

CORN:

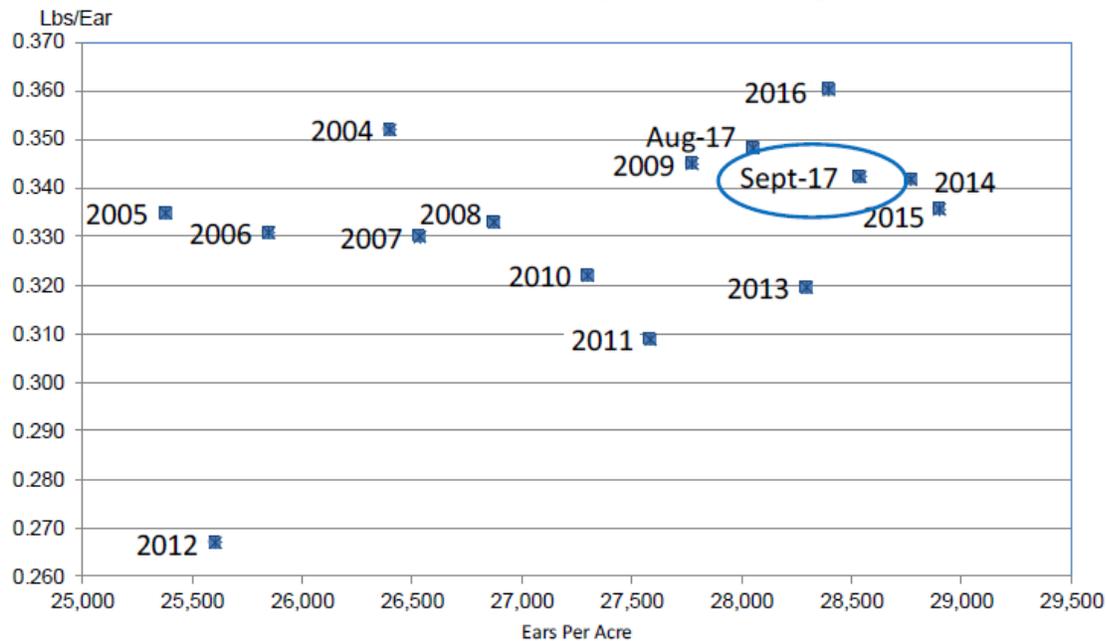
A combined contraseasonal move in crop conditions and a slight increase in the 2017 corn yield estimate battered values during the session today. Corn G/E ratings holding steady at 61% in the NASS crop condition update yesterday afternoon. 96% of the crop has achieved dough stage. 75% of the crop is denting vs 81% average. 21% is mature vs 31% average. 5% has been harvested vs 6% average. The ATG for the US national corn yield was 168.2 bu/acre and the USDA delivered a 169.9 figure which was a .4 bu/acre increase over August. The US 2016 S/D table saw some minor tweaks that were overdue. Industrial usage declined 50 mln bu, Ethanol usage declined 15 mln, and Exports increased 70 mln bushels leaving carryout 20 mln bu smaller. As you can see in the table below, the USDA's adjustments are shifting closer to my projections. There is room for a decline in feed and residual once the September 30th stocks report comes out and the USDA is relying on Census data as of July to generate exports leaving some upward movement available yet. Ethanol tweaking is still open with NASS reports due for the remaining of the marketing year. The 2017 S/D has a lot of flexibility in it yet. The USDA bumped up feeding in line with its MO of increasing that sector when carryouts aren't supposed to travel above 2.3 bln bushels and crops get bigger. Additionally the USDA reduced the Industrial category to fall in line with a slower 2016 ethanol usage rate. Net gain to the carryout was 60 mln bushels. It is interesting to examine the way the USDA arrived at its yield for the September report. One point of disagreement from August was the USDA's assumed large ear weight. Simply put it was the poorest rated largest ear weight on record. The USDA rectified the issue to an extent bringing the assumed ear weight down 2 places in the rankings but kept it an outlier vs condition ratings. Offsetting the ear weight, the USDA raised the ear count per acre by around 400 ears per acre. The question is where were these ears last report? The USDA is now indicating the 3rd highest ear count/population on record and 5th highest ear weight.

US Corn

	15/16 USDA	16/17 USDA	16/17 Alt	17/18 USDA	17/18 Alt	17/18 Alt1	17/18 Alt2
Plant	88	94	94	90.9	90.9	90.9	90.9
Harvest	80.7	86.7	86.7	83.5	83.5	83.5	83.5
Yield	168.4	174.6	174.6	169.9	162.8	169	173
Carryin	1731	1737	1737	2350	2383	2383	2383
<u>Production</u>	<u>13601</u>	<u>15148</u>	<u>15148</u>	<u>14184</u>	<u>13591</u>	<u>14109</u>	<u>14443</u>
Available	15400	16940	16940	16585	16024	16542	16876
Feed	5192	5425	5365	5475	5425	5425	5425
Industrial	6573	6870	6880	6925	6800	6800	6800
Ethanol	5206	5435	5420	5475	5300	5300	5300
<u>Exports</u>	<u>1898</u>	<u>2295</u>	<u>2312</u>	<u>1850</u>	<u>2000</u>	<u>2000</u>	<u>2000</u>
Total	13663	14590	14557	14250	14225	14225	14225
Carryout	1737	2350	2383	2335	1799	2317	2651



Corn Objective Yield Region Ears Per Acre vs. Implied Ear Weight



Implied Ear Weight = (Published Yield * 56) / Ears

USDA-NASS
9-12-17

Turning to the World Tables... Carryin for 2017 down 1.7 mmt, production down .9 mmt. Demand is the story with its 4 mmt downward revision. Net gain of world carryout of 1.6 mmt. Residual assumptions likely coming back to bite the USDA. DDG effect, China corn reserve selling, exports of ethanol all likely a push against demand assumptions. Brazil corn crop bigger by 2 mmt but offset others. World carryout increased 1.6 mmt. Residual assumptions by the USDA still so robust it holds a significant position as an outlier compared to history.

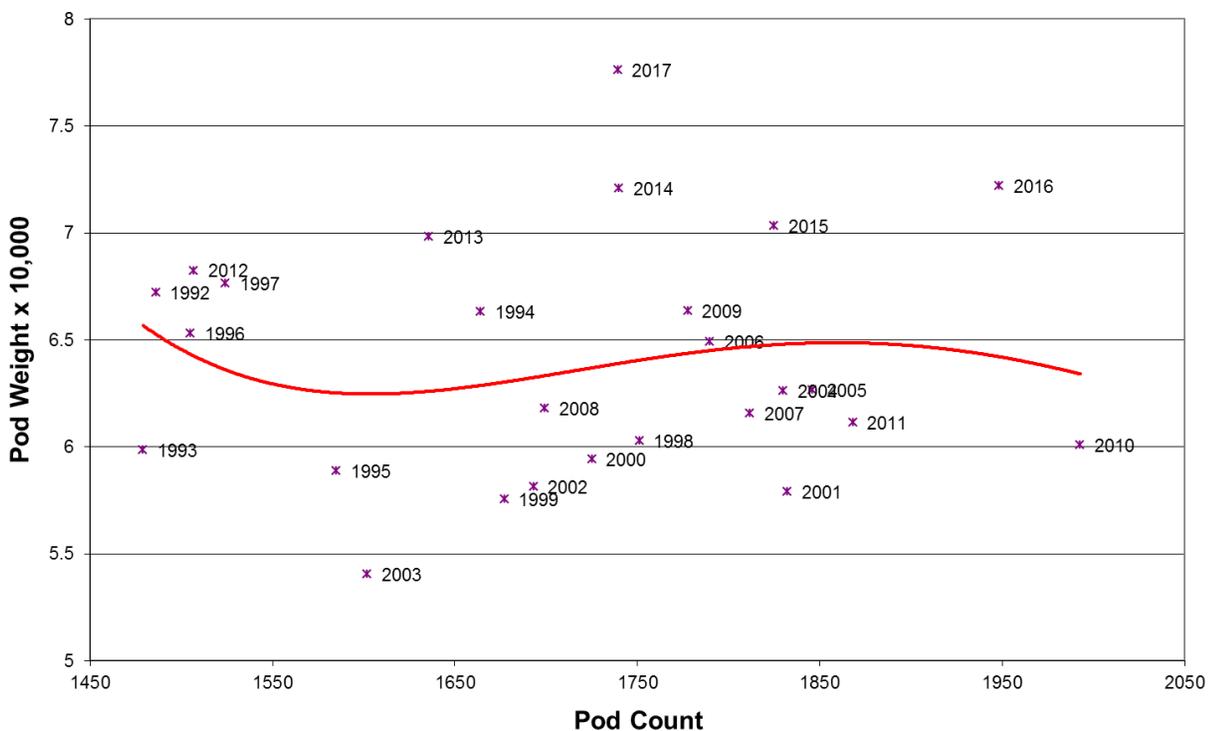
Funds credited with selling 14,000 contracts of corn during the session today.

SOYBEANS:

A weaker session with a larger yield estimated by the USDA in the latest production report and steady SA production estimates. Soybean conditions declined 1 point to 60% G/E in the latest US condition rating released by the NASS. 22% of the crop is dropping leaves vs 25% average. Central Midwest conditions dragged down the national values. KS down 5%, MO down 3%, MN down 1% and IL down 1%. The WASDE/Production report more than offset the support garnered by the condition decline. The main story of the report was the US yield increasing .4 bu/acre from August. This drove production 50 mln bushels higher. The USDA increased exports in response to higher production by 25 mln bu. The carryout held steady as a result of the higher exports and the adjustments made to the 2016 table. The 2016 changes played out mostly as expected. Exports were raised 20 mln bushels based on Census data and could rise again with later Census updates. The USDA increased crush 5 mln bushels on crush logged and forecast for August netting out a 2016 carryout 25 mln bu lower. The bean oil table was the secondary story as the USDA tried to accommodate the Department of Commerce's countervailing duties. Expecting

higher biodiesel usage the 2016 number was increased 50 mln lbs and the 2017 number upped 350 mln lbs. Exports were increased 150 mln lbs in 2016 leaving carryout down 155 mln lbs. 2017 other industrial usage was reduced and exports as well to net a 2017 carryout 305 mln lbs lower. If there is a shift back by the DOC or there is a new development with Argentina, this bean oil table falls apart. It exists based on government inked agreements more than it exists based on market forces. Turning back to the yield assumptions by the USDA the pod weight assumptions by the USDA are reminiscent of the ear weight assumptions of corn in August. Pod counts are middling to low on the 14 year history yet record weight by a large margin.

Seven State Soybean Pod Count vs Pod Weight x 10,000



Three outcomes can be assumed from this assumption at the early maturity stages of soybeans. One is the USDA is correct and the soybeans are 8-10% larger than normal while being fewer per plant. The next assumption is the pod weight number is bogus but the USDA has yet to discover all the pods thus the yield assumption in total is correct. The third option is the pod weight will come down based on history, pod counts are correct and thus the yield is smaller than the USDA currently projects.

Turning to the world tables, the shifts in production and demand were small and offsetting. The USDA Raised China imports again from 91 to 92 mmt in 2016 and from 94 to 95 mmt for 2017 on robust imports. Conservative projections for 2016 come up with 92 mmt leaving more growth even yet this late in the marketing year.

NASS posting a message it will review and possibly revise harvested acres in several Southeast and Deep South states after the hurricanes Harvey and Irma have passed. The USDA plans to have the outcome of this survey in the October report along with other revisions from the FSA

certifications. Certifications are leaning the US towards another 1 mln acres planted to soybeans over the current USDA estimate.

Funds credited with selling 8000 contracts of soybeans, 4000 meal and bought 4000 soybean oil today.

Deliveries

Soybean meal 128
Soybean oil 356

WHEAT:

Winter wheat futures rebound modestly on a world S/D that tightened slightly in today's report. The USDA reduced Australia's 2016 crop by 1.6 mmt and also its 2017 1 mmt. World carryout declined 1.7 mmt in 2016 and offset the 1.7 mmt net increase in world production brought on by a Russian crop that grew 3.5 mmt. Net result to the 2017 world wheat table was a 1.5 mmt decline. US All wheat tables remain unchanged. The USDA shifted around some numbers within the subclasses with a HRW smaller export by 10 mln bu, HRS import upped 5 mln bu, 10 mln bu export reduction in HRS, 15 mln bu increase in HRS carryout, and SRW exports reduced 7 mln bu. The larger HRS carryout pressed MGEX futures lower against the Winter Wheat futures during the day. Spring wheat harvest ahead of normal at 95% complete vs 87% average. Funds credited with buying 6000 contracts of CME wheat today.

Deliveries

KC Wheat 42

CME Wheat 7

MGEX 5

FOB NOLA – US SPOT PRICES

CORN + 27Z

SOYBEANS + 48X

SRW + 40Z

FOB TEXAS GULF – US SPOT PRICES

HRW + 80Z

FCStone Grain Recap

September 12, 2017

ECBOT	HIGH	LOW	CLOSE	CHANGE
Sep Corn	3.46	3.36	3.40	- 5 1/2
Dec Corn	3.5725	3.455	3.515	- 6
Sep Beans	9.5525	9.375	9.4425	- 10 1/2
Nov Beans	9.655	9.375	9.505	- 9 1/2
Sep Wheat	4.1875	4.15	4.195	+ 7 1/4

Regards

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