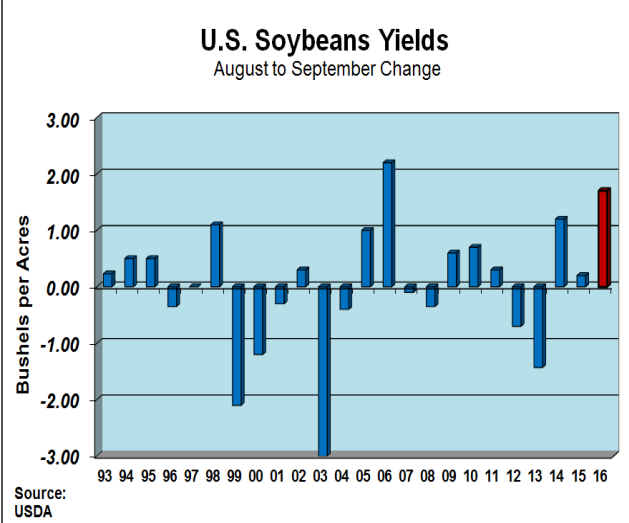
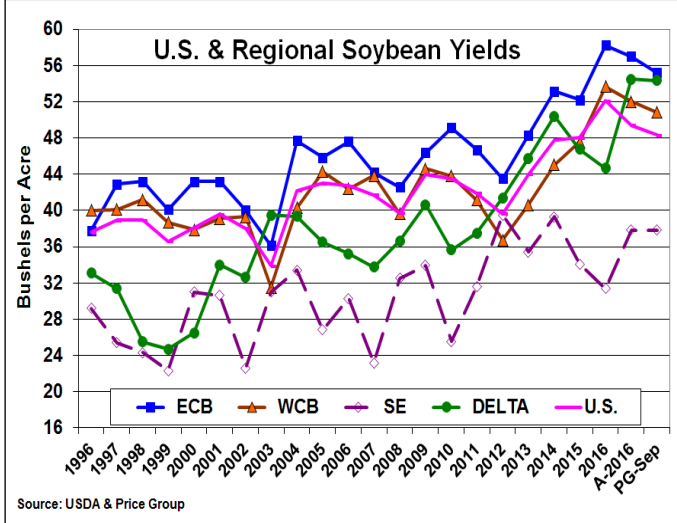
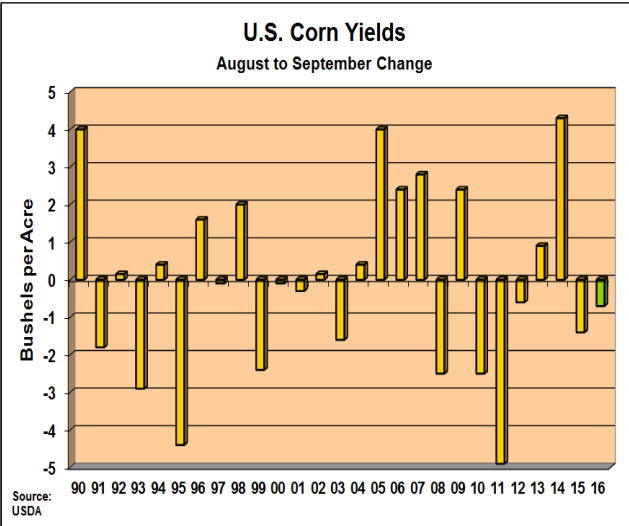
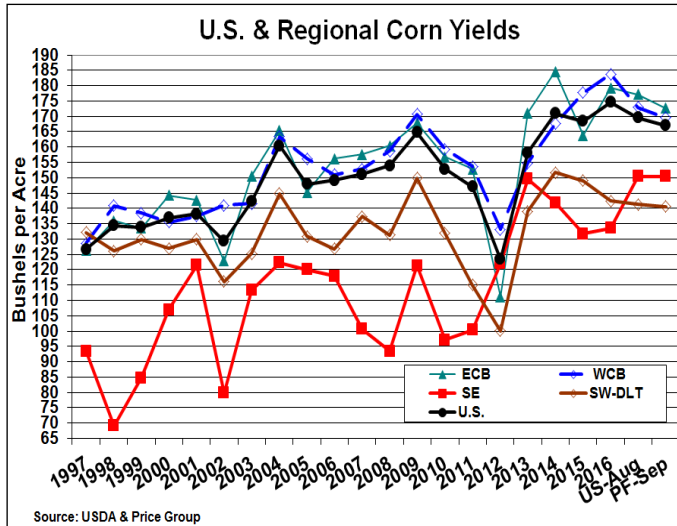


## Late season Central US dryness could trim corn & bean crops

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### Market Analysis

With the USDA's next crop & supply/demand reports on September 12, the ongoing dryness in a large portion of the Central US has many concerned about a possible slide in the size of US corn & soybean crops. Last month's Midwest Crop Tour began this trend when their field checks didn't seem to support the government's US corn yield of 169.5 while the tour's pod counts were only higher in one state (Ohio) than last year across the 7 states they traveled.

In corn, 2017's tour yield checks were stronger in 3 states (NE, OH, & MN) while the other 4 states had lower average yields than last year. However, IA and IL's tour averages of 179.8 & 180.7 were sharply lower than the USDA's 188 bu. August level. Because of this discrepancy and the ongoing dryness, both sides of the Corn Belt's output could slide 4.4 and 3.4 bu. in their regional averages this month. Overall, September's US corn yield seems likely to decline to 167 bu, reducing 2017's crop by 210 million bu. to 13.945 billion bu. with limited change in other regions. Interestingly, 6 out of the last 9 years the US corn yield has decline vs. August. Old-crop exports may rise by 50 million bu. while ethanol demand may slip by 25 million, but this month's crop size will determine corn's ending stocks.

In soybeans, the tour revealed reduced 2017 pod numbers in every state except OH. With below normal temps & rainfall in the Central US during August, this month's bean yields could be 1.8 & 1.2 bu. lower from West to the ECB given this year's simple 5.1% decline in pod numbers. Overall, 2017's bean yield could drop 1.1 bu. cutting this month's crop by 99 million to 4.282 billion bu. This would buck the recent trend of 6 of last 9 years of higher Sept yields vs. August. With no old-crop demand shifts, the size of the 2017/18 US crop will directly impact bean's ending stocks. No acreage change likely until Oct.

**What's Ahead** Given this year's wet and cool planting season in the ECB and heat and dryness across many areas of the Midwest during June and July, 2017's crop prospects remain highly variable with harvest results the final determiner. September's ending tocks could be moving towards 2.0 billion, 380 and 900 million bu. for corn, beans and wheat. **However, use current rally to make bin space for a post-harvest rally. J. Gidel**

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