



USDA February WASDE Report 2/8/18:

Corn:

- Lowered 17/18 ending stocks 125 million bushels from 2.477 billion bushels to 2.352 billion bushels.
- Raised 17/18 total usage 125 million bushels to 14.595 billion bushels (+125 exports).
- Lowered World 17/18 ending stocks from 206.6 million metric tons to 203.1 million metric tons.

SUMMARY: The USDA came in 115 million lower as production issues in Argentina and to a much lesser extent Ukraine have boosted US export prospects. While it means a very aggressive export pace for the remainder of the campaign, the forecast does seem justified given the strength in export sales of late. At the global level, the USDA reduced the Argentine crop 3 million metric tons to 39.0, left Brazil crop unchanged, and took the Ukraine's production down 880K to 24.1 million metric tons. Certainly, supportive as the market returns to monitoring South American weather with still a large carry out number. Market results due to the report were: Pre-report steady; at release up 2; and at the close steady.

Soybeans:

- Raised 17/18 ending stocks 60 million bushels from 470 million bushels to 530 million bushels.
- Lowered 17/18 total usage 60 million bushels to 4.188 billion bushels (-60 exports).
- Lowered World 17/18 ending stocks from 98.6 million metric tons to 98.1 million metric tons.

SUMMARY: Besides Brazilian production estimates continuing to rise and Argentina production continuing to drop, the US balance sheet has been large and the USDA raised the carryout yet again today. The trade was expecting a 22 million bushel increase of soybean supplies and the government came in 60 million bushels higher at 530 million bushels carry out with a 12.7% stock to use ratio. The only thing that was changed on the balance sheet was a reduction of exports to 2.1 billion bushels due to sluggish exports to date and another large Brazilian crop growing today. In South America, USDA took Brazil up 2 million metric tons to 112 and Argentina went down 2 million metric tons to 54. South American weather forecasts may counter a somewhat negative US stocks picture. Market results due to the report were: Pre-report up 3; at release down 1; and at the close up 5.

Wheat:

- Raised 17/18 ending stocks 20 million bushels from 989 million bushels to 1.009 billion bushels.
- Lowered 17/18 total usage 20 million bushel to 2.067 billion bushels (+5 food, -25 exports).
- Lowered World 17/18 ending stocks from 268.0 million metric tons to 266.1 million metric tons.

SUMMARY: Somewhat negative as the USDA's stocks forecast of 1.009 billion bushels was 21 million above the average trade estimate. US exports were reduced by 25 million with larger shipments expected out of Argentina (12.5 versus 11.9 last month), Canada (22.5 versus 22.0 last month), while EU exports were trimmed back 1 million metric tons to 26. The market focus will now shift to world production prospects starting with India and then on to the US, EU, FSU, Canada, and China this spring. Market results due to the report were: Pre-report down 5; at release down 5; and at the close down 4.