

MID-DAY COMMENTS

February 15, 2017

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HIGHLIGHTS: MACRO: U.S. stock indices continue their march higher—Jan retail sales exceed expectations; Jan consumer prices up 2.5% year to year, the highest month to month gain since March 2012; more fuel to fire interest rates higher; Trump meets with retail CEO-types. **Wall Street:** DOW, +80; NAS, +17.37; S&P, +5.29. **EUROPE:** DAX, +0.19%; FTSE, +0.47%; CAC, +0.59%. **EXTERNALS:** Gold, +\$7.10 @ \$1,231.40; \$ Index, -.108 @ 101.125; MAR crude, \$.15 lower @ \$53.06. **T-storm Weather:** Widespread rain affects Argentina over the next 10 days, resulting in 2-6" across a large portion of the corn and soybean area. Field flooding is most likely to develop in and adjacent to Entre Rios and Santa Fe. Conversely, most of Brazil and Paraguay will be drier than normal through the period, except Mato Grosso where occasional t-storms continue. U.S. HRW wheat turns wetter next week; the coverage of agricultural drought is very low. Salient points: T-storms recurred within the western half of Mato Grosso yesterday; 20.04" in Diamantino the past 30 days; no change as heavy t-storms focus on central corn and soybean areas of Argentina Thu.-Sat; scattered storms will affect various parts of Argentina through next week. Unseasonably mildness ends across the central U.S. in 7 to 10 days as a stormier period begins. **EUROPE: May Feed Wheat:** \$5.7, up 2 ½; **March Corn:** \$4.62 ½, off 2 ¾; **March Milling Wheat,** \$4.99, unch

Corn

- **Spill-over support from soybeans : CH: +\$.0425; CK: +\$.0375**
- **Spreads—CH17/CK17:** -7, up ½; **CH17/CN17:** -13 ½, up ¾; **CH17/CU17:** -18 ¾, up ¾; **CK17/CN17:** -6 ½, up ¼; **CN17/CU17:** -5, up ¼; **CN17/CZ17:** -10 ¼, up ¾; **CU17/CZ17:** -5 ¼, up ; **CZ17/CH18:** -8 ¼, up ¼
- **CIF: FEB:** 44/47, bid 2 higher; **MAR:** 44/46, bid up 1; **APR:** 37/39, bid/asked up 1. **Brazil: AUG:** 15/35 CU, bid 5 lower. **Ethanol:** Cedar Rapids, -12 CH, unch; Blair, -25 CH, unch; Decatur, +1 CH, unch; Fort Dodge, -26 CH, unch; IN, +2 CH to +11 CH, 3 lower on the top end. **Hereford: FH FEB:** +80 CH, unch; **LH FEB,** +75 CH, unch, **MAR:** 60 CH, unch. **TX Gulf Milo:** 55 CH, unch. **CIF Milo,** 30 CH. Late morning comments had more talk of PNW vessels switching to the Gulf
- **Week 2/12 Barge Freight:** IL River, 300/320, 5-10 lower; Upper Miss: closed; Mid-Miss: closed; STL, 215/225, 5 higher; Ohio River, 240/250, 0 lower; Memphis-Cairo, 190/200, unch
- **Weekly EIA Report—**Ethanol output was off 15 K to 1.050 million barrels per day but still 65 K bpd above a year ago. Inventories rose 415 K to 22.5 million
- **U.S. Corn Exports not headed south, yet—**Bunge CEO Soren Schroder says last year's dry conditions are keeping more of this year's Brazilian crop in the domestic market, rather than going for export
- **Brazil corn progress lagging:** 1st crop corn 6% harvested against 18% this time last year; planting of the safrinha crop is said to be 23% complete, 14 points off of last year's pace
- **Brazil corn export line-up steady** at 6 mbu; 6 LW; 64 LY
- **Argentina's corn export line-up edged** 3 mbu higher to 11, remains down sharply from LY's 69 mbu total
- **Stock trade:** Berkshire Hathaway dumps 21 million Deere shares last quarter; buys Monsanto stock--Bloomberg
- **Dalian May corn futures** lost 4 ½ cents overnight, falling to \$5.81 (1 yuan = .14552 U.S. \$)

Soybeans

- **Rains return to Argentina; NOPA crush a little better than expected but oil stocks rise substantially; meal leading the complex higher: SH: +\$.1350; SK: +\$.13; SMH: +\$.5.80; SMK: +\$.5.60; BOH: -0.03; BOK: -\$0.09**
- **Spreads: SH/SK:** -10 ¼, up ¼; **SH/SN:** -18 ¼, up 1; **SH/SQ:** -16, up 1 ¾; **SK/SN:** -8 ¼, up ½; **SK/SQ:** -5 ½, up 1 ¼; **SN/SQ:** +2 ½, up ½; **SX/SF:** -4 ¼, ¼ weaker. **SMH/SMK:** -\$4.30, +\$0.20; **BOH/BOK:** -.28, -\$0.01
- **CIF: FEB:** 42/45, up 1-2; **MAR:** 37/42, bid down 2, asked 1 lower; **APR:** 25/30, unch. **BRAZIL: FEB:** 48/55, steady; **MAR,** 55/60, unch; **APR:** 47/50, bid up 2. **BOARD CRUSH:** (H/H), \$.77, up 2. **CASH CRUSH:** Central: \$.89, 4 lower; East: \$1.25, 5 lower; West: \$1.06, 5 lower
- **January NOPA Crush—**1.5 mbu above the trade average at 160.6; sizable build in oil stocks which rose 195 million pounds from the end of December to 1.629 billion pounds
- **April PO futures** close .7% higher at 3,069 ringgit—export demand improving; highest close in nearly 2 weeks
- **Iran** said to have destroyed 1.1 million birds in order to control avian flu outbreak—World Org of Animal Health
- **Brazil soybean line-up jumps** 25 mbu to 217 million from yesterday (186 LW/182 LY)

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- **Argentine SB export line-up** increased 5 mbu from LW to 14; 13 LY. SBM total up 460 K MT to 1.86 million, in line with LY's same date total of 1.83 MT
- **Dalian May SB futures** plummeted 28 ½ cents to \$17.05 ½; **MAY SBM** was \$3.49 lower at \$389.18; **May SBO** lost 11 points to .4516/lb. Crush margins estimated for the Gulf, \$.75; PNW, \$0.94; Brazil, \$1.10. Weakness said to be driven prospects for a bumper South American soybean crop

Wheat

- **Warm weather continues to create unease in the HRW Belt: WH: +\$.0325; KWH: +\$.02; MWH: -\$.0175**
- **Spreads: WH/WK: -13 ½, up ½; KWH/KWK: -12 ¾, unch; MWH/MWK: - 1 ½, down 1 ¼**
- **CIF: SRW: FEB: 55/--, unch; MAR: 55/--, unch; HRW -12% Pro: FEB: 135/--, unch; MAR: 123/--, unch**
- **Argentine wheat** export line-up declines 6 mbu to 31, little changed from last year's 32 mbu figure
- **Kazakhstan** pursuing trade route through China to export wheat to Vietnam. Total exports to all destinations estimated by the USDA at 7.5 MMT this year, down 100,000 MT from 15/16
- **India** expects significant producer wheat sales—government purchases expected to rise from 23 MMT in 16/17 to 33 million for the 17/18 crop year