

2019 Grain Market Outlook

Kansas Corn School, Lawrence, Kansas

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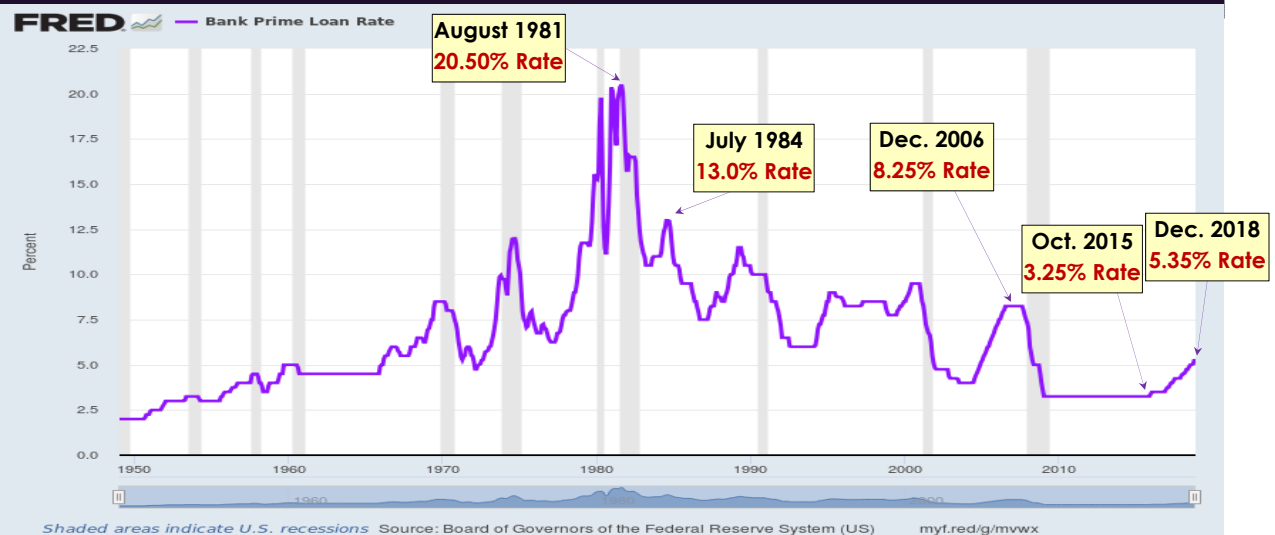
2019 Corn Market “Drivers”

1) U.S. Economy

- A relatively strong U.S. GDP, but fears of future inflation

U.S. Fed: Bank Prime Loan Rate Changes

1950 through November 1, 2018



2019 Corn Market "Drivers"


1) U.S. Economy

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2) 2019 South America Crop Production Prospects

- "Dry" in Brazil - ↓ Soybeans, ??? Corn (1st vs 2nd Crop)

Monthly Crop Calendar for Corn

	Plant		Silk			Harvest																
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep										
EU	H	H	H	H				P	P	P	P		H	H	H	H						
US	H	H	H					P	P	P	S	S	S			H						
Mexico Summer	H	H	H	H	H	H	H	H	H													
Ukraine	H	H	H	H					P	P	P					H						
Russia	H	H	H	H					P	P			S	S	S							
China	H	H			 CHS Hedging Jenna Roe					P	P	P	P			H	H					
Indonesia Dry Region	H	H								P	P	P	P	P	P	H	H	H	H			
Philippines Main					P	P	P	P	P	P	P	P	H	H	H	H						
Canada	H	H	H	H						P	P	P	P	S	S	S	H					
India	H	H	H	H	H	H	H	H														
Brazil 1st crop	P	P	P	P	P	P	H	H	H	H	H	H										
Argentina	P	P	P	P	S	S	S		H	H	H	H										
Philippines 2nd Crop	P	P	P	P	H	H	H	H	H								P	P				
South Africa	P	P	P	P	P	P	S	S						H	H	H	H	H				
Mexico Winter					P	P	P	P	P	P												
Brazil 2nd crop						P	P	P	P													
Indonesia Rainy Region	H	H	H	H	H	H																
Nigeria									P	P	P	P	P	P	P	P	H	H	H	H	H	H

Sources: USDA, AMIS, and CHS, Inc. locations

*Production estimates are in million metric tons and come from the FAS/USDA's most recent monthly World Agricultural Production report.

**Production estimates are for ALL CORN. Numbers will be listed next to the variety that comes first in the chart.

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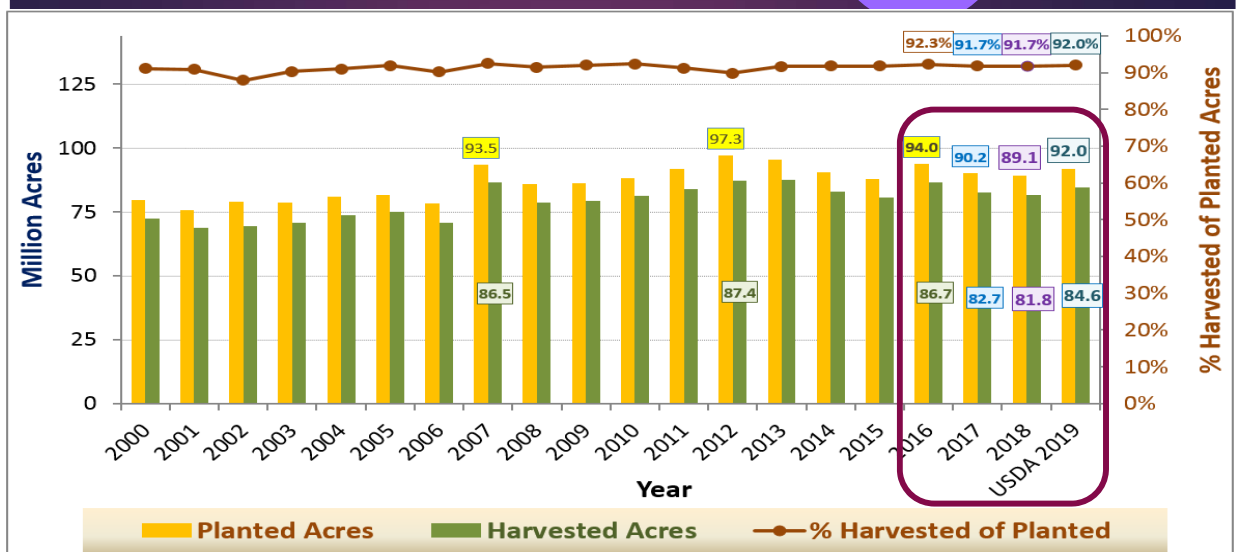
2) 2019 South America Crop Production Prospects

- “Dry” in Brazil - ↓ Soybeans, ??? Corn (1st vs 2nd Crop)

3) 2019 U.S. Corn Acres

- Market “Narrative” ⇒ U.S. Corn Acres **UP 3 to 4 mln acres+**
- **BUT** now So. America, U.S.-China issues may change that

U.S. Corn Acreage

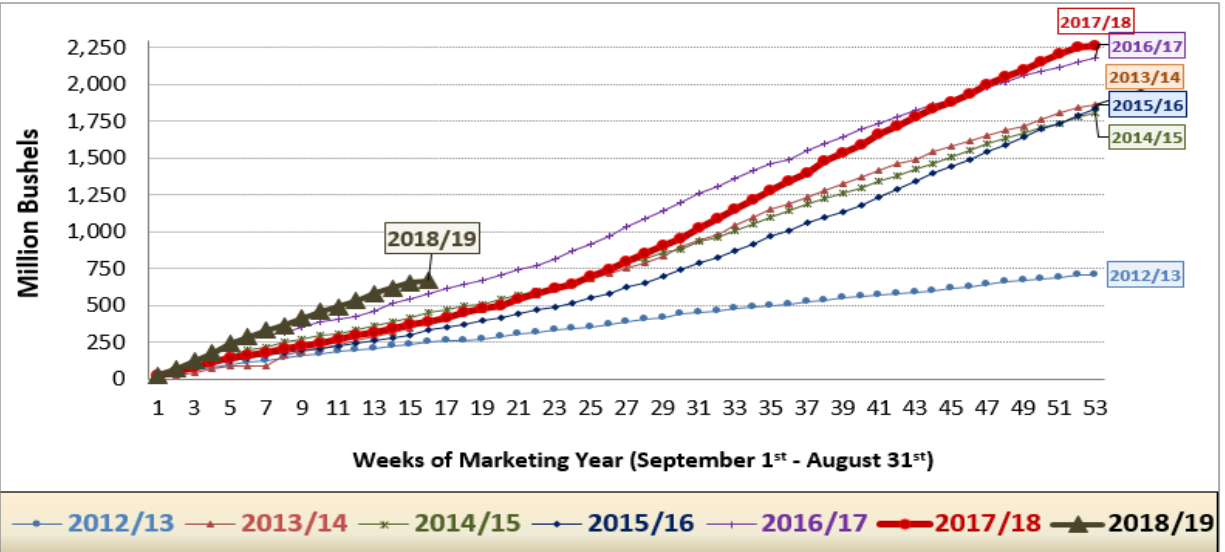


4) U.S. Corn Usage in “Current” MY 2018/19 (thru 8/31/2019)

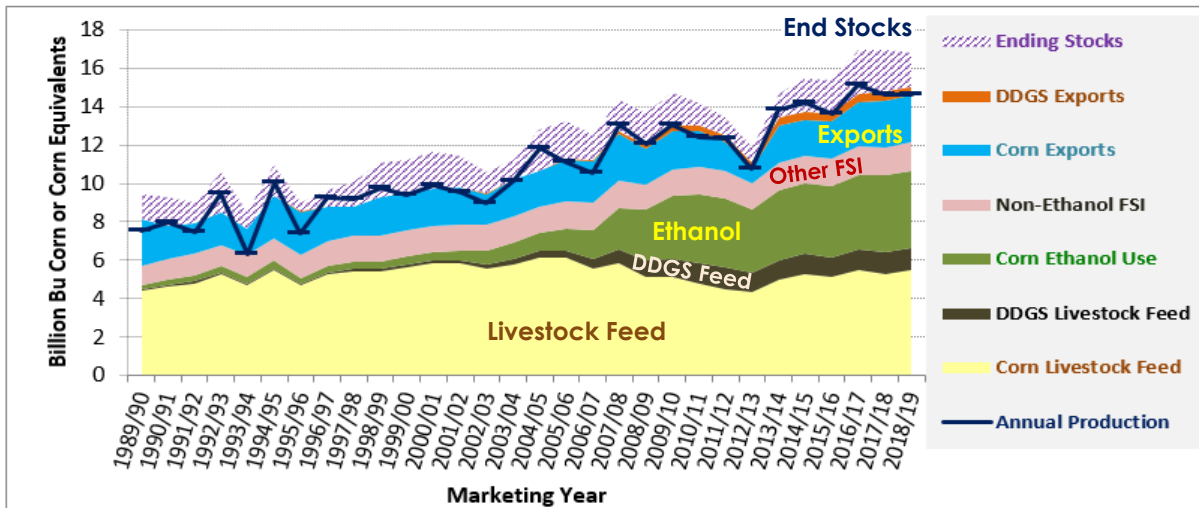
- Low Ethanol Plant Profitability – “slower” corn use @ 5.600 bb
- U.S. Exports @ 2.450 bb^{USDA}
- Feed Use @ 5.500 bb (10 year high)



U.S. Corn Exports – Weekly thru Dec. 20, 2018



U.S. Corn Use – Together by Category



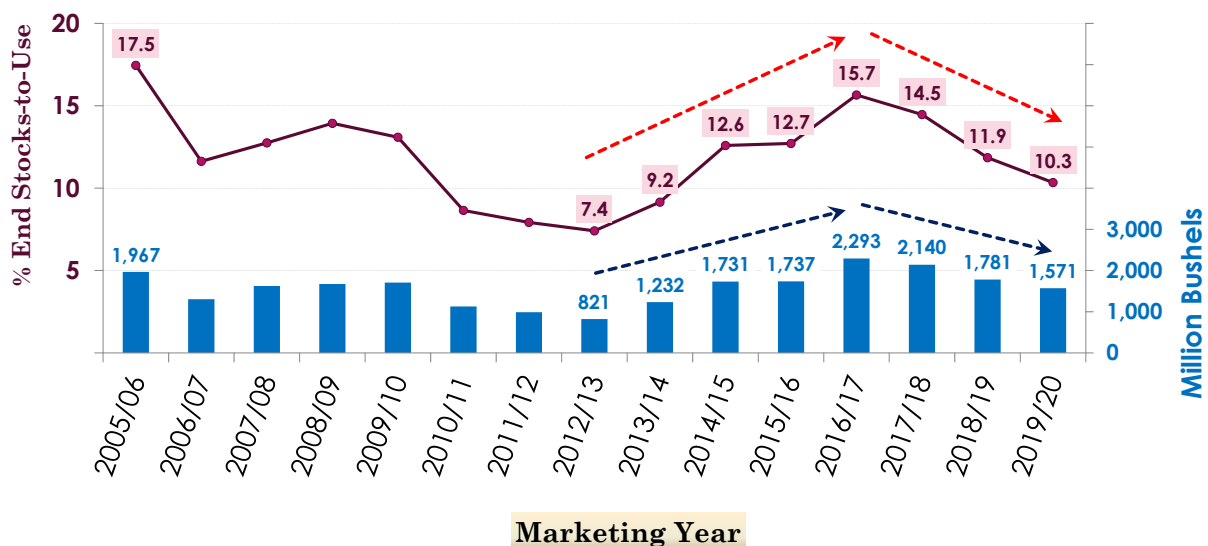
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5) “Tighter” U.S. Corn Stocks & % Ending Stocks-to-Use

- **1.781 bb @ 11.85% Stocks/Use** in “Current” MY 2018/19
- **Impact of +/- 250 mb ?**
 - **1.531 bb vs 2.031 bb** U.S. corn ending stocks
 - **≤ 10% S/U vs ≥ 13% S/U** ➔ *Significant* +/- Corn price effects

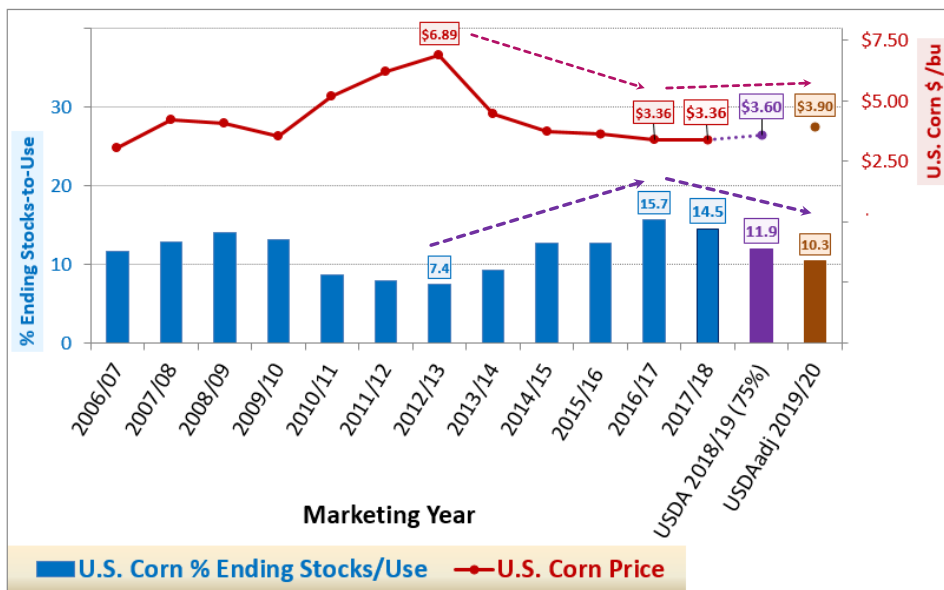
U.S. Corn Ending Stocks & % Stx/Use



6) U.S. Corn Price Outlook ^{USDA}

- \$3.60 /bu in “Current” MY 2018/19
- \$3.90 /bu in “Next Crop” MY 2019/20 (+\$0.30 /bu vs current)
 - USDA^{2019/20}: 176.5 bu/ac, 14.930 bb, strong Use, 1.571 bb Stocks

U.S. Corn % Stocks/Use vs Price\$



MY 2006/07
Thru “Next Crop”
MY 2019/20

Including
preliminary
U.S. Corn Supply-
Demand & Prices
For “Next Crop”
MY 2019/20

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7) “Other” Market Factors

- **Slow U.S. Grain Sorghum Exports ⇒ Focus on Domestic Use**
- **USDA Market Facilitation Payments (MFP)**
 - *Low* for Corn, *high* for Soybeans - Sorghum (Acres²⁰¹⁹ impact?)
 - **New Farm Bill ARC vs PLC Choices.....**

U.S. Corn Supply-Use

- **2018 U.S. Corn & Sorghum Production ≥ 2017 Crops**
- **Large Corn Stocks are limiting Feedgrain Price\$’s**
- **Low Price\$’s supporting “New Crop” MY 2018/19 Corn Use**
 - **Ethanol** ^{2018/19} = 5.600 bln bu (*Near record* – vs 5.601 bb last year)
 - **Livestock Feed** ^{2018/19} = 5.500 bln bu (*10 year high* – vs 5.858 bb in 2007/08)
 - **Exports** ^{2018/19} = 2.450 bln bu (*vs 2.438 bb in ‘17/18 & 2.294 in ‘15/16*)
 - **Other FSI** ^{2018/19} = 1.480 bln bu (*Record high* – vs 1.453 bb last 2 years)

U.S. Corn Stocks & % Stocks/Use

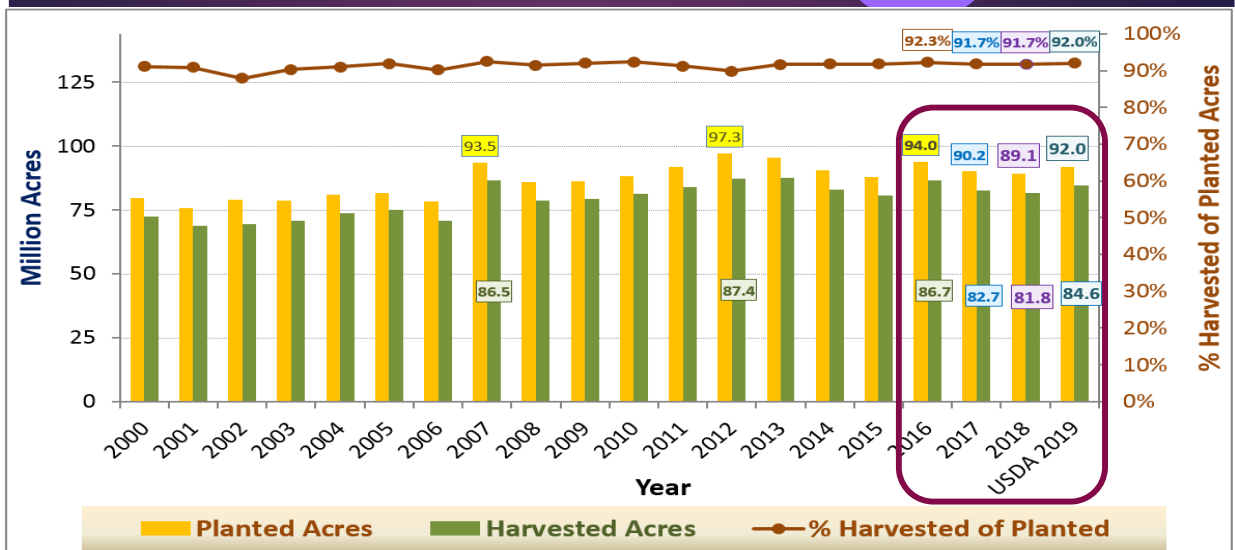
- Corn: “Moderate” Stocks & % S/U

- End Stocks ^{2018/19} ⇒ 1.781 bln bu (vs 2.140 bb last year)

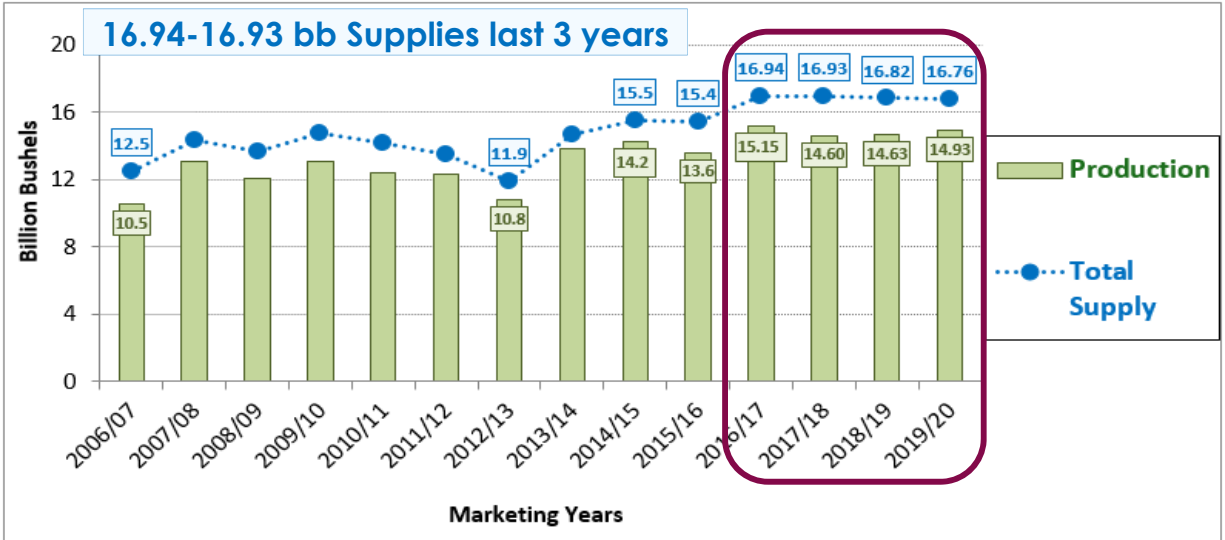
- % Stocks/Use ^{2018/19} ⇒ 11.9% S/U (vs 14.5% Stx/Use last year)



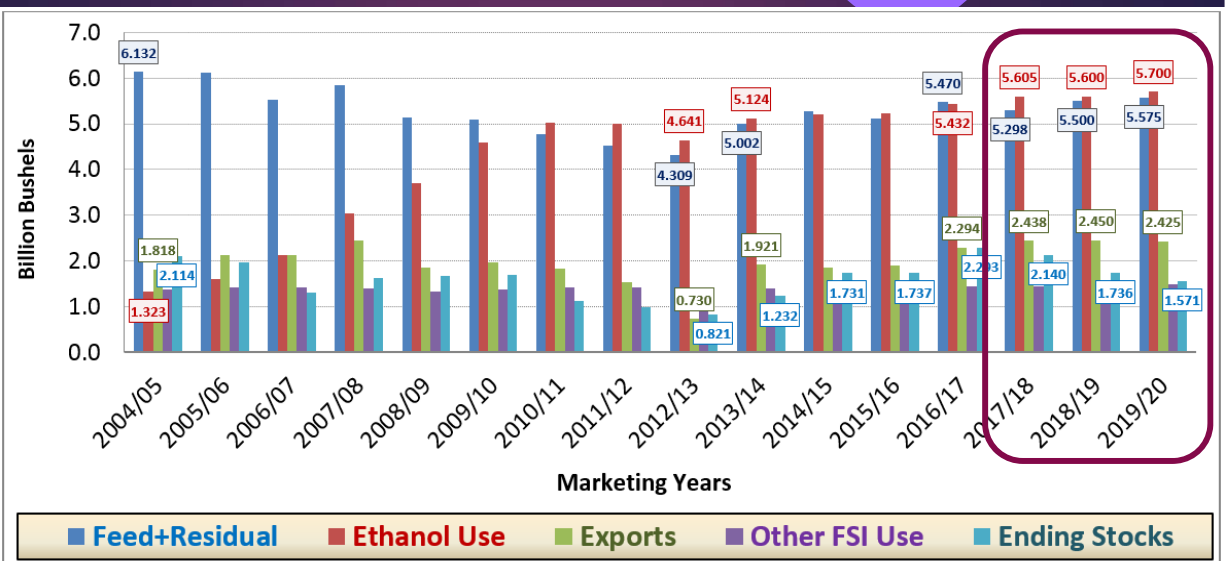
U.S. Corn Acreage



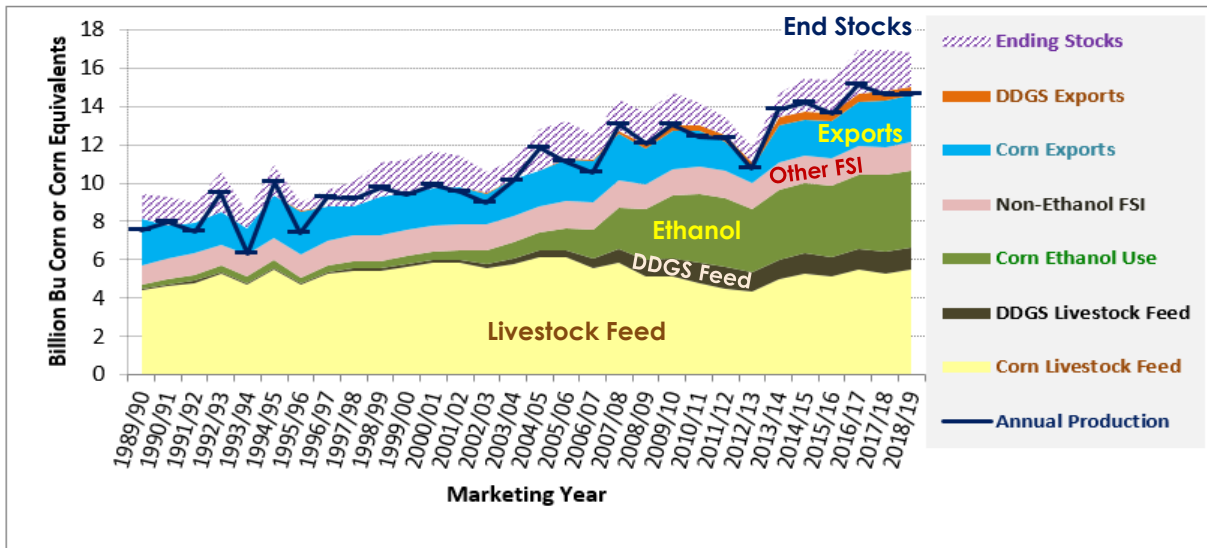
U.S. Corn Production & Supplies



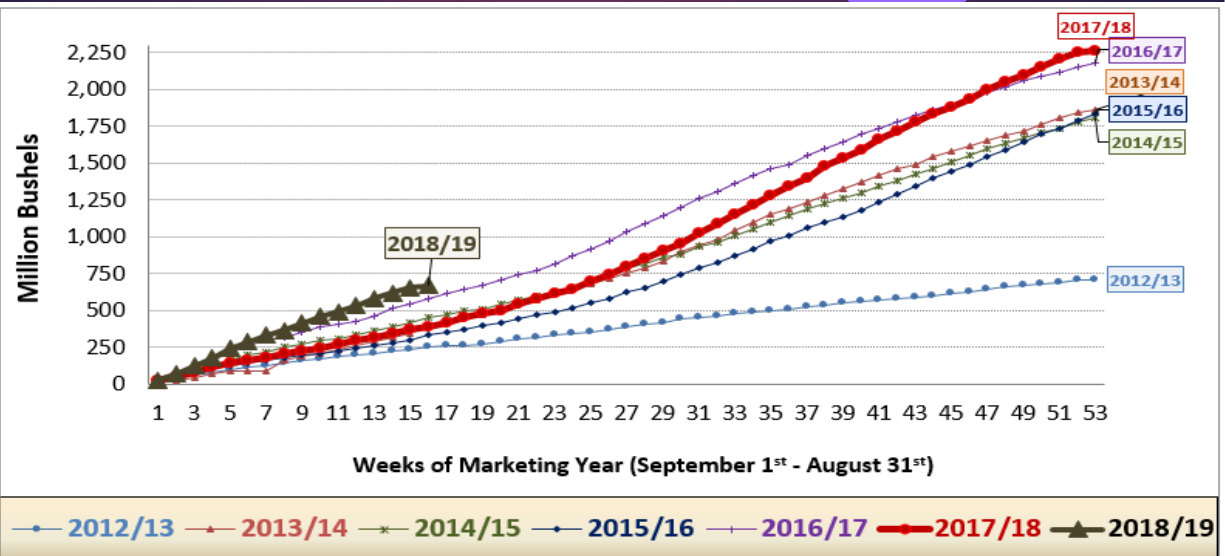
U.S. Corn Use – By Category Each Year



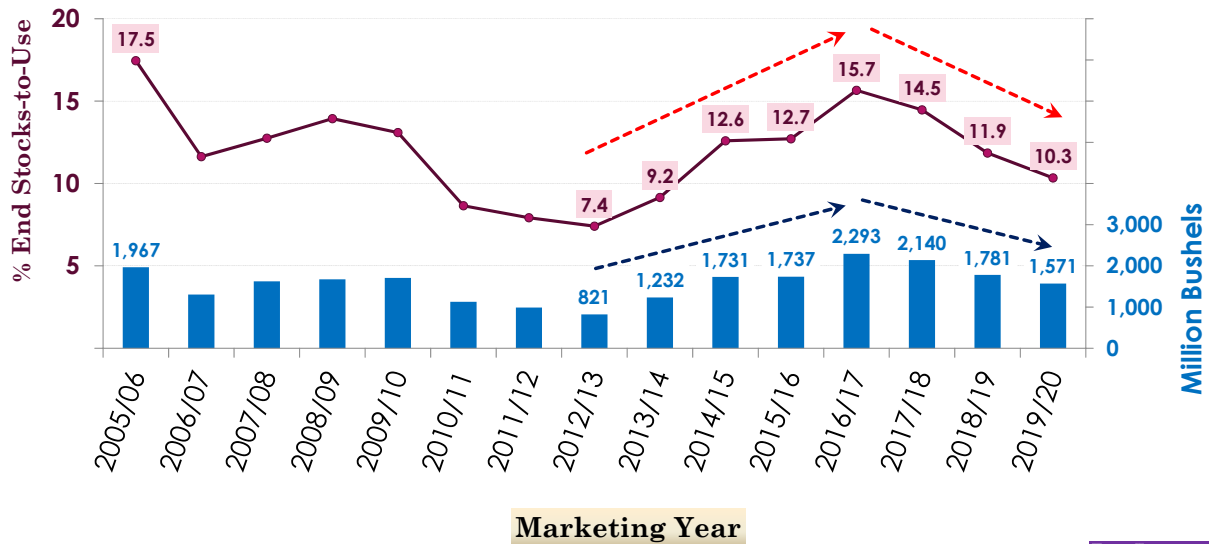
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U.S. Corn Exports – Weekly thru Dec. 20, 2018

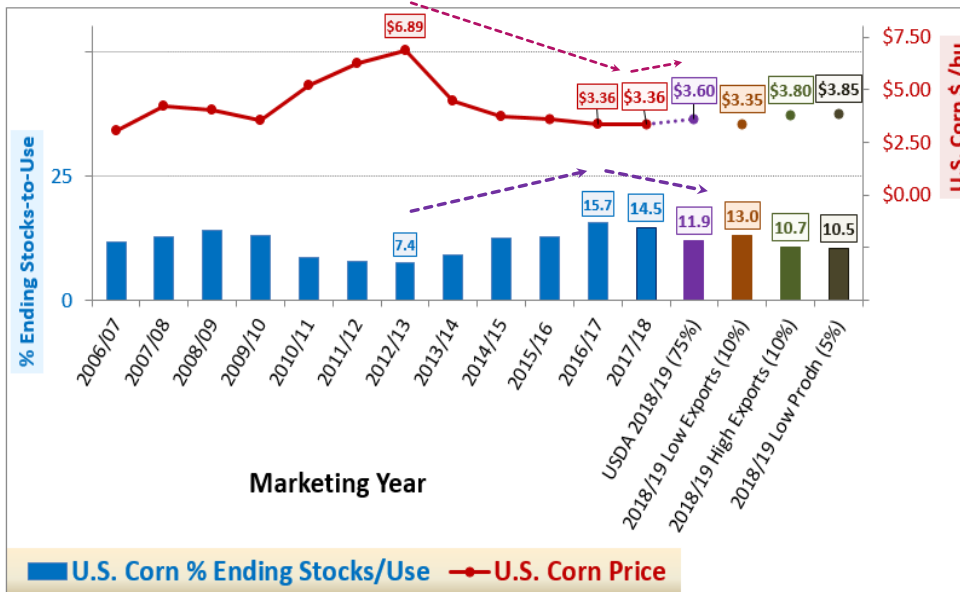


U.S. Corn Ending Stocks & % Stx/Use



Ernst & Young

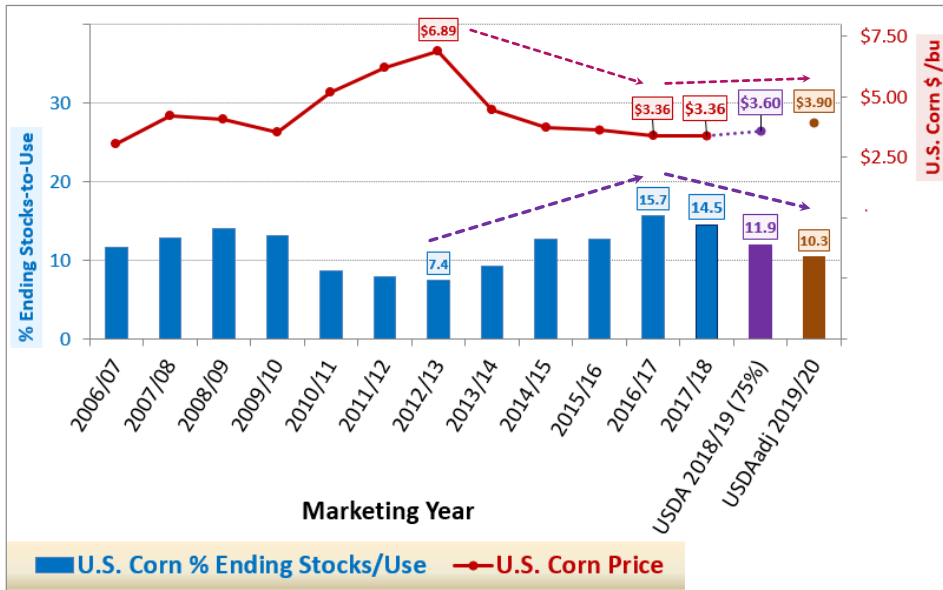
U.S. Corn % Stocks/Use vs Price\$



MY 2006/07
Through "Current"
MY 2018/19

Including possible
"Higher" & "Lower"
U.S. Corn Export
Scenario Outcomes
For
"Current" MY 2018/19

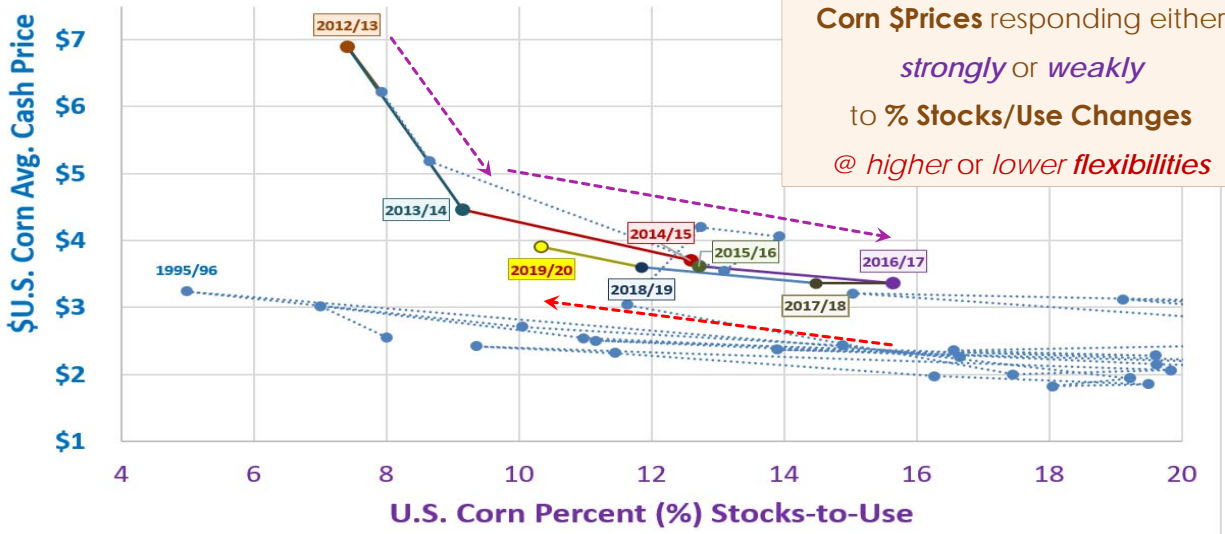
U.S. Corn % Stocks/Use vs Price\$



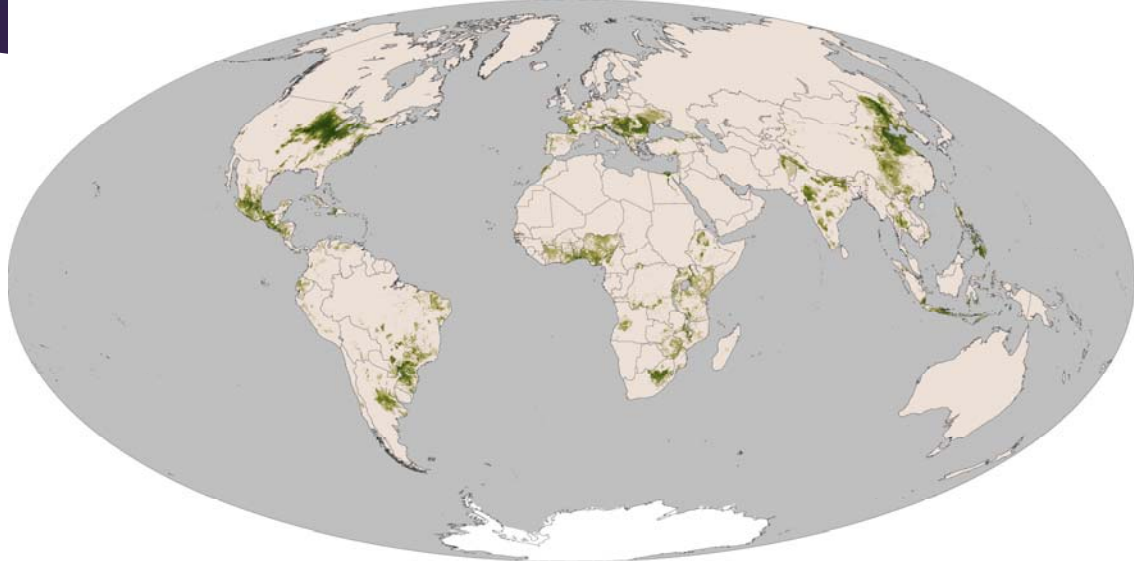
MY 2006/07
Thru "Next Crop"
MY 2019/20

Including
 preliminary
**U.S. Corn Supply-
 Demand & Prices**
 For "Next Crop"
MY 2019/20

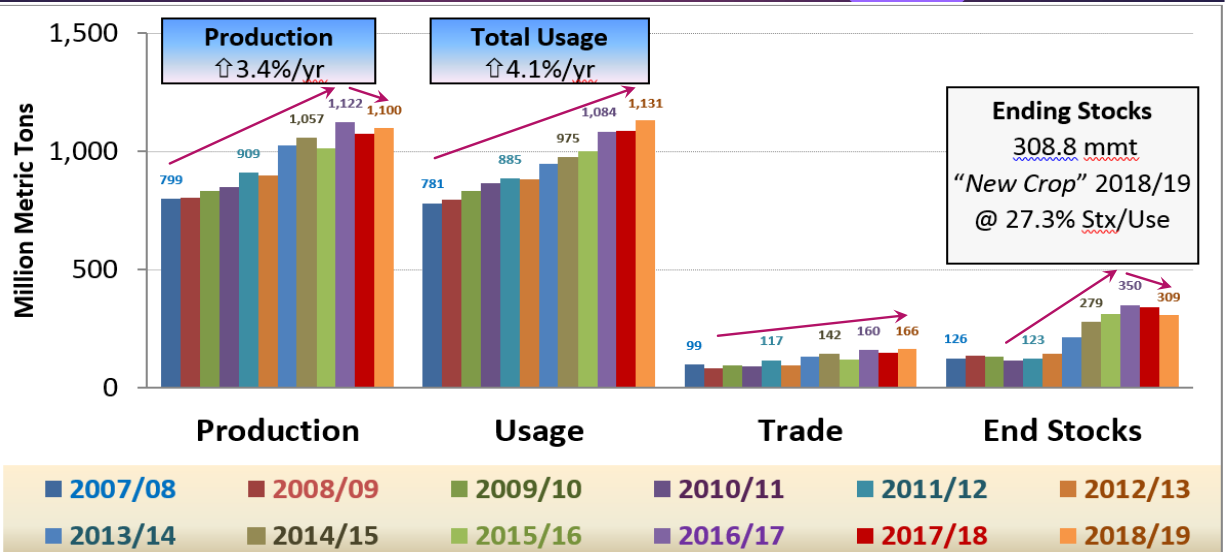
U.S. Corn % Stocks/Use vs Price\$



World Corn (Maize) Production Regions

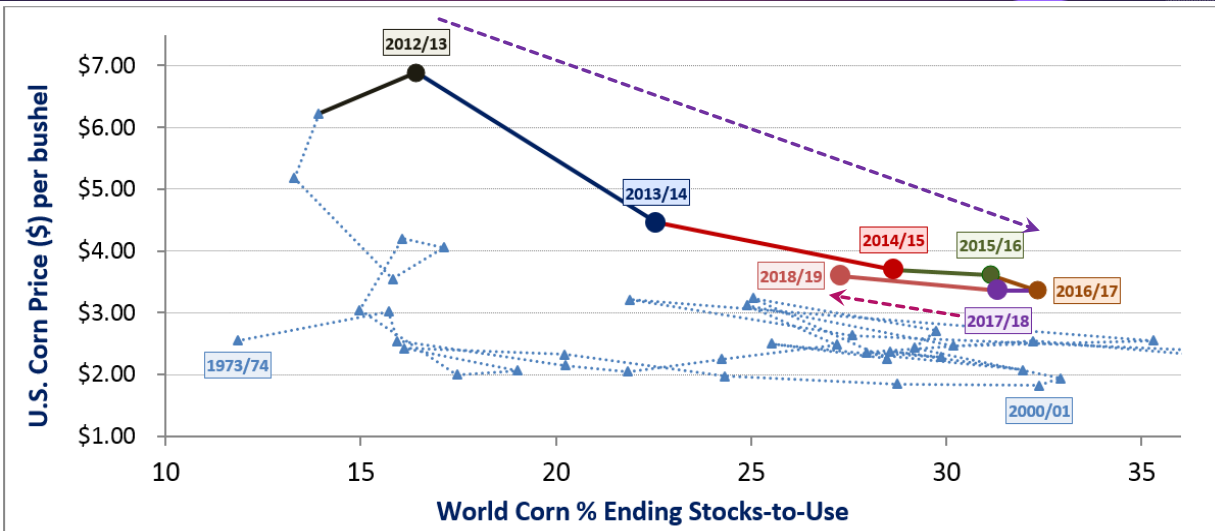


World Corn Supply, Use & Stocks



U.S. Corn Price\$ vs World % Stocks-to-Use

MY 1973/74 through "New Crop" MY 2018/19



Questions?

Daniel O'Brien – Extension Ag Economist

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