

Feed Grain Outlook

September 1, 2017
Volume 26, Number 53

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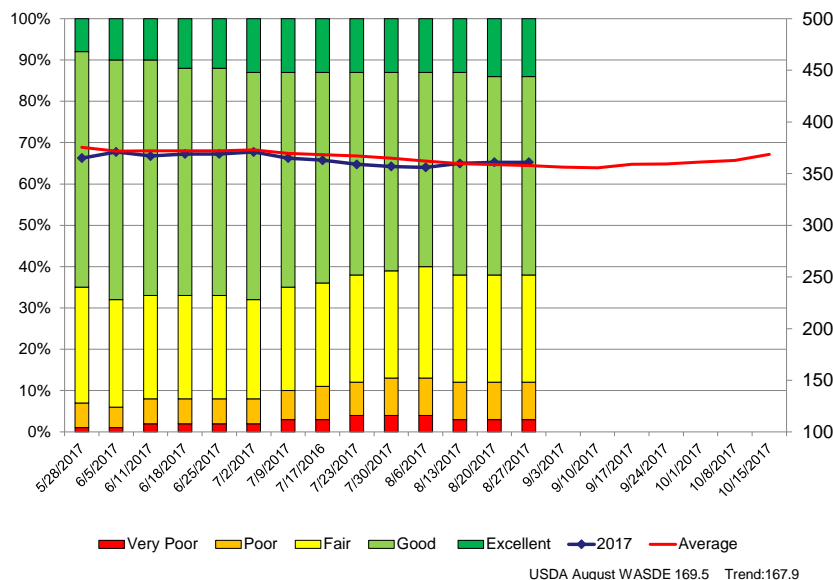
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Market Situation

Crop Progress. The crop condition index for U.S. corn held steady this week at 361. The average index rating for late August is 358. After tracking just below average for most of year, the index has been equal to or above average the last three weeks.

2017 U.S. Corn Crop Condition Ratings



Source: Crop Progress, USDA

The list of major corn producing states with double digit ratings of poor and very poor held at 8 this week (% change from last week): Illinois, 14% (+0%), Indiana, 18% (+1%); Iowa, 12% (+0%), Kansas, 16% (+2%), Michigan, 13% (+1%), Nebraska, 13% (+0%); North Dakota, 18% (+1%), and South Dakota, 24% (-3%).

Grain Use. Broiler chick placements in the 2016/17 corn marketing year were up 2% compared to last year and up 4% over the most recent five-year average. Of the 97.640 million grain consuming animal units estimated by USDA for 2017, 32.356 million of those are poultry, an all-time record high.

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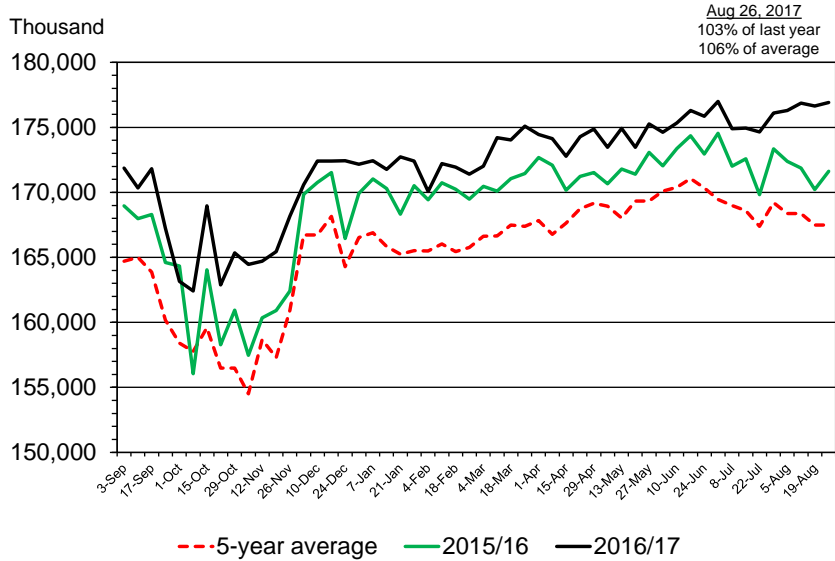
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2016/17 Broiler Chicks Placed 19 states, weekly

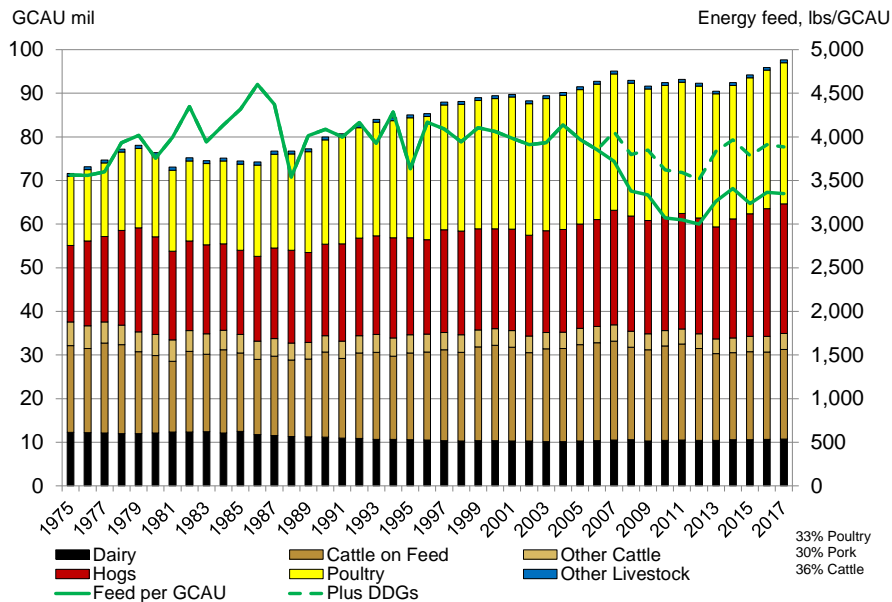
2016/17 MY Total to Date
Year ago: 102%
Average: 104%



Source: USDA/NASS, Broiler Hatchery, August 30, 2017

Feed and Residual Use/GCAU

Year to Year Change: GCAU: +1.8%
Feed/GCAU: -0.5%



USDA Feed Grain Database and Agricultural Marketing Resource Center, August 29, 2017

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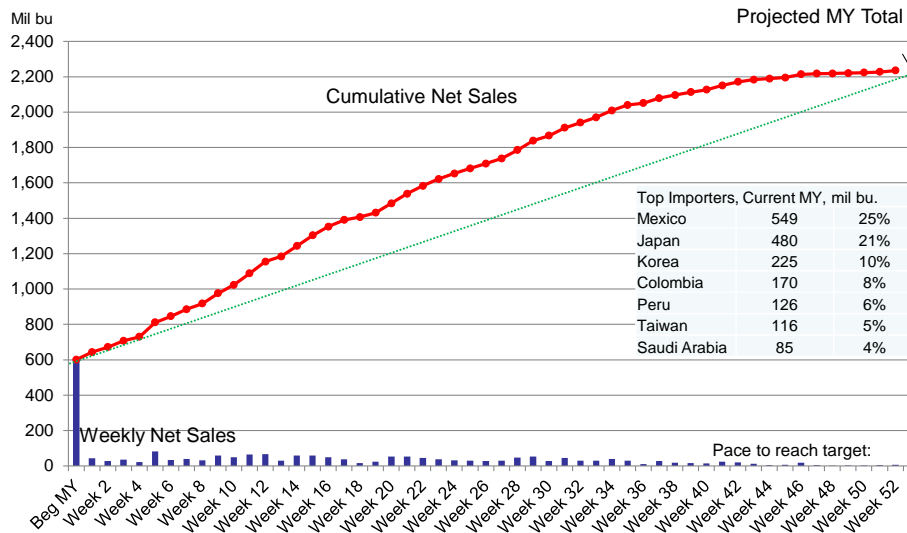
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Corn export sales commitments for the week of August 24 were 7 million bushels. This pushed the total for the marketing year to 2.235 billion bushels, just above USDA's target for the year of 2.225 billion.

U.S. Corn Export Sales Commitments, 2016/17 MY

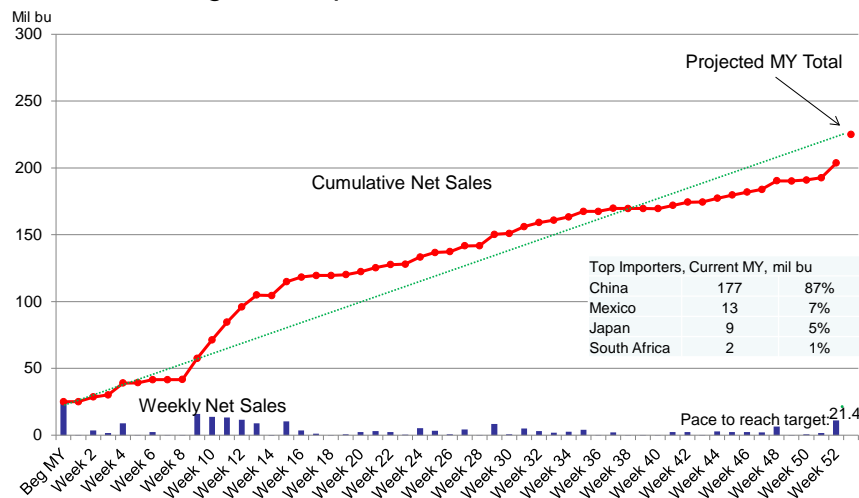


Export Sales Commitments for the week 8/24/2017: 7 million bushels
 Total Export Sales Commitments this marketing year: 2,235 million bushels
 100% of the 2016/17 MY Export Sales Target of 2,225 million bushels (August WASDE)
 Normal pace of sales end of August: 100%

USDA, Foreign Agricultural Service: August 31, 2017

Grain sorghum exports for the 2016/17 marketing year jumped by 11 million bushels in the week of August 24. This brings sales commitments for the year up to 90% of the marketing year target of 225 million bushels.

U.S. Grain Sorghum Export Sales Commitments, 2016/17 MY



Export Sales Commitments for the week 8/24/2017: 11 million bushels
 Total Export Sales Commitments this marketing year: 2045 million bushels
 90% of the 2016/17 MY Export Sales Target of 225 million bushels (August WASDE)
 Normal pace of export sales by the end of August: 100%

USDA, Foreign Agricultural Service: August 31, 2017

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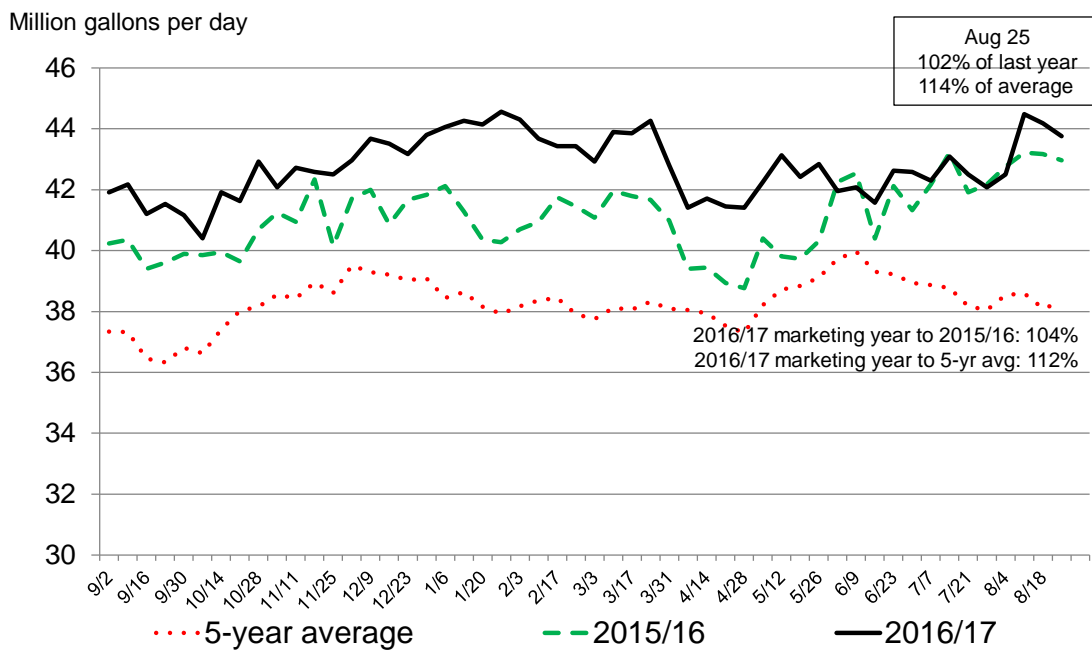
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U.S. ethanol production for the 2016/17 corn marketing year is up 4% compared to last year and 12% above the most recent 5-year average. The implied bushels needed to produce this amount of fuel is 5.575 million bushels, 15 million bushels higher than the combined corn for fuel and sorghum food, seed, and industrial use totals in the August WASDE.

2016/17 U.S. Ethanol Production

2016/17 daily average = 42.767 mil gal per day
Implies use of 5,575 mil bu of grain (2.8 gal/bu)
August USDA estimate = 5,450 mil bu corn for fuel, 110 mil bu sorghum fsi. Total = 5,560 mil bu



Energy Information Administration, Weekly Petroleum Status Report, August 30, 2017
Ethanol conversion rate, Agricultural Marketing Resource Center, Iowa State University

Outside Markets. The revised estimate of U.S. second quarter GDP was released by the Commerce Department on Wednesday. GDP growth was estimated at 3.0%, up from a preliminary estimate of 2.6%. Gains were noted in consumer spending (+14.7 billion), business investment (+11.4 billion), and exports (+1.5 billion); government spending decreased relative to the previous estimate (-7.3 billion).



Aug
30
2017

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Increased Exports and Consumer Spending Lead to Economic Growth in Second Quarter

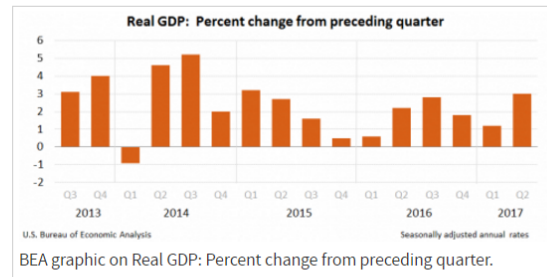
Data Gross Domestic Product (GDP)

Posted at 10:18 AM

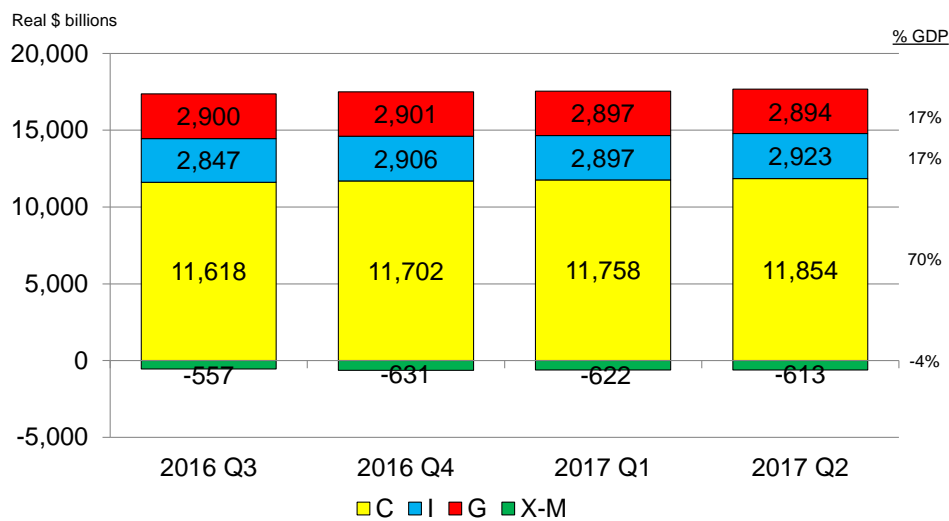
Real gross domestic product (GDP) increased 3.0 percent in the second quarter of 2017, according to the “second” estimate released by the Bureau of Economic Analysis. The growth rate was 0.4 percentage point more than the “advance” estimate released in July. In the first quarter, real GDP increased 1.2 percent.

The second-quarter increase in real GDP reflected increases in both consumer spending on goods and services as well as increases in business investment, exports and federal government spending.

The increase in consumer spending was led by increases in housing and utilities; other services, notably in communication services; and other nondurable goods, primarily in prescription drugs. The increase in business investment reflected increases in all three components: equipment, intellectual property products, and structures.



Real Gross Domestic Product GDP = C + I + G + (X-M)



Source: U.S. Bureau of Economic Analysis and Federal Reserve Bank of St. Louis, updated August 30, 2017

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The August jobs report released this morning showed the U.S. economy added 156,000 jobs last month, down from 189,000 in July. The unemployment rate was little changed at 4.4% as the size of the labor force grew, but the unemployed number increased and employed went down.

A broader measure of unemployment, U6, which accounts for persons with part-time work but are seeking full-time positions, was unchanged at 8.6%. The labor participation rate was also steady at 62.9%. In addition, revisions to June and July lowered job increase numbers by 41,000 from what was previously reported. Average job growth the last six months is 160,000.

NEWS RELEASE BUREAU OF LABOR STATISTICS U. S. DEPARTMENT OF LABOR



Transmission of material in this release is embargoed until
8:30 a.m. (EDT) Friday, September 1, 2017

USDL-17-1177

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THE EMPLOYMENT SITUATION — AUGUST 2017

Total **nonfarm payroll employment** increased by 156,000 in August, and the **unemployment rate** was little changed at 4.4 percent, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in manufacturing, construction, professional and technical services, health care, and mining.

Chart 1. Unemployment rate, seasonally adjusted, August 2015 – August 2017

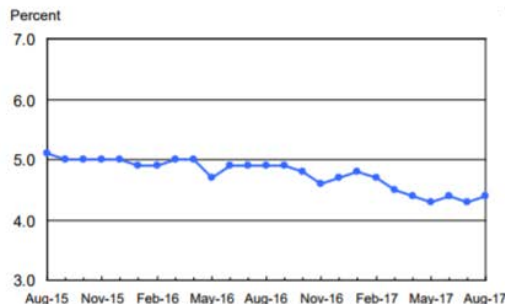
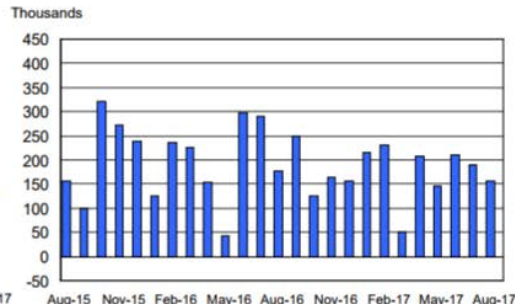


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, August 2015 – August 2017

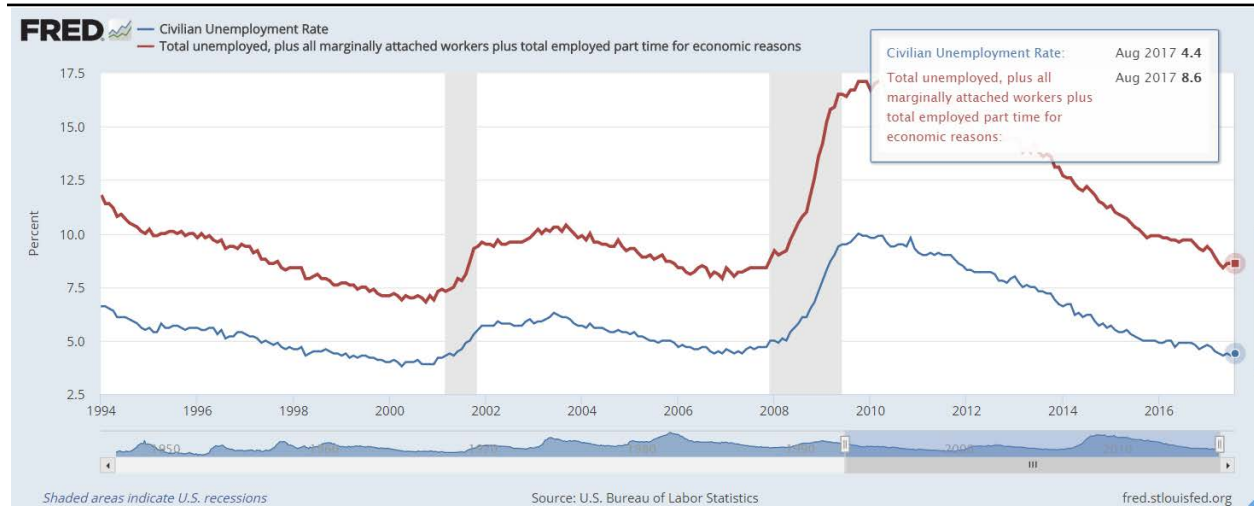


<https://www.bls.gov/news.release/pdf/empsit.pdf>

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	numbers in thousands		change	employed	change	unemployed	change	unemployment		employment change in		
	non-inst population	civilian labor force						rate	change	non-farm payroll	change	labor force participation rate
April	254,588	160,213	12	153,156	156	7,056	(146)	4.4%	-0.1%	207	157	62.9%
May	254,767	159,784	(429)	152,923	(233)	6,861	(195)	4.3%	-0.1%	145	(62)	62.7%
June	254,957	160,145	361	153,168	245	6,977	116	4.4%	0.1%	210	65	62.8%
July	255,151	160,494	349	153,513	345	6,981	4	4.3%	0.0%	189	(21)	62.9%
August	255,357	160,571	77	153,439	(74)	7,132	151	4.4%	0.1%	156	(33)	62.9%

Prices as of 1:00 pm CDT:

III QTR 2017	3-Jul	1-Sep	net change	% change
S&P 500 Index	2429.01	2478.85	49.84	2.05%
CRB Commodity Index	176.16	180.80	4.64	2.63%
DEC '17 Crude Oil	48.01	48.39	0.38	0.79%
DEC '17 Copper	2.71	3.12	0.41	15.11%
DEC '17 Dollar Index	95.76	92.54	(3.22)	-3.36%
DEC '17 Corn	3.99	3.55	(0.4400)	-11.02%
MAR '18 Corn	4.08	3.68	(0.4050)	-9.92%
DEC '18 Corn	4.17	3.97	(0.2050)	-4.92%

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2 month charts, 7/3-9/1/17:

U.S. Dollar Index Dec '17 (DXZ17)

92.535 +0.142 (+0.15%) 12:49 CT [ICEUS]

92.535 x 9 92.540 x 2

INTERACTIVE CHART for Fri, Sep 1st, 2017

Set Alerts Watchlist Share Chart

Symbol: DXZ17 f(x) a/b Tools +Study

Save Chart Clear Download

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 2M



High Grade Copper Dec '17 (HGZ17)

3.1200 +0.0215 (+0.69%) 12:57 CT [COMEX]

3.1195 x 15 3.1200 x 1

INTERACTIVE CHART for Fri, Sep 1st, 2017

Set Alerts Watchlist Share Chart

Symbol: HGZ17 f(x) a/b Tools +Study

Save Chart Clear Download

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 2M



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Crude Oil WTI Dec '17 (CLZ17)

48.51 -0.05 (-0.10%) 12:55 CT [NYMEX]

48.50 x 34 48.51 x 8

INTERACTIVE CHART for Fri, Sep 1st, 2017

Set Alerts Watchlist Share Chart

Symbol: CLZ17 f/x/ a/b Tools +Study

Save Chart Clear

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 2M



Ethanol Futures Dec '17 (ZKZ17)

1.423s unch (unch) 08/31/17 [CBOT]

1.418 x 1 1.433 x 3

INTERACTIVE CHART for Fri, Sep 1st, 2017

Set Alerts Watchlist Share Chart

Symbol: ZKZ17 f/x/ a/b Tools +Study

Save Chart Clear

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 2M



Marketing Strategies

Seasonality. The seasonal price pattern for the December corn contract shows that prices tend to fall off after we know more about acres (June 30 Acreage report) and weather during the precipitation and temperature sensitive silking and tasseling stages (July). With dry conditions impacting major corn growing areas, yield concerns have propped up prices more so than we would see in a normal year, compounded by significantly fewer corn acres this year. But recent price movement has been in line with seasonal expectations.

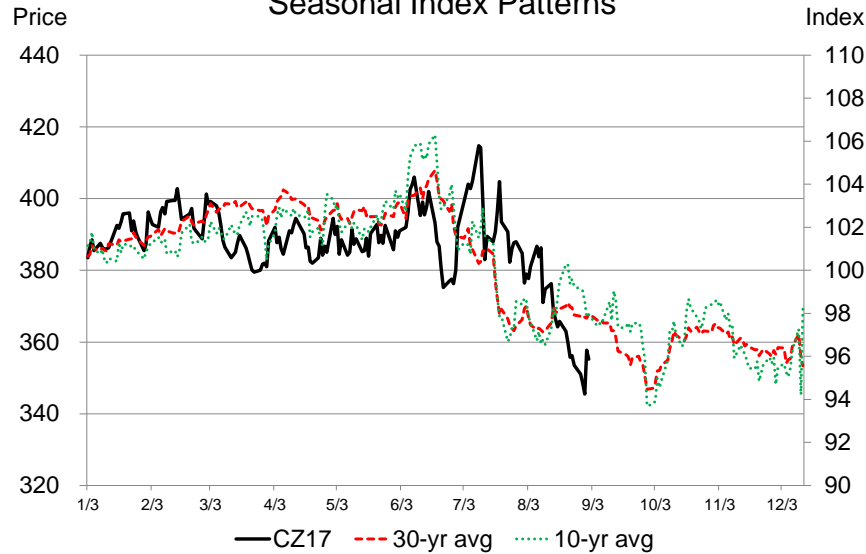
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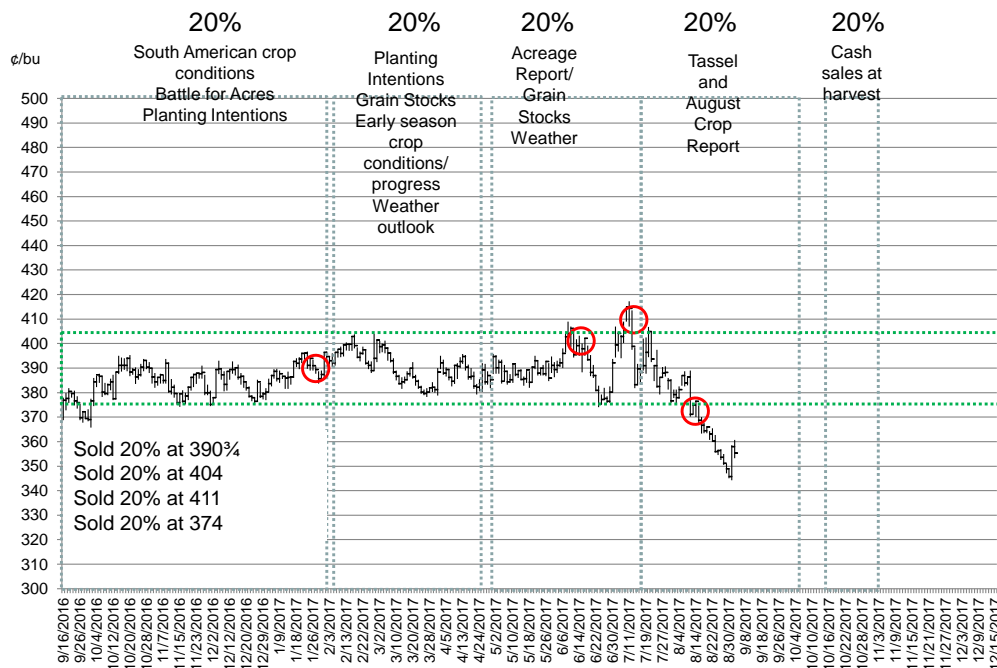


2017 December Corn Futures and Seasonal Index Patterns



2017 Feed Grain Marketing Plan. I am 80% sold on the 2017 corn crop and will price the remaining 20% at harvest. I am turning my attention to the December 2018 contract and am prepared to make sales against next year's crop if we get a significant late season rally.

December Corn Futures and 2017 Marketing Plan



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Upcoming Reports/Events.

Registration now open for Master Marketer, brochure available at:

<http://agecoext.tamu.edu/files/2017/05/Castroville-2017-Brochure.pdf>.

Registration now open for TEPAP, brochure available at:

<http://tepap.tamu.edu/>

September 12 Crop Production and WASDE

September 29 Small Grains Summary

September 18-20 Master Marketer, Castroville, Texas

October 2-3

October 16-17

October 30-31

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