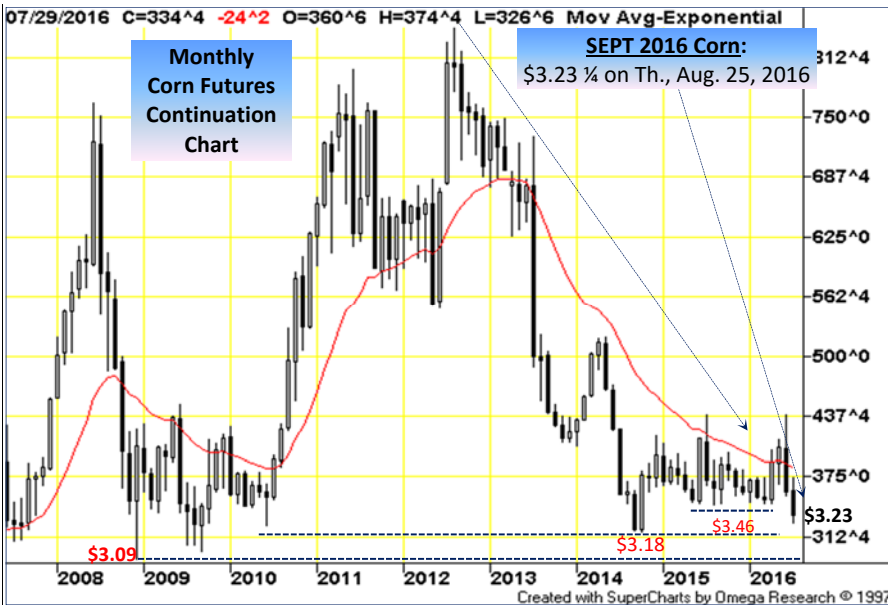
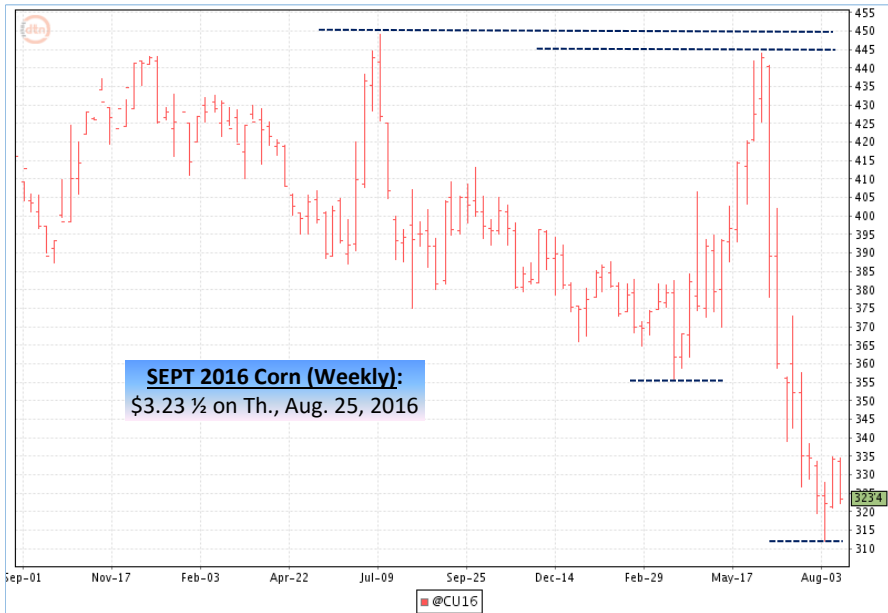
- Rain benefited corn, cotton, and other summer crops in southern and northwestern **Mexico**.

CANADA – Highlight: More Showers For Ontario; Prairie Dryness Spurred Harvesting

- Showers provided additional drought relief to soybeans and late-planted corn in **Ontario**.
- Conditions favored maturation and harvesting of Prairie spring grains and oilseeds.

IV. Corn Market Information

Weekly SEPT 2016 Corn Futures



Key Corn & Grain Sorghum Supply-Demand Factors:

❖ U.S. Corn Exports: “Negative” short term MY 2015/16 U.S. corn export shipments with “positive” long term outlook

- **Weekly Export Shipments** week of 8/18/2016 for MY 2015/16 = 38.2 mb vs 94.45 mb/wk needed to meet USDA’s August 12th projn of 1.900 bb exports
- **Total shipments through 8/18/2016** for MY 2015/16 = 1.736 bb i.e., 90.2% of 1.925 bb USDA projn with 96.2% of MY complete (50/52 weeks)
- **Total shipments & new sales (8/18/2016)** for “current” MY 2015/16 = 1.963 bb i.e., 102.0% of 1.925 bb USDA projn w. 96.2% of MY complete (50/52 weeks)
- **Total sales (8/18/2016)** for “new crop” MY 2016/17 = 0.440 bb i.e., 20.2% of 2.175 bb USDA projn w. 0.0% of MY complete (0/52 weeks)

❖ U.S. Grain Sorghum Exports: “Negative” short term MY 2015/16 Export Shipments & “neutral” long term

- **Weekly Export Shipments** wk of 8/18/2016 for MY 2015/16 = 0.09 mb vs 22.15 mb/wk needed to meet USDA’s August 12th projn of 330 mb exports
- **Total shipments through 8/18/2016** for MY 2015/16 = 300.7 mb i.e., 87.2% of 345 mb USDA projn with 96.2% of MY complete (50/52 weeks)
- **Total shipments & new sales (8/18/2016)** for “current” MY 2015/16 = 323.1 mb i.e., 93.65% of 345 mb USDA projn w. 96.2% of MY complete (50/52 weeks)
- **Total new sales (8/18/2016)** for “new crop” MY 2016/17 = 6.67 mb i.e., 2.67% of 250 mb USDA projn w. 0.0% of MY complete (0/52 weeks)

❖ World & U.S. Corn Supply-Demand Fundamentals

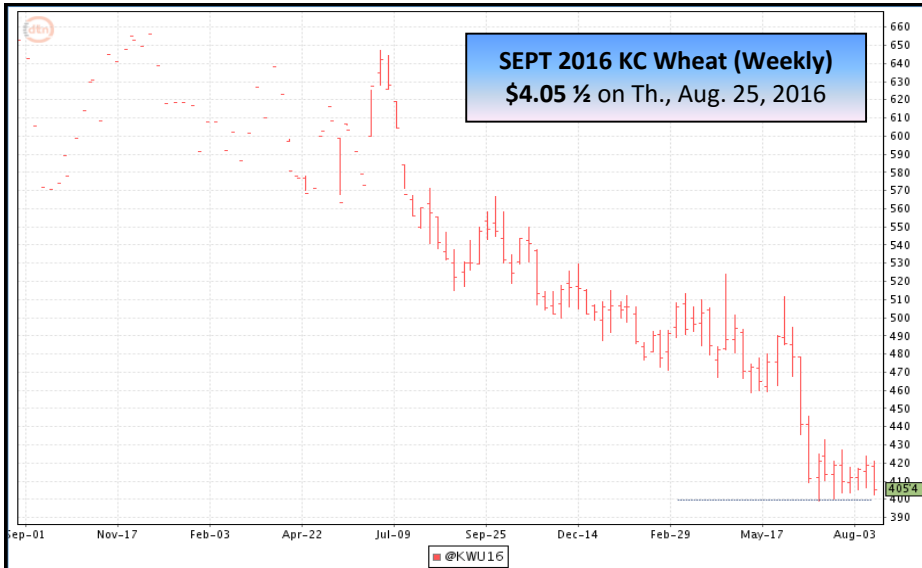
Mktg Yr	World % S/U	U.S. % S/U	U.S. \$/bu	
2007/08	16.5% S/U	12.8% S/U	\$4.20 /bu	
2008/09	18.3% S/U	13.9% S/U	\$4.06 /bu	
2009/10	17.2% S/U	13.1% S/U	\$3.55 /bu	
2010/11	14.5% S/U	8.7% S/U	\$5.18 /bu	
2011/12	14.8% S/U	7.9% S/U	\$6.22 /bu	
2012/13	15.3% S/U	7.4% S/U	\$6.89 /bu	
2013/14	18.6% S/U	9.2% S/U	\$4.46 /bu	
2014/15 ^{USDA}	21.2% S/U	12.6% S/U	\$3.70 /bu	
2015/16 ^{USDA}	21.9% S/U	12.5% S/U	\$3.60 /bu	13.601 bln bu crop
2016/17 ^{USDA}	21.7% S/U	16.6% S/U	\$3.15 /bu	15.153 bln bu crop

❖ U.S. Grain Sorghum Supply-Demand Fundamentals

2014/15 ^{USDA}	67.6 bu/ac ^{US}	4.0% S/U	\$4.03 /bu	433 mln bu crop
2015/16 ^{USDA}	76.0 bu/ac ^{US}	6.0% S/U	\$3.30 /bu	597 mln bu crop
2016/17 ^{USDA}	73.5 bu/ac ^{US}	11.1% S/U	\$3.00 /bu	475 mln bu crop

V. Wheat Market Outlook

Weekly SEPT 2016 HRW Futures



Monthly Kansas HRW Wheat eFutures



Key Wheat Supply-Demand Factors:

- ❖ **U.S. All Wheat Exports: “Positive” Short Term Export Shipments** with “positive” long run export prospects in “new crop” MY 2016/17 (Started 6/1/2016)
 - Weekly Export Shipments wk of 8/18/2016 for “new crop” MY 2016/17 = 20.7 mb vs 18.6 mb /wk needed to meet USDA’s August 12th projn of 950 mb exports
 - Total shipments through 8/18/2016 for “new crop” MY 2016/17 = 207.0 mb i.e., 21.7% of 950 mb USDA projn with 23.1% of MY complete (12/52 weeks)
 - Total shipments + new sales 8/18/2016 for “new crop” MY 2016/17 = 425.0 mb i.e., 44.7% of 950 mb USDA projn with 23.1% of MY complete (12/52 weeks)
- ❖ **U.S. HRW Wheat Exports: “Positive” Short Term Export Shipments** with “neutral-positive” long run export prospects in “new crop” MY 2016/17 (Started 6/1/2016)
 - Weekly Export Shipments wk of 8/18/2016 for “new crop” MY 2016/17 = 7.5 mb vs 6.28 mb /wk needed to meet USDA’s August 12th projn of 340 mb exports
 - Total shipments through 8/18/2016 for “new crop” MY 2016/17 = 88.8 mb i.e., 26.1% of 340 mb USDA projn with 23.1% of MY complete (12/52 weeks)
 - Total shipments + new sales 8/18/2016 for “new crop” MY 2016/17 = 173.0 mb i.e., 50.9% of 340 mb USDA projn with 23.1% of MY complete (12/52 weeks)

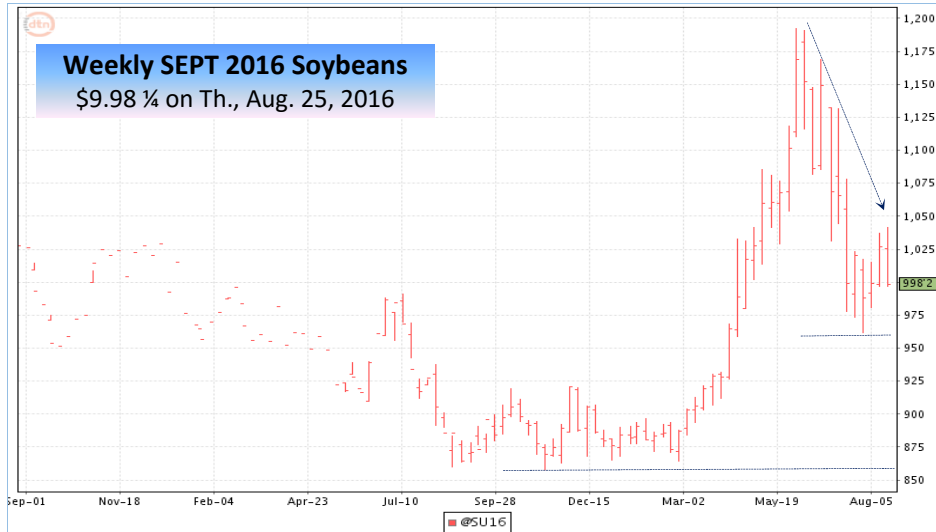


❖ “Negative” World & U.S. Wheat S/D Fundamentals

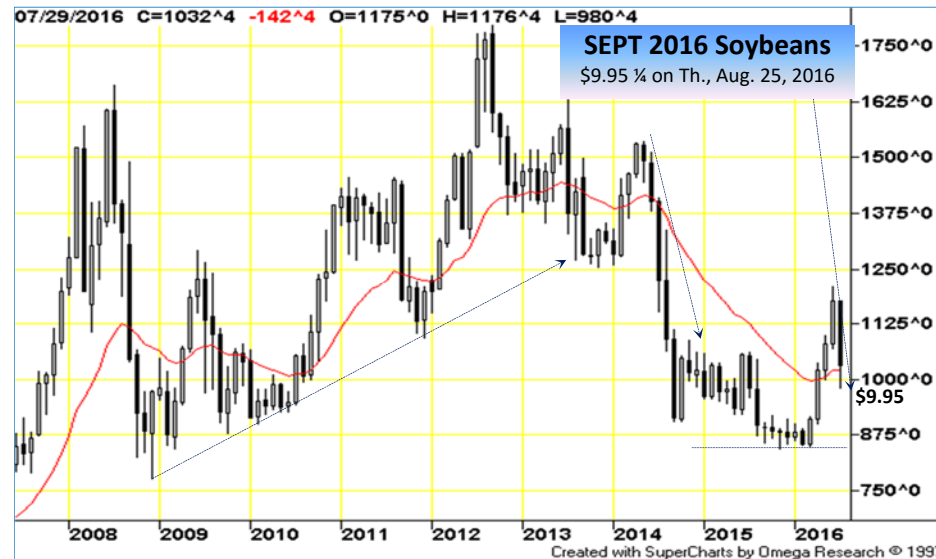
Mktg Yr	World % S/U	U.S. % S/U	U.S. \$/bu	
2007/08	20.9% S/U	13.2% S/U	\$6.48 /bu	1,263 mb exports
2008/09	26.6% S/U	28.7% S/U	\$6.78 /bu	1,015 mb exports
2009/10	31.3% S/U	48.6% S/U	\$4.87 /bu	879 mb exports
2010/11	30.4% S/U	36.4% S/U	\$5.70 /bu	1,291 mb exports
2011/12	28.7% S/U	33.4% S/U	\$7.24 /bu	1,051 mb exports
2012/13	25.8% S/U	29.9% S/U	\$7.77 /bu	1,012 mb exports
2013/14	28.1% S/U	24.2% S/U	\$6.87 /bu	1,176 mb exports
2014/15	30.6% S/U	37.3% S/U	\$5.99/bu	864 mb exports
2015/16 ^{USDA}	34.1% S/U	50.7% S/U	\$4.89 /bu	775 mb exports
2016/17 ^{USDA}	34.5% S/U	47.5% S/U	\$3.70 /bu	950 mb exports

VI. Soybean Market Outlook

Weekly SEPTEMBER 2016 Soybean Futures



Monthly Soybean eFutures



Key Soybean Supply-Demand Issues:

❖ U.S. Soybean Exports: “neutral-negative” Short Run Export Shipments in MY 2015/16 and “positive” Forward Sales

- **Export Shipments for week of 8/18/2016 for “current” MY 2015/16 = 31.9 mb vs 41.2 mb/wk needed to meet USDA’s August 12th projn of 1.880 bb exports**
- **Total shipments through 8/18/2016 for “current” MY 2015/16 = 1.798 bb i.e., 95.6% of 1.880 bb USDA projn with 96.2% of MY complete (50/52 weeks)**
- **Total shipments & new sales (8/18/2016) for “current” MY 2015/16 = 1.946 bb i.e., 103.5% of 1.880 bb USDA projn with 96.2% of MY complete (50/52 weeks)**
- **Total new sales (8/18/2016) for “new crop” MY 2016/17 = 0.635 bb i.e., 32.6% of 1.950 bb USDA projn with 0.0% of MY complete (0/52 weeks)**

❖ U.S. Soybean Meal Exports: “Negative” Short Run Export Shipments in MY 2015/16 and “neutral-positive” Forward Sales

- **Export Shipments for week of 8/18/2016 for “current” MY 2015/16 = 128,400 mt vs 255,500 mt/wk needed to meet USDA’s August 12th projn of 10.705 mmt exports**
- **Total shipments through 8/18/2016 for “current” MY 2015/16 = 9.172 mmt i.e., 85.7% of 10.705 mmt USDA projn with 88.5% of MY complete (46/52 weeks)**
- **Total shipments & new sales (8/18/2016) for “current” MY 2015/16 = 10.568 mmt i.e., 98.7% of 10.705 mmt USDA projn with 88.5% of MY complete (46/52 weeks)**
- **Total new sales (8/18/2016) for “new crop” MY 2016/17 = 1.667 mmt i.e., 14.9% of 11.158 USDA projn with 0.0% of MY complete (0/52 weeks)**

❖ World & U.S. Soybean Supply-Demand Fundamentals

Mktg Yr	World % S/U	U.S. % S/U	U.S. \$/bu	
2007/08	22.9% S/U	6.7% S/U	\$10.10 /bu	1.159 bb expts
2008/09	19.4% S/U	4.5% S/U	\$ 9.97 /bu	1.279 bb expts
2009/10	25.2% S/U	4.5% S/U	\$ 9.59 /bu	1.499 bb expts
2010/11	27.8% S/U	6.6% S/U	\$11.30 /bu	1.505 bb expts
2011/12	20.4% S/U	5.4% S/U	\$12.50 /bu	1.365 bb expts
2012/13	21.1% S/U	4.5% S/U	\$14.40 /bu	1.328 bb expts
2013/14	22.5% S/U	2.7% S/U	\$13.00 /bu	1.638 bb expts
2014/15	26.0% S/U	5.0% S/U	\$10.10 /bu	1.842 bb expts
2015/16^{USDA}	22.8% S/U	6.6% S/U	\$8.95 /bu	1.880 bb expts
2016/17^{USDA}	20.1% S/U	8.2% S/U	\$9.10 /bu	1.950 bb expts

VI. Grain Market Related Articles

A. Chinese investors pile into corn as state removes price support - Reuters News, 25-Aug-2016 By Dominique Patton

BEIJING, Aug 25 (Reuters) - Chinese investors have piled into domestic corn futures at a record pace, speculating that prices will sink further when for the first time in a decade the corn crop goes on sale without state price support. Open interest in Dalian corn futures, a measure of liquidity in a contract, hit an all-time high of 2.84 million lots on Thursday, equivalent to 28.3 million tonnes of grain (1.114 billion bushels ^{DOB_{est}}) worth 48.1 billion yuan (\$7.2 billion or \$6.46/bu ^{DOB_{est}}) and about 13 percent of China's new harvest (217.7 mmt ^{DOB_{est}}). Hitting the market in late September, this crop will be priced according to market forces, rather than dictated by Beijing.

China announced in April it would not carry out its annual stockpiling programme for the coming harvest, ending a system that paid farmers high prices for their corn to boost rural incomes. Open interest has more than doubled in just under three months.

Earlier this month, the front-month contract DCCc1 hit its lowest in nearly seven years, while the January contract DCCE7, reflecting the new crop, has fallen 14 percent since June and is hovering around 1,450 yuan (**\$220 per tonne (or \$5.59/bu ^{DOB_{est}})**). Once it became clear that "*the state won't manage this product, the market became quite interested in corn*," said Meng Jinhui, analyst at COFCO Futures, pointing to a steady increase in positions since the first half of the year. The rapid inflow of cash into one of Dalian's biggest contracts measured by open interest highlights uncertainty about how China's farmers, facing a global glut and weak prices, will manage to sell their big new crop without government support.

Views diverge on the direction of prices.

After stockpiling coupled with slackening domestic demand, Beijing's reserves have been saddled with about 250 million tonnes (*Note: USDA August 12th Ending Stocks estimate for China for MY 2016/17 = 103.65 mmt*) of corn, more than China can consume in a year (*Note: USDA August 12th total corn use estimate for China for MY 2016/17 = 226.00 mmt*), with the quality of the grain deteriorating.

Lower market prices would stimulate consumption, helping to rebalance supply and demand. But lifting farm incomes is a priority for Beijing, making it nervous of allowing prices to fall too far. Earlier this week the finance ministry reintroduced a tax rebate for exports of corn products. It could also offer subsidies to feed mills and corn processors to boost consumption as it has in the past, or reactivate state procurement to support prices, said Rabobank in a report this month.

(\$1 = 6.6556 Chinese yuan renminbi)

(Reporting by Dominique Patton; editing by Josephine Mason and Ruth Pitchford)

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B. German 2016 grain harvest to fall 11 pct after heavy rain

BERLIN, Aug 19 (Reuters) - **Germany's overall grain harvest for 2016 will fall 11 percent** on the year to 43.5 million tonnes after crops suffered from **widespread rain and a lack of sunshine in major agricultural belts**, the country's Farmers' Association (DBV) said on Friday. The association forecast Germany's 2016 winter wheat crop to drop 13 percent to 22.9 million tonnes and the rapeseed harvest to decline by 11 percent to 4.5 million tonnes.

Germany is the European Union's second-largest wheat producer after France and competes with France for the position of top EU producer of rapeseed, Europe's main oilseed for edible oil and biodiesel production. Wheat crop forecasts in France are also being slashed after disastrously bad weather led to miserable yields and poor crop quality. German farmers are expected to harvest 9 percent less winter barley, largely used for animal feed, with a crop of 8.7 million tonnes and 11 percent less spring barley, used for beer and malt production, with 1.8 million tonnes, DBV said. **The grain maize (corn) crop will drop 7 percent to 3.7 million tonnes and the rye harvest will fall 12 percent to 3.1 million tonnes, the association said.**

This year saw unusually early summer rain in south and west Germany, while the north initially experienced too much dryness. Most of Germany also suffered from **persistent late summer rain, which interrupted wheat harvesting.** Dry weather was now urgently needed to complete the harvest, DBV said.

DBV President Joachim Rukwied said **farmers were concerned about the quality of wheat because of the rain.** **If the standards for bread flour could not be reached, the harvest could be sold as cheap feed wheat, which could hit profits.**

C. Russia to see record grain harvest since end of Soviet Union - Xinhua News Agency, 17-Aug-2016

MOSCOW, Aug. 17 (Xinhua) -- **Russia is expected to see the biggest grain output this year since the end of Soviet Union,** said head of the Russian grain union Arkady Zlochevsky on Wednesday. Russian newspaper Rossiyskaya Gazeta quoted Zlochevsky as saying that **114 to 116 million tons** of grain is expected to be collected this year. **{USDA is projecting a crop of 112.5 MMT - up 14 MMT}** According to the newspaper, Russia is expected to lead the world with an export of 30 million tons of wheat, surpassing the 27 million tons exported by the whole European Union.

Earlier, **Russian Minister of Agriculture Alexander Tkachev said that Russia has become the world's leader of wheat export, overtaking the United States and Canada.** According to the Ministry of Agriculture, grain harvest in Russia amounted to 104.8 million tons last year, with record output for corn, rice, soybeans and buckwheat. Enditem

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D. Russia facing lack of grain storage as record crop looms - Reuters News, 16-Aug-2016 05:35:16 AM

MOSCOW, Aug 16 (Reuters) - **Russia is facing a lack of grain storage as it remains on track to produce the largest cereals crop in post-Soviet history, the head of Russia's Grain Union, a non-government farmers' lobby group, said on Tuesday.**

Arkady Zlochevsky, the head of the union, told a briefing in Moscow he expected a grain crop in a range of 114-118 million tonnes, including 69.5 million tonnes of wheat. **Russia has about 120 million tonnes of grain storage capacity, however only 40 percent of facilities (≈ 48 mmt ^{DOBEST}) are capable of securing good quality,** Zlochevsky said. As a result, **he said he hoped the government would lift a wheat export tax**, which, he said, had cut farmers' revenues by about 50 billion roubles (\$782 million). He did not elaborate. Traders have long lobbied for the cancellation of the duty. The tax is currently set at a minimum of 10 roubles (\$0.16) per tonne **(or \$0.435 /bu ^{DOBEST})** but could rise if the currency declines.

Zlochevsky forecast Russia's 2016/17 grain exports at 38.5 million tonnes, including 28 million tonnes of wheat (USDA est = 30 mmt of Russian wheat exports in MY 2016/17). The U.S. Department of Agriculture (USDA) expects Russia to beat the European Union to become the world's largest wheat supplier in the 2016/17 marketing season, which started on July 1, exporting 30 million tonnes.

Russia's agriculture ministry has said it expected the country to harvest up to 110 million tonnes of grain this year. About 73 million tonnes have already been threshed before drying and cleaning. (\$1 = 63.9208 roubles) (Reporting by Olga Popova; writing by Polina Devitt; editing by Maria Kiselyova and David Evans)

E. Russian wheat quality disappoints, despite heavy yields Agrimoney.com - <http://www.agrimoney.com/news/news.php?id=9837>

Russia is headed for a bumper wheat harvest, but quality is disappointing, and farmers are still reluctant to sell, Black Earth Farming said. The Russian farm operator sees the country's overall wheat production prospects this year at 66-68m tonnes, thanks to "*increased winter wheat planted area, very low winter kill and plentiful moisture*". Overall grain production was seen at a record 108m tonnes.

Disappointing protein levels

But protein content is disappointing, even as the poor EU harvest increases export demand for milling-grade wheat. "*Wheat quality so far looks worse than average,*" Black Earth said. And the progress of the harvest has been slow so far this year, with only 36% of the company's wheat harvested by August 10. "*The winter wheat yield to date of 4.9 tonnes per hectare is a very promising start but harvest is somewhat delayed and additional resources are being used to catch up. Exporters and domestic buyers are keen to purchase at current low levels but farmers are reluctant sellers due to a delayed harvest and low prices.*"

Tight market for quality

Reluctant selling, and strong demand for milling wheat, are starting to increase domestic prices for high-grade product, Black earth said. "*Russian export wheat remains the cheapest quality wheat in the world,*" said Black Earth, noting a \$20 a tonne **(or \$0.544 /bu ^{DOBEST})** discount to EU/Baltic prices. "*Quality issues in the EU are pushing the milling wheat premiums higher and the wheat price has started to show signs of increasing.*" On Monday Russian agricultural consultancy IKAR reported Black Sea prices for Russian wheat with 12.5-percent protein at \$166 a tonne on, **(or \$4.52 /bu ^{DOBEST})** up \$2 from a week earlier. SovEcon quoted FOB wheat prices in the Black Sea area at \$167 a tonne **(or \$4.545 /bu ^{DOBEST})**, up \$2.5 from a week earlier.

F. Ukraine sees high 2016 grain harvest, record exports - Reuters News, 17-Aug-2016 By Pavel Polityuk

KIEV, Aug 17 (Reuters) - **Ukraine's 2016 grain harvest is likely to be around 63 million tonnes - 3 million more than last year**, agriculture ministry official Leonid Sukhomlin said at a briefing on Wednesday. **{USDA is projecting a crop of 64.05 MMT - up 3.4 MMT}** He said better than expected weather this spring and summer had increased the yield of wheat and other grains. Sukhomlin said that the wheat harvest could total 25.5 million tonnes in clean weight, but cautioned that the forecast might not be reliable. *"Against a background of changing rules and high taxes, some farmers prefer to hide the real volume of their output and the wheat harvest could even be 27 million tonnes,"* he told Reuters.

Ukraine, one of the three top global grain exporters, harvested 60 million tonnes of grain, including 26.5 million tonnes of wheat, in 2015. Grain exports in the 2015/16 season, which runs from July to June, reached 39.4 million tonnes. Sukhomlin also said that the harvest of maize, another top Ukrainian commodity, could reach 26 million tonnes this year, up from 23.2 million tonnes in 2015.

Ukraine's UZA grain export union sees total grains production at 63.5 million tonnes, while exports could reach an all-time high of 41 million tonnes, UZA director Volodymyr Klimenko said at the same briefing.

Sukhomlin said this season's exports could include 17 million tonnes of wheat. Ukraine exported 16.9 million tonnes of wheat in 2015/16.

Ukraine has exported 4.88 million tonnes of grain so far this season compared with 4.72 million a year earlier, according to ministry data.

The volume includes 2.4 million tonnes of wheat, 1.9 million tonnes of barley, 444,000 tonnes of maize and some tonnage of other grains.

WINTER SOWING

Sukhomlin said **Ukrainian farmers were likely to increase the area sown for winter grains for 2017 to 7.3 million hectares from 7 million last year thanks to better weather.** Poor weather last autumn forced farmers to reduce the area under winter grains. The area under winter wheat could be up to 6.5 million hectares for the 2016/17 season, he said. *"This year the weather is much better and the final sown area will depend on it,"* he said. Ukraine is located in a risky planting zone and its winter wheat harvest is highly dependent on the moisture content in soil during the autumn sowing, air temperatures in winter and favorable weather in spring.

High productive winter wheat accounts for around 95 percent of Ukraine's total wheat output.

(Reporting by Pavel Polityuk; Editing by Greg Mahlich) ((pavel.polityuk@tr.com ; +380 44 2449150; Reuters Messaging: pavel.polityuk.thomsonreuters.com@reuters.net))