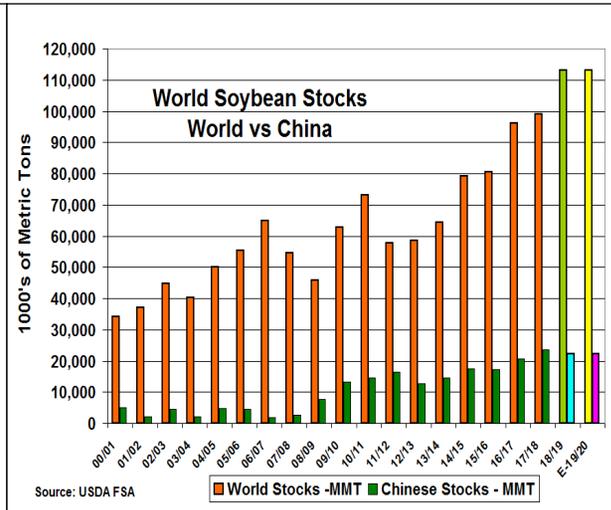
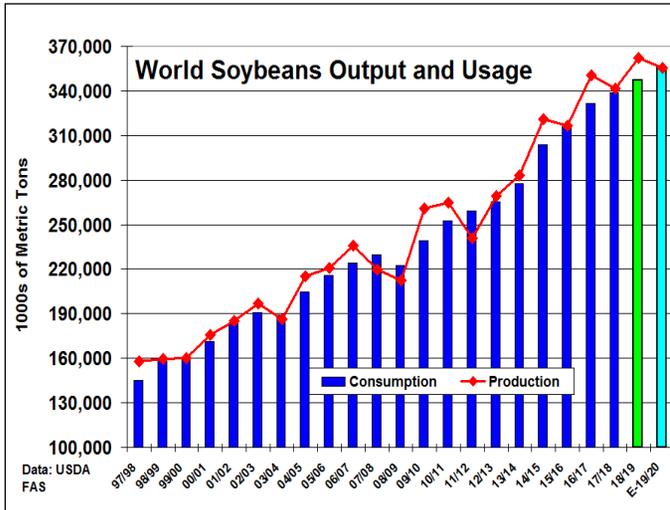


Smaller Brazilian crop supports corn while protein demand supports soy

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



Market Analysis

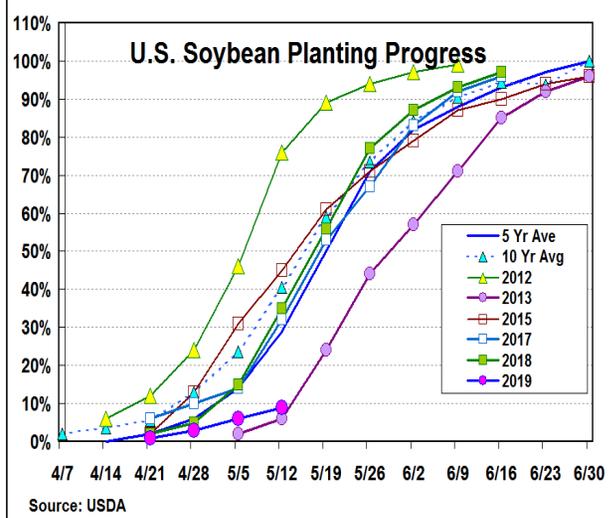
The USDA's latest supply/demand revisions had some twists in both soybeans old and new crop balance sheets in their US and World updates. Each year in May, the USDA issued its first new-crop supply/demand forecasts for the upcoming year. This sets the basic parameters that are molded into the final bean crop data 16 months later. Similar to corn, the USDA uses its Ag Forum bean yield & their March planting intentions to produce its initial crop outlook for the upcoming year.

This month's S. American crops had only a modest up tick with the USDA leaving Brazil unchanged at 117 mmt and raising Argentina by 1 mmt to 56 mmt. However, the combination of a slightly higher beginning stocks and output along with a modest 2 mmt cut in demand boosted the USDA's current year World ending stocks by 6 mmt to 113 mmt. This slippage in protein demand was also reflected in soybeans US 2018/19 export demand that was cut by 100 million to 1.775 billion bu. This change upped soybean's stocks to 995 million bu.

This month's twists occurred in 2019/20 US & World balance sheets. This spring's 4.6 million acre drop in US bean plantings cut the USDA's new crop size by about 400 million to 4.15 billion bu. Despite a 75 million cut in 2019/20's US overseas demand, expanding world livestock numbers to cover China's likely jump in meat imports kept DC's new crop stocks slightly lower at 970 million bu. Internationally, the USDA projecting 2.35% rise in soy demand, similar to past 2 year average, will likely meet reduced US (-10 mmt) Canada (-1.0) & Argentina (-3 mmt) output. This could keep world stocks unchanged at 113 mmt for 2019/20.

US soybean plantings at only 9% this week vs. their 5-year average of 29% on this date have also been impacted by 2019's weather. Acreage switches from corn & soybean's shorter growing season keeps this crop's output outlook fluid until late May or early June.

U.S. Soybean Supply/Demand						
(Millions)	2018/19 USDA Feb	2018/19 USDA Mar	2018/19 USDA April	2018/19 USDA May	2019/20 USDA Ag Forum	2019/20 USDA May
Planted Acres	89.20	89.20	89.20	89.20	85.00	84.62
Harvested Acres	88.11	88.11	88.11	88.11	84.30	83.82
Yield in Bu.	51.6	51.6	51.6	51.6	49.5	49.5
Initial Stocks	438	438	438	438	910	995
Production	4,544	4,544	4,544	4,544	4,175	4,150
Imports	20	20	17	17	20	20
Ttl Supply	5,002	5,002	4,999	4,999	5,105	5,165
Crush	2,090	2,100	2,100	2,100	2,105	2,115
Seed	96	96	98	98	93	96
Residual	31	31	31	31	37	34
Ttl Domestic	2,217	2,227	2,229	2,229	2,235	2,245
Exports	1,875	1,875	1,875	1,775	2,025	1,950
Ttl Usage	4,092	4,102	4,104	4,004	4,260	4,195
Ending Stocks	910	900	895	995	845	970
Stks/Use Ratio	22.2%	21.9%	21.8%	24.9%	19.8%	23.1%
Trade Ave. Est.				920		910



What's Ahead After an initial price break on the breakdown of the US/China trade talks and higher May soybean stocks last week, Trump holding the expansion of tariffs on \$300 billion of Chinese exports and calling for renewed talks has prompted a near-term price recovery. **Producers with old-crop supplies should advance old-crop sales to 80-85% on July soybean price strength in the \$8.30-\$8.43 range.**

Disclaimer - The information contained in this report reflects the opinion of the author and should not be interpreted in any way to represent the thoughts of The PRICE Futures Group, any of its affiliates, nor any of its employees. Futures and commodity option trading involve significant risk of loss and may not be suitable for every investor. Information contained herein is intended for informational purposes and is not to be construed as an offer to sell or a solicitation to buy or trade in any commodity or security mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. This author does not trade in the commodity contracts being discussed in this report. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by the author from USDA, other public data and proprietary models unless otherwise noted & credited.