

2020 Grain Market Outlook

Salina, Kansas

February 17, 2020

DANIEL O'BRIEN

EXTENSION AGRICULTURAL ECONOMIST

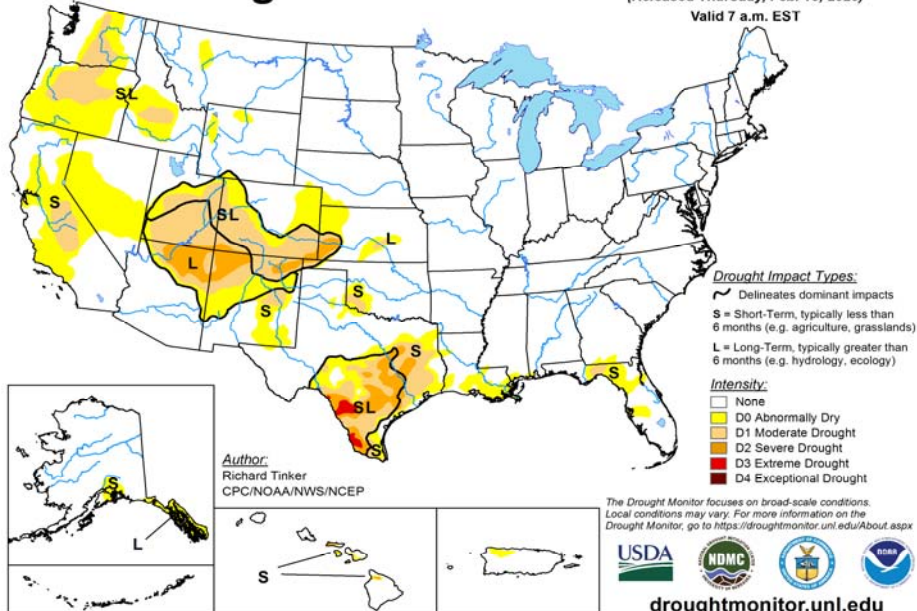
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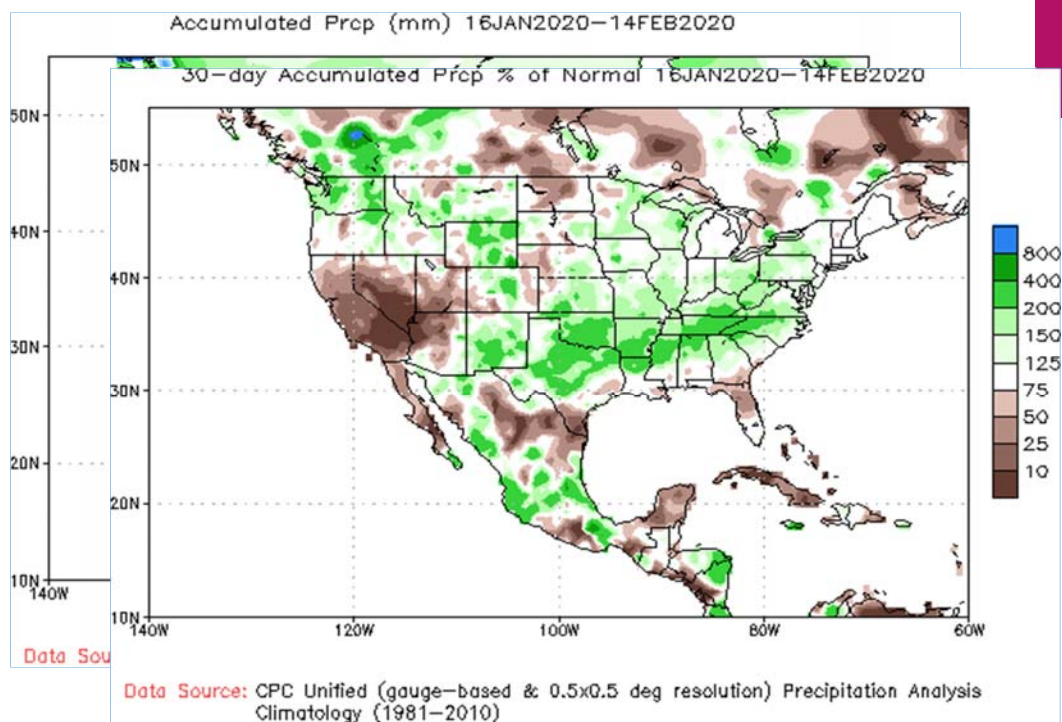
Department of Agricultural Economics



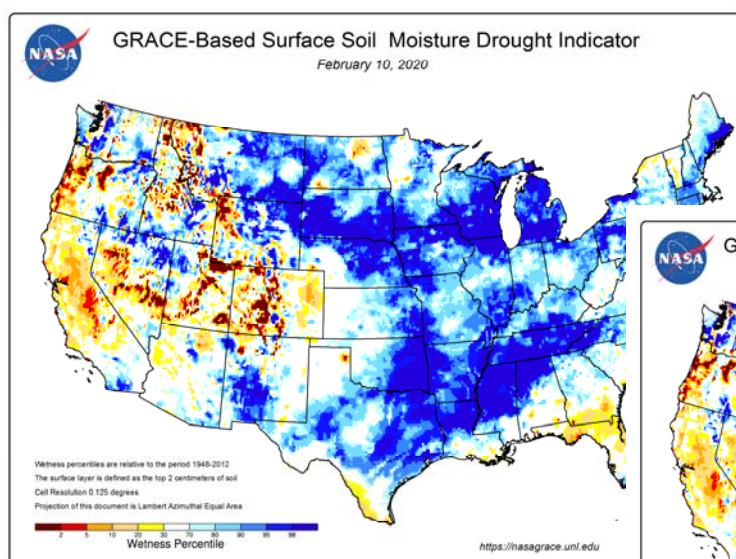
U.S. Drought Monitor

February 11, 2020
(Released Thursday, Feb. 13, 2020)
Valid 7 a.m. EST

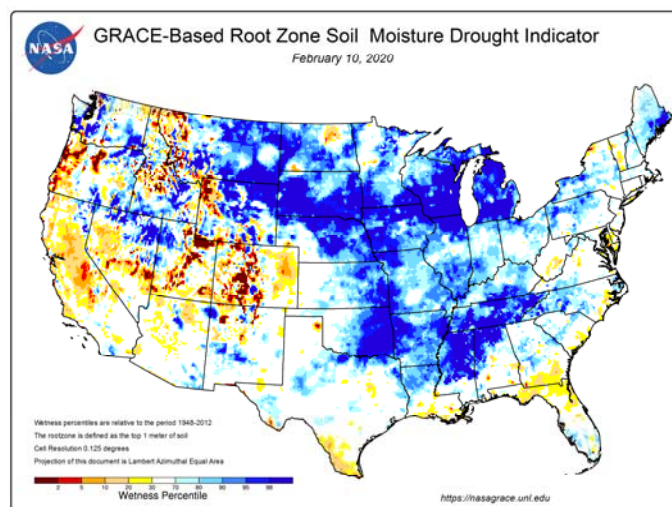


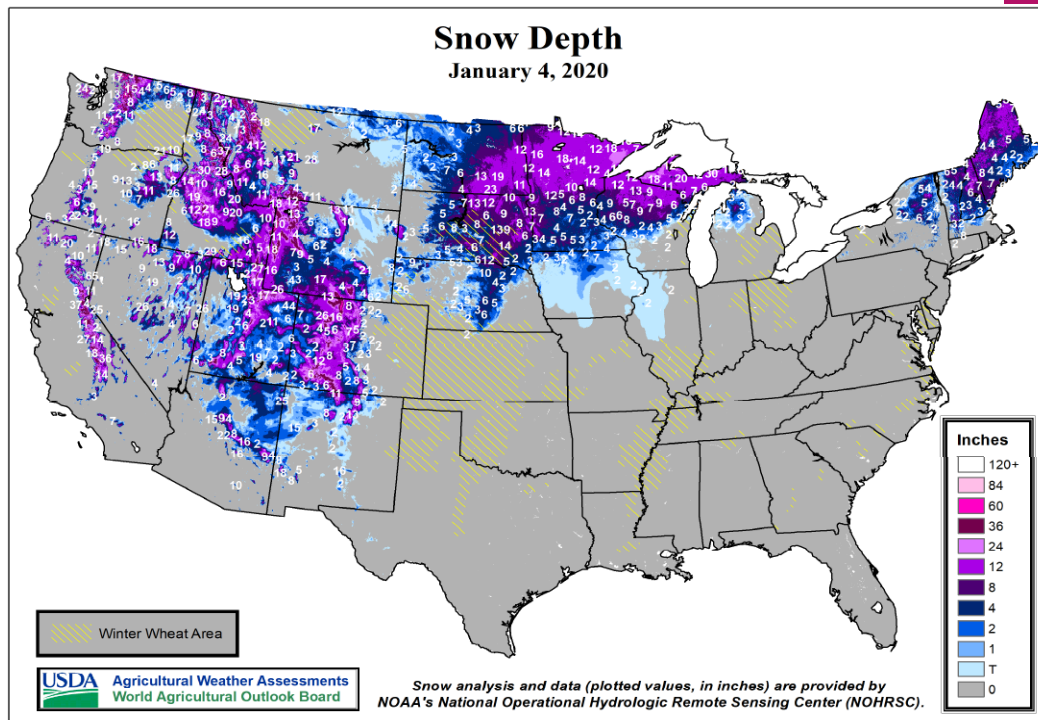


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2019 December APS Reinterview States

State	Crop(s)
Michigan	Corn, Soybeans
Minnesota	Corn
North Dakota	Corn, Soybeans
South Dakota	Corn
Wisconsin	Corn, Soybeans

February 11, 2020

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AUSTRALIA – Highlight: Welcome Rain

- The drought-plagued **east** received another much-needed soaking, but the rain came too late to significantly improve the yield prospects of dryland cotton and sorghum.

SOUTH AMERICA – Highlight: Conditions Overall Favorable For Summer Crops

- Pockets of warmth and dryness hastened soybean maturation in **southern Brazil**, but widespread rain elsewhere benefited emerging corn and cotton.
- In **Argentina**, showers covered most major summer grain, oilseed, and cotton areas, though some heat stress was reported on late-planted corn.

EUROPE – Highlight: Widespread Rain Continued, Still Very Warm

- Widespread rain eased lingering dryness concerns in **Germany** and the **southern Balkans** and maintained adequate reserves for dormant winter wheat and rapeseed elsewhere in **northern Europe**.
- Rain bypassed **Spain** and **Italy**, reducing moisture supplies for vegetative winter grains.
- Above-normal temperatures kept **northern and eastern Europe** unusually snow free.



Health

Coronavirus: How worried should we be?

By James Gallagher
Health and science correspondent

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27 January 2020

Coronavirus: Death toll climbs to 106 as China tightens measures

The number of total confirmed cases in China rose to 4,515 as of 27 January, up from 2,835 a day earlier. The country has meanwhile further tightened travel restrictions to try and curb the spread of the virus. The city of Wuhan, thought to be the epicentre of it, is already in effective lockdown as is much of surrounding Hubei province.

The coronavirus causes severe acute respiratory infection and there is no specific cure or vaccine. Most of the deaths have been of elderly people or those with pre-existing respiratory problems.

Coronavirus cases outside China



Source: BBC Research

BBC

Unpredictable Grain Markets in Year 2020 11

□ The “Ups & Downs” of U.S. Trade Tensions

- **U.S.-Japan Trade Agreement (+)**
 - Likely positive impact on U.S. grain exports vs TPP Countries
- **USMCA Trade Agreement** U.S.-Mexico-Canada ⇒ *To be ratified (+)*
 - **Mexico** grain purchases from the U.S.
 - **Canada** grain export competition vs U.S. (Wheat, Oilseeds)
- **U.S. vs China (?)**
 - Soybeans, Sorghum, Beef (*Working at resolution in “Phases”*)



ECONOMIC AND TRADE AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA AND
THE PEOPLE'S REPUBLIC OF CHINA
FACT SHEET

AGRICULTURE AND SEAFOOD RELATED PROVISIONS

Key outcomes of the Phase One agreement are:

- **Purchases:** China will purchase and import on average at least \$40 billion of U.S. food, agricultural, and seafood products annually for a total of at least \$80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional \$5 billion per year over the next two years.

- **Feed Products, including Distillers' Dried Grains with Solubles (DDGS):** China has agreed to immediately update its list of traditionally-traded feed additive products with 23 U.S. products and to streamline the registration process for feed additives, premixes, and compound feed. With regard to DDGS, China has also agreed to speed up license renewals for DDGS manufacturers.
- **Geographical Indications (GI):** China has agreed to not undermine market access for U.S. exports to China using trademarks and generic terms through any GI measures taken in connection with an international agreement, to use certain relevant factors when making determinations for genericness, and to not provide GI protection to individual components of multi-component terms if the individual component is generic.

- **Tariff Rate Quota Administration:** China has agreed to comply with its WTO obligations and to make specific improvements to its administration of wheat, corn, and rice tariff-rate quotas (TRQs), including the allocation methodology, treatment of non-state trading quota applicants, and increased transparency. Separate from this Agreement, as part of a WTO dispute brought and won by the United States, China agreed to comply with its WTO obligations for the administration of TRQs for wheat, corn, and rice by December 31, 2019.

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- **Sanitary and Phytosanitary Measures:** The Parties agreed to not implement food safety regulations or require actions of the other Party's regulatory authorities that are not science- and risk-based and shall only apply such regulations and require such actions to the extent necessary to protect human life or health. In addition, recognizing the importance of ensuring that sanitary and phytosanitary (SPS) measures are science-based, non-discriminatory, and account for regional differences, the Parties have agreed that China will improve SPS measures affecting a wide variety of products, which will facilitate exports of U.S. food and agricultural products to China.

FACTBOX-What's in the U.S.-China Phase 1 trade deal

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15-Jan-2020 12:10:01 PM

Jan 15 (Reuters) - U.S. President Donald Trump and Chinese Vice Premier Liu He signed a deal on Wednesday in the White House that cut some U.S. tariffs on Chinese goods in exchange for Chinese pledges to purchase more of American farm, energy and manufactured goods and address some U.S. complaints about intellectual property practices.

Following are details of the deal released by the United States Trade Representative. Beijing has not yet released a version of the deal in Chinese, after an extended translation process that continued until Tuesday night.

China "shall ensure" additional purchases of U.S. agriculture products by \$32 billion over two years, the deal says, including \$12.5 billion above the corresponding 2017 baseline of \$24 billion in 2020 and \$19.5 billion above the baseline in 2021.

That would give an average annual total of about \$40 billion, a number Trump has touted before.

TARIFFS

The United States will cut by half the tariff rate it imposed on Sept 1. on a \$120 billion list of Chinese goods, to 7.5%.

U.S. tariffs of 25% on \$250 billion worth of Chinese goods put in place earlier will remain immediately unchanged. These could be rolled back as part of a Phase 2 trade negotiation, U.S. Treasury Secretary Steven Mnuchin said on Wednesday.

Tariffs that were scheduled to go into effect on Dec. 15 on nearly \$160 billion worth of Chinese goods, including cellphones, laptop computers, toys and clothing, are suspended indefinitely. China's retaliatory Dec. 15 tariffs, including a 25% tariff on U.S.-made autos, have also be suspended.

Market “Realities” to be determined

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□ “Final” 2019 U.S. Corn & Soybean Crops (“Sometime” in 2020)

- **Corn²⁰¹⁹** < 13.692 bln bu? ➡ End Stocks < 1.892 bb?
- **Soybeans²⁰¹⁹** < 3.558 bln bu? ➡ End Stocks < 475 mb?

Market “Realities” to be determined

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□ U.S. HRW Wheat Seedings (Jan ²⁰²⁰)

- *Struggling profitability* for 2013-2019 HRW Wheat
- **USDA: 21.8 mln acres Year²⁰²⁰** – ↓3% vs 2019
- **Dry soils** may ↓ 2020 HRW crop prospects (*BUT – is still early*)

More Grain Market Events to Anticipate

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□ 2020 Production of Export Competitors

- **2020 Soybeans** ^{So-Am} → *Up* 3.3% & *Up* 10.2% vs last 2 years
- **2020 Corn** ^{So-Am + Ukraine} → *Up 29% vs 2015-2017 Average*
- **ARG-Brazil-Ukraine** ⇔ Ag Export “Open Door” w. U.S.-China Trade Issue

□ U.S. Dollar Strength ⇒ Limiting U.S. grain exports

- **USD\$ Index** ^{Trade Wghtd} → **DEC 2019** up 7.3% since low in **FEB 2018**
- **Brazil Reals ÷ USD\$** ≈ 4.12 in **OCT-DEC 2019** (vs low of 1.56 in **JUNE 2011**)

More Grain Market Events to Anticipate

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□ U.S. Spring Plantings (April-May 2020)

- **Corn** ²⁰²⁰ *Up 4-5 mln ac?* → ↑ from 89.7 to 94-95 mln ac?
- **Soybeans** ²⁰²⁰ *Up 8 mln ac?* → ↑ from 76.1 to 84 mln ac?

□ “Bearish” Positions of Grain Futures’ Traders.....

BUT – “Strong” local **Basis** in Cash Markets & Demand Centers

- **Corn** → *Strong* basis @ US. Ethanol Plants
- **Soybeans** → *Moderate-to-weak basis* in many areas – but improving
- **HRW Wheat** → *Strong basis* @ Elevators in the Central / Southern Plains

Wheat Markets

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CME Kansas HRW Wheat

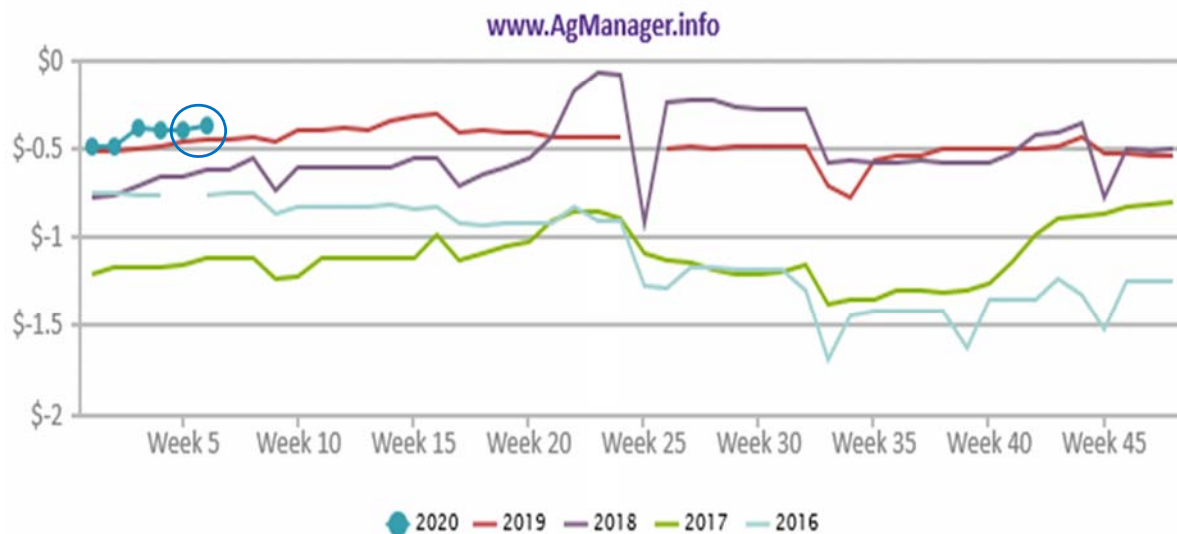
Weekly Chart: December 2015 – February 14, 2020

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TFC Commodity Charts



ASSARIA, KS: Hard Red Winter Wheat Basis - FARMERS GRAIN COOP-BRIDGEPORT



HRW Wheat Cash Bids – Near Assaria, KS

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Friday, January 14, 2020 (Source: DTN Grains)

Elevator/Location	Feb 2020	Mar 2020	Jul 2020
MID KANSAS COOP-BRIDGEPORT ASSARIA, KS	4.29	---	4.30
AGRI TRAILS COOP GYPSUM, KS	4.45	---	---
MID KANSAS COOP LINDSBORG, KS	4.29	---	4.35
MID KANSAS COOP FALUN, KS	4.28	---	4.26
SCOLAR GRAIN CO SALINA, KS	4.61	---	---
CARGILL SALINA, KS	4.65	4.65	---
AGRI TRAILS COOP CARLTON, KS	4.45	---	---
MID KANSAS COOP MCPHERSON, KS	4.33	---	4.40
COOPERATIVE GRAIN & SUPPLY CANTON, KS	4.36	---	4.39

2020 KSU Cost of Production Budget Estimates

Non-Irrigated Wheat
North Central KS
@ 50 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$4.22 /bu
- All Cost (With Cash Rent) = \$5.44 /bu

Central Kansas Terminal and Processor Daily Grain Report

TERMINAL HRW WHEAT ORD US NO 1				
	Bids	Change (¢/bu)	Basis	Change
Topeka	4.61	UNCH	-5H	UNCH
Concordia	4.51	UNCH	-15H	UNCH
Salina	4.61-4.66	UNCH	-5H to OptH	UNCH
Great Bend	4.46	UNCH	-20H	UNCH
Newton	4.38	UNCH	-28H	UNCH
Hutchinson	4.66-4.94	UNCH	OptH to 28H	UNCH
Wichita	4.54-4.66	UNCH	-12H to OptH	UNCH
Wellington	4.45-4.51	UNCH	-21H to -15H	UNCH
Arkansas City	4.43	UNCH	-23H	UNCH
TERMINAL HWW WHEAT ORD US NO 2				
	Bids	Change (¢/bu)	Basis	Change
Wichita	4.66	UNCH	OptH	UNCH

U.S. Wheat Stocks.....

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- **U.S. HRW Wheat:** *"Still Large" Carryover (BUT declining)*
 - **End Stocks** MY 2019/20 → 484 mln bu (516 mb last year)
 - **% Stocks/Use** MY 2019/20 → 55.6% S/U (70.5% Stx/Use last year)
- **All U.S. Wheat:** *"Large" but "Moderating" Stocks*
 - **End Stocks** 2019/20 → 940 mln bu (1.080 bb last year)
 - **% Stocks/Use** 2019/20 → 43.4% S/U (53.0% Stx/Use last yr)

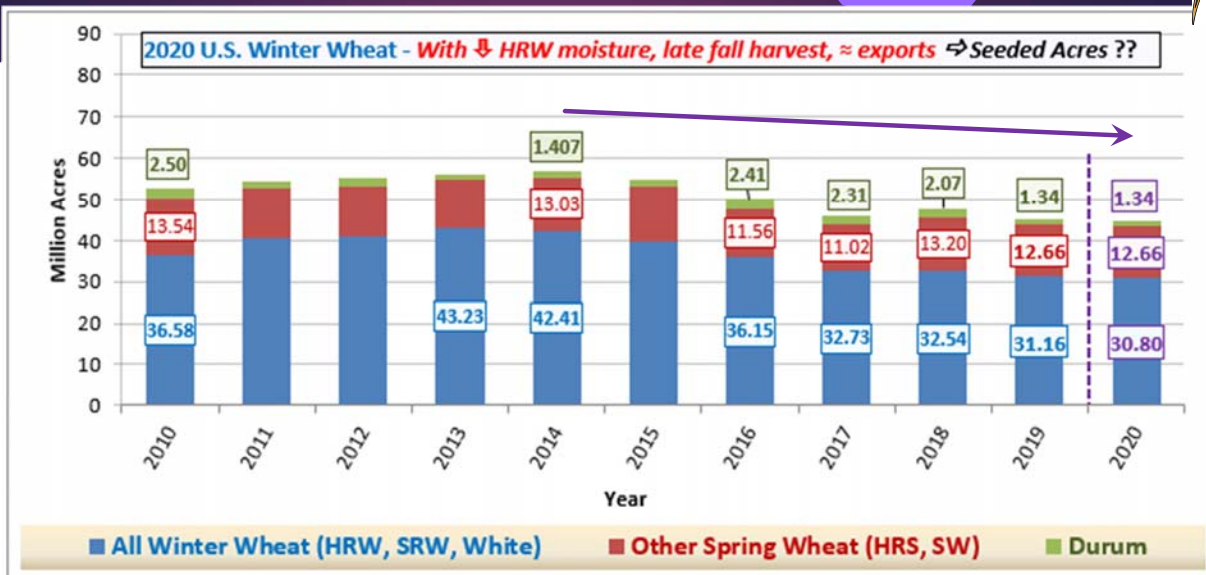
U.S. Wheat Supply and Demand

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Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
Planted area (million acres)	47.8	45.2	--	-2.7
Harvested area (million acres)	39.6	37.2	--	-2.5
Yield (bushels per acre)	47.6	51.7	--	4.1
----- Million bushels -----				
Beginning stocks	1,099	1,080	--	-19
Production	1,885	1,920	--	35
Imports	135	105	--	-30
Total supply	3,119	3,105	--	-14
Food use	955	955	--	**
Seed	59	60	--	1
Feed and residual	90	150	--	60
Domestic use	1,103	1,165	--	62
Exports	936	1,000	25	64
Total use	2,039	2,165	25	126
Ending stocks	1,080	940	-25	-140
----- Percent -----				
Stocks to use ratio	52.9	43.4	-1.7	-9.5
----- Dollars per bushel -----				
Average market price	5.16	4.55	--	-0.61

U.S. Wheat Seeded Acreage

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U.S. Wheat Planted & Harvested Acres

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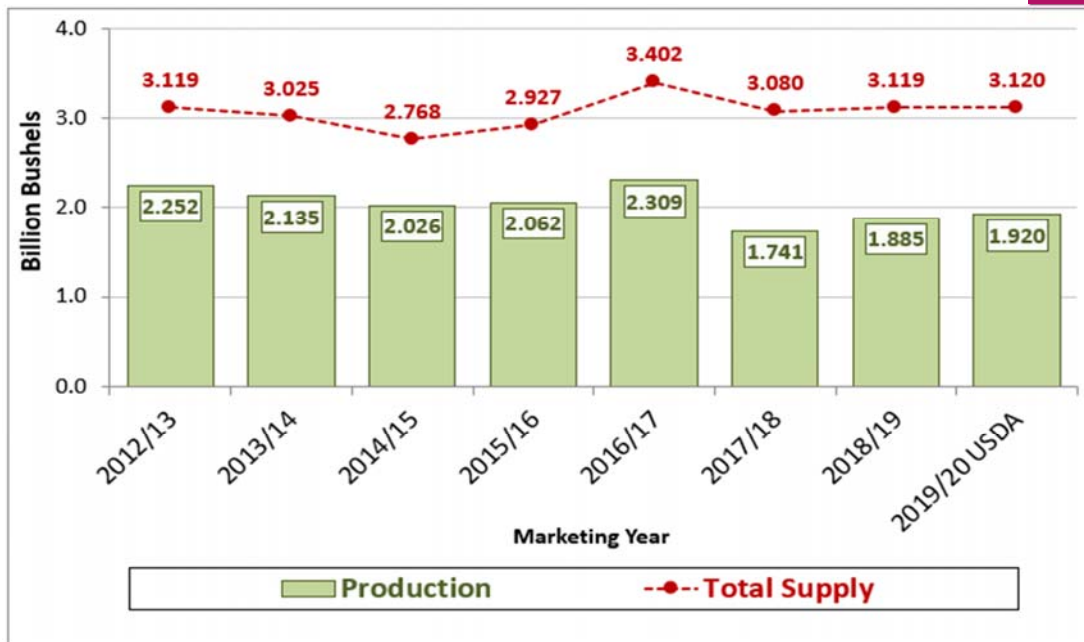
U.S. Wheat Yields

33



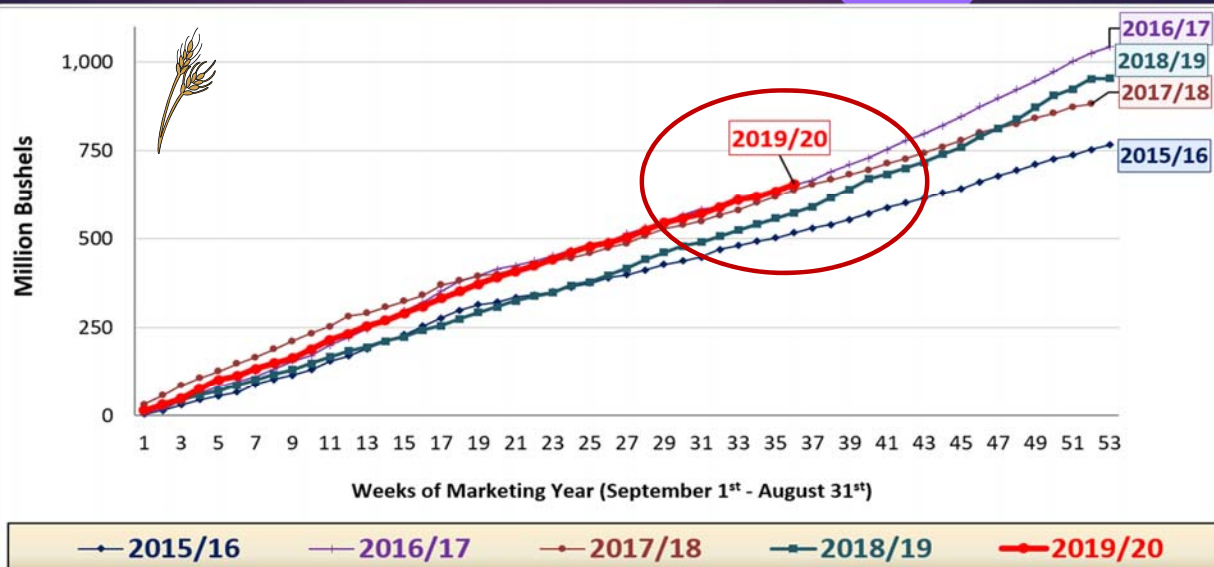
U.S. Wheat Production & Supplies

34

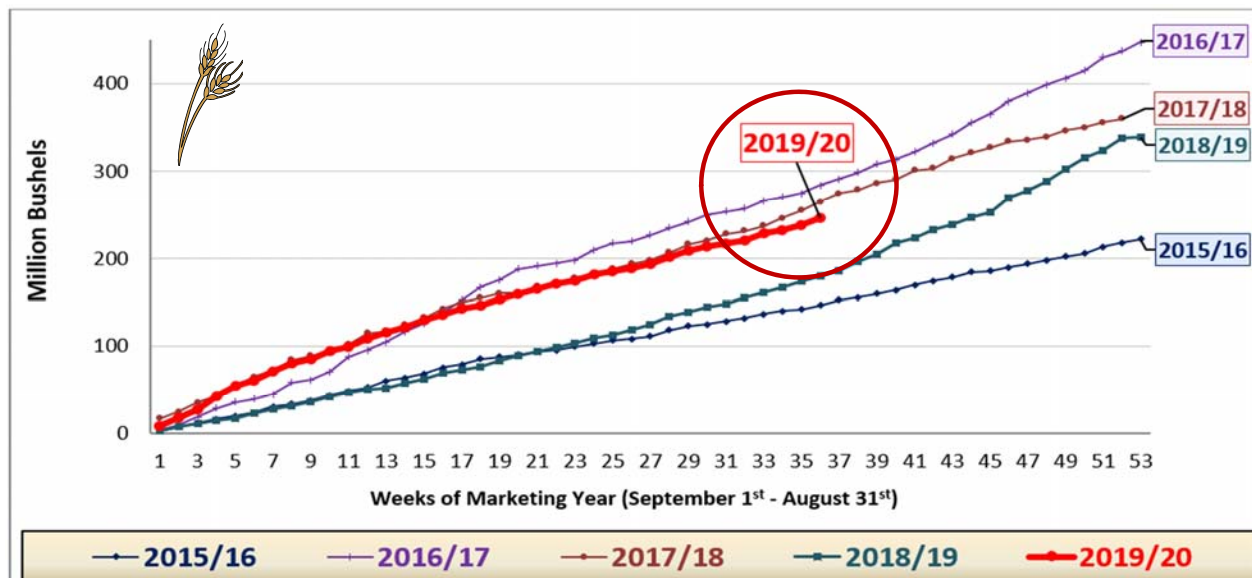


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U.S. Wheat Exports – Weekly thru February 6, 2020



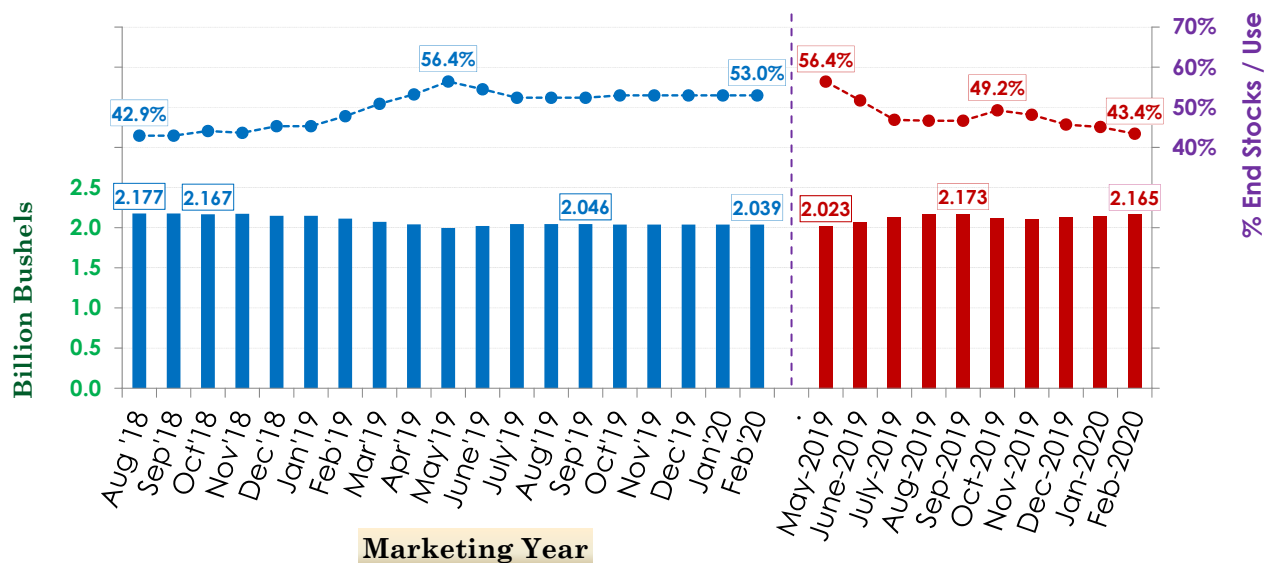
U.S. HRW Wheat Exports – Weekly thru February 6, 2020



U.S. Wheat Total Use Projections (USDA)

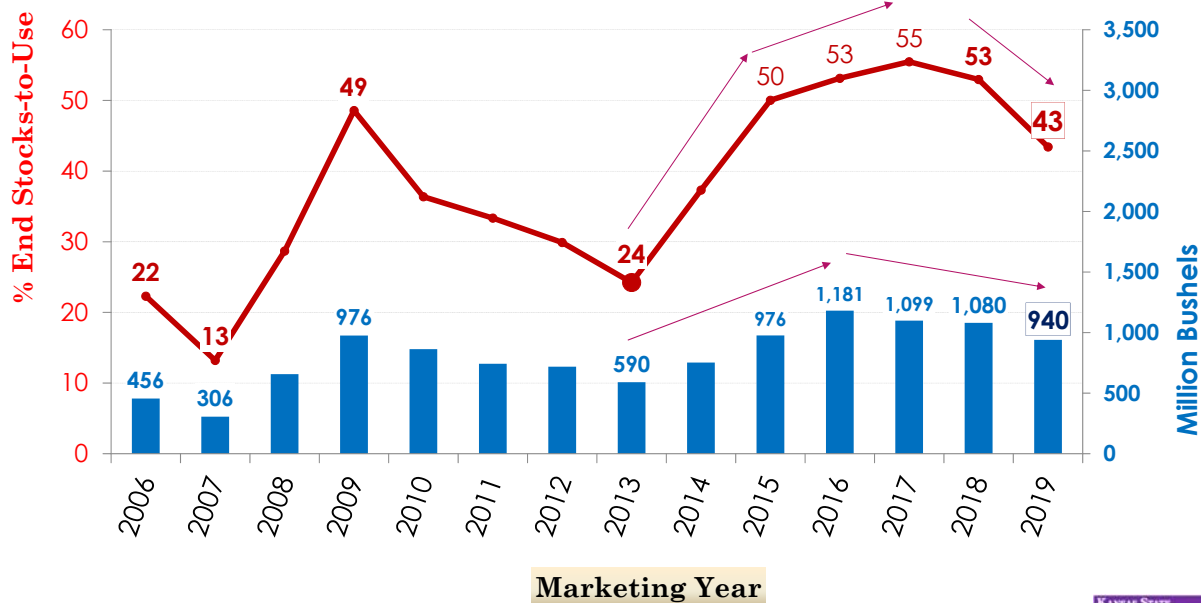
For “Old Crop” MY 2018/19 & “New Crop” MY 2019/20

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

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U.S. Wheat Ending Stocks/Use & Prices

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World Wheat Market Prospects:

Large Supplies \Rightarrow Less of a “*Buyer’s Market*”

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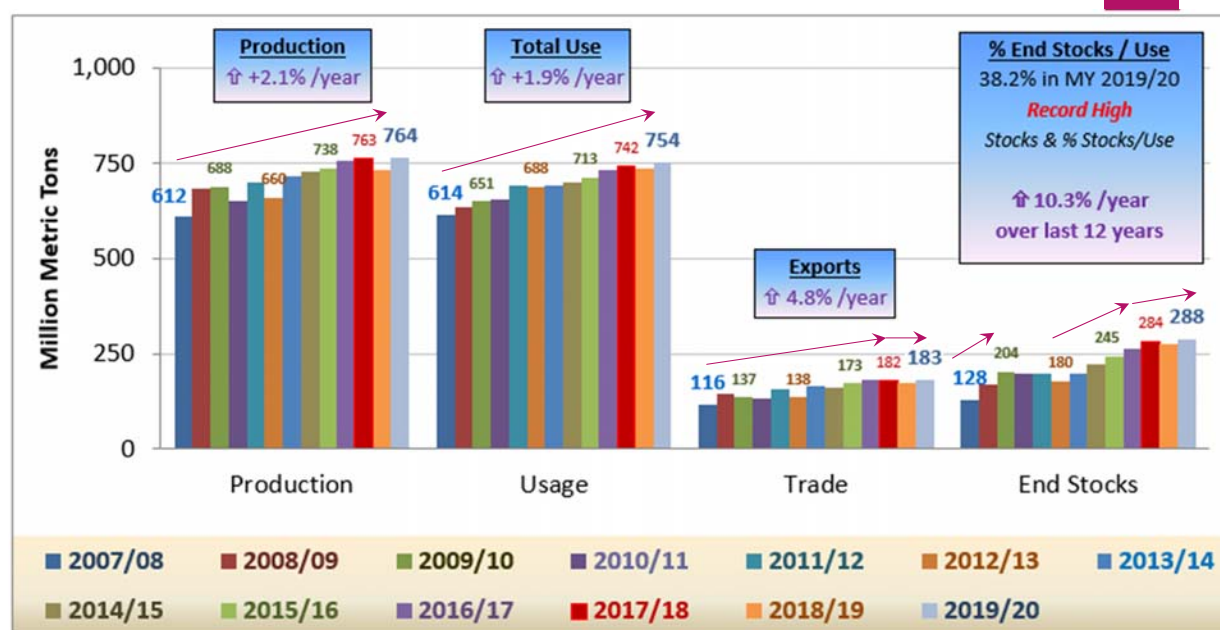


- **Record Supplies & Record Use** in MY 2019/20
 - **Production** $\uparrow 2.1\%$ /yr vs **Use** $\uparrow 1.9\%$ \Rightarrow **Stocks** $\uparrow 10.3\%$ Since 2007/08
- **MY 2019/20 crops:** \downarrow Argentina, Australia*; \uparrow EU*, Russia, Ukraine*, China
- **Ongoing “competitive buying pressure”** in World Trade
 - Slowed growth in % *Stocks/Use* over last 2-3 years
 - **BUT** “Tighter” supplies from a *“World-Less-China”* perspective

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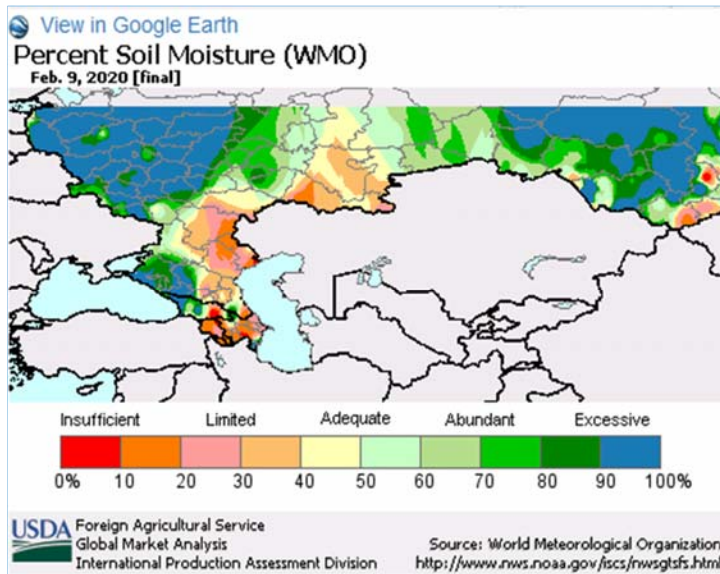
World Wheat Supply, Use & Stocks

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Russia, Azerbaijan, Armenia & Georgia

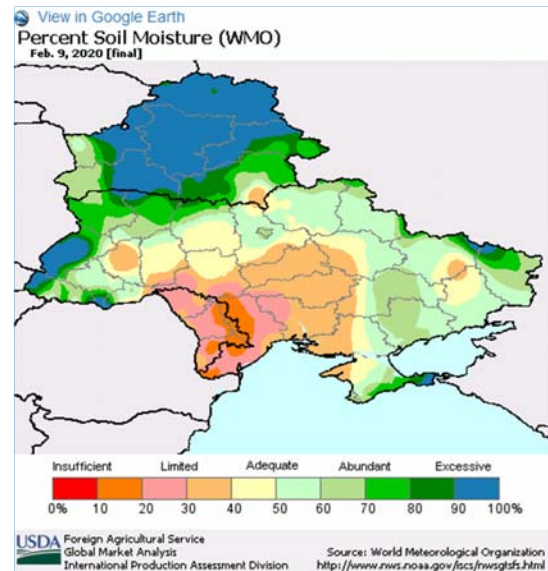
Percent Soil Moisture



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Ukraine, Moldova, & Belarus

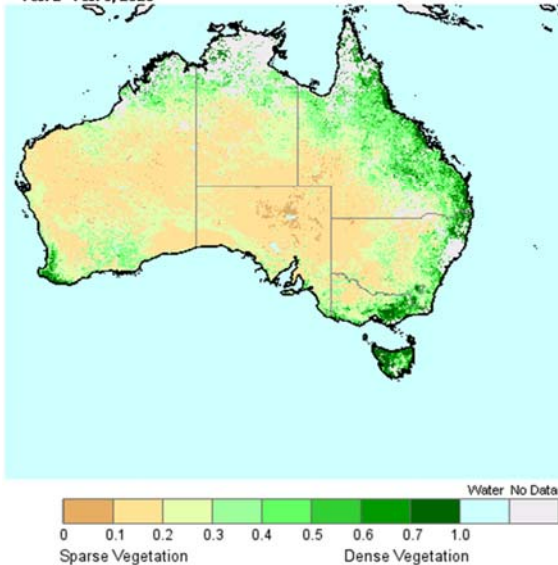
Percent Soil Moisture



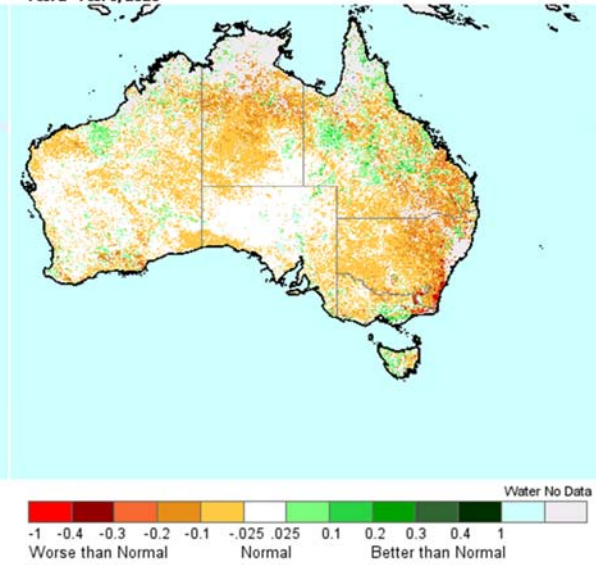
Australia – Vegetation Measures in early February 2020

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NDVI (MODIS-Terra)
Feb. 2 - Feb. 9, 2020



NDVI Departure from Average (MODIS-Terra)
Feb. 2 - Feb. 9, 2020



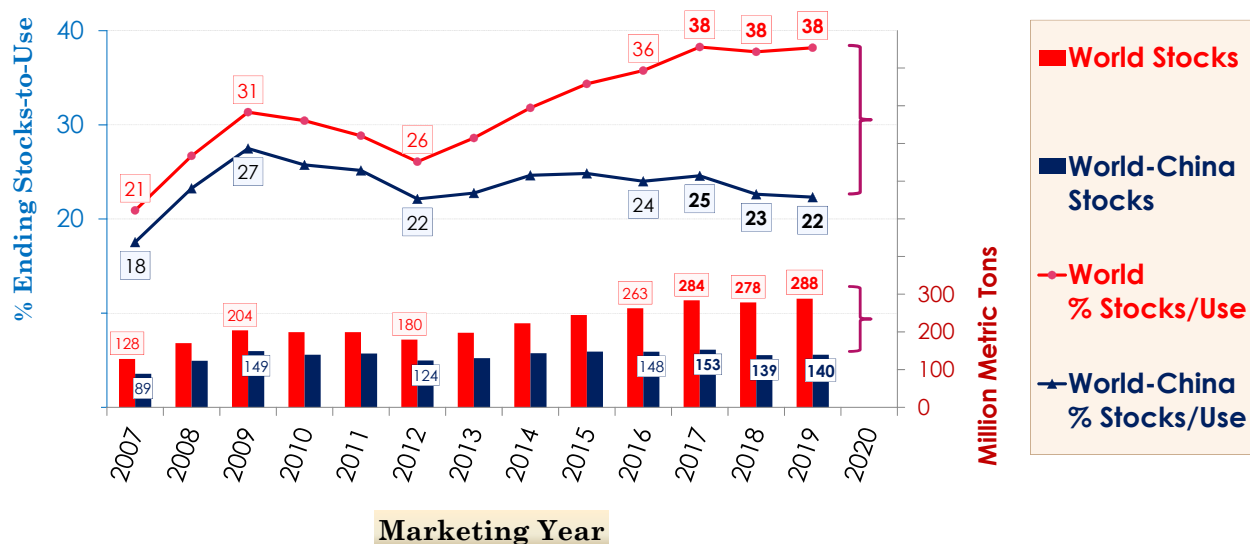
World Wheat Supply and Use

Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
----- Million Tons -----				
Beginning stocks	283.8	278.3	0.2	-5.6
Production	731.5	764.0	-0.4	32.5
Total Supply	1,015.3	1,042.2	-0.2	26.9
Feed use	139.8	148.0	-0.4	8.2
Total use	737.0	754.2	-0.2	17.2
Trade	173.5	182.8	1.8	9.3
Ending Stocks	278.3	288.0	**	9.8

February 11, 2020

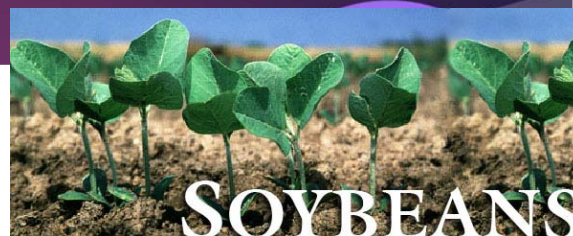
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World & World-less-China WHEAT Stocks & %S/U





Soybean Markets



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Department of Agricultural Economics

U.S. Soybean Market Prospects in Year 2020

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A. U.S.-China Trade Dispute

- *HAS* affected U.S. Soybean export shipments, forward purchases & prices, with recent positive negotiation news

B. U.S. Exports forecast *down 17%+* vs 2-3 year ago *highs*

- Foreign buyer "*switching*" between *U.S.* & *South America*
- **U.S. China Trade Dispute Resolution** likely to be "*positive*"

C. Market Focus in Winter-Spring of Year 2020

- So. America crops, **U.S. Acres**, & **Coronavirus worries**

CME Soybean Futures

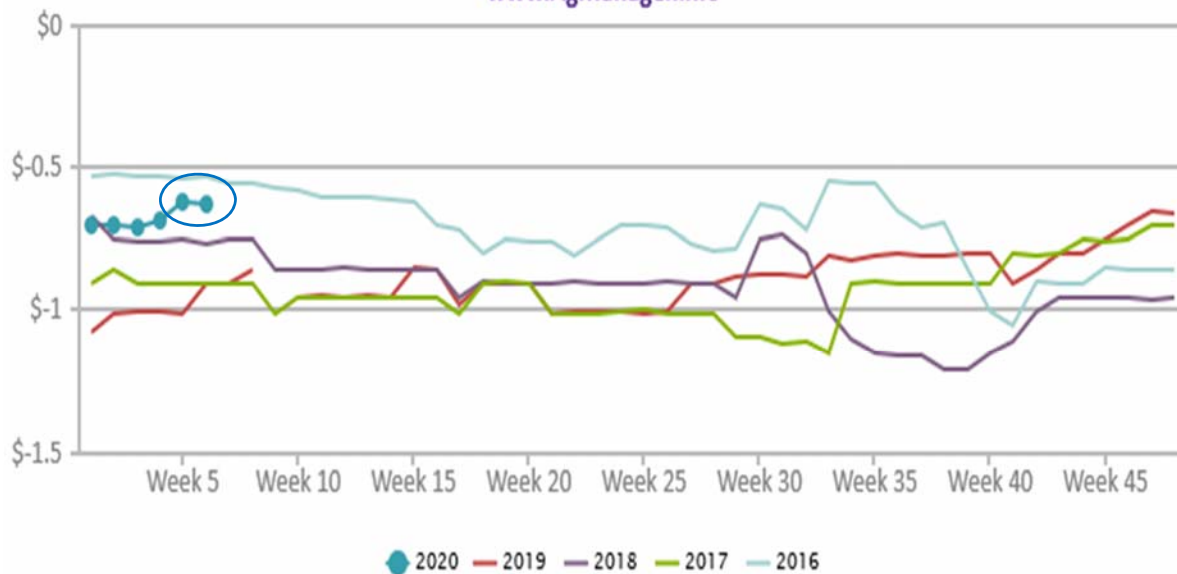
Weekly Chart: Fall 2015 through February 14, 2020

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SALINA, KS: Soybeans Basis - CARGILL

www.AgManager.info



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Soybean Cash Bids – Near Assaria, KS

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Friday, February 14, 2020 (Source: DTN Grains)

Elevator/Location	Feb 2020	Mar 2020	Oct 2020
AGRI TRAILS COOP GYPSUM, KS	8.22	---	---
MID KANSAS COOP LINDSBORG, KS	8.11	---	8.21
ADM GRAIN SALINA, KS	8.34	---	8.28
SCOULAR GRAIN CO SALINA, KS	8.34	---	---
CARGILL SALINA, KS	8.38	8.33	---
AGRI TRAILS COOP CARLTON, KS	8.22	---	---
MID KANSAS COOP MARQUETTE, KS	8.08	---	8.17
MID KANSAS COOP CANTON, KS	8.24	---	8.32

2020 KSU Cost of Production

Budget Estimates

Non-Irrigated Soybeans

North Central KS

@ 41 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$5.92 /bu
- All Cost (With Cash Rent) = \$7.40 /bu

DC_GR112

Dodge City, KS

Fri, Feb 14, 2020

USDA-KS Dept of Ag Market News

Central Kansas Terminal and Processor Daily Grain Report

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TERMINAL US NO 2 SOYBEANS

	Bids	Change (¢/bu)	Basis	Change
Atchison	8.76	DN 2	-18H	UNCH
Topeka	8.66	UP 2	-28H	UP 4
Salina	8.34-8.39	DN 2-UP 3	-60H to -55H	UNCH-UP 5
Newton	8.16	DN 2	-78H	UNCH
Hutchinson	8.14-8.39	DN 2	-80H to -55H	UNCH
Wichita	8.26	DN 2	-68H	UNCH
Wellington	8.24	DN 2	-70H	UNCH
Arkansas City	8.22	DN 2	-72H	UNCH

PROCESSOR US NO 2 SOYBEANS

	Bids	Change (¢/bu)	Basis	Change
Emporia	8.89	DN 2	-5H	UNCH
Wichita	8.87	DN 2	-7H	UNCH

U.S. Soybeans Supply and Demand

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Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
Planted area (million acres)	89.2	76.1	--	-13.1
Harvested area (million acres)	87.6	75.0	--	-12.6
Yield (bushels per acre)	50.6	47.4	--	-3.1
----- Million bushels -----				
Beginning stocks	438	909	--	471
Production	4,428	3,558	--	-870
Imports	14	15	--	1
Total supply	4,880	4,482	--	-398
Crush	2,092	2,105	--	13
Seed and Residual	132	128	--	-4
Domestic use	2,224	2,233	--	9
Exports	1,748	1,825	50	77
Total use	3,971	4,058	50	87
Ending stocks	909	425	-50	-485
----- Percent -----				
Stocks to use ratio	22.9	10.5	-1.4	-12.4
----- Dollars per bushel -----				
Average market price	8.48	8.75	-0.25	0.27

U.S. Soybean Stocks.....

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• Soybean: “Moderate-Large” Stocks & % S/U

○ End Stocks ^{2019/20} → 425 mln bu (vs 909 mb last yr)

○ % Stocks/Use ^{2019/20} → 10.5% S/U (vs 22.9% last yr)

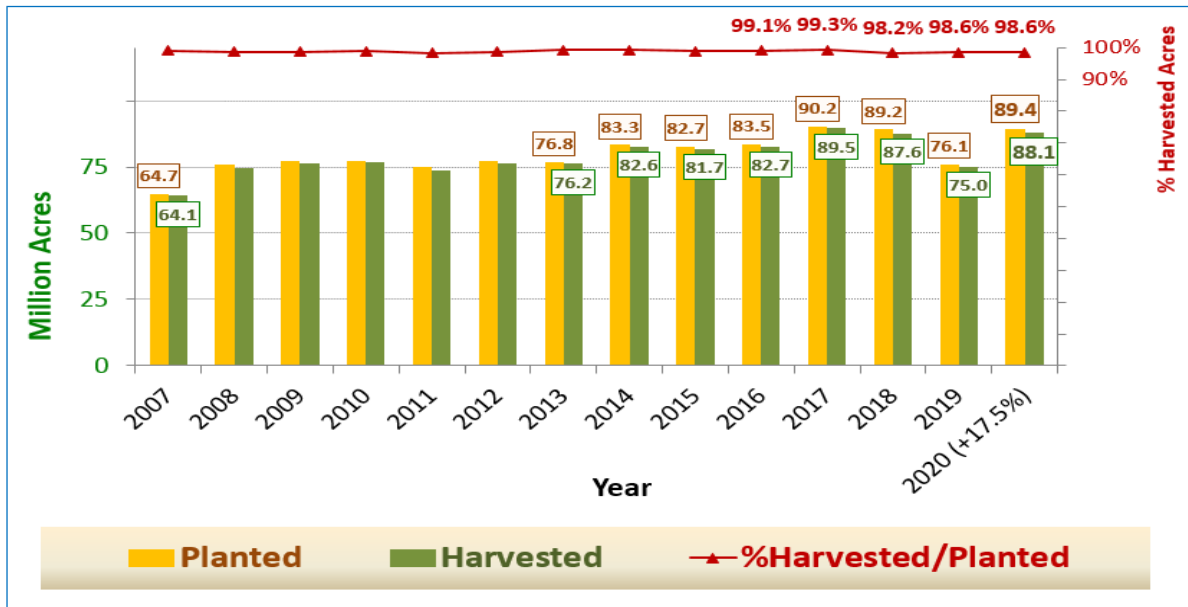
○ USDA WASDE January 10, 2020 Pre-Report Estimates

	Survey Results			USDA
2019-20 Crop:	Avg	Low	High	Dec.
Soybeans	431	310	520	475

U.S. Soybean Acreage

For 2020 ???
Increase of 10-15%+

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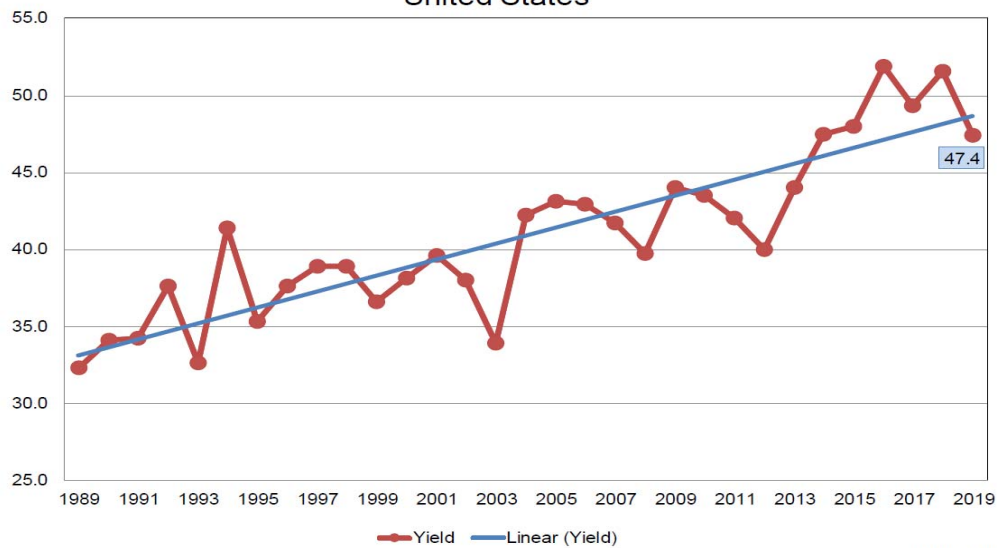


Soybean Yield United States



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Bushels per Acre



USDA-NASS
1-10-20

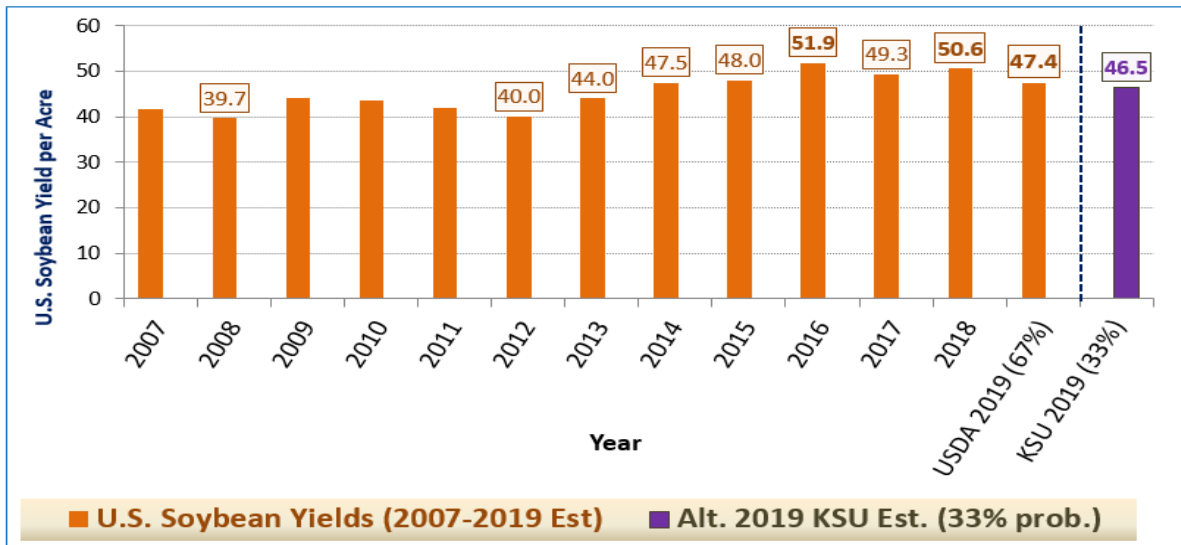
U.S. Soybean Yields

USDA 2019 = 47.4 bu/ac

Final 2019???

Impact of Late Harvest???
IS 46.5 bu/ac near final #?

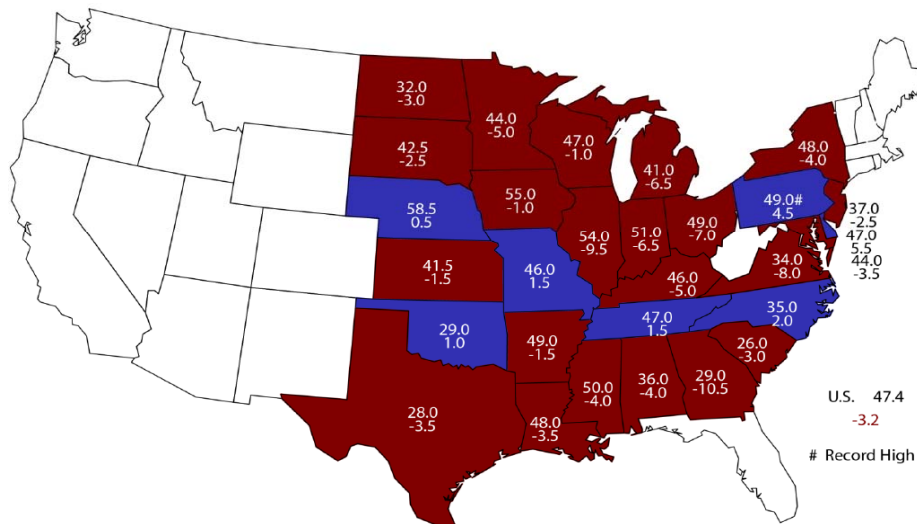
63



2019 Soybean Yield Bushels and Change From Previous Year



52



USDA-NASS
1-10-20



Percent of Acres Remaining To Be Harvested

53



Crop	2009	2016	2017	2018	2019
Corn	9.9	0.5	1.1	2.5	8.0
Soybeans	3.0	0.2	0.5	3.4	2.0
Sorghum	7.0	0.4	0.3	4.0	0.9

KSU Estimate of
Crops Not Yet
Harvested

≈ 1,095 mb

≈ 71 mb

≈ 6 mb

USDA-NASS
1-10-20



Crop Progress

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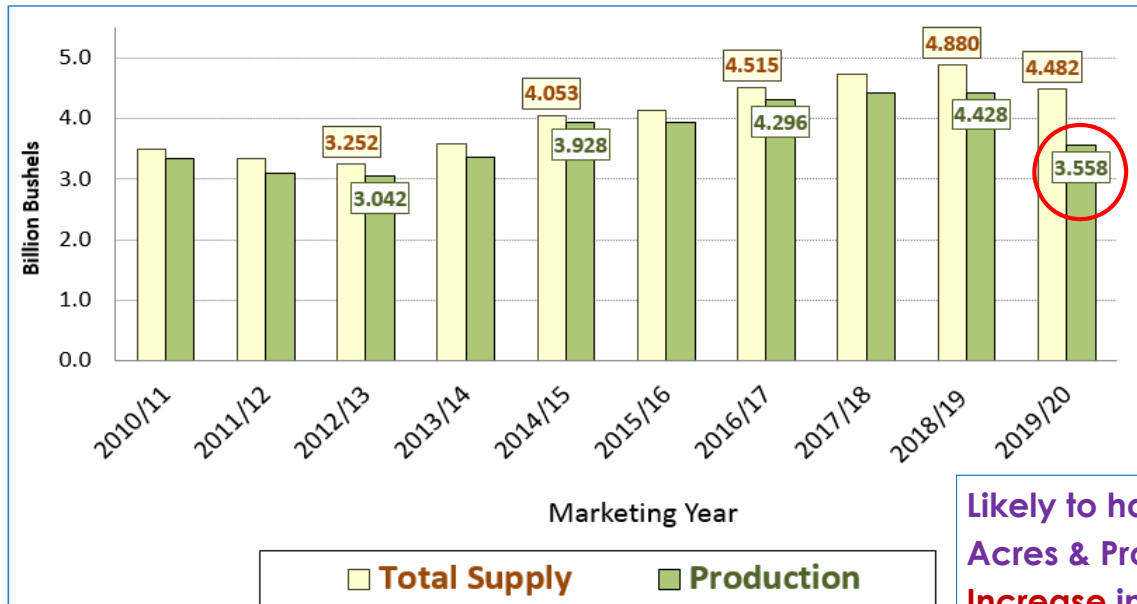
Soybeans Harvested – Selected States

[These 18 States harvested 96% of the 2018 soybean acreage]

State	Week ending			2014-2018 Average
	December 1, 2018	November 24, 2019	December 1, 2019	
	(percent)	(percent)	(percent)	(percent)
Arkansas	93	96	98	98
Illinois	100	95	100	100
Indiana	98	94	96	99
Iowa	100	97	98	100
Kansas	95	95	97	98
Kentucky	90	92	96	95
Louisiana	99	100	100	100
Michigan	92	80	85	97
Minnesota	100	98	99	100
Mississippi	98	98	99	99
Missouri	98	91	96	96
Nebraska	100	100	100	100
North Carolina	71	67	75	77
North Dakota	95	89	92	99
Ohio	97	93	95	99
South Dakota	100	99	100	100
Tennessee	88	91	95	95
Wisconsin	99	82	86	99
18 States	97	94	96	99

U.S. Soybean Production & Supplies

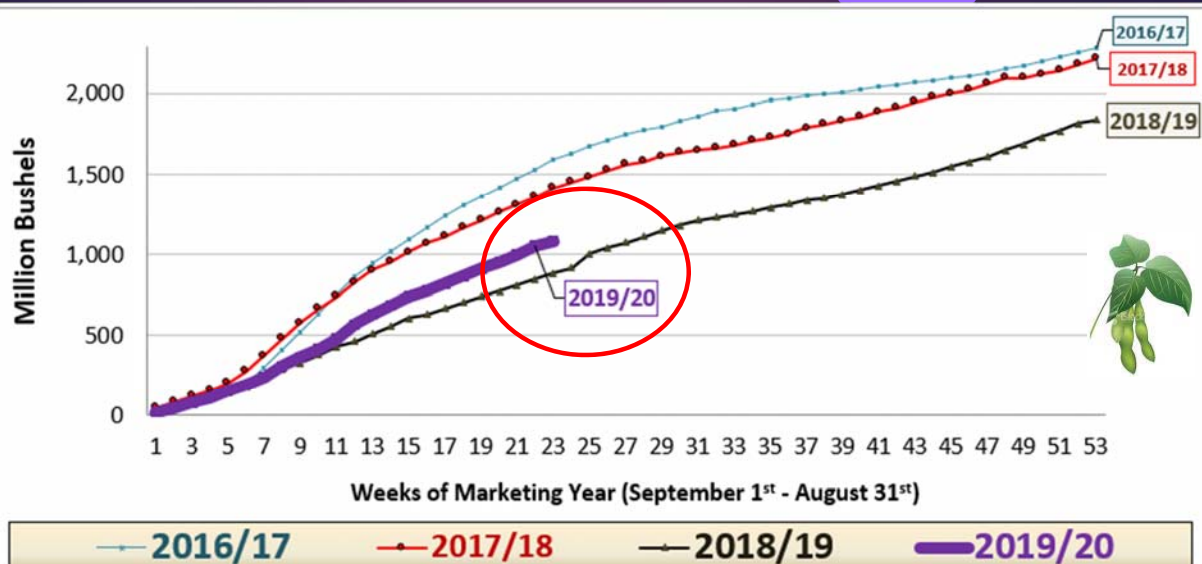
64



Likely to have
Acres & Production
Increase in Yr 2020

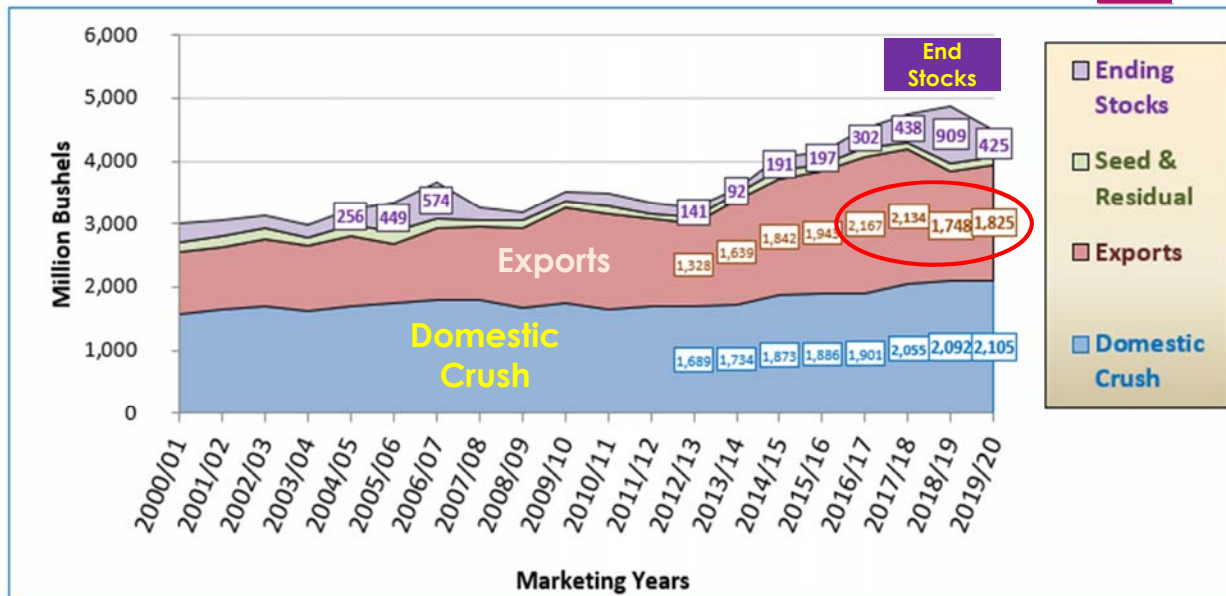
56

U.S. Soybean Exports – Weekly thru February 6, 2020



U.S. Soybean Use & End Stocks

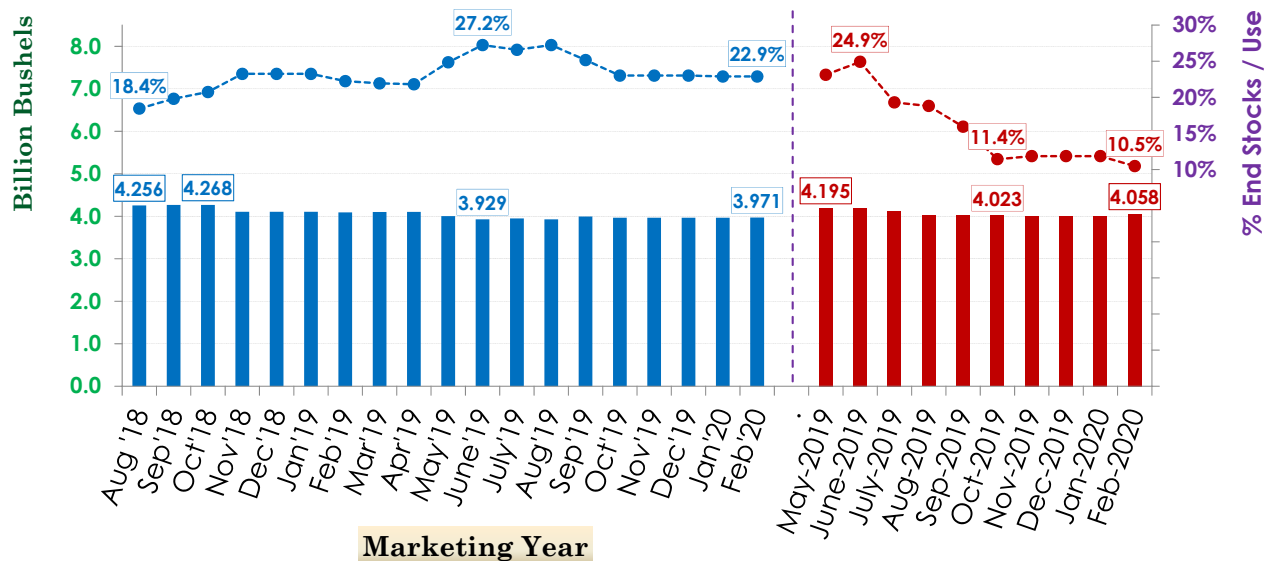
66



U.S. Soybean Total Use Projections (USDA)

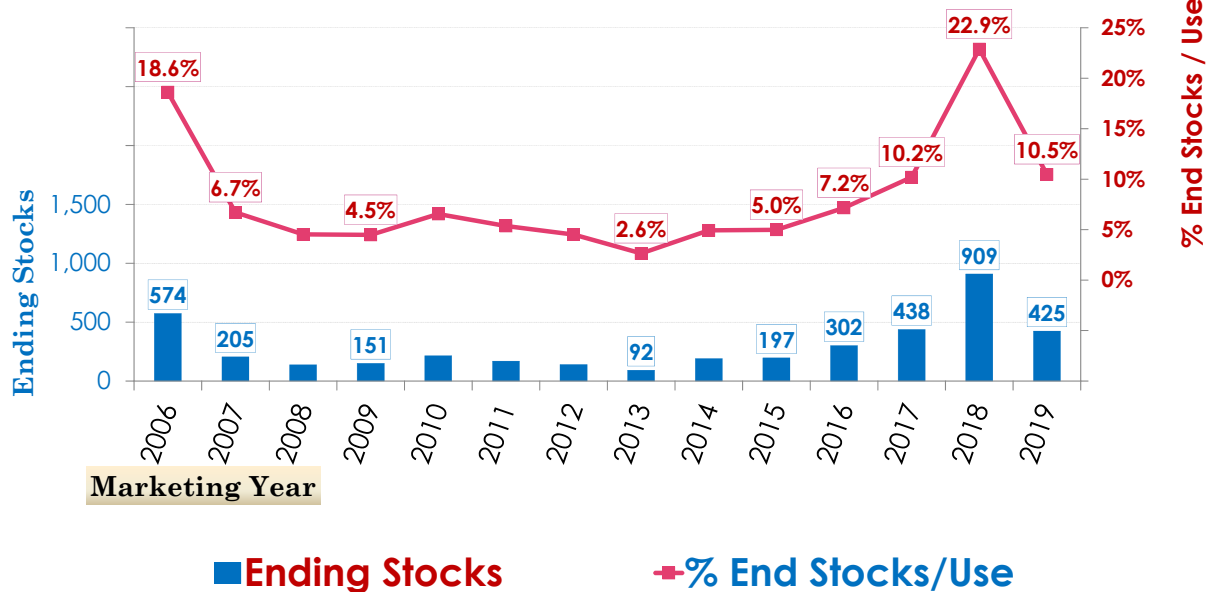
For "Old Crop" MY 2018/19 & "New Crop" MY 2019/20

58



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

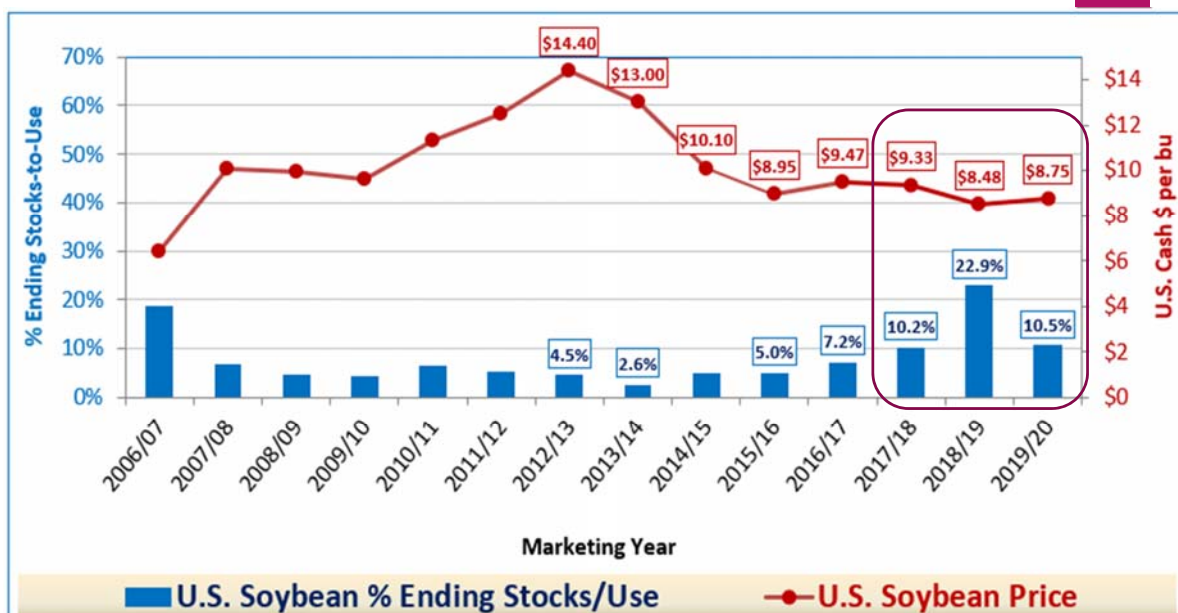
41



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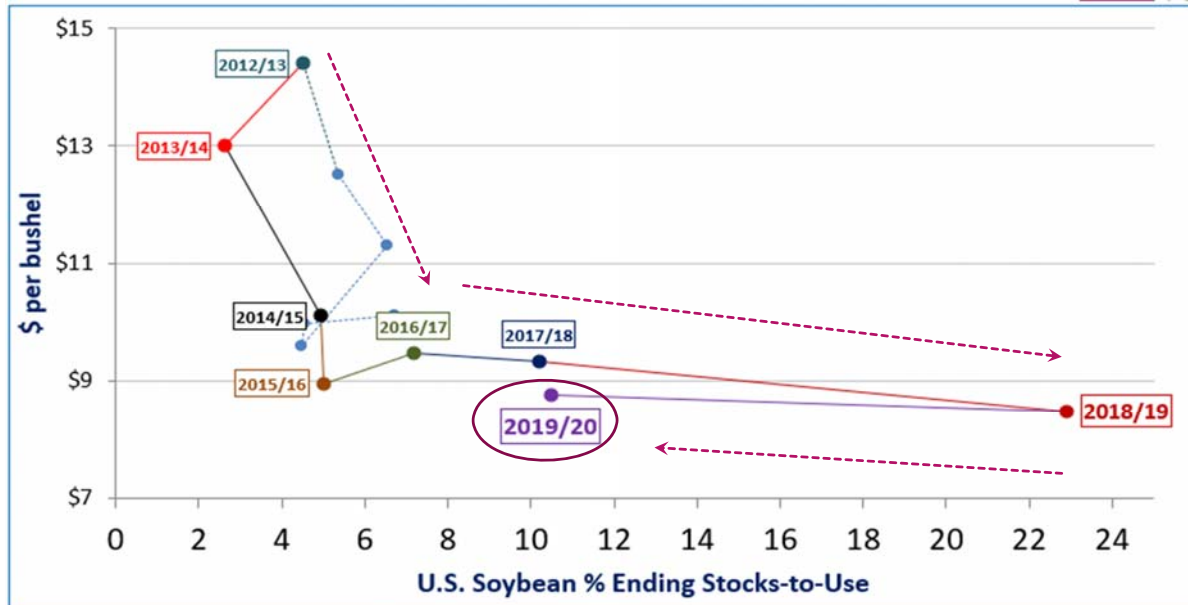
U.S. Soybean % Stocks/Use vs Price\$

68



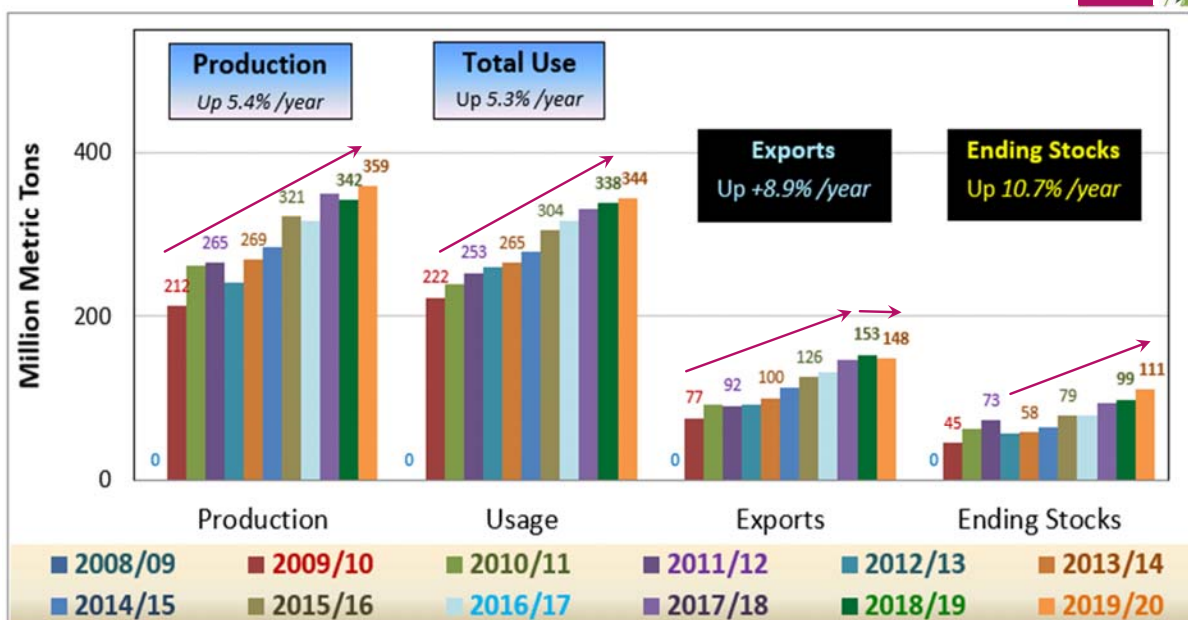
U.S. Soybean % Stocks/Use vs Price\$

69



World Soybean Supply, Use & Stocks

70

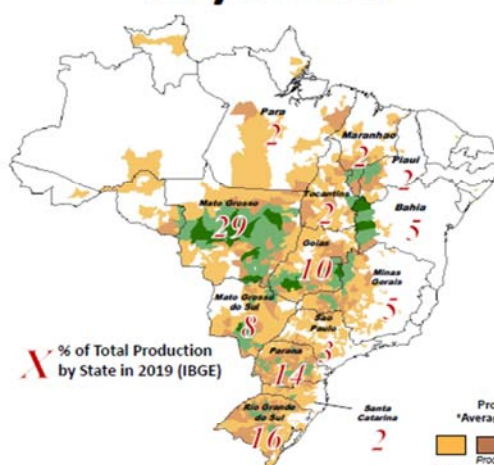


World Soybean Production

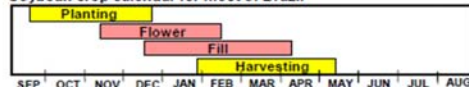
53

Country or Region	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
----- Million Tons -----				
World	358.6	339.4	1.7	-19.2
United States	120.5	96.8	--	-23.7
Foreign	238.1	242.6	1.7	4.4
Argentina	55.3	53.0	--	-2.3
Brazil	117.0	125.0	2.0	8.0
Paraguay	8.8	9.9	-0.3	1.1
Canada	7.3	6.0	--	-1.3
India	10.9	9.0	--	-1.9
China	16.0	18.1	--	2.1

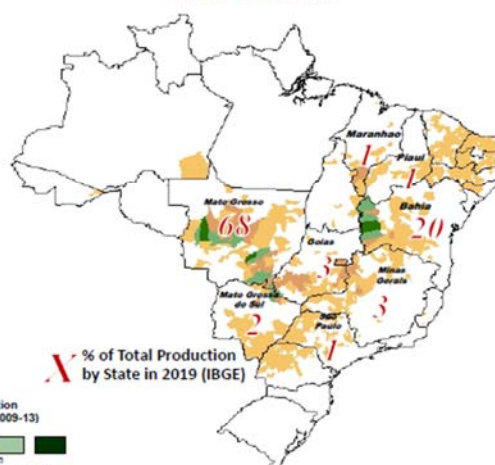
Soybeans



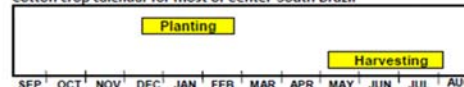
Soybean crop calendar for most of Brazil



Cotton

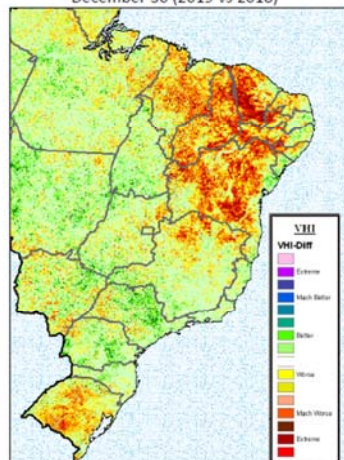


Cotton crop calendar for most of Center-South Brazil

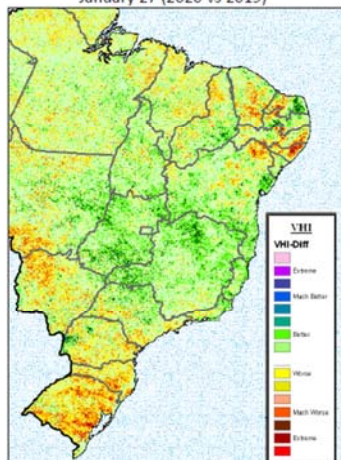


64

VHI: Year-to-Year Difference
December 30 (2019 vs 2018)



VHI: Year-to-Year Difference
January 27 (2020 vs 2019)

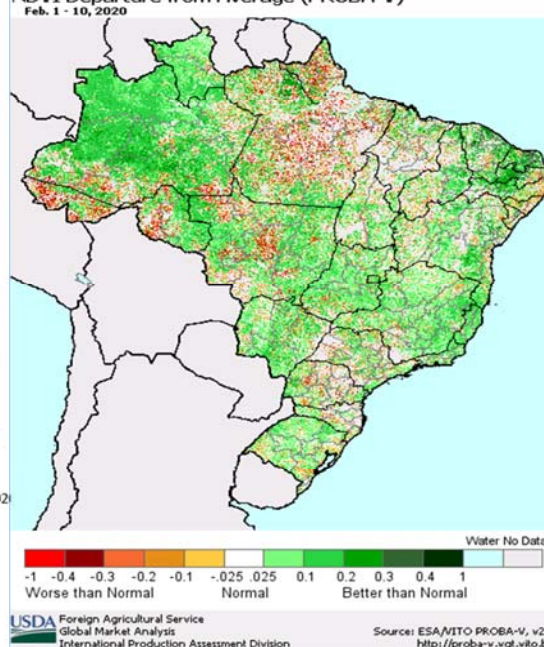


Source: NOAA/NESDIS

USDA Agricultural Weather Assessments
World Agricultural Outlook Board

February 11, 2020

NDVI Departure from Average (PROBA-V)



USDA Foreign Agricultural Service
Global Market Analysis
International Production Assessment Division

Source: ESA/VITO PROBA-V, v2.2
<http://proba-v.vgt.vito.be>

Brazil 2019/20 Soybean Summary

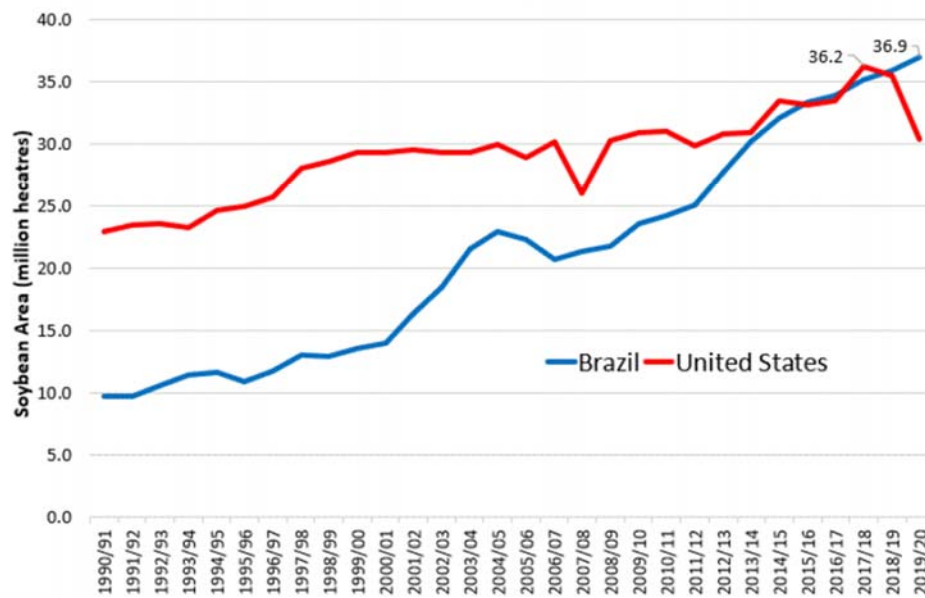
Brazil Soybeans Unit		2019/20	2018/19	Change from Previous Month	Change from Previous Year	5-year Average	Record
Area	Mil Ha	36.9 *	35.9	NC	3%	34.1	35.9 (18/19)
Yield	Tons/Ha	3.39	3.26	2%	4%	3.21	3.47 (17/18)
Production	Mil Tons	125.0 *	117.0	2%	7%	109.5	122.0 (17/18)

* denotes record

- Record soybean area planted.
 - Soybean area can increase next year because plenty of pasture available.
- December drought in Northeast (14 mmt) and Rio Grande do Sol (19 mmt) but good rains in January helped crop to recover.
- NDVI measurements indicate above trend yields expected (assuming normal rains to end of season).
- Early harvest reports (~17% harvested) indicate above-average yields in Mato Grosso (33 mmt).
- Above-average yields expected for Parana (20 mmt) and other Midwest states such as Goiás (~12 mmt), and Mato Grosso do Sul (~10 mmt).

February 11, 2020

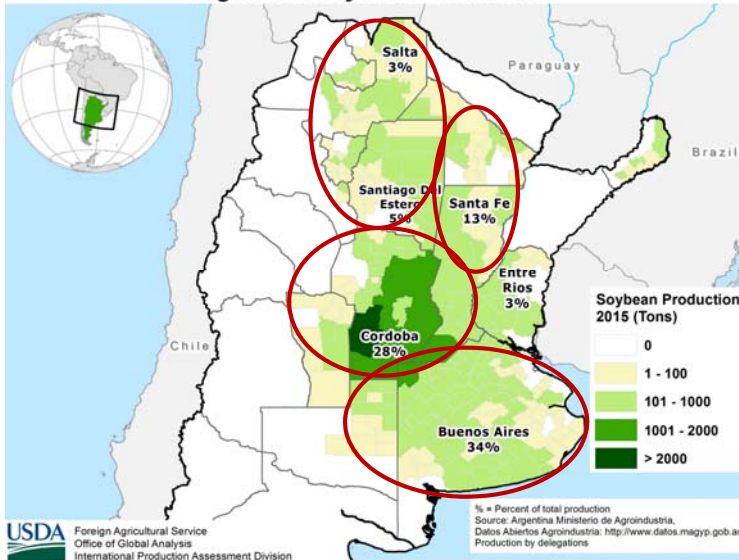
USA and Brazil Soybean Area



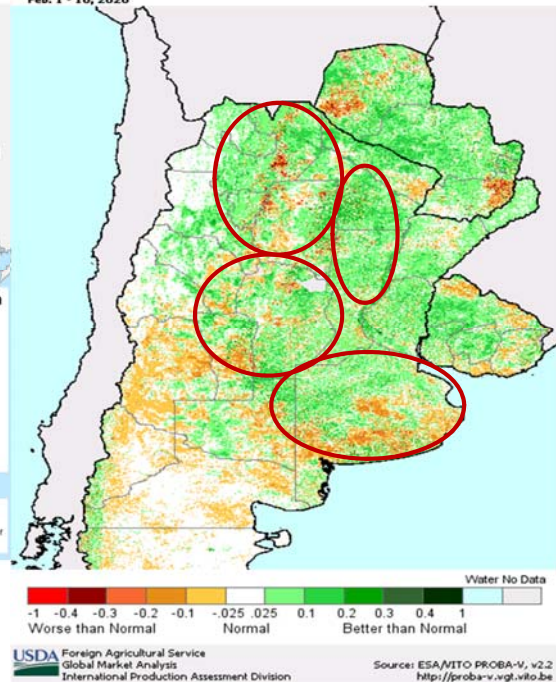
Source: Soybean Area from USDA's PSD Online

February 11, 2020

Argentina: Soybean Production



NDVI Departure from Average (PROBA-V)

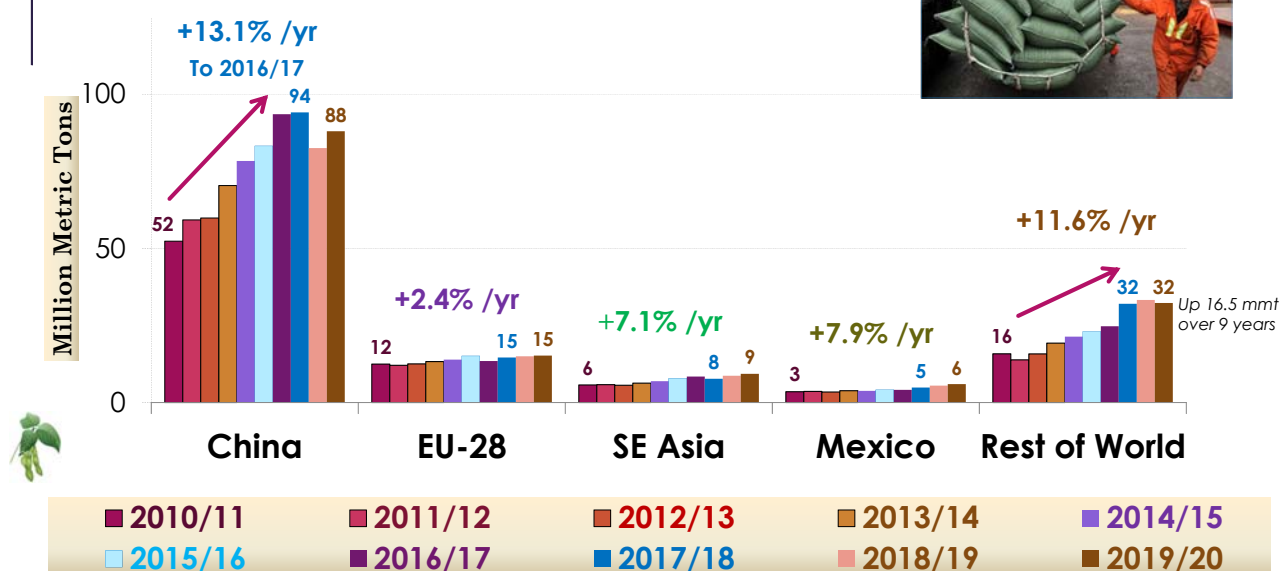


World Soybean Supply and Use

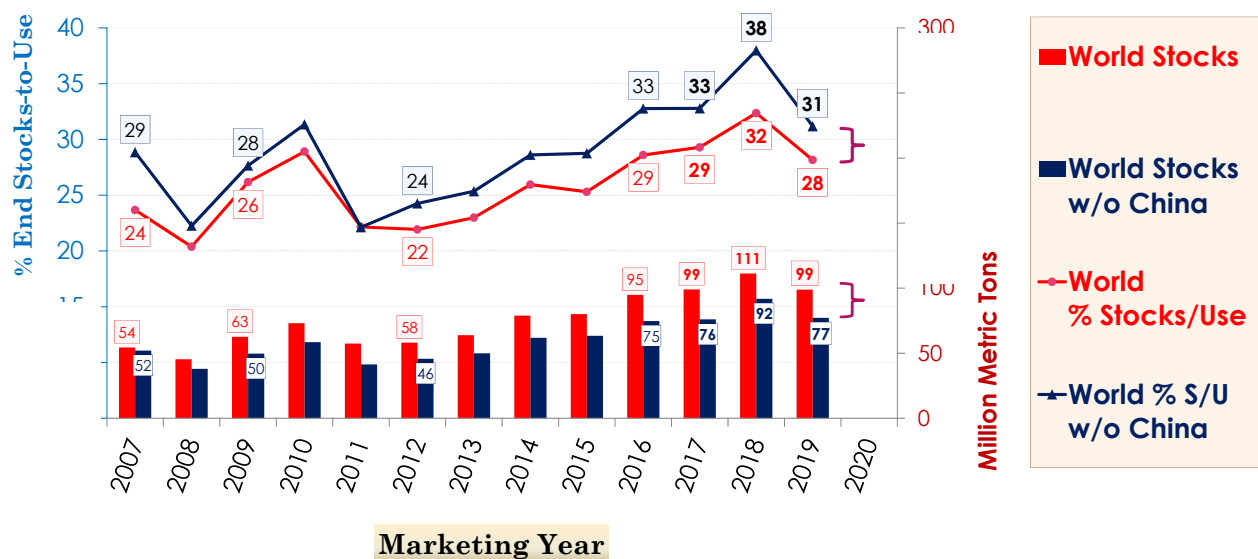
Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
----- Million Tons -----				
Beginning stocks	99.0	111.2	0.9	12.2
Production	358.6	339.4	1.7	-19.2
Total Supply	457.7	450.6	2.6	-7.1
Crush	298.1	304.3	0.7	6.2
Total use	343.6	351.1	1.0	7.4
Trade	148.3	151.5	2.4	3.2
Ending Stocks	111.2	98.9	2.2	-12.4
Addendum				
Beginning stocks				
Argentina plus Brazil	56.5	59.3	0.2	2.8
Imports*				
China	82.5	88.0	3.0	5.5

February 11, 2020

Soybean Importer Purchases



World & World-less-China SOYBEAN Stocks & %S/U



Corn Markets



CME Corn Futures

Weekly Chart: December 2015 – February 14, 2020

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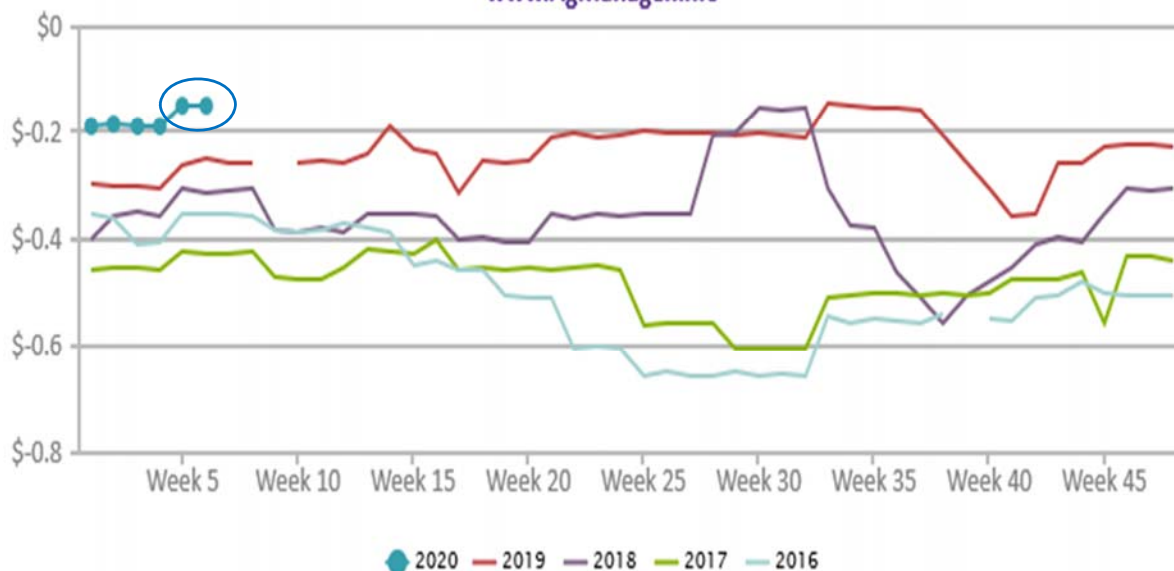
TFC Commodity Charts



SALINA, KS: Corn Basis - CARGILL

www.AgManager.info

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Corn Cash Bids – Near Assaria, KS

75

Friday, February 14, 2020 (Source: DTN Grains)

Elevator/Location	Feb 2020	Mar 2020	Oct 2020
AGRI TRAILS COOP GYPSUM, KS	3.58	---	---
MID KANSAS COOP LINDSBORG, KS	3.50	---	3.41
ADM GRAIN SALINA, KS	3.63	---	3.59
SCOULAR GRAIN CO SALINA, KS	3.63	---	---
CARGILL SALINA, KS	3.63	3.65	---
AGRI TRAILS COOP CARLTON, KS	3.58	---	---
MID KANSAS COOP MARQUETTE, KS	3.45	---	3.41
MID KANSAS COOP CANTON, KS	3.58	---	3.59
COOPERATIVE GRAIN & SUPPLY CANTON, KS	3.57	---	3.48
AGRI TRAILS COOP DURHAM, KS	3.58	---	---

2020 KSU Cost of Production

Budget Estimates

Non-Irrigated Corn

North Central KS

@ 120 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$2.85 /bu
- All Cost (With Cash Rent) = \$3.36 /bu

DC_GR112

Dodge City, KS

Fri, Feb 14, 2020

USDA-KS Dept of Ag Market News

Central Kansas Terminal and Processor Daily Grain Report

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TERMINAL US NO 2 YELLOW CORN

	Bids	Change (¢/bu)	Basis	Change
Atchison	3.93	DN 2	15H	UNCH
Topeka	3.88	DN 2	10H	UNCH
Salina	3.63-3.64	DN 2	-15H to -14H	UNCH
Newton	3.62	DN 2	-16H	UNCH
Hutchinson	3.62-3.73	DN 2	-16H to -5H	UNCH
Wellington	3.61	DN 2	-17H	UNCH
Arkansas City	3.57	DN 2	-21H	UNCH

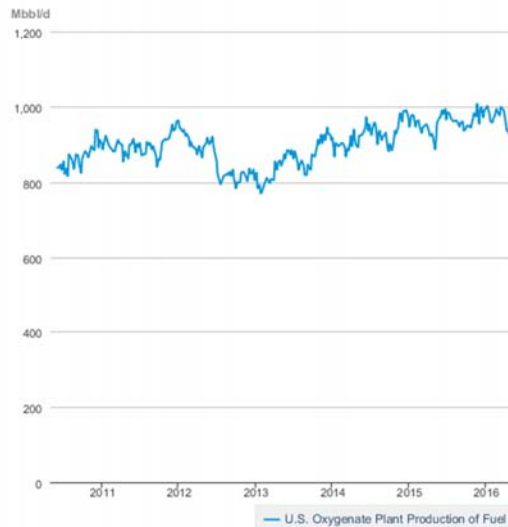
PROCESSOR US NO 2 YELLOW CORN

	Bids	Change (¢/bu)	Basis	Change
Atchison	3.92	DN 2	14H	UNCH



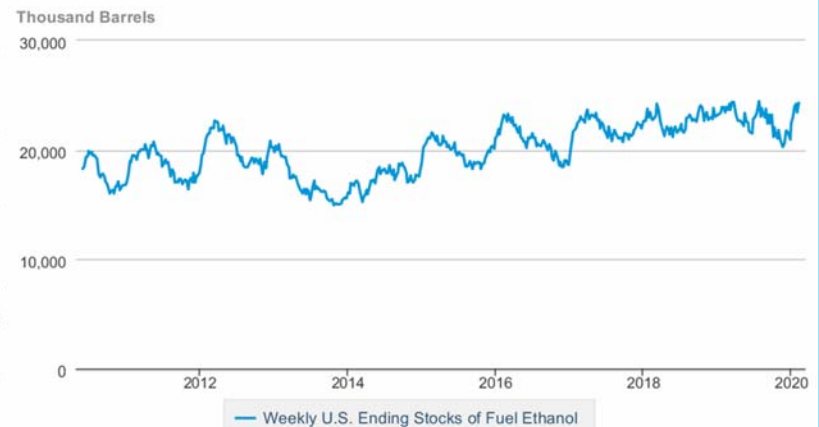
US #2 Yellow Corn - dollars/bushel						
	Cash Bids	Chg	Basis		Avg:	
Iowa-Eastern:	3.7050 - 3.7750	↓	-9H	to -2H	-7.09	
Iowa-Western:	3.6950 - 3.8950	↓	-10H	to 10H	-0.39	
Illinois:	3.7250 - 4.0450	↓	-7H	to 25H	6.57	
Indiana:	3.8250 - 4.1250	↓	3H	to 33H	22.78	
Ohio:	4.0450 - 4.1450	↓	25H	to 35H	31.83	
Michigan:	3.8950 - 4.1450	↓	10H	to 35H	25.00	
Kansas:	3.8750 - 4.1050	↓	8H	to 31H	14.80	
Minnesota:	3.4150 - 3.7850	↓	-38H	to -1H	-12.29	
Nebraska:	3.6450 - 3.8050	↓	-15H	to 1H	-5.35	
Wisconsin:	3.5950 - 3.6950	↓	-20H	to -10H	-15.20	
South Dakota:	3.4450 - 3.8450	↓	-35H	to 5H	-14.38	
Missouri:	3.7150 - 3.7750	↓	-8H	to -2H	-5.00	
Sorghum - dollars/bushel						
	Cash Bids	Chg	Basis		Avg:	
Kansas:	3.5450 - 3.5950	↓	-25H	to -20H	-22.50	

Weekly Ethanol Plant Production



Source: U.S. Energy Information Administration

Weekly U.S. Ending Stocks of Fuel Ethanol



Source: U.S. Energy Information Administration

U.S. Corn Supply and Demand

79

Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
Planted area (million acres)	88.9	89.7	--	0.8
Harvested area (million acres)	81.3	81.5	--	0.2
Yield (bushels per acre)	176.4	168.0	--	-8.4
----- Million bushels -----				
Beginning stocks	2,140	2,221	--	80
Production	14,340	13,692	--	-649
Imports	28	50	--	22
Total supply	16,509	15,962	--	-546
Feed and residual	5,432	5,525	--	93
Food, seed, and industrial	6,791	6,820	50	29
Ethanol	5,376	5,425	50	49
Domestic use	12,223	12,345	50	122
Exports	2,065	1,725	-50	-340
Total use	14,288	14,070	--	-218
Ending stocks	2,221	1,892	--	-328
----- Percent -----				
Stocks to use ratio	15.5	13.4	--	-2.1
----- Dollars per bushel -----				
Average market price	3.61	3.85	--	0.24

U.S. Corn Stocks.....

80

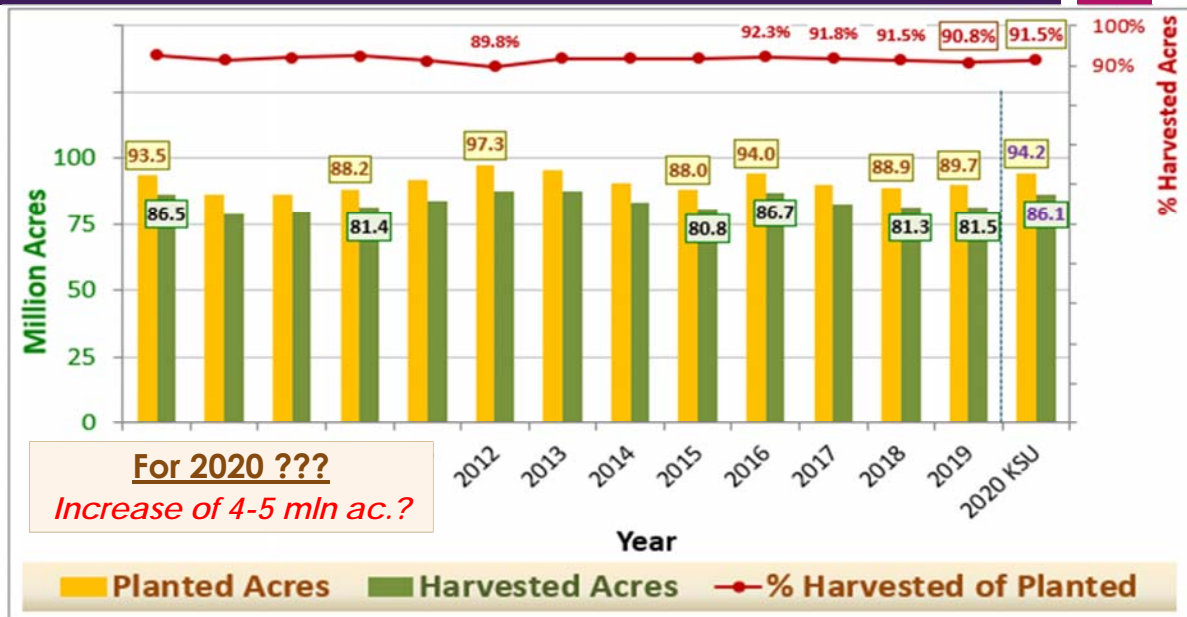
• Corn: “Moderate” Stocks & % S/U

- **End Stocks** ^{2019/20} → 1.892 bln bu (vs 2.221 bb last yr)
- **% Stocks/Use** ^{2019/20} → 13.5% S/U (vs 15.5% S/U last yr)
- **USDA WASDE January 10, 2020 Pre-Report Estimates**

	Survey Results			USDA
2019-20 Crop:	Avg	Low	High	Dec.
Corn	1,776	1,479	2,124	1,910

U.S. Corn Acreage

81



Percent of Acres Remaining To Be Harvested

82



Crop	2009	2016	2017	2018	2019
Corn	9.9	0.5	1.1	2.5	8.0
Soybeans	3.0	0.2	0.5	3.4	2.0
Sorghum	7.0	0.4	0.3	4.0	0.9

KSU Estimate of
Crops Not Yet
Harvested

≈ 1,095 mb

≈ 71 mb

≈ 6 mb

Corn Harvested – Selected States

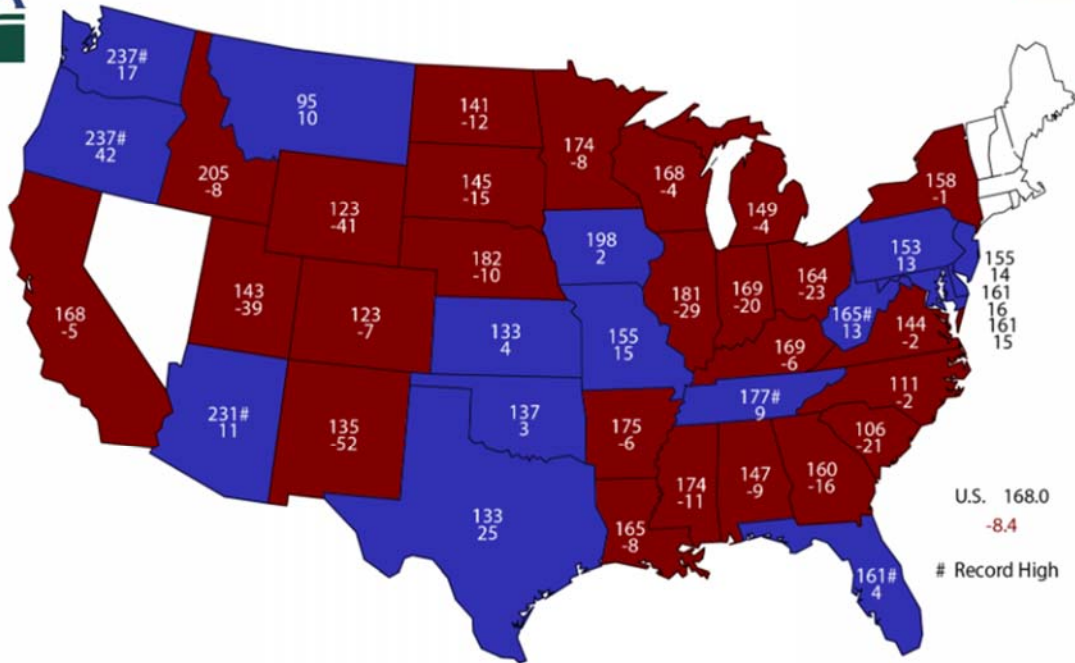
[These 18 States harvested 94% of the 2018 corn acreage]

State	Week ending			2014-2018 Average
	December 8, 2018	December 1, 2019	December 8, 2019	
	(percent)	(percent)	(percent)	(percent)
Colorado	100	98	99	100
Illinois	100	93	96	100
Indiana	100	93	96	99
Iowa	100	92	95	100
Kansas	98	99	100	99
Kentucky	100	100	100	100
Michigan	99	66	74	96
Minnesota	100	91	93	100
Missouri	100	95	98	100
Nebraska	(NA)	96	98	(NA)
North Carolina	100	100	100	100
North Dakota	(NA)	36	43	(NA)
Ohio	94	90	93	99
Pennsylvania	82	86	91	88
South Dakota	(NA)	80	83	(NA)
Tennessee	100	100	100	100
Texas	98	100	100	99
Wisconsin	96	66	74	95
18 States	100	89	92	100

U.S. Corn Yields

USDA 2019 USDA Forecast = 168.0 bu/ac





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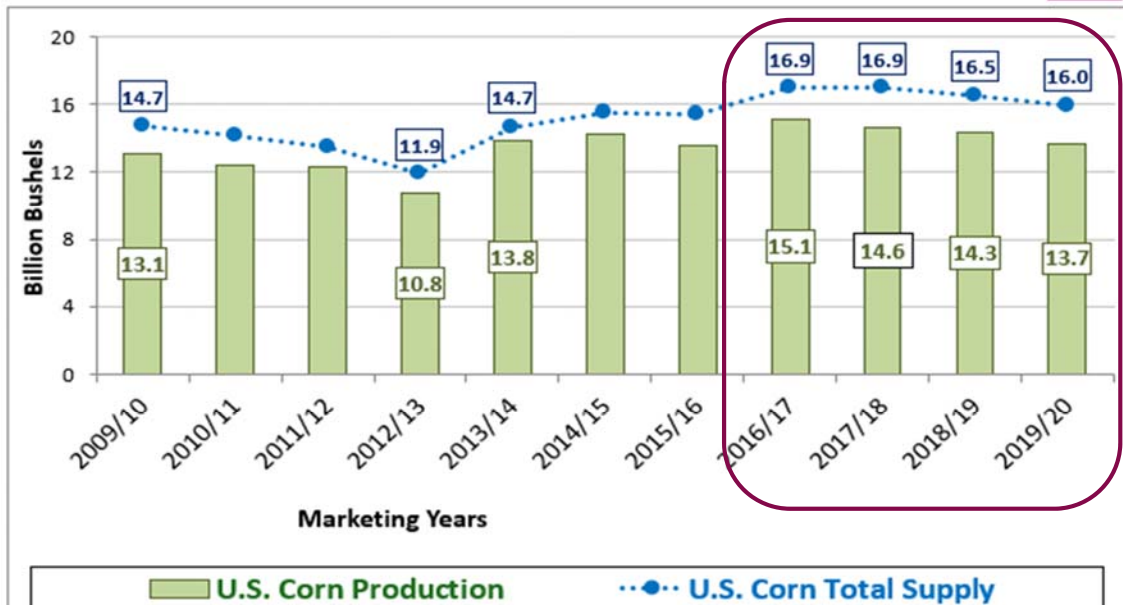


USDA-NASS
1-10-20

U.S. Corn Production & Supplies



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87

2018 Corn Crop

	Previous Estimates	Jan 10 Estimates	Change
	<i>Million Bushels</i>		
Sept 1, 2018 Stocks	2,140	2,140	NC
2018 Production	14,420	14,340	-80
Imports	*28	*28	NC
Total Supply	16,588	16,508	-80
Exports	*2,065	*2,065	NC
Food, Seed, and Industrial	*6,791	*6,791	NC
Measured Disappearance	8,856	8,856	NC
Ending Stocks	2,114	2,221	+107
Feed and Residual	*5,618	*5,432	-186

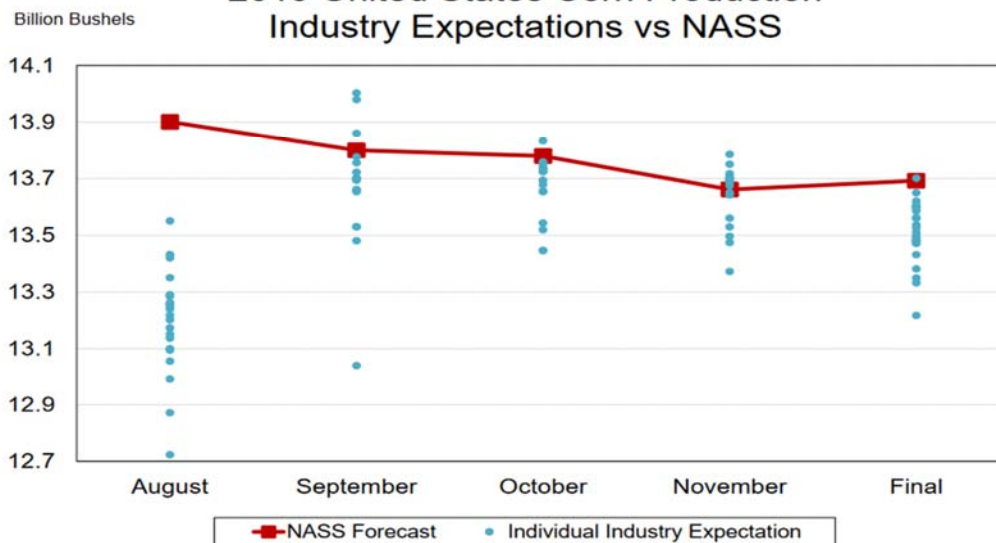
*From WASDE Report

USDA-NASS
1-10-20



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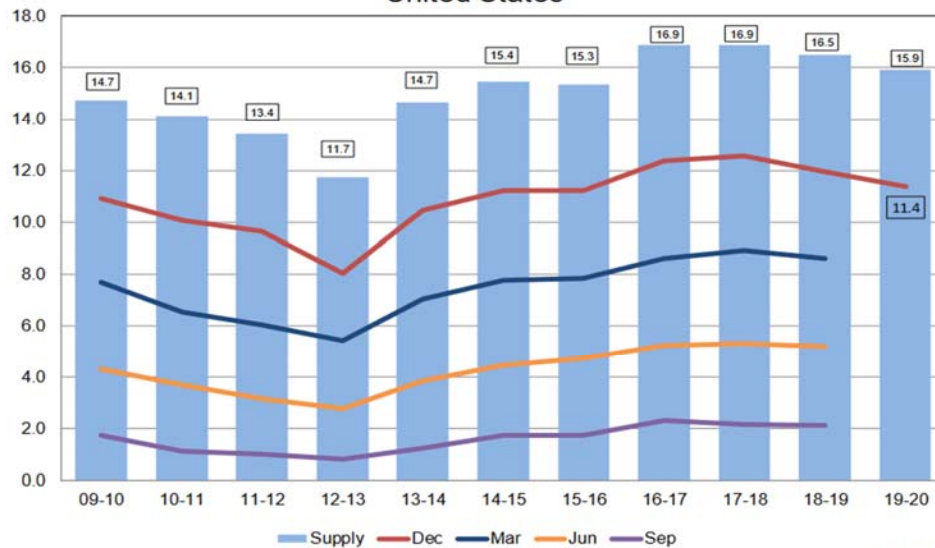
2019 United States Corn Production Industry Expectations vs NASS



USDA-NASS
1-10-20

Corn Stocks United States

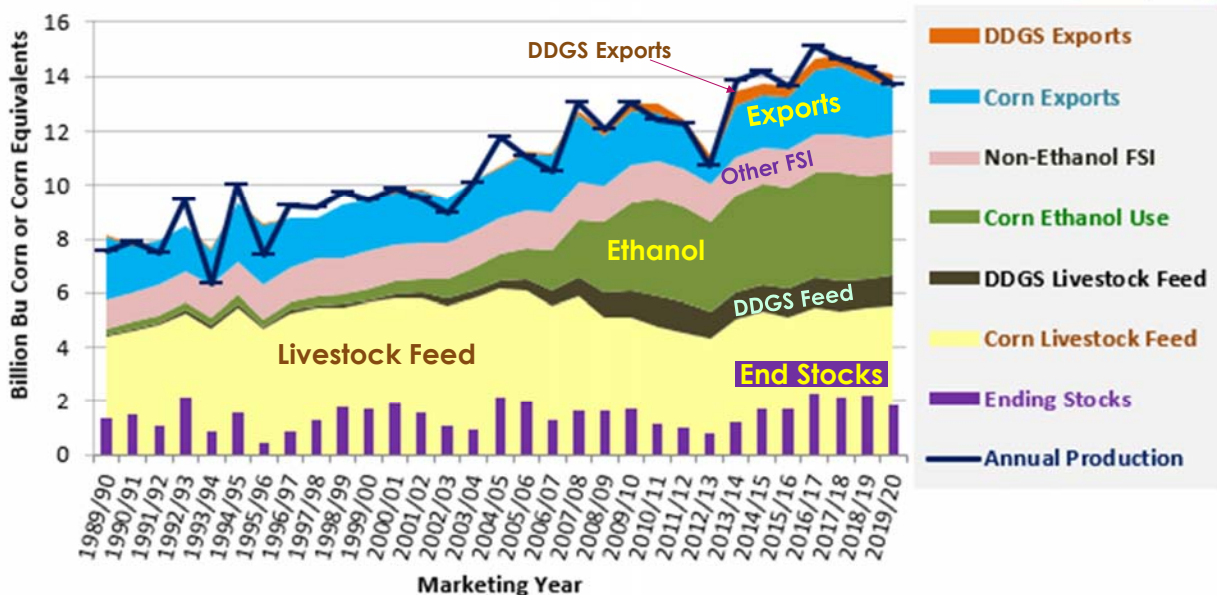
Billion Bushels



USDA-NASS
1-10-20

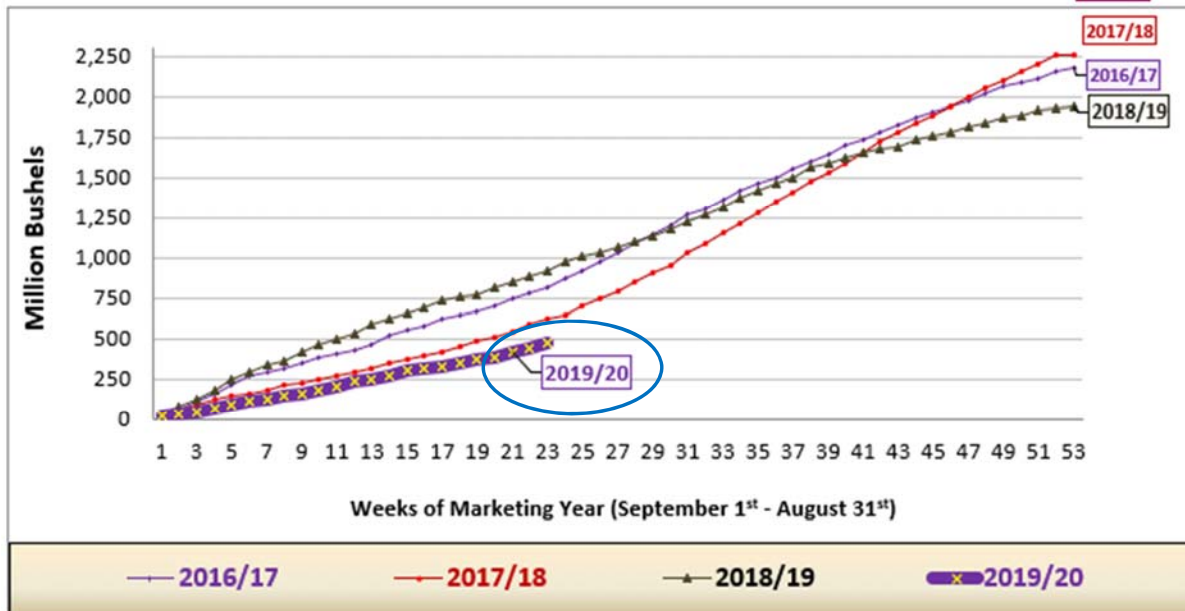
U.S. Corn Use – By Category

90



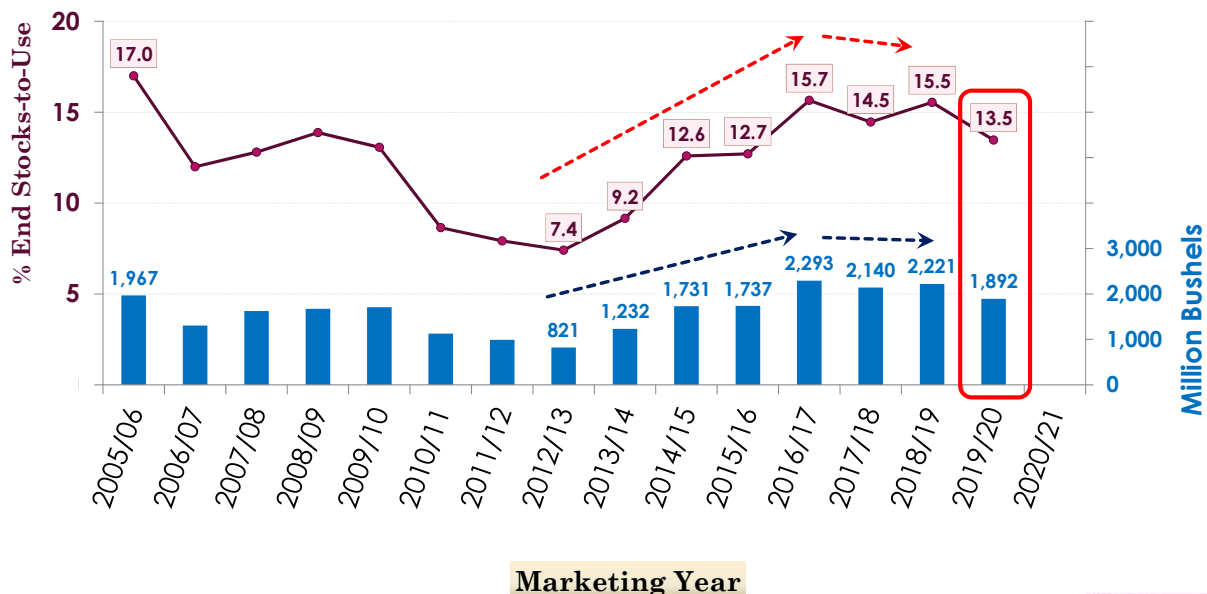
U.S. Corn Exports – Weekly thru 2/6/2020

91



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

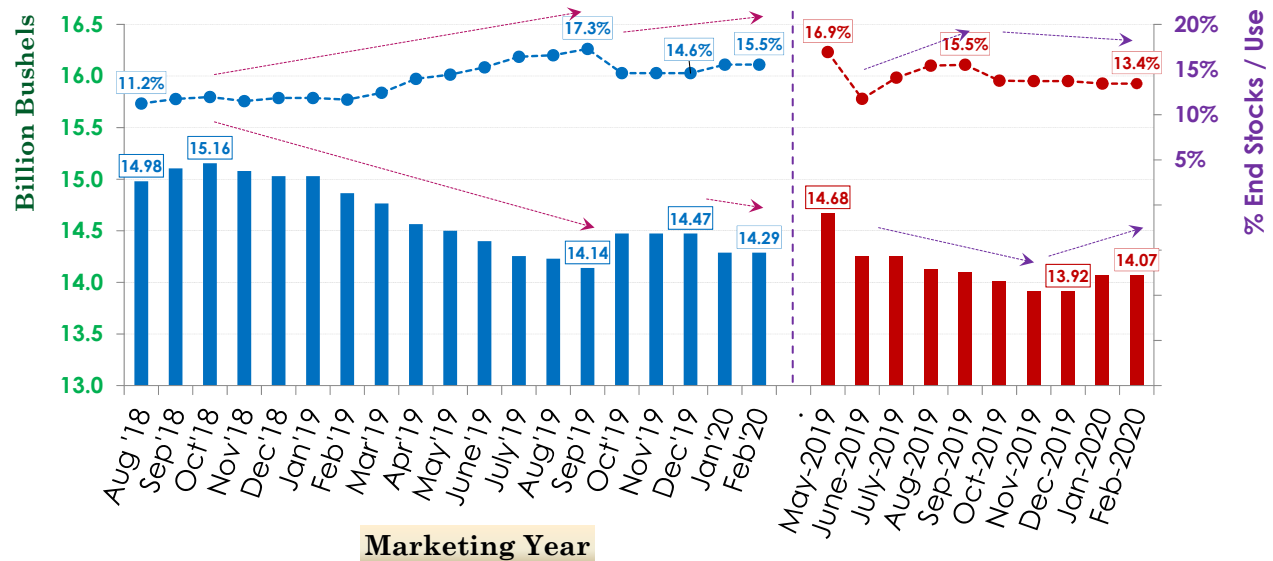
92



U.S. Corn Total Use Projections (USDA)

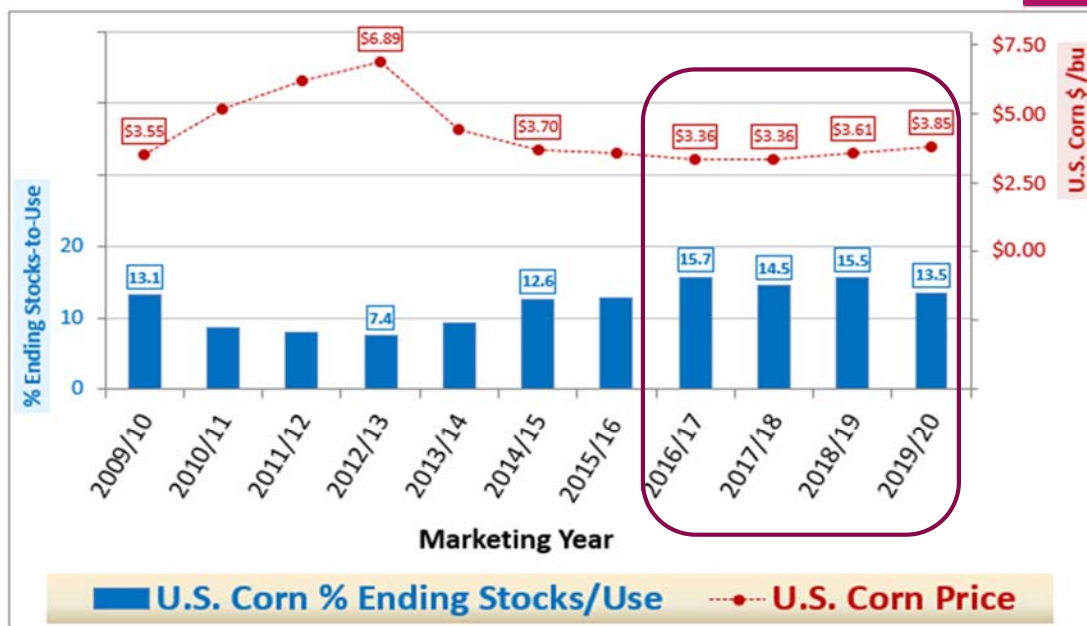
For "Old Crop" MY 2018/19 & "New Crop" MY 2019/20

93



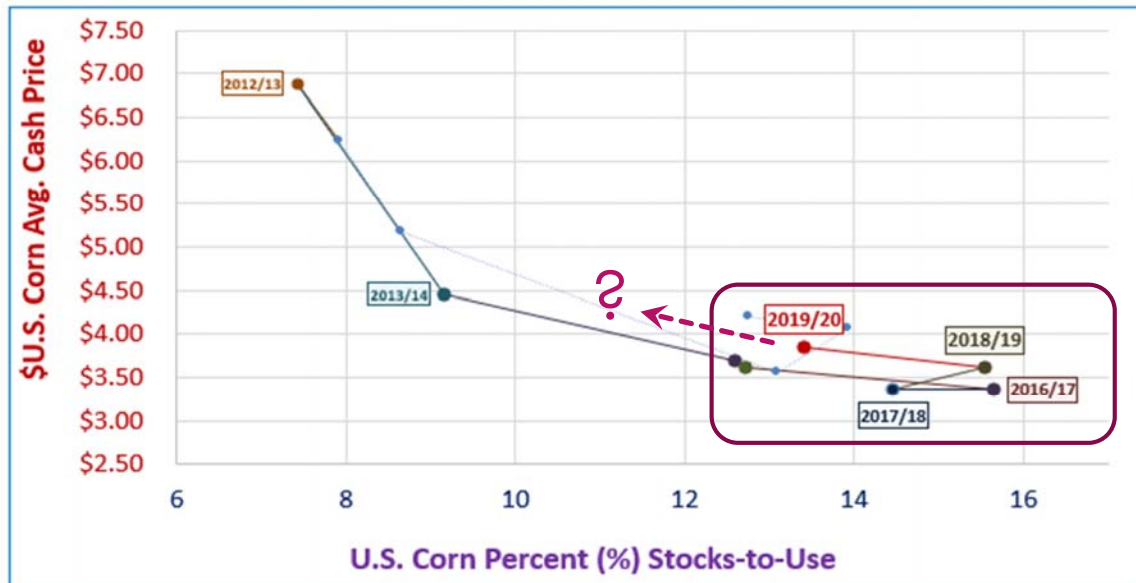
U.S. Corn % Stocks/Use vs Price\$

94



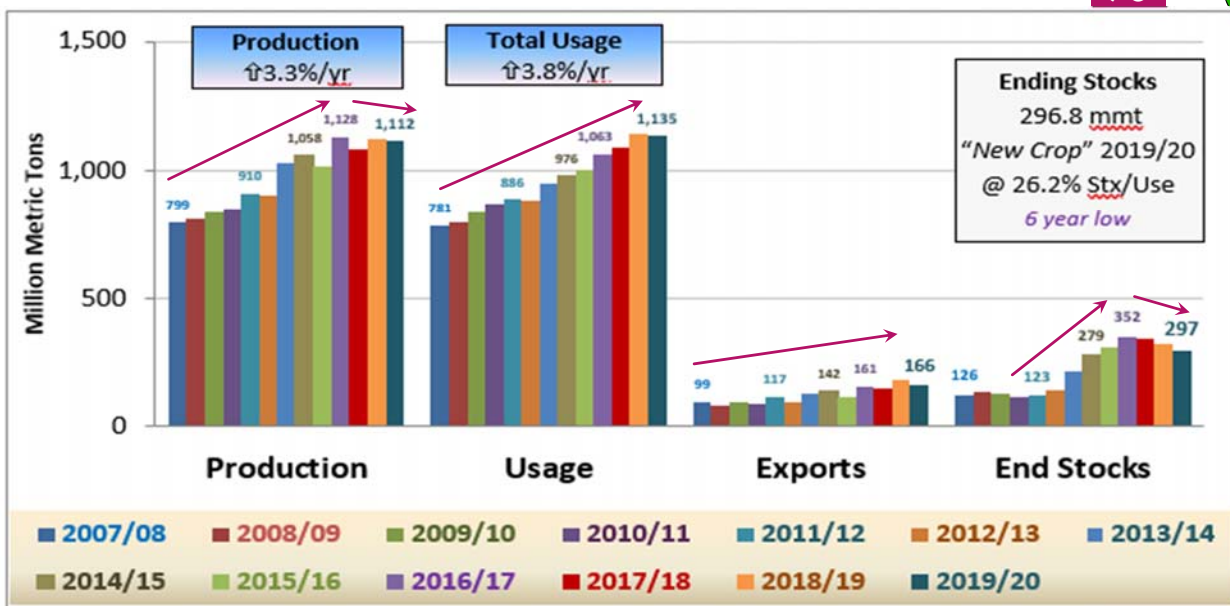
U.S. Corn % Stocks/Use vs Price\$

95



World Corn Supply, Use & Stocks

96



World Corn Production

97

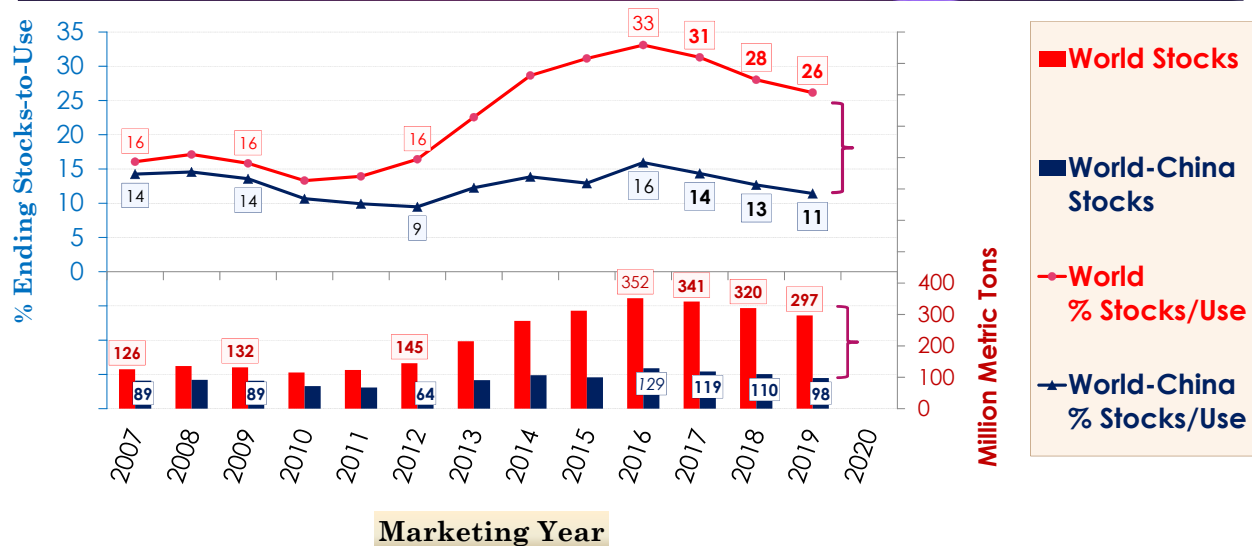
Country or Region	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
----- Million Tons -----				
World	1,122.7	1,111.6	0.8	-11.1
United States	364.3	347.8	--	-16.5
Foreign	758.5	763.8	0.8	5.3
Argentina	51.0	50.0	--	-1.0
Brazil	101.0	101.0	--	--
Mexico	27.6	25.0	--	-2.6
Canada	13.9	13.4	--	-0.5
European Union	64.4	65.0	--	0.6
Serbia	7.0	6.8	--	-0.3
FSU-12	52.6	55.5	0.6	3.0
Ukraine	35.8	35.8	0.3	**
Russia	11.4	14.5	--	3.1
South Africa	11.8	14.5	0.5	2.7
China	257.3	260.8	--	3.4
India	27.2	29.0	--	1.8

World Corn Supply and Use

98

Item	2018/2019 estimate	2019/2020 forecast	Change from January 10	Change from 2018/2019
----- Million Tons -----				
Beginning stocks	341.3	320.5	0.1	-20.8
Production	1,122.7	1,111.6	0.8	-11.1
Total Supply	1,464.0	1,432.1	0.8	-32.0
Feed use	700.8	704.9	1.0	4.1
Total use	1,143.5	1,135.2	1.8	-8.3
Trade	181.6	165.8	0.1	-15.9
Ending Stocks	320.5	296.8	-1.0	-23.6

World & World-less-China CORN Stocks & %S/U



Grain Sorghum Markets



U.S. Grain Sorghum Stocks.....

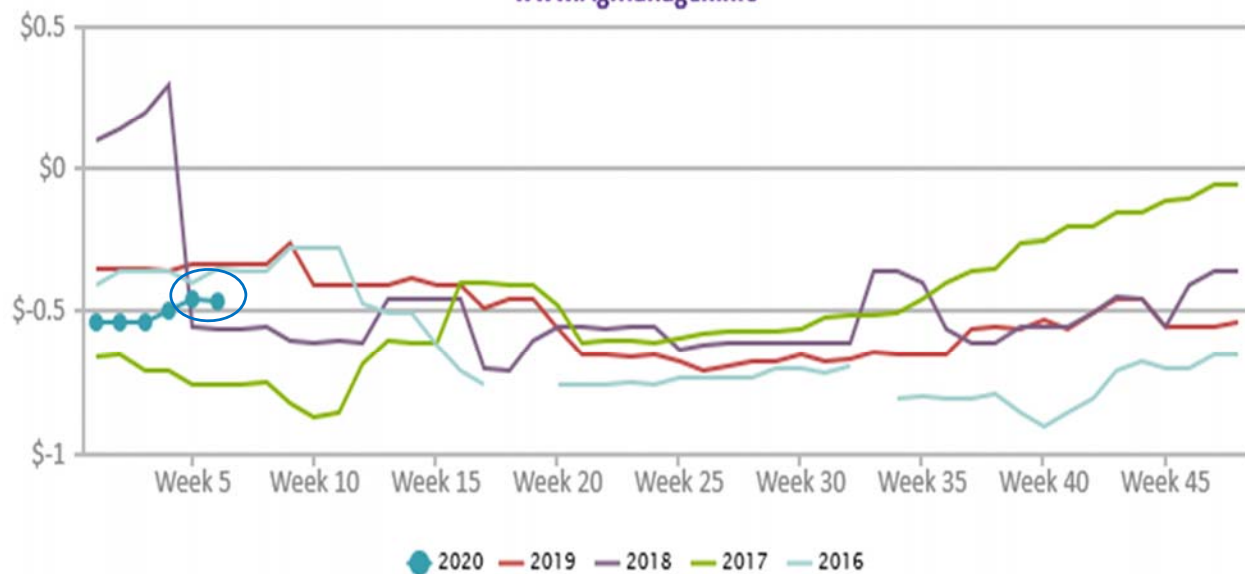
101

- Sorghum: “*Moderate*” Stocks & % S/U
 - **End Stocks** ^{2019/20} → 40 mln bu (vs 64 mb last yr)
 - **% Stocks/Use** ^{2019/20} → 11.0% S/U (vs 19.1% S/U last yr)

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SALINA, KS: Grain Sorghum Basis - CARGILL

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Milo Cash Bids – Near Assaria, KS

103

Friday, February 14, 2020 (Source: DTN Grains)

Elevator/Location	Feb 2020	Mar 2020	Oct 2020	Nov 2020
AGRI TRAILS COOP GYPSUM, KS	3.08	---	---	---
MID KANSAS COOP LINDSBORG, KS	3.04	---	3.14	---
ADM GRAIN SALINA, KS	3.28	---	---	3.24
SCOULAR GRAIN CO SALINA, KS	3.28	---	---	---
CARGILL SALINA, KS	3.32	3.37	---	---
AGRI TRAILS COOP CARLTON, KS	3.08	---	---	---
MID KANSAS COOP MARQUETTE, KS	3.04	---	3.18	---
MID KANSAS COOP CANTON, KS	3.28	---	3.29	---
COOPERATIVE GRAIN & SUPPLY CANTON, KS	3.06	---	3.19	---

2020 KSU Cost of Production

Budget Estimates

Non-Irrigated Grain Sorghum

North Central KS

@ \$120 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$2.24 /bu
- All Cost (With Cash Rent) = \$2.74 /bu

Questions?

Daniel O'Brien – Extension Ag Economist

Blog: www.ksugrains.wordpress.com

KSUGrains on Twitter

www.AgManager.info



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Department of Agricultural Economics