
Thursday, May 16, 2024

Good afternoon. Mostly lower in light volume was the trade at the CBOT on Thursday, as fresh fundamental input was limited to this morning's weekly export sales report. Volatility in wheat looks to continue for the short term as weather forecasts in Russia are beginning to fluctuate. Traders are already looking ahead to Monday afternoon's planting progress report, with another short planting window seen opening following today's Midwest rains.

CN closed Thursday at 4.57, down 5 1/2 cents. CZ was down 5 1/4 at 4.81 3/4. SN closed 2 3/4 higher at 12.16 1/4. SX was down 2 cents at 11.99. WN had another wide-ranging day before closing at 6.63 1/4, down 2 1/2 cents. Products were sharply mixed, July soybean meal closed at 367.70, down \$4/ton, and July bean oil closed at 44.52, up 97 points. Bean oil continues to trade inside of Tuesday's range. Livestock markets were higher across the board, June live cattle closed at 179.02, up 77 cents, August feeders closed at 257.35, up \$1.47, and June hogs closed at 98.37, up 87 cents. Outside day higher for hogs, while live cattle futures traded their highest level since April 1st. Outside markets are higher, crude oil futures are up 60-70 cents/bbl, the Dow Jones index is up 50 points, and the US\$ index is up 20 points.

Spreads were mixed, corn spreads were unchanged to a penny lower, while soybean spreads were down a half cent to up 5 cents. Old/new crop bean spreads have gained nearly 15 cents in the last three days.

This morning's weekly export sales report showed sales totals that continue to be nothing to write home about for the old crop. Corn sales were seen at 742,200 mt's for the week ended May 9th, compared with expectations of 700k to 1.050 mil mt's. Featured buyers for the week were again the usual suspects; Mexico booked 244,400 mt's, Japan booked 241,300 mt's, and Colombia booked 188,900 mt's. Mexico also accounted for all of the new crop sales, which totaled 128,200 mt's. Soybean sales were seen at 265,700 mt's, compared with expectations of 300k-500k mt's. Featured buyers for the week were Egypt (90,400 mt's), Indonesia (87,900 mt's), and Mexico (86,600 mt's). New crop sales were seen at 25,200 mt's, with still no sales to China for the 2024/25 crop year. Lastly, wheat sales were seen at 77,800 mt's, compared with expectations of (100k)-100k mt's. Featured buyer for the week was Mexico, who accounted for 60,400 mt's of the total sales. New crop sales were seen at 304,300 mt's, which was at the lower end of trade expectations.

Like last week, the weekly drought monitor updates continue to show improvement across the Midwest. Iowa, which has been the driest Corn Belt state through Spring, is down to just 27.4% of the state in D1-D4 drought, down from 37.3% last week. As a nation, just 12% of the corn growing area and 9% of the soybean growing area is in D1-D4 drought conditions. At the start of the calendar year, these numbers were 45% and 50% respectively. Also of note this week, 1 class improvements were seen in a lot of areas in the Pacific Northwest and the Northern Plains.

Despite all the uproar surrounding used cooking oil imports from China, the CEO from Darling Ingredients Inc. defended his company's use of the product to make renewable diesel earlier this week. According to the CEO, Chinese imports are "a legitimate source of used cooking oil," despite speculation that some imports may be mixed with fresh veg oils, potentially circumventing US biofuel laws. Darling produces renewable diesel through a partnership with Valero Energy, and imports used cooking oil from China as a feedstock. The CEO was also quoted as saying, "The reality is that it is all legitimate and it is the lowest carbon intensity feedstock in the world." This story underlines the fact that the renewable fuel industry is not simply a gateway to increased demand for corn and soybeans like many producers would like due to competition from cheaper feedstocks that are more carbon friendly.

Jobs data this morning was mostly as expected; initial jobless claims for the week ending May 11th were down 10,000 to 222,000. Economists had forecast a decline to 220,000 after last week's bigger than expected jump. Continuing claims came in at 1.794 million, which was up 13,000 on the week. The Dow Jones Industrial Average traded over 40,000 for the first time this morning, while futures made new highs for the week just below 40,200.

US Midwest weather remains stuck in the same progressive pattern. Models continue to adjust amounts/locations on a run-to-run basis, but the overall pattern remains the same. Following a system of showers through the Central Midwest today, most of the Corn Belt should be dry into the first part of next week, which should allow for planting progress. Temps will be average to above average for the Eastern half of the country through the weekend and early next week, while the West Coast again turns cold.

The EU model has trended slightly drier for Russian wheat areas in the next 10 days, though the GFS model trended wetter for this area. Both agree on generally cold temps for at least another week. And like the US, South America remains stuck in the same pattern as well. Southern Brazil continues to see rains, while Argentina has frost potential for at least another week.

Bloomington, IL

800-322-9371

Des Moines, IA

800-422-0896

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MID-CO COMMODITIES | 1705 Towanda Avenue, Bloomington, IL 61701 3095576015

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