

Well, so much for old adages.

At least as they related to the 2013 corn crop anyway. USDA surprised the trade again on Friday when its January Crop Production and World Supply and Demand Estimates reports reflected a LOWER 2013 corn yield than analysts had expected. At the same time, the WASDE report indicated that a big soybean crop indeed got bigger. Meanwhile, USDA's estimates of U.S. wheat supplies remained steady but estimated wheat usage fell, pushing ending stocks higher. Key U.S. data from the report for corn and beans appear at right. Full supply and utilization balance sheets for both U.S. crops appear on page 2.

CORN & SOYBEAN S&D, JANUARY '14 USDA WASDE

		Analysts' Estimates, January*						
		Units	USDA '12	USDA '13 Dec.	Low	High	Average	USDA January
Corn	Area Harvested	Acres	87.4	87.2	86.927	87.612	87.174	87.7
	Yield	Bu/Acre	123.4	160.4	159.8	163.3	161.2	158.8
	Crop	Bil. Bu.	10.780	13.989	13.897	14.255	14.066	13.925
	'13 Y/E Stocks	Bil. Bu.		0.824				0.821
	'14 Y/E Stocks	Bil. Bu.		1.782	1.654	2.054	1.861	1.631
Soybeans	Area Harvested	Acres	76.164	75.7	75.500	76.376	75.749	75.9
	Yield	Bu/Acre	39.8	43.0	42.7	44.0	43.3	43.3
	Crop	Bil. Bu.	3.034	3.285	3.240	3.330	3.279	3.289
	'13 Y/E Stocks	Bil. Bu.		0.141				0.141
	'14 Y/E Stocks	Bil. Bu.		0.150	0.118	0.180	0.149	0.150

*Source: Reuters

Some highlights are:

- USDA reduced its estimate for the 2013 corn yield to 158.8 bushels per acre. Analysts had expected the estimate to increase by nearly 3 bushels to 163.3. The 2013 yield is nearly 30% larger than that of 2012.
- Higher harvested corn acres by 500,000. The 87.7 million harvested acres in 2013 is the largest since 1933 — before the Dust Bowl-era droughts and, more important and more lasting, the advent of hybrid corn varieties.
- The lower yield and higher acres result in a projected 2013 corn crop of 13.925 billion bushels. — still record-large and just 64 million bushels or 0.45% lower than the December estimate.
- USDA increased estimated feed/residual usage by 100 million bushels to 5.3 billion, nearly 1 billion (22.3%) more than last year. This one really puzzles us — especially in light of pig losses to porcine epidemic diarrhea virus (PEDv). Some industry observers believe that those losses are now as large as 6 million head and many think those losses will continue. Each of those pigs represent about 9 bushels of corn usage that simply will not happen. 54 million bushels isn't a lot when compared to 5.2 or 5.3 billion, but in this case it carries a MINUS SIGN, not a plus sign in the balance sheet. Yes, all of the 100 million or so other pigs that will reach market weight will get heavier but this estimate has looked big from the beginning. Lower cattle numbers, now steady hog numbers and higher chicken numbers — and 20% more feed usage???? It must be the residual part.
- A slight increase in ethanol usage to 5.0 billion bushels. We see this as reasonable given the positive margins in the ethanol business at present.
- Add all of this up and the January WASDE shows a drop in projected year-end stock of 159 million bushels. The 1.631 billion figure is still ROUGHLY DOUBLE that of 2013 and pushed the projected year-end stocks to use ratio to 12.4%.

- USDA's forecast range for the season-average farm price of corn was increase \$0.05 on both ends to \$4.10 to \$4.70. CME Group Corn futures gained roughly 20 cents/bushel on Friday and have held those gains in weekend trading.
- The reduction in the U.S. crop was partially offset in world supply and demand calculations by a 6 million metric ton (2.8%) increase in China's corn crop. The only tweak for the current South American crop was a 1 MMT reduction in Argentina's 2014 harvest. Forecast 2013/14 year-end world stocks were reduced by 2.23 MMT or 1.4%.
- Compared to corn, USDA's January estimates for soybeans are pretty boring. The yield came in right on the average of analysts' pre-report estimates at 43.3 bushels per acre, 0.6 bushels higher than USDA's December estimate.
- USDA did add 200,000 harvested acres which pushed the 2013 crop estimate to 3.289 billion, slightly higher than that of December. That figure still ranks this as the 3rd largest U.S. crop.
- USDA increased its forecast for crushings and exports by 10 and 20 million bushels, respectively. Those increases completely offset the increase in production to leave forecast year-end stocks at a still-tight 150 million bushels. That figure is only 6.4% larger than one year ago.
- The projected year-end stocks/use ratio for U.S. soybeans is still a very tight 4.5%. That is the same figure as for last year's crop as well as those of 2008 and 2009. The tightest-ever U.S. stocks/use ratio was in 2003-04 at 4.3%.
- The tighter stocks/use ratio did not change USDA's mid-point soybean price estimate, however, which remained at \$12.50/bu. The range was reduced by \$0.25 on each end.
- Per normal for the past 2 years, bean meal will carry more of the soybean value load in 2014. USDA added \$25 to its forecast meal price which now stands at \$400-\$440/ton.

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U.S. CORN SUPPLY AND UTILIZATION -- JANUARY

	Units	2011/12	2012/13	2013/14		
				USDA December	USDA January	% Chng vs '12-13
Acres Planted	Mil A	91.9	97.2	95.3	95.4	-1.9%
Acres Harvested	Mil A	84.0	87.4	87.2	87.7	0.3%
Yield	Bu/A	147.2	123.4	160.4	158.8	28.7%
Beginning Stocks	Mil Bu.	1128	989	824	821	-17.0%
Production	Mil Bu.	12360	10780	13989	13925	29.2%
Imports	Mil Bu.	29	162	30	35	-78.4%
Total Supply	Mil Bu.	13517	11932	14842	14781	23.9%
Feed & Residual	Mil Bu.	4557	4335	5200	5300	22.3%
Ethanol for fuel	Mil Bu.	5000	4648	4950	5000	7.6%
Non-Ethanol FSI	Mil Bu.	1428	1396	1450	1400	0.3%
Exports	Mil Bu.	1543	731	1450	1450	98.4%
Total Usage	Mil Bu.	12528	11111	13050	13150	18.4%
Carryover	Mil Bu.	989	821	1792	1631	98.7%
Stocks/Use	Pct.	7.9%	7.4%	13.7%	12.4%	67.9%
Nat. Wtd. Avg. Farm Price	\$/Bu.	6.22	6.89	4.05 - 4.75	4.10 - 4.70	-36.1%

Source: USDA World Supply and Demand Estimates

U.S. SOYBEAN SUPPLY & UTILIZATION - JANUARY

	Units	2011/12	2012/13	2013/14		
				USDA December	USDA January	% Chng vs '12-13
Acres Planted	Mil A	75.0	77.2	76.5	76.5	-0.9%
Acres Harvested	Mil A	73.8	76.2	75.7	75.9	-0.4%
Yield	Bu/A	41.9	39.8	43.0	43.3	8.8%
Beginning Stocks	Mil Bu.	215	169.0	141	141	-16.6%
Production	Mil Bu.	3094	3034.0	3258	3289	8.4%
Imports	Mil Bu.	16	36.0	25	25	-30.6%
Total Supply	Mil Bu.	3325	3239.0	3423	3454	6.6%
Crushings	Mil Bu.	1703	1689.0	1690	1700	0.7%
Exports	Mil Bu.	1365	1320.0	1475	1495	13.3%
Seed	Mil Bu.	90	89.0	87	87	-2.2%
Residual	Mil Bu.	-2	1.0	22	22	2100.0%
Total Usage	Mil Bu.	3155	3099.0	3274	3304	6.6%
Carryover	Mil Bu.	169	141.0	150	150	6.4%
Stocks/Use	Pct.	5.4%	4.5%	4.6%	4.5%	0%
Nat. Wtd. Avg. Farm Price	\$/Bu.	12.50	14.40	11.50 - 13.50	11.75 - 13.25	-13.2%
Soybean Oil Price	Cents/lb.	51.90	47.13	38.00 - 42.00	35.50 - 39.50	-20.4%
Soybean Meal Price	\$/ton	393.53	468.11	375 - 415	400 - 440	-7.1%

Source: USDA World Supply and Demand Estimates

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PRODUCTION AND PRICE SUMMARY

Week Ending 1/11/14

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
	Total Meat & Poultry Prod.	Million lbs.	1530.4	1434.3	6.70%	1624.5	-5.79%	N/A	N/A
C	FI Slaughter	Thou. Head	569	521	9.21%	626	-9.09%	860	-19.02%
A	FI Cow Slaughter	Thou. Head	90.4	118.9	-23.95%	93.5	-3.29%	6,228	-3.04%
T	Avg. Live Weight	Lbs.	1336	1336	0.00%	1330	0.45%	1,317	-1.08%
T	Avg. Dressed Weight	Lbs.	803	804	-0.12%	796	0.88%	797	-0.49%
L	Beef Production	Million Lbs.	455.9	417.9	9.09%	497	-8.27%	689	-18.62%
E	Live Fed Steer	\$/cwt live wt.	139.54	137.53	1.50%	126.04	10.71%		
	Dressed Steer	\$/cwt carcass	221.48	217.13	2.00%	203.53	8.82%		
&	OKC Feeder Steer	700-800 Lbs.	169.96	#N/A	#N/A	152.28	11.61%		
	Beef Cutout	600-750 Choice	210.00	200.83	4.57%	193.81	8.35%		
B	Hide/Offal	\$/cwt live wt.	14.81	14.87	-0.40%	13.47	9.95%		
E	Rib	Choice	284.79	284.40	0.14%	269.51	5.67%		
E	Round	Choice	202.65	190.83	6.19%	175.01	15.79%		
F	Chuck	Choice	193.81	181.86	6.57%	166.57	16.35%		
	Trimming, 50%	Fresh	99.89	90.67	N/A	73.29	36.29%		
	Trimming, 90%	Fresh	216.67	212.41	N/A	210.51	2.93%		
H	FI Slaughter	Thou. Head	2102	1991	5.58%	2268	-7.31%	3,310	-14.69%
O	FI Sow Slaughter	Thou. Head	38	60.3	-36.36%	35.0	9.60%	2,916	-2.91%
G	Avg. Dressed Weight	Lbs.	213	213	0.00%	208	2.40%	207	-0.36%
S	Pork Production	Million Lbs.	446.3	427.3	4.45%	470.8	-5.20%	699	-13.34%
&	Iowa-S. Minn. Direct	Avg.	78.63	77.83	1.03%	83.22	-5.52%		
	Natl. Base Carcass Price	Weighted Avg.	79.51	79.02	0.62%	82.30	-3.39%		
	Natl. Net Carcass Price	Weighted Avg.	81.40	80.79	0.76%	84.63	-3.82%		
P	Pork Cutout	200 Lbs	84.04	83.70	0.41%	86.58	N/A		
O	Hams	Primal Cutout	70.37	68.99	2.00%	69.23	N/A		
R	Loins	Primal Cutout	90.97	90.95	0.02%	92.34	N/A		
K	Trimming, 72% Lean	Fresh	68.17	63.07	N/A	60.95	11.85%		
	Bellies	Primal Cutout	104.83	99.47	5.39%	134.10	N/A		
C	Young Chicken Slaughter*	Million Head	128.71	120.58	6.74%	130.57	-1.43%	129	-1.43%
H	Avg. Weight	Lbs., RTC	4.31	4.43	-2.53%	4.35	-0.86%	4.3	-0.50%
I	Broiler Production	Million Lbs., RTC	555.2	533.6	4.05%	568.1	-2.27%	566	-2.27%
C	Eggs Set	Million	199.4	200.4	-0.47%	196.3	1.59%	199	1.59%
K	Chicks Placed	Million Head	164.9	163.8	0.63%	163.4	0.90%	165	0.90%
E	National Composite Broiler	Composite	98.36	95.83	2.60%	103.81	-5.20%		
N	Georgia Dock Broiler	2.5-3 Lbs.	104.4	103.94	0.40%	98.89	5.60%		
	Northeast Breast	Skinlss/Bonelss	125.69	127.15	-1.10%	136.89	-8.20%		
	Northeast Leg Quarters		42.58	41.50	-4.50%	50.38	-12.70%		
T	Young Turkey Slaughter*	Million Head	2.73	2.17	26.00%	3.40	-19.84%	2.7	-19.84%
U	Avg. Weight	Lbs.	26.75	25.62	4.40%	26.04	2.73%	24.4	-6.27%
R	Turkey Production	Million Lbs.	73.0	55.5	31.55%	88.6	-17.64%	73	-17.62%
K	Eastern Region Hen	8-16 Lbs.	99.90	102.13	-2.20%	95.23	4.90%		
F	Corn, Omaha	\$ per Bushel	4.07	4.16	-2.28%	7.27	-44.09%		
E	DDGS, Minnesota	\$ per ton	162.50	192.50	-15.58%	243.00	-33.13%		
E	Wheat, Kansas City	\$ per Bushel	6.24	6.41	-2.65%	7.67	-18.64%		
D	Soybeans, S. Iowa	\$ per Bushel	12.94	12.88	0.47%	14.17	-8.70%		
	SB Meal, 48% Central Illinois	\$ per Ton	473.30	473.80	-0.11%	422.60	12.00%		

* Chicken & turkey slaughter, production and prices are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks earlier

Source: USDA Agricultural Marketing Service, various reports

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