



USDA August WASDE Report 8/10/18:

Corn:

- 17/18 ending stocks UNCHANGED at 2.027 billion bushels.
- Raised 18/19 ending stocks 132 million bushels from 1.552 billion bushels to 1.684 billion bushels.
- Raised 18/19 yield 4.4 bushels per acres from 174.0 to 178.4 bushels per acre.
- Raised 18/19 total supply 357 million bushels to 16.664 billion bushels (+356 beginning stocks).
- Raised 18/19 total usage 225 million bushels to 14.980 billion bushels (+125 exports, +100 feed use).
- Raised World 17/18 ending stocks from 191.7 million metric tons to 193.3 million metric tons.
- Raised World 18/19 ending stocks from 152.0 million metric tons to 155.5 million metric tons.

SUMMARY: Another wild August WASDE report as the USDA raised yield 4.4 bushels per acre to 178.4 came in the way of a record ear count combined with the 3rd largest ear weight. This was 2.2 bushels per acre above the average trade guess raising the production number to 14.586 billion bushels. Record yields were recorded for NE, IL, SD, OH, and AL. If this yield comes to fruition, it would beat last year's record yield of 176.6 bushels per acre by 1.8 bushels per acre. Market results due to the report were: Pre-report down 3; at release down 5; and at the close down 11.

Soybeans:

- Lowered 17/18 ending stocks 35 million bushels from 465 million bushels to 430 million bushels.
- Raised 17/18 total usage 35 million bushels to 4.286 billion bushels (+10 crush, +25 exports).
- Raised 18/19 ending stocks 205 million bushels from 580 million bushels to 785 million bushels.
- Raised 18/19 yield 3.1 bushels per acre from 48.5 to 51.6 bushels per acre.
- Raised 18/19 total supply 240 million bushels to 5.040 billion bushels (-35 beginning stocks, +276 production).
- Raised 18/19 total usage 36 million bushels to 4.256 billion bushels (+15 crush, +20 exports, +1 residual).
- Lowered World 17/18 ending stocks from 96.0 million metric tons to 95.6 million metric tons.
- Raised World 18/19 ending stocks from 98.3 million metric tons to 105.9 million metric tons.

SUMMARY: Very negative as both the 18/19 yield and production numbers exceeded the top end of estimates. The USDA raised yield 3.1 bushels per acre to 51.6, 2 bushels better than the average trade guess and 0.1 bushels above the highest estimate. This raised the production number to 4.586 billion bushels, raising carry out 205 million bushels larger than last month and 59 million higher than the highest estimate. The global bean carry out increased 7.7 million metric tons or about as many beans that are grown in Ohio or South Dakota. A little early for the USDA to be moving yield up this aggressively, but if this yield comes to fruition it would be just 0.5 bushels shy of the record yield of 52.1 set in 2016. Market results due to the report were: Pre-report down 9; at release down 16; and at the close down 42.

Wheat:

- 17/18 ending stocks UNCHANGED at 1.100 billion bushels.
- Lowered 18/19 ending stocks 50 million bushels from 985 million bushels to 935 million bushels.
- Lowered 18/19 yield 0.1 bushels per acre from 47.5 to 47.4 bushels per acre.
- Lowered 18/19 total supply 5 million bushels to 3.112 billion bushels (-4 production).
- Raised 18/19 total usage 45 million bushels to 2.177 billion bushels (+50 exports, -10 feed/residual, +5 food).
- Lowered World 17/18 ending stocks from 273.5 million metric tons to 273.1 million metric tons.
- Lowered World 18/19 ending stocks from 260.9 million metric tons to 259.0 million metric tons.

SUMMARY: Somewhat bearish as US HRS production was greater than expected and the downward adjustments in world production numbers and ending stocks generally fell short of expectations. US HRS crop did decline from last month, but only fractionally. EU crop size was lowered 7.5 million metric tons but some were expecting reduction of 10 plus. No change in Australia production, despite ongoing drought in key eastern areas. FSU-12 production was increased 1.3 million metric tons from last month with exports up 1.0 million metric tons from July. Attention now shifts to southern hemisphere crop prospects. In Australia, drought remains intense in some regions but some believe Argentina output could increase. Price volatility likely to remain the norm as uncertainty about US exports persists. Market results due to the report were: Pre-report up 2; at release up 2; and at the close down 18.