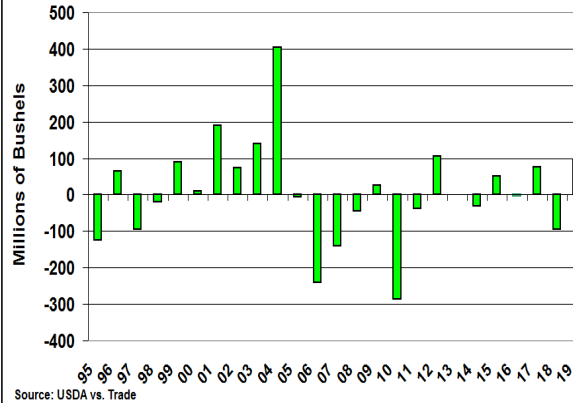


Corn's Output was Higher & Soybeans Size Lower than Expected

U.S. Corn Supply/Demand

(Millions)	2018/19		2019/20		2019/20	
	USDA Sept	USDA Oct	USDA Aug	USDA Sept	USDA Sept 30	USDA Oct
Planting Acres	89.13	89.13	90.01	90.01	90.01	89.94
Harvested Acres	81.74	81.74	82.02	82.02	82.02	81.82
Yield in Bu.	176.4	176.4	169.5	168.2	168.2	168.4
Initial Stocks	2,140	2,140	2,360	2,445	2,114	2,114
Production	14,420	14,420	13,901	13,799	13,799	13,779
Imports	25	28	50	50	50	50
Ttl Supply	16,585	16,588	16,311	16,295	15,963	15,944
Feed/Residual	5,275	5,618	5,175	5,175	5,175	5,300
Food/Seed	1,430	1,417	1,430	1,430	1,430	1,415
Ethanol	5,375	5,376	5,475	5,450	5,450	5,400
Ttl Domestic	12,080	12,410	12,080	12,055	12,055	12,115
Exports	2,060	2,065	2,050	2,050	2,050	1,900
Ttl Usage	14,140	14,474	14,130	14,105	14,105	14,015
Ending Stocks	2,445	2,114	2,181	2,190	1,858	1,929
Stks/Use Ratio	17.3%	14.6%	15.4%	15.5%	13.2%	13.8%
Trade Ave. Est.		2,428				1,784

USDA October Corn Output vs. Average Trade Estimate



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Market Analysis

The USDA again provided some curves in this month's crop report. US corn output was higher than expected while beans were lower than expected. Given 2019's early country reports & limited US harvest progress thru Oct 6th (15% - corn/14% - beans), smaller outputs were expected. Corn's 0.2 bu. higher yield and 20 million smaller 2019 crop became the dominant negative factor despite beans 1 bu. lower yield vs last month. The USDA's aggressive demand cuts in both corn and wheat balance sheets added to the grains weakness despite the nasty winter storm impacting the N. Central US currently.

With the trade expecting 115 million bu smaller corn crop on a 0.7 bu lower yield & 368,000 smaller harvested area, October's 13.779 billion bu crop was 95 million bu. higher than expected. This was the highest plus deviation since 2012. Yield increases across the US (MN, OH & TX +2 bu. and IA, IN, ND and KY +1 bu.) were behind this limited decline along with just a 202,000 smaller harvested area vs. expectations. Lower exports because of 2019's slow start & a larger feed/residual level after last month's lower stocks were expected. But, slicing industrial demand 65 million bu (50 from ethanol) helped push corn's stocks 145 million bu. over the trade average.

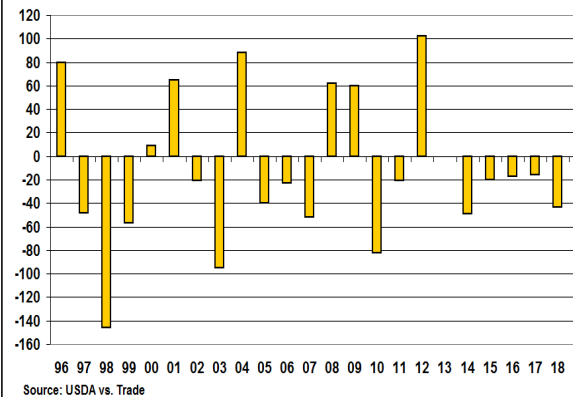
This month's soybean yield was cut 1 bu to 46.9 bu, but October's 240,000 smaller US harvested acres also helped shrink this crop's output 83 million lower to 3.55 billion bu. This month's 33 million lower output vs. the trade followed the previous 5 years trend of a smaller crop than trade average. This month's smaller crop and beginning stocks reduce this year's ending stocks to 460 million bu., 61 million bu. below expectations.

Wheat's US stocks were also upped by 29 million bu. to 1.043 billion this month. Despite 18 million lower Small Grains output, a 30 million cut in feed & 25 million bu. lower exports prompted these unexpected higher stocks.

U.S. Soybean Supply/Demand

(Millions)	2018/19		2019/20		2019/20	
	USDA Sept	USDA Oct	USDA Aug	USDA Sept	USDA Sept 30	USDA Oct
Planted Acres	89.20	89.17	76.70	76.70	76.70	76.46
Harvested Acres	88.11	87.59	75.87	75.87	75.87	75.63
Yield in Bu.	51.6	50.6	48.5	47.9	47.9	46.9
Initial Stocks	438	438	1,070	1,005	913	913
Production	4,544	4,428	3,680	3,633	3,633	3,550
Imports	17	15	20	20	20	20
Ttl Supply	4,999	4,881	4,771	4,658	4,566	4,483
Crush	2,085	2,092	2,115	2,115	2,115	2,120
Seed	89	89	96	96	96	96
Residual	75	39	30	32	32	32
Ttl Domestic	2,249	2,220	2,241	2,243	2,243	2,248
Exports	1,745	1,748	1,775	1,775	1,775	1,775
Ttl Usage	3,994	3,968	4,016	4,018	4,018	4,023
Ending Stocks	1,005	913	755	640	548	460
Stks/Use Ratio	25.2%	23.0%	18.8%	15.9%	13.6%	11.4%
Trade Ave. Est.		982				521

USDA October Soybean Output vs. Average Trade Estimate



What's Ahead Given this year's erratic growing season weather and limited yield knowledge because of 2019's delayed harvest, the market's crop report reaction seems overdone. The current cold weather could reduce corn and bean crop sizes, but it will also slow dry down. This could potentially cause further field losses. **Given these unknowns, hold for \$3.95-\$4.10 Dec and \$9.40-50 Nov for your next 15% sale.**

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