

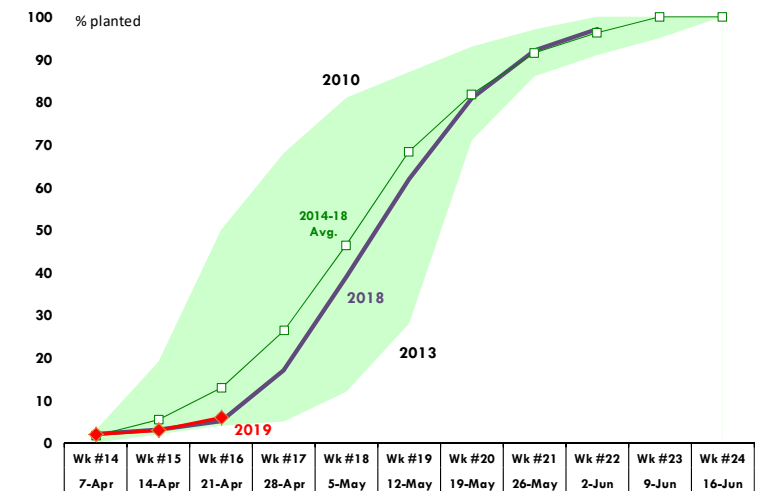
US corn farmers are getting ready to start planting a new round of corn and soybean crops and livestock/poultry producers will pay close attention. **Feed cost inflation has been extremely limited in the last three years, helping bolster livestock producer margins and one of the key factors behind the surge in US meat protein production.** It is still too early to focus on planting progress despite speculation of excessive moisture in some areas and planting delays. Advances in farming equipment have narrowed the window necessary to get the crop in the ground. For the week ending April 21 USDA noted that only 6% of the corn crop had been planted, about the same pace of progress as a year ago. In the last five years, by the third week of April an average of 12% of the corn crop had been planted. This may appear like a big difference but it is not, especially at this time of year. Last year corn farmers at the end of April had planted only about 17% of the corn crop. **In two weeks they were able to plant an additional 45% of the crop and by the third week of May about 81% of the crop had been planted.** It is prudent to keep an eye on planting progress and assess any potential effects this may have on final production. The main risk comes from potential flooding in May and a shift of corn acres to soybeans, which are planted later than corn. USDA each week updates a very useful crop progress report. On page 2 we have included three charts from this report, which illustrate the growing cycle for the three principal crops in the US.

While focusing on domestic crop progress is important, it is just as critical in our view to also pay attention to what our competitors around the world are doing. **About 20 years ago the US accounted for almost two thirds of all the corn that was traded in the world.** The pie chart to the right shows how much global corn trading has changed. For the 2018/19 marketing year USDA is projecting that US corn exports will be 58.4 million MT, which is about 28% higher than what US farmers were exporting 20 years ago but only 35% of the global trade. In the past 20 years global corn exports have increased by 96 million MT or 134% and US farmers have captured only about 13% of the growth in global corn trade. Farmers in South America have certainly capitalized on growing global demand to shift more acres into corn and soybean production. Ukraine has also become a much more significant player in the global corn market and USDA estimates that Ukraine corn exports for the current marketing year will be 29.6 million MT, 18% of global exports.

Next month USDA will issue its first round of estimates of US and global grain supplies. We urge you to look past page 12 that has the US domestic supply/demand table and also consider what

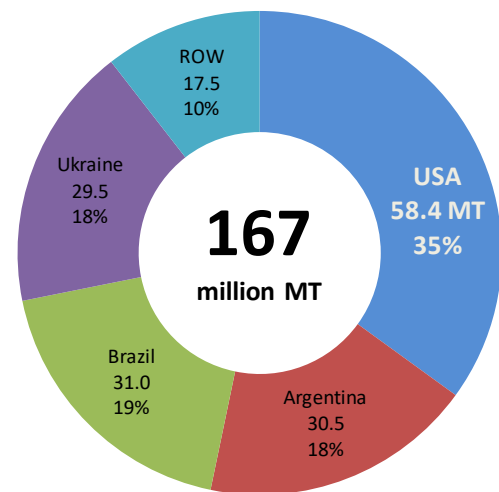
CORN PLANTING PROGRESS: PERCENT PLANTED

Corn Crop Planted in 18 Major Production States. Source: USDA-NASS. Prepared by Steiner Consulting

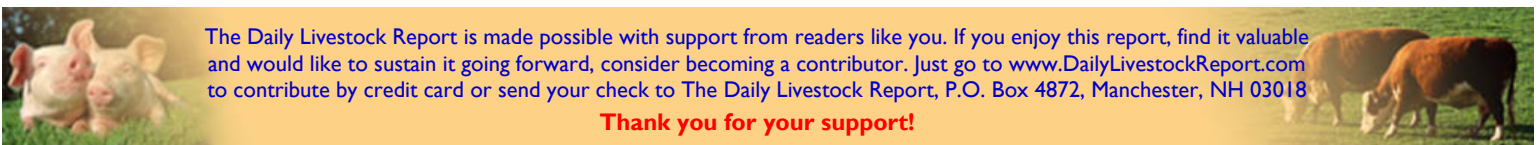


Key Global Corn Exporting Countries. USDA Projections for 2018-19 Marketing Year

Data Source: USDA WASDE Report published 5/9. Prepared by Steiner Consulting



other markets are expected to produce. Corn and soybean prices have been weak recently despite the slow start to plantings precisely due to expectations of higher production in other parts of the world. Big crops in those markets and a large carryover of domestic supplies has so far kept corn and soybean prices in check. Will that be the case again for 2019-20?



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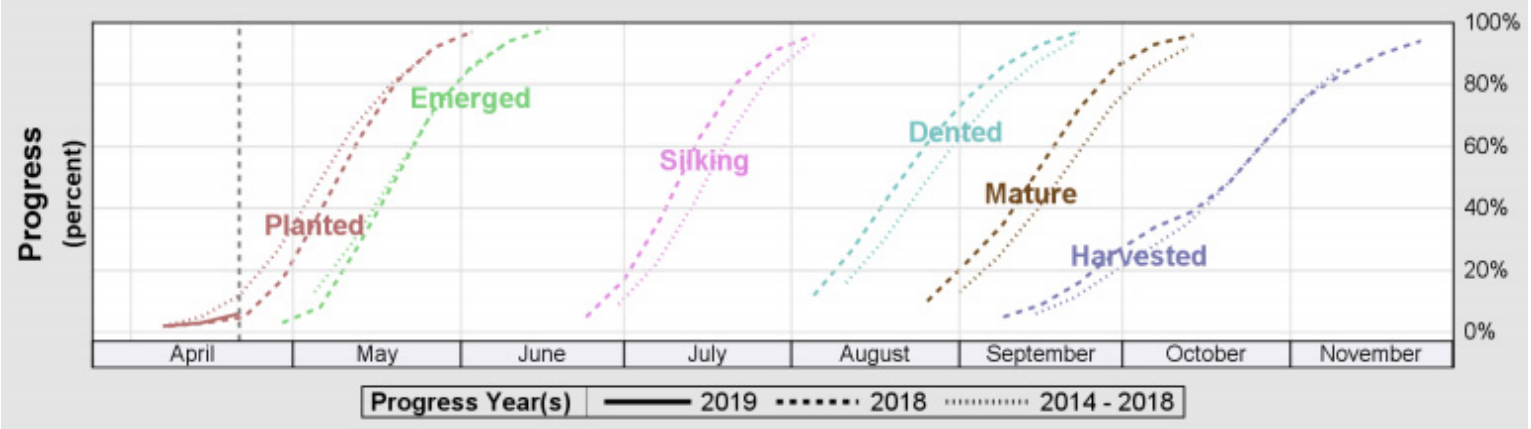
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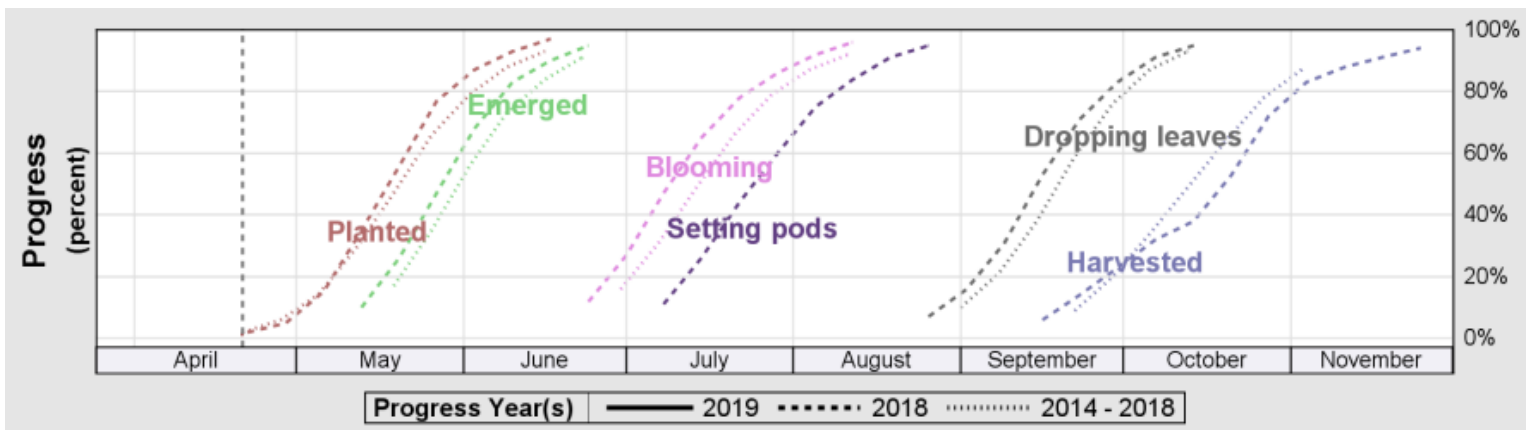
Corn Crop Progress. Current Conditions and Crop Cycle Perspective

Source: This chart was produced by USDA-NASS. https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2019/US_2019.pdf



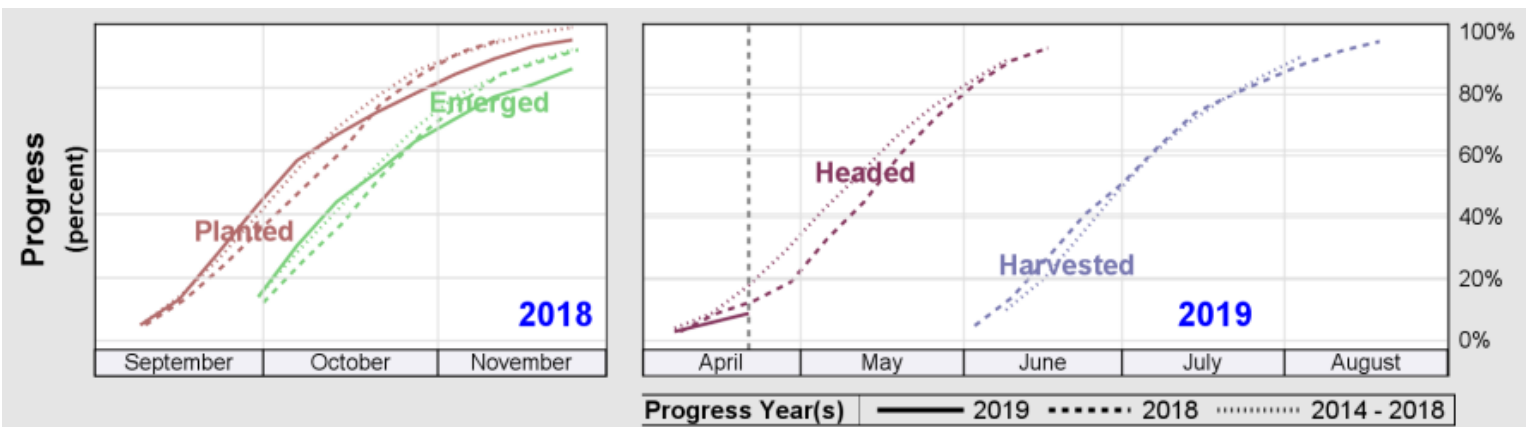
Soybean Crop Progress. Current Conditions and Crop Cycle Perspective

Source: This chart was produced by USDA-NASS. https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2019/US_2019.pdf



Winter Wheat Crop Progress. Current Conditions and Crop Cycle Perspective

Source: This chart was produced by USDA-NASS. https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2019/US_2019.pdf



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