

## LOOKING FORWARD WITH A BACKWARD GLANCE

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**Sales Recommendations:** No Sales. Don't expect any sell recommendations for up to 6 months in soybeans and from 6 to 9 months for corn. We repeat from last week; any price appreciation will be slow to be had in corn; but much faster in soybeans. Next MNU by October 29, 2017.

**Current Sales:** 2017 corn sales at 50%, soybeans up to 75% sold, wheat at 50%. 2018 crop sales at 10% on corn and soybeans.

**Quick View:** Corn failed technically Thursday and followed through yesterday by printing a new low close of \$3.444. New low closes are always negative. The trend is down and we project fresh lows again next week. As we printed last week here, "*We are going to continue to call for weakness in corn.*" Beans posted a key reversal lower yesterday. That projects lower prices next week. Support comes in around \$9.60. Corn may cause beans problems if it breaks hard. We wrote last week, "*Dec17 K.C. wheat is going to retest its lows.*" It got there yesterday with a new low close to boot. Breaking \$4.20 will weigh on corn. Contract lows are \$3.594. \$4.00 will offer psychological support.

**Elevator Storage:** One Subscriber told us he found paying for storage on corn never pays. His analysis told him that if he wanted to pay someone to store his corn, he should pay himself. Build your own bins and you pay yourself. This year, many have been shocked at their yields, causing them to be undersold and now not having enough on farm storage for the over run. It's still better to sell as soon as possible and then re-own those bushels on paper with futures; Dec18, after we know the lows are in. Send your thoughts if you have questions.

**Re-ownership:** We're still on hold for re-ownership of corn.

**Corn:** The corn chart still looks like crap, as does yesterday's close. The trend is lower. Yields are coming in crazy high. We now have 300 bu yield reports. Dryland corners from 260 to 280; yields running over 50 bu over APH. The USDA will raise its yield per acre and total bushels produced in its next update in November. Remember, lows are set (*almost always in the fall*) when or after the highest yield number is released by the USDA. China bought over 660k tonnes of corn at auction Thursday. It was 2014 corn. Mills are building up inventories before their 2017/18 season. Argentina is having significant delays in corn planting due to heavy rains/ponding/flooding. It's still early so no worries yet. Informa raised their estimate of our 2018 planted acres from 90.4 to 90.5 m. Why they put these numbers out one has to wonder. It means nothing today and many things can change between now and to when planters begin running next year. Cumulative corn sales stand at 31.8% vs the 5 year average of 40.9%. Funds are building on their short positions as the price falls. There are a larger number of puts open from the strike price of 350 to 340. They expire on November 24<sup>th</sup>. This tends to be a magnet to price. It will be interesting to watch. Support comes in from \$3.28 to \$3.31 and again from \$3.18 to \$3.20. Contract lows are \$3.01 set last year. Sue called that an 80 year low last year.

**Soybeans:** The big news is Trump's announcement directing the EPA to stand down and stop weakening the biodiesel mandate. The EPA was also told to abandon a possible reduction in biodiesel requirements and to allow exportable renewable fuel to count towards domestic quotas. That got soybean oil fired up. It rallied over 200 points in 2 days. Spreading between meal and oil drove meal lower by over \$5.00/ton. Beans were caught in the middle, but crashed yesterday. Long term, beans will move higher. We're looking for a cut in carryover stocks in the next USDA report and a cut in yield from 0.1 to 0.5 bpa. This will give soybeans another lift. This last week was an open harvest week for most. Yield reports are not like the corn. Yields are coming in – falling below earlier estimates and the later planted beans are very disappointing due to the dryness we keep talking about that hit the before mentioned areas in August and September. South America is experiencing delayed plantings from too wet in places to too dry in others. Poor yield reports here next week and continued issues in South America could come in and support prices next week, taking away from the negative chart picture that was printed this week. Export sales, cumulative, stands at 42.9% vs the 5 year average of 58.4%. Oil sales are at 11.9% compared to the 5 year of 20.9%. Meal is doing better, sitting at 32.6% vs the 5 year of 38%.