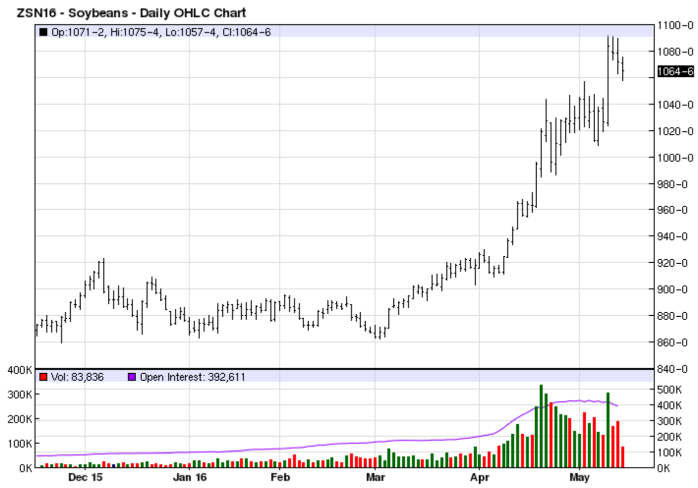
MARKETLINE

Progressive Ag
RISK MANAGEMENT SPECIALISTS

www.progressiveag.com 701-277-9210 1-800-450-1404 **May 13, 2016**

What to Sell	Cash Only	Cash Only	Future Hedgers	Future Hedgers
Week's Rank	**2015**	**2016**	**2015**	**2016**
1. HRS Wheat	30%	0%	30%	0%
2. Soybeans	100%	0%	100%	20%
3. Corn	100%	35%	100%	100%



Soybeans: Huge Gains on Tuesday

Get Progressive Ag's take on the USDA's May report by viewing our webinar at progressiveag.com.

We hit our price target of $10.45-$11.00 November soybean futures to get the first 20% priced of the 2016 crop. We targeted $10.45 and got well over that. After this report we see just short of $11 as resistance for November soybeans with $10.20 and then $9.98 as support.

Tuesday's USDA report offered soybeans significant support this week. The volatility in soybeans continued this week, but with a bullish ending stocks number soybeans continued their trend up this week. Friday's CFTC data also showed noncommercial net longs in soybeans increased to around 193,000 as of May 3, the largest net-long position since the beginning of 2014. For the week ending Thursday, soybeans gained 37.25 cents in the July contract and gained 39.25 cents in November futures.

The USDA came out with a big surprise in their report on Tuesday, lowering US ending stocks to 305 MB for 2016-17. This was very bullish against trade expectations and about 25% lower than expectations. Old crop soybeans were up the limit of 65 cents at one point and closed about 8 cents lower than that after the report came up. Soybean meal did close up the limit of $20. Exports were revised higher by 35 million bushels due to a smaller Argentina crop.

New crop ending stocks were pegged at just 305 million bushels from trade expectations near 405 million bushels, at the low end of estimate ranges. World ending stocks for 2015/16 came in at 74.25 MMT compared to 79 MMT last month. Brazil production was lowered to 99 MMT vs. 99.4 million expected and 100 MMT last month. Argentine production came in at 56.5 MMT vs. 55.7 MMT expected and 59.00 MMT last month. A main factor into our lower expected stock number is the projection by the USDA that world soybean demand will grow 3.2% for the season

Many are expecting 1 million to 2 million acres to get switched back to soybeans from the USDA's march surprisingly low estimates. The funds are still heavy long and have been keeping the losses in check, though. There is also underlying support in the soybean market as soybean meal finished higher ahead of crush numbers on Monday.

The Brazilian Senate voted on Thursday to suspend current president Dilma Rousseff. With both houses of Congress voting for this suspension it is likely the impeachment process will go through for Rousseff, which could provide some unrest in Brazil.
Export inspections came in at 4.1 MB for the week ending May 5th. This is on par with the pace needed for the USDA estimates for this marketing year. Export sales came in at 45.8 MB, well above the pace of 1.9 MB needed to meet USDA estimates

2015 Sales: 100% Sold
Sold 50% Nov 15 at $12.50 (9/11/12). Lifted via roll at $8.8375 for profit of $3.6625 (10/30/15).
Sold 50% Nov 15 at $12.50 (9/12/12). Lifted via roll at $8.8375 for profit of $3.6625 (10/30/15).
Nov 15 (100%) rolled to Jan 16 at $8.8575 (10/30/15). Liquidated via roll at $8.715 for profit of $0.1425 (12/31/15).
Jan 16 (100%) rolled to Mar 16 at 8.6425 (12/31/15). Liquidated at $8.64 (2/11/16).
All hedges are lifted

Catch-up sales: 100% Sold
15% Nov 15 at $9.65 (6/25/15). Lifted via roll at $8.8375 for profit of $0.8125 (10/30/15).
15% Nov 15 at $10.25 (7/1/15). Lifted via roll at $8.8375 for profit of $1.4125 (10/30/15).
25% Nov 15 at $10.35 (7/14/15). Lifted via roll at $8.8375 for profit of $1.5125 (10/30/15).
25% Nov 15 at $10.25 (7/16/15). Lifted via roll at $8.8375 for profit of $1.4125 (10/30/15).
Nov 15 (100%) rolled to Jan 16 at $8.8575 (10/30/15). Lifted via roll at $8.715 for profit of $0.1425 (12/31/15)
Jan 16 (100%) rolled to Mar 16 at 8.6425 (12/31/15). Lifted at $8.64 (2/11/16).
Sold 20% July 16 at $10.45 (5/3/16).

2016 Sales: 20% Sold
20% Nov 16 at $10.45 (5/10/6)

Corn: Gains After USDA Report

We are looking at a target price of $4.40 or so for corn to get some priced for 2016, a little less on old crop corn. If we see a retracement in prices, look to lock in basis for old crop if that improves.

We saw losses ahead of Tuesday's USDA report. Corn could not get any support from news that 6.7 million bushels of U.S corn were sold to Japan for 15-16 and another 4.7 million bushels were sold to unknown destinations. Friday's CFTC data showed a slight reduction in noncommercial net longs in corn. We bounced back above near term support of $3.705 after dropping below it ahead of the report. For the week ending Thursday, corn gained 10.5 cents in the July contract and gained cents in December futures.

Corn had nice days Tuesday and Thursday with strength in the soybean market as the main driver to help corn out. The USDA supply/demand update for corn was friendlier than expected. Old crop ending stocks came in at 1.803 billion bushels vs. trade expectations of 1.837 billion bushels and 1.862 billion bushels last month. Exports were revised higher by 75 million bushels as the USDA adjusted for the smaller South America crops. Domestic ending stocks were a little less than expected, but also gave us an ending stocks-to-use ratio of 15%, the highest in 11 years.

New crop ending stocks were at 2.153 billion bushels from trade expectations near 2.27 billion. This is still a huge number even if it is smaller than expected.   Brazilian corn production came in at 81 MMT vs. trade expectations of 80.5 MMT and 84 MMT last month. World ending stocks declined, not increased, which was a nice surprise as world demand is expected to increase.
USDA's big crop estimate of 14.43 billion bushels may shrink if acres get cut back. Summer's weather will decide this number, though. We have not seen a high soy/corn ratio of 2.76 like this in quite a while. Debate will start up ahead of the June 30th acreage report on size of gain in soy acres vs. March numbers. There is a lot of chatter about corn area switching to soy in aftermath of bullish May crop report. US weather looks cooler and wetter in the near term which should be supportive with slower planting and growth.

The U.S. Energy Information Administration said that last week's ethanol production increased from 923,000 to 962,000 barrels a day while supply dropped from 22.2 to 21.3 million barrels. This is considered a friendly report week for ethanol demand and underlying support for corn prices this week.

Weekly Export Inspections came in at 45 MB for the week ending May 5th. This brings the 15-16 marketing year totals to 997.2 MB, down 12% from a year ago and below the pace estimated by the USDA for this year. Weekly Export Sales came in at 49.4 MB for the week ending May 5th. This was above the 13.8 MB needed to keep us on pace for the 1.725 BB USDA projections.

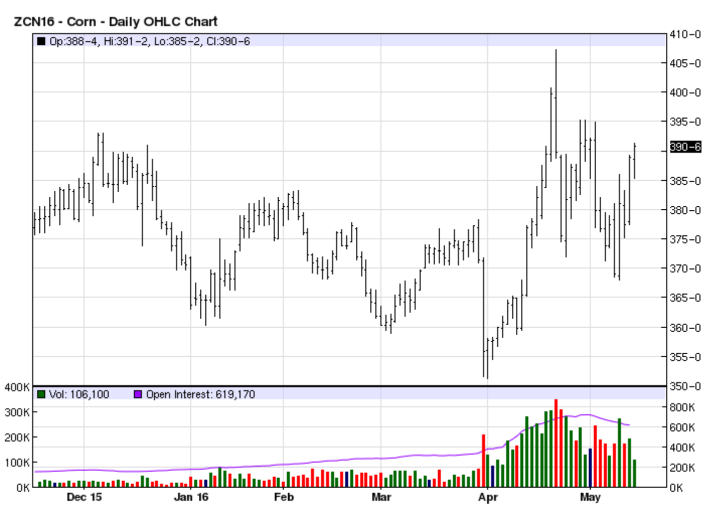
Planting progress continues to grow at a fast pace. Corn planting is ahead of schedule. Nationally, corn planting is at 64% vs 50% average. Last week we were at 45%. At this time last year planting was at 69%. Corn emerged is at 27% compared to a 5-year average of 17% and 23% last year.

2015 Sales:
100% Sold:
Sold 50% Dec 15 at $5.94 (9/11/12). Lifted at $3.58 for a profit of $2.36 (11/10/15).
Sold 50% Dec 15 at $5.93 (9/12/12). Lifted via roll at $3.59 for a profit of $2.34 (11/27/2015).
Dec 15 (50%) rolled to March 16 (11/27/15) at $3.67. Lifted at $3.58 for a profit $0.09 (2/12/16).
All positions lifted.

2015 Catch Up Sales:
Sold 15% Dec 15 at $4.05 (6/29/15). Lifted via roll at $3.59 for a profit of $.46 (11/27/15).
Sold 25% Dec 15 at $4.35 (7/8/15). Lifted at $3.58 for a profit of $.77 (11/10/15).
Sold 25% Dec 15 at $4.5225 (7/13/15). Lifted at $3.58 for a profit of $.9425 (11/10/15).
Sold 25% Dec 15 at $4.38 (7/15/15). Lifted via roll at $3.59 for a profit of $.79 (11/27/15).
Sold 10% Dec 15 at $3.94 (8/11/15). Lifted via roll at $3.59 for a profit of $.35 (11/27/15).
Dec 15 (50%) rolled to March 16 at $3.67 (11/27/15). Lifted at $3.58 for a profit of $0.09 (2/12/15).
All positions lifted.

2016 Sales:
100% Sold:
Sold 100% Dec 14 at $5.40 (7/12/13). Lifted via roll at $3.75 for a profit of $1.65 (11/28/14).
Dec 14 (100%) rolled to Dec 16 at $4.23 (11/28/14). Lifted at $3.85 for a profit of $.38 (2/12/2016).
All positions lifted.

2016 catch Up Sales:
Sold 25% Dec 16 at $4.06 (8/11/15). Lifted at $3.85 for a profit of $.21 (2/12/2016).
Sold 10% Dec 16 at $4.02 (8/17/15). Lifted at $3.85 for a profit of $.17 (2/12/2016).
All positions lifted.

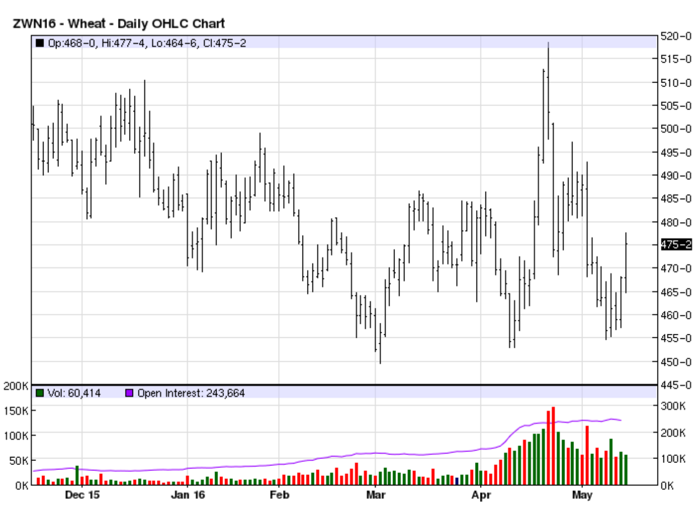


Wheat: Negative USDA Report

At the beginning of this week, wheat had an uphill battle to fight. Coming off significant losses last week, wheat faced bearish expectations for the May supply and demand report and lacked any significant bullish support. However, a few favorable market moves limited losses and even allowed the KC market to finish the week in the green.

This week's crop progress report came in bearish but relatively unchanged with the winter wheat good/excellent rating being increased by 1% to 62%, well above last year's 44% at this time. The poor/very poor rating was left untouched at 7%, also much better than last year's 20%. Spring wheat planting was lagging a bit behind last year despite 13% more crop having gone in since the previous report, bringing planting to 77% complete.

This week, though, the crop report was secondary to the supply and demand report released Tuesday. As was mentioned earlier, expectations were bearish. These expectations were confirmed by the report, but wheat was able to make gains due to support coming from limit-up soybean trade. The report projected a record-tying 47.8 bu/acre yield for winter wheat—previously seen in 1999—12.5% higher than last year. Using that yield, winter wheat production is expected by be 4% ahead of last year at 1.43 billion bushels. In fact, despite the 10% decrease in all wheat acres from last year, all wheat production is expected to lag only 3% year/year at 1.998 billion bushels. Adding to the bearish production tone, new crop production estimates broke the billion bushel mark at 1.029 billion bushels.



The US Dollar did little to help wheat prices as it traded higher. Despite the dollar's recent strength, though, export sales came in at 10.8 MB, above the required weekly sales of 9.9 MB to reach the USDA's revised export estimate. It may be too little, too late for wheat, though, as exports have been lackluster for some time now. With just three more export sales reports to go until the market year ends, we will see if wheat can reach the USDA's revised estimate of 780 MB. Total commitments are currently 751.1 MB.

Wheat export inspections were 18.3 MB. Total shipments have now reached 694.5 MB, still 12% behind last year compared to the USDA's estimate of a 9% decline.

For the week ending Thursday, July contracts for Mpls wheat were down 5.00 cents at $5.3000, up 4.25 cents at $4.6800 for Chic wheat, and down 3.75 cents at $4.4975.

2015 Sales: 30% Sold
Rolled Sept contract to Dec 15 08/31/15.
15% sold Sept 15 Mpls at $6.85 (12/18/14). Lifted at $4.965 for a profit of $1.885 (08/31/15).
15% sold Dec 15 Mpls at $5.145 (08/31/15). Lifted at $5.10 for a profit of $.045 cents (11/27/15).
15% sold Dec 15 Mpls at $6.25 (06/26/15). Lifted at $5.10 for a profit of $1.15 (11/27/15).

Rolled Sept contract to March 15 11/27/15.
30% sold March 15 Mpls at $5.065 (11/27/15). Lifted at $4.86 for a profit of $0.205 (2/11/16)
All hedges are lifted

Barley

Cash feed barley bids in Minneapolis were unchanged at $2.45, while malting barley received to quote. Berthold showed bids of $2.25 and CHS Southwest bid $2.70 in New Salem, ND.

As of March 31, Canadian barley stocks totaled 3.8 MMT, up 12.1% year-to-year.

As of May 8, barley is 79% planted versus 60% average and 84% last year. North Dakota and Minnesota are both about 37% ahead of their respective averages at 81% and 68% complete.

Projected acres for barley have come in at 3.14 million acres, down 12% from 2015 and the fourth smallest seeding on record. Breaking down by a few states, North Dakota is at 800,000 acres (down 29%), Montana is at 1.01 million acres (up 4%), and Minnesota is at 100,000 acres (down 26%).

Canola

Canola futures, as of Thursday afternoon, were down $4.0 CD for the week at $506.5/MT CD for the July contract. The Canadian dollar rose 0.0060 at 0.7791. This brings US prices to $17.90/cwt, a 16 cent loss for the week.

Cash bids in Velva, ND, were $17.68/cwt for May and $16.99 for September. Enderlin, ND, bids were $18.18 for May and $17.52 for September. Hallock, MN bid $17.69 for May and $17.01 for September. Fargo, ND bids were $18.27 for May and $17.69 for September.

Canola has benefitted greatly from an improving Canadian Dollar and rising soybean prices. However, recent pull backs in soybean oil and other oilseed markets have led to subsequent losses in canola futures, and a rising US Dollar and range bound oil prices have stagnated the growth of the Canadian Dollar vs the US Dollar. The combination of the two have led to a sharp decline in US cash canola prices. Still, cash prices are well above where they were two months ago.

Durum

Cash bids for milling quality durum were unchanged at $6.25 in Berthold and unchanged at $6.25 in Dickinson.

Projected acres for durum are 1.99 million acres, a 3% increase from 2015. North Dakota acreage is expected to increase 10% to 1.2 million acres and Montana acreage is expected to increase 2% to 630,000 acres.

Sunflowers

Cash sunflower bids in Fargo were at $16.85 for May.

Soybean oil traded down 76 cents this week to $32.30 on July contracts.

Planting projections for sunflowers show a 7% decrease nationwide, coming in at 1.444 million acres. North Dakota is expected to plant 630,000 acres, a 2% increase, and south Dakota is expected plant 530,000 acres, a 9% decrease.

Progressive Ag
RISK MANAGEMENT SPECIALISTS

Live Cattle

The live cattle opened sharply higher this week, but could not find any follow through. Packer margins are also positive and a large gain in beef cutouts were positive. Additional support came from talk of a higher cash trade this week, smaller show lists and the start of Memorial Day featuring. Carcass weights have also declined. Beef production in Australia is also down for the second month in a row, while February production was down 13% and January production was down 18%. Imports of Australian beef were also down 22% in March. Resistance came from export sales that were at the low end of the estimates at 13,400 mt, down 7% from the four-week average. The market gapped higher on Monday and is now about $1 away from filling that. Pasture conditions are rated at 61% g/e vs. 56% one year ago. Asking prices are at $1.33 and $2.06 dressed, with the cash trade at $1.32 this week. As of Thursday's close, the June contract was up $1.625 at $122.35, while the deferred contracts were up with small gains.

Feeder Cattle

We had a choppy week in the feeder cattle market also. We started off the week with large gains, but lost most of those gains as the week went on. Support came from the early strength in the live cattle and a stronger feeder cash market this week. The futures are also at a premium to the cash index at $145.61. The futures gapped up on Monday and that has now been filled. Underlying support comes from good demand for pasture calves. The Oklahoma cash feeder market was up $4 to $10 this week. As of the 1:05 P.M. close, the May contract was down $1.20 at $147.825, while the deferred contracts were down $2.00 to $2.85. As of Thursday's close, the May contract was up $1.45 at $147.825, while the deferred contracts were up with slightly over $1.00 gains.

Lean Hogs

Lean hog had another positive week. Support came from the strength in this week's cutout market this week. Weights also dropped 1 pound this week which helps to confirm producers are current. Packer margins remain positive and demand has been good. The upside was limited with the break in the cattle markets and the export sales were lower this week at $18,400 MT, down 49% from the four-week average. Exports have been good this year and China imported 19,003 MT in March, 160% more than one year ago. Exports for the first quarter were up 409% to China compared to one year ago. Traders are also looking for increased demand as we move closer to Memorial Day. The upside remains limited with the futures premium to the cash index at $75.61. As of Thursday's close, the June contract was up to $83.75, while the deferred contracts also had nice gains this week also.

Dairy

Class III milk's May contract was down 4 cents at $12.74 and the June contract was down 53 cents at $12.39. Milk production in the 23 major States during March totaled 17.2 billion pounds, up 1.8 percent from March 2015. The February revised milk production came in at 15.8 billion pounds, up 4.6 percent from February 2015. Production per cow in the 23 major States averaged 1,993 pounds for March, up 31 pounds from March 2015. This is the highest production per cow for the month of March since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.64 million head, 19,000 head more than March 2015 and 9,000 head more than February 2016. Total natural cheese stocks in refrigerated warehouses on February 29, 2016 were up slightly from the previous month and up 11% from February 28, 2015. Butter stocks were up 23 percent from last month and up 32 percent from one year ago.