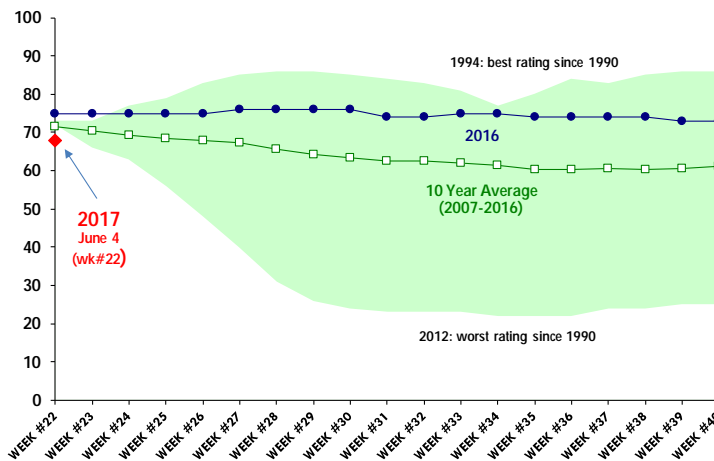


Almost all corn has been planted at this point and USDA last reported that 86% of the corn crop has emerged. Soybean plantings also are approaching completion, with 83% of the crop now in the ground compared to 79% at this time last year. About 58% of the soybean crop has emerged compared to 79% a year ago. Market focus will now turn to growing conditions and the potential impact on yields. Each week USDA provides an update on growing conditions for major crops and compares this to the same period a year ago. The crop is rated on a five step scale, very poor, poor, fair, good and excellent. The chart to the right shows the percent of corn acres that were rated to be in good or excellent condition for the week ending June 4 and how those ratings compare to previous years. For the most part the crop is in good health at the start of the year although the most recent condition rating is slightly under a year ago. The 68% good/excellent rating of last week was about 3 points better than the previous week but still under what it was last year. It is still early in the growing season but some in the market likely were surprised by the reported improvement given reports of problems in some ECB states and in the south. But the rating is a weighted number based on the number of corn acres in various states. Conditions in some states that struggled with excess moisture in May also appeared to improve in early June. USDA rated 59% of the corn crop in Illinois at good/excellent condition, about 7 points higher than the previous week while the Indiana and Iowa crop gained 3 and 4 points respectively. South Dakota was one state that has significant planted corn acres and saw conditions deteriorate by 5 points. A short term drought in the area has impacted most crops (see map on page 2), with spring wheat impacted the most given this is a key growing area. USDA noted in its March 'Corn Plantings' report that South Dakota farmers intended to plant 5.4 million acres with corn in 2017, making it the sixth largest state by planted acres for corn. Conditions in Minnesota, with 8 million planted acres, have improved considerably and the good/ex rating increased by 9 points in the latest report.

Some of the most recent crop information may influence the latest USDA projections although we suspect USDA analysts for the most part will stick with trend numbers when calculating projected output for the 2017/18 marketing year. The table to the right shows analysts expectations for the ending stocks of the three major row crops for the current year and the new marketing year. **Analysts polled by Reuters on average expect USDA to make some very modest downward revisions to corn ending stocks for the current year and also expect USDA to lower ending stocks for 2017/18 by 1.2% compared to what was reported in May.** Why the downward revision? Much of this likely has to do with modestly lower yield estimates considering crop progress to this point although we are not sure the impact has been significant enough to get USDA to revise June trend yields. Projections for tighter global supplies and possibly higher US exports also may play role. USDA

CORN CROP CONDITIONS
% RATED AS GOOD OR EXCELLENT SINCE 1990

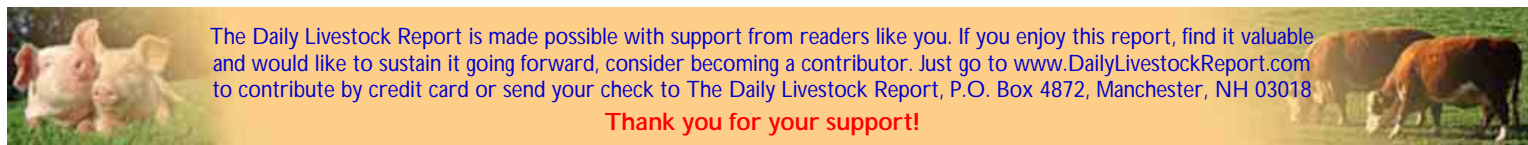


Summary of Analyst Estimates Ahead of USDA Monthly WASDE

Source: Reuters Survey of Analysts ahead of June 9, 2017 USDA Release

	2016-17		2017-18	
	Range	Avg.	Range	Avg.
USA Ending Stock Estimates, mil. bu.				
Corn	2,215 - 2,360	2,287	1,985 - 2,200	2,085
Soybeans	400 - 458	433	435 - 612	485
Wheat	1,144 - 1,200	1,161	860 - 995	911
WORLD Ending Stock Estimates, mil. MT				
Corn	221.50 - 226.80	224.00	193.40 - 197.25	195.48
Soybeans	90.14 - 92.35	90.79	88.80 - 90.70	89.44
Wheat	253.30 - 256.10	255.24	254.80 - 160.00	257.77

projected a decline in feed use for the 2017-18 marketing year. However, considering the robust meat demand in the US market so far this year, it will be interesting to see if USDA may opt to make any upward revisions to those feed use projections. Overall, however, analysts still expect ending stocks to be above 2 billion bushels. It is that time of year when uncertainty caused market participants to build risk premiums in grain contracts, premiums that either escalate or disappear depending on how weather conditions play out between mid June and the end of July.



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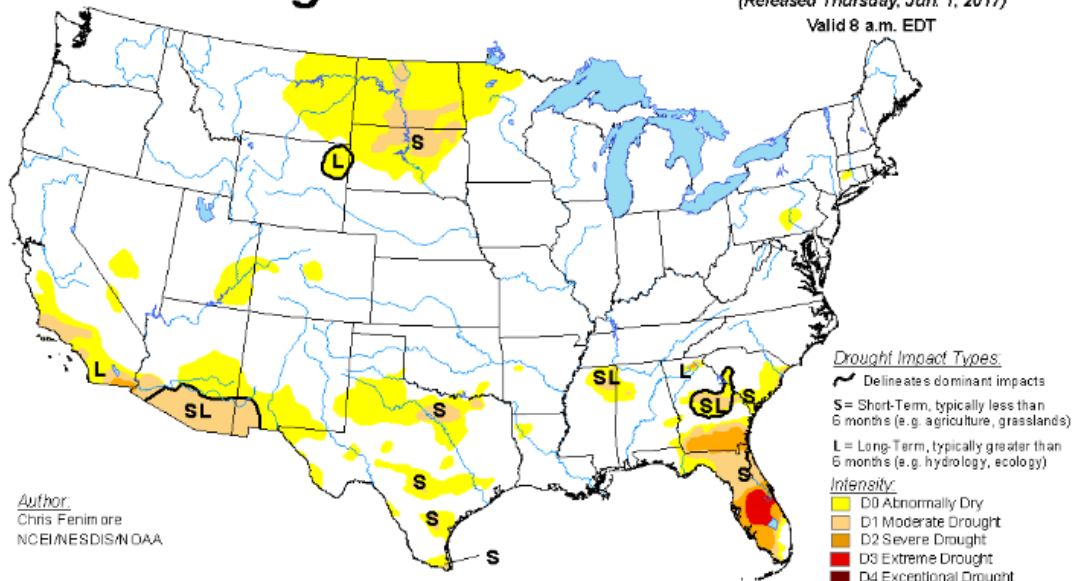
Vol. 15, No. 111 / June 7, 2017

U.S. Drought Monitor

May 30, 2017

(Released Thursday, Jun. 1, 2017)

Valid 8 a.m. EDT



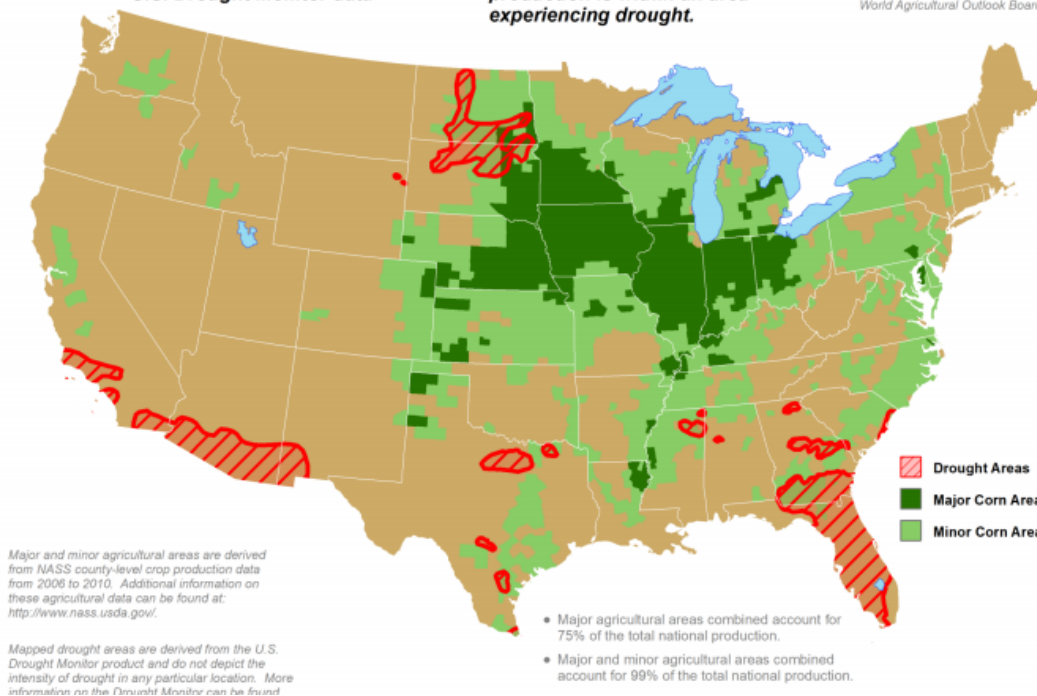
U.S. Corn Areas Experiencing Drought

Reflects May 30, 2017
 U.S. Drought Monitor data

Approximately 3% of corn
 production is within an area
 experiencing drought.

 United States
 Department of
 Agriculture

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



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