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Date: September 13, 2017

## **Morning Ag Markets** Pete Loewen

Grain and oilseed trade waded into the 11:00 report release at lower money and quickly tanked following the release of the numbers. Increases in corn and soybean yield and production compared to the August report was the spark that ignited the selling. Corn and beans were both double digits lower at one point, yet both recovered some into the close to settle just mild to moderately weaker.

Fund activity yesterday reported 16,000 corn sold, 12,000 beans and 5,000 meal, while they were buyers of around 4,000 wheat.

Heading into the report yesterday, expectations were for corn and soybean yield to come down slightly from the August report. Average guesses were looking for a 1.7 bu/ac decline in corn yield and .7 bu/ac drop in beans. What we got was a .4 bu/ac increase in corn up to 169.9 on yield and a .5 bu/ac increase in beans up to a 49.9 bu/ac yield. That put corn within 4.6 bushels of last year's yield and beans 2.2 lower than a year ago.

The big thing I was watching for corn in the report numbers was ending stocks and the 2 bln bushel barrier. If it was below 2 bln, it was going to be bullish. Above and it was bearish. Well, ending stocks came in at a whopping 2.335 bln for new crop corn and 475 mln for new beans. Wheat ending stocks were unchanged at 933 mln. Both the corn and soybean stocks totals were well over the trade estimates. They are also very burdensome totals. Wheat ending stocks at 933 mln was 13 mln bigger than the trade guesses, but unchanged from August. The reason wheat finished higher yesterday in the face of lower fall crop markets was unwinding of wheat / corn spreads.

The biggest complaint coming from most analysts who missed the corn and bean yield numbers was once again the crop condition ratings versus USDA's yield numbers. With both sets of numbers coming from NASS and USDA, seeing some huge discrepancies in condition ratings

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versus year ago numbers and only mild discrepancies in yield in some of those states, begs the question- where's the consistency in the data??? If yields are similar, shouldn't crop ratings be similar?? I don't have answers to those questions, because quite frankly, I have the exact same questions...

6-10 day forecasts last night showed a major shift in weather for the Northern Plains, with a lot colder air creeping into the west side of North Dakota. The west side of the Dakota's were below normal on temps, normal central and above normal east, extending all the way down to Texas and through the East Coast. That means above normal for all of Kansas and Oklahoma. Precip was below normal from central Texas south and east into the East Coast. From Oklahoma north through the rest of the Plains and the entire Corn Belt, the precip was above normal. If it materializes, it could bring some much needed moisture into HRW wheat country to get some crop planted, without having to dust it in and hope.

8a.m. export announcements showed 167,370 mt's of US beans sold to Mexico.

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