



Tuesday, July 10, 2018

Tonight's Futures Closes:

<b>Sep 18 Corn</b>	<b>\$3.40</b>	<b>-7.75</b>	<b>Aug 18 Soybeans</b>	<b>\$8.33</b>	<b>-22.75</b>	<b>Sep 18 CH Wheat</b>	<b>\$4.7175</b>	<b>-20.25</b>
<b>Dec 18 Corn</b>	<b>\$3.5325</b>	<b>-7.5</b>	<b>Nov 18 Soybeans</b>	<b>\$8.4825</b>	<b>-23.25</b>	<b>Dec 18 CH Wheat</b>	<b>\$4.905</b>	<b>-19.5</b>
<b>Mar 19 Corn</b>	<b>\$3.65</b>	<b>-7.25</b>	<b>Jan 19 Soybeans</b>	<b>\$8.5825</b>	<b>-23.0</b>	<b>Sep 18 KC Wheat</b>	<b>\$4.74</b>	<b>-20.75</b>
<b>May 19 Corn</b>	<b>\$3.72</b>	<b>-7.25</b>	<b>Mar 19 Soybeans</b>	<b>\$8.6725</b>	<b>-23.0</b>	<b>Dec 18 KC Wheat</b>	<b>\$4.9875</b>	<b>-19.5</b>
<b>July 19 Corn</b>	<b>\$3.78</b>	<b>-7.75</b>	<b>May 19 Soybeans</b>	<b>\$8.7625</b>	<b>-23.0</b>	<b>Sep 18 MN Wheat</b>	<b>\$5.255</b>	<b>-12.0</b>
<b>Dec 18 Oats</b>	<b>\$2.3975</b>	<b>+0.75</b>	<b>Nov 18 Rapeseed</b>	<b>\$494.0</b>	<b>-8.5</b>	<b>Dec 18 MN Wheat</b>	<b>\$5.4425</b>	<b>-10.5</b>
<b>Dec 18 Meal</b>	<b>\$327.7</b>	<b>-2.6</b>	<b>Oct 18 Cotton</b>	<b>\$85.24</b>	<b>-2.26</b>	<b>Sep Dollar Index</b>	<b>94.515</b>	<b>+0.626</b>
<b>Dec 18 SB Oil</b>	<b>\$28.82</b>	<b>-0.60</b>	<b>Dec 18 Cotton</b>	<b>\$84.54</b>	<b>-1.84</b>	<b>Sep Crude Oil</b>	<b>\$69.16</b>	<b>-3.40</b>
<b>Oct 18 Cattle</b>	<b>106.250</b>	<b>-1.575</b>	<b>Mar 19 Cotton</b>	<b>\$84.23</b>	<b>-1.62</b>	<b>June Gold</b>	<b>\$1243.1</b>	<b>-12.3</b>
<b>Oct 18 Feeder</b>	<b>149.950</b>	<b>-2.200</b>	<b>Sep 18 Rice</b>	<b>\$1189.0</b>	<b>unch</b>	<b>Sept S&amp;P</b>	<b>2777.50</b>	<b>-19.20</b>
<b>Oct 18 Hogs</b>	<b>52.025</b>	<b>-1.750</b>	<b>Nov 18 Rice</b>	<b>\$1176.0</b>	<b>-2.5</b>	<b>Sept Dow Jones</b>	<b>24725</b>	<b>-202</b>

(Futures contracts highlighted in green were the bull leaders today; futures prices highlighted in red were the bear leaders today.)

Ave Pre-Report Estimates  
US Ending Stocks (M bu)

17/18	Ave	Range	Prev
Corn	2107	2052-2177	2102
Sbns	507	478-530	505
Wheat	--	--	--
18/19	Ave	Range	Prev
Corn	1712	1545-1922	1577
Sbns	471	390-571	385
Wheat	973	924-1021	946

Note: Ave ests & ranges vary slightly among major news services. These are Reuters #'s.

Ave Pre-Report Estimates  
World Ending Stocks (MMT)

18/19	Ave	Range	Prev
Corn	156.27	151.0-163.0	154.69
Sbns	88.15	85.0-92.0	87.02
Wheat	265.05	262.0-268.0	266.16

Note: Ave ests & ranges vary slightly among major news services. These are Reuters #'s.

Ave Pre-Report Estimates  
Winter Wheat Prod. (M Bu.)

2018	Ave	Range	Prev
All Wtr	1196	1178-1218	1198
HRW	650	634-675	650
SRW	316	305-334	316
White	229	202-244	232

Note: Ave ests & ranges vary slightly among major news services. These are Reuters #'s.

Another "RISK OFF" day in all markets, as traders add to short positions in the row crop markets. The announcement of additional tariffs by the US on China and potential response *shouldn't* add anything new to US crop tariffs. But I guess it's just the idea of tariffs in general that is spooking traders in all sectors. The only GREEN market today was the US dollar index, which gained over ½% today.

From the Linn Group today on soybeans: "The last time front month soybeans sustained trade below \$8.35 was back in 2006 (weekly chart below). In 2006, it was the Chinese year of the dog. Guess what, 2018 is also the Chinese year of the dog. Sounds ominous, right? But consider that in 2006 China was importing less than 30 mmt of soybeans where as in 2018 they will import somewhere around 100 mmt. I realize world production is also increased due to years of very high prices but we should not sustain front month soybean prices below \$8.35."



Tomorrow morning at 11 am CDT we'll finally get USDA's July Supply/Demand Report. Trade expectations are for higher corn & soybean ending stocks for 2019 primarily due to increased planted acres from the June 29 report. But traders will also look for changes to US export demand as well as change to world production & stocks. I'll update the numbers in tomorrow's **GMO** and on my **Grain Scoop** podcast tomorrow afternoon.

As Linn said, China will import around 100 mmt of soybeans this year. To put in perspective, Brazil's ENTIRE CROP is expected to be a record of 118.9 mmt according to CONAB yesterday. USDA predicts that Brazil will crush 43 mmt of soybeans, and use a total of nearly 47 mmt of soybeans domestically. That leaves about 72 mmt to export. Brazil's beginning stocks are around 24 mmt. So that makes 96 mmt of available soybeans and would totally clean out Brazil. What's the likelihood of that? Not very much. There have already been shipments of US soybeans headed to Argentina to help meet their crush needs. And there's been talk already of the US selling soybeans to Brazil. The point of this exercise is to look at the numbers, and realize that China/Brazil will HAVE to get soybeans from the US this year!

I'll be writing & talking more about spreads/ carries in the weeks ahead. But I wanted to show you how the '18 vs '19 futures spreads have REALLY widened recently. Most of that is due to the recent bearishness the 2018 futures. These spreads are important to those with old crop grains as well as for new crop – "What are my returns to storage?"



DSMG's Jake Wiener asked, "Who's winning the trade war?" Maybe nobody is, but this chart shows the difference in the Dow Jones Index vs the Shanghai Composite Index.



Southern		SRW W heat (1)	HRW W heat (2)	SRW W heat (3)	HRW W heat (4)	Northern
Harvest Avg Price	\$5.01	\$5.07	\$4.95	\$4.92	Harvest Avg Price	
Base Price	\$4.87	\$4.87	\$5.02	\$5.08	Base Price	
% Gain/Loss	2.84%	4.12%	-1.43%	-3.10%	% Gain/Loss	

**7 days into harvest price period**, our northern states' harvest prices (\$4.95 & \$4.92) fell further below their base prices (\$5.02 & \$5.08). Southern states set their final harvest prices in June. Call your DCIS agent to see if there's a possible indemnity on your 2018 winter wheat revenue policy this year.

*This email may contain confidential and/or privileged information. If you are not the intended recipient (or have received this email by mistake), please notify the sender immediately and destroy this email. Any unauthorized copying, disclosure or distribution of the material in this email is strictly prohibited. Email transmission security and error-free status cannot be guaranteed as information could be intercepted, corrupted, destroyed, delayed, incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message which may arise as a result of email transmission. CGB Diversified Services, Inc is a registered introducing broker and a member of the NFA. Except as otherwise indicated DS does not warrant the accuracy or correctness of any information herein or the appropriateness of any transaction. Information contained herein is obtained from sources believed to be reliable; however, no guarantee to its accuracy is made. Opinions expressed herein are those of the author and not necessarily of DS. All electronic communications may be reviewed by authorized personnel and may be provided to regulatory authorities or others with a legal right to access such information. At various times, DS or its affiliates may have positions in, and effect proprietary transactions in, futures, options, securities or other financial instruments which may be referred to herein. Trading in futures, options, securities, derivatives or OTC products entails significant risks which must be understood prior to trading and may not be appropriate for all investors. Past performance of actual trades or strategies is not necessarily indicative of future results. Nothing contained herein shall be construed as an offer to sell or a solicitation to buy any futures contract, option, security, or derivative, including foreign exchange.*

*Diversified Crop Insurance Services is a company of CGB Enterprises, Inc. and is an equal opportunity provider.*