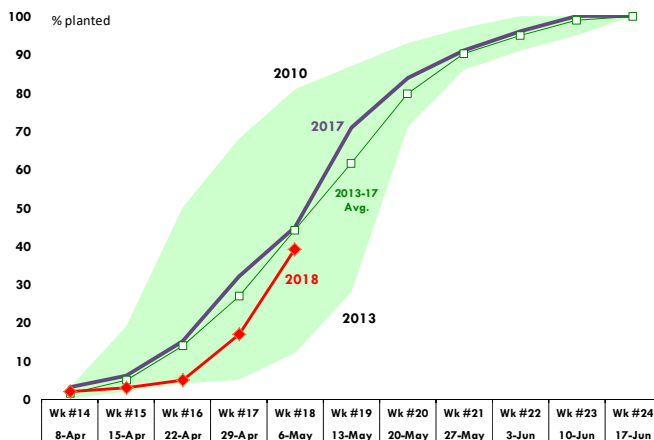


After a slow start to plantings, **improving weather conditions across the Midwest have allowed corn farmers to quickly catch up.** For the week ending May 6 USDA reported that 39% of the corn crop had been planted. This is still behind the 45% planting rate at this time last year and the 44% average for the past five years, but good progress was made the last two weeks and it appears farmers are on track to plant more than half of the corn crop before May 15. Last year farmers planted 26% of the entire crop in the week between May 8 and May 14 while the five year average was 17.6% for that week. Studies have shown that there is no strong correlation between the pace of corn plantings and final yields. However, the risk is always that if farmers miss the planting window they may shift more acres into soybeans. The potential for tariffs on US beans going to China has injected significant uncertainty in the market and will make the decision to switch more difficult.

USDA will release today (12pm ET) its first official estimates of US grain and meat production for 2018-19. Generally the pace of plantings does not affect USDA production estimates unless it falls significantly behind schedule. That is not the case this year. As we read analyst estimates ahead of the report, what stands out is the expectation for a sharp reduction in corn ending stocks in 2018-19 and the potential for higher corn prices next year. On average the analysts polled by Reuters indicated that they expect corn ending stocks for 2017-18 to be 2.178 billion bushels, slightly lower than the USDA estimate presented in April. **Ending stocks for 2018-19, however, are projected at 1.628 billion bushels, a 25% decline from the current year.** The USDA outlook projection presented in February (not part of the official WASDE process) pegged the ending crop for the 2018-19 year at 2.272 billion bushels. Why the big difference between that early projection and current analyst expectations? We revised that February USDA balance sheet for 2018-19 by incorporating some of the new information available since then. We also made some adjustments so the final ending stocks come close to analyst estimates. The point was to see what it would take to get to the number that analysts were projecting. A big chunk of the difference from February is due to **the lower planted acres** as reported in the March USDA farmer survey. Rather than 90 million acres USDA was assuming in February, farmers indicated they intend to plant 2 million fewer acres. This removed 320 million acres of potential production from the balance sheet. Additionally, that February forecast included a carryover stock of 2.352 billion bushels while now it appears that carryover may be about 170 million bushels smaller. These two adjustments remove about 500 million bushels from the balance sheet and significantly reduce projected carryover for the new marketing year. **Lower US production is expected to reduce global carryover stocks as well.** It will be interesting what kind of numbers USDA will put together with regard to South American corn production. Analysts have applauded the USDA decision to include a line item in the global balance sheet that backs out the impact of China supplies. This should allow participants to better understand supply conditions in major global exporting regions. Analysts polled by Reuters on average expect global corn ending stocks for 2018-19 to be 186.35 MT, down 4.5% from a year ago and the lowest ending stocks in five years.

CORN PLANTING PROGRESS: PERCENT PLANTED

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



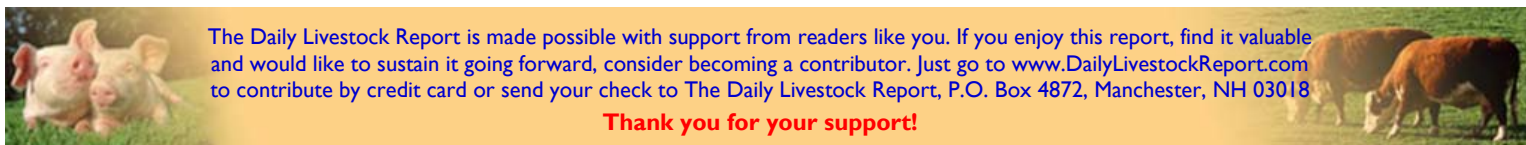
Corn Balance Sheet

2018-19 Estimates Constructed to Approach Average of Analyst Estimates

	2015/16	2016/17	2017/18		% Change		2018-19 USDA Outlook Forum	2018-19 Revised to Match Analyst Estimates	
	USDA Actual	USDA Estimate	USDA Mar Est	USDA Apr Est	vs. 2015/16	vs. 2016/17			
Planted	88.0	94.0	90.2	90.2	2.5%	-4.0%	90.0	88.0	-2.4%
Harvested	80.8	86.7	82.7	82.7	2.4%	-4.6%	82.7	80.9	
Yield	168.4	174.6	176.6	176.6	4.9%	1.1%	174.0	173.5	-1.8%
Beginning stocks	1,731	1,737	2,293	2,293	32.5%	32.0%	2,352	2,182	
Production	13,602	15,148	14,604	14,604	7.4%	-3.6%	14,390	14,030	-3.9%
Imports	68	57	50	50	-26.5%	-12.3%	50	50	
Supply, total	15,401	16,942	16,947	16,947	10.0%	0.0%	16,792	16,262	
Feed and residual	5,114	5,472	5,550	5,500	7.5%	0.5%	5,475	5,525	???
Ethanol for fuel	5,224	5,432	5,575	5,575	6.7%	2.6%	5,650	5,650	1.3%
Food, seed, residua	1,424	1,451	1,470	1,465	2.9%	1.0%	1,495	1,495	
Domestic use, total	11,763	12,356	12,595	12,540	6.6%	1.5%	12,620	12,670	
Exports	1,901	2,293	2,225	2,225	17.0%	-3.0%	1,900	1,975	???
Use, total	13,664	14,649	14,820	14,765	8.1%	0.8%	14,520	14,645	
Ending stocks	1,737	2,293	2,127	2,182	25.6%	-4.8%	2,272	1,617	
Avg. farm price (\$)	3.61	3.36	3.15-3.55	3.20-3.50	-7.2%	-1.5%			
Ending Stocks/Use	12.7%	15.7%	14.4%	14.8%			15.6%	11.0%	

Source: USDA Monthly WASDE Report. 2018-19 USDA Projections are from February USDA Outlook Meeting

** Corn crop marketing year starts September 1.



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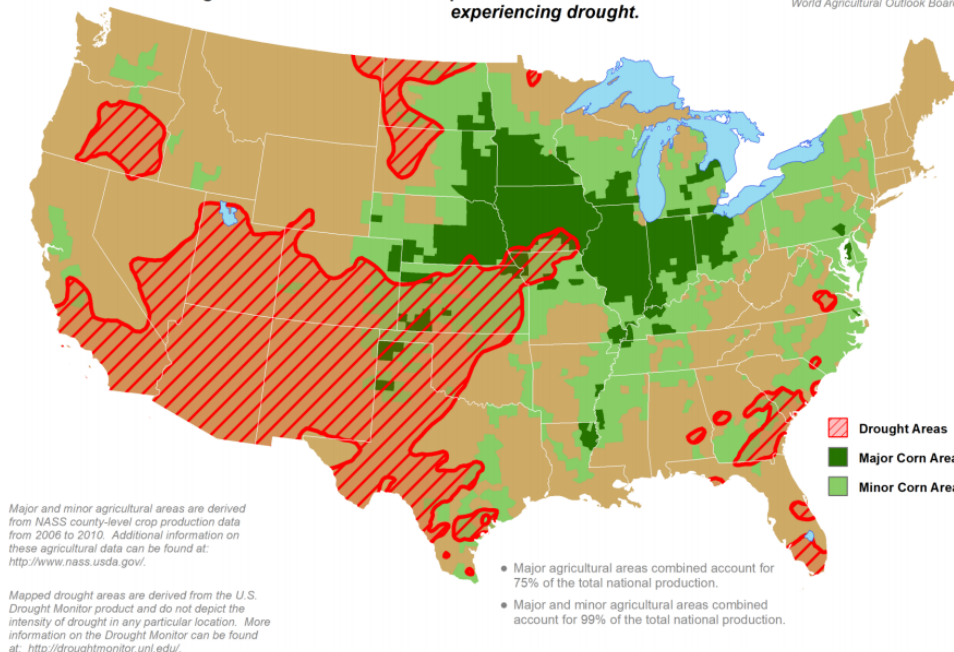
U.S. Corn Areas Experiencing Drought

Reflects May 1, 2018
U.S. Drought Monitor data

Approximately 9% of corn
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



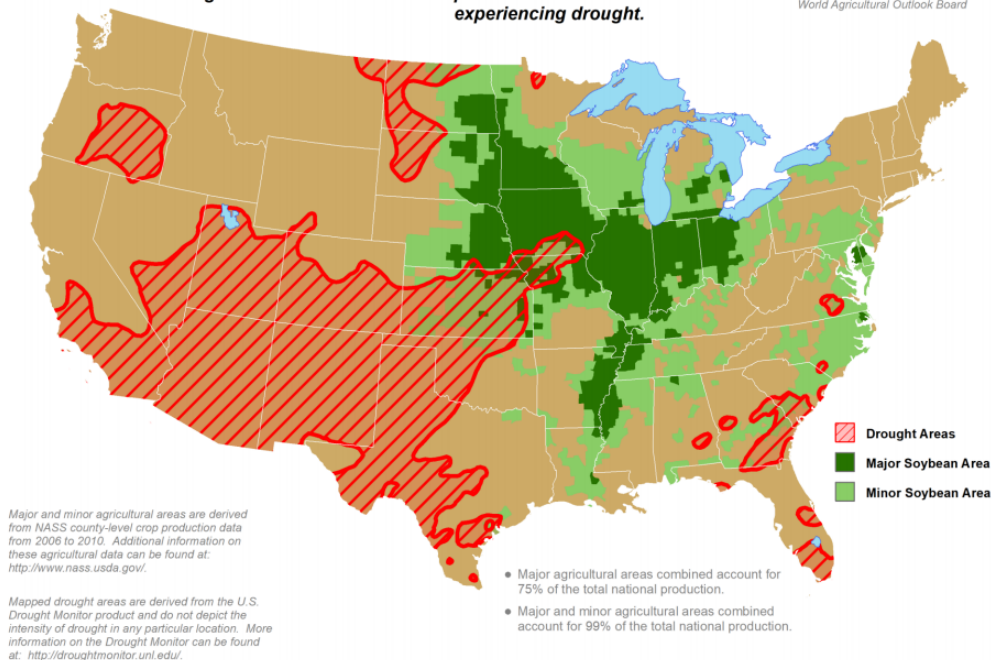
U.S. Soybean Areas Experiencing Drought

Reflects May 1, 2018
U.S. Drought Monitor data

Approximately 8% of soybean
production is within an area
experiencing drought.



This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



<https://www.usda.gov/oce/weather/Drought/AgInDrought.pdf>

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