

Higher demand lift corn & beans while lower Russian crop rallies wheat

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U.S. Corn Supply/Demand

(Millions)	2017/18		2017/18		2017/18		2017/18		2018/19		2018/19	
	USDA Mar	USDA April	USDA May	Price June Est	USDA May	Price June Est	USDA May	Price June Est	USDA May	Price June Est	USDA May	Price June Est
Planting Acres	90.17	90.17	90.17	90.17	88.03	88.03						
Harvested Acres	82.70	82.70	82.70	82.70	80.70	80.70						
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	2,182	2,102						
Production	14,604	14,604	14,604	14,604	14,040	14,040						
Imports	50	50	50	45	50	50						
Ttl Supply	16,947	16,947	16,947	16,942	16,272	16,192						
Feed/Residual	5,550	5,500	5,500	5,500	5,375	5,350						
Food/Seed	1,470	1,465	1,465	1,465	1,490	1,490						
Ethanol	5,575	5,575	5,575	5,575	5,625	5,675						
Ttl Domestic	12,595	12,540	12,540	12,540	12,490	12,515						
Exports	2,225	2,225	2,225	2,300	2,100	2,100						
Ttl Usage	14,820	14,765	14,765	14,840	14,590	14,615						
Ending Stocks	2,127	2,182	2,182	2,102	1,682	1,577						
Stks/Use Ratio	14.4%	14.8%	14.8%	14.2%	11.5%	10.8%						
Trade Ave. Est.				2.166		1.663						

U.S. Soybean Supply/Demand

(Millions)	2017/18		2017/18		2017/18		2017/18		2018/19		2018/19	
	USDA Mar	USDA April	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June
Planting Acres	90.14	90.14	90.14	90.14	88.98	88.98						
Harvested Acres	89.52	89.52	89.52	89.52	88.20	88.20						
Yield in Bu.	49.1	49.1	49.1	49.1	48.5	48.5						
Initial Stocks	302	302	302	302	530	505						
Production	4,392	4,392	4,392	4,392	4,280	4,280						
Imports	25	25	25	25	25	25						
Ttl Supply	4,718	4,718	4,718	4,718	4,835	4,810						
Crush	1,960	1,970	1,990	2,015	1,995	2,000						
Seed	106	103	103	103	103	103						
Residual	33	30	30	30	32	32						
Ttl Domestic	2,099	2,103	2,123	2,148	2,130	2,135						
Exports	2,065	2,065	2,065	2,065	2,290	2,290						
Ttl Usage	4,164	4,168	4,188	4,213	4,420	4,425						
Ending Stocks	555	550	530	505	415	385						
Stks/Use Ratio	13.3%	13.2%	12.7%	12.0%	9.4%	8.7%						
Trade Ave. Est.				522		417						

Market Analysis

The USDA's higher-than-expected old-crop demand forecasts provided some initial support to corn and soybean prices after the release of June's US supply/demand revisions. Wheat, however, had the strongest post-report price recovery when the US winter wheat crop was only revised up by half of 1% (6 million bu.) & the USDA reduced its Russian wheat crop by 5% from last month & 19.5% from 2017's record output tightening world supplies. On the close, soy values waned on the potential that the US may still implement its \$50 billion in Chinese tariffs scheduled for this Friday, June 15. The upcoming June 30 US acreage & quarterly stocks reports also remain important market factors in the near-term horizon for 2018/19 crop years.

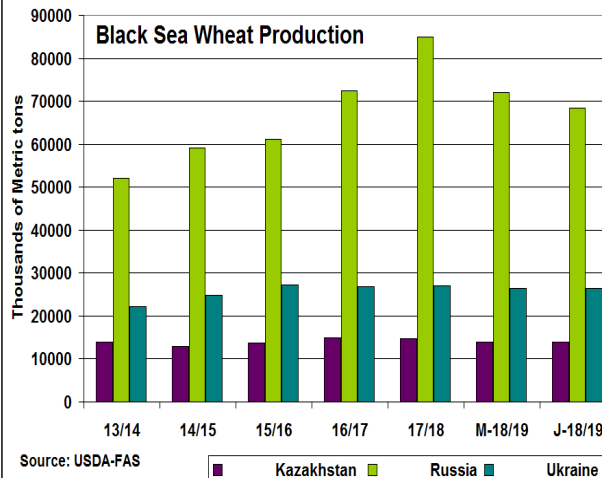
This month's 75 million bu. increase in old-crop US corn exports was justified after looking at our seasonal sales pace and as the USDA reduced Brazil's corn crop by another 2 mmt to 85 mmt. This drop in corn's old-crop stocks along with an increase in 2018/19's ethanol demand now projects the coming year's carryover under 1.6 billion bu. This would be lowest stocks since 2013/14 crop year. Interestingly, the current Russian dryness prompted the USDA to cut their 2018/19 corn forecast by 4 mmt to 15 mmt, but they didn't increase the US new-crop exports this month.

The USDA also advanced its old-crop soybean crush by 25 million bu. slicing stocks by a similar amount vs. 5-10 million trade average. This smaller 2018/19 beginning stocks and no downward change in new-crop exports also slipped the coming year's carryover to 385 million bu.

In wheat, June's old-crop exports were shaved another 10 million prompting a rise in old-crop stocks 1.08 billion. However, the USDA's 25 million bu. US export increase because of Russia's 3.5 mmt smaller crop to 68.5 mmt and 2018's sharp drop from last year's 85 mmt output also compensated for this month's minor 3 million increase in both US hard red and white wheat varieties.

U.S. Wheat Supply/Demand

(Millions)	2017/18		2017/18		2017/18		2017/18		2018/19		2018/19	
	USDA Mar	USDA April	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June	USDA May	USDA June
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	39.10						
Yield in Bu.	46.3	46.3	46.3	46.3	47.4	47.1						
Initial Stocks	1,181	1,181	1,181	1,181	1,070	1,080						
Production	1,741	1,741	1,741	1,741	1,821	1,827						
Imports	155	155	155	155	135	135						
Ttl Supply	3,076	3,076	3,076	3,076	3,027	3,043						
Food	955	955	963	963	965	965						
Seed	62	62	63	63	62	62						
Feed/Residual	100	70	70	70	120	120						
Ttl Domestic	1,117	1,087	1,096	1,096	1,147	1,147						
Export	925	925	910	900	925	950						
Ttl Usage	2,042	2,012	2,006	1,996	2,072	2,097						
End Stocks	1,034	1,064	1,070	1,080	955	946						
Stks/Use Ratio	50.7%	52.9%	53.4%	54.1%	46.1%	45.1%						
Trade Ave. Est.				1079		958						



What's Ahead After this month's demand increases and slightly smaller stocks, Russia's and the Central US growing conditions along the US/Chinese trade talks will be the market's main focus near-term. **With the investing public heavily short the CBOT markets, opportunities could occur to advance old-crop corn sales at 65-70% and finalize bean sales at \$3.90-\$3.95 and \$9.77-\$9.90 ranges, basis July.**

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