

USDA Crop Report Recap

August 12, 2019



USDA August Crop Report

US Carryout
2019-2020

	8/12/2019	7/11/2019	Change	Average Trade Guess
Corn	2.181	2.010	+0.171	1.620
Soybeans	0.755	0.795	-0.400	0.821
Wheat	1.014	1.000	0.014	0.999

in billion bushels

World Carryout
2019-2020

	8/12/19	7/11/2019	Change	Average Trade Guess
Corn	307.72	298.92	+8.80	298.92
Soybeans	101.74	104.53	-2.79	104.53
Wheat	285.40	286.46	-1.06	286.46

in million metric tons

Items of note:

The highlight (or lowlight depending on what side of the fence you're on) was the corn data. The acreage, yield and carryout were uniformly bearish. Howls of protests about preventative planting acreage being understated with harvest acres reduced just 1.6 million acres will have no traction. Corn is the locomotive that pulls the grain train and it just derailed.

Soybeans, despite its extremely low acreage estimate, still faces a 750 million bushel carryout. It should start to appreciate versus its stingy premium to corn, but still is not bullish at current price levels.

HRW carryout was raised 26 million bushels, all wheat carryout was raised 14 million bushels.

Bottom line:

Add Asian Swine Flu, the probability of a longer term trade impasse with the Chinese, a fund long in corn, the certitude of private estimates closing tracking USDA next month to the misery. It just seems hard to find a headline bullish input to offset these. Still, the forecasts are dryish, mediocre conditions in the Eastern Corn Belt will eventually leading to lower yields, US farmer will sell next to nothing here and the need for an extended frost free end to the growing seasons remains.

Expect 2 sided range bound trade after today's (and tomorrow's) break.

20 day moving averages

- Corn 4.16 ½ CU9
- Soybeans 8.90 ¾ SX9
- KC Wheat 4.27 ½ KWU9