

Michigan Agricultural Commodities

Weekly Newsletter

July 05, 2018

Market Commentary

by: Chris Betz



Soybeans continue to be pressured by trade tensions between the U.S. and China. A round of tariffs are set to be implemented tomorrow, including a 25% Chinese tariff on imported U.S. soybeans. The tariff will make U.S. beans substantially more expensive than Brazilian, but values at Brazilian ports have been very firm, and should continue to firm should the tariff stay in place, putting pressure on Chinese crushers. However, trade is still weary of the prospects of escalated tensions moving forward. Further cancellations of U.S. shipments are expected in tomorrow's export report.

U.S. weather has not given bulls much to be excited about as Midwest temps cool a bit after an extremely hot 4th. Extended forecasts turn a bit warmer and drier, which will help areas of the Midwest with flooding concerns. Crop conditions were seen as 76% and 71% good to excellent for corn and soybeans respectively for the week ending July 1st. Both, limiting factors for potential rallies.

Soybeans are pressing to fresh contract lows again Thursday, not surprising ahead of tomorrow's tariffs. It's a slippery slope technically for soybeans as the next support level for nearby beans is the 2008 low at 776'2, then around the 700 mark. Resistance is the 20 day at 908 on the Sep contract, then the 40 day at 965'6. A rally in beans would probably follow some kind of trade resolution, which would likely blow through technical resistance points without much trouble.

Corn is lower on the day after a firm open. Support on the Sep contract is the contract low at 346'6. Resistance is the 20 day at 366'6, then the 40 and 200 day around 387.

Wheat gapped higher at the late open and showed double digit gains across all three wheats most of the day. Sep Chicago wheat found resistance at the 20 day at 507'4. Support is the 200 day at 497'6, then the July 2nd low at 479'4.

Glyphosate Situation

by: Dr. Tim Boring, Michigan Agri-Business Association

The past few years have seen major shifts in consumer food purchasing trends, as evidenced by the growth in organics and locally sourced products. Fruits and vegetables have been most impacted, but other food products that see relatively little processing between the farm and table, such as wheat and dry beans, are increasingly under scrutiny.

Sustainability and environmental impact are at the top of the list in how customers buy food products today. Companies are actively seeking to meet this consumer demand and deliver more value in the products they put on grocery store shelves. Buyers are more engaged than ever in how farmers grow the crop and how handlers treat the crop. Many are concerned about water quality, including how nitrogen or phosphorus are used in production, while others want to avoid certain pesticide products.

Whether a farmer agrees with this shifting focus, the fact is that customer preference drives the market and food companies work to meet that demand. This has been true in livestock production for years, with issues such as the use of rBST in dairy, hen housing for layers, or animal treatment in veal production. This is not a new phenomenon in agriculture, but more and more customers are increasingly interested in how their crops or livestock are produced.

In the case of dry beans and wheat, we have seen increasing concern about residue from glyphosate. Though it is absolutely legal to use the product in certain applications, some customers, and in fact many of the larger buyers of dry beans and white wheat, have requested that there be no residue from glyphosate in the products they buy. This has meant that some handlers, those that buy beans or wheat from farmers, have put a restriction on glyphosate use in their contracts. Others are simply asking their farmer customers not to use glyphosate in dry bean or wheat production.

The issue in dry beans is critical. There have been shipments questioned because of detected residue levels, and with the current tariff situation, some buyers will be looking for any excuse to reject shipments that are more expensive than competing production areas.

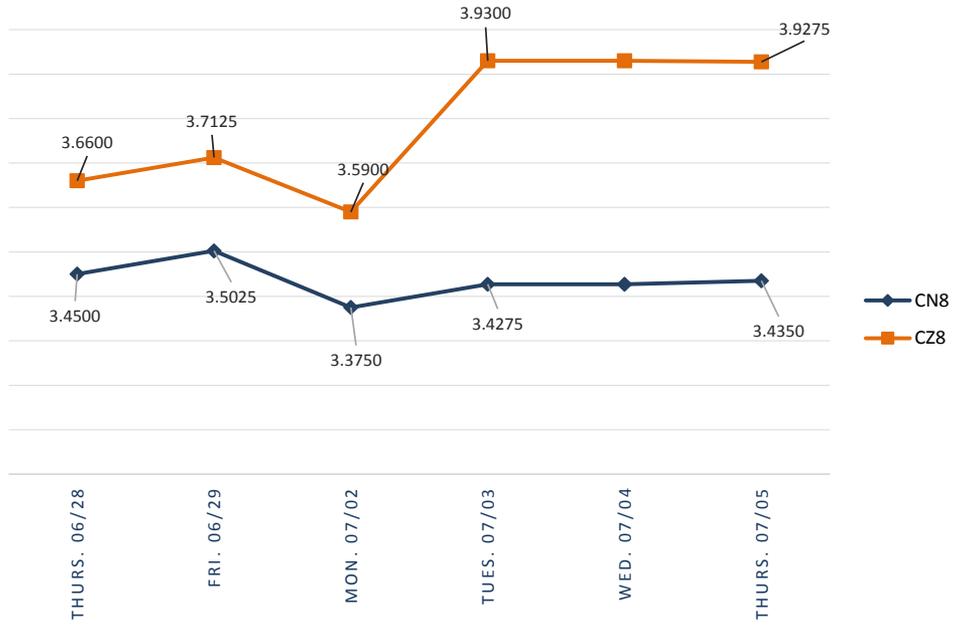
This is no joke.

Most dry bean handlers are now asking that glyphosate not be used either as a harvest aid or a desiccant. Even though glyphosate is labeled as a desiccant, intended to kill weeds in growing dry beans fields, this isn't an issue of legal use of the product. This is simply a matter of buyers stating they will not buy crops that have been produced using certain production practices. For this season, growers are urged to look for alternative dry bean desiccant products.

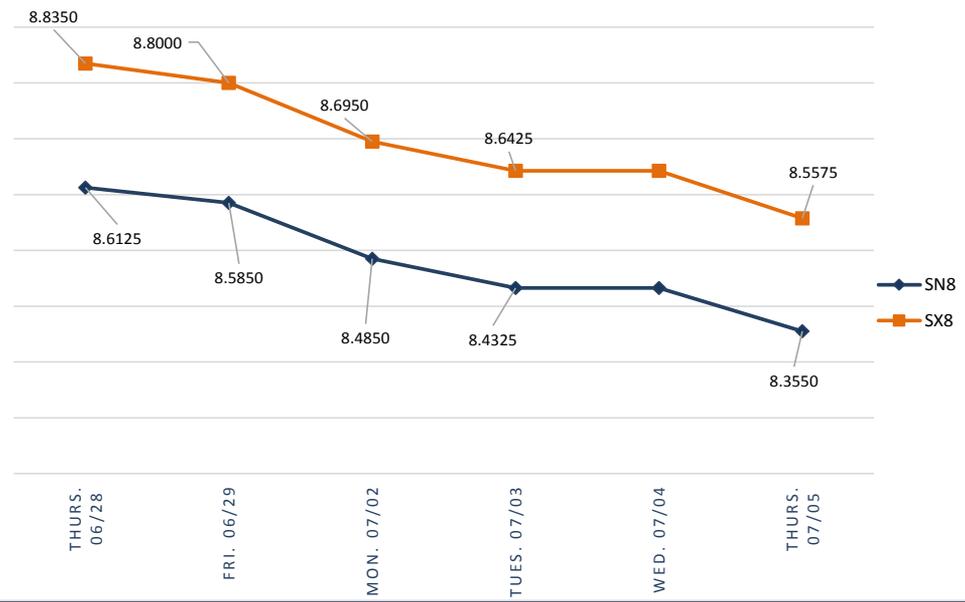
There are serious market risks associated with this situation. Dry beans are a specialty crop. They have long commanded a premium price because Michigan has delivered a high quality product that offers a premium value to buyer and consumers. For a specialty crop market like this to continue, meeting the demands of consumers and buyer is imperative.

Daily Futures Closes

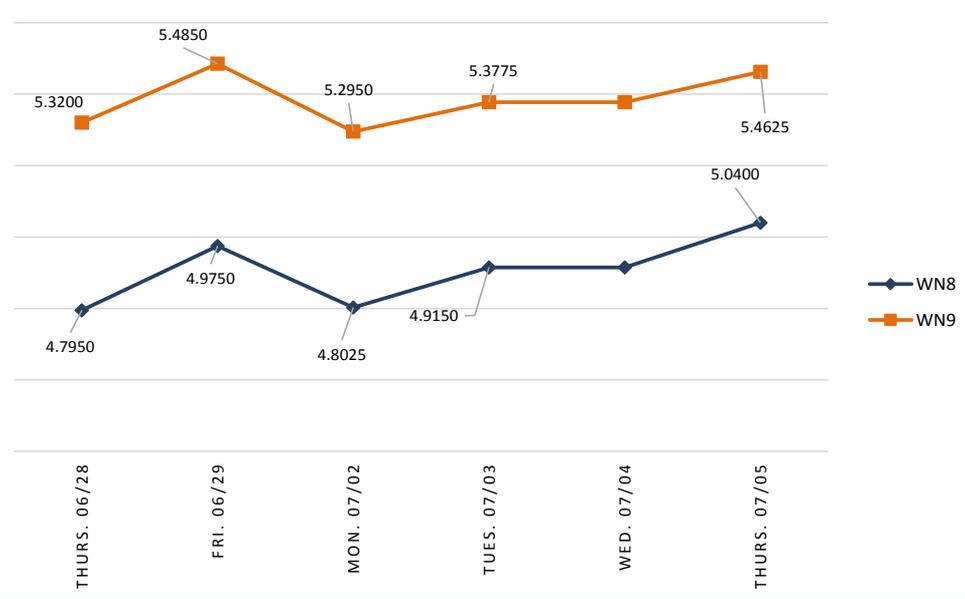
CORN FUTURES PRICES



SOYBEAN FUTURES PRICES



WHEAT FUTURES PRICES



Facility Updates

Blissfield (517-486-2171)

[Click Here for Blissfield Cash Prices](#)

Wheat harvest has made its arrival in Blissfield! Call 517-486-2171 for harvest hours.

Breckenridge (989-842-3104)

[Click Here for Breckenridge Cash Prices](#)

Much like last week, heat and sunshine have taken over the state. The corn and beans have almost doubled in size in our local areas and the wheat has really turned. We expect to see some wheat harvest starting by the end of next week. Wheat harvest will remain as it did last year, with red wheat going to the Ransom Road facility and white wheat coming into town. Markets have kept farmer selling to a minimum as attention turns to the uncertainty that hangs over trade and tariffs with China. MAC Breckenridge is wishing everyone a very safe weekend with some reprieve from the very hot weather.

Brown City (810-346-2711)

Marlette (989-635-3578)

[Click Here for Marlette Cash Prices](#)

[Click Here for Brown City Cash Prices](#)

We hope everyone had a great 4th of July holiday! The weather this week has been hot and humid with Wednesday reaching almost 92 degrees! Luckily, a break from the humidity is heading our way this weekend! Corn exceeded knee-high in height and many fields are 3x that! Wheat harvest is 1-2 weeks away in our area – yield potential is high, disease pressure is low. If you have any questions about the upcoming harvest, be sure to give us a call!

Jasper (517-436-3126)

[Click Here for Jasper Cash Prices](#)

Wheat harvest started on Tuesday in the Jasper area. Reports of decent yields are beginning to roll in. Vomitoxin levels are mostly under 2 except in fields that were not sprayed. Have a great weekend!



Middleton (989-236-7263)

[Click Here for Middleton Cash Prices](#)

In Middleton, the crew enjoyed having the 4th off. Some say we should have every Wednesday off. Despite the middle of the week holiday our crew has been busy with preparing the bins for wheat harvest, spreading, spraying, and delivering fertilizer and chemicals. Give the office a call for weekend hours. Here is hoping everyone has a safe and happy weekend.

Newaygo (231-652-6017)

[Click Here for Newaygo Cash Prices](#)

Who would've guess with the chilly April we experienced we would be fighting such high temperatures this July. Newaygo is ready for wheat harvest to arrive. Until then...enjoy the weekend.



Tupperville (519-627-4861)

[Click Here for Tupperville Cash Prices](#)

Winter wheat season is upon us. We haven't seen any samples in Tupperville yet, but there were combines running not too far from us on Wednesday. If the rain Thursday doesn't amount to much we will be having a busy week next week. Be safe in the fields and on the roads!!

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