



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
November 11, 2018

Melvin Brees, Abner Womack,
Daniel Jaegers, Matthew Green

U.S. corn supply and use

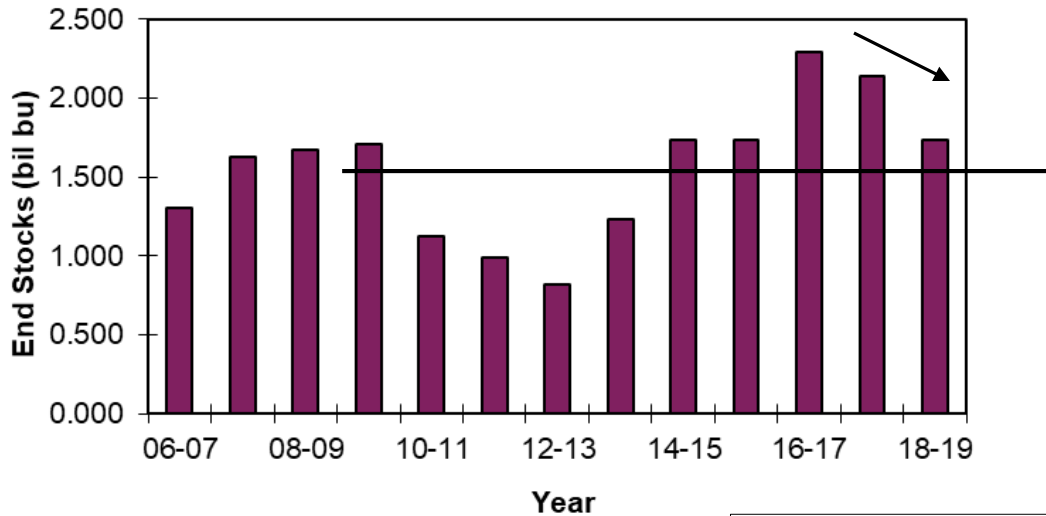
	2017/18 (USDA Nov.8)	2018/19 (USDA Nov. 8)	2018/19 (FAPRI Nov. 2018)	2019/20 (FAPRI Nov.2018)
Area planted (mil. acres)	90.2	89.1	89.1	91.5
Yield (bu./harvested acre)	176.6	178.9	178.9	174.1
Production (mil. bu.)	14,604	14,626	14,626	14,643
Feed and residual use (mil. bu.)	5,298	5,500	5,501	5,505
Ethanol and coproduct use	5,605	5,650	5,636	5,629
Other domestic use	1,450	1,480	1,459	1,465
Exports	2,438	2,450	2,440	2,114
Ending stocks	2,140	1,736	1,756	1,718
Marketing yr. avg. price (\$/bu.)	3.36	3.20-4.00	3.59	3.78

Source: USDA WASDE, Nov 2018.

WASDE USDA Corn Summary Nov. 8 , 2018

- 1) U.S. Average Farm Price – **Moderate Increase**
 - 2018- 19 USDA: \$3.60 (\$3.20- \$4.00)
 - 2017–18 USDA: \$3.36
 - 2016- 17 USDA: \$3.36
 - 2015- 16 USDA: \$3.61
- 2) U.S. Ending Stocks-**Moderate decline**
 - 2018- 19 USDA: (1,736 Million Bushels)
 - 2017- 18 USDA: (2,140 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**
 - 2018- 19 World: (308 Million Metric Tons)
 - 2017- 18 World: (341 Million Metric Tons)
 - 2016- 17 World: (350 Million Metric Tons)
- 4) U.S. Export – **Slight Change**
 - 2018- 2019 USDA: (2,450 Million Bushels)
 - 2017- 18 USDA: (2,438 Million Bushels)
 - 2016- 17 USDA: (2,294 Million Bushels)

Corn: U.S. End Stocks

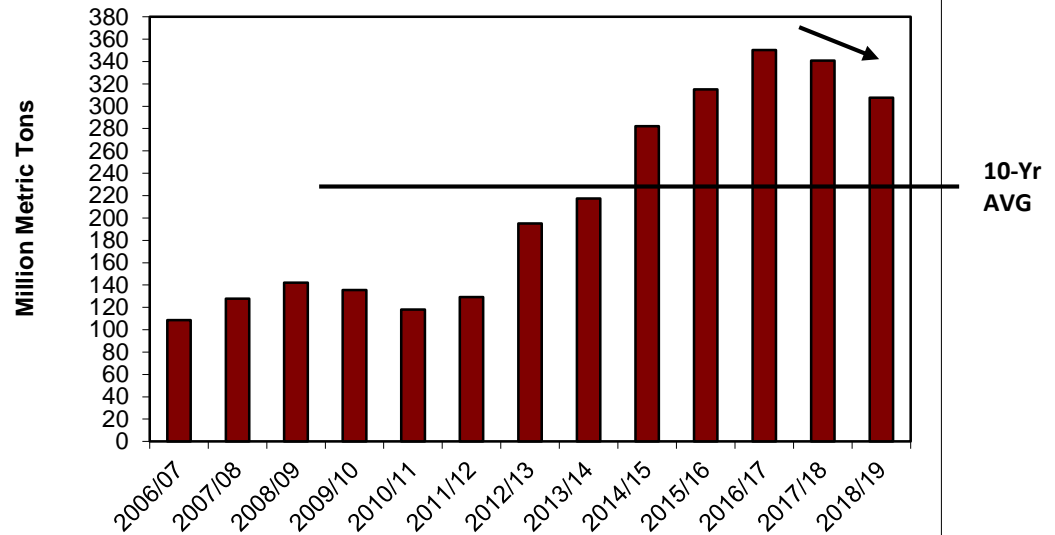


10-Yr
AVG

Domestic and Global corn ending stocks declining.

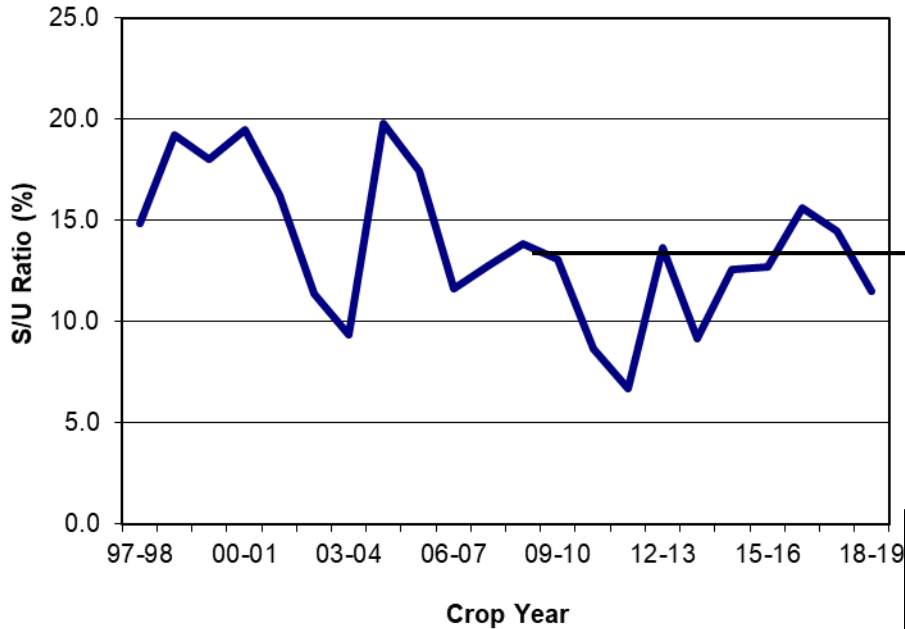
**Chinese Stocks adjustment in Nov '18
WASDE results in increased 149 million tons
of ending stocks for the 2018/19 marketing
year! Updated Chart.**

Corn World End Stocks (MMT)



10-Yr
AVG

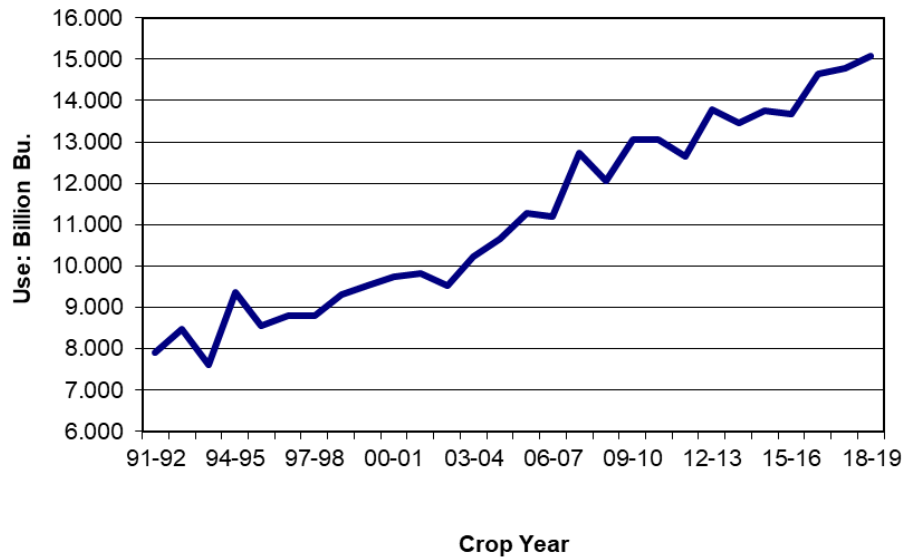
Corn: End Stocks/Use Ratio



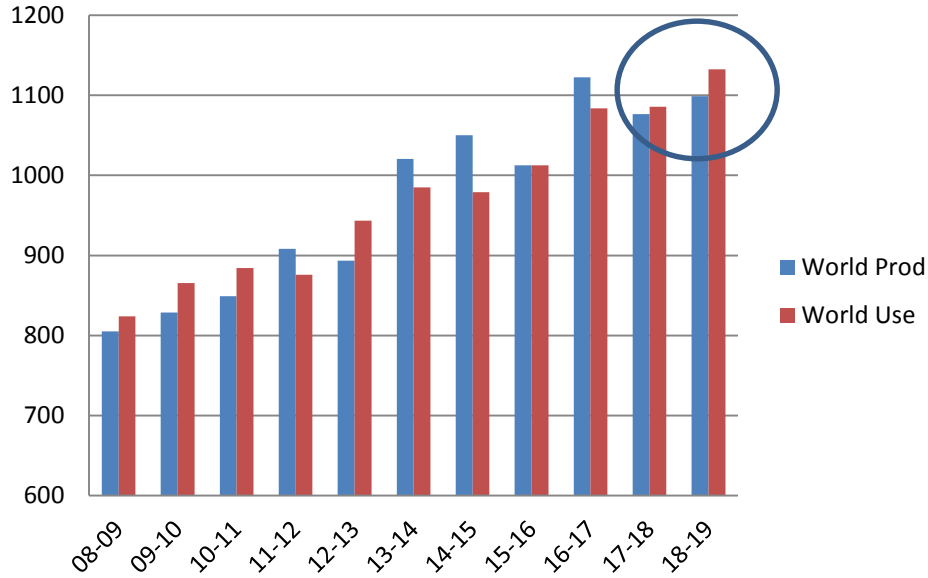
Corn use continues to grow, ending stocks/use ratio declining to near average of previous 10 years.

10-Yr
AVG

Use: Corn Total Use

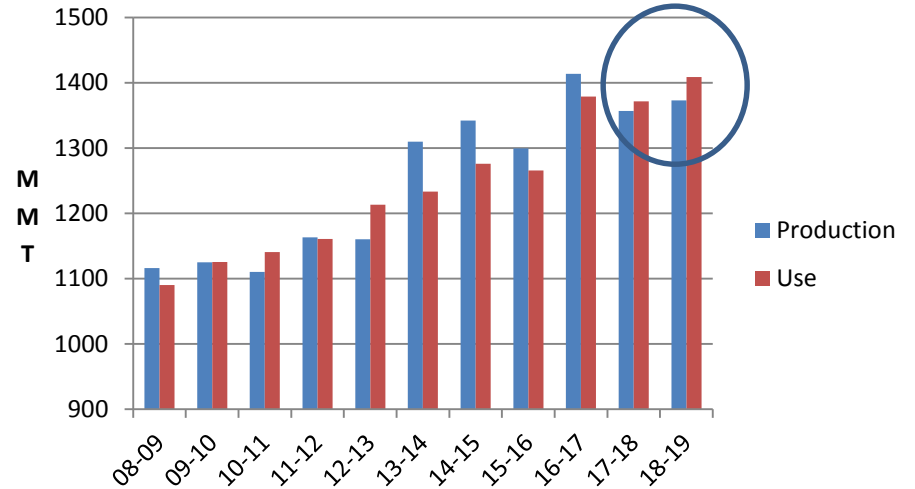


Corn World Production & Use



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

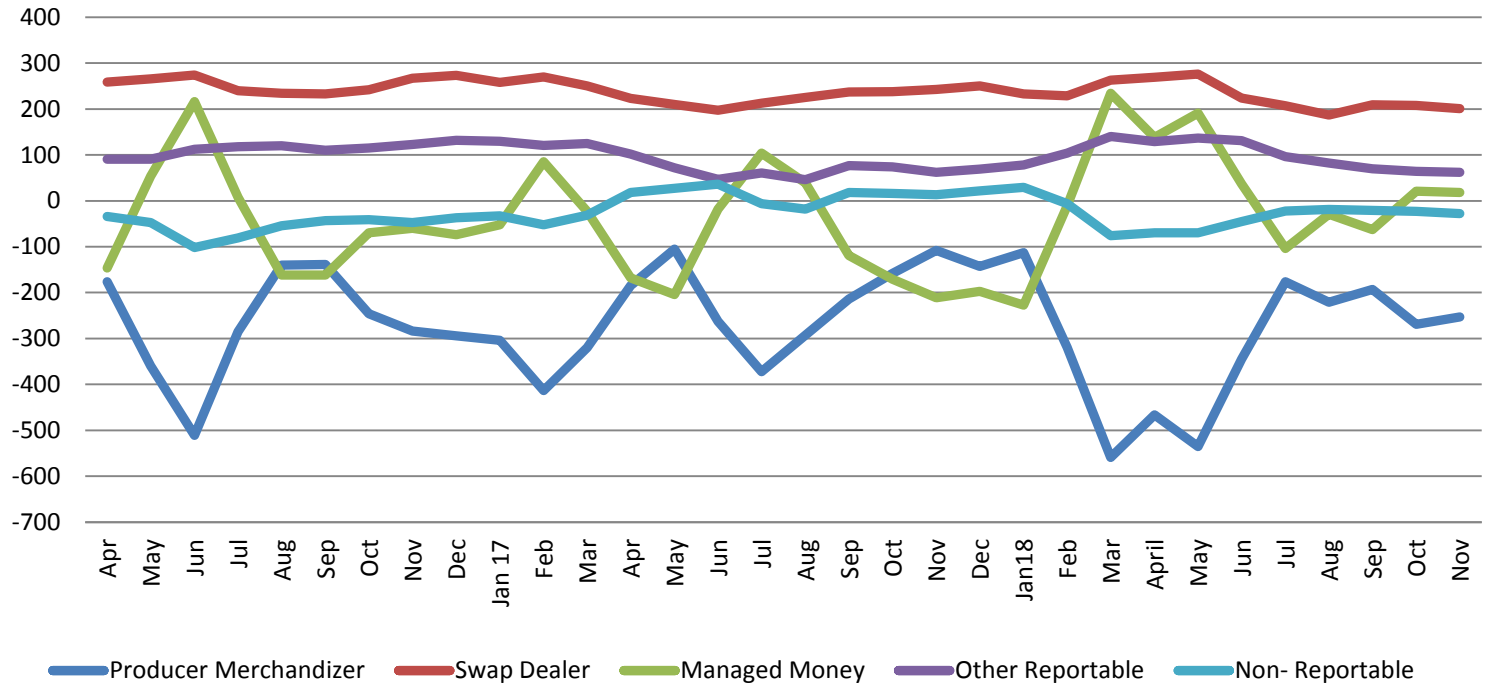
World Coarse Grains: Production & Use



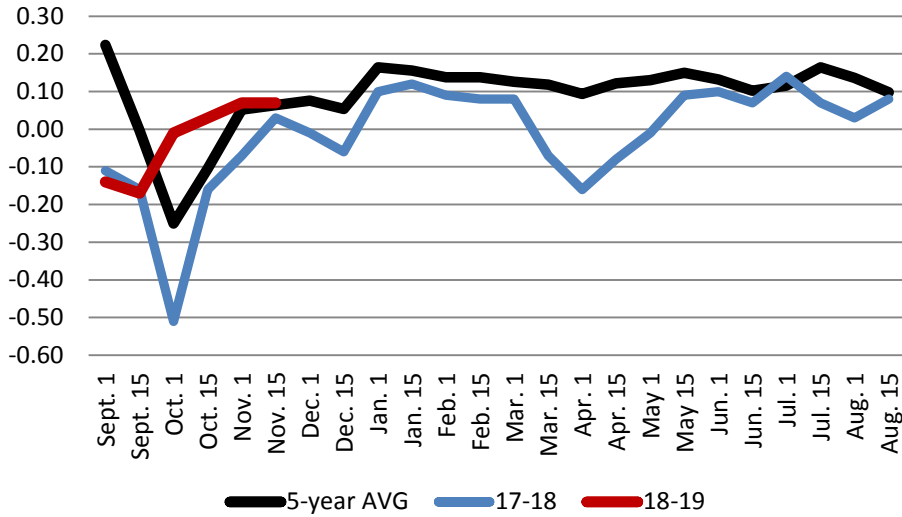
Corn Futures Price



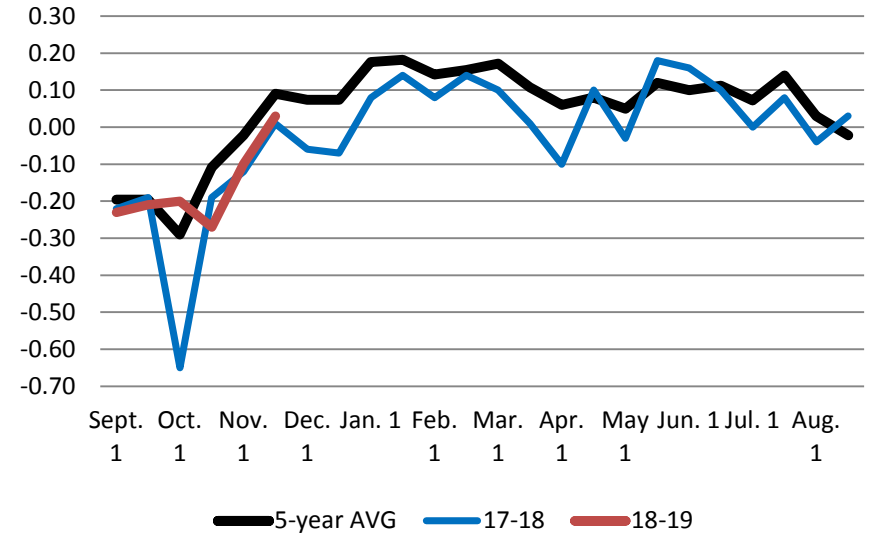
Corn COT Net Position



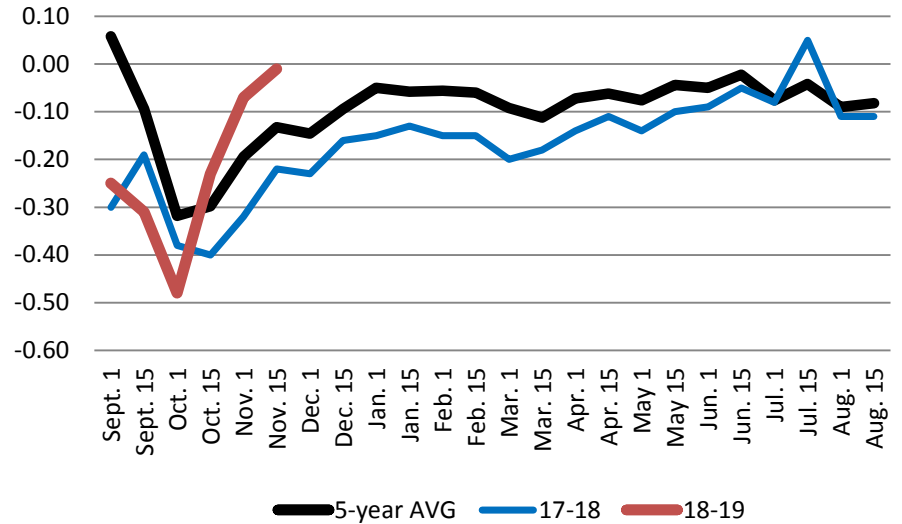
St Louis Corn Basis



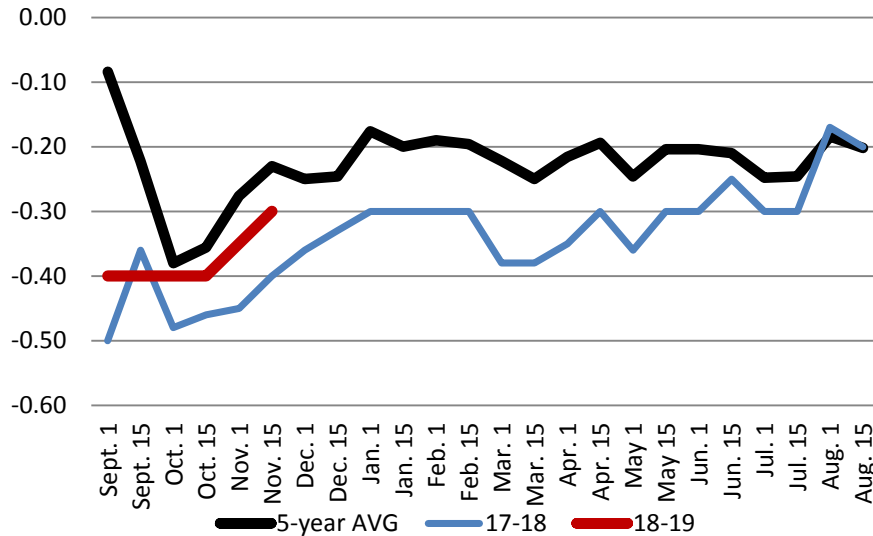
SE MO Corn Basis



Kansas City Corn Basis



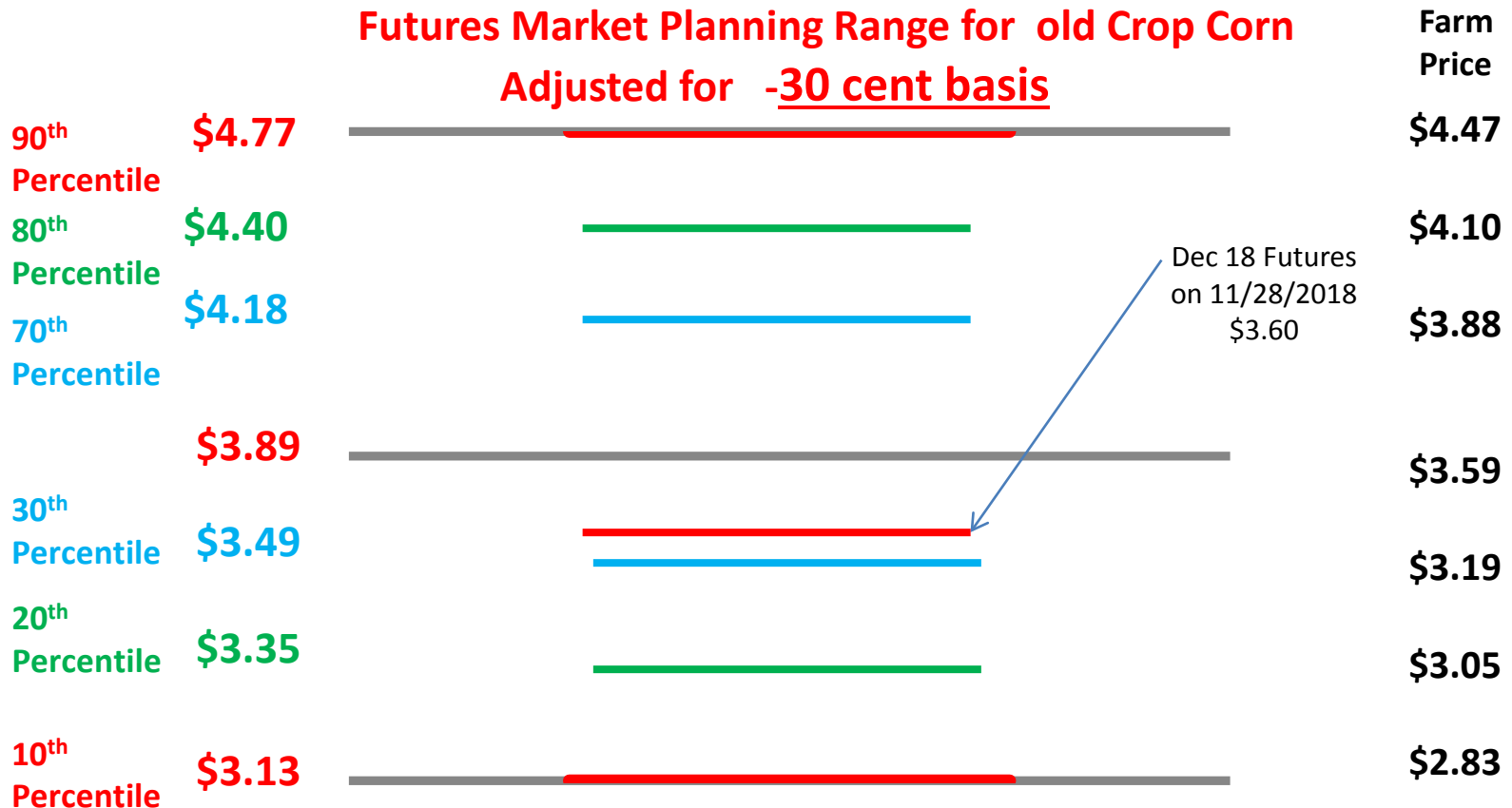
Central MO Corn Basis



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

Aug 2018 FAPRI Price: **Adjusted for \$0.30 basis**

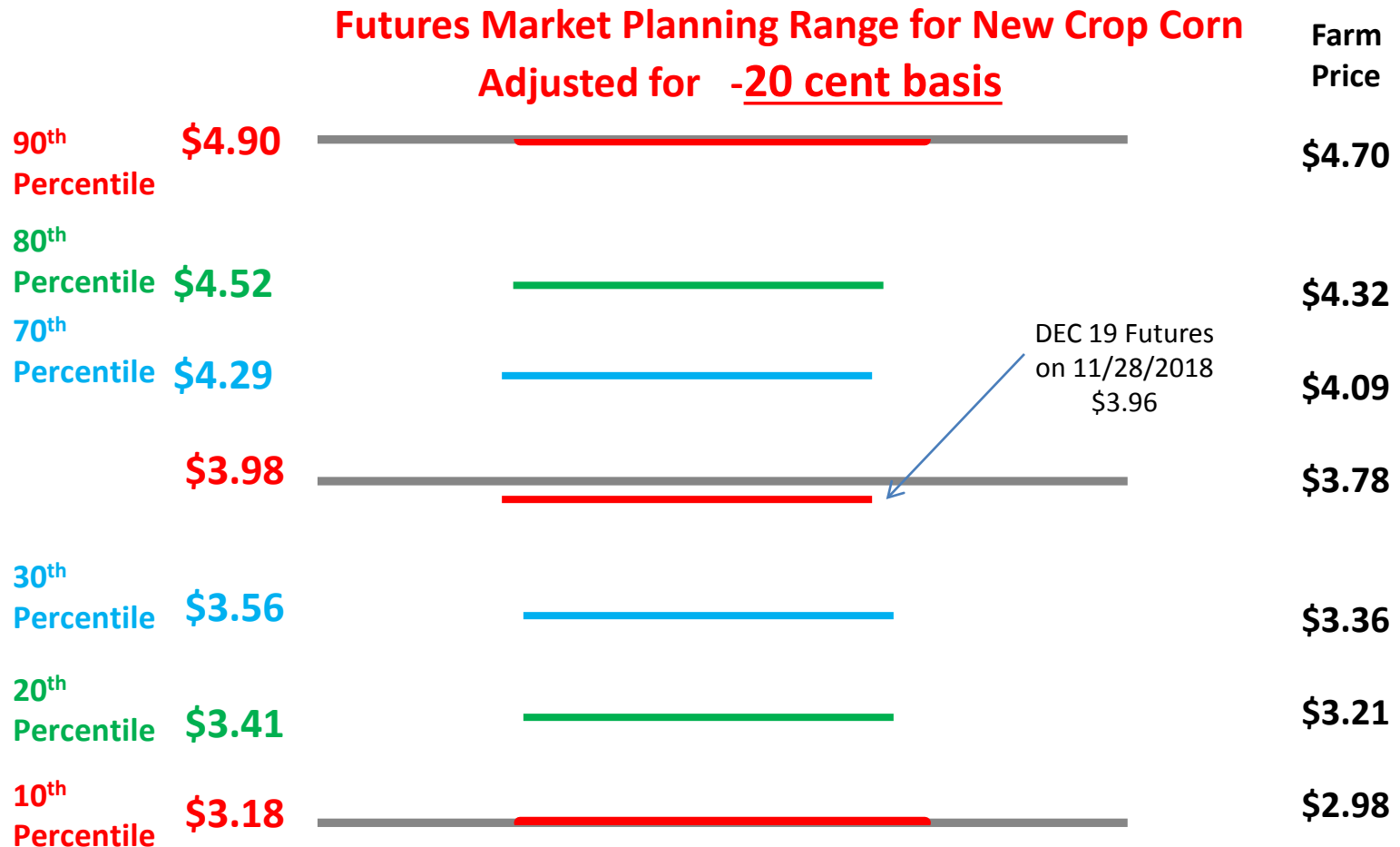
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.89**
- Futures Price Equivalent of FAPRI Range: **\$3.35 – \$4.40 @ 80 Percentile**
- Futures Price Equivalent of Nov 8 USDA Range: **\$3.50- \$4.30 Avg \$3.90**



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

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

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$3.98**
- Futures Price Equivalent of FAPRI Range: **\$3.41 - \$4.52 @ 80 Percentile**



U.S. soybean supply and use

	2017/18 (USDA Nov 8)	2018/19 (USDA Nov 8)	2018/19 (FAPRI Nov 2018)	2019/20 (FAPRI Nov,2018)
Area planted (mil. acres)	90.1	89.1	89.1	84.7
Yield (bu./harvested acre)	49.3	52.1	52.1	48.6
Production (mil. bu.)	4,411	4,600	4,600	4,084
Crush (mil. bu.)	2,055	2,080	2,120	2,138
Other domestic use	112	138	130	119
Exports	2,129	1,900	1,957	1,981
Ending stocks	438	955	853	720
Marketing yr. avg. price (\$/bu.)	9.33	7.60 – 9.60	8.4	8.84

Sources: USDA WASDE, Nov 2018.

WASDE-USDA Soybean Summary Nov 8, 2018

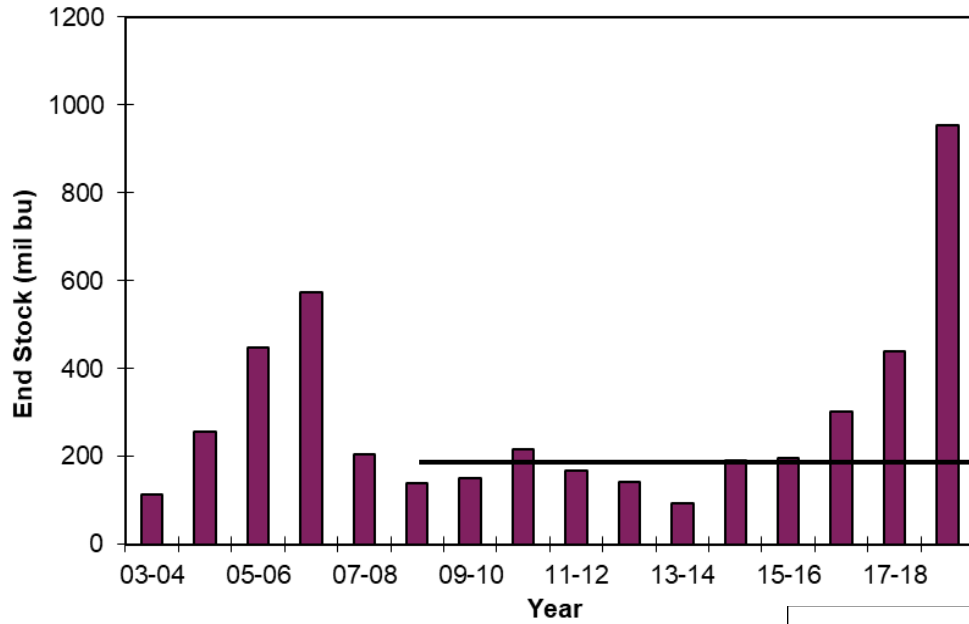
- 1) U.S. Average Farm Price- **Significant Decline**
 - 2018- 19 USDA: \$8.60 (\$7.60 - \$9.60)
 - 2017- 18 USDA: \$9.33
 - 2016- 17 USDA: \$9.47

- 2) U.S. Ending Stocks- **Significantly above 20 Year Average**
 - 2018- 19 USDA: (955 Million Bushels)
 - 2017- 18 USDA: (438 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: (112 Million Metric Tons)
 - 2017- 18 World: (100 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: (1,900 Million Bushels)
 - 2017- 18 USDA: (2,129 Million Bushels)
 - 2016- 17 USDA: (2,166 Million Bushels)

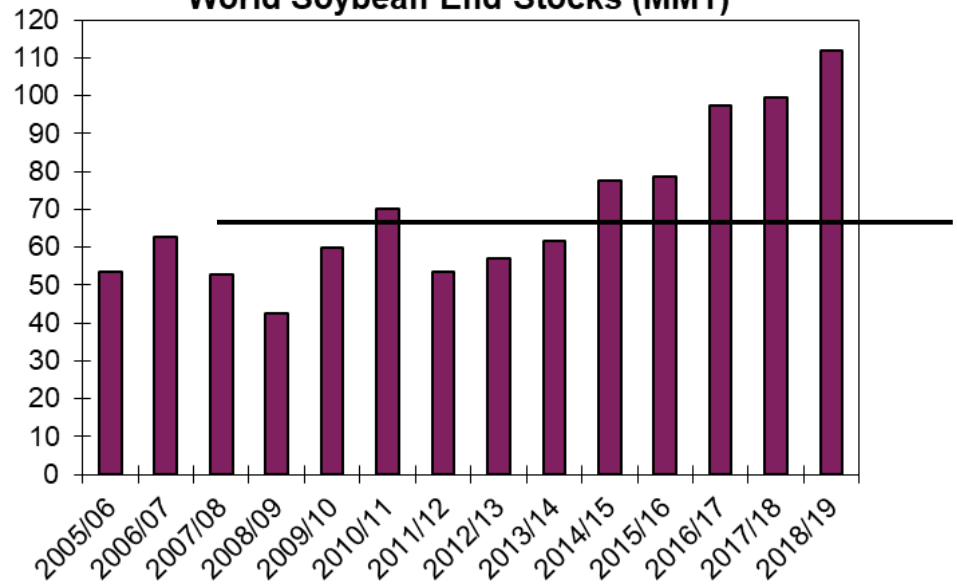
Soybean: U.S. End Stocks



In just 4 years (since '13-'14) domestic soybean ending stocks have increased from the smallest in 40-years to projected new record high!

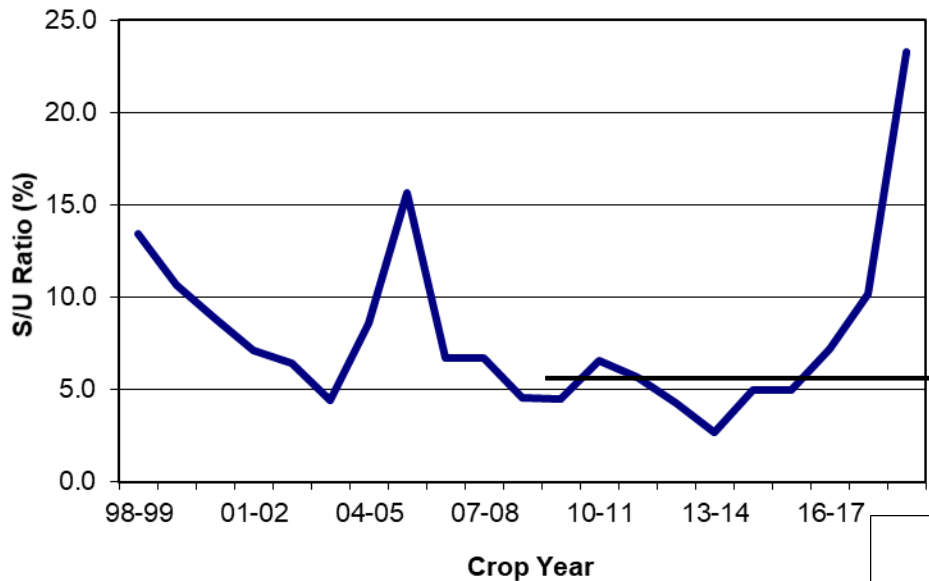
10-Yr
AVG

World Soybean End Stocks (MMT)



10-Yr
AVG

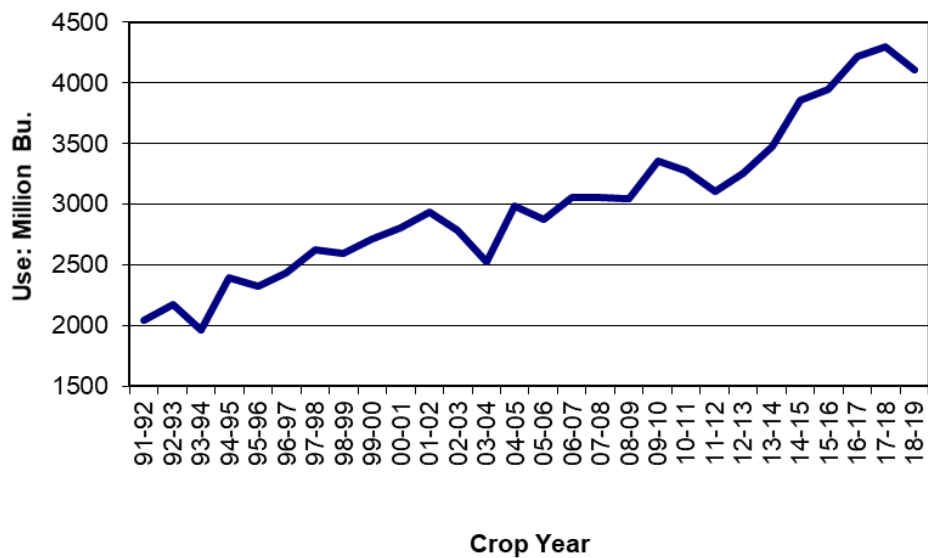
Soybeans: End Stocks/Use Ratio

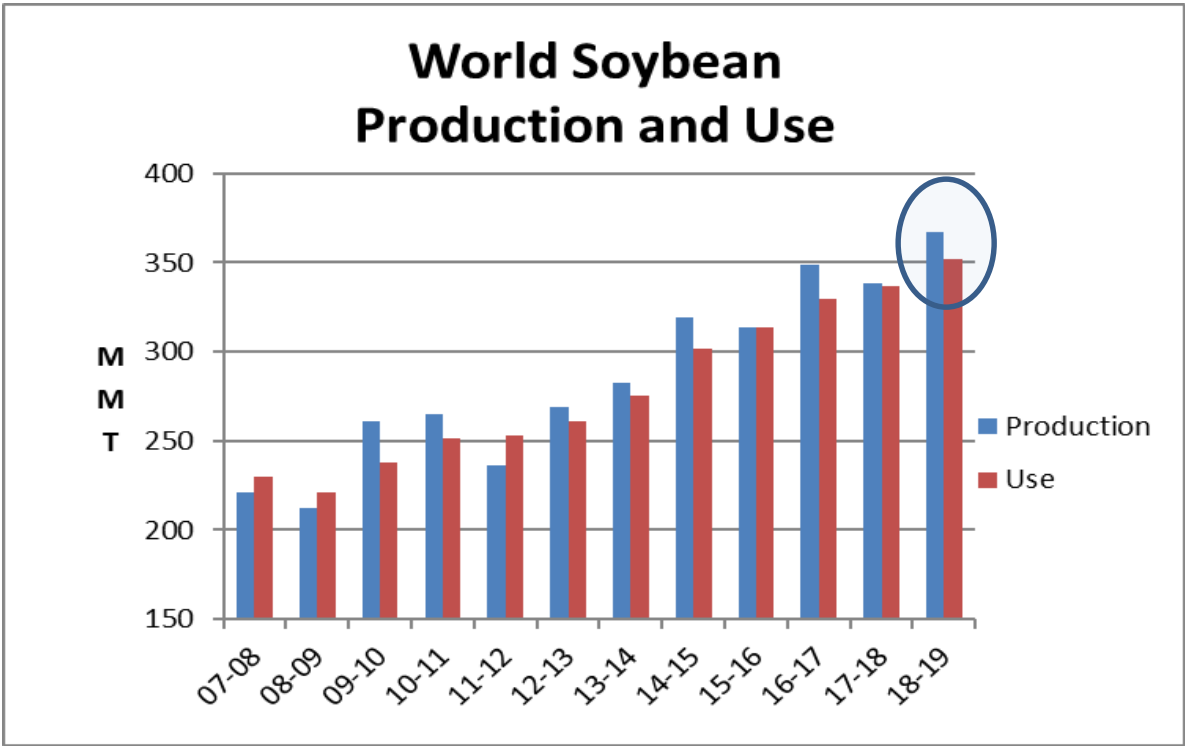


Total soybean use expected to decline, ending stocks/use ratio to become very large.

10-Yr
AVG

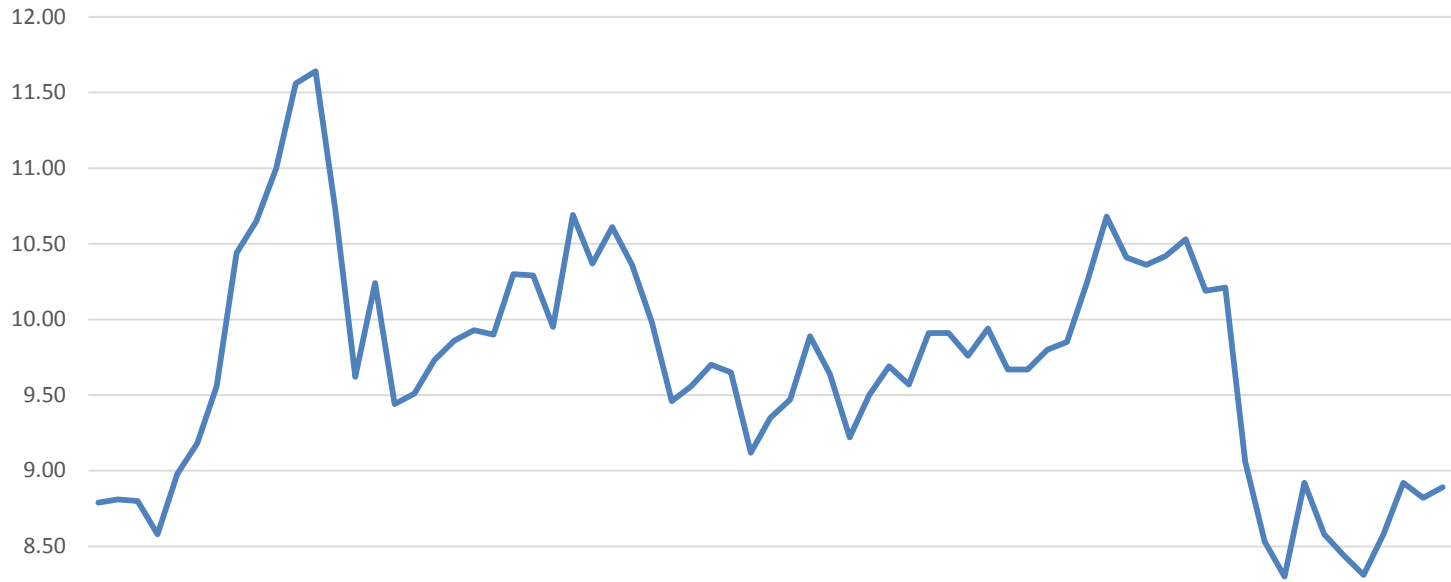
Soybean: Total Use



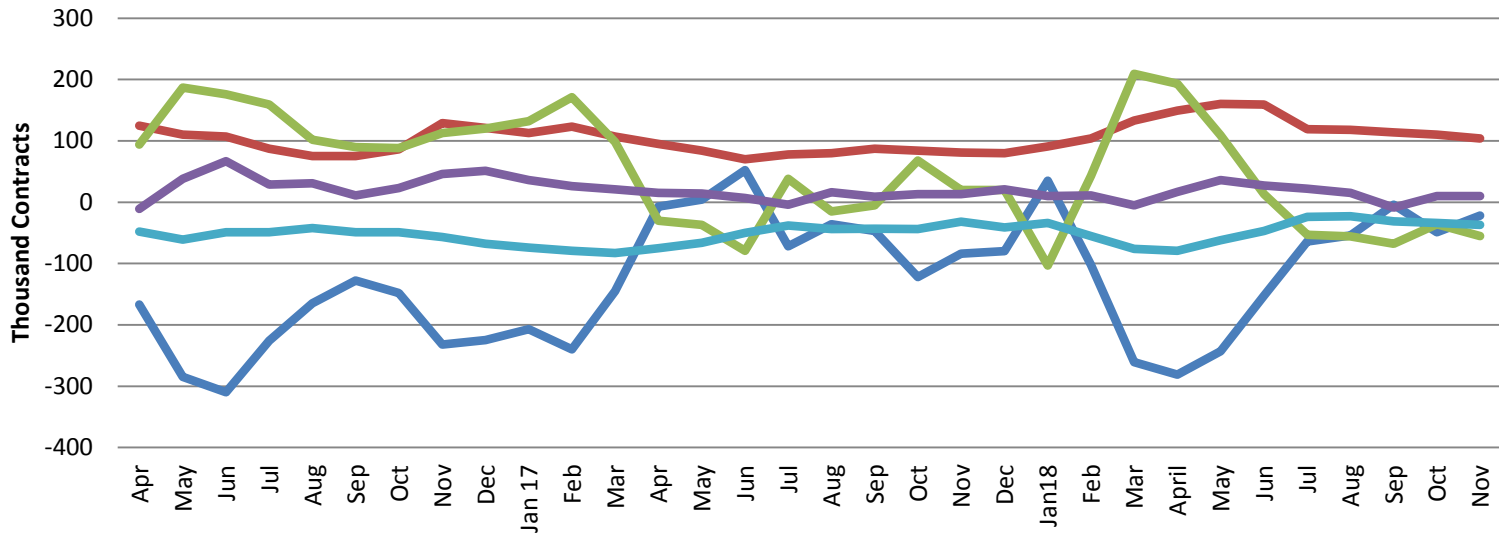


World soybean production expected to outrun increasing global use!

Soybean Futures Prices

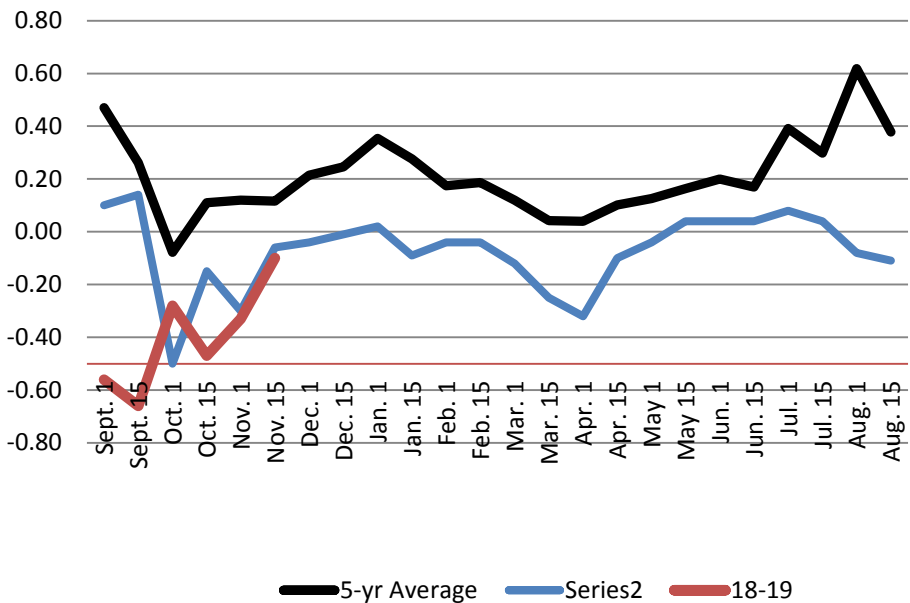


Soybean: COT Net Positions

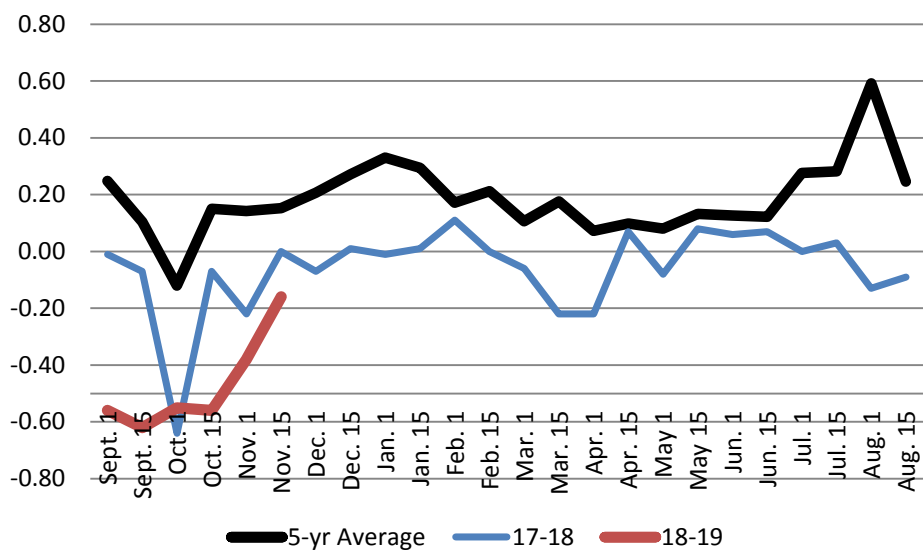


— Producer Merchandizer
 — Swap Dealer
 — Managed Money
 — Other Reportable
 — Non- Reportable

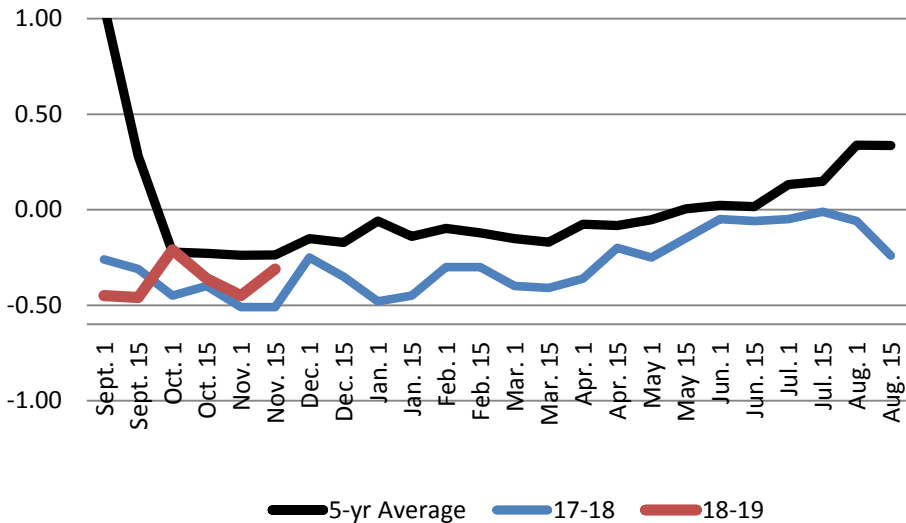
St Louis Soybean Basis



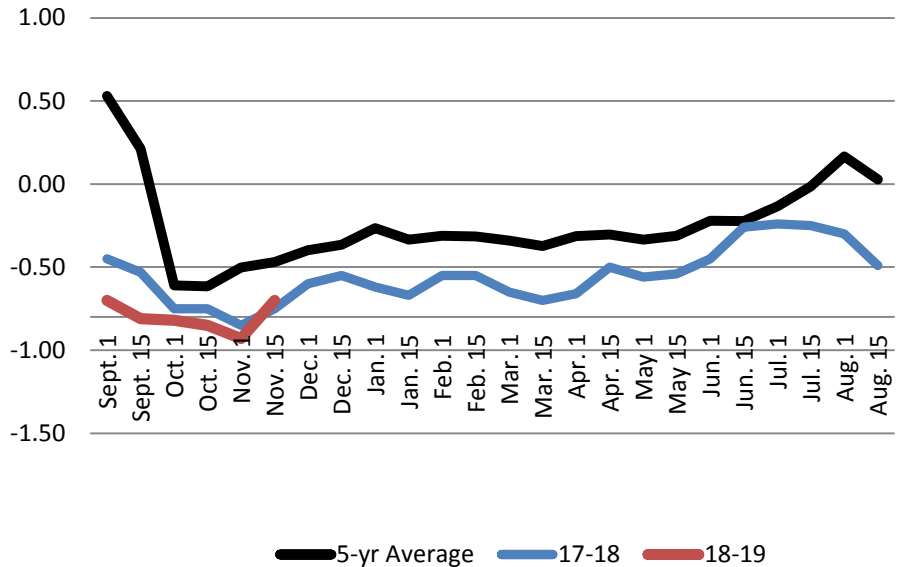
SE MO Soybean Basis



Kansas City Soybean Basis



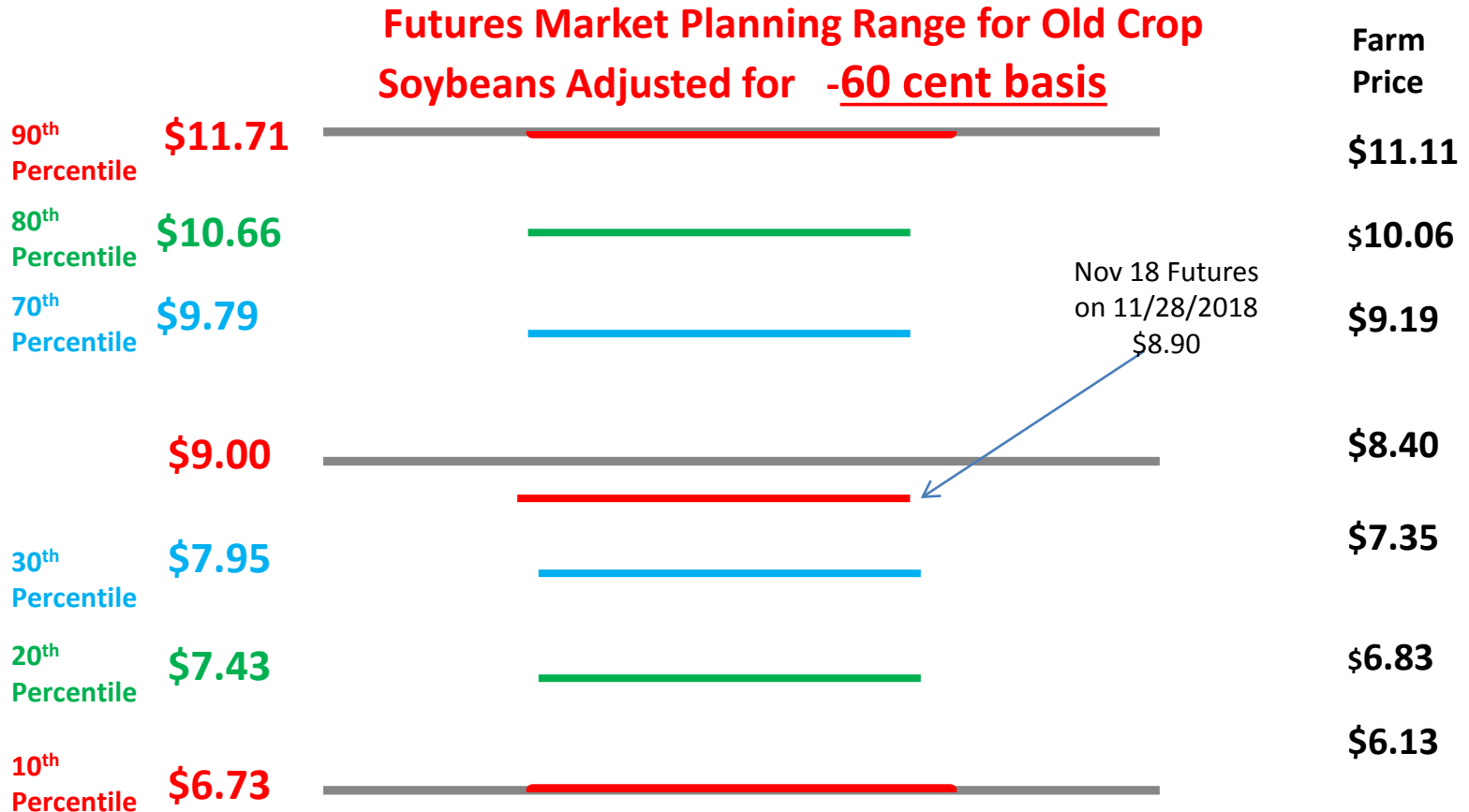
Central MO Soybean Basis



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

Aug 2018 FAPRI Price: **Adjusted for \$0.60 basis**

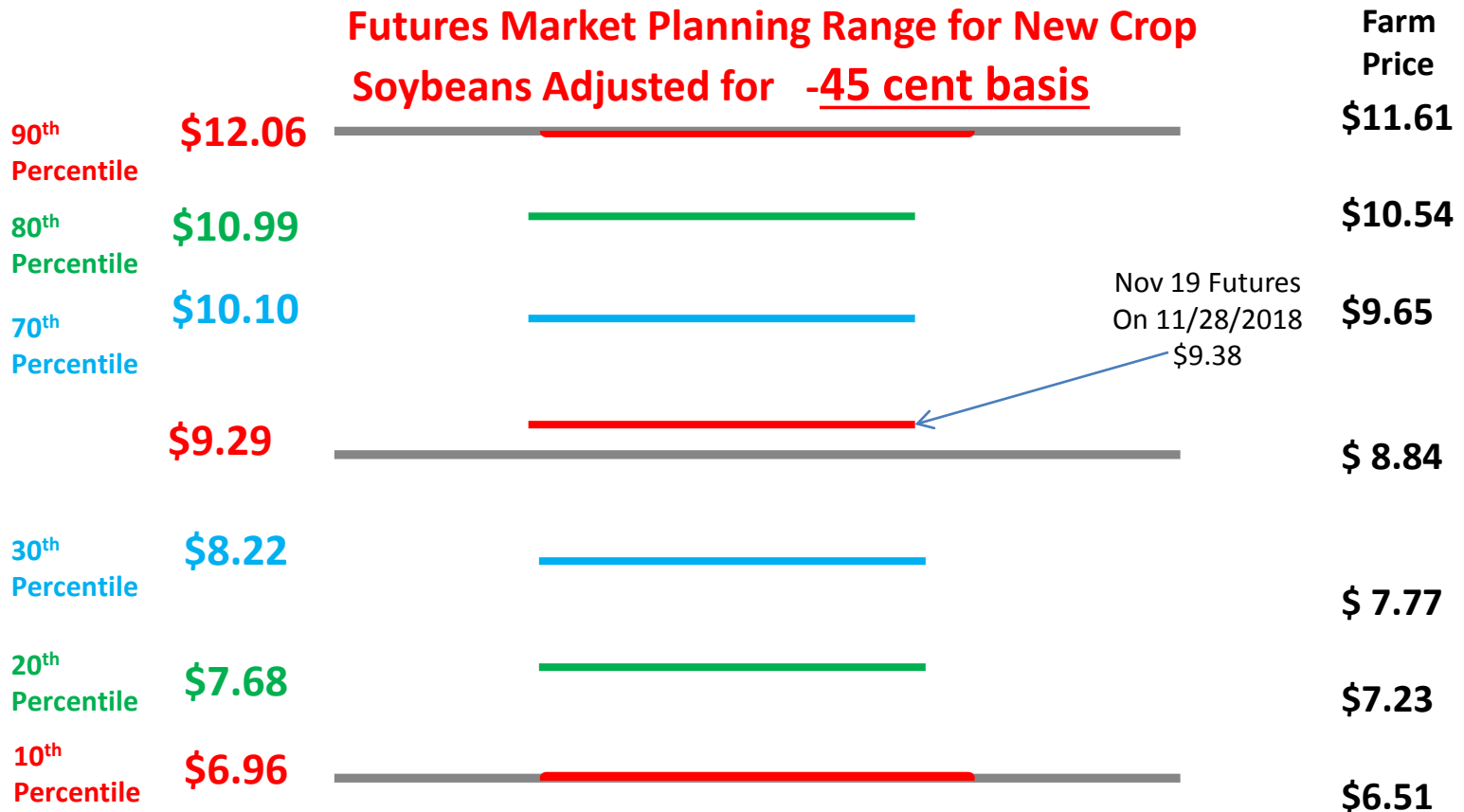
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$9.00**
- Futures Price Equivalent of FAPRI Range: **\$7.43 - \$10.66 @ 80 Percentile**
- Futures Price Equivalent of Nov 8 USDA Price: **Avg \$9.20**



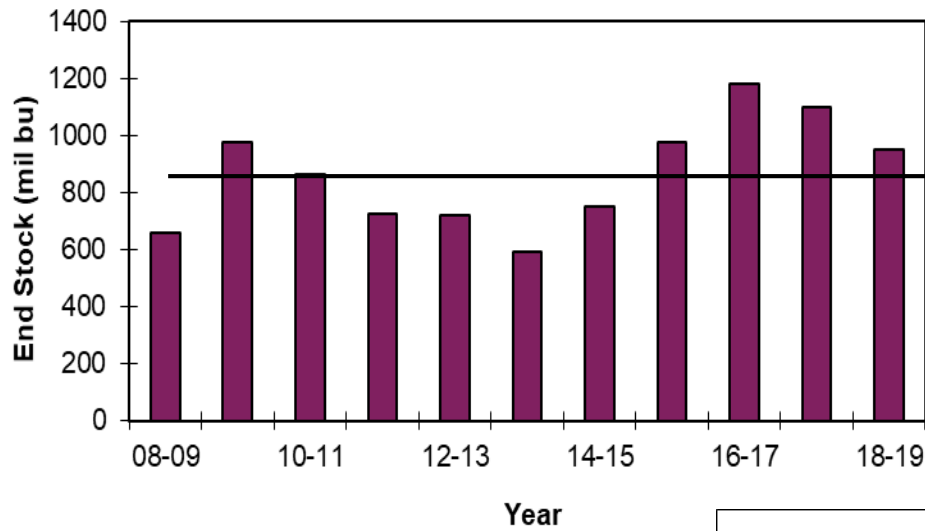
New Crop – (19-20) Soybean FAPRI Baseline Ranges Nov, 2018

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

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.29**
- Futures Price Equivalent of FAPRI Range: **\$7.68 - \$10.99 @ 80 Percentile**

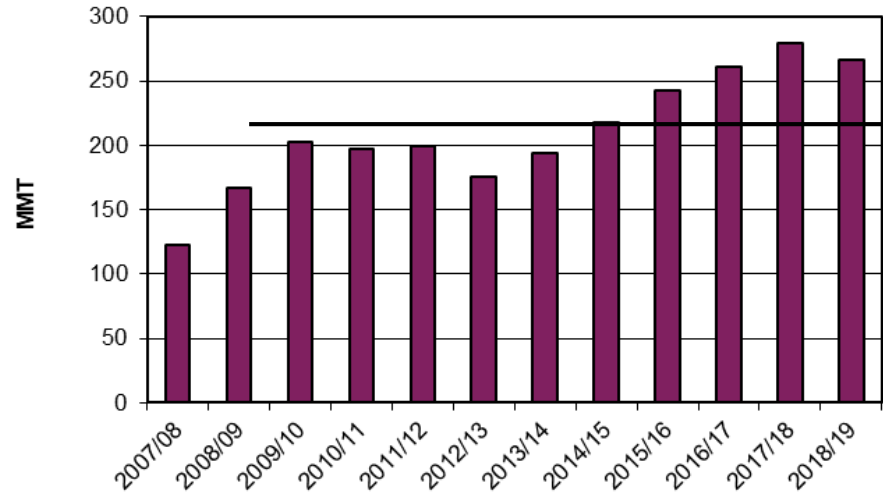


Wheat: U.S. End Stocks



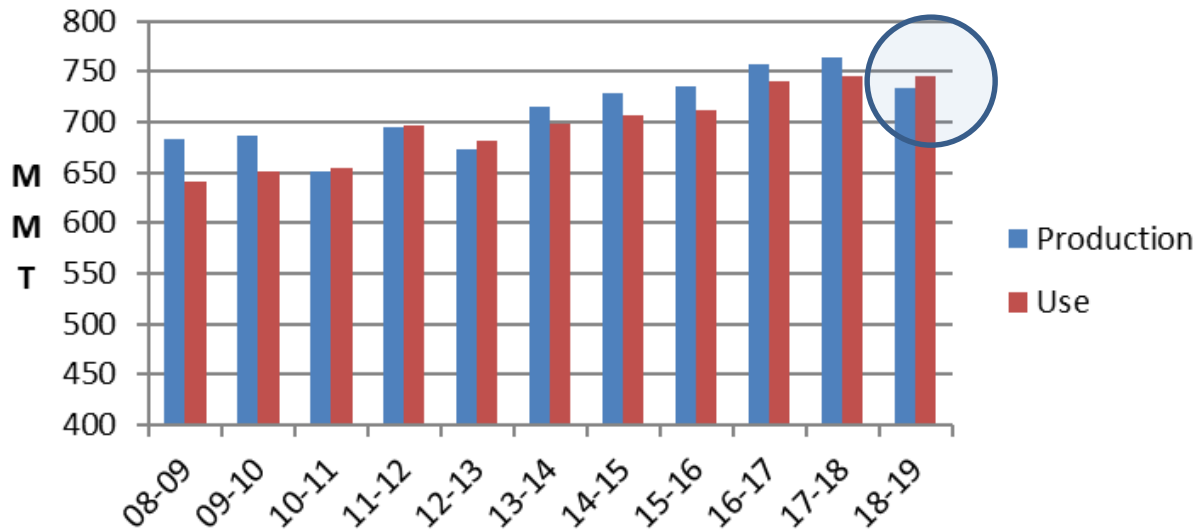
10-YR
AVG

World Wheat End Stocks



10-Yr
AVG

World Wheat Production and Use



Global wheat use expected to exceed world production.