

US seedings were dramatic, but stock changes maybe modest

U.S. Corn Supply/Demand

(Millions)	2018/19		2018/19		2019/20		2019/20	
	USDA May	USDA June	Price July est.	USDA May	USDA June	Price July est.	USDA May	Price July est.
Planting Acres	89.13	89.13	89.13	92.79	89.79	91.70		
Harvested Acres	81.74	81.74	81.74	85.40	82.40	83.60		
Yield in Bu.	176.4	176.4	176.4	176.0	166.0	163.0		
Initial Stocks	2,140	2,140	2,140	2,095	2,195	2,145		
Production	14,420	14,420	14,420	15,030	13,680	13,625		
Imports	35	35	35	35	50	50		
Ttl Supply	16,595	16,595	16,595	17,160	15,925	15,820		
Feed/Residual	5,300	5,300	5,350	5,450	5,150	5,200		
Food/Seed	1,450	1,450	1,450	1,450	1,450	1,450		
Ethanol	5,450	5,450	5,450	5,500	5,500	5,500		
Ttl Domestic	12,200	12,200	12,250	12,400	12,100	12,150		
Exports	2,300	2,200	2,200	2,275	2,150	2,100		
Ttl Usage	14,500	14,400	14,450	14,675	14,250	14,250		
Ending Stocks	2,095	2,195	2,145	2,485	1,675	1,570		
Stks/Use Ratio	14.5%	15.2%	14.8%	16.9%	11.8%	11.0%		

U.S. Soybean Supply/Demand

(Millions)	2018/19		2018/19		2019/20		2019/20	
	USDA May	USDA June	Price July est.	USDA May	USDA June	Price July est.	USDA May	Price July est.
Planting Acres	89.20	89.20	89.20	84.62	84.62	80.04		
Harvested Acres	88.11	88.11	88.11	83.82	83.82	79.27		
Yield in Bu.	51.6	51.6	51.6	49.5	49.5	50.0		
Initial Stocks	438	438	438	995	1,070	1,005		
Production	4,544	4,544	4,544	4,150	4,150	3,965		
Imports	17	17	17	20	20	40		
Ttl Supply	4,999	4,999	4,999	5,165	5,240	5,010		
Crush	2,100	2,100	2,100	2,115	2,115	2,115		
Seed	98	98	94	96	96	96		
Residual	31	31	100	34	34	34		
Ttl Domestic	2,229	2,229	2,294	2,245	2,245	2,245		
Exports	1,775	1,700	1,700	1,950	1,950	1,950		
Ttl Usage	4,004	3,929	3,994	4,195	4,195	4,195		
Ending Stocks	995	1,070	1,005	970	1,045	815		
Stks/Use Ratio	24.9%	27.2%	25.2%	23.1%	24.9%	19.4%		

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Market Analysis

The market's focus will be switching to the USDA's July 11 ending stocks for the 3 major crops after June's stunning US acreage report unexpectedly showed higher corn and lower soybean acres. Given this year's late development of the corn and soybean crops because of 2019's record planting delays, the market will also remain quite sensitive to the Midwest's weather. Regular rains will be needed to keep crops in good shape given 2019's limited root structure from last spring's excessive moisture. However, the bulk of the US corn crop's pollination period won't occur until late July and early August.

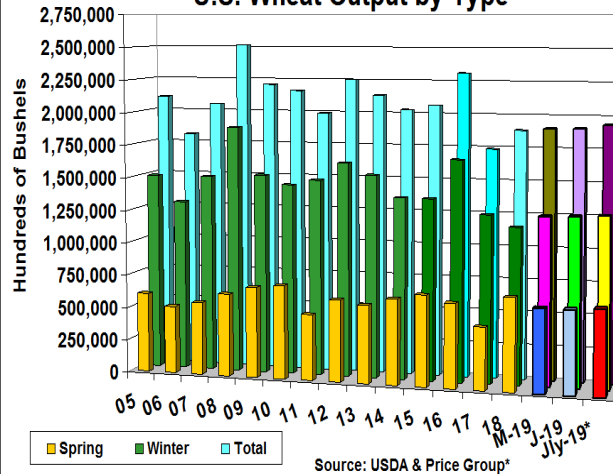
With two USDA officials alluding to the practice of utilizing the latest available data, our crop estimates will use June 28 acreage levels. However, 2019's crop ratings are 2nd lowest in the last 15 years, only 2012 is worse, could justify a further drop in 2019's corn yield by 3 bu. This will project a 13.625 billion bu. crop, similar to June's level. Using a 50 million bu. smaller old-crop stocks (better feed demand), 2019/20's ending stocks maybe similar to last month. In beans, the USDA's 80 million seedings could prompt a half bu. higher US yield because of the smaller marginal plantings. This approach will add a few bushels to the US bean supply while the World Board keeps its demand levels unchanged. This could tighten bean stocks into the 800 million area, but 2019's stocks/use level will remain high at 19.4%. Overall, the USDA, like the trade, may be waiting for the August resurvey of 2019's crops before making big judgments.

June's wheat acreage update showed lower US harvested acres. Stronger graze out in the S. Plains and lower spring wheat seedings in the Dakotas cut this harvested area. However, above normal rain in the Plains will likely boost 2019's overall yield to 50.3 bu. Overall, wheat's smaller old-crop stocks could be countered by higher 2019 supplies resulting in no July stock change.

U.S. Wheat Supply/Demand

(Millions)	2018/19		2018/19		2019/20		2019/20	
	USDA May	USDA June	Price July Est.	USDA May	USDA June	Price July Est.	USDA May	Price July Est.
Planting Acres	47.80	47.80	47.80	45.75	45.75	45.61		
Harvested Acres	39.61	39.61	39.61	39.00	39.00	38.41		
Yield in Bu.	47.6	47.6	47.6	48.6	48.7	50.3		
Initial Stocks	1,099	1,099	1,099	1,127	1,102	1,072		
Production	1,884	1,884	1,884	1,897	1,903	1,931		
Imports	140	140	140	140	140	140		
Ttl Supply	3,123	3,123	3,123	3,164	3,145	3,143		
Food	960	960	960	965	965	965		
Seed	62	62	62	68	68	68		
Feed/Residual	50	50	70	90	140	120		
Ttl Domestic	1,072	1,072	1,092	1,123	1,173	1,153		
Export	925	950	960	900	900	920		
Ttl Usage	1,996	2,021	2,051	2,023	2,073	2,073		
End Stocks	1,127	1,102	1,072	1,141	1,072	1,070		
Stks/Use Ratio	56.4%	54.5%	52.2%	56.4%	51.7%	51.6%		

U.S. Wheat Output by Type



What's Ahead: Sunshine and rainfall without any extremes will be needed to rebound 2019's US corn crop. Soybeans have more time and ability to adapt during their growing conditions to a point. Also, the limited outlook for a resolution in our current trade conflict with China suggests **producers should bring 2019 bean sales to 50% on November rallies into the \$9.20-\$9.30 range. Hold new-crop corn sales for now.**

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