

K-State 2017 Sorghum Schools

Sorghum Global Markets

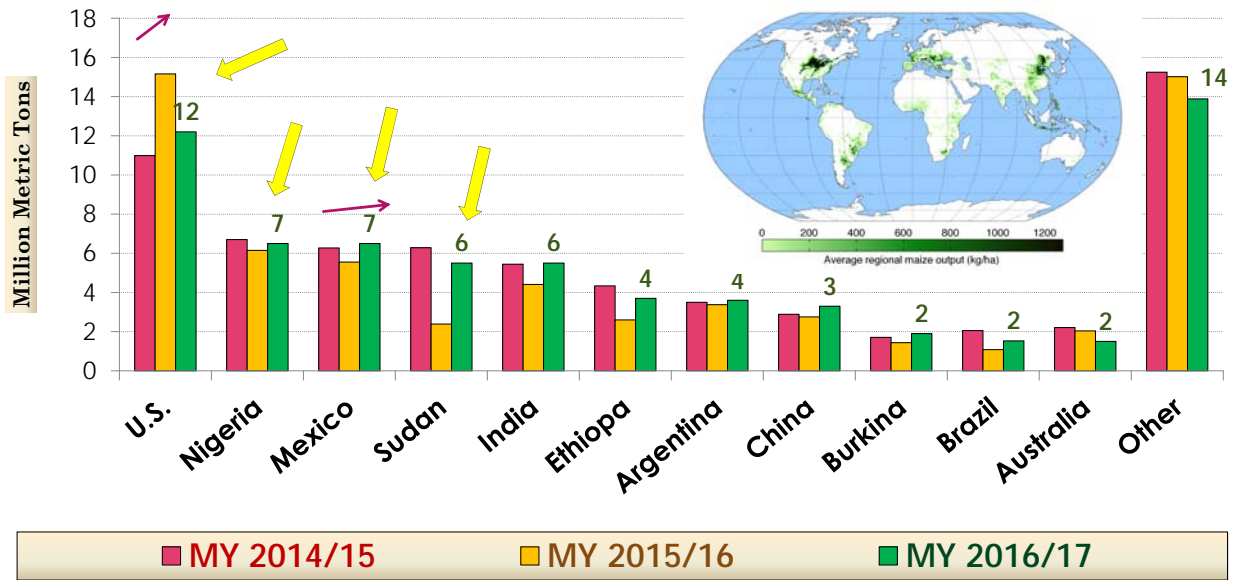
Alvaro A. Cordero
Manager of Global Trade
Colby, KS



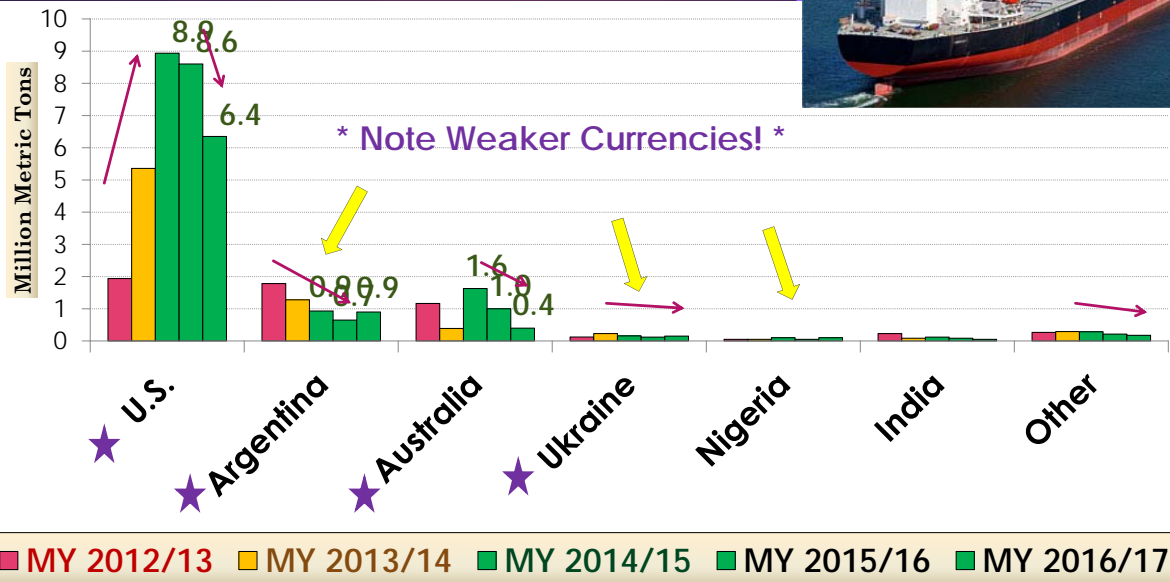
SORGHUM – Int. Market Analysis



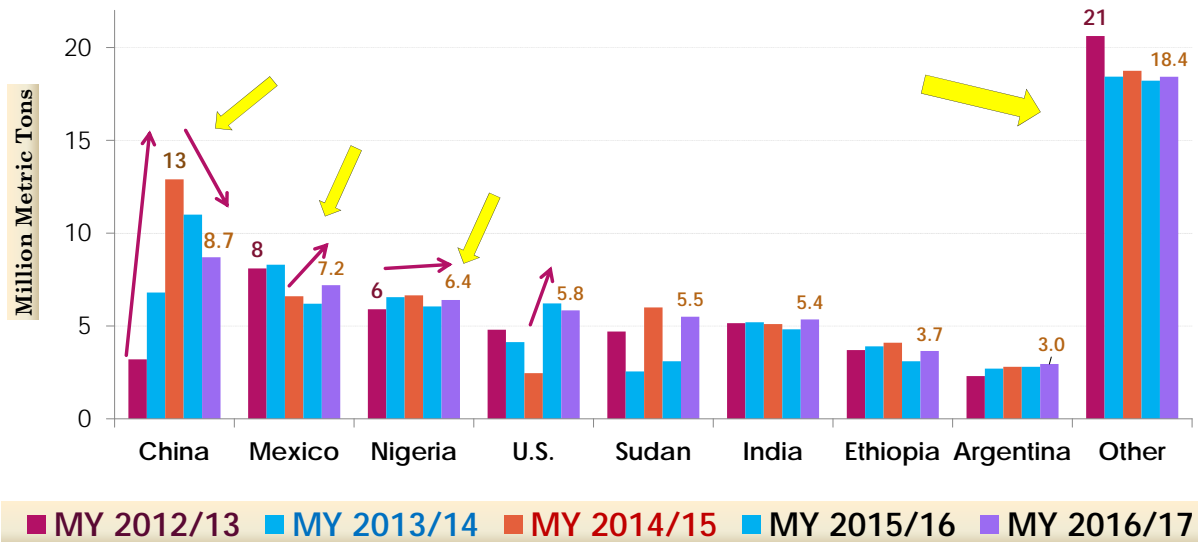
World Sorghum Grain Producers



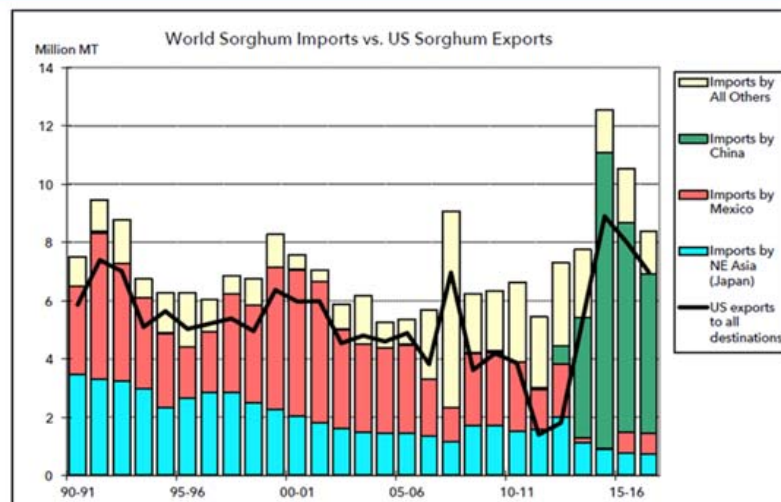
Grain Sorghum Exporters



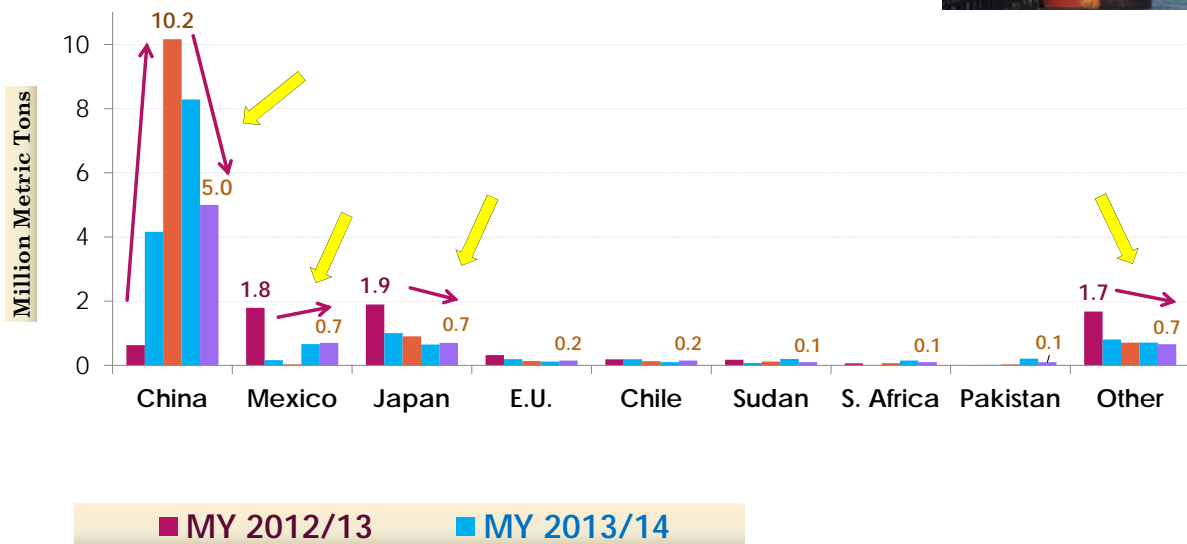
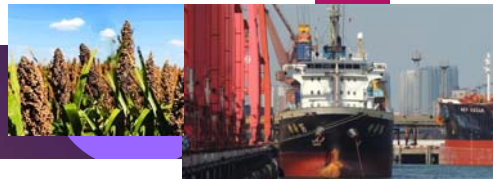
World Grain Sorghum Use



World YGS Imports vs. US YGS Exports



Grain Sorghum Importers



Challenges in China



Some Issues:

- AD & CVC over DDGS
- Price control on crop support
- Quarantine on weed seeds and or FM's
- Delayed import permits
- Increase business after DDGS announcement
- Competitive prices

NEW Opportunities



Peru Sorghum Opportunity



USA / Peru FTA on Corn / Sorghum



- 2015: 700 KMT no tariff
- 2016: 770 KMT
- 2017: 810 KMT

- No tariff on Sorghum
- Corn tariff after quota 8.34%



Sorghum Import challenges



- Traditional import models
- Seller influence
- Lack of knowledge on sorghum
- Poor experience on Argentinian imports
- Infrastructure
- Still undeveloped final market

Duck Feeding Trials in China



Fish Feeding Trials in Vietnam



Mexico Ethanol and Pet Food



Mexican Ethanol Producers Set Sights on Sorghum

A U.S. Grains Council (USGC) trade team of Mexican ethanol producers visited Kansas and Texas last week as part of program designed to engage interest in U.S. sorghum for production of the bio-based fuel. The program, launched in partnership with the United Sorghum Checkoff Program (USCP), gave participants the opportunity to tour facilities and learn more about the benefits of using sorghum as Mexican energy industry reforms continue.

In 2015, Pemex, Mexico's state-owned petroleum company, announced its plan to introduce a pilot program that would blend gasoline with ethanol. The resulting boom in ethanol interest gave USGC the opportunity to lead conversations and generate continued awareness of ethanol with the goal of fostering new competition in the market place.

"Producers are looking to expand their plants," said Heidi Brogenberg, USGC manager of global programs, who accompanied the team in the United States. "Some producers are currently using sugar cane and beets in production. This program gave them the opportunity to see how sorghum could be used too."

The team's first stop was a lab tour, where producers were introduced to U.S. Department of Agriculture (USDA) grading and quality standards, followed by a workshop on purchasing strategies and risk management tools. Since many buyers are sourcing their energy inputs domestically, the lab tour and workshop offered participants the opportunity to ask questions and learn more about the advantages of buying U.S. sorghum.

"Producers were able to see how flexible sorghum is," said Javier Chavez, USGC marketing specialist in Mexico. "U.S. sorghum as an ethanol feedstock can be helpful for Mexican producers because it helps them ensure consistent supply without fully relying on local production."

In addition to one-on-one meetings and visits to sorghum and grain facilities, an ethanol plant tour gave producers an inside look at production methods and insight into applicable plant management techniques.

The program made participants aware of the many tools and opportunities at their disposal and offered an opportunity for them to get their questions about prices and energy policies answered.

Trade teams like the one made up of Mexican ethanol producers are intended to help buyers build relationships and discuss present and future needs. The Council builds on these activities through additional outreach and programming locally.

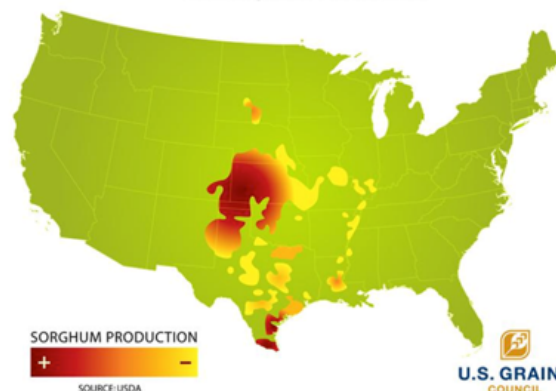
Click [here](#) to learn more about the Council's work to build demand for sorghum worldwide.

Additional Programs



- Sorghum Promotion in Europe
- Food Use Japan
- Turkey
- Morocco
- Taiwan

U.S. Sorghum Production



2017 Grain Sorghum Market Outlook

Kansas Grain Sorghum School

Wichita, Kansas – February 1, 2017

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EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics



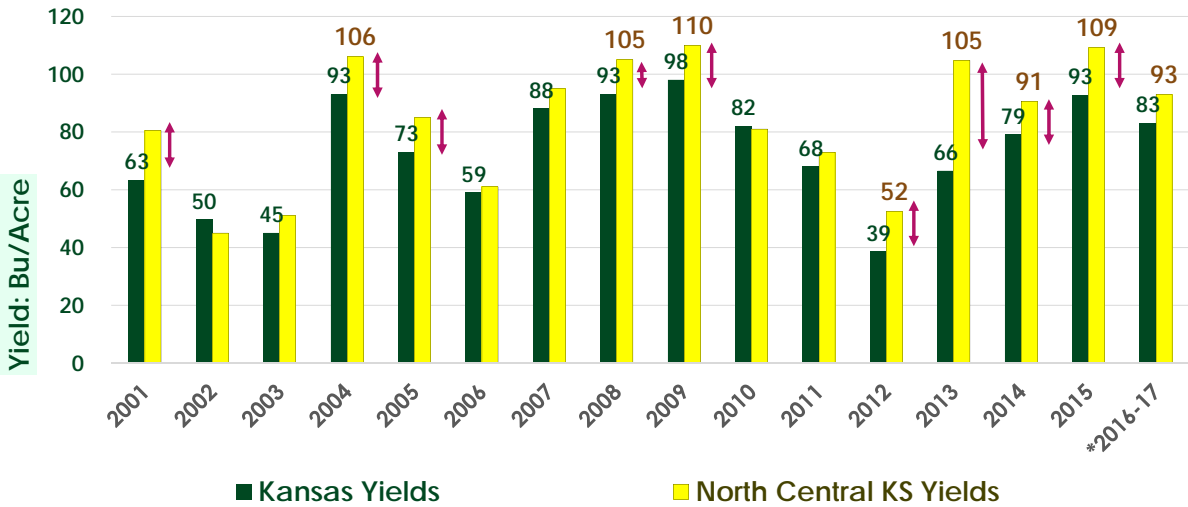
Current Grain Market Situation

for U.S. & Kansas Farmers & Agribusinesses

- 1) Large grain supplies are limiting grain prices
- 2) Wheat \$'s near Marketing Loan (Feedgrain \$'s > Loan)
- 3) Grain farmers are focusing on marketing 2016 Crops
- 4) U.S. & World Crop production plans for 2017??
 - More soybeans are likely in 2017 in South America & U.S.
 - Lower U.S. & World wheat acres with some World crop risk emerging
 - 2017 U.S. Feedgrain acres to be same or lower – ? in Brazil & Argentina

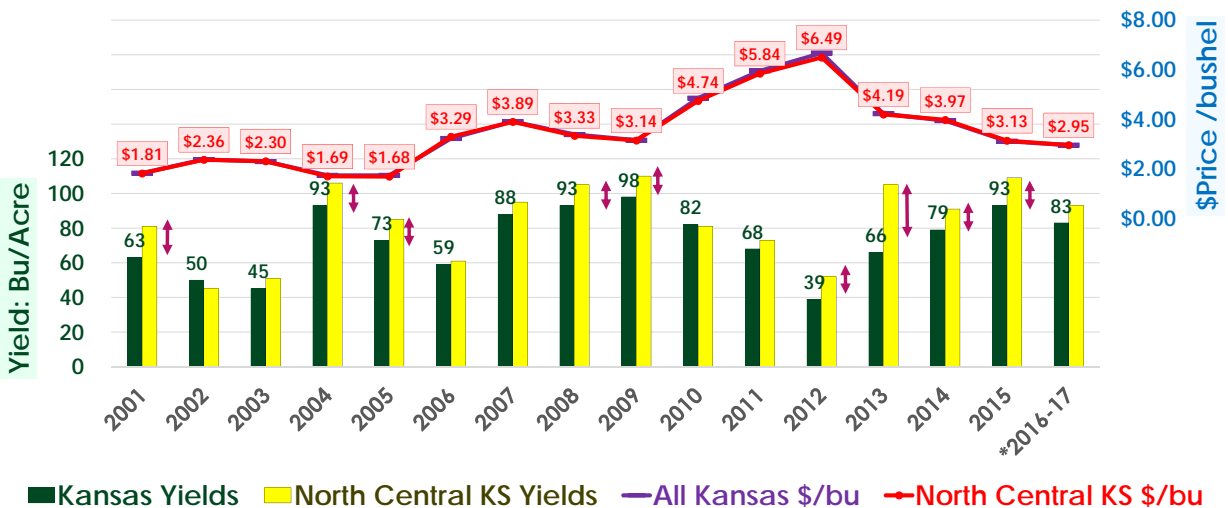
Kansas Grain Sorghum Yields

Non-irrigated Since 2001 Kansas Farm Mgmt. Assoc. Enterprise Records



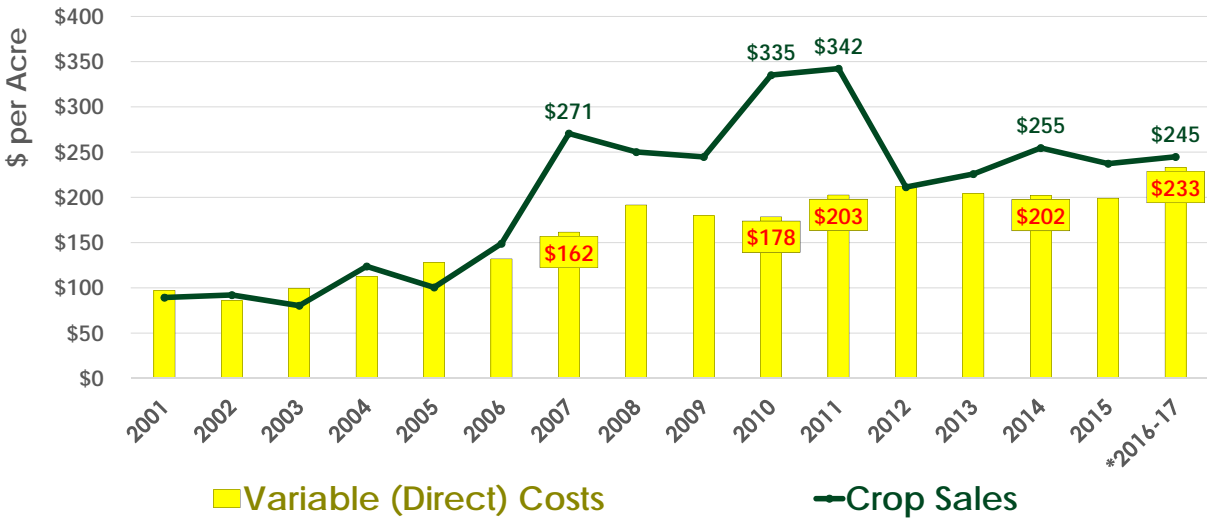
Kansas Grain Sorghum Yields & Prices

Non-irrigated Since 2001 Kansas Farm Mgmt. Assoc. Enterprise Records



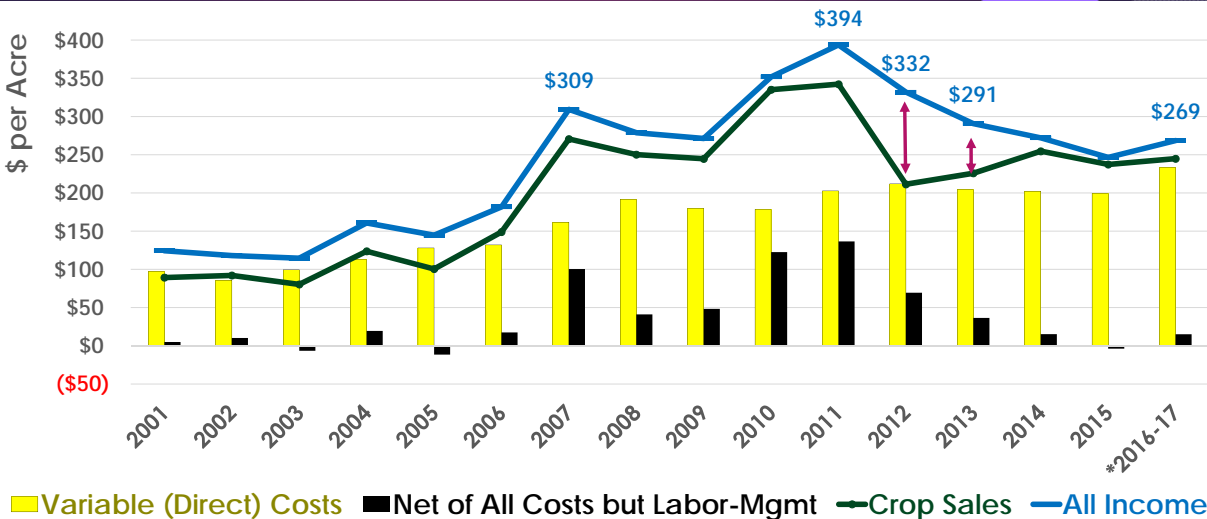
Grain Sorghum Sales & Costs

All Kansas – Non-irrigated Since 2001 Kansas Farm Mgmt. Assoc. Enterprise Records



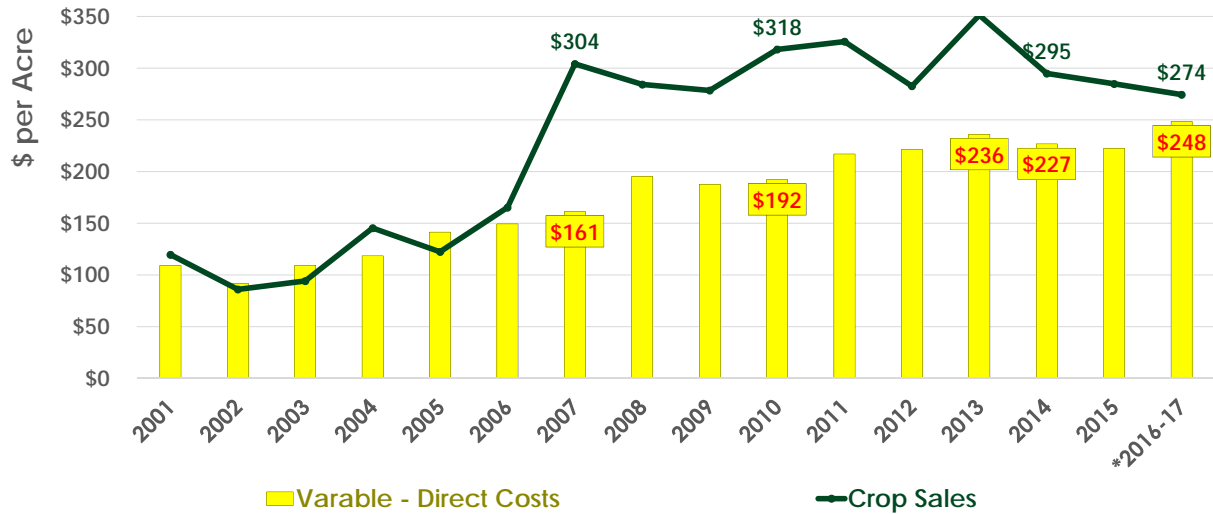
Grain Sorghum Revenue, Costs & Returns

All Kansas – Non-irrigated Since 2001 Kansas Farm Mgmt. Assoc. Enterprise Records



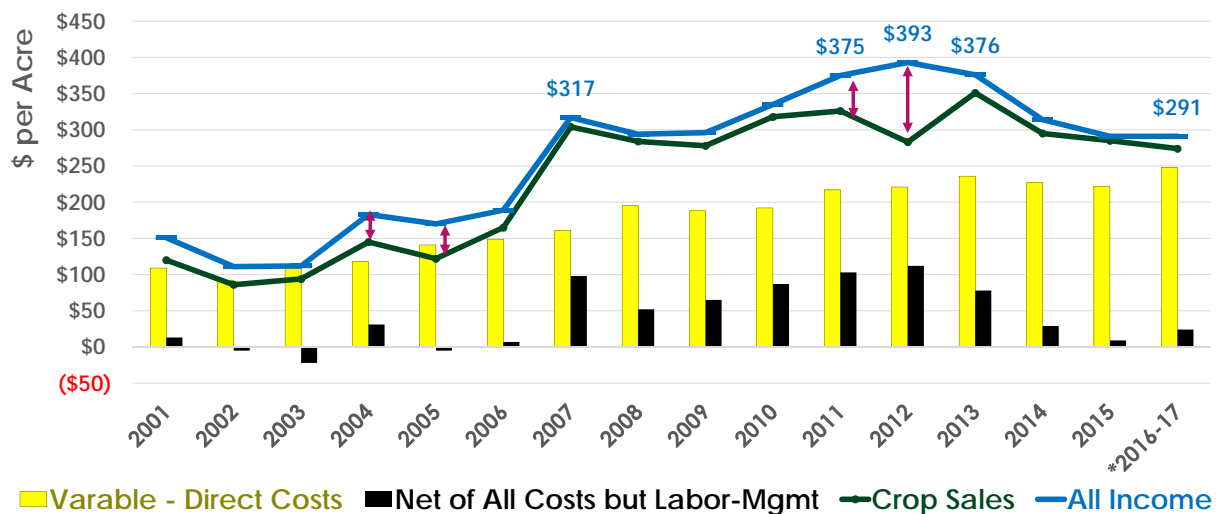
NC Kansas Sorghum Revenue, Costs & Returns

Non-irrigated Since 2001 KFMA Enterprise Records



NC Kansas Sorghum Revenue, Costs & Returns

Non-irrigated Since 2001 KFMA Enterprise Records

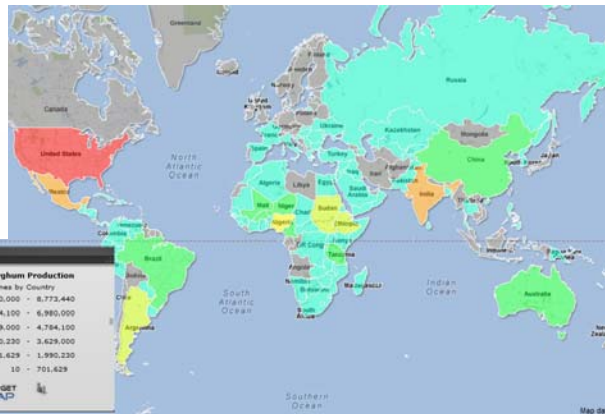
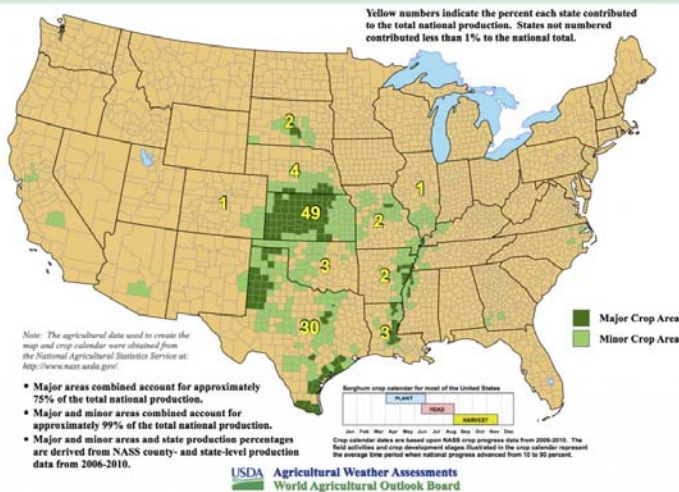


Grain Sorghum Markets



KANSAS STATE UNIVERSITY Department of Agricultural Economics

United States: Sorghum



CME Corn Futures

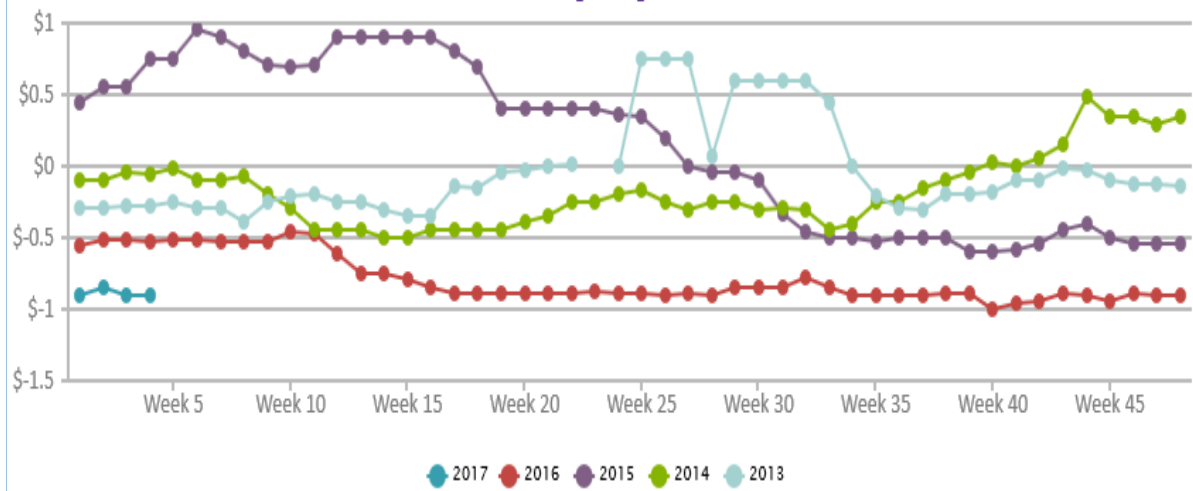


Monthly Chart: Nov. 2007 – December 2017 + 2/1/2017



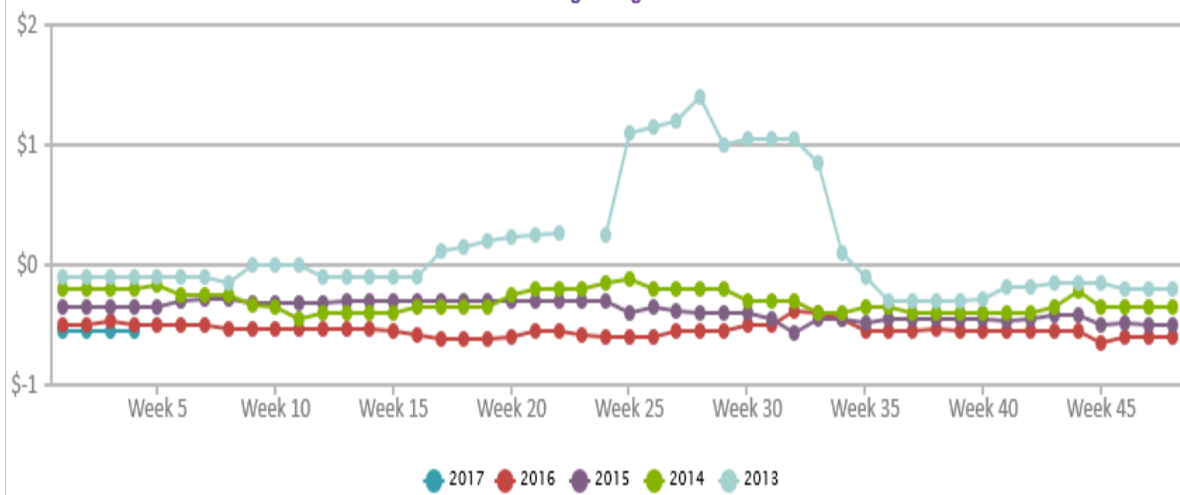
CONCORDIA, KS: Grain Sorghum Basis - AGMARK

www.AgManager.info



CONCORDIA, KS: Corn Basis - AGMARK

www.AgManager.info

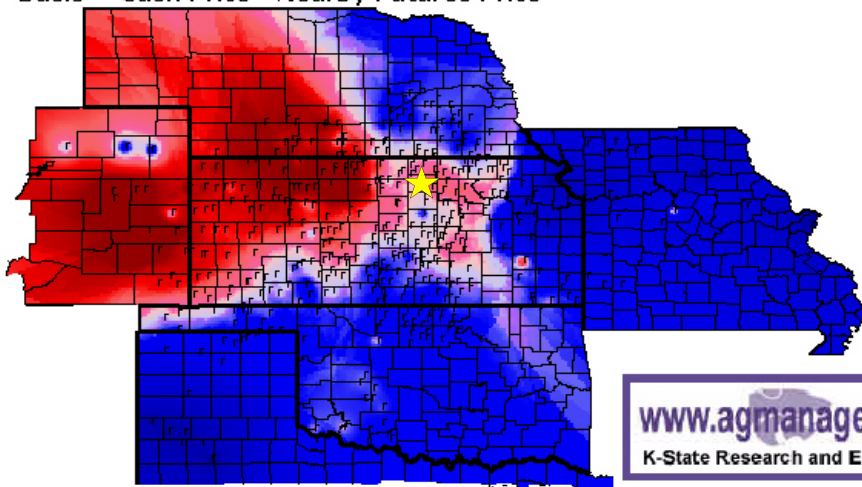


Grain Sorghum Basis, 01-26-2017

Basis = Cash Price - Nearby Futures Price

CBT Corn
Mar Futures
Price: \$3.64

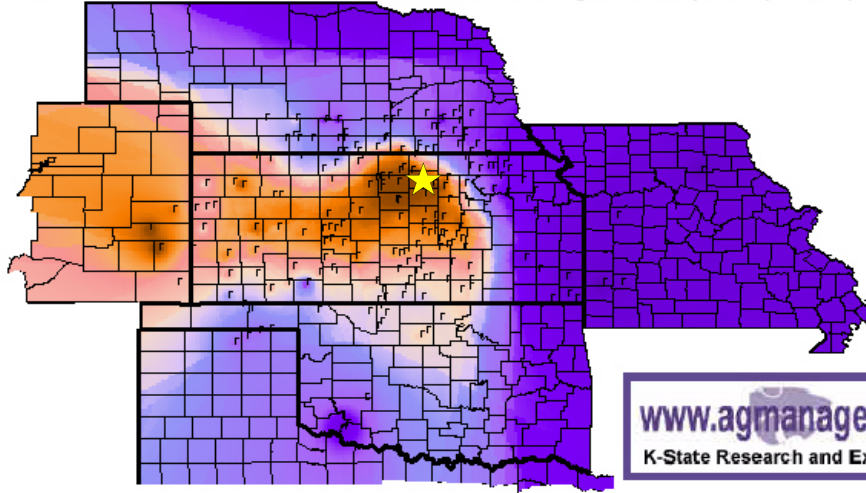
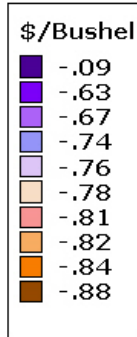
\$/Bushel	
Dark Blue	-.29
Blue	-.91
Light Blue	-.93
Very Light Blue	-.94
White	-.95
Light Pink	-.98
Red	-.99
Dark Red	-1.02
Dark Red	-1.04
Dark Red	-1.08



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K-State Research and Extension

Grain Sorghum Basis Deviation, 01-26-2017

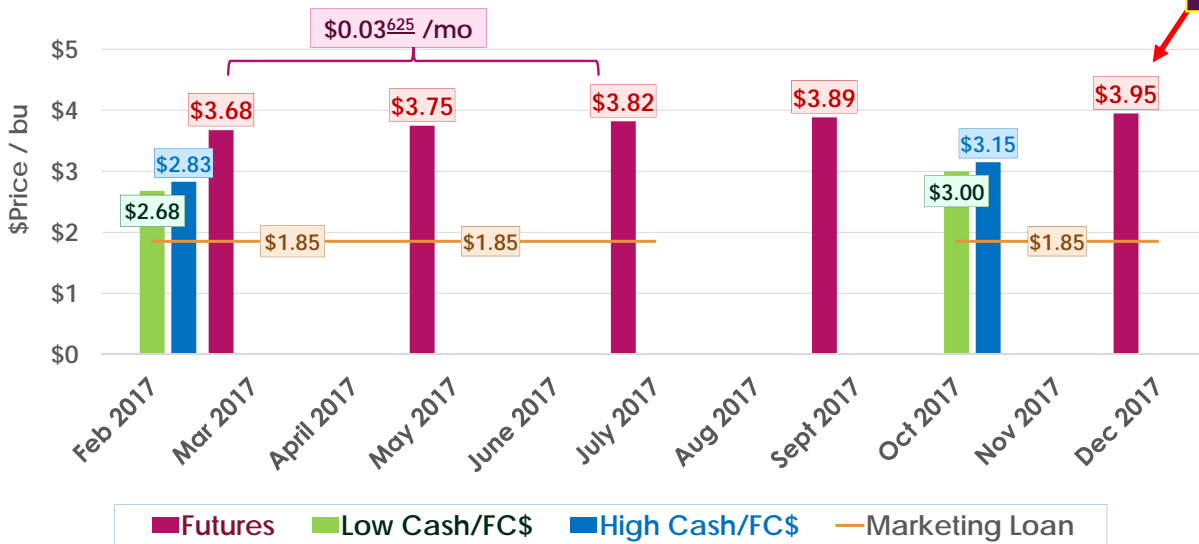
Basis Deviation = Current Basis - 3 Year Average Basis (2014, 2015, 2016)



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K-State Research and Extension

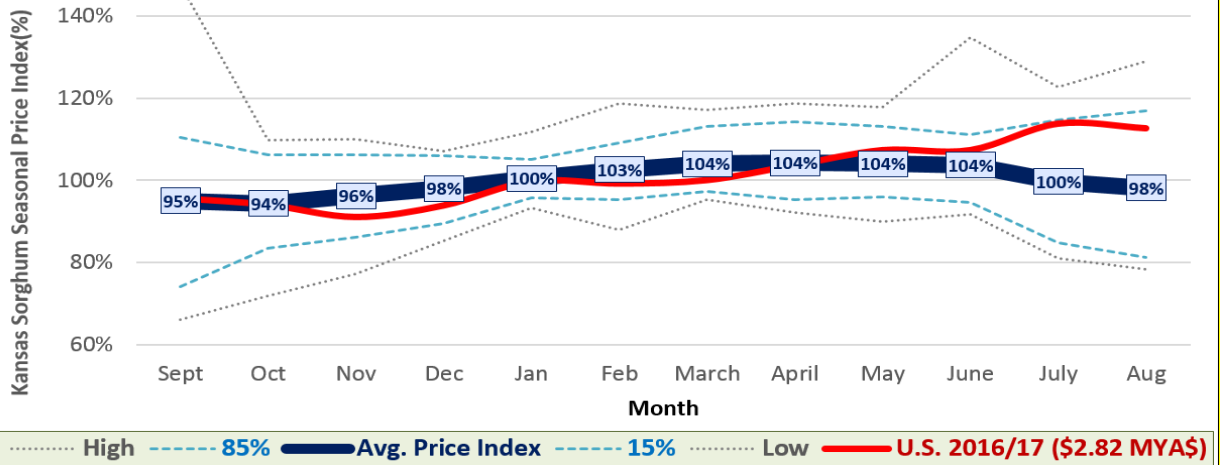
Sorghum Cash & Futures \$'s – Concordia, KS

Regional Elevators – February 1, 2017

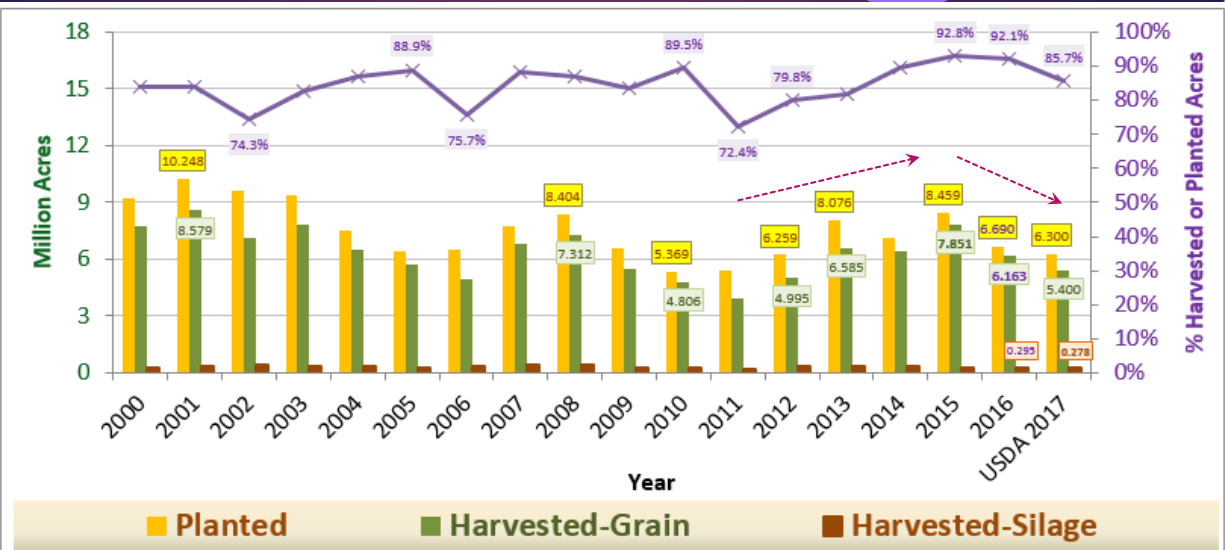


Kansas Sorghum Seasonal Cash \$ Index

Monthly Prices: 1999/2000 – 2015/16 + Forecast MY 2016/17

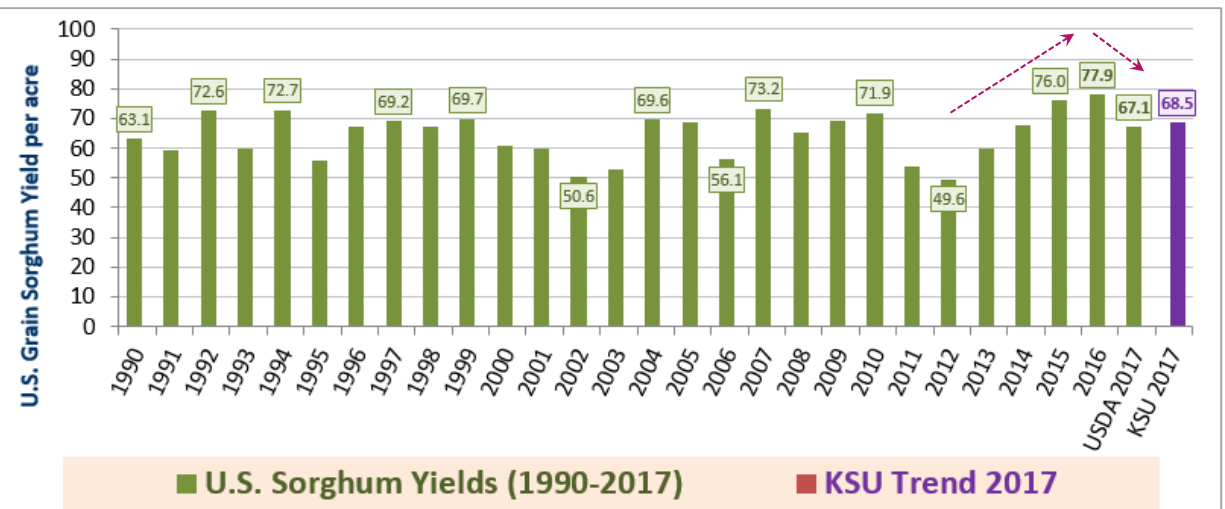


U.S. Sorghum Acreage: 2000-2017^{EST}



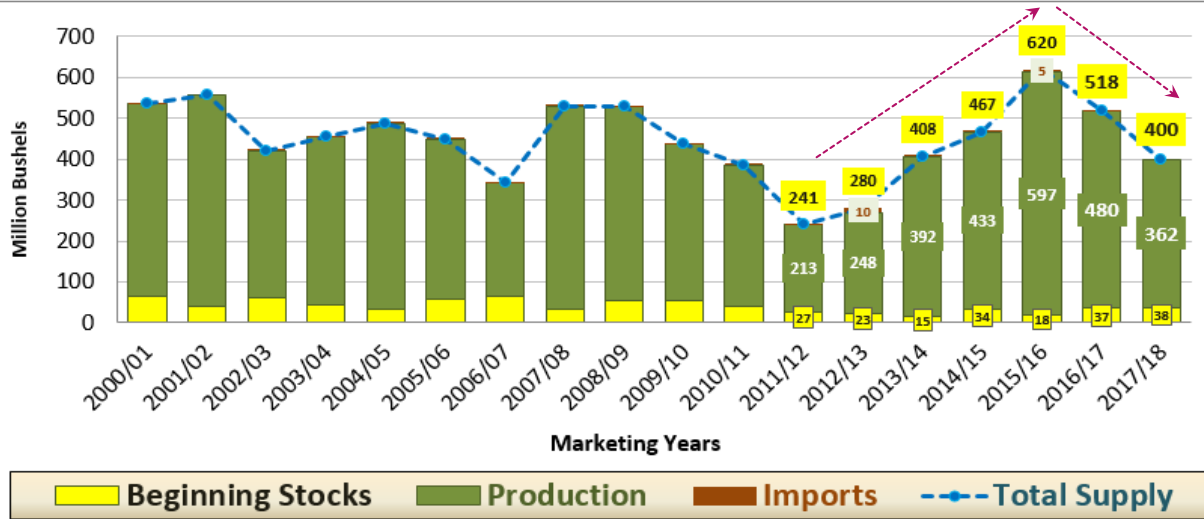
U.S. Sorghum Yields: 1990-2017

USDA 2017 USDA Forecast = 67.1



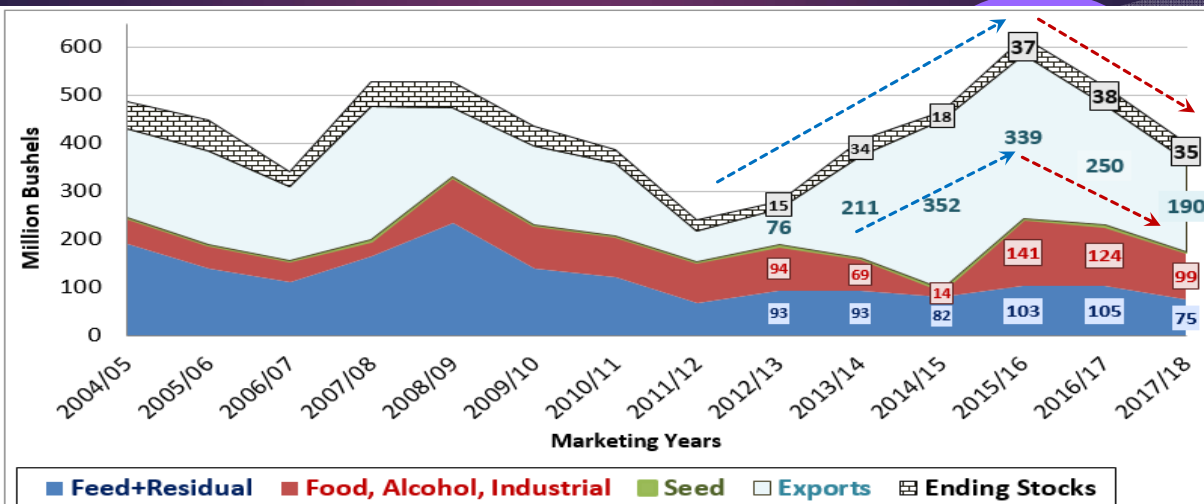
U.S. Sorghum Production & Supplies

NY 2000/01 to "Next Crop" MY 2017/18

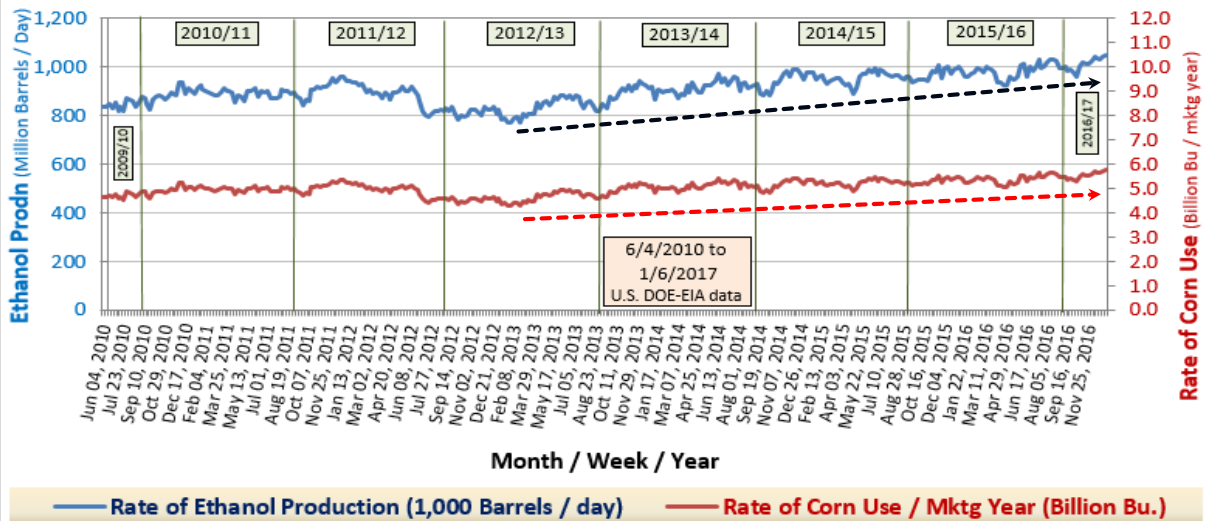


U.S. Sorghum Use & Ending Stocks

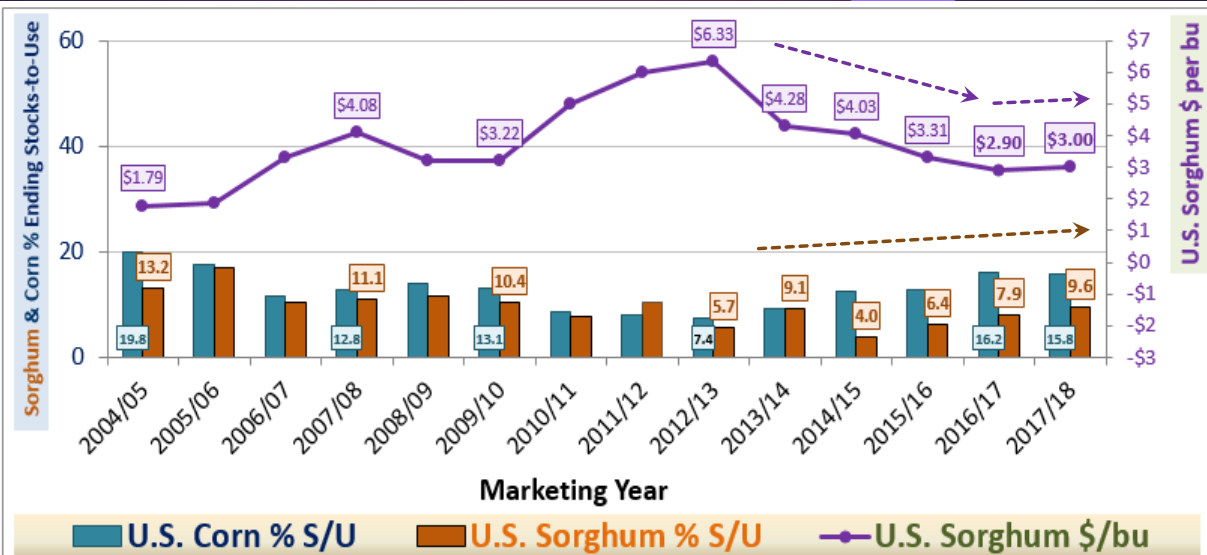
MY 2004/05 to "Next Crop" MY 2017/18



U.S. Ethanol Production & Corn Use

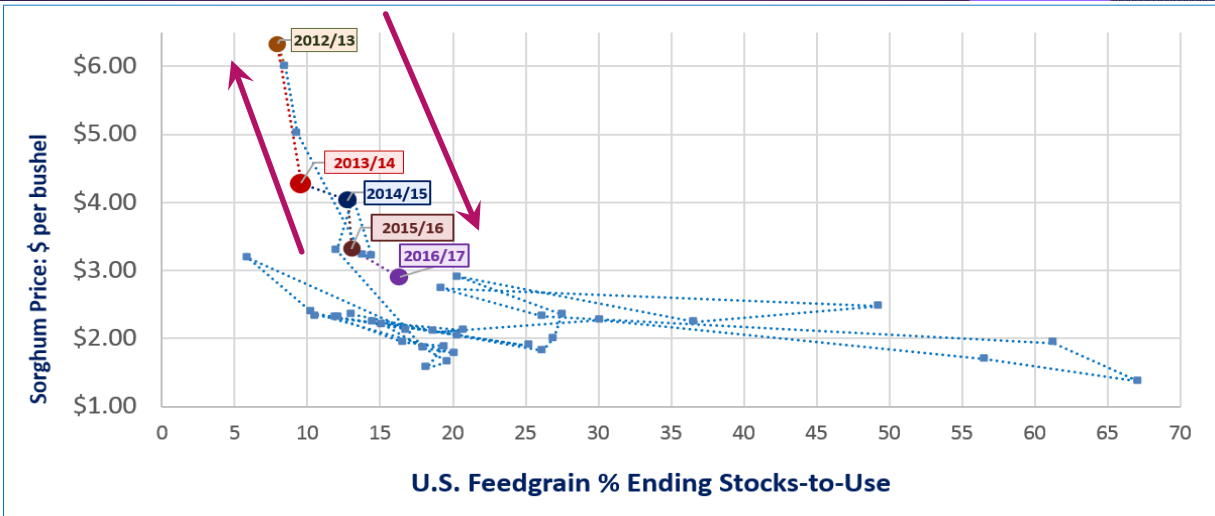


U.S. Feedgrain %S/U vs U.S. Sorghum Price

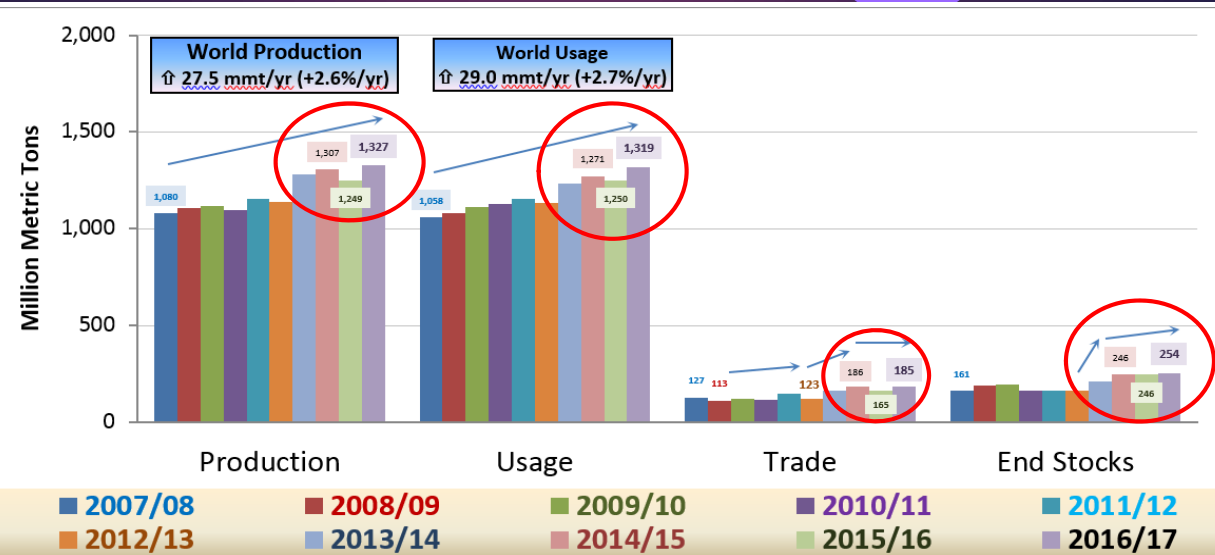


U.S. Sorghum \$ vs U.S. Feedgrain % S/U

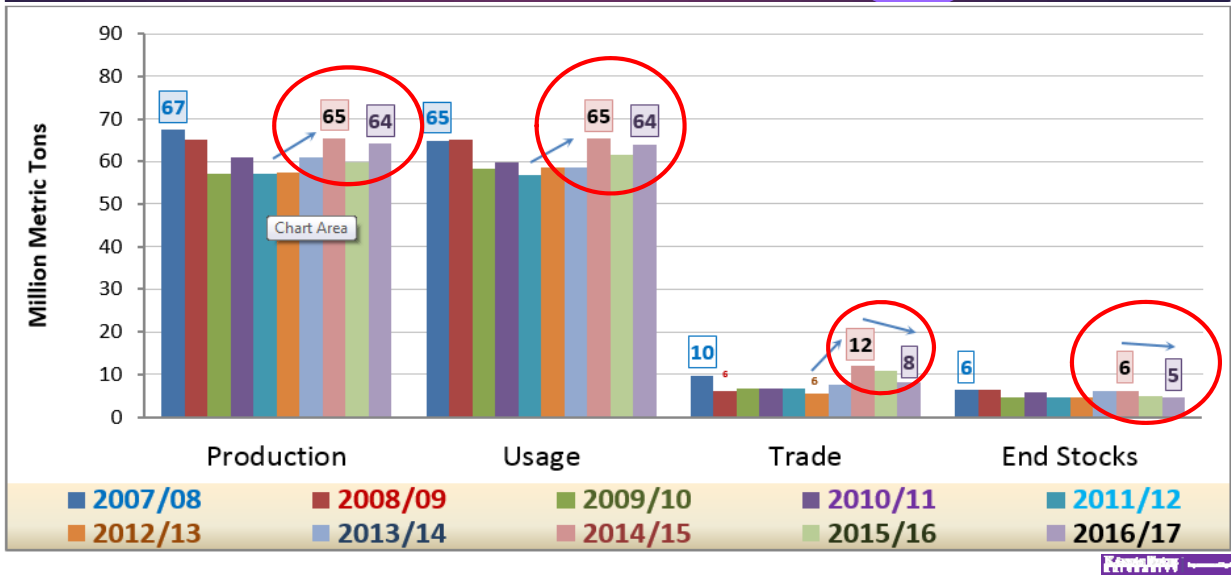
MY 1973/74 through "Current" MY 2016/17



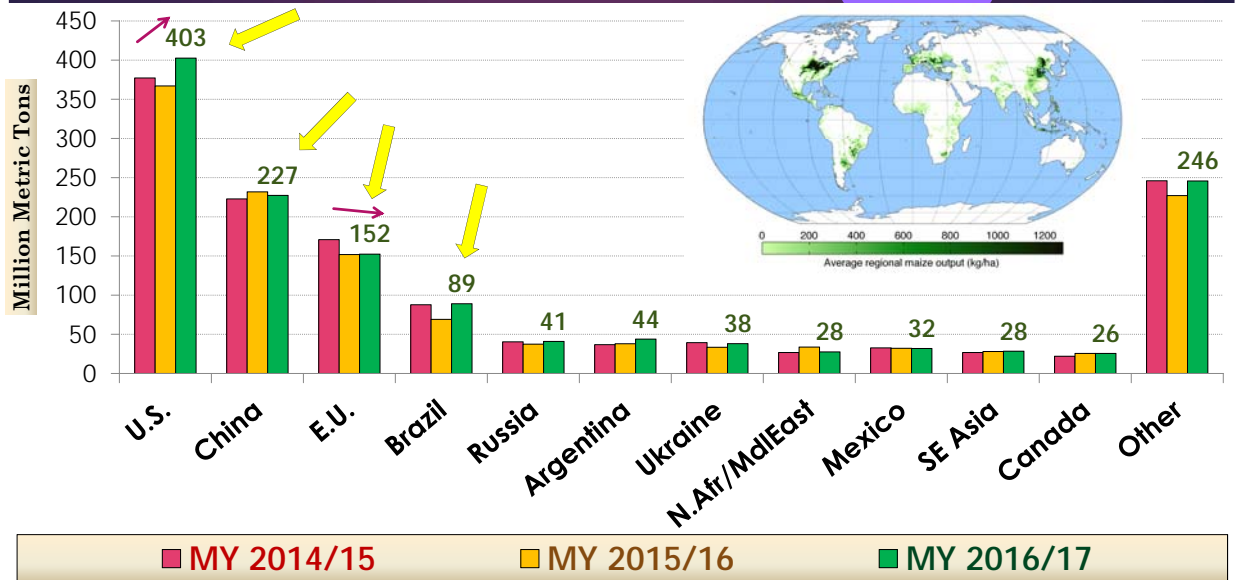
World Coarse Grain Supply, Use & Stocks



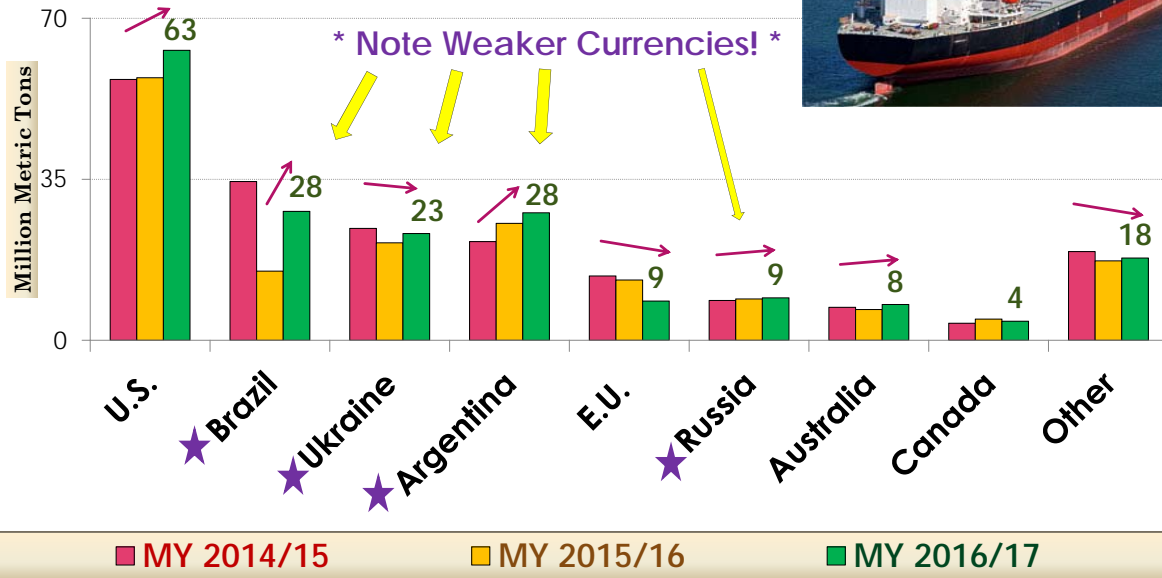
World Sorghum Supply, Use & Stocks



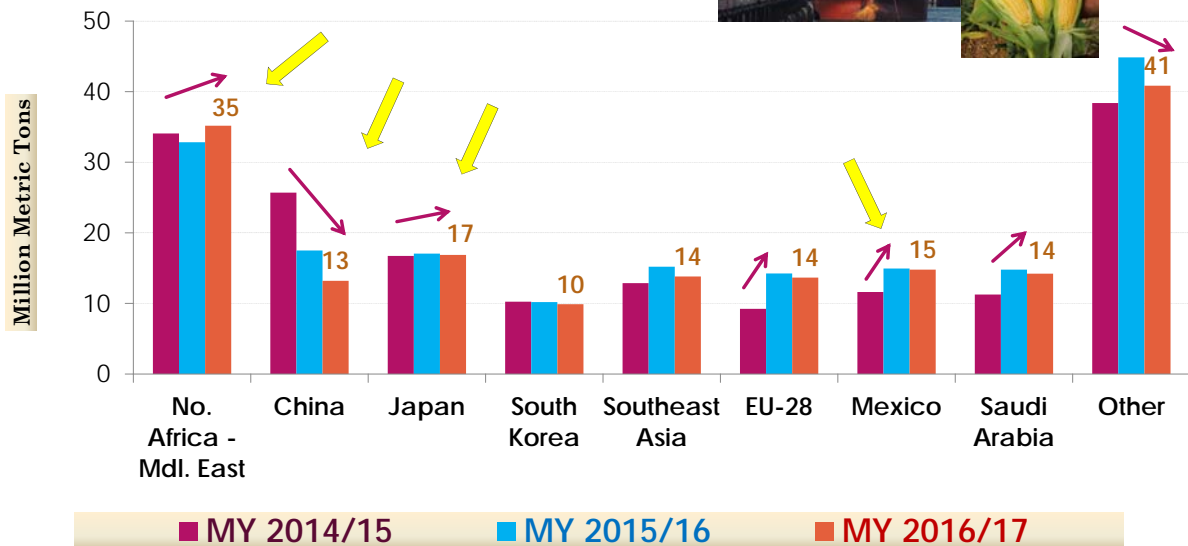
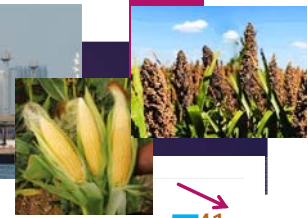
World Coarse Grain Producers



Coarse Grain Exporters

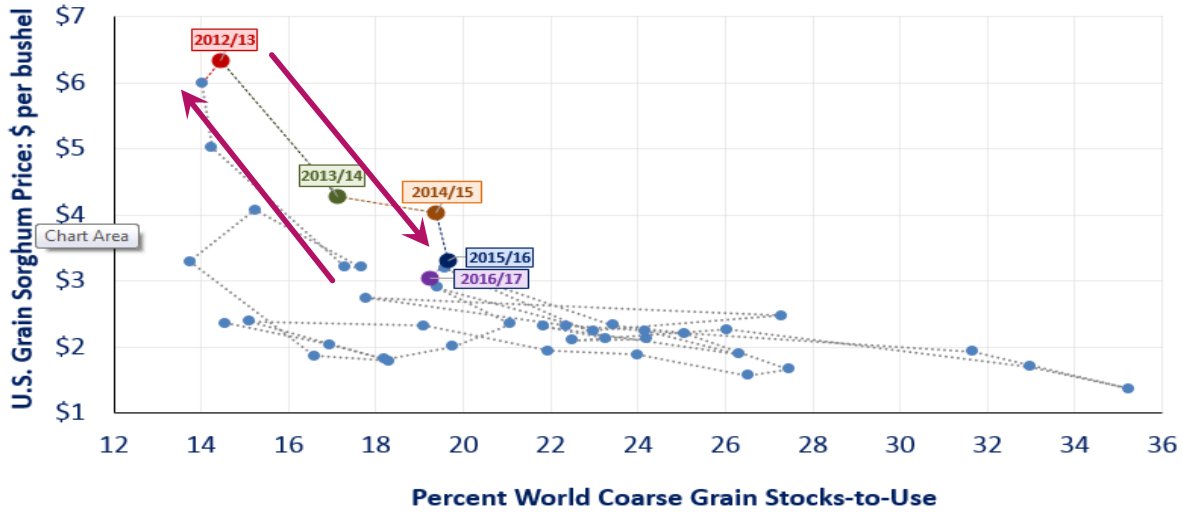


Coarse Grain Importers

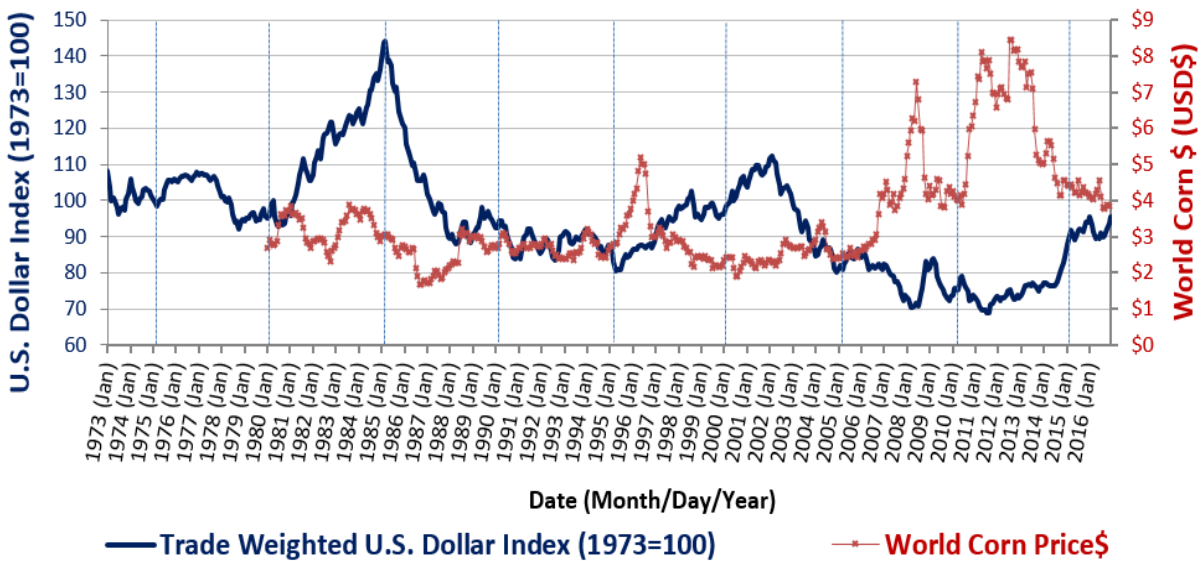


U.S. Sorghum \$ vs World Coarse Grain % S/U

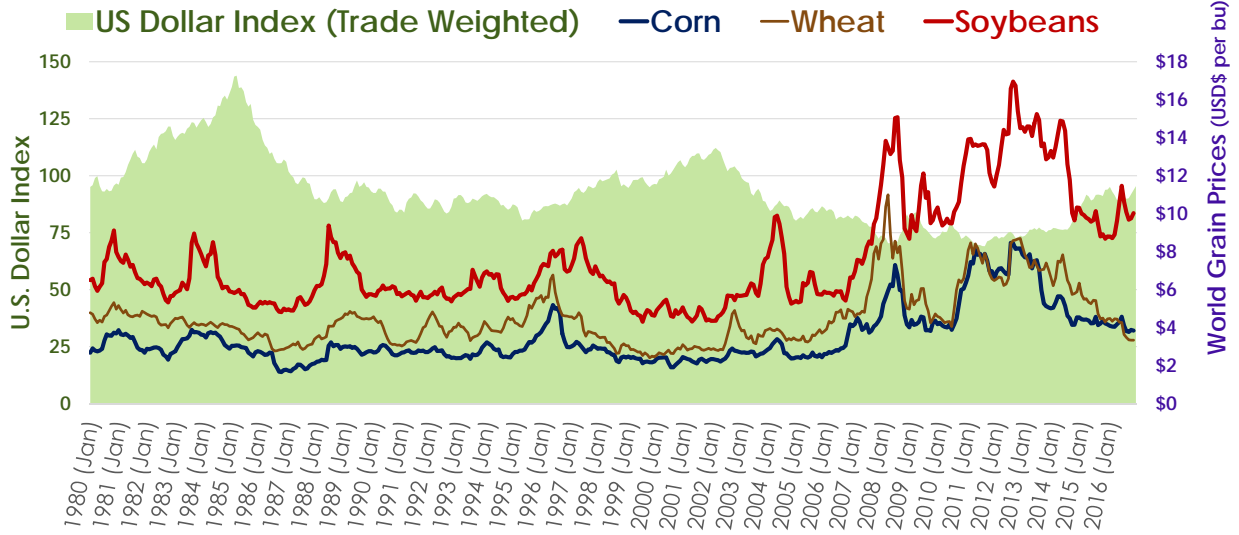
MY 1973/74 through "New Crop" MY 2016/17



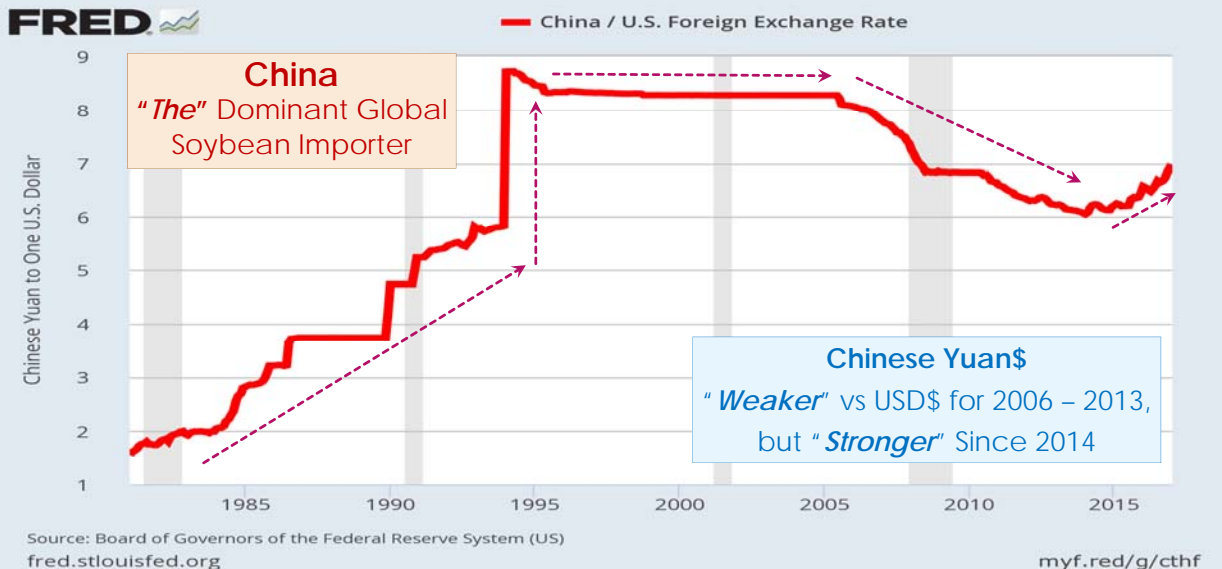
U.S. Dollar Index (Trade Weighted) 1973 - December 2016

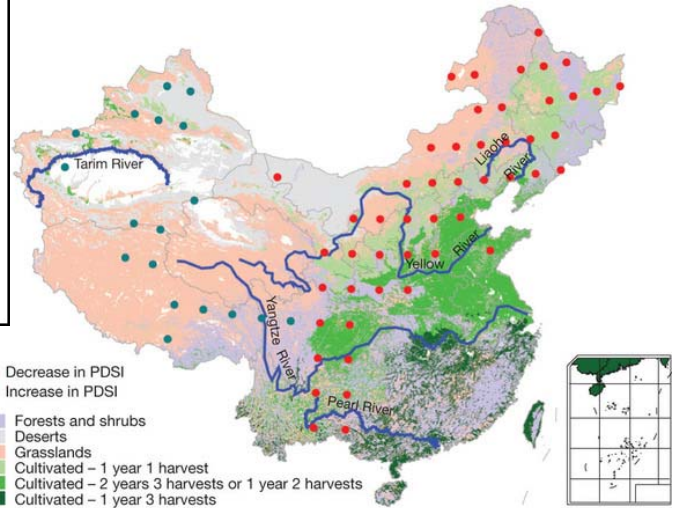
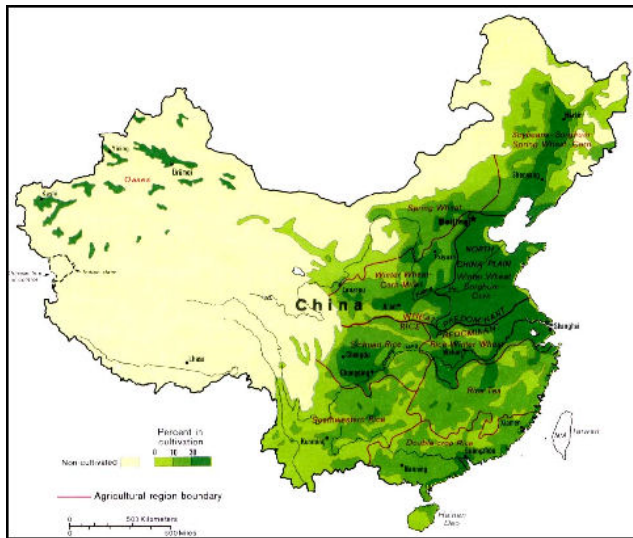


U.S. Dollar Index vs World Grain \$'s 1980 – Dec. 2016



China Exchange Rates - Monthly





China Corn & Soybean Supply-Demand Ests.

Source: www.dimsums.blogspot.com

China corn supply and demand (Ministry of Ag, Jan 2017)

Item	Unit	2015/16	2016/17 Dec.	2016/17 Jan
Planted area	1000 ha	38,117	36,026	36,026
Harvested area	1000 ha	38,117	36,016	36,021
Yield	Kg/ha	5,892	5,960	5,978
Production	MMT	224.58	214.65	215.33
Imports	MMT	3.2	1.0	1.0
Consumption	MMT	194.05	210.72	210.72
--Food	MMT	7.65	7.82	7.82
--Feed	MMT	121.01	133.53	133.53
--Industrial use	MMT	54.17	57.75	57.75
--Seed	MMT	1.66	1.61	1.61
Loss and other	MMT	9.56	10.01	10.01
Exports	MMT	0.01	0.5	0.5
Surplus	MMT	33.73	4.43	5.11

China soybean supply and demand (Ministry of Ag, Jan 2017)

Item	Unit	2015/16	2016/17 Dec.	2016/17 Jan
Planted area	1000 ha	6,590	7,156	7,156
Harvested area	1000 ha	6,590	7,150	7,150
Yield	Kg/ha	1,762	1,748	1,748
Production	MMT	11.6	12.5	12.5
Imports	MMT	83.23	85.31	85.31
Consumption	MMT	96.67	99.72	99.77
--Crushing	MMT	82.89	85.50	85.50
--Food	MMT	10.35	11.18	11.18
--Seed	MMT	0.54	0.56	0.61
Loss and other	MMT	2.89	2.48	2.48
Exports	MMT	0.11	0.20	0.20
Surplus	MMT	-1.9	-2.1	-2.2

China vs U.S. Corn Net Return Estimates

Source: www.dimsums.blogspot.com

Estimated net returns to corn production, Fall 2016

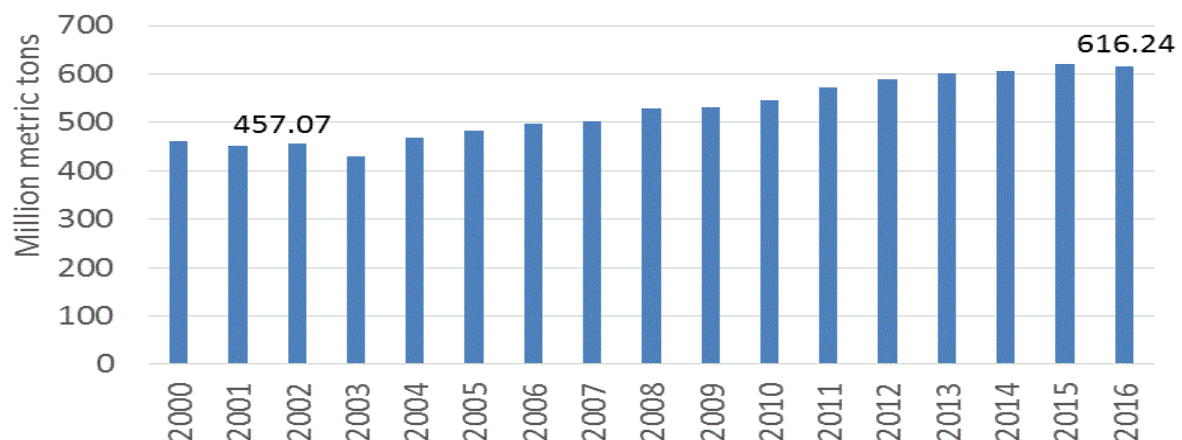
Item	Unit	Taozhuang village		Central Illinois
Yield	bu/acre	131		231
Price	US\$/bu	5.46		3.30
Gross income	\$/acre	715		762
Cost	\$/acre	<u>252</u>		<u>555</u>
"Net" income	\$/acre	463		207
"Dividend" to villagers	\$/acre	358	Land rent	220
"service center" expense	\$/acre	105	Farmer loss	(-43)

Sources: Ministry of Agriculture web site,

China Grain Output: Years 2000-2016

Source: www.dimsums.blogspot.com

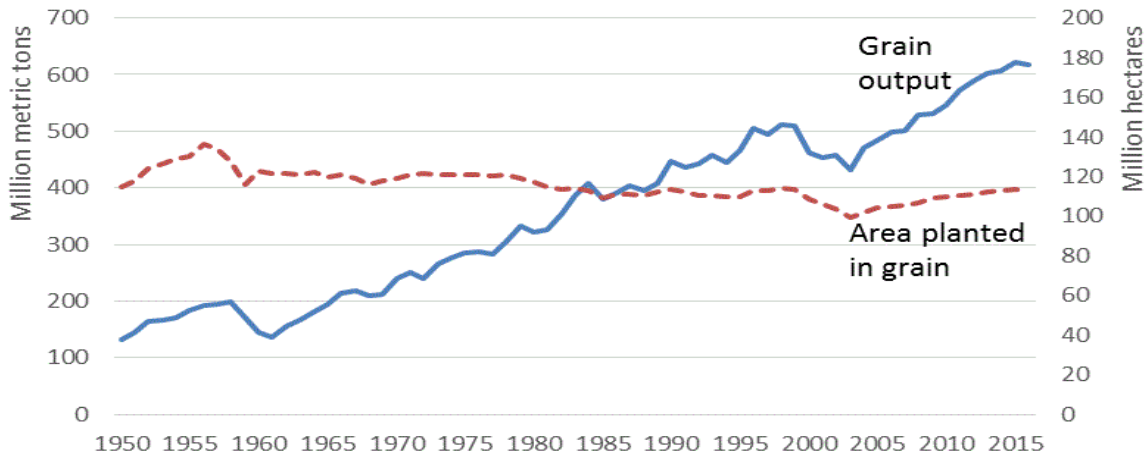
China "grain" production, 2000-2016



China Grain Output vs Planted Area: 1950-2016

Source: www.dimsums.blogspot.com

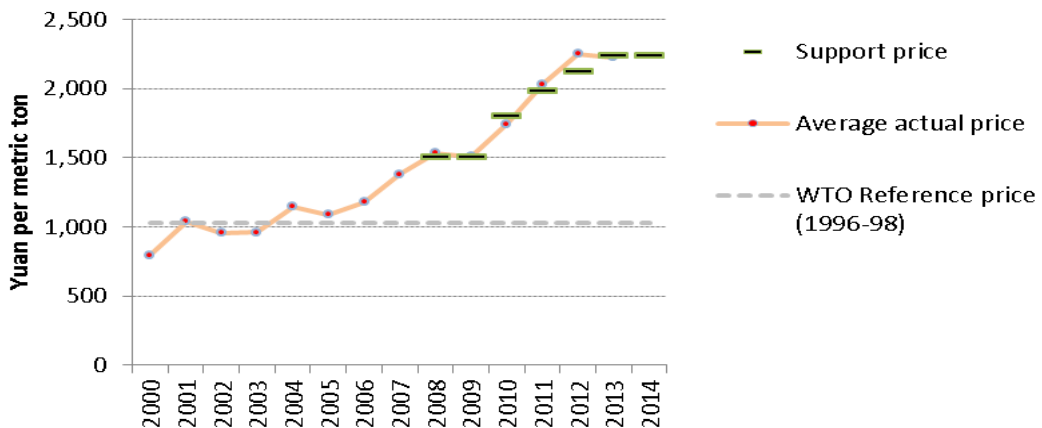
China grain output, 1950-2016

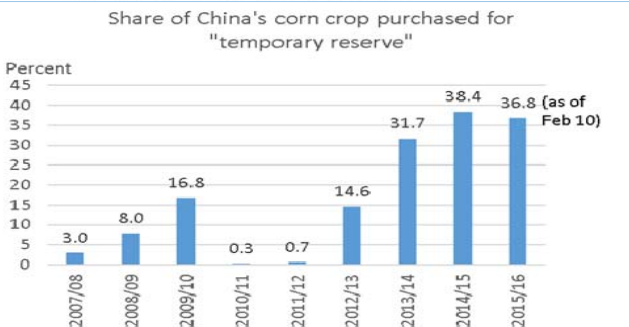
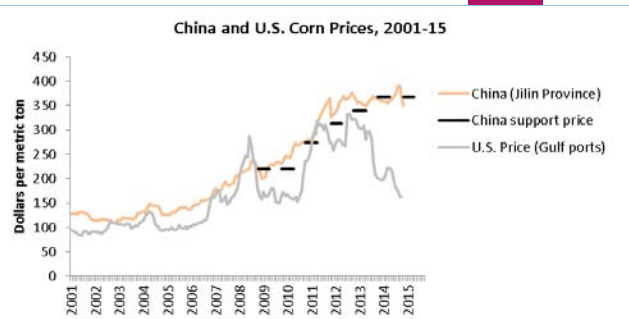
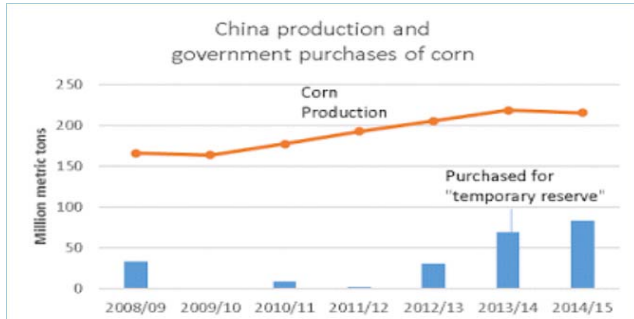


China Corn Temporary Reserve Price

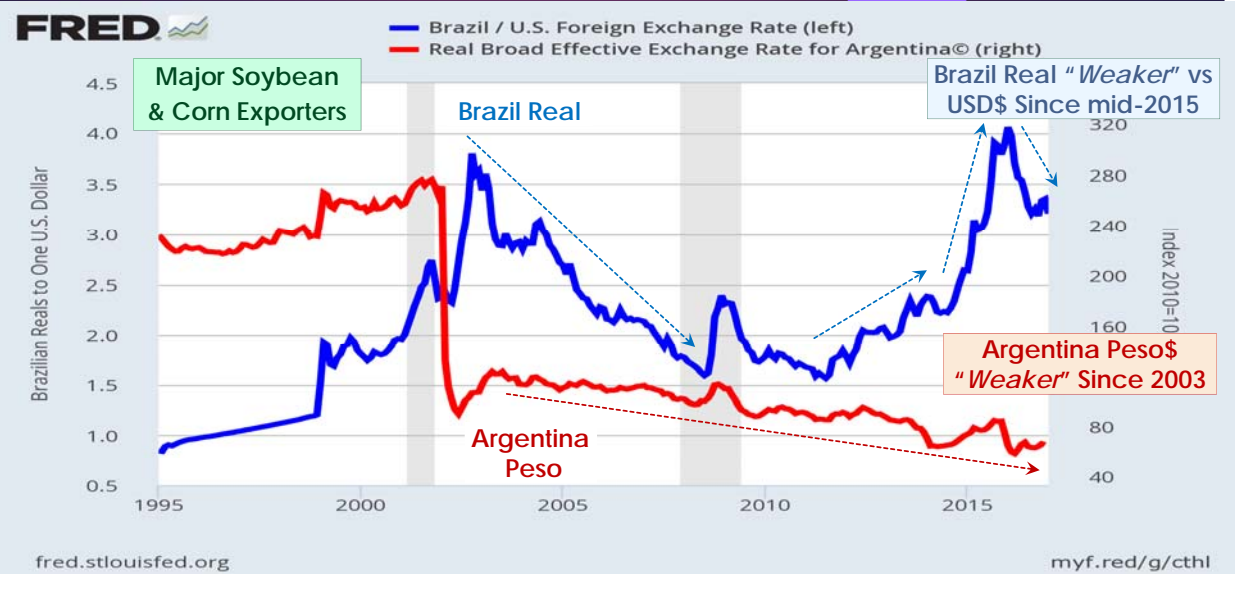
Source: www.dimsums.blogspot.com

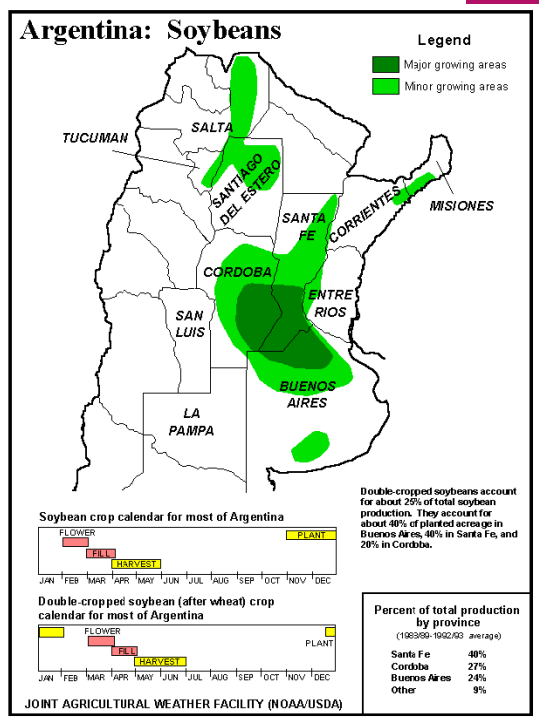
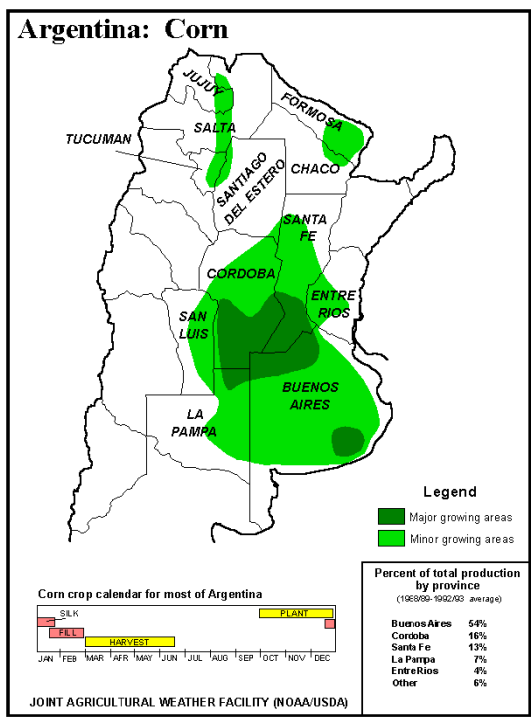
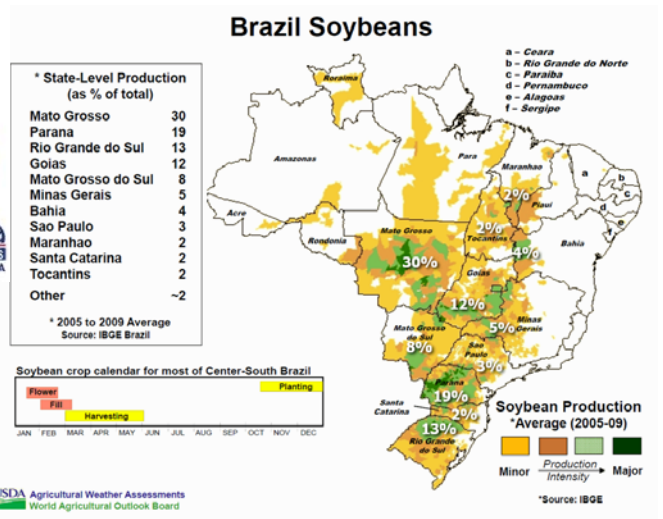
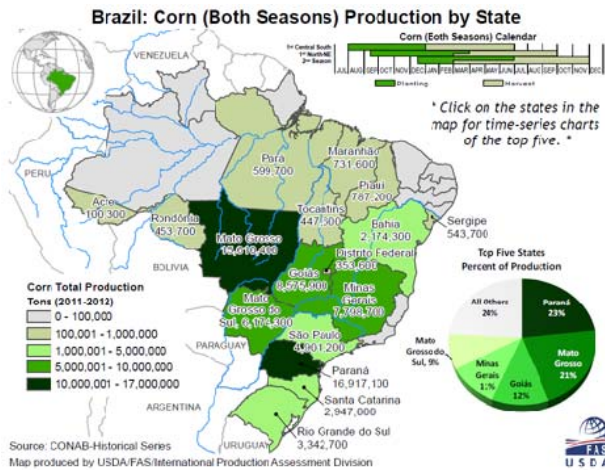
China corn prices, 2000-15





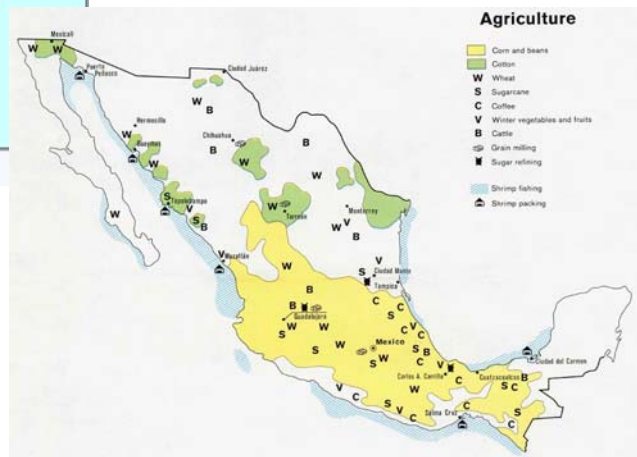
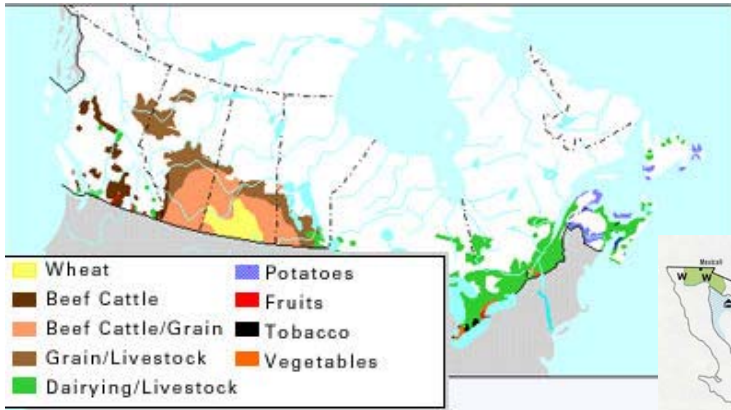
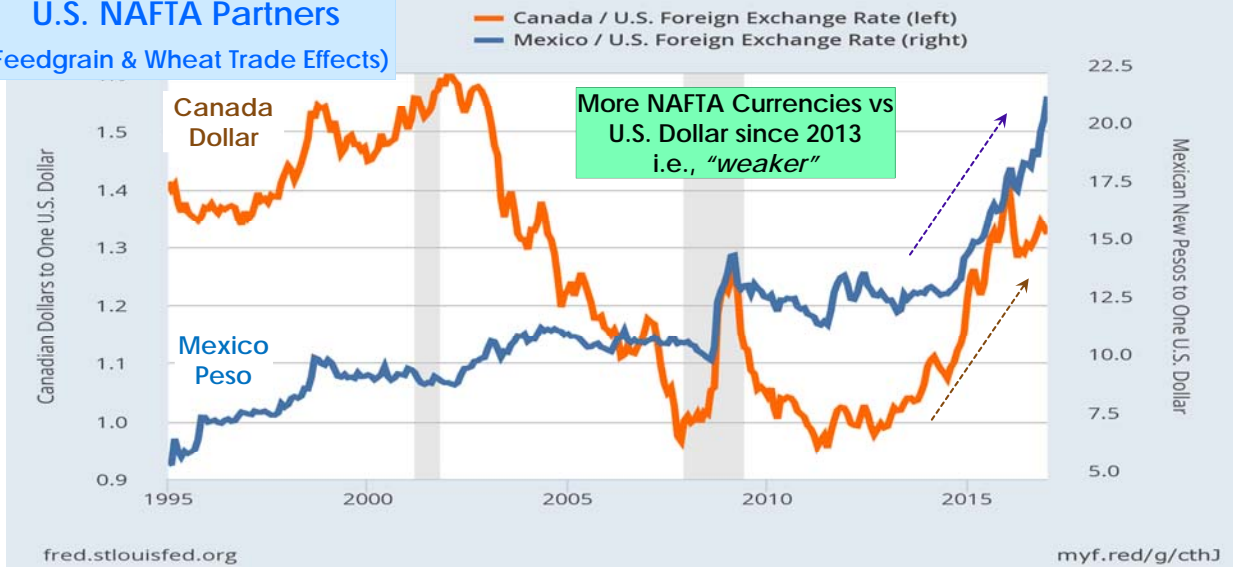
Brazil & Argentina Exchange Rates - Monthly





Canada & Mexico Exchange Rates - Monthly

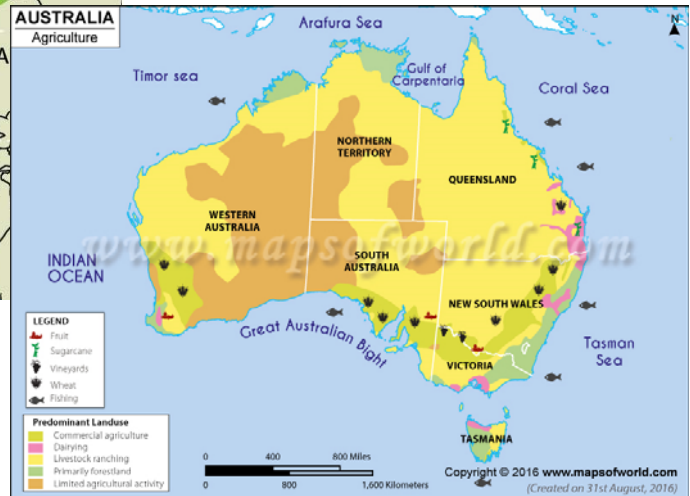
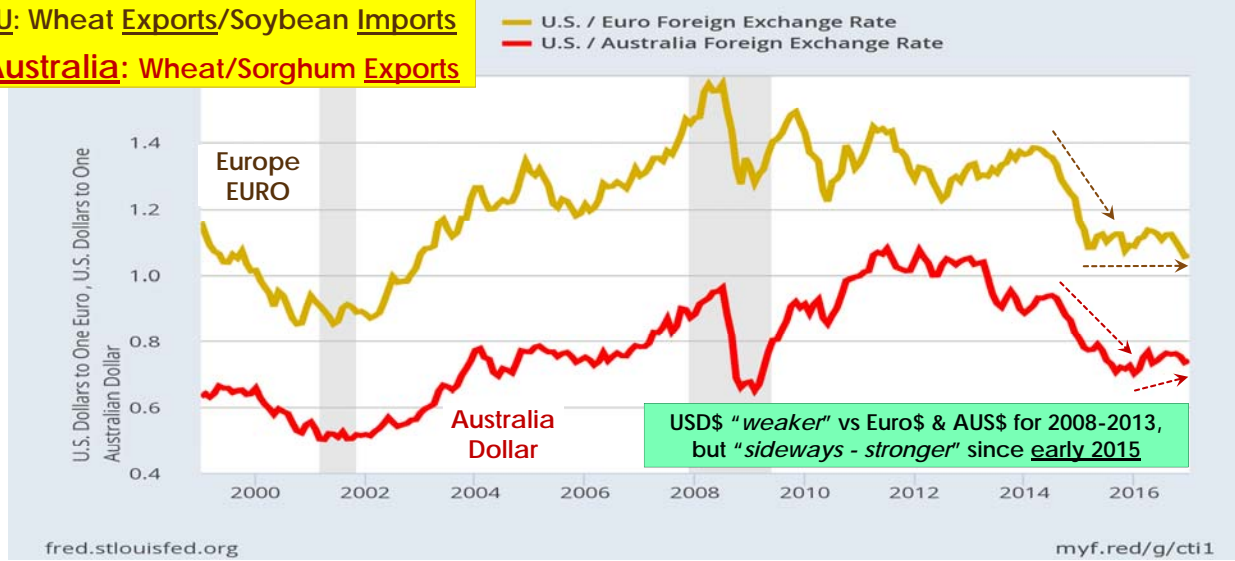
U.S. NAFTA Partners
(Feedgrain & Wheat Trade Effects)



Euro & Australia Currency per U.S. Dollar

EU: Wheat Exports/Soybean Imports

Australia: Wheat/Sorghum Exports



Questions?

Daniel O'Brien – Kansas State University

www.AgManager.info

KSUGrains on Twitter

www.ksugrains.wordpress.com

"Daniel O'Brien" on Facebook



KANSAS STATE
UNIVERSITY

Department of Agricultural Economics