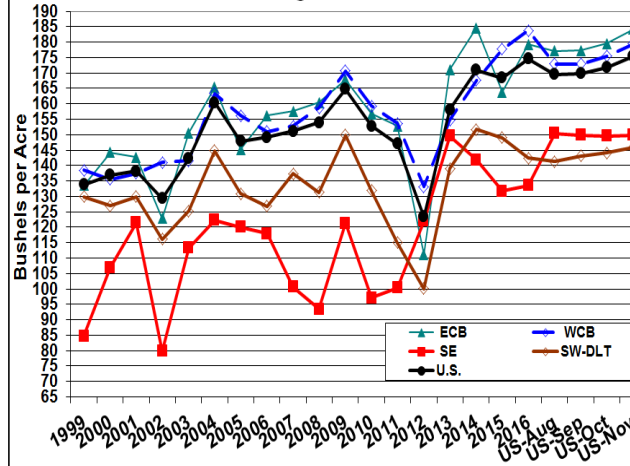


Larger than expected US corn & soybeans crops weaken prices

U.S. Corn Supply/Demand

(Millions)	2016/17			2017/18		
	USDA Sept	USDA Oct	USDA Nov	USDA Sept	USDA Oct	USDA Nov
Planting Acres	94.00	94.00	94.00	90.89	90.43	90.43
Harvested Acres	86.75	86.75	86.75	83.50	83.12	83.12
Yield in Bu.	174.6	174.6	174.6	169.9	171.8	175.4
Initial Stocks	1,737	1,737	1,737	2,350	2,295	2,295
Production	15,148	15,148	15,148	14,184	14,280	14,578
Imports	55	57	57	50	50	50
Ttl Supply	16,940	16,942	16,942	16,585	16,625	16,922
Feed/Residual	5,425	5,464	5,463	5,475	5,500	5,575
Food/Seed	1,435	1,452	1,452	1,450	1,460	1,460
Ethanol	5,435	5,438	5,439	5,475	5,475	5,475
Ttl Domestic	12,295	12,354	12,354	12,400	12,435	12,510
Exports	2,295	2,293	2,293	1,850	1,850	1,925
Ttl Usage	14,590	14,647	14,647	14,250	14,285	14,435
Ending Stocks	2,350	2,295	2,295	2,335	2,340	2,487
Stks/Use Ratio	16.1%	15.7%	15.7%	16.4%	16.4%	17.2%
Trade Ave. Est.						2,366

U.S. & Regional Corn Yields



Source: USDA & Price Group

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Market Analysis

The USDA stunned the market when their November corn production update was above the trade's range of expectations by 119 million bushel and 248 million over a wire service's average at 14.578 billion bu. This month's soybean revision was also higher than expected, but only by 17 million bu. November's crop level was actually 5.3 million less than last month at 4.425 billion bu.

In corn, this month's highly unusual 298 million bu. late season jump in output remains a bit of head scratchier when the US yield was increased by 3.6 bu. to a new national record of 175.4 bu. A cool August and a late freeze extending the growing season seemed to offset extended periods of dryness across the central US in 2017. These are the best explanations along with seed technology for the ECB average yield being up 4.6 bu. and the WCB increasing by 3 bu. IA, IL & MN 6 bu. advances along with IN & ND 8 bu. yield jumps so late in the crop year remain surprising. Countering these higher supplies, the USDA upped their feed and export demand outlooks by 75 million bu. each. This sliced corn's stocks increase to only 147 million and 2.487 billion bu. level.

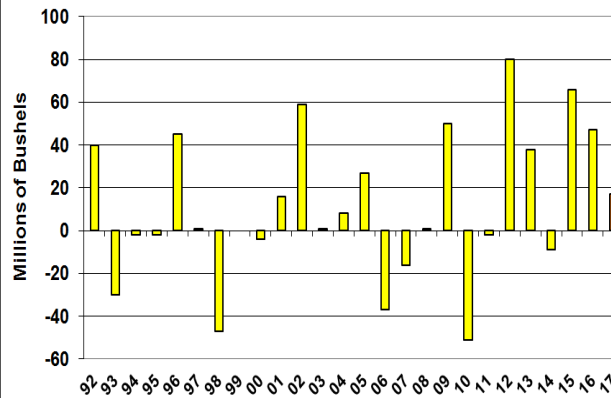
In soybeans, the US average yield was down 0.06 bu. to 49.46 bu. This year's late season dryness into September seems to be the primary reason for this month's limited yield change. Only IL (+1) and NE (+2) had higher yields out the top 6 states with IA, MN, IN and MO being unchanged. Overall, this month's 5.3 million bu. smaller crop decreased this oilseed's ending stocks to 425 million with no adjustments being made in US soybean crush or export demand outlooks.

Despite no US wheat output change this month after the Small Grains Report on Sept. 29, the USDA did up this grain's export outlook by 25 million bu. to 1.0 billion. This dipped this food grain's ending stock to 935 million bu. this week prompting stability in this market today.

U.S. Soybean Supply/Demand

(Millions)	2016/17			2017/18		
	USDA Sept	USDA Oct	USDA Nov	USDA Sept	USDA Oct	USDA Nov
Planted Acres	83.43	83.43	83.43	89.51	90.21	90.21
Harvested Acres	82.74	82.70	82.70	88.73	89.47	89.47
Yield in Bu.	52.1	52.0	52.0	49.9	49.5	49.1
Initial Stocks	197	197	197	345	301	301
Production	4,307	4,296	4,296	4,431	4,431	4,425
Imports	25	22	22	25	25	25
Ttl Supply	4,528	4,515	4,515	4,801	4,757	4,752
Crush	1,895	1,899	1,899	1,940	1,940	1,940
Seed	104	105	105	101	101	101
Residual	14	36	36	35	35	35
Ttl Domestic	2,013	2,040	2,040	2,076	2,076	2,076
Exports	2,170	2,174	2,174	2,250	2,250	2,250
Ttl Usage	4,183	4,214	4,214	4,326	4,326	4,326
Ending Stocks	345	301	301	474	430	425
Stks/Use Ratio	8.3%	7.1%	7.1%	11.0%	9.9%	9.8%
Trade Ave. Est.						420

USDA November Soybeans Output vs. Average Trade Estimate



Source: USDA & Price Group

What's Ahead The need to secure significant US bean supplies for export and move them through our US barge and river system before it closes in early December & the current hefty fund short position in corn keeps us cautious about short term sales. **However, producers should still utilize \$3.50-\$3.52 in Dec & \$10.00-\$10.20 in Jan soybeans to move 10-15% of your supplies to cover early winter cash needs. Jerry Gidel**

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