



February 8, 2019

by Steve Freed, VP of Grain Research

Soybeans, soymeal and soyoil closed marginally higher. Wheat closed higher. Corn closed lower. USDA Jan and Feb numbers came and went without much trade action.

SOYBEANS

Soybeans closed 1 cent. USDA lowered US 2018 soybean crop 56 mil bu. Yield was 51.6 vs 52.1 previous. USDA then lowered exports 25 mil bu and raised the crush 10 mil bu. The net was a drop of 45 mil bu in the carryout to 910. This is not the 1,000 mil bu feared but still a record. USDA average Farm price is near 8.60 vs 9.33 last year. Higher crush raised US 2018/19 soyoil carryout 180 mil lbs to 2,095. USDA lowered World soybean carryout to 106.7 mmt vs 115.3 previous and 101.3 last year. Increase in Brazil and China could not offset the drop in US and Argentina. Brazil 2019 soybean crop is now est near 117.0. China imports were lowered 2 mmt to 88.0.

U.S. Soybeans Supply and Demand

Item	2017/2018 estimate	2018/2019 forecast	Change from December 11	Change from 2017/2018
Planted area (million acres)	90.2	89.2	0.1	-1.0
Harvested area (million acres)	89.5	88.1	-0.2	-1.4
Yield (bushels per acre)	49.3	51.6	-0.5	2.3
	----- Million bushels -----			
Beginning stocks	302	438	-	137
Production	4,412	4,544	-56	132
Imports	22	20	-5	-2
Total supply	4,735	5,002	-61	267
Crush	2,055	2,090	10	35
Seed and Residual	113	127	**	14
Domestic use	2,168	2,217	10	49
Exports	2,129	1,875	-25	-254
Total use	4,297	4,092	-15	-205
Ending stocks	438	910	-45	472
	----- Percent -----			
Stocks to use ratio	10.2	22.2	-1.0	12.0
	----- Dollars per bushel -----			
Average market price	9.33	8.10/9.10	-	-0.73

- No change. ** Rounds to zero.

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CORN

Corn futures closed lower. Some of the speculative longs were disappointed in the USDA Feb numbers. USDA lowered US 2018 corn crop 206 mil bu. Yield was 176.4 vs 178.9 previous. USDA then lowered the residual 125 mil bu and ethanol demand 25 mil bu. The net was a drop of 46 mil bu in the carryout to 1,735. USDA average Farm price is near 3.60 vs 3.36 last year. USDA raised World corn carryout to 309.8 mmt vs 308.8 previous and 340.8 last year. Increase in Argentina offset the drop in US. Of the 309.8, China is 207.8. Trade will now be watching World economy, US economy, any news from Washington especially on trade and 2019 weather. Talk of higher World 2019 corn supply could limit the upside and could encourage a slow trend lower....unless there is a good China trade deal that includes more US farm imports.

U.S. Corn Supply and Demand

Item	2017/2018 estimate	2018/2019 forecast	Change from December 11	Change from 2017/2018
Planted area (million acres)	90.2	89.1	**	-1.0
Harvested area (million acres)	82.7	81.7	**	-1.0
Yield (bushels per acre)	176.6	176.4	-2.5	-0.2
----- Million bushels -----				
Beginning stocks	2,293	2,140	--	-153
Production	14,609	14,420	-206	-189
Imports	36	40	-5	4
Total supply	16,939	16,600	-211	-339
Feed and residual	5,304	5,375	-125	71
Food, seed, and industrial	7,056	7,040	-40	-16
Ethanol	5,605	5,575	-25	-30
Domestic use	12,360	12,415	-165	55
Exports	2,438	2,450	--	12
Total use	14,799	14,865	-165	66
Ending stocks	2,140	1,735	-46	-405
----- Percent -----				
Stocks to use ratio	14.5	11.7	-0.2	-2.8
----- Dollars per bushel -----				
Average market price	3.36	3.35/3.85	--	0.24

-- No change. ** Rounds to zero.

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Market View

WHEAT

Chicago and MLS March wheat closed higher. KC closed lower. USDA lowered US 2018/19 wheat feed use 30 mil bu and seed 6. The net was an increase of 36 mil bu in the carryout to 1,010. USDA average Farm price is near 5.25 vs 4.72 last year. USDA estimated US 2019 winter wheat acres near 31.3 million versus 32.1 expected and 32.5 last year. USDA lowered World wheat carryout to 267.5 mmt vs 268.1 previous and 280.0 last year. Increase in Russia could not offset the drop in China. Trade will now be watching World economy, US economy, any news from Washington especially on trade and 2019 weather. Talk of higher World 2019 wheat supply could limit the upside and could encourage a slow trend lower....unless there is a good China trade deal that includes more US farm imports. News that Egypt bought US SRW helped Chicago futures.

U.S. Wheat Supply and Demand

Item	2017/2018 estimate	2018/2019 forecast	Change from December 11	Change from 2017/2018
Planted area (million acres)	46.1	47.8	—	1.7
Harvested area (million acres)	37.6	39.6	—	2.1
Yield (bushels per acre)	46.4	47.6	—	1.2
----- Million bushels -----				
Beginning stocks	1,181	1,099	—	-82
Production	1,741	1,884	—	144
Imports	157	140	—	-17
Total supply	3,079	3,123	—	44
Food use	964	970	—	6
Seed	63	63	-6	0
Feed and residual	51	80	-30	29
Domestic use	1,079	1,113	-36	34
Exports	901	1,000	—	99
Total use	1,980	2,113	-36	133
Ending stocks	1,099	1,010	36	-89
----- Percent -----				
Stocks to use ratio	55.5	47.8	2.5	-7.7
----- Dollars per bushel -----				
Average market price	4.72	5.05/5.25	—	0.43

— No change.

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