



Report  
Commentary:  
**8/11/17**

## Starke County Co-Op

### WASDE report out of left field?

Thank goodness traders have short attention spans and while markets reacted hard from the report data yesterday it only takes a day for them to see something shiny and move on. Today's grain has settled with mild gains but at least in the green after yesterday's shock.

It would have been very hard to write a more bearish, or contested set of numbers than the ones offered up by the USDA yesterday. Here is the low down from the report. U.S. farmers are expected to produce a record-high soybean crop this year. Up 2 percent from 2016, soybean production is forecast at 4.38 billion bushels. Just as shocking was the USDA's bushel projection that was above every pre-report trade estimate. The 169.5 bushel per acre was only a 1.2 bu reduction from their last estimate. Their 2017 crop estimate of 14.153 billion bushels was 357 million bushels above the average trade estimate of 13.796 billion.



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Up 7 percent from last year, area for soybean harvest is forecast at a record 88.7 million acres with planted area for the nation estimated at a record-high 89.5 million acres, unchanged from the June estimate. Soybean yields are expected to average 49.4 bushels per acre, down 2.7 bushels from last year. Record soybean yields are expected in Delaware, Georgia, Kentucky, Missouri, Mississippi, Pennsylvania, and South Carolina. The head scratcher on this is the fact that this is the highest August yield estimate ever released by the USDA and surpassing last year's 48.9 bu/ac estimate. But.... The crop rating Monday showed only 59% of the crop was good to excellent while last year's crop at this time was rated 72% good to excellent...

Average corn yield is forecast at 169.5 bushels per acre, down 5.1 bushels from last year. If realized, this will be the third highest yield and production on record for the United States.



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NASS forecasts record-high yields in Alabama, Louisiana, Michigan, Mississippi, New York, Pennsylvania, and South Carolina. Acres planted to corn, at 90.9 million, remain unchanged from NASS' previous estimate. As of July 30th, 61% of this year's corn crop was reported in good or excellent condition, 15% points below the same time last year. Wheat production is forecast at 1.74 billion bushels, down 25 percent from 2016. Growers are expected to produce 1.29 billion bushels of winter wheat this year, down 23 percent from last year.

If every aspect of the crop goes absolutely perfectly from here to the bin, we might, and I stress might, make those numbers. Our next real risk is an early or deep penetrating freeze. Crop will be a little late coming off and we have lots of northern bean acres. But does the lack of confidence in these USDA numbers by growers and analysts justify a point that grain prices should be higher? Not so much if you look into the potential stockpile of grain we will need to move to market. And with tensions rising in the geopolitical world this might be a hard task as money from all over the world will try to hide in the US dollar.

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