SOY-COMPLEX: Soybeans and the products plunged lower today with weather maps wetter for Argentina and profit taking heading into the weekend as technicals turn negative short term. Soybeans were down 55 cents/bu from last Friday’s close while May meal was down over $20 a ton and May soyoil was down almost 70 points. Jly/Nov soybean spread continued to collapse, dipping under 18 cent inverse after hitting 48 cents last Friday. Trade shrugged off the export sales announcement of soybeans to China and unknown this morning. If the rains in Argentina are as heavy as advertised then July soybeans could follow same pattern as in 2017, see chart below comparing current Jly beans vs last 3 years. AgRual reports Brazil soybean harvest at 48% complete, which is ahead of the 5 year avg at 46% but behind last year’s 56% pace.

Interior US soybean basis was softer at the River with higher barge freight and soft CIF values. (The recent export cargoes getting done are off the PNW.) Trade is keeping eye on recent plunge in hog prices in China and if those unprofitable numbers will trigger some contraction in the hog numbers. Tonight’s CFTC report showed the funds piled into more longs in soybeans. As of Tuesday night the funds were long 183k beans, 115k soymeal and short 9k soyoil. As of tonight the funds are thought to be long 210k contracts of soybeans. So trade now waits to see what S America weather looks like Sunday night/ Monday.
CORN: Corn market closed lower today giving back gains from this week but nearby May contract still gained over 5 cents/bu since last Friday’s close. Traders expect to see a huge jump in the fund long position this afternoon and with the wetter forecast for Argentina, encouraged some light profit taking. US farmer selling certainly slowed down with the lower futures market. Barge freight continues to surge higher with IL River spot bid at 525% vs 575% offer while Mid-Miss River is now offered at 600%. This is the highest cost level of IL River barge freight since this fall and the highest level for the March slot since 2014.

Interesting to note talk that Brazil’s JBS booked 30k tons of Argentine corn to import in April and are looking to import corn from Argentina or the US for May slot if interior Brazilian corn prices do not back off. Brazil’s 1st corn crop harvest is running behind at 28% complete vs 36% last year and 37% normally. This along with tight farmer selling has sent interior Brazilian prices surging (up 4-15% this week), hence making it work to import corn. Brazil’s 2nd corn crop (or the safrinha crop) is now 81% planted according to AgRual or equal to the 5 year avg of 81% and slightly behind last year’s 88%. Trade now waits to see how S. American crops look next week and if the rains materialize as forecast in Argentina or not.

Tonight’s CFTC report showed the funds piled into long corn, adding over 104k contracts this past week to put them long 163k contracts as of Tuesday night. Given the buying on Wed and Thursday, the funds are long 200k contracts now. We should see the buying pace slow down now from the funds though they could add another 50-75k contracts of long if we have weather issues this spring in the US.

WHEAT: US wheat prices closed lower on technical selling and lack of fresh news for the bulls. Export news is quiet with TX Gulf bids softer while interior values are steady to weaker. Weather maps remain dry for the southern parts of KS and panhandle regions for the next 6-10 days but the market appears to have that factored in for now. SRW conditions remain favorable with warmer weather seen next week. US Wheat/corn spreads continue to collapse, see chart of Chi Jly wheat vs Jly corn at left. Support should be found in the 95-105 range.

Tonight’s CoT report confirmed the funds in Chicago slashed their short position in half and were short just 32k contracts as of Tuesday night. In KC wheat they increased their long to 20k contracts while going back to a small long in Mpls of 1k contracts. Have a great weekend!
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