

## Wheat supplies were slightly higher, but Weather now rules

### U.S. Corn Supply/Demand

(Millions)	2015/16	2016/17	2016/17	2016/17	2017/18	2017/18
	USDA Feb	USDA May	USDA June	USDA July	USDA June	USDA July
Planting Acres	88.00	94.00	94.00	94.00	90.00	90.89
Harvested Acres	80.75	86.75	86.75	86.75	82.40	83.50
Yield in Bu.	168.4	174.6	174.6	174.6	170.7	170.7
Initial Stocks	1,731	1,737	1,737	1,737	2,295	2,370
Production	13,602	15,148	15,148	15,148	14,065	14,255
Imports	67	55	55	55	50	50
Ttl Supply	15,400	16,940	16,940	16,940	16,410	16,675
Feed/Residual	5,131	5,500	5,500	5,425	5,425	5,475
Food/Seed	1,428	1,470	1,470	1,470	1,500	1,500
Ethanol	5,206	5,450	5,450	5,450	5,500	5,500
Ttl Domestic	11,765	12,420	12,420	12,345	12,425	12,475
Exports	1,898	2,225	2,225	2,225	1,875	1,875
Ttl Usage	13,663	14,645	14,645	14,570	14,300	14,350
Ending Stocks	1,737	2,295	2,295	2,370	2,110	2,325
Stks/Use Ratio	12.7%	15.7%	15.7%	16.3%	14.8%	16.2%
Trade Est.				2321		2,181

### U.S. Soybean Supply/Demand

(Millions)	2015/16	2016/17	2016/17	2016/17	2017/18	2017/18
	USDA Feb	USDA May	USDA June	USDA July	USDA June	USDA July
Planting Acres	82.65	83.43	83.43	83.43	89.48	89.51
Harvested Acres	81.85	82.74	82.74	82.74	88.60	88.73
Yield in Bu.	48.0	52.1	52.1	52.1	48.0	48.0
Initial Stocks	191	197	197	197	450	410
Production	3,926	4,307	4,307	4,307	4,255	4,260
Imports	24	25	25	25	25	25
Ttl Supply	4,141	4,528	4,528	4,528	4,730	4,695
Crush	1,886	1,925	1,910	1,900	1,950	1,950
Seed	97	104	104	104	101	101
Residual	19	14	14	14	34	34
Ttl Domestic	2,002	2,043	2,028	2,018	2,085	2,085
Exports	1,942	2,050	2,050	2,100	2,150	2,150
Ttl Usage	3,944	4,093	4,078	4,118	4,235	4,235
Ending Stocks	197	435	450	410	495	460
Stks/Use Ratio	5.0%	10.6%	11.0%	10.0%	11.7%	10.9%
Trade Est.				430		473

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### Market Analysis

This month's US supply/demand revisions generally followed the indications from June 30<sup>th</sup> quarterly stocks changes. Old-crop corn and wheat ending stocks were increased while old-crop soybean ending stocks were lowered. However, the USDA didn't cut its spring wheat crop size as small as the trade ideas, which lead to a higher 2017/18 ending stock projection than forecast. Despite these curves from the USDA, the big change that impacted prices late in the session came from the US 8-14 day weather model (GFS). Its mid-day forecast deescalated its hot temperatures in the 2nd week of its outlook for the Central US with this year's high pressure ridge retreating westward. This mid-day model however has had a checkered past so caution is advised.

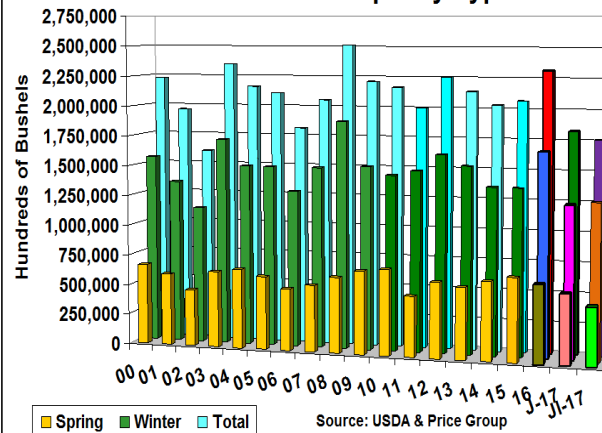
Looking at today's S&D revisions, the USDA did reduce corn's feed demand by 75 million bu. after last month's higher quarterly stocks. However, no further changes in either ethanol or exports were made so these higher supplies provide more bushels for 2017/18 balance sheet along with 1.1 million more harvested acres (no US corn or bean yield changes this month). The USDA upped new-crop feed usage because of reduced small grain supplies, but stocks rose to 2.3 billion this month. In soybeans, this year's strong export sales (145 million over its outlook) finally prompted a 40 million jump in old-crop demand (plus 50 export minus 10 crush) and reduced both old & new crop stocks below expectations.

This year's N. Plains heat and dryness did reduce July's spring wheat crop, but its drop wasn't as sharp as the trade forecast. The other unexpected factor was the 19 million bu. rise in this month's winter wheat crop as all three varieties were increased. Add in 23 million larger old-crop ending stocks because of lower feeding last spring and the USDA's 2017/17 ending stocks didn't decline, but rose by 14 million bu. this month.

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(Millions)	2015/16	2016/17	2016/17	2016/17	2017/18	2017/18
	USDA Feb	USDA May	USDA June	USDA July	USDA June	USDA July
Planting Acres	55.00	50.15	50.15	50.15	46.06	45.64
Harvested Acres	47.32	43.89	43.89	43.89	38.47	38.12
Yield in Bu.	43.6	52.8	52.8	52.8	47.3	45.2
Initial Stocks	752	976	976	976	1,161	1,184
Production	2,062	2,310	2,310	2,310	1,824	1,760
Imports	113	115	117	118	130	140
Ttl Supply	2,927	3,400	3,403	3,403	3,115	3,084
Food	957	955	955	955	955	955
Seed	67	61	61	61	66	66
Feed/Residual	152	190	190	148	170	150
Ttl Domestic	1,176	1,206	1,206	1,164	1,191	1,171
Export	775	1,035	1,035	1,055	1,000	975
Ttl Usage	1,951	2,241	2,241	2,219	2,191	2,146
End Stocks	976	1,159	1,161	1,184	924	938
Stks/Use Ratio	50.0%	51.7%	51.8%	53.4%	42.2%	43.7%
Trade Est.				1,184		876

### U.S. Wheat Output by Type



**What's Ahead:** USDA's latest grains and soybean supply/demand updates didn't provide extremely negative new-crop stock levels vs. trade expectations. The latest wrinkle in the forecast could be positive for 2017 crops, but corn's pollination will still likely stretch to August so this year's US high pressure ridge remains highly dangerous to all crops. **New-crop price rebounds to \$4.10 and \$10.35 levels still exists if the ridge returns.**

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