



Food & Agricultural
Policy Research Institute
University of Missouri

Strategies for Putting the Marketing Puzzle Together

Food and Agricultural Policy Research Institute (FAPRI)
Division of Applied Social Sciences
University of Missouri
www.fapri.missouri.edu

May 10, 2018

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U.S. corn supply and use

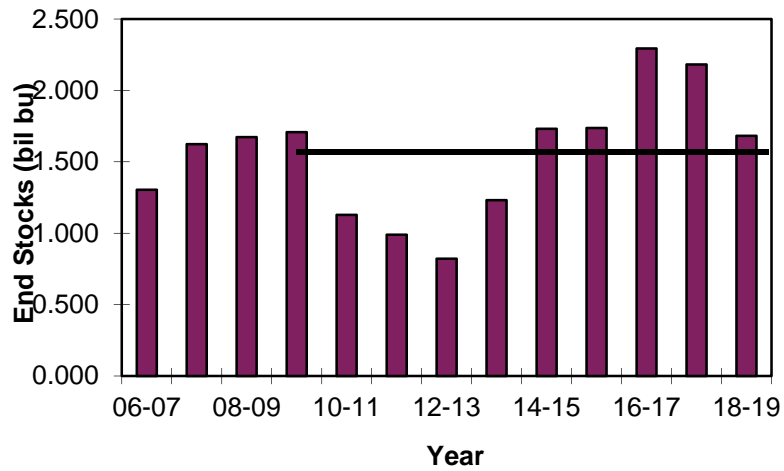
	2017/18 (USDA May 10)	2018/19 (USDA May 10)	2017/18 (FAPRI Mar. 2018)	2018/19 (FAPRI Mar.2018)
Area planted (mil. acres)	90.2	88.0	90.2	89.7
Yield (bu./harvested acre)	176.6	174	176.6	170.9
Production (mil. bu.)	14,604	14,040	14,604	14,068
Feed and residual use (mil. bu.)	5,500	5,375	5,556	5,478
Ethanol and coproduct use	5,575	5,625	5,556	5,578
Other domestic use	1,465	1,490	1,469	1,476
Exports	2,225	2,100	1,923	1,928
Ending stocks	2,182	1,682	2,443	2,101
Marketing yr. avg. price (\$/bu.)	3.25-3.55	3.30-4.30	3.23	3.57

Source: USDA WASDE, May 2018.

WASDE USDA Corn Summary May 10, 2018

- 1) U.S. Average Farm Price – **Moderate increase**
 - 2018- 19 USDA: \$3.80 (\$3.30- \$4.30)
 - 2017–18 USDA: \$3.40 (\$3.25 - \$3.55)
 - 2016- 17 USDA: \$3.36
 - 2015- 16 USDA: \$3.61
- 2) U.S. Ending Stocks-**Significant decline**
 - 2018- 19 USDA: (1,682 Million Bushels)
 - 2017- 18 USDA: (2,182 Million Bushels)
 - 2016- 17 USDA: (2,293 Million Bushels)
 - 10 Year Average 08/09-17/18: (1,579 Million Bushels)
 - 20 Year Average 98/99-17/18: (1,592 Million Bushels)
- 3) World Ending Corn Stocks – **Declining, falling to 20 year average**
 - 2018- 19 World: (159 Million Metric Tons)
 - 2017- 18 World: (195 Million Metric Tons)
 - 2016- 17 World: (228 Million Metric Tons)
 - 10 Year Average 08/09-17/18: (177 Million Metric Tons)
 - 20 Year Average 98/99-17/18: (158 Million Metric Tons)
- 4) U.S. Export Bookings – **Slight reduction**
 - 2018- 2019 USDA: (2,100 Million Bushels)
 - 2017- 18 USDA: (2,225 Million Bushels)
 - 2016- 17 USDA: (2,293 Million Bushels)

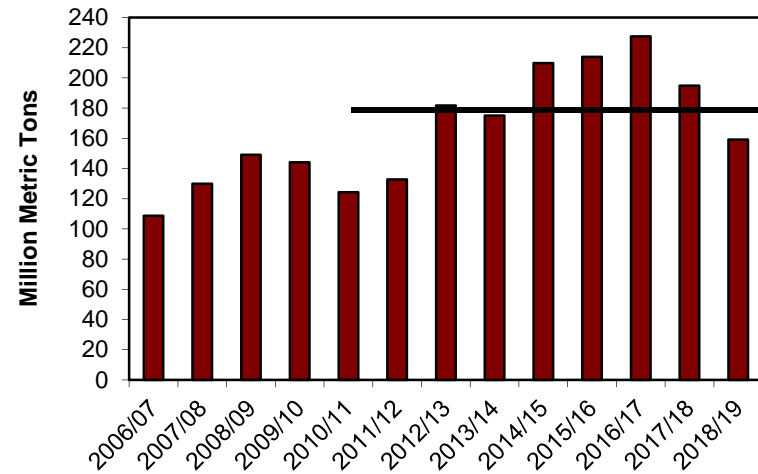
Corn: U.S. End Stocks



10-yr
AVG

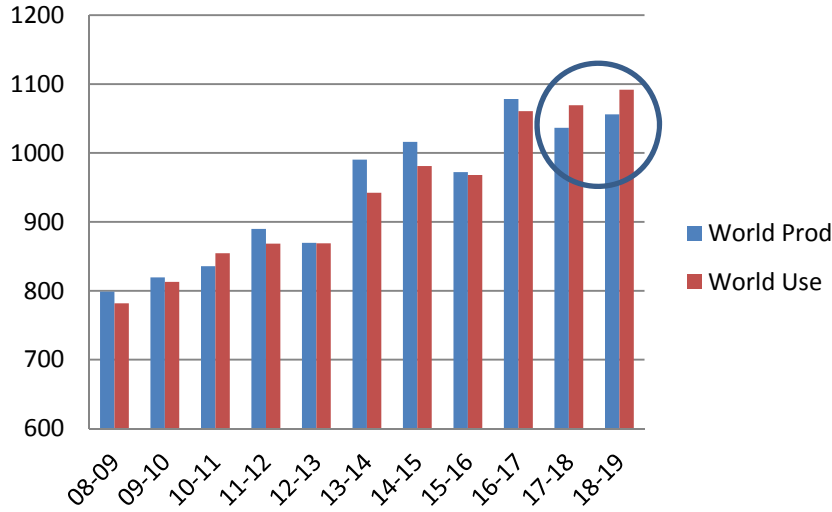
World End Stocks dip below average in 2018-19 but Domestic Carryovers, while declining, remain above 10-yr average

Corn World End Stocks (MMT)



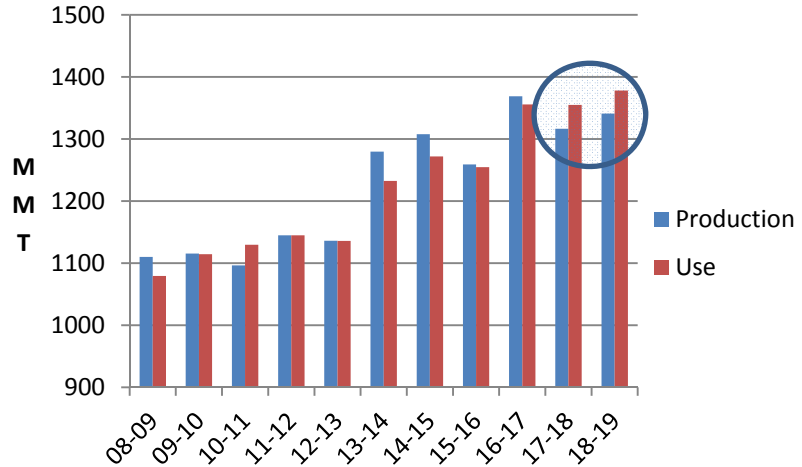
10-yr
AVG

Corn World Production & Use

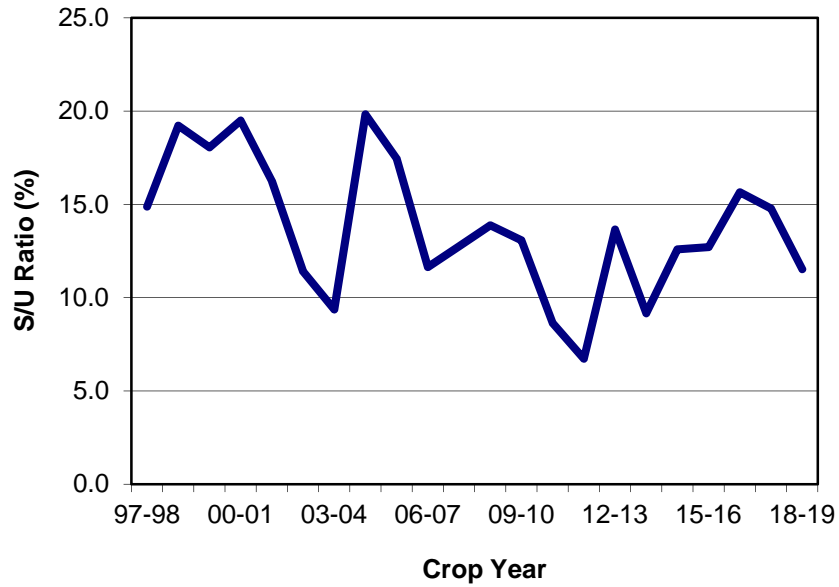


Strong World Demand has been keeping pace with production, Use expected to exceed production for second consecutive year!

World Coarse Grains: Production & Use

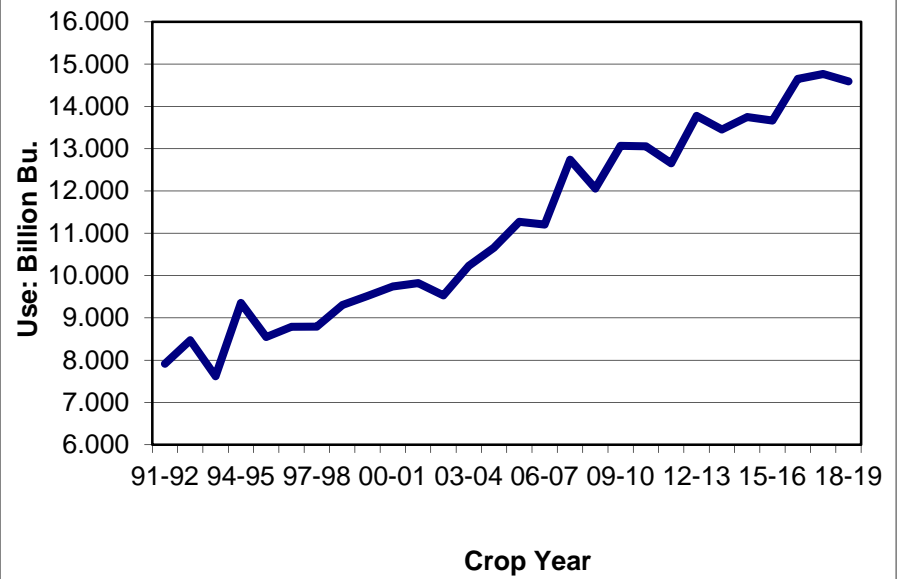


Corn: End Stocks/Use Ratio

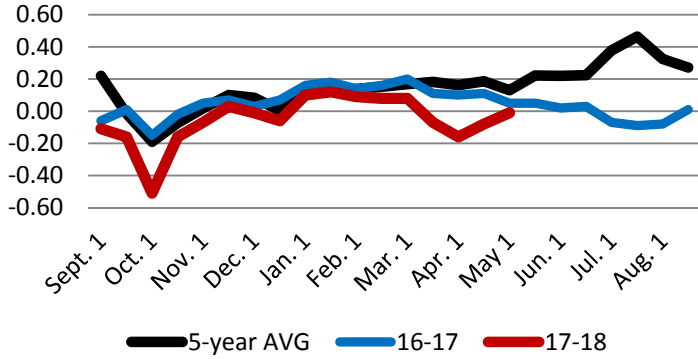


**Stocks/use decreasing
Small decline in total use**

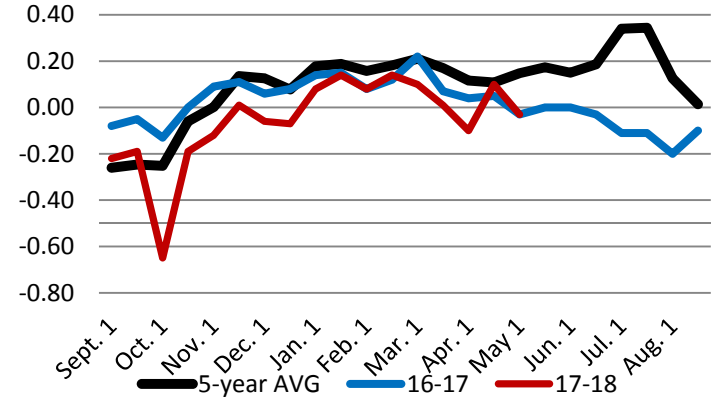
Use: Corn Total Use



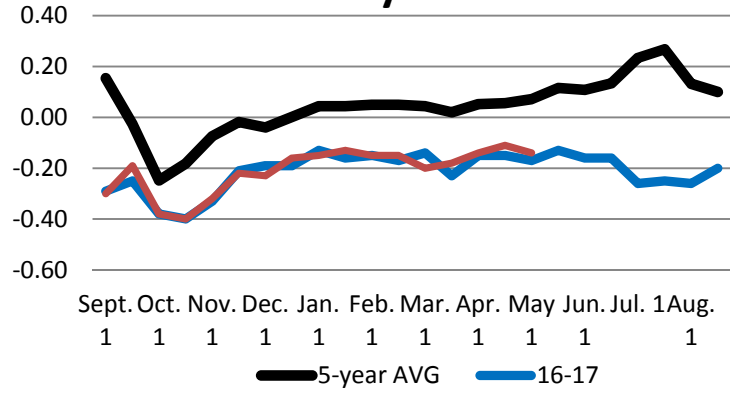
St Louis Corn Basis



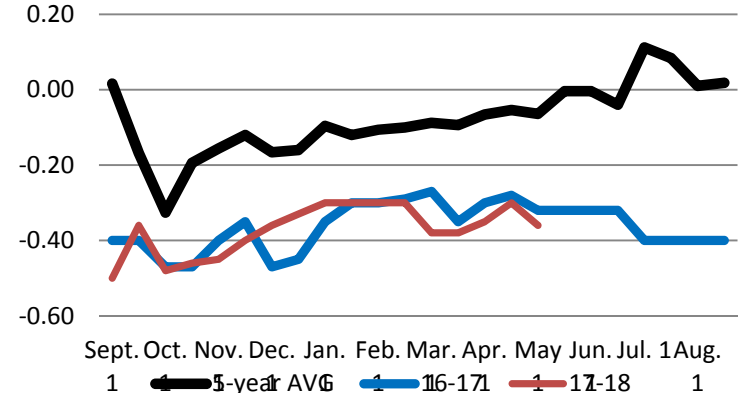
SE MO Corn Basis



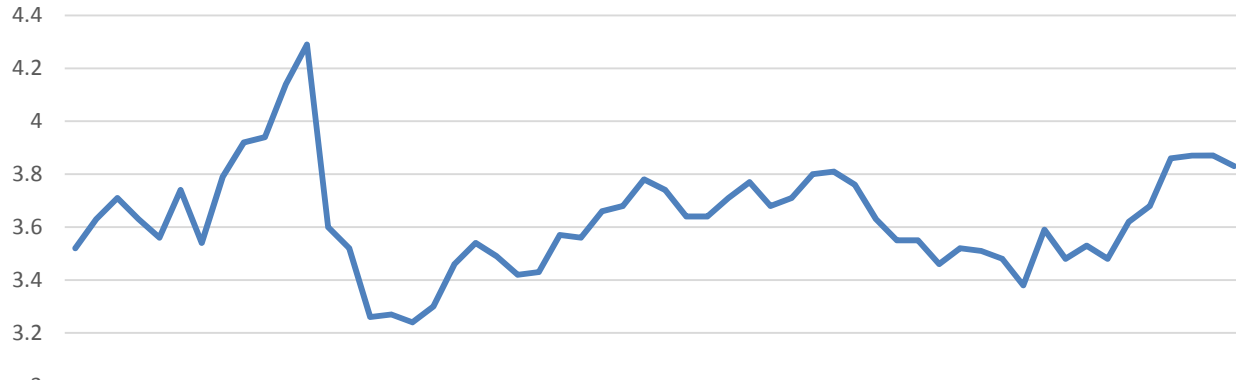
Kansas City Corn Basis



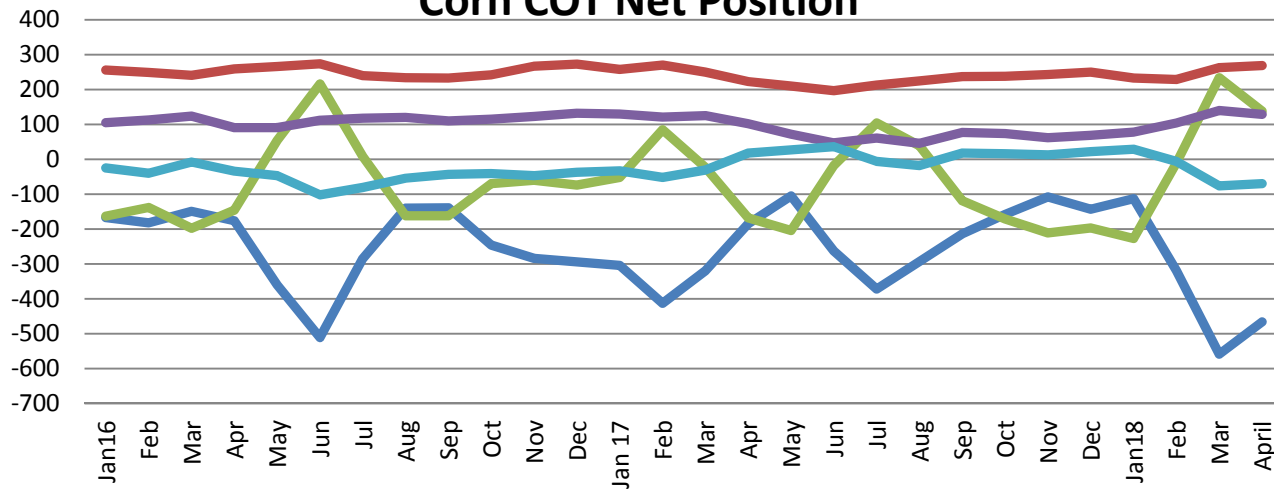
Central MO Corn Basis



Corn Futures Price



Corn COT Net Position

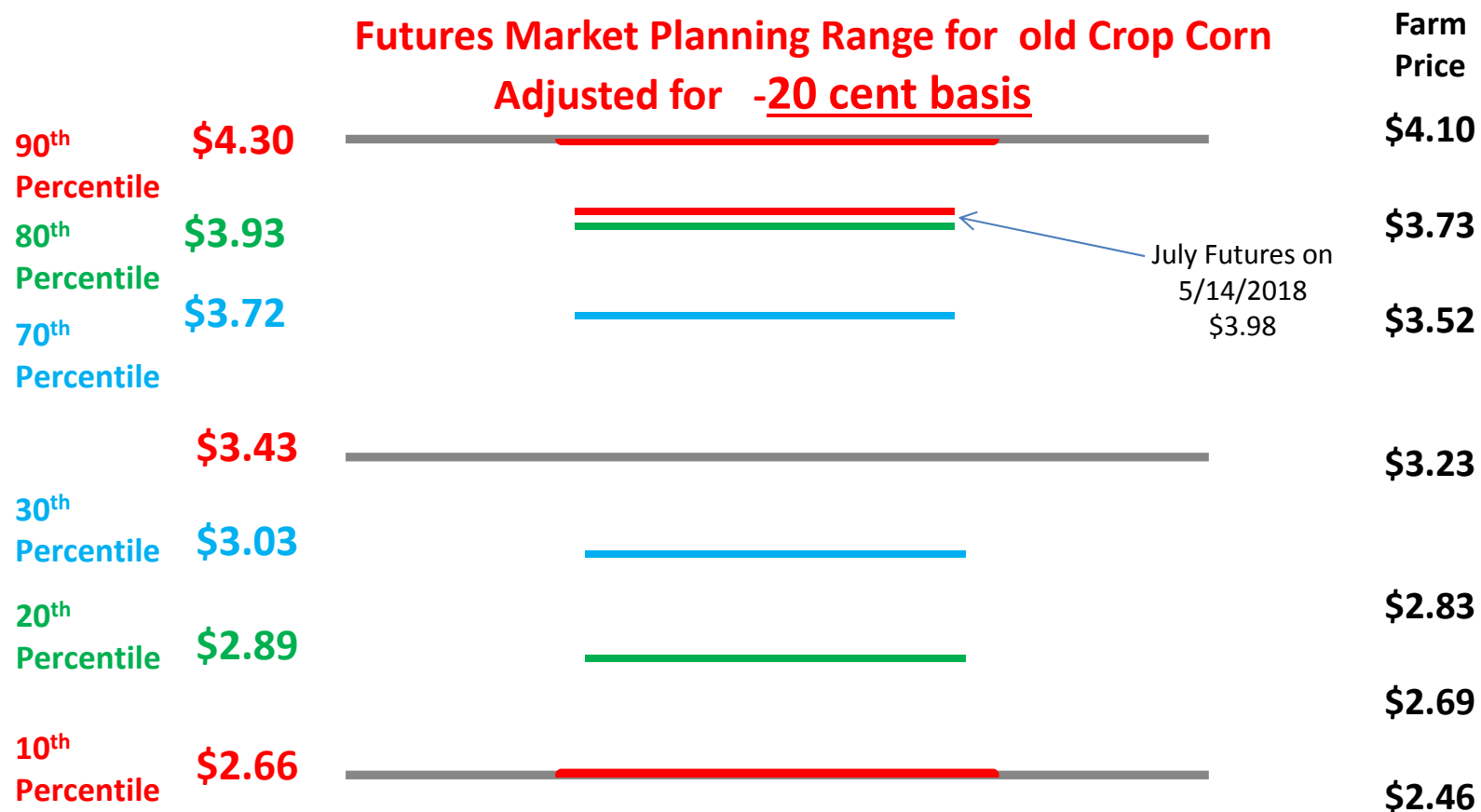


- Producer Merchandizer
- Swap Dealer
- Managed Money
- Other Reportable
- Non- Reportable

Old Crop – (17-18) Corn FAPRI Baseline Ranges May 10, 2018

Mar 2018 FAPRI Price: **Adjusted for \$0.20 basis**

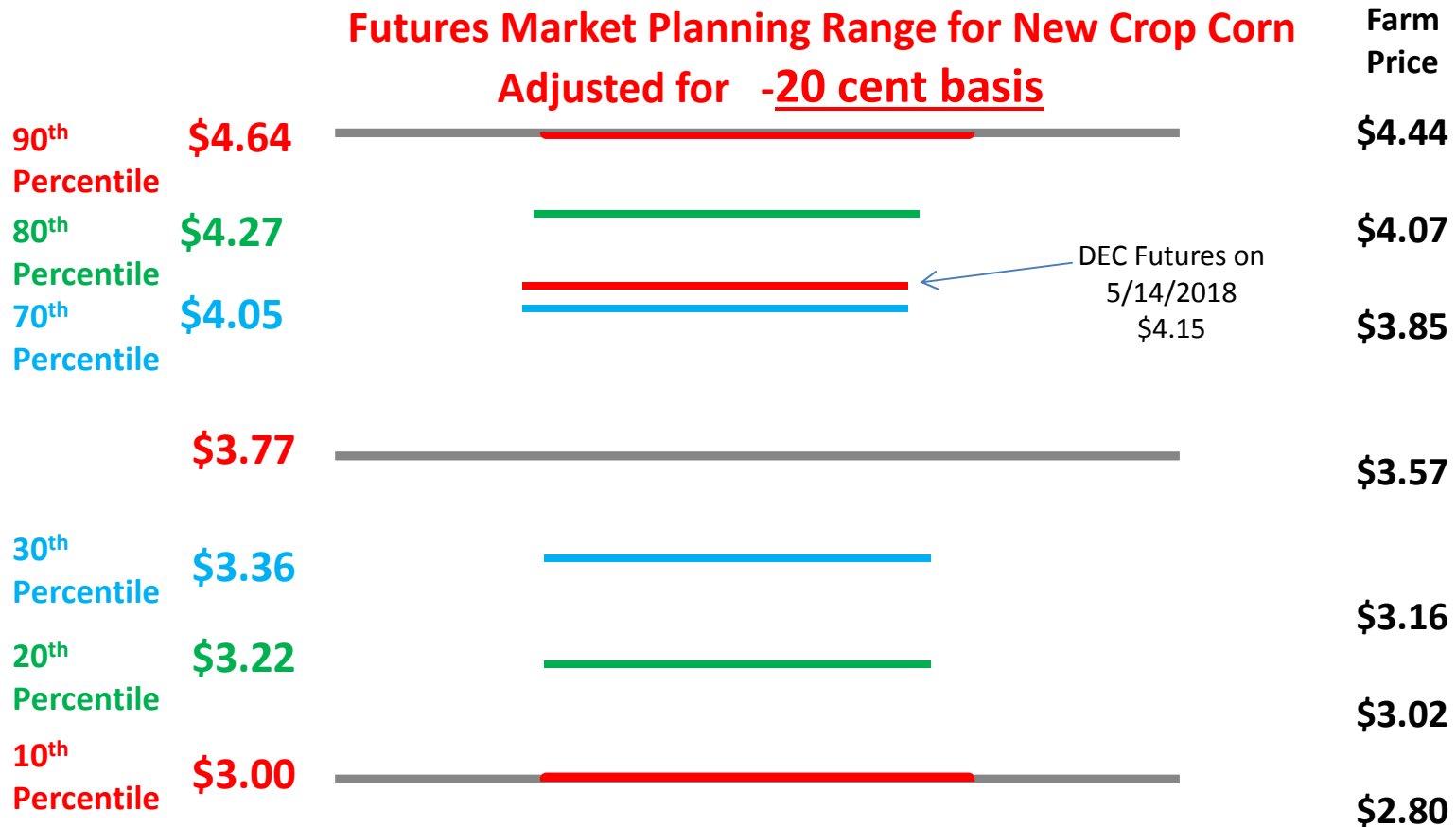
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.43**
- Futures Price Equivalent of FAPRI Range: **\$2.89 – \$3.93 @ 80 Percentile**
- Futures Price Equivalent of May 8 USDA Range: **\$3.45- \$3.75. Avg \$3.60**



New Crop – (18-19) Corn FAPRI Baseline Ranges May 10, 2018

Mar 2018 FAPRI Projected Farm Price: **Adjusted for \$0.20 basis**

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$3.77**
- Futures Price Equivalent of FAPRI Range: **\$3.22 - \$4.27 @ 80 Percentile**
- Futures Price Equivalent of May 8 USDA Range **\$3.50 - \$4.50 Average: \$4.00**



U.S. soybean supply and use

	2017/18 (USDA May 10)	2018/19 (USDA May 10)	2017/18 (FAPRI Mar2018)	2018/19 (FAPRI Mar2018)
Area planted (mil. acres)	90.1	89.0	90.1	90.0
Yield (bu./harvested acre)	49.1	48.5	49.1	47.8
Production (mil. bu.)	4,392	4,280	4,392	4,259
Crush (mil. bu.)	1,990	1,995	1,953	1,976
Other domestic use	133	135	139	135
Exports	2,065	2,290	2,169	2,182
Ending stocks	530	415	457	449
Marketing yr. avg. price (\$/bu.)	9.35	8.75 – 11.25	9.23	9.38

Sources: USDA WASDE, May 2018.

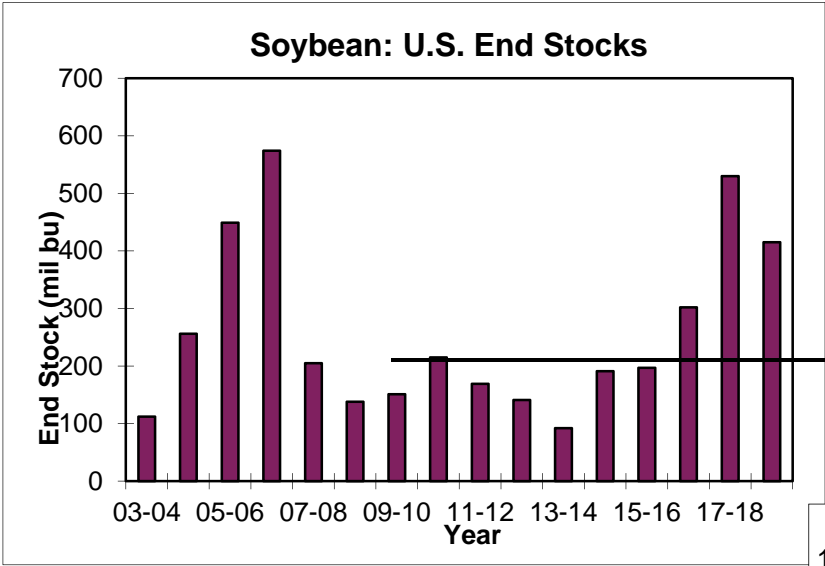
WASDE-USDA Soybean Summary May 10, 2018

- 1) U.S. Average Farm Price- **Moderate increase**
 - 2018- 19 USDA:\$10.00 (\$8.75 - \$11.25)
 - 2017- 18 USDA: \$9.35
 - 2016- 17 USDA: \$9.47

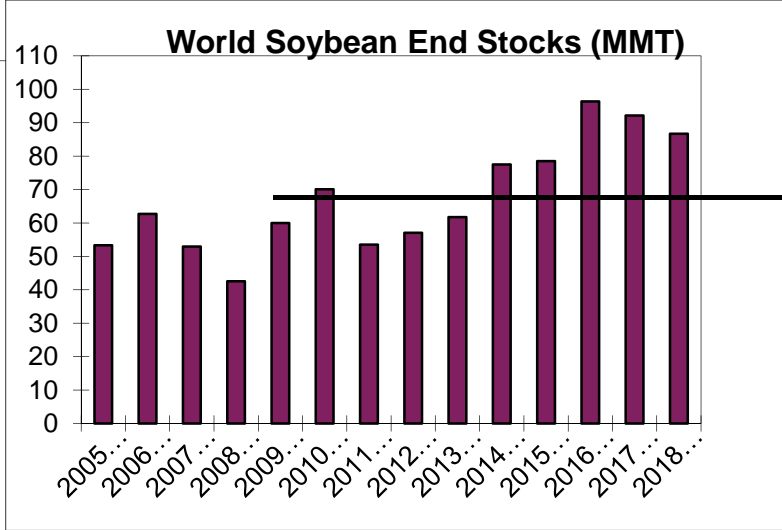
- 2) U.S. Ending Stocks- **Significantly above 10 Year Average**
 - 2018- 19 USDA: (415 Million Bushels)
 - 2017- 18 USDA: (530 Million Bushels)
 - 2016- 17 USDA: (302 Million Bushels)
 - 10 Year Average 08/09-17/18: (207 Million Bushels)
 - 20 Year Average 98/99-17/18: (247 Million Bushels)

- 3) World Ending Soybean Stocks- **Moderately above 10 Year average**
 - 2018- 19 World: (87 Million Metric Tons)
 - 2017- 18 World: (92 Million Metric Tons)
 - 2016- 17 World: (96 Million Metric Ton)
 - 10 Year Average 08/09-17/18: (70 Million Metric Tons)
 - 20 Year Average 98/99-17/18: (55 Million Metric Tons)

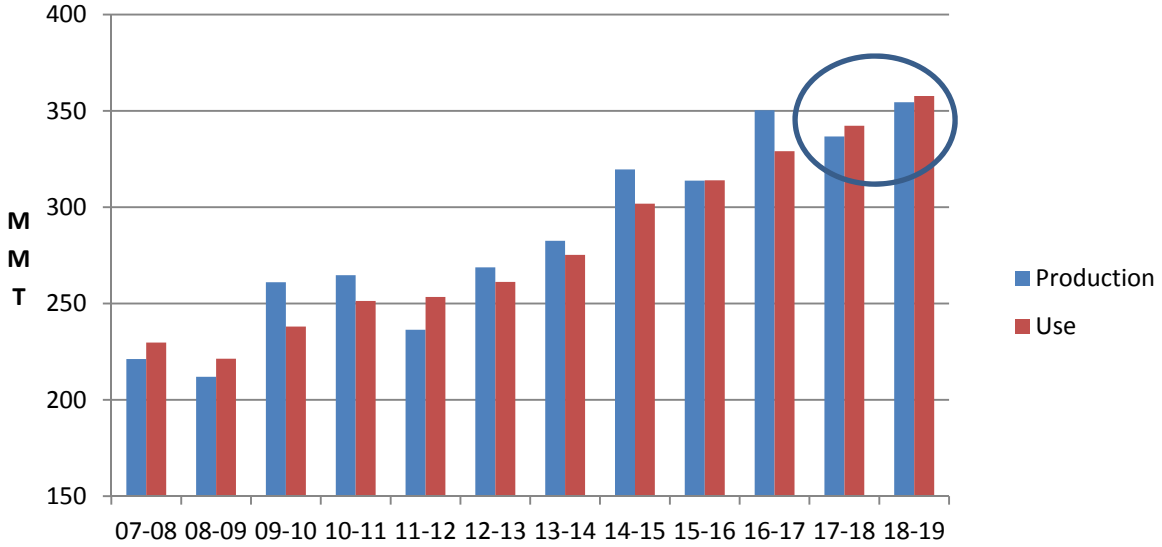
- 4) U.S. Export Bookings- **Moderate increase**
 - 2018- 19 USDA: (2,290 Million Bushels)
 - 2017- 18 USDA: (2,065 Million Bushels)
 - 2016- 17 USDA: (2,174 Million Bushels)



Some decrease, but carryovers remain large.

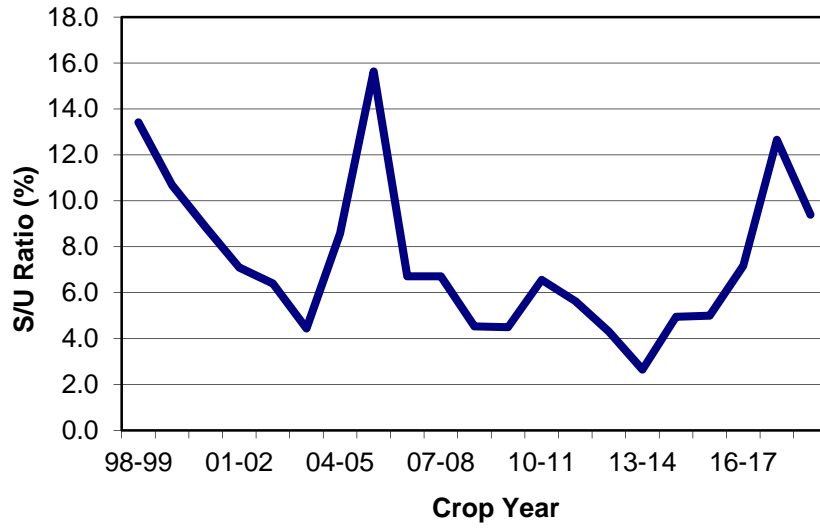


World Soybean Production and Use



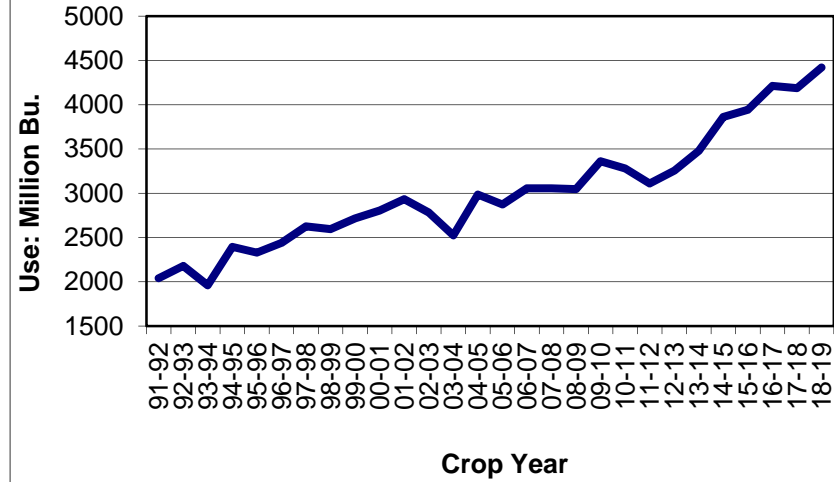
Global use is expected to slightly exceed to exceed production for second year!

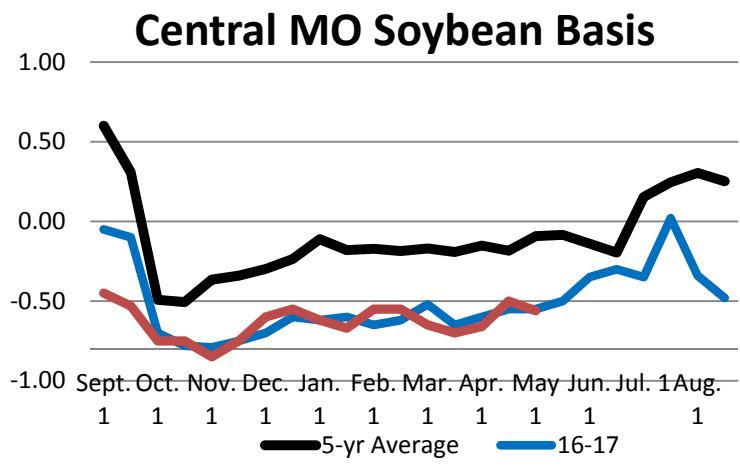
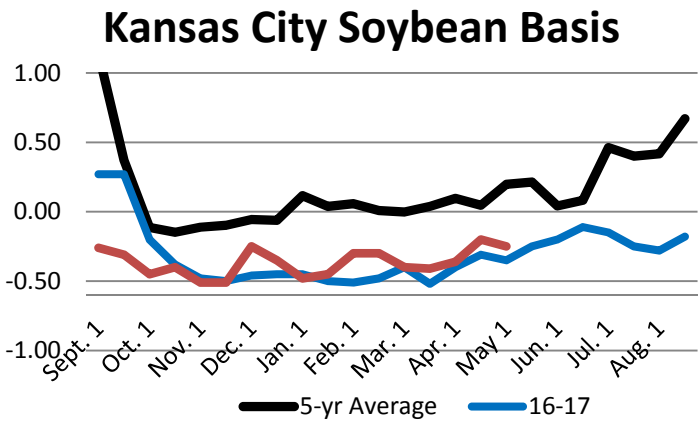
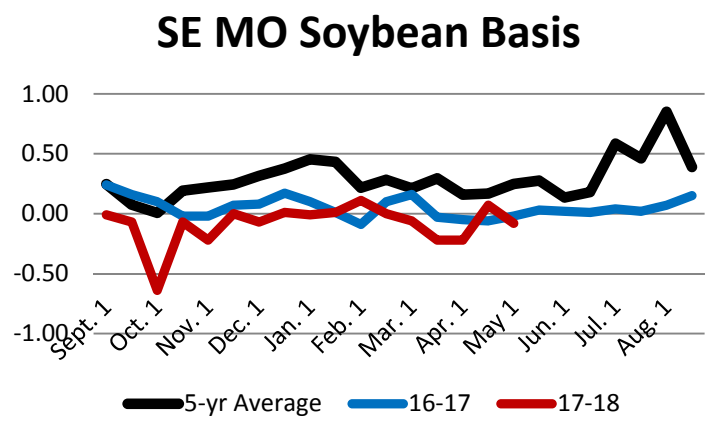
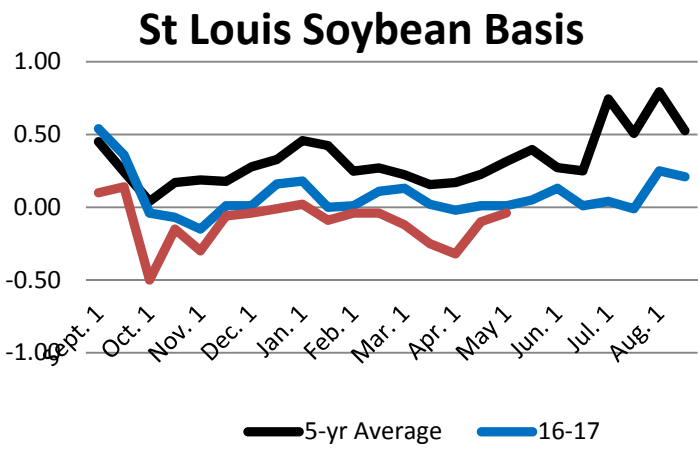
Soybeans: End Stocks/Use Ratio



Stocks/Use expected slightly lower in 2018-19
Total Use Continues to Grow

Soybean: Total Use

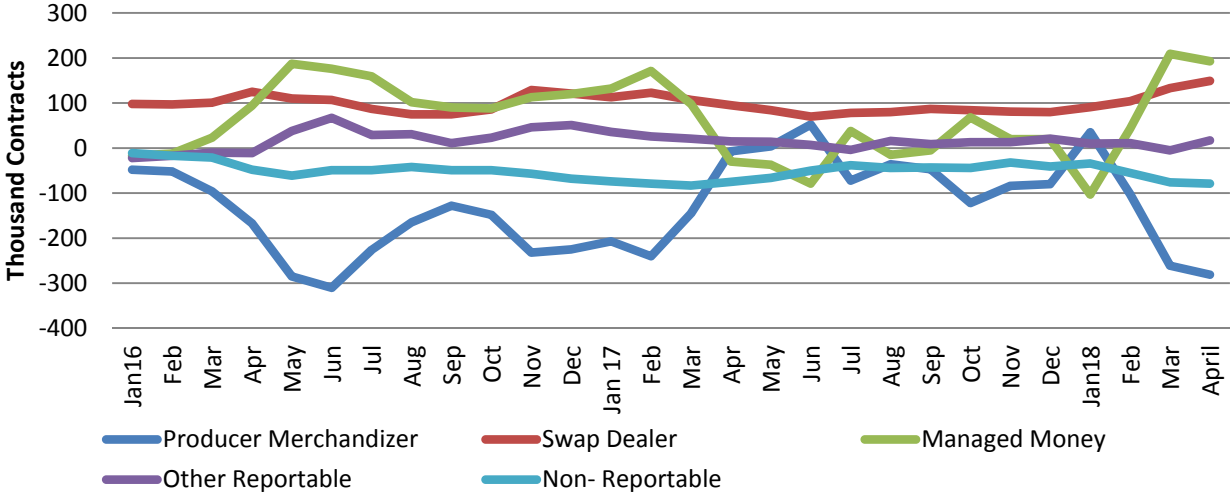




Soybean Futures Prices



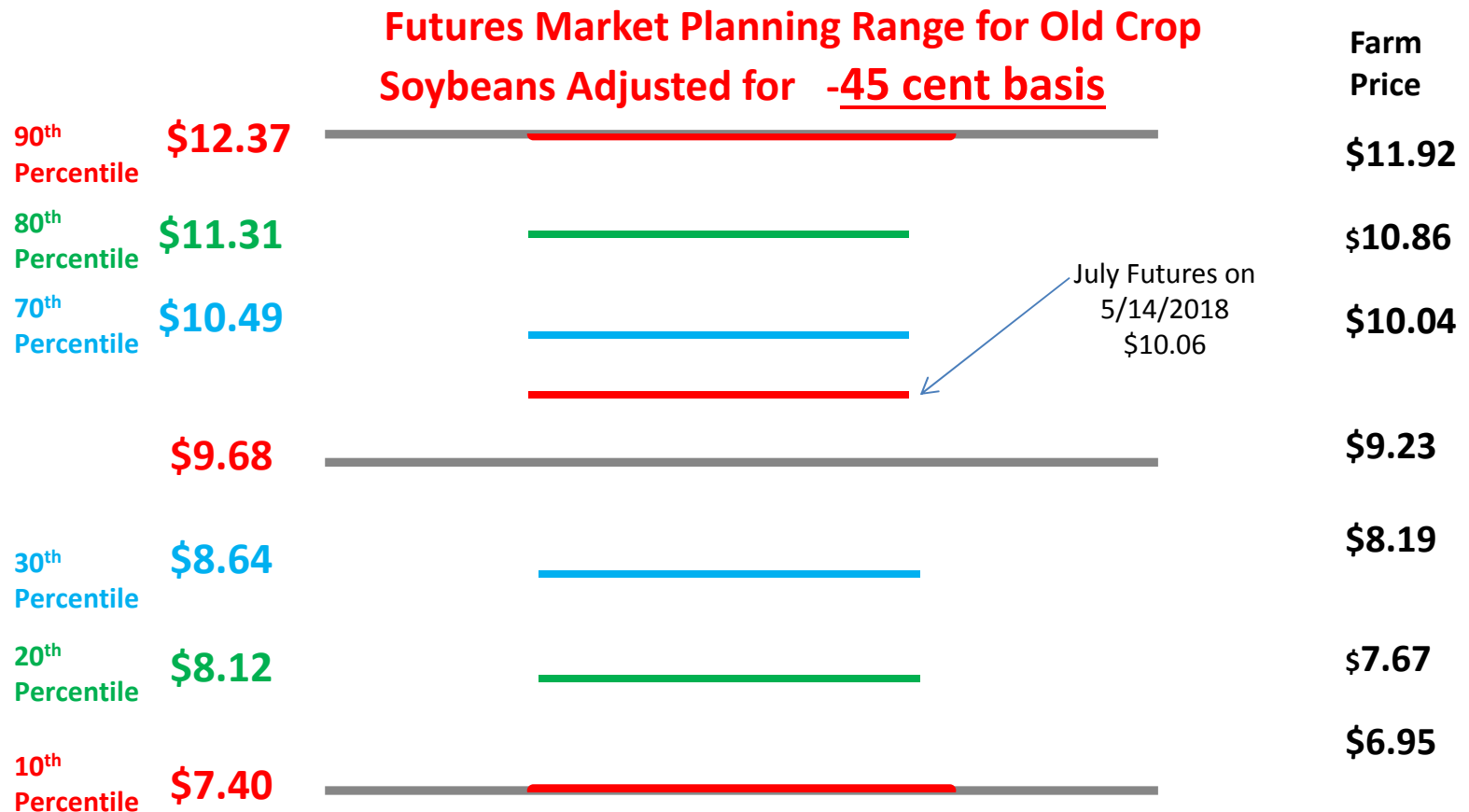
Soybean: COT Net Positions



Old Crop – (17-18) Soybean FAPRI Baseline Ranges May 10, 2018

Mar 2018 FAPRI Price: **Adjusted for \$0.45 basis**

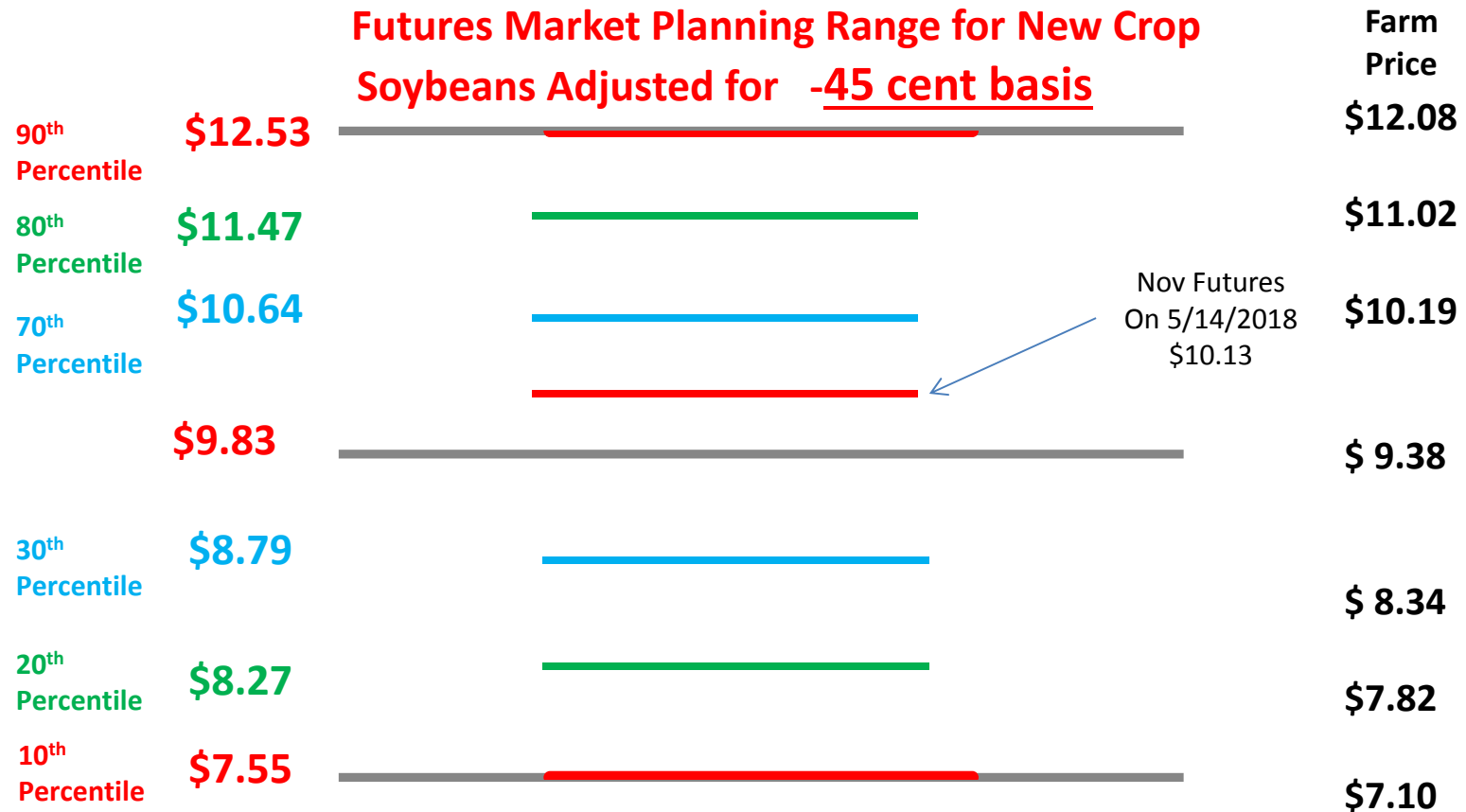
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$9.68**
- Futures Price Equivalent of FAPRI Range: **\$8.12 - \$11.31 @ 80 Percentile**
- Futures Price Equivalent of May 8 USDA Range: **Avg \$9.80**



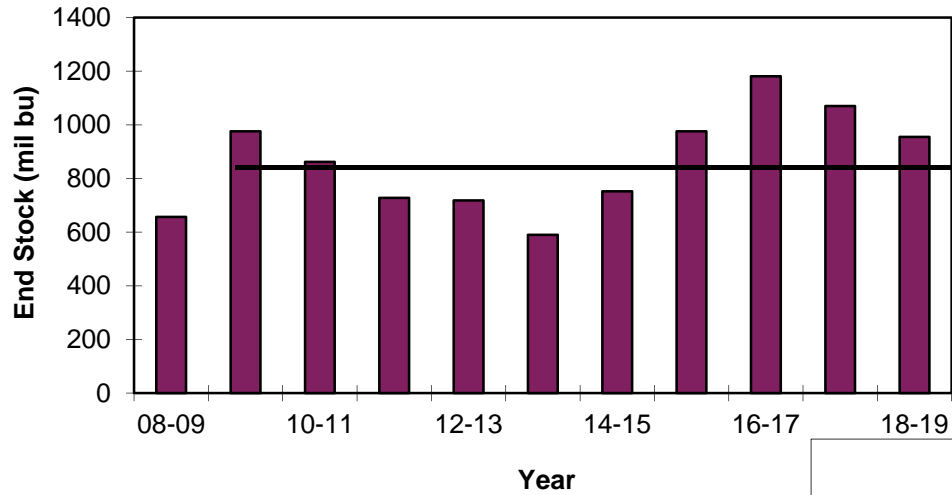
New Crop – (18-19) Soybean FAPRI Baseline Ranges May 10, 2018

Mar 2017 FAPRI Price: **Adjusted for \$0.45 basis**

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.83**
- Futures Price Equivalent of FAPRI Range: **\$8.27 - \$11.47 @ 80 Percentile**
- Futures Price Equivalent of May 8 USDA Range: **\$9.20 - \$11.70 Avg \$10.45**



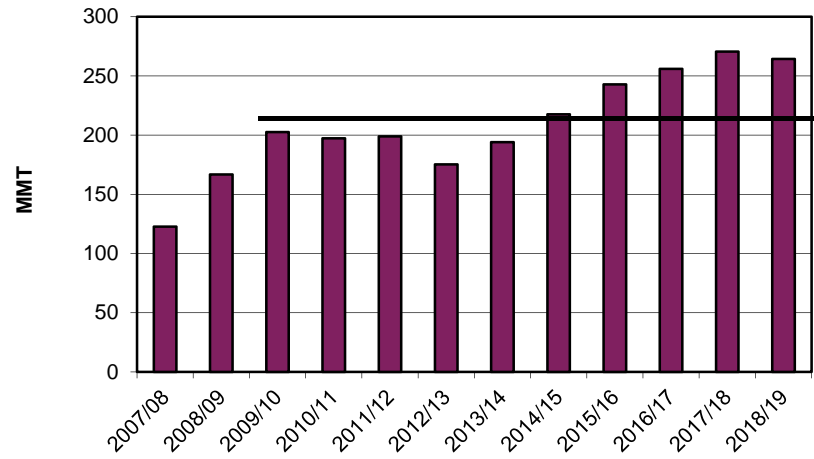
Wheat: U.S. End Stocks



10-yr
AVG

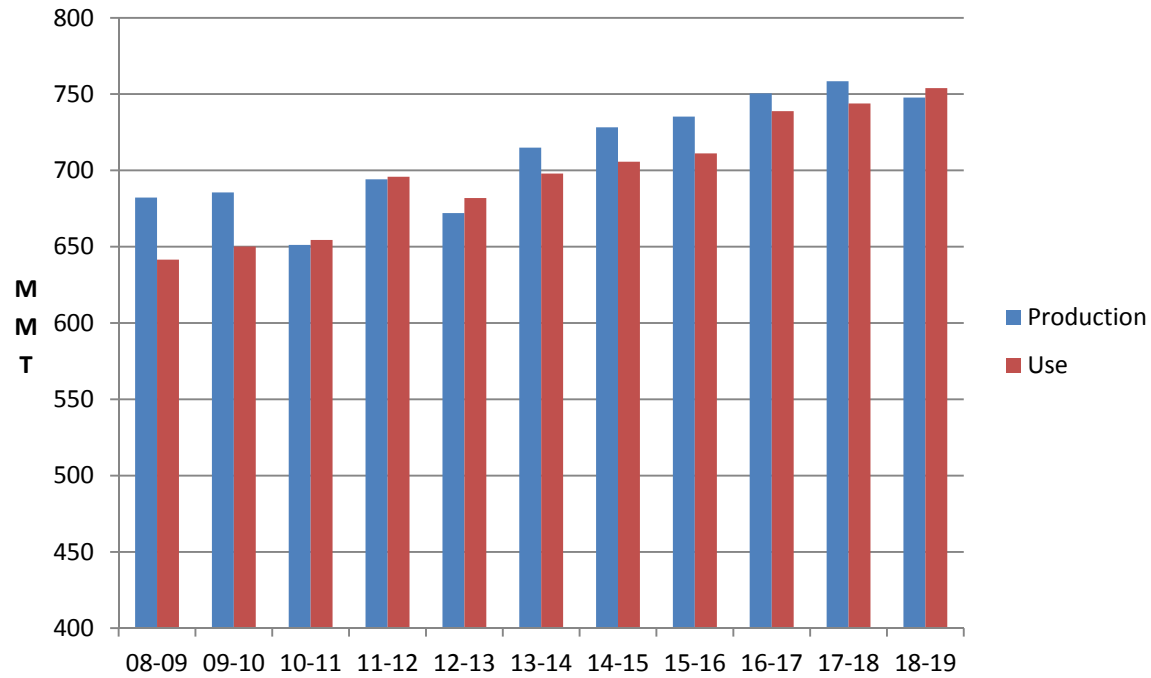
**Domestic wheat carryover
remains large.
Global stocks increasing**

World Wheat End Stocks



10-yr
AVG

World Wheat Production and Use



World Wheat Use Might Exceed Production in Coming Year

Basis Adjusted FAPRI Baseline Ranges for Futures Price Objectives

Old Crop 2017-18						
Corn			Soybeans			
USDA Basis	-0.20		USDA Basis	-0.45		
	Average	Futures		Average	Futures	
	<u>Farm Price</u>	<u>Price Obj</u>		<u>Farm Price</u>	<u>Price Obj</u>	
90%	4.10	4.30	90%	11.92	12.37	
80%	3.73	3.93	80%	10.86	11.31	
70%	3.52	3.72	70%	10.04	10.49	
Baseline Avg	3.23	3.43	Baseline Avg	9.23	9.68	
30%	2.83	3.03	30%	8.19	8.64	
20%	2.69	2.89	20%	7.67	8.12	
10%	2.46	2.66	10%	6.95	7.40	
New Crop 2018-19						
Corn			Soybeans			
USDA Basis	-0.20		USDA Basis	-0.45		
	Average	Futures		Average	Futures	
	<u>Farm Price</u>	<u>Price Obj</u>		<u>Farm Price</u>	<u>Price Obj</u>	
90%	4.44	4.64	90%	12.08	12.53	
80%	4.07	4.27	80%	11.02	11.47	
70%	3.85	4.05	70%	10.19	10.64	
Baseline Avg	3.57	3.77	Baseline Avg	9.38	9.83	
30%	3.16	3.36	30%	8.34	8.79	
20%	3.02	3.22	20%	7.82	8.27	
10%	2.80	3.00	10%	7.10	7.55	

FAPRI projections are for average “farm price” cash price. Market cash pricing objectives for use in the futures market must be adjusted for basis.