

USDA Crop Report Recap

September 12, 2019



USDA September Crop Report

US Carryout
2019-2020

	9/12/2019	8/12/2019	Change	Average Trade Guess
Corn	2.190	2.181	+0.009	2.002
Soybeans	0.640	0.755	-0.115	0.660
Wheat	1.014	1.014	0.000	1.016

in billion bushels

World Carryout
2019-2020

	9/12/19	8/12/2019	Change	Average Trade Guess
Corn	306.27	307.72	-1.450	303.18
Soybeans	99.19	101.74	-2.550	100.11
Wheat	286.51	285.40	+1.110	285.71

in million metric tons

Items of note:

Soybeans catching some fire on chatter that China may have waived import tariffs on 5 mmt (183.7 million bushels) of US soybeans. This optimism was somewhat encapsulated in the crop report as US lowered carryout 115 million from August and 365 versus the 2018-2019 crop year. Soybeans taking out the 20, 50 and 100 day moving averages.

Data on the cereals were closely aligned to trade estimates and price reaction more muted.

Bottom line:

Price direction will hinge on further developments in the US – China trade row and whether the US Midwest has a later than normal frost.

Goldilocks USDA can elect to correct the suspect row crop planted acreage estimate (soybeans likely too low, corn certainly too high) slowly thru January with USDA yield eventually gravitating closer to ProFarmer's 163.3 (168.2 today) corn yield. This difference of 400 million bushels coupled with corrected acreage leaves 2019-20 corn carryout closer to 1.5 billion versus today's 2.2. By then, we are talking South American weather prospects. Still recent fund short of 150,000 corn contracts and especially the nearly 50,000 contracts in KC wheat with spot corn futures rarely trading below \$3.50 and wheat now trading over the 20 day moving average leaves bears vulnerable. Wheat follows corn.

20 day moving averages

- Corn 3.66 CZ9
- Soybeans 8.68 SX9
- KC Wheat 4.00 KWZ9