

## **GENERAL SESSION III**

### ***Grain Outlook***

**Dan O'Brien, Kansas State University**

Daniel O'Brien was raised on a grain and livestock farm in south central Nebraska. He received bachelors and masters degrees in Agricultural Economics from the University of Nebraska-Lincoln. After completing his Ph.D. at Iowa State, he worked as the Extension Agricultural Economist at the Northwest Research and Extension Center in Colby and was Northwest Area Extension Administrative Director starting in 2003 before returning to his Extension Agricultural Economist position in January 2007. His ongoing extension and applied research interests and efforts are in the areas of a) grain market supply-demand analysis, bioenergy impacts and risk management strategies, b) grain industry market structure, conduct and performance – focusing on grain handling and transportation issues, and c) economic analysis of irrigated and dryland cropping systems, and associated cropland leasing arrangements.

### ***Abstract/Summary***

*Grain market expectations through early 2013 have been for a return to normal, large U.S. corn, grain sorghum and soybean crops and sharply lower prices in the fall of 2013 and on through the remainder of the "new crop" 2013/14 marketing year. World and U.S. wheat prices are expected to "moderate" at historically high levels for the remainder of 2013, as crop problems with U.S. hard red winter wheat and uncertainty about the U.S. hard red spring wheat crop are forecast to be offset by improved production in the Black Sea region, Australia, and possibly elsewhere. Still, world financial factors and unforeseen production problems for any of the major U.S. or foreign wheat, feedgrain or oilseed crops can cause grain and oilseed supplies to be smaller than is now anticipated, causing supply-demand balances to tighten and prices to be higher for fall-winter-spring 2013-14 than is expected at this point in time.*

# GRAIN MARKET OUTLOOK FOR 2013-2014

KSU RISK & PROFIT CONFERENCE  
AUGUST 21-22, 2013

Daniel O'Brien, Extension Ag Economist



## FEED GRAIN MARKET "DRIVERS"

- "Tight" U.S. Corn & Grain Sorghum Supply /Demand balances in "old crop" 2012/13
- **Unknown:** Final 2013 U.S. planted acreage, freeze risk, & actual production
- **↑ U.S. Corn & World Coarse Grain** Crops in "New Crop" 2013/14 marketing year
- **↓** U.S. feedgrain prices expected by fall harvest



## SOYBEAN MARKET "DRIVERS"

- "Tight" U.S. Soybean Supply /Demand & "Strong" Chinese/World imports in "Old Crop" MY 2013/14
- **Unknown:** Final U.S. 2013 planted acreage, freeze risk, & actual production
- **↑ U.S. & South American** Soybean crops in 2013
- **↓** U.S. Soybean \$'s by Fall 2013 *unless....*

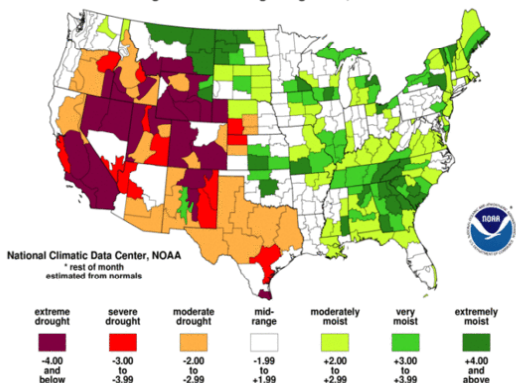


## WHEAT MARKET DRIVERS

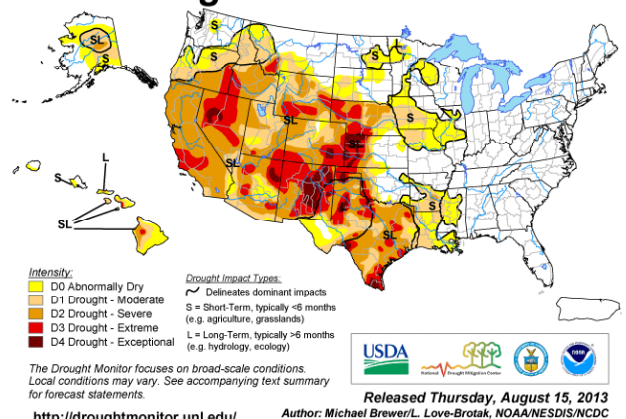


- **U.S. Wheat Market**
  - **↓** HRW-Wheat production offset by **↑** SRW-Wheat & "decent" HRS wheat prospects in 2013
  - Strong export sales & wheat feeding through summer
  - Wheat \$'s "stronger" than other grains in recent weeks.
  - "Weaker" wheat prices likely **IF** have "large" fall crops
- **World Wheat Market**
  - "Improving" crop prospects for export competitors
  - **Strong export competition** for U.S. wheat likely from the Black Sea Region, Argentina, EU-28, elsewhere
  - **IF** large 2013 World feedgrain crops, **↓** feed wheat use

Palmer Hydrological Drought Index  
Long-Term (Hydrological) Conditions  
August 2013: through August 17, 2013\*



U.S. Drought Monitor August 13, 2013  
Valid 7 a.m. EDT

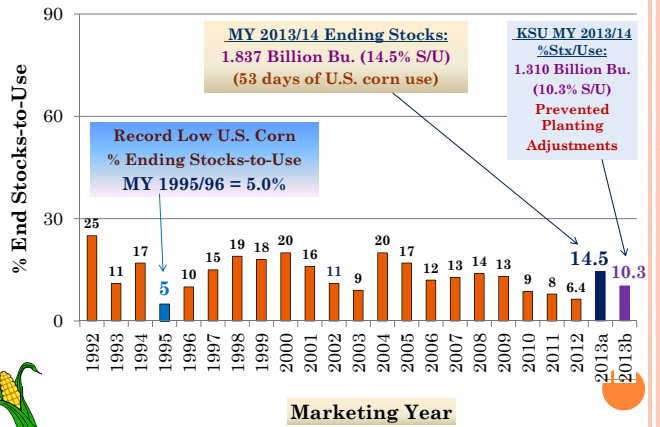


# CORN MARKET



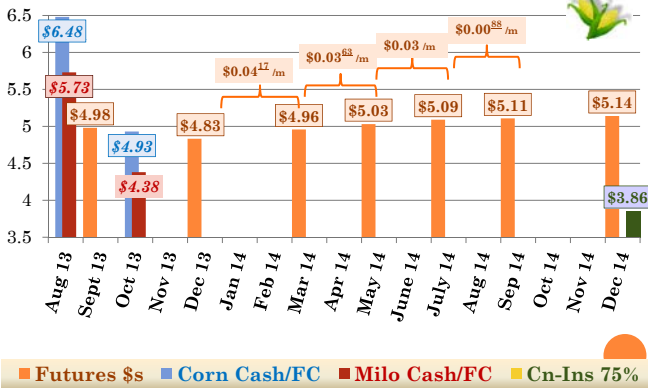
Kansas State University Department of Agricultural Economics

# U.S. CORN %ENDING STOCKS/USE



# CORN FUTURES - FEEDGRAIN CASH\$

GARDEN CITY, KS CASH & FORWARD CONTRACT 8/21/2013



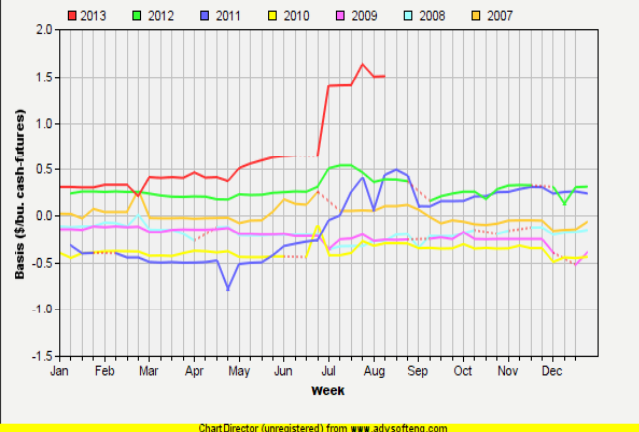
# CBOT CORN FUTURES

MONTHLY CONTINUOUS CHART: JUNE 2004 - AUGUST 21, 2013



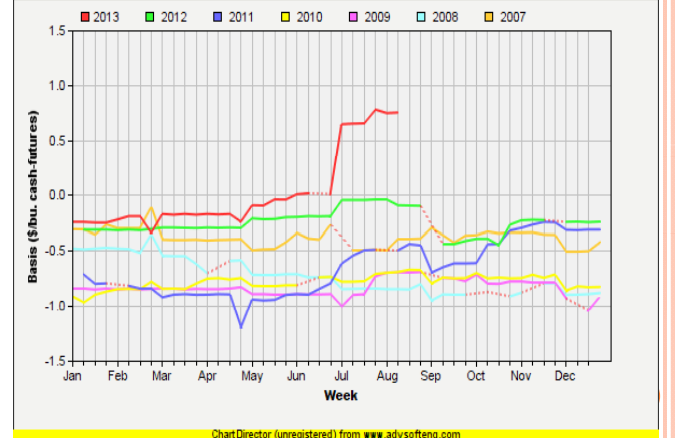
# Basis Information: GARDEN CITY, KS - Corn

K-State Dept of Agricultural Economics, www.AgManager.info



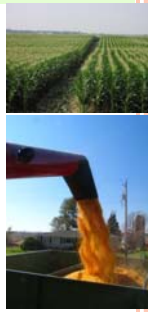
# Basis Information: GARDEN CITY, KS - Grain Sorghum

K-State Dept of Agricultural Economics, www.AgManager.info

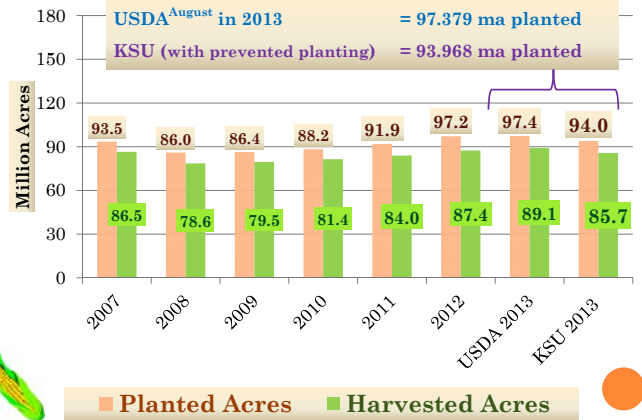


## 2013 U.S. CORN SUPPLIES

- Planted Area (2013 prevented planting?)
  - 97.4 million acres vs 94.0 ma adjusted (KSU)
- Harvested Area (With or w/o adjustments?)
  - 89.1 million ac. vs 85.7 ma adjusted (KSU)
- Yield (late development impacts?)
  - KSU: 148 (low) – 153 (likely) – 158 bu/ac (high)
  - USDA<sup>August</sup> = 154.4 bu/ac
- Production (record high?)
  - KSU: 12.7 – 13.5 billion bu (USDA<sup>August</sup> = 13.8 bb)
- Total Supply (record high?)
  - KSU: 13.5 – 14.3 billion bu (USDA<sup>August</sup> = 14.5 bb)

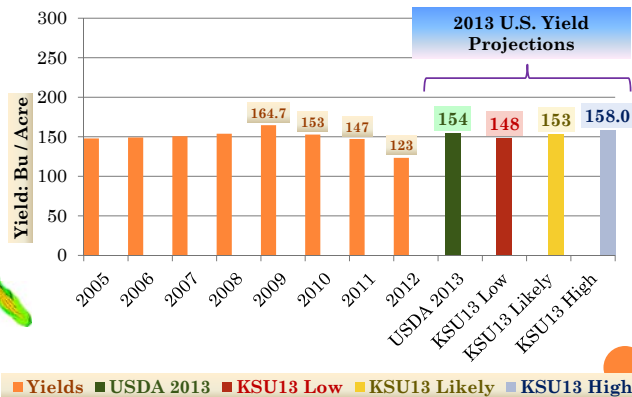


## U.S. CORN ACREAGE

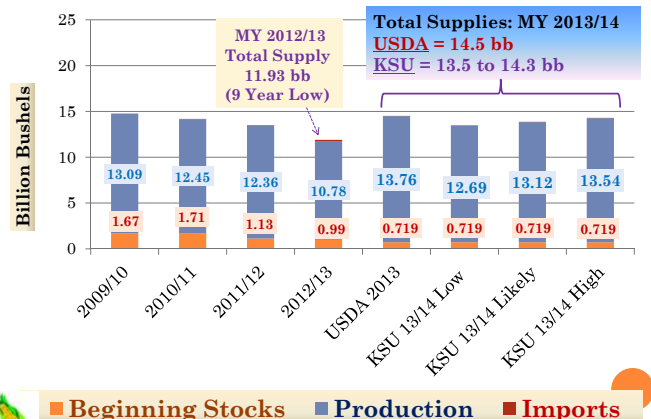


## U.S. CORN YIELDS

USDA 2013 = 154.4 / 2013 KSU TREND = 157.4 BU/AC



## U.S. CORN TOTAL SUPPLIES

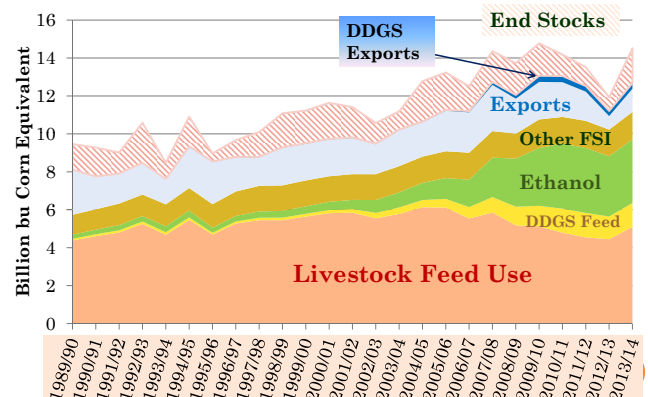


## 2013/14 U.S. CORN USE

- Ethanol ("Blend wall" / RFS / EPA ?)
  - 4.90 bln bu (KSU: 4.80 to 4.95 bb)
- Wet Corn Milling / FSI
  - 1.45 bln bu (KSU: 1.42 to 1.465 bb)
- Exports (Recovery???)
  - 1.225 bln bu (KSU: 1.15 to 1.30 bb)
- Livestock Feed (Holding up!)
  - 5.10 bln bu (KSU: 5.05 to 5.20 bb)
- Total Use (Record high?)
  - 12.675 bln bu (KSU: 12.40 to 12.92 bb)



## U.S. CORN USE - WITH DDGS #s





## U.S. CORN SUPPLY-DEMAND

USDA WASDE REPORT: AUGUST 12, 2013

	2011/12	2012/13	2013/14
Planted Ac. (mln.)	91.9	97.2	97.4
Harvested Ac (mln.)	84.0	87.4	89.1
Yield (bu./ac.)	147.2	123.4	154.4
Beginning Stocks	1,128	989	719
Imports	29	165	30
<b>Production</b>	<b>12,360</b>	<b>10,780</b>	<b>13,763</b>
<b>Total Supplies</b>	<b>13,517</b>	<b>11,934</b>	<b>14,512</b>
<b>Ethanol</b>	<b>5,011</b>	<b>4,650</b>	<b>4,900</b>
Other FSI	1,428	1,400	1,450
Exports	1,543	715	1,225
Feed & Residual	4,546	4,450	5,100
<b>Total Use</b>	<b>12,528</b>	<b>11,215</b>	<b>12,675</b>
<b>End Stocks (%S/U)</b>	<b>(7.9%) 989</b>	<b>(6.4%) 719</b>	<b>(14.5%) 1,837</b>
<b>U.S. Avg. Farm \$</b>	<b>\$6.22</b>	<b>\$6.95</b>	<b>\$4.50-\$5.30</b>



## KSU-U.S. CORN S-D FOR MY 2013/14

	Low Yield 20% prob.	Likely Yield 70% prob.	High Yield 10% prob.
Planted Ac. (mln.)	94.0	97.4	97.5
Harvested Ac (mln.)	85.7	85.7	85.7
<b>Yield (bu./ac.)</b>	<b>148</b>	<b>153</b>	<b>158</b>
Beginning Stocks	719	719	719
Imports	60	30	30
<b>Production</b>	<b>12,687</b>	<b>13,116</b>	<b>13,544</b>
<b>Total Supplies</b>	<b>13,466</b>	<b>13,865</b>	<b>14,293</b>
<b>Ethanol</b>	<b>4,800</b>	<b>4,875</b>	<b>4,950</b>
Other Food, Seed,	1,420	1,445	1,465
Exports	1,150	1,215	1,300
Feed & Residual	5,050	5,125	5,200
<b>Total Use</b>	<b>12,395</b>	<b>12,660</b>	<b>12,915</b>
<b>End Stocks (%S/U)</b>	<b>(8.6%) 1,071</b>	<b>(9.5%) 1,205</b>	<b>(10.7%) 1,378</b>
<b>U.S. Avg. Farm \$</b>	<b>≈ \$6.00</b>	<b>≈ \$5.00</b>	<b>≈ \$4.50</b>



## KSU-USDA U.S. CORN S-D MY 2013/14

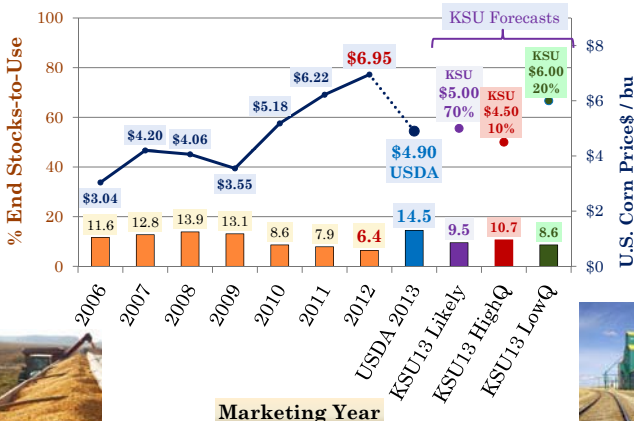
	USDA August 2013	Likely Yield 70% prob.	High Yield 10% prob.
Planted Ac. (mln.)	97.4	97.4	97.5
Harvested Ac (mln.)	89.1	85.7	85.7
<b>Yield (bu./ac.)</b>	<b>154.4</b>	<b>153</b>	<b>158</b>
Beginning Stocks	719	719	719
Imports	30	30	30
<b>Production</b>	<b>13,763</b>	<b>13,116</b>	<b>13,544</b>
<b>Total Supplies</b>	<b>14,512</b>	<b>13,865</b>	<b>14,293</b>
<b>Ethanol</b>	<b>4,900</b>	<b>4,875</b>	<b>4,950</b>
Other Food, Seed,	1,450	1,445	1,465
Exports	1,225	1,215	1,300
Feed & Residual	5,100	5,125	5,200
<b>Total Use</b>	<b>12,675</b>	<b>12,660</b>	<b>12,915</b>
<b>End Stocks (%S/U)</b>	<b>(14.5%) 1,837</b>	<b>(9.5%) 1,205</b>	<b>(10.7%) 1,378</b>
<b>U.S. Avg. Farm \$</b>	<b>\$4.50-\$5.30</b>	<b>\$5.00</b>	<b>\$4.50</b>

## U.S. SORGHUM SUPPLY-DEMAND

USDA WASDE REPORT: AUGUST 12, 2013

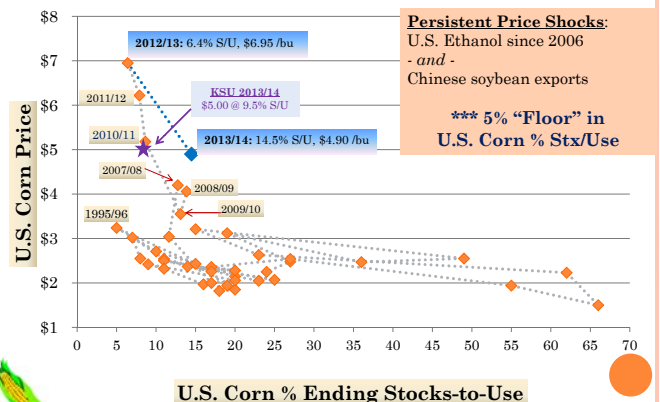
	2011/12	2012/13	2013/14
Planted Ac. (mln.)	5.5	6.2	7.2
Harvested Ac (mln.)	3.9	5.0	6.1
Yield (bu./ac.)	54.6	49.8	59.0
Beginning Stocks	27	23	15
Imports	0	12	0
<b>Production</b>	<b>214</b>	<b>247</b>	<b>359</b>
<b>Total Supplies</b>	<b>242</b>	<b>282</b>	<b>374</b>
<b>Food, Seed, Indust.</b>	<b>85</b>	<b>100</b>	<b>120</b>
Exports	63	75	150
Feed & Residual	71	92	75
<b>Total Use</b>	<b>219</b>	<b>267</b>	<b>345</b>
<b>End Stocks (%S/U)</b>	<b>(10.5%) 23</b>	<b>(5.6%) 15</b>	<b>(8.4%) 29</b>
<b>U.S. Avg. Farm \$</b>	<b>\$5.99</b>	<b>\$6.50-\$6.70</b>	<b>\$4.20-\$5.00</b>

## U.S. CORN %STOCKS/USE VS PRICE\$

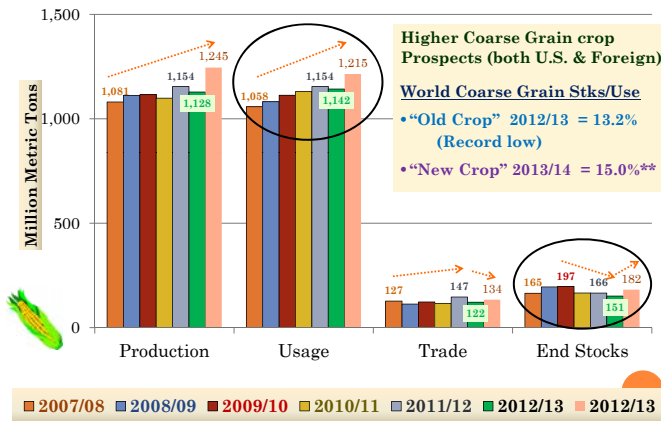


## U.S. CORN \$ VS % STOCKS-TO-USE

MY 1973/74 - 2013/14 AUGUST 12, 2013 USDA WASDE

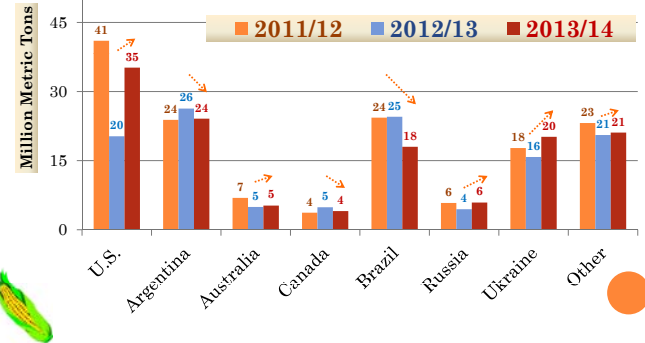


## WORLD COARSE GRAIN S-D

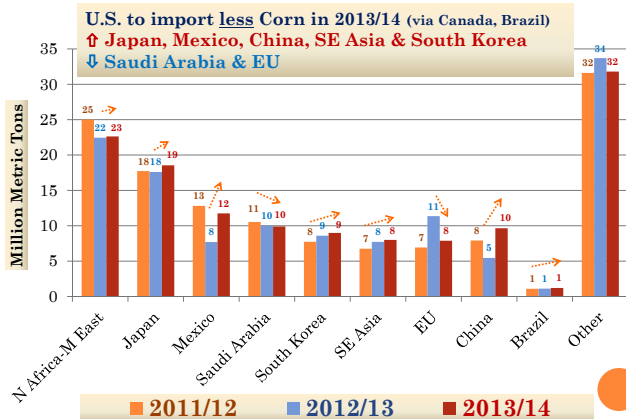


## COARSE GRAIN EXPORTERS

- U.S., Russia, Ukraine & Australia Coarse Grain-Corn exports are expected to increase in "New Crop" MY 2013/14.
- Argentina, Brazil & Canada exports are expected to decline.

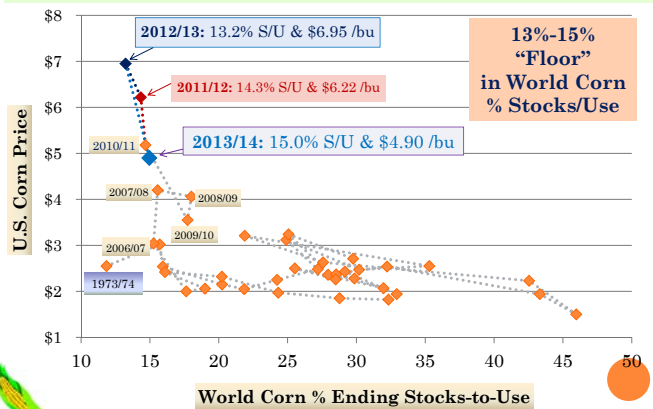


## COARSE GRAIN IMPORTS



## U.S. CORN \$ vs WORLD %STKS/USE

MY 1973/74 - 2013/14 AUGUST 12, 2013 USDA WASDE



## FEEDGRAIN MARKET PROSPECTS

### ○ Rationing of Old Crop Use

- Tight basis ⇒ Spring-Summer

### ○ Final 2013 Crop Acreage? Acres in 2014?

- Corn vs Soybeans vs other crops

### ○ U.S. 2013 Crop Prospects?

- **IF** have a normal – trend U.S. corn crop in 2013...  
**THEN** will have ↓ P<sub>corn</sub> later in 2013

- **But IF** have Crop problems in 2013 –  
**THEN** U.S. corn prices to remain ↑,

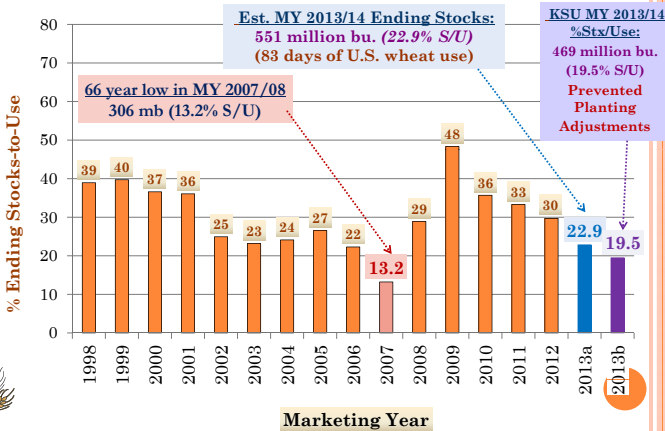
- **BUT** will see more economic damage to U.S. corn demand



## WHEAT MARKET

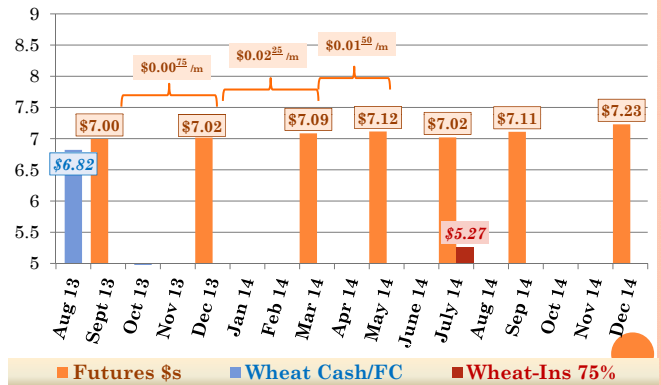


## U.S. WHEAT % STOCKS/USE



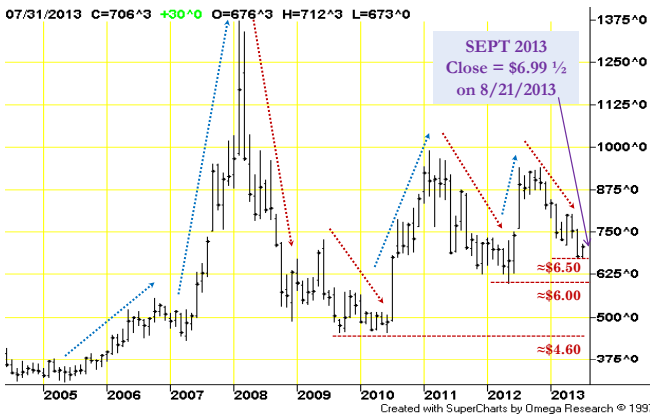
## KC WHEAT FUTURES & CASH\$

HUTCHINSON, KS CASH & FORWARD CONTRACT \$'s, 8/21/2013

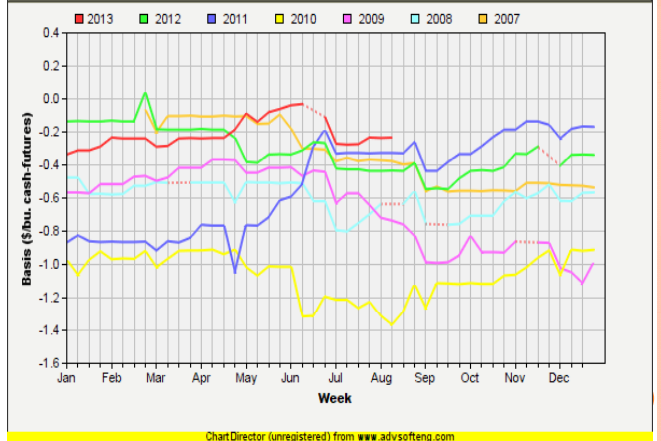


## KCBT WHEAT FUTURES

MONTHLY CONTINUOUS CHART: JUNE 2004 – AUGUST 21, 2013



Basis Information: HUTCHINSON, KS - Hard Red Winter Wheat  
K-State Dept of Agricultural Economics, www.AgManager.info



## 2013 U.S. WHEAT SUPPLIES

### Planted Area (2013 prevented planting changes?)

- 56.5 million acres vs 54.8 ma adjusted (KSU)

### Harvested Area (With & w/o adjustments)

- 45.7 million acres vs 44.0 ma adjusted (KSU)

### Yield (↑ SRW offset ↓ HRW wheat yields)

- 46.2 bu/ac vs 46.3 bu in 2010 & 2012 (records)

### Production (> early forecasts, but < 2012)

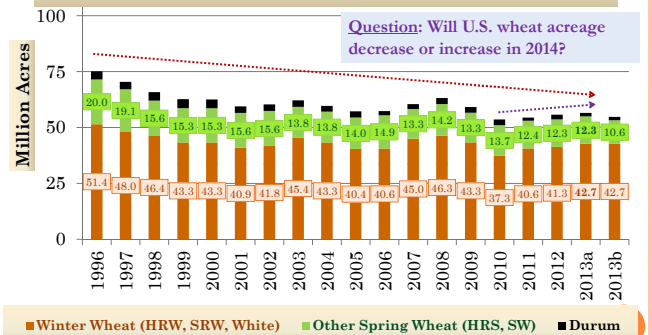
- 2.114 billion bu vs 2.032 bb adjusted (KSU)

### U.S. Total Supply (Down 5.5% vs year ago)

- 2.962 billion bu vs 2.880 bb adjusted (KSU)

## U.S. WHEAT SEEDED ACREAGE

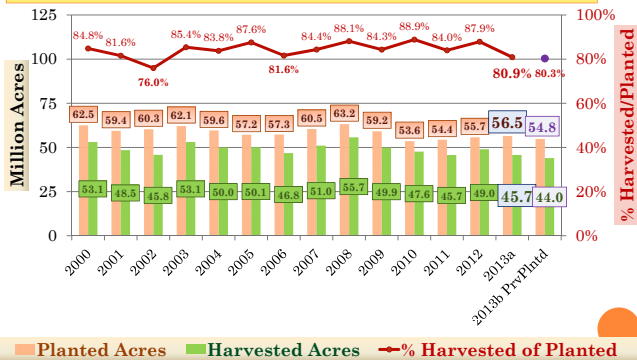
2013 Winter Wheat = 42.7 mln ac  
2013 Spring Wheat = 12.3 mln ac (KSU = 10.6 ma with prevented planting)  
2013 Durum Wheat = 1.5 mln ac



## U.S. WHEAT ACREAGE

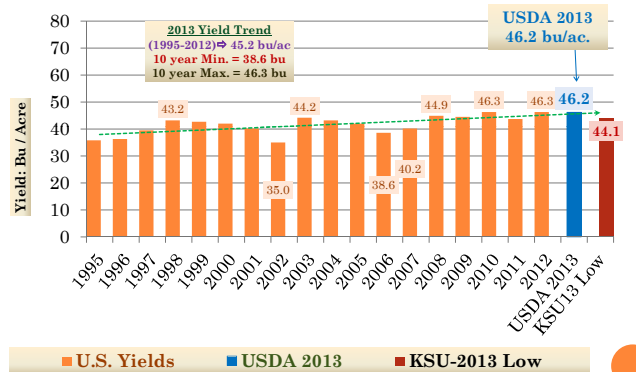
2013 Planted: ↑ 794,000 acres – Harvested: ↓ 3,261,000 acres

2013 Prevented Planted (FSA): 1,743,000 acres



## U.S. WHEAT YIELDS

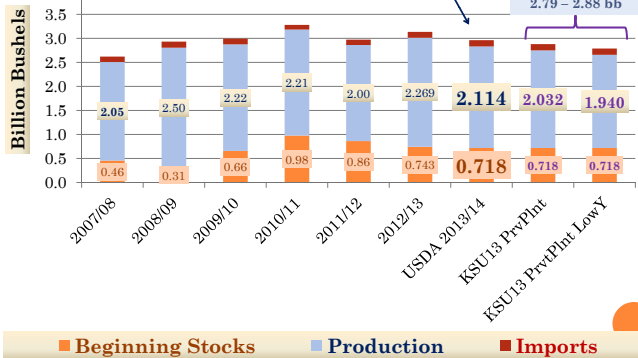
U.S. 2013 = 46.2 BU/AC, 1995-2012 TREND = 45.2 BU/AC



## U.S. WHEAT TOTAL SUPPLIES

USDA Total Supplies in MY 2013/14 = 2.962 bb

KSU MY 2013/14 Total Supplies: 2.79 – 2.88 bb

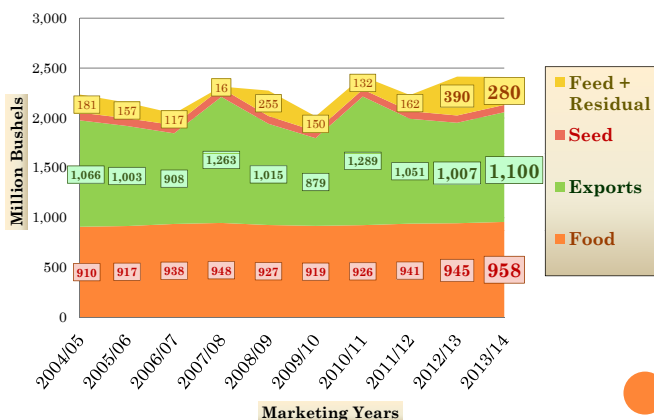


## 2013/14 U.S. WHEAT USE

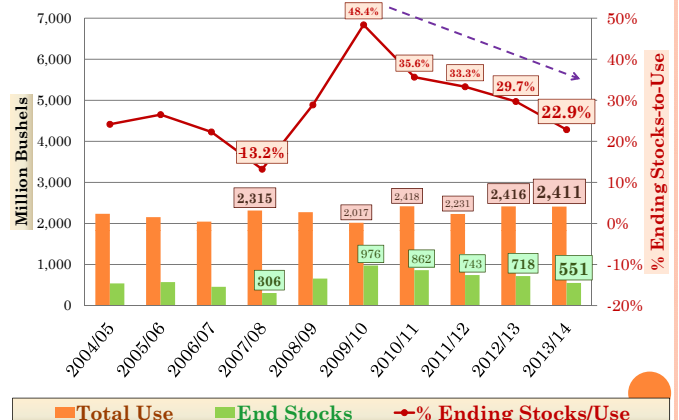
- **Food Use** (population & milling quality driven)
  - 958 mln bu
- **Exports** (early strength, competition coming!)
  - 1.100 billion bu (KSU: 1.025-1.080 bb)
- **Livestock Feeding** (Summer feeding, likely declining in fall 2013)
  - 280 mln bu (KSU: 250-265 mb)
- **U.S. Total Use** (Lower for KSU #s)
  - 2.411 billion bu (KSU: 2.306-2.376 bb)



## U.S. WHEAT USE SINCE MY 2004/05



## U.S. WHEAT USE & END STOCKS





# U.S. WHEAT SUPPLY-DEMAND

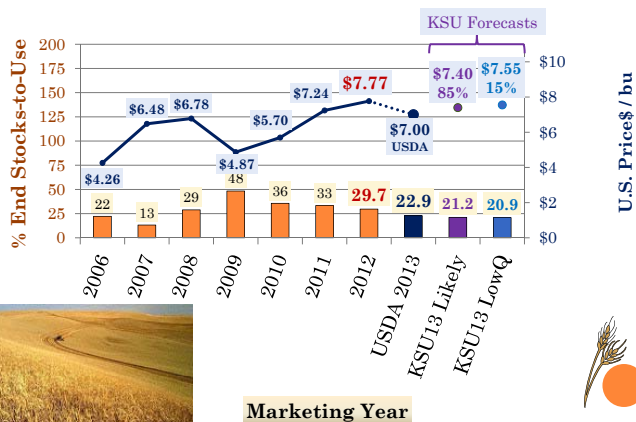
AUGUST 12, 2013 WASDE

	2011/12	2012/13	2013/14
Planted Acres (mln.)	54.4	55.7	56.5
Harvested Ac. (mln.)	45.7	49.0	45.7
Yield (bu./ac.)	43.7	46.3	46.2
Beginning Stocks	862	743	718
<b>Production</b>	<b>1,999</b>	<b>2,269</b>	<b>2,114</b>
Imports	112	123	130
<b>Total Supplies</b>	<b>2,974</b>	<b>3,134</b>	<b>2,962</b>
Food & Seed	1,017	1,018	1,031
<b>Exports</b>	<b>1,051</b>	<b>1,007</b>	<b>1,100</b>
Feed & Residual	162	390	280
<b>Total Use</b>	<b>2,231</b>	<b>2,416</b>	<b>2,411</b>
<b>End Stocks (%S/U)</b>	<b>(33.3%) 743</b>	<b>(29.7%) 718</b>	<b>(22.9%) 551</b>
<b>U.S. Ave. Farm \$</b>	<b>\$7.24</b>	<b>\$7.77</b>	<b>\$6.40-\$7.60</b>

# KSU-U.S. WHEAT S-D FOR MY 2013/14

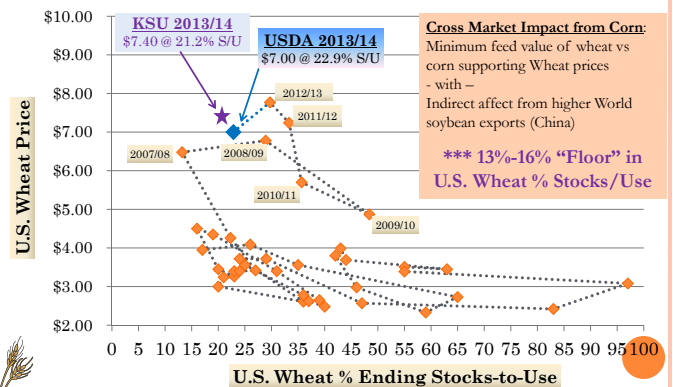
	USDA August 2013	Low Prodn 15%	Likely Prodn 85%
Planted Ac. (mln.)	56.5	54.8	54.8
Harvested Ac (mln.)	45.7	44.0	44.0
Yield (bu./ac.)	46.2	44.1	46.2
Beginning Stocks	718	718	718
<b>Production</b>	<b>2,114</b>	<b>1,940</b>	<b>2,032</b>
Imports	130	130	130
<b>Total Supplies</b>	<b>2,962</b>	<b>2,788</b>	<b>2,880</b>
Food & Seed Use	1,031	1,031	1,031
Exports** <b>(Wildcard!)</b>	<b>1,100</b>	<b>1,025</b>	<b>1,080</b>
Feed & Residual	280	250	265
<b>Total Use</b>	<b>2,411</b>	<b>2,306</b>	<b>2,376</b>
<b>End Stocks (%S/U)</b>	<b>(22.9%) 551</b>	<b>(20.9%) 482</b>	<b>(21.2%) 504</b>
<b>U.S. Avg. Farm \$</b>	<b>\$6.40-\$7.60</b>	<b>\$7.55</b>	<b>\$7.40</b>

# U.S. WHEAT % STX/USE VS PRICE\$



# U.S. WHEAT \$ VS U.S. STOCKS-TO-USE

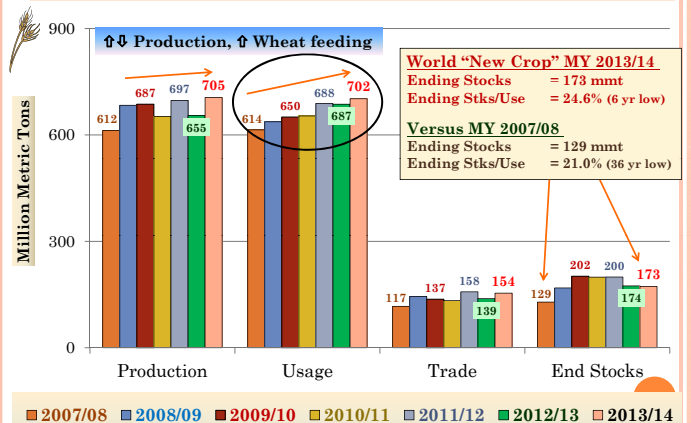
MY 1973/74 - "NEW CROP" MY 2013/14



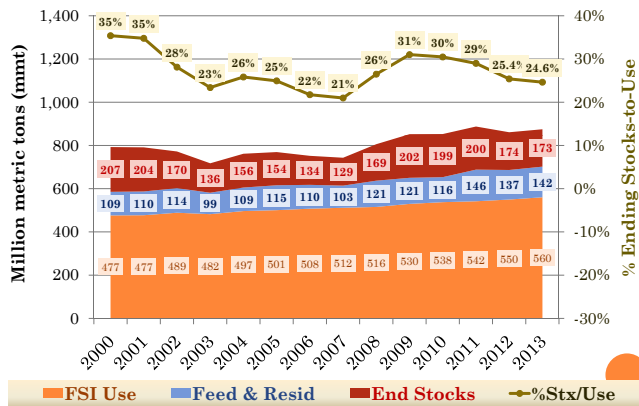
# WORLD WHEAT S/D TRENDS

- Supplies<sup>World</sup>**
  - Production** = 705 mmt - ↑ 7.6% ↻ record high
  - Supplies** = 880 mmt - ↑ 2.9% ↻ 2<sup>nd</sup> high (896 mmt - '11/12)
- Usage<sup>World</sup>**
  - FSI Use** = 565 mmt - ↑ 4.0% ↻ record high
  - Feed-Resid** = 142 mmt - ↑ 3.5% ↻ 2<sup>nd</sup> high (146 mmt - '11/12)
  - Domestic Use** = 707 mmt - ↑ 3.8% ↻ record high
  - Exports** = 154 mmt - ↑ 11.0% ↻ 2<sup>nd</sup> high (158 mmt - '11/12)
- End Stocks<sup>World</sup>**
  - End Stocks** = 173 mmt - ↓ 0.8% ↻ 5 year low
  - %Stocks/Use** = 24.6% vs 25.4% year ago ↻ 6 year low

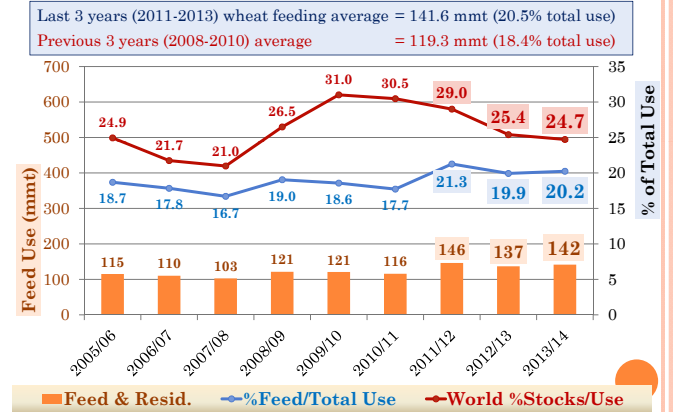
# WORLD WHEAT SUPPLY-DEMAND



## WORLD WHEAT SUPPLY-DEMAND

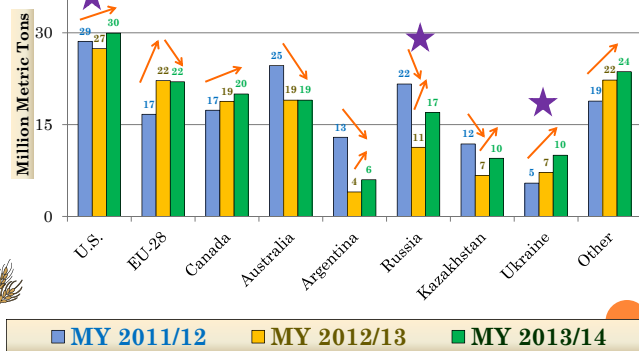


## WORLD WHEAT FEED USE

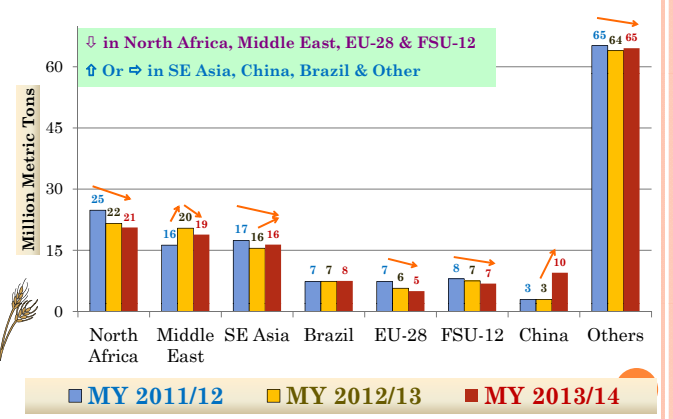


## WORLD WHEAT EXPORTS

“Higher” Exports in the U.S., Canada, Argentina, Black Sea Region, & Other  
 “Lower” to “Unchanged” exports in Australia & EU-28

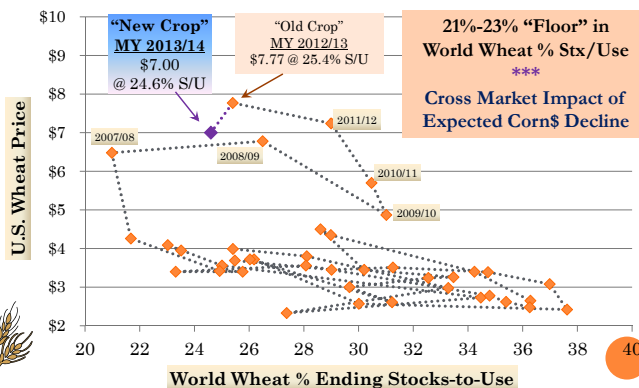


## WORLD WHEAT IMPORTS



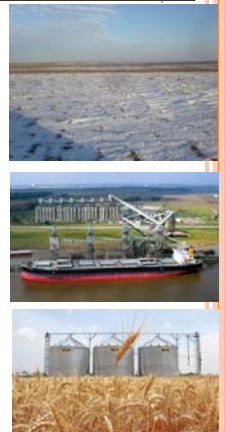
## U.S. WHEAT \$ VS WORLD %STKS/USE

MY 1973/74 – “NEW CROP” 2013/14



## WHEAT MARKET PROSPECTS

- U.S. Winter Wheat Acres in 2014?
  - Wheat revenue & insurance coverage issues
  - Prospects for ongoing drought in U.S. Plains?
- Risk to World Wheat Exporters’ Crop Production in 2013/14
  - “Unanticipated” problems in U.S., Australia, Argentina, EU, Black Sea Region, Canada, etc.
- Feedgrain Cross-Market Effects
  - IF normal U.S. corn production in 2013 – THEN less support for wheat \$s
  - But IF U.S. corn problems DO occur – THEN wheat prices to respond higher



## WHAT "SURPRISES" COULD OCCUR?

### A. "Short" 2013/14 crops among major World wheat exporters

- o **Black Sea Region:** watch July-August 2013? 2014?
- o ?? Australia, Canada, European Union, Argentina....

### B. "Ongoing" Strength in Import Demand

- o ↑ from China, North Africa, Middle East, etc.???

### C. World financial "Weakness" & currency fluctuations in 2013/14???

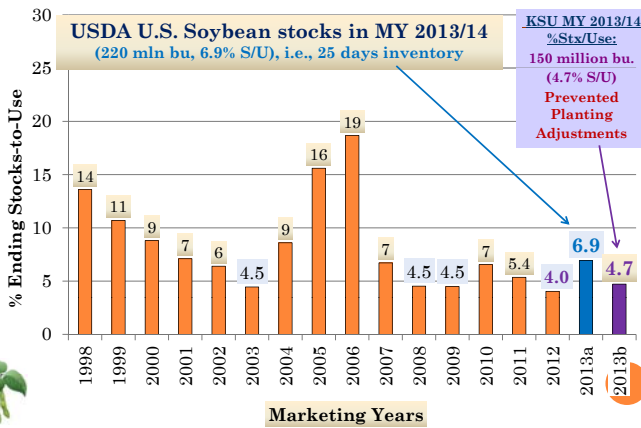
- o Wheat less affected than other commodities, but....

## SOYBEAN MARKETS



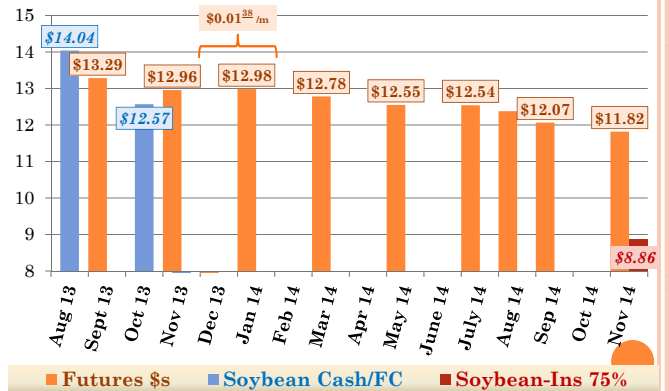
K-STATE SYSTEMS UNIVERSITY Department of Agricultural Economics

## U.S. SOYBEAN %END STOCKS/USE



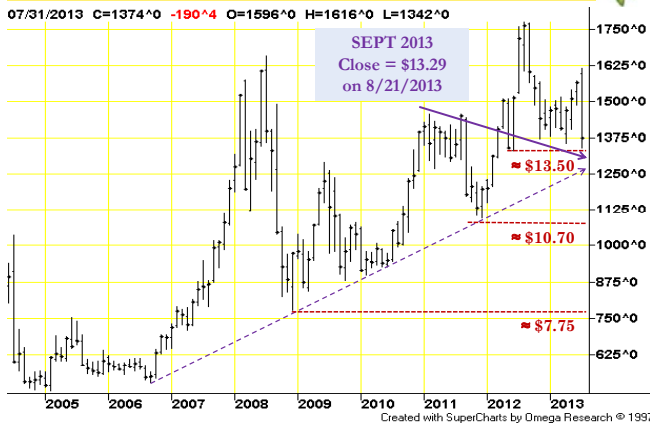
## SOYBEAN FUTURES & CASH\$

TOPEKA, KS CASH & FORWARD CONTRACT PRICES, 8/21/2013



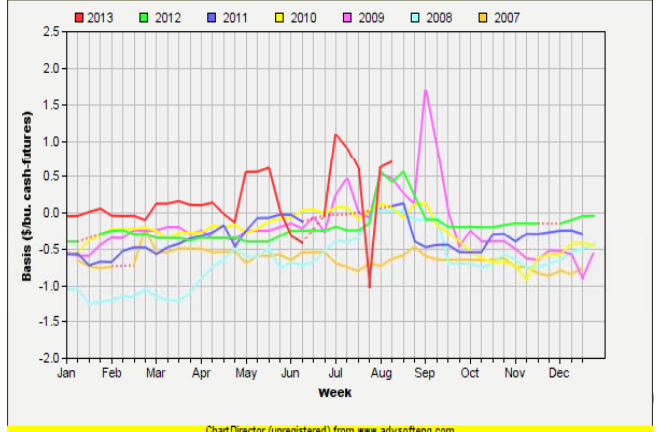
## CBOT SOYBEAN FUTURES

WEEKLY CONTINUOUS CHART: JUNE 2004 – AUGUST 21, 2013



## Basis Information: TOPEKA, KS - Soybeans

K-State Dept of Agricultural Economics, www.AgManager.info

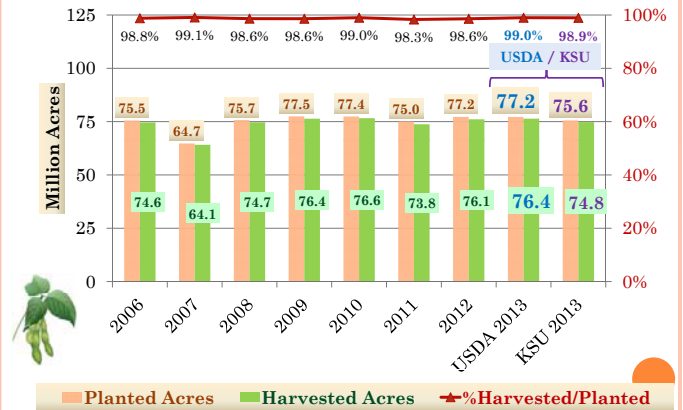


## 2013 U.S. SOYBEAN SUPPLIES

- Planted Area** (some changes made – more may come)
  - 77.2 million acres vs 75.6 ma adjusted (KSU)
- Harvested Area** (more prevented planting changes coming?)
  - 76.4 million ac. vs 74.8 ma adjusted (KSU)
- Yield** (crop maturity & freeze risk issues?)
  - KSU: 38 (low) – 42.6 (likely) – 45 bu/ac (high)
  - USDA<sup>August</sup> = 42.6 bu/ac
- Production** (uncertainty remaining through fall harvest)
  - KSU: 2.84 – 3.36 billion bu (USDA<sup>August</sup> = 3.255 bb)
- Total Supply** (in question till fall harvest)
  - KSU: 3.00 – 3.50 billion bu (USDA<sup>August</sup> = 3.396 bb)

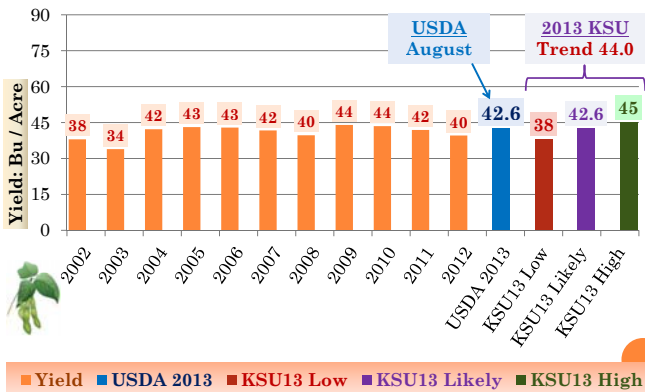


## U.S. SOYBEAN ACREAGE



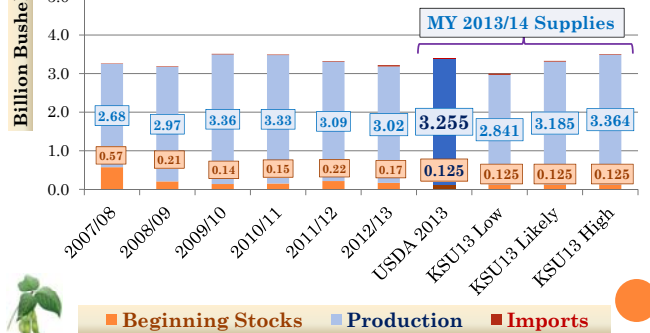
## U.S. SOYBEAN YIELDS

USDA 2013: 42.6 BU/AC; 2013 TREND YIELD: 44.0 BU/AC



## U.S. SOYBEAN TOTAL SUPPLIES

2013 U.S. Soybean Production @ 42.6 bu/ac = 3.255 bln bu  
 MY 2013/14 U.S. Soybean Total Supplies = 3.396 bln bu  
 KSU MY 2013/14 Total Supply Fest Range = 3.00 – 3.50 bb

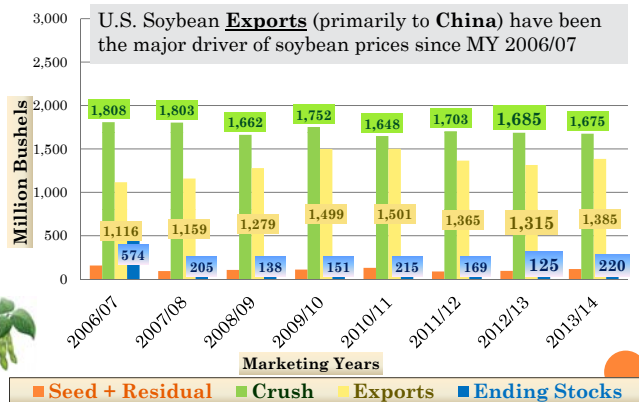


## U.S. SOYBEAN USE IN 2013/14

- Domestic Crush** (Driven by Soyoil & Soymeal demand)
  - KSU: 1.540 - 1.700 bln bu (USDA: 1.675 bb)
- Exports** (Competing with 2013-2014 South American crops)
  - KSU: 1.200 - 1.405 bln bu (USDA: 1.385 bb)
- Seed & Residual**
  - KSU: 100 - 110 mln bu (USDA: 116 mb)
- Total Use** (rationing of use to ensure supplies)
  - KSU: 3.020 - 3.359 bln bu (USDA: 3.176 bb)



## U.S. SOYBEAN USE & END STOCKS



# U.S. SOYBEAN SUPPLY-DEMAND

USDA WASDE REPORT – AUGUST 12, 2013

	2011/12	2012/13	2013/14
Planted Acres (mln.)	75.0	77.2	77.2
Harvested Acres	73.8	76.1	76.4
Yield (bu./ac.)	41.9	39.6	42.6
Beginning Stocks	215	169	125
Imports	16	35	15
<b>Production</b>	<b>3,094</b>	<b>3,015</b>	<b>3,255</b>
<b>Total Supplies</b>	<b>3,325</b>	<b>3,219</b>	<b>3,396</b>
Crushings	1,703	1,685	1,675
<b>Exports</b>	<b>1,365</b>	<b>1,315</b>	<b>1,385</b>
Seed & Residual	88	95	116
<b>Total Use</b>	<b>3,155</b>	<b>3,094</b>	<b>3,176</b>
<b>Ending Stocks</b>	<b>(5.4%) 169</b>	<b>(4.0%) 125</b>	<b>(6.9%) 220</b>
<b>U.S. Avg. Farm \$</b>	<b>\$12.50</b>	<b>\$14.40</b>	<b>\$10.35-\$12.35</b>

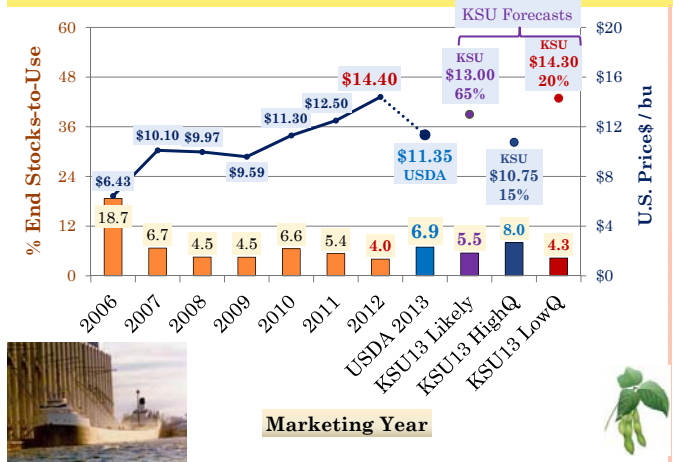
# KSU: U.S. SOYBEAN S/D: MY 2013/14

	Low Yield 20% prob.	Likely Yield 65% prob.	High Yield 15% prob.
Planted Acres (mln.)	75.6	75.6	75.6
Harvested Ac. (mln.)	74.8	74.8	74.8
Yield (bu./ac.)	38.0	42.6	45.0
Beginning Stocks	125	125	125
Imports	35	15	15
<b>Production</b>	<b>2,841</b>	<b>3,185</b>	<b>3,364</b>
<b>Total Supplies</b>	<b>3,001</b>	<b>3,325</b>	<b>3,504</b>
Crushings	1,540	1,665	1,710
<b>Exports *Wildcard*</b>	<b>1,200</b>	<b>1,375</b>	<b>1,425</b>
Seed & Residual	100	110	110
<b>Total Use</b>	<b>2,840</b>	<b>3,150</b>	<b>3,245</b>
<b>Ending Stocks</b>	<b>(4.3%) 121</b>	<b>(5.5%) 175</b>	<b>(8.0%) 259</b>
<b>U.S. Avg. Farm \$</b>	<b>\$14.30</b>	<b>\$13.00</b>	<b>\$10.75</b>

# USDA & KSU: U.S. SOYBEAN S/D - 2013/14

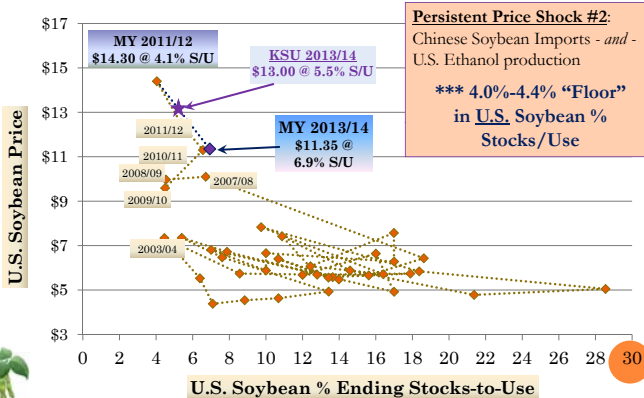
	USDA August 12	KSU "Likely" 65% prob.	KSU "HighQ" 15% prob.
Planted Acres (mln.)	77.2	75.6	75.6
Harvested Ac. (mln.)	76.4	74.8	74.8
Yield (bu./ac.)	42.6	42.6	45.0
Beginning Stocks	125	125	125
Imports	15	15	15
<b>Production</b>	<b>3,255</b>	<b>3,185</b>	<b>3,364</b>
<b>Total Supplies</b>	<b>3,396</b>	<b>3,325</b>	<b>3,504</b>
Crushings	1,675	1,665	1,710
<b>Exports *Wildcard*</b>	<b>1,385</b>	<b>1,375</b>	<b>1,425</b>
Seed & Residual	116	110	110
<b>Total Use</b>	<b>3,176</b>	<b>3,150</b>	<b>3,245</b>
<b>Ending Stocks</b>	<b>(6.9%) 220</b>	<b>(5.5%) 175</b>	<b>(8.0%) 259</b>
<b>U.S. Avg. Farm \$</b>	<b>\$10.35-\$12.35</b>	<b>\$13.00</b>	<b>\$10.75</b>

# U.S. SOYBEAN %STX/USE VS PRICE\$

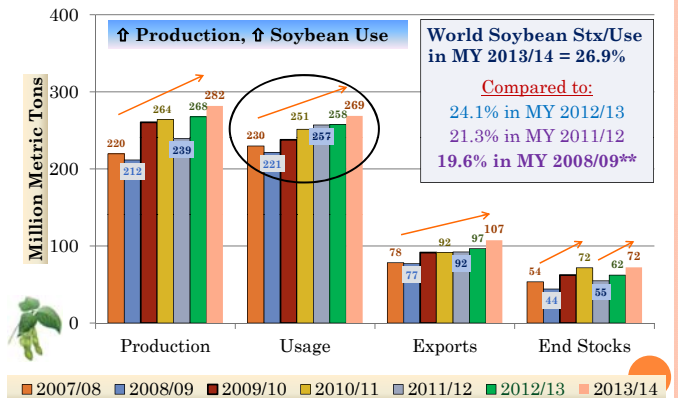


# U.S. SOYBEAN \$ VS STX-TO-USE

MY 1973/74 – 2013/14 AUGUST 12, 2013 USDA REPORTS

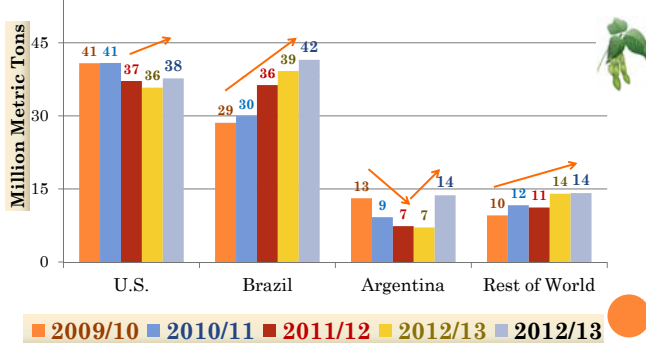


# WORLD SOYBEAN SUPPLY-DEMAND



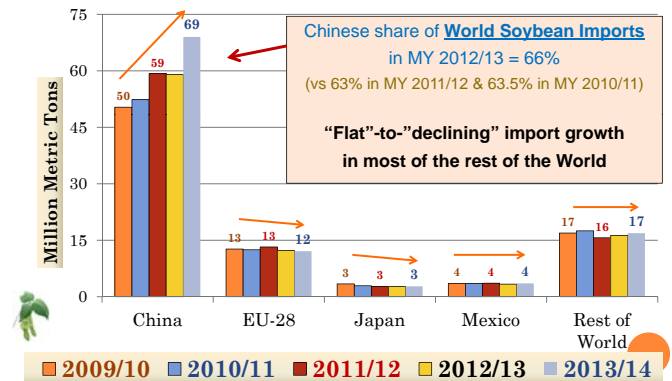
## SOYBEAN EXPORTER SALES

Since 2010/11, lower U.S. exports (↓ 3.2 mmt) are offset by increases from **Brazil** (↑ 2.3 mmt), **Argentina** (↑ 6.6 mmt), **Rest of World** (↑ 0.14 mmt)



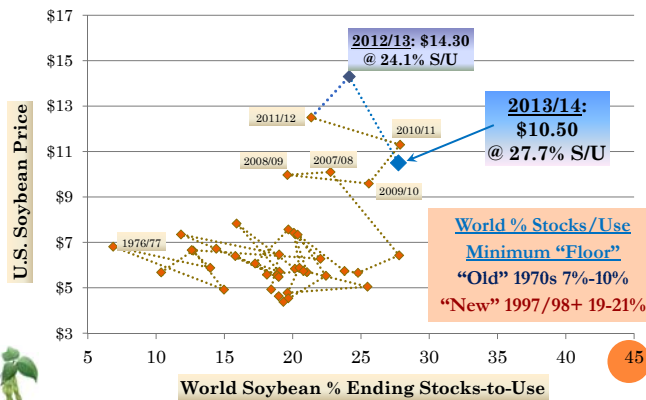
## SOYBEAN IMPORT PURCHASES

MY 2009/10 – 2013/14 MAY 10, 2013 USDA WASDE REPORT



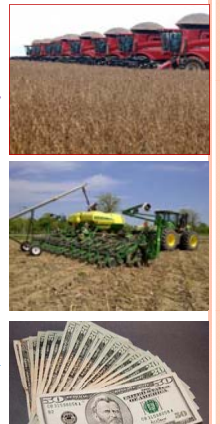
## U.S. SOYBEAN \$ VS WORLD %STX/USE

MY 1973/74 – 2013/14 AUGUST 12, 2013 USDA WASDE REPORT



## SOYBEAN MARKET PROSPECTS

- **South America Exports**
  - Competing with U.S. "old crop" exports
  - Major decline in U.S. exports since winter
- **U.S. Soybean Acres in 2014**
  - Competing with U.S. Corn, other crops
  - **IF** Corn acres ↓ – may ↑ U.S. soybean planted acres
- **2013 U.S. Crop Prospects**
  - **IF** normal 2013 U.S. crop, **THEN** prices may decline sharply into fall
  - **BUT IF** U.S. soybean crop problems occur – **THEN** soybean prices will likely rise to record highs, etc.



## WHAT "SURPRISES" COULD OCCUR?

### A. "Short" 2014 crops in South America and/or the United States

- Unpredictable weather patterns, etc.

### B. Unexpected "Weakness" in Chinese Imports in 2013

- Seemingly unlikely due to continuing strength in Chinese soybean & soybean product imports

## RMA PRICE DISCOVERY PERIODS FOR 2014 CROPS – PROJECTED PRICES

### A. 2014 Kansas HRW Wheat

- JULY 2014 Kansas Wheat Futures (Currently ≈ \$7.00 /bu)
- Discovery Period: 8/15/2013 – 9/15/2013
- At 75% APH: Price coverage = 75% x \$7.00 /bu ≈ **\$5.25**

### B. 2014 Kansas Corn

- DEC 2014 CBOT Corn Futures (Currently ≈ \$5.10 /bu)
- Discovery Period: 2/1/2014 – 2/28/2014
- At 75% APH: Price coverage = 75% x \$5.10 /bu ≈ **\$3.83**

### C. 2014 Kansas Soybeans

- NOV 2014 CBOT Soybean Futures (Currently ≈ \$11.80 /bu)
- Discovery Period: 2/1/2014 – 2/28/2014
- At 75% APH: Price coverage = 75% x \$11.80 /bu ≈ **\$8.85**



## QUESTIONS?



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