Market Situation

**Crop Progress.** This week’s Crop Progress report shows corn planted at 30%, up from 13% last week and above the average since 1980 of 11%. Rainfall over the next few days is likely to bring planting to a halt (see today’s Wheat Outlook for more weather information).

![U.S. Corn Planting Progress](image)

**Grain Use.** Ethanol production held steady last week, currently in line with seasonal patterns. For the 2015/16 corn marketing year, ethanol production is up 3% over last year and 9% above the five-year average.

As of March 2016, the Agricultural Marketing Resource Center at Iowa State University shows ethanol plants operating at levels just covering variable costs the last several months. For the last 12 months, total costs on average have been about 3 cents per gallon above average total revenue.

Broiler placement fell off an increasing pace last week, back down to numbers seen last year at this time. For the year, placements are on par with 2014/15 and 2% above average.
**2015/16 U.S. Ethanol Production**

2015/16 daily average = 40.837 mil gal per day

Implies use of 5,323 mil bu of corn (2.8 gal/bu)

April USDA estimate = 5,250 mil bu corn for fuel, 125 mil bu sorghum food, seed, and industrial

Total for Current Marketing Year to last year at this time: +2.9%

Total for Current Marketing Year to 5-yr avg at this time: +9.1%


Ethanol conversion rate, Agricultural Marketing Resource Center, Iowa State University

**Ethanol Profitability per gallon**

Agricultural Marketing Resource Center, Iowa State University

http://www.agmrc.org/renewable_energy/

March 2016 revenue and prices (change from previous month): profit -$0.17/gal; revenue $1.65 (-2%); costs $1.82 (-1%)

ethanol $1.27/gallon (-2%); corn $3.44/bu (-1%); natural gas $5.18/1000 ft³ (+0%); ddgs $124/ton (+1%)
Friday’s Cattle on Feed report showed numbers up 1% compared to year ago and 98% of average. For the corn marketing year, cattle on feed are up about that same 1%.
Corn export sales commitments had another good week on 4/14/2016. Sales registered at 47 million bushels and the pace needed to reach USDA’s marketing year target fell to 17 million bushels per week. Strong sales of late are making up for a slow start to get us back to where the sales total normally runs at the end of April. Current sales represent 83% of the marketing year total; normally by the end of April sales are at 86%.

Outside Markets. The Federal Open Market Committee of the Federal Reserve meets tomorrow and Wednesday. The Fed last raised interest rates in December and is not expected to raise them again now. However, statements from the meeting will be scrutinized for descriptions of the economy that clarify the metrics the Fed will use in announcing the next rate hike. Reports to watch: the Bureau of Economic Analysis will release the advance estimate of 1st Quarter U.S. GDP on Thursday (April 28th); the next jobs report is Friday, May 6th, the Consumer Price Index will be updated May 17th.

In the short term, a move to higher interest rates would serve to strengthen the dollar (given weak economic growth globally) and likely weaken the stock market and commodity markets. However, if rates increase due to a more favorable economic conditions (i.e., falling unemployment, rising prices, stability and growth in overseas markets), an interest rate hike by the Fed would point to higher stock prices and increased commodity demand long term.
Prices as of 1:45 pm CDT:

<table>
<thead>
<tr>
<th></th>
<th>II Qtr 2016</th>
<th>1-Apr</th>
<th>25-Apr</th>
<th>net change</th>
<th>% change</th>
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<tbody>
<tr>
<td>S&amp;P 500 Index</td>
<td>2,072.78</td>
<td>2,083.41</td>
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<td>10.63</td>
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<tr>
<td>CRB Commodity Index</td>
<td>168.03</td>
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<tr>
<td>Jun ‘16 Crude Oil</td>
<td>38.20</td>
<td>42.70</td>
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<td>4.50</td>
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<td>Jun ‘16 Copper</td>
<td>2.1685</td>
<td>2.2515</td>
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<td>0.0830</td>
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<tr>
<td>Jun ‘16 Dollar Index</td>
<td>94.618</td>
<td>94.765</td>
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<td>0.1470</td>
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<td>May ‘16 Corn</td>
<td>3.5400</td>
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<td>Jul ‘16 Corn</td>
<td>3.5775</td>
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<td>Dec ‘16 Corn</td>
<td>3.6975</td>
<td>3.8775</td>
<td></td>
<td>0.1800</td>
<td>4.87%</td>
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Marketing Strategies

**2016 Feed Grain Marketing Plan.** With the run-up in December corn futures back up to $4.00, I added to new crop sales. I used as my sales trigger the price dropping back below the 4-day moving average. That sale came on the key reversal on Thursday at $3.95. That gets me to 40% priced on new crop grain.

![Graph of December Corn Futures and 2016 Marketing Plan](image-url)
Upcoming Reports/Events.

May 3 & 4  Grain Grading Workshop, Amarillo
May 10   WASDE
          Short-term Energy Outlook
May 20  Cattle on Feed

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