

Market News

From the desk of VFBF Grain Division manager [Robert Harper](#)

As we enter a new month and quarter, harvest progress has hit full throttle in the U.S. The October 3rd Crop Progress report from the USDA stated farmers have harvested 24% of corn acres and 26% of soybean acres. The Virginia corn acres harvested is at 63%. Nationally, yields are larger than expected for soybeans and within expectations for corn.

The USDA released the Quarterly Stocks report on September 30th, providing the official number for stored bushels as of September 1st. These numbers indicate the carryover from last year, as a new marketing year begins on September 1st for corn and soybeans. The report placed corn stocks at 1.738 billion bushels and soybeans at 197 million bushels; both numbers are price supportive, as they were under trade estimates. The report put wheat stocks above trade estimates at 2.5 billion bushels - a large increase from last year and a price negative indicator.

Future price action will be shaped by several factors: continued harvest reports in the U.S., South American weather, U.S. dollar futures, Fed interest rate talk, OPEC's oil production, and the upcoming presidential election. Together these factors will determine money flow in and out of commodity markets, creating volatility. Producers should have a plan to price bushels on strength from this variability and price percentages of their production as markets move upward.

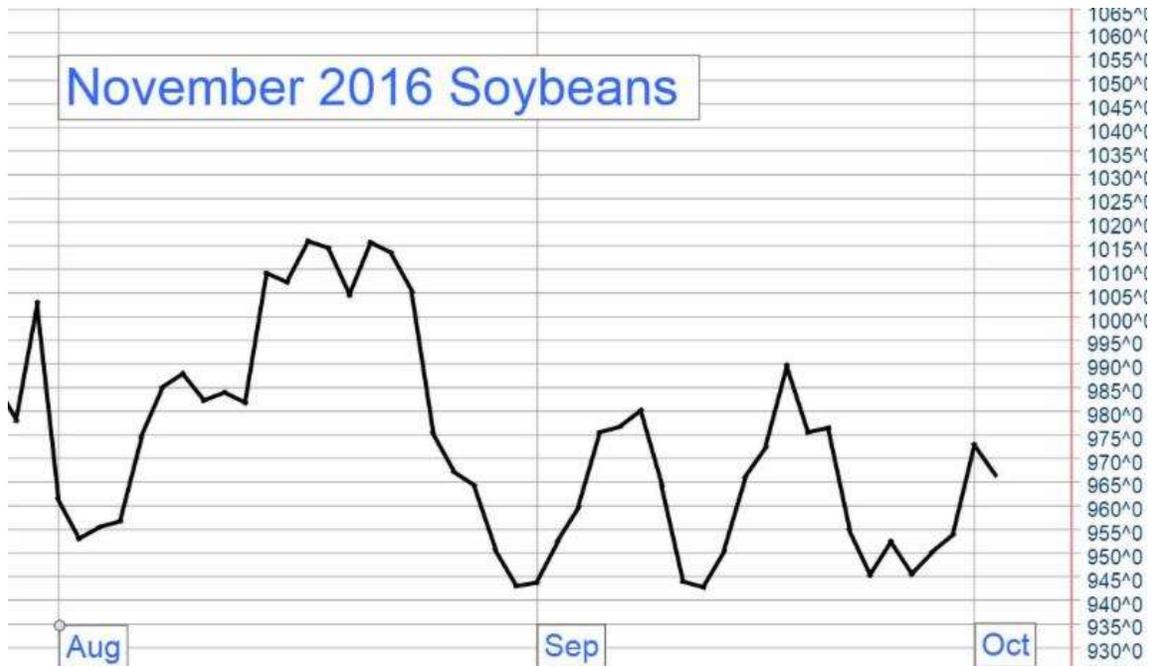
Brazilian producers have hit the field with planters as the 90-day planting moratorium was lifted on Sept 15. Producers in Argentina will begin planting at an accelerated pace now that October is here. This begins the shift from North American weather scrutiny to South American.

Demand for U.S. corn and soybeans has continued to be strong. With record U.S. production expected, forward upward price action will have to come from continued strong demand and South American production issues. The U.S. has the opportunity to earn much of the world's business from now until the South American crop hits the market in March 2017.

The trade is anticipating the monthly USDA WASDE report to update on supply and demand issues. The release is scheduled for October 12th.

Call Robert Harper to discuss futures or local basis in Virginia at 804-290-1105.

October 3, 2016 closing November 2016 Soybean futures \$9.73



October 3, 2016 closing December 2016 Corn futures \$3.46

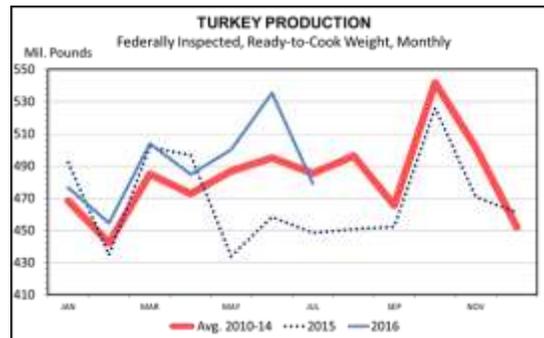


Poultry Production Ramps Up: Turkey Highlights

Since June, weekly broiler hatchery data has shown increases in year-over-year eggs set. Throughout 2016 broiler hatchery data suggests that poultry production has been slowly

trying to ramp up. Weekly data in July and August has shown consistent positive year over year increase in the number of eggs sets compared to the same week in the previous year. Year to date that has translated into 31 million more chicks placed in 2016.

Seasonally, turkey production rises in the second half of the year due to Thanksgiving and Christmas demand. Turkey production is rebounding from depressed levels caused by HPAI. If turkey production continues on this pace, it would result in an annual production volume not seen since 2012. In part, there has been a small resurgence in domestic demand, which saw increases in 2015, and is expected to post another year over year increase. 2016 second quarter figures indicate a double digit percentage increase. This is driven in large part by Mexico lifting its trade ban against most U.S. states in April. Mexico represents over 50 percent of market share for U.S. turkey exports.



China announces it will lift ban on US beef

After a 13-year ban on U.S. beef exports to China, the Chinese Government recently announced they will begin accepting U.S. beef from animals under 30 months of age.

Before trade can resume, United States Department of Agriculture officials must continue to work with China's Administration of Quality Supervision, Inspection and Quarantine to formally approve export certificates and establish protocols for exports.

The USTR and U.S. Department of Agriculture "look forward to China's final audit report on beef, and subsequent discussions between the United States and China on the specific conditions that will allow trade to resume."

China is the world's second largest beef importer, consuming about 28% of the world's meat. China has quadrupled its meat consumption since 1971, according to a 2015 PriceWaterhouseCoopers (pwc) report. With a middle class on the rise, China presents significant export opportunities for US beef, even as the nation's domestic economy slows.

While some trade groups have estimated imports may resume before the end of the year, US Trade officials have not presented a timetable for when trade might resume.

Meat Consumption in China and the United States, 1960-2012

