



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)  
February 8, 2019

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# U.S. corn supply and use

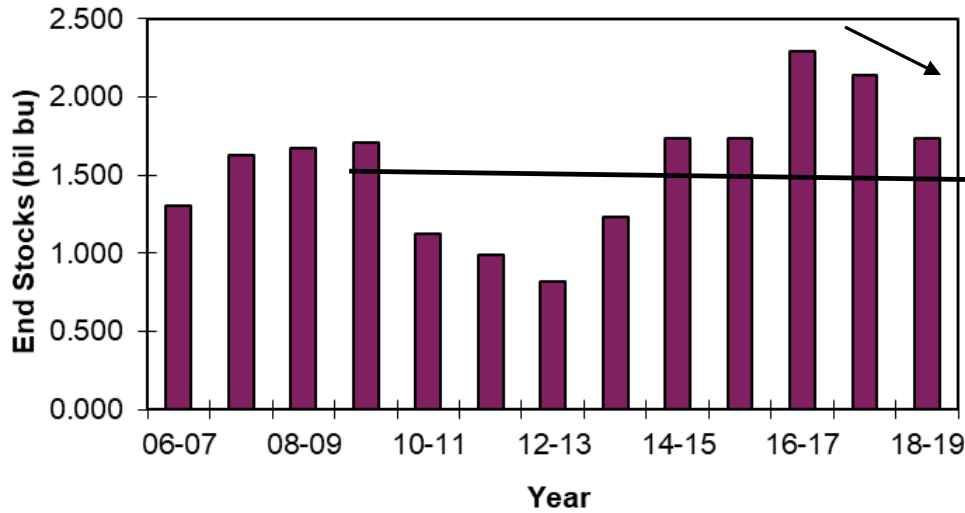
	2017/18 (USDA Feb. 8)	2018/19 (USDA Feb. 8)	2018/19 (FAPRI Nov. 2018)	2019/20 (FAPRI Nov. 2018)
Area planted (mil. acres)	90.2	89.1	89.1	91.5
Yield (bu./harvested acre)	176.6	176.4	178.9	174.1
Production (mil. bu.)	14,609	14,420	14,626	14,643
Feed and residual use (mil. bu.)	5,304	5,375	5,501	5,505
Ethanol and coproduct use	5,605	5,575	5,636	5,629
Other domestic use	1,452	1,465	1,459	1,465
Exports	2,438	2,450	2,440	2,114
Ending stocks	2,140	1,735	1,756	1,718
Marketing yr. avg. price (\$/bu.)	3.36	3.35-3.85	3.59	3.78

Source: USDA WASDE, Feb 2019.

# WASDE USDA Corn Summary Feb. 8 , 2019

- 1) U.S. Average Farm Price – **Moderate Increase**
  - 2018- 19 USDA: \$3.60 (\$3.35- \$3.85)
  - 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: (1,735 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: (310 Million Metric Tons)
  - 2017- 18 World: (341 Million Metric Tons)
  - 2016- 17 World: (350 Million Metric Tons)
  - 10 Year Average 08/09-17/18: (230 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

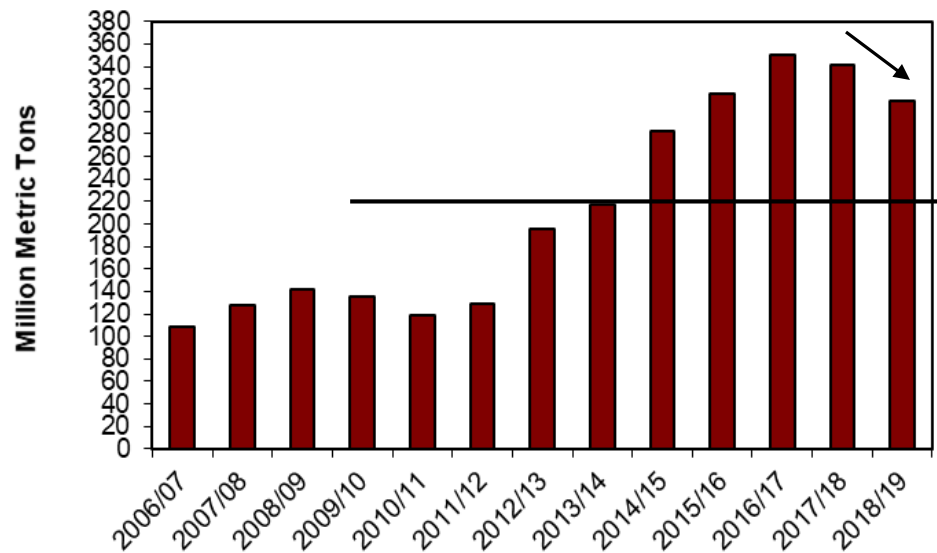


10-Yr  
AVG

**Domestic and Global corn ending stocks declining.**

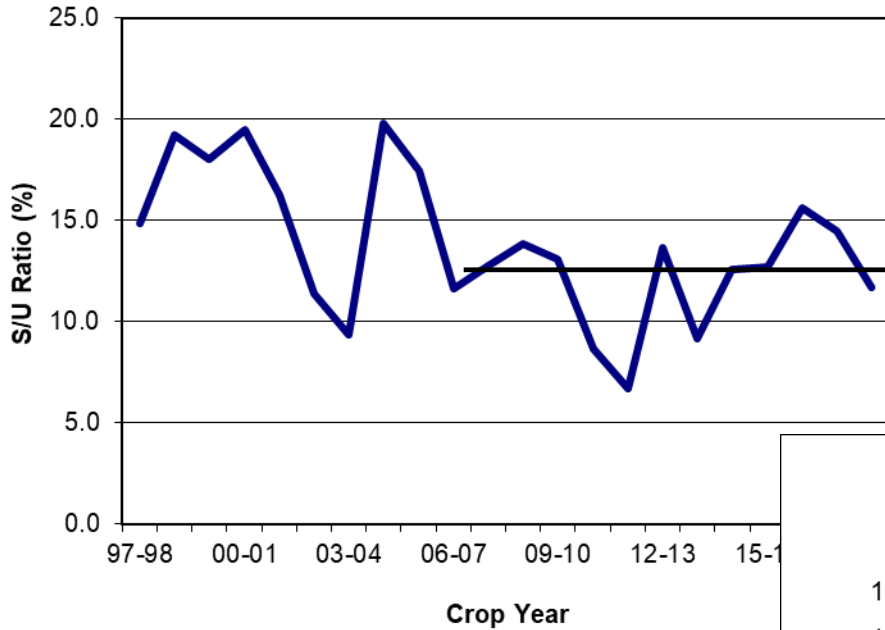
**Chinese Stocks adjustment in Nov '18  
WASDE results in increased 149 million tons  
of ending stocks for the 2018/19 marketing  
year! Updated Chart for previous 10-yrs.**

### Corn World End Stocks (MMT)



10-Yr  
AVG

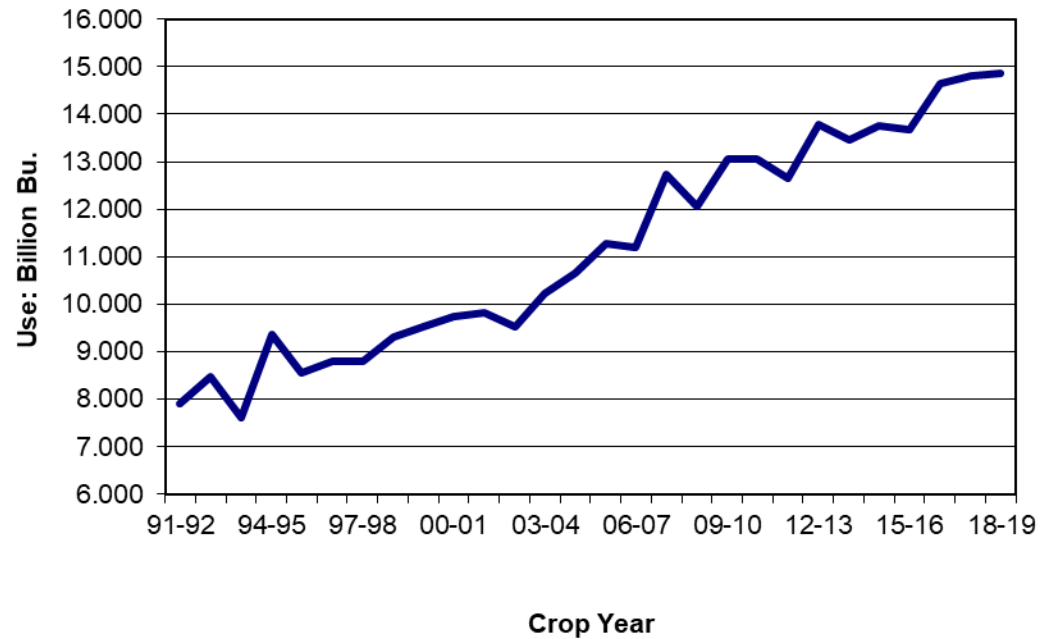
### Corn: End Stocks/Use Ratio



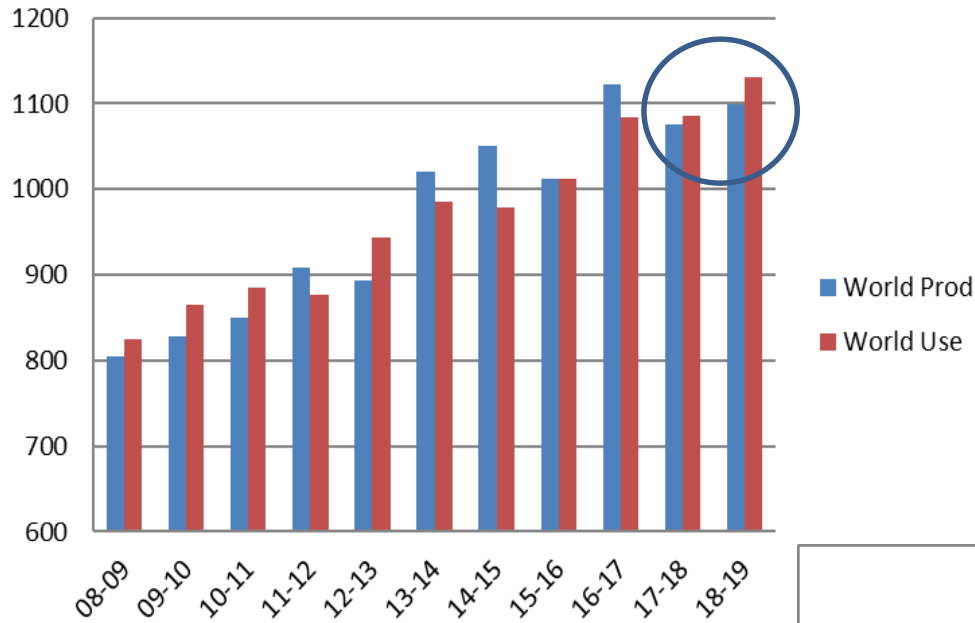
Corn use continues to grow, ending stocks/use ratio declining to slightly below average of previous 10 years.

10-Yr  
AVG

### Use: Corn Total Use

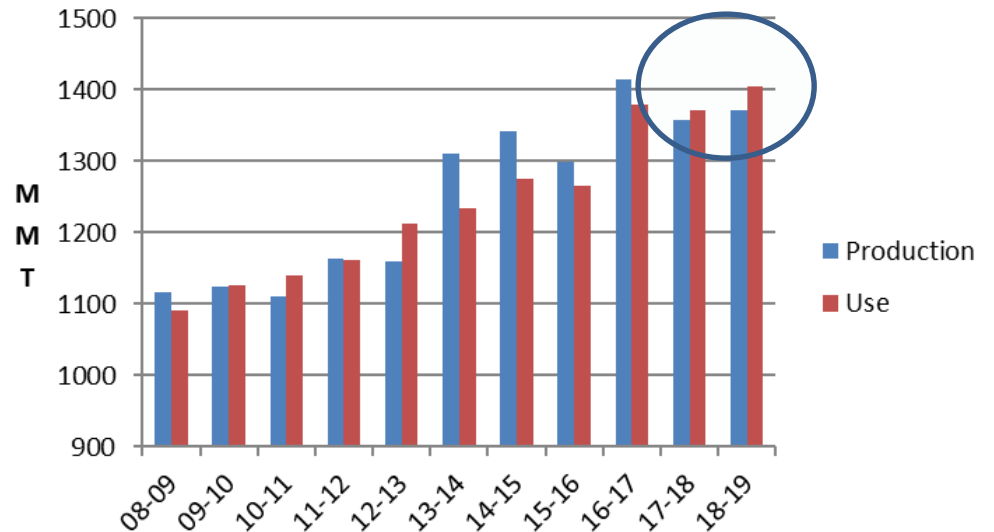


## Corn World Production & Use

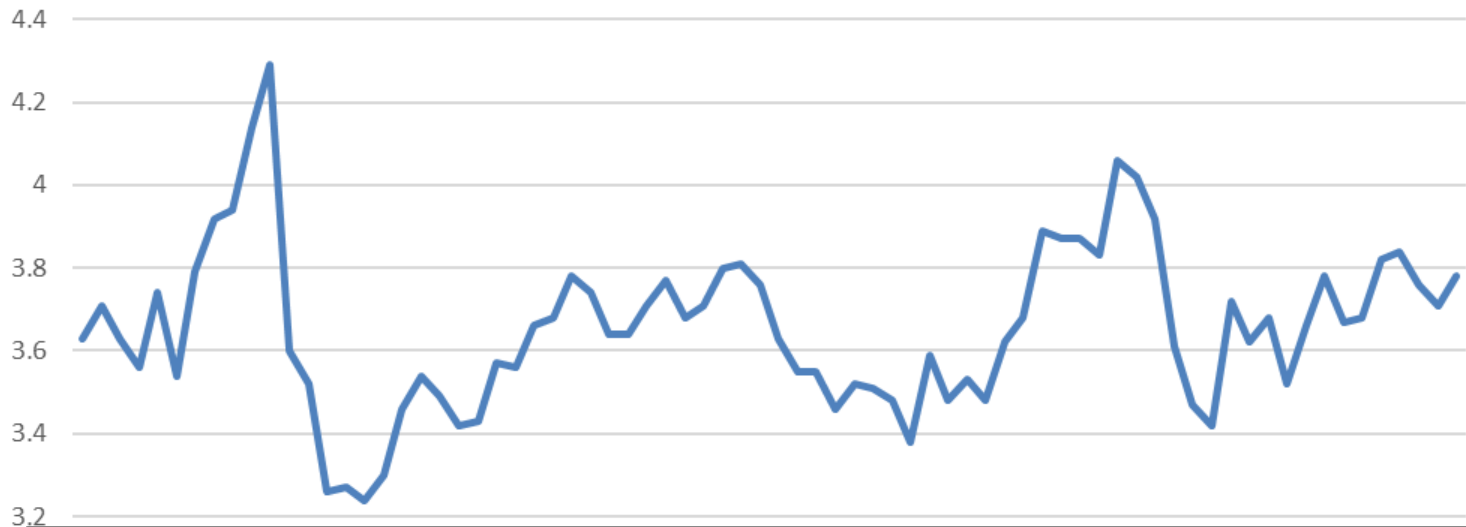


**Global corn and coarse grain use expected to exceed World production for second straight year!**

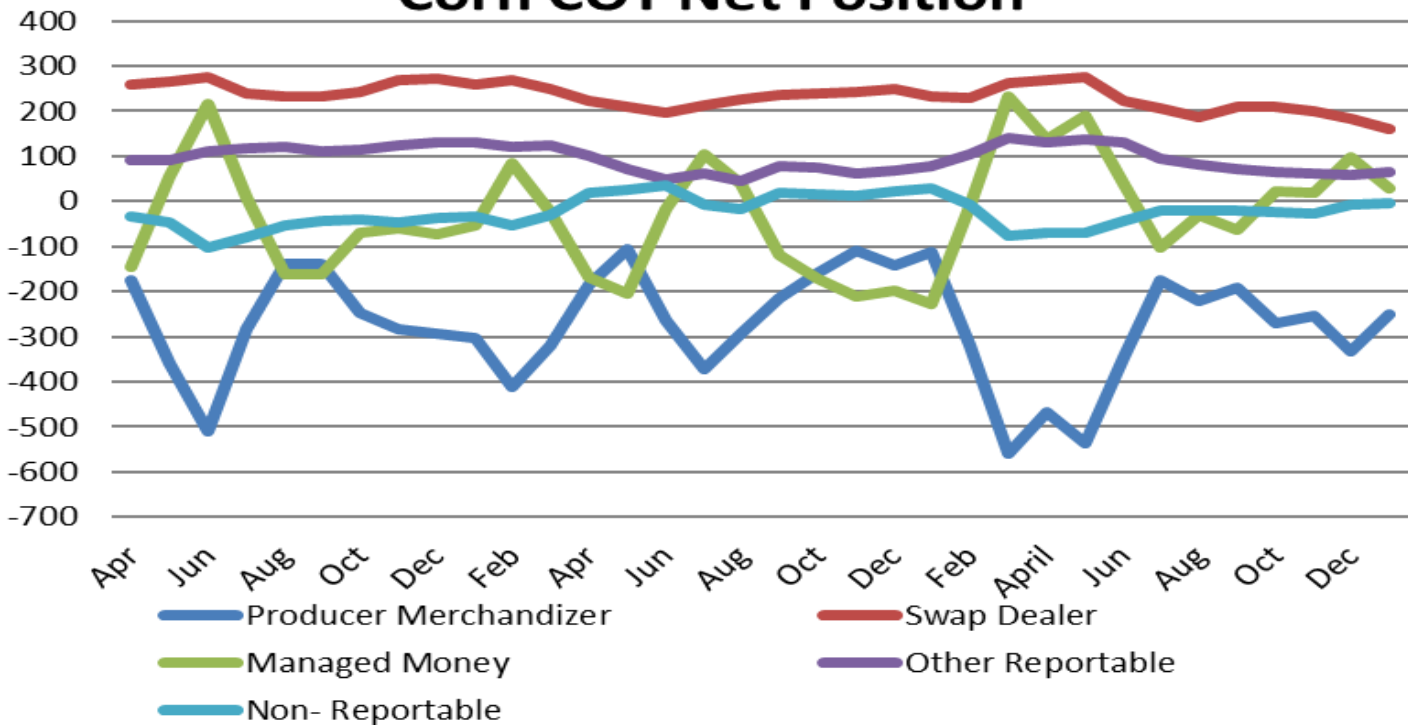
## World Coarse Grains: Production & Use



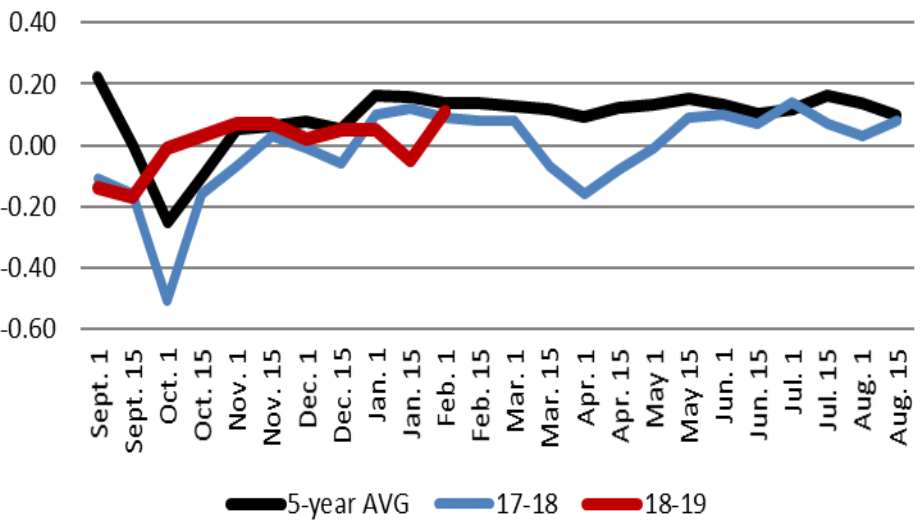
### Corn Futures Price



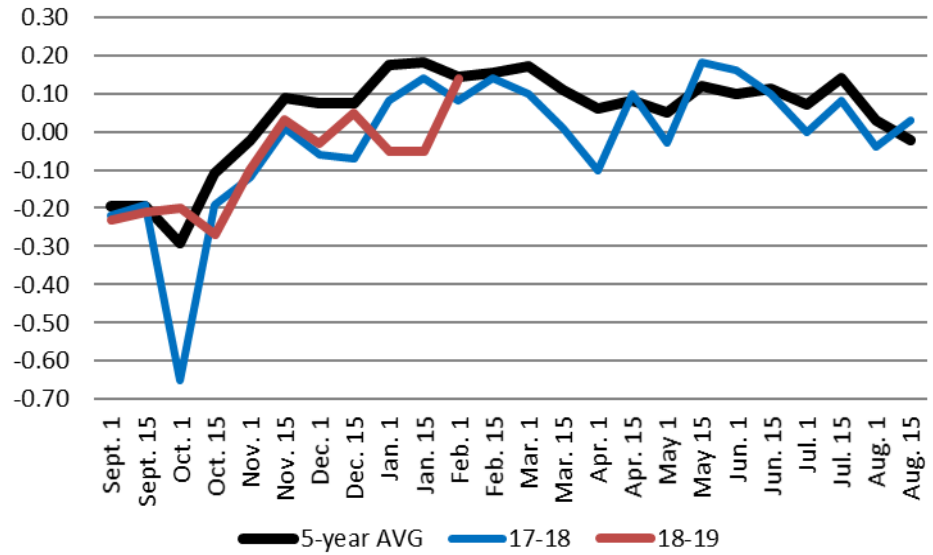
### Corn COT Net Position



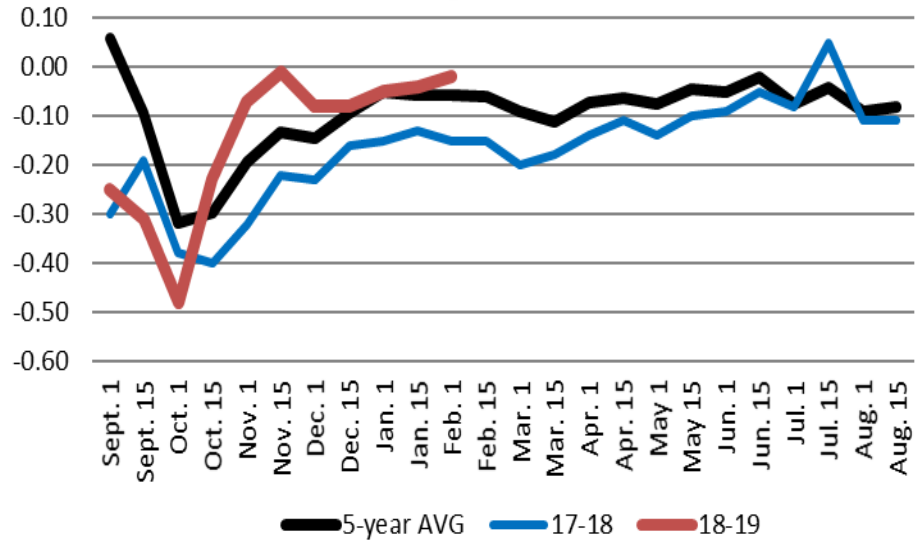
### St Louis Corn Basis



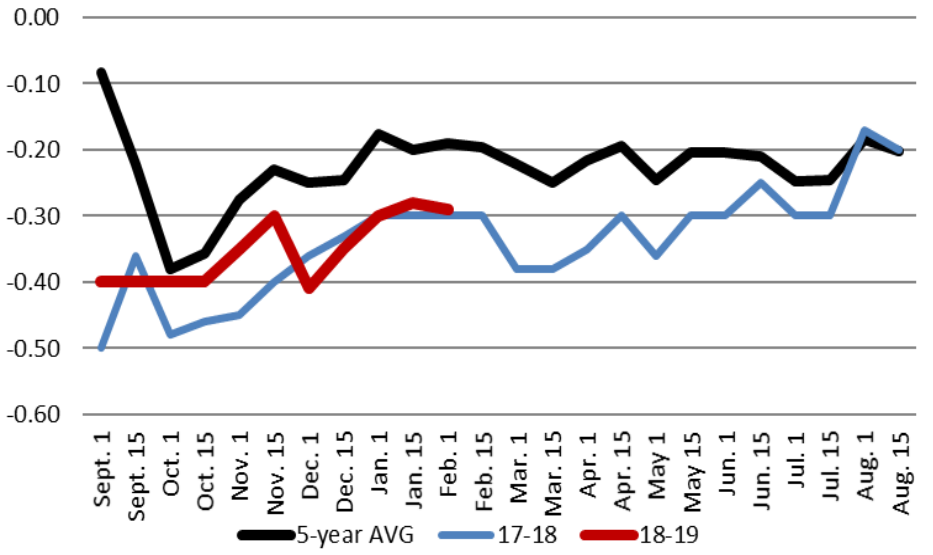
### SE MO Corn Basis



### Kansas City Corn Basis



### Central MO Corn Basis

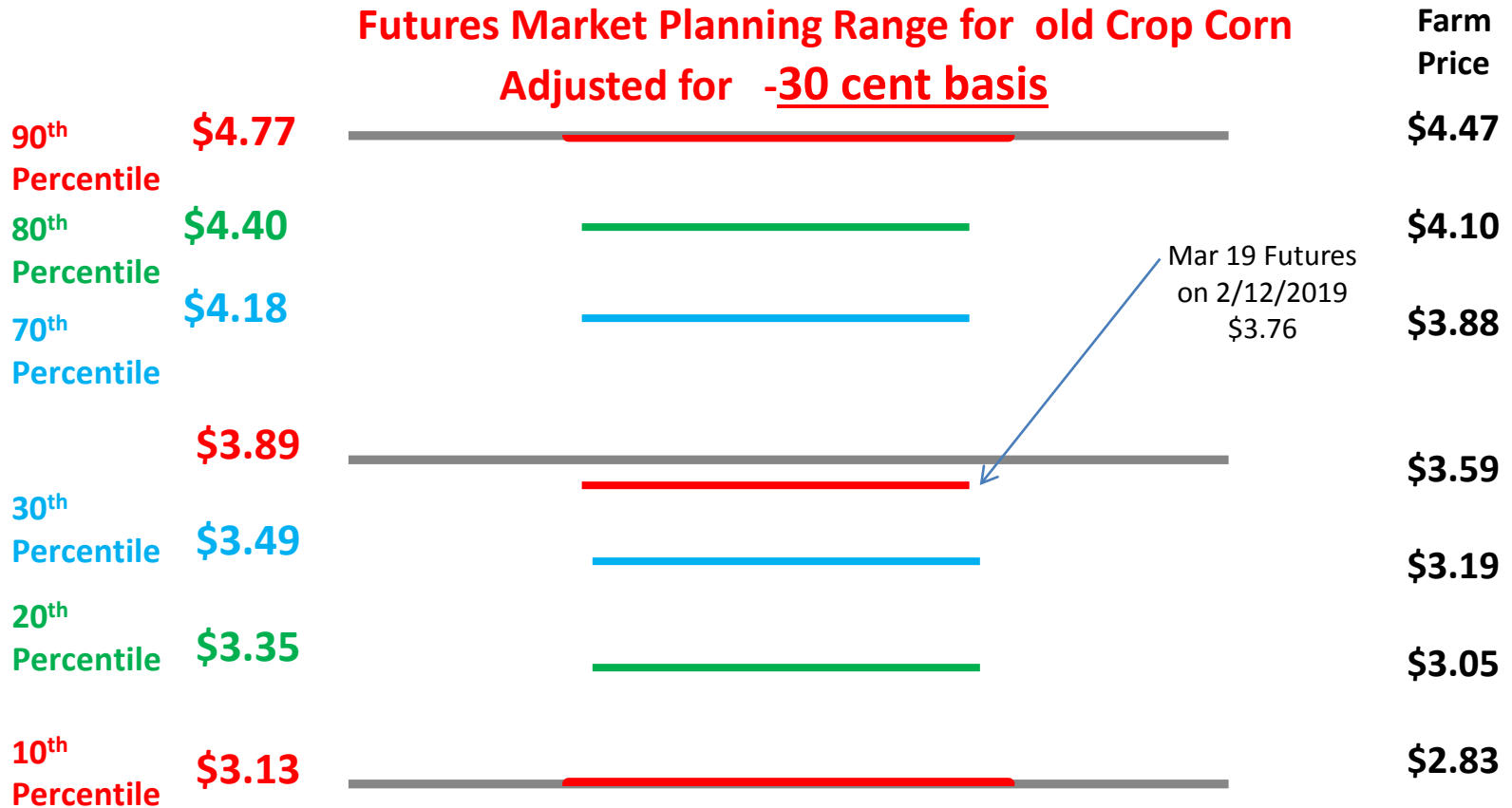




# Old Crop – (18-19) Corn FAPRI Baseline Ranges Nov, 2018

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

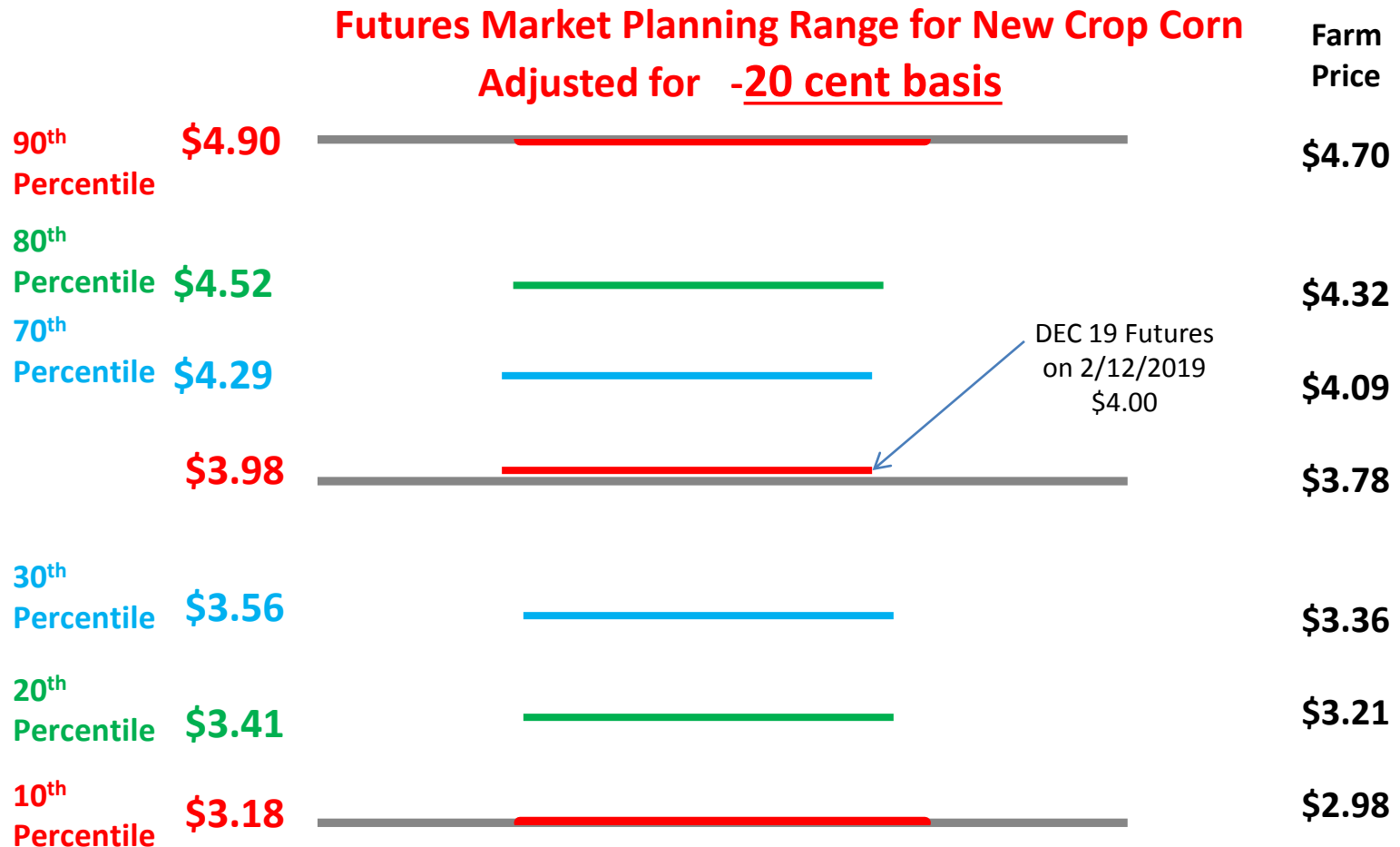
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.89**
- Futures Price Equivalent of FAPRI Range: **\$3.35 – \$4.40 @ 80 Percentile**
- Futures Price Equivalent of 2/8/19 USDA Range: **\$3.65- \$4.15 Avg \$3.90**



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

Nov 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

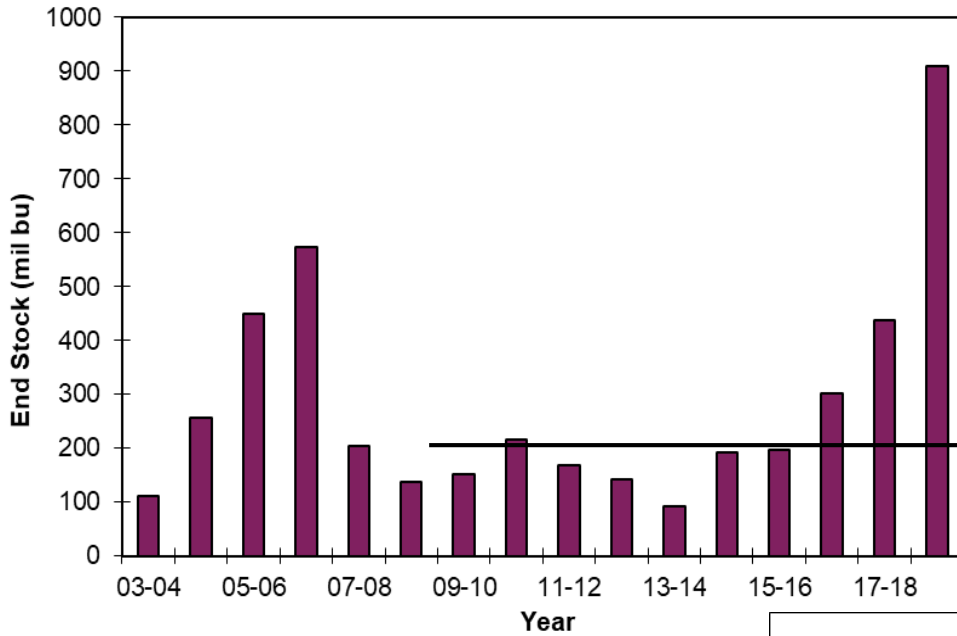
	2017/18 (USDA Feb. 8)	2018/19 (USDA Feb. 8)	2018/19 (FAPRI Nov. 2018)	2019/20 (FAPRI Nov. 2018)
Area planted (mil. acres)	90.2	89.2	89.1	84.7
Yield (bu./harvested acre)	49.3	51.6	52.1	48.6
Production (mil. bu.)	4,412	4,544	4,600	4,084
Crush (mil. bu.)	2,055	2,090	2,120	2,138
Other domestic use	113	127	130	119
Exports	2,129	1,875	1,957	1,981
Ending stocks	438	910	853	720
Marketing yr. avg. price (\$/bu.)	9.33	8.10 – 9.10	8.40	8.84

Sources: USDA WASDE, Feb 2019.

# WASDE-USDA Soybean Summary Feb 8, 2019

- 1) U.S. Average Farm Price – **Significant Decline**
  - 2018- 19 USDA: \$8.60 (\$8.10 - \$9.10)
  - 2017- 18 USDA: \$9.33
  - 2016- 17 USDA: \$9.47
  
- 2) U.S. Ending Stocks – **Significantly above 20 Year Average**
  - 2018- 19 USDA: (910 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: (107 Million Metric Tons)
  - 2017- 18 World: (98 Million Metric Tons)
  - 2016- 17 World: (96 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: (1,875 Million Bushels)
  - 2017- 18 USDA: (2,129 Million Bushels)
  - 2016- 17 USDA: (2,166 Million Bushels)

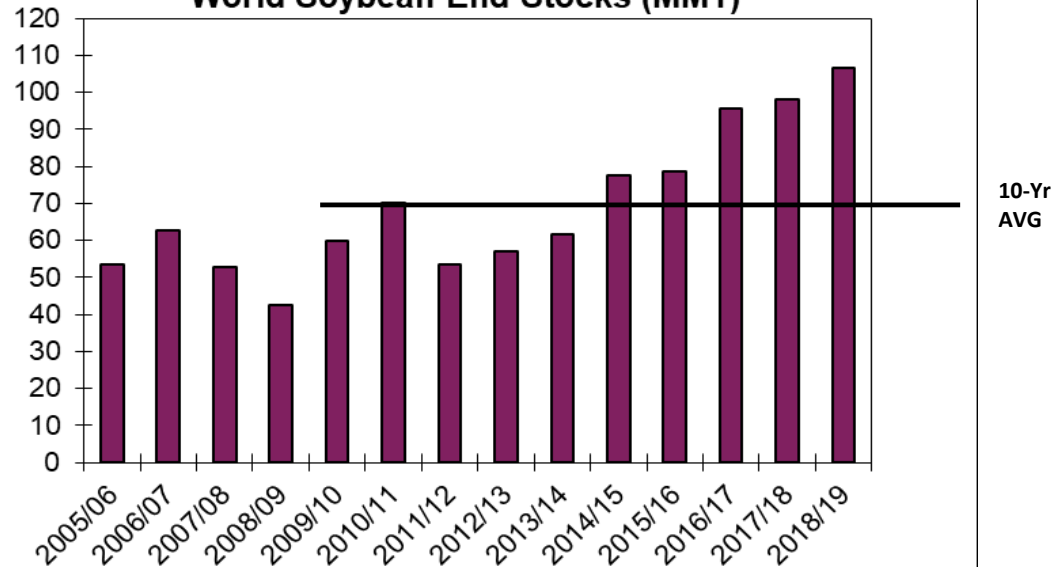
**Soybean: U.S. End Stocks**



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

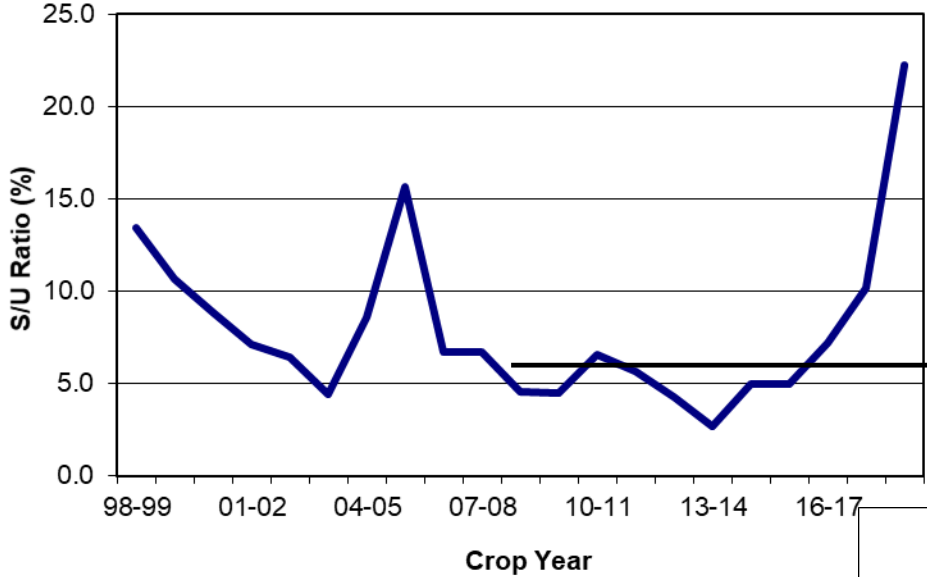
10-Yr  
AVG

**World Soybean End Stocks (MMT)**



10-Yr  
AVG

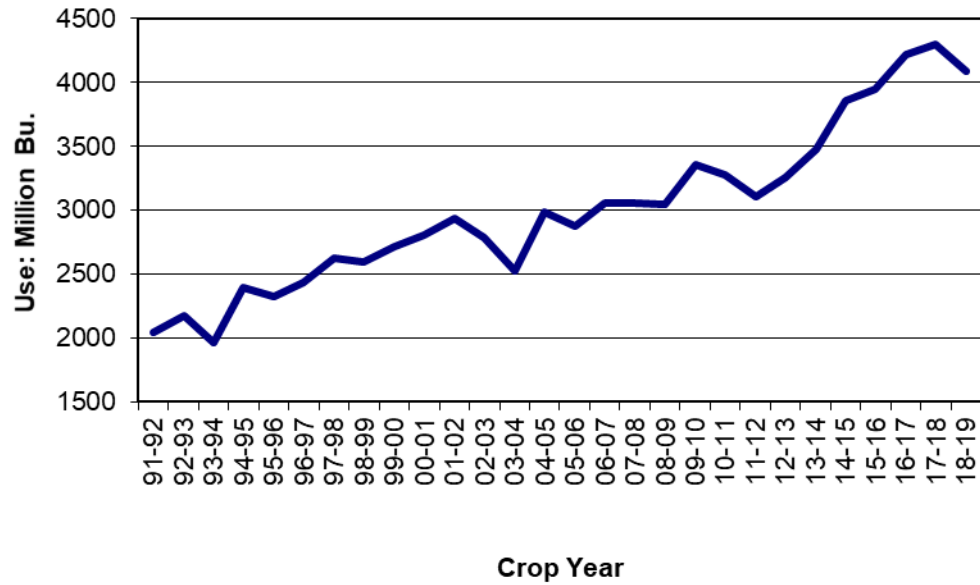
### Soybeans: End Stocks/Use Ratio



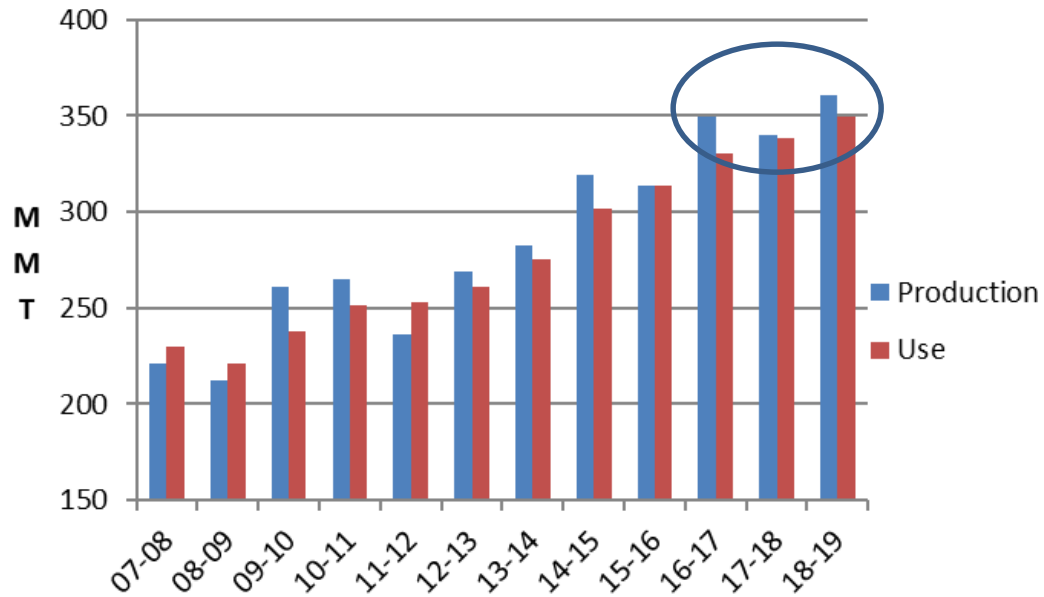
Total soybean use expected to decline, ending stocks/use ratio to become very large.

10-Yr  
AVG

### Soybean: Total Use

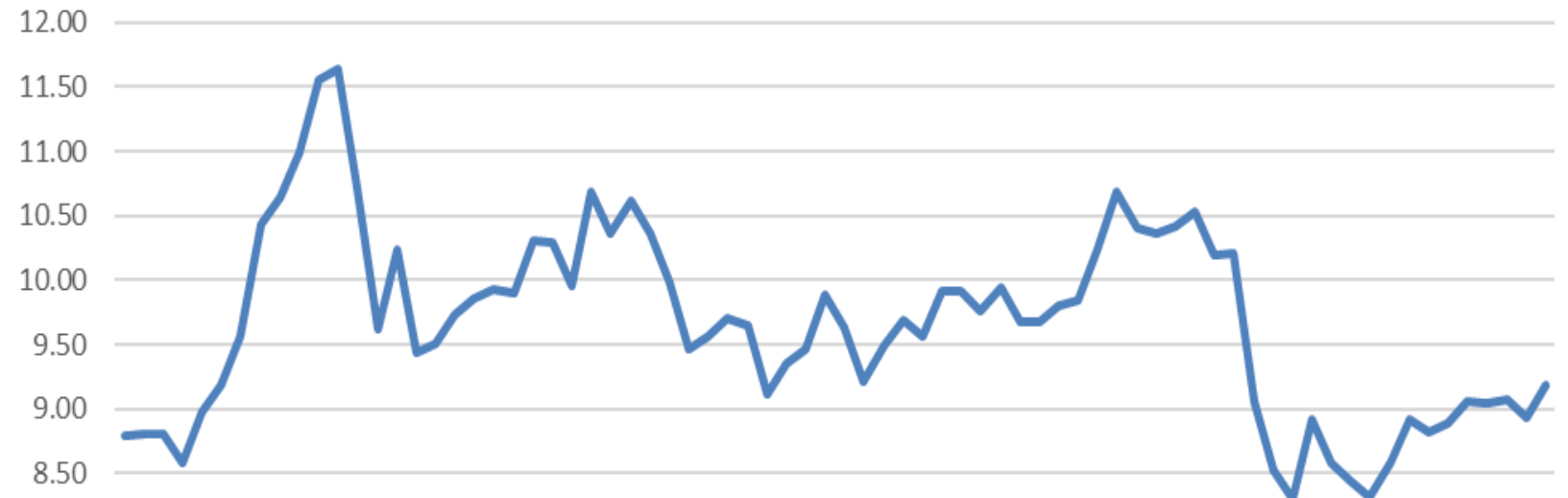


## World Soybean Production and Use

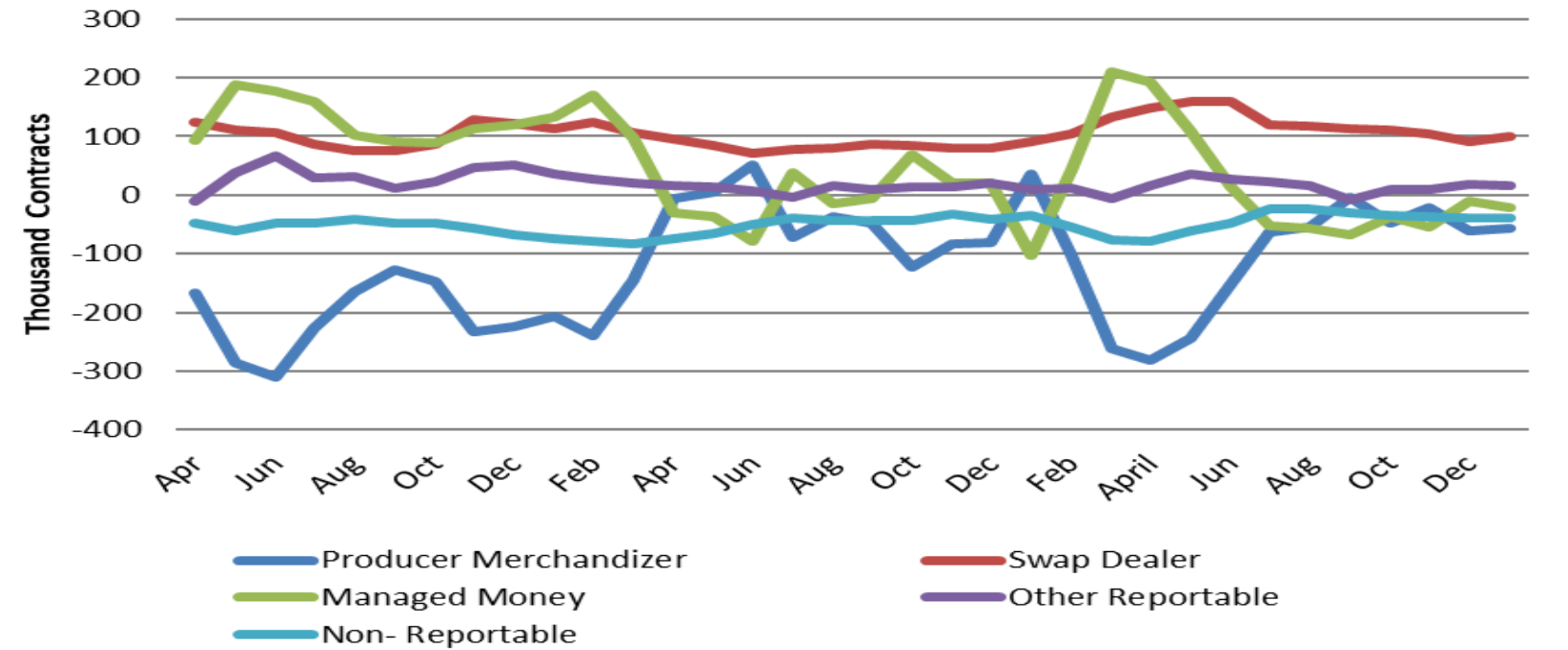


**World soybean production expected to outrun increasing global use!**

# Soybean Futures Prices

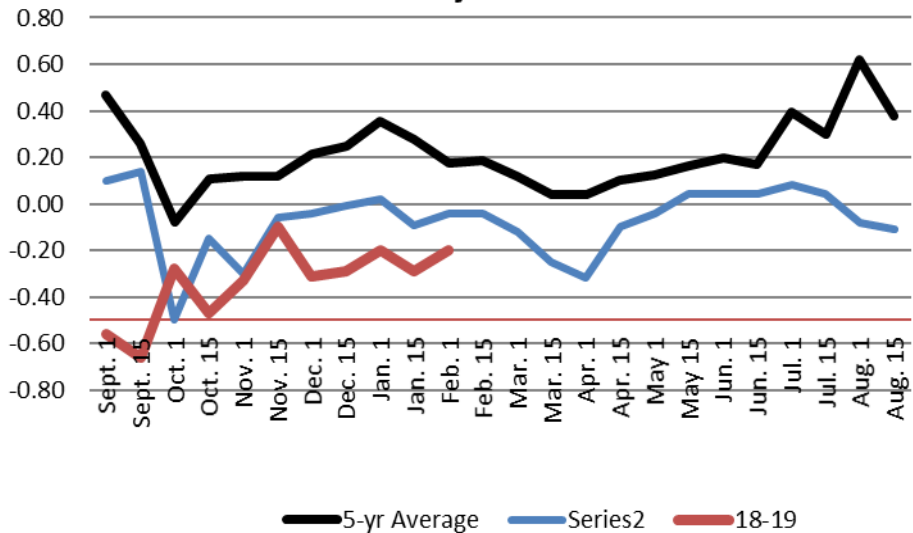


# Soybean: COT Net Positions

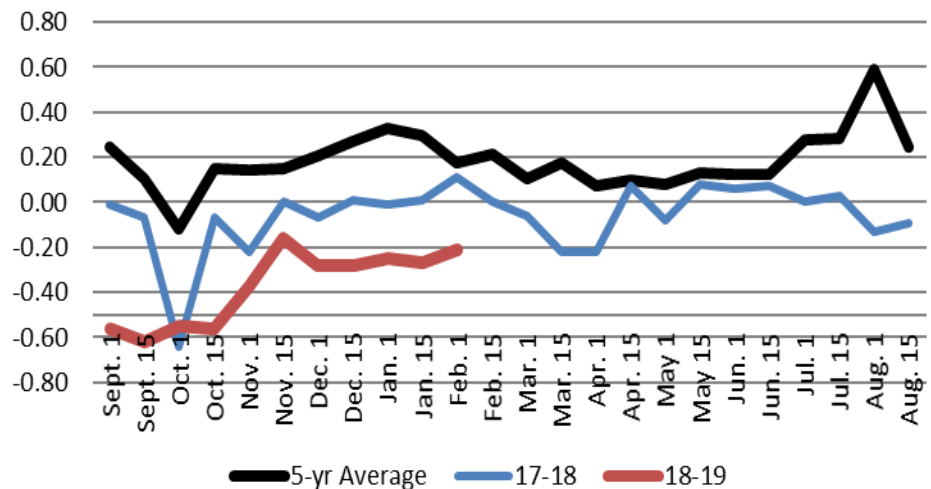




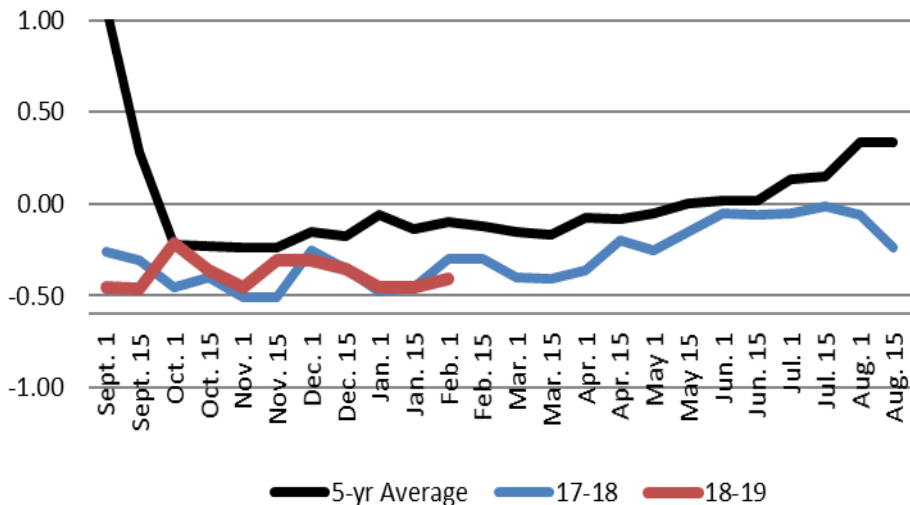
### St Louis Soybean Basis



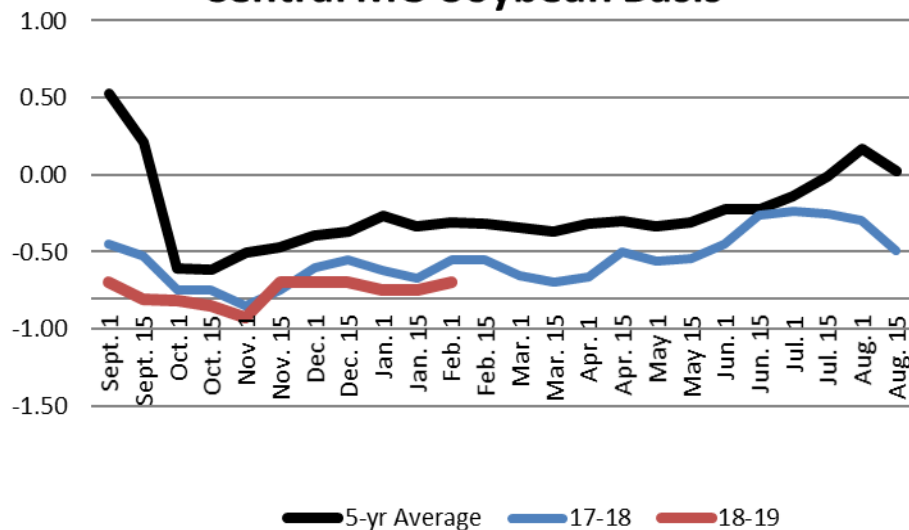
### SE MO Soybean Basis



### Kansas City Soybean Basis



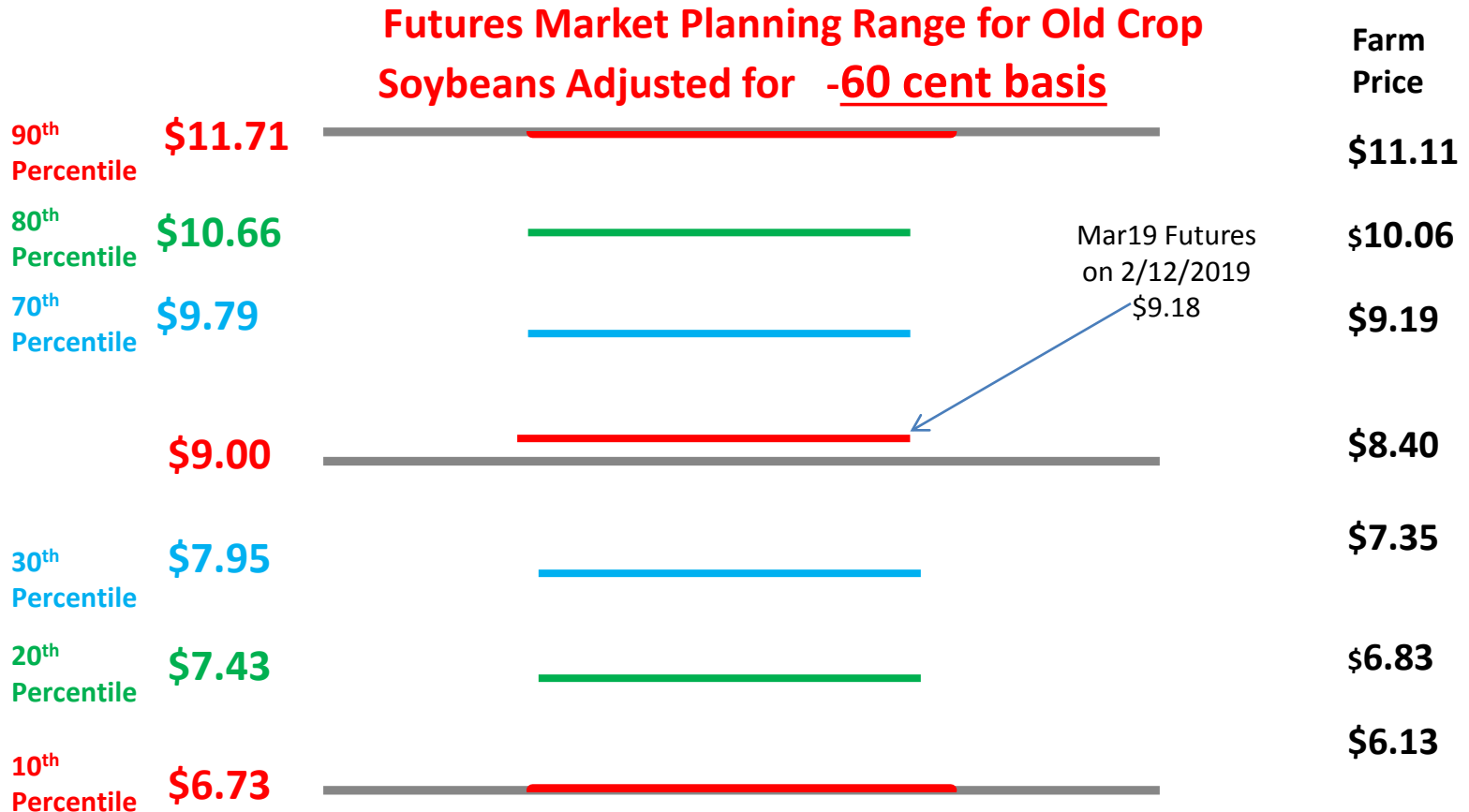
### Central MO Soybean Basis



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

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

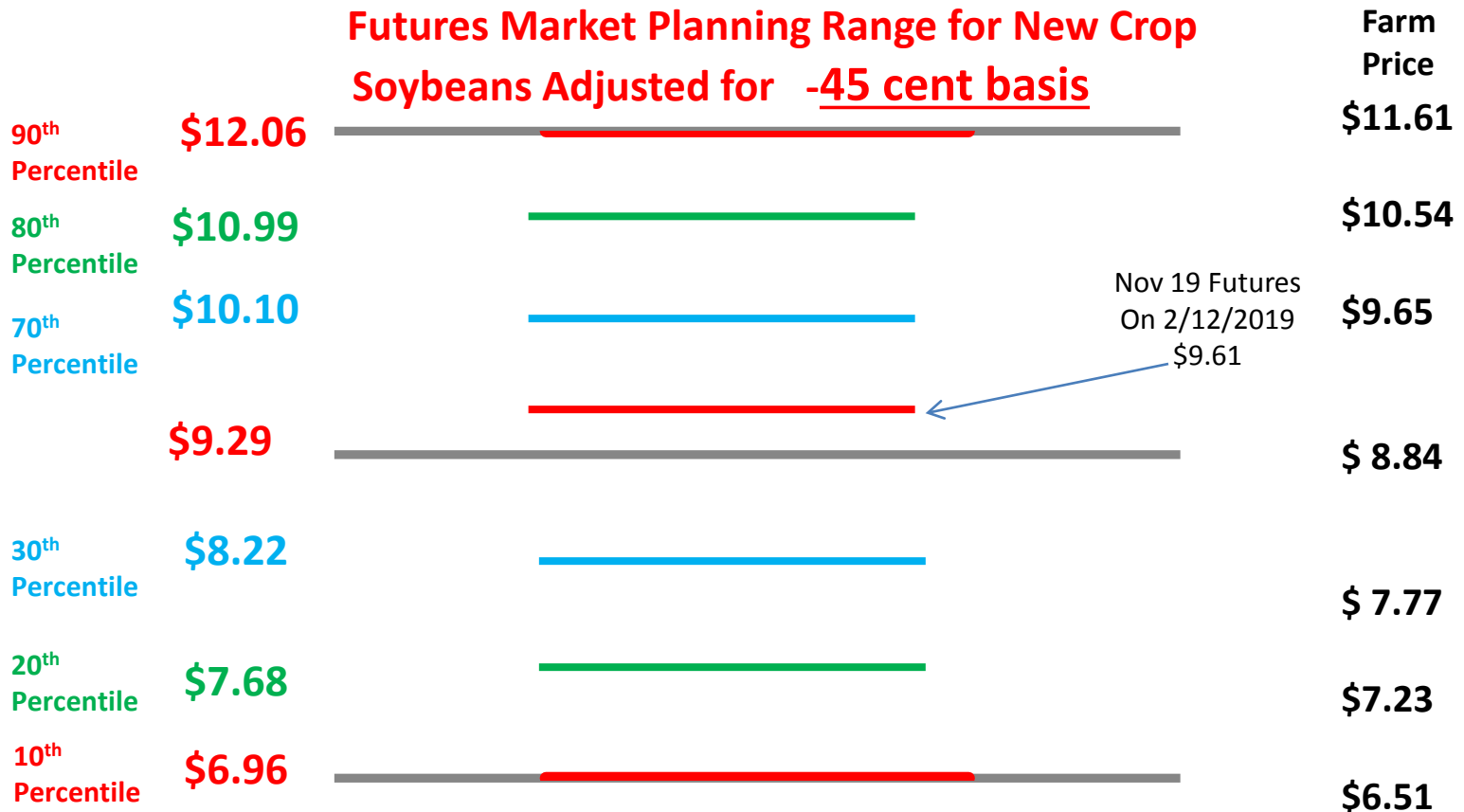
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.00**
- Futures Price Equivalent of FAPRI Range: **\$7.43 - \$10.66 @ 80 Percentile**
- Futures Price Equivalent of 2/8/19 USDA Price: **Avg \$9.20**



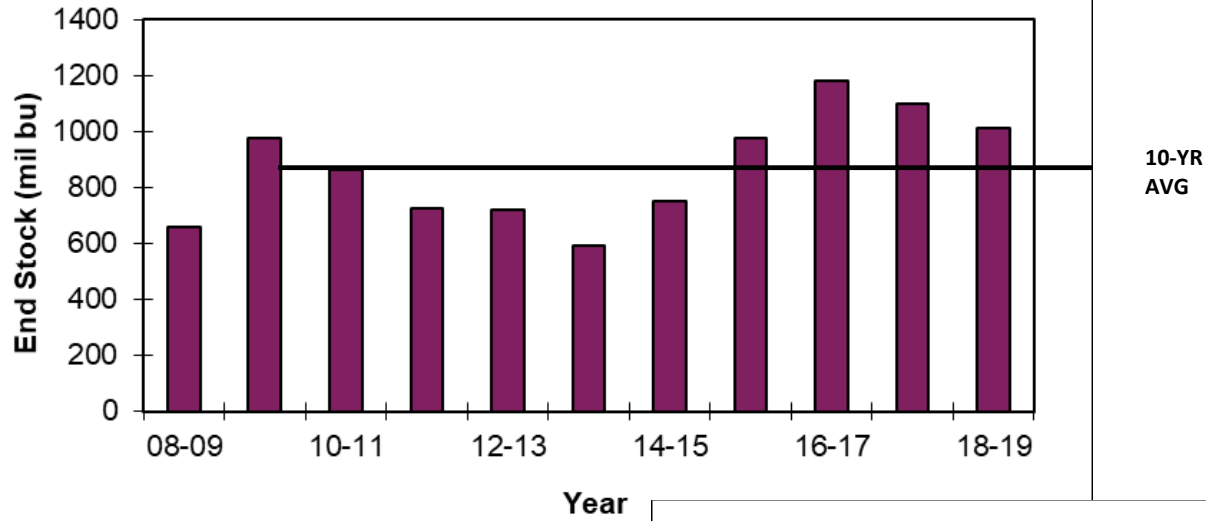
# New Crop – (19-20) Soybean FAPRI Baseline Ranges Nov, 2018

Nov. 2018 FAPRI Price: **Adjusted for \$0.45 basis**

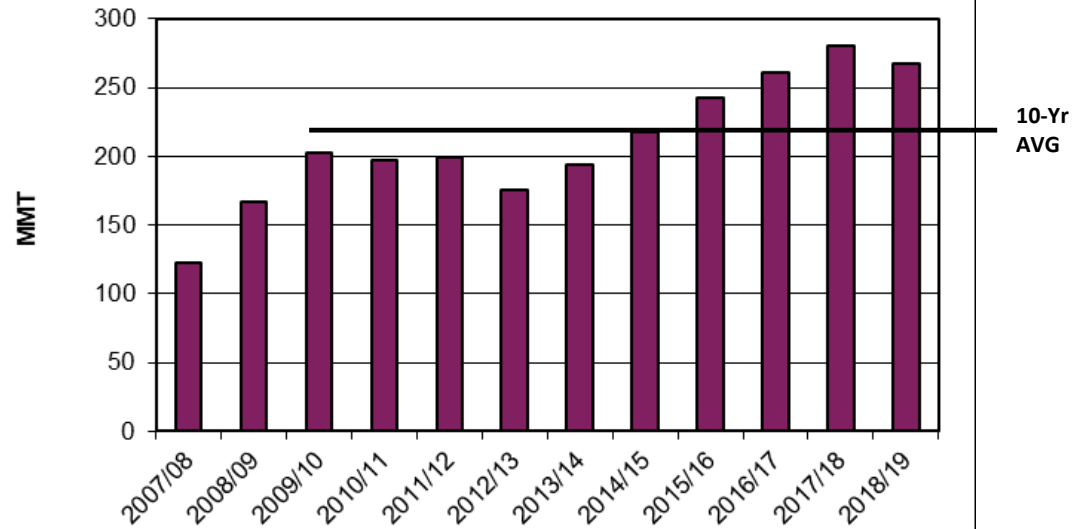
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.29**
- Futures Price Equivalent of FAPRI Range: **\$7.68 - \$10.99 @ 80 Percentile**



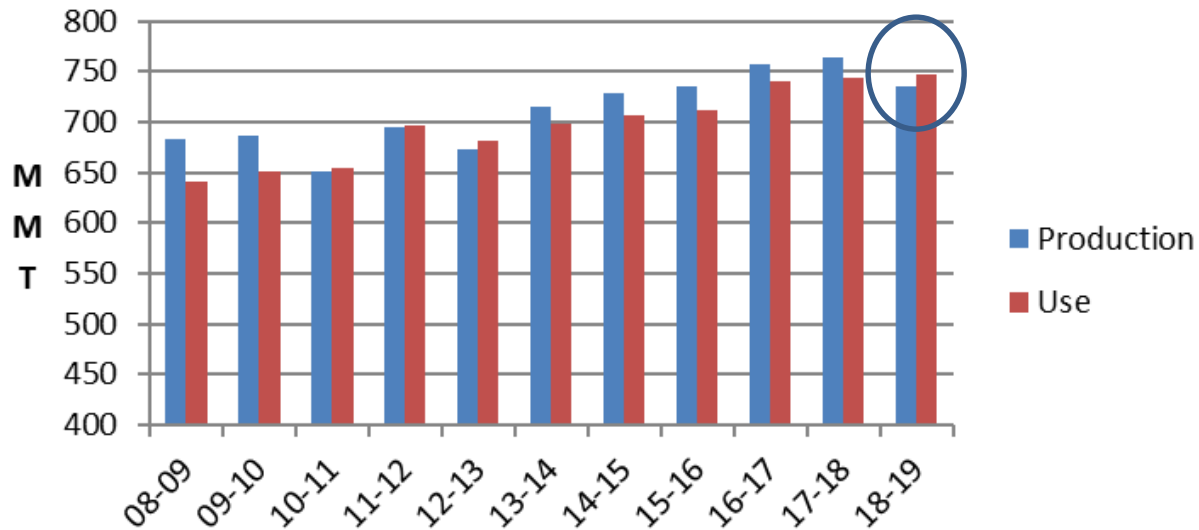
### Wheat: U.S. End Stocks



### World Wheat End Stocks



## World Wheat Production and Use



**Global wheat use expected to exceed world production.**