



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)

June 12, 2018

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# U.S. corn supply and use

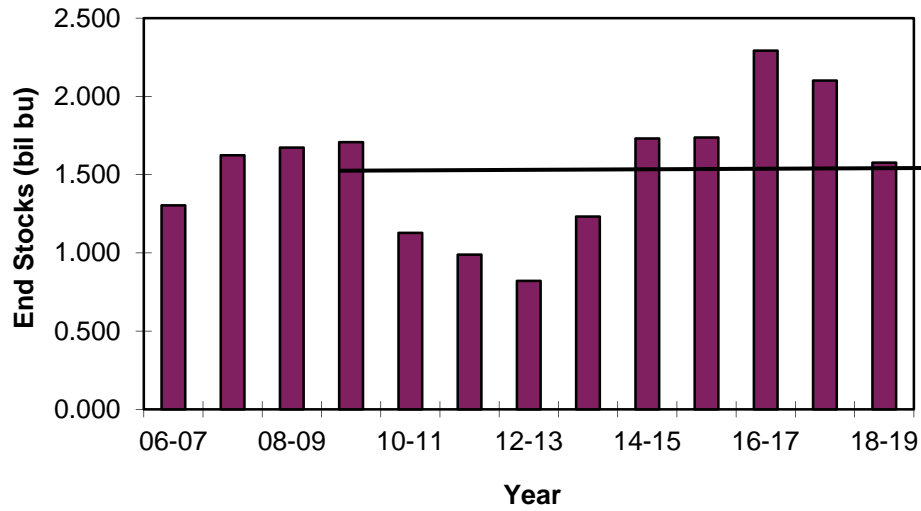
|                                   | 2017/18<br>(USDA<br>June 12) | 2018/19<br>(USDA<br>June 12) | 2017/18<br>(FAPRI Mar.<br>2018) | 2018/19<br>(FAPRI<br>Mar.2018) |
|-----------------------------------|------------------------------|------------------------------|---------------------------------|--------------------------------|
| 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                        | 5,350                        | 5,556                           | 5,478                          |
| Ethanol and coproduct use         | 5,575                        | 5,675                        | 5,556                           | 5,578                          |
| Other domestic use                | 1,465                        | 1,490                        | 1,469                           | 1,476                          |
| Exports                           | 2,300                        | 2,100                        | 1,923                           | 1,928                          |
| Ending stocks                     | 2,102                        | 1,577                        | 2,443                           | 2,101                          |
| Marketing yr. avg. price (\$/bu.) | 3.25-3.55                    | 3.40-4.40                    | 3.23                            | 3.57                           |

Source: USDA WASDE, June 2018.

# WASDE USDA Corn Summary June 12, 2018

- 1) U.S. Average Farm Price – **Moderate Increase**
  - 2018- 19 USDA: \$3.90 (\$3.40- \$4.40)
  - 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-slightly above 10 year average
  - 2018- 19 USDA: (1,577 Million Bushels)
  - 2017- 18 USDA: (2,102 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 – **Slight reduction**
  - 2018- 2019 USDA: (2,100 Million Bushels)
  - 2017- 18 USDA: (2,300 Million Bushels)
  - 2016- 17 USDA: (2,293 Million Bushels)

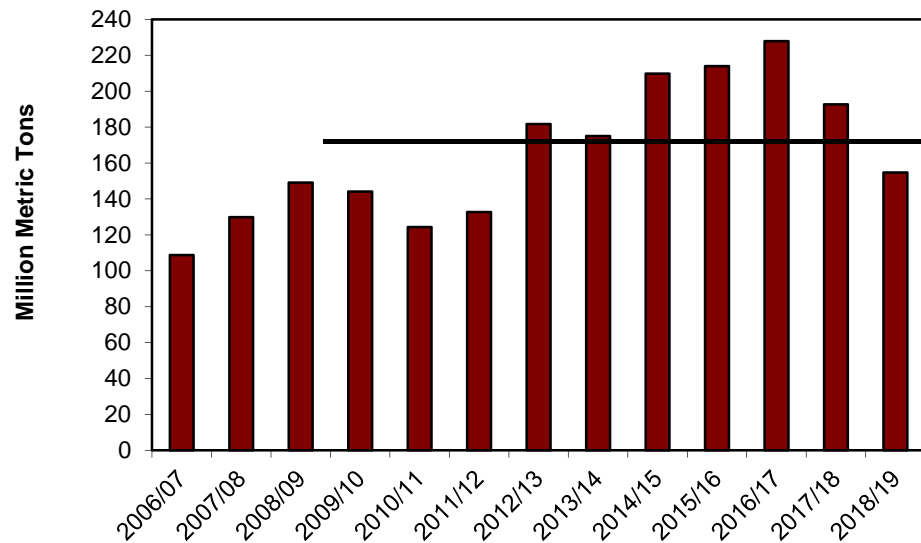
**Corn: U.S. End Stocks**



10-yr  
AVG

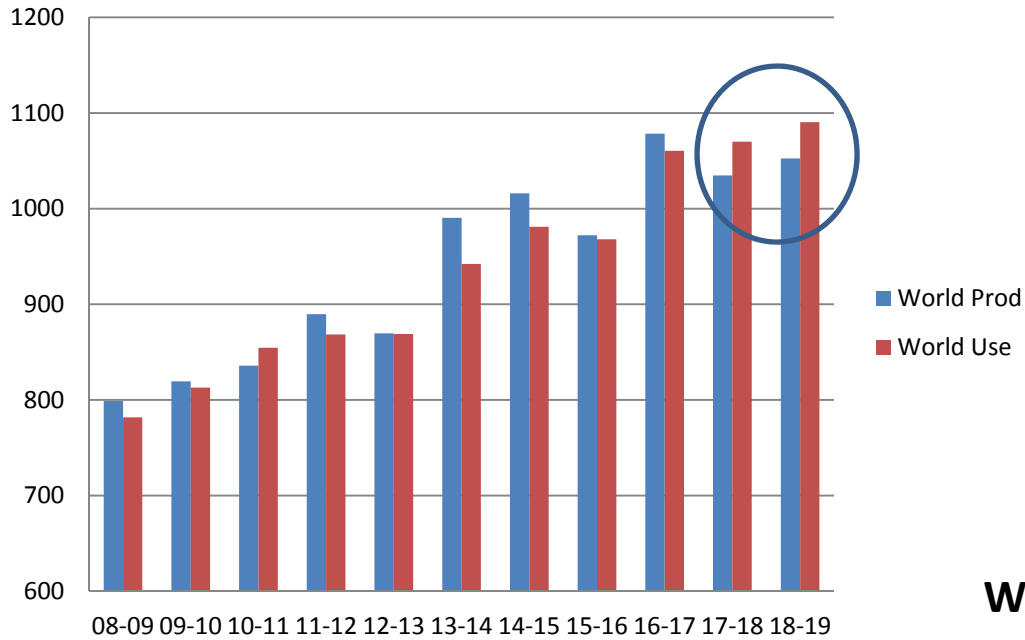
**World End Stocks dip below average in 2018-19 but Domestic Carryovers, while declining, remain slightly above 10-yr average**

**Corn World End Stocks (MMT)**



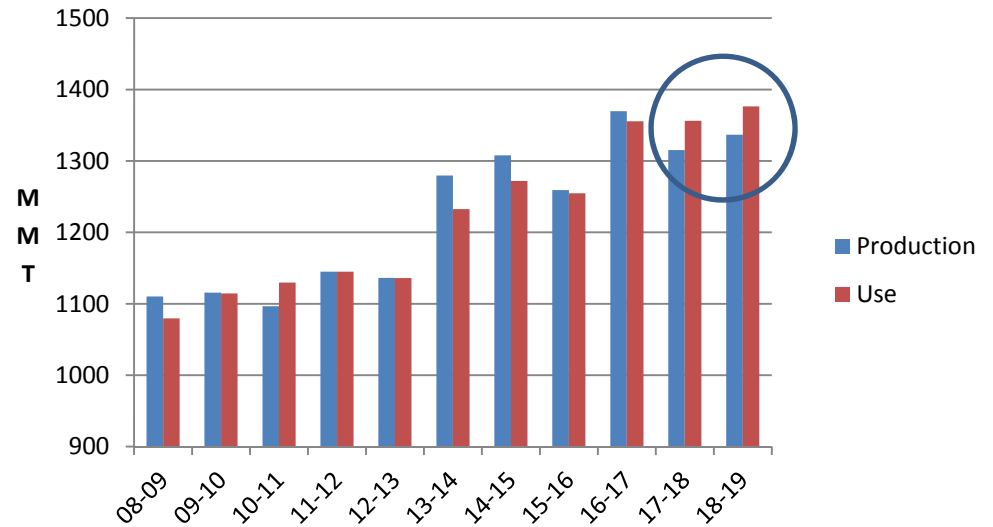
10-yr  
AVG

## Corn World Production & Use

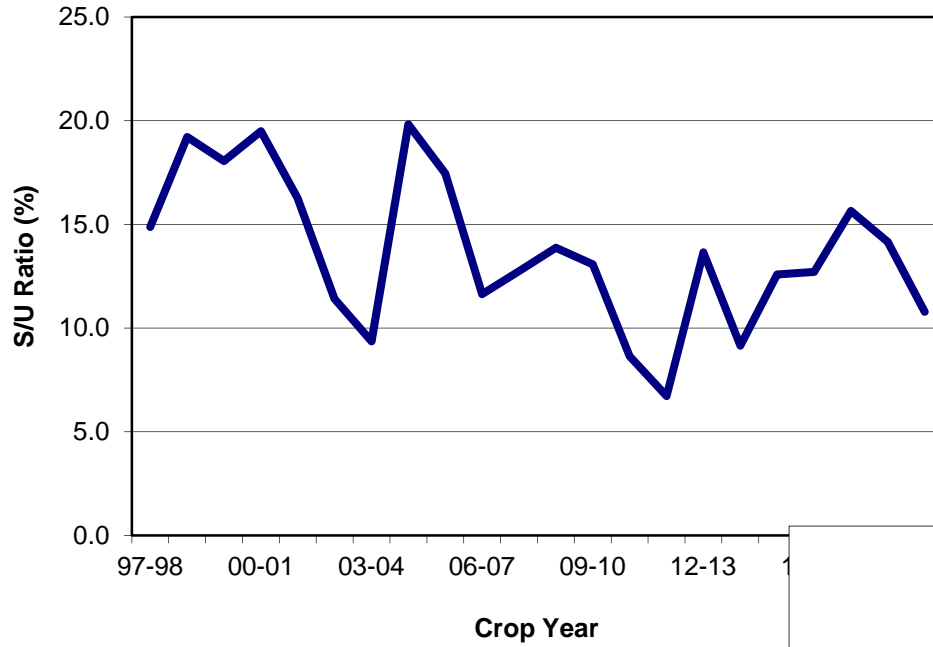


**Use expected to exceed production for second consecutive year!**

## World Coarse Grains: Production & Use

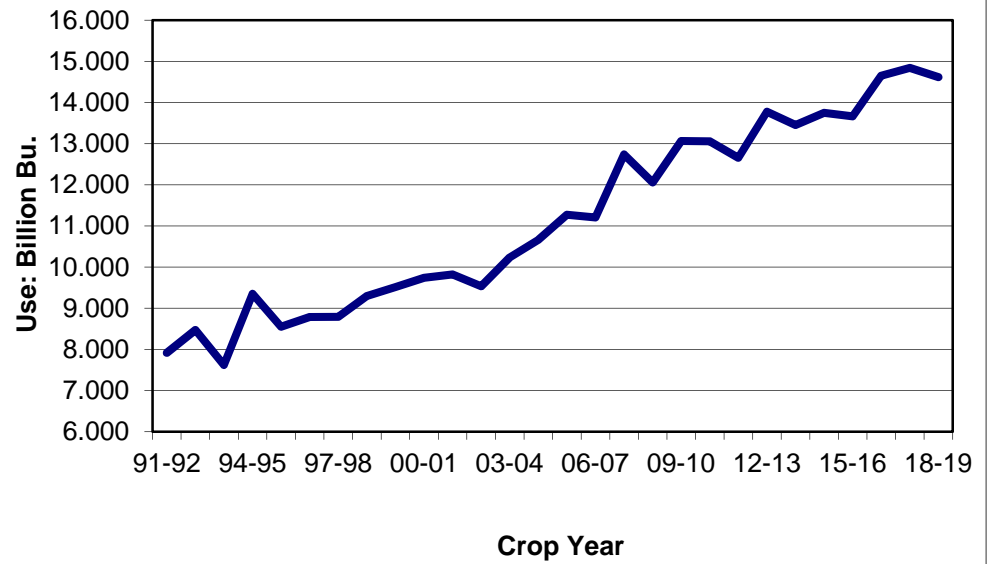


**Corn: End Stocks/Use Ratio**

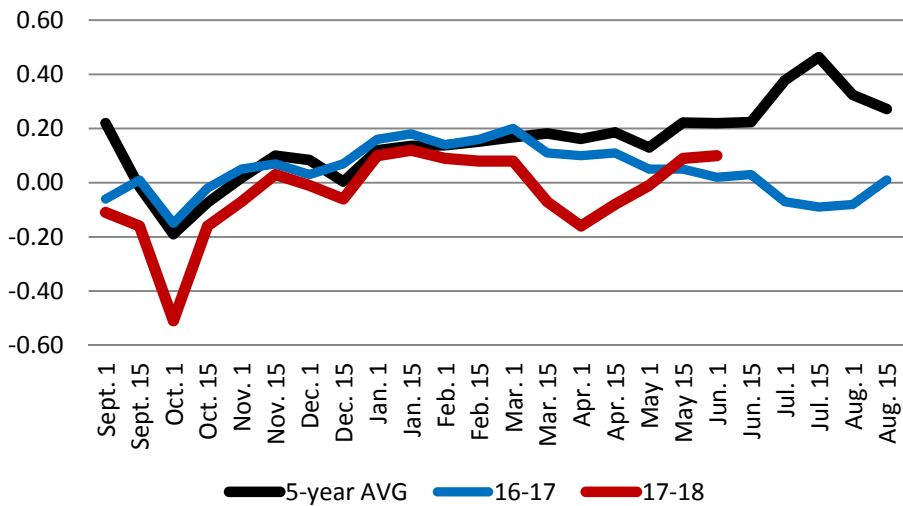


**Stocks/use decreasing  
Small decline in total use**

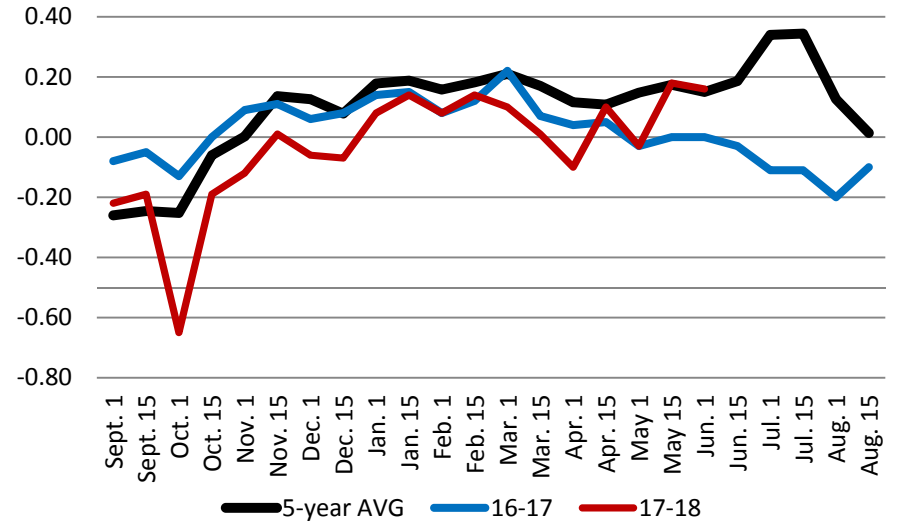
**Use: Corn Total Use**



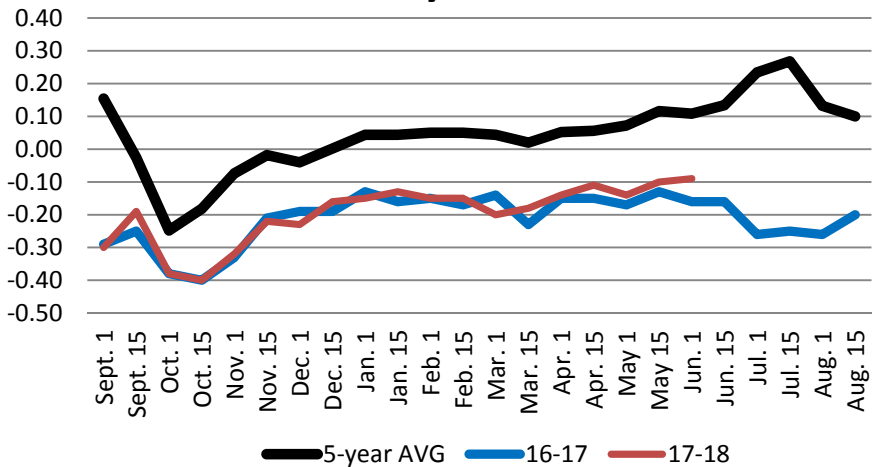
### St Louis Corn Basis



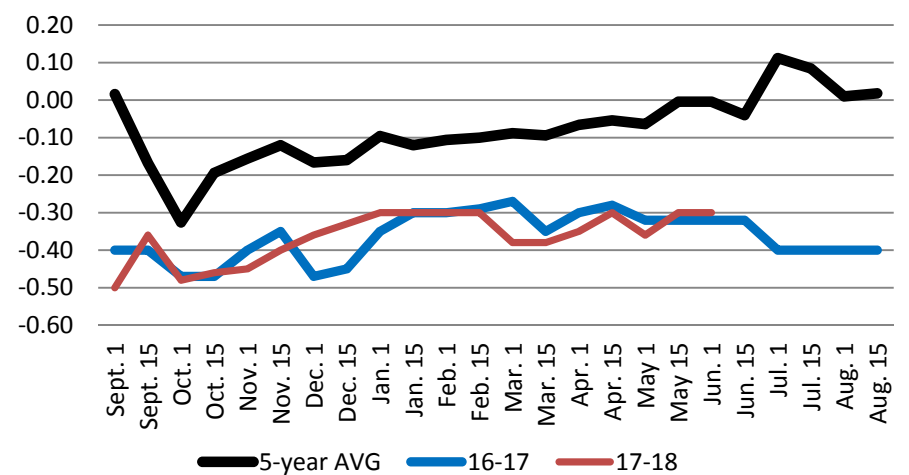
### SE MO Corn Basis



### Kansas City Corn Basis



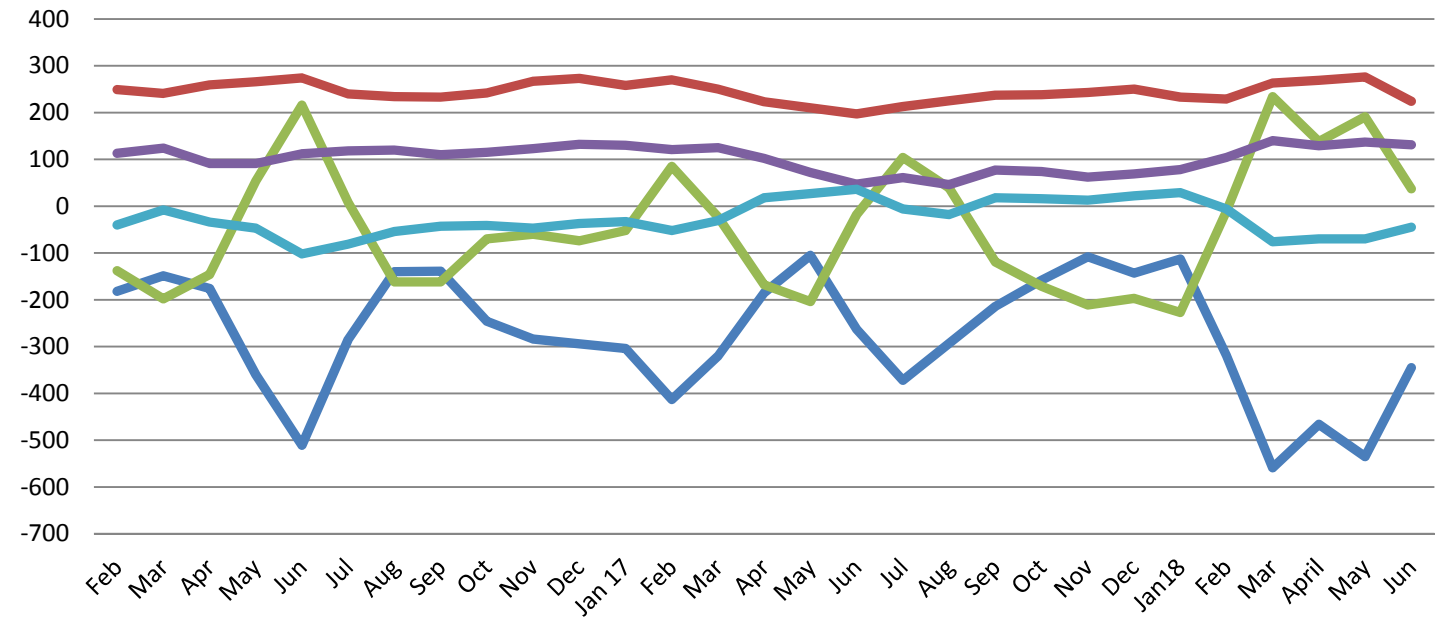
### Central MO Corn Basis



### Corn Futures Price



### Corn COT Net Position



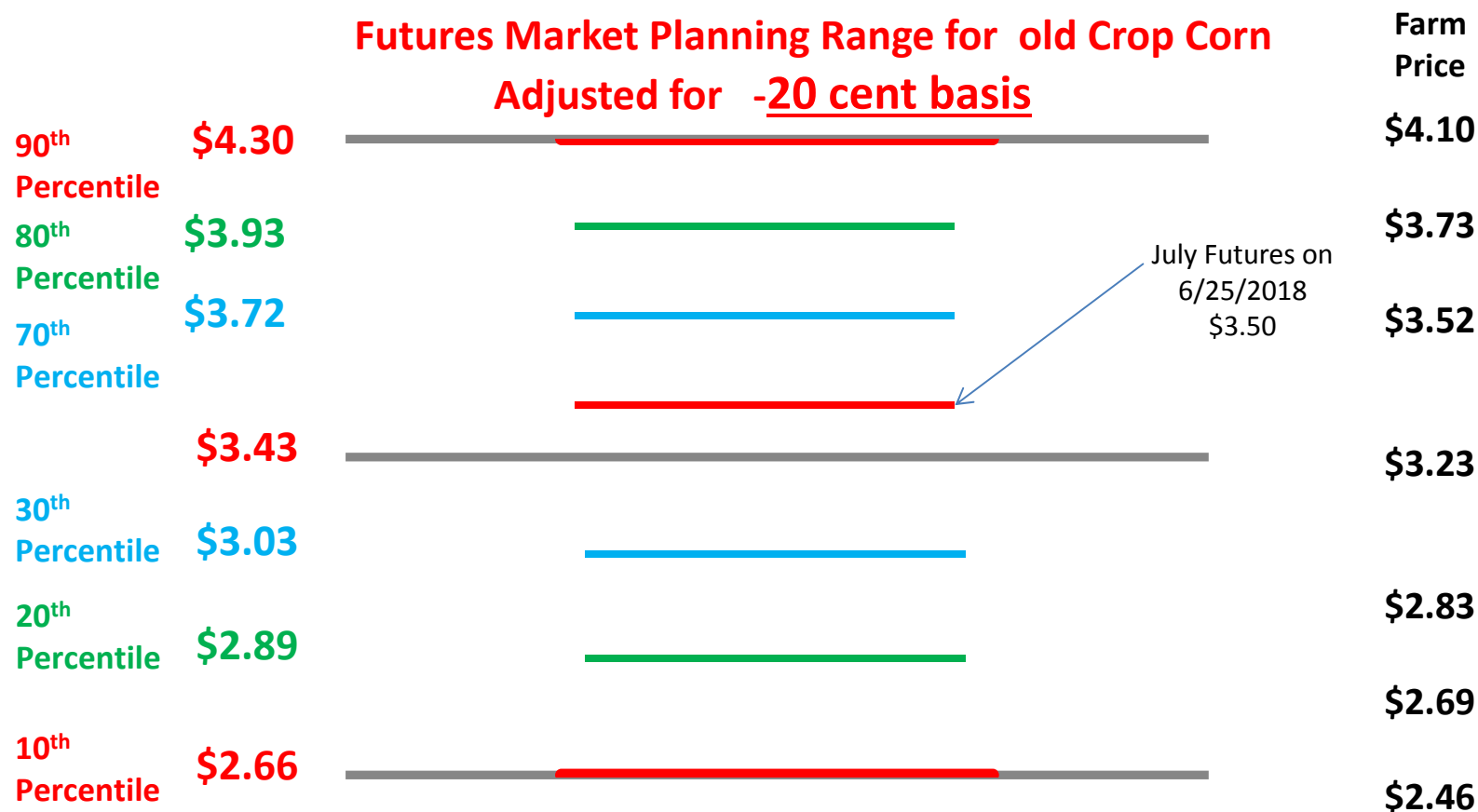
— Producer Merchandizer  
 — Swap Dealer  
 — Managed Money  
 — Other Reportable  
 — Non- Reportable



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

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

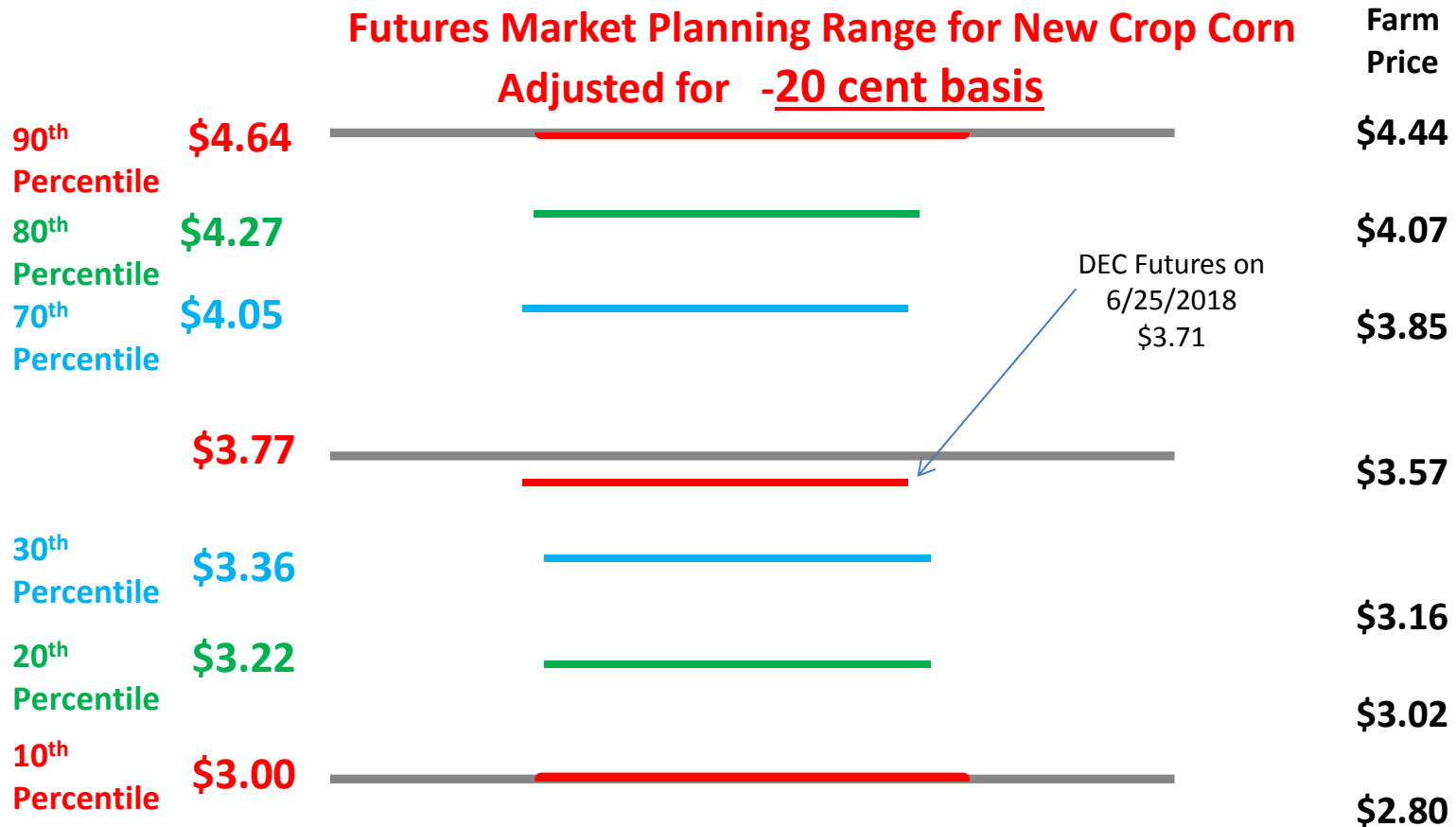
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.43**
- Futures Price Equivalent of FAPRI Range: **\$2.89 – \$3.93 @ 80 Percentile**
- Futures Price Equivalent of June 12 USDA Range: **\$3.45- \$3.75` Avg \$3.60**



# 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 June 12 USDA Range **\$3.60 - \$4.60 Average: \$4.10**



# U.S. soybean supply and use

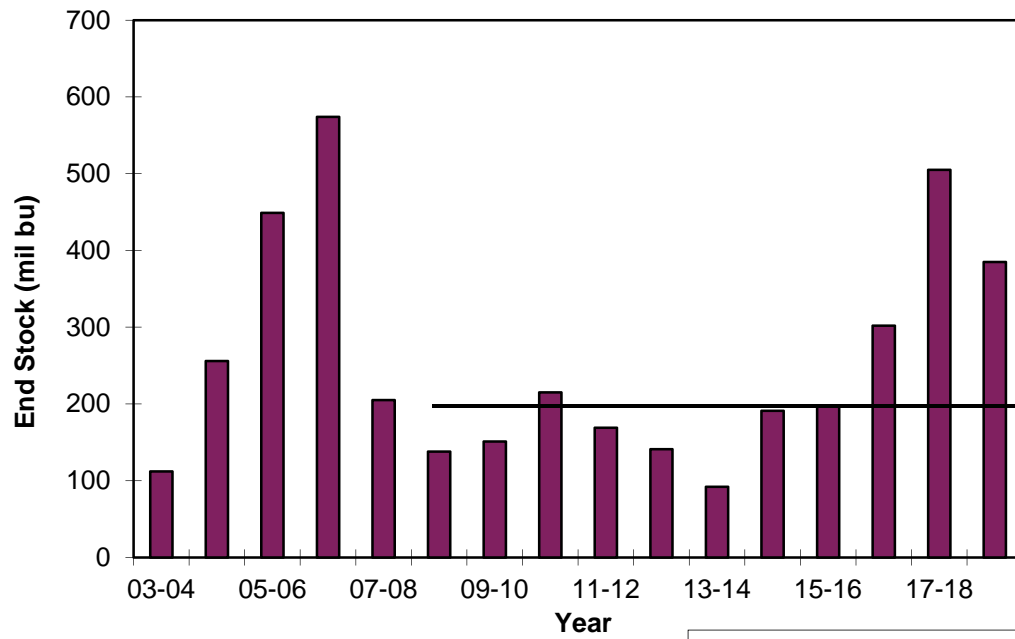
|                                   | 2017/18<br>(USDA June<br>12) | 2018/19<br>(USDA June<br>12) | 2017/18<br>(FAPRI<br>Mar2018) | 2018/19<br>(FAPRI<br>Mar2018) |
|-----------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| 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.)                  | 2,015                        | 2,000                        | 1,953                         | 1,976                         |
| Other domestic use                | 133                          | 135                          | 139                           | 135                           |
| Exports                           | 2,065                        | 2,290                        | 2,169                         | 2,182                         |
| Ending stocks                     | 505                          | 385                          | 457                           | 449                           |
|                                   |                              |                              |                               |                               |
| Marketing yr. avg. price (\$/bu.) | 9.40                         | 8.75 – 11.25                 | 9.23                          | 9.38                          |

Sources: USDA WASDE, June 2018.

# WASDE-USDA Soybean Summary June 12, 2018

- 1) U.S. Average Farm Price- **Moderate increase**
  - 2018- 19 USDA:\$10.00 (\$8.75 - \$11.25)
  - 2017- 18 USDA: \$9.45
  - 2016- 17 USDA: \$9.47
  
- 2) U.S. Ending Stocks- **Significantly above 10 Year Average**
  - 2018- 19 USDA: (385 Million Bushels)
  - 2017- 18 USDA: (505 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: (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 increase**
  - 2018- 19 USDA: (2,290 Million Bushels)
  - 2017- 18 USDA: (2,065 Million Bushels)
  - 2016- 17 USDA: (2,174 Million Bushels)

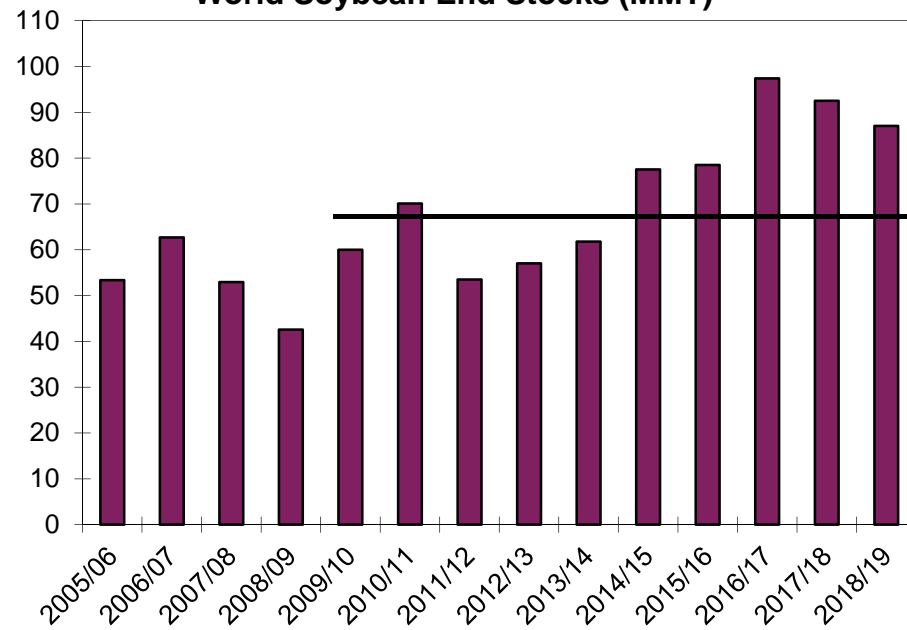
### Soybean: U.S. End Stocks



Decreasing, but carryovers remain large.

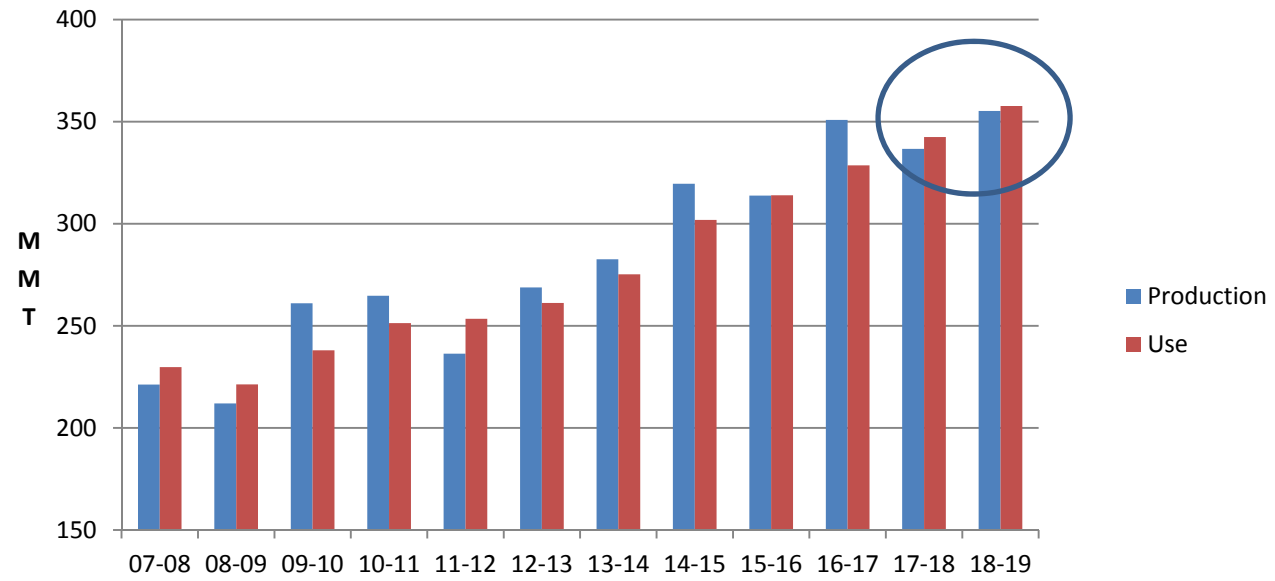
10-yr  
AVG

### World Soybean End Stocks (MMT)



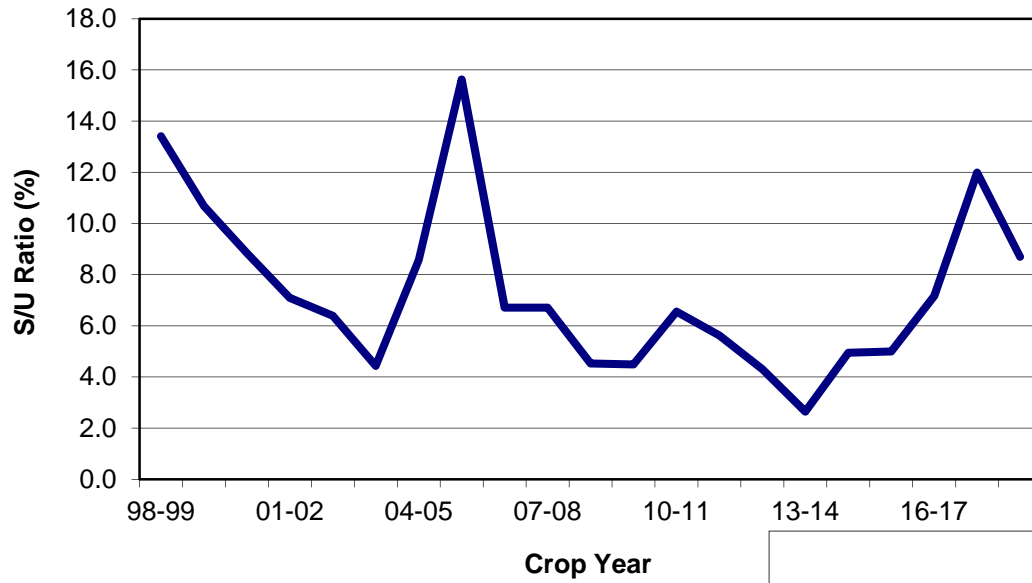
10-yr  
AVG

## World Soybean Production and Use



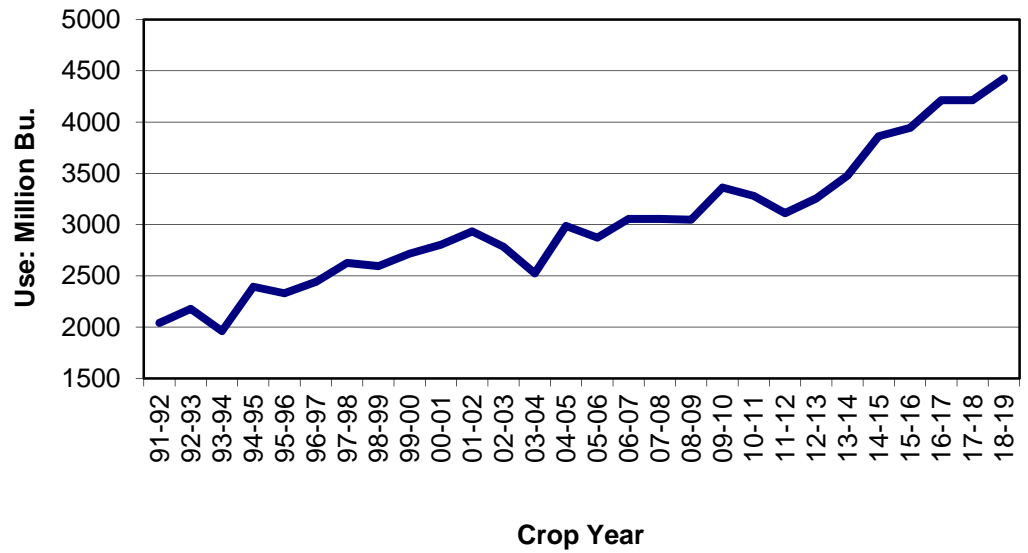
**Global use is expected to slightly exceed production for second year!**

**Soybeans: End Stocks/Use Ratio**

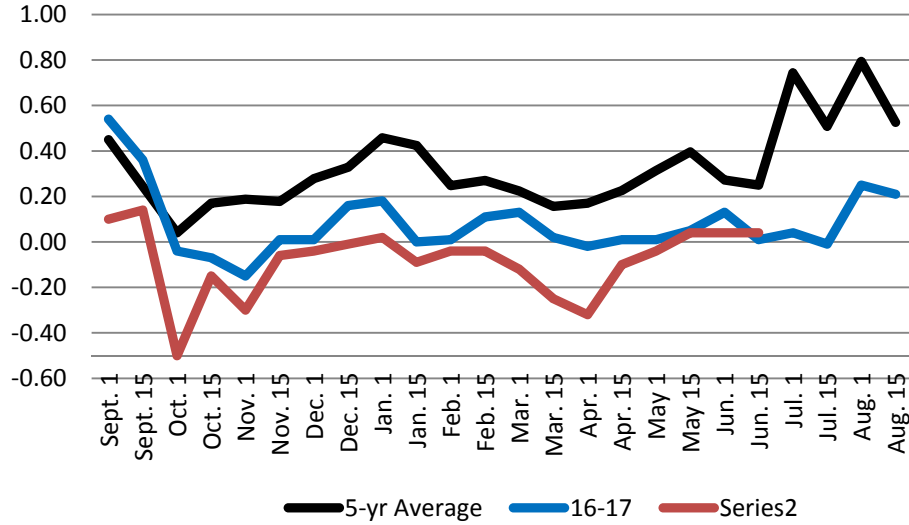


**Stocks/Use expected to decrease in 2018-19  
Total Use Continues to Grow**

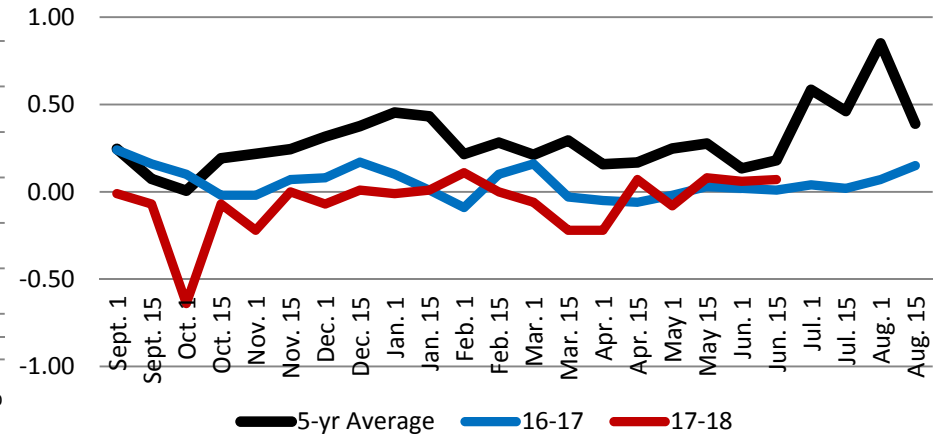
**Soybean: Total Use**



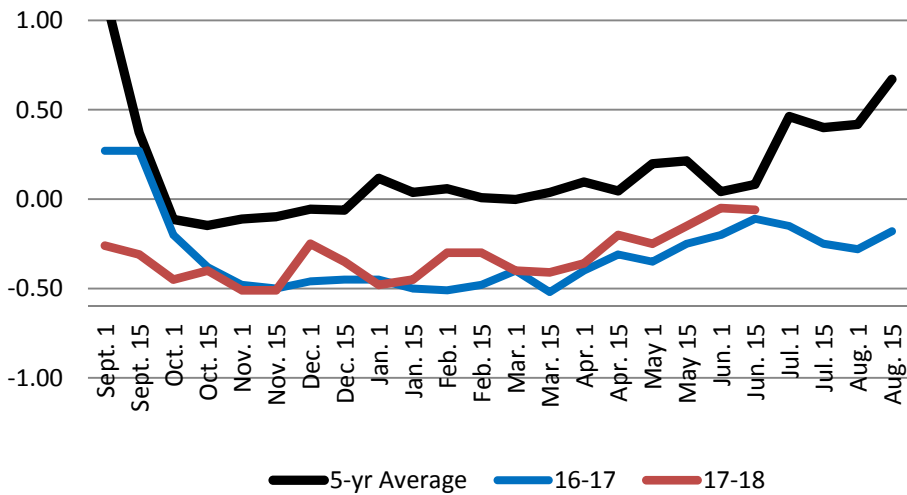
### St Louis Soybean Basis



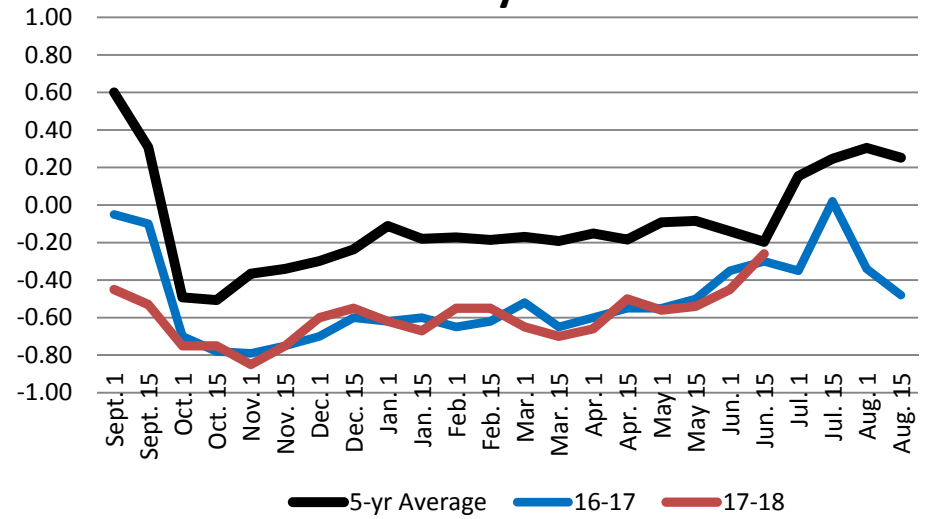
### SE MO Soybean Basis



### Kansas City Soybean Basis



### Central MO Soybean Basis

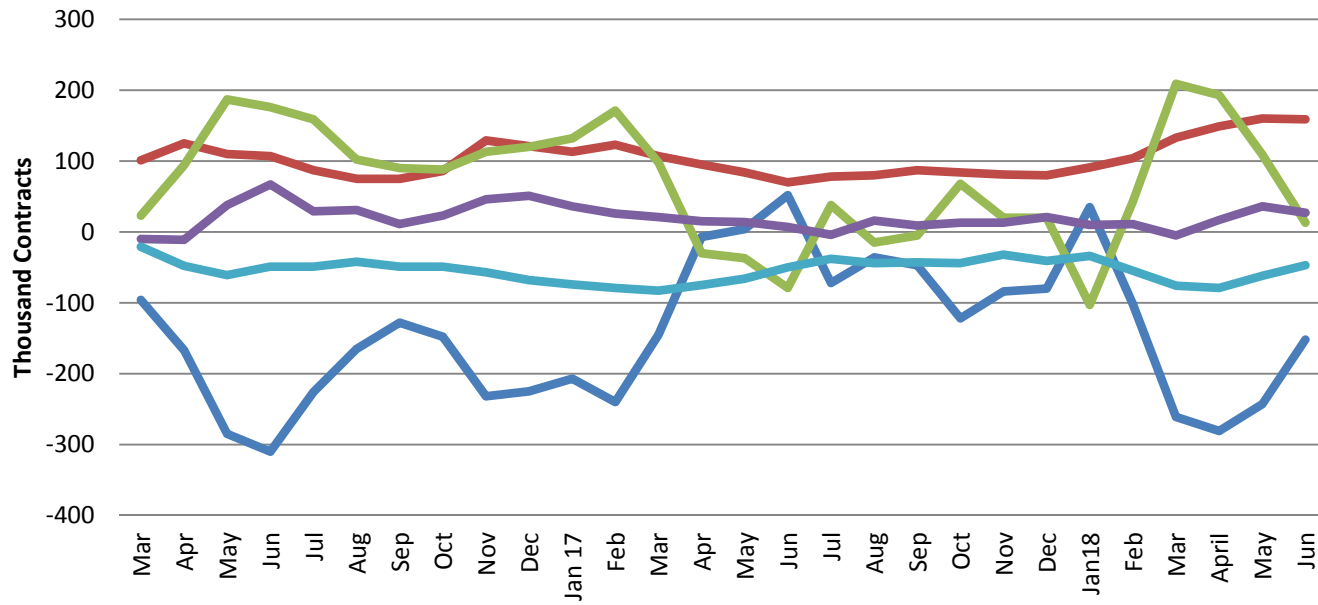




### Soybean Futures Prices



### Soybean: COT Net Positions

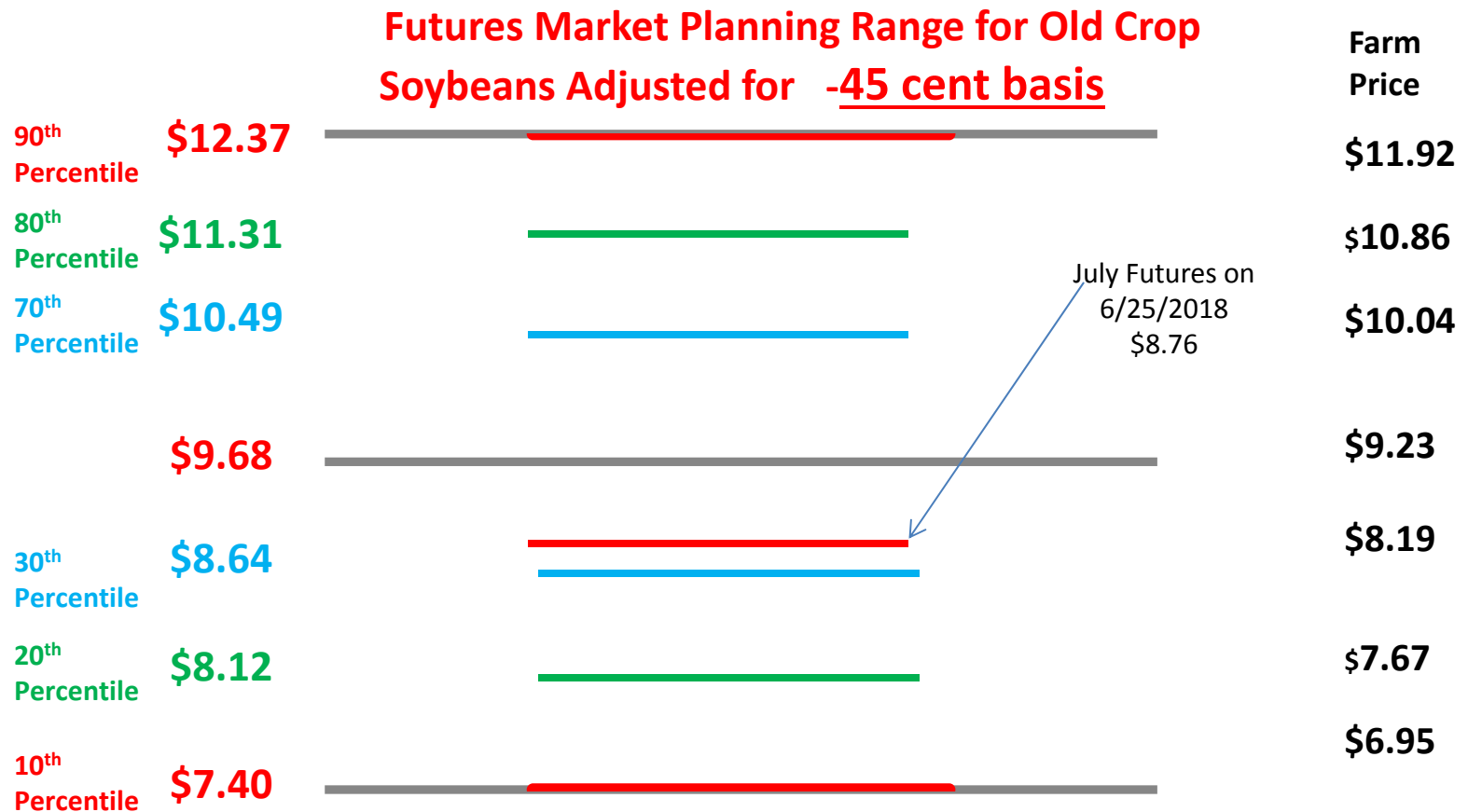


- Producer Merchandizer
- Swap Dealer
- Managed Money
- Other Reportable
- Non- Reportable

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

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

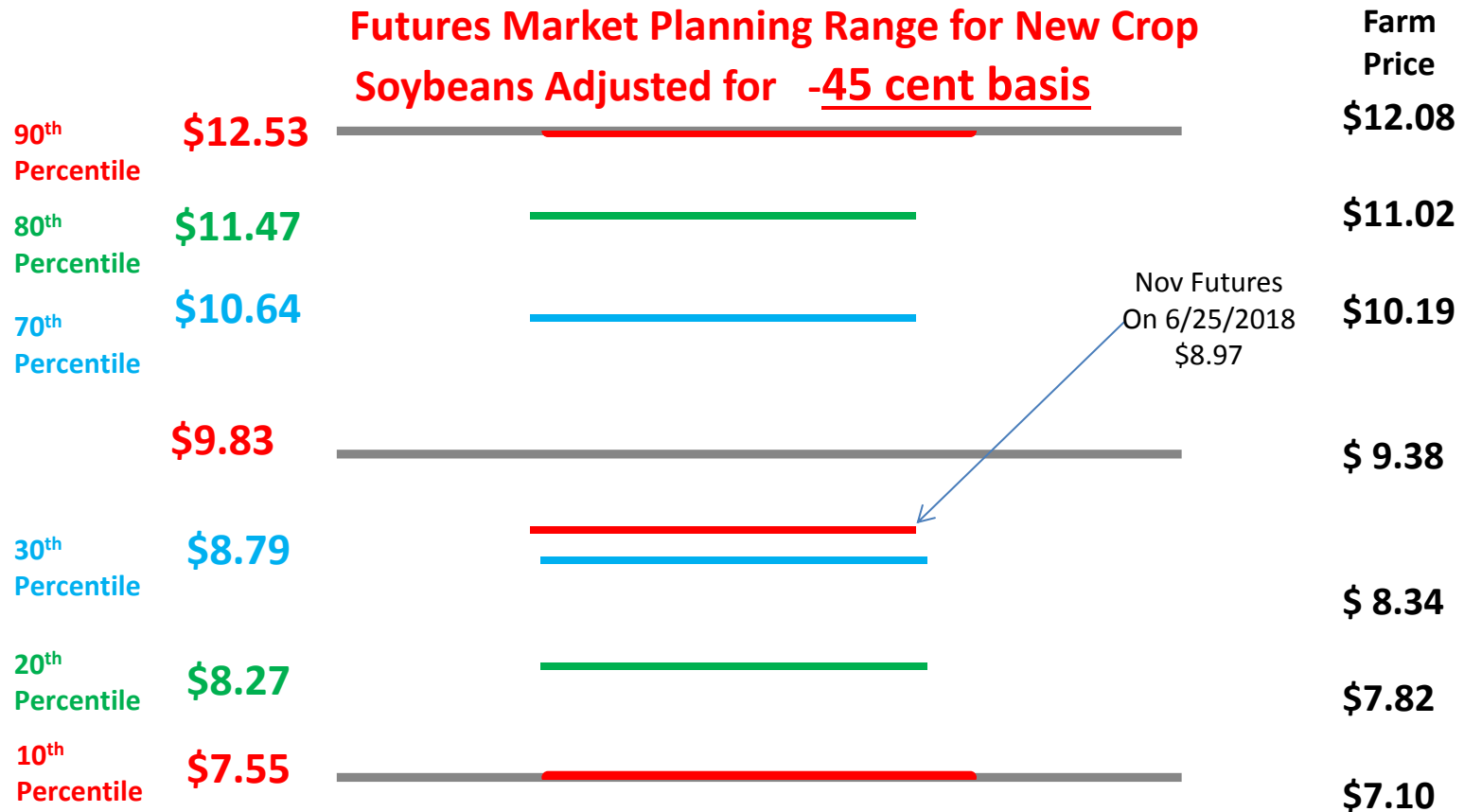
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$9.68**
- Futures Price Equivalent of FAPRI Range: **\$8.12 - \$11.31 @ 80 Percentile**
- Futures Price Equivalent of June 12 USDA Price: **Avg \$9.85**



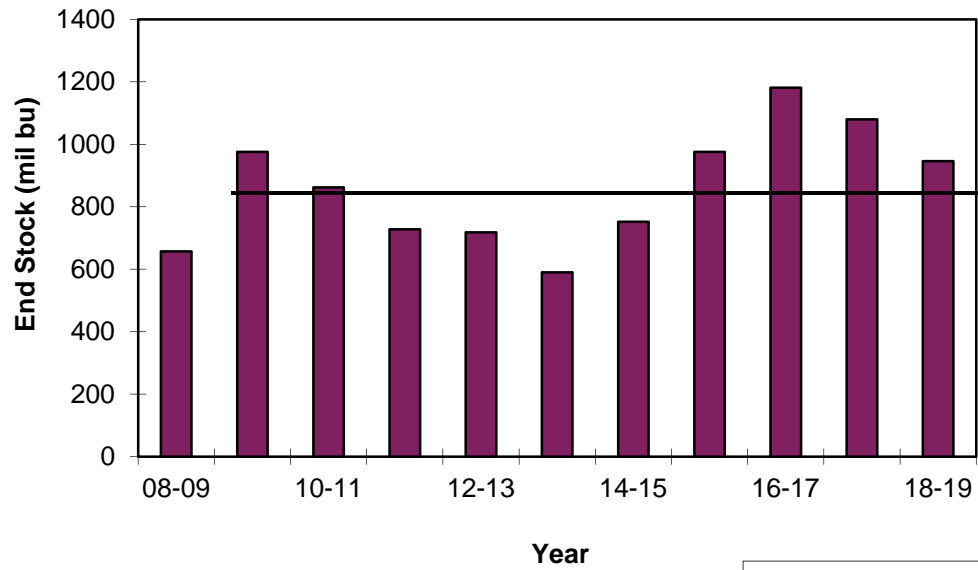
# New Crop – (18-19) Soybean FAPRI Baseline Ranges March, 2018

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 June 12 USDA Range: **\$9.20 - \$11.70 Avg \$10.45**



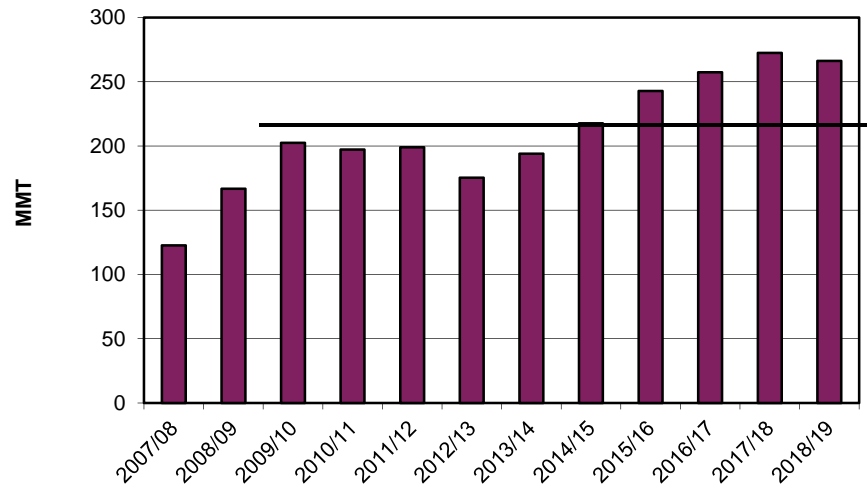
**Wheat: U.S. End Stocks**



10-yr  
AVG

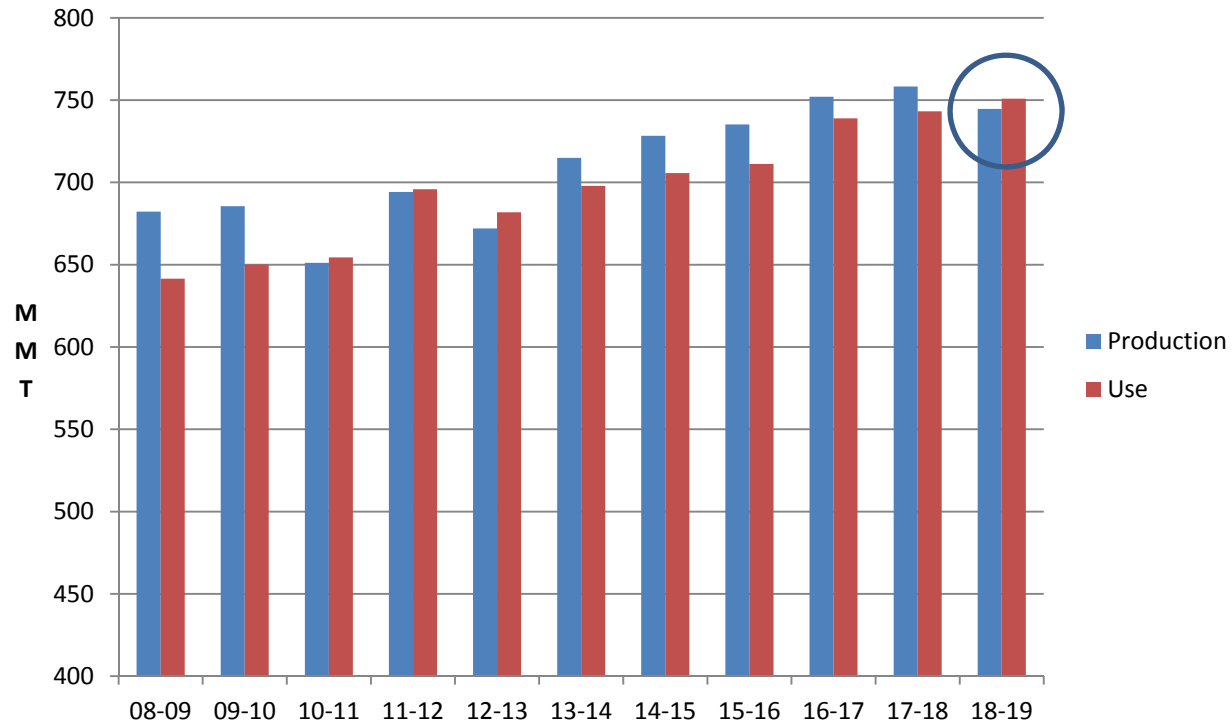
**In spite of decrease domestic  
wheat carryover remains large.  
Small decline in global stocks.**

**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.