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Very Few Changes in June 9 USDA Report

The USDA's World Agricultural Supply and Demand Estimates (WASDE) Report released on June 9 illustrated very little change from the reports in previous months and did not offer much optimism for a rise in grain prices for the coming weeks.

The June report kept the estimated corn-ending stocks for both 2016-2017 and 2017-2018 at similar levels to the May WASDE Report. The June 9 report increased the estimated soybean-ending stocks for both 2016-2017 and 2017-2018 by 15 million bushels, compared to the May report. The 2016-2017 marketing year runs from September 1, 2016 to August 31, 2017, and the 2017-2018 marketing year runs from September 1, 2017 through August 31, 2018.

The following are highlights from the latest WASDE Report:

CORN

According to the June 9 WASDE Report, the projected corn-ending stocks for the 2016-2017 year (which ends on August 31, 2017) are estimated at 2.295 billion bushels, which is at the highest level in over a decade. The 2016-2017 level of corn-ending stocks compares to just over 1.73 billion bushels in both 2015-2016 and 2014-2015, and is significantly higher than the final corn-ending stocks of 1.232 billion bushels in 2013-2014. The large level of the corn supply throughout most of the 2016-2017 marketing year has put downward pressure on corn market prices, and has kept the basis level quite wide between Chicago Board of Trade (CBOT) prices and local cash-grain bids. The very large existing U.S. corn supply is likely to temper any significant increases regarding local cash-corn prices in the coming weeks for unpriced corn that is still being stored on farms.

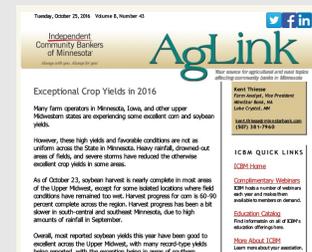
Based on the most recent WASDE report, the USDA is projecting corn-ending stocks to be 2.110 billion bushels by the end of the 2017-2018 marketing year on August 31, 2018, which would be down from the estimated 2016-2017 corn-ending stocks, but would still be at one the highest levels in the past 15 years. The USDA continues to estimate total U.S. corn production for 2017 to be at 14.065 billion bushels, which would be a decrease from a

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record of 15.148 billion bushels in 2016. The U.S. corn yield for 2017 is currently estimated at 170.7 bushels per acre, which compares to the record U.S. corn yield of 174.6 bushels per acre in 2016, and to 168.4 bushels per acre in 2015.

The June 9 USDA report lowered the estimated average of the U.S. on-farm corn price for the 2016-2017 marketing year to \$3.35 per bushel, which is a decrease of \$0.05 per bushel from the May estimate. The national on-farm corn price for the 2017-2018 marketing year is now estimated to be in a range of \$3.00-3.80 per bushel, or an average price of \$3.40 per bushel. The most recent USDA corn price projections compare to final national average on-farm corn prices of \$3.61 per bushel for 2015-2016, \$3.70 per bushel in 2014-2015, and \$4.46 per bushel in 2013-2014.

SOYBEANS

According to the USDA, the projected soybean-ending stocks for 2016-2017 were increased by 15 million bushels to 450 million bushels, which is more than double the soybean-ending stocks a year ago. The projected 2016-2017 soybean-ending stocks level compares to carryover levels of 197 million bushels for 2015-2016, 191 million bushels for 2014-2015, and 92 million bushels for 2013-2014. Based on the WASDE Report, soybean-ending stocks for 2017-2018 would be 495 million bushels, which would be at the highest level since 2006-2007. The projected increase in the U.S. soybean-ending stocks for 2017-2018 will continue to put downward pressure on new-crop soybean prices. The June USDA crop acreage report and Summer weather trends will likely be the big market movers in the coming months.

The June 9 USDA report left the estimated U.S. on-farm soybean price for the 2016-2017 marketing years at \$9.55 per acre, which is the same as the May estimate. The 2017-2018 on-farm soybean price is now estimated to be in a range of \$8.30-10.30 per bushel, or a national average price of \$9.30 per bushel, which again is the same as the May estimate. The latest USDA soybean price projections compare to national average soybean prices of \$8.95 per bushel in 2015-2016, \$10.10 per bushel in 2014-2015, and \$13.00 per bushel for 2013-2014.

Current, local-cash prices for 2017 new crop soybeans at harvest time range from \$8.30-8.90 per bushel at many locations in the Upper Midwest, which is about a \$1.00 per bushel lower than harvest prices offered earlier this year.

For more information, contact Kent Thiesse, Farm Management Analyst and Vice President, MinnStar Bank, Lake Crystal at: 507-381-7960 or kent.thiesse@minnstarbank.com.

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