

Tuesday's US March 1 Stocks and Planting Intentions Report contained a combination of numbers with some bullish and some bearish. US soybean stocks at 2,293 million bu were deemed to be slightly bearish, some 490 million below last year but around 16 million above trade expectations. 2020 planted acres were estimated at 83.5 million, an increase of 8.5 million on last year, yet below trade expectations and as such bullish.

In corn, stocks at 7.953 million bu were down 660 million from a year ago, and bullish whilst estimated acres at 97 million, the biggest number since 2012, were seen as bearish and the number fell outside even the highest trade estimate.

Wheat acres were estimated to be 800,000 below last year, which if realised, would be the lowest ever recorded.

To put the numbers into perspective, reduced corn stocks will to some degree help offset reduced usage in ethanol production, but all will hinge on the planting season, which is by no means a given although recent history would suggest that history might well be consigned to just that – history, as the US farmer can seed acres at a phenomenal pace when required. In addition, we should not lose sight of S American corn production, which could still provide room for a weather-related surprise in the next month or so.

Soybean numbers have to be read in conjunction with continued slow US export volumes, particularly in the old crop, leaving end stock levels at the higher end of the spectrum. Chinese demand has to be watched very closely, and any sign of a return to “business as usual” will lift what we see to be a potential cap on price upside right now.

We should also be mindful that the numbers, specifically planted acres, are a survey of farmer's intentions, and there is a potential for the mix to change. Our thoughts are that there is a greater chance that corn acres will switch to soybeans rather than the other way around, with some evidence that Southern States are already losing some acres.

Longer term, we should attempt to consider where the world will be post-Covid 19. Will demand patterns return to a more traditional course, will major producing nations' currency levels rebalance with each other to pre-outbreak levels? Both questions that are impossible to answer today, but will impact output, trade and prices going forward.

Italy, Spain and the US continue to head the growing list of casualties from the virus outbreak with limited signs of a slowdown at this time. Lockdowns and precautions are in place to slow the spread across many regions of the globe, yet the spread continues. There is a feeling of inevitability about growing death tolls yet there also has to be some optimism with China suggesting that the spread is not only slowing but actually seeing reductions. We can only hope that this as a pattern that repeats itself elsewhere around the world but at a more rapid pace as lessons are learned and actions taken in a timely manner. Once recovery is evident and a more normal

life is resumed we would anticipate markets following suit, or at least that is our hope!

Stay safe.