



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

May 12, 2020

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

U.S. corn supply and use

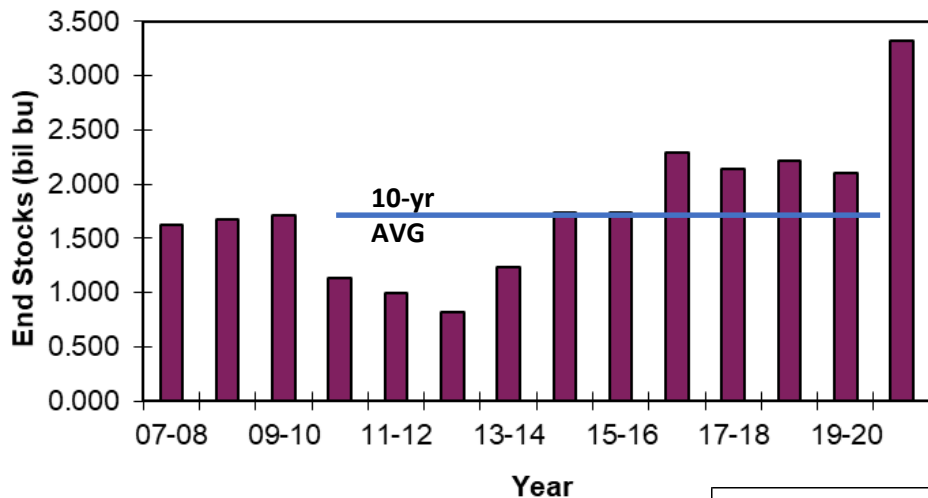
	2019/20 (USDA May 12)	2020/21 (USDA May 12)	2019/20 (FAPRI Mar 2020)	2020/21 (FAPRI Mar 2020)
Area planted (mil. acres)	89.7	97.0	89.7	92.9
Yield (bu./harvested acre)	167.8	178.5	168.0	176.3
Production (mil. bu.)	13,663	15,995	13,692	14,996
Feed and residual use (mil. bu.)	5,700	6,050	5,480	5,638
Ethanol and coproduct use	4,950	5,200	5,385	5,408
Other domestic use	1,405	1,400	1,396	1,407
Exports	1,775	2,150	1,811	2,246
Ending stocks	2,098	3,318	1,890	2,226
Marketing yr. avg. price (\$/bu.)	3.60	3.20	3.78	3.57

Source: USDA WASDE, May 2020.

WASDE USDA Corn Summary May 12, 2020

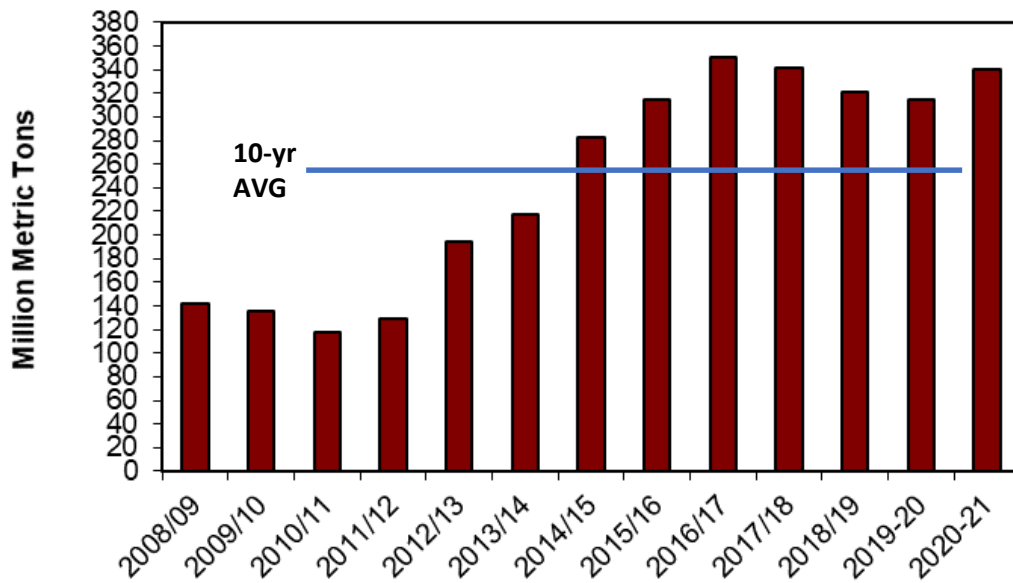
- 1) U.S. Average Farm Price – **Significant decrease since 2018-2019**
 - 2020-21 USDA: \$3.20
 - 2019-20 USDA: \$3.60
 - 2018-19 USDA: \$3.61
- 2) U.S. Ending Stocks- **Significantly above 10 and 20 year Average**
 - 2020-21 USDA: (3,318 Million Bushels)
 - 2019-20 USDA: (2,098 Million Bushels)
 - 2018-19 USDA: (2,221 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 – **Significantly above 10 year average**
 - 2020-21 World: (340 Million Metric Tons)
 - 2019-20 World: (315 Million Metric Tons)
 - 2018-19 World: (321 Million Metric Tons)
 - 10 Year Average 09/10-18/19: (241 Million Metric Tons)
- 4) U.S. Export – **Moderate increase since 2018-19**
 - 2020- 21 USDA: (2,150 Million Bushels)
 - 2019-20 USDA: (1,775 Million Bushels)
 - 2018- 19 USDA: (2,065 Million Bushels)

Corn: U.S. End Stocks

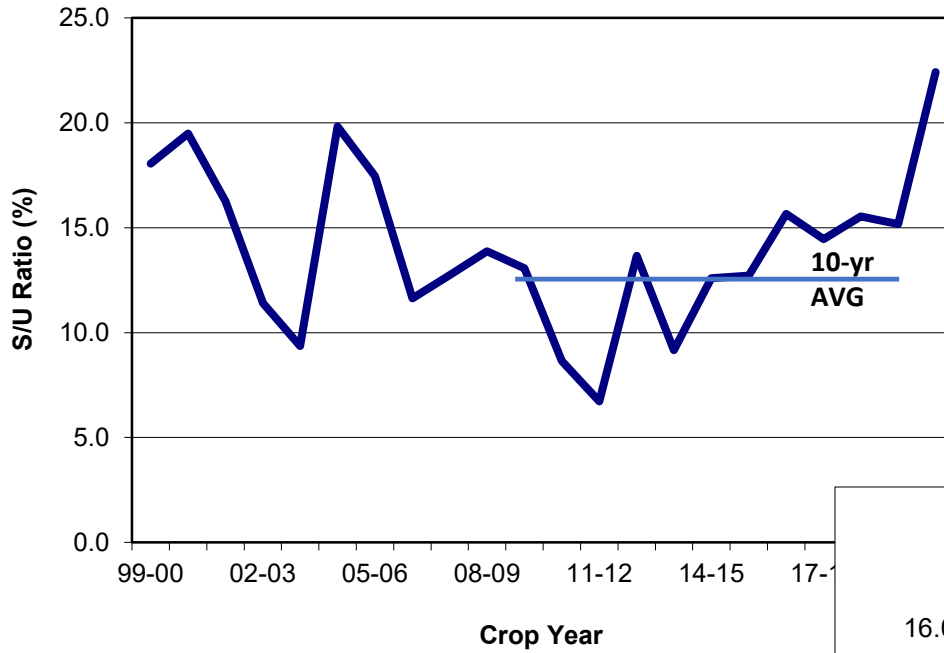


Very large US ending stocks along with large world supplies

Corn World End Stocks (MMT)

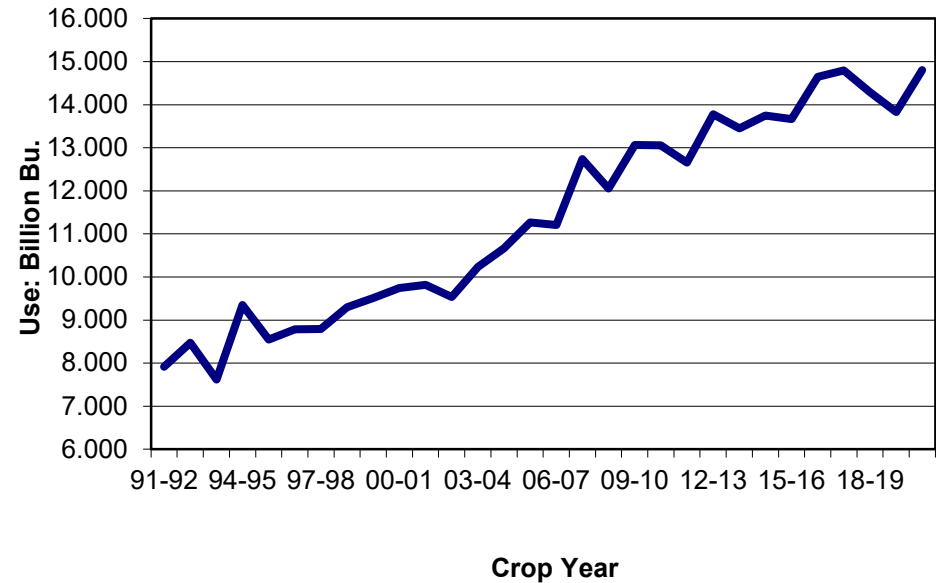


Corn: End Stocks/Use Ratio

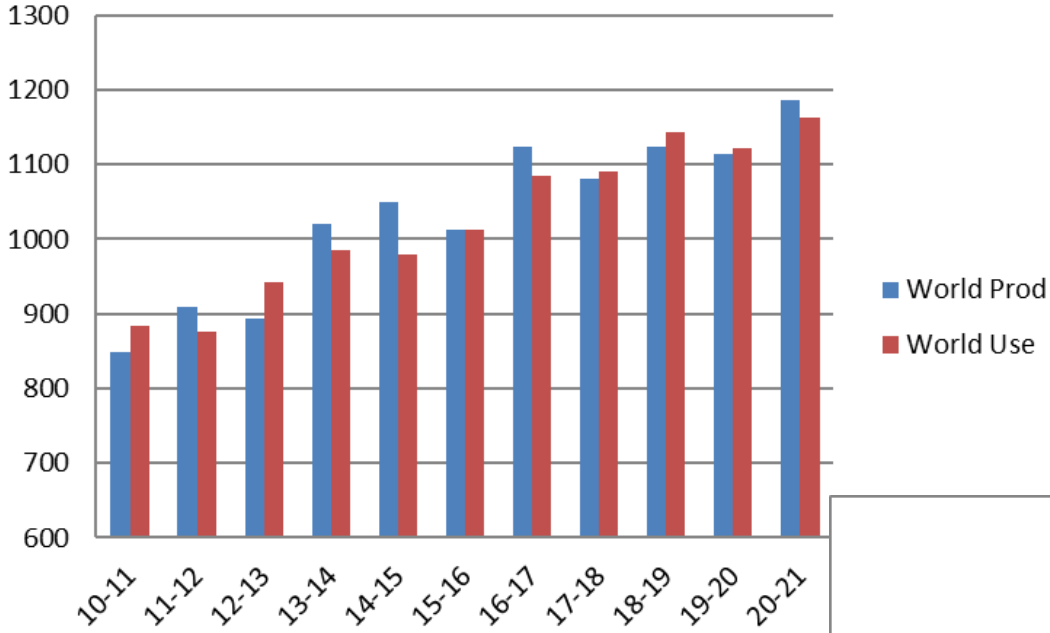


**Much above average
stocks/use ratio with
somewhat higher use.**

Use: Corn Total Use

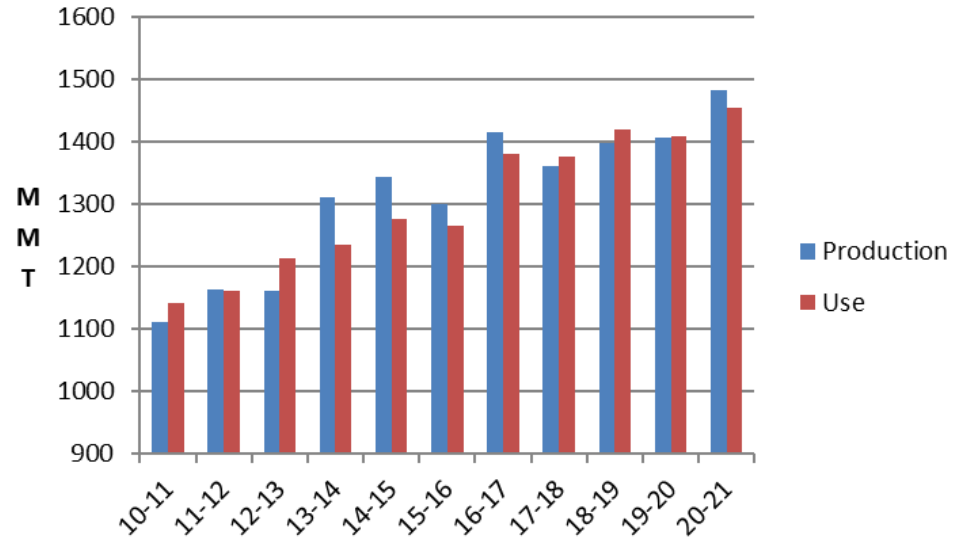


Corn World Production & Use

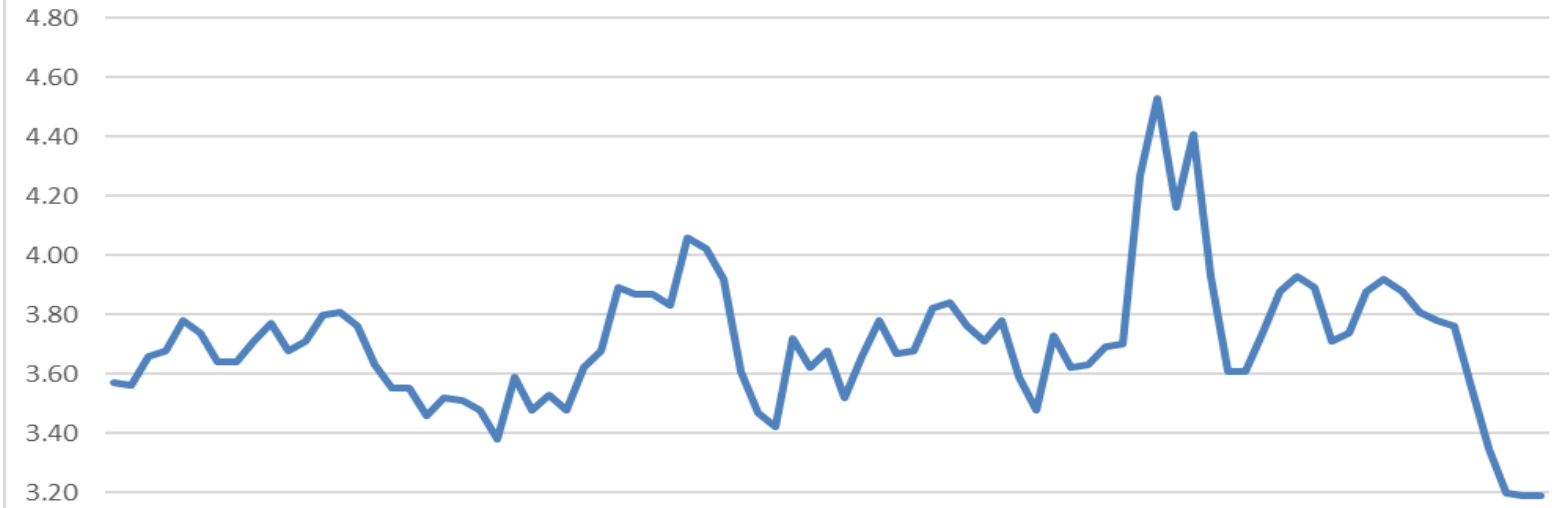


Global consumption remains strong, but 2020-21 corn and coarse grain production expected to exceed use.

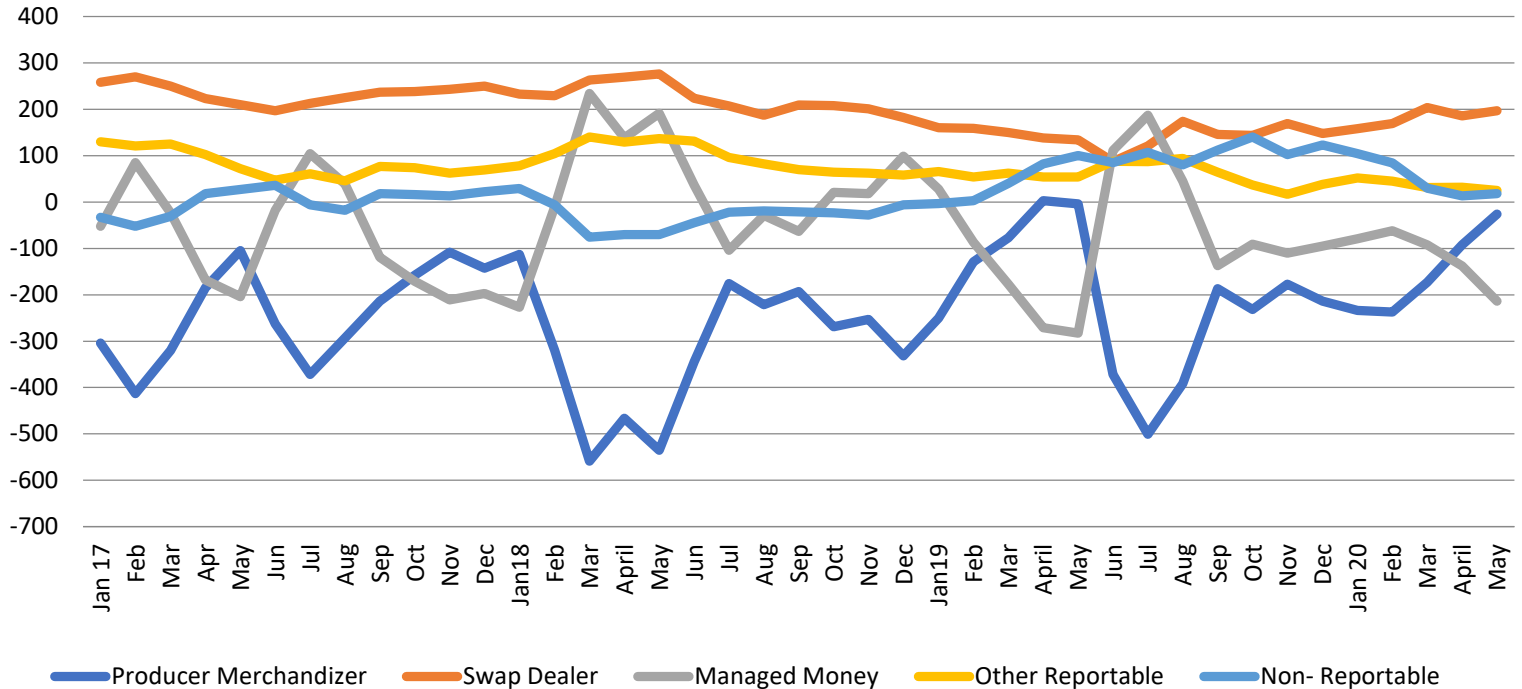
World Coarse Grains: Production & Use



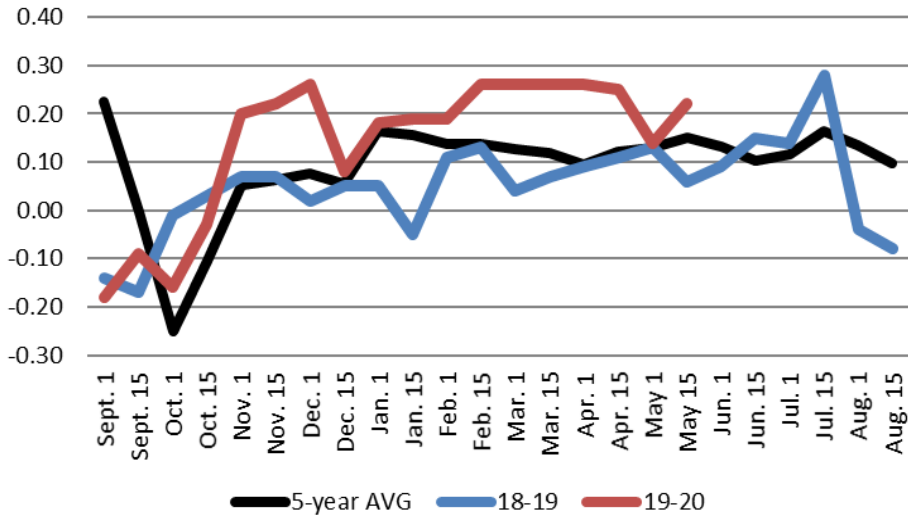
Corn Futures Price



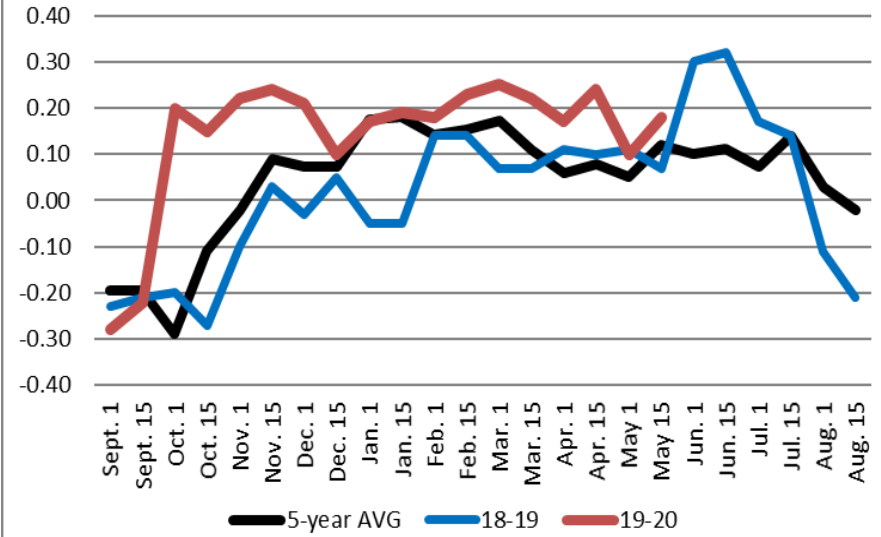
Corn COT Net Position



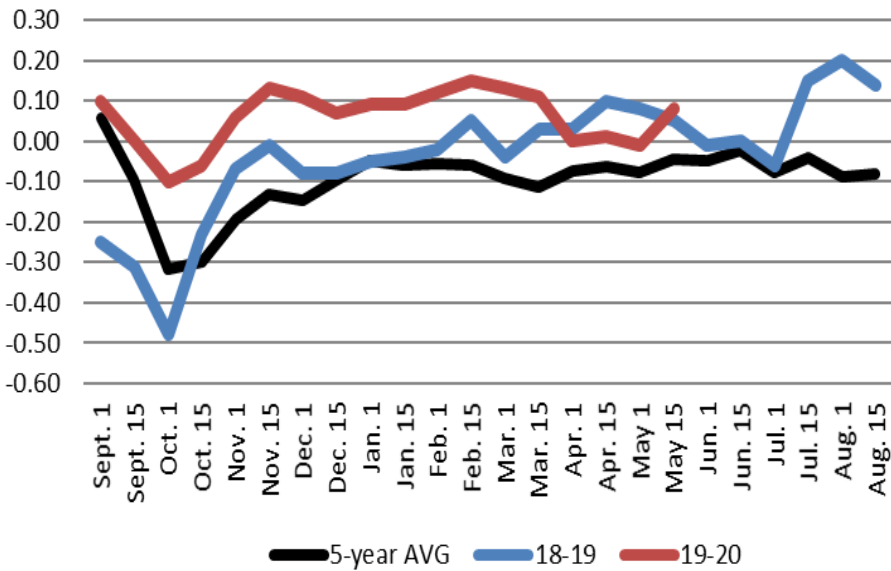
St Louis Corn Basis



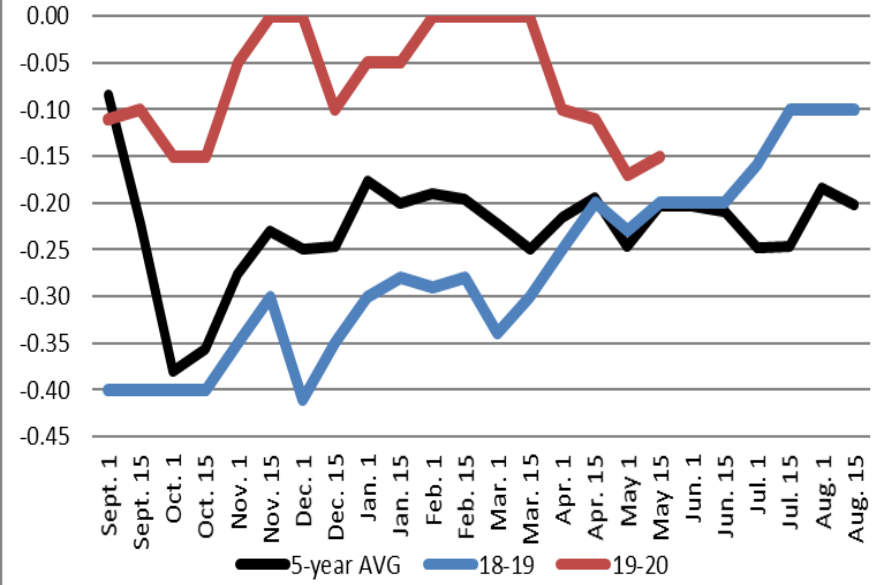
SE MO Corn Basis



Kansas City Corn Basis



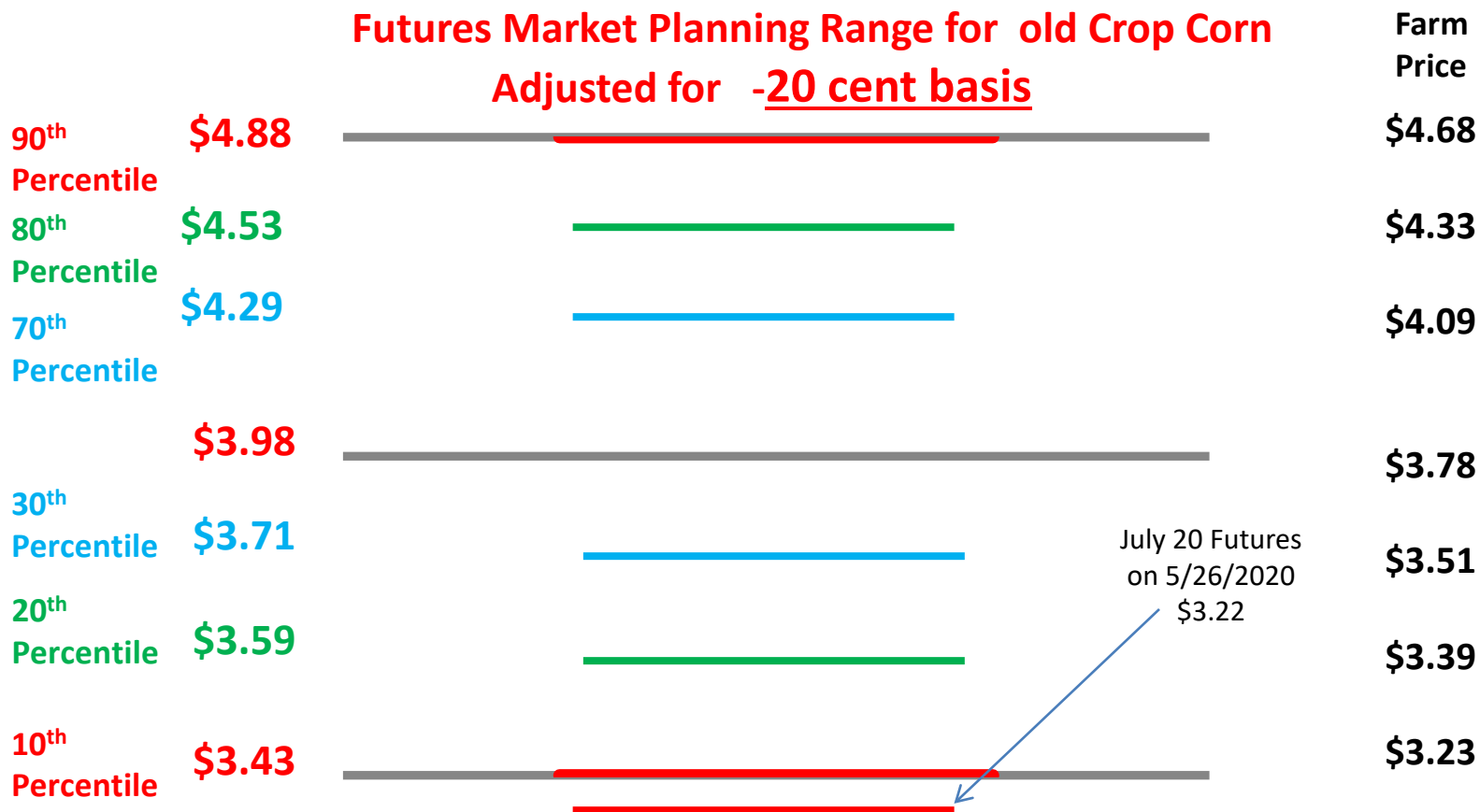
Central MO Corn Basis



Old Crop – (19-20) Corn FAPRI Baseline Ranges Mar 2020

March 2020 FAPRI Price: **Adjusted for -\$0.20 basis**

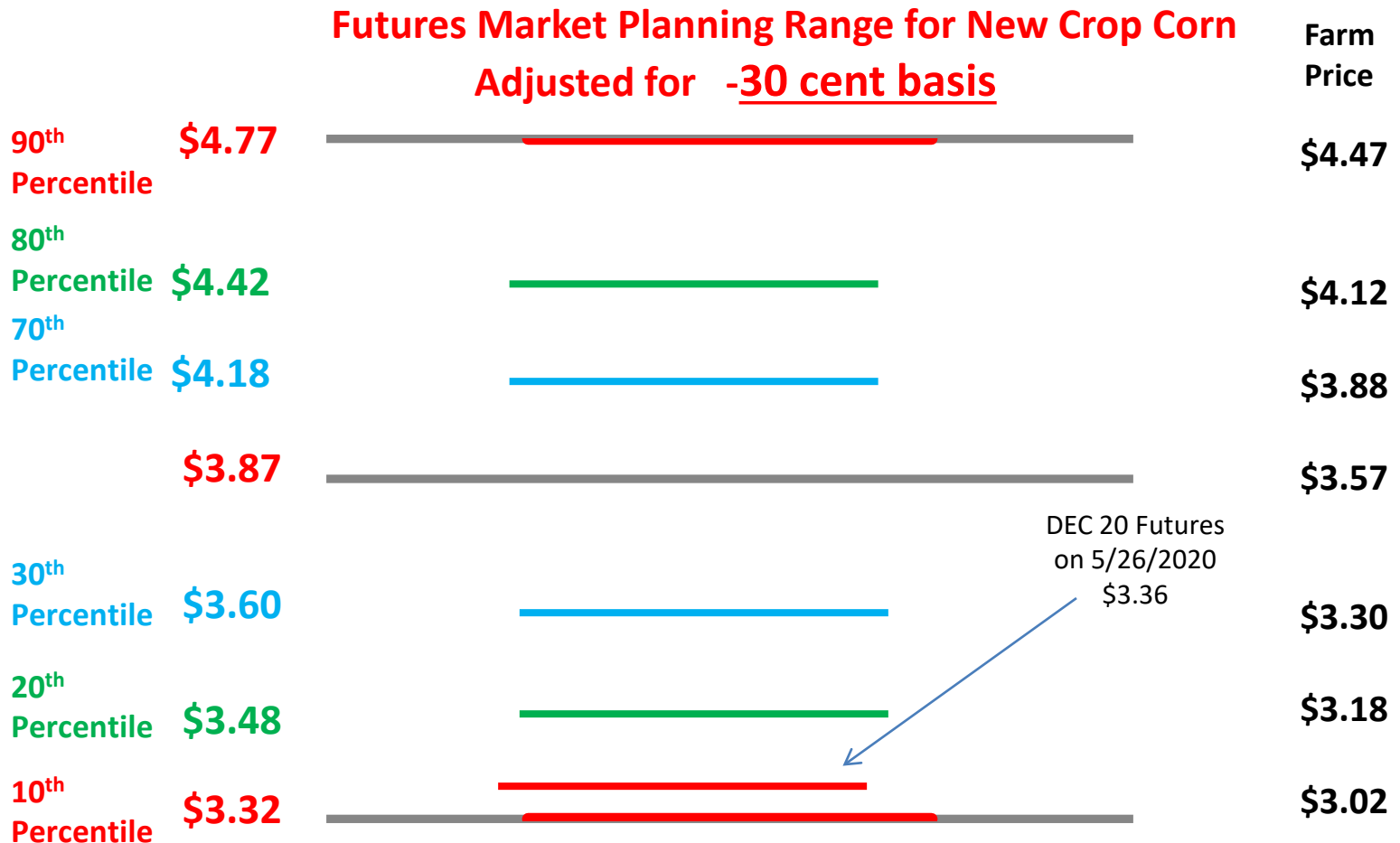
- Futures Price Equivalent of 2019-2020 Projected Farm Price: **\$3.98**
- Futures Price Equivalent of FAPRI Range: **\$3.59 – \$4.53 @ 80 Percentile**
- Futures Price Equivalent of 5/12/20 USDA Avg Price: **\$3.80**



New Crop – (20-21) Corn FAPRI Baseline Ranges Mar 2020

March 2020 FAPRI Projected Farm Price: **Adjusted for -\$0.30 basis**

- Futures Price Equivalent of 2020-2021 Projected Farm Price: **\$3.87**
- Futures Price Equivalent of FAPRI Range: **\$3.48 - \$4.42 @ 80 Percentile**
- Futures Price Equivalent of 5/12/20 USDA Avg Price: **\$3.50**



U.S. soybean supply and use

	2019/20 (USDA May 12)	2019/20 (USDA May 12)	2019/20 (FAPRI Mar2020)	2020/21 (FAPRI Mar 2020)
Area planted (mil. acres)	76.1.	83.5	76.1	86.5
Yield (bu./harvested acre)	47.4.	49.8	47.4	49.7
Production (mil. bu.)	3,557	4,125	3,558	4,244
Crush (mil. bu.)	2,125	2,130	2,107	2,179
Other domestic use	131	135	127	139
Exports	1,675	2,050	1,767	1,891
Ending stocks	580	405	482	532
Marketing yr. avg. price (\$/bu.)	8.50	8.20	8.80	8.48

Sources: USDA WASDE, May 2020.

WASDE-USDA Soybean Summary May 12, 2020

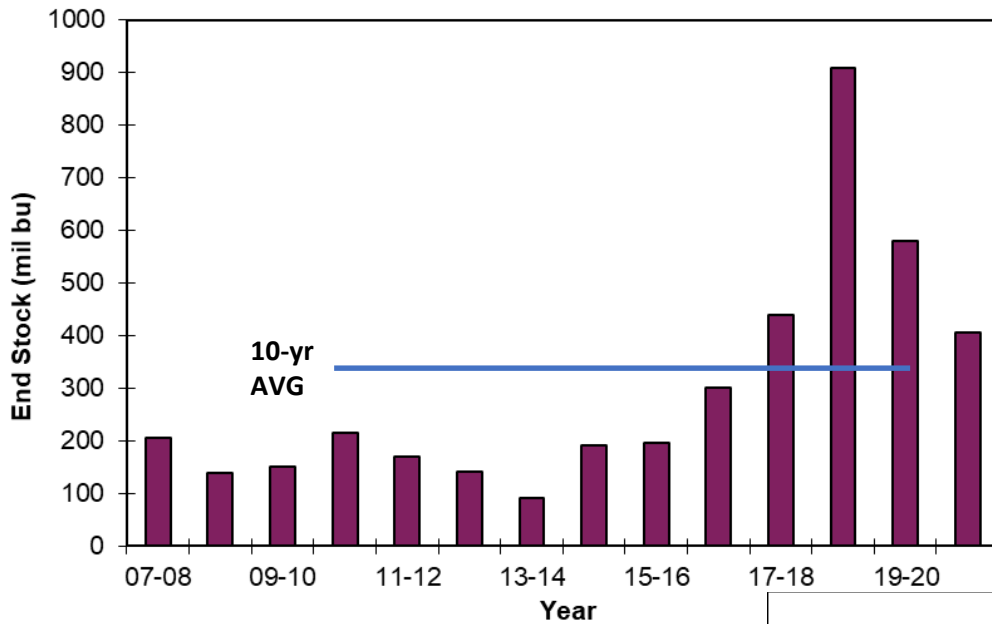
- 1) U.S. Average Farm Price – **Significant decline from 2018-19**
 - 2020-21 USDA: \$8.20
 - 2019-20 USDA: \$8.50
 - 2018-19 USDA: \$8.48

- 2) U.S. Ending Stocks – **Significantly above 20 Year Average**
 - 2020-21 USDA: (405 Million Bushels)
 - 2019-20 USDA: (580 Million Bushels)
 - 2018-19 USDA: (909 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 – **Moderately above 10 Year average**
 - 2020-21 World: (98 Million Metric Tons)
 - 2019-20 World: (100 Million Metric Tons)
 - 2018-19 World: (113 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)

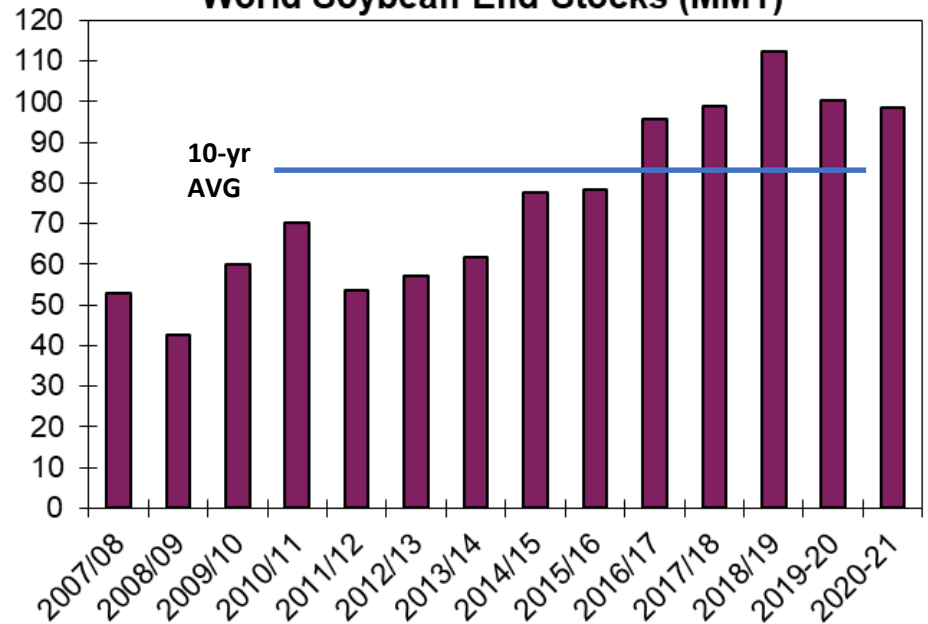
- 4) U.S. Export – **Significant increase over 2018-19**
 - 2020-21 USDA: (2,050 Million Bushels)
 - 2019-20 USDA: (1,675 Million Bushels)
 - 2018-19 USDA: (1,748 Million Bushels)

Soybean: U.S. End Stocks

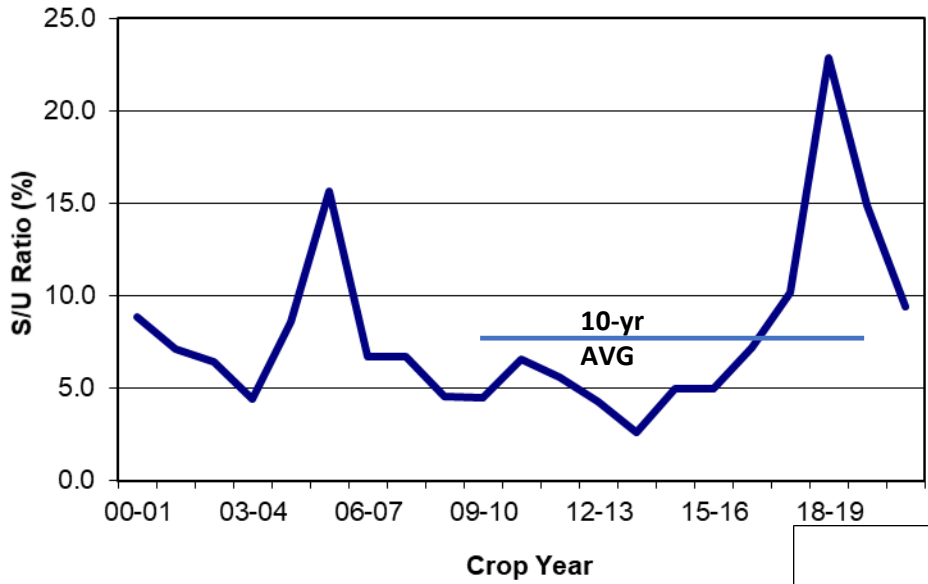


Domestic and global ending stocks above average, but US carryover down significantly from record highs

World Soybean End Stocks (MMT)

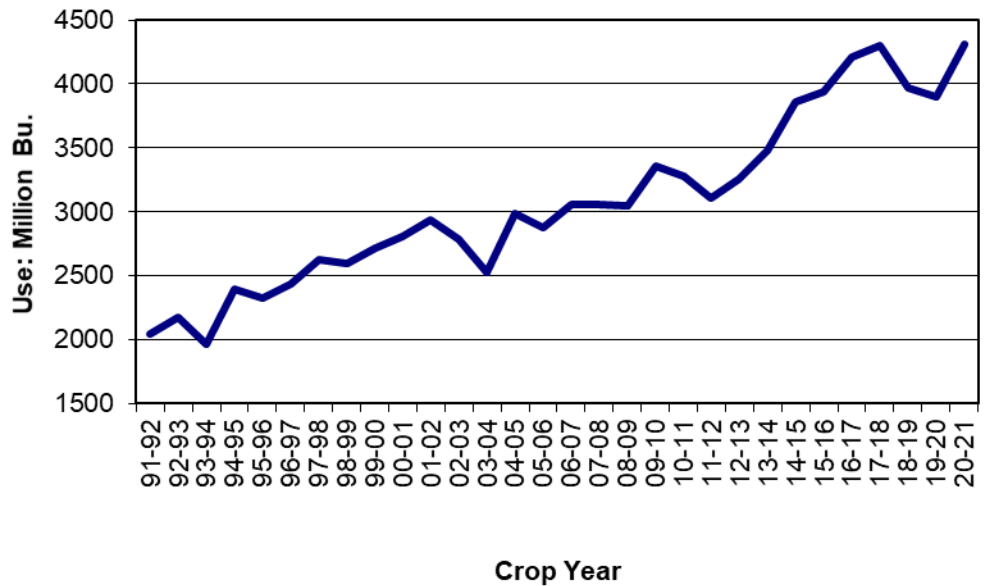


Soybeans: End Stocks/Use Ratio

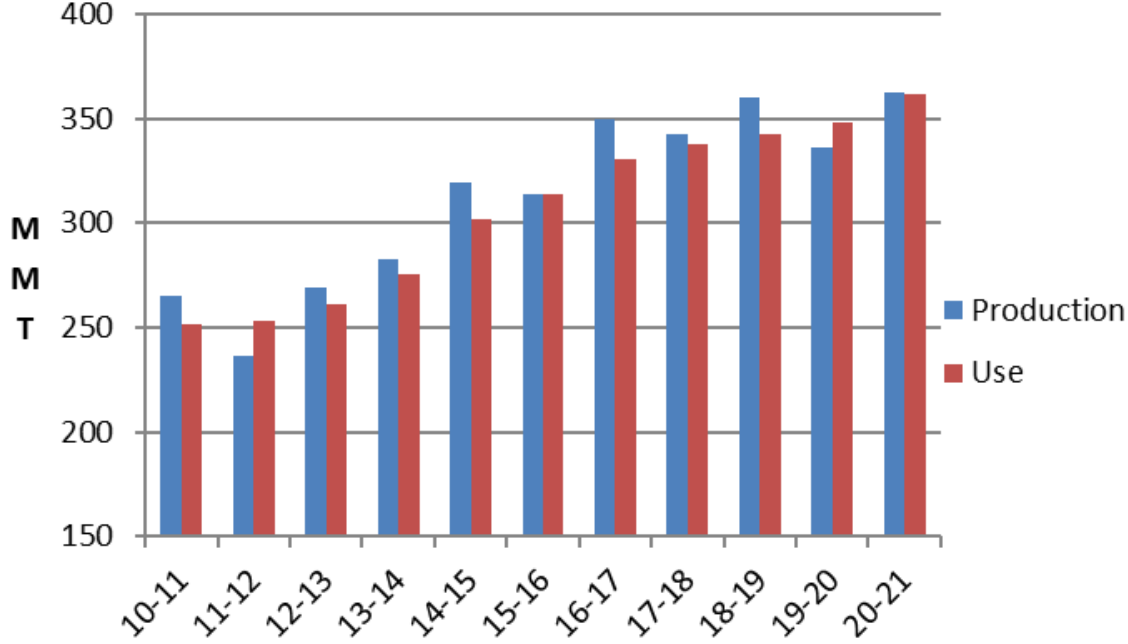


Stocks/Use Ratio is lower, but remains above average. Use rebounding.

Soybean: Total Use



World Soybean Production and Use

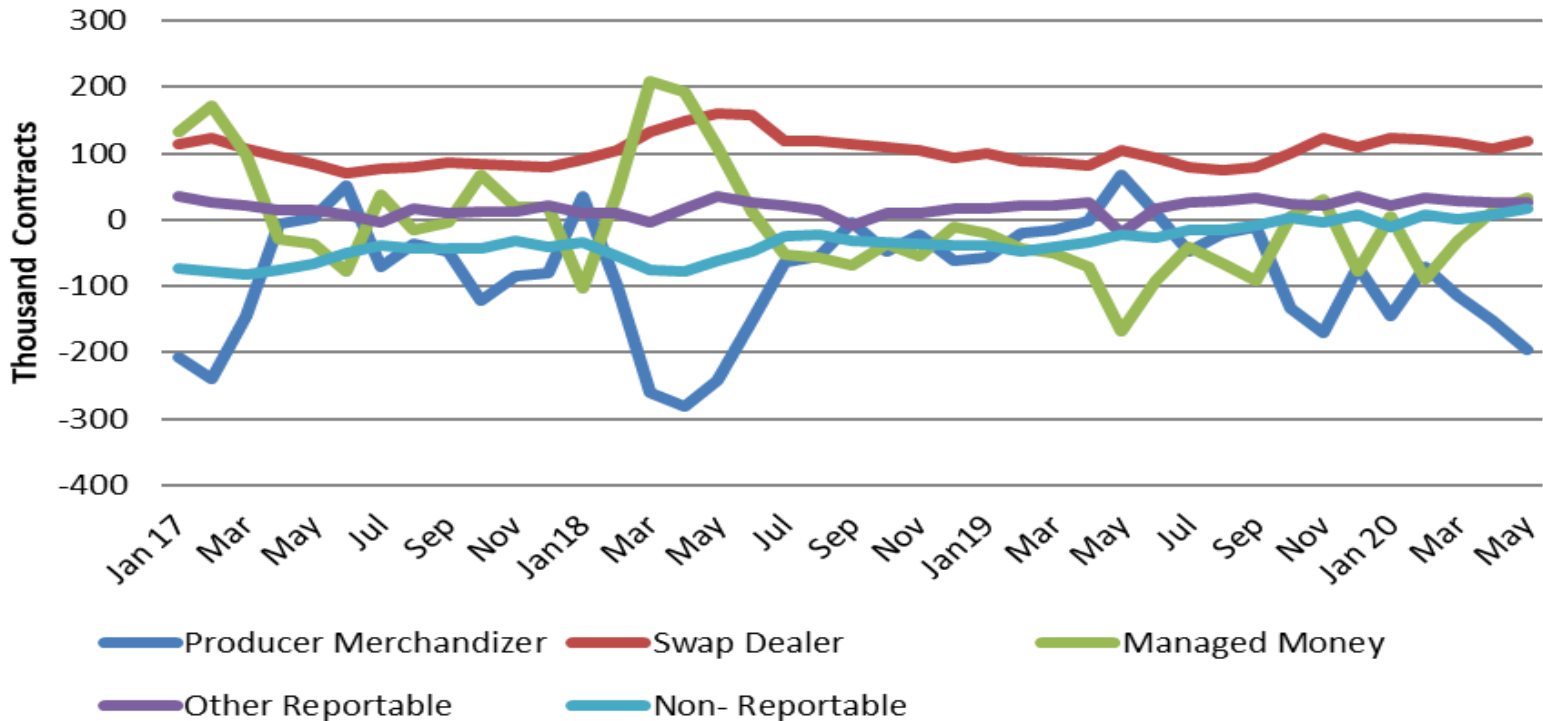


2019-20 Global production is expected to slightly exceed use.

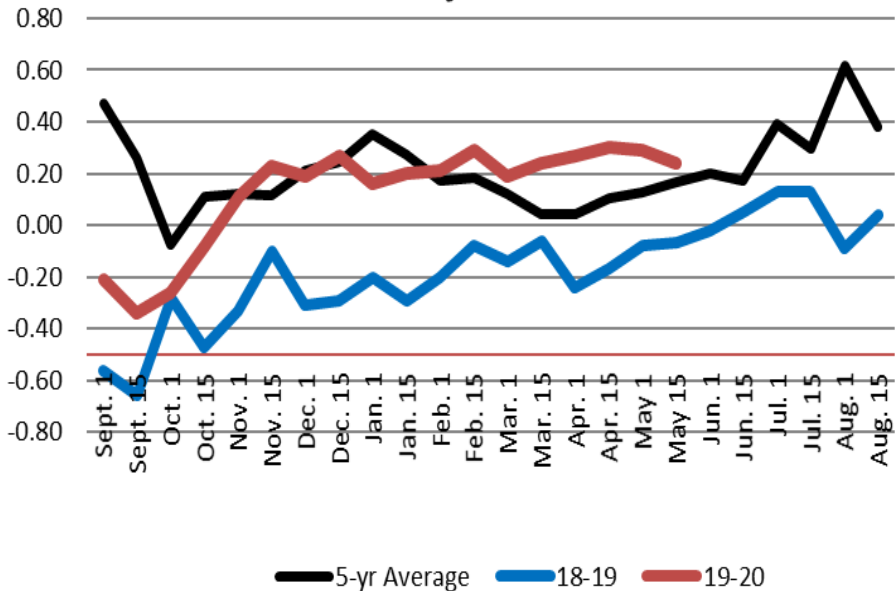
Soybean Futures Prices



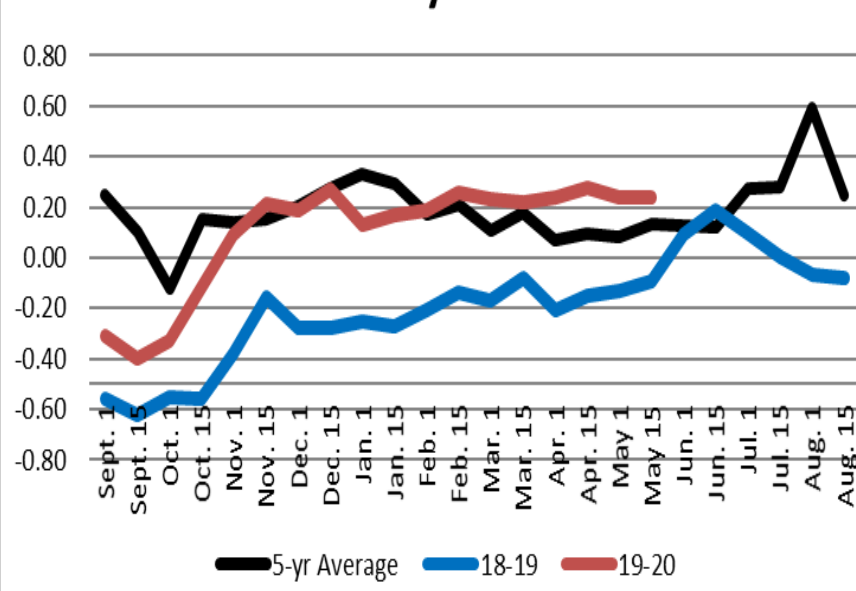
Soybean: COT Net Positions



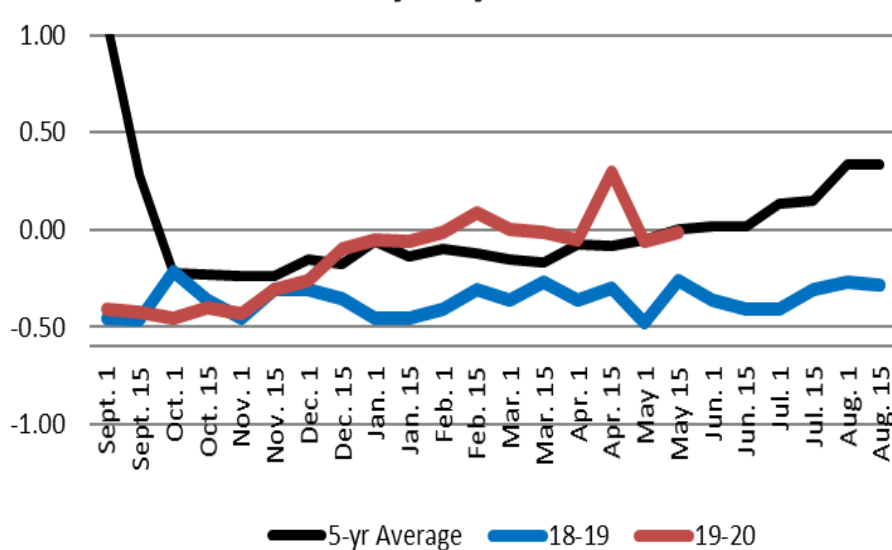
St Louis Soybean Basis



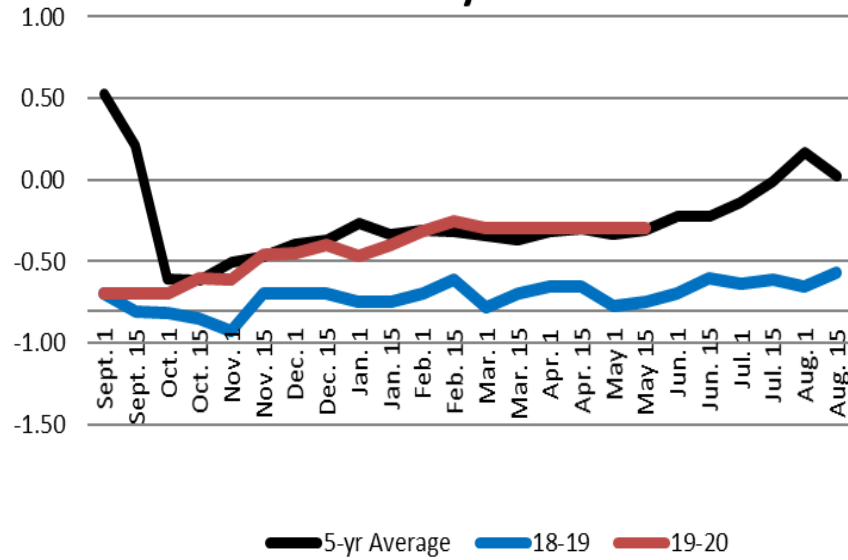
SE MO Soybean Basis



Kansas City Soybean Basis



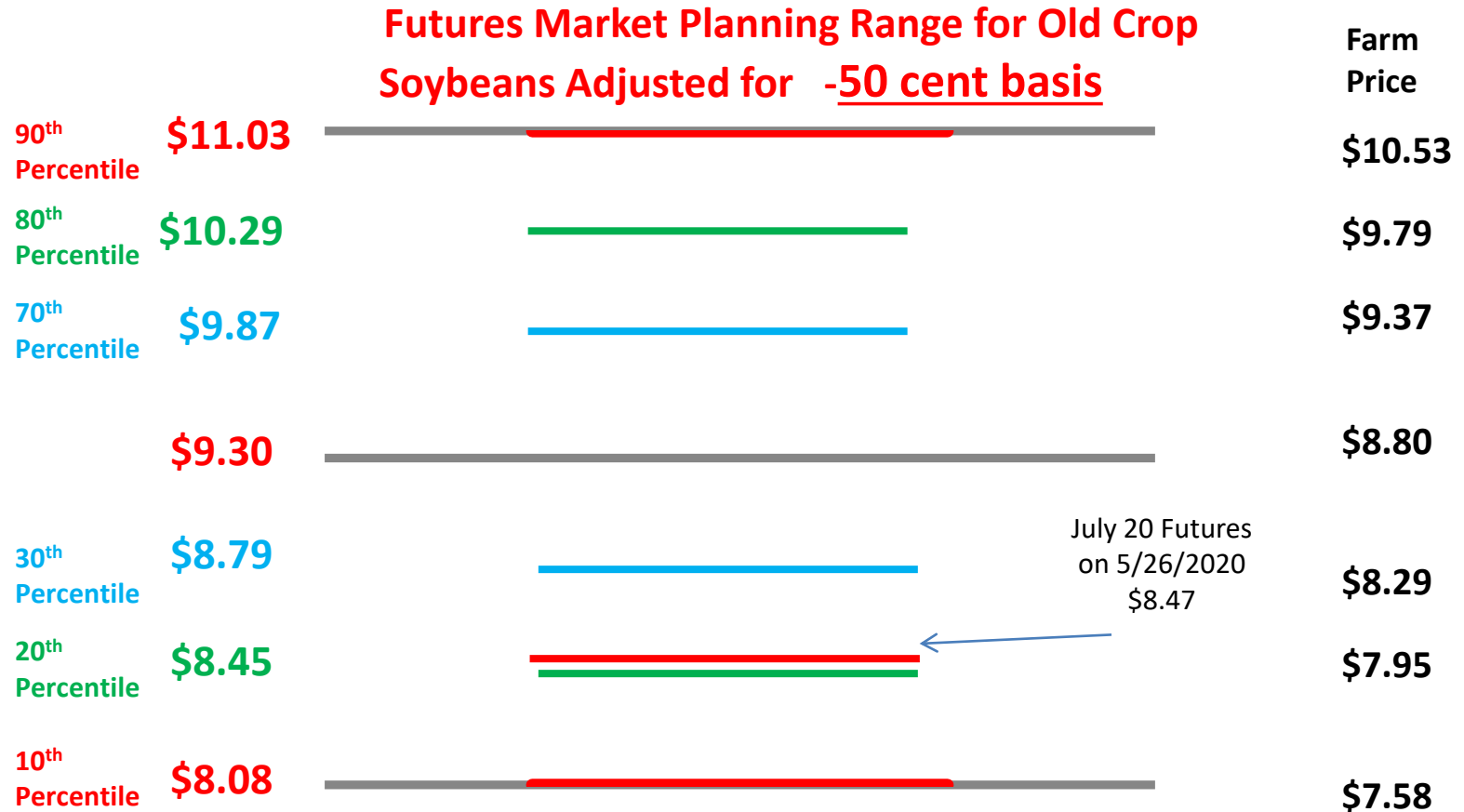
Central MO Soybean Basis



Old Crop – (19-20) Soybean FAPRI Baseline Ranges March 2020

March 2020 FAPRI Price: **Adjusted for -\$0.50 basis**

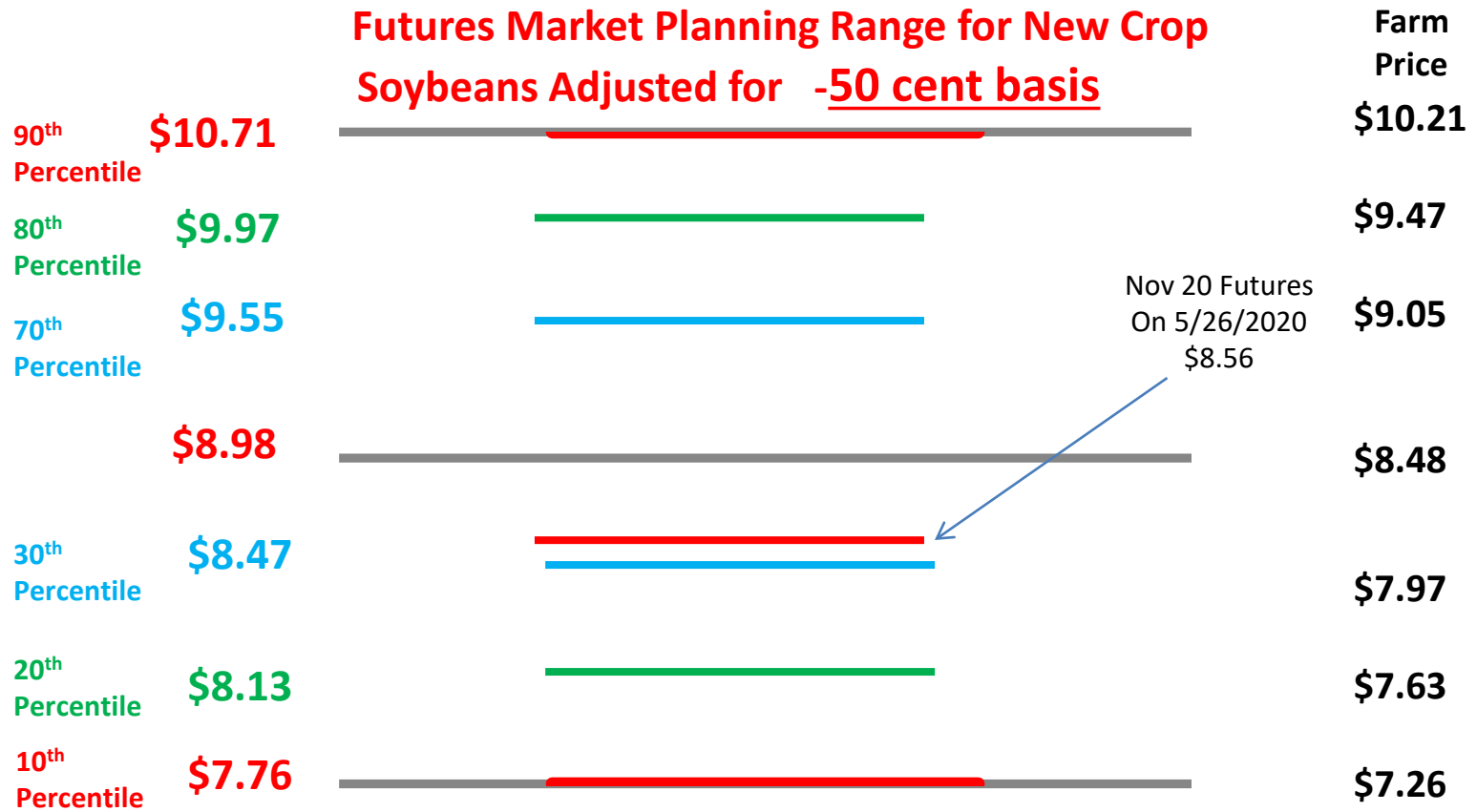
- Futures Price Equivalent of 2019-2020 Projected Farm Price: **\$9.30**
- Futures Price Equivalent of FAPRI Range: **\$8.45 - \$10.29 @ 80 Percentile**
- Futures Price Equivalent of 5/12/20 USDA Price: **Avg \$9.00**



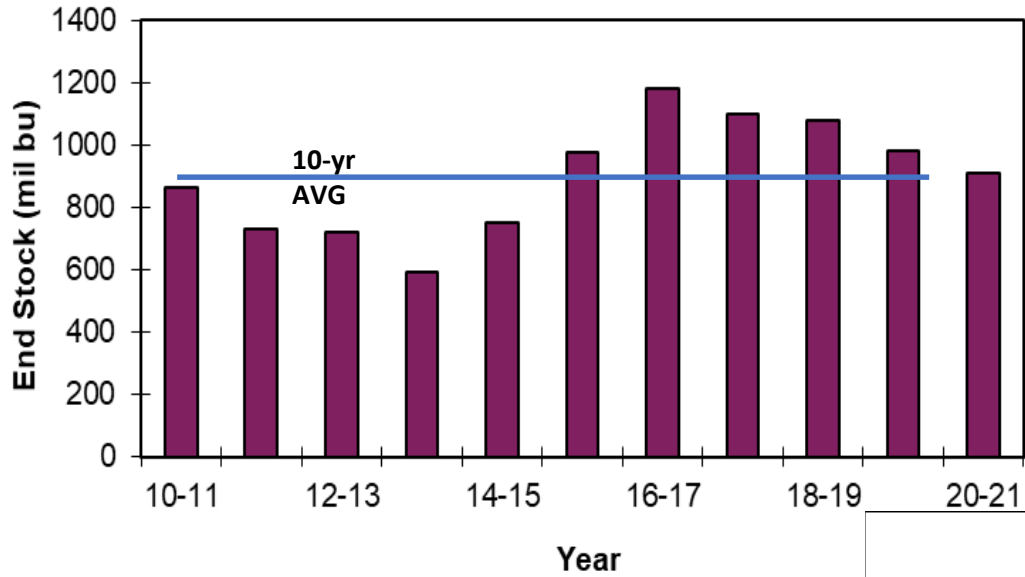
New Crop – (20-21) Soybean FAPRI Baseline Ranges March 2020

March 2020 FAPRI Price: **Adjusted for -\$0.50 basis**

- Futures Price Equivalent of 2020- 2021 Projected Farm Price: **\$8.98**
- Futures Price Equivalent of FAPRI Range: **\$8.13 - \$9.97. @ 80 Percentile**
- Futures Price Equivalent of 5/12/20 USDA Price: **Avg \$8.70**

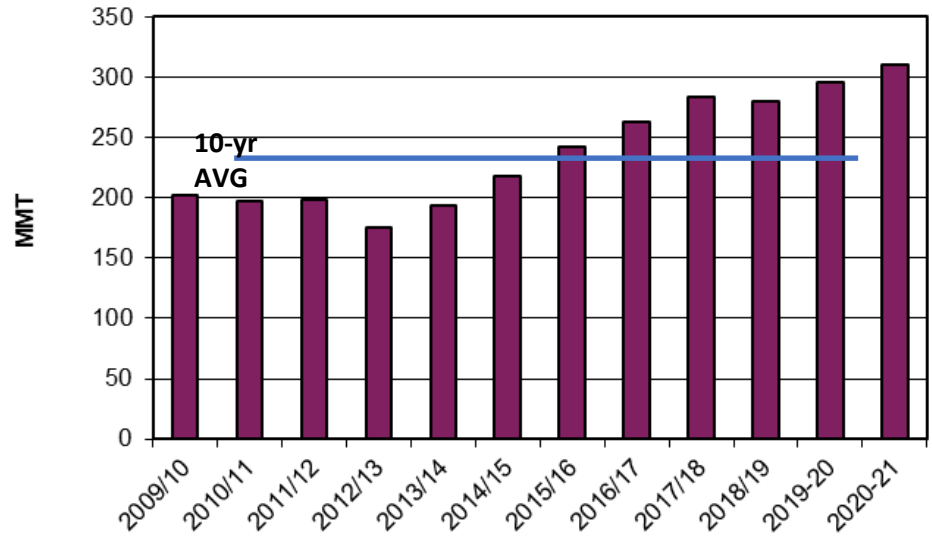


Wheat: U.S. End Stocks

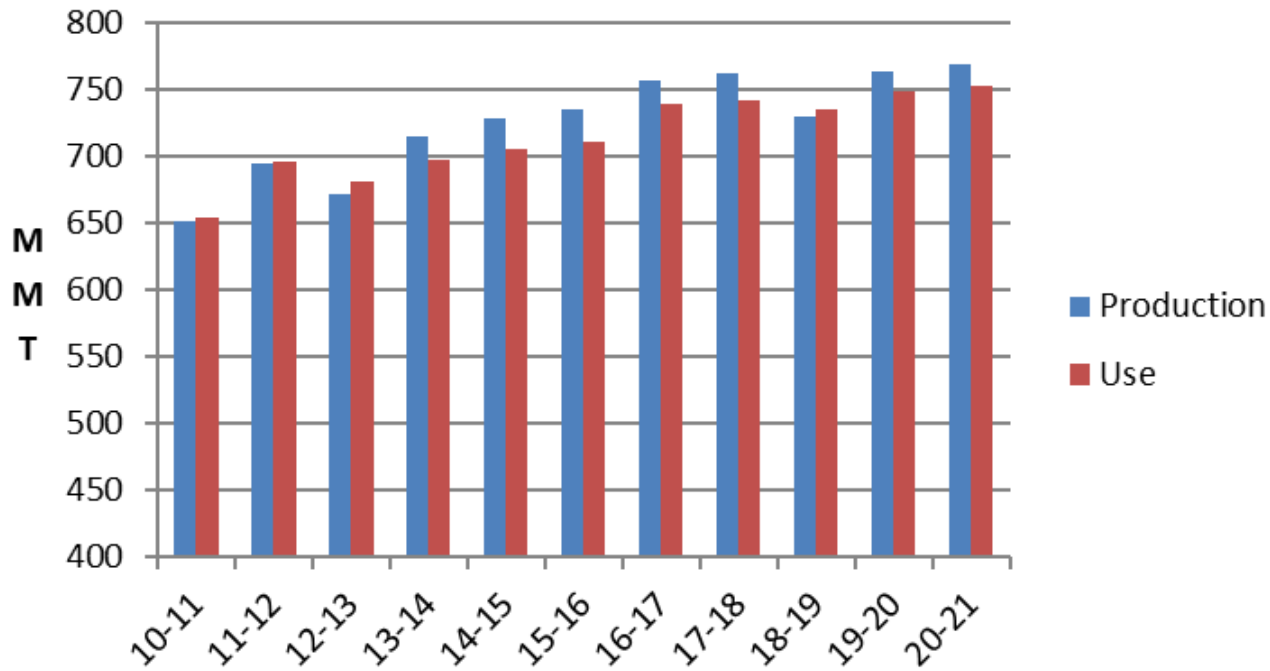


**US carryover declining somewhat, but slightly above average.
World ending stocks remain well above average.**

World Wheat End Stocks



World Wheat Production and Use



World wheat production expected to exceed global use.