

# 2019 Corn & Soybean Market Outlook

“Lunch & Learn” Meeting, Tonganoxie, Kansas

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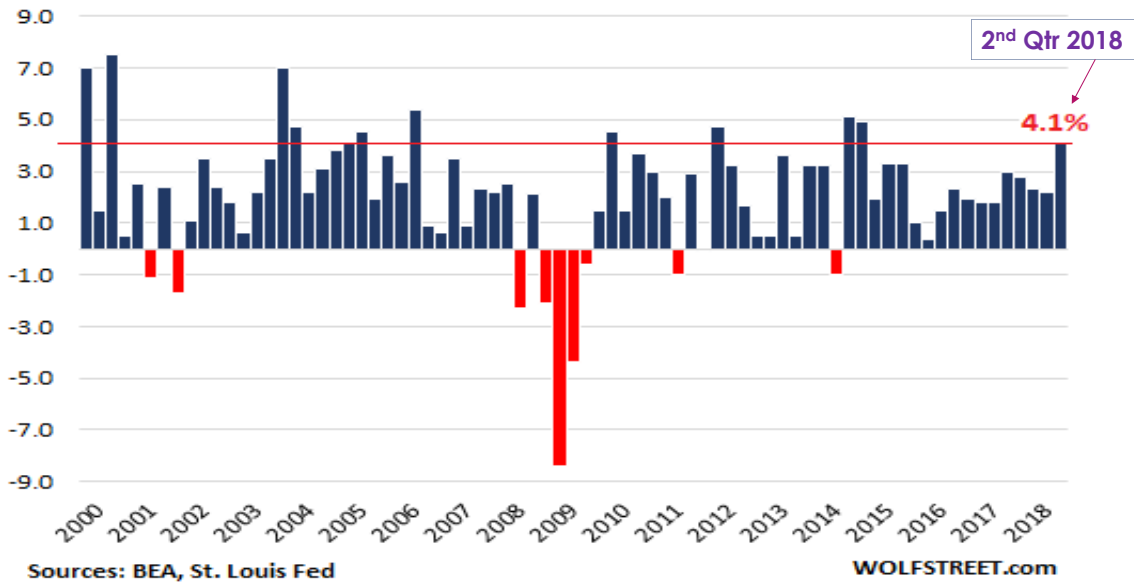
Department of Agricultural Economics



## 2019 Corn & Soybean Market “Drivers”

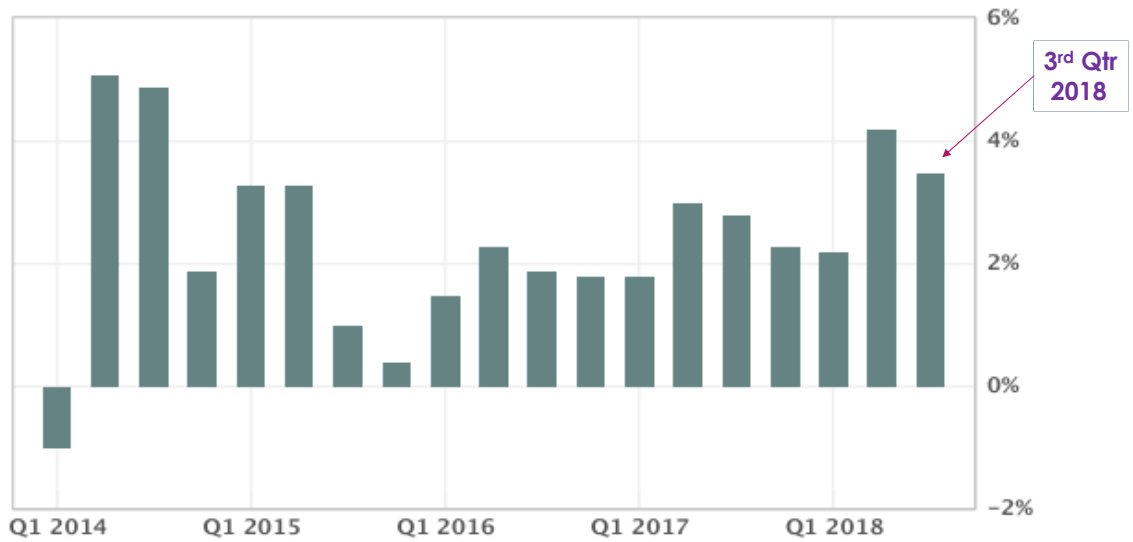
1) **U.S. Economy** ⇒ Strong U.S. GDP, but fears of inflation

## US "Real" GDP Growth, from Prior Quarter Annualized % Rate



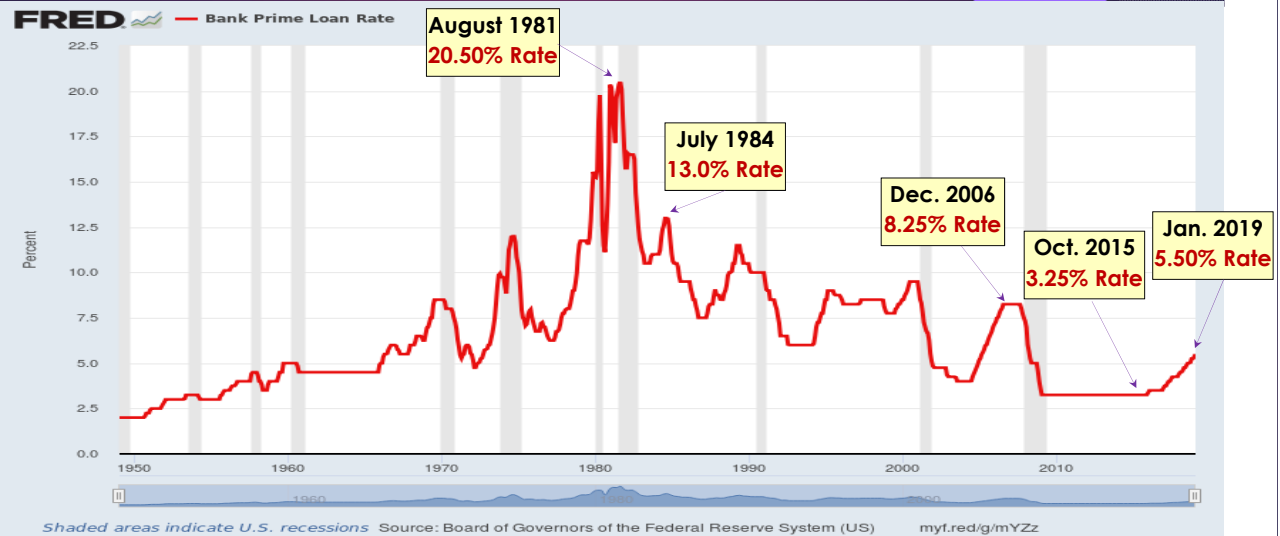
## Real GDP

Change from previous quarter at annual rate, seasonally adjusted



# U.S. Fed: Bank Prime Loan Rate Changes

1950 through November 1, 2018




## 2019 Corn & Soybean Market “Drivers”

**1) U.S. Economy** ⇒ Strong U.S. GDP, but fears of inflation

**2) 2019 South America Crop Production Prospects**

- “Dry” in Brazil - ↓ Soybeans, ??? Corn (1<sup>st</sup> vs 2<sup>nd</sup> Crop)
- Preliminary #s – Brazil<sup>2019</sup> down from 120 to 110-115 mmt?

# 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	H		P	P	P	P	P	P	P							
Ukraine	H	H	H								P	P	P		S	S		H							
Russia	H	H	H	H							P	P			S	S	S								
China	H	H			 CHS Hedging Jenna Roe													H	H						
Indonesia Dry Region	H	H														P	P	P	P	P	H	H	H	H	
Philippines Main					P	P	P	P	P	P	H	H	H	H	P	P	P	P	P	P	H	H	H	H	
Canada	H	H	H	H											P	P	P	P	S	S	S	S	H		
India	H	H	H	H	H	H	H	H								P	P	P	P	P	P	P	P		
Brazil 1st crop	P	P	P	P	P	P	H	H	H	H	H	H	H	H									P	P	P
Argentina	P	P	P	P	S	S	S				H	H	H	H	H									P	P
Philippines 2nd Crop	P	P	P	P	H	H	H	H	H	H														P	P
South Africa	P	P	P	P	P	P	S	S							H	H	H	H	H	H	H				
Mexico Winter					P	P	P	P	P	P					H	H	H	H	H	H					
Brazil 2nd crop						P	P	P	P						H	H	H	H	H	H	H	H			
Indonesia Rainy Region	H	H	H	H	H	H									P	P	P	P	P	P					
Nigeria															P	P	P	P	P	P	P	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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# Monthly Crop Calendar for Soybeans

	Plant		Bloom		Harvest																					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec														
Ukraine				P	P	P	P				H	H	H	H												
EU				P	P	P	P						H	H	H	H										
Russia				P	P	P	P						H	H	H	H	H									
US						P	P	P	P	B	B	B			H	H	H	H								
China						P	P	P	P						H	H	H	H								
Canada						P	P	P	P	B	B	B	B		H	H	H	H								
Indonesia						P	P	P	P	P	P	P	P	H	H	H	H	H								
Mexico	H	H	H	H															P	P	P	P	H	H	H	H
India											P	P	P	P	P	P	P					H	H	H	H	
Paraguay	H	H	H	H	H	H	H	H	H	H																
Brazil	H	H	H	H	H	H	H	H																		
Argentina	P		B	B																						
South Africa					H	H	H	H																		

Sources: USDA, AMIS, & CHS, Inc.



# 2019 Corn & Soybean Market "Drivers"

1) **U.S. Economy** ⇒ Strong U.S. GDP, but fears of inflation

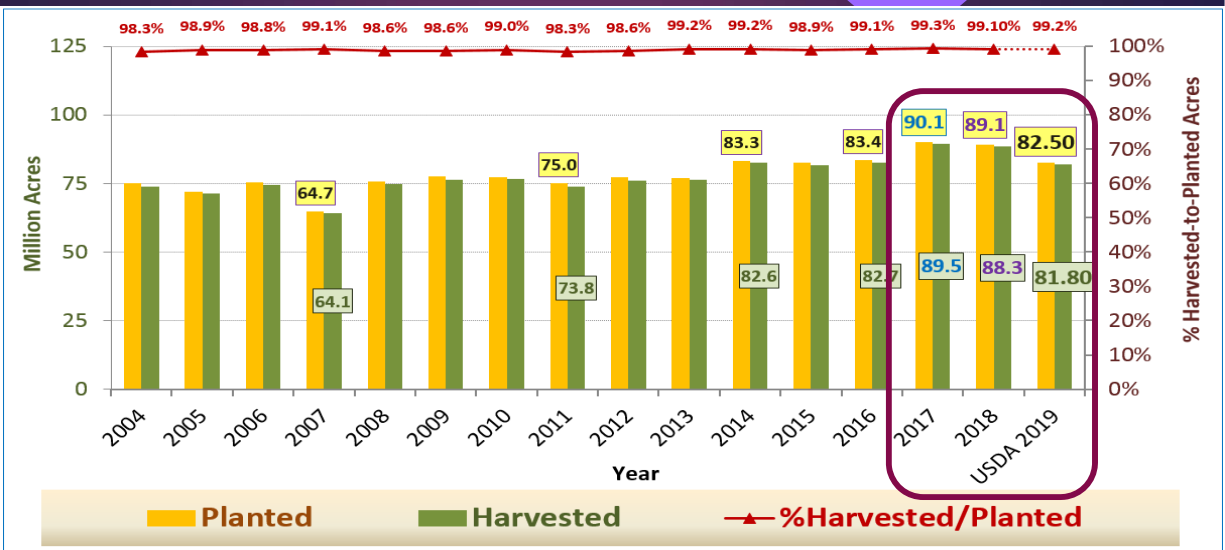
## 2) 2019 South America Crop Production Prospects

- "Dry" in Brazil - ↓ Soybeans, ??? Corn (1<sup>st</sup> vs 2<sup>nd</sup> Crop)
- Preliminary #s – Brazil<sup>2019</sup> down from 120 to 110-115 mmt?

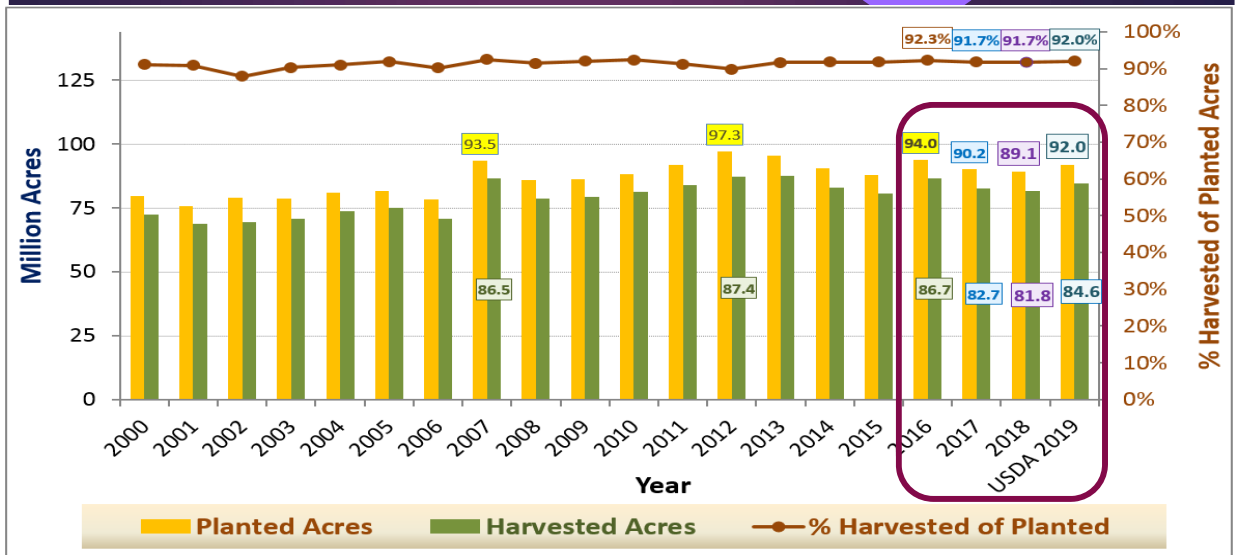
## 3) 2019 U.S. Corn & Soybean Acres

- "Narrative<sup>Soyb</sup>" ⇒ U.S. Soybean Acres **Down 6.5+ mln acres**<sup>USDA</sup>
- "Narrative<sup>Corn</sup>" ⇒ U.S. Corn Acres **UP 3 to 4 mln acres+**
- **BUT** now So. America, U.S.-China, Plantings<sup>U.S.</sup> may change that

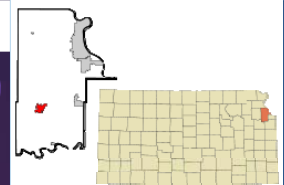
## U.S. Soybean Acreage



# U.S. Corn Acreage



# Corn Markets



**KANSAS STATE UNIVERSITY**

Department of Agricultural Economics

# U.S. Corn Supply-Use

- 2018 U.S. Corn & Sorghum Production  $\leq$  2017 Crops
- Large Corn Stocks are limiting Feedgrain Price\$'s
- Low Price\$'s supporting “*New Crop*” MY 2018/19 Corn Use
  - **Ethanol** <sup>2018/19</sup> = 5.575 bln bu (*Near record* – vs 5.605 bb last year)
  - **Livestock Feed** <sup>2018/19</sup> = 5.375 bln bu (< 5.470 bb in MY 2016/17 – 11 yr high)
  - **Exports** <sup>2018/19</sup> = 2.450 bln bu (*vs 2.438 bb in '17/18 & 2.294 in '15/16*)
  - **Other FSI** <sup>2018/19</sup> = 1.465 bln bu (*Record high* – vs 1.453 bb last 2 years)

## Corn Production Cost & Profits

Non-Irrigated Corn Enterprise Records – Northeast KS

Kansas Farm Management Association

2012-2017





## Non-Irrigated Corn in Northeast Kansas

KFMA Enterprise Records: Years 2012-2017

	Years 2012 - 2016	Year 2017
Number of Farms	29 farms	28 farms
<b>Yield /acre</b>	<b>137.0 bu/ac</b>	<b>128.7 bu/ac</b>
Gross Income /acre	\$510 /ac	\$402 /ac
Variable Cost /acre	\$401 /ac	\$376 /ac
<b>Total Expense /acre</b>	<b>\$562 /ac</b>	<b>\$527 /ac</b>
Gross Income /bushel	\$4.58 /bu	\$4.00 /bu
<b>Total Expense /bushel</b>	<b>\$5.05 /bu</b>	<b>\$5.24 /bu</b>



## Non-Irrigated Corn in NE Kansas

### Corn Sales & Other Revenues

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Corn Sales</b>	<b>\$3.97</b> /bu	<b>\$442</b> /ac	<b>\$3.20</b> /bu	<b>\$322</b> /ac
Other Income	\$0.61 /bu	\$68 /ac	\$0.79 /bu	\$80 /ac
<b>Total Income</b>	<b>\$4.58</b> /bu	<b>\$510</b> /ac	<b>\$4.00</b> /bu	<b>\$402</b> /ac

## Non-Irrigated Corn in NE Kansas

### Variable, Fixed, & Total Costs

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Variable Costs</b>	<b>\$3.60</b> /bu	<b>\$401</b> /ac	<b>\$3.74</b> /bu	<b>\$376</b> /ac
Fixed Costs	\$1.45 /bu	\$161 /ac	\$1.50 /bu	\$151 /ac
<b>Total Costs</b>	<b>\$5.05</b> /bu	<b>\$562</b> /ac	<b>\$5.24</b> /bu	<b>\$527</b> /ac

# Non-Irrigated Corn in NE Kansas

## Total Costs & Net Returns

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Total Costs</b>	<b>\$5.05 /bu</b>	<b>\$562 /ac</b>	<b>\$5.24 /bu</b>	<b>\$527 /ac</b>
Net Returns to Management	<b>(\$0.47) /bu</b>	<b>(\$52) /ac</b>	<b>(\$1.25) /bu</b>	<b>(\$125) /ac</b>
<b>Net Returns to Labor + Mgmt</b>	<b>+\$0.18 /bu</b>	<b>+\$20 /ac</b>	<b>(\$0.53) /bu</b>	<b>(\$53) /ac</b>

# Corn Futures

Monthly Chart:

August 2005 to  
Feb. 19, 2019



ZC - Corn (Globex) - Monthly Chart  
02/19/2019 O: 376.5 H: 381.75 L: 371.75 C: 372.75 Vol: 210382 OI: 534135

Session Change: -3.750



# Corn Futures

## Weekly Chart:

Winter 2017 to  
Feb. 19, 2019



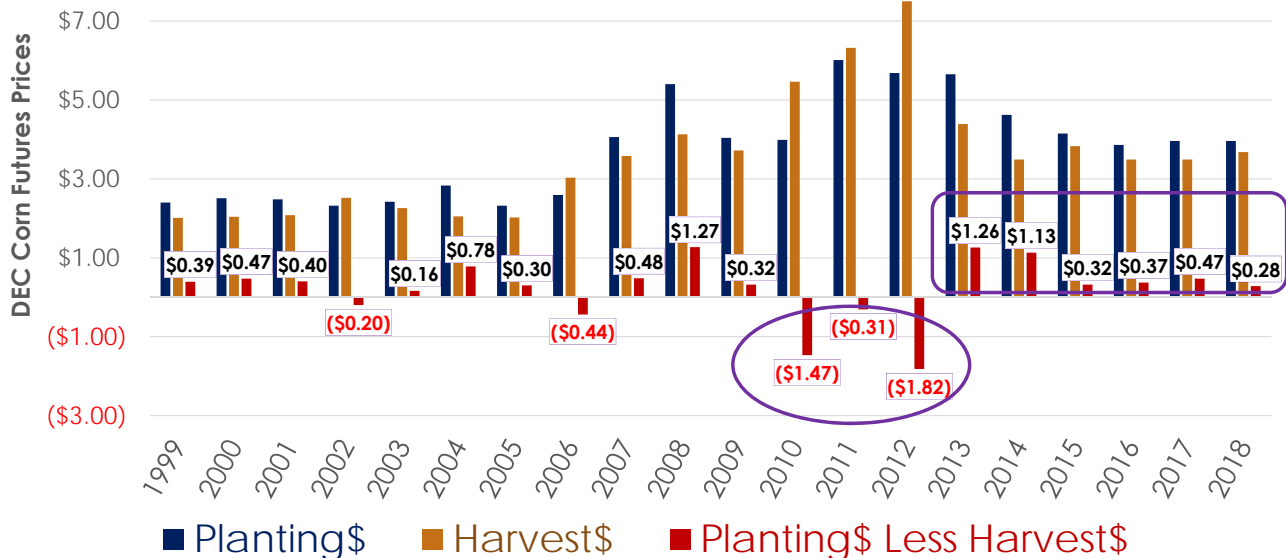
ZC - Corn (Globex) - Weekly Chart  
02/19/2019 O: 374.25 H: 376.25 L: 372 C: 372 C: 69749 OI: 405482

Session Change: -2.000

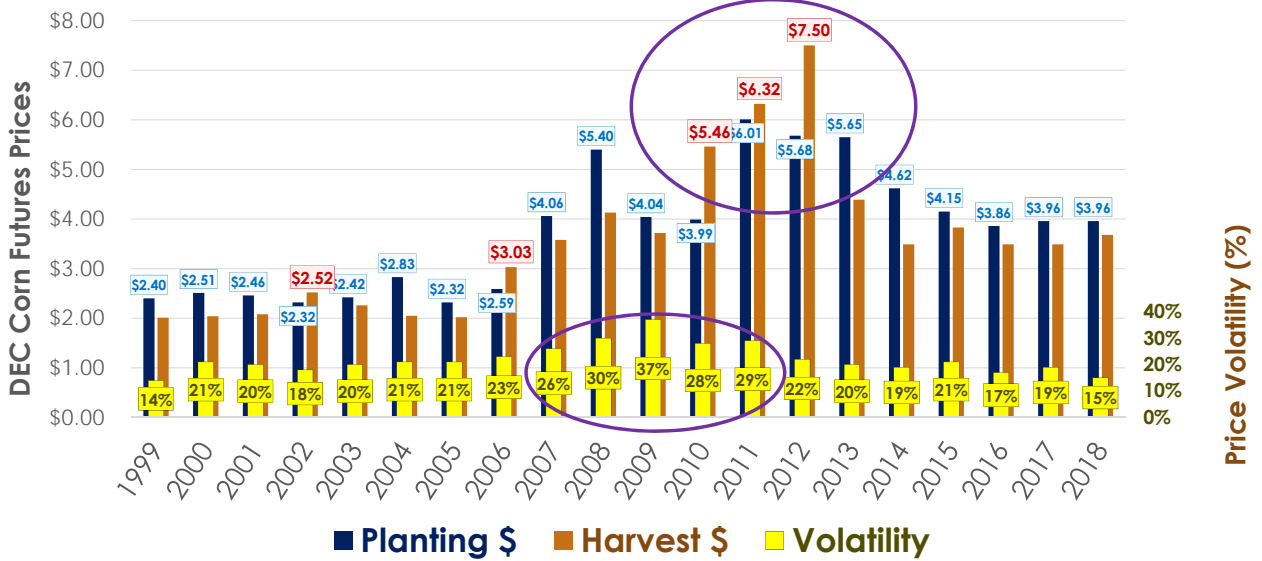


TFC Commodity Charts

# Corn Futures Price & Volatility History for Revenue Insurance

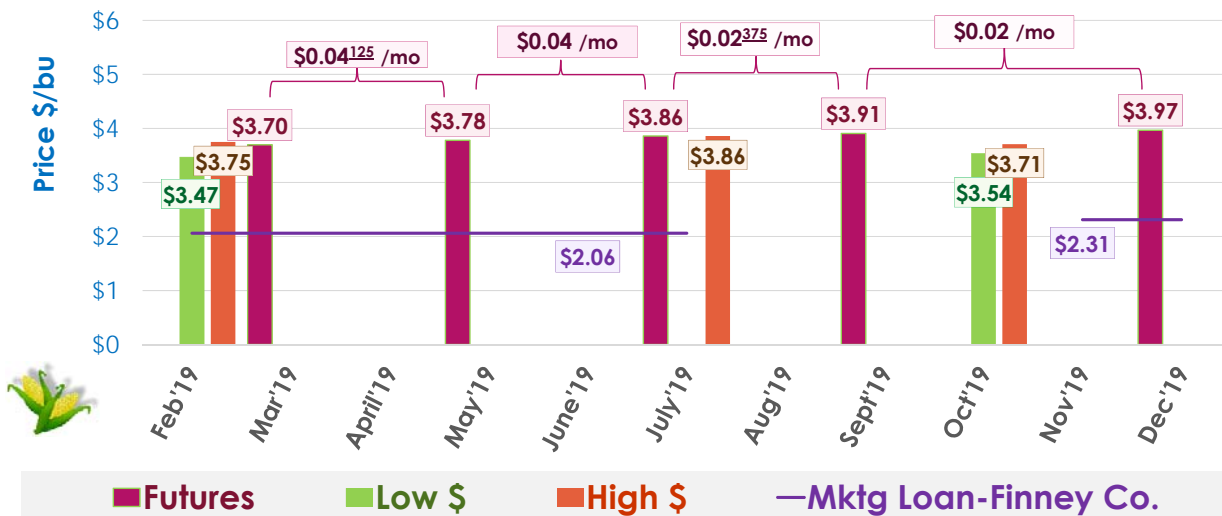


## Corn Price & Volatility History for Revenue Insurance



## Corn Cash & Futures \$'s

Tonganoxie, KS Local Elevators – February 19, 2019



# ELEC. CORN (Dec 2019) [10 Minute Delay]

Refresh

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
396'6s	-2'4	-0.63	399'2	400'6	395'4	399'2	36497	CBOT	02/19/19 13:19

Symbol: @CZ19  Symbol Search | Symbol Lookup Strike Range: Near-the-Money

Mar 2019 | May 2019 | Jul 2019 | Sep 2019 | Dec 2019 | Mar 2020 | May 2020 | Jul 2020 | Dec 2020 | Dec 2021

## Dec 2019 Options

Days Until Expiration: 276

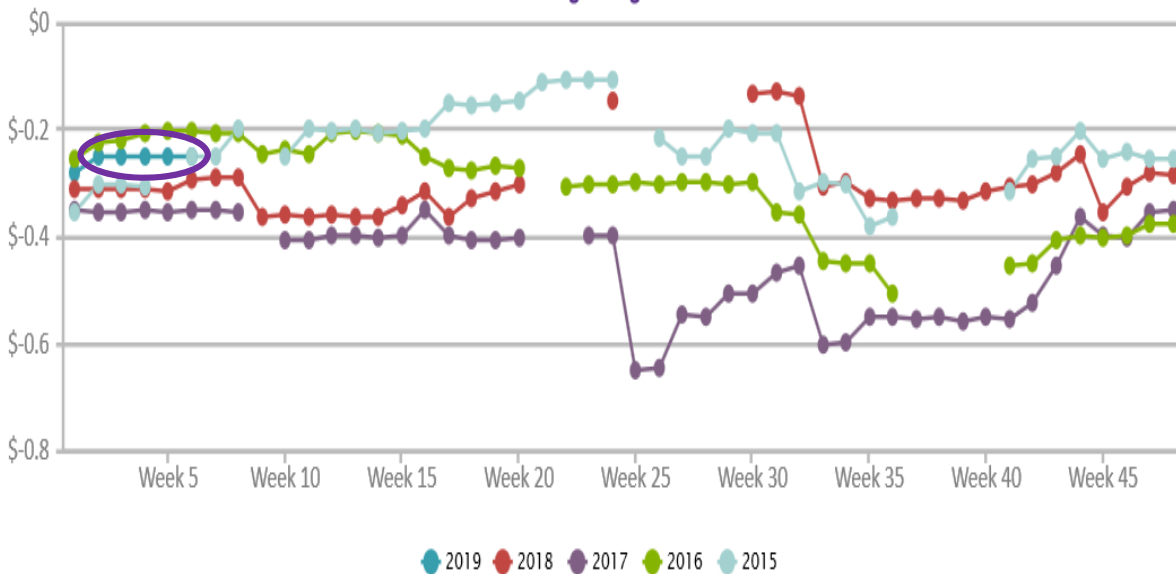
Calls									Puts								
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int	
<input checked="" type="checkbox"/> @CZ19C3500	50'2s	-2'1	---	---	---	0	61	3500	<input checked="" type="checkbox"/> @CZ19P3500	4'0s	0'2	3'5	4'0	3'5	38	6996	
<input checked="" type="checkbox"/> @CZ19C3600	42'7s	-1'7	---	---	---	0	34	3600	<input checked="" type="checkbox"/> @CZ19P3600	6'5s	0'5	6'4	6'5	6'4	791	8482	
<input checked="" type="checkbox"/> @CZ19C3700	36'4s	-1'6	---	---	---	0	76	3700	<input checked="" type="checkbox"/> @CZ19P3700	10'1s	0'6	9'6	10'3	9'6	136	12454	
<input checked="" type="checkbox"/> @CZ19C3800	31'1s	-1'4	---	---	---	80	2742	3800	<input checked="" type="checkbox"/> @CZ19P3800	14'5s	1'0	13'7	14'6	13'7	309	7477	
<input checked="" type="checkbox"/> @CZ19C3900	26'6s	-1'2	26'2	26'2	26'2	2	4861	3900	<input checked="" type="checkbox"/> @CZ19P3900	20'0s	1'1	20'1	20'1	20'1	113	7781	
<input checked="" type="checkbox"/> @CZ19C4000	22'7s	-1'1	24'4	24'4	22'4	284	14406	4000	<input checked="" type="checkbox"/> @CZ19P4000	26'1s	1'3	24'6	26'3	24'6	105	17817	
<input checked="" type="checkbox"/> @CZ19C4100	19'5s	-0'7	20'4	21'0	19'6	758	8245	4100	<input checked="" type="checkbox"/> @CZ19P4100	32'6s	1'5	---	---	---	0	1832	
<input checked="" type="checkbox"/> @CZ19C4200	16'7s	-0'6	17'3	17'3	16'3	65	13601	4200	<input checked="" type="checkbox"/> @CZ19P4200	39'6s	1'5	---	---	---	7	620	
<input checked="" type="checkbox"/> @CZ19C4300	14'3s	-0'5	15'0	15'2	14'0	120	7150	4300	<input checked="" type="checkbox"/> @CZ19P4300	47'2s	1'7	---	---	---	7	309	
<input checked="" type="checkbox"/> @CZ19C4400	12'2s	-0'5	12'6	12'6	11'7	24	7410	4400	<input checked="" type="checkbox"/> @CZ19P4400	55'0s	2'0	55'0	55'0	55'0	1	36	
<input checked="" type="checkbox"/> @CZ19C4500	10'4s	-0'4	11'0	11'0	10'1	234	17026	4500	<input checked="" type="checkbox"/> @CZ19P4500	63'1s	2'0	---	---	---	0	76	

In the money  At the money

Quotes generated on: Tue, Feb 19, 2019 3:04 PM CST

# LAWRENCE, KS: Corn Basis - OTTAWA COOP

www.AgManager.info



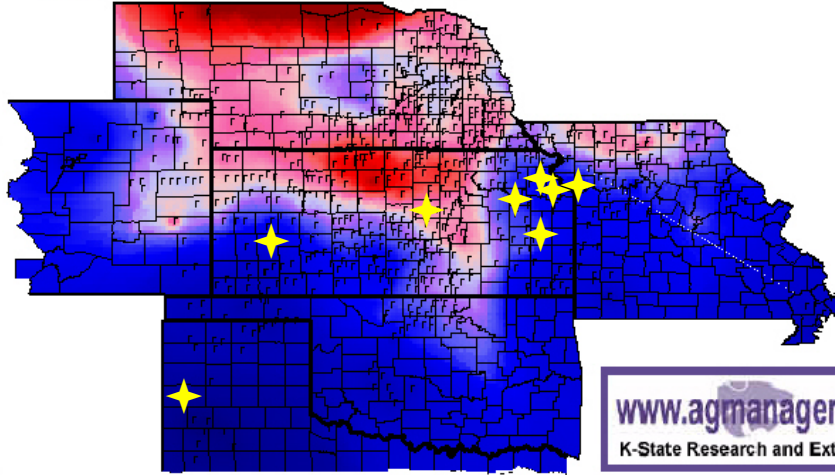
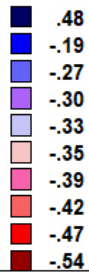


## Corn Basis, 02-13-2019

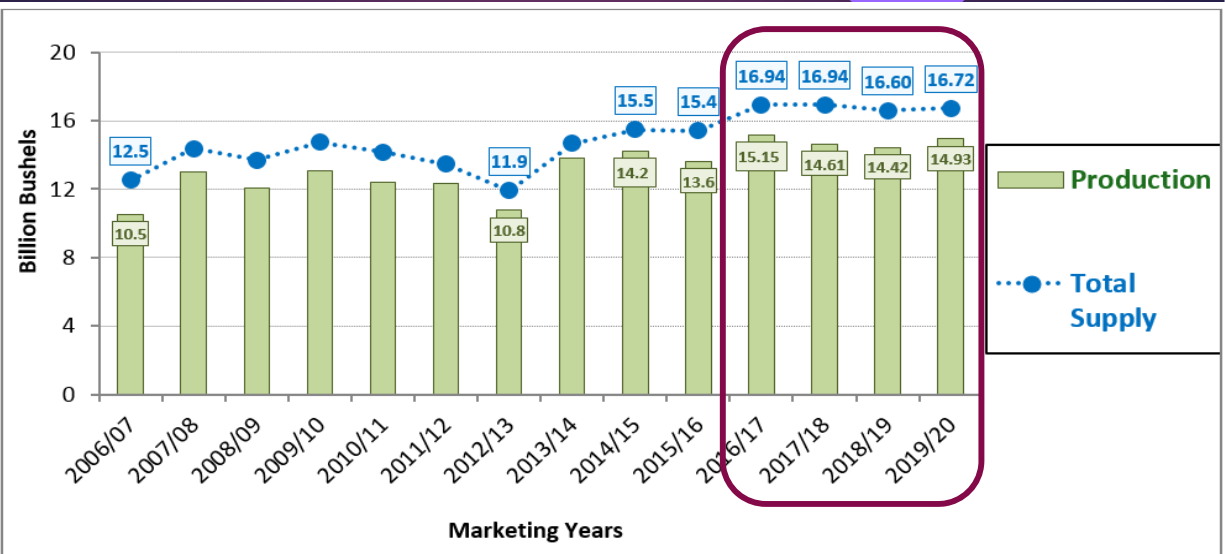
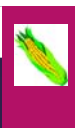
Basis = Cash Price - Nearby Futures Price

CBT Mar  
Futures  
Price: \$3.79

\$/Bushel



## U.S. Corn Production & Supplies

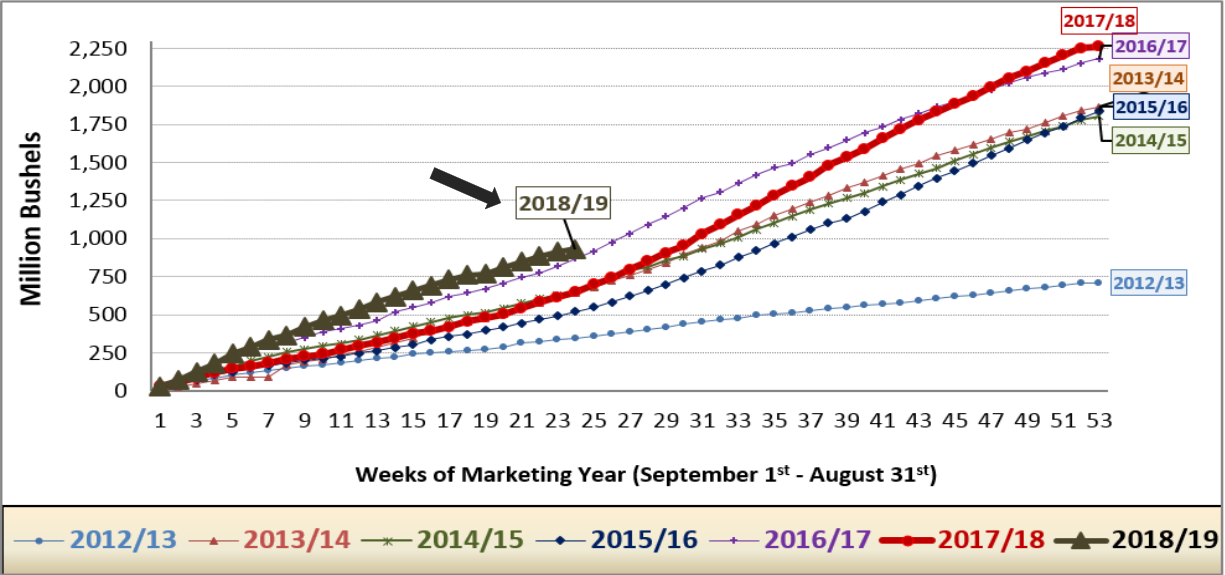




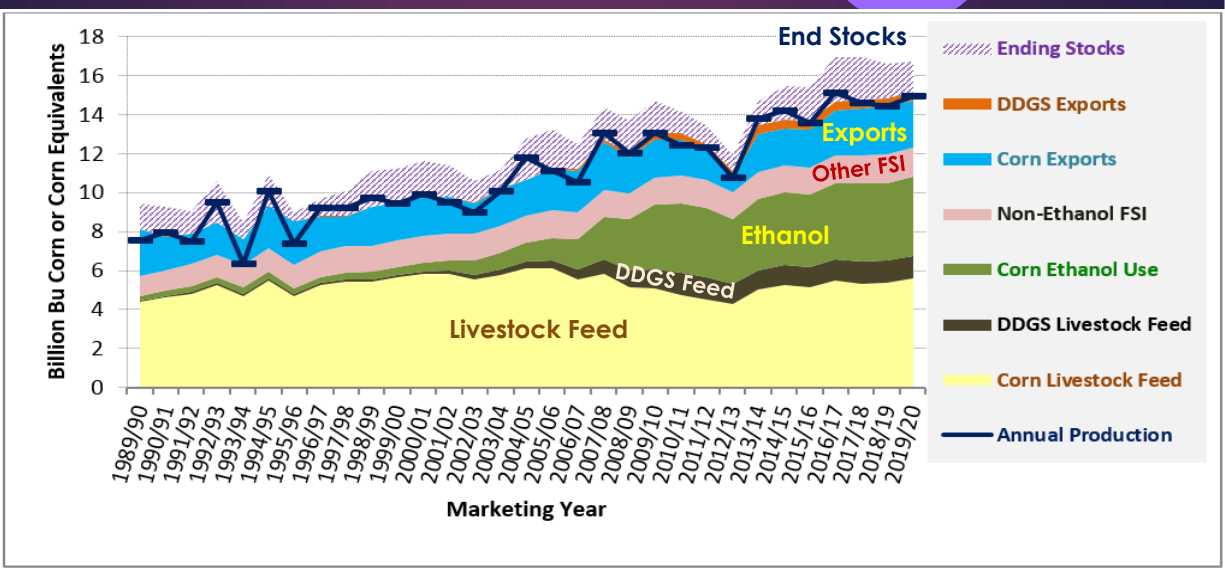
#### 4) U.S. Corn Usage in “Current” MY 2018/19 (thru 8/31/2019)

- Low Ethanol Plant Profitability – “slower” corn use @ 5.575 bb  
*(2<sup>nd</sup> highest on record vs 5.605 bb in MY 2017/18)*
- U.S. Exports @ 2.450 bb<sup>USDA</sup>
- Feed Use @ 5.375 bb  
*(2<sup>nd</sup> highest since 2008/09, 5.470 bb in 2016/17)*

# U.S. Corn Exports – Weekly thru February 14, 2019



# U.S. Corn Use – Together by Category



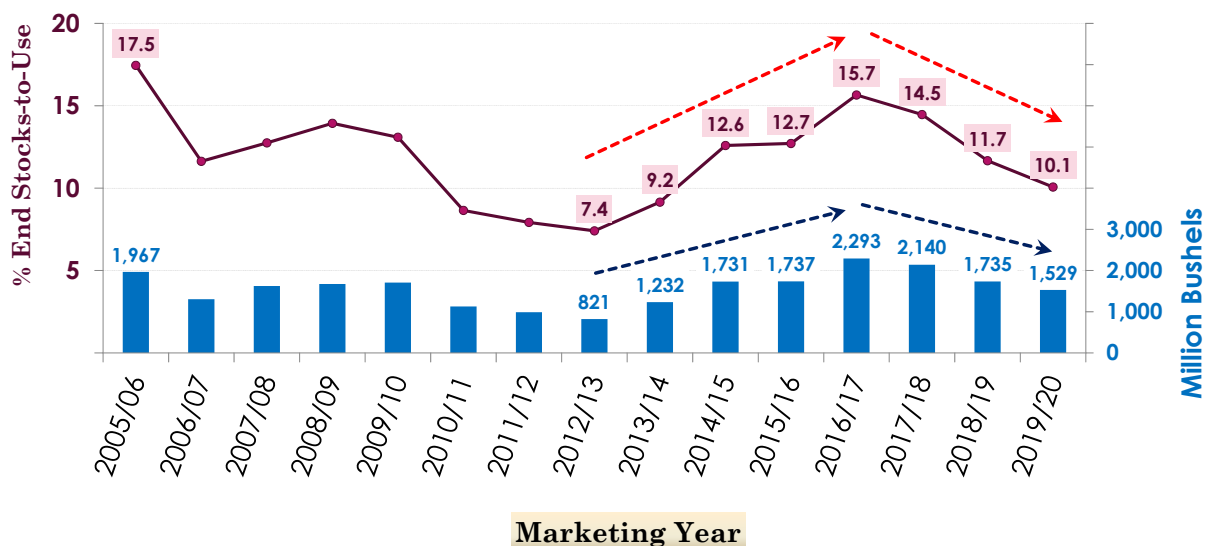
#### 4) U.S. Corn Usage in “Current” MY 2018/19 (thru 8/31/2019)

- Low Ethanol Plant Profitability – corn use @ 5.575 bb
- U.S. Exports @ 2.450 bb<sup>USDA</sup>
- Feed Use @ 5.375 bb

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

- **1.735 bb @ 11.67% Stocks/Use** in “Current” MY 2018/19
- **Impact of +/- 150 mb in Corn Use?**
  - **1.585 bb vs 1.885 bb** U.S. corn ending stocks
  - **≈ 10.6% S/U vs ≈ 12.8% S/U** ⇒ “Swing” of +/- \$0.25 /bu

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



## 6) U.S. Corn Price Outlook <sup>USDA</sup>

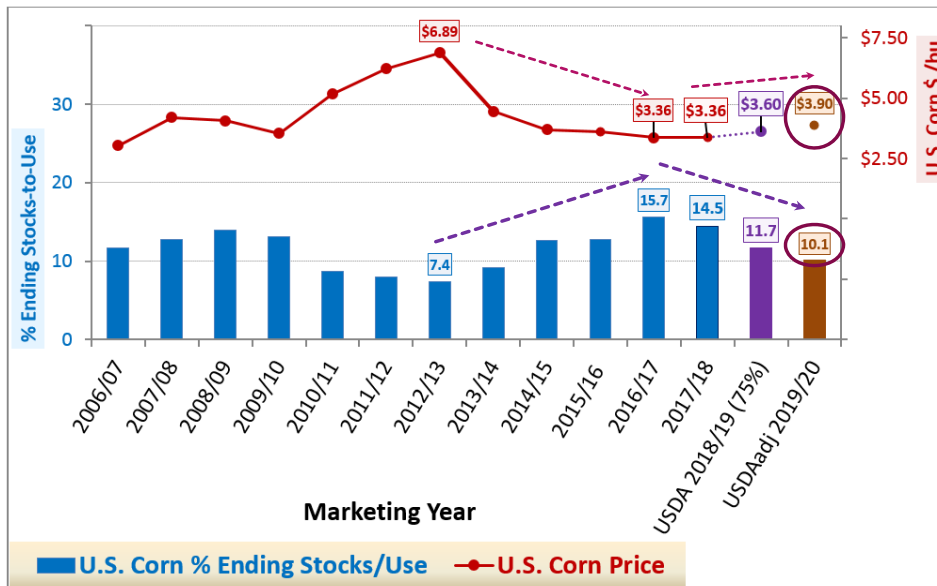
- **\$3.60 /bu** in “Current” MY 2018/19
- **\$3.90 /bu** in “Next Crop” MY 2019/20 (+**\$0.30** /bu vs current)
  - **USDA Forecast for “Next Crop” MY 2019/20 :**
    - **92.00 million acres planted** (vs 89.129 ma current)
    - **176.5 bu/ac,** (vs 176.4 bu/ac current)
    - **14.930 bb Production** (vs 14.420 bb current)
    - **5.700 bb Ethanol Use** (vs 5.575 bb current)
    - **2.425 bb Exports** (vs 2.450 bb current)
    - **1.529 bb Ending Stocks** (vs 1.735 bb current)
    - **10.07% Ending Stocks / Use** (vs 11.67% current)

## U.S. Corn Stocks & % Stocks/Use

- **Corn: “Moderate” Stocks & % S/U**
  - **End Stocks** <sup>2018/19</sup> ⇒ **1.735 bln bu** (vs **2.140 bb** last year)
  - **% Stocks/Use** <sup>2018/19</sup> ⇒ **11.7% S/U** (vs **14.5% Stx/Use** last year)



# 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

## 6) U.S. Corn Price Outlook <sup>USDA</sup>

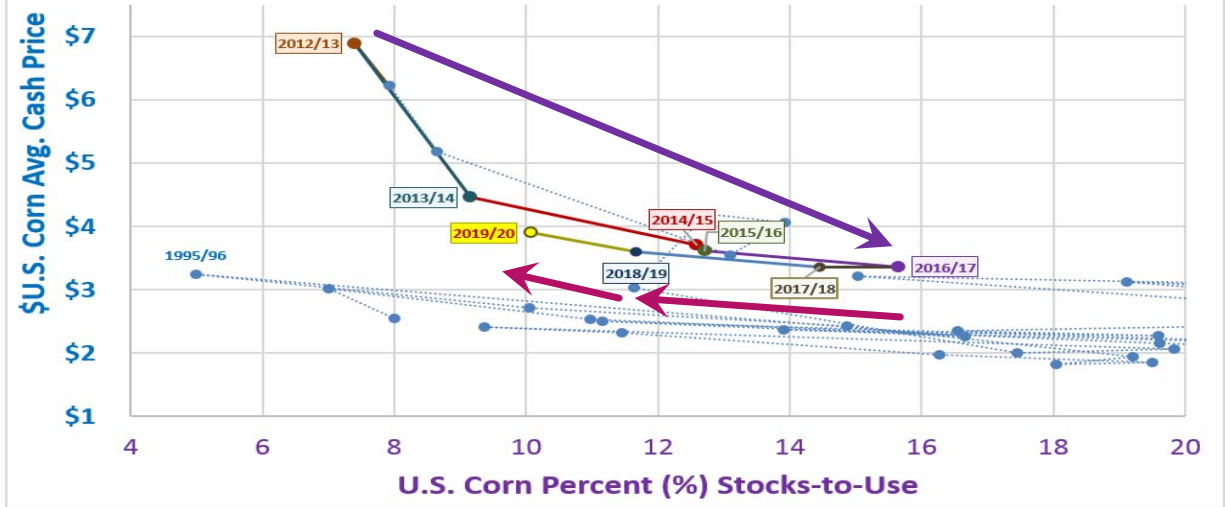
- **\$3.60** /bu in "Current Crop" MY 2018/19
- **\$3.90** /bu in "Next Crop" MY 2019/20 (+\$0.30 /bu vs current)
  - USDA<sup>2019/20</sup>: 176.5 bu/ac, 14.930 bb, strong Use, 1.529 bb Stocks

## 7) "Other" Market Factors

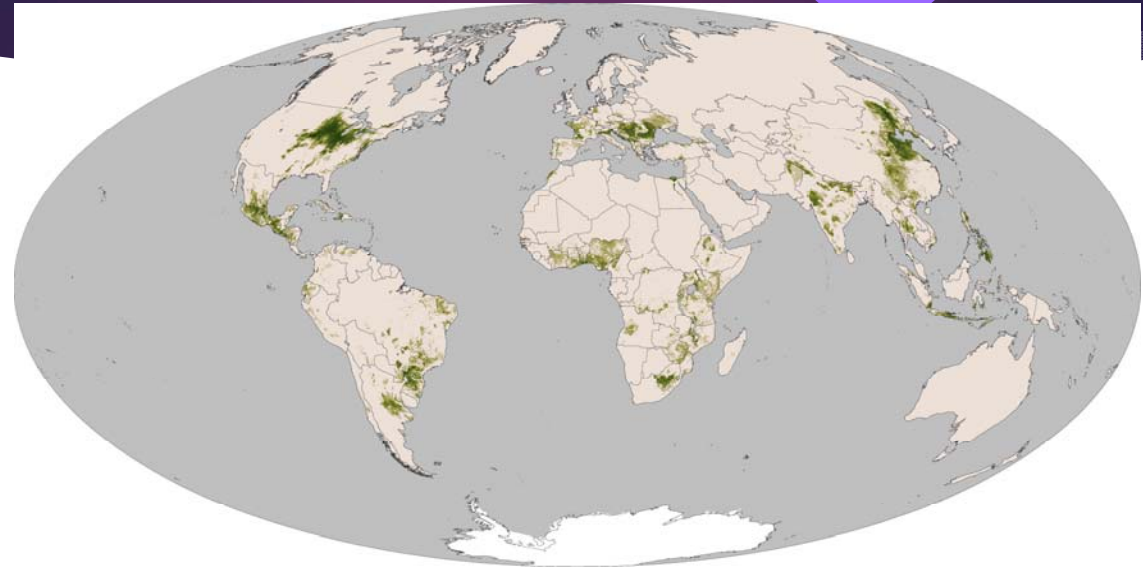
- Slow U.S. Grain Sorghum Exports ⇒ Focus on Domestic Use
- **USDA Market Facilitation Payments (MFP)**
  - Low for Corn, high for Soybeans - Sorghum (Acres<sup>2019</sup> impact?)
  - **New Farm Bill ARC vs PLC Choices.....**

# U.S. Corn Price vs U.S. % Stocks-to-Use

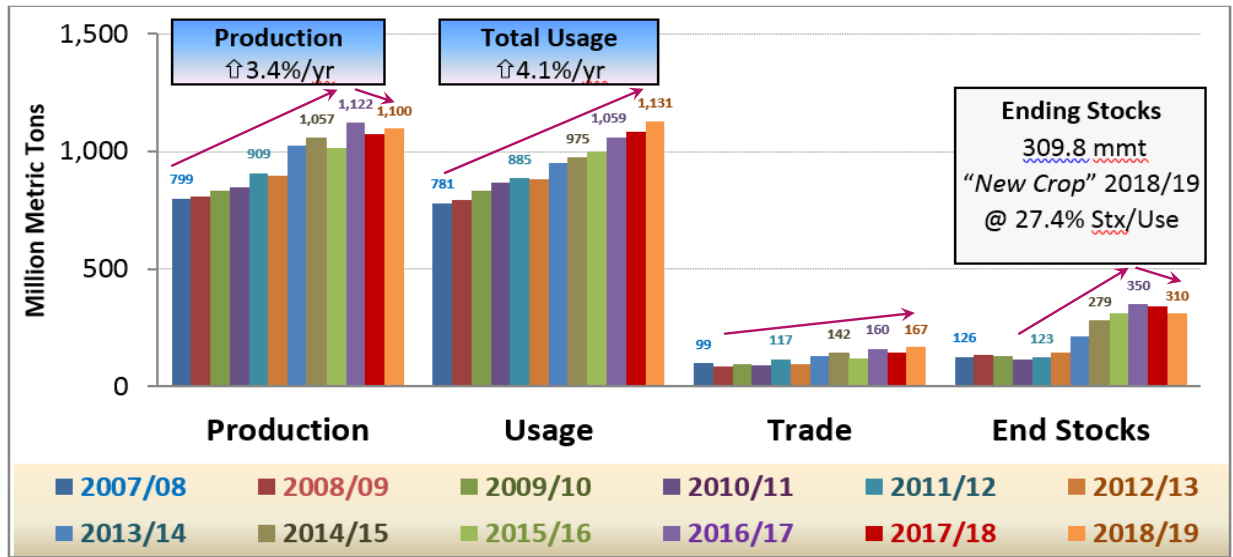
MY 1973/74 through "Next Crop" MY 2019/20



# World Corn (Maize) Production Regions

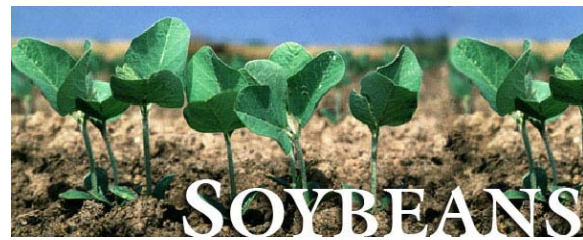


# World Corn Supply, Use & Stocks



Kansas State University

# Soybean Markets



**KANSAS STATE UNIVERSITY**

Department of Agricultural Economics

# U.S. Soybean Market Prospects in 2019

## A. U.S.-China Trade Dispute

- *HAS* has *LIMITED* U.S. export shipments & forward purchases & *HAS* affected U.S. Soybean prices

## B. USDA forecasts U.S. Exports to be *just "OK"* despite Tariffs

- Foreign buyer "*switching*" between *U.S.* & *South America*, & some "*trans-shipments*" have occurred among countries

## C. Market Focus in Late Winter-Spring 2019

- **So. America 2019** crop prospects – their response to high 2018 \$'s



# Soybean Production Cost & Profits

Non-Irrigated Corn Enterprise Records – Northeast KS

Kansas Farm Management Association

2012-2017



## Non-Irrigated Soybeans in NE Kansas

KFMA Enterprise Records: Years 2012-2017

	Years 2012 - 2016	Year 2017
Number of Farms	29 farms	30 farms
<b>Yield /acre</b>	<b>47.5 bu/ac</b>	<b>46.6 bu/ac</b>
Gross Income /acre	\$456 /ac	\$391 /ac
Variable Cost /acre	\$297 /ac	\$304 /ac
<b>Total Expense /acre</b>	<b>\$428 /ac</b>	<b>\$426 /ac</b>
Gross Income /bushel	\$11.47 /bu	\$10.35 /bu
<b>Total Expense /bushel</b>	<b>\$10.77 /bu</b>	<b>\$11.28 /bu</b>



## Non-Irrigated Soybeans in NE Kansas

### Soybean Sales & Other Revenues

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Soybean Sales</b>	<b>\$10.82</b> /bu	<b>\$4.30</b> /ac	<b>\$9.14</b> /bu	<b>\$345</b> /ac
Other Income	\$0.65 /bu	\$26 /ac	\$1.21 /bu	\$46 /ac
<b>Total Income</b>	<b>\$11.47</b> /bu	<b>\$4.56</b> /ac	<b>\$10.35</b> /bu	<b>\$391</b> /ac

## Non-Irrigated Soybeans in NE Kansas

### Variable, Fixed, & Total Costs

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Variable Costs</b>	<b>\$7.47</b> /bu	<b>\$297</b> /ac	<b>\$8.04</b> /bu	<b>\$304</b> /ac
Fixed Costs	\$3.30 /bu	\$131 /ac	\$3.25 /bu	\$123 /ac
<b>Total Costs</b>	<b>\$10.77</b> /bu	<b>\$428</b> /ac	<b>\$11.28</b> /bu	<b>\$426</b> /ac

# Non-Irrigated Soybeans in NE Kansas

## Total Costs & Net Returns

	2012-2016 \$/Bu	2012-2016 \$/Acre	2017 \$/Bu	2017 \$/Acre
<b>Total Costs</b>	<b>\$10.77 /bu</b>	<b>\$428 /ac</b>	<b>\$11.28 /bu</b>	<b>\$426 /ac</b>
Net Returns to Management	+\$0.69 /bu	+\$27 /ac	(\$0.93) /bu	(\$35) /ac
<b>Net Returns to Labor + Mgmt</b>	<b>+\$1.91 /bu</b>	<b>+\$76 /ac</b>	<b>+\$0.31 /bu</b>	<b>+\$12 /ac</b>

## Soybean Futures

Monthly Chart:

August 2005 to Feb. 19, 2019

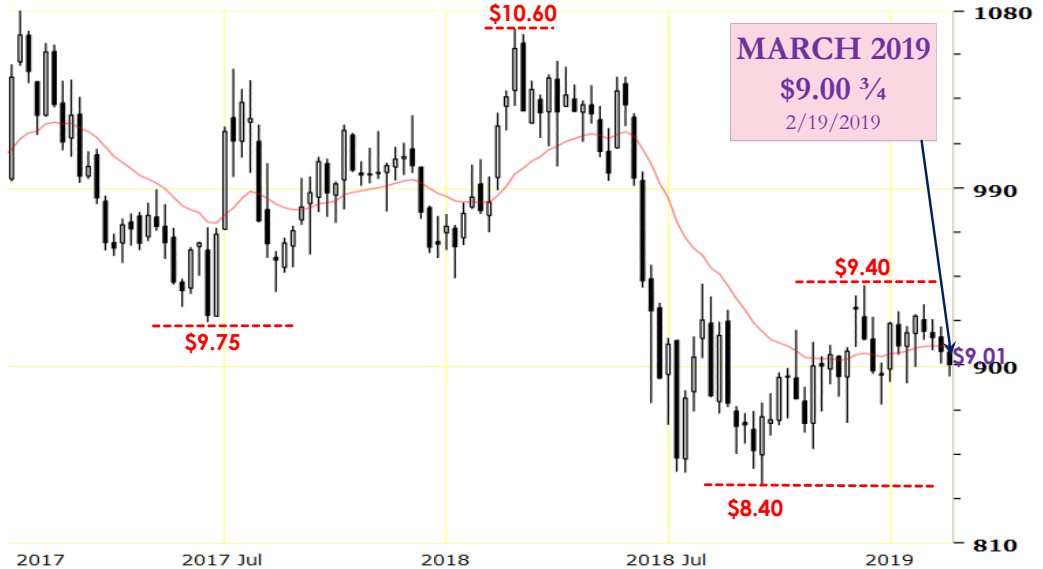


# Soybean Futures

**Weekly Chart:**

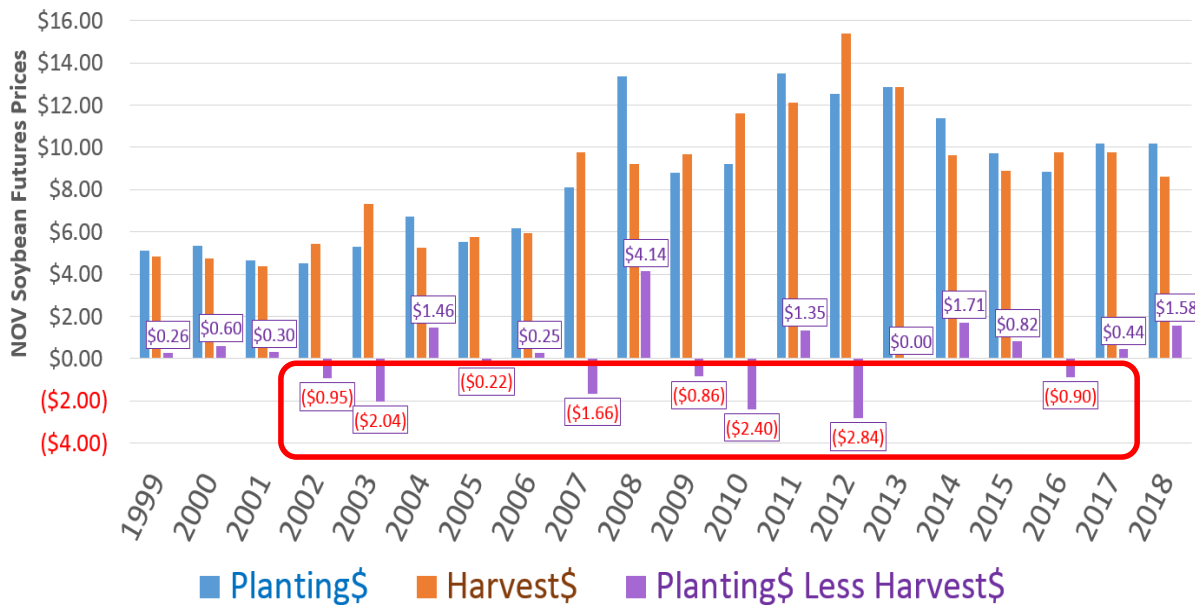
Early 2017 to  
Feb. 19, 2019

ZS - Soybeans (Globex) - Weekly Chart  
02/19/2019 O: 907.25 H: 911.25 L: 894.75 C: 900.75 Vol: 87098 OI: 187722  
Session Change: -6.500

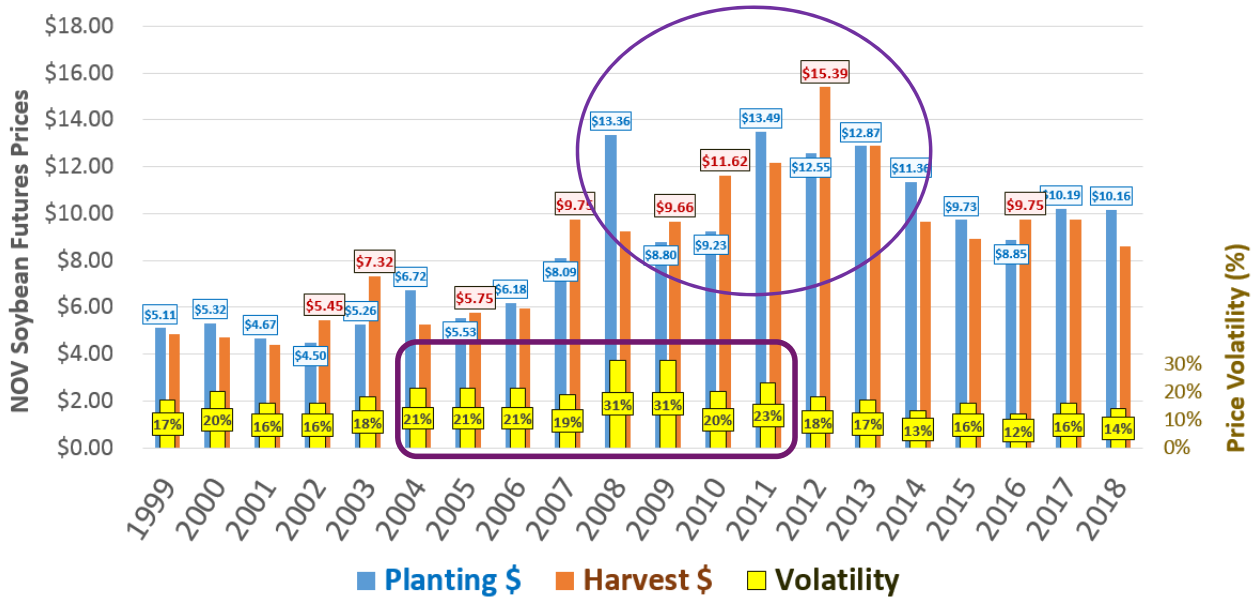


TFC Commodity Charts

## Soybean Price & Volatility History for Revenue Insurance

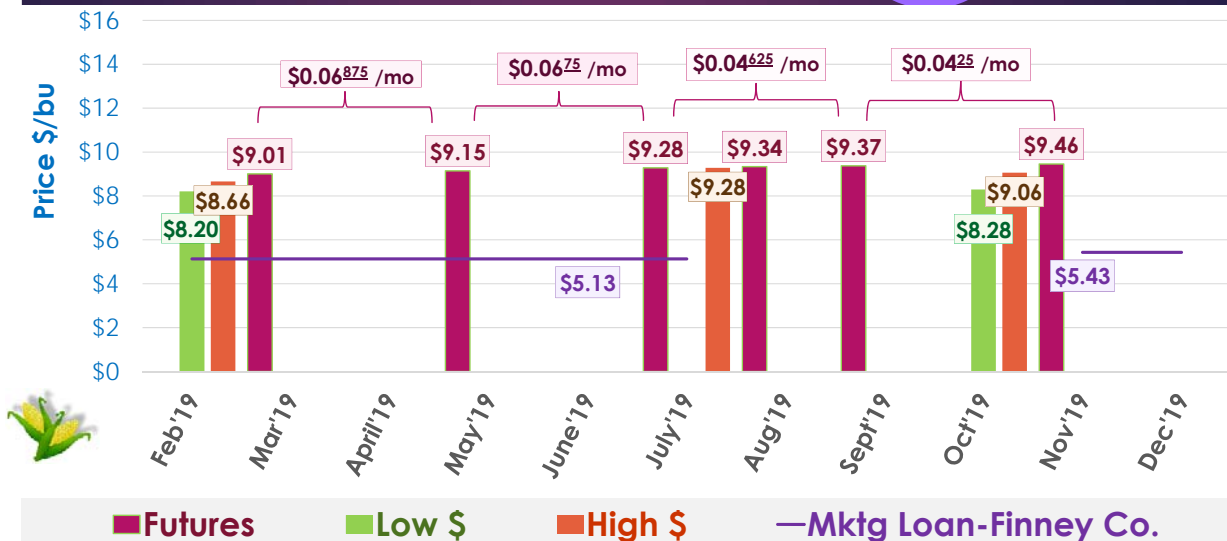


# Soybean Price & Volatility History for Revenue Insurance



## Soybean Cash & Futures \$'s

Tonganoxie, KS Local Elevators – February 19, 2019



# ELEC. SOYBEANS (Nov 2019) [10 Minute Delay]

Refresh

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
945'6s	-6'2	-0.66	951'2	955'0	939'4	952'0	14698	CBOT	02/19/19 13:19

Symbol: @SX19  [Symbol Search](#) | [Symbol Lookup](#) Strike Range: Near-the-Money  |  |

Mar 2019 | May 2019 | Jul 2019 | Aug 2019 | Sep 2019 | Nov 2019 | Jan 2020 | Mar 2020 | May 2020 | Nov 2020

## Nov 2019 Options

Days Until Expiration: 248

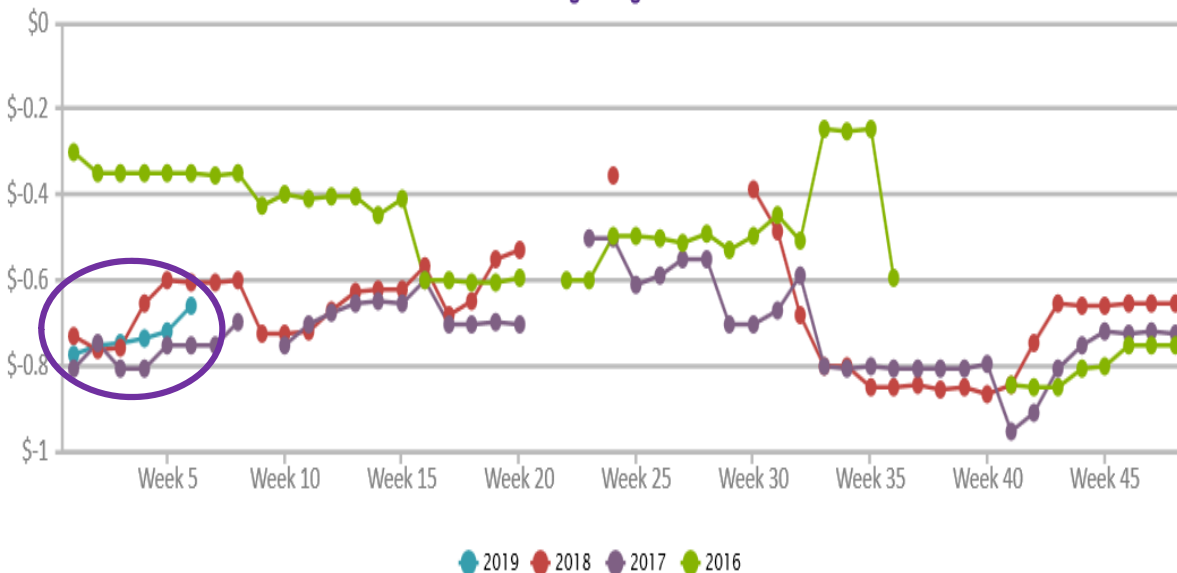
Calls									Puts							
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int
<input type="checkbox"/> @SX19C8400	116'3s	-5'1	---	---	---	36	140	8400	<input type="checkbox"/> @SX19P8400	116's	1'0	120	120	120	1	2421
<input type="checkbox"/> @SX19C8600	101'0s	-4'6	---	---	---	1	4	8600	<input type="checkbox"/> @SX19P8600	162's	14	157	164	157	6	1579
<input type="checkbox"/> @SX19C8800	86'7s	-4'2	---	---	---	0	261	8800	<input type="checkbox"/> @SX19P8800	217's	17	---	---	---	2	1060
<input type="checkbox"/> @SX19C9000	74'1s	-3'6	74'0	74'0	74'0	5	209	9000	<input type="checkbox"/> @SX19P9000	287's	23	264	30'2	264	54	6170
<input type="checkbox"/> @SX19C9200	62'6s	-3'3	---	---	---	0	308	9200	<input type="checkbox"/> @SX19P9200	372's	2'6	34'0	40'0	34'0	27	2743
<input checked="" type="checkbox"/> @SX19C9400	52'6s	-2'7	497	497	497	78	3136	9400	<input checked="" type="checkbox"/> @SX19P9400	470's	3'1	45'5	50'0	45'5	19	2600
<input type="checkbox"/> @SX19C9600	44'0s	-2'5	44'2	44'2	44'2	3	1478	9600	<input type="checkbox"/> @SX19P9600	58'0s	3'4	59'4	59'4	59'4	54	1338
<input type="checkbox"/> @SX19C9800	36'4s	-2'3	39'5	39'5	36'0	80	891	9800	<input type="checkbox"/> @SX19P9800	70'2s	3'6	---	---	---	0	267
<input type="checkbox"/> @SX19C10000	30'1s	-2'1	32'0	32'0	28'2	138	5734	10000	<input type="checkbox"/> @SX19P10000	83'6s	4'1	---	---	---	0	1046
<input type="checkbox"/> @SX19C10200	24'6s	-2'0	25'2	25'2	23'6	3	2852	10200	<input type="checkbox"/> @SX19P10200	98'1s	4'2	---	---	---	0	4
<input type="checkbox"/> @SX19C10400	20'3s	-1'6	21'4	21'4	19'7	502	3575	10400	<input type="checkbox"/> @SX19P10400	113'4s	4'3	---	---	---	0	5

In the money  At the money

Quotes generated on: Tue, Feb 19, 2019 3:11 PM CST

# LAWRENCE, KS: Soybeans Basis - OTTAWA COOP

www.AgManager.info



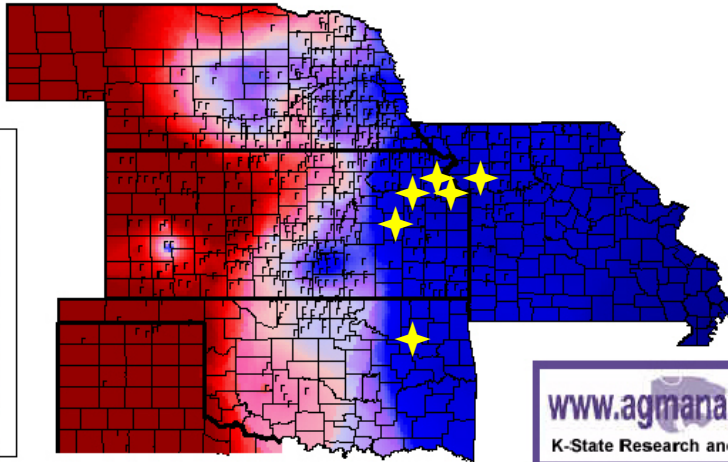
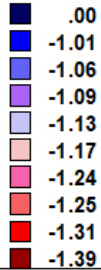


## Soybean Basis, 02-13-2019

Basis = Cash Price - Nearby Futures Price

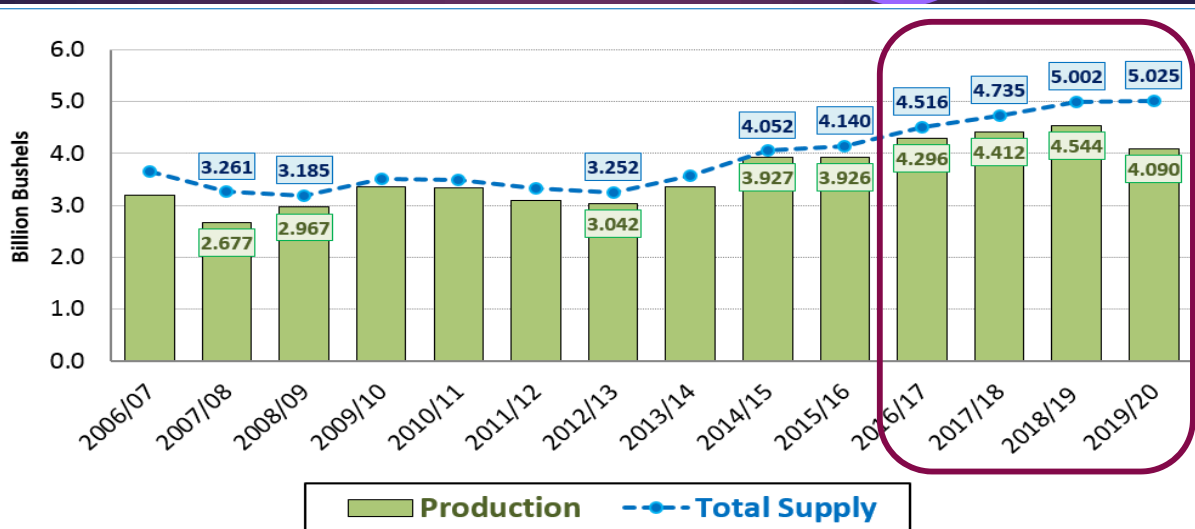
CBT Mar  
Futures  
Price: \$9.17

\$/Bushel



[www.agmanager.info](http://www.agmanager.info)  
K-State Research and Extension

## U.S. Soybean Production & Supplies



# U.S. Soybean Supply-Use

- **2019 U.S. Soybean Production** ⇒ *Record\*\** 4.600 billion bu.

- **Large U.S. & Global Soybean Stocks limit U.S. Price\$'s**

- **Low Price\$'s DO support “Current” MY 2018/19 Use \*\*\***

- **Soy Crush** 2018/19 = 2.080 bln bu (*New Record – vs 2.055 bb last year*)
- **Exports** 2018/19 = 1.900 bln bu (*Down – vs 2.129 & 2.166 bb last 2 years*)
- **Total Use** 2018/19 = 4.107 bln bu (*Down – vs 4.296 & 4.214 bb last 2 years*)
- **SBM Exports** 2018/19 = 13.750 mln tons (*vs 14.826 & 11.580 mln tons last 2 years*)



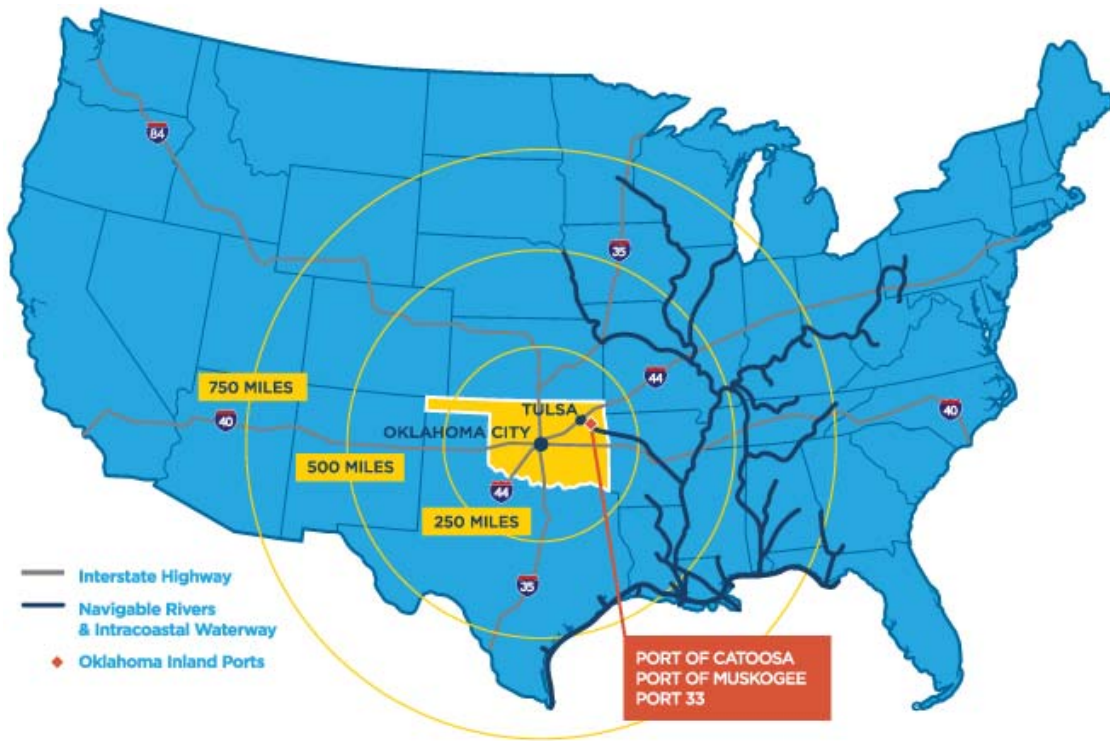
## 4) U.S. Soybean Usage in “Current” MY 2018/19 (thru 8/31/2019)

- **Soy Crush** 2018/19 = 2.090 bln bu (*Record vs 2.055 bb last year*)
  - **Exports** 2018/19 = 1.875 bln bu (*Down vs 2.129 - 2.166 bb last 2 yrs*)
  - **Total Use** 2018/19 = 4.092 bln bu (*Down vs 4.297 - 4.214 bb last 2 yrs*)
- 
- **SBM Exports** 2018/19 = 13.75 mln tons (*vs 14.8 - 11.6 mln tons last 2 years*)

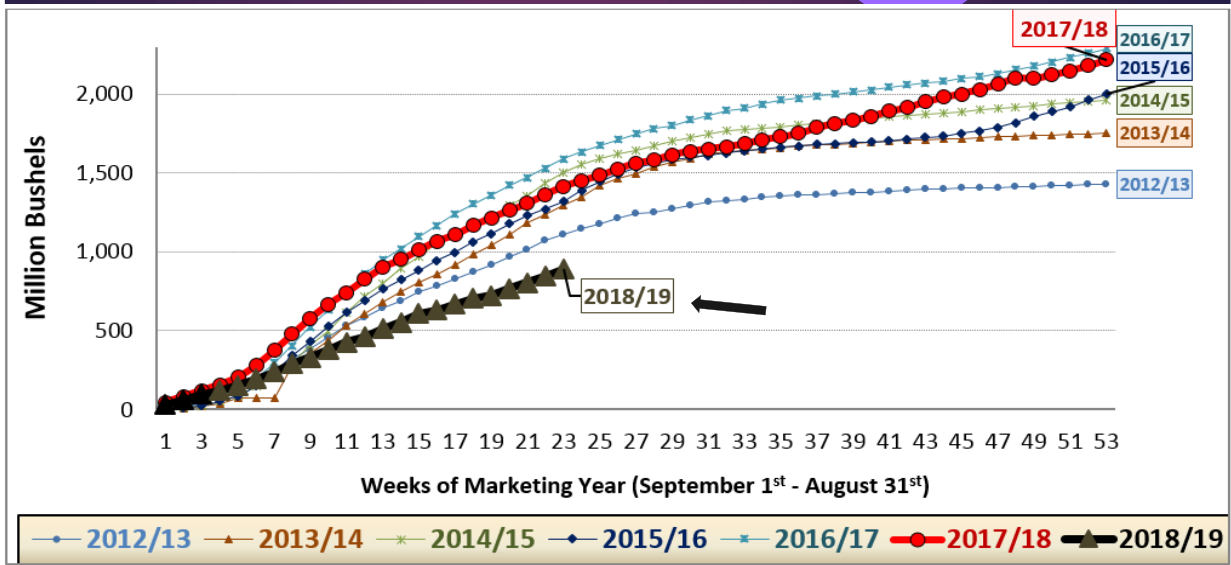


# NOPA

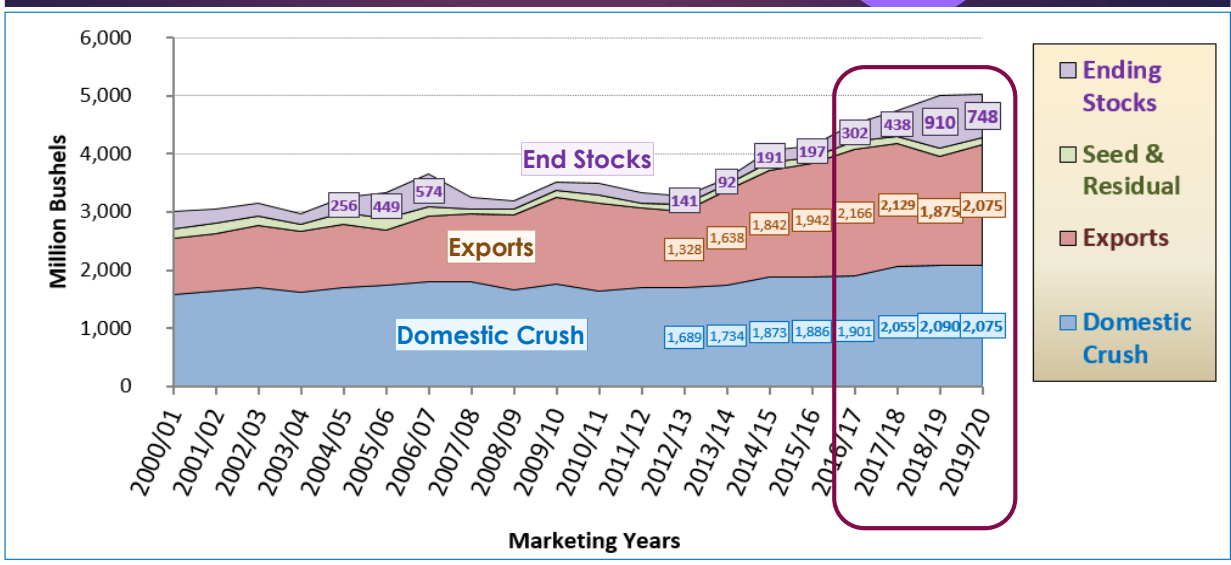
NATIONAL OILSEED  
PROCESSORS ASSOCIATION



# U.S. Soybean Exports – Cumulative Weekly (2/7/2019)



# U.S. Soybean Use & End Stocks



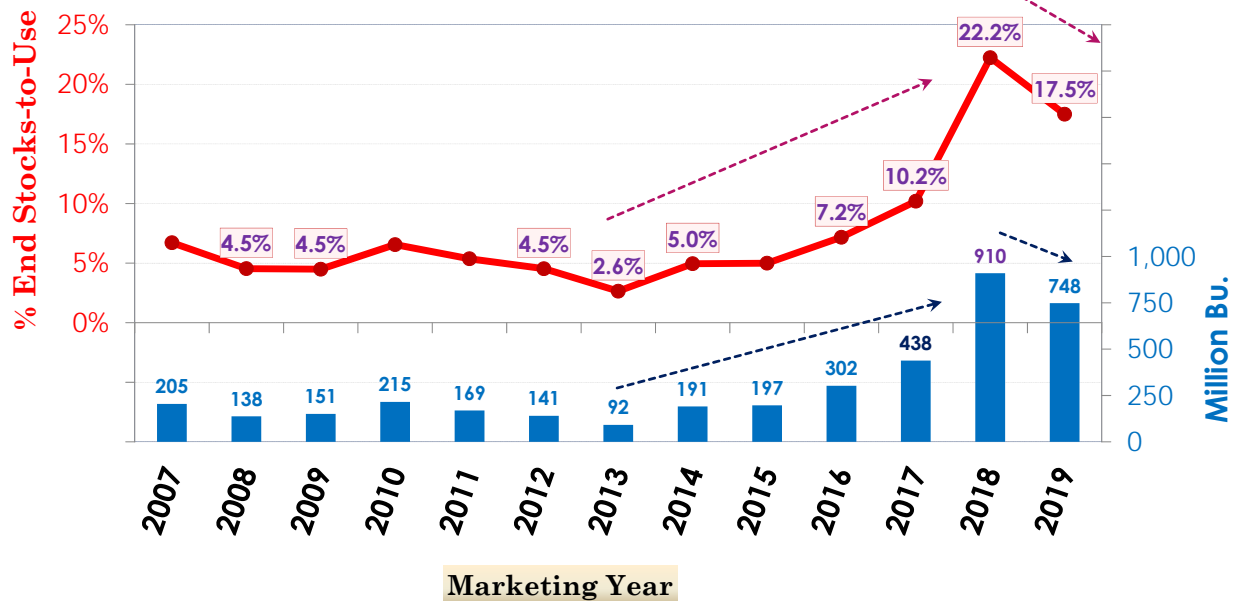
## 5) “Large” U.S. Soybean Stocks & % Stocks-to-Use

- **910 mb @ 22.24% Stocks/Use** in “Current” MY 2018/19
- **Impact of +/- 150 mb on U.S. soybean S/D Balances?**
  - **760 mb vs 1.060 bb** U.S. soybean ending stocks
  - **≈ 19% vs ≈ 26% Stocks/Use** ⇒ *Significant* +/- \$ effects
    - ❖ “≈ 19% Stks/Use” Scenario – *“Moderate Price Support”*
    - ❖ “≈ 26% Stks/Use” Scenario – *“Overwhelming Supplies”*

## U.S. Soybean Stocks.....

- **Soybean: “Large” Stocks & % S/U**
  - **End Stocks** <sup>2018/19</sup> ⇒ **910 mln bu** (*High vs 438 mb last year*)
  - **% Stocks/Use** <sup>2018/19</sup> ⇒ **22.24% S/U** (*High vs 10.20% last year*)

## U.S. Soybean Ending Stocks & % Stx/Use



### 6) U.S. Soybean Price Outlook <sup>USDA</sup>

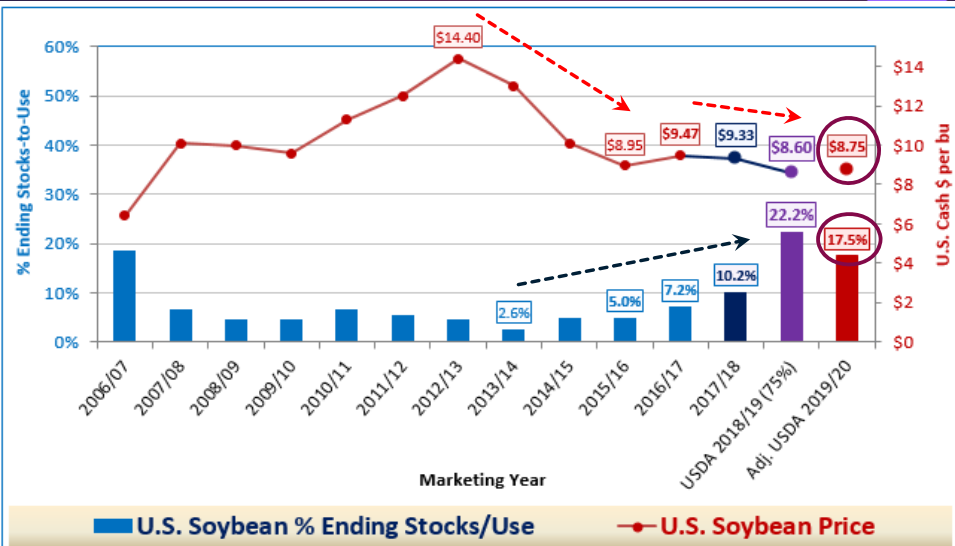
- **\$8.60 /bu** in "Current" MY 2018/19
- **\$8.75 /bu** in "Next Crop" MY 2019/20 (+\$0.15 /bu vs current)

#### ○ USDA Forecast for "Next Crop" MY 2019/20 :

- **82.50 million acres planted** (vs 89.196 ma current)
- **50.0 bu/ac,** (vs 51.6 bu/ac current)
- **4.090 bb Production** (vs 4.544 bb current)
- **2.075 bb Domestic Crush** (vs 2.090 bb current)
- **2.075 bb Exports** (vs 1.875 bb current)
- **748 mb Ending Stocks** (vs 910 mb current)
- **17.5% Ending Stocks / Use** (vs 22.24% current)



# U.S. Soybean % Stocks/Use vs Price\$



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

Including  
preliminary  
U.S. Soybean  
S-D & Prices  
For "Next Crop"  
MY 2019/20

## 7) "Other" Market Factors

- Ongoing Negotiations between U.S. & China wrt trade issues  
⇒ *More positive prospects for resolution in recent days*

- **USDA Market Facilitation Payments (MFP)**

- \$1.65 /bu for 2018 [Soybean Production](#)

Q? What impact could these 2018 Soybean MFP payments have on U.S. farmer's acreage choices in 2019?

- New Farm Bill ARC vs PLC Choices.....





# Questions?

**Daniel O'Brien – Extension Ag Economist**

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**KSUGrains** on Twitter & Facebook

[www.AgManager.info](http://www.AgManager.info)



**KANSAS STATE  
UNIVERSITY**

Department of Agricultural Economics