



Soybeans

Soybeans spent the week trying to climb back up after Monday's big drop, but were unable to erase all the losses. The focus for soybeans continues to be the South American crop and weather conditions. The good yields being reported from Brazil will likely offset any decline in Argentinian production.

On Monday soybean contracts dropped more than 20 cents on favorable weather conditions in Argentina. Soybean export inspections were at 5 week highs and well above market expectations, but that did not help the soybean market. Brazil is reporting decent harvest progress with yields coming in better than expected. General harvest activity should begin in the next week or two.

Tuesday's session had soybeans trading in a much calmer fashion, from up 2 cents to down 3 cents, indicating that Monday's losses were overdone. Tuesday also brought news of new Argentinian soybean production estimates coming in around 4 MT less than USDA's last estimate. The market will continue to be very reactive and see strength in response to any negative weather news from South America.

By mid-week, soybeans were seeing double digit gains and were helped by an unexpected report of a private sale to unknown destinations. December crush numbers were released and were 1.2 MB lower than expected. Wednesday was also

the start of the revenue base price discovery period for crop insurance. Nov soybeans were at \$10.12, so we are starting the month considerably higher than last year's crop insurance price of \$8.85.

The front months finished steady on Thursday, while the deferred contracts showed strong gains. Export sales were in the middle of the trade estimate range. Demand news should start to pick up now that the week-long Chinese New Year holiday is over, but US exports will be in competition with Brazil now that they have started harvesting.

Last week's soybean export shipments pace was estimated at 59.9 MB and sales were estimated at 22.9 MB. After 21 weeks, soybean shipments are at 70% of USDA's expectations, while sales were at 90%.

For the week, March soybeans were at \$10.27 down 22.25 cents while Nov was at \$10.0975 down 15.5 cents.

For the month, March soybeans were up 20.25 cents.

Corn

Corn lost ground the first session of the week and at the end of the week, but managed to push higher in the middle of the week. Corn should have seen strong gains this week as the demand picture has improved dramatically. But it appears the potential trade war with Mexico and large US stocks has traders unwilling to push corn too much.

Selling was the main feature in all the grains on Monday. Again, most of the news was friendly corn as USDA announced an export sale of 105 TMT of corn to Columbia. On top of that last week's export inspections estimate was at the high end of trader's expectations. But pressure spilled over from a lower soybean complex and improving weather conditions in SA, especially Argentina.

Tuesday's session had corn pushing slightly higher with most months ending with small gains. A stabilizing soybean market and improving demand outlook helped to keep corn firm. In a day lacking fresh news, the sharp drop in the US dollar also helped corn. The Mexican Foreign Relations Minister said on Mexican TV that trade dialogue with the Trump administration was ongoing and that meetings could take place in the coming days.

The first day of the discovery for crop insurance revenue base prices had had corn pushing sharply higher. Strength spilled

over from a stronger wheat and soybean complex. Another record setting week of ethanol production added to corn's strength. Last week's ethanol production set a new record at 1.061 million barrels per day (14 straight weeks with production over 1 million). Stocks did see a slight uptick.

Calmer heads prevailed Thursday as corn slipped back to be mainly steady. Trading was sloppy due to conflicting South American weather reports and positioning ahead of next week's USDA/WASDE report. Again, corn should have traded with strong gains as not only was last week's export sales pace above expectations, there were two export sales announced. USDA announced corn sales of 110 TMT to Japan and 140 TMT to an unknown destination. But concerns about a potential trade war with Mexico (US largest importer) and large stocks kept a lid on gains.

Last week's corn export shipments pace was estimated at 41.8 MB and sales were estimated at 45 MB. After 21 weeks, corn shipments are at 37% of USDA expectations while sales were at 71%.

For the week, March corn was at \$3.6525 up 2.75 cents while Dec was at \$3.9275 up 3.5 cents.

For the month, March corn was up 7.75 cents.

Wheat

Wheat traded on the defense to start the week with MW losing ground the first two sessions of the week while the winter wheat exchanges lost ground during the first session.

Wheat started the week off lower due to another week of disappointing export news. Light selling was tied to improving conditions in the US Southern Plains. Monday afternoon's Monthly Crop Condition report is starting to show an improving wheat crop. Decent rains in Jan and warmer temps were the main reason for the improvement. Monday's report put wheat conditions in the following states at: KS: unchanged, OK: +8%, TX: -12%, CO: -4%, and MT: +12%.

Tuesday's session had MW taking a back seat to the other classes of wheat. A sharply lower US dollar and the unwinding of long MW/short winter wheat spreads was the focus of trader's attentions.

Fireworks hit the wheat exchanges on Wednesday. The unwinding or long MW/short winter wheat was evident early as MW struggled to keep its head up while the winter wheat exchanges traded with solid gains throughout the day. Light support came from reports Japan is in tendering for 64,120 MT of US wheat. Traders are starting to be concerned about the escalation in the Russian/Ukraine conflict. If the conflict gets to be too much, demand for wheat could easily start to shift to the US. Late session support spilled over from the higher corn and soybean markets as traders seemed to be willing buyers.

Wheat closed out the week with small gains with strength coming from a friendly export sales estimate. Last week's wheat sales were strong and at the high end of estimates. Position squaring ahead of Friday's Stats Canada Stocks estimate was also seen. Estimates have wheat stocks at 25.0 MMT compared to 21.4 MMT last year, and estimates of 24.2 MMT (bearish). Durum stocks were at 6.9 MMT compared to 4.2 MMT last year and estimates of 6.7 MMT (negative). MW was the strongest performer due to strong export sales estimate as spring wheat exports remain strong due to the need for quality wheat.

Last week's wheat export shipments pace was estimated at 11.8 MB and sales were estimated at 16.6 MB. After 35 weeks, wheat shipments are at 63% of USDA's projections while sales were at 86%.

For the week, March MW was at \$5.5825 down 1.75 cents, Sept MW was at \$5.6175 up 5.5 cents, March Chicago was at \$4.3025 up 9.75 cents, and March KC was at \$4.405 up 6.25 cents.

For the month, March MW gained 10.5 cents, March Chicago gained 12.75 cents, and March KC gained 11 cents.

Cattle

Cattle traded with losses throughout the week with most of the selling centered on USDA's bearish reports. USDA's Jan COF report was bearish cattle as it estimated placed 9% above the average trade estimate and at a 6-year high. To top that off, USDA's Cattle Inventory was also negative as it showed another year of herd expansion.

The numbers from the Cattle Inventory report were:

All Cattle and Calves: 102% (1% above expectations),

All Cows that have calved: 103% (2% above expectations),

Beef Cows that have Calved: 103% (2% above expectations),

All heifers over 500 lbs: 101% (as expected),

For beef replacement: 101% (2% above expectations),

Expected to calve: 102% (2% above expectations),

Calves under 500 lbs: 102% (2% above expectations).

Calf Crop: 103% (1% above expectations).

The week ended with cattle trimming losses as profit taking and technical buying stepped in to help clean up an oversold market condition. Supplies of fat cattle remain tight and that should help keep the front month live cattle contracts firm. Watch the feeder cattle market. Supplies should continue to come to town pressuring this market.

For the week, Feb live cattle were at \$116.90 down \$1.425 while Mar feeders were at \$123.575 down \$3.875.



Canola

The canola market traded with losses the first two sessions of the week but trimmed the losses toward the end of the week. Early selling was tied to pressure from a lower US soybean complex and flat demand as China was absent from the export market due to the New Year celebration. A stronger Canadian dollar also added pressure.

The second half of the week had canola trying to recover from early week losses. Fund buying and technical strength helped to support canola as did spill over buying from a stronger US soybean complex. A weaker Canadian dollar added support. Position squaring ahead of Stats Canada Stocks report was also evident. Canola stocks were estimated at 12.2 MMT compared to 13.5 MMT last year and estimates of 12.2 MMT (neutral). Thursday's cash canola bids in Velva were at \$17.39.

For the week, Mar canola was \$513.30 down \$4.60 CD.



Recommendations

2016 Corn:

- 10% sold by futures fixed at elevator at \$4.08 Dec (05/25/16)
- 20% sold by futures fixed at elevator at \$4.38 Dec (06/15/16)
- 20% sold by futures fixed at elevator at \$3.65 Mar (01/17/17)

2016 Soybeans:

- 15% sold by futures fixed at elevator at \$9.285 Nov (03/29/16)
- 15% sold by futures fixed at elevator at \$9.95 Nov (04/20/16)
- 20% sold by futures fixed at elevator at \$11.38 Nov (06/15/16)
- 25% sold by futures fixed at elevator at \$10.70 Mar (01/17/17)

2017 Soybeans:

- 10% sold 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 by futures fixed at elevator at \$5.05 Dec MW or \$4.40 Mar KC (09/23/16)
- 20% sold by futures fixed at elevator at \$5.89 Mar MW (01/17/17)

2016 Cattle:

- 25% sold by options or LRP at \$138.975 Jan 17 (8/10/16)

Crop Insurance

The month of February is the discovery period for revenue base prices. Official prices will be released at the beginning of March. For updated price information, please see the front page of our website at www.martinsonag.com.

Crop	2017 Est Price	2016 Price
Barley	\$3.39	\$3.31
Canola	\$0.175	\$0.158
Corn	\$3.95	\$3.86
Soybeans	\$10.13	\$8.85
Sunflowers, Conft.	\$0.2740	\$0.2670
Sunflowers, Oil	\$0.1840	\$0.1690
Wheat, Durum	\$6.34	\$5.72
Wheat, Spring	\$5.62	\$5.13

Martinson Ag would be happy to review your current crop insurance coverage to evaluate how it can work in conjunction with your farm marketing efforts. We can also review how many bushels are unprotected with your crop insurance coverage and discuss other ways to protect those bushels. Please feel free to call us if you would like us to review your current crop insurance.

Upcoming Insurance and Market Update Meetings:

- ◆ Wednesday, February 8th—East Grand Forks, MN
- ◆ Tuesday, February 14th—Fargo, ND
- ◆ Thursday, February 16th—Jamestown, ND
- ◆ For details see www.martinsonag.com/events

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Soybeans



Corn



Wheat

