

Grain Commodity Markets:

Outlook & Overview

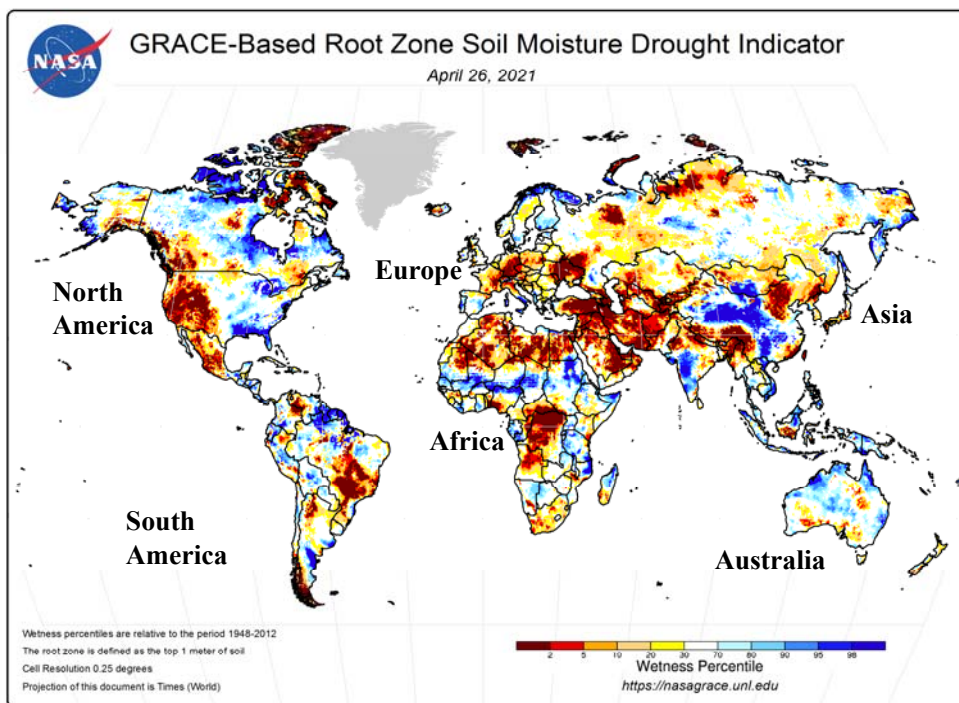
IGP – KSU Grain Procurement & Purchasing Course

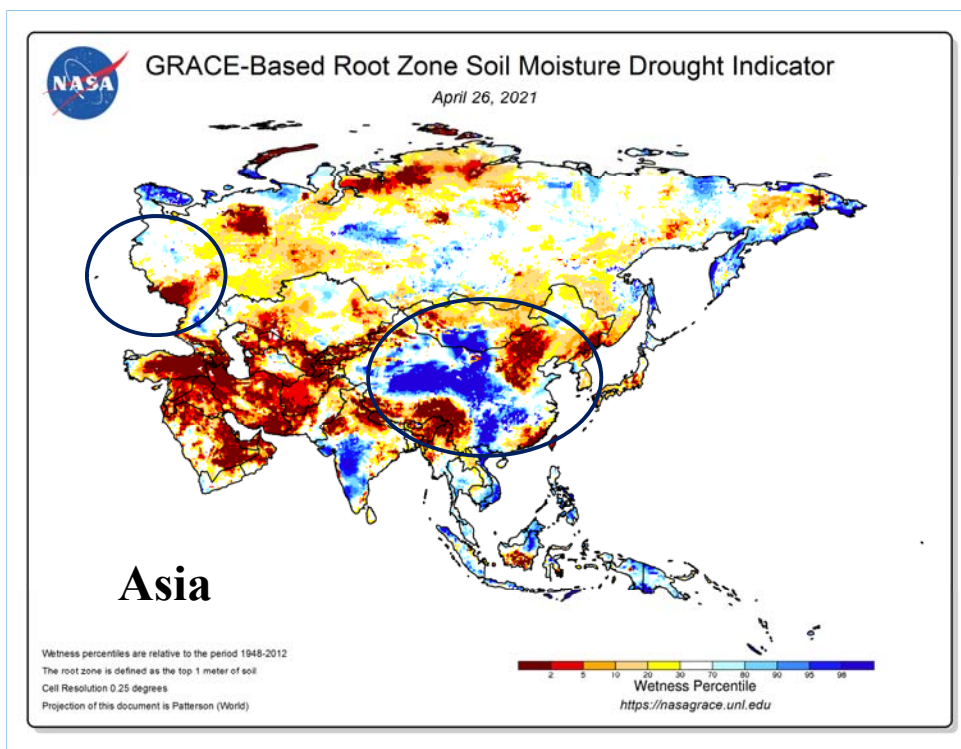
April 28, 2021

DANIEL O'BRIEN – PROFESSOR & EXTENSION AG ECONOMIST

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► **South Asia** – *Hot, Some Showers*

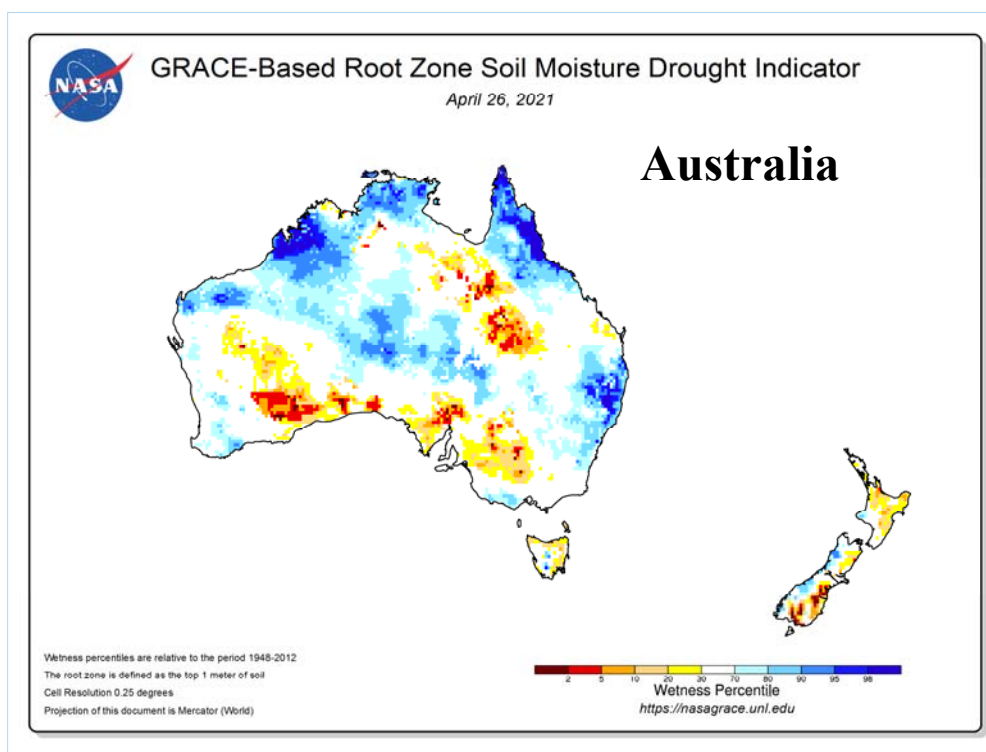
- Periods of showers and seasonably hot weather prevailed across India and southern Pakistan, rabi (winter) crop harvesting continued and preparations were underway for the kharif (summer) growing season.

► **East Asia** – *Beneficial Rain*

- Showers in eastern and southern China supported reproductive wheat and rapeseed (east & south) as well as vegetative early-crop rice (south).

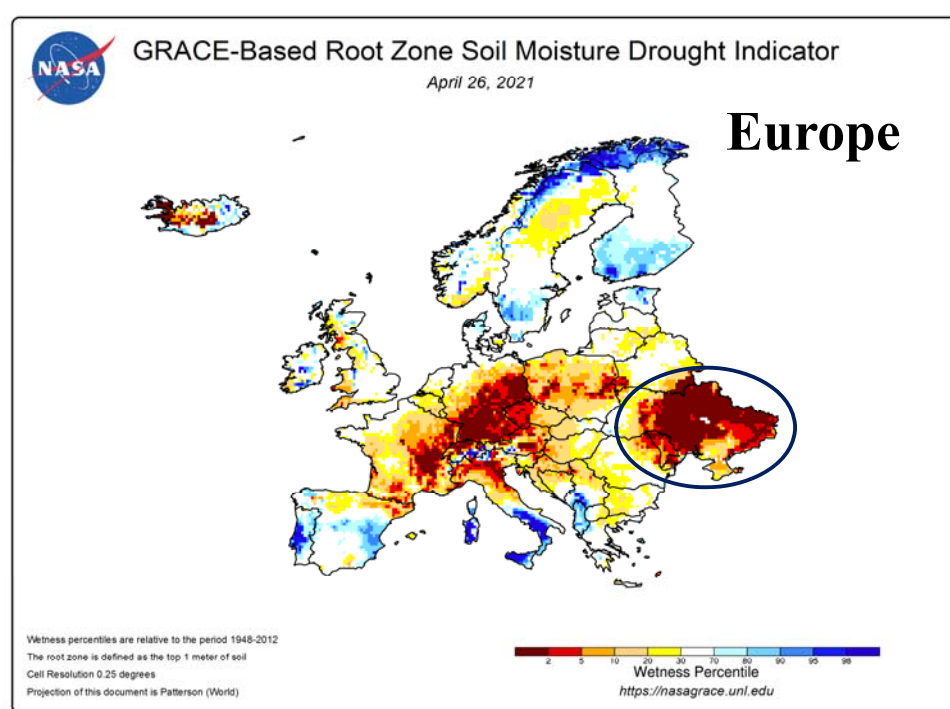
► **Southeast Asia** – *Typhoon Surigae, Shifting Seasonal Rainfall*

- Typhoon Surigae passed off the eastern coast of the Philippines, only producing heavy showers in eastern-most locales.
- Seasonal rainfall shifted northward in the region, bringing drier weather to southern Indonesia and wetter weather to southern parts of Thailand.
- Field and paddy preparations continued in northern portions of the region ahead of the start to the wet season.



► **Australia** – *Generally Favorable For Crops*

- In the wheat belt, *adequate to abundant* **soil moisture** and mostly dry weather promoted early winter crop planting and allowed summer crop harvesting to proceed.

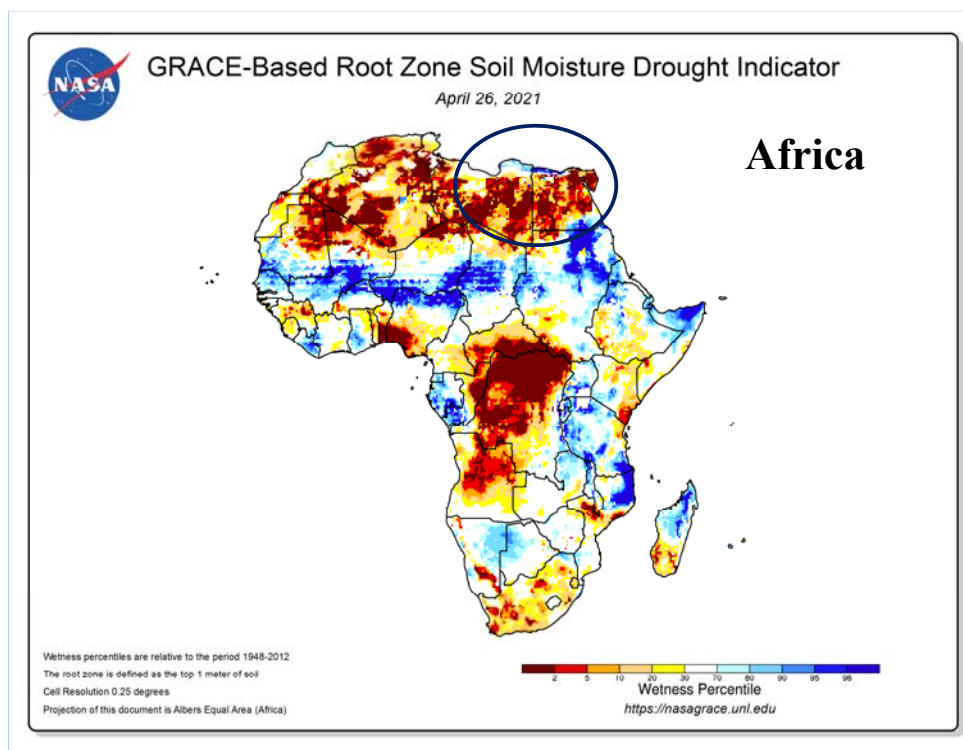


► **Europe** – *Increasingly Dry In England, France, & Germany*

- Increasingly dry weather in England, France, and Germany reduced soil moisture for vegetative winter crops, though rapeseed and wheat were reproductive in parts of France.
- Showers maintained favorable conditions for vegetative to reproductive winter grains in Spain.
- Locally heavy rain sustained good early-season prospects for vegetative winter grains and oilseeds in the Balkans, though chilly weather slowed crop development.

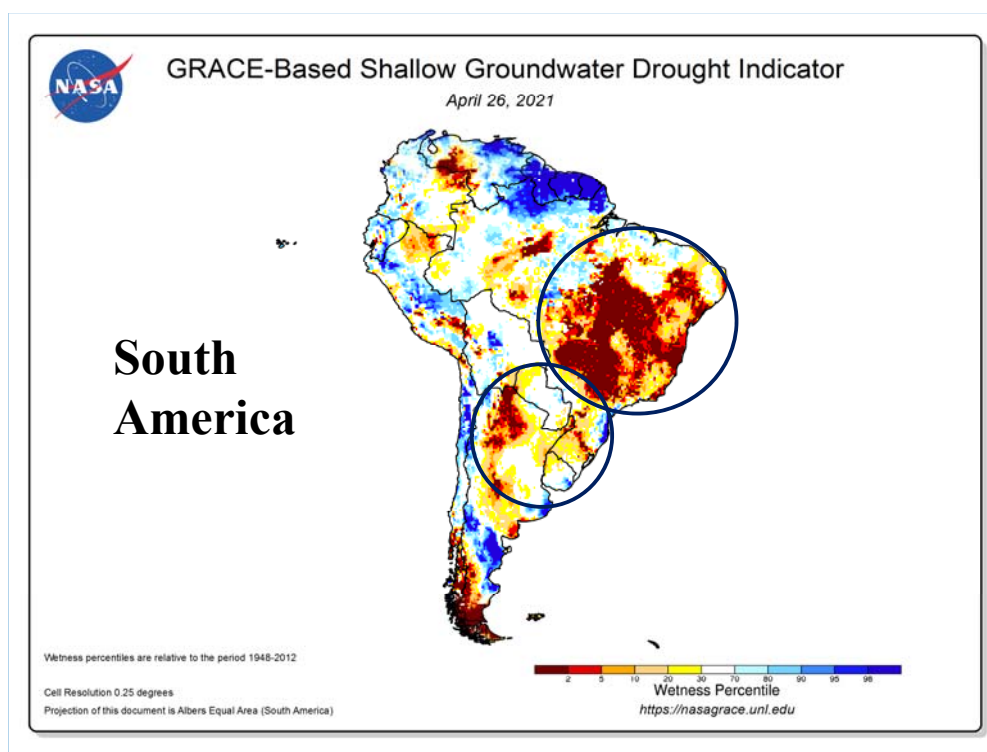
► **Black Sea Region** – *Generally Favorable For Crops*

- In the wheat belt, *adequate to abundant* **soil moisture** and mostly dry weather promoted early winter crop planting and allowed summer crop harvesting to proceed.



► **Northwestern Africa** – *Winter Grains Approaching Maturity*

- Winter wheat and barley were approaching or progressing through the filling stages of development across the region;
- Conditions are very good in Morocco & Tunisia but variable in Algeria.



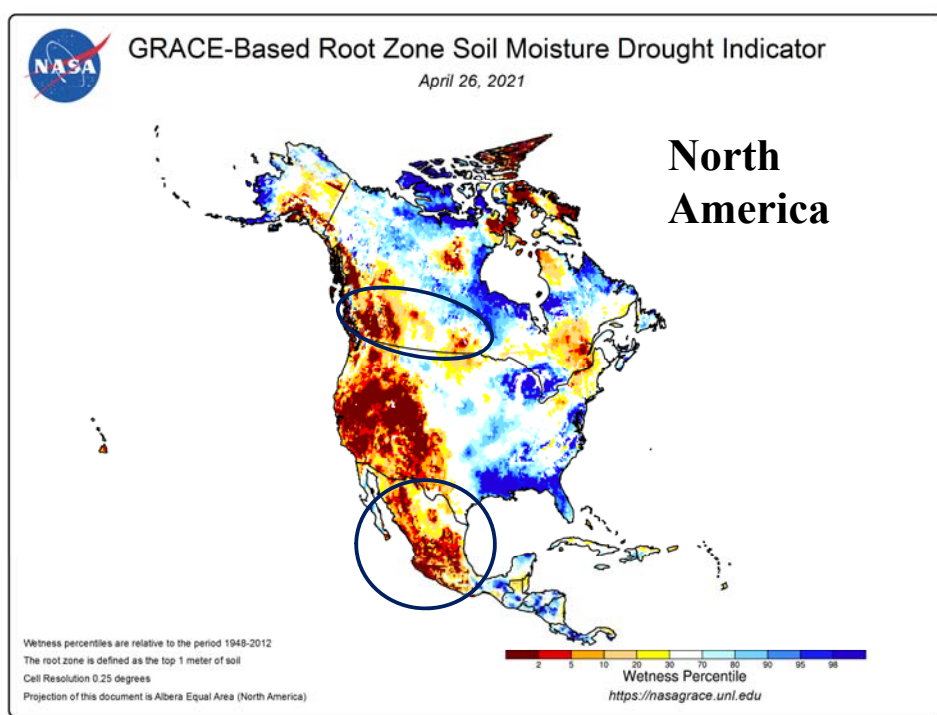
► South America

► Wetness Continued in Argentina

- Heavy rain increased long-term moisture reserves for establishment of winter wheat & barley, but the wetness disrupted harvesting of summer grains, oilseeds, & cotton.

► Dryness Dominated Southern Brazil

- Showers benefited corn and cotton in Brazil's northern farming areas, but unseasonable dryness reduced moisture for corn, and emerging wheat, farther south.



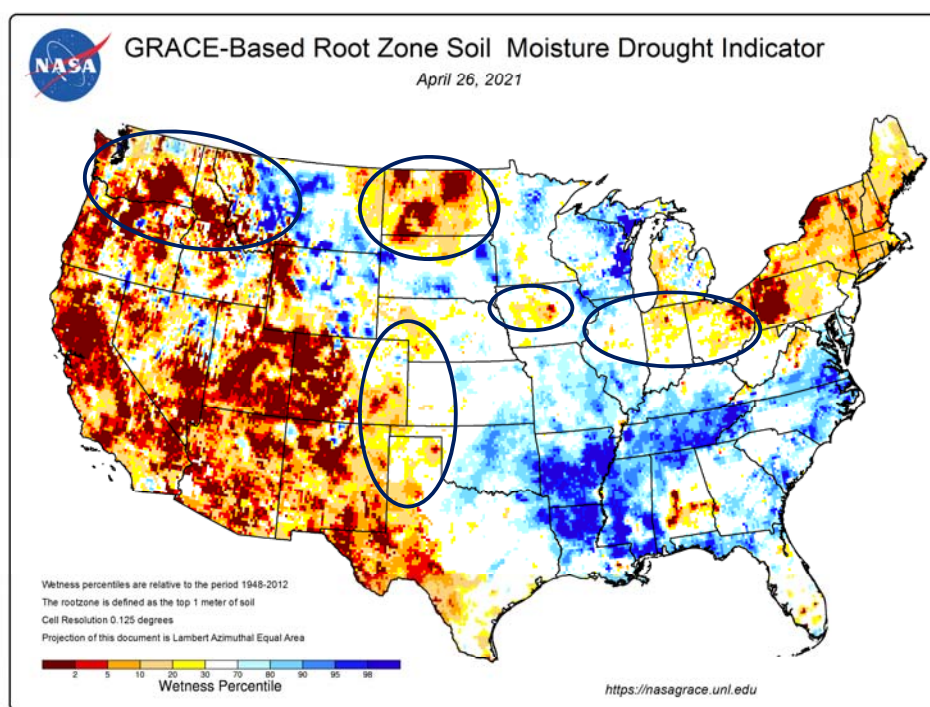
► North America

► Mexico

- Most Major Farming Areas Remained Unseasonably Dry.
- Moisture was limited for germination of corn & other rain-fed summer crops.

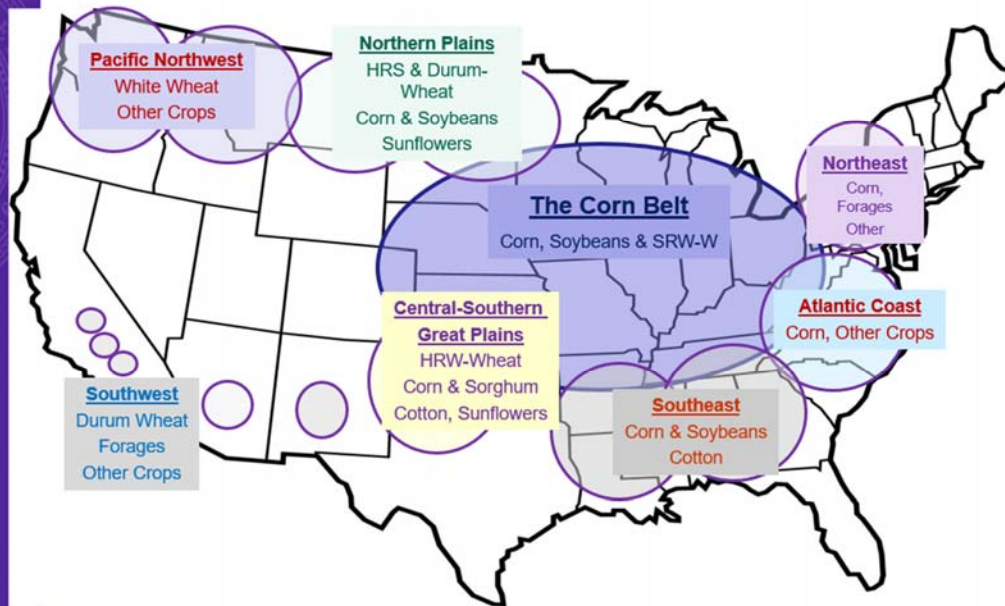
► Dryness Dominated Southern Brazil

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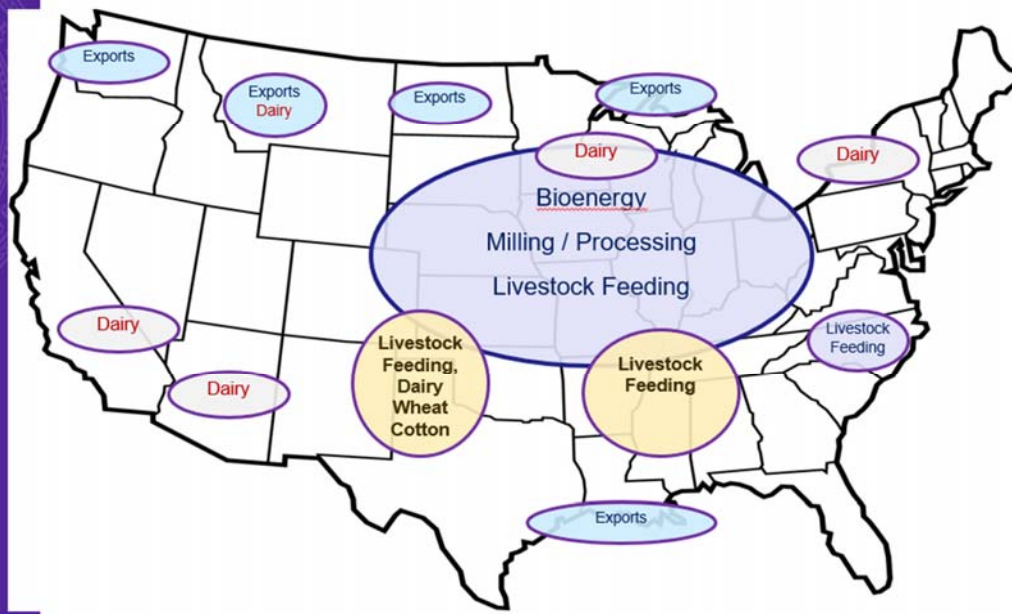


Continental United States

U.S. Grain Production Regions

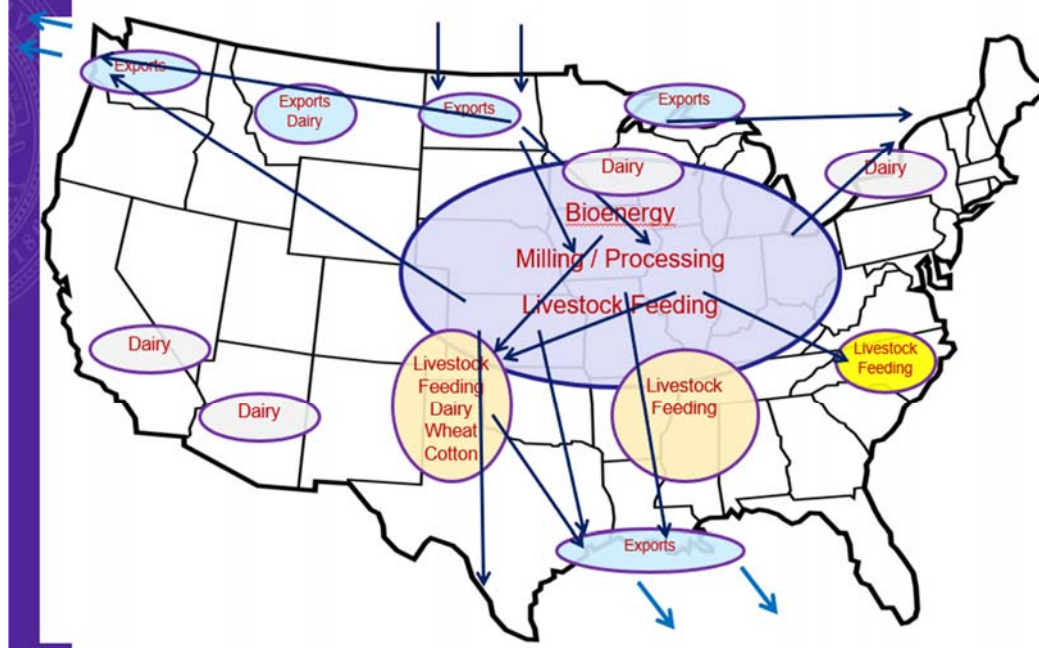


U.S. Regional Grain Use / Demand



Transportation Flow of U.S. Grain to Use

19



Major Export Competitor Issues....

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❑ Grain Production by U.S. Export Competitors in “New Crop” MY 2020/21

- **Soybeans** So-Am 2021 ⇒ **Up 3.2%** vs 2020 due to ‘China demand
- **Corn** So-Am + Ukraine 2020/21 ⇒ **Down 1.4-1.8%** vs last 2 marketing years, but **UP 30%** over 2015/16-2017/18 average

❑ **Argentina & Brazil:** Crop weather, export taxes, weak currencies

❑ **Ukraine & Russia:** Geopolitical issues, logistics, weak currencies

What to anticipate in U.S. in 2021.....

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□ 2021 U.S. Spring Plantings ⇒ U.S. Farmers Expectations?

- 1st are determining South American crops in Spring 2021
 - “Major” problems with 2021 South American crops
- Soybeans ^{USDA 2021} Up 5% ➡ ⬆️ Uncertain with strong Corn \$'s ?
- Corn ^{USDA 2021} Up 0.4% ➡ ⬆️ Higher with strong Corn \$'s ?
- Sorghum ^{USDA 2021} Up 18% ➡ ⬇️ Lower with strong Corn \$'s ?

Corn Markets

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CME Corn Futures

TFC Commodity Charts

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Monthly Chart: June 2005 – April 28, 2021



CME Corn Futures

TFC Commodity Charts

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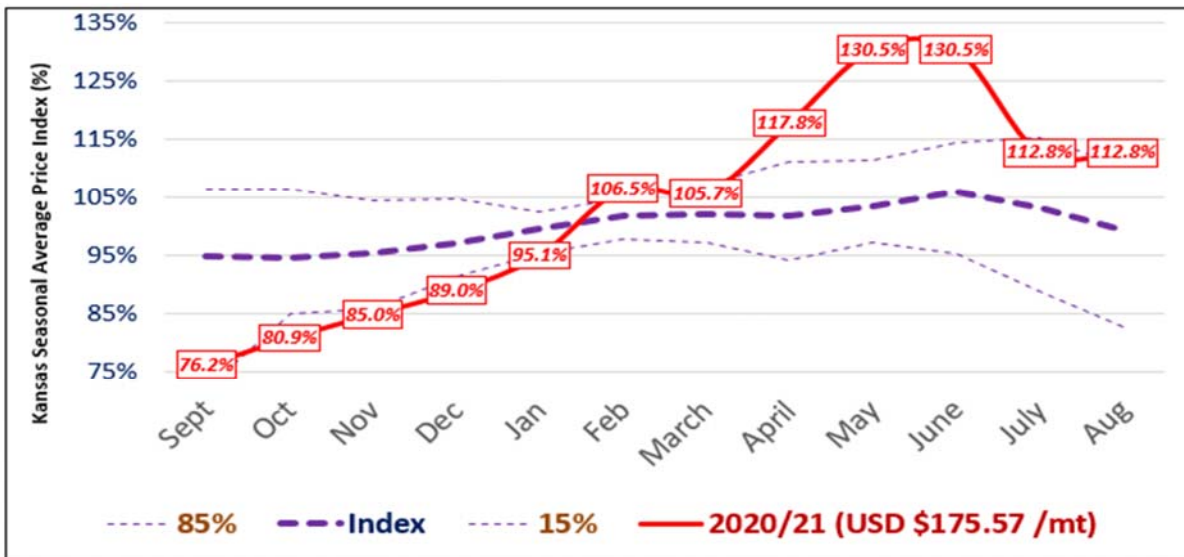
Weekly Chart: October 16, 2015 – April 28, 2021



KS Corn Seasonal Avg. Price Index (%)

25

Monthly: Index 1999/00-2019/20 + "New Crop" MY 2020/21 on 4/28/2021

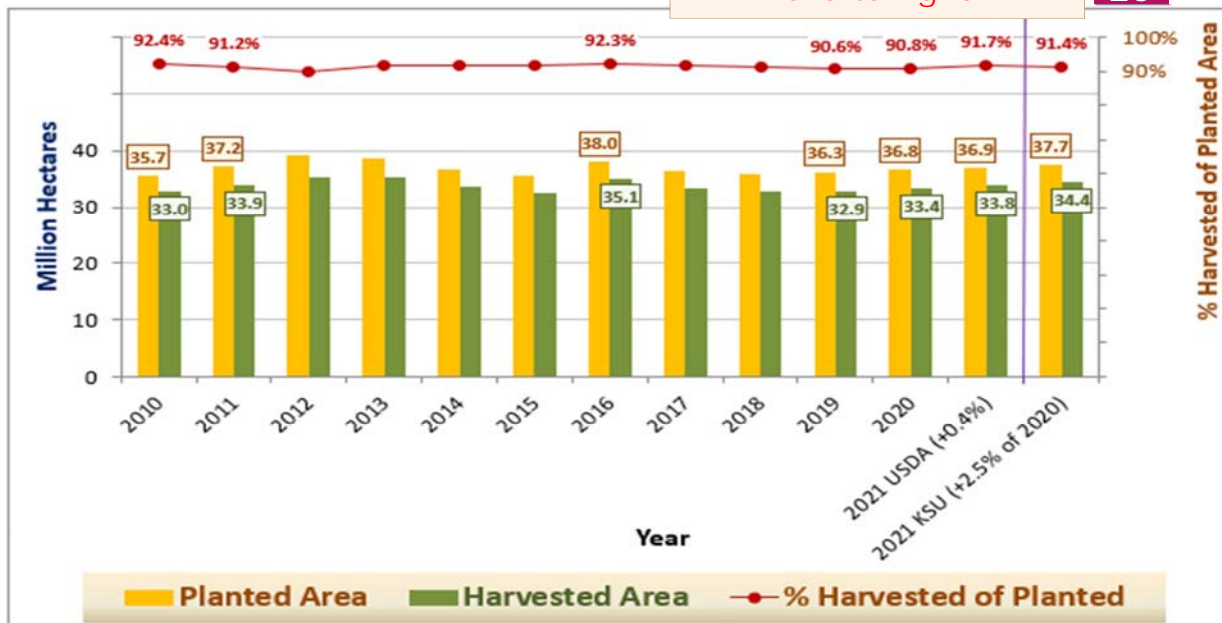


U.S. Corn Area

Plantings in 2021 ?

Level to higher

26



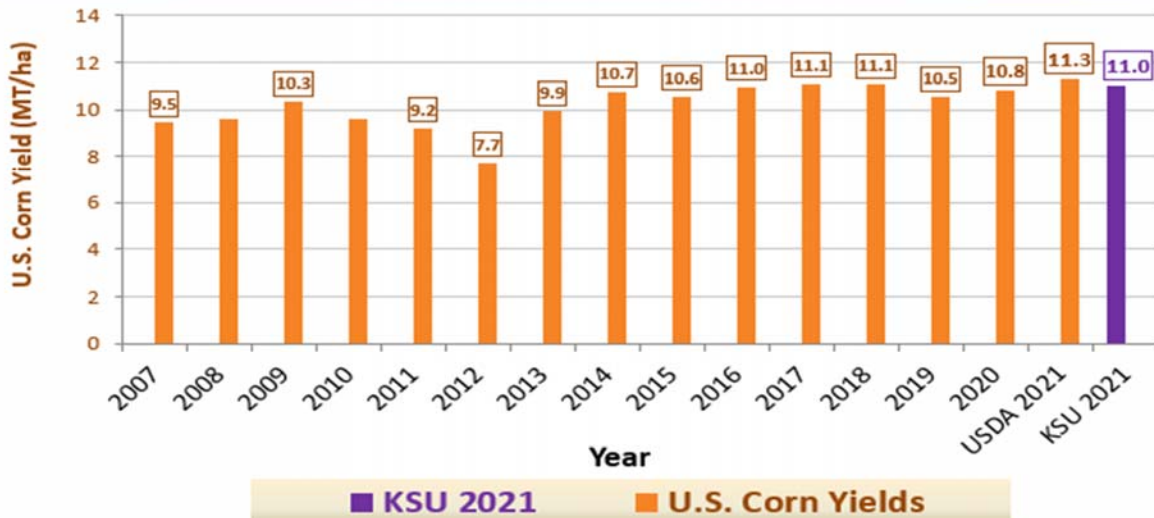
U.S. Corn Yields

Expectations in 2021 ?

U.S. Corn Yields to be average?

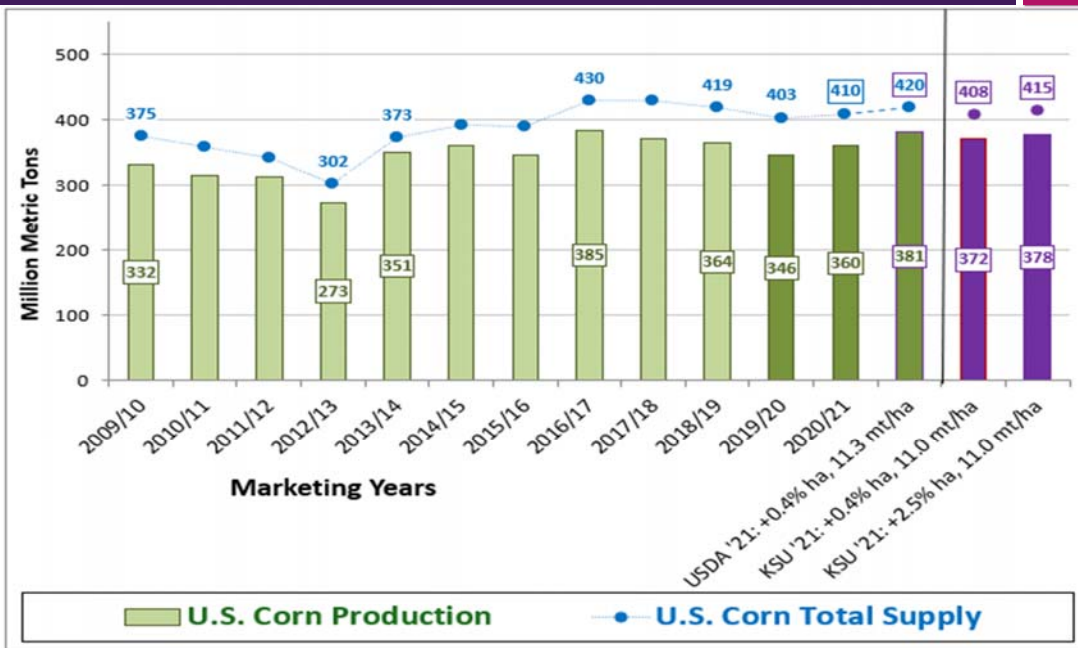
27

USDA 2021 Forecast = 11.0 MT/HA



U.S. Corn Production & Supplies

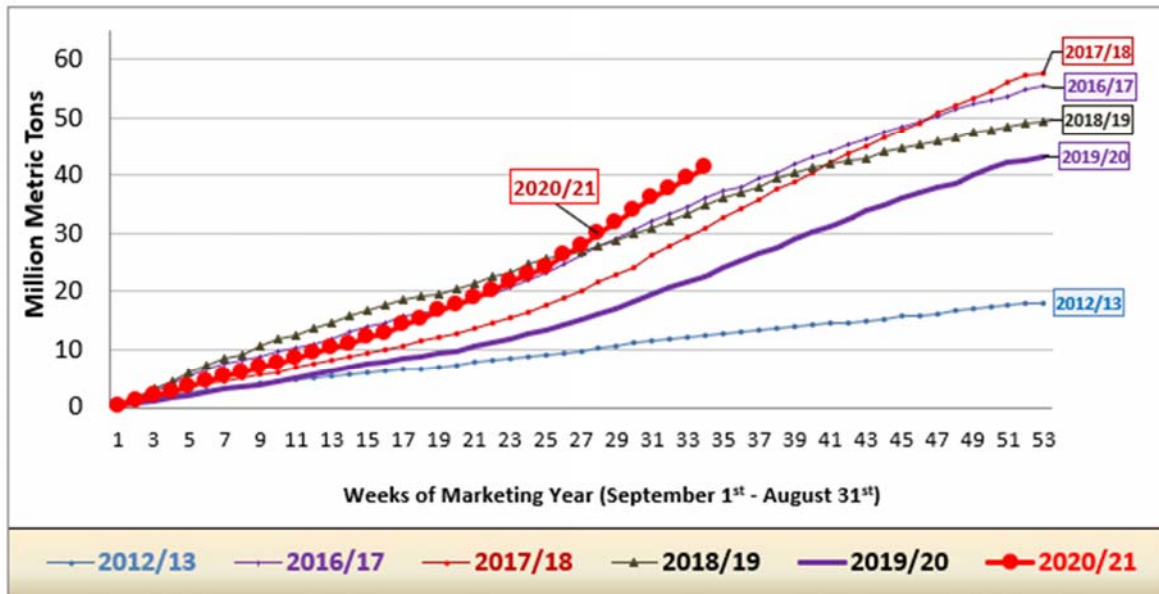
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U.S. Corn Exports for MY 2012/13 & 2016/17 through “Current Crop” MY 2020/21

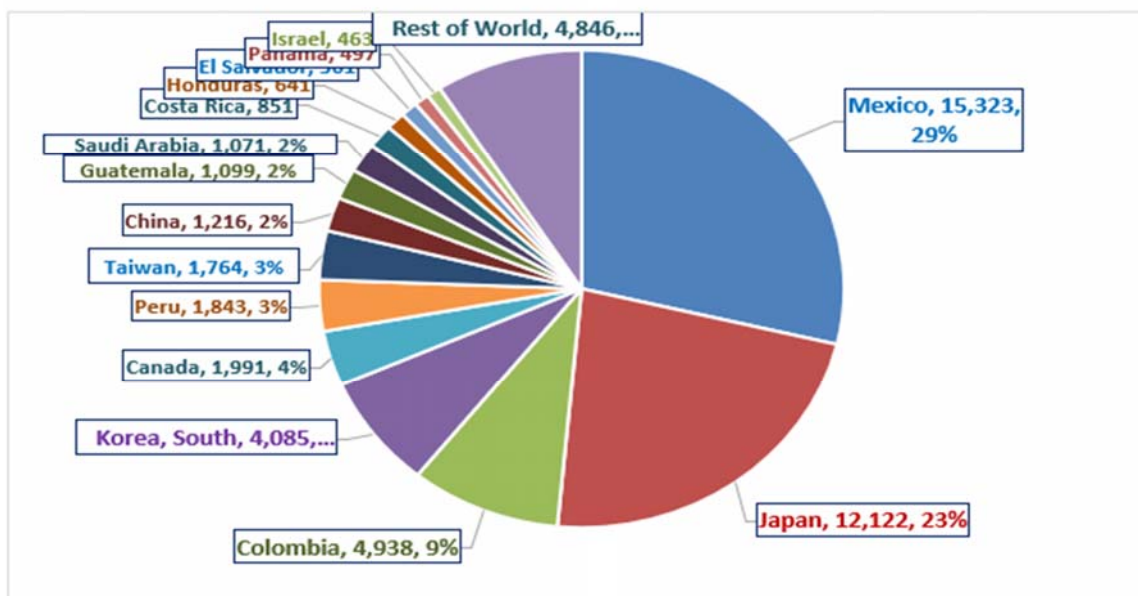
29

based on USDA Foreign Agricultural Service Weekly Export reports thru 4/22/2021 (End of marketing year on 8/31)

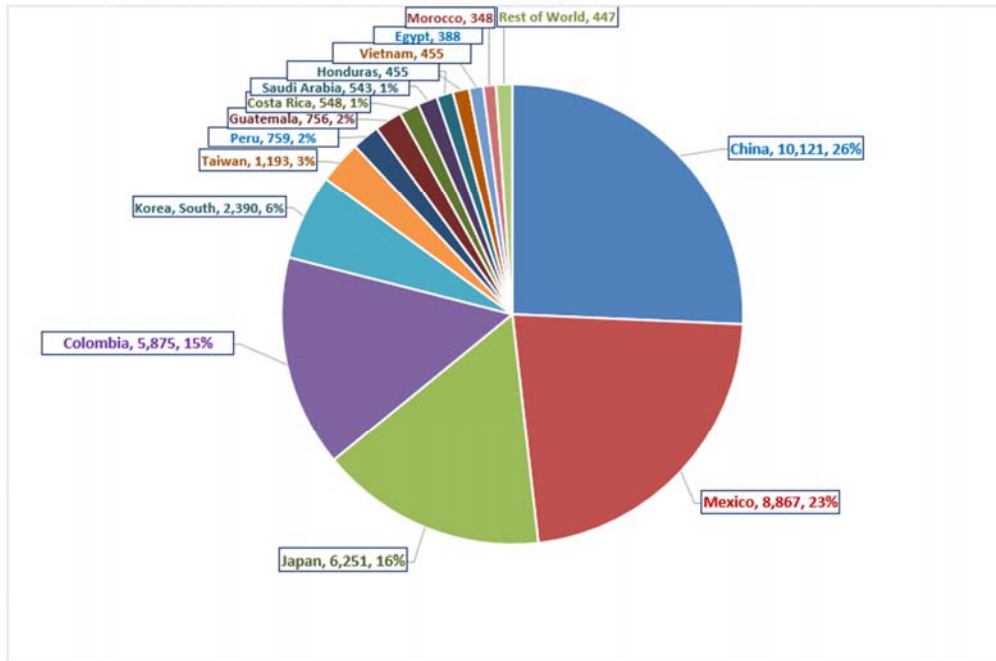


Top 15 U.S. Corn Export Buyers – Three Year Average: MY 2017/18 through “Old Crop” MY 2019/20: as of the April 9, 2021 USDA WASDE report (via USDA FAS PSD Online) (1,000 mt)

30

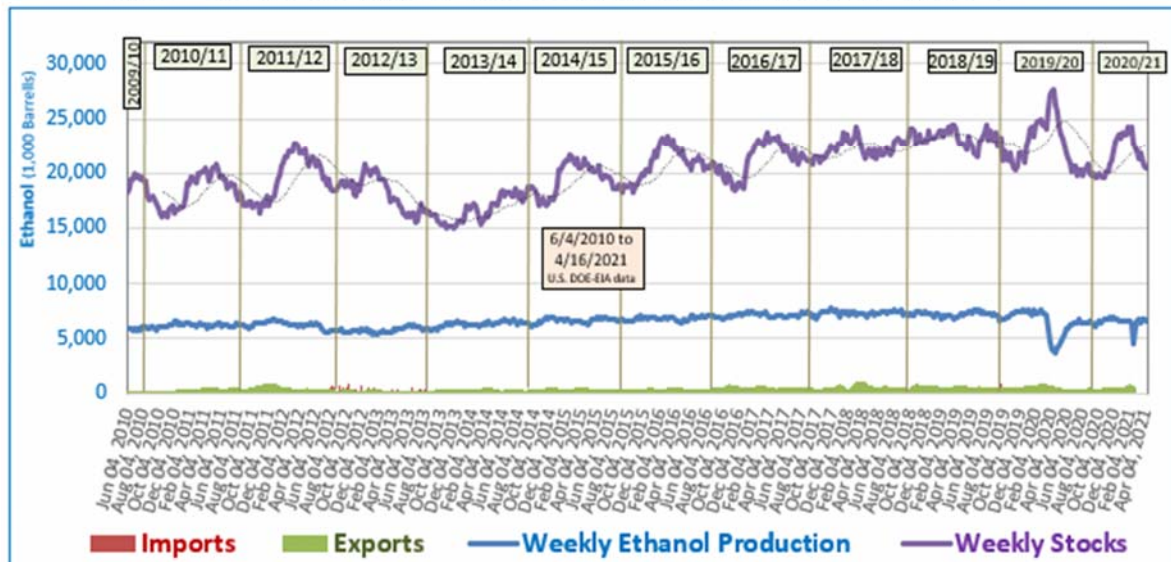


Top 15 U.S. Corn Export Buyers – “Current” MY 2020/21 through April 15, 2021: as of the April 15, 2021 USDA U.S. Export Shipments (1,000 mt), with Marketing Year from September 1, 2020 through August 31, 2021.



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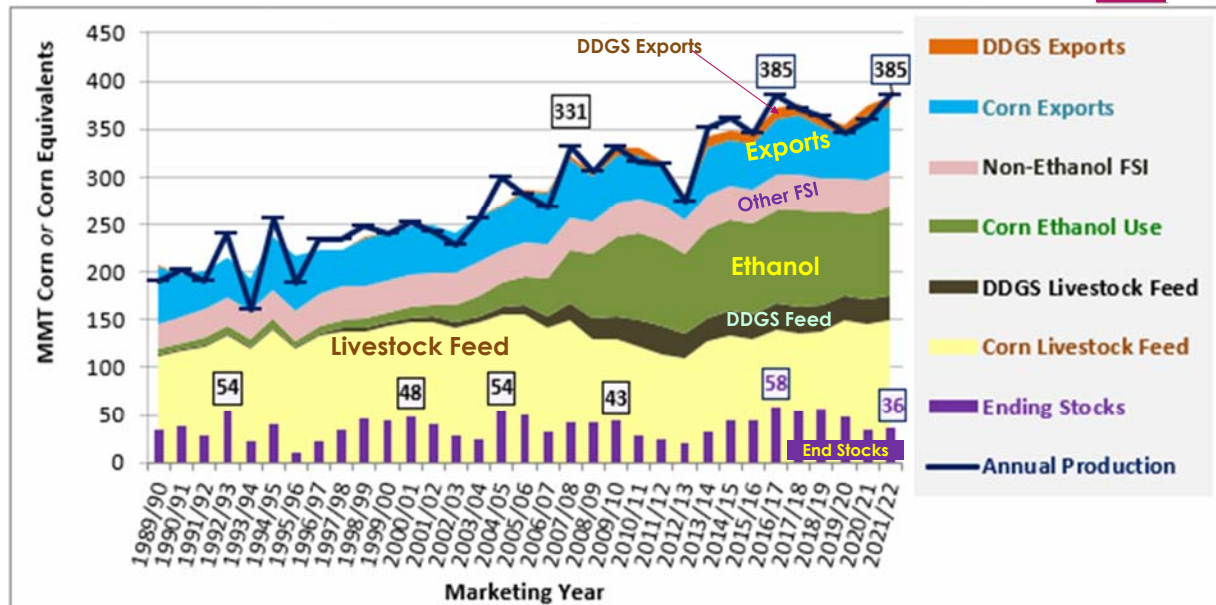
Weekly U.S. Ethanol Production, Use, Imports, Exports & Stocks based on U.S. Department of Energy – Energy Information Agency data on U.S. Ethanol Industry Trends as of 4/16/2021



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U.S. Corn Use – By Category

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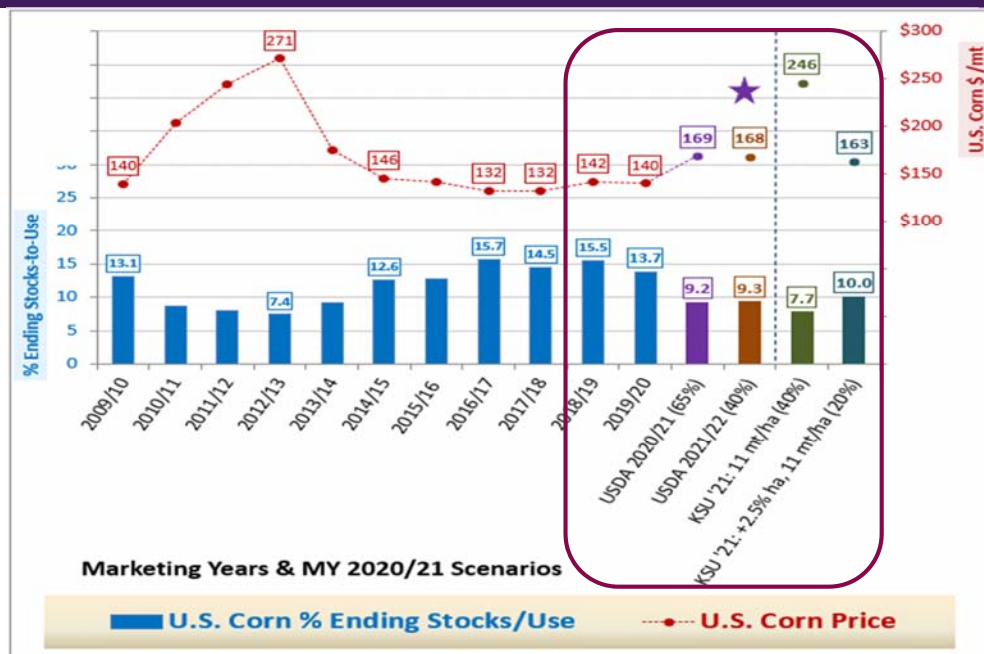
U.S. Corn Ending Stocks & % Stx/Use

34



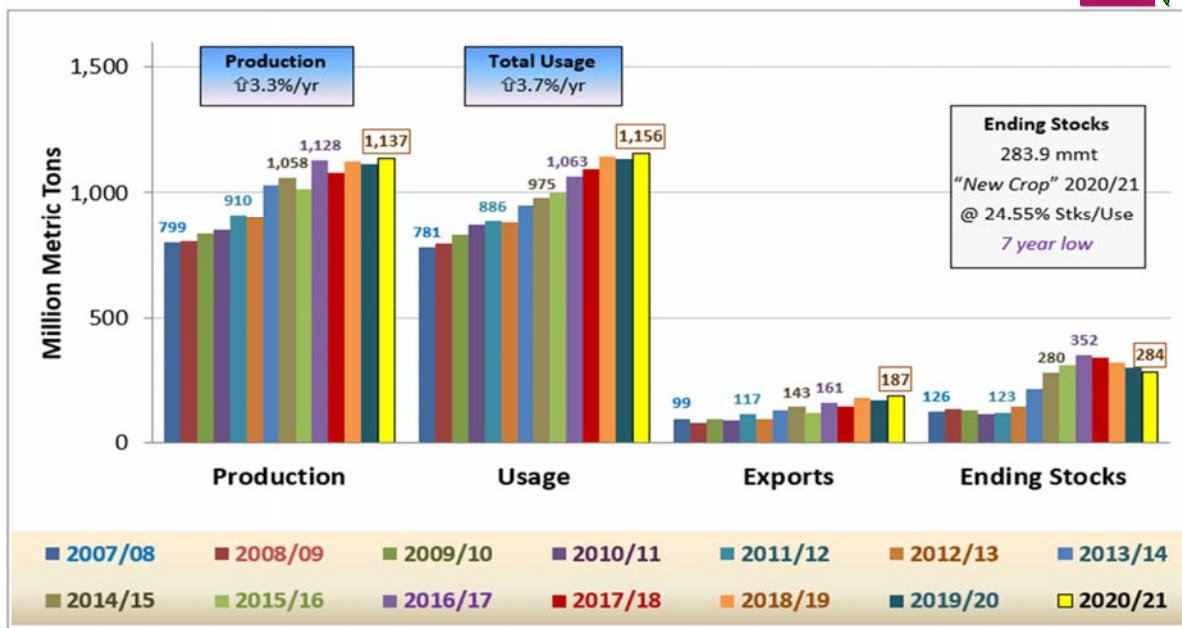
U.S. Corn % Stocks/Use vs Price\$

35



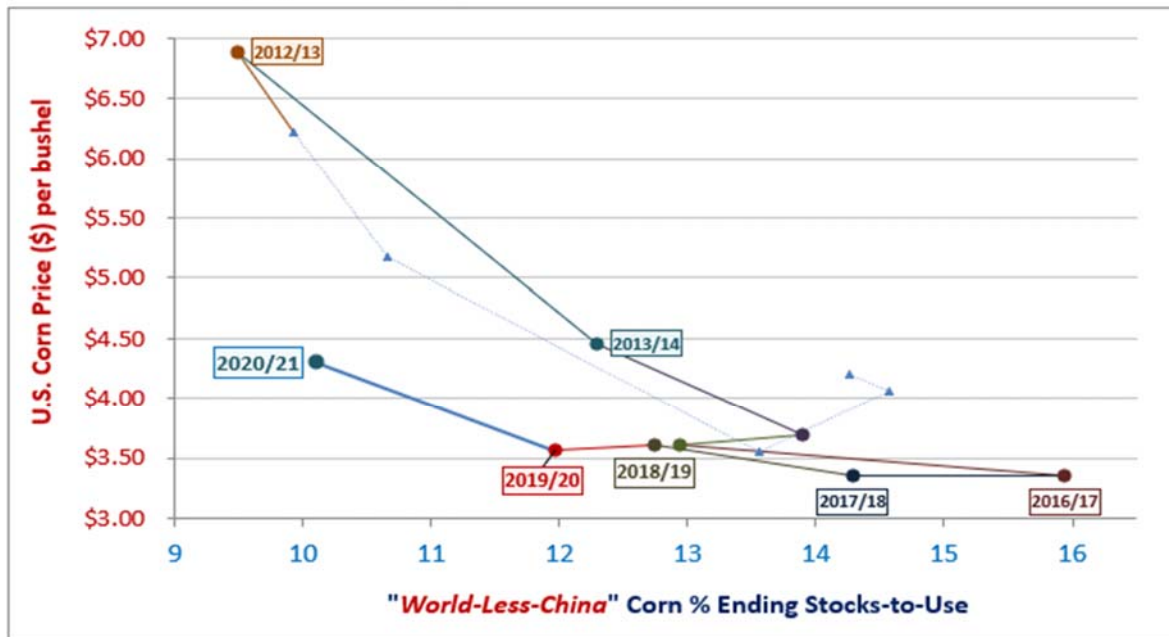
World Corn Supply, Use & Stocks

36



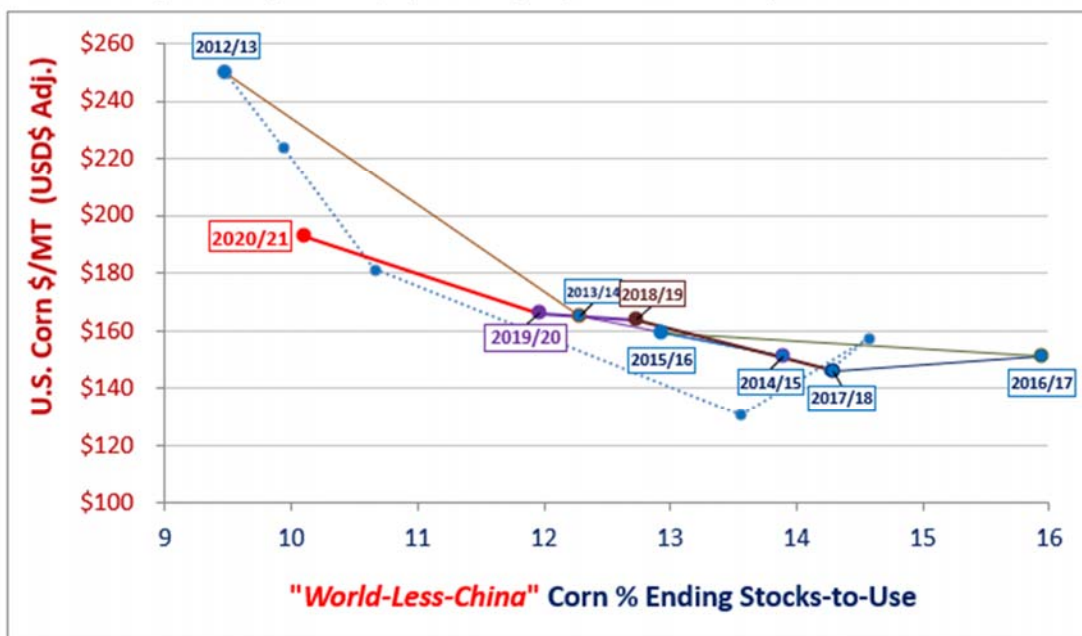
U.S. Corn Price vs % "World-Less-China" Corn Stocks-to-Use: MY 2007/08 through "New Crop"
 MY 2020/21, as of the April 9, 2021 USDA WASDE report

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U.S. Corn Price (USD\$ Adj.) vs % "World-Less-China" Corn Stocks-to-Use: MY 2007/08
 through "New Crop" MY 2020/21, as of the April 9, 2021 USDA WASDE report.

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Grain Sorghum Markets

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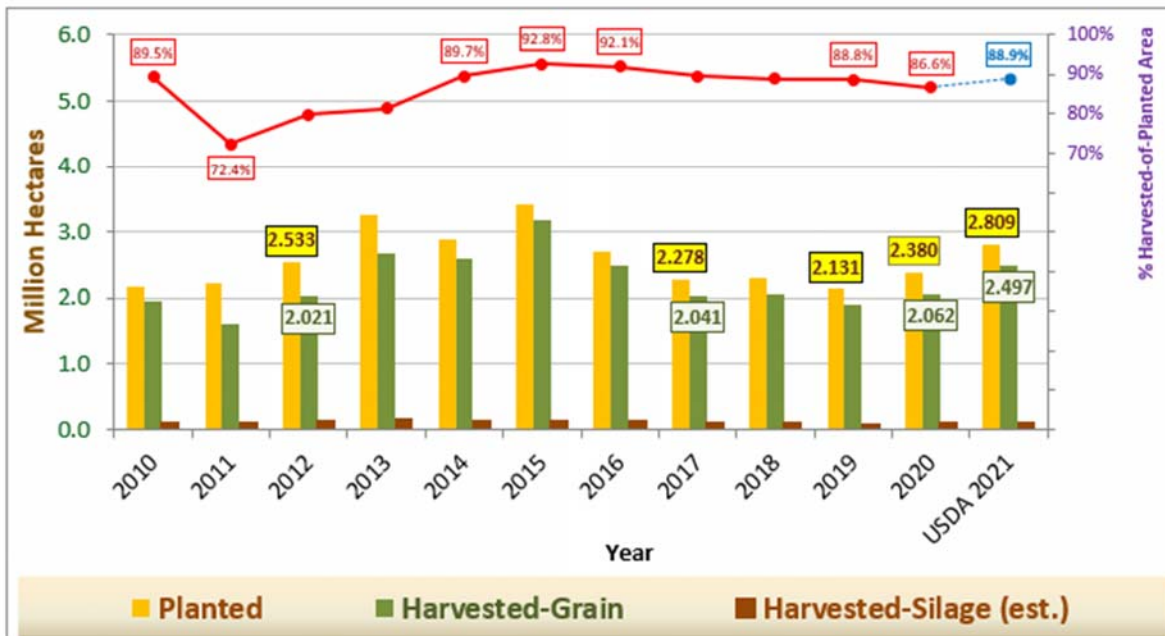
Kansas Grain Sorghum Seasonal Price Index (MY 1999/00 – MY 2019/20) plus “Current Crop” MY 2020/21 Estimates as of April 28, 2021 (KSU www.AgManager.info & USDA NASS <https://quickstats.nass.usda.gov/>)

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U.S. Grain Sorghum Planted & Harvested Acreage (2010 – 2021) as of the April 9, 2021 USDA WASDE report, the 2021 USDA Outlook Conference & 3/31 Prospective Plantings Report

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U.S. Grain Sorghum Yields for 2006-2021 as of the March 9 USDA WASDE report & February 18-19, 2021 USDA Outlook Conference.

42



U.S. Grain Sorghum Total Supplies: MY 2006/07 through "New Crop" MY 2021/22 as of the

43

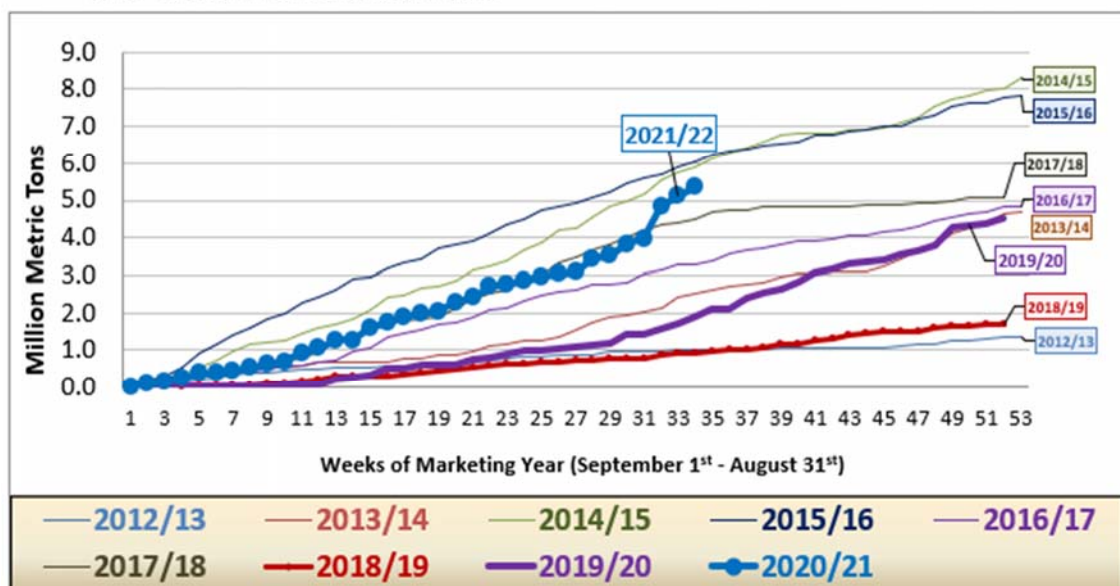
April 9, 2021 USDA WASDE report, the February 18-19, 2021 USDA Outlook Conference & 3/31 USDA NASS Prospective Plantings Report.



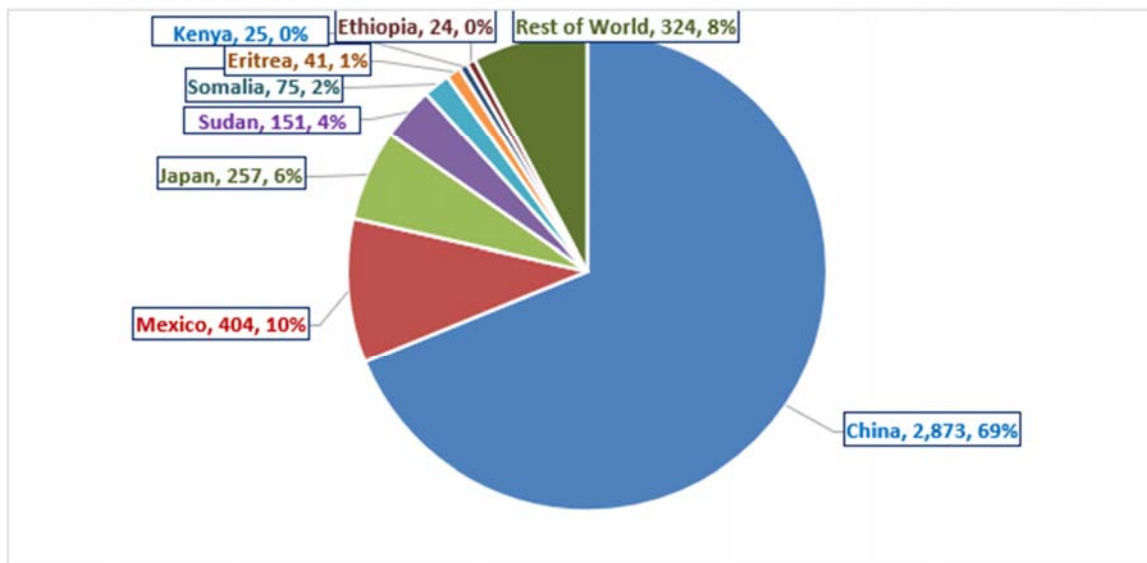
U.S. Grain Sorghum Exports for MY 2012/13 through "New Crop" MY 2020/21 as of April 22,

44

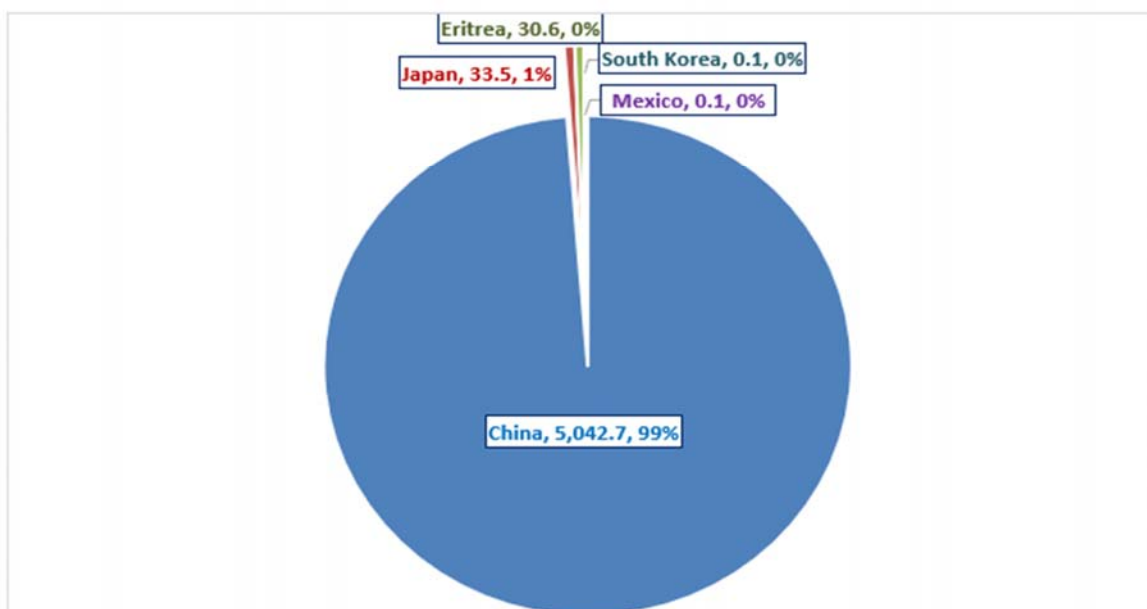
2021 - via USDA FAS Weekly Export reports



Top 10 U.S. Grain Sorghum Export Buyers – Three Year Average: MY 2017/18 thru “Old Crop” MY 2019/20 via USDA FAS PSD Online) (1,000 Metric Tons)

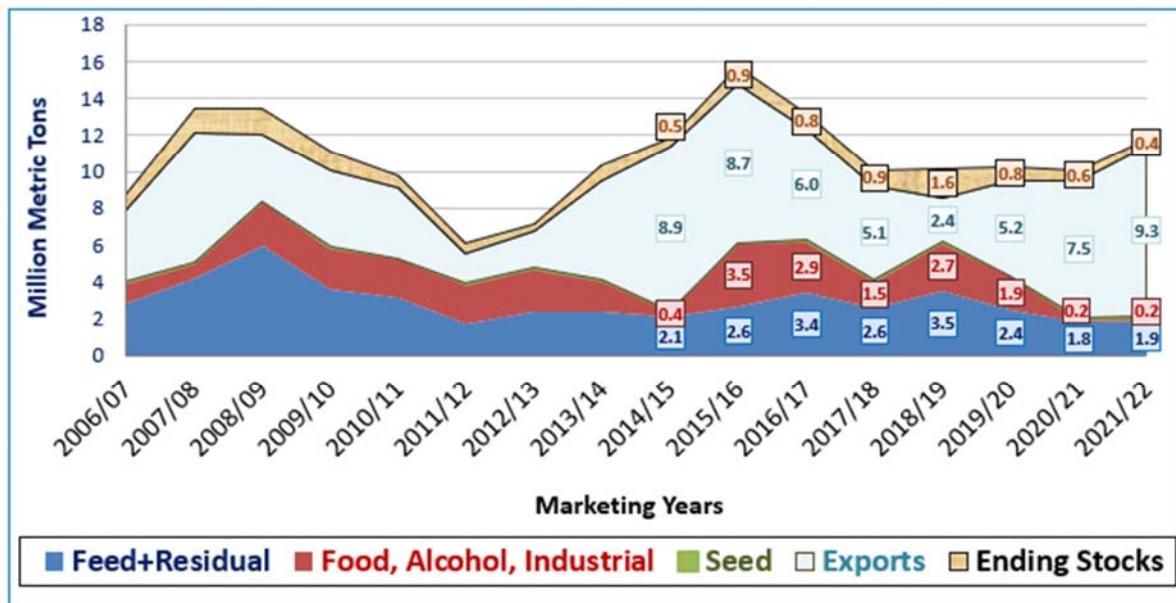


Top U.S. Grain Sorghum Export Buyers – “Current” MY 2020/21 through April 15, 2021:
as of the April 15, 2021 USDA U.S. Export Shipments (1,000 mt)



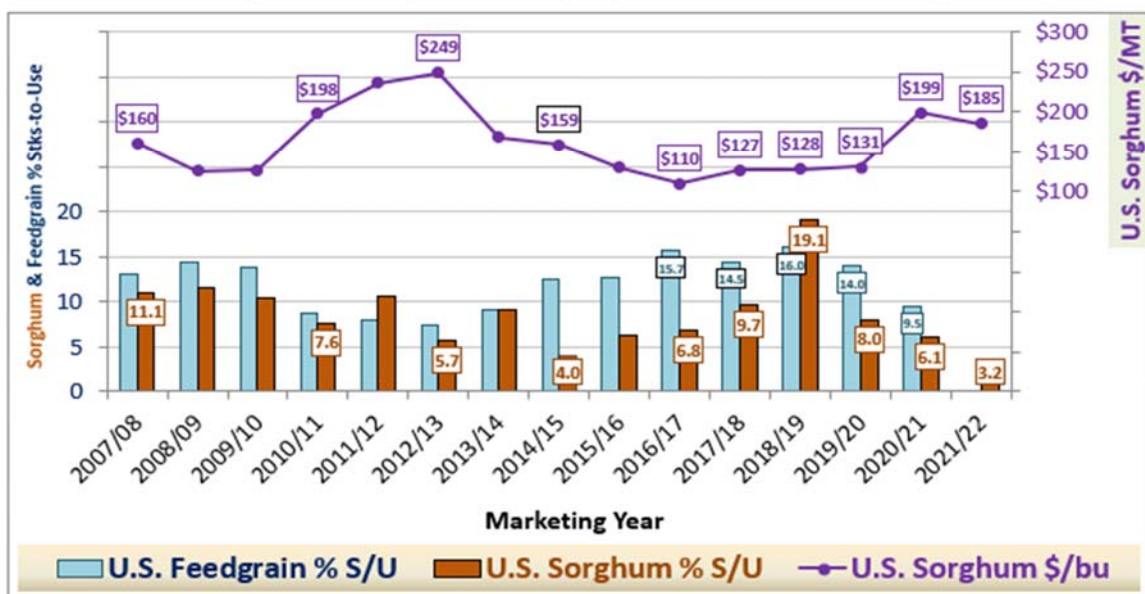
Trends in U.S. Grain Sorghum Use & Ending Stocks: MY 2006/07 - "New Crop" MY

2021/22 as of the April 9, 2021 USDA WASDE report & February 18-19, 2021 USDA Outlook Conference.



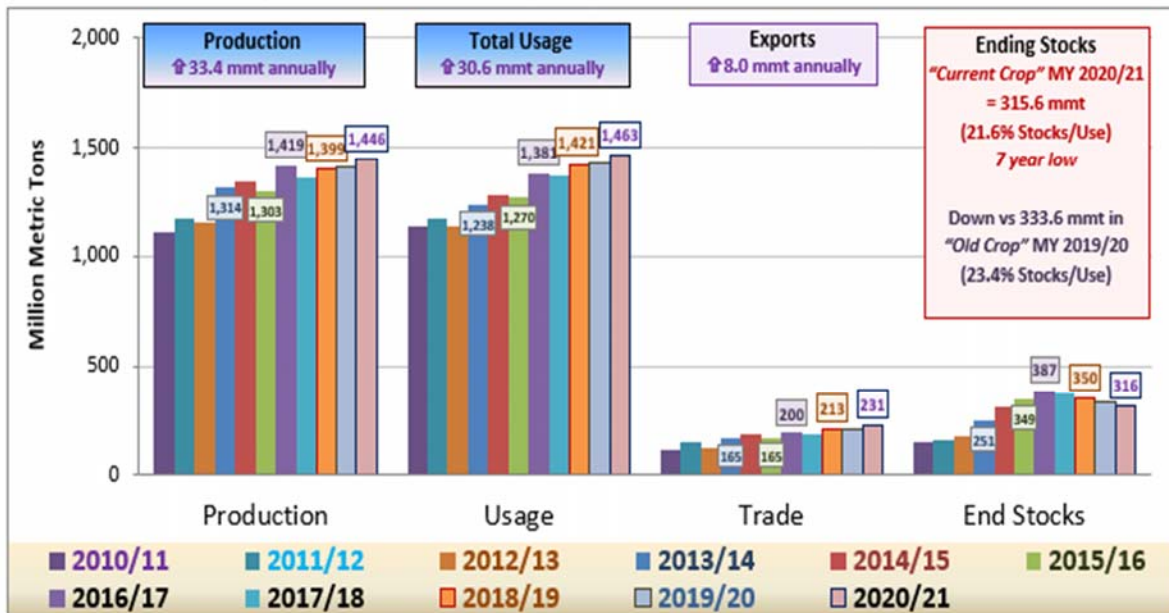
U.S. Grain Sorghum Ending Stocks-to-Use vs U.S. Average Cash Prices: MY 2007/08 -

"New Crop" MY 2021/22 as of the April 9, 2021 USDA WASDE & Feb. 18-19, 2021 USDA Outlook Conf.



World Coarse Supply-Demand: MY 2007/08 thru "New Crop" 2020/21 as of the April 9, 2021

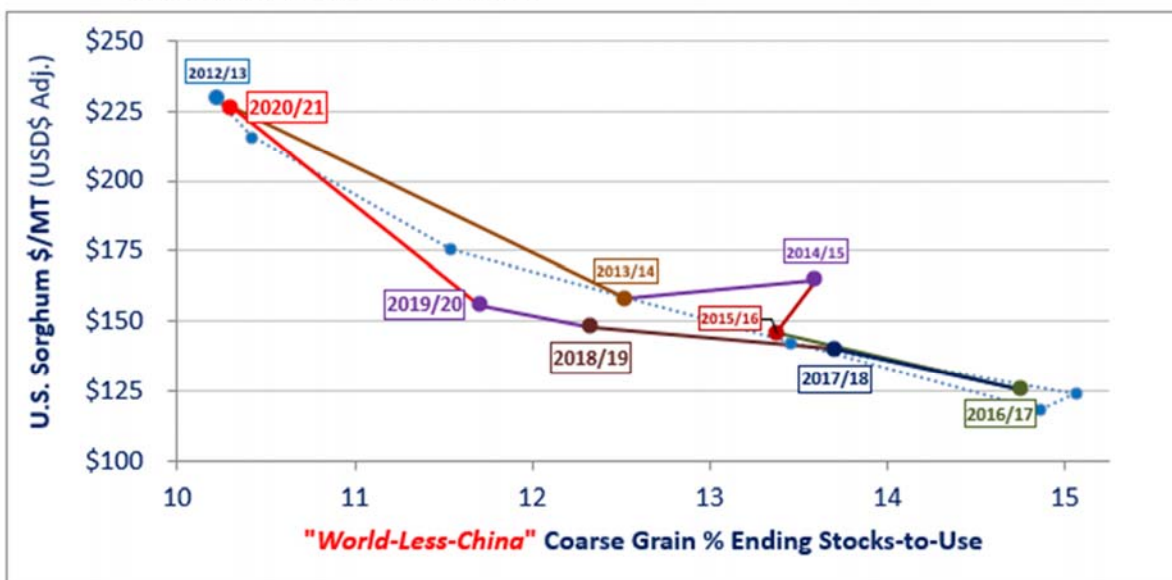
USDA WASDE report



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U.S. Sorghum Price (USD\$ Adj.) vs % "World-Less-China" Coarse Grain Stocks-to-Use:

as of the April 9, 2021 USDA WASDE report



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Wheat Markets

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CME Soybean Futures

TFC Commodity Charts

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Monthly Chart: July 2005 – April 28, 2021



CME Soybean Futures

TFC Commodity Charts

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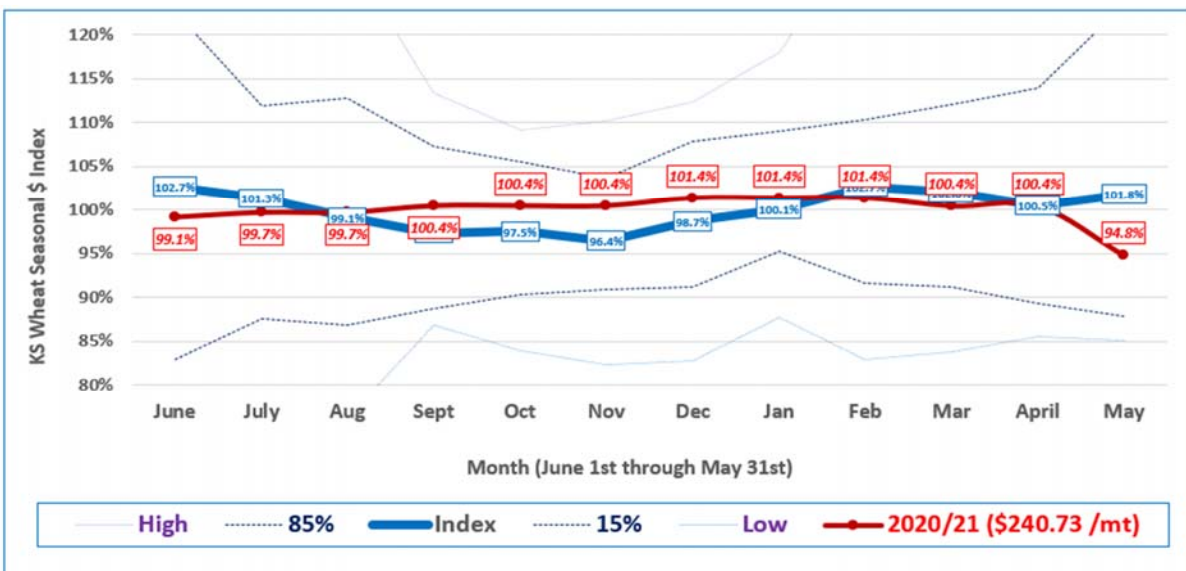
Weekly Chart: October 23, 2015 – April 28, 2021



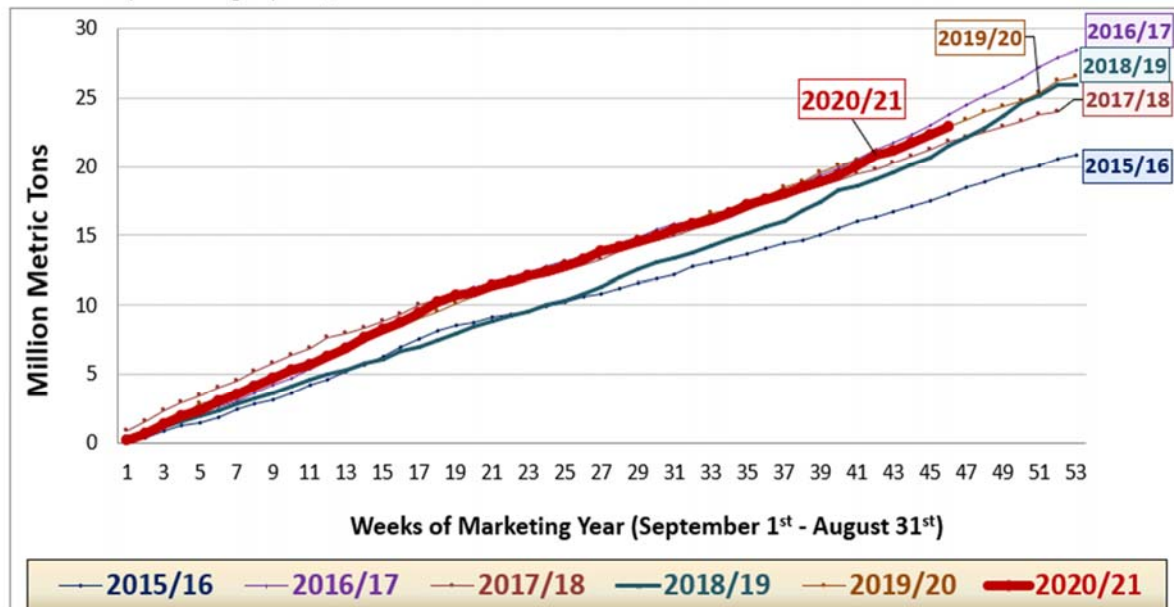
KS Wheat Seasonal Avg. Price Index (%)

54

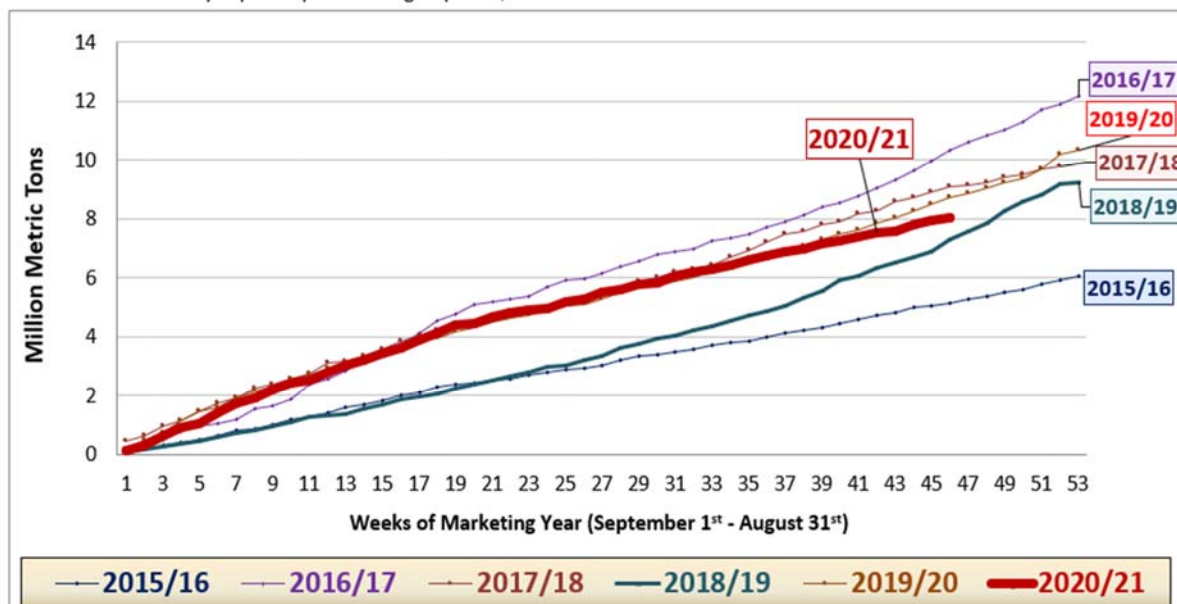
Monthly: Index 1999/00-2019/20 + "New Crop" MY 2021/22 on 4/28/2021



U.S. All Wheat Exports for MY 2015/16 thru "New Crop" MY 2020/21 as of USDA FAS Weekly Export reports through April 15, 2021

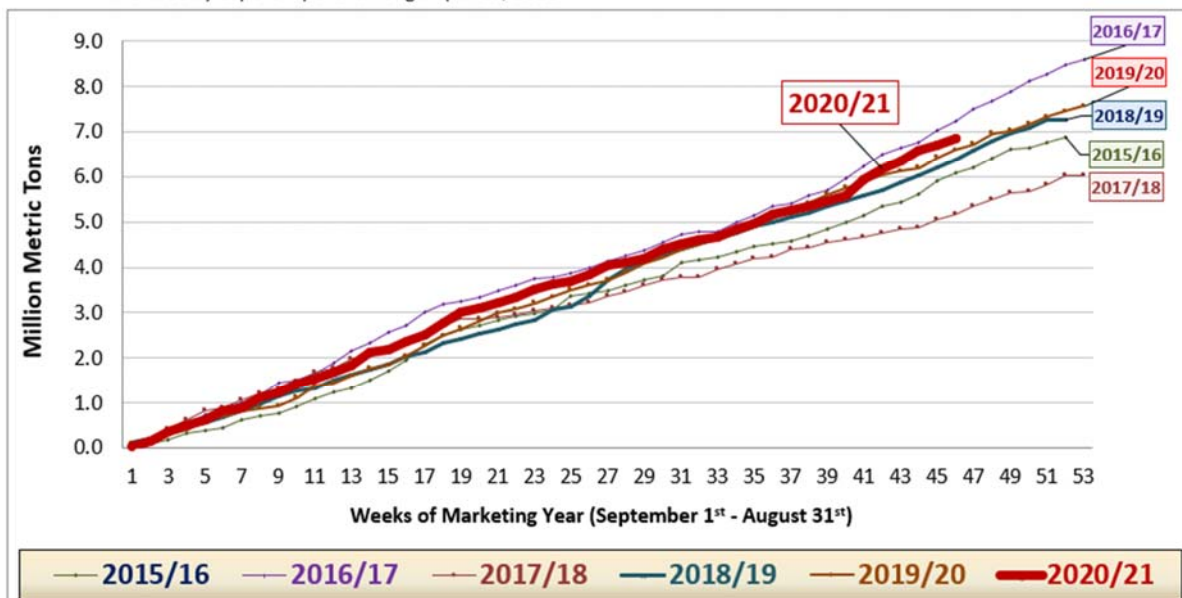


U.S. Hard Red Winter Wheat Exports for MY 2015/16 thru "New Crop" MY 2020/21 as of USDA FAS Weekly Export reports through April 15, 2021

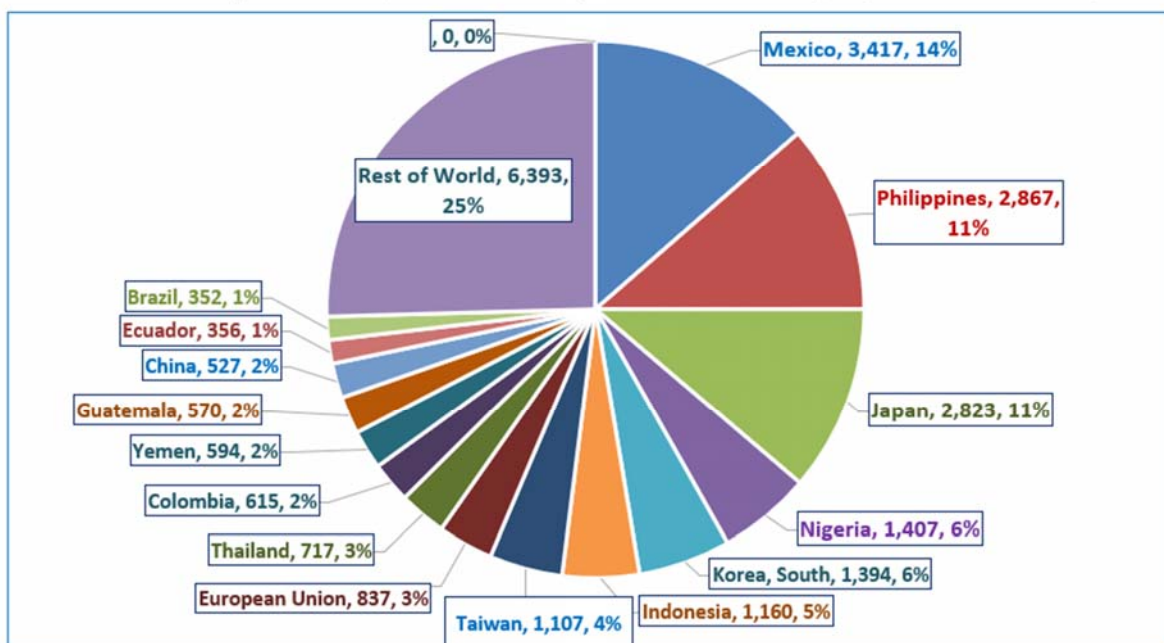


U.S. Hard Red Spring Wheat Exports for MY 2015/16 thru "New Crop" MY 2020/21 as of USDA

FAS Weekly Export reports through April 15, 2021

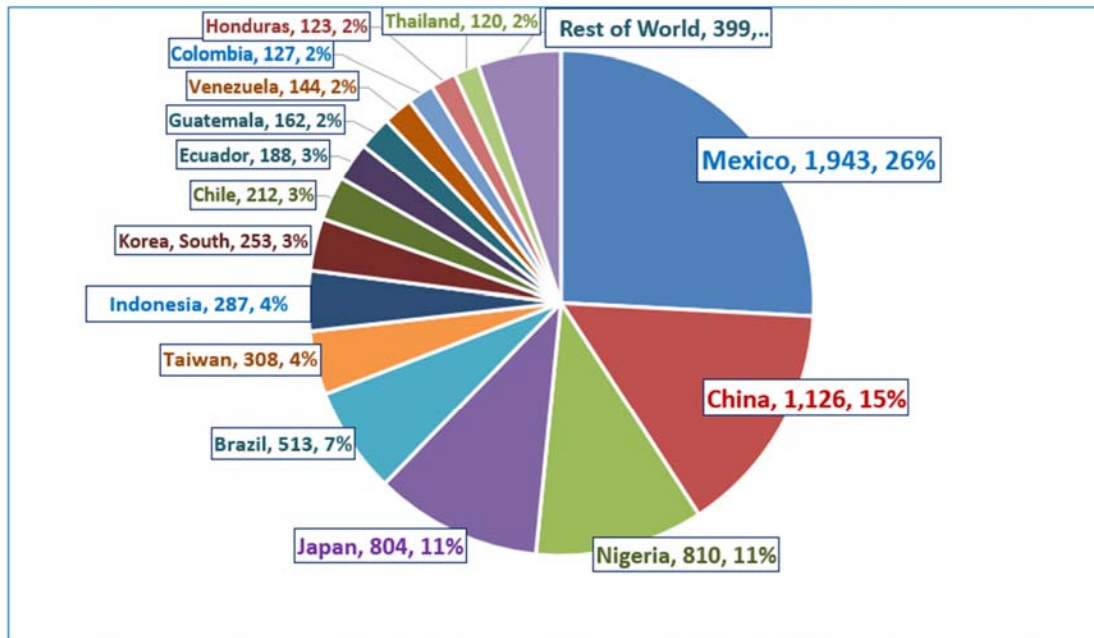


Top 15 U.S. Wheat Export Buyers – Three Year Average: MY 2017/18 through "Old Crop" MY 2019/20 as of the January 12, 2021 USDA WASDE report (via USDA FAS PSD Online)



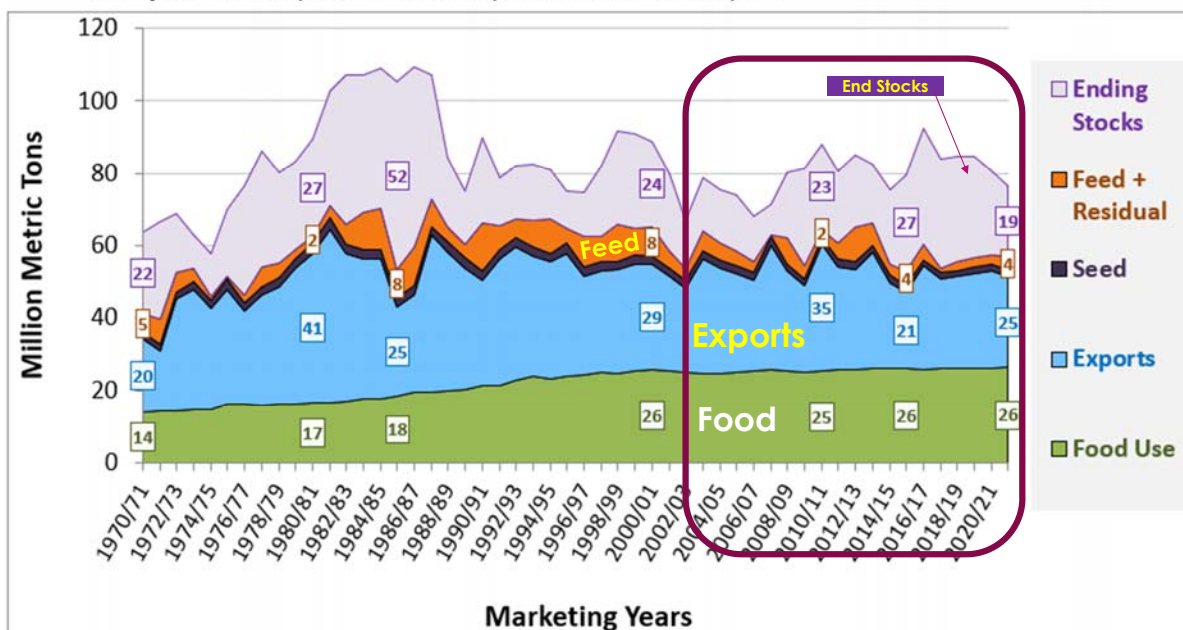
Top 15 U.S. Wheat Export Buyers in “Current Crop” MY 2020/21 as of the April 15, 2021 USDA FAS Export report – Marketing year ends on May 31, 2021 (1,000 metric tons)

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Cumulative Trends in U.S. Wheat Use & Ending Stocks: MY 1970/71 – “New Crop” MY 2021/22 as of the April 9, 2021 USDA Crop Production & WASDE Reports

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

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U.S. Wheat Ending Stocks/Use & Prices

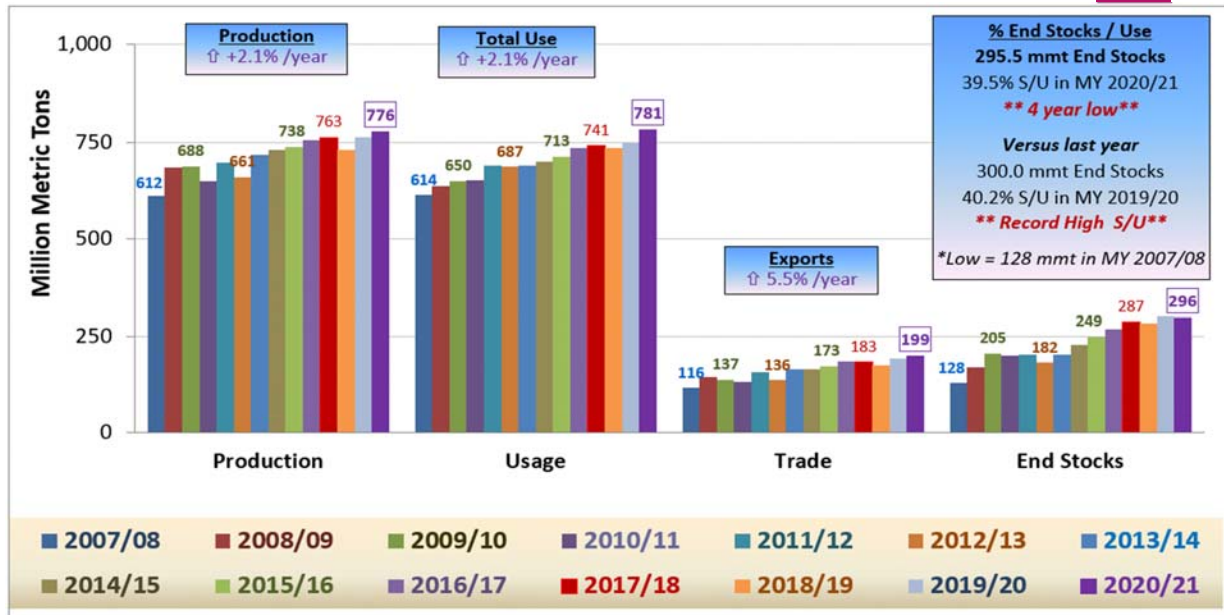
62



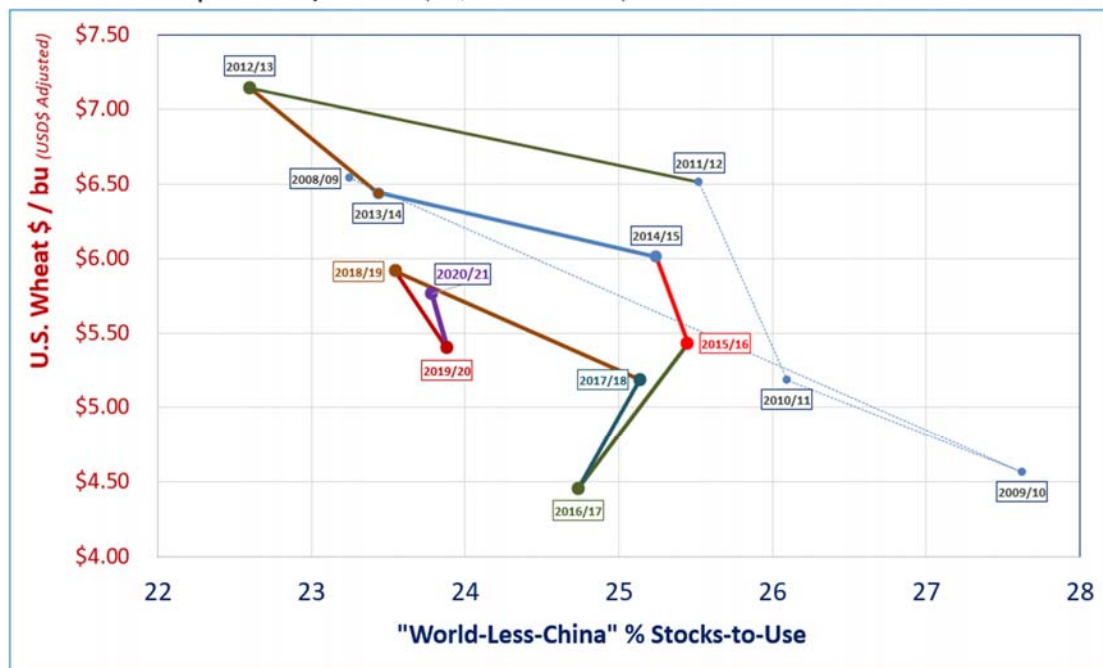
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World Wheat Supply, Use & Stocks

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U.S. Wheat Price (Adjusted by Trade Weighted U.S. Dollar) vs "World-Less-China" % Stocks-to-Use: MY 2008/09 through 64
 "New Crop" MY 2020/21 as of the April 9, 2021 USDA WASDE report





Wheat: World vs World-less-China % Stx/Use

MY 2007/08 – "New Crop" MY 2020/21

66

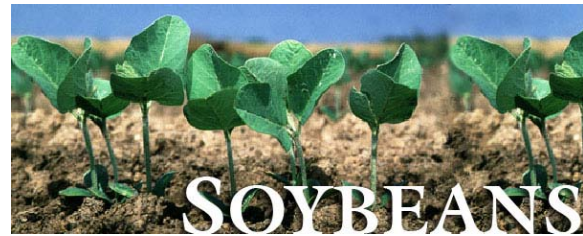


World Wheat
% S/U
≥ 40% last 2
years



Soybean Markets

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CME KS HRW Wheat Futures

TFC Commodity Charts

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Monthly Chart: June 2005 – April 28, 2021



CME KS HRW Wheat Futures

TFC Commodity Charts

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Weekly Chart: October 9, 2015 – April 28, 2021



KS Soybean Seasonal Avg. Price Index (%) Monthly:

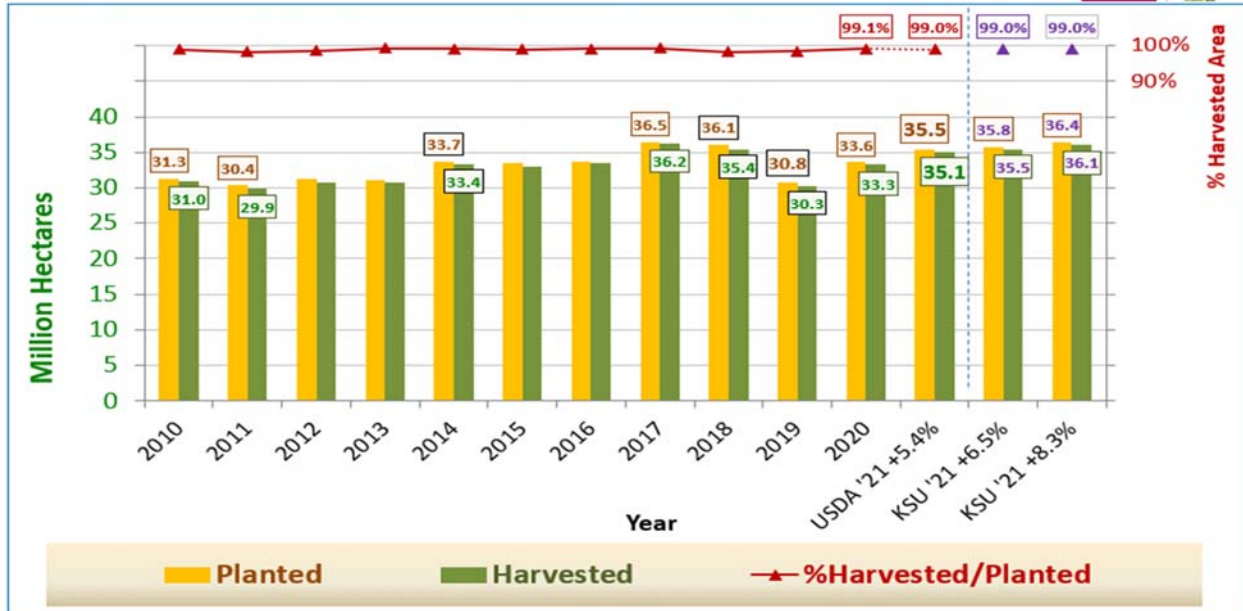
70

Index 1999/00-2019/20 + "New Crop" MY 2020/21 through 4/20/2021



U.S. Soybean Acreage

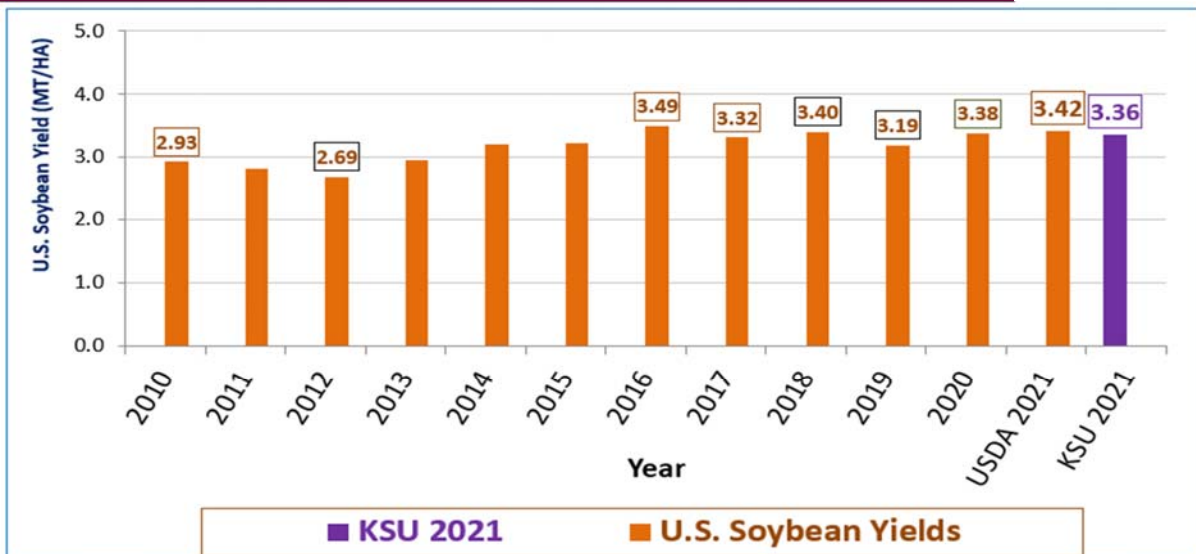
71



U.S. Soybean Yields

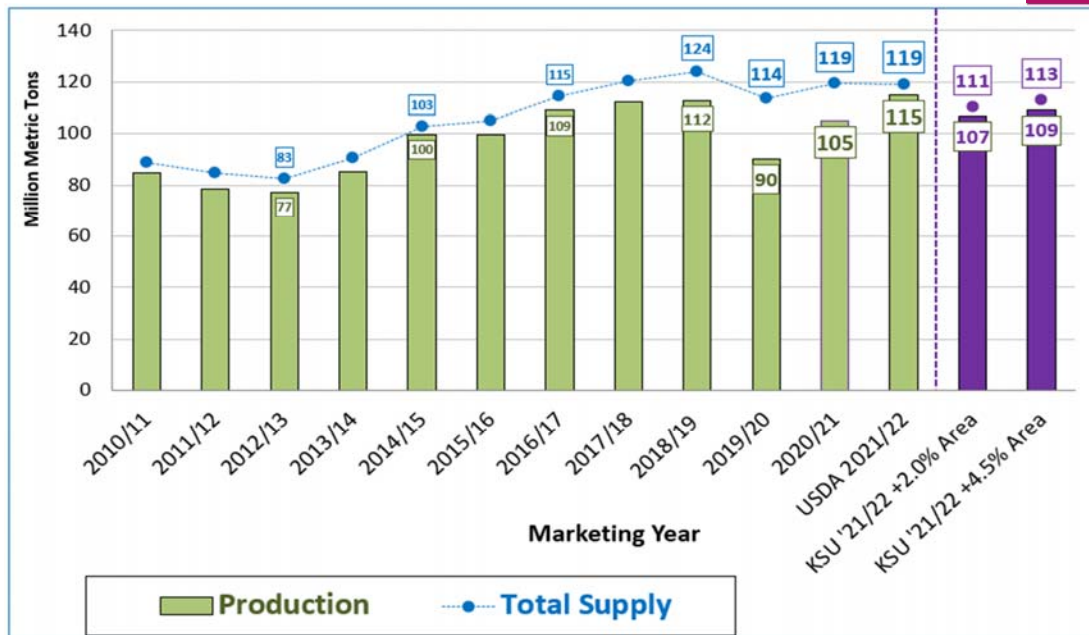
USDA 2021 = 3.36 MT/HA

72



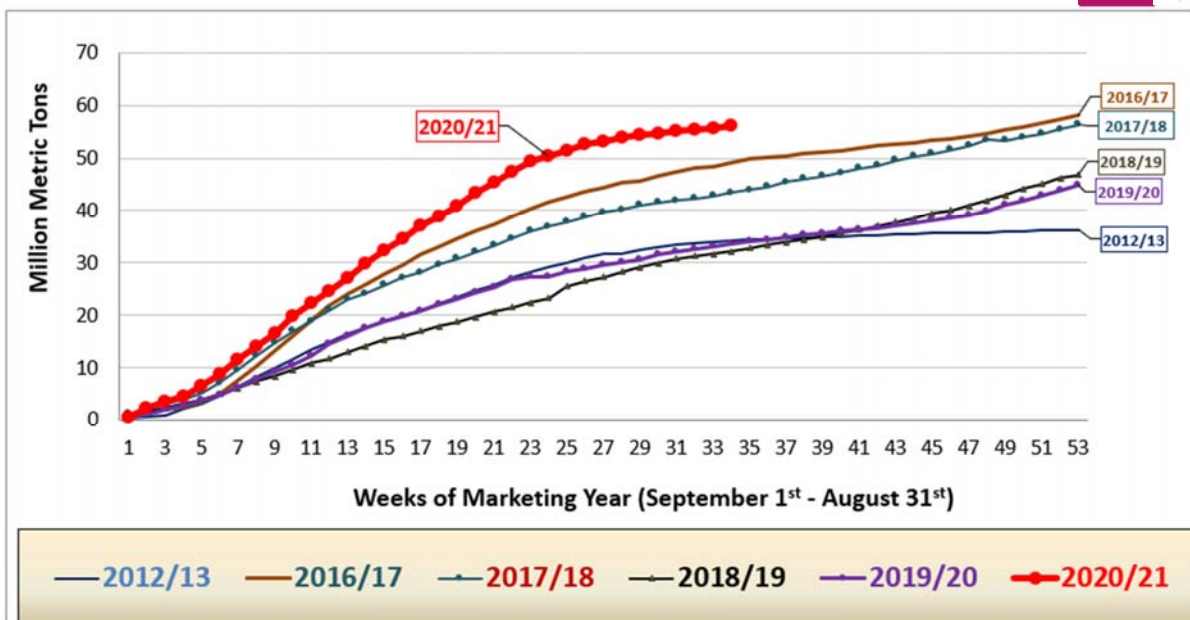
U.S. Soybean Production & Supplies

73



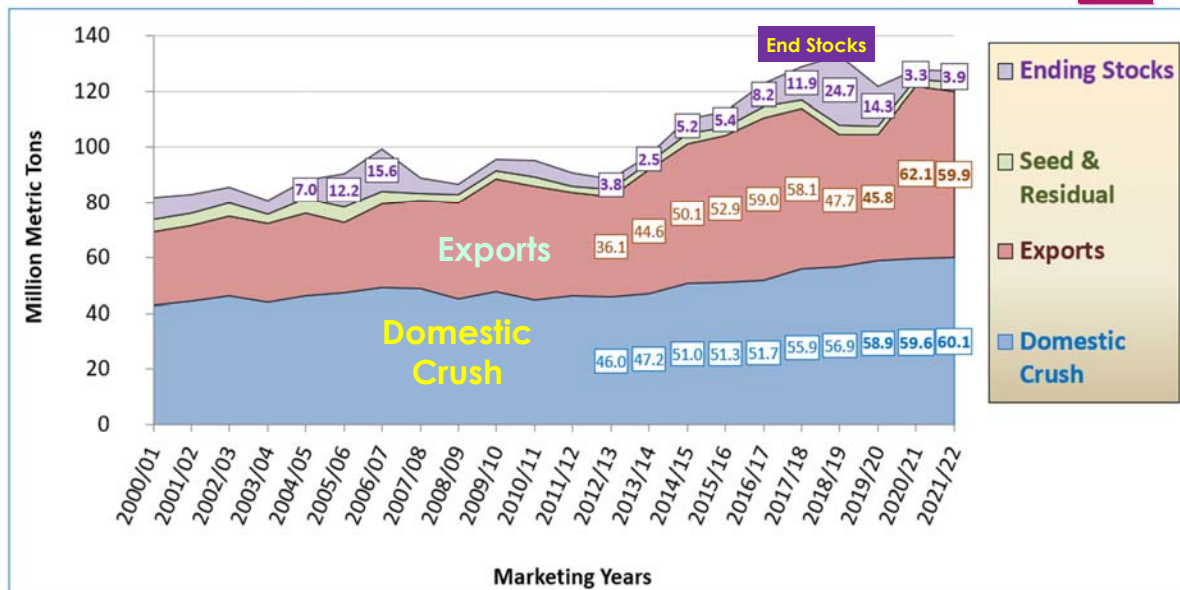
U.S. Soybean Exports – Weekly thru April 22, 2021

74



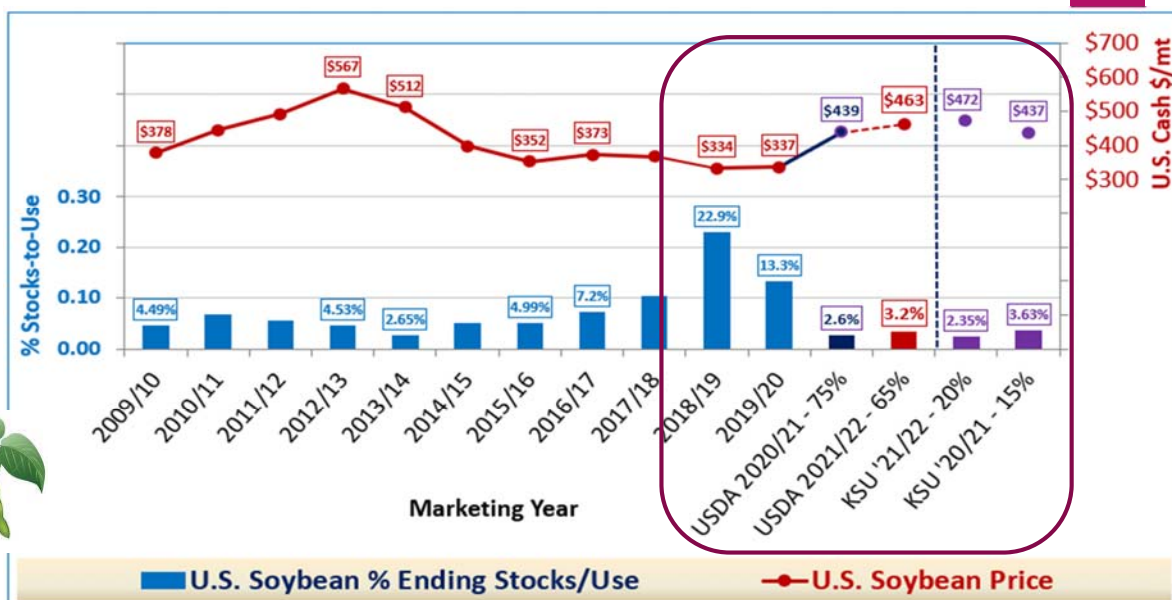
U.S. Soybean Use & End Stocks

75



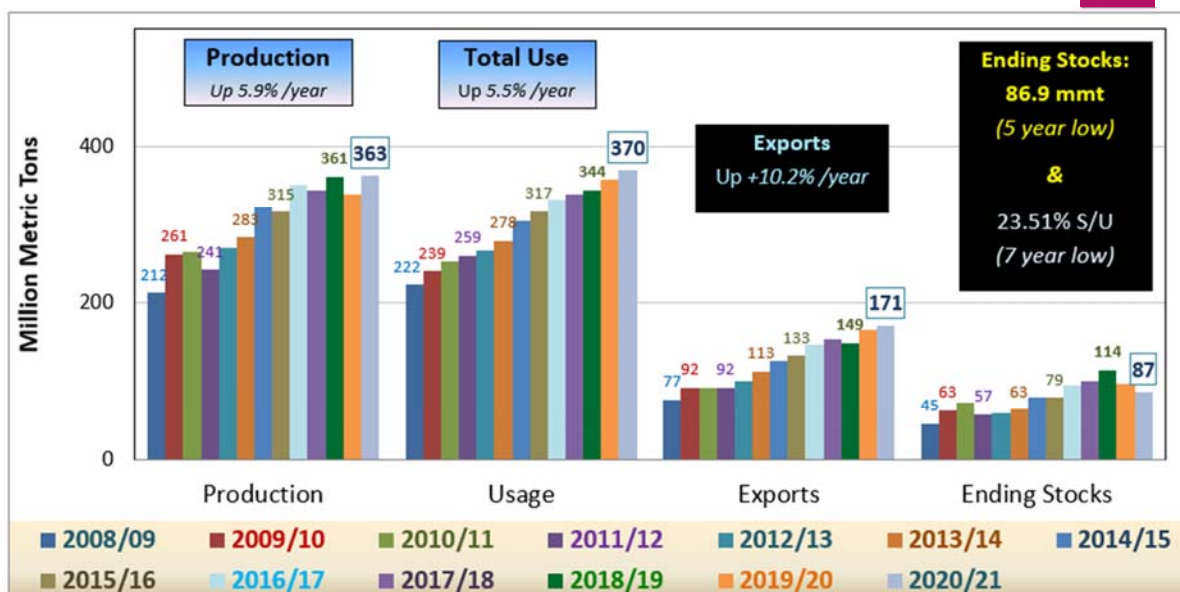
U.S. Soybean % Stocks/Use vs Price\$

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World Soybean Supply, Use & Stocks

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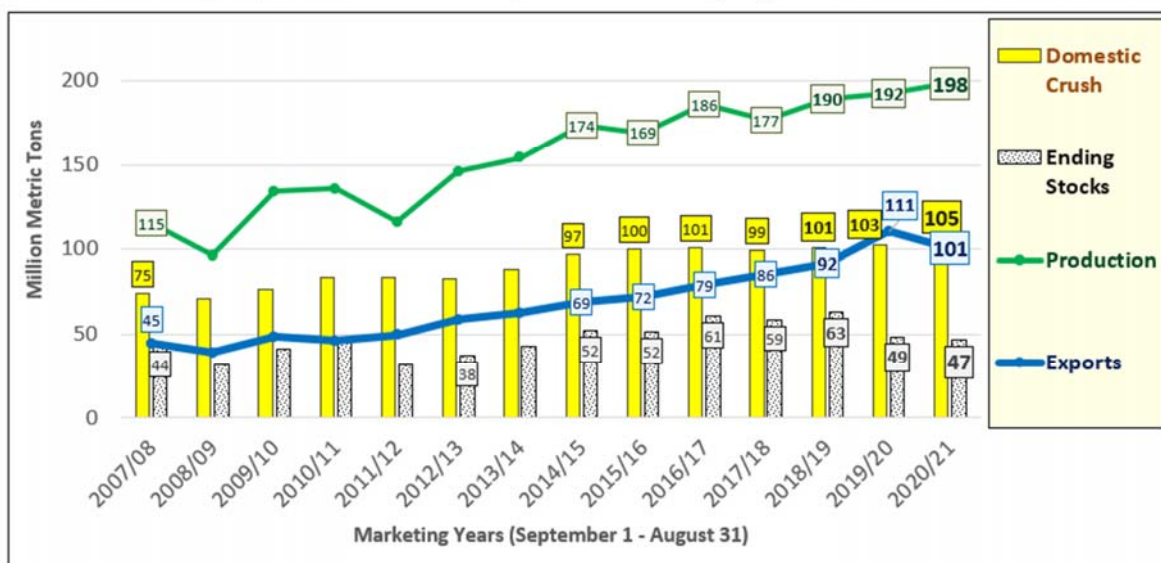


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South America Soybean Supply-Demand Trends: MY 2007/08 – “Current” MY 2020/21

As of the April 9, 2021 USDA WASDE Report & USDA Foreign Agricultural Service PSD Online

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China Soybean Supply-Demand Trends: MY 2007/08 – “Current” MY 2020/21.

As of the April 9, 2021 USDA WASDE Report & USDA Foreign Agricultural Service PSD Online

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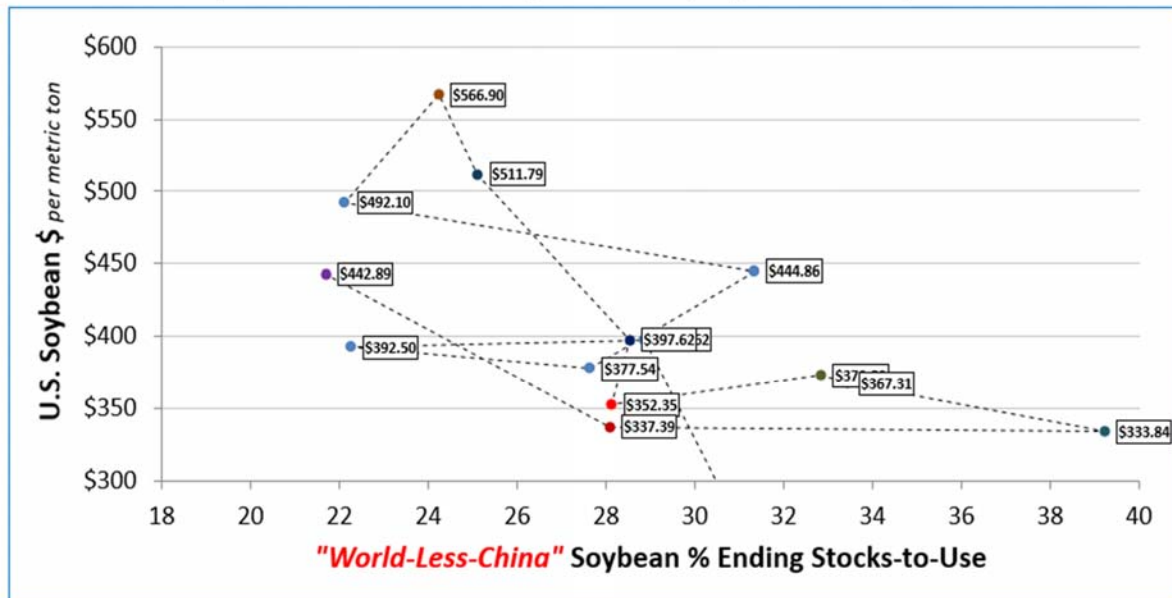


United States vs % “World-Less-China” Soybean Stocks-to-Use: MY 2007/08 through “New Crop” MY 2020/21, as of the April 9, 2021 USDA WASDE report.

80



U.S. Soybean Price vs *"World-Less-China"* % Stocks-to-Use:
MY 1973/74 - "Current" MY 2020/21 as of the April 9, 2021 WASDE Report



Questions?

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KSUGrains on Twitter

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