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## Very Little Change in the May 10 USDA Report

The USDA World Agricultural Supply and Demand Estimates (WASDE) Report released on May 10, did not offer any significant adjustments to the projected 2016-2017 U.S. corn and soybean supplies.

The report was regarded as mainly neutral for both the corn and soybean markets in the coming months. The May report showed slightly lower corn-ending stocks for 2016-2017, and slightly higher 2016-2017 soybean-ending stocks, compared to the April WASDE Report. Corn-ending stocks for 2016-2017 are expected to show a 32 percent increase compared to a year earlier, while the ending stocks for soybeans are expected to more than double by the end of the 2016-2017 marketing year, compared to 2015-2016 levels. The 2016-2017 marketing year runs from September 1, 2016 to August 31, 2017.

The following are some highlights of the latest WASDE Report:

### CORN:

The projected corn-ending stocks for the 2016-2017 year, which ends on August 31, 2017, are estimated at 2.295 billion bushels, which was decreased by 25 million bushels compared to the April Report. The 2016-2017 level of corn-ending stocks would be at the highest level since the carryover of 1.97 billion bushels for 2005-2006. This compares to corn-ending stocks of 1.737 billion bushel in 2015-2016, 1.731 billion bushels in 2014-2015, and 1.232 billion bushels in 2013-2014. The USDA is projecting that total U.S. corn use for 2016-2017 will be 14.645 billion bushels for livestock feed, ethanol, food products, seed, exports, etc., which is an increase of about one billion bushels from the 2015-2016 level. The large level of the corn supply for the 2016-2017 marketing year has put downward pressure on corn market prices since last Summer.

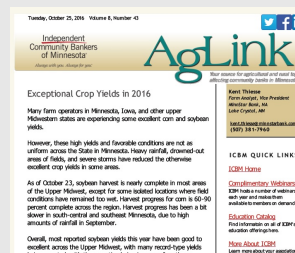
The May WASDE Report offers one of the first USDA estimates for ending stocks in the following year for the crop that is currently being planted. The USDA is projecting corn-ending stocks to be 2.110 billion bushels by the end of the 2017-2018 marketing year, which ends on August 31, 2018. This would be a decrease of 185 million bushels from the estimated 2016-2017 corn-ending

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stocks. The USDA is projecting total corn usage at 14.3 billion bushels for 2017-2018, which would be a slight decrease from 2016-2017 estimated corn usage. The USDA is estimating almost steady usage levels for feed and ethanol production in 2017-2018, along with a slight decline in U.S. corn export levels. Corn use for ethanol production in 2017-2018 is estimated at 5.5 billion bushels.

The USDA is estimating total U.S. corn production for 2017 to be at 14.06 billion bushels, which would be a decrease of approximately 7 percent from the record U.S. production level of 15.15 billion bushels in 2016. However, the 2017 U.S. corn production level would still exceed the 2015 total production level of 13.66 billion bushels. The USDA report indicated an estimated 90 million acres of corn will be planted in the U.S. in 2017, which compares to 94 million acres in 2016, 88 million acres in 2015, and 90.6 million acres in 2014. The USDA is estimating an average U.S. corn yield of 170.7 bushels per acre in 2017, compared to a record yield of 174.6 bushels per acre in 2016, 168.4 bushels per acre in 2015, and 171.0 bushels per acre in 2014.

The USDA is now estimating the average U.S. on-farm corn price for the 2017-2018 marketing year to be in a range of \$3.00-3.80 per bushel, or an average price of \$3.40 per bushel, which would be the same as the currently-projected 2016-2017 U.S. average corn price.

#### **SOYBEANS:**

According to the May 10 WASDE Report, the projected soybean ending stocks for 2016-2017 are estimated at 435 million bushels, which is a slight decrease of 45 million bushels from the April soybean carryover estimate. Interestingly, the USDA estimated 2015-2016 soybean-ending stocks at 400 million bushels in the 2016 May WASDE Report, and the actual 2015-2016 ending stocks in September of 2016 ended up lower than 200 million bushels. This probably helps offer some explanation for the unexpected strength in the soybean market from the harvest season of 2016 until March of 2017.

Based on the recent WASDE Report, soybean-ending stocks for 2017-2018 are estimated at 480 million bushels, which would be an increase of 45 million bushels above the currently-estimated 2016-2017 ending stocks, and would be at the highest level in over two decades. Total soybean demand for 2017-2018 is estimated to be 4.23 billion bushels, which compares to 4.09 billion bushels estimated for 2016-2017, and 3.94 billion bushels of total use in 2015-2016. The increased demand is mainly due to a projected increase of 100 million bushels for soybean exports in 2017-2018, along with a slight increase in the bushels used for soybean processing.

Total U.S. soybean production in 2017 is estimated at 4.25 billion bushels. Planted soybean acres for 2017 are estimated at a record level of 89.5 million acres, compared to 83.4 million acres in 2016,

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82.7 million acres in 2015, and 83.3 million acres in 2014. The USDA is estimating a national average soybean yield of 48 bushels per acre in 2017, which compares to the record U.S. soybean yield of 52.1 bushels per acre in 2016, and is equal to the previous record yield of 48 bushels per acre in 2015.

The USDA is estimating the U.S on-farm soybean price for the 2017-2018 marketing year to be in a range of \$8.30-10.30 per bushel, or an average price of \$9.30 per bushel, which compares to the currently-estimated U.S. average soybean price of \$9.55 per bushel for 2016-2017, and the final U.S. average soybean prices of \$8.95 per bushel for 2015-2016, \$10.10 per bushel in 2014-2015, and \$13.00 per bushel for 2013-2014. Given the large, estimated U.S. soybean acreage for 2017, any enhancement in the national yield level will likely push total 2017 U.S. production to a record level, and thus put increasing downward pressure on 2017-2018 soybean prices.

You can find 2016 ARC-CO payment estimates [here](#). More information on ARC-CO corn and soybean payments is available [here](#).

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