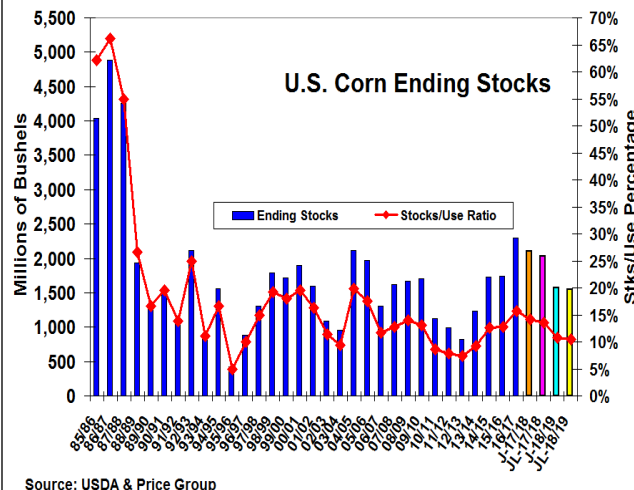


2018/19 US demand revised, but only beans stocks jumped big

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U.S. Corn Supply/Demand

(Millions)	2017/18		2017/18		2018/19		2018/19	
	USDA May	USDA June	USDA July	USDA May	USDA June	USDA July	USDA May	USDA June
Planting Acres	90.17	90.17	90.17	88.03	88.03	89.13		
Harvested Acres	82.70	82.70	82.70	80.70	80.70	81.77		
Yield in Bu.	176.6	176.6	176.6	174.0	174.0			
Initial Stocks	2,293	2,293	2,293	2,182	2,102	2,027		
Production	14,604	14,604	14,604	14,040	14,040	14,230		
Imports	50	45	40	50	50	50		
Ttl Supply	16,947	16,942	16,937	16,272	16,192	16,307		
Feed/Residual	5,500	5,500	5,450	5,375	5,350	5,425		
Food/Seed	1,465	1,465	1,480	1,490	1,490	1,480		
Ethanol	5,575	5,575	5,600	5,625	5,675	5,625		
Ttl Domestic	12,540	12,540	12,510	12,490	12,515	12,530		
Exports	2,225	2,300	2,400	2,100	2,100	2,225		
Ttl Usage	14,765	14,840	14,910	14,590	14,615	14,755		
Ending Stocks	2,182	2,102	2,027	1,682	1,577	1,552		
Stks/Use Ratio	14.8%	14.2%	13.6%	11.5%	10.8%	10.5%		
Trade Ave. Est.			2107			1712		



Market Analysis

This month's US grain demand and/or stocks levels for corn and wheat had positive outcomes while soybeans demand and stocks had a negative slant in their balance sheet revisions. As expected, all three major US crops had larger supplies because of this year's higher June plantings, but the USDA didn't up its corn or soybean yields as many traders feared. Tightening of both old-crop corn and soybeans stocks was probably the biggest USDA surprise. Current seasonal strength in exports and domestic demand and no over-reacting to the trade war chatter were the reasons.

Looking at corn, the USDA upped ethanol's old-crop usage by 25 million, but they sliced feed demand by 50 million because of last month's quarterly stocks. With corn sales only 13 million below the current forecast, the USDA upped 2017/18's exports by 100 million bu with 8 weeks left in the crop year. This 75 million lower stocks help counter corn's 170 million larger 2018 crop, but the USDA's 75 million increase in 2018/19 feed demand and 125 million jump in exports were the big reasons for corn's 25 million dip in stocks vs. the trade's 135 million higher expectations.

2018's improved N. Plains growing conditions and 2.1 million larger spring/durum planted acres were the reasons for July's 54 million larger US wheat supplies. Higher feed demand and exports trimmed this increase to a 39 million bu. rise to 985 million in US stocks. This month's 8 mmt cut in foreign crops (AS, EU and FSU) resulting in 5.28 mmt drop in world stocks to 261 vs last year's 273 mmt provided the strength to wheat prices.

Soybeans old-crop stocks were cut by 40 million because of strong seasonal export and processing paces. However, the USDA's 250 million cut in US 2018/19 exports because of their 8 mmt drop in Chinese imports from 103 to 95 mmt curtailed any bean price enthusiasm.

U.S. Wheat Supply/Demand

(Millions)	2017/18		2017/18		2018/19		2018/19	
	USDA May	USDA June	USDA July	USDA May	USDA June	USDA July	USDA May	USDA June
Planting Acres	46.01	46.01	46.01	47.34	47.34	47.82		
Harvested Acres	37.59	37.59	37.59	38.90	38.90	39.57		
Yield in Bu.	46.3	46.3	46.3	46.8	46.9	47.1		
Initial Stocks	1,181	1,181	1,181	1,070	1,080	1,100		
Production	1,741	1,741	1,741	1,821	1,827	1,881		
Imports	155	155	157	135	135	135		
Ttl Supply	3,076	3,076	3,078	3,027	3,043	3,117		
Food	963	963	963	965	965	965		
Seed	63	63	64	62	62	62		
Feed/Residual	70	70	50	120	120	130		
Ttl Domestic	1,096	1,096	1,077	1,147	1,147	1,157		
Export	910	900	901	925	950	975		
Ttl Usage	2,006	1,996	1,978	2,072	2,097	2,132		
End Stocks	1,070	1,080	1,100	955	946	985		
Stks/Use Ratio	53.4%	54.1%	55.6%	46.1%	45.1%	46.2%		
Trade Ave. Est.						973		

U.S. Soybean Supply/Demand

(Millions)	2017/18		2017/18		2018/19		2018/19	
	USDA May	USDA June	USDA July	USDA May	USDA June	USDA July	USDA May	USDA June
Planted Acres	90.14	90.14	90.14	88.98	88.98	89.56		
Harvested Acres	89.52	89.52	89.52	88.20	88.20	88.86		
Yield in Bu.	49.1	49.1	49.1	48.5	48.5	48.5		
Initial Stocks	302	302	302	530	505	465		
Production	4,392	4,392	4,392	4,280	4,280	4,310		
Imports	25	25	22	25	25	25		
Ttl Supply	4,718	4,718	4,716	4,835	4,810	4,800		
Crush	1,990	2,015	2,030	1,995	2,000	2,045		
Seed	103	103	104	103	103	103		
Residual	30	30	32	32	32	32		
Ttl Domestic	2,123	2,148	2,166	2,130	2,135	2,180		
Exports	2,065	2,065	2,085	2,290	2,290	2,040		
Ttl Usage	4,188	4,213	4,251	4,420	4,425	4,220		
Ending Stocks	530	505	465	415	385	580		
Stks/Use Ratio	12.7%	12.0%	10.9%	9.4%	8.7%	13.7%		
Trade Ave. Est.			507			471		

What's Ahead: The latest supply/demand updates provided a mixed grain and soybean outlook. However, given the sharp sell-off of prices and the normal US growing season weather concerns, **livestock feeders and end users should cover your cash corn and meal needs till harvest now. Be prepared if weather or trade negotiations break out to purchase 50% of your fall feed supplies using futures/options.**

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