

U.S. baseline outlook

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Food and Agricultural
Policy Research Institute



Contributing to the outlook

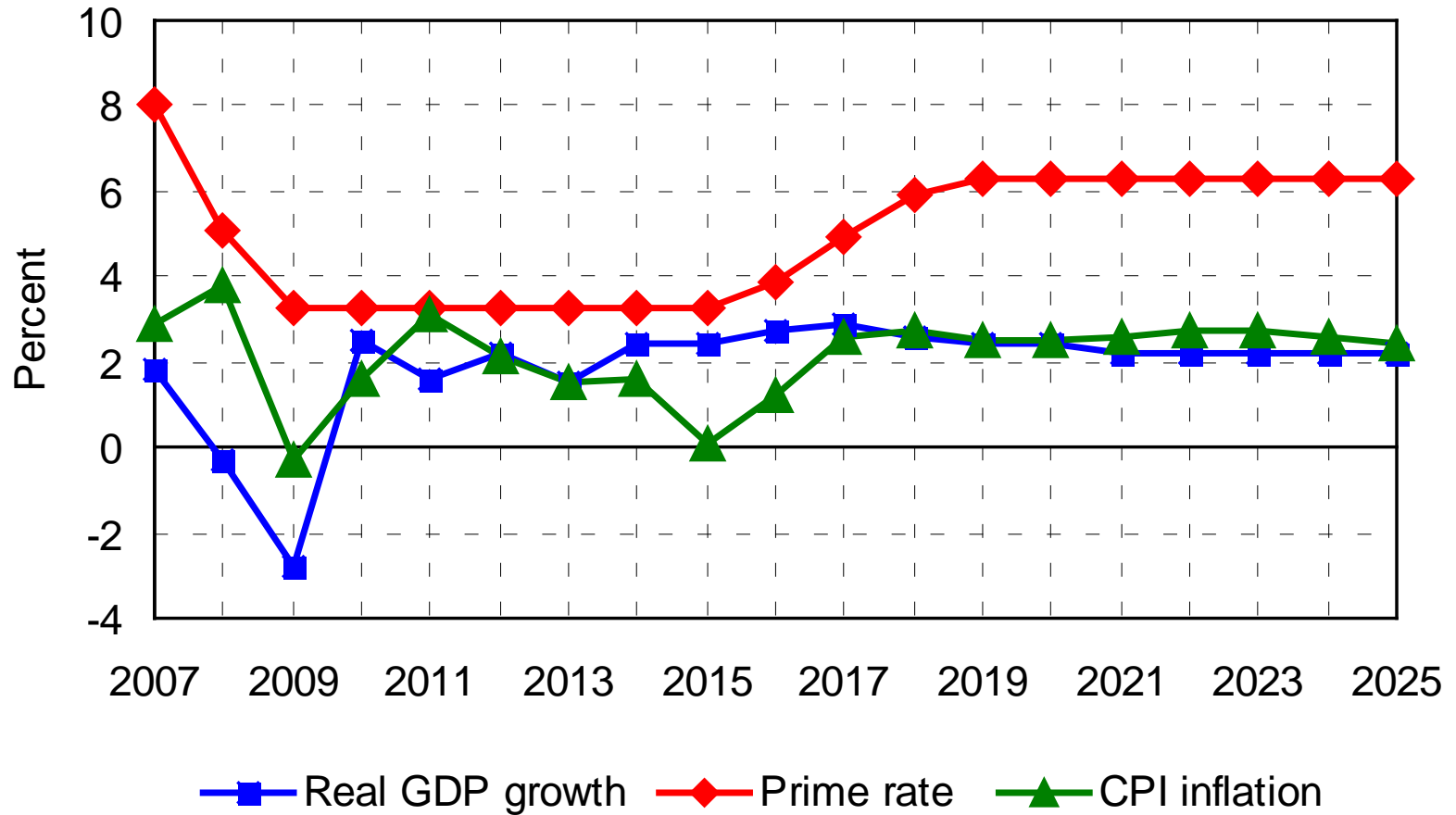
- Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU)
 - Crop and biofuel markets, government costs, farm income
- Agricultural Markets and Policy group at MU
 - Livestock and dairy markets, consumer food costs
- Agricultural and Food Policy Center (AFPC) at Texas A&M University
 - Outlook for representative farms
- Center for Economic Development at University of Nevada, Reno
 - International crop markets
- Cotton Economics Research Institute at Texas Tech University
 - Markets for cotton and other commodities
- Global Rice Marketing and Research Policy program at University of Arkansas
 - International markets for rice

Agenda

- Macroeconomy overview
- Biofuels
- Crops
- Livestock and Dairy

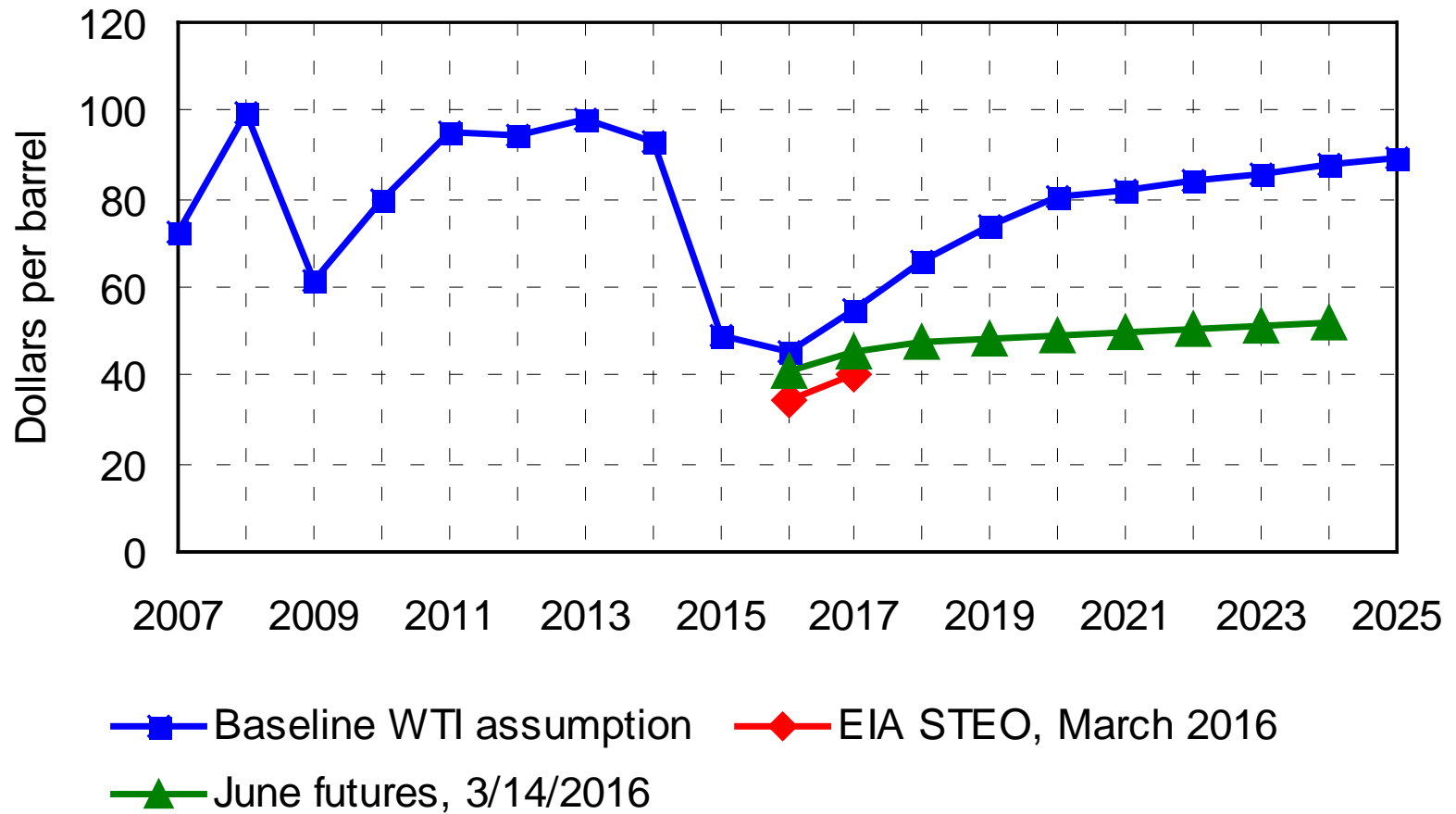


Faster U.S. growth and low inflation expected in 2016



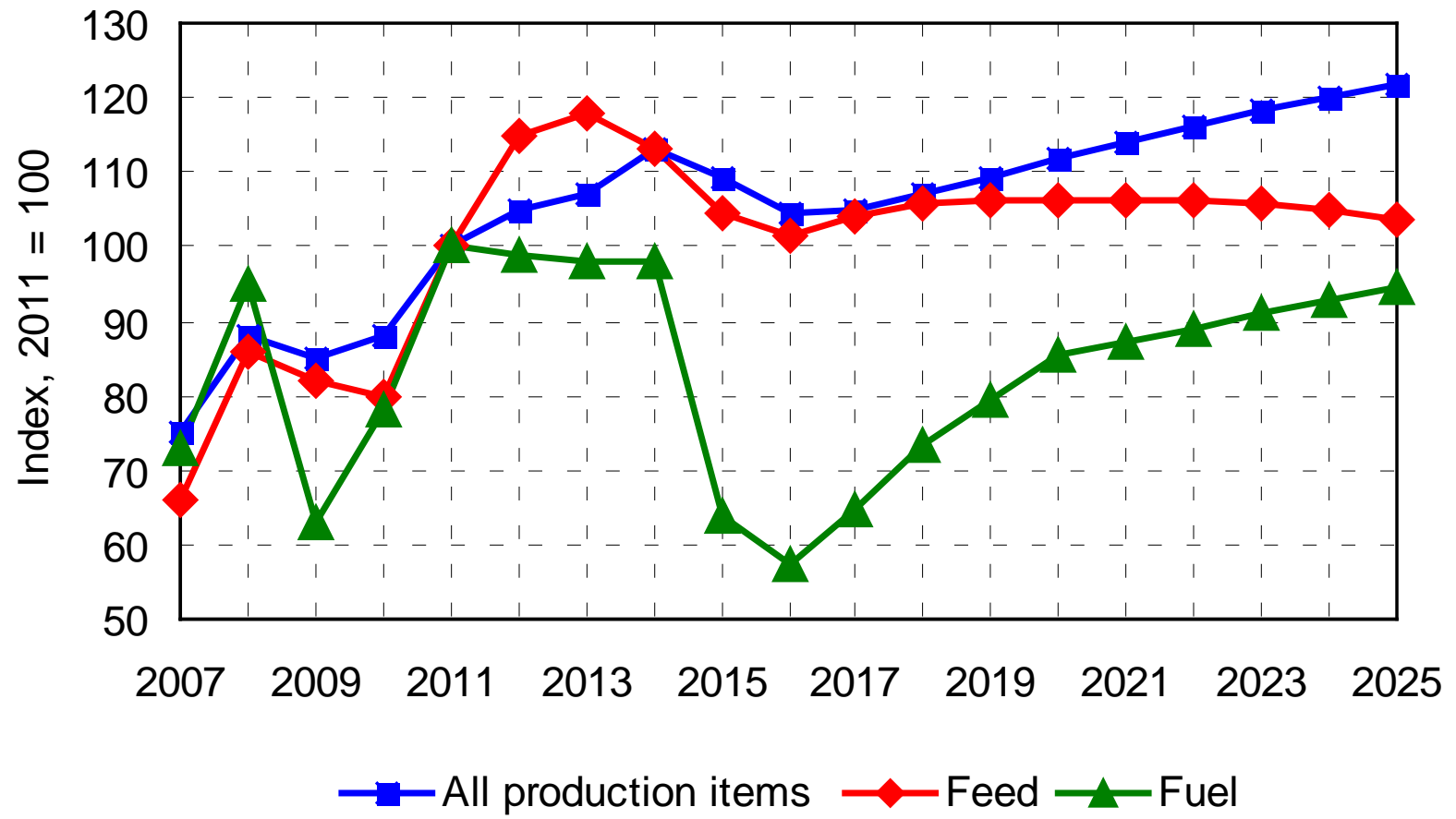


Oil prices recover after sharp decline



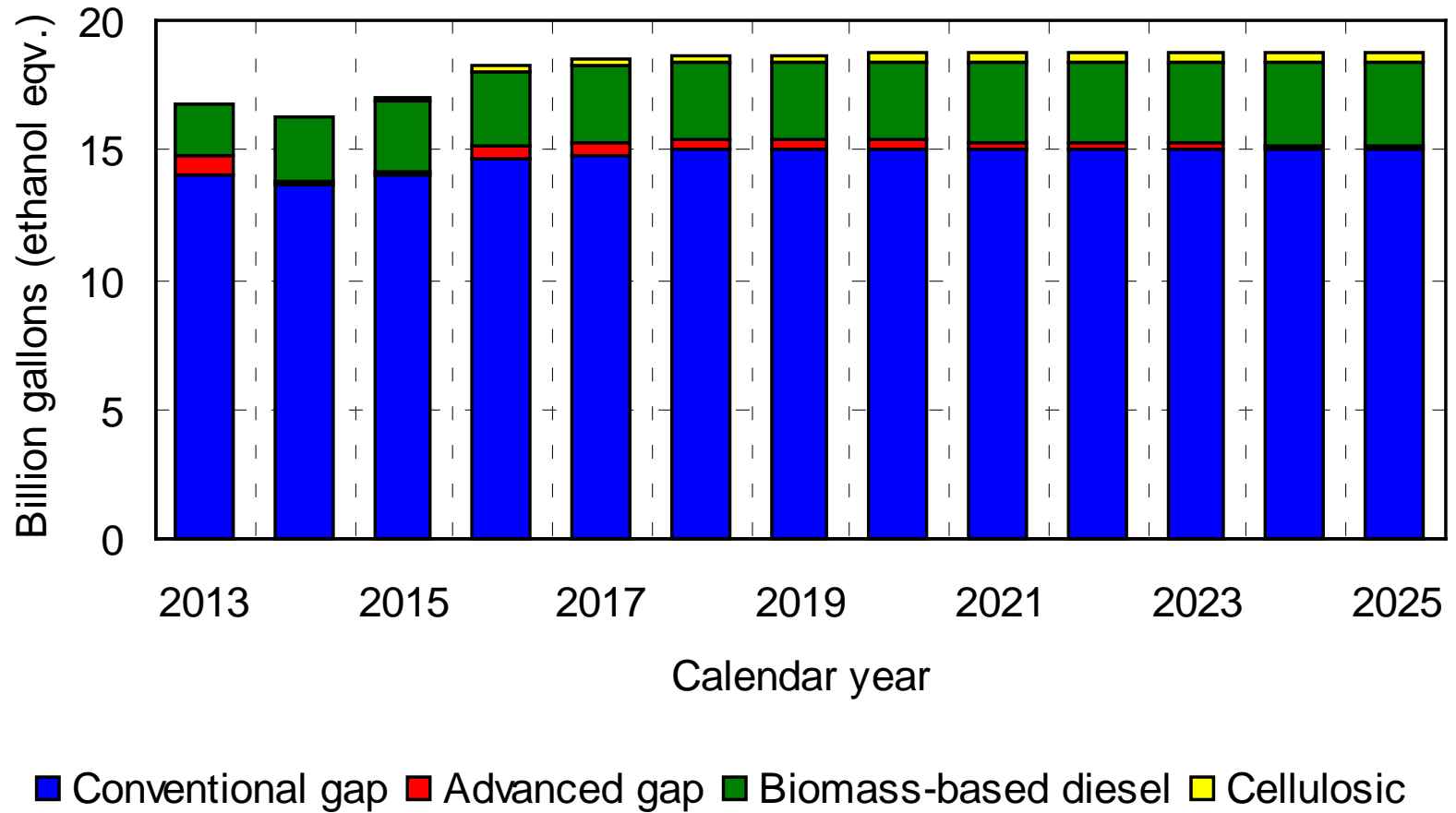


Lower feed, fuel prices reduce 2015 and 2016 costs



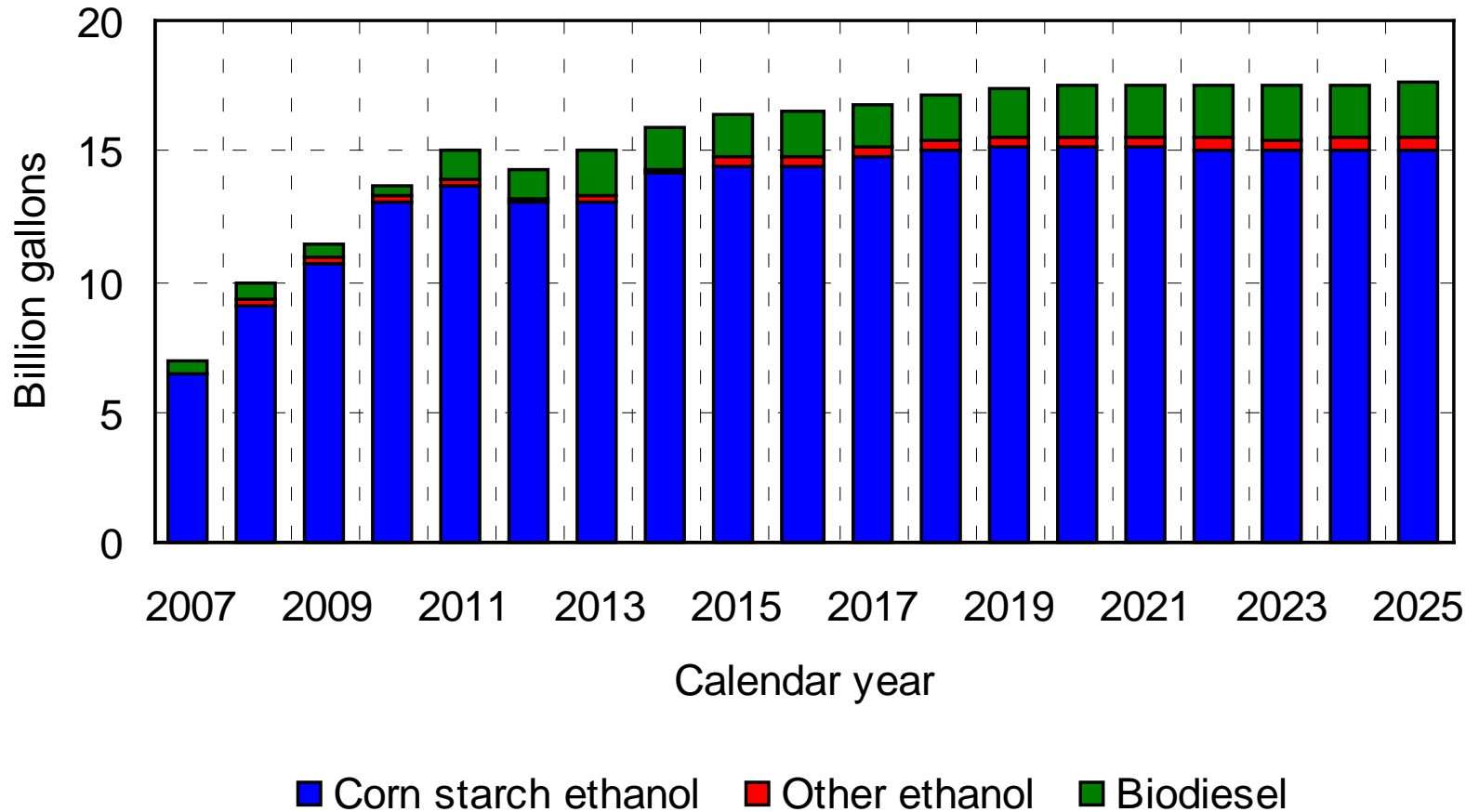


RFS volumes rise slowly



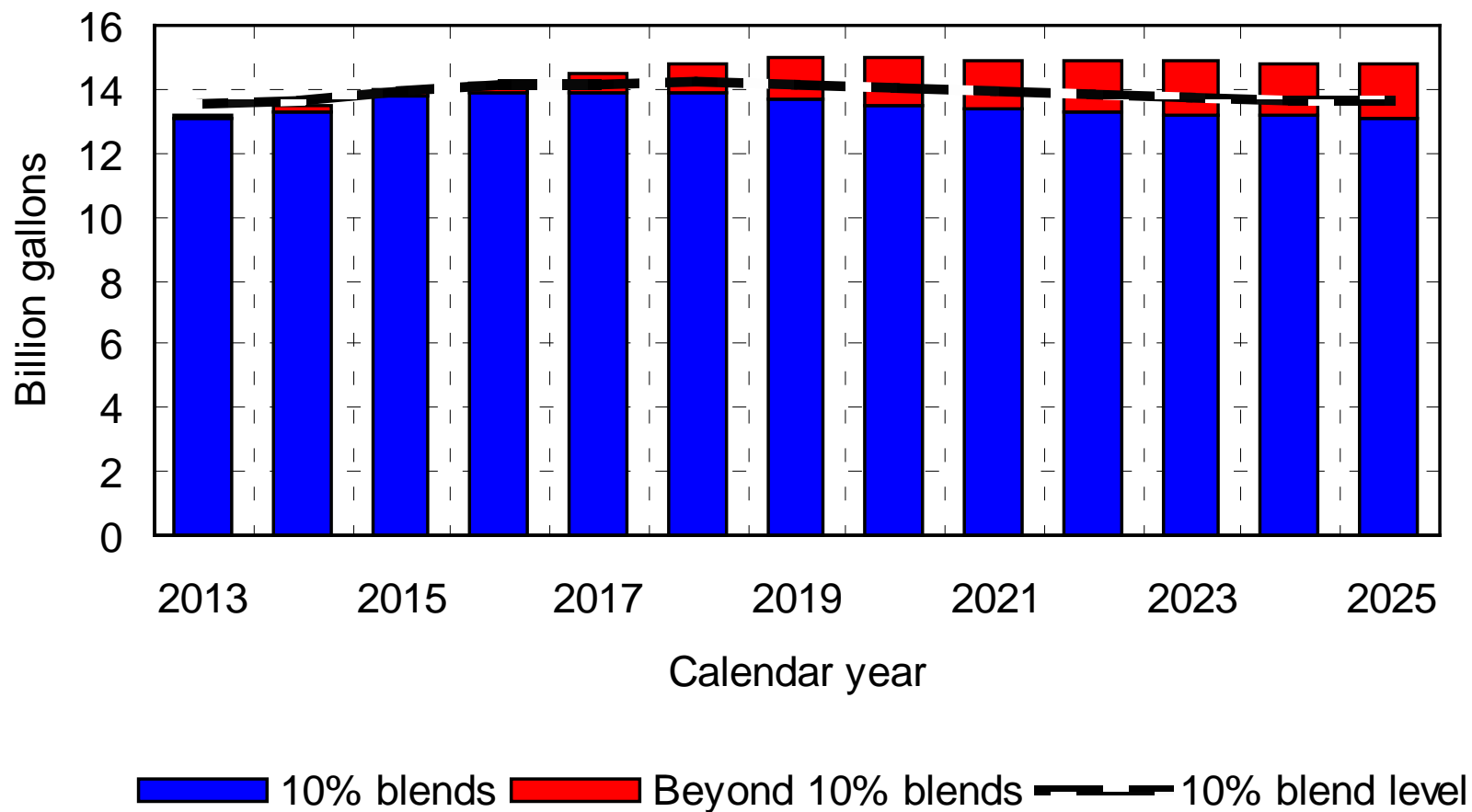


Biofuel production growth has slowed



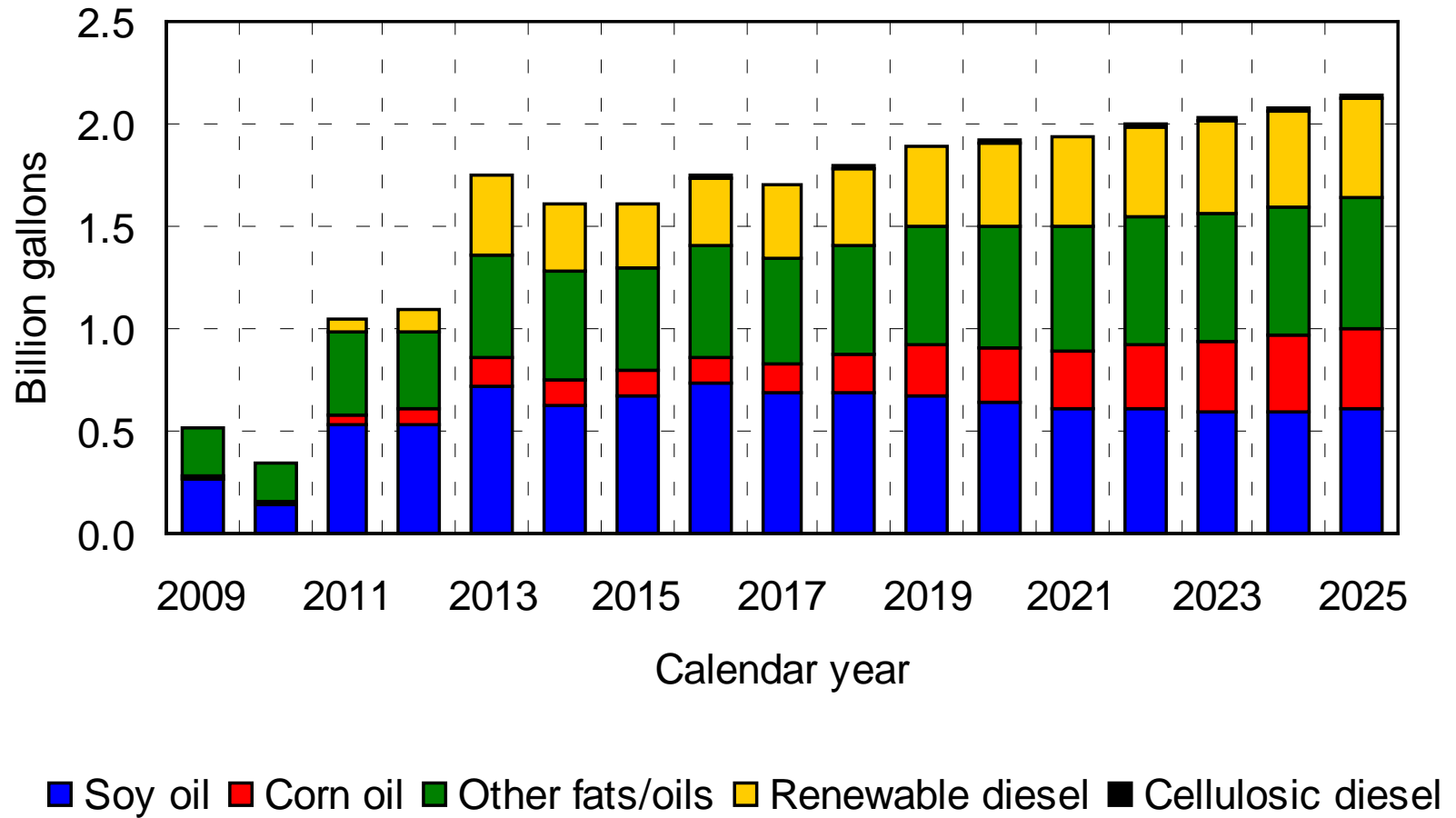


Domestic ethanol use breaches 10% blendwall





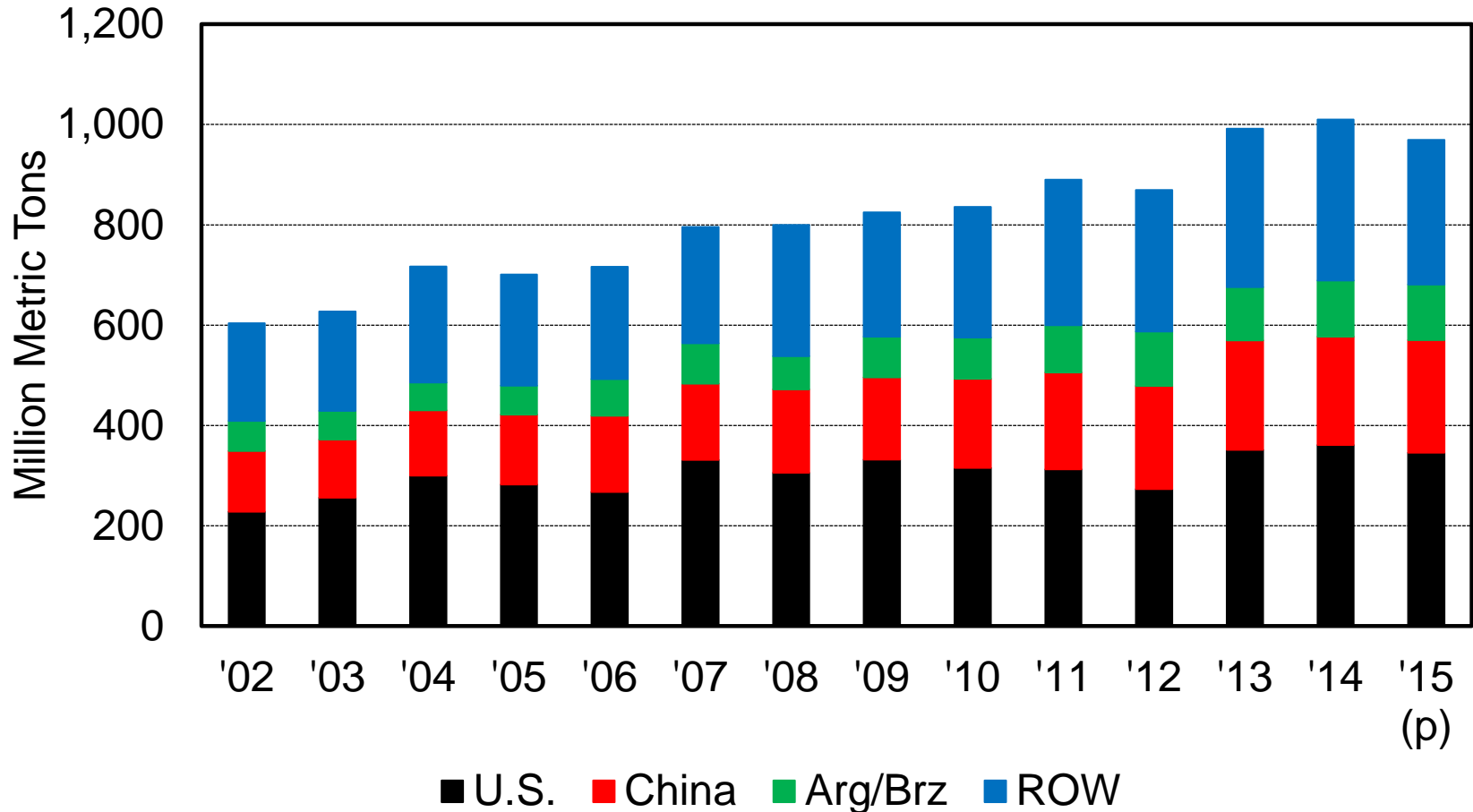
Biodiesel production expands at a modest pace



Our baseline

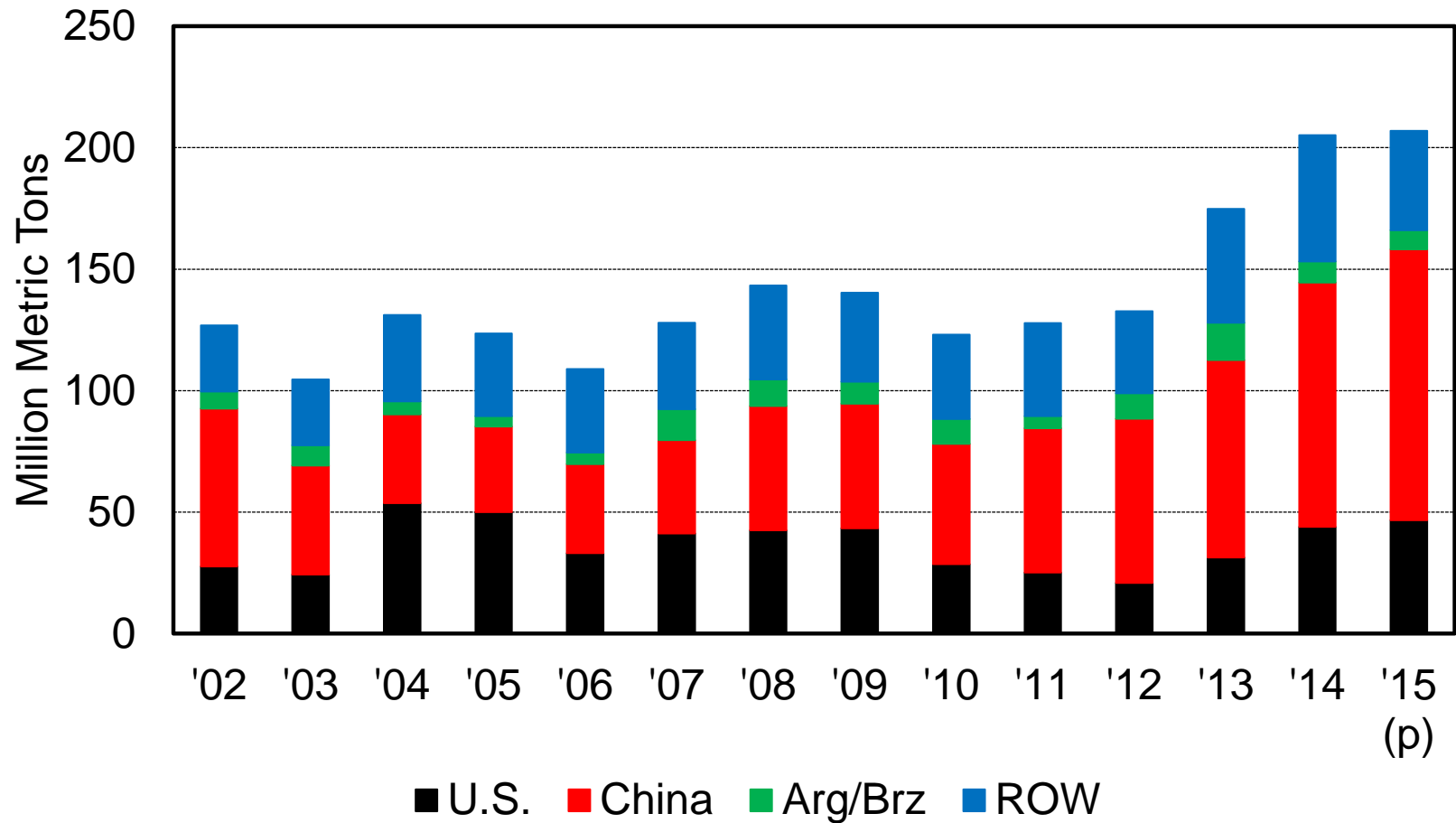
- Assumes continuation of new 2014 farm bill
 - Allows re-enrollment in 2019
- 500 outcomes for every year
 - Generally report average
 - Helps account for known unknowns
 - Still unknown unknowns

World corn production



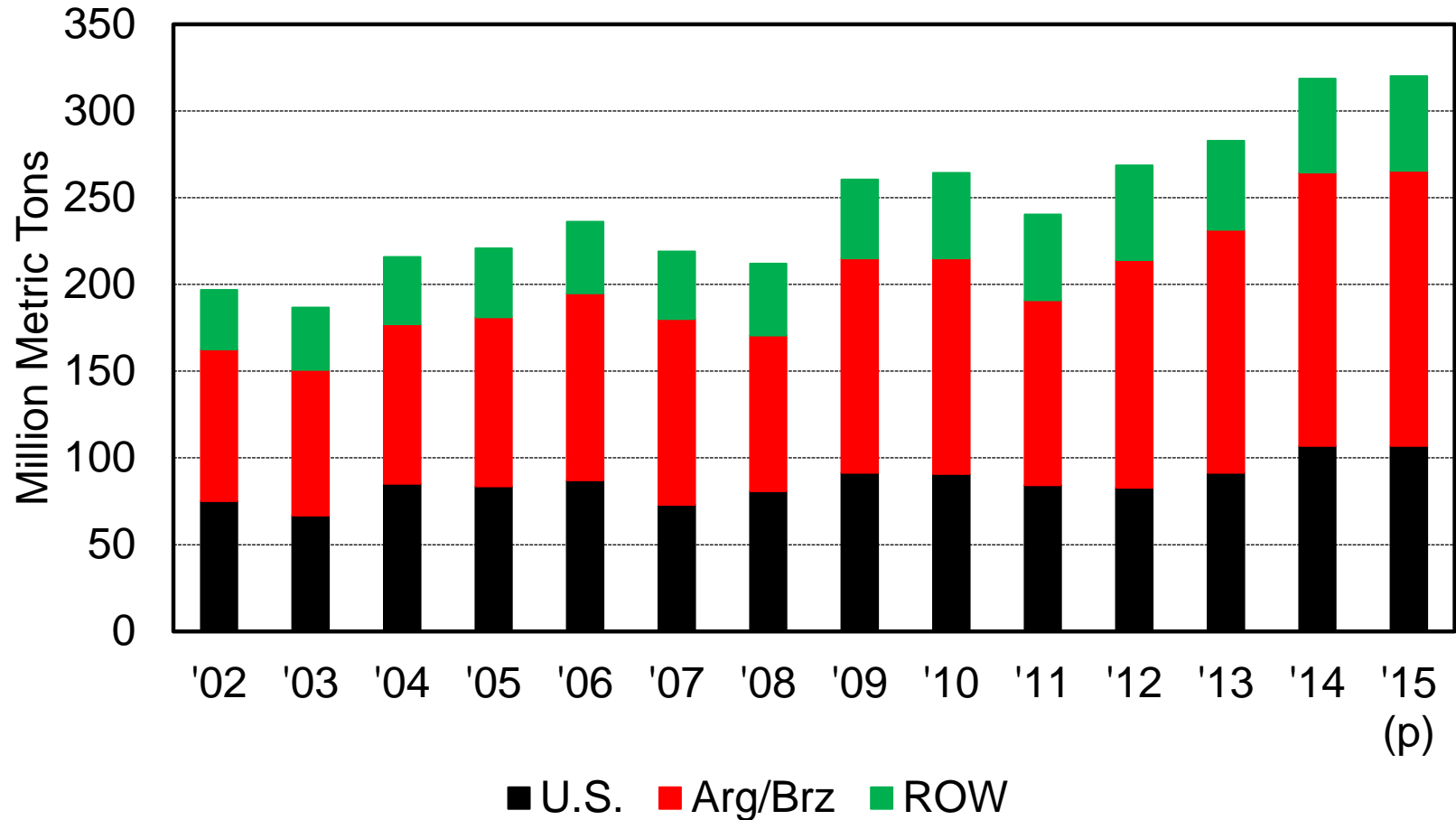
Source: USDA PSD Online, March 2016

World corn stocks



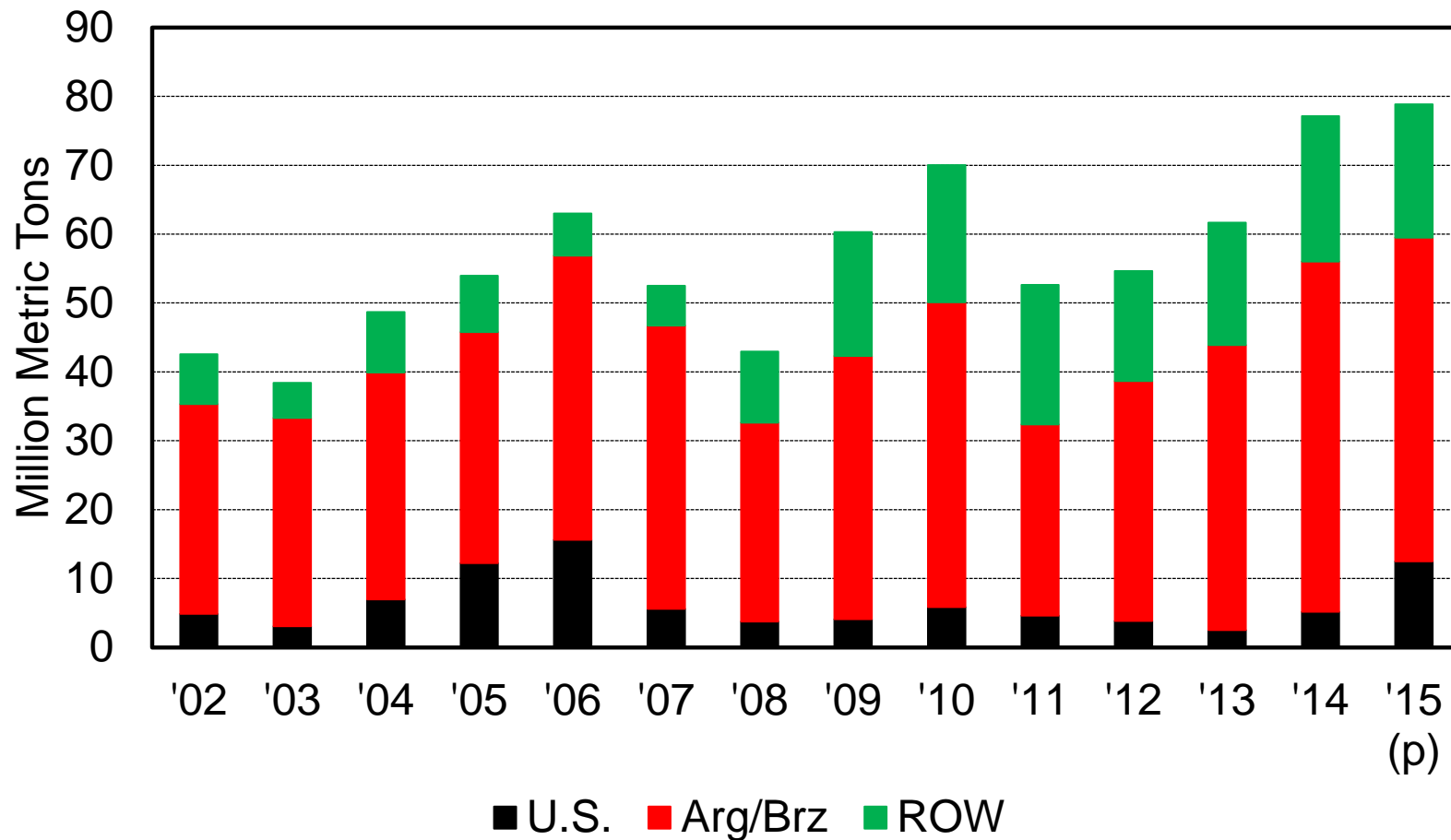
Source: USDA PSD Online, March 2016

World soybean production



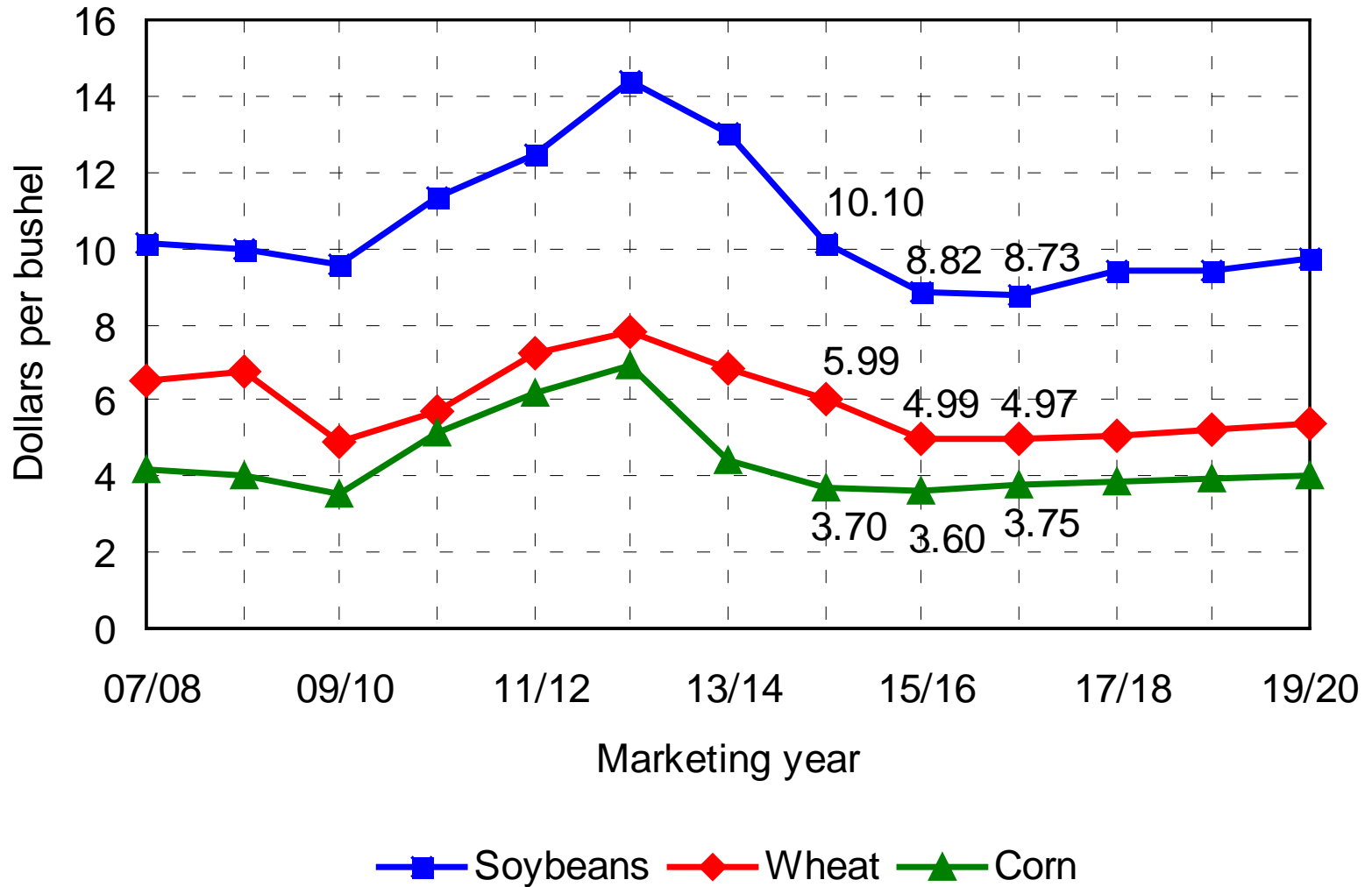
Source: USDA PSD Online, January 2016

World soybean stocks

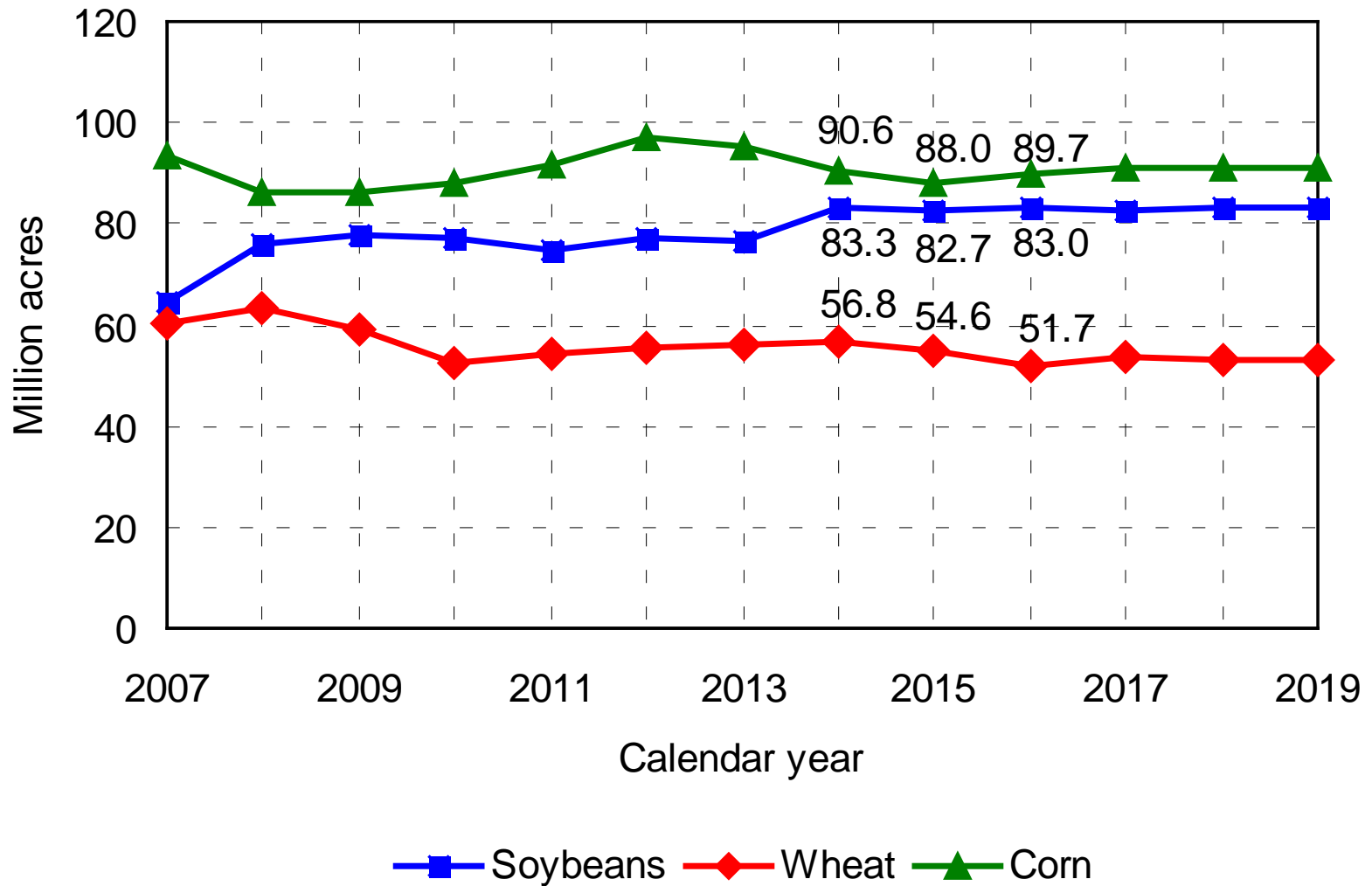


Source: USDA PSD Online, January 2016

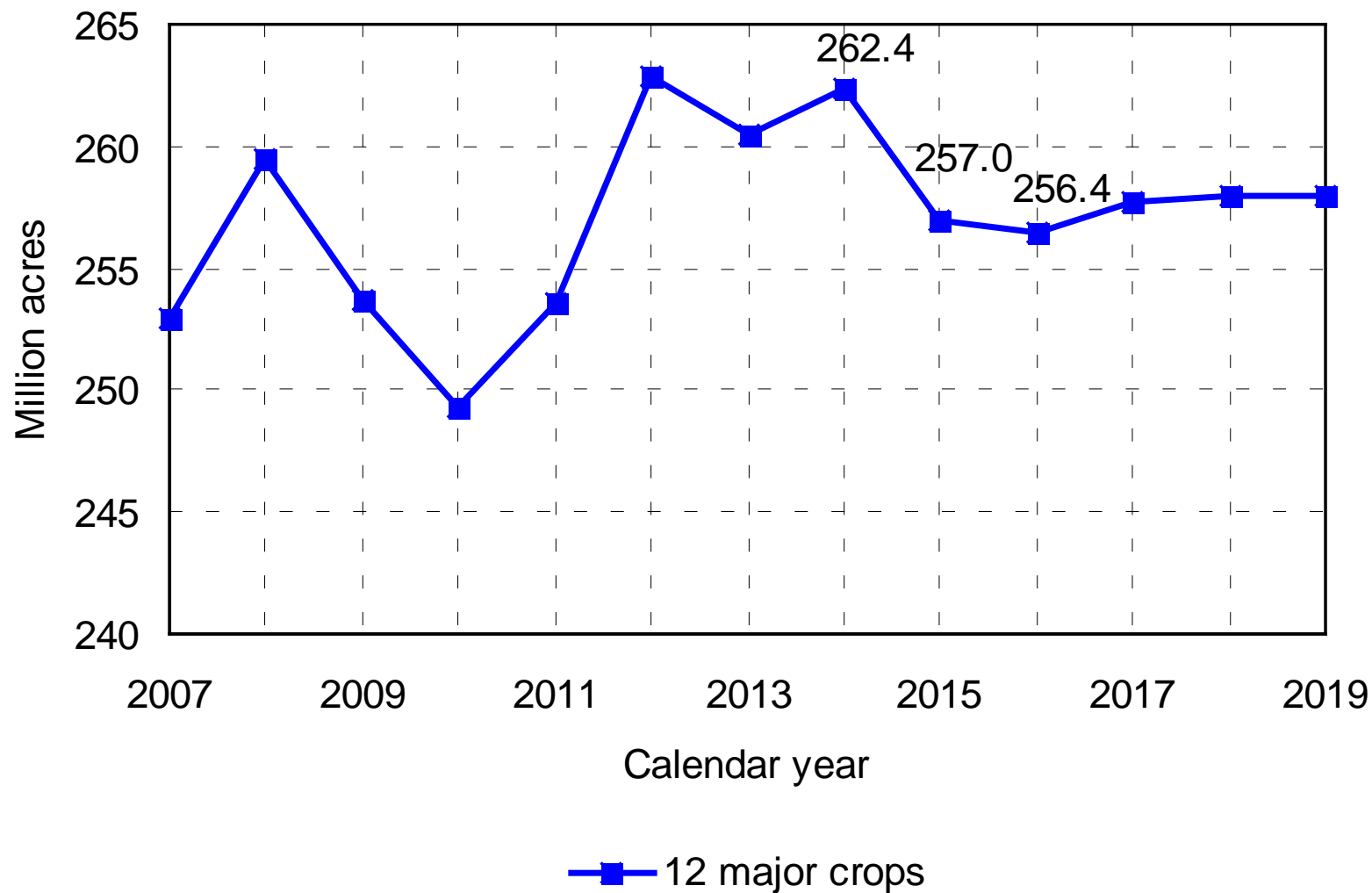
Large crops result in lower prices



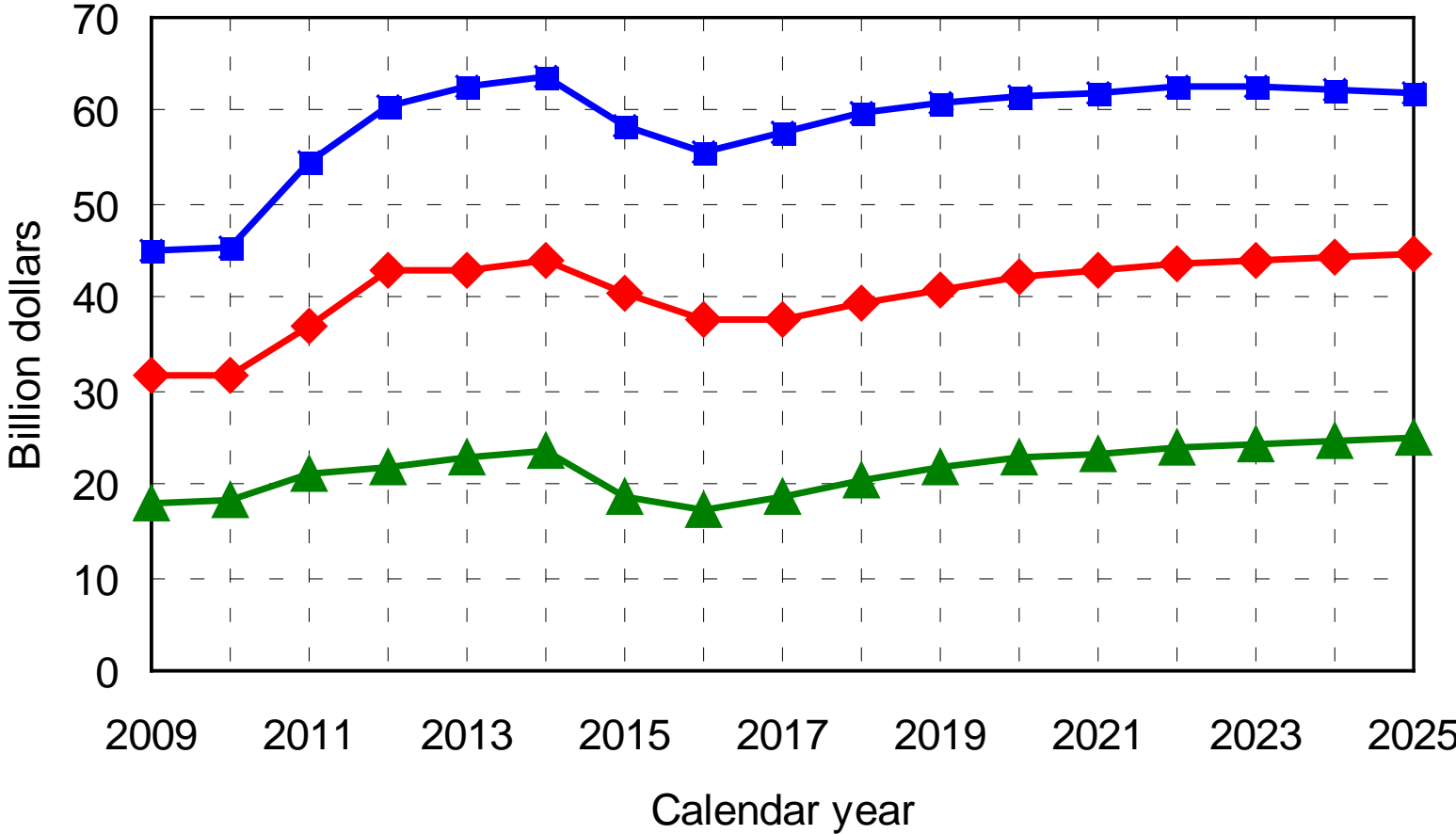
Planted area



Planted area

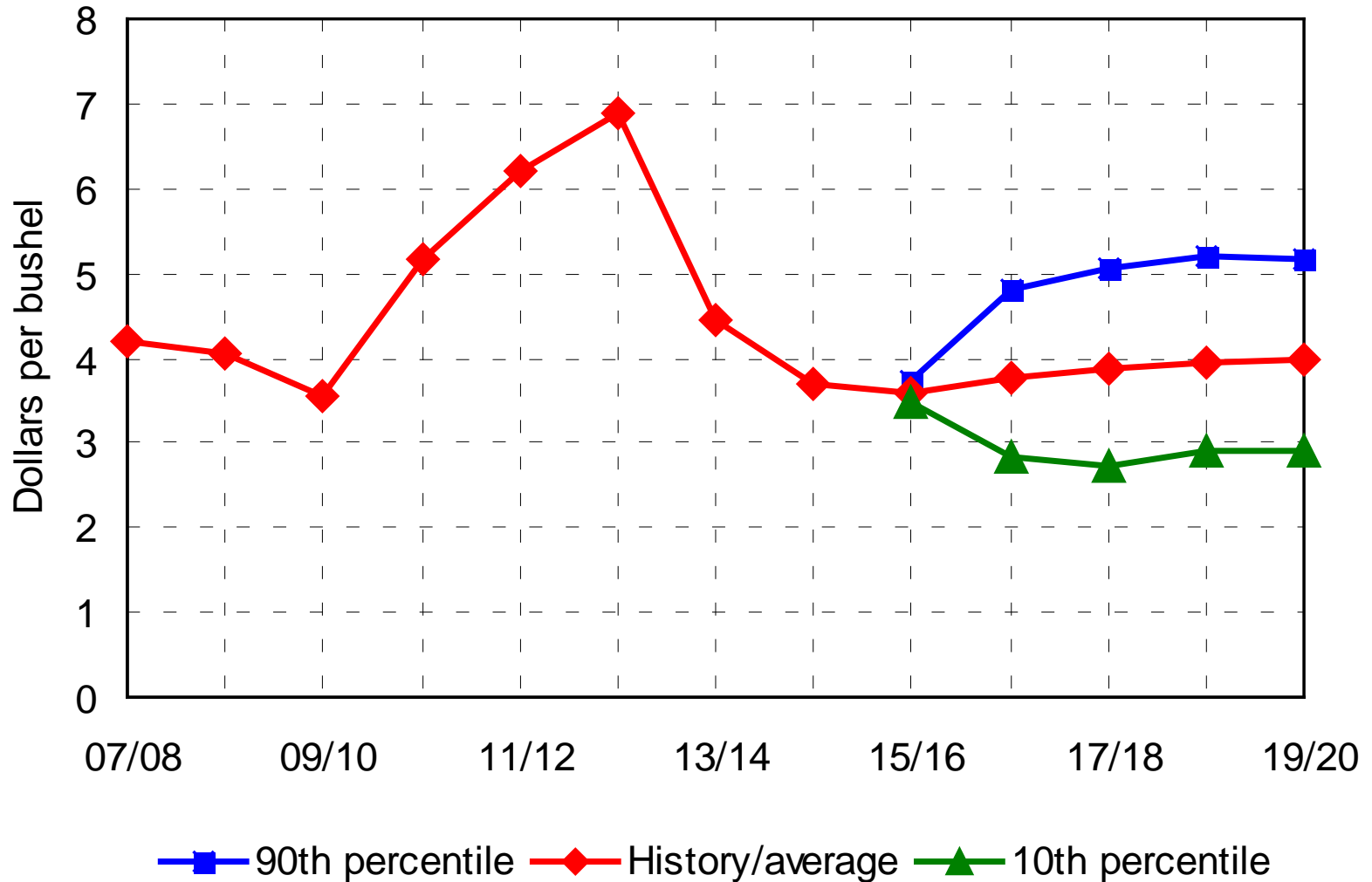


Input costs decrease again

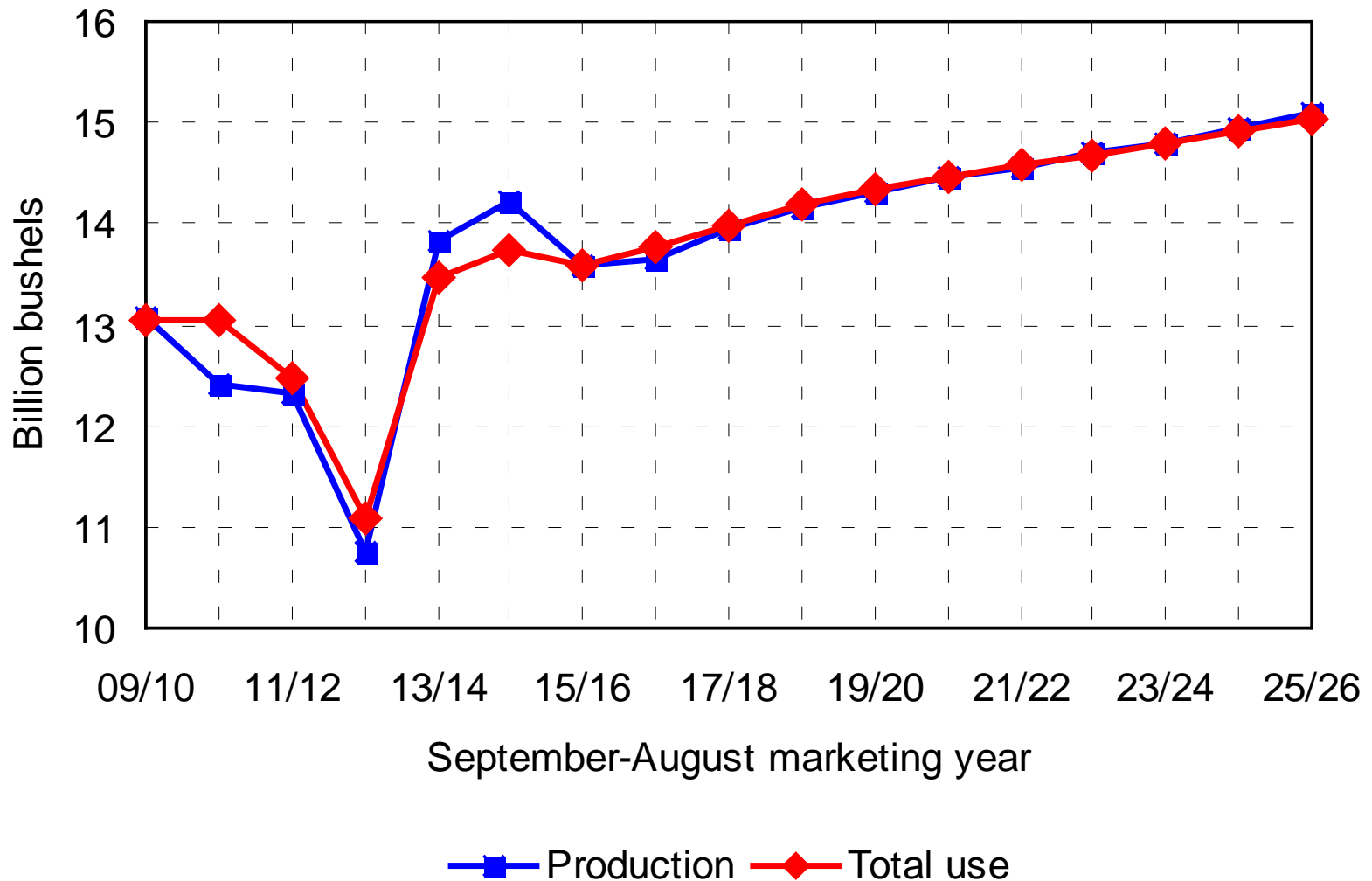


■ Feed ◆ Fertilizer & chemicals ▲ Fuel & electricity

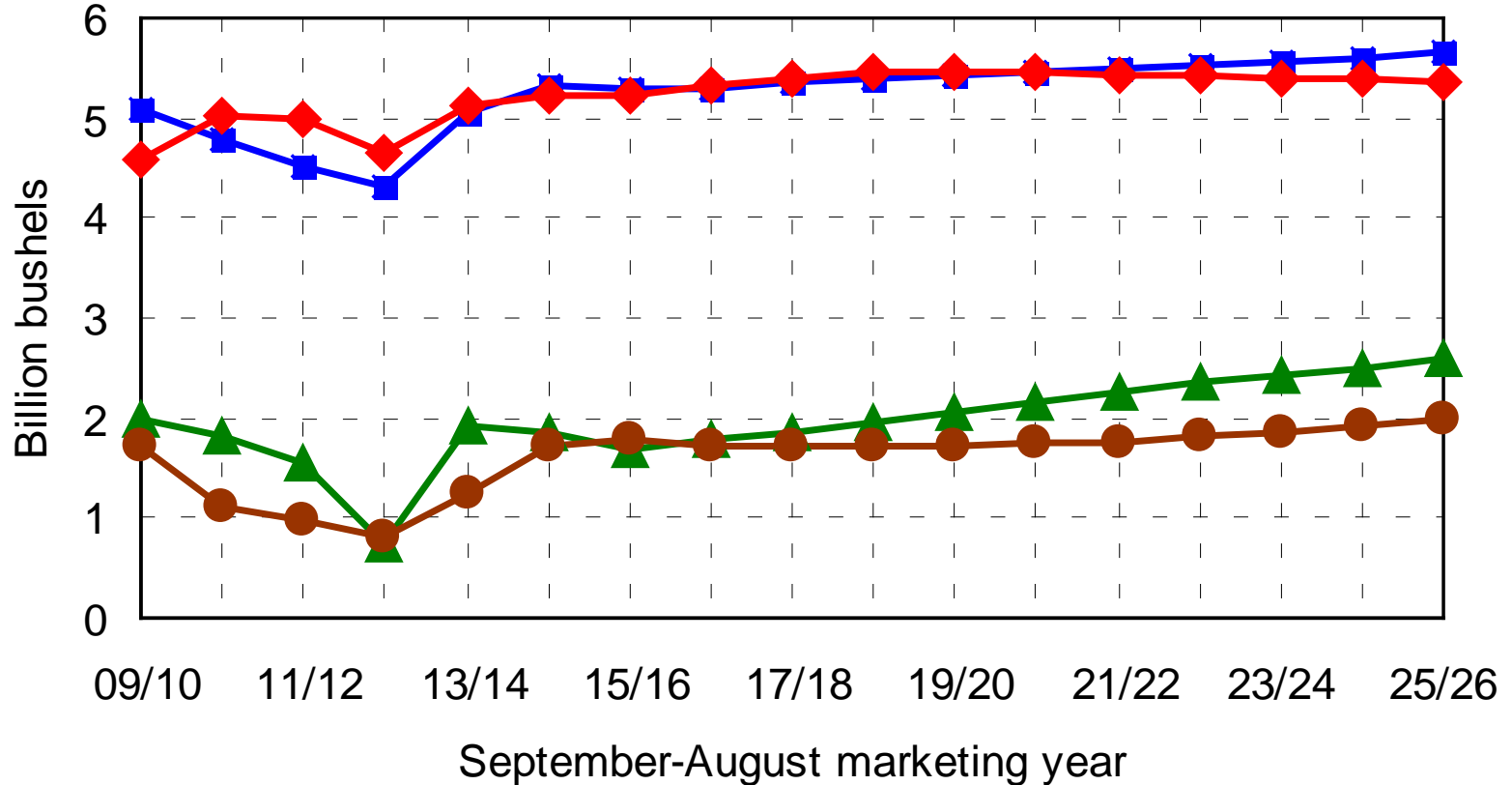
... but uncertainty exists



Corn production and use



Corn use



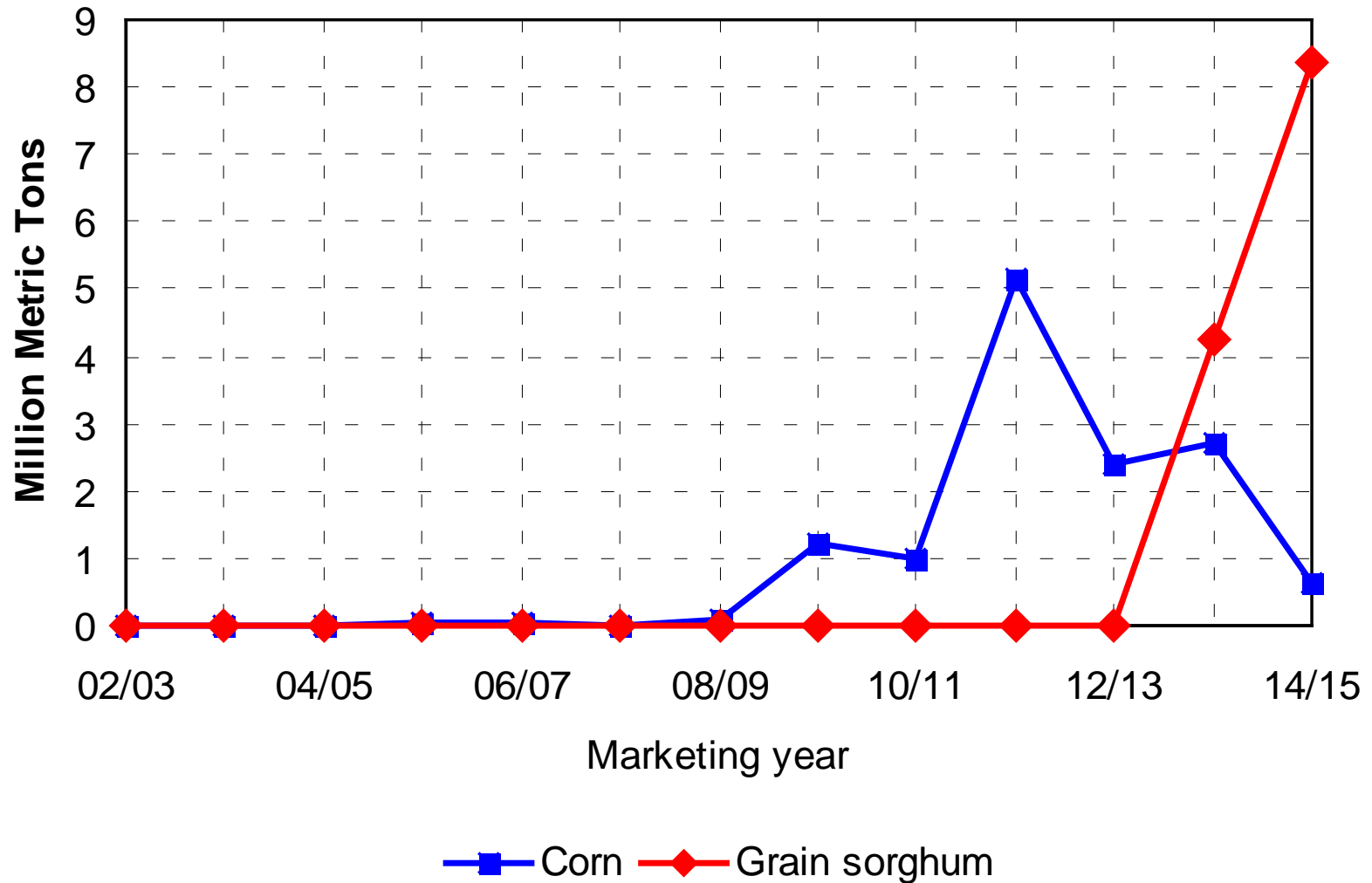
—■— Feed & residual

—◆— Ethanol & coproducts

—▲— Exports

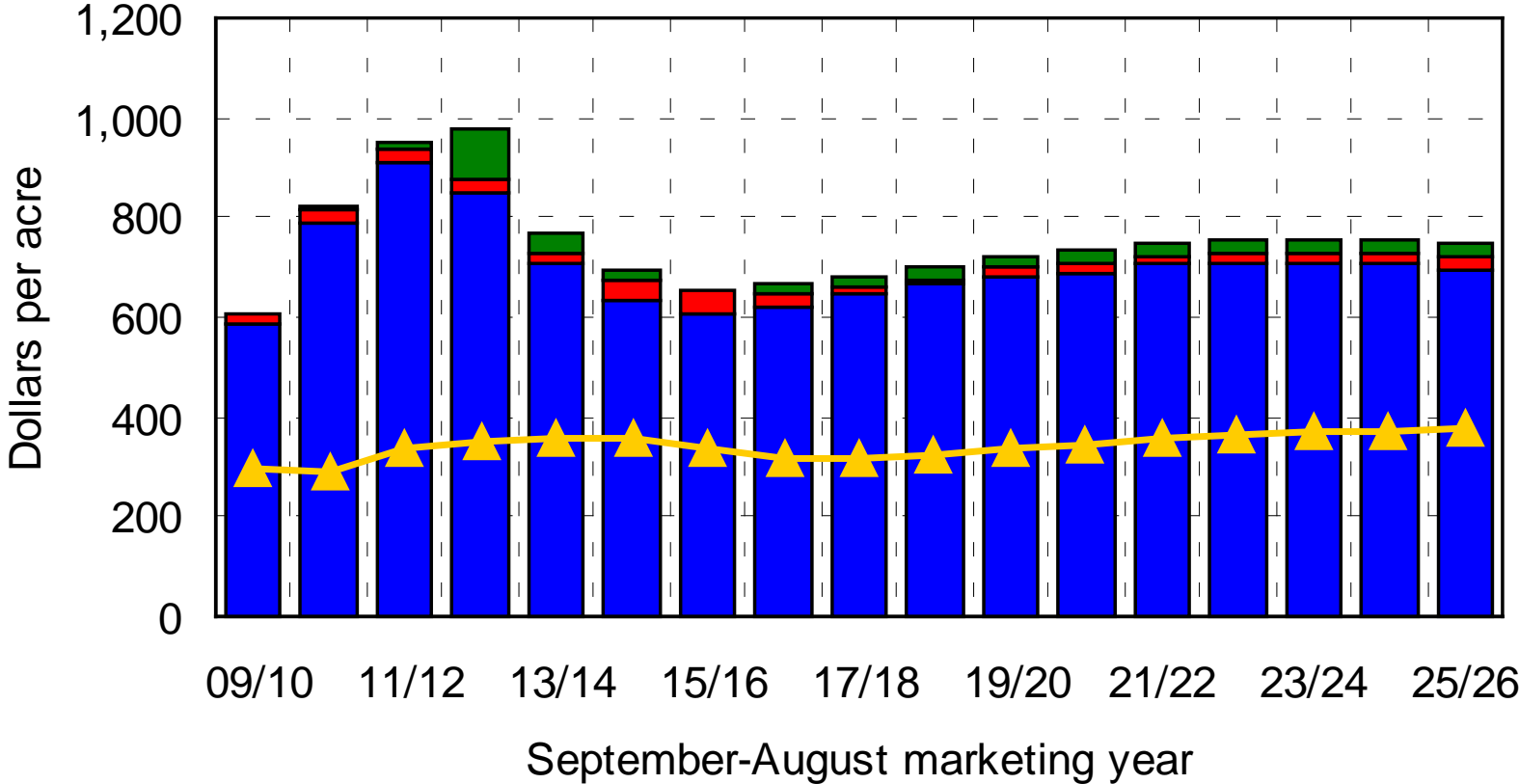
—●— Ending stocks

U.S. exports to China



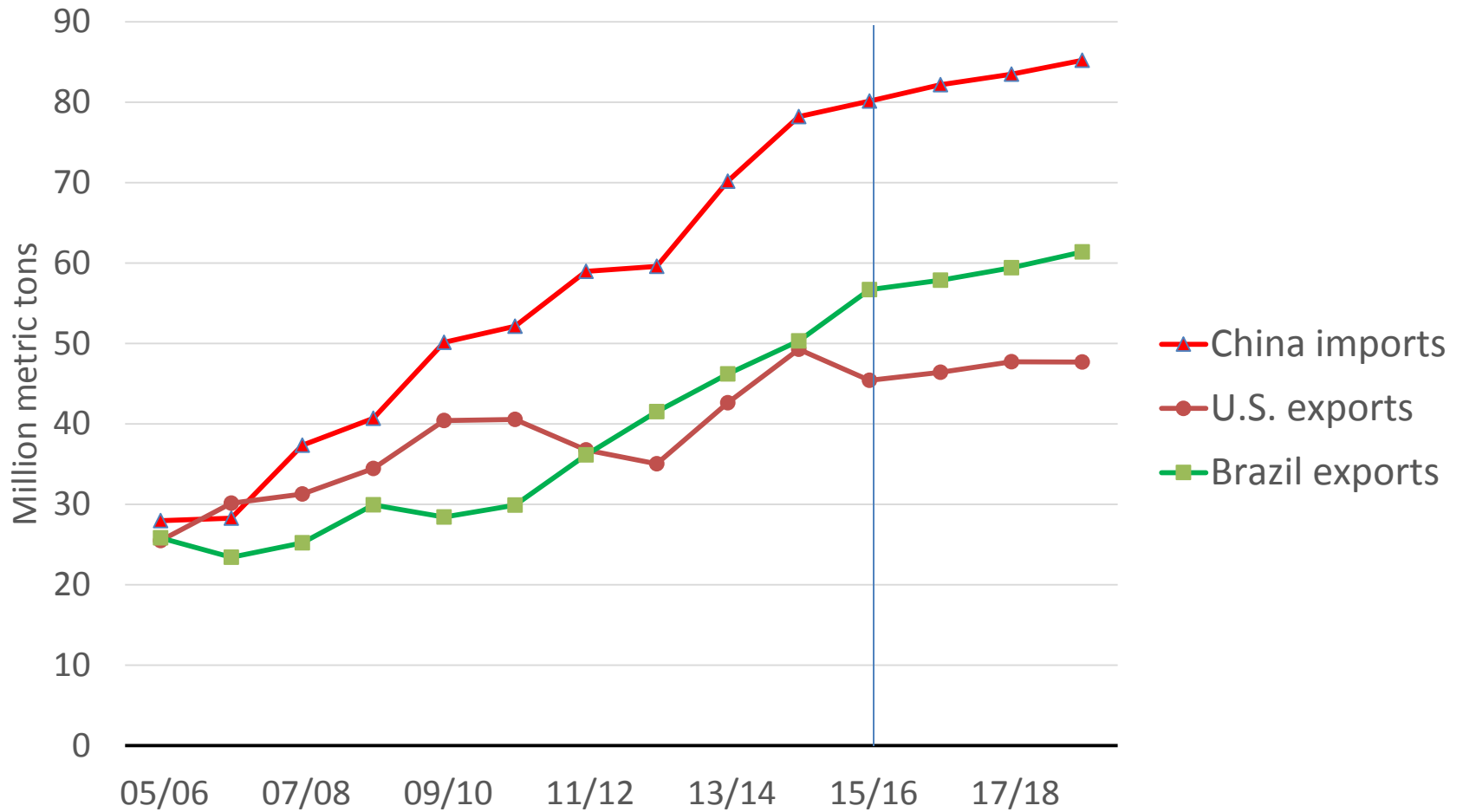
Source: USDA FAS, March 2016

Corn returns



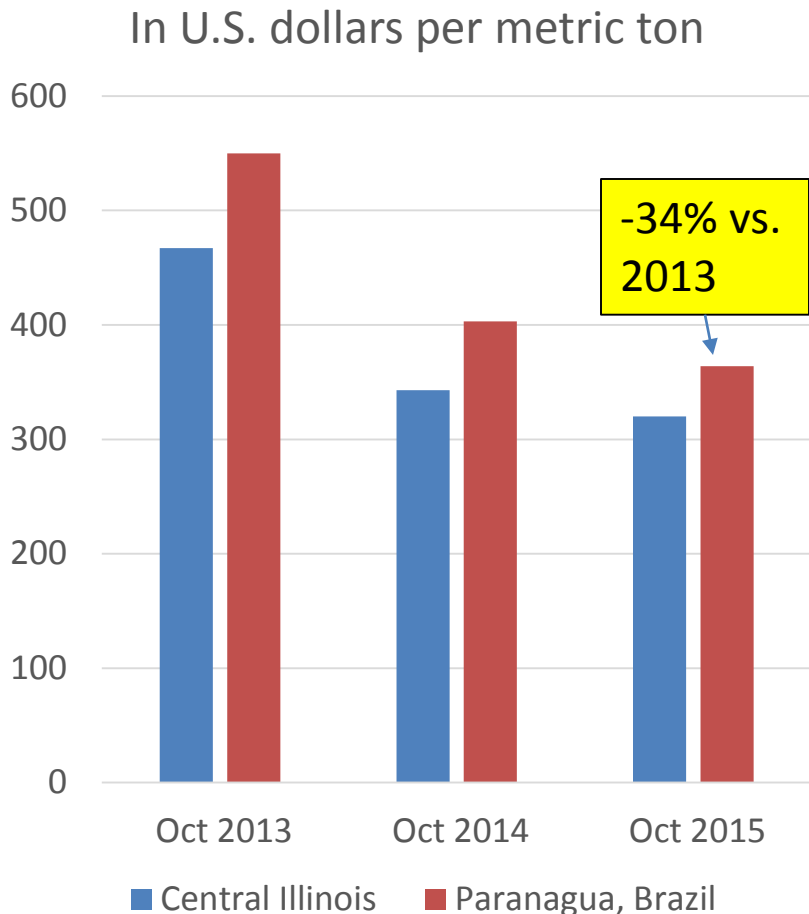
Market Program payments
Ins. net indemnities Variable expenses

Soybean trade



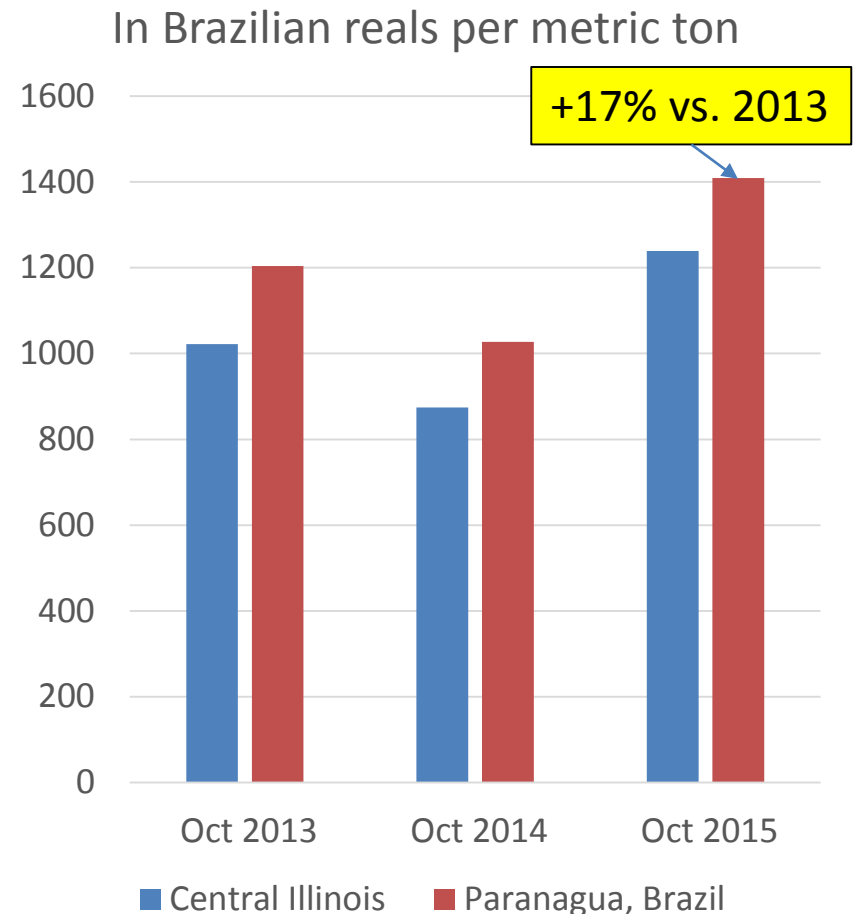
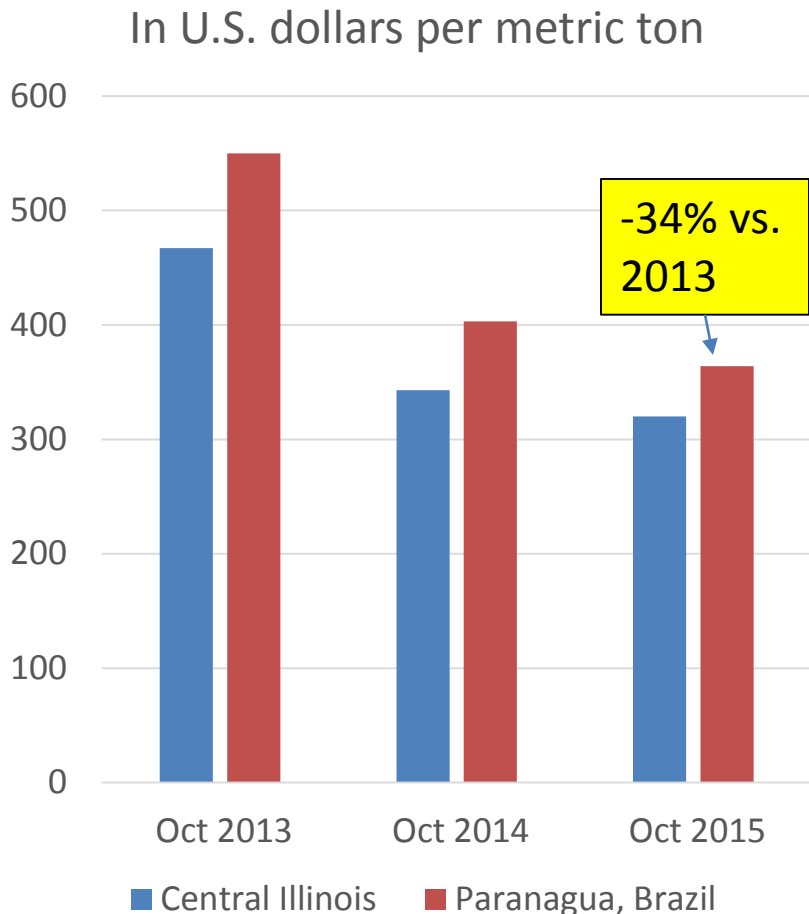
Source: FAPRI-MU collaborators at the University of Nevada, Reno, January 2016

U.S. and Brazilian soybean prices



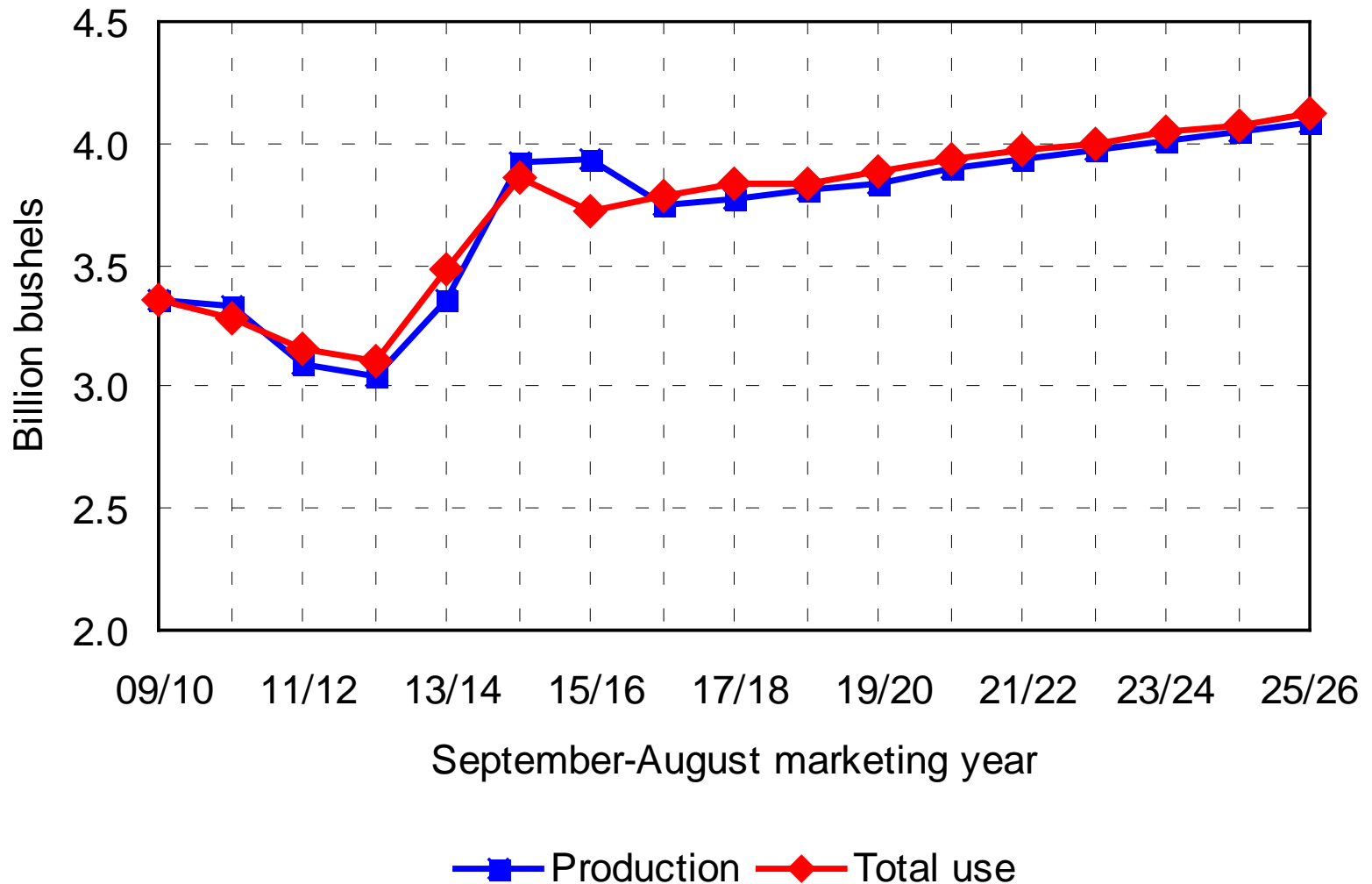
Source: USDA's Foreign Agricultural Service "Oilseeds: World Markets and Trade," various issues and author calculations using monthly exchange rates reported by www.x-rates.com

U.S. and Brazilian soybean prices

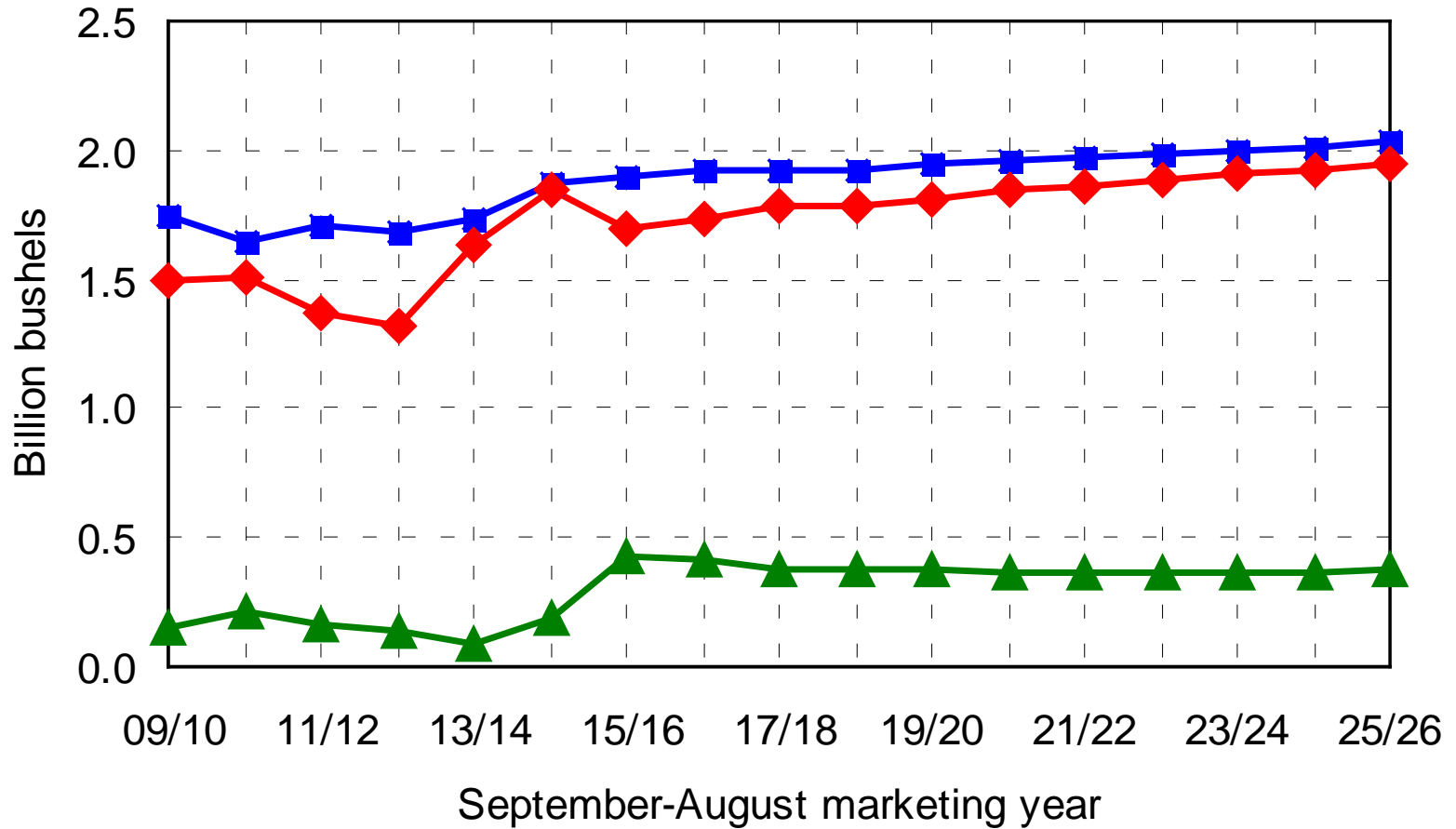


Source: USDA's Foreign Agricultural Service "Oilseeds: World Markets and Trade," various issues and author calculations using monthly exchange rates reported by www.x-rates.com

Soybean production and use

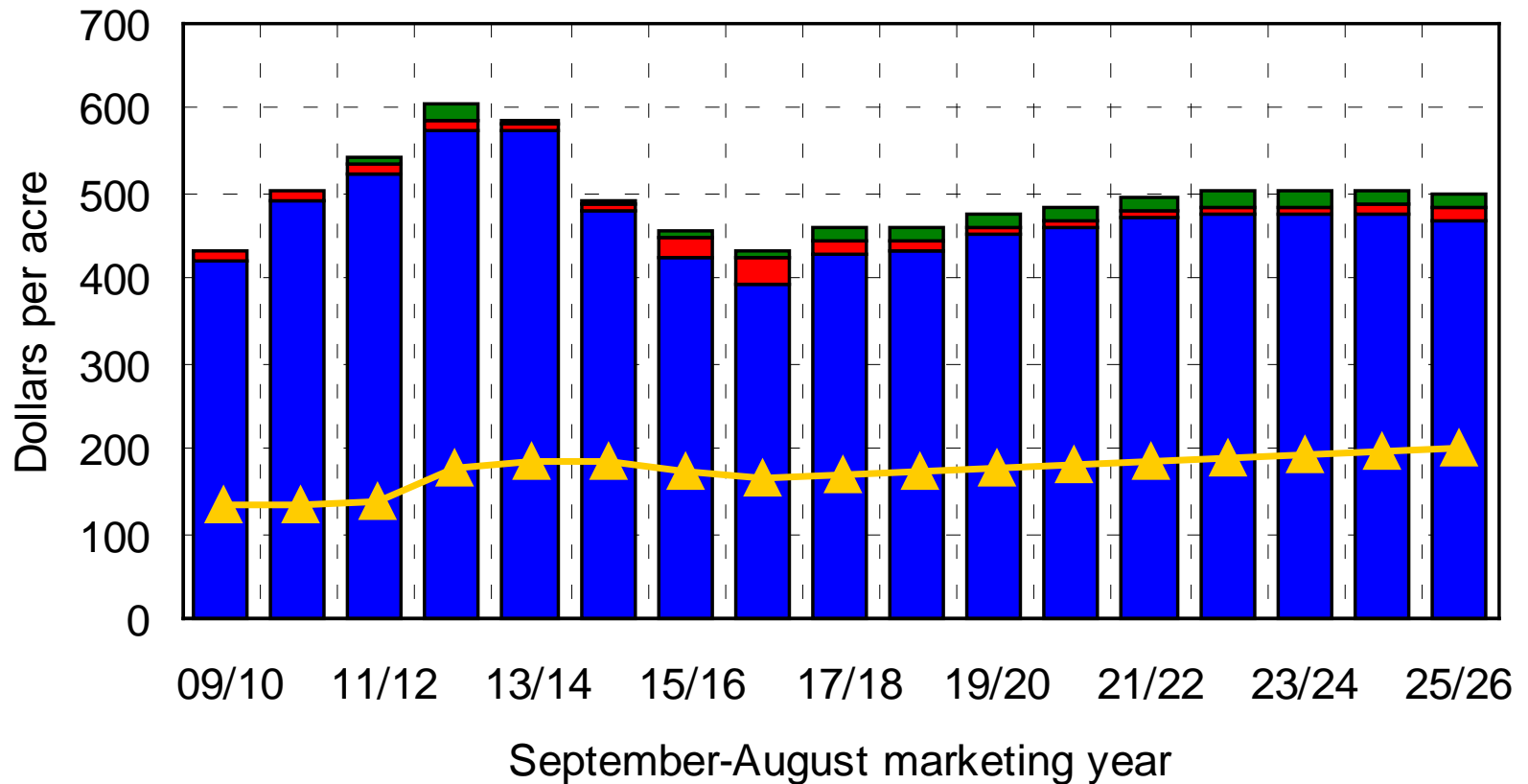


Soybean use



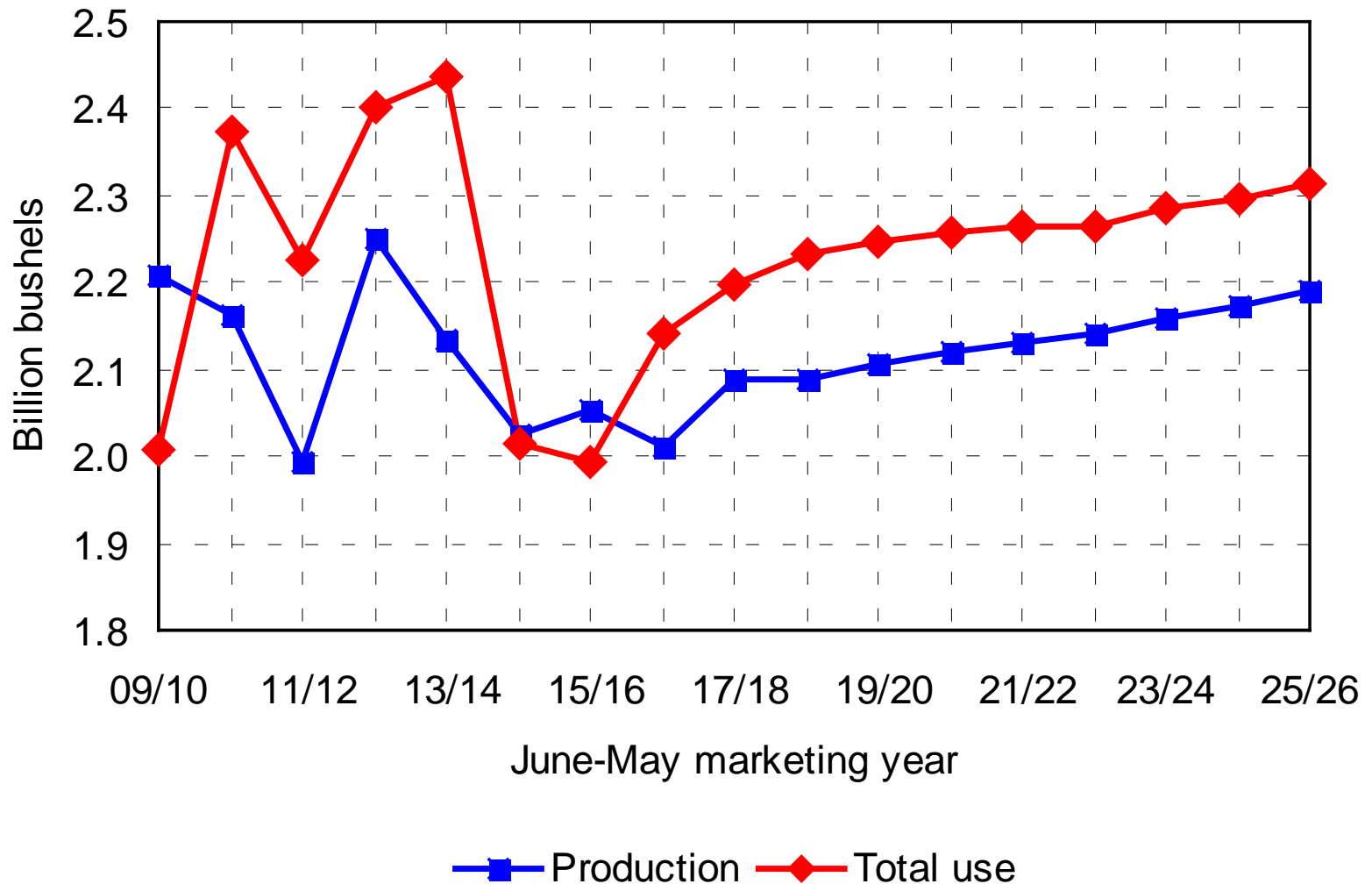
■ Crush ◆ Exports ▲ Ending stocks

Soybean returns

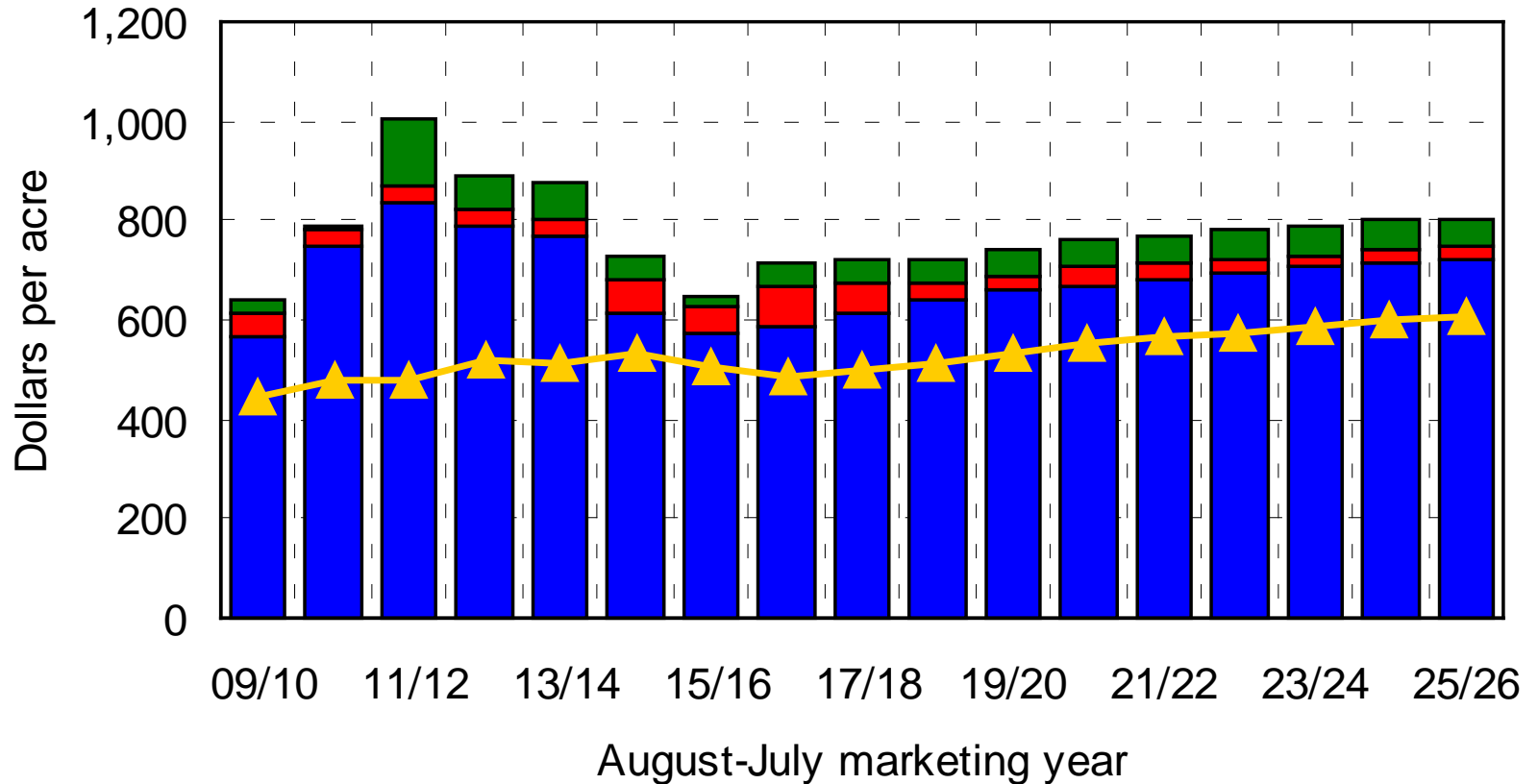


Market Program payments
Ins. net indemnities Variable expenses

Wheat production and use



Upland cotton returns



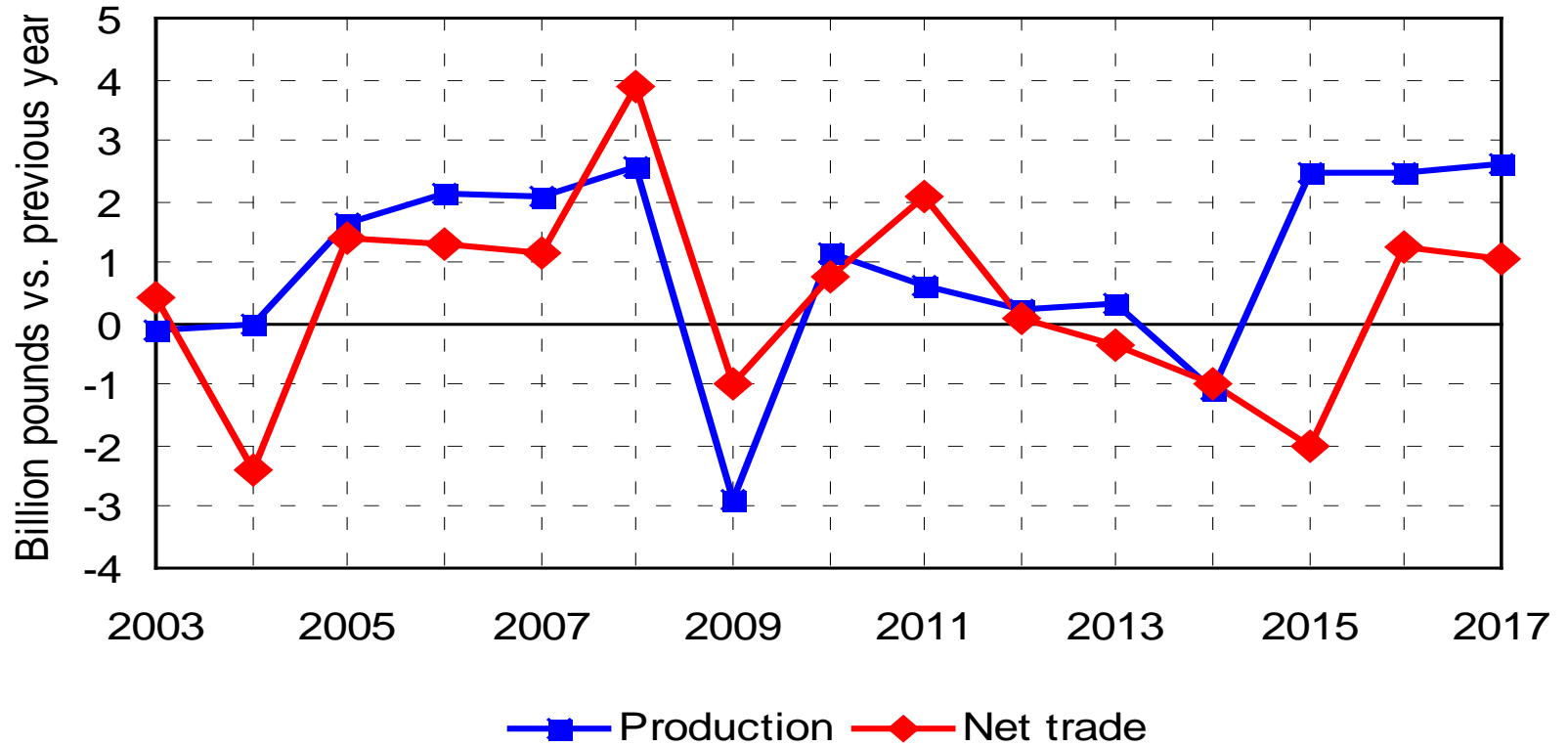
Market Program payments
Ins. net indemnities Variable expenses

Livestock and dairy outlook

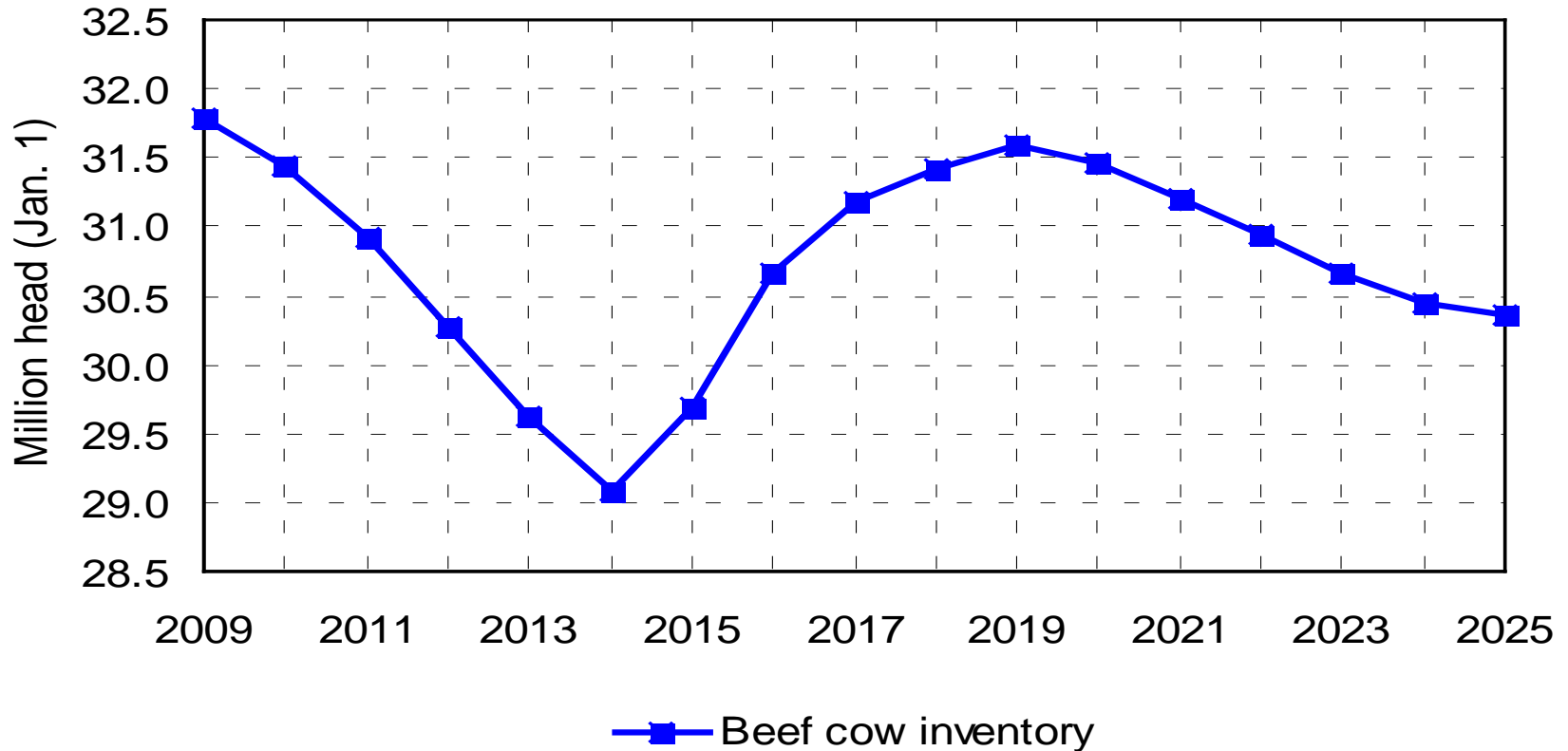
U.S. outlook from AMAP
Agriculture Markets and
Policy

www.amap.missouri.edu

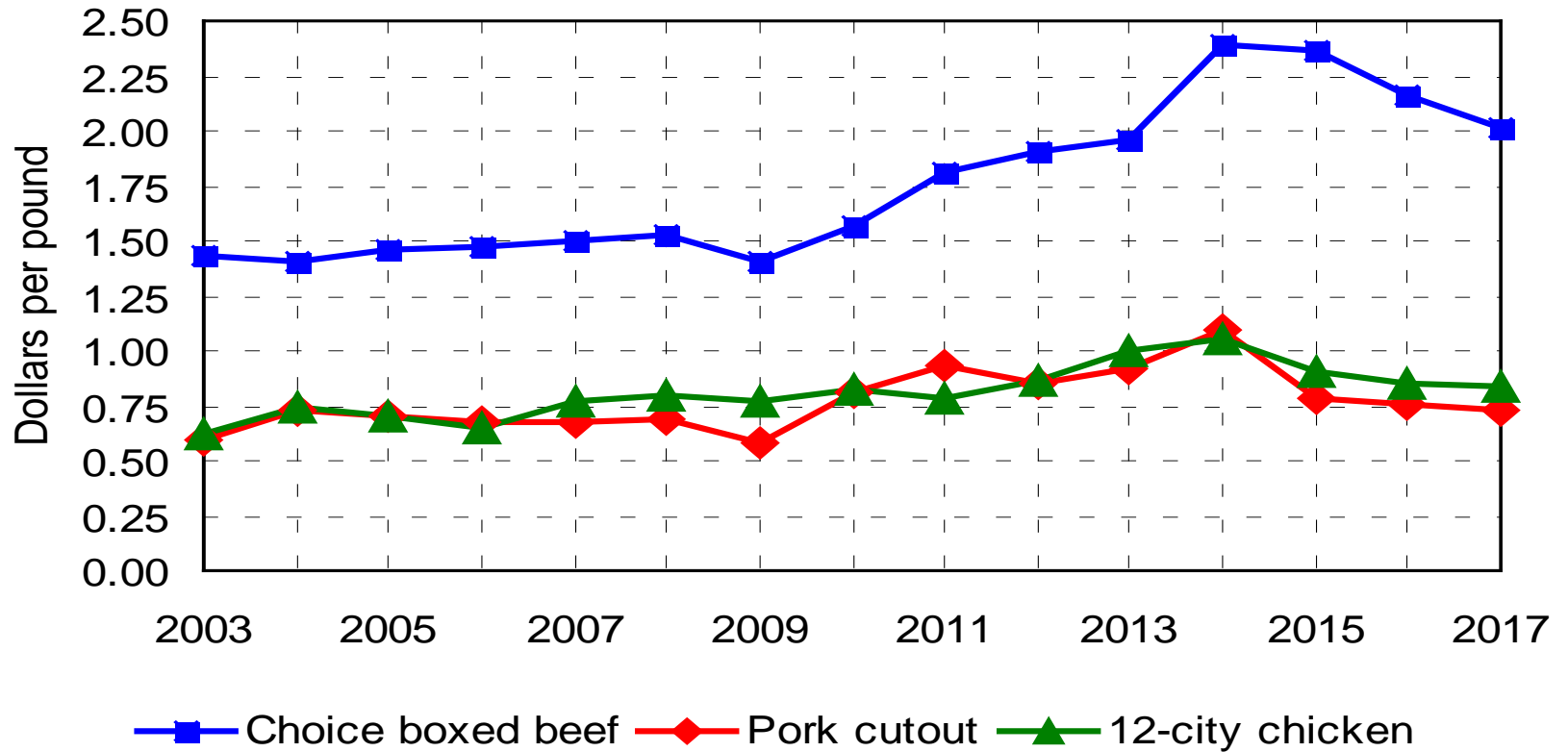
Production growth outpaces meat trade



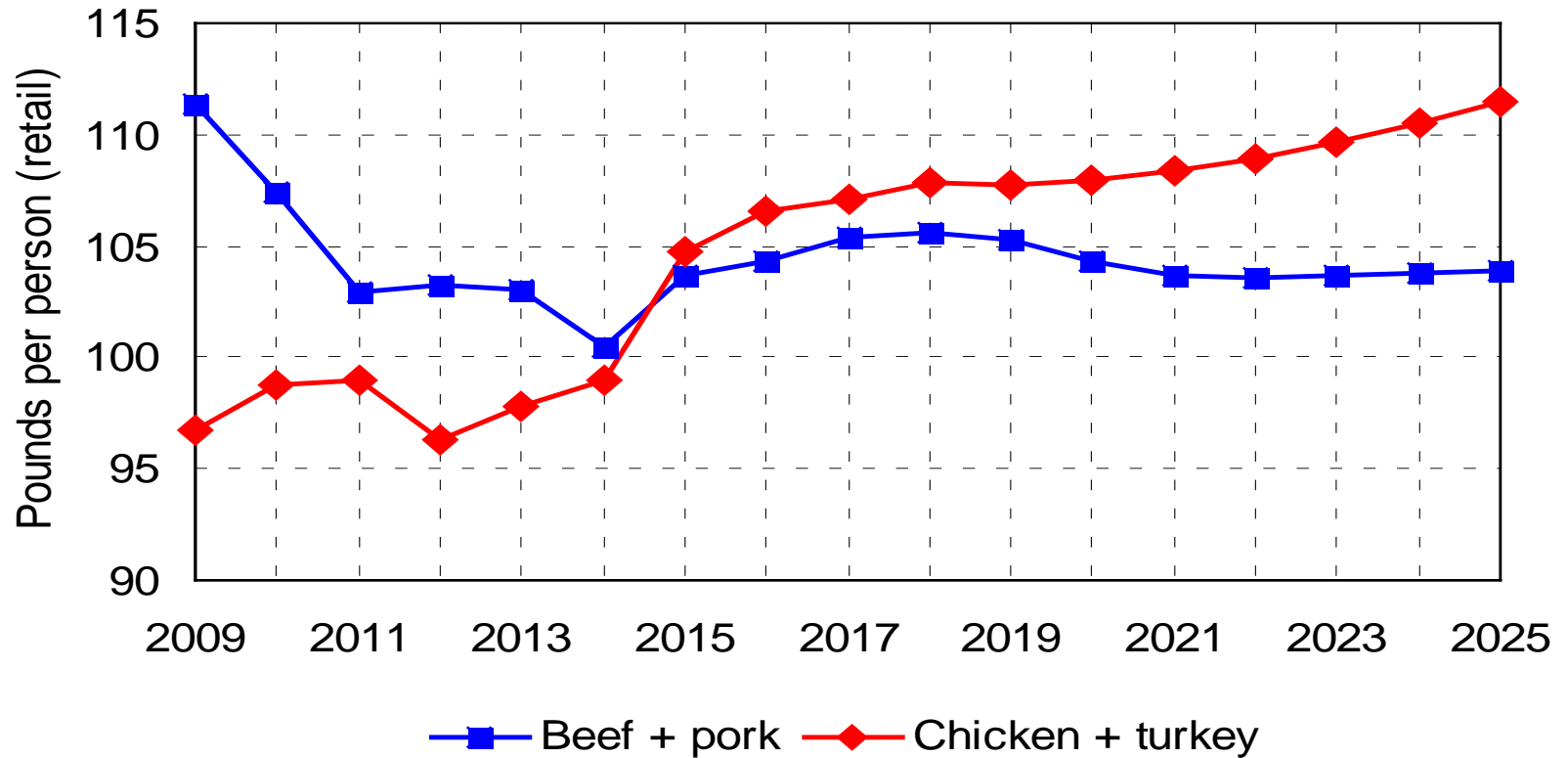
The beef cow herd grew by 1 million last year



Prices decline as more meat reaches U.S. markets



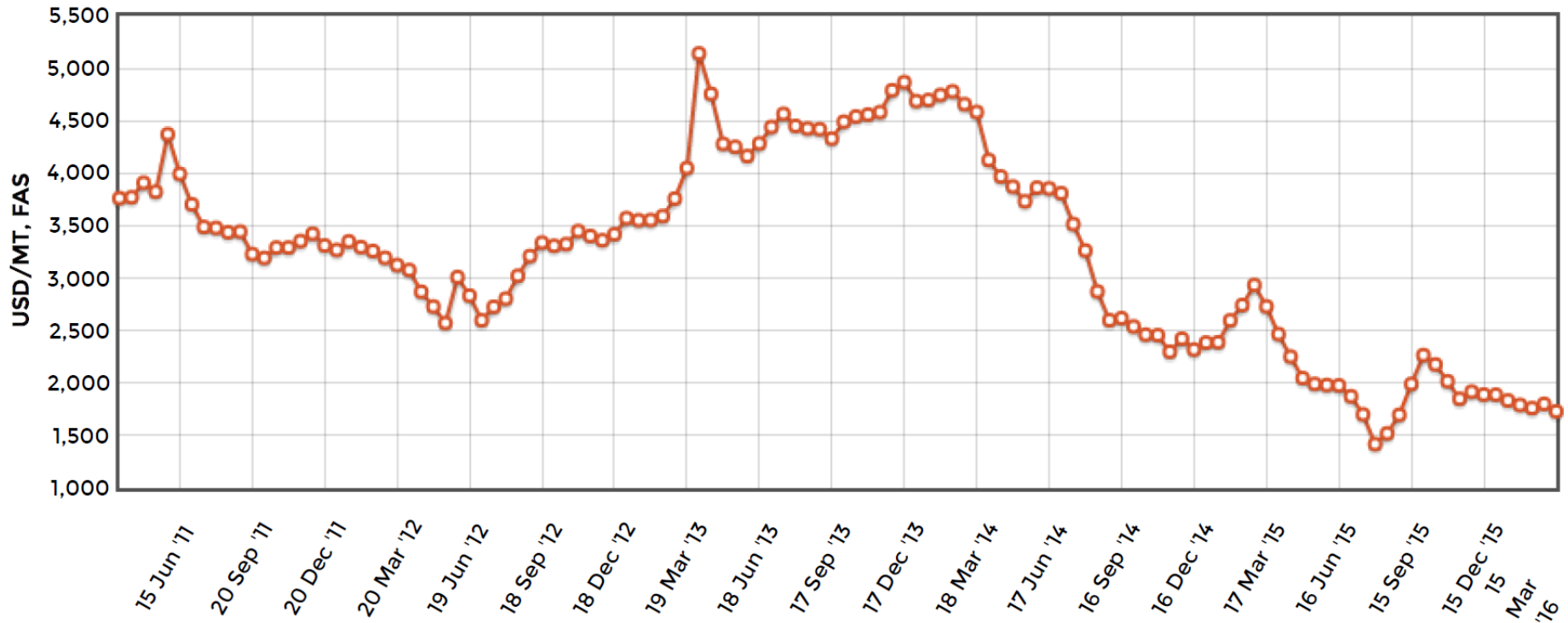
Poultry consumption outpaced beef and pork in 2015



World dairy prices show no sign of recovery

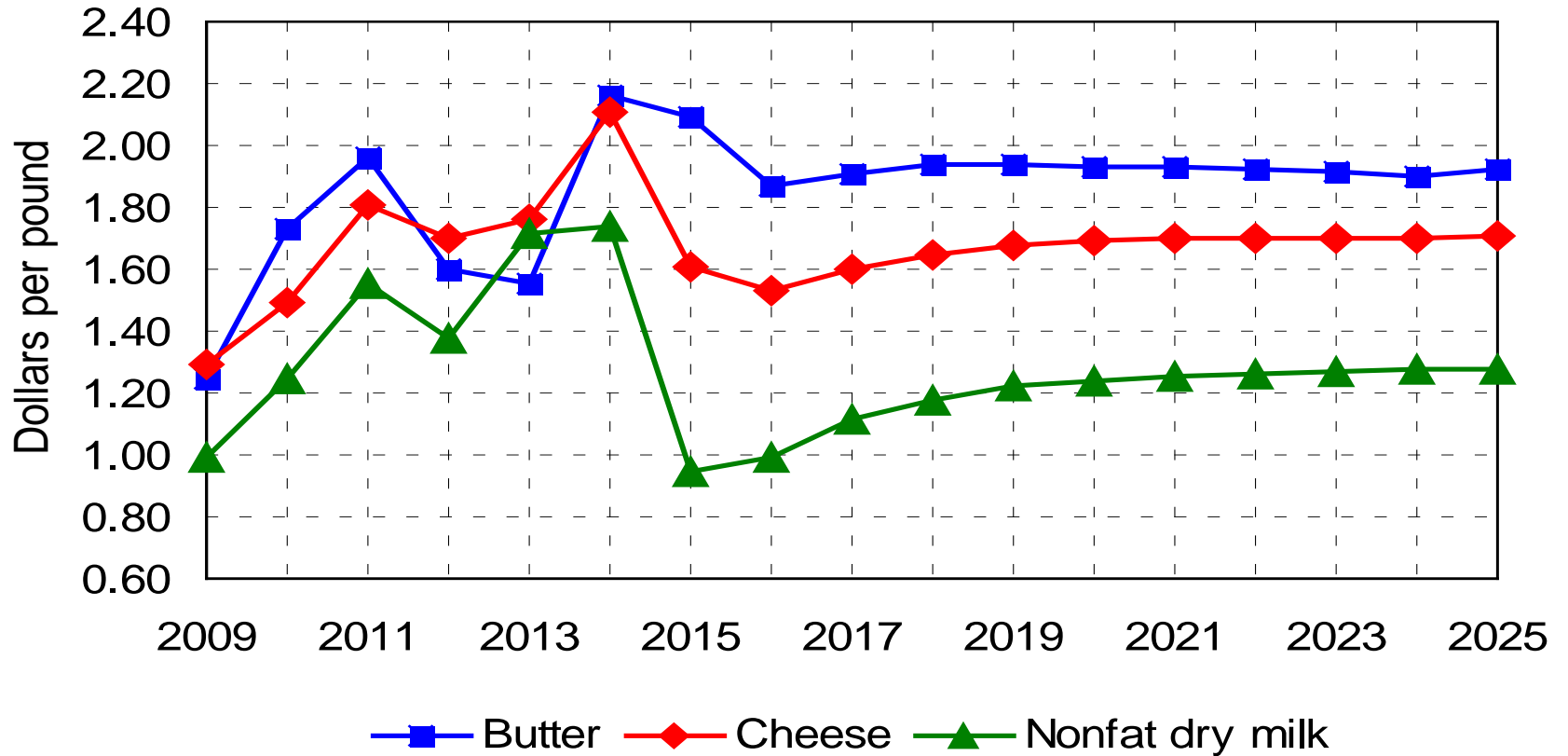
Skim Milk Powder Prices

12 months | 5 years

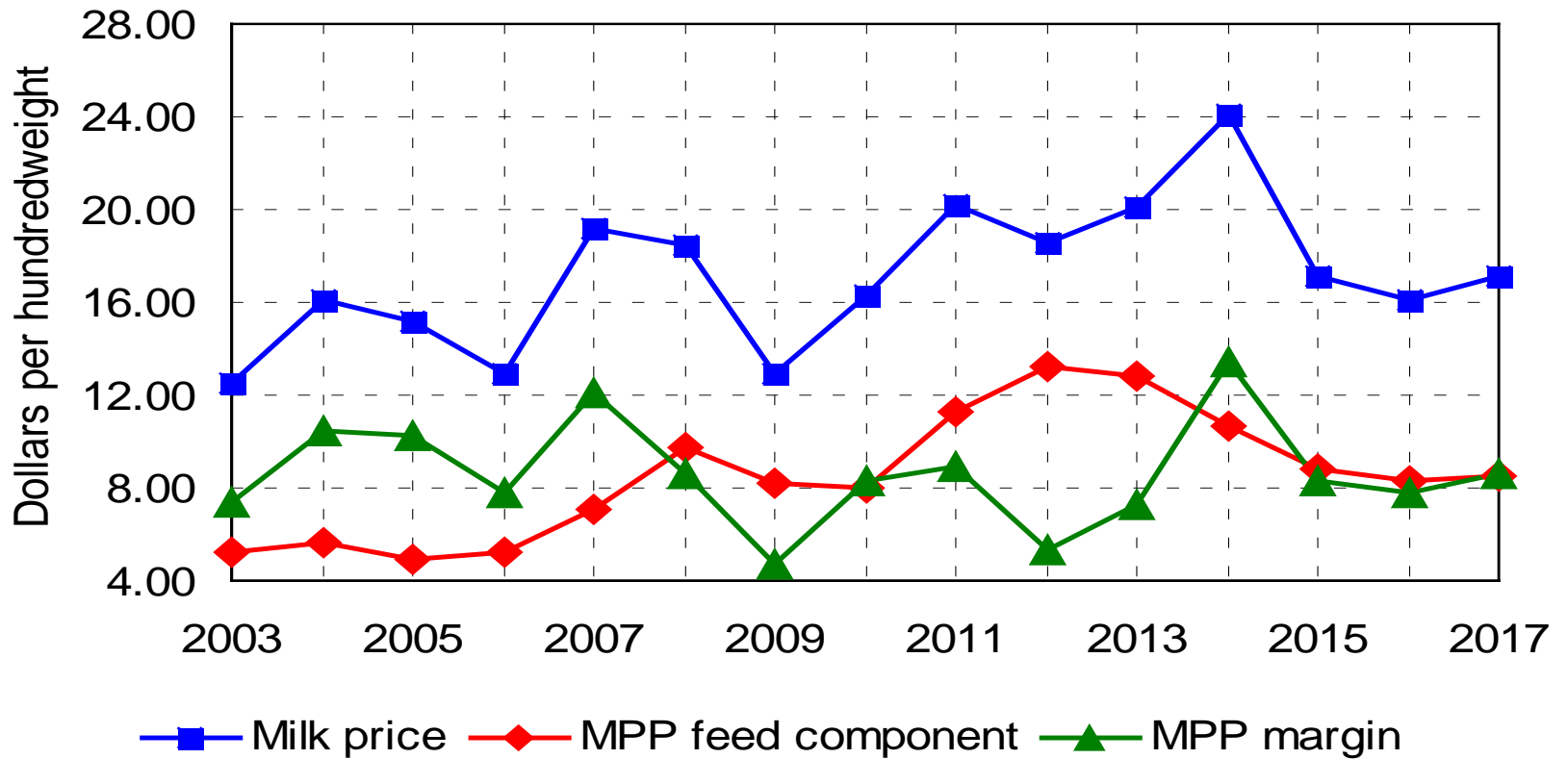


Global Dairy Trade, March 15th 2015

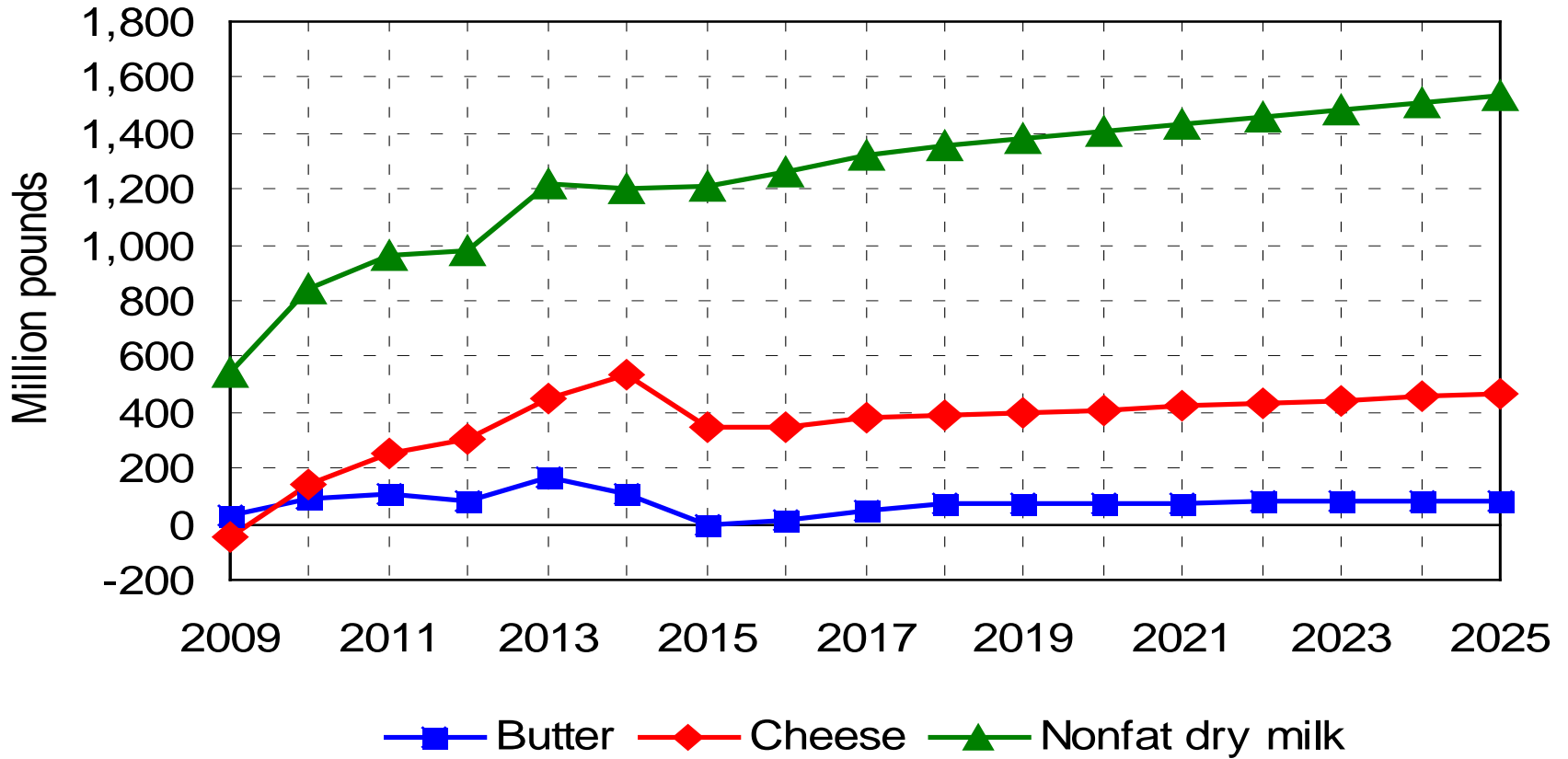
Butter and cheese prices to fall further in 2016



Dairy margins to remain tight in 2016



Net exports of butter and cheese declined in 2015



Thanks!

Download the full Briefing Book from:

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