



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)  
November 19, 2019

Melvin Brees, Abner Womack,  
Daniel Jaegers, Mekinsey Marchbanks  
Emily Scully

# U.S. corn supply and use

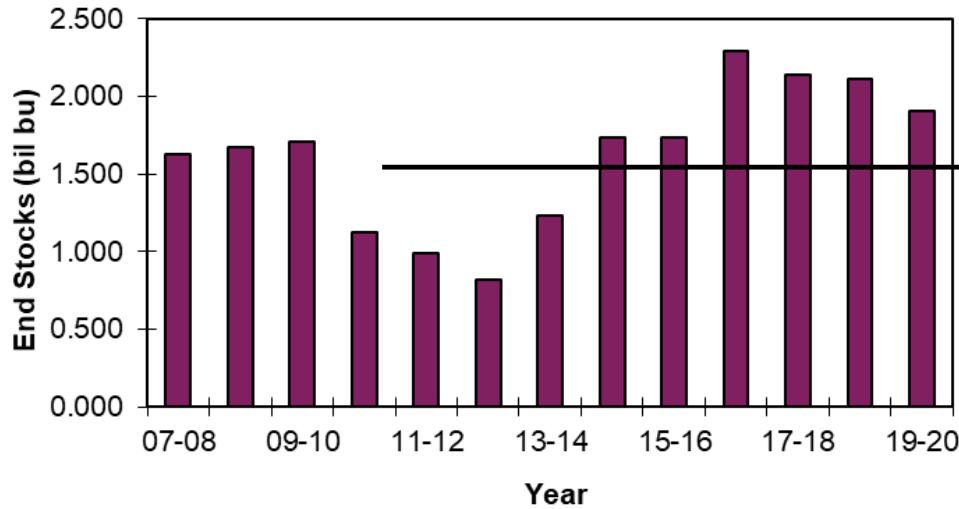
	2018/19 (USDA Nov 8)	2019/20 (USDA Nov 8)	2018/19 (FAPRI Aug 2019)	2019/20 (FAPRI Aug 2019)
Area planted (mil. acres)	89.1	89.9	89.1	90.0
Yield (bu./harvested acre)	176.4	167.0	176.4	169.5
Production (mil. bu.)	14,420	13,661	14,420	13,901
Feed and residual use (mil. bu.)	5,618	5,275	5,275	5,189
Ethanol and coproduct use	5,376	5,375	5,425	5,458
Other domestic use	1,415	1,415	1,430	1,436
Exports	2,065	1,850	2,100	2,050
Ending stocks	2,114	1,910	2,360	2,178
Marketing yr. avg. price (\$/bu.)	3.61	3.85	3.60	3.59

Source: USDA WASDE, November 2019.

# WASDE USDA Corn Summary Oct. 10, 2019

- 1) U.S. Average Farm Price – **Significant increase since 2017-2018**
  - 2019-20 USDA: \$3.85
  - 2018-19 USDA: \$3.61
  - 2017-18 USDA: \$3.36
  - 2016-17 USDA: \$3.36
- 2) U.S. Ending Stocks- **Significantly above 10 and 20 year Average**
  - 2019-20 USDA: (1,910 Million Bushels)
  - 2018-19 USDA: (2,114 Million Bushels)
  - 2017-18 USDA: (2,140 Million Bushels)
  - 10 Year Average 09/10-18/19: (1,597 Million Bushels)
  - 20 Year Average 99/00-18/19: (1,595 Million Bushels)
- 3) World Ending Corn Stocks – **High level relative to 10 year average**
  - 2019-20 World: (303 Million Metric Tons)
  - 2018-19 World: (324 Million Metric Tons)
  - 2017-18 World: (341 Million Metric Tons)
  - 10 Year Average 09/10-18/19: (241 Million Metric Tons)
- 4) U.S. Export – **Moderate decline since 2017-18**
  - 2019- 20 USDA: (1,850 Million Bushels)
  - 2018- 19 USDA: (2,065 Million Bushels)
  - 2017- 18 USDA: (2,438 Million Bushels)

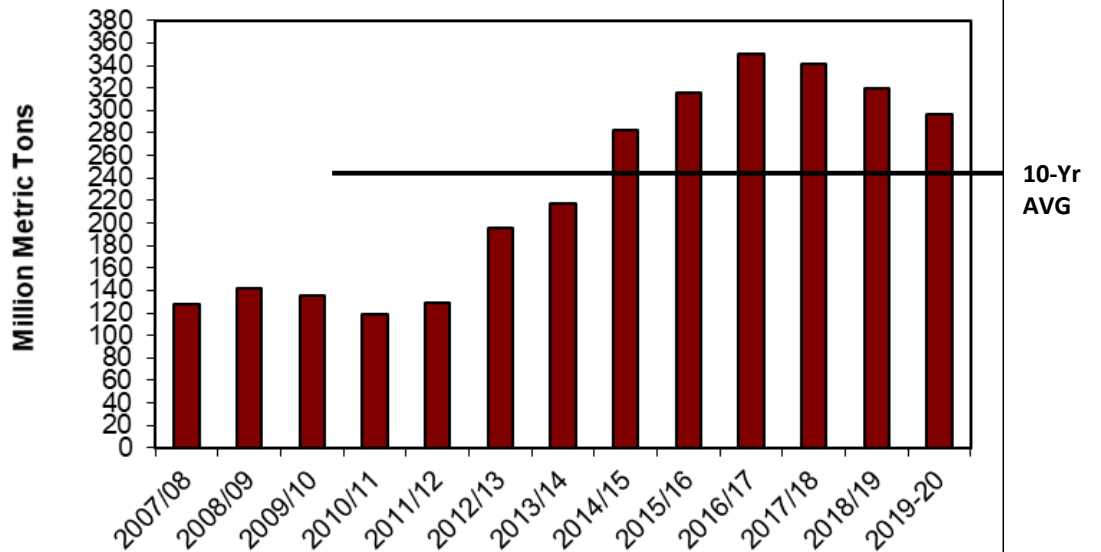
### Corn: U.S. End Stocks



10-Yr  
AVG

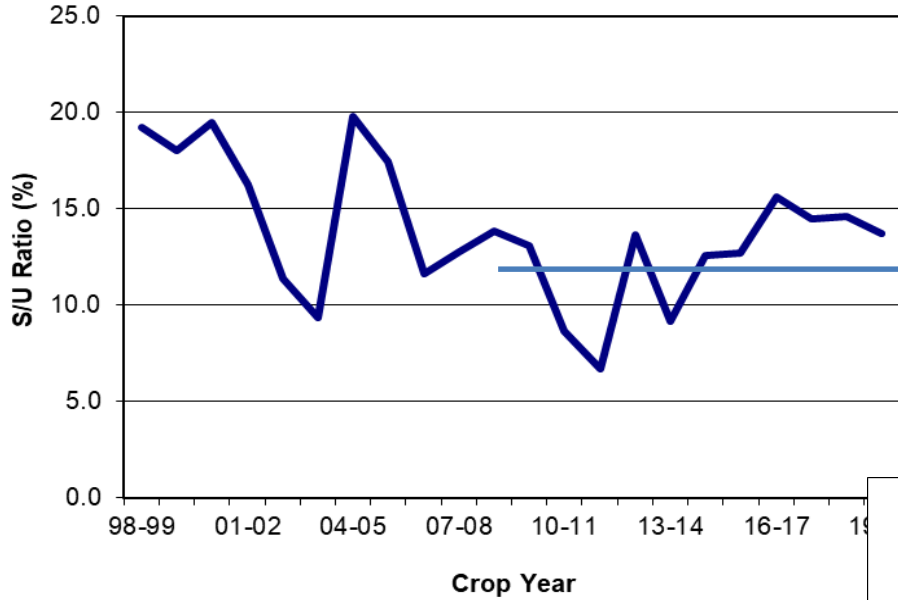
**Domestic and Global corn ending stocks  
Declining somewhat.**

### Corn World End Stocks (MMT)



10-Yr  
AVG

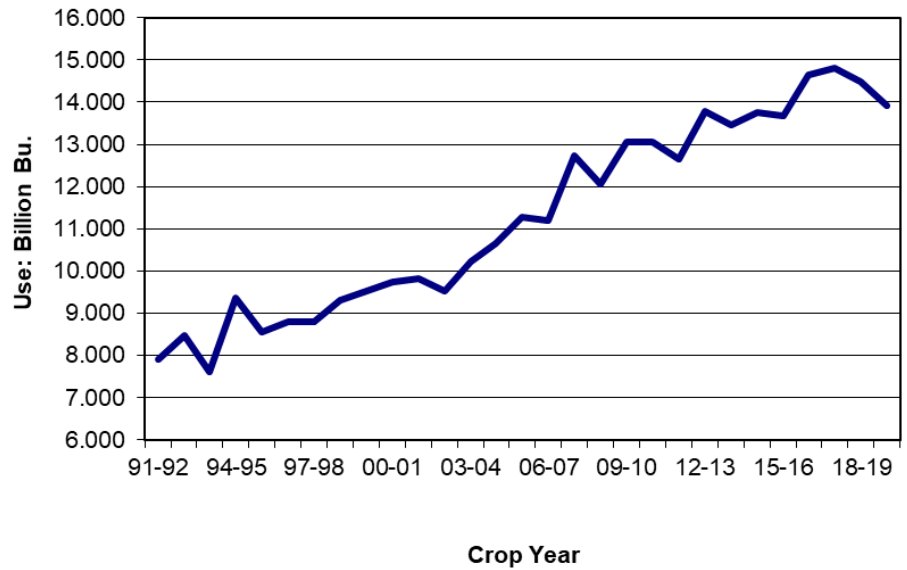
**Corn: End Stocks/Use Ratio**



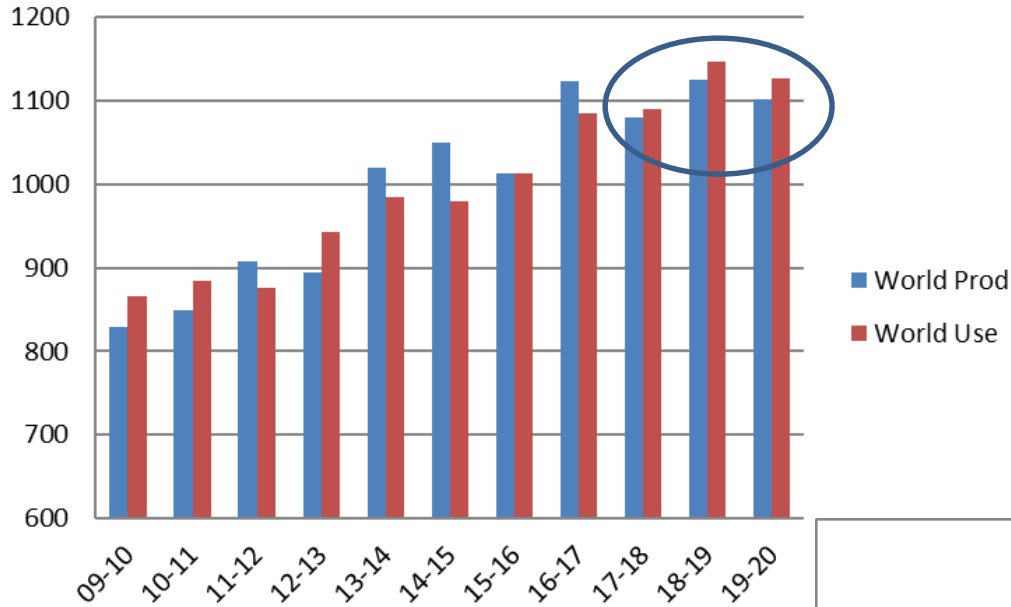
**Ending stocks/use ratio is above average with some decline in total use.**

10-Yr  
AVG

**Use: Corn Total Use**

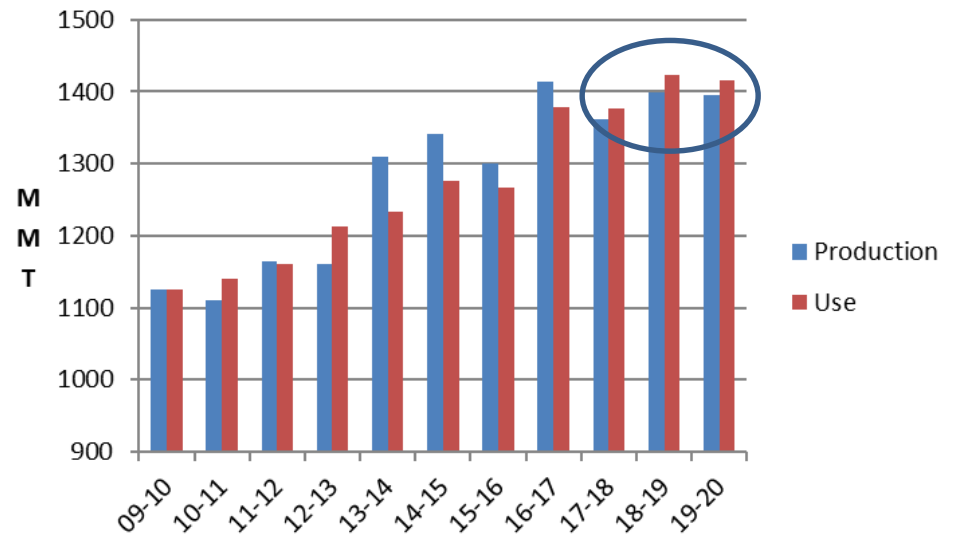


## Corn World Production & Use

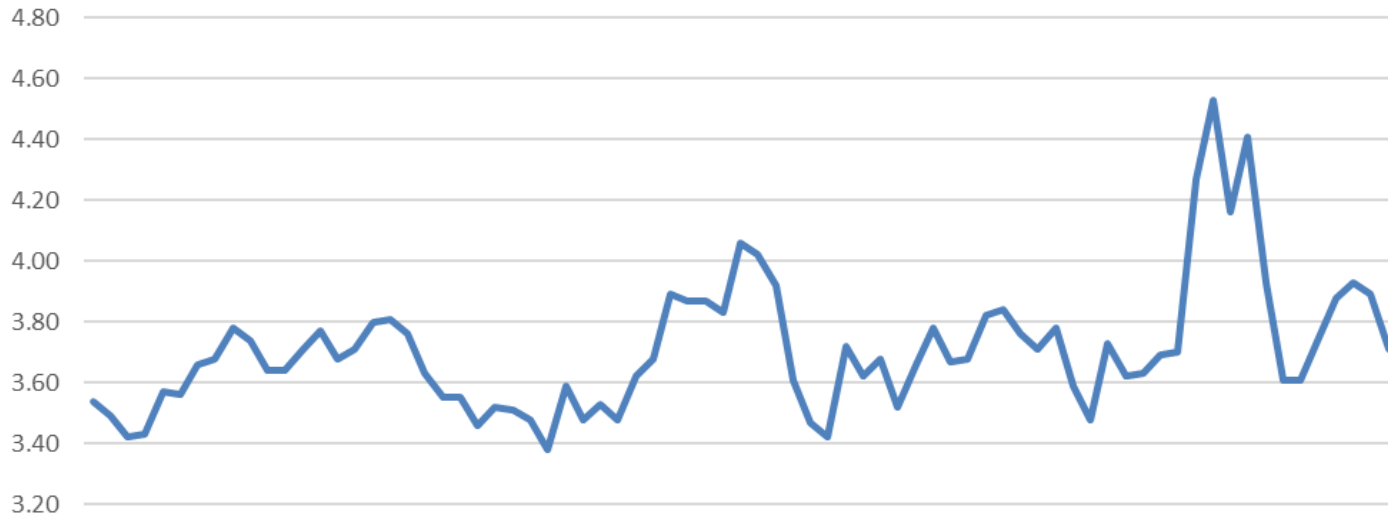


**Global corn and coarse grain use expected to exceed World production for third straight year!**

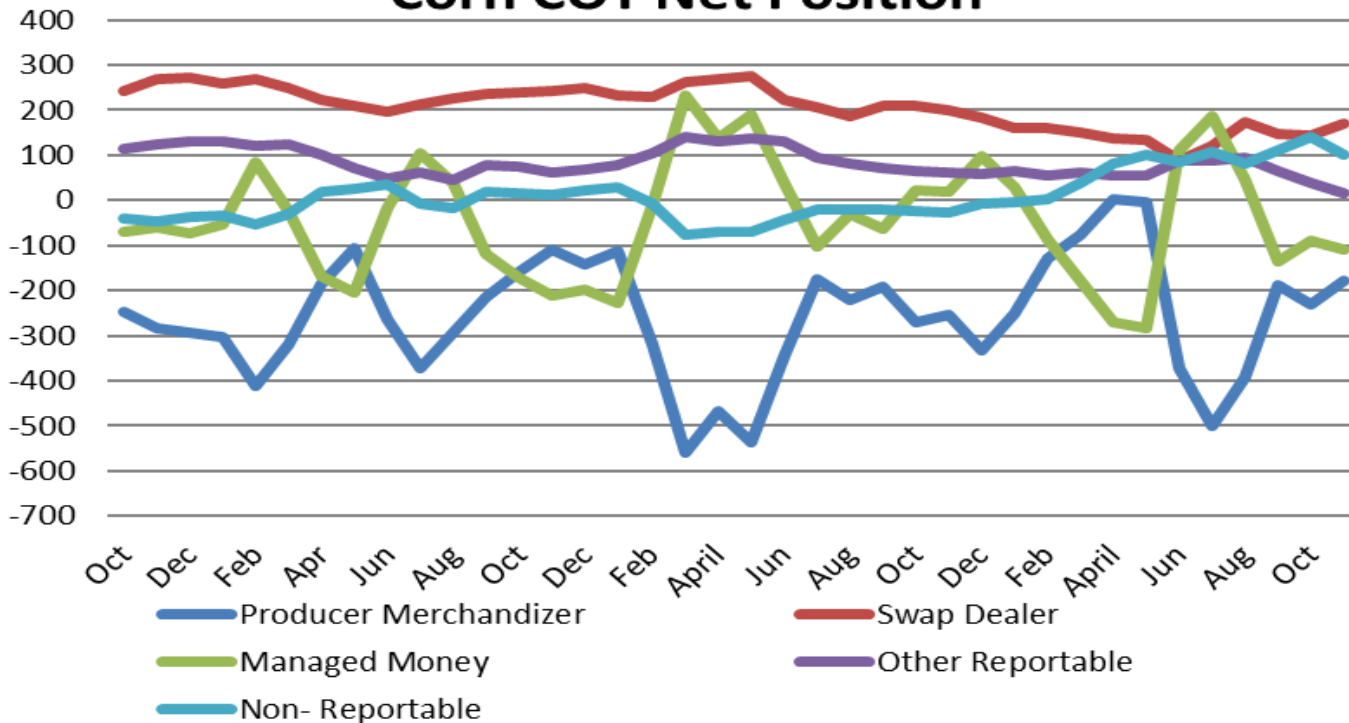
## World Coarse Grains: Production & Use



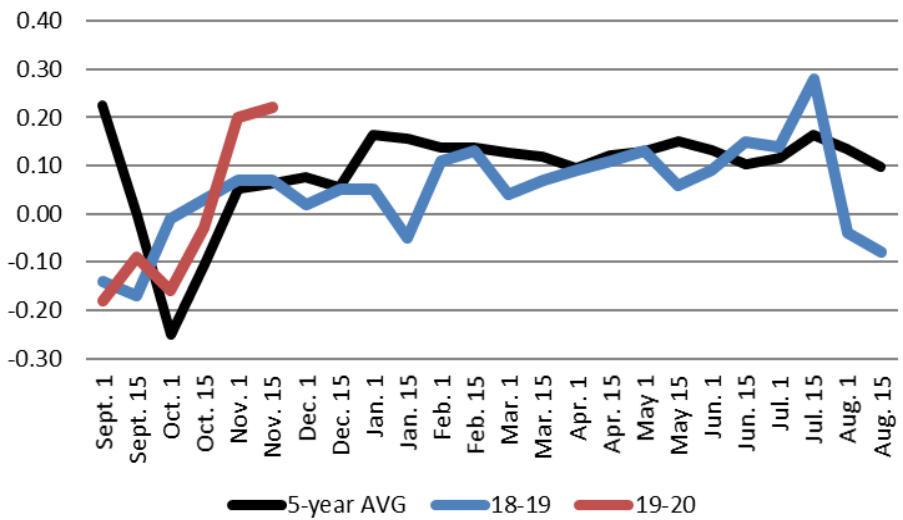
### Corn Futures Price



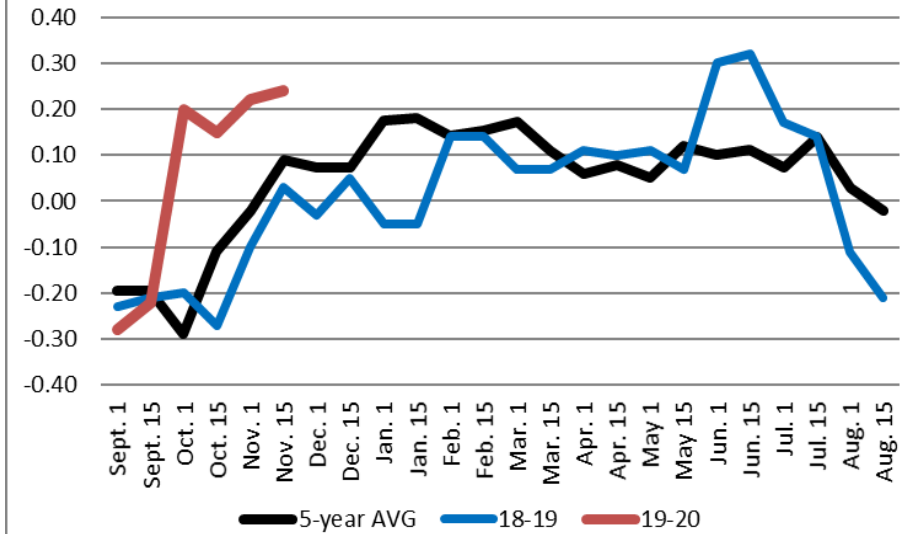
### Corn COT Net Position



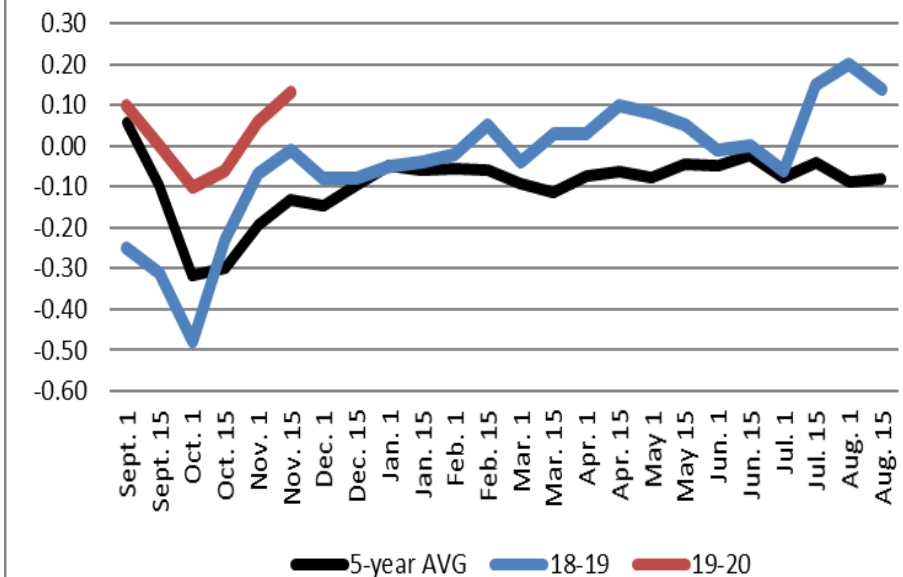
### St Louis Corn Basis



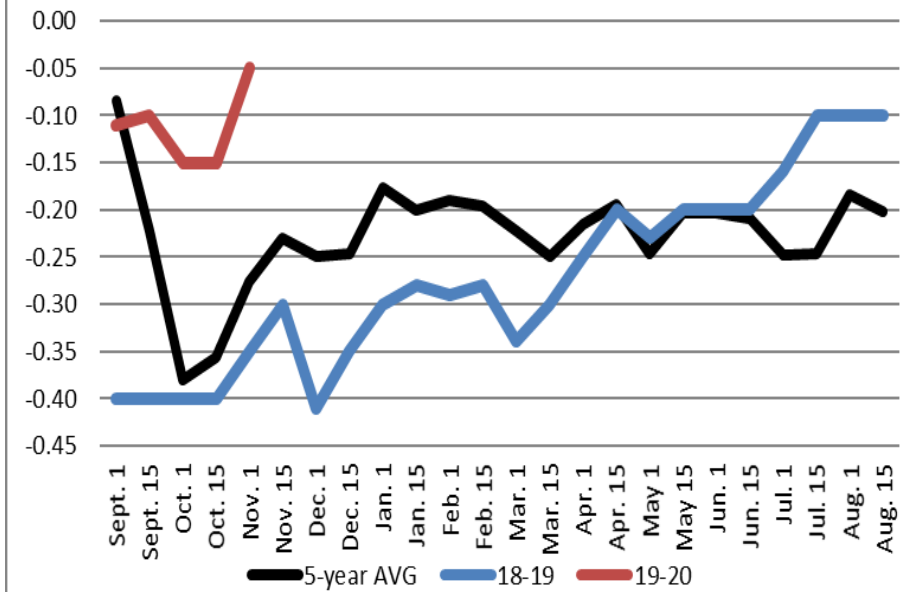
### SE MO Corn Basis



### Kansas City Corn Basis



### Central MO Corn Basis

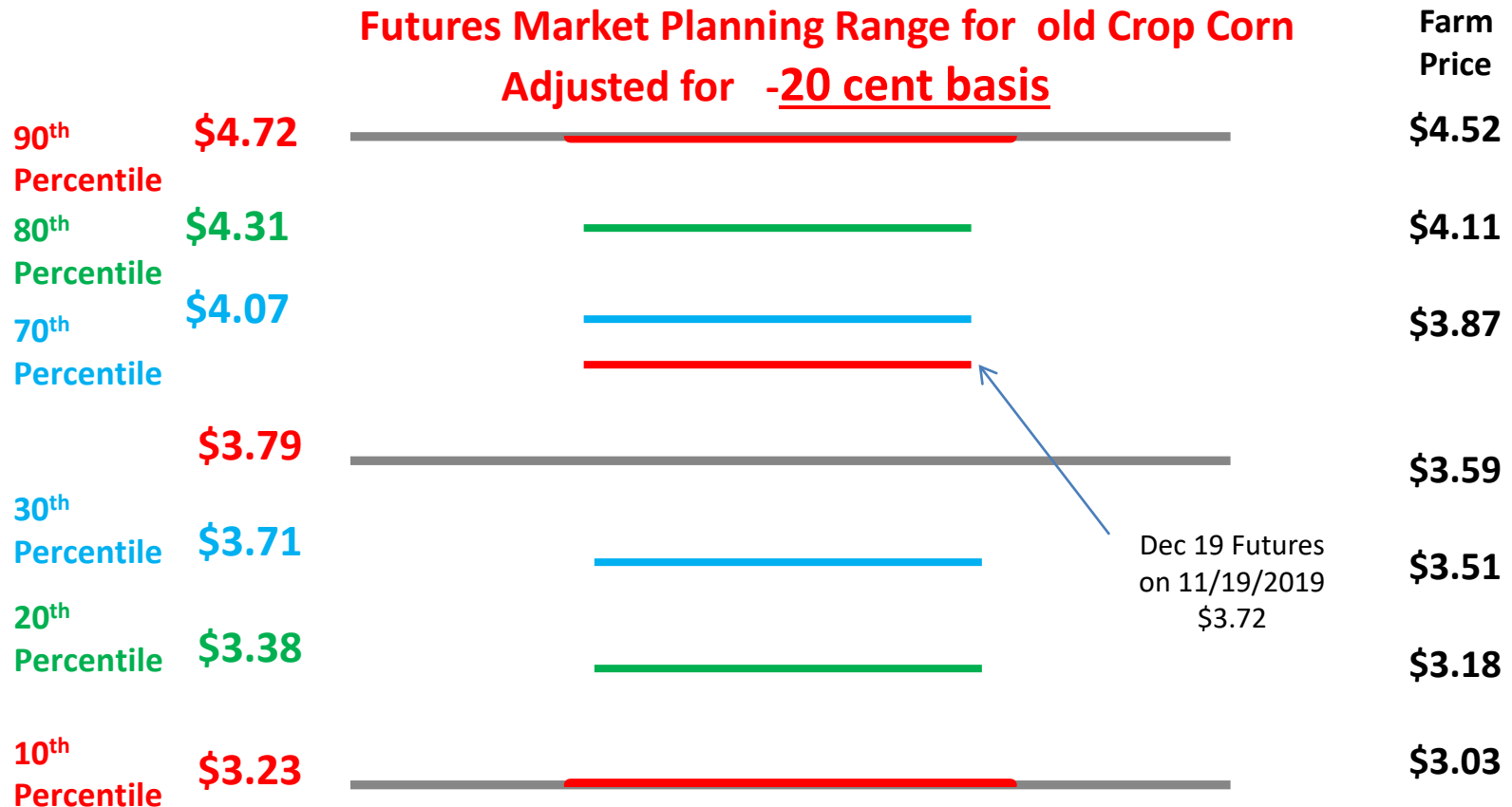




# Old Crop – (19-20) Corn FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.20 basis**

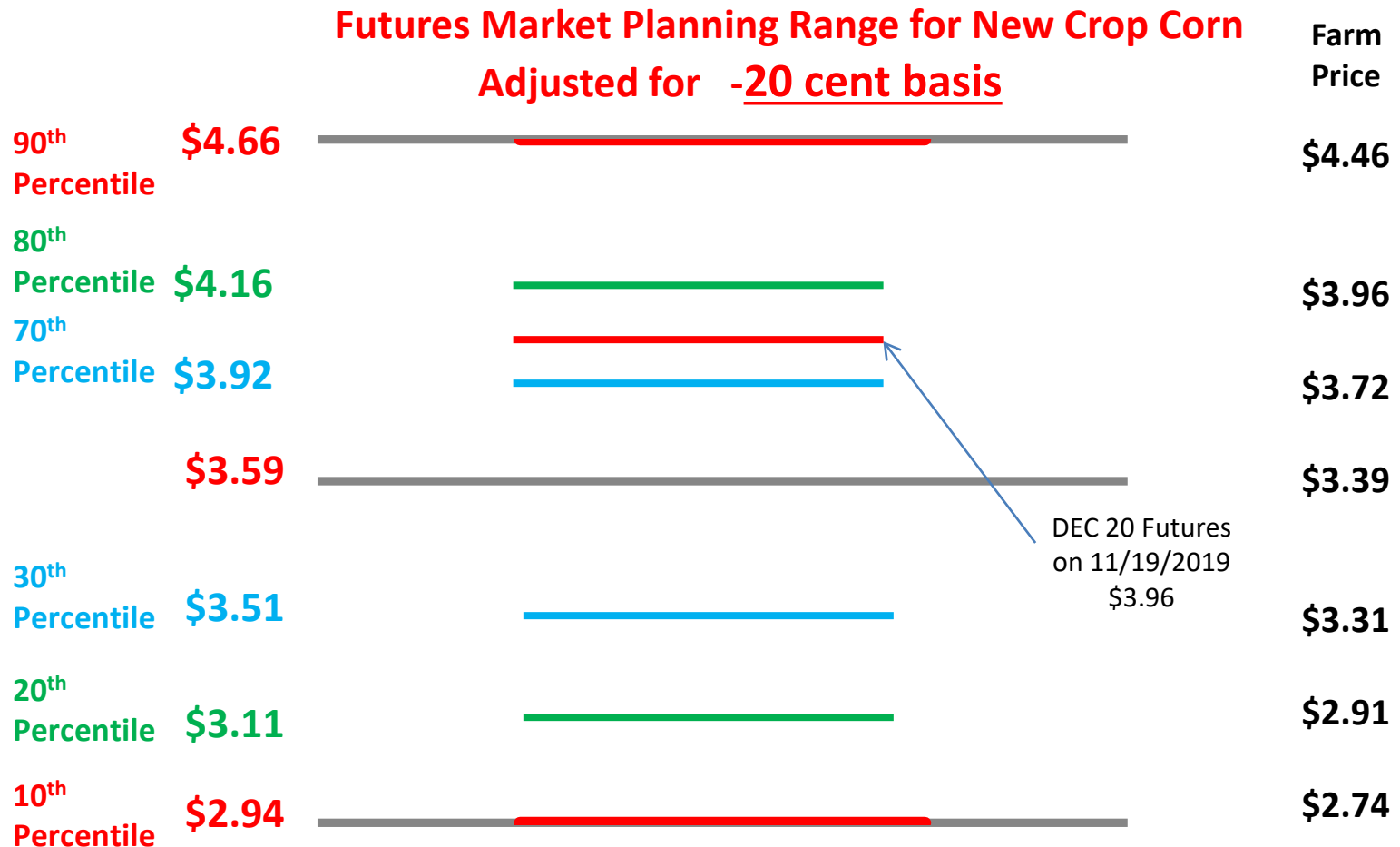
- Futures Price Equivalent of 2019-2020 Projected Farm Price: **\$3.79**
- Futures Price Equivalent of FAPRI Range: **\$3.38 – \$4.31 @ 80 Percentile**
- Futures Price Equivalent of 11/19/19 USDA Avg Price: **\$4.05**



# New Crop – (20-21) Corn FAPRI Baseline Ranges August 2019

August 2019 FAPRI Projected Farm Price: **Adjusted for \$0.20 basis**

- Futures Price Equivalent of 2019-2020 Projected Farm Price: **\$3.59**
- Futures Price Equivalent of FAPRI Range: **\$3.11 - \$4.16 @ 80 Percentile**



# U.S. soybean supply and use

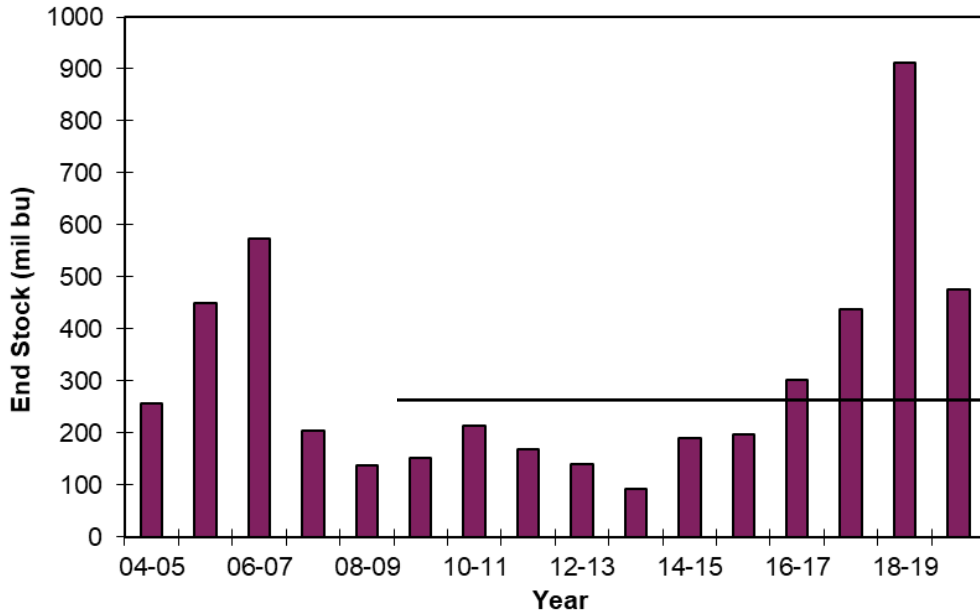
	2018/19 (USDA Nov 19)	2019/20 (USDA Nov 19)	2018/19 (FAPRI Aug 2019)	2019/20 (FAPRI Aug 2019)
Area planted (mil. acres)	89.2	76.5	89.2	76.7
Yield (bu./harvested acre)	50.6	46.9	51.6	48.5
Production (mil. bu.)	4,428	3,550	4,544	3,680
Crush (mil. bu.)	2,092	2,105	2,065	2,106
Other domestic use	128	128	164	129
Exports	1,748	1,775	1,700	1,778
Ending stocks	913	475	1,070	757
Marketing yr. avg. price (\$/bu.)	8.48	9.00	8.50	8.43

Sources: USDA WASDE, November 2019.

# WASDE-USDA Soybean Summary Oct 10, 2019

- 1) U.S. Average Farm Price- **Slight increase from 2018-19**
  - 2019-20 USDA: \$9.00
  - 2018-19 USDA: \$8.48
  - 2017-18 USDA: \$9.33
  
- 2) U.S. Ending Stocks- **Significantly above 20 Year Average**
  - 2019- 20 USDA: (475 Million Bushels)
  - 2018- 19 USDA: (913 Million Bushels)
  - 2017- 18 USDA: (438 Million Bushels)
  - 10 Year Average 09/10-18/19: (297 Million Bushels)
  - 20 Year Average 99/00-18/19: (281 Million Bushels)
  
- 3) World Ending Soybean Stocks- **Significantly above 10 Year average**
  - 2019- 20 World: (95 Million Metric Tons)
  - 2018- 19 World: (110 Million Metric Tons)
  - 2017- 18 World: (99 Million Metric Ton)
  - 10 Year Average 09/10-18/19: (77 Million Metric Tons)
  - 20 Year Average 99/00-18/19: (60 Million Metric Tons)
  
- 4) U.S. Export – **Slight Increase over 2018-19**
  - 2019- 20 USDA: (1,775 Million Bushels)
  - 2018- 19 USDA: (1,748 Million Bushels)
  - 2017- 18 USDA: (2,134 Million Bushels)

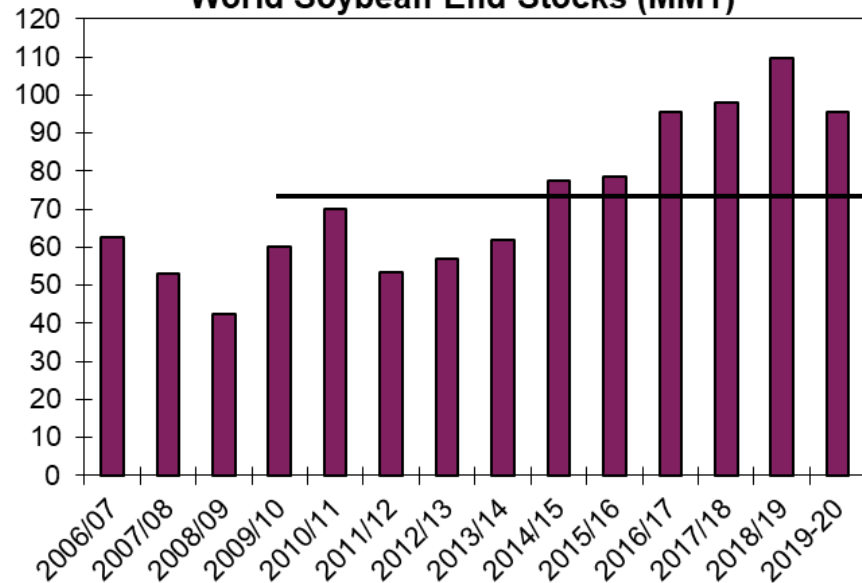
### Soybean: U.S. End Stocks



**Domestic ending stocks remain at very high levels!**

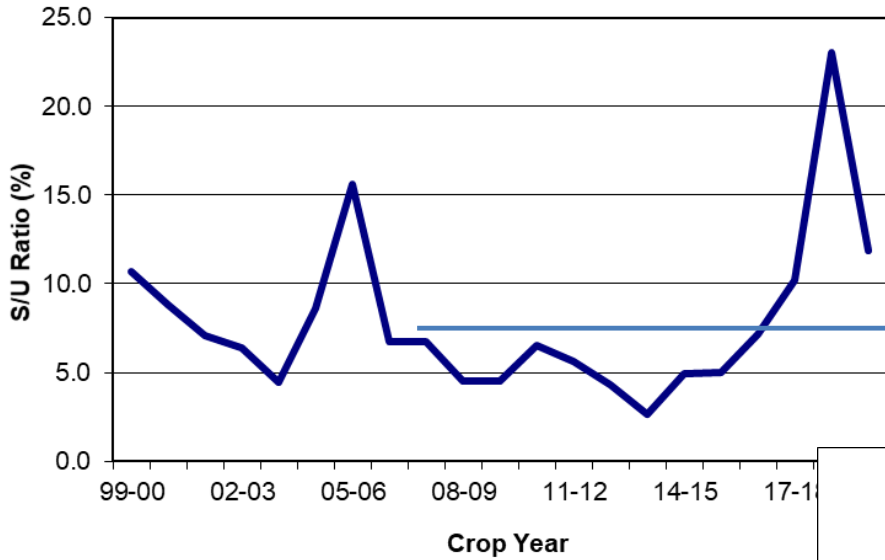
10-Yr  
AVG

### World Soybean End Stocks (MMT)



10-Yr  
AVG

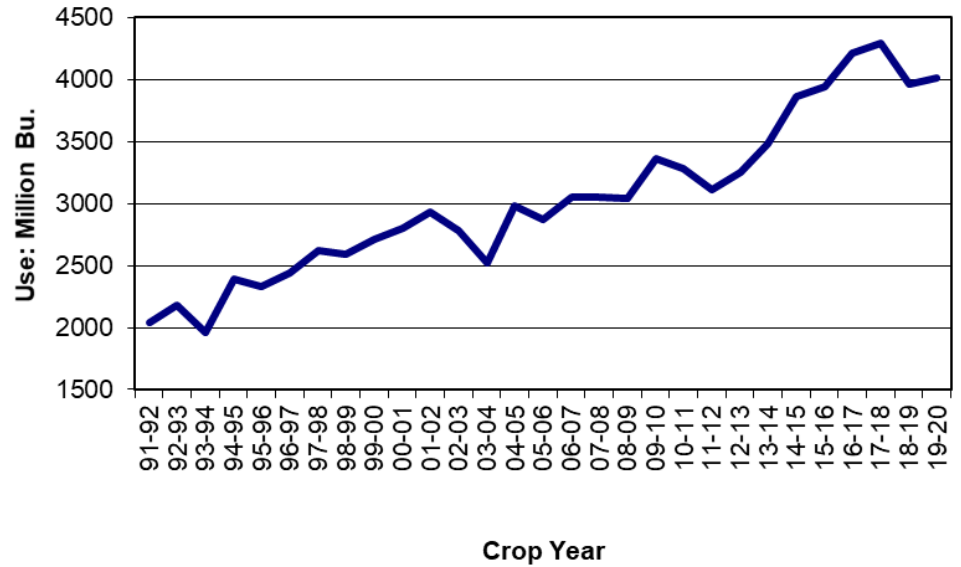
### Soybeans: End Stocks/Use Ratio



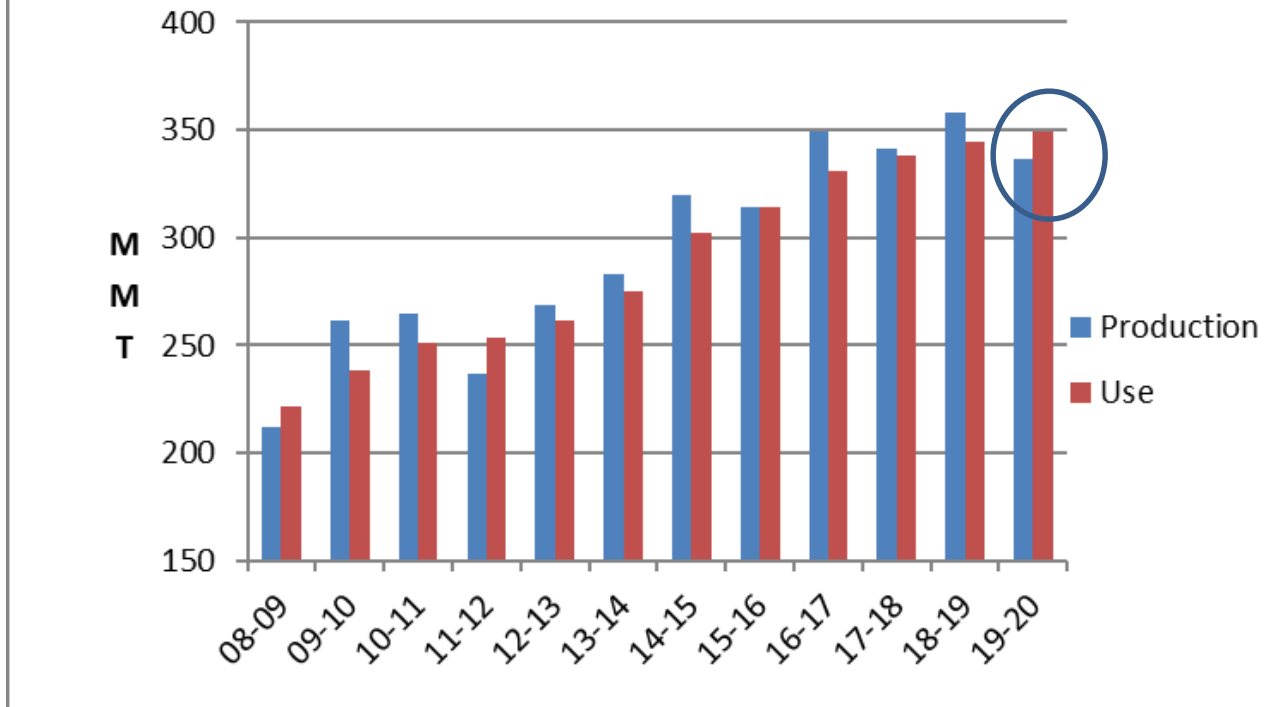
**Total soybean use rebounding some, ending stocks/use ratio remains very large.**

10-Yr  
AVG

### Soybean: Total Use



## World Soybean Production and Use

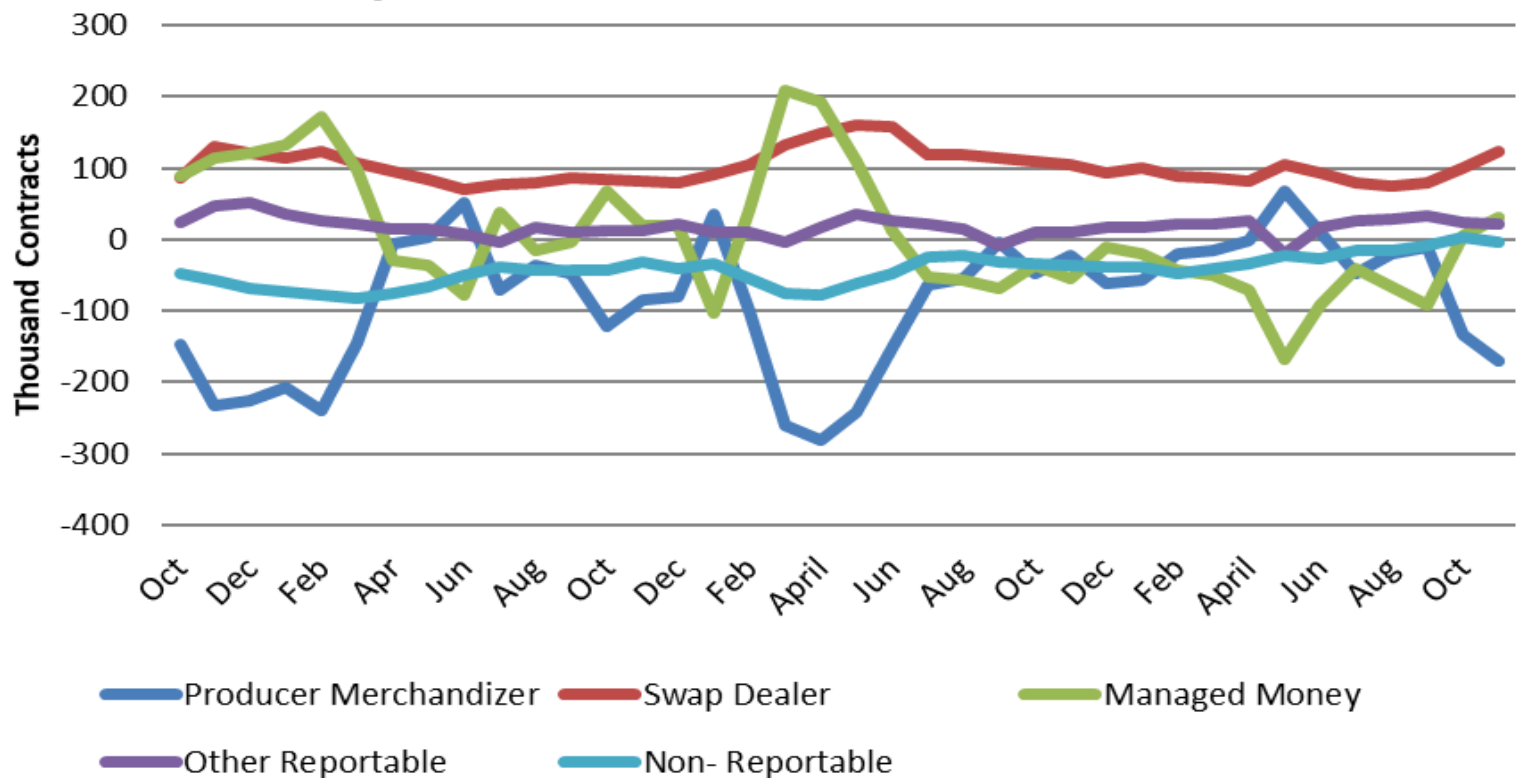


**Although stocks are large, global use may exceed 2019-20 production!**

### Soybean Futures Prices

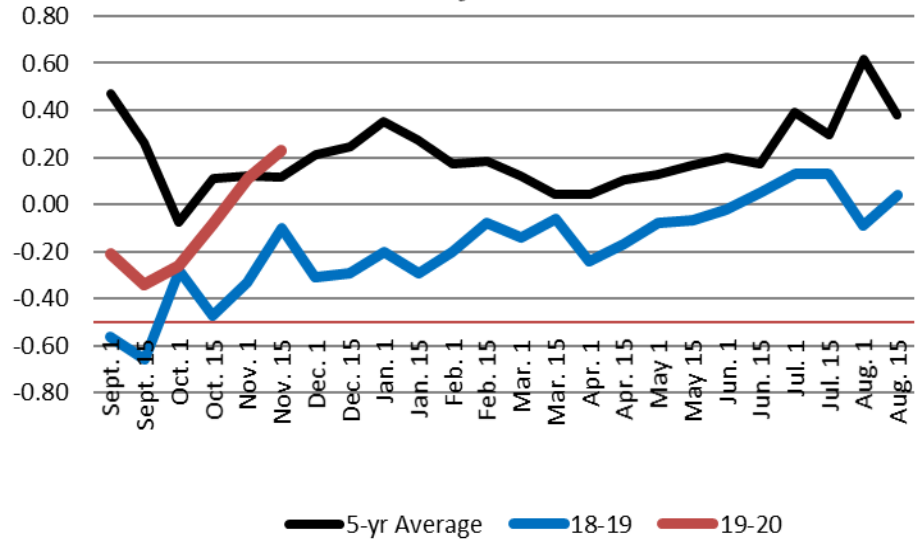


### Soybean: COT Net Positions

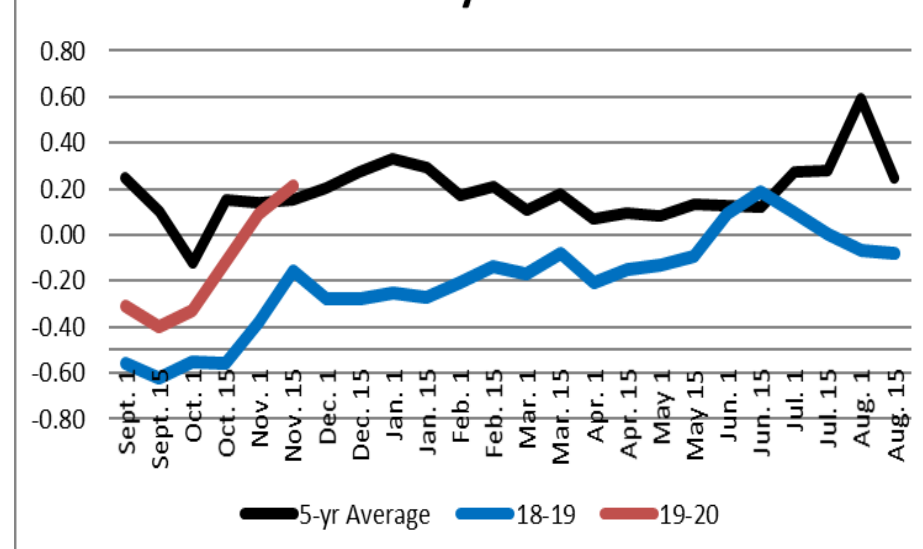




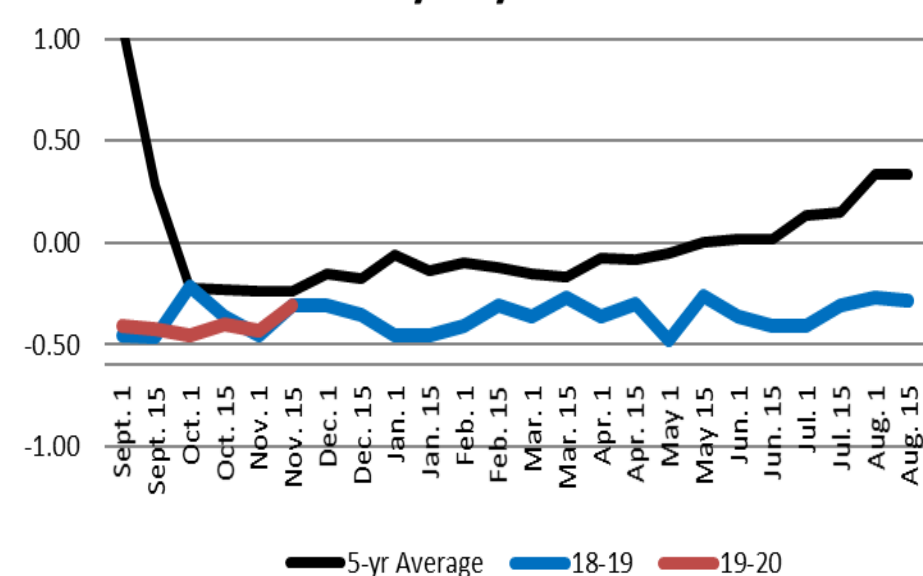
### St Louis Soybean Basis



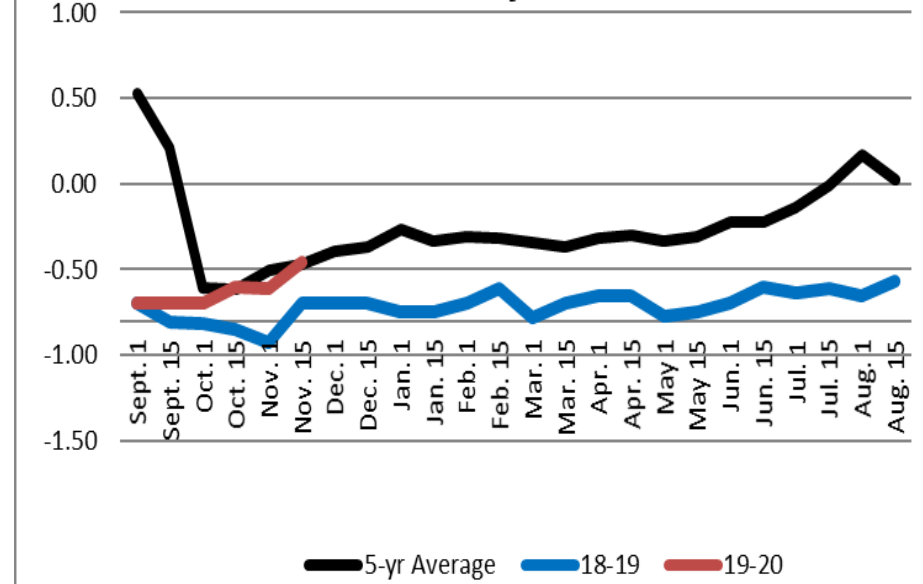
### SE MO Soybean Basis



### Kansas City Soybean Basis



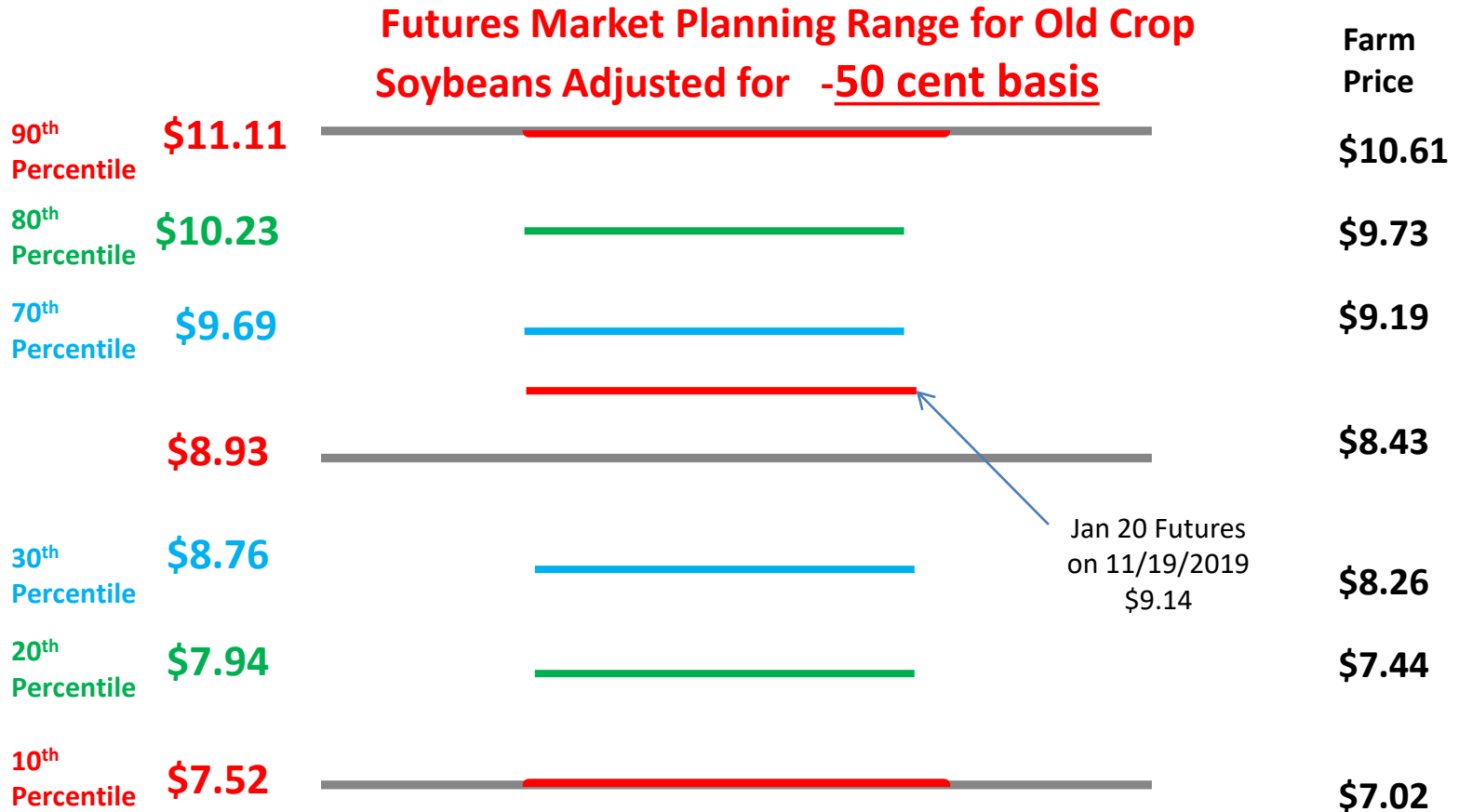
### Central MO Soybean Basis



# Old Crop – (19-20) Soybean FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.50 basis**

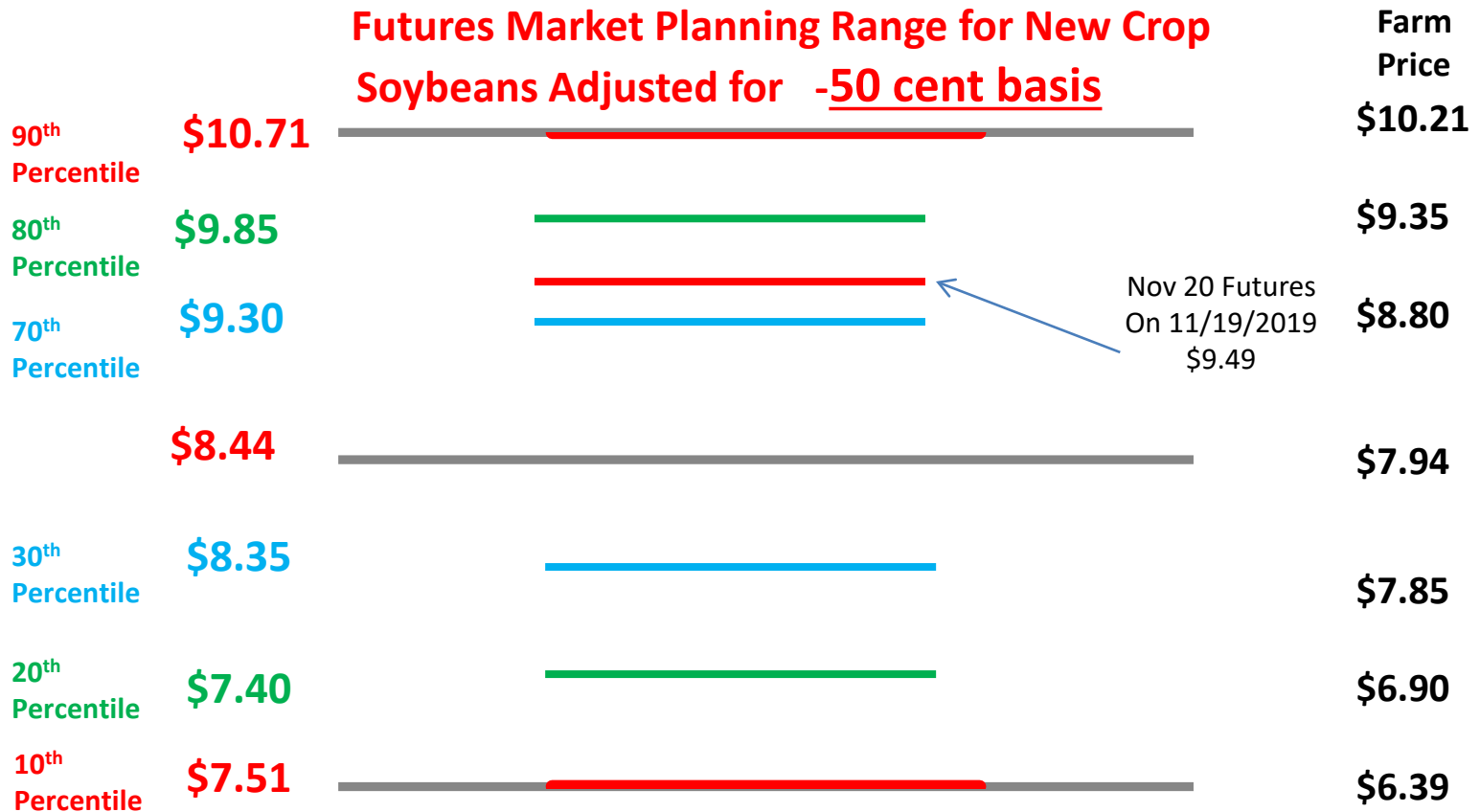
- Futures Price Equivalent of 2019-2020 Projected Farm Price: **\$8.93**
- Futures Price Equivalent of FAPRI Range: **\$7.94 - \$10.23 @ 80 Percentile**
- Futures Price Equivalent of 11/19/19 USDA Price: **Avg \$9.50**



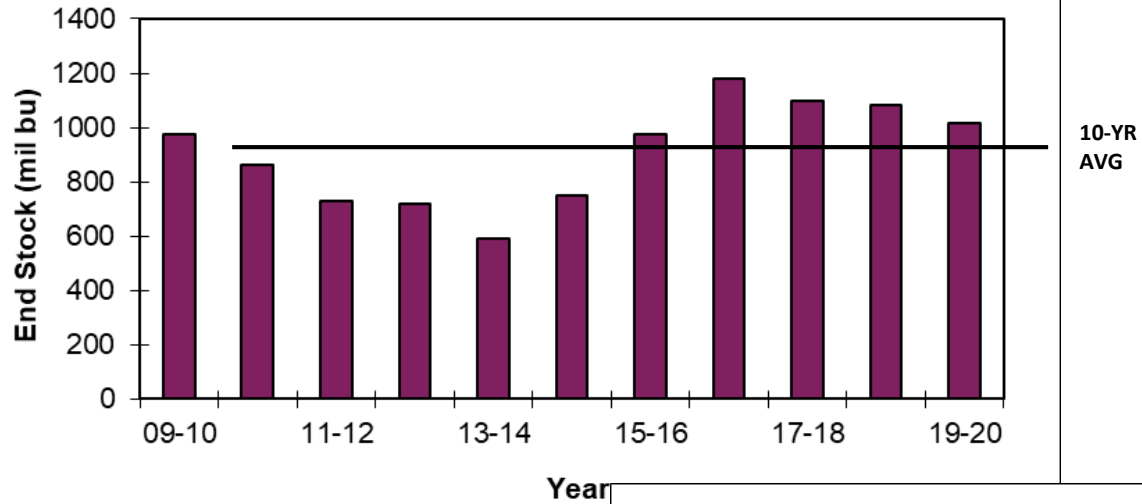
# New Crop – (20-21) Soybean FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.50 basis**

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$8.93**
- Futures Price Equivalent of FAPRI Range: **\$7.40 - \$9.85 @ 80 Percentile**

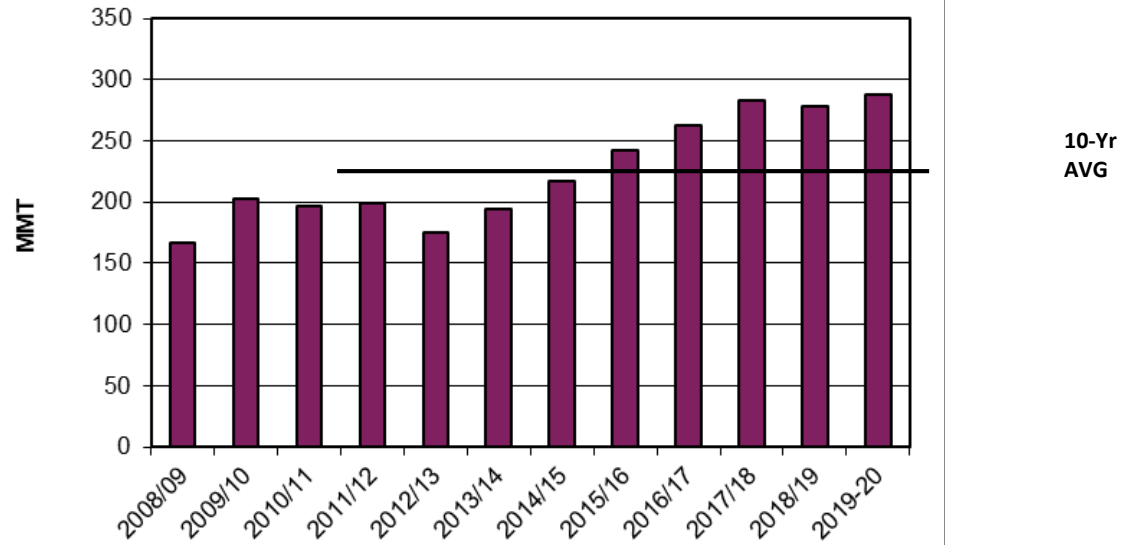


### Wheat: U.S. End Stocks

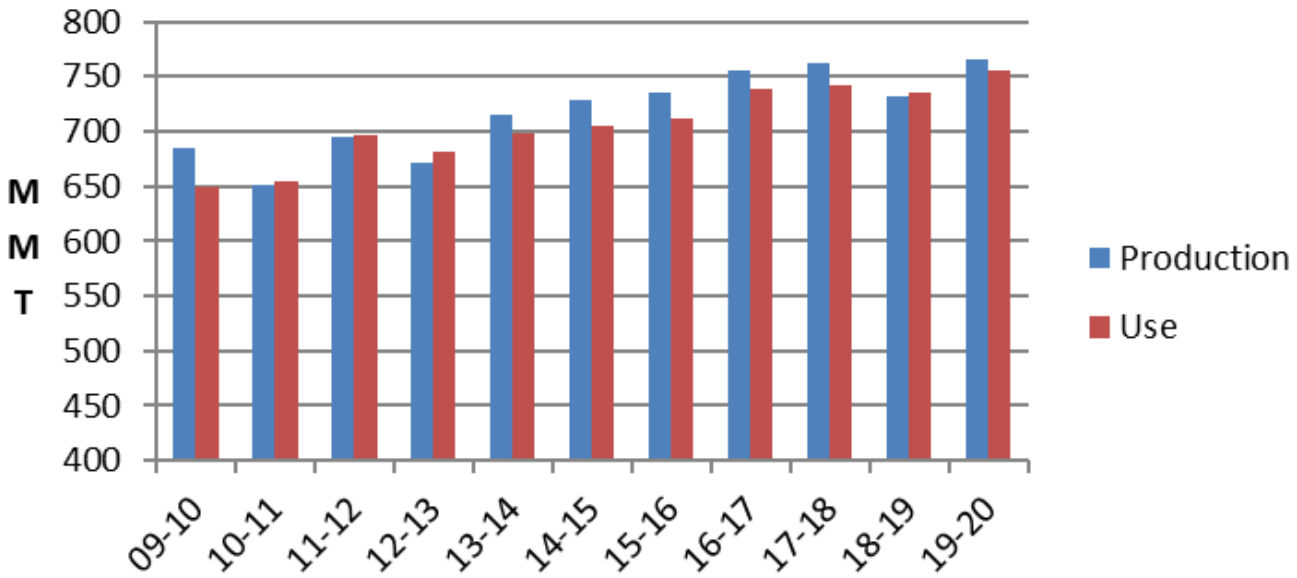


**Above Average Carryovers**

### World Wheat End Stocks



# World Wheat Production and Use



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