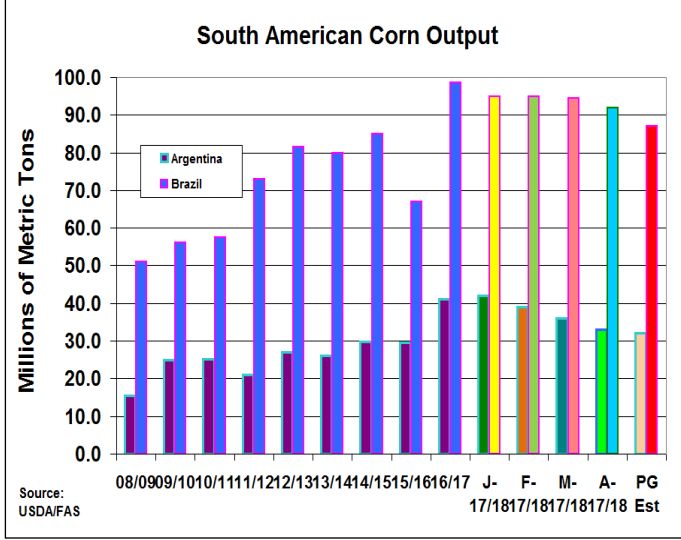
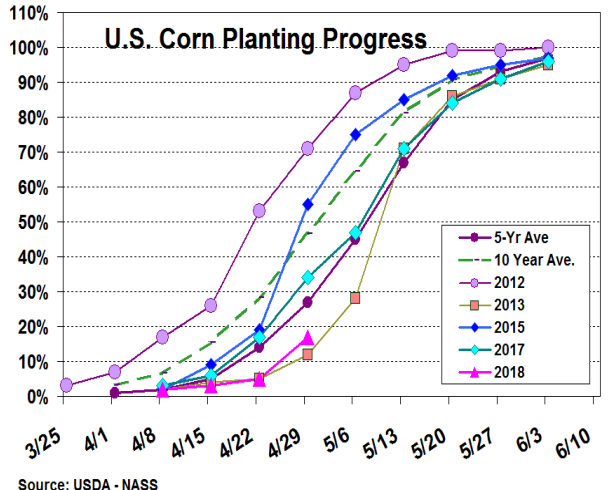
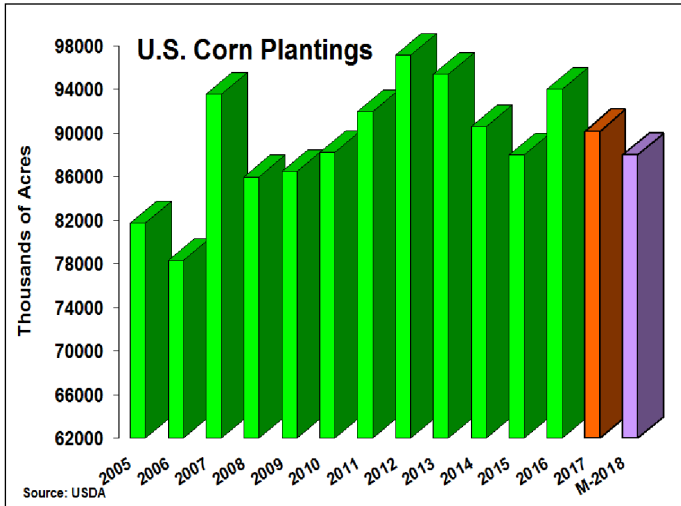


Lower US & S. American outputs can tighten both old & new crop stocks

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	2017/18 USDA Feb	2017/18 USDA Mar	2017/18 USDA April	2017/18 Price May	2018/19 USDA Ag Forum	2018/19 Price May 18
(Millions)						
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	5,500	5,500	5,475	5,500
Food/Seed	1,470	1,470	1,465	1,465	1,495	1,485
Ethanol	5,525	5,575	5,575	5,575	5,650	5,650
Ttl Domestic	12,545	12,595	12,540	12,540	12,620	12,635
Exports	2,050	2,225	2,225	2,225	1,900	2,050
Ttl Usage	14,595	14,820	14,765	14,765	14,520	14,685
Ending Stocks	2,352	2,127	2,182	2,182	2,272	1,597
Stks/Use Ratio	16.1%	14.4%	14.8%	14.8%	15.6%	10.9%

Market Analysis

Corn's main focus has switched to the US planting season after the March 29 planting intentions survey. This report's larger-than-expected 2.14 million acre drop in US seedings and April's near record average cold temperatures across the eastern 2/3rds of US added to the market's anxiety nerviness. With soil temperatures below the optimal 50 degree germination level across most of the US Corn Belt, 2018's corn plantings have been sluggish. Through April 30, the USDA reported only 17% of US corn crop had been planted; 10% below the 5 year average & 17% behind last year. Significant progress in IL (+28% to 32%) & MO (+36% to 52%) occurred, but very limited planting across the Northern Plains and Lakes states because of cold soils left planters in their sheds. This may remain a limiting factor going forward this spring.

With the USDA issuing their initial 2018/19 US and World balance sheets this month, S. America's corn crops remain important to world supplies and trade in both crop years. Brazil's dry season has already begun across its important northern and central safrinha growing regions with no rainfall in their 2 week forecast. This suggests their late planted 2nd crop output may decline by another 4-5 mmt to 87 mmt. If Argentina's crop drops another 1 mmt to 32 mmt, this could add 170-200 million bu. in US 2018/19 corn exports.

After April's 50 million bu. drop in feed demand because of larger-than expected quarterly stocks levels, no changes in the old-crop demand rates are expected this month. Export sales are ahead of their seasonal pace, but sluggish shipments that need to average 52 million per week suggests no change. High stocks may have slowed US ethanol output recently, but the summer driving season is ahead. The big stock change comes in 2018/19 when the USDA uses its 88 million planting intention and its Ag Forum yield trend producing a 550 million smaller crop.

What's Ahead Utilizing these smaller US supplies, the USDA's Ag Forum general domestic demand forecasts and a higher export output (+150 million bu.) because of Brazil's lower safrinha corn crop, the USDA's initial ending stocks could begin near 1.6 billion bu. Given a new crop stocks-to-use ratio at its lowest level since 2013/14 (below 11%), **crop scares later this season should provide better selling opportunities.**

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