



Thursday, January 11, 2018 @ 9:45 am

Tonight's Futures Closes:

Mar 18 Corn	\$3.49	unch	Jan 18 Soybeans	\$9.45	-2.0	Mar 18 CH Wheat	\$4.30	-4.5
May 18 Corn	\$3.5725	+0.25	Mar 18 Soybeans	\$9.535	-1.75	July 18 CH Wheat	\$4.5625	-4.25
July 18 Corn	\$3.6525	+0.25	May 18 Soybeans	\$9.645	-1.5	Mar 18 KC Wheat	\$4.37	-3.5
Sep 18 Corn	\$3.7275	-0.25	Jul 18 Soybeans	\$9.74	-1.25	July 18 KC Wheat	\$4.66	-3.5
Dec 18 Corn	\$3.825	-0.25	Nov 18 Soybeans	\$9.7175	-1.75	Mar 18 MN Wheat	\$6.2975	-4.25
Mar 18 Oats	\$2.5175	+0.75	Jan 18 Rapeseed	\$487.5		Sep 18 MN Wheat	\$6.2925	-2.0
Mar 18 Meal	\$316.4	-1.8	Mar 18 Cotton	\$82.43	+2.79	Mar Dollar Index	91.625	-0.445
Mar 18 SB Oil	\$33.21	-0.23	May 18 Cotton	\$82.52	+2.56	Feb Crude Oil	\$64.19	+0.77
Feb 17 Cattle	116.850	-0.025	Dec 18 Cotton	\$75.00	+0.08	Feb Gold	\$1327.0	+2.9
Mar 18 Feeder	141.100	-1.125	Jan 18 Rice	\$1169.5		Mar S&P	2755.00	+4.40
Feb 17 Hogs	71.425	-1.100	Nov 18 Rice	\$1121.5		Mar Dow Jones	25445	+94

(Futures contracts highlighted in green were the bull leaders today; futures prices highlighted in red were the bear leaders today.)

I am traveling & in meetings today, but wanted to get out an update today with expectations for tomorrow's USDA reports (right) and a few ideas for option protection ahead of tomorrow. The one market that's on fire today is **cotton**, nearly trading limit up mid-morning. **Nearby cotton futures** have



Jumped above 82 cents this morning, and **December cotton** has punched thru 75 cents (charts next page). The RSI on both old & new crop futures is above 70, which is an indicator of an overbought market. A strategy to protect downside would be buying a **December '18 cotton** 74 cent put & selling a 78 cent call at a net cost of about ¼ cent. With more cotton acres expected this year, this seems prudent risk management.

For **December '18 corn**, I still like the strategy of buying \$4.20 September calls now @ 8 cents, with the intent of hedging that contract in a move back to the \$3.95 area.

USDA Reports Tomorrow!!

Here are the average trade estimates, range of guesses, previous USDA estimates, and last year's estimates for tomorrow's USDA reports.

December 1 Grain Stocks Report (million bushels)

	Average	Range	USDA Sep 17	USDA Dec 16
Corn	12,407	12,230 - 12,675	12,295	12,386
Soybeans	3,186	2,963 - 3,305	301	2,898
Wheat	1,849	1,795 - 1,906	2,253	2,077

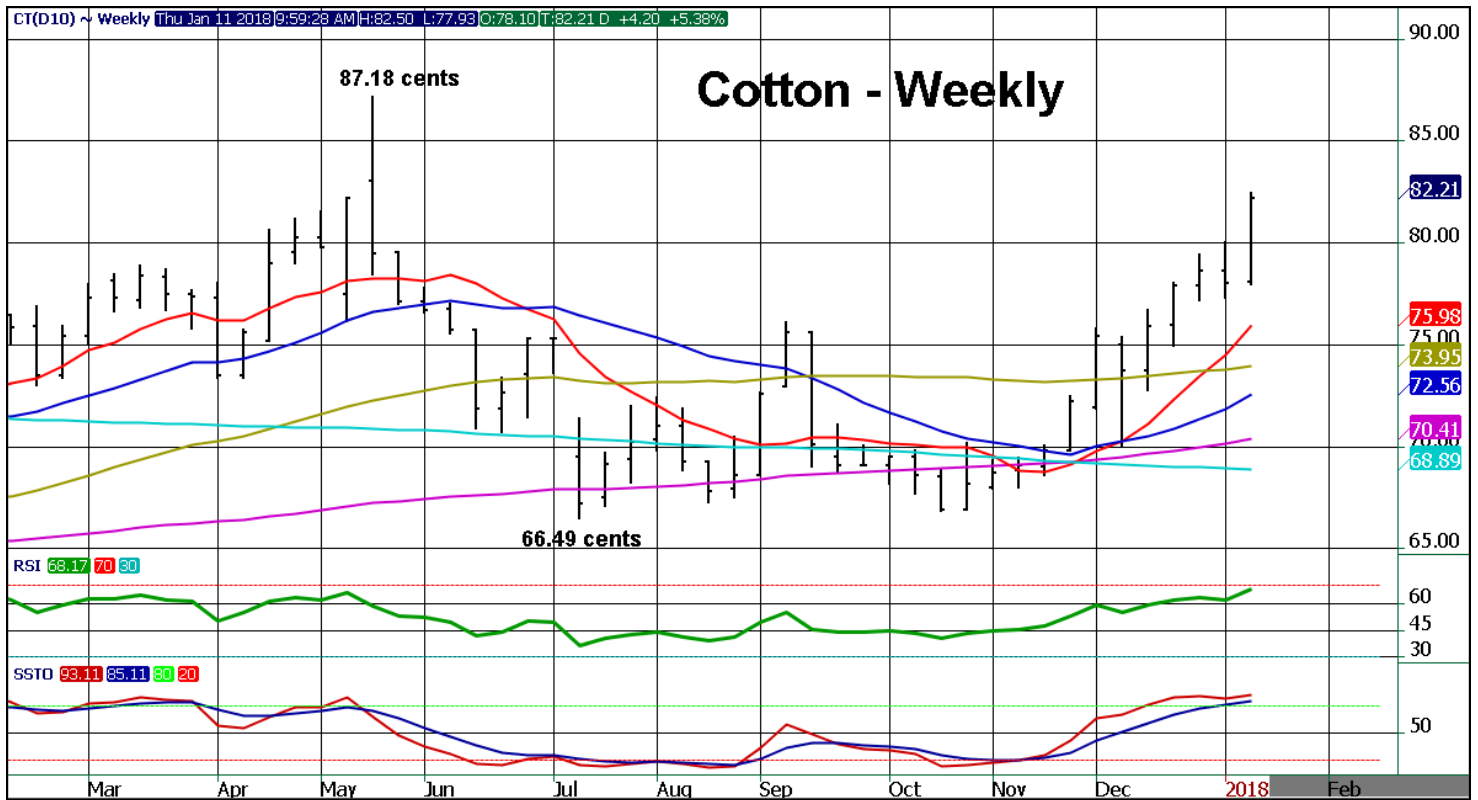
Final 2017 US Corn & Soybean Production (million bushels)

	Average	Range	USDA November	USDA 2016
Corn Production	14,557	14,434-14,663	14,578	15,148
Corn Yield	175.2	173.7-176.4	175.4	174.6
Harvested Acres	83.1	82.9-83.2	83.1	86.7
Soybean Production	4,425	4,385-4,466	4,425	4,296
Soybean Yield	49.4	49.0-49.9	49.5	52.0
Harvested Acres	89.5	89.4-89.9	89.5	82.7

2017-18 US Ending Stocks (million bushels)

	Average	Range	USDA December	USDA 2016-17
Corn	2,414	2,263-2,519	2,437	2,295
Soybeans	477	425-595	445	301
Wheat	962	855-987	960	1,181

For **November '18 soybeans**, despite the latest drop, a strategy to consider would be buying a November \$9.60 put & selling a November \$10.60 call at a spread of 17 cents today. Would give a net futures floor of \$9.43 & ceiling of \$10.43. If tomorrow's stocks number is big, if Brazil's crop is big, and if 2018 US acres are big, we could certainly see more downside in soybeans.



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