

2015 SOYBEAN MARKETS & PROFIT PROSPECTS

2015 KSU SOYBEAN SCHOOL
INDEPENDENCE, KANSAS
FEBRUARY 5, 2015

Daniel O'Brien, Extension Ag Economist



SOYBEAN MARKET "DRIVERS"

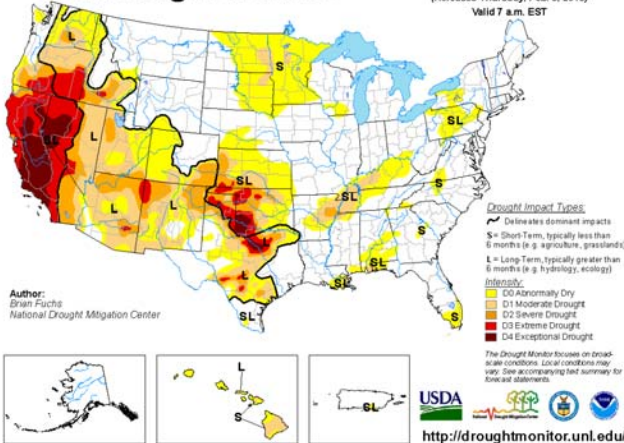
- With a record large 2014 U.S. soybean crop, cash prices in range of \$9.12-\$9.24 (Independence Area)
- In Question:** Prospects for U.S. prices from February through June-July 2015 ???
- Forecasts of higher U.S. & South American soybean crops in "new crop" 2014/15 have caused U.S. harvest bids to fall \leq \$9.00 /bu (Now \approx \$8.95)

The Key Market Questions

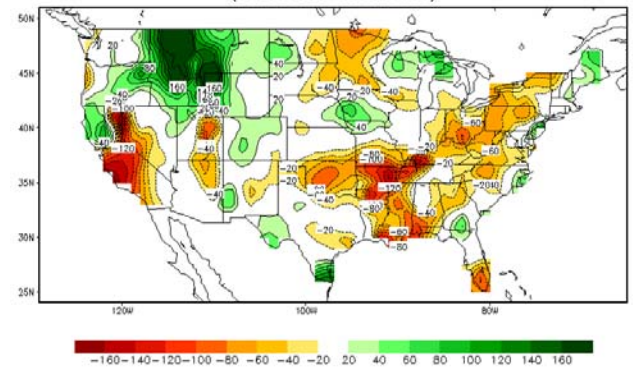
What will South American soybean production & U.S. soybean acreage be in 2015?

U.S. Drought Monitor

February 3, 2015
(Released Thursday, Feb. 5, 2015)
Valid 7 a.m. EST



Predicted Soil Moisture Anomaly (mm)
(12Feb2015-05Feb2015)



U.S. DOLLAR INDEX (ICE FUTURES)

WEEKLY CHART: LATE JANUARY 2013 – FEBRUARY 4, 2015



NON-IRRIGATED SOYBEANS

YIELDS, COSTS & RETURNS IN
SOUTHEAST KANSAS

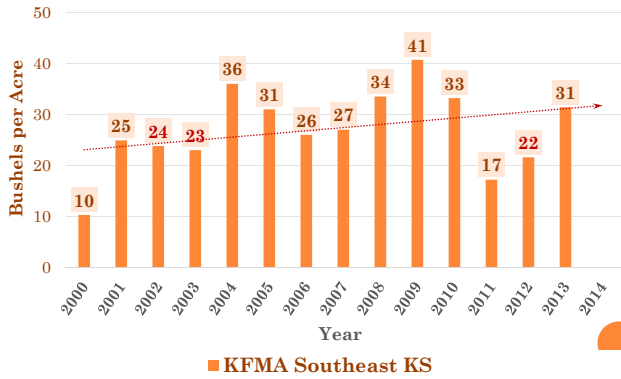
KANSAS FARM MANAGEMENT ASSOCIATION
& USDA RECORDS

YEARS 2000 - 2014



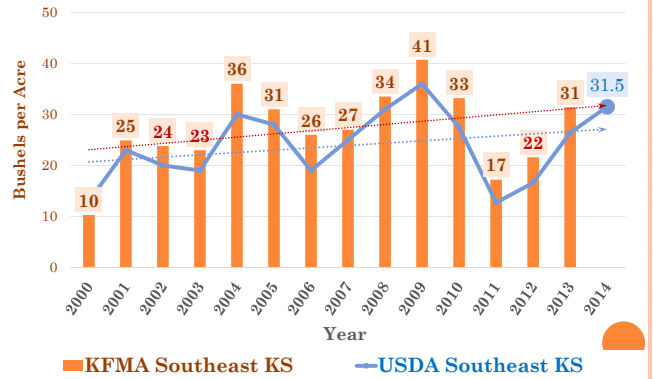
NON-IRRIGATED SOYBEANS IN SE KS

KFMA ENTERPRISE (2000 – 2014)



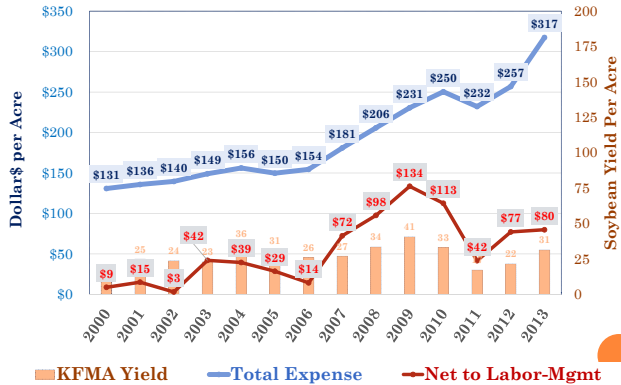
NON-IRRIGATED SOYBEANS IN SE KS

KFMA ENTERPRISE & USDA YIELDS (2000 – 2014)



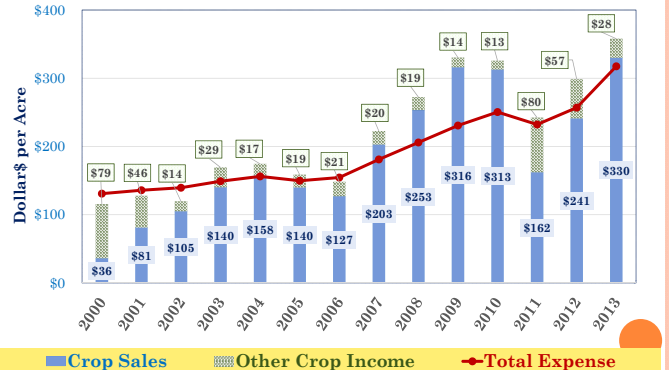
NON-IRRIGATED SOYBEANS IN SE KS

KFMA ENTERPRISE YIELDS, COSTS & RETURNS / ACRE



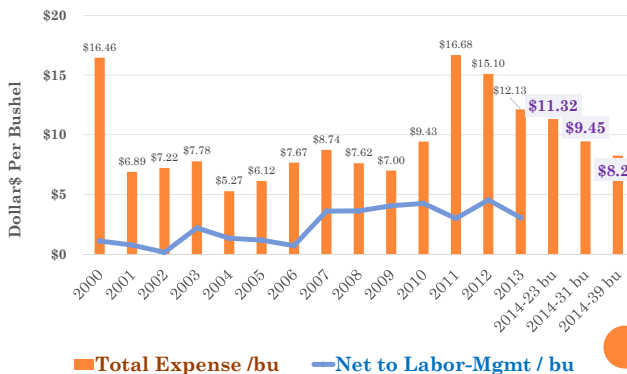
NON-IRRIGATED SOYBEANS IN SE KS

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



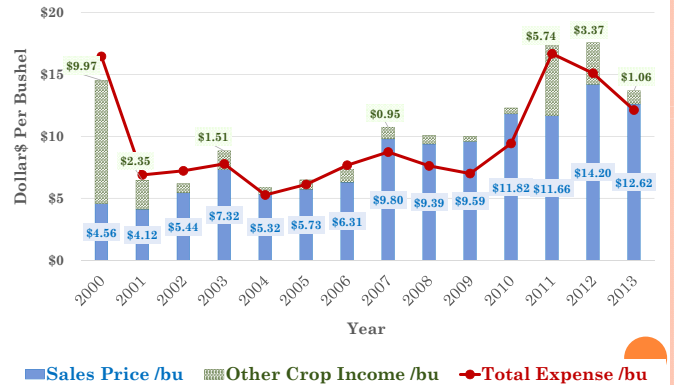
NON-IRRIGATED SOYBEANS IN SE KS

KFMA & KSU TOTAL EXPENSES & RETURNS / BUSHEL



NON-IRRIGATED SOYBEANS IN SE KS

KFMA & KSU EXPENSES, SALES & INSURANCE / BUSHEL



DOUBLE-CROP SOYBEANS

YIELDS, COSTS & RETURNS IN SOUTHEAST KANSAS

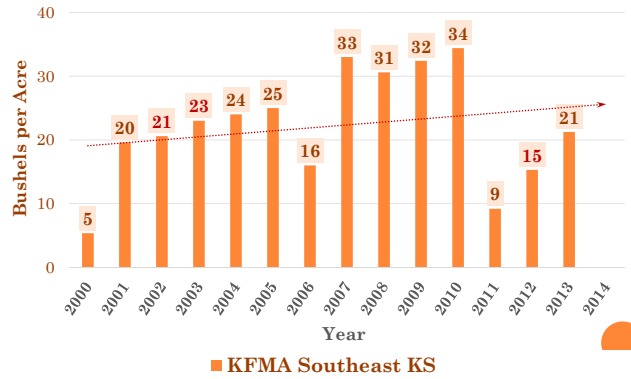
KANSAS FARM MANAGEMENT ASSOCIATION & USDA RECORDS

YEARS 2000 - 2014



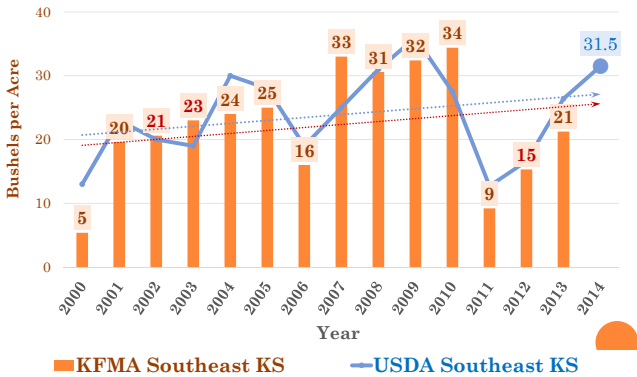
DOUBLE CROP SOYBEANS IN SE KS

KFMA ENTERPRISE (2000 - 2014)



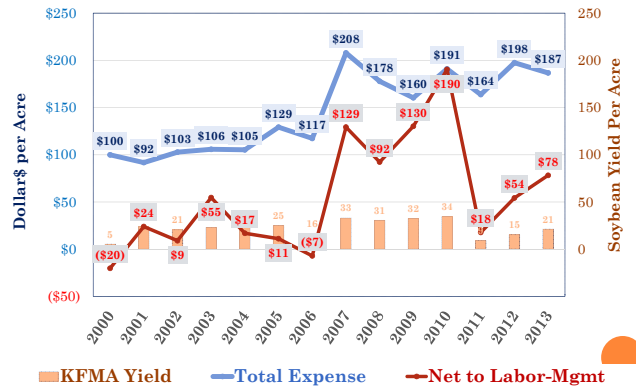
DOUBLE CROP SOYBEANS IN SE KS

KFMA ENTERPRISE & USDA YIELDS (2000 - 2014)



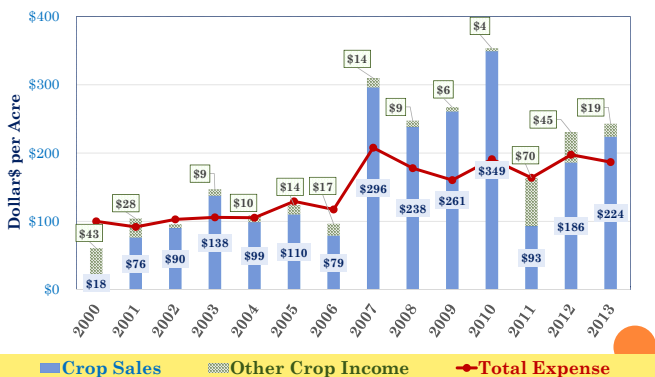
DOUBLE CROP SOYBEANS IN SE KS

KFMA ENTERPRISE YIELDS, COSTS & RETURNS / ACRE



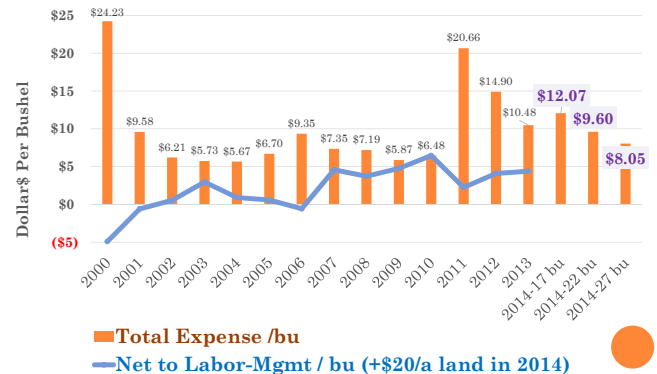
DOUBLE CROP SOYBEANS IN SE KS

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



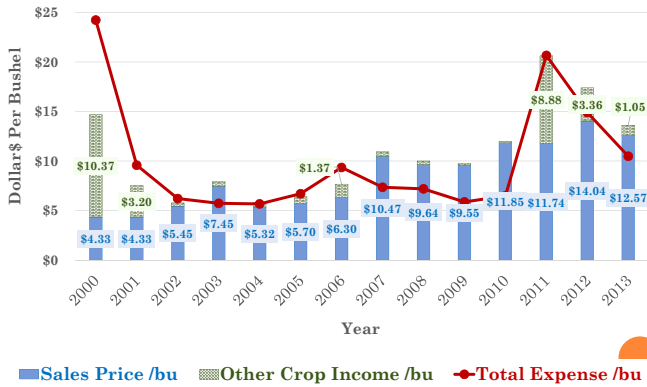
DOUBLE CROP SOYBEANS IN SE KS

KFMA & KSU TOTAL EXPENSES & RETURNS / BUSHEL



DOUBLE CROP SOYBEANS IN SE KS

KFMA & KSU EXPENSES, SALES & INSURANCE / BUSHEL



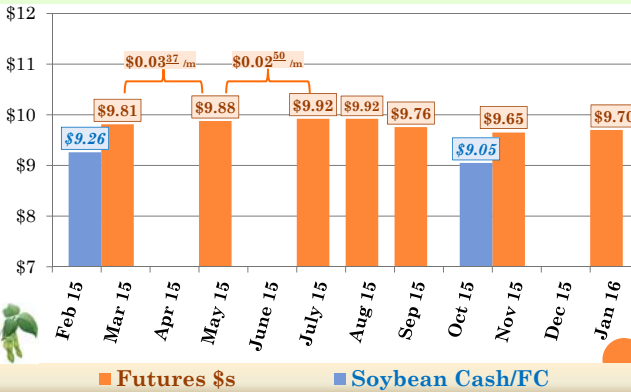
SOYBEAN MARKETS



Kansas State University Department of Agricultural Economics

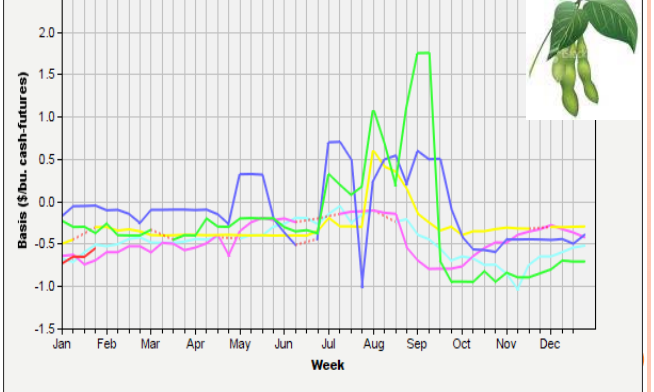
SOYBEAN eFUTURES & CASH\$

FREDONIA, KS CASH & AREA FC PRICES\$, 2/5/2015



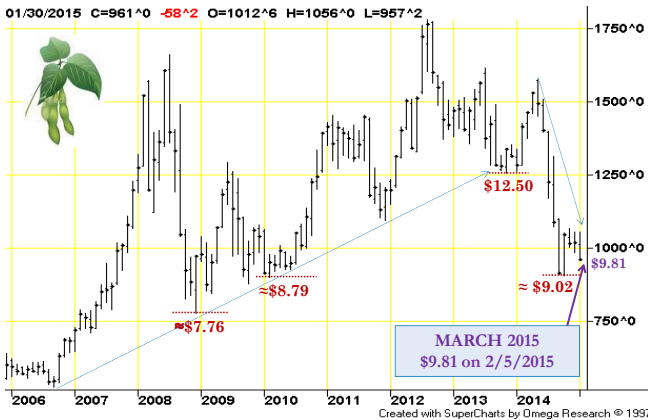
Basis Information: FREDONIA, KS - Soybeans

K-State Dept of Agricultural Economics, www.AgManager.info



CBOT SOYBEAN FUTURES

WEEKLY CHART: DEC. 2005 – JANUARY 2015 + 2/5/2015



KANSAS CITY WHEAT FUTURES

MONTHLY CHART: DECEMBER 2005 – JANUARY 2015 + 2/5/2015



CBOT CORN FUTURES

MONTHLY CHART: DECEMBER 2005 – JANUARY 2015 + 2/5/2015



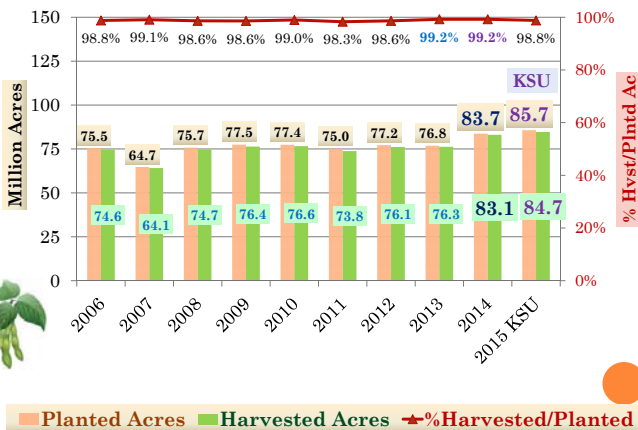
Created with SuperCharts by Omega Research © 1997

U.S. SOYBEAN SUPPLIES: 2014-2015

- **Planted Area**²⁰¹⁴ = 83.7 mln ac
 - ↑ 2.0 to 85.7 mln ac in 2015???
- **Harvested Area**²⁰¹⁴ = 83.1 mln ac
 - ↑ 1.61 to 84.7 mln ac in 2015???
- **Yield**²⁰¹⁴ = 47.8 bu/ac (record)
 - 2015 Trend (1973-2014)= 45.1 bu/ac
- **Production**²⁰¹⁴ = 3.969 bln bu (record)
 - 2015^{est} = 3.818 bln bu
- **Total Supply**²⁰¹⁴ = 4.076 bln bu (record)
 - 2015^{est} = 4.243 bln bu



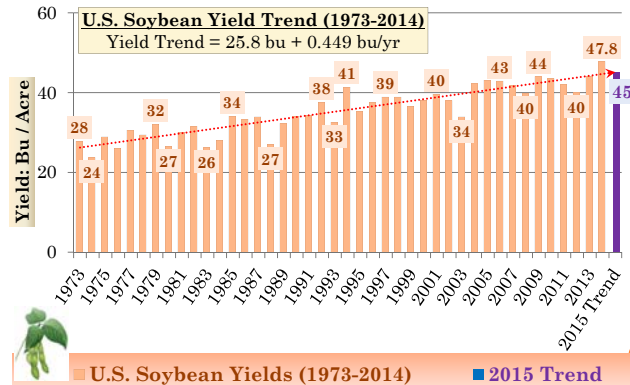
U.S. SOYBEAN ACREAGE



■ Planted Acres ■ Harvested Acres ▲ %Harvested/Planted

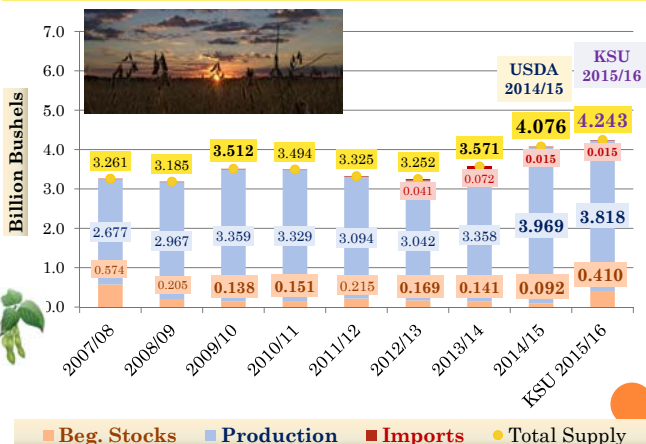
U.S. SOYBEAN YIELDS

USDA 2014: 47.5 BU/AC, 2015 TREND YIELD = 45.1 BU/AC



■ U.S. Soybean Yields (1973-2014) ■ 2015 Trend

U.S. SOYBEAN TOTAL SUPPLIES



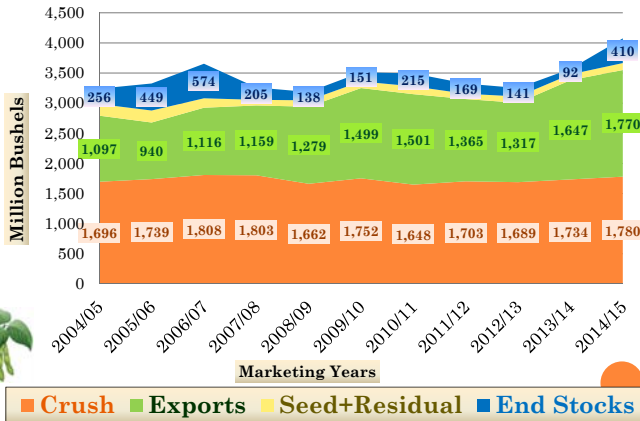
■ Beg. Stocks ■ Production ■ Imports ● Total Supply

U.S. SOYBEAN USE IN MY 2014/15

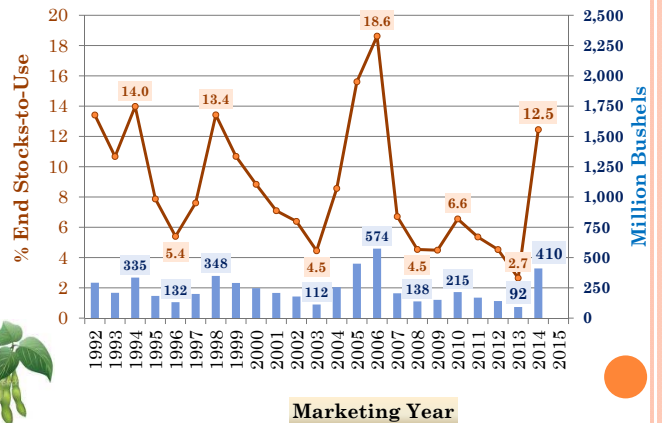
- **Crush** – 1.780 bln bu. (↑2.7%)
 - ↑ Soybean Oil & Meal demand
- **Exports** – 1.760 bln bu. (↑7%)
 - Competition from South America
- **Seed & Residual** – 115 mln bu.
- **Total Use** – 3.655 bln bu. (↑5%)
 - ↑ Total Use with ↑ Supply & ↓ \$s



U.S. SOYBEAN USE & END STOCKS



U.S. SOYBEAN END STOCKS, %S/U



U.S. SOYBEAN SUPPLY-DEMAND

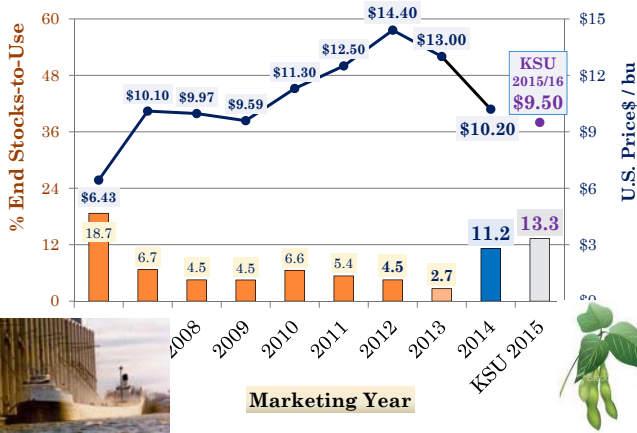
USDA WASDE REPORT – JANUARY 12, 2015

	2012/13	2013/14	2014/15
Planted Acres (mln.)	77.2	76.8	83.7
Harvested Acres (mln.)	76.1	76.3	83.1
Yield (bu./ac.)	40.0	44.0	47.8
Beginning Stocks	169	141	92
Imports	41	72	15
Production	3,042	3,358	3,969
Total Supplies	3,252	3,570	4,076
Crushings	1,689	1,734	1,780
Exports	1,317	1,647	1,770
Seed & Residual	105	97	116
Total Use	3,111	3,478	3,666
Ending Stocks	(4.5%) 141	(2.7%) 92	(11.2%) 410
U.S. Avg. Farm \$	\$14.40	\$13.00	\$9.45-\$10.95

KSU: U.S. SOYBEAN S/D PROSPECTS

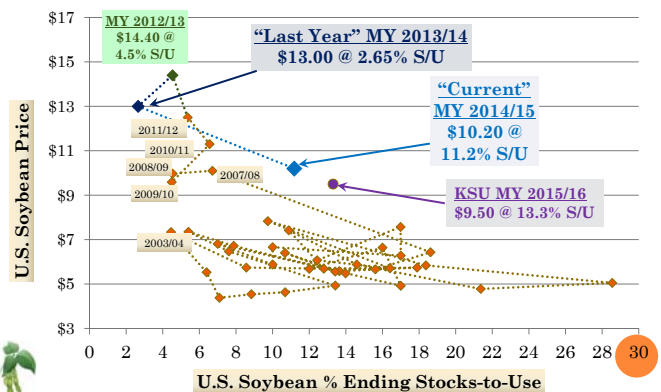
	2014/15 ^{USDA}	2014/15 ^{KSU}	2015/16 ^{USDA}
Planted Acres (mln.)	83.7	83.7	+2.00 85.7
Harvested Ac. (mln.)	83.1	83.1	+1.61 84.7
Yield (bu./ac.)	47.8	47.8	-2.7 45.1
Beginning Stocks	92	92	410
Imports	15	15	15
Production	3,969	3,969	3,818
Total Supplies	4,076	4,076	4,243
Crushings	1,780	+1% 1,797	≈ 1,825
Exports *Wildcard*	1,770	+1% 1,787	≈ 1,810
Seed & Residual	116	nc 116	110
Total Use	3,666	+1% 3,700	≈ 3,745
Ending Stocks	(11.2%) 410	(10.2%) 376	(13.3%) 498
U.S. Avg. Farm \$	\$10.20	\$10.55	\$9.50

U.S. SOYBEAN %STX/USE VS PRICE\$

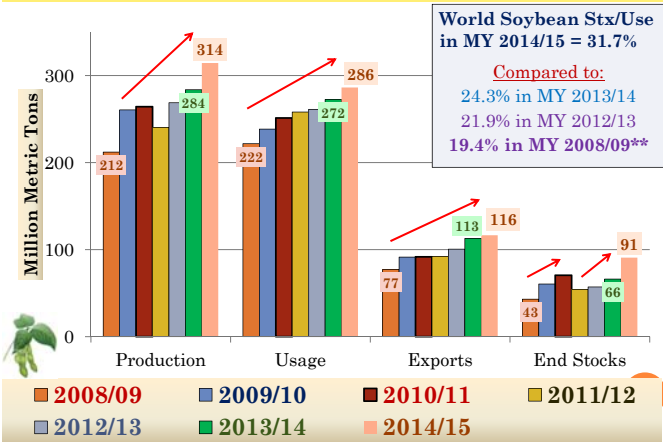


U.S. SOYBEAN \$ VS STX-TO-USE

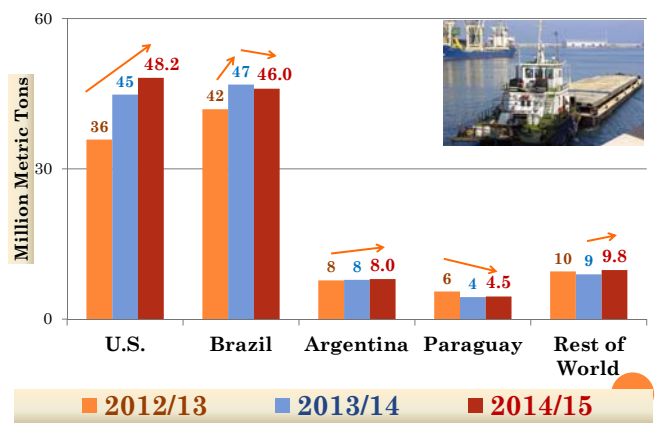
MY 1973/74 – 2015/16 JAN. 12, 2015 USDA #S + KSU 2015/16 FORECAST



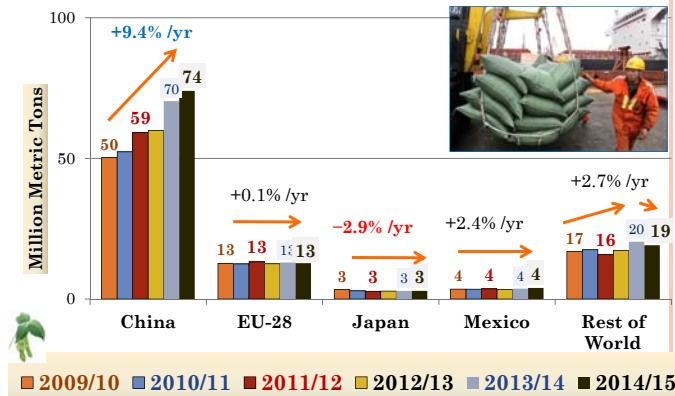
WORLD SOYBEAN SUPPLY-DEMAND



SOYBEAN EXPORTER SALES

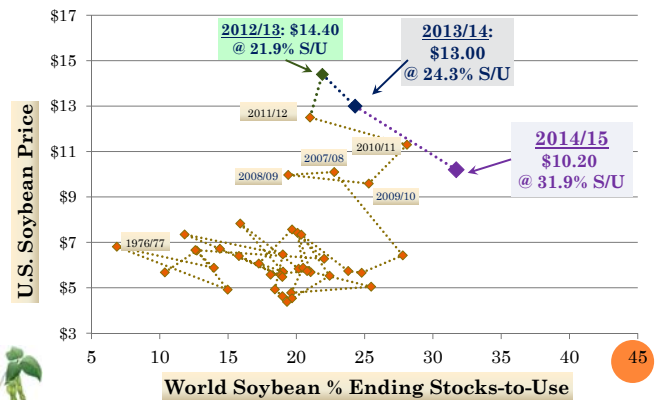


SOYBEAN IMPORTER PURCHASES



U.S. SOYBEAN \$ VS WORLD %STX/USE

MY 1973/74 – 2014/15 JANUARY 12, 2015 USDA REPORTS



SOYBEAN MARKET PROSPECTS

South America Prospects

- 2015 crop development “mixed”
- Prospects for a large 2015 crop ⇒ impact on World \$’s in March-July



Soy Market Prospects-2015

- A Large Supply year ⇒ Low \$’s
- Is Chinese demand continuing?



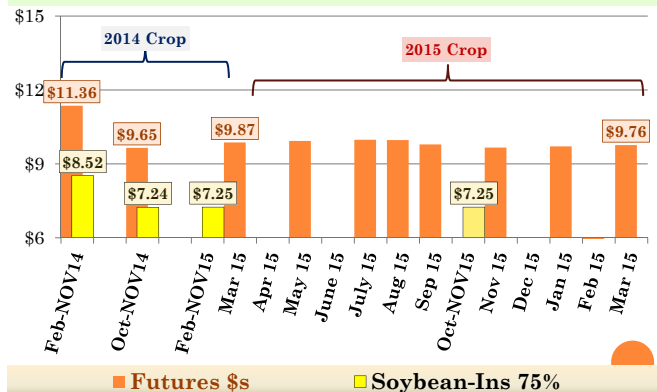
U.S. Soybean Acres in 2015?

- New Crop Soy/Corn²⁰¹⁵ Ratio ≈ 2.32



SOYBEAN FUTURES & CROP INSURANCE PRICES

2/4/2015



RMA PRICE DISCOVERY PERIODS FOR 2015 CROPS – PROJECTED PRICES

A. 2015 Kansas Soybeans

- NOV 2015 CBOT Soybean Futures (Currently \approx \$9.76 $\frac{1}{4}$ /bu)
 - *Projected \$ Discovery Period:* 2/1/2015 – 2/28/2015
- **At 75% APH: Price coverage = 75% x \$9.76 /bu = \$7.32**

B. 2015 Kansas HRW Wheat

- JULY 2015 Kansas Wheat Futures (= \$6.30 /bu projected price)
 - *Projected \$ Discovery Period:* 8/15/2014– 9/15/2014
- Current JULY 2015 Kansas Wheat Futures (= \$5.57 $\frac{1}{2}$ /bu)
 - *Harvest \$ Discovery Period:* 6/1/2015– 6/30/2015
- **At 75% APH: Price coverage = 75% x \$6.30 /bu = \$4.72⁵⁰**

RMA PRICE DISCOVERY PERIODS FOR 2015 CROPS – PROJECTED PRICES

A. 2015 Kansas Corn

- DEC 2015 CBOT Corn Futures (Currently \approx \$4.15 /bu)
 - *Projected \$ Discovery Period:* 2/1/2015 – 2/28/2015
- **@ 75% APH: Price coverage = 75% x \$4.15 /bu = \$3.11**

B. 2015 Kansas Grain Sorghum

- DEC 2015 CBOT Corn Futures (Currently \approx \$4.16 $\frac{1}{4}$ /bu)
 - *Projected \$ Discovery Period:* 2/1/2015 – 2/28/2015
- **@ 75% APH: Price coverage = 75% x \$4.16 $\frac{1}{4}$ /bu x .9660 = \$3.01**



QUESTIONS?

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