



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](http://www.fapri.missouri.edu)  
August 10, 2018

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# U.S. corn supply and use

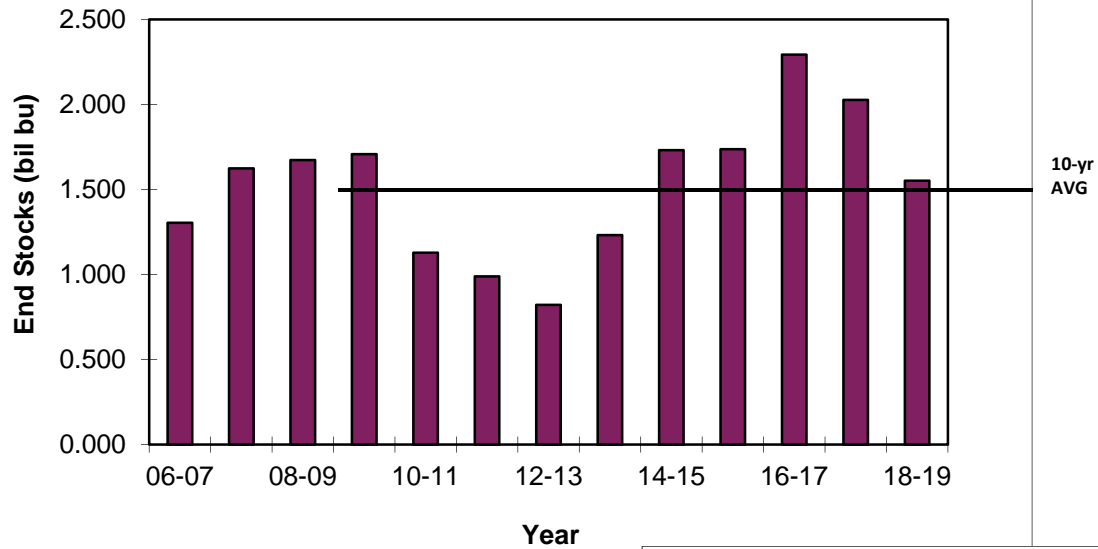
	2017/18 (USDA Aug 12)	2018/19 (USDA Aug 12)	2017/18 (FAPRI Mar. 2018)	2018/19 (FAPRI Mar.2018)
Area planted (mil. acres)	90.2	89.1	90.2	89.7
Yield (bu./harvested acre)	176.6	178	176.6	170.9
Production (mil. bu.)	14,604	14,586	14,604	14,068
Feed and residual use (mil. bu.)	5,450	5,525	5,556	5,478
Ethanol and coproduct use	5,600	5,625	5,556	5,578
Other domestic use	1,460	1,480	1,469	1,476
Exports	2,400	2,350	1,923	1,928
Ending stocks	2,027	1,684	2,443	2,101
Marketing yr. avg. price (\$/bu.)	3.35-3.45	3.10-4.10	3.23	3.57

Source: USDA WASDE, August 2018.

# WASDE USDA Corn Summary Aug 10, 2018

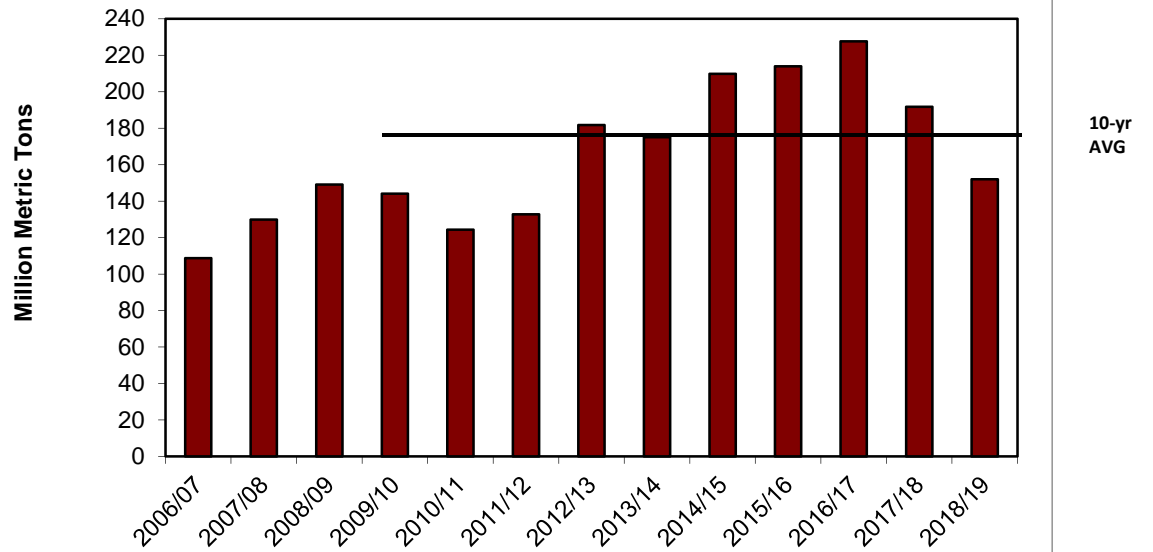
- 1) U.S. Average Farm Price – **Moderate Increase**
  - 2018- 19 USDA: \$3.60 (\$3.10- \$4.10)
  - 2017–18 USDA: \$3.40 (\$3.35 - \$3.45)
  - 2016- 17 USDA: \$3.36
  - 2015- 16 USDA: \$3.61
- 2) U.S. Ending Stocks-Significant decline, near 10 year average
  - 2018- 19 USDA: (1,684 Million Bushels)
  - 2017- 18 USDA: (2,027 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 below 10 year average
  - 2018- 19 World: (155 Million Metric Tons)
  - 2017- 18 World: (193 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 – **Moderate reduction**
  - 2018- 2019 USDA: (2,350 Million Bushels)
  - 2017- 18 USDA: (2,400 Million Bushels)
  - 2016- 17 USDA: (2,294 Million Bushels)

**Corn: U.S. End Stocks**

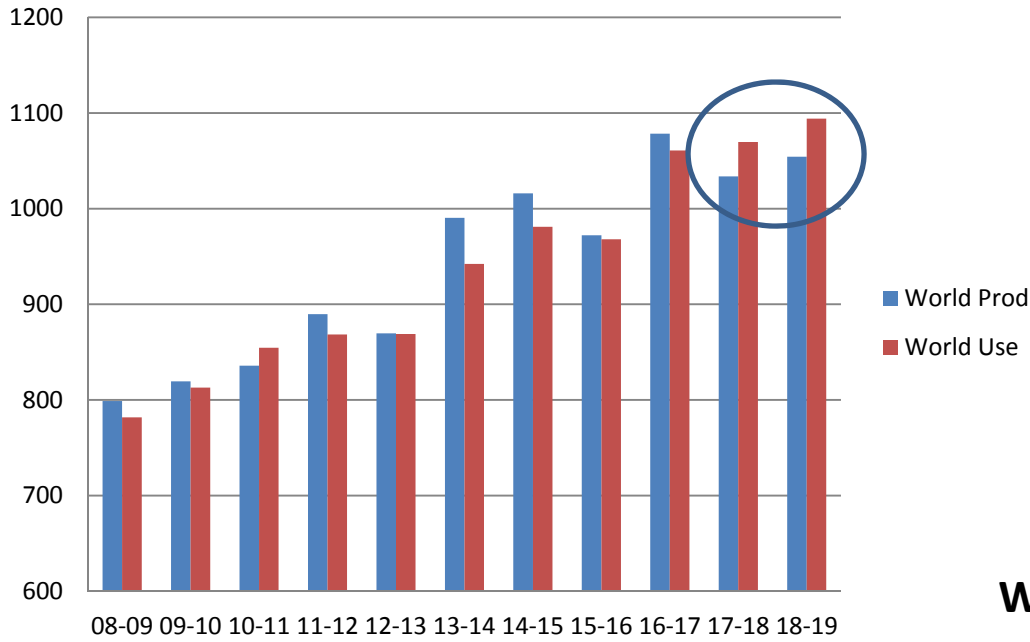


**World End Stocks dip below average in 2018-19 but Domestic Carryovers, while declining, remain slightly above 10-yr average**

**Corn World End Stocks (MMT)**

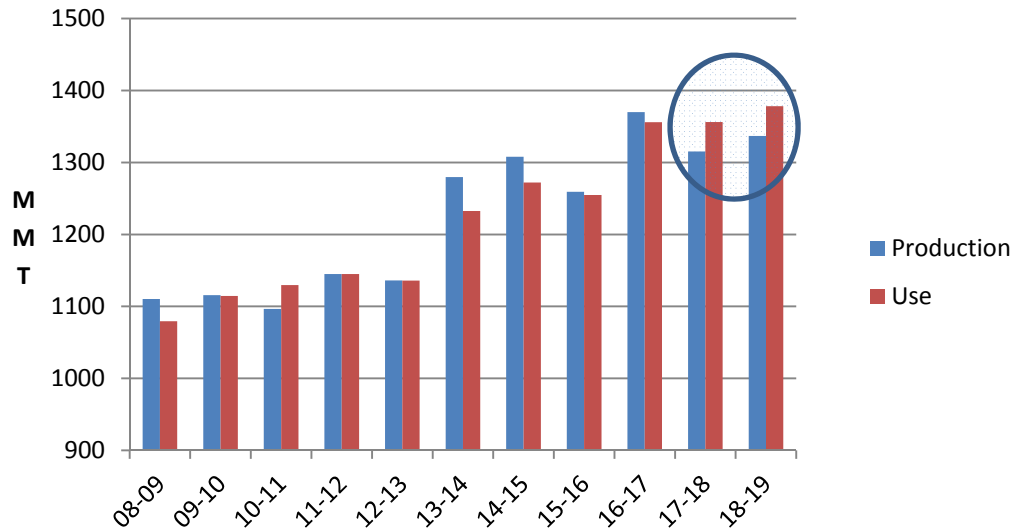


## Corn World Production & Use

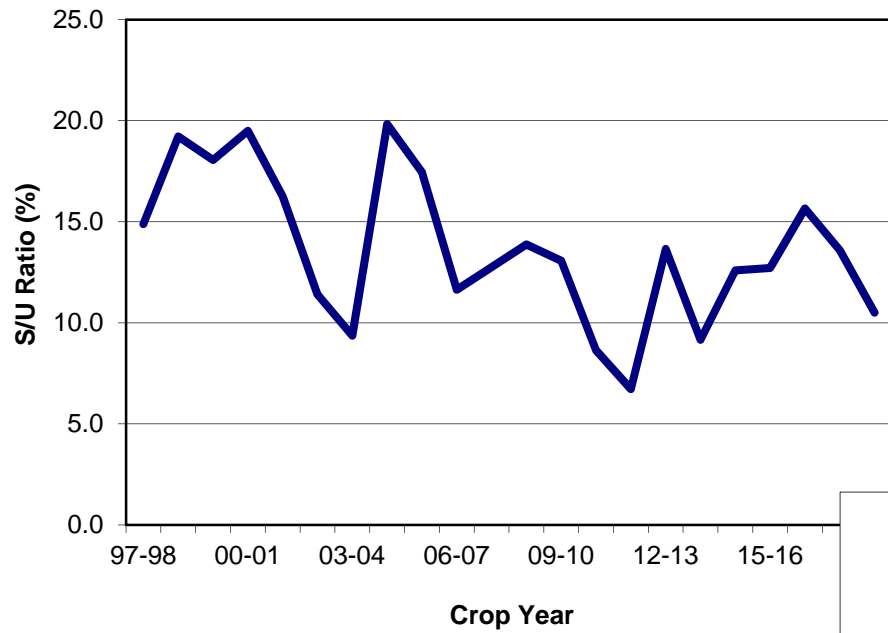


**Use expected to exceed production for second consecutive year!**

## World Coarse Grains: Production & Use

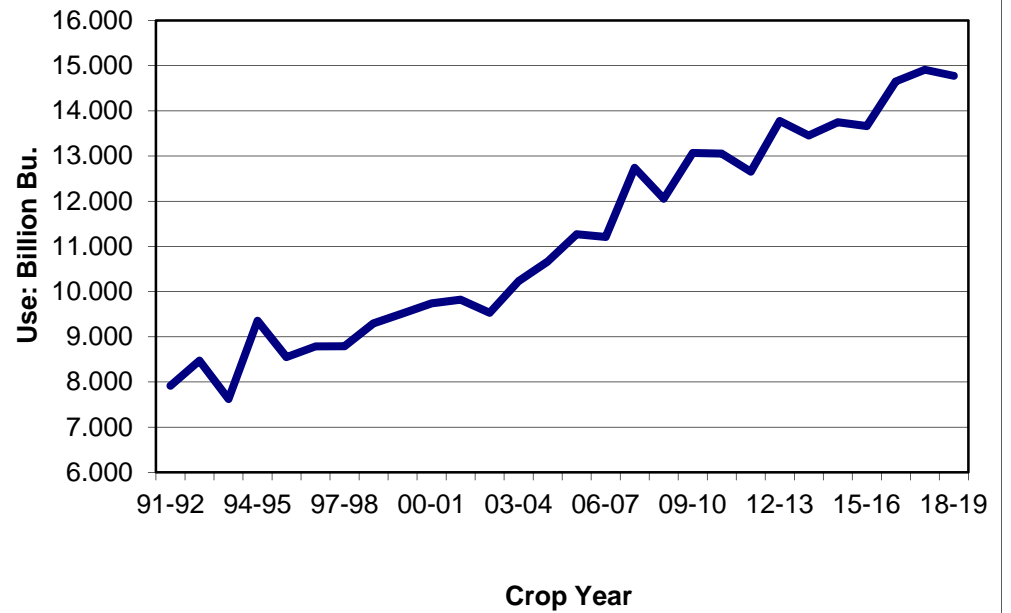


**Corn: End Stocks/Use Ratio**

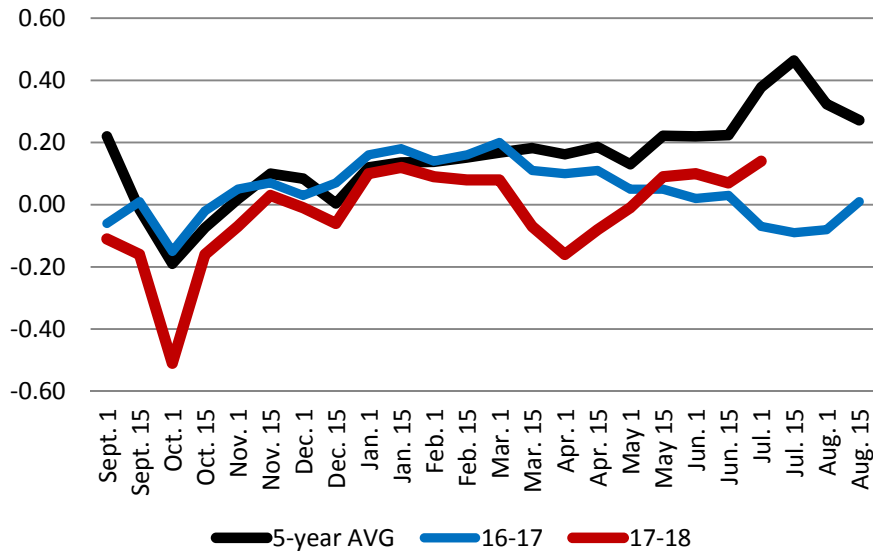


**Stocks/use decreasing  
Small decline in total use**

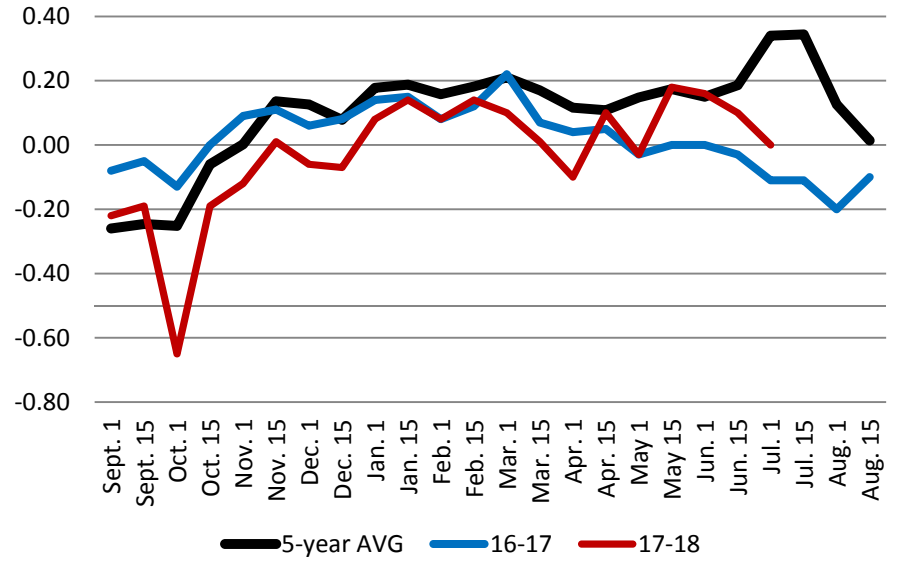
**Use: Corn Total Use**



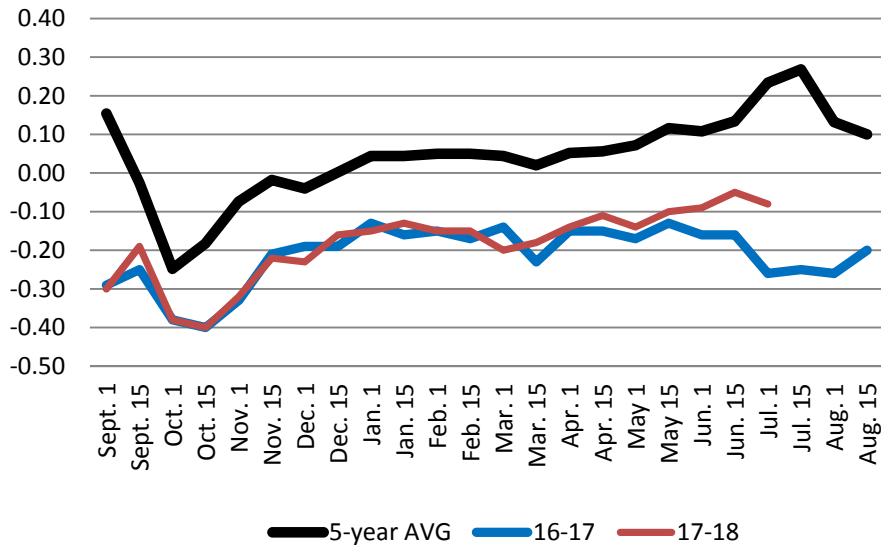
### St Louis Corn Basis



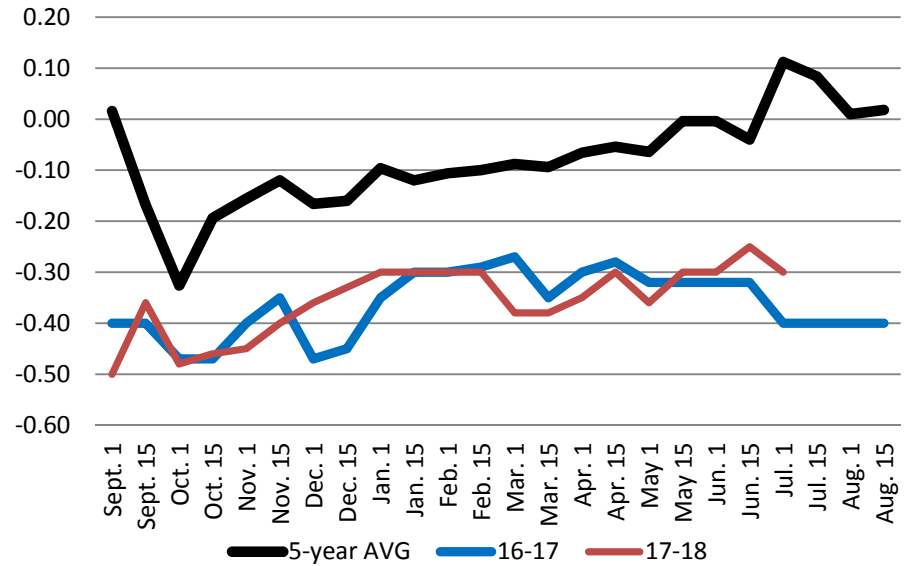
### SE MO Corn Basis



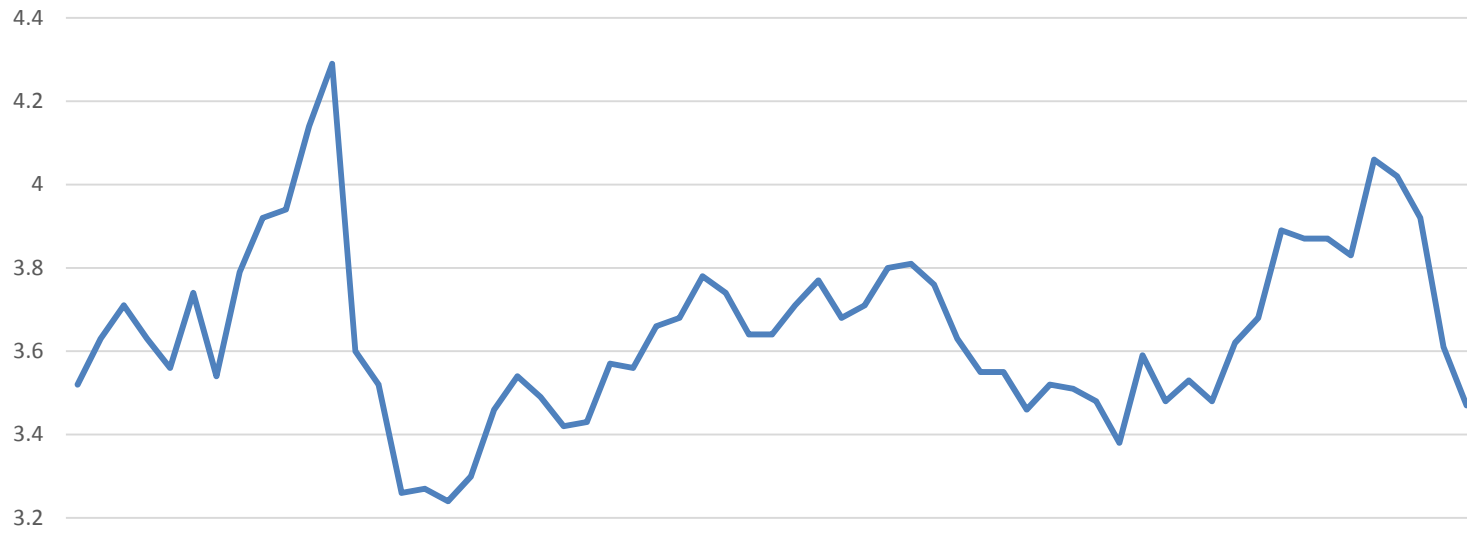
### Kansas City Corn Basis



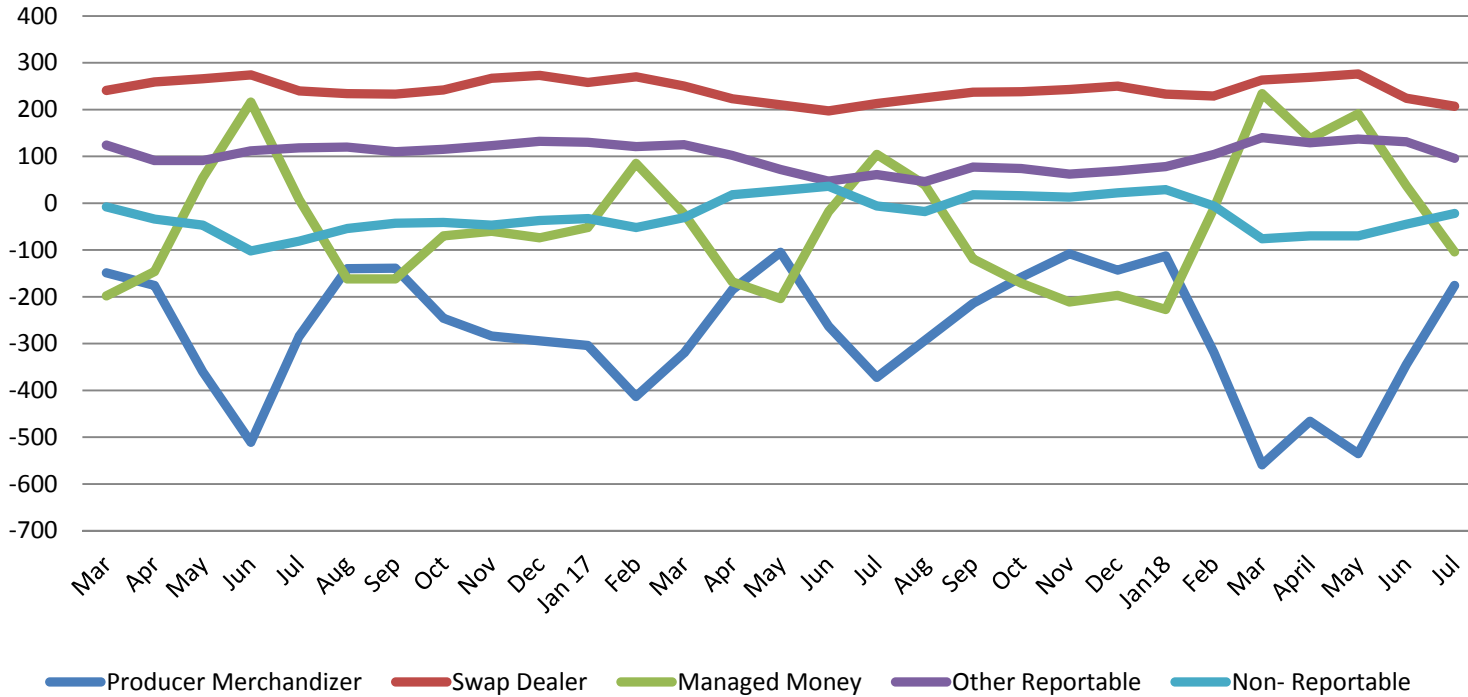
### Central MO Corn Basis



### Corn Futures Price



### Corn COT Net Position

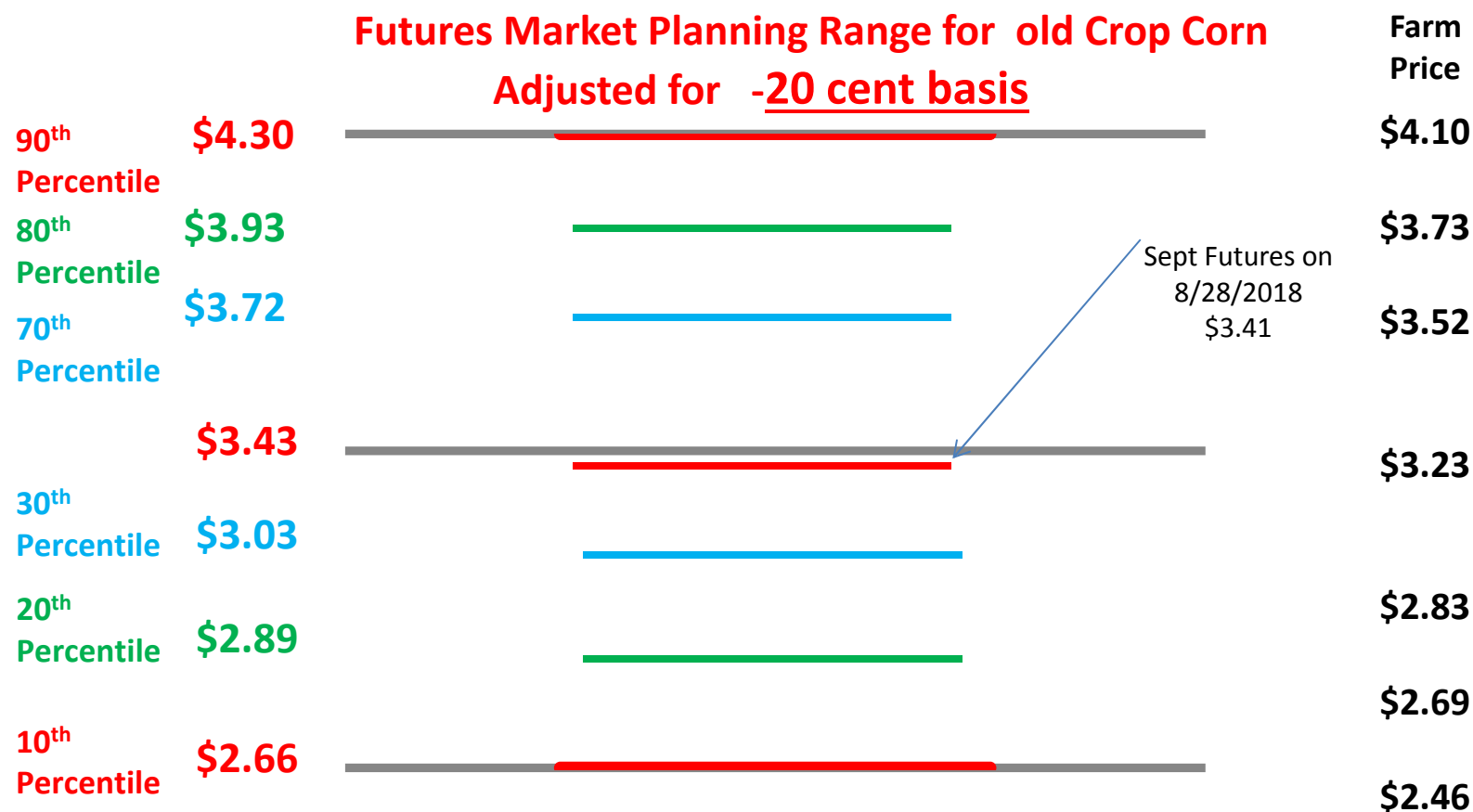




## Old Crop – (17-18) Corn FAPRI Baseline Ranges March, 2018

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

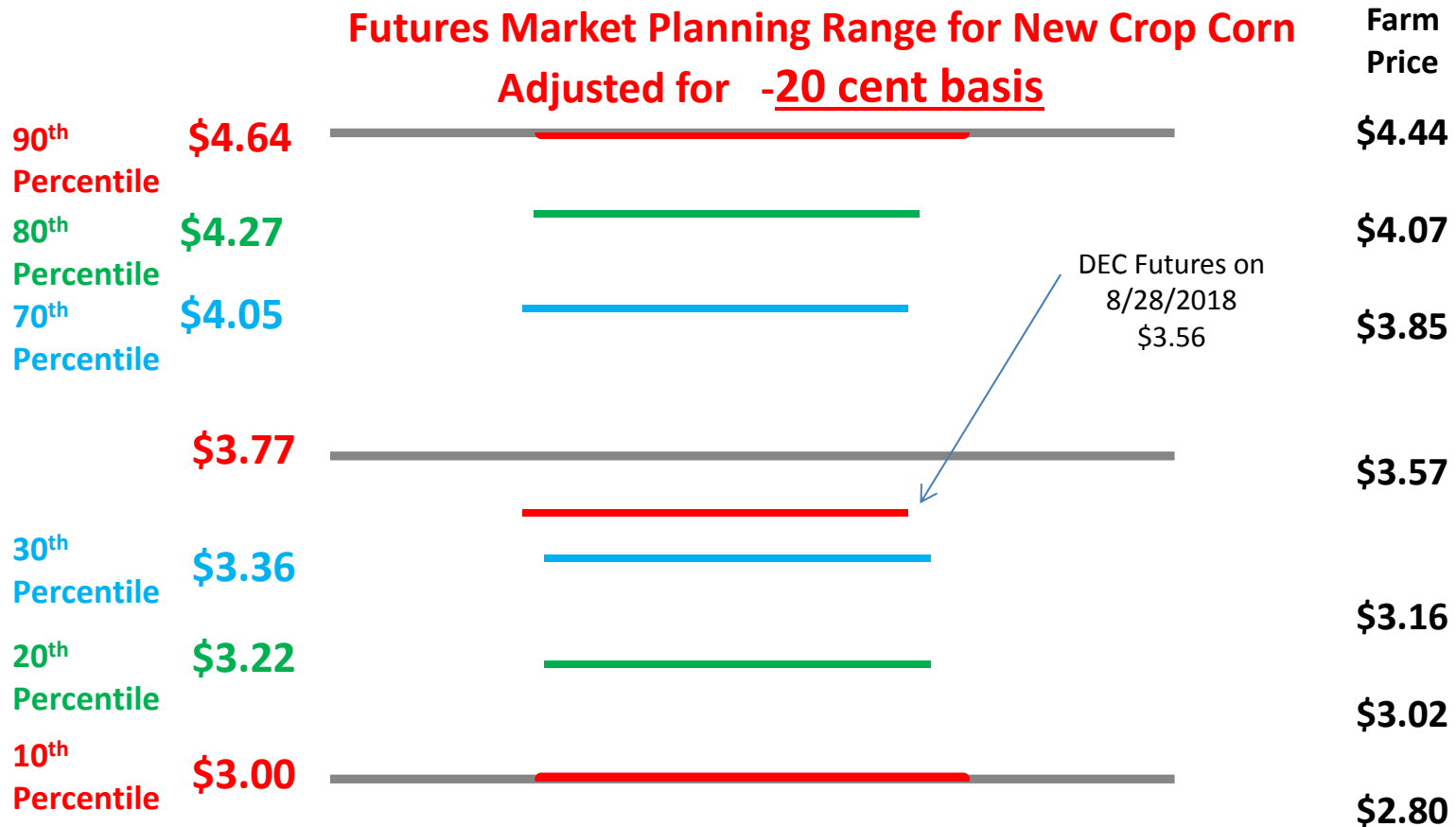
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.43**
- Futures Price Equivalent of FAPRI Range: **\$2.89 – \$3.93 @ 80 Percentile**
- Futures Price Equivalent of Aug 10 USDA Range: **\$3.55- \$3.65 Avg \$3.60**



# New Crop – (18-19) Corn FAPRI Baseline Ranges March, 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 Aug 10 USDA Range **\$3.30 - \$4.30 Average: \$3.80**



# U.S. soybean supply and use

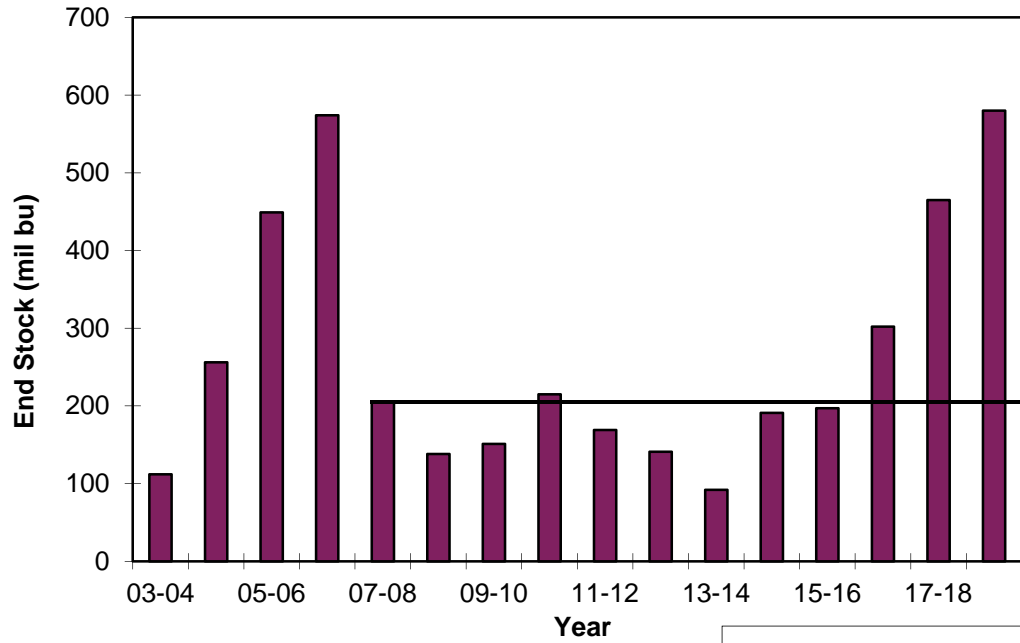
	2017/18 (USDA Aug 12)	2018/19 (USDA Aug 12)	2017/18 (FAPRI Mar2018)	2018/19 (FAPRI Mar2018)
Area planted (mil. acres)	90.1	89.6	90.1	90.0
Yield (bu./harvested acre)	49.1	51.6	49.1	47.8
Production (mil. bu.)	4,392	4,586	4,392	4,259
Crush (mil. bu.)	2,040	2,060	1,953	1,976
Other domestic use	136	136	139	135
Exports	2,110	2,060	2,169	2,182
Ending stocks	430	785	457	449
Marketing yr. avg. price (\$/bu.)	9.35	7.65 – 10.15	9.23	9.38

Sources: USDA WASDE, Aug 2018.

# WASDE-USDA Soybean Summary Aug 10, 2018

- 1) U.S. Average Farm Price- **Significant Decline**
  - 2018- 19 USDA:\$8.90 (\$7.65 - \$10.15)
  - 2017- 18 USDA: \$9.35
  - 2016- 17 USDA: \$9.47
  
- 2) U.S. Ending Stocks- **Significantly above 10 Year Average**
  - 2018- 19 USDA: (785 Million Bushels)
  - 2017- 18 USDA: (430 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- **Significantly above 10 Year average**
  - 2018- 19 World: (106 Million Metric Tons)
  - 2017- 18 World: (96 Million Metric Tons)
  - 2016- 17 World: (97 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 - **Moderate decline**
  - 2018- 19 USDA: (2,060 Million Bushels)
  - 2017- 18 USDA: (2,110 Million Bushels)
  - 2016- 17 USDA: (2,166 Million Bushels)

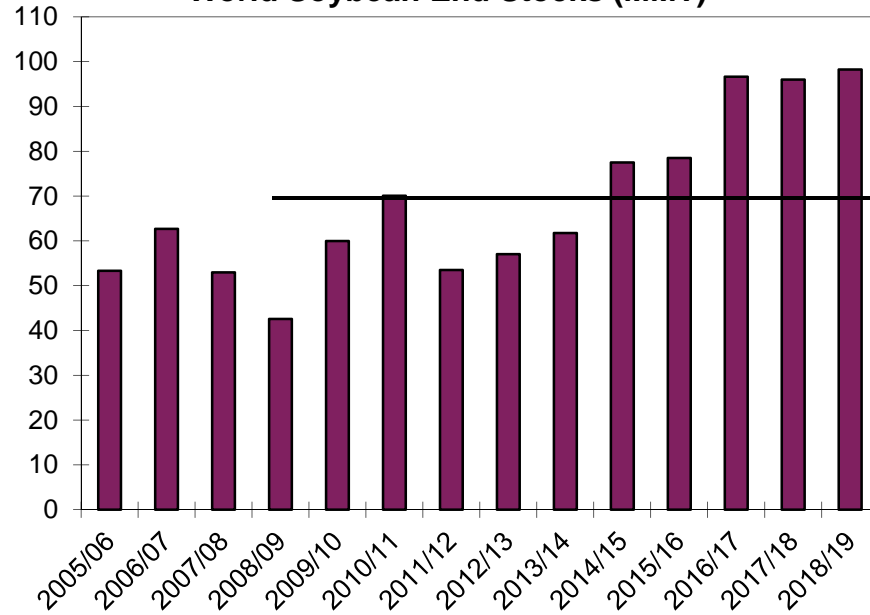
### Soybean: U.S. End Stocks



10-yr  
AVG

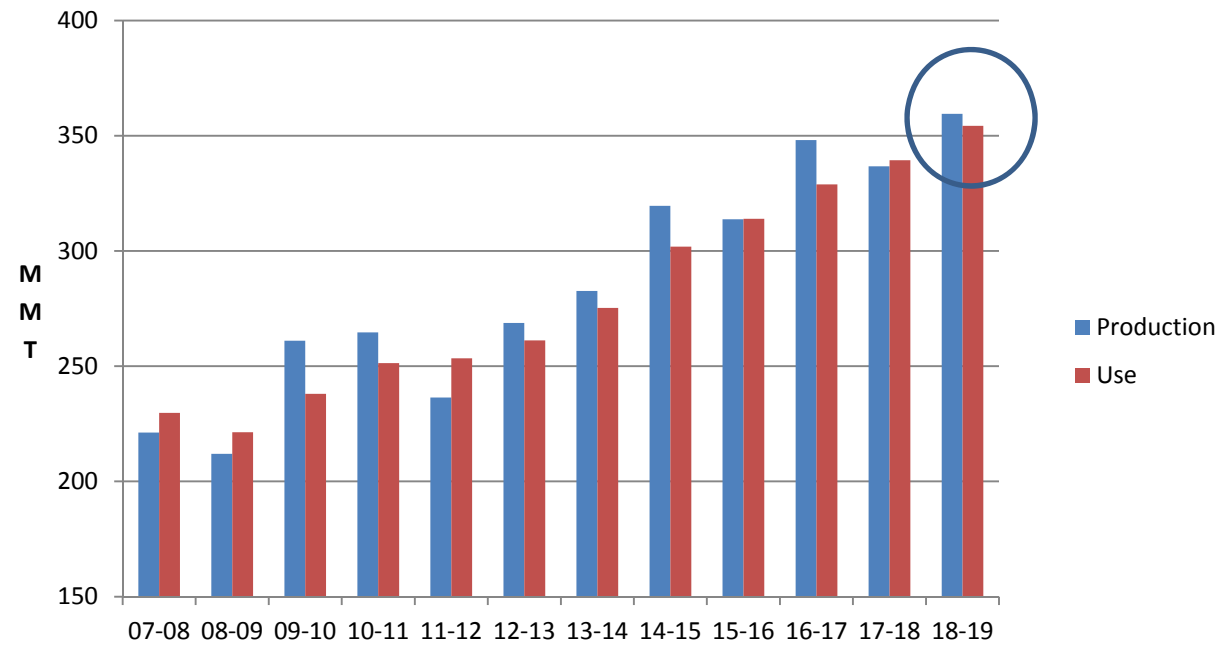
**US and Global carryovers remain large, with domestic ending stocks expected to largest in more than 15-years.**

### World Soybean End Stocks (MMT)



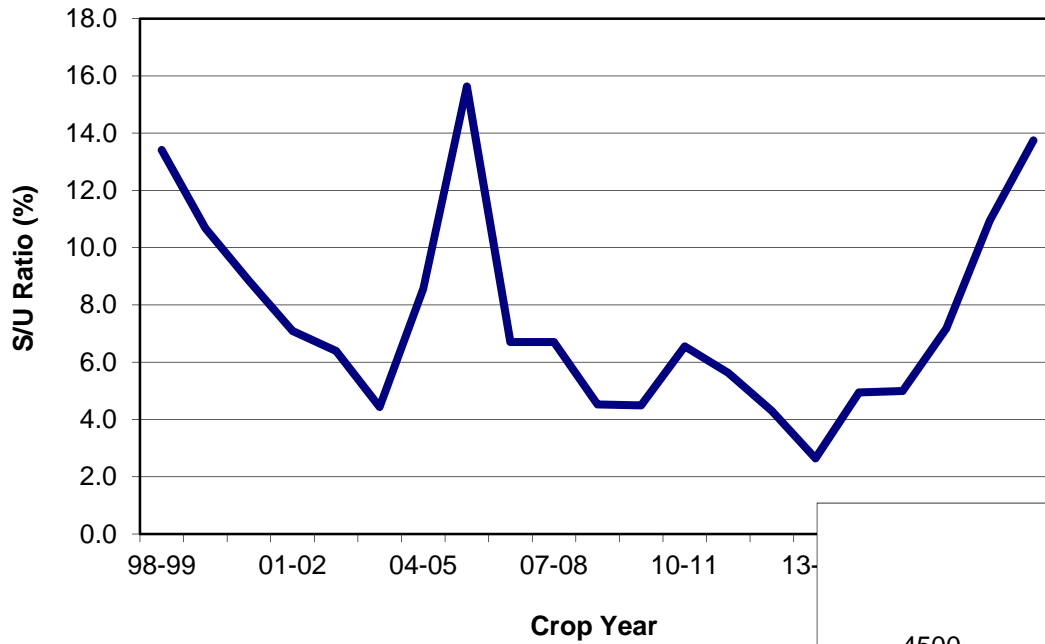
10-yr  
AVG

## World Soybean Production and Use



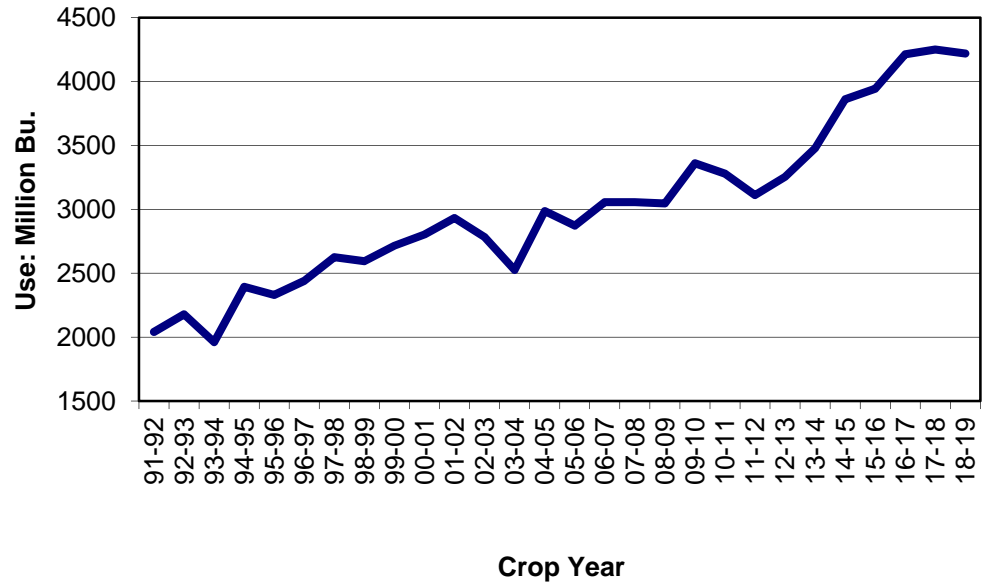
**Global use continues to increase, but world production expected to exceed use.**

**Soybeans: End Stocks/Use Ratio**

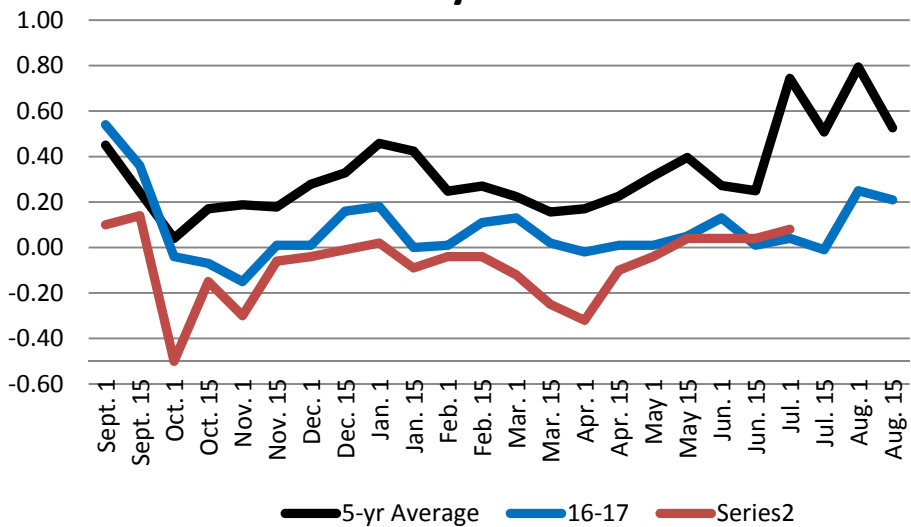


**Stocks/Use expected to increase  
Total Use expected to decline slightly**

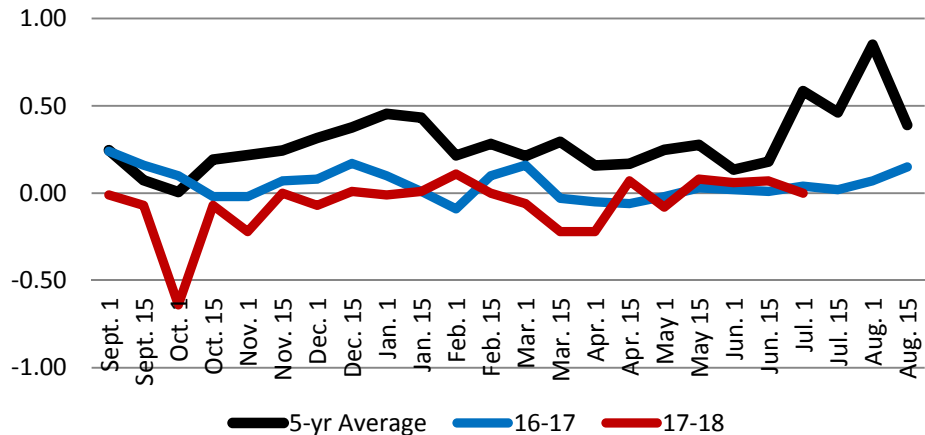
**Soybean: Total Use**



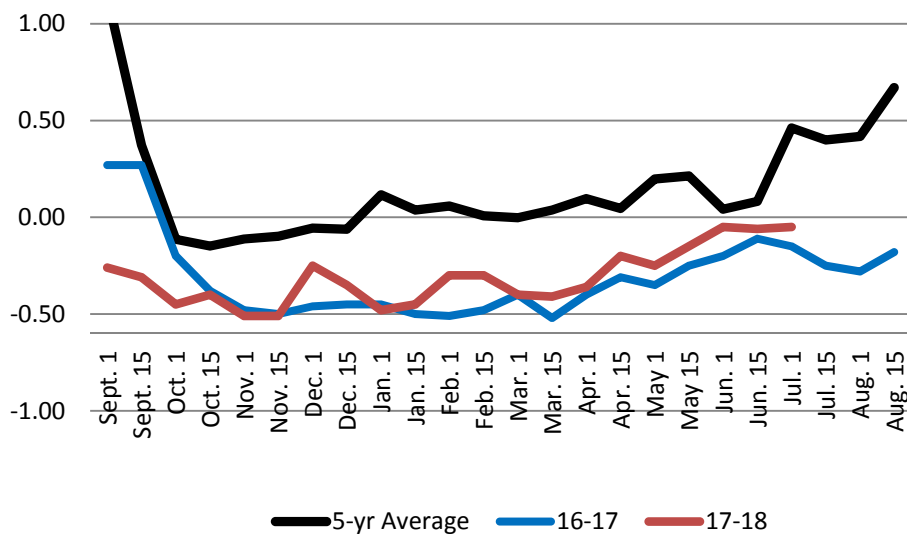
### St Louis Soybean Basis



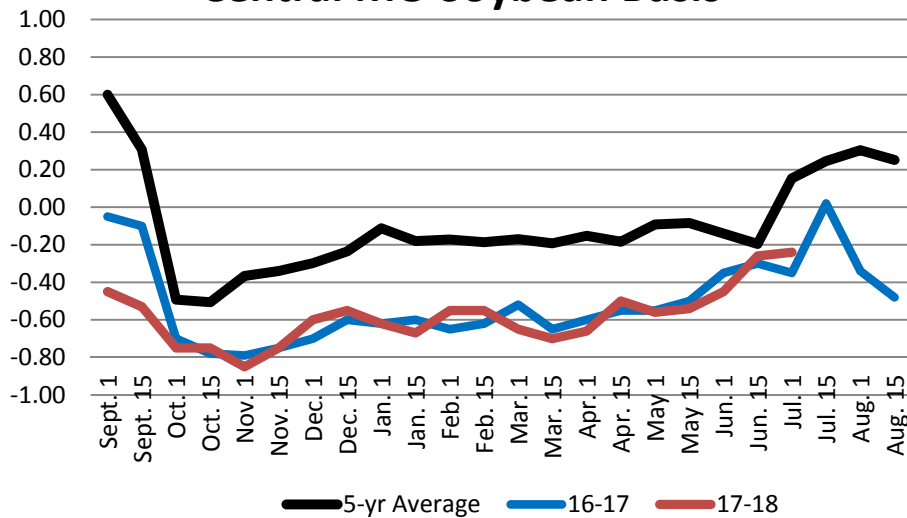
### SE MO Soybean Basis



### Kansas City Soybean Basis

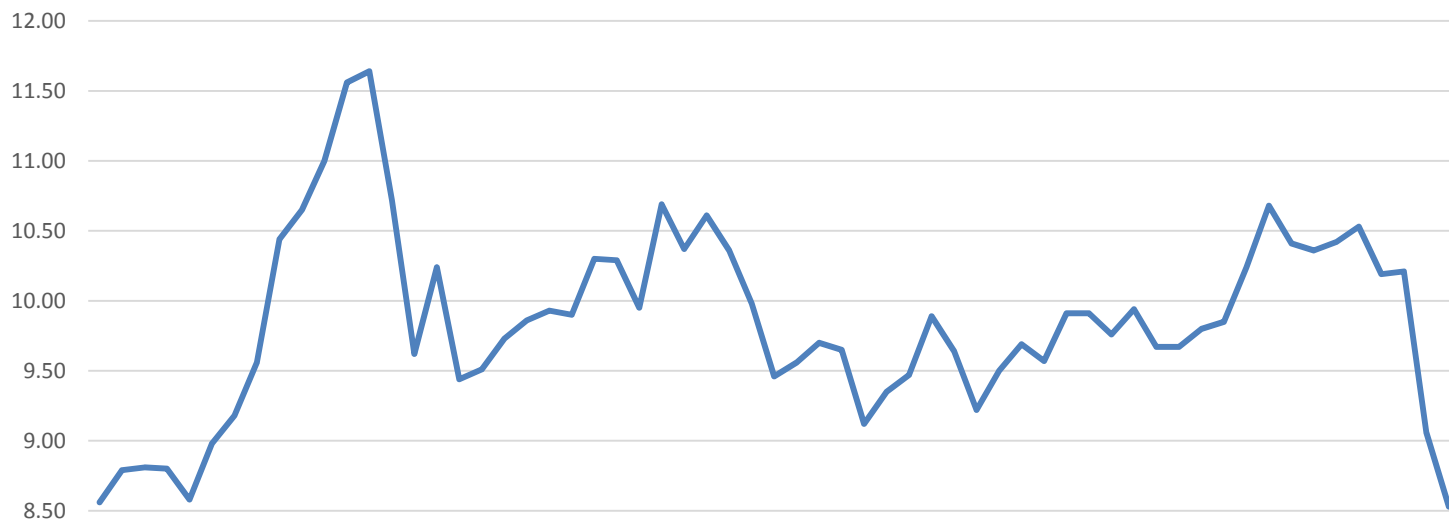


### Central MO Soybean Basis

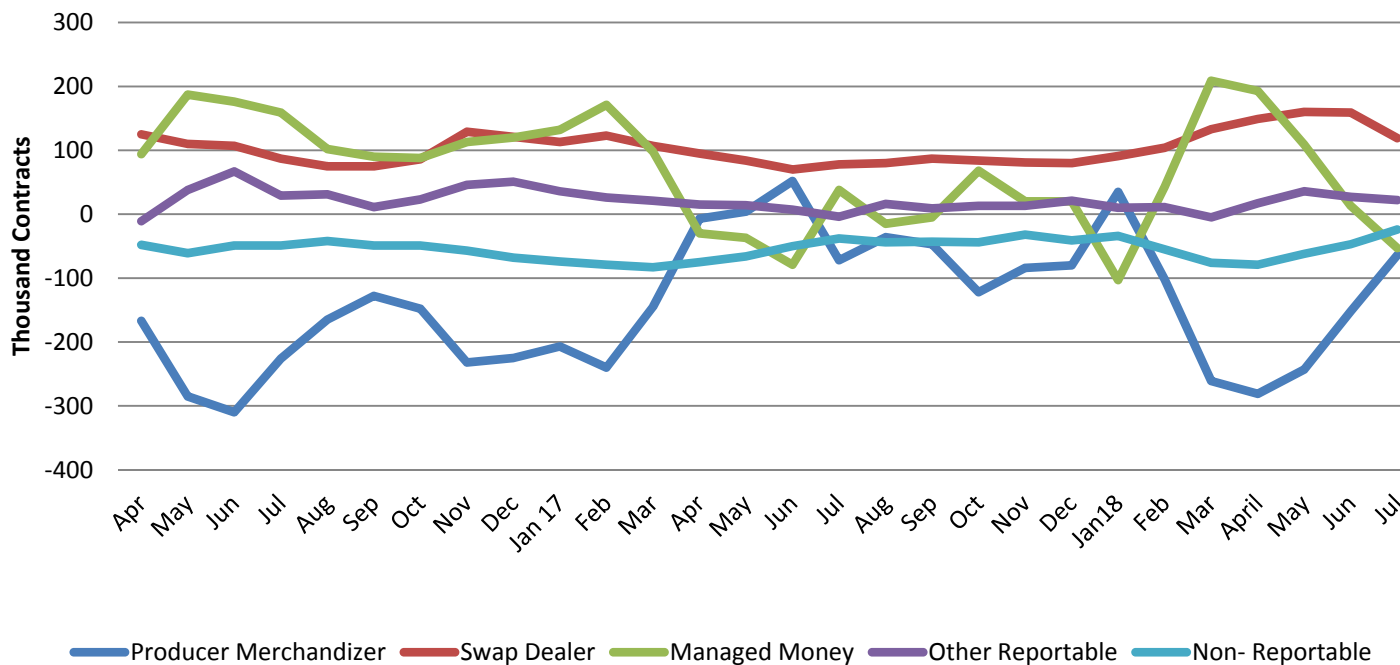




### Soybean Futures Prices



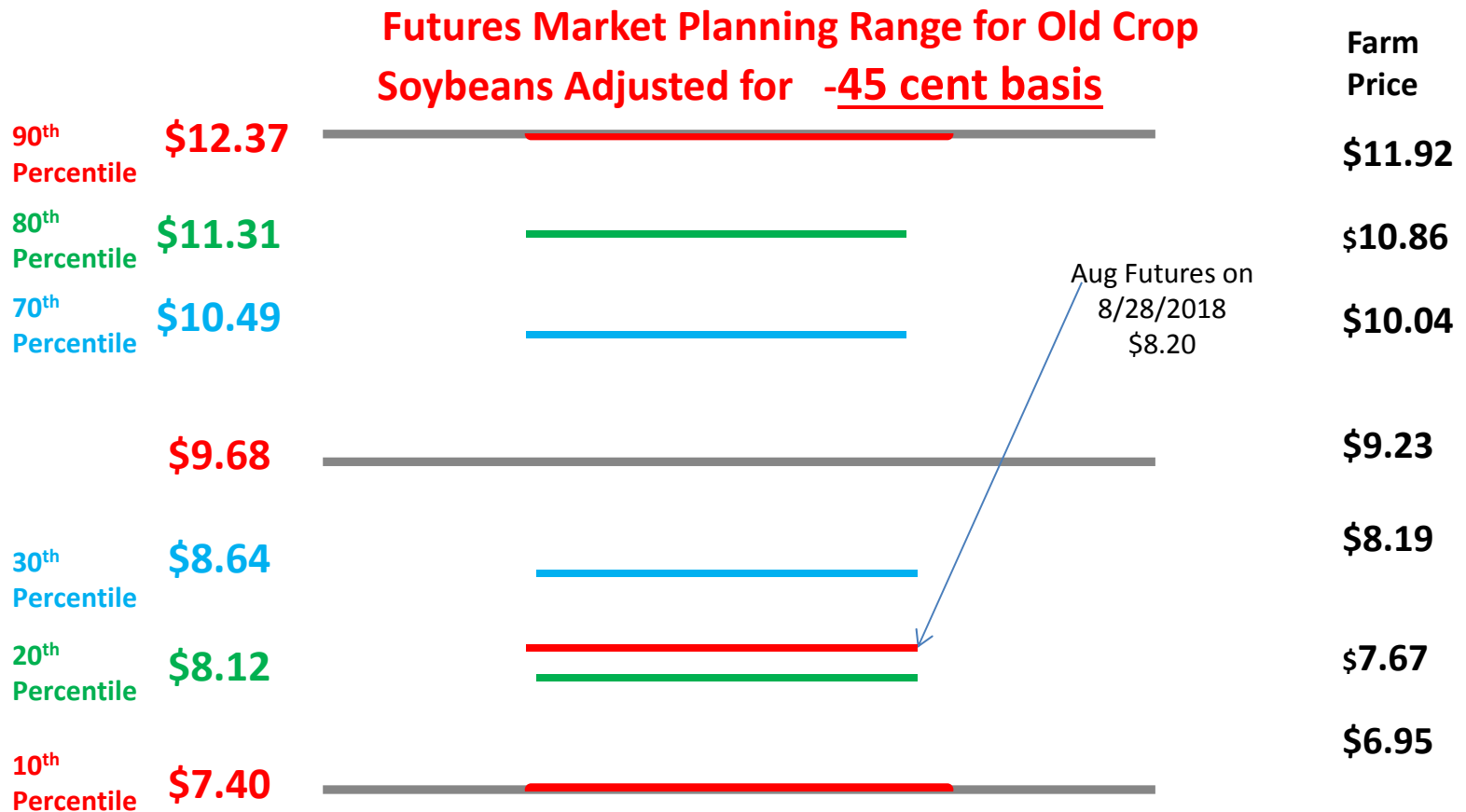
### Soybean: COT Net Positions



# Old Crop – (17-18) Soybean FAPRI Baseline Ranges March, 2018

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

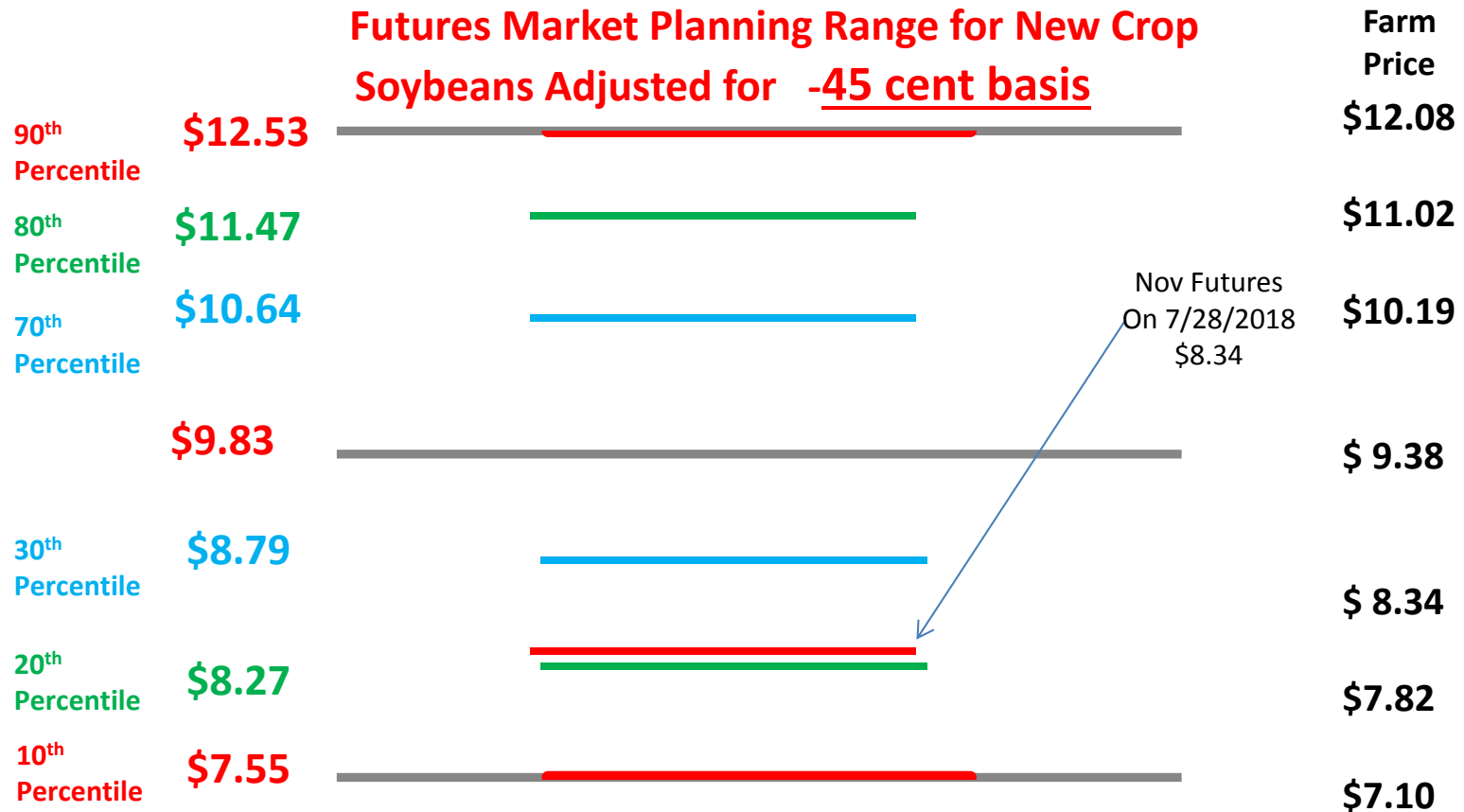
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$9.68**
- Futures Price Equivalent of FAPRI Range: **\$8.12 - \$11.31 @ 80 Percentile**
- Futures Price Equivalent of Aug 10 USDA Price: **Avg \$9.80**



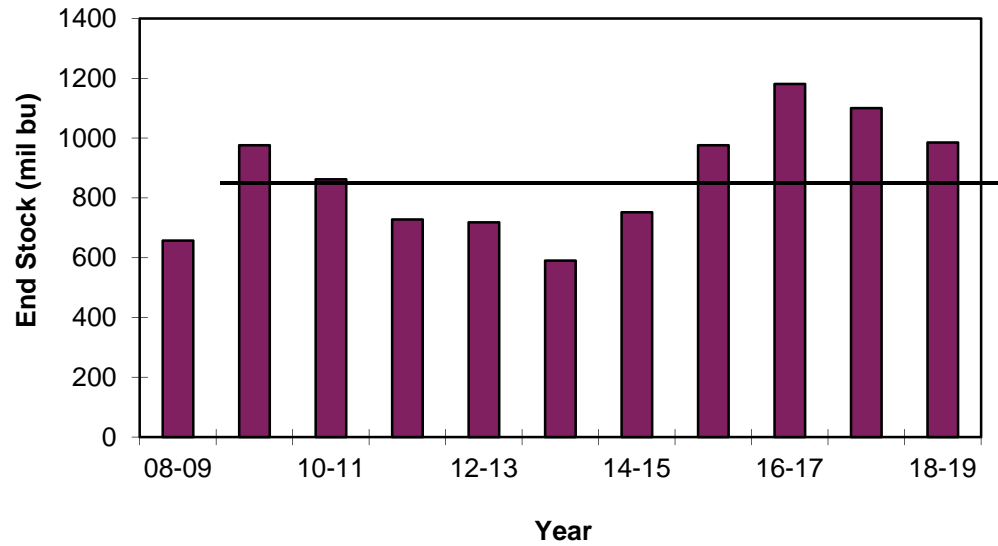
# New Crop – (18-19) Soybean FAPRI Baseline Ranges March, 2018

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 Aug 10 USDA Range: **\$8.10 - \$10.60 Avg \$9.35**



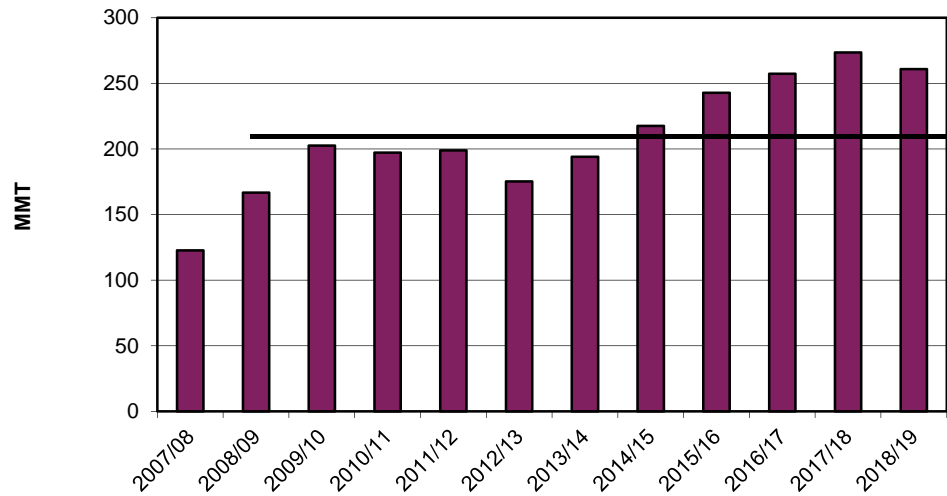
**Wheat: U.S. End Stocks**



10-yr  
AVG

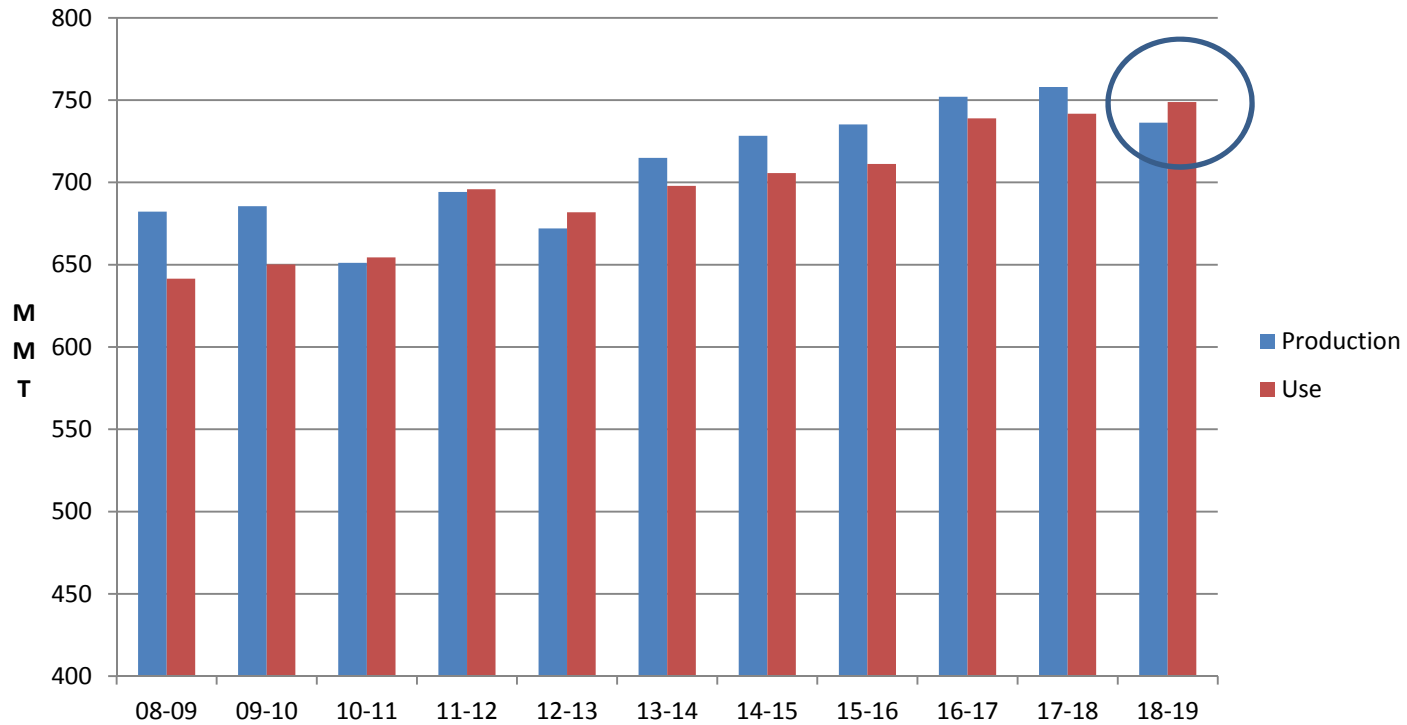
**In spite of decrease domestic  
wheat carryover remains large.  
Small decline in global stocks.**

**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

<b>Old Crop 2017-18</b>						
<b>Corn</b>			<b>Soybeans</b>			
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	
<b>New Crop 2018-19</b>						
<b>Corn</b>			<b>Soybeans</b>			
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.