



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
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www.fapri.missouri.edu
March 8, 2019

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U.S. corn supply and use

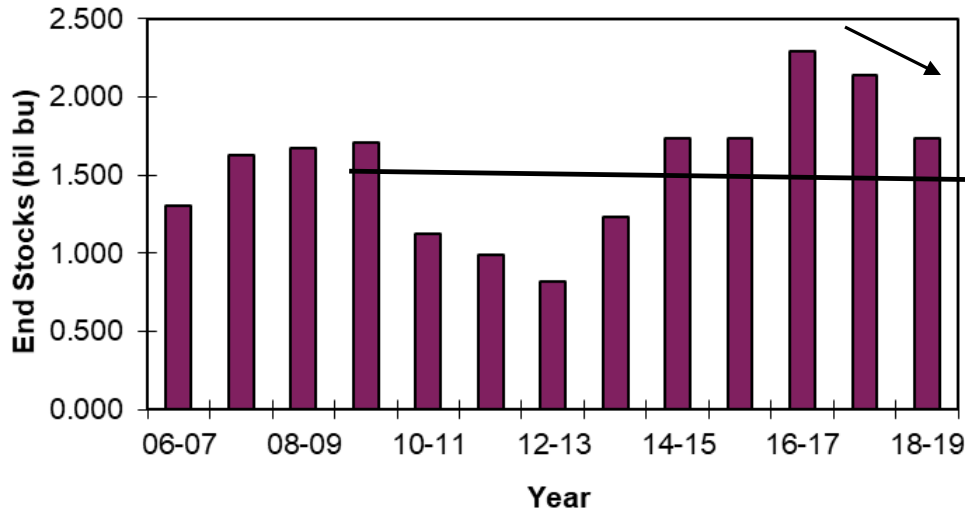
| | 2017/18 (USDA Mar.8) | 2018/19 (USDA Mar. 8) | 2018/19 (FAPRI Nov. 2018) | 2019/20 (FAPRI Nov.2018) |
|-----------------------------------|----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Area planted (mil. acres) | 90.2 | 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 | 5,550 | 5,636 | 5,629 |
| Other domestic use | 1,452 | 1,465 | 1,459 | 1,465 |
| Exports | 2,438 | 2,375 | 2,440 | 2,114 |
| Ending stocks | 2,140 | 1,835 | 1,756 | 1,718 |
| Marketing yr. avg. price (\$/bu.) | 3.36 | 3.35-3.75 | 3.59 | 3.78 |

Source: USDA WASDE, Mar 2019.

WASDE USDA Corn Summary Mar. 8 , 2019

- 1) U.S. Average Farm Price – **Moderate Increase**
 - 2018- 19 USDA: \$3.55 (\$3.35- \$3.75)
 - 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: (1,835 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: (309 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: (2,375 Million Bushels)
 - 2017- 18 USDA: (2,438 Million Bushels)
 - 2016- 17 USDA: (2,294 Million Bushels)

Corn: U.S. End Stocks

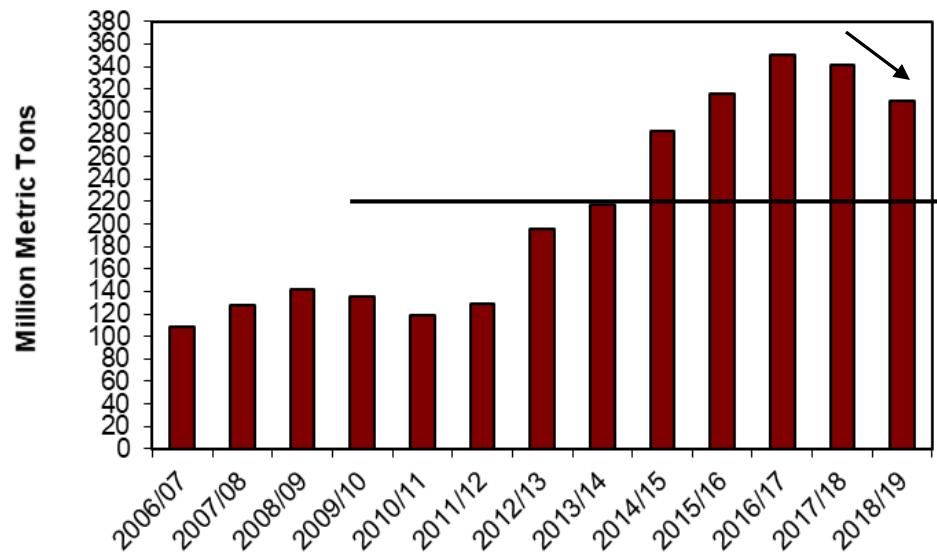


10-Yr
AVG

Domestic and Global corn ending stocks declining.

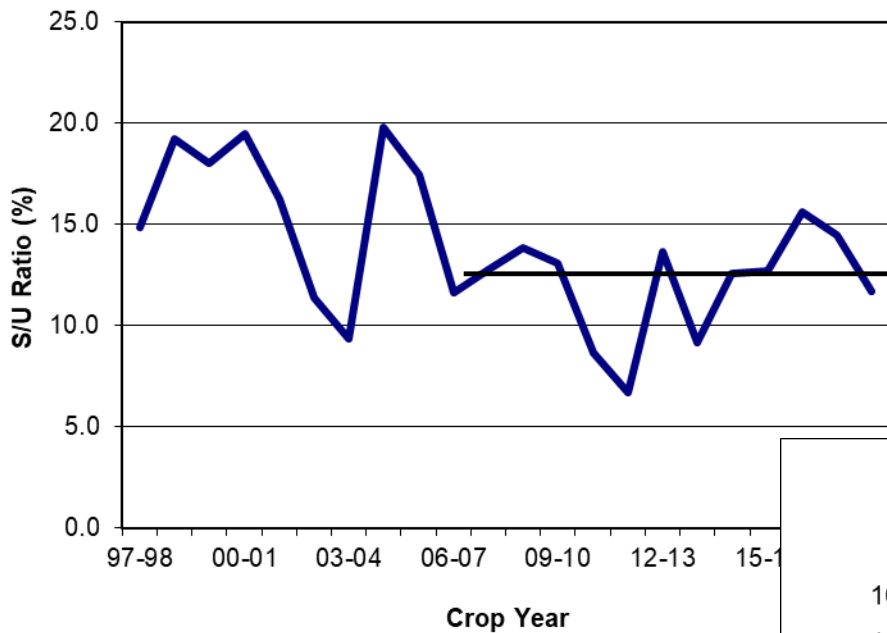
**Chinese Stocks adjustment in Nov '18
WASDE results in increased 149 million tons
of ending stocks for the 2018/19 marketing
year! Updated Chart for previous 10-yrs.**

Corn World End Stocks (MMT)



10-Yr
AVG

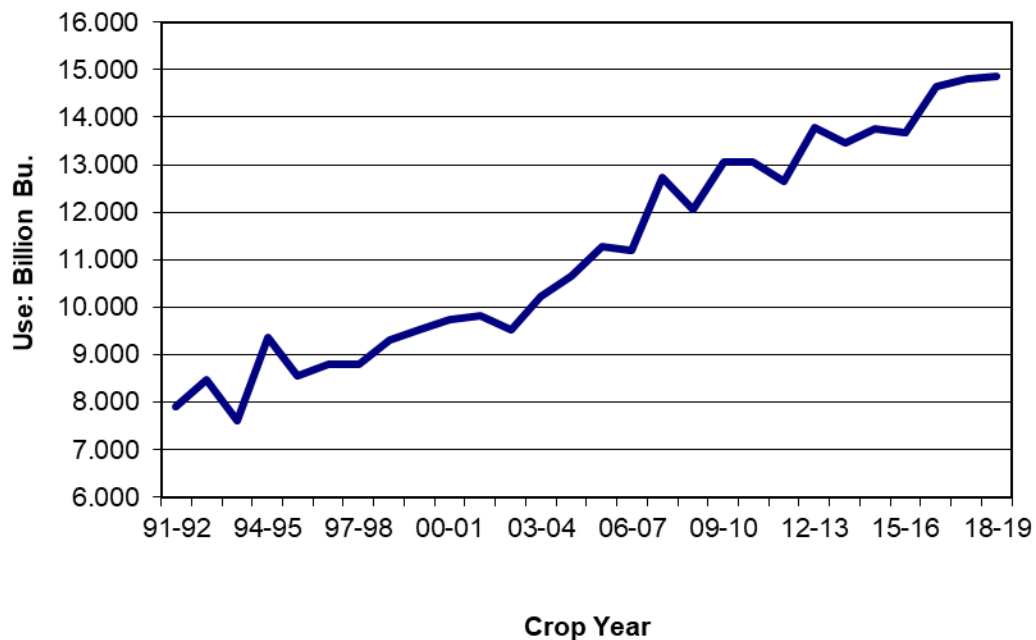
Corn: End Stocks/Use Ratio



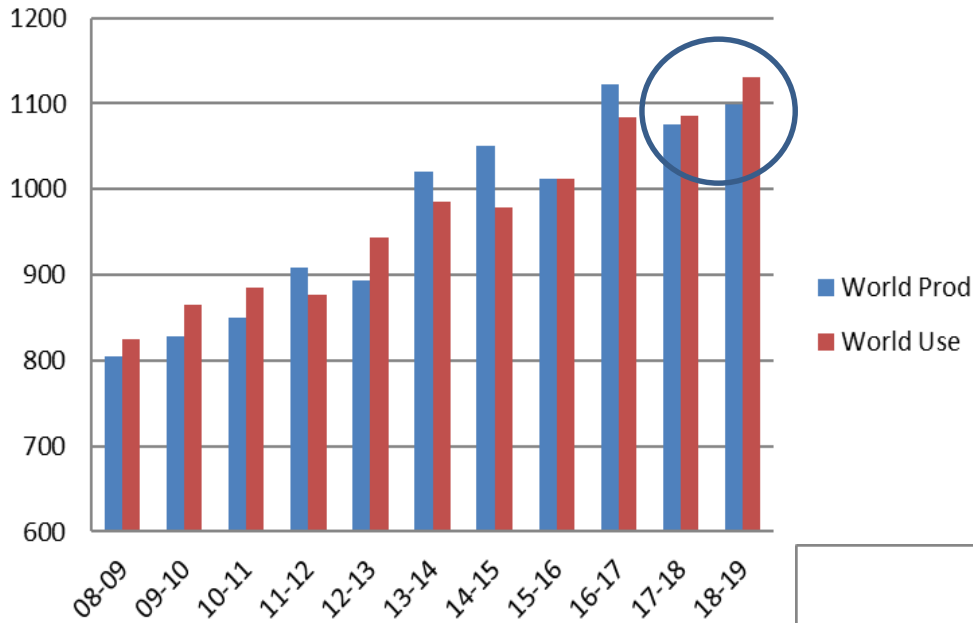
Corn use continues to grow, ending stocks/use ratio declining to slightly below average of previous 10 years.

10-Yr
AVG

Use: Corn Total Use

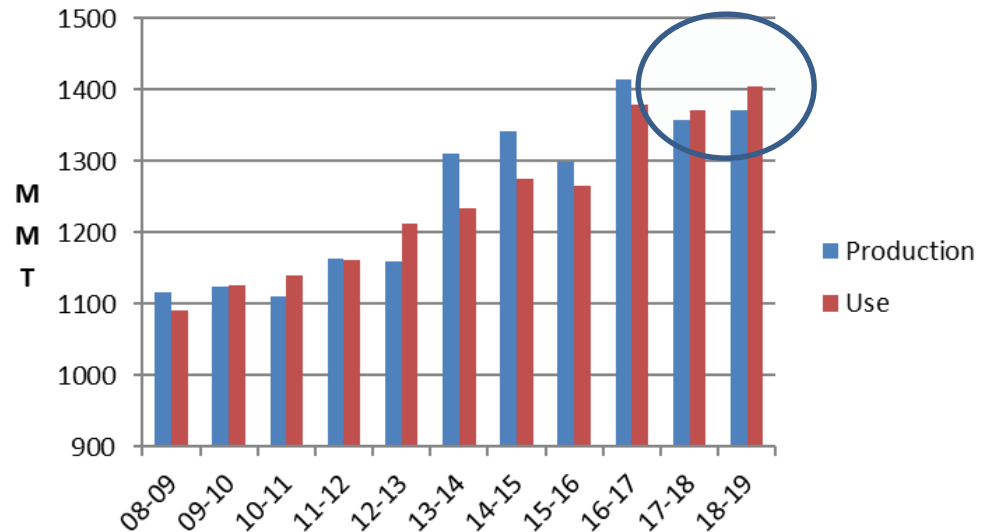


Corn World Production & Use



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

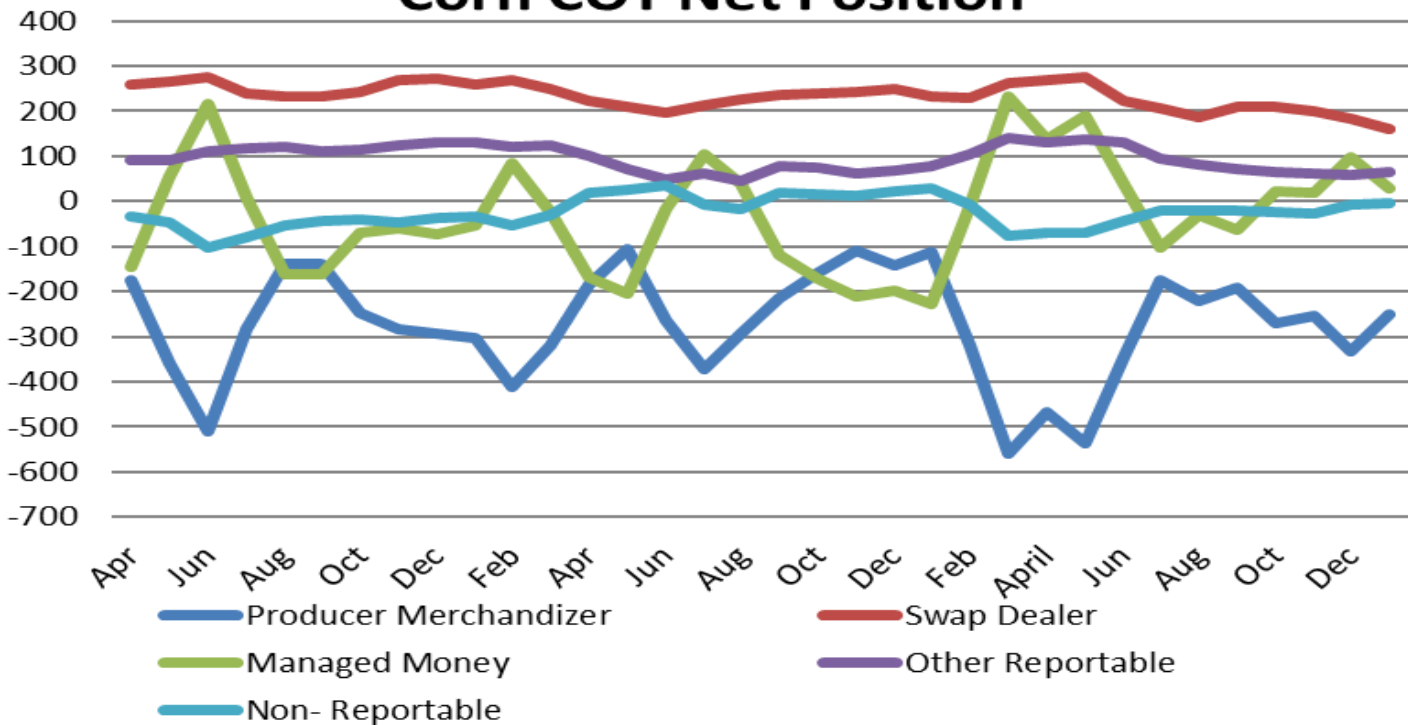
World Coarse Grains: Production & Use



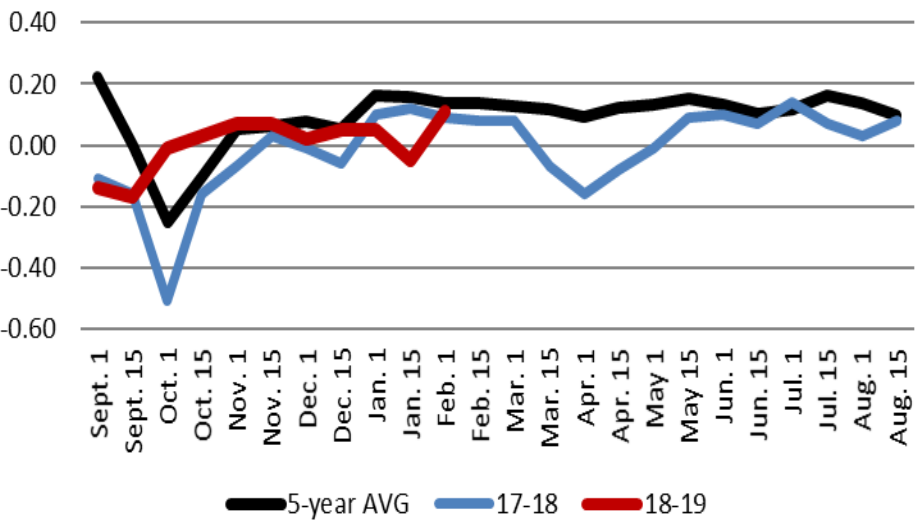
Corn Futures Price



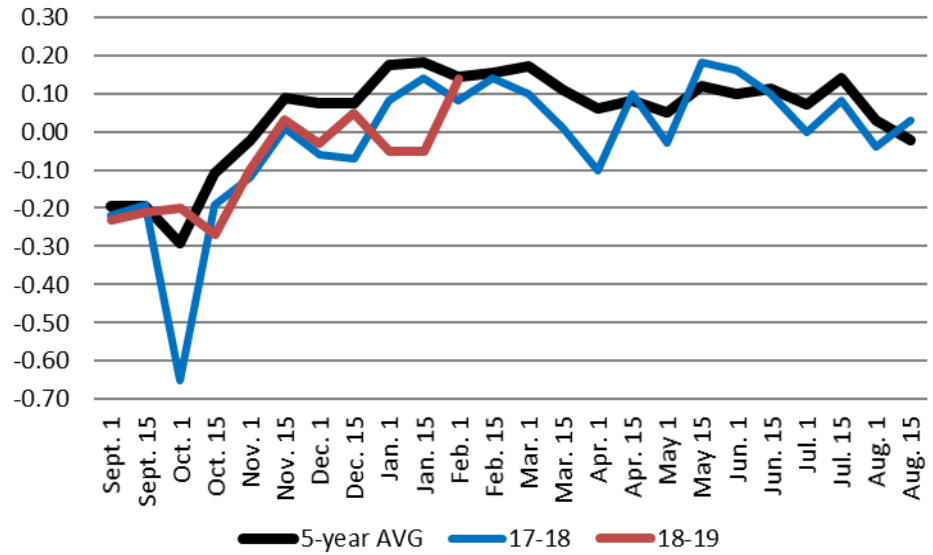
Corn COT Net Position



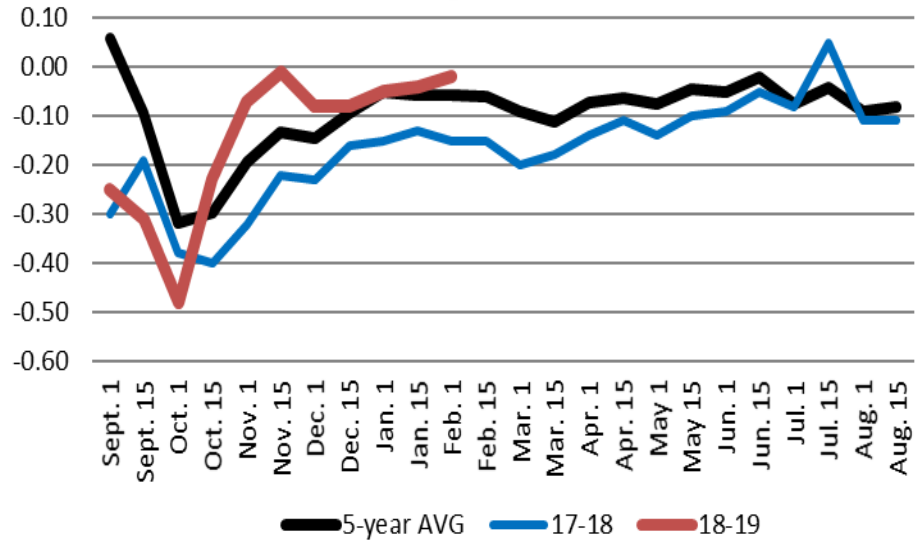
St Louis Corn Basis



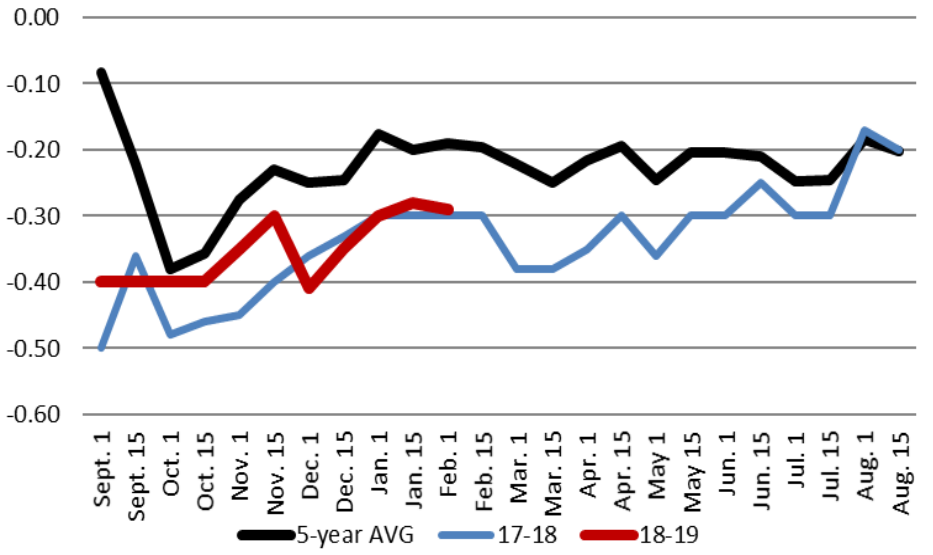
SE MO Corn Basis



Kansas City Corn Basis



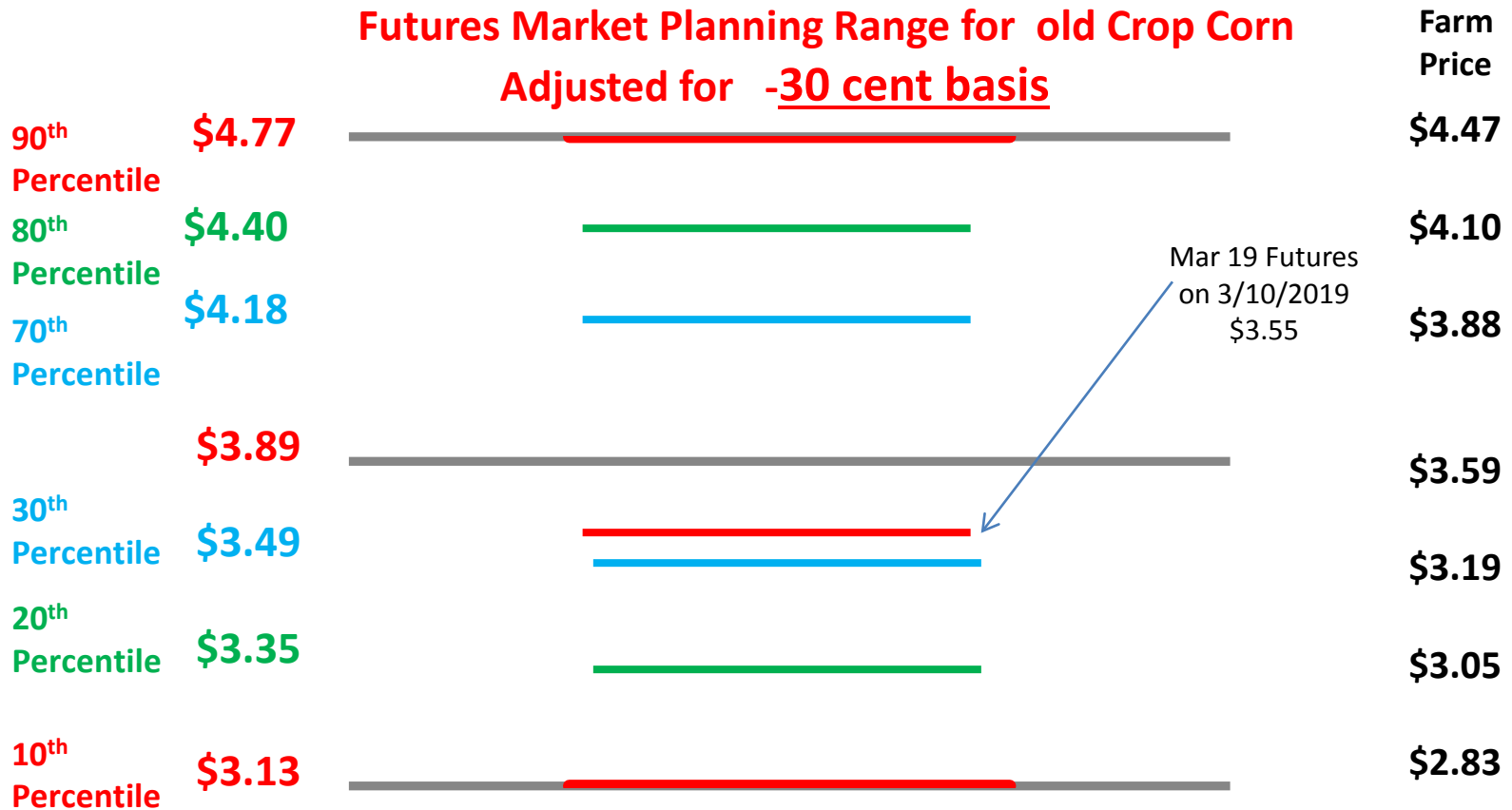
Central MO Corn Basis



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

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

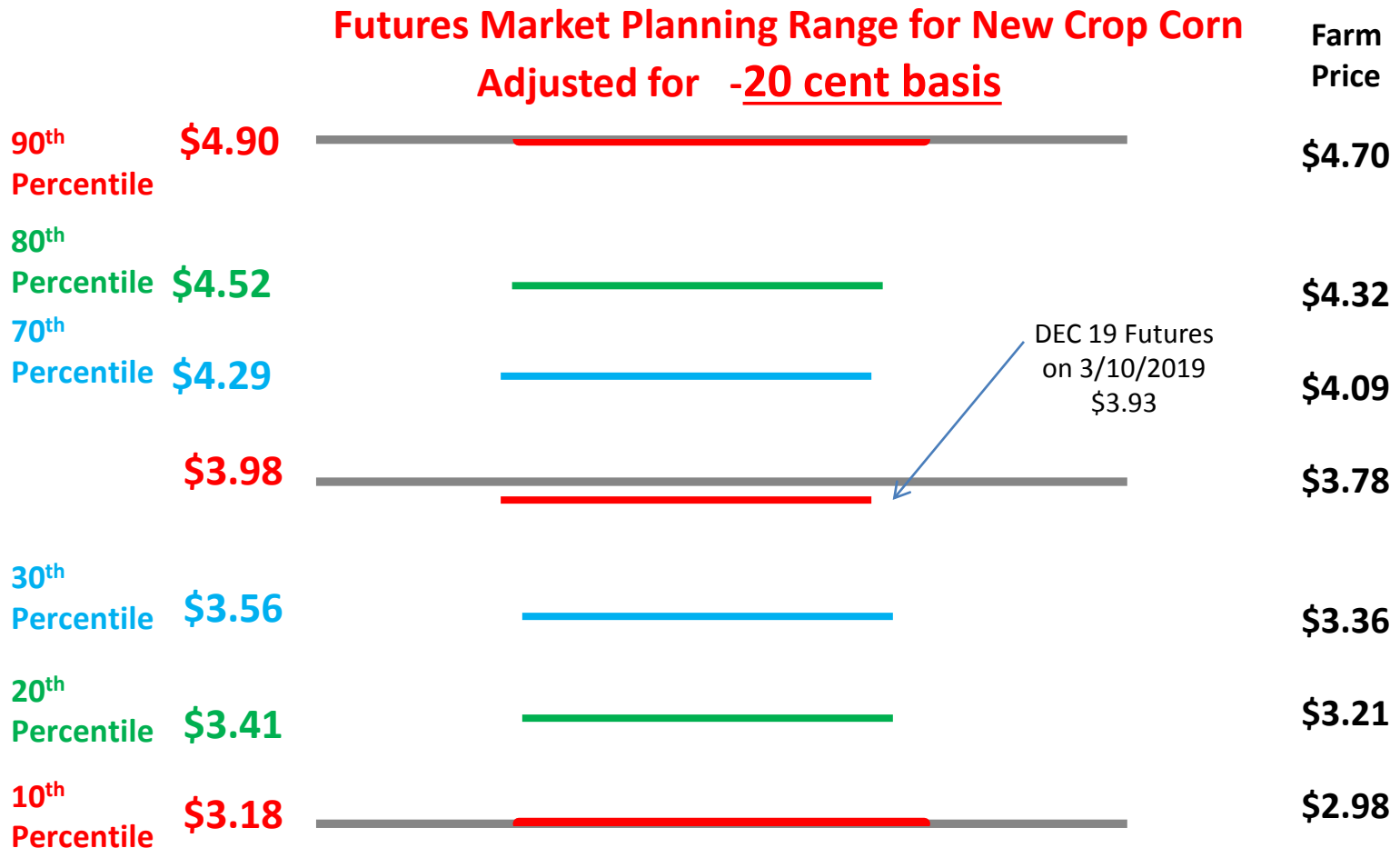
- Futures Price Equivalent of 2017- 2018 Projected Farm Price: **\$3.89**
- Futures Price Equivalent of FAPRI Range: **\$3.35 – \$4.40 @ 80 Percentile**
- Futures Price Equivalent of 3/8/19 USDA Range: **\$3.65- \$4.05 Avg \$3.85**



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 Mar 8) | 2018/19 (USDA Mar 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 | 2,100 | 2,120 | 2,138 |
| Other domestic use | 113 | 127 | 130 | 119 |
| Exports | 2,129 | 1,875 | 1,957 | 1,981 |
| Ending stocks | 438 | 900 | 853 | 720 |
| | | | | |
| Marketing yr. avg. price (\$/bu.) | 9.33 | 8.10 – 9.10 | 8.40 | 8.84 |

Sources: USDA WASDE, Mar 2019.

WASDE-USDA Soybean Summary Mar 8, 2019

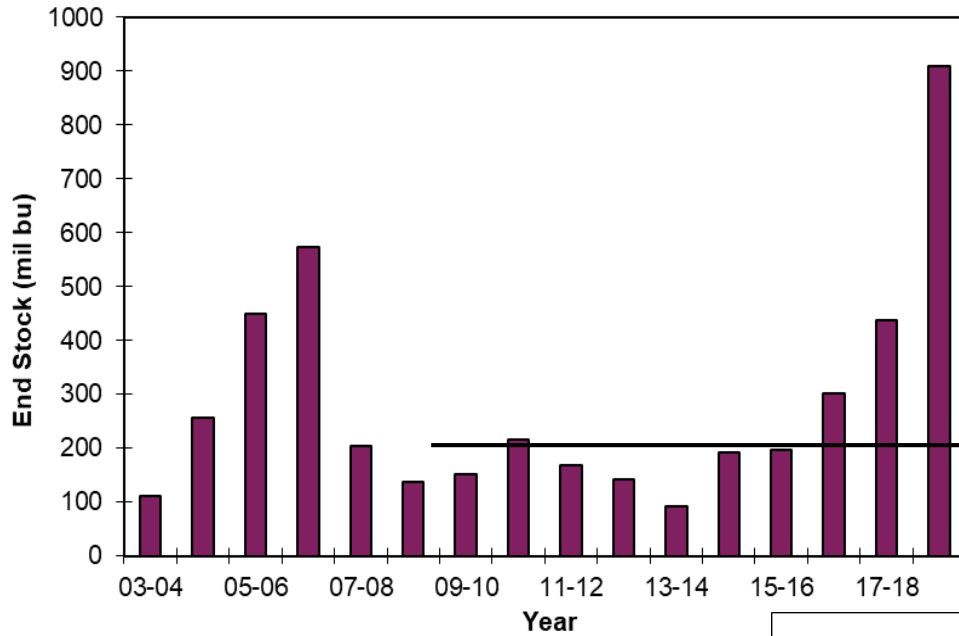
- 1) U.S. Average Farm Price- **Significant Decline**
 - 2018- 19 USDA: \$8.60 (\$8.10 - \$9.10)
 - 2017- 18 USDA: \$9.33
 - 2016- 17 USDA: \$9.47

- 2) U.S. Ending Stocks- **Significantly above 20 Year Average**
 - 2018- 19 USDA: (900 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)

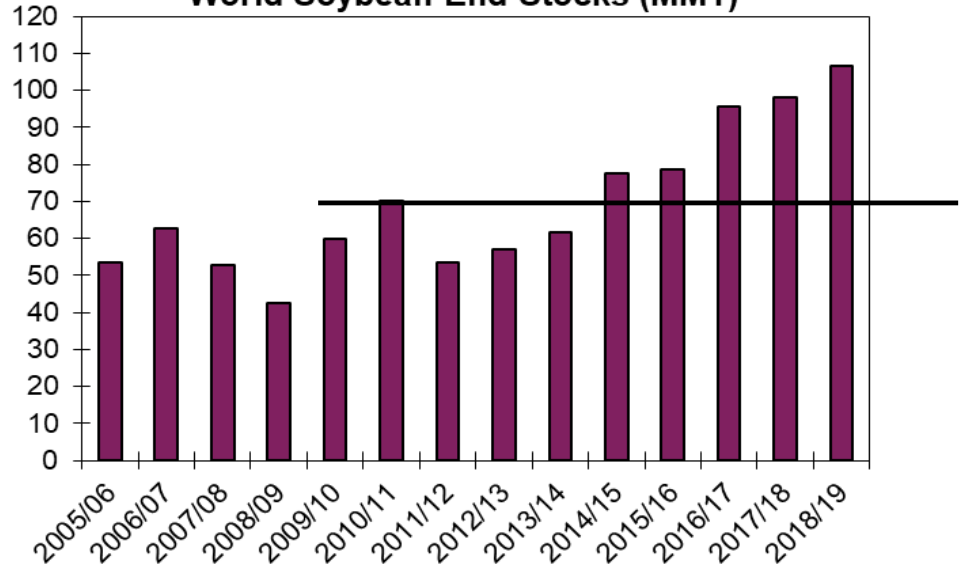
Soybean: U.S. End Stocks



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

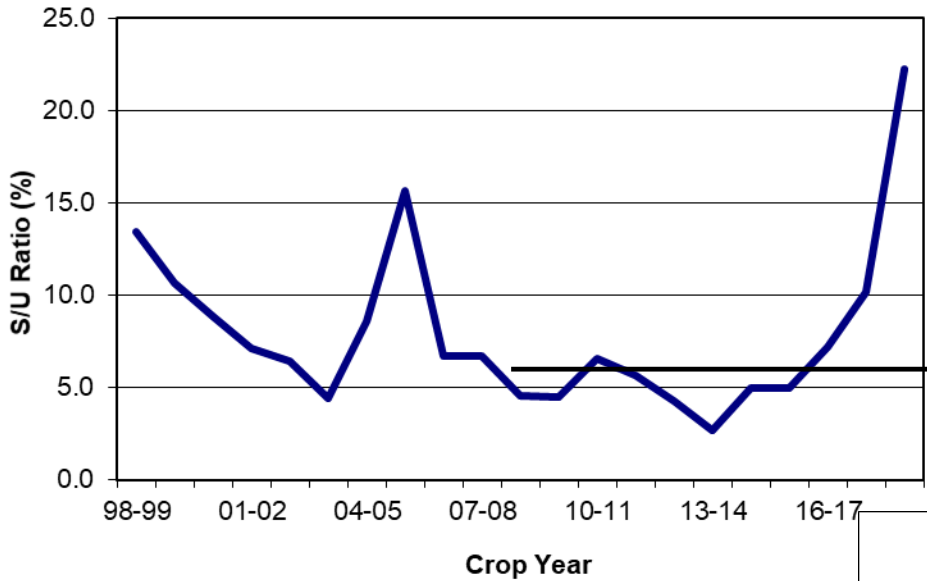
10-Yr
AVG

World Soybean End Stocks (MMT)



10-Yr
AVG

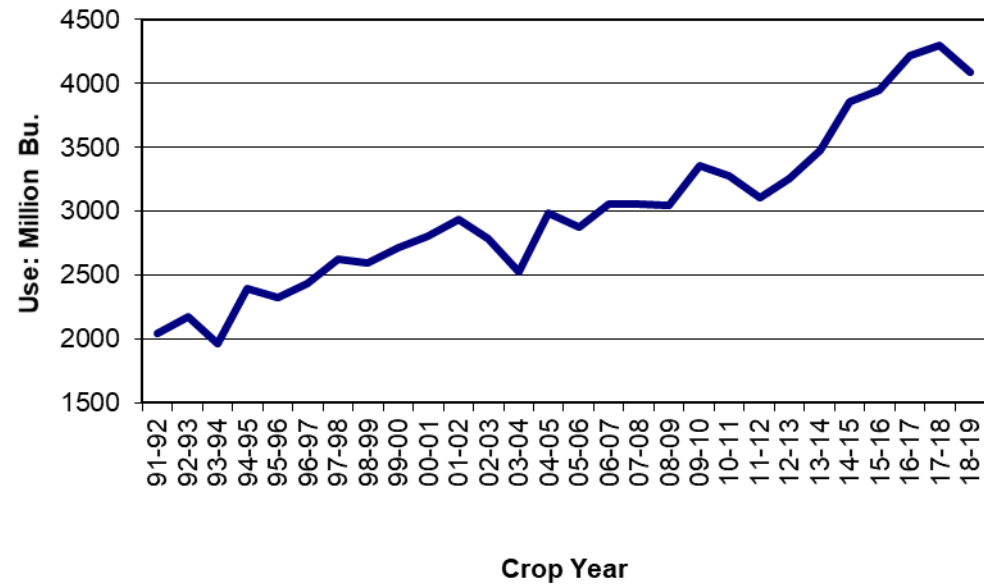
Soybeans: End Stocks/Use Ratio



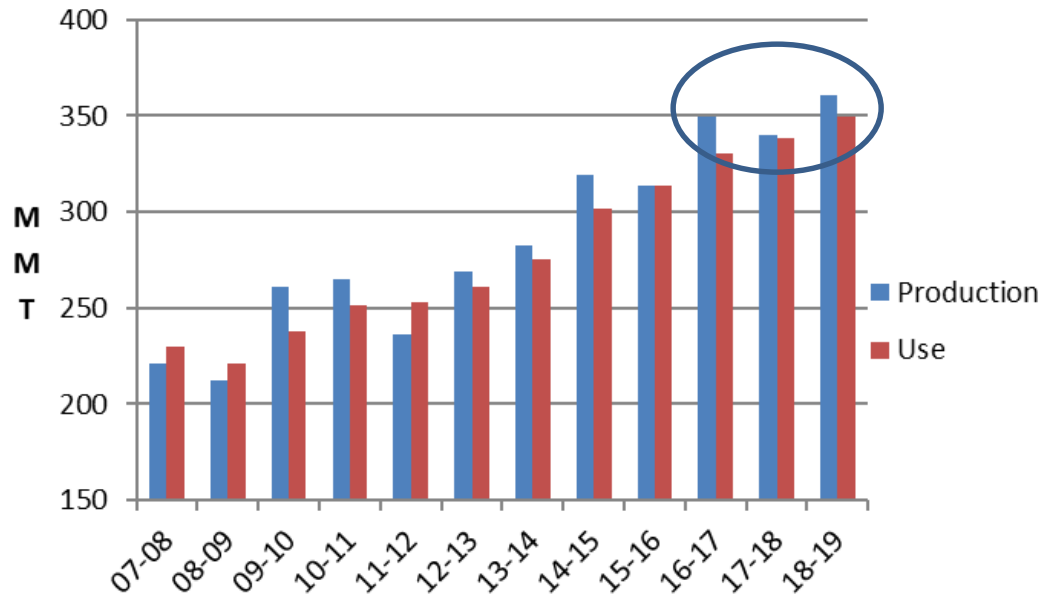
Total soybean use expected to decline, ending stocks/use ratio to become very large.

10-Yr
AVG

Soybean: Total Use

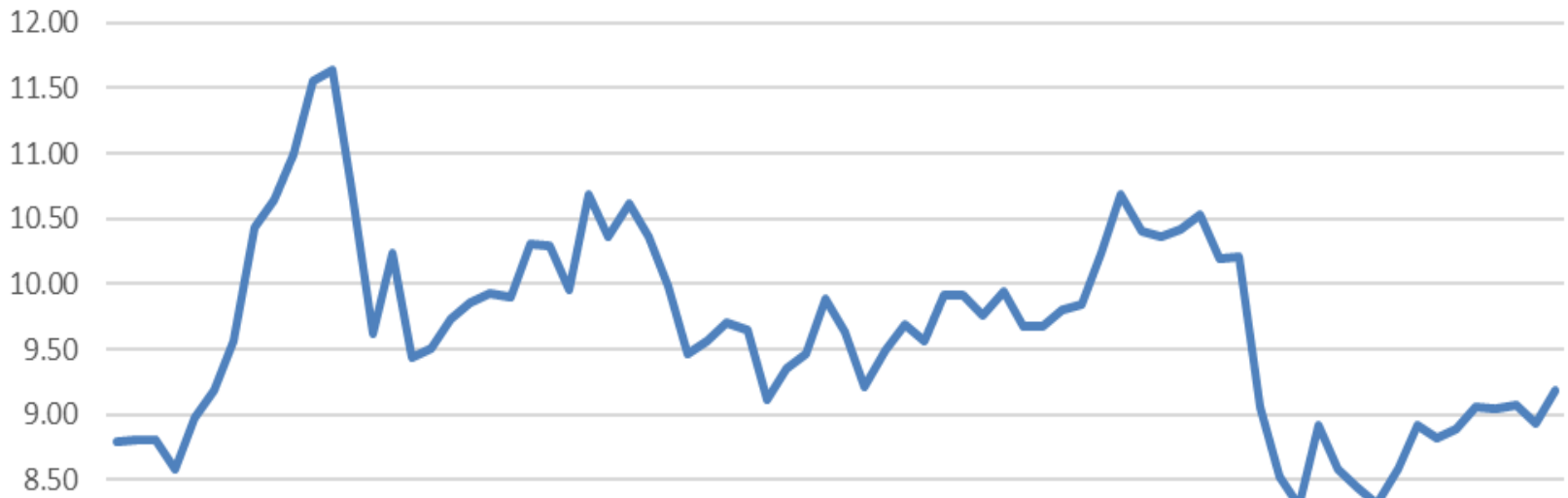


World Soybean Production and Use

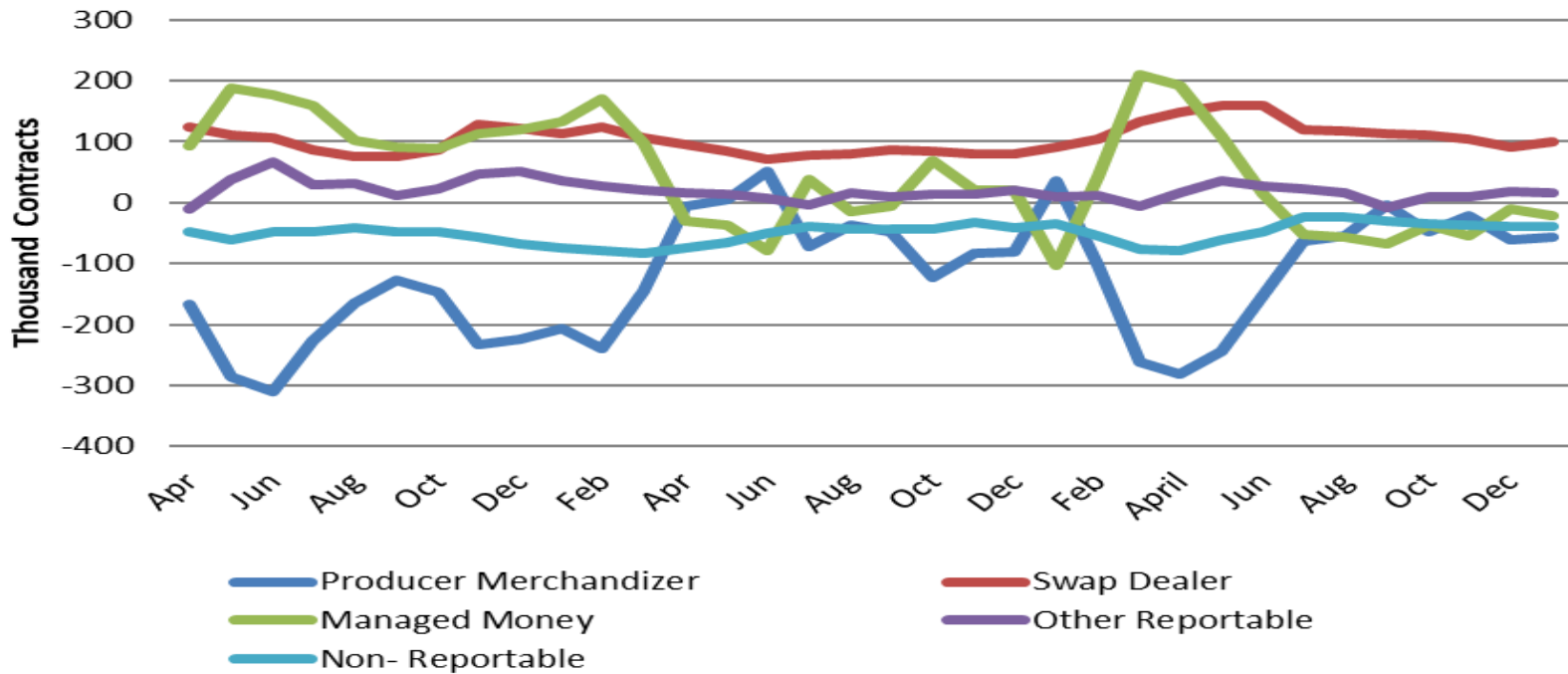


World soybean production expected to outrun increasing global use!

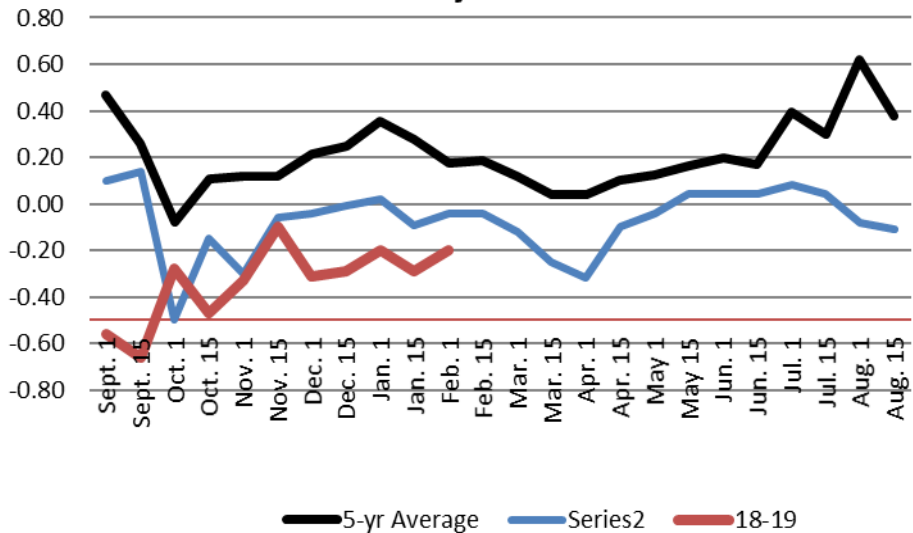
Soybean Futures Prices



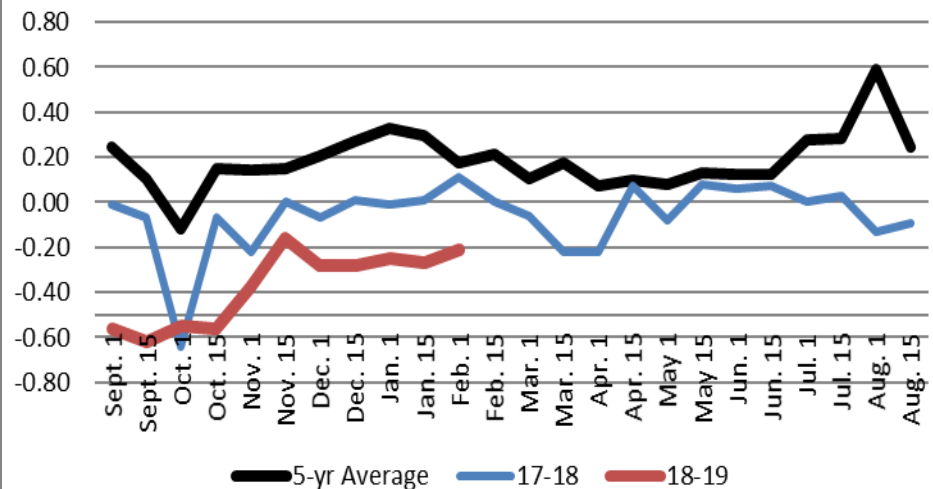
Soybean: COT Net Positions



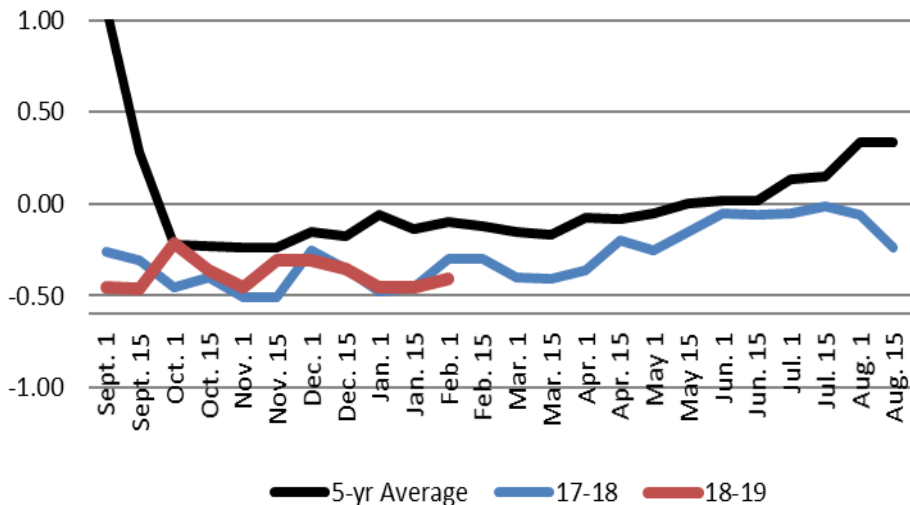
St Louis Soybean Basis



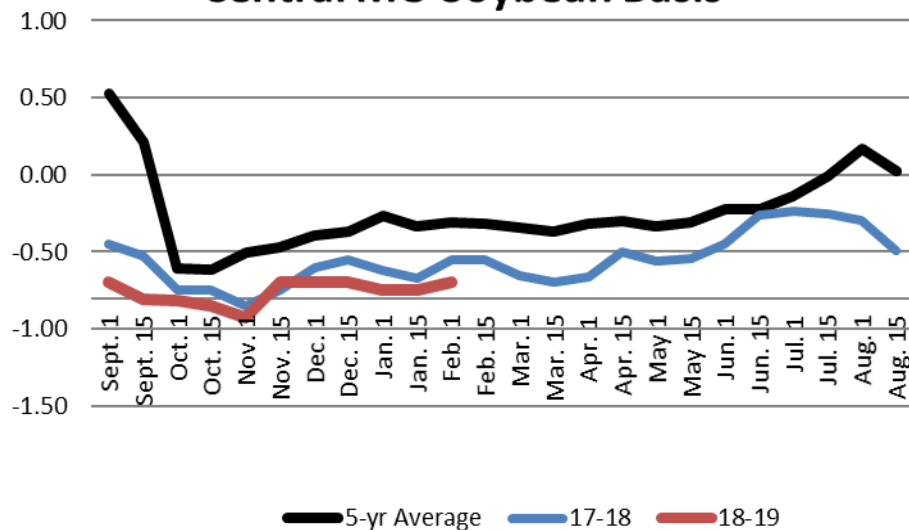
SE MO Soybean Basis



Kansas City Soybean Basis



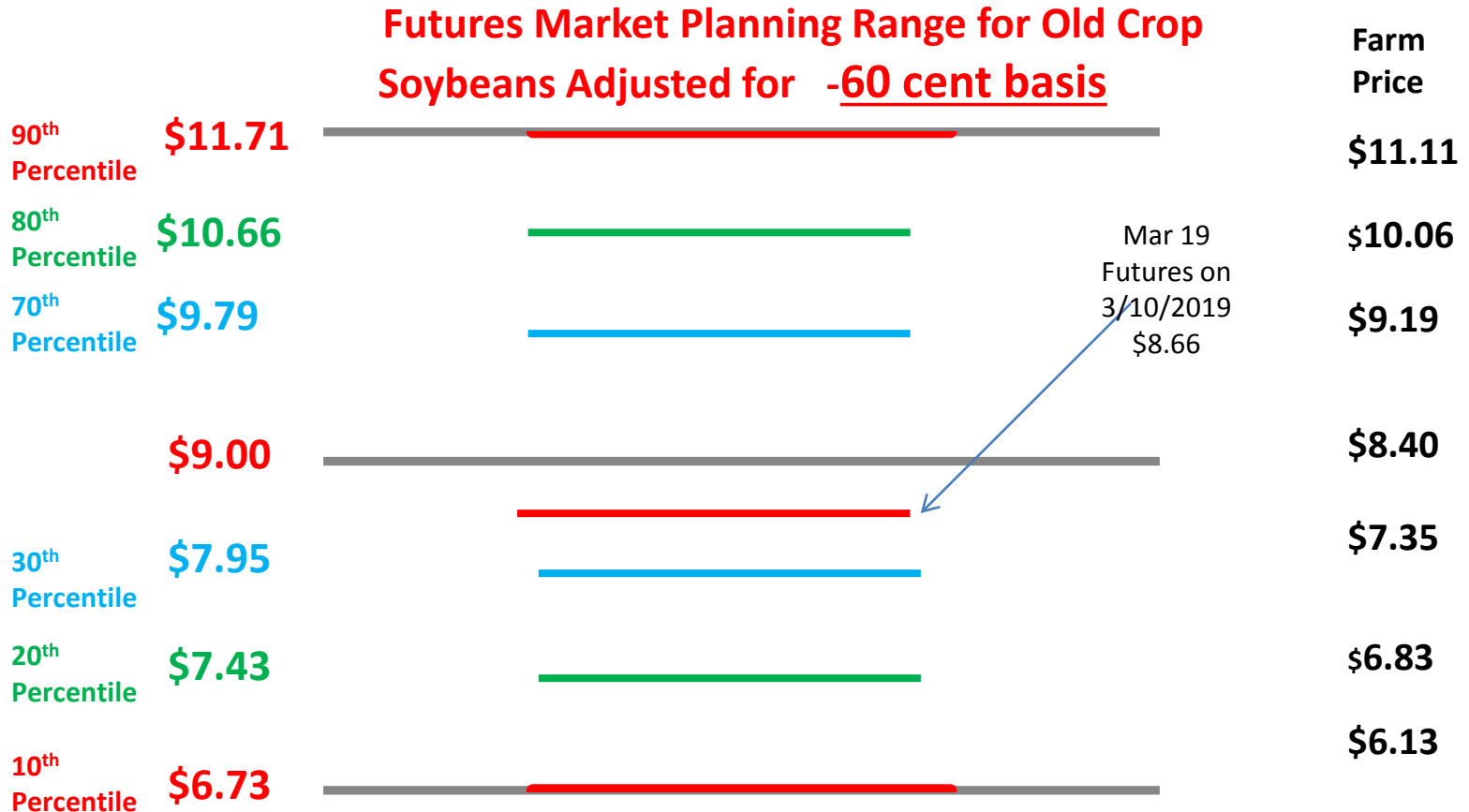
Central MO Soybean Basis



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

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

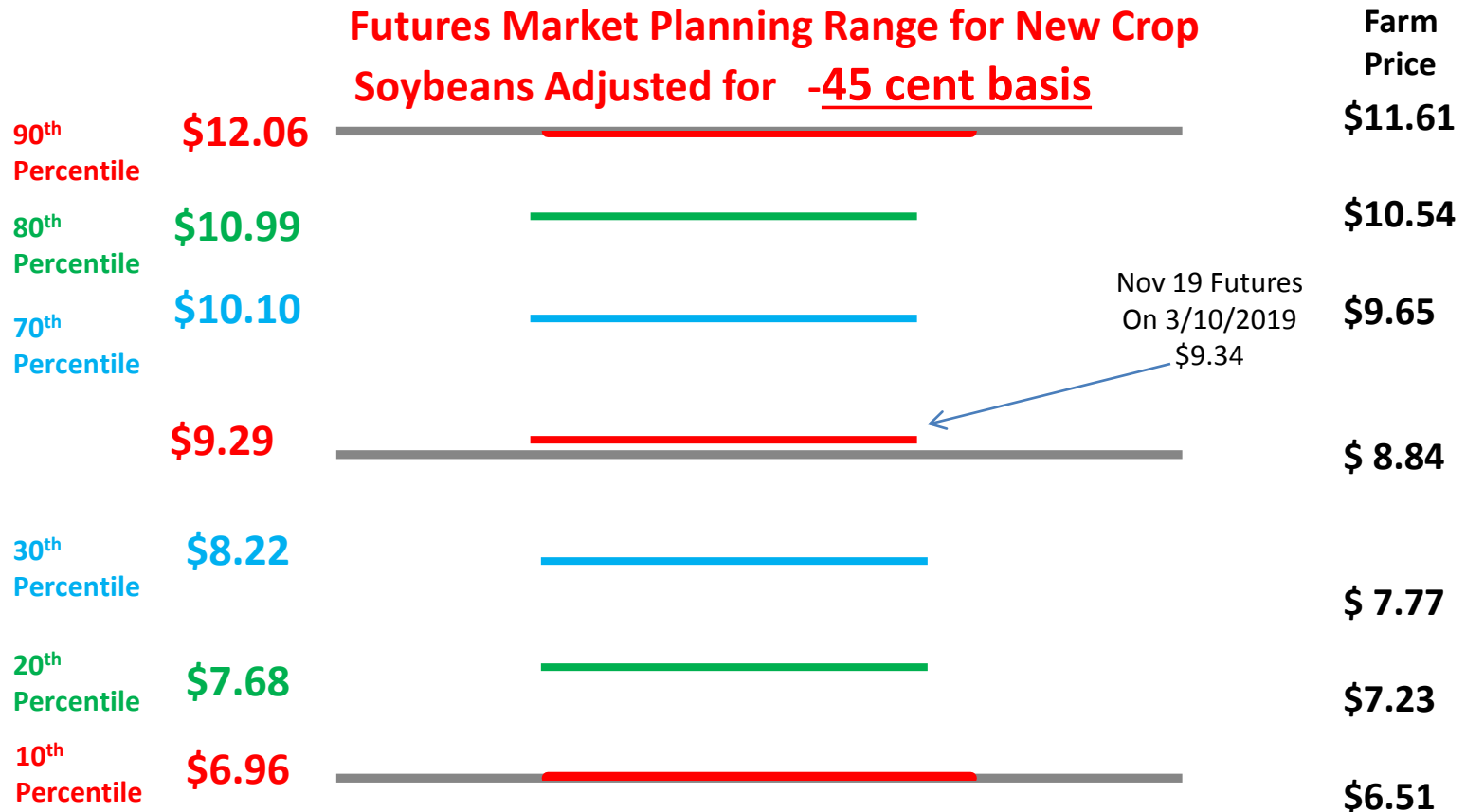
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.00**
- Futures Price Equivalent of FAPRI Range: **\$7.43 - \$10.66 @ 80 Percentile**
- Futures Price Equivalent of 3/8/19 USDA Price: **Avg \$9.20**



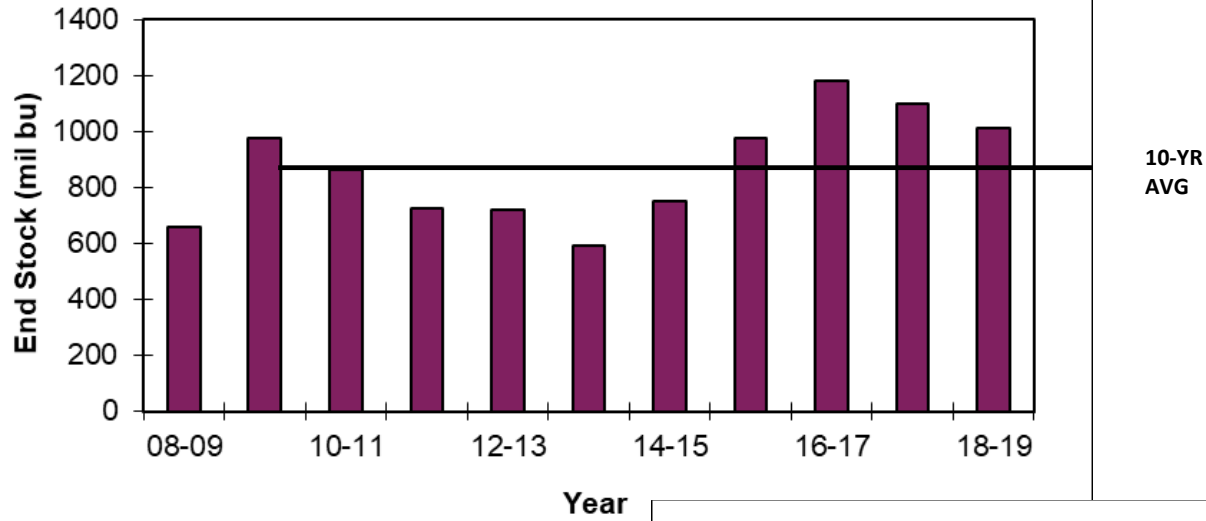
New Crop – (19-20) Soybean FAPRI Baseline Ranges Nov, 2018

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

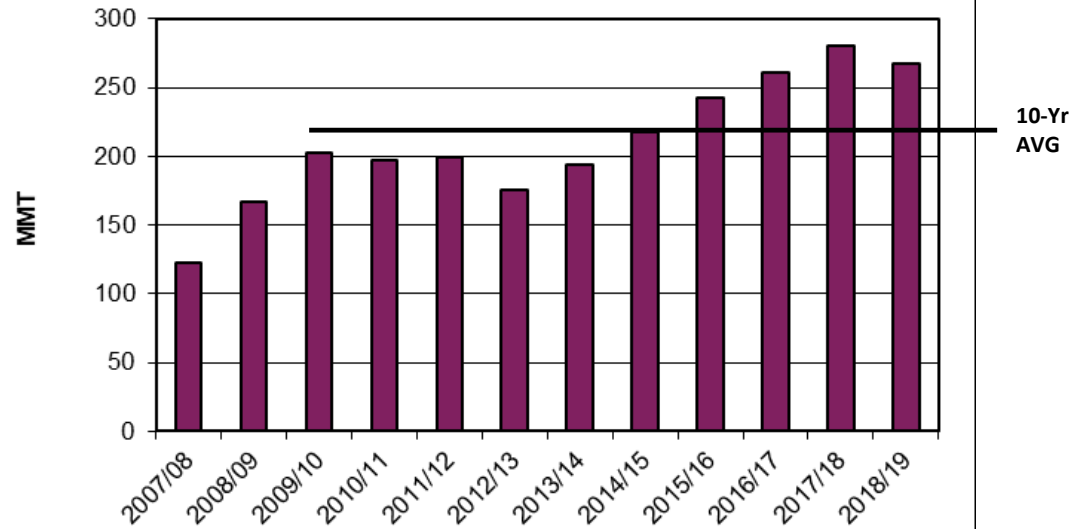
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.29**
- Futures Price Equivalent of FAPRI Range: **\$7.68 - \$10.99 @ 80 Percentile**



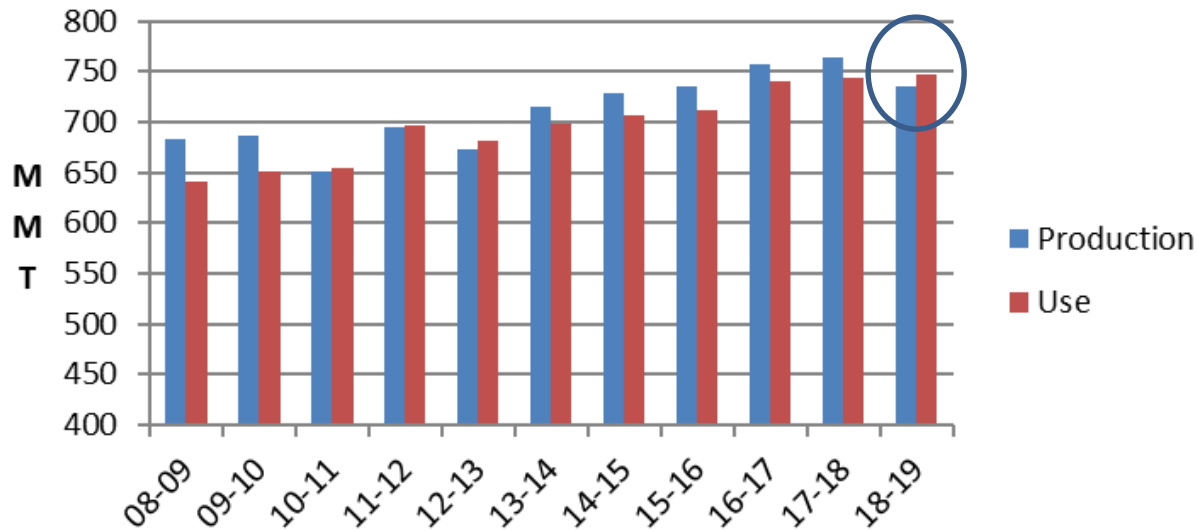
Wheat: U.S. End Stocks



World Wheat End Stocks



World Wheat Production and Use



Global wheat use expected to exceed world production.