2017 Risk and Profit Conference
General Session Speakers

GENERAL SESSION IV
Grain Market Situation and Outlook

Dan O'Brien, Kansas State University

Daniel O'Brien was raised on a grain and livestock farm in south central Nebraska. He received bachelors and masters degrees in Agricultural Economics from the University of Nebraska-Lincoln. After completing his Ph.D. at Iowa State, he worked as the Extension Agricultural Economist at the Northwest Research and Extension Center in Colby and was Northwest Area Extension Administrative Director starting in 2003 before returning to his Extension Agricultural Economist position in January 2007. His ongoing extension and applied research interests and efforts are in the areas of a) grain market supply-demand analysis, bioenergy impacts and risk management strategies, b) grain industry market structure, conduct and performance – focusing on grain handling and transportation issues, and c) economic analysis of irrigated and dryland cropping systems, and associated cropland leasing arrangements.

Abstract/Summary

"Grain price volatility in response to production uncertainty" *was the rule in July 2018 as serious drought conditions developed in the U.S. Northern Plains states and expanded into Iowa late in the month. As a result, 2017 U.S. and Canadian Hard Red Spring wheat production prospects declined significantly from a year earlier, as did prospects for corn and soybean production in these drought-affected areas.*

Throughout June-July and into early August, U.S. grain markets had reflected this production uncertainty via volatile futures trade. From June 1st through July 28th, CME DEC 2017 corn futures traded in the range from $3.74 per bushel (on 6/23) to $4.17 ¼ (on 7/11), closing at $3.88 on 7/28. During the same period, CME NOV 2017 soybean futures traded in the range from $9.11 (on 6/23) to $10.47 (on 7/11), closing at $10.13 on 7/28. Also since June 1st, CME DEC 2017 Kansas HRW wheat futures traded in the range from $4.67 ¾ (on 6/1) to $6.02 (on 7/5), closing down to $5.08 ¼ on 7/28. Spot cash grain basis levels in Kansas for corn, grain sorghum, wheat and soybeans all continue to be "weaker" or "wider" than in previous years through late July – reflecting large carryover stocks resulting from several consecutive years of large, successful production in Kansas and the U.S..

The final "destination" of grain market prices in September-November 2017 is primarily dependent on the crop production-related results of the ***August 10th, September 12th, October 12th, and November 9th USDA Crop Production and World Agricultural Supply and Demand Estimates (WASDE) reports****. Through the July 12th USDA reports the USDA has maintained it's "large crops, and low prices" projections for corn, grain sorghum and soybeans. However, as actual USDA farmer and in-the-field crop surveys come available in the August 10th reports, there is much more likelihood of "supply shocks" occurring from either higher or lower than expected 2017 production estimates. These USDA reports could cause feedgrain, wheat and oilseed markets to be extremely volatile – in either or both directions! The Kansas wheat market continues to be plagued with large local carryover stocks and moderate-at-best protein levels. But 2017 U.S. and Canadian HRS wheat production problems have dramatically raised premiums for HRW wheat offered by processors in Wichita for available moderate-to-high protein supplies (i.e., from Ordinary to 11%, 12%, and 13% protein).*

From the perspective of grain market information available in early August 2017, it would not be surprising to see at least moderately if not sharply ***lower*** *U.S. corn production prospects from August 17-18th (i.e., the dates of the 2017 K-State Risk and Profit Conference) through September-November 2017. If this were to happen, then prices for all major U.S. grains and oilseeds would likely move at least sideways to somewhat higher from early August levels. For this* ***NOT*** *to happen, a major positive change in 2017 U.S. crop production prospects will have to occur from August 1st through 18th. While possible, the likelihood of lower U.S. grain prices in fall 2017 than a year earlier is considerably less than it was one year ago.*

Grain Market Outlook for 2017 - 2018

2017 KSU Risk & Profit Conference

Manhattan, Kansas

DANIEL O'BRIEN
EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE UNIVERSITY | Department of Agricultural Economics

Topics to be discussed.....

1) **Financial Needs** that will ***drive*** Kansas Grain Markets

2) **Grain Market Analysis & Outlook**
- Corn & Grain Sorghum
  - Wheat
    - Soybeans & Cotton

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

& where they are taking us...

A **farm level**

"Cash Flow" CRISIS

that may ***FORCE***

early grain marketings

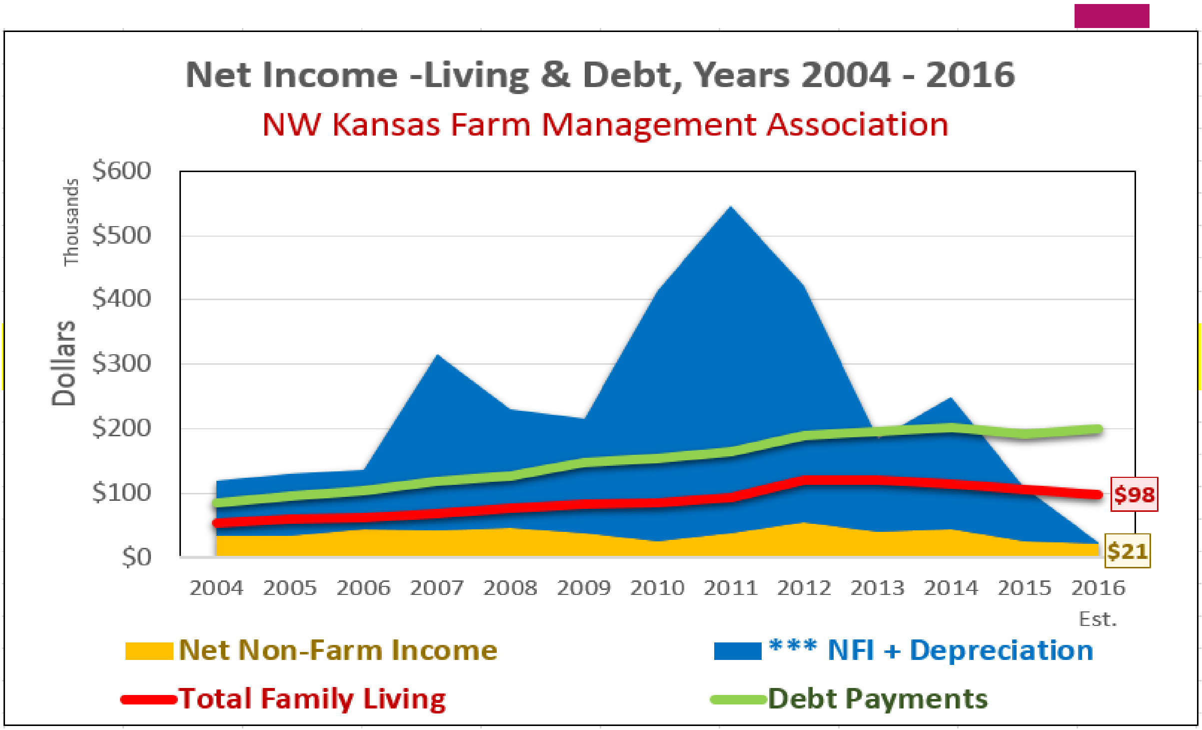
in **Fall-Winter 2017****

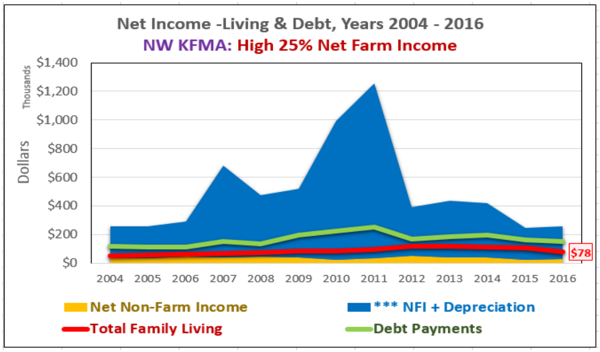
Financial Needs

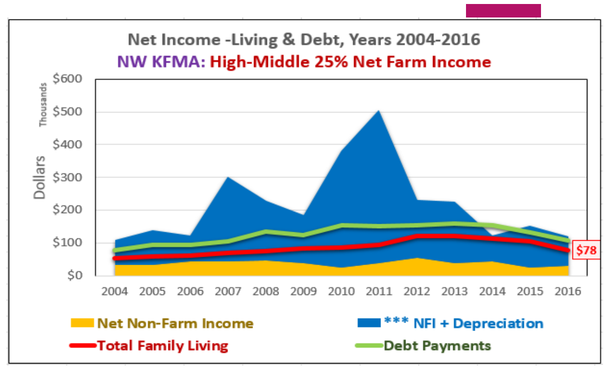
that will "*Drive*"

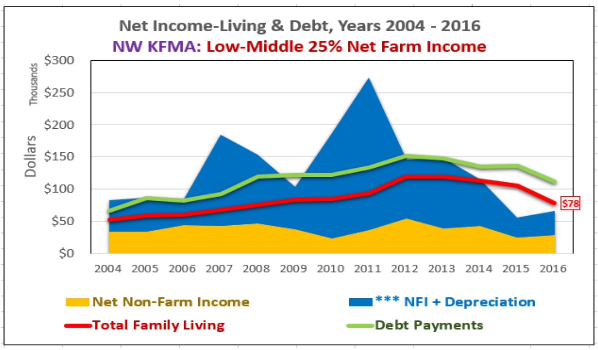
Kansas Farmer's

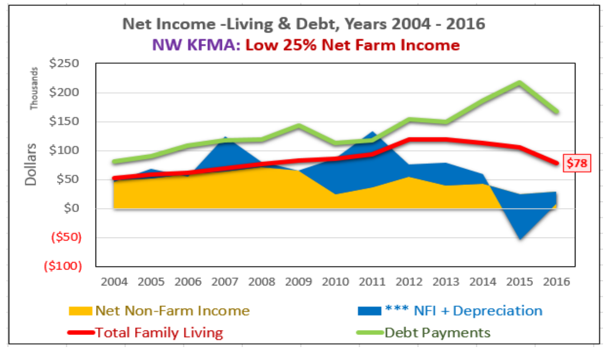
Grain Marketings

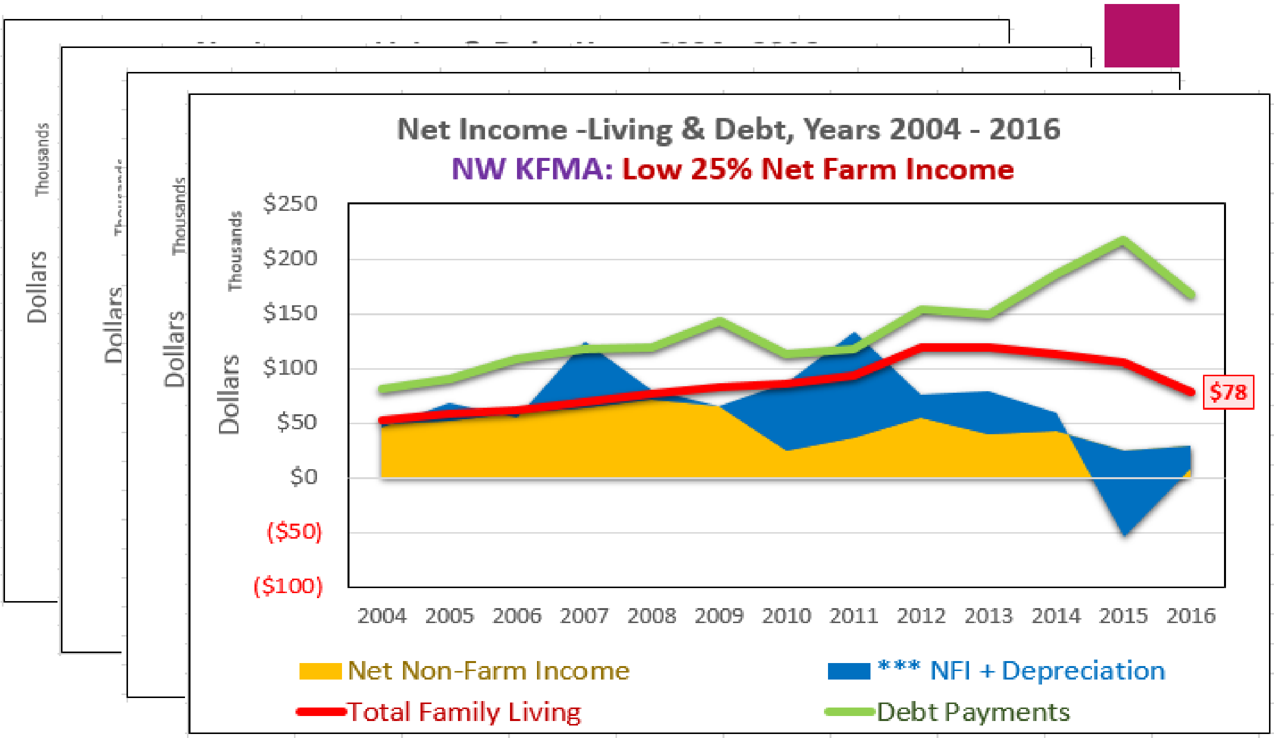


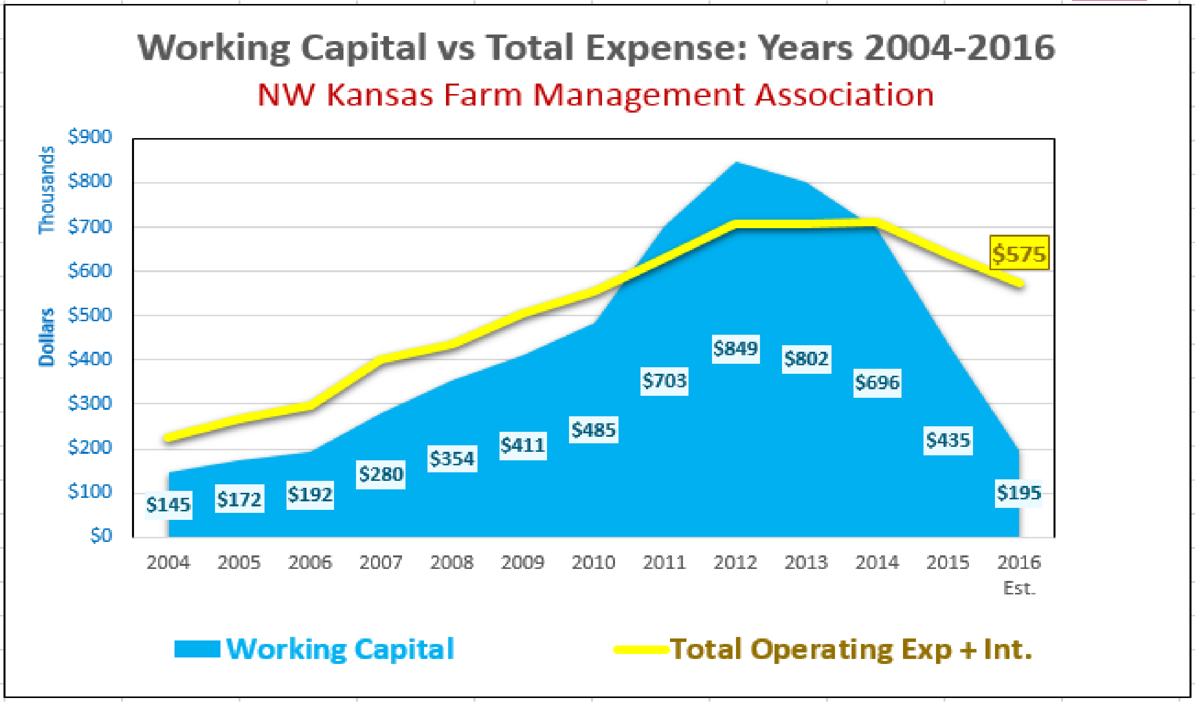

Net Income -Living & Debt, Years 2004 - 2016
NW KFMA: High 25% Net Farm Income
Thousands
Dollars
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
$78
Net Non-Farm Income
*** NFI + Depreciation
Total Family Living
Debt Payments


Net Income -Living & Debt, Years 2004-2016
NW KFMA: High-Middle 25% Net Farm Income
Thousands
Dollars
$600
$500
$400
$300
$200
$100
$0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
$78
Net Non-Farm Income
*** NFI + Depreciation
Total Family Living
Debt Payments

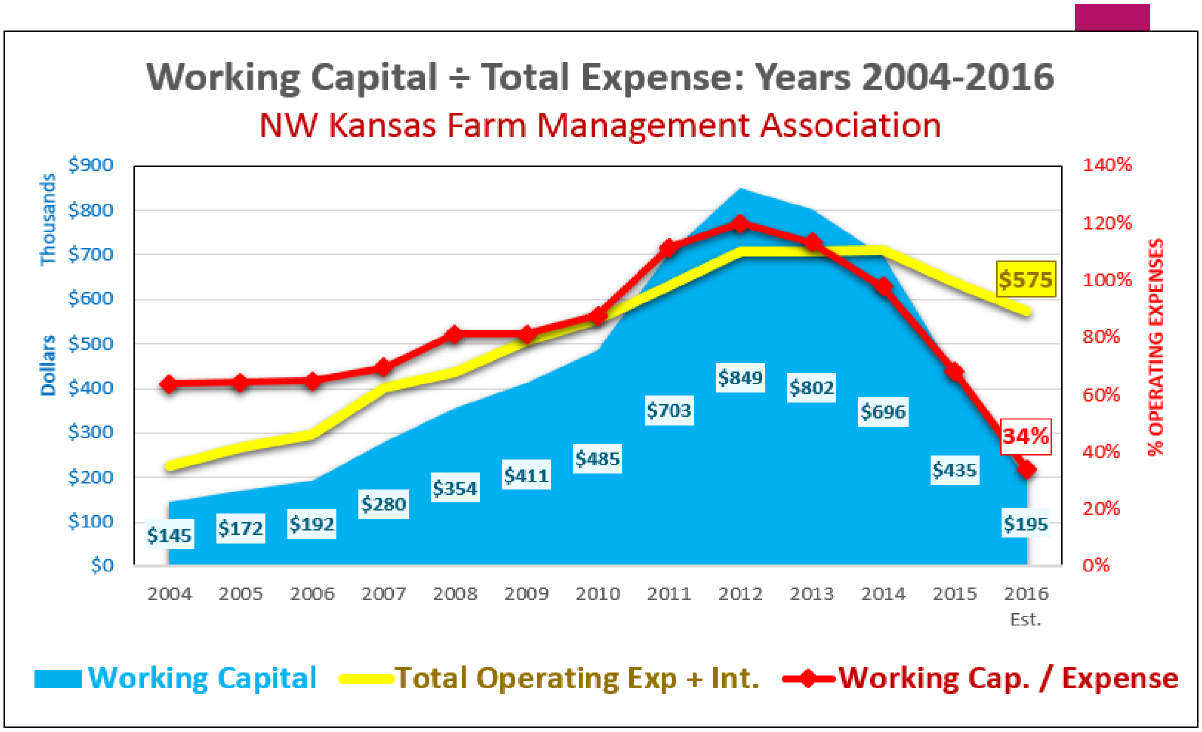

Net Income-Living & Debt, Years 2004 - 2016
NW KFMA: Low-Middle 25% Net Farm Income
Thousands
Dollars
$300
$250
$200
$150
$100
$50
$0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
$78
Net Non-Farm Income
*** NFI + Depreciation
Total Family Living
Debt Payments


Net Income -Living & Debt, Years 2004 - 2016
NW KFMA: Low 25% Net Farm Income
Thousands
Dollars
$250
$200
$150
$100
$50
$0
($50)
($100)
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
$78
Net Non-Farm Income
*** NFI + Depreciation
Total Family Living
Debt Payments

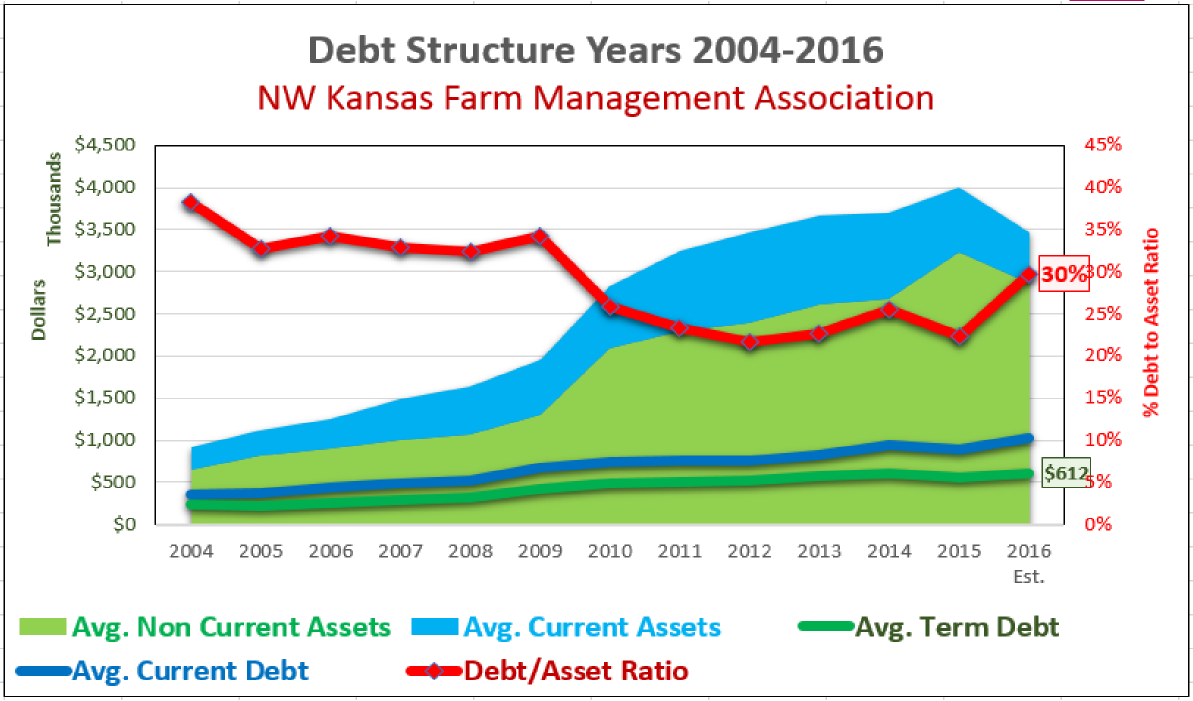

Net Income -Living & Debt, Years 2004 - 2016
NW KFMA: Low 25% Net Farm Income
Thousands
Dollars
$250
$200
$150
$100
$50
$0
($50)
($100)
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016
$78
Net Non-Farm Income
*** NFI + Depreciation
Total Family Living
Debt Payments

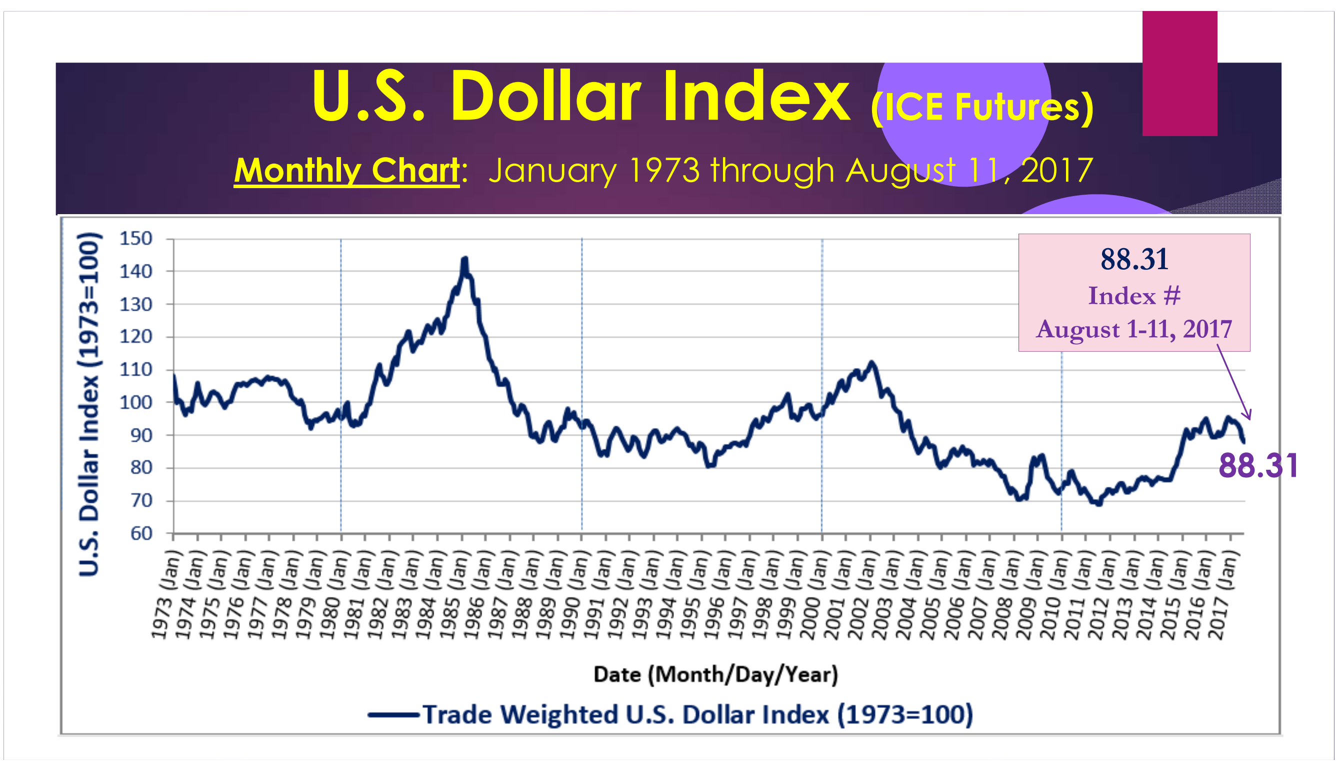


Working Capital vs Total Expense: Years 2004-2016
NW Kansas Farm Management Association
Thousands
Dollars
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$575
$849
$802
$696
$703
$485
$411
$354
$280
$435
$195
$145
$172
$192
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Est.
Working Capital
Total Operating Exp + Int.



Working Capital ÷ Total Expense: Years 2004-2016
NW Kansas Farm Management Association
Thousands
Dollars
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
140%
120%
100%
80%
60%
40%
20%
0%
% OPERATING EXPENSES
$575
34%
$849
$802
$696
$703
$485
$411
$354
$280
$435
$195
$145
$172
$192
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Est.
Working Capital
Total Operating Exp + Int.
Working Cap. / Expense


Debt Structure Years 2004-2016
NW Kansas Farm Management Association
Dollars Thousands
$4,500
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
% Debt to Asset Ratio
30%
$612
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016 Est.
Avg. Non Current Assets
Avg. Current Assets
Avg. Term Debt
Avg. Current Debt
Debt/Asset Ratio


U.S. Dollar Index (ICE Futures)
Monthly Chart: January 1973 through August 11, 2017
88.31
Index #
August 1-11, 2017
88.31
U.S. Dollar Index (1973=100)
150
140
130
120
110
100
90
80
70
60
1973 (Jan)
2017 (Jan)
Date (Month/Day/Year)
Trade Weighted U.S. Dollar Index (1973=100)

Corn & Sorghum Markets

KANSAS STATE UNIVERSITY | Department of Agricultural Economics

U.S. Corn & Sorghum Supply-Use

- Corn "*issues*" in the August USDA Crop Production Report
- Large Corn Stocks are limiting Feedgrain Price$'s
- Low Price$'s supporting "*New Crop*" MY 2017/18 Corn Use
  - Livestock Feed 2017/18 = 5.450 bln bu (*10 year high – vs 5.858 bb in 2007/08)*
  - Ethanol 2017/18 = 5.500 bln bu (*Record high – vs 5.425 bb last year)*
  - Other FSI 2017/18 = 1.500 bln bu (*4 year high – vs 1.424 bb in 2011/12)*
  - Exports 2017/18 = 1.850 bln bu (*vs 2.225 bb in '16/17 & 1.901 in '15/16)*

KANSAS STATE UNIVERSITY | Department of Agricultural Economics

U.S. Corn & Sorghum Stocks…..

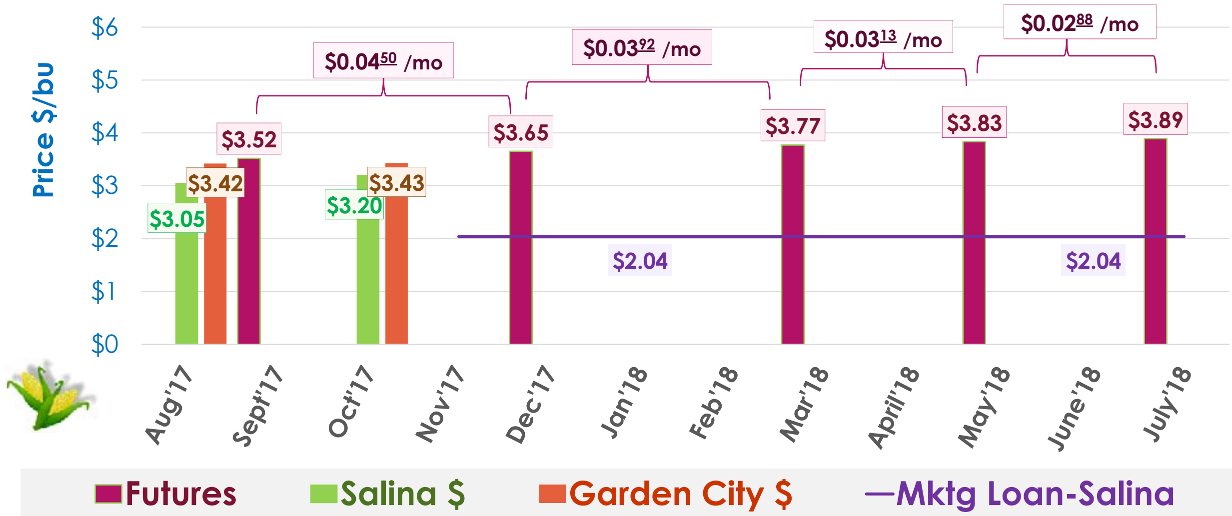
- **Corn**: "***Large***" **Stocks & % S/U**
  - **End Stocks 2017/18** ⇨ 2.273 bln bu *(2nd highest since 1987/88)*
  - **% Stocks/Use 2017/18** ⇨ 15.9% S/U *(2nd highest since 2005/06)*
- **Grain Sorghum**: "***Low***" **Price$'s** (***following low Corn Price$'s***)
  - **End Stocks 2017/18** ⇨ 52 Mln bu *(2nd highest since 2008/09)*
  - **% Stocks/Use 2017/18** ⇨ 14.1% S/U *(Highest since 2005/06)*

CME Corn Futures

Weekly Chart: June 2008 – July 2018 + 8/17/2017

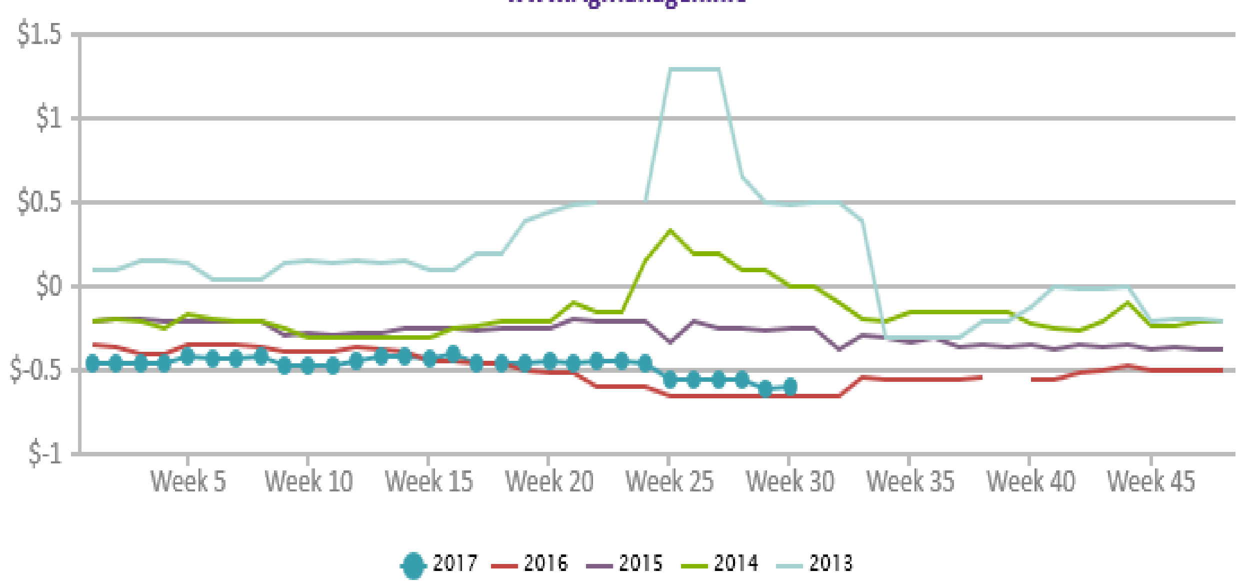
Corn Cash & Futures $'s

Salina & Garden City, KS Local Elevators - August 17, 2017



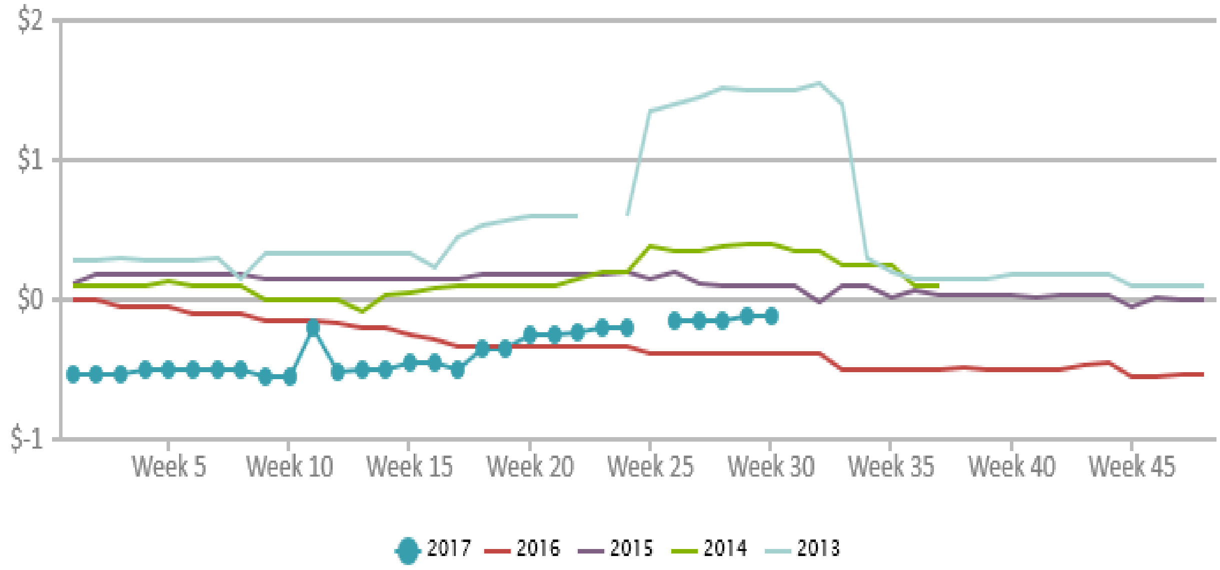
SALINA, KS: Corn Basis - CARGILL

www.AgManager.info



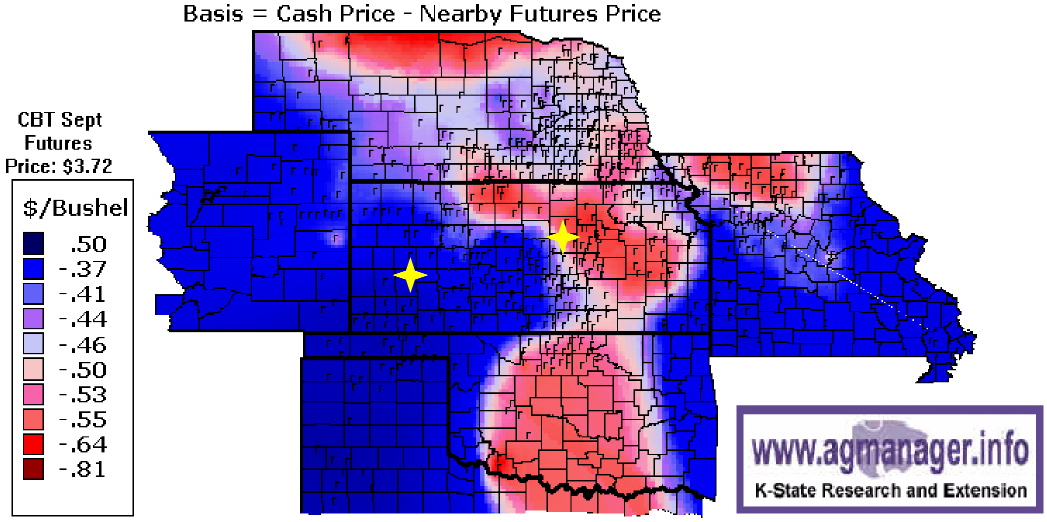
GARDEN CITY, KS: Corn Basis - GARDEN CITY COOP

www.AgManager.info



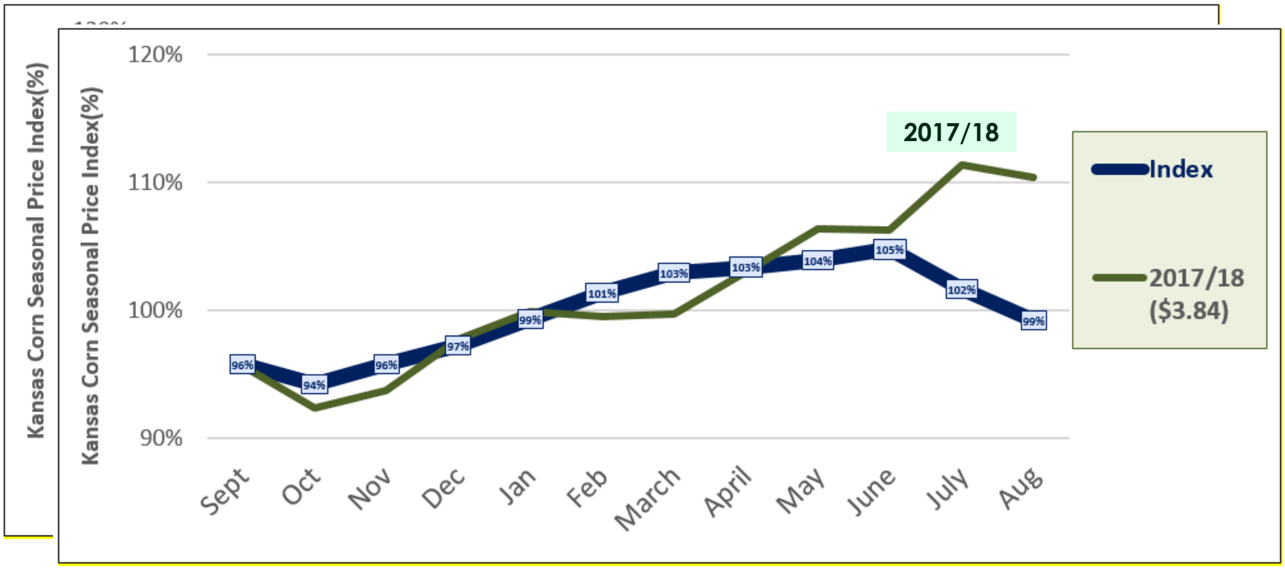
Corn Basis, 08-09-2017

Basis = Cash Price - Nearby Futures Price



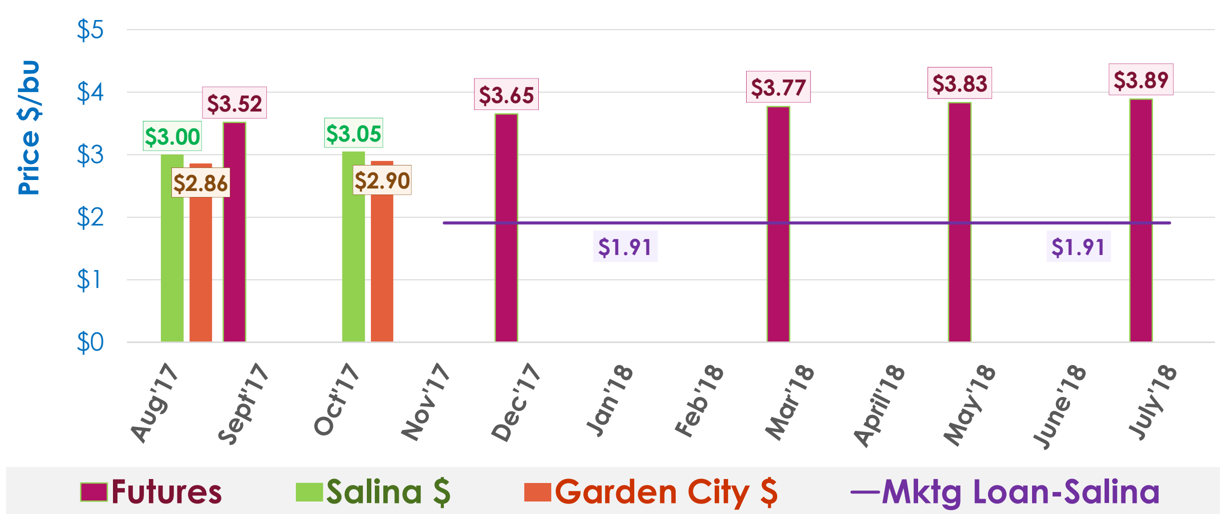
Kansas Corn Seasonal Cash $ Index

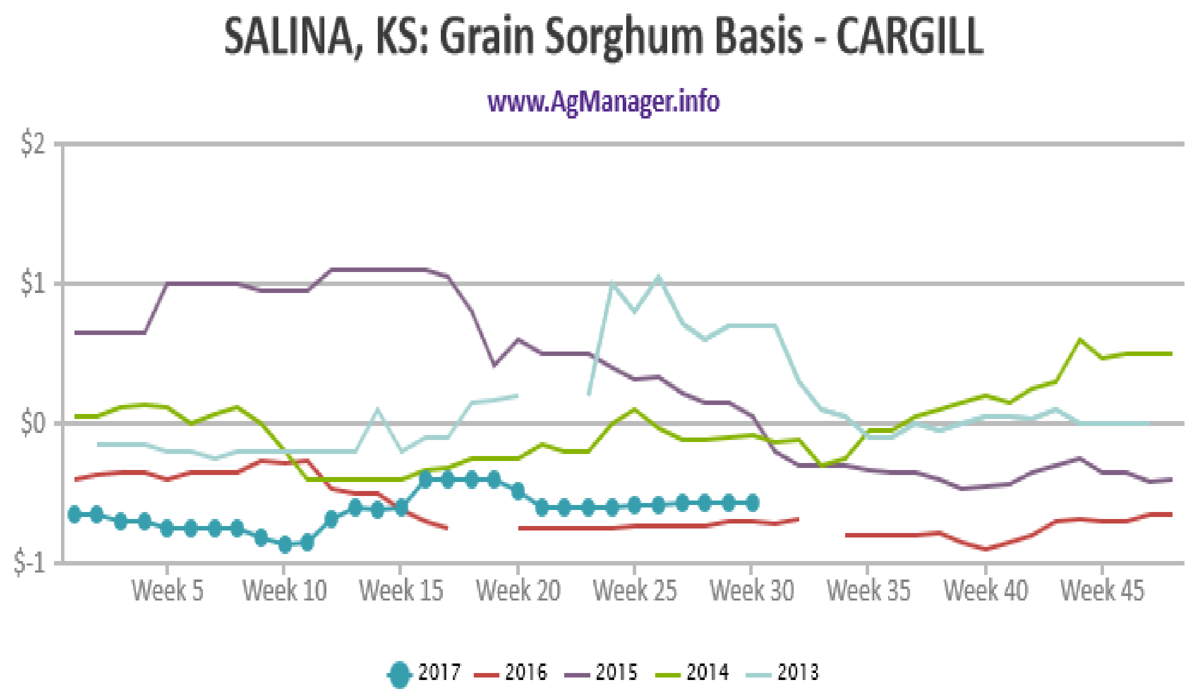
Monthly: 17 yr Avg thru 2015/16 + MY 2016/17 & MY2017/18

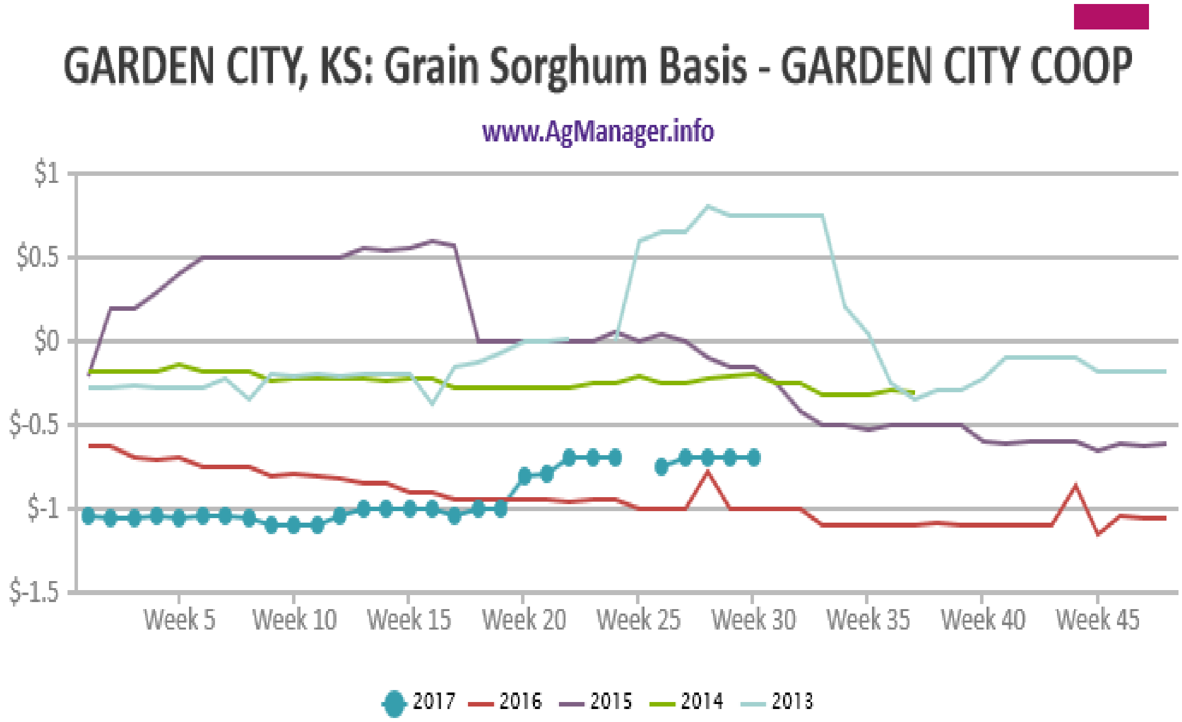


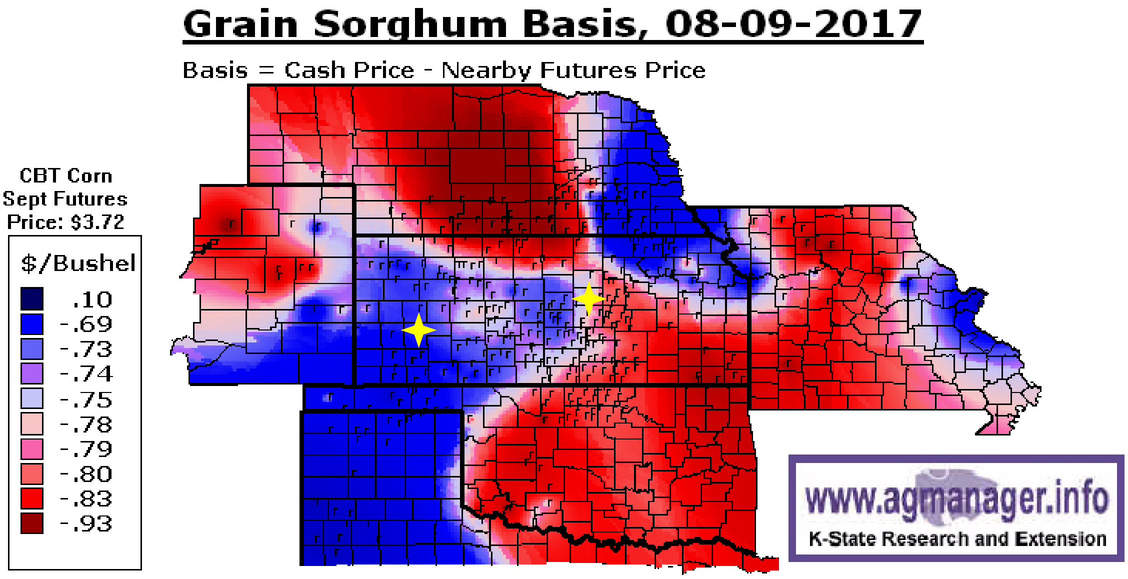
Sorghum Cash & Futures $'s

Salina & Garden City, KS Local Elevators - August 17, 2017




SALINA, KS: Grain Sorghum Basis - CARGILL
www.AgManager.info
$2
$1
$0
$-1
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014
2013

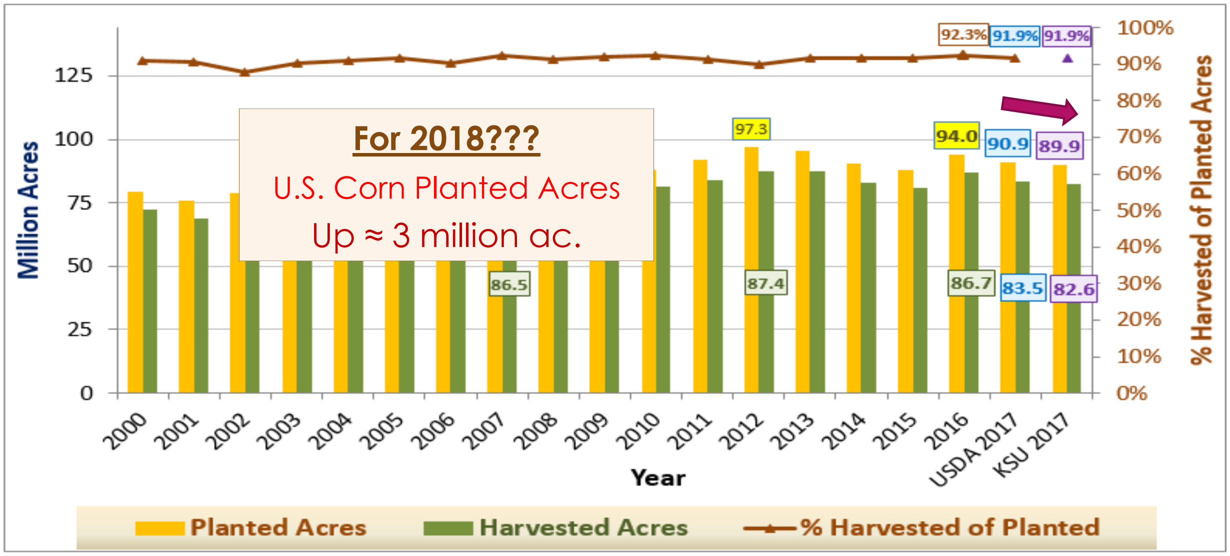

GARDEN CITY, KS: Grain Sorghum Basis - GARDEN CITY COOP
www.AgManager.info
$1
$0.5
$0
$-0.5
$-1
$-1.5
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014
2013



U.S. Corn Supply and Demand

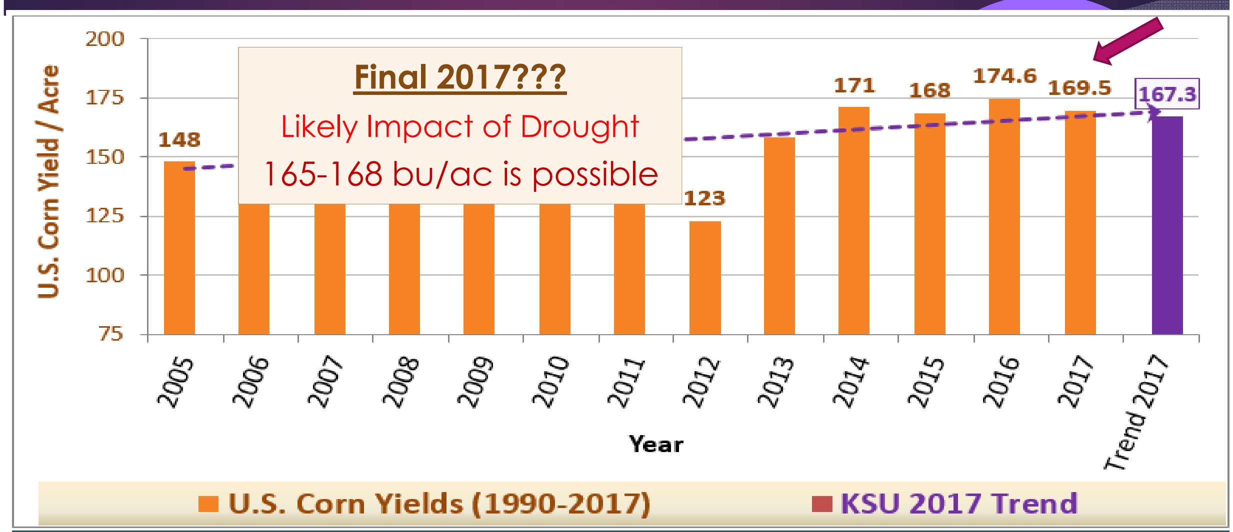
	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
Planted area (million acres)	94.0	90.9	--	-3.1
Harvested area (million acres)	86.7	83.5	--	-3.3
Yield (bushels per acre)	174.6	169.5	-1.2	-5.1
		Million bushels		
Beginning stocks	1,737	2,370	--	633
Production	15,148	14,153	-102	-995
Imports	55	50	--	-5
Total supply	16,940	16,573	-102	-367
Feed and residual	5,425	5,450	-25	25
Food, seed, and industrial	6,920	7,000	--	80
Ethanol	5,450	5,500	--	50
Domestic use	12,345	12,450	-25	105
Exports	2,225	1,850	-25	-375
Total use	14,570	14,300	-50	-270
Ending stocks	2,370	2,273	-52	-97
		Percent		
Stocks to use ratio	16.3	15.9	-0.3	-0.4
		Dollars per bushel		
Average market price	3.30/3.40	2.90/3.70	--	-0.05

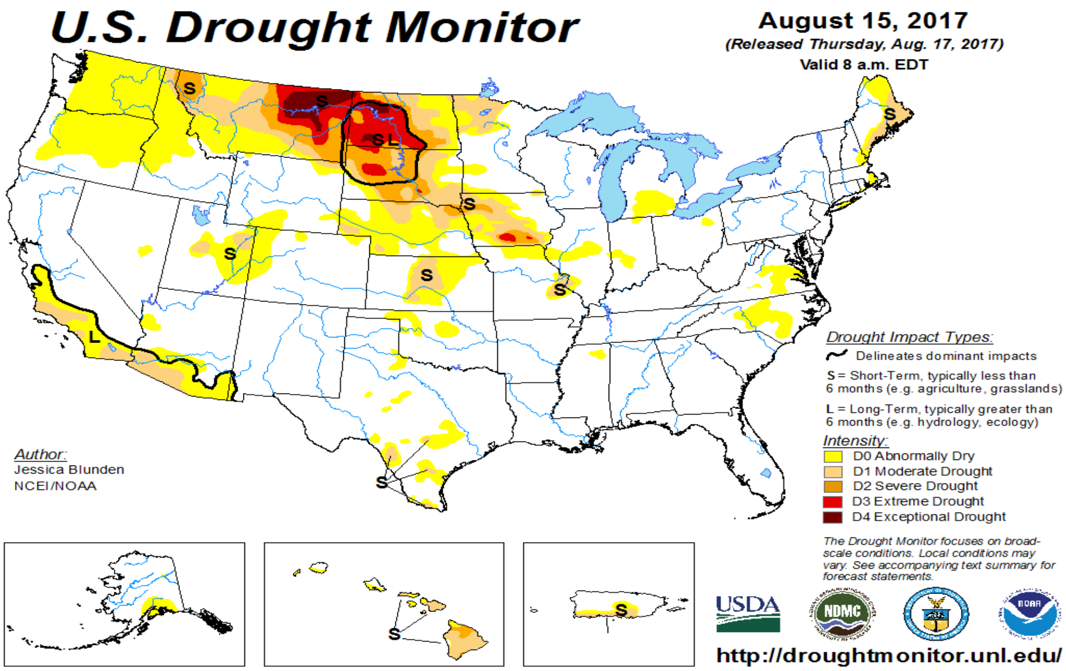
U.S. Corn Acreage



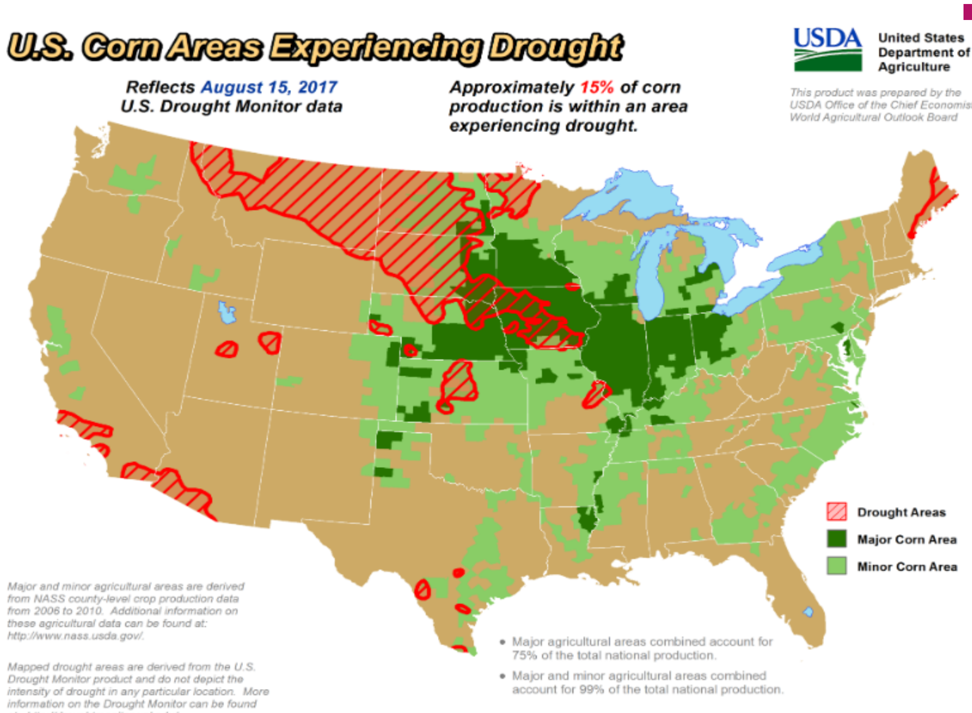
U.S. Corn Yields

USDA 2017 USDA Forecast = 169.5 bu/ac

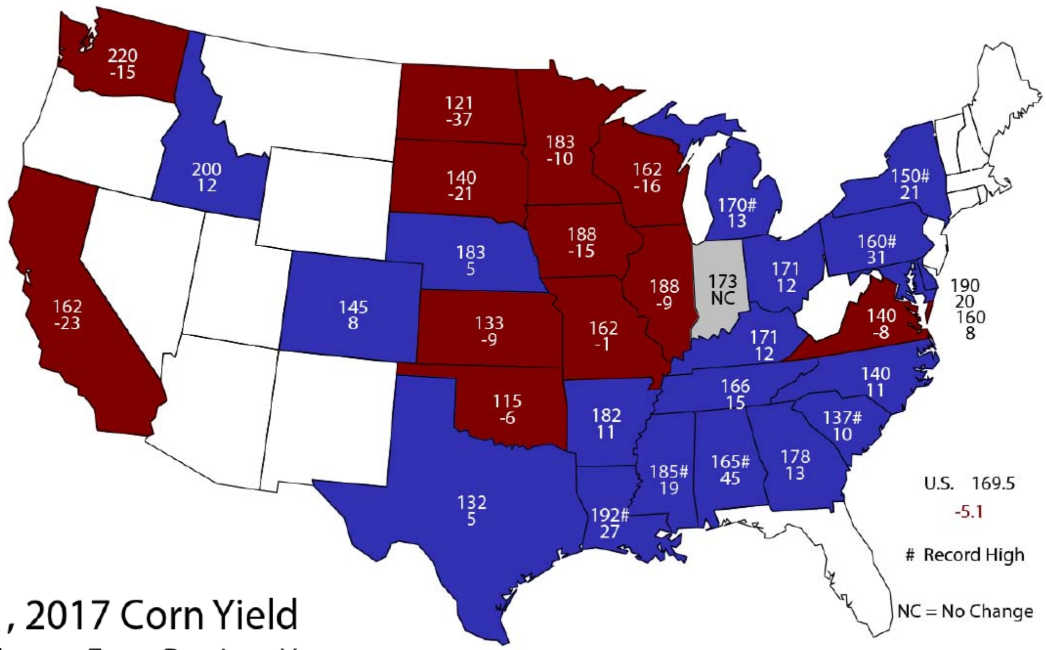




U.S. Drought Monitor
August 15, 2017
(Released Thursday, Aug. 17, 2017)
Valid 8 a.m. EDT
Drought Impact Types:
Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)
Intensity:
D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought
D3 Extreme Drought
D4 Exceptional Drought
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
Author:
Jessica Blunden
NCEI/NOAA
USDA
http://droughtmonitor.unl.edu/



U.S. Corn Areas Experiencing Drought
Reflects August 15, 2017
U.S. Drought Monitor data
Approximately 15% of corn production is within an area experiencing drought.
USDA
United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board
Drought Areas
Major Corn Area
Minor Corn Area
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/.
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://droughtmonitor.unl.edu/.
• Major agricultural areas combined account for 75% of the total national production.
• Major and minor agricultural areas combined account for 99% of the total national production.



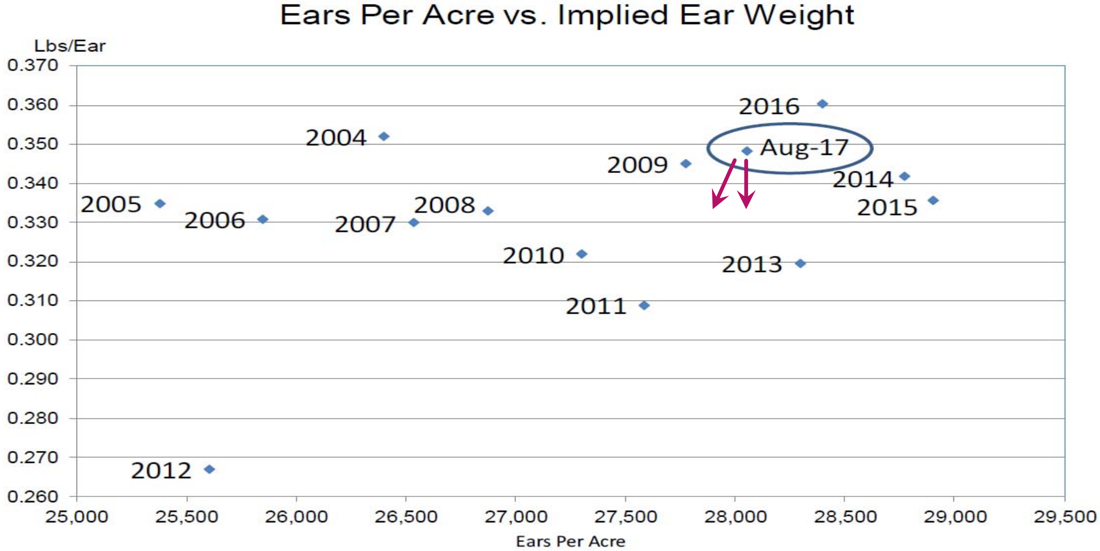
August 1, 2017 Corn Yield

Bushels and Change From Previous Year

USDA-NASS
8-10-17

Corn Objective Yield Region

Ears Per Acre vs. Implied Ear Weight

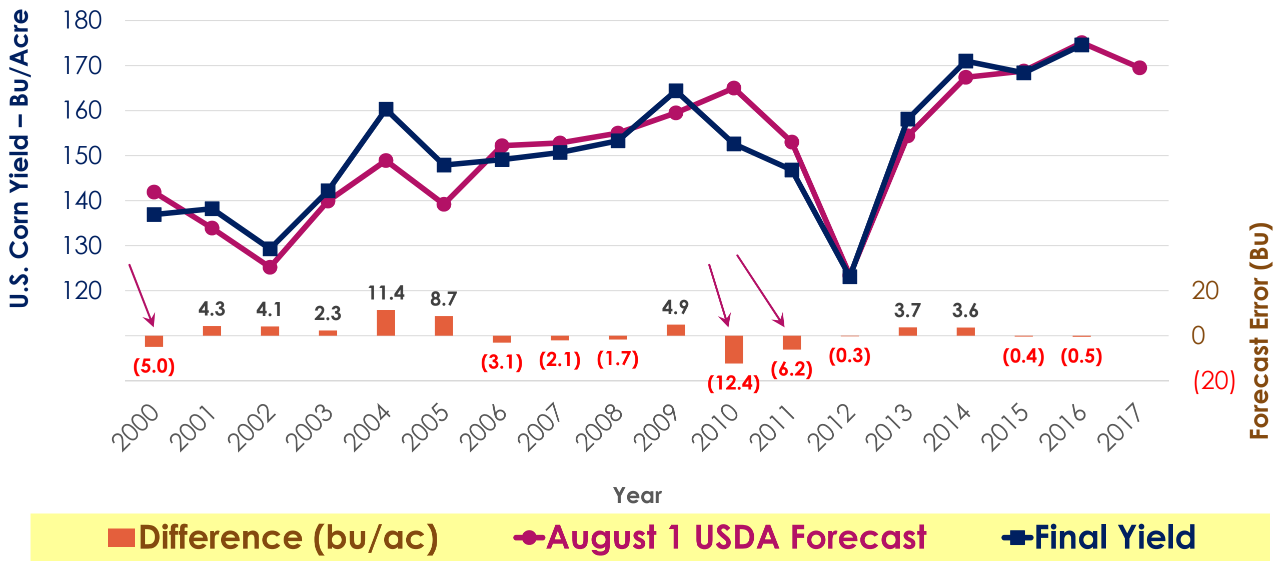


Implied Ear Weight = (Published Yield * 56) / Ears

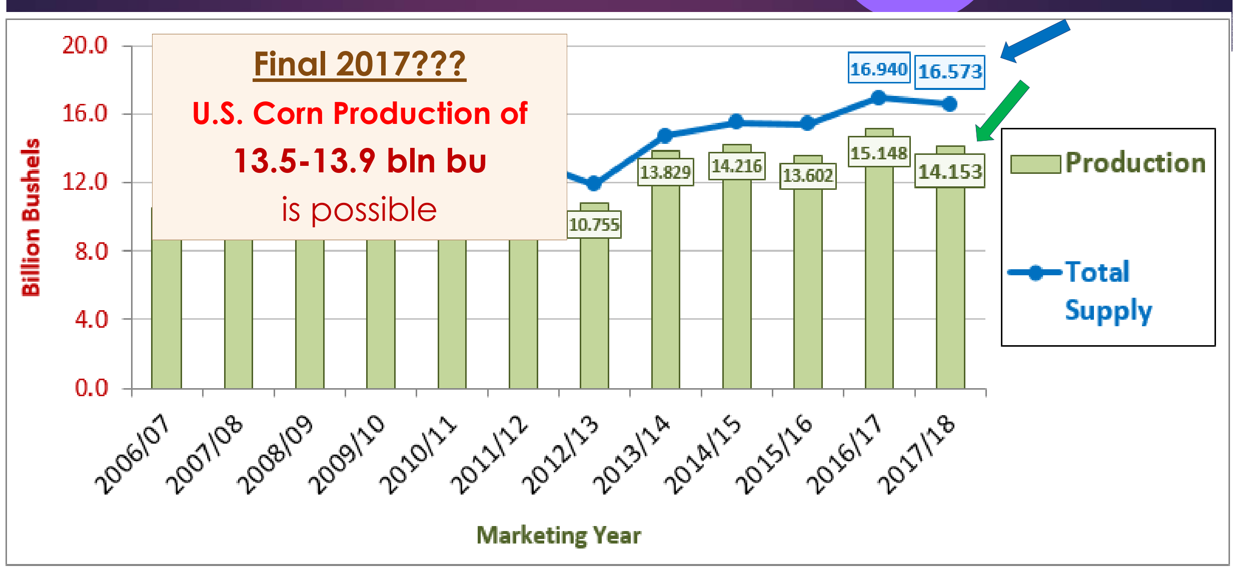
USDA-NASS
8-10-17

U.S. Corn Yields: 2000-2017

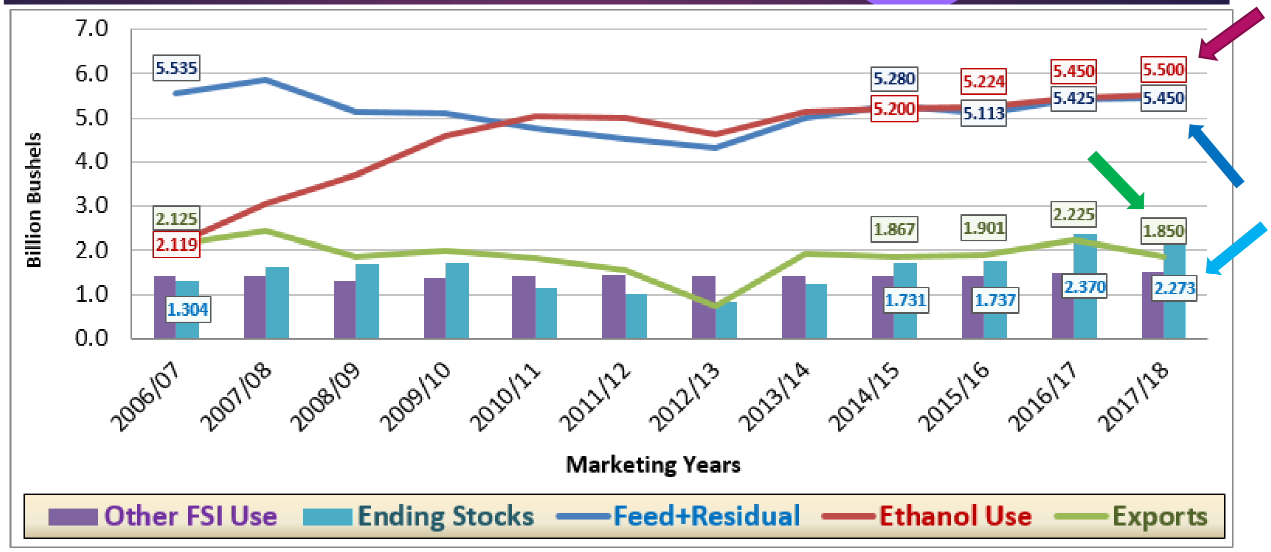
Accuracy of August 1st USDA Forecasts



U.S. Corn Production & Supplies



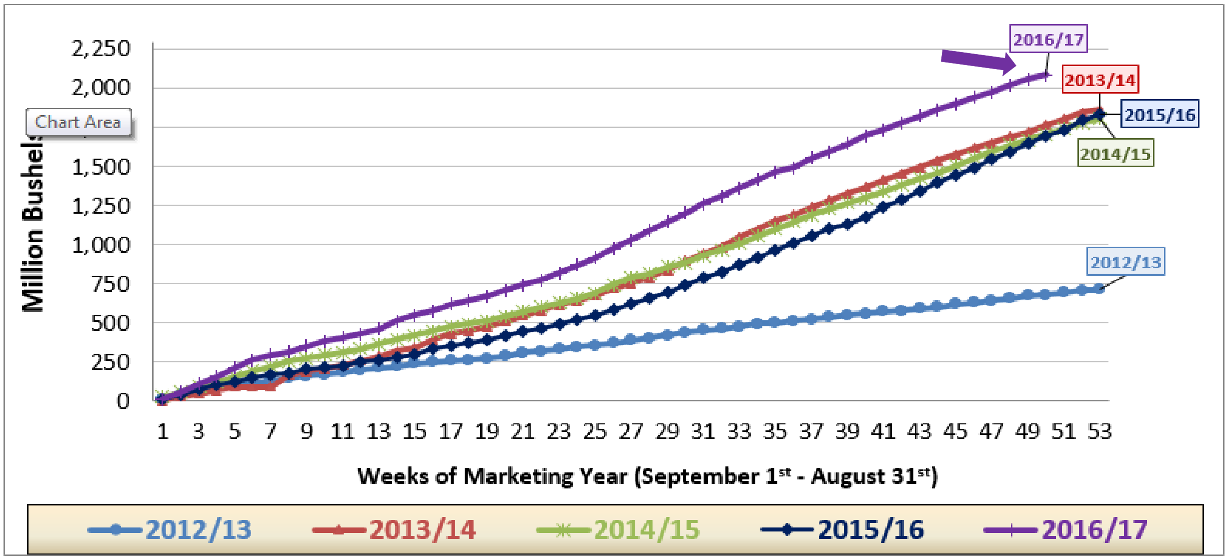
U.S. Corn Use – By Category



U.S. Meat Production and Prices

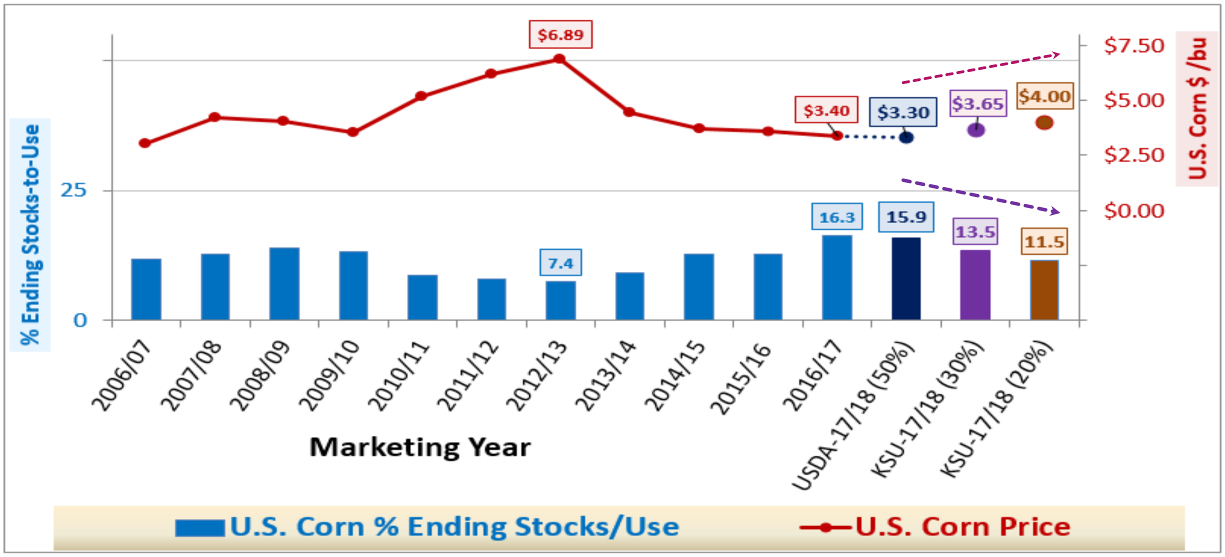
	2017 forecast	2017 change from July 12	2018 forecast	2018 change from July 12	Change from 2017
Production			*Billion pounds*		
Beef	26.70	0.20	27.36	0.29	0.66
Pork	25.81	-0.03	26.74	--	0.93
Broilers	41.49	0.01	42.28	--	0.79
Turkey	5.98	-0.08	6.18	--	0.20
Total meat	100.74	0.10	103.32	0.30	2.58
Prices			*Dollars/cwt*		
Steers	120.93	-2.00	116.25	-1.75	-4.68
Hogs	51.11	2.00	48.25	0.75	-2.86
			Cents/lb		
Broilers	94.3	1.0	88.5	--	-5.8
Turkey	100.4	-2.5	104.5	-2.0	4.1

U.S. Corn Exports – Weekly thru August 10, 2017

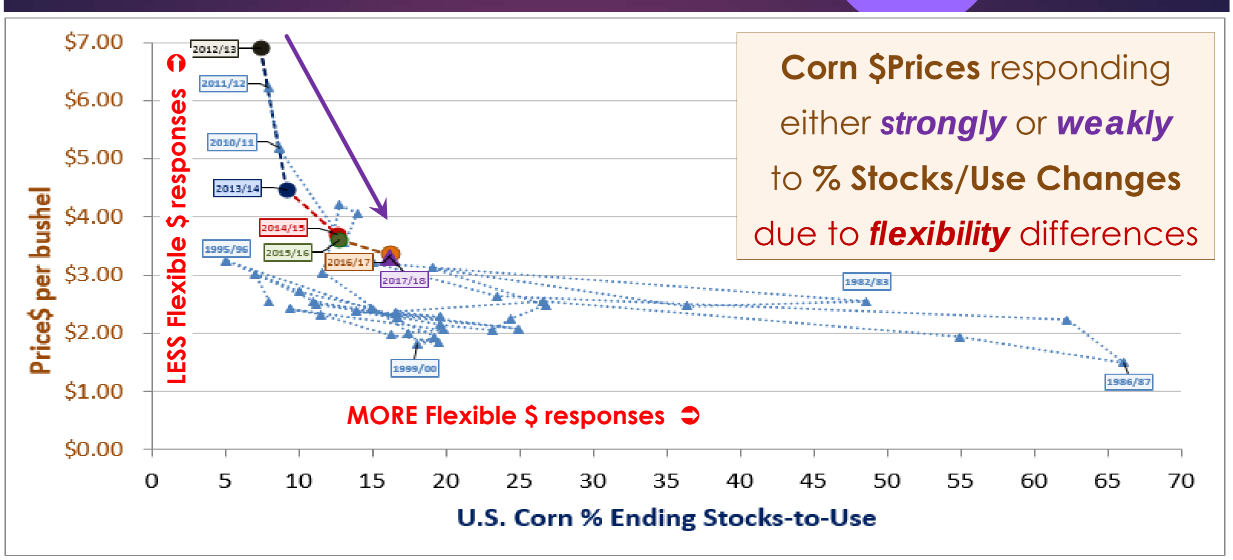


U.S. Corn Ending Stocks & % Stx/Use

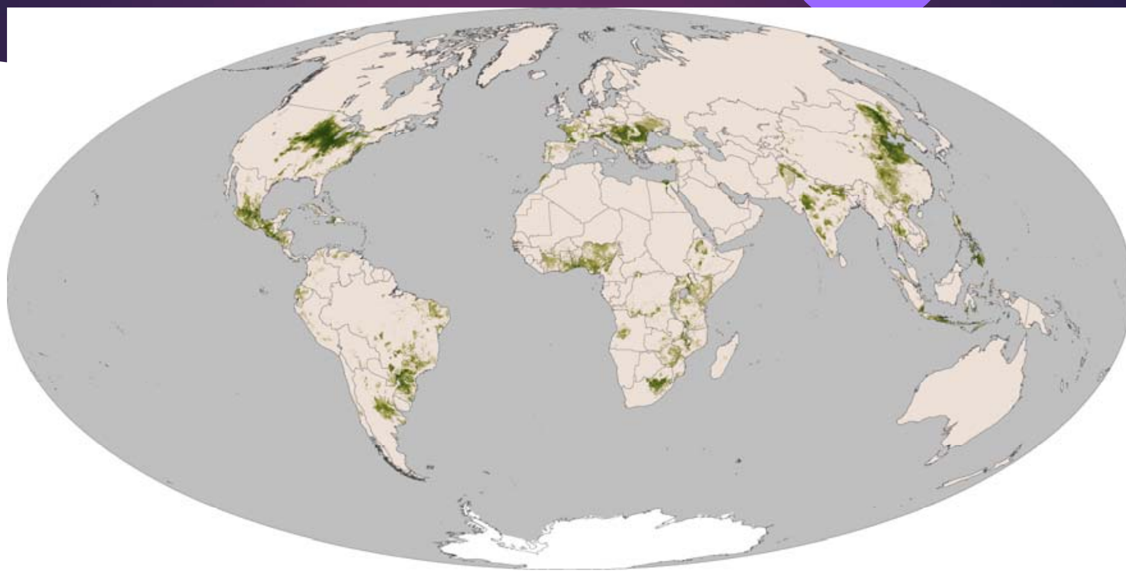
U.S. Corn % Stocks/Use vs Price$



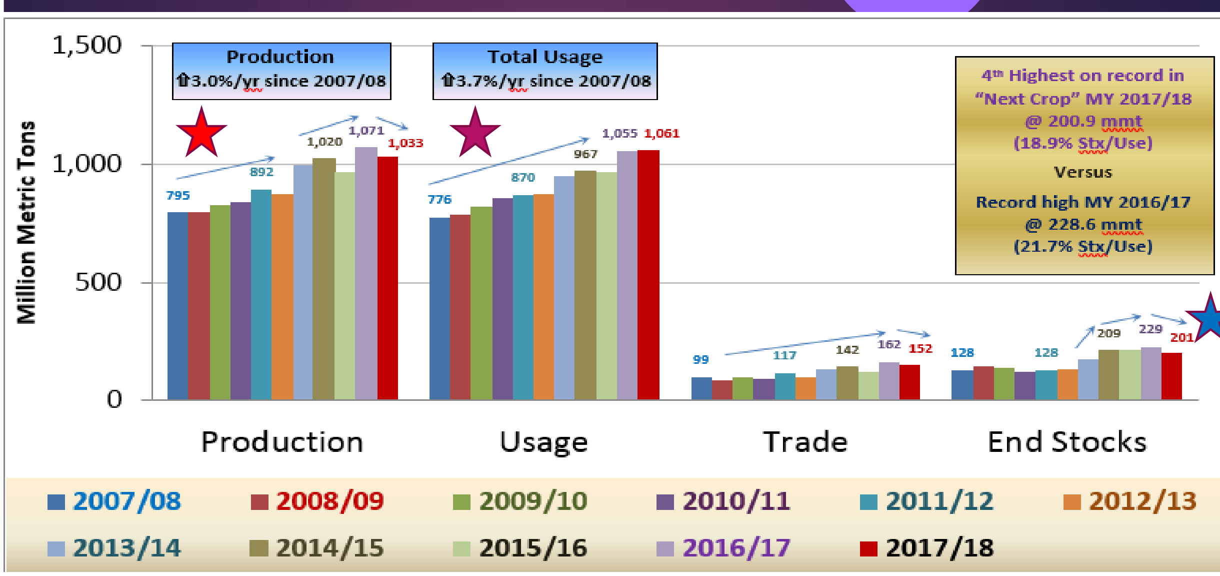
U.S. Corn % Stocks/Use vs Price$



World Corn (Maize) Production Regions



World Corn Supply, Use & Stocks



World Corn Production

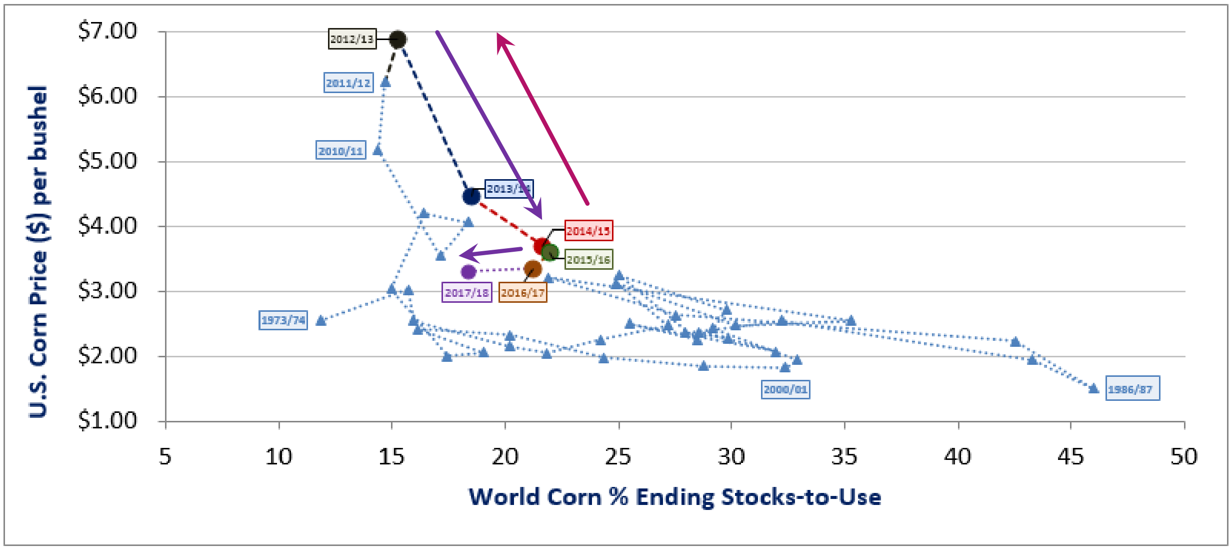
Country or Region	2016/17 estimate	2016/17 change from July 12	2017/18 forecast	2017/18 change from July 12	Change from 2016/17
			Million Tons		
World	1,070.5	1.72	1,033.5	-3.43	-37.0
United States	384.8	--	359.5	-2.59	-25.3
Foreign	685.7	1.72	674.0	-0.83	-11.8
Argentina	41.0	--	40.0	--	-1.0
Brazil	98.5	1.50	95.0	--	-3.5
Mexico	27.4	--	25.0	--	-2.4
Canada	13.2	--	13.9	-0.50	0.7
European Union	61.1	0.43	60.0	-1.59	-1.1
Serbia	7.6	--	6.6	-0.40	-1.0
FSU-12	47.4	--	49.3	0.50	1.9
Ukraine	28.0	--	28.5	--	0.5
Russia	15.3	--	16.5	0.50	1.2
South Africa	16.7	0.30	12.5	--	-4.2
China	219.6	--	215.0	--	-4.6
India	26.0	--	25.0	--	-1.0

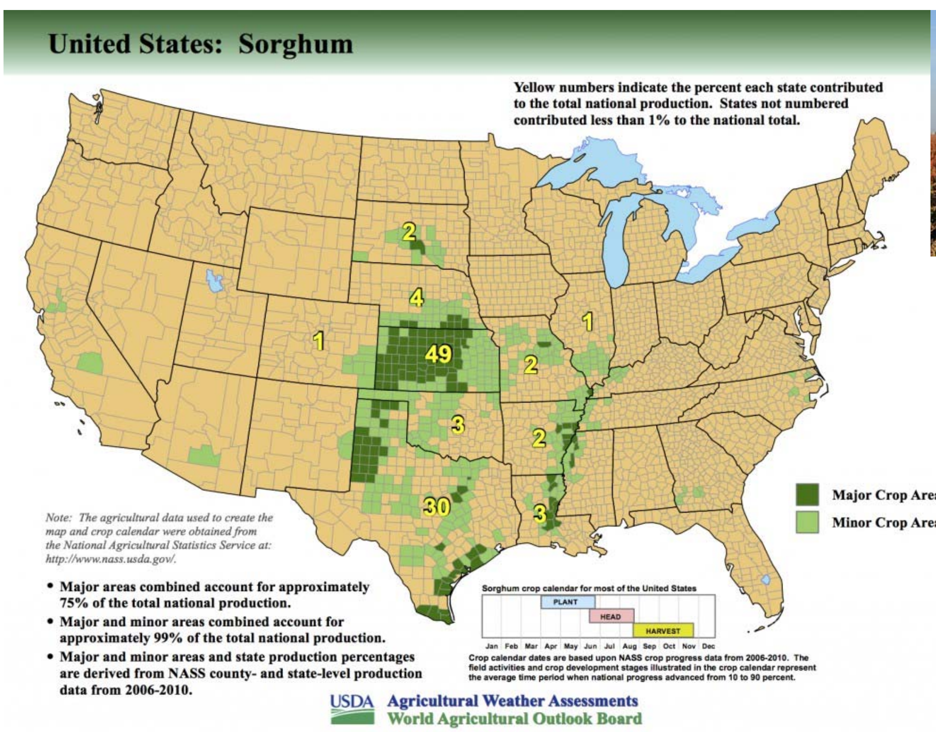
World Corn Supply and Use

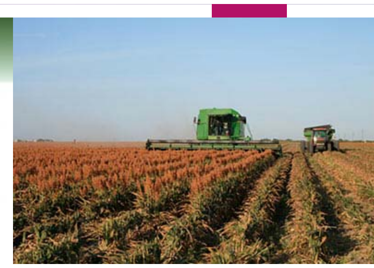
	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
		Million Tons		
Beginning stocks	213.5	228.6	1.10	15.1
Production	1,070.5	1,033.5	-3.43	-37.0
Total Supply	1,284.0	1,262.1	-2.32	-21.9
Feed use	630.8	651.3	-0.84	20.5
Total use	1,055.4	1,061.2	-2.38	5.8
Trade	162.4	152.0	-0.44	-10.4
Ending Stocks	228.6	200.9	0.06	-27.7

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

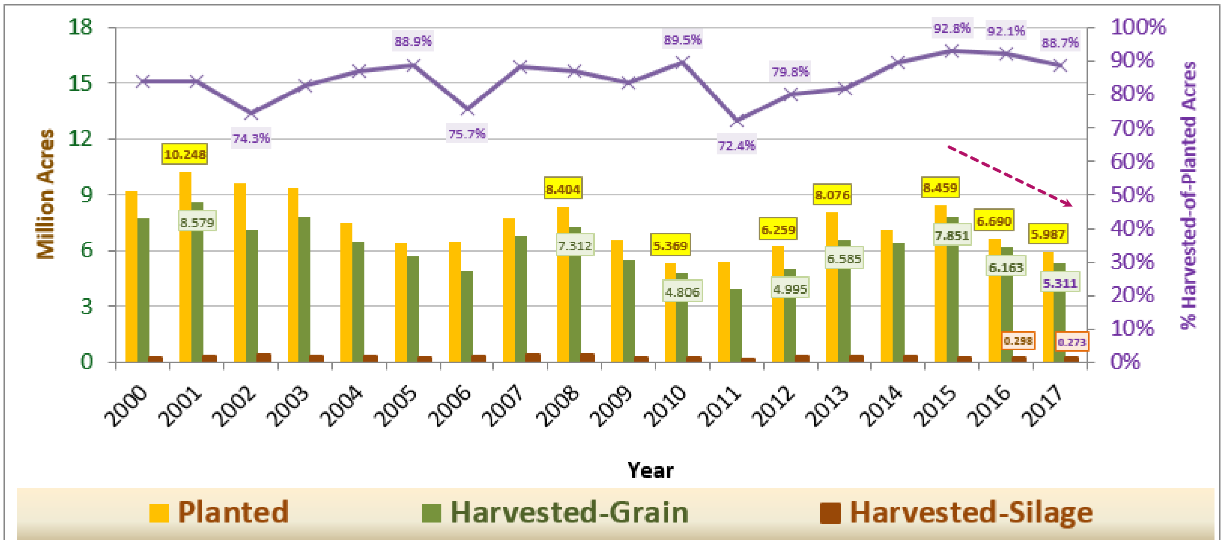
MY 1973/74 through "New Crop" MY 2016/17





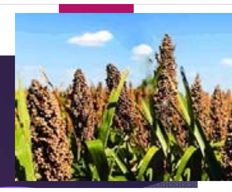


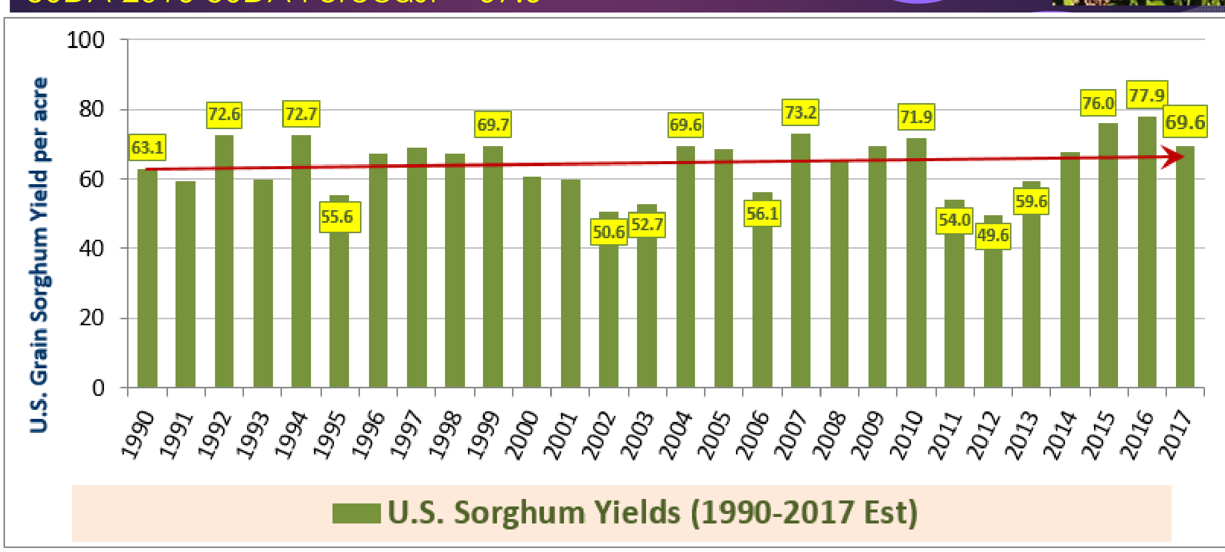
U.S. Sorghum Acreage



U.S. Sorghum Yields

USDA 2016 USDA Forecast = 69.6





Wheat Markets

Kansas State University | Department of Agricultural Economics

U.S. Wheat Supply-Use

- **Wheat "*issues*" in the August USDA Crop Production Report**
- *Large* **U.S. & World Stocks continue to** *limit* **Wheat Price$'s ****
- "*Moderate*" **Exports** *limiting* **2017/18 Wheat *Disappearance***
  - **Exports 2017/18** = 975 mln bu (***778 mb – 1.291 bb range*** *since 2008/09)*
  - **Food Use 2017/18** = 950 mln bu (***Level Use*** *since MY 2012/13)*
  - **Feed Use+ 2017/18** = 150 mln bu (***Down*** *from 228-365 mb in 2012 - 2013)*
  - **HRW Exports 2017/18** = 410 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** ⇨ 933 mln bu *(1.184 bb last year)*
  - **% Stocks/Use 2017/18** ⇨ 43.6% S/U *(53.4% S/U last year)*
- **U.S. HRW Wheat: "*Large*" Carryovers** (but also *declining*)
  - **End Stocks 2017/18** ⇨ 453 mln bu *(593 mb last year)*
  - **% Stocks/Use 2017/18** ⇨ 50.1% S/U *(63.2% S/U last year)*

U.S. Wheat Quality & Grade

- **U.S. HRW Wheat 2017** ⇨ **11.4% protein**, 60.4 lb test, 1.2% 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**, 61.1 lb test, 0.6% defects
  - *Versus 10.1% protein, 60.8 lb test wt, 0.6% defects in 2016*
- **U.S. Spring Wheat 2017** ⇨ ____**% protein,** ___ lb test, ___% 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*"

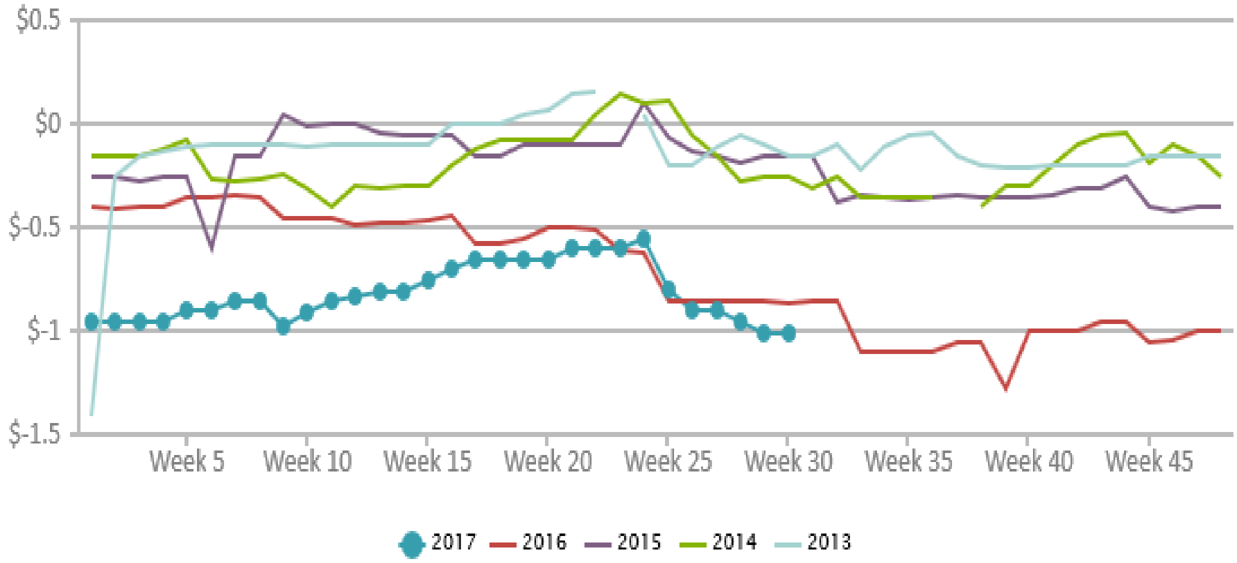
- ***Record*** **Supplies &** ***Large*** **Usage Forecast for 2017/18**
  - 4 consecutive record high World wheat crops
- **Varying 2017/18 Crop Prospects by Country**
- **Still a "buyer's market" for World Wheat Trade….*but*….**
  - *Uncertainty* about **U.S. & World Crops** in 2017-2018?
  - **BUT**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

CME Kansas Hard Red Winter Wheat

Monthly Chart: June 2008 – July 2017 + 8/17/2017

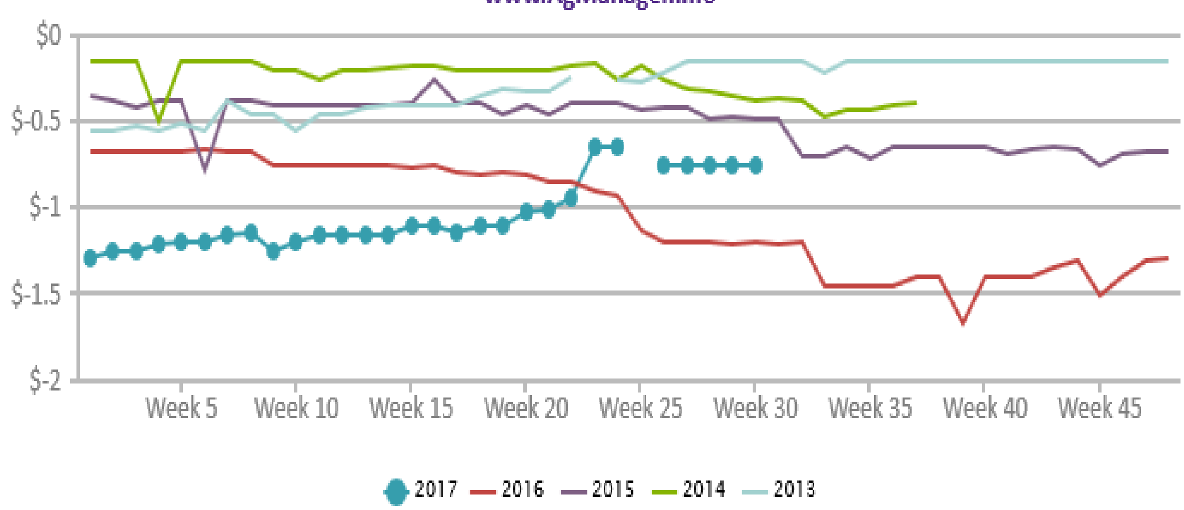
SALINA, KS: Hard Red Winter Wheat Basis - CARGILL

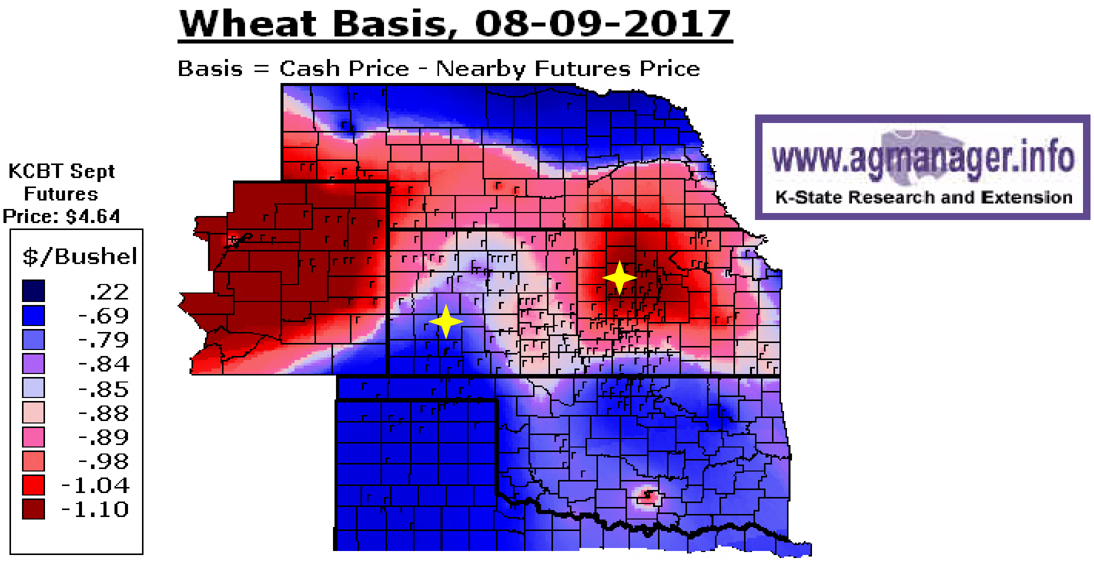
www.AgManager.info



GARDEN CITY, KS: Hard Red Winter Wheat Basis - GARDEN CITY COOP

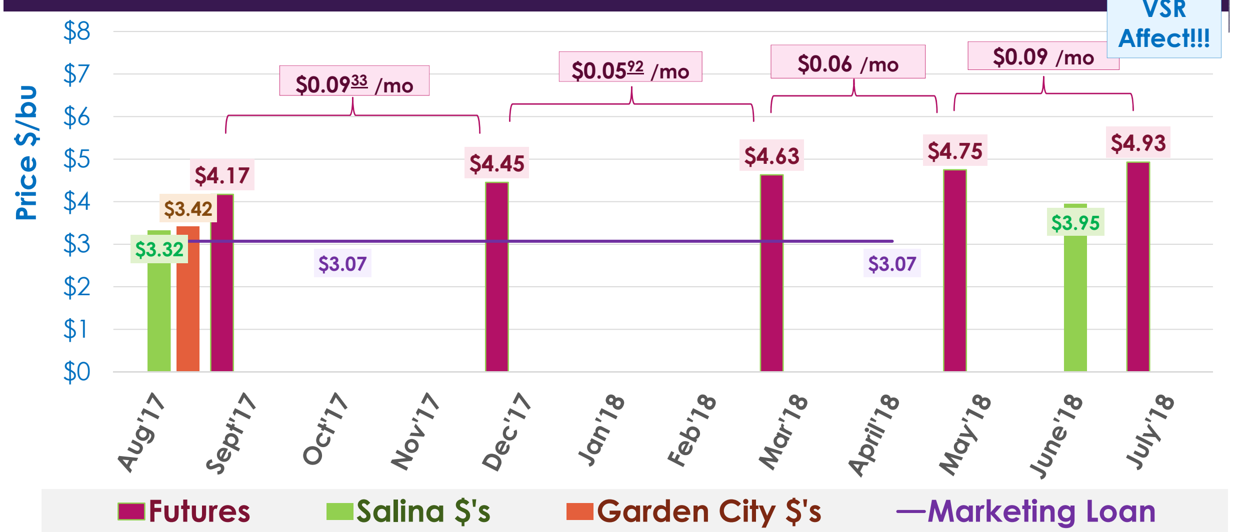
www.AgManager.info





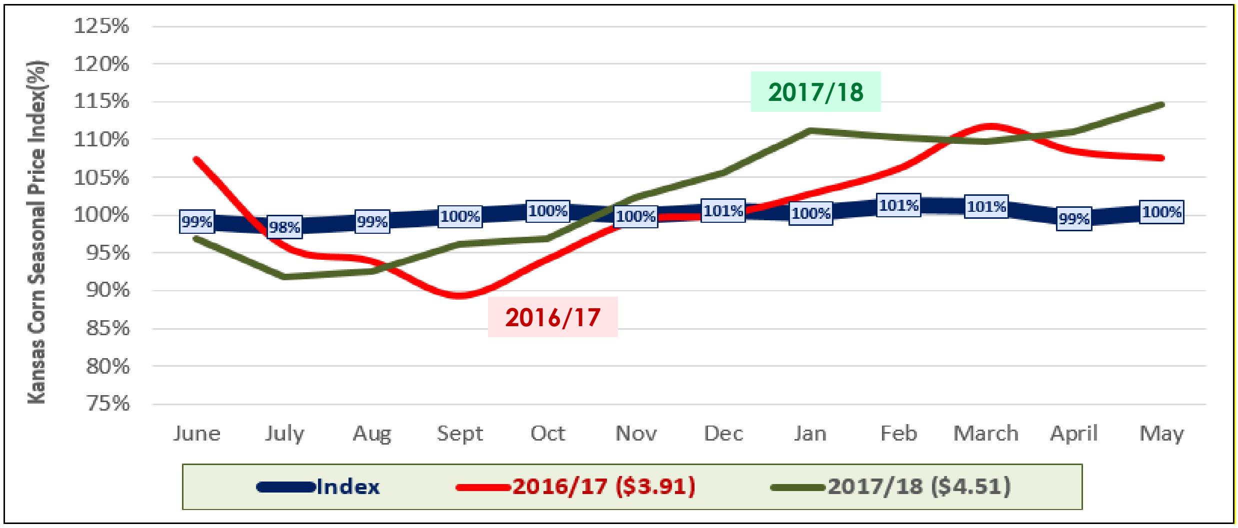
Wheat Cash & HRW Wheat Futures

Salina & Garden City, KS Local Elevators - August 17, 2017



Kansas Wheat Seasonal Cash $ Index

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



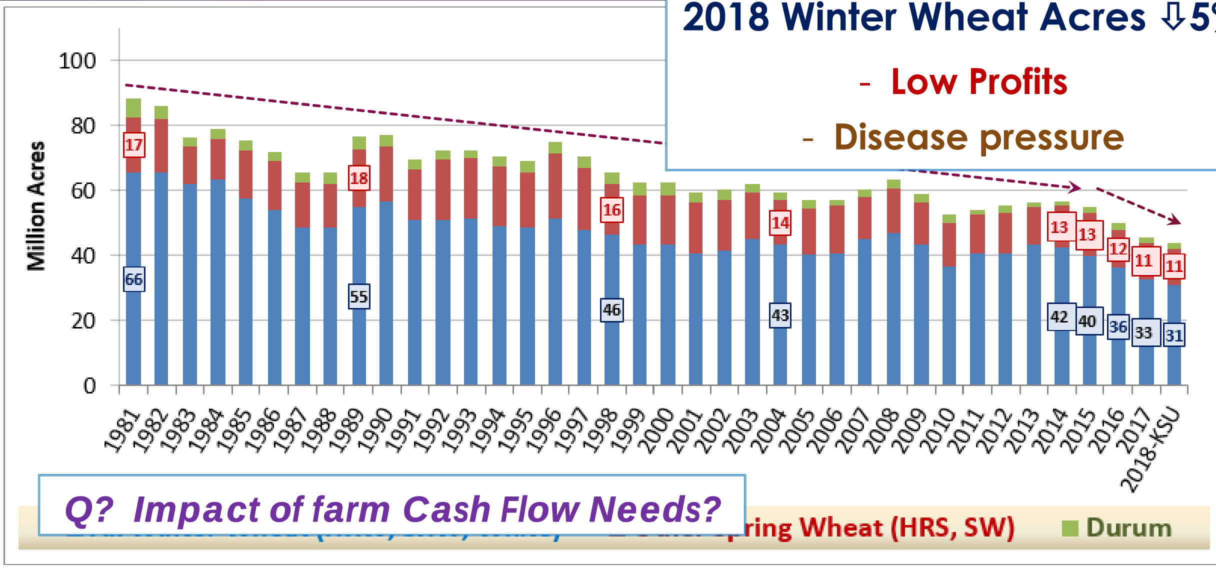
U.S. Wheat Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
Planted area (million acres)	50.2	45.7	--	-4.5
Harvested area (million acres)	43.9	38.1	--	-5.8
Yield (bushels per acre)	52.6	45.6	-0.5	-7.0
		Million bushels		
Beginning stocks	976	1,184	--	209
Production	2,310	1,739	-21	-570
Imports	118	150	10	32
Total supply	3,403	3,074	-11	-330
Food use	949	950	-5	1
Seed	61	66	--	5
Feed and residual	154	150	--	-4
Domestic use	1,164	1,166	-5	2
Exports	1,055	975	--	-80
Total use	2,219	2,141	-5	-78
Ending stocks	1,184	933	-6	-252
		Percent		
Stocks to use ratio	53.4	43.6	-0.2	-9.8
		Dollars per bushel		
Average market price	3.89	4.40/5.20	--	0.91

U.S. Wheat Seeded Acreage

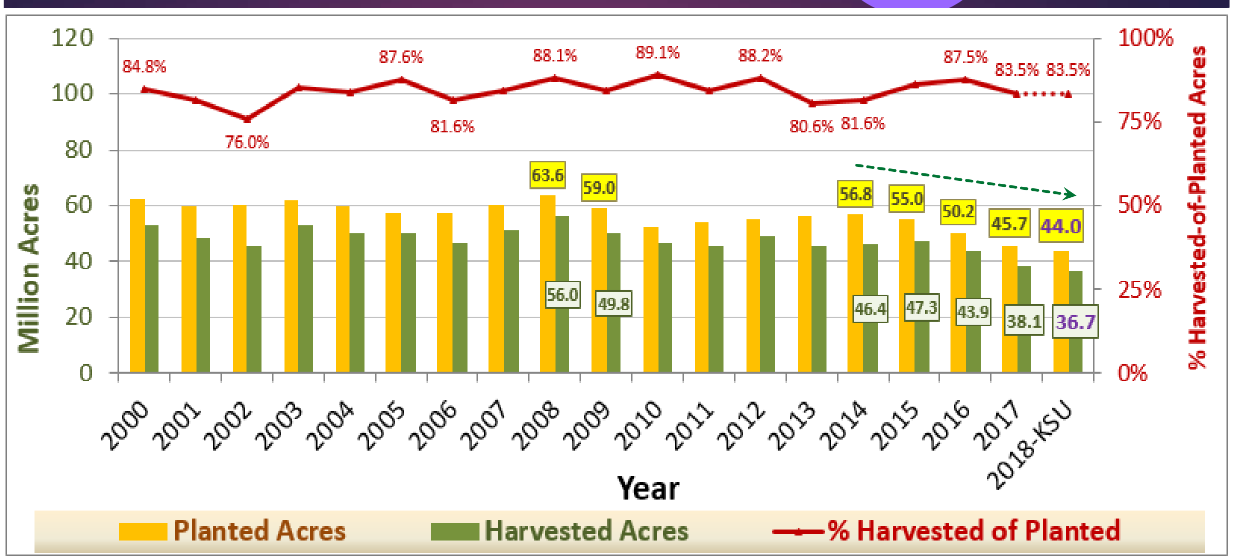
2018 Winter Wheat Acres ⇩5%

- Low Profits
- Disease pressure

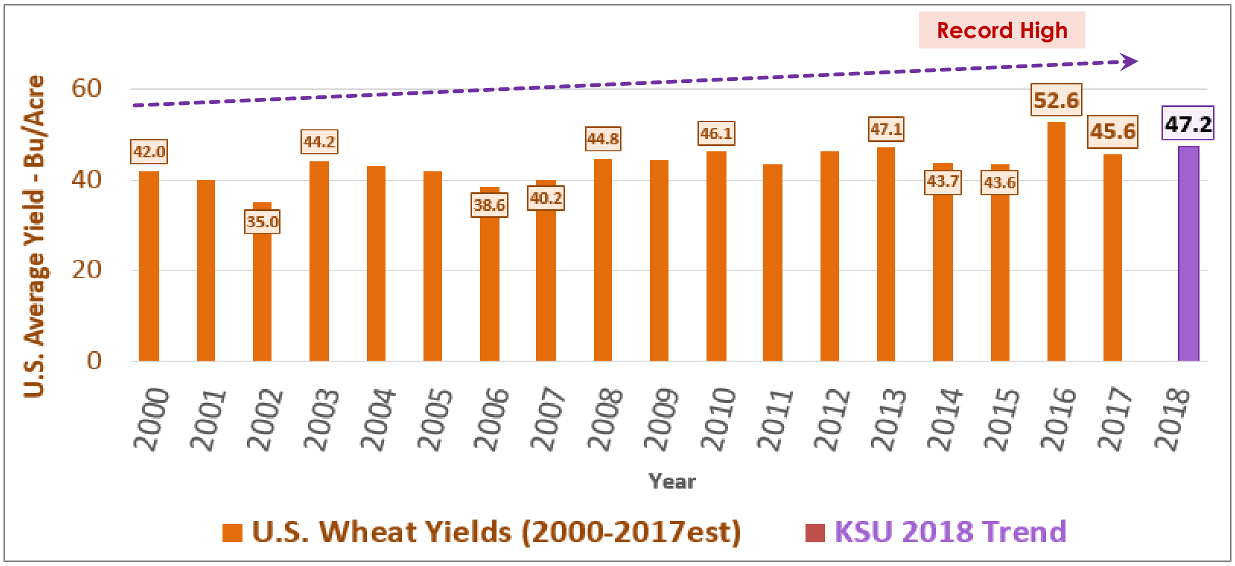


Q? Impact of farm Cash Flow Needs?

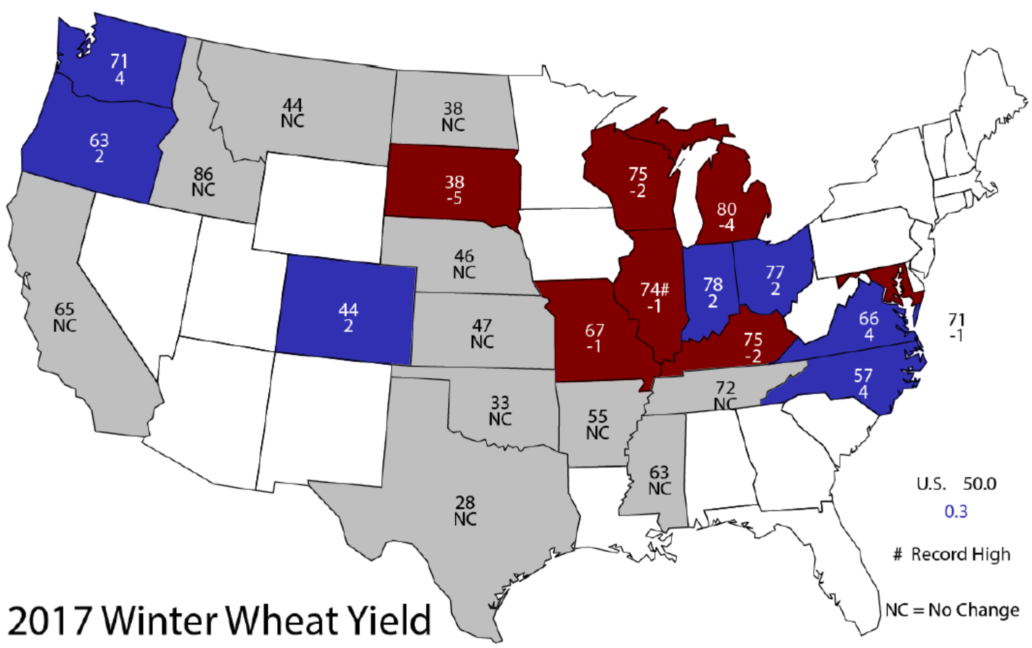
U.S. Wheat Acreage



U.S. Wheat Yields



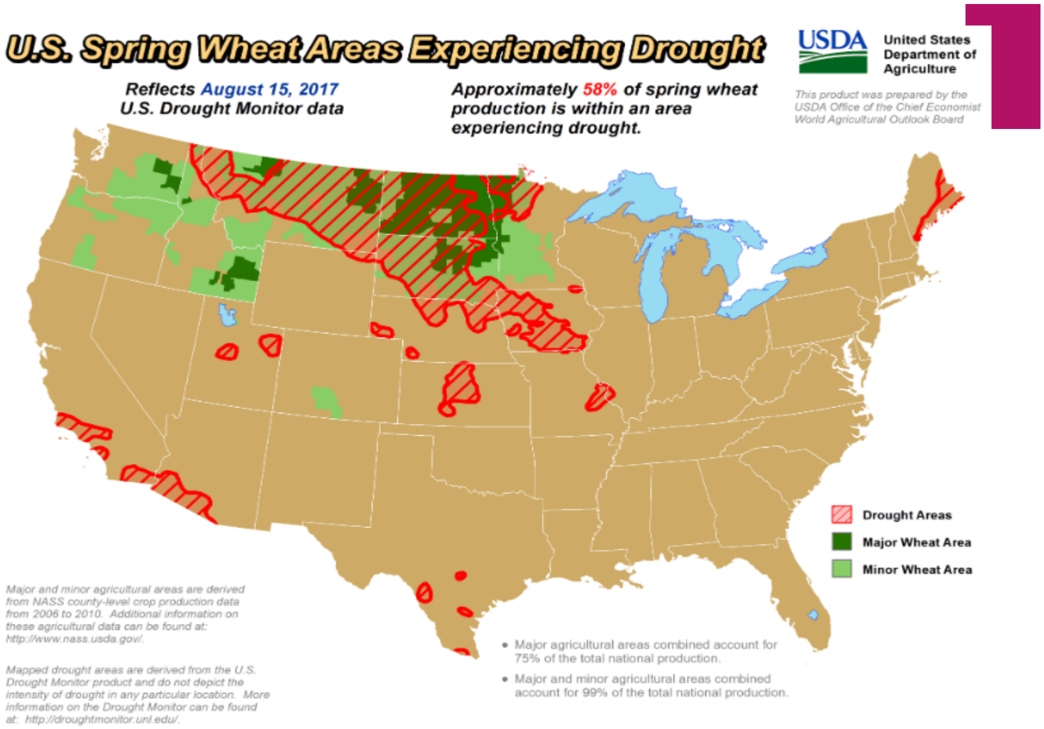
USDA

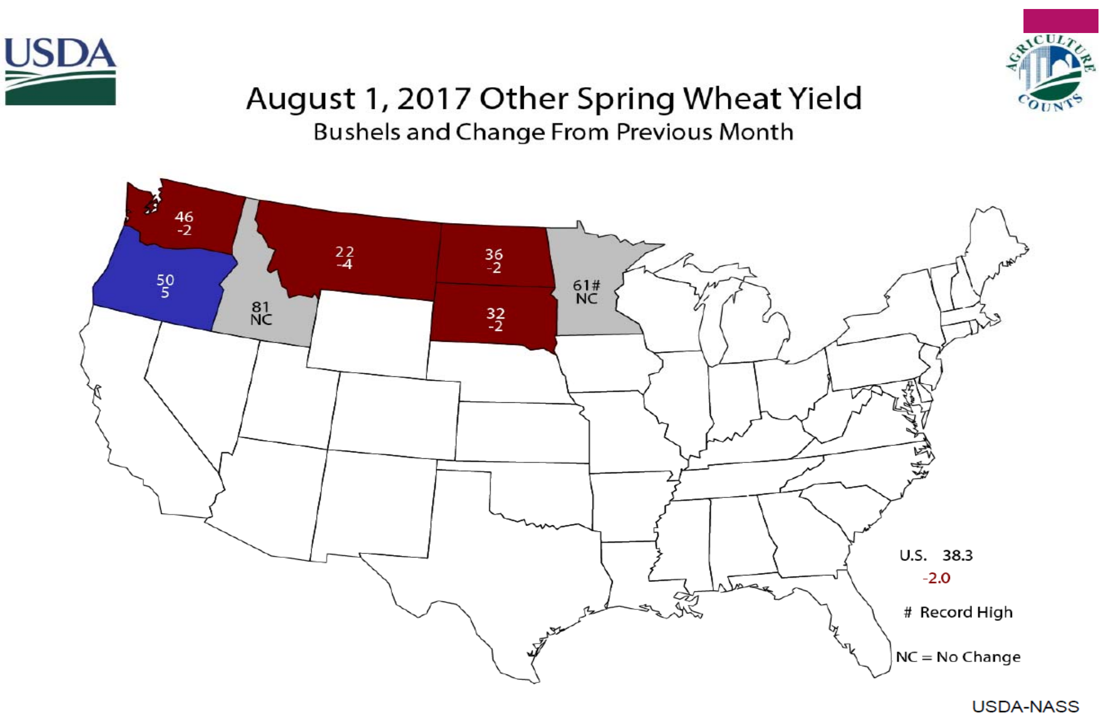


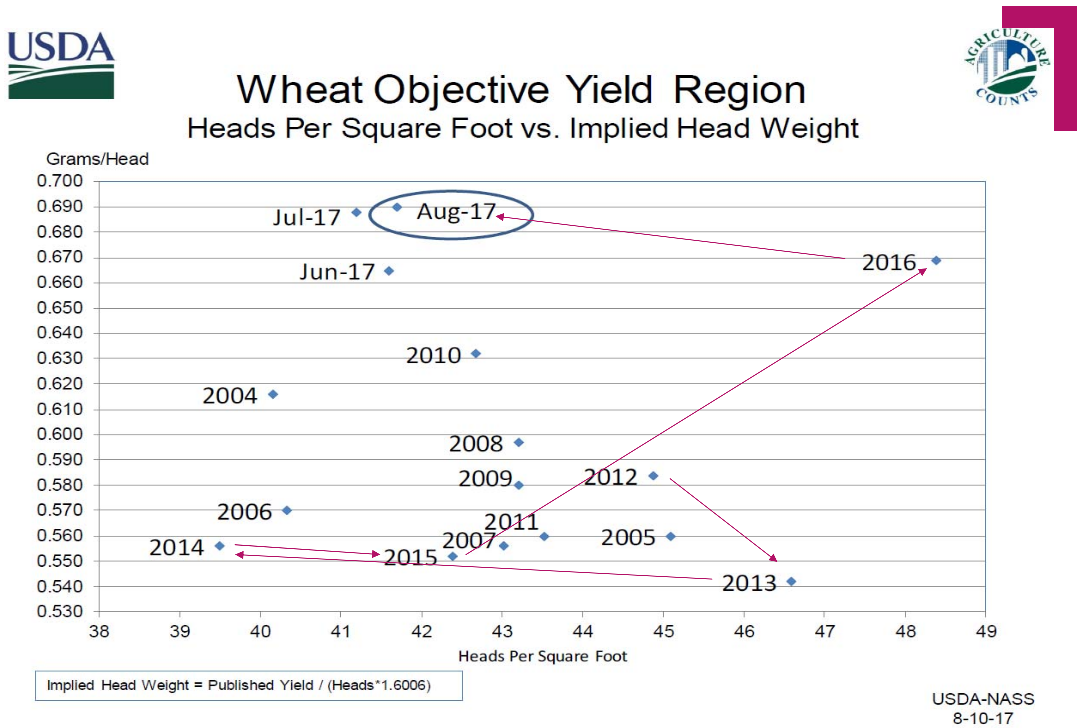
August 1, 2017 Winter Wheat Yield

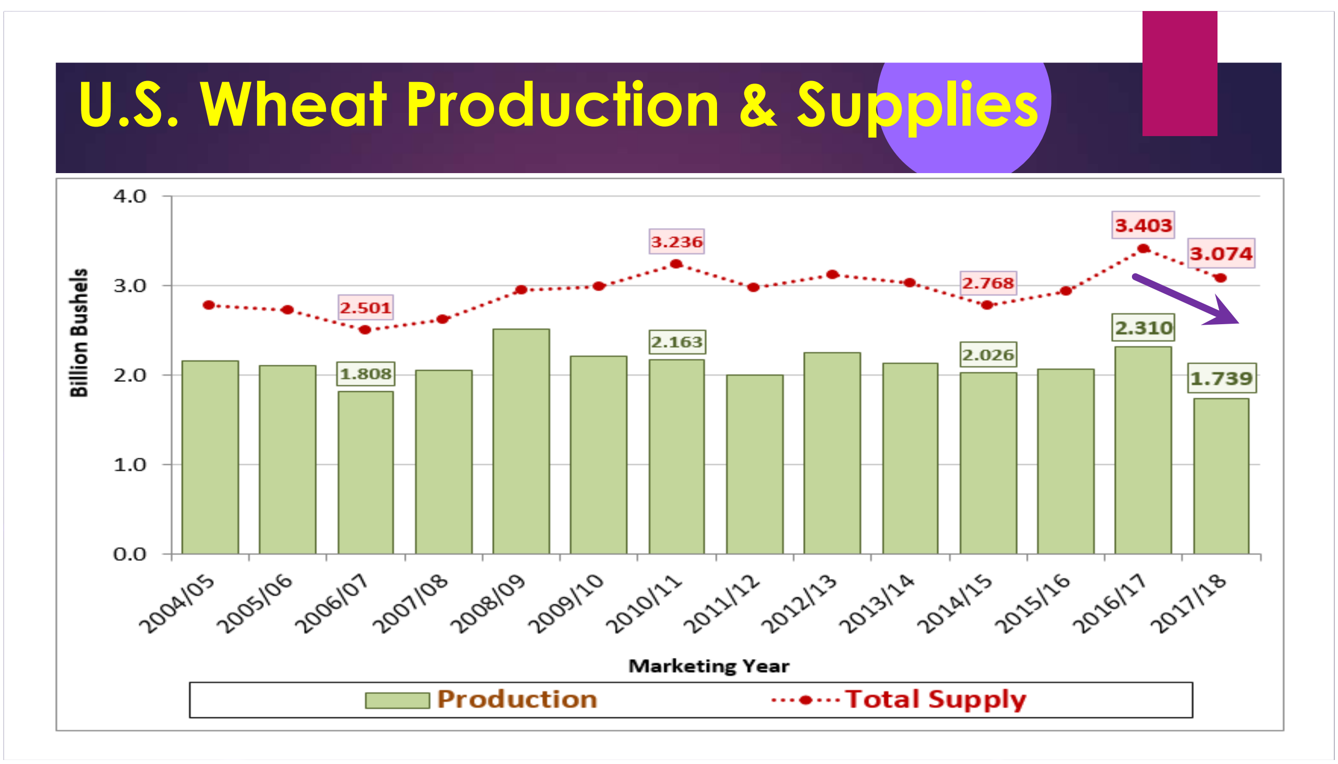
Bushels and Change From Previous Month

USDA-NASS
8-10-17

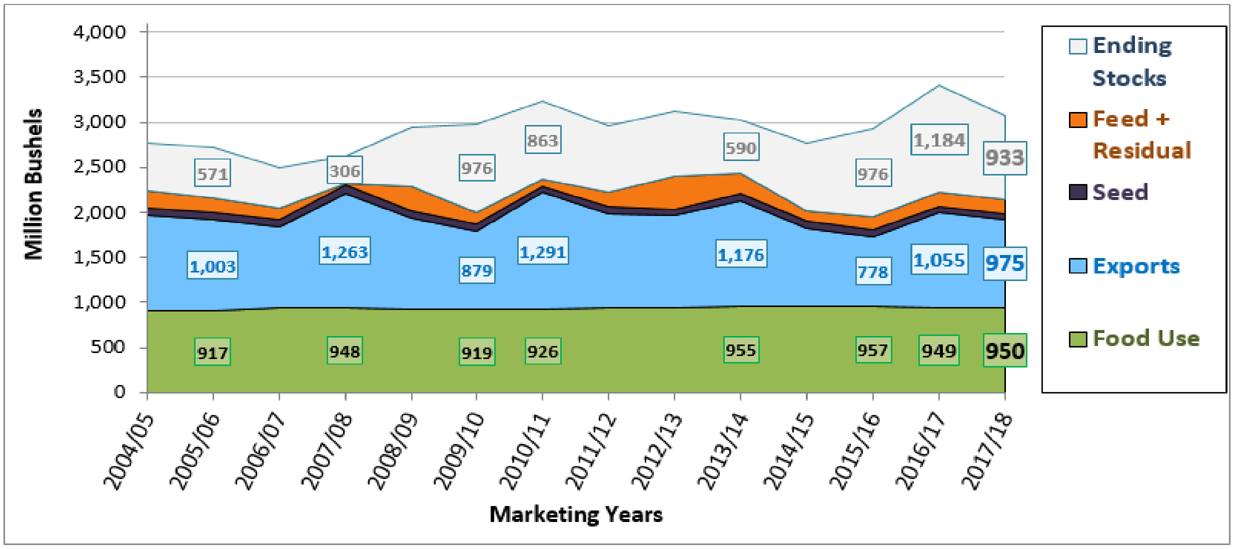

U.S. Spring Wheat Areas Experiencing Drought
Reflects August 15, 2017
U.S. Drought Monitor data
Approximately 58% of spring wheat production is within an area experiencing drought.
USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board
Drought Areas
Major Wheat Area
Minor Wheat Area
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/.
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://droughtmonitor.unl.edu/.
• Major agricultural areas combined account for 75% of the total national production.
• Major and minor agricultural areas combined account for 99% of the total national production.


USDA
August 1, 2017 Other Spring Wheat Yield
Bushels and Change From Previous Month
46
-2
50
5
81
NC
22
-4
36
-2
32
-2
61#
NC
U.S. 38.3
-2.0
# Record High
NC = No Change
USDA-NASS
8-10-17

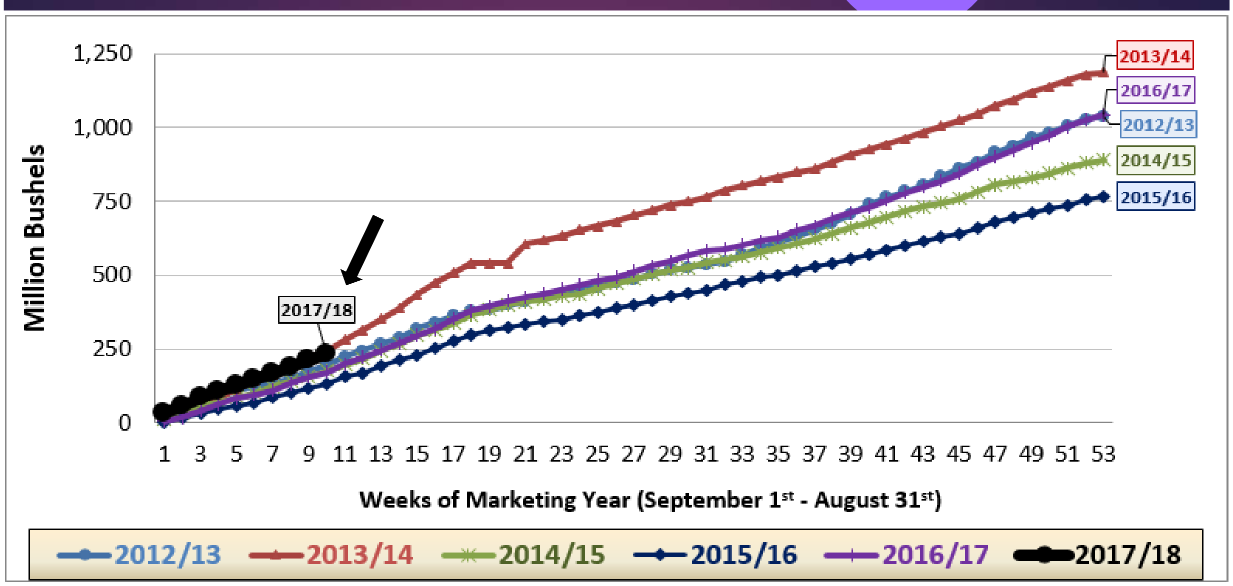

USDA
AGRICULTURE COUNTS
Wheat Objective Yield Region
Heads Per Square Foot vs. Implied Head Weight
Grams/Head
Jul-17
Aug-17
Jun-17
2016
2010
2004
2008
2009
2012
2006
2011
2014
2007
2005
2015
2013
Heads Per Square Foot
Implied Head Weight = Published Yield / (Heads*1.6006)
USDA-NASS
8-10-17


U.S. Wheat Production & Supplies
Billion Bushels
3.236
3.403
3.074
2.501
2.768
1.808
2.163
2.026
2.310
1.739
Marketing Year
Production
Total Supply

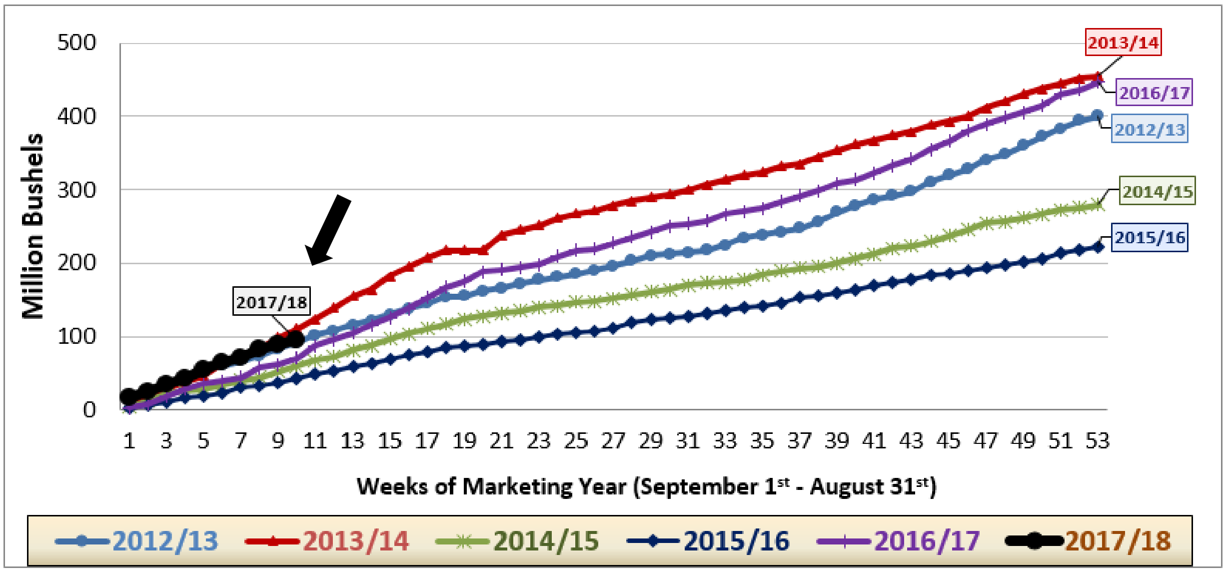
U.S. Wheat Use by Category



U.S. All Wheat Exports – Weekly thru August 10, 2017

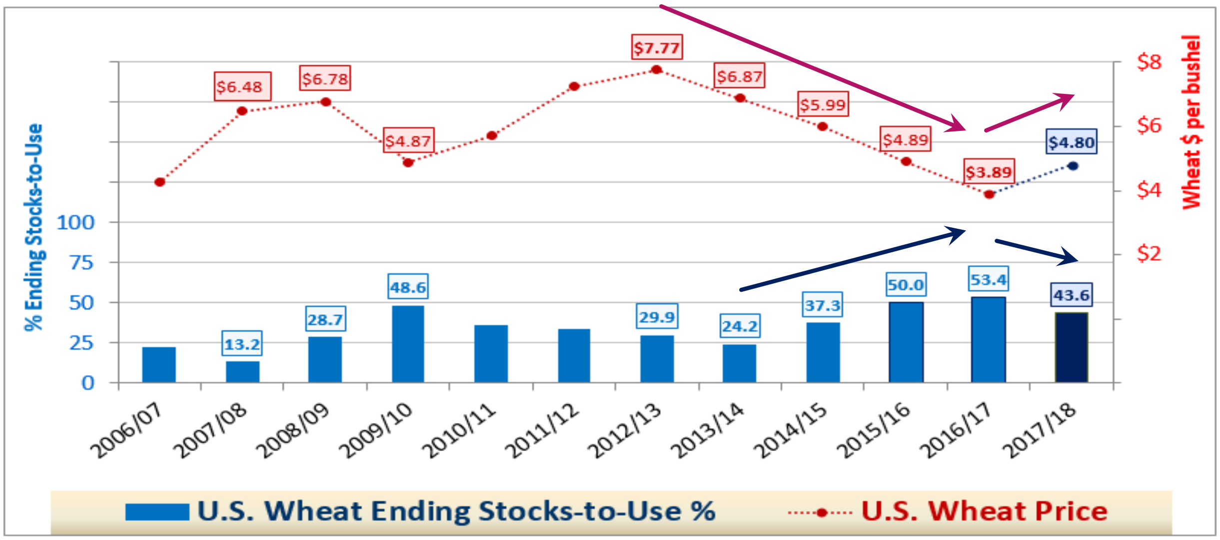


U.S. Hard Red Winter Wheat Exports - Weekly

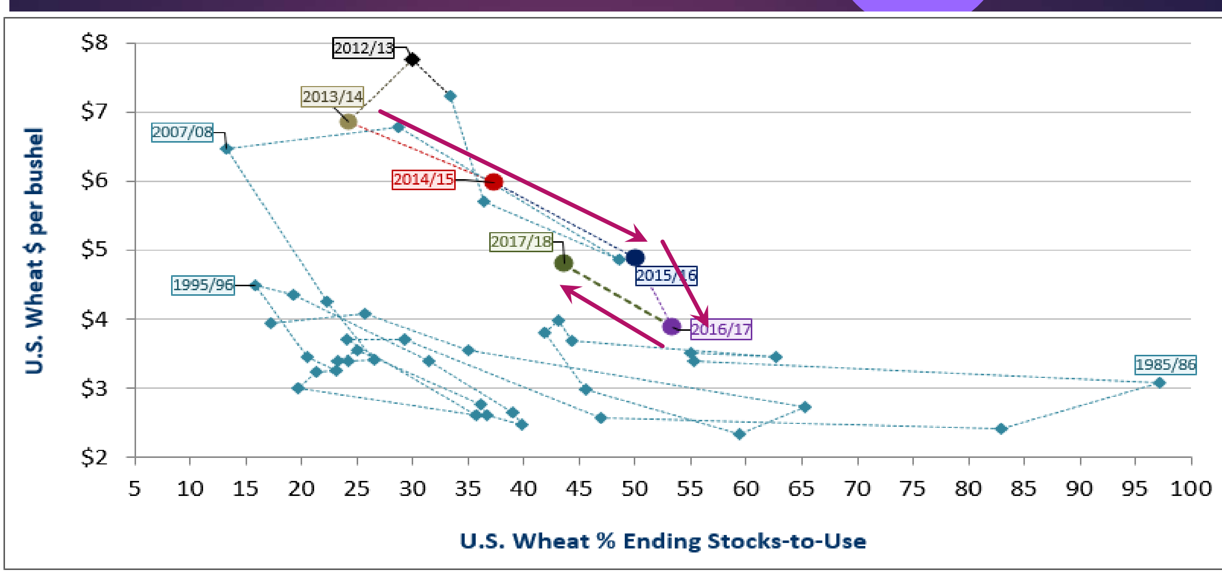


U.S. Wheat Ending Stocks & % Stx/Use

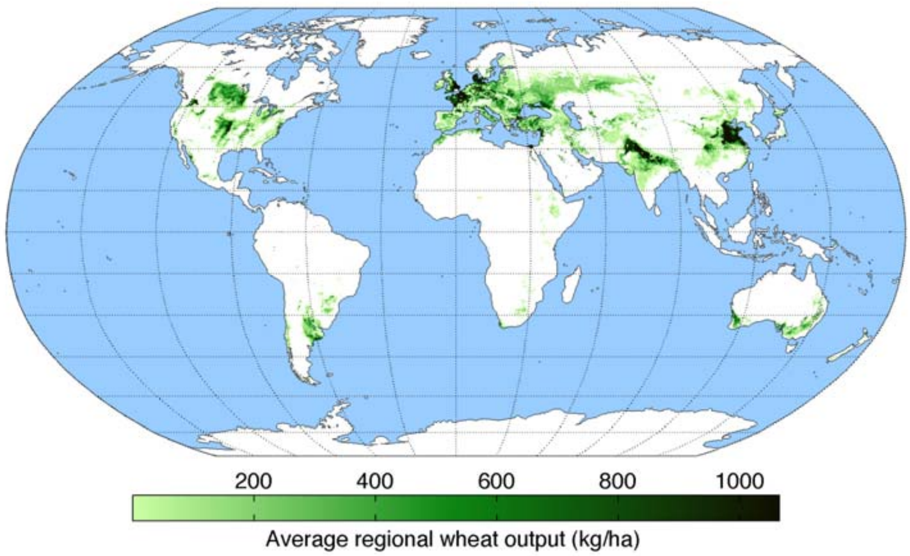
U.S. Wheat Ending Stocks & Prices



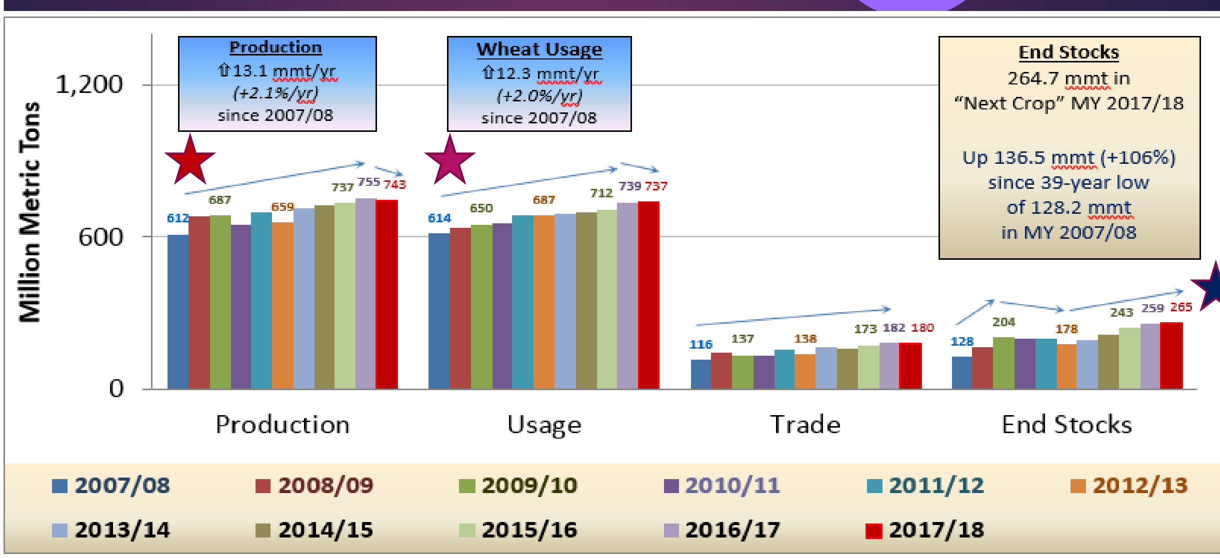
U.S. Wheat Price *vs* U.S. Stocks-to-Use



World Wheat Production Regions



World Wheat Supply, Use & Stocks



World Wheat Production

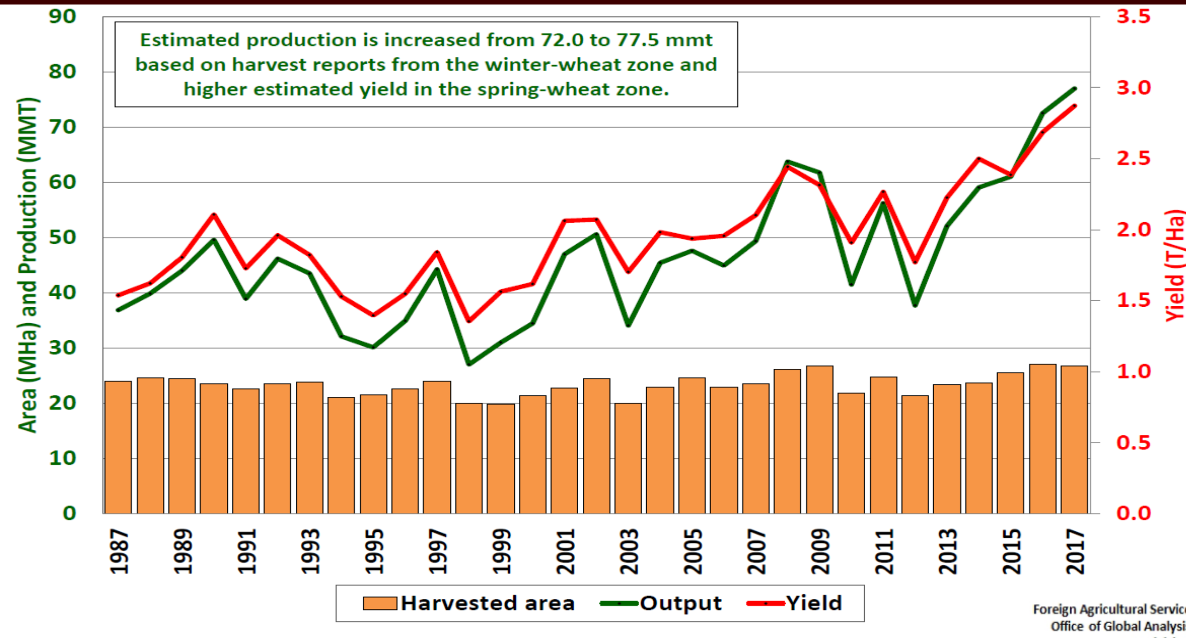
Country or Region	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
		Million Tons		
World	755.0	743.2	5.4	-11.8
United States	62.9	47.3	-0.6	-15.5
Foreign	692.1	695.9	5.9	3.7
Argentina	17.5	17.5	--	0.0
Canada	31.7	26.5	-1.9	-5.2
Australia	35.1	23.5	--	-11.6
European Union	145.7	149.6	-0.4	3.9
Turkey	17.3	19.5	--	2.3
Russia	72.5	77.5	5.5	5.0
Ukraine	26.8	26.5	2.5	-0.3
Kazakhstan	15.0	14.0	1.0	-1.0
China	128.9	130.0	--	1.2
India	87.0	96.0	--	9.0

August 10, 2017

World Wheat Supply and Use

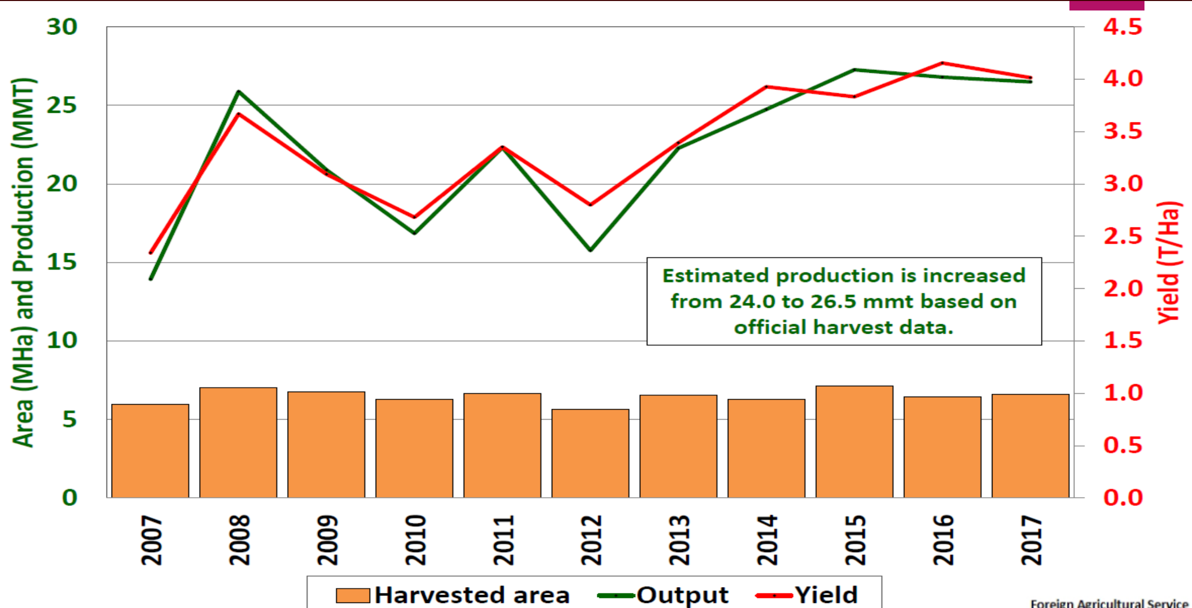
	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
		Million Tons		
Beginning stocks	242.9	258.6	0.5	15.7
Production	755.0	743.2	5.4	-11.8
Total Supply	997.9	1,001.8	5.9	3.9
Feed use	146.9	140.6	1.3	-6.2
Total use	739.3	737.1	1.8	-2.2
Trade	182.3	179.9	1.5	-2.3
Ending Stocks	258.6	264.7	4.1	6.1

Russia Wheat – Area, Yield Production

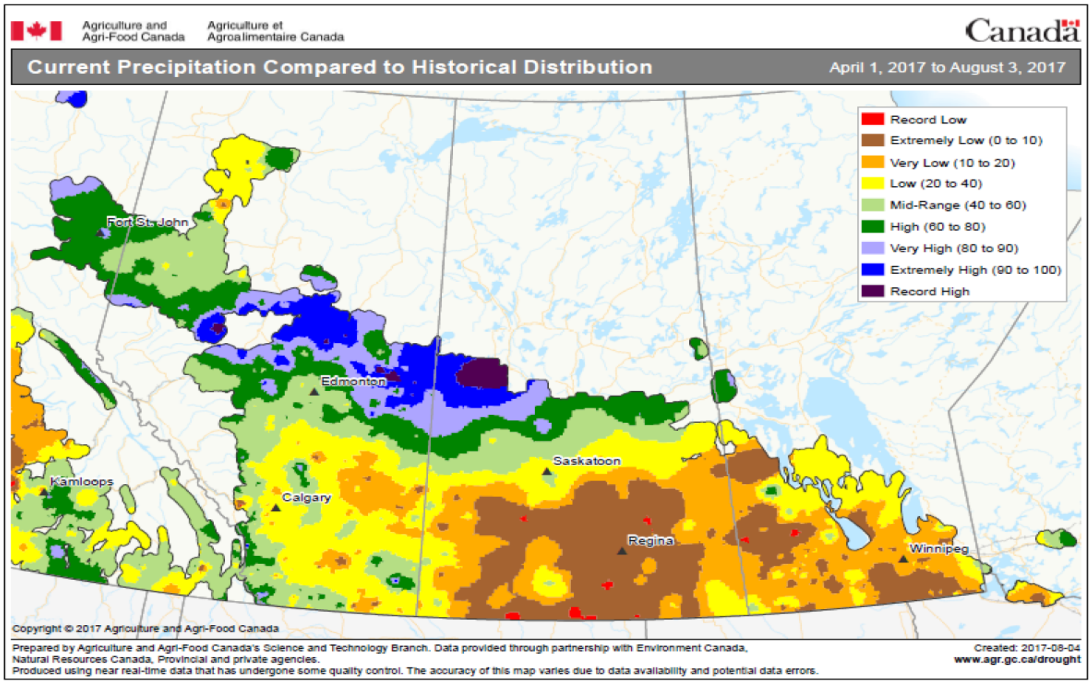


Foreign Agricultural Service
Office of Global Analysis
IPA Division
USDA

Ukraine Wheat – Area, Yield Production



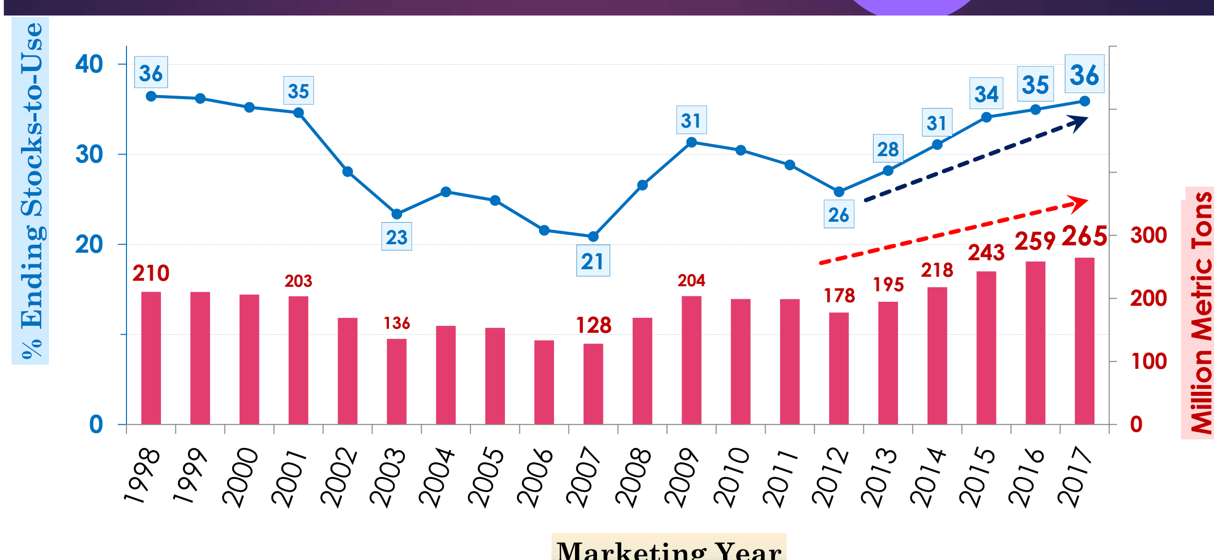
Foreign Agricultural Service
Office of Global Analysis
IPA Division
USDA



USDA Agricultural Weather Assessments
World Agricultural Outlook Board

August 10, 2017

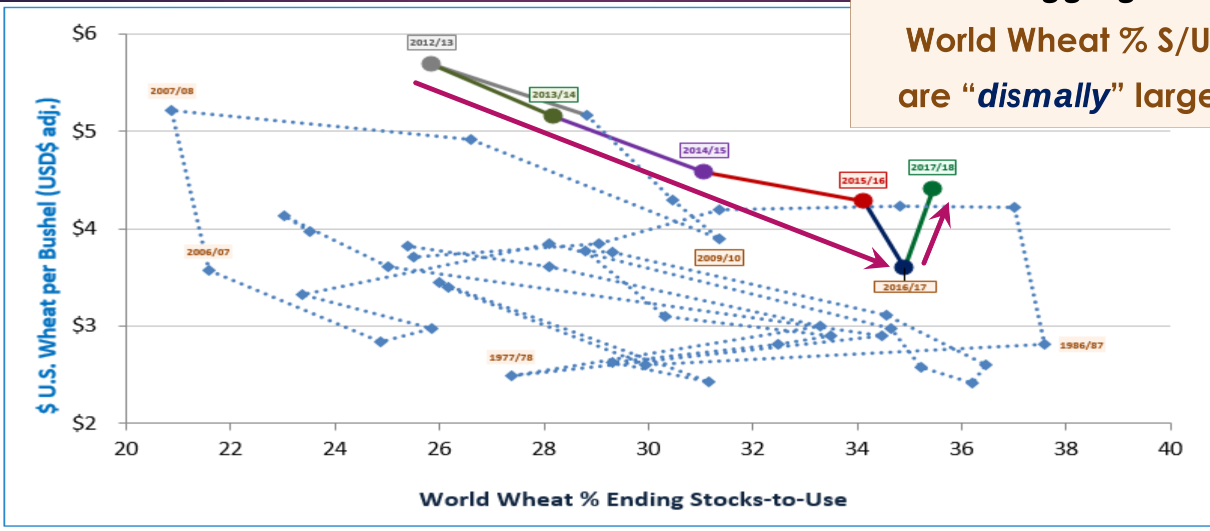
World Wheat Ending Stocks & % Stx/Use



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

MY 1973/74 – "New Crop" MY 2017/18

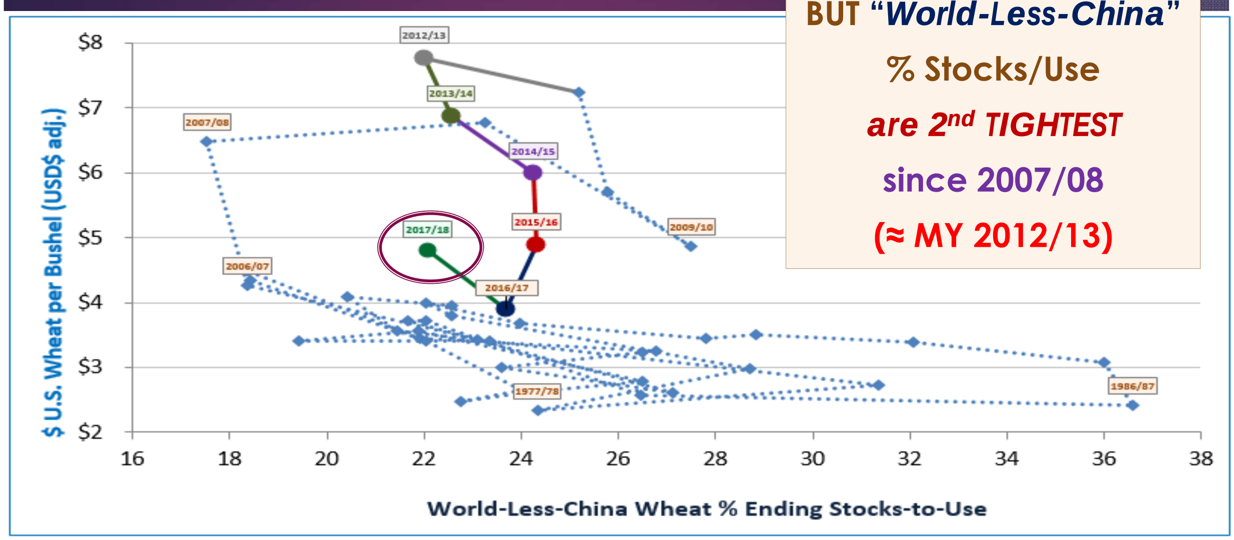
In ***total aggregate*** -
World Wheat % S/U
are "***dismally***" large



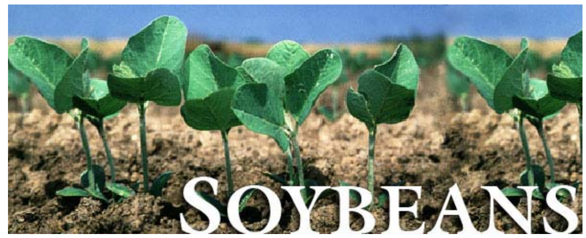
U.S. Wheat $ vs Non-China % Stx/Use

MY 1973/74 – "New Crop" MY 2017/18

BUT "***World-Less-China***"
% Stocks/Use
are 2nd TIGHTEST
since 2007/08
(≈ MY 2012/13)



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 remain *historically* ***large*** in spite of large 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

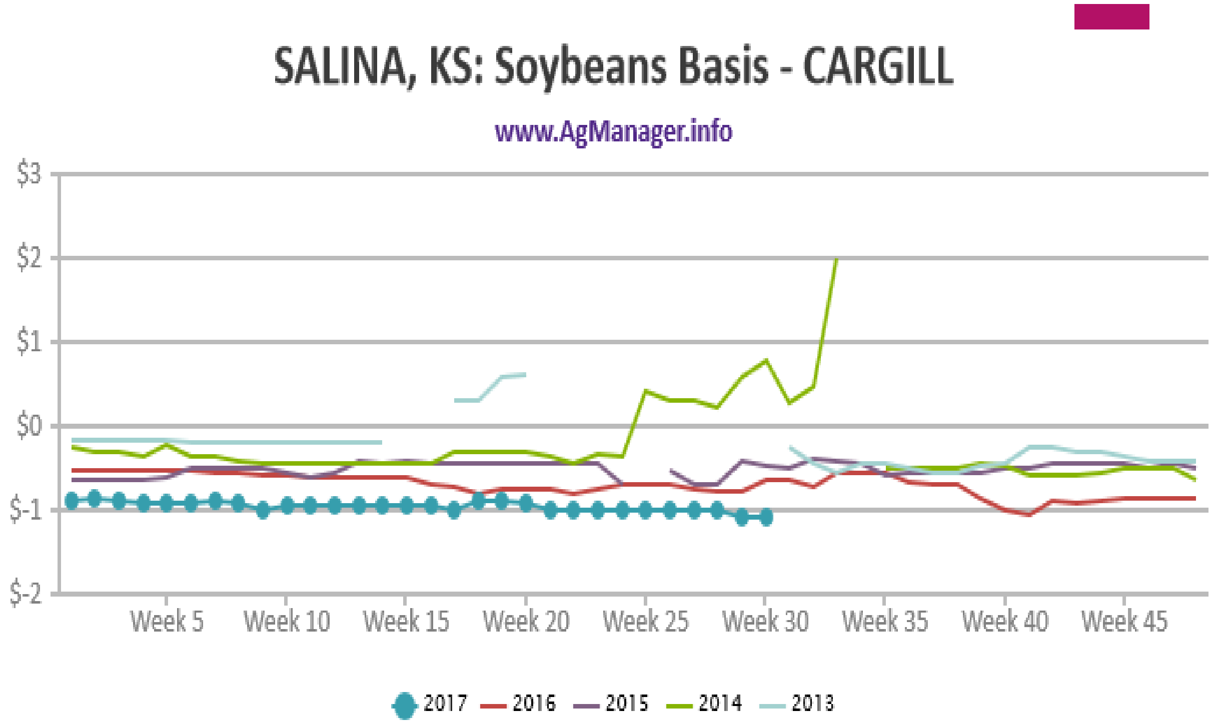
- Soybean "*issues*" in the August Crop Production Report
- Large Soybean Stocks in U.S.-So. America limit Price$'s
- Low Price$'s to support "*New Crop*" MY 2017/18 Use ***
  - Soy Crush 2017/18 = 1.940 bln bu (***Record*** – *vs 1.890 bb last year*)
  - Exports 2017/18 = 2.225 bln bu (***Record*** – *vs 2.150 bb last year*)
  - Total Use 2017/18 = 4.301 bln bu (***Record*** – *vs 4.158 bb last year*)
  - SBM Use 2017/18 = 22.750 bln lbs (*vs* ***22.0 bb*** *in 2016/17 &* ***22.4 bb*** *in 2015/16*)

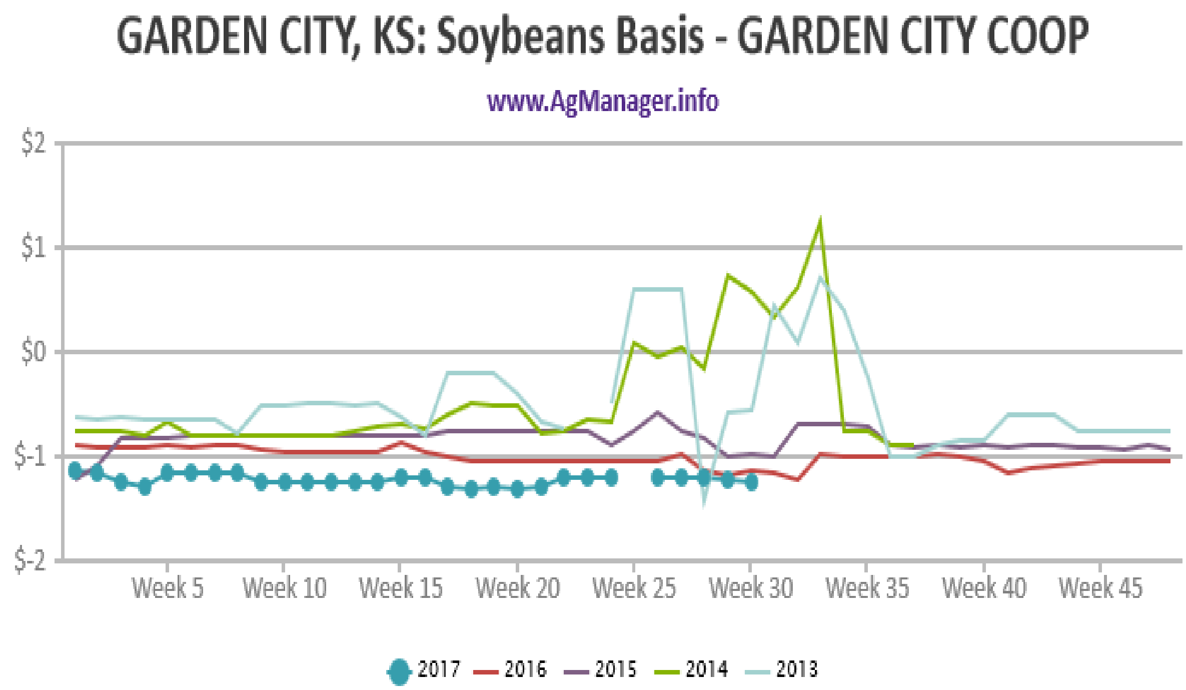
U.S. Soybean & Cotton Stocks…..

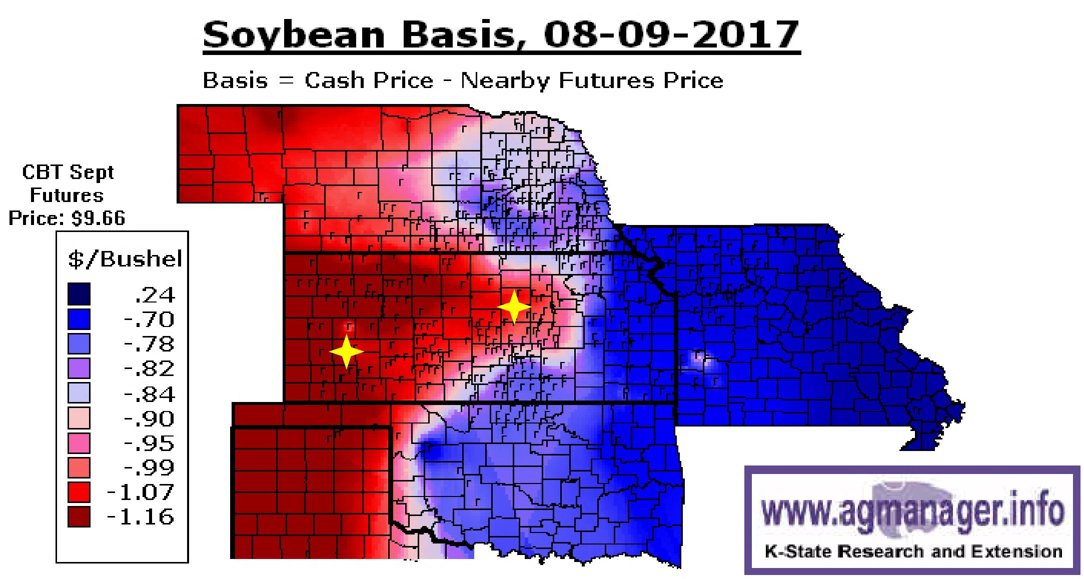
- Soybean: "*Large*" Stocks & % S/U
  - End Stocks 2017/18 ⇨ 475 mln bu (*High vs 574 mb in 2006/07*)
  - % Stocks/Use 2017/18 ⇨ 11.0% S/U (*High vs 18.6% in 2006/07*)
- Cotton: "*Large*" 2017 Crop & "*Growing*" Stocks
  - Production 2017/18 ⇨ 20.6 mln bales (*12.9 & 17.2 mb last 2 years*)
  - End Stocks 2017/18 ⇨ 5.8 mln bales (*3.8 & 2.8 mb last 2 years*)
  - % Stocks/Use 2017/18 ⇨ 33.0% S/U (*30.2% & 15.4% last 2 years*)

CME Soybean Futures

Monthly Chart: June 2008 through July 2017 + 8/17/2017

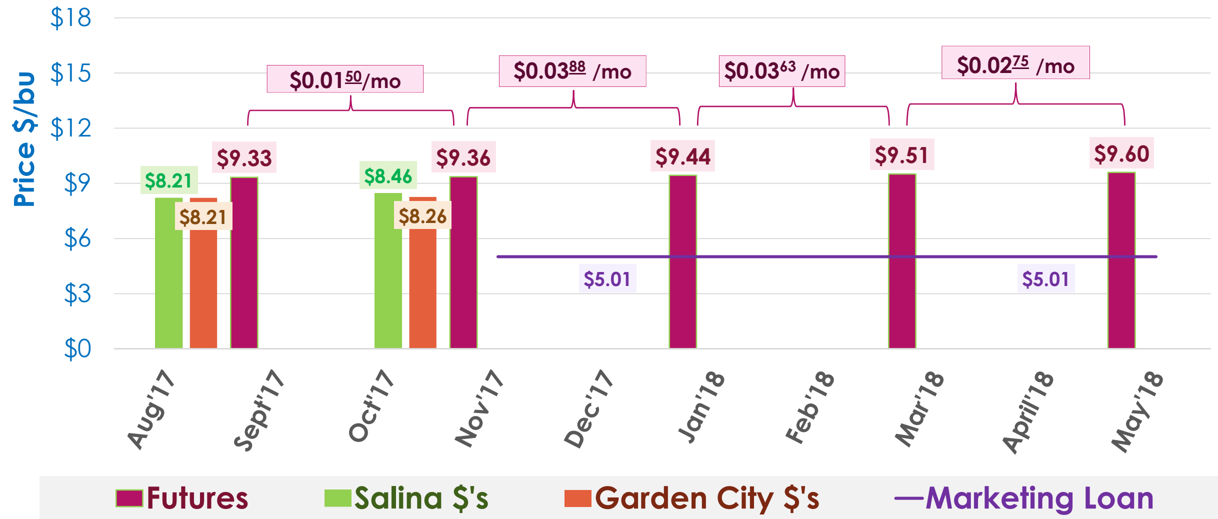



GARDEN CITY, KS: Soybeans Basis - GARDEN CITY COOP
www.AgManager.info
$2
$1
$0
$-1
$-2
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2017
2016
2015
2014
2013


Soybean Basis, 08-09-2017
Basis = Cash Price - Nearby Futures Price
CBT Sept Futures Price: $9.66
$/Bushel
.24
-.70
-.78
-.82
-.84
-.90
-.95
-.99
-1.07
-1.16
www.agmanager.info
K-State Research and Extension

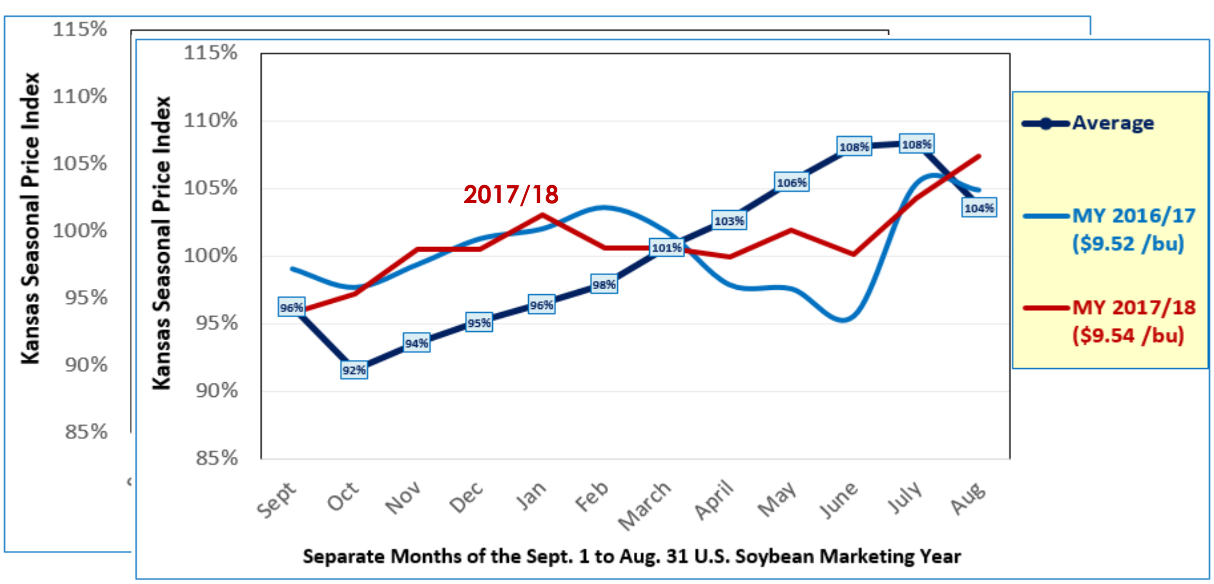
Soybean Cash & Futures Price$'s

Salina & Garden City, KS Local Elevators - August 17, 2017



Kansas Soybean Seasonal Cash $ Index

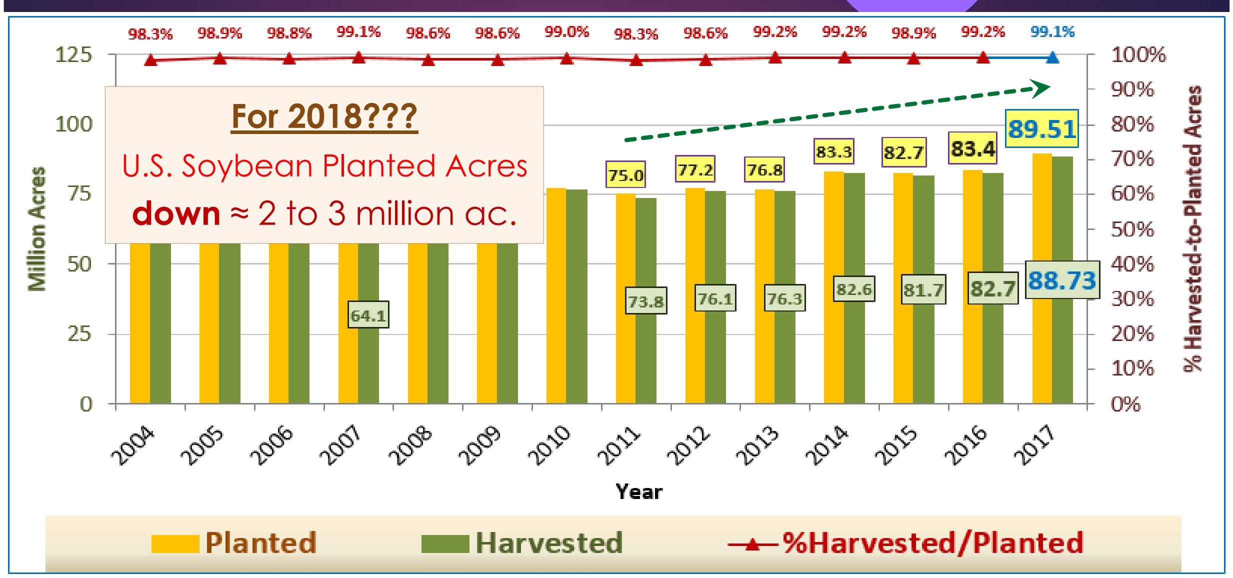
Monthly Prices: 1999/00 – 2014/15 + "New Crop" MY 2016/27



U.S. Soybean Supply and Demand

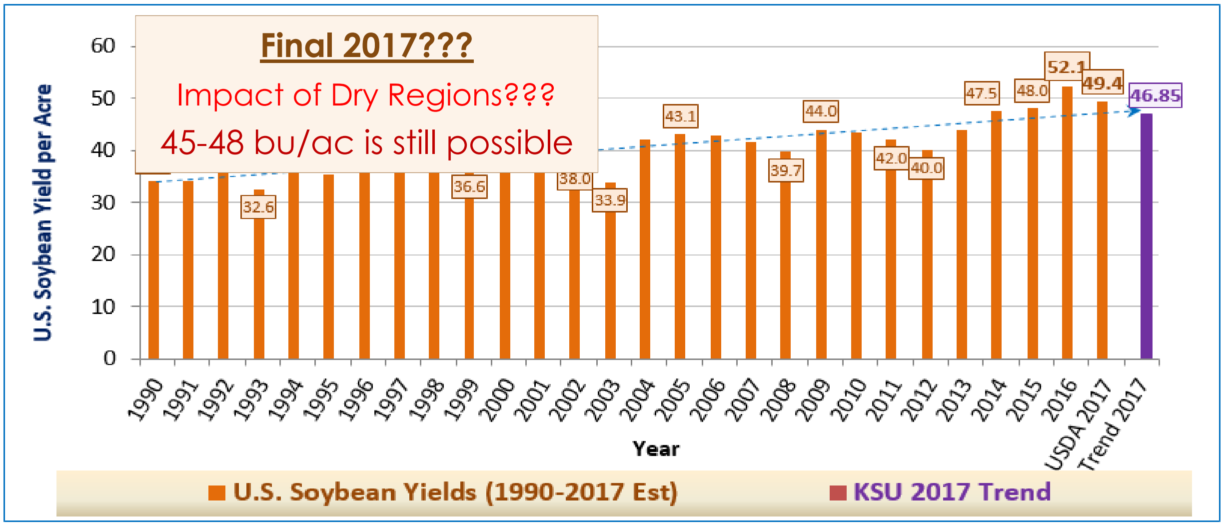
	2016/17 estimate	2016/17 change from July 12	2017/18 forecast	2017/18 change from July 12	Change from 2016/17
Planted area (million acres)	83.4	--	89.5	--	6.1
Harvested area (million acres)	82.7	--	88.7	--	6.0
Yield (bushels per acre)	52.1	--	49.4	1.4	-2.7
			Million bushels		
Beginning stocks	197	--	370	-40	174
Production	4,307	--	4,381	121	74
Imports	25	--	25	--	0
Total supply	4,528	--	4,777	81	248
Crush	1,890	-10	1,940	-10	50
Seed and residual	118	--	136	1	18
Domestic use	2,008	-10	2,076	-9	68
Exports	2,150	50	2,225	75	75
Total use	4,158	40	4,301	66	143
Ending stocks	370	-40	475	15	105
			Percent		
Stocks to use ratio	8.9	-1.1	11.1	0.2	2.1
			Dollars per bushel		
Average market price	9.50	--	8.45/10.15	-0.10	-0.20

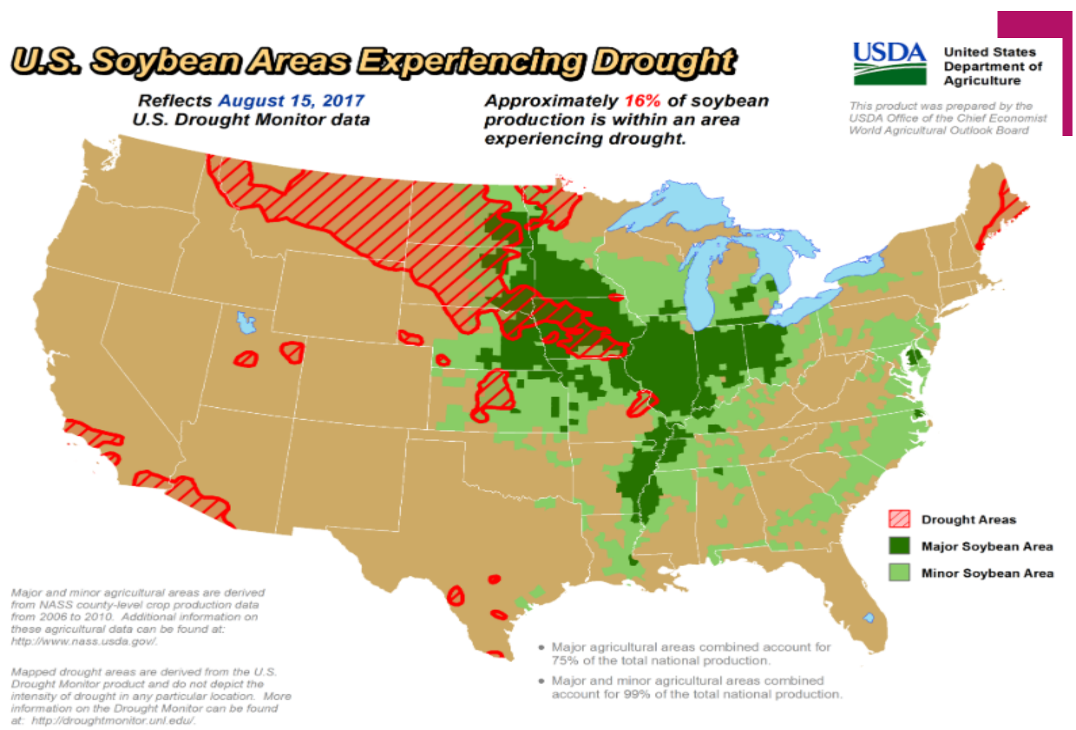
U.S. Soybean Acreage

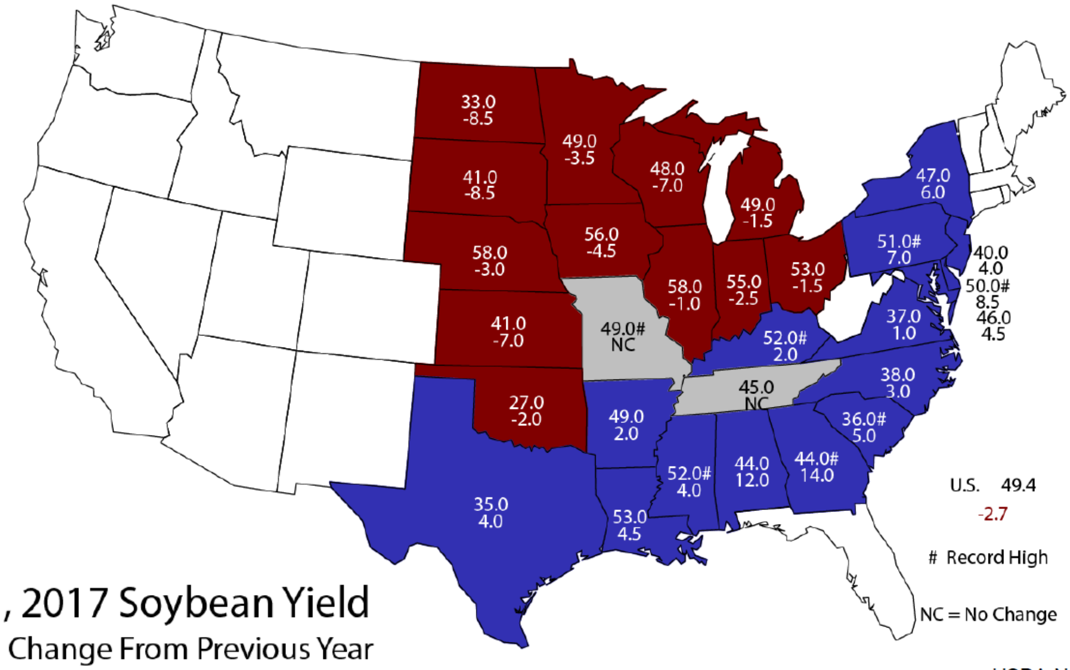


U.S. Soybean Yields

USDA 2017 = 49.4 bu/ac; 2017 Trend$^{1973\text{-}2016}$ = 46.85







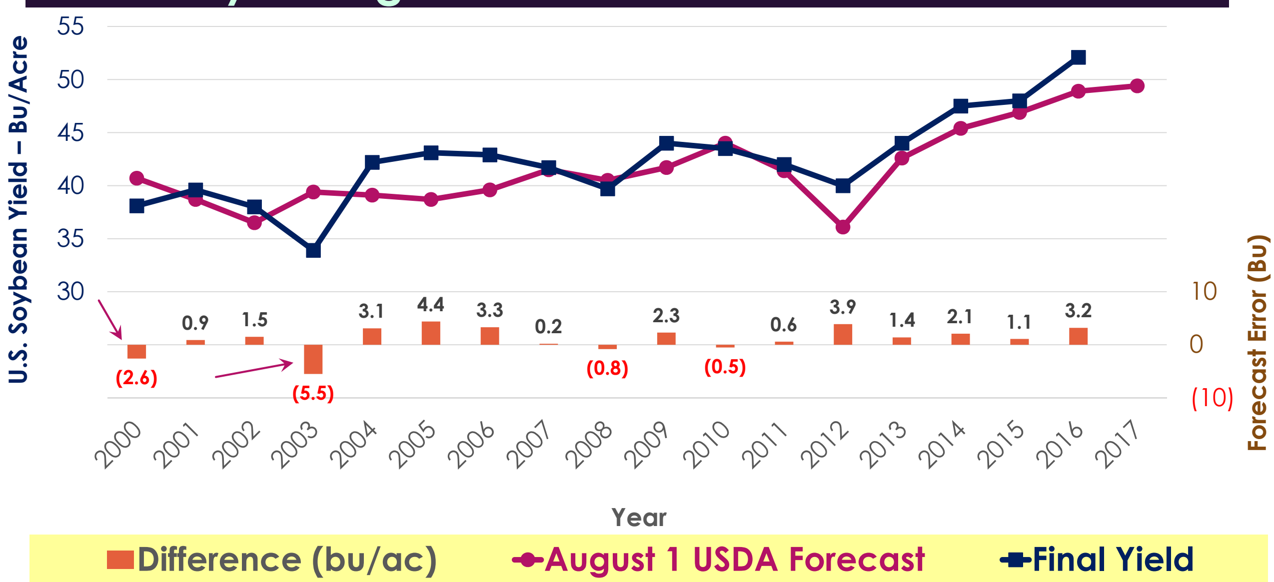
August 1, 2017 Soybean Yield

Bushels and Change From Previous Year

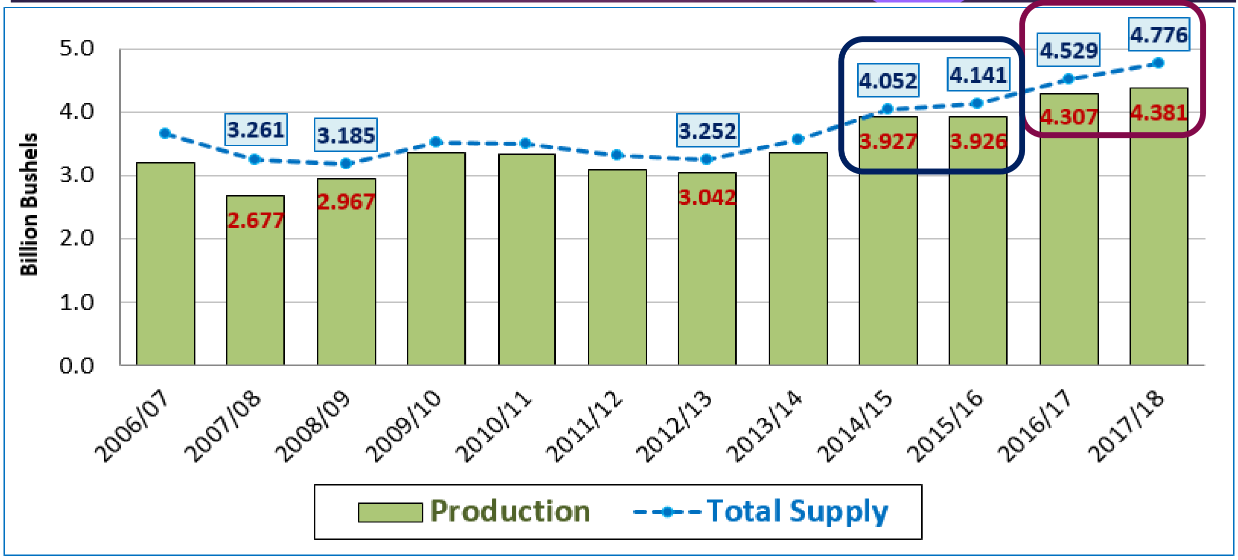
USDA-NASS
8-10-17

U.S. Soybean Yields: 2000-2017

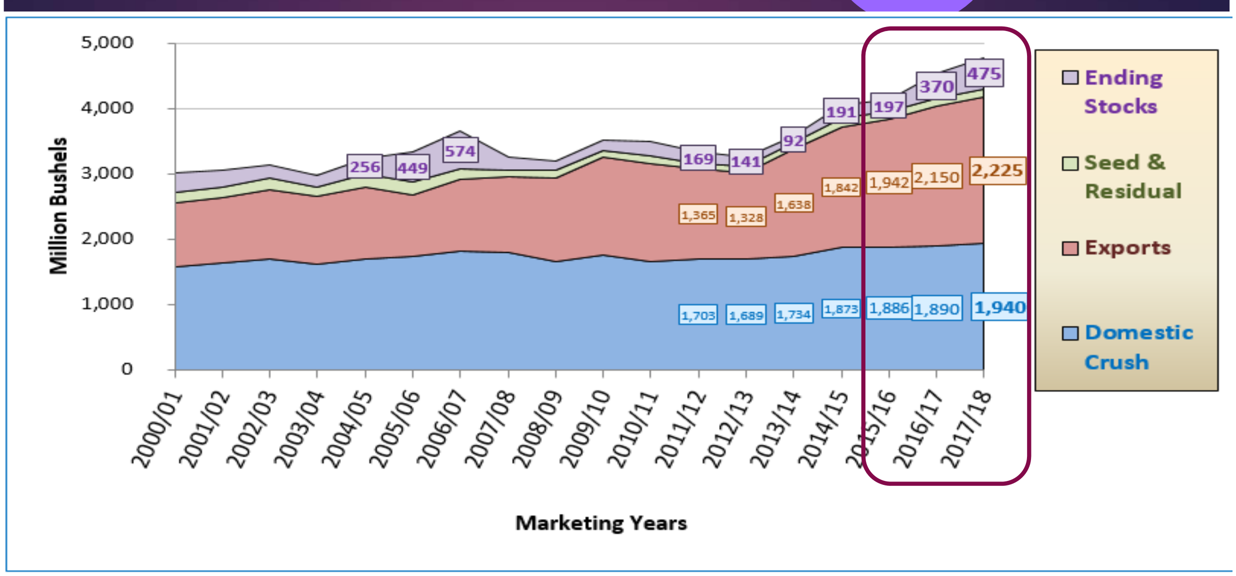
Accuracy of August 1st USDA Forecasts



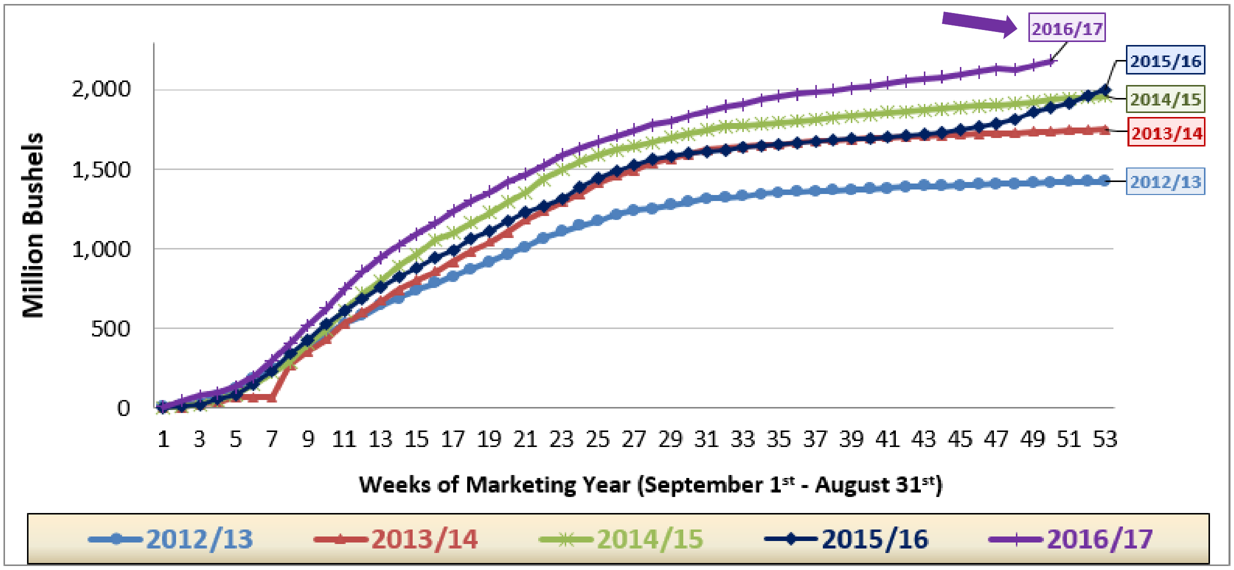
U.S. Soybean Production & Supplies



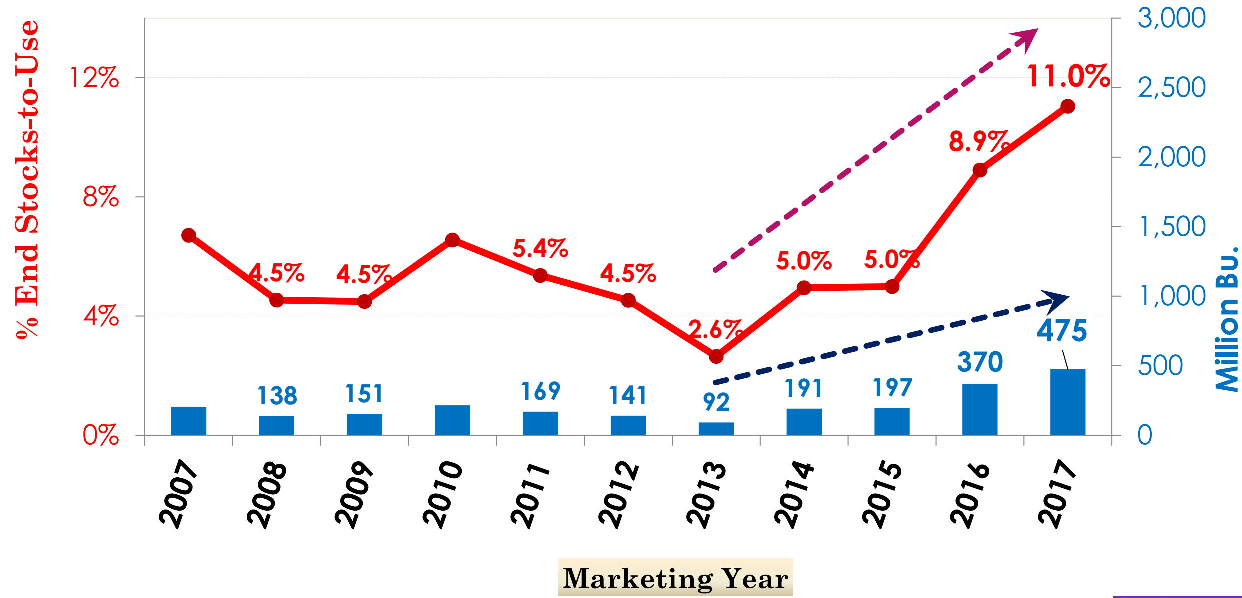
U.S. Soybean Use & End Stocks



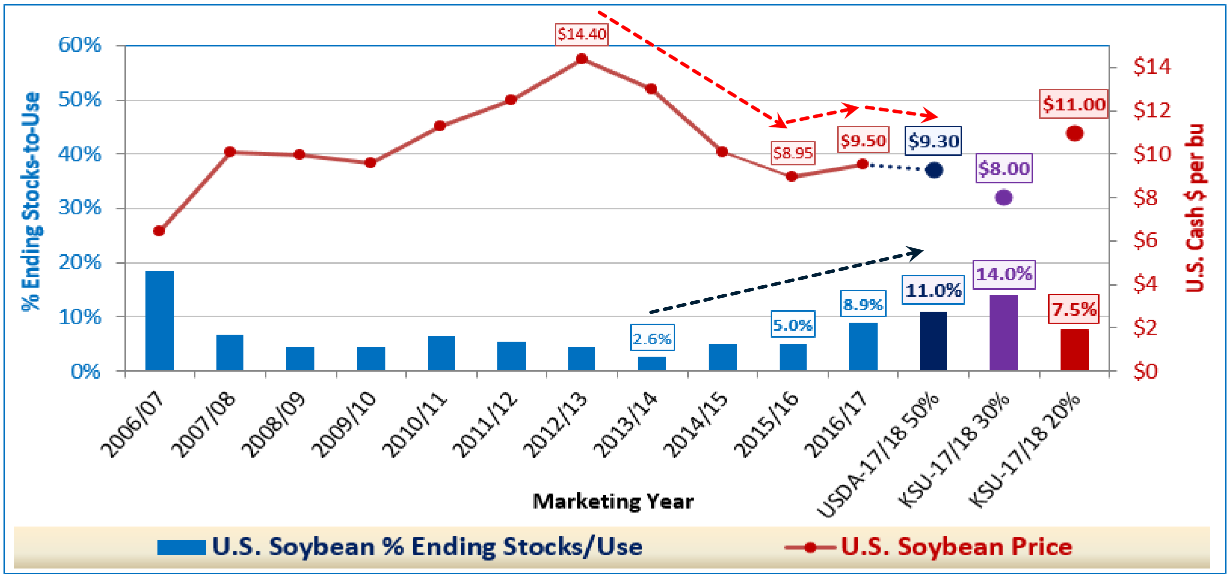
U.S. Soybean Exports - Weekly



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

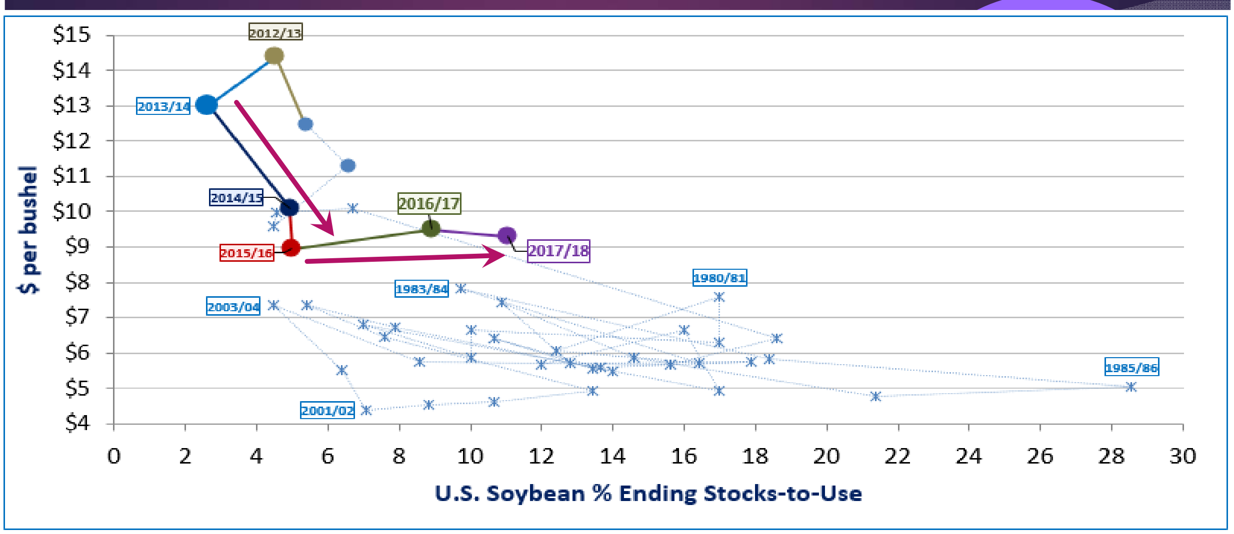


U.S. Soybean % Stocks/Use vs Price$

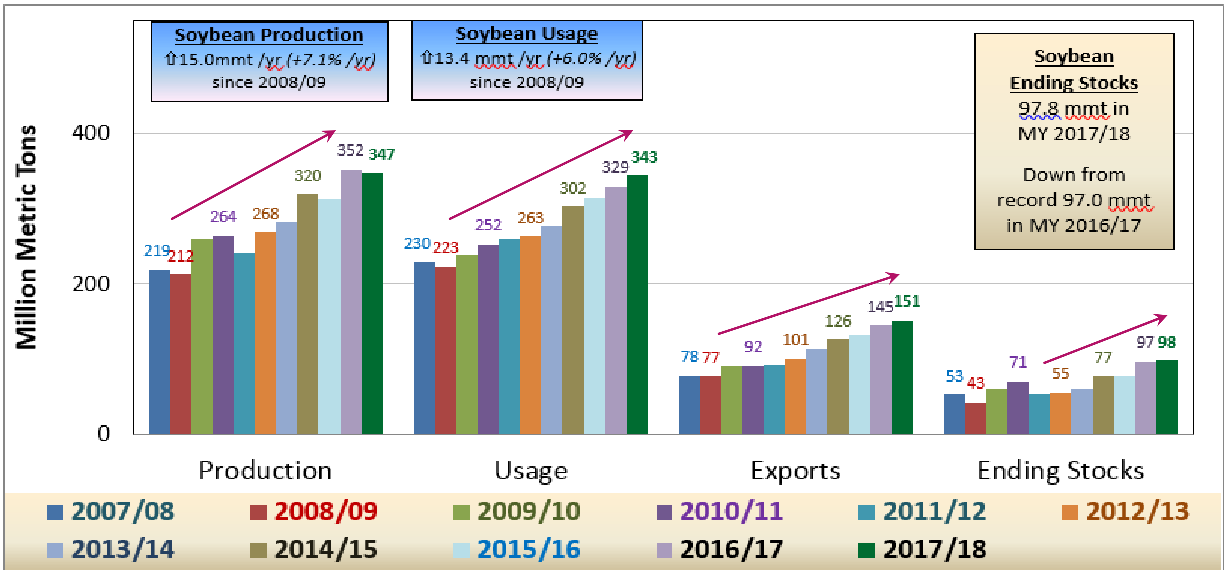


U.S. Soybean $ vs U.S. Stx-to-Use

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



World Soybean Supply, Use & Stocks

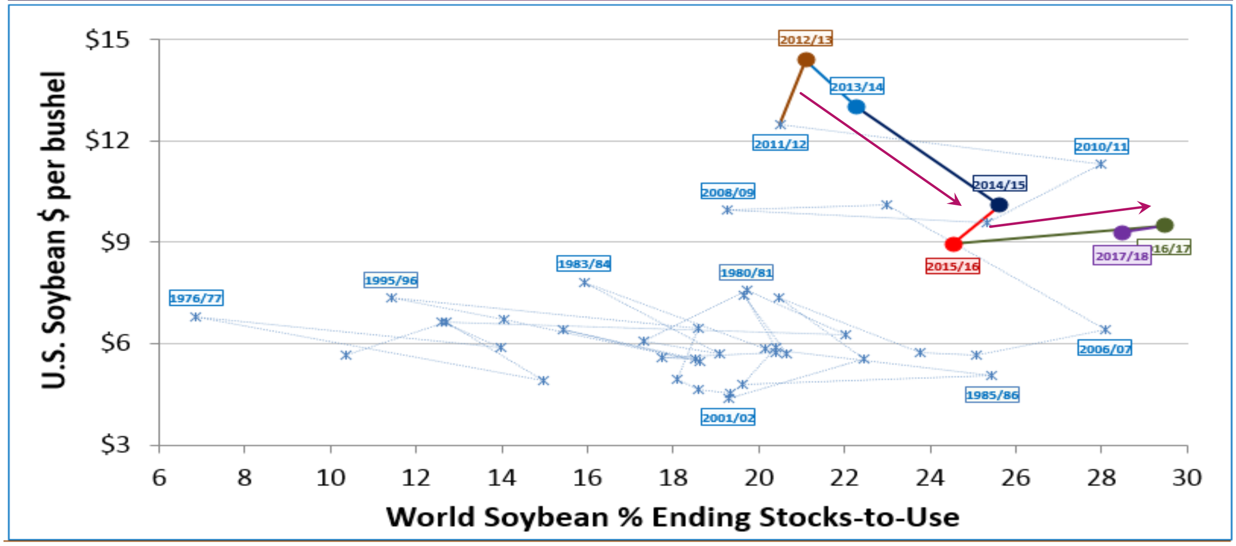


World Soybean Production

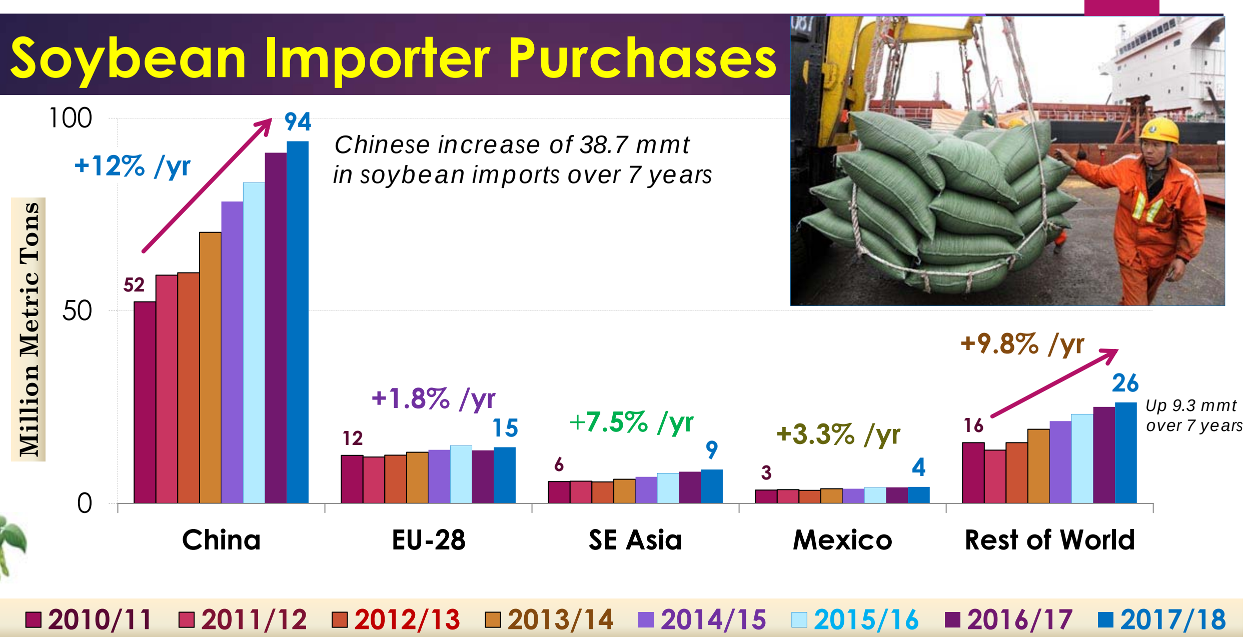
Country or Region	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
		Million Tons		
World	351.7	347.4	2.3	-4.4
United States	117.2	119.2	3.3	2.0
Foreign	234.5	228.1	-1.0	-6.4
Argentina	57.8	57.0	--	-0.8
Brazil	114.0	107.0	--	-7.0
Paraguay	10.7	9.4	--	-1.3
Canada	6.6	8.2	-0.2	1.7
India	11.5	10.0	-1.5	-1.5
China	12.9	14.0	--	1.1

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

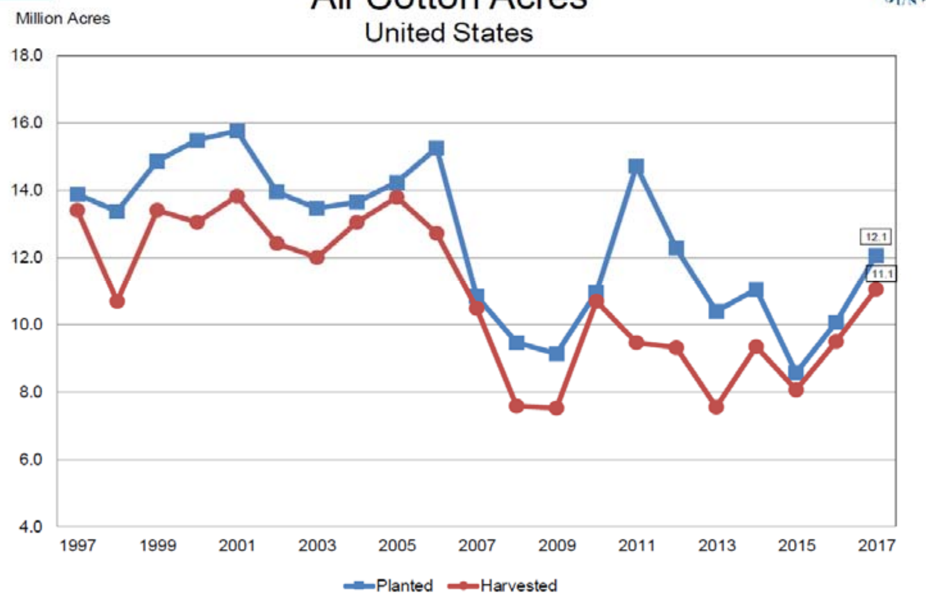
MY 1973/74 through "New Crop" MY 2017/18



Soybean Importer Purchases

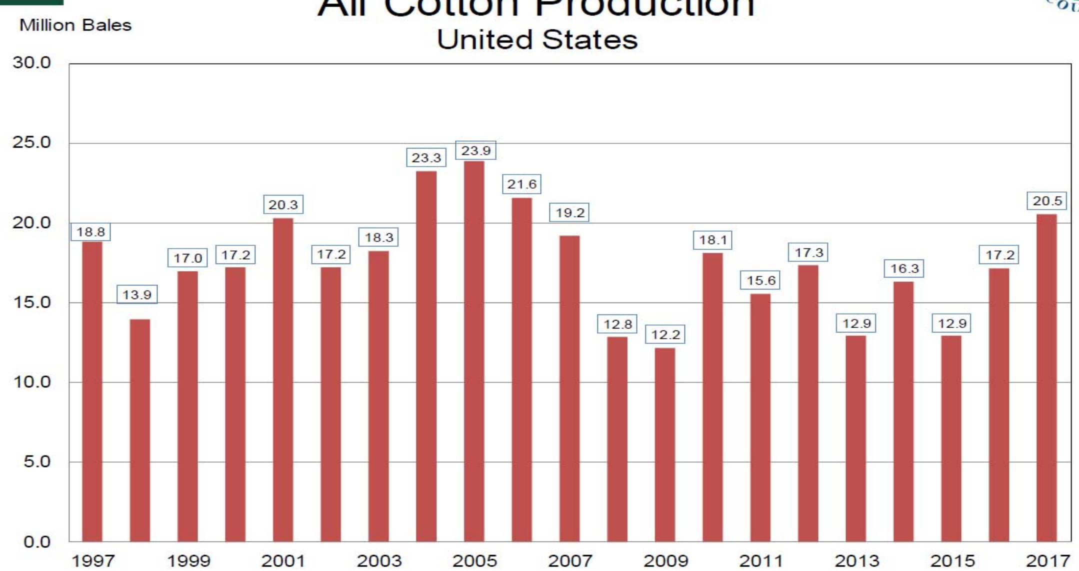


All Cotton Acres
United States

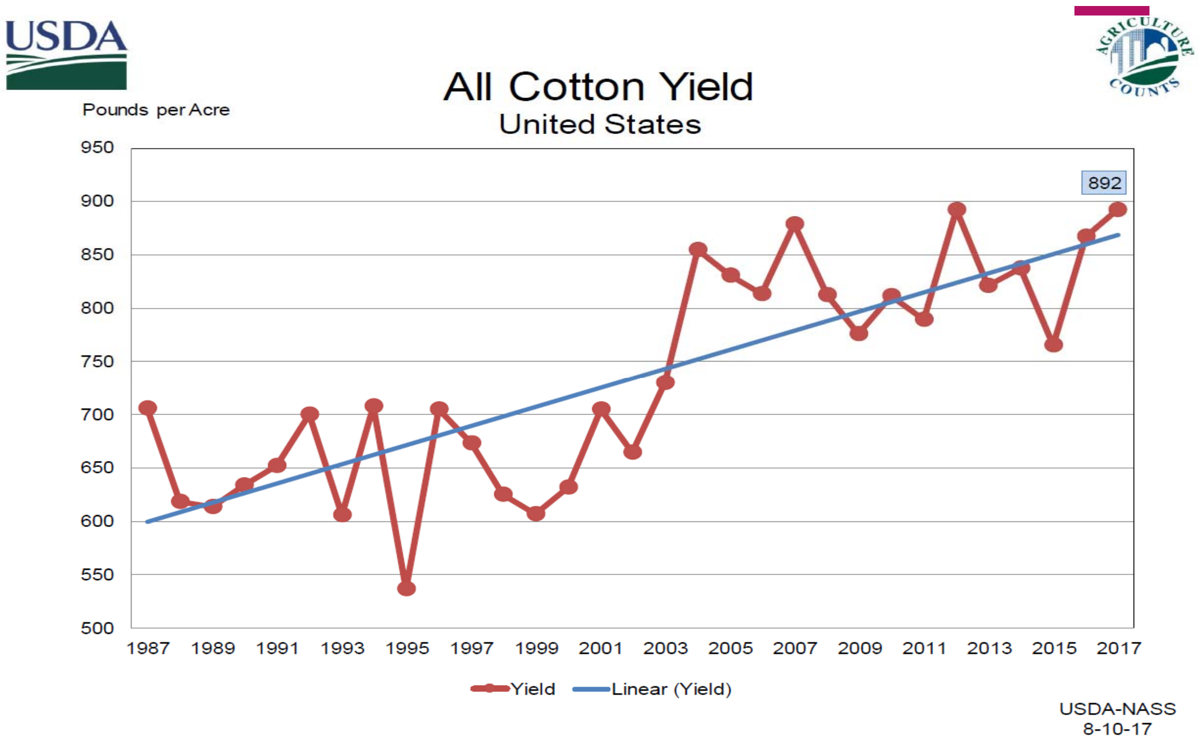


USDA-NASS
8-10-17

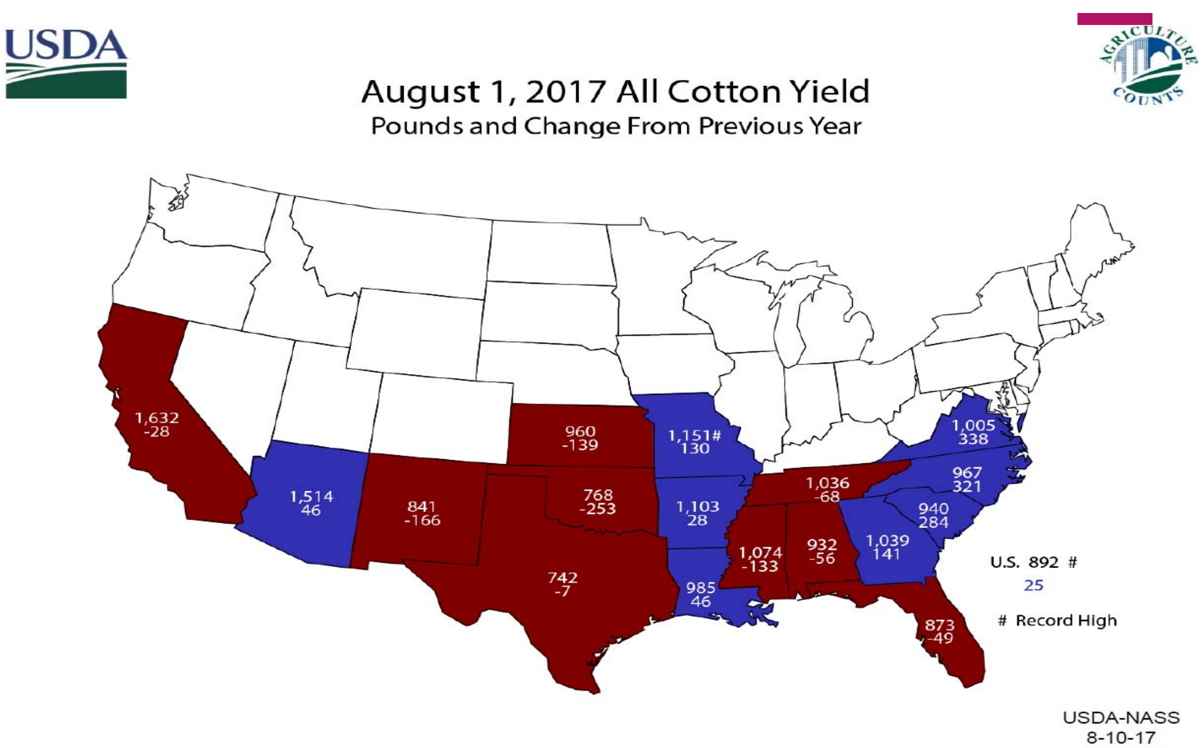
All Cotton Production
United States



USDA-NASS
8-10-17



All Cotton Yield
United States
Pounds per Acre
950
900
850
800
750
700
650
600
550
500
892
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
Yield
Linear (Yield)
USDA-NASS
8-10-17



August 1, 2017 All Cotton Yield
Pounds and Change From Previous Year
1,632
-28
1,514
46
841
-166
960
-139
768
-253
742
-7
1,151#
130
1,103
28
985
46
1,074
-133
1,036
-68
932
-56
1,039
141
873
-49
940
284
967
321
1,005
338
U.S. 892 #
25
Record High
USDA-NASS
8-10-17

U.S. Cotton Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from July 12	Change from 2016/17
Planted area (million acres)	10.07	12.06	--	1.98
Harvested area (million acres)	9.51	11.05	-0.13	1.55
Yield (pounds per acre)	867	892	76	25
		Million bales		
Beginning stocks	3.80	2.80	-0.40	-1.00
Imports	0.01	0.01	--	0.00
Production	17.17	20.55	1.55	3.38
Total supply	20.98	23.36	1.15	2.38
Mill use	3.25	3.35	-0.05	0.10
Exports	14.92	14.20	0.70	-0.72
Total use	18.17	17.55	0.65	-0.62
Unaccounted	0.01	0.01	-0.01	
Ending stocks	2.80	5.80	0.50	3.00
		Percent		
Stocks/use	15.4	33.0	1.7	17.6
		Cents per pound		
Average market price	68.00	55.0/67.0	--	-7.00

Questions?

Daniel O'Brien – Extension Ag Economist

Blog: www.ksugrains.wordpress.com

KSUGrains on Twitter & Facebook

www.AgManager.info

Kansas State University Department of Agricultural Economics