

Lower Crop Estimate!

US Corn Production
Million Acres and Bushels

	2012	2013	2014	2015	
	Actual	Actual	Actual	USDA ^{1/}	CIS Est
Pltd acres	97.3	95.4	90.6	89.2	88.9 ^{2/}
% hvstd	89.8	91.7	91.7	91.6	91.2
Hvstd acres	87.4	87.5	83.1	81.7	81.1 ^{2/}
Yield	123.1	158.1	171.0	166.8	165.3
Production	10755	13829	14216	13630	13406

1/ 6/10/15 USDA estimate

2/ 6/30/15 USDA survey

Because the June survey was taken during the first two weeks of June before flooding became widespread in the Corn Belt, the USDA reduced the percentage harvested to compensate for ponding, flooding and replanting. We expect the USDA to utilize the same acreage estimates in the July 10 supply/demand forecast. Our yield estimate is 1.5 bushels per acre below the USDA in response to nitrogen leaching and a shallow root system. *Our production estimate for the July 10 crop report is 224 million bushels below June.*

June 1 Stocks Report

The USDA surprised the trade with June 1 stocks reported at 4447 million bushels, 108 million below the average trade estimate. However, as illustrated in the 6/20/15 issue of *Price Perceptions*, our estimate of the stocks report was 4433 million, very close to the actual report. The USDA confirmed feed/residual use was underestimated for the September-February period . . .

Below Expectations!

June 1 Corn Stocks – Million Bushels

	2012	2013	2014	2015	Chg
	Actual	Actual	Actual	CIS Est	
Mar 1 stocks	6023	5400	7008	7750	+742
Imports	11	40	9	8	-1
Total supply	6034	5440	7017	7758	+741
Food/seed	382	376	365	360	-5
Ethanol	1243	1191	1303	1320	+17
Feed/res	861	921	859	1092	+233
Exports	400	186	637	539	-98
Total usage	2886	2674	3165	3311	+146
June 1 stocks	3148	2766	3852	4447	+595
Stocks % of Sep-May use	30.5	30.4	35.6	40.3	

Totals may not add due to rounding

Note: Stocks are actual, usage distribution estimated

Total usage for the March-May period was 3311 million bushels, the second largest for that quarter in history. Although usage was greater and stocks were lower than expected, the stocks/usage ratio of 40.3% was the highest since 2010. Also, June 1 stocks were the largest in 27 years. This week's stocks report may have been below expectations, *but there will be no threat of tight supplies over the remainder of the current season.*

The USDA reported September-February feed/residual use 95 million bushels *below* last year. As illustrated in the 6/20/15 issue, when the USDA underestimates feed/residual use during the September-February period, usage is typically *above* expectations in the March-May quarter . . .

Above Expectations!

Quarterly Feed/Residual Usage
US Corn – Million Bushels

	2013-14	2014-15	Change
Sep-Nov	2312	2223	-89
Dec-Feb	1451	1445	-6
Mar-May	859	1092 ^{1/}	+233
Jun-Aug	411	490 ^{2/}	+79
Total	5034	5250	+216

Note: Totals may not add due to rounding

1/ CIS estimate

2/ Amount needed to equal 6/10/15 USDA forecast

Although feed/residual usage was well above last year and trade expectations for the quarter, it was likely due to an over-estimated crop, not exceptional demand. Because the USDA will not revise last year's crop in upcoming supply/ demand reports, *we expect their estimate of feed/residual usage to increase about 75 million bushels in the July 10 report.*

US Supply/Demand

Based on the June stocks and acreage reports, in addition to a potential reduction in yield, the supply/demand balance has tightened even more since our 6/20/15 issue . . .

Continued . . .