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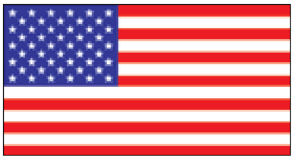

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News this week...

U.S./North Korea summit details set. President Donald Trump will meet with North Korea's Kim Jong Un June 12 in Singapore. U.S. officials know they will need China's help for a successful outcome with North Korea. That alone would lessen the pressure on trade issues with China.

Ag a big focus in U.S./China trade talks. China's chief economic envoy, Liu He, was expected to be in Washington for trade talks this week, with ag a likely focal point. But Commerce Secretary Wilbur Ross told CNBC Friday the timing of Liu's visit is uncertain.

Make plans to attend LEC July 22-23. Our Leading Edge Conference is July 22-23 in Cedar Falls, Iowa. To register, go to: www.profarmer.com/leading-edge-conference or call 1-888-698-0487.

Poor finish to a rough week in grains — *Corn, soybean and wheat futures rolled over last week, with price action suggesting short-term tops are in place. The negative price action came despite mostly friendly figures in USDA's May 10 Supply & Demand Report (see News page 4). It's typically not a good sign when markets get supportive data and fail to find fresh buying. That opens the door to more near-term price pressure, as seasonals favor bears once spring tops are in place. As a result, we may establish short-term defensive hedges to protect against downside risk. Cattle futures were choppy last week as traders sense short-term tops in the cash and product markets are near. They are comfortable with futures at big discounts to the cash market amid their fear of a coming "wall" of cattle. Hog futures erased most of the gains from earlier in the week with sharp losses Friday. The big premiums summer-month hogs hold to the cash index remain price-restrictive.*

Wet in Corn Belt, dry in Southern Plains

Frequent rains are expected across the Corn Belt this week. Temps will trend cooler in northern locations and above-normal in central and southern areas. Warm, dry conditions will continue across the Southern Plains.

Ryan: May 17 deadline for NAFTA deal

House Speaker Paul Ryan (R-Wis.) put a May 17 deadline on submitting a final North American Free Trade Agreement (NAFTA) deal if lawmakers are going to vote on it this year. U.S. negotiators may have to scrap hopes to include reform to Canada's dairy program.

Potential killer amendments for farm bill

Several amendments if allowed and passed by the House would doom the chamber's farm bill. One on the sugar program would lift limits on domestic production, allow the ag secretary to adjust import quotas during the year and end government-backed, nonrecourse loans for sugar growers. Another would cut companies' crop insurance target rate of return from the current 14.5% to 12%.

'Wins' and 'losses' in coming RFS changes

These changes to the Renewable Fuel Standard (RFS) are under consideration:

• Year-round E15 sales: A "win" for agriculture, but likely not as big of a victory as most expect. E15 pump limitations, especially on the East Coast, will limit the immediate benefit. This could be challenged in courts.

• Reallocate waived RFS requirements: Waivers for small refineries will continue, which is a "loss" for ethanol, but reallocation of the waivers to bigger refiners would be the biggest "win."

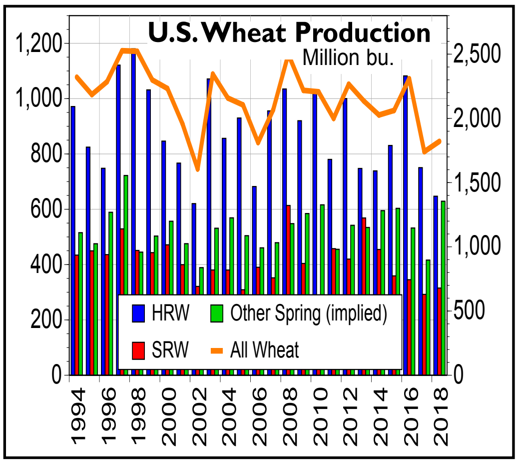
• RINs attached to ethanol exports: A "loss" for agriculture. EPA Administrator Scott Pruitt said previously this option wouldn't be pursued. USDA Secretary Sonny Perdue says he could support this option if EPA reallocates all RFS waivers to small refiners, as he believes it would create more demand for U.S. corn.

The key battleground is whether RINs are allowed on biofuels exports. If that's included in the final proposal from Perdue and Pruitt, it would likely face challenges in U.S. courts and at the World Trade Organization.

U.S. winter wheat production forecast to drop 6.1% from last year

USDA's first winter wheat crop estimate at 1.192 billion bu. would be down 77.9 million bu. from last year. HRW production at 647 million bu. would be a decline of 103 million bu. from last year. The SRW crop estimate at 315 million bu. would be up 23 million bu. from last year. White winter wheat production at 229 million bu. would be up 2 million bu. from the 2017 crop.

USDA put the first survey-based winter wheat yield at 48.1 bu. per acre, down 2.1 bu. from 2017. The Kansas yield is estimated at 37 bu. per acre, down 11 bu. from last year. It estimates Oklahoma's yield at 26 bu. per acre, down from 34 bu. last year. The Texas yield is estimated at 27 bu. per acre, down 2 bu. from 2017.



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Craig Co., (NE) Oklahoma: "Wheat has started to head and looks good. Temps finally warmed up and corn is out and going. We haven't had excessive moisture but enough to keep things going."

Dickinson Co., (C) Kansas: "Wheat is starting to head now. Corn is popping up quickly, with adequate moisture for now. Pastures are much improved for cattle."

Ottawa Co., (NC) Kansas: "Corn is emerging. Rye is heading and wheat should be shortly."

Atchison Co., (NW) Missouri: "Corn stands are mostly good, though there was a little washing out from recent storms."

Johnson Co., (SE) Nebraska: "Corn stands look good and early beans are emerging. We are running pivots to activate chemicals."

Red Willow Co., (SW) Nebraska: "Corn planting is going full bore on irrigated and dryland now. Stubble is warming up fast. Wheat has grown out of the frost damage."

Corn planting concerns ease

The corn crop was 39% planted as of May 6, a 22-point surge from the previous week but still five points behind normal. Major progress was made in all but the northwestern Corn Belt. Minnesota had planted only 9% of its crop (44% on average), South Dakota was only 6% planted (33%) and North Dakota had only 7% of its crop in the ground (24%).

Corn was 8% emerged, six points behind the five-year average. Emergence was running behind normal in all of the top 18 production states.

Bean planting ahead of normal

Soybean planting rose 10 points to 15% complete as of May 6, which was two points ahead of normal. Progress was ahead of the five-year average in Arkansas, Illinois, Indiana, Iowa, Missouri and Nebraska, and right in line with the normal pace in Minnesota. The only states where bean planting is running slower than normal are the Dakotas and Ohio.

Spring wheat planting still well behind normal

Spring wheat planting increased 20 points to 30% complete as of May 6, but that was still 21 points behind normal. Minnesota was 21 points behind at 27% done, Montana 30 points behind at 24%, North Dakota 18 points behind at 20% and South Dakota 27 points behind at 51% done.

Only 4% of the spring wheat crop had emerged versus 22% for the five-year average.

Modest uptick in winter wheat crop ratings

USDA's "good" to "excellent" ratings for winter wheat improved to 34%, up one point from the week prior. But 37% of the crop is still rated "poor" to "very poor."

Just 33% of the crop was headed, which was eight points behind normal. But Oklahoma's crop surged 45 points during the week to 80% headed amid drought and heat stress.

Argentine weather flip-flops

Key production areas of Argentina couldn't buy a rain for much of the growing season. But a couple weeks ago, the pattern shifted and heavy rains pounded previously dry areas. The result has been some localized flooding and way too much rain on a mature bean crop that has hurt crop quality and further trimmed production. The untimely late-season rains prompted South American Crop Consultant Dr. Michael Cordonnier to reduce his Argentine bean crop estimate 1 million metric tons (MMT) to 38.0 MMT and he has a lower bias.

USDA cut its Argentine soybean crop estimate by 1 MMT to 39.0 MMT.

Cordonnier continues to peg the Argentine corn crop at 32.0 MMT, but he has a lower bias.

USDA left its Argentine corn crop peg at 33.0 MMT after its sharp, 7-MMT downward revision in April.

Brazil raises crop estimates

Brazil's soybean crop estimate was raised 2.03 MMT from last month to a record 116.99 MMT by Conab. The Brazilian government's crop-estimating agency also raised its corn crop estimate by 590,000 metric tons to 89.20 MMT. The rise in the corn crop peg came despite a slight reduction to the safrinha crop estimate, as Conab increased its national yield estimate from last month.

Cordonnier lowered his Brazilian corn crop estimate by 2 MMT to 84.0 MMT amid concerns with dryness in southern production states as the safrinha crop pollinates and fills.

USDA lopped 5 MMT off its Brazilian corn crop estimate, lowering it to 87.0 MMT and getting it closer in line with most industry forecasts.

USDA raised its Brazilian soybean crop peg 2 MMT from last month to a record 117.0 MMT, putting it in line with Conab's crop estimate. Cordonnier kept his Brazilian soybean crop forecast at 116.0 MMT.

China ramps up U.S. bean buys in midst of trade dispute

Our analysis shows China purchased a net 2.3 MMT of old-crop soybeans from the U.S. during the two-month span beginning March 1, when President Donald Trump first announced tariffs on steel and aluminum and China responded with threats of targeting beans and other U.S. goods. This is the most U.S. soybeans ever bought by China over that two-month period. A normal purchase amount for March 1 to May 1 is around 1.0 MMT.

Sharp yearly decline in China's April bean imports

China imported 6.92 MMT of soybeans last month, the lowest April total since 2015. While imports were up 1.26 MMT (22.3%) from March, they declined 1.10 MMT (13.7%) from last year. A combination of tougher port inspections on U.S. soybeans and a May 1 reduction to its value-added tax (VAT) pushed back soybean arrivals. Through the first four months of 2018, Chinese soybean imports of 26.49 MMT were down 3.8% from last year.

China's soy imports expected to decline in 2018-19

Rising meal prices are causing China's hog producers to seek cheaper sources of protein and increased domestic production of dried distillers grains are also helping curb soybean meal demand. As a result, China's ag ministry forecasts 2018-19 Chinese soybean imports down a modest 0.3% at 95.65 MMT. That would be the first decline in 15 years.

Strong Chinese April trade figures

China's exports rose 12.9% from year-ago in April, while imports surged 21.5%. For the first four months of 2018, China's exports rose 16.5%, and its imports increased 19.6% versus last year, suggesting global demand remains strong despite heightened trade tensions.

USDA forecasts higher red meat production in 2019

USDA cut its forecast for total red meat production for this year, but hefty year-over-year gains are still expected. For 2019, USDA expects U.S. red meat production to increase further.

CATTLE: Beef production for 2018 was lowered 424 million lbs. from last month, but is still expected to be up 3.9% from last year. Beef production is expected to rise another 1.8% next year. USDA raised its 2018 beef export forecast 10 million lbs. from last month, and exports are now predicted to rise 6.0%. Beef exports are projected to rise another 3.8% in 2019. USDA kept its 2018 average cash steer price at $116.50. It projects the average cash steer price to rise to $117.50 next year.

HOGS: The pork production forecast for this year was lowered 37 million lbs. from last month, but is still projected up 4.6% from last year. Pork production is expected to rise another 3.1% next year. USDA raised this year's pork export forecast 16 million lbs. from last month, and the tally now is forecast to rise 5.0% from 2017. Pork exports are projected to rise another 3.5% in 2019. USDA lowered its average cash hog price forecast to $44, down $2 from last month. The average cash hog price is projected to increase to $44.50 next year.

China ramps up inspections of U.S. pork shipments

China has increased its inspections of pork shipments from the U.S. as the two countries negotiate on trade. Since late April, Chinese customs officials have inspected all shipments of pork from the U.S. and boosted sampling rates to 20% of those shipments, according to the USDA attaché in Beijing. For U.S. pork exporters already dealing with tariffs on their product that China implemented in April, the new steps "will likely add additional costs to the importing process," the attaché report noted.

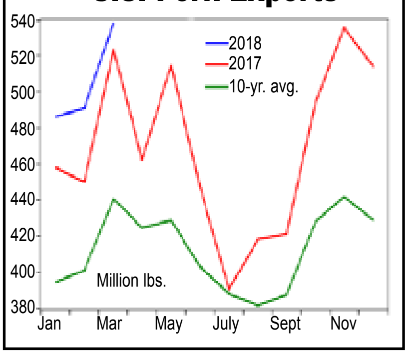
U.S. beef, pork exports remain red-hot

U.S. pork exports were the most ever for any month in March, while beef shipments were the most ever for that month.

Exporters shipped 538.1 million lbs. of U.S pork in March, up 14.3 million lbs. (2.7%) from last year. Shipments to Mexico and Japan, the top two markets for U.S. pork, were down 6.5 million lbs. (4.2%) and 16.1 million lbs. (13.4%), respectively, from last year. But that was more than offset by a 25.5-million-lb. (41.0%) surge in exports to South Korea, the No. 3 market for U.S. pork.

Through the first quarter of 2018, U.S. pork exports at 1.516 billion lbs. increased 83.7 million lbs. (5.8%) from last year.

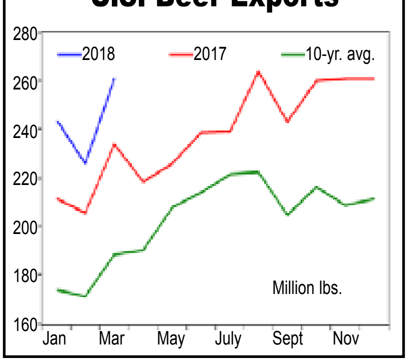
U.S. Pork Exports



Beef exports at 260.6 million lbs. increased 26.6 million lbs. (11.4%) from March 2017. Shipments to South Korea, the No. 2 market for U.S. beef, surged 13.6 million lbs. (38.0%) over year-ago in March.

During the first quarter of this year, exporters shipped 730.1 million lbs. of U.S. beef, up 79.3 million lbs. (12.2%) from the same period last year.

U.S. Beef Exports



Trump pulls U.S. out of Iran nuclear deal

As expected, Trump announced he would pull the U.S. out of the Iran nuclear deal, setting the stage for the U.S. to re-impose sanctions on the oil-producing country. All U.S. nuclear-related sanctions lifted as part of the agreement are now back in effect. Trump said the U.S. would sanction any nation that helps Tehran pursue nuclear weapons, as well as U.S. and foreign companies and banks that continue to do business with the country. Secretary of State Mike Pompeo said the U.S. would use sanctions to isolate Iran diplomatically and economically while working with allies to replace the Iran accord with a "comprehensive and lasting solution to the Iranian threat."

Front-month crude oil futures rose to their highest level since late November 2014 amid geopolitical uncertainty in the Middle East. Crude oil is strengthening at an opportune time for ethanol — as the summer driving season starts.

House farm bill vote expected this week

House Majority Whip Steve Scalise (R-La.) said the farm bill will be on the floor this week if there are enough votes for it to pass. The GOP has a 235-193 margin over Democrats but needs a simple majority — 215 votes at present because seven seats are vacant — to pass legislation.

House Ag Chairman Mike Conaway (R-Texas) said last week he's willing to make changes to the bill to win over GOP support. Conaway said, "All of that horse trading is in front of us, and I'm looking forward to making that happen."

Conaway stressed he backs the U.S. sugar program. Some lawmakers and sugar users are pushing for an amendment to the farm bill that would introduce "market-based" changes, such as removing price supports for producers.

Seneca Co., (NC) Ohio:
"Very slow planting progress in this area. Persistent rains are keeping planters idle for the most part. We get one day that is dry enough to work and then it rains. The current weather pattern would be ideal for crops that were already planted."

Sauk Co., (SC) Wisconsin:
"Wet! Cold! While we needed rain, the last six inches was a little overkill. No corn is planted in our area (along the Richland County border). Water is still standing in spots. The guys who worked their ground before all the rain sure have some gullies washed in the fields."

Nobles Co., (SW) Minnesota:
"Barely got a good start on corn. Only one day of corn planting so far."

Yellow Medicine Co., (SW) Minnesota:
"Virtually no corn is in the ground here. Only some corn planted on light, sandy soils. Frost spots are showing as black, wet areas. Twenty inches of snow three weeks ago put a layer of insulation over the frost, and when it melted, rivers went over their banks. Planting season is going to be compressed into a narrow timeframe."

Sampson Co., (SC) N. Carolina:
"It's been a late start for most grain growers here. Looks to be the latest start for me personally in my entire farming career."

Sharply lower U.S., global new-crop carryovers projected

by Editor Brian Grete and Editor Emeritus Chip Flory

Pro Farmer

USDA's first "official" look at the 2018-19 balance sheets are benchmarks for what the marketing year should look like under "normal" conditions. Traders will add or subtract from the supply side of these balance sheets as the 2018 growing season unfolds and then adjust usage forecasts accordingly based on supplies and price. Based on USDA's initial projections, U.S. and global ending stocks for corn, soybeans and wheat will each tighten significantly in 2018-19.

Old-crop corn: Carryover was left unchanged at 2.182 billion bushels. USDA made no changes to either the supply or demand side of the old-crop balance sheet.

USDA raised the projected national average on-farm cash price by a nickel on both ends of the range from last month to $3.25 to $3.55.

New-crop corn: USDA's initial 2018-19 ending stocks projection is 1.682 billion bu., 500 million bu. less than the current market year. Total supplies are projected at 16.272 billion bu., down 675 million bu. from the current marketing year due to a smaller crop projection (harvested acres are projected down 2 million from 2017) and smaller beginning stocks. Total use is projected at 14.590 billion bu., down 175 million bu. from the current marketing year.

USDA projects the 2018-19 national average on-farm cash corn price at $3.30 to $4.30.

Old-crop soybeans: Estimated old-crop ending stocks at 530 million bu. were down 20 million bu. from last month. USDA increased estimated crush by 20 million bu. to 1.99 billion bushels.

USDA estimates the 2017-18 national average on-farm cash soybean price at $9.35, up a nickel from the midpoint of the range last month.

New-crop beans: New-crop soybean ending stocks are projected to decline 115 million bu. to 415 million bushels. With harvested acres projected at 88.2 million (down 1.3 million from 2017), USDA projects total supplies for 2018-19 at 4.835 billion bu., up 117 million bu. from the current marketing year. It projects total use at 4.42 billion bu., up 232 million bu. from this year.

USDA projects the 2018-19 national average on-farm cash new-crop bean price at $8.75 to $11.25.

Old-crop Wheat: Carryover was raised 6 million bu. from last month to 1.070 billion bushels. USDA increased estimated food use by 8 million bu. from last month (to 963 million bu.) and increased estimated seed use by 1 million bushels (to 63 million bu.). That was more than offset by a 15-million-bu. cut to estimated exports (910 million bu.).

USDA now puts the 2017-18 national average on-farm cash wheat price at $4.70, up a nickel from last month.

New-crop Wheat: Wheat carryover is forecast to decline 115 million bu. during the 2018-19 marketing year to 955 million bushels. Total supplies are projected at 3.027 billion bu., down 49 million bu. from this year. Total use is projected at 2.072 billion bu., up 66 million bu. from this year.

USDA projects the 2018-19 national average on-farm cash wheat price at $4.50 to $5.50

Old-crop Cotton: Old-crop carryover was slashed 600,000 bales from last month to 4.7 million bales. It cut total old-crop supplies 110,000 bales due to a downside revision to the 2017 cotton crop. On the demand side, USDA increased estimated exports 500,000 bales to 15.5 million bales and it cut unaccounted use 10,000 bales from last month.

USDA kept its 2017-18 national average on-farm cash cotton price at 67¢ to 69¢.

New-crop Cotton: New-crop carryover is projected to rise 500,000 bales from the current marketing year to 5.2 million bales. USDA projects total supplies of 24.21 million bales, up 530,000 bales from the current marketing year. Total new-crop cotton use is projected at 18.9 million bales, up 50,000 bales from this year. USDA projects unaccounted "use" at 110,000 bales, down 20,000 from this year.

USDA forecasts the 2018-19 national average on-farm cash cotton price at 55¢ to 75¢.

Global carryover highlights

Corn: Old-crop carryover was cut 2.93 million metric tons (MMT) from last month to 194.85 MMT.

Global new-crop ending stocks are forecast to plunge 35.7 MMT from the current marketing year to 159.15 MMT, as global use is forecast to outpace production by 36 MMT. If realized, that would be the smallest global corn ending stocks since 2012-13.

Soybeans: World ending stocks for 2017-18 at 92.16 MMT were up 1.36 MMT from last month.

New-crop global carryover is projected to decline 5.46 MMT from the current marketing year to 86.70 MMT. That would be down nearly 10 MMT from the 2016-17 record level.

Wheat: Carryover for 2017-18 was lowered 760,000 metric tons to 270.46 MMT, though that would still be record global stocks.

World new-crop ending stocks at 264.33 MMT are projected to decline by 6.13 MMT from the current marketing year. That would be the first decline in global wheat ending stocks since 2012-13.

Cotton: Old-crop carryover was reduced a scant 80,000 bales from last month to 88.21 million bales.

World cotton ending stocks for 2018-19 are projected at 83.75 MMT, down 4.46 million bales from the current marketing year and the smallest since 2011-12.

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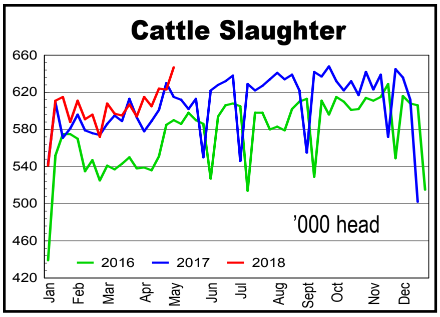
Cattle

Position Monitor

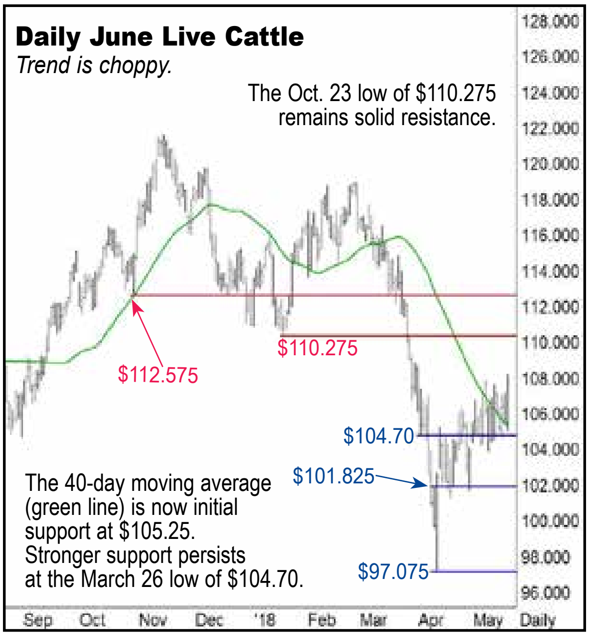
Game plan: We are targeting the $110.00 level in June live cattle futures for hedges for fed cattle producers. If wholesale beef prices top, we may have to lower that target and establish short-term hedges.

	Feds	Feeders
II'18	0%	0%
III'18	0%	0%
IV'18	0%	0%
I'19	0%	0%



Fundamental analysis

Cattle slaughter has recently surged from 574,954 head during the week of Feb. 25 to an estimated 647,000 in the first week of May. That has kept marketings very current, as indicated by diving steer weights and the Choice-Select beef price spread's recent move above $21. The latter particularly indicates a relative shortage of well-finished cattle and product. Given the bearishness dominating cattle futures, this may do little to limit late-spring losses as supplies increase and consumer demand declines seasonally. But we view the situation as being supportive for the second half outlook, since three of four similar years with high feedlot populations saw first-half price bottoms.

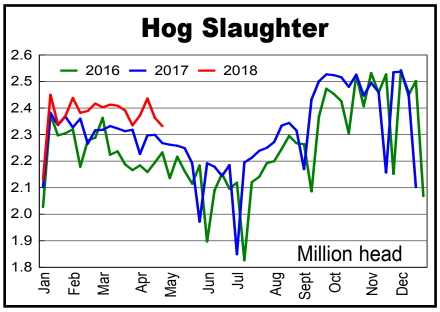


Hogs

Position Monitor

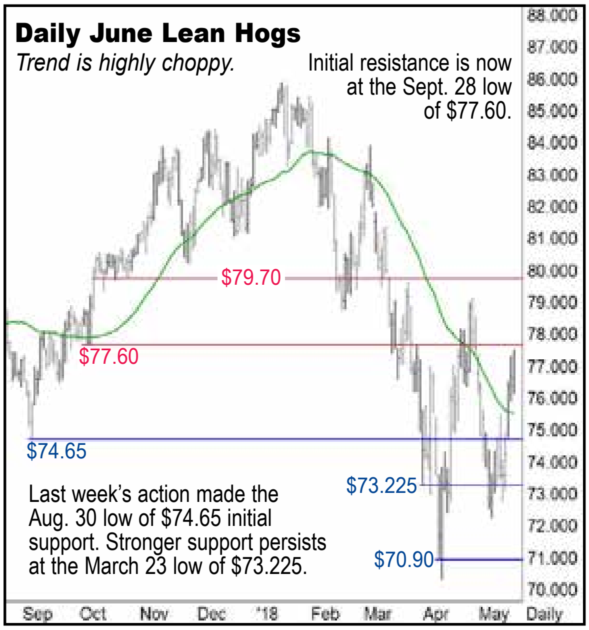
Game plan: Summer-month hogs hold big premiums to the cash index, but we feel they should post a bigger-than-normal seasonal recovery (see "From the Bullpen" on *Analysis page 4*). Continue to carry all risk in the cash market.

	Lean Hogs
II'18	0%
III'18	0%
IV'18	0%
I'19	0%



Fundamental analysis

In mid-April, hog slaughter surged versus year-ago levels as the timing of Easter distorted the comparison. But the latest totals are running closely in line with USDA's projection for 3% annual gains during spring. Hog and pork prices remain far below their winter peak, as indicated by summer futures trading only modestly above that $75.63 level late last week. But we still believe sharp late winter/early spring price weakness will spur torrid grocer and consumer buying as grilling season hits its stride. Such previous breakdowns have been followed by huge gains (see "From the Bullpen" on *Analysis page 4* for more). Therefore, we still recommend keeping all risk in the cash market at this point.



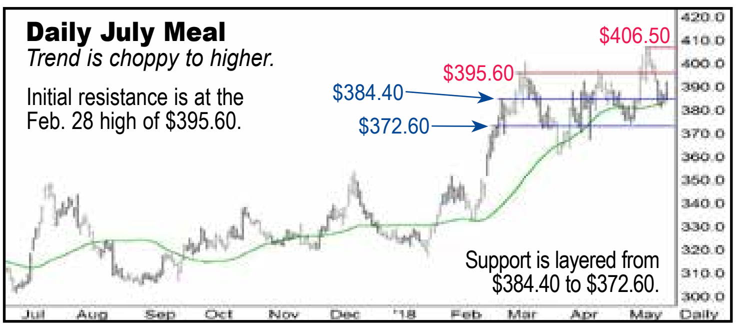
Feed

Feed Monitor

Corn	
II'18	0%
III'18	0%
IV'18	0%
I'19	0%
Meal	
II'18	0%
III'18	0%
IV'18	0%
I'19	0%

Corn game plan: You should have all corn-for-feed needs covered in the cash market through the middle of June. We have raised our target for extending coverage to $3.95 in July corn futures.

Meal game plan: You should have all soybean meal needs covered in the cash market through May. We have raised our target for extending coverage to $375.00 in July futures.

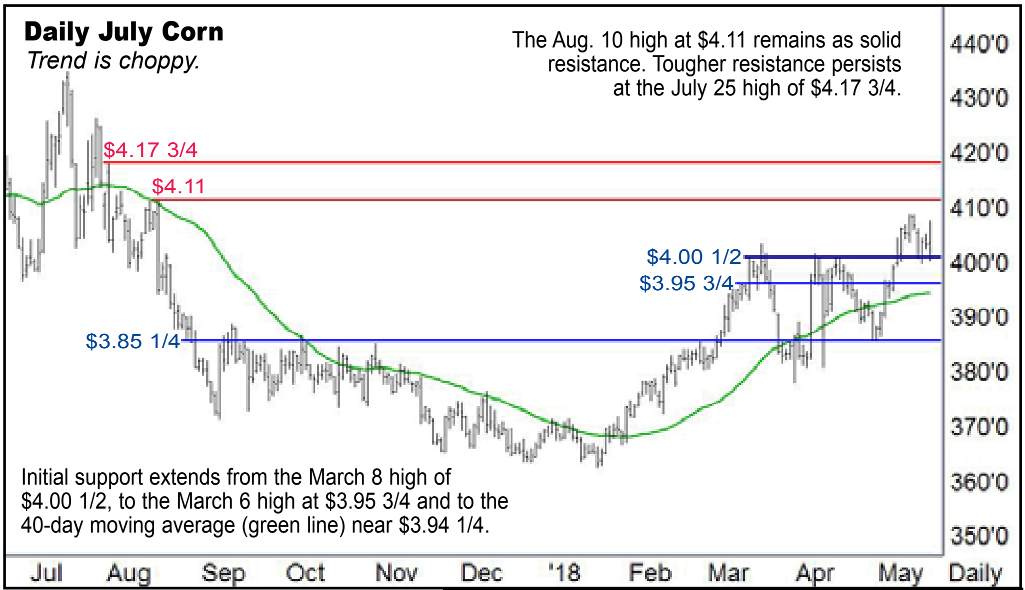


CORN

Position Monitor

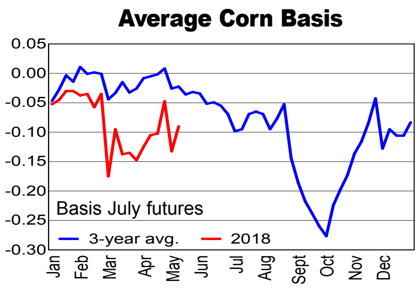
	'17 crop	'18 crop
Cash-only:	70%	25%
Hedgers (cash sales):	70%	25%
Futures/Options	0%	0%

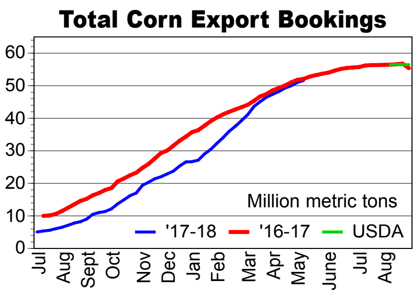
GAME PLAN: Get current with advised sales when July futures are above $4.00. While the market could face near-term pressure if soybeans and wheat weaken, we are willing to keep our target at $4.15 in July corn futures to increase old-crop sales. We are targeting the $4.25 to $4.30 level in December corn futures for increasing new-crop sales.

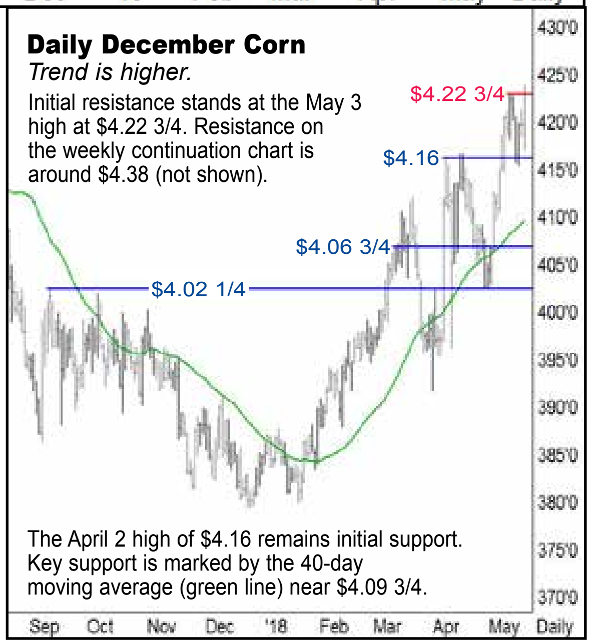


Fundamental analysis

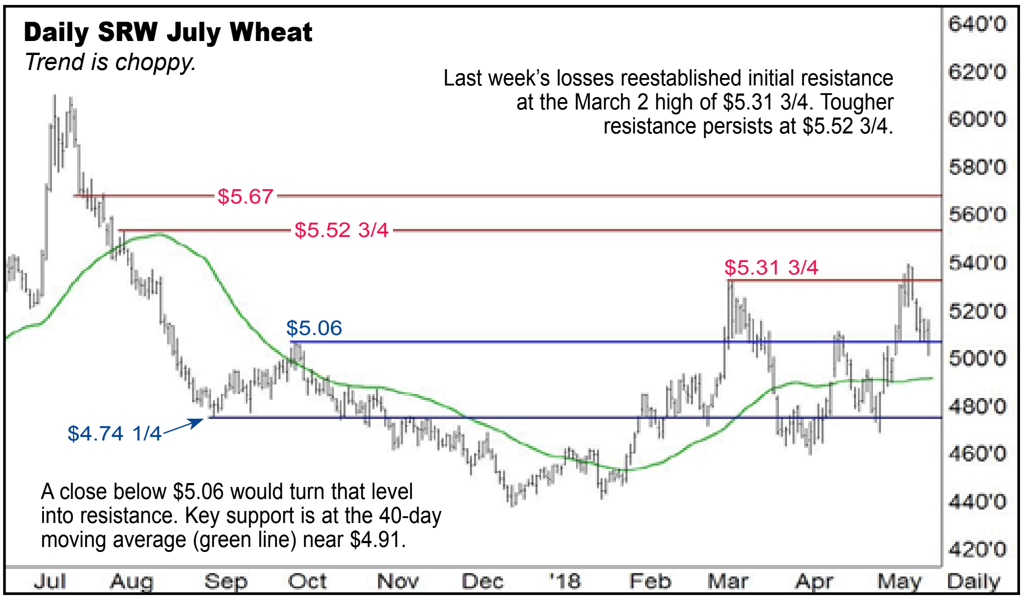
The corn market struggled in the face of supportive developments last week, suggesting a short-term top may be in place. USDA made no change to its old-crop carryover estimate May 10. But it lowered its old-crop global carryover forecast and projected sharply lower new-crop ending stocks for the U.S. and world. Negative sentiment spilling over from the wheat and soybean markets likely affected traders, as did the market's history of spring weakness in the absence of big weather problems. While fundamentals are supportive, prices seem vulnerable to a near-term price pullback, especially if the soybean and/or wheat markets weaken. It's typically not a good sign when a market gets bullish news and is unable to generate fresh buyer interest. Make sure you are current with advised sales.







WHEAT



Position Monitor

	'17 crop	'18 crop
Cash-only:	100%	35%
Hedgers (cash sales):	100%	35%
Futures/Options	0%	0%

GAME PLAN: On May 8, we finished old-crop sales. For new-crop, we would sell a test of the spring high. Seasonal hedges may be needed.

Fundamental analysis

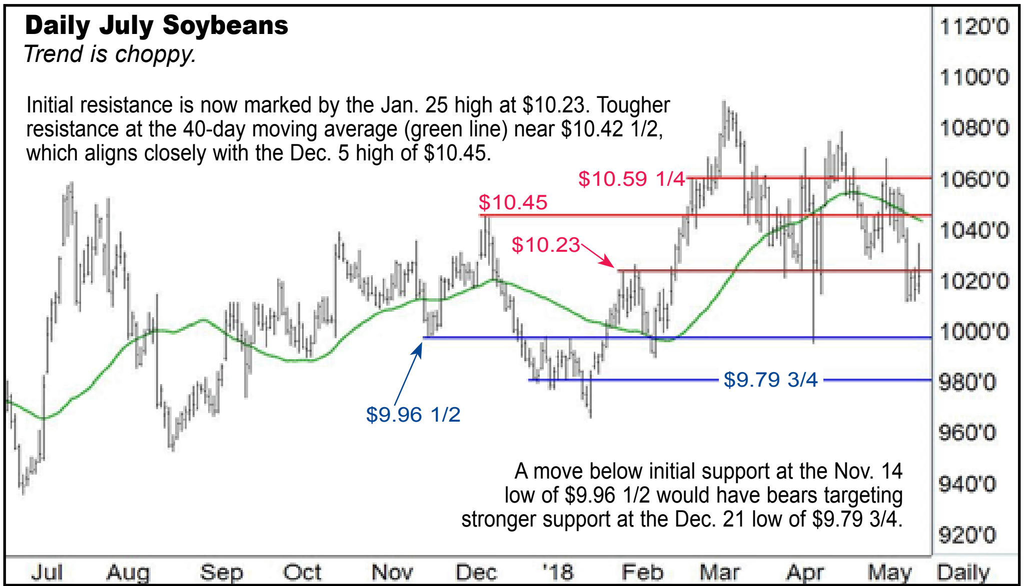
SRW: Industry analysts virtually pegged the results of USDA's May 10 winter wheat production estimate at 1.192 billion bushels. The lack of a bullish surprise opened the door to fresh losses. Seasonal pressure is likely to build as harvest of the winter wheat crop draws closer.

Soybeans

Position Monitor

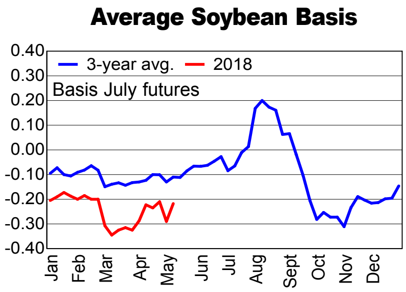
	'17 crop	'18 crop
Cash-only:	80%	20%
Hedgers (cash sales):	80%	20%
Futures/Options	0%	0%

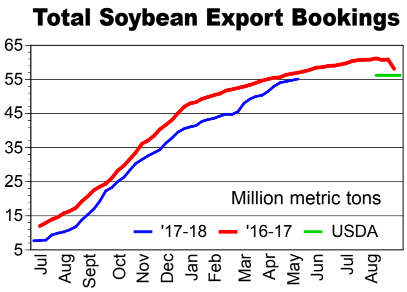
Game plan: Wait on a price recovery to get current with advised sales. With old-crop inventories down to gambling stocks and more than three months left in the marketing year, we are also willing to wait on a strong price recovery to make additional sales. If the April lows are violated, we may advise short-term defensive hedges to protect near-term downside risk.

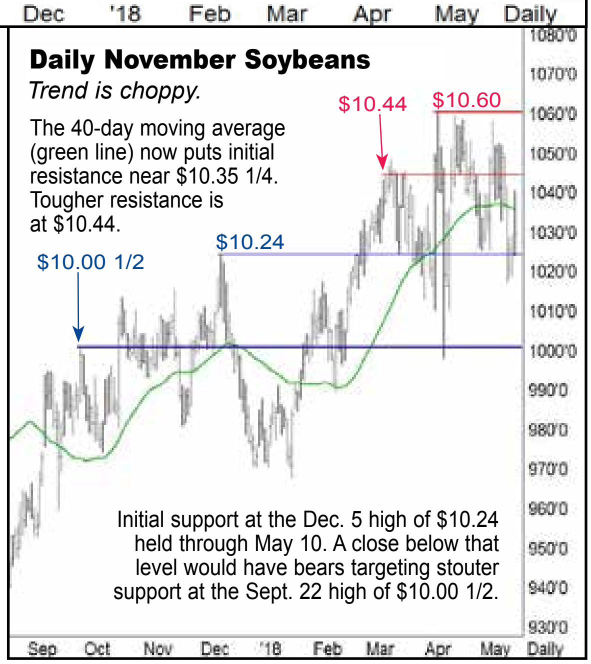


Fundamental analysis

USDA cut its old-crop carryover estimate more than anticipated and projected U.S. and global ending stocks sharply lower for 2018-19. But that failed to generate fresh buyer interest. Traders remain concerned with trade tensions with China. Barring any positive developments on that front or a rush of contra-seasonal export demand due to Argentina's ongoing crop woes, soybean futures are likely to struggle to find near-term buyer interest. The market's history of seasonal weakness in the absence of a major spring weather scare may also erode support and cause funds to lighten their long exposure. Given our sales levels, we don't see a reason to panic on near-term price pressure, but we may add short-term hedges to protect against downside risk.

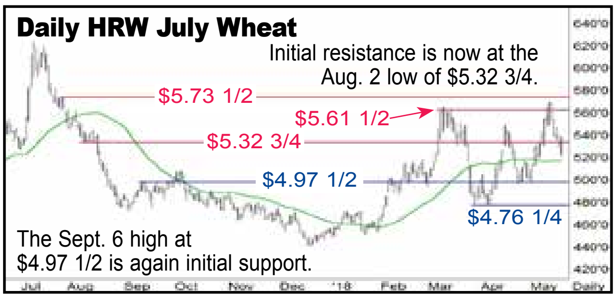


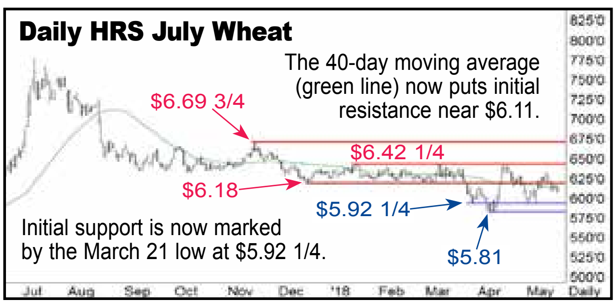


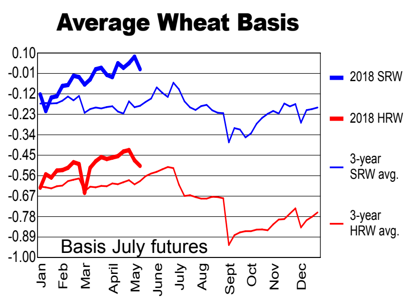


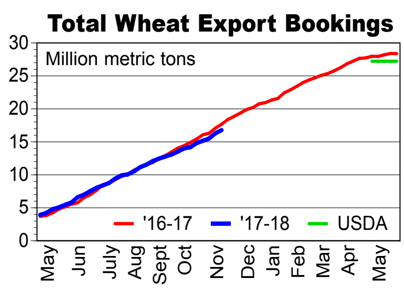
HRW: It appears HRW futures hit their spring peak as the Kansas Wheat Tour ended on May 3. At that point, virtually all of the supportive news associated with the winter-damaged crop was "in" the market. Unless there's a late-season weather scare, HRW futures will struggle to find consistent buying through harvest, even if the crop estimate declines.

HRS: USDA's all-wheat production forecast at 1.821 billion bushels implied spring wheat and durum production will reach 629 million bushels this year. Compared to last year's crop of 471 million bu., the forecast looks bearish for HRS futures.









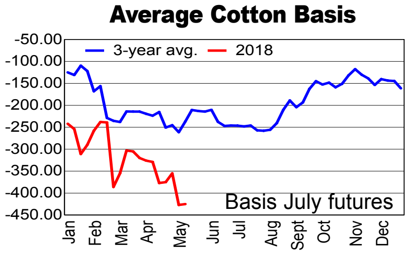
Cotton

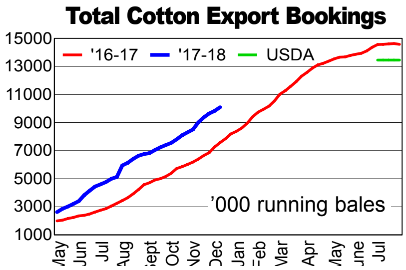
Position Monitor

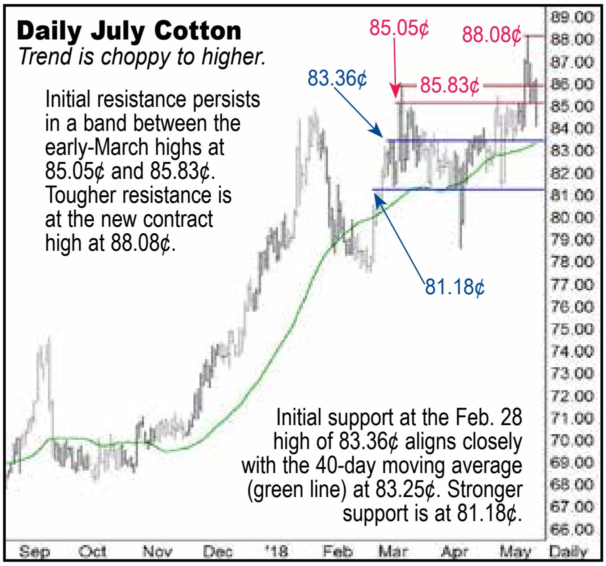
	'17 crop	'18 crop
Cash-only:	75%	35%
Hedgers (cash sales):	75%	35%
Futures/Options	0%	0%

Game plan: Get current with advised sales. We are targeting 90.00¢ in July cotton and 85.00¢ in December cotton to make additional sales.

Fundamental analysis:
USDA raised its old-crop export forecast by 500,000 bales and trimmed its 2017 crop estimate. But that failed to spark buying in cotton futures. The inability of cotton to strengthen on bullish news hints that a top might be in place for now. But dryness in west Texas should be watched.







General Outlook

Currencies: The Argentine peso is taking a beating on the foreign exchange markets. It fell more than 20% against the U.S. dollar in early 2018, and hit a record low against the greenback last week, despite Argentina's central bank hiking interest rates to a staggering 40%. Reports indicated South America's second-largest economy may get a $30-billion loan from the International Monetary Fund (IMF), in an attempt to shore up the peso.

Argentina needs U.S. dollar-denominated funds to service its massive account deficit.

Given soaring interest rates and the plunging peso, Argentina's farmers are likely to store crops as hard assets as a hedge against inflation. That would further limit available corn and soybean supplies and put more pressure on exporters and crushers at a time when severe drought and now excessive late-season rains have curtailed production.

From the Bullpen *by Senior Economist Dan Vaught*

Hog prices typically reach an intermediate high in the first quarter, decline into late winter or early spring and then surge to annual highs in late spring or early summer. The first two parts of this pattern held in early 2018, with the CME Lean Hog Index topping at $75.65 in early February, then falling to $52.97 in mid-April. However, prior to last week, summer hog futures were trading below the February cash high. *How high should we expect prices to rise this summer?*

The cash index has averaged a first-quarter high of $70.35 since its 1996 inception, with an average decline of $7.84 to a late-winter/early-spring low. Conversely, the norm for the subsequent spring surge has been $21.27, putting the average seasonal high at $83.79. The summer peak usually tops the winter apex by $13.43.

The difference has proven much smaller in some years, but the summer high did not fall short of the winter top in that 22-year period. The increase averaged just $2.61 in 2002, 2005, 2009 and 2014. Recall that 2009 marked a herd liquidation year amid the "Great Recession," while winter 2013-14 prices smashed all records as traders anticipated the huge summer shortage and, by doing so, strangled consumer demand and limited the price impact of the actual event.

This year was only the fourth of the past 23 years to see a $15.00 or larger seasonal drop from the winter high. The summer recovery averaged $29.00 in the prior three years — 2013, 2014 and 2017. Adding that to the spring low would point summer-month futures to the $82.00 level. We believe hog futures are significantly undervalued, which is why we remain unhedged.

Key Market Items on My 'To Watch' List

1) USDA Crop Progress Report — Monday, May 14, 3:00 p.m. CT
Will corn plantings top 50% complete?

2) NOPA Crush Report — Tuesday, May 15, 11:00 a.m. CT
Strong margins likely kept crush totals very high in April.

3) EIA Petroleum Status Report — Wednesday, May 16. 9:30 a.m. CT
Ethanol production remains above year-ago, but stocks are also hefty.

4) USDA Export Sales Report — Thursday, May 17, 7:30 a.m. CT
Will the strong dollar rebound slow grain and soybean exports?