

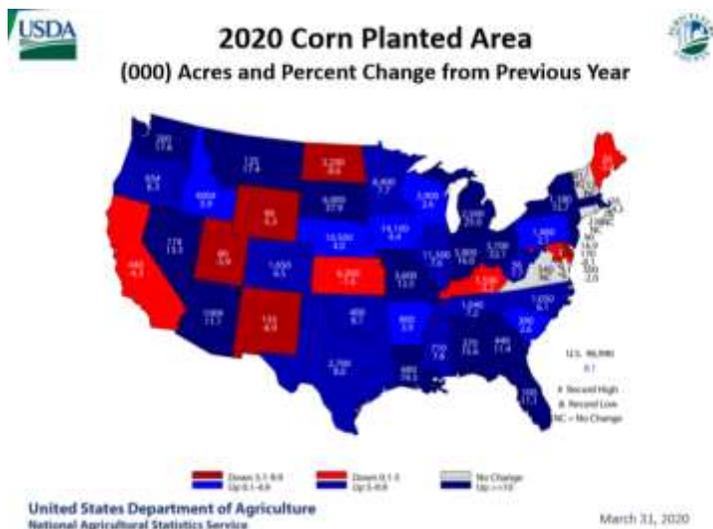
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USDA NASS released prospective plantings yesterday and is a first look at what crop farmers are intending to plant this year. This survey was taken February 28-March 18th. The report showed an incredible rebound in principle crop acres, climbing 16.5 million acres, falling just shy of the 2018 figures.

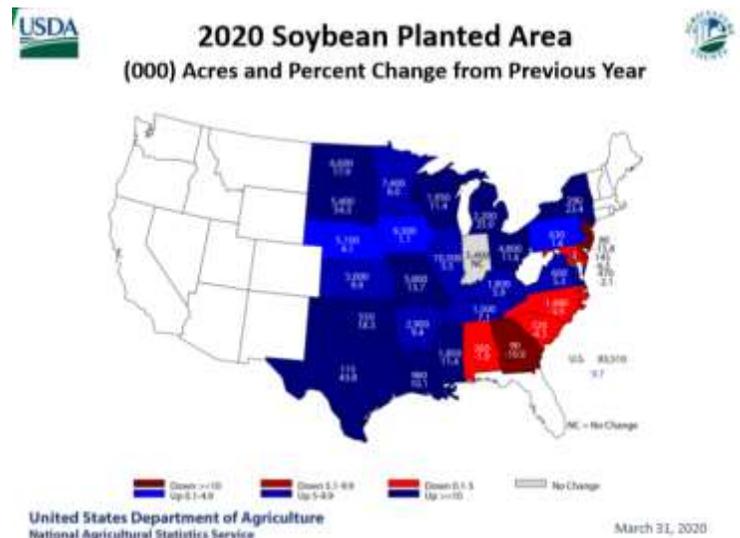
Large increases are expected in corn and soybean acres this year. Corn acres jumped over 8%, and if materialized would be the largest corn planting since the 2012/13 marketing year. Soybean acres jumped 10% to 83.5 million acres. Nearly all principle crops showed crop farmers were expanding acreage. Even hay acres showed a 2% increase, nearly 1 million acres greater than 2019.

Several states across the Midwest are staging impressive comebacks in corn acres. Ohio is expecting to plant 32% more, Michigan— 25% more, Indiana--16% more. North Dakota is planning for 38% more corn acres, Missouri is claiming 12.5% more acres, Minnesota and Illinois both are increasing more than 7%. Interestingly, no states are indicating new record highs in planting acres.



Soybean acres showed strong increases across the plains region with significant increases in the Dakotas, Upper Midwest, Southern Plains, and Mississippi Delta.

Corn futures cautiously reacted to new prospective planting information and lower grain stocks than a year ago (-7.7%) to the



downside following the report. Soybean futures climbed on a smaller increase in acres, but 17.4% lower stocks compared to a year ago. These stock numbers may indicate that the 2019/20 harvest crop was smaller than NASS reported.

For the current corn marketing year: The lack of profitability in the ethanol market has led to several plants shutting down and will result in less feeding of DDGs. Corn exports are still much smaller than a year ago as well. Lower prices and reduced availability of DDGs will support increased feed usage the rest of the marketing year, but ultimately along with smaller exports support a large carryout for 2019/20.

For next corn marketing year: A crop as large as prospective planting is implying would suggest a harvest corn price substantially lower than current December corn futures, assuming normal growing conditions, and the potential for an even larger carryout if the world economy is still struggling in 2021.

The acreage number for corn will likely be faded lower as the survey was taken the first two weeks of March, and the U.S. outlook is steadily evolving. Soybeans could potentially see a few more acres than Prospective Plantings suggests but is likely small (1-2 million more acres). Even if that is the case, corn futures prices are likely to shift lower for new crop corn.

Outlook is still at a very uncertain time of the season, and COVID-19 continues to add to that uncertainty and its impact on global demand.

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