

Higher demand lift corn & beans while lower Russian crop rallies wheat

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U.S. Corn Supply/Demand

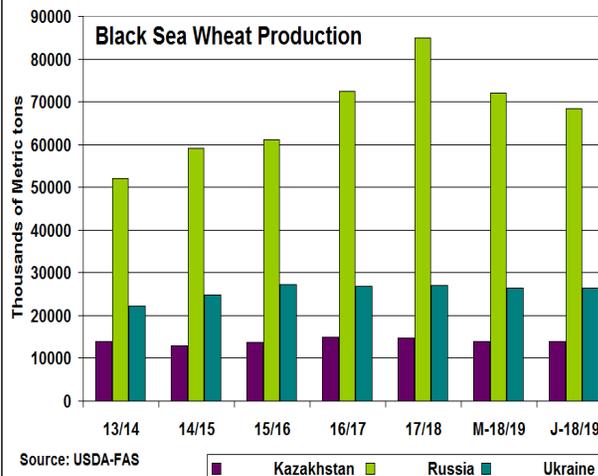
(Millions)	2017/18		2017/18		2018/19	
	USDA Mar	USDA April	USDA May	Price June Est	USDA May	Price June Est
Planting Acres	90.17	90.17	90.17	90.17	88.03	88.03
Harvested Acres	82.70	82.70	82.70	82.70	80.70	80.70
Yield in Bu.	176.6	176.6	176.6	176.6	174.0	174.0
Initial Stocks	2,293	2,293	2,293	2,293	2,182	2,102
Production	14,604	14,604	14,604	14,604	14,040	14,040
Imports	50	50	50	45	50	50
Ttl Supply	16,947	16,947	16,947	16,942	16,272	16,192
Feed/Residual	5,550	5,500	5,500	5,500	5,375	5,350
Food/Seed	1,470	1,465	1,465	1,465	1,490	1,490
Ethanol	5,575	5,575	5,575	5,575	5,625	5,675
Ttl Domestic	12,595	12,540	12,540	12,540	12,490	12,515
Exports	2,225	2,225	2,225	2,300	2,100	2,100
Ttl Usage	14,820	14,765	14,765	14,840	14,590	14,615
Ending Stocks	2,127	2,182	2,182	2,102	1,682	1,577
Stks/Use Ratio	14.4%	14.8%	14.8%	14.2%	11.5%	10.8%
Trade Ave. Est.				2.166		1.663

U.S. Soybean Supply/Demand

(Millions)	2017/18		2017/18		2018/19	
	USDA Mar	USDA April	USDA May	USDA June	USDA May	USDA June
Planting Acres	90.14	90.14	90.14	90.14	88.98	88.98
Harvested Acres	89.52	89.52	89.52	89.52	88.20	88.20
Yield in Bu.	49.1	49.1	49.1	49.1	48.5	48.5
Initial Stocks	302	302	302	302	530	505
Production	4,392	4,392	4,392	4,392	4,280	4,280
Imports	25	25	25	25	25	25
Ttl Supply	4,718	4,718	4,718	4,718	4,835	4,810
Crush	1,960	1,970	1,990	2,015	1,995	2,000
Seed	106	103	103	103	103	103
Residual	33	30	30	30	32	32
Ttl Domestic	2,099	2,103	2,123	2,148	2,130	2,135
Exports	2,065	2,065	2,065	2,065	2,290	2,290
Ttl Usage	4,164	4,168	4,188	4,213	4,420	4,425
Ending Stocks	555	550	530	505	415	385
Stks/Use Ratio	13.3%	13.2%	12.7%	12.0%	9.4%	8.7%
Trade Ave. Est.				522		417

U.S. Wheat Supply/Demand

(Millions)	2017/18		2017/18		2018/19	
	USDA Mar	USDA April	USDA May	USDA June	USDA May	USDA June
Planting Acres	46.01	46.01	46.01	46.01	46.50	46.68
Harvested Acres	37.59	37.59	37.59	37.59	38.80	39.10
Yield in Bu.	46.3	46.3	46.3	46.3	47.4	47.1
Initial Stocks	1,181	1,181	1,181	1,181	1,070	1,080
Production	1,741	1,741	1,741	1,741	1,821	1,827
Imports	155	155	155	155	135	135
Ttl Supply	3,076	3,076	3,076	3,076	3,027	3,043
Food	955	955	963	963	965	965
Seed	62	62	63	63	62	62
Feed/Residual	100	70	70	70	120	120
Ttl Domestic	1,117	1,087	1,096	1,096	1,147	1,147
Export	925	925	910	900	925	950
Ttl Usage	2,042	2,012	2,006	1,996	2,072	2,097
End Stocks	1,034	1,064	1,070	1,080	955	946
Stks/Use Ratio	50.7%	52.9%	53.4%	54.1%	46.1%	45.1%
Trade Ave. Est.				1079		958



Market Analysis

The USDA's higher-than-expected old-crop demand forecasts provided some initial support to corn and soybean prices after the release of June's US supply/demand revisions. Wheat, however, had the strongest post-report price recovery when the US winter wheat crop was only revised up by half of 1% (6 million bu.) & the USDA reduced its Russian wheat crop by 5% from last month & 19.5% from 2017's record output tightening world supplies. On the close, soy values waned on the potential that the US may still implement its \$50 billion in Chinese tariffs scheduled for this Friday, June 15. The upcoming June 30 US acreage & quarterly stocks reports also remain important market factors in the near-term horizon for 2018/19 crop years.

This month's 75 million bu. increase in old-crop US corn exports was justified after looking at our seasonal sales pace and as the USDA reduced Brazil's corn crop by another 2 mmt to 85 mmt. This drop in corn's old-crop stocks along with an increase in 2018/19's ethanol demand now projects the coming year's carryover under 1.6 billion bu. This would be lowest stocks since 2013/14 crop year. Interestingly, the current Russian dryness prompted the USDA to cut their 2018/19 corn forecast by 4 mmt to 15 mmt, but they didn't increase the US new-crop exports this month.

The USDA also advanced its old-crop soybean crush by 25 million bu. slicing stocks by a similar amount vs. 5-10 million trade average. This smaller 2018/19 beginning stocks and no downward change in new-crop exports also slipped the coming year's carryover to 385 million bu.

In wheat, June's old-crop exports were shaved another 10 million prompting a rise in old-crop stocks 1.08 billion. However, the USDA's 25 million bu. US export increase because of Russia's 3.5 mmt smaller crop to 68.5 mmt and 2018's sharp drop from last year's 85 mmt output also compensated for this month's minor 3 million increase in both US hard red and white wheat varieties.

What's Ahead After this month's demand increases and slightly smaller stocks, Russia's and the Central US growing conditions along the US/Chinese trade talks will be the market's main focus near-term. **With the investing public heavily short the CBOT markets, opportunities could occur to advance old-crop corn sales at 65-70% and finalize bean sales at \$3.90-\$3.95 and \$9.77-\$9.90 ranges, basis July.**

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