



## Wheat

Wheat traded with gains 3 out of 4 sessions this week. By the end of the week, all the exchanges were posting strong gains. Wheat was mixed to start the week with Mpls higher while the winter exchanges struggled. Mpls was supported by drought conditions in ND and SD as the next 10-15 days show warm, dry conditions. The winter wheat contracts were pressured by higher production estimates from Informa last week, which was due to reports of slightly better than expected yield reports out of TX and OK (however, protein is low).

The rest of the week had wheat trading higher. Continued hot, dry conditions and forecasts calling for extremely hot temps and no rain in the forecast helped to push all 3 of the exchanges. Monday's friendly Crop Progress report, which reported a larger decrease in winter and spring conditions than expected, added support. ND is expected to have 48% of the nation's spring wheat, and with reports of low quality wheat in the Southern Plains, it appears that quality wheat will be in need again this year, but at this rate supplies will be tight.

Mpls did see some pressure, ending Wednesday's session lower due to the unwinding of long MW/short winter wheat spreads. Light support for the winter wheat contracts came from renewed export interest. Reports had Saudi Arabia buying 770 TMT and Algeria bought 480 TMT this week. Japan bought 81,115 MT of US wheat.

USDA's June Crop Production report was negative wheat. For the US numbers, USDA increased old crop stocks 2 MB to 1.161 BB (1.16 BB expected) due to an increase in wheat imports. New crop wheat stocks were increased 10 MB to 924 MB (909 MB expected) due to a 20 MB increase in supply (+2 MB beginning stocks, +4 MB produc-

## Corn

Corn pushed higher in every session but posted the largest gains at midweek. Monday's session saw minor gains after trading in a narrow range with strength spilling over from the wheat market.

Tuesday and Wednesday's session is when corn really shined. Early support came from the higher wheat exchanges and drought concerns. Monday's Crop Progress was negative corn as conditions improved more than expected, but the trade did not seem to care as most were focused on weather forecasts calling for dry conditions over the next 2 weeks. ND is expected to plant 3.7% of the nation's corn acres, 10th largest in the US in 2017, SD is expected to plant 6% of the nation's corn acreage, 6th largest in nation.

Wednesday's session had a combination of technical buying (evident once corn finally was able to close above Dec's \$4.04 resistance level) and weather giving it direction. Traders are not only worried about drought conditions in the Northern Plains, but also slow planting progress and wet conditions in the eastern Corn Belt. As of Sunday, corn was 96% planted, that still leaves 3.6 million acres left to be planted, it is likely 500,000 to 1 million will be switched to soybeans.

Ethanol production for the prior week was 999,000 barrels per day, ending a 4-week run of production of over 1 M barrels. Ethanol stocks dropped 781,000 barrels to 21.98 M barrels.

tions, +5 MB imports). USDA did increase the national average price 10 cents to \$4.30. The biggest surprise, USDA increase wheat's yield .1 bushel to 47.3. Winter wheat's yield was also increased .1 bushel to 48.9, the second largest on record.

Last week's wheat export shipments pace was estimated at 16.1 MB. After 52 weeks, wheat shipments are at 98% of USDA's expectations. With this being the last shipments estimate for the 2016 crop year, wheat shipments are going to fall 25.7 MB short of USDA expectations. Wheat export sales were estimated at 16.9 MB. This is the 1st official export sales estimate for the 2017 crop year and sales are already at 31% of expectations. USDA is expecting sales to be 1 BB.

As of June 4, 87% of the nation's winter wheat was headed vs 80% last week and 85% for the five-year average. Winter wheat harvest progress is reported as 10% complete vs 0% last week and 7% average. Winter wheat crop condition rating dropped 1% to 49% g/e. State breakdown is as follows: CO: 48%, -2%, KS: 43%, -2%, MT: 47%, -1%, OK: 40%, -5%, SD: 29%, -21%, and TX: 36%, +5%.

Spring wheat emergence was at 90% vs 79% last week and 85% average. Spring wheat's crop rating dropped 7% (traded was expecting 4%) to 55% g/e, 34% fair, and 11% p/vp. ND's spring wheat crop dropped 10% to 52% g/e and SD's crop dropped 14% to 25% g/e. ND's durum crop condition rating is at 27% g/e.

For the week, July MW was at \$6.065 up 22.75 cents, Sept MW was at \$6.11 up 24 cents, July Chicago was at \$4.4575 up 16.25 cents, and July KC was at \$4.515 up 18.25 cents.

Thursday's session ended with a 5th straight session with gains. Support came from the updated drought monitor, which is showing drought conditions worsening in the Dakotas and slowly moving east. Gains were kept in check by last week's disappointing export sales estimate, which was the second lowest number of this marketing year.

USDA's June Crop Production estimate resulted in no changes to corn's supply and demand estimates. Old crop stocks were left at 2.295 BB and new crop stocks were left unchanged at 2.11 BB. World numbers were also a non-event as Brazil's production was estimated at 97 MMT vs 96.1 MMT expected. Argentina's corn production was left unchanged at 40 MMT vs expectation for 39.9 MMT.

Last week's corn export inspections pace was estimated at 46.3 MB and sales were at 13.7 MB. After 39 weeks, corn shipments are at 78% while sales are at 96% of USDA's expectations.

As of June 4, 96% of the nation's corn crop was planted vs 97% average. Emergence was at 86% vs 87% average. Corn's crop condition rating was at 68% g/e (67% expected). State breakdown for corn conditions are: IL: 59% g/e (+7%), IN: 46% g/e (+3%), MO: 59% g/e (+6%), IA: 77% g/e (+4%), OH: 49% g/e, and MN: 77% g/e (+9%). For the week, July corn was at \$3.8775 up 15 cents, while Dec was at \$4.06 up 15 cents.

# Soybeans

Soybeans finished higher every day this week, with weather the leading focus of the markets. Soybeans started the week closing slightly higher in a quiet trading day. Export inspections came in just below the range of trade estimates. USDA reported a private sale of 120,000 MT of soybeans. Year to date, the US has exported 272.4 MB more soybeans than last year. Monday's planting progress report showed soybeans at 83% complete, a bit higher than trade expectations and ahead of the 5-year average. Next week's report should have the first crop condition ratings of the season.

Tuesday's session saw soybeans trading mixed, but ending with gains. Soybeans were helped by the strong wheat market. ND is expected to plant 7.8% of the nation's soybeans (ranking 4th), while SD is expected to plant 6% (ranking 8th). If the current drought conditions in these states continues to worsen, it could have a major impact on US soybean production.

Wednesday's session saw soybeans finishing higher again, helped by the higher corn and soy meal markets and weather concerns. This week saw position squaring ahead of Friday's crop production estimate, but US numbers are only expected to see minor adjustments. South American production is expected to be increased with trade estimates of Brazil's production ranging from 111 MMT to 113.2 MMT (May's report had 111.6 MMT). Argentina's production is estimated to increase only 0.1 MMT to 57.1 MMT.

Thursday's session saw soybeans sharply higher at midday, but then fell to close only 7 to 8 cents higher. Soybean export sales at 5.8 MB were far below trade expectations and the third lowest of this market-

ing year. Reports showed China's May imports were 25% over last May and 20% higher than April.

USDA's June Crop Production report was neutral soybeans. For old crop stocks were increased 15 MB to 450 MB (433 MB expected) due to a decrease in crush for the same amount. The only adjustment to new crop numbers was the increase in beginning stocks, which put new crop stocks at 495 MB (498 MB expected). World estimates were negative as USDA increased Brazil's production to 114 MMT vs 111.6 MMT last month and 112.3 MMT expected. Argentina's production was estimated at 57.8 MMT vs 57 MMT last month and 57.83 MMT expected.

Last week's soybean export shipments pace was estimated at 10.2 MB and sales were estimated at 5.8 MB. After 39 weeks, soybean shipments are at 92% while sales are at 105% of USDA's expectations. With 13 weeks left in soybeans marketing year, shipments need to average 13.3 MB to make expectations and sales are 107 MB above expectations.

As of June 4, soybean planting progress was estimated at 83% (81% expected) vs 67% last week and 79% for the 5-year average. Soybean emergence is at 58%, compared to 37% last week and the 5-year average of 59%.

For the week, July soybeans were at \$9.4175 up 20.25 cents, while Nov was at \$9.4825 up 22.75 cents.

# Cattle

The first two sessions of the week had both cattle contracts trading in lock step while the back half of the week had each cattle contract going their own direction.

The live cattle market traded back and forth to start the week but then posted small gains to close out the week. Early support came from reports that so this year beef exports are running 16% ahead of last year, and that is without China. The turning point in cattle came Tuesday. Strong commercial buying was enough to push some live cattle contracts to new contract highs, which pushed the market into sell stops. By the close live cattle were sharply lower as once the stops were hit the selling pressure accelerated. A \$2 to \$3 higher cash trade helped cattle recover throughout the rest of the week. Boxed beef prices remained strong due to strong packer margins.

Feeder cattle started the week off with strong gains due to strong commercial buying. The buying spilled over into Tuesday's session, but just as was the case in the live market. Once a few contracts hit limit up, sell stops were triggered. The end result was all feeder cattle contracts dropping limit and that selling pressure spilled over to the rest of the week. The strong grain complex added pressure.

For the week, June live cattle were at \$131.25 up 42.5 cents while August feeders were at \$154.175 down \$4.55.



# Canola/Sunflowers

Canola traded mixed this week, but mostly higher. The old crop contracts were the worst performers due to a slowdown in demand. New crop remained firm throughout the week with support coming from supply concerns as old crop stocks sit at the lowest level in 3 years and new crop potential decreases every day. New crop production prospects are looking bleak as ND is now entering a D2 drought and Canada continues to see planting delays due to cool wet conditions.

Thursday's cash canola bids in Velva were at \$17.58 and sunflower bids in Fargo were \$15.30.

ND's canola crop emergence is at 82% vs 51% last week and 68% average. ND's canola crop condition rating is at 50% g/e, 38% fair and 12% p/vp. The nation's sunflower planting progress is estimated at 61% complete vs 41% last week and 44% average.

For the week, July canola was at \$514.60 up \$14.70 CD while Nov was at \$494.90 up \$13.50 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)
- 25% sold by futures fixed at elevator at \$3.85 Jul (06/07/17)

## 2017 Corn:

- 15% sold by futures fixed at elevator at \$3.95 Dec (04/13/17)
- 10% sold by futures fixed at elevator at \$4.05 Dec (06/7/17)

## 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.
- 15% sold by futures fixed at elevator at \$5.65 July MW (5/01/17)
- 20% sold by futures fixed at elevator at \$6.05 Sept MW (6/7/17)

## 2017 Wheat:

- 15% sold by futures fixed at elevator at \$5.65 Sept MW (5/01/17)
- 10% sold by futures fixed at elevator at \$6.05 Sept MW (6/7/17)

# Crop Insurance

## Some reminders as we begin acreage reporting season:

- The acreage reporting deadline is July 15.
- If you have precision planter data, we can use that to complete your acreage report. Please contact our office if you would like to take advantage of this.
- If you have had a hail storm or other cause of loss, please let us know, even if you plan on taking the crop to harvest. The companies like to have a record of the loss when it occurs.
- Please remember that you must have an adjuster appraise your field if you plan on haying the crop, destroying it, or putting it to some other use. You must talk to an adjuster before you take any action.
- Remember that if you want to take advantage of the crop hail cash discount, we need your acres prior to the cash deadline.

## North Dakota Crop Hail Cash Discounts:

- Amtrust Ag—3% if paid by July 1

- Armtech—5% if paid by July 15
- Farmers Mutual—No cash discount
- NAU—5% if paid by July 15
- RCIS—5% if paid by July 15

## Minnesota Crop Hail Cash Discounts:

- Amtrust Ag—3% if paid by July 1
- Armtech—3% if paid by July 1
- Farmers Mutual—No cash discount
- NAU—3% if paid by July 1
- RCIS—3% if paid by July 1

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# Soybeans



# Corn



# Wheat

