NDSU EXTENSION SERVICE

# Weekly Crop Market Update

August 12, 2018

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The August *World Agricultural Supply and Demand Estimates* (WASDE) and *Production* reports were released on Friday, August 10. The reports were considered neutral for wheat and corn, but very negative for soybeans. The national average soybean yield was estimated at 51.6 bushels per acre (bu/a), which was 1.6 bu/a above the highest trade estimate of 50.0 bu/a. The higher national average yield estimate resulted in a total production estimate of 4.586 billion bushels, which was also above the highest trade estimate of 4.576 billion bushels. The higher soybean production estimate put downward pressure on corn and wheat futures market prices. The August *Production* report is the first month that USDA incorporates objective, or field observed, yield estimates into their yield forecasting procedure. A summary of the pre-report estimates and actual reported values are included in the Special Crop Market Update.

The Ukrainian agriculture ministry estimates the 2018 wheat harvest to be 96 percent complete. The ministry estimates total wheat production to exceed the previous estimate of 24.0 million tons, but did not release a formal forecast. The USDA has estimated total Ukrainian wheat production at 25.5 million metric tons.

Both SovEcon and IKAR, two Russian consulting firms, have lowered their estimates of Russia's total grain harvest and total wheat production SovEcon cut their total wheat production estimate from 69.6 million metric tons (mmt) to 68.4 mmt. IKAR reduced their total wheat production estimate from 70.1 mmt to 70.4 mmt. The USDA has estimated Russian total wheat production at 68.0 mmt.

Strategie Grains, a French based consulting firm, had cut their estimate of European Union (EU) wheat production from 132.4 mmt to 127.7 mmt due to "catastrophic" yields in Germany and Scandinavia. This compares to the USDA estimate for EU wheat production of 137.0 mmt.

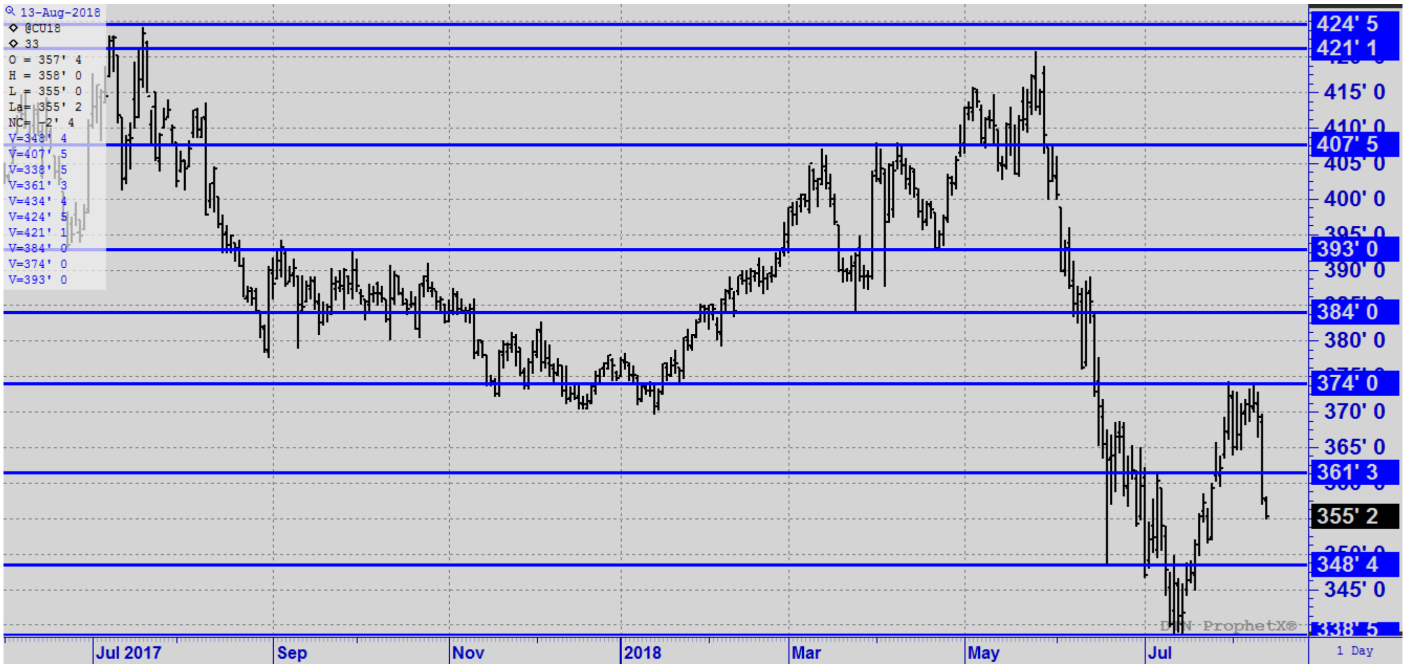
The price spreads between Minneapolis Grain Exchange hard red spring wheat and CBOT Kansas City hard red winter wheat futures prices have fallen from a high of $2.78 per bushel on July 18, 2017 to $0.40 per bushel on August 10, 2018. The historical "normal" price spread is $0.40 to $0.60 per bushel.

**Futures market prices at the close of trading**

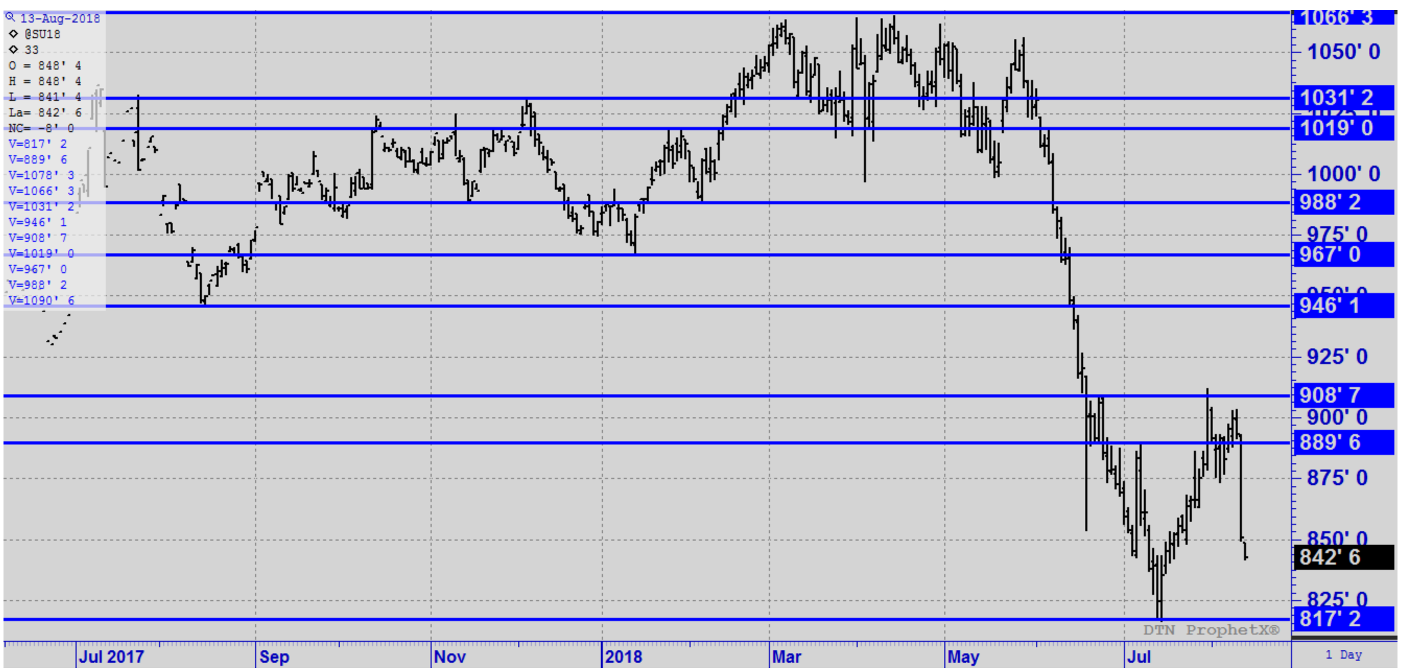
| | 07-16-18 | 07-23-18 | 07-30-18 | 08-06-18 |
|---|---|---|---|---|
| Spring Wheat | Sep = 5.28 | Sep = 5.62 | Sep = 6.01 | Sep = 6.28 |
| Corn | Sep = 3.42 | Sep = 3.57 | Sep = 3.67 | Sep = 3.71 |
| Soybean | Sep = 8.35 | Sep = 8.54 | Sep = 8.81 | Sep = 8.83 |
| Canola | Nov = 487.40 | Nov = 486.70 | Nov = 493.80 | Nov = 502.60 |

Spring Wheat, Corn and Soybean prices in U.S. Dollars/Bushel
Canola prices in Canadian Dollars/Metric Ton

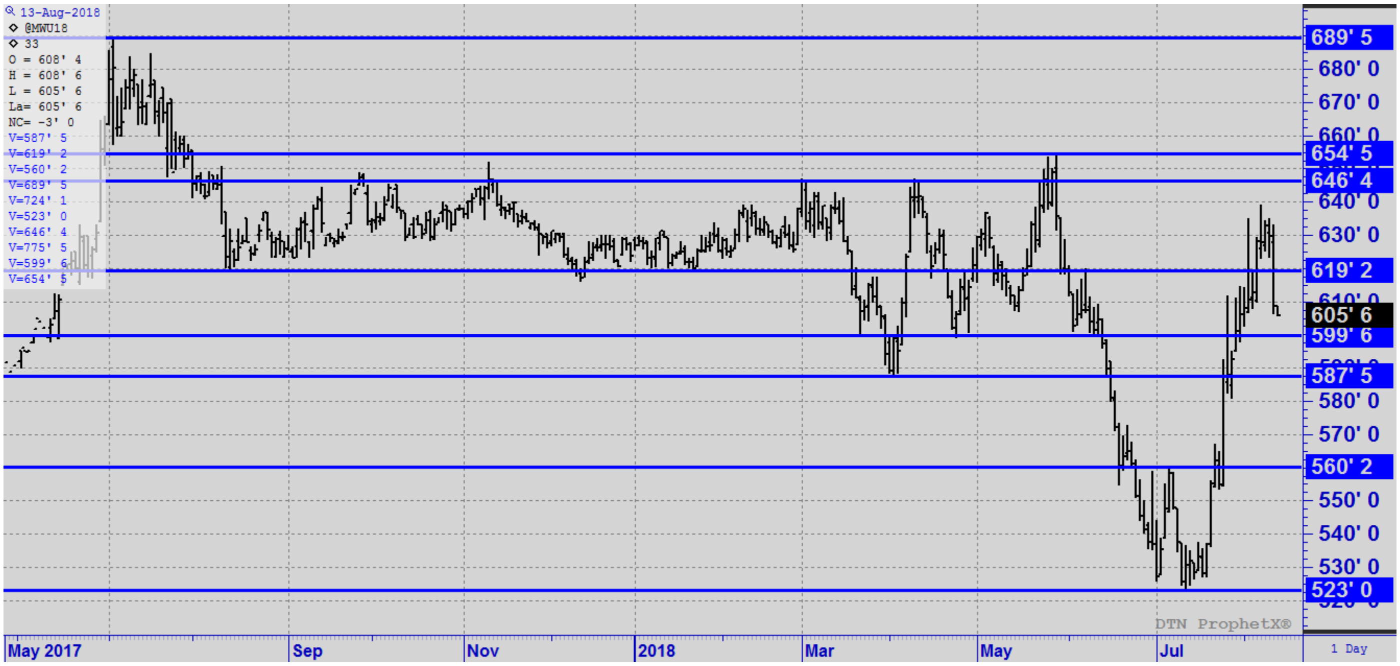
**September Chicago Board of Trade Corn Futures Prices (08-12-18 pm)**




**September Chicago Board of Trade Soybean Futures Prices (08-12-18 pm)**



**September Minneapolis Grain Exchange Spring Wheat Futures Prices (08-12-18 pm)**




The **BLUE** lines in the above futures market price graphs have been inserted to indicate **support** and **resistance** price levels. A **support line** is a historical price level that represents a potential floor when prices are decreasing. A **resistance line** is a historical price level that represents a potential ceiling when prices are increasing. Support and resistance lines become psychological barriers to price movements because these are levels where sellers have overwhelmed buyers (resistance line) or buyers have overwhelmed sellers (support line). The support and resistance levels are often used as price targets for future buying or selling activity.

## 2016/17 and 2017/18 Marketing Year Average (MYA) Prices

**July 12, 2018 Report 1/**

| Commodity | Marketing Year | Publishing Dates for the Final 2015/16 MYA Prices | Unit | Projected (P) or Final (F) 2017/18 MYA Price | | Projected 2018/19 MYA Price | |
|---|---|---|---|---|---|---|---|
| Wheat | Jun. 1-May 31 | June 2018 | Bushel | $4.73 | P | $5.00 | P |
| Barley | Jun. 1-May 31 | June 2018 | Bushel | $4.47 | P | $4.60 | P |
| Oats | Jun. 1-May 31 | June 2018 | Bushel | $2.58 | P | $2.80 | P |
| Corn | Sep. 1-Aug. 31 | September 2018 | Bushel | $3.40 | P | $3.80 | P |
| Soybeans | Sep. 1-Aug. 31 | September 2018 | Bushel | $9.35 | P | $9.25 | P |
| Dry Peas | Jul. 1-Jun. 30 | September 2018 | Pound | $0.1190 | P | $0.1200 | P |
| Lentils | Jul. 1-Jun. 30 | September 2018 | Pound | $0.2625 | P | $0.2550 | P |
| Large Chickpeas | Sep. 1-Aug. 31 | November 2018 | Pound | $0.3400 | P | $0.3500 | P |
| Small Chickpeas | Sep. 1-Aug. 31 | November 2018 | Pound | $0.2500 | P | $0.2500 | P |
| Sunflower Seed | Sep. 1-Aug. 31 | November 2018 | Pound | $0.1750 | P | $0.1730 | P |
| Canola | Jul. 1-Jun. 30 | November 2018 | Pound | $0.1750 | P | $0.1710 | P |
| Flaxseed | Jul. 1-Jun. 30 | November 2018 | Bushel | $9.50 | P | $9.40 | P |
| Mustard Seed | Sep. 1-Aug. 31 | November 2018 | Pound | $0.3260 | P | $0.3200 | P |
| Safflower | Sep. 1-Aug. 31 | November 2018 | Pound | $0.1850 | P | $0.1870 | P |

MYA Price=national average price received by producers during the 12-month marketing year.
1/ Final MYA prices--Source: National Agricultural Statistics Service (NASS), Agricultural Prices on the publishing dates.
P=Projected MYA prices--Source: USDA's World Agricultural Supply and Demand Estimates report or Interagency Commodity Estimates Committee Minutes. MYA price projections are the mid-point of the price forecast range, when applicable.