

# GRAIN OUTLOOK

## Risk & Profit 2006 Conference

Mike Woolverton  
Kansas State University  
mikewool@agecon.ksu.edu

### U.S. EXPORTS 2005/06 (millions of bushels)

<u>Projections</u>	<u>2005/06</u>	<u>2006/07est.</u>
Wheat	1,004	900
Corn	2,100	2,150
Sorghum	195	185
Soybeans	905	1,090

Source: World Agricultural Supply and Demand  
Estimates, USDA

## Current Market Influences - Wheat

- Deterioration of U.S. Spring Wheat Crop (33% vs. 73%)
- Australian Drought (-12%)
- U.S. HRW Quality
- Low Carryover

## PRODUCTION PROJECTIONS, U.S., 2006/07

- All Wheat – 1.801 bil. Bu. – down 14%
- Hard Winter – 660 mil. Bu. – down 29%
- Hard Spring – 423 mil. Bu. – down 9%
- Soft Red – 380 mil. Bu. – up 23%
- White – 284 mil. Bu. – down 5%
- Durum – 55 mil. Bu. - down 46%

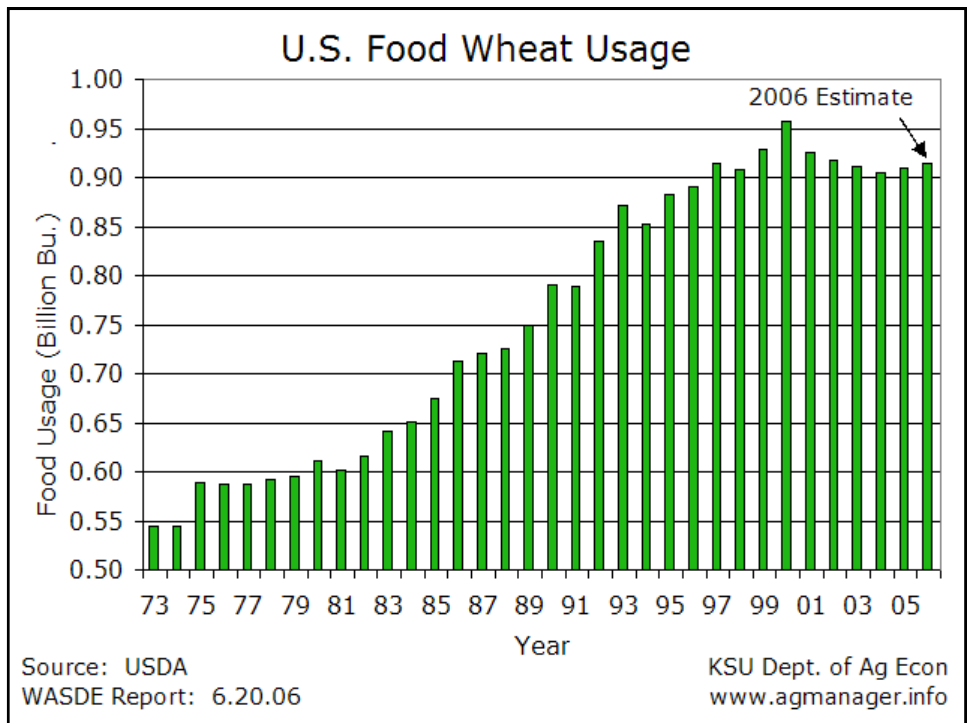
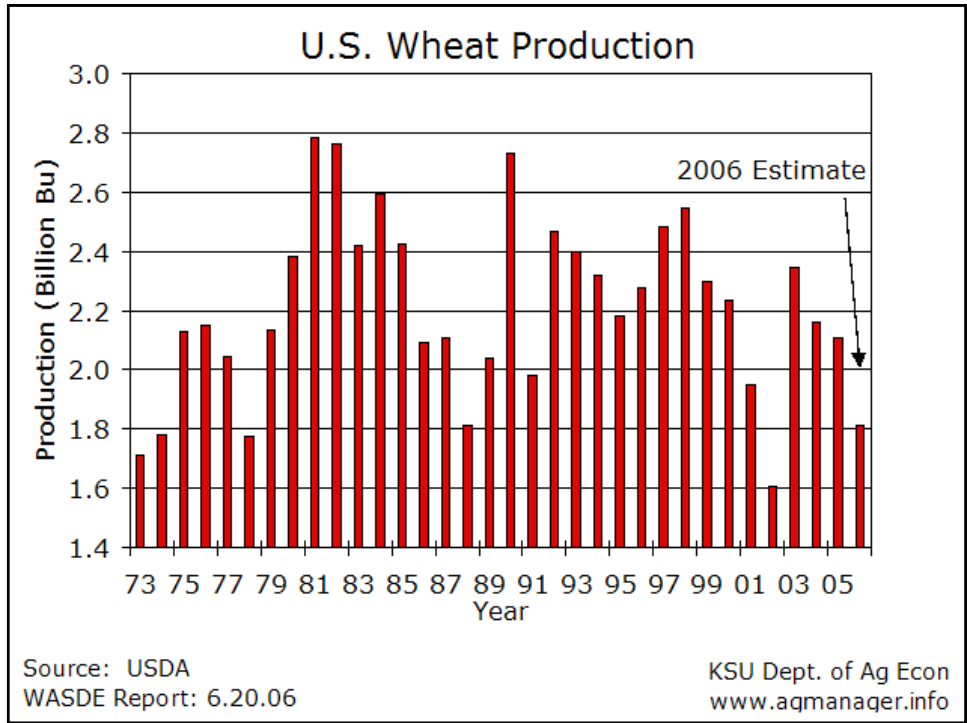
## 2006 - 2005 HRW Wheat Quality <sup>1</sup>

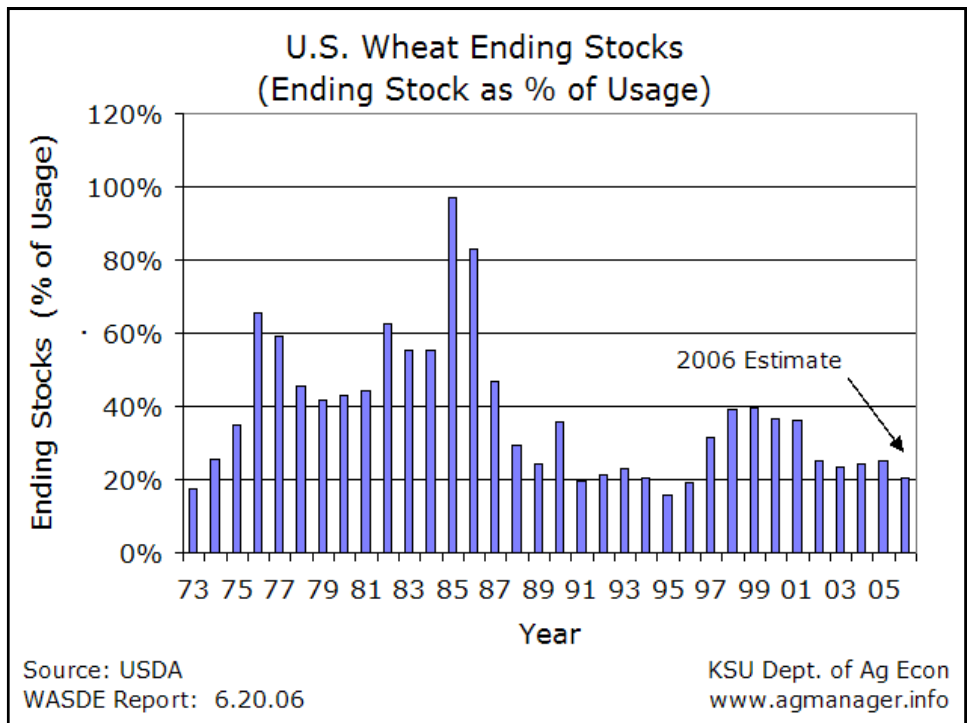
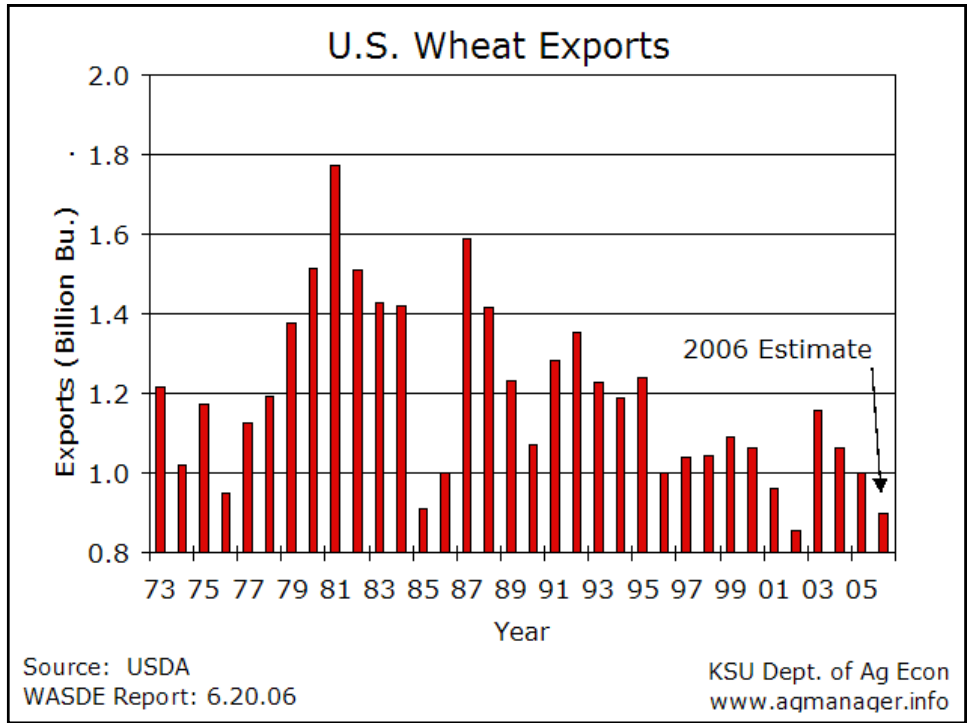
	<u>2006</u>	<u>2005</u>
Test Weight lbs/bu	60.7	60.0
Wheat Protein %	13.9	12.1
Flour Yield	71.0	69.0
Wet Gluten %	33.8	29.5

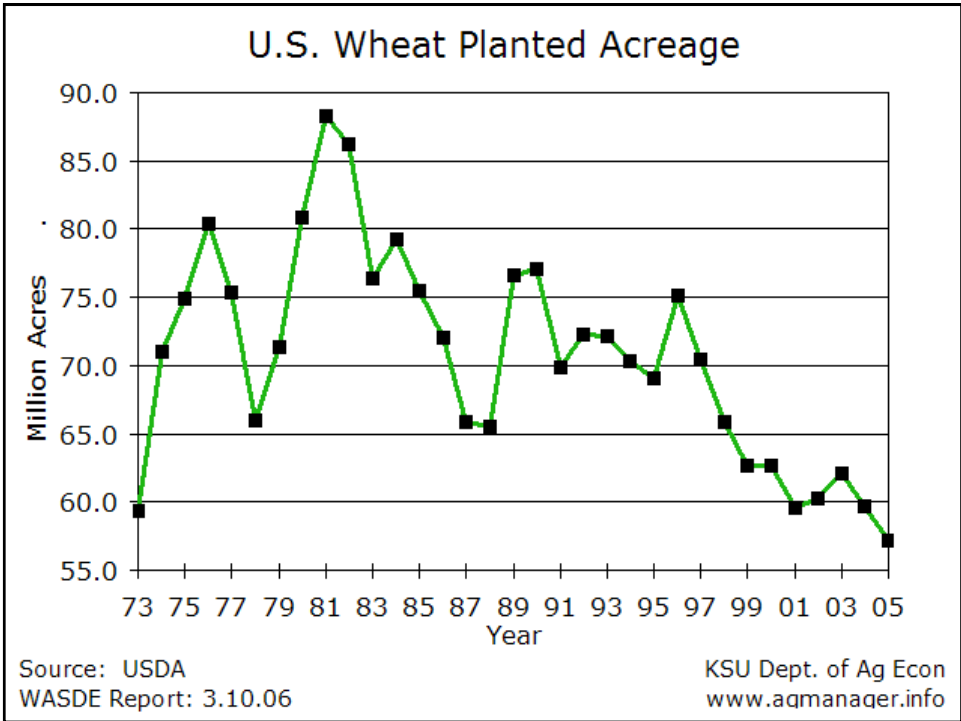
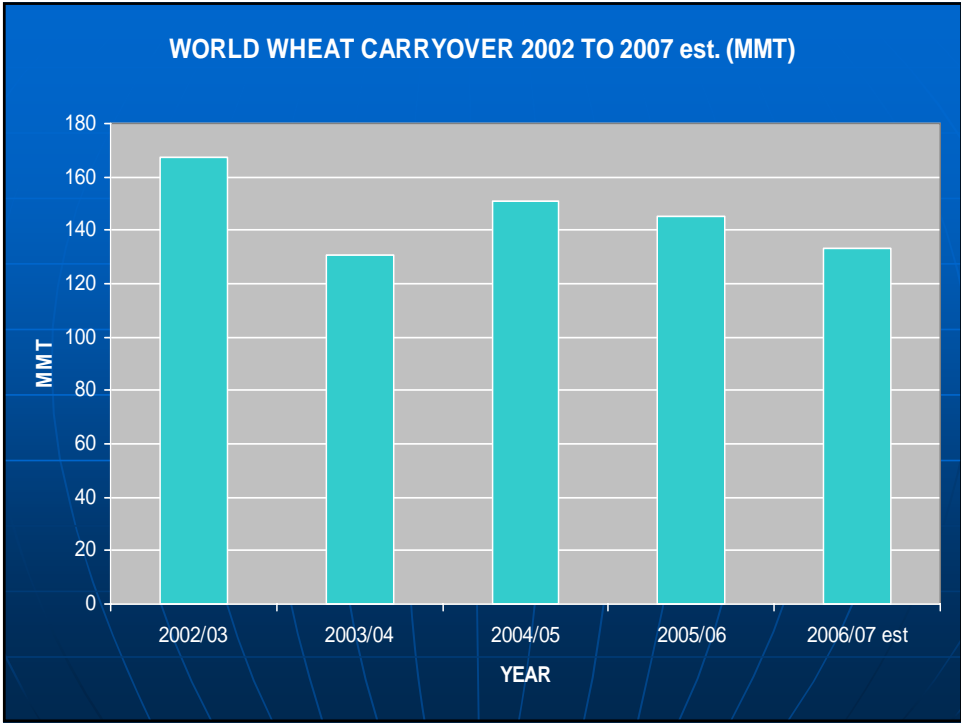
<sup>1</sup> Kansas State University harvest survey of Wheat Sheds in Kansas, Oklahoma, and Texas, Summer 2006, preliminary results.

## PRODUCTION PROJECTIONS, MAJOR WHEAT EXPORTERS, 2006/07 (MMT)

	<u>2006/07</u>	<u>2005/06</u>
■ EU-25	119.35 (-3.2%)	122.59
■ United States	49.03 (-14%)	57.28
■ Canada	25.5 (-2%)	25.98
■ Australia	21.5 (-12%)	24.5
■ Argentina	<u>13.5</u> (-8%)	<u>12.5</u>
Total Exporters	228.88 (-6%)	242.85
Total World Prod.	598.00 (-4%)	621.86





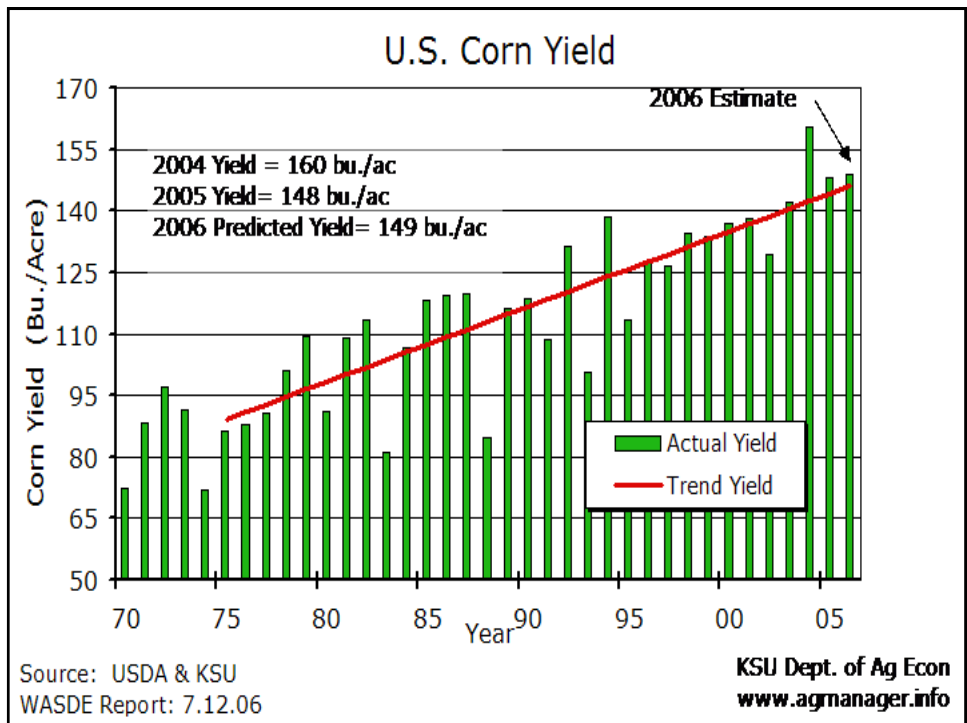
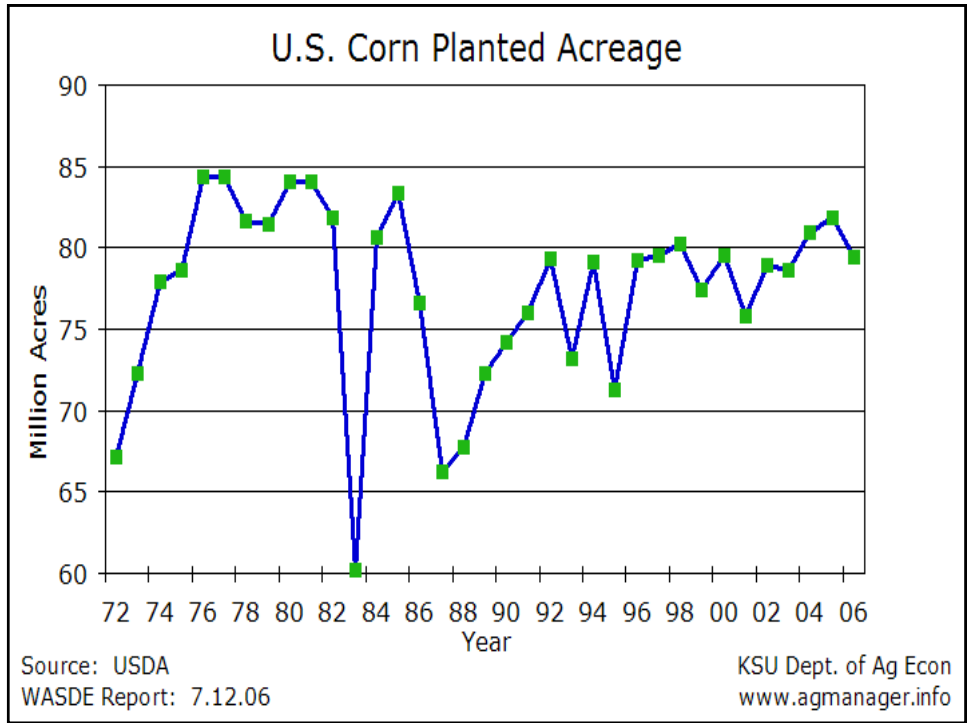


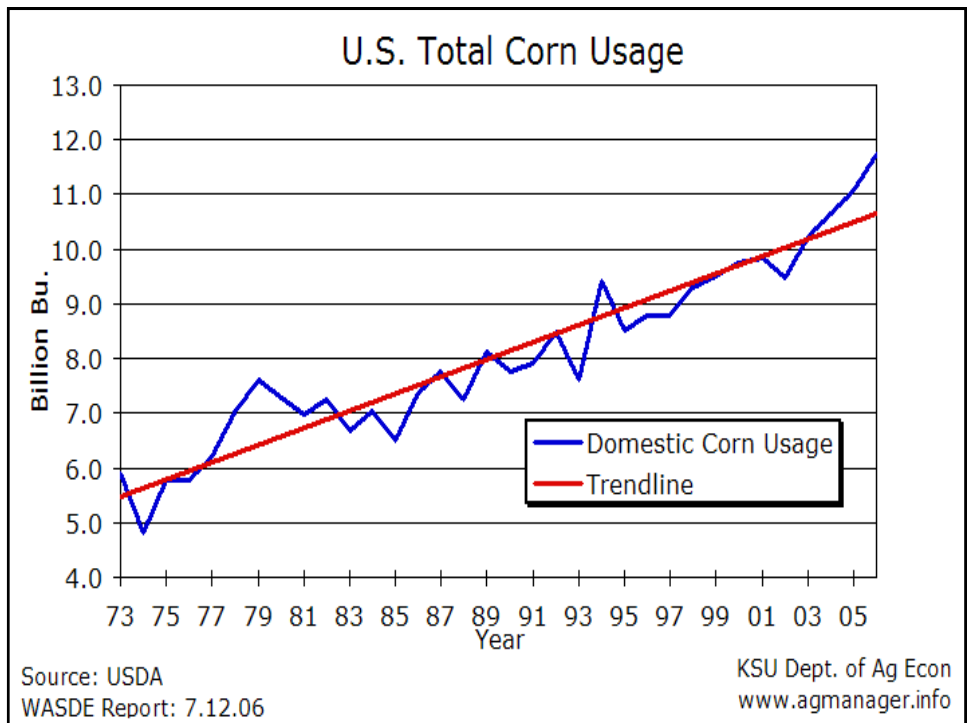
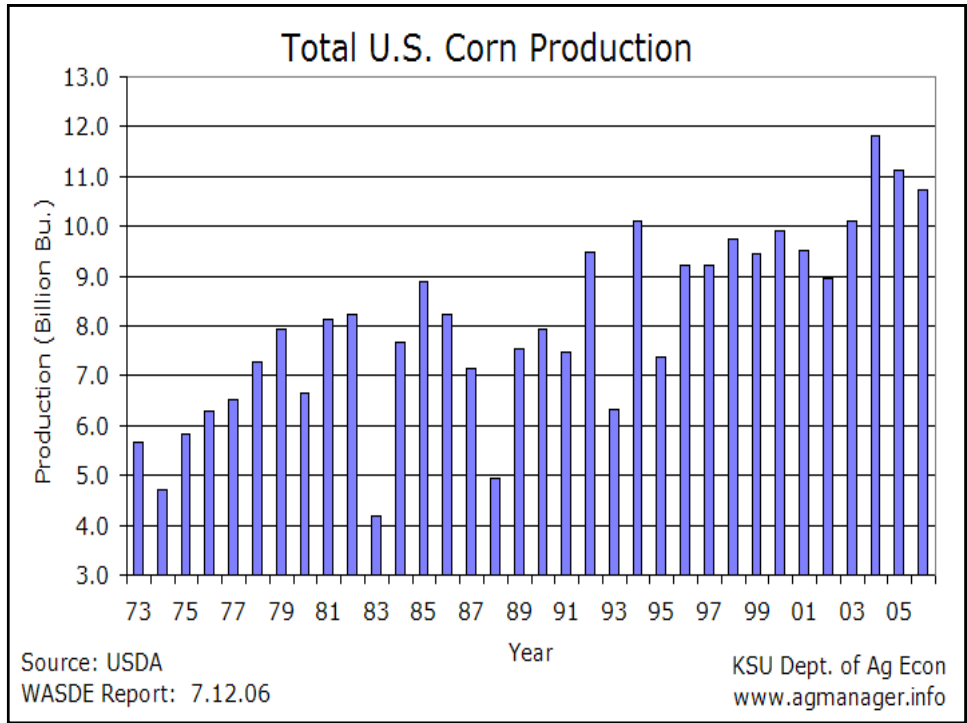
## Wheat Balance Sheet

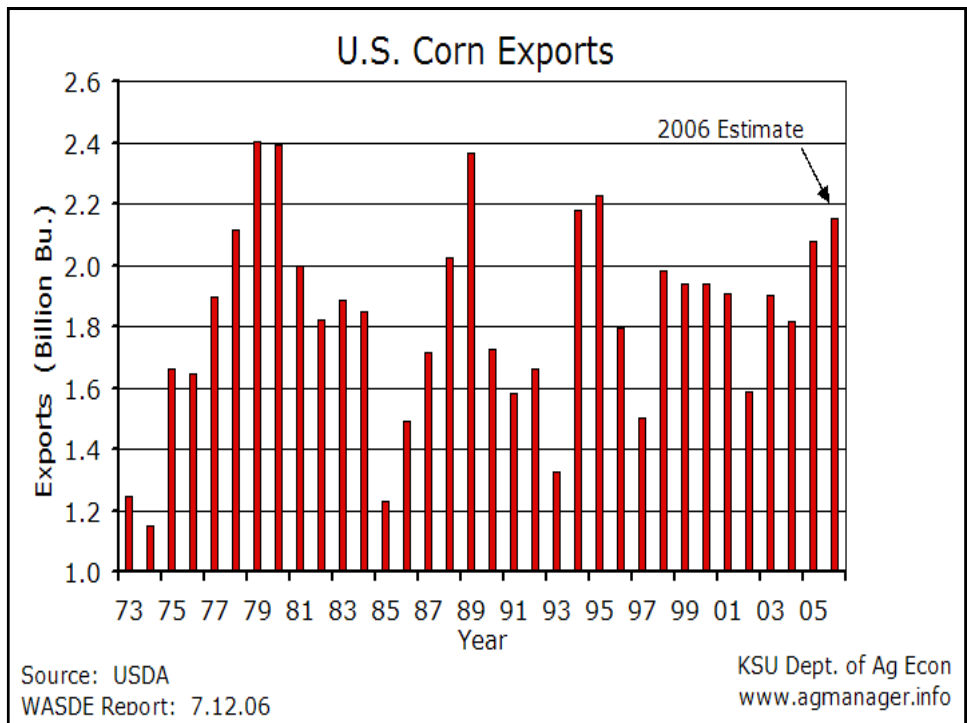
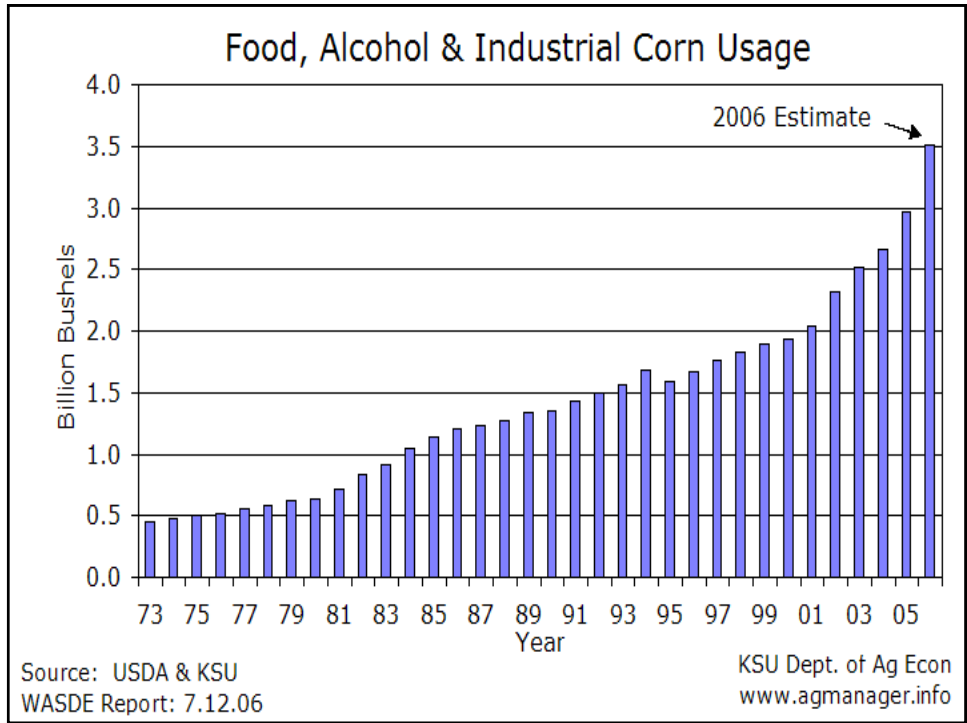
	04-05	05-06	06-07
Plant A. (mil.)	59.7	57.2	57.9
Harvest A. (mil.)	50.0	50.1	47.1
Bu./A.	43.2	42.0	38.3
Production	2,158	2,150	1,801
Imports	71	85	105
Carryover	546	540	568
<b>Total Supply</b>	<b>2,775</b>	<b>2,730</b>	<b>2,474</b>
<b>Utilization:</b>			
Feed and Residual	201	200	145
Food	895	910	915
Seed	79	78	80
Exports	1,060	1,000	900
<b>Total Utilization</b>	<b>2,235</b>	<b>2,188</b>	<b>2,040</b>
Carryover	540 (24%)	542 (25%)	434 (21%)
<b>U.S. Farm Price</b>	<b>\$3.40</b>	<b>\$3.35-\$3.45</b>	<b>\$3.90-\$4.50</b>

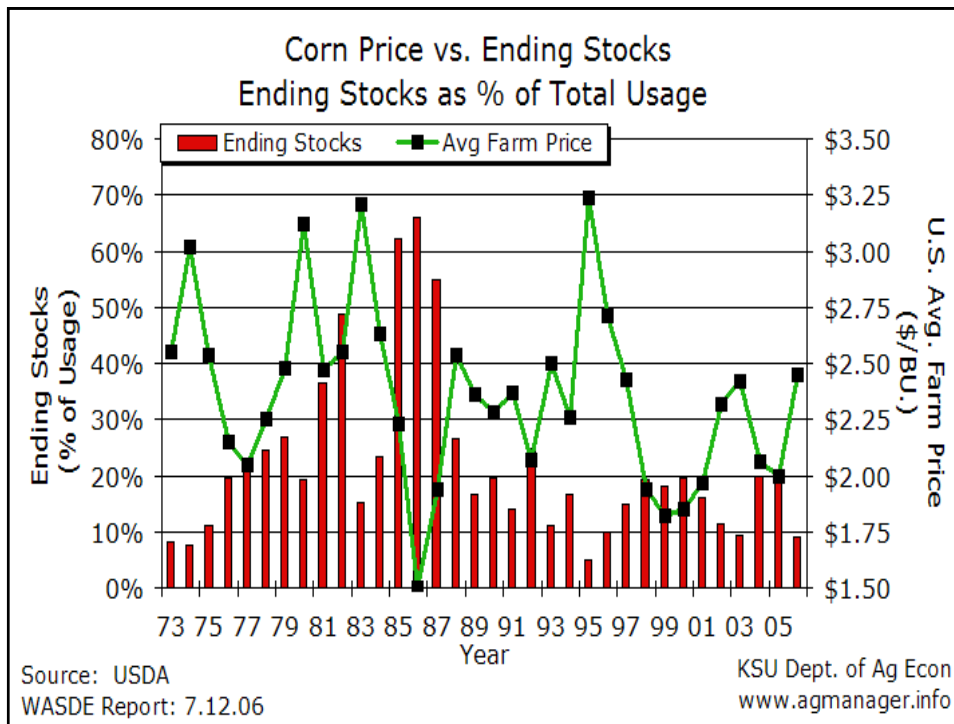
## Current Market Influences - Corn

- Drought in Western and Northern Corn Belt
- Demand from ethanol producers
- Strong export demand









## Corn Balance Sheet

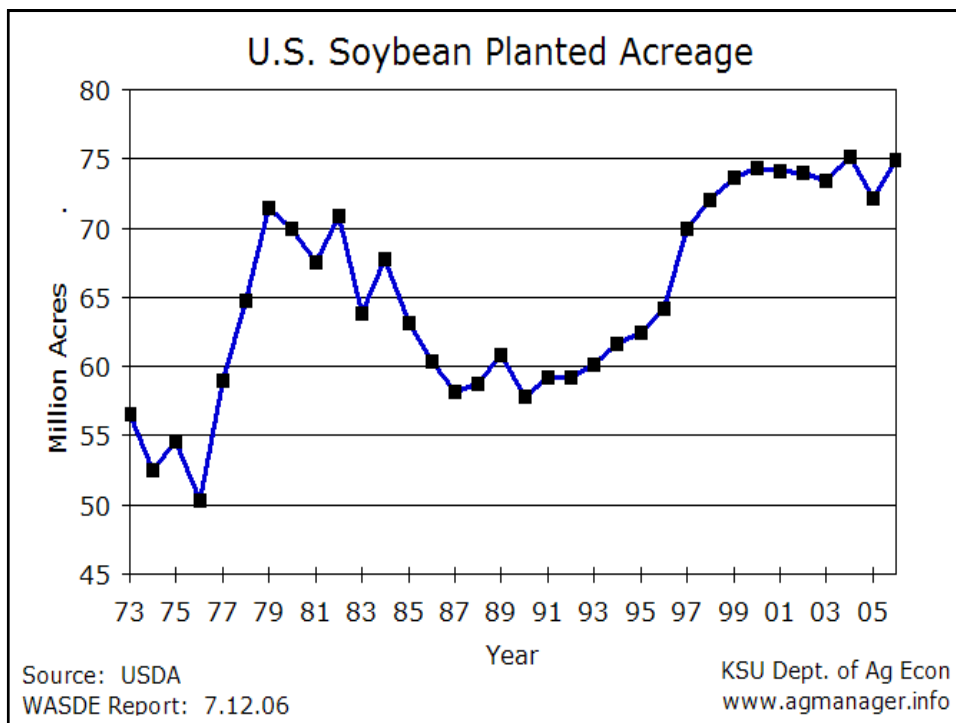
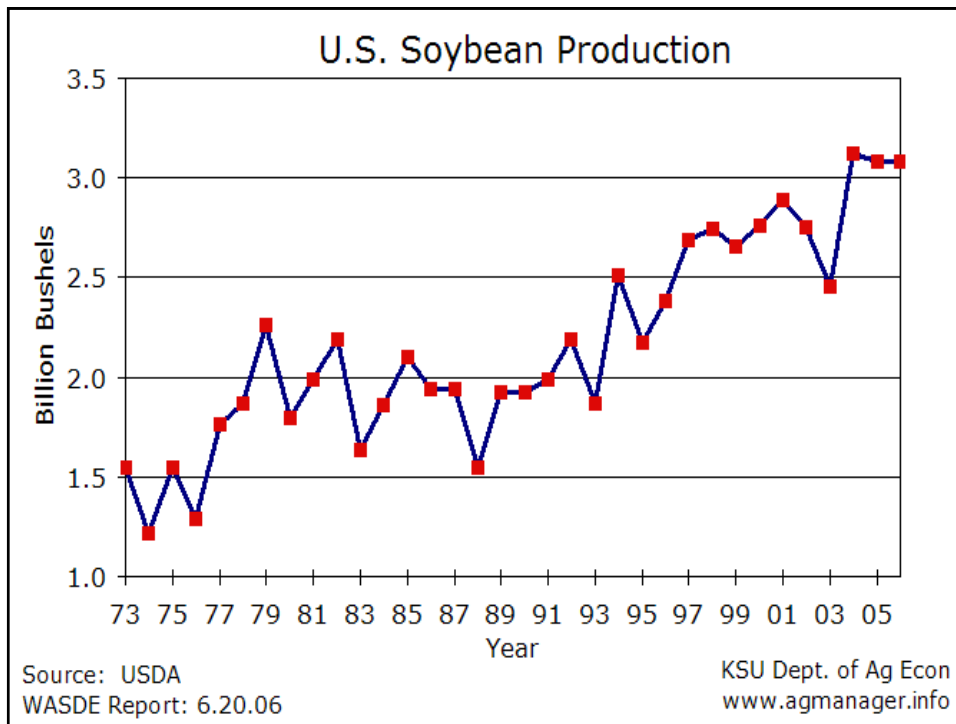
	04-05	05-06	06-07
Plant A. (mil.)	80.9	81.8	79.4
Harvest A. (mil.)	73.6	75.1	72.1
Bu./A.	160.4	147.9	152.2
Production	11,807	11,112	10,976
Imports	11	11	10
Beginning Carryover	958	2,114	2,062
<b>Total Supply</b>	<b>12,776</b>	<b>13,237</b>	<b>13,047</b>
<b>Utilization:</b>			
Feed and Residual	6,162	6,100	6,050
Food, seed, industrial	2,686	2,975	3,540
<b>Ethanol for fuel</b>	<b>1,323 (11%)</b>	<b>1,600 (14%)</b>	<b>2,150 (20%)</b>
Exports	1,814	2,100	2,150
<b>Total Utilization</b>	<b>10,662</b>	<b>11,175</b>	<b>11,815</b>
Ending Carryover	2,114 (20%)	2,062 (18%)	1,232 (10%)
<b>U.S. Farm Price</b>	<b>\$2.06</b>	<b>\$1.95-\$2.05</b>	<b>\$2.15-\$2.55</b>

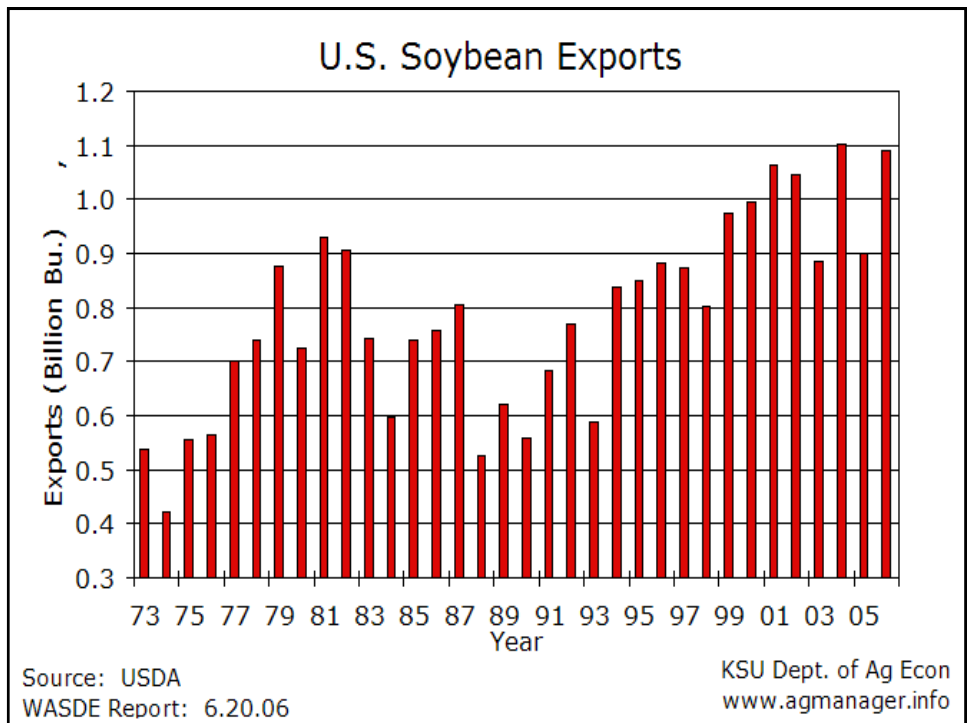
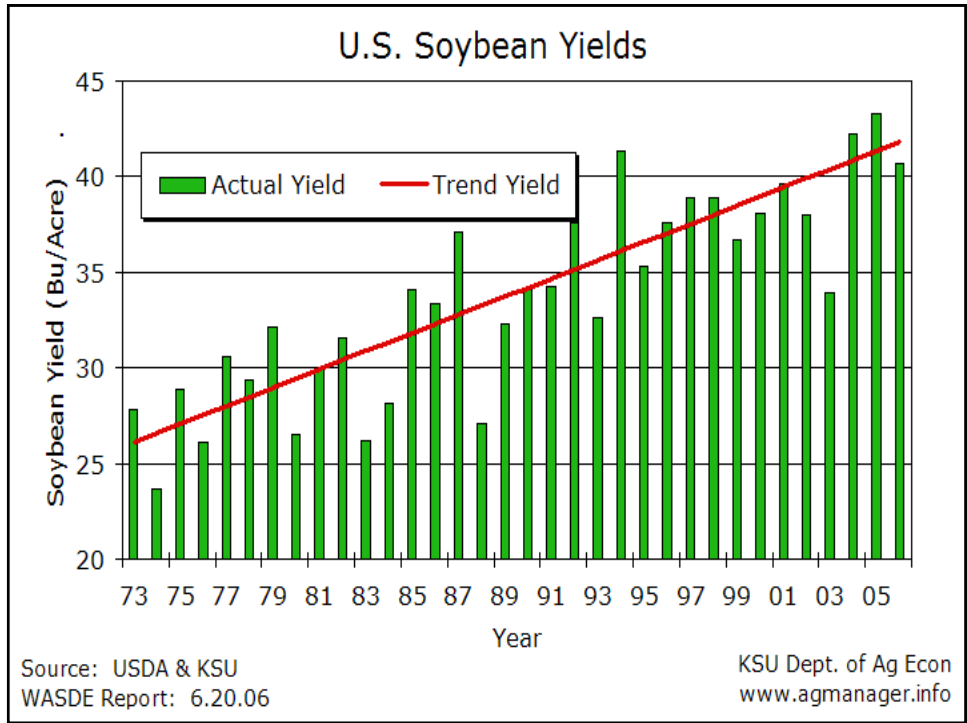
## Sorghum Balance Sheet

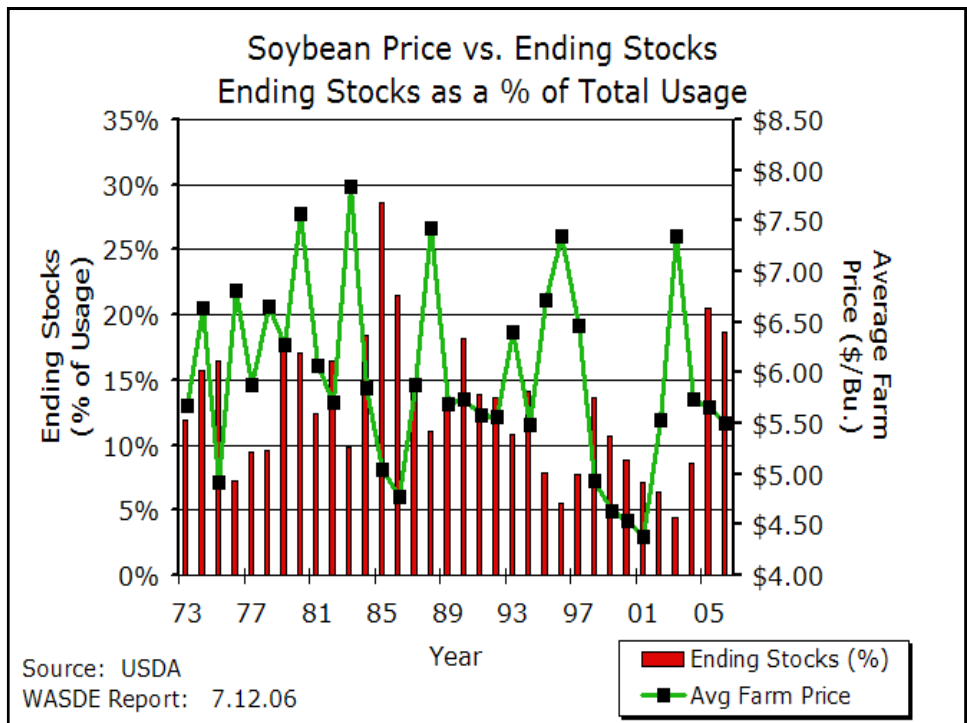
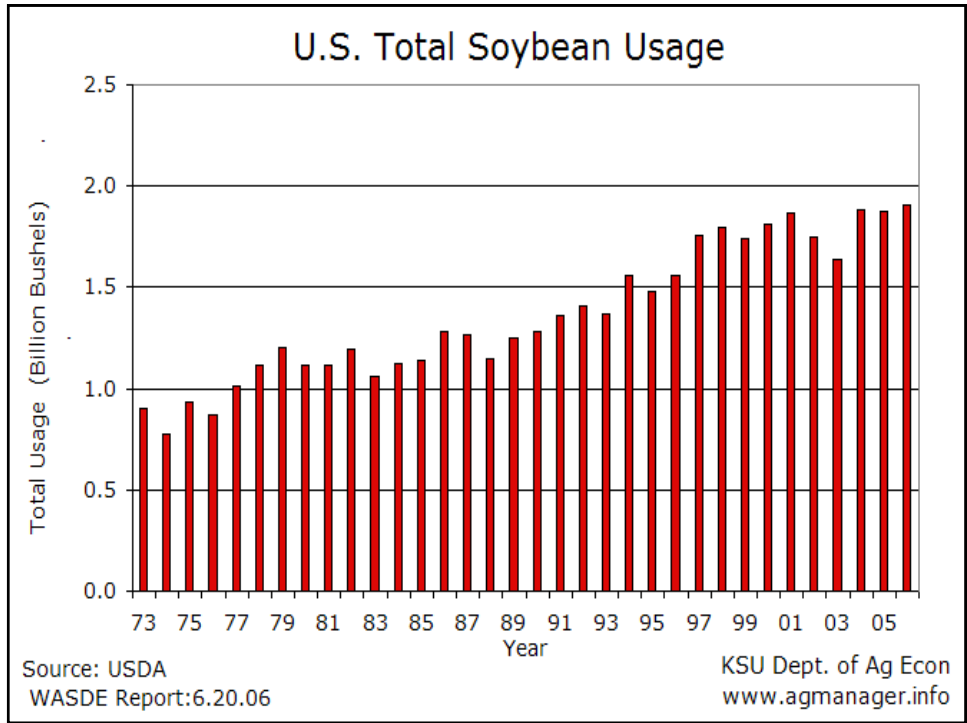
	04-05	05-06	06-07
Plant A. (mil.)	7.5	6.5	6.3
Harvest A. (mil.)	6.5	5.7	5.3
Bu./A.	69.9	68.7	55.8
Production	454	394	296
Imports	0	0	0
Beginning Carryover	34	57	51
<b>Total Supply</b>	<b>487</b>	<b>451</b>	<b>347</b>
<b>Utilization:</b>			
Feed and Residual	191	150	85
Food, seed, industrial	55	55	55
Exports	184	195	165
<b>Total Utilization</b>	<b>430</b>	<b>400</b>	<b>305</b>
Ending Carryover	57 (13%)	51 (13%)	42 (14%)
U.S. Farm Price	\$1.79	\$1.75-\$1.80	\$1.95-\$2.35

## Current Market Influences - Soybeans

- Hot, dry conditions during pod filling
- Bio-diesel potential
- Large Carryover







## Soybean Balance Sheet

	04-05	05-06	06-07
Plant A. (mil.)	75.2	72.1	74.9
Harvest A. (mil.)	74.0	71.4	73.9
Bu./A.	42.2	43.3	39.6
Production	3,124	3,086	3,010
Imports	6	4	4
Beginning Carryover	112	256	515
<b>Total Supply</b>	<b>3,242</b>	<b>3,346</b>	<b>3,446</b>
<b>Utilization:</b>			
Crushings	1,696	1,725	1,750
Seed	88	92	91
Exports	1,103	930	1,090
Residual	99	85	65
<b>Total Utilization</b>	<b>2,986</b>	<b>2,832</b>	<b>2,996</b>
Ending Carryover	256 (9%)	515 (19%)	450 (15%)
<b>U.S. Farm Price</b>	<b>\$5.74</b>	<b>5.70</b>	<b>\$5.00-\$6.00</b>