

USDA SUPPLY & DEMAND REVIEW

February 8, 2019

SOYBEANS

SOYBEANS: The February USDA Supply & Demand/December 1 Stocks report for soybeans was considered neutral with final 2018-19 soybean yield coming in at 51.6 bushels per acre versus the average estimate of 51.7 bushels (51.1-52.1 range) and compared to the December report at 52.1 bushels. US 2018-19 final ending stocks came in at 910 million bushels versus the average estimate of 927 million bushels (0.800-1.015 billion range) and compared to 955 million previously. World ending stocks came in at 107.0 million tonnes versus the average estimate of 113.0 million (109.0-122.6 million range) and compared to 115.3 million tonnes previously. The December 1st quarterly stocks came in at 3.736 billion bushels versus the average estimate of 3.764 billion bushels (3.414-3.872 billion range) and compared to the December 1, 2017 stocks of 3.161 billion bushels. Brazil's soybean production came in at 117.0 million tonnes versus the average estimate at 116.5 million tonnes (112.2-119.0 million range) and compared to the December estimate of 122.0 million tonnes. Argentine soybean production came in at 55.0 million tonnes versus the average estimate at 55.2 million tonnes (54.0-56.0 million) and compared to the December estimate at 55.5 million tonnes.

PRICE OUTLOOK: The US yield came in just below the average estimate at 51.6 bushels per acre reducing production by 56 million bushels. The US exports were reduced by 25 million bushels to 1.875 billion bushels partially offset by an increase in crush to 2.090 billion bushels. US ending stocks were lowered to 910 million bushels from 955 million in December. On paper these numbers would seem bullish but the trade still doubts the export number and a 910 million bushel carry out is double the 2017-18's 438 million. The December 1st stocks were a bit lower than the average estimate but are still 575 million bushels above year ago stocks. The USDA lowered Brazil's production by 5.0 million tonnes to 117.0 million tonnes and left Argentina roughly unchanged at 55.0 million tonnes. This reduction went straight to lowering World ending stocks to 107 million tonnes. South American production is still over 13.0 million tonnes over last year.

USDA SUPPLY/DEMAND				
US SOYBEANS	Feb	Feb	Dec	Feb
	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Area (MAcres)				
Planted	83.5	90.2	89.1	89.2
Harvested	82.7	89.5	88.3	88.1
Yield (Bu/Acre)	51.9	49.3	52.1	51.6
Beginning Stocks (MBu)	197	302	438	438
Production	4,296	4,412	4,600	4,544
Imports	22	22	25	20
Supply, Total	4,516	4,735	5,063	5,002
Crushings	1,901	2,055	2,080	2,090
Exports	2,166	2,129	1,900	1,875
Seed	105	104	96	96
Residual	42	9	32	31
Use, Total	4,214	4,297	4,107	4,092
Ending Stocks	302	438	955	910
Stocks/Use Ratio	7.2%	10.2%	23.3%	22.2%

USDA SUPPLY/DEMAND				
WORLD SOYBEANS	Feb	Feb	Dec	Feb
(Million Metric Tons)	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Supply				
Beginning Stocks	80.35	95.76	101.30	98.09
Production	349.31	339.99	369.20	360.99
Imports	144.37	153.48	152.46	151.42
Use				
Crush, Domestic	287.42	295.26	308.19	304.80
Total Domestic	330.77	338.15	351.53	349.44
Exports	147.50	152.99	156.09	154.36
Ending Stocks	95.76	98.09	115.33	106.72
Stocks/Use Ratio	29.0%	29.0%	32.8%	30.5%

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CORN

CORN: The February USDA Supply & Demand/December 1 Stocks report for corn was considered somewhat bearish with final 2018-19 corn yield coming in at 176.4 bushels per acre versus the average estimate of 177.7 bushels per acre (175.9-179.0 range) and compared to 178.9 bushels in December. US 2018-19 final corn ending stocks came in at 1.735 billion bushels versus the average estimate of 1.714 billion bushels (range 1.550-1.858 billion range) and compared to 1.781 billion in December. World ending stocks came in at 309.78 million tonnes versus the average estimate of 307.0 million tonnes (303.8-311.6 million range) and compared to 308.8 million last month. December 1st quarterly stocks came in at 11.952 billion bushels versus the average estimate of 12.066 billion bushels and compared to 12.567 billion bushels last year. Brazil's corn production came in at 94.5 million tonnes versus the average estimate of 92.9 million tonnes (91.0-95.5 million range) and compared to the December estimate of 94.5 million tonnes. Argentina's corn production 46.0 came in at million tonnes versus the average estimate of 43.0 million tonnes (40.5-45.0 million range) and compared to 42.5 million in December.

PRICE OUTLOOK: The supply data was mostly bearish with Argentina corn higher than expected and world stocks higher. Ethanol usage was revised down by 25 million bushels and feed usage was down 125 million bushels. Looking forward, traders might see a jump in exports and ethanol usage "if" China emerges as a significant buyer of both. May corn support is at 379 1/2 and it will take a close over 388 3/4 to turn the charts supportive.

USDA SUPPLY/DEMAND				
US CORN	Feb USDA 16-17	Feb USDA 17-18	Dec USDA 18-19	Feb USDA 18-19
Area (MAcres)				
Planted	94.0	90.2	89.1	89.1
Harvested	86.7	82.7	81.8	81.7
Yield (Bu/Acre)	174.6	176.6	178.9	176.4
Beginning Stocks (M Bu)	1,737	2,293	2,140	2,140
Production	15,148	14,609	14,626	14,420
Imports	57	36	45	40
Supply, Total	16,942	16,939	16,811	16,600
Feed & Residual	5,470	5,304	5,500	5,375
Food, Seed & Industry	6,885	7,056	7,080	7,040
Ethanol for Fuel	5,432	5,605	5,600	5,575
Domestic Total	12,355	12,360	12,580	12,415
Total Exports	2,294	2,438	2,450	2,450
Use, Total	14,649	14,799	15,030	14,865
Ending Stocks	2,293	2,140	1,781	1,735
Stocks/Use Ratio	15.7%	14.5%	11.8%	11.7%

USDA SUPPLY/DEMAND				
WORLD CORN	Feb USDA 16-17	Feb USDA 17-18	Dec USDA 18-19	Feb USDA 18-19
(Million Metric Tons)				
Supply				
Beginning Stocks	311.38	350.24	340.20	340.81
Production	1,122.41	1,075.61	1,099.91	1,099.61
Imports	135.59	149.99	159.74	159.71
Use				
Feed, Domestic	655.95	670.96	698.74	698.06
Total Domestic	1,083.55	1,085.05	1,131.31	1,130.64
Exports	160.05	146.29	166.46	167.36
Ending Stocks	350.24	340.81	308.80	309.78
Stocks/Use Ratio	32.3%	31.4%	27.3%	27.4%

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WHEAT

WHEAT: The February USDA Supply & Demand/ December 1 Stocks/ Winter Wheat Seeding report for wheat was considered slightly friendly with winter wheat plantings coming in at 31.3 million acres versus the average estimate of 31.97 million acres (31.5-33.16 million range) and compared to 32.54 million last year. The US wheat ending stocks came in at 1.010 billion bushels versus the average estimate of 994 million bushels (0.950-1.040 billion range) and compared to 974 million in December. World ending stocks came in at 267.5 million tonnes versus the average estimate of 268.5 million tonnes (266.0-272.4 million range) and compared to 268.1 million in December. December 1st quarterly stocks came in at 1.999 billion bushels versus the average estimate of 1.964 billion bushels (1.910-2.005 billion range) and compared to 1.873 billion bushels last year. Russian wheat production was raised to 71.6 million tonnes from 70.0 million previously. Russian wheat exports were also raised to 37.0 million tonnes from 36.5 million.

PRICE OUTLOOK: The USDA lowered feed use by 30 million bushels but left exports unchanged. After today's Egyptian tender the USDA may be vindicated for leaving exports unchanged. The market should find support from the winter wheat plantings that came in below the low end of estimates which puts the spring weather for winter wheat that much more important.

USDA SUPPLY/DEMAND				
US WHEAT	Feb	Feb	Dec	Feb
	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Area (M Acres)				
Planted	50.1	46.1	47.8	47.8
Harvested	43.8	37.6	39.6	39.6
Yield (Bu/Acre)	52.7	46.4	47.6	47.6
Beginning Stocks (MBu)	976	1,181	1,099	1,099
Production	2,309	1,741	1,884	1,884
Imports	118	157	140	140
Total Supply	3,402	3,079	3,123	3,123
Food	949	964	970	970
Seed	61	63	69	63
Feed/Residual	160	51	110	80
Domestic Total	1,171	1,079	1,149	1,113
Total Exports	1,051	901	1,000	1,000
Use, Total	2,222	1,980	2,149	2,113
Ending Stocks	1,181	1,099	974	1,010
Stocks/Use Ratio	53.2%	55.5%	45.3%	47.8%

USDA SUPPLY/DEMAND				
WORLD WHEAT	Feb	Feb	Dec	Feb
(Million Metric Tons)	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Supply				
Beginning Stocks	244.39	261.05	279.94	280.02
Production	756.51	763.18	733.41	734.75
Imports	178.92	179.14	175.79	176.24
Use				
Feed, Domestic	147.56	147.69	141.96	143.19
Total Domestic	739.85	744.20	745.25	747.23
Exports	183.35	181.23	177.36	178.67
Ending Stocks	261.05	280.02	268.10	267.53
Stocks/Use Ratio	35.3%	37.6%	36.0%	35.8%

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COTTON

USDA SUPPLY/DEMAND				
COTTON	Feb	Feb	Dec	Feb
	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Area (MAcres)				
Planted	10.07	12.72	14.04	14.10
Harvested	9.51	11.10	10.37	10.53
Yield (Lb/Acre)	867	905	860	838
Beginning Stocks (M Bales)	3.80	2.75	4.30	4.30
Production	17.17	20.92	18.59	18.39
Imports	0.01	0.00	0.01	0.01
Supply, Total	20.98	23.68	22.89	22.70
Domestic Use	3.25	3.23	3.30	3.20
Exports	14.92	15.85	15.00	15.00
Use, Total	18.17	19.07	18.30	18.20
Unaccounted	0.06	0.30	0.19	0.20
Ending Stocks	2.75	4.30	4.40	4.30
Stocks/Use Ratio	15.1%	22.5%	24.0%	23.6%

USDA SUPPLY/DEMAND	Feb	Feb	Dec	Feb
WORLD COTTON	USDA	USDA	USDA	USDA
(Million 480-lb Bales)	16-17	17-18	18-19	18-19
Supply				
Beginning Stocks	90.34	80.40	80.45	81.05
Production	106.66	123.69	118.74	118.45
Imports	37.70	40.93	41.71	42.31
Use				
Domestic	116.18	122.58	125.63	123.64
Exports	37.91	40.92	41.73	42.32
Loss	0.21	0.47	0.35	0.36
Ending Stocks	80.40	81.05	73.19	75.50
Stocks/Use Ratio	69.2%	66.1%	58.3%	61.1%

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