

LOOKING FORWARD WITH A BACKWARD GLANCE

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Sales Recommendations: *No pricing recommendations expected for next week, again!* (Naomi Bloom & other advisors are encouraging producers to make cash sales on this \$0.30 rally. **We say no; not yet.** The trend is your Friend.) As long as rains continue, prices will keep climbing till the end of May. The earliest that we would expect a sales recommendation on any grains will be May 28th, but more likely after June 3rd. Next MNU by May 26th.

Current Sales:	2018 sales:	corn 75%	soybeans 100%	wheat 87.5%
	2019 sales:	corn 10%	soybeans 100%	wheat 25%
	2020 sales:	corn 10% - 25%	soybeans 50% - 100%	wheat 0%

Quick View: **July19 corn** found resistance at \$3.80. Watch what happens when price breaks above \$3.80. It tried today and failed, but closed getting ready for its next move higher. Remember the capped, boiling tea pot? When it blows the lid off, it will jump to its next R level, which is \$3.90. This price level \$3.80, will be broken either tomorrow, or at the latest, Monday next week. Upside max **for now** is **\$4.03** for July19. If the spread between July19 and Dec19 corn remains about the same, Dec19 corn would make \$4.15 to \$4.20. Dec20 corn hasn't been gaining much. **Make some sales of 2020 corn when pricing 2019 corn.** **July19 soybeans** has found 1st resistance around that gap area; this week's highs around \$8.45. Corn will slowly pull soybean prices higher. See more under **Beans**. Watch \$4.60 **July19 K.C.** futures for pricing remaining 2018 production. There's a \$0.65 carry to May 2020, today at \$4.80. One could consider pricing some 2019 production in May20 at \$5.10. Read more under **Wheat**.

Beans: Too many acres, S.A. production too large, ASF in China/Asia destroying demand, U.S. & World stocks too large and growing, will limit soybean rallies. Hope for higher prices by those who need to make sales will come from weather related rallies. Fears of corn acres being switched to soybeans will keep any rallies muted. When corn rallies another \$0.20 to \$0.30, hopefully soybeans will add at least the same. When corn tops, beans will likely have topped, also. Continued wet through June would get Funds worried and rally bean prices on fears of reduced acres. Use these 2 rally events to price more for 2019 & 2020 production if you are not where you need to be. For this year, soybeans need to lose at least 5 ma to **1)** get any decent rally and **2)** get carryover back down to, or below, 1 bb.

In advance of a possible trade deal, China had slowed its purchases of Brazilian soybeans, causing Brazilian bean prices to fall below the U.S. price. Now that the trade deal is off for good, for now (ha ha), the FOB price out of Brazil has jumped, now giving U.S. soybeans the edge for those nations who are looking for lower priced soybean. Don't get excited! These sales will not make up for lost sales to China. Export sales for all grains were not good today.

Corn: Wettest soil moisture conditions in history started building soil profile surpluses last fall. With the upper profile becoming fully saturated, it allowed this winter's severe cold to freeze soils

to much lower depths. Following that cold has been a much cooler/colder spring. So instead of the frost going away from the bottom up, the frost line has been working its way down. This has blocked spring rains from percolating through the soil profile in numerous locations. If you find spots in your field where it just doesn't seem to dry out, this may be your problem. This condition has been reported to us as late as this last weekend from Hwy 20 on north. These areas likely can't get planted if current forecasts play out.

This guy may have found the frost line.



The talk is government payments are going to cut PPA in corn, with producers wanting to capture that money. Last time the government gave corn producers a penny. We heard the penny payment was done to get data from corn producers. We never heard that they will be giving any payment to corn producers when this helicopter money is released. That has yet to be decided. With corn prices going back to recent highs later this month, we could make the argument that there is no reason to give a corn payment. From the demand destruction side, the trade war with China has killed it for ethanol, causing grind rates to fall. If the USDA waits a month before determining what to pay, or maybe waiting until this fall, corn payments could be zero if planted acres fall by 4 or 5 m and prices rise to the highs of last year. Look for another push higher in corn prices next week. If planting progress is below 55%, which we believe it very well could be, expect fireworks. If below 60% and a very wet forecast remains in place, up another \$0.10 to \$0.20 will occur.

Repeating from our last MNU, with a few minor tweaks; ***“because of what is lined up in the Pacific Ocean, it’s looking very wet for 2 weeks. What’s not planted this week in IA, ND, SD, ND, MN and in parts of IA, NE, IL, WI, will not get planted in May. That said, on Monday, May 20th, planting progress will likely not reach 55%, let alone 50%. By the 27th, it will not have***

reach 70%. Anticipating ugly and being conservative, 6 m PPA x 170 bpa = 1.02 bb. 5 bpa less x 77 ma = 385 mb: 2.485 bb – 1.405 = 2019/20 carryover of 1.08 bb.

This is the maximum carryover we project: 4 m PPA x 170 bpa = 680 mb. 5 bpa less x 77 ma = 385 mb: 2.485 bb – 1.065 bb = **2019/20 carryover of 1.420 bb.**

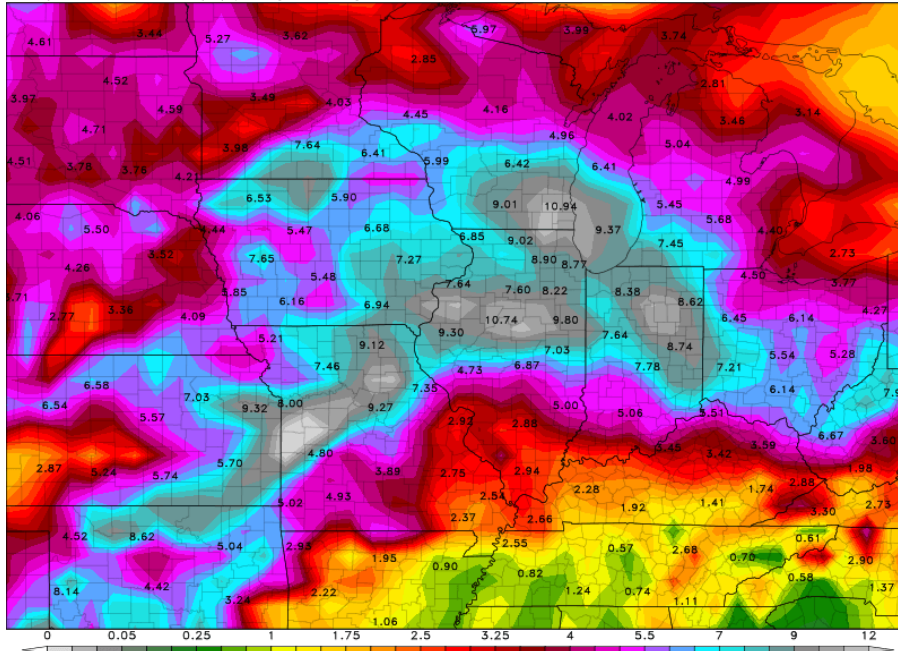
In normal years, a 1.4 bb carryover would take Dec20 corn to \$4.80/bu. With the world having record corn production this year, competition will keep prices from reaching this number. Our greatest fear remains 2020 U.S. corn acres rising to 95 m – 100m, due to soybean prices being so low producers can't afford to plant them. With the government making soybean payments, does that effectively push producers to grow soybeans for the government, driving prices lower because U.S. producers will then grow soybeans for a world that does not need them? At the same time, demand destruction continues from ASF, as it continues to spread to other nations.

If there is any reality to what we just put in print, higher than currently expected will occur. Hard, sharp, fast and done; remember? This rally could run 4 weeks before the market dials in all PPA's and reduced production for last plantings. We're looking at timing to make sales from the end of May until June 10th. Remember the world has excessive supplies this year. End users can import corn if U.S. prices get too high. Just that comment from a major exporter turned importer would top prices.

Next week's planting progress for corn will not catch up to the slow start that was seen in 2013. Note that its line on the graph below is just touching, showing 30% done vs. 66%, the 5 year average. The map shows the latest ground water moisture. Today they reported 10 of the next 14 days could see parts of Iowa getting 6"+. This IS a year that will be impossible for many to get much of any crop planted; many more PPA's. Longer term forecasts are showing an incredibly wet June & July, heaviest east of the Missouri river, potentially giving soybean producers PPA's, also.

Wheat: Just watching this week. World stocks are too large and 2019 crops in most countries are doing well. What we do need to watch are these rains events over the next weeks; and beyond! Most of the future rain events are also focusing on HRW wheat acres. While holding the best ratings in nearly 10 years, quality and yield definitely suffers under too much rain. As short as Funds are, one needs to watch the weather trends. Key resistance areas are \$4.60 in July19 K.C. wheat, followed by \$5.30. If one is not pricing corn until after Memorial Day, the same should apply to pricing wheat, too.

Weather Trends: Have you noticed how the weather has been trending wetter? If this trend is part of the cycle we see before our eyes, we should be expecting more wet weather ahead. We're talking for several years! How does one plan on pricing their crops when we can't get them all planted and the yield is reduced from too much rain? Again, these will be "realizing" Bull markets, where a significant price rise comes just before and during harvest because traders naturally think rain makes grain.



So how do we price our crops under adverse conditions? We market for a profit! Most all will generate profits at \$4.20, board price. **Don't get hung up on some big price rally right now.** U.S. stocks are plentiful, as are world stocks. China's hogs are being culled, decreasing demand for not only soybeans, but 2 bb of corn; over time. Since you, as a producer, are always "long" the corn market, you market on a scale up strategy. Price most, if not all of your old crop corn on this rally, as well as some of your 2019. We will also recommend pricing some of your 2020 corn too, just to get started. Then see how well this crop develops and how wet it stays. Let's take all this, a month at a time.

Please listen to this link about the Ice Age Farmer. We are rolling into a mini-ice age, due to solar minimums. Cold has killed more people in the last few centuries than drought. Though this video turns political, those who are open minded and are willing to accept the facts such as they are, realize how much truth is being shared. We have been worried about this coming cooling for the last 2 years. These last 9 months of really cold, wet weather, is part of a much, longer term trend. If you understand this, you can profit from it. Few will see this coming if they blindly believe in man-made global warming. Our sun is the Number 1 determining factor for our weather and how hot or how cold this planet gets. Understand everything cycles. It's really that simple. We have written about this before. The moon, the stars (our sun), tides caused by the moon, woman, seasons, weather, etc. How often do you think tree rings? They are indicators of these cycles. Watch out for 2025!

<https://www.youtube.com/watch?v=i4NxloTfxIU>

China: This trade war is being described as The Art of the Deal vs On Protracted War. The latter was written by Mao Zedong in 1938, during China's anti-Japanese War. Protracted war is well known among Chinese as a great strategy to exhaust your opponent.

‘The Grim Logic Behind Trump’s Trade War With China’-- that admits he was wrong to expect a trade deal, that Trump is doubling down, and concludes *“There may be a grim sort of logic to this approach...If Trump wants to slow China’s ascent as a superpower (which is one of his longer term goals), a trade war might be an effective way to do it. If the harm to the US is modest and the costs for China are severe and lasting, Trump might conclude that the former are acceptable losses. Geopolitical primacy, not maximum prosperity for Americans, might be the president’s true objective.... if weakening China really is the goal, then this could be just the opening rounds of a long and grinding trade war.”*

EPA: In Trump’s desire to save the oil industry money, he made it easier for oil refineries to get waivers, 4 months before a 2017 court decision it often cites to justify the move.

<https://www.reuters.com/article/us-usa-epa-biofuels-exclusive/exclusive-trump-epa-did-not-await-court-ruling-to-loosen-biofuel-rules-for-refiners-documents-idUSKCN1SM13Z>