



CHS GRAIN MARKET RECAP ROCHESTER, MN

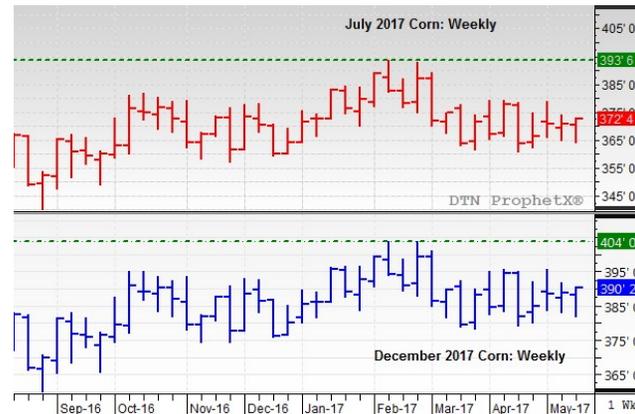
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Friday, May 19, 2017

| CLOSING FUTURES PRICE SUMMARY 5.19.17 | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| | CN17 | CU17 | CZ17 | SN17 | SQ17 | SX17 |
| This week | \$3.7250 | \$3.7975 | \$3.9025 | \$9.5300 | \$9.5425 | \$9.5175 |
| Last Week | \$3.7100 | \$3.7900 | \$3.8875 | \$9.6300 | \$9.6475 | \$9.5975 |
| Weekly Change | + \$0.0150 | + \$0.0075 | + \$0.0150 | - \$0.1000 | - \$0.1050 | - \$0.0800 |

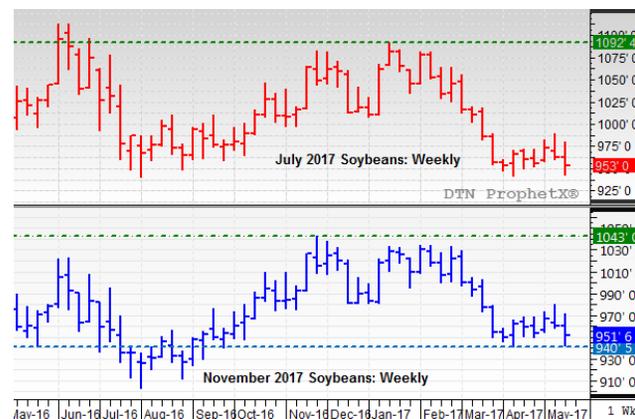
Check current cash bids: <http://www.chsrochester.com/grain/cash-bids/>

A roller coaster of a week in markets, punctuated by weather and geopolitical news. After a huge week and weekend of planting progress, benign weather forecasts could mean less acreage switching from corn to beans. This sparked a mild rally in beans early in the week while corn mainly held steady in a narrow range. On Wednesday night, while most of us were dodging thunderstorms, Brazil was just learning of a potential corruption scandal involving the current President. News of the scandal sharply devalued the Brazilian Real by 7 to 8%, making crops prices much more attractive. The South American producer which had been holding grain, quickly rewarded the changing currency by selling large volumes of soybeans and corn. With more grain out of the farmers' hands, more supply hit the world market. Brazil's devalued currency quickly made their product more competitive when compared to US supplies. This combination put a double whammy on the US farmer, a sharply lower board and lower basis values.

Locally, basis levels were decidedly mixed. Bean basis at the river terminals were lower with the newly engaged South American producer. The domestic processor market, however, was steady to slightly better. The falling board is more apt to influence the processor market as they work to keep the supply pipeline full. Corn basis was also mixed. Terminal values for corn were slightly better, while the ethanol plants tried to weaken, paying pushes only for near-term supplies. Overall, we still face a huge supply of corn sitting in the country unpriced, which will ultimately push basis values lower. The only question is, when?



Corn squeaked out another slightly higher week despite the best efforts of weather and headline traders. Now that most of the crop is planted, focus will turn to weekly condition ratings and weather. The cool, wet short term trend already has some discussing the possibility of lower yield and production. Combined with a general lack of producer selling in the US, and we could see corn try to work higher.



November soybeans were able to stay just above the April low of \$9.4050 this week, despite tremendous pressure from South American political woes. Considering the cool, wet weather pattern and slower bean seeding progress, it is possible we have seen the bottom, until that is, we get a better handle on total US production.

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