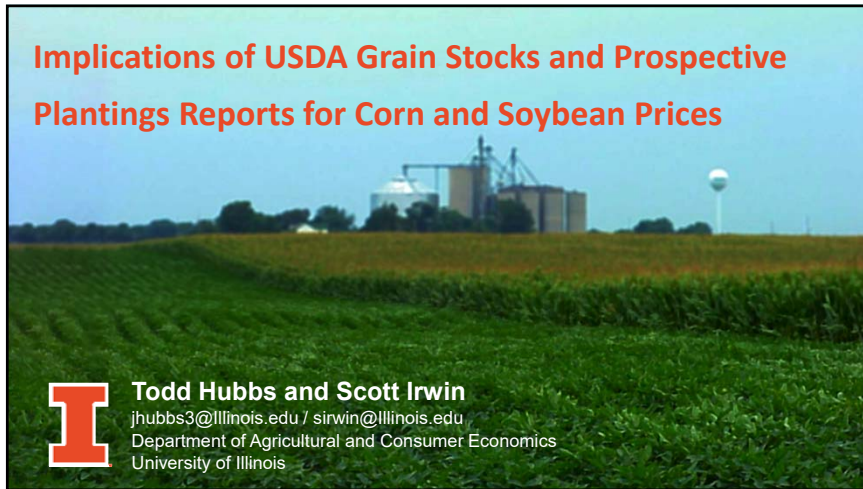


Implications of USDA Grain Stocks and Prospective Plantings Reports for Corn and Soybean Prices

March 30, 2018



Implications of USDA Grain Stocks and Prospective Plantings Reports for Corn and Soybean Prices

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• Questions

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2018 Webinar Series: Events

Implications of USDA Grain Stocks and Prospective Plantings Reports for Corn and Soybean Prices

8:00-9:00 AM CDT
 Friday March 30, 2018

Todd Hubbs, Clinical Assistant Professor and Scott Irwin, Professor
 Department of Agricultural and Consumer Economics, University of Illinois

The webinar will review USDA's March 29 Grain Stocks and Prospective Plantings reports and considers balance sheet and price implications for both old and new crop corn and soybeans. The USDA's estimate of March 1 stocks of corn and soybeans will provide a clearer picture of the 2017-18 marketing year consumption, ending stocks, and price prospects. The report will be...

Figure 1: March 1 Corn Stocks

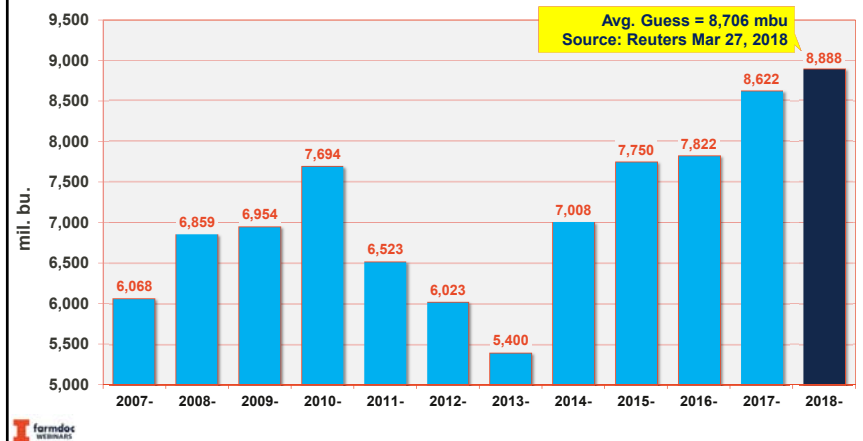
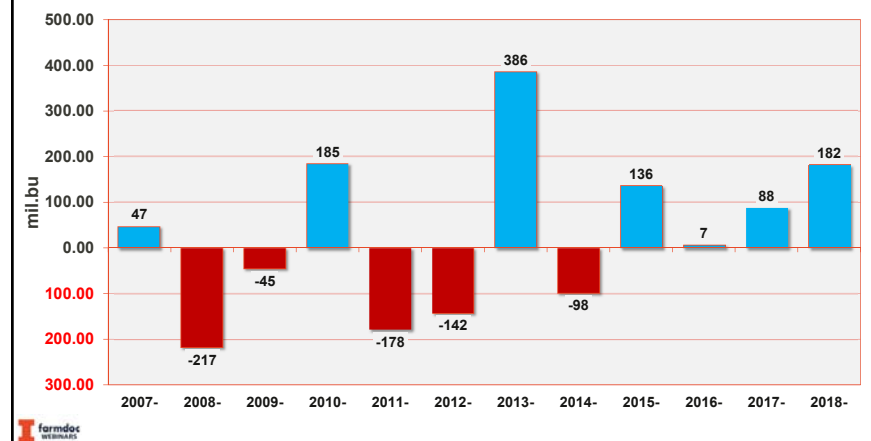


Figure 2: USDA March 1 Corn Stocks Estimate Minus Average Guess



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Figure 3: 1st and 2nd Half MY Feed and Residual Use of Corn

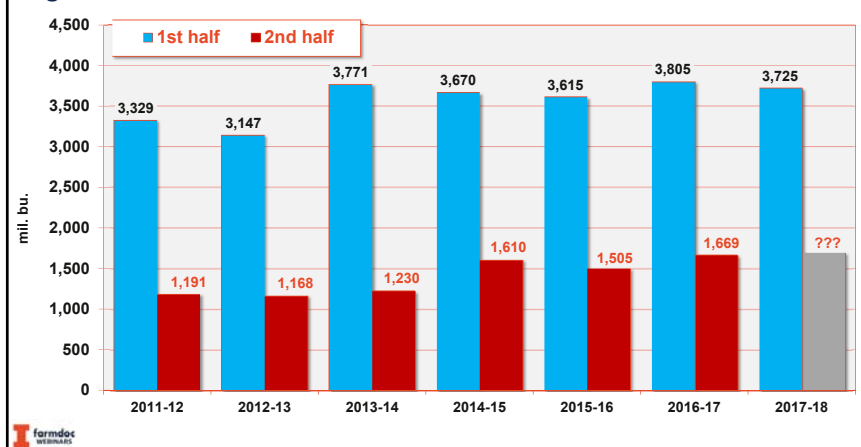


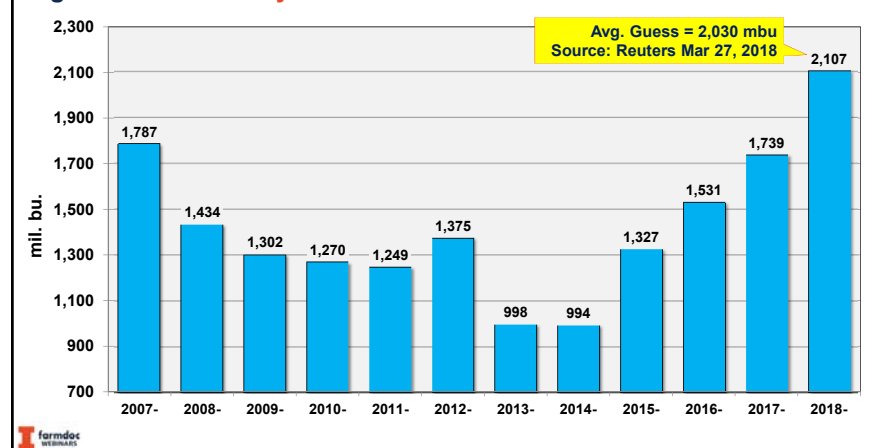
Figure 4: Projections for 2017/18 Marketing Year Feed and Residual Use of Corn

Rate of First Half Disappearance	Implied 17/18 MY Feed and Residual Use
64% <i>Observed During 1996/97-2005/06</i>	5,820
68% <i>Observed During 2006/07-2009/10</i>	5,478
74% <i>Observed During 2010/11-2013/14</i>	5,034
70% <i>Observed During 2014/15-2016/17</i>	5,321
USDA 17/18 Projection	5,550 mbu

Figure 5: Corn Balance

	2017/18 WASDE Mar 8	2017/18
Supply:		
Planted Acreage (million acres)	90.2	90.2
Harvested Acreage (million acres)	82.7	82.7
Yield (Bushels / Acre)	176.6	176.6
Beginning Stocks (million bushels)	2,293	2,293
Total Production (million bushels)	14,604	14,604
Imports (million bushels)	50	50
Total Supply (million bushels)	16,947	16,947
Consumption:		
Feed and Residual (million bushels)	5,550	5,450
Food, Seed, and Industrial (million bushels)	7,045	7,020
Ethanol (million bushels)	5,575	5,575
Exports (million bushels)	2,225	2,165
Total Consumption (million bushels)	14,820	14,635
Ending Stocks (million bushels)		
	2,127	2,312
Ending Stocks/Total Consumption (%)		
	14.3%	15.8%
Average Price (\$/bu.)	\$3.30	\$3.35

Figure 6: March 1 Soybean Stocks



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Figure 7: USDA March 1 Soybean Stocks Estimate Minus Average Guess

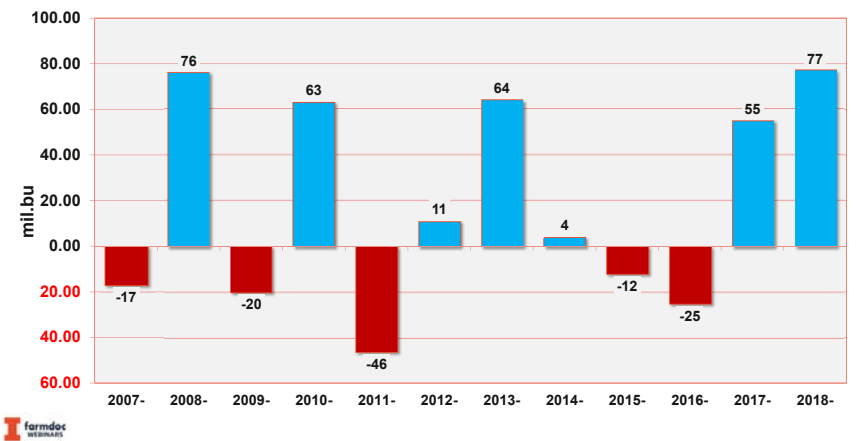


Figure 8. First Half and Second Half Seed and Residual Use of Soybeans

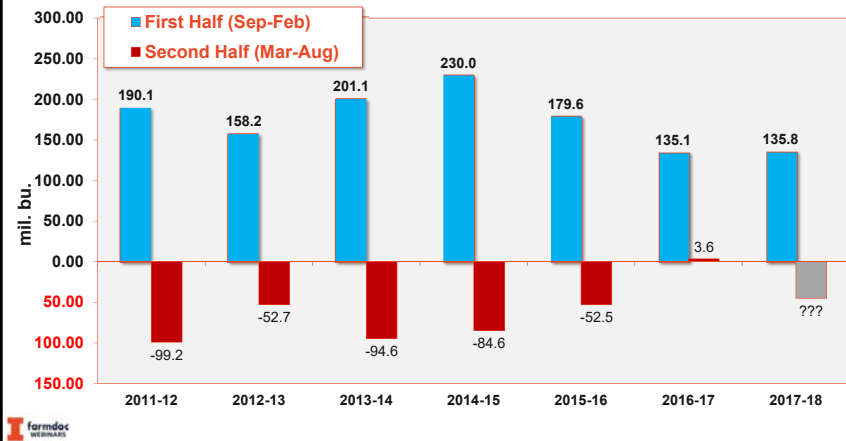
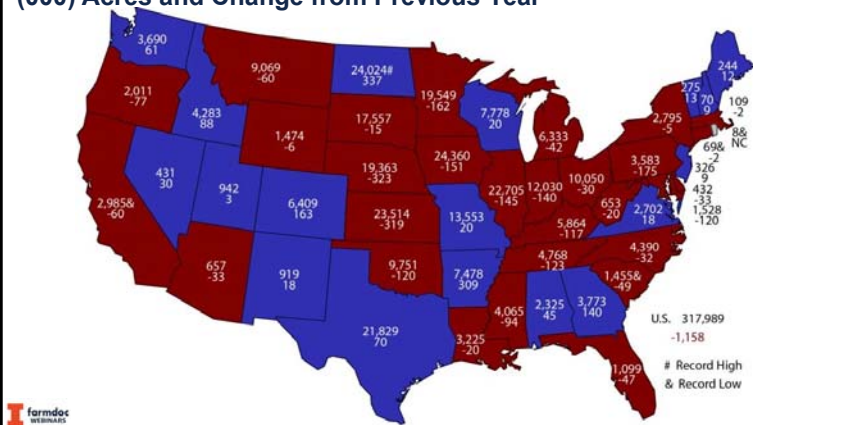


Figure 9: Soybean Balance

	2017/18 WASDE Mar 8	2017/18
Supply:		
Planted Acreage (mil.)	90.1	90.1
Harvested Acreage (mil.)	89.5	89.5
Yield (bu./ac.)	49.1	49.1
Production (mil. bu.)	4,392	4,392
Beginning stocks (mil. bu.)	302	302
Imports (mil. bu.)	25	25
Total Supply(mil. bu.)	4,718	4,718
Consumption:		
Crush (mil. bu.)	1,960	1,960
Export (mil. bu.)	2,065	2,050
Seed and Residual (mil. bu.)	139	139
Total Consumption(mil. bu.)	4,163	4,149
Ending stocks (mil. bu.)	555	569
Stocks-to-use	13.3%	13.7%
Average farm price (\$/bu.)	\$9.30	\$9.30

Figure 10: 2018 Principal Crops Planted Area (000) Acres and Change from Previous Year



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Figure 11. Acreage Summary for Principal Crops, CRP, and PP

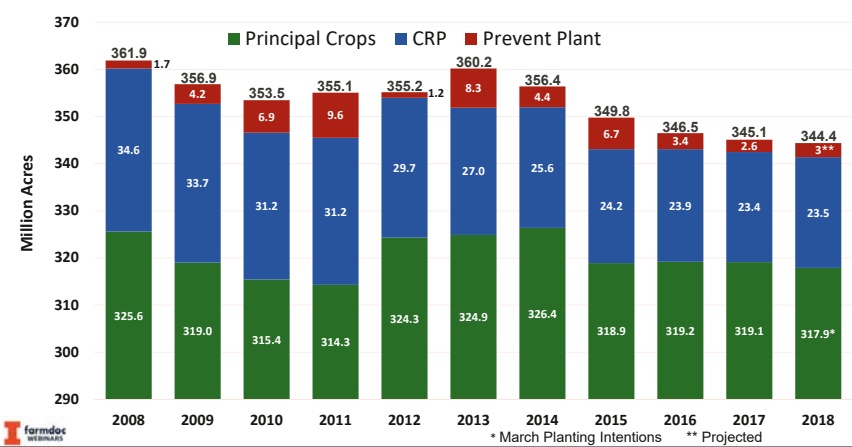


Figure 12. Planted and Harvested Acreage of Corn

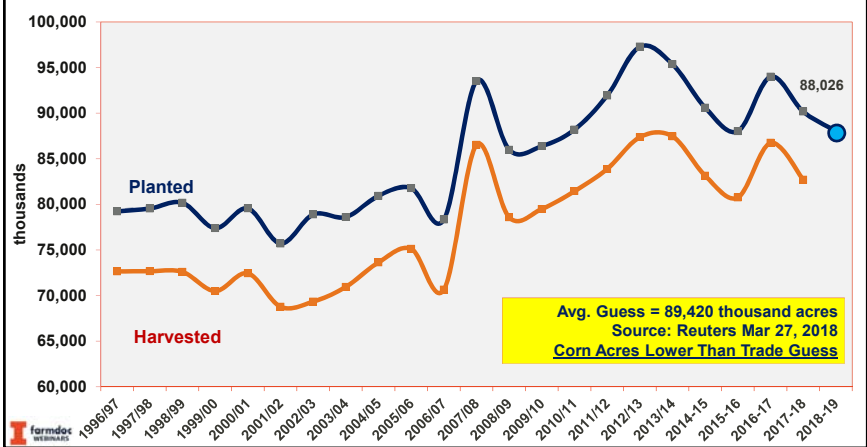


Figure 13. 2018 Corn Planted Area (000) Acres and Change from Previous Year

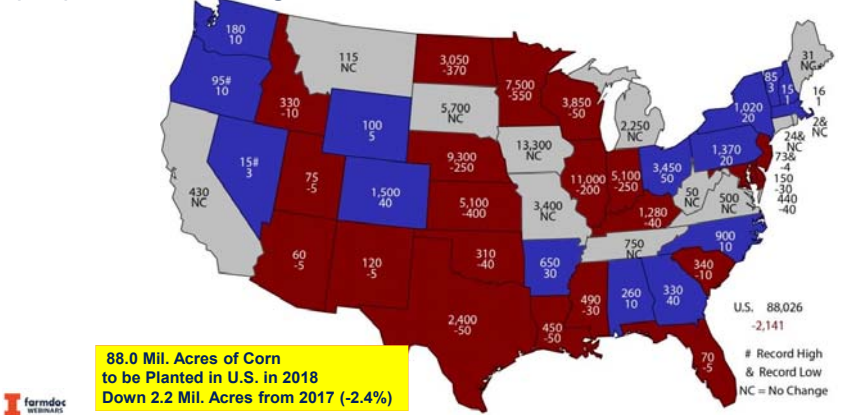
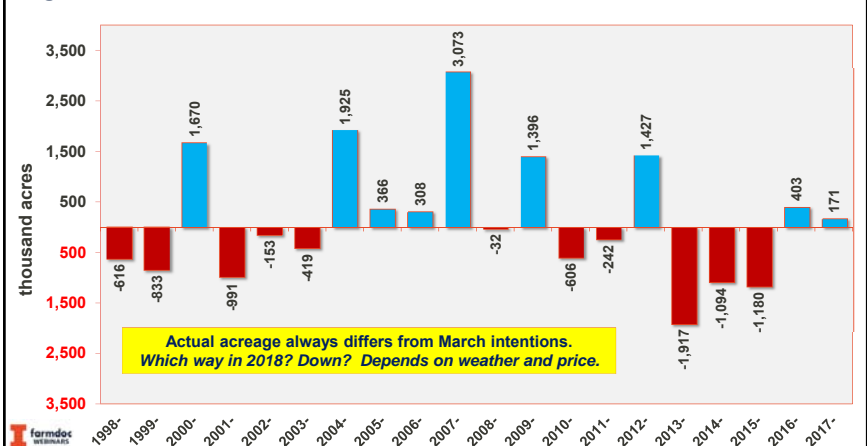


Figure 14: Actual Planted Acres of Corn Minus March Intentions



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Figure 15: Planted and Harvested Acreage of Soybeans

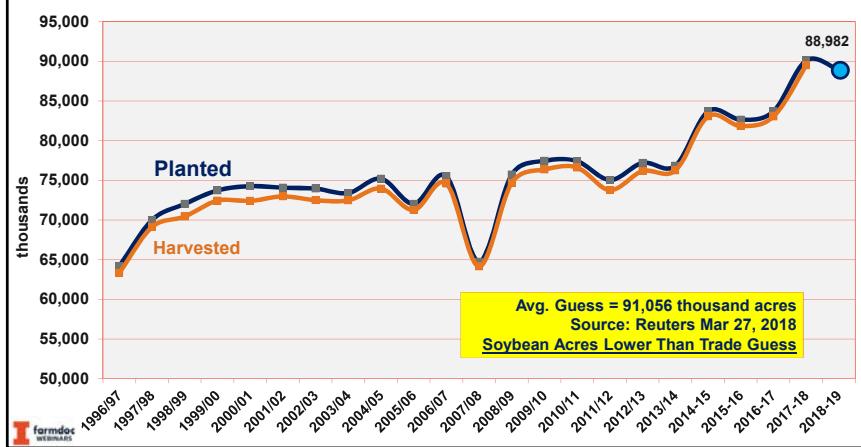


Figure 16: 2018 Soybean Planted Area (000) Acres and Change from Previous Year

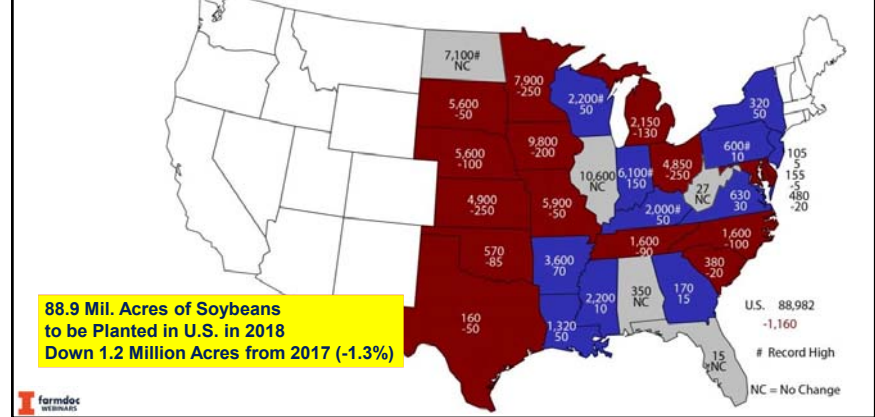


Figure 17: Actual Planted Acres of Soybeans Minus March Intentions

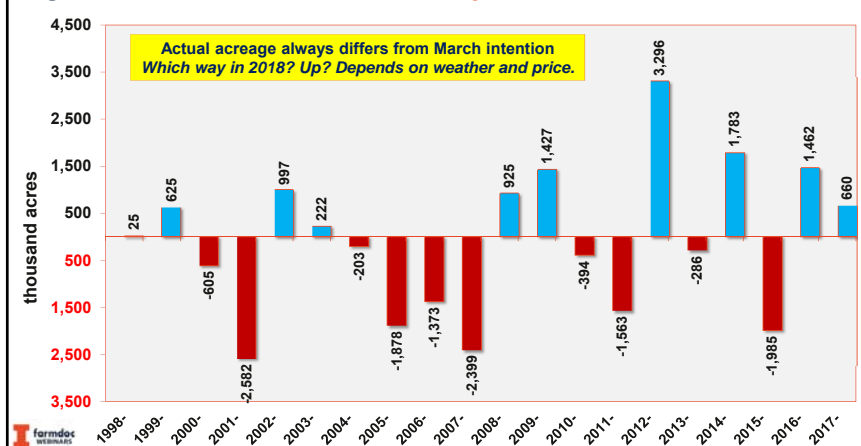
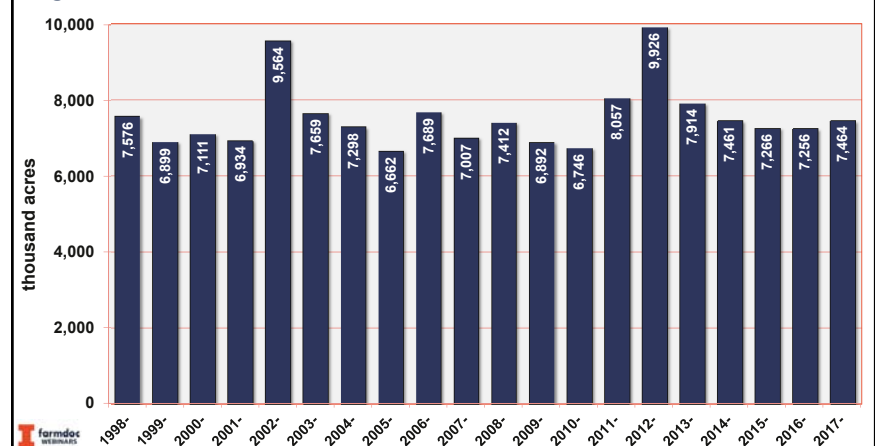


Figure 18: Planted Minus Harvested Acres of Corn



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Figure 19: U.S. Average Corn Yield

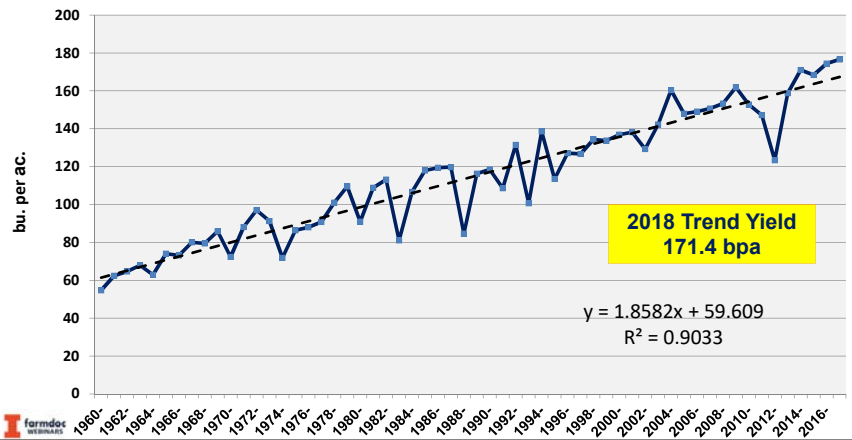


Figure 20: Corn Balance

	USDA Outlook Forum 2018/19	2018/19
Supply:		
Planted Acreage (million acres)	90.0	88.0
Harvested Acreage (million acres)	82.7	80.5
Yield (Bushels / Acre)	174.0	171.4
Total Production (million bushels)	14,390	13,798
Beginning Stocks (million bushels)	2,352	2,312
Imports (million bushels)	50	50
Total Supply (million bushels)	16,792	16,160
Consumption:		
Feed and Residual (million bushels)	5,475	5,450
Food, Seed, and Industrial (million bushels)	7,145	7,125
Ethanol (million bushels)	5,650	5,630
Exports (million bushels)	1,900	2,025
Total Consumption (million bushels)	14,520	14,600
Ending Stocks (million bushels)	2,272	1,560
Ending Stocks/Total Consumption (%)	15.6%	10.7%
Average Price (\$/bu.)	\$3.40	\$3.75

Figure 21: Planted Minus Harvested Acres of Soybeans

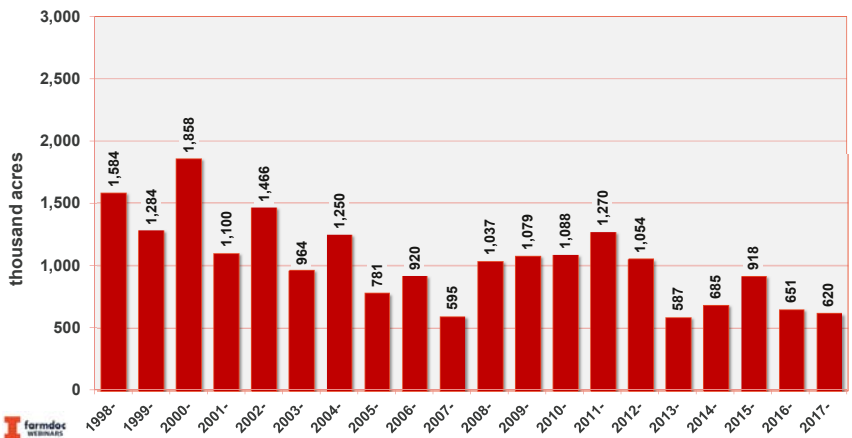
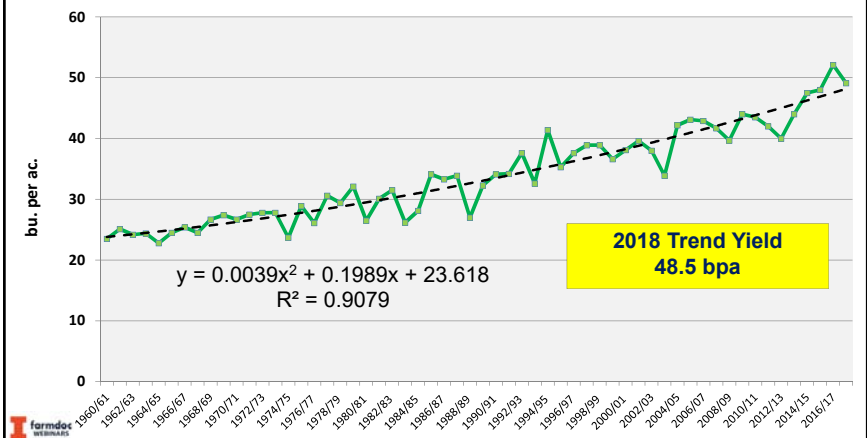


Figure 22: U.S. Average Soybean Yield



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Figure 23: Soybean Balance

	USDA Outlook Forum	
	2018/19	2018/19
Supply:		
Planted Acreage (mil.)	90.0	89.0
Harvested Acreage (mil.)	89.1	88.3
Yield (bu./ac.)	48.5	48.5
Production (mil. bu.)	4,320	4,282
Beginning stocks (mil. bu.)	530	569
Imports (mil. bu.)	25	25
Total Supply (mil. bu.)	4,875	4,877
Consumption:		
Crush (mil. bu.)	1,980	1,990
Export (mil. bu.)	2,300	2,200
Seed and feed (mil. bu.)	135	135
Total Consumption (mil. bu.)	4,415	4,325
Ending stocks (mil. bu.)	460	552
Stocks-to-use	10.4%	12.8%
Average farm price (\$/bu.)	\$9.25	\$9.35



Closing Comments

- March 1 Stocks Report Showed:
 - March 1 corn and soybean stocks larger than expected
 - Forecast of feed and residual use of corn lowered 100 million bushels
- U.S. Farmers intend to plant:
 - 2.1 million fewer corn acres, 1.6 million more spring wheat acres and 306K more sorghum acres
 - 1.2 million fewer soybean acres and 858K more cotton acres
- Balance Sheet Implications
 - Expect smaller corn and soybean crops in 2018
 - Expect corn stocks to decline substantially and soybean stocks to decline modestly
 - Higher corn and soybean prices MY 2018/19



Questions?

Please continue to submit questions during this part of the webinar

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