

## Soybeans

Soybeans traded in a back and forth fashion with selling dominating Tuesday and Thursday's sessions while major buying pushed soybeans higher on Wednesday.

Tuesday's session had soybeans closing with losses for the fourth session in a row. The market was able to start higher but the gains were short lived as soybeans faded the gains early. Light support came from a friendly export inspections estimate which put last week's soybean shipments pace in the middle of expectations. The unwinding of long soybean/short corn spreads pressured the soybeans late in the session.

Wednesday's session had soybeans starting on the lower side due to carry over selling from Tuesday's poor performance. But once the market traded down to support, buy stops were triggered which help push soybeans sharply higher. Technically soybeans put in a key reversal up day, which means the market posted a lower low than the previous day, a higher high, and closed higher, this is a bullish sign but to confirm soybeans need to close higher Thursday. USDA estimated November's crush pace at 170.7 MB, which also helped add support to the soybeans.

Modest selling returned to the soybean complex on Thursday as there were no willing buyers. Soybeans struggled

## Corn

Corn traded with small to modest gains for each of the sessions this week with most of the strength coming from technical support.

Corn started the short week with gains as traders started to unwind short corn/long soybean spreads. The spread between corn and soybeans has been at and maintained a wider than normal level the past 9 months as the market has been signaling the need for more soybeans. Light support continues to come from strong ethanol demand as well as from expectations for better than forecasted feed demand due to Dec's COF and Hogs and Pigs report which signaled herd expansion.

Wednesday's session also saw strong gains as locals continued to buy corn ahead of next week's fund portfolio rebalancing. A higher wheat market also helped to support corn as both are still competing for a share of the feed ration. Light support came from Argentina weather forecasts that are showing continue rain events that are resulting in flooding concerns.

The buying frenzy slowed down slightly at the end of the week. A disappointing export sales estimate and profit tak-

throughout the session due to technical selling. The lower session negated Wednesday key reversal up move and put soybeans back into a negative position. Additional pressure was due to production estimate out of SA which has Brazil's production increase enough to make up for the potential loss in Argentina due to flooding concerns (estimate have as much as 2 million acres might not get planted). The lack of daily export sales added to the sessions pressure, which was evident in Friday's extremely disappointing export sales estimate.

March soybean support is at \$9.83 while resistance is at \$10.75

Last week's soybean export shipments pace was estimated at 58.0 MB while sales were estimated at 3.2 MB. After 17 weeks, soybean shipments are at 59% and sales are at 86% of USDA's projections. This weekly report was for the week of Christmas.

For the week, March soybeans were at \$9.9475 down 9.25 cents while May was at \$10.035 down 9 cents.

ing ahead of the weekend was the main reason for the steady to softer performance at the end of the week. Support came from the unwinding of long soybean/short corn spreads, which was also evident earlier in the week. Corn has staged a decent recovery against soybeans and appears to be trying to regain 2017 acres. Light support also came from last week's ethanol report, which was neutral estimating higher ethanol production but steady stocks.

March corn is approaching sellable levels. Producers could start to lock in hedge to arrive contracts for some of their 2016 production if in need of moving product. Basis levels are not there yet.

March corn has support at \$3.35 and resistance at \$3.65.

Last week's corn export shipments pace was estimated at 25.1 MB and sales were estimated at 16.9 MB. After 17 weeks, corn shipments are at 26% and sales are at 63% of USDA's projections. This weekly report was for the week of Christmas.

For the week, March corn was at \$3.58 up 6 cents while May was at \$3.6475 up 7.25 cents.

# Wheat

Wheat started the week off steady to slightly lower but turning around to post strong gains to end the short week with impressive gains.

Wheat struggled to start the week as traders looked for direction. A sharply higher US dollar and negative export inspections estimate kept wheat on the defense. But losses were kept in check by weather concerns as many traders feel the cold dry fall and winter has resulted in damage to the winter wheat in the Southern Plains. By the close MW was supported by need for quality wheat while KC was pressured by weather forecasts calling for snow to move into much KS which will in turn insulate wheat.

Wednesday and Thursday's session saw wheat push higher with the winter wheat contracts the strongest performers. Early support came from yesterday afternoon's state crop progress reports which showed a sharp decline in winter wheat conditions in most of the Southern Plain states. Weather conditions in western KS and eastern CO has continued to be dry and cold, which will continue to result in declining conditions. Light support spilled over from strength from a higher corn and soybean market. A weaker US dollar helped add support.

MW has traded to levels that are attractive enough to start

locking futures. MW still have not carry in the market, but basis levels seasonally improve into May.

Mar MW has support at \$5.12 and resistance at \$5.65. Mar KC has support at \$4.00 and resistance at \$4.50.

Last week's wheat export shipments pace was estimated at 14.5 MB and sales were estimated at 6.7 MB. After 31 weeks, wheat shipments are at 59% and sales are at 79% of USDA's projections. This weekly report was for the week of Christmas.

USDA released their monthly Crop Progress reports yesterday afternoon. The reports showed a dramatic decrease in winter wheat's crop condition ratings. KS's crop was rated 44% g/e compared to 52% at the end of Nov and to last year's 54%. OK's crop was rated at 25% g/e, compared to 53% in Nov and to last year's 77%. CO's crop was rated at 40% g/e, compared to 47% in Nov and to last year's 54%. MT's crop was rated at 58% g/e, compared to 77% in Nov and to last year's 74%.

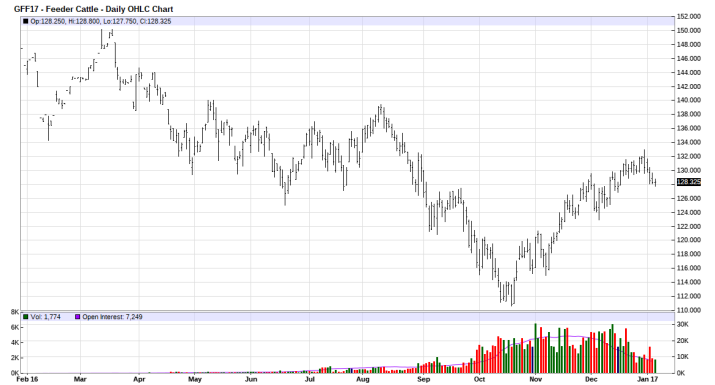
For the week, March MW was at \$5.5275 up 14.75 cents, March Chicago was at \$4.2325 up 15 cents, and March KC was at \$4.335 up 15 cents.

# Cattle

Live cattle spent most of two sessions of the short week on the lower side while one session posted small gains. In the end, live cattle closed lower even though there was friendly news. Cattle started the week off mixed but managed to trade with gains for the first half of the session. Early support came from weather forecasts calling for the return of winter for much of the Southern Plains. But once corn started to firm, live cattle turned lower. Technical selling was also evident. Midweek strength came from expectation for tight short term supplies and stronger cash trade as cash traded between \$117 and \$118. But selling proved to be too much and cattle slipped lower to end the week. Feb Live Cattle support is at \$110.25 while resistance is at \$118.35.

Feeder cattle traded with losses throughout the week with Wednesday's session posting the biggest losses while Tuesday and Thursday's session saw only minor pressure. Feeders followed the live cattle market, but managed to limit late session pressure on Tuesday. Cold wintery weather which will slow down cattle movement this week helped to limit losses in the feeder cattle market. But by Wednesday selling returned. Pressure was tied to the to a stronger corn market. Light selling was also tied to expectations that supplies of feeder cattle will soon start to increase as back-grounders start to move cattle. Jan feeder cattle support is at \$125 while resistance is at \$135

For the week, Feb live cattle were at \$114.825 down \$1.225 while Jan feeders were at \$128.3255 down \$1.125.



# Canola

Canola traded in a back and forth fashion like the US soybean complex, except without the major move. Tuesday's session had canola lower due to technical pressure. Selling also spilled over from a lower US soybean complex. Expectations that canola demand will slow down once general harvest activity gets rolling in Brazil added pressure.

Wednesday's session saw canola recover most of its losses from Tuesday. Early support spilled over from a stronger US soybean complex. Light support came from demand from domestic crush plants. Thursday's session had canola steady as the market searched for news.

Thursday's cash canola bids in Velva were at \$16.55 up 11 cents

For the week, Mar canola was at \$498.30 down \$5.70 CD.



# Recommendations

## 2016 Corn:

- 10% sold 2016 production by futures fixed at elevator at \$4.08 Dec (05/25/16)
- 20% sold 2016 production by futures fixed at elevator at \$4.38 Dec (06/15/16)

## 2016 Soybeans:

- 15% sold production by futures fixed at elevator at \$9.285 Nov (03/29/16)
- 15% sold production by futures fixed at elevator at \$9.95 Nov (04/20/16)
- 20% sold production by futures fixed at elevator at \$11.38 Nov (06/15/16)

## 2017 Soybeans:

- 10% sold production by futures fixed at elevator at \$10.15 Nov (11/22/16)

## 2016 Wheat:

- Took LDP on winter wheat. ND was at 24 cents. SD was at 27 cents (09/01/16).
- 10% sold 2016 production by futures fixed at elevator at \$5.05 Dec MW or \$4.40 Mar KC (09/23/16)

## Cattle:

- 25% sold 2016 production by options or LRP at \$138.975 Jan 2017 futures (8/10/16)

## Energy:

- Bought April crude oil at \$33.19 (2/5/16). Sold April crude oil at \$40.73 (3/18/16). \$7,540 profit.
- Bought June crude oil at \$42.71 (3/18/16). Sold June crude oil at \$47.80 (5/17/16). \$5,090 profit.

# Crop Insurance

## Dry Bean Revenue Endorsement Changes for 2017:

- The harvest price discovery period now starts with the second AMS market report in September and ends with the third AMS market report in December
- The official harvest price will be released no later than January 15 (was previously December 15)
- The minimum percentage of business day observations required to establish a harvest price is 25 percent (was previously 50 percent)

## Dry Pea Revenue Endorsement Changes for 2017:

- The harvest price discovery period is based on the reported volume and sales price of a type during the period beginning the first business day in September and ending on the last business day in November
- The harvest price for a type will be the weighted average of all valid reported prices

- The official harvest price will be released no later than January 15 (was previously December 15)
- The minimum percentage of business day observations required to establish a harvest price is 25 percent (was previously 50 percent)

## Martinson Ag Events for Next Week:

- ◆ We will have a booth at the Winter Ag and Construction Expo in Jamestown, ND on Tuesday, January 10 and Wednesday, January 11
- ◆ Randy will be speaking at the show on Tuesday at 9:00 am
- ◆ For a list of all our events see [www.martinsonag.com/events](http://www.martinsonag.com/events)

This material has been prepared by a sales or trading employee or agent of Martinson Ag Risk Management LLC. and is, or is in the nature of, a solicitation. This material is not a research report prepared by Martinson Ag Risk Management's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions. DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that Martinson Ag Risk Management believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.

# Soybeans

ZSH17 - Soybeans - Daily OHLC Chart



ZSK17 - Soybeans - Daily OHLC Chart



# Corn

ZCH17 - Corn - Daily OHLC Chart



ZCK17 - Corn - Daily OHLC Chart



# Wheat

MWH17 - Spring Wheat - Daily OHLC Chart



KEH17 - Hard Red Wheat - Daily OHLC Chart

