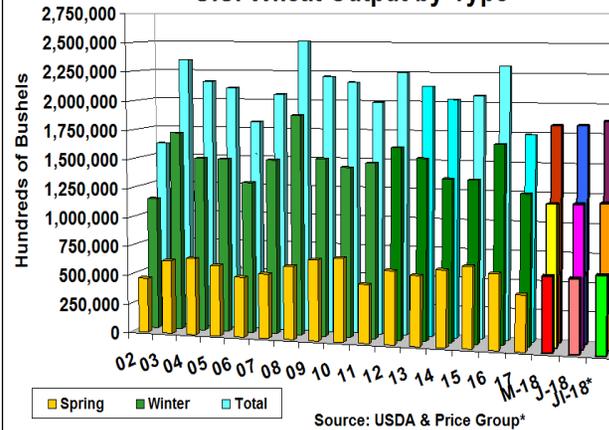


Higher US seedings up crops, but demand counters except beans

U.S. Wheat Supply/Demand

(Millions)	2017/18 USDA May	2017/18 USDA June	2017/18 Price July Est.	2018/19 USDA May	2018/19 USDA June	2018/19 Price July Est.
Planting Acres	46.01	46.01	46.01	47.34	47.34	47.82
Harvested Acres	37.59	37.59	37.59	38.90	38.90	39.57
Yield in Bu.	46.3	46.3	46.3	46.8	46.9	47.1
Initial Stocks	1,181	1,181	1,181	1,070	1,080	1,100
Production	1,741	1,741	1,741	1,821	1,827	1,865
Imports	155	155	155	135	135	135
Ttl Supply	3,076	3,076	3,076	3,027	3,043	3,100
Food	963	963	963	965	965	965
Seed	63	63	63	62	62	62
Feed/Residual	70	70	50	120	120	120
Ttl Domestic	1,096	1,096	1,076	1,147	1,147	1,147
Export	910	900	900	925	950	980
Ttl Usage	2,006	1,996	1,976	2,072	2,097	2,127
End Stocks	1,070	1,080	1,100	955	946	973
Stks/Use Ratio	53.4%	54.1%	55.7%	46.1%	45.1%	45.7%

U.S. Wheat Output by Type



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Market Analysis

After last week's US acreage report showed higher plantings than expected for many crops, the trade's focus has switched to the ending stocks for these crops and the impact of today's US and Chinese tariff announcements on the US soybean trade going forward. With the US corn crop's pollination period occurring over the next 3 weeks, the trade will also be watching the central US forecast. Mid 90s or higher daytime temperatures can damage corn's pollen while high overnight minimum temperatures (mid 70s and above) can reduce yields because of excessive night time respiration reducing the energy flow to the ear's development.

Last week's larger-than-expected spring wheat seedings and recent harvest reports of better-than-expected winter wheat yield results has us expecting a 35 million bu. rise in spring output and 12 million bu. increase in the winter crop to 1.864 billion bu. Last month's 20 million bu. higher wheat ending stocks also adds to US supplies, but recent cuts in the Russian, Ukrainian, and EU crops because of dryness could boost US exports. This should keep the US carryover at 973 million bu. vs 946 million in June. The USDA will also be projecting 2018's small grain (oats and barley) output while no official corn and soybean survey work occurs until August.

With no strong history of the USDA changing its corn or soybean US yields until August, June's 1.1 million higher plantings will still raise corn's crop size by 188 million to 14.228 billion bu. With Brazil, the Black Sea and Europe all experiencing shortfalls, a higher export level by 150 million bu. seems likely resulting in just a 38 million rise in corn's US stocks to 1.615 billion this month. The impact of the Tariff War will center on soybeans exports - a likely 35 million old-crop cut and 50 million new-crop reduction. Crush increases will counter these declines, but a 30 million larger crop will push stocks to 465 million bu.

U.S. Corn Supply/Demand

(Millions)	2017/18 USDA May	2017/18 USDA June	2017/18 Price July Est.	2018/19 USDA May	2018/19 USDA June	2018/19 Price July Est.
Planting Acres	90.17	90.17	90.17	88.03	88.03	89.13
Harvested Acres	82.70	82.70	82.70	80.70	80.70	81.77
Yield in Bu.	176.6	176.6	176.6	174.0	174.0	174.0
Initial Stocks	2,293	2,293	2,293	2,182	2,102	2,102
Production	14,604	14,604	14,604	14,040	14,040	14,228
Imports	50	45	45	50	50	50
Ttl Supply	16,947	16,942	16,942	16,272	16,192	16,380
Feed/Residual	5,500	5,500	5,450	5,375	5,350	5,350
Food/Seed	1,465	1,465	1,465	1,490	1,490	1,490
Ethanol	5,575	5,575	5,575	5,625	5,675	5,675
Ttl Domestic	12,540	12,540	12,490	12,490	12,515	12,515
Exports	2,225	2,300	2,350	2,100	2,100	2,250
Ttl Usage	14,765	14,840	14,840	14,590	14,615	14,765
Ending Stocks	2,182	2,102	2,102	1,682	1,577	1,615
Stks/Use Ratio	14.8%	14.2%	14.2%	11.5%	10.8%	10.9%

U.S. Soybean Supply/Demand

(Millions)	2017/18 USDA May	2017/18 USDA June	2017/18 Price July Est.	2018/19 USDA May	2018/19 USDA June	2018/19 Price July Est.
Planted Acres	90.14	90.14	90.14	88.98	88.98	89.56
Harvested Acres	89.52	89.52	89.52	88.20	88.20	88.86
Yield in Bu.	49.1	49.1	49.1	48.5	48.5	48.5
Initial Stocks	302	302	302	530	505	525
Production	4,392	4,392	4,392	4,280	4,280	4,310
Imports	25	25	25	25	25	25
Ttl Supply	4,718	4,718	4,718	4,835	4,810	4,860
Crush	1,990	2,015	2,030	1,995	2,000	2,020
Seed	103	103	103	103	103	103
Residual	30	30	30	32	32	32
Ttl Domestic	2,123	2,148	2,163	2,130	2,135	2,155
Exports	2,065	2,065	2,030	2,290	2,290	2,240
Ttl Usage	4,188	4,213	4,193	4,420	4,425	4,395
Ending Stocks	530	505	525	415	385	465
Stks/Use Ratio	12.7%	12.0%	12.5%	9.4%	8.7%	10.6%

What's Ahead: A post tariff announcement relief rally has begun. However, a report of trade negotiations beginning and hot and dry weather returning to the central US are needed to sustain today's soybean and corn price recoveries. Thursday's bean demand levels will be curtailed. **Utilize August \$8.85-8.98 values to sell final 10% of old-crop beans and move up old-crop corn sales to 60-70% on \$3.67-\$3.77 Sept strength.**

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