



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

April 10, 2018

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U.S. corn supply and use

	2016/17 (USDA April 10)	2017/18 (USDA April 10)	2017/18 (FAPRI Mar. 2018)	2018/19 (FAPRI Mar.2018)
Area planted (mil. acres)	94.0	90.2	90.2	89.7
Yield (bu./harvested acre)	174.6	176.6	176.6	170.9
Production (mil. bu.)	15,148	14,604	14,604	14,068
Feed and residual use (mil. bu.)	5,472	5,500	5,556	5,478
Ethanol and coproduct use	5,432	5,575	5,556	5,578
Other domestic use	1,452	1,465	1,469	1,476
Exports	2,293	2,225	1,923	1,928
Ending stocks	2,293	2,182	2,443	2,101
Marketing yr. avg. price (\$/bu.)	3.36	3.20-3.50	3.23	3.57

Source: USDA WASDE, April 2018.

WASDE USDA Corn Summary April 10, 2018

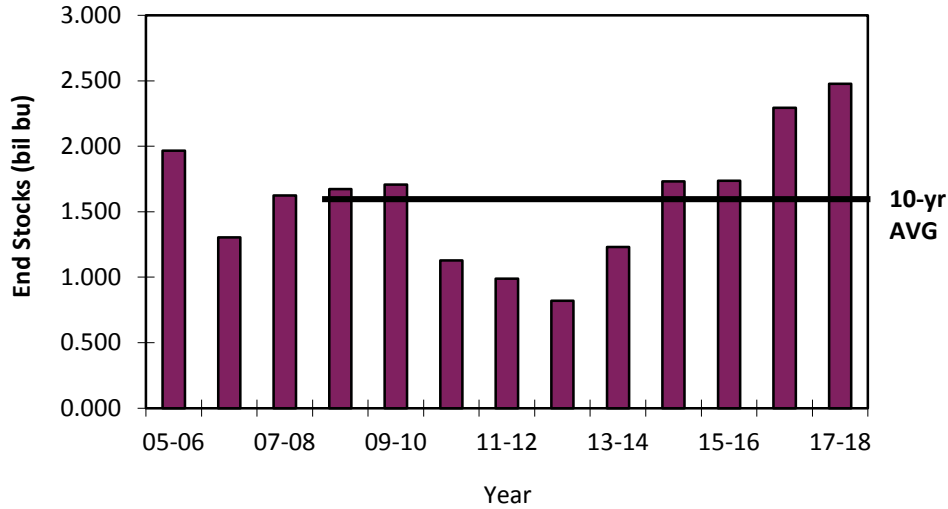
- 1) U.S. Average Farm Price - **Stable**
 - 2017- 18 USDA: \$3.35 (\$3.20- \$3.50)
 - 2016- 17 USDA: \$3.36
 - 2015- 16 USDA: \$3.61

- 2) U.S. Ending Stocks-Significantly above 10 year average
 - 2017- 18 USDA: (2,182 Million Bushels)
 - 2016- 17 USDA: (2,293 Million Bushels)
 - 2015- 16 USDA: (1,737 Million Bushels)
 - 10 Year Average 08/09-17/18: (1,579 Million Bushels)
 - 20 ear Average 98/99-17/18: (1,592 Million Bushels)

- 3) World Ending Corn Stocks - Significantly above 10 year average
 - 2017- 18 World: (198 Million Metric Tons)
 - 2016- 17 World: (231 Million Metric Tons)
 - 2015- 16 World: (214 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)

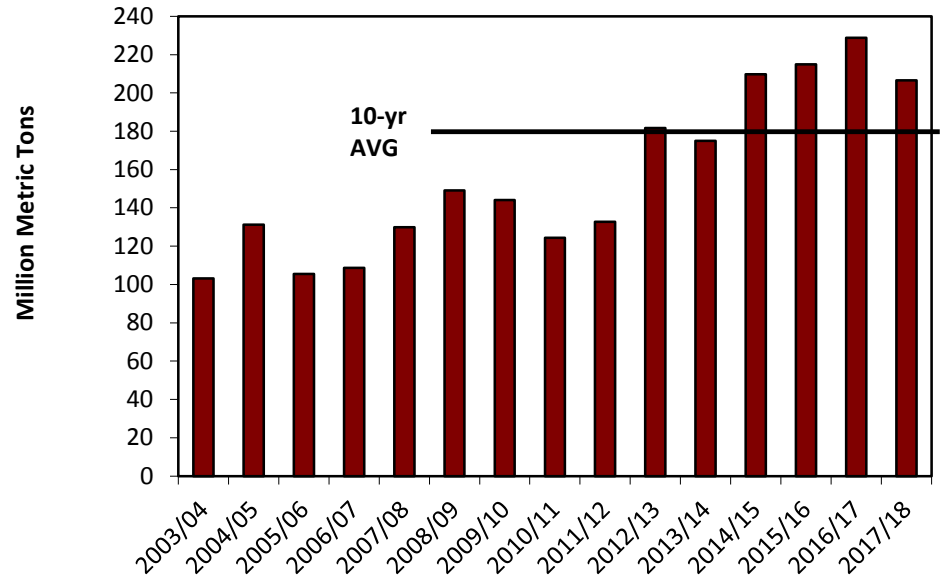
- 4) U.S. Export Bookings - **Stable**
 - 2017- 2018 USDA: (2,225 Million Bushels)
 - 2016- 17 USDA: (2,293 Million Bushels)
 - 2015- 16 USDA: (1,901 Million Bushels)

Corn: U.S. End Stocks

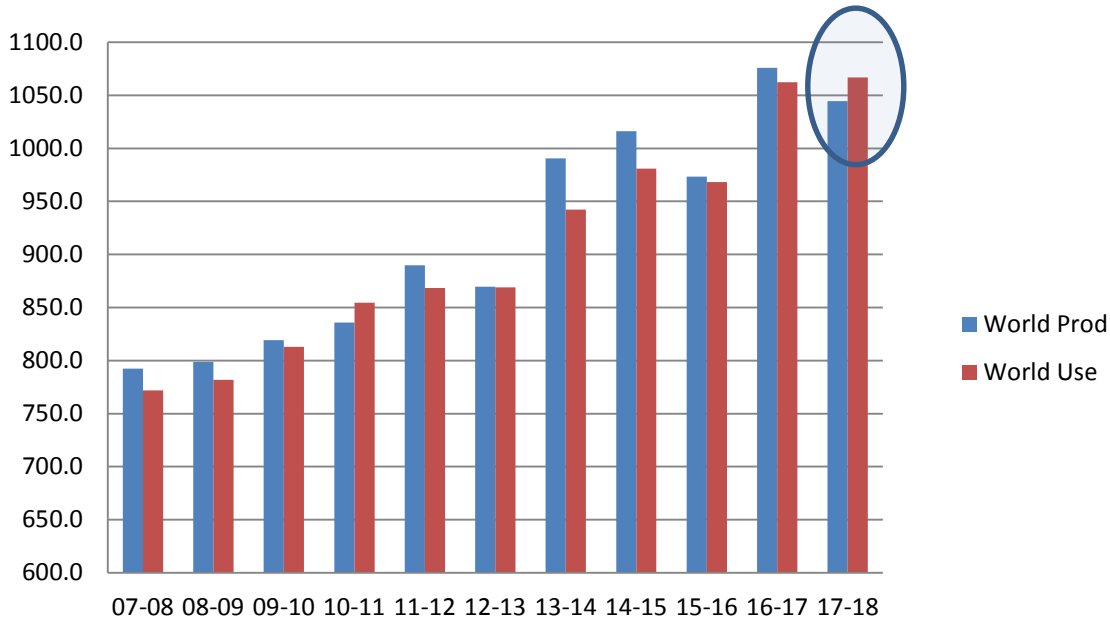


**Chipping away at
World End Stocks, but
Increasing Domestic
Carryovers Pressure Prices**

Corn World End Stocks (MMT)

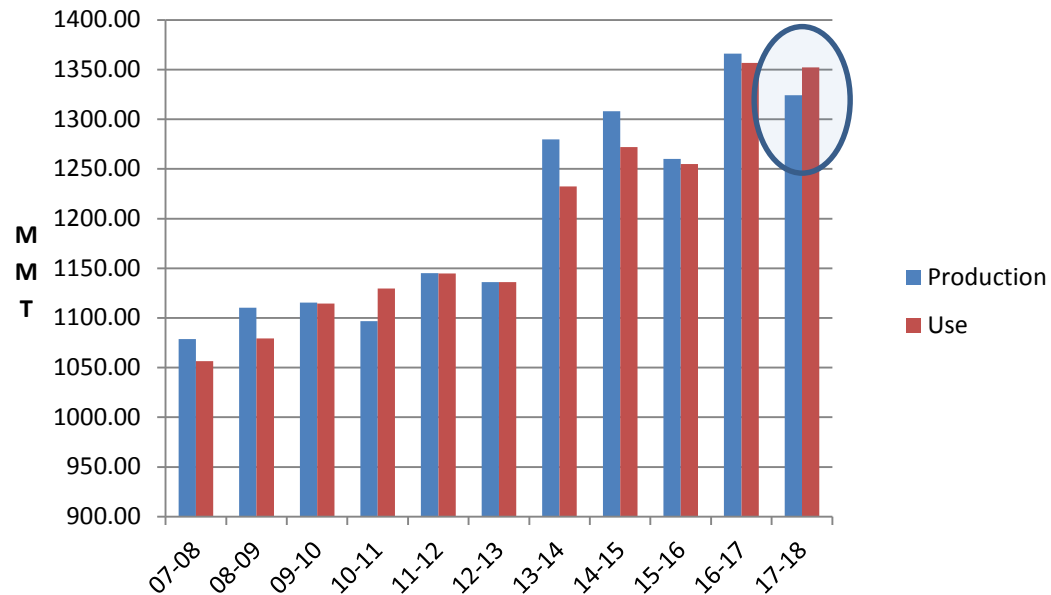


Corn World Production & Use

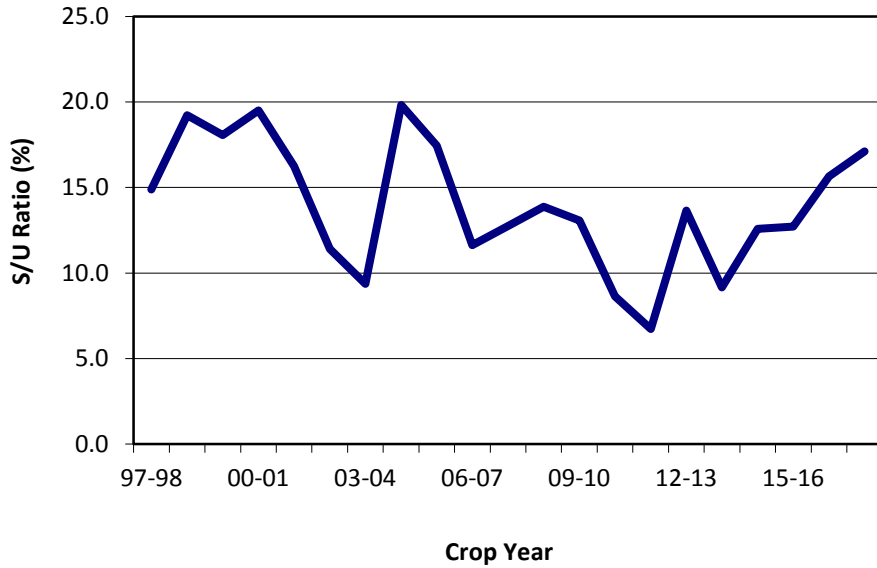


Large Carryovers, but Strong World Demand has been Keeping pace with production, Use now expected to slightly exceed production!

World Coarse Grains: Production & Use

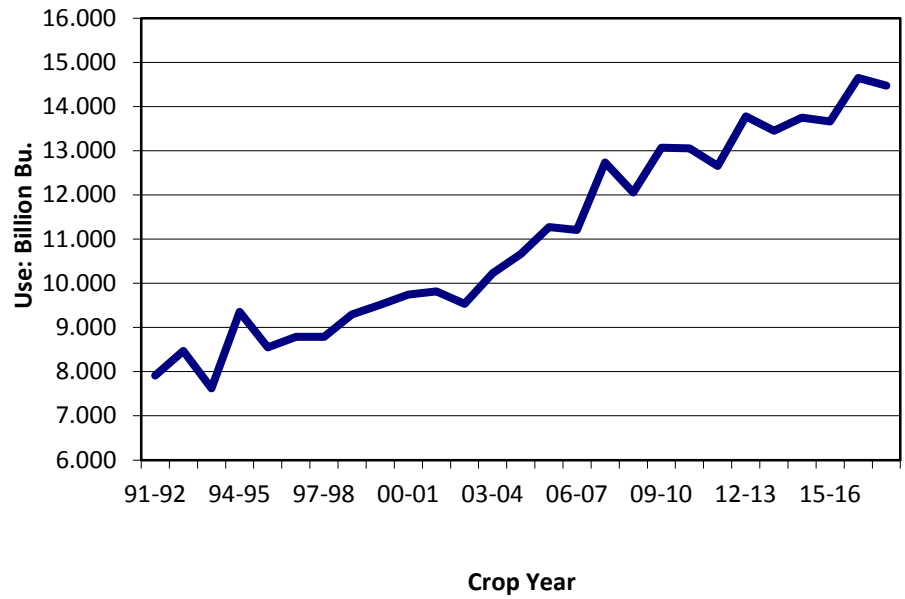


Corn: US End Stocks/Use Ratio

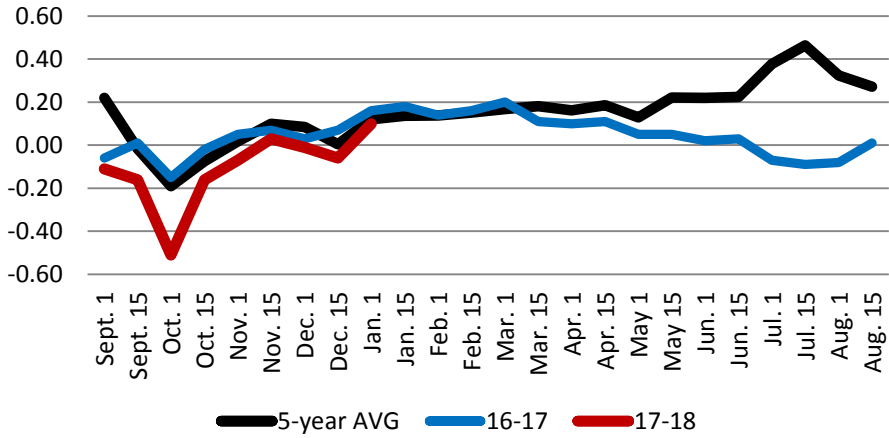


Stocks/use increasing
Small decline in total use

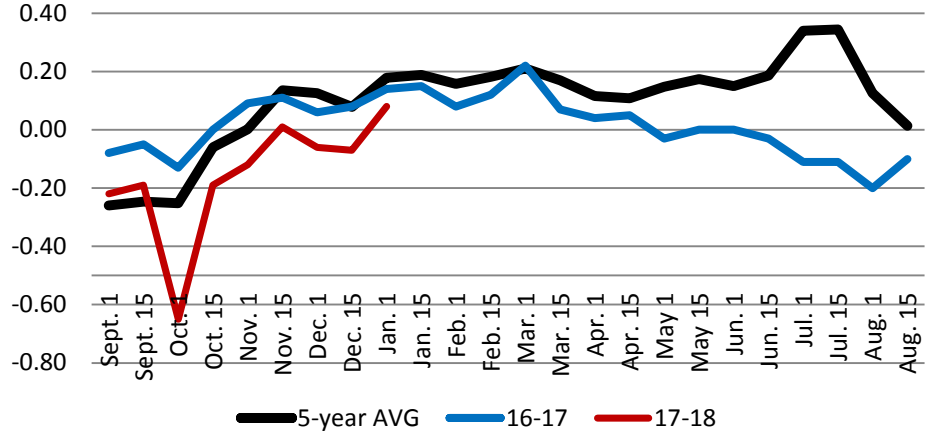
Use: US Corn Total Use



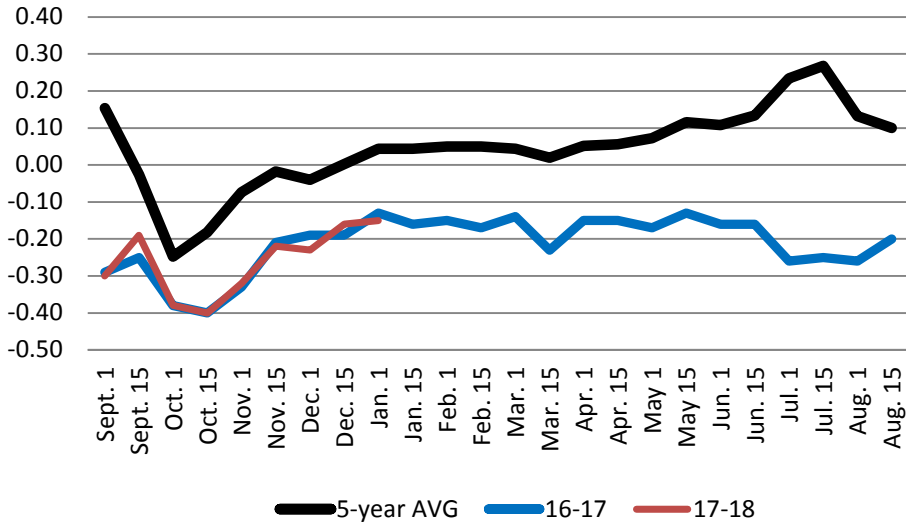
St. Louis Corn Basis



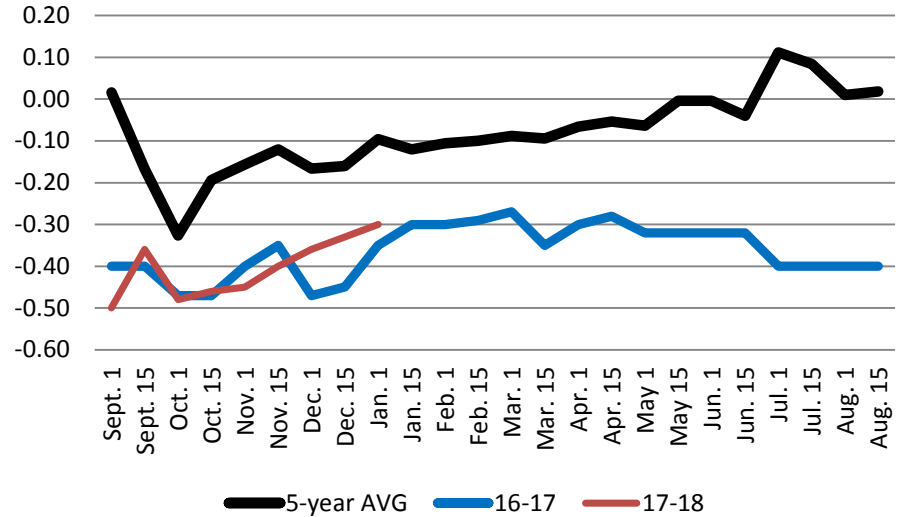
SE MO Corn Basis



Kansas City Corn Basis



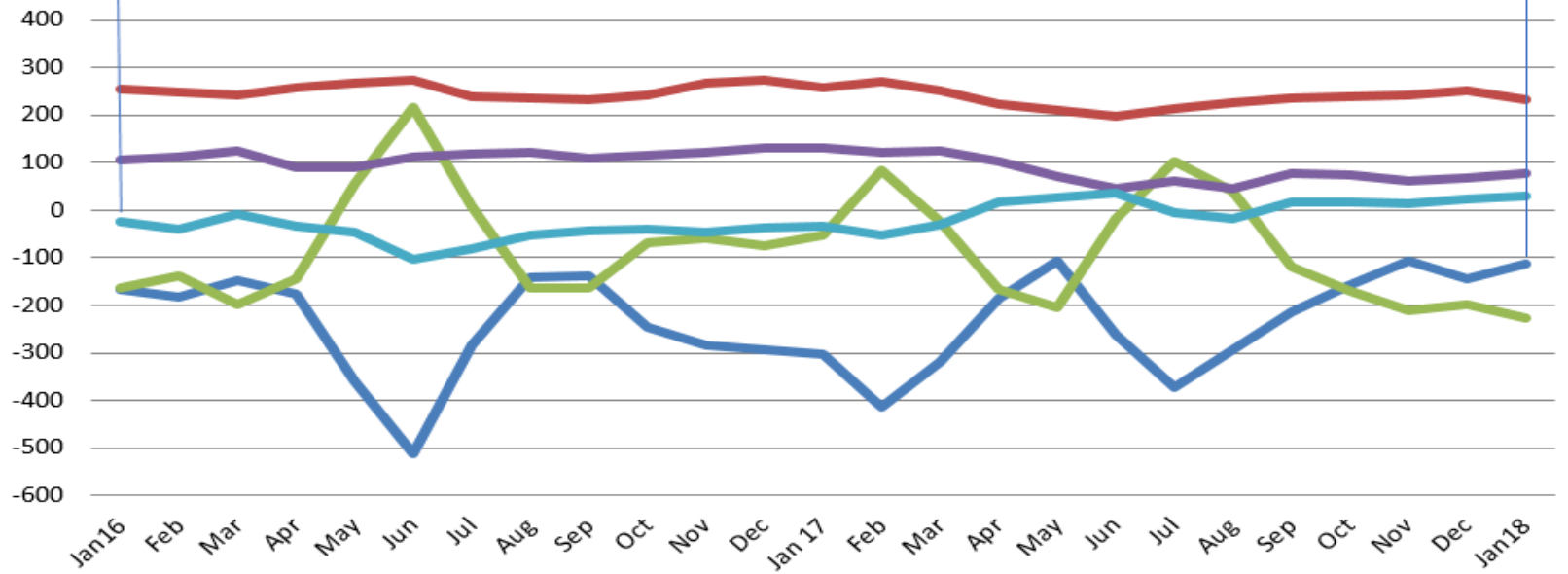
Central MO Corn Basis



Corn Futures Price



Corn COT Net Position



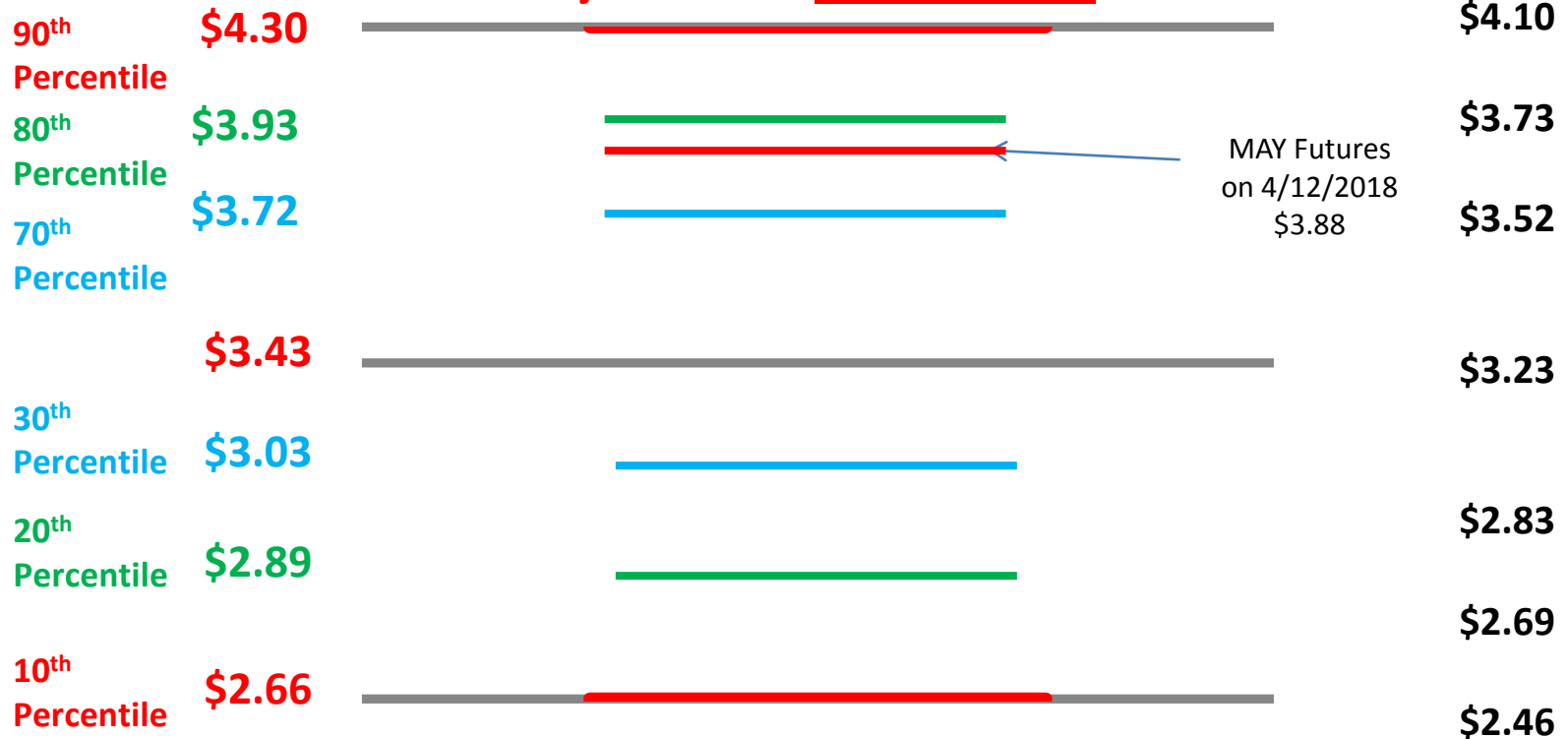
■ Producer Merchandizer
 ■ Swap Dealer
 ■ Managed Money
 ■ Other Reportable
 ■ Non- Reportable

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

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

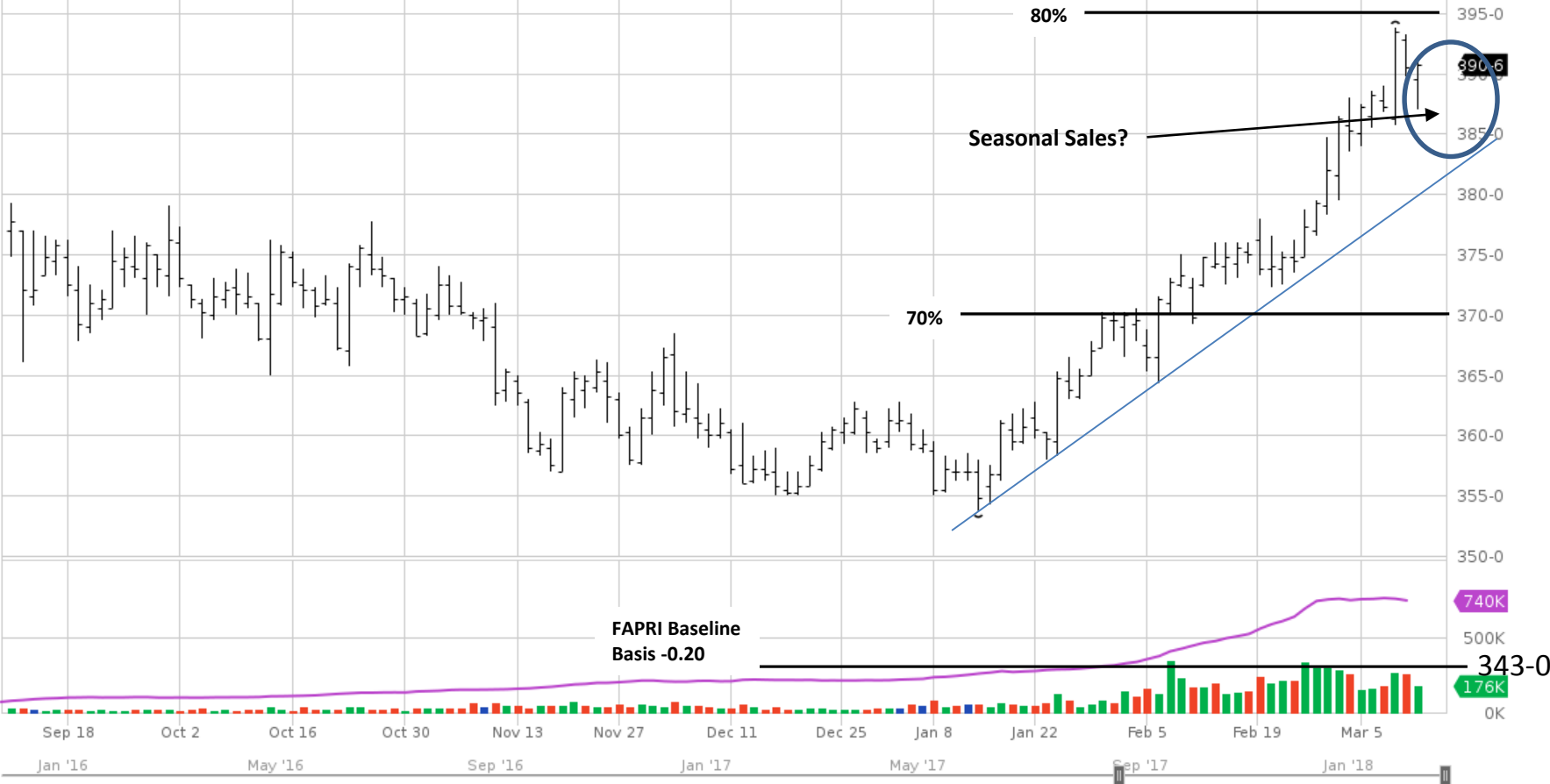
- FAPRI Projections for 2017- 2018 Farm Price: **\$3.43**
- FAPRI Range: **\$2.89 – \$3.93 @ 80 Percentile**
- Mar 8 USDA Range: **\$3.40 - \$3.70. Avg \$3.55**

Futures Market Planning Range for New Crop Corn Adjusted for -20 cent basis



70%--409-0

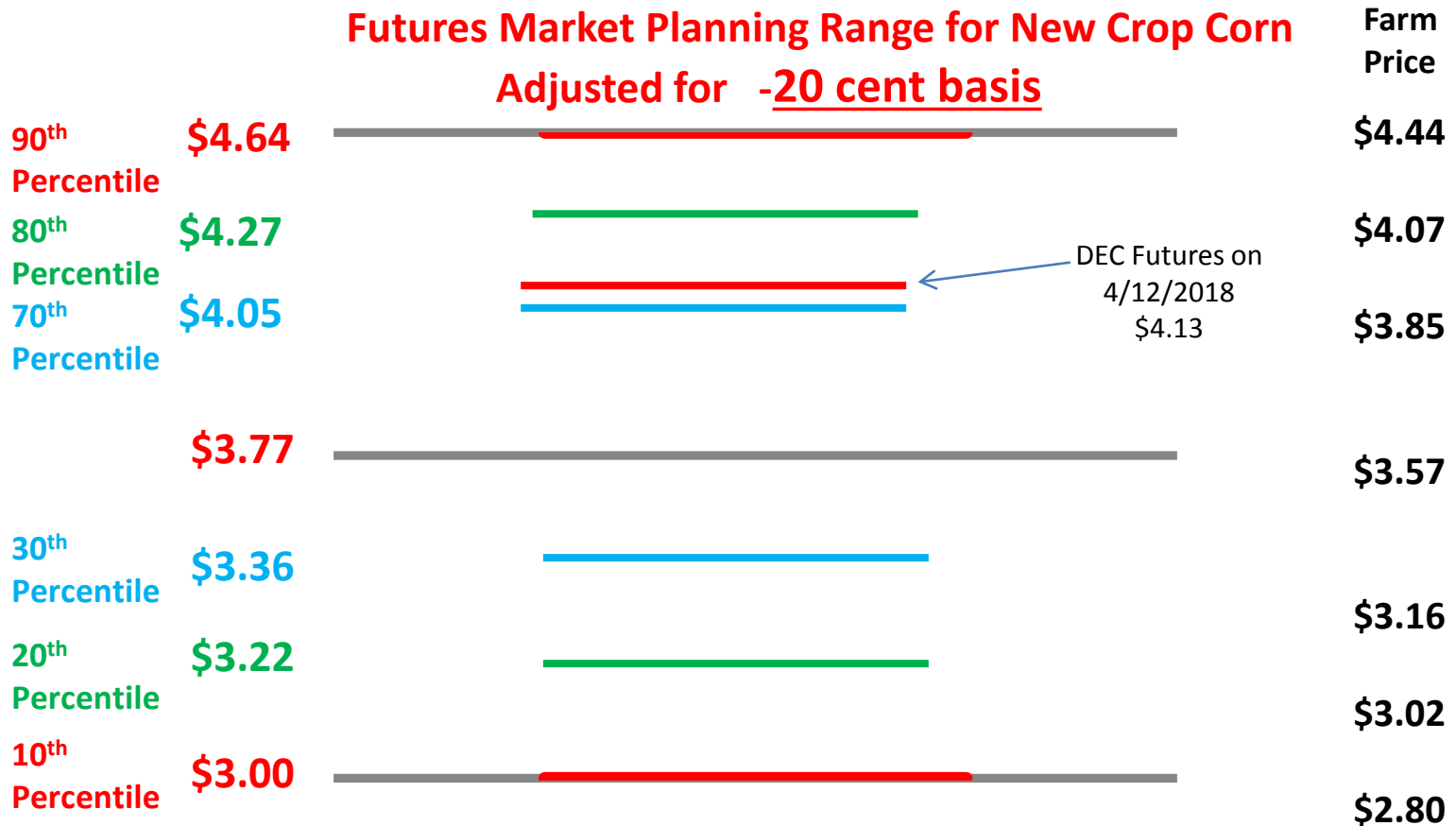
Corn May '18 (ZCK18) - Barchart.com



New Crop – (18-19) Corn FAPRI Baseline Ranges Mar 8, 2018

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

- FAPRI Projections for 2018- 2019 Farm Price: **\$3.77**
- FAPRI Range: **\$3.22 - \$4.27 @ 80 Percentile**



Corn Dec '18 (ZCZ18) - Barchart.com



U.S. soybean supply and use

	2016/17 (USDA April 10)	2017/18 (USDA April 10)	2017/18 (FAPRI Mar2018)	2018/19 (FAPRI Mar2018)
Area planted (mil. acres)	83.4	90.1	90.1	90.0
Yield (bu./harvested acre)	52.0	49.1	49.1	47.8
Production (mil. bu.)	4,296	4,392	4,392	4,259
Crush (mil. bu.)	1,901	1,970	1,953	1,976
Other domestic use	139	133	139	135
Exports	2,174	2,065	2,169	2,182
Ending stocks	302	550	457	449
Marketing yr. avg. price (\$/bu.)	9.47	9.10-9.50	9.23	9.38

Sources: USDA WASDE, April 2018.

WASDE-USDA Soybean Summary April 10, 2018

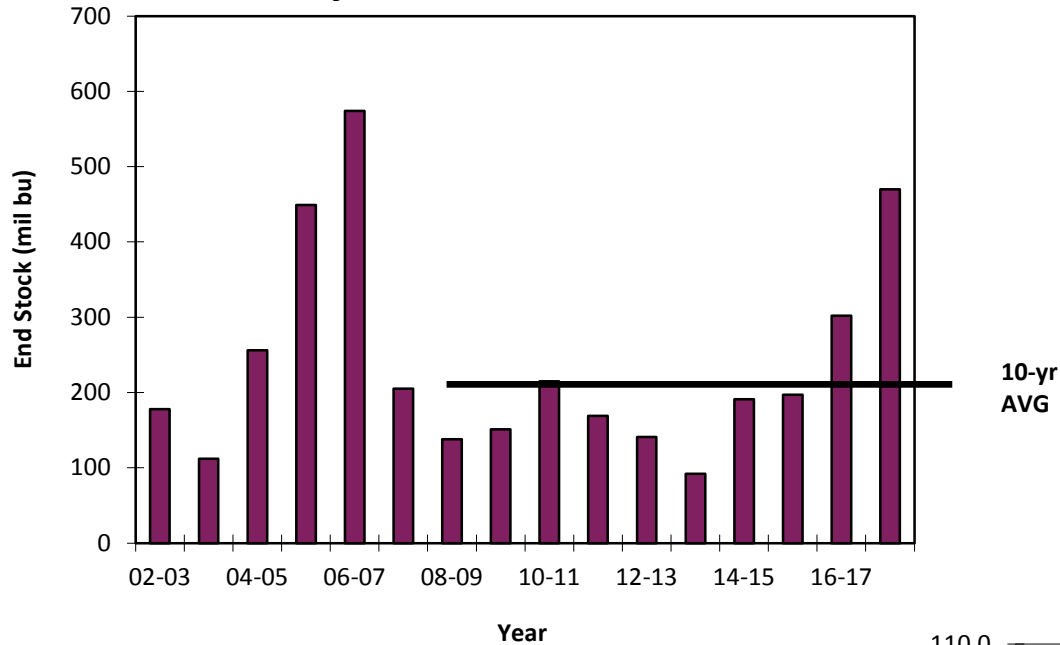
- 1) U.S. Average Farm Price- **Lower**
 - 2017- 18 USDA \$9.30 (\$9.10 - \$9.50)
 - 2016- 17 USDA: \$9.47
 - 2015- 16 USDA: \$8.95

- 2) U.S. Ending Stocks- **Significantly above 10 Year Average**
 - 2017- 18 USDA: (550 Million Bushels)
 - 2016- 17 USDA: (302 Million Bushels)
 - 2015- 16 USDA: (197 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- **Significantly above 10 Year average**
 - 2017- 18 World: (91 Million Metric Tons)
 - 2016- 17 World: (97 Million Metric Tons)
 - 2015- 16 World: (78 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)

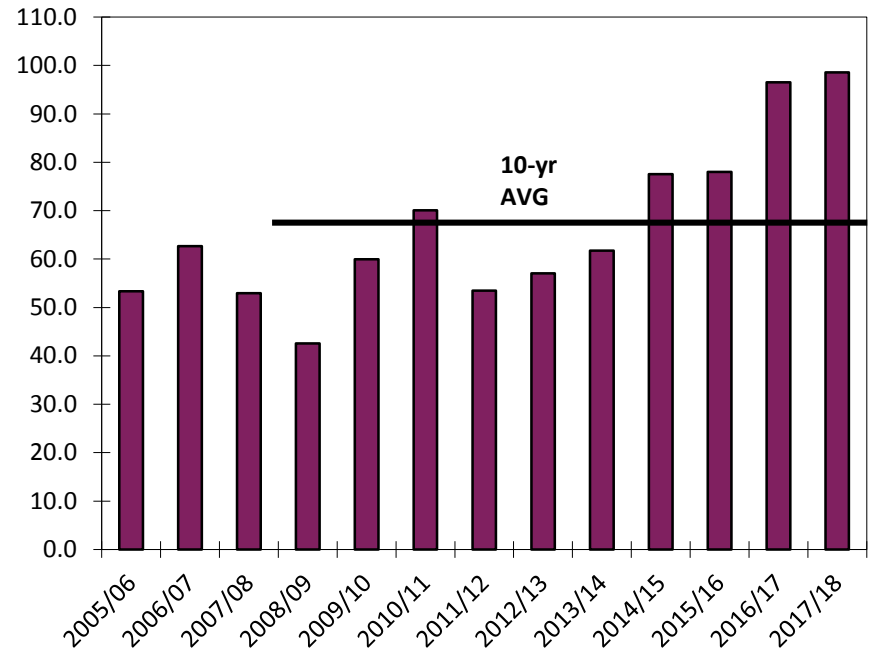
- 4) U.S. Export Bookings- **Small Decrease**
 - 2017- 18 USDA: (2,065 Million Bushels)
 - 2016- 17 USDA: (2,174 Million Bushels)
 - 2015- 16 USDA: (1,942 Million Bushels)

Soybean: U.S. End Stocks

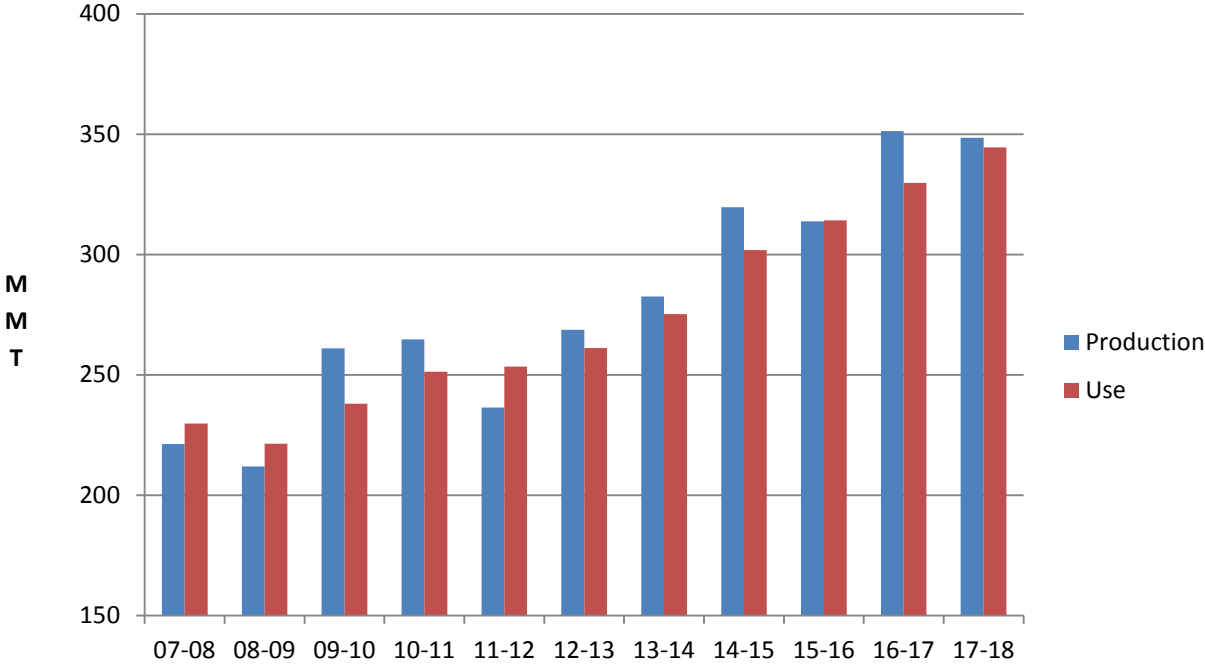


**US Ending Stocks increasing.
Global Carryover remains large.**

World Soybean End Stocks (MMT)

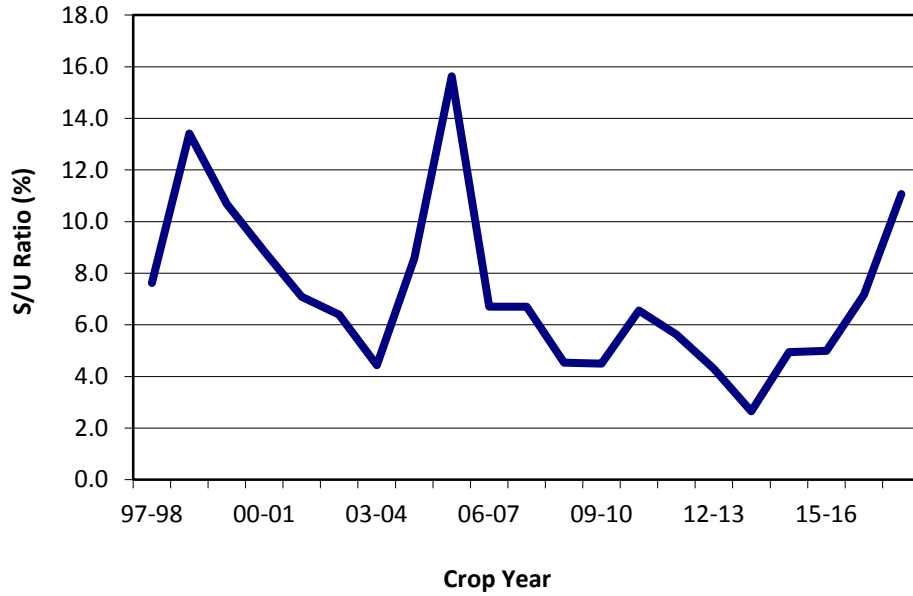


World Soybean Production and Use



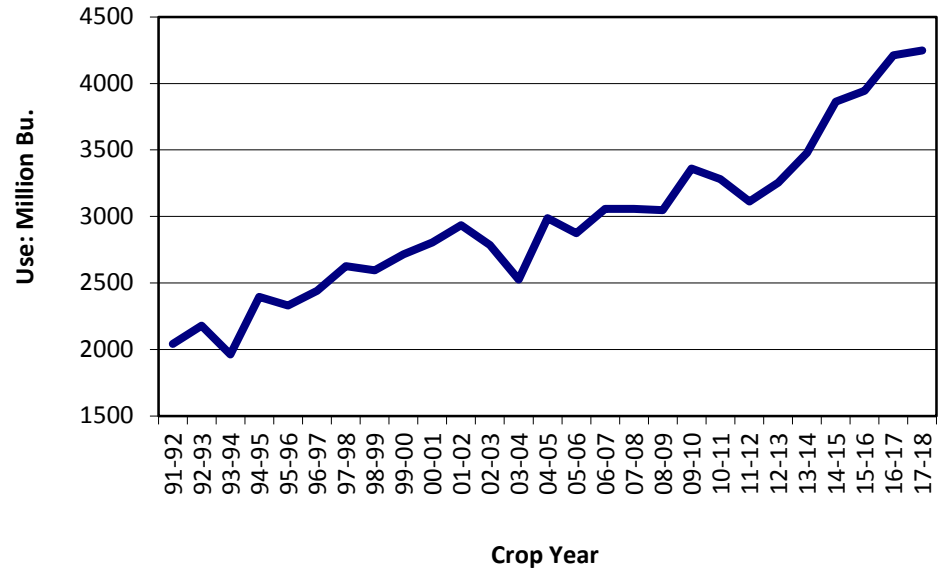
Global use is gaining on production

Soybeans: End Stocks/Use Ratio



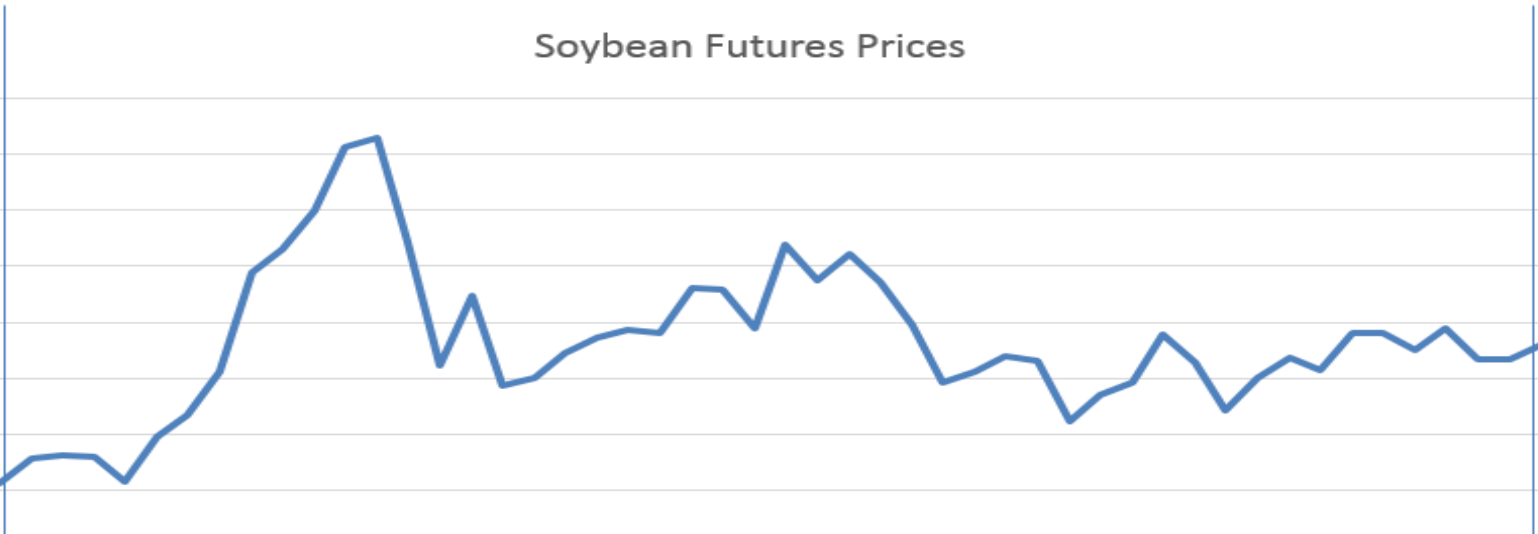
**Stocks/Use Increasing
Total Use Continues to Grow**

Soybean: Total Use



Soybean Futures Prices

12.00
11.50
11.00
10.50
10.00
9.50
9.00
8.50

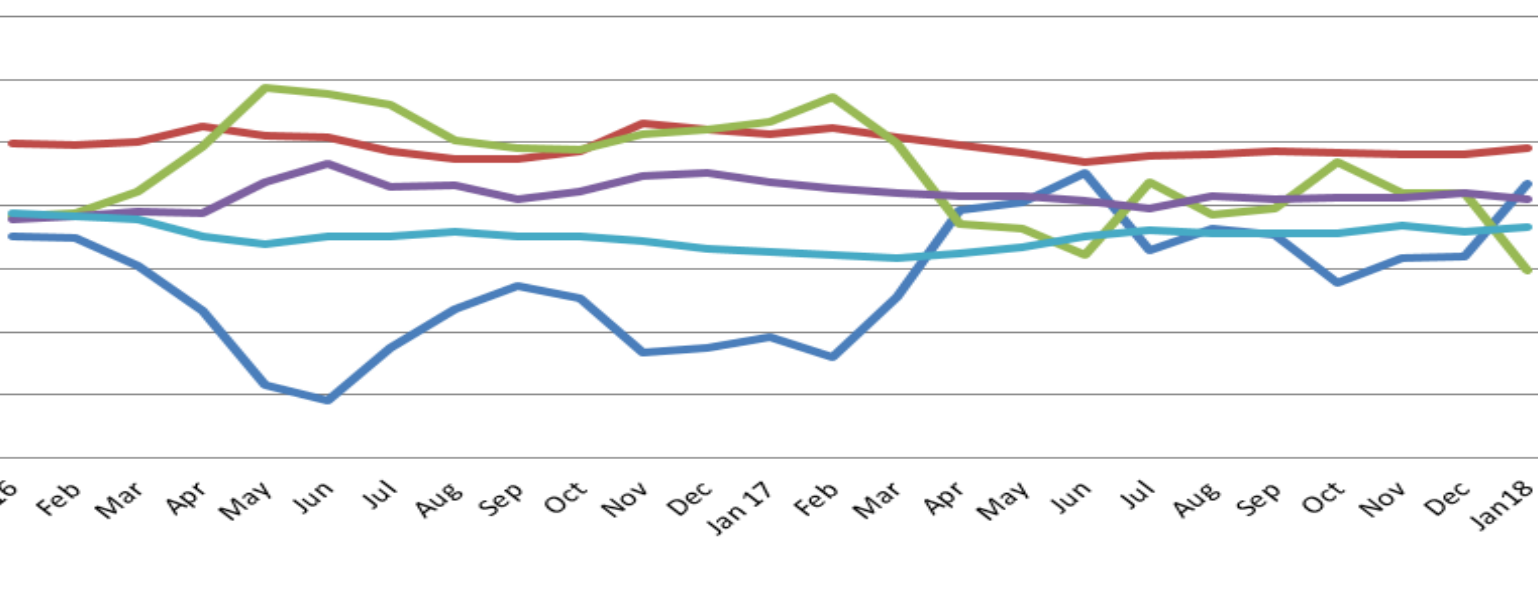


Soybean: COT Net Positions

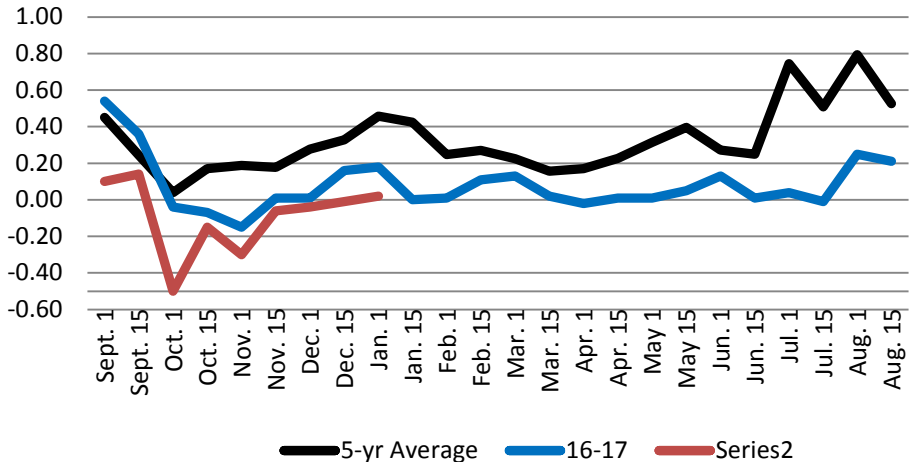
300
200
100
0
-100
-200
-300
-400

Jan 16 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan 17 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan 18

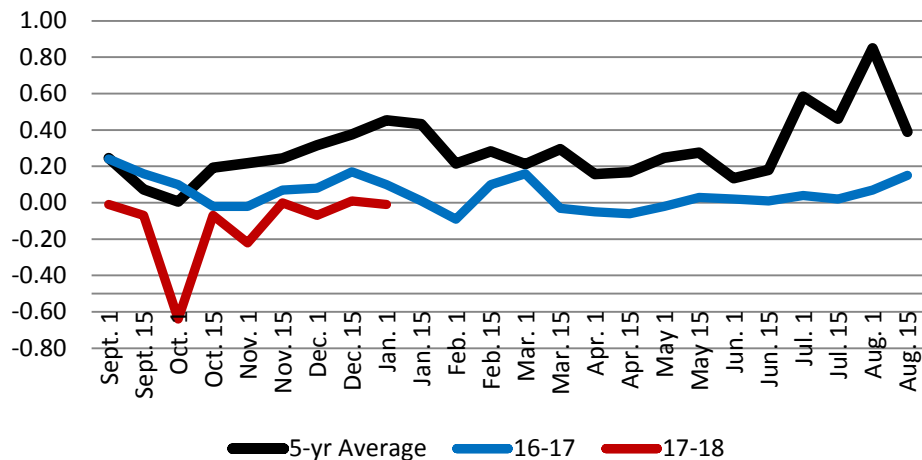
— Producer Merchandizer — Swap Dealer — Managed Money — Other Reportable — Non- Reportable



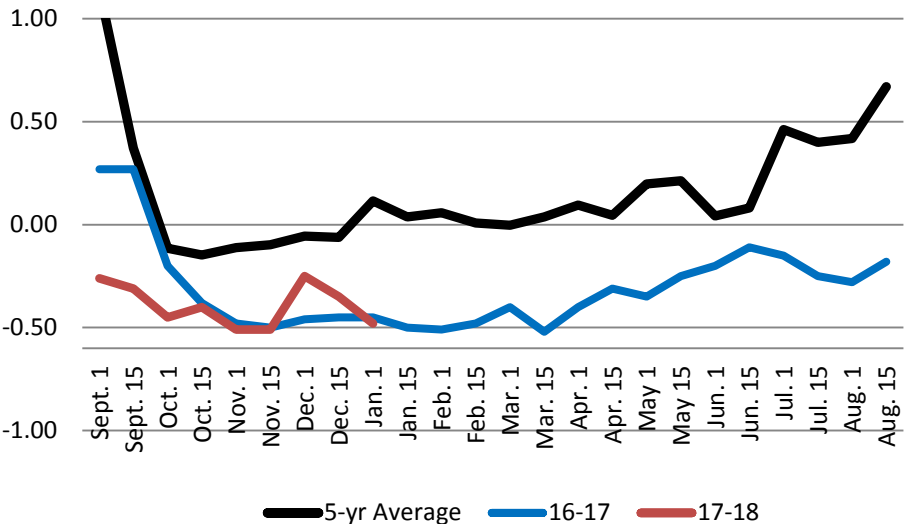
St. Louis Soybean Basis



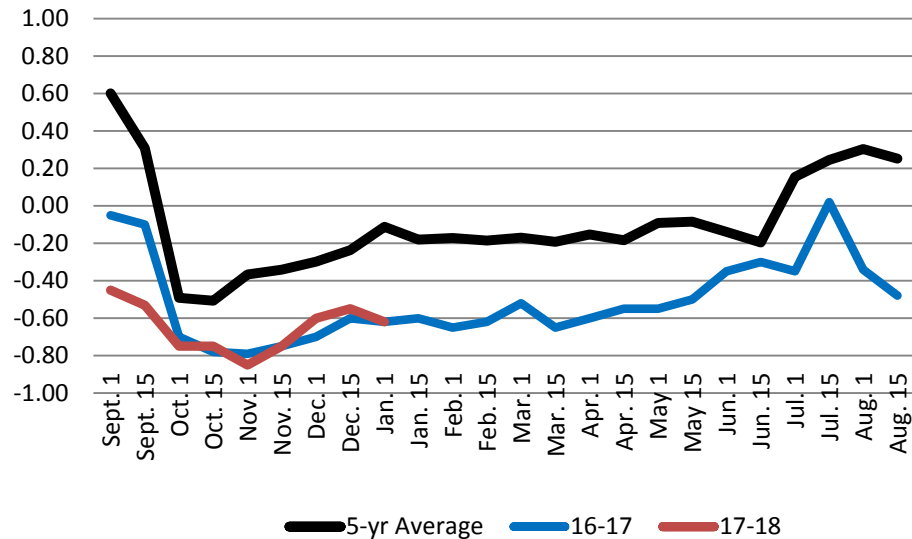
SE MO Soybean Basis



Kansas City Soybean Basis



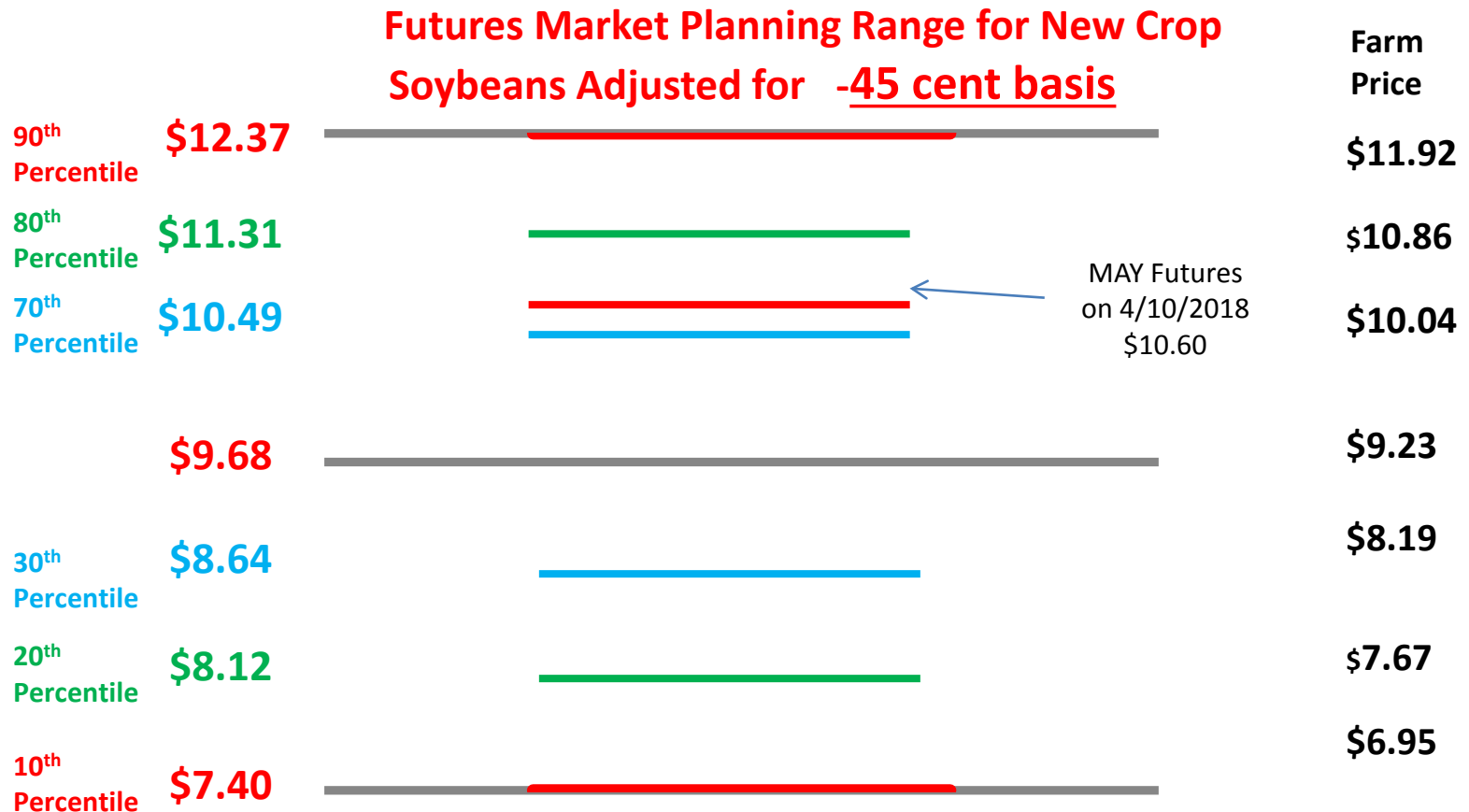
Central MO Soybean Basis



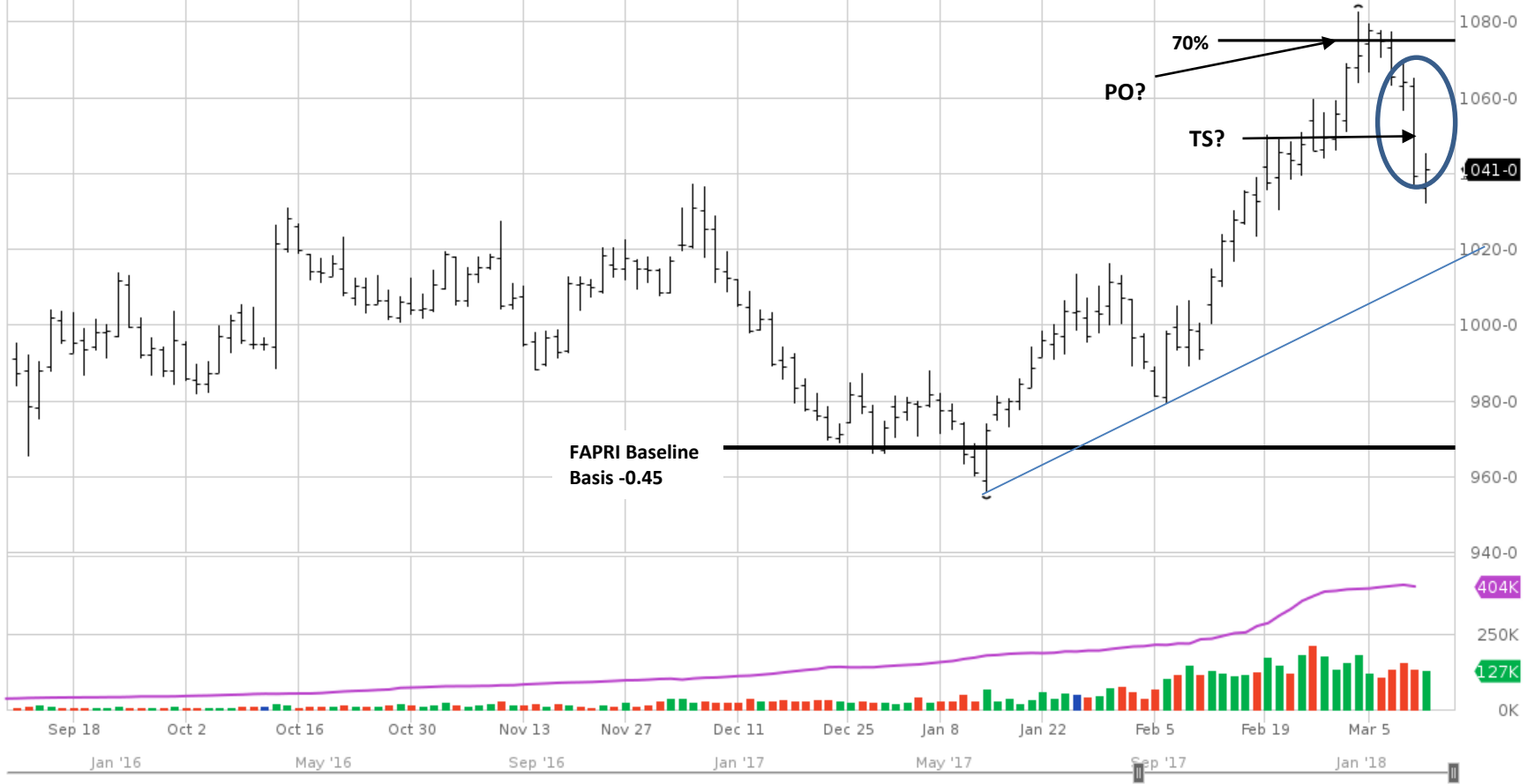
Old Crop – (17-18) Soybean FAPRI Baseline Ranges Mar 8, 2018

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

- FAPRI Projections for 2017- 2018 Farm Price: **\$9.68**
- FAPRI Range: **\$8.12 - \$11.31 @ 80 Percentile**
- Mar USDA Range: **\$9.55 - \$9.95 Avg \$9.75**



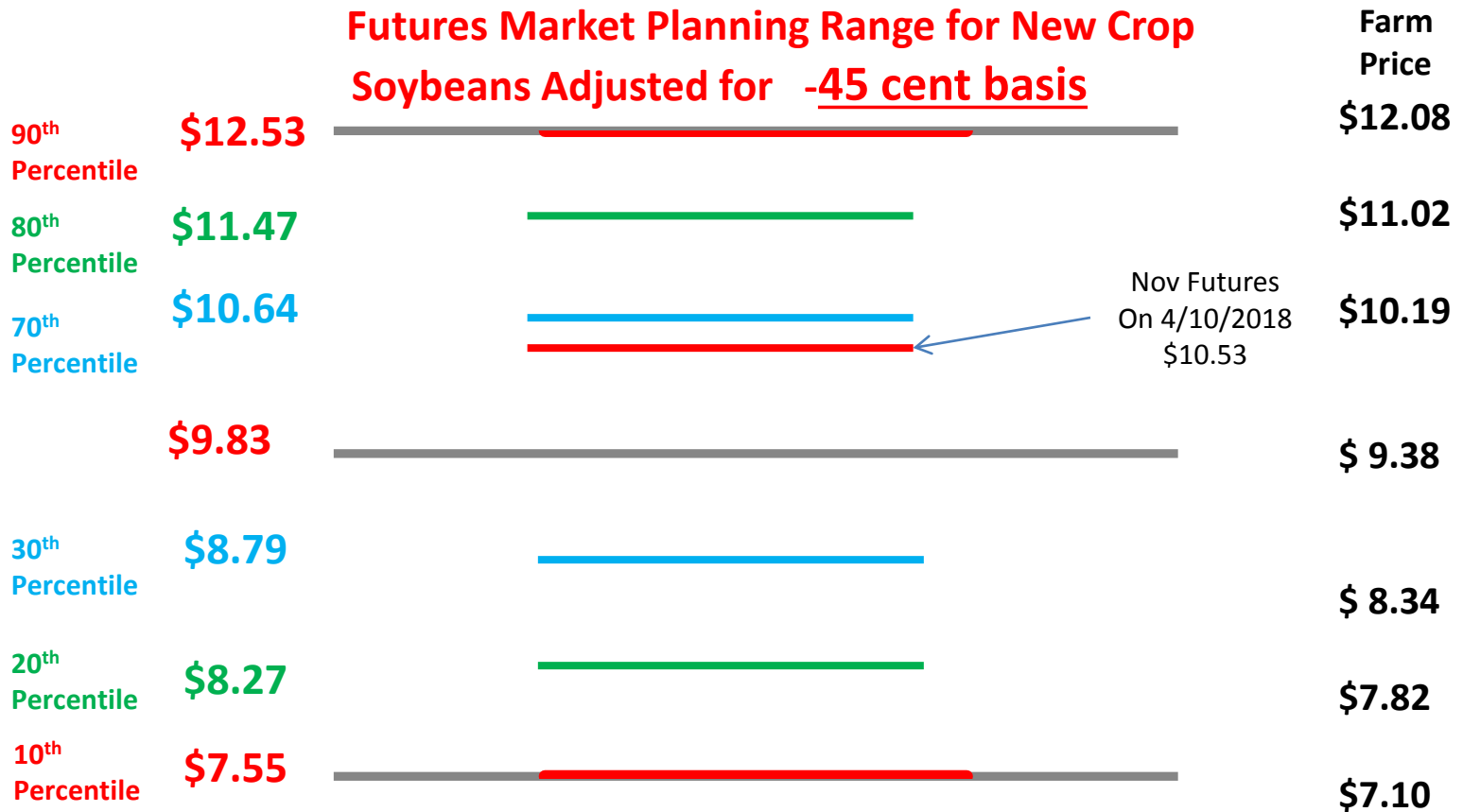
Soybeans May '18 (ZSK18) - Barchart.com



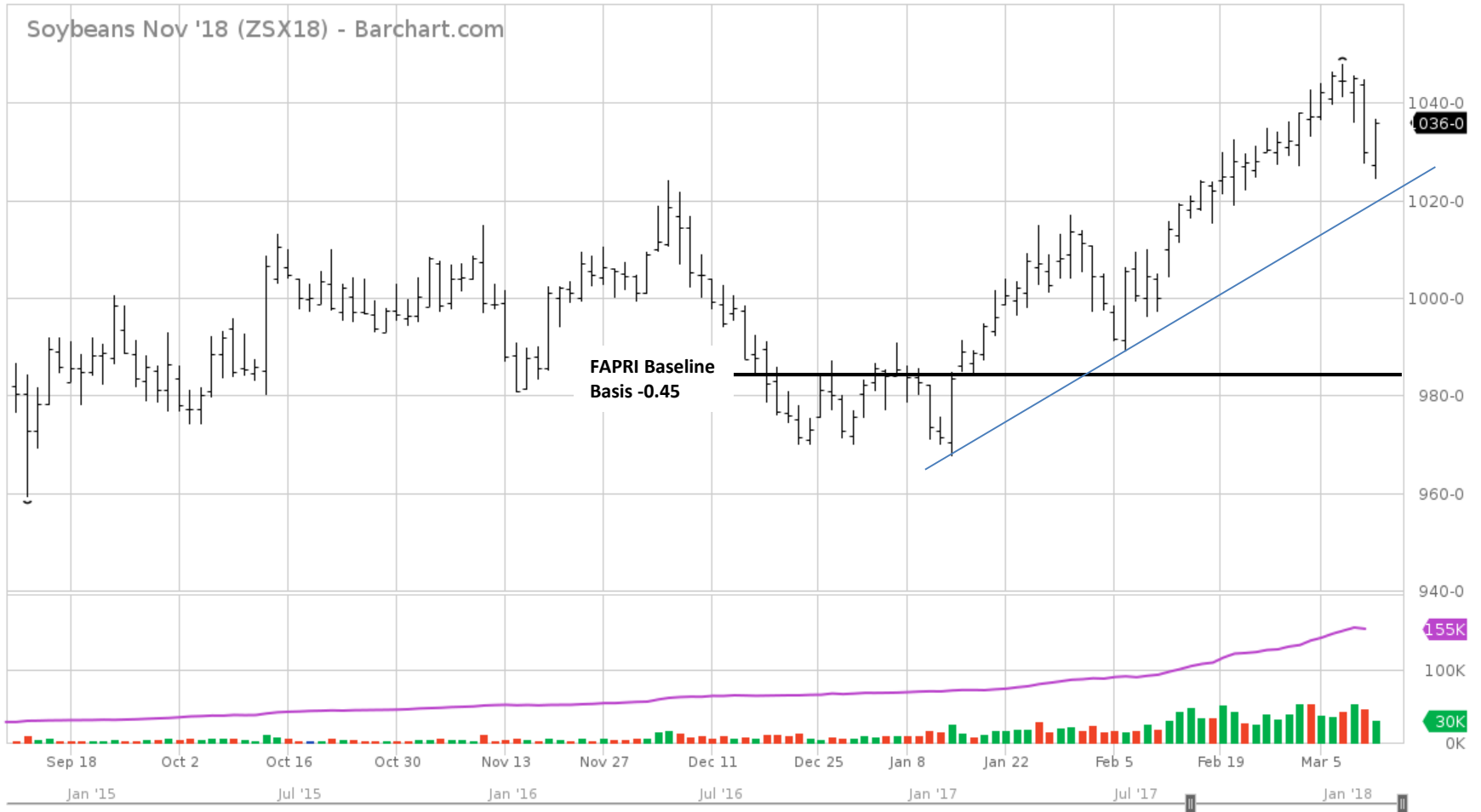
New Crop – (18-19) Soybean FAPRI Baseline Ranges Mar 8, 2018

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

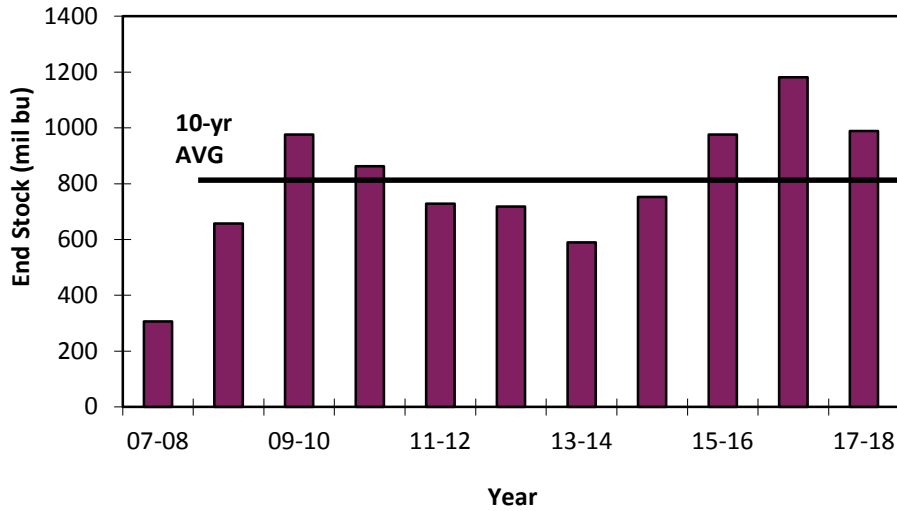
- FAPRI Projections for 2018- 2019 Farm Price: **\$9.83**
- FAPRI Range: **\$8.27 - \$11.47 @ 80 Percentile**



Soybeans Nov '18 (ZSX18) - Barchart.com

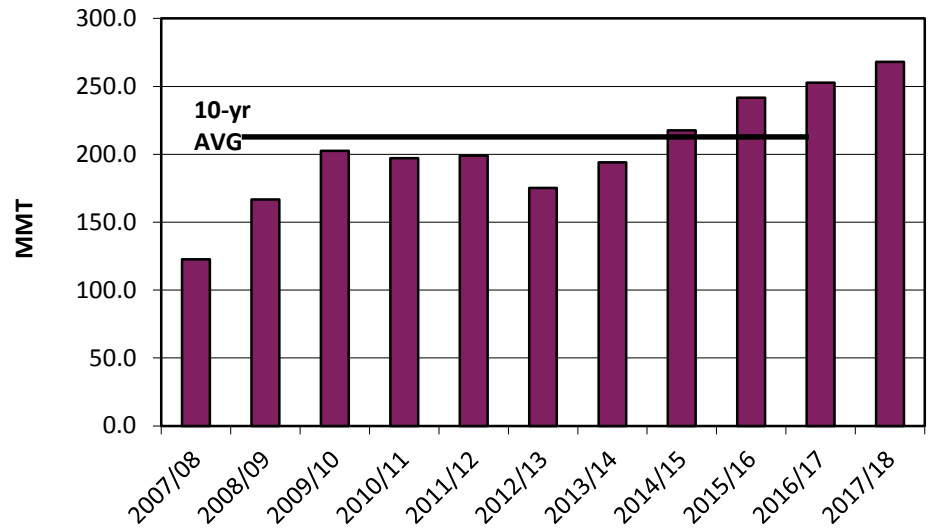


Wheat: U.S. End Stocks

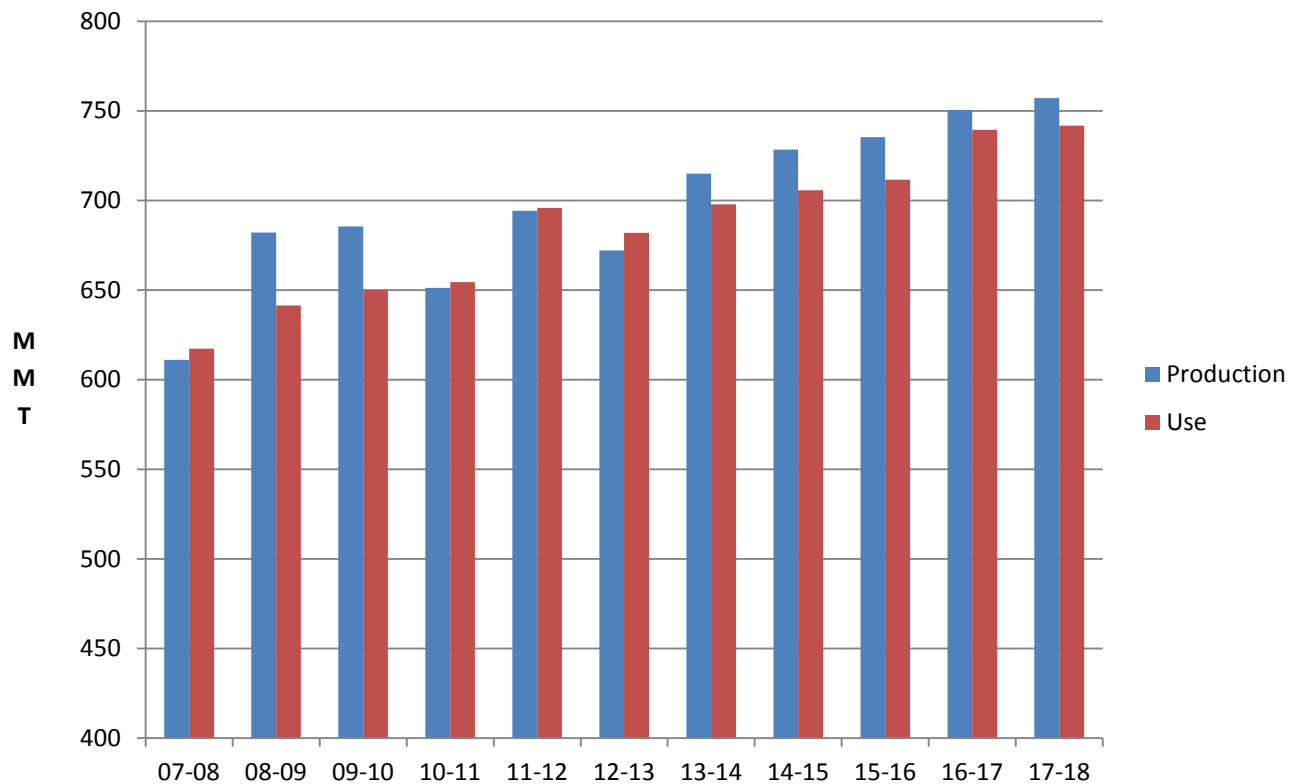


Domestic wheat carryover remains large.
Global stocks increasing

World Wheat End Stocks



World Wheat Production and Use



World Wheat Production Continues to Exceed Demand

Basis Adjusted FAPRI Baseline Ranges for Futures Price Objectives

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