

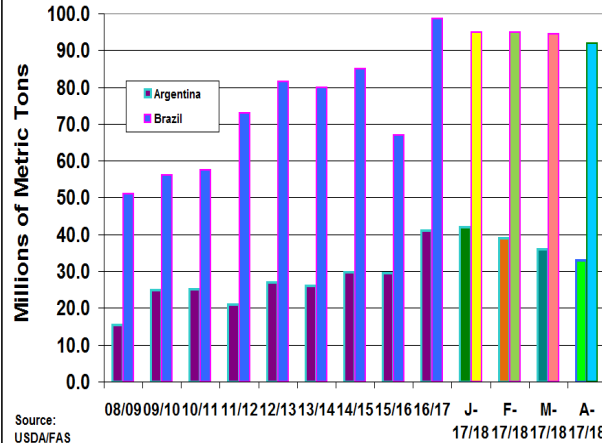
Smaller S. American crops overshadowed modest US stock changes

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U.S. Corn Supply/Demand

(Millions)	2017/18 USDA Jan	2017/18 USDA Feb	2017/18 USDA Mar	2017/18 USDA April	2018/19 USDA Ag Forum	2018/19 Price May 18
Planting Acres	90.17	90.17	90.17	90.17	90.00	88.03
Harvested Acres	82.70	82.70	82.70	82.70	82.70	80.75
Yield in Bu.	176.6	176.6	176.6	176.6	174.0	174.0
Initial Stocks	2,293	2,293	2,293	2,293	2,352	2,182
Production	14,604	14,604	14,604	14,604	14,390	14,050
Imports	50	50	50	50	50	50
Ttl Supply	16,947	16,947	16,947	16,947	16,792	16,282
Feed/Residual	5,550	5,550	5,550	5,500	5,475	5,500
Food/Seed	1,470	1,470	1,470	1,465	1,495	1,485
Ethanol	5,525	5,525	5,575	5,575	5,650	5,625
Ttl Domestic	12,545	12,545	12,595	12,540	12,620	12,610
Exports	1,925	2,050	2,225	2,225	1,900	2,050
Ttl Usage	14,470	14,595	14,820	14,765	14,520	14,660
Ending Stocks	2,477	2,352	2,127	2,182	2,272	1,622
Stks/Use Ratio	17.1%	16.1%	14.4%	14.8%	15.6%	11.1%
Trade Ave. Est.				2189		

South American Corn Output



Market Analysis

The USDA's smaller South American corn and soybean outputs and their tightening of these world carryover levels lent support to the markets after the release of this week's April report. As expected, both of Argentina's corn and bean crops were lowered because of their ongoing drought while Brazil's two outputs were mixed - beans up (+2 mmt) and corn down (-2.5 mmt). These changes and recent softening of the rhetoric in the US/China tariff scuffle may have prompted the USDA to limit changes in its US corn and soybean balance sheets this month.

In corn, March's larger quarterly stocks did prompt the USDA to lower its feed demand, but by just 50 million bu. vs. ideas of 100 million decline. Corn exports were also left unchanged despite hefty overseas sales and both Argentina (-3 mmt to 33 mmt) and Brazil (2.5 mmt to 92 mmt) crop sizes being cut. The World Board did shave 10 million bu from food demand, which prompted a 60 million rise in stocks to 2.182 billion bu.-- near the trade's average estimate. The smaller S American crops lowered the USDA's world corn stocks by 1.37 mmt to 197.8 mmt.

In soybeans, the USDA raised the US crush by 10 million bu. to 1.97 billion because of our strong domestic and overseas meal demand. Despite the 5 mmt drop in S. American (Arg -7 mmt & Brz+2 mmt) output, US exports were left unchanged given the cloud of 25% tariff being proposed on US bean imports in China. Small residual and seed usage declines left bean's old-crop stocks 5 million lower at 550 million bu. South America's smaller crops impacted the USDA's world stocks by 3.6 mmt drop to 90.8 mmt.

In wheat, the USDA sliced US feed demand by 30 million bu because of its price relationship vs. other course grains in the US. This raised wheat's old-crop stock level to 1.064 billion. World stocks were also raised 2.33 to 271.22 mmt due to a multi-year change in Iran's wheat demand boosting April's beginning stocks & a jump in Morocco's crop.

U.S. Soybean Supply/Demand

(Millions)	2017/18 USDA Jan	2017/18 USDA Feb	2017/18 USDA Mar	2017/18 USDA April	2018/19 USDA Ag Forum	2018/19 Price May 18
Planted Acres	90.14	90.14	90.14	90.14	90.00	88.98
Harvested Acres	89.52	89.52	89.52	89.52	89.10	88.10
Yield in Bu.	49.1	49.1	49.1	49.1	48.5	48.5
Initial Stocks	302	302	302	302	530	550
Production	4,392	4,392	4,392	4,392	4,320	4,265
Imports	25	25	25	25	25	25
Ttl Supply	4,718	4,718	4,718	4,718	4,875	4,840
Crush	1,950	1,950	1,960	1,970	1,980	1,990
Seed	106	106	106	103	106	107
Residual	33	33	33	30	29	33
Ttl Domestic	2,089	2,089	2,099	2,103	2,115	2,130
Exports	2,160	2,100	2,065	2,065	2,300	2,150
Ttl Usage	4,249	4,189	4,164	4,168	4,415	4,280
Ending Stocks	470	530	555	550	460	560
Stks/Use Ratio	11.1%	12.6%	13.3%	13.2%	10.4%	13.1%
Trade Ave. Est.				574		

U.S. Wheat Supply/Demand

(Millions)	2017/18 USDA Jan	2017/18 USDA Feb	2017/18 USDA Mar	2017/18 USDA April	2018/19 USDA Ag Forum	2018/19 Price May 18
Planting Acres	46.01	46.01	46.01	46.01	46.50	46.68
Harvested Acres	37.59	37.59	37.59	37.59	38.80	38.25
Yield in Bu.	46.3	46.3	46.3	46.3	47.4	47.4
Initial Stocks	1,181	1,181	1,181	1,181	1,009	1,064
Production	1,741	1,741	1,741	1,741	1,839	1,815
Imports	155	155	155	155	135	135
Ttl Supply	3,076	3,076	3,076	3,076	2,983	3,014
Food	950	955	955	955	955	955
Seed	62	62	62	62	62	62
Feed/Residual	100	100	100	70	110	100
Ttl Domestic	1,112	1,117	1,117	1,087	1,127	1,117
Export	975	950	925	925	925	925
Ttl Usage	2,087	2,067	2,042	2,012	2,052	2,042
End Stocks	989	1,009	1,034	1,064	931	972
Stks/Use Ratio	47.4%	48.8%	50.7%	52.9%	45.4%	47.6%
Trade Ave. Est.				1,036		

What's Ahead The market has digested the latest S. American crop numbers and modest USDA old-crop balance sheet changes. Given 2018's smaller US corn and soybean planting intentions, the focus is likely switching to the US planting season and its yield implications. With smaller seedings, US yields have become a main price factor along with the current Chinese trade conflict. **Look to add to sales on price strength.**

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