CHS WEEKLY GRAIN MARKET RECAP
ROCHESTER, MN

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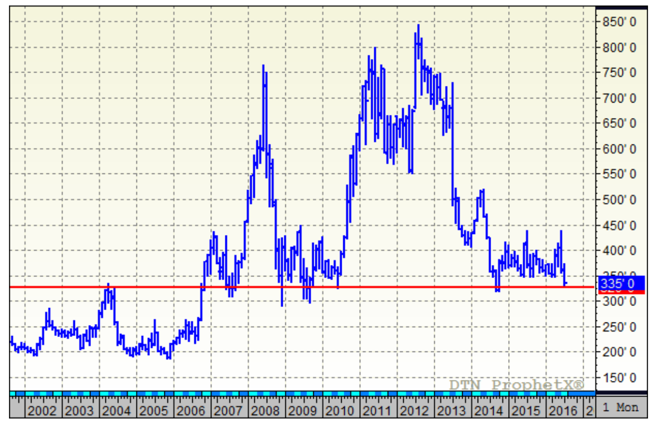
CLOSING FUTURES PRICE SUMMARY 7.22.16							
	CU16	**CZ16**	**CN17**		**SQ6**	**SX16**	**SN17**
This week	$3.3500	$3.4175	$3.6250		$10.0650	$9.8825	$9.7825
Last Week	$3.5225	$3.5825	$3.7425		$10.7250	$10.5725	$10.3175
Weekly Change	- $0.1725	- $0.1650	- $0.1175		- $0.6600	- $0.6900	- $0.5350

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

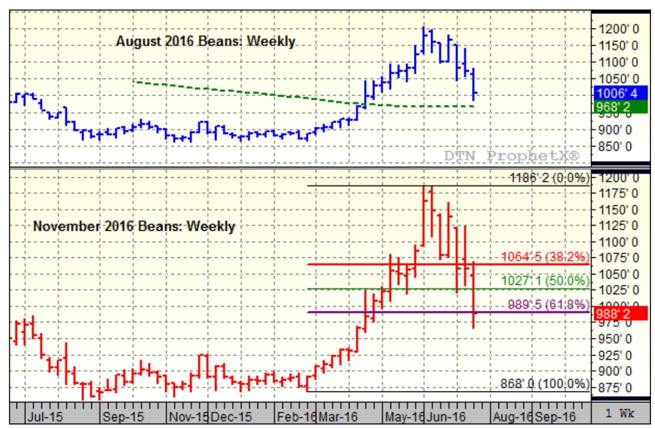
The dome of doom, the blocking high pressure ridge, that was forecasted to harm crops this week turned out to be very short-lived and punctuated with rain events. Most of the country is enjoying near ideal crop conditions as is reflected by the weekly crop ratings at near record high levels. Given the great conditions, there is little incentive for the market to price in weather risk premiums. As a result funds liquidated positions throughout the week as confidence grew in cooler weather ahead. Remember, what goes up must come down. The funds fueled this rally starting in late February with astonishing speed and volume, meaning it is just as likely the decline will be just as dramatic.

From a fundamental perspective, end-user demand for grain is more attractive at these lower prices. Now it becomes a tug-o-war between the end-user, who find these prices attractive, and the producer who cringes at these loss-inducing low prices. As the calendar ticks by it seems reasonable that logistics and space, more so than price, will be the ultimate decision maker when it comes to selling grain.

Where we go from here is as clear as mud. Short term weather forecasts will continue to induce volatility. Long term we have monthly USDA reports which are typically uneventful this late in the season, barring any large projected yield increase due to stellar crop conditions. Our next directional input is likely not going to come until combines start to roll and yield reports start to trickle in. Our fate lies soundly in yield and acreage, both figures that are unlikely to make see major adjustments until October or even January.



A different look this week. At the right is the continuous monthly corn chart for the past 14 years. The red line is sitting at this week's new low of $3.2675. As you can see, we are trading down to levels only touched a handful of times in the past 10 years. The lack of recent chart history make predicting a bottom all the more difficult. Will we settle into a lower, pre-2006 price range? Or will this week's low turn into a support line?



Soybeans fell sharply this week as hot weather was removed from the early August forecasts. Old crop beans fell to levels not seen since late March, but approaching the 100 week moving average which could provide support. New crop beans have lost more than half of the 2016 rally, falling below $10.00 this week. However, keep in mind, November futures are still $1.50 higher than a year ago. We are fully dependent on August weather for pod fill now.