



# AgResource COMPANY

## Weekly Newsletter

August 8, 2017

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### Market Summary

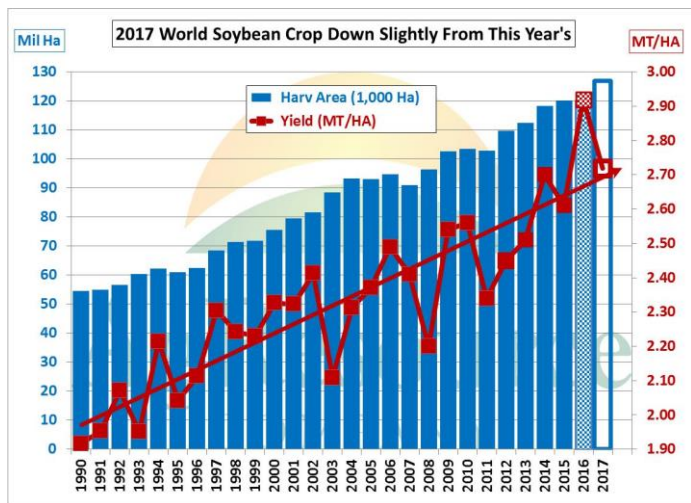
Brazil and Argentina are now exporting record amounts of corn, to the chagrin of the US. S American corn export line-ups have grown dramatically in recent weeks. The sales are been large enough to rally the Arg basis and the recovery confirms a seasonal low in world corn prices against \$142/MT. N Hemisphere corn production has been whittled lower. ARC estimates that US, China and Ukraine have endured combined production losses of at least 20 MMTs. ARC forecasts that 2017/18 world corn stocks could fall to 187-191 MMTs. ARC estimates the 2017 US corn yield of 166 BPA for the August NASS crop report. Final yield could reach 160-162.5 BPA, which would reduce end stocks to 1,800-1,900 Mil Bu. Spot futures are expected to hold in a range of \$3.60-4.00 into harvest.

Wheat futures continue their slide from mid-summer highs. The issue is still that funds held long positions in all US markets, and with Black Sea production estimates inching higher, fundamentally bullish news is lacking for the moment. Interior Russian markets tend to bottom in August, and rally thereafter into late year. Gulf wheat is the world's cheapest origin. Look for US export sales and shipments to get a boost through the early part of fall, as (at the least) buyers aim to extend forward coverage.

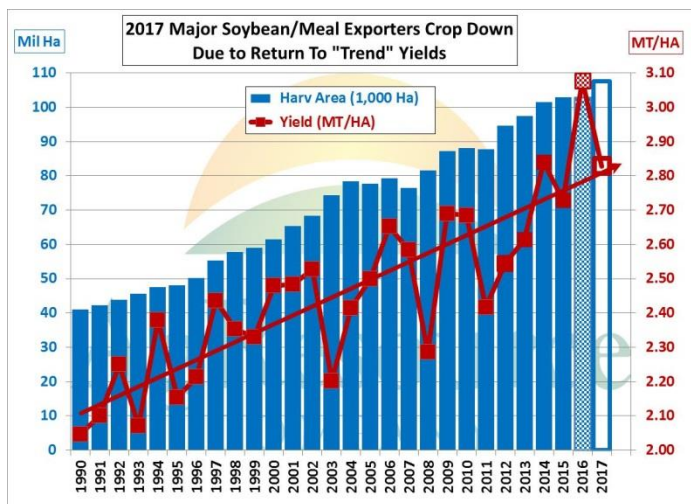
Nov soybeans closed at \$9.73 after filling the "gap" at \$9.58-\$9.63. We had a weekly close below the gap but futures are above the gap going into the USDA's reports. We raised old-crop exports by 50 Mil Bu. We've also raised new-crop exports by 50 Mil Bu. As a result we've lowered our estimate for new-crop stocks 100 Mil Bu. China's forward crush margin was \$-.47/Bu, well off the 3-year low it was at a week ago. July soybean imports were a record 10.08 MMT after crushers delayed unloading June shipments until after a lower VAT tax went into effect July 1. The trade expects the US yield to be 47.4 (vs USDA's Jul projection of 48 Bu). The trade expects new-crop stocks will be 426 Mil Bu (vs USDA's 460). Nov futures could reach \$10.60 (during August) if the yields are 46.2 Bu. If yield drops to 45 Bu, prices could reach \$11.25. We are in the midst of a weather market and advise producers to wait for clarification on expected yields before pushing sales beyond 25% of the expected crop.

## Global Soybean Crop to Decline Slightly in 2017 AND the Ratio of Stocks/Use To Fall.

ARC's 2<sup>nd</sup> estimate of the 2017 global soybean crop is 342.4 MMT, down 9.47 MMT from this year's crop, but the 2<sup>nd</sup> largest crop ever (for more details see table on following page). The drop in 2017/18 global production is due to the USDA's assumption that global yields will be near "trend" this year's (see chart below).

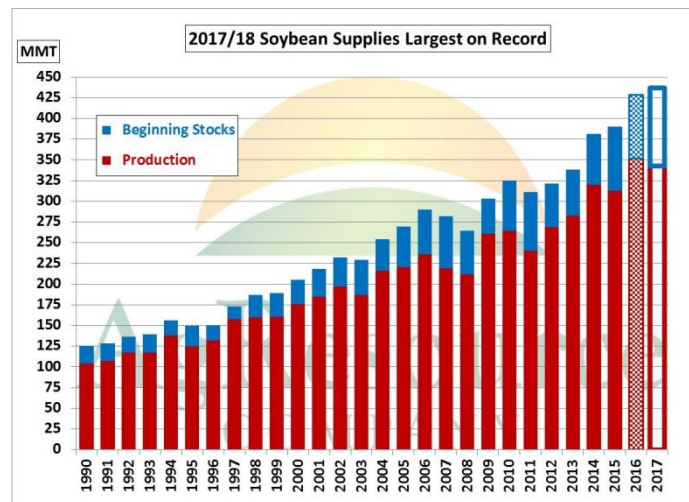


Production among the major bean/meal exporting countries is down 12.6 MMT (4.0%). Noteworthy differences among exporting countries from 2016 include an US crop that is down 4.0 MMT; a 7.0 MMT drop in Brazil's crop; India's crop is but Argentina's drops about 1 MMT (see 1<sup>st</sup> table on page 3).

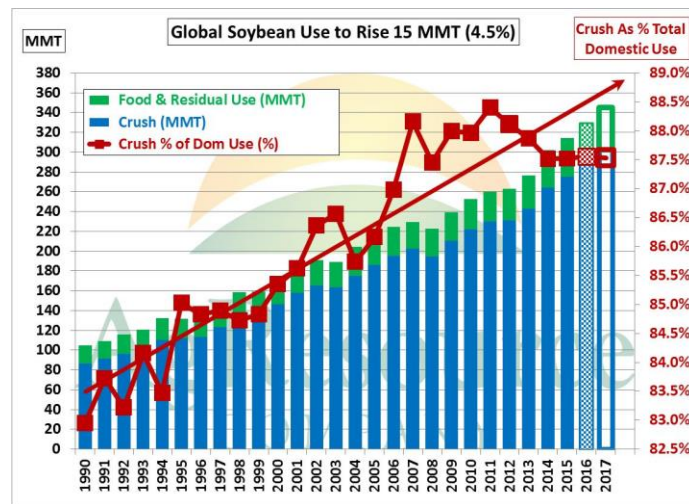


Among importing countries, USDA projects that China's crop will be up 1.1 MMT (9%), and the EU's crop will be unchanged. In total, production among major importing countries is up 1 MMT (5.7%). The rest-of-the-world's (ROW) crop is projected up 4.8 MMT (26.5%).

Thanks to record beginning stocks and a near-record crop, the total global supply of soybeans will increase 14.4 MMT (2.5%).



Global consumption of soybeans is projected to rise 15.8 MMT (4.8%). That is about the same as the 15.2 MMT that consumption grew in 2016/17. Crush is projected to rise 13.8 MMT (vs 1351 in 2016/17). Food use and residual is projected to increase 0.7 MMT. Crush's share of total consumption has been rising and is projected to be 87.5% in 2017/18 (see red squares in chart below).



## WORLD SOYBEAN SUPPLY & DEMAND (Selected Features)

	2010	2011	2012	2013	2014	2015	ARC 2016	ARC 2017
<u>PRODUCTION (MMT)</u>								
<b>Major Exporters:</b>								
US	90.7	84.3	82.8	91.4	106.9	106.9	117.2	113.2
Argentina	49.0	40.1	49.3	53.4	61.4	56.8	57.8	57.0
Brazil	75.3	66.5	82.0	86.7	97.2	96.5	114.0	107.0
Other S. America	11.3	9.1	14.5	13.9	13.9	13.8	16.2	15.4
India	10.1	11.9	12.2	9.5	8.7	6.9	11.5	11.5
Subtotal	236.4	211.9	240.8	254.9	288.1	280.9	316.7	304.1
<b>Major Importers:</b>								
China	15.1	14.5	13.0	12.0	12.2	11.8	12.9	14.0
EU-28	1.2	1.2	0.9	1.2	1.8	2.3	2.4	2.5
Japan, Korea, Taiwan	1.3	1.1	1.0	1.0	1.0	0.9	0.9	0.9
Southeast Asia /1	1.3	1.1	1.0	1.0	1.0	0.9	0.9	0.9
Mexico	0.2	0.2	0.2	0.2	0.3	0.3	0.5	0.4
Subtotal	19.1	18.2	16.3	15.5	16.3	16.3	17.7	18.7
Rest-Of-World (ROW)	9.9	11.0	12.1	12.8	15.8	16.3	18.0	20.1
<b>WORLD</b>	<b>264.4</b>	<b>240.3</b>	<b>268.5</b>	<b>282.5</b>	<b>319.6</b>	<b>312.9</b>	<b>351.8</b>	<b>342.4</b>

## TRADE YEAR "NET" BEAN/MEAL TRADE IN MEAL EQUIVALENTS (MMT)

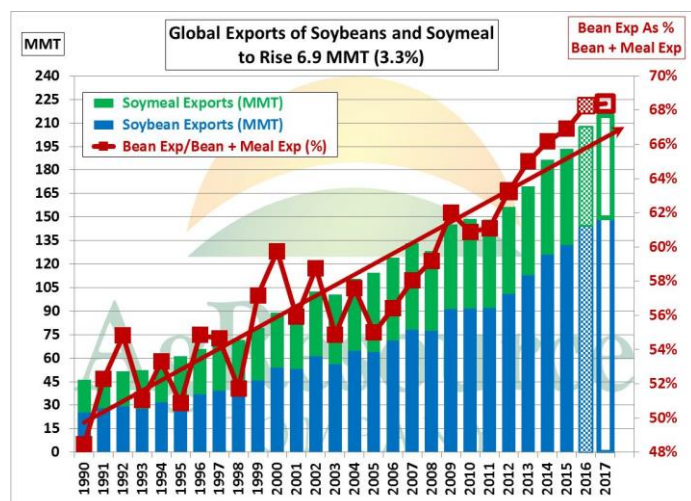
<b>Major Exporters:</b>								
US	40.3	38.2	37.5	43.5	51.1	51.7	55.8	55.7
Argentina	34.8	31.8	29.7	31.0	36.7	37.4	36.7	37.7
Brazil	37.1	42.6	45.4	49.7	53.2	57.1	62.2	64.6
Other S. America	9.4	8.4	14.6	14.3	13.9	13.7	15.6	15.4
India	10.3	9.8	10.0	6.6	3.2	0.8	2.9	3.5
Subtotal	132.0	130.8	137.0	145.2	158.1	160.8	173.1	176.9
<b>Major Importers:</b>								
China	-41.1	-45.8	-45.9	-53.6	-60.4	-63.9	-70.6	-72.9
EU-28	-31.0	-29.5	-26.2	-28.3	-30.2	-30.6	-29.6	-30.8
Japan, Korea, Taiwan	-9.0	-8.7	-8.2	-8.7	-8.6	-9.1	-9.1	-9.2
Southeast Asia /1	-15.4	-15.8	-16.6	-18.4	-20.0	-21.4	-22.3	-23.7
Mexico	-4.3	-4.4	-4.0	-4.4	-4.8	-5.6	-5.7	-6.1
Subtotal	-101	-104	-101	-113	-124	-131	-137	-143
Rest-Of-World (ROW)	-20.8	-20.3	-21.0	-23.3	-24.1	-24.2	-27.0	-24.1
<b>WORLD</b>	<b>131.1</b>	<b>131.5</b>	<b>137.8</b>	<b>149.1</b>	<b>163.7</b>	<b>169.2</b>	<b>181.1</b>	<b>186.4</b>

## WORLD SOYBEAN SUPPLY &amp; DEMAND (Selected Features)

	2010	2011	2012	2013	2014	2015	ARC 2016	ARC 2017
<b>BEAN &amp; MEAL STOCKS IN MEAL EQUIVALENTS/BEAN USE (%)</b>								
<b>Major Exporters:</b>								
US	7.0%	5.8%	4.9%	3.0%	5.2%	5.3%	9.0%	9.3%
Argentina	48.7%	40.0%	54.0%	65.7%	67.1%	65.0%	67.9%	65.3%
Brazil	40.0%	23.3%	23.7%	21.7%	25.7%	22.4%	28.8%	25.3%
Other S. America	16.3%	13.9%	4.9%	2.9%	3.5%	4.4%	4.9%	2.4%
India	8.7%	12.5%	13.5%	11.1%	10.0%	3.8%	18.0%	13.9%
Subtotal	23.9%	16.0%	17.8%	18.4%	21.4%	20.5%	24.0%	22.8%
<b>Major Importers:</b>								
China	22.0%	22.0%	16.2%	17.1%	19.5%	17.8%	18.8%	17.5%
EU-28	3.5%	3.0%	2.9%	2.5%	3.7%	3.9%	2.7%	2.7%
Japan, Korea, Taiwan	6.9%	5.5%	4.8%	7.1%	7.7%	8.9%	7.9%	7.5%
Southeast Asia /1	8.2%	8.1%	6.9%	7.5%	9.4%	8.9%	8.9%	8.6%
Mexico	1.2%	4.8%	2.5%	2.7%	1.3%	2.5%	2.7%	2.1%
Subtotal	12.7%	13.1%	10.3%	11.0%	12.8%	12.1%	12.5%	11.4%
Rest-Of-World (ROW)	9.1%	7.5%	5.4%	8.0%	9.5%	8.3%	14.6%	6.9%
WORLD	32.4%	25.6%	25.8%	27.2%	31.3%	29.5%	34.7%	31.8%

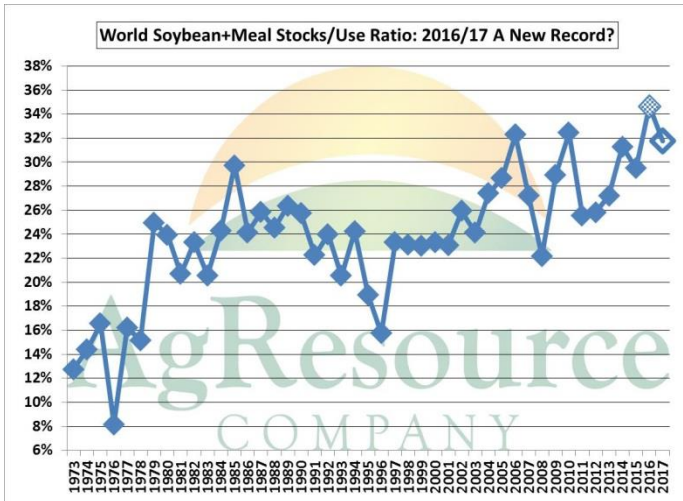
1/ KHM, IDN, LAO, MMR, MYS, PHL, THA, & VNM

Global exports of soybeans next year are projected to rise 4.5 MMT vs an increase of 12.8 MMT this year. Global exports of soymeal are projected to rise 2.4 MMT vs 1.1 MMT this year. The combined exports of soybeans and soymeal will be up 5.4 MMT vs this year's 11.8 MMT.

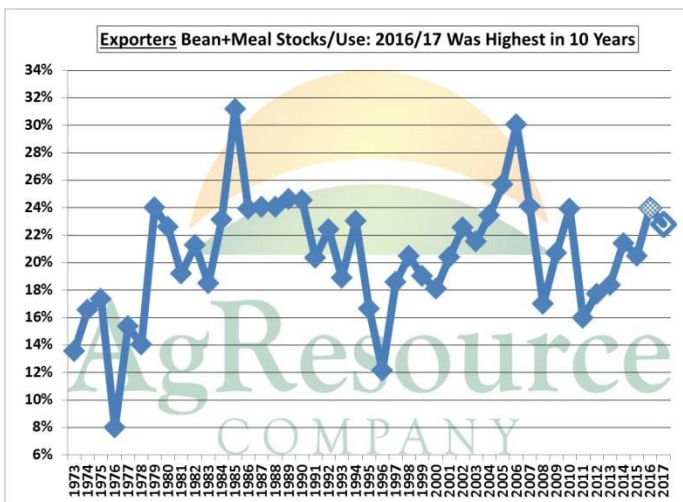


Exports will therefore be rising at 3.0% vs global consumption increasing 4.8%. Soybean exports have been growing at a faster pace than soymeal exports as more importers choose to increase their crushing capacity. After stagnating at 66%, soybeans' share of total soybean+soymeal trade is projected to rise in 2016/17 and 2017/18 to 68.5%.

Global stocks of soybeans as of Oct 1, 2018 are projected to be 91 MMT, down from projected 2017 stocks of 97 MMT. Global soymeal stocks as of Oct 1, 2018 are projected to be 13.3 MMT, down from projected 2017 stocks of 13.8 MMT. When soybean and soymeal stocks are combined in "meal equivalents" and expressed as a ratio of global annual soybean use, the stocks/use ratio for 2018 is projected to be 31.8% vs projected stocks/use for 2017 of **a record** 34.7% (see chart on following page.)

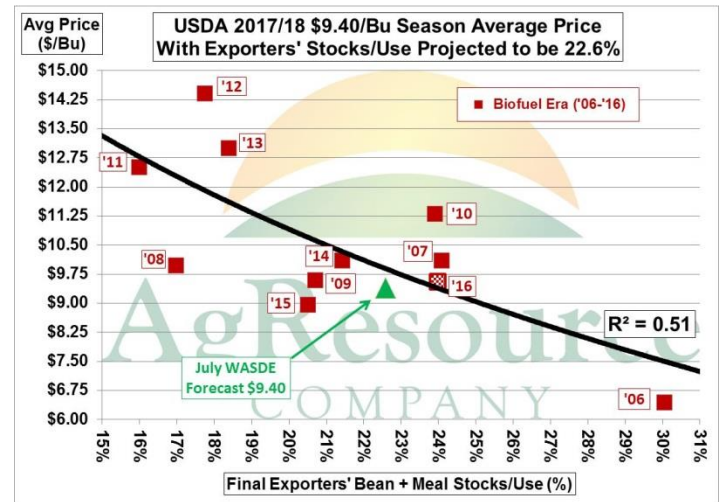


Soybean stocks of major soybean/soymeal exporters as of Oct 1, 2018 are projected to be 68.0 MMT, down from projected 2017 stocks of 70.2 MMT. Soymeal stocks for major soybean/soymeal exporters as of Oct 1, 2018 are projected to be 8.9 MMT, down from projected 2017 stocks of 9.3 MMT. When the major exporters soybean and soymeal stocks are combined in “meal equivalents” and expressed as a ratio of annual soybean use, the stocks/use ratio for 2018 is projected to be 22.8% vs projected stocks/use for 2017 of 24.0%. **2017 was the largest stocks/use in ten years** (see chart below.)

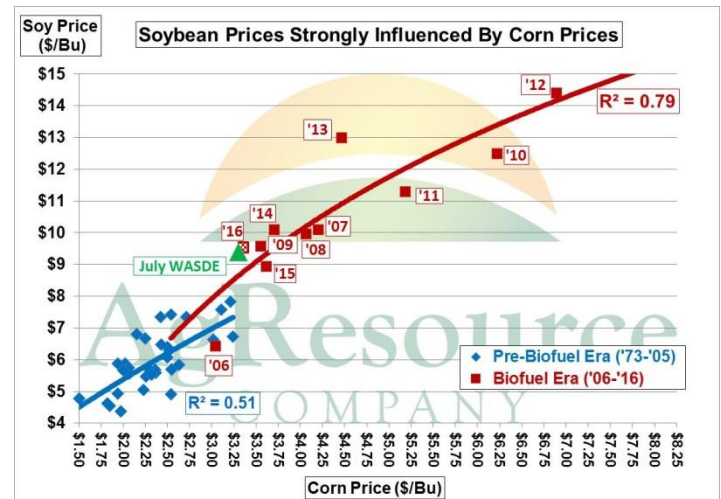


The following chart plots the US season average soybean price against exporters’ ratio of stocks/use. The green triangle shows the USDA’s July WASDE \$9.30/Bu forecast for US price and the USDA’s projection for exporters’

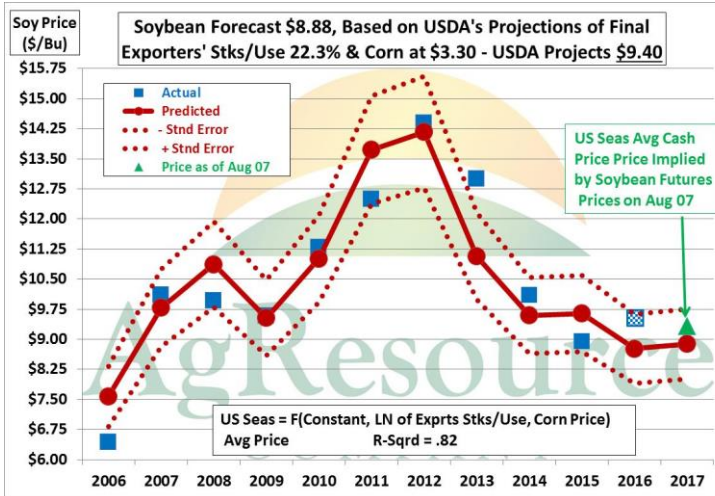
stocks/use. The R-sqrd of .51 suggests that the ratio of exporters’ stocks/use has a modest ability to explain US season average prices.



In other research, we have demonstrated that soybean prices are strongly influenced by corn prices. The following chart plots the US season average soybean price against US season average corn price. The green triangle shows the USDA’s July WASDE \$9.40/Bu forecast for US soybeans vs the \$3.30 corn price forecast.

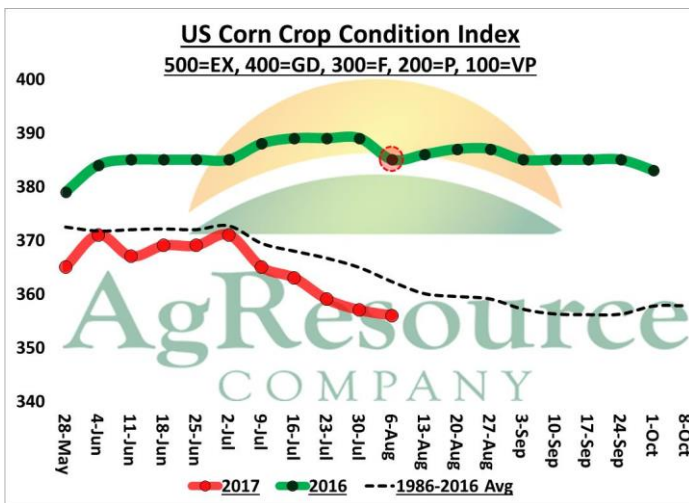


We combined the exporters’ stocks/use data with US corn prices into a single model. For 2017, the model’s forecast for US season average price is \$9.09/Bu. That is below the midpoint of the range of the USDA May WASDE price forecast of \$9.30. However, as of August 07, the season average cash price “implied” by new-crop futures that day was \$9.33.



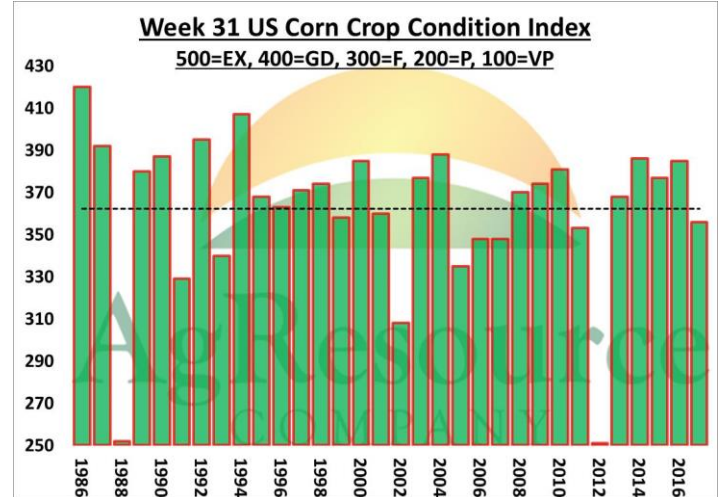
The performance of the model's predicted prices for US season average prices and actual prices is shown in the chart above. Readers should note that the R-squared of the model is only .82 - - not much better than the R-squared achieved when regressing soybean price to just corn price. In fact, the "adjusted" R-squared of the two-variable model is just .77, indicating that the model performed with less accuracy than just the Soy vs Corn Price Model.

### ARC Crop Condition Index & Yield Projections

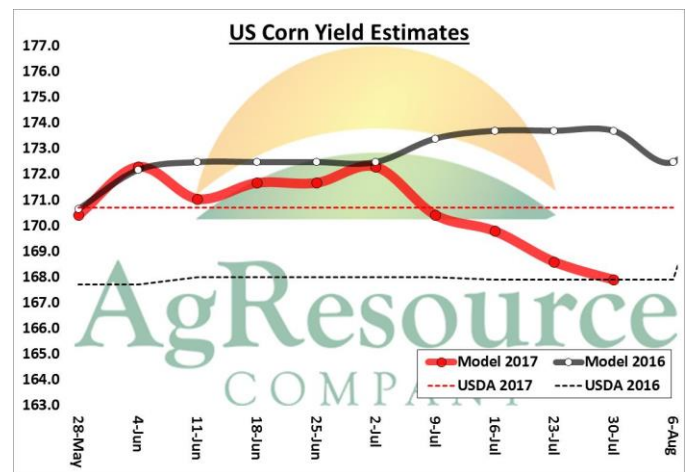


**Aug Corn Yield Model Projects 167.6 Bu; Down 0.4 Bu From Last Week.** As of the week ending Aug 06, our Crop Condition Index (CCI) was 356 (see red circle in the chart below). This is down 1 point from last week and below last year's 385

(see green line). It is also below the 30-year average.

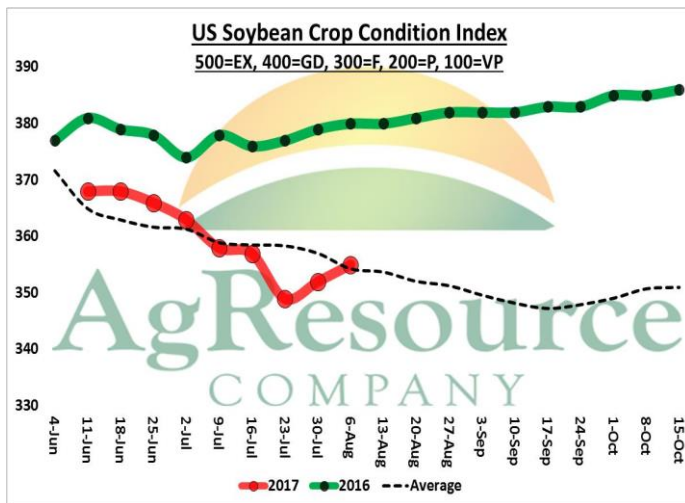


The chart above plots the corn CCI for this week (week 31) for every year since 1986 (when NASS first started to publish its crop progress report). The following chart shows the projections of the August Crop Report's corn yield based on each week's CCI. Following the August Crop Report, we will provide a forecast of the September Crop Report's yield estimate.

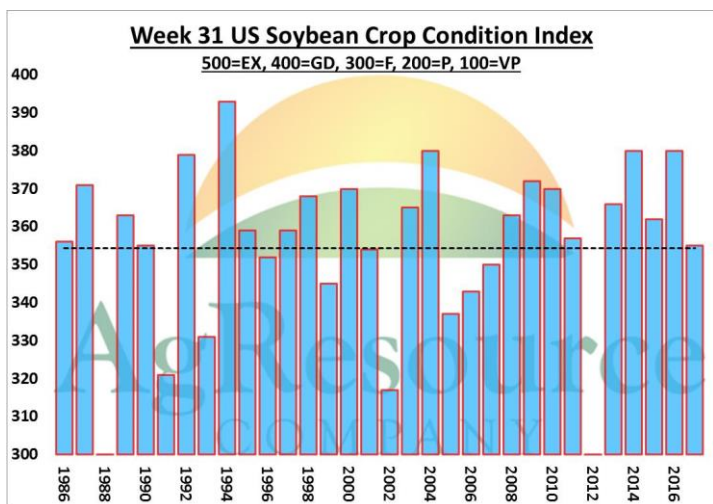


This week's US corn yield projection for the August yield is 167.6 Bu, down 0.4 Bu from last week. Given the forecast for weather this coming week, we expect corn crop conditions to be unchanged to down slightly (the portion of the crop rating good to excellent to be down 1-2 points). **Historically speaking, crop conditions tend to decline as the growing season**

**progresses.** 1991, 2004, and 2016 were noteworthy exceptions as conditions rose through much of the season. We expect that the national average yield potential will be down 0.25-0.75 Bu next week. For purposes of developing our supply-demand projections, at this point in the crop's development, we have chosen to **keep our yield at 166 Bu.** **NOTE:** The USDA's yield projection (released in the July WASDE) was 170.7 Bu vs last year's record yield of 174.6 Bu.

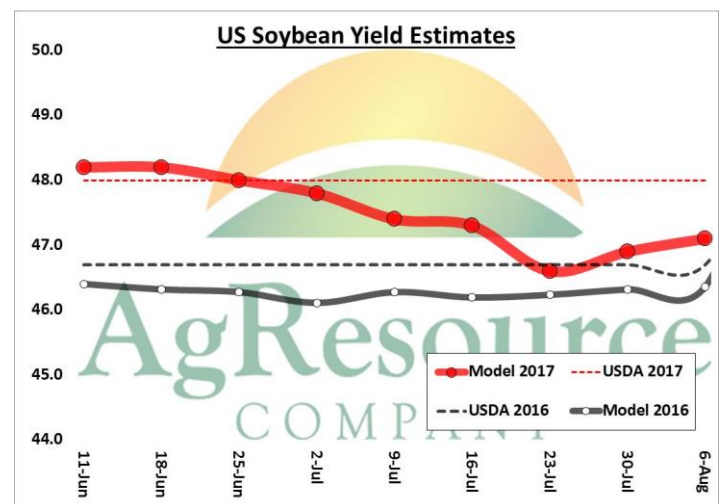


**Soybean Crop Conditions Better Than Expected, Yield Projection Rises.** As of the week ending Aug 06, our Crop Condition Index (CCI) for soybeans was 355 (see red circles in the chart above). Up 3 points from last week; But below last year's 380 (see green line); and right at average.



The chart above page plots the soybean CCI for this week (week 31) for every year since 1986 (when NASS first started to publish its crop progress report).

The chart below shows the projections of the August Crop Report's soybean yield based on each week's CCI. Following the August Crop Report, we will provide a forecast of the September Crop Report's yield estimate. This week's US soybean yield projection for the August yield is 47.1 Bu, up 0.2 Bu from last week.



Given the forecast for weather this coming week, we expect soybean crop conditions to be unchanged to down slightly (the portion of the crop rating good to excellent will drop by 1-2 points). **Historically speaking, crop conditions tend to decline as the growing season progresses.** 1992, 1994, 2014, and 2016 were noteworthy exceptions as soybean crop conditions rose through much of the season.

We expect that the national average yield potential will be unchanged to down 0.2-0.4 Bu next week. For purposes of developing our supply-demand projections, at this point in the crop's development, **we have chosen to keep our yield at 47.0 Bu.**

**NOTE:** The USDA's yield projection (released in the July WASDE) was 48.0 Bu vs last year's record yield of 52.1 Bu.

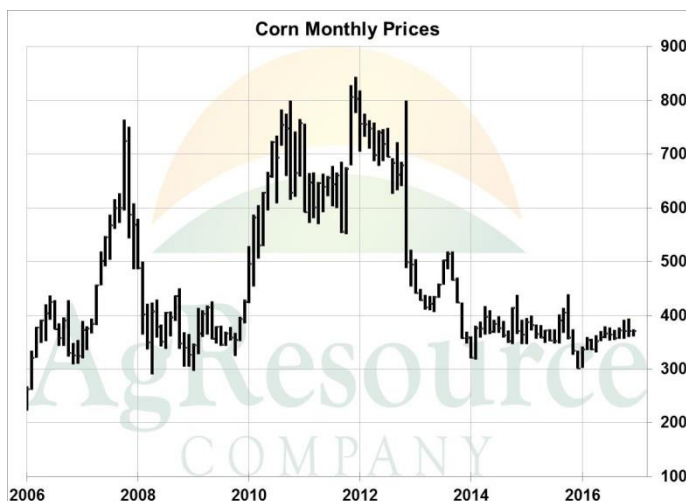
## AgResource Corn Outlook

In early July, Argentina was offering fob corn at a 7-10 cent discount to spot CBOT futures to garner demand in the world feedgrain market. Brazil slowly followed Argy's lead, and South America has really ramped up price pressure on the US Gulf to shift world demand. Brazil and Argentina are now exporting record amounts of corn, to the chagrin of the US.

South American corn export line-ups have grown dramatically in recent weeks. The sales are been large enough to rally the Argentine fob corn basis from 7-10 cents under to 15-17 cents over - a gain of 22-27 cents/Bu or nearly \$5.5-7.0/MT. The recovery confirms a seasonal low in world corn prices against \$142/MT with world price trends at worst - heading sideways.

Northern Hemisphere corn production has been whittled lower amid the passage of the summer growing season. The US, China and Ukraine are all enduring adverse weather that is adversely impacting their yield potential. ARC estimates that the three primary producers of Northern Hemisphere corn have endured combined production losses of at least 20 MMTs. Note that WASDE will make a portion of this adjustment in the August crop report, with a further cut anticipated in September. 2017/18 world corn production will likely fall to 1,017 MMTs by the release of the September WASDE.

ARC forecasts that 2017/18 world corn stocks could fall to 187-191 MMTs.

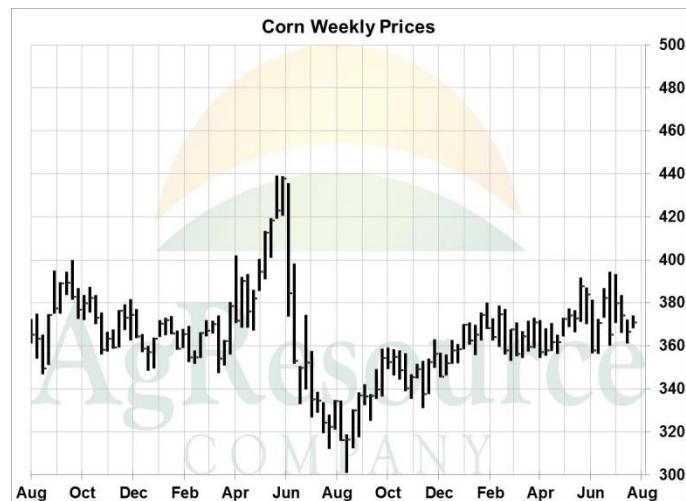


2017/18 world corn stocks of 185-201 MMTs would be the lowest since 2012/13 when the US was engulfed by a dire drought. Such stocks are adequate, but the supply bear market of recent years has passed. It will take 1-2 years of normal weather for world corn stocks to reach burdensome stock levels of 2015/16.

ARC estimates the 2017 US corn yield of 166 BPA for the August NASS crop report. This yield would be down 2.7% from trend with yield reductions in the Dakotas, Iowa, Nebraska, and Illinois. A deeper cut in yield is expected in September once the impact of below normal rainfall during the first half of August is incorporated. ARC research hits that the final 2017 US corn yield could reach 160-162.5 BPA, which would reduce US 2017 corn production by as much as 725-850 Mil Bu with 2017/18 US corn end stocks falling to 1,800-1,900 Mil Bu.

A buffer against the loss of N Hemisphere corn production would be finding a few additional MT's of corn in Brazil. ARC research looks for '17 Brazilian corn production to rise to 99-101 MMTs on record large winter yields. Argentine corn production could also expand modestly.

Spot futures are expected to hold in a range of \$3.60-4.00 into harvest. ARC is finding ear tipping and yield variability from county to county. The '17 crop does not have the consistency of recent crop years due to dryness and heat during July. Clients are advised to trade corn within the \$3.60-4.10 price range.



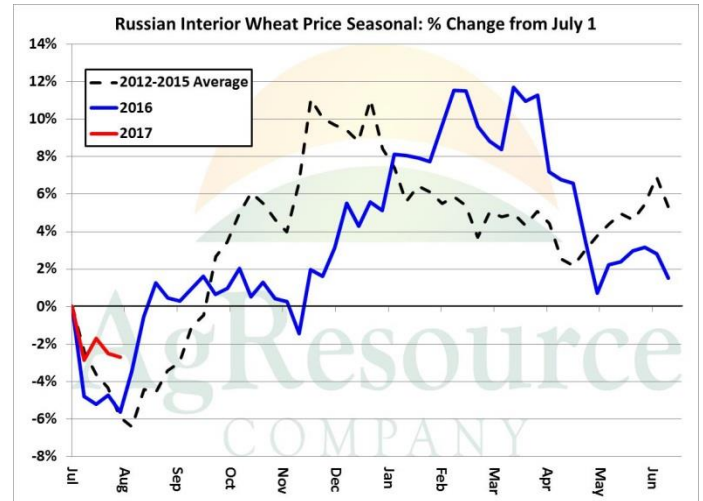


## AgResource Wheat Outlook

Wheat futures are mixed this week, but overall continue their slide from mid-summer highs. The issue is still that funds (as of last week) held decently sized long positions in all US markets, and with Black Sea production estimates inching higher, fundamentally bullish news is lacking for the moment. ARC does mention that this is no place to turn bearish, as seasonal harvest pressure will be ending rather soon, and world cash markets in recent years have rallied consistently beyond the first part of August.

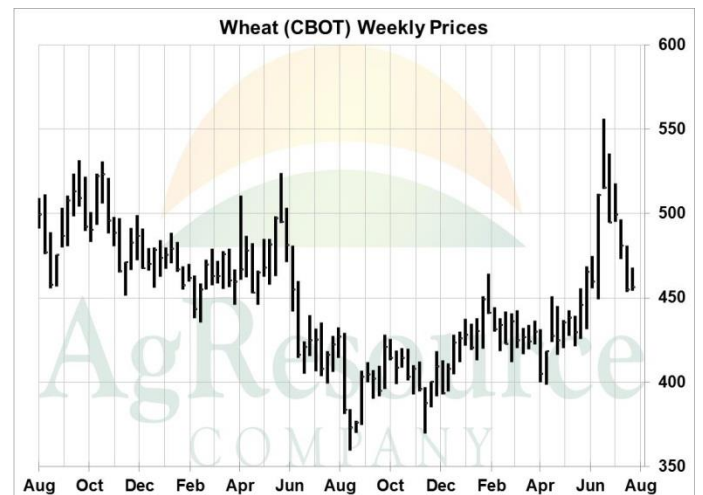
The following graphic shows this pretty clearly. Interior Russian markets, which have not declined as much as one would think given record production, tend to bottom in August, and rally thereafter into late year. This has occurred in each year since 2011, and we doubt much downside risk exists at current prices. Note that even spot Russian fob offers at \$194/MT (vs. \$165 a year ago) are below all other EU offers, and so there's just no real incentive given to exporters there to be more aggressive.

And like a week ago, Gulf wheat is the world's cheapest origin, and generally world cash markets have been unchanged since mid/late July. Problems abound with respect to harvest in Germany and the Baltic Region, where yet again soaking rainfall will hinder progress through the coming weekend.



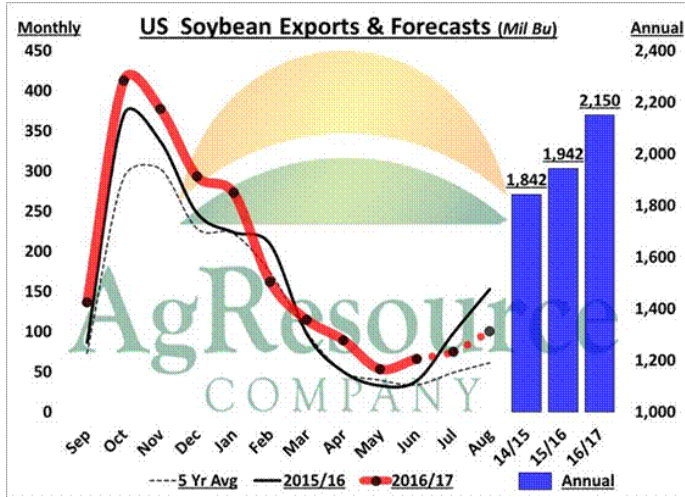
Another week will pass with Canada receiving very little rainfall. Aussie precip, while welcomed, has been rather spotty outside of Western Australia, and net drying will resume across Australia's eastern wheat belt into the second half of August. Critical growing stages lie just ahead in Australia.

ARC estimates that managed funds just this week have liquidated entirely their net long position, and currently hold a net short of 12-15,000 contracts in Chicago. As such, new selling is expected to be limited, and we await major exporter supply and demand estimates from the USDA on Thursday. Look for US export sales and shipments to get a boost through the early part of fall, as (at the least) traditional buyers aim to extend forward coverage.



### AgResource Soybean Outlook

Nov soybeans closed at \$9.73, up 2 cents for the day, and 1 cent higher than a week ago. The “gap” at \$9.58-\$9.63 has been filled and we had a weekly close below the gap but futures are above the gap going into the USDA’s reports on Thursday. Dec meal futures closed at \$314.40, down \$0.5 for the day but off only \$.60 from a week ago. Dec soyoil futures closed at nearly 34.22 cents, up .28 cents for the day and up 0.25 cents from a week ago.



We’ve raised our estimate for old-crop exports by 50 Mil Bu. Cumulative census exports are larger than cumulative inspections. In addition, weekly export inspections are larger than expected and ship lineups suggest that that August exports will be unseasonably strong. We’ve also raised our estimate for new-crop exports by 50 Mil Bu. As a result we’ve lowered our estimate for new-crop stocks 100 Mil Bu.



China’s spot crush margin was **\$.36/Bu** down 12 cents from a week ago. The forward margin was **\$.47/Bu**, well off the 3-year low it was at a week ago. July soybean imports were a record 10.08 MMT after crushers delayed unloading June shipments until after a lower VAT tax went into effect July 1. Aug-Sep imports will be lower and could fall short of USDA’s 91 MMT.

The trade expects yield to be 47.4 (vs USDA’s 48). Our model projects a 47.1 Bu. The trade expects new-crop stocks will be 426 Mil Bu (vs USDA’s 460). Old-crop stocks are expected to fall 10 Mil Bu. Nov futures could reach \$10.60 (during August) if the yields are 46.2 Bu. If yield drops to 45 Bu, prices could reach \$11.25.

We are in the midst of a weather market and advise producers to wait for clarification on expected yields before pushing sales beyond 25% of the expected crop.



CORN	2016/17	2016/17	2016/17	2016/17	2017/18	2017/18
	USDA Jun	USDA Jul	ARC Aug	USDA Jun	USDA Jul	ARC Aug
Mln Acres or Bushels						
Area Planted	94.0	94.0	94.0	90.0	90.9	90.9
Abandonment	7.8%	7.8%	7.8%	8.4%	8.1%	8.1%
Area Harvested	86.7	86.7	86.7	82.4	83.5	83.0
Yield	174.6	174.6	174.6	170.7	170.7	166.0
Production	15,148	15,148	15,148	14,065	14,255	13,775
Beginning Stocks	1,737	1,737	1,737	2,295	2,370	2,345
Imports	55	55	55	50	50	50
Supply, Total	16,940	16,940	16,940	16,410	16,675	16,170
Feed and Residual	5,500	5,425	5,425	5,425	5,475	5,375
Food, Seed, Industrial	6,920	6,920	6,920	7,000	7,000	6,960
Ethanol & By-Products 1/	5,450	5,450	5,450	5,500	5,500	5,500
Food, Other Industrial 2/	1,441	1,441	1,441	1,470	1,470	1,430
Seed	29	29	29	30	30	30
Domestic, Total	12,420	12,345	12,345	12,425	12,475	12,335
Exports	2,225	2,225	2,250	1,875	1,875	1,725
Use, Total	14,645	14,570	14,595	14,300	14,350	14,060
Ending Stocks	2,295	2,370	2,345	2,110	2,325	2,110
Ending Stocks/Use	15.7%	16.3%	156.1%	14.8%	16.2%	15.0%
Crop Ins Initial Price (\$/Bu)	3.86	3.86	3.86	3.96	3.96	3.96
Avg. Farm Price (\$/Bu) 3/	3.25-3.55	3.25-3.45	3.30-3.40	3.00-3.80	2.90-3.70	2.70-4.50
Fut-Based Forecast (\$/Bu) 4/	3.35	3.35	3.35	3.70	3.70	3.70
Price Ratio: Corn/Soy (%)	36%	35%	35%	36%	35%	39%

Note: Totals may not add due to rounding  
Marketing year beginning September 1

1/ Corn used to produce ethanol and by-products

2/ Mostly for the production of sweeteners and starch

3/ Marketing-year weighted average prices received by farmers

4/ 2016/17 price is based on Sep-Jul cash prices and deferred futures prices on Aug 08;  
2017/18 price is based on deferred futures prices on Aug 08.

### Changes in S&D's from last week:

- ARC's 2016/17 S&D is unchanged.
- ARC's 2017/18 S&D is unchanged
- ARC's 2016/17 price forecast is unchanged.
- ARC's 2017/18 price forecast is unchanged.
- "Futures-Based Price Forecast" 2016/17 is down 5 cents; 2017/18 is up 5 cents.

WHEAT	2015/16 USDA Jul	2016/17 USDA Jul	2017/18 USDA Jun	2017/18 USDA Jul	2017/18 ARC Aug	2018/19 ARC Aug
Mln Acres or Bushels						
Area Planted	55.0	50.2	46.1	45.7	45.7	50.5
Abandonment (%)	14.0%	12.5%	16.5%	16.6%	17.4%	13.3%
Area Harvested	47.3	43.9	38.5	38.1	37.7	43.8
Yield	43.6	52.6	47.3	46.2	45.6	47.9
Production	2,062	2,310	1,824	1,760	1,720	2,100
Beginning Stocks	752	976	1,161	1,184	1,184	885
Imports	113	118	130	140	140	125
Supply, Total	2,927	3,403	3,115	3,084	3,045	3,110
Food	957	955	955	955	955	960
Seed	67	61	66	66	66	65
Feed and Residual	149	148	170	150	140	145
Domestic, Total	1,174	1,206	1,191	1,171	1,155	1,170
Exports	778	1,164	1,000	975	1,000	950
Use, Total	1,951	2,219	2,191	2,146	2,160	2,120
Ending Stocks	976	1,184	924	938	885	990
Ending Stocks/Use (%)	50.0%	53.3%	42.2%	43.7%	41.0%	46.7%
HRW Crop Insur Price (\$/Bu)	6.31	5.33	4.54	4.54	4.54	<u>5.34</u>
HRS Crop Insur Price (\$/Bu)	5.85	5.13	5.65	5.65	5.65	<u>6.44</u>
Avg. Farm Price (\$/Bu) 1/	4.89	3.89	3.90-4.70	4.40-5.20	4.20-5.50	4.55
Fut-Based Forecast (\$/Bu) 2/	---	---	4.45	4.45	4.45	5.10
Price Ratio: Wheat/Corn (%) 3/	135%	116%	126%	145%	135%	146%

Note: Totals may not add due to rounding

Marketing year beginning June 1

1/ Marketing-year weighted average prices received by farmers

2/ 2017/18 price is based on Jun-Jul cash prices and deferred futures prices as of Aug 08;

2018/19 price is based on deferred KC futures prices as of Aug 08.

3/ Jun-May wheat season average price/Sep-Aug corn season average price.

### Changes in S&D's from last week:

- ARC's 2017/18 S&D is unchanged.
- ARC's 2018/19 S&D is unchanged.
- ARC's 2017/18 price forecast is unchanged.
- 2017/18 ARC price forecast is unchanged.
- Futures-Based Price Forecast" 2017/18 is unchanged; 2018/19 is down 5 cents.

SOYBEANS	2016/17	2016/17	2016/17	2017/18	2017/18	2017/18
	USDA	USDA	ARC	USDA	USDA	ARC
	Jun	Jul	Aug	Jun	Jul	Aug
Mln Acres or Bushels						
Area Planted	83.4	83.4	83.4	89.5	89.5	89.5
Abandonment (%)	0.8%	0.8%	0.8%	1.0%	0.9%	1.1%
Area Harvested	82.7	82.7	82.7	88.6	88.7	88.5
Yield	52.1	52.1	52.1	48.0	48.0	47.0
Production	4,307	4,307	4,307	4,255	4,260	4,160
Beginning Stocks	197	197	197	450	410	425
Imports	25	25	27	25	25	25
Supply, Total	4,528	4,528	4,530	4,730	4,695	4,610
Crushing	1,910	1,900	1,900	1,950	1,950	1,950
Exports	2,050	2,100	2,150	2,150	2,150	2,050
Seed	104	104	104	101	101	90
Residual	14	14	0	34	34	30
Use, Total	4,078	4,118	4,090	4,235	4,235	4,120
Ending Stocks	450	410	375	495	460	490
Ending Stocks/Use (%)	11.1%	10.0%	9.0%	11.7%	10.9%	11.9%
Crop Ins Initial Price (\$/Bu)	8.85	8.85	8.85	10.19	10.19	10.19
Avg. Farm Price (\$/Bu) 1/	9.55	9.55	9.50-9.60	8.30-10.30	8.40-10.40	8.25-11.05
Fut-Based Forecast \$/Bu 2/	9.50	9.50	9.50	9.35	9.35	9.35
Price Ratio: Soy/Corn (%)	285%	285%	285%	274%	285%	268%

Note: Totals may not add due to rounding

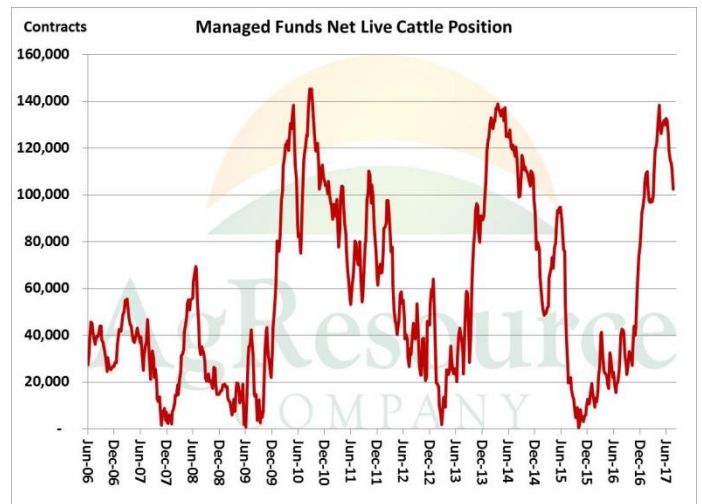
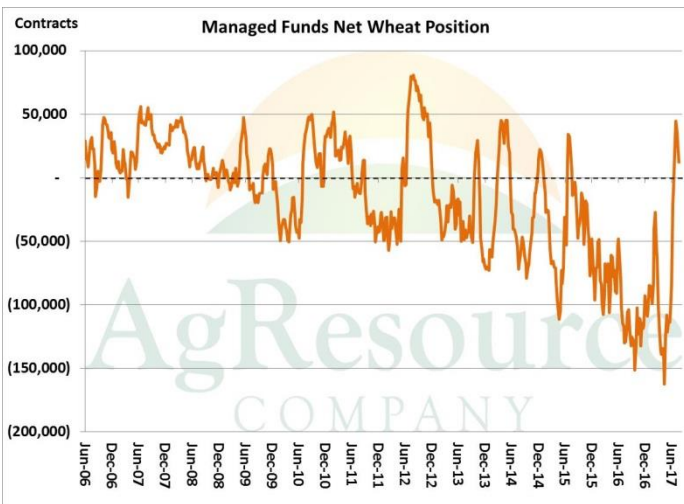
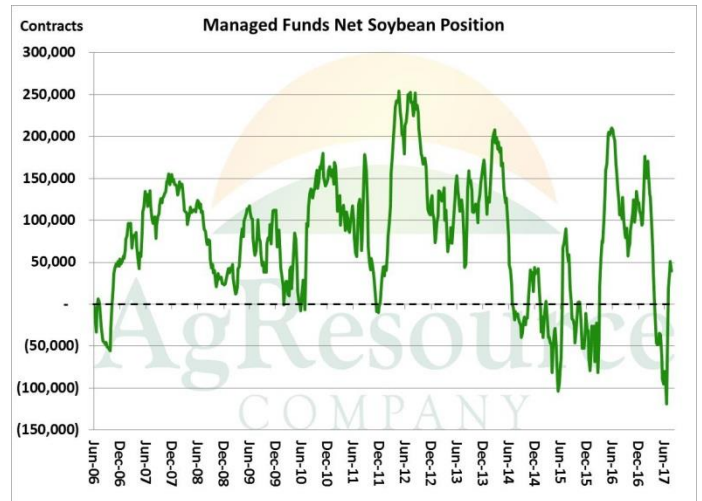
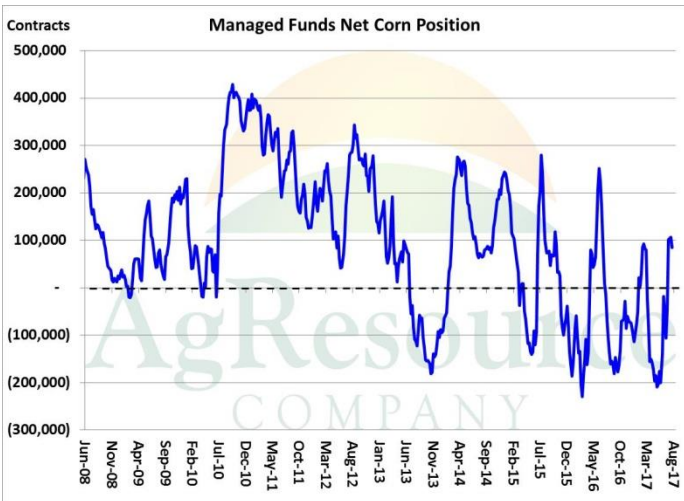
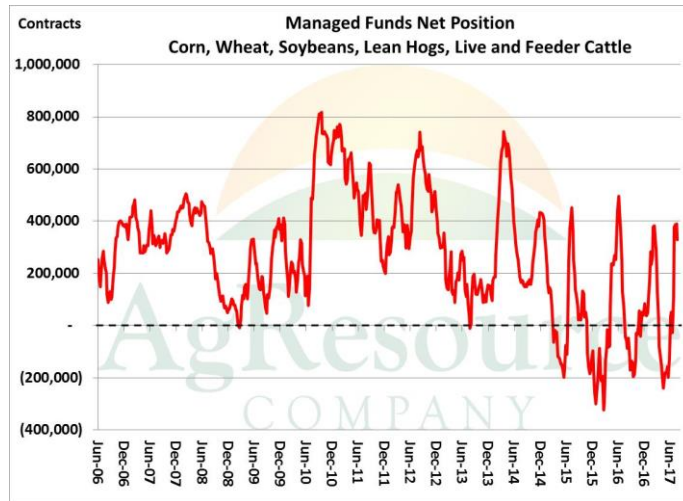
Marketing year beginning September 1

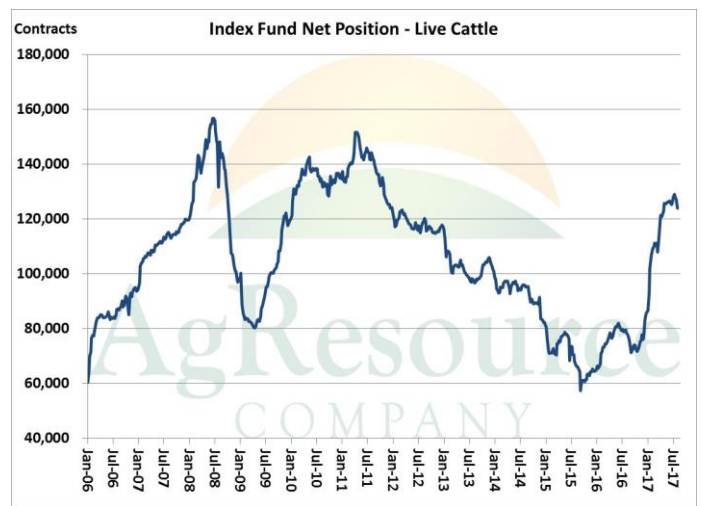
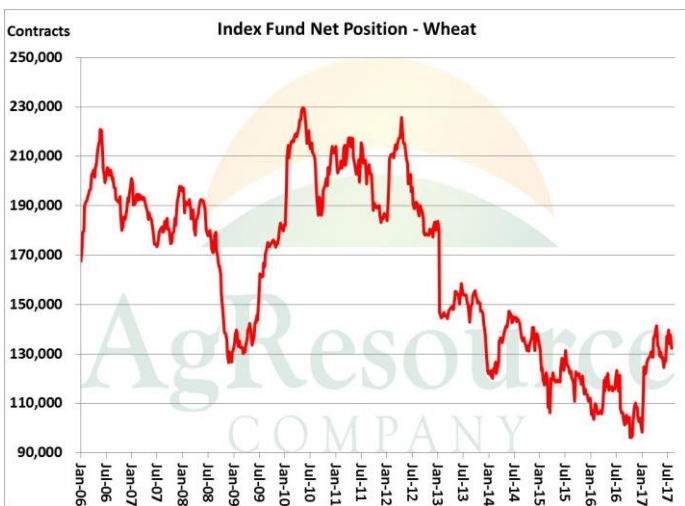
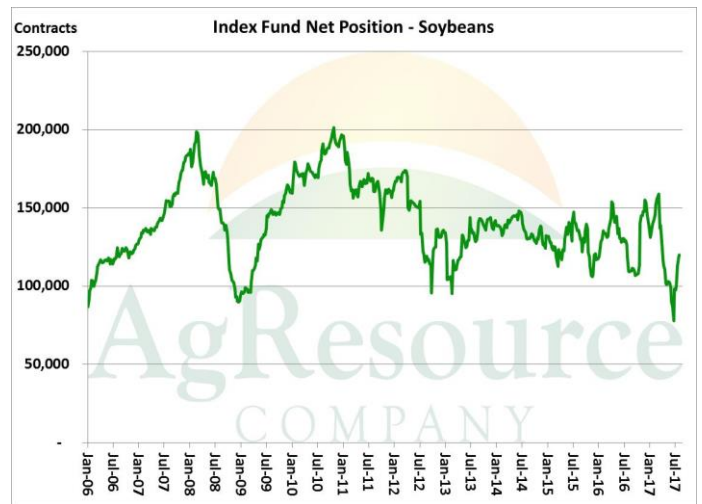
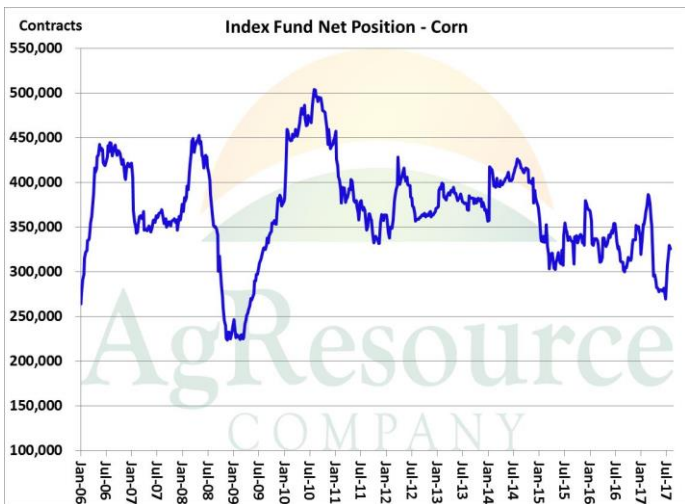
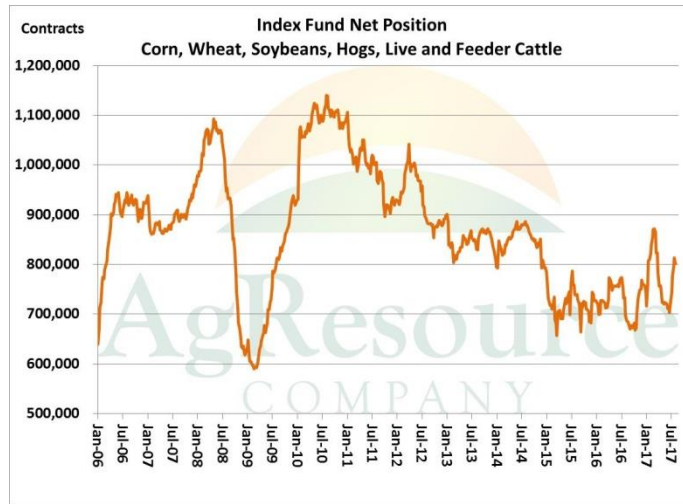
1/ Marketing-year weighted average prices received by farmers

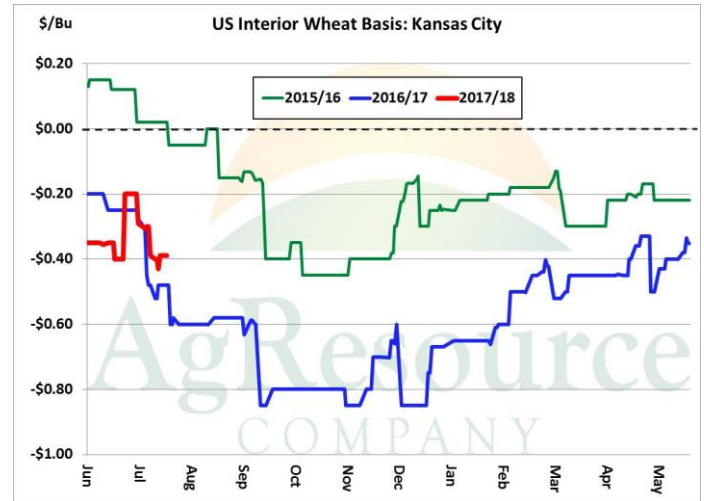
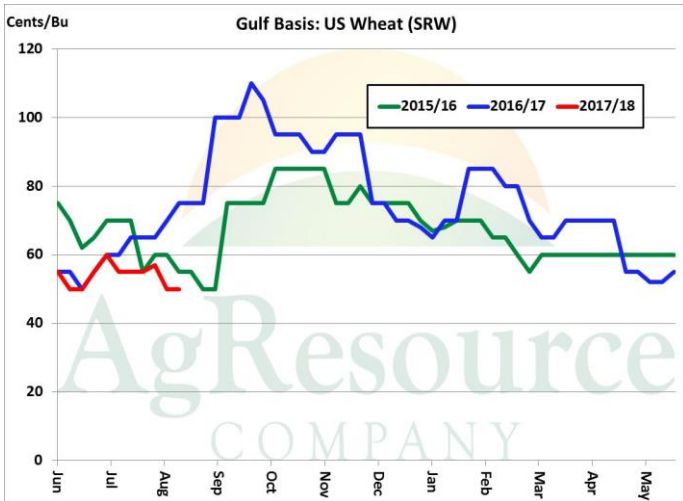
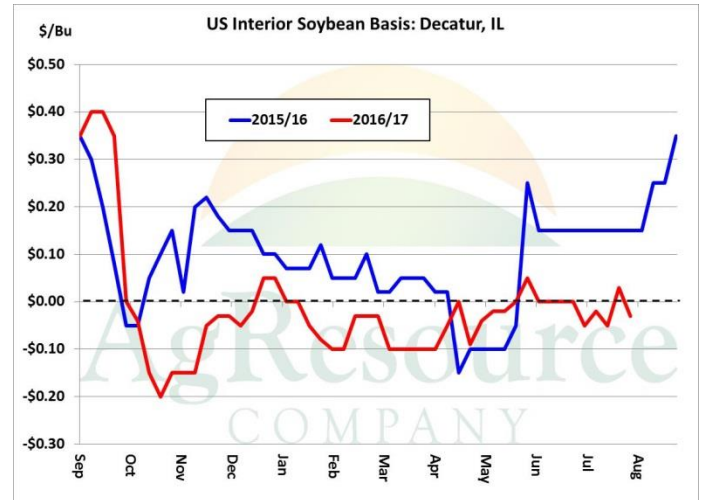
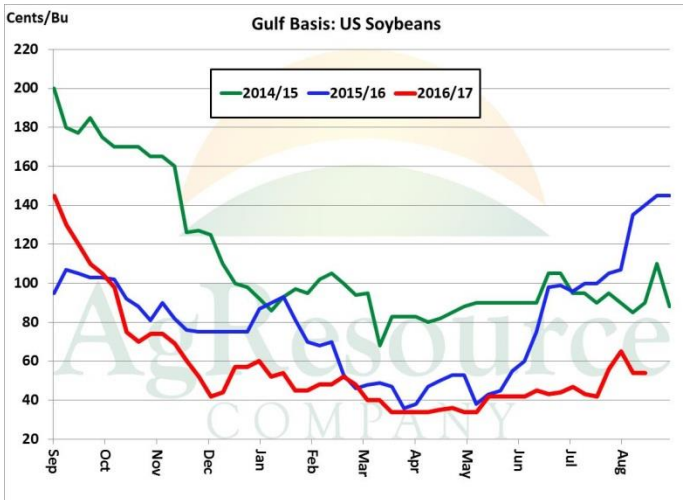
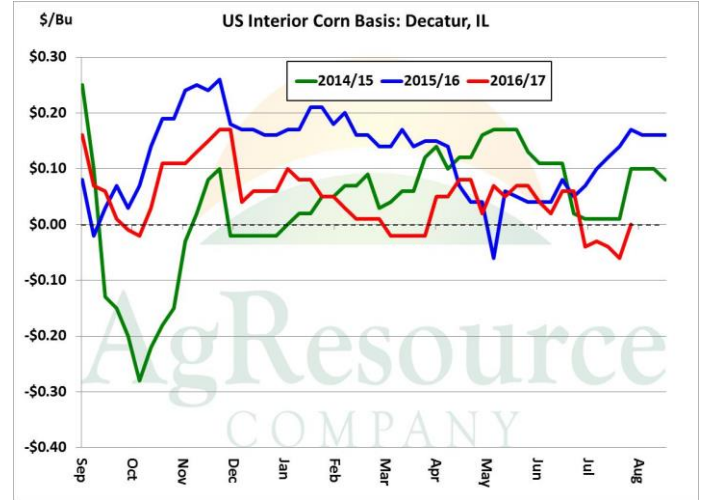
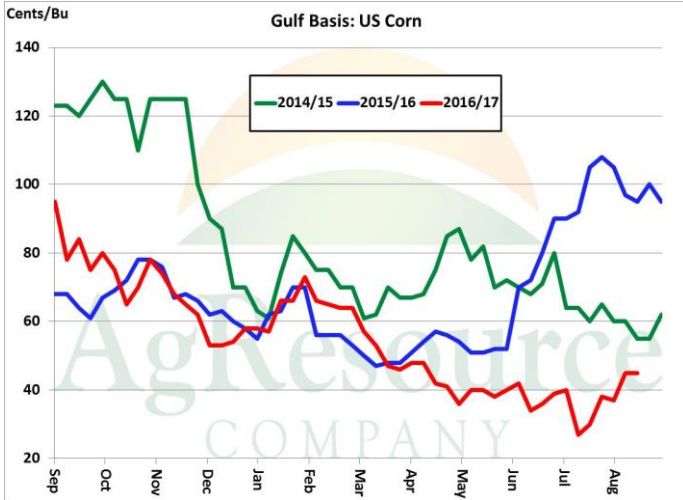
2/ 2016/17 price is based on Sep-Jul cash prices and CBOT deferred futures prices as of Aug 08;  
2017/18 price is based on CBOT deferred futures prices as of Aug 08.

### Changes in S&D's from last week:

- ARC's 2016/17 exports up 50 Mil Bu; end stocks cut 50 Mil Bu.
- ARC's 2017/18 begin stocks cut 50 Mil Bu; exports up 50 Mil Bu; end stocks cut 100 Mil Bu.
- ARC's 2016/17 price forecast is unchanged.
- ARC's 2017/18 price raised 30 cents on low and high end of range.
- "Futures-Based Price Forecast" 2016/17 is unchanged; 2017/18 is unchanged.

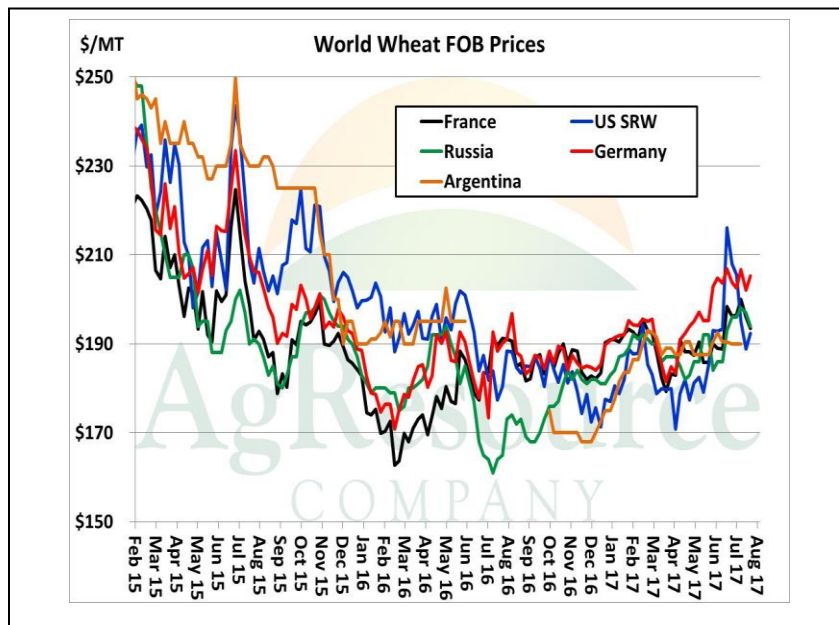
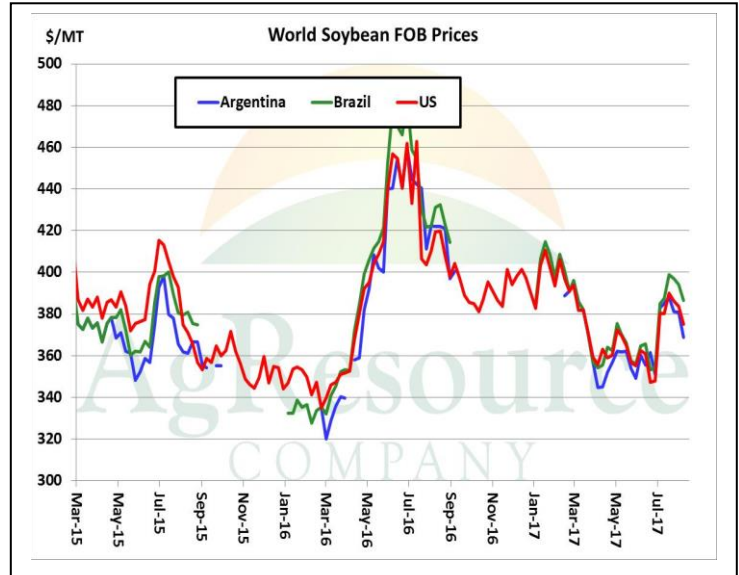
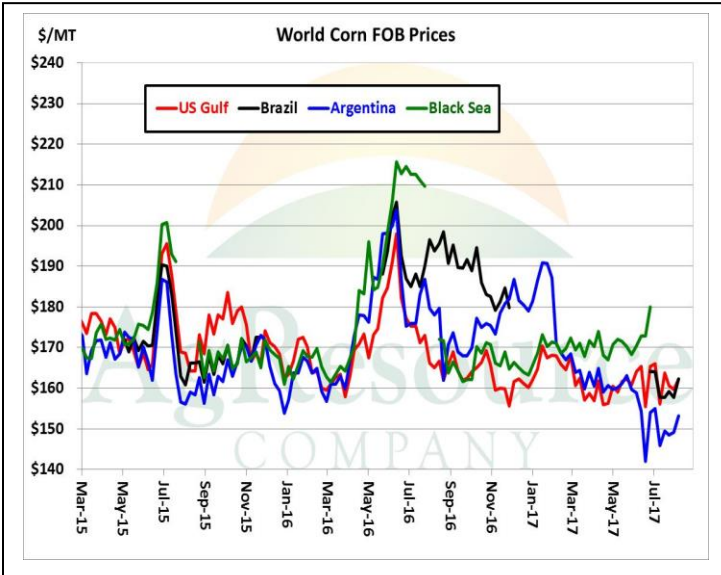


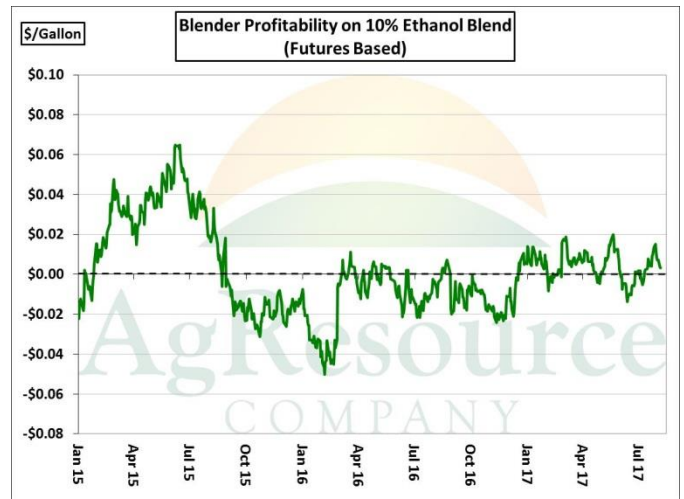
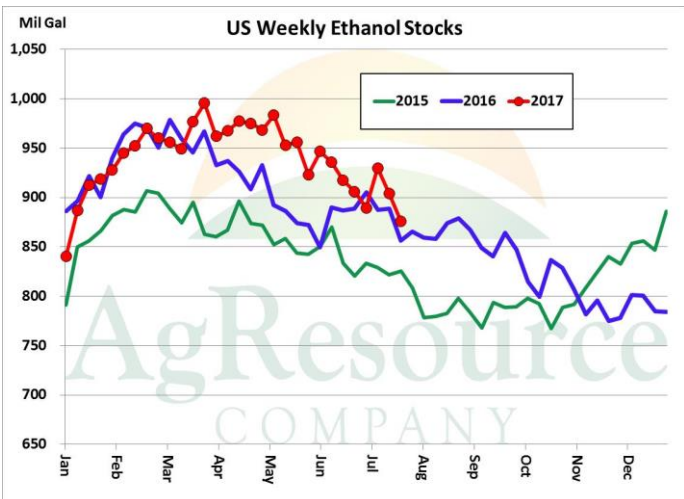
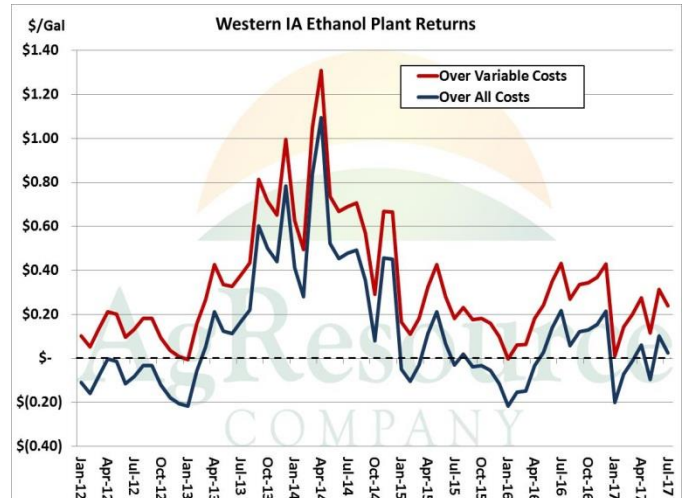
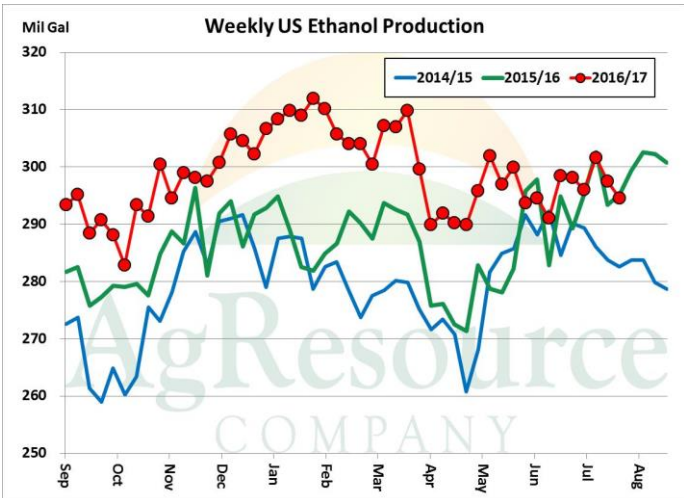
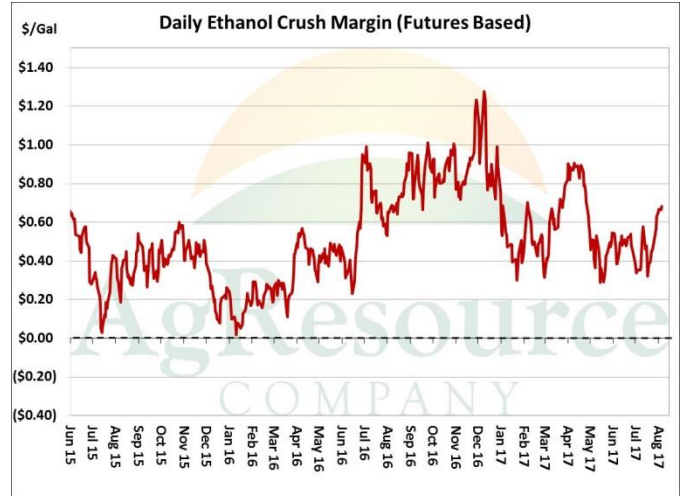
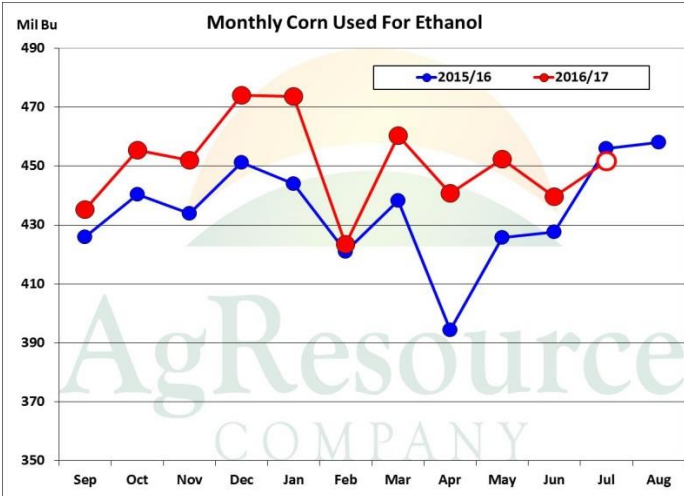


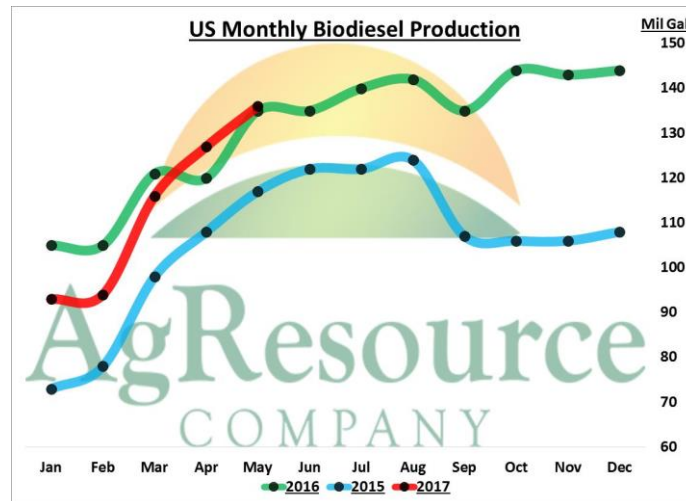
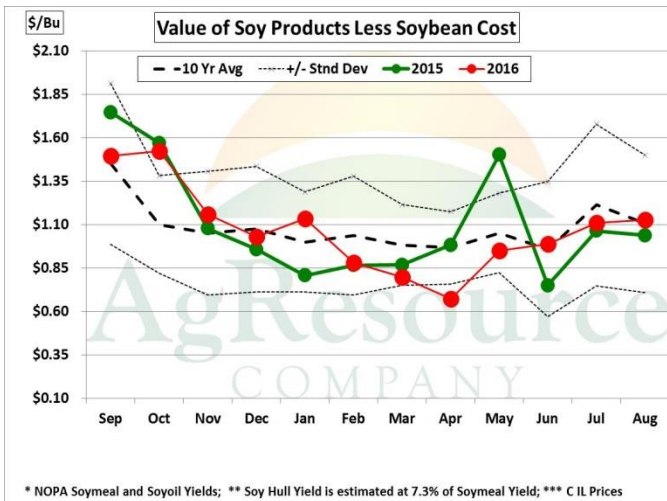
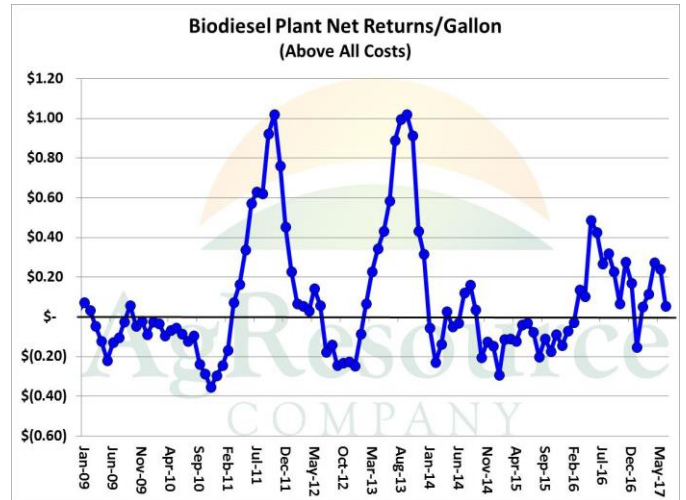
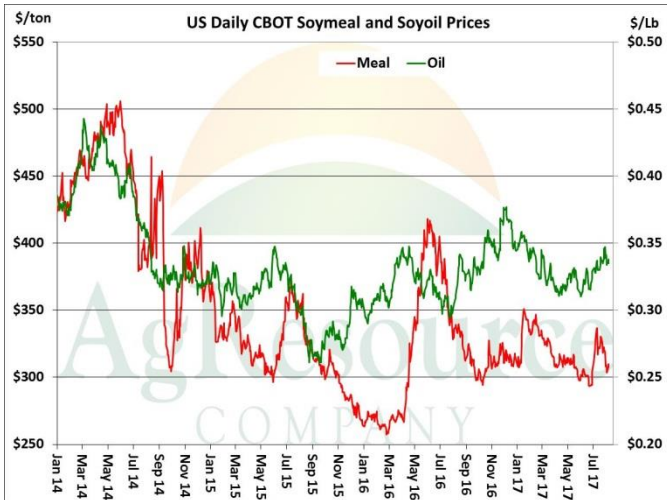
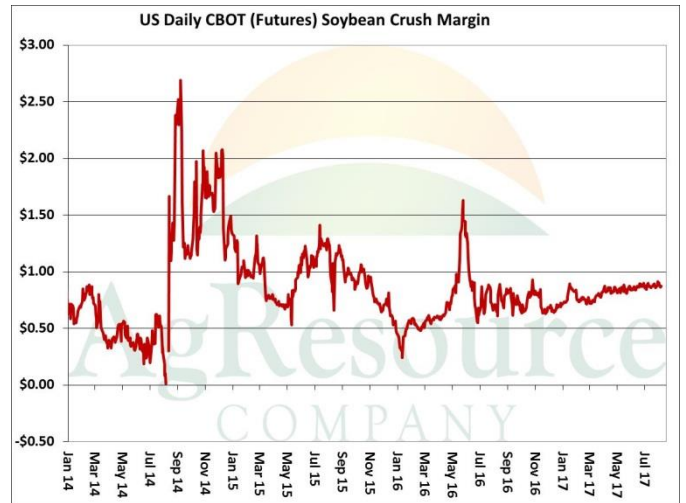
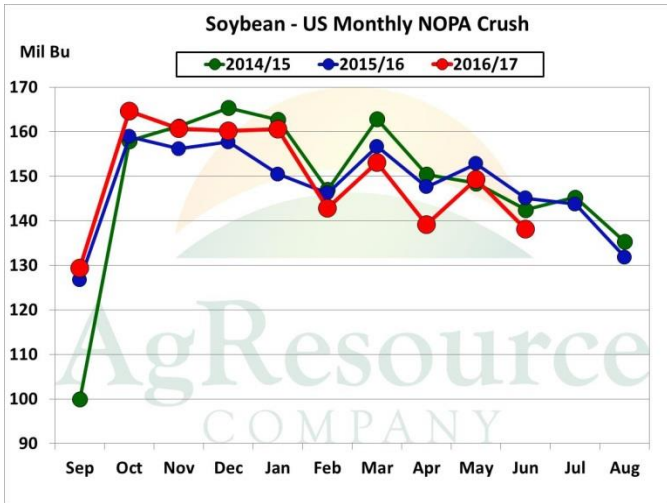




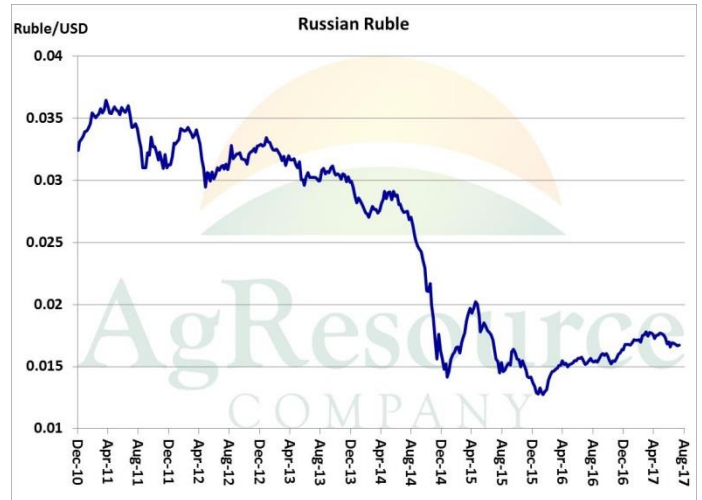
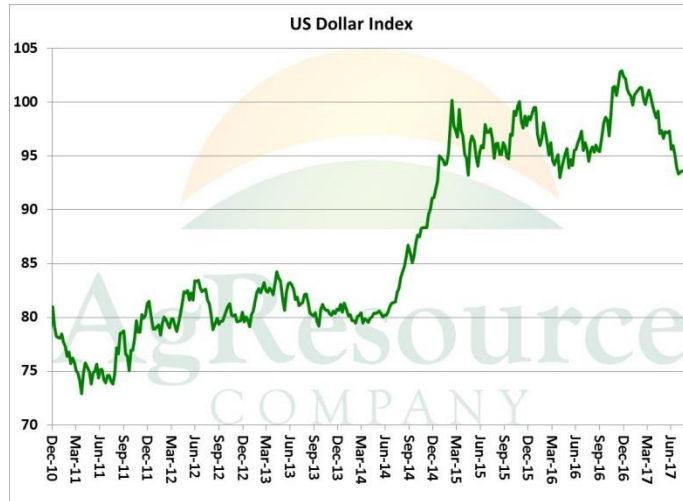
**CHEAPEST FOB:**  
**Argentine Corn at \$153/MT**  
**Argentine Soybeans at \$370/MT**  
**US SRW Wheat at \$192/MT**





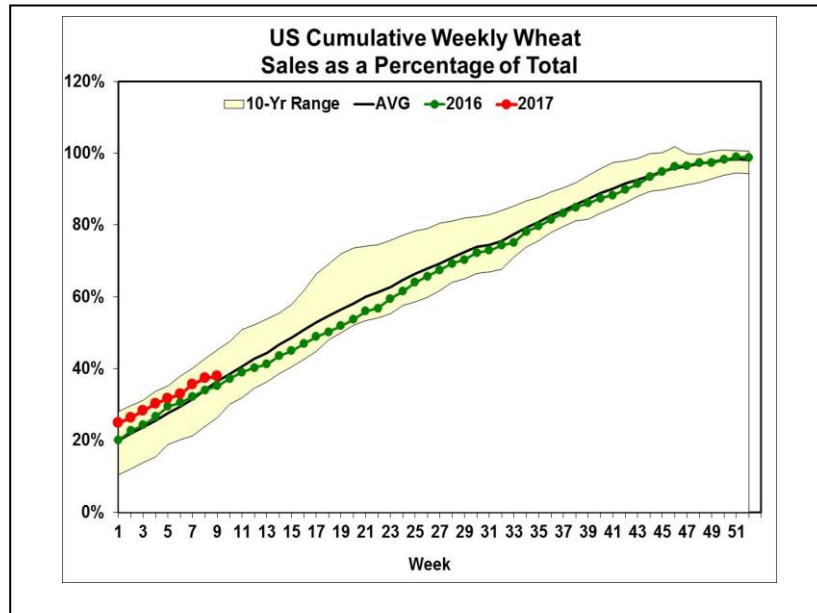
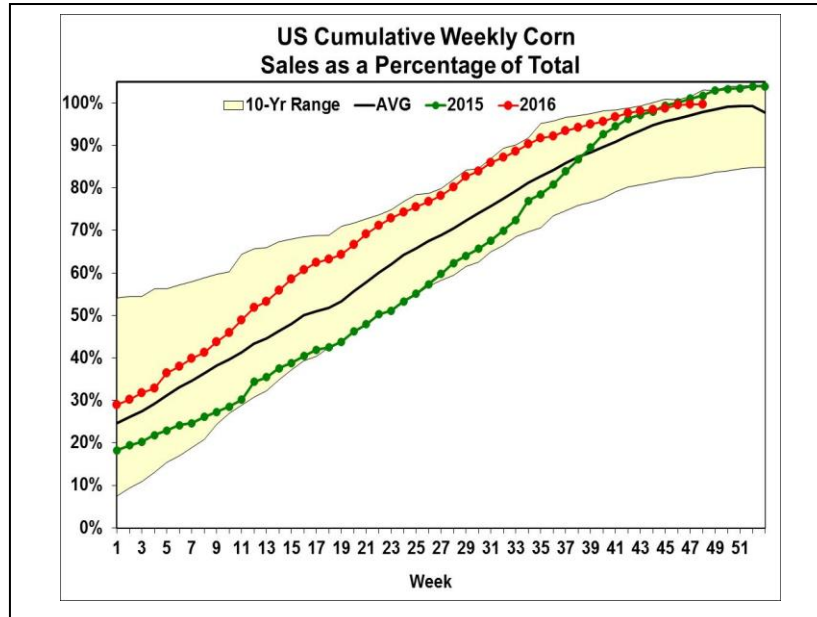


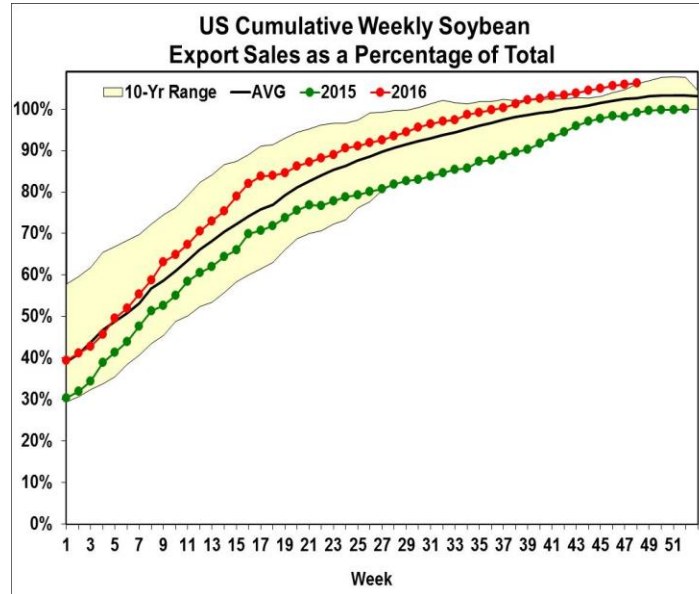
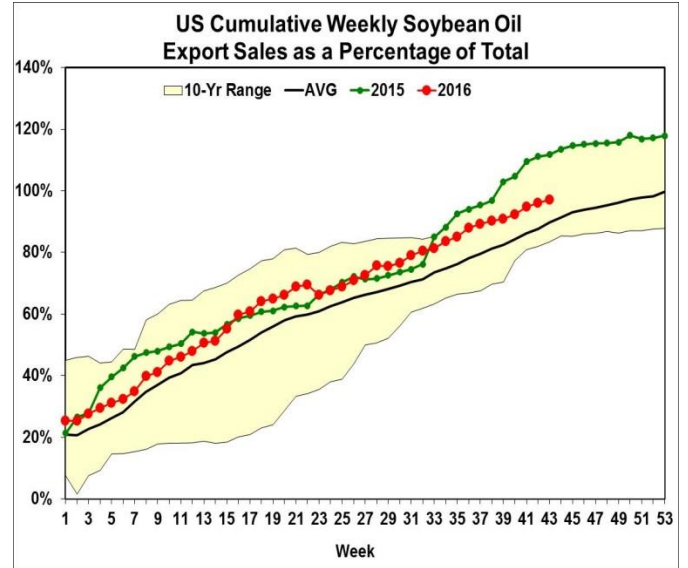
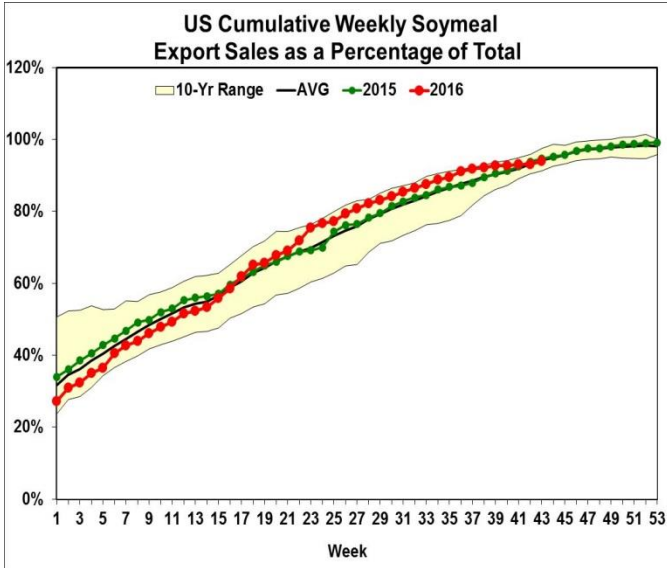
\* NOPA Soymeal and Soyoil Yields; \*\* Soy Hull Yield is estimated at 7.3% of Soymeal Yield; \*\*\* C I L Prices



Cumulative Export Sales as of July 27<sup>th</sup>

Corn: 2,219 Mil Bu (15% above last year; 99.7% of USDA forecast)  
 Soybeans: 2,232 Mil Bu (16% above last year; 106% of USDA forecast)  
 Wheat: 370 Mil Bu (unchanged from last year; 38% of USDA forecast)





**Cumulative Export Inspections as of August 3<sup>rd</sup>**  
**Corn: 2,120 Mil Bu (29% above last year; 95% of USDA forecast)**  
**Soybeans: 2,024 Mil Bu (15% above last year; 96% of USDA forecast)**  
**Wheat: 206 Mil Bu (17% above last year; 21% of USDA forecast)**

