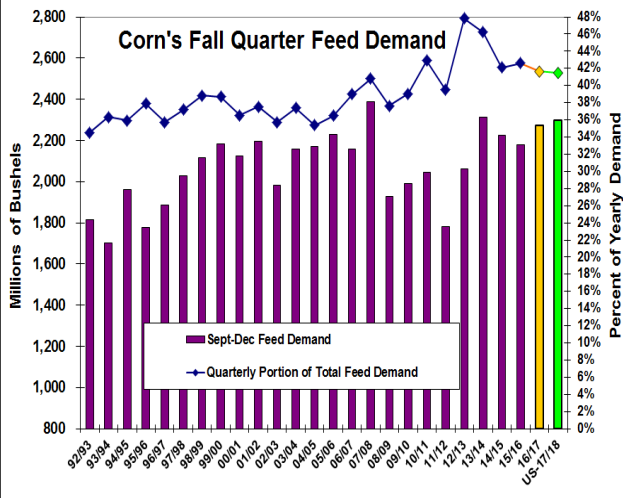


US corn & bean crops smaller than whispers, but SA is focus

U.S. Corn Supply/Demand

(Millions)	2017/18 USDA Oct	2017/18 USDA Nov	2017/18 USDA Dec	2017/18 USDA Jan	2017/18 Trade Jan Est
Planting Acres	90.43	90.43	90.43	90.17	90.43
Harvested Acres	83.12	83.12	83.12	82.70	83.10
Yield in Bu.	171.8	175.4	175.4	176.6	175.4
Initial Stocks	2,295	2,295	2,295	2,293	2,295
Production	14,280	14,578	14,578	14,604	14,579
Imports	50	50	50	50	50
Ttl Supply	16,625	16,922	16,922	16,947	16,924
Feed/Residual	5,500	5,575	5,575	5,550	5,575
Food/Seed	1,460	1,460	1,460	1,470	1,467
Ethanol	5,475	5,475	5,525	5,525	5,525
Ttl Domestic	12,435	12,510	12,560	12,545	12,567
Exports	1,850	1,925	1,925	1,925	1,925
Ttl Usage	14,285	14,435	14,485	14,470	14,492
Ending Stocks	2,340	2,487	2,437	2,477	2,432
Stks/Use Ratio	16.4%	17.2%	16.8%	17.1%	16.8%



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Market Analysis

The USDA's January reports provided some surprises again this year. Instead of hefty output jumps that were whispered within the trade this past week, both corn and soybeans had modest 2017/18 production changes on their final crop reports. Both crops didn't have any big ending stock changes either. US wheat producers provided the biggest surprise when they reported 1.5 million higher wheat seedings than the trade's estimate. This is only the 2nd time in 30 years the USDA's survey was substantially above the trade's median and range. We'll cover this important change in a separate report.

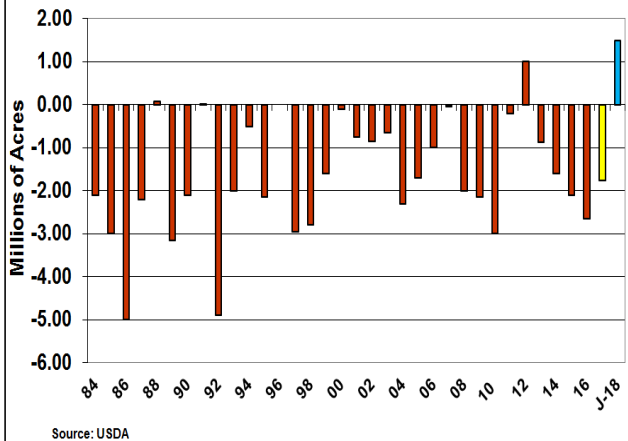
Corn's final US yield did rise by 1.2 bu. to 176.6 bu. from November, but the USDA also cut its harvested area by 416,000 acres (mostly in Midwest) resulting in just a 26 million bu. increase to a 14.6 billion bu. crop. 2017's strong yields came from the eastern US, led by the ECB up 5.2 bu. to 185 and the SE region being up 14.3 bu. to 147.9 bu boosting this year's national yield by 2 bu. Last fall's December 1 stocks of 12.516 billion bu. were 85 million higher than expected. Given export and ethanol usage being known, this suggests last fall's feed level was a very modest 1.1% higher (25 million) at 2.3 billion bu. than last year. This prompted 25 million sliced from feed usage, but overall the US ending stocks rose just 40 million to 2.477 billion bu.

The USDA did lower the US bean crop by 33 million to 4.392 billion bu. last week when the yield was reduced by 0.4 bu. to 49.1 bu. Yields were slightly lower across most regions of the US except in the Delta. Last week's Dec 1 stocks were 24 million lower than expected, despite heavy rumors of 100 million cut in soybean exports because of slow sales vs. last year. Instead, the USDA cut exports by 65 million and upped the crush by 10 million bu., resulting in 470 million revised stocks vs. whispers of mid-500 level that pressured beans all week.

U.S. Soybean Supply/Demand

(Millions)	2017/18 USDA Oct	2017/18 USDA Nov	2017/18 USDA Dec	2017/18 USDA Jan	2017/18 Trade Jan Est
Planted Acres	90.21	90.21	90.21	90.14	90.21
Harvested Acres	89.47	89.47	89.47	89.52	89.50
Yield in Bu.	49.5	49.5	49.5	49.1	49.5
Initial Stocks	301	301	301	302	301
Production	4,431	4,425	4,425	4,392	4,427
Imports	25	25	25	25	25
Ttl Supply	4,757	4,752	4,752	4,718	4,753
Crush	1,940	1,940	1,940	1,950	1,950
Seed	101	101	106	106	106
Residual	35	35	35	33	35
Ttl Domestic	2,076	2,076	2,081	2,089	2,091
Exports	2,250	2,250	2,225	2,160	2,190
Ttl Usage	4,326	4,326	4,306	4,249	4,281
Ending Stocks	430	425	445	470	472
Stks/Use Ratio	9.9%	9.8%	10.3%	11.1%	11.0%

January Winter Wheat Seedings vs. Average Trade Estimate



What's Ahead After being pressured all week, soybeans bounced late because of the modest rise of its ending stocks and short-covering ahead of the 3-day weekend. Wheat's limited WW seeding cut hung over it and the corn market, but ongoing SW dryness makes 2018 harvested area iffy. The trade's focus will now be switching to S. America's weather. **March swings to \$9.73-\$9.85 should be used for 10% sales for cash needs.**

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