

Illinois Farm Economics Summit Online

Grain Market Outlook for 2023



Scott Irwin
sirwin@illinois.edu

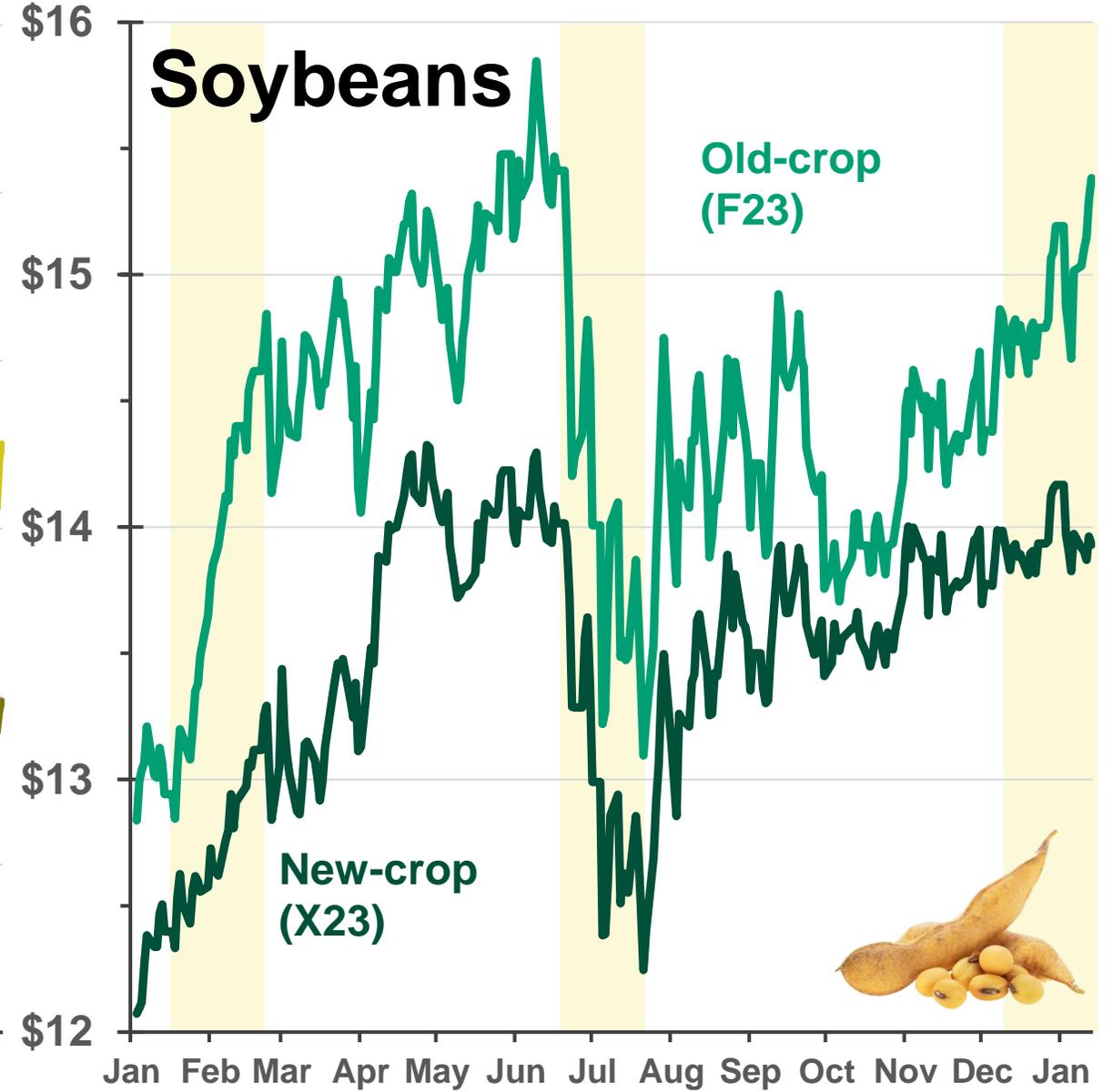
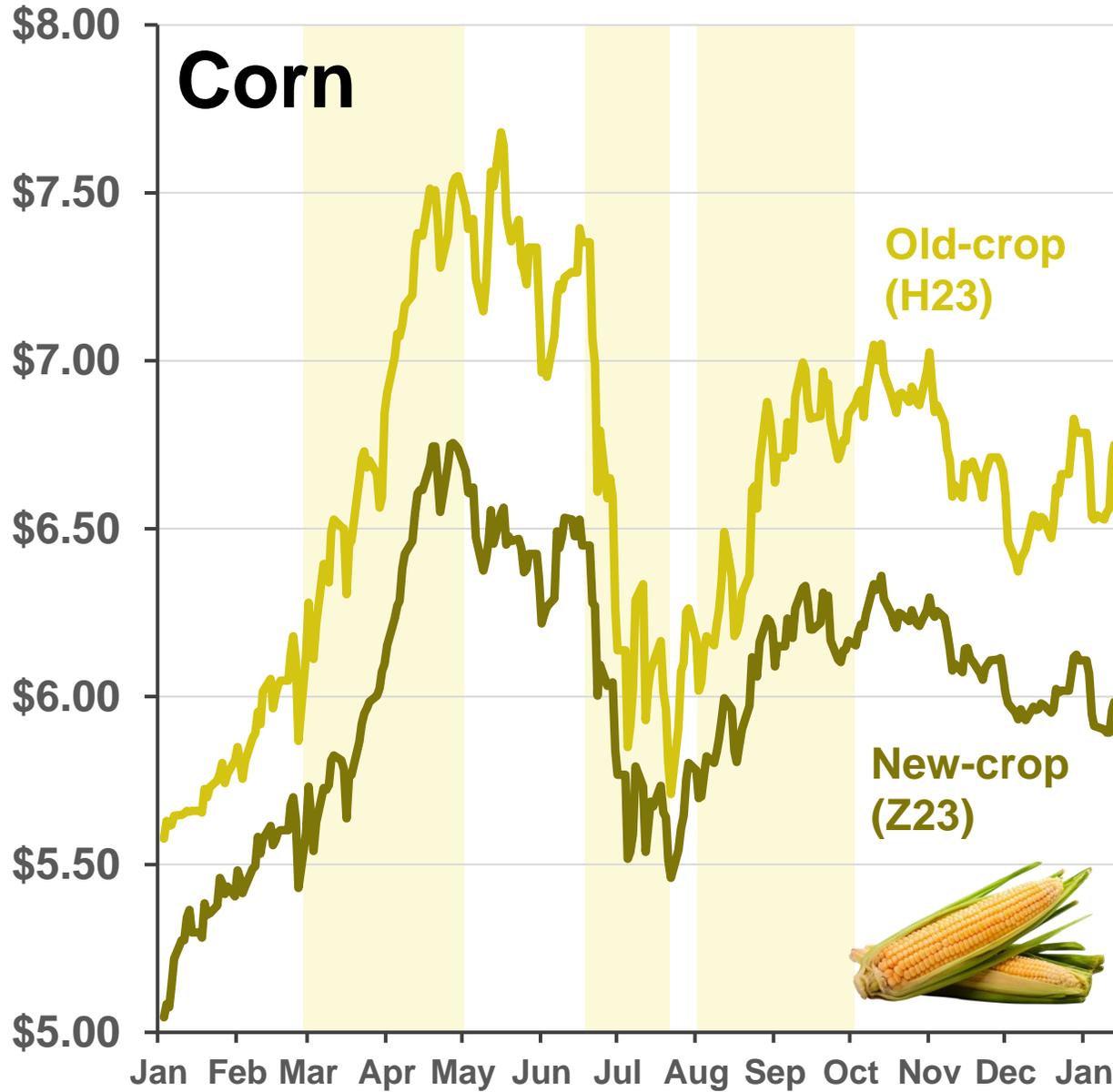
I
ILLINOIS
Agricultural &
Consumer Economics
COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES

farmdoc

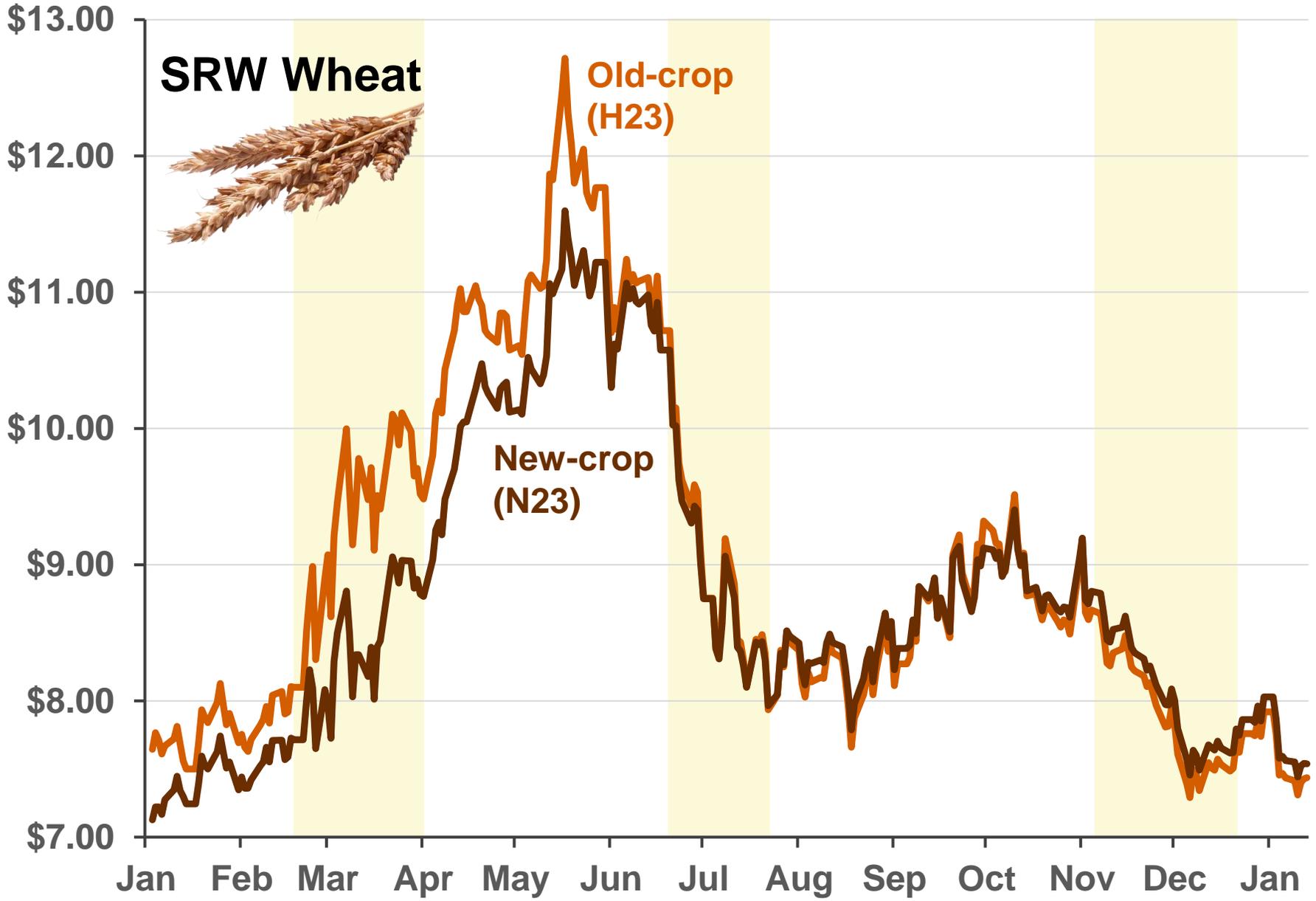


Joe Janzen
jjanzen@illinois.edu

Futures Prices in \$/Bushel from Jan 1, 2022 to Jan 13, 2023



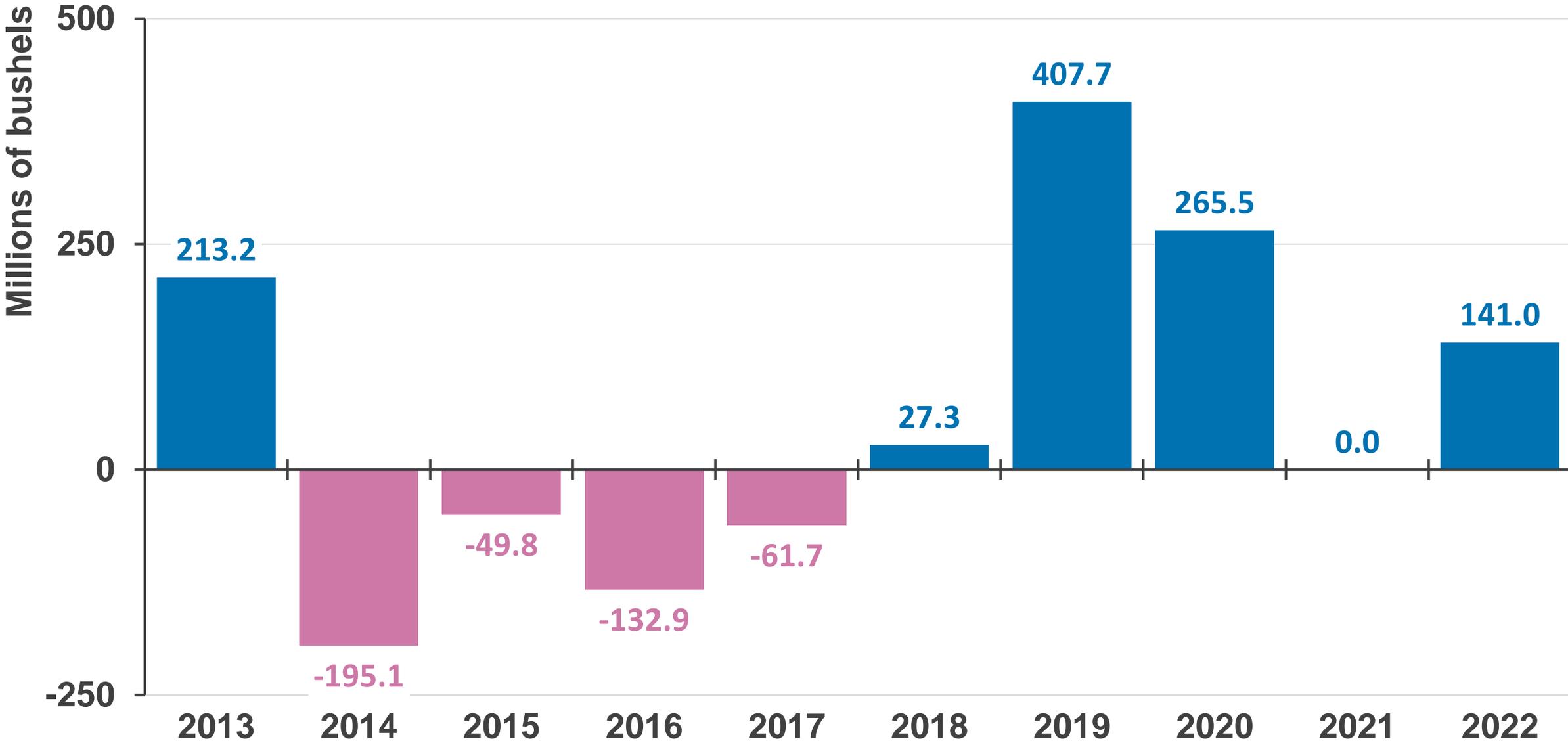
Futures Prices in \$/Bushel from Jan 1, 2022 to Jan 13, 2023



Old-Crop US Corn Balance Sheet

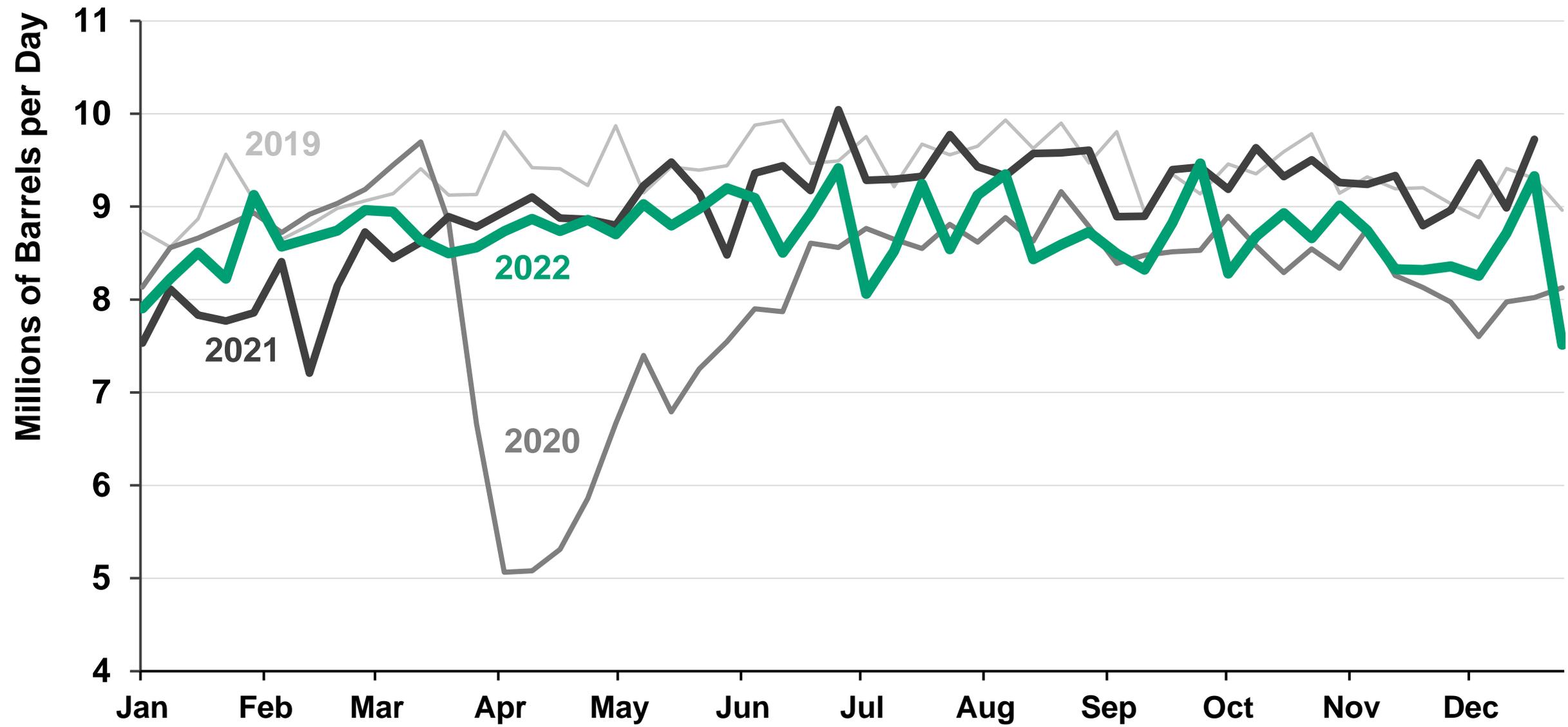
	(mil. bushels unless noted)	2021/22	2022/23 USDA Jan WASDE	2022/23 <i>farmdoc</i> Forecast
Supply	Area Planted (mil. acres)	93.3	88.6	88.6
	Area Harvested (mil. acres)	85.3	79.2	79.2
	Yield (bu./acre)	176.7	173.3	173.3
	Beginning Stocks	1,235	1,377	1,377
	Production	15,074	13,730	13,730
	Imports	24	50	50
	Total Supply	16,333	15,157	15,157
Use	Feed and Residual	5,717	5,275	5,325
	Food, Seed, and Industrial	6,767	6,715	6,640
	Ethanol	5,326	5,275	5,225
	Exports	2,471	1,925	1,900
	Total Use	14,956	13,915	13,890
	Ending Stocks	1,377	1,242	1,267
	Stocks-to-Use (%)	9.2	8.9	9.1
	Season Average Price (\$/bu.)	\$6.00	\$6.70	\$6.50

Implied Usage Surprise for Corn in December 1 Grain Stocks Report by Year, 2013 to 2022

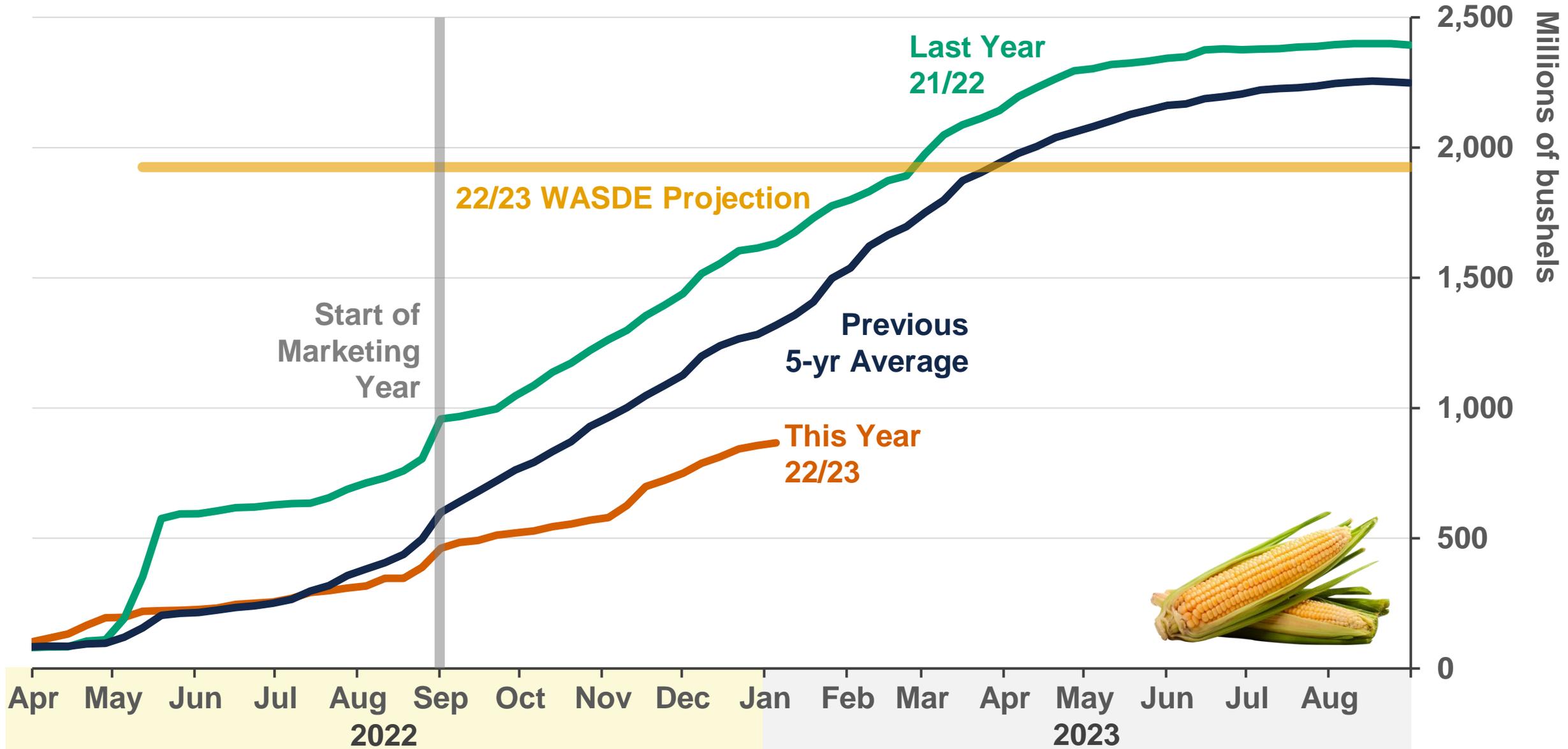


US Implied Weekly Gasoline Use by Year

January 4, 2019 – December 30, 2022



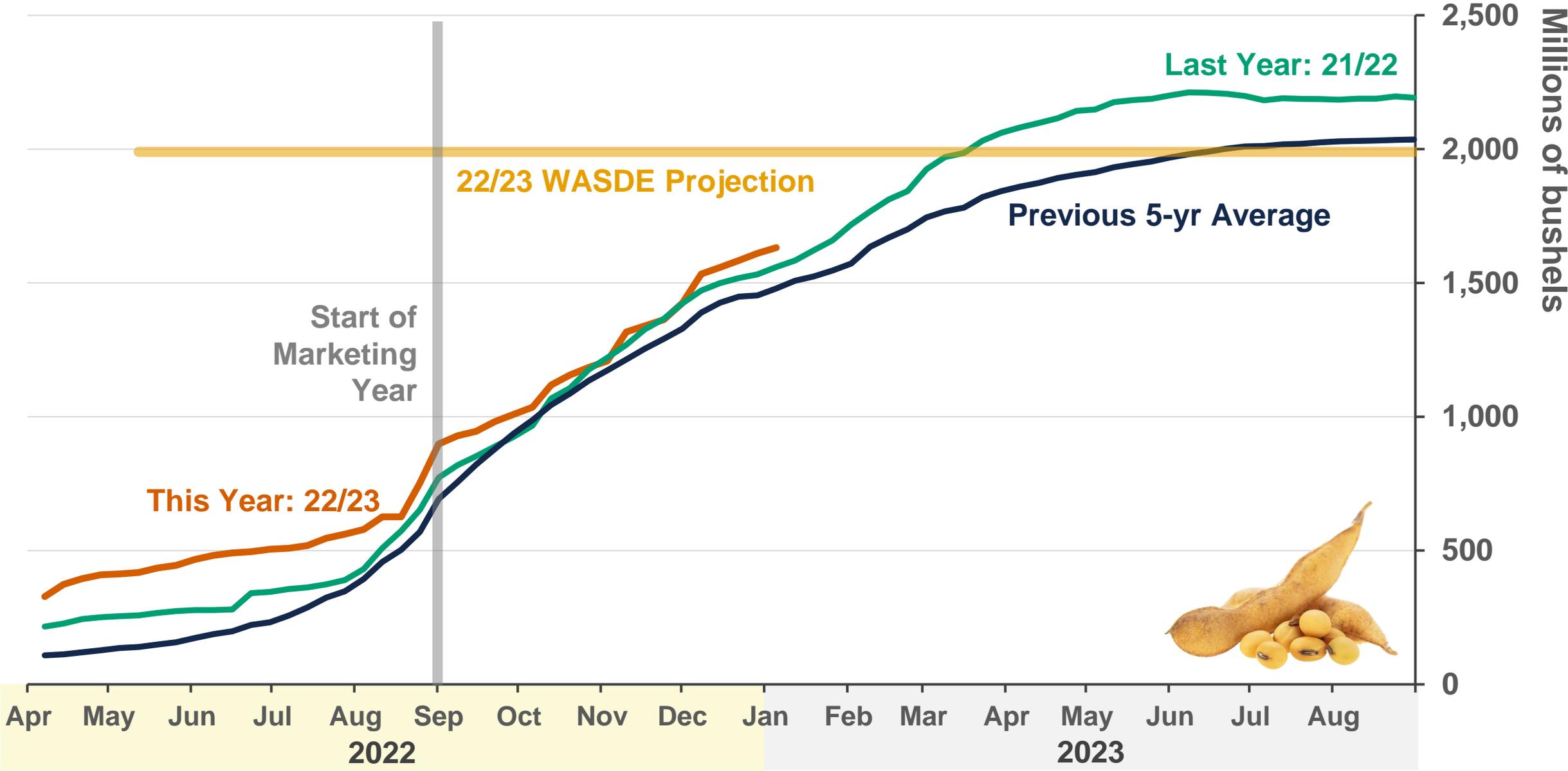
US Corn Export Sales by Week to January 5, 2023



Old-Crop US Soybean Balance Sheet

	(mil. bushels unless noted)	2021/22	2022/23 USDA Jan WASDE	2022/23 <i>farmdoc</i> Forecast
Supply	Area Planted (mil. acres)	87.2	87.5	87.5
	Area Harvested (mil. acres)	86.3	86.3	86.3
	Yield (bu./acre)	51.7	49.5	49.5
	Beginning Stocks	257	274	274
	Production	4,465	4,276	4,276
	Imports	16	15	15
	Total Supply	4,738	4,566	4,566
Use	Crushings	2,204	2,245	2,245
	Exports	2,158	1,990	2,025
	Seed	102	102	102
	Residual	2	18	18
	Total Use	4,465	4,355	4,390
	Ending Stocks	274	210	176
	Stocks-to-Use (%)	4.6	4.8	4.0
	Season Average Price (\$/bu.)	\$13.30	\$14.20	\$14.40

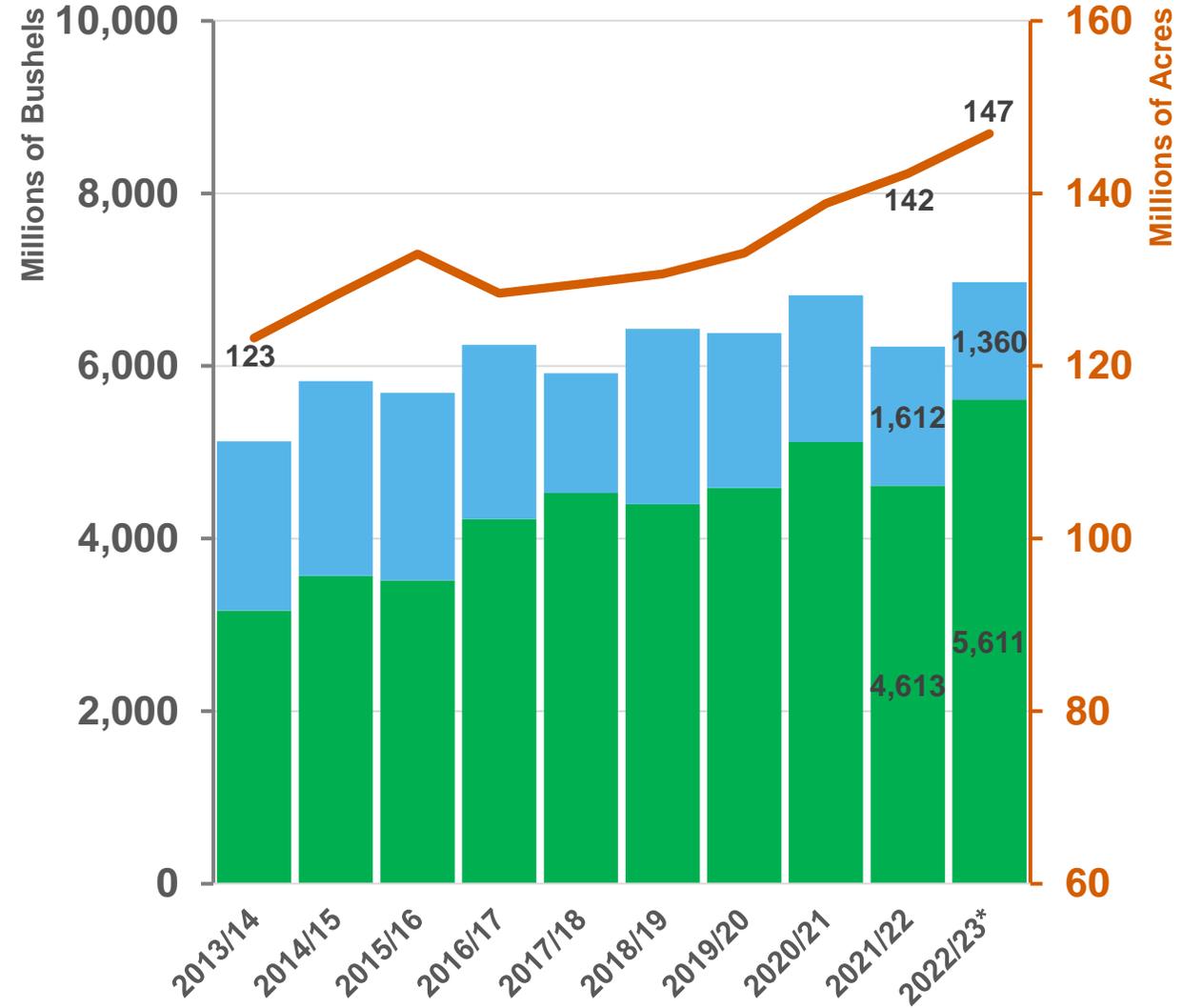
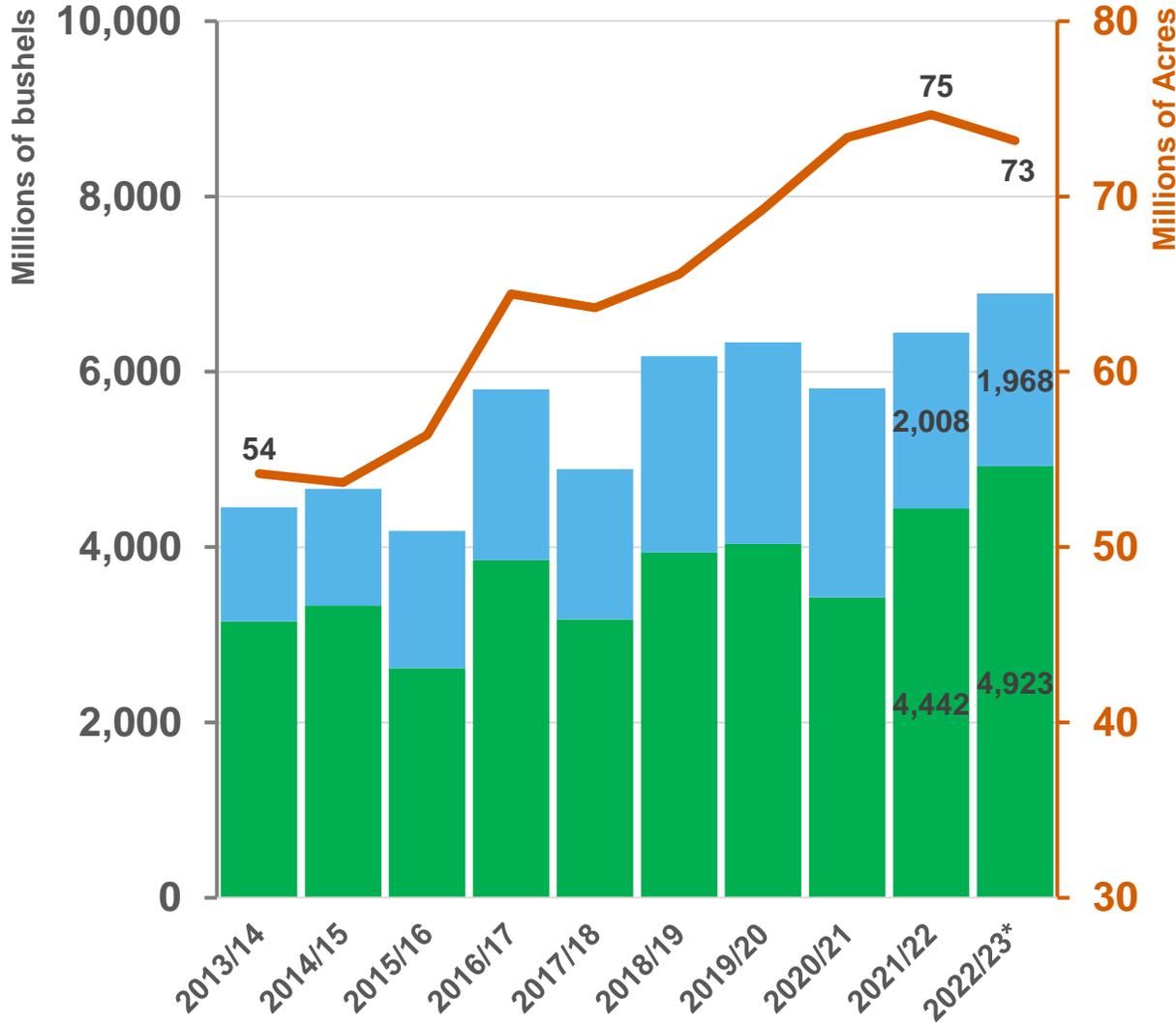
US Soybean Export Sales by Week to January 5, 2023



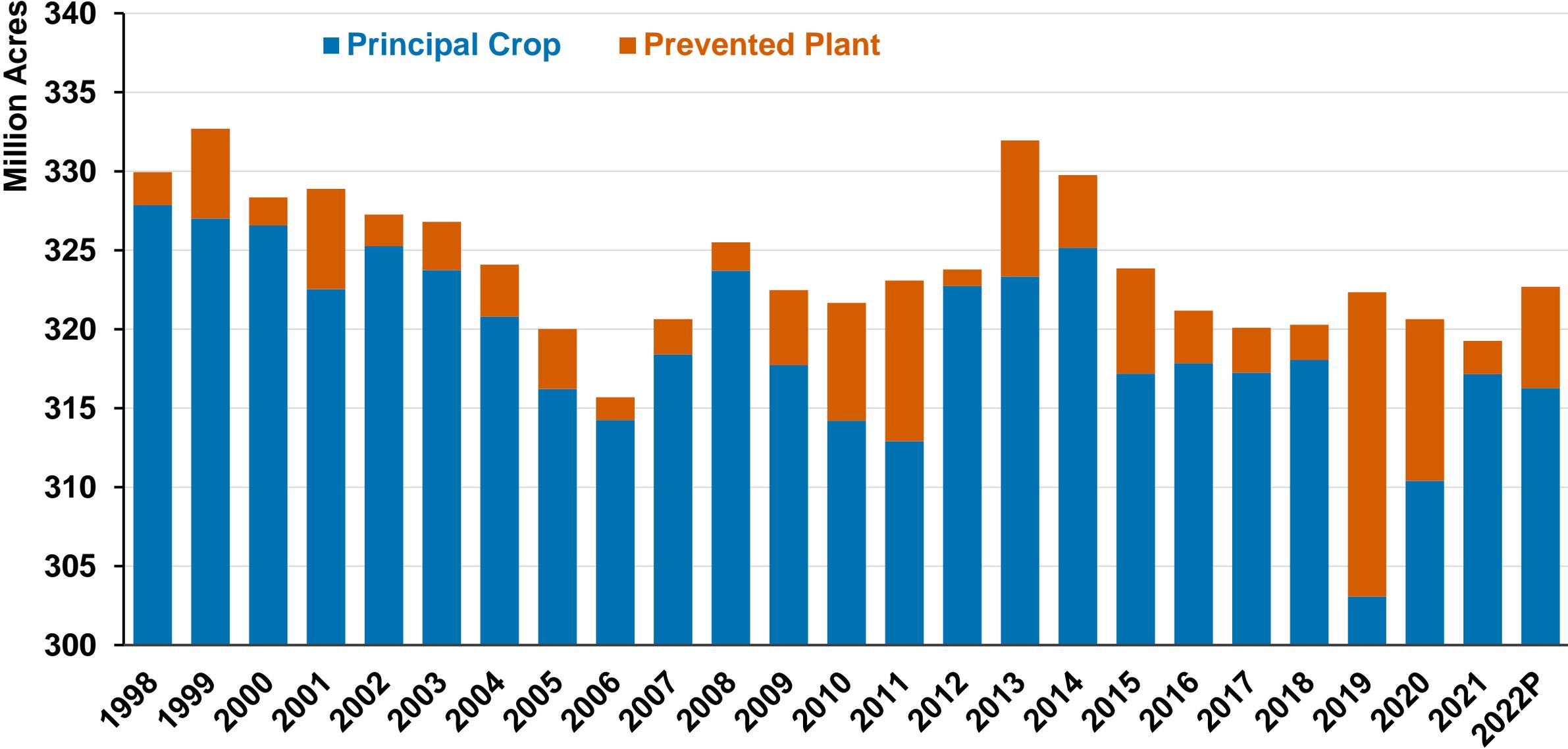
Brazil and Argentina Acreage and Production

Corn

Soybeans



Total Intended US Crop Acreage, 1998-2022P



New-crop soybean-corn price ratio, Jan 1, 2021 to Jan 13, 2023



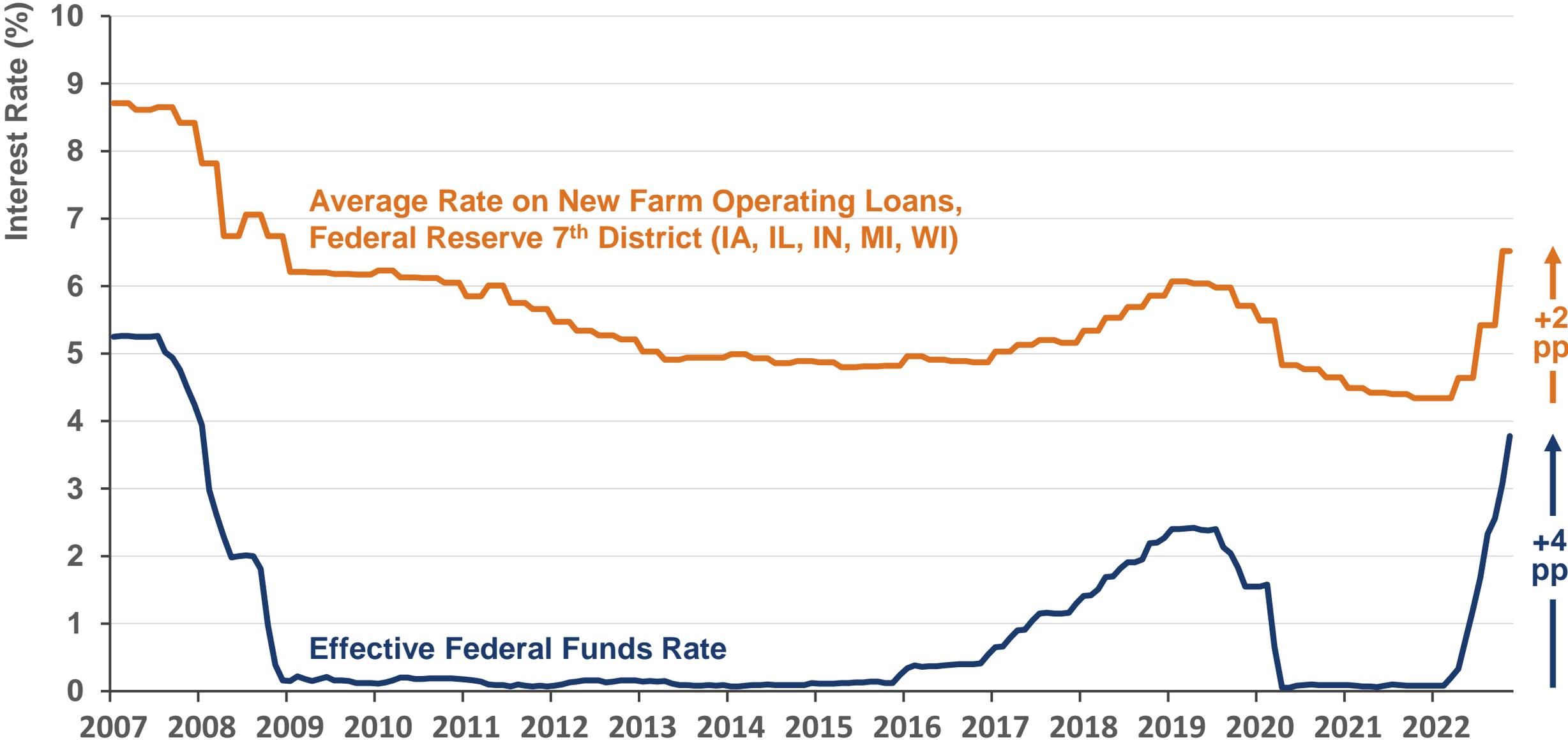
New-Crop US Corn Balance Sheet

	(mil. bushels unless noted)	2021/22	2022/23 USDA Jan WASDE	2023/24 USDA Oct Baseline	2023/24 <i>farmdoc</i> Forecast
Supply	Area Planted (mil. acres)	93.3	88.6	92.0	92.5
	Area Harvested (mil. acres)	85.3	79.2	84.1	84.6
	Yield (bu./acre)	176.7	173.3	181.5	180.0
	Beginning Stocks	1,235	1,377	1,182	1,267
	Production	15,074	13,730	15,265	15,229
	Imports	24	50	25	25
	Total Supply	16,333	15,157	16,472	16,521
Use	Feed and Residual	5,717	5,275	5,700	5,600
	Food, Seed, and Industrial	6,767	6,715	6,775	6,775
	Ethanol	5,326	5,275	5,325	5,325
	Exports	2,471	1,925	2,275	2,100
	Total Use	14,956	13,915	14,750	14,475
	Ending Stocks	1,377	1,242	1,722	2,046
	Stocks-to-Use (%)	9.2	8.9	11.7	14.1
	Season Average Price (\$/bu.)	\$6.00	\$6.70	\$5.70	\$5.20

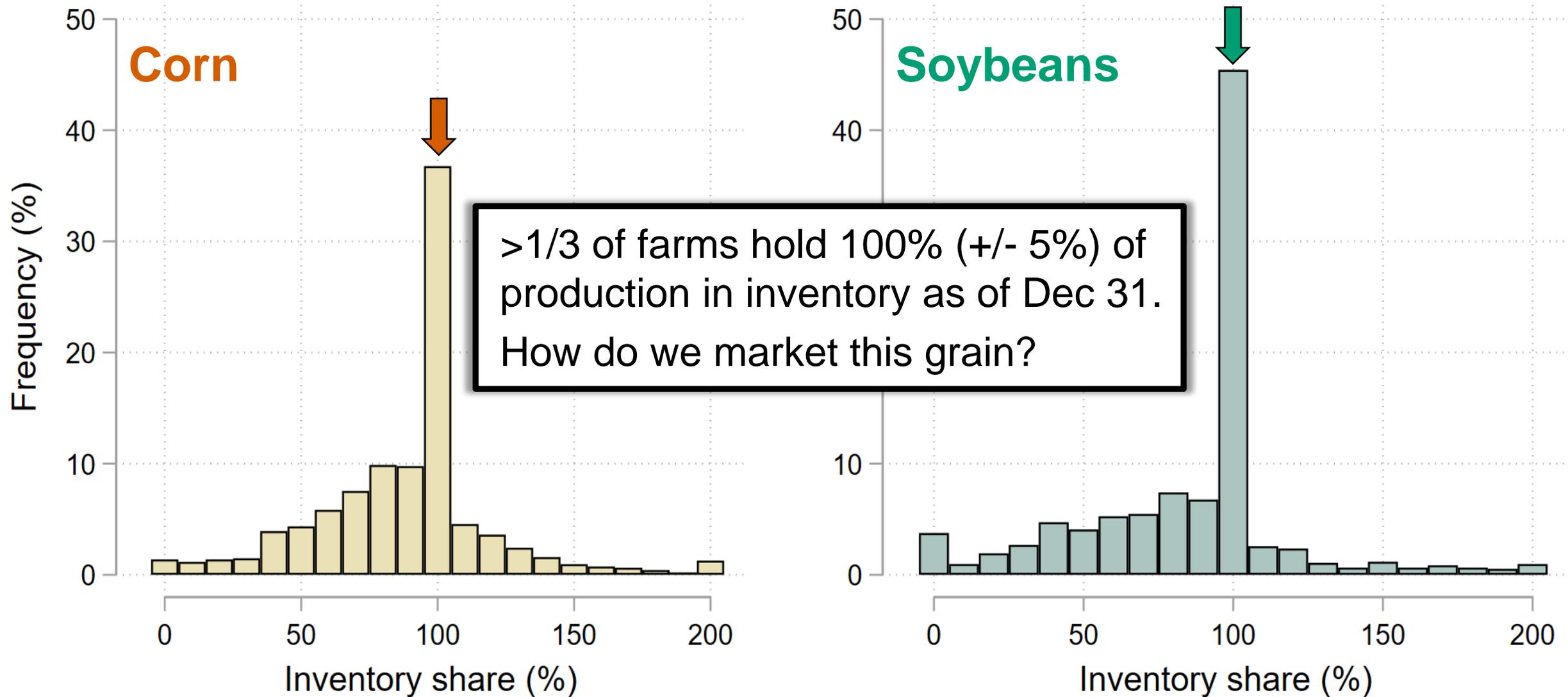
New-Crop US Soybean Balance Sheet

	(mil. bushels unless noted)	2021/22	2022/23 USDA Jan WASDE	2023/24 USDA Oct Baseline	2023/24 <i>farmdoc</i> Forecast
Supply	Area Planted (mil. acres)	87.2	87.5	87.0	88.0
	Area Harvested (mil. acres)	86.3	86.3	86.2	87.2
	Yield (bu./acre)	51.7	49.5	52.0	51.5
	Beginning Stocks	257	274	220	176
	Production	4,465	4,276	4,480	4,489
	Imports	16	15	15	15
	Total Supply	4,738	4,566	4,715	4,680
Use	Crushings	2,204	2,245	2,295	2,295
	Exports	2,158	1,990	2,050	2,050
	Seed	102	102	100	100
	Residual	2	18	23	23
	Total Use	4,465	4,355	4,468	4,468
	Ending Stocks	274	210	247	212
	Stocks-to-Use (%)	4.6	4.8	5.5	4.7
	Season Average Price (\$/bu.)	\$13.30	\$14.20	\$13.00	\$13.00

Benchmark and Farm-Specific Interest Rates, 2007-2022



Calendar Year-end Inventory as Share of Production for 1,872 Illinois Grain Farms



High interest rates affect cost of storage

	Corn		Soybeans	
Current Cash Price	\$6.75/bu		\$15.15/bu	
Short-term Interest Rate	4.5%	6.5%	4.5%	6.5%
Storage Period (Jan-May)	4 months		4 months	
Opportunity Cost of Storage (\$/bu)	\$0.10	\$0.15	\$0.23	\$0.33
Current May Forward Bid	\$6.70/bu		\$15.20/bu	
Storage Profit/Loss (\$/bu)	-\$0.15	-\$0.20	-\$0.18	-\$0.28

Grain Market Comments for 2023

Old-crop:

- US corn and soybean supply and demand balance remains tight
- South American weather news continues to produce volatility
- Weak corn, wheat exports point to downside risk

New-crop:

- Market signals re: corn vs soybean planting are neutral
- Skew to soybeans in 2022 suggest higher US corn acres in 2023
- Current sentiment regarding global recession prospects in 2023 is not bullish

Marketing decisions:

- High interest rates = higher stakes; recognize cost of waiting

farmdoc Educational Partners



I ILLINOIS

Extension

COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES

I ILLINOIS

Agricultural & Consumer Economics

COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES



farmdoc Sponsors

TIAA

Center for
Farmland Research



2023 Illinois Farm Economics Summit

Thursday, January 26, 2023

Enterprise Budgets and Farm Income Outlook for 2023

by Gary Schnitkey and Nick Paulson

Thursday, February 2, 2023

South America: Expectations for Agricultural Production, Markets, and Trade

by Joana Colussi

Thursday, February 9, 2023

2024 Farm Bill Update

Wednesday, February 15, 2023

Farmland Price and Interest Rate Outlook

by Bruce Sherrick

Thursday, February 23, 2023

Wrap up with the farmdoc team

2023 Illinois Farm Economics Summit

Thank You for joining us!



Visit us at

farmdocDAILY
.Illinois.edu

✉ Subscribe for Latest News Updates



I ILLINOIS

Agricultural & Consumer Economics

COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES

You **Tube**

For the webinar archives and 5-minute farmdoc
Subscribe to our channel [YouTube.com/@farmdoc](https://www.youtube.com/@farmdoc)

