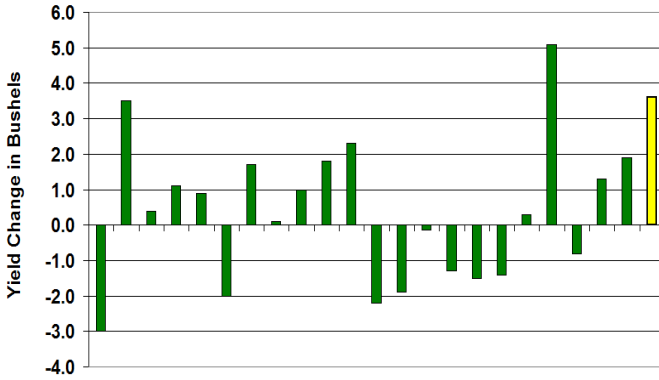


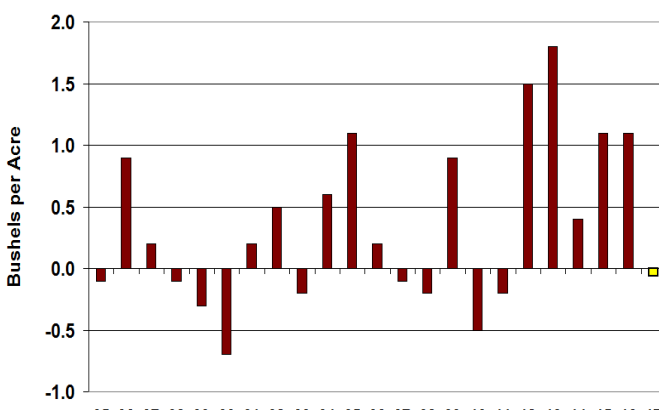
Slight US crop changes expected with corn up & soybeans down

U.S. Corn Yield Changes
October to November



Source: USDA

U.S. Soybean Yield Changes
October to November



Source: USDA
NASS

U.S. Corn Supply/Demand

(Millions)	2017/18 USDA Sept	2017/18 USDA Oct	2018/19 USDA Aug	2018/19 USDA Sept	2018/19 USDA Oct	2018/19 Price Nov Est
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	179.3
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	14,660
Imports	40	36	50	50	50	50
Ttl Supply	16,937	16,933	16,664	16,879	16,968	16,850
Feed/Residual	5,450	5,302	5,525	5,575	5,550	5,550
Food/Seed	1,460	1,453	1,480	1,480	1,480	1,480
Ethanol	5,600	5,601	5,625	5,650	5,650	5,650
Ttl Domestic	12,510	12,355	12,630	12,705	12,680	12,680
Exports	2,425	2,438	2,350	2,400	2,475	2,475
Ttl Usage	14,935	14,793	14,980	15,105	15,155	15,155
Ending Stocks	2,002	2,140	1,684	1,774	1,813	1,695
Stks/Use Ratio	13.4%	14.5%	11.2%	11.7%	12.0%	11.2%
Trade Ave. Est.						1773

U.S. Soybean Supply/Demand

(Millions)	2017/18 USDA Sept	2017/18 USDA Oct	2018/19 USDA Aug	2018/19 USDA Sept	2018/19 USDA Oct	2018/19 Price Nov Est
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.	49.1	49.3	51.6	52.8	53.1	52.5
Initial Stocks	302	302	430	395	438	438
Production	4,392	4,411	4,586	4,693	4,690	4,637
Imports	22	22	25	25	25	25
Ttl Supply	4,716	4,734	5,041	5,113	5,153	5,100
Crush	2,055	2,055	2,060	2,070	2,070	2,070
Seed	104	104	103	103	103	103
Residual	32	8	33	34	34	34
Ttl Domestic	2,191	2,167	2,196	2,207	2,207	2,207
Exports	2,130	2,129	2,060	2,060	2,060	2,060
Ttl Usage	4,321	4,296	4,256	4,267	4,267	4,267
Ending Stocks	395	438	785	845	885	833
Stks/Use Ratio	9.1%	10.2%	18.4%	19.8%	20.7%	19.5%
Trade Ave. Est.						898

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Market Analysis

The upcoming USDA's crop report has the trade anticipating slightly lower US corn and soybean crops resulting in modest changes in each upcoming 2018/19 balance sheets on November 8. A wire service survey is projecting 57 million drop in the US corn output to 14.721 billion bu. crop while this same trade group is expecting a 14 million bu. decline in the US soybean crop to 4.676 billion bu. This will mean a 0.7 bu. drop in the US corn yield to 180.0 while soybeans' average US yield may slip just 0.2 bu to 52.9 bu. from last month's 53.1 level.

This year's US harvest has been two sided. The ECB has processed at or ahead of its normal pace in most places, It has been quite different west of the Mississippi. Excessive rains across northern IA and southern MN delayed planting in May and early June. Above normal heat during summer and heavy rains from last half Sept. into mid-Oct. has impacted corn's harvest and increased field losses. Recent field updates from this region haven't been a strong as out East. Despite corn's Nov yield being higher than Oct in 4 of the last 5 years, we anticipate 1.4 bu. decline to 179.3 bu. this month. This could produce a 118 million smaller crop resulting in similar decline in corn's US carryover since the USDA isn't likely to change its demand forecast this month.

In soybeans, recent W. Midwest field reports haven't been impressive and reports of field losses & seed damage have surfaced from this fall's excessive rainfall. Despite 6 of the past 10 years of higher Nov US bean yields than Oct, we expect a 0.6 bu. lower yield from the current record 53.1 bu. US level. This 53 million bu. smaller crop will also likely drop soybeans' carryover level since the USDA isn't likely to adjust its 2018/19 soy demand levels this early in the year. However, US ending stocks will remain about 400 million higher than last year.

With no US wheat update, no US stock change likely.

What's Ahead This month's US production levels remain important. However, the seasonal need to move supplies through our US river system for export before it closes in early December and US/China trade news ahead of Nov 30 G-20 meeting will likely drive US CBOT prices this month. **Be prepared to advance sales 20% if action above Dec's \$3.78 and Jan's \$8.95 opens up 10-15 cent rally potential in corn and beans.**

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