

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



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Figure 1: Change in Stock Market and Grain Prices Since the Beginning of 2020 (thru 03/27/2020)

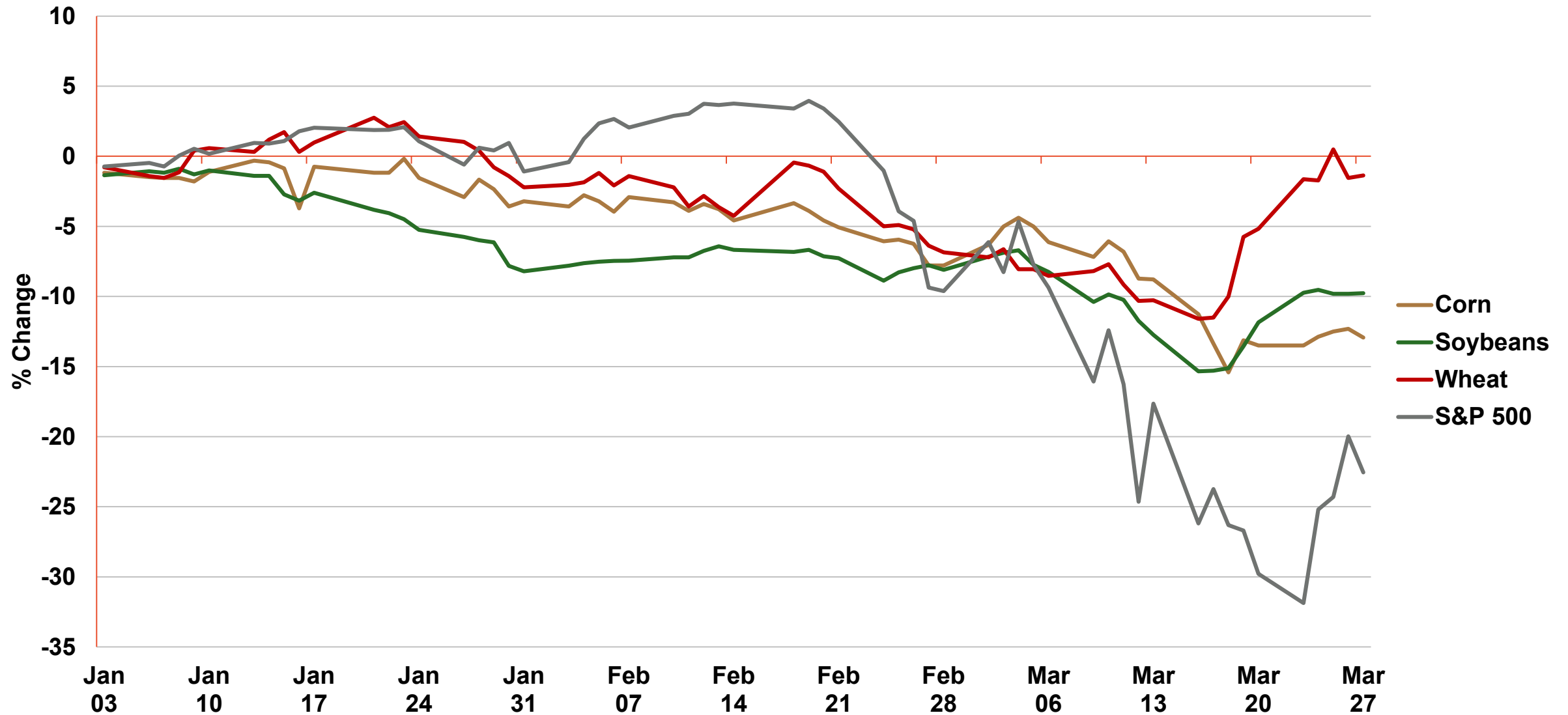


Figure 1: Change in Stock Market and Grain Prices Since the Beginning of 2020 (thru 03/27/2020)

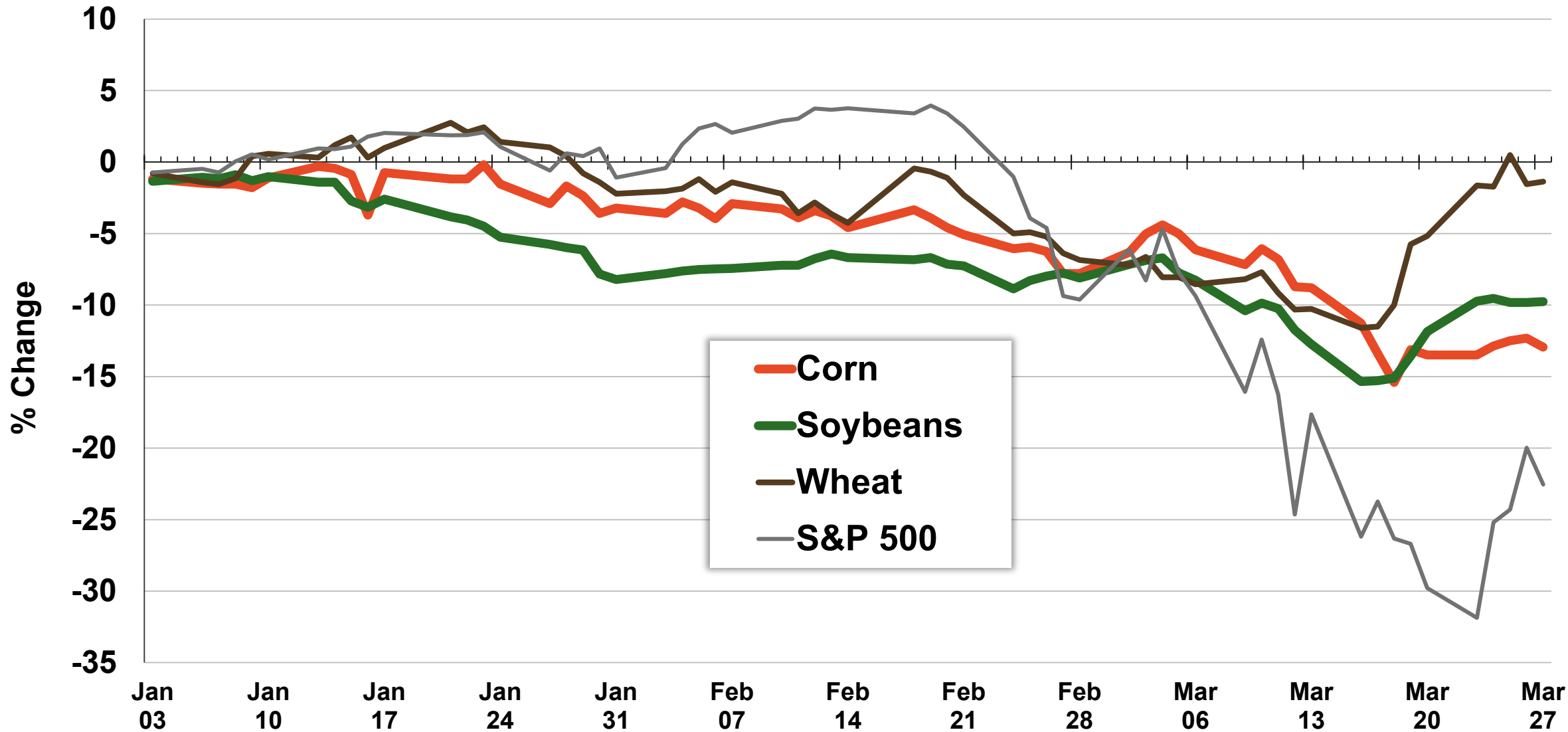


Figure 2: March 1 Corn Stocks

Avg. Guess = 8,125 mbu
Source: Reuters Mar 26, 2020

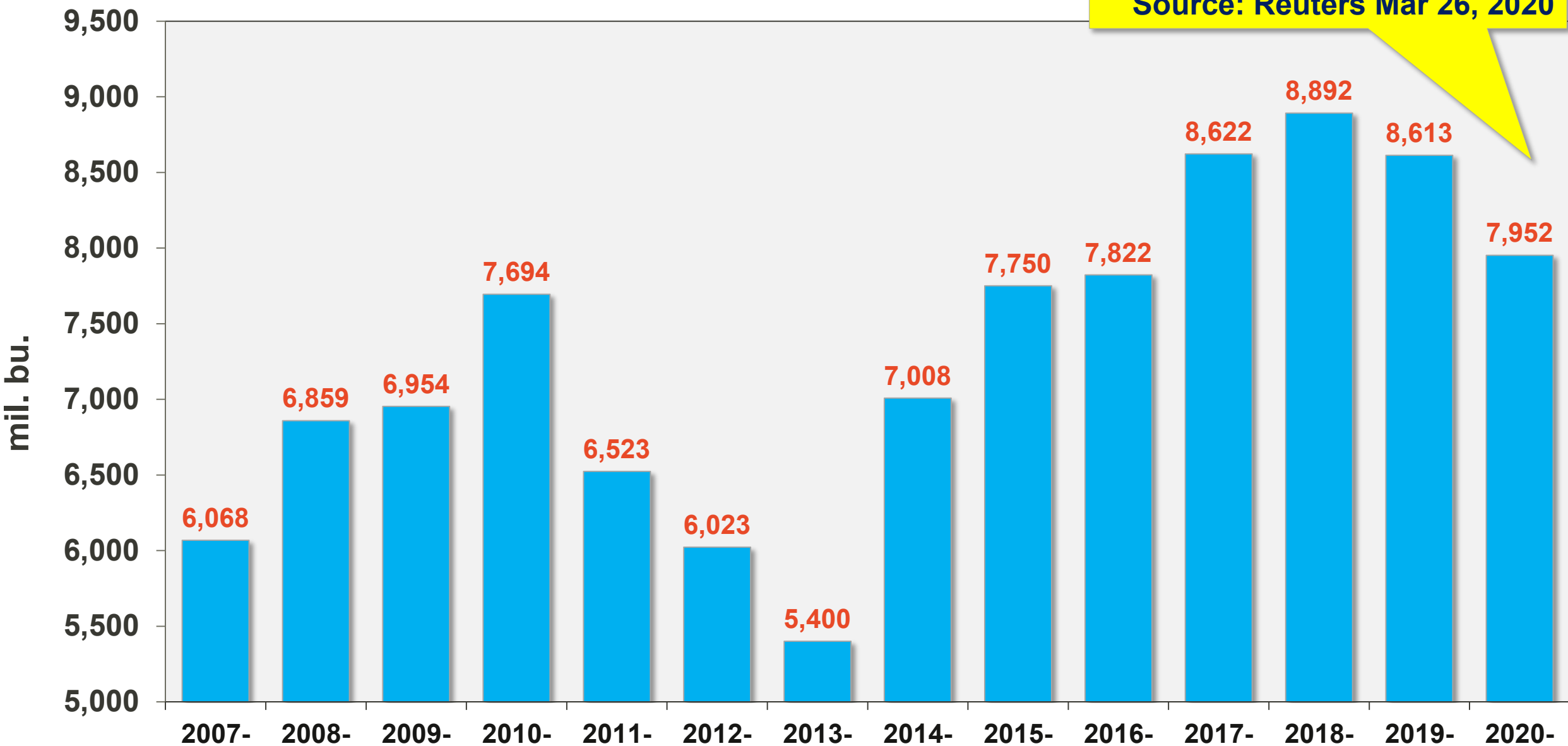


Figure 3: USDA March 1 Corn Stocks Estimate Minus Average Guess

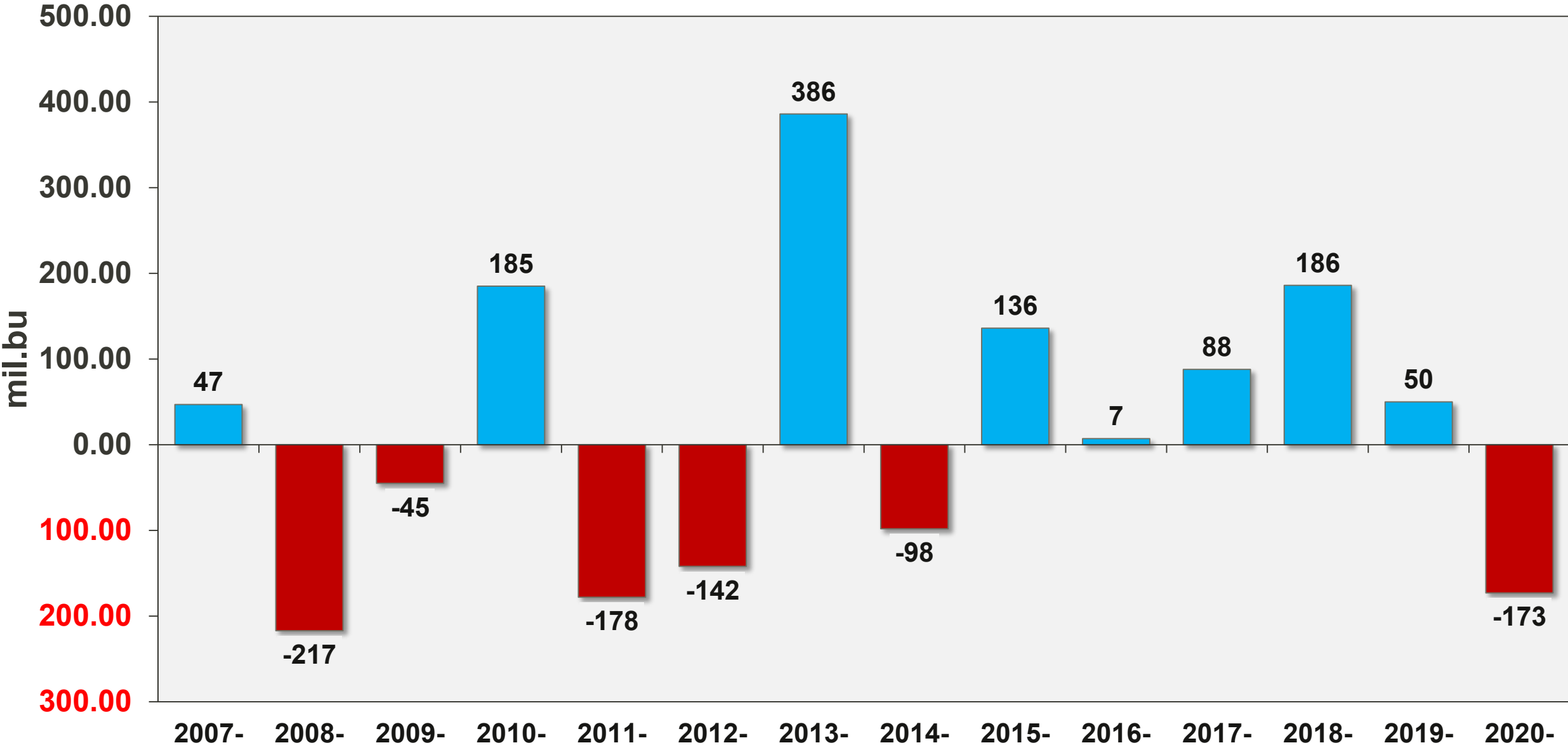


Figure 4: 1st and 2nd Half MY Feed and Residual Use of Corn

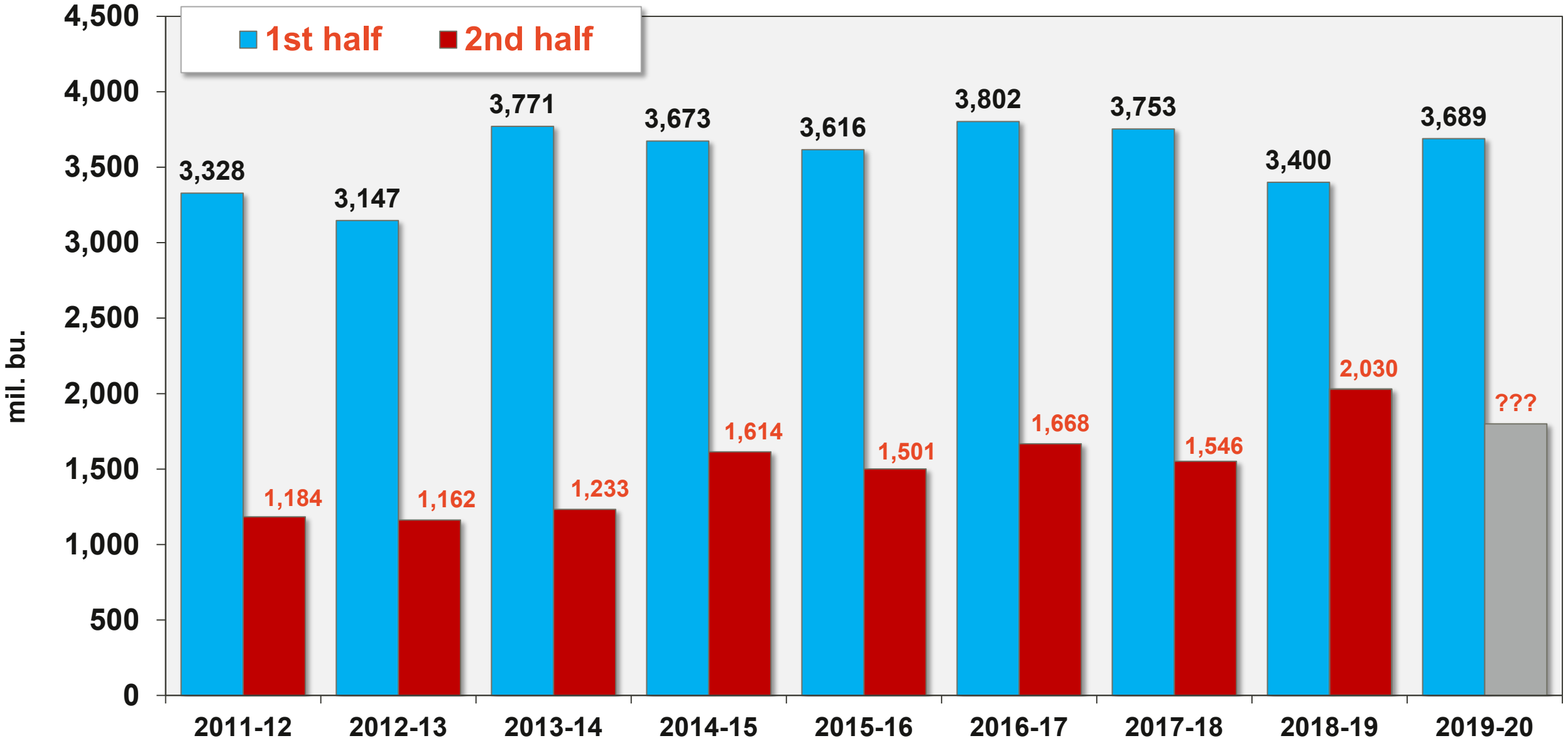


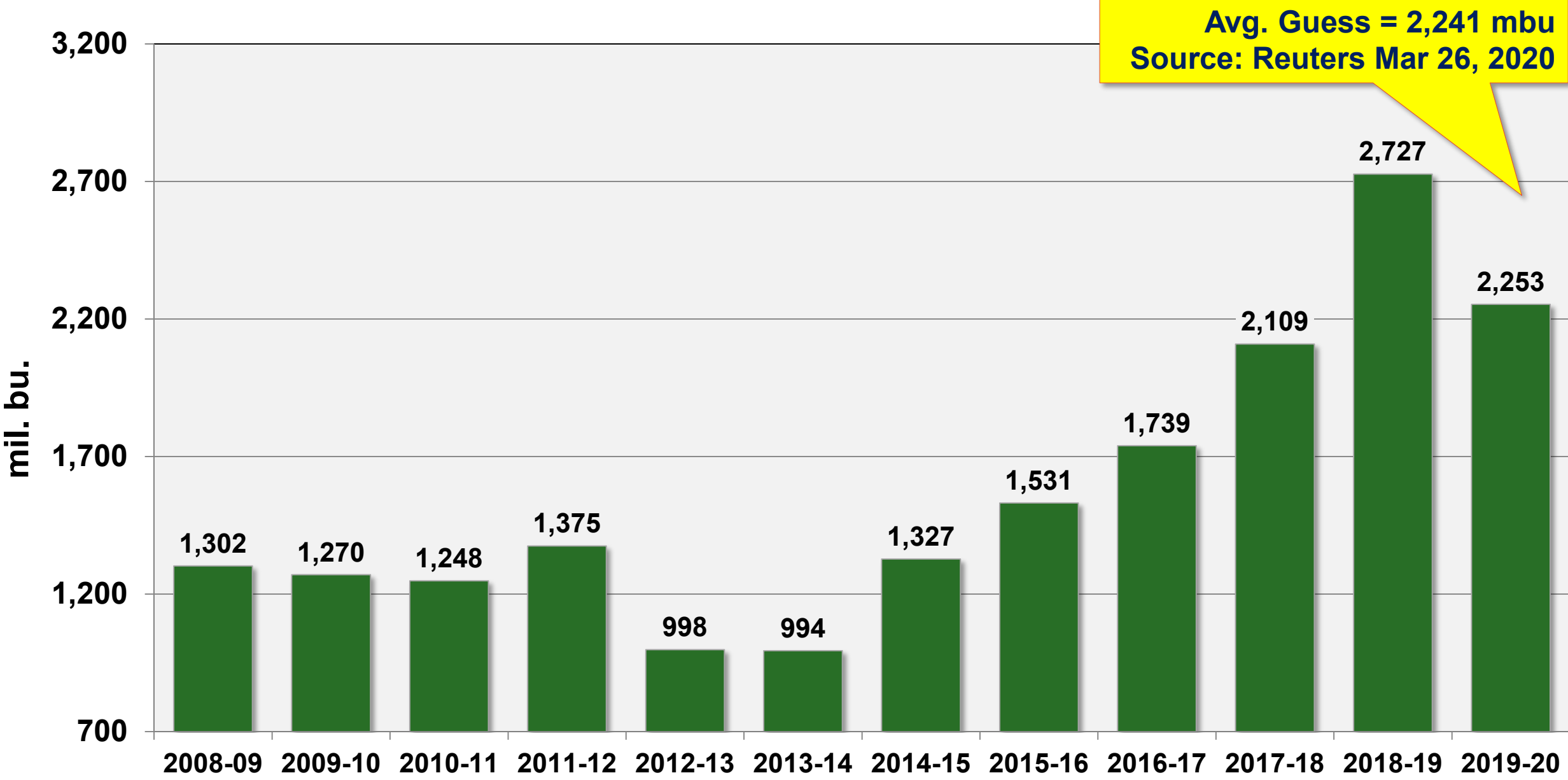
Figure 5: Projections for 2019/20 Marketing Year Feed and Residual Use of Corn

Rate of First Half Disappearance	Implied 19/20 MY Feed and Residual Use
<p style="text-align: center;">70% <i>Observed During 2014/15-2017/18</i></p>	<p style="text-align: center;">5,270</p>
<p style="text-align: center;">63% <i>Observed During 2018/19</i></p>	<p style="text-align: center;">5,855</p>
<p style="text-align: center;">USDA 19/20 Projection</p>	<p style="text-align: center;">5,525 mbu</p>

Figure 6: Corn Balance

	2019/20 WASDE Mar 10	2019/20
Supply:		
Planted Acreage (million acres)	89.7	89.7
Harvested Acreage (million acres)	81.5	81.3
Yield (Bushels / Acre)	168.0	167.5
Beginning Stocks (million bushels)	2,221	2,221
Total Production (million bushels)	13,692	13,618
Imports (million bushels)	50	45
Total Supply (million bushels)	15,962	15,884
Consumption:		
Feed and Residual (million bushels)	5,525	5,600
Food, Seed, and Industrial (million bushels)	6,820	6,520
Ethanol (million bushels)	5,425	5,125
Exports (million bushels)	1,725	1,725
Total Consumption (million bushels)	14,070	13,845
Ending Stocks (million bushels)	1,892	2,039
Ending Stocks/Total Consumption (%)	13.4%	14.7%
Average Price (\$/bu.)	\$3.80	\$3.55

Figure 7: March 1 Soybean Stocks



Avg. Guess = 2,241 mbu
Source: Reuters Mar 26, 2020

Figure 8: USDA March 1 Soybean Stocks Estimate Minus Average Guess

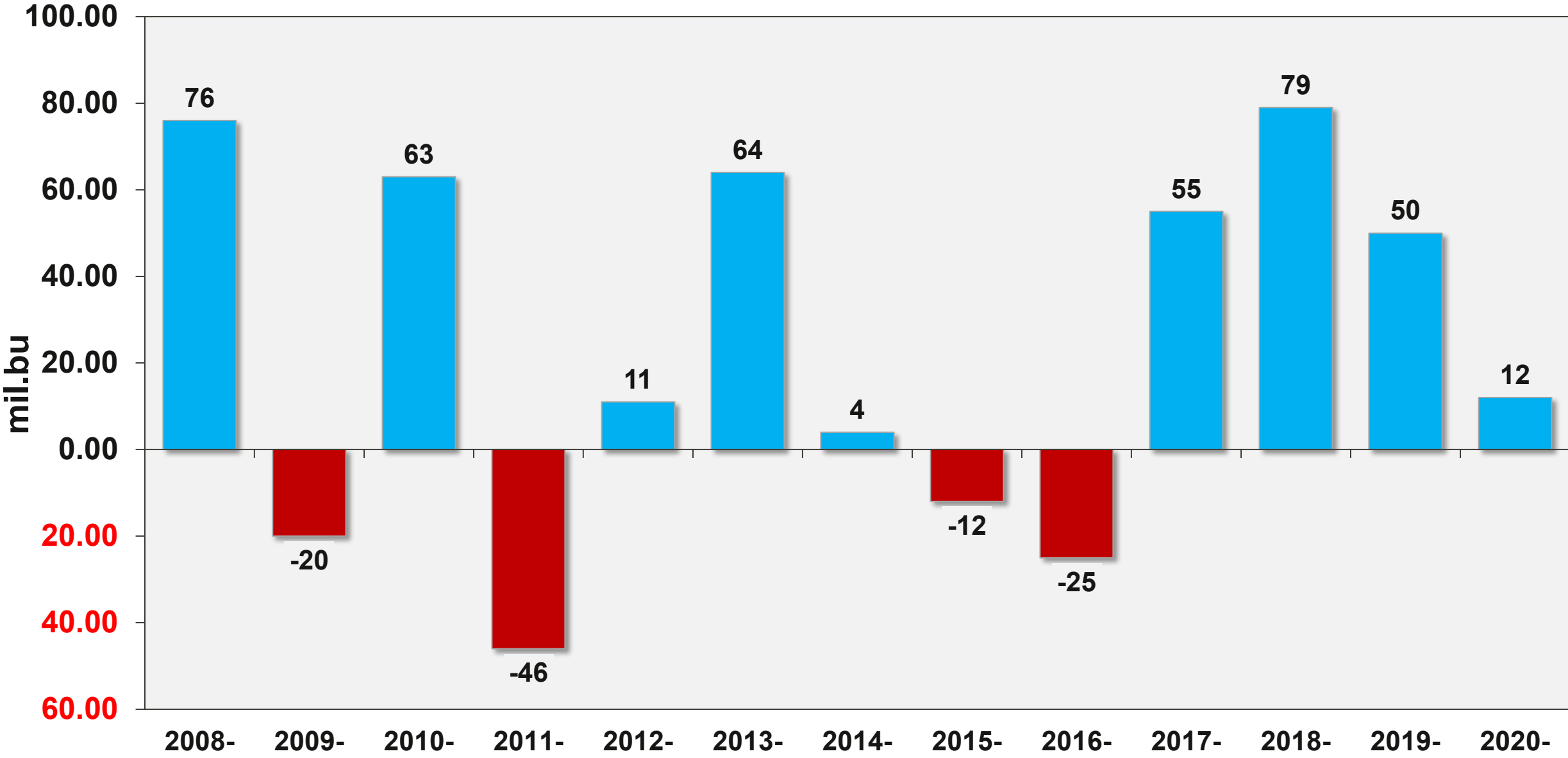
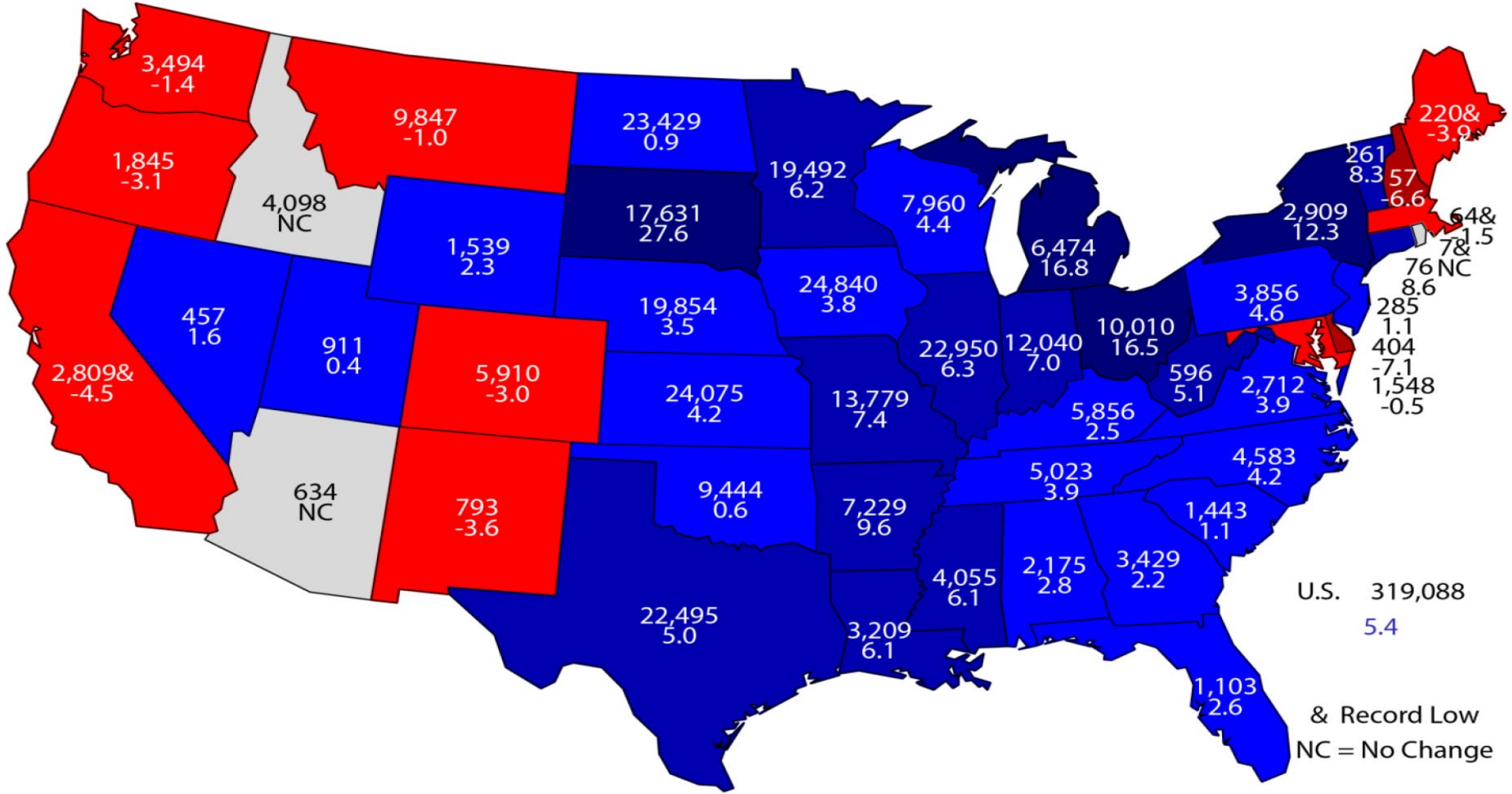


Figure 9: Soybean Balance

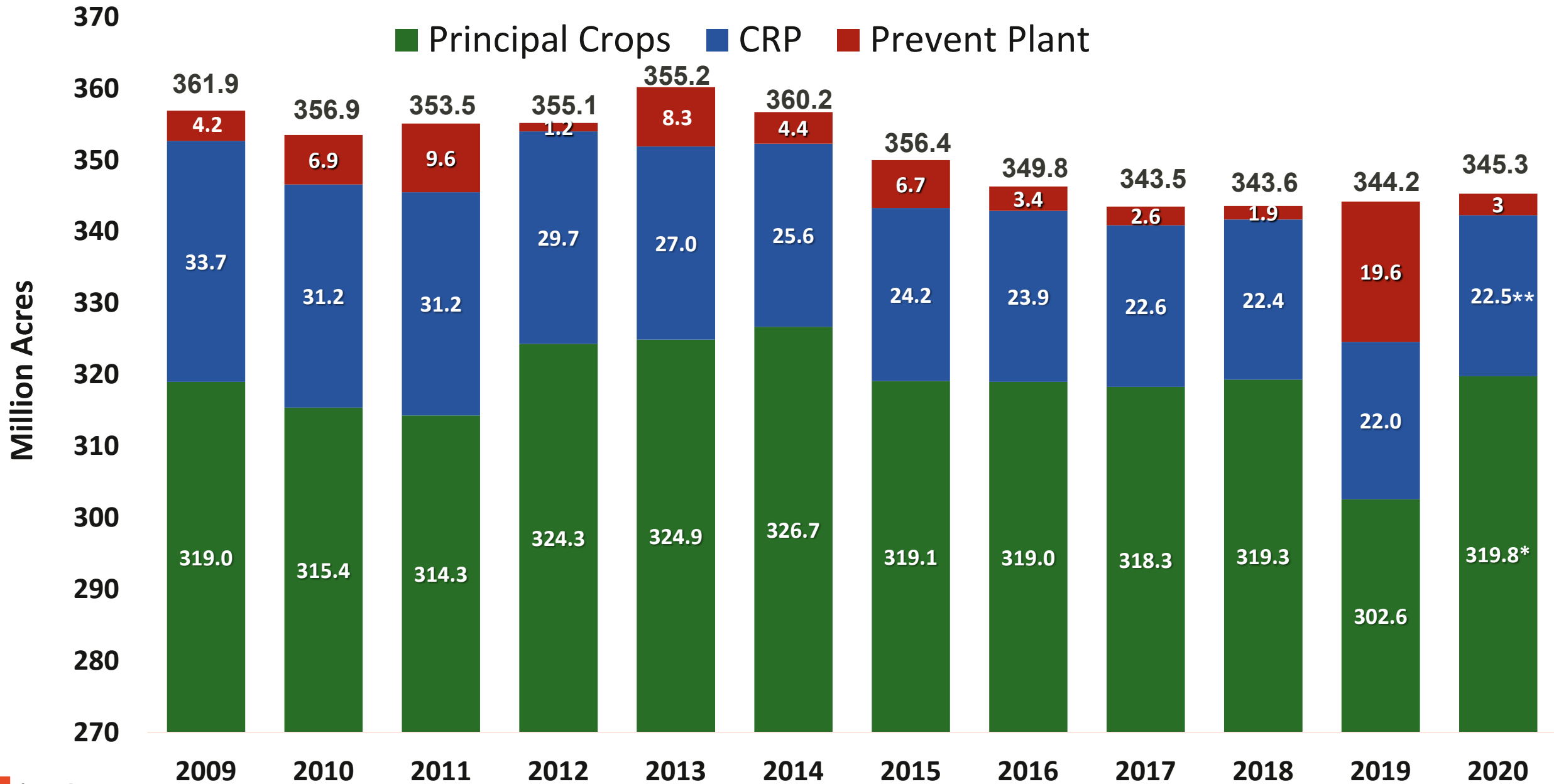
	2019/20 WASDE Mar 10	2019/20
Supply:		
Planted Acreage (mil.)	76.1	76.1
Harvested Acreage (mil.)	75.0	75.0
Yield (bu./ac.)	47.4	47.4
Production (mil. bu.)	3,558	3,558
Beginning stocks (mil. bu.)	909	909
Imports (mil. bu.)	15	15
Total Supply(mil. bu.)	4,482	4,482
Consumption:		
Crush (mil. bu.)	2,105	2,105
Export (mil. bu.)	1,825	1,775
Seed and Residual (mil. bu.)	128	128
Total Consumption(mil. bu.)	4,058	4,008
Ending stocks (mil. bu.)	425	474
Stocks-to-use	10.5%	11.8%
Average farm price (\$/bu.)	\$8.70	\$8.60

Figure 10: 2020 Principal Crops Planted Area (000) Acres and Change from Previous Year



■ Down 5.1-9.9 ■ Down 0.1-5 ■ No Change
■ Up 0.1-4.9 ■ Up 5-9.9 ■ Up >=10

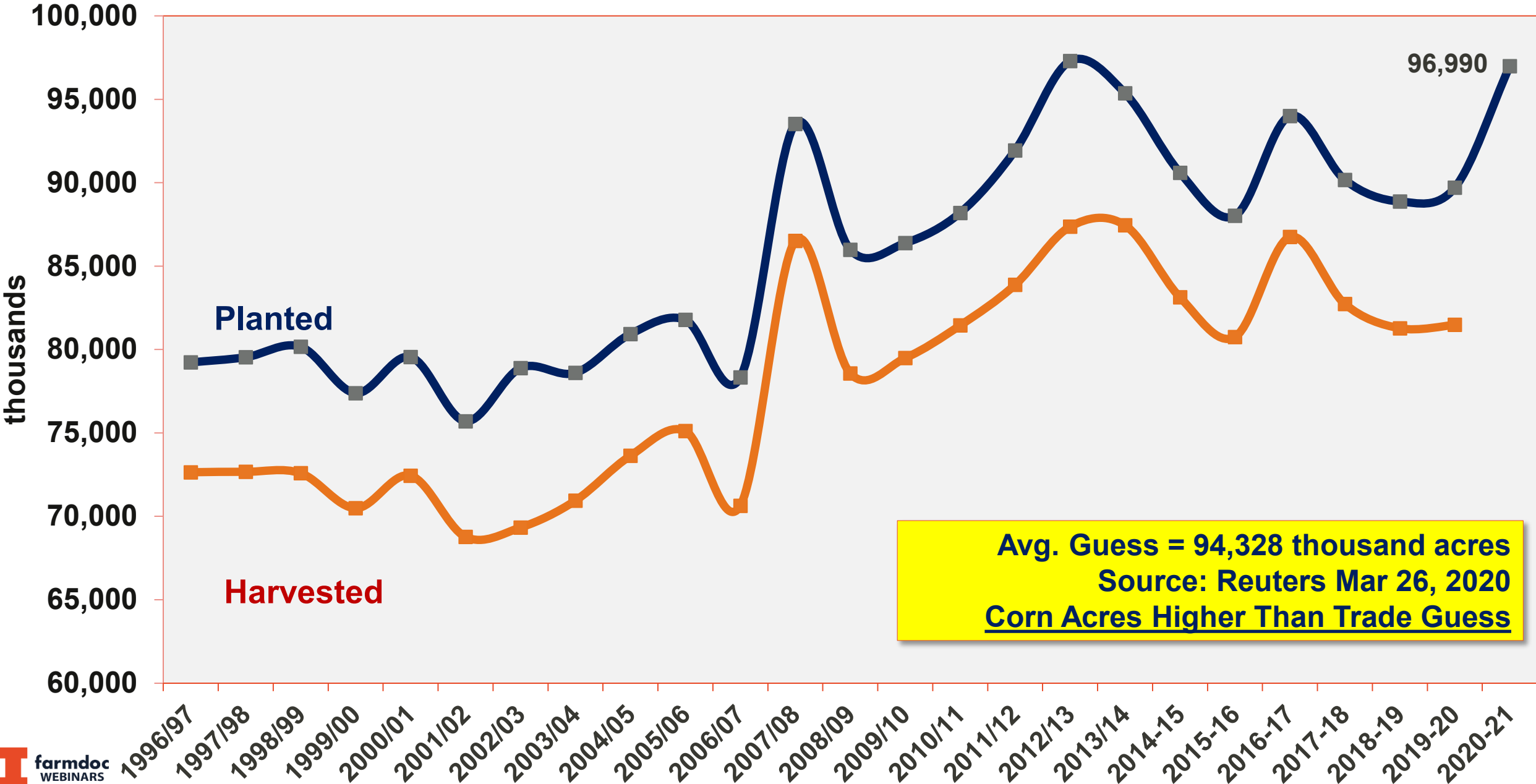
Figure 11. Acreage Summary for Principal Crops, CRP, and PP



* March Planting Intentions

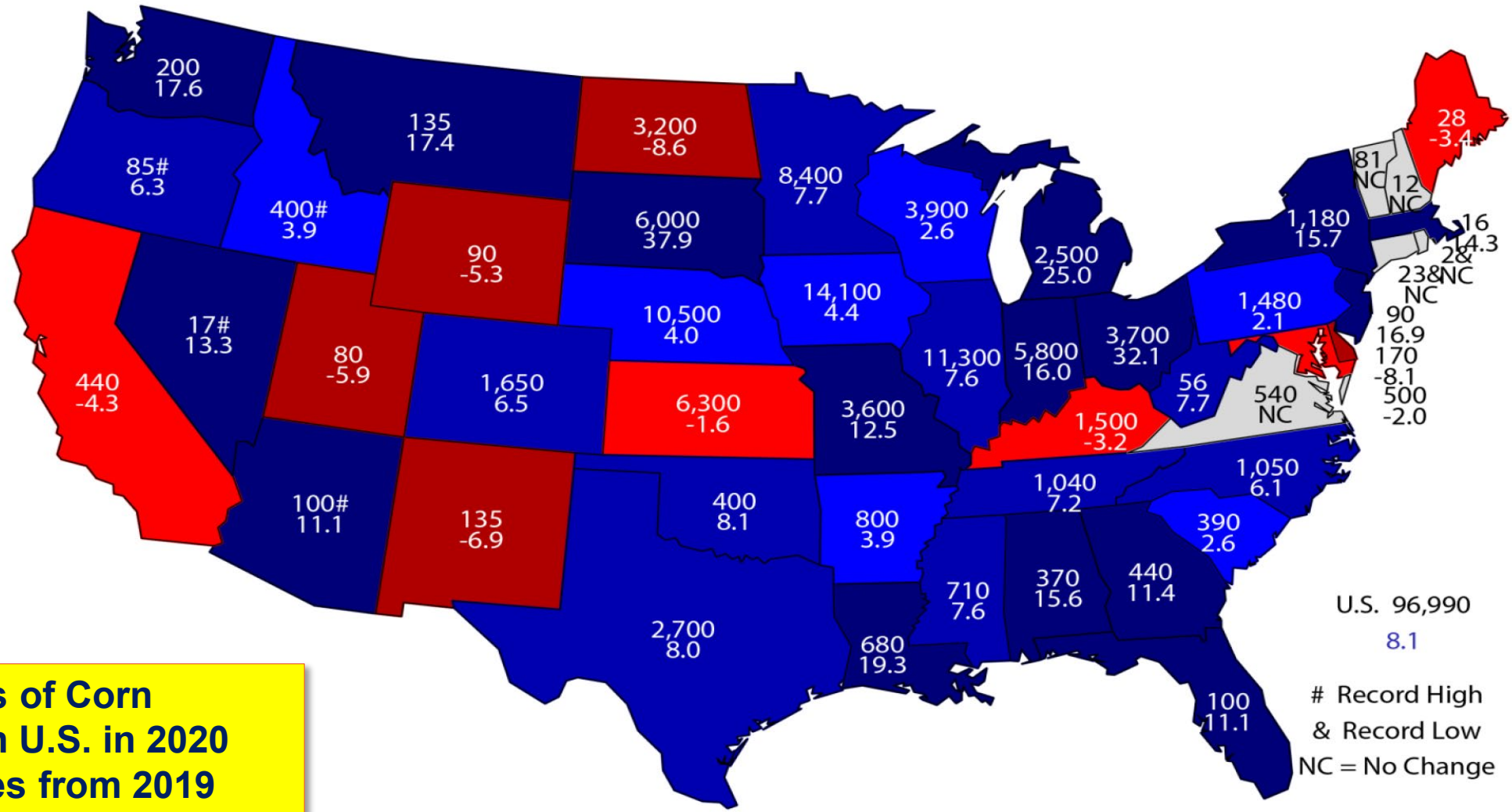
** Projected

Figure 12. Planted and Harvested Acreage of Corn



Avg. Guess = 94,328 thousand acres
Source: Reuters Mar 26, 2020
Corn Acres Higher Than Trade Guess

Figure 13. 2020 Corn Planted Area (000) Acres and Change from Previous Year



U.S. 96,990
8.1

Record High
& Record Low
NC = No Change

96.99 Mil. Acres of Corn to be Planted in U.S. in 2020
Up 7.3 Mil. Acres from 2019
Up 7.8 Mil. Acres from 2018

Figure 14: Actual Planted Acres of Corn Minus March Intentions

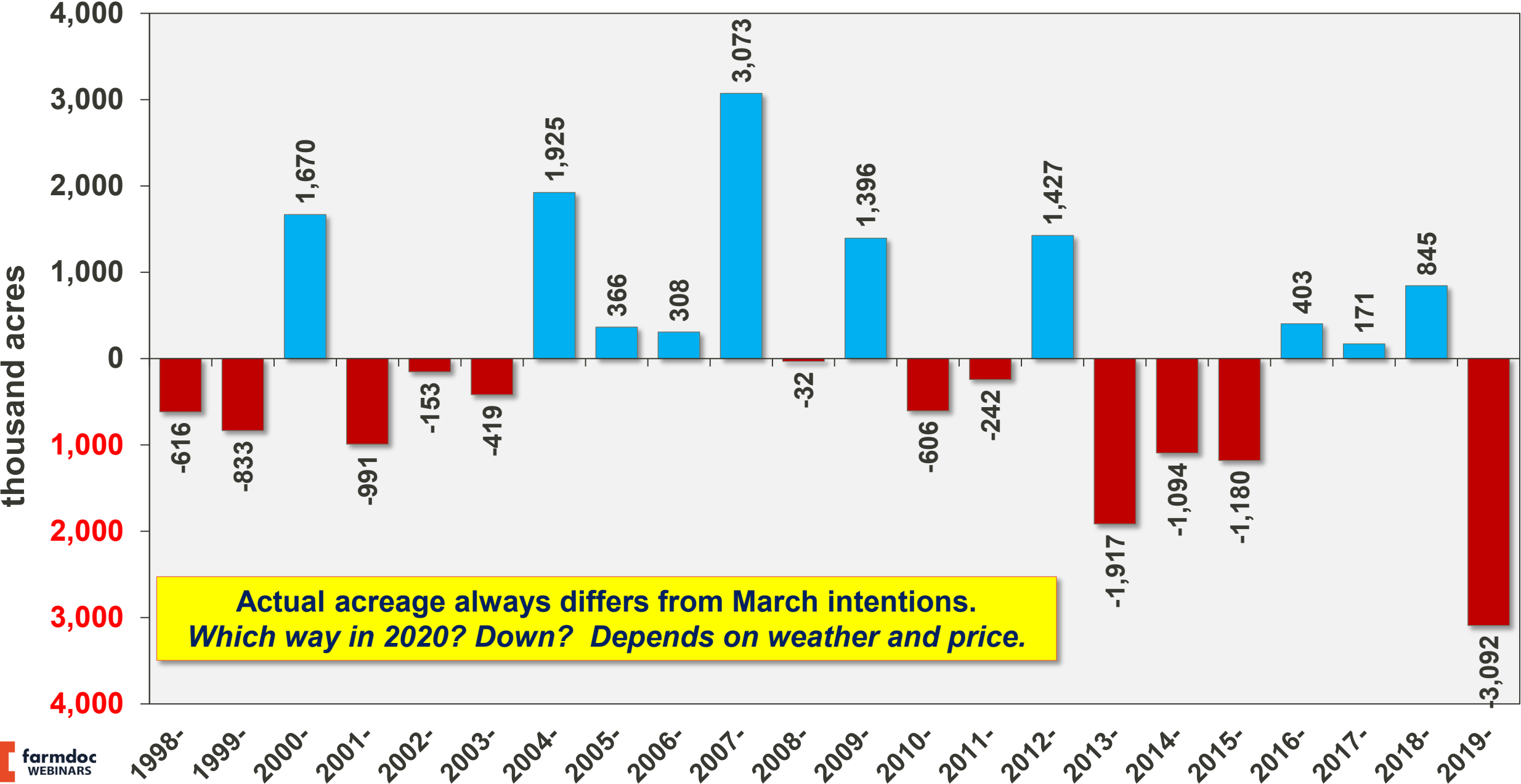
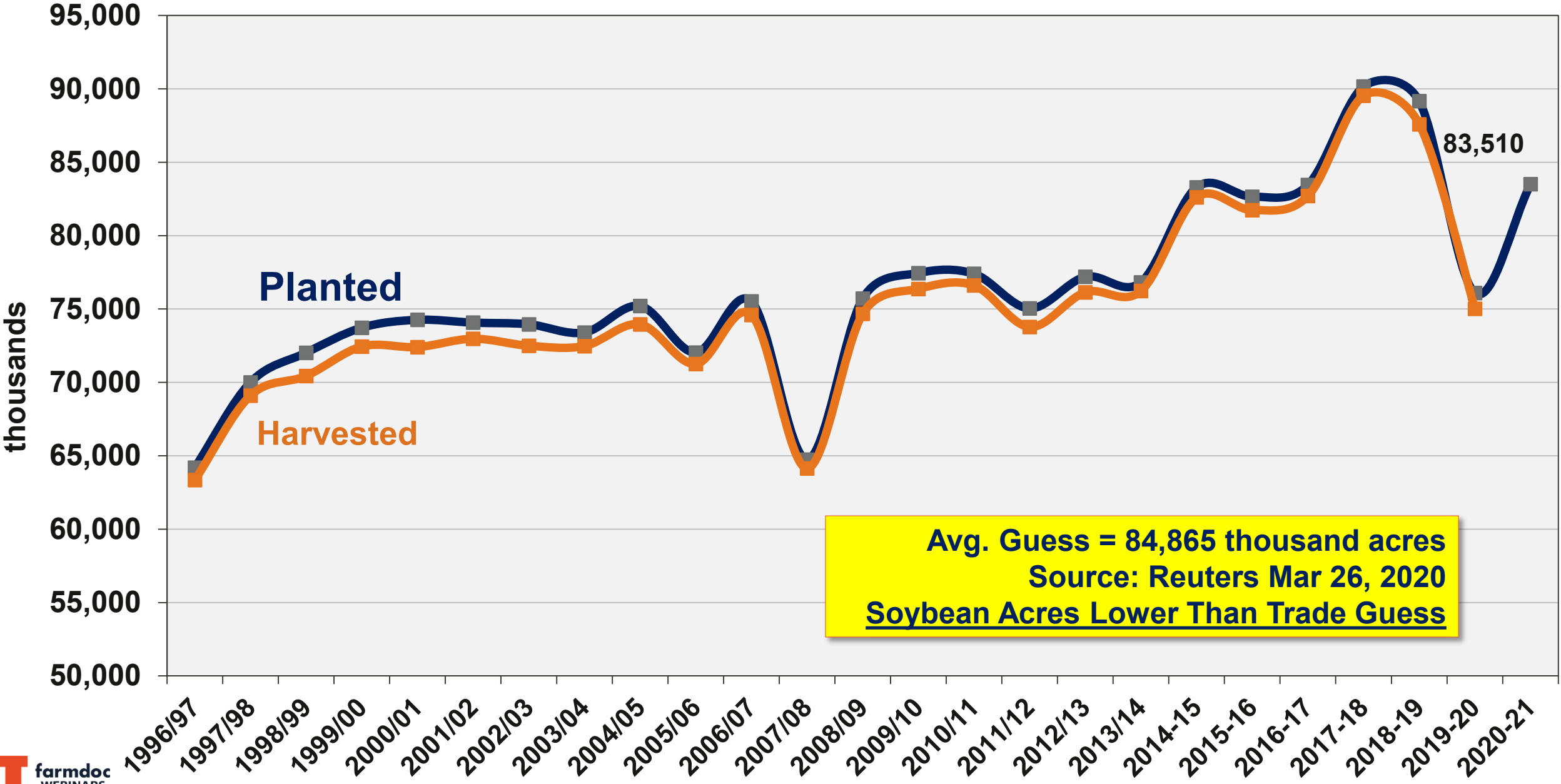
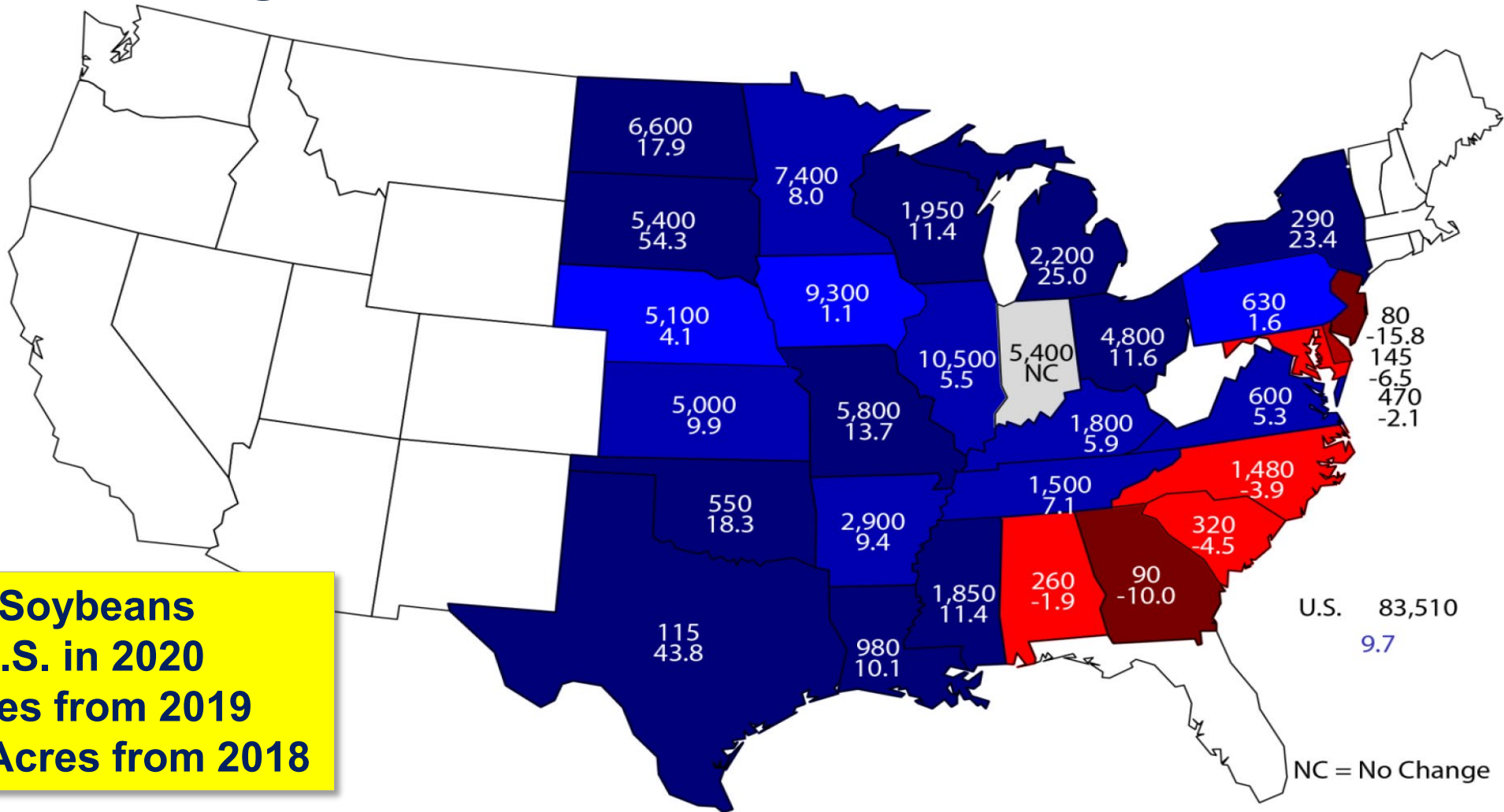


Figure 15: Planted and Harvested Acreage of Soybeans



Avg. Guess = 84,865 thousand acres
Source: Reuters Mar 26, 2020
Soybean Acres Lower Than Trade Guess

Figure 16: 2020 Soybean Planted Area (000) Acres and Change from Previous Year



83.5 Mil. Acres of Soybeans to be Planted in U.S. in 2020
Up 9.7 Million Acres from 2019
Down 5.6 Million Acres from 2018

- Down >=10
- Up 0.1-4.9
- Down 5.1-9.9
- Up 5-9.9
- Down 0.1-5
- Up >=10
- No Change

Figure 17: Actual Planted Acres of Soybeans Minus March Intentions

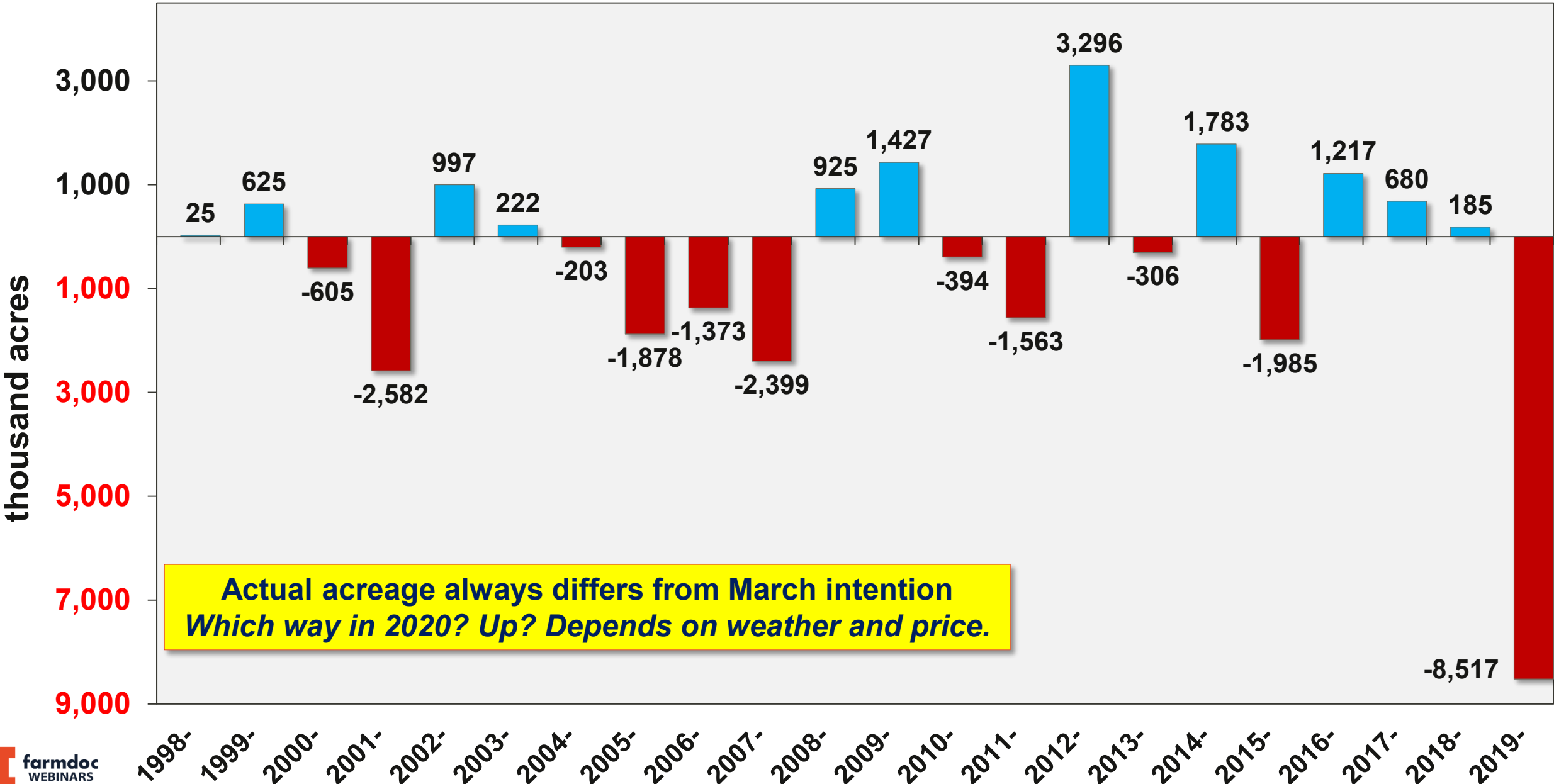


Figure 18: Planted Minus Harvested Acres of Corn

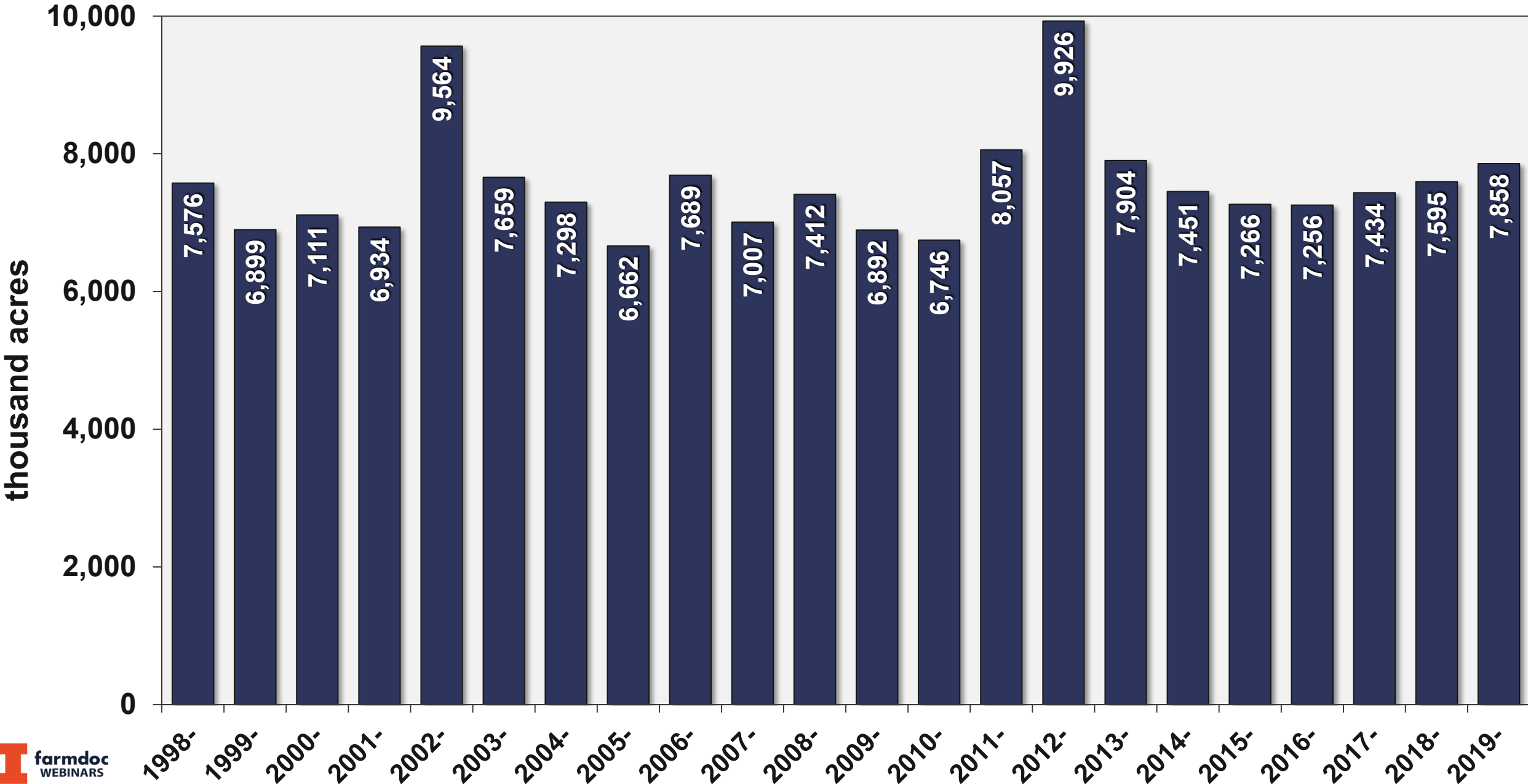
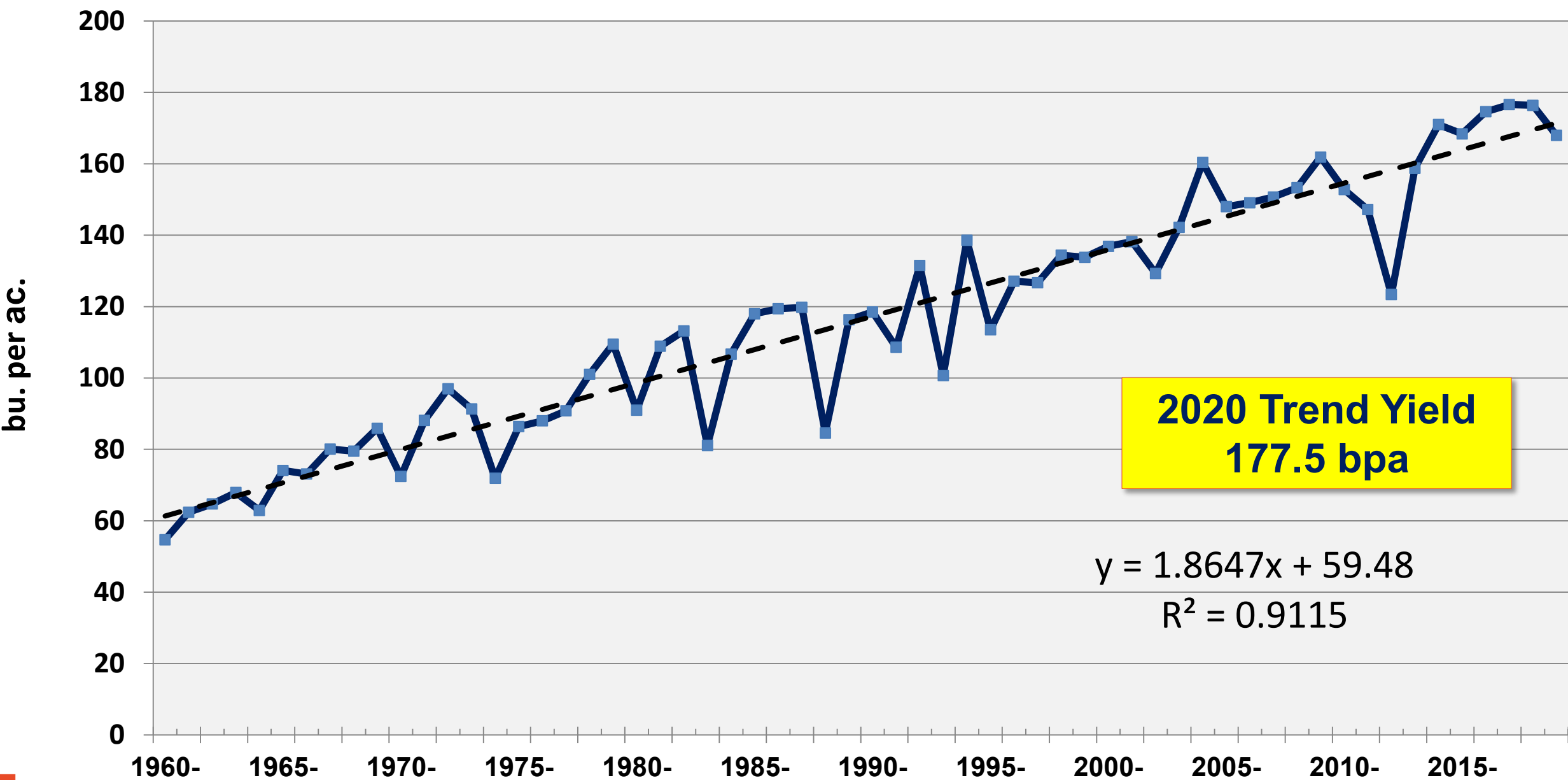


Figure 19: U.S. Average Corn Yield



**2020 Trend Yield
177.5 bpa**

$y = 1.8647x + 59.48$
 $R^2 = 0.9115$

Figure 20: Corn Balance

	USDA Outlook Forum 2020/21	2020/21
Supply:		
Planted Acreage (million acres)	94.0	95.0
Harvested Acreage (million acres)	86.6	87.6
Yield (Bushels / Acre)	178.5	177.5
Total Production(million bushels)	15,460	15,549
Beginning Stocks(million bushels)	1,892	2,039
Imports (million bushels)	25	25
Total Supply (million bushels)	17,377	17,613
Consumption:		
Feed and Residual (million bushels)	5,800	5,700
Food, Seed, and Industrial (million bushels)	6,840	6,865
Ethanol (million bushels)	5,450	5,475
Exports (million bushels)	2,100	2,150
Total Consumption (million bushels)	14,740	14,715
Ending Stocks (million bushels)	2,637	2,898
Ending Stocks/Total Consumption (%)	17.9%	19.7%
Average Price (\$/bu.)	\$3.60	\$3.35

Figure 21: Planted Minus Harvested Acres of Soybeans

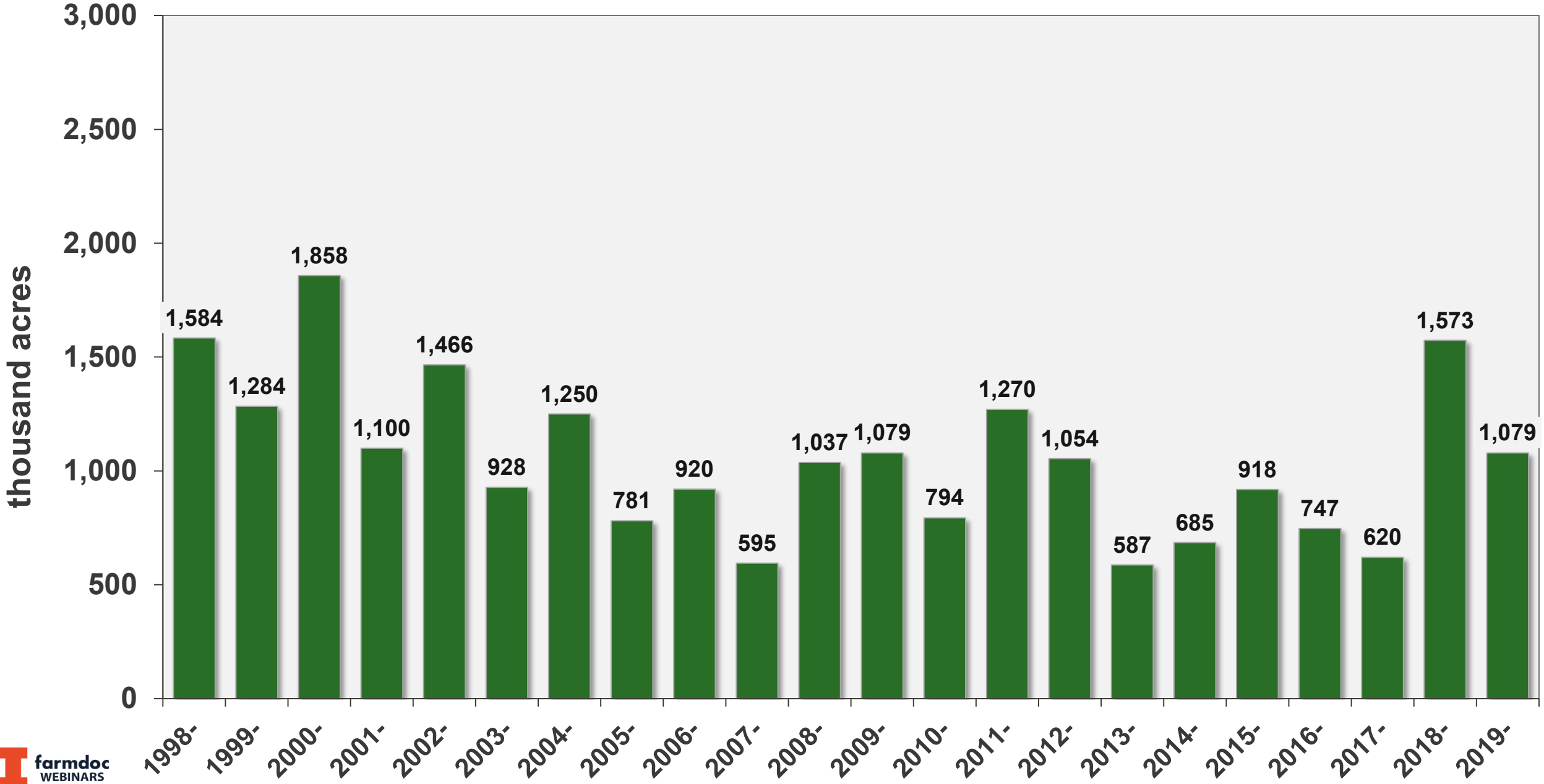


Figure 22: U.S. Average Soybean Yield

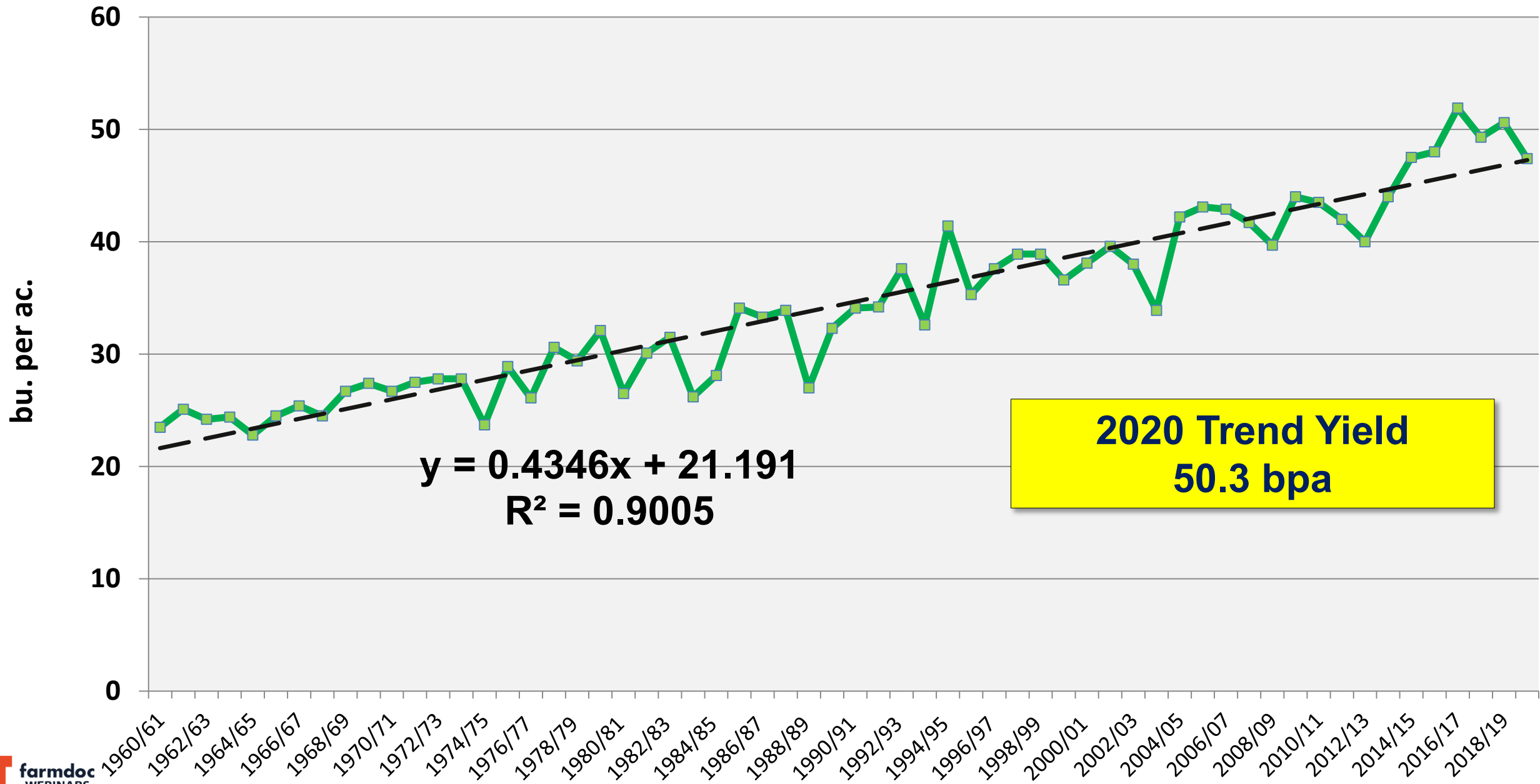


Figure 23: Soybean Balance

	USDA Outlook Forum 2020/21	2020/21
Supply:		
Planted Acreage (mil.)	85.0	85.5
Harvested Acreage (mil.)	84.2	84.7
Yield (bu./ac.)	49.8	50.3
Production (mil. bu.)	4,195	4,260
Beginning stocks (mil. bu.)	425	474
Imports (mil. bu.)	15	15
Total Supply (mil. bu.)	4,635	4,749
Consumption:		
Crush (mil. bu.)	2,130	2,120
Export (mil. bu.)	2,050	2,100
Seed and feed (mil. bu.)	134	134
Total Consumption(mil. bu.)	4,314	4,354
Ending stocks (mil. bu.)	320	395
Stocks-to-use	7.4%	9.1%
Average farm price (\$/bu.)	\$8.80	\$8.60

Closing Comments

- March 1 Stocks Report Showed:
 - March 1 corn stocks lower than expected
 - Forecast of feed and residual use of corn raised 75 million bushels
- U.S. Farmers intend to plant:
 - 7.3 million more corn acres, 70K fewer spring wheat acres and 555K more sorghum acres
 - 7.4 million more soybean acres and 35K fewer cotton acres
- Balance Sheet Implications
 - Expect larger corn and soybean crops in 2020
 - Expect corn stocks to increase substantially and soybean stocks to increase modestly
 - Lower corn and soybean prices MY 2020/21

Upcoming Webinar

farmdocDAILY LIVE | Coronavirus and Ag Outlook and Farm Policy Moving Forward

11:00am, Friday April 3rd

Rob Johansson, Chief Economist of the U.S. Department of Agriculture, will provide perspectives on COVID-19s on the agricultural sector and work continuing within the USDA.

Jonathan Coppess, farmdoc team member, will provide an updates that may be occurring at that point, with an emphasis on policy updates.

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