



CHS ROCHESTER WEEKLY GRAIN MARKET RECAP

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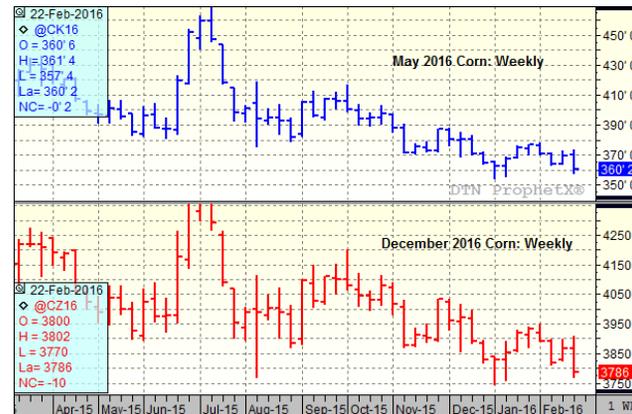
Friday, February 26, 2016

CLOSING FUTURES PRICE SUMMARY 2.26.16							
	CK16	CN16	CZ16		SK16	SN6	SX16
This week	\$3.5950	\$3.6425	\$3.7825		\$8.6350	\$8.7000	\$8.7600
Last Week	\$3.6925	\$3.7450	\$3.8700		\$8.8075	\$8.8625	\$8.8925
Weekly Change	-\$0.0975	-\$0.1025	-\$0.0875		-\$0.1725	-\$0.1625	-\$0.1325

Check current cash bids: <http://www.chsrochester.com/grain/cash-bids/>

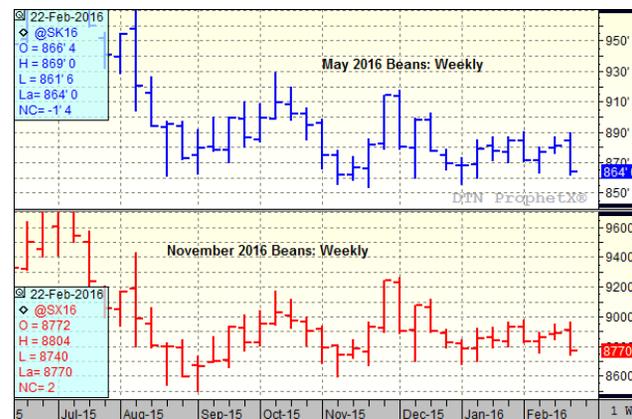
Winter is the season of market outlook meetings and industry guesses for the upcoming planted acreage mix. This morning, the annual USDA Outlook Conference gave us a first look at how the Feds envision that mix for the 2016/17 crop to be planted in a few weeks. Initial projections show 90 million acres of corn, up two million from last year, with a trend line yield of 168.0 bpa. Beans are projected at 82.5 million acres, nearly unchanged from last season, with a initial yield of 46.7 bpa. With these numbers plugged into the S&D tables, the market is now starting to hash, and rehash the possibility of a corn carryout just shy of 2 billion bushels. Bean carryout is not projected to change as much, today's outlook conference implied 440 million bushels to end the 2016/17 season.

As you can imagine, the prospect of higher acreage and carryout for both corn and soybeans is not supportive to an already struggling futures market. Look for the board to continue to drift sideways with a lower bias. The market will continue to debate today's number dump until either weather turns for the worse or a new demand source enters the picture. In the meantime, be watchful of basis values as well. Typically basis will improve with a falling board, however this year could see basis stagnate or even fall due to growing stocks. Be mindful of new crop as well. Considering the potential crop size, board carries should improve, making futures only sales a viable possibility for deferred shipments.



Corn:

As we approach planting, we will keep an eye on both old crop (blue) and new crop (red) futures. Old crop, May futures have continued to drift sideways, failing any attempt at rallies due to a general lack of producer selling. New crop, December, futures took a bigger hit with more discussion of an increase in corn acres this coming season.



Soybeans:

Both old and new crop bean futures took a beating this week as we continue to struggle with burdensome world supplies. Additionally, buyers are staying on the sidelines until absolutely necessary, knowing prices are destined to fall. Barring a major weather issue, most in the bean trade see little reason for soy prices to stage any significant rally.

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