

2015 SOYBEAN MARKETS & PROFIT PROSPECTS

2015 KSU SOYBEAN SCHOOL
SALINA, KANSAS
FEBRUARY 3, 2015

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SOYBEAN MARKETS



Kansas State University Department of Agricultural Economics

SOYBEANS

SOYBEAN MARKET "DRIVERS"

- With a record large 2014 U.S. soybean crop, cash prices in range of \$8.80-\$9.00 (Salina, KS 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 \$8.60)

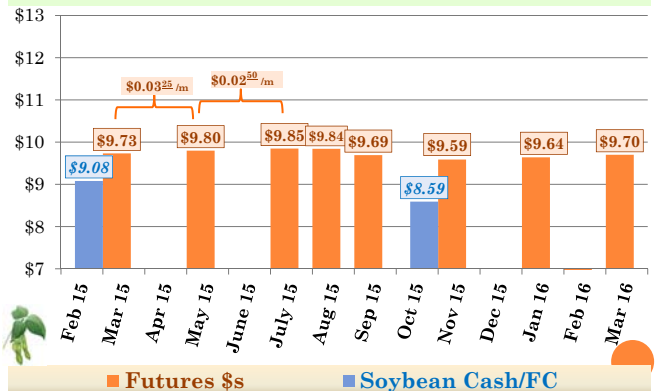


The Key Market Questions

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

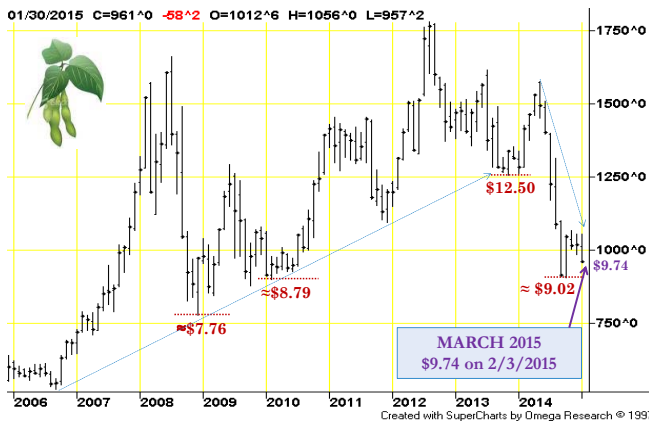
SOYBEAN eFUTURES & CASH\$

SALINA, KANSAS CASH & FC PRICES\$, 2/3/2015 8:45 A.M.

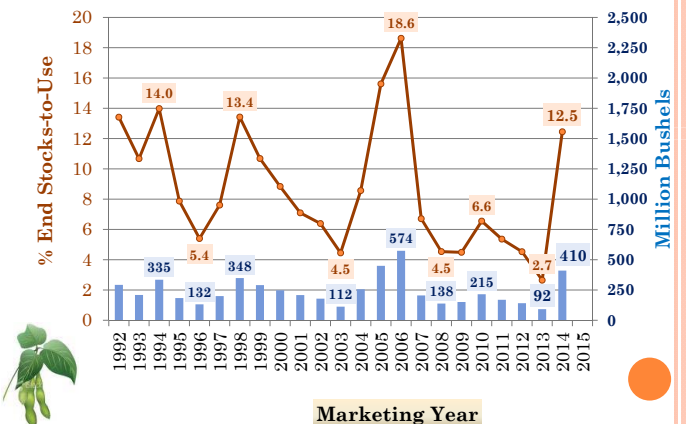


CBOT SOYBEAN FUTURES

WEEKLY CHART: DEC. 2005 – JANUARY 2015 + 2/3/2015 A.M.

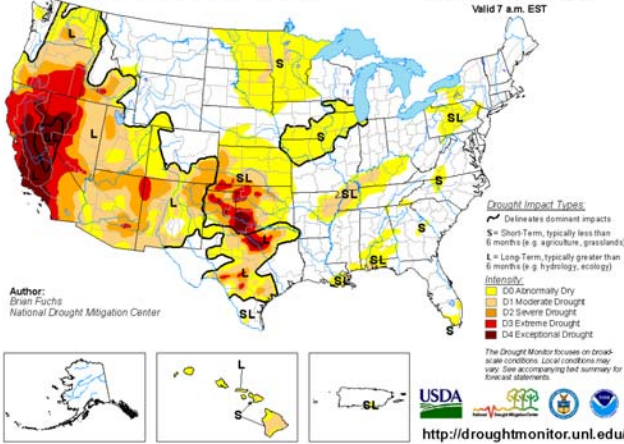


U.S. SOYBEAN END STOCKS, %S/U



U.S. Drought Monitor

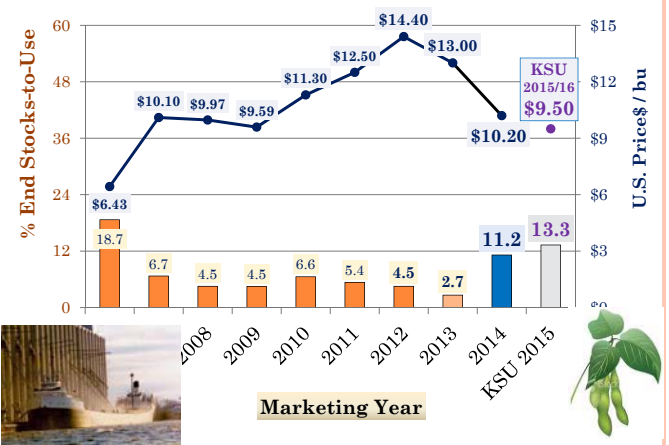
January 27, 2015
(Released Thursday, Jan. 29, 2015)
Valid 7 a.m. EST



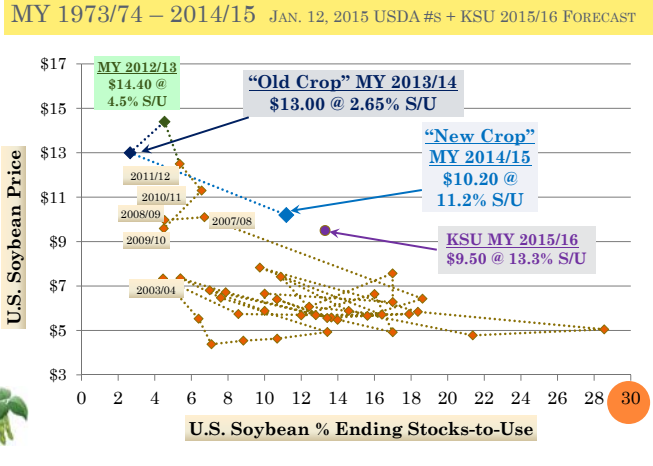
KSU: U.S. SOYBEAN S/D PROSPECTS

	2014/15 ^{USDA}	2014/15 ^{KSU}	2015/16 ^{USDA}
Planted Acres (mln.)	83.7	83.7	+2.00 87.2
Harvested Ac. (mln.)	83.1	83.1	+1.61 83.4
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

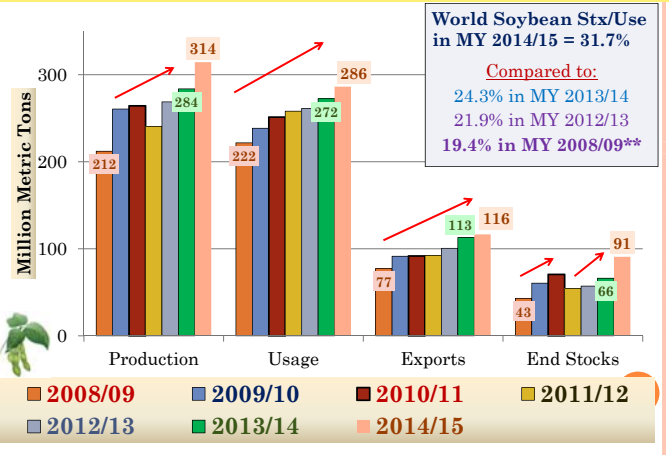
U.S. SOYBEAN %STX/USE VS PRICE\$



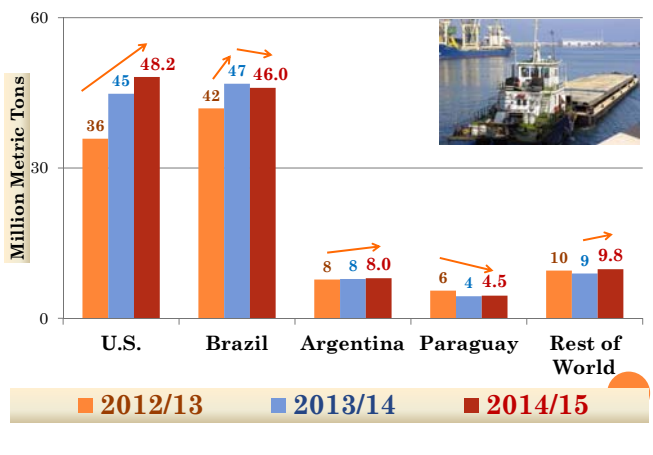
U.S. SOYBEAN \$ VS STX-TO-USE



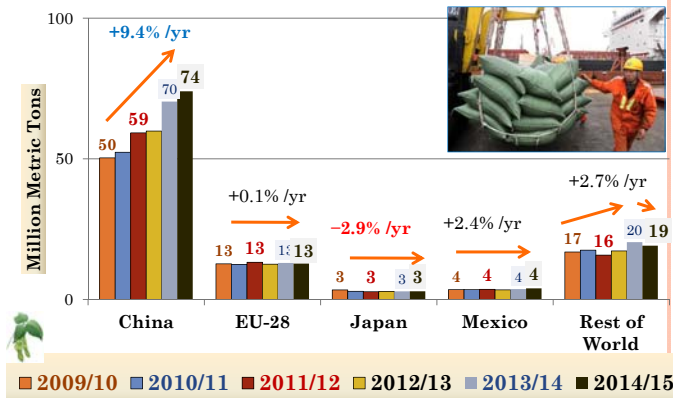
WORLD SOYBEAN SUPPLY-DEMAND



SOYBEAN EXPORTER SALES



SOYBEAN IMPORTER PURCHASES



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
- China demand continuing (!?!)

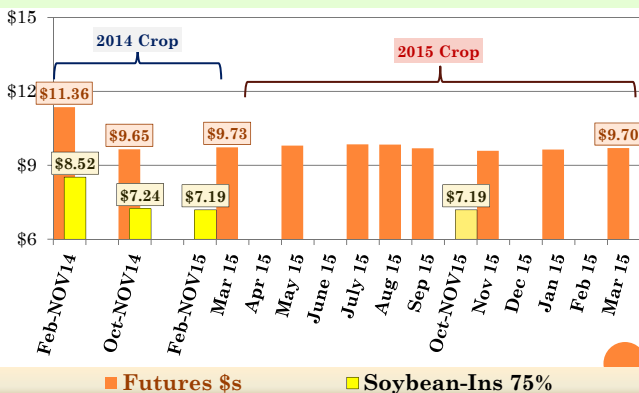


U.S. Soybean Acres in 2015?

- New Crop Soy/Corn²⁰¹⁵ Ratio ≈ 2.36



SOYBEAN FUTURES & CROP INSURANCE PRICES



RMA PRICE DISCOVERY PERIODS FOR 2015 CROPS – PROJECTED PRICES

A. 2015 Kansas Soybeans

- NOV 2015 CBOT Soybean Futures (Currently ≈ \$9.74 /bu)
- Projected \$ Discovery Period: 2/1/2015 – 2/28/2015
- At 75% APH: Price coverage = 75% x \$9.74 /bu = **\$7.30**

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 (= \$5.46 ½ /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 ≈ \$4.05 ½ /bu)
- Projected \$ Discovery Period: 2/1/2015 – 2/28/2015
- @ 75% APH: Price coverage = 75% x \$4.05 ½ /bu = **≈ \$3.04**

B. 2015 Kansas Grain Sorghum

- DEC 2015 CBOT Corn Futures (Currently ≈ \$4.05 ½ /bu)
- Projected \$ Discovery Period: 2/1/2015 – 2/28/2015
- @ 75% APH: Price coverage = 75% x \$4.10 /bu x .9660 = **≈ \$2.94**

NON-IRRIGATED SOYBEANS

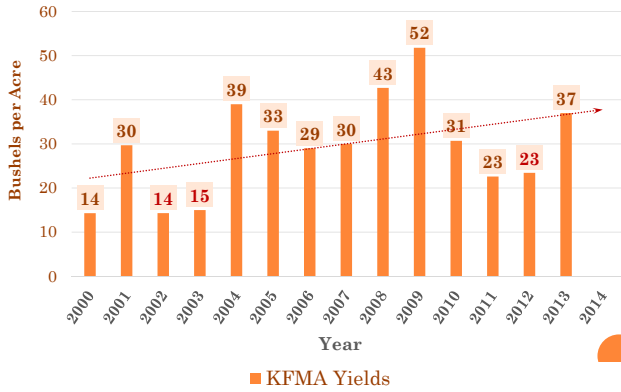
YIELDS, COSTS & RETURNS IN NORTH CENTRAL KANSAS

KANSAS FARM MANAGEMENT ASSOCIATION & USDA RECORDS

YEARS 2000 - 2014

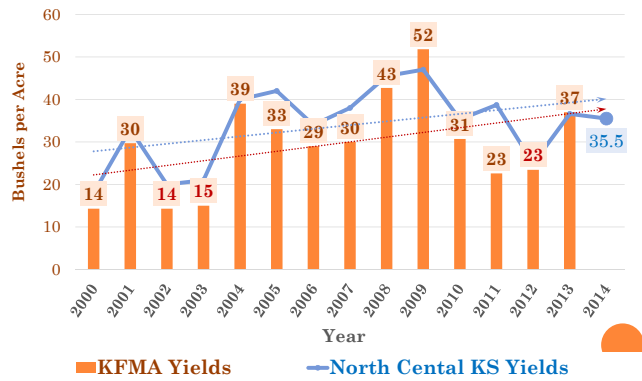
NON-IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE (2000 – 2013)



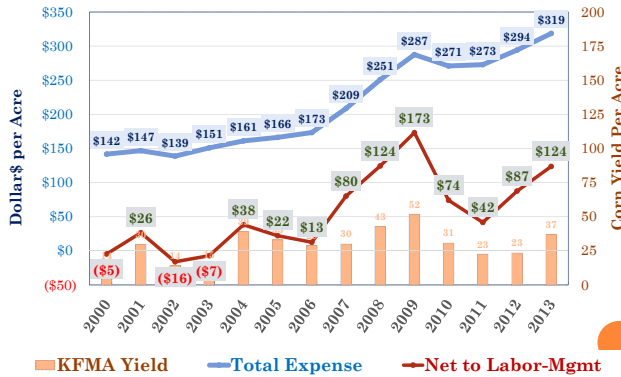
NON-IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE & USDA YIELDS (2000 – 2014)



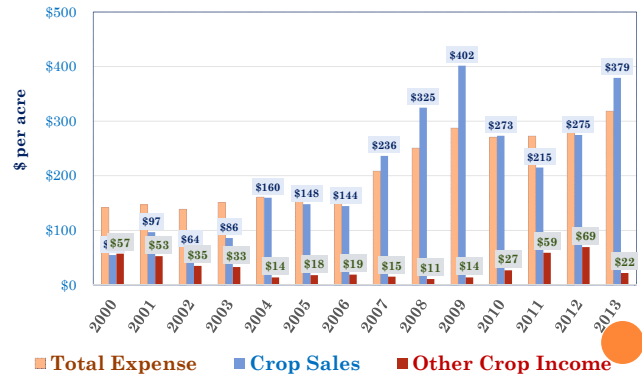
NON-IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE YIELDS, COSTS & RETURNS / ACRE



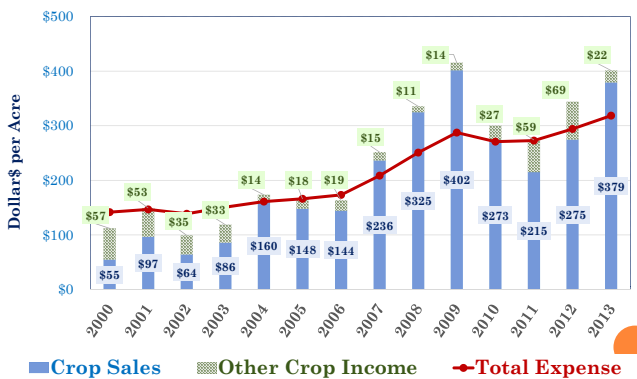
NON-IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



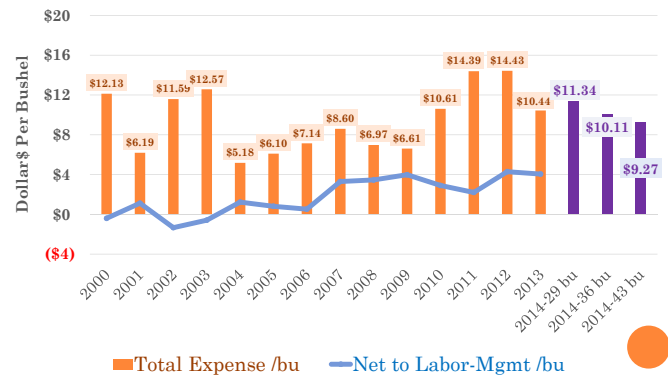
NON-IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE COSTS, SALES & OTHER INCOME / ACRE



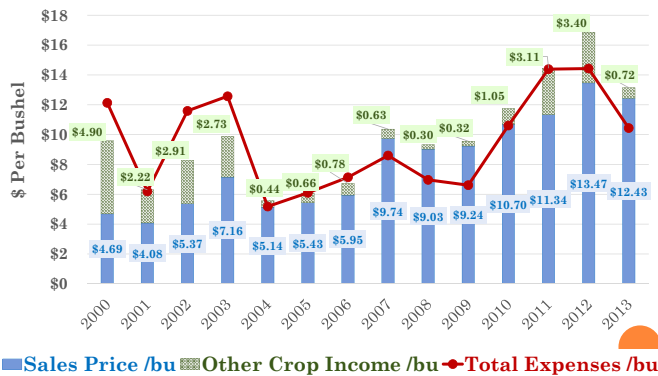
NON-IRRIGATED SOYBEANS IN NC KS

KFMA & KSU TOTAL EXPENSES & RETURNS / BUSHEL



NON-IRRIGATED SOYBEANS IN NC KS

KFMA EXPENSES, SALES & OTHER INCOME / BUSHEL



IRRIGATED SOYBEANS

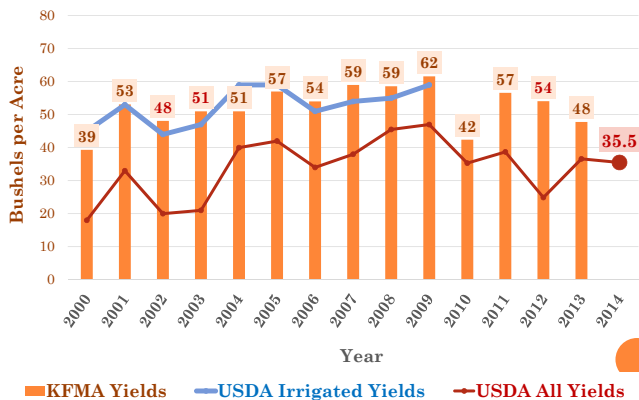
YIELDS, COSTS & RETURNS IN NORTH CENTRAL - ALL KANSAS

KANSAS FARM MANAGEMENT ASSOCIATION & USDA RECORDS

YEARS 2000 - 2014

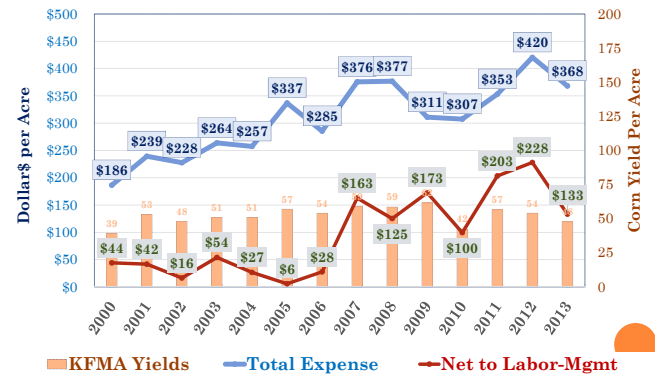
IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE YIELDS & USDA YIELDS (2000 - 2013)



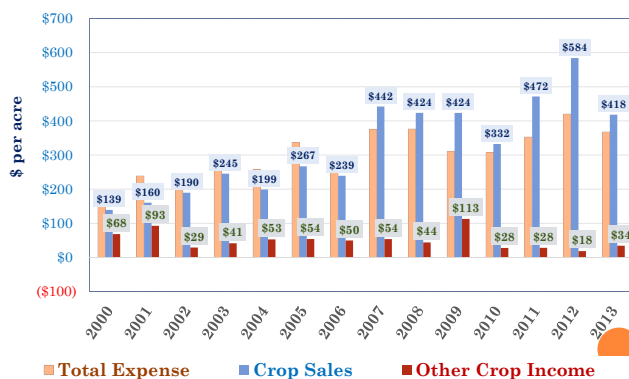
IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE YIELDS, COSTS & RETURNS / ACRE



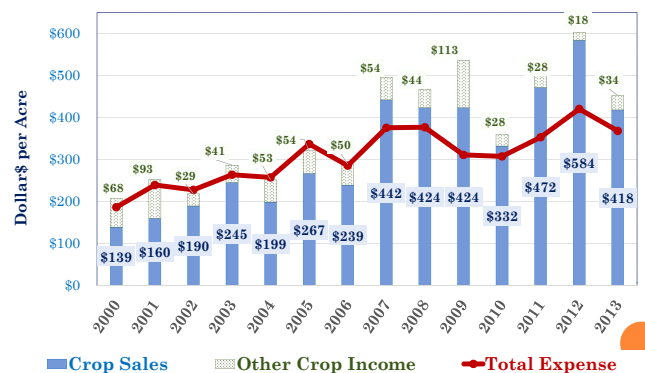
IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



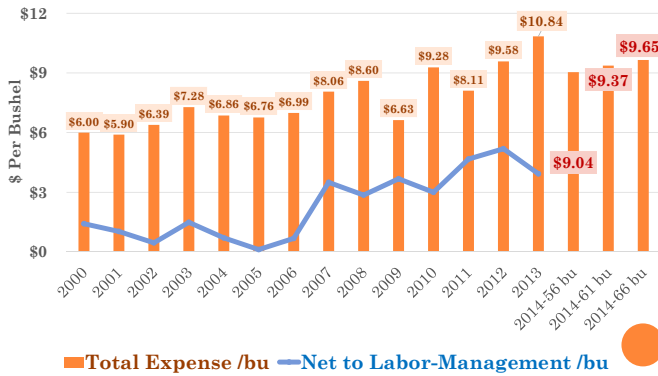
IRRIGATED SOYBEANS IN NC KS

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



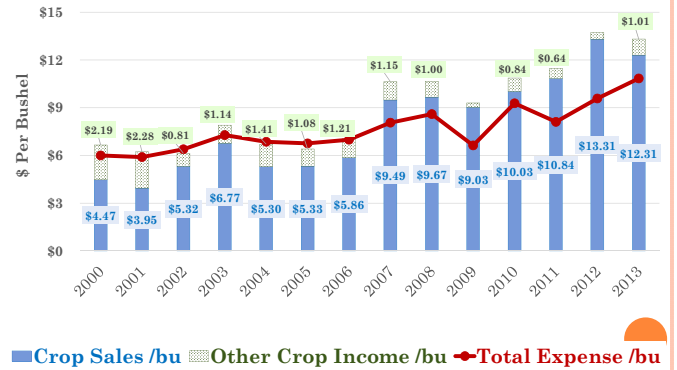
IRRIGATED SOYBEANS IN NC KS

KFMA & KSU TOTAL EXPENSES & RETURNS / BUSHEL



IRRIGATED SOYBEANS IN NC KS

KFMA & KSU EXPENSES, SALES & INSURANCE / BUSHEL



QUESTIONS?

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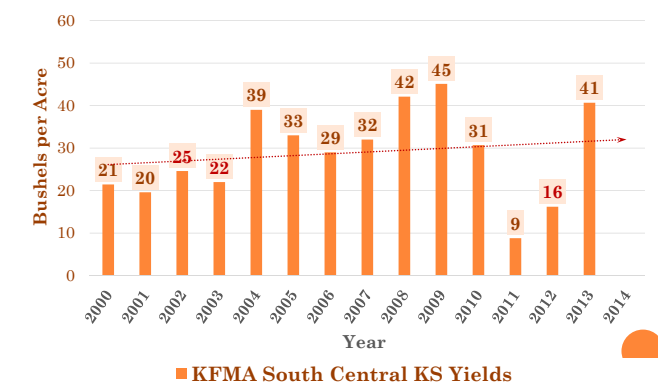
KANSAS STATE UNIVERSITY Department of Agricultural Economics

NON-IRRIGATED SOYBEANS

YIELDS, COSTS & RETURNS IN SOUTH CENTRAL KANSAS
 KANSAS FARM MANAGEMENT ASSOCIATION & USDA RECORDS
 YEARS 2000 - 2014

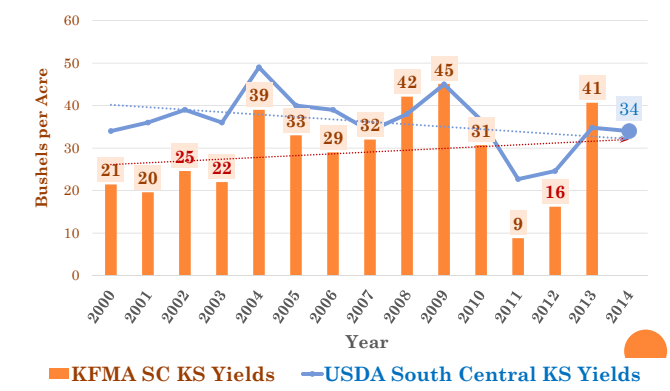
NON-IRRIGATED SOYBEANS IN SC KS

KFMA ENTERPRISE (2000 - 2014)



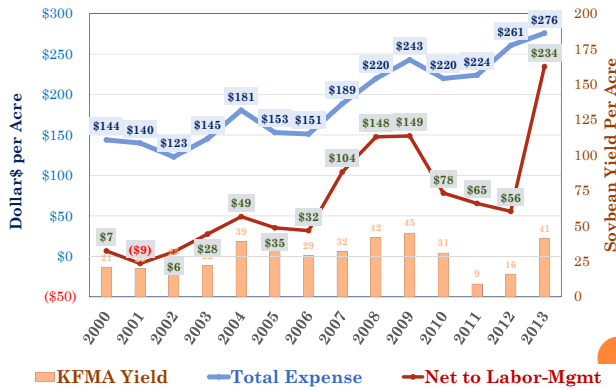
NON-IRRIGATED SOYBEANS IN SC KS

KFMA ENTERPRISE & USDA YIELDS (2000 - 2014)



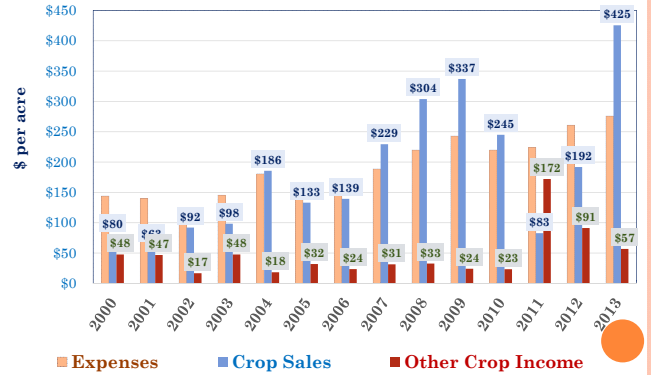
NON-IRRIGATED SOYBEANS IN SC Ks

KFMA ENTERPRISE YIELDS, COSTS & RETURNS / ACRE



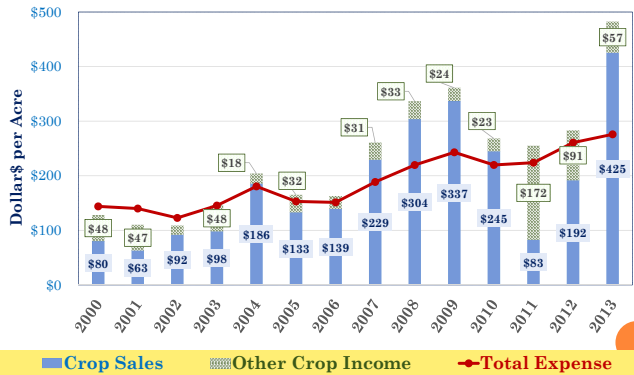
NON-IRRIGATED SOYBEANS IN SC Ks

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



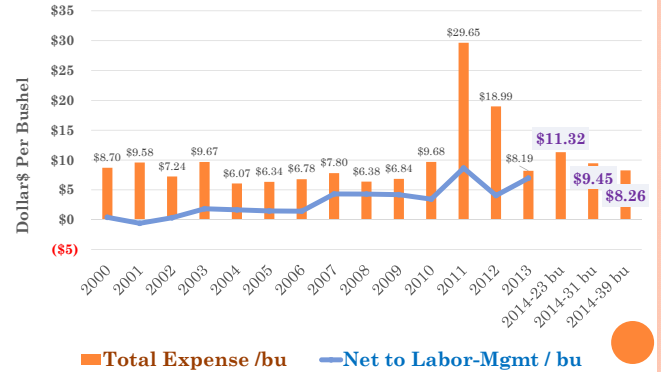
NON-IRRIGATED SOYBEANS IN SC Ks

KFMA ENTERPRISE COSTS, SALES & INSURANCE / ACRE



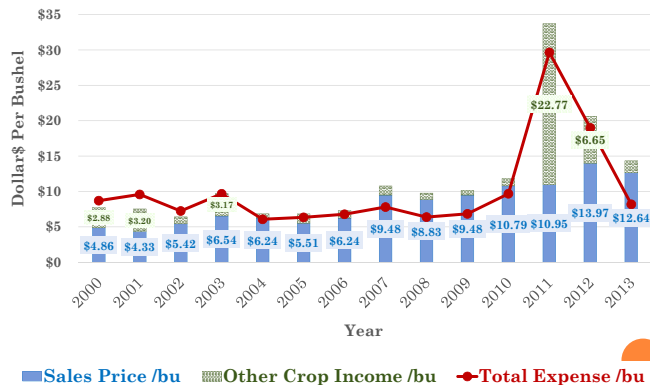
NON-IRRIGATED SOYBEANS IN SC Ks

KFMA & KSU TOTAL EXPENSES & RETURNS / BUSHEL

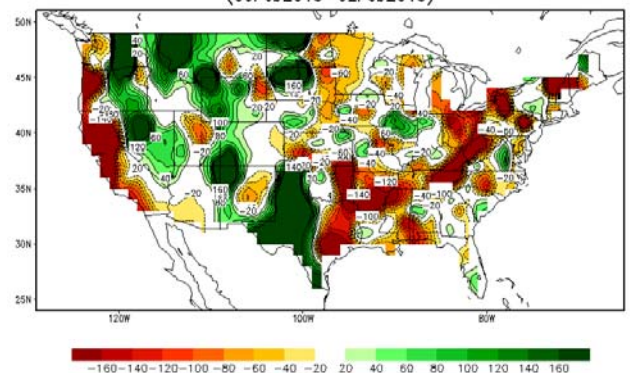


NON-IRRIGATED SOYBEANS IN SC Ks

KFMA & KSU EXPENSES, SALES & INSURANCE / BUSHEL

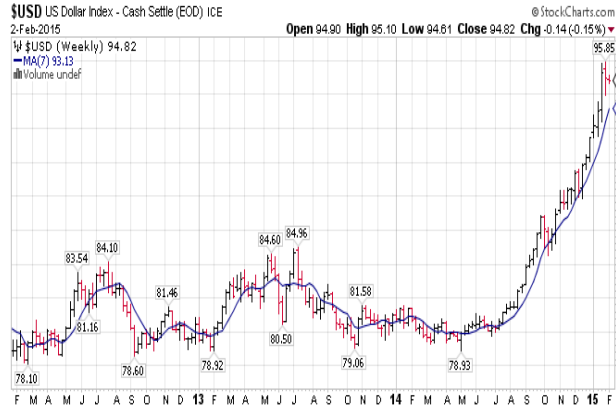


Predicted Soil Moisture Anomaly (mm)
(09Feb2015-02Feb2015)



U.S. DOLLAR INDEX (ICE FUTURES)

WEEKLY CHART: LATE JANUARY 2013 – FEBRUARY 2, 2015



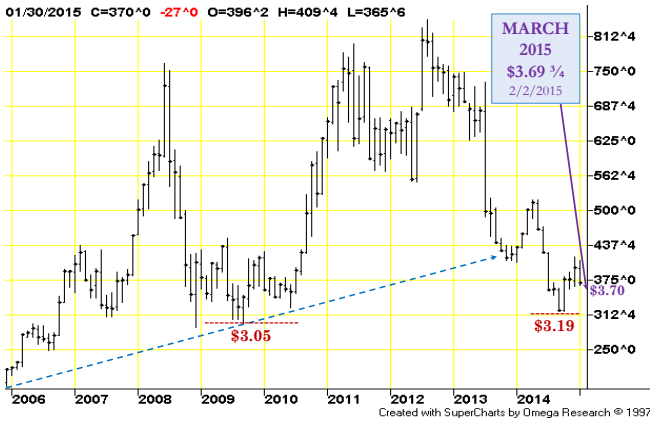
KANSAS CITY WHEAT FUTURES

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



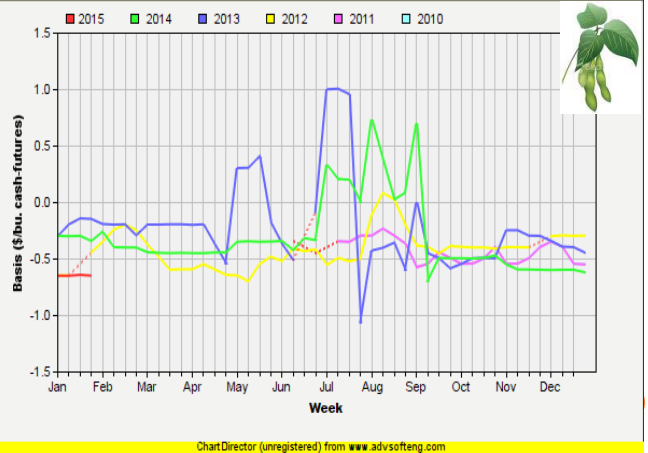
CBOT CORN FUTURES

MONTHLY CHART: SEPTEMBER 2005 – OCTOBER 2014 + 11/13/2014 A.M.



Basis Information: SALINA, KS - Soybeans

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

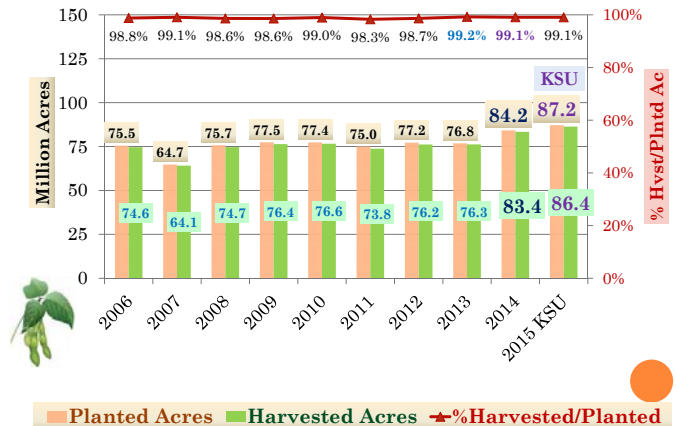


U.S. SOYBEAN SUPPLIES: 2014-2015

- Planted Area²⁰¹⁴ = 83.7 mln ac
 - ↑ 2.0 to 85.7 mln ac in 2015???
- Harvested Area²⁰¹⁴ = 83.1 mln ac
 - ↑ 1.61 to 86.4 mln ac in 2015???
- Yield²⁰¹⁴ = 47.8 bu/ac (record)
 - 2015 Trend (1973-2014)= 45.1 bu/ac
- Production²⁰¹⁴ = 3.969 bln bu (record)
 - 2015^{est} = 3.818 bln bu
- Total Supply²⁰¹⁴ = 4.076 bln bu (record)
 - 2015^{est} = 4.243 bln bu

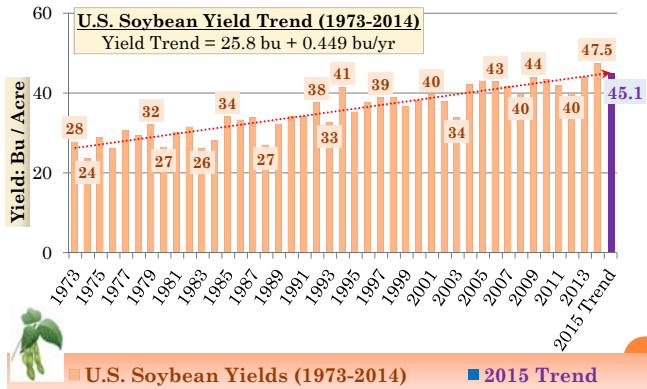


U.S. SOYBEAN ACREAGE

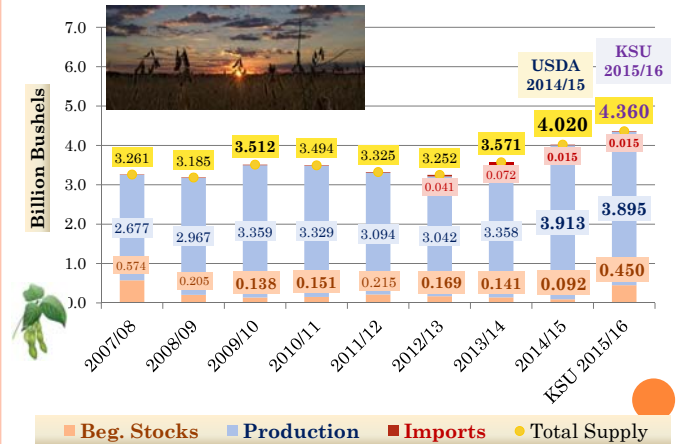


U.S. SOYBEAN YIELDS

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



U.S. SOYBEAN TOTAL SUPPLIES

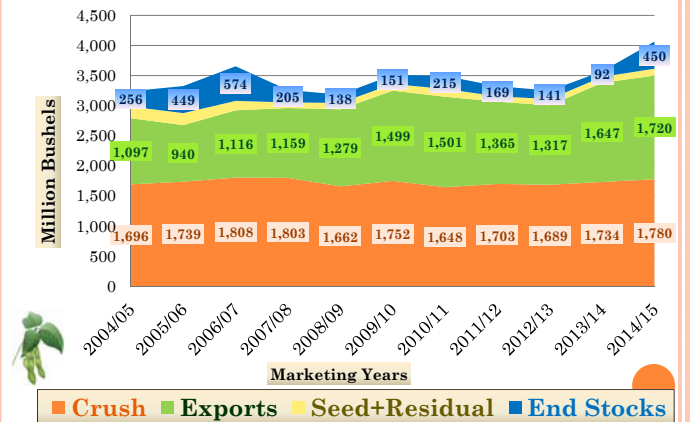


U.S. SOYBEAN USE IN MY 2014/15

- **Crush** – 1.780 bln bu. (↑3%)
 - ↑ Soybean Oil & Meal demand
- **Exports** – 1.720 bln bu. (↑4%)
 - Competition from South America
- **Seed & Residual** – 115 mln bu.
- **Total Use** – 3.615 bln bu. (↑4%)
 - ↑ Total Use with ↑ Supply & ↓ \$s



U.S. SOYBEAN USE & END STOCKS

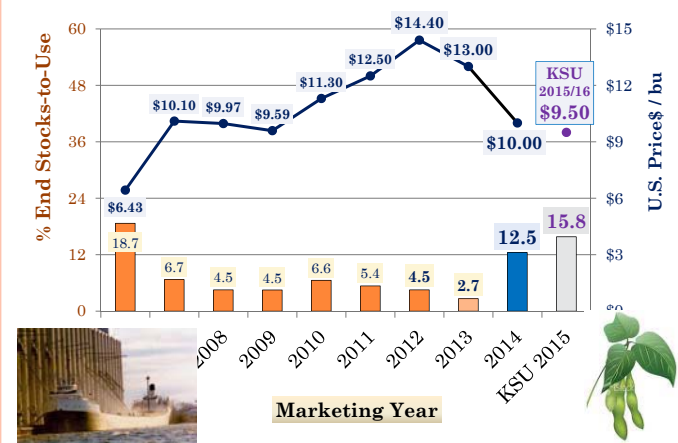


U.S. SOYBEAN SUPPLY-DEMAND

USDA WASDE REPORT – NOVEMBER 10, 2014

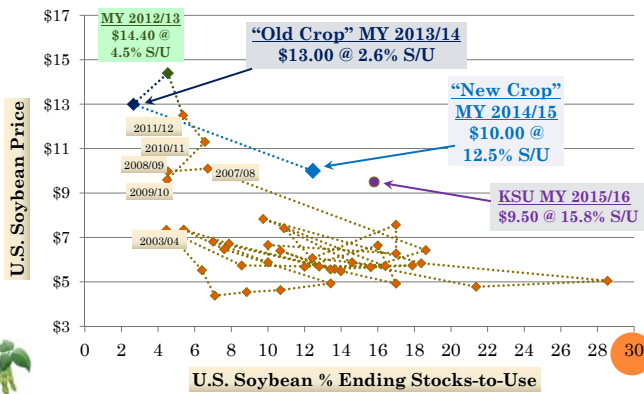
	2012/13	2013/14	2014/15
Planted Acres (min.)	77.2	76.8	84.2
Harvested Acres (min.)	76.1	76.3	83.4
Yield (bu./ac.)	40.0	44.0	47.5
Beginning Stocks	169	141	92
Imports	41	72	15
Production	3,042	3,358	3,958
Total Supplies	3,252	3,570	4,065
Crushings	1,689	1,734	1,780
Exports	1,317	1,647	1,720
Seed & Residual	105	98	115
Total Use	3,111	3,478	3,615
Ending Stocks	(4.5%) 141	(2.7%) 92	(12.5%) 450
U.S. Avg. Farm \$	\$14.40	\$13.00	\$9.00-\$11.00

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

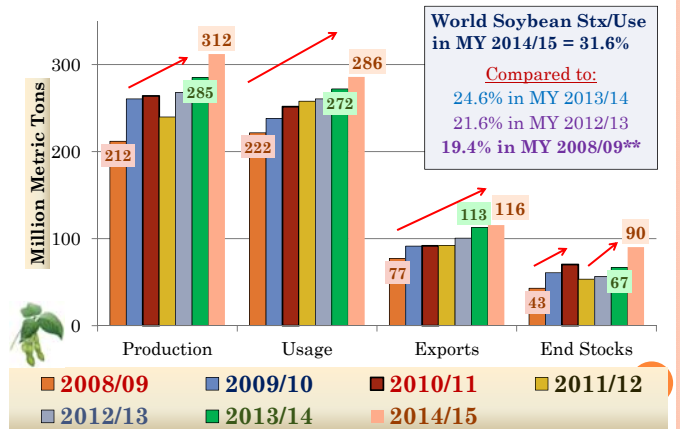


U.S. SOYBEAN \$ VS STX-TO-USE

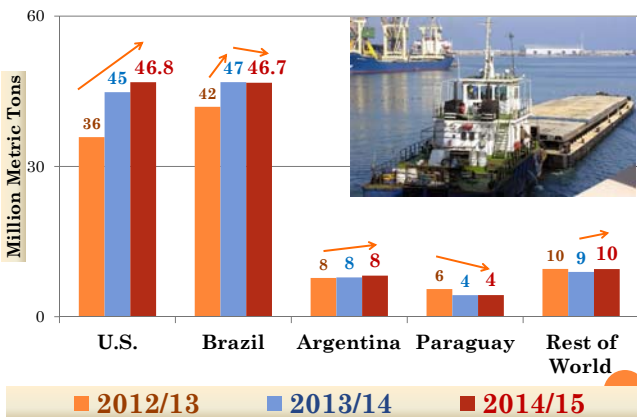
MY 1973/74 – 2014/15 Nov. 10, 2014 USDA #s + KSU 2015/16 FORECAST



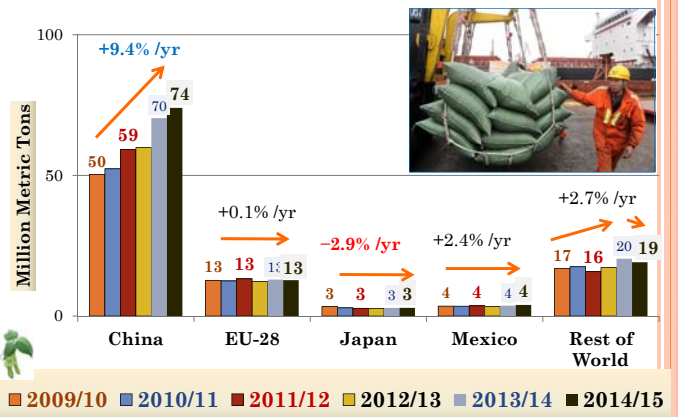
WORLD SOYBEAN SUPPLY-DEMAND



SOYBEAN EXPORTER SALES

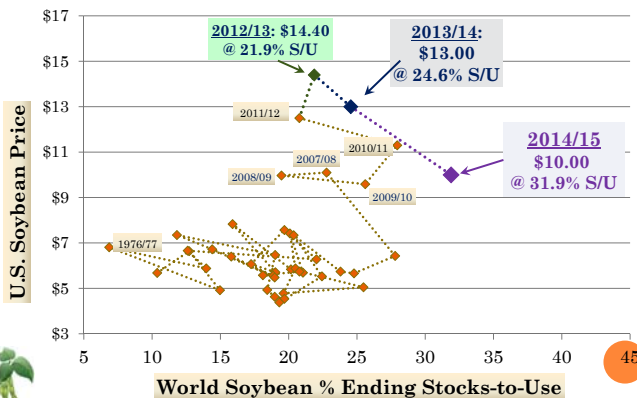


SOYBEAN IMPORTER PURCHASES



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

MY 1973/74 – 2014/15 NOVEMBER 10, 2014 USDA REPORTS



SOYBEAN MARKET PROSPECTS

South America Prospects

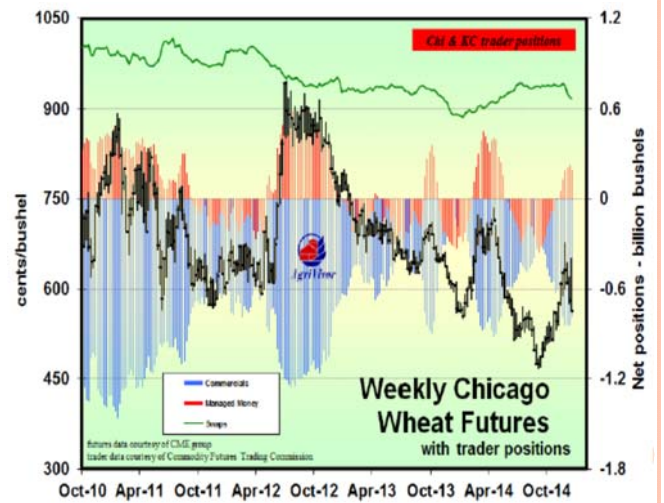
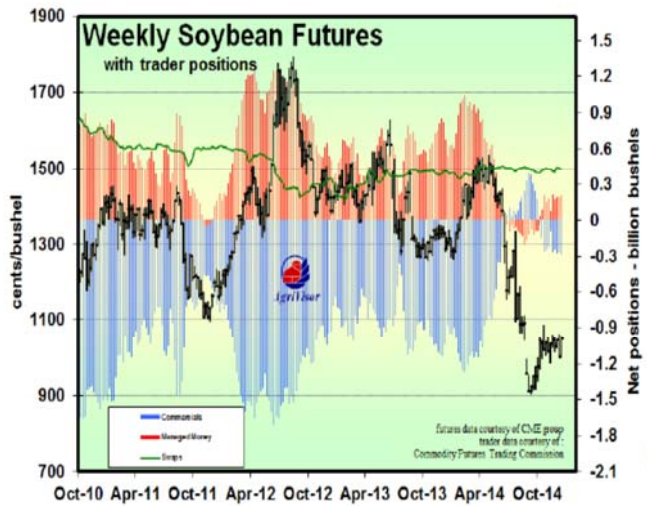
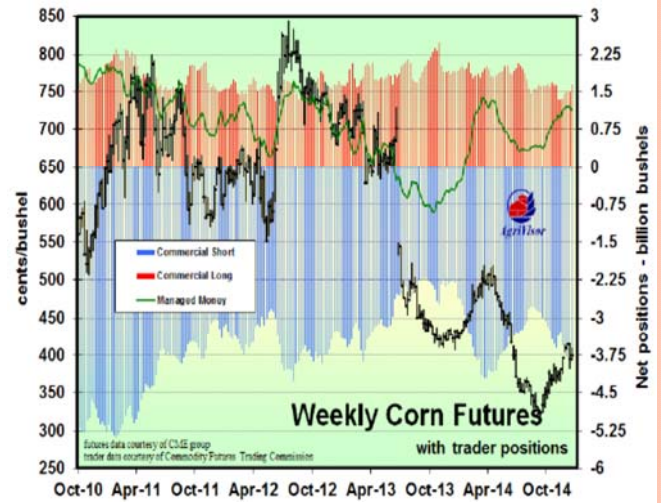
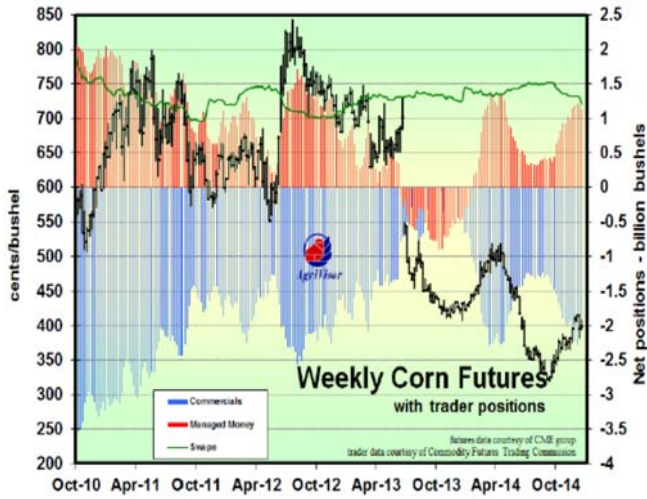
- 2015 crop choices in Nov-Dec 2014
- Prospects for large crop in 2015 ⇒ driving World \$'s in Winter-Spring

Soy Market Prospects-2014/15

- A Large Supply year ⇒ Low \$'s
- China demand continuing (!?!)

U.S. Soybean Acres in 2015?

- New Crop Soy/Corn²⁰¹⁵ Ratio = 2.4



QUESTIONS?

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