

LOOKING FORWARD WITH A BACKWARD GLANCE

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Sales Recommendations: No sales, unless you're not sold up to and beyond current levels. Next MNU will be issued by March 12th.

Correction: When the accumulated sales recommendations were brought forward in January, some of the past sales recommendations were not included. That correction has been made in this week's update.

2017 Sales Recommendations: **From 2016:** 2016 crop should be at 50% on corn and 75% on beans. 2017 crop sales should 50% on corn and **75% on beans.** **January 06, 2017:** Price at least 10% of your 2016 and 2017 wheat production off July 17 K.C. wheat futures from \$4.65 - \$4.70. **January 12, 2017:** Price target for additional wheat sales, \$4.80 July 17 KC. **February 03, 2017:** Price target for additional wheat sales, \$5.01 July 17 KC. At least 25% priced on 2017 production. **February 13, 2017:** Move to 75% sold on sold on 2017 beans. *(As we were already 50% sold on 2017 beans, this recommendation should have read 75%, not 50 %.)* **March 01, 2017 we texted:** If you missed pricing new crop soybeans at \$10.40, lower your target to \$10.30 for November 2017 futures.

Quick View: The trend in corn is up. We expect steady to slightly higher this month. The bio-fuels rumor is just that, a rumor. It won't have any effect on this year's stocks. Maybe it will on next years. The trend in soybeans is down. Beans have posted 2 lower highs follow by 2 lower lows. A close below \$10.20 in May 17 futures solidifies the downtrend and gives us further indications the Funds are comfortable with South American production. Also, meal broke to new lows on Thursday and extended them on Friday; very negative. The highs are in for soybeans this year, unless Mother Nature reduces some production somewhere. Wheat continues its uptrend. We're still hopeful \$5.05 is the goal for the Funds. With a stocks-to-use estimate over 50%, K.C. July wheat is not going to do much more. *(Corn's stock-to-use ratio is 15.95, with beans at 10.2%.)*

USDA Report: It will be released on March 9, Thursday, at 11:00 am. The Bulls will be seeking a drawdown in bean stocks, as well as in corn. They will get their wish on beans. But they will also see an increase in world stocks as a counter balance. More reports are confirming 108 mmts out of Brazil, 4 mmts higher than what the USDA estimate in their February 9th report.

Sales: In speaking with a longer term Subscriber this week, we learned he had zero sales on the books for 2017 production. We have found this not that uncommon. This was our advice to him

after he told us his problem was that he was not putting the orders in at the elevator. Price 20% of your corn at \$4.08 in December 2017 futures. Price an additional 20% at \$4.18. If we can get a reduction of 4 ma or more in corn, the Funds will dance a bit more on a weather scare. Price could, we said could get up to \$4.43 - if a weather scare got them going. If we don't get a weather scare, or something to bring the Funds in, \$4.20 will be all corn can do – if that! From May 10 to June 10, if all is going well, corn will turn lower sometime during this 30 day window. When you realize the high is in & it's all over, sell another 40%. If the market can only get to \$4.20, the fall low will be at least \$3.15, with an 80% chance of price falling to \$3.00 to \$3.05. If price can rally to \$4.43, it will still fall to \$3.30, if not lower. While the Trump Effect is bullish grains, it doesn't get rid of the carryover stocks. When the market turns south, they won't be focused on that. If the market holds above \$3.00 this fall, it again tells us the Funds believe it as value. Because of that, whatever you have sold before harvest, you need to plan on buying back when December 2017 futures trade below \$3.30. Buy back in December 2018 futures. There will be a \$.40 premium Dec 17 to Dec 18. We'll advise when the time comes.

Now if the basis sucks when you go to pull the trigger on your corn, think HTA in March 18 futures. As soon as basis gets as good as you think it can get, set your basis. If that is in January, then your contract becomes a cash contract that you can deliver on immediately.

This does not work if you can't store your grain on the farm. If you don't have storage, you have to deliver. That means you take the basis they give you with a cash contract. You can't afford to pay drying, shrink and storage, so you will have to eat a bad basis on those bushels you can't store. You will lose a lot more if you pay storage. History shows you will make up this loss by re-owning your sales at or near the fall lows.

All weather trends say trend to above trend yields in 2017. Yes, there are drought areas to our south. We'll get concerned if those areas don't get their usual spring rains by the end of April.

Corn: After the big bio-fuels bounce of 16 cents on Tuesday, corn failed to trade higher the next day. To be bullish, corn needed to close on or near its high on Tuesday. It did not. It closed 10 cents below its high. Wednesday was a good day. Corn closed up 7.5 cents. But it only posted a trading range inside that of Tuesday's trading range. Thursday's was another "inside day", as was Friday. The positive is that when all was said and done this week, corn closed higher than it started. Export sales continue to run hot, as they should for at least another 2 months, if not more. Acres are going to be a big thing. We won't know what they are until June 30. It's just all a guess until then. We have to have a 4 ma cut at a minimum for corn to have a chance of a weather bounce this summer. Don't expect the USDA's report to hurt the trend in corn next week. Just be patient with corn. Let its trend be your friend.

Soybeans: The charts look bad. Soy oil ran up hard on the bio-fuels rumor. But even that did not take it out of its downtrend. Meal broke down this week, closing into new lows for the move and setting the stage for beans to give it up next. When one sees all that buying that came into soybeans and soy oil on Tuesday, one has to be disappointed that they only held on to half their gains. If the weather improves in South America, it will be difficult to soybeans to maintain strength. Still, we'll look for May 17 beans to hold above \$10.20 support until then. Informa came out with a 108 mmt estimate of Brazil's crop and raised World soybean production by 2.0 mmts. The Buenos Aires Grains Exchange left their estimate of Argentina's crop the same. Brazil's Trade Ministry reported their exports for February at 3.51 mts, up 72% over last year's.

Wheat: World stocks for wheat aren't shrinking. Until they do, don't expect much on the upside. July 17 K.C. wheat remains in an uptrend. As long as it does, target sales just below the gap area of \$5.05. It missed it by just 7 cents on February 16. Have your orders in!!