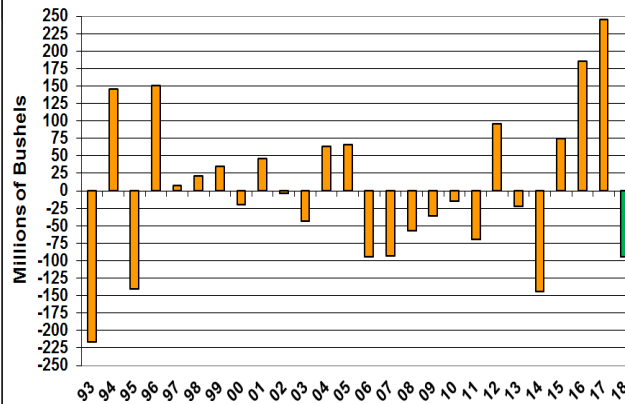


## Smaller-than-expected US corn & soybeans crops rebound values

### U.S. Corn Supply/Demand

(Millions)	2017/18	2017/18	2018/19	2018/19	2018/19	2018/19
	USDA Oct	USDA Oct	USDA Aug	USDA Sept	USDA Oct	USDA Nov
Planting Acres	90.17	90.17	89.13	89.13	89.14	89.14
Harvested Acres	82.70	82.70	81.77	81.77	81.77	81.77
Yield in Bu.	176.6	176.6	178.4	181.3	180.7	178.9
Initial Stocks	2,293	2,293	2,027	2,002	2,140	2,140
Production	14,604	14,604	14,586	14,827	14,778	14,626
Imports	36	36	50	50	50	50
Ttl Supply	16,933	16,933	16,664	16,879	16,968	16,816
Feed/Residual	5,302	5,298	5,525	5,575	5,550	5,500
Food/Seed	1,453	1,453	1,480	1,480	1,480	1,480
Ethanol	5,601	5,605	5,625	5,650	5,650	5,650
Ttl Domestic	12,355	12,355	12,630	12,705	12,680	12,630
Exports	2,438	2,438	2,350	2,400	2,475	2,450
Ttl Usage	14,793	14,793	14,980	15,105	15,155	15,080
Ending Stocks	2,140	2,140	1,684	1,774	1,813	1,736
Stks/Use Ratio	14.5%	14.5%	11.2%	11.7%	12.0%	11.5%
Trade Ave. Est.						1773

### USDA November Corn Output vs. Average Trade Estimate



Source: USDA & Reuters

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### Market Analysis

The USDA stunned the market when they (1) used recently revised Chinese corn crop and stocks numbers (out 11/7) in their world data and (2) dramatically slashed US bean exports by 160 million bu. just 3 weeks ahead of the first US/China trade talks in 6 months at the G-20 meetings on Nov 30. However, lower-than-expected US corn (-96 mil bu.) and bean (-76 mil bu.) crops vs. the trade average estimates helped rebound prices in the final 90 minutes when country selling didn't materialize.

In corn, this month's sharp WCB yield cuts (MN -7 bu, IA -6 and SD -6) and 2 bu lower IL and WI yields lead to a 1.8 bu lower US yield of 178.9 bu. vs. last month and a 152 million smaller overall crop. The USDA did slice feed demand (-50 mil) and exports (-25 mil bu.), but Nov's US ending stocks still declined by 77 million to 1.736 billion bu. The confusing factor was USDA decision to meld the latest higher Chinese corn output and balance sheet data without revising October's data series. This resulted in a new 307.5 mmt world stocks vs. last month's 159.4 mmt level in the tables. However, If China is taken out of both world data series, corn's world ending stocks actually tightened by about 1 mmt this month..

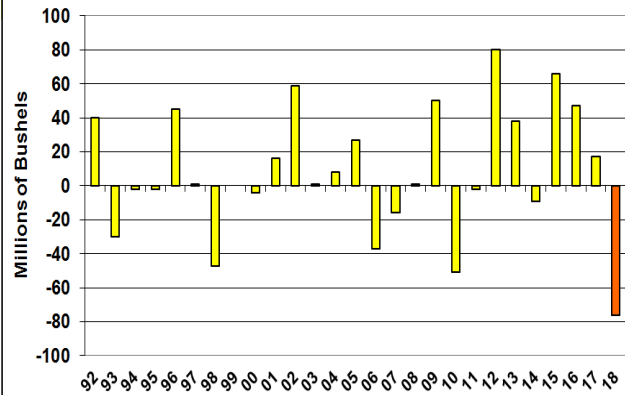
In soybeans, the US average yield dropped by 1.0 bu. to 52.1 bu. This year's excessive moisture across the W Midwest (IA-3 bu., NE -1, & SD -1) last spring and again this fall along with lower IL (-2 bu) & WI (-1) yields lead to Nov's 90 million lower US bean crop. The USDA did up its 2018/19 crush by 10 million, but dropped its seed by 7 mil. because of their sharp 6.6 million cut in 2019 Baseline plantings to 82.5 mil. acres. The big surprise was the sharp 160 mil bu. export cut in one month vs. a stair-step decline once more knowledge is known later this month.

In wheat, the USDA also upped seed demand by 7 mil to match their Baseline 51.5 million seedings. This cut 2018/19's stocks by 7 million to 949 million bu.

### U.S. Soybean Supply/Demand

(Millions)	2017/18	2017/18	2018/19	2018/19	2018/19	2018/19
	USDA Oct	USDA Nov	USDA Aug	USDA Sept	USDA Oct	USDA Nov
Planted Acres	90.14	90.14	89.56	89.56	89.15	89.15
Harvested Acres	89.52	89.52	88.86	88.86	88.35	88.35
Yield in Bu.	49.3	49.3	51.6	52.8	53.1	52.1
Initial Stocks	302	302	430	395	438	438
Production	4,411	4,411	4,586	4,693	4,690	4,600
Imports	22	22	25	25	25	25
Ttl Supply	4,734	4,734	5,041	5,113	5,153	5,063
Crush	2,055	2,055	2,060	2,070	2,070	2,080
Seed	104	104	103	103	103	96
Residual	8	8	33	34	34	32
Ttl Domestic	2,167	2,167	2,196	2,207	2,207	2,208
Exports	2,129	2,129	2,060	2,060	2,060	1,900
Ttl Usage	4,296	4,296	4,256	4,267	4,267	4,108
Ending Stocks	438	438	785	845	885	955
Stks/Use Ratio	10.2%	10.2%	18.4%	19.8%	20.7%	23.2%
Trade Ave. Est.						898

### USDA November Soybeans Output vs. Average Trade Estimate



Source: USDA & Reuters

**What's Ahead** The commercials need to secure US corn supplies for export and soybeans for US processing as the US harvest winds down suggests the market will be quite sensitive to weather and trade news. The current fund short positions keep us optimistic about **near-term strength above Dec's \$3.78 and Jan's \$8.95 levels opening up 10-15 cent rally for advancing another 20% sales in corn and soybeans.**

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