

## Grain Market Update 12/16/16

The big news in the market this week was the Federal Reserve raising interest rates a quarter of a percent. This has been expected since the last Fed meeting and the election, but this is only the second rate increase in the last decade. This along with the dollar surging has pushed the grain markets down for the week. With Trump promising tax reform and corporate tax rate cuts the dollar has been up steadily since the election.

Informa updated their acreage projections and yield projections this week. Corn acres are projected at 90.15 million acres, which is 4.35 million less than last year. Soybean acres are projected at 88.9 million acres, 5.2 million more than last year. Winter wheat acres projected at 33.2 million acres, down 2.9 million acres from last year. Switches from corn to soybeans are expected throughout the cornbelt with the current price relationship between the two.

Wheat closed down 1 ¼ for the week, while corn was down 3 ¼ for the week. Exports continue to be good for corn, wheat, and soybeans but the markets didn't respond. Cold weather across the U.S. and Russia leaves winterkill as



something to watch in the wheat market. Wheat chart illustrates the downward trending market we've since mid June.



Dry weather in South America continues to be a question for corn and soybeans. The corn chart to the left shows that we have been trending slightly higher since harvest began.

Have a great weekend!