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Market Summary

- After the close on Thursday, Bloomberg reported that the Trump administration is developing plans to increase the blending mandates under the Renewable Fuel Standards by 5% (500MM gallons of ethanol and 250MM gallons of biodiesel) next year. While this would have some impact on corn for ethanol demand, U.S. stocks remain high, which limits the impact of new demand for corn crush.
- Weather forecasts are beneficial to U.S. crops, with warmer weather and normal precipitation forecasted in the 8-14 day outlook. Risk for near to medium term frost remains low. Bulls will have to look elsewhere besides weather for ammunition near-term.
- FC Stone released its September forecast for national corn yield of 168.4 bushels per acre (USDA is at 169.5 bpa). An average national yield of 168.4 results in production of 13.8B bu, slightly less than the USDA but not bullish. Informa also released their yield estimate, forecasting 169.6 bpa, which is right in line with the USDA.
- China said that the leaders of the U.S. and China trade delegation agreed on a phone call to meet in early October for another round of trade talks. A U.S. trade rep confirmed that the phone call took place, but did not confirm that the two sides agreed to a meeting.
- Most inside the trade are looking for the USDA to lower 2018/2019 ethanol and export demand. Data released by the government this week shows that exports and ethanol should both be reduced by 50MM bu, adding to an already large carryout for this year.

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Commitment of Traders Managed Money Fund Positions

As of:	Corn	Soy-beans	Wheat
9/3/19			
Long/Short	-119K	-73K	-21K
Change	-25k	+3k	-18k
Record Long	+429K	+254K	+81K
Record Short	-322K	-168K	-162K

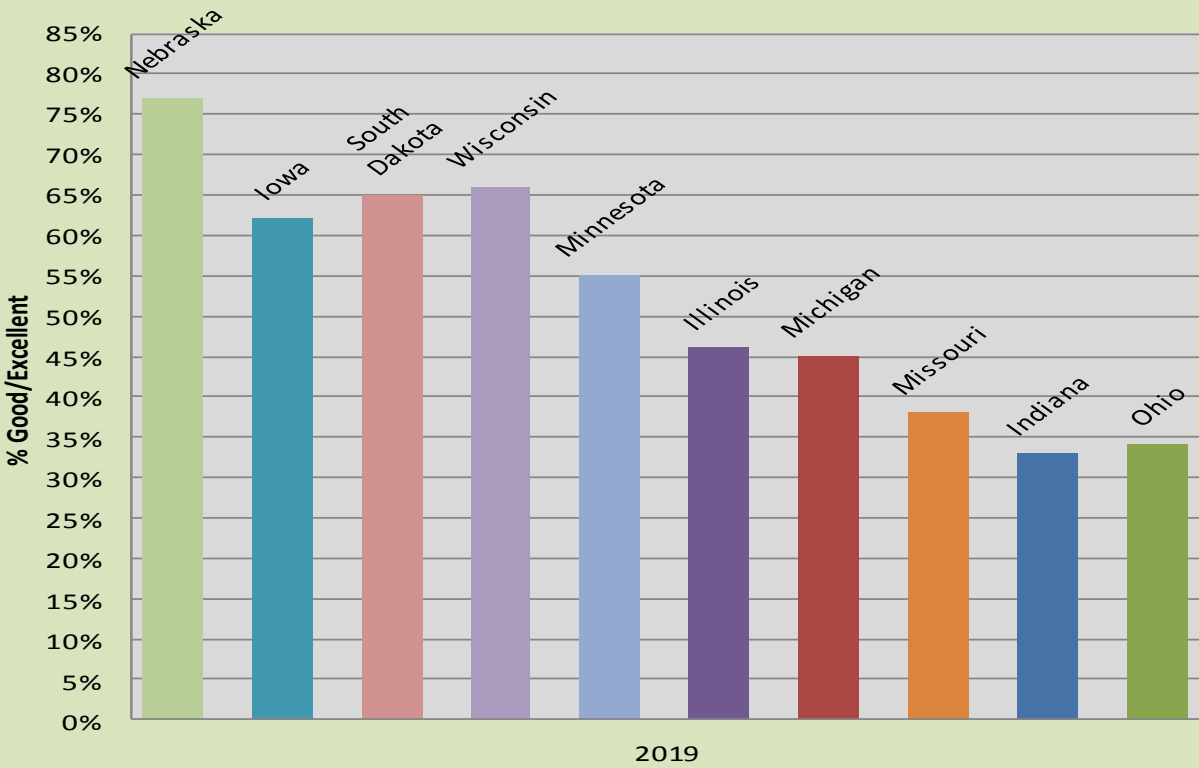


Weekly Price Change:

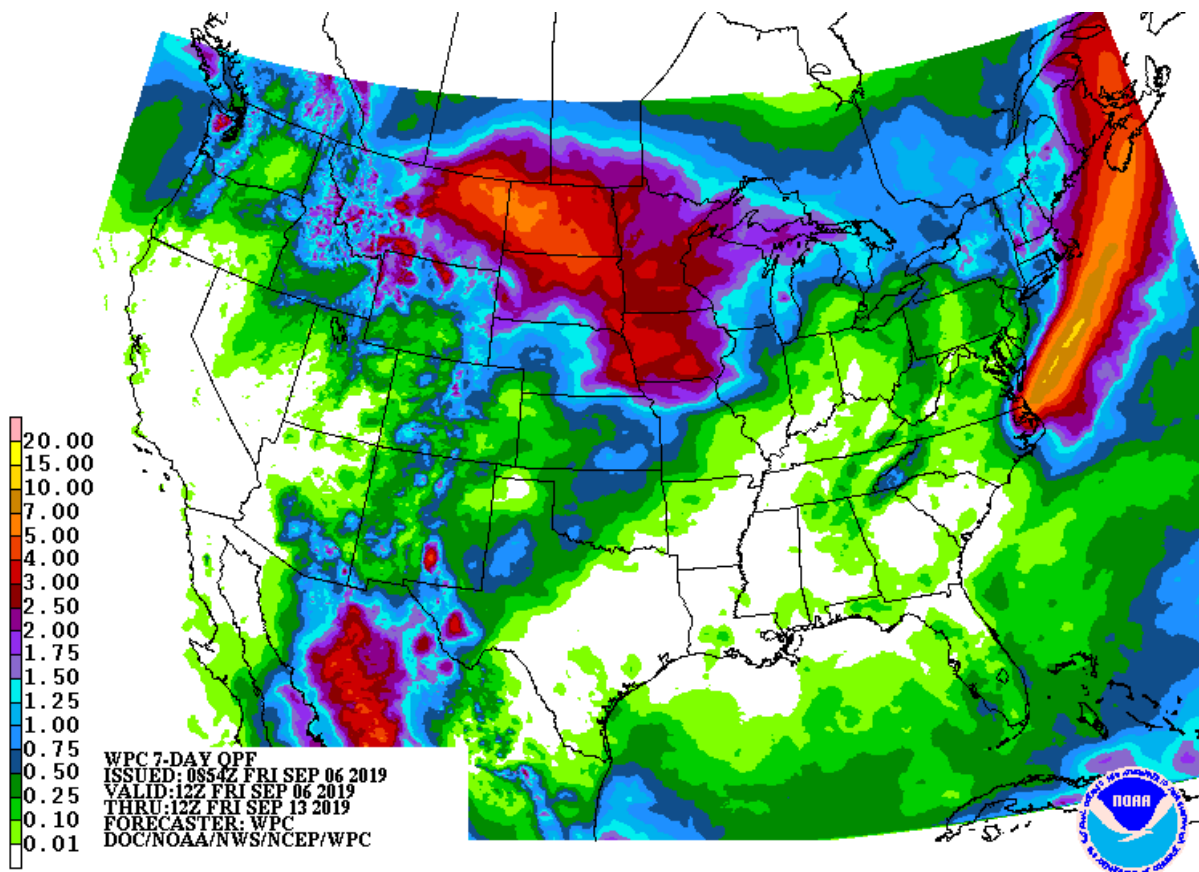
	9/6/2019	Price Change	% Change
Corn—Dec	\$3.56	(\$0.14)	-3.66%
Soybeans—Nov	\$8.58	(\$0.11)	-1.27%
Wheat—Dec	\$4.63	\$0.01	0.27%
Feeder Cattle—Oct	\$130.98	\$0.57	0.44%
Live Cattle—Oct	\$95.00	(\$3.65)	-3.70%
Lean Hogs - Oct	\$63.30	(\$0.43)	-0.67%
WTI Crude Oil	\$56.40	\$1.32	2.40%
US Dollar Index	\$98.34	(\$0.53)	-0.54%
DJIA	26,830	\$423.69	1.60%

U.S. Corn Crop Condition

State Corn Crop Condition

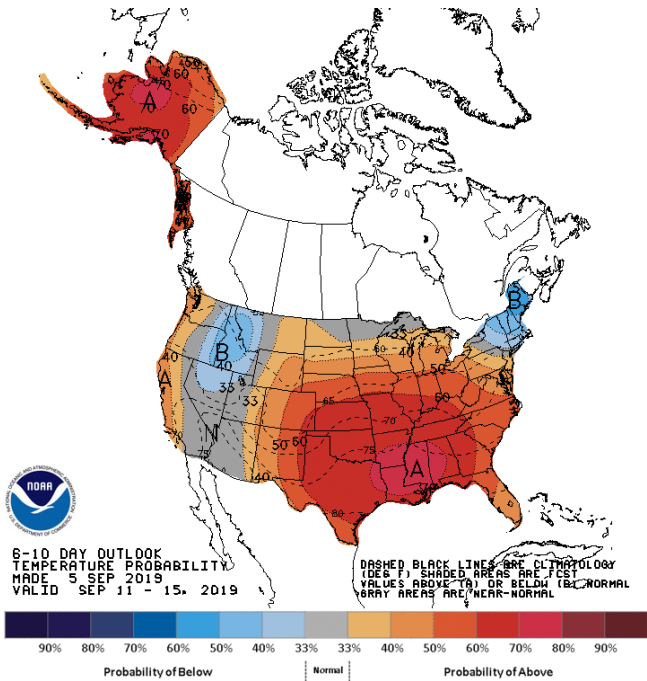


7 Day GFS Precipitation Forecast

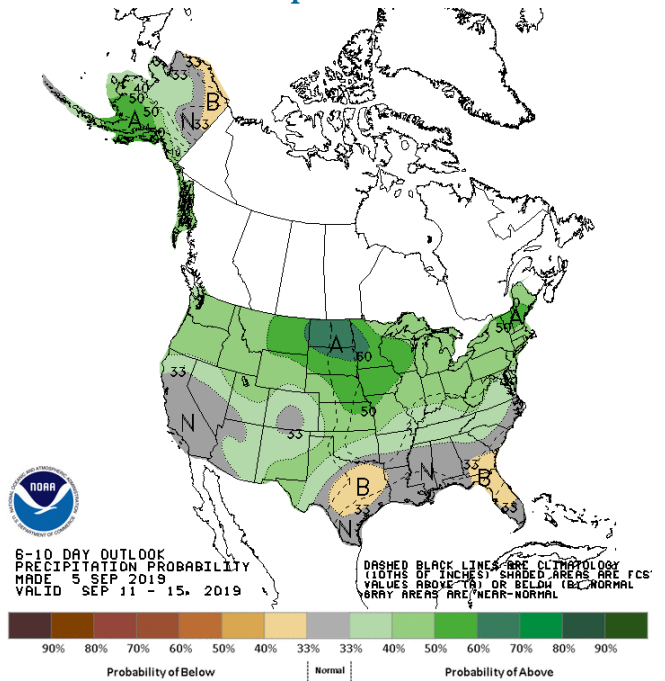


6 to 10 Day Forecast

Temperature

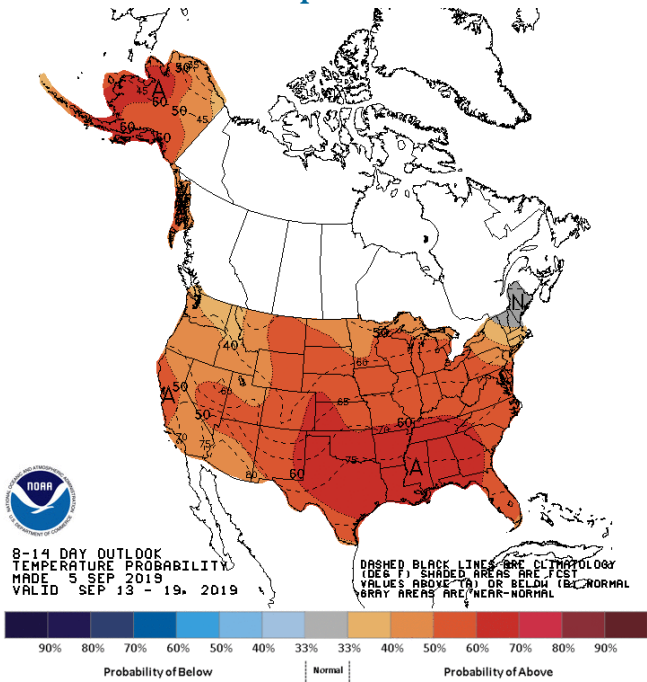


Precipitation

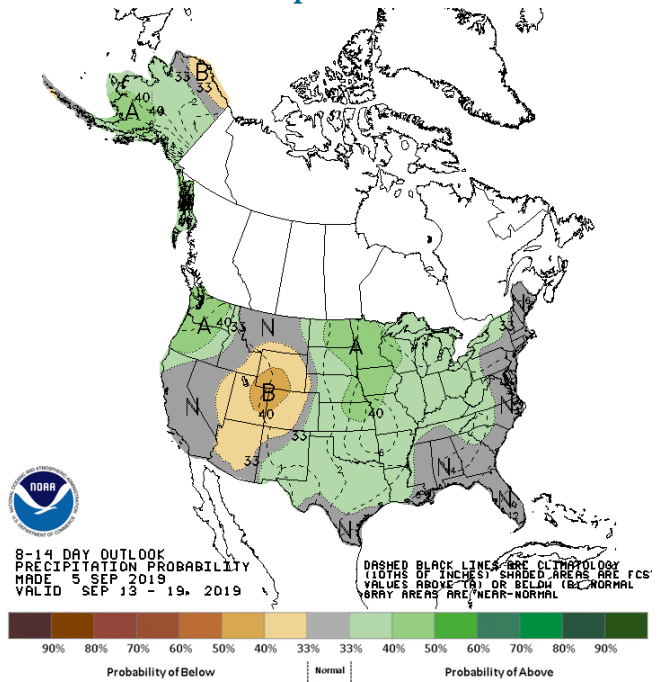


8 to 14 Day Forecast

Temperature

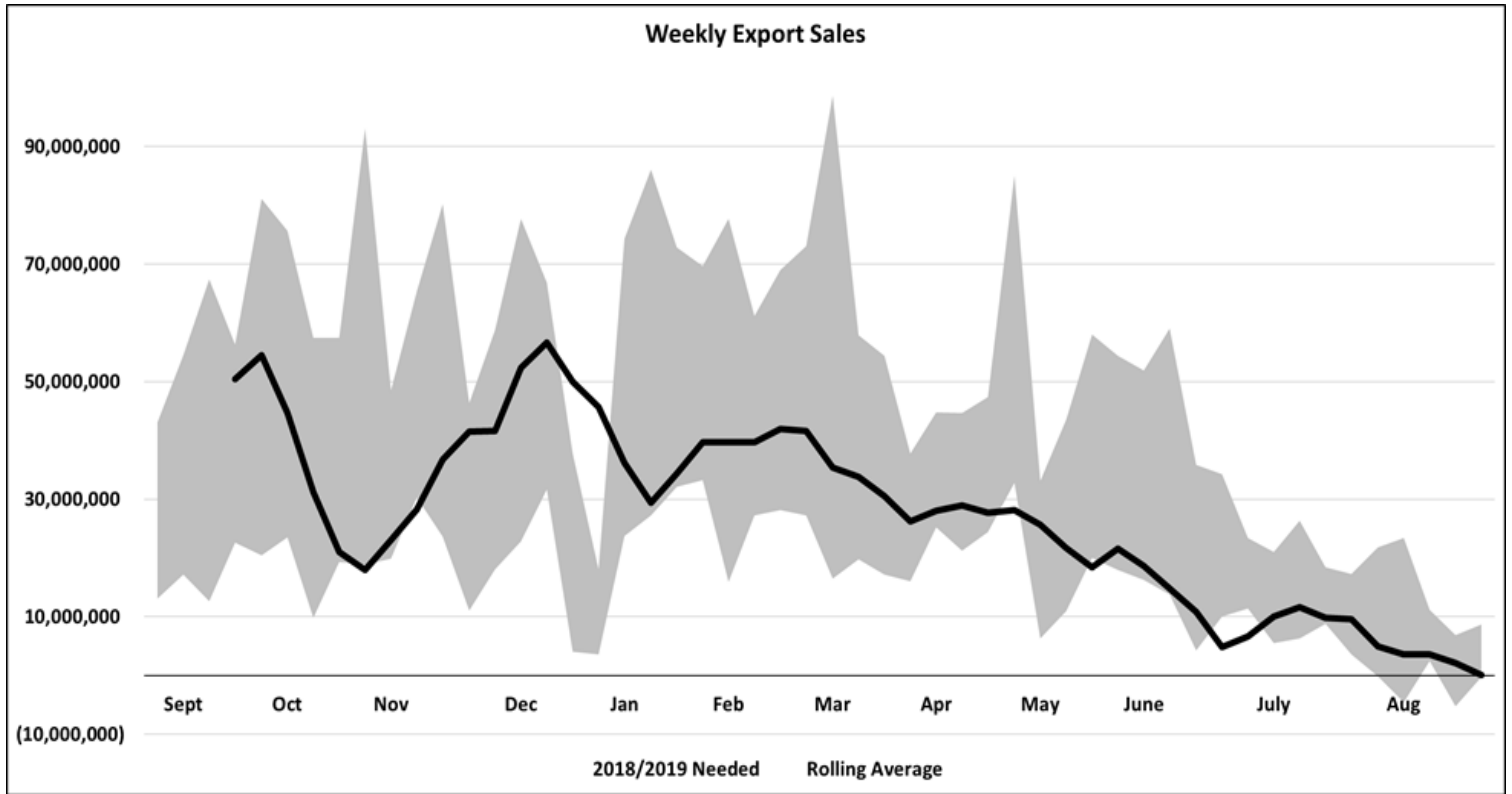


Precipitation



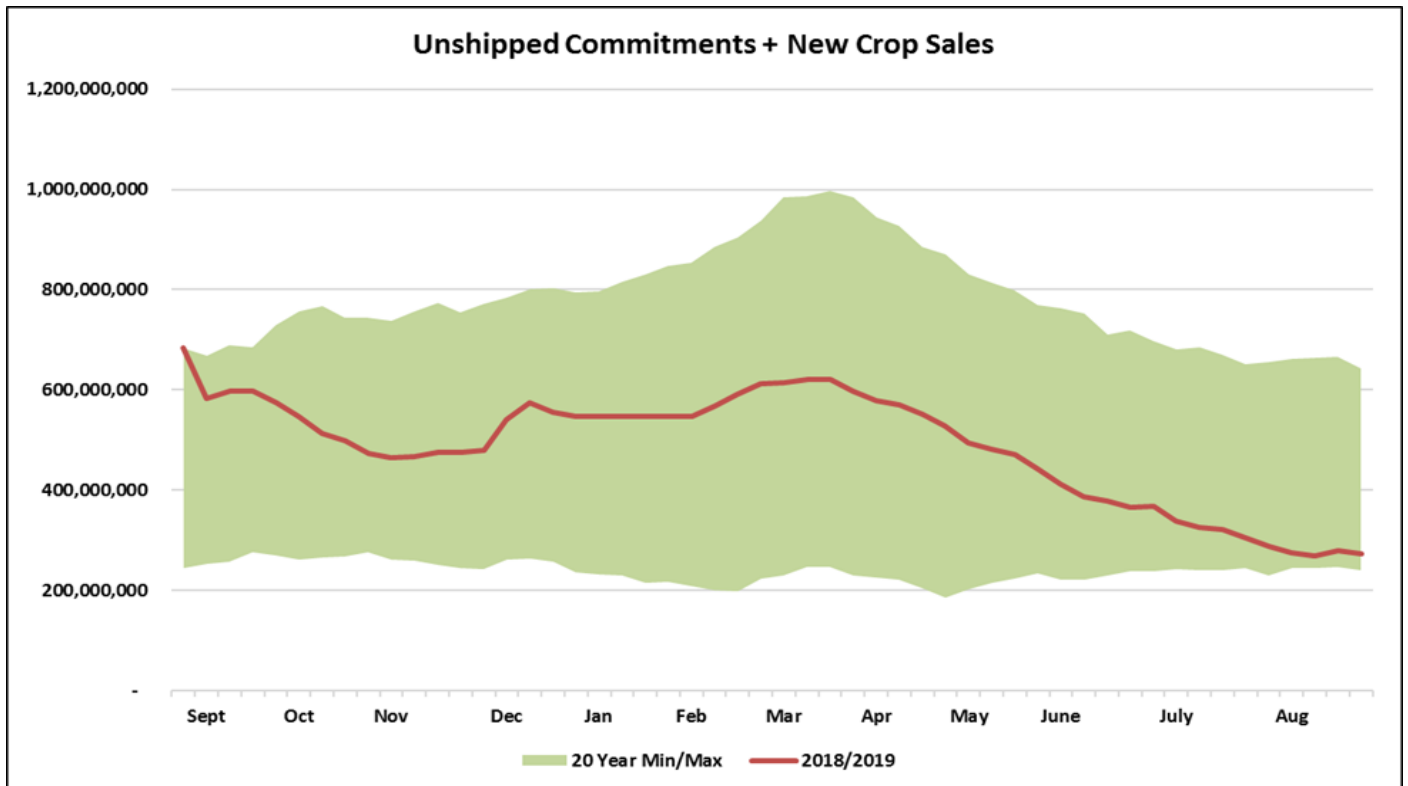
Exports Sales (Week 52)

The final week of 2018/2019 weekly sales were dismal – total sales resulted in a net cancellation of 6.5MM bu, mostly from China. Cumulative sales for the year totaled 1.965B bu (please note, this is not what the USDA ties to for their forecast). New crop sales were fairly robust, but on the lower end of trade estimates, with 16.4MM bu sold. The Y/Y deficit of new crop sales is now 193MM bu.



Export Inspections (Week 52)

Weekly inspections were very low this for week 52, totaling 14MM bu. This brings cumulative inspections to a Y/Y deficit of 18.3%. A metric used by the industry to determine how healthy the nearby export market is current unshipped commitments plus new crop sales. As you can see on the below graph, this metric still remains near the 20-year low.



Technical Analysis

December corn futures set new contract lows this week, trading at a low of \$3.53. With lagging demand, adequate supply forecasts, and beneficial weather, the bulls are desperate for any news that could give this market life. Any move to the upside should see some resistance at the prior support level before the breakdown around \$3.70. RSI is in oversold territory, and with Managed Money being short 119k contracts, any significant downside risk seems unlikely at this point. Oftentimes, the Dec contract eventually trades where the Sep contract traded—Sep traded at a low of \$3.41.

