MARTINSON AG RISK MANAGEMENT

AG INSIGHT

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Wheat

Wheat started the week with losses but then spent the rest of the week on the positive side. Weather continues to be the main driving force for the grains as winter has returned to much of the Plains.

Monday's session had wheat on the defense as traders worked in what was expected to be bearish Crop Progress report. Traders were expecting to see another strong week of gains as preferred weather conditions prevailed over the Southern Plains. There as positive news to help limit wheat's losses (lower US dollar and cold, wet weather conditions) but the trade was more fixated on conditions.

Wheat's crop condition rating this week were: KS: 52% g/ex (+1), OK: 44% g/ex (-2%), TX: 42% g/ex (unchanged), CO: 42% g/ex (+1%) and MT: 66% g/ex (-1). Overall winter wheat conditions were unchanged at 54% g/e, 33% fair, and 13% p/vp. Winter wheat is also 32% headed, above the 5-year average of 23%. Spring wheat is 22% planted, well below last year's 40% at this time and the 5-year average of 34%.

Wheat spent the rest of the week on the plus side of the ledger with weather concerns taking the lead. Winter has returned to the Northern Plains as rain and snow fell over much of the eastern regions of ND and western regions of MN late in the week. Spring wheat planting in ND is severely behind average pace and with the way weather forecasts look, it is likely producers will not return to the fields until the middle of May.

It's not just the US that is seeing late planting concerns due to weather. Canada is also in the same boat as the US. So, it is likely that the two largest spring wheat producing countries in the world will not get all of their wheat intentions planted.

Other news that helped push wheat this week, lower yield estimates in Europe and North Africa due to dry conditions, parts of Kansas were quite cold over the weekend and cold temps returned Wednesday and Thursday night, wet weather in the winter wheat belt could increase disease pressure. Wheat production in Russia could be down as much as 8.5% due to dry weather conditions.

IGC increased world wheat production 1 MMT to 736 MMT.

Last week's wheat export inspections pace was estimated at 22.5 MB and sales were at 2.3 MB. After 46 weeks, wheat shipments are at 85% while sales are at 99% of USDA's expectations. With 6 weeks left in wheat's export marketing year, shipments need to average 25.1 and sales need to average 633,800 bushels to make expectations.

For the week, May MW was at $5.4075 up 14.25 cents, Sept MW was at $5.61 up 18.75 cents, May Chicago was at $4.185 up 13.5 cents, and May KC was at $4.2475 up 20.25 cents.

Corn

Corn traded with gains three out of four sessions this week with Wednesday the only session showing losses. Weather concerns were the main driver in corn this week.

The first two sessions of the week had corn trading with modest gains. Support came from another strong week of shipments. Weather continues to the main driver for corn as cold wet forecasts has traders concerned more corn acres will switch to soybeans. After the close USDA's Crop Progress report estimated corn planting progress at 17% compared to 18% for the five-year average, trade estimates were at 14%. IL was the state showing the best progress while most other states were lagging.

In Wednesday's session, corn started higher, lost its gains at mid-session and then closed with large losses. The session began with support coming from weather forecasts calling for cool, wet conditions. However, a new 8 to 14 day forecast came out predicting a drying trend and below normal precip for the western and central Corn Belt. Corn also dropped on a White House leak that President Trump would sign an executive order ordering US removal from NAFTA, but that later proved false.

Thursday's session had corn trading on both sides, but finishing with gains. Once again, weather was the main driver with concerns that cool, wet weather would lead to planting delays. Thursday's export sales numbers also added support as sales were above trade expectations. A few weather systems are moving into the Corn Belt over the next few days that are expected to bring large rainfalls and the market will be watching and reacting to that.

Last week's corn export inspections pace was estimated at 57.2 MB and sales were at 38.9 MB. After 33 weeks, corn shipments are at 66% while sales at 90% of USDA's expectations. With 19 weeks left in corn's export marketing year, shipments need to average 39.7 MB and sales need to average 11.2 MB to make expectations.

For the week, May corn was at $3.58 up 1 cent, while Dec was at $3.85 up 3 cents.

Soybeans

Soybeans started the week with nice gains, fell the next two days and finished Thursday near unchanged. As with corn, US weather conditions were the main focus of the soybean market.

Soybeans closed higher on Monday, helped by a sharply lower US dollar. Export inspections were slightly above expectations, bouncing back from disappointing numbers the week prior. Technical buying also added strength as most months are trying to trade off long term support. Soybean planting progress surprised the market, coming in at 6% complete, higher than trade expectations of 2% and the five-year average of 3%.

Tuesday's and Wednesday's sessions finished lower, reacting to Monday's crop progress report and concerns that continued cool, wet weather would lead to more acres switching to soybeans. South American harvest continues with Brazil at 93% complete (average at 90%) and Argentina at 21% complete (average at 27%). The average US soybean cash price is at $8.85, which is 49.25 cents lower than at this time last year.

Thursday's session had soybeans trading on both sides, but then finishing close to unchanged. Early support came from a bullish export sales estimate. But gains were kept in check by a weaker Brazilian real, which will encourage their exports. There was also talk of plans that Cargill and some other major grain companies are joining forces to build a railroad in Brazil. The possibility of heavy rains in some parts of the corn belt over the next few days will be the focus of traders concerned about acres switching to soybeans.

Last week's soybean export shipments pace was estimated at 23.3 MB and sales were at 29.7 MB. After 33 weeks, soybean shipments are at 89% while sales are at 102% of USDA's projections. With 19 week's left in soybeans marketing year, shipments need to average 11.9 MB to make expectations and sales are 70 MB above expectations.

For the week, May soybeans were at $9.4525 down 5.75 cents while Nov was at $9.5325 down 6.25 cents.

Cattle

Cattle started the week off on the defense, trading lower Monday, recovered some of its losses Tuesday, but then took off like a rocket to end the week with close to or limit up sessions. A friendly Cold Storage Report and friendly export sales report helped to give cattle strength. A stronger cash trade added support. Cash has been trading at a huge premium to futures. But this week futures were able to close the gap and by the end of the week, April futures and cash were in line with each other. By the time the dust settles on this week, most of the live cattle contracts will have put in new contract highs.

Feeder cattle mirrored the live cattle performance this week. Friday's bearish COF report started the market on the defense but the rest of the week was spent on the positive side. Technical buying combined with margin call buying to push feeders into buy stops which accelerated sessions gains. Feeder cattle are at levels no one expected to see in 2017. Although it is early in the year, producers should consider starting to hedge this springs calf crop. April feeder cattle expired Thursday at $140.825 while the cash feeder cattle index is at $139.86.

For the week, June live cattle were at $124.025 up $7.325 while May feeders were at $149.55 up $10.55.

Canola/Sunflowers

Old crop canola traded with a little more volatility this week than the new crop months. Overall all of the contracts ended the week with gains, but for the first time, new crop was stronger. Old crop canola was supported by continued supply concerns as wintery weather has returned to Canada and is disrupting the possibility of harvesting the last of the 2016 crop. USDA's Crop Progress report put ND canola planting progress at 2% complete compared to 1% last week and 4% last year. The deferred months were supported by planting delays. Thursday's cash canola bids in Velva were at $17.31.

Sunflowers continue to be the undervalues veg oil product, considering holding sunflowers until May or June, which seasonally is when prices push higher. Thursday's cash sunflower bids in Fargo were unchanged at $14.90.

For the week, May canola was at $512.1 down $13.80 CD while Nov was at $499.40 up $7.30 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)

2017 Corn:

- 15% sold by futures fixed at elevator at $3.95 Dec (4/13/17)

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/futures fixed at elevator at $5.89 Mar MW (01/17/17). Bought back at $5.23 for a profit of 65.5 cents.

2016 Cattle:

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

Crop Insurance

Livestock Risk Protection

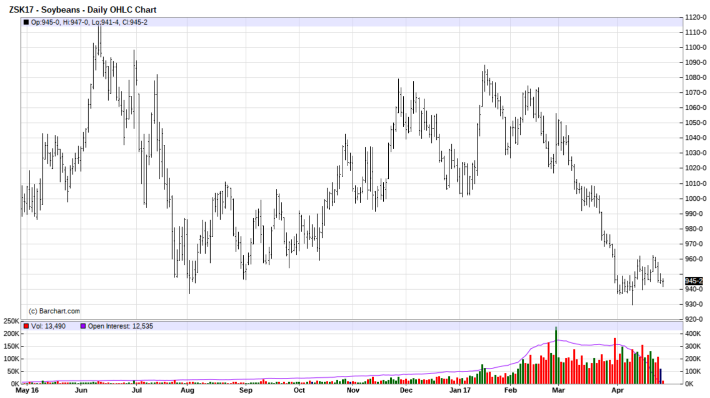
The livestock markets have been quite volatile this week with some months having multiple days ending limit up. We wanted to remind you that LRP can be purchased at any time. Please call our office if you have any questions.

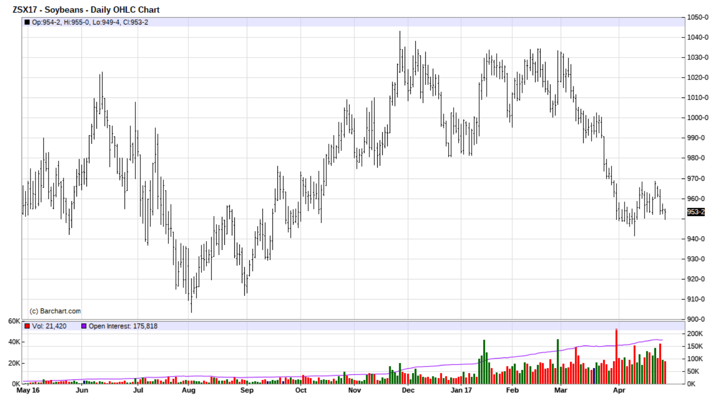
Livestock Risk Protection (LRP) insures against declining market prices for feeder cattle, fed cattle, swine, and lamb. You are able to choose from a variety of coverage levels and insurance periods that match the time your livestock would normally be marketed. Our office can also compare LRP to futures and options to help you make the best decision for your operation.

LRP Purchase Reminders:

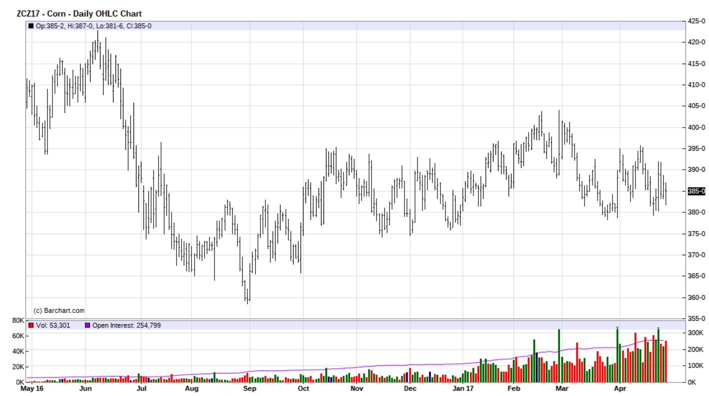
- An LRP application can be submitted at any time and does not lock you into anything.
- The Specific Coverage Endorsement (SCE) books coverage and premium. The application must be accepted before a SCE can be processed.
- Premium is due at the time the SCE is accepted. You will need to sign the SCE form and write a check the day the SCE is accepted.
- You cannot sell or transfer ownership of the cattle more than 30 days prior to the end date for the SCE.
- If the commodity markets are open on a given day, cattle LRP quotes will be available in the late afternoon. You can then book coverage from that time until 9:00 am Central the next morning.
- After 9:00 am Central, the cattle LRP program shuts down until the next set of quotes are released.
- If RMA does not have enough data or if a contract is limit up or limit down, quotes for that specific type or time period will not be available for that day.

Soybeans





Corn



Wheat