

Feed Grain Outlook

September 9, 2017
Volume 26, Number 55

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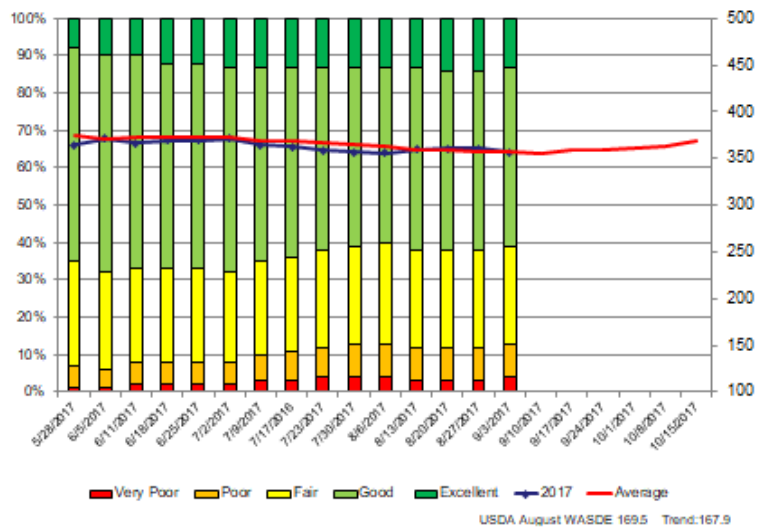
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Market Situation

Crop Progress. The crop condition index for U.S. corn dropped 4 points this week to 357. There was a 1 percent increase in corn rated very poor and a 1 percent decrease in the excellent category. The average index rating for the first week of September is 356.

2017 U.S. Corn Crop Condition Ratings



The list of major corn producing states with double digit ratings of poor and very poor increased from 9 to 11 this week (% change from last week): Colorado, 13% (+7%), Illinois, 14% (+0%), Indiana, 19% (+1%); Iowa, 12% (+0%), Kansas, 16% (+0%), Michigan, 14% (+1%), Nebraska, 13% (+0%); North Dakota, 20% (+2%), Ohio, 10% (+1%), South Dakota, 26% (+2%), and Wisconsin, 10% (-1%).

Grain Use. Corn export sales commitments for the last week of the 2016/17 marketing year were cancellations of 14 million bushels. This closed the total for the marketing year at 2.221 billion bushels, just below USDA's target for the year of 2.225 billion.

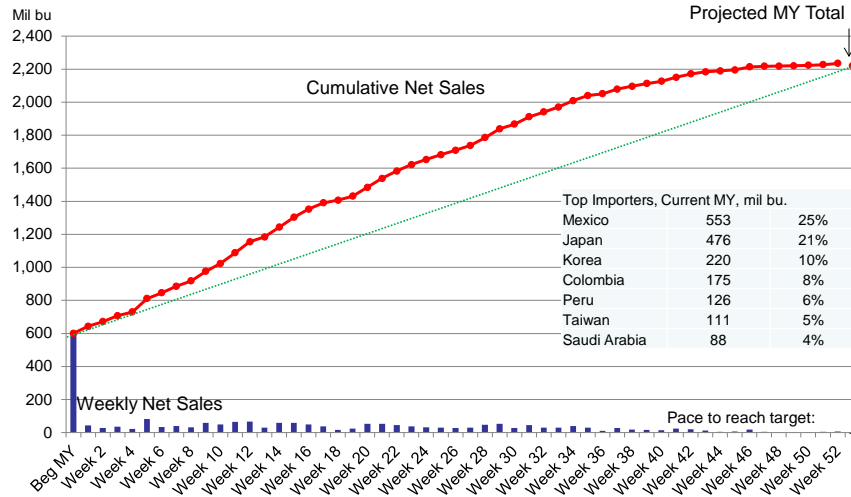
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U.S. Corn Export Sales Commitments, 2016/17 MY

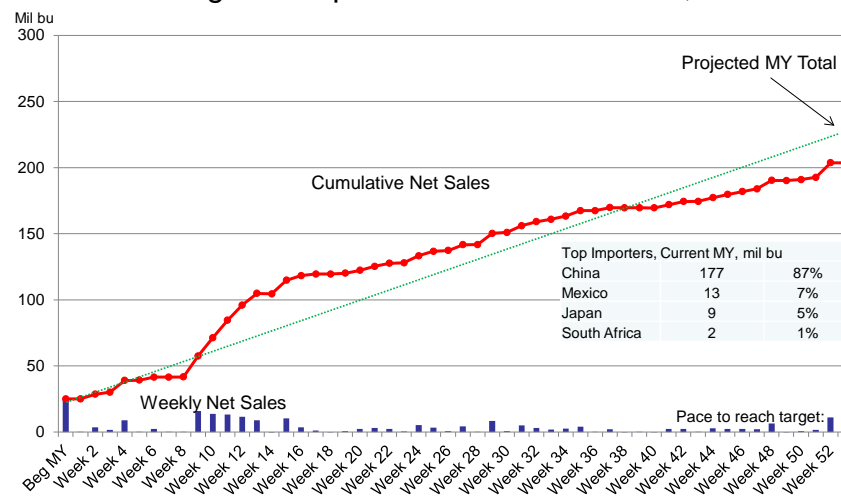


Export Sales Commitments for the week 8/31/2017: -14 million bushels
 Total Export Sales Commitments this marketing year: 2,221 million bushels
 99.800% of the 2016/17 MY Export Sales Target of 2,225 million bushels (August WASDE)
 Normal pace of sales end of August: 100%

USDA, Foreign Agricultural Service: September 8, 2017

Grain sorghum export sales for the 2016/17 marketing year closed at 20,000 bushels for the week and 204 million bushels for the year. That is 91% 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 8/31/2017: 20,000 bushels
 Total Export Sales Commitments this marketing year: 204 million bushels
 91% 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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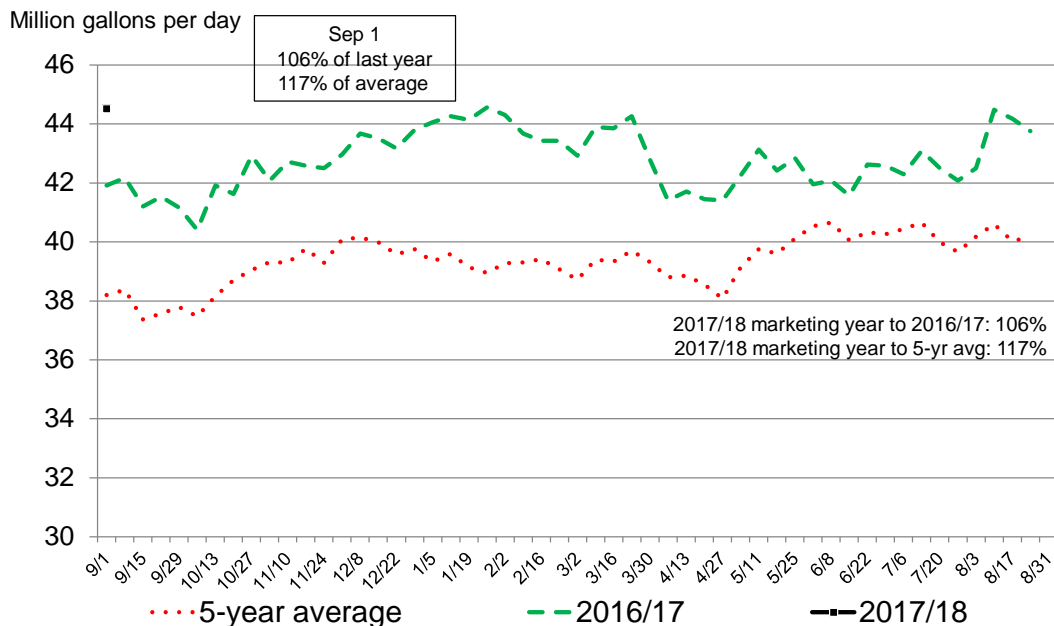
U.S. ethanol production for the 2016/17 corn marketing year ended on a strong note, up 4% compared to the previous year and 12% above the most recent 5-year average. The first reporting week of the 2017/18 marketing year picked right up where we left off. Ethanol production for the week of September 1 was 44.520 million gallons per day, the second highest weekly production number on record. That is 6% above last year and 17% above the five-year average. If that level of production were maintained for the year, it implies the use of 5.8 billion bushels of grain. Combined corn and sorghum for fuel in the August WASDE was 5.6 billion bushels (sorghum is food, seed, and industrial use, fuel use is not categorized separately).

2017/18 U.S. Ethanol Production

2017/18 daily average = 44.520 mil gal per day

Implies use of 5,804 mil bu of grain (2.8 gal/bu)

August USDA estimate = 5,500 mil bu corn for fuel, 100 mil bu sorghum fsi. Total = 5,600 mil bu



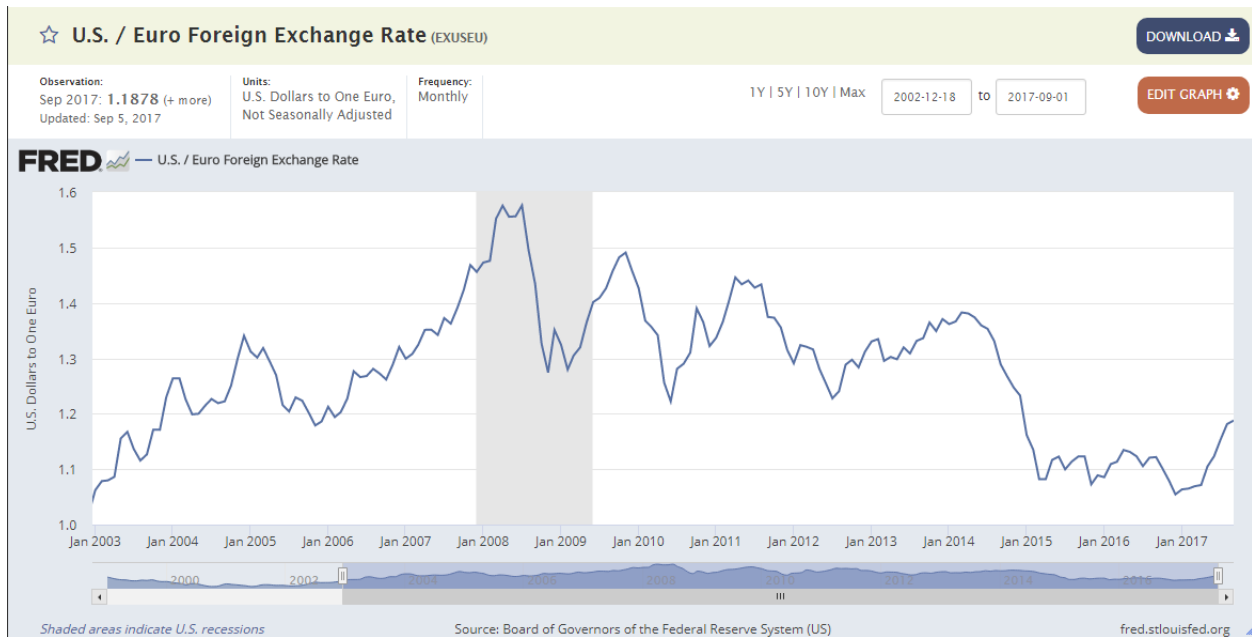
Energy Information Administration, Weekly Petroleum Status Report, September 7, 2017
Ethanol conversion rate, Agricultural Marketing Resource Center, Iowa State University

Outside Markets. The economic growth forecast for the eurozone from the European Central Bank was increased from 1.9% to 2.2% (BBC, September 7, 2017, <http://www.bbc.com/news/business-41186368>). The more optimistic growth projection is strengthening the value of the euro relative to the U.S. dollar, back to its highest level in over 2 years. At this time, the European Central Bank is not expected to change its interest rate policy.

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Closing prices 9/8/2017:

III QTR 2017	3-Jul	8-Sep	net change	% change
S&P 500 Index	2429.01	2461.43	32.42	1.33%
CRB Commodity Index	176.16	181.17	5.02	2.85%
DEC '17 Crude Oil	48.01	48.56	0.55	1.15%
DEC '17 Copper	2.71	3.04	0.33	12.21%
DEC '17 Dollar Index	95.76	91.11	(4.65)	-4.86%
DEC '17 Corn	3.99	3.57	(0.4250)	-10.64%
MAR '18 Corn	4.08	3.69	(0.3925)	-9.61%
DEC '18 Corn	4.17	3.98	(0.1900)	-4.56%

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3 month charts, 6/9-9/8/17:



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Crude Oil WTI Dec '17 (CLZ17)

48.56s -1.35 (-2.70%) 09/08/17 [NYMEX]

INTERACTIVE CHART for Fri, Sep 8th, 2017

Set Alerts Watchlist Share Chart

Symbol: CLZ17

Save Chart Clear

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

Daily 3M



Ethanol Futures Dec '17 (ZKZ17)

1.462s +0.006 (+0.41%) 09/08/17 [CBOT]

INTERACTIVE CHART for Fri, Sep 8th, 2017

Set Alerts Watchlist Share Chart

Symbol: ZKZ17

Save Chart Clear

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

Daily 3M

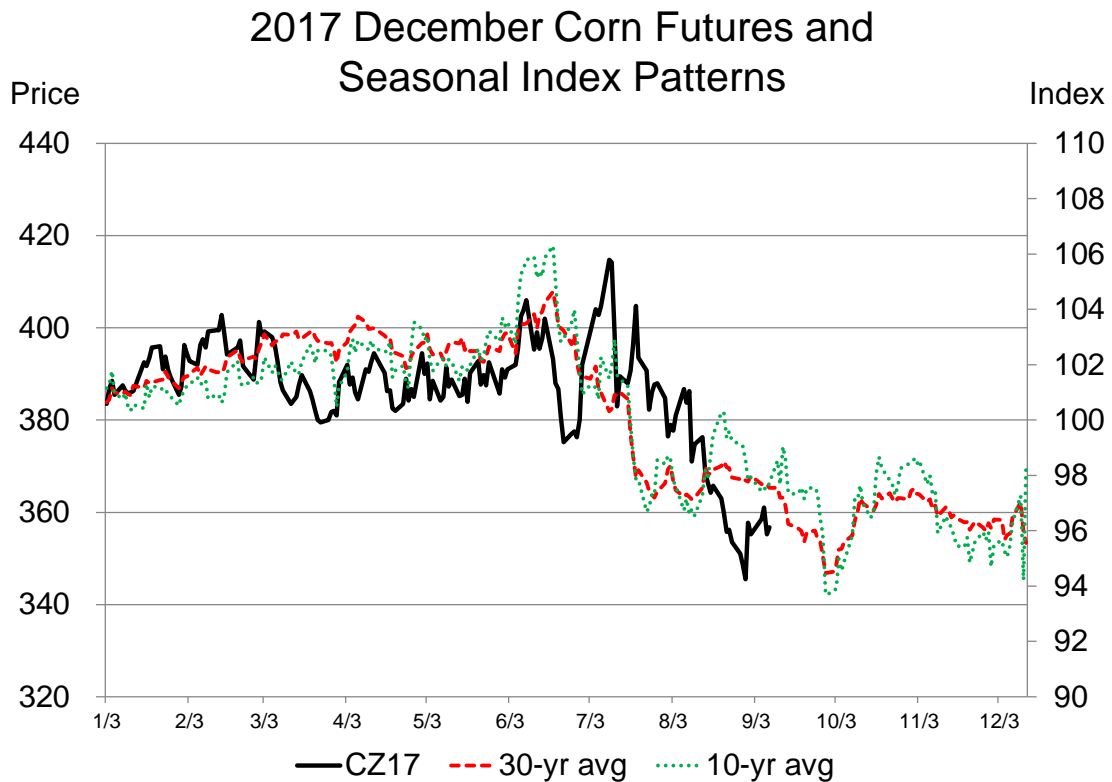


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Marketing Strategies

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. With what is likely a somewhat lower 2017 corn production total in the September WASDE, we may have seen the seasonal low a few weeks early.



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.

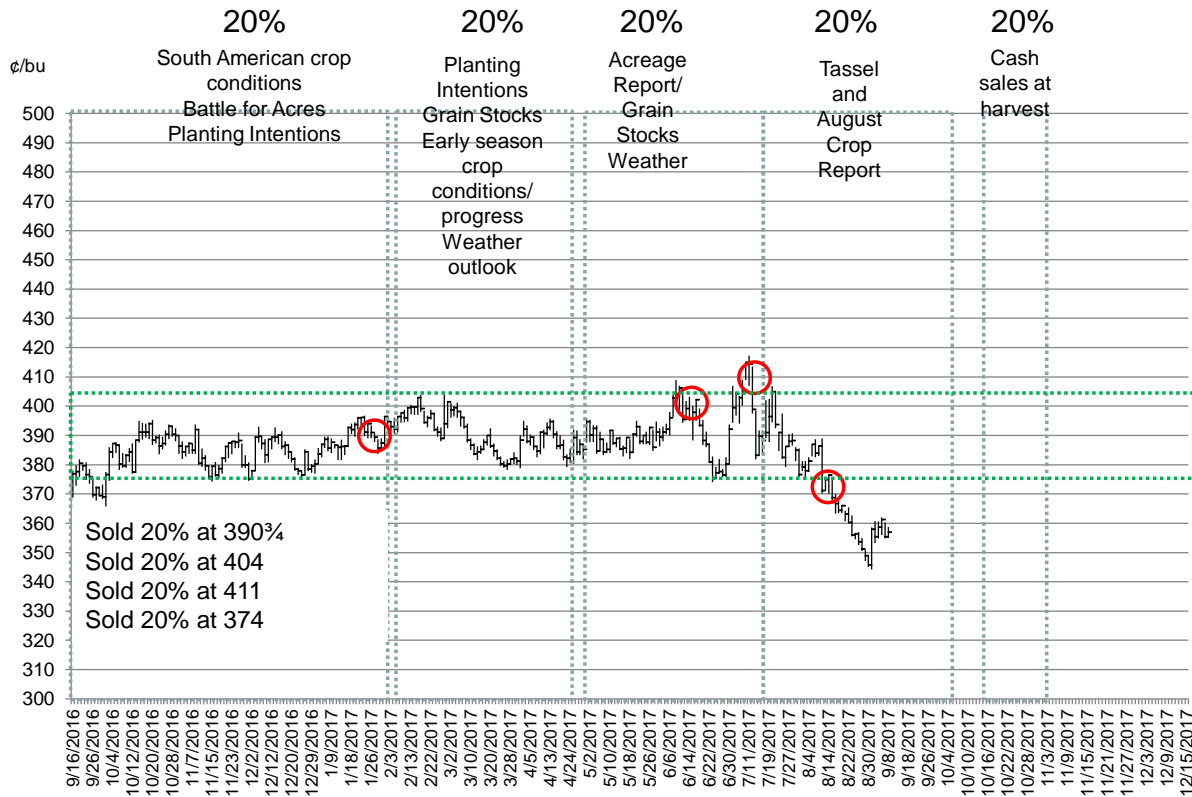
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December Corn Futures and 2017 Marketing Plan



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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