

# Grain Market Outlook for 2023-24

## “Winning-the-Game” Grain Marketing Webinar

Kansas State University

March 15, 2023

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EXTENSION AGRICULTURAL ECONOMIST

**KANSAS STATE**  
UNIVERSITY

Department of Agricultural Economics



# Grain Market Perspective

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# Grain Market Outlook <sup>2023/24</sup> in Kansas, the U.S. & Globally

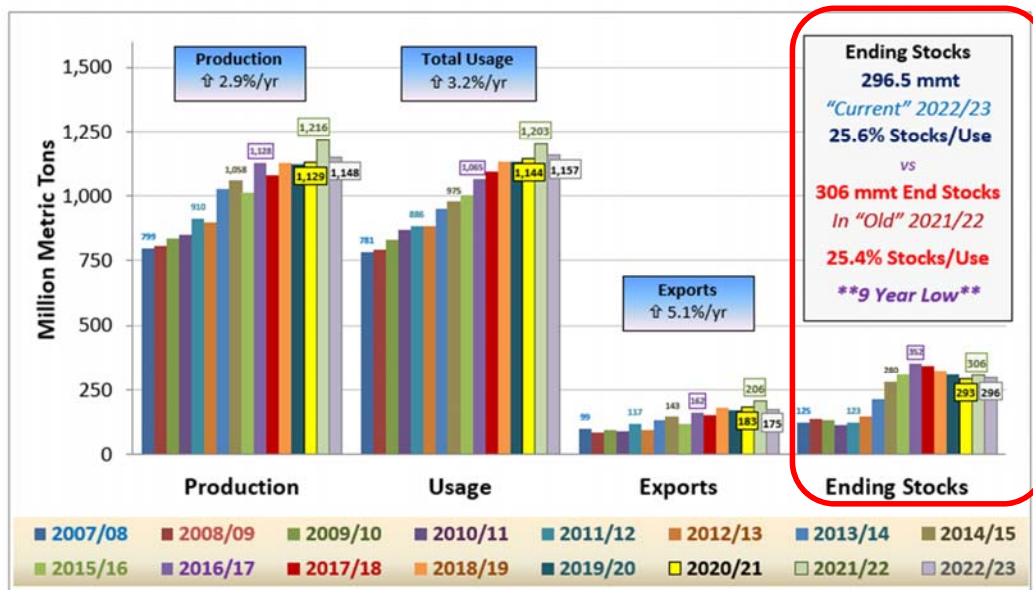
3

## 1) “Tight!” 2023 Global Corn, Other Grain & Oilseed Stocks

- *The importance of South America’s 2023 corn & soybean crops!!*
- Occurring &/or Anticipated in 2023:
  - *Drought in Argentina*
  - *Smaller Crops & Exports from Ukraine*

## World Corn Supply-Demand

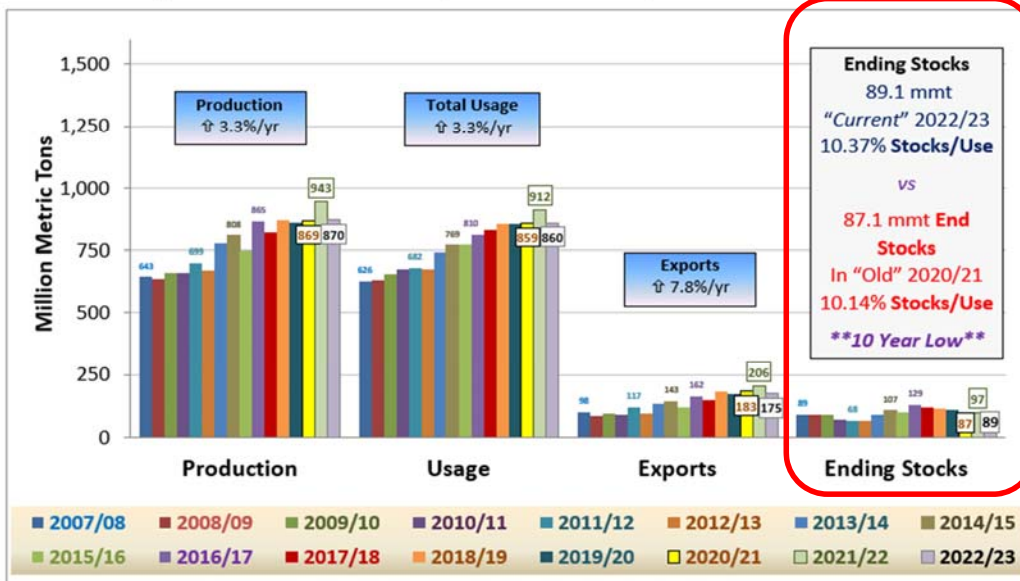
MY 2007/08 – “Current” MY 2022/23 as of the March 8, 2023 USDA WASDE Report



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# "World Less-China" Corn Supply-Demand

MY 2007/08 – "Current" MY 2022/23 as of the March 8, 2023 USDA WASDE Report



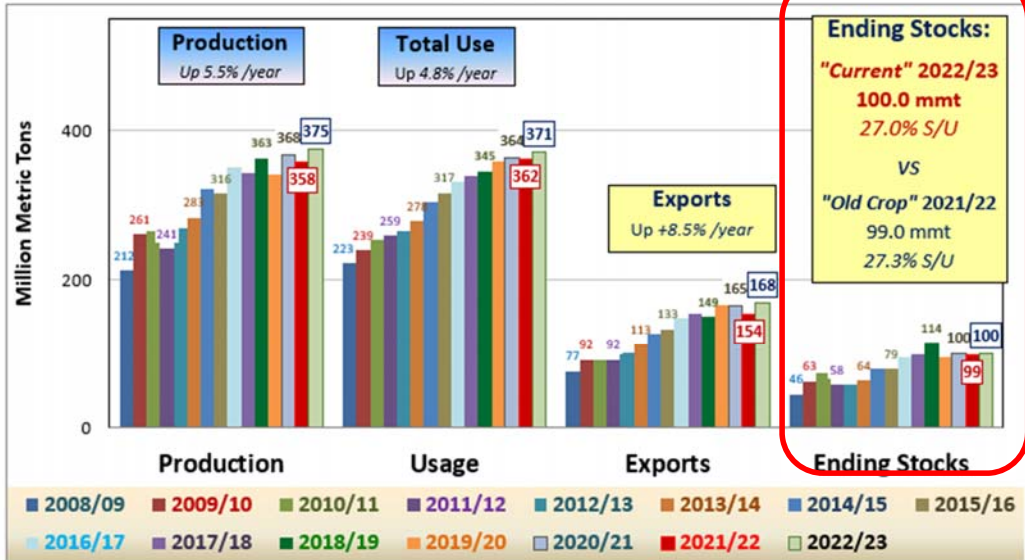
# World vs World Less-China Corn % Stocks-to-Use

MY 2007/08 through "Current" MY 2022/23, as of the March 8, 2023 USDA WASDE report.



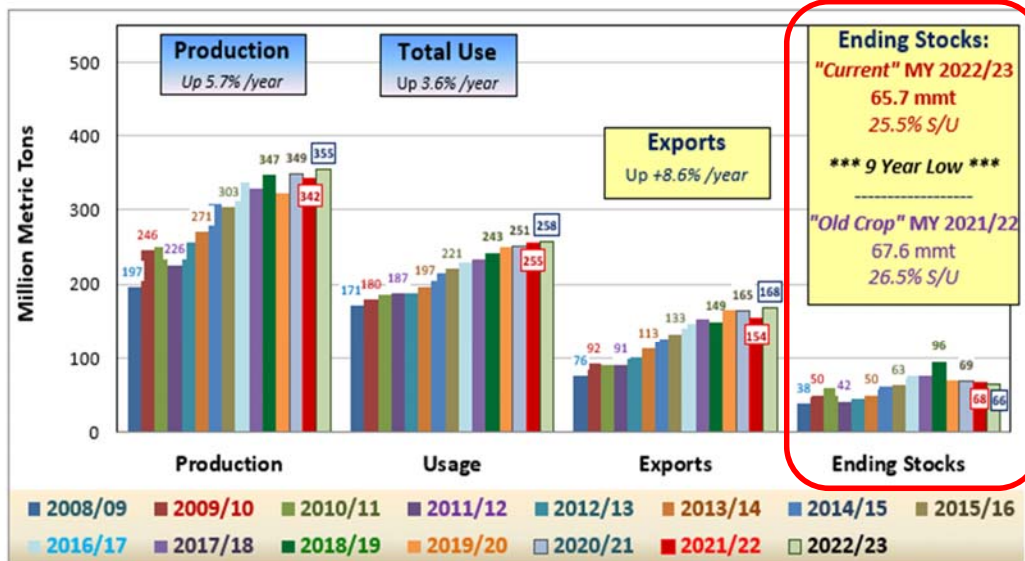
# World Soybean Usage & End Stocks

MY 2008/09 thru "Current" MY 2022/23 as of the March 8, 2023 WASDE



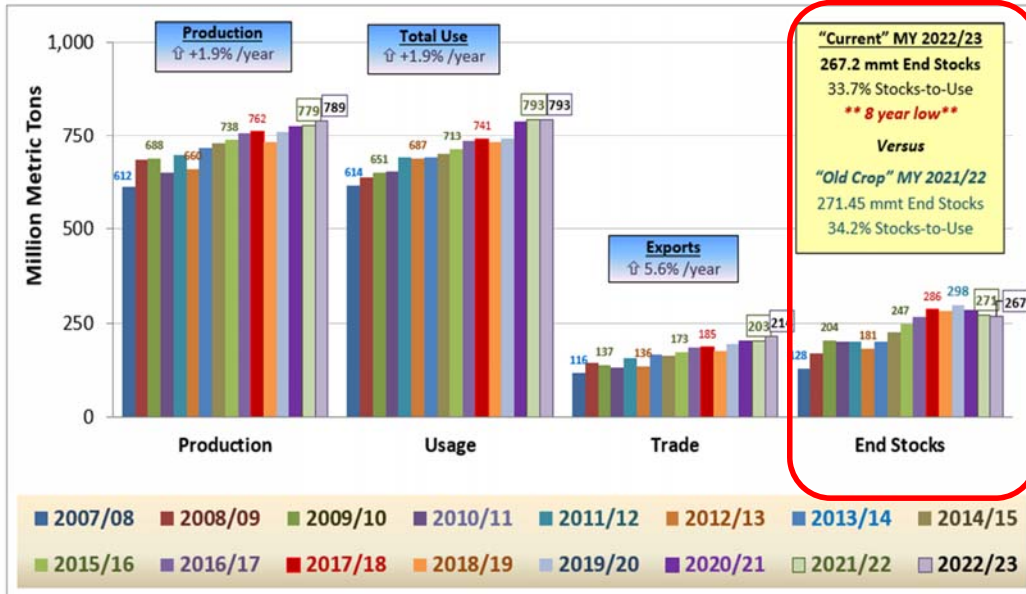
# World *Less-China* Soybean Use & End Stocks

MY 2008/09 - "Current" MY 2022/23 as of the March 8, 2023 WASDE



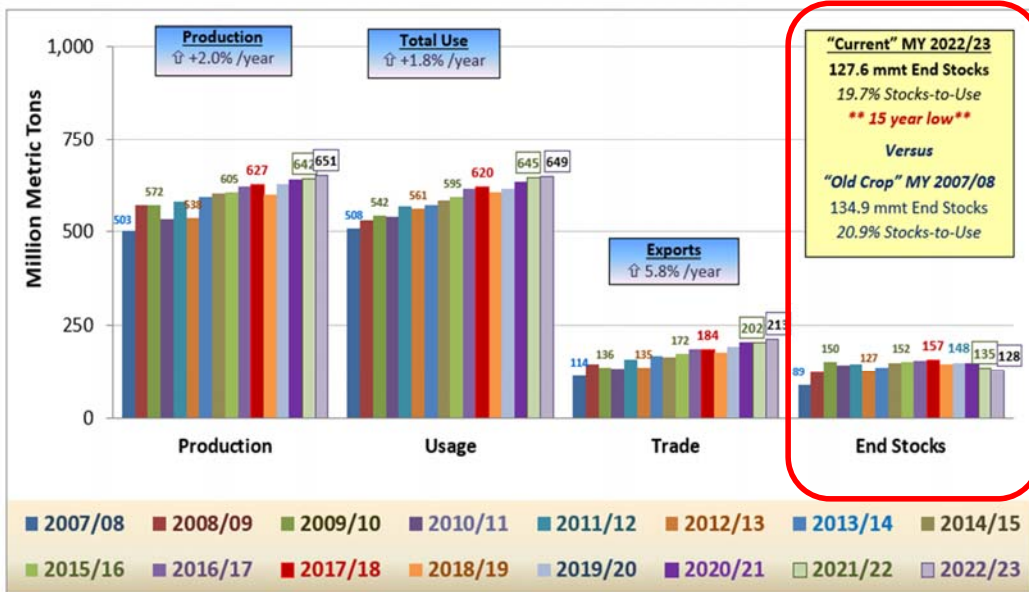
# World Wheat Usage & Ending Stocks

MY 2007/08 - "Current" 2022/23 as of the February 8, 2023 USDA WASDE Report



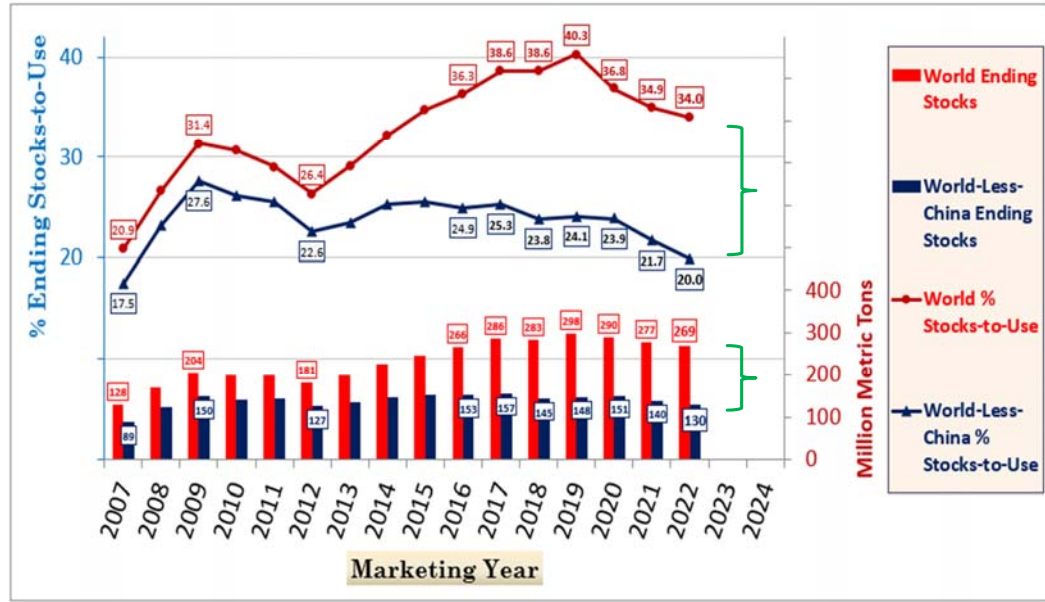
# "World Less-China" Wheat Usage & Ending Stocks

MY 2007/08 - "Current" MY 2022/23 as of the March 8, 2023 USDA WASDE Report



## World vs "World Less-China" Wheat Stocks & % S/U

MY 2007/08 through "Current" MY 2022/23 as of the March 8, 2023 USDA WASDE report



## Grain Market Outlook 2023/24 .....

### □ Impact of Ongoing & Possible Geopolitical Conflicts?? In 2023

- **Ukraine-Russia War???:** Prospects for de-escalation & grain trade?
- **China-Taiwan???** - IF this occurs, it would impact the global economy along with U.S. grain trade
  - *Impacting U.S. soybeans, grain sorghum, likely all U.S. agricultural commodities – including U.S. corn*

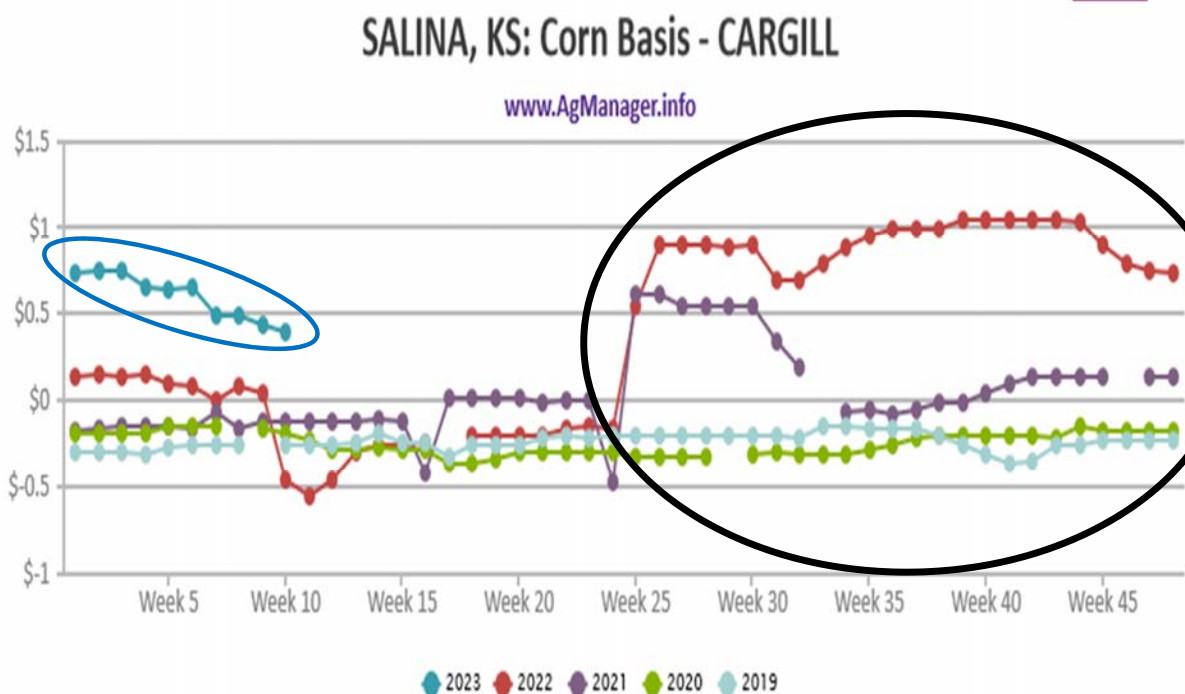
## 2) Carryover impact of the Crop Production damage in the Western-Central Plains during 2022-2023

- *Western Kansas / OK / TX / NE*

→ *Stronger Corn & Soybean BASIS throughout the U.S. Corn Belt*

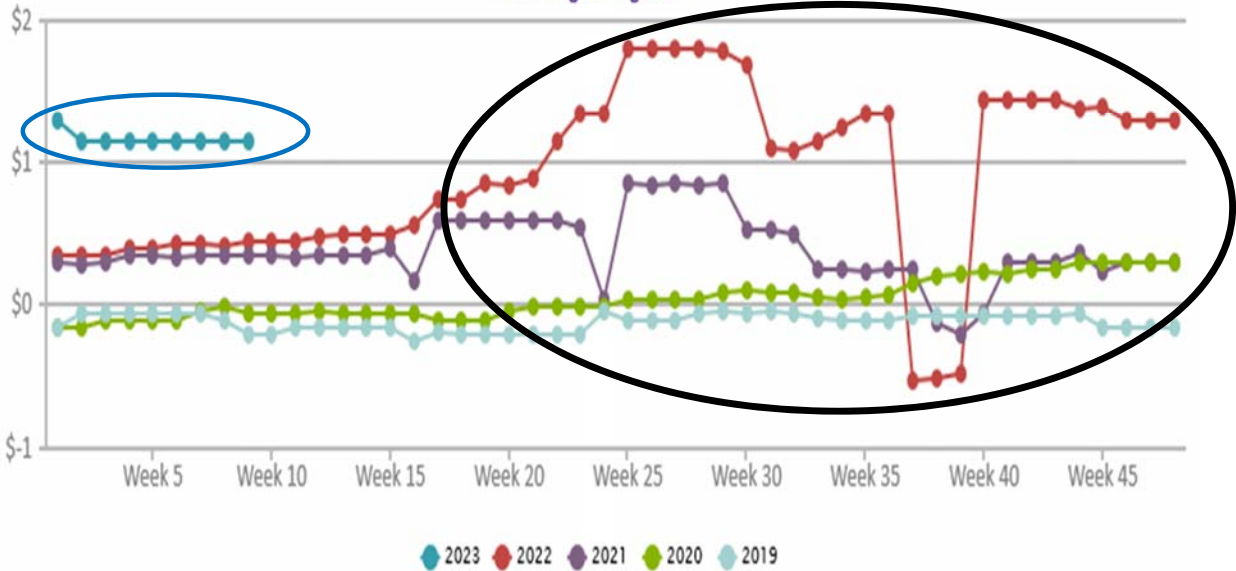
### ► Q? 2023 U.S. Corn, Soybean & Wheat Production?

→ *Seasonal risk in Spring-Summer 2023 – Dry subsoils in many areas*



### GARDEN CITY, KS: Corn Basis - GARDEN CITY COOP

www.AgManager.info

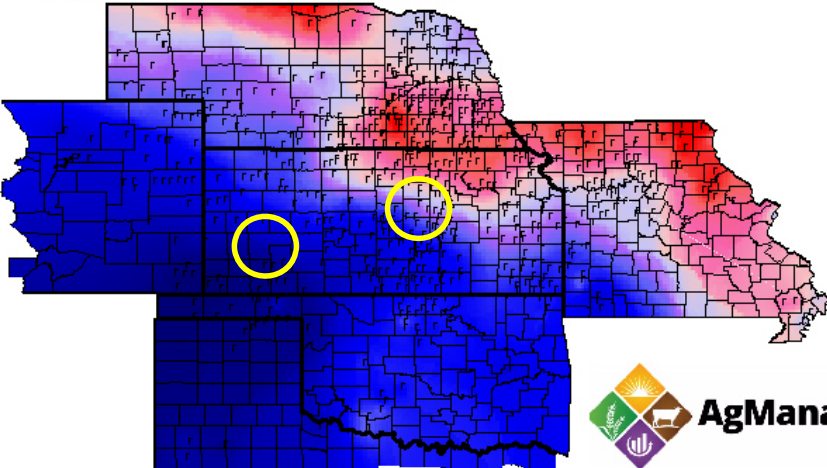


### Corn Basis, 03-08-2023

Basis = Cash Price - Nearby Futures Price

CBT May Futures Price: \$6.26

\$/Bushel	
Dark Blue	1.34
Blue	.66
Light Blue	.48
Very Light Blue	.36
White	.27
Light Pink	.18
Pink	.08
Red	.01
Dark Red	-.08
Black	-.27



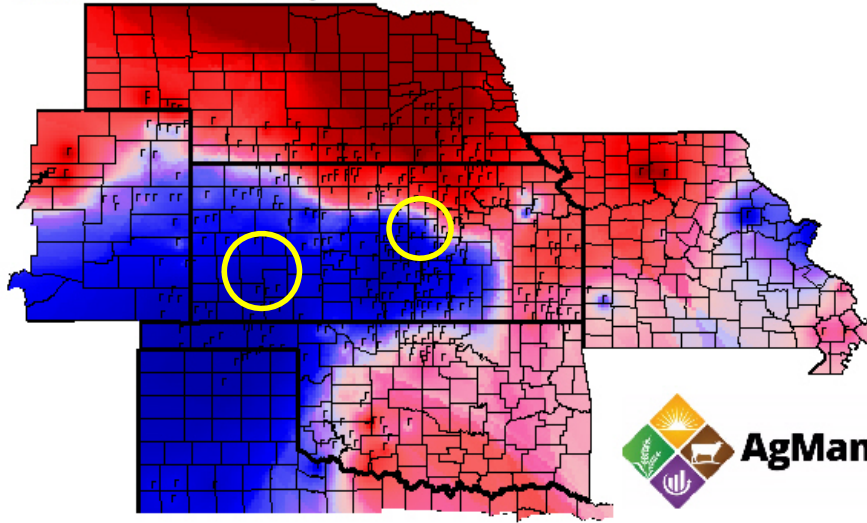
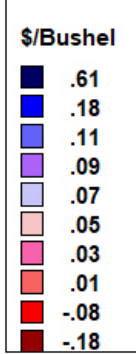




### Grain Sorghum Basis, 03-08-2023

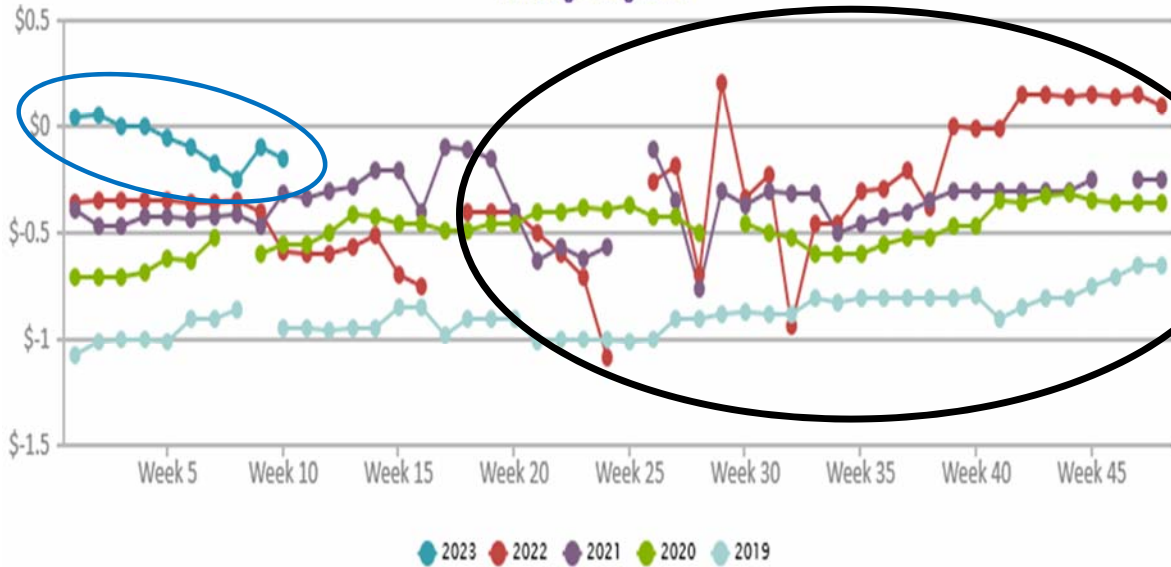
Basis = Cash Price - Nearby Futures Price

CBT Corn  
May Futures  
Price: \$6.26



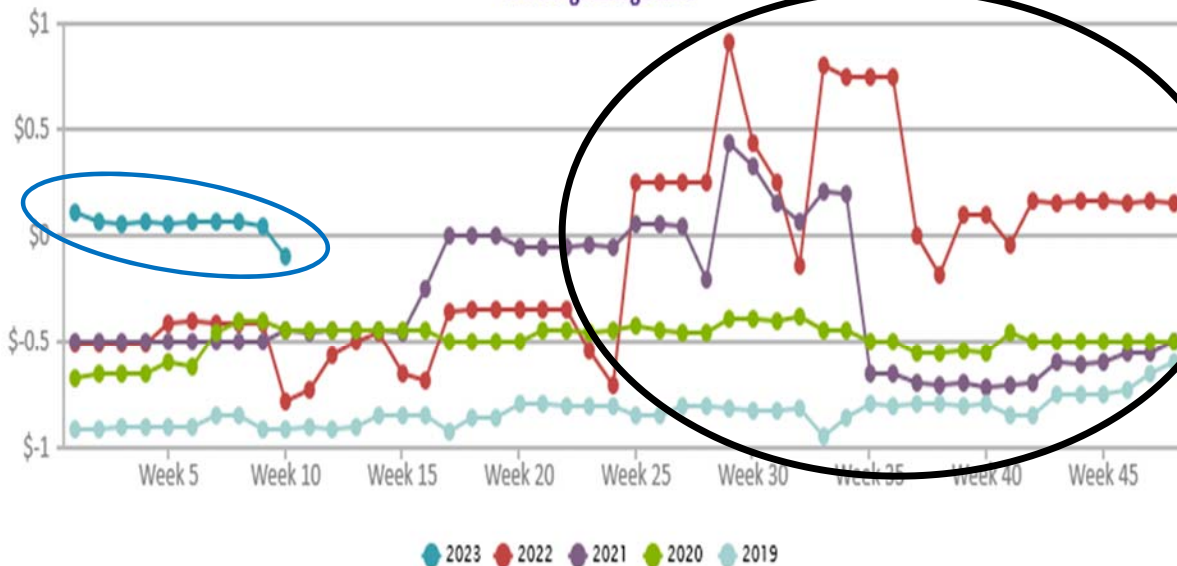
### SALINA, KS: Soybeans Basis - CARGILL

www.AgManager.info



### COLUMBUS, KS: Soybeans Basis - FARMERS COOP

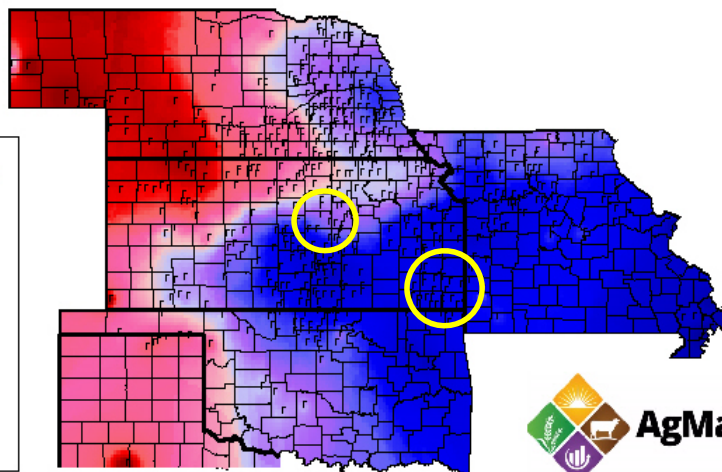
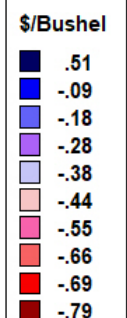
www.AgManager.info



### Soybean Basis, 03-08-2023

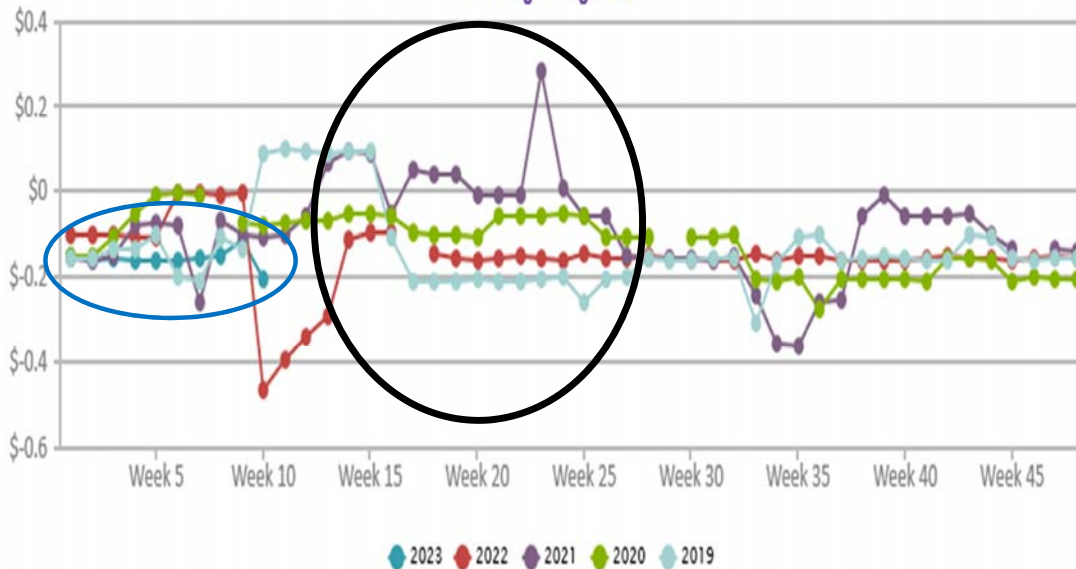
Basis = Cash Price - Nearby Futures Price

CBT May Futures Price: \$15.18



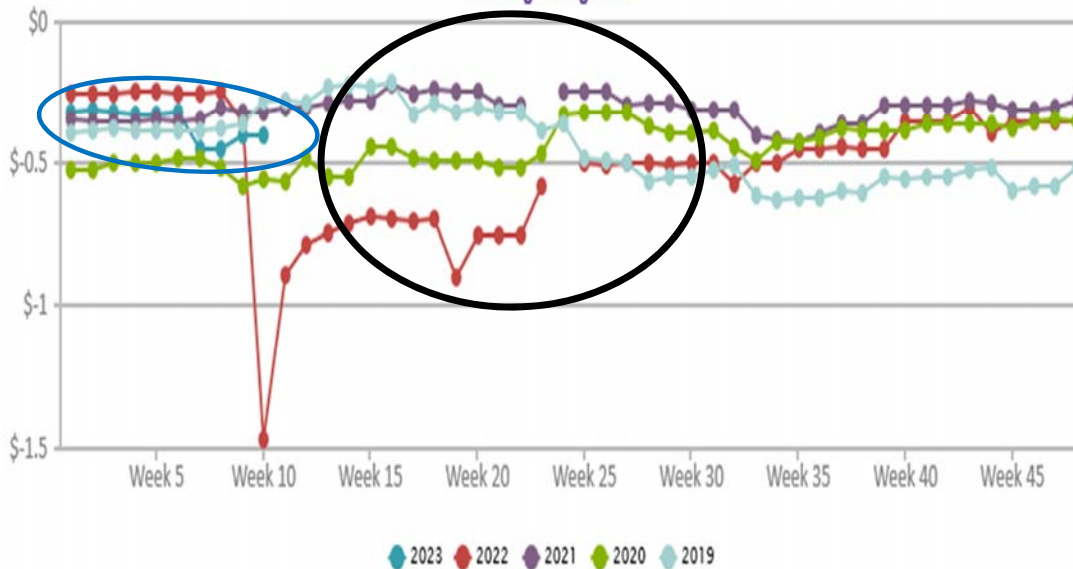
### SALINA, KS: Hard Red Winter Wheat Basis - CARGILL

www.AgManager.info



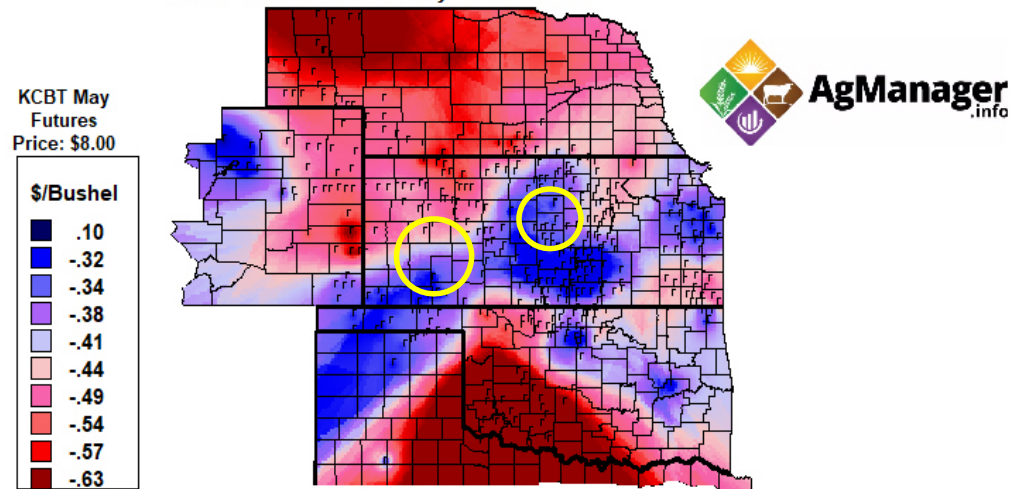
### COLBY, KS: Hard Red Winter Wheat Basis - CORNERSTONE AG

www.AgManager.info



## Wheat Basis, 03-08-2023

Basis = Cash Price - Nearby Futures Price



## Grain Market Outlook 2023 .....

### 3) Continuance of dry La Nina Weather Pattern in 2023???

- “La Nina is expected to continue into winter, with equal chances of La Nina & ENSO-neutral during January-March 2023. In February-April 2023, there is a 71% Chance of ENSO-neutral.”

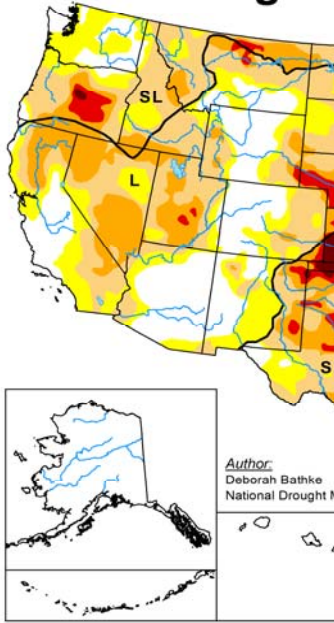
*U.S. Climate Prediction Center / NCEP January 3, 2023*

- “La Nina is breaking down, and an El Nino is forecast to emerge in 2023. Returning after several years, an El Nino can completely change the weather patterns for the weather seasons of 2023 & 2024.”

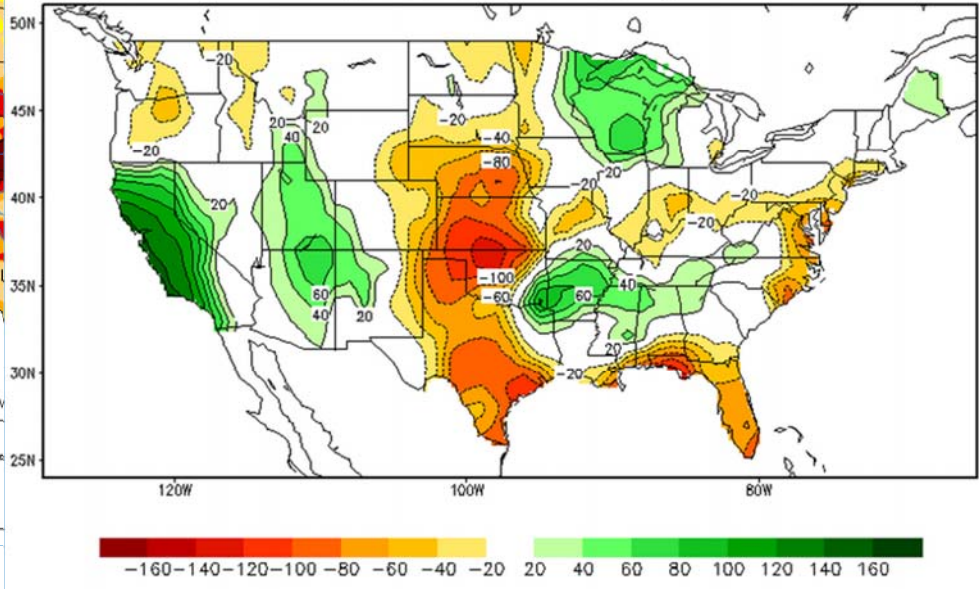
*Severe Weather Europe, Andrej Flis January 11, 2023*

# U.S. Drought Monitor

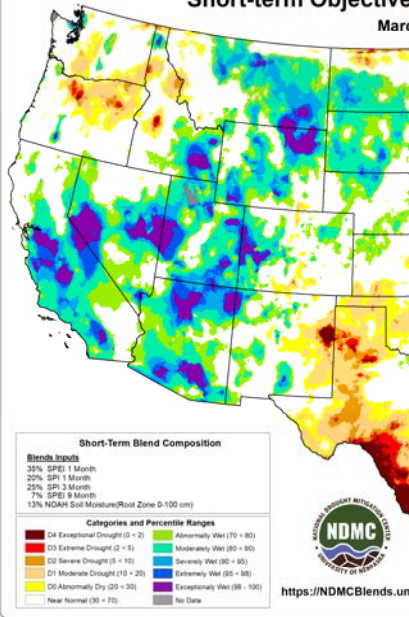
March 7, 2023  
 (Released Thursday, Mar. 9, 2023)  
 Valid 7 a.m. EST



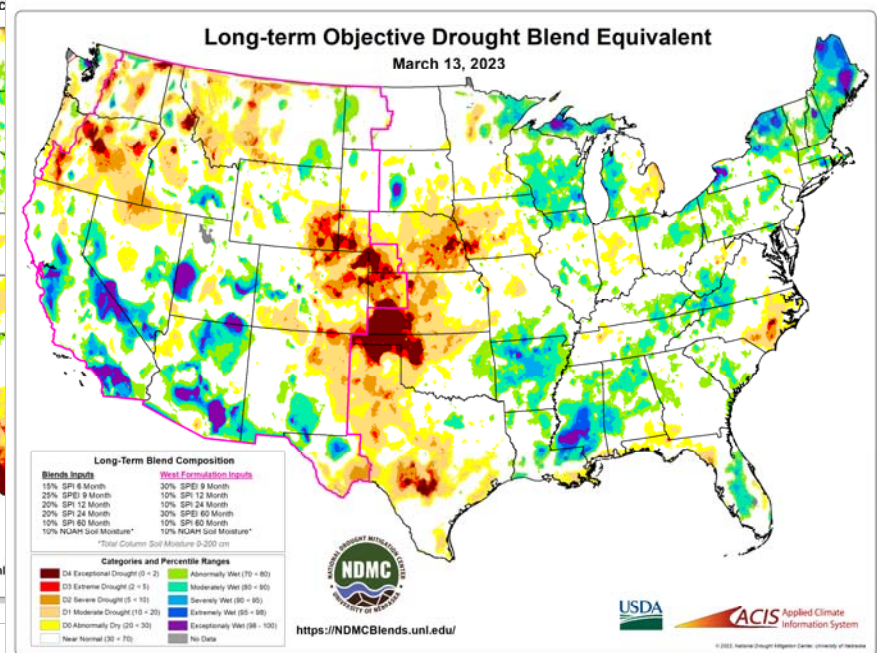
## Predicted Soil Moisture Anomaly (mm) (15Mar2023–22Mar2023)

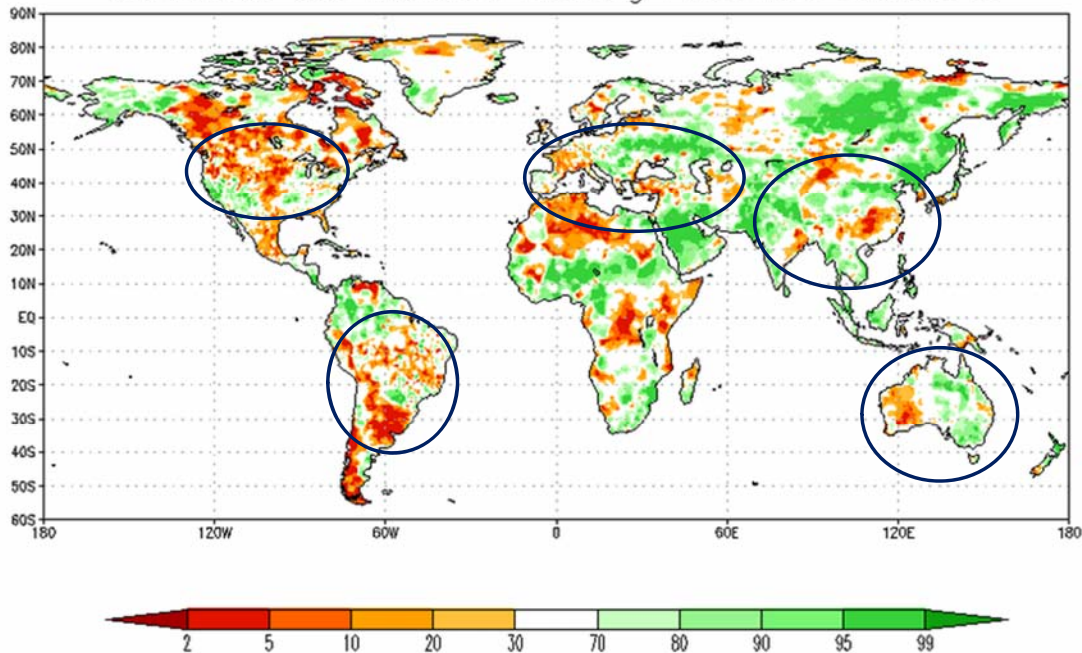


## Short-term Objective Drought Blend Equivalent



## Long-term Objective Drought Blend Equivalent



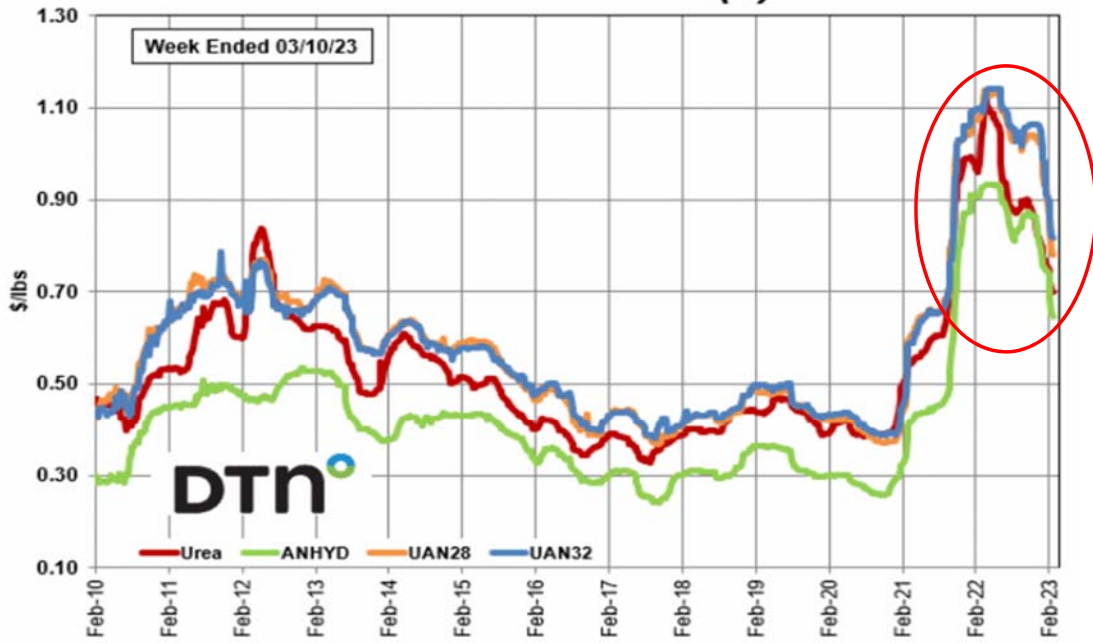


## Grain Market Outlook 2023 .....

### 4) Moderating prices for Fertilizer & other Crop Inputs – (but still historically high!)

- Lower natural gas prices, w. but continued supply-chain challenges
- Lower fertilizer / crop input costs will encourage **2023 U.S. Corn Acres – ≈ 92 million acres in 2023**
  - 88.6 million acres in 2022
  - 93.3 million acres in 2021
  - 90.7 million acres in 2020

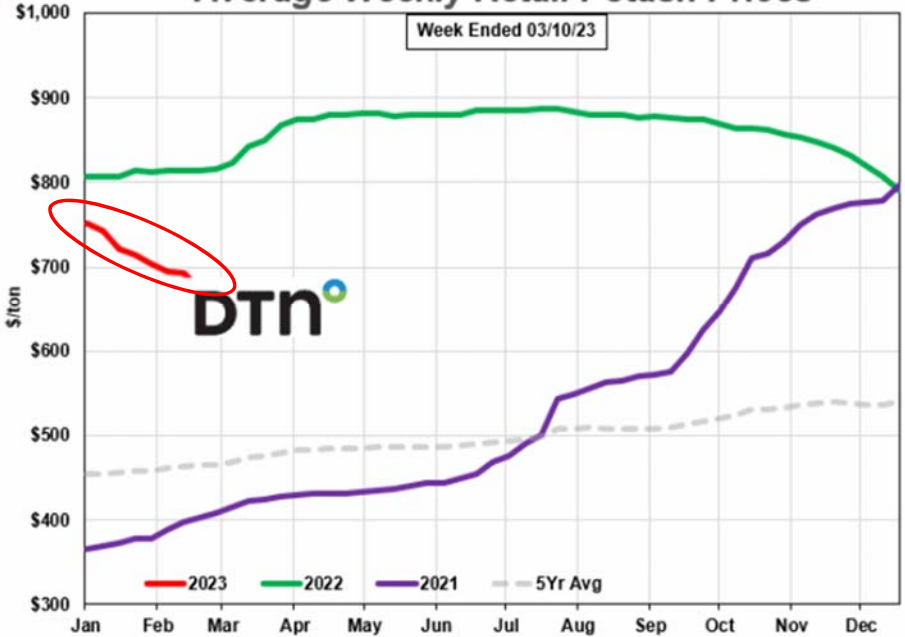
### Cost of N/lb. (\$)



### Average Weekly Retail DAP Prices



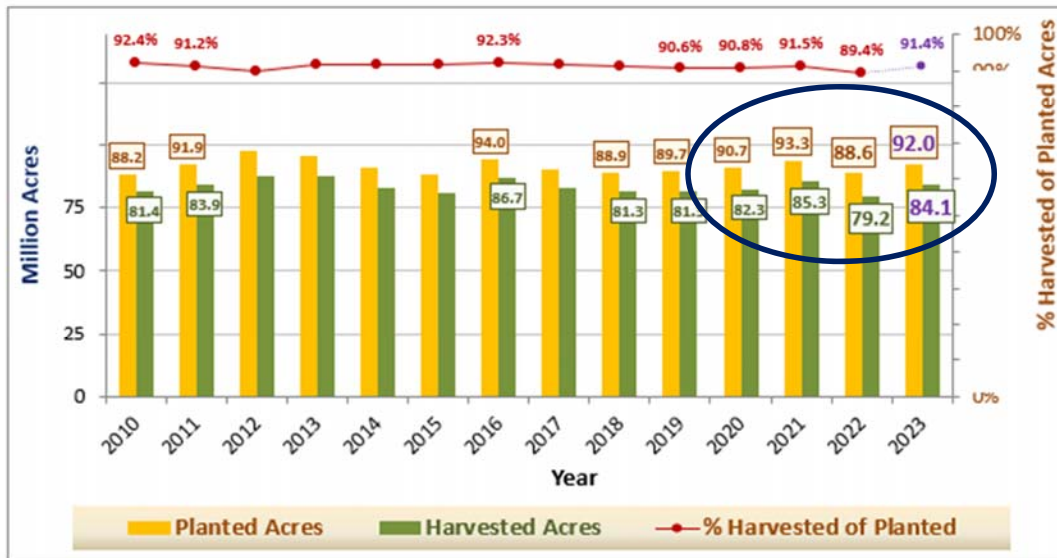
### Average Weekly Retail Potash Prices





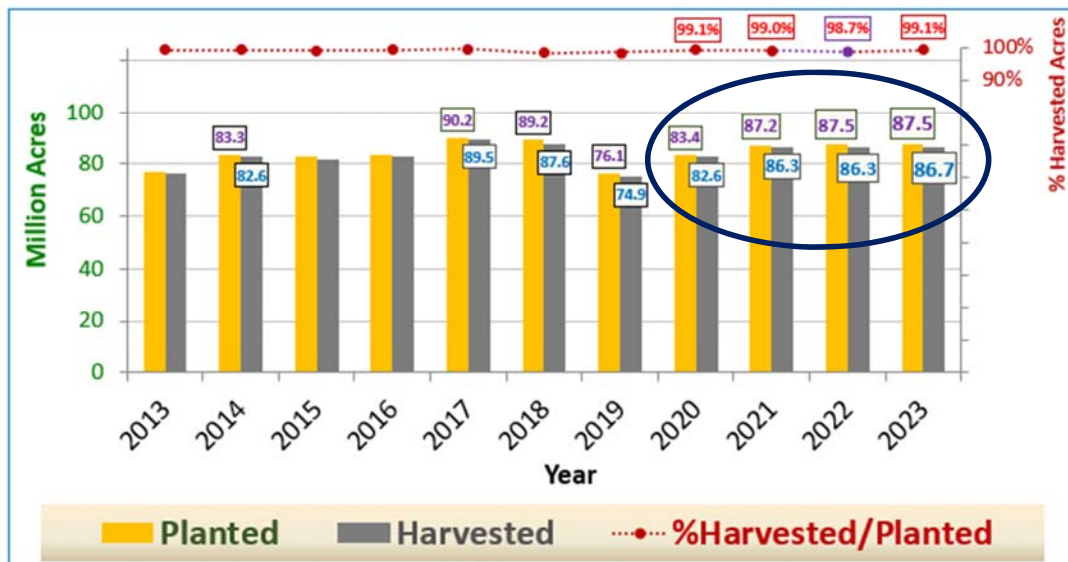
# U.S. Corn Acreage for 2010-2023

As of the March 8, 2023 USDA NASS & WASDE Reports



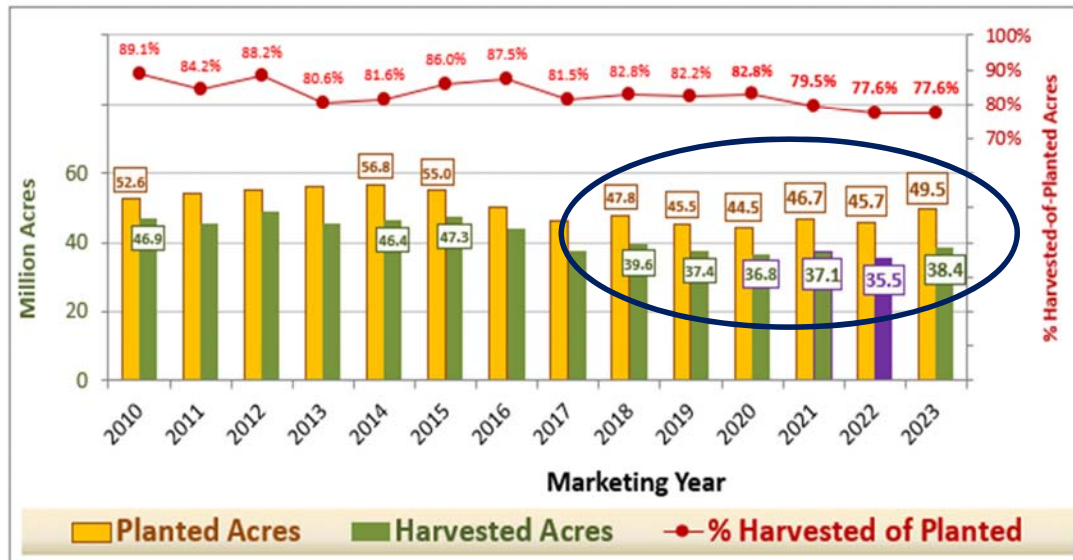
# U.S. Soybean Acreage for 2013-2023

Years 2013-2023 as of the March 8, 2023 USDA WASDE & WAOB Reports



# U.S. Wheat Planted & Harvested Acreage

(MY 2010/11 – “Next” 2023/24) as of March 8, 2023 USDA Reports



## Grain Market Outlook 2023 .....

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### 7) Overall Prospects for 2023 Crop Markets???

- U.S. Crop Prices supported @ Moderate-to-High Levels – until someday grain markets are confident of larger crops & rebuilding of stocks
  - “2023/24 ‘New Crop’ Forward Bids” are vulnerable to moderate declines in late Spring – Summer<sup>2023</sup> & on into Fall harvest<sup>2023</sup>
- Ukraine-Russia War Effect: *Smaller* Ukraine corn, wheat crops+exports
- South America Impact: **Brazil** (Positive++) & **Argentina** (Negative -) crop prospects will effect U.S. prices through at least August<sup>2023</sup>

## South America Corn-Soybean Calendar

### □ South America Planting Influences ⇒ “Bid for Acres”

#### • Brazil & Argentina Corn & Soybean Crop Calendar

##### ○ Brazil

- Corn: 1<sup>st</sup> crop *Planting* – October-December ⇒ Harvest: February-June
- Soybeans: *Planting* – October-December ⇒ Harvest: March-June
- Corn: 2<sup>nd</sup> crop *Planting* – January-February ⇒ Harvest: March-June

##### ○ Argentina

- Corn: *Planting* – mid September-December ⇒ Harvest: mid March-early June
- Soybeans: 1<sup>st</sup> crop *Planting* – November-December ⇒ Harvest: Late March-early May
- Soybeans: 2<sup>nd</sup> crop *Planting* – December-early Jan. ⇒ Harvest: mid April – mid June

## What to anticipate in Year 2023

### □ 2023 Spring Planting of Feedgrains & Oilseeds

- With tight stocks across crops – any threats to planting 2023 U.S. corn or soybeans could cause **STRONG** price volatility

○ NOV<sup>2023</sup> Soybean futures @ \$13.25 ¼ /bu <sup>3/15/2023 a.m.</sup>

○ DEC<sup>2023</sup> Corn futures @ \$5.56 /bu <sup>3/15/2023 a.m.</sup>

➤ 2023 “New Crop” Soy/Corn \$ Ratio = \$13.25 ¼ ÷ \$5.56 = **2.38** (vs 2.3 Neutral)

**+ Soybeans**

- Strong “new crop” price competition likely for 2023 planted acres between Feedgrains & Oilseeds ⇒ *Likely in March-May 2023*

## What to anticipate: Year 2023

- USDA Reports ⇒ *Often a “driver” of grain market volatility*
  - WASDE: Jan. 12, 2/8, 3/8, 4/8, 5/12\*\*, 6/9, 7/12, 8/11, 9/12.....
  - Planted Area: Prospective Plantings – *March 31*, Acreage – *June 30*
- “Strong” Demand-Pull for Feedgrains in the Western Corn Belt
  - Summer demand for “New Crop” supplies (i.e. “users scrambling!”)
  - *Possibility of “Inverted” futures & strong basis during Sep-Nov<sup>2023</sup> Quarter* **IF** a short crop happens in 2023 ⇒ What are the odds?

## What to anticipate: Year 2023

**Q?** Are grain markets *at risk* to fall sharply in the last ½ of 2023?

- With “tight” beginning stocks across these crops – less risk of major declines until at least late spring – early summer
- THEN the *risk* to grain sellers is that crop markets will discount the possibility of “short crops” in 2023
  - ⇒ IF in Summer <sup>2023</sup> U.S. & Foreign crop prospects are “OK-to-Good”, THEN grain markets likely “slide” lower into Fall 2023

# Grain Markets

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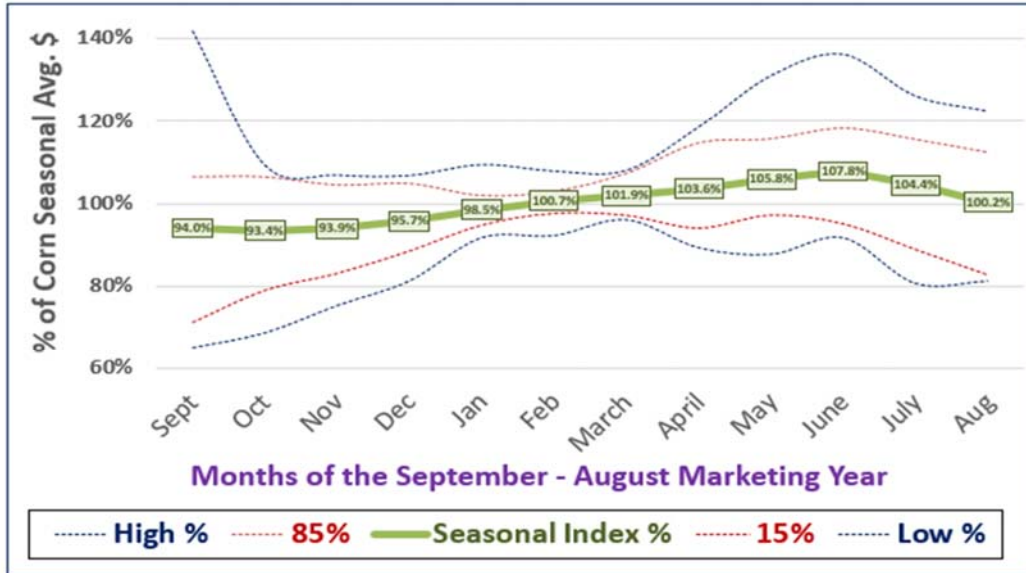
## CME Corn Futures *Continuous Weekly to 3/14/2023*

42



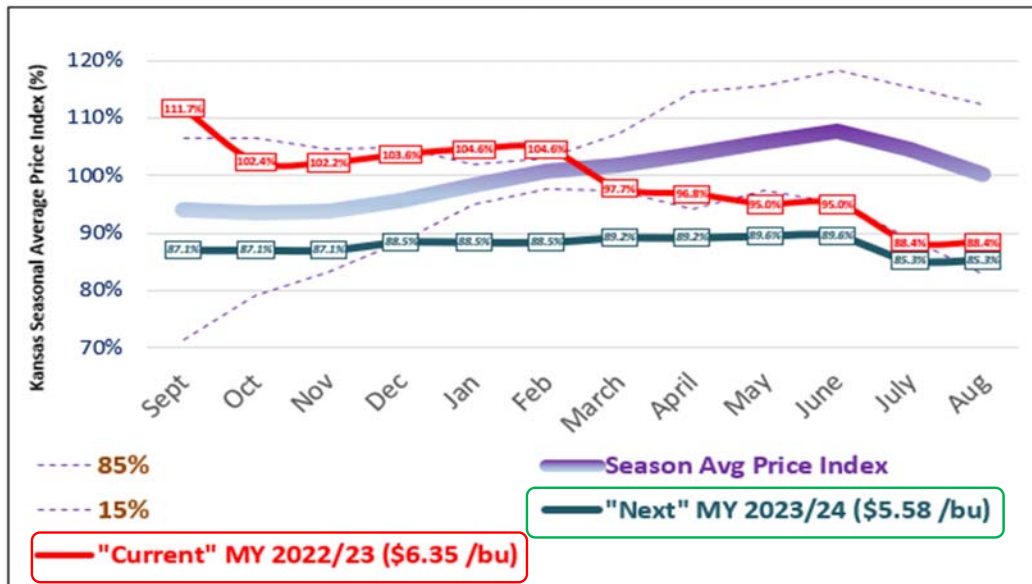
# Corn Seasonal Price Index *Kansas*

Last 23 Full Marketing Years: 1999/2000 - 2021/2022



# Corn Seasonal Prices *Kansas-U.S.*

Long Term Seasonal \$ Trends + MY 2022/23 & "Next" MY 2023/24 As of 3/14/2023



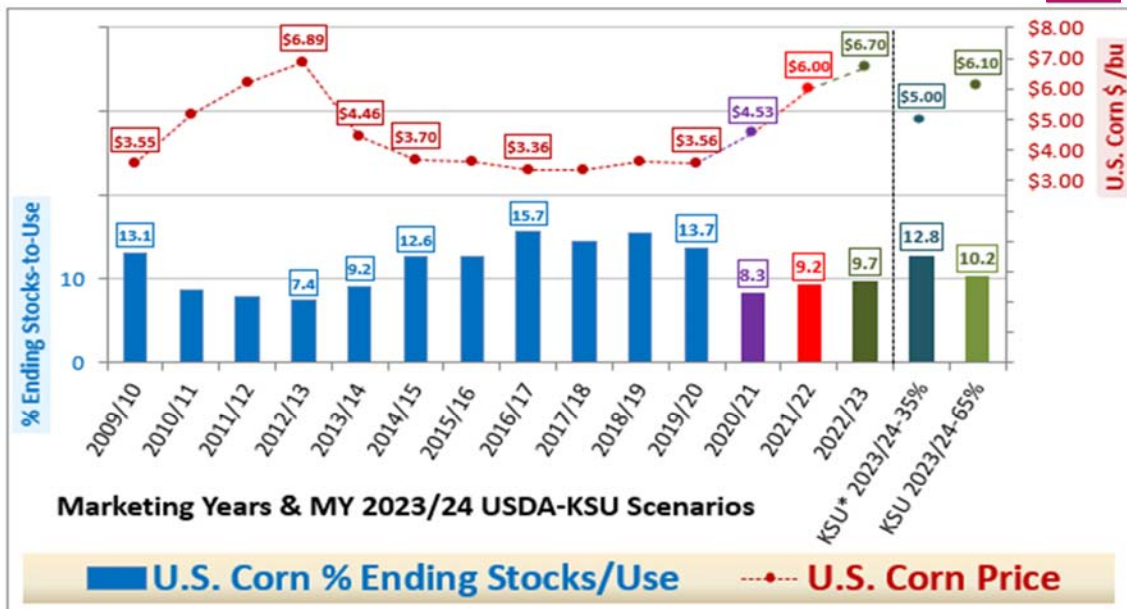
**USDA Corn \$ Forecasts:**

*"Current"*  
**MY 2022/23**  
 = \$6.60 /bu U.S.

*"Next"*  
**MY 2023/24**  
 = \$5.70 /bu U.S.

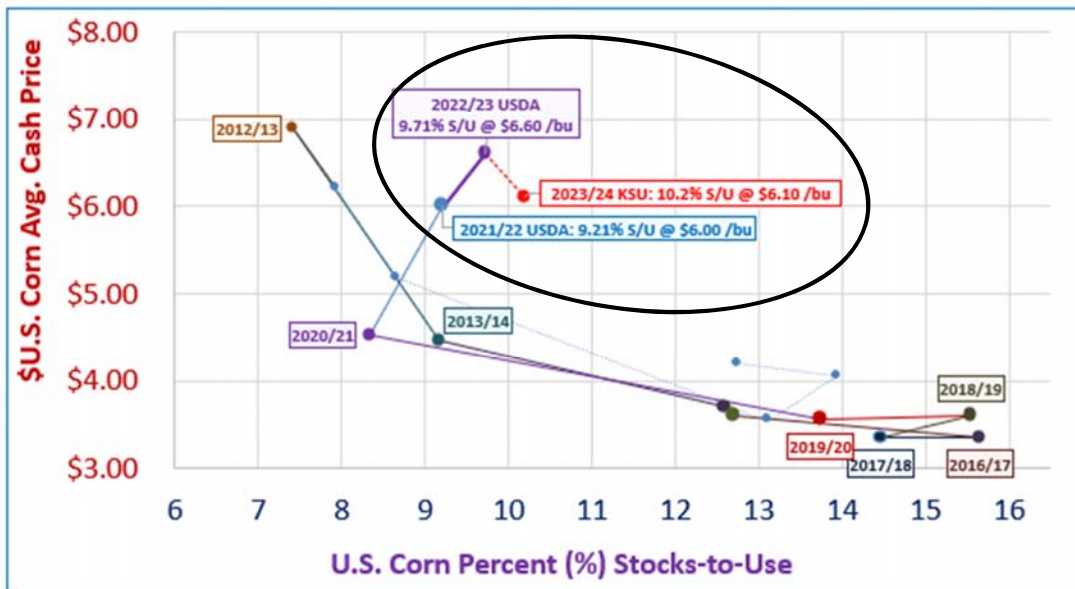
**"Current" MY 2022/23 (\$6.35 /bu)**

# U.S. Corn \$ vs U.S. % Ending Stocks/Use



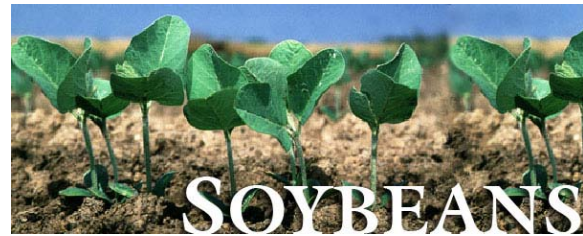
# U.S. Corn \$ vs U.S. % Stocks-to-Use

MY 2007/08 - "Current" MY 2022/23 as of the March 8, 2023 USDA Reports



# Soybean Markets

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## CME Soybean Futures *Continuous Weekly to 3/14/2023*

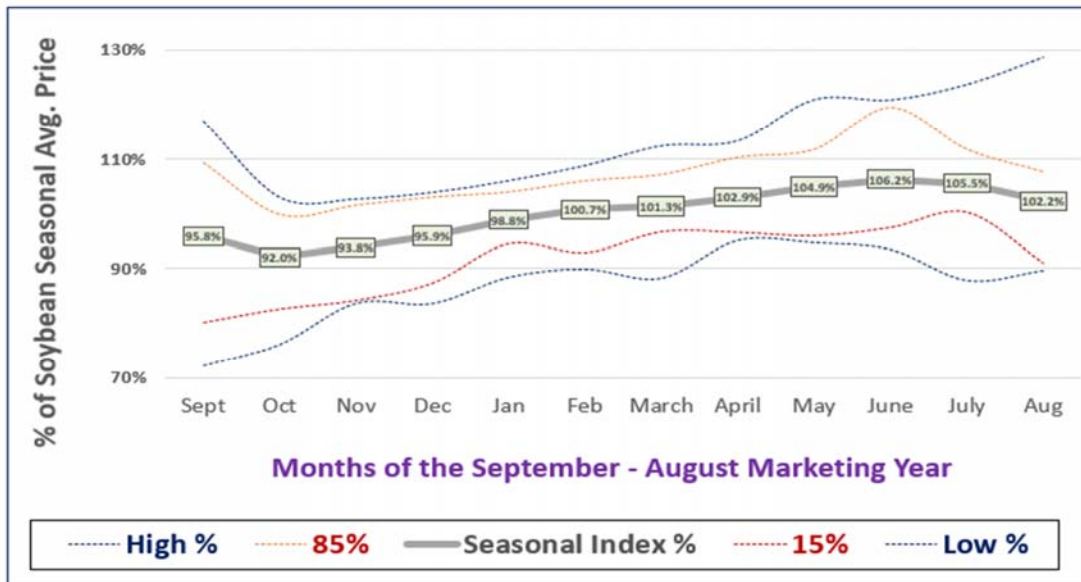
48





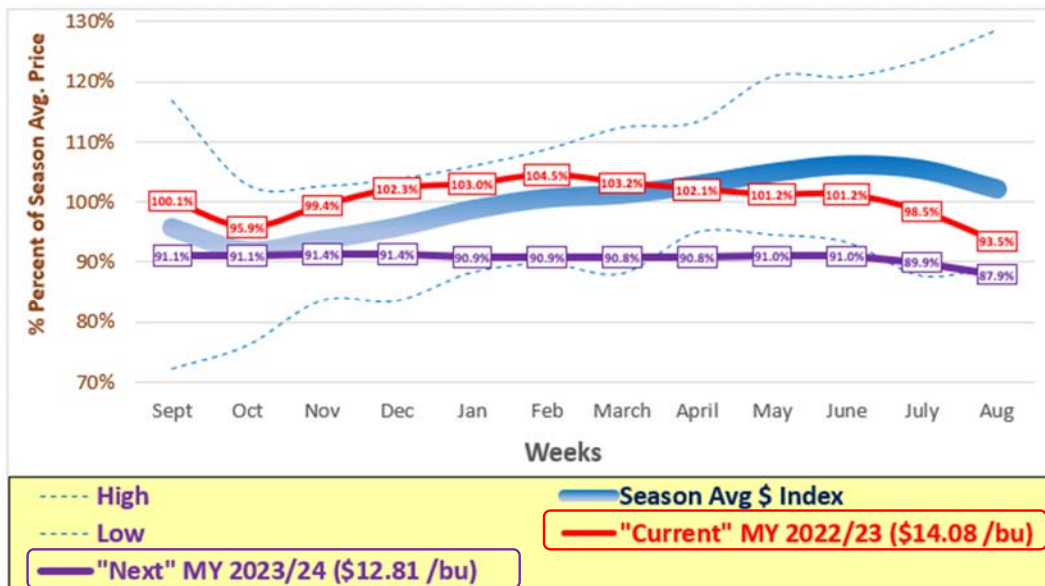
# Kansas Soybean Seasonal Price Index

(MY 1999/00 – MY 2021/22) – Source: KSU Seasonal Grain Price Indices



## Soybean Seasonal Prices *Kansas-U.S.*

Long Term Seasonal \$ Trends + MY 2022/23 & "Next" MY 2023/24 As of 3/14/2023

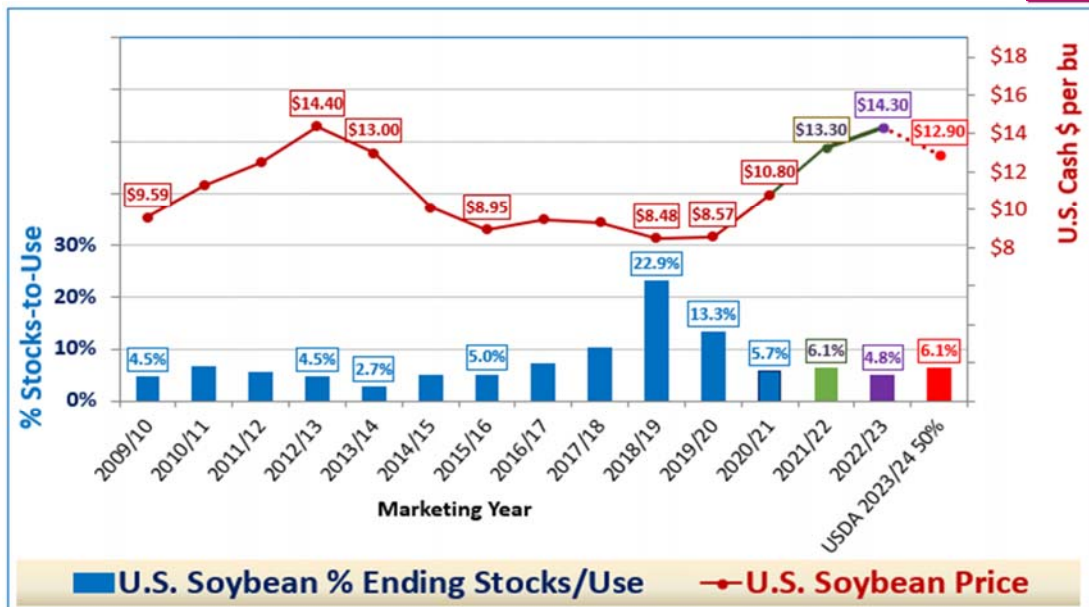


U.S. Prices for Soybeans USDA

*"Current"*  
**MY 2022/23**  
 = \$14.30 /bu U.S.

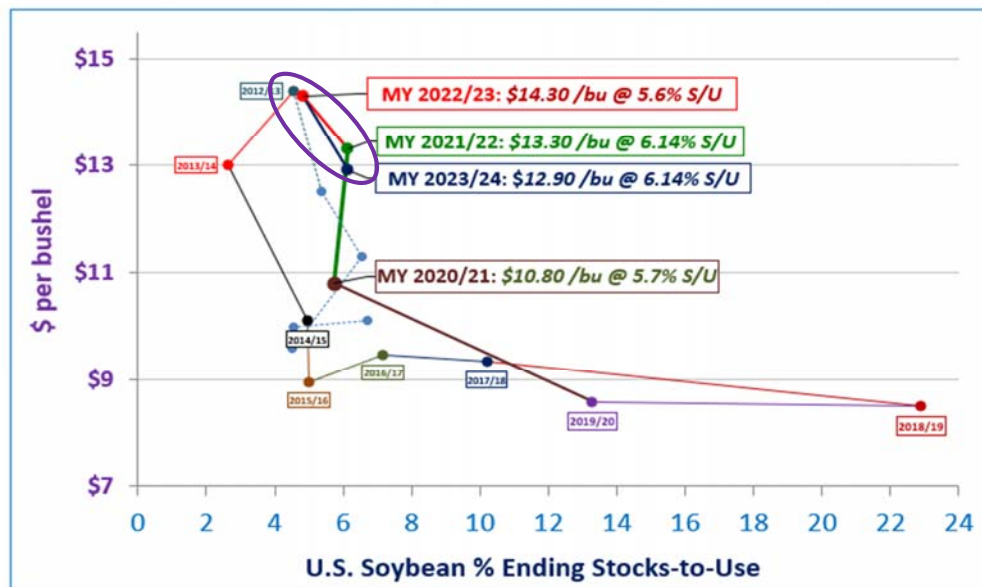
*"Next"*  
**MY 2023/24**  
 = \$12.90 /bu U.S.

# U.S. Soybean \$ vs U.S. % Ending Stocks/Use



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

MY 1973/74 thru "Next" MY 2023/24 as of the March 8, 2023 USDA Report



# Wheat Markets

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## CME HRW Wheat Futures *Continuous Weekly to 3/14/2023*

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KE - Wheat (Kansas) (Electronic) - Weekly Chart

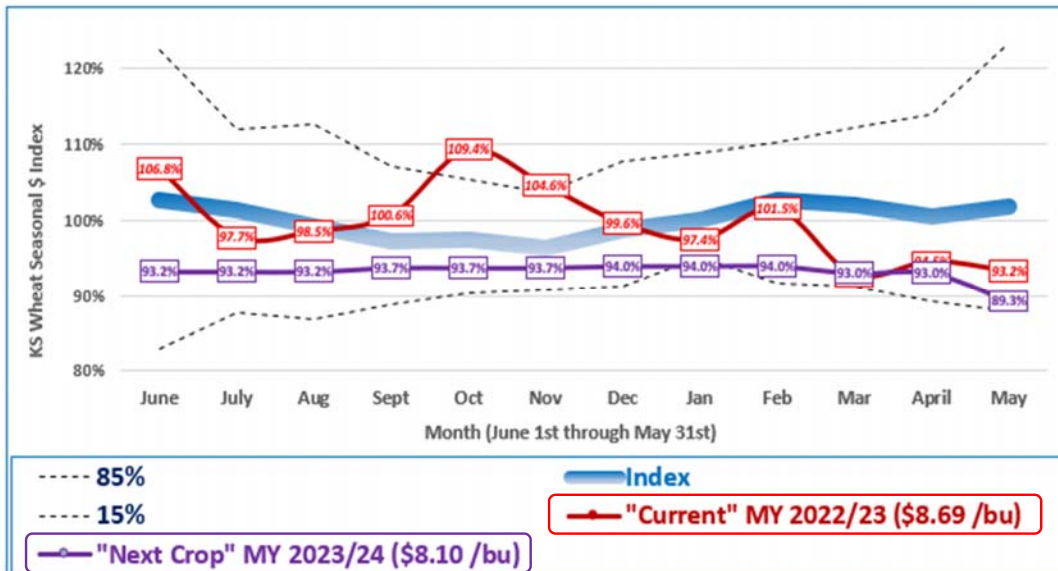
Change: 16.000

03/15/2023 O: 802.250 H: 824.750 L: 785.000 C: 818.250 Vol: 30540 OI: 114903



# HRW Wheat Seasonal Prices *Kansas-U.S.*

Long Term Seasonal \$ Trends + MY 2022/23 & "Next" MY 2023/24 As of 3/14/2023



U.S. Prices for Wheat USDA

*"Current"*  
**MY 2022/23**  
 = \$9.00 /bu U.S.

*"Next"*  
**MY 2023/24**  
 = \$8.50 /bu U.S.

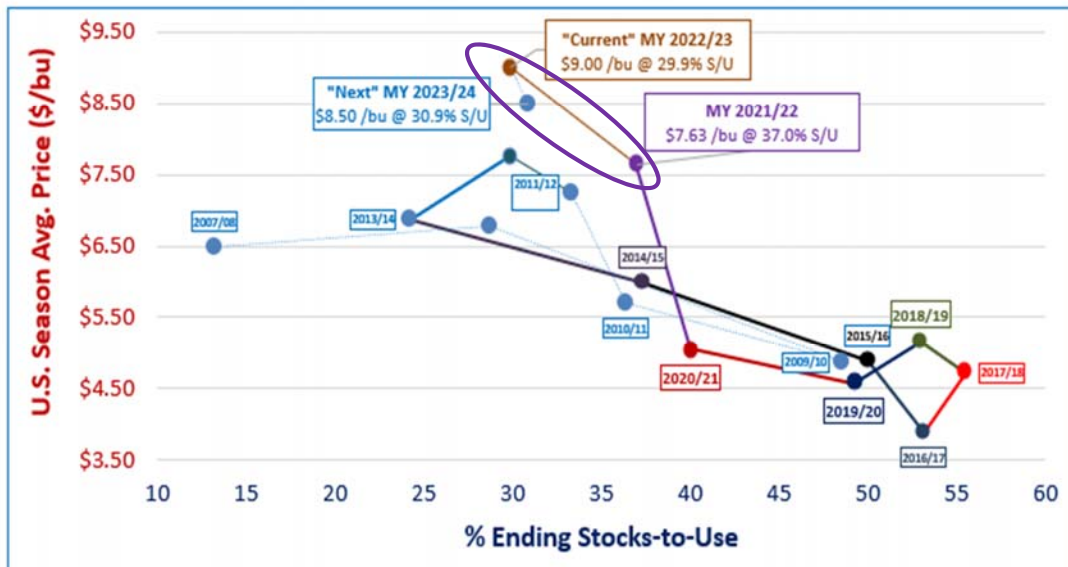
## U.S. Wheat \$ vs U.S. % Ending Stocks/Use

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# U.S. Wheat Price vs % End Stocks-to-Use

MY 2007/08 thru "Current" 2022/23 – As of the March 8, 2023 USDA WASDE



## Questions?

Daniel O'Brien – Extension Ag Economist

Blog: [www.ksugrains.wordpress.com](http://www.ksugrains.wordpress.com)

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