

Lower exports up corn & wheat stocks, but S Am crop limit beans

U.S. Corn Supply/Demand

(Millions)	2017/18	2018/19	2018/19	2018/19	2019/20	2019/20
	USDA Feb	USDA Dec	USDA Feb	USDA Mar	Ag Outlk Est	Price Est
Planting Acres	90.17	89.14	89.13	89.13	92.00	91.90
Harvested Acres	82.73	81.77	81.74	81.74	84.60	84.90
Yield in Bu.	176.6	178.9	176.4	176.4	176.0	175.5
Initial Stocks	2,293	2,140	2,140	2,140	1,735	1,835
Production	14,609	14,626	14,420	14,420	14,890	14,900
Imports	36	45	40	40	40	50
Ttl Supply	16,939	16,811	16,600	16,600	16,665	16,785
Feed/Residual	5,304	5,500	5,375	5,375	5,500	5,500
Food/Seed	1,451	1,480	1,465	1,465	1,465	1,480
Ethanol	5,605	5,600	5,575	5,550	5,575	5,600
Ttl Domestic	12,360	12,580	12,415	12,390	12,540	12,580
Exports	2,438	2,450	2,450	2,375	2,475	2,400
Ttl Usage	14,798	15,030	14,865	14,765	15,015	14,980
Ending Stocks	2,140	1,781	1,735	1,835	1,650	1,805
Stks/Use Ratio	14.5%	11.8%	11.7%	12.4%	11.0%	12.0%
Trade Ave. Est.				1,736		

U.S. Wheat Supply/Demand

(Millions)	2017/18	2018/19	2018/19	2018/19	2019/20	2019/20
	USDA Jan	USDA Dec	USDA Feb	USDA Mar	Ag Outlk Est	Price Est
Planting Acres	46.01	47.80	47.80	47.80	47.00	47.81
Harvested Acres	37.59	39.61	39.61	39.61	39.80	40.31
Yield in Bu.	46.3	47.6	47.6	47.6	47.8	48.4
Initial Stocks	1,181	1,099	1,099	1,099	1,010	1,055
Production	1,741	1,884	1,884	1,884	1,902	1,951
Imports	157	140	140	145	140	140
Ttl Supply	3,078	3,123	3,123	3,128	3,052	3,146
Food	964	970	970	965	975	975
Seed	63	69	63	63	68	67
Feed/Residual	50	110	80	80	90	110
Ttl Domestic	1,078	1,149	1,113	1,108	1,133	1,152
Export	901	1,000	1,000	965	975	975
Ttl Usage	1,979	2,149	2,113	2,073	2,108	2,127
End Stocks	1,099	974	1,010	1,055	944	1,019
Stks/Use Ratio	55.5%	45.3%	47.8%	50.9%	44.8%	47.9%
Trade Ave. Est.				1,020		

Phone: (312) 264-4369
E-Mail: jgidel@pricegroup.com

Market Analysis

The USDA had some unexpected surprises on their monthly supply/demand again this month. This time it was some bigger cuts in corn's and wheat's demand (primarily in US exports) that prompted this month's higher than expected 2018/19 ending stocks levels. Interestingly, the USDA did slice this year's soybean stocks by upping the US crush outlook by 10 million bu., but the World Board's limited reduction in Brazil's crop size (-500,000 tons) vs. ideas of 1.5 to 2.0 mmt cut was a bit of a disappointment for many observers.

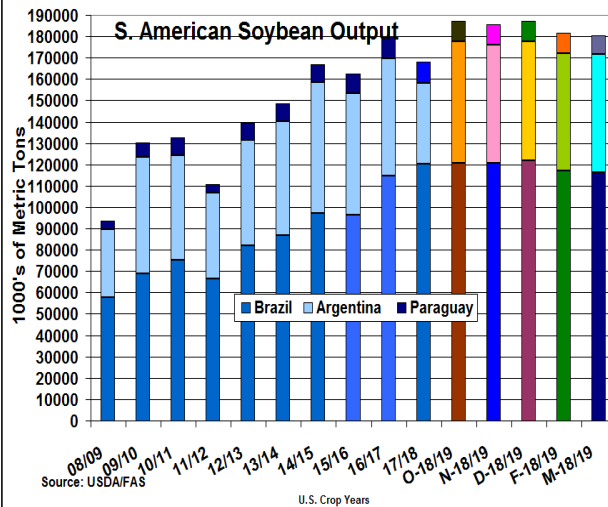
Despite the USDA slicing 75 million bu. from exports and 25 million from ethanol usage for this month's 100 million higher stocks, corn prices had a modest recovery after the numbers were released. A 1.25 mmt cut in corn's ending stocks on higher world feed demand and prices being oversold (20 cents drop in prior 2 weeks) seem to be behind the relatively stable response to negative news. However, more focus on the poor planting situation in the Delta and the SE and excessive snow levels in the WCB; plus improving US/Chinese tariff news are likely needed for a big recovery.

In wheat, the USDA's 35 million bu. export cut, 5 million lower food and 5 million higher imports on Friday's update jumped this year's stocks 30-35 million over the trade's pre-report average. However, the heavy pre-report selling that pressured KC prices 41 cents lower in previous 2 weeks and the modest condition of the US winter wheat crop lead to a slightly higher close.

Rumors of 2 mmts of additional Chinese bean buys occurred on Thursday (664,000 tons announced overnight) ahead of the USDA's balance sheet changes. However, news reports of a possible snag developing over intellectual property & subsidies that may delay the final signing of an agreement past a previously suggested March 27 date limited the soy complex's upside.

U.S. Soybean Supply/Demand

(Millions)	2017/18	2018/19	2018/19	2018/19	2019/20	2019/20
	USDA Feb	USDA Dec	USDA Feb	USDA Mar	Ag Outlk Est	Price Est
Planted Acres	90.16	89.15	89.20	89.20	85.00	85.40
Harvested Acres	89.54	88.35	88.11	88.11	84.30	84.40
Yield in Bu.	49.3	52.1	51.6	51.6	49.5	50.5
Initial Stocks	302	438	438	438	910	900
Production	4,412	4,600	4,544	4,544	4,175	4,260
Imports	22	25	20	20	20	25
Ttl Supply	4,735	5,063	5,002	5,002	5,105	5,185
Crush	2,055	2,080	2,090	2,100	2,105	2,060
Seed	104	96	96	96	93	93
Residual	9	32	31	31	37	32
Ttl Domestic	2,168	2,208	2,217	2,227	2,235	2,185
Exports	2,129	1,900	1,875	1,875	2,025	2,100
Ttl Usage	4,297	4,108	4,092	4,102	4,260	4,285
Ending Stocks	438	955	910	900	845	900
Stks/Use Ratio	10.2%	23.2%	22.2%	21.9%	19.8%	21.0%
Trade Ave. Est.				902		



What's Ahead This year's 6.7 mmt decline in S. American soy output from last fall's USDA expectations remains a significant factor for the world markets. The direction of this output and the impact of spring weather on America's producers seeding decisions are some big market factors going forward. **Hopefully, all parties in the US/China tariff negotiations know the importance of a deal needing to be done soon. Hold sales.**

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