

Larger S. American soybean crops overshadowed modest stock changes

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U.S. Corn Supply/Demand

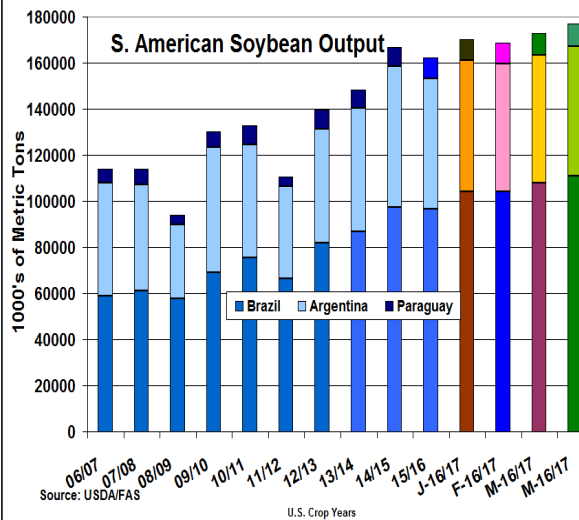
(Millions)	2015/16 USDA Mar	2016/17 USDA Jan	2016/17 USDA Feb	2016/17 USDA Mar	2016/17 USDA April
Planting Acres	88.00	94.00	94.00	94.00	94.00
Harvested Acres	80.75	86.75	86.75	86.75	86.75
Yield in Bu.	168.4	174.6	174.6	174.6	174.6
Initial Stocks	1,731	1,737	1,737	1,737	1,737
Production	13,602	15,148	15,148	15,148	15,148
Imports	67	55	55	55	55
Ttl Supply	15,400	16,940	16,940	16,940	16,940
Feed/Residual	5,120	5,600	5,600	5,550	5,500
Food/Seed	1,421	1,435	1,445	1,445	1,445
Ethanol	5,224	5,325	5,350	5,400	5,450
Ttl Domestic	11,765	12,360	12,395	12,395	12,395
Exports	1,898	2,225	2,225	2,225	2,225
Ttl Usage	13,663	14,585	14,620	14,620	14,620
Ending Stocks	1,737	2,355	2,320	2,320	2,320
Stks/Use Ratio	12.7%	16.1%	15.9%	15.9%	15.9%
Trade Average Est.					2,352

U.S. Wheat Supply/Demand

(Millions)	2015/16 USDA Mar	2016/17 USDA Jan	2016/17 USDA Feb	2016/17 USDA Mar	2016/17 USDA April
Planting Acres	55.00	50.15	50.15	50.15	50.15
Harvested Acres	47.32	43.89	43.89	43.89	43.89
Yield in Bu.	43.6	52.8	52.8	52.8	52.8
Initial Stocks	752	976	976	976	976
Production	2,062	2,310	2,310	2,310	2,310
Imports	113	125	125	115	110
Ttl Supply	2,927	3,410	3,410	3,400	3,395
Food	957	963	960	960	960
Seed	67	61	61	61	61
Feed/Residual	152	225	225	225	190
Ttl Domestic	1,176	1,249	1,246	1,246	1,211
Export	775	975	1,025	1,025	1,025
Ttl Usage	1,951	2,224	2,271	2,271	2,236
End Stocks	976	1,186	1,139	1,129	1,159
Stks/Use Ratio	50.0%	53.3%	50.2%	49.7%	51.8%
Trade Ave. Est.					1,147

U.S. Soybean Supply/Demand

(Millions)	2015/16 USDA Mar	2016/17 USDA Jan	2016/17 USDA Feb	2016/17 USDA Mar	2016/17 USDA April
Planted Acres	82.65	83.43	83.43	83.43	83.43
Harvested Acres	81.85	82.74	82.74	82.74	82.74
Yield in Bu.	48.0	52.1	52.1	52.1	52.1
Initial Stocks	191	197	197	197	197
Production	3,926	4,307	4,307	4,307	4,307
Imports	24	25	25	25	25
Ttl Supply	4,141	4,528	4,528	4,528	4,528
Crush	1,886	1,930	1,930	1,940	1,940
Seed	97	95	95	95	104
Residual	25	33	33	33	14
Ttl Domestic	2,008	2,058	2,058	2,068	2,058
Exports	1,936	2,050	2,050	2,025	2,025
Ttl Usage	3,944	4,108	4,108	4,093	4,083
Ending Stocks	197	420	420	435	445
Stks/Use Ratio	5.0%	10.2%	10.2%	10.6%	10.9%
Trade Average Est.					447



Market Analysis

The Ag Department's S. American production updates and their impacts on the world carryover levels had the biggest immediate impact on the market's reaction to April's USDA reports released this week. Conab, Brazil's Ag Ministry, advanced their corn and soybean output levels to 91.5 and 110 mmt before the USDA's updates were released. The latest FSA projections were higher than these levels and last month. Interestingly, only modest changes were made to the three major crops ending stocks with no adjustment in any current US export forecast being done despite larger world supplies.

In corn, the World Board shrunk US feed demand by 50 million after last month's 82 million larger-than-expected March 1 stocks. However, they also upped their ethanol usage level by 50 million because of this year's first half 3.7% jump in ethanol grind usage. With both sales and shipments running ahead of the 5-year average paces, no monthly change in corn's US exports were made despite the USDA's 2 mmt rise in Brazil's crop to 93.5 mmt. Overall, corn's US carryover was left unchanged at 2.32 billion bu. while the USDA's world stocks rose 2.3 mmt.

In soybeans, the USDA dropped its residual by 19 million bu. in response to the higher March stocks, but they also upped seed usage by 9 million bu. to reflex 6 million larger US planting intentions. Despite, the 3 mmt rise in Brazil's crop to 111 mmt., the USDA left its US exports unchanged when it upped China's imports by 1 mmt and current sales are already at this year's 2.25 billion bu. forecast for 2016/17 with 5 months left in crop year. Overall, the USDA increased beans US stocks by 10 million to 445 million.

In wheat, the USDA sliced its feed demand because of a 28 million bu higher March stocks and February export shipments than the trade was expecting, The USDA also dropped imports by 5 million which prompted the USDA's ending stocks to rise 30 million to 1.259 billion bu.

What's Ahead The market quickly sank on the larger USDA S. American soybean crop estimates. However, the lack of follow through selling from investors and uncertainty about the current Argentine and US weather patterns possibly remaining too rainy for harvesting or planting provided seemed to provide some late price support. Given the timing in both N. & S. America, weather remains an output factor. **Hold sales at this time.**

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