

Friday dawns and the aftermath of the long awaited USDA stocks and seeding reports remains. The report anticipation was probably heightened by the long standing lack of fresh news input as well as the fact that March reports have the reputation for market moving input. The latest iteration was no exception with Chicago corn moving some 5% lower on what was deemed bearish data. Any bullish news on wheat and soybeans was somewhat muted particularly as far as wheat was concerned with corn's bearishness imparting a more neutral tone.

For the record, March 1st grain stocks continued their seemingly relentless year on year growth as shown below:

1 st March Grain Stocks - million bu			
	2013/14	2014/15	2015/16
Corn	7,008	7,750	7,808
Soybeans	994	1,327	1,531
Wheat	1,057	1,140	1,372

Reported corn, wheat and soybean stocks were in line with expectations and were largely a non-event. On and off farm stock ratios were similar to last year. The real story was in the acreage figures:

Planting Intentions - million acres			
	2014	2015	2016
Corn	90.6	88.0	93.6
Wheat	56.8	54.6	49.6
Soybeans	83.3	82.6	82.2

The corn number is significantly above last year and more than 2.5 million acres above even the biggest trade estimates, hence market reaction. The potential for end stocks to grow even more given "normal" weather and consumption patterns should not be ignored. Soybean acres were below expectation but the potential for this number to grow should corn plantings be delayed for some reason does exist and the impact on either corn or soybean output is not significant.

Wheat planting intentions were always expected to be reduced and the report did not disappoint in that regard. However, it is necessary to break out spring plantings from the total to see quite how low the acres are at 11.3 million. The impact on markets may well be muted given existing stocks and lacklustre export patterns at this time. Focus is shifting to weather conditions in the S Plains, namely Kansas to Texas where it has recently been on the drier side.

The report, in a nutshell, provided us with some short-lived excitement, particularly in the reaction seen by corn prices. However, the underlying picture appears little changed with abundant stocks, which are scheduled to increase barring any weather surprises. The next "watch point" should be

weather at planting time followed by mid-summer conditions that are so crucial for corn pollination and soybean pod development. Meanwhile we appear destined to resume the pattern of limited price rallies capped by more than adequate supplies coupled with consumers supporting relatively low prices by extending forward cover.

Other news has been limited with focus, rightly, upon Thursday's reports. However, early reports of the harvest in Argentina suggest that yields are impressive in both corn and soybeans, and this is giving rise to increases in overall output estimates. Whilst it is still early days, there are figures of 27.5 million mt for corn and 62 million mt (and higher) for soybeans being discussed. Despite such early optimism, there may yet be a sting in the tail with the current weather outlook suggesting that wetter conditions are returning, which could slow and delay harvest operations and potentially cap output. As always, time will tell.

In summary, we see this week's report as confirming our long held outlook for limited price hikes. The global supply position remains the dominant driver with current supply projections in both hemispheres showing limited slowdown. Unless there is a crop damaging weather event, for example drought in EU or Black Sea wheat producing regions or major US crop planting difficulties, it seems we are destined to a further season of low prices across all three major crops, wheat, corn and soybeans.