# Grain Market Outlook for Late 2015-2016

## 2015 Crop Insurance Workshop

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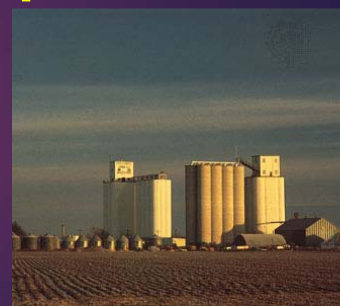


# Grain Market "Drivers"

Key issues affecting grain markets over 1998-2015 Period

- **__Soybean exports__ (to China) & __ethanol use__ (by U.S.) have "driven" grain Supply-Demand**
  - ⇒ "***Demand-pull***" *has caused <u>higher prices</u>, <u>crop acreage competition</u>, & <u>higher crop production</u>*
- **__Transportation Logistics__ have Impacted Grain Exports**
  - ⇒ *U.S. exports have been limited by* ***<u>higher shipping costs</u>*** *to key markets versus the Black Sea, Australia, & other competitors*
  - ⇒ ***<u>Panama Canal improvements</u>*** *may help the U.S. to Asia mkts*

# *More* Grain Market "Drivers"

Key issues

- **Wheat has increasingly substituted for Feedgrains in World Livestock Feed Markets since 2012**
  - ⇒ Issues of **"Food" versus "Feed" quality wheat**, & the degree of adoption by foreign livestock feeders
- **U.S. Grain Exports have been limited by ⇧ U.S. Dollar**
  - ⇒ More impact for **wheat** (*several export competitors*) than **corn & soybeans** (*competing mainly with* ***South America*** *&* ***Ukraine***)

# U.S. Dollar Index (ICE Futures)

**Monthly Chart**: September 2006 – October 2015 + 11/3/2015

# Grain Market Price Behavior

Economic principles shown in market patterns over time

- **Prices tend to return to breakeven cost over time**
  - ⇒ **High grain prices & profits** lead to economic responses that eventually cause **lower prices & losses** (& vice verse)
  - ⇒ Evidence in **Corn**, **Soybean** & **Wheat** markets over 2005-2015 period

- **Market response to Supply Prospects & Prices**

  **Price = f(Supply):** Varying $ response to "short" vs "abundant" Stocks/Use

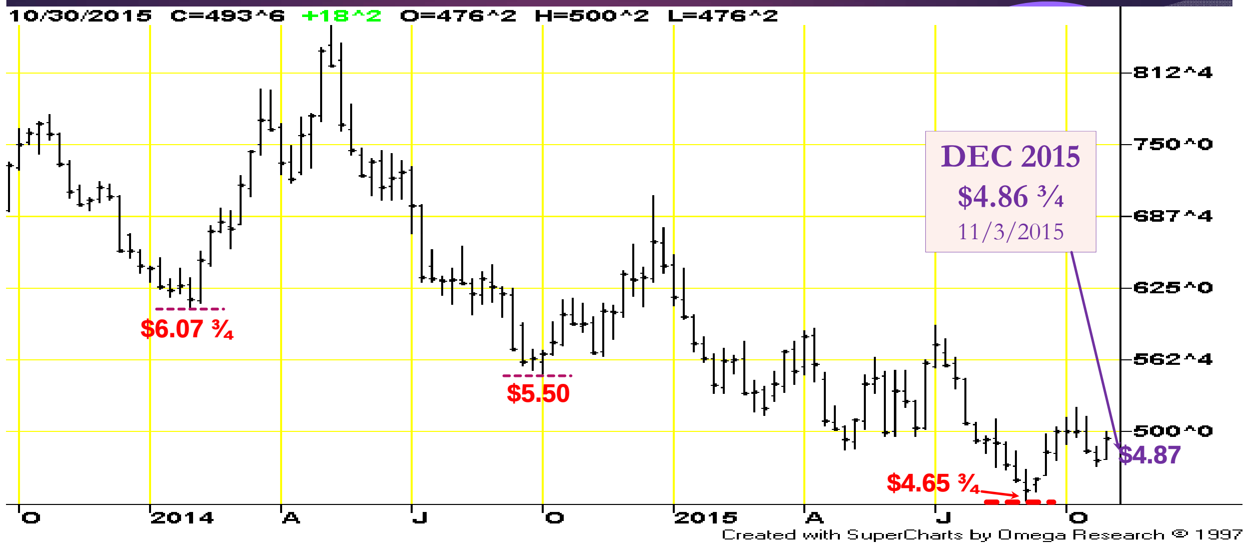
  **Use = f(Prices):** Usage affected conversely by "high" vs "low" prices



# Wheat Markets

# CME Kansas Hard Red Winter Wheat

**Weekly Chart**: Sept 2014 – October 30, 2015 + 11/3/2015

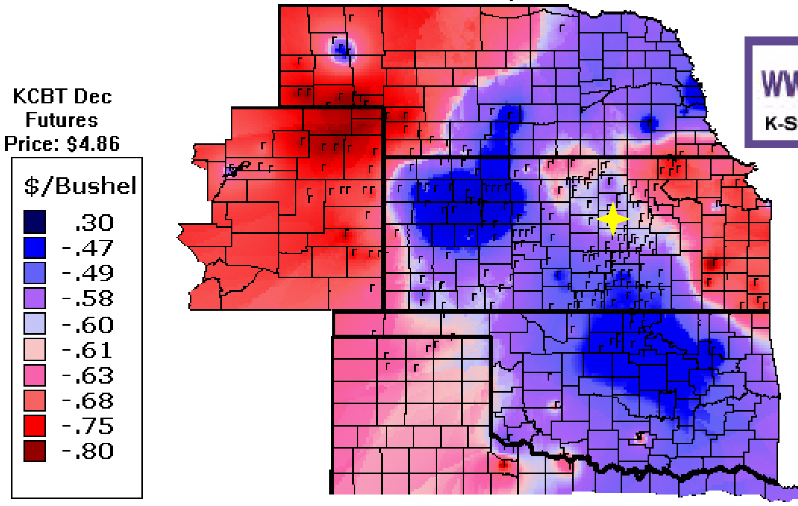



# CME Kansas Hard Red Winter Wheat

**Monthly Chart**: September 2006 – October 2015 + 11/3/2015

## Wheat Basis, 10-28-2015

Basis = Cash Price - Nearby Futures Price

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**Wheat $Price & Basis**

**$4.53 /bu**

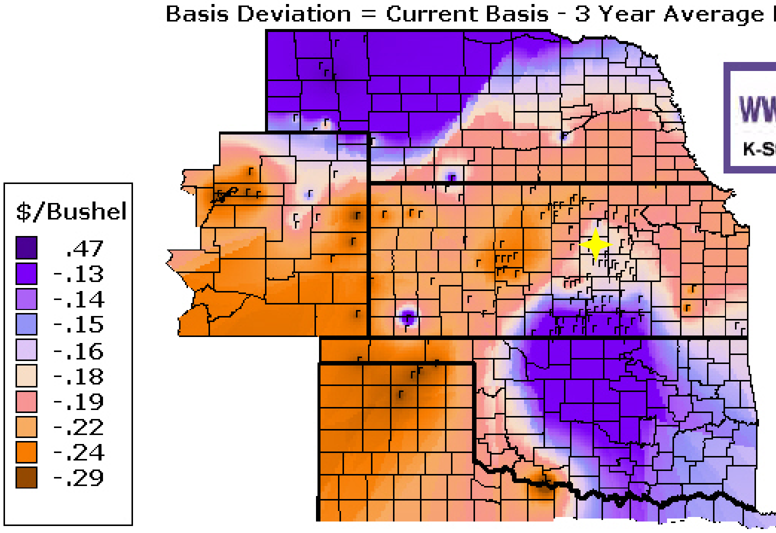
Basis = ($0.35) /bu

Salina, KS

Tuesday, 11/3/2015

## Wheat Basis Deviation, 10-28-2015

Basis Deviation = Current Basis - 3 Year Average Basis (2012, 2013, 2014)

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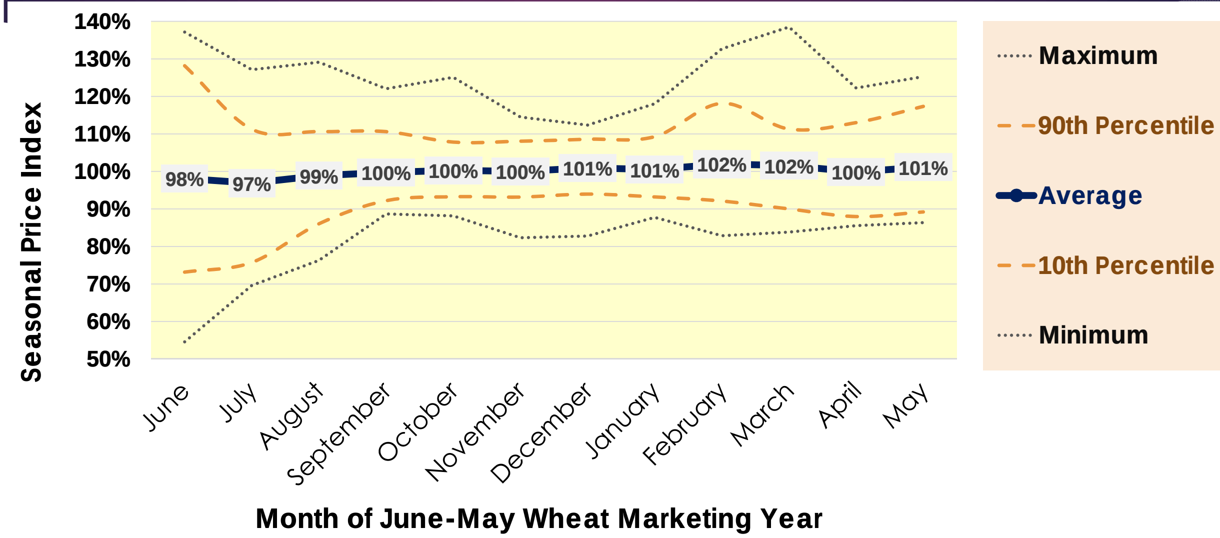
## Kansas Wheat Seasonal Cash $ Index

**Monthly Prices**: 1999/2000 – 2014/15 Marketing Years




## World Wheat Market Prospects:

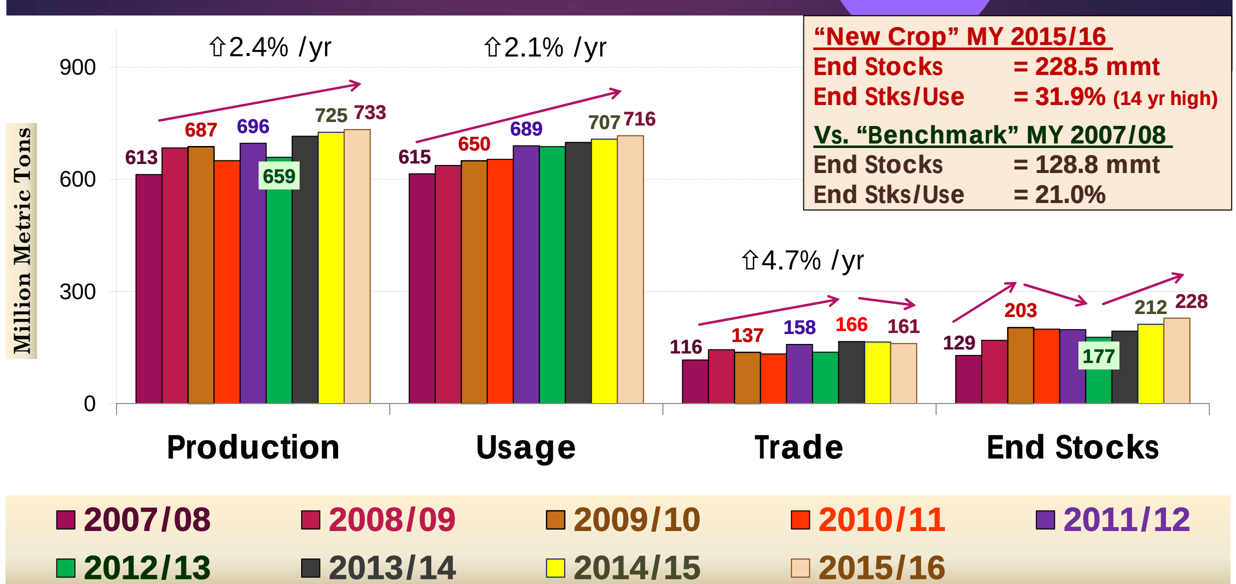
Large Supplies ⇨ A "*Buyer's* Market"

- **Record World Supplies & Usage Forecast in 2015/16**
  - 3 consecutive record high World wheat crops
- **Varying 2015/16 Crop Prospects by Country**
  - ⇧ U.S., Australia, China, North Africa, Russia, Kazakhstan, Ukraine
  - ⇩ Canada, E.U., India, Pakistan, Argentina
- **World wheat exports to remain a "buyer's market" *unless* or *until* World supplies & stocks decline**
  - U.S. & World Crop Uncertainty in 2016? (El Nino / La Nina…??)

# World Wheat Supply & Use – Oct. 9th WASDE

| | 2014/15 Estimate | | 2015/16 Forecast | | 2015/16 vs 2014/15 |
|---|---|---|---|---|---|
| | | mmt | | mmt | percent |
| Beginning Stocks | | 194 | #1 | 212 | +9.5% |
| Production | #2 2015/16 | 725 | #1 | 733 | +1.0% |
| **Total Supply** | #2 2015/16 | **919** | #1 | **945** | **+2.8%** |
| Food, Seed, Other Use | #2 2015/16 | 574 | #1 | 579 | +0.8% |
| Feed Use | | 133 | *3 yr high* | 138 | +3.6% |
| **Total Domestic Use** | #2 2015/16 | **707** | #1 | **716** | **+1.3%** |
| Export Trade | #2 2013/14 | 165 | #3 2013/14 | 161 | -2.4% |
| **Ending Stocks** | #2 2013/14 | **212** | #1 | **228** | **+7.7%** |
| ***% Stocks / Use*** | | ***30.0%*** | *14 yr high* | ***31.9%*** | ***+1.9%*** |

# World Wheat Supply, Use & Stocks



## Monthly Crop Calendar for Wheat

10/9/2015

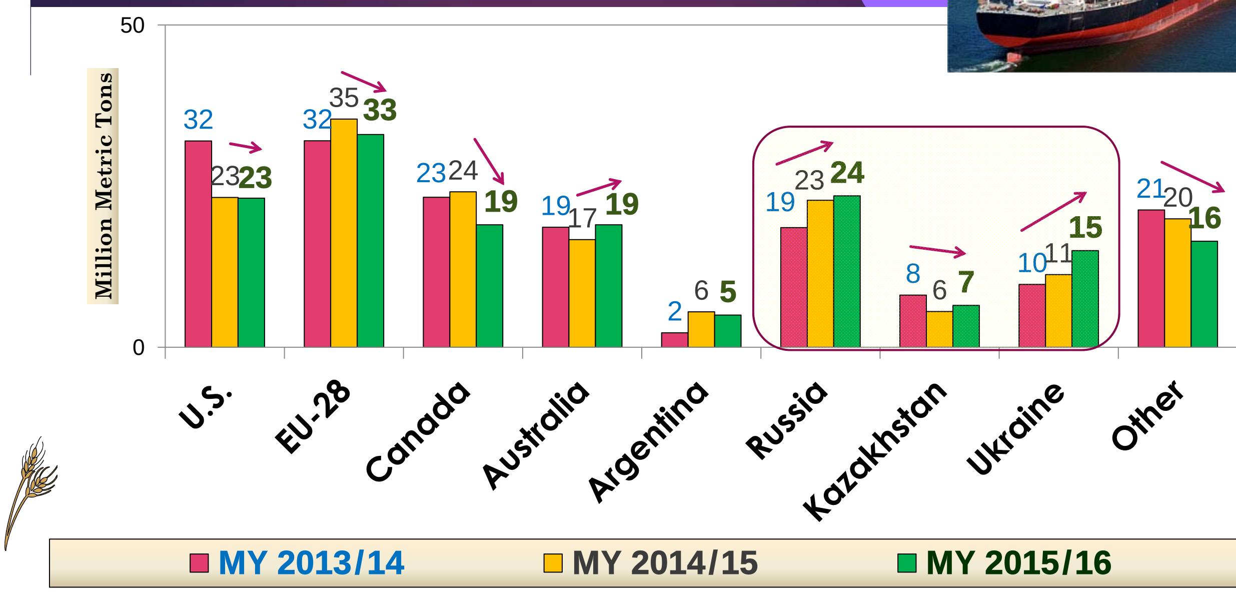
Plant (P) | Headed (HE) | Harvest (H)

| | USDA Prod Est. 15/16 | Change | Oct | | Nov | | Dec | | Jan | | Feb | | Mar | | Apr | | May | | Jun | | Jul | | Aug | | Sep | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Brazil | 6.00 | 0.00 | H | H | H | H | H | H | | | | | | | P | P | P | P | P | P | | HE | HE | HE | H | H |
| Canada Spring | 26.00 | 1.00 | H | | | | | | | | | | | | | P | P | P | P | HE | HE | HE | | H | H | H |
| US Spring | 55.84 | (2.29) | | | | | | | | | | | | | | P | P | P | | HE | HE | HE | H | H | H | |
| Australia | 27.00 | 1.00 | | | H | H | H | H | | | | | | | | P | P | P | P | P | | | | | | |
| Russia Spring | 61.00 | 0.00 | | | | | | | | | | | | | | | P | P | P | HE | HE | HE | H | H | H | H |
| Kazakhstan | 14.00 | 0.00 | | | | | | | | | | | | | | | P | P | | | | | H | H | H | H |
| China Spring | 130.00 | 0.00 | | | | | | | | | | | | | | | P | P | P | P | | | H | H | H | H |
| Ukraine Spring | 27.00 | 0.50 | | | | | | | | | | | | | | | P | P | P | HE | HE | HE | | H | H | H |
| Argentina | 10.50 | (0.50) | HE | HE | H | H | H | H | H | H | | | | | | | P | P | P | P | P | P | | | HE | HE |
| Russia Winter | | | P | | | | | | | | | | | | | | | HE | HE | HE | H | H | H | P | P | P |
| Ukraine Winter | | | | | | | | | | | | | | | | | | HE | HE | | | H | H | P | P | P |
| EU Winter | 155.26 | 1.13 | P | P | P | P | | | | | | | | | | | | | | | H | H | H | H | P | P |
| Turkey | 19.50 | 0.00 | P | P | P | P | | | | | | | | | | | | | H | H | H | H | H | H | P | P |
| Egypt | 8.36 | 0.00 | P | P | | | | | | | | | | | H | H | H | H | H | H | | | | | P | P |
| US Winter | | | P | P | | | | | | | | | | | | HE | HE | HE | HE | H | H | H | H | | | P |
| India | 88.94 | 0.00 | P | P | P | P | P | P | | | | | | | H | H | H | H | | | | | | | | |
| China Winter | | | P | P | P | P | | | | | | | | | | | H | H | H | H | | | | | | |

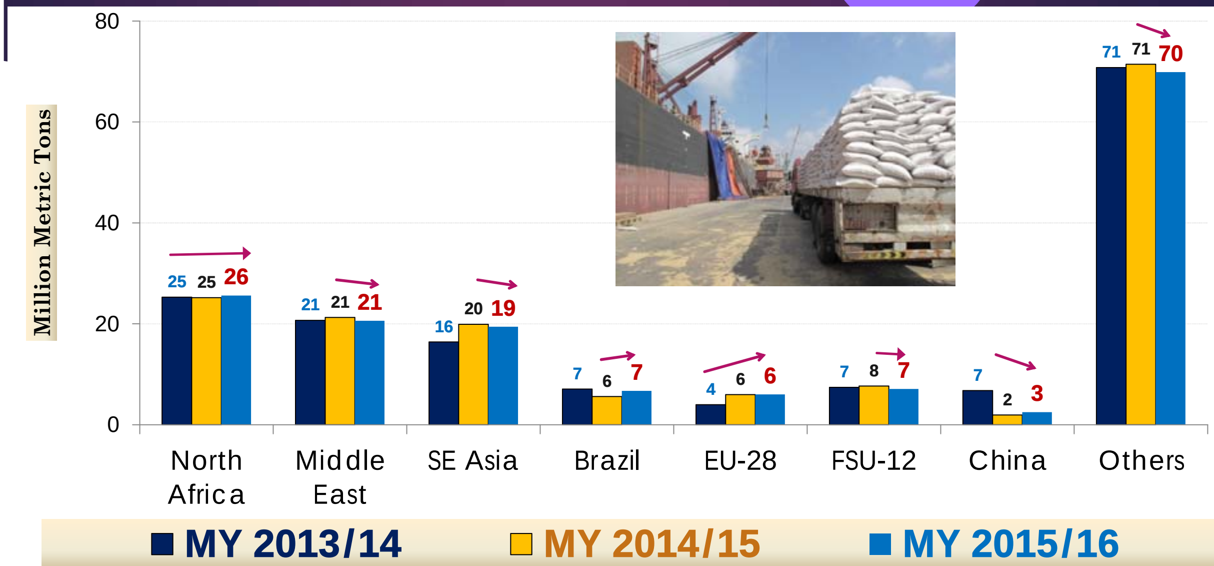
Sources: USDA and AMIS

CHS Hedging
Jenna Roe

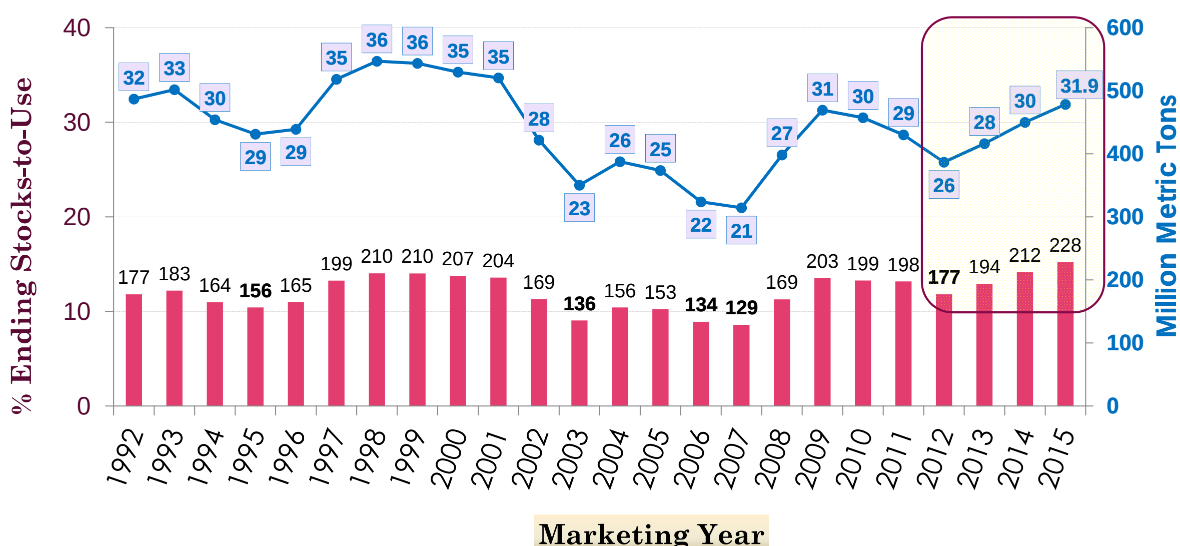
# World Wheat Exporters



# World Wheat Importers




# World Wheat Ending Stocks & % Stx/Use



## U.S. Wheat Market Prospects:

Slow Exports, Growing Stocks, & Weak Prices

- **U.S. wheat exports are likely to remain *weak* until the high U.S. dollar &/or record World stocks situation changes**
- **U.S. Spring Wheat2015** ⇨ 14.2% protein & 61.4 lb test, 1.0% defects
  - Versus 13.6% protein, 60.8 lb test wt, 1.1% defects in 2014
- **U.S. HRW Wheat2015** ⇨ 12.3% protein, 59.2 lb test, 1.7% defects
  - Versus 13.3% protein, 60.7 lb test wt, 1.4% defects in 2014
- **U.S. SRW Wheat2015** ⇨ 9.9% protein & 56.9 lb test, 4.1% defects
  - Versus 9.9% protein, 58.1 lb test wt, 1.7% defects in 2014

## All U.S. Wheat Supply-Use & Prices

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|---|---|---|
| Area Harvested | (mil. acres) | 45.7 | 48.8 | 45.3 | 46.4 | 47.1 |
| Yield | (bu./acre) | 43.6 | 46.2 | 47.1 | 43.7 | 43.6 |
| **Production** | **(mil. bu.)** | **1,993** | **2,252** | **2,135** | **2,026** | **2,052** |
| Beginning Stocks | (mil. bu.) | 863 | 743 | 718 | 590 | 753 |
| Imports | (mil. bu.) | 113 | 124 | 173 | 149 | 125 |
| **Total Supply** | **(mil. bu.)** | **2,969** | **3,119** | **3,026** | **2,766** | **2,930** |
| Food Use | (mil. bu.) | 941 | 951 | 955 | 958 | 967 |
| Seed Use | (mil. bu.) | 76 | 73 | 77 | 81 | 72 |
| Exports | (mil. bu.) | 1,051 | 1,012 | 1,176 | **854** | **850** |
| Feed & Residual | (mil. bu.) | 159 | 365 | 228 | 120 | 180 |
| **Total Use** | **(mil. bu.)** | **2,227** | **2,401** | **2,436** | **2,013** | **2,069** |
| Ending Stocks *(%S/U)* | (mil. bu.) | *33.4%* 743 | *29.9%* 718 | *24.2%* 590 | *37.4%* 753 | *41.6%* 861 |
| Season-Avg. Price | ($/bu.) | $7.24 | $7.77 | $6.87 | **$5.99** | **$5.00** |

# U.S. Wheat Production in 2015

**Planted Acres = 54.6 million[2015]**
vs 56.8 million[2014]

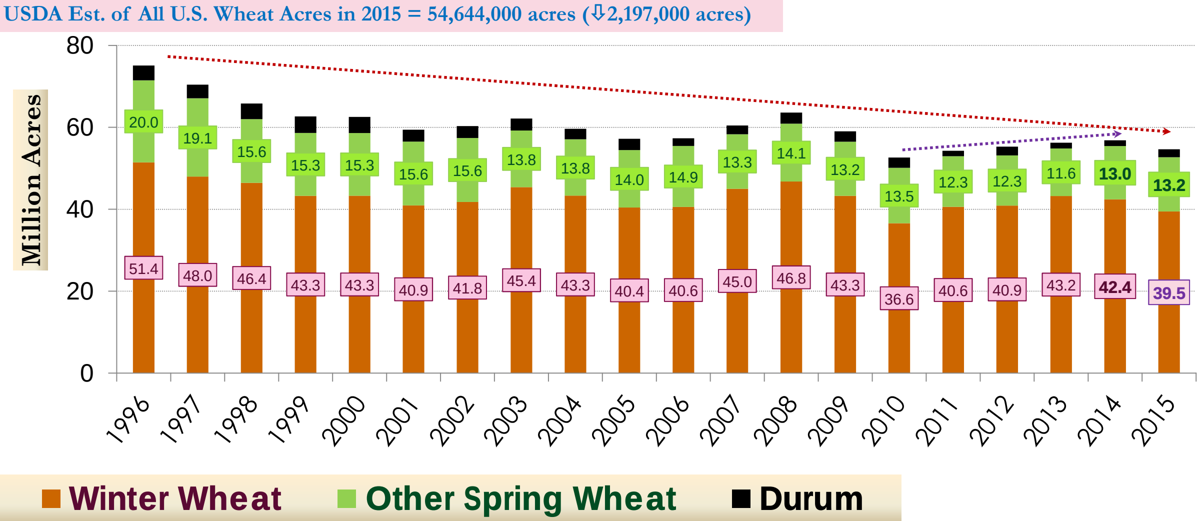
**Harvested Acres = 47.1 million[2015]**
vs 46.4 million[2014]

**Yield = 43.6 bu/ac[2015]**
vs 43.7 bu/ac[2014]

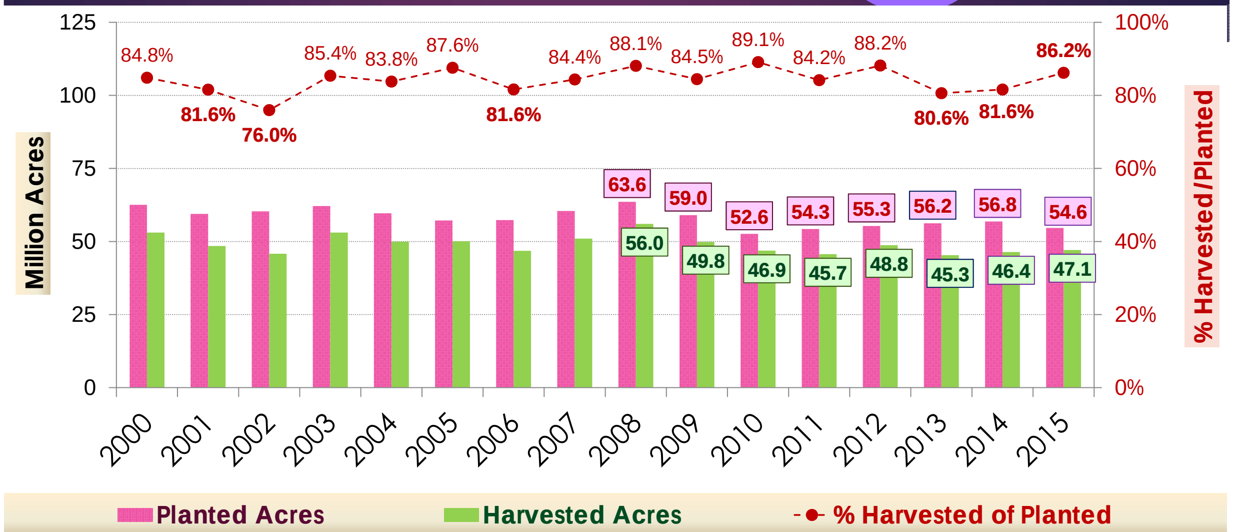
**Production = 2.052 bln bu[2015]**
vs 2.026 bln bu[2014]

# U.S. Wheat Seeded Acreage

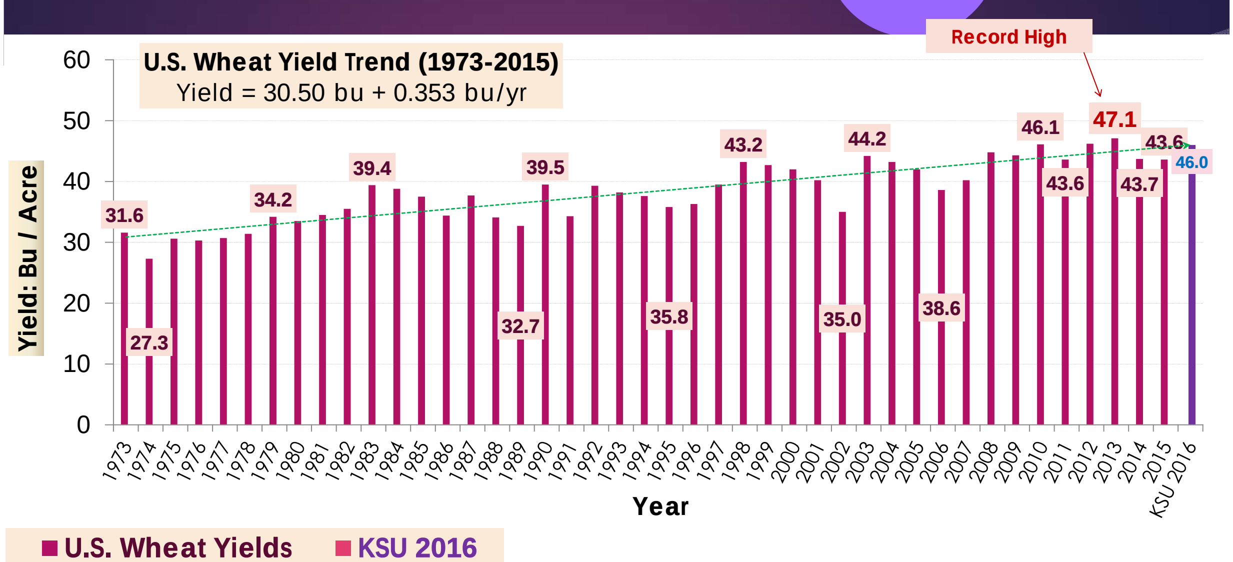
2015 U.S. Wheat acreage ⇩ 3.9% vs 2014
USDA Est. of All U.S. Wheat Acres in 2015 = 54,644,000 acres (⇩2,197,000 acres)



# U.S. Wheat Acreage

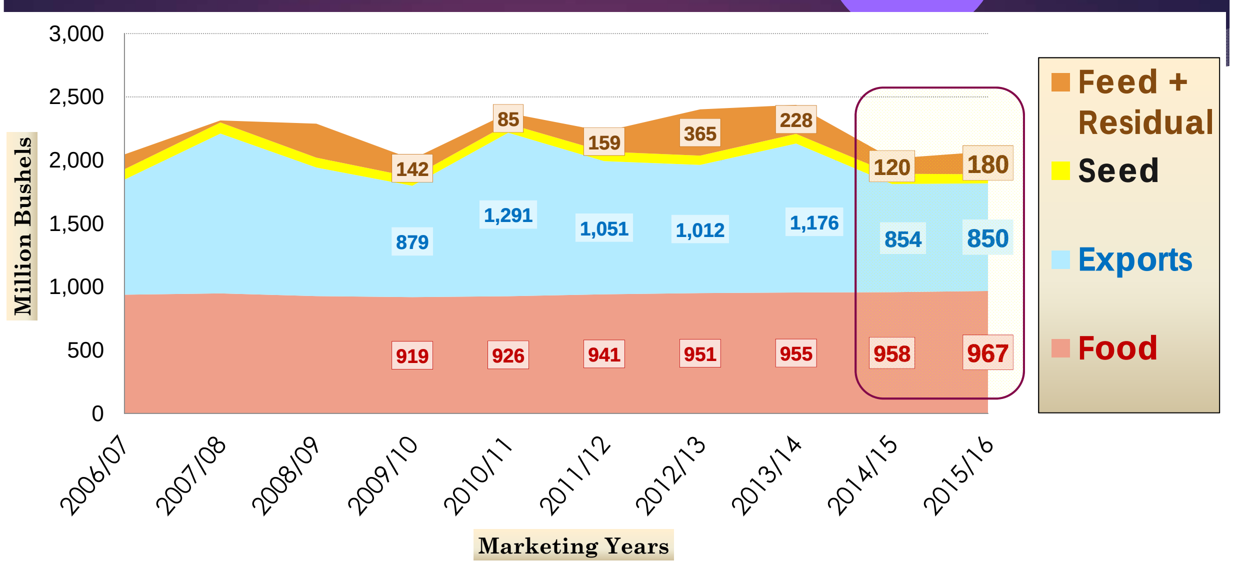



# U.S. Wheat Yields



# U.S. Wheat Production & Supplies


# U.S. Wheat Use by Category



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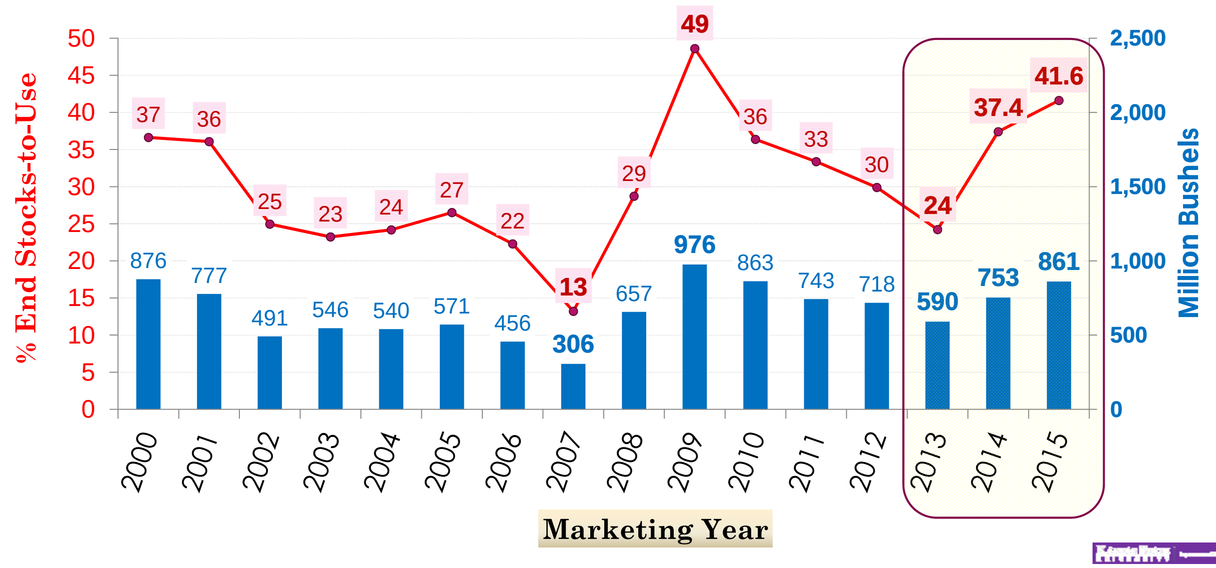
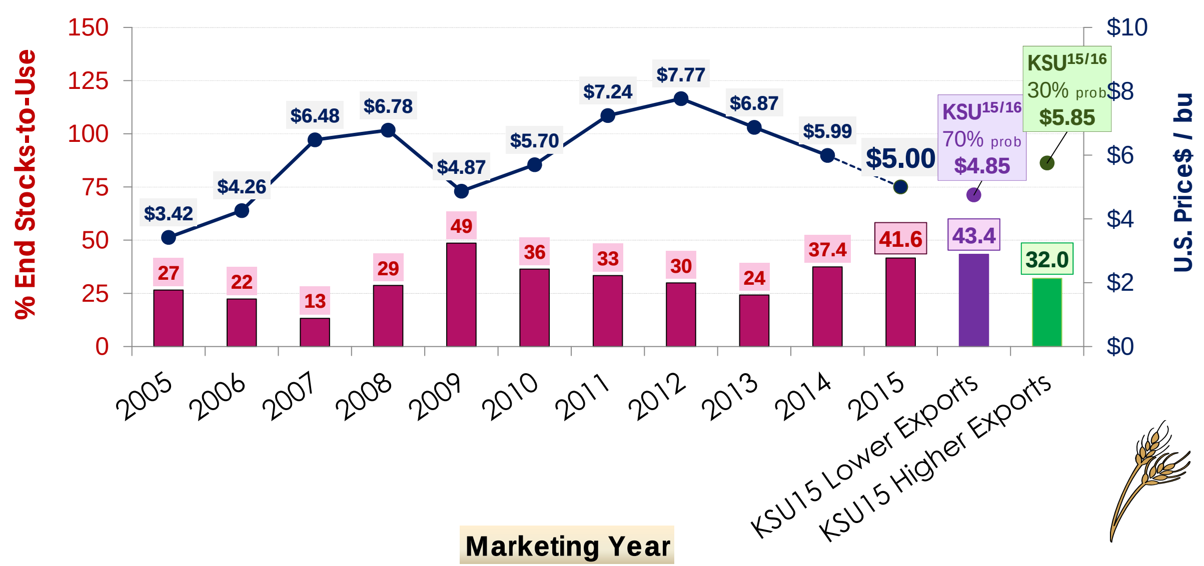
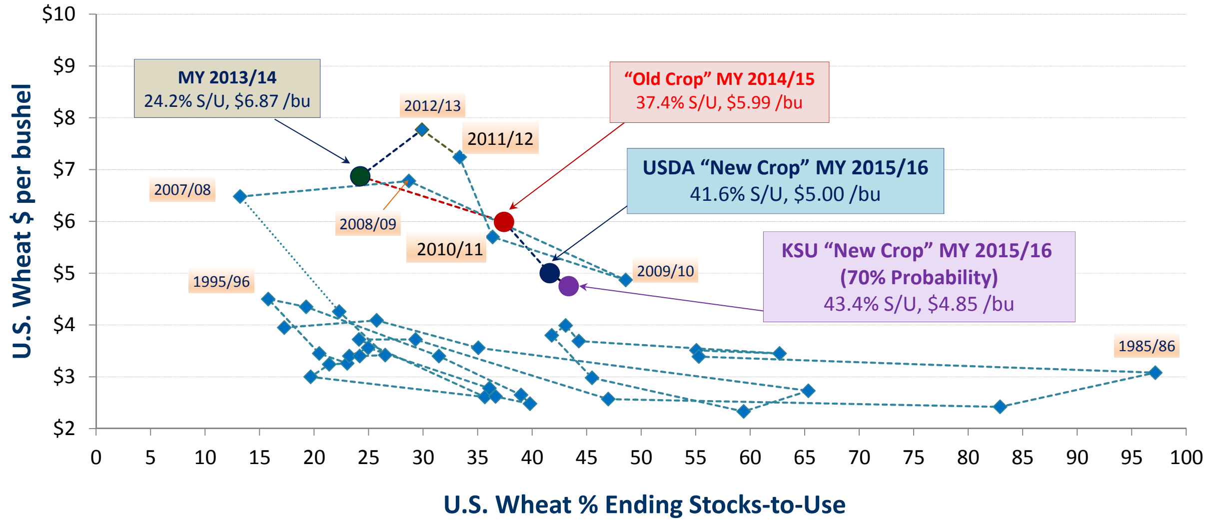



# U.S. Wheat Ending Stocks & Prices

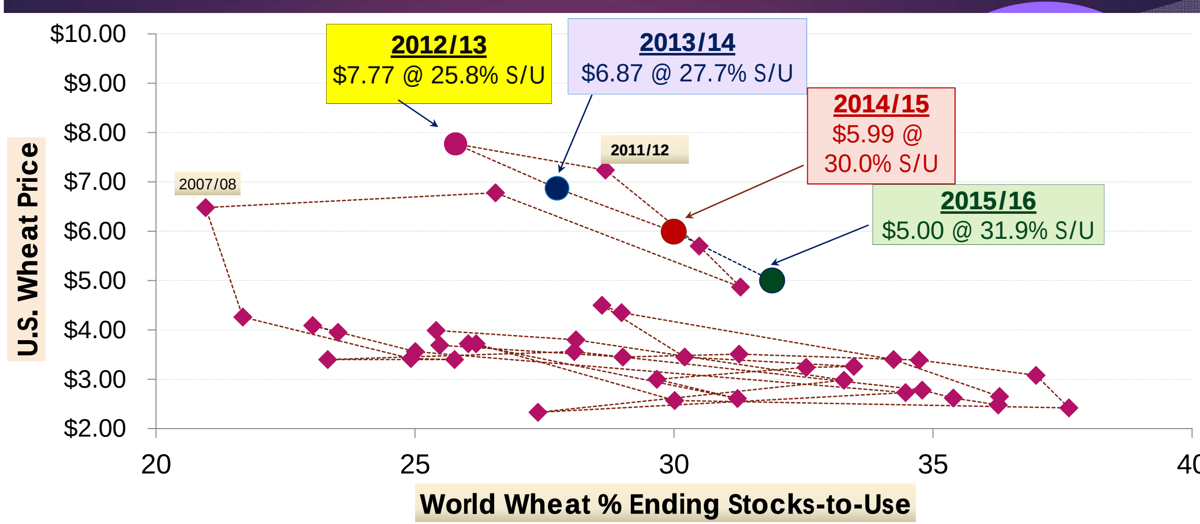


# U.S. Wheat Price vs U.S. Stocks-to-Use




# U.S. Wheat Price ($) vs World %Stx/Use

MY 1973/74 – "New Crop" MY 2015/16



# Corn & Sorghum Markets

Kansas State University
Department of Agricultural Economics

# CME Corn Futures

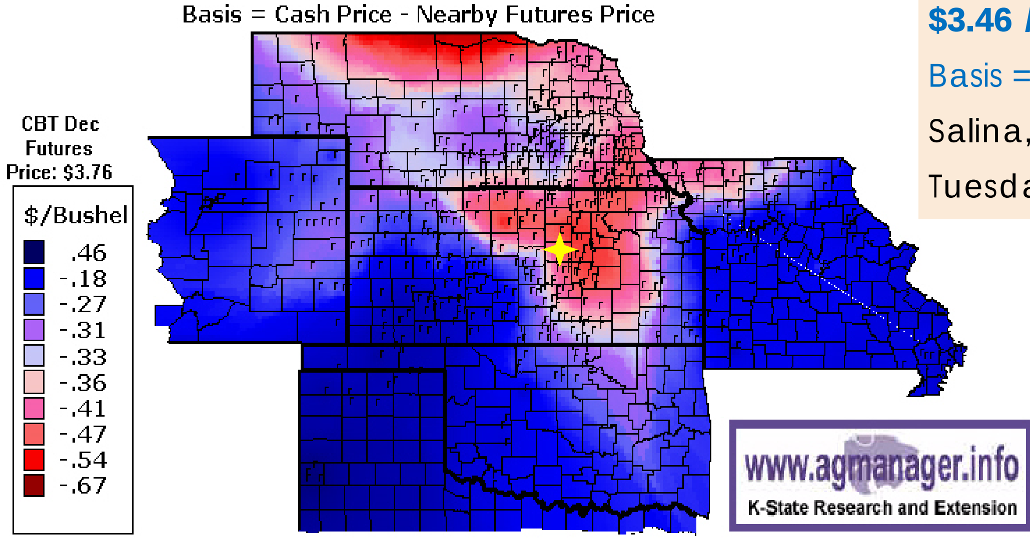
**Weekly** Chart: September 2014 – October 30, 2015 + 11/3/2015

## CME Corn Futures

**Monthly** Chart: September 2006 – October 30, 2015 + 11/3/2015


## Corn Basis, 10-28-2015

Basis = Cash Price - Nearby Futures Price




**Corn $Price & Basis**

**$3.46 /bu**

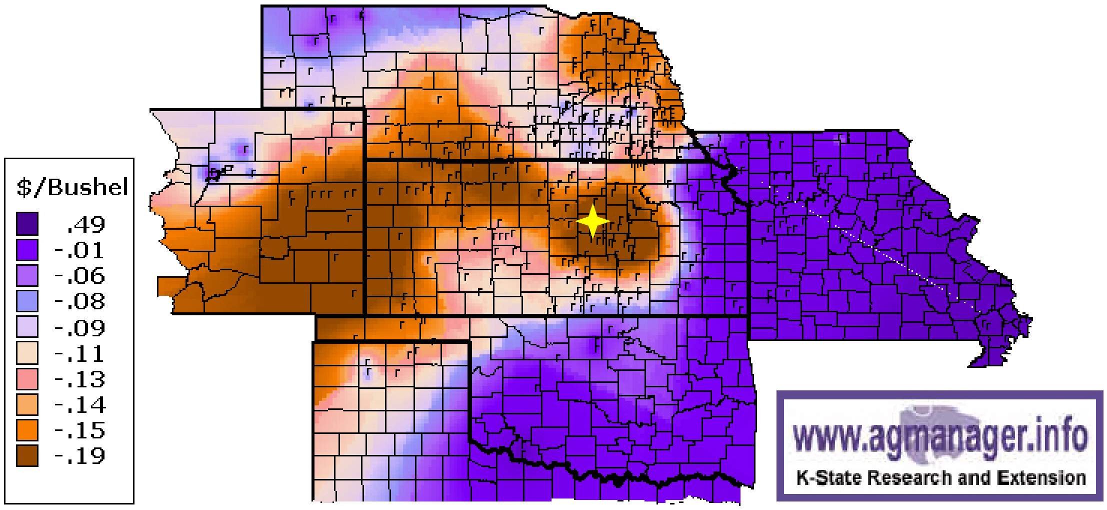
Basis = ($0.35) /bu

Salina, KS

Tuesday, 11/3/2015

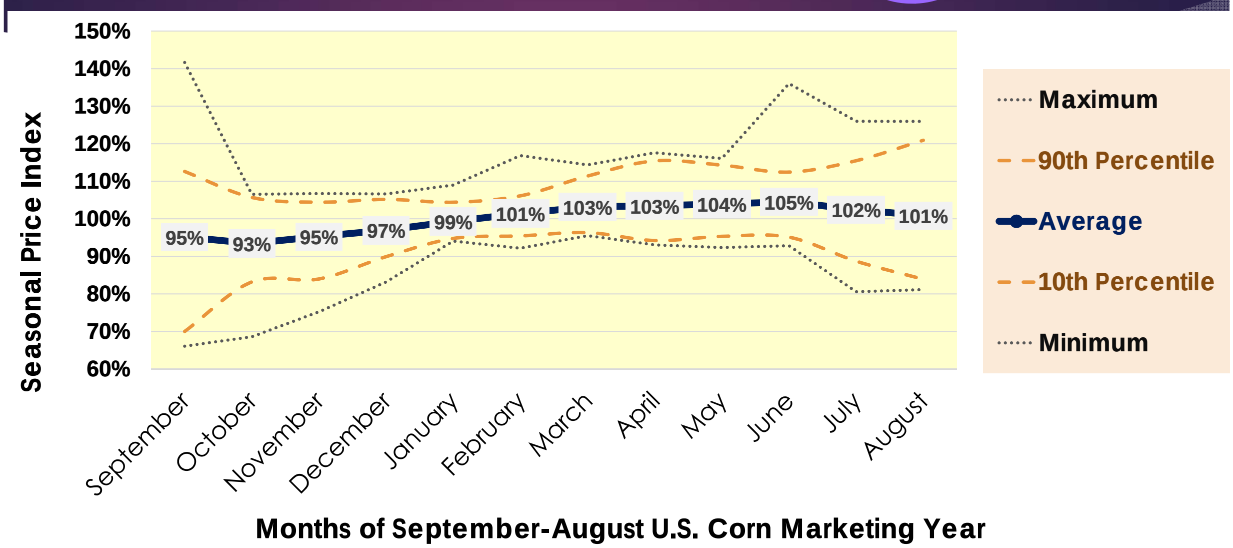
## Corn Basis Deviation, 10-28-2015

Basis Deviation = Current Basis - 3 Year Average Basis (2012, 2013, 2014)




## Kansas Corn Seasonal Cash $ Index

**Monthly Prices**: 1999/2000 – 2014/15 Marketing Years



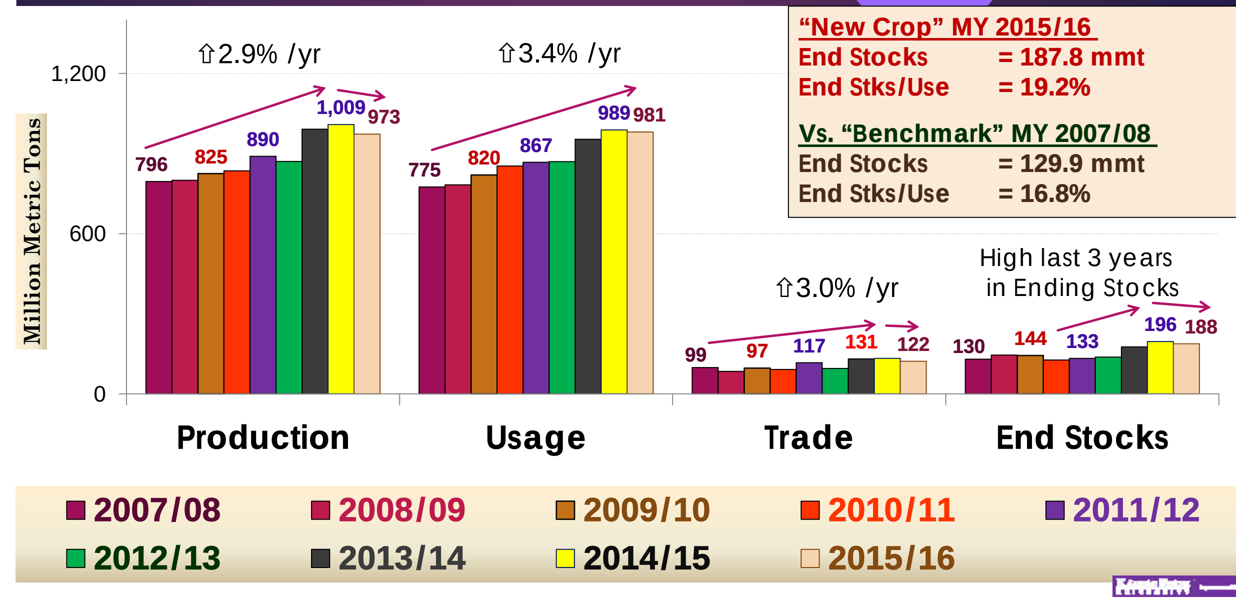
## World Corn & Sorghum Market Prospects:
### Large Supplies ⇨ A "*Buyer's* Market"

- **Record World Supplies & Usage in 2015/16**
  - 3 record World coarse grain crops in last 3 years (like wheat)
- **Varying 2015/16 Coarse Grain Crop Prospects**
  - ⇧ Australia, Canada, No. Africa/Mid. East, SE Asia, China
  - ⇩ U.S., Argentina*, Brazil*, E.U., Mexico, Russia, Ukraine
- **Coarse grain exports likely to remain a "buyer's market" until World stocks decline**
  - U.S. & World Crop Uncertainty in 2016? (El Nino / La Nina…??)

## World Corn Supply & Use – October 9th WASDE

| | 2014/15 Estimate | 2015/16 Forecast | 2015/16 vs 2014/15 |
|---|---|---|---|
| | mmt | Mmt | percent |
| Beginning Stocks | 176 | #3 1986/87 196 | +11.4% |
| Production | #1 1,009 | #3 2013/14 973 | -3.8% |
| **Total Supply** | #1 **1,185** | #2 2014/15 **1,169** | -1.3% |
| Feed Use | #2 2015/16 600 | #1 602 | +0.5% |
| Food, Seed, Industrial | #1 389 | #2 2014/15 378 | -2.7% |
| **Total Use** | #1 **989** | #2 2014/15 **981** | -0.8% |
| Export Trade | #1 133 | #3 2013/14 122 | -8.4% |
| **Ending Stocks** | #3 1986/87 **196** | #5 **188** | **-4.2%** |
| ***% Stocks / Use*** | ***19.8%*** | ***19.2%*** | ***-0.6%*** |

# World Corn Supply, Use & Stocks




## Monthly Crop Calendar for Corn

10/9/2015

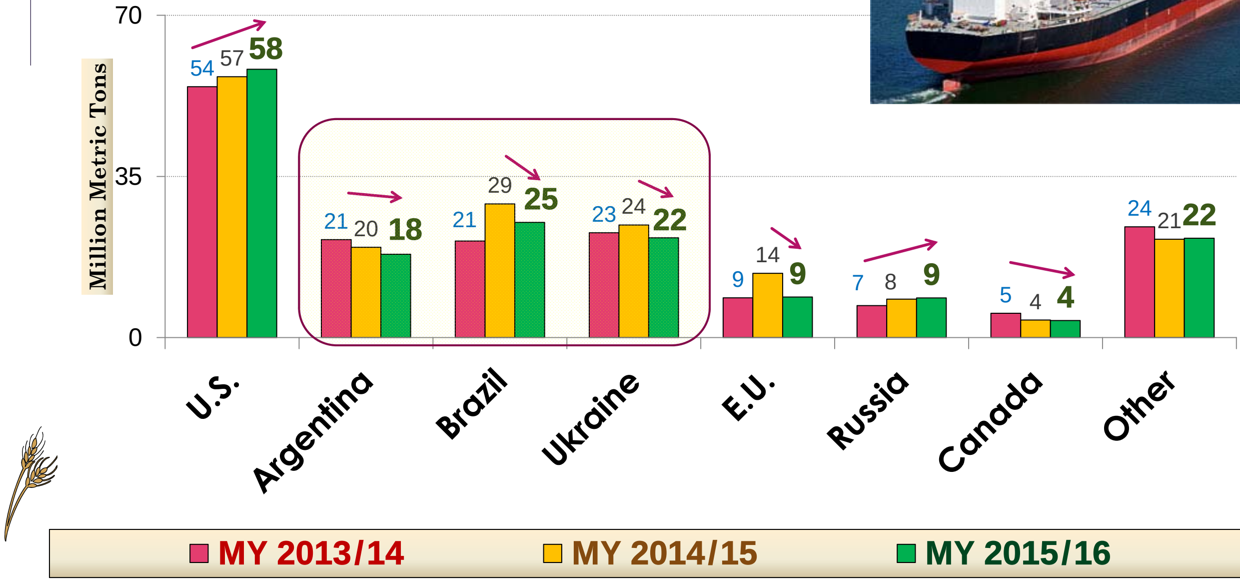
Plant (P) · Silk (S) · Harvest (H)

| | USDA Prod Est. 15/16 | Change | Oct | | Nov | | Dec | | Jan | | Feb | | Mar | | Apr | | May | | Jun | | Jul | | Aug | | Sep | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EU | 58.00 | 0.00 | H | H | H | H | | | | | | | | | P | P | P | P | | | | | H | H | H | H |
| US | 344.31 | (0.76) | H | H | H | | | | | | | | | | | P | P | P | | | S | S | S | | | H |
| Mexico *Summer* | 23.50 | 0.00 | H | H | H | H | H | H | H | H | H | H | H | | | P | P | P | P | P | P | P | P | P | | |
| Ukraine | 25.00 | (2.00) | H | H | H | | | | | | | | | | | P | P | P | | | S | S | | | | H |
| Russia | 13.50 | 0.00 | H | H | H | H | | | | | | | | | | | P | P | | | S | S | S | | | |
| China | 225.00 | 0.00 | H | H | | | | | | | | | | | | | P | P | P | P | | | | | H | H |
| Indonesia *Dry Region* | 9.60 | 0.00 | H | H | | | | | | | | | | | | | P | P | P | P | P | P | H | H | H | H |
| Philippines *Main* | 7.80 | (0.20) | | | | | P | P | P | P | P | P | H | H | H | H | P | P | P | P | P | P | H | H | H | H |
| Canada | 12.30 | 0.00 | H | H | H | H | | | | | | | | | | | P | P | P | P | S | S | S | S | | H |
| India | 23.00 | (0.50) | H | H | H | H | H | H | H | H | | | | | | | | | P | P | P | P | P | P | P | P |
| Brazil *1st crop* | 80.00 | 1.00 | P | P | P | P | P | P | H | H | H | H | H | H | H | H | H | H | | | | | | P | P | P |
| Argentina | 24.00 | (1.00) | P | P | P | P | | S | S | S | | | H | H | H | H | H | H | | | | | | | P | P |
| Philippines *2nd Crop* | | | P | P | P | P | H | H | H | H | H | H | | | | | | | | | | | | | P | P |
| South Africa | 13.50 | 0.00 | P | P | P | P | P | P | P | S | S | | | | | H | H | H | H | H | H | H | | | | |
| Mexico *Winter* | | | | | | | | | P | P | P | P | P | P | | H | H | H | H | H | H | H | | | | |
| Brazil *2nd crop* | | | | | | | | | | P | P | P | P | | | | H | H | H | H | H | H | H | H | | |
| Indonesia *Rainy Region* | | | H | H | H | H | H | H | | | P | P | P | P | P | P | | | | | | | | | | |
| Nigeria | 7.00 | 0.00 | | | | | | | | | | | P | P | P | P | P | P | P | P | H | H | H | H | H | H |

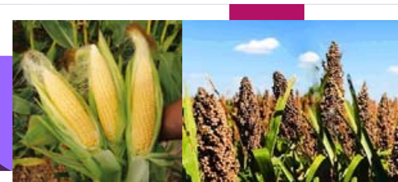
CHS Hedging
Jenna Roe

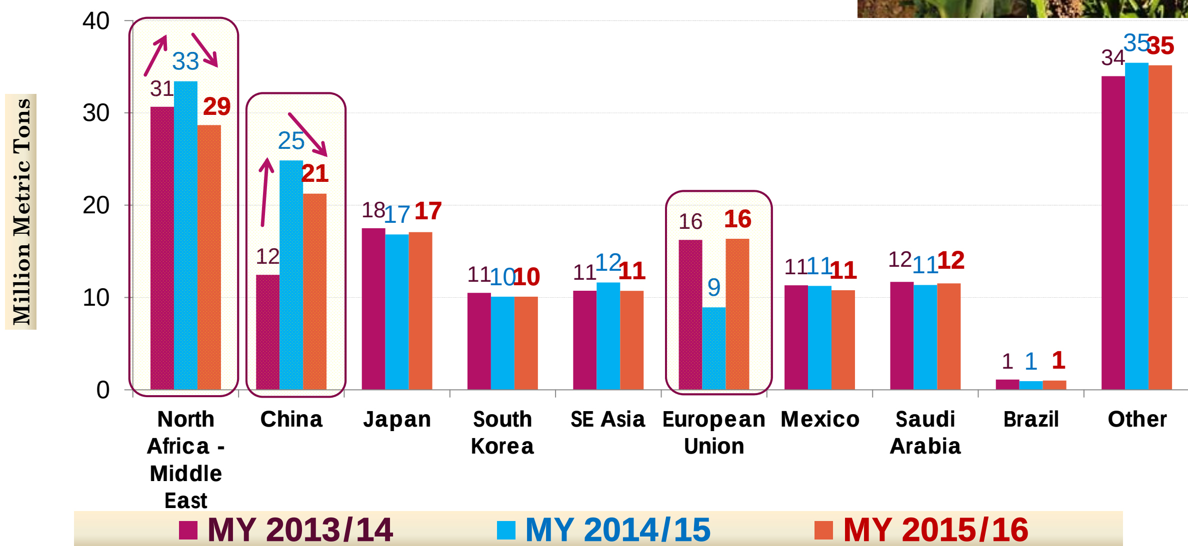
Sources: USDA, AMIS, and CHS, Inc. locations

# World Coarse Grain Exporters




# Coarse Grain Importers





# U.S. Feedgrain Market Prospects:

## Strong domestic use, ⇧⇩ Exports, & Weak Prices

- **Strong U.S. sorghum exports to China in question?**
  - Depends on Chinese Ag Policy wrt managing corn reserves
- **Low Corn Prices have supported U.S. domestic use**
  - **Livestock Feed**$^{2015/16}$ = 5.275 bln bu *(2$^{nd}$ highest since 2007/08)*
  - **Corn Ethanol**$^{2015/16}$ = 5.250 bln bu *(record, up 45 mb vs 2014/15)*
  - **Other FSI**$^{2015/16}$ = 1.380 bln bu *(up 121 mb, ≈ average since 1998/99)*
  - **Exports**$^{2015/16}$ = 1.850 bln bu *(down vs 2.437 bb high in 2007/08)*
- **Still Some Uncertainty about 2015 U.S. corn production**

# U.S. Corn Supply-Use & Prices

| | | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15 | | 2015/16 |
|---|---|---|---|---|---|---|---|---|---|---|
| Area Planted | (mil. acres) | | 91.9 | | 97.3 | | 95.4 | | 90.6 | 88.4 |
| Yield | (bu./acre) | | 147.2 | | 123.1 | | 158.1 | | 171.0 | 168.0 |
| **Production** | **(mil. bu.)** | | **12,314** | | **10,755** | | **13,829** | | **14,216** | **13,555** |
| Beginning Stocks | (mil. bu.) | | 1,128 | | 989 | | 821 | | 1,232 | 1,731 |
| Imports | (mil. bu.) | | 29 | | 160 | | 36 | | 32 | 30 |
| **Total Supply** | **(mil. bu.)** | | **13,471** | | **11,904** | | **14,686** | | **15,479** | **15,316** |
| Ethanol | (mil. bu.) | | 5,000 | | 4,641 | | **5,124** | | **5,207** | **5,250** |
| Food, Seed, & Other | (mil. bu.) | | 1,424 | | 1,397 | | 1,369 | | 1,365 | 1,380 |
| Exports | (mil. bu.) | | 1,539 | | 730 | | 1,920 | | 1,864 | 1,850 |
| Feed & Residual | (mil. bu.) | | 4,519 | | 4,315 | | **5,040** | | **5,317** | **5,275** |
| **Total Use** | **(mil. bu.)** | | **12,528** | | **11,083** | | **13,454** | | **13,748** | **13,755** |
| Ending Stocks *(%S/U)* | (mil. bu.) | *7.9%* | 989 | *7.4%* | 821 | *9.2%* | 1,232 | *12.6%* | 1,731 | *11.4%* 1,561 |
| Season-Avg. Price | ($/bu.) | | $6.22 | | $6.89 | | $4.46 | | **$3.70** | **$3.80** |

# U.S. Corn Production in 2015

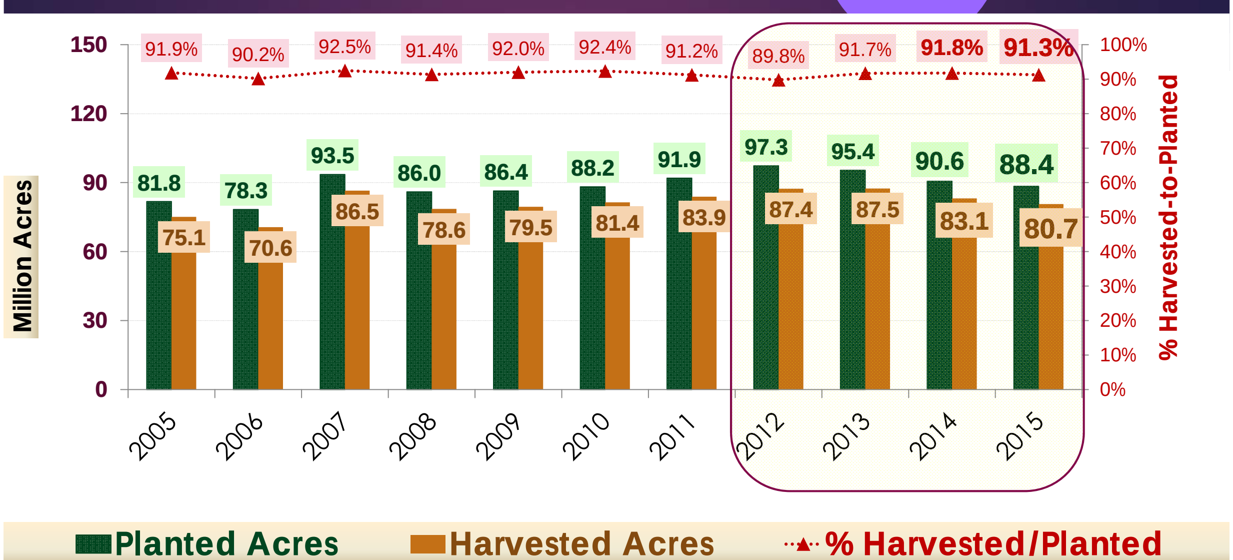
**Planted Acres = 88.4 million**$^{2015}$ **????**
vs 90.6 million$^{2014}$

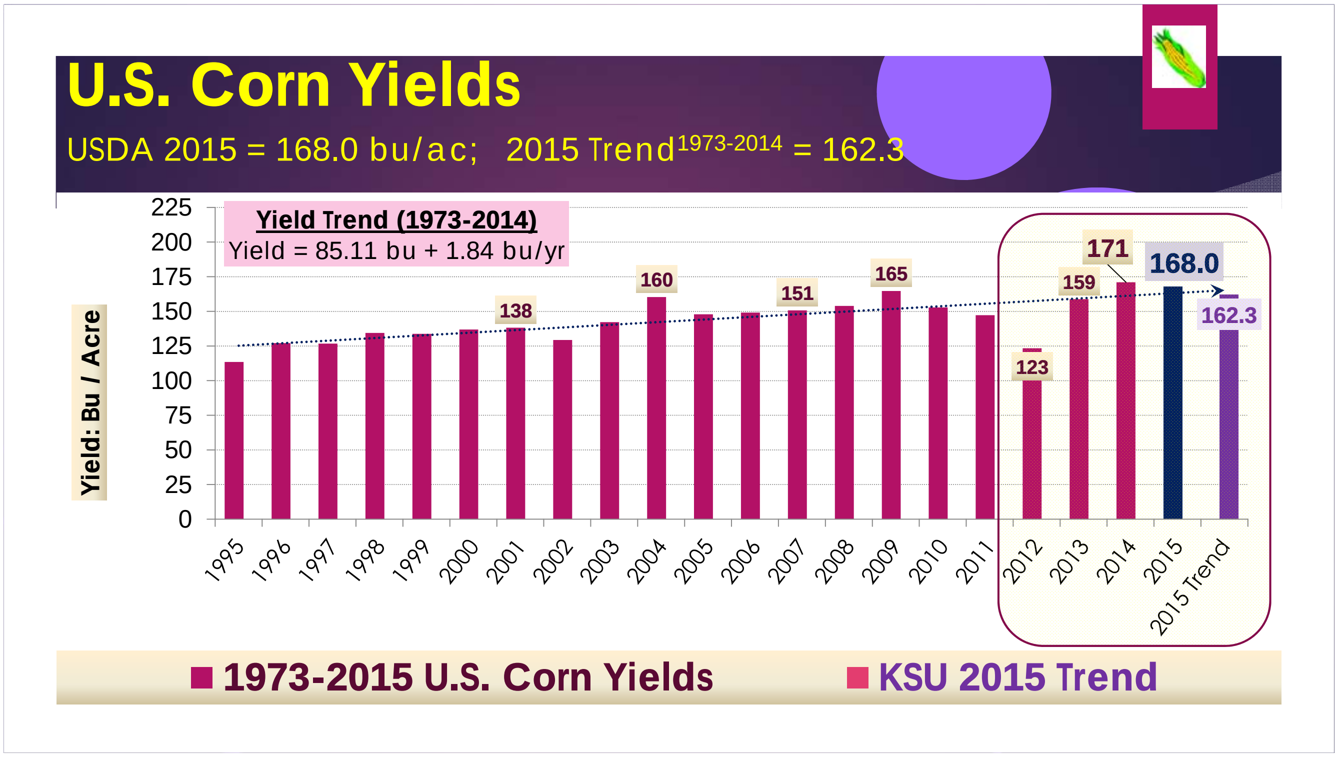
**Harvested Acres = 80.7 million**$^{2015}$ **????**
vs 83.1 million$^{2014}$

**Yield = 168.0 bu/ac**$^{2015}$ **????**
vs 171.0 bu/ac$^{2014}$ **(record)**

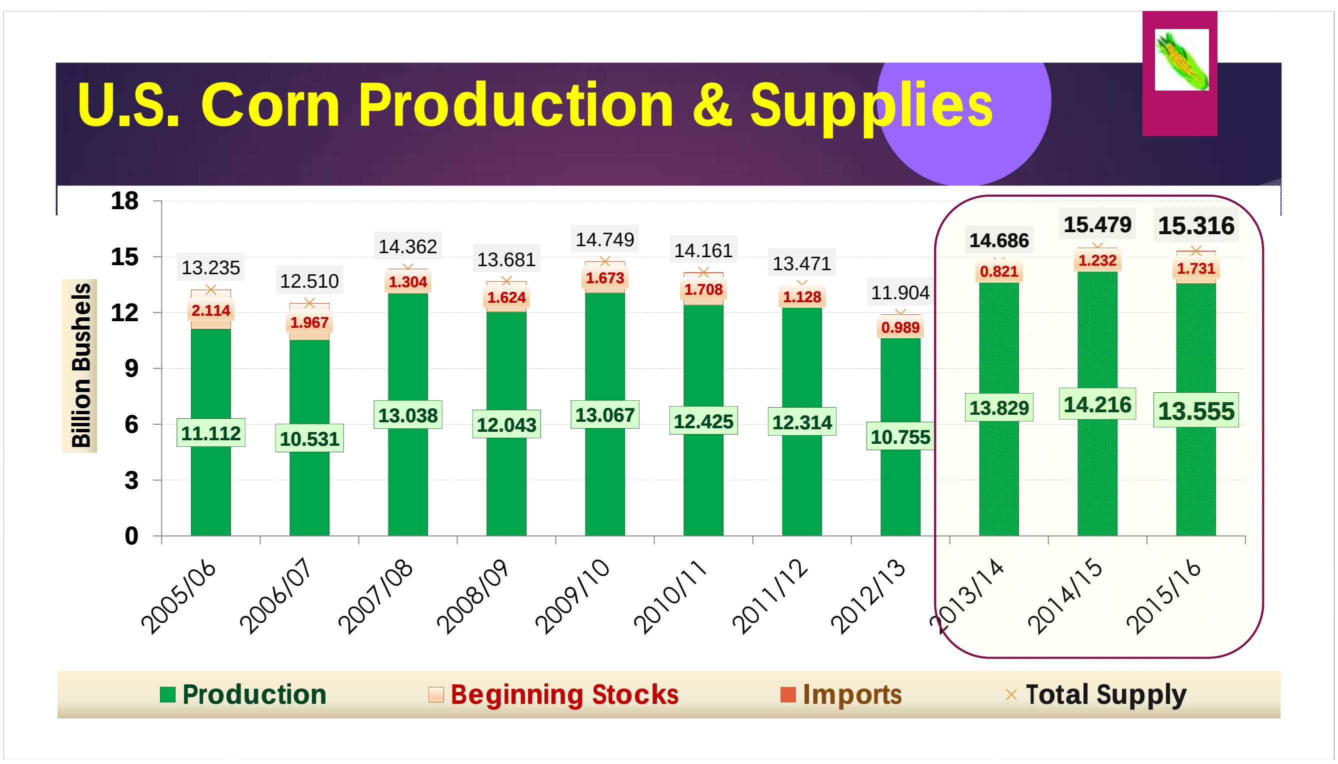
**Production = 13.555 bln bu**$^{2015}$ **????**
vs 14.216 bln bu$^{2014}$ **(record)**

# U.S. Corn Acreage

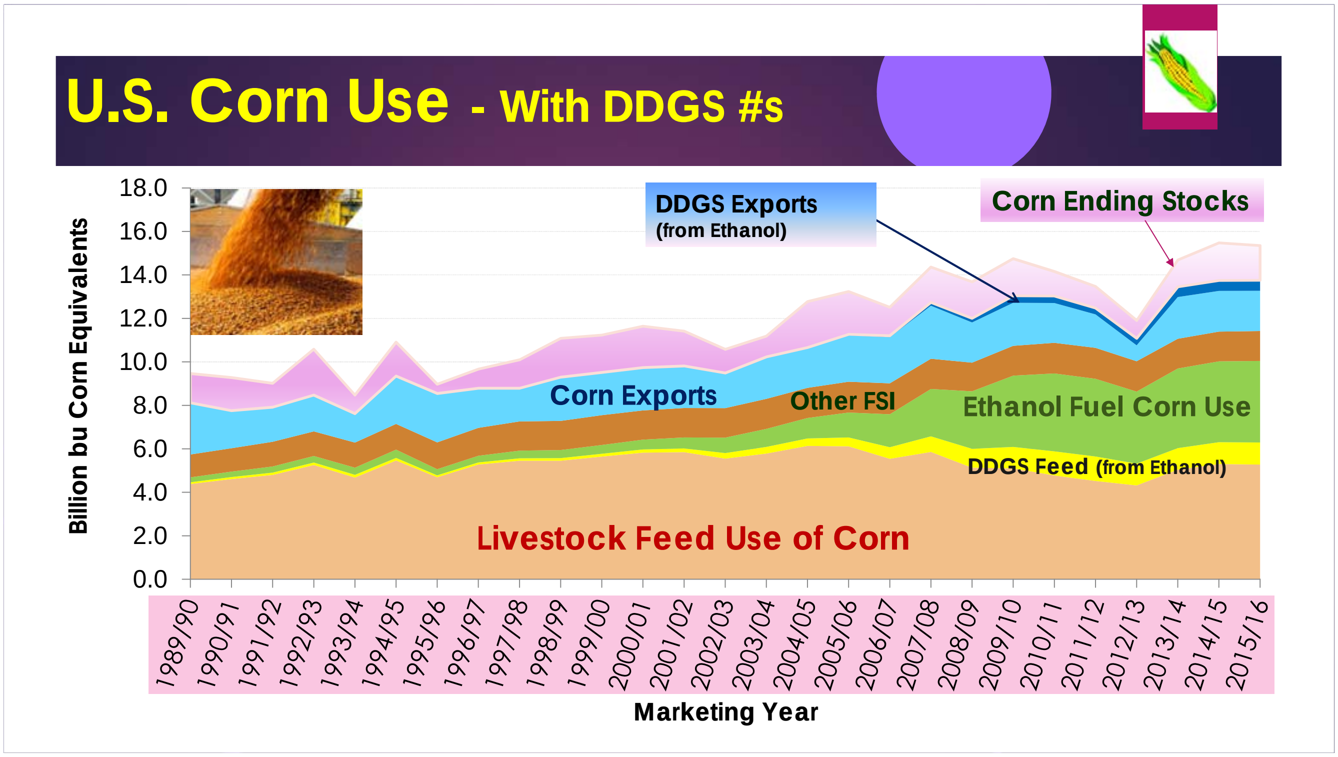


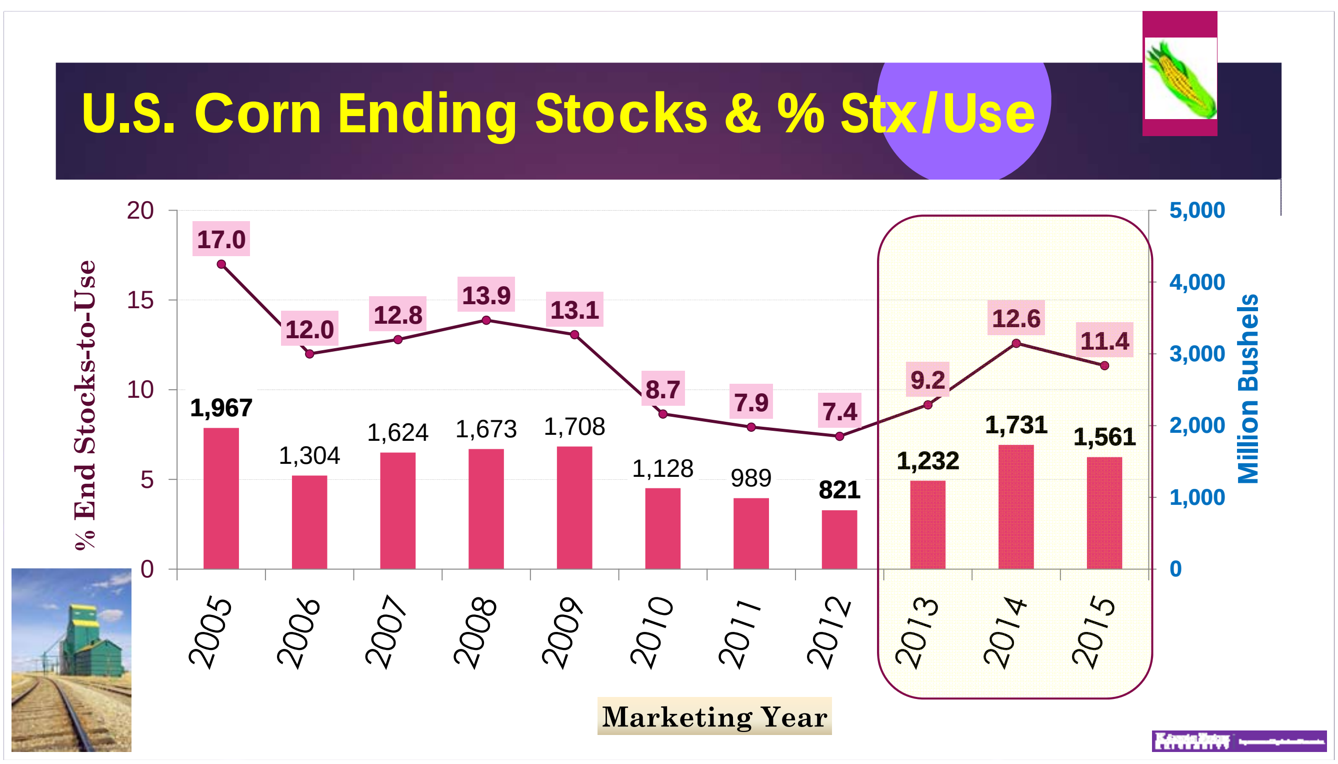


U.S. Corn Yields
USDA 2015 = 168.0 bu/ac; 2015 Trend1973-2014 = 162.3
Yield Trend (1973-2014)
Yield = 85.11 bu + 1.84 bu/yr
Yield: Bu / Acre
225
200
175
150
125
100
75
50
25
0
138
160
151
165
123
159
171
168.0
162.3
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2015 Trend
1973-2015 U.S. Corn Yields
KSU 2015 Trend

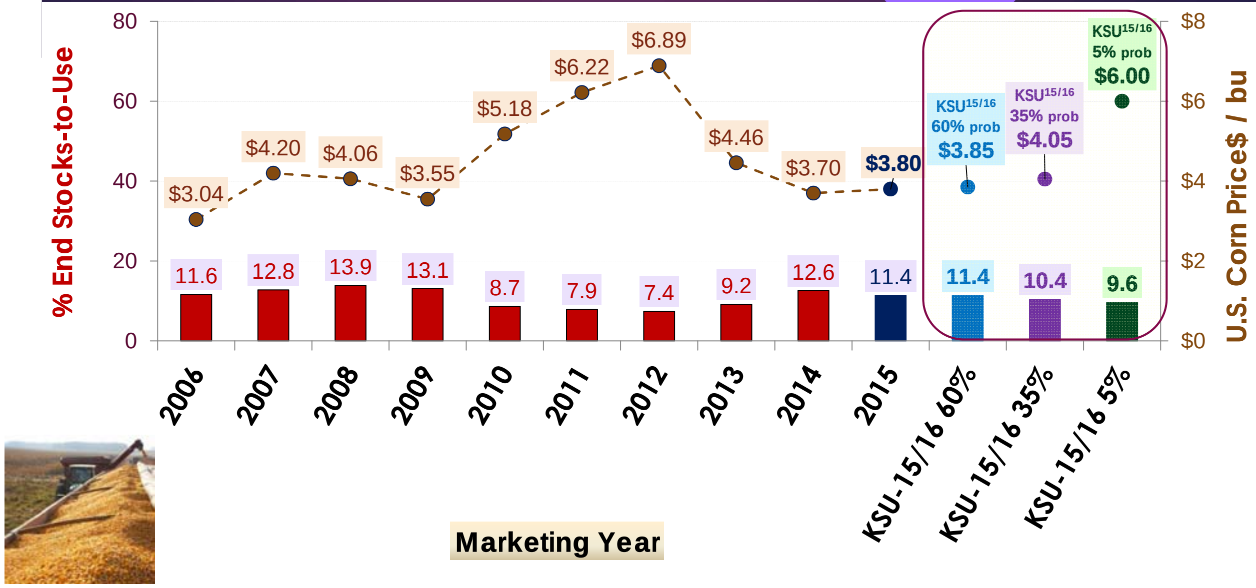



U.S. Corn Production & Supplies
Billion Bushels
18
15
12
9
6
3
0
13.235
2.114
11.112
12.510
1.967
10.531
14.362
1.304
13.038
13.681
1.624
12.043
14.749
1.673
13.067
14.161
1.708
12.425
13.471
1.128
12.314
11.904
0.989
10.755
14.686
0.821
13.829
15.479
1.232
14.216
15.316
1.731
13.555
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
Production
Beginning Stocks
Imports
Total Supply


U.S. Corn Use - With DDGS #s
DDGS Exports
(from Ethanol)
Corn Ending Stocks
Corn Exports
Other FSI
Ethanol Fuel Corn Use
DDGS Feed (from Ethanol)
Livestock Feed Use of Corn
Billion bu Corn Equivalents
18.0
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
0.0
1989/90
1990/91
1991/92
1992/93
1993/94
1994/95
1995/96
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
Marketing Year

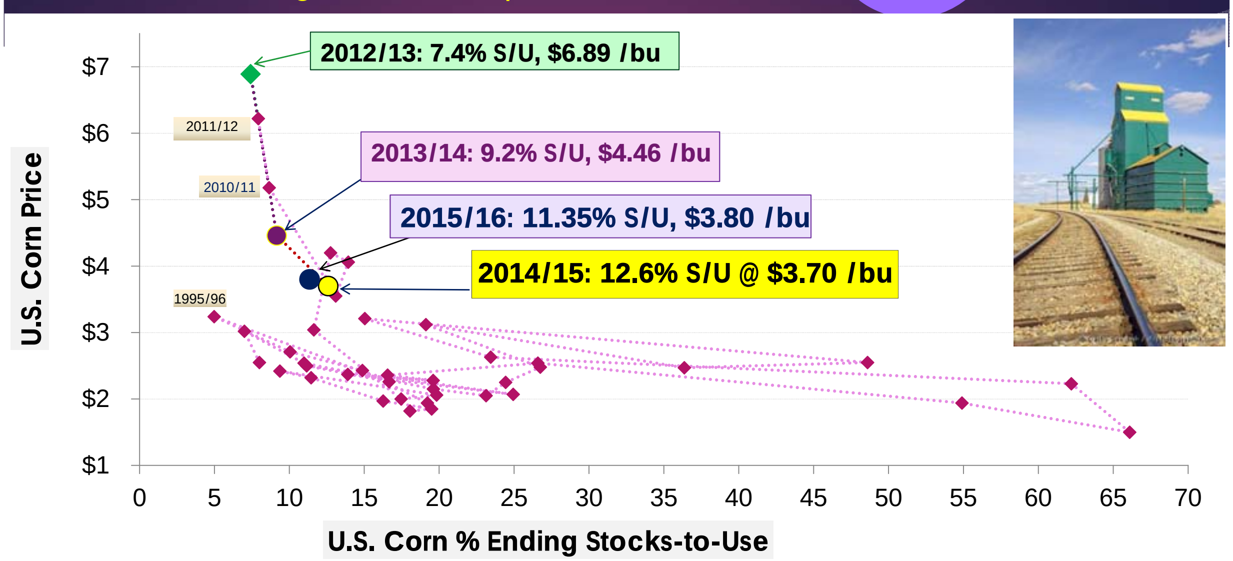

U.S. Corn Ending Stocks & % Stx/Use
% End Stocks-to-Use
20
15
10
5
0
Million Bushels
5,000
4,000
3,000
2,000
1,000
0
17.0
12.0
12.8
13.9
13.1
8.7
7.9
7.4
9.2
12.6
11.4
1,967
1,304
1,624
1,673
1,708
1,128
989
821
1,232
1,731
1,561
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Marketing Year

# U.S. Corn % Stocks/Use vs Price$



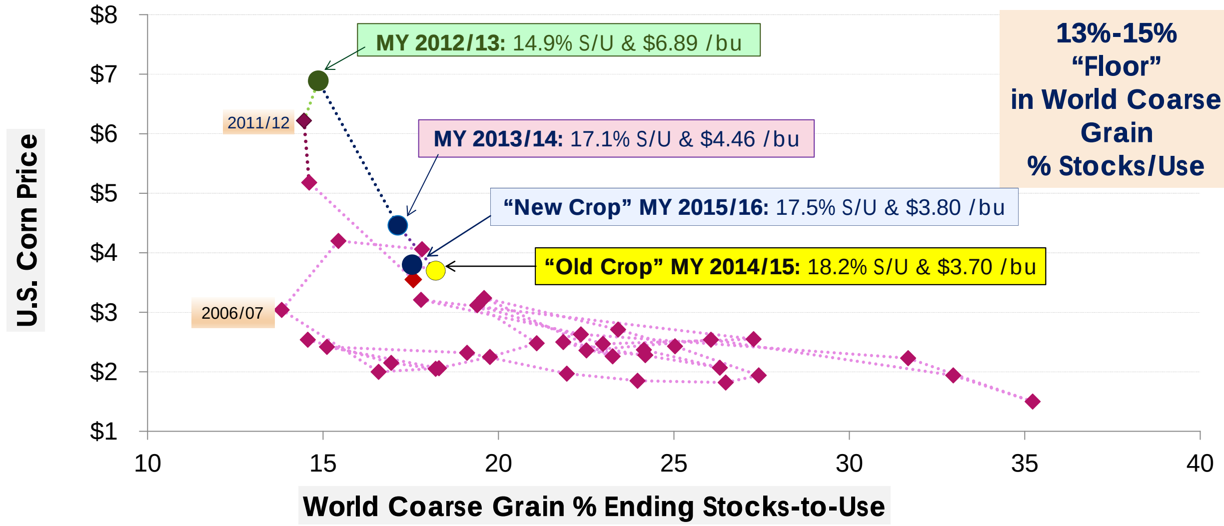

# U.S. Corn Price$ vs U.S. % Stocks-to-Use

MY 1973/74 through "New Crop" MY 2015/16

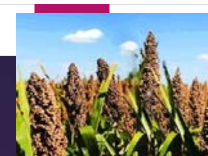


# U.S. Corn$ vs World Coarse Grain %S/U

MY 1973/74 through "New Crop" MY 2015/16

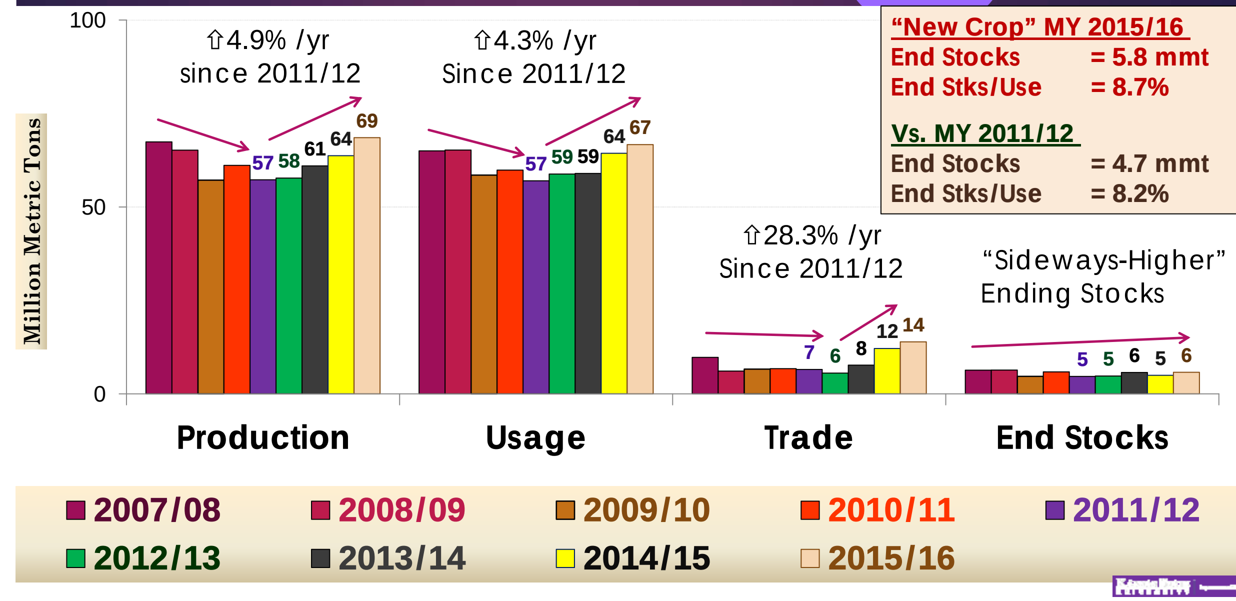



# World Sorghum Supply & Use – 10/9 WASDE



| | 2014/15 Estimate | 2015/16 Forecast | 2015/16 vs 2014/15 |
|---|---|---|---|
| | mmt | mmt | percent |
| Beginning Stocks | 6 | 5 | -13.5% |
| Production | 64 | *high since 1996* 69 | +7.6% |
| **Total Supply** | **72** | *high since 1987* **74** | **+1.5%** |
| Feed Use | 30 | *high since 1996* 33 | +9.1% |
| Food, Seed, Industrial | 34 | 34 | -1.3% |
| **Total Use** | **64** | #1 **67** | **+3.6%** |
| Export Trade | 12 | *high since 1980* 14 | +14.7% |
| **Ending Stocks** | **5** | **6** | +16.4% |
| ***% Stocks / Use*** | ***7.7%*** | ***8.7%*** | ***+1.0%*** |

# World Sorghum Supply, Use & Stocks




# U.S. Sorghum Supply-Use & Prices

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|---|---|---|
| Area Planted | (mil. acres) | 5.5 | 6.3 | 8.1 | 7.1 | 8.7 |
| Yield | (bu./acre) | 54.0 | 49.6 | 59.6 | 67.6 | 74.9 |
| **Production** | **(mil. bu.)** | **213** | **248** | **392** | **433** | **574** |
| Beginning Stocks | (mil. bu.) | 27 | 23 | 15 | 34 | 18 |
| Imports | (mil. bu.) | 0.1 | 10 | 0.1 | 0.4 | 0 |
| **Total Supply** | **(mil. bu.)** | **241** | **280** | **408** | **467** | **592** |
| Alcohol-Industrial, Food | (mil. bu.) | 84 | 94 | 69 | **14** | **14** |
| Seed | (mil. bu.) | 1 | 1 | 1 | 1 | 1 |
| Exports | (mil. bu.) | 63 | 76 | **211** | **353** | **430** |
| Feed & Residual | (mil. bu.) | 69 | 93 | 93 | 80 | 105 |
| **Total Use** | **(mil. bu.)** | **218** | **265** | **374** | **449** | **550** |
| Ending Stocks *(%S/U)* | (mil. bu.) | *10.6%* 23 | *5.7%* 15 | *9.1%* 34 | *4.1%* 18 | *7.6%* 42 |
| Season-Avg. Price | ($/bu.) | $5.99 | $6.33 | $4.28 | **$4.03** | **$4.00** |

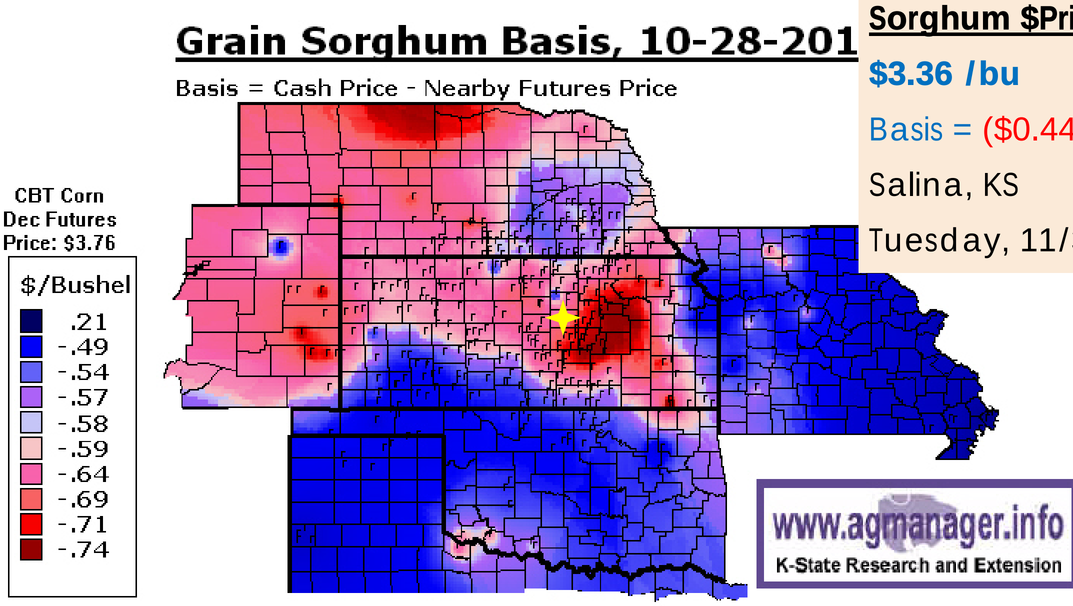
# U.S. Sorghum Production in 2015

**Planted Acres = 8.7 million**$^{2015}$
vs 7.1 million$^{2014}$

**Harvested Acres = 7.6 million**$^{2015}$
vs 6.4 million$^{2014}$

**Yield = 75.0 bu/ac**$^{2015}$
vs 67.6 bu/ac$^{2014}$

**Production = 574 mln bu**$^{2015}$
vs 433 mln bu$^{2014}$




**Sorghum $Price & Basis**

**$3.36 /bu**

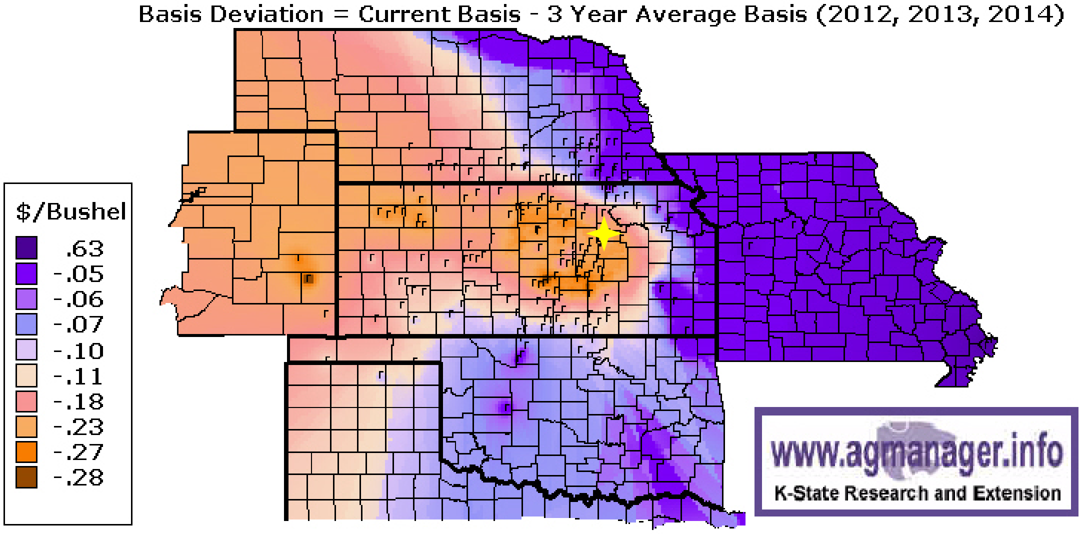
Basis = ($0.44) /bu

Salina, KS

Tuesday, 11/3/2015

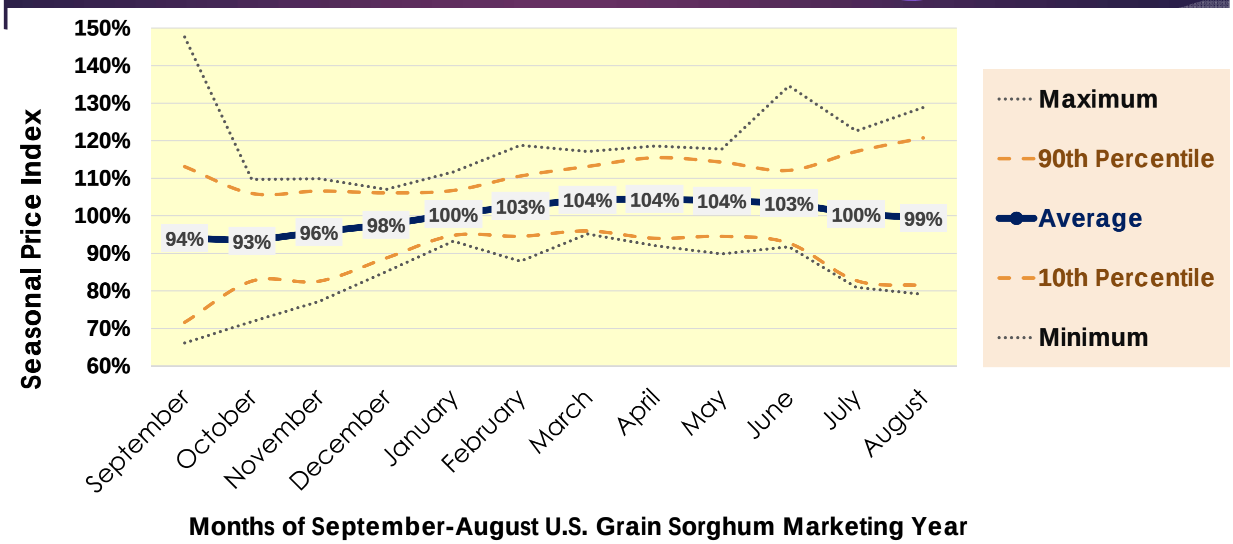
## Grain Sorghum Basis Deviation, 10-14-2015

Basis Deviation = Current Basis - 3 Year Average Basis (2012, 2013, 2014)

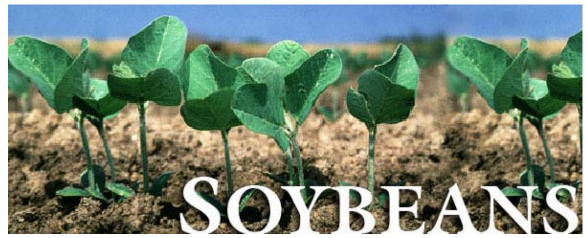



## Kansas Sorghum Seasonal Cash $ Index

**Monthly Prices**: 1999/2000 – 2014/15 Marketing Years



# Soybean Markets



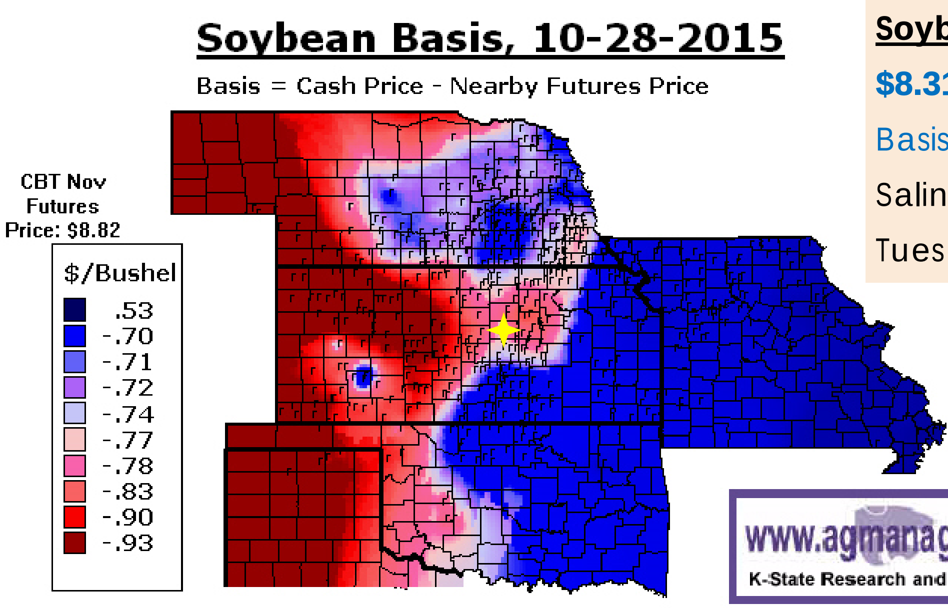

Kansas State University
Department of Agricultural Economics

# CME Soybean Futures

**Weekly Chart**: September 2014 – October 30, 2015 + 11/3/2015

# CME Soybean Futures

**Monthly Chart**: Sept. 2014 – October 30, 2015 + 11/3/2015


**Soybean $Price & Basis**

**$8.31 /bu**

Basis = ($0.48) /bu

Salina, KS

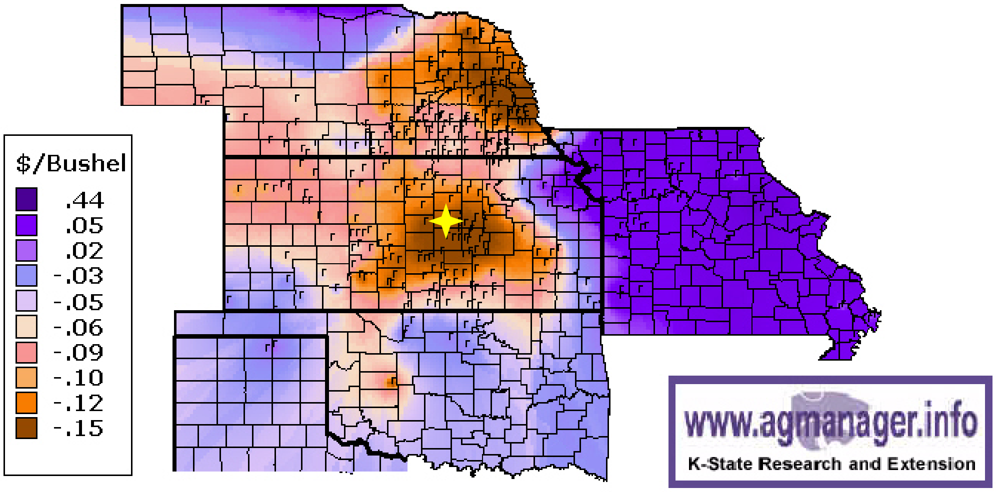
Tuesday, 11/3/2015

www.agmanager.info

K-State Research and Extension

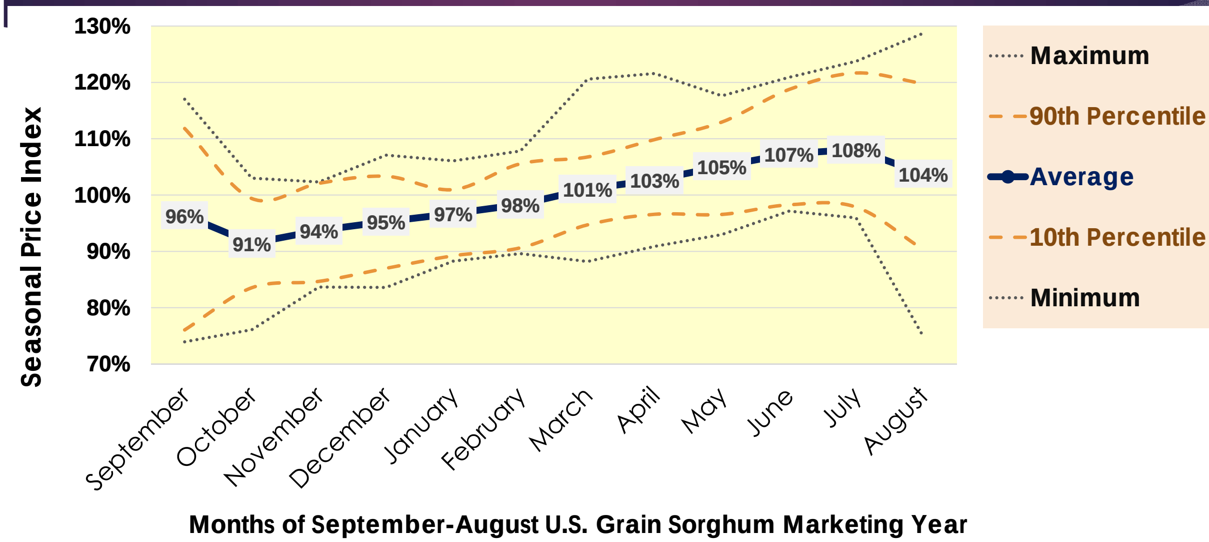
## Soybean Basis Deviation, 10-28-2015

Basis Deviation = Current Basis - 3 Year Average Basis (2012, 2013, 2014)




## Kansas Soybean Seasonal Cash $ Index

**Monthly Prices**: 1999/2000 – 2014/15 Marketing Years



# World Soybean Market Prospects:

## Large Supplies ⇨ A "*Buyer's* Market"

- **Record World Supplies & Usage in 2015/16**
  - o 3 consecutive record large World soybean crops (like wheat & corn)
- **Varying MY 2015/16 Crop Prospects by Country**
  - ⇧ Brazil, Paraguay, & the European Union
  - ⇩ U.S., Argentina, & China
- **World soybean exports to remain a "*buyer's market*" until World supplies & stocks decline**
  - o U.S. & World Crop Uncertainty in 2016? (El Nino…??)

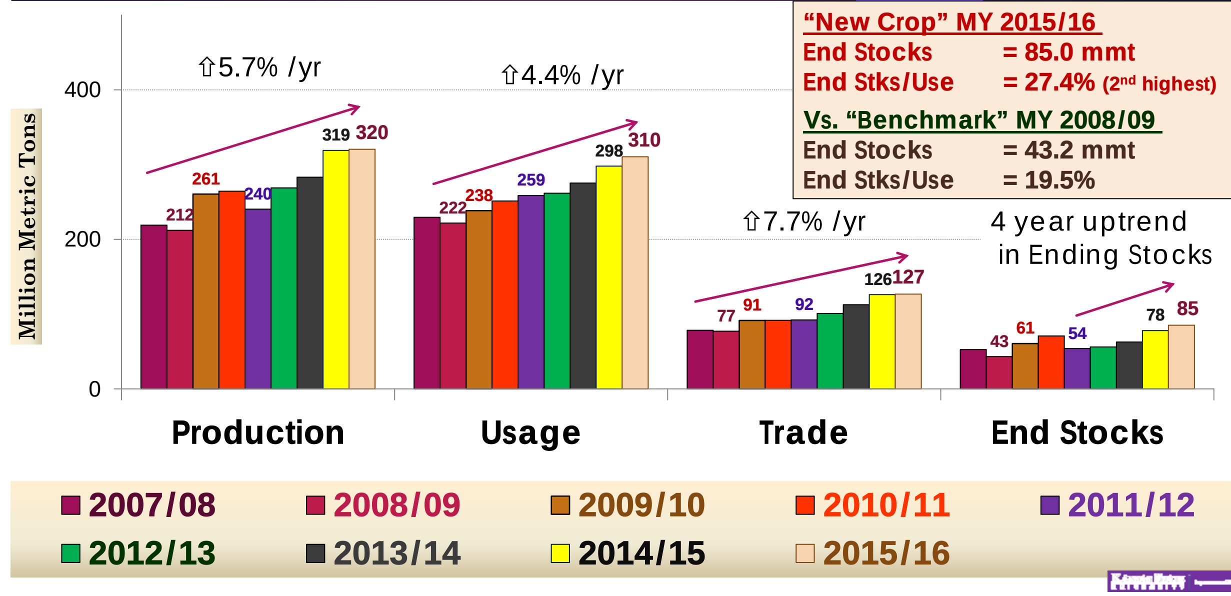
# World Soybean Supply & Use – 10/9/2015 WASDE

| | 2014/15 Estimate | 2015/16 Forecast | 2015/16 vs 2014/15 |
|---|---|---|---|
| | mmt | mmt | percent |
| Beginning Stocks | 63 | #1 78 | +24.2% |
| Production | #2 2015/16 319 | #1 320 | +0.5% |
| **Total Supply** | **#2 2015/16 382** | **#1 398** | **+4.4%** |
| Domestic Crush | #2 2015/16 261 | #1 272 | +4.5% |
| Food, Seed, Other Use | #2 2015/16 37 | #1 38 | +2.0% |
| **Total Use** | **#2 2015/16 298** | **#1 310** | **+4.2%** |
| Export Trade | #2 2015/16 126 | #1 127 | **+0.6%** |
| **Ending Stocks** | **#2 2015/16 78** | **#1 85** | **+9.2%** |
| ***% Stocks / Use*** | **#4 2010/11 *26.2%*** | **#3 2010/11 *27.4%*** | ***+1.2%*** |

# World Soybean Supply, Use & Stocks

**"New Crop" MY 2015/16**
End Stocks = 85.0 mmt
End Stks/Use = 27.4% (2nd highest)

**Vs. "Benchmark" MY 2008/09**
End Stocks = 43.2 mmt
End Stks/Use = 19.5%




Monthly Crop Calendar for Soybeans 10/9/2015

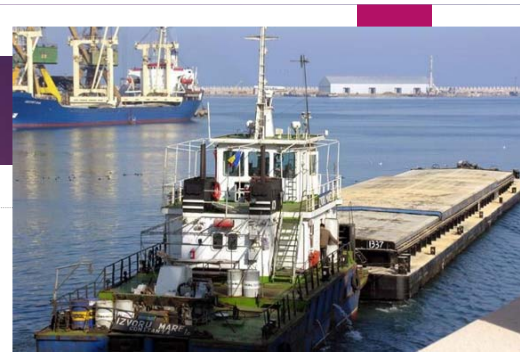
Plant | Bloom | Harvest

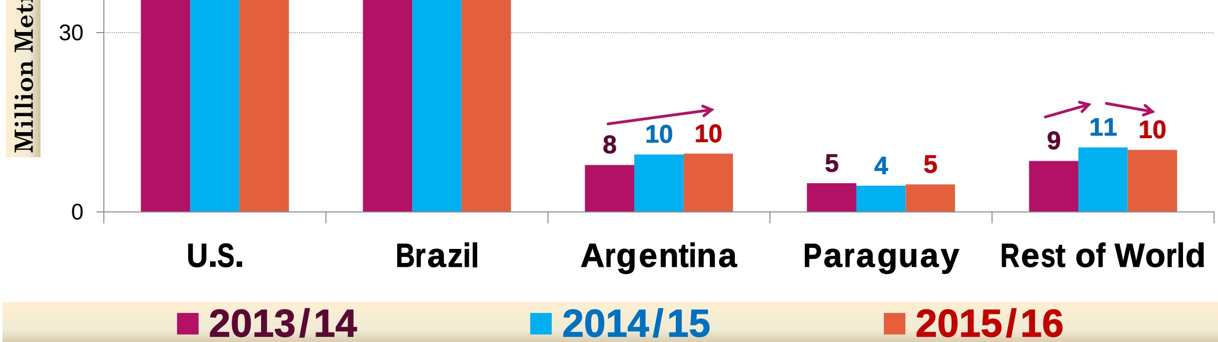
| | USDA Prod Est. 15/16 | Change | Oct | | Nov | | Dec | | Jan | | Feb | | Mar | | Apr | | May | | Jun | | Jul | | Aug | | Sep | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ukraine | 3.60 | (0.40) | | | | | | | | | | | | | P | P | P | P | | | | | H | H | H | H |
| EU | 2.03 | 0.08 | H | H | | | | | | | | | | | P | P | P | P | | | | | | | H | H |
| Russia | 2.70 | 0.00 | H | H | H | H | | | | | | | | | P | P | P | P | | | | | | | H | H |
| US | 105.81 | (1.29) | H | H | H | | | | | | | | | | | | P | P | P | | B | B | B | | | H |
| China | 11.50 | 0.00 | H | H | | | | | | | | | | | | | P | P | P | P | | | | | H | H |
| Canada | 5.95 | 0.00 | H | H | H | | | | | | | | | | | | P | P | P | P | B | B | B | B | | H |
| Indonesia | 0.60 | 0.00 | H | H | | | | | | | | | | | | | P | P | P | P | P | P | H | H | H | H |
| Mexico | 0.36 | 0.00 | H | H | H | H | H | H | H | H | H | H | | | | | P | P | P | P | P | P | P | P | P | P |
| India | 11.00 | (0.50) | | | H | H | H | H | | | | | | | | | | | P | P | P | P | P | P | | |
| Paraguay | 8.80 | 0.00 | P | P | P | P | P | P | H | H | H | H | H | H | H | H | H | H | H | H | | | | | | |
| Brazil | 100.00 | 3.00 | | P | P | P | P | P | H | H | H | H | H | H | H | H | H | H | | | | | | | | |
| Argentina | 57.00 | 0.00 | | | P | P | P | P | P | | B | B | | | H | H | H | H | H | H | | | | | | |
| South Africa | 1.30 | 0.00 | | | | P | P | P | | | H | H | H | H | | | | | | | | | | | | |

CHS Hedging
Jenna Roe

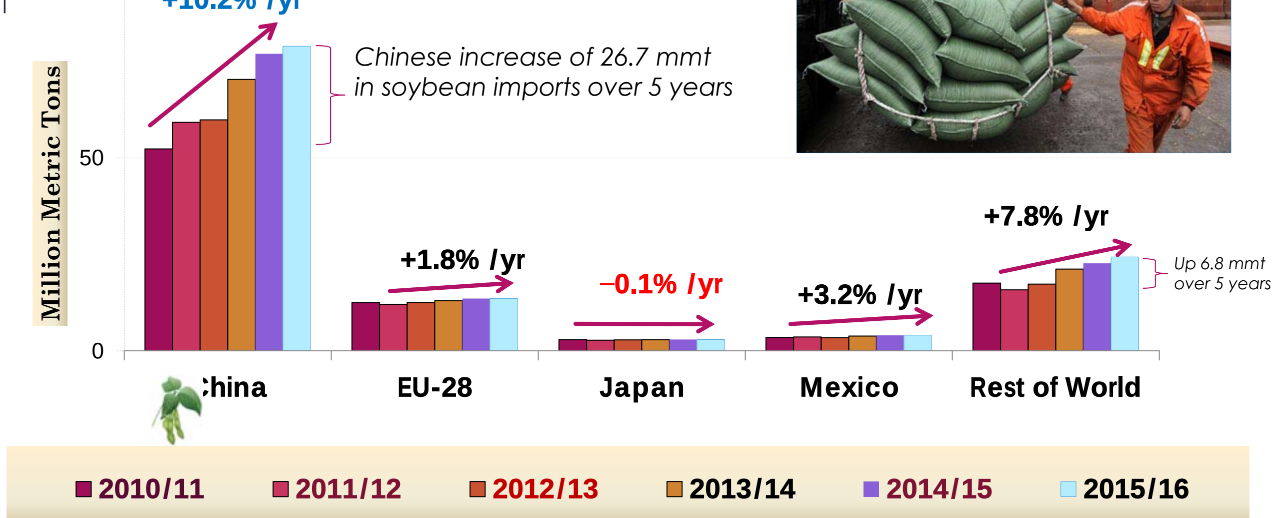
Sources: USDA, AMIS, and CHS, Inc. locations

# Soybean Exporter Sales






# Soybean Importer Purchases



# U.S. Soybean Market Prospects:

## Strong Use & Exports, Large Stocks, & Weak Prices

- **U.S. soybean exports in 2015/16 to remain historically large in spite of high U.S. Dollar**
  - Depends on China import demand & 2016 South American crops
- **Low Prices have supported U.S. Soybean Use**
  - **Crush$^{2015/16}$** = 1.880 bln bu *(record, > 1.875 bb in MY 2014/15)*
  - **Exports$^{2015/16}$** = 1.675 bln bu *(2$^{nd}$ high, ⇩ 176 mb vs MY 2014/15)*
- **Some Uncertainty re: final 2015 U.S. soybean crop size**

Kansas State University

# U.S. Soybean Supply-Use & Prices

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|---|---|---|
| Area Planted | (mil. acres) | 75.0 | 77.2 | 76.8 | 83.3 | 83.2 |
| Yield | (bu./acre) | 42.0 | 40.0 | 44.0 | 47.5 | 47.2 |
| **Production** | **(mil. bu.)** | **3,097** | **3,042** | **3,358** | **3,927** | **3,888** |
| Beginning Stocks | (mil. bu.) | 215 | 169 | 141 | 92 | 191 |
| Imports | (mil. bu.) | 16 | 41 | 72 | 33 | 30 |
| **Total Supply** | **(mil. bu.)** | **3,328** | **3,252** | **3,570** | **4,052** | **4,109** |
| Domestic Crush | (mil. bu.) | 1,703 | 1,689 | **1,734** | **1,875** | **1,880** |
| Exports | (mil. bu.) | 1,365 | 1,317 | **1,638** | **1,843** | **1,675** |
| Seed, Feed, Residual | (mil. bu.) | 91 | 105 | 107 | 143 | 130 |
| **Total Use** | **(mil. bu.)** | **3,159** | **3,111** | **3,478** | **3,861** | **3,685** |
| Ending Stocks *(%S/U)* | (mil. bu.) | *5.4%* 169 | *4.5%* 141 | *2.6%* 92 | *4.9%* 191 | *11.5%* 425 |
| Season-Avg. Price | ($/bu.) | $12.50 | $14.40 | $13.00 | **$10.10** | **$9.15** |

# U.S. Soybean Production in 2015

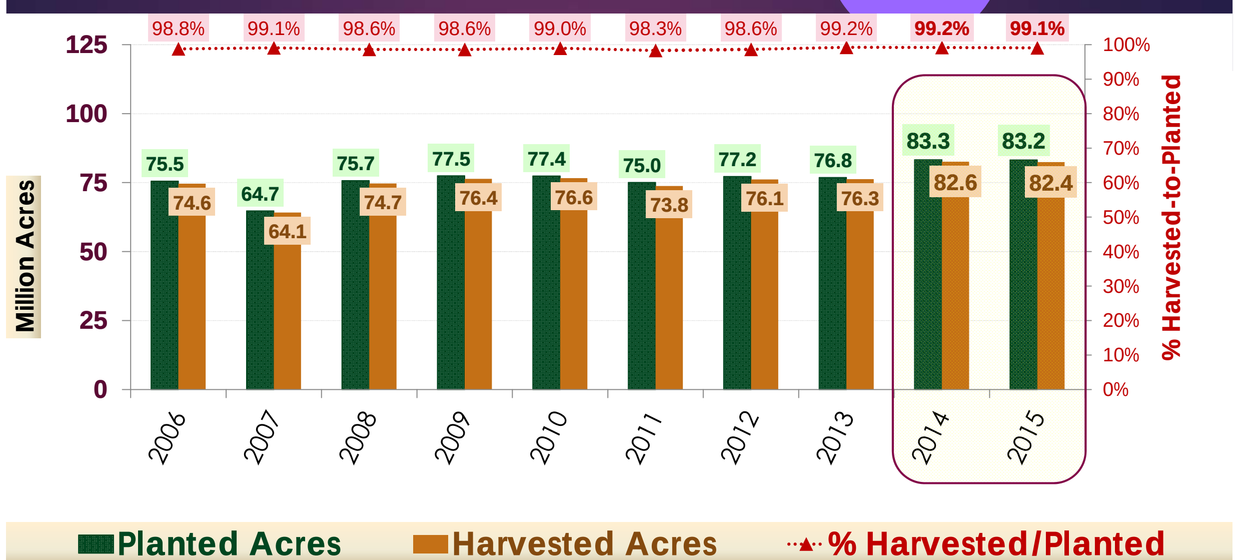
**Planted Acres = 83.2 million2015** **#2 2014**
vs 83.3 million2014 **#1**

**Harvested Acres = 82.4 million2015** **#2 2014**
vs 82.6 million2014 **#1**

**Yield = 47.2 bu/ac2015** **#2 2014**
vs 47.5 bu/ac2014 **#1**

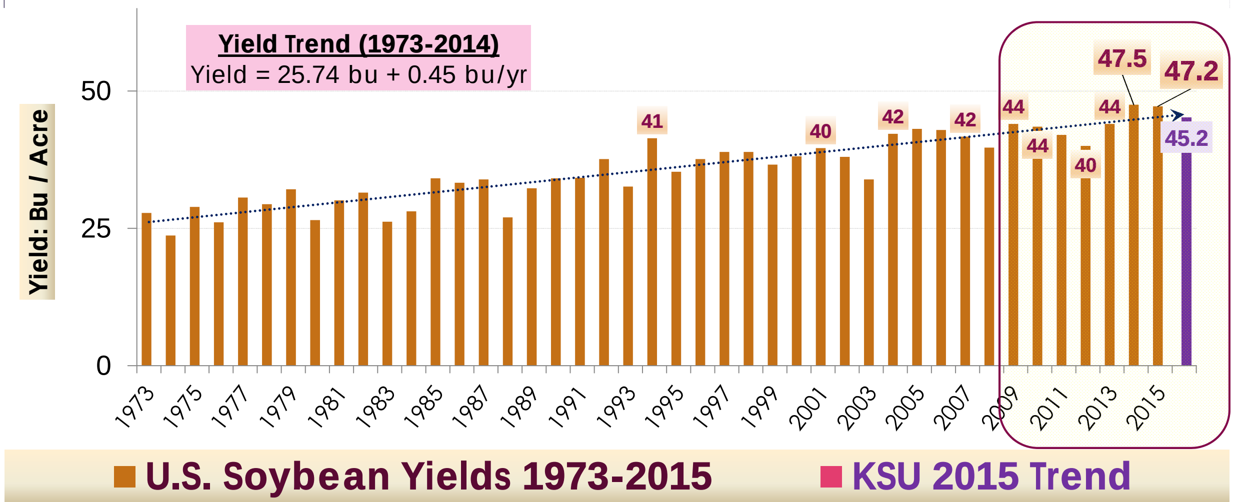
**Production = 3.888 bln bu2015** **#2 2014**
vs 3.927 bln bu2014 **#1**

# U.S. Soybean Acreage



# U.S. Soybean Yields

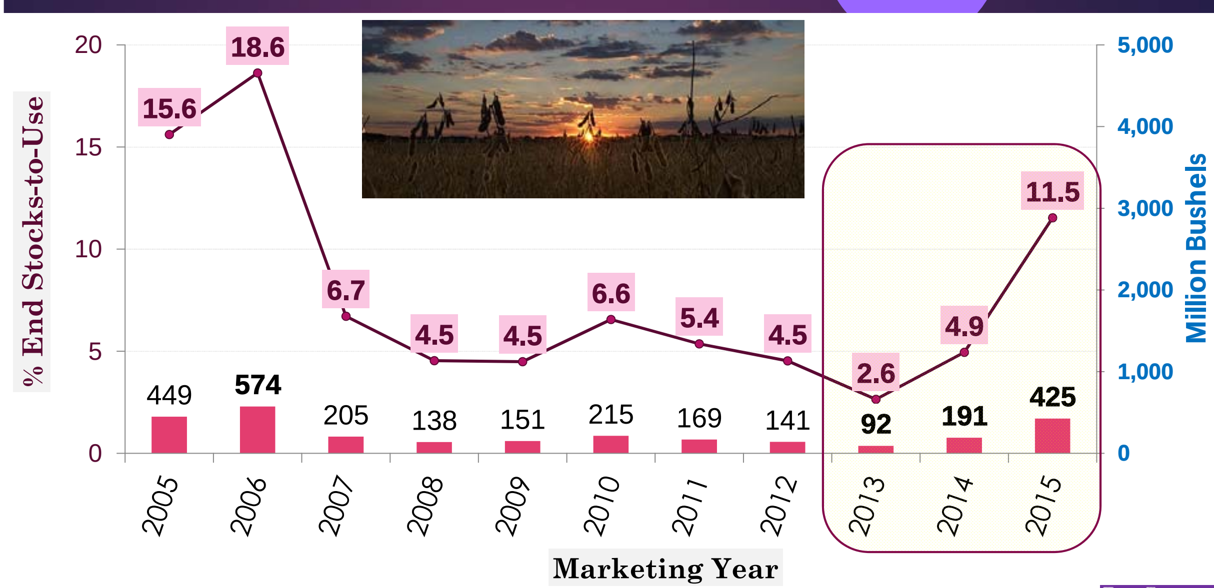
USDA 2015 = 47.2 bu/ac;   2015 Trend[1973-2014] = 45.2



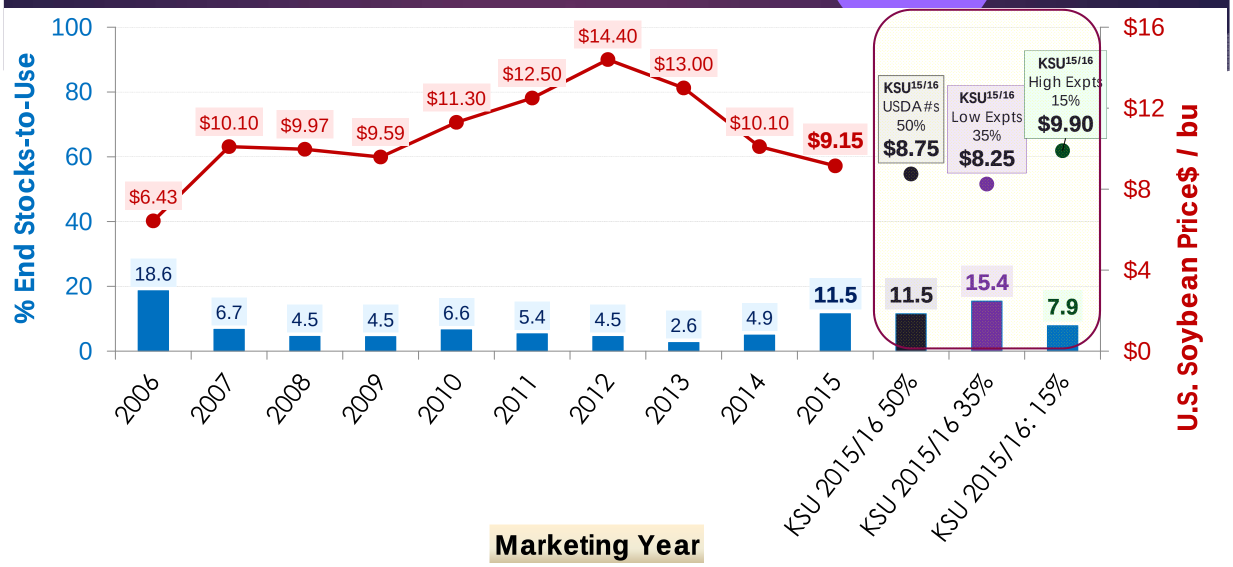

# U.S. Soybean Production & Supplies

# U.S. Soybean Use & End Stocks


# U.S. Soybean Ending Stocks & % Stx/Use

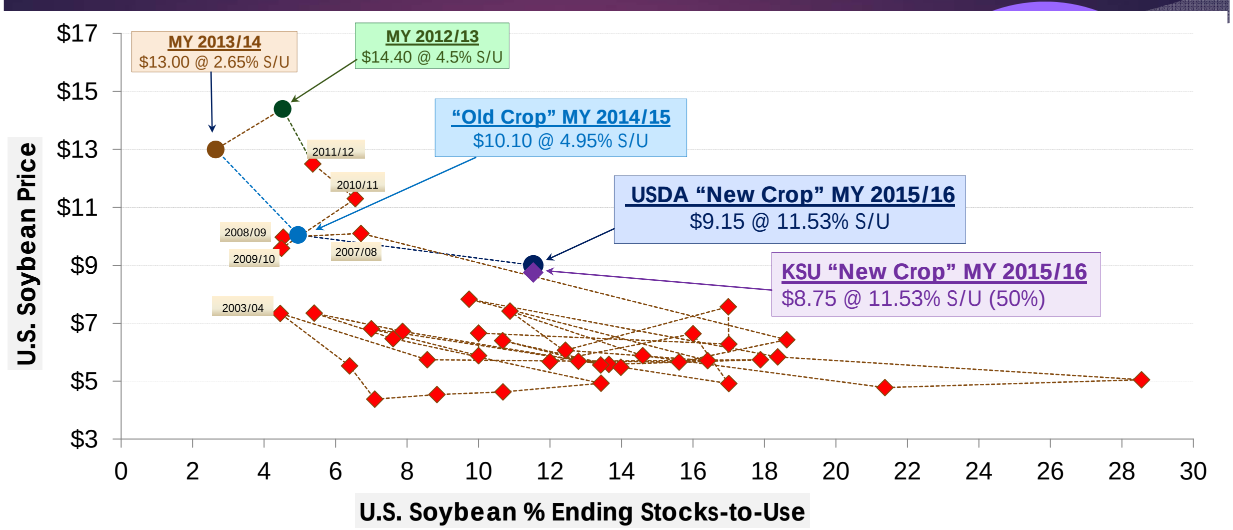


## U.S. Soybean % Stocks/Use vs Price$



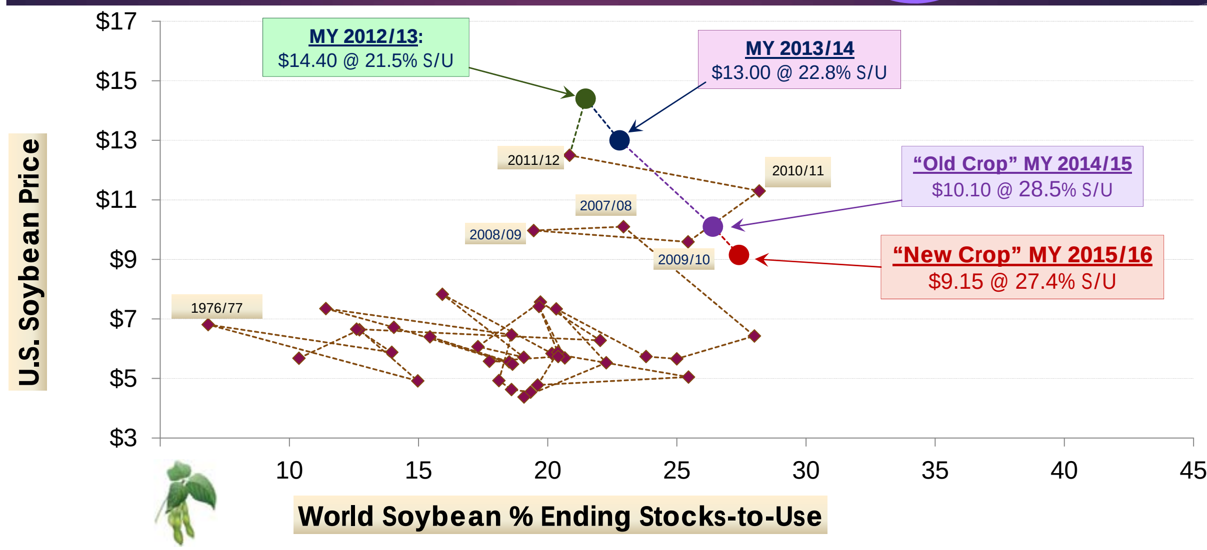

## U.S. Soybean $ vs U.S. Stx-to-Use

MY 1973/74 through "New Crop" MY 2015/16



# U.S. Soybean$ vs World %Stx/Use

MY 1973/74 through "New Crop" MY 2015/16




# World Cotton Supply & Use – 9/09/2015 WASDE

| | MY 2014/15 Estimate | MY 2015/16 Forecast | MY 2015/16 vs MY 2014/15 |
|---|---|---|---|
| | Million bales | Million bales | percent |
| Beginning Stocks | 103 | 111 | +8.7% |
| Production | 119 | 109 | -8.6% |
| **Total Supply** | **222** | **220** | **-1.0%** |
| Domestic Use | 112 | 113 | +1.7% |
| Export Trade | 35.4 | 34.3 | -3.2% |
| **World Ending Stocks** | **111** | **106** | **-4.2%** |
| **China Ending Stocks** | **(60%) 67** | **(61%) 65** | -3.4% |
| ***Non-China End Stocks*** | ***(40%) 44*** | ***(39%) 41*** | **-5.3%** |

# U.S. Cotton Supply-Use & Prices

| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|---|---|---|---|---|---|
| Area Planted | (mil. acres) | 14.7 | 12.3 | 10.4 | 11.0 | 8.6 |
| Yield | (Lbs./ hvstd. acre) | 790 | 887 | 821 | 838 | 784 |
| **Production** | **(thsd short tons)** | **15,573** | **17,314** | **12,909** | **16,319** | **13,340** |
| Beginning Stocks | (thsd 40# bales) | 2,600 | 3,350 | 3,800 | 2,350 | 3,700 |
| Imports | (thsd 40# bales) | 19 | 10 | 13 | 12 | 10 |
| **Total Supply** | (thsd 40# bales) | **18,192** | **20,674** | **16,722** | **18,681** | **17,050** |
| Domestic Use | (thsd 40# bales) | 3,128 | 3,848 | 3,550 | 3,580 | 3,700 |
| Exports | (thsd 40# bales) | 11,714 | 13,026 | 10,530 | 11,250 | **10,200** |
| **Total Use** | (thsd 40# bales) | **14,842** | **16,874** | **14,080** | **14,820** | **13,900** |
| Ending Stocks *(%S/U)* | (thsd 40# bales) | *22.6%* 3,350 | *22.5%* 3,800 | *16.7%* 2,350 | *25.0%* 3,700 | *22.3%* 3,100 |
| Season-Avg. Price | ($0.00/lb) | $0.883 | $0.720 | $0.779 | **$0.605** | **$0.59** |

# Questions?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