

September 2019 Grain Outlook

Corn Outlook:

The Pro Farmer Tour released their final estimate of 13.4 billion bushels in corn production with an average yield of 163.3 bu/acre. These figures are considerably lower than the USDA's estimate of 13.9 billion bushels of corn with an average of 169.5 bu/acre. When we get into harvest, if the Pro Farmer numbers start to become a little bit more realistic we could see a jump in futures but also need to demand to rise to see a significant jump. Poet, the largest ethanol maker in the US, announced they were temporarily closing the Cloverdale facility citing mismanagement from the EPA. The Renewable Fuels Association said last week that "thirteen ethanol plants have been shuttered (three permanently) due to the loss of demand in ethanol production". As of today, I would recommend a basis contract with basis being as high as it is. These contracts give you more time to play with the market while futures move up or down. I would also recommend a minimum price contract. Like a basis contract, minimum price contracts allow you more time to play with the futures market; however, you are also guaranteed a minimum price whenever you deliver the grain similar to a standard price contract. Please call Chris if you're interested in more information on these contracts.



Soybean Outlook:

This morning, President Trump and Prime Minister Abe of Japan came to an agreement on trade deal between the two countries. The two world leaders announced the deal at the G-7 Summit in France where it's expected that Japan will buy 2.5 million tons of US farmer's corn. The deal primarily focuses on agriculture, reduction of industrial tariffs and digital trade. On the flip side, President Trump claimed that China was eager to return to the negotiation table after both countries implemented a new set of tariffs on one another this past Friday.



This morning, Asian markets crumbled and China's currency hit an 11-year low. We'll have to continue to wait and see if China wants to come to the table or not for trade negotiations. The Pro Farmer Tour released their final estimate at 3.5 billion bushels with an average yield of 46.1 bu/acre compared to the USDA's estimate of 3.7 billion bushels with an average yield of 48.5 bu/acre. I remain neutral on beans with the uncertainty of

trade news in the headlines. For harvest, I would recommend putting in target orders for nearby rallies. We can also do minimum price contracts or DP at the elevator if you're interested. These contracts allow you more time to play with the futures market. Rates for these contracts fluctuate on a daily basis. Please call 812-674-7300 for more details.

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