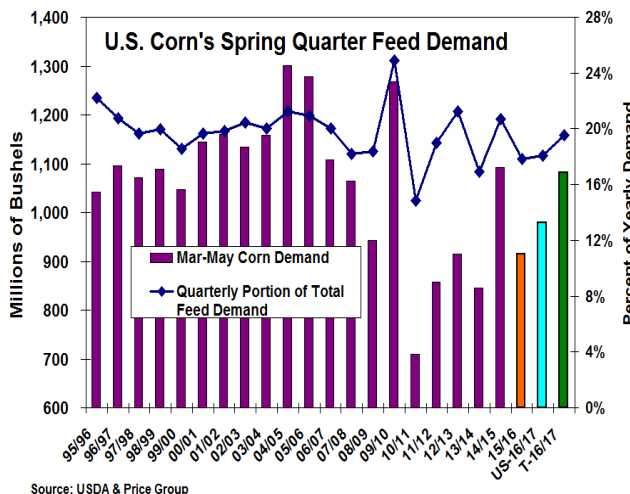


## Corn Stocks Higher than Expected, but Acres Stun the Markets

### Major U.S. Planting Levels\*

|            | 15/16  | USDA 16/17 | USDA M-17/18 | Change vs. 16/17 | USDA J-17/18 | June vs. March |
|------------|--------|------------|--------------|------------------|--------------|----------------|
| Corn       | 88.00  | 94.00      | 90.00        | -4.01            | 90.89        | 0.89           |
| Beans      | 82.65  | 83.43      | 89.48        | 6.05             | 89.51        | 0.03           |
| Sprg Wht   | 13.37  | 11.61      | 11.31        | -0.30            | 10.90        | -0.41          |
| Durum      | 1.95   | 2.41       | 2.00         | -0.41            | 1.92         | -0.09          |
| Winter     | 39.68  | 36.14      | 32.75        | -3.39            | 32.84        | 0.09           |
| All Wheat  | 55.00  | 50.15      | 46.06        | -4.10            | 45.66        | -0.40          |
| Oats       | 3.09   | 2.83       | 2.70         | -0.13            | 2.54         | -0.16          |
| Barley     | 3.62   | 3.05       | 2.55         | -0.50            | 2.38         | -0.17          |
| Sorghum    | 8.46   | 6.69       | 5.76         | -0.93            | 5.99         | 0.23           |
| All Cotton | 8.58   | 10.07      | 12.23        | 2.16             | 12.06        | -0.18          |
| Rice       | 2.63   | 3.15       | 2.63         | -0.52            | 2.56         | -0.06          |
| Total      | 252.02 | 253.39     | 251.40       | -1.99            | 251.57       | 0.17           |

\* millions of acres



Source: USDA & Price Group

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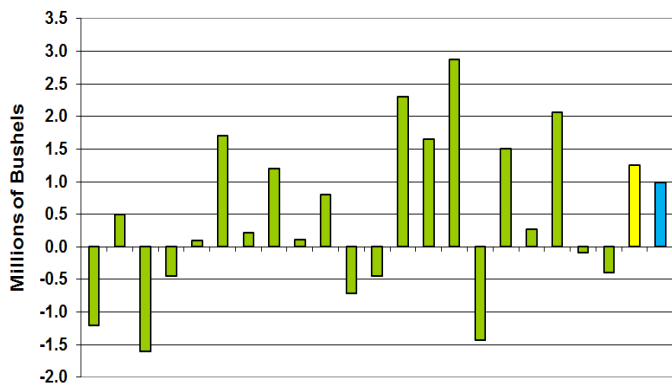
### Market Analysis

This year's dual quarterly stocks and acreage reports prompted a dramatic response when the USDA released them on Friday. 2017's June 1 inventory had larger corn stocks, but soybeans' supplies were lower than expected. The Ag Department survey of US planting acres was also stunner with spring wheat and soybean plantings both lower than expected while corn seedings rebounded sharply from its 4 million lower March level.

Overall, June's planting levels for the 8 major crops increased just 172,000 acres from March with higher corn, sorghum and soybeans acres being compensated by lower spring wheat, small grains and cotton planting. The most impactful surprise was spring wheat's 409,000 decline because of low prices and temperatures during its April planting period, which helped wheat's total acres to drop 402,000. The 2nd surprise was corn's 882,000 higher planting level vs. 100,000 less trade expectations. Higher Plains and Iowa plantings then ECB declines on this June survey, but corn's seedings remain 3.12 million acres less than 2016. June soybean plantings only rose 31,000 acres vs. trade ideas of 268,000 rise, but this oilseed's area remains 6.08 million larger than 2016.

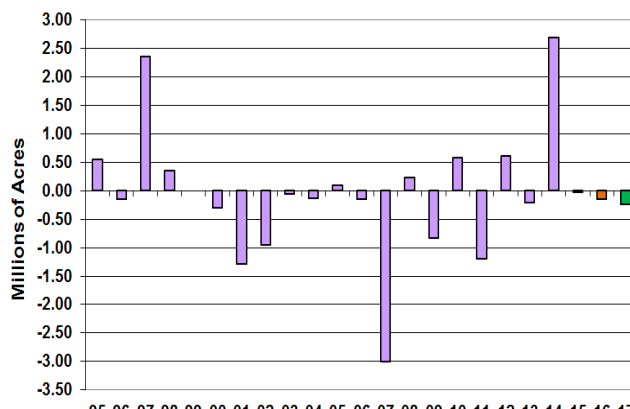
The USDA's quarterly stocks also had some twists and turns vs. expectations. In corn, despite record export and ethanol demand during the spring quarter, the USDA's 5.225 billion bu. suggests higher DDG & other feedgrain usage vs. direct corn usage. This suggests a 50-75 million bu. lower July old-crop feed demand, but strong exports could compensate. In soybeans, this quarter's 20 million less stocks than expected may counter recent talk that 2016/17 bean crop may have been underestimated according to previous stock updates. Last week's wheat stocks were also 23 million larger than the USDA's June S&D suggesting this crop's old-crop feed demand will be shaved by 20 million on July 12.

### USDA June 30 Corn Acreage vs Average Trade Estimate



Source: USDA

### USDA June 30 Soybean Acreage vs Average Trade Estimate



Source: USDA

**What's Ahead:** June's quarterly stocks suggest some reduced corn and wheat feed usage, but firm overseas demand could cover part of these larger supplies. The USDA's updated acreage levels have now placed more importance on this summer's US Plains weather. The current heat and dryness has already impacted spring wheat. If no change in this weather pattern occurs, corn and soybean yields will be hurt, too. **Hold sales.**

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