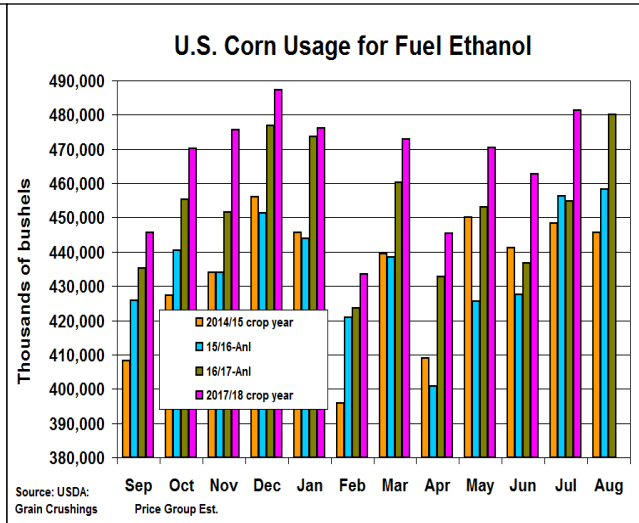
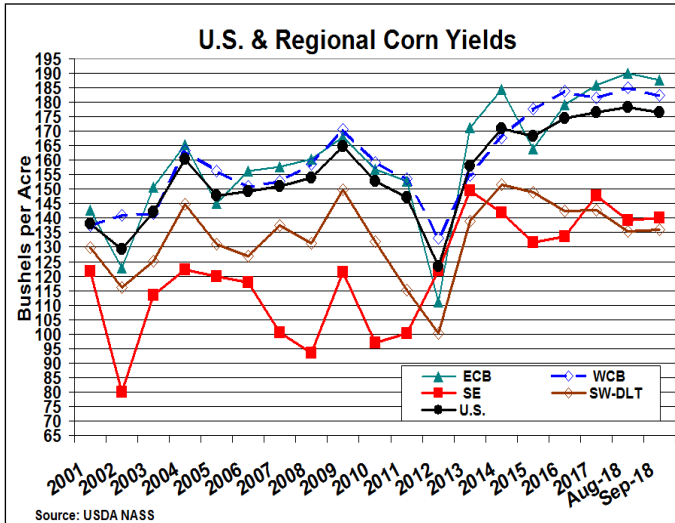


Midwest Crop Tour & August weather impact corn & bean yields

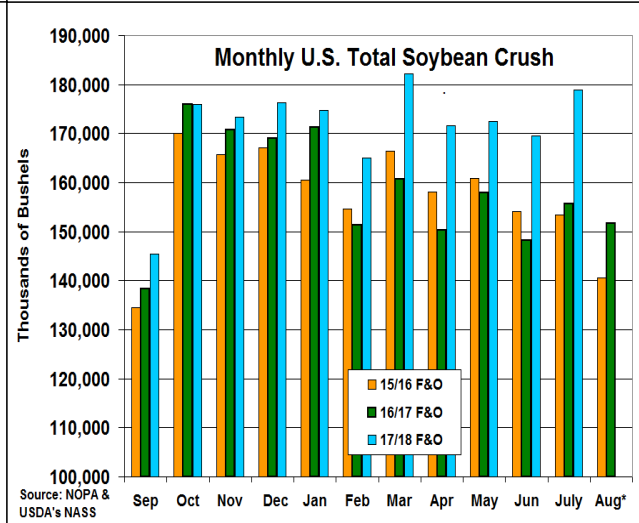
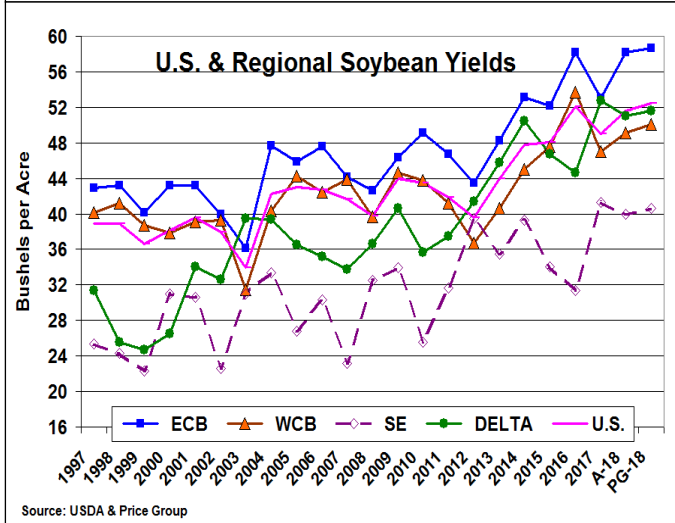
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Market Analysis

Approaching the USDA production and supply/demand reports on September 12, the general expectations are the two major crops output might go in slightly different directions. Last month's Midwest Crop Tour began this trend. The group's field checks in 3 of the 4 largest states didn't seem to support the government's US corn yield of 178.4 bu. Conversely, the tour's pod counts were higher across all 7 states with an 11.3% average increase verse 2017 levels and similar to 2016 tour levels.

In corn, 2018's tour field checks seem to verify the USDA's strong yield forecasts in the first 4 states (SD, OH, NE, & IN) of the tour last month. However, IL, IA and MN's state tour averages of 192.6, 188.2 and 178.7 bu. were sharply lower than the USDA's 207, 202 and 191 bu. August level. Because of these differences and past historical relationship between these data sets because of the Midwest Tour's routes, we anticipate both the East and West sides of the Corn Belt's average yields to slip 2.4 and 2.7 bu. in their regional averages vs. August. Overall, the US corn yield could drop 1.9 bu. to 176.5 bu, reducing 2018's crop by 156 million bu. to 14.43 billion bu. Interestingly, 6 out of the last 10 years the US September corn yields have decline vs. August. With the US ethanol industry running at full tilt, (July usage 2nd highest of the year), corn's old-crop demand could also be upped by 50 million bu. further contracting 2018/19 supplies.



In soybeans, this year's tour revealed a hefty pod recovery that has the trade expecting a higher Sept. US bean yield. 2018's August rains in the western & north central areas of the Midwest may up these 2 regions average yields by 1.0 & 0.6 bu. resulting in 52.5 US yield and a 4.665 billion crop. This follows the recent trend of 7 of last 10 years of higher yields vs. August. With exports and crush both running strong in July, bean's old crop stocks could tighten by 20-30 million this month.

What's Ahead This year's 2-3 degree higher average temperature across the central US vs 2017 have sped up 2018's crop maturity by 10-14 days. This situation has moderated previous corn & soybean yields since the crops don't add more dry matter like last year. However, 2018's corn & bean crops remain sizable. No wheat data until the Small Grain report on 9.30. **The market's ear will be on the Midwest's early harvest yields.**

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