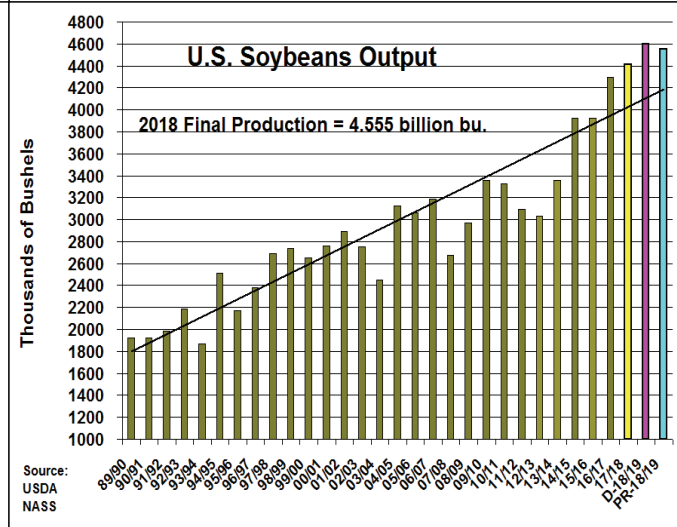
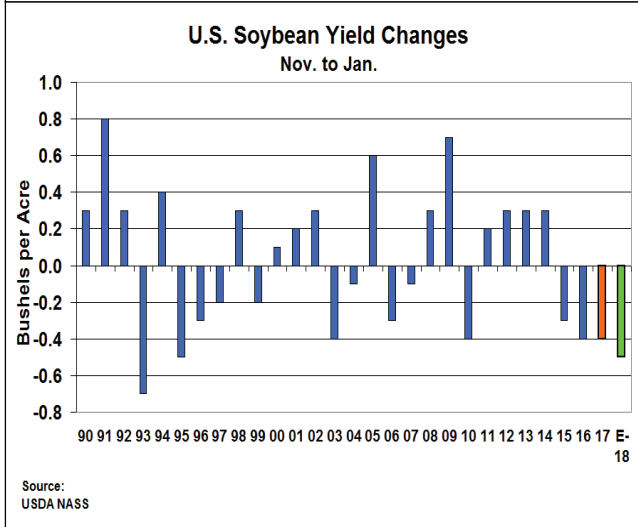
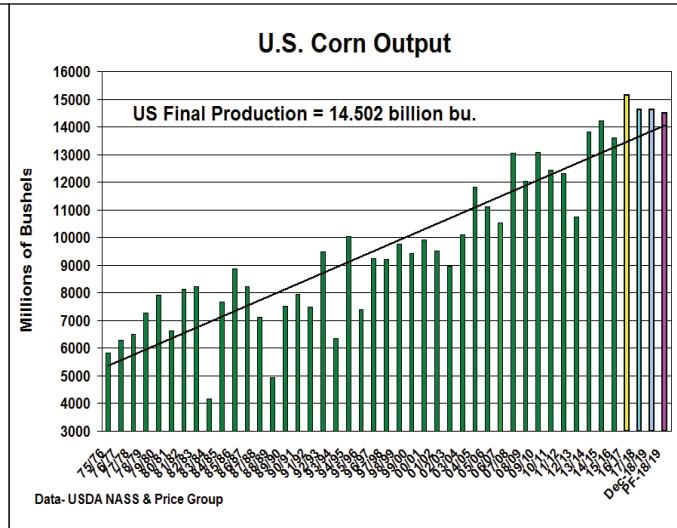
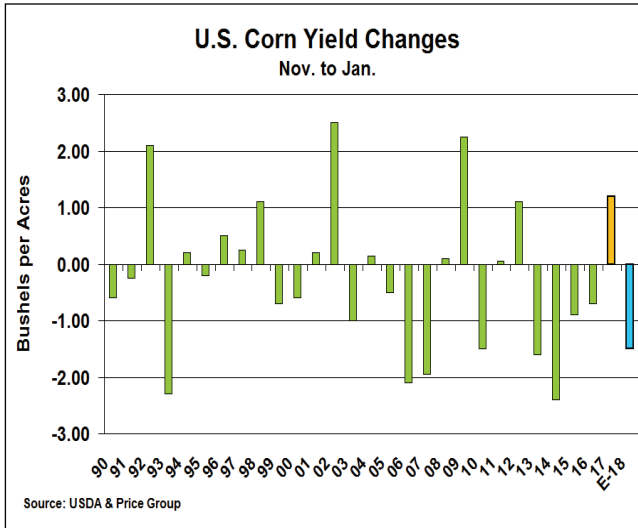


Lower US corn & soybean crops are expected next month

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Market Analysis

As the commodity markets end 2018, the main focus remains on US/China trade tensions. How many soybeans will Beijing buy during the current pause and will the two countries work out a deal over the trade differences. However, the final sizes of 2018 major row crops will also be important if they are released on January 11. These crop changes aren't normally very large, but the direction and the size of these final adjustments can set a tone for both corn and soybean markets.

In corn, 2018's US yield estimate started out strong with the weekly crop ratings suggesting a excellent crop potential. This occurred despite a stretch of heavy rainfall across the northern half of Iowa and southern third of Minnesota that delayed plantings into first half of June. With the eastern US having a strong growing season, 2018's US yield advanced to 181.3 bu./acre. However, a difficult October/November Midwest harvest of excessive rains and eventually snows impacted the corn crop, particularly in the WCB where plantings had been delayed. The USDA shaved 2.4 bu. from its early yield estimate by November. Given the tendency of a decline in the US corn yield in 5 out the last 8 years and potential higher field losses this past fall, January's yield could drop another 1.5 bu. to 177.4 bu. This could mean a potential 123 million bu. drop for a 14.503 billion bu. US crop.

In soybeans, excessive rains also delayed seedings in IA and MN during 2018's growing season while dryness across MO and eastern KS also occurred last summer. Strong eastern Midwest early harvest yields pushed the USDA's US yield to 53.1 bu. before WCB and later season results trimmed 1 bu from this level by November. Given the 6% of beans still in field on Nov 18 and no yield tendency from Nov to Jan over the past 8 year, we see another 0.5 yield drop to 51.6 bu. This would mean a possible 44 million decline to 4.555 billion bu.

What's Ahead With the Federal Government currently in a partially shutdown because of a border security dispute between President and the Congress, this year's final crop output report could be delayed past January 11, but it will be issued when its possible. **This year's output levels still remain important to the corn and soybean markets, but diplomatic news remains the trade's overriding cloud.** Jerry Gidel

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