

USDA SUPPLY & DEMAND REVIEW

May 10, 2019

SOYBEANS

SOYBEANS: The May USDA Supply & Demand report for soybeans was considered bearish with 2018-19 US ending stocks coming in at 995 million bushels versus the average estimate of 926 million bushels (range 880-1.038 billion) and compared to 895 million in April. The 2018-19 world ending stocks came in at 113.18 million tonnes versus the average estimate of 109.0 million tonnes (range 107.0-115.7) and compared to 107.4 million in April. The new crop 2019-20 US ending stocks came in at 970 million bushels versus the average estimate of 940 million bushels in a range of 786 million-1.216 billion. The 2019-20 World ending stocks came in at 113.09 million tonnes versus the average estimate at 110.9 million tonnes in a range 100.0-120.0 million. Brazil's soybean production came in at 117.0 million tonnes versus the average estimate at 117.0 million tonnes (116.0-118.0 million range) and compared to the April estimate of 117.0 million tonnes. Argentine soybean production came in at 56.0 million tonnes versus the average estimate at 55.7 million tonnes (55.0-57.0 million) and compared to 55.0 million tonnes last month.

PRICE OUTLOOK: The USDA finally addressed the slow export pace by cutting the 2018-19 exports by 100 million bushels to 1.775 million bushels. This went straight to the ending stocks pushing them to 995 million bushels, 69 million bushels above the average estimate. Both world and US ending stocks are at a record high. The market is extremely oversold and may have priced in much of the bearishness. July may see some psychological support near 799.

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|--------------|--------------|--------------|--------------|
| US SOYBEANS | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| | 17-18 | 18-19 | 18-19 | 19-20 |
| Area (MAcres) | | | | |
| Planted | 90.2 | 89.2 | 89.2 | 84.6 |
| Harvested | 89.5 | 88.1 | 88.1 | 83.8 |
| Yield (Bu/Acre) | 49.3 | 51.6 | 51.6 | 49.5 |
| Beginning Stocks (MBu) | 302 | 438 | 438 | 995 |
| Production | 4,412 | 4,544 | 4,544 | 4,150 |
| Imports | 22 | 17 | 17 | 20 |
| Supply, Total | 4,735 | 4,999 | 4,999 | 5,165 |
| Crushings | 2,055 | 2,100 | 2,100 | 2,115 |
| Exports | 2,129 | 1,875 | 1,775 | 1,950 |
| Seed | 104 | 98 | 98 | 96 |
| Residual | 9 | 31 | 31 | 34 |
| Use, Total | 4,297 | 4,104 | 4,004 | 4,195 |
| Ending Stocks | 438 | 895 | 995 | 970 |
| Stocks/Use Ratio | 10.2% | 21.8% | 24.9% | 23.1% |

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| WORLD SOYBEANS | May | Apr | May | May |
| (Million Metric Tons) | USDA | USDA | USDA | USDA |
| | 17-18 | 18-19 | 18-19 | 19-20 |
| Supply | | | | |
| Beginning Stocks | 96.16 | 99.05 | 99.10 | 113.18 |
| Production | 341.54 | 360.58 | 362.08 | 355.66 |
| Imports | 152.92 | 151.18 | 149.56 | 150.82 |
| Use | | | | |
| Crush, Domestic | 295.14 | 303.79 | 301.63 | 308.20 |
| Total Domestic | 338.56 | 349.11 | 347.25 | 355.42 |
| Exports | 152.96 | 154.33 | 150.30 | 151.15 |
| Ending Stocks | 99.10 | 107.36 | 113.18 | 113.09 |
| Stocks/Use Ratio | 29.3% | 30.8% | 32.6% | 31.8% |

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USDA SUPPLY & DEMAND REVIEW

May 10, 2019

CORN

CORN: The May USDA Supply & Demand report for corn was considered bearish with US 2018-19 corn ending stocks coming in at 2.095 billion bushels versus the average estimate of 2.061 billion bushels (range 1.985-2.21 billion range) and compared to 2.035 billion in April. 2018-19 World ending stocks came in at 325.94 million tonnes versus the average estimate of 315.3 million tonnes (313.0-318.2 million range) and compared to 314.01 million in April. The new crop 2019-20 US ending stocks came in at 2.485 billion bushels in a range 1.694-2.506. The 2019-20 World ending stocks were estimated at 314.71 million tonnes versus an expected range of 271.2 to 329.0 million tonnes. Brazil's corn production came in at 100 million tonnes versus the average estimate of 96.7 million tonnes (95.0-98.0 million range) and compared to the April estimate of 96.0 million tonnes. Argentina's corn production came in at 49 million tonnes versus the average estimate of 48.0 million tonnes (46.5-50.0 million range) and compared to 48.0 million in April.

PRICE OUTLOOK: The much larger than expected South America production helped to cause a bearish report with December corn moving down to new contract lows. World ending stocks at 325.94 million tonnes came in well outside of the range of estimates for 313.0-318.2 million tonnes. A break to the 365 1/2 level appears to have priced in a very negative outlook and there will be many factors which could develop to shift the balance sheet more positive. Consider buying December near 365 1/2. The downside target for July corn is at 344.

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| US CORN | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| | 17-18 | 18-19 | 18-19 | 19-20 |
| Area (MAcres) | | | | |
| Planted | 90.2 | 89.1 | 89.1 | 92.8 |
| Harvested | 82.7 | 81.7 | 81.7 | 85.4 |
| Yield (Bu/Acre) | 176.6 | 176.4 | 176.4 | 176.0 |
| Beginning Stocks (M Bu) | 2,293 | 2,140 | 2,140 | 2,095 |
| Production | 14,609 | 14,420 | 14,420 | 15,030 |
| Imports | 36 | 40 | 35 | 35 |
| Supply, Total | 16,939 | 16,600 | 16,595 | 17,160 |
| Feed & Residual | 5,304 | 5,300 | 5,300 | 5,450 |
| Food, Seed & Industry | 7,056 | 6,965 | 6,900 | 6,950 |
| Ethanol for Fuel | 5,605 | 5,500 | 5,450 | 5,500 |
| Domestic Total | 12,360 | 12,265 | 12,200 | 12,400 |
| Total Exports | 2,438 | 2,300 | 2,300 | 2,275 |
| Use, Total | 14,799 | 14,565 | 14,500 | 14,675 |
| Ending Stocks | 2,140 | 2,035 | 2,095 | 2,485 |
| Stocks/Use Ratio | 14.5% | 14.0% | 14.4% | 16.9% |

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| WORLD CORN | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| (Million Metric Tons) | 17-18 | 18-19 | 18-19 | 19-20 |
| Supply | | | | |
| Beginning Stocks | 351.46 | 340.41 | 339.28 | 325.94 |
| Production | 1,077.95 | 1,107.38 | 1,119.00 | 1,133.78 |
| Imports | 149.83 | 161.95 | 163.99 | 167.06 |
| Use | | | | |
| Feed, Domestic | 672.86 | 703.51 | 699.68 | 705.10 |
| Total Domestic | 1,090.13 | 1,133.77 | 1,132.34 | 1,145.01 |
| Exports | 148.70 | 168.15 | 170.32 | 171.61 |
| Ending Stocks | 339.28 | 314.01 | 325.94 | 314.71 |
| Stocks/Use Ratio | 31.1% | 27.7% | 28.8% | 27.5% |

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USDA SUPPLY & DEMAND REVIEW

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WHEAT

WHEAT: The May USDA Supply & Demand and Production report for wheat was considered bearish with 2018-19 US wheat ending stocks coming in at 1.127 billion bushels versus the average estimate of 1.096 billion bushels (1.038-1.187 billion range) and compared to 1.087 billion in April. 2018-19 World ending stocks came in at 274.98 million tonnes versus the average estimate of 276.2 million tonnes (274.1-282.9 million range) and compared to 275.6 million in April. The 2019-20 US ending stocks came in at 1.141 million bushels versus the average estimate at 940 million bushels from a range of 881 to 1.173 billion bushels. The 2019-20 World ending stocks came in at 293.01 million tonnes versus the average estimate of 277.2 million tonnes from a range of 265.0 to 285.0 million tonnes. The US All Wheat production came in at 1.897 versus the average estimate 1.911 billion bushels (range 1.779-2.044 billion) and compared to last year's 1.884 billion. Total Winter wheat came in at 1.268 billion bushels versus the average estimate at 1.282 billion (1.116-1.406 range) and compared to 1.184 billion last year. The Hard Red wheat came in at 780 million bushels versus the average estimate at 766 million and compared to 662 million last year. Soft Red wheat came in at 265 million bushels versus the average estimate at 280 million bushels and compared to 286 million last year. White winter wheat came in at 224 million bushels versus the average estimate at 235 million bushels and compared to 236 million last year.

PRICE OUTLOOK: Both old crop and new crop US ending stocks figures were above the average estimates. The USDA cut 2018-19 exports another 20 million bushels. The USDA also increased Russia's production to 77.0 million tonnes and the EU's to 153.8 million tonnes pushing 2019-20 world ending stocks to 293 million tonnes well above the estimates. July wheat next downside target is at 417 1/2 with resistance at 432. July KC wheat next downside swing target is at 383 1/2 with resistance at 399 1/2.

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|--------------|--------------|--------------|--------------|
| US WHEAT | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| | 17-18 | 18-19 | 18-19 | 19-20 |
| Area (M Acres) | | | | |
| Planted | 46.1 | 47.8 | 47.8 | 45.8 |
| Harvested | 37.6 | 39.6 | 39.6 | 39.0 |
| Yield (Bu/Acre) | 46.4 | 47.6 | 47.6 | 48.6 |
| Beginning Stocks (MBu) | 1,181 | 1,099 | 1,099 | 1,127 |
| Production | 1,741 | 1,884 | 1,884 | 1,897 |
| Imports | 157 | 145 | 145 | 140 |
| Total Supply | 3,079 | 3,128 | 3,123 | 3,164 |
| Food | 964 | 965 | 960 | 965 |
| Seed | 63 | 62 | 62 | 68 |
| Feed/Residual | 51 | 70 | 50 | 90 |
| Domestic Total | 1,079 | 1,097 | 1,072 | 1,123 |
| Total Exports | 901 | 945 | 925 | 900 |
| Use, Total | 1,980 | 2,042 | 1,997 | 2,023 |
| Ending Stocks | 1,099 | 1,087 | 1,127 | 1,141 |
| Stocks/Use Ratio | 55.5% | 53.2% | 56.4% | 56.4% |

| USDA SUPPLY/DEMAND | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| WORLD WHEAT | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| (Million Metric Tons) | 17-18 | 18-19 | 18-19 | 19-20 |
| Supply | | | | |
| Beginning Stocks | 262.08 | 281.89 | 281.31 | 274.98 |
| Production | 762.24 | 732.87 | 731.55 | 777.49 |
| Imports | 179.82 | 175.60 | 175.15 | 179.64 |
| Use | | | | |
| Feed, Domestic | 146.77 | 139.53 | 139.72 | 150.27 |
| Total Domestic | 743.02 | 739.15 | 737.87 | 759.46 |
| Exports | 181.77 | 178.46 | 177.91 | 184.60 |
| Ending Stocks | 281.31 | 275.61 | 274.98 | 293.01 |
| Stocks/Use Ratio | 37.9% | 37.3% | 37.3% | 38.6% |

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COTTON

| USDA SUPPLY/DEMAND | | | | |
|----------------------------|--------------|--------------|--------------|--------------|
| COTTON | May | Apr | May | May |
| | USDA | USDA | USDA | USDA |
| | 17-18 | 18-19 | 18-19 | 19-20 |
| Area (MAcres) | | | | |
| Planted | 12.72 | 14.10 | 14.10 | 13.78 |
| Harvested | 11.10 | 10.53 | 10.21 | 12.54 |
| Yield (Lb/Acre) | 905 | 838 | 864 | 842 |
| Beginning Stocks (M Bales) | 2.75 | 4.30 | 4.30 | 4.65 |
| Production | 20.92 | 18.39 | 18.37 | 22.00 |
| Imports | 0.00 | 0.01 | 0.01 | 0.01 |
| Supply, Total | 23.68 | 22.70 | 22.67 | 26.66 |
| Domestic Use | 3.23 | 3.10 | 3.10 | 3.10 |
| Exports | 15.85 | 15.00 | 14.75 | 17.00 |
| Use, Total | 19.07 | 18.10 | 17.85 | 20.10 |
| Unaccounted | 0.30 | 0.20 | 0.17 | 0.16 |
| Ending Stocks | 4.30 | 4.40 | 4.65 | 6.40 |
| Stocks/Use Ratio | 22.5% | 24.3% | 26.1% | 31.8% |

| USDA SUPPLY/DEMAND | May | Apr | May | May |
|-------------------------|---------------|---------------|---------------|---------------|
| WORLD COTTON | USDA | USDA | USDA | USDA |
| (Million 480-lb Bales) | 17-18 | 18-19 | 18-19 | 19-20 |
| Supply | | | | |
| Beginning Stocks | 80.42 | 81.05 | 81.08 | 76.47 |
| Production | 123.78 | 118.93 | 118.43 | 125.45 |
| Imports | 41.05 | 42.09 | 42.03 | 45.35 |
| Use | | | | |
| Domestic | 122.77 | 123.18 | 122.71 | 125.93 |
| Exports | 40.93 | 42.09 | 42.03 | 45.35 |
| Loss | 0.47 | 0.36 | 0.33 | 0.31 |
| Ending Stocks | 81.08 | 76.44 | 76.47 | 75.69 |
| Stocks/Use Ratio | 66.0% | 62.1% | 62.3% | 60.1% |

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