

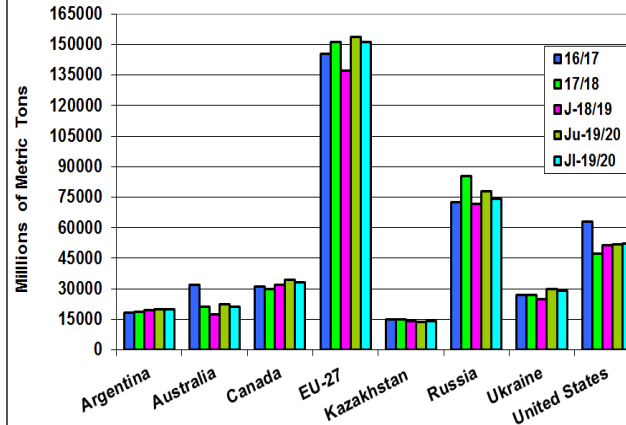
US supply/demands revised, but summer weather now the focus

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U.S. Wheat Supply/Demand

(Millions)	2018/19 USDA May	2018/19 USDA June	2018/19 USDA July	2019/20 USDA June	2019/20 USDA July	2019/20 Price Aug est.
Planting Acres	47.80	47.80	47.80	45.75	45.61	45.61
Harvested Acres	39.61	39.61	39.61	39.00	38.41	38.41
Yield in Bu.	47.6	47.6	47.6	48.7	50.0	50.3
Initial Stocks	1,099	1,099	1,099	1,102	1,072	1,072
Production	1,884	1,884	1,884	1,903	1,921	1,940
Imports	140	140	135	140	140	140
Ttl Supply	3,123	3,123	3,118	3,145	3,133	3,153
Food	960	960	960	965	965	965
Seed	62	62	60	68	68	68
Feed/Residual	50	50	91	140	150	150
Ttl Domestic	1,072	1,072	1,111	1,173	1,183	1,183
Export	925	950	936	900	950	950
Ttl Usage	1,996	2,021	2,047	2,073	2,133	2,133
End Stocks	1,127	1,102	1,072	1,072	1,000	1,020
Stks/Use Ratio	56.4%	54.5%	52.4%	51.7%	46.9%	47.8%
Trade Ave. Est.					1,043	

World Wheat Exporters Output



Source: USDA FAS

Market Analysis

This month's US 2019/20 supply/demand updates had lower than expected wheat and soybean ending stocks while corn's balance sheet had a negative slant with larger stocks than the trade average. As anticipated, all three major US crops utilized last month's acreage report levels in the World Board's supply calculations. However, the USDA left corn's US yield estimate unchanged from their June level while they shaved 1 bu in soybeans 2019/20 yield forecast. The big surprise in July's revisions was the USDA's 9.8 mmt cut in wheat's major world exporters output.

Despite higher graze out of S. Plains acres, higher wheat yields across the US Plains boosted hard red's output by 10 million bu. while higher PNW yields increased winter white wheat's crop by 5 million. US northern wheat yields were up slightly vs. last month, but smaller June plantings left output near unchanged. The big adjustment in wheat's 2019/20 US balance sheet was the 50 million bu. jump in exports because of the world's smaller output led by Russia's 3.8 mmt drop.

Soybeans lower June stocks prompted 41 million bu. higher old-crop residual level, but 20 million less in crush & seed usage left stocks only 20 million bu. smaller. However, the USDA's 1 bu yield drop sliced 2019/20's stocks to 795 million, 250 million bu. less than June.

No change in corn's 2019 yield despite 1.9 million more plantings and cuts in old-crop feed & export demand pressured prices initially. Corn's 145 million larger old-crop carryover and 195 million bu. larger 2019/20 crop size were behind the USDA's ending stocks rebound to 2 billion bu. for this grain's 2019/20 crop year. However, Midwest forecasts of hot/dry weather to resume this weekend and continue into next week along with expectations of smaller US corn plantings on August's resurvey helped firm prices into the close.

U.S. Corn Supply/Demand

(Millions)	2018/19 USDA May	2018/19 USDA June	2018/19 USDA July	2019/20 USDA June	2019/20 USDA July	2019/20 Price Aug est.
Planting Acres	89.13	89.13	89.13	89.79	91.70	88.50
Harvested Acres	81.74	81.74	81.74	82.40	83.60	80.50
Yield in Bu.	176.4	176.4	176.4	166.0	166.0	164.0
Initial Stocks	2,140	2,140	2,140	2,195	2,340	2,245
Production	14,420	14,420	14,420	13,680	13,875	13,200
Imports	35	35	35	50	50	50
Ttl Supply	16,595	16,595	16,595	15,925	16,265	15,495
Feed/Residual	5,300	5,300	5,275	5,150	5,175	5,100
Food/Seed	1,450	1,450	1,430	1,450	1,430	1,425
Ethanol	5,450	5,450	5,450	5,500	5,500	5,400
Ttl Domestic	12,200	12,200	12,155	12,100	12,105	11,925
Exports	2,300	2,200	2,100	2,150	2,150	1,900
Ttl Usage	14,500	14,400	14,255	14,250	14,255	13,825
Ending Stocks	2,095	2,195	2,340	1,675	2,010	1,670
Stks/Use Ratio	14.5%	15.2%	16.4%	11.8%	14.1%	12.1%
Trade Ave. Est.			2,197		1,692	

U.S. Soybean Supply/Demand

(Millions)	2018/19 USDA May	2018/19 USDA June	2018/19 USDA July	2019/20 USDA June	2019/20 USDA July	2019/20 Price Aug Est.
Planted Acres	89.20	89.20	89.20	84.62	80.04	82.00
Harvested Acres	88.11	88.11	88.11	83.82	79.27	81.00
Yield in Bu.	51.6	51.6	51.6	49.5	48.5	48.5
Initial Stocks	438	438	438	1,070	1,050	1,050
Production	4,544	4,544	4,544	4,150	3,845	3,930
Imports	17	17	17	20	20	20
Ttl Supply	4,999	4,999	4,999	5,240	4,915	5,000
Crush	2,100	2,100	2,085	2,115	2,115	2,115
Seed	98	98	93	96	96	96
Residual	31	31	72	34	34	34
Ttl Domestic	2,229	2,229	2,250	2,245	2,245	2,245
Exports	1,775	1,700	1,700	1,950	1,875	1,900
Ttl Usage	4,004	3,929	3,950	4,195	4,120	4,145
Ending Stocks	995	1,070	1,050	1,045	795	855
Stks/Use Ratio	24.9%	27.2%	26.6%	24.9%	19.3%	20.6%
Trade Ave. Est.			1044		812	

What's Ahead: The USDA's June 28 announcement of a major resurvey of US plantings prompted us and others to expect lower corn and higher soybeans acres on the next August crop report. This idea & the forecast of stressful weather resuming in the Midwest this weekend, shifted the markets away from July's revisions. **It remains prudent to advance soybean sales to 30-40% on price strength into Nov's \$9.30-\$9.45 range.**

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