

# U.S. grain futures plummet on warming Midwest weather and profit-taking

By P.J. Huffstutter 05-Jun-2019 02:17:00 PM



Spring wheat is inspected in central North Dakota, U.S., July 25, 2018.  
STAFF

- Market fears ease over widespread crop damage
- Corn follows wheat lower; soybeans edge down
- U.S.-Mexico trade fight adds pressure to corn prices

## **Adds bullet, updates with U.S. market prices**

CHICAGO, June 5 (Reuters) - U.S. grain futures plummeted across the board on Wednesday, as fears eased about the potential for rain damage to the wheat crop and forecasts of warmer temperatures in the U.S. Midwest opened a narrow planting window for soybean farmers.

The burgeoning U.S.-Mexico trade fight added pressure to corn futures, despite a Reuters report that corn has been excluded from Mexico's official list of U.S. products that could be subject to retaliatory tariffs if across-the-board duties threatened by the Trump administration take effect. (Full Story)

Mexico's growing livestock industry relies on millions of tonnes of U.S.-grown yellow corn annually and industry experts say it would be extremely hard to quickly substitute the American imports with corn from other nations.

"We've talked about the potential of corn tariffs and a limit on corn exports, but the market hasn't really factored that in a big way," said Ted Seifried, chief agricultural market strategist with Zaner Group. "This is a weather market, so everyone is trading on the weather."

Wheat futures dipped to near a one-week low, as the world wheat market continued to take profits from the recent weather-related rally, traders said.

The market had been worried about crop damage after the recent heavy rains, but a recent U.S. Department of Agriculture report said U.S. winter wheat looked good and rain was forecast for the Black Sea region, which has faced hot and dry weather.

"This is a classic wheat-led rally being driven by the funds," said Mike Zuzolo, president of Global Commodity Analytics. "The funds are back in control of this market."

The most-active wheat contract on the Chicago Board of Trade Wv1 closed the day down 2.96% at \$4.90-3/4 a bushel. It earlier hit a session bottom of \$4.88-1/2, the lowest since May 30. In the previous session, wheat declined 2.4%.

The most-active corn futures Cv1 closed down 2.88% at \$4.14-3/4 a bushel, while soybeans Sv1 settled down 1.39% to \$8.69-3/4.

Traders said corn was being pulled down by wheat and trade issues. News that U.S. feed operations in the Southeast are beginning to import South American corn also was seen as bearish for corn.

Reuters reported on Tuesday that Archer Daniels Midland Co ADM.N and other grain traders were selling Brazilian corn to Smithfield Foods Inc SFII.UL in the United States, where wet weather has reduced plantings. (Full Story)

One source said Smithfield Foods likely ordered five to 10 corn shipments from Brazil, which are expected to be loaded onto ships between September and January.

Adding to the bearish outlook is U.S. President Donald Trump's proposal to slap new tariffs on Mexican-made goods starting June 10, if Mexico does not halt the flow of illegal immigration, largely from Central America, across the U.S.-Mexican border. ( Full Story)

Mexico is a top buyer of U.S. corn. Those tariffs would gradually rise to 25% by Oct. 1 if Mexico does not satisfy Trump's demands.

			Net	Pct	Volume
		Last	change	change	
CBOT wheat	WN9	490.75	-16.50	-3.2	91714

CBOT corn	CN9	414.75	-10.50	-2.5	213827
CBOT soybeans	SN9	869.75	-12.00	-1.4	120198
CBOT soymeal	SMN9	317.70	-3.30	-1.0	51001
CBOT soyoil	BON9	27.22	-0.27	-1.0	44728

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