

Gavilon

November 2017



US Grain S&D

World Grain

What is moving

What does the future hold?



Corn exports forecast DOWN ~450 mbu

- PNW is forecast to ship 200 mbu less than YA

CORN S&D					
Sep - Aug	14/15	15/16	16/17 E	17/18 F	USDA YOY Chg
Planted (m.acres)	90.6	88.0	94.0	90.4	(3.6)
Harvested (m. acres)	83.1	80.7	86.7	83.1	(3.6)
% Harvested	91.7%	91.7%	92.2%	91.9%	(0.3%)
Yield (bushel/acre)	171.0	168.4	174.6	171.8	(2.8)
Production	14,216	13,601	15,148	14,280	(868)
Beg. Stocks	1,232	1,731	1,737	2,295	558
Imports	31	68	57	50	(7)
TOTAL SUPPLY	15,479	15,400	16,942	16,625	(317)
Ethanol	5,200	5,224	5,438	5,475	37
Food & Industrial	1,401	1,419	1,452	1,460	8
Feed & Residual	5,280	5,123	5,464	5,500	36
Domestic	11,881	11,766	12,354	12,435	81
Exports	1,867	1,897	2,293	1,850	(443)
TOTAL USE	13,748	13,663	14,647	14,285	(362)
Ending stocks	1,731	1,737	2,295	2,340	45
Stocks % of use	12.6%	12.7%	15.7%	16.4%	0.7%

in million bushels

Soy exports forecast UP 80 mbu

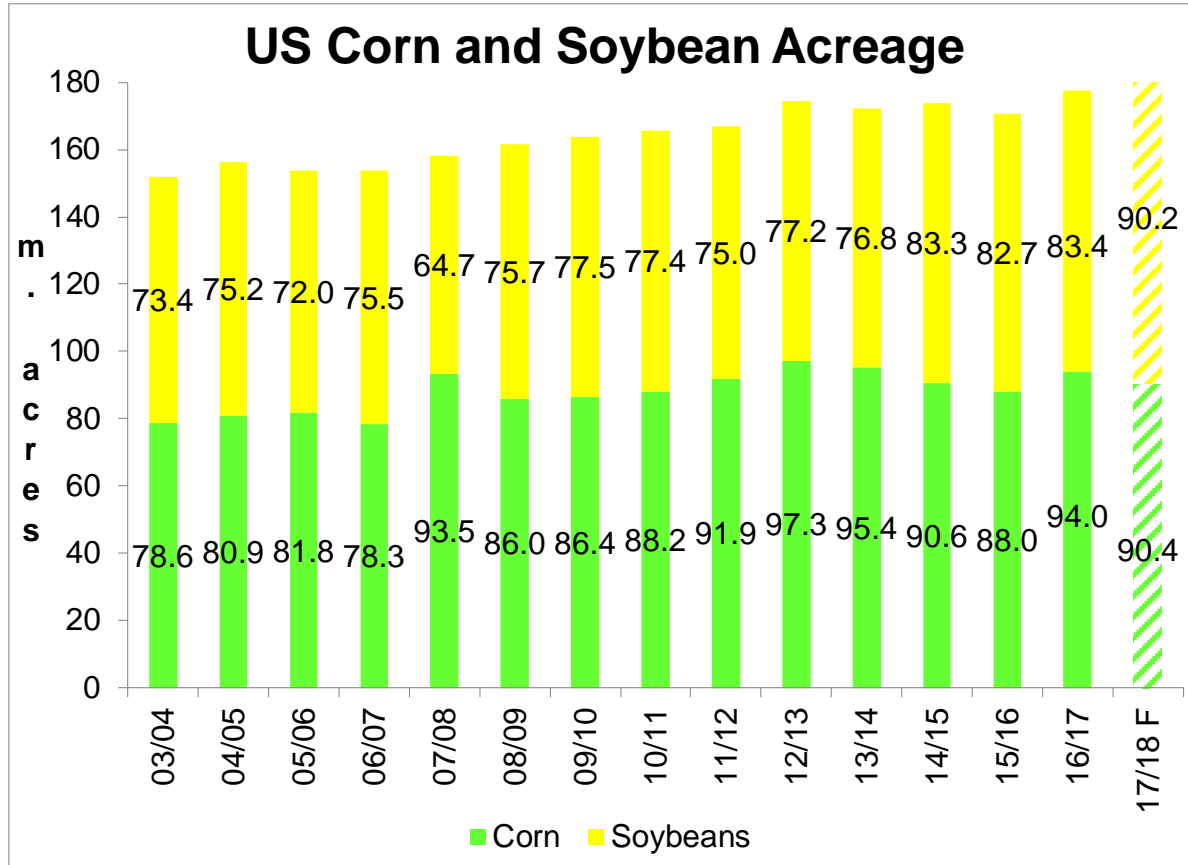
- Sep Oct Nov shipments to be FLAT from YA

SOYBEAN S&D					
Sep - Aug	14/15	15/16	16/17 E	17/18 F	USDA YOY Chg
Planted (m.acres)	83.3	82.7	83.4	90.2	6.8
Harvested (m. acres)	82.6	81.7	82.7	89.5	6.8
% Harvested	99.2%	98.8%	99.2%	99.2%	0.1%
Yield (bushel/acre)	47.5	48.0	52.0	49.5	(2.5)
Production	3,927	3,926	4,296	4,431	135
Beg. Stocks	92	191	197	301	104
Imports	33	24	22	25	3
TOTAL SUPPLY	4,052	4,141	4,515	4,757	242
Crush	1,873	1,886	1,899	1,940	41
Seed	96	97	105	101	(4)
Residual	49	25	36	35	(1)
Domestic	2,018	2,008	2,040	2,076	36
Exports	1,843	1,936	2,174	2,250	76
TOTAL USE	3,861	3,944	4,214	4,326	112
Ending stocks	191	197	301	430	129
Stocks % of use	4.9%	5.0%	7.1%	9.9%	2.8%

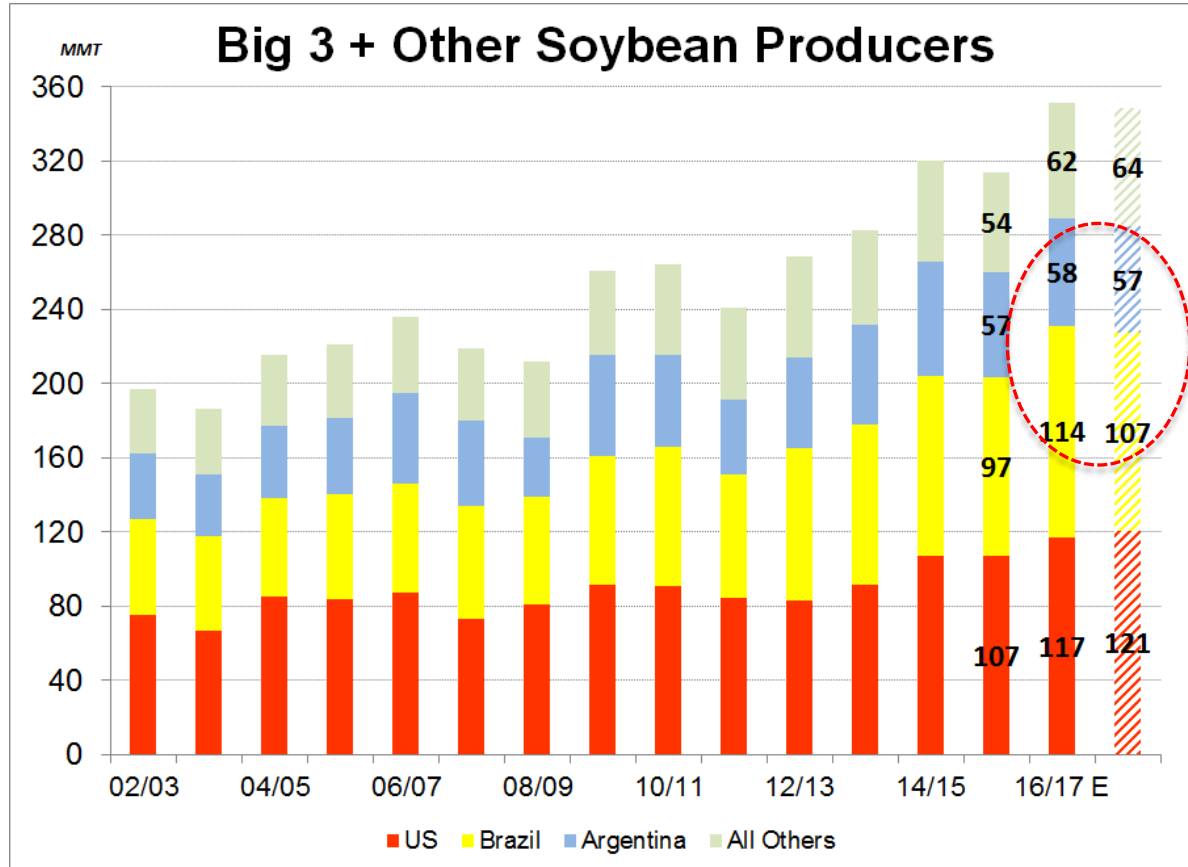
in million bushels

U.S. planted 180.6 m. acres of corn & soybeans UP 3.0 YoY

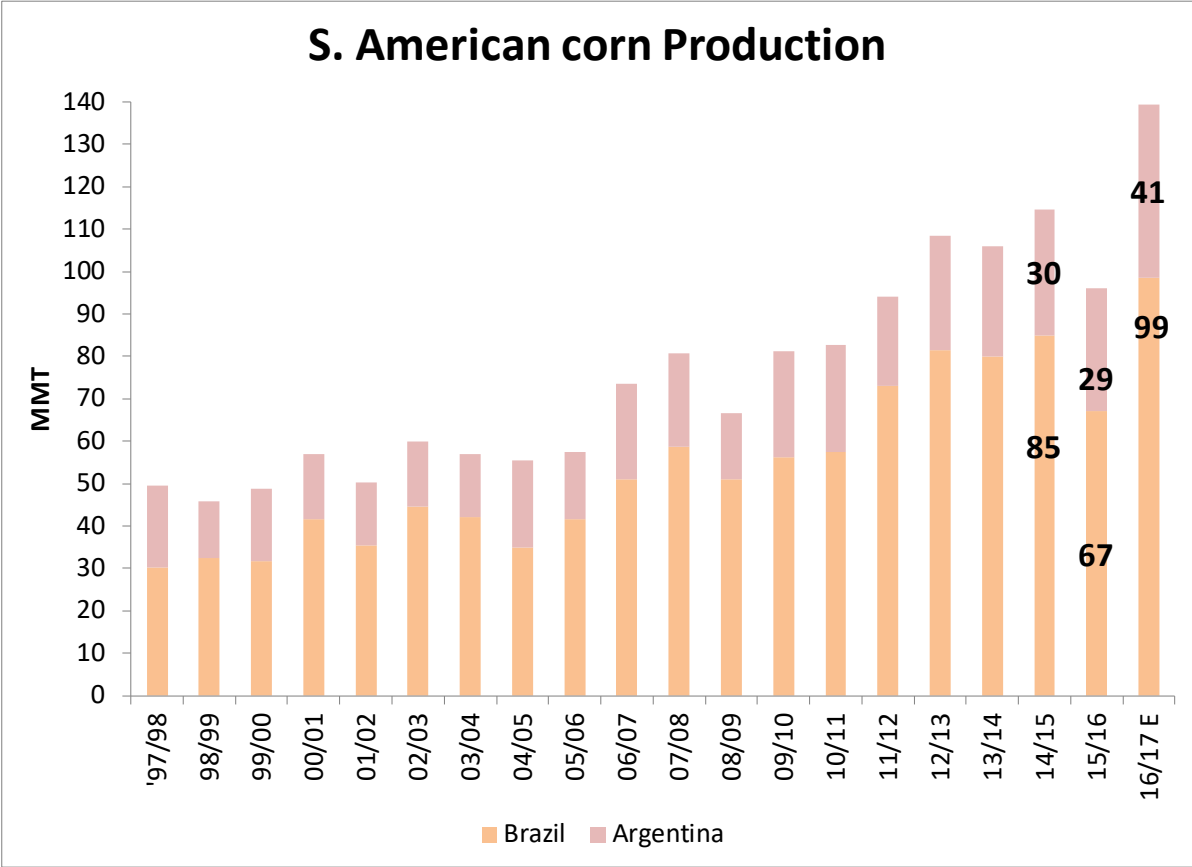
- This came at the expense of Wheat and fewer Prevent plant acres
- What will it plant next Spring?



2017/18: South America (Argentina + Brazil) is forecast to produce a crop of ~164 MMT (DOWN 8 MMT)



Record south american corn production

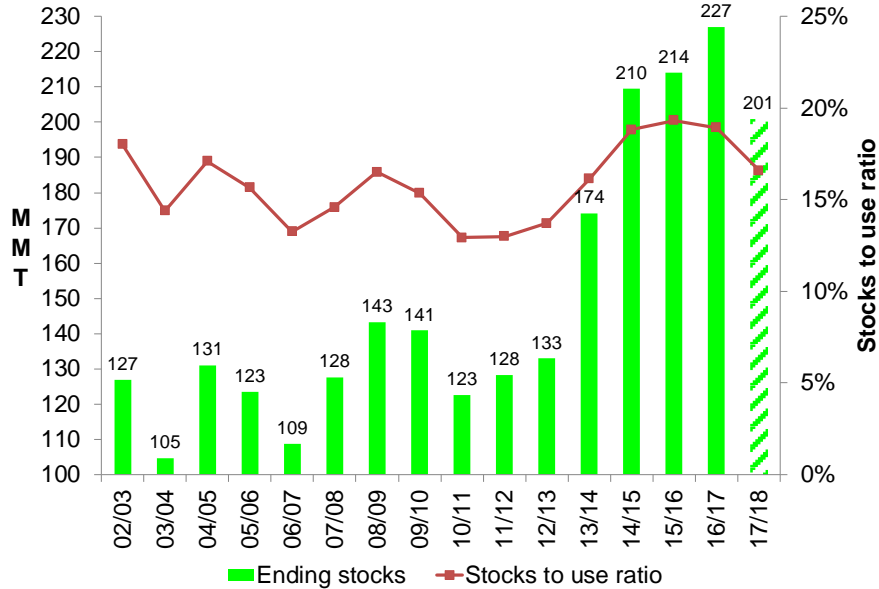


5th consecutive year of increase on Russian wheat exports

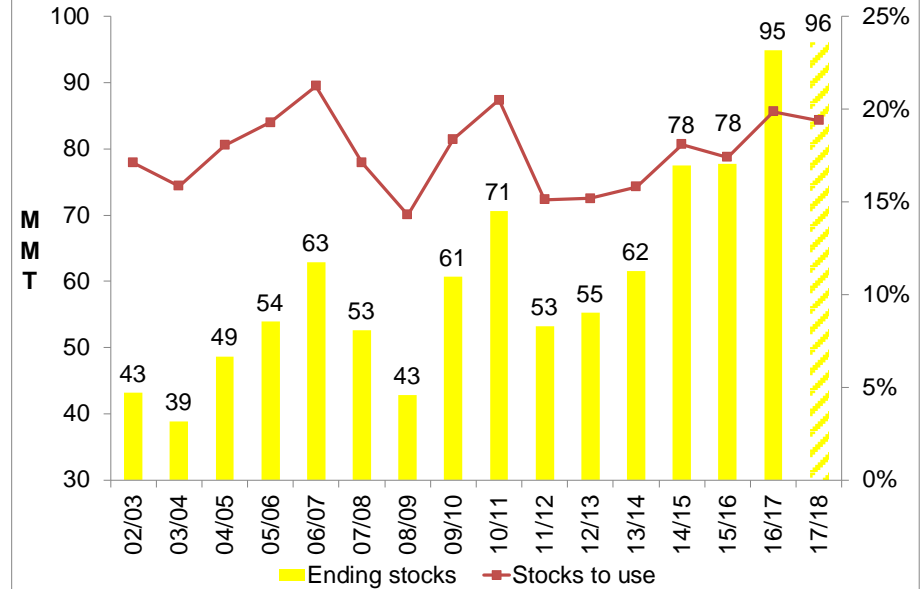


Record ending stocks forecasted for soybeans while the drawdown in corn is led by China

World Corn Ending Stocks

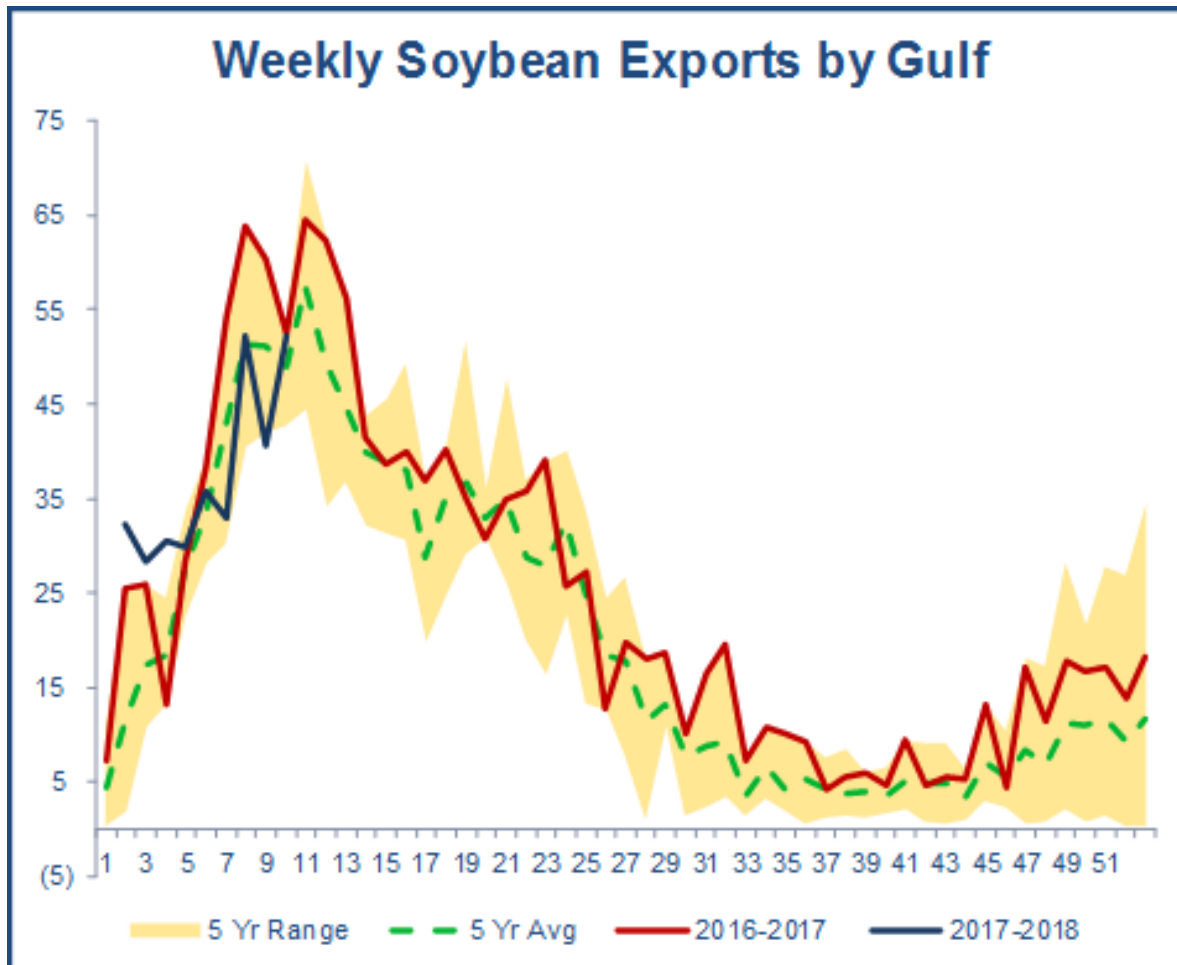


World Soy Ending Stocks

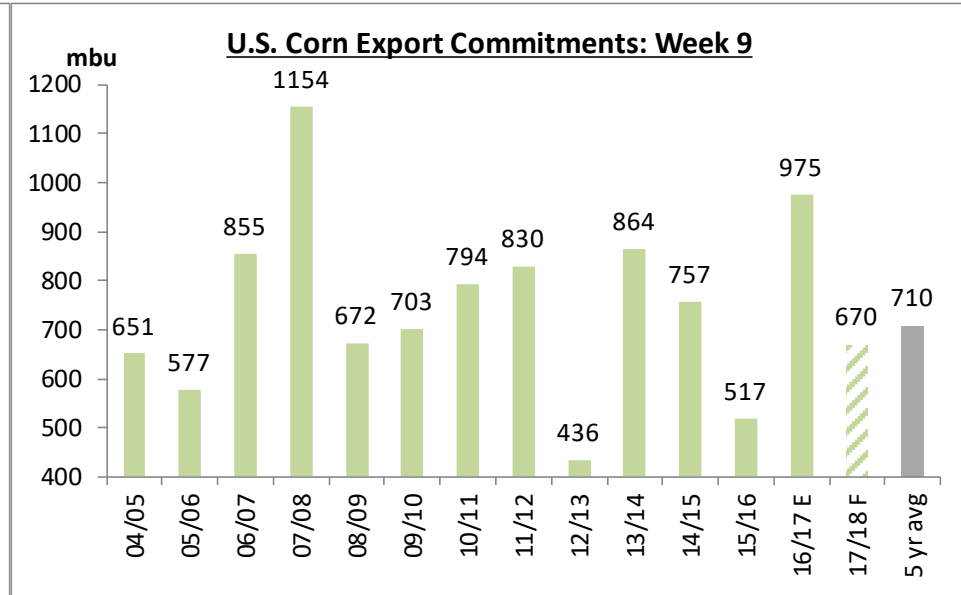
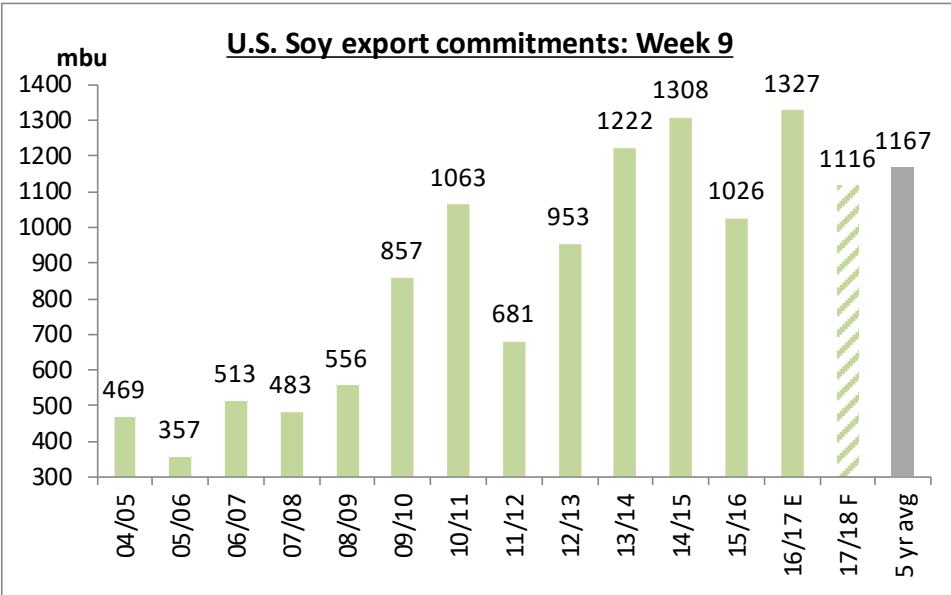


What is moving?

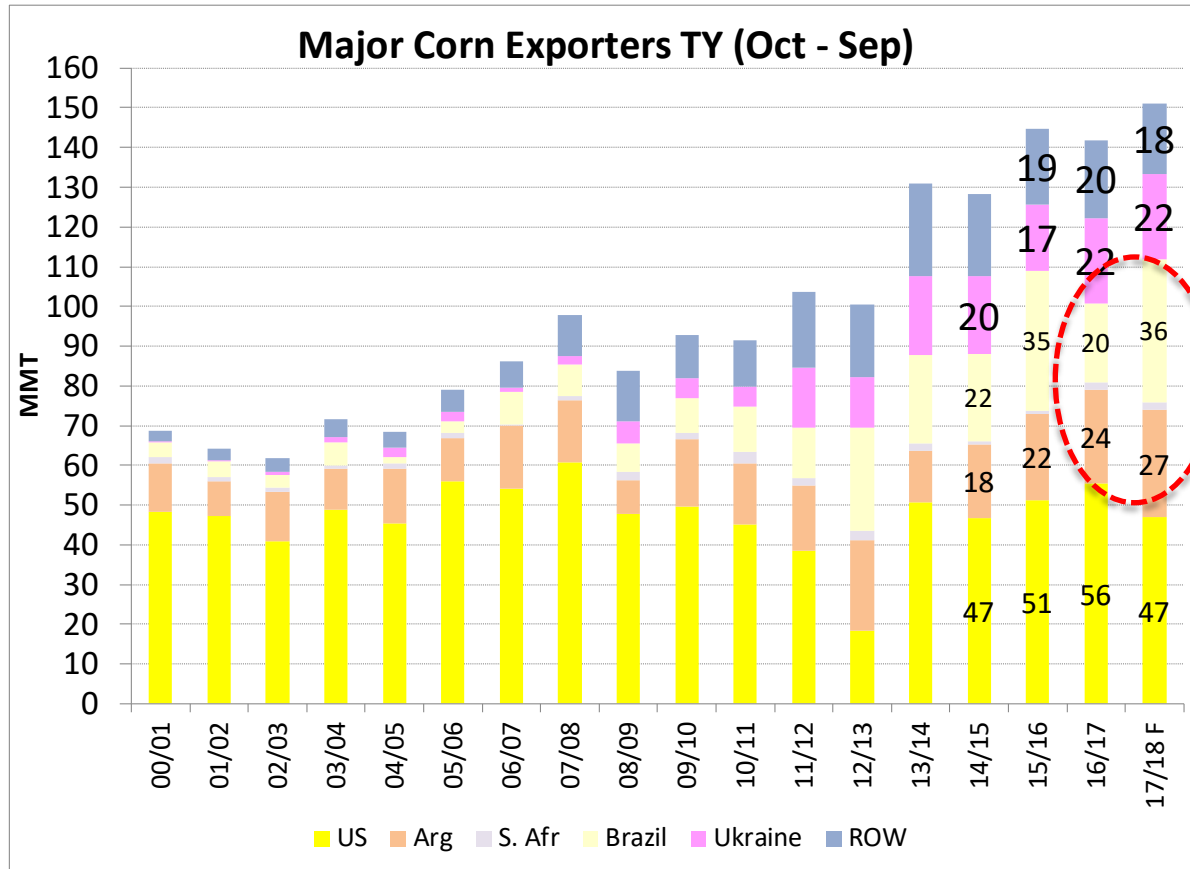




U.S. Soy export book is at (1116 mbu YA) **DOWN 211 mbu**
U.S. Corn export book is at (670 mbu YA) **DOWN 305 mbu**

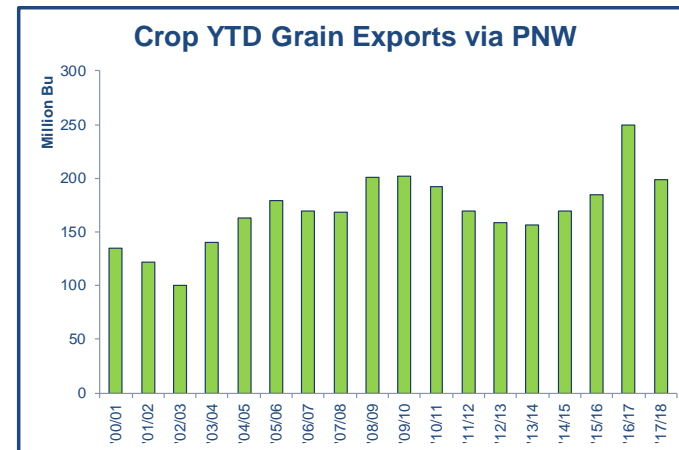
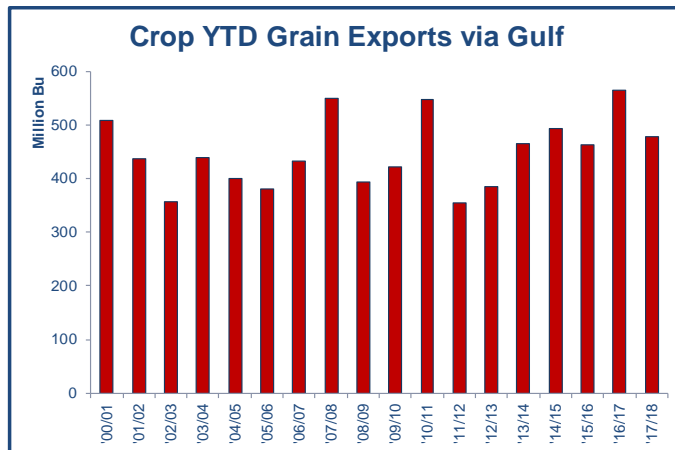
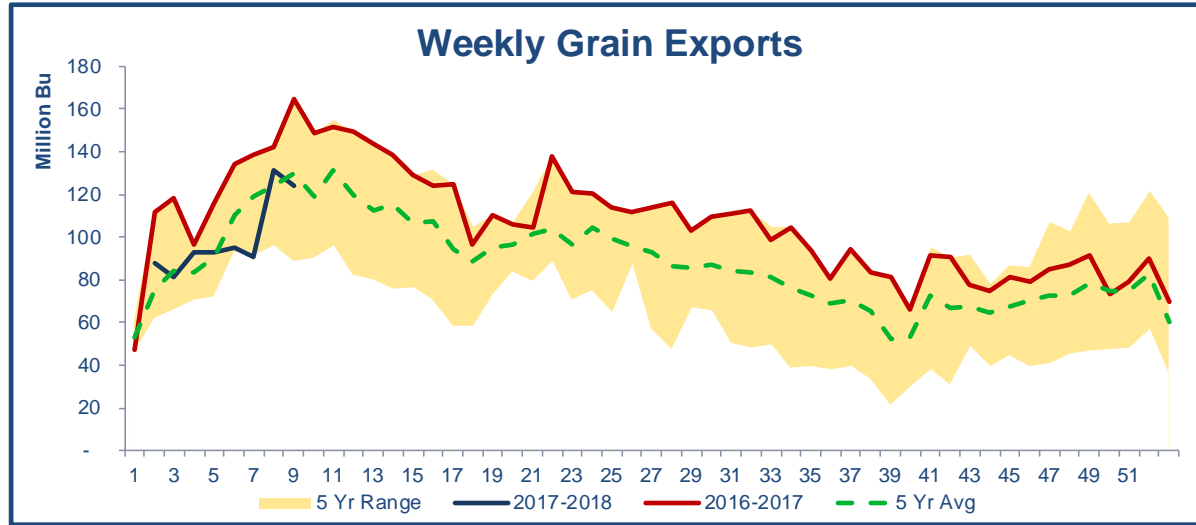


U.S. corn exports are forecast to decline led by increased competition from South America



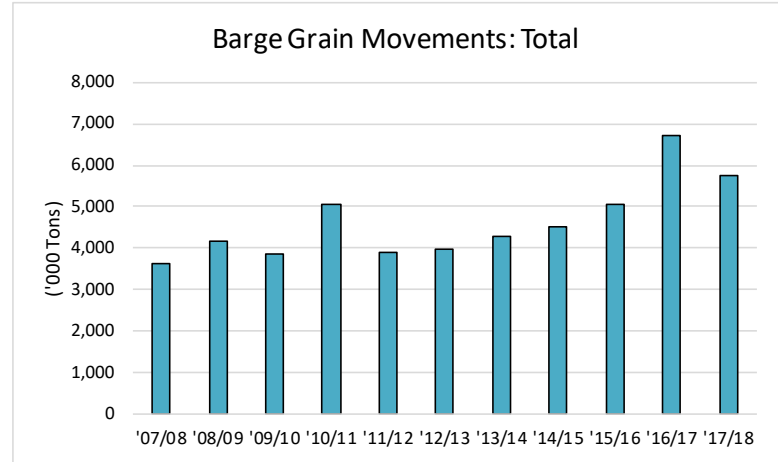
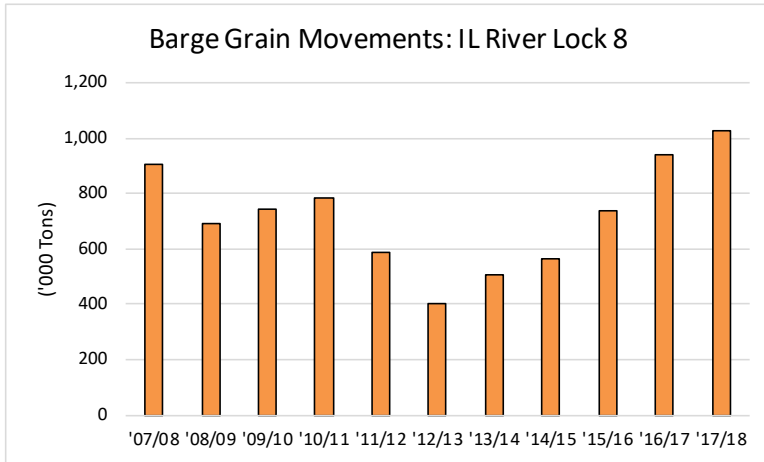
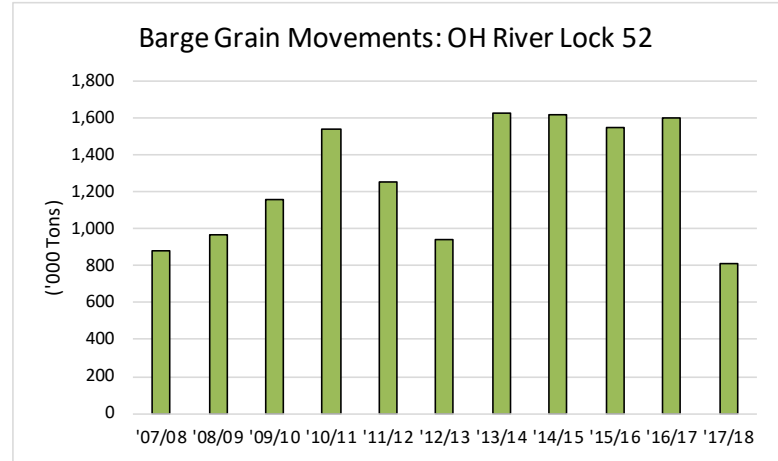
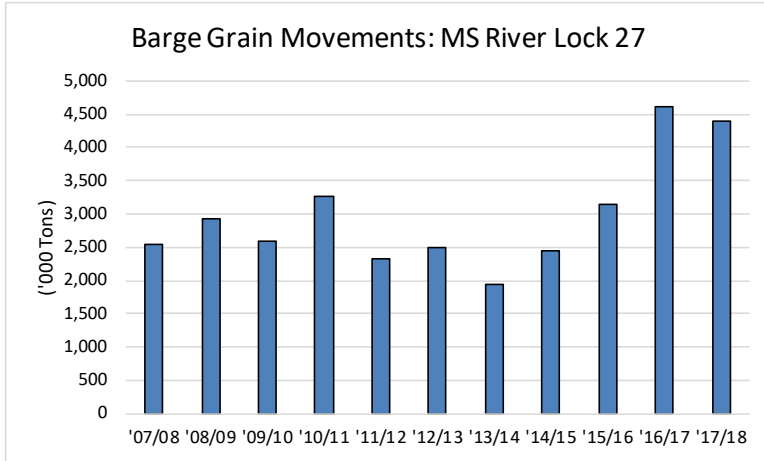
Grain exports since Sep. 1st are down 13% YoY

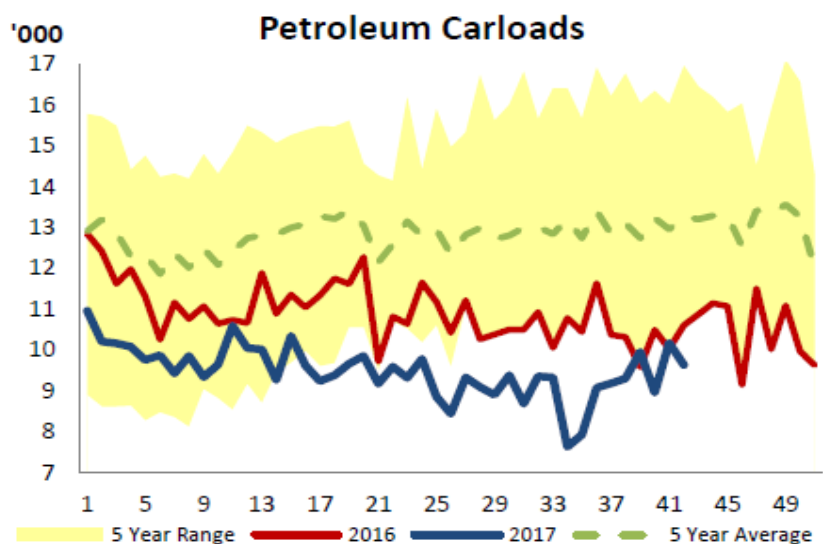
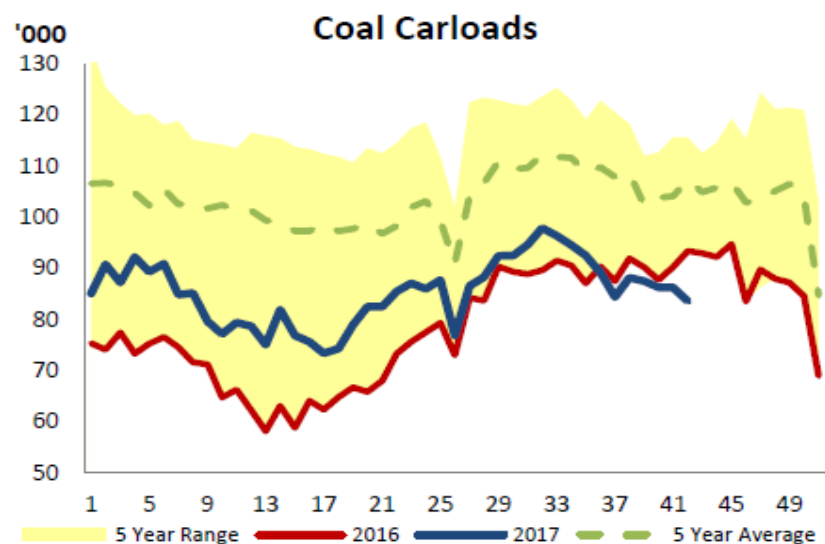
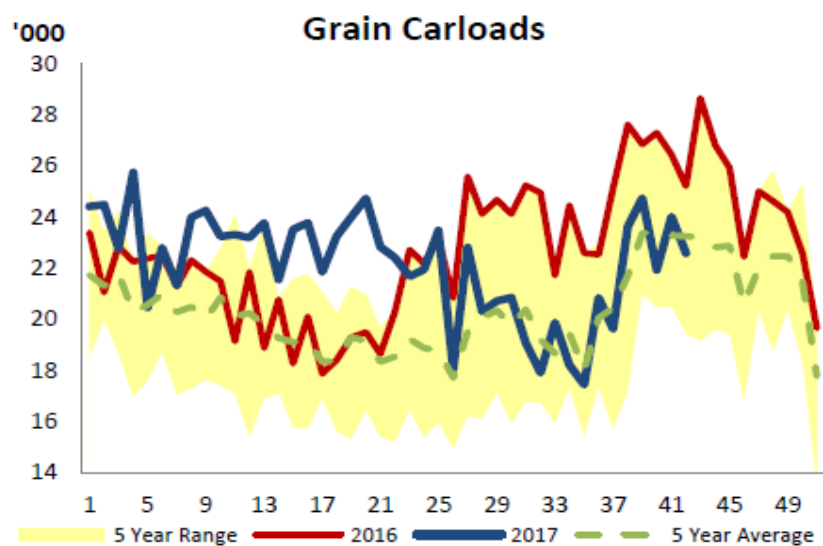
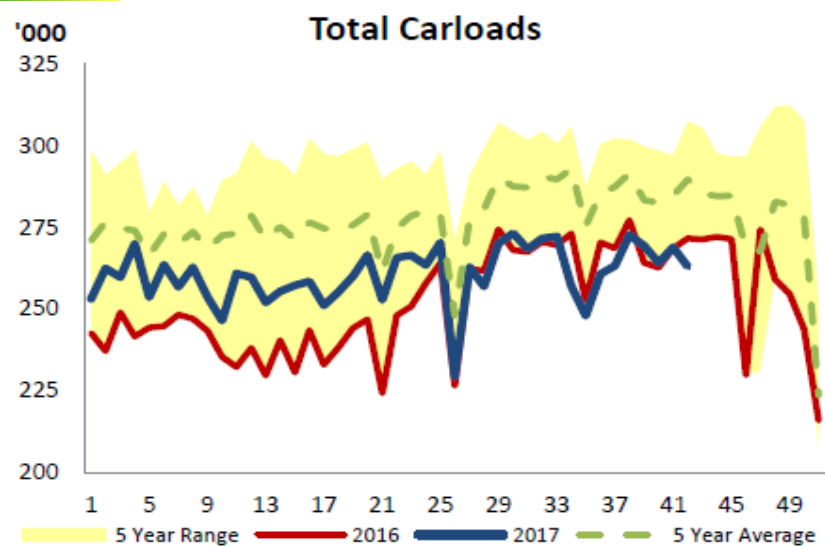
-Gulf and Pacific Northwest lower YoY after record shipments in '16/17



YTD grain movements by barge down 14% YoY

-Led by declines from MS & OH Rivers





The Growth Story



WHAT IS 172%

Brazil Transportation Perception



BRAZIL INFRASTRUCTURE REALITY

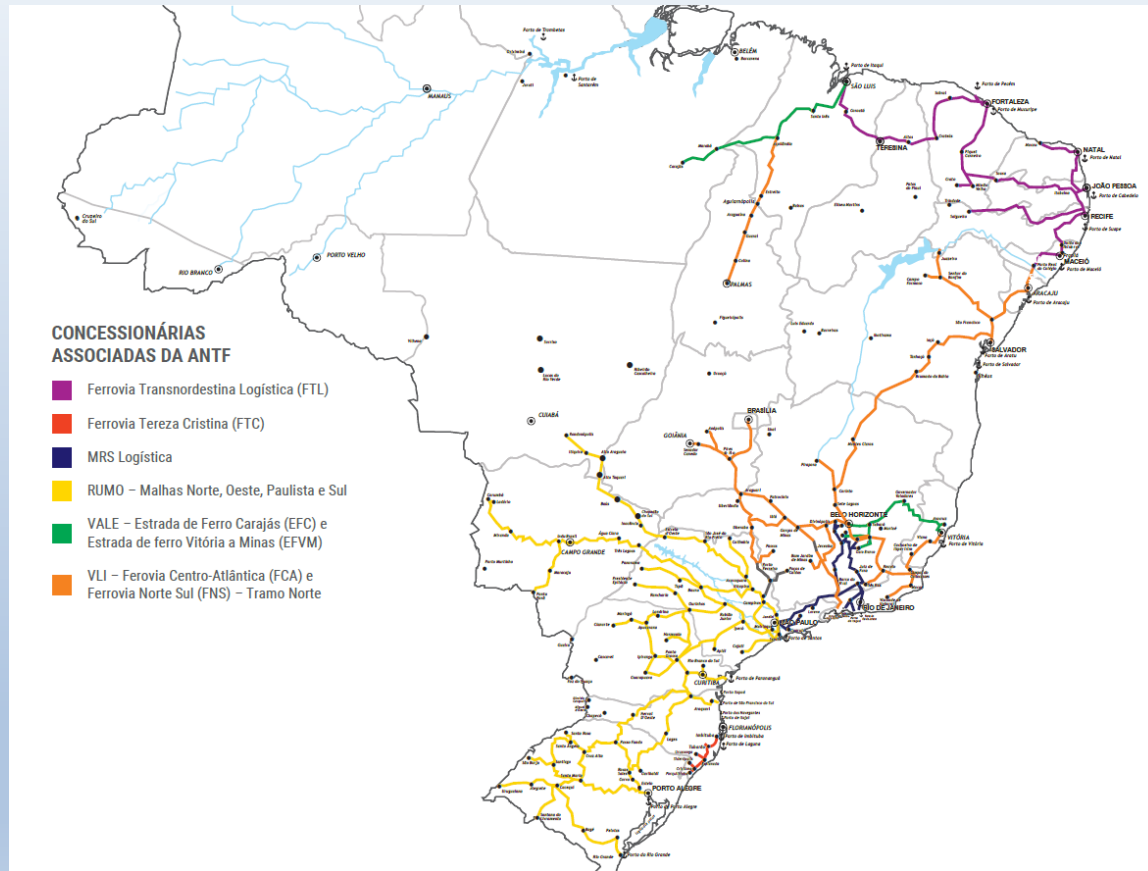


Table 1

Brazilian Soybean Exports by Port (1,000 MT)					
Ports	2012/13*	2013/14*	2014/15*	2015/16*	2016/17*
Southern ports					
Santos (SP)	10,081	14,016	12,707	13,031	14,692
Port of Rio Grande (RS)	3,411	8,206	8,158	11,438	9,997
Port of Paraguana (PR)	6,698	7,739	7,584	8,785	8,110
North and Northeastern Ports					
Port of Sao Luis (MA)	2,751	2,975	3,116	5,004	3,850
Barcarena (PA)	0	0	1,110	2,185	2,187
Port of Manaus (AM)	1,298	1,291	1,398	1,653	1,974
Santarem (PA)	873	997	882	1,027	1,758
Port of Salvador (BA)	1,721	1,779	2,015	2,693	1,408
Ilheus (BA)	38	71	161	0	62
Total Exports from North and Northeast	6,681	7,113	8,682	12,562	11,239**
Total Exports in Brazil	31,868	43,930	45,743	54,632	52,105**

*Local Marketing Year (February-January)

** Drop due to lower supplies because of drought

Source: Secretariat of Foreign Trade (SECEX)

Table 2

Brazilian Corn Exports by Port (1,000 MT)					
Ports	2012/13*	2013/14*	2014/15*	2015/16*	2016/17*
Southern Ports					
Santos (SP)	7,233	16,493	8,879	10,714	11,385
Port of Rio Grande (RS)	199	441	1,020	1,026	194
Port of Paraguana (PR)	1,699	4,668	4,333	4,159	5,567
North and Northeastern Ports					
Port of Sao Luis (MA)	352	2,205	699	337	488
Barcarena (PA)	1,026	859	121	0	1,000
Port of Manaus (AM)	634	1,448	646	1,187	311
Santarem (PA)	373	1,893	855	1,311	563
Port of Salvador (BA)	0	0	97	78	21
Ilheus (BA)	0	53	27	105	217
Total Exports from North and Northeast	2,385	6,458	2,445	3,018	2,600**
Total Exports in Brazil	24,337	24,948	20,966	34,438	13,966**

*Local Marketing Year (March - February)

** Drop due to lower supplies because of drought

Source: Secretariat of Foreign Trade (SECEX)