



January 12, 2018

SOYBEANS

March soybeans settled at 960 ½ up 10 ½ cents on the day which left the market down 10 ¼ cents on the week. March soybean meal settled at \$3.17 up \$3.90 on the day but down \$4.90 on the week. March soybean oil settled at 33.13 down .02 points on the day and down .63 points on the week. The January USDA Supply/Demand and Quarterly Stocks report for the soybean market was considered slightly bullish with the final soybean yield at 49.1 bushels per acre versus the average estimate of 49.5 bushels per acre (49.0-50.0 range). The total production came in at 4.392 billion bushels down 33 million from the December report and below the average estimate of 4.430 billion. The US ending stocks came in at 470 million bushels up 25 million from the December ending stocks of 445 million bushels. Exports were cut by 65 million bushels offset by a 10 million bushel increase in crush and a 33 million bushel decline in production. The December 1 quarterly soybean stocks were 3.157 billion bushels versus the average estimate of 3.179 billion bushels (2.963-3.306 range). However this is up 8.9% from last year's December 1 stocks of 2.899 billion bushels. The world ending soybean stocks came in at 98.6 million tonnes versus the average estimate of 99.0 million tonnes (97.0-100.4 range) and compared to 98.3 million tonnes in December. The Brazilian soybean production was 110.0 million tonnes versus the average estimate of 110.1 million tonnes (108.0-115.0 range) and compared to last month's 108.0 million tonnes. Argentina's soybean production was 56.0 million tonnes versus the average estimate of 56.0 million (54.0-58.0 range) and compared to 57.0 million tonnes last month. The market already priced in a bearish report down nearly 20 cents prior to the report. Short covering into the end of the week is likely as open interest has increased by 48,000 contracts this week with increased trend following shorts.

USDA SUPPLY/DEMAND				Jan	Jan	Dec	Jan
US SOYBEANS				USDA	USDA	USDA	USDA
	12-13	13-14	14-15	15-16	16-17	17-18	17-18
Planted Area (M Acres)	77.2	76.8	83.3	82.7	83.4	90.2	90.1
Harvested Area (Acres)	76.1	76.3	82.6	81.7	82.7	89.5	89.5
Yield (Bu/Acre)	40.0	44.0	47.6	48.0	52.0	49.5	49.1
Beginning Stocks (M Bu)	169	141	92	191	197	301	302
Production	3,042	3,358	3,927	3,926	4,296	4,425	4,392
Imports	41	72	33	24	22	25	25
Supply, Total	3,252	3,570	4,052	4,140	4,515	4,752	4,718
Crushings	1,689	1,734	1,873	1,886	1,899	1,940	1,950
Exports	1,328	1,639	1,842	1,942	2,174	2,225	2,160
Seed	89	97	96	97	105	106	106
Residual	16	10	50	18	36	35	33
Use, Total	3,111	3,478	3,862	3,944	4,213	4,306	4,248
Ending Stocks	141	92	191	197	302	445	470
Stocks/Use Ratio	4.5%	2.6%	4.9%	5.0%	7.2%	10.3%	11.1%



CORN

March corn settled at 346 ¼ down 2 ½ cents on the day which left the market down 5 cents on the week. The market put in a new contract low at 345 ½ today. US exporters announced the sale of 320,000 tonnes of corn to Unknown destinations. The January USDA Supply/Demand and Quarterly Stocks report for the corn market was considered bearish with the final corn yield at a record high 176.6 bushels per acre versus the average estimate of 175.4 bushels per acre (173.7-177 range). Total production came in at 14.604 billion bushels versus the average estimate of 14.580 billion bushels (14.434-14.750 range). US ending stocks came in at 2.477 billion bushels versus the average estimate of 2.437 billion bushels (2.263-2.550 range). December 1st quarterly corn stocks came in at 12.516 billion bushels versus the average estimate of 12.429 billion bushels (12,230-12,675 range). World corn ending stocks came in at 206.57 million tonnes versus the average estimate of 202.6 million (197.0-207.0 range) and compared to 204.1 million tonnes last month. The Brazilian corn production estimate was 95 million tonnes versus the average estimate of 93.3 million tonnes (86.7-98.5 range) and compared to last month's 95.0 million tonnes. Argentina's corn production came in at 42 million tonnes versus the average estimate of 41.4 million (40.0-42.5 range) and compared to last month's 42.0 million tonnes. The report news was bearish with US yield at a record high which boosted production. A close below the March corn low at 346 ½ leaves a downside technical target at 343 ¼.

USDA SUPPLY/DEMAND				Jan	Jan	Dec	Jan
US CORN				USDA	USDA	USDA	USDA
	12-13	13-14	14-15	15-16	16-17	17-18	17-18
Planted Area (M Acres)	97.3	95.4	90.6	88.0	94.0	90.4	90.2
Harvested Area (Acres)	87.4	87.4	83.1	80.8	86.7	83.1	82.7
Yield (Bu/Acre)	123.2	158.2	171.0	168.4	174.6	175.4	176.6
Beginning Stocks (M Bu)	989	821	1,232	1,731	1,737	2,295	2,293
Production	10,755	13,829	14,216	13,602	15,148	14,578	14,604
Imports	160	36	32	68	57	50	50
Supply, Total	11,904	14,686	15,479	15,401	16,942	16,922	16,947
Feed & Residual	4,309	5,001	5,280	5,114	5,467	5,575	5,550
Food, Seed & Industry	6,044	6,532	6,601	6,648	6,889	6,985	6,995
Ethanol for Fuel	4,641	5,124	5,200	5,224	5,439	5,525	5,525
Domestic Total	10,353	11,533	11,881	11,763	12,354	12,560	12,545
Total Exports	730	1,921	1,867	1,901	2,293	1,925	1,925
Use, Total	11,083	13,454	13,748	13,664	14,349	14,485	14,470
Ending Stocks	821	1,232	1,731	1,737	2,293	2,437	2,477
Stocks/Use Ratio	7.4%	9.2%	12.6%	12.7%	16.0%	16.8%	17.1%



WHEAT

Chicago March wheat settled at 420 ½, down 12 ¾ cents on the day which left the market down 10 ¼ cents on the week. Kansas City March wheat settled at 426 ¼, down 14 cents on the day and down 11 ¼ cents on the week. The Kansas City market put in a bearish outside daily and weekly close lower today. Minneapolis March wheat settled at 612 ¾ down 16 ¼ cents on the day which left the market down 14 cents on the week. The January USDA Supply/Demand, Stocks and Planting Intentions report for the wheat market was considered bearish with 2017-18 winter wheat plantings at 32.6 million acres versus the average estimate of 31.5 million (30.1-32.5 range) and compared to last year's 32.7 million acres. The breakdown is as follows: hard red winter came in at 23.1 million acres compared to 23.4 million last year, soft red winter came in at 5.98 million versus 5.7 million last year and white winter came in at 3.56 million versus 3.5 million acres. The US wheat ending stocks came in at 989 million bushels versus 960 million bushels last month and above the high end of estimates ranging from 855 to 987. The feed number was cut by 20 million bushels to 100 million bushels. The December 1st quarterly stocks came in at 1.874 billion bushels versus the average estimate of 1.851 billion (1.725-2.005 range) and compared to 2.077 billion bushels in December 2016. World wheat ending stocks were 268.0 million tonnes versus expectations ranging from 265 to 271 and down from 268.4 million tonnes estimated last month. A pullback in the July KC wheat/July Chicago wheat spread to the +7 to +5 ¾ cent support zone could be a buying opportunity for the spread with an eventual target of 27 ¾ cents.

USDA SUPPLY/DEMAND US WHEAT	12-13	13-14	14-15	Jan USDA 15-16	Jan USDA 16-17	Dec USDA 17-18	Jan USDA 17-18
Planted Area (M Acres)	55.3	56.2	56.8	55.0	50.1	46.0	46.0
Harvested Area (Acres)	48.8	45.3	46.4	47.3	43.9	37.6	37.6
Yield (Bu/Acre)	46.2	47.1	43.7	43.6	52.7	46.3	46.3
Beginning Stocks (M Bu)	743	718	590	752	976	1,181	1,181
Production	2,252	2,135	2,026	2,062	2,309	1,741	1,741
Imports	124	172	151	113	118	150	155
Supply, Total	3,119	3,025	2,768	2,927	3,402	3,071	3,076
Food	951	955	958	957	949	950	950
Seed	73	77	79	67	61	66	62
Feed & Residual	365	227	114	149	156	120	100
Domestic, total	1,389	1,259	1,151	1,174	1,167	1,136	1,112
Total Exports	1,012	1,176	864	778	1,055	975	975
Use, total	2,401	2,435	2,015	1,951	2,222	2,111	2,087
Ending Stocks	718	590	752	976	1,181	960	989
Stocks/Use Ratio	29.9%	24.2%	37.3%	50.0%	53.2%	45.5%	47.4%



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