



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
September 12, 2018

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U.S. corn supply and use

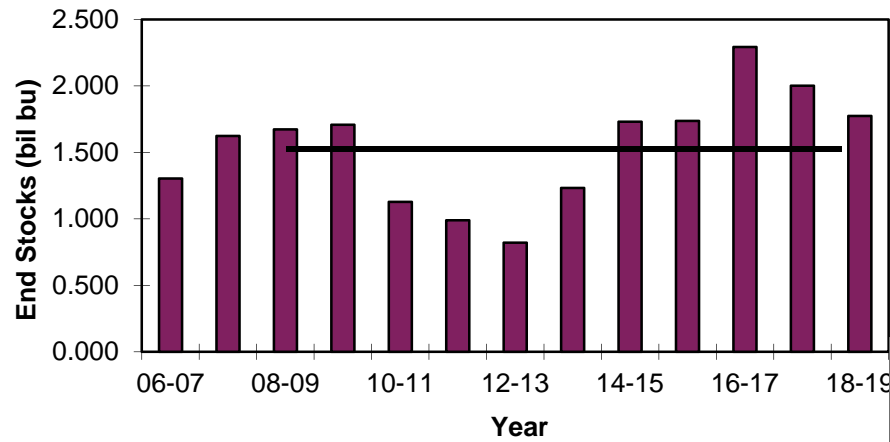
	2017/18 (USDA Sept.12)	2018/19 (USDA Sept. 12)	2018/19 (FAPRI Aug. 2018)	2019/20 (FAPRI Aug.2018)
Area planted (mil. acres)	90.2	89.1	89.1	91.1
Yield (bu./harvested acre)	176.6	181.3	178.4	173
Production (mil. bu.)	14,604	14,827	14,586	14,485
Feed and residual use (mil. bu.)	5,450	5,575	5,546	5,534
Ethanol and coproduct use	5,600	5,650	5,606	5,538
Other domestic use	1,460	1,480	1,459	1,465
Exports	2,425	2,400	2,326	2,084
Ending stocks	2,002	1,774	1,717	1,622
Marketing yr. avg. price (\$/bu.)	3.40	3.00-4.00	3.62	3.83

Source: USDA WASDE, Sept 2018.

WASDE USDA Corn Summary Sept. 12, 2018

- 1) U.S. Average Farm Price – **Moderate Increase**
 - 2018- 19 USDA: \$3.50 (\$3.00- \$4.00)
 - 2017–18 USDA: \$3.40
 - 2016- 17 USDA: \$3.36
 - 2015- 16 USDA: \$3.61
- 2) U.S. Ending Stocks-**Significant decline**
 - 2018- 19 USDA: (1,774 Million Bushels)
 - 2017- 18 USDA: (2,002 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 20 year average**
 - 2018- 19 World: (157 Million Metric Tons)
 - 2017- 18 World: (194 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: (2,400 Million Bushels)
 - 2017- 18 USDA: (2,425 Million Bushels)
 - 2016- 17 USDA: (2,294 Million Bushels)

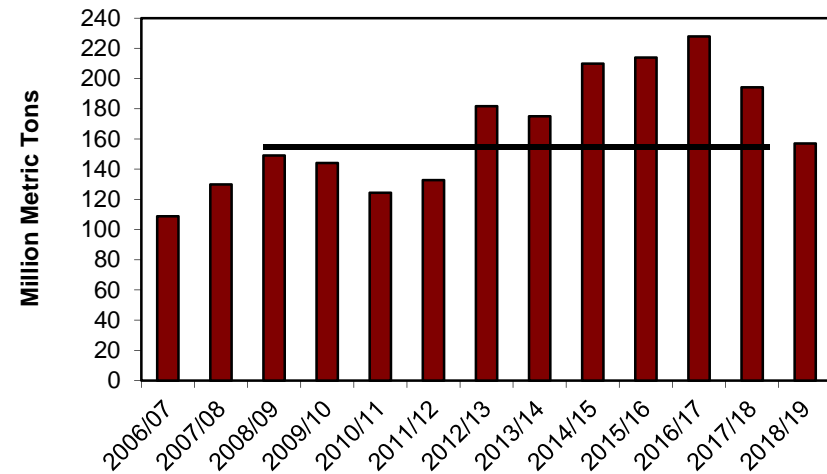
Corn: U.S. End Stocks



Domestic and Global corn ending stocks declining.

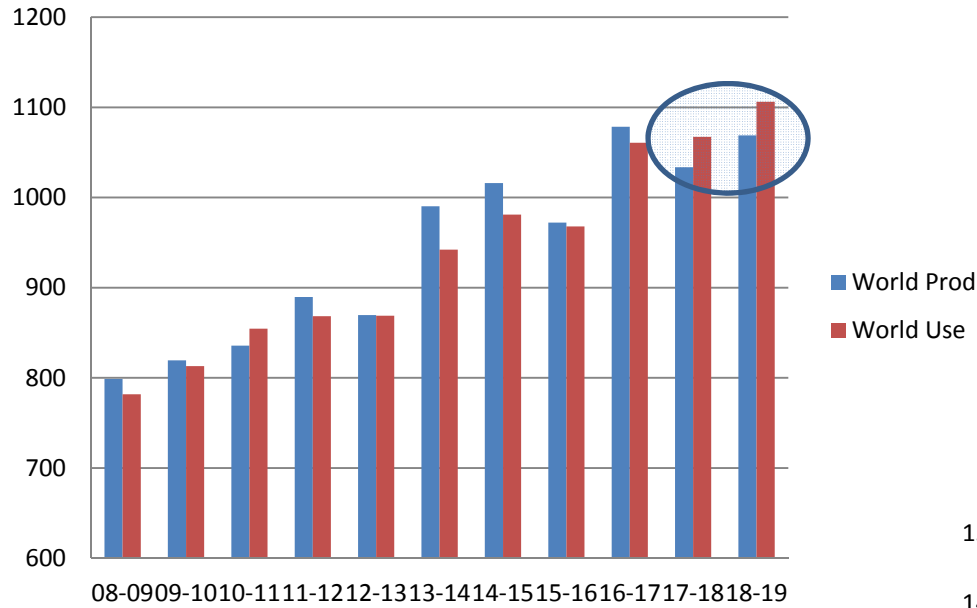
10-Yr
AVG

Corn World End Stocks (MMT)



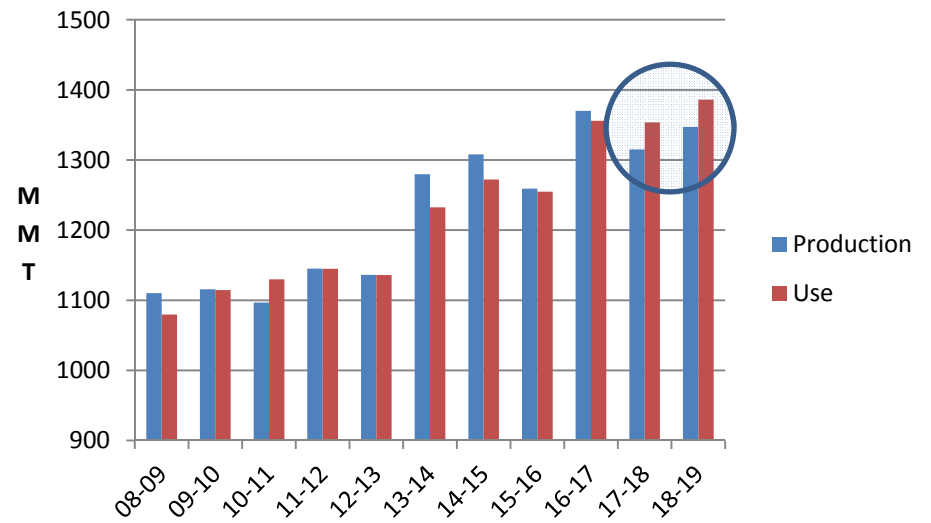
10-Yr
AVG

Corn World Production & Use

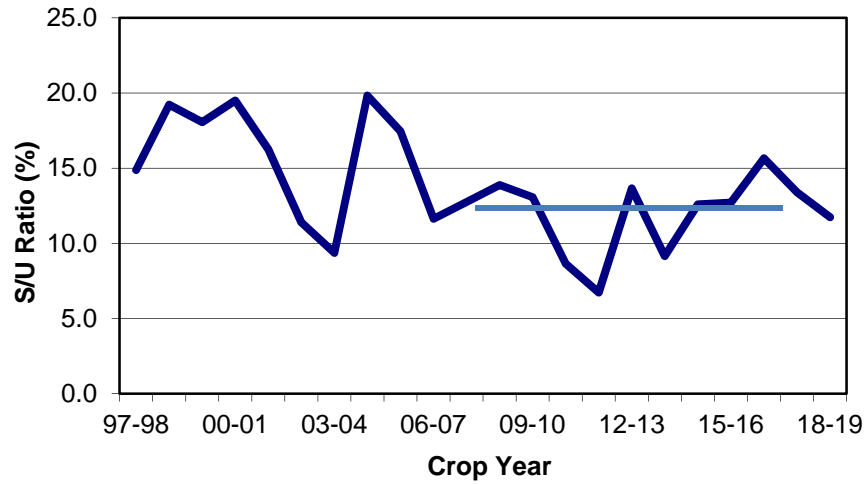


Global corn and coarse grain use expected to exceed World production for second straight year!

World Coarse Grains: Production & Use



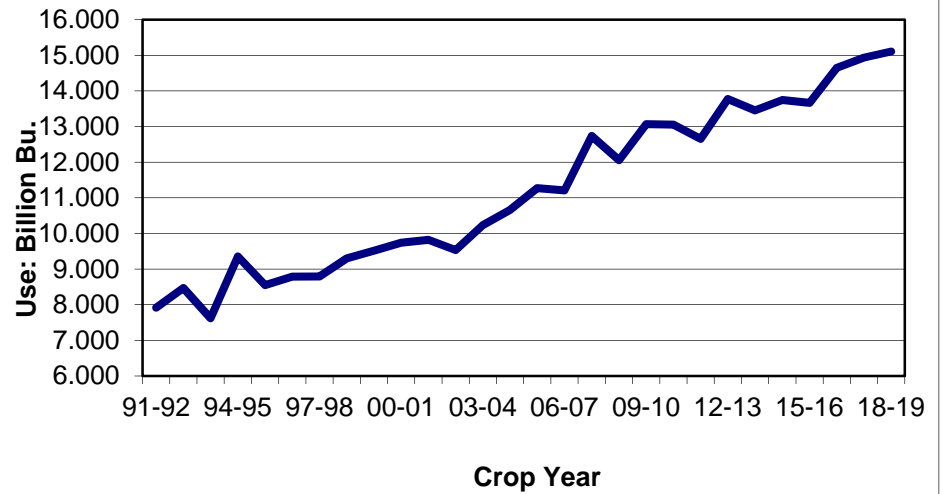
Corn: End Stocks/Use Ratio



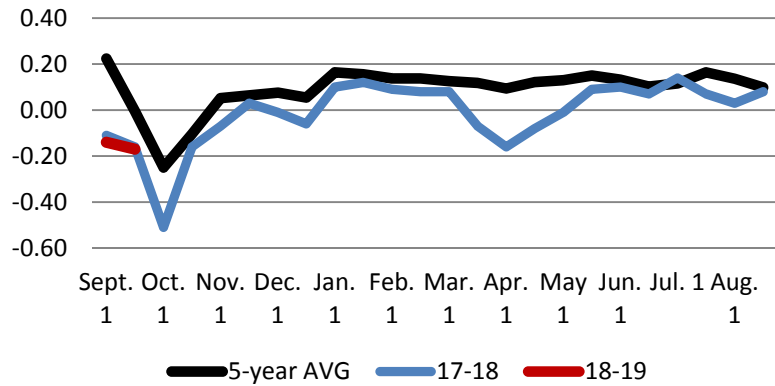
Corn use continues to grow, ending stocks/use ratio declining to near average of previous 10 years.

10-Yr
AVG

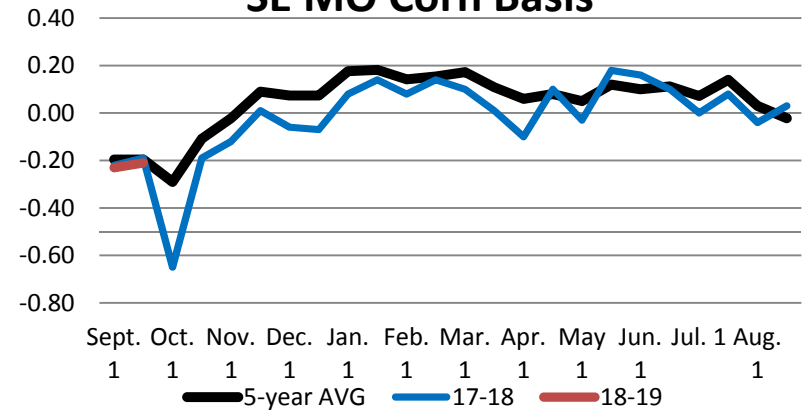
Use: Corn Total Use



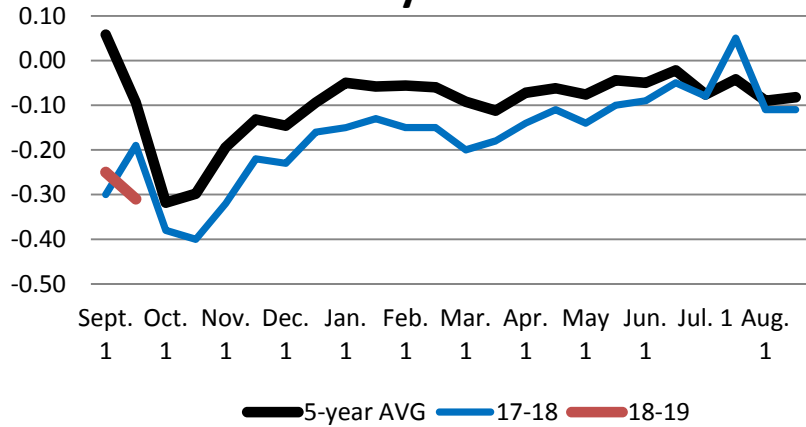
St Louis Corn Basis



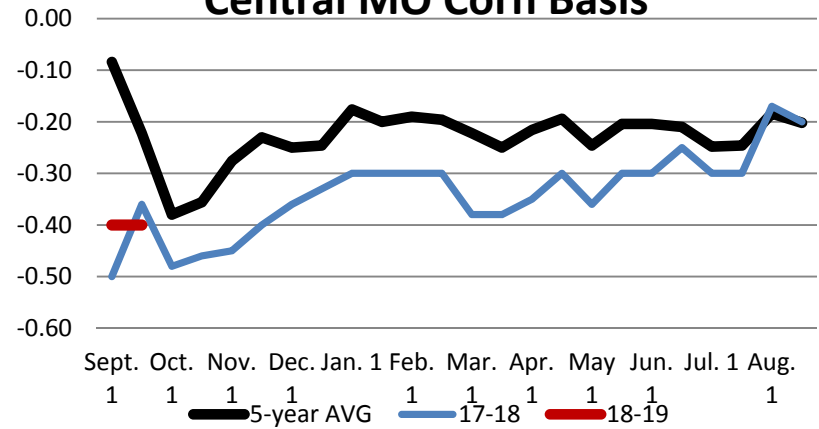
SE MO Corn Basis

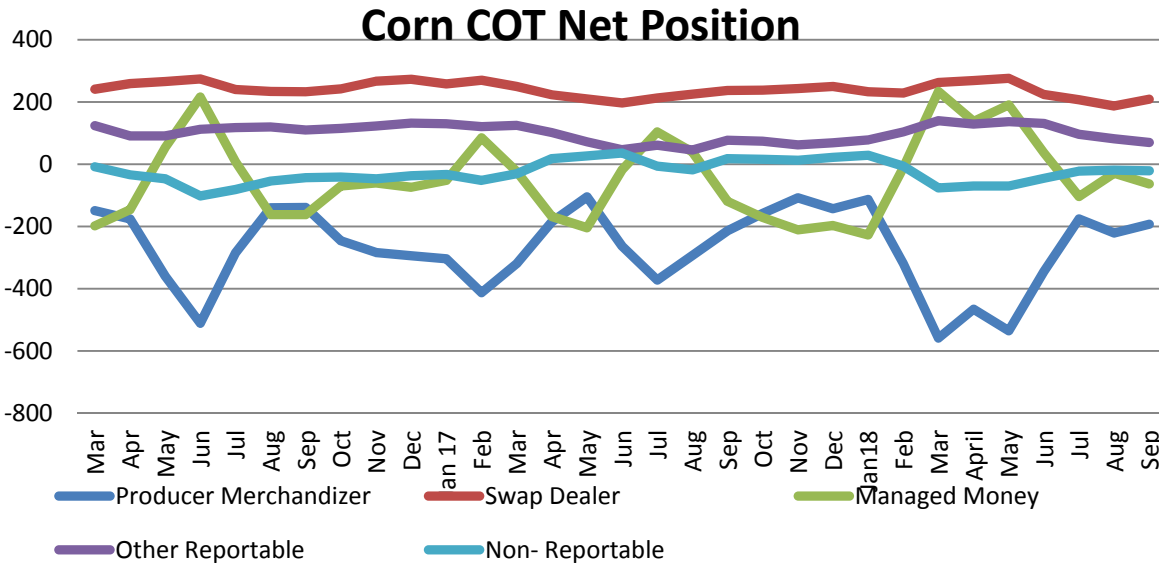
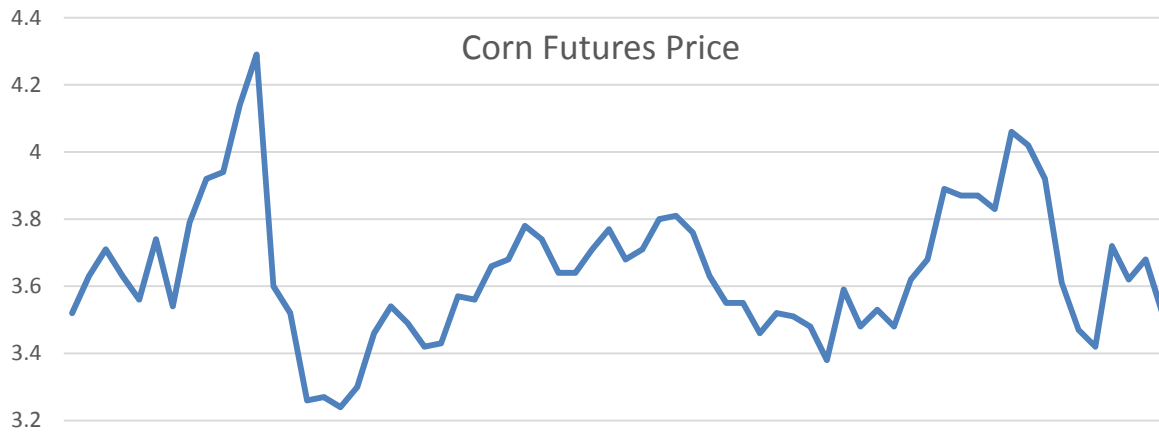


Kansas City Corn Basis



Central MO Corn Basis

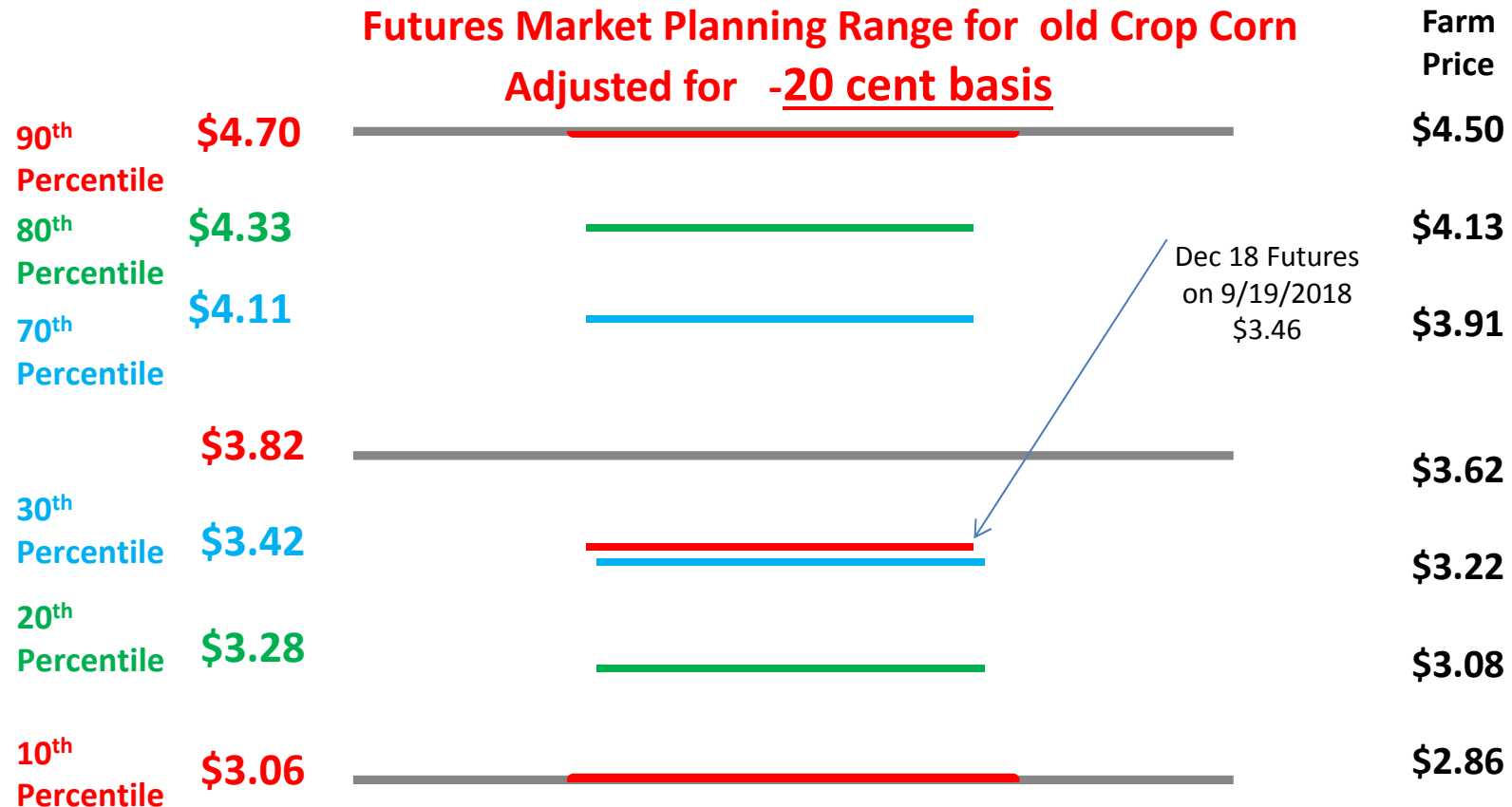




Old Crop – (18-19) Corn FAPRI Baseline Ranges Aug, 2018

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

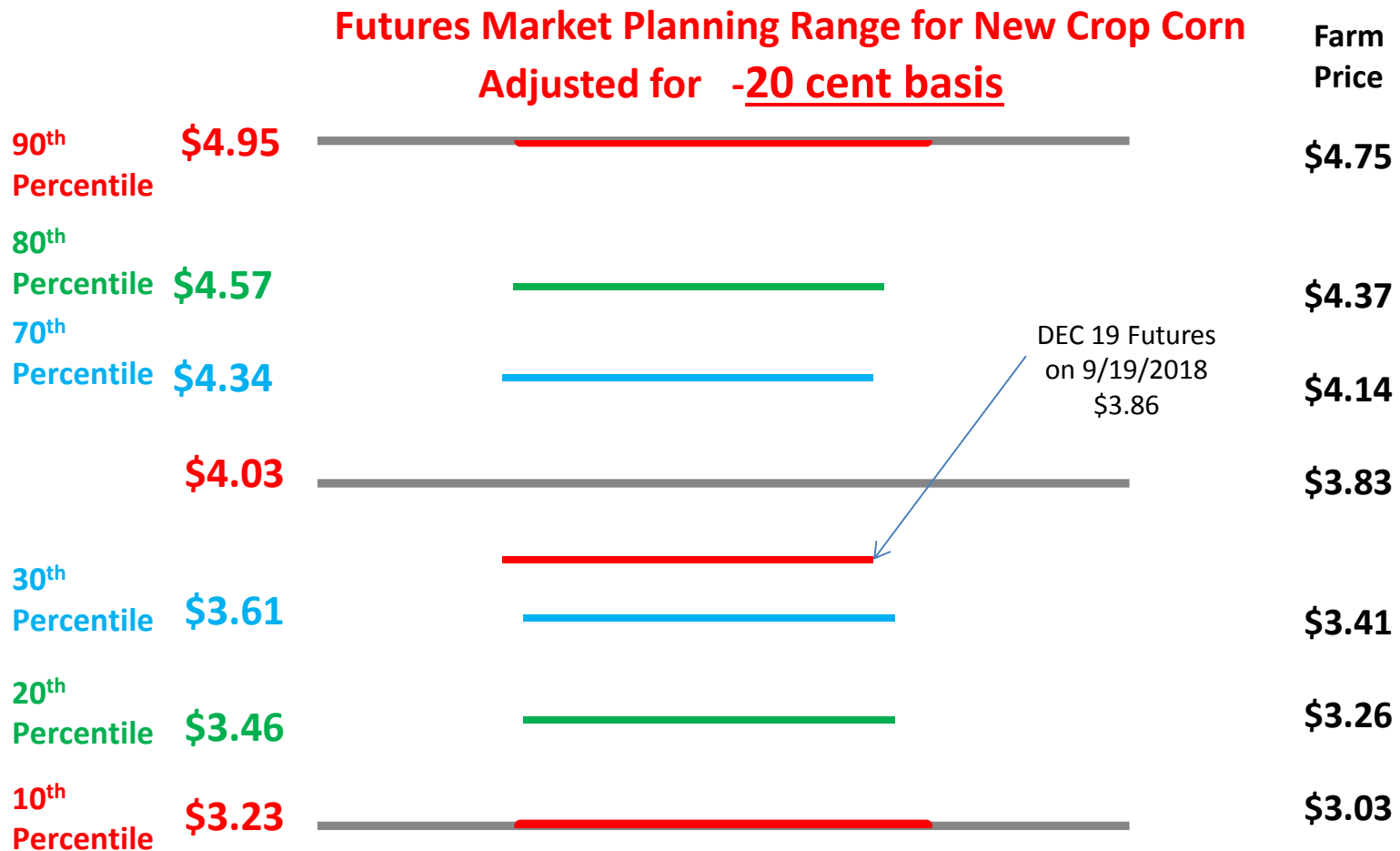
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.82**
- Futures Price Equivalent of FAPRI Range: **\$3.28 – \$4.13 @ 80 Percentile**
- Futures Price Equivalent of Sept 12 USDA Range: **\$3.20- \$4.20 Avg \$3.70**



New Crop – (19-20) Corn FAPRI Baseline Ranges Aug, 2018

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

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$4.03**
- Futures Price Equivalent of FAPRI Range: **\$3.46 - \$4.57 @ 80 Percentile**



U.S. soybean supply and use

	2017/18 (USDA Sept 12)	2018/19 (USDA Sept 12)	2018/19 (FAPRI Aug 2018)	2019/20 (FAPRI Aug,2018)
Area planted (mil. acres)	90.1	89.6	89.6	85.0
Yield (bu./harvested acre)	49.1	52.8	51.6	48.4
Production (mil. bu.)	4,392	4,693	4,586	4,077
Crush (mil. bu.)	2,055	2,070	2,098	2,102
Other domestic use	136	137	142	133
Exports	2,130	2,060	2,116	2,033
Ending stocks	395	845	683	513
Marketing yr. avg. price (\$/bu.)	9.35	7.35 – 9.85	8.73	8.95

Sources: USDA WASDE, Sep 2018.

WASDE-USDA Soybean Summary Sept 12, 2018

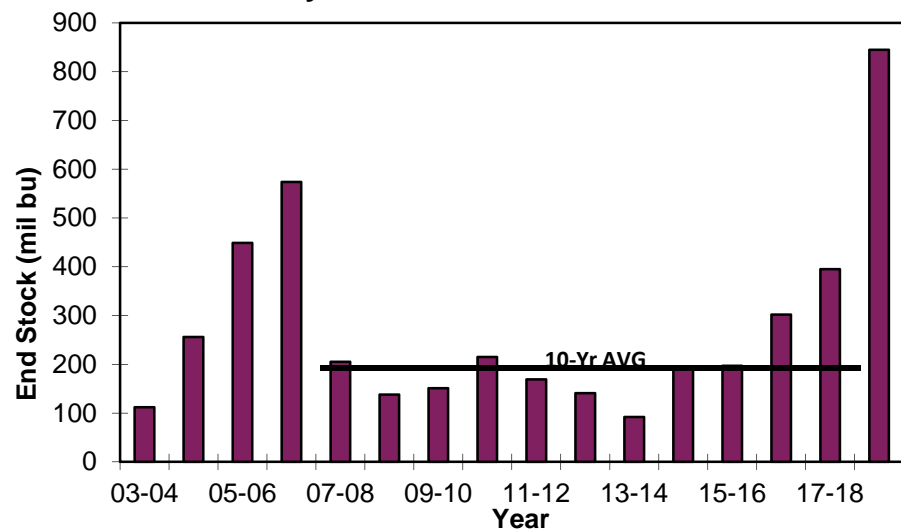
- 1) U.S. Average Farm Price- **Significant Decline**
 - 2018- 19 USDA: \$8.60 (\$7.35 - \$9.85)
 - 2017- 18 USDA: \$9.35
 - 2016- 17 USDA: \$9.47

- 2) U.S. Ending Stocks- **Significantly above 20 Year Average**
 - 2018- 19 USDA: (845 Million Bushels)
 - 2017- 18 USDA: (395 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: (108 Million Metric Tons)
 - 2017- 18 World: (95 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)

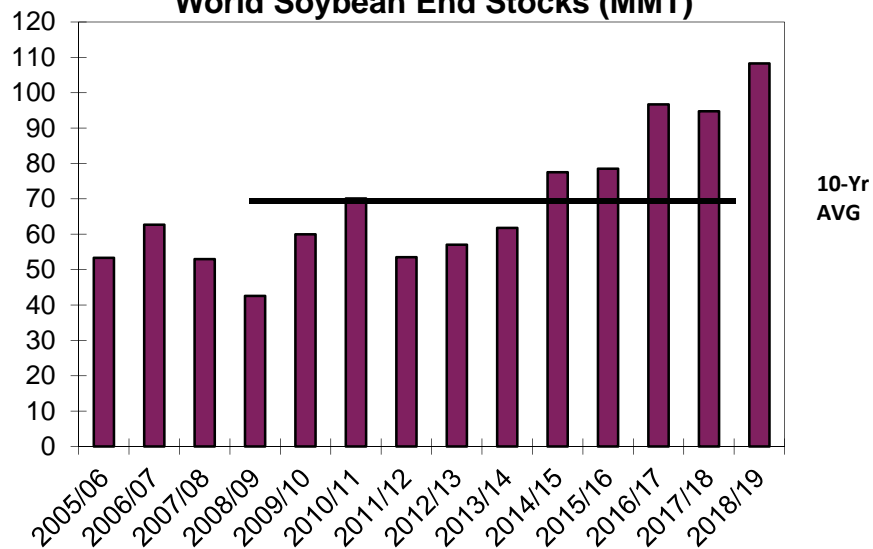
- 4) U.S. Export - **Moderate decline**
 - 2018- 19 USDA: (2,060 Million Bushels)
 - 2017- 18 USDA: (2,130 Million Bushels)
 - 2016- 17 USDA: (2,166 Million Bushels)

Soybean: U.S. End Stocks

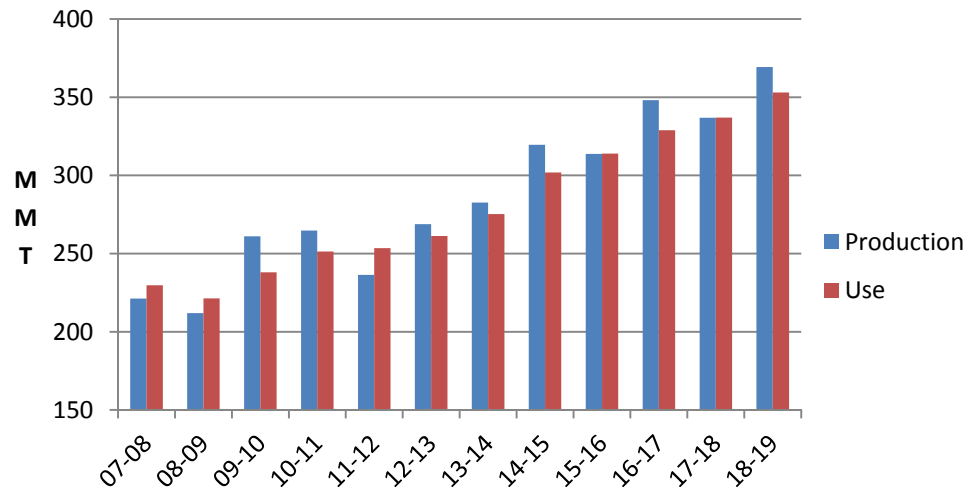


In just 5 years (since '13-'14) domestic soybean ending stocks have increased from the smallest in 40-years to projected new record high!

World Soybean End Stocks (MMT)

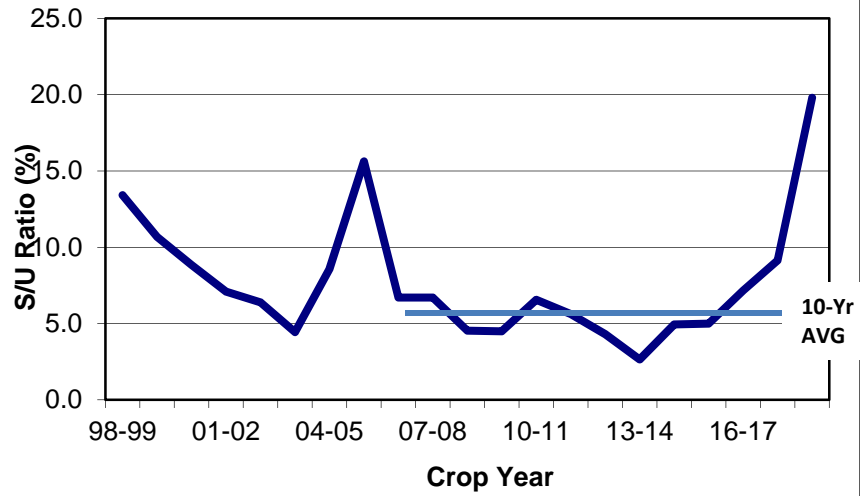


World Soybean Production and Use



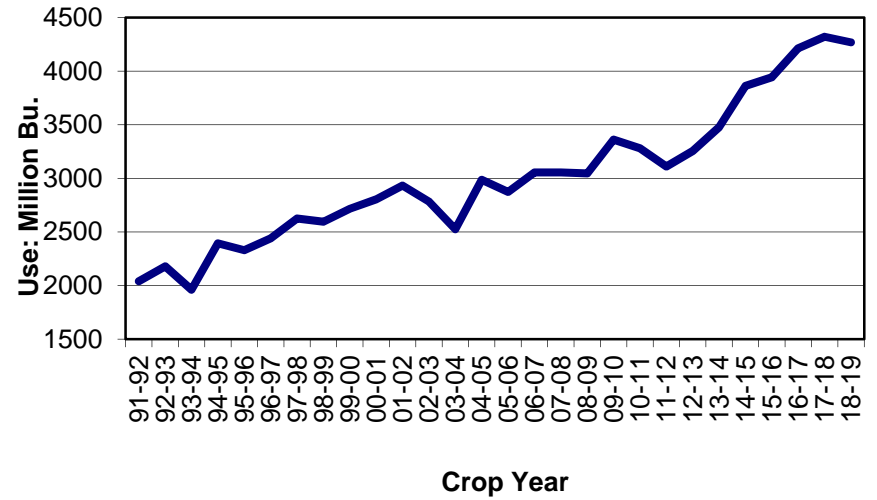
World soybean production expected to outrun increasing global use!

Soybeans: End Stocks/Use Ratio

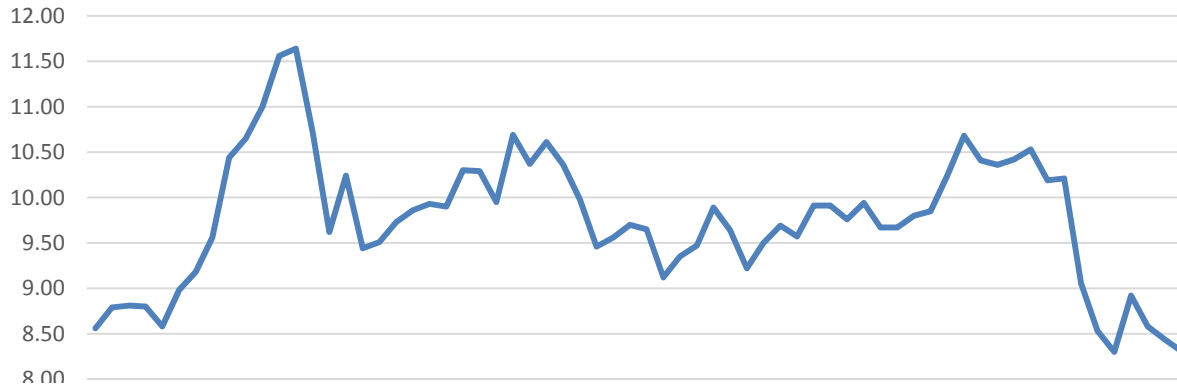


Total soybean use expected to dip slightly, ending stocks/use ratio to become very large.

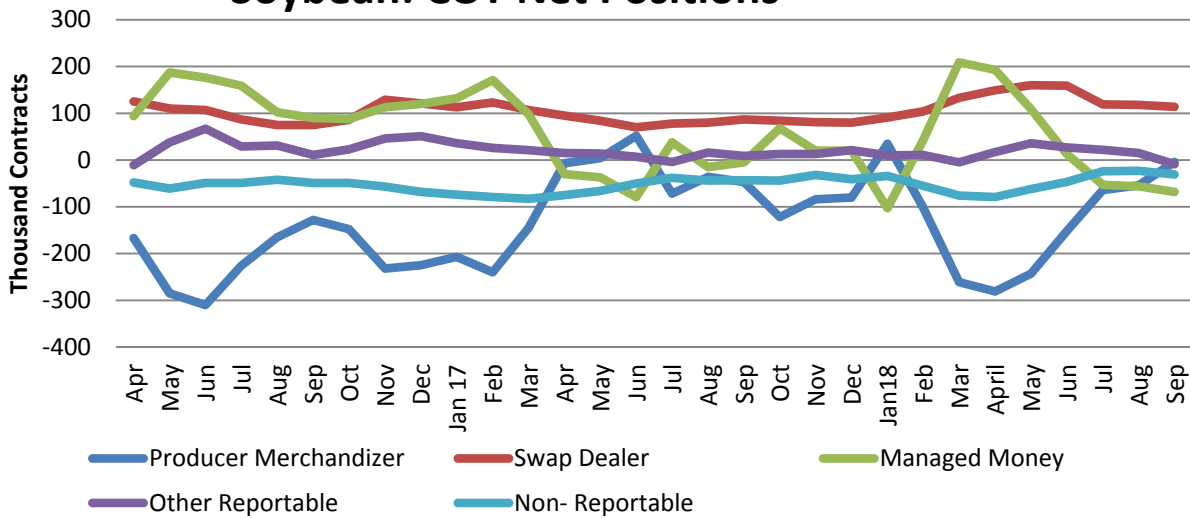
Soybean: Total Use

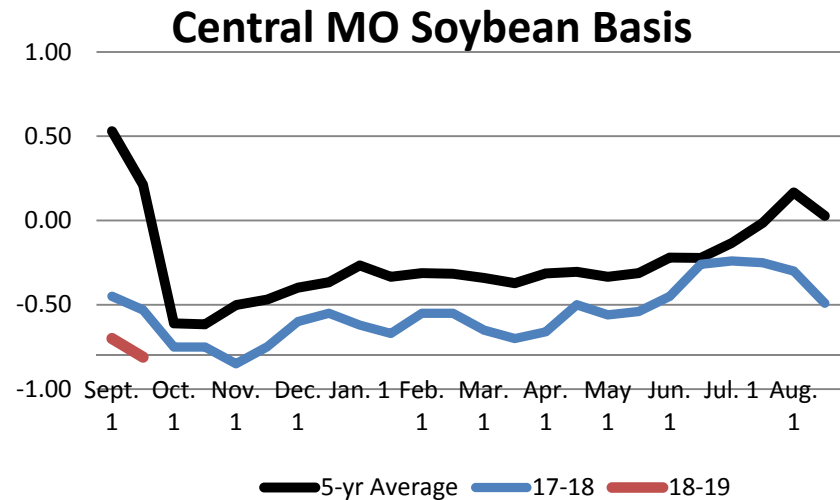
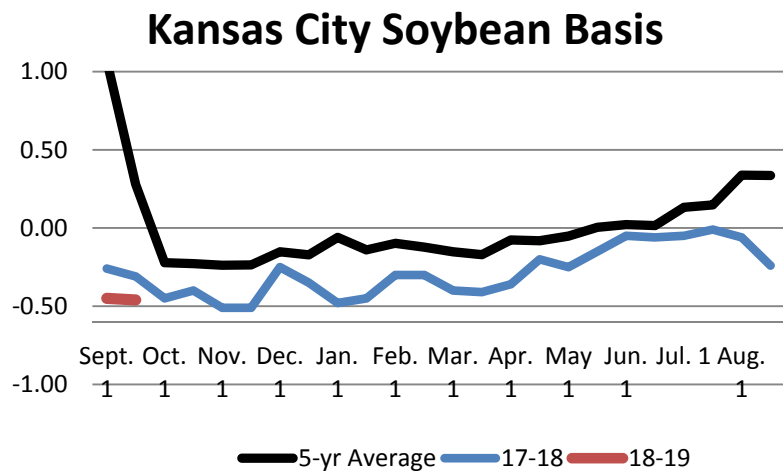
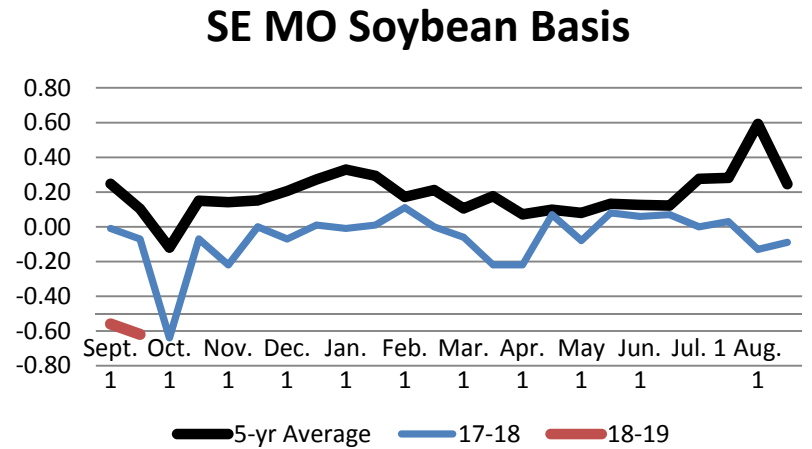
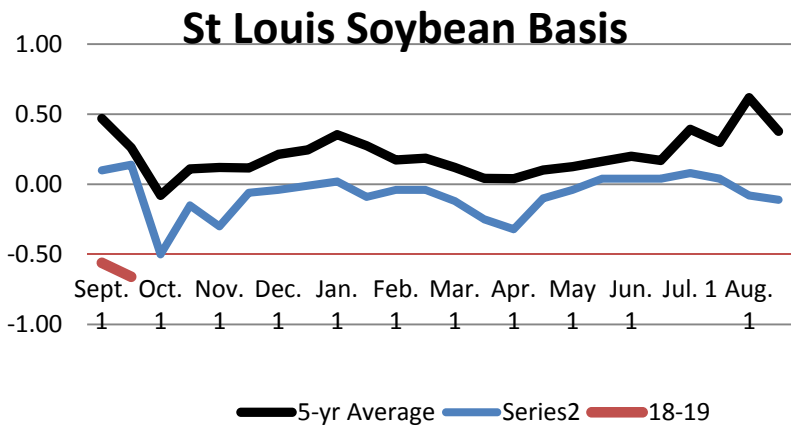


Soybean Futures Prices



Soybean: COT Net Positions

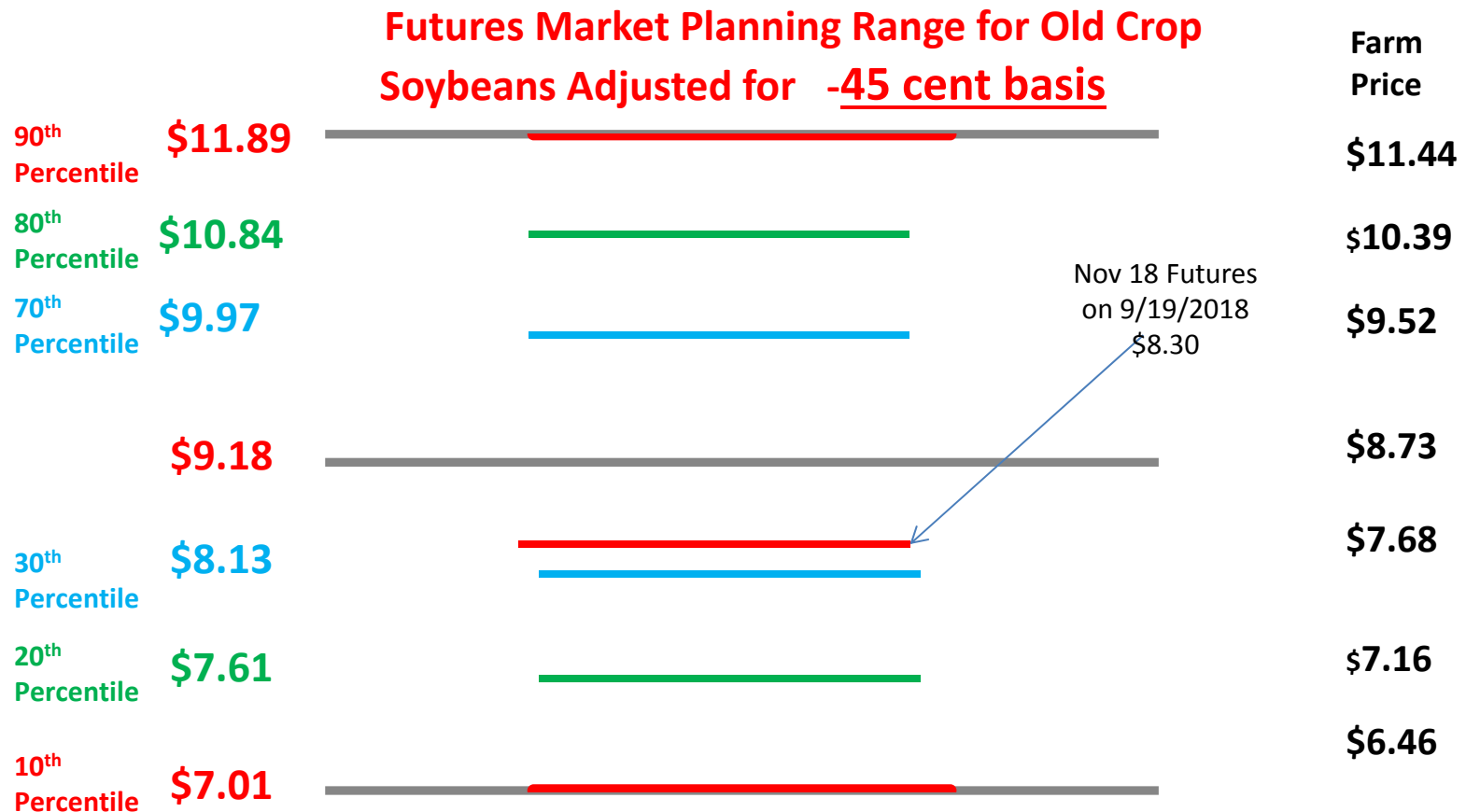




Old Crop – (18-19) Soybean FAPRI Baseline Ranges Aug, 2018

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

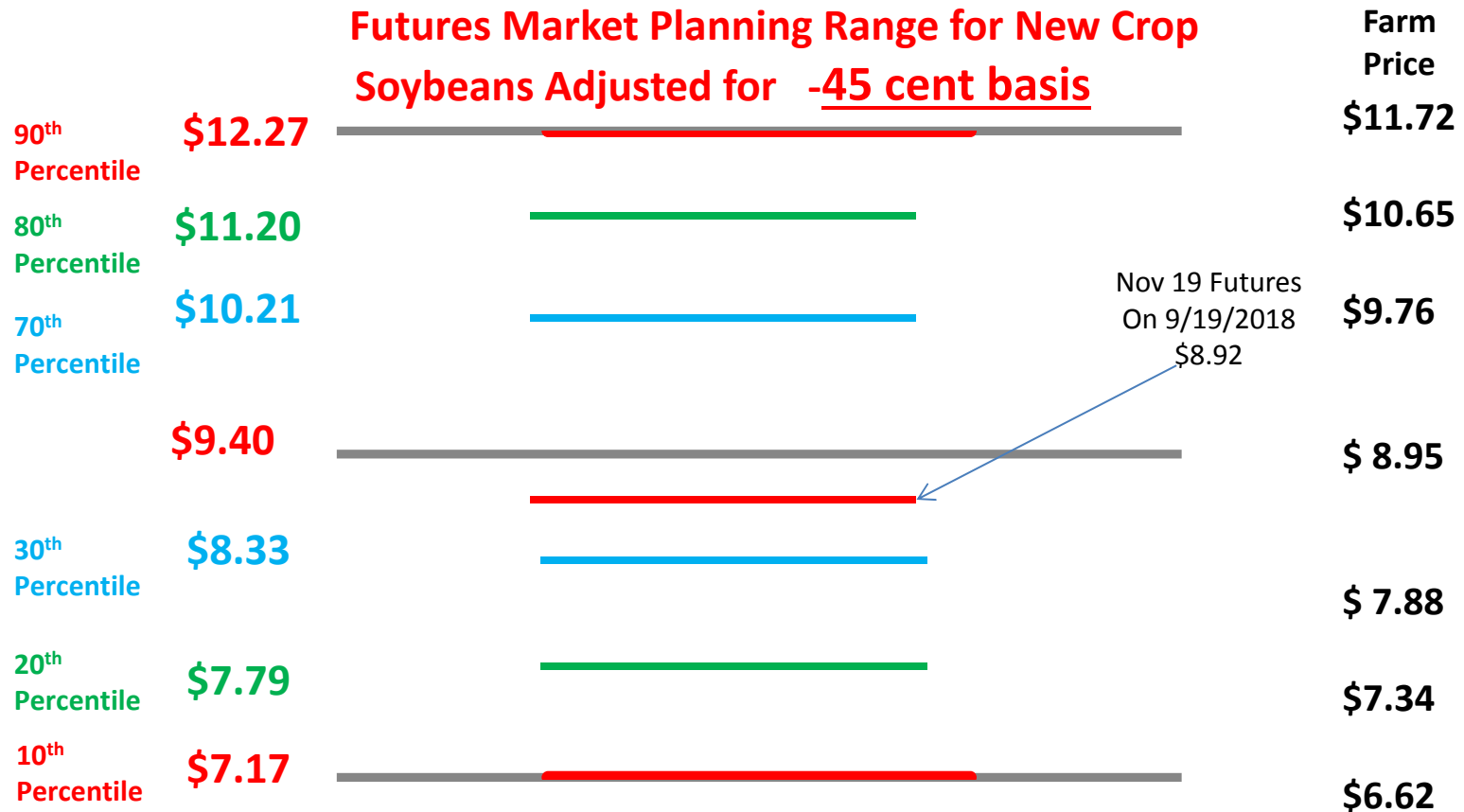
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$9.18**
- Futures Price Equivalent of FAPRI Range: **\$7.61 - \$10.84 @ 80 Percentile**
- Futures Price Equivalent of Sept 12 USDA Price: **Avg \$9.05**



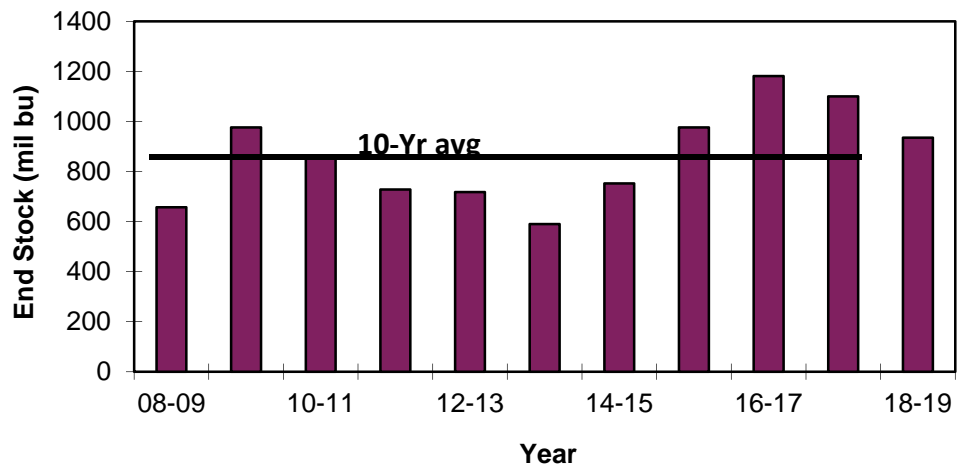
New Crop – (19-20) Soybean FAPRI Baseline Ranges Aug, 2018

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

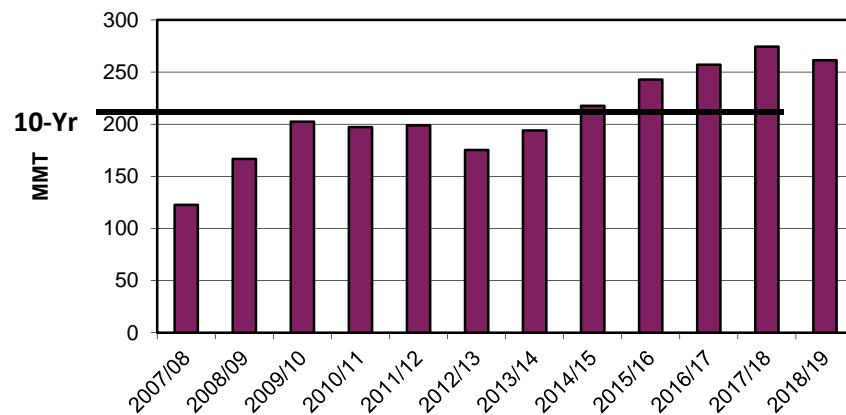
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.40**
- Futures Price Equivalent of FAPRI Range: **\$7.79 - \$11.20 @ 80 Percentile**



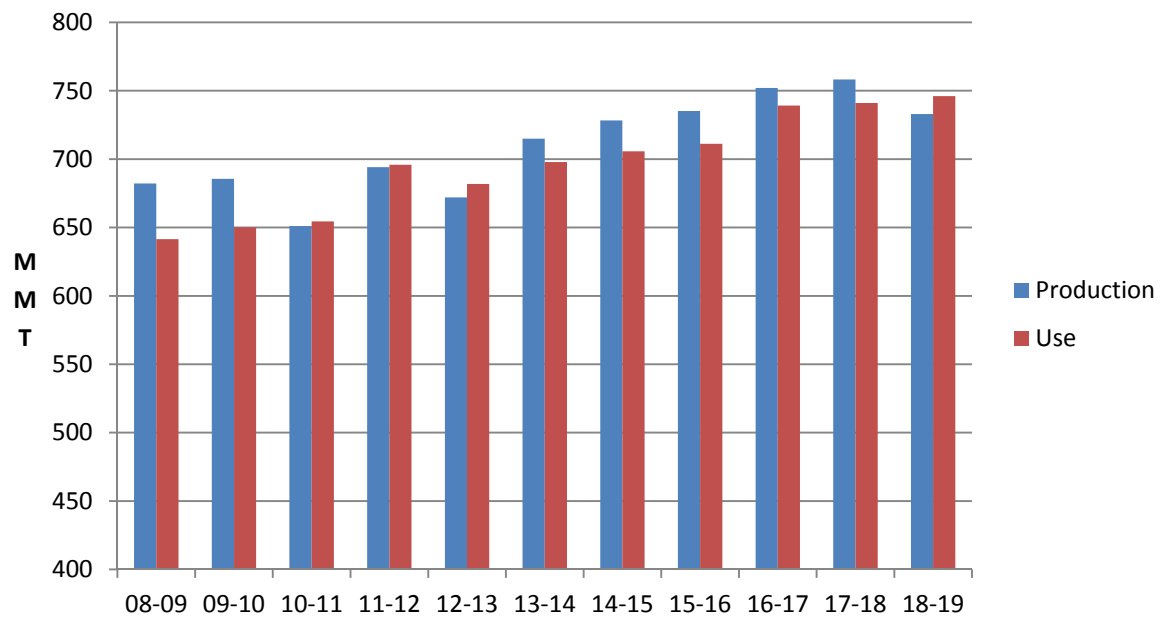
Wheat: U.S. End Stocks



World Wheat End Stocks



World Wheat Production and Use



Global wheat use expected to exceed world production.