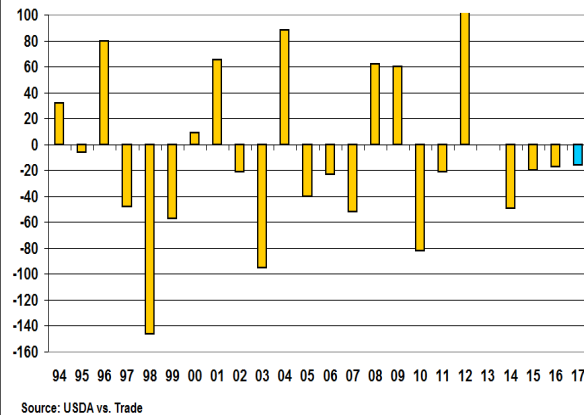


## A Smaller Bean crop caught the Market leaning; Firming Corn, too

### U.S. Soybean Supply/Demand

(Millions)	2016/17 USDA Aug	2016/17 USDA Sept	2016/17 USDA Oct	2017/18 USDA Aug	2017/18 USDA Sept	2017/18 USDA Oct
Planted Acres	83.43	83.43	83.43	89.51	89.51	90.21
Harvested Acres	82.74	82.74	82.70	88.73	88.73	89.47
Yield in Bu.	52.1	52.1	52.0	49.4	49.9	49.5
Initial Stocks	197	197	197	370	345	301
Production	4,307	4,307	4,296	4,381	4,431	4,431
Imports	25	25	22	25	25	25
Ttl Supply	4,528	4,528	4,515	4,776	4,801	4,757
Crush	1,890	1,895	1,899	1,940	1,940	1,940
Seed	104	104	105	101	101	101
Residual	14	14	36	35	35	35
Ttl Domestic	2,008	2,013	2,040	2,076	2,076	2,076
Exports	2,150	2,170	2,174	2,225	2,250	2,250
Ttl Usage	4,158	4,183	4,214	4,301	4,326	4,326
Ending Stocks	370	345	301	475	474	430
Stks/Use Ratio	8.9%	8.3%	7.1%	11.0%	11.0%	9.9%
Trade Est.						447

### USDA October Soybean Output vs. Average Trade Estimate



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### Market Analysis

With little expected to change on this year's October crop report, the USDA's modest decrease in its US soybean yield lead to a dramatic post-report rally that spread into the grains. With many expecting higher yields on this month's crop update, investor short-covering set off speculative bean buying above November's fall high pushing prices to their loftiest level since August 1. This fall's slow US harvest west of Mississippi River and hot and dry conditions in Brazil's largest province, Mato Grosso, delaying bean plantings may have lent some background support to the post-report price action, too.

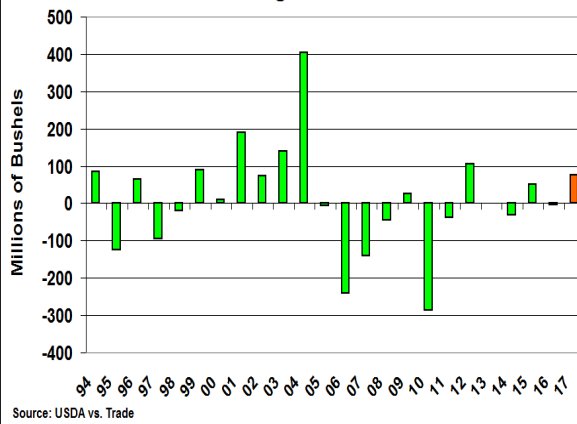
The USDA decreased its bean yield by 0.4 bu to 49.5 bu, and 16 million bu. below the trade's output expectations (the 4<sup>th</sup> year below the trade's average). However, beans' 2017 harvested area was upped by 740,000 acres because of excessive spring rainfall delaying and eventually switching corn acres to beans. These added acres made up for October's reduced yield keeping 2017's crop at 4.431 billion bu., unchanged. The USDA didn't adjust its 2017/18 demand levels this month, but last month's 44 million lower 2016/17 ending stocks carried through for a smaller 430 million bu. stocks this month, below expectations, too.

October's corn yield increase was larger-than-expected by 1.7 bu. to 171.8 bu. which boosted 2017/18 crop size to 14.28 billion bu., 76 million larger than the trade's average estimate. However, the USDA also sliced 377,000 acres from this feedgrain's harvested area curtailing this month's overall corn crop increase to 96 million bu. After last month's smaller 55 million carryover supplies because of strong feed demand, corn's overall supplies only rose by about 40 million bu. to 16.625 billion. The USDA also upped its new crop feed and industrial demand by 35 million so this month's corn ending stocks increased only 5 million bu. despite 96 million larger crop.

### U.S. Corn Supply/Demand

(Millions)	2016/17 USDA Aug	2016/17 USDA Sept	2016/17 USDA Oct	2017/18 USDA Aug	2017/18 USDA Sept	2017/18 USDA Oct
Planting Acres	94.00	94.00	94.00	90.89	90.89	90.43
Harvested Acres	86.75	86.75	86.75	83.50	83.50	83.12
Yield in Bu.	174.6	174.6	174.6	169.5	169.9	171.8
Initial Stocks	1,737	1,737	1,737	2,370	2,350	2,295
Production	15,148	15,148	15,148	14,153	14,184	14,280
Imports	55	55	57	50	50	50
Ttl Supply	16,940	16,940	16,942	16,573	16,585	16,625
Feed/Residual	5,425	5,425	5,464	5,450	5,475	5,500
Food/Seed	1,470	1,435	1,452	1,500	1,450	1,460
Ethanol	5,450	5,435	5,438	5,500	5,475	5,475
Ttl Domestic	12,345	12,295	12,354	12,450	12,400	12,435
Exports	2,225	2,295	2,293	1,850	1,850	1,850
Ttl Usage	14,570	14,590	14,647	14,300	14,250	14,285
Ending Stocks	2,370	2,350	2,295	2,273	2,335	2,340
Stks/Use Ratio	16.3%	16.1%	15.7%	15.9%	16.4%	16.4%
Trade Est.						2289

### USDA October Corn Output vs. Average Trade Estimate



**What's Ahead** With this week's US harvest at just 22% and 36% in corn and beans, country yield update will remain important for the markets. This year's late season dryness seems to have impacted the beans while cool temperatures have limited the dryness ion corn yields so far. **However, producers should utilize November rallies to \$10.05-\$10.20 range to advance sales to 60-65% while holding corn. Jerry Gidel**

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