

USDA's monthly Crop Production and World Supply and Demand Estimates reports, released Tuesday morning contained few big surprises but even the smaller surprises pressured grain futures prices in Tuesday's session. This is not the time of year that we normally see big changes in USDA's U.S. crop supply and utilization (S & U) estimates and this year held true to form. The table at right shows historical and pre-report estimates for projected year-end stocks of U.S. corn, soybeans and wheat as well as yesterday's USDA estimates.

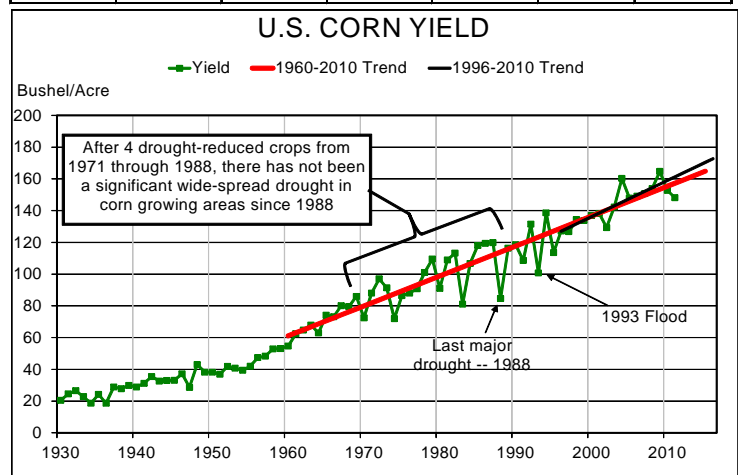
USDA left its projected 2011-12 corn carryout figure at 801 million bushels, nearly 12% larger than the average trade estimate. The steady carryout estimate was easy to arrive at since USDA changed no numbers at all in its April S & U table vs. March levels (see page 2). The 6.3% estimated year-end stocks-to-use ration remains the second lowest on record. USDA did narrow the range of its estimate of national weighted average farm price to \$6.00 to \$6.40. The mid-point of the range, \$6.20, is the same as it was in March.

USDA reduced its estimated carryout stocks for soybeans by 9.1% to 250 million bushels. That figure was very close the average analysts' estimate of 246 million bushels. The change was the result of higher estimated crushings (+15 mil. bu.) and exports (+25 mil. bu) and small reductions in seed usage and residual. The 250 million bushels amount to 8.2% of total 2011-12 usage, down from 9.1% in the March report. USDA increased its estimated national weighted average farm price to \$12.00 to \$12.50 from March's \$11.40-\$12.60. Both bean oil and bean meal price estimates were increased as well with the mid-point of the oil range going from \$52.50 to \$53.50 and the mid-point of the meal range jumping \$20/ton to \$345.

Year-end wheat stocks were also reduced very much in line with analysts' expectations. USDA's estimated 793 million bushel carryout was only 3 million lower than the average of analysts' estimates and represents a 3.9% reduction from March's USDA estimate of 825 million bushels. The reduction was driven by a 35 million bushel increase in projected feed usage and leaves year-end stocks-to-use ratio at 36.2%, very close to last year's 35.7%. USDA narrowed its estimated all-wheat price range to \$7.20 to \$7.40/bu., leaving the mid-point steady at \$7.30.

Estimates of Argentina's and Brazil's corn and soybean crops were very much in line with analysts' pre-report expectations. USDA reduced its estimate of Argentinian corn output from 22 million metric tons (mmt) in March to 21.5 mmt in this report. That number is the same as the average estimates from both Reuters' and DowJones surveys. USDA left its estimate of Brazil's corn crop steady at 62 mmt, slightly larger than the 61.7 and 61.8 mmt average estimates of the two wire service surveys. Argentina's estimated soybean crop was reduced from 46.5 mmt in March to 45 mmt in this report. That is slightly lower than pre-report estimates of 45.2 and 45.3 mmt. Brazil's estimated soybean crop

U.S. YEAR-END STOCKS					
2011	2011-12				
	USDA, March	Avg. Pre-Report Estimate	USDA, April	vs. March	vs. Avg. Estimate
Billion Bushels				Percent Change	
Corn	1.128	0.801	0.801	0.0%	11.7%
Soybeans	0.215	0.275	0.250	-9.1%	1.6%
Wheat	0.862	0.825	0.793	-3.9%	-0.4%



declined from 68.5 mmt to 66 mmt in this report, about one million mt lower than the pre-report estimates.

This week's Crop Progress report indicates, as expected, that the pace of corn planting accelerated last week versus both year-ago and historical levels. Corn producers had planted 7% of planned corn acres as of Sunday. That compares to 3% last week and last year and a 5-year average of 2%. But just as was the case a week ago, we think the importance is where those acres are located. Perennial early-plant leader Texas is about on schedule (52% vs.. 5-yr. average of 54%) and southern states such as Tennessee, North Carolina and Kentucky are well ahead of schedule, too. But the big story is large plantings in Illinois (17% vs. 5-yr. avg of 1%), Indiana (6% vs. 0%), Missouri (23% vs. 6%). Iowa and Minnesota even made the table this week at 1%.

Intended acres and early planting, however, will all fall aside as the year progresses and this corn crop and resulting prices will boil down to one variable: yield. A yield like last year's 147 will still leave 2013 carryout stocks VERY tight. A trend yield of 159 or 164 (depending on which trend you choose) would push carryout stocks well over 1 billion bushels and likely push prices well down in the \$5 range and perhaps below. Can we have three below-trend yields in a row? It has happened three times since 1960 with the last occurring in 1995-1997. Not likely but certainly possible.

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U.S. CORN SUPPLY AND UTILIZATION - APRIL

		2009/10	2010/11 Estimate	2011/12		%Chng vs. '10-'11
				USDA March	USDA April	
Acres Planted	Mil A	86.4	88.2	91.9	91.9	4.2%
Acres Harvested	Mil A	79.5	81.4	84	84	3.2%
Yield	Bu/A	164.7	152.8	147.2	147.2	-3.7%
Beginning Stocks	Mil Bu.	1673	1708	1128	1128	-34.0%
Production	Mil Bu.	13092	12447	12358	12358	-0.7%
Imports	Mil Bu.	8	27	20	20	-25.9%
Total Supply	Mil Bu.	5961	14182	13506	13506	-4.8%
Feed & Residual	Mil Bu.	5125	4793	4600	4600	-4.0%
Ethanol for fuel	Mil Bu.	4591	5021	5000	5000	-0.4%
Non-Ethanol FSI	Mil Bu.	10183	1395	1405	1405	0.7%
Exports	Mil Bu.	1980	1835	1700	1700	-7.4%
Total Usage	Mil Bu.	13066	13053	12705	12705	-2.7%
Carryover	Mil Bu.	1708	1128	801	801	-29.0%
Stocks/Use		13.1%	8.6%	6.3%	6.3%	-27.0%
Nat. Wtd. Avg. Farm Price	\$/Bu.	3.55	5.18	5.90 - 6.50	6.00 - 6.40	18.1%

U.S. SOYBEAN SUPPLY & UTILIZATION - APRIL

		2009/10	2010/11	2011/12		% Chng vs '10-11
				USDA March	USDA April	
Acres Planted	Mil A	77.5	77.4	75.0	75.0	-3.1%
Acres Harvested	Mil A	76.4	76.6	73.6	73.6	-3.9%
Yield	Bu/A	44.0	43.5	41.5	41.5	-4.6%
Beginning Stocks	Mil Bu.	138	151	215	215	42.4%
Production	Mil Bu.	3359	3329	3056	3056	-8.2%
Imports	Mil Bu.	15	14	15	15	7.1%
Total Supply	Mil Bu.	3512	3495	3286	3286	-6.0%
Crushings	Mil Bu.	1752	1648	1615	1630	-1.1%
Exports	Mil Bu.	1499	1501	1275	1290	-14.1%
Seed	Mil Bu.	90	87	87	86	-1.1%
Residual	Mil Bu.	20	43	34	30	-30.2%
Total Usage	Mil Bu.	3361	3280	3011	3036	-7.4%
Carryover	Mil Bu.	151	215	275	250	16.3%
Stocks/Use		4.5%	6.6%	9.1%	8.2%	25.6%
Nat. Wtd. Avg. Farm Price	\$/Bu.	9.59	11.30	11.40 - 12.60	12.00 - 12.50	8.4%
Soybean Oil Price	Cents/lb.	35.95	53.20	50.50-54.50	52.5-54.5	0.6%
Soybean Meal Price	\$/ton	311.27	345.52	310-340	335-355	-0.2%