

**September 10, 2018**  
**Good Morning!**

Grain markets are experiencing a lackluster trade to begin the week. Traders will focus their attention on trade tariff talk, the approaching Hurricane, weather and the latest USDA Supply and Demand Report scheduled to be released on Wednesday, September 12th at 11 am. We will talk more about yield and production expectations in the comments below.

Crude Oil moved back above the \$68 level as US stocks tightened ahead of the start to renewed sanctions on Iran. These sanctions are set to begin in November. Friday's Commitment of Trader report showed the bulls adding to their bets in crude oil last week though they were noted sellers in crop futures.

**CORN**

It was a narrow range of trade for corn futures overnight as the market moved just about 2-3 cents for the entire session. Export news from Friday's USDA data created mixed moods for the market. Weaker crop ratings since the August 10th USDA Supply and Demand Report has Trade estimates for corn yields a bit lower than the August projection. Heavy rains over the past month in some corn growing areas could also impact yield potential. Hurricane Florence has the Carolinas bracing for some rough weather ahead.

**WHEAT**

Wheat futures tried to gain some rally strength in the overnights, however futures continue to struggle to hang on to chart support after a month long downtrend. Weak exports are offsetting tight global demand at this time. Export sales reported on Friday were disappointing at only 14 million bushels. Friday's Commitment of Trader Report showed funds flipping on their positions as they were sellers in last week's action.

**SOYBEANS**

Soybeans traded slightly higher following the rally in Chinese soybean futures overnight. Trade data out over the weekend showed China's soybean imports rising 8% in August to their highest level of the summer. It is noted that crush margins are also picking up. Export sales reported on Friday were almost all for the new crop, totaling 24.7 million bushels, in line with expectations. Speculators were sellers last week, adding 14,148 contracts to their net short position. This takes the funds to their most bearish bet in soybeans since January.

**COTTON**

Our cotton commentary comes courtesy of our industry partner, John Payne of Daniels Trading.....Cotton markets will trade with hurricanes in mind, with Florence making landfall in NC by the mid-week. There are two other potential storms following Florence, but those do not appear to have the teeth that Florence does. Weatherbell.com provided the graphic below on their twitter feed, they think this could be the worst natural disaster in NC/Virginia history. 3-4 feet of rain is expected. North Carolina "only" produced 735K bales last year, but any losses on the margins in the SE will provide some support to the USDA production data being high. Right now, the storm looks to be north of Georgia cotton areas, which is probably the reason why cotton is only up a penny this morning and not limit. Producers in the SE are beginning to spray defoliant and will be looking to get in the fields sometime in the next few weeks. Cotton futures look to test last week's highs around 84 cents early this week. Funds have liquidated a lot of futures length in the last month, but remain very long given the situation in Texas. The USDA has not been friendly cotton in the last few reports, it will be interesting to see how it is traded given the hurricane coming the following day.

**LIVE CATTLE**

Live Cattle futures closed the Friday session higher, gaining 1.08% on the week. The October contract had rallied to a 2 week high on Tuesday after the EU Commission recommended settling a dispute over the imports of US Beef. Futures were able to hold their gains after cash cattle prices climbed to a 2 week high. Boxed Beef Values were lower on Friday with Choice reported down 2.19 and Select down .74. Demand remains strong with packer margins at about 200-300 per head.

**FEEDER CATTLE**

Feeders remain on in a positive mode despite what was interpreted as a bearish Cattle on Feed Report. Follow more news on cattle by subscribing to The Cattleman's Advisory Newsletter. For your copy, email to: kdonsbach@danielstrading.com