



Final '16 Record Yields/Production Trimmed Just a Little

The January USDA reports included final 2016 production estimates for most crops. USDA lowered its final **corn** production 78 million bushels (yield dn 0.7 bpa) lowered final **soybean** production 54 million bushels (yield dn 0.4 bpa), lowered **rice** production 10.7 million cwt (yield dn 256 lbs), but increased **cotton** production 440,000 bales (yield up 34 lbs). The final corn, soybean, & cotton state maps at right show states with bigger (blue) and smaller (red) yields than 2015, and states with a # indicate record yields.

Later in February we expect most state NASS offices to release their state yield reports, which would include final county yields. These yields would be used to calculate county insurance payments as well as ARC-CO payments for the 2016 marketing year.

In addition to changes in production numbers, USDA also tweaked US demand estimates. For **corn**, USDA lowered feed demand 50 million bushels, but increased ethanol demand 25 million bushels, taking ending stocks down 48 million bushels to a still large 2.355 billion bushels. For **soybeans**, USDA kept demand unchanged at a record 4.108 billion bushels, & because of the cut in production took stocks down 60 million bushels to 420 million. So USDA verified what managed funds have been expecting to happen for a few months now. USDA bumped **cotton**

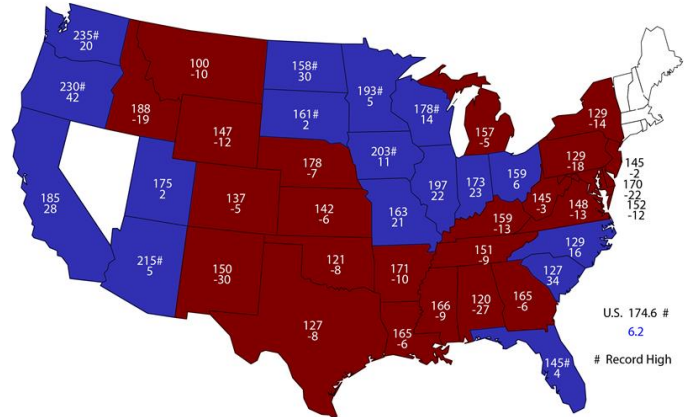
	2016-17 US Ending Stocks (million bushels, bales, or cwt)				
	January USDA	December USDA	Change vs Prev Month	2015-16 Estimate	Change vs 2015-16
Corn	2,355	2,403	-48	1,737	+618
Soybeans	420	480	-60	197	+223
Wheat	1,186	1,143	+43	976	+210
Sorghum	38	35	+3	37	+1
Cotton	5.00	4.80	+0.20	3.80	+1.20
Rice	50.1	59.7	-9.6	46.5	+3.6

exports 300,000 bales to offset some of the production increase, but still raised ending stocks 200,000 bales. USDA made a slight cut in **rice** demand, but the big cut in production took ending stocks down about 18% to 50.1 million cwt. A big negative came in **wheat**, where USDA reduced feed demand 35 million bushels & seed demand another 8 million bushels to increase ending stocks 43 million to 1.186 billion bushels – the largest since 1988.

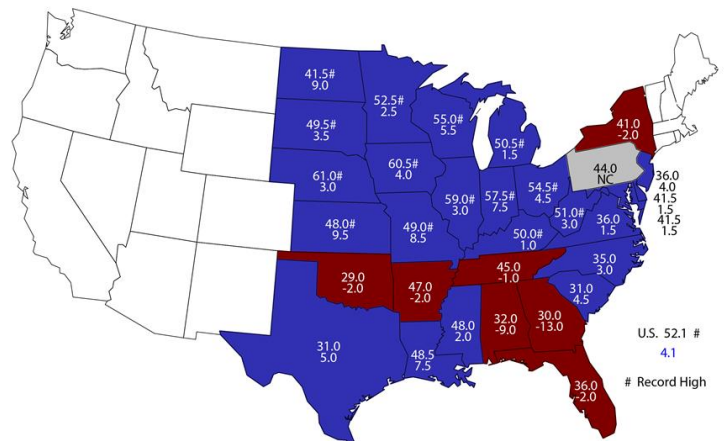
What everyone wanted to see was **South American** production. USDA increased Brazil 2 mmt to a record 104 mmt, but kept Argentina unchanged at 57 mmt. Since the report's release some private analysts have reduced Argentine soybeans to as low as 51 mmt due to excessive rainfall, so we'll look for USDA to make a downward adjustment to their estimate next month.



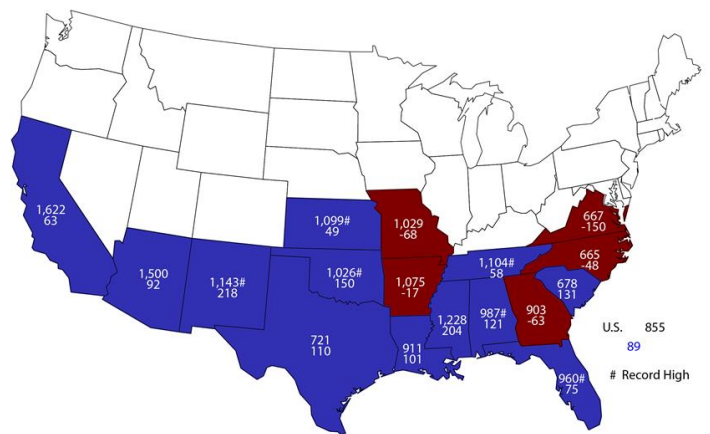
2016 Corn Yield
Bushels and Change From Previous Year



2016 Soybean Yield
Bushels and Change From Previous Year



2016 All Cotton Yield
Pounds and Change From Previous Year





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Revenue Management Update

and the Market Year Average prices are now...

USDA raised their prices estimates for corn, soybeans, wheat, & barley again this month, while cutting the sorghum price (right columns). Though the market year isn't final until August 31, these increases would reduce potential PLC &/or ARC payments if they hold. If the year ended now, we would expect very large PLC payments for rice, peanuts, wheat, & sorghum. ARC could also pay for wheat, but corn & soybeans will depend on final county yields compared to 5-year Olympic averages.

Diversified Services Marketing Group		USDA Final & Projected MYA Farm Prices				
(\$ per bushel, cents per pound, \$ per cwt)						
	PLC Ref Price	Final 2014-15	Final 2015-16	2016-17		
Corn	\$3.70	\$3.70	\$3.61	\$3.40		up 5 cents
Soybeans	\$8.40	\$10.10	\$8.95	\$9.50		up 5 cents
Wheat	\$5.50	\$5.99	\$4.89	\$3.80		up 10 cents
Cotton	N/A	60.5	58.0	67.0		unch
Sorghum	\$3.95	\$4.03	\$3.31	\$2.90		down 15 cents
Barley	\$4.95	\$5.50	\$5.52	\$4.90		up 5 cents
LG Rice	\$14.00	\$11.90	\$11.10	\$9.70		unch
Peanuts	\$0.2675	\$0.2200	\$0.1930	\$0.1920		unch

What will we plant in 2017?

Informa Commodities & Farm Futures magazine have both been releasing planting intentions estimates, with Farm Futures the latest to update numbers (right). As soybean prices have continued to trade above \$10.00 as well as post gains vs corn, the trade continues to guess that farmers will plant a lot more soybean acres this year! Farm Futures' survey has soybean acreage higher than corn, which would be the first time that's happened since the PIK year of 1983! Their cotton acreage number has gotten bigger as well, which matches what I'm hearing from producers. And of course, total wheat acres are expected down sharply – Informa says the lowest in 50 years! USDA won't release its Prospective Plantings Report until March 31, so until then we're dependent upon private estimates for news for markets to trade.

2017 Planting Intentions

Crop	Acreage	Change*
Corn	90.49 million	-3.7%
Soybeans	90.52 million	8.5%
Soft Red Winter Wheat	5.7 million	-5.6%
Hard Red Winter Wheat	23.3 million	-12.4%
White Winter Wheat	3.4 million	-4.6%
All Winter Wheat	32.4 million	-10.4%
Spring Wheat	11 million	-5.1%
Durum	2.3 million	-5.1%
All Wheat	45.68 million	-4.1%
Sorghum	5.63 million	-15.8%
Cotton	11.45 million	13.7%

* vs USDA 2016 estimates

