Grain Market Outlook for 2017 - 2018

KSU Ag Econ 520 – Fall 2017

Manhattan, Kansas

DANIEL O'BRIEN
EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE UNIVERSITY
Department of Agricultural Economics

Topics to be discussed.....

1) Grain Market Analysis & Outlook

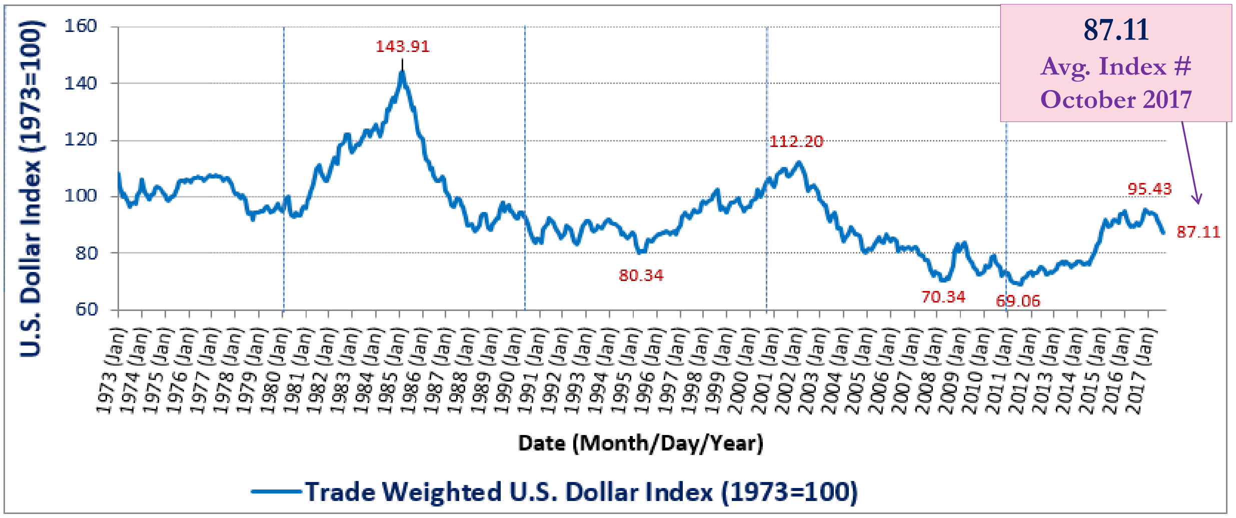
- Corn & Grain Sorghum
  - Wheat
    - Soybeans & Cotton

2) Economic "*forces at work*" in the grain markets

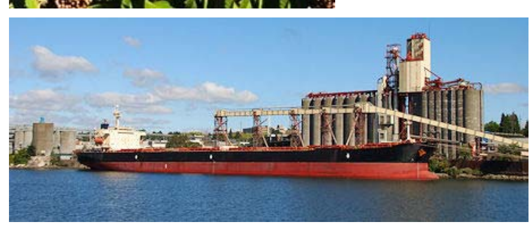
& where they are taking us...

U.S. Dollar Index (ICE Futures)

Monthly Chart: January 1973 through October 13, 2017



Corn & Sorghum Markets



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U.S. Corn & Sorghum Supply-Use

- **Prospects ➲ "*LARGE*" 14 billion bu+ 2017 U.S. Corn Crop**
- **Large Supplies & Stocks are limiting Feedgrain Price$'s**
- **Low Price$'s are supporting Corn Use**
  - **Livestock Feed** $^{2017/18}$ = 5.500 bln bu (***10 year high*** – *vs 5.858 bb in 2007/08)*
  - **Ethanol** $^{2017/18}$ = 5.475 bln bu (***Record high*** – *vs 5.438 bb last year)*
  - **Other FSI** $^{2017/18}$ = 1.460 bln bu (***2nd highest*** – *vs 1.462 bb in 2016/17)*
  - **Exports** $^{2017/18}$ = 1.850 bln bu (***vs 2.293 bb in '16/17*** *& 1.901 in '15/16)*

U.S. Corn & Grain Sorghum Stocks…..

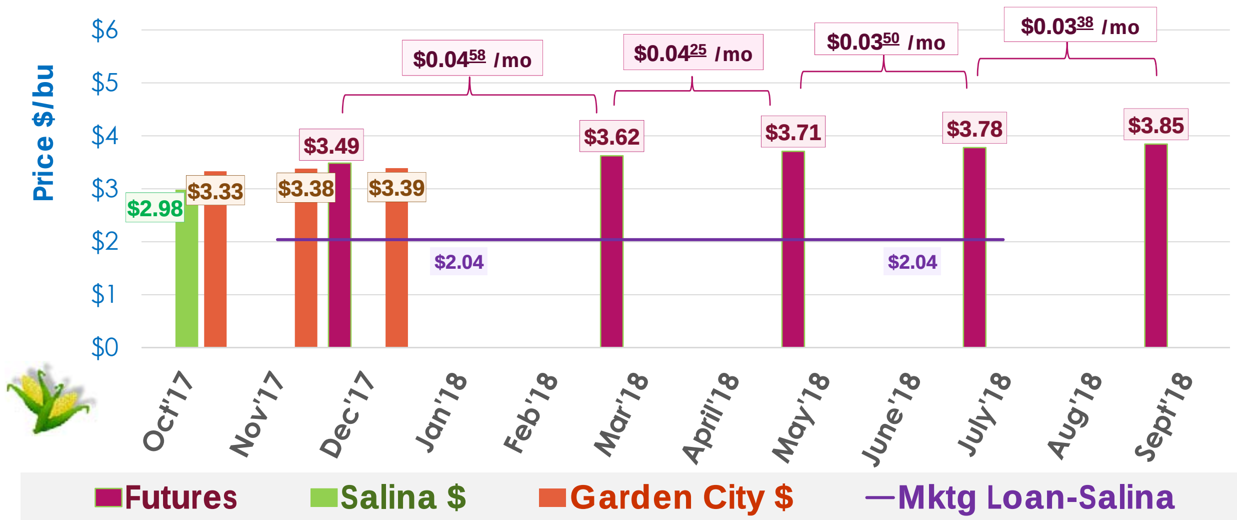
- **Corn: "*Large*" Stocks & % Stx/Use**
  - **End Stocks** $^{2017/18}$ ⇨ 2.340 bln bu *(2nd highest since 1987/88)*
  - **% Stocks/Use** $^{2017/18}$ ⇨ 16.4% S/U *(Highest since 2005/06)*
- **Grain Sorghum: "*Tighter*" Stocks & % Stx/Use** than Corn
  - **End Stocks** $^{2017/18}$ ⇨ 28 Mln bu *(15 - 55 mb since 2008/09)*
  - **% Stocks/Use** $^{2017/18}$ ⇨ 7.6% S/U *(Highest since 2005/06)*

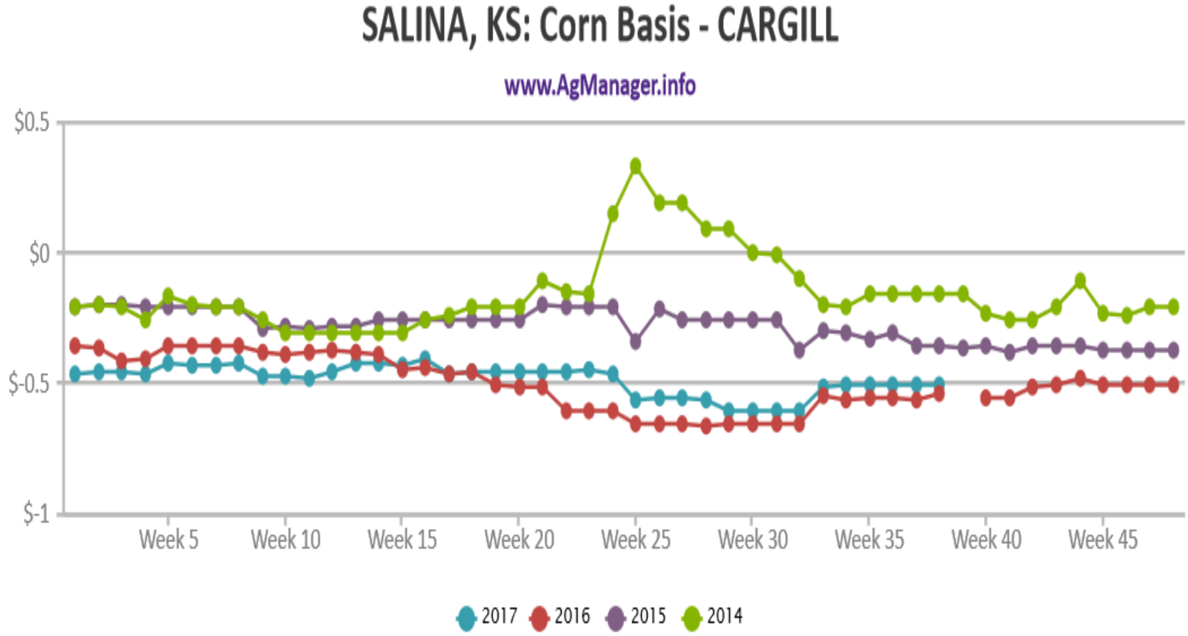
CME Corn Futures

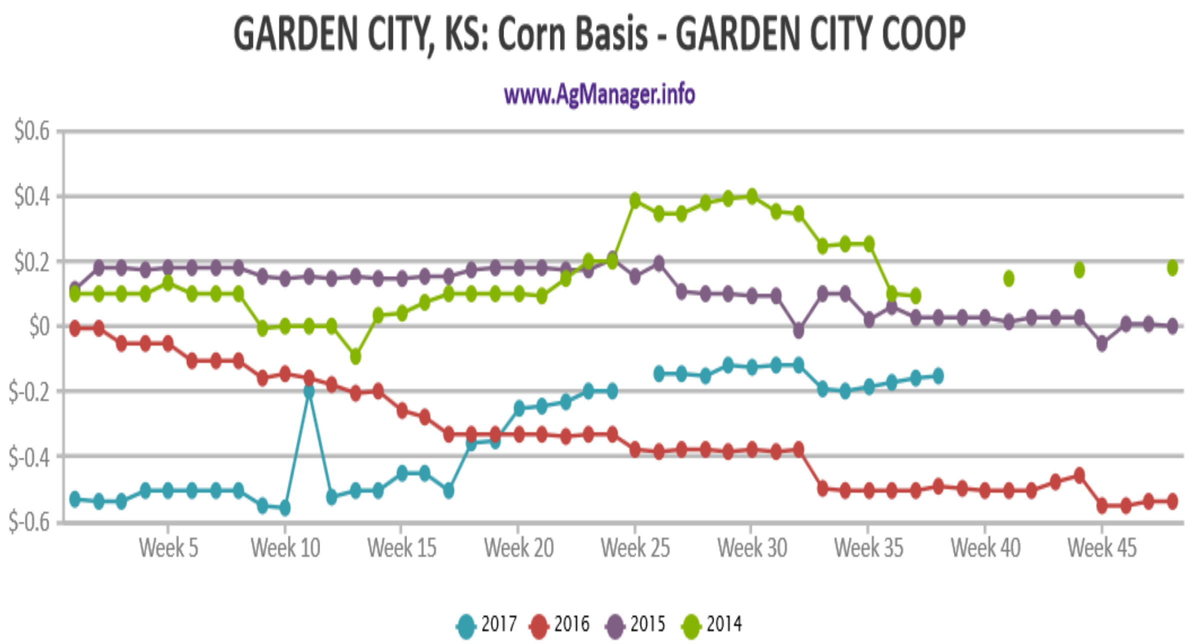
Weekly Chart: August 2008 – September 2018 + 10/18/2017

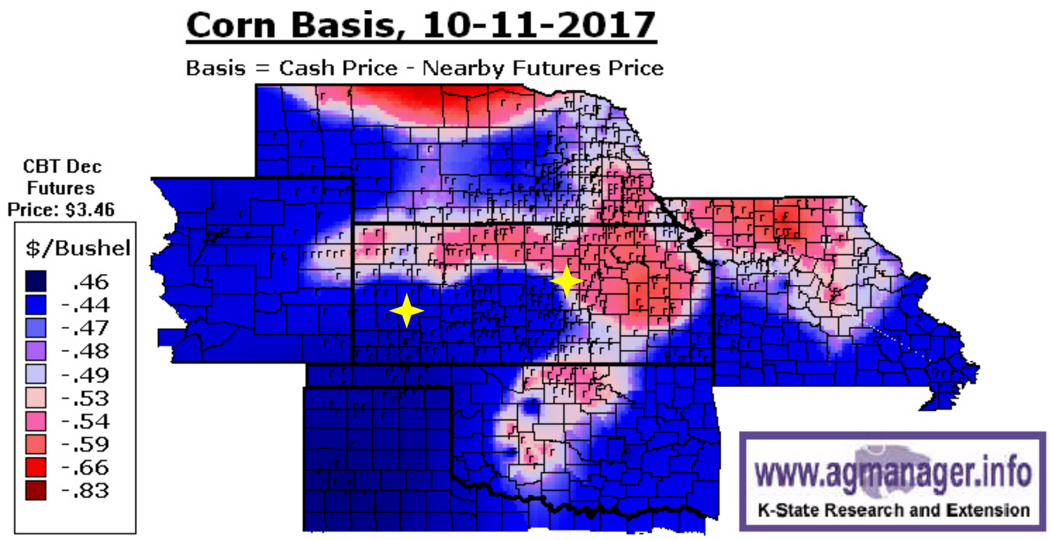
Corn Cash & Futures $'s

Salina & Garden City, KS Local Elevators – October 18, 2017



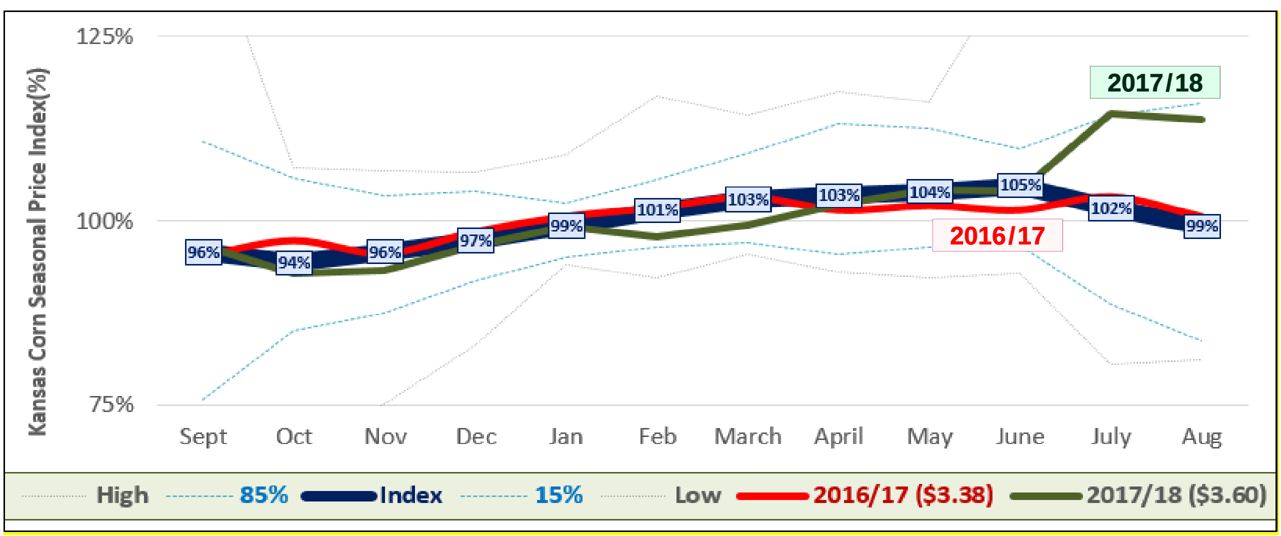

SALINA, KS: Corn Basis - CARGILL
www.AgManager.info
$0.5
$0
$-0.5
$-1
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014


GARDEN CITY, KS: Corn Basis - GARDEN CITY COOP
www.AgManager.info
$0.6
$0.4
$0.2
$0
$-0.2
$-0.4
$-0.6
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014



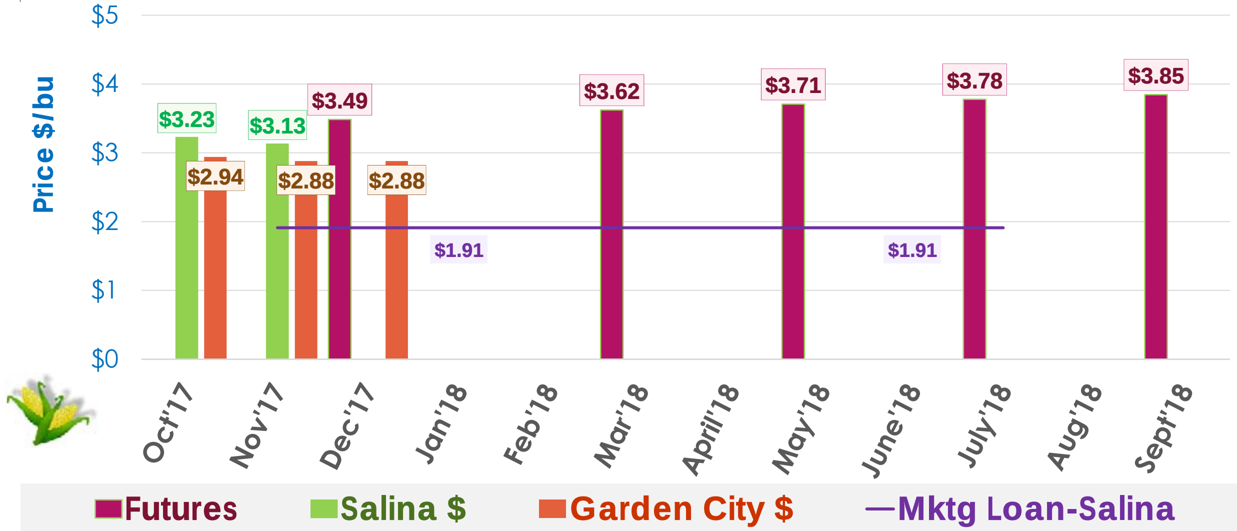
Kansas Corn Seasonal Cash $ Index

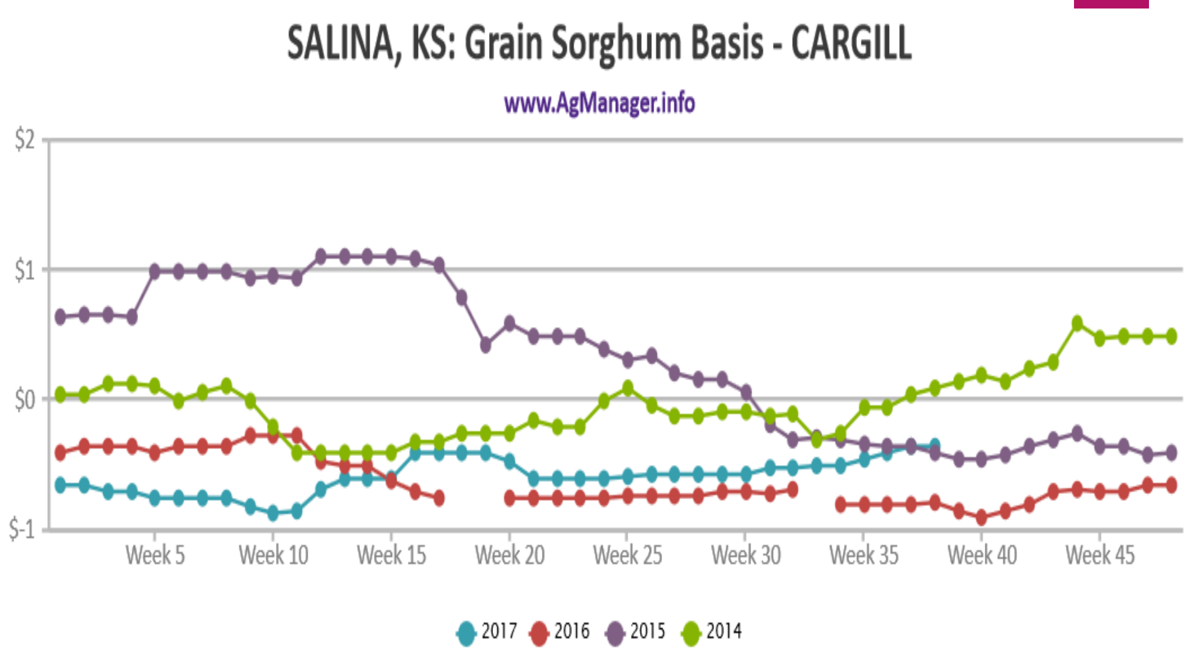
Monthly: 17 yr Avg thru 2015/16 + MY 2016/17 & MY2017/18

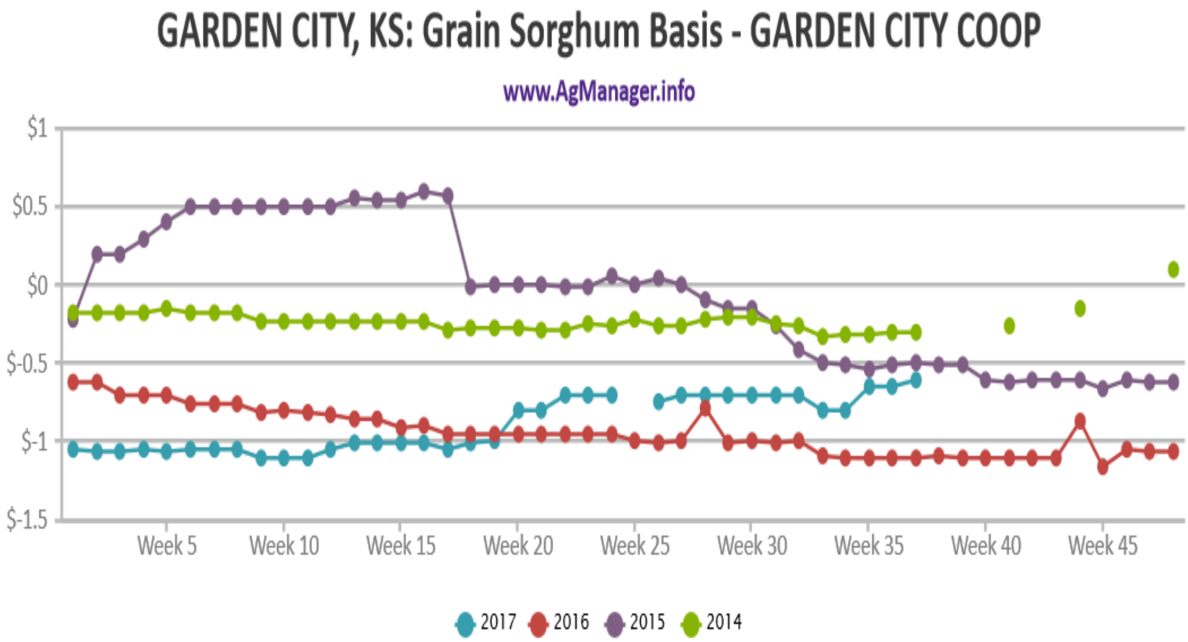


Grain Sorghum Cash & Futures $'s

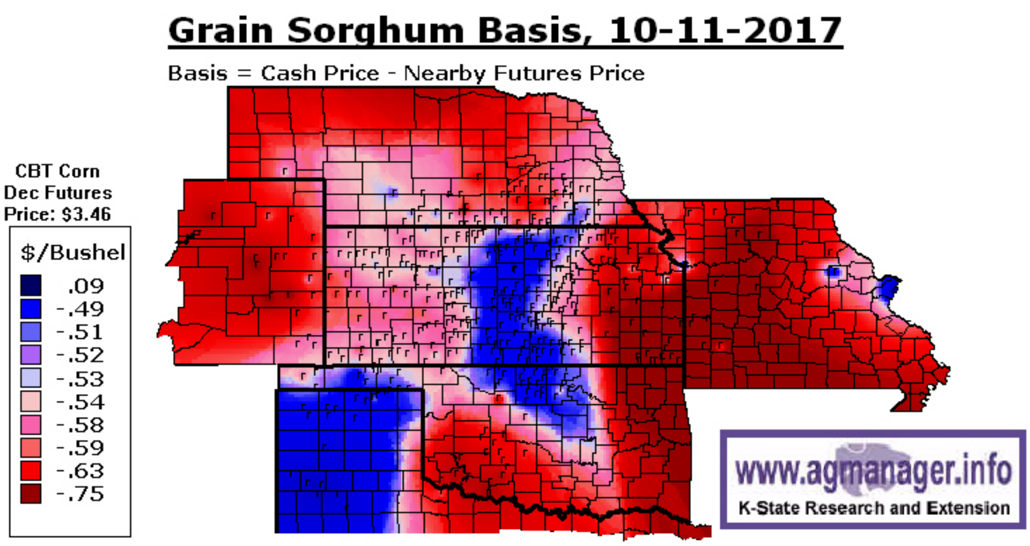
Salina & Garden City, KS Local Elevators – October 18, 2017







GARDEN CITY, KS: Grain Sorghum Basis - GARDEN CITY COOP
www.AgManager.info
$1
$0.5
$0
$-0.5
$-1
$-1.5
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014



Grain Sorghum Basis, 10-11-2017
Basis = Cash Price - Nearby Futures Price
CBT Corn
Dec Futures
Price: $3.46
$/Bushel
.09
-.49
-.51
-.52
-.53
-.54
-.58
-.59
-.63
-.75
www.agmanager.info
K-State Research and Extension

U.S. Corn Supply and Demand

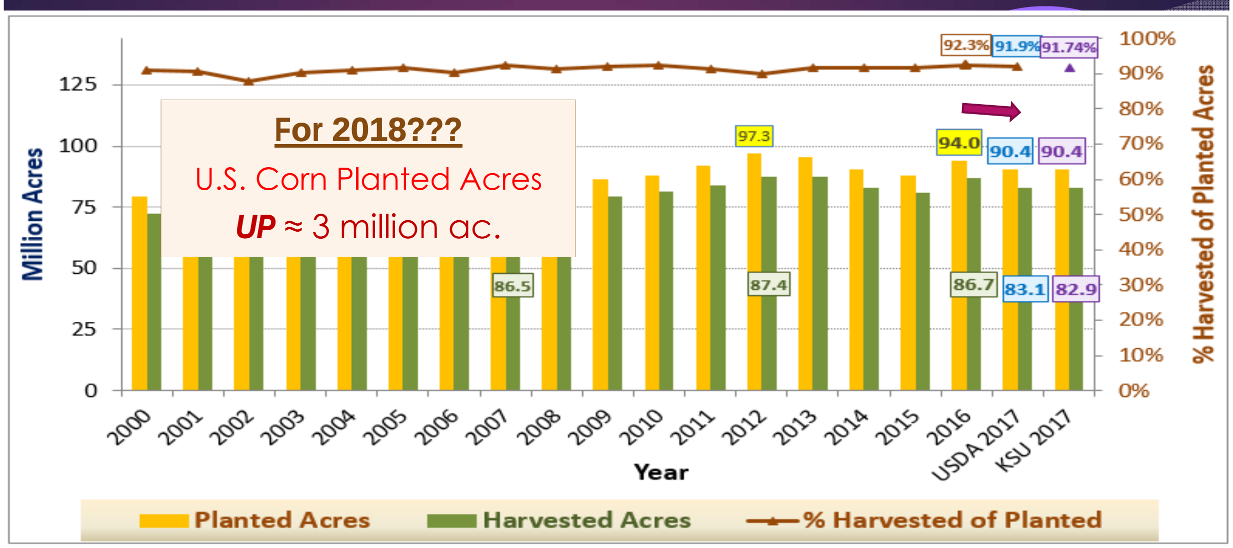
	2016/17 estimate	2017/18 forecast	2017/18 Change from September 12	Change from 2016/17
Planted area (million acres)	94.0	90.4	-0.5	-3.6
Harvested area (million acres)	86.7	83.1	-0.4	-3.6
Yield (bushels per acre)	174.6	171.8	1.9	-2.8
		Million bushels		
Beginning stocks	1,737	2,295	-55	558
Production	15,148	14,280	96	-868
Imports	57	50	--	-7
Total supply	16,942	16,625	41	-317
Feed and residual	5,464	5,500	25	36
Food, seed, and industrial	6,890	6,935	10	45
Ethanol	5,438	5,475	--	37
Domestic use	12,354	12,435	35	81
Exports	2,293	1,850	--	-443
Total use	14,647	14,285	35	-362
Ending stocks	2,295	2,340	6	45
		Percent		
Stocks to use ratio	15.7	16.4	0.0	0.7
		Dollars per bushel		
Average market price	3.36	2.80/3.60	--	-0.16

⇩ **Crop**
BUT still
***Large* Supply**

⇧ **Domestic Use**
&
⇩ **Exports**

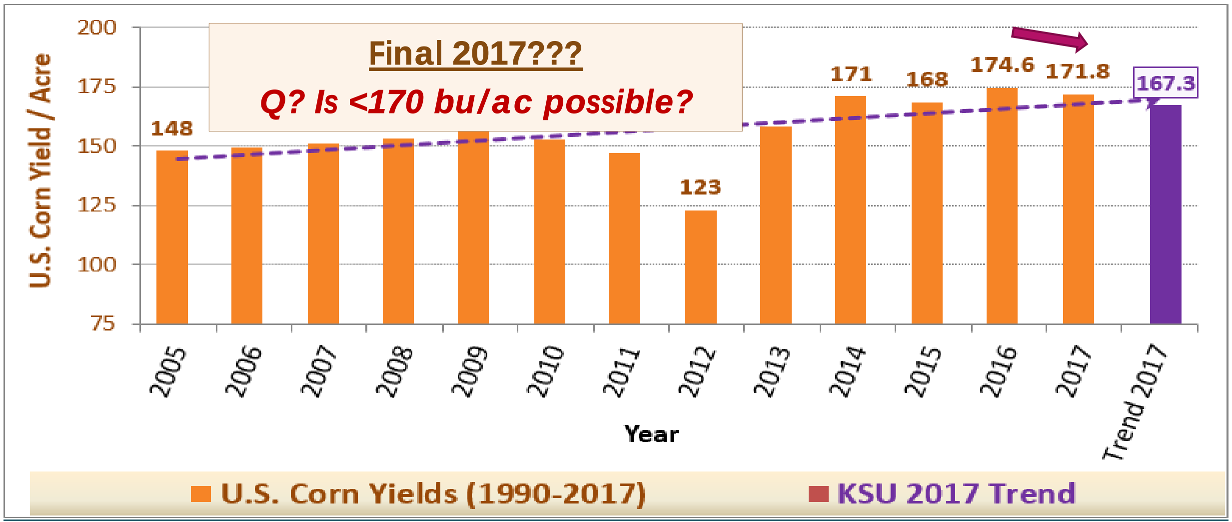
⇧ **Stocks/Use**
&
⇩ **Prices**

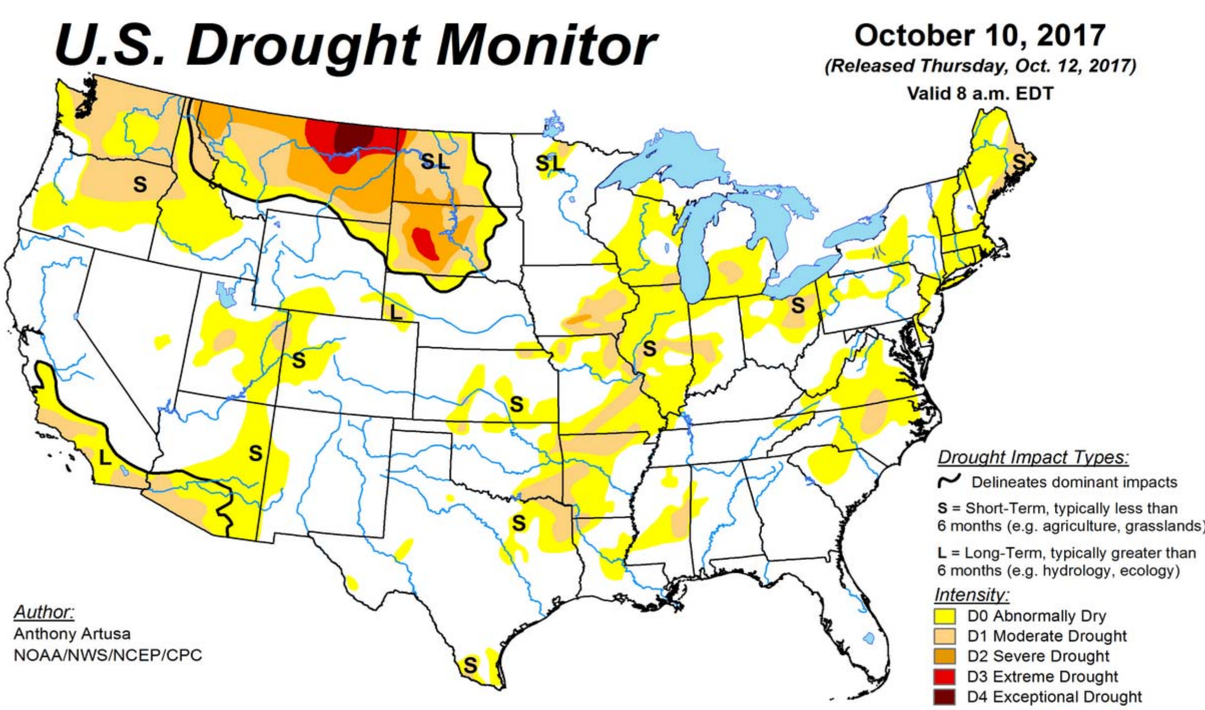
U.S. Corn Acreage

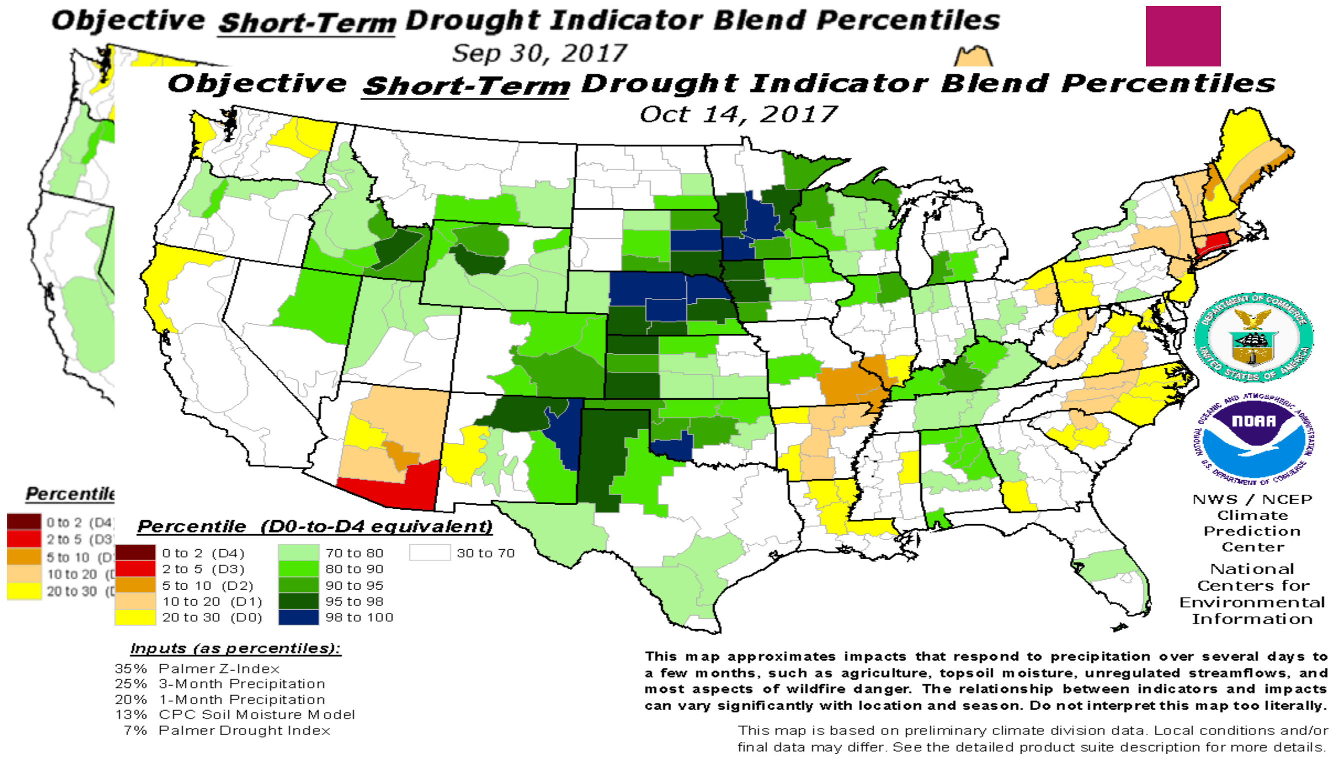


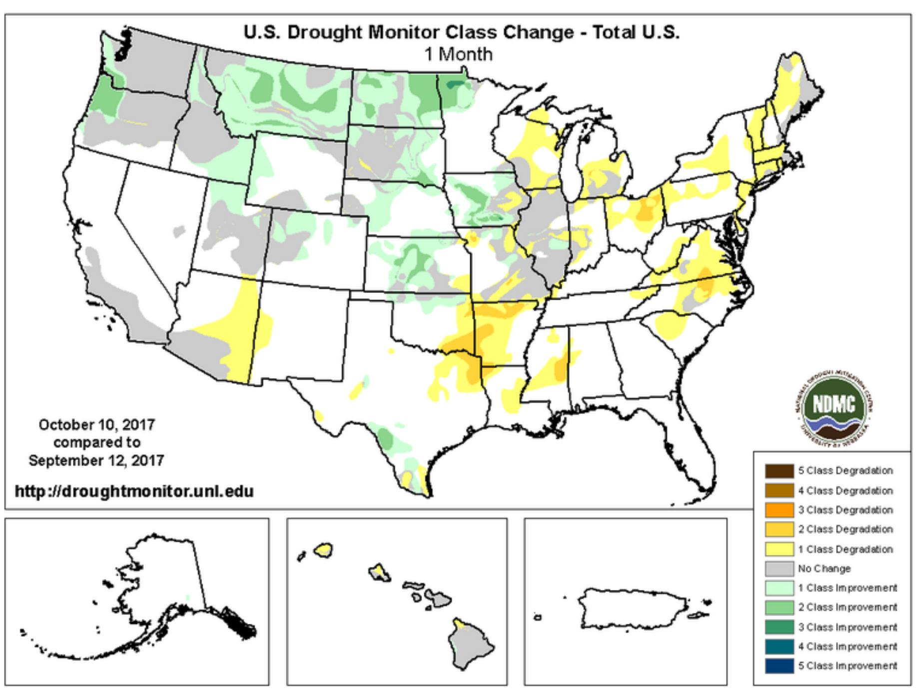
U.S. Corn Yields

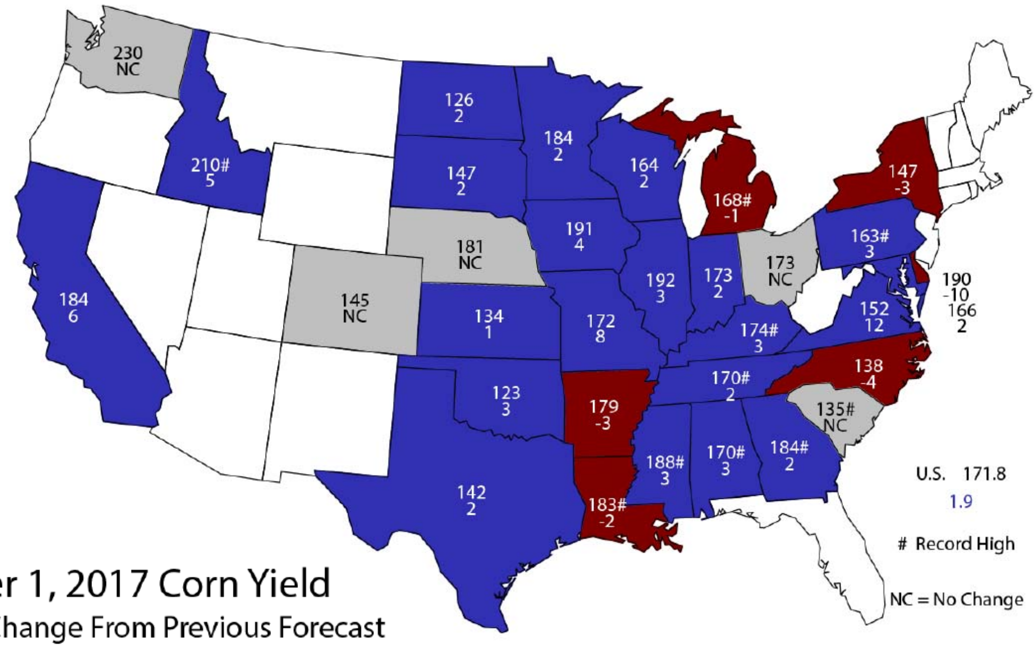
USDA 2017 USDA Forecast = 169.9 bu/ac






Objective Short-Term Drought Indicator Blend Percentiles
Sep 30, 2017
Objective Short-Term Drought Indicator Blend Percentiles
Oct 14, 2017
Percentile (D0-to-D4 equivalent)
0 to 2 (D4)
2 to 5 (D3)
5 to 10 (D2)
10 to 20 (D1)
20 to 30 (D0)
70 to 80
80 to 90
90 to 95
95 to 98
98 to 100
30 to 70
Inputs (as percentiles):
35% Palmer Z-Index
25% 3-Month Precipitation
20% 1-Month Precipitation
13% CPC Soil Moisture Model
7% Palmer Drought Index
NWS / NCEP
Climate
Prediction
Center
National
Centers for
Environmental
Information
This map approximates impacts that respond to precipitation over several days to a few months, such as agriculture, topsoil moisture, unregulated streamflows, and most aspects of wildfire danger. The relationship between indicators and impacts can vary significantly with location and season. Do not interpret this map too literally.
This map is based on preliminary climate division data. Local conditions and/or final data may differ. See the detailed product suite description for more details.


U.S. Drought Monitor Class Change - Total U.S.
1 Month
October 10, 2017
compared to
September 12, 2017
http://droughtmonitor.unl.edu
NDMC
5 Class Degradation
4 Class Degradation
3 Class Degradation
2 Class Degradation
1 Class Degradation
No Change
1 Class Improvement
2 Class Improvement
3 Class Improvement
4 Class Improvement
5 Class Improvement



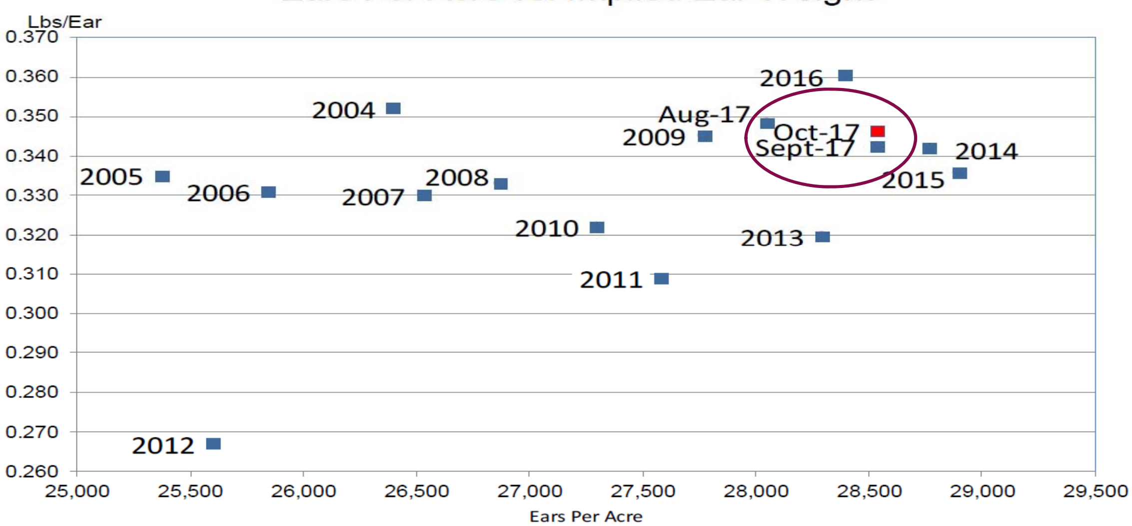
October 1, 2017 Corn Yield

Bushels and Change From Previous Forecast

USDA-NASS
10-12-17

Corn Objective Yield Region

Ears Per Acre vs. Implied Ear Weight

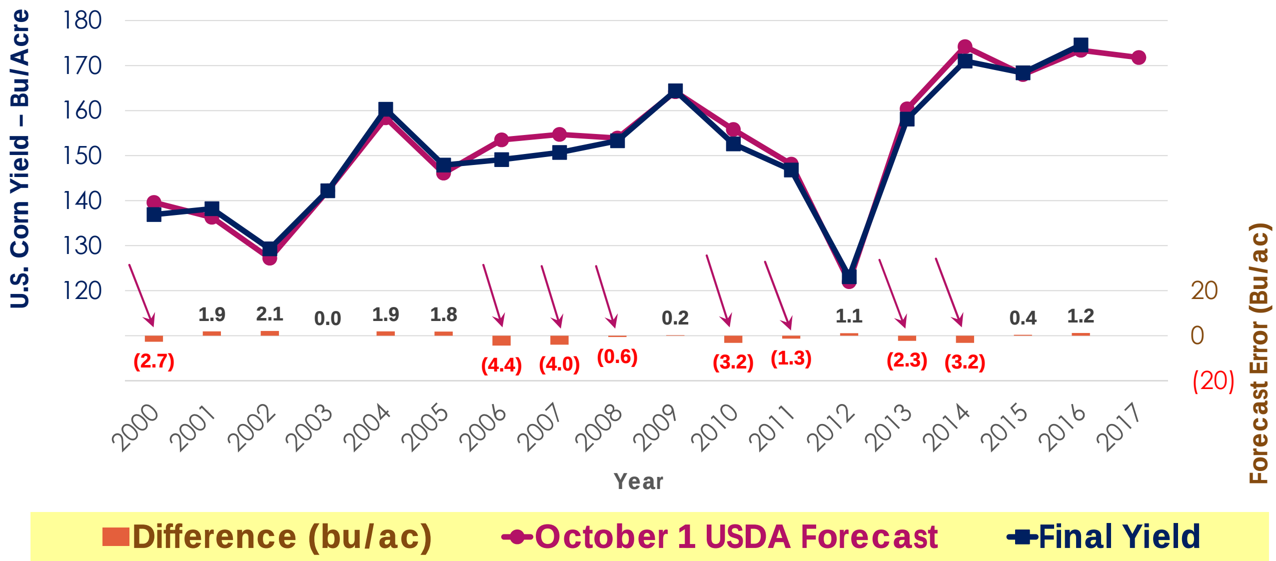


Implied Ear Weight = (Published Yield * 56) / Ears

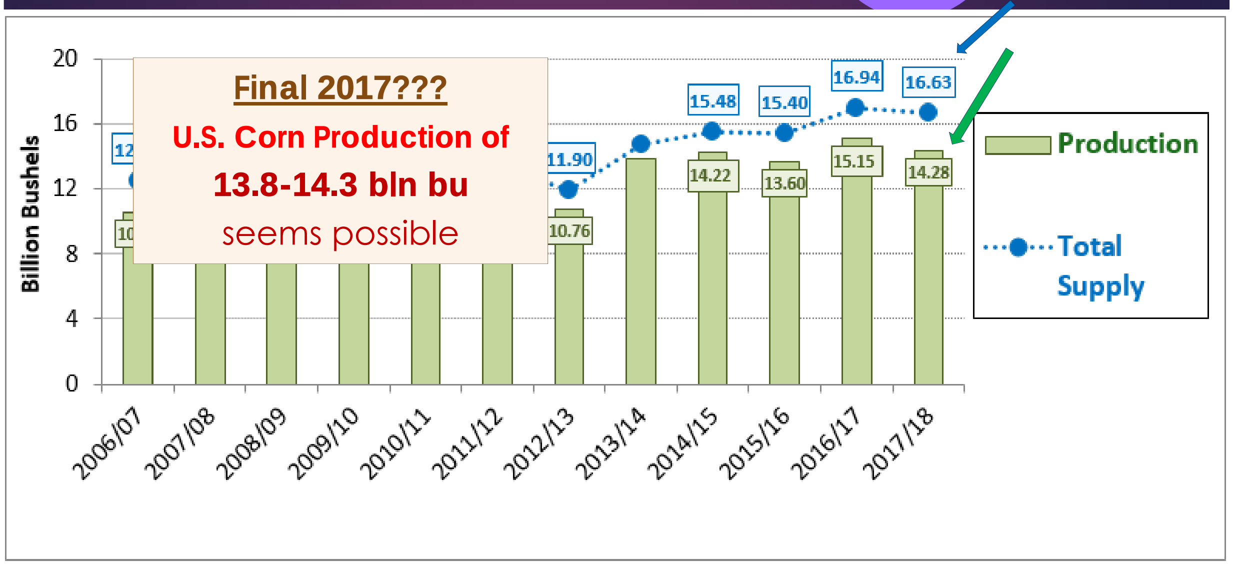
USDA-NASS
10-12-17

U.S. Corn Yields: 2000-2017

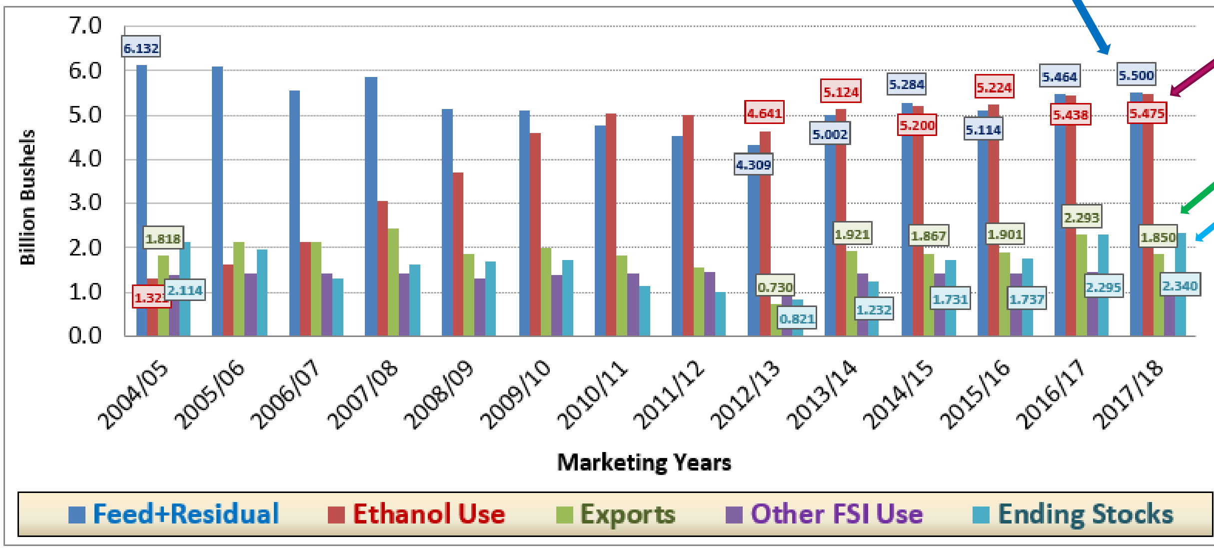
Accuracy of October 1st USDA Forecasts



U.S. Corn Production & Supplies

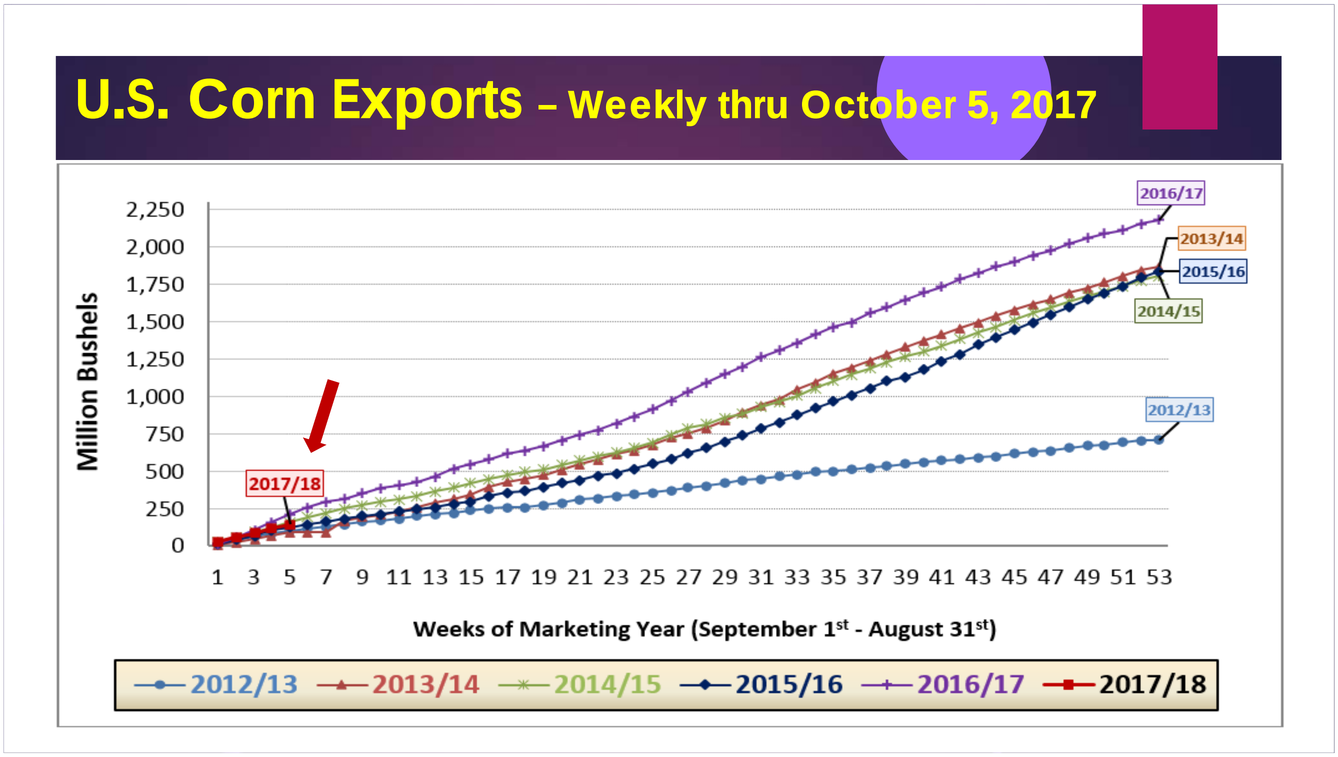


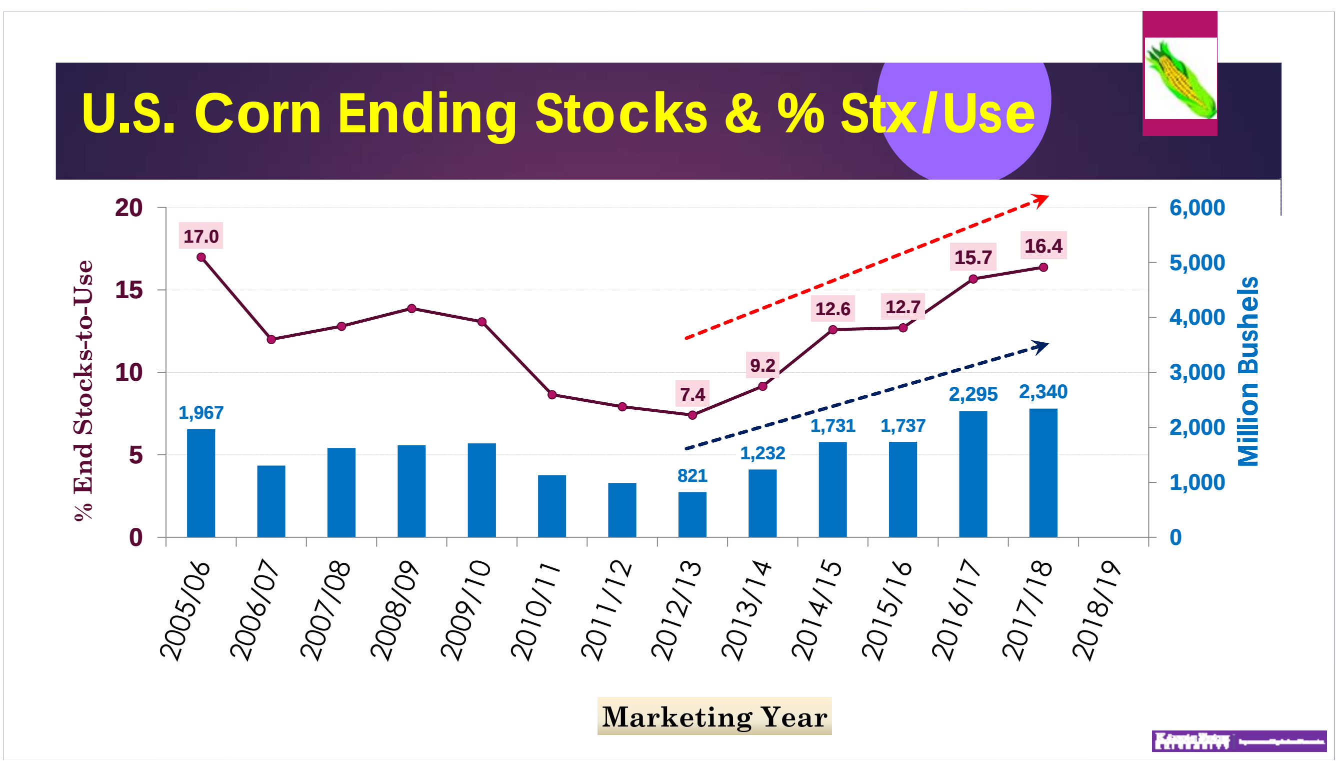
U.S. Corn Use – By Category



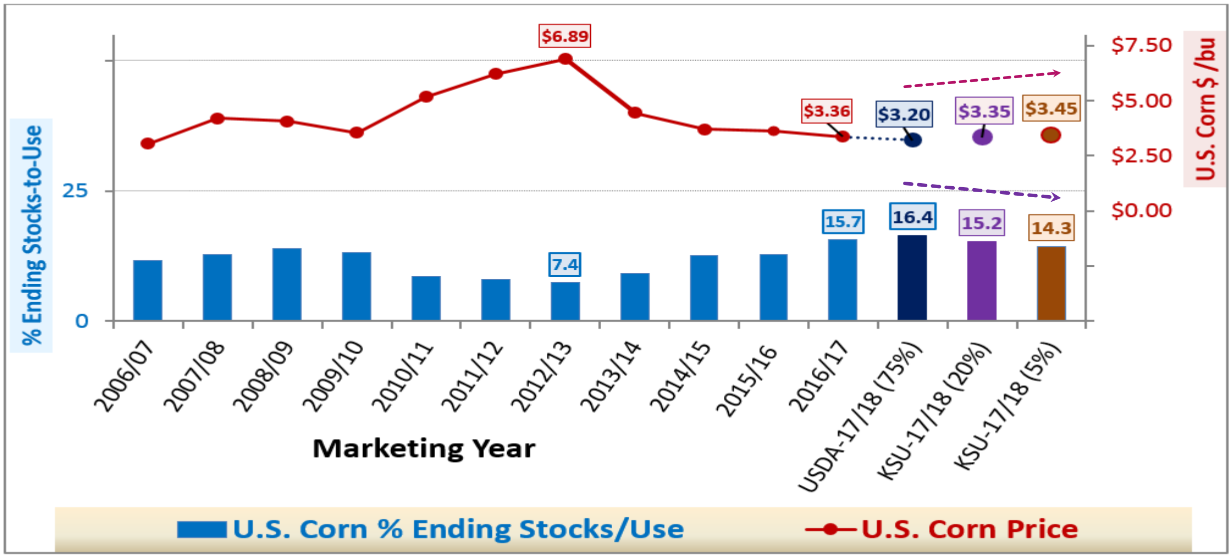
U.S. Meat Production and Prices

	2017 forecast	2018 forecast	2018 Change from September 12	Change from 2017
Production		*Billion pounds*		
Beef	26.55	27.30	0.02	0.75
Pork	25.83	26.86	0.14	1.03
Broilers	41.44	42.28	--	0.84
Turkey	6.01	6.14	-0.04	0.13
Total meat	100.59	103.34	0.12	2.75
Prices		*Dollars/cwt*		
Steers	119.55	115.25	--	-4.30
Hogs	49.01	45.25	-3.00	-3.76
		Cents/lb		
Broilers	93.8	88.5	--	-5.3
Turkey	98.8	104.3	-0.3	5.4

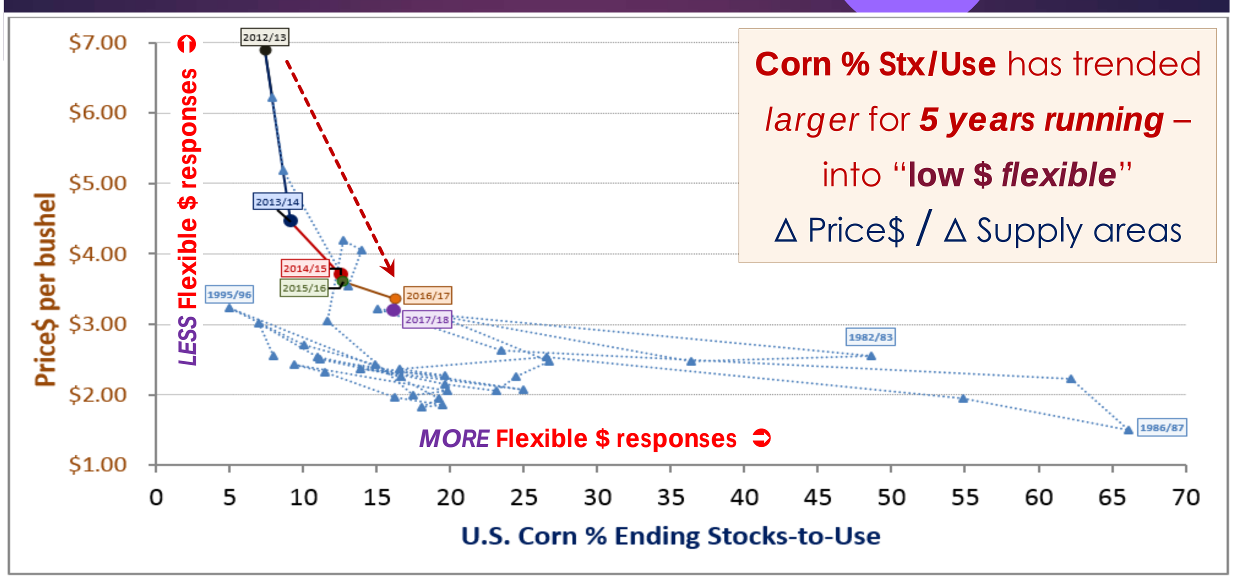

U.S. Corn Exports – Weekly thru October 5, 2017
Million Bushels
2,250
2,000
1,750
1,500
1,250
1,000
750
500
250
0
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53
Weeks of Marketing Year (September 1st - August 31st)
2016/17
2013/14
2015/16
2014/15
2012/13
2017/18
2012/13 2013/14 2014/15 2015/16 2016/17 2017/18


U.S. Corn Ending Stocks & % Stx/Use
% End Stocks-to-Use
20
15
10
5
0
Million Bushels
6,000
5,000
4,000
3,000
2,000
1,000
0
17.0
7.4
9.2
12.6
12.7
15.7
16.4
1,967
821
1,232
1,731
1,737
2,295
2,340
2005/06 2006/07 2007/08 2008/09 2009/10 2010/11 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19
Marketing Year

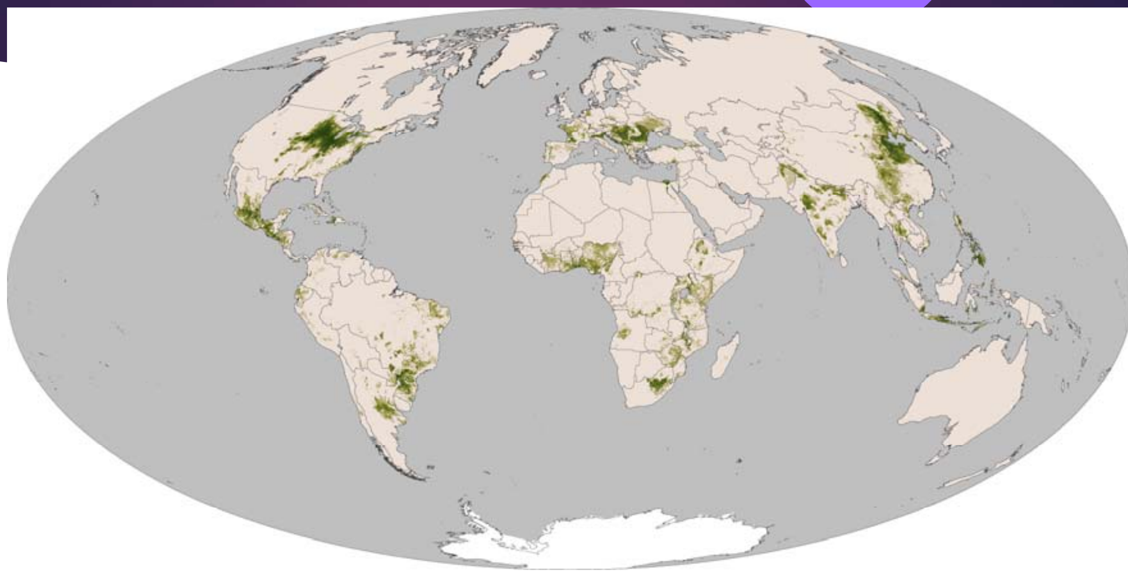
U.S. Corn % Stocks/Use vs Price$



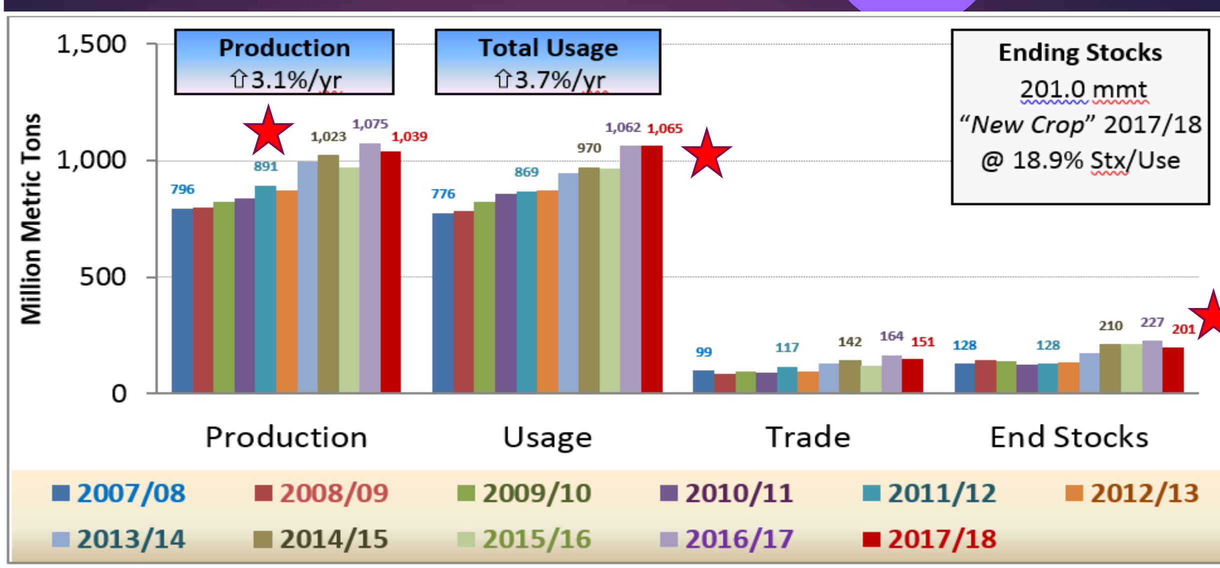
U.S. Corn % Stocks/Use vs Price$



World Corn (Maize) Production Regions



World Corn Supply, Use & Stocks



World Corn Production

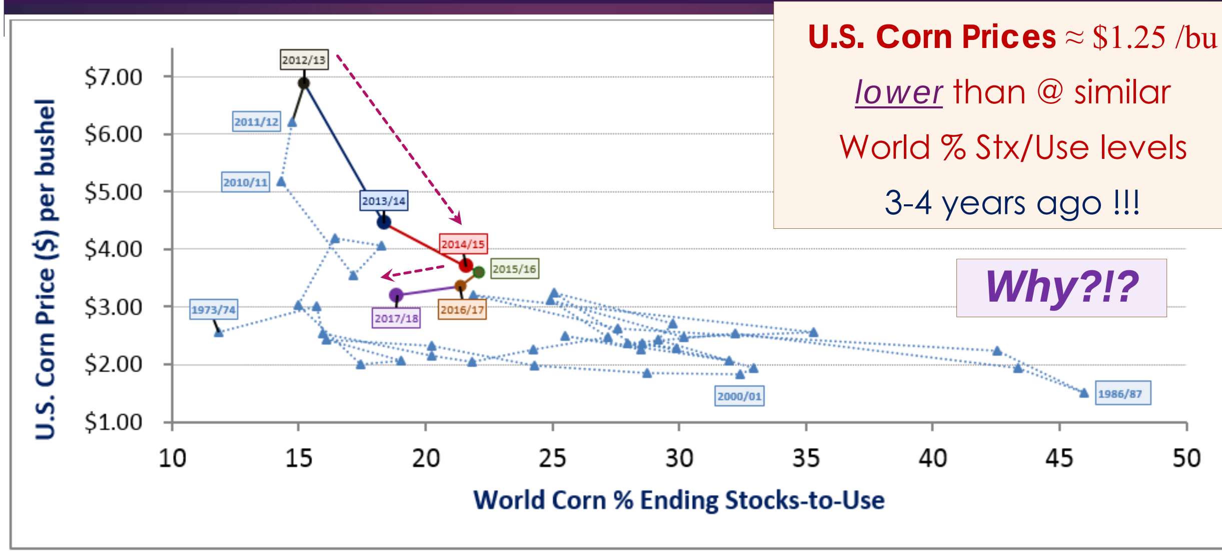
Country or Region	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
		Million Tons		
World	1,075.3	1,038.8	6.17	-36.5
United States	384.8	362.7	2.43	-22.0
Foreign	690.6	676.1	3.74	-14.5
Argentina	41.0	42.0	--	1.0
Brazil	98.5	95.0	--	-3.5
Mexico	27.6	26.2	0.20	-1.4
Canada	13.2	14.1	0.20	0.9
European Union	61.1	59.4	--	-1.7
Serbia	7.6	4.0	--	-3.6
FSU-12	47.4	46.5	-1.20	-0.8
Ukraine	28.0	27.0	-0.50	-1.0
Russia	15.3	15.3	-0.70	-0.0
South Africa	17.5	12.5	--	-5.0
China	219.6	215.0	--	-4.6
India	26.3	25.0	--	-1.3

⇩ **World Crop**
BUT still
***Large* Supply**

⇩ **China**
⇩ ***EU***
⇩ ***Brazil***
BUT
⇧ **Argentina**
⇧ **Canada**

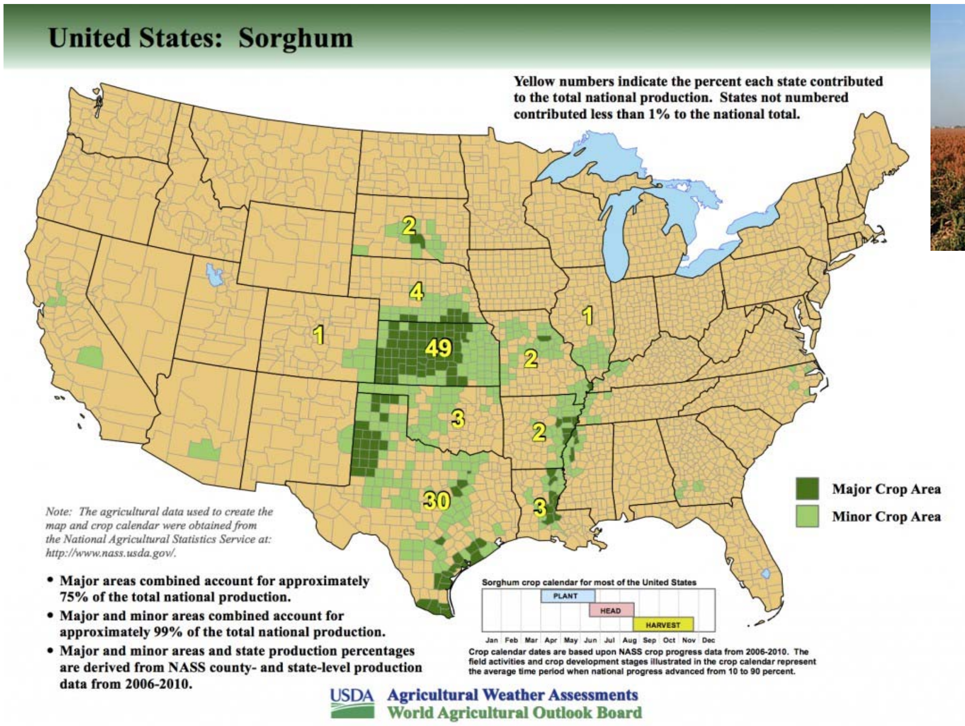
U.S. Corn Price$ vs World % Stocks-to-Use

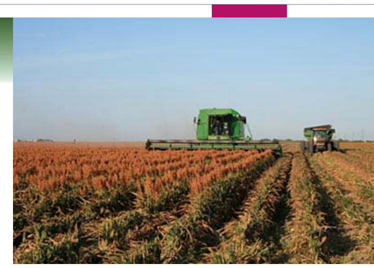
MY 1973/74 through "New Crop" MY 2016/17



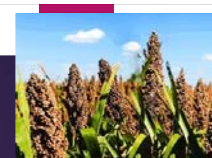
U.S. Corn Prices ≈ $1.25 /bu
lower than @ similar
World % Stx/Use levels
3-4 years ago !!!

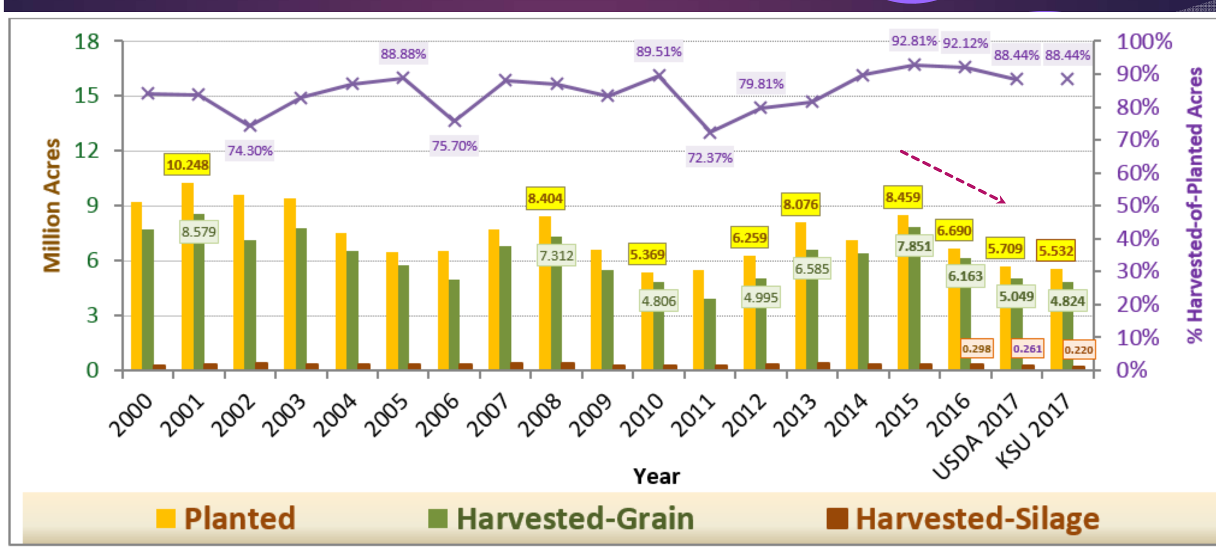
Why?!?





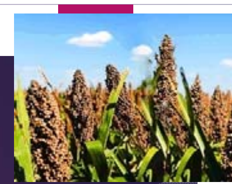
U.S. Sorghum Acreage

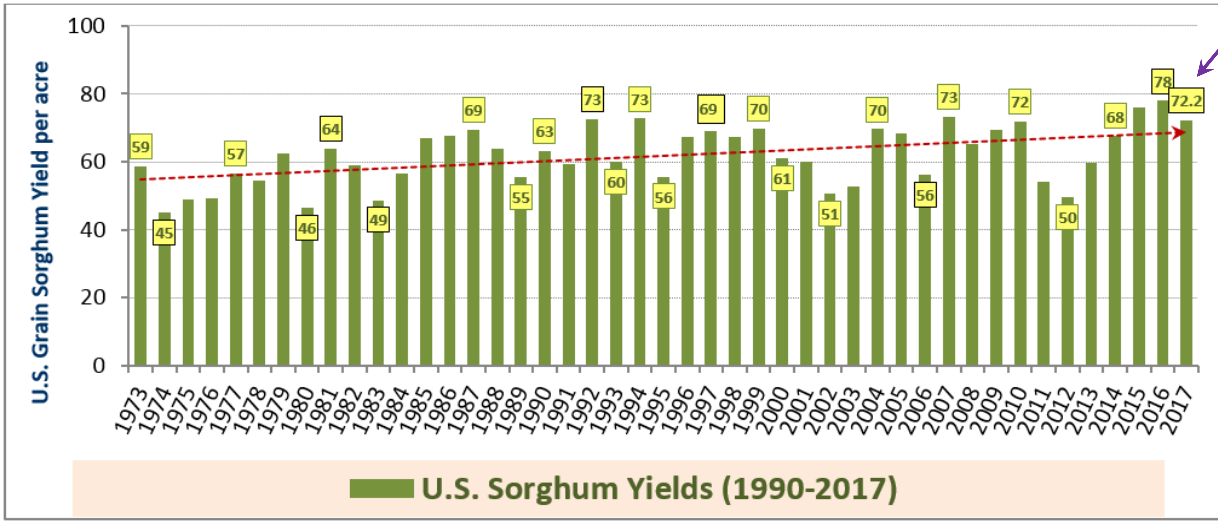




U.S. Sorghum Yields

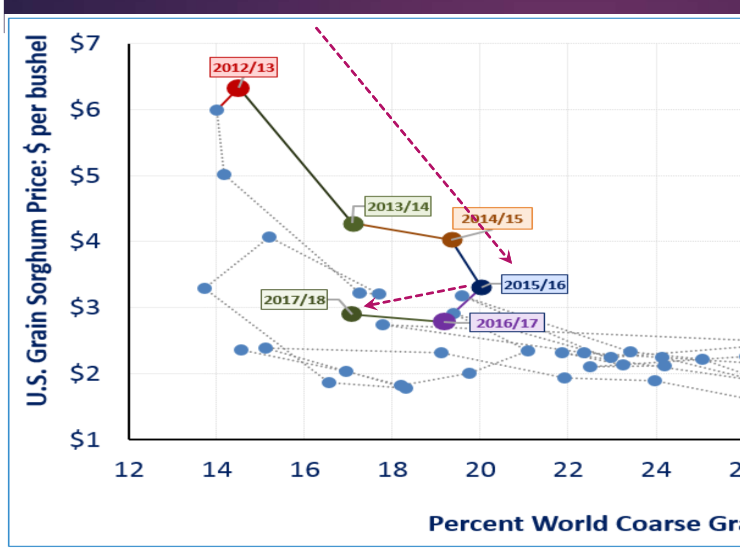
USDA 2017 USDA Forecast = **72.2 bu/ac**





U.S. Milo $ vs World Coarse Grains(Less China) % S/U

MY 1973/74 thru "New Crop" MY 2017/18



Available **World Coarse Grain** % Stx/Use

Is little changed for 3 years

BUT U.S. Sorghum $Prices ⇩

≈$1.10/bu

Why?!?

Wheat Markets

Kansas State University Department of Agricultural Economics

U.S. Wheat Market Overview

- **U.S. Wheat <u>Production</u>** trending *<u>lower</u>* (to a ***15 year low*** in 2017)
- *Large* **<u>U.S. & World Stocks</u> continue to** *limit* **Wheat <u>Price$'s</u> ****
- **"***Moderate***"** **<u>Exports</u>** *limiting* **2017/18 Wheat** ***<u>Disappearance</u>***
  - **Exports** $^{2017/18}$ = 975 mln bu (***778 mb – 1.291 bb range*** *since 2008/09)*
  - **Food Use** $^{2017/18}$ = 950 mln bu (***<u>Level</u> Food Use*** *since MY 2012/13)*
  - **Feed Use+** $^{2017/18}$ = 120 mln bu (***Down*** *from 228-365 mb in 2012 - 2013)*
  - **HRW Exports** $^{2017/18}$ = 390 mln bu (***Down*** *from 455 mb in MY 2016/17)*

Kansas State University Department of Agricultural Economics

U.S. Wheat Stocks.....

- **All U.S. Wheat: "*Large*" Stocks** (but *declining)*
  - **End Stocks 2017/18** ⇨ 960 mln bu *(1.181 bb last year)*
  - **% Stocks/Use 2017/18** ⇨ 45.5% S/U *(53.2% S/U last year)*
- **U.S. HRW Wheat: "*Large*" Carryovers** (but also *declining)*
  - **End Stocks 2017/18** ⇨ 487 mln bu *(589 mb last year)*
  - **% Stocks/Use 2017/18** ⇨ 56.6% S/U *(62.5% S/U last year)*

U.S. Wheat Quality & Grade

- **U.S. HRW Wheat 2017** ⇨ **11.4% protein**, 60.8 lb test, 1.1% defects
  - *Versus 11.2% protein, 60.7 lb test wt, 1.2% defects in 2016*
- **U.S. SRW Wheat 2017** ⇨ **9.5% protein,** 58.8 lb test, 1.7% defects
  - *Versus 9.4% protein, 58.6 lb test wt, 1.4% defects in 2016*
- **U.S. Soft White 2017** ⇨ **9.6% protein**, 60.9 lb test, 0.6% defects
  - *Versus 10.1% protein, 60.8 lb test wt, 0.6% defects in 2016*
- **U.S. HRS Spring Wheat 2017** ⇨ **14.6% protein,** 61.2 lb test, 1.0% defects
  - *Versus 14.2% protein, 61.3 lb test wt, 0.9% defects in 2016*

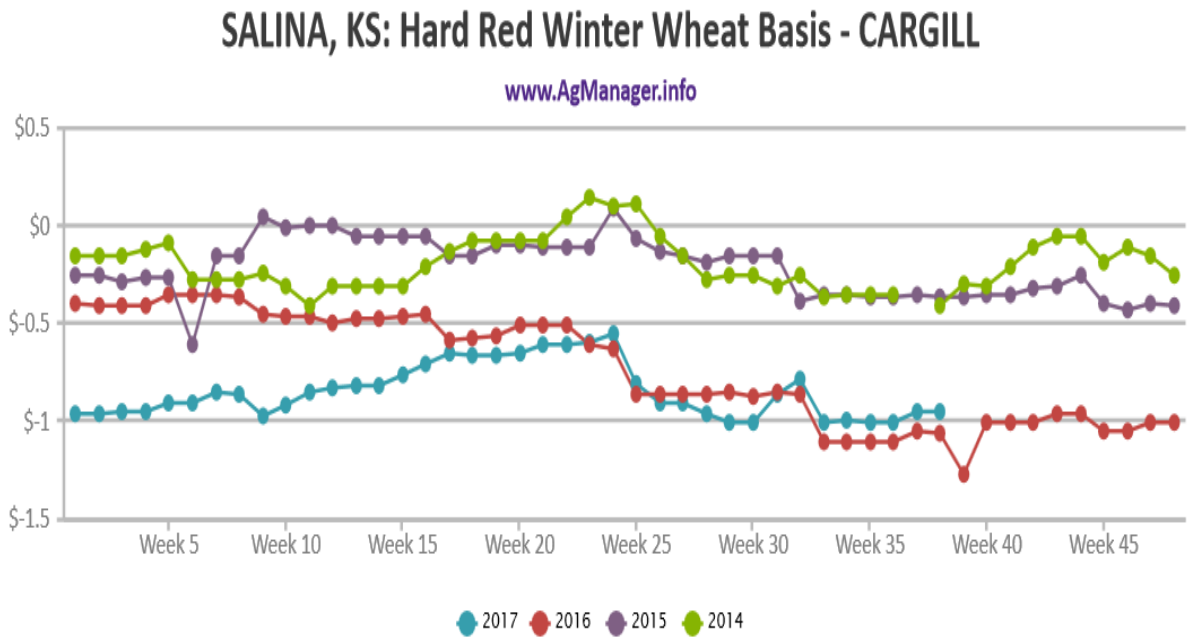
World Wheat Market Prospects:

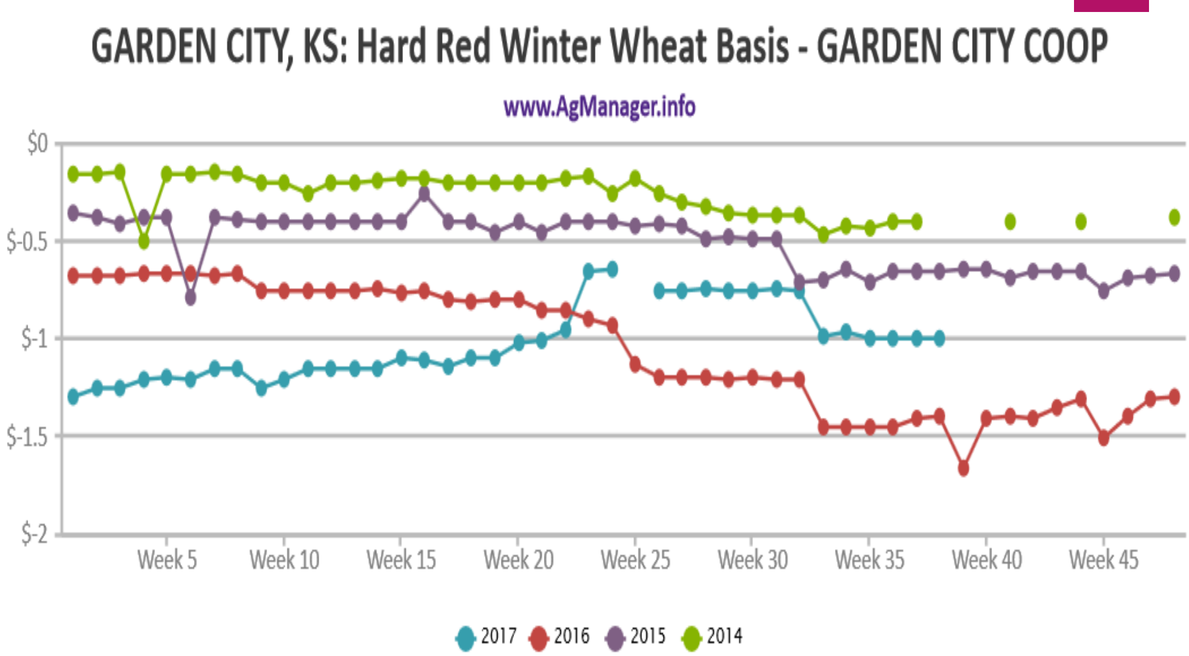
Large Supplies ⇨ A "*Buyer's Market*"

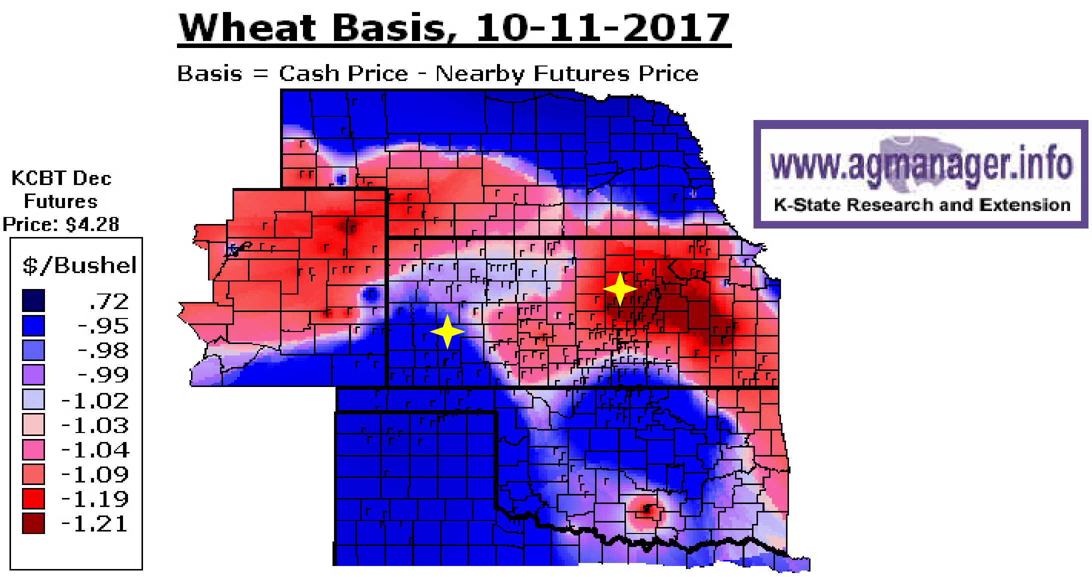
- ***Record*** **Supplies &** ***Large*** **Usage Forecast for 2017/18**
  - 4 consecutive *record* high World wheat crops
- **Varying 2017/18 Crop Prospects by Country**
- **Still a "buyer's market" for World Wheat Trade….*but*….**
  - *Uncertainty* about **U.S. & World Crops** in 2017-2018?
  - **BUT** a ***TIGHT*** **"World-Less-China"** supply situation has emerged***

CME Kansas Hard Red Winter Wheat

Monthly Chart: August 2008 – September 2017 + 10/18/2017

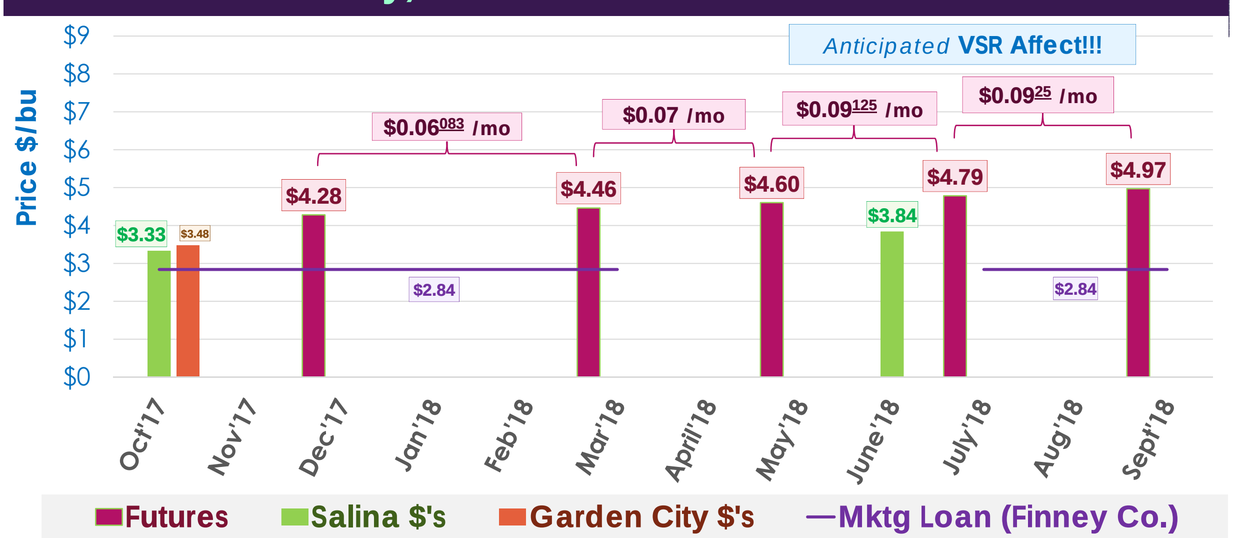

SALINA, KS: Hard Red Winter Wheat Basis - CARGILL
www.AgManager.info
$0.5
$0
$-0.5
$-1
$-1.5
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014


GARDEN CITY, KS: Hard Red Winter Wheat Basis - GARDEN CITY COOP
www.AgManager.info
$0
$-0.5
$-1
$-1.5
$-2
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014



Wheat Cash & HRW Wheat Futures

Salina & Garden City, KS Local Elevators - October 18, 2017



U.S. Wheat Supply and Demand

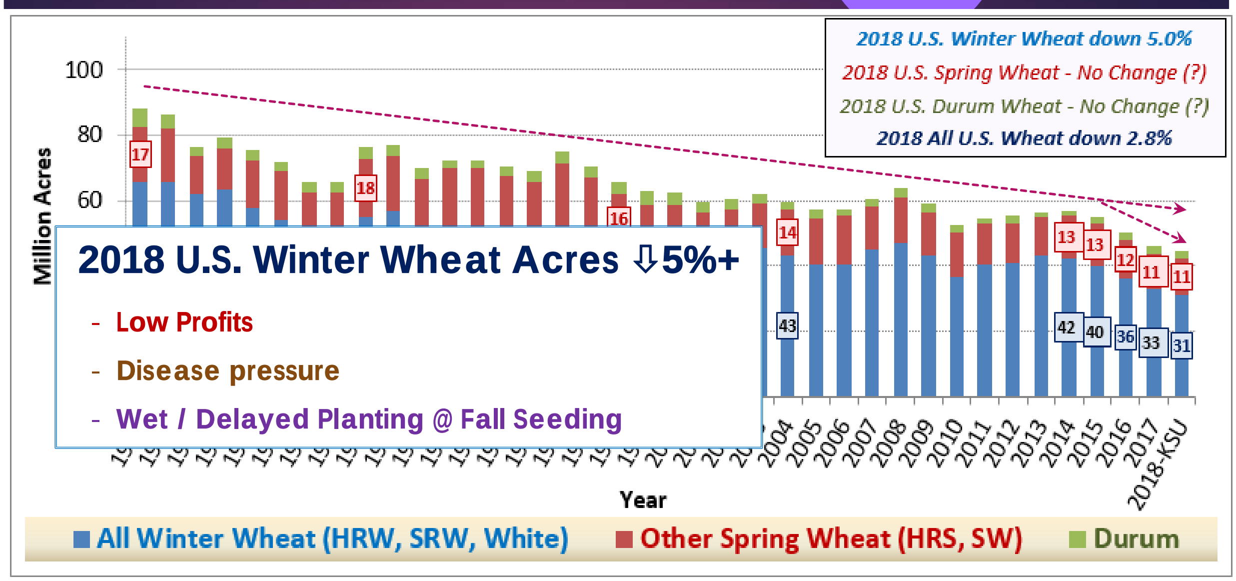
	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
Planted area (million acres)	50.1	46.0	0.4	-4.1
Harvested area (million acres)	43.9	37.6	-0.5	-6.3
Yield (bushels per acre)	52.7	46.3	0.7	-6.3
		Million bushels		
Beginning stocks	976	1,181	-4	205
Production	2,309	1,741	1	-568
Imports	118	150	--	32
Total supply	3,402	3,071	-2	-331
Food use	949	950	--	1
Seed	61	66	--	5
Feed and residual	157	120	-30	-37
Domestic use	1,167	1,136	-30	-31
Exports	1,055	975	--	-80
Total use	2,222	2,111	-30	-111
Ending stocks	1,181	960	28	-220
		Percent		
Stocks to use ratio	53.1	45.5	1.9	-7.7
		Dollars per bushel		
Average market price	3.89	4.40/4.80	--	0.71

⇩ **Crop**
BUT still
***Large* Supply**

Less **Domestic Use**
&
⇩ **Exports**

⇩ **Stocks/Use**
&
⇧ **Prices**

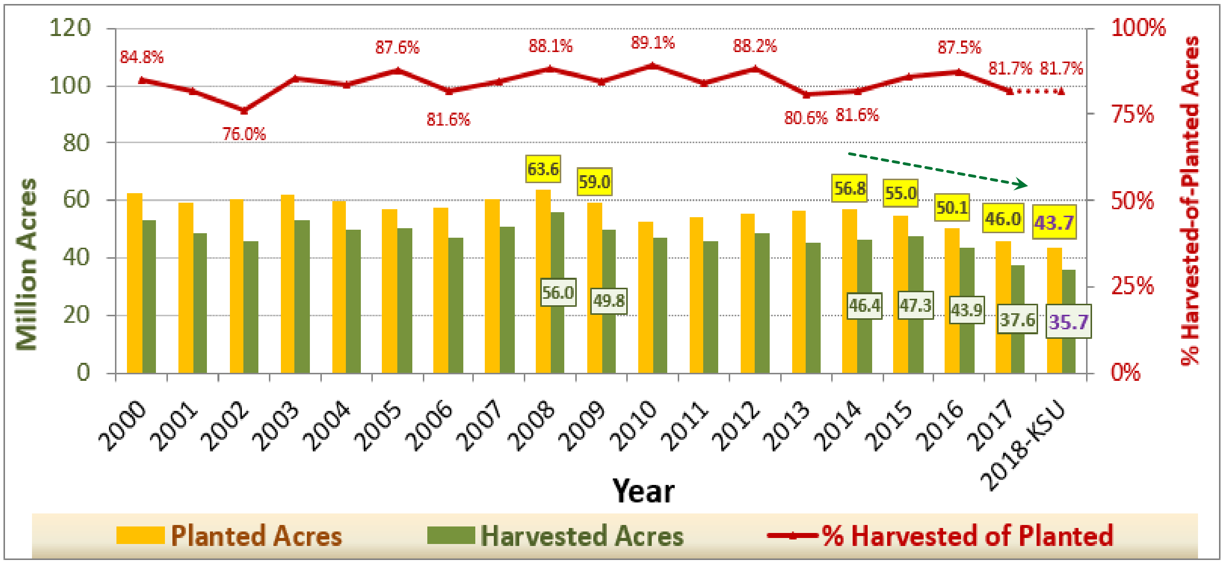
U.S. Wheat Seeded Acreage



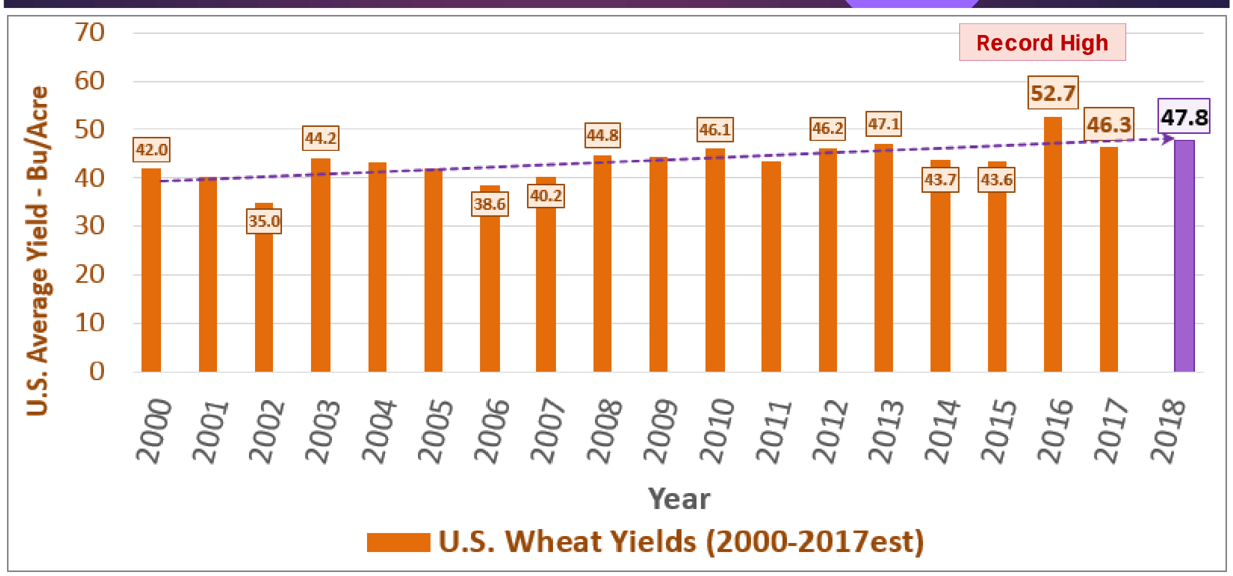
2018 U.S. Winter Wheat Acres ⇩5%+

- Low Profits
- Disease pressure
- Wet / Delayed Planting @ Fall Seeding

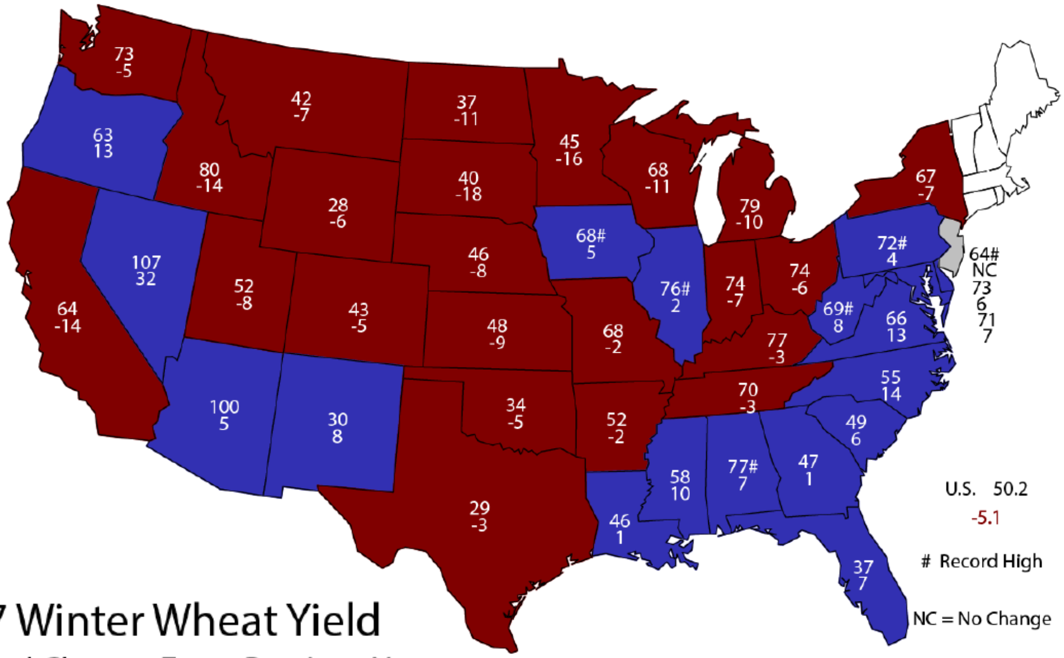
U.S. Wheat Acreage



U.S. Wheat Yields



USDA



2017 Winter Wheat Yield

Bushels and Change From Previous Year

USDA-NASS
9-29-17

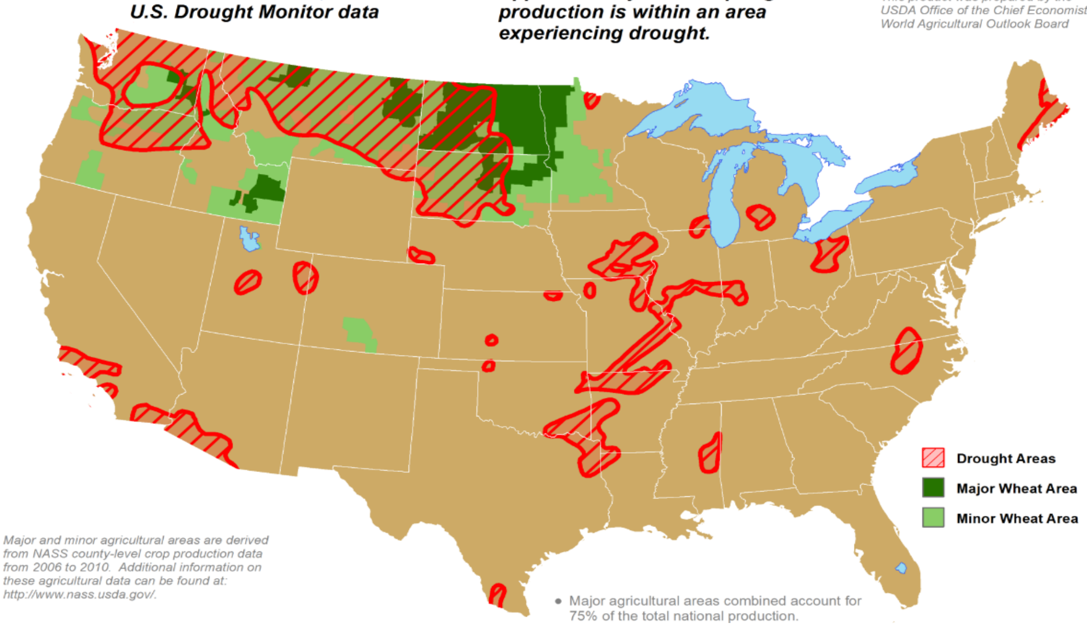
U.S. Spring Wheat Areas Experiencing Drought

USDA United States Department of Agriculture

This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board

Reflects October 10, 2017 U.S. Drought Monitor data

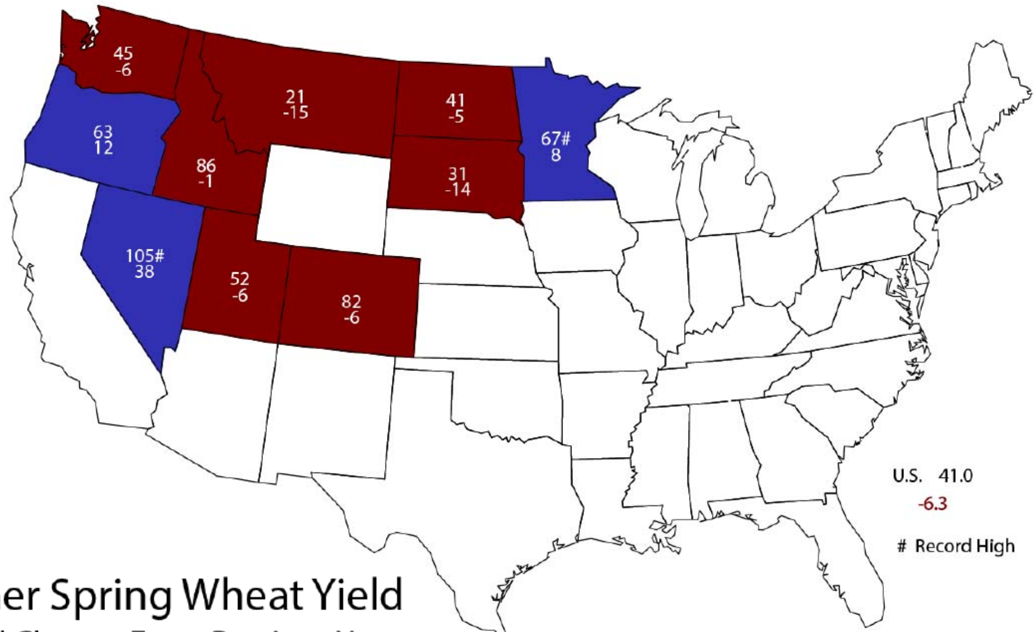
Approximately 51% of spring wheat production is within an area experiencing drought.



Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: http://www.nass.usda.gov/.

• Major agricultural areas combined account for 75% of the total national production.

USDA



2017 Other Spring Wheat Yield

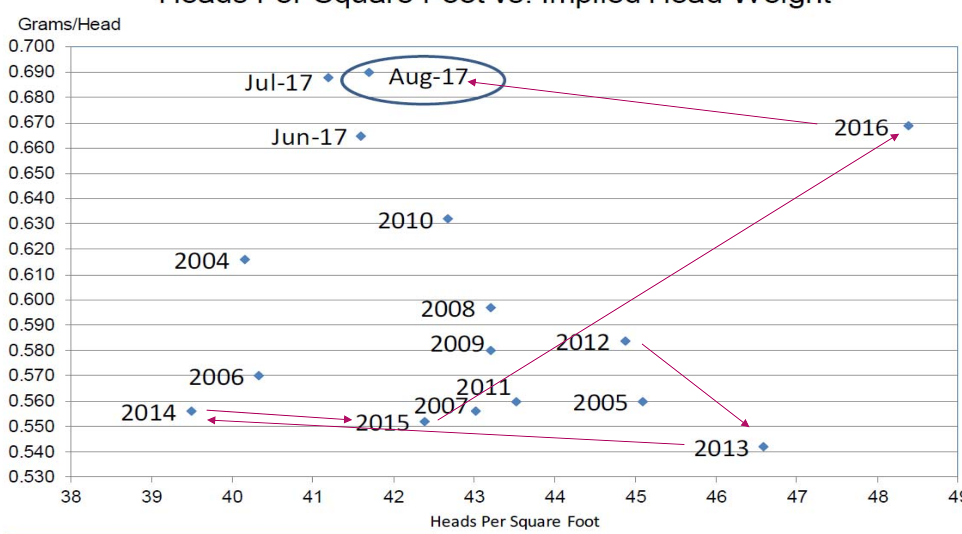
Bushels and Change From Previous Year

USDA-NASS
9-29-17

USDA

Wheat Objective Yield Region

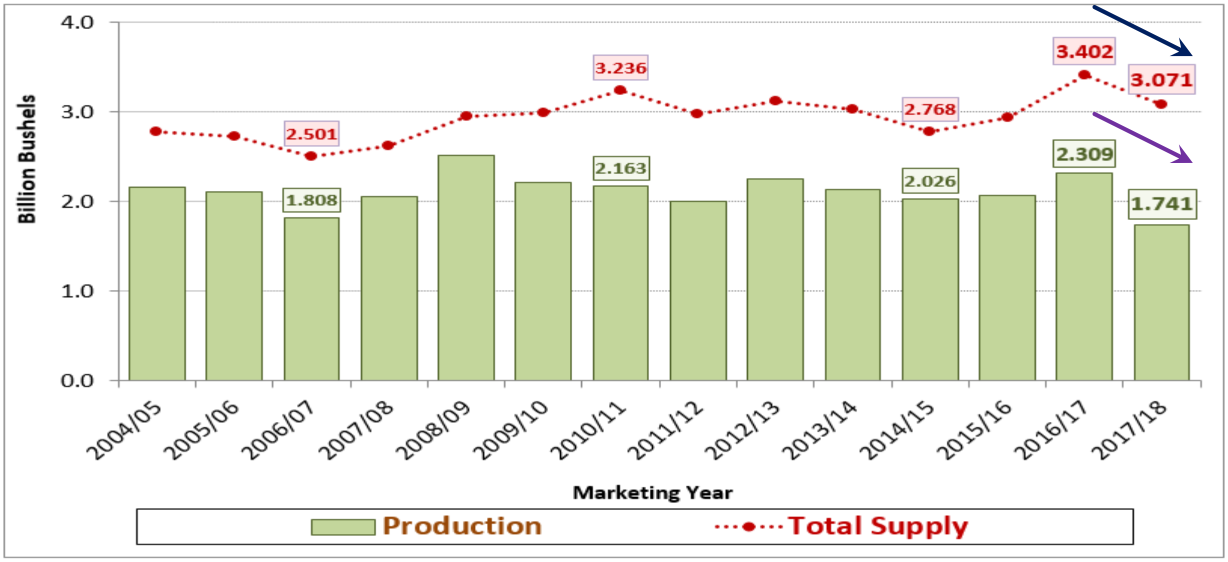
Heads Per Square Foot vs. Implied Head Weight



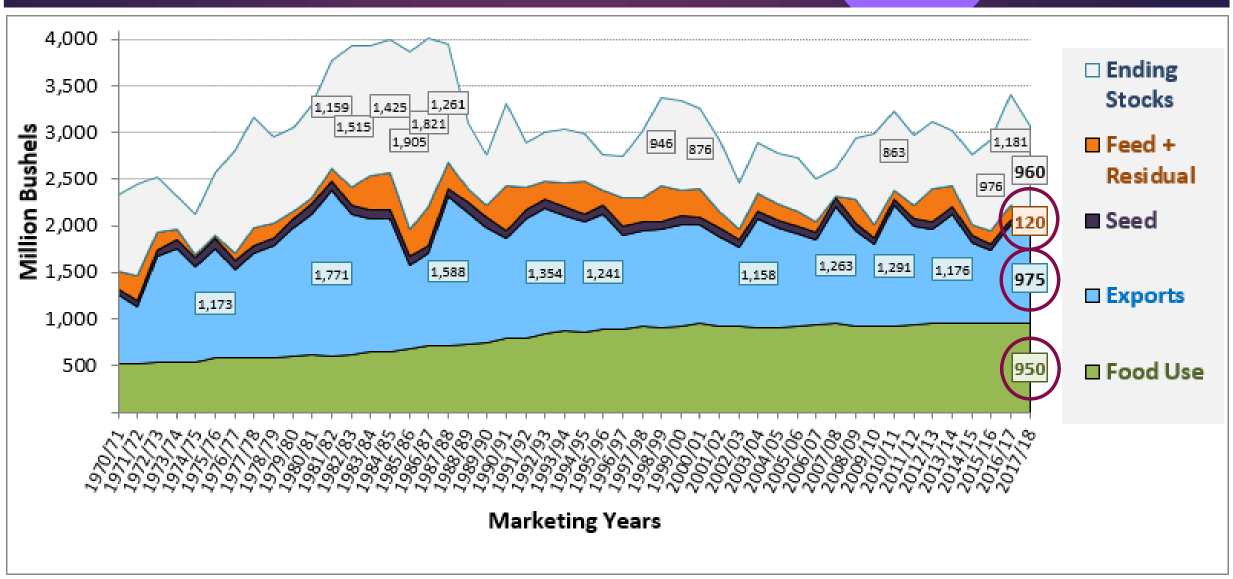
Implied Head Weight = Published Yield / (Heads*1.6006)

USDA-NASS
8-10-17

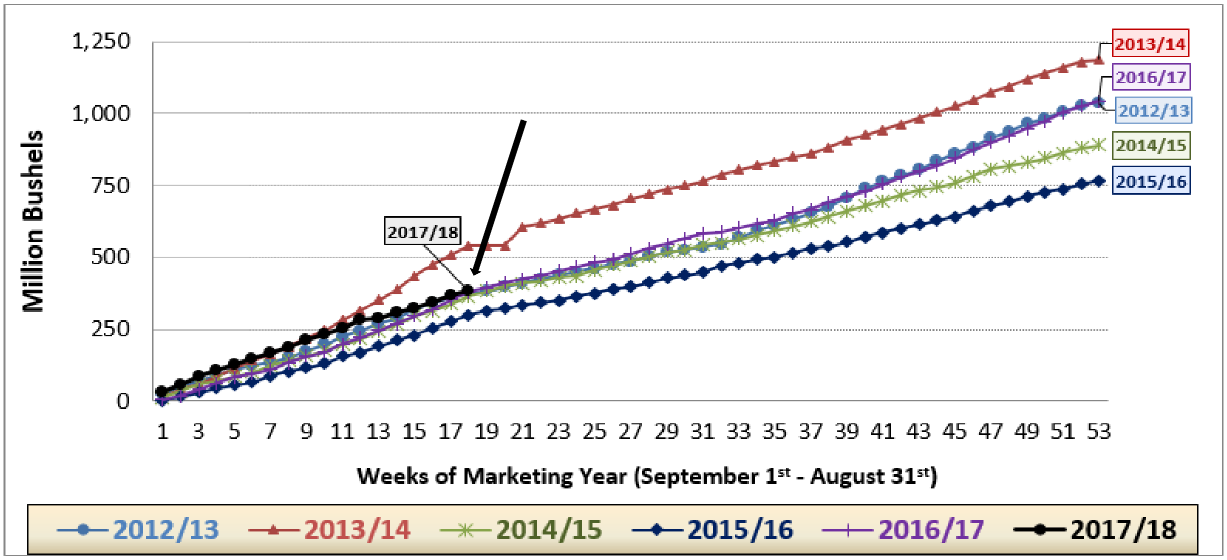
U.S. Wheat Production & Supplies



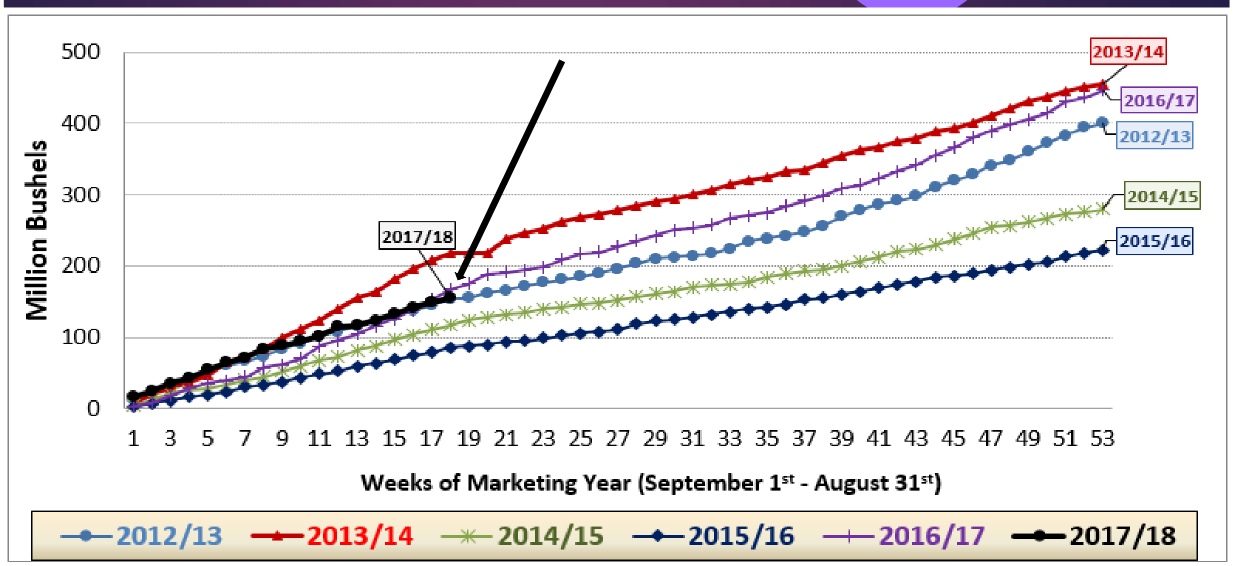
U.S. Wheat Use by Category



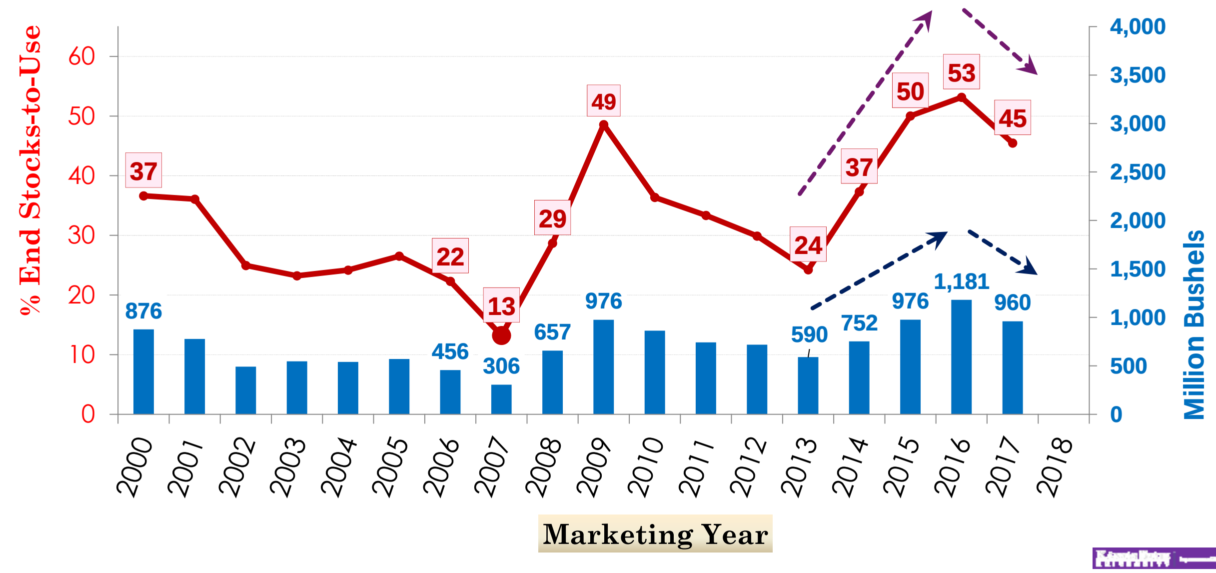
U.S. All Wheat Exports – Weekly thru October 5, 2017



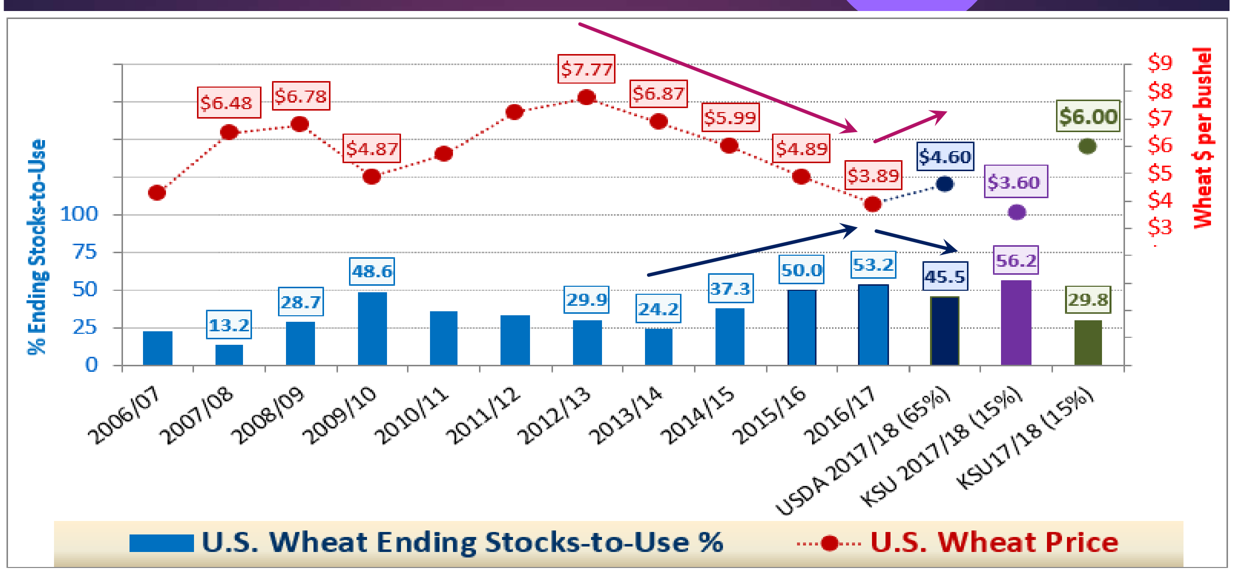
U.S. Hard Red Winter Wheat Exports - Weekly



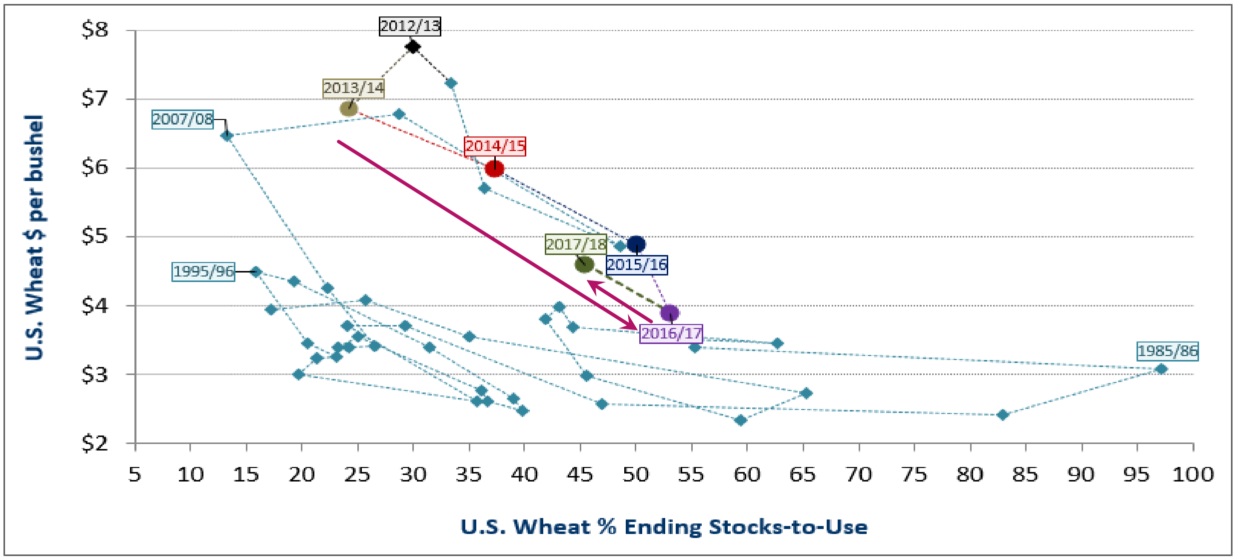
U.S. Wheat Ending Stocks & % Stx/Use



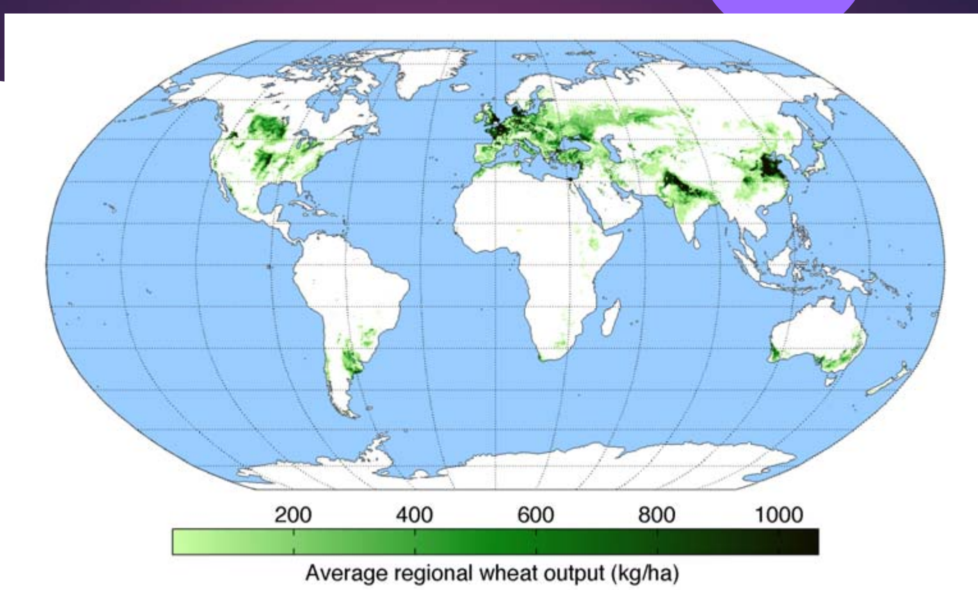
U.S. Wheat Ending Stocks & Prices



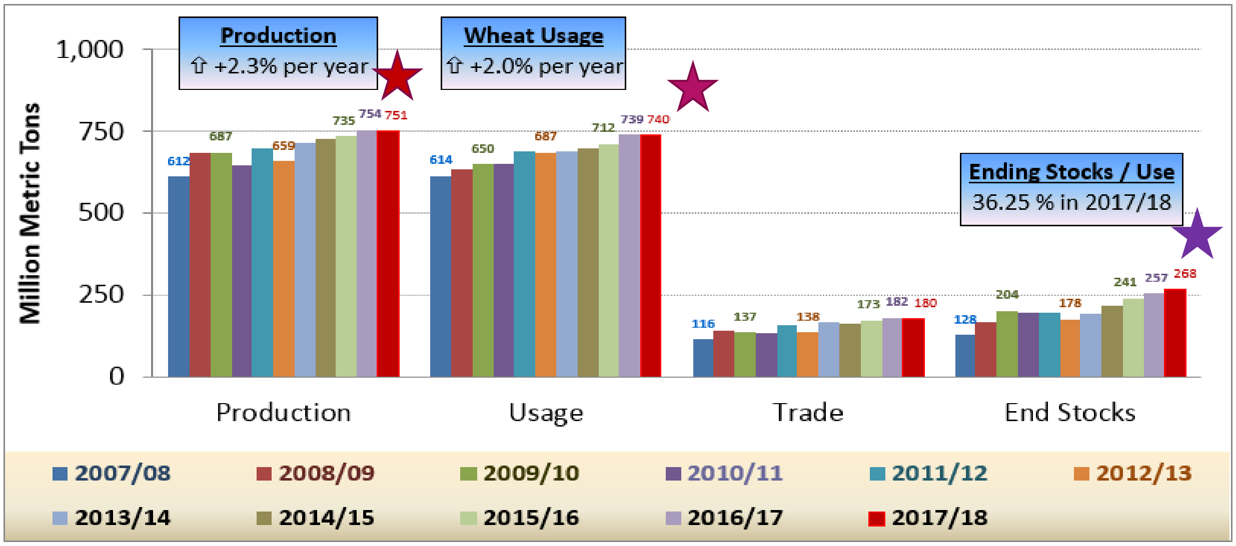
U.S. Wheat Price vs U.S. Stocks-to-Use



World Wheat Production Regions



World Wheat Supply, Use & Stocks



World Wheat Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
		Million Tons		
World	754.2	751.2	6.3	-3.0
United States	62.8	47.4	0.0	-15.5
Foreign	691.3	703.8	6.3	12.5
Argentina	18.4	17.5	--	-0.9
Canada	31.7	27.0	0.5	-4.7
Australia	33.5	21.5	-1.0	-12.0
European Union	145.5	151.0	2.2	5.6
Turkey	17.3	21.0	1.0	3.8
Russia	72.5	82.0	1.0	9.5
Ukraine	26.8	26.5	--	-0.3
Kazakhstan	15.0	14.0	--	-1.0
China	128.9	130.0	--	1.2
India	87.0	98.4	2.4	11.4

⇩ World & U.S. Crops

BUT

⇧ Foreign Wheat

⇧ Russia, Turkey,

⇧ EU, India, China

BUT

⇩ Canada

⇩ Australia

⇩ Kazakhstan

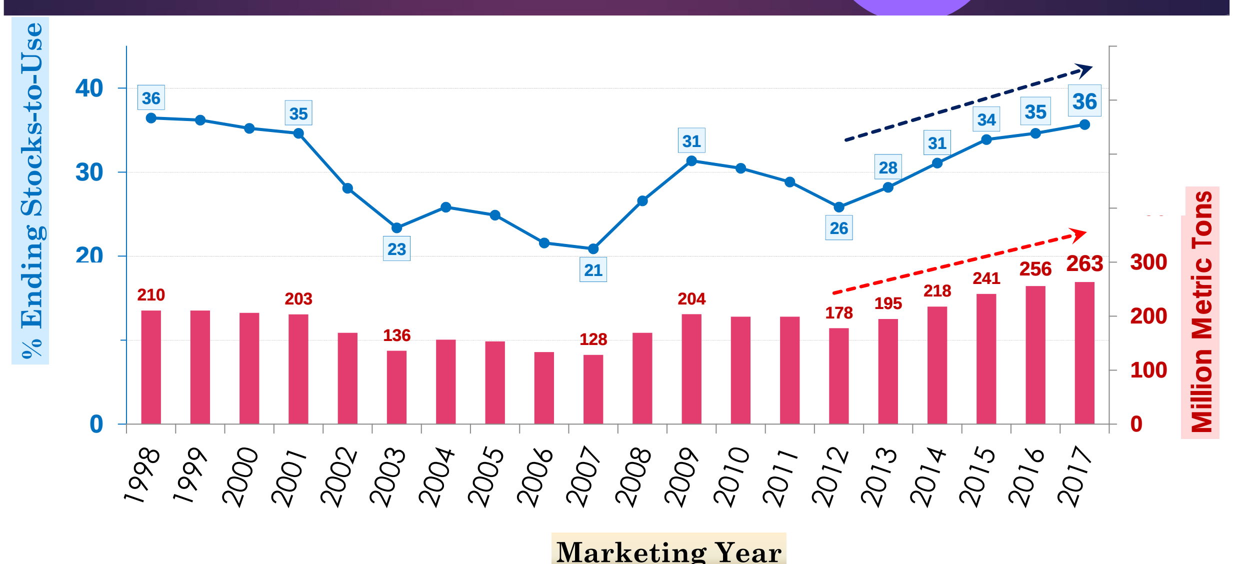
World Wheat Supply and Use

	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
		Million Tons		
Beginning stocks	241.2	256.6	0.7	15.4
Production	754.2	751.2	6.3	-3.0
Total Supply	995.4	1,007.8	7.1	12.4
Feed use	147.3	141.5	0.9	-5.8
Total use	738.8	739.6	2.1	0.9
Trade	182.5	180.0	0.0	-2.4
Ending Stocks	256.6	268.1	5.0	11.6

⇧ Beg. Stocks
⇩ Production
⇧ Supplies

⇩ Total Use
&
⇧ Ending Stocks

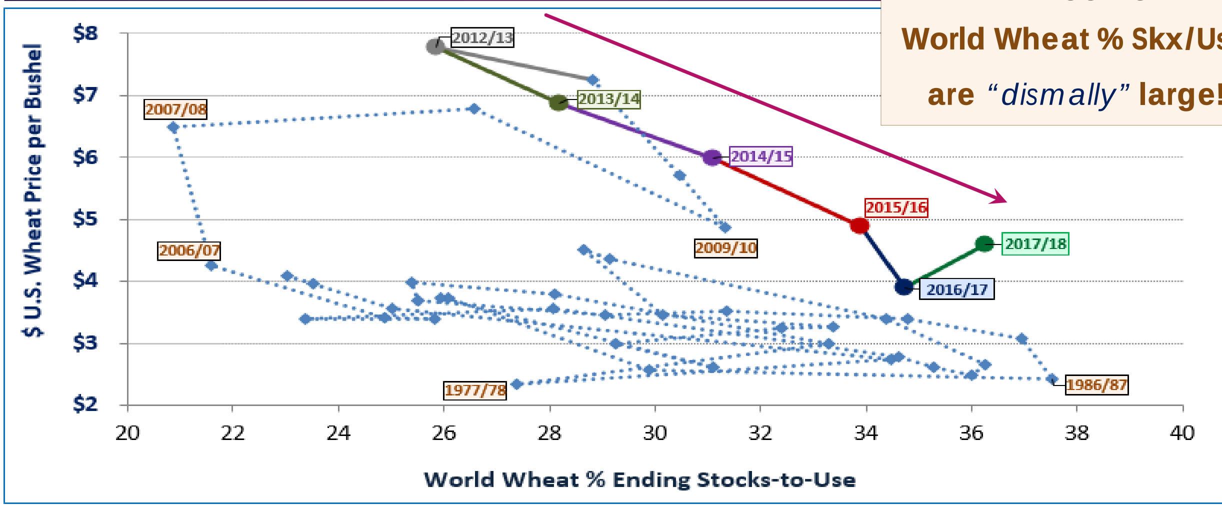
World Wheat Ending Stocks & % Stx/Use



U.S. Wheat Price ($) vs World % Stx/Use

MY 1973/74 – "New Crop" MY 2017/18

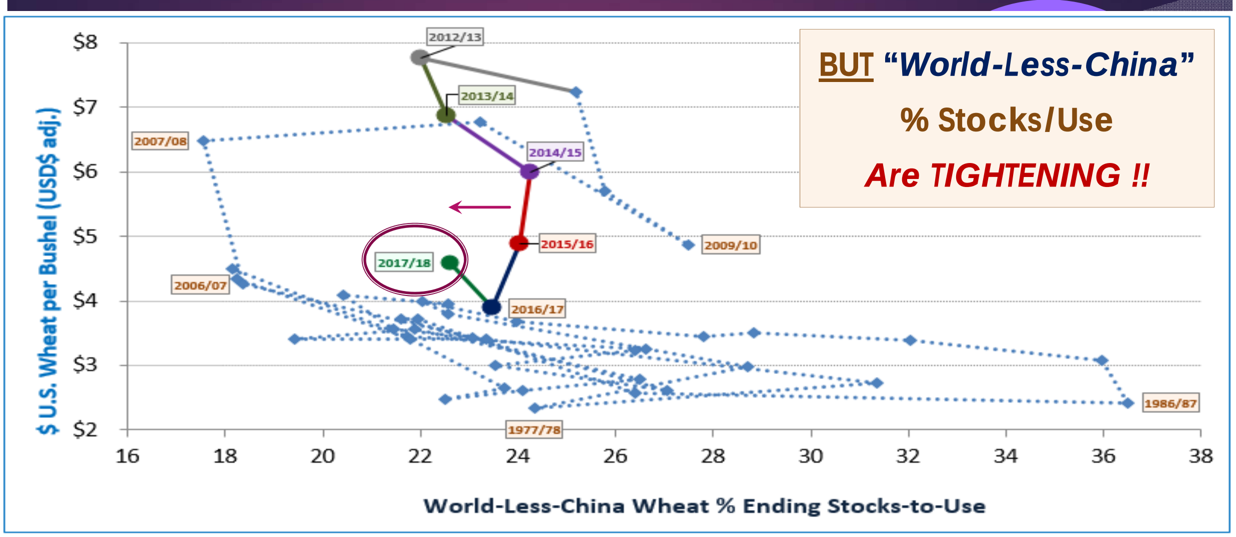
In *Total Aggregate* -
World Wheat % Skx/Use
are *"dismally"* large!



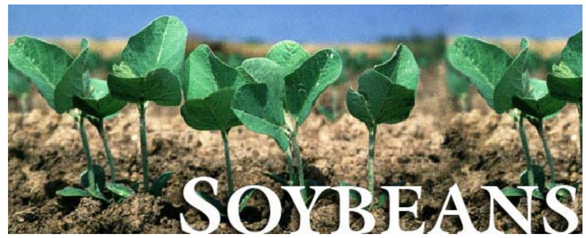
U.S. Wheat $ vs Non-China % Stx/Use

MY 1973/74 – "New Crop" MY 2017/18

BUT *"World-Less-China"*
% Stocks/Use
Are TIGHTENING !!



Soybean & Cotton Markets



Kansas State University | Department of Agricultural Economics

U.S. Soybean Market Prospects

- *Strong* **Use & Exports,** *Large* **Stocks, &** *Weaker* **Prices**
  - **U.S. soybean exports in 2017/18** to be *historically* ***large*** in spite of large 2017 South American Production
    - Depends on continued growth in import demand from **China, EU, Southeast Asia, Mexico,** elsewhere
  - Questions & concerns to emerge in fall-winter 2017-2018 re: **2018 South American soybean** crop size

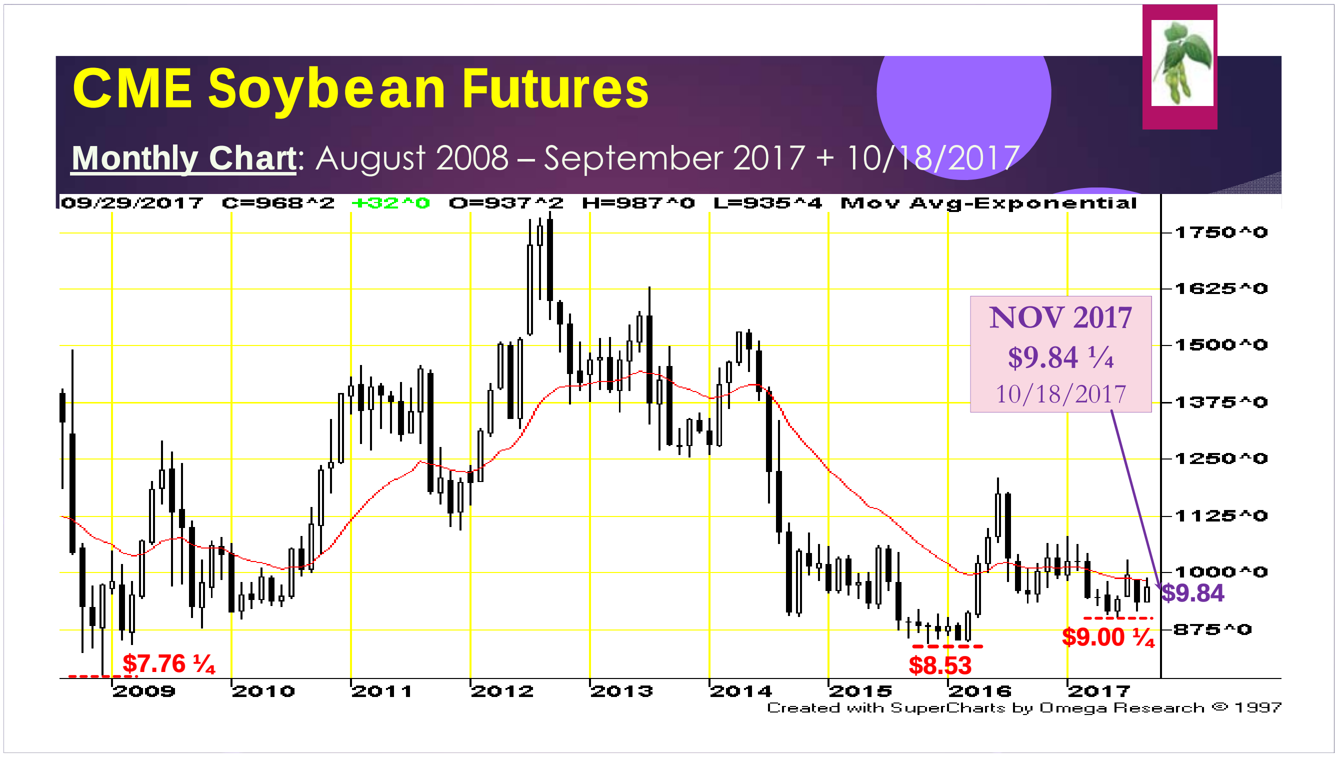
Kansas State University | Department of Agricultural Economics

U.S. Soybean Supply-Use

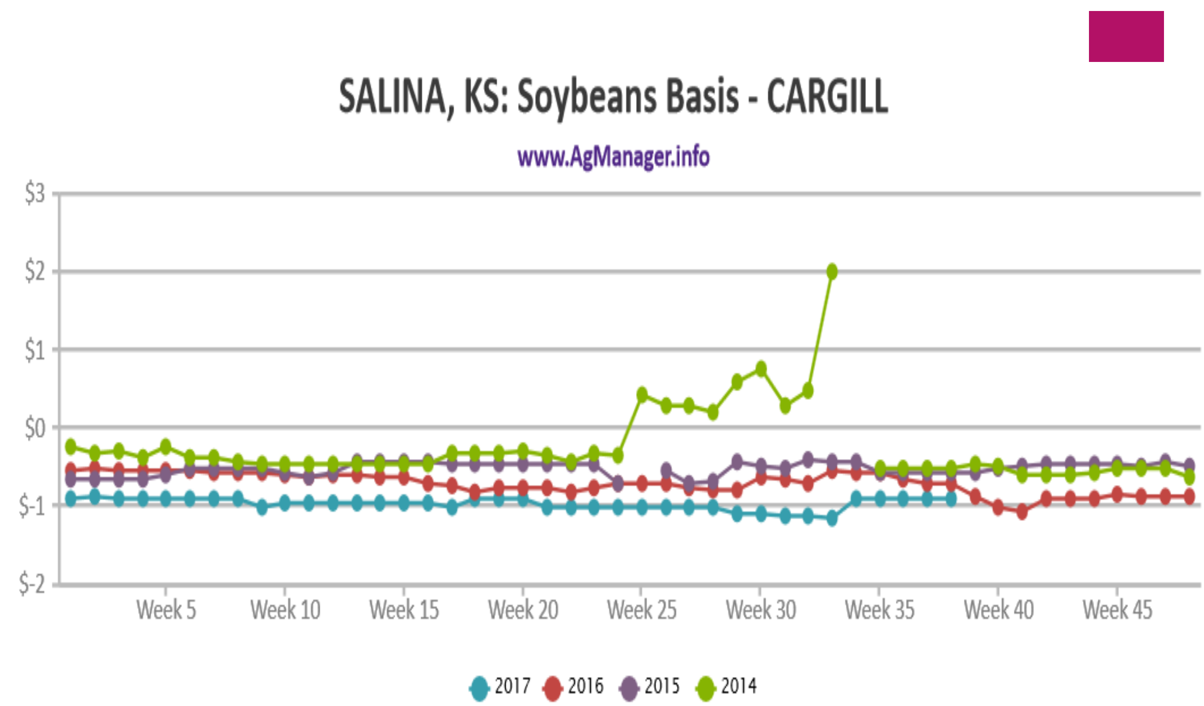
- **2017 U.S. Soybean Production & Supplies @ *record HIGHS***
- **Large Soybean Stocks in U.S. & So. America** limit Price$'s**
- **Low Price$'s support Use in "*New Crop*" MY 2017/18 *****
  - **Soy Crush** **2017/18** = 1.940 bln bu (***Record*** – *vs 1.899 bb 1 year ago)*
  - **Exports** **2017/18** = 2.250 bln bu (***Record*** – *vs 2.174 bb 1 year ago)*
  - **Total Use** **2017/18** = 4.326 bln bu (***Record*** – *vs 4.214 bb 1 year ago)*
  - **SBM Use** **2017/18** = 46.4 mln tons *(vs **44.95** in MY 2016/17 & **45.1** in MY 2015/16)*

U.S. Soybean & Cotton Stocks…..

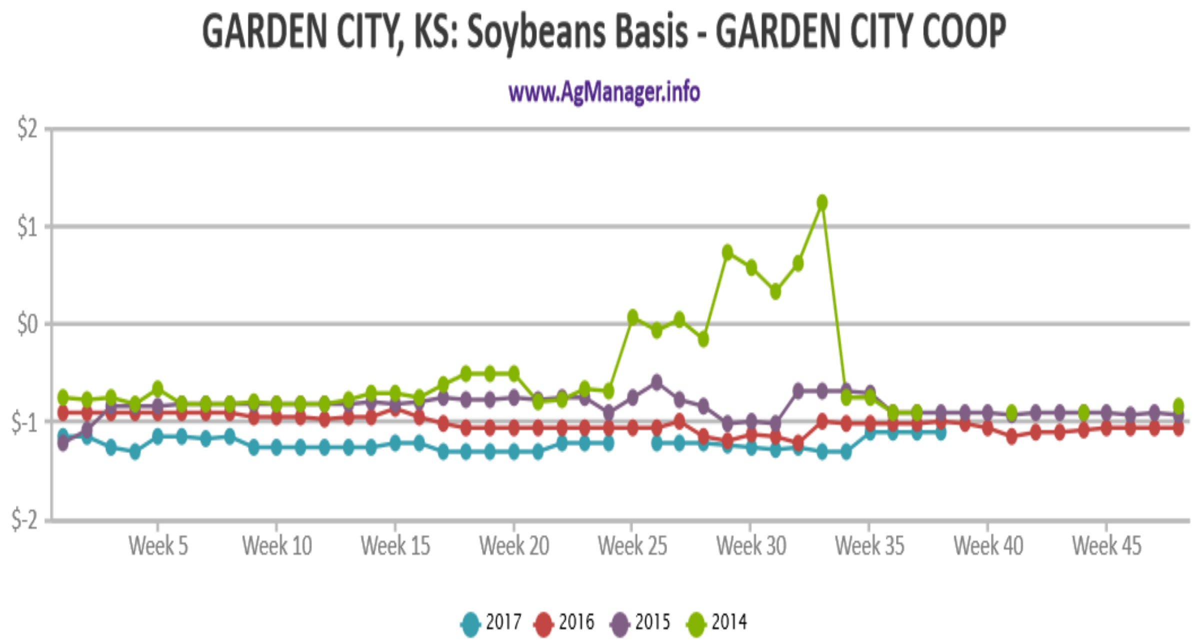
- **Soybean: "*Large*" Stocks & % S/U**
  - **End Stocks** **2017/18** ⇨ 430 mln bu *(High vs 574 mb in 2006/07)*
  - **% Stocks/Use** **2017/18** ⇨ 9.9% S/U *(High vs 18.6% in 2006/07)*
- **Cotton: "*Large*" 2017 Crop & "*Growing*" Stocks**
  - **Production** **2017/18** ⇨ 21.1 mln bales *(17.2 & 12.9 mb last 2 years)*
  - **End Stocks** **2017/18** ⇨ 5.8 mln bales *(2.75 & 3.8 mb last 2 years)*
  - **% Stocks/Use** **2017/18** ⇨ 32.5% S/U** *(15.1% & 30.2% last 2 years)*



CME Soybean Futures
Monthly Chart: August 2008 – September 2017 + 10/18/2017
09/29/2017 C=968^2 +32^0 O=937^2 H=987^0 L=935^4 Mov Avg-Exponential
NOV 2017
$9.84 ¼
10/18/2017
$9.84
$7.76 ¼
$8.53
$9.00 ¼
1750^0
1625^0
1500^0
1375^0
1250^0
1125^0
1000^0
875^0
2009
2010
2011
2012
2013
2014
2015
2016
2017
Created with SuperCharts by Omega Research © 1997



SALINA, KS: Soybeans Basis - CARGILL
www.AgManager.info
$3
$2
$1
$0
$-1
$-2
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014


GARDEN CITY, KS: Soybeans Basis - GARDEN CITY COOP
www.AgManager.info
$2
$1
$0
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Week 5
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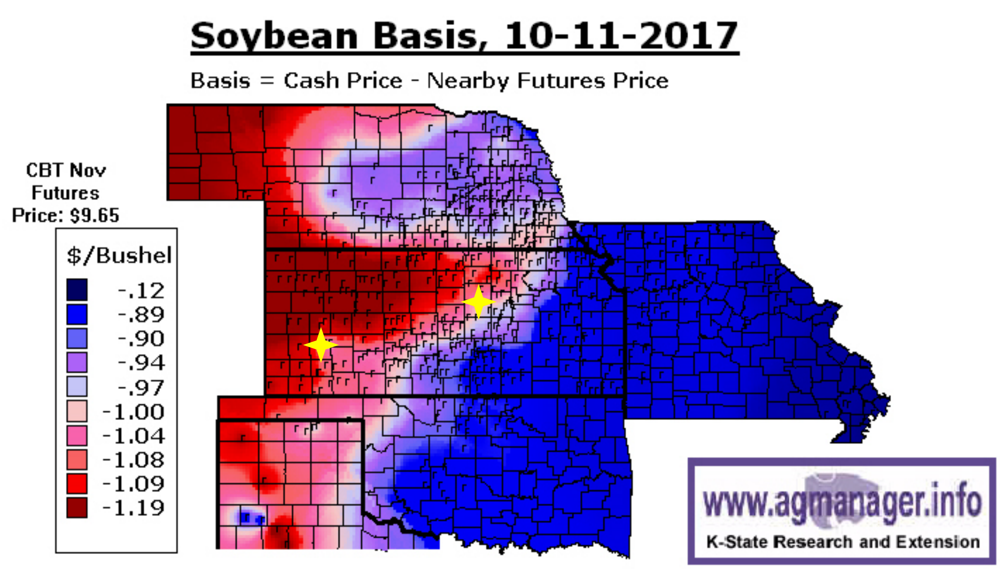
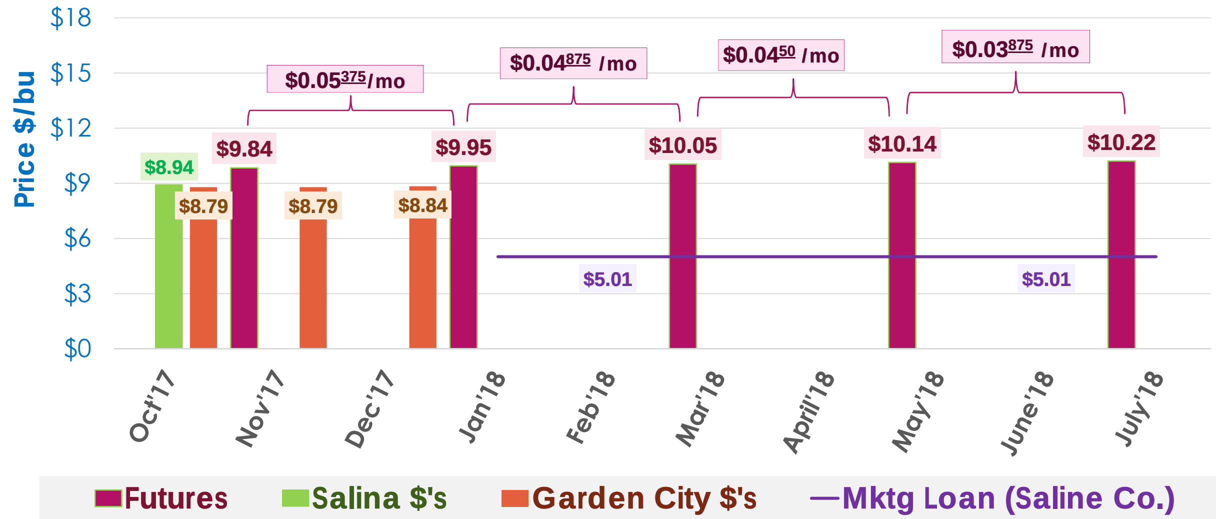
2017
2016
2015
2014


Soybean Basis, 10-11-2017
Basis = Cash Price - Nearby Futures Price
CBT Nov
Futures
Price: $9.65
$/Bushel
-.12
-.89
-.90
-.94
-.97
-1.00
-1.04
-1.08
-1.09
-1.19
www.agmanager.info
K-State Research and Extension

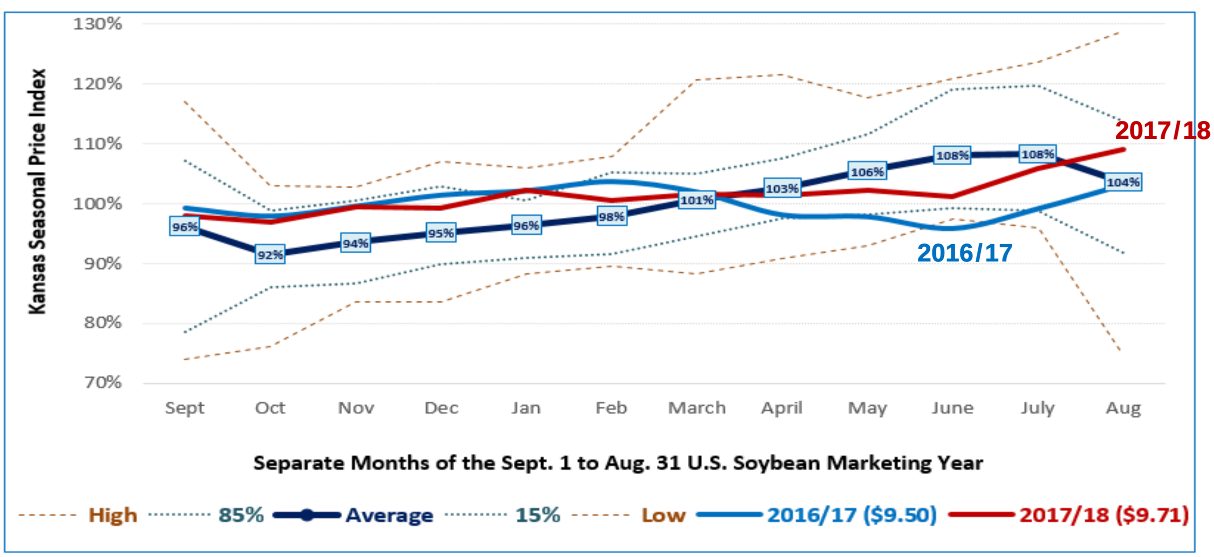
Soybean Cash & Futures Price$'s

Salina & Garden City, KS Local Elevators - October 18, 2017



Kansas Soybean Seasonal Cash $ Index

Monthly Prices: "Old Crop" MY 2016/17+ "New Crop" MY 2017/18



U.S. Soybean Supply and Demand

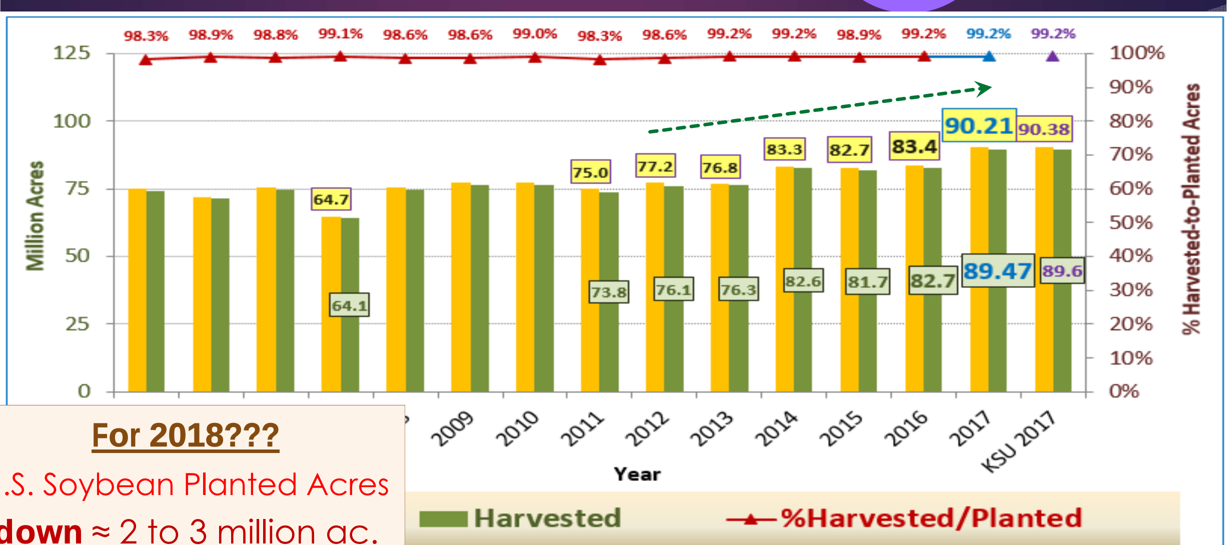
	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
Planted area (million acres)	83.4	90.2	0.7	6.8
Harvested area (million acres)	82.7	89.5	0.7	6.8
Yield (bushels per acre)	52.0	49.5	-0.4	-2.4
		Million bushels		
Beginning stocks	197	301	-44	105
Production	4,296	4,431	-0	135
Imports	22	25	--	3
Total supply	4,515	4,757	-45	242
Crush	1,899	1,940	--	41
Seed and residual	141	136	-0	-5
Domestic use	2,040	2,076	-0	36
Exports	2,174	2,250	--	76
Total use	4,214	4,326	-0	113
Ending stocks	301	430	-45	129
		Percent		
Stocks to use ratio	7.2	10.0	-1.0	2.8
		Dollars per bushel		
Average market price	9.47	8.35/10.05	--	-0.27

⇧ **Record Crop** *and* ***Large* Supply**

⇧ **Record Use** & ⇧ **Exports**

⇧ **Stocks/Use** & ⇩ **Prices**

U.S. Soybean Acreage



For 2018???

U.S. Soybean Planted Acres

down ≈ 2 to 3 million ac.

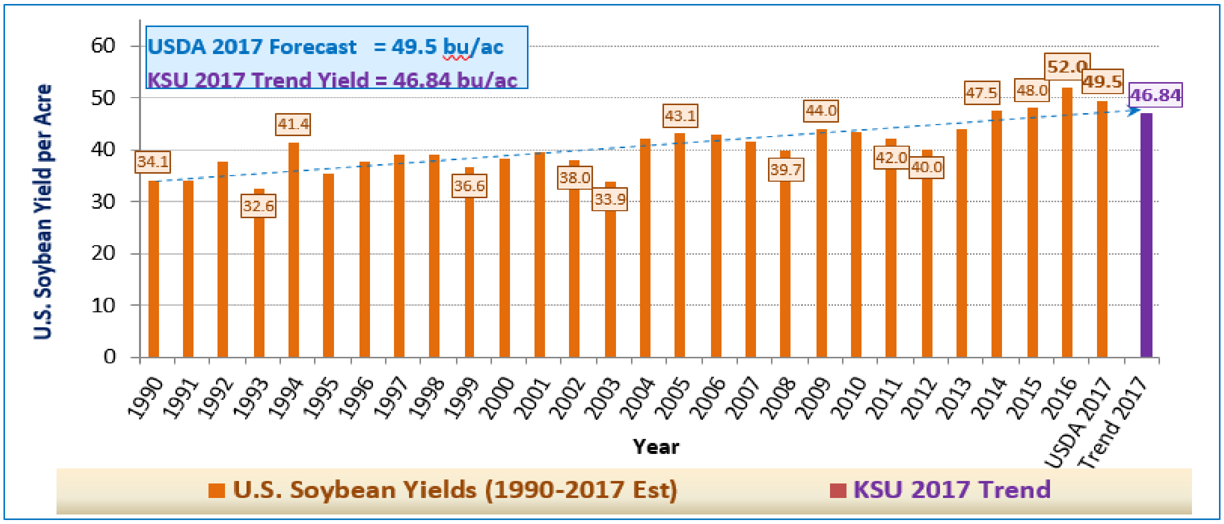
U.S. Soybean Yields

USDA 2017 = 49.5 bu/ac; 2017 Trend[1973-2

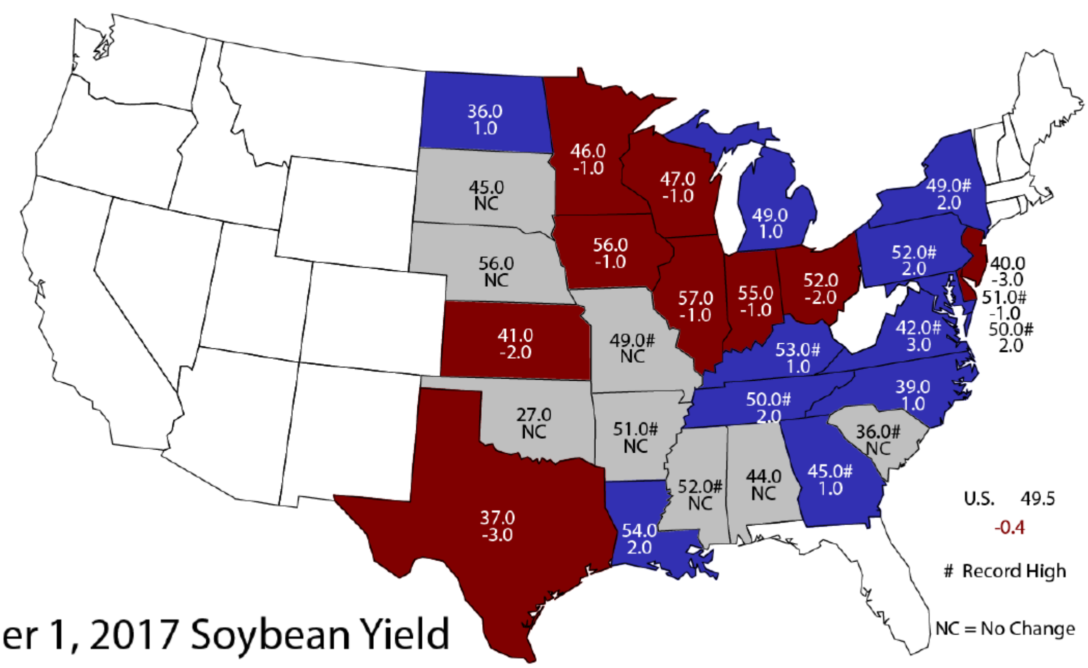
Final 2017???

Impact of Dry Regions???

≈48-51 bu/ac is still possible



USDA



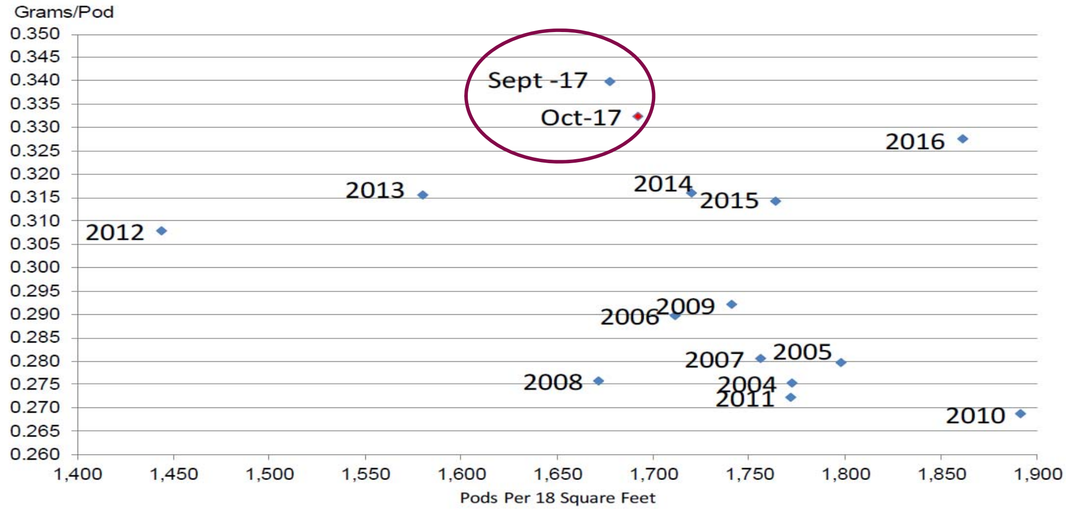
October 1, 2017 Soybean Yield

Bushels and Change From Previous Month

USDA-NASS
10-12-17

Soybean Objective Yield Region

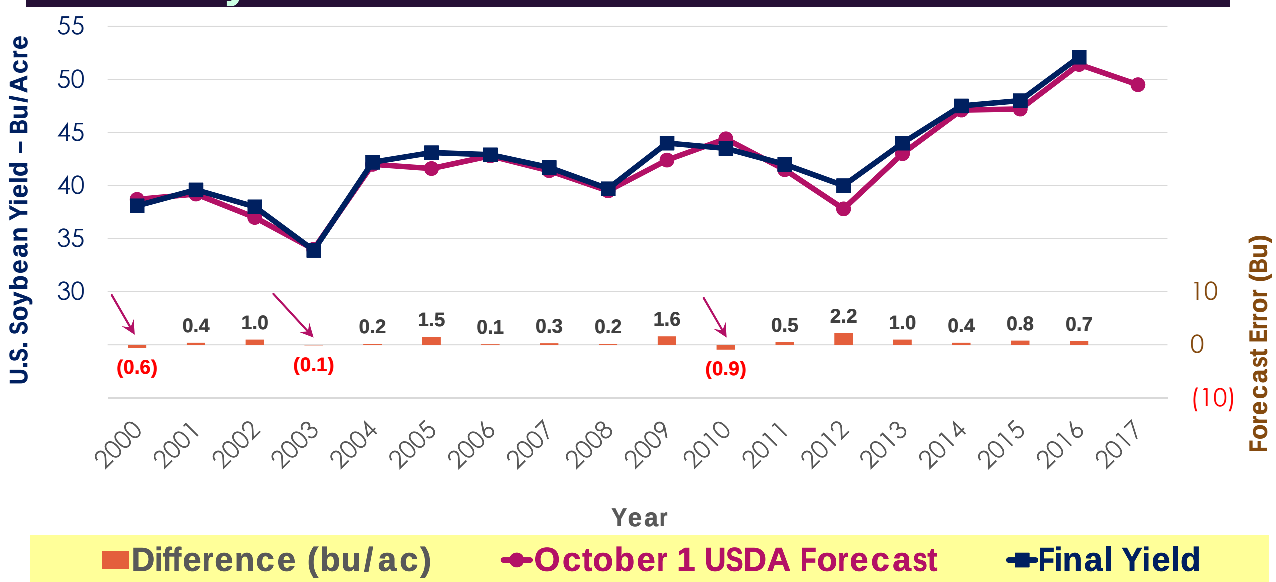
Pods Per 18 Square Feet vs. Implied Pod Weight



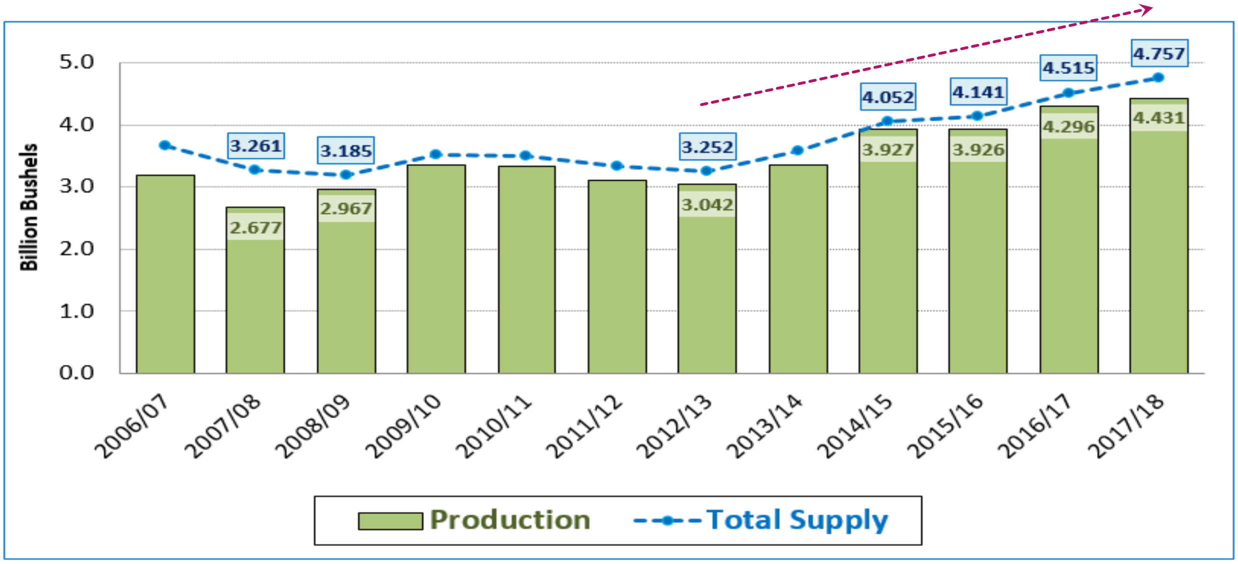
USDA-NASS
10-12-17

U.S. Soybean Yields: 2000-2017

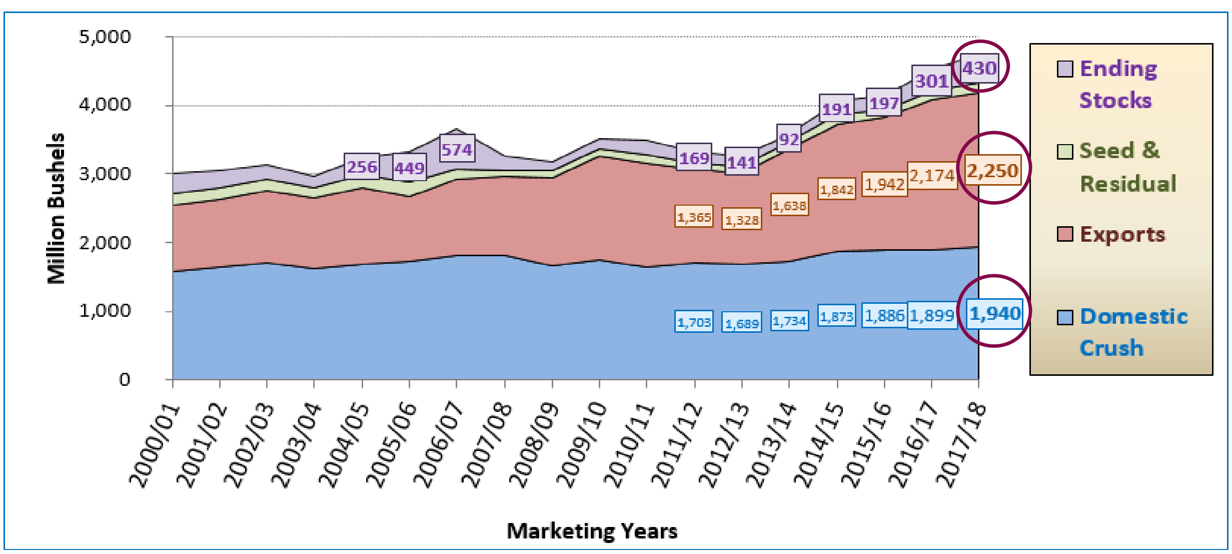
Accuracy of October 1st USDA Forecasts



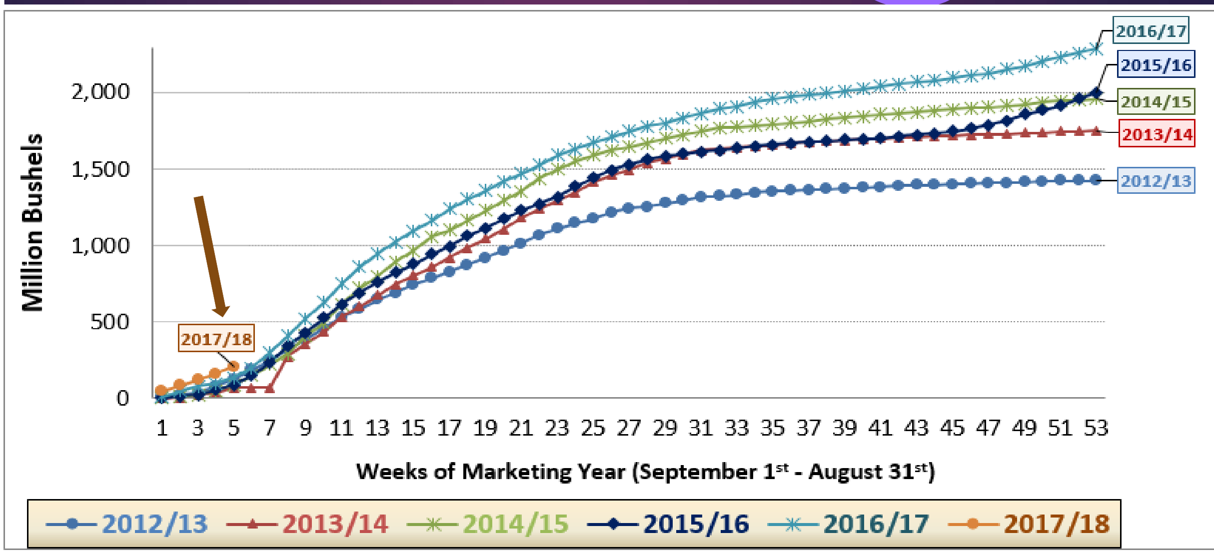
U.S. Soybean Production & Supplies



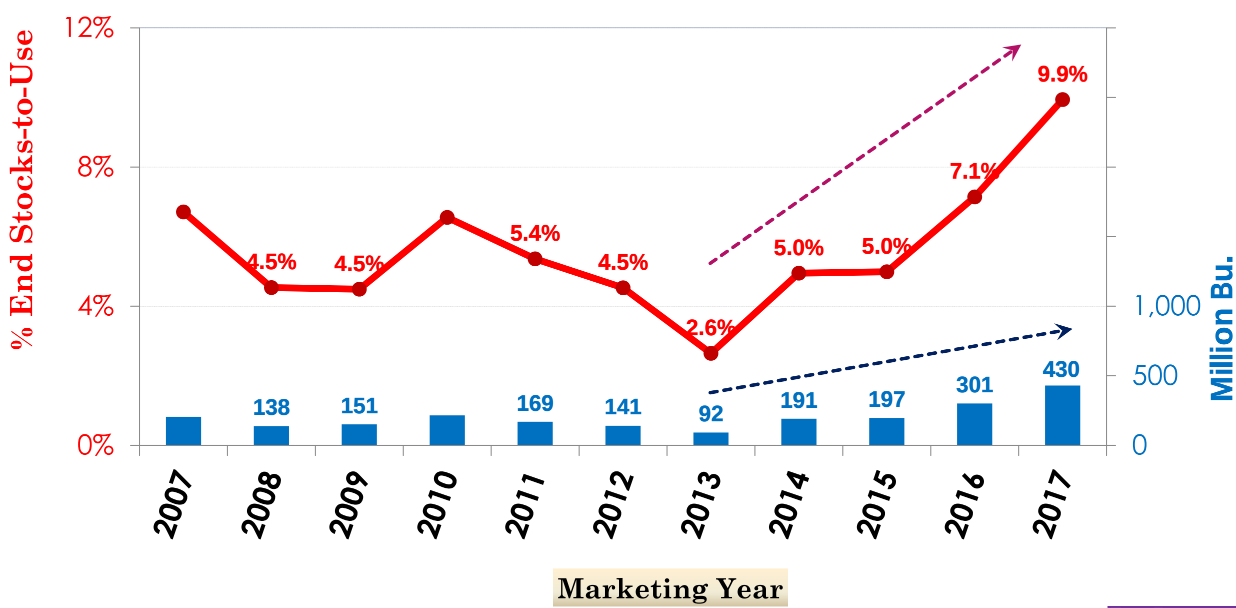
U.S. Soybean Use & End Stocks



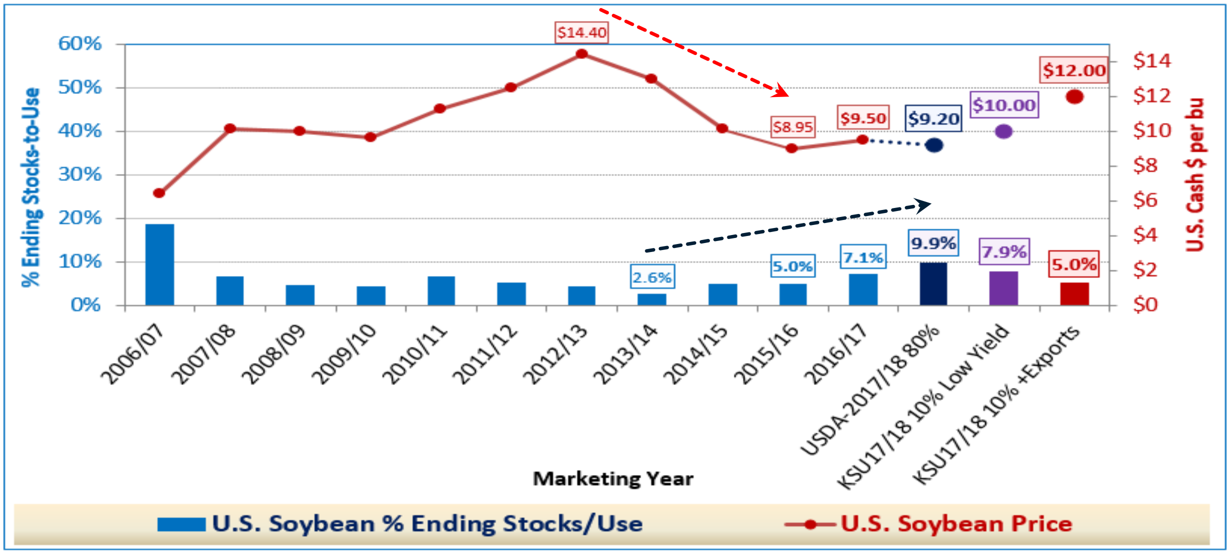
U.S. Soybean Exports - Weekly



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

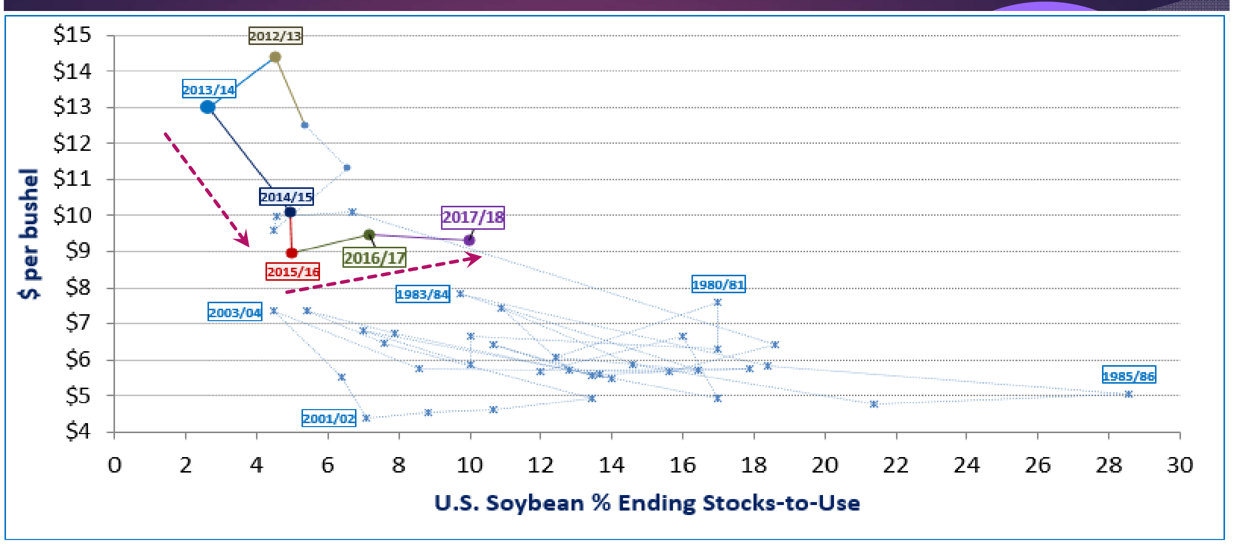


U.S. Soybean % Stocks/Use vs Price$

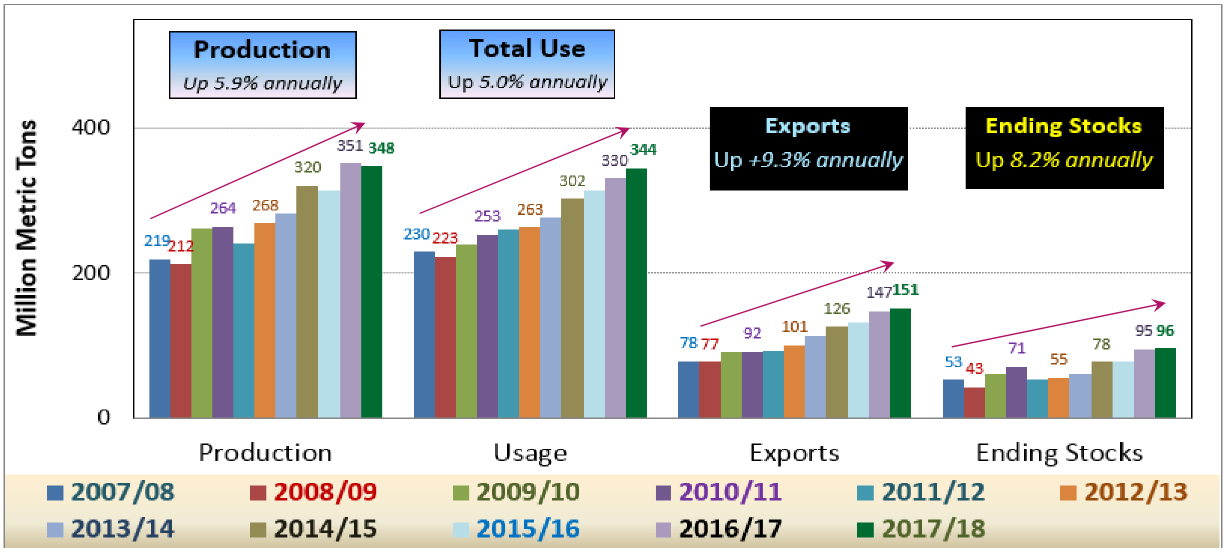


U.S. Soybean $ vs U.S. Stx-to-Use

MY 1973/74 through "*Next Crop*" MY 2017/18



World Soybean Supply, Use & Stocks



World Soybean Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
		Million Tons		
World	351.3	347.9	-0.6	-3.4
United States	116.9	120.6	0.0	3.7
Foreign	234.3	227.3	-0.5	-7.0
Argentina	57.8	57.0	--	-0.8
Brazil	114.1	107.0	--	-7.1
Paraguay	10.7	9.4	--	-1.3
Canada	6.5	8.2	--	1.7
India	11.5	10.0	--	-1.5
China	12.9	14.2	0.2	1.3

⇩ World Crop
⇧ U.S. Crop
⇩ Foreign Crop

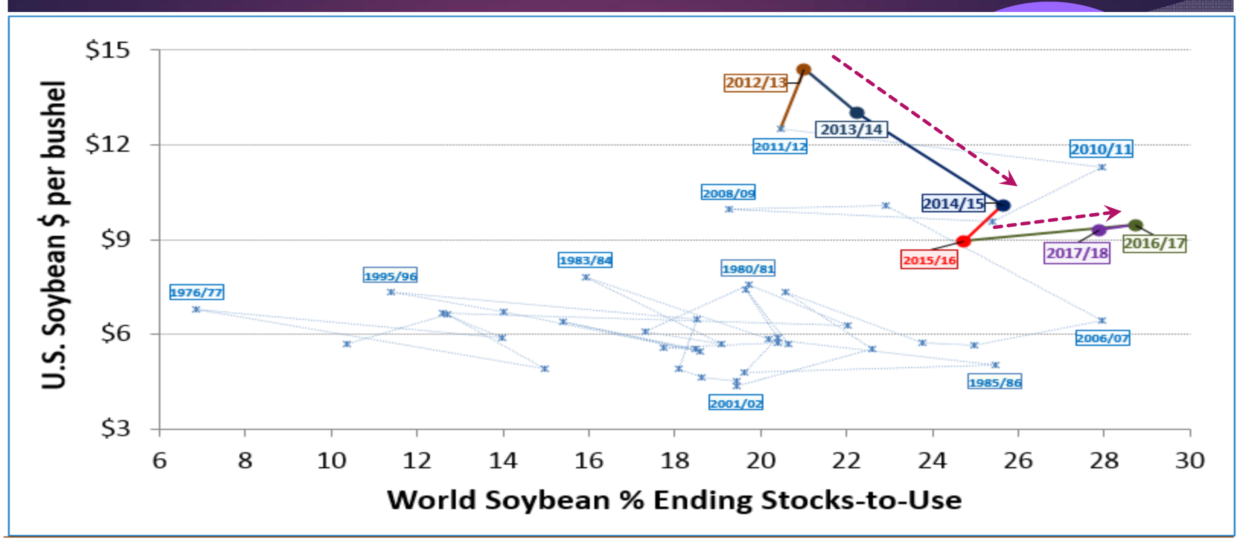
⇧ Canada
⇧ China
⇩ Brazil
⇩ Paraguay
⇩ India

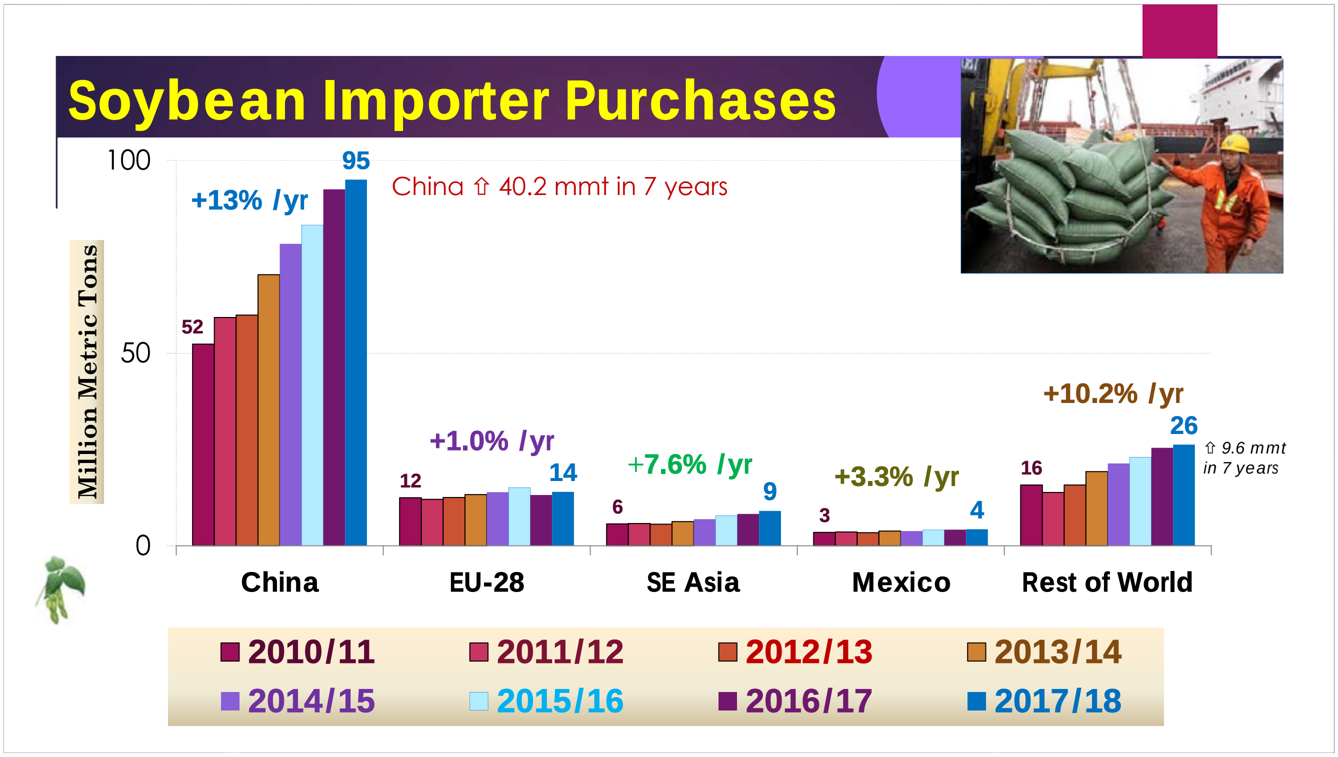
World Soybean Supply and Use

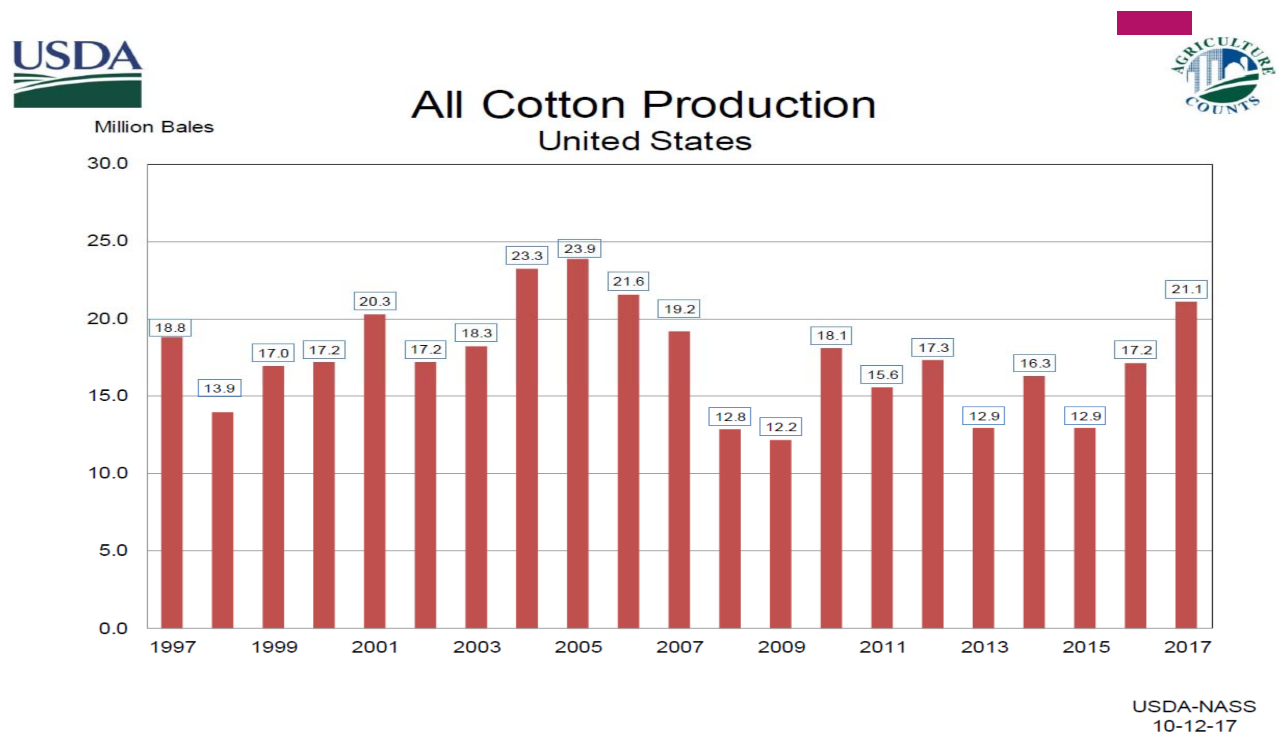
	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
			Million Tons	
Beginning stocks	77.7	94.9	-1.1	17.1
Production	351.3	347.9	-0.6	-3.4
Total Supply	429.0	442.8	-1.6	13.7
Domestic crush	288.4	301.3	0.6	12.8
Total use	330.3	344.4	0.1	14.1
Trade	147.5	151.0	-0.5	3.5
Ending Stocks	94.9	96.0	-1.5	1.2
Addendum:				
Beginning stocks				
Argentina plus Brazil	49.9	60.4	-0.5	10.5
Imports*				
China	92.5	95.0	--	2.5

U.S. Soybean$ vs World %Stx/Use

MY 1973/74 through "*New Crop*" MY 2017/18



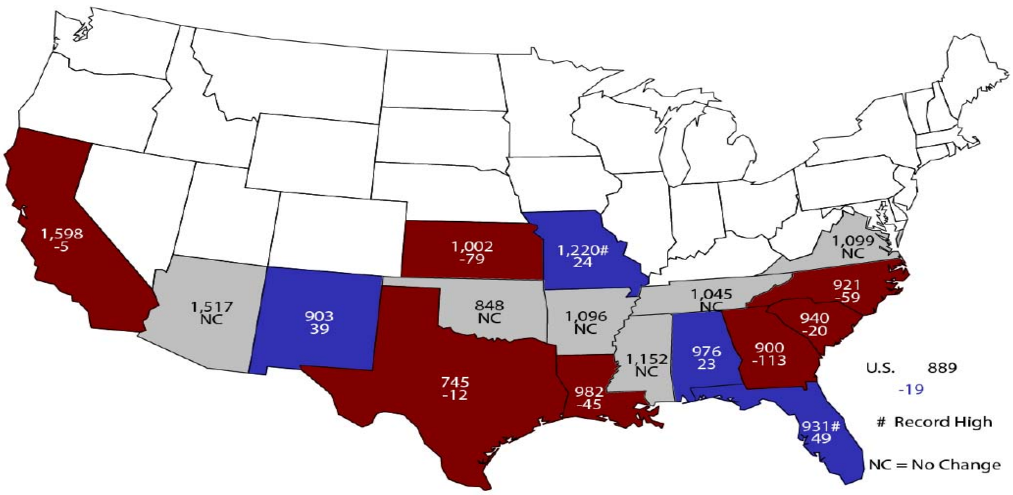

Soybean Importer Purchases
Million Metric Tons
100
50
0
China ⇧ 40.2 mmt in 7 years
+13% /yr
52
95
+1.0% /yr
12
14
+7.6% /yr
6
9
+3.3% /yr
3
4
+10.2% /yr
16
26
⇧ 9.6 mmt in 7 years
China
EU-28
SE Asia
Mexico
Rest of World
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18


USDA
AGRICULTURE COUNTS
All Cotton Production
United States
Million Bales
30.0
25.0
20.0
15.0
10.0
5.0
0.0
18.8
13.9
17.0
17.2
20.3
17.2
18.3
23.3
23.9
21.6
19.2
12.8
12.2
18.1
15.6
17.3
12.9
16.3
12.9
17.2
21.1
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
USDA-NASS
10-12-17

USDA

October 1, 2017 All Cotton Yield

Pounds and Change From Previous Forecast



USDA-NASS
10-12-17

U.S. Cotton Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
Planted area (million acres)	10.07	12.62	--	2.55
Harvested area (million acres)	9.51	11.41	-0.10	1.90
Yield (pounds per acre)	867	889	-19	22
			Million bales	
Beginning stocks	3.80	2.75	--	-1.05
Imports	0.01	0.01	--	0.00
Production	17.17	21.12	-0.64	3.95
Total supply	20.98	23.88	-0.64	2.90
Mill use	3.25	3.35	--	0.10
Exports	14.92	14.50	-0.40	-0.42
Total use	18.17	17.85	-0.40	-0.32
Unaccounted	0.06	0.23	-0.04	0.17
Ending stocks	2.75	5.80	-0.20	3.05
			Percent	
Stocks/use	15.1	32.5	-0.4	17.4
			Cents per pound	
Average market price	68.00	55.0/65.0	--	-8.00

World Cotton Supply and Use

	2016/17 estimate	2017/18 forecast	Change from September 12	Change from 2016/17
		Million Bales		
Beginning stocks	96.7	89.6	0.00	-7.1
Production	106.6	120.9	0.11	14.3
Total Supply	203.3	210.4	0.11	7.1
Consumption	113.7	118.0	0.26	4.3
Trade	37.4	38.2	0.44	0.8
Ending Stocks	89.6	92.4	-0.16	2.8
Addendum:				
China Ending Stocks	48.4	39.5	--	-9.0

Questions?

Daniel O'Brien – Extension Ag Economist

Blog: www.ksugrains.wordpress.com

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www.AgManager.info

Kansas State University Department of Agricultural Economics