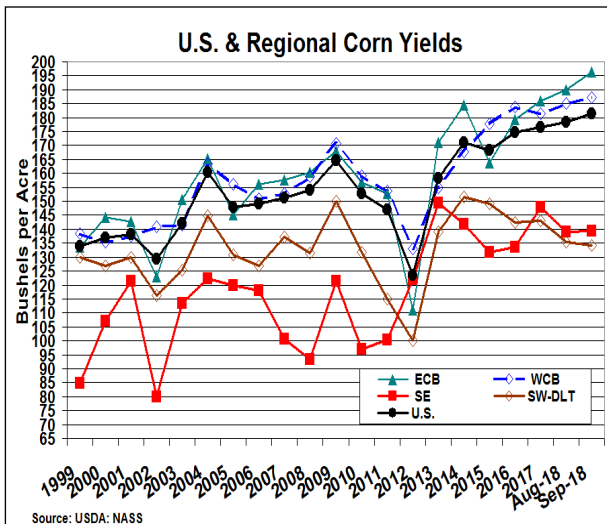


## Higher Grain and Soybean Crops, but US Stocks changes limited

Phone: (312) 264-4369  
E-Mail: jgidel@pricegroup.com



	2017/18 July	2017/18 Aug	2017/18 Sept	2018/19 July	2018/19 Aug	2018/19 Sept
(Millions)	USDA	USDA	USDA	USDA	USDA	USDA
Planting Acres	90.17	90.17	90.17	89.13	89.13	89.13
Harvested Acres	82.70	82.70	82.70	81.77	81.77	81.77
Yield in Bu.	176.6	176.6	176.6	174.0	178.4	181.3
Initial Stocks	2,293	2,293	2,293	2,027	2,027	2,002
Production	14,604	14,604	14,604	14,230	14,586	14,827
Imports	40	40	40	50	50	50
Ttl Supply	16,937	16,937	16,937	16,307	16,664	16,879
Feed/Residual	5,450	5,450	5,450	5,425	5,525	5,575
Food/Seed	1,460	1,460	1,460	1,480	1,480	1,480
Ethanol	5,600	5,600	5,600	5,625	5,625	5,650
Ttl Domestic	12,510	12,510	12,510	12,530	12,630	12,705
Exports	2,400	2,400	2,425	2,225	2,350	2,400
Ttl Usage	14,910	14,910	14,935	14,755	14,980	15,105
Ending Stocks	2,027	2,027	2,002	1,552	1,684	1,774
Stks/Use Ratio	13.6%	13.6%	13.4%	10.5%	11.2%	11.7%
Trade Ave. Est.			2028			1639

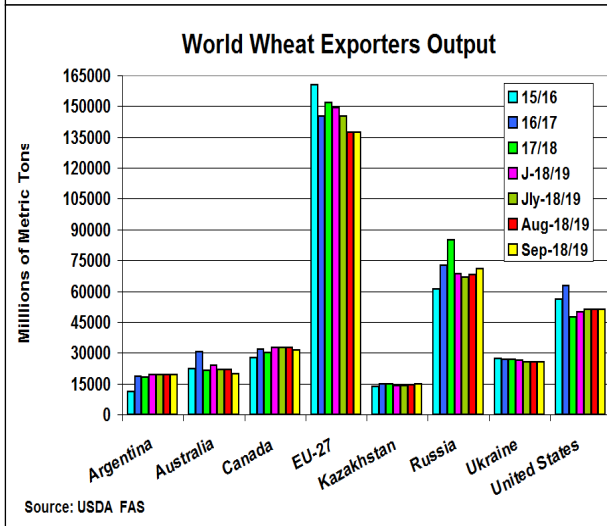
### Market Analysis

The USDA stunned the markets again this month with a higher-than-expected US corn yield and world wheat crop on their September update. Instead of a modest decline in the US average yield given the recent slippage in crop ratings, corn's yield rose by 2.9 bu. to 181.3 bu. Similarly, after numerous wheat crop reductions across the globe in the past few weeks, the USDA's 3.4 mmt jump in its world wheat output when their EU's estimate was left unchanged and Russia's output was raised 3 mmt hit this pit too. The US soybean yield also rose, but remained below the feared 53 bu. yield.

September's US corn output is now projected at 14.827 billion bu., up 241 million bu. from August. The USDA's dramatic ECB regional yield increase of 6.3 bu to 196.3 bu. prompted this monthly increase when 6 of the 7 states had 6-8 bu. monthly yield jumps. The WCB's regional yield also rose this month, but only by 2.1 bu. with MN's yield left unchanged and ND's yield trimmed by August dryness. Given 2018's advanced maturity, corn's yield increases were surprising. However, demand increases across all 3 major 2018/19 usage levels limited corn's new-crop stock advance to just 90 million bu. at 1.774 billion.

Given recent European downgrading of the EU wheat crop to the 130 mmt area, the USDA staying at 137.5 mmt and their higher Black Sea & India crops took the legs out of the wheat market. Late season weather issues impacting FSU spring wheat, ongoing Australian dryness & further EU crop updates all suggests a tightening of the world exporter supplies. This should bring buyers to the US during the final quarter of 2018.

This month's US soybean crop forecast of 4.693 billion bu. was just 44 million bu. over the trade's average. Given the hefty pod counts from the Midwest Crop tour and some late August rains, fears of a plus 53 bu. yield still circulated. As expected, the USDA's 35 million old-crop crush & export demand increases also compensated for about 0.4 bu. of this month's 1.2 bu. US yield increase through a smaller beginning stocks. Similar to corn, the ECB states were behind this month's larger crop.



	2017/18 July	2017/18 Aug	2017/18 Sept	2018/19 July	2018/19 Aug	2018/19 Sept
(Millions)	USDA	USDA	USDA	USDA	USDA	USDA
Planted Acres	90.14	90.14	90.14	89.56	89.56	89.56
Harvested Acres	89.52	89.52	89.52	88.86	88.86	88.86
Yield in Bu.	49.1	49.1	49.1	48.5	51.6	52.8
Initial Stocks	302	302	302	465	430	395
Production	4,392	4,392	4,392	4,310	4,586	4,693
Imports	22	22	22	25	25	25
Ttl Supply	4,716	4,716	4,716	4,800	5,041	5,113
Crush	2,030	2,040	2,055	2,045	2,060	2,070
Seed	104	104	104	103	103	103
Residual	32	32	32	32	33	34
Ttl Domestic	2,166	2,176	2,191	2,180	2,196	2,207
Exports	2,085	2,110	2,130	2,040	2,060	2,060
Ttl Usage	4,251	4,286	4,321	4,220	4,256	4,267
Ending Stocks	465	430	395	580	785	845
Stks/Use Ratio	10.9%	10.0%	9.1%	13.7%	18.4%	19.8%
Trade Ave. Est.			426			830

**What's Ahead** The USDA's aggressive 2018 corn yield approach has surprised the markets, particularly given the 12-14 day advance in corn's maturity vs 2017. After early month Midwest rains, the trade will be closely monitoring field reports the balance of the September to determine if any further yield advance is needed. With the US promoting new talks with China, **producers should hold new 2018/19 sales.**

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