

2018/19 Grain Market Outlook

KSU Ag Econ 520

March 5, 2018

DANIEL O'BRIEN

EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

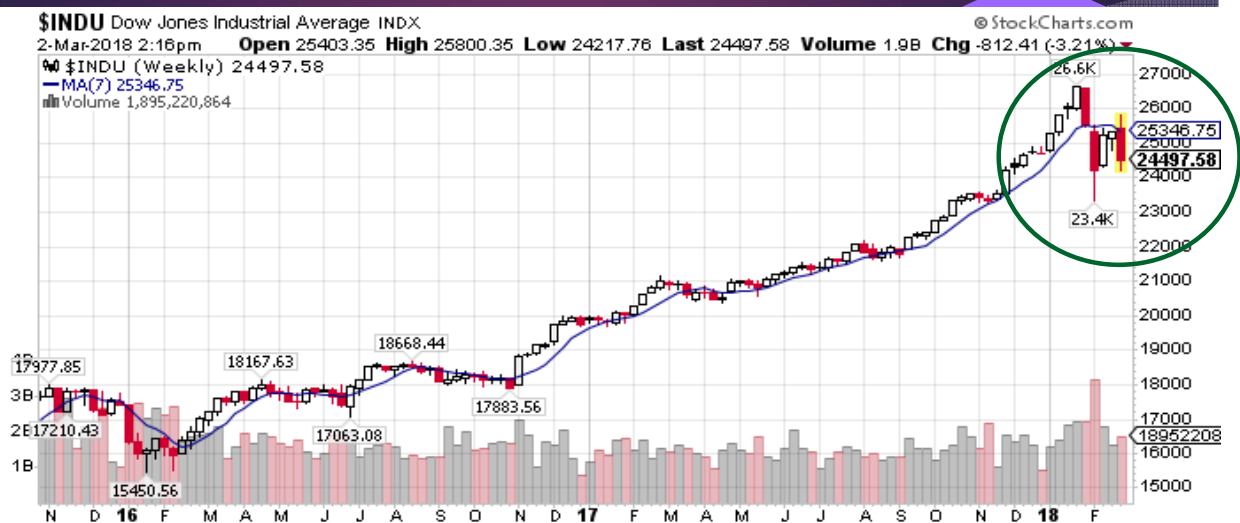
Department of Agricultural Economics



Topics to be discussed.....

- 1) Financial Market Trends & Their Impact on U.S. Crop Prices
- 2) Weather Trends & Prospects for 2018
- 3) 2018 Grain Markets Outlook

Dow Jones Industrial Index Weekly, October 2015 – March 2, 2018



U.S. Dollar Index

Weekly, September 2015 – March 2, 2018

\$USD US Dollar Index - Cash Settle (EOD) ICE

© StockCharts.com

2-Mar-2018

Open 89.88 High 90.89 Low 89.43 Close 89.91 Chg +0.10 (+0.11%) ▲

\$USD (Weekly) 89.91

MA(7) 89.62

Volume undef

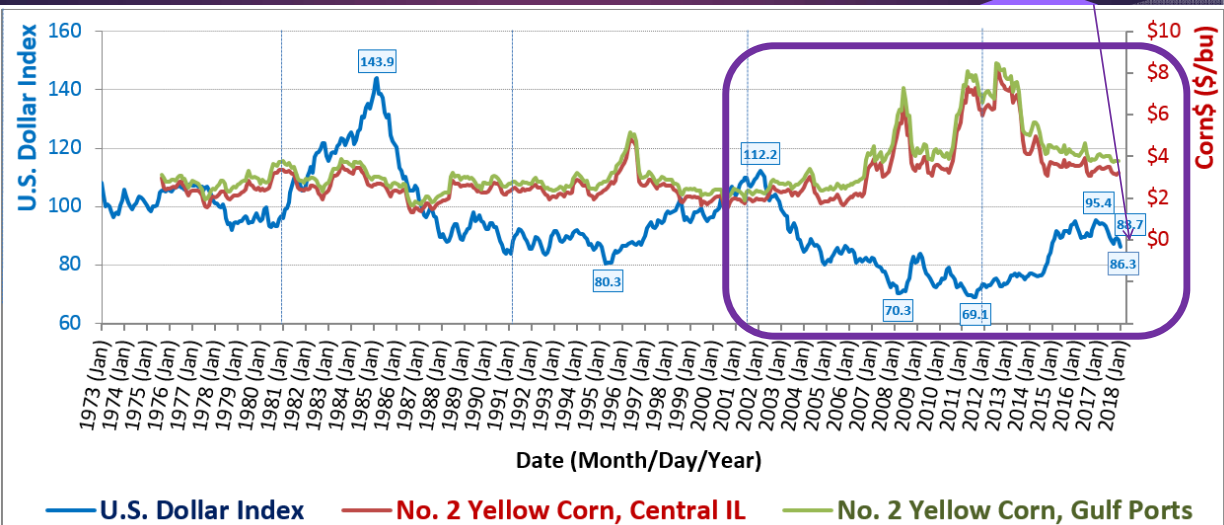


U.S. Dollar Index & Cash Corn Prices

Monthly Chart: January 1973 through February 23, 2018

89.92

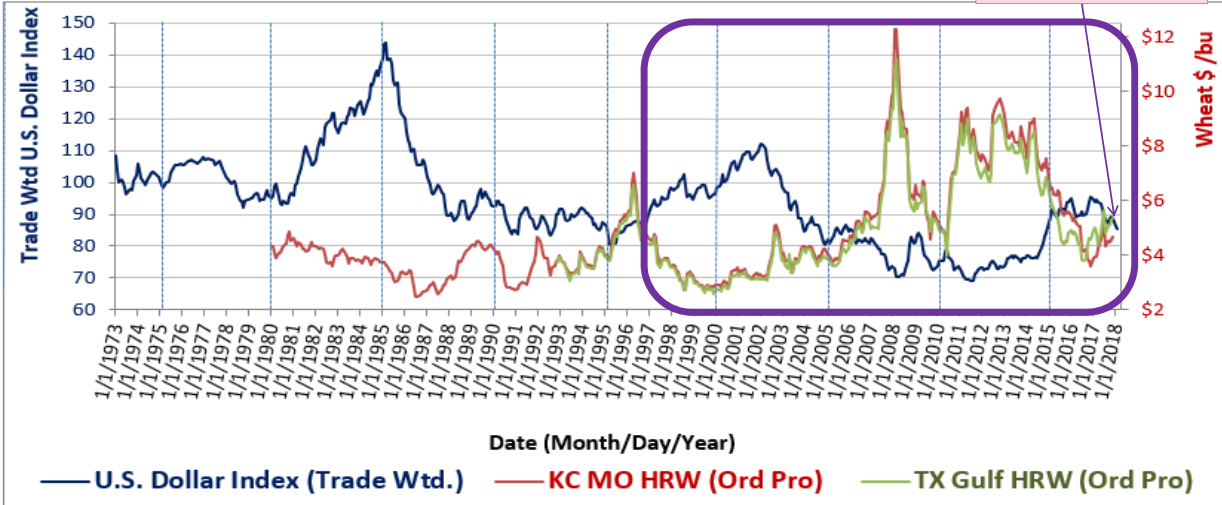
Avg. Index #
March 2, 2018



U.S. Dollar Index & Cash Wheat Prices

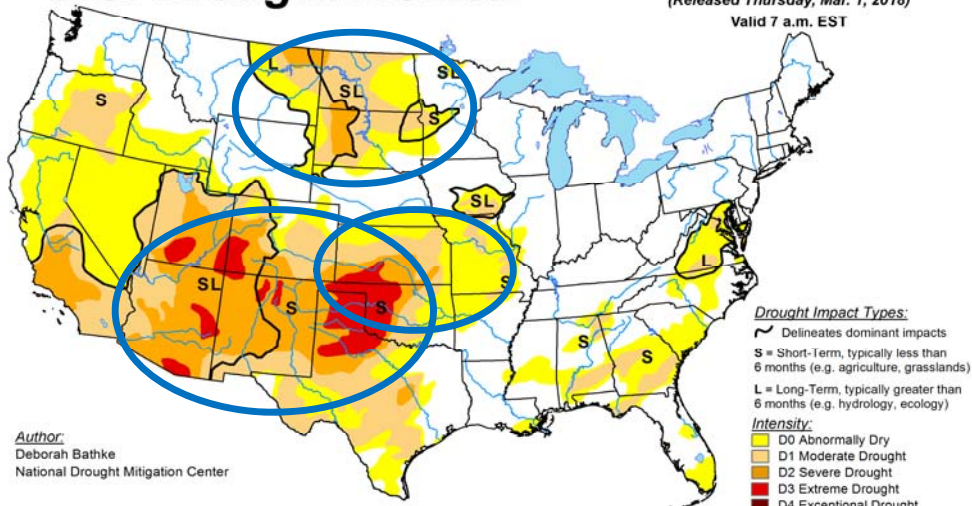
Monthly Chart: January 1973 through February 23, 2018

89.92
Avg. Index #
March 2, 2018

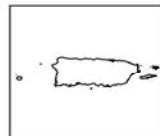
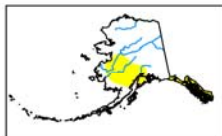


U.S. Drought Monitor

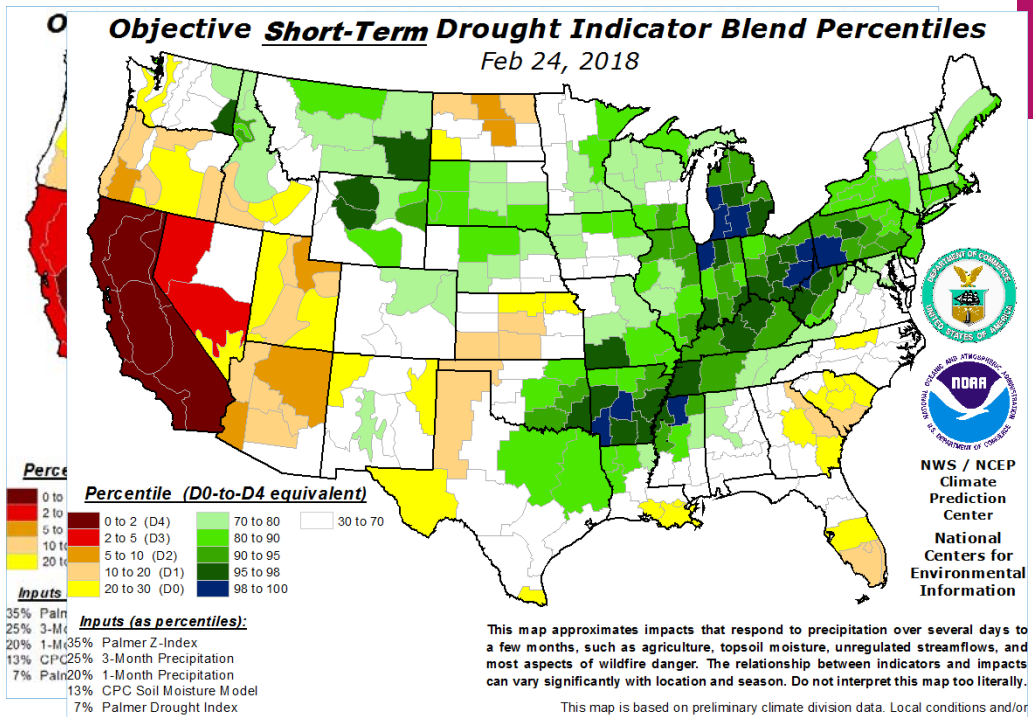
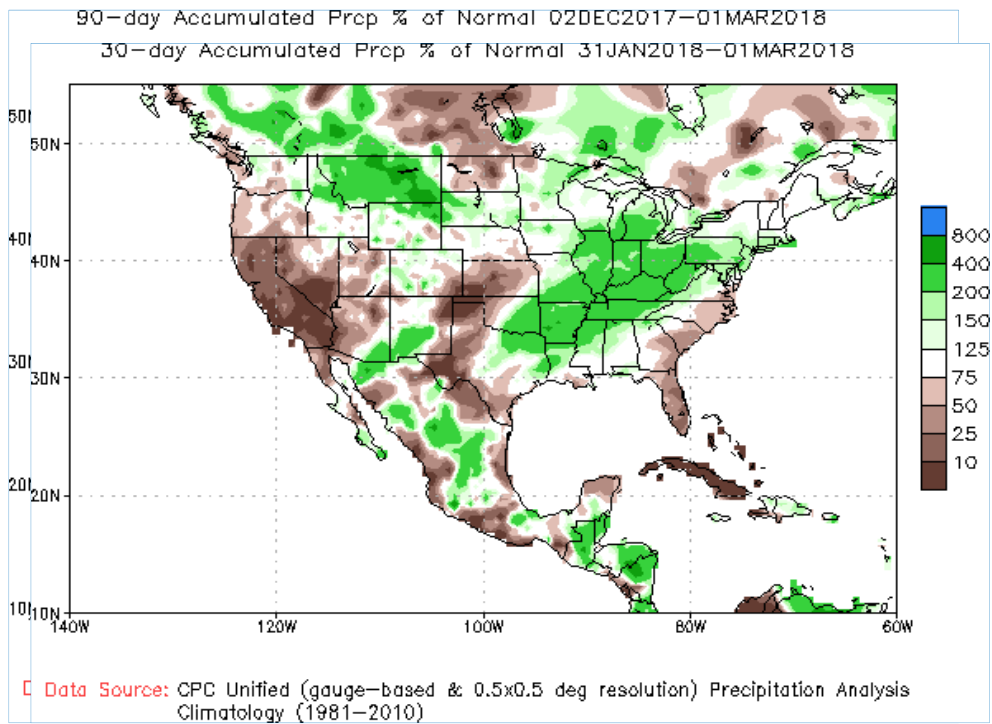
February 27, 2018
(Released Thursday, Mar. 1, 2018)
Valid 7 a.m. EST



Author:
Deborah Bathke
National Drought Mitigation Center



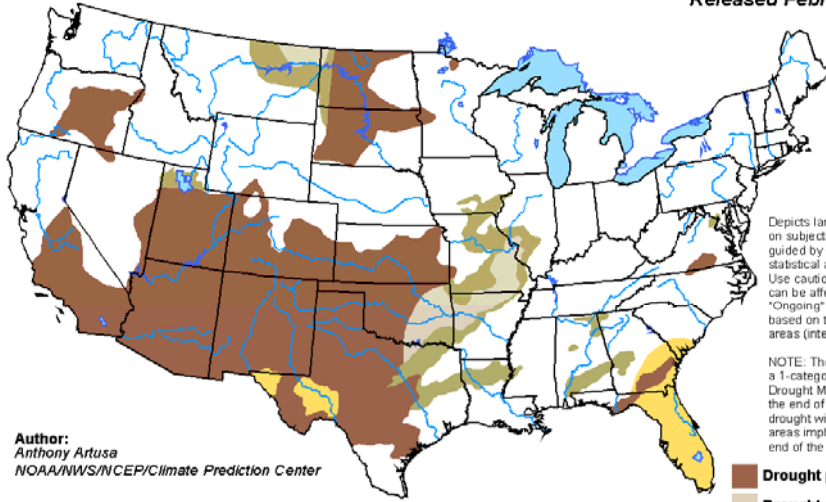
<http://droughtmonitor.unl.edu/>



U.S. Monthly Drought Outlook

Drought Tendency During the Valid Period

Valid for March 2018
Released February 28, 2018



Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

Author:
Anthony Artusa
NOAA/NWS/NCEP/Climate Prediction Center



- Drought persists**
- Drought remains but improves**
- Drought removal likely**
- Drought development likely**



<http://go.usa.gov/3eZGd>

Corn & Sorghum Markets



KANSAS STATE UNIVERSITY

Department of Agricultural Economics

U.S. Corn Supply-Use

- Large U.S. Supplies & Stocks are limiting Corn Price\$'s
- "*LARGE*" 2017 U.S. Crop = 14.6 billion bu (vs 15.2 bb in 2016)
- Low Price\$'s ARE supporting U.S. Corn Use
 - **Livestock Feed** 2017/18 = 5.550 bln bu (10 year high – vs 5.858 bb in 2007/08)
 - **Ethanol** 2017/18 = 5.525 bln bu (Record high – vs 5.439 bb last year)
 - **Other FSI** 2017/18 = 1.470 bln bu (Record high – vs 1.452 bb in 2016/17)
 - **Exports** 2017/18 = 2.050 bln bu (vs 2.293 bb in '16/17 & 1.901 in '15/16)

U.S. Sorghum Supply-Use

- U.S. Export disturbances have lowered Sorghum Price\$'s
- "*Lower*" 2017 U.S. Crop = 364 million bu (vs 480 mb in 2016)
- Sorghum Exports cause "*shifts*" in Livestock & Feed Use
 - **Exports** 2017/18 = 260 mln bu (vs 241 & 340 mb last 2 years)
 - **Food-Seed-Indust** 2017/18 = 50 mln bu (vs 115 & 137 mb last 2 years)
 - **Feed** 2017/18 = 65 mln bu (vs 130 & 107 mb last 2 years)

U.S. Corn & Grain Sorghum Stocks.....

- Corn: "Large" Stocks & % Stx/Use

- End Stocks 2017/18 ⇒ 2.352 bln bu (2nd highest since 1987/88)

- % Stocks/Use 2017/18 ⇒ 16.1% S/U (Highest since 2005/06)

- Grain Sorghum: "Tighter" Stocks & % Stx/Use than Corn

- End Stocks 2017/18 ⇒ 24 Mln bu (15 - 55 mb since 2008/09)

- % Stocks/Use 2017/18 ⇒ 6.4% S/U (Historically "tight")



CME Corn Futures

Weekly Chart: January 2009 – February 2018 + 3/2/2018



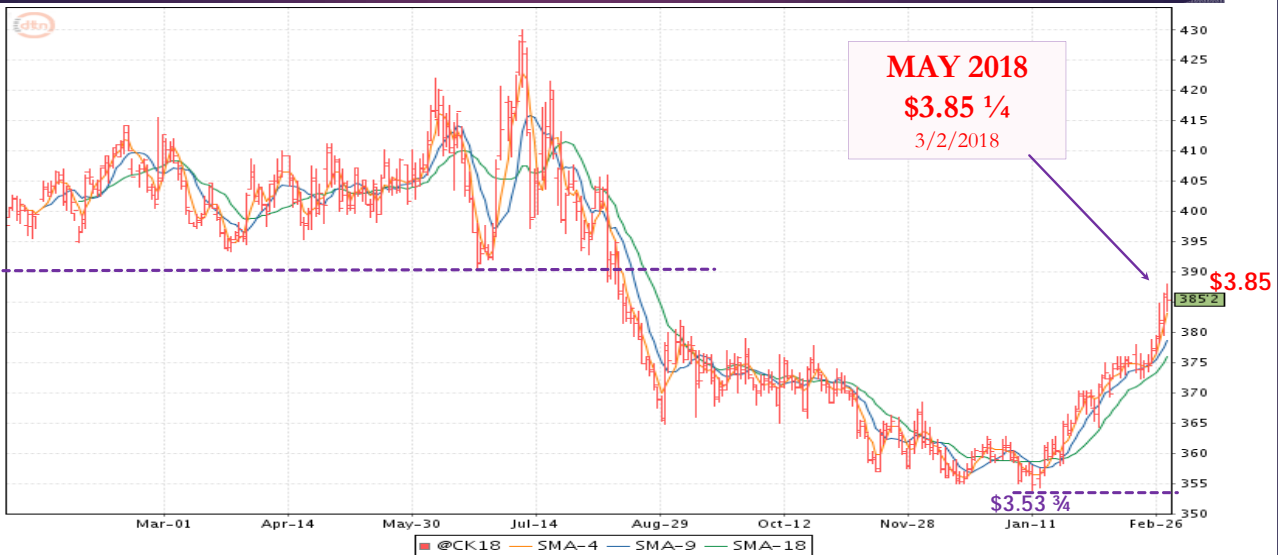
CME Corn Futures

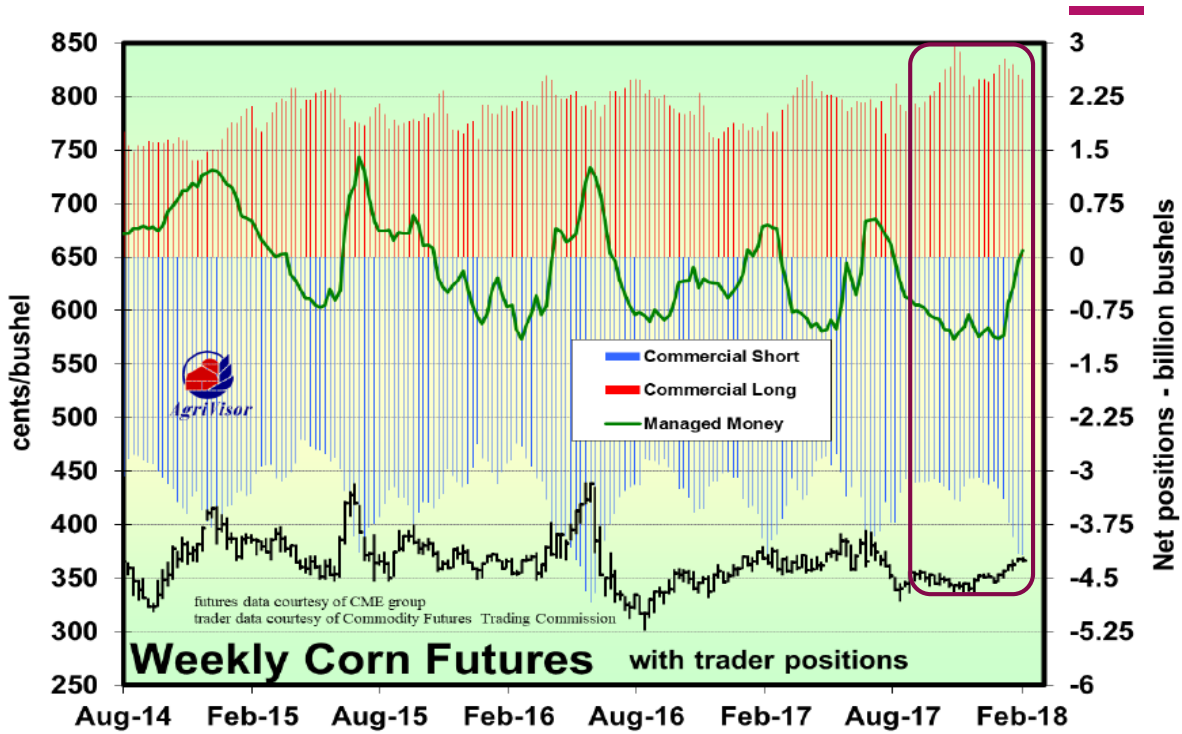
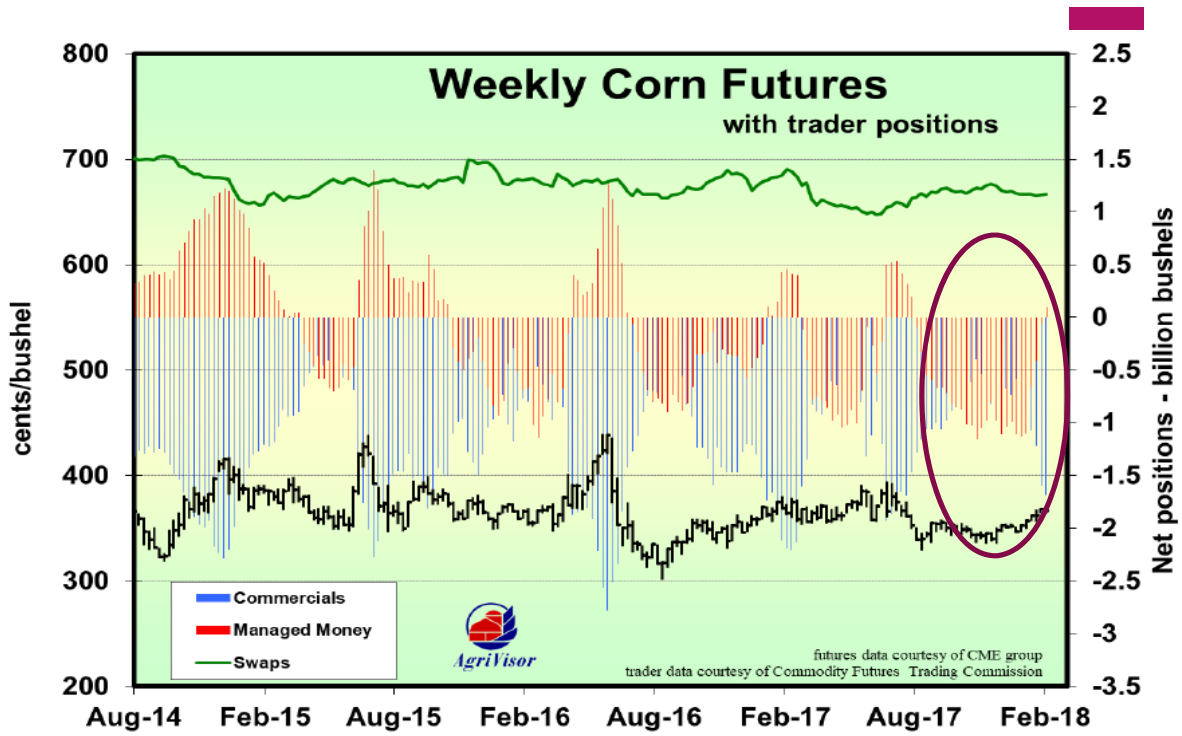
Weekly Chart: January 2019 – February 2018 + 3/2/2018



CME MAY 2018 Corn Futures

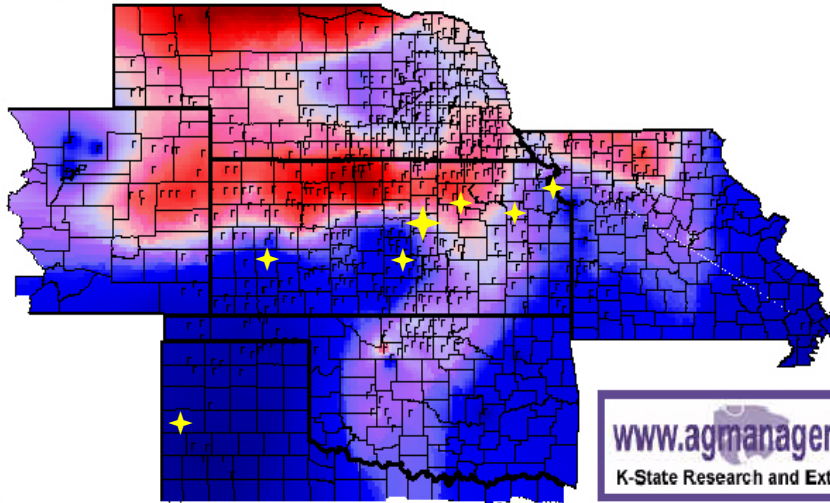
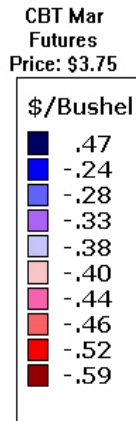
Daily Chart: January 2017 – March 2, 2018





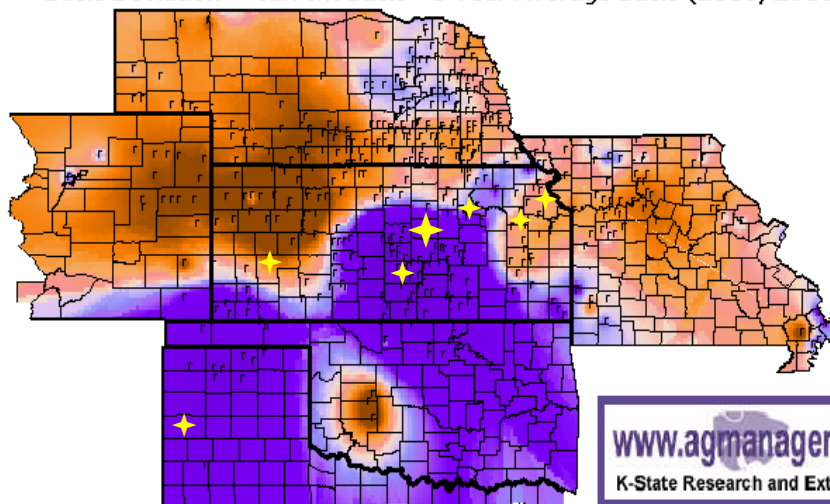
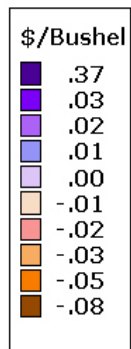
Corn Basis, 02-28-2018

Basis = Cash Price - Nearby Futures Price



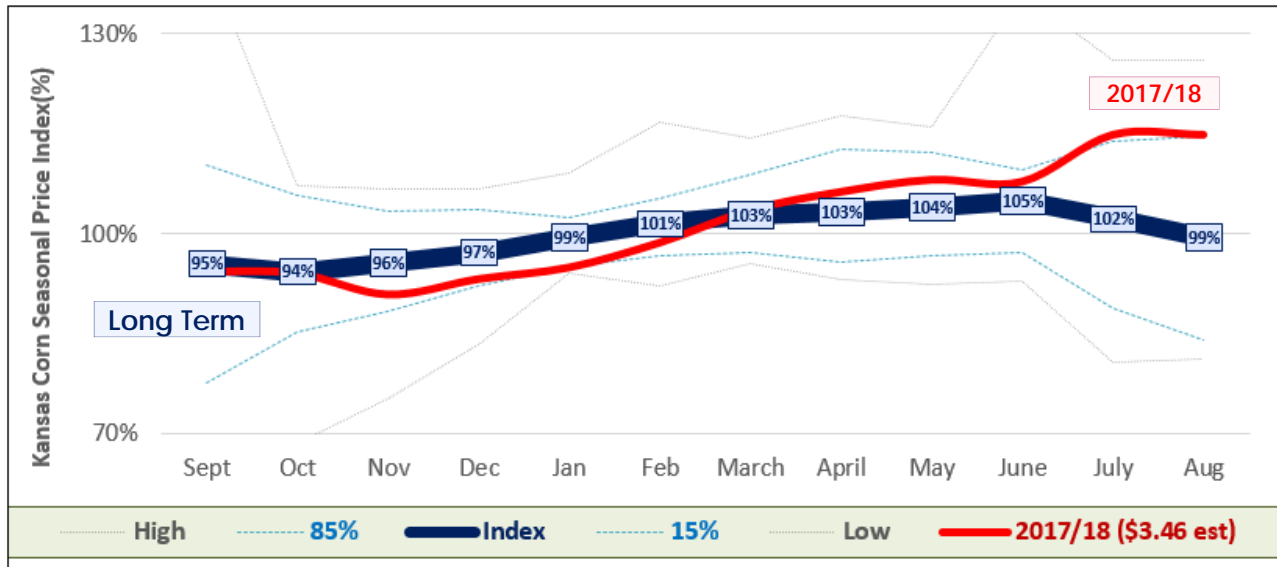
Corn Basis Deviation, 02-28-2018

Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)



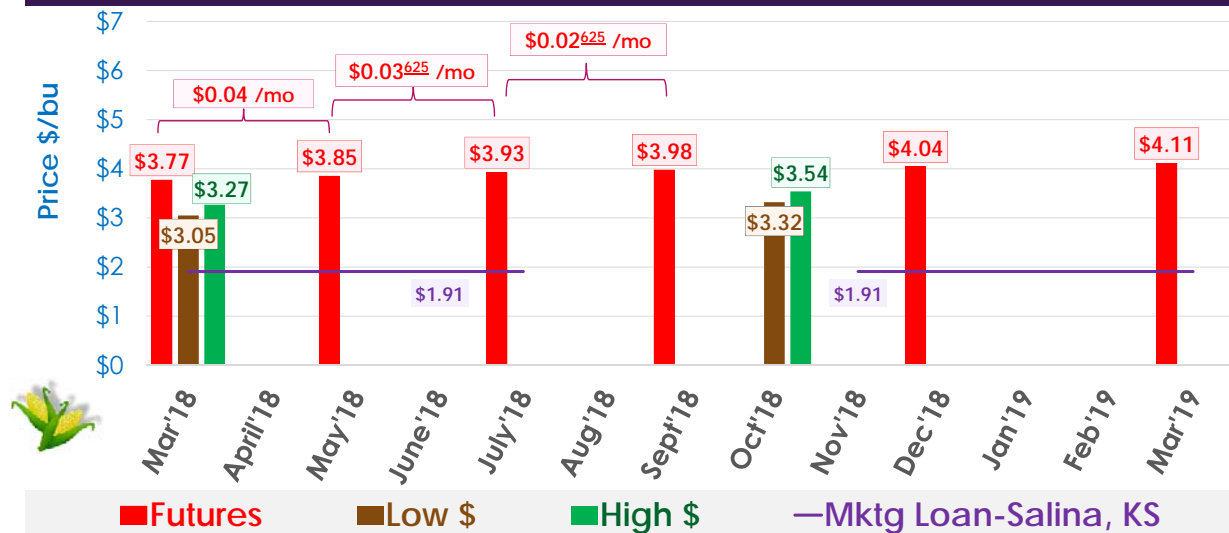
Kansas Corn Seasonal Cash \$ Index

Monthly: Long Term Average & "New Crop" MY 2017/18 Forecast



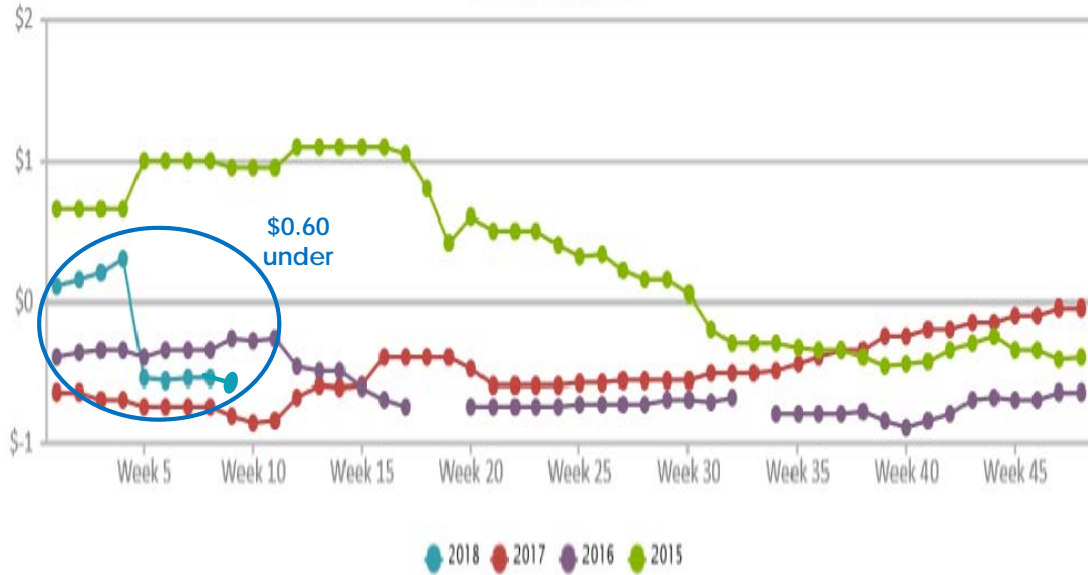
Grain Sorghum Cash & Futures Prices (\$/bu)

Salina, KS Local Elevators – March 2, 2018



SALINA, KS: Grain Sorghum Basis - CARGILL

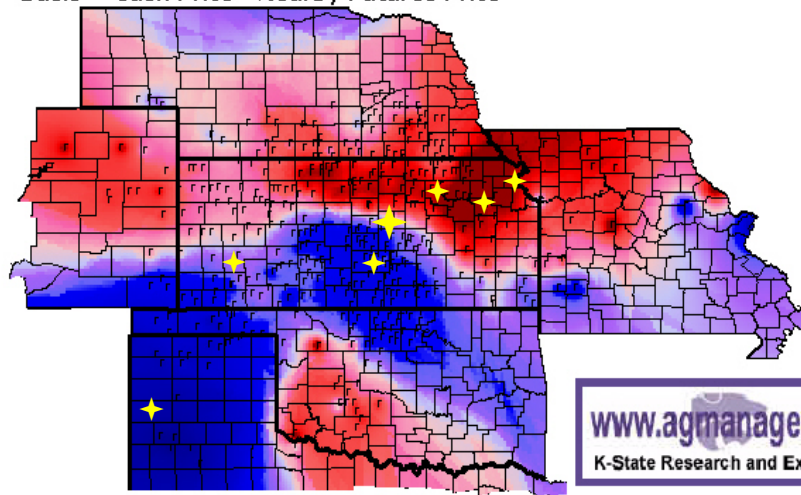
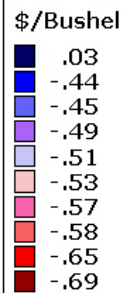
www.AgManager.info



Grain Sorghum Basis, 02-28-2018

Basis = Cash Price - Nearby Futures Price

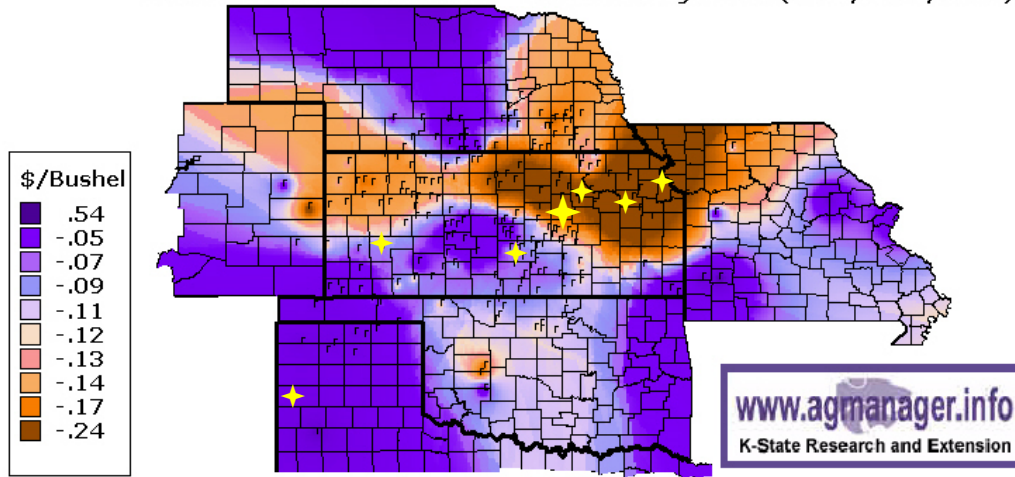
CBT Corn
Mar Futures
Price: \$3.75



www.agmanager.info
K-State Research and Extension

Grain Sorghum Basis Deviation, 02-28-2018

Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)



U.S. Corn Supply

	2015/16	2016/17	2017/18	2018/19	
Area Planted (mln. ac.)	88.0 _{ma}	94.0 _{ma}	90.2 _{ma}	90.0 _{ma}	Little change in 2018 Acres
Area Harvested (mln. ac.)	80.8 _{ma}	86.7 _{ma}	82.7 _{ma}	82.7 _{ma}	
Yield (bu/ac)	168.4	174.6	176.6	174.0	"Lower" 2018 Yields, Production, & Total Supply
Production (million bu.)	13,602	15,148	14,604	14,390	
Beginning Stocks (mln bu.)	1,731	1,737	2,293	2,352	
Imports	<u>68</u>	<u>57</u>	<u>50</u>	<u>50</u>	
Total Supply	15,401	16,942	16,947	16,792	

U.S. Corn Use

	2015/16	2016/17	2017/18	2018/19	
Production (million bu.)	13,602	15,148	14,604	14,390	
Total Supply	15,401	16,942	16,947	16,792	
Ethanol Use	5,224	5,439	5,525	5,650	↑ Ethanol
Other FSI	1,424	1,450	1,470	1,495	↑ Other FSI
Exports	1,901	2,293	2,050	1,900	↓ Exports
Feed & Residual	5,114	5,467	5,550	4,475	↓ Feed Use
Total Use	13,664	14,649	14,595	14,520	↓ Total Use

U.S. Corn Stocks, % S/U, \$Price/bu

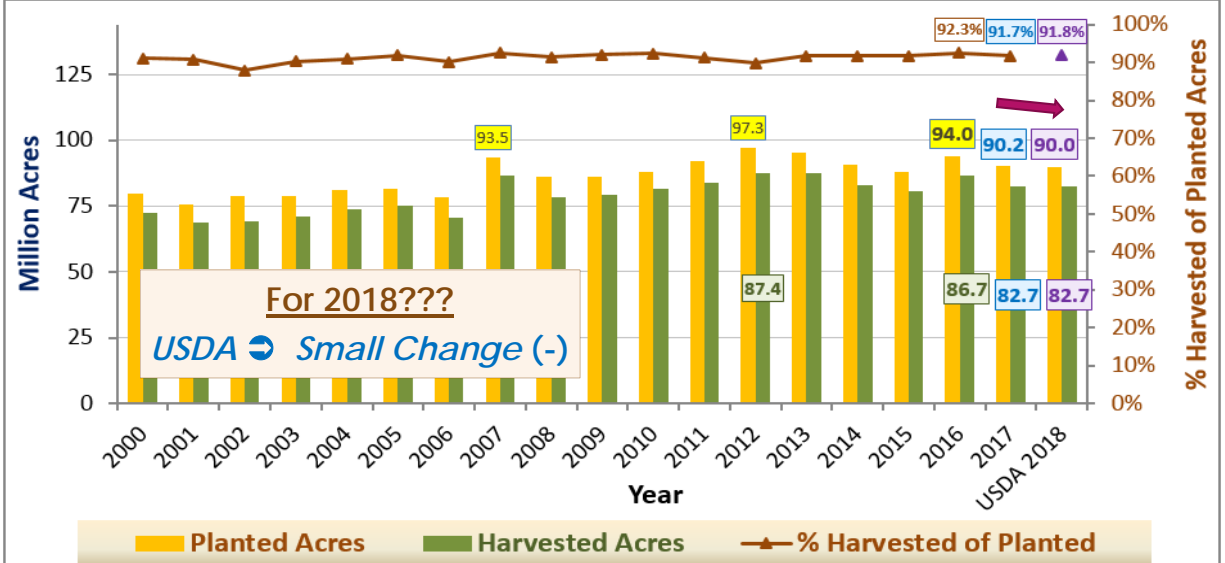
	2015/16	2016/17	2017/18	2018/19	
Production (million bu.)	13,602	15,148	14,604	14,390	↓ Crop & Supplies
Total Use	13,664	14,649	14,595	14,520	
Ending Stocks	1,737	2,293	2,352	2,272	↓ End Stocks
% End Stocks/Use	12.7%	15.7%	16.1%	15.6%	↓ % Stks/Use
U.S. Avg Corn \$/bu	\$3.61	\$3.36	\$3.30	\$3.40	↑ Price (\$/bu)

U.S. Corn Supply and Demand

	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19
Area Planted (mln. ac.)	88.0 ma	94.0 ma	90.167 ma	90.0 ma
Area Harvested (mln. ac.)	80.8 ma	86.7 ma	82.703 ma	82.7 ma
Yield (bu/ac)	168.4 bu/ac	174.6 bu/ac	176.6 bu/ac	174.0 bu/ac
Production (million bu.)	13,602	15,148	14,604	14,390
Beginning Stocks (mln bu.)	1,731	1,737	2,293	2,352
Imports	68	57	50	50
Total Supply	15,401	16,942	16,947	16,792
Ethanol Use	5,224	5,439	5,525	5,650
Other Food, Seed, Ind.	1,424	1,450	1,470	1,495
Exports	1,901	2,293	2,050	1,900
Feed & Residual	5,114	5,467	5,550	4,475
Total Use	13,664	14,649	14,595	14,520
Ending Stocks	1,737	2,293	2,352	2,272
% End Stocks-to-Use	12.7%	15.7%	16.1%	15.6%
U.S. Average Corn \$ /bu	\$3.61	\$3.36	\$3.30	\$3.40

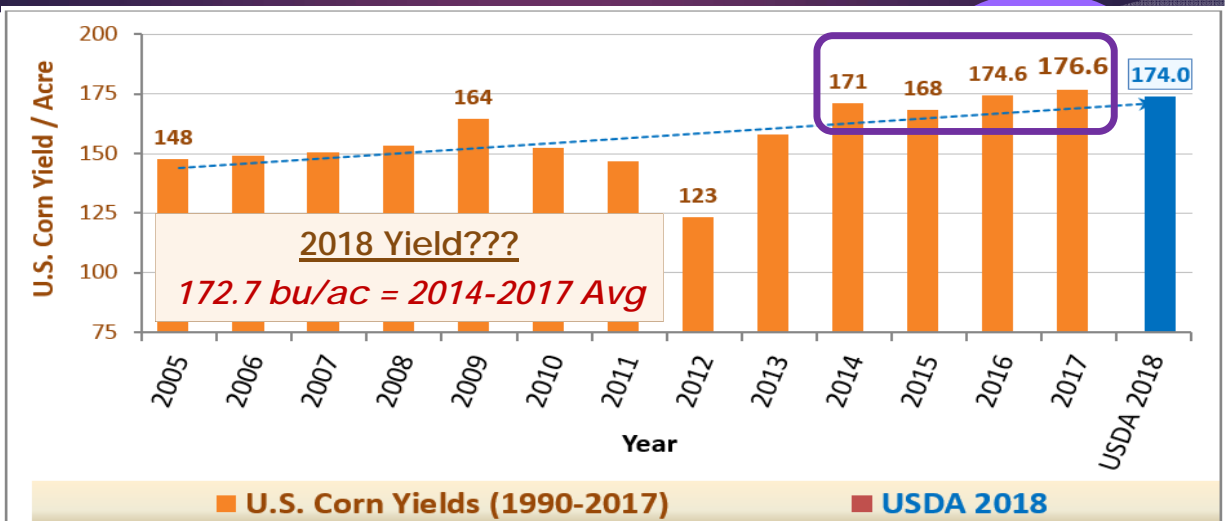


U.S. Corn Acreage

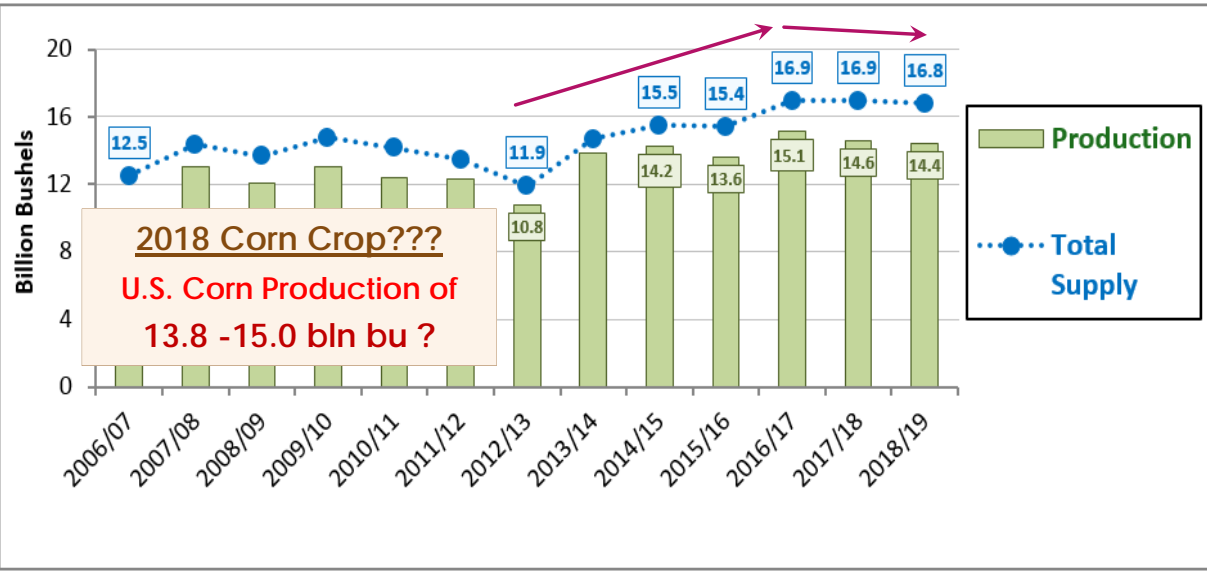


U.S. Corn Yields

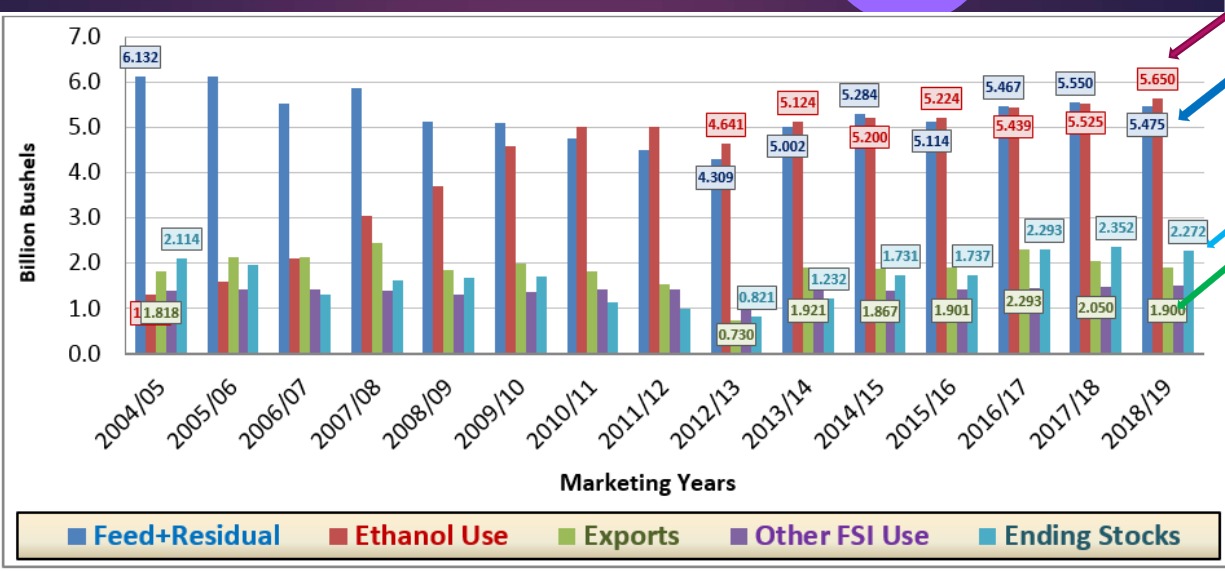
USDA 2018 USDA Forecast = 174.0 bu/ac



U.S. Corn Production & Supplies

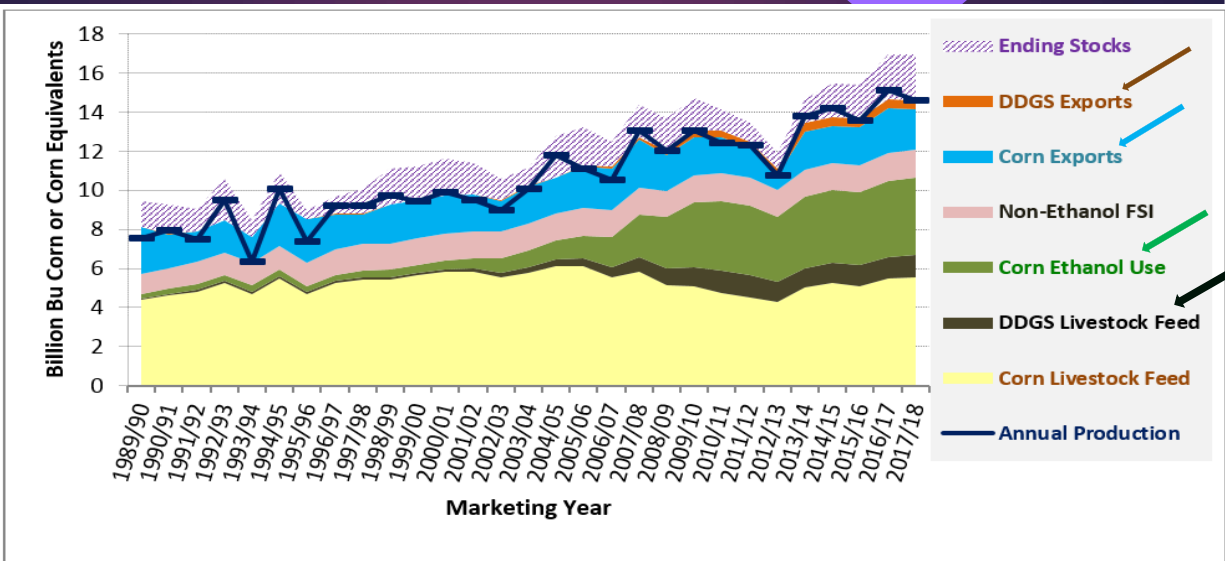


U.S. Corn Use - By Category





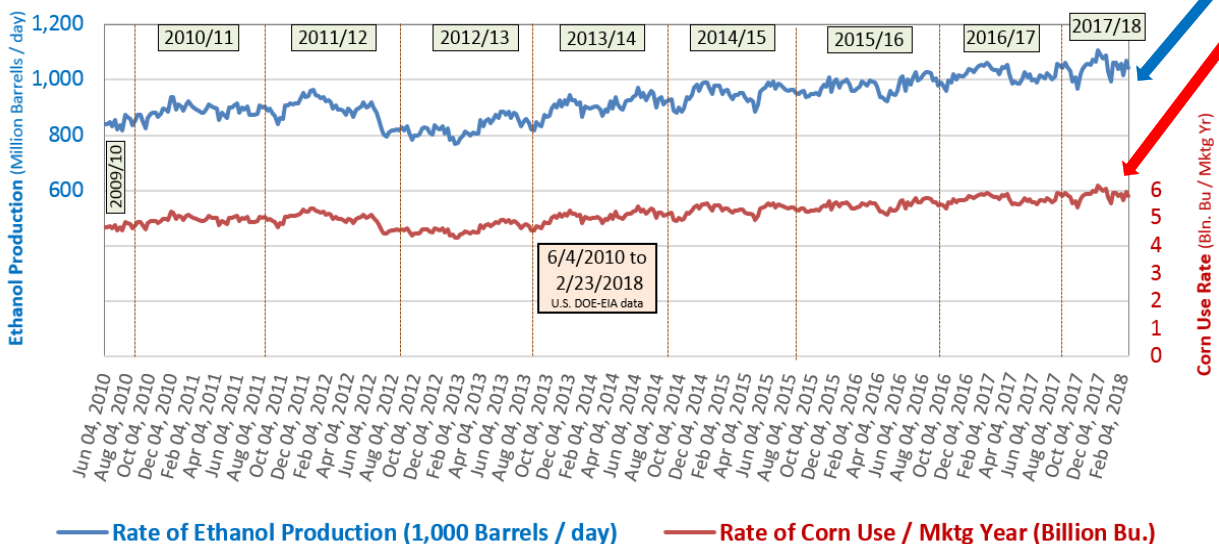
U.S. Corn Use - By Category



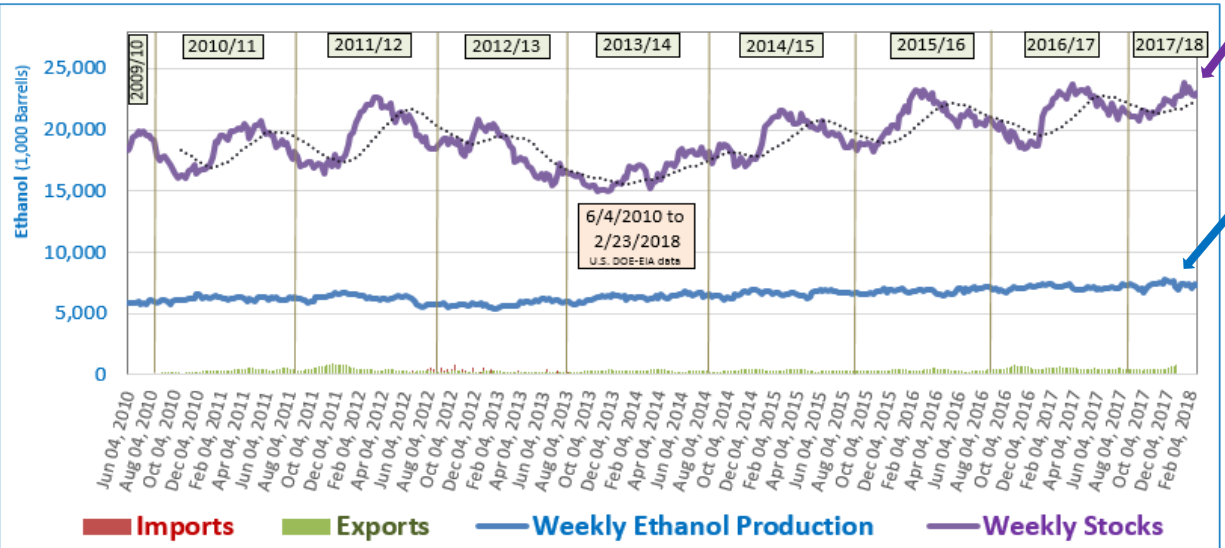
U.S. Meat Production and Prices

	2017 estimate	2018 forecast	Change from January 12	Change from 2017		
Production						
<i>Billion pounds</i>						
Beef	26.17	27.73	-0.04	1.55	+6.0%	
Pork	25.58	26.89	-0.07	1.30	+5.1%	
Broilers	41.66	42.60	0.15	0.94	+2.2%	
Turkey	5.98	5.97	-0.03	-0.01	-0.2%	
Total meat	100.15	103.94	0.01	3.80	+3.8%	
Prices						
<i>Dollars/cwt</i>						
Steers	121.52	119.25	1.00	-2.27	} Prices to decline	
Hogs	50.48	48.00	0.25	-2.48		
<i>Cents/lb</i>						
Broilers	93.5	90.8	0.3	-2.8		
Turkey	96.1	91.3	0.3	-4.8		

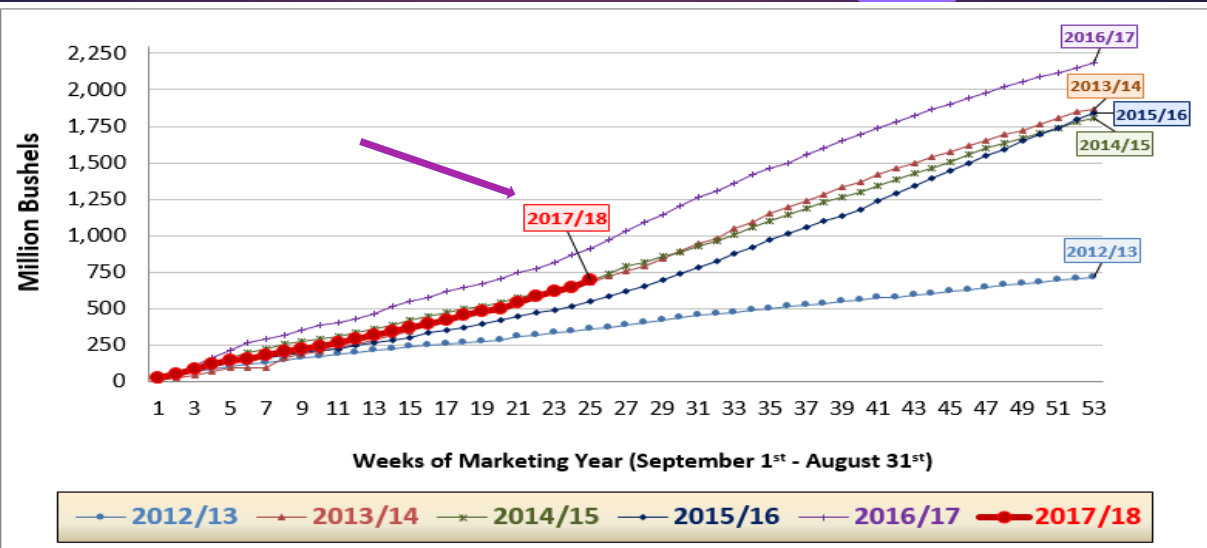
U.S. Corn Ethanol Use - Weekly thru February 23, 2018



U.S. Ethanol Prodn, Stocks, & Trade – Thru 2/23/2018

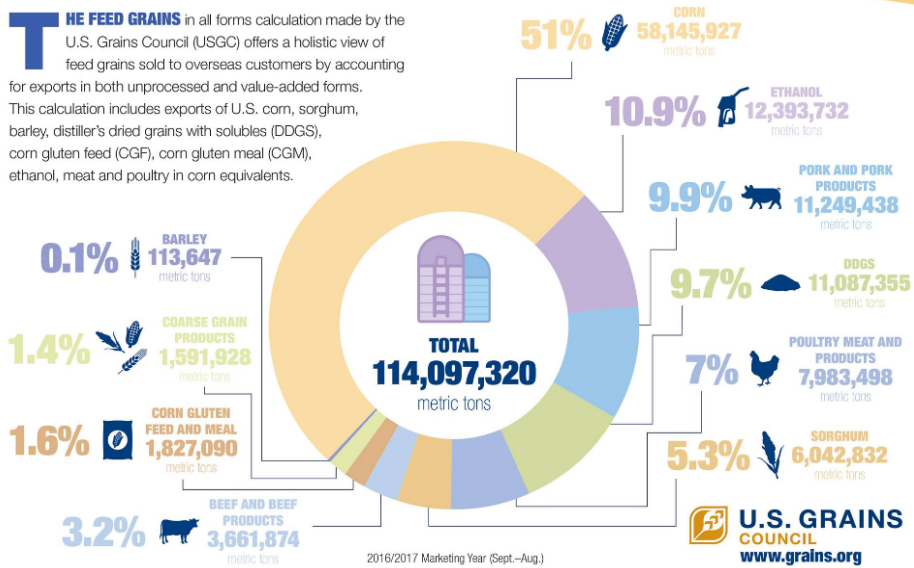


U.S. Corn Exports – Weekly thru February 22, 2018

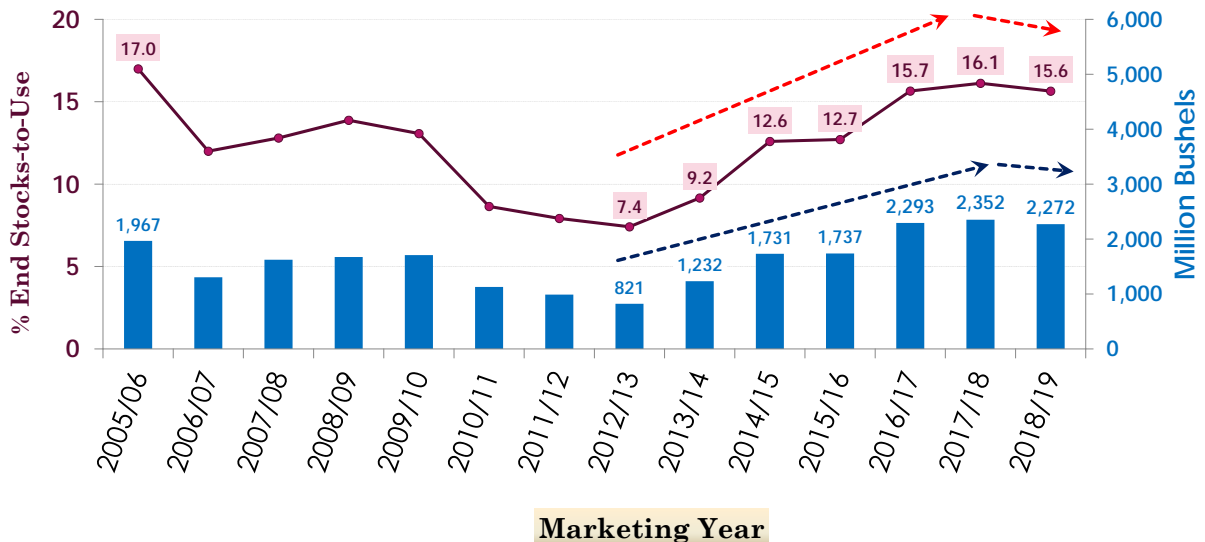


How US Grain Was Exported in 2016/2017

THE FEED GRAINS in all forms calculation made by the U.S. Grains Council (USGC) offers a holistic view of feed grains sold to overseas customers by accounting for exports in both unprocessed and value-added forms. This calculation includes exports of U.S. corn, sorghum, barley, distiller's dried grains with solubles (DDGS), corn gluten feed (CGF), corn gluten meal (CGM), ethanol, meat and poultry in corn equivalents.



U.S. Corn Ending Stocks & % Stx/Use

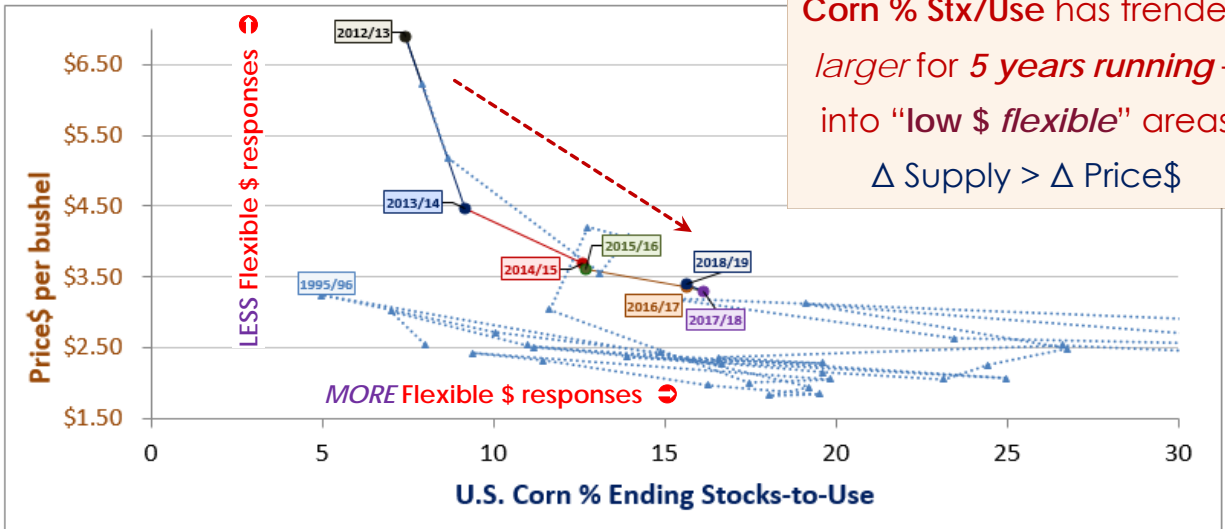




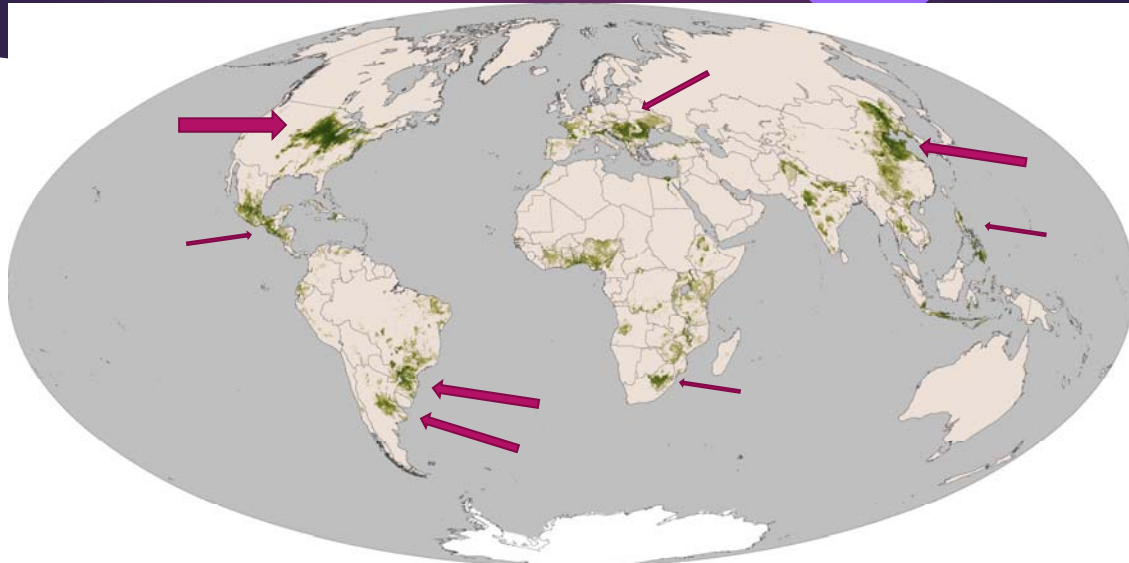
U.S. Corn % Stocks/Use vs Price\$



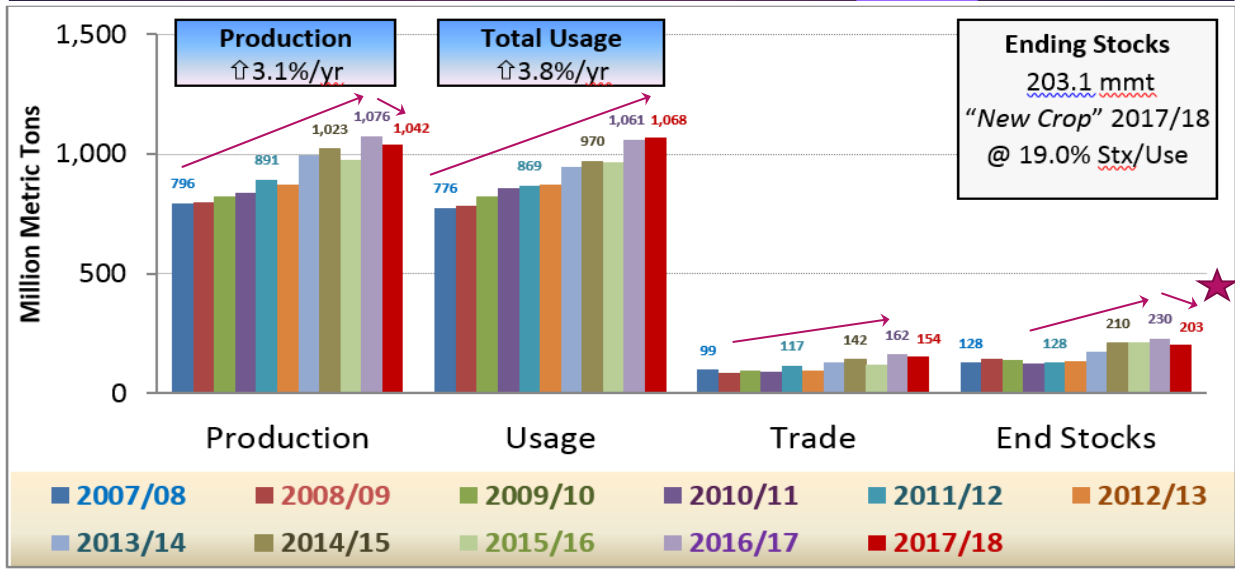
U.S. Corn % Stocks/Use vs Price\$



World Corn (Maize) Production Regions



World Corn Supply, Use & Stocks



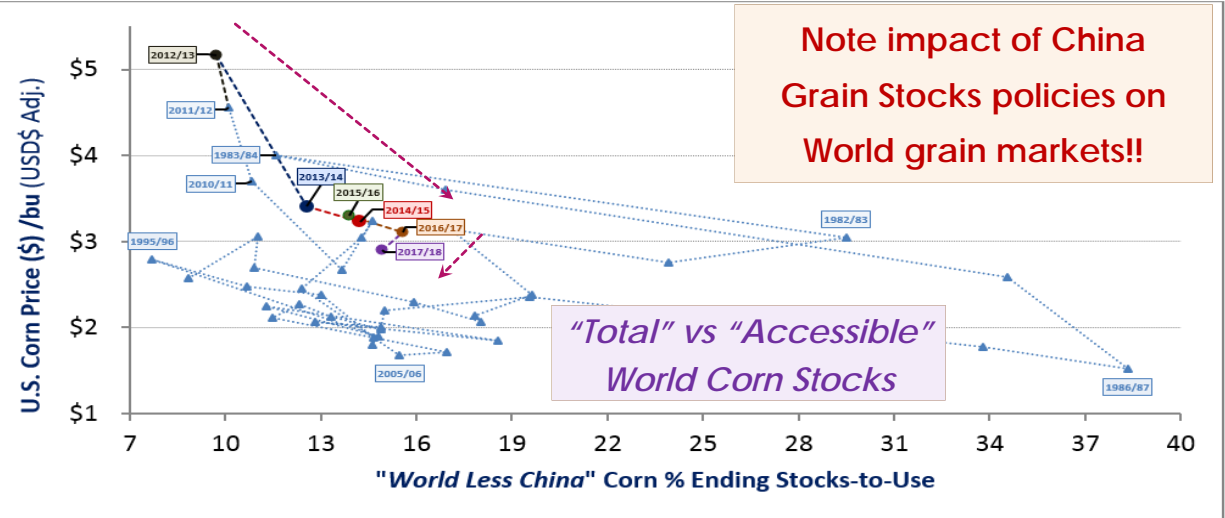
World Corn Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17
<i>Million Tons</i>				
World	1,076.0	1,041.7	-2.82	-34.2
United States	384.8	371.0	--	-13.8
Foreign	691.2	670.8	-2.82	-20.4
Argentina	41.0	39.0	-3.00	-2.0
Brazil	98.5	95.0	--	-3.5
Mexico	27.6	26.5	0.30	-1.1
Canada	13.2	14.1	--	0.9
European Union	61.5	60.1	--	-1.4
Serbia	7.6	4.0	--	-3.6
FSU-12	47.3	42.3	-0.48	-5.0
Ukraine	28.0	24.1	-0.88	-3.9
Russia	15.3	13.5	--	-1.8
South Africa	17.5	12.5	--	-5.0
China	219.6	215.9	--	-3.7
India	26.3	25.0	--	-1.3

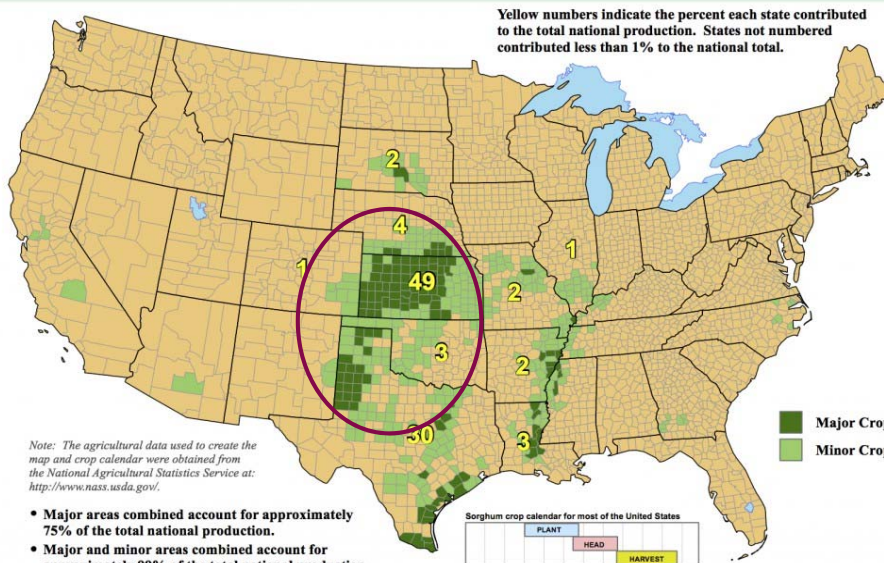
↓ World Crop
 BUT still
 Large Supply
 ↓ China
 ↓ EU
 ↓ Brazil
 ↓ FSU-12
 ↓ So. Africa
 ↓ Mexico
 ↑ Argentina
 ↑ Canada

U.S. Corn Price\$ vs "World-China" % S/U

MY 1973/74 through "New Crop" MY 2017/18

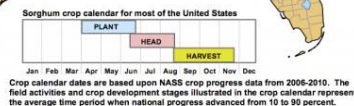


United States: Sorghum



Note: The agricultural data used to create the map and crop calendar were obtained from the National Agricultural Statistics Service at: <http://www.nass.usda.gov/>.

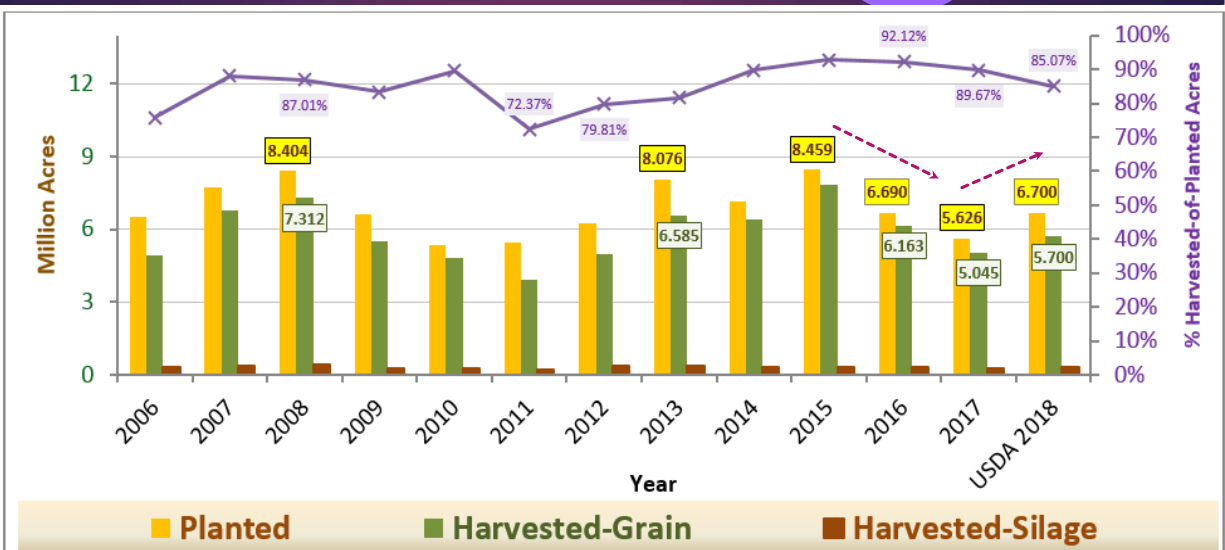
- Major areas combined account for approximately 75% of the total national production.
- Major and minor areas combined account for approximately 99% of the total national production.
- Major and minor areas and state production percentages are derived from NASS county- and state-level production data from 2006-2010.



U.S. Grain Sorghum Supply-Demand

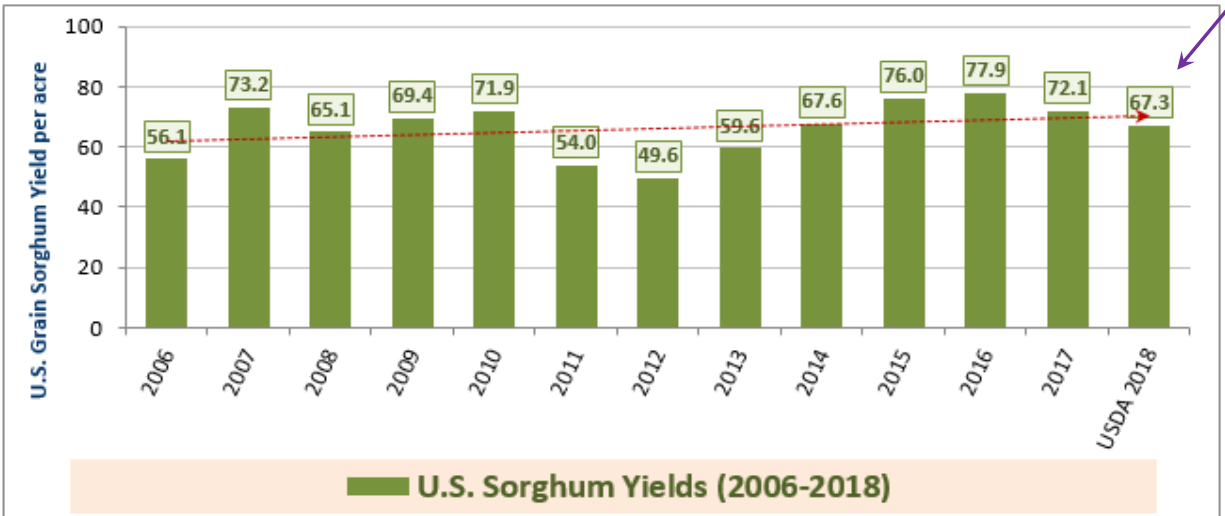
	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	
Area Planted (mln. ac.)	8.459 ma	6.690 ma	5.626 ma	6.700 ma	↑ Planted Ac.
Area Harvested (mln. ac.)	7.851 ma	6.163 ma	5.045 ma	5.700 ma	↓ Yield
Yield (bu/ac)	76.0 bu/ac	77.9 bu/ac	72.1 bu/ac	67.3 bu/ac	↑ 2018 Crop
Production (million bu.)	597	480	364	384	↑ Total Supply
Beginning Stocks (mln bu.)	18	37	33	24	
Imports	5	2	2	0	
Total Supply	620	519	399	408	
Food, Seed, Industrial	137	115	50	74	↑ Domestic Use
Exports	340	241	260	230	↓ Exports
Feed & Residual	107	130	65	65	
Total Use	583	485	375	370	
Ending Stocks	37	33	24	38	↑ % Stocks/Use
% End Stocks-to-Use	6.4%	6.8%	6.4%	10.3%	↑ Prices
U.S. Average Corn \$ /bu	\$3.31	\$2.79	\$3.15	\$3.30	

U.S. Sorghum Acreage

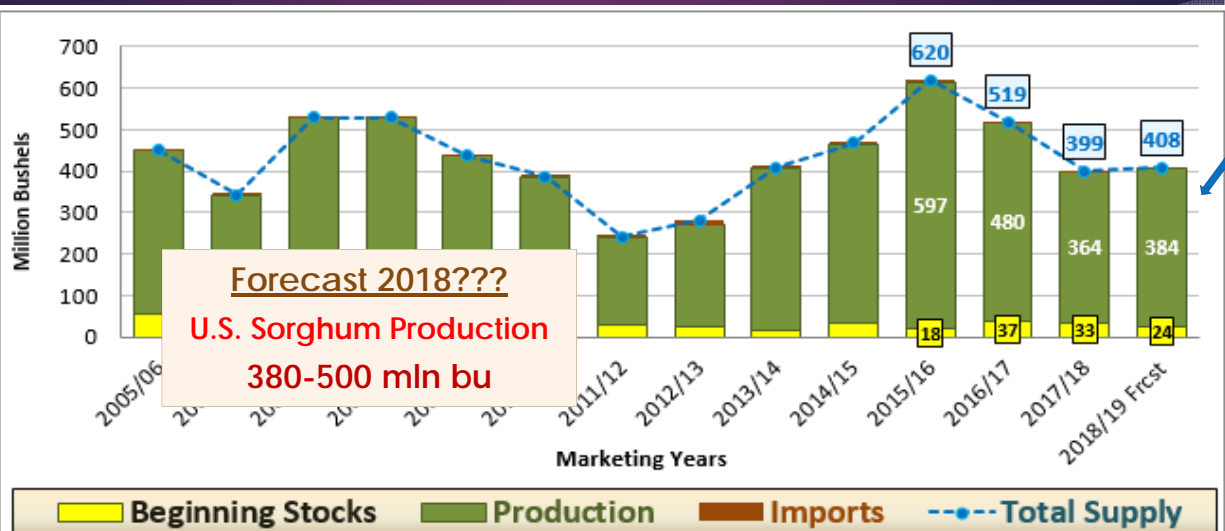


U.S. Sorghum Yields

USDA 2018 USDA Forecast = 67.3 bu/ac



U.S. Sorghum Crop & Supplies





NSP Statement on China Anti-Dumping and Countervailing Duties Investigations

February 5, 2018

NSP Statement on China Anti-Dumping and Countervailing Duties Investigations

Washington, DC – In response to an announcement from the Ministry of Commerce of the People's Republic of China that it has launched anti-dumping and countervailing duty investigations related to sorghum imported to China from the United States, National Sorghum Producers CEO Tim Lust released the following statement:

“National Sorghum Producers is aware of this action and is prepared to participate fully in the investigations in cooperation with other sorghum industry participants.

The U.S. - China agricultural relationship is beneficial to U.S. farmers, Chinese consumers, and our respective partners. U.S. sorghum farmers sell their product to our valued partners in China. We appreciate our deep and long-standing relationships within these buyers, and the feed and livestock industries in China. U.S. sorghum farmers do not dump our products into China or elsewhere, and our products are not unfairly subsidized. A fair proceeding will demonstrate these facts.

This investigation is expected to last a year or more, and we are just at the beginning today. We will provide more information to our farmers and industry as it becomes available and this process moves forward.”

Perdue: Ag Markets Sensitive

Chris Clayton DTN Ag Policy Editor

Ag Secretary Says Sorghum Price Fall Reflects Influence of Trade Disputes on Ag Commodities

Tue Feb 6, 2018 03:04 PM CST

WASHINGTON (DTN) -- The quick decline in cash grain sorghum prices was highlighted by Agriculture Secretary Sonny Perdue on Tuesday as he pointed out the sensitivity of commodities to trade news right now.

Reflecting a little tit-for-tat with the U.S., the Chinese Ministry of Commerce announced Sunday it was conducting an anti-dumping investigation into U.S. sorghum exports to China. The decision came after the Trump administration placed tariffs on washing machines and solar panels, affecting exports from China to the U.S.

While some DTN cash grain bids moved little from Friday to Monday, some spot sorghum (milo) prices across the Plains dropped as much as 88 cents from Friday's close to Monday.

Perdue said he thinks the sorghum situation will mollify over time, but he said it reflects the sensitivity to bad trade news.



Ag Secretary Sonny Perdue highlighted some of the issues with ag and trade at a congressional hearing Tuesday on the state of the rural economy. (DTN photo by Chris Clayton)



FARM OPERATIONS > FARM BILL

Barry Flinchbaugh minces no words when talking ag policy

K-State's ag policy guru and 50-year veteran of farm bills sees trade, immigration as stumbling points.

P.J. Grelkspeer | Feb 06, 2018

NebraskaFarmer.

PLAIN TALK: Kansas State University Professor Emeritus Barry Flinchbaugh told the Kansas Commodity Classic that we are in times of uncertainty. Bright spots he sees are Sonny Perdue as Secretary of Ag and a rollback of regulations. Worrisome are administration stances on immigration and trade.

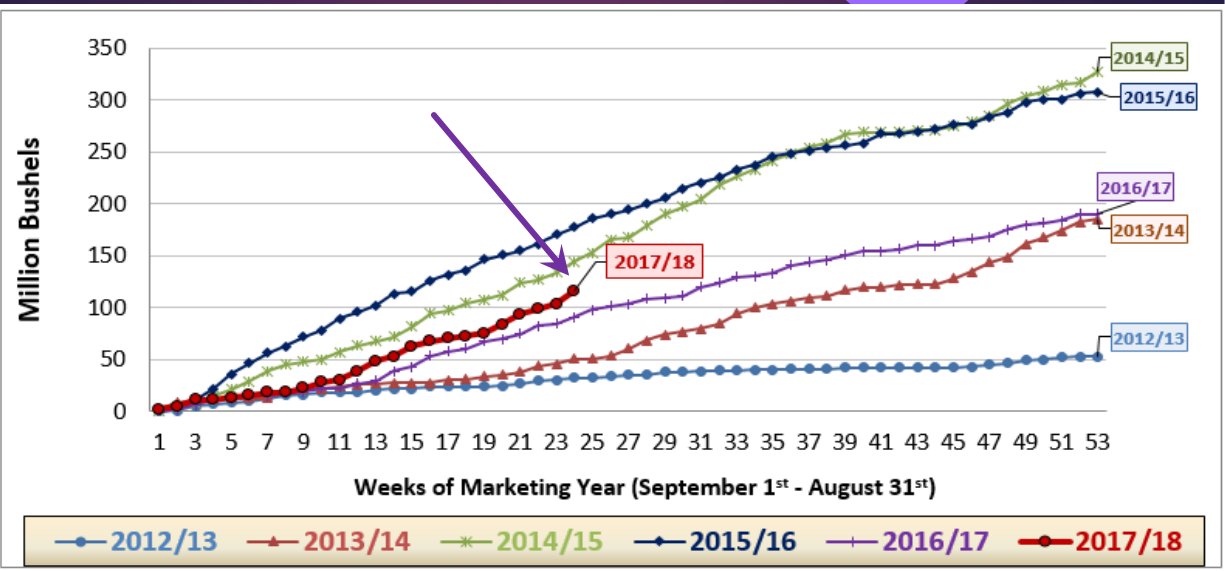
PLAIN TALK:

Kansas State University Professor Emeritus Barry Flinchbaugh told the Kansas Commodity Classic that we are in times of uncertainty.

Bright spots he sees are Sonny Perdue as Secretary of Ag and a rollback of regulations.

Worrisome are administration stances on immigration and trade.

U.S. Sorghum Exports – Weekly thru February 15, 2018



Where Is U.S. Sorghum Going?

TOP U.S. EXPORT CUSTOMERS



Dollar amount*

1	CHINA	\$1.47 BILLION
2	MEXICO	\$117.3 MILLION
3	PAKISTAN	\$41.7 MILLION
4	SUDAN	\$34.9 MILLION
5	SOUTH AFRICA	\$17.5 MILLION
	Kenya	\$15.8 million
	Djibouti	\$14.6 million
	Japan	\$12.4 million
	Somalia	\$11.2 million
	Colombia	\$11.1 million

Metric tons

1	CHINA	7,005,660
2	MEXICO	606,127
3	PAKISTAN	204,394
4	SUDAN	193,040
5	SOUTH AFRICA	99,266
	Kenya	86,337
	Djibouti	80,528
	Japan	67,788
	Colombia	63,528
	Somalia	58,107

Source: USDA Foreign Agriculture Service's Global Agriculture Trading System report for marketing year Sept. 1, 2015 to Aug. 31, 2016.

*Sorghum is sold based on contract and at varying rates, therefore, top rankings for tonnage do not align with rankings for value.



DC_GR112

Dodge City, KS

Wed, Jan 31, 2018

USDA-KS Dept of Ag Market News

Central Kansas Terminal and Processor Daily Grain Report

TERMINAL US NO 2 YELLOW CORN				
	Bids	Change (+/bu)	Basis	Change
Atchison	3.4950	UNCH	-12H	UNCH
Topeka	3.4350	UNCH	-18H	UNCH
Salina	3.2650	UNCH	-35H	UNCH
Newton	3.2250	UNCH	-39H	UNCH
Hutchinson	3.3650-3.3950	UNCH	-25H to -22H	UNCH
Wellington	3.2150	UNCH	-40H	UNCH
Arkansas City	3.2150	UNCH	-40H	UNCH

TERMINAL US NO 2 SORGHUM				
	Bids	Change (+/cwt)	Basis	Change
Topeka	7.53	UNCH	60H	UNCH
Concordia	6.72	UNCH	15H	UNCH
Salina	6.90-6.99	UNCH	25H to 30H	UNCH
Hutchinson	6.51-6.81	UNCH	3H to 20H	UNCH
Wellington	6.54-6.81	UNCH	5H to 20H	UNCH
Arkansas City	6.54	UNCH	5H	UNCH
Great Bend	6.72	UNCH	15H	UNCH

DC_GR112
 Dodge City, KS Tue, Feb 06, 2018 USDA-KS Dept of Ag Market News

Central Kansas Terminal and Processor Daily Grain Report

TERMINAL US NO 2 YELLOW CORN

	Bids	Change (+/bu)	Basis	Change
Atchison	3.5150	UP 4.75	-12H	UNCH
Topeka	3.4550	UP 4.75	-18H	UNCH
Salina	3.2850-3.3050	UP 4.75	-35H to -33H	UNCH
Newton	3.2450	UP 4.75	-39H	UNCH
Hutchinson	3.3850-3.4150	UP 4.75	-25H to -22H	UNCH
Wellington	3.2350	UP 4.75	-40H	UNCH
Arkansas City	3.2350	UP 4.75	-40H	UNCH

TERMINAL US NO 2 SORGHUM

	Bids	Change (+/cwt)	Basis	Change
Topeka	5.51	UP 9	-55H	UNCH
Concordia	5.51	DN 72	-55H	DN 45
Salina	5.51	UP 9-DN 90	-55H	UNCH-DN 55
Hutchinson	6.01-6.49	DN 45-DN 27	-27H to OptH	DN 30-DN 20
Wellington	6.22	DN 28	-15H	DN 20
Arkansas City	6.04	DN 28	-25H	DN 20
Great Bend	5.96	UP 9	-30H	UNCH

DC_GR112
 Dodge City, KS Fri, Feb 23, 2018 USDA-KS Dept of Ag Market News

Central Kansas Terminal and Processor Daily Grain Report

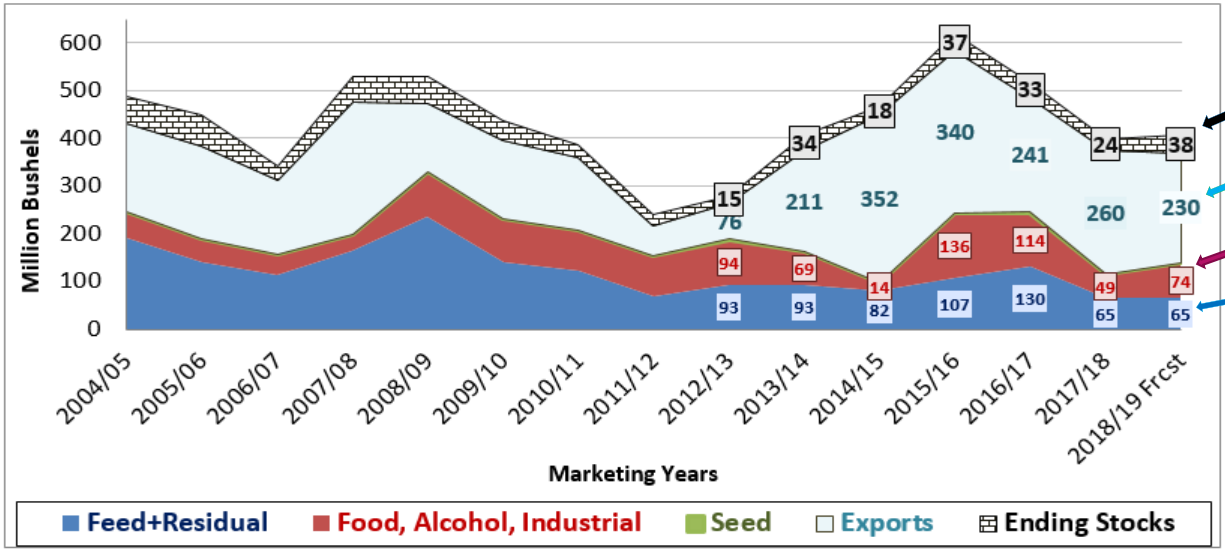
TERMINAL US NO 2 YELLOW CORN

	Bids	Change (+/bu)	Basis	Change
Atchison	3.5625	DN 0.5	-10H	UNCH
Topeka	3.5125	DN 0.5	-15H	UNCH
Salina	3.3625	DN 0.5	-30H	UNCH
Newton	3.2725	DN 0.5	-39H	UNCH
Hutchinson	3.4125-3.4425	DN 0.5	-25H to -22H	UNCH
Wellington	3.2625	DN 0.5	-40H	UNCH
Arkansas City	3.2625	DN 0.5	-40H	UNCH

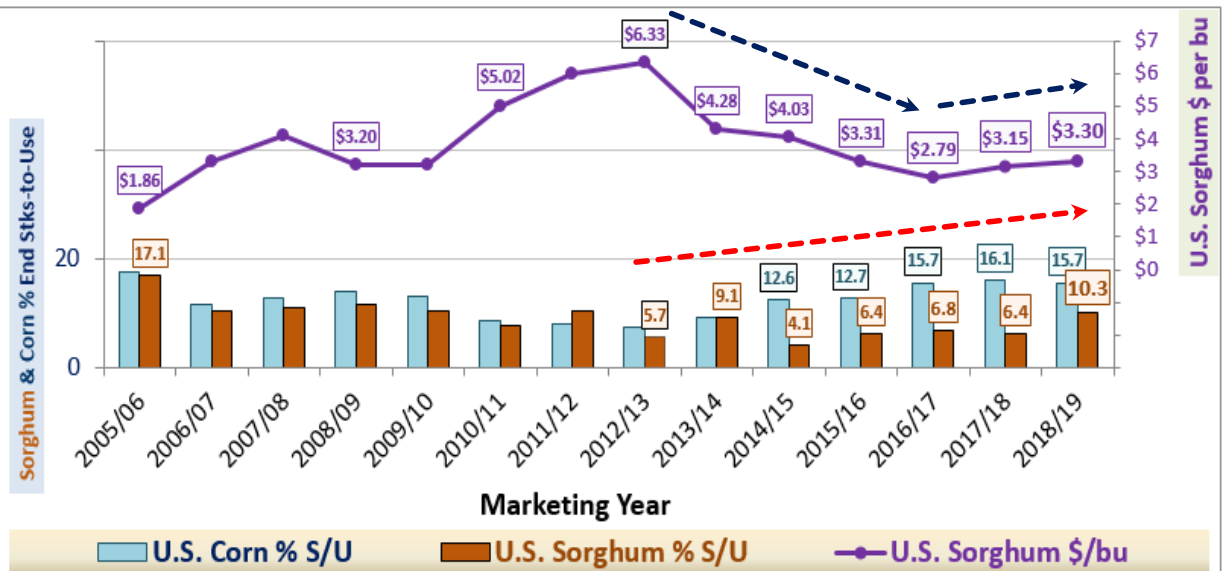
TERMINAL US NO 2 SORGHUM

	Bids	Change (+/cwt)	Basis	Change
Topeka	5.56	DN 1	-55H	UNCH
Concordia	5.47	DN 1	-60H	UNCH
Salina	5.56	DN 1	-55H	UNCH
Hutchinson	5.90-6.18	DN 1	-36H to -20H	UNCH
Wellington	5.92-6.00	UNCH-DN 1	-35H to -30H	UNCH
Arkansas City	5.74	DN 1	-45H	UNCH
Great Bend	5.92	UNCH	-35H	UNCH

U.S. Sorghum Use – By Category

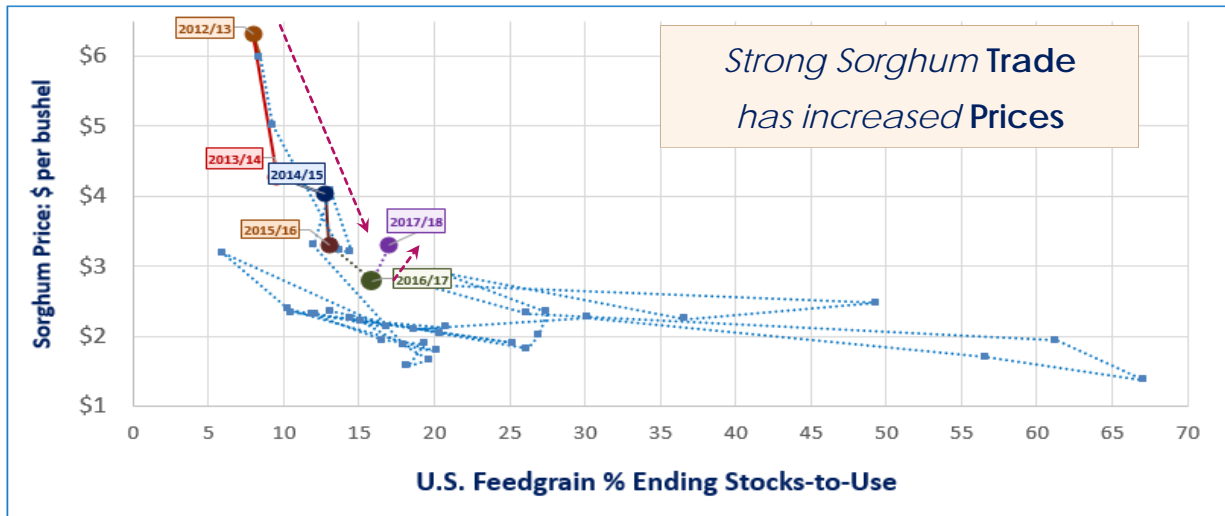


U.S. Sorghum % Stocks/Use vs Price\$



U.S. Milo \$ vs U.S. Feedgrain % Stocks/Use

MY 1973/74 thru "New Crop" MY 2017/18



Soybean Markets



KANSAS STATE UNIVERSITY

Department of Agricultural Economics

SOYBEANS

USDA



U.S. Soybean Supply-Use

- 2017 U.S. Soybean Production & Supplies @ *record HIGHS*
- Large Soybean Stocks in U.S. & So. America** limit Price\$'s
- Low Price\$'s support Use in "*New Crop*" MY 2017/18 ***
 - Soy Crush ^{2017/18} = 1.950 bln bu (*Record – vs 1.899 bb 1 year ago*)
 - Exports ^{2017/18} = 2.100 bln bu (*2nd highest – vs record 2.174 bb 1 year ago*)
 - Total Use ^{2017/18} = 4.188 bln bu (*2nd highest – vs 4.213 bb 1 year ago*)
 - SBM Use ^{2017/18} = 46.5 mln tons (*vs 44.95 in MY 2016/17 & 45.1 in MY 2015/16*)

U.S. Soybean Market Prospects

- *Strong Use & Exports - BUT Large Stocks, & Weaker Prices*
 - U.S. soybean exports in 2017/18 to be *historically large* in spite of large 2017 South American Production (*BUT declining #s*)
 - ❖ Depends on continued growth in import demand from **China, EU, Southeast Asia, Mexico, & elsewhere** (*Threat of trade disputes!*)
 - Problems emerged in fall-winter 2017-2018 re: **2018 South American soybean crop risk** (*i.e., La Nina effects, etc.*)

U.S. Soybean & Cotton Stocks.....

- Soybean: "*Large*" Stocks & % S/U
 - End Stocks^{2017/18} ⇒ 530 mln bu (*High vs 574 mb in 2006/07*)
 - % Stocks/Use^{2017/18} ⇒ 12.7% S/U (*High vs 18.6% in 2006/07*)
- Cotton: "*Large*" 2017 Crop & "*Growing*" Stocks
 - Production^{2017/18} ⇒ 21.3 mln bales (*17.2 & 12.9 mb last 2 years*)
 - End Stocks^{2017/18} ⇒ 6.0 mln bales (*2.75 & 3.8 mb last 2 years*)
 - % Stocks/Use^{2017/18} ⇒ 33.6% S/U** (*15.1% & 30.2% last 2 years*)

CME Soybean Futures



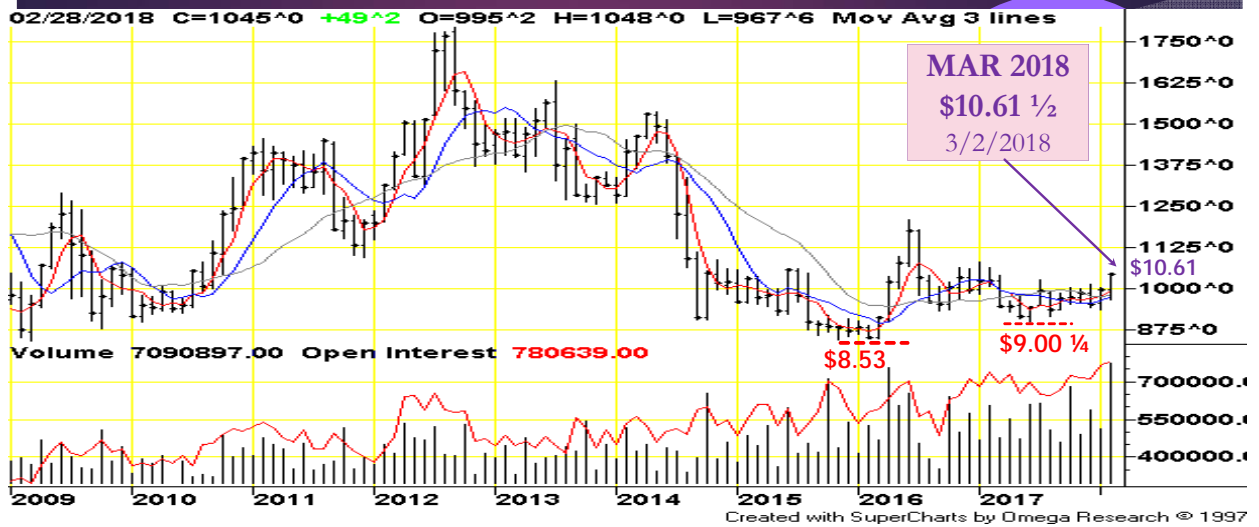
Monthly Chart: January 2009 – February 2018 + March 2, 2018



CME Soybean Futures



Monthly Chart: January 2009 – February 2018 + March 2, 2018



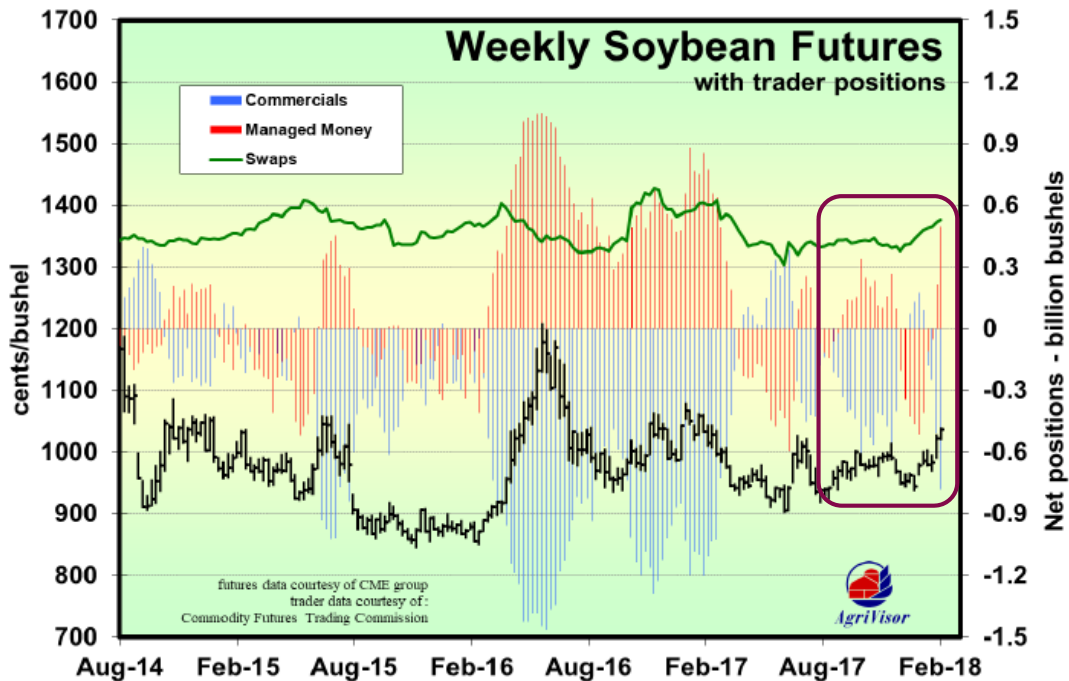
CME MAY 2018 Soybean Futures

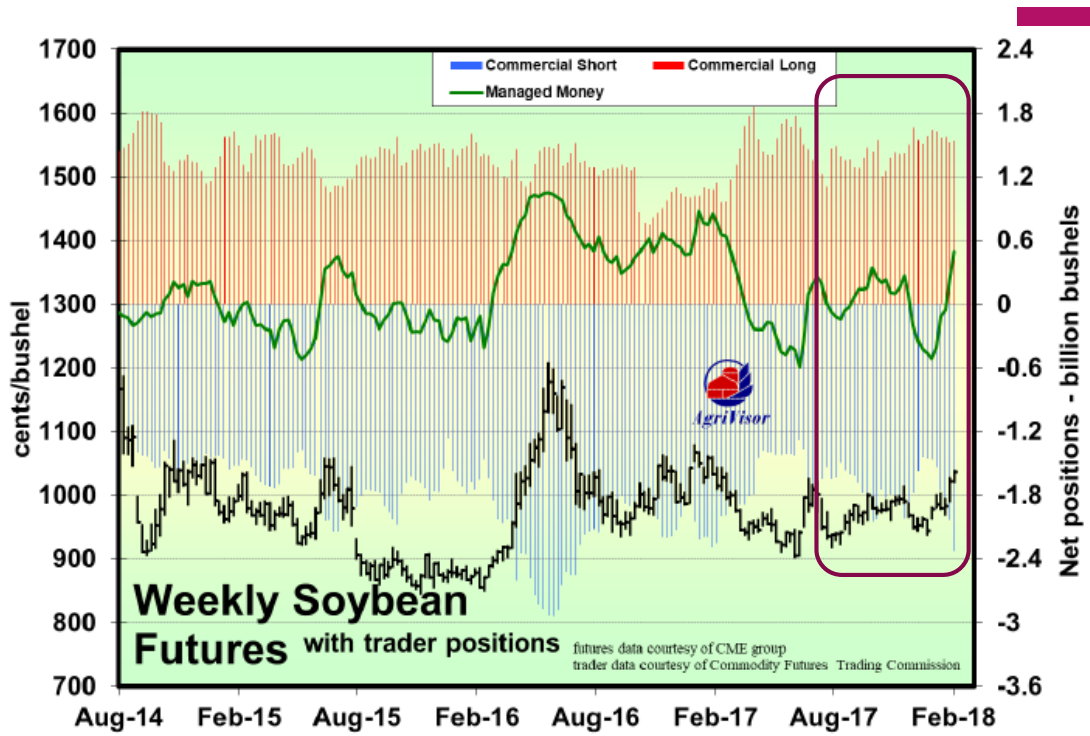
Daily Chart: January 2017 – March 2, 2018



MAY 2018

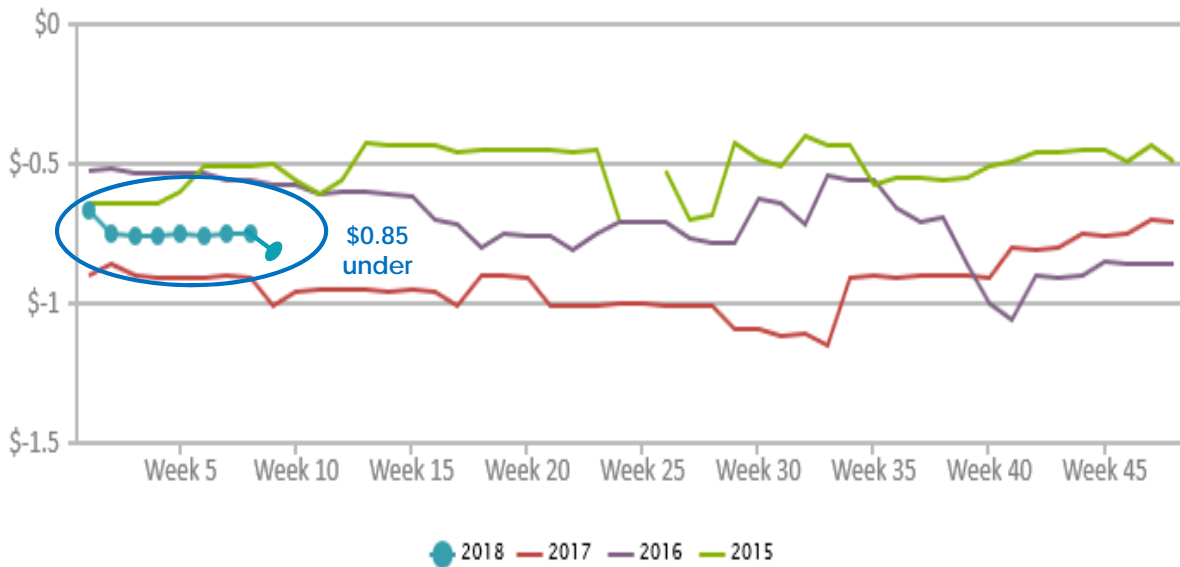
\$10.71
3/2/2018





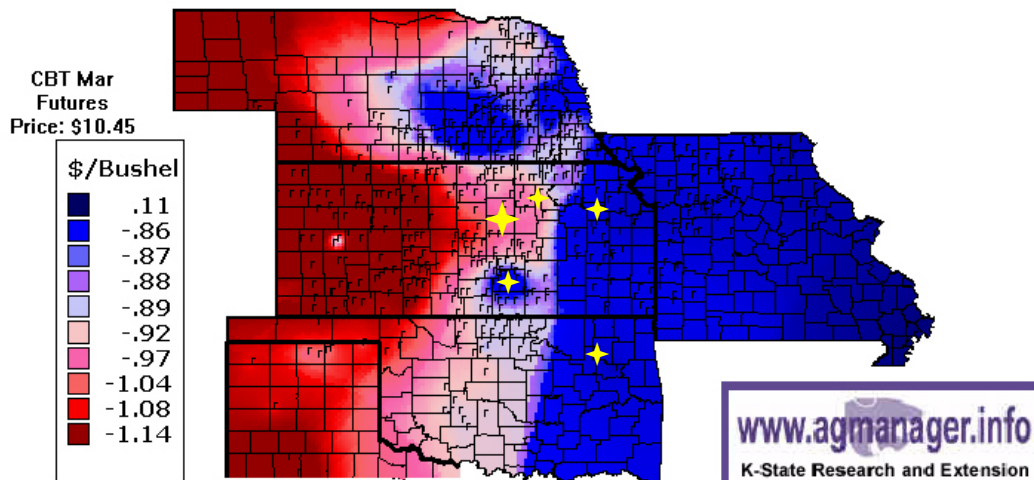
SALINA, KS: Soybeans Basis - CARGILL

www.AgManager.info



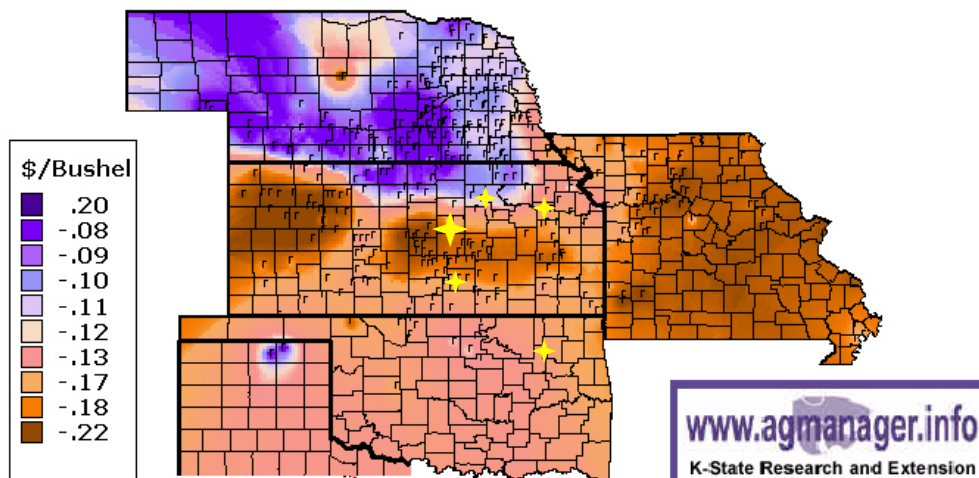
Soybean Basis, 02-28-2018

Basis = Cash Price - Nearby Futures Price



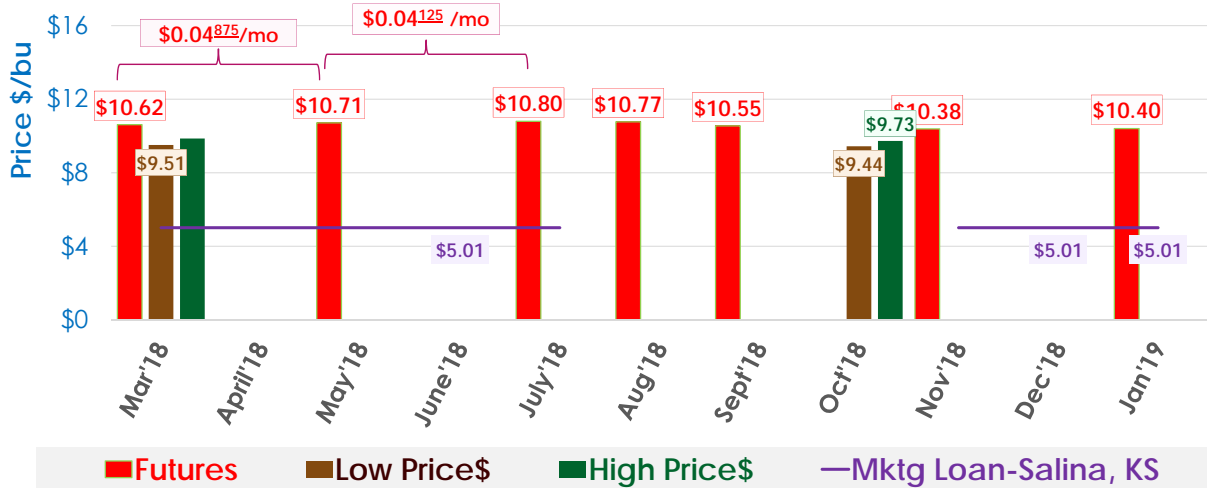
Soybean Basis Deviation, 02-28-2018

Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)



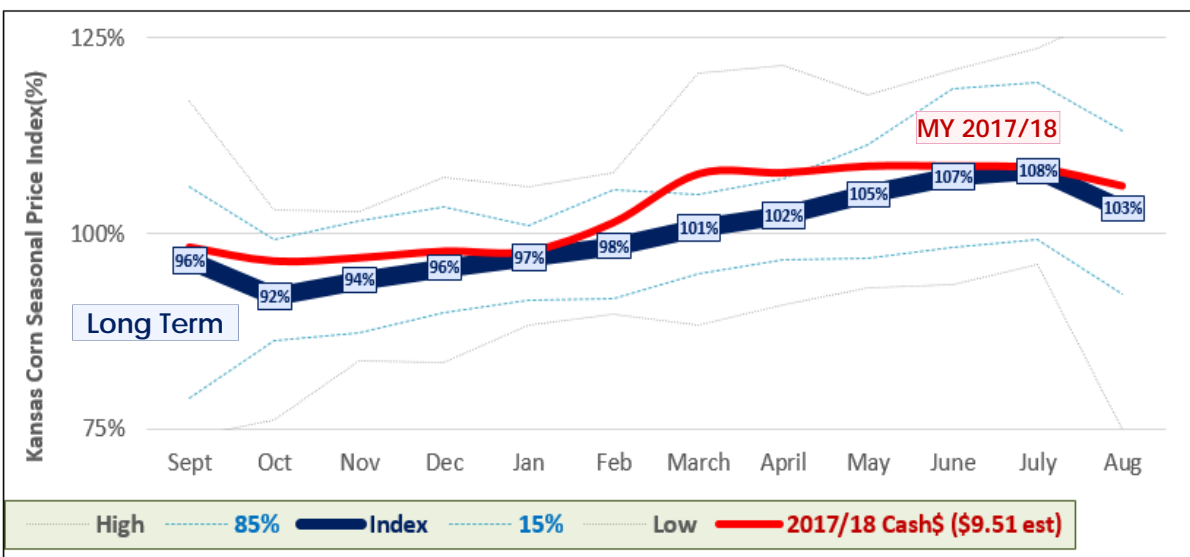
Soybean Cash & Futures Price\$'s

Salina, KS Local Elevators - March 2, 2018



Kansas Soybean Seasonal Cash \$ Index

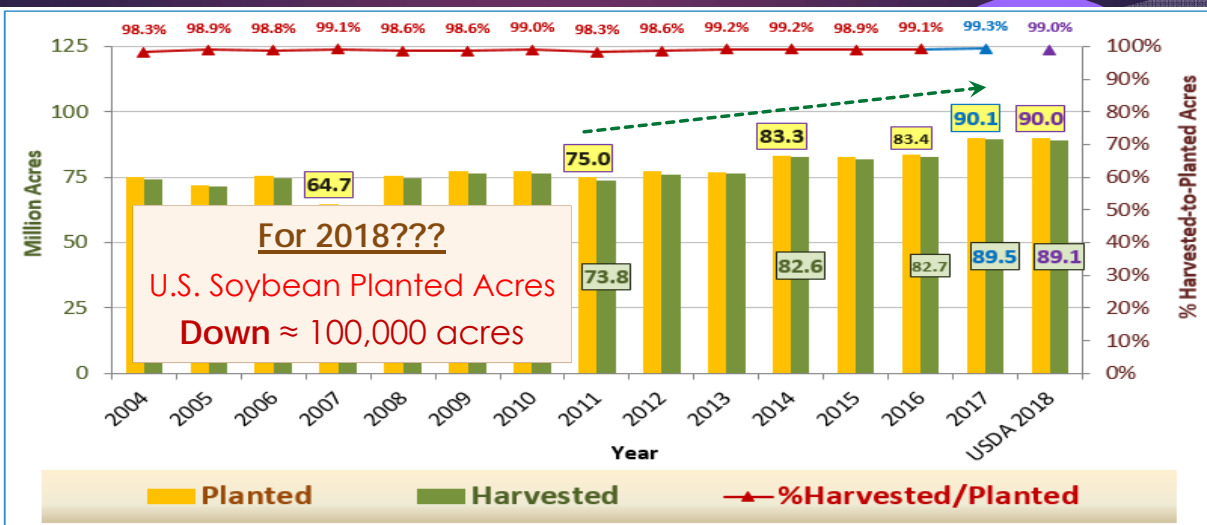
Monthly Prices: Long Term Average + "New Crop" MY 2017/18



U.S. Soybean Supply and Demand

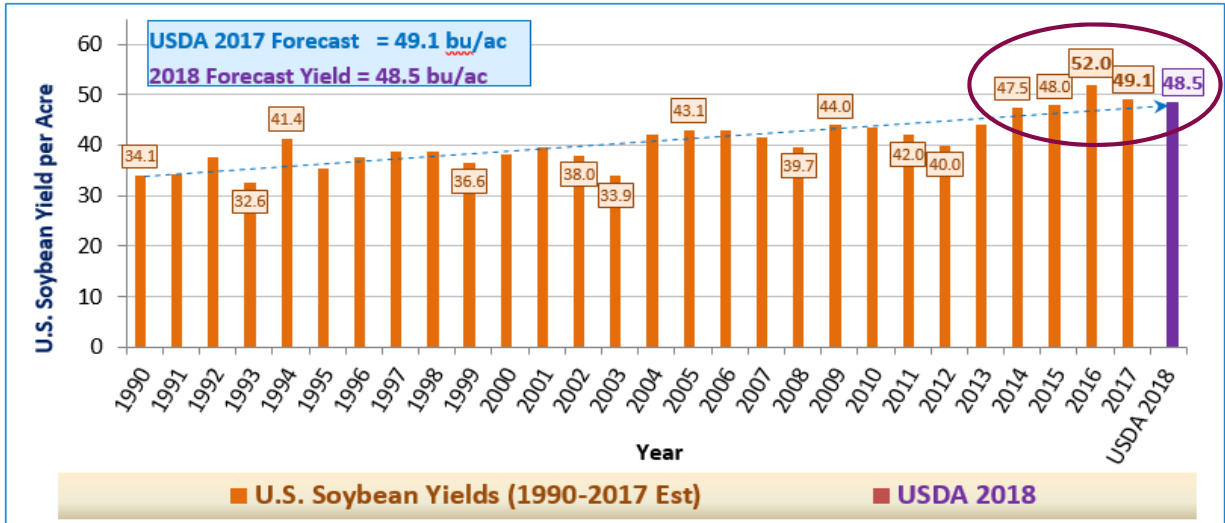
	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
Planted area (million acres)	83.4	90.1	--	6.7	↑ Record Crop and Record Supply
Harvested area (million acres)	82.7	89.5	--	6.8	
Yield (bushels per acre)	52.0	49.1	--	-2.9	
		<i>Million bushels</i>			
Beginning stocks	197	302	--	105	↑ Stocks/Use & ↓ Prices
Production	4,296	4,392	--	95	
Imports	22	25	--	3	
Total supply	4,515	4,718	--	203	2 nd High Use & ↓ Exports
Crush	1,899	1,950	--	51	
Seed and residual	141	138	--	-3	
Domestic use	2,040	2,088	--	48	↓ Exports
Exports	2,174	2,100	-60	-74	
Total use	4,213	4,188	-60	-25	
Ending stocks	302	530	60	228	
		<i>Percent</i>			
Stocks to use ratio	7.2	12.7	1.6	5.5	↑ Stocks/Use & ↓ Prices
		<i>Dollars per bushel</i>			
Average market price	9.47	8.90/9.70	--	-0.17	

U.S. Soybean Acreage

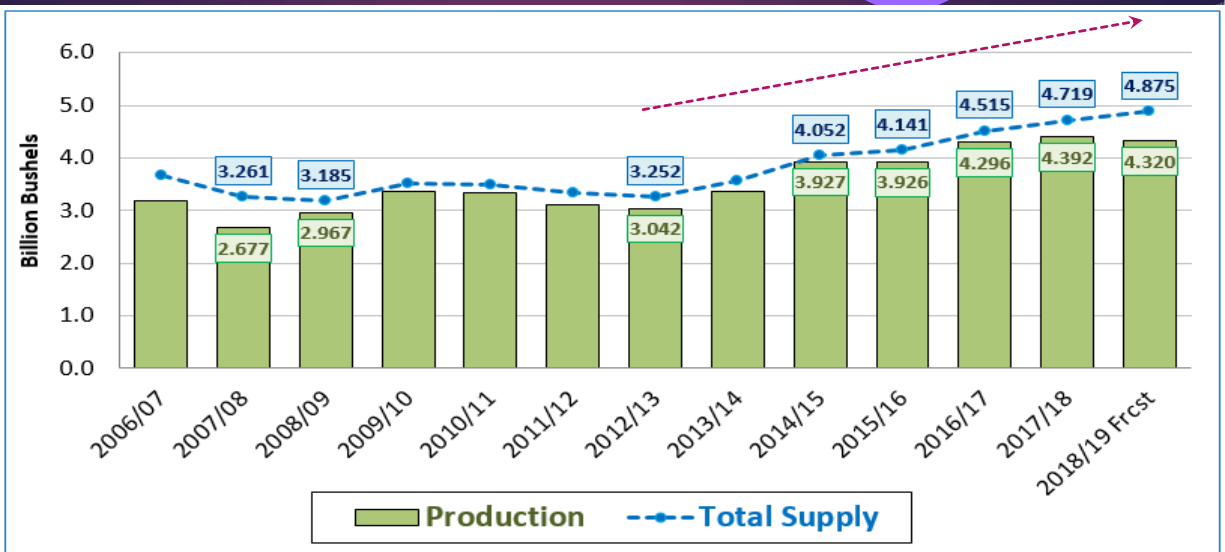


U.S. Soybean Yields

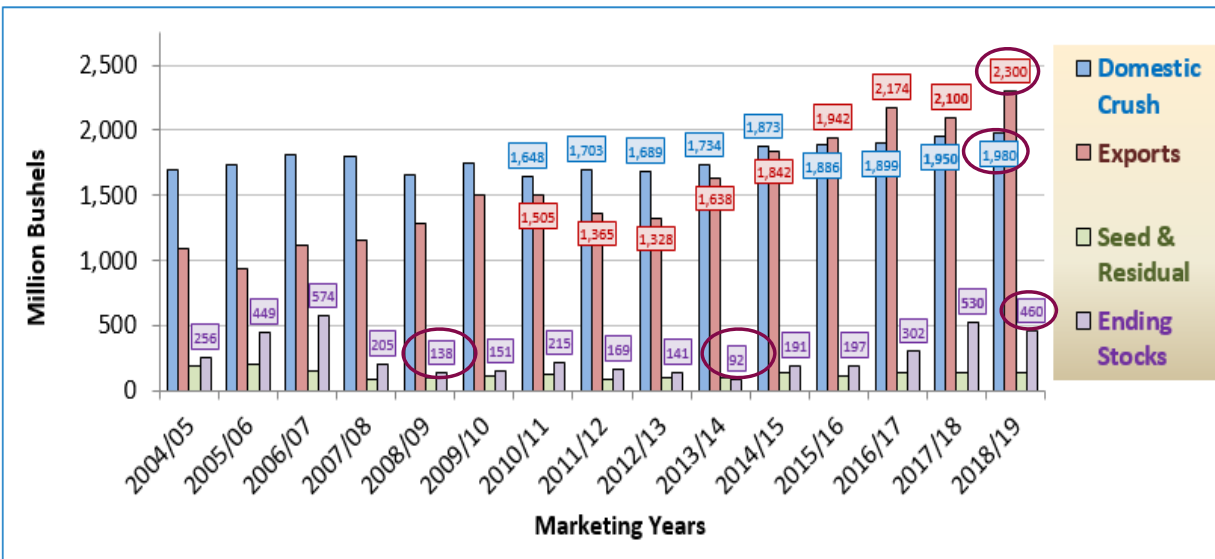
USDA 2017 = 49.1 bu/ac; 2018 Forecast = 48.5



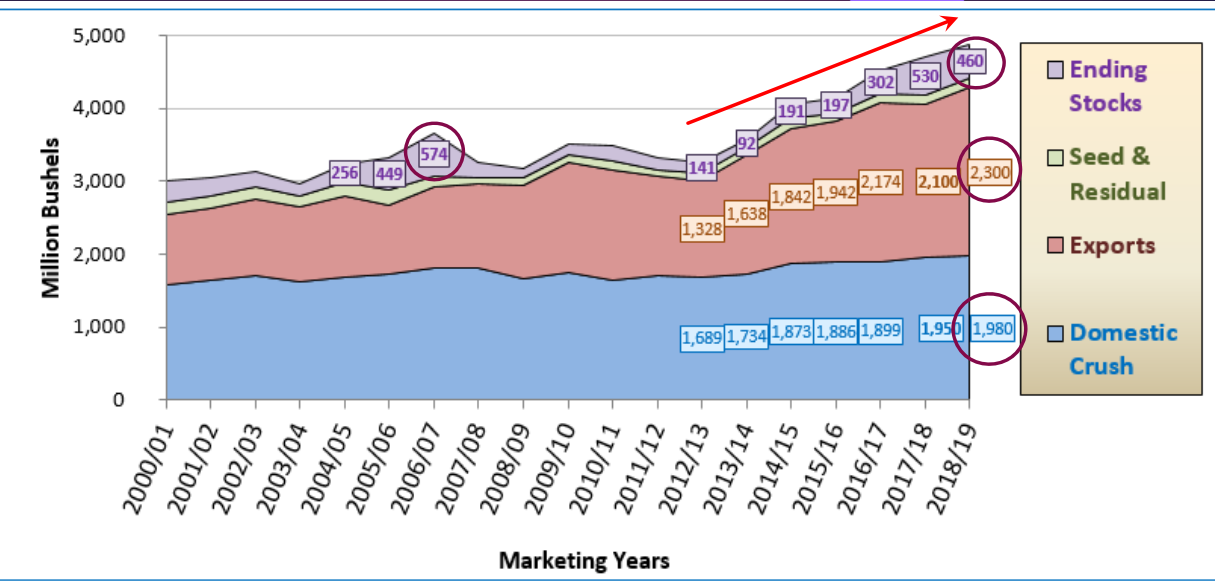
U.S. Soybean Production & Supplies



U.S. Soybean Use & End Stocks

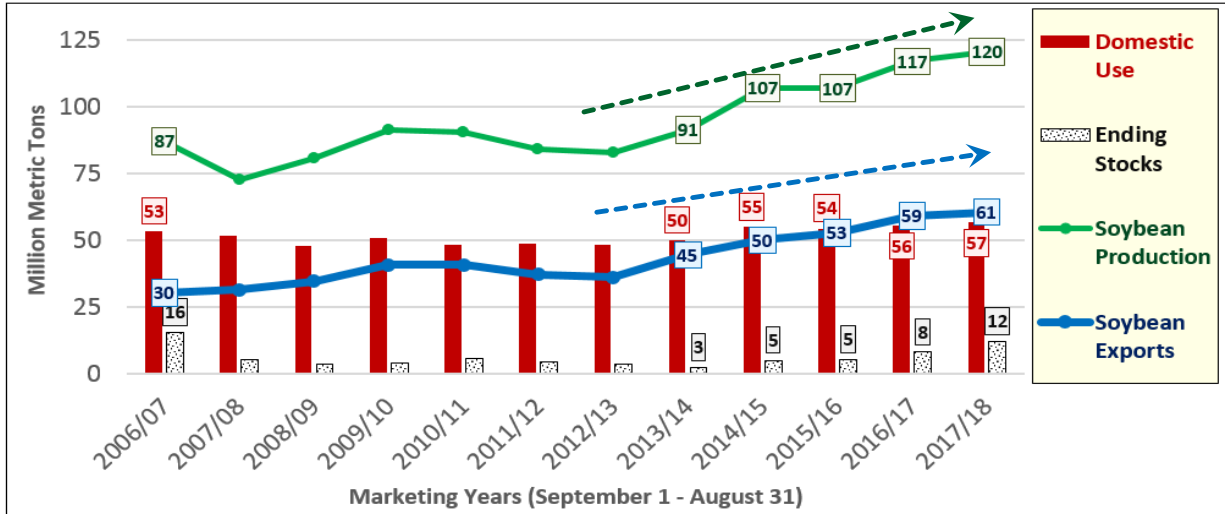


U.S. Soybean Use & End Stocks

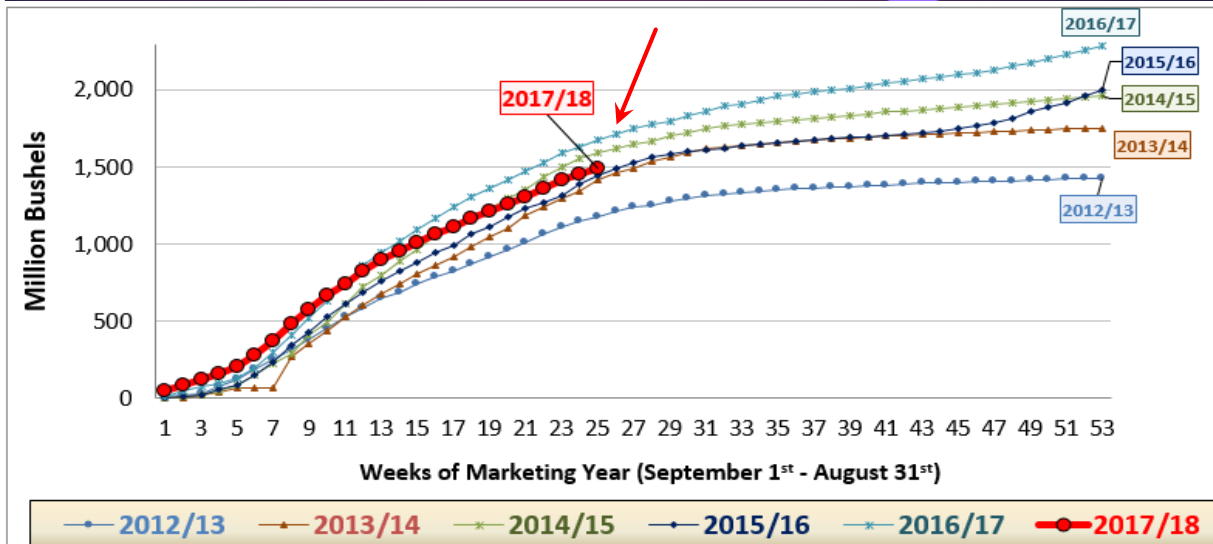


U.S. Soybean Supply-Demand

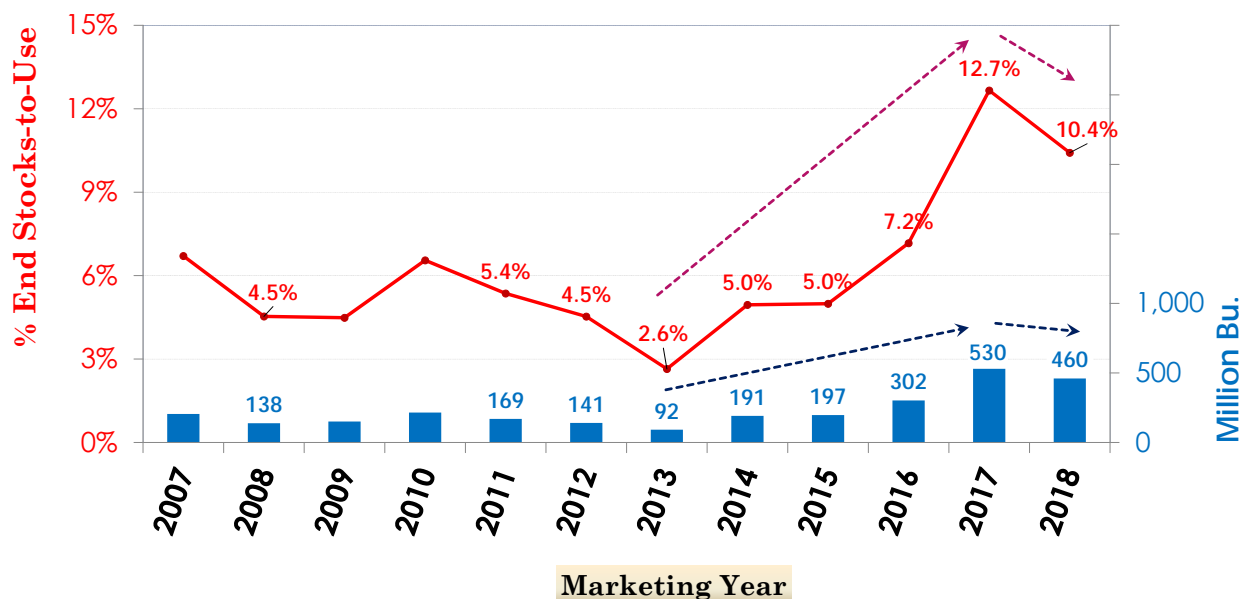
MY 2006/07 thru MY 2017/18



U.S. Soybean Exports - Weekly through Feb. 22nd

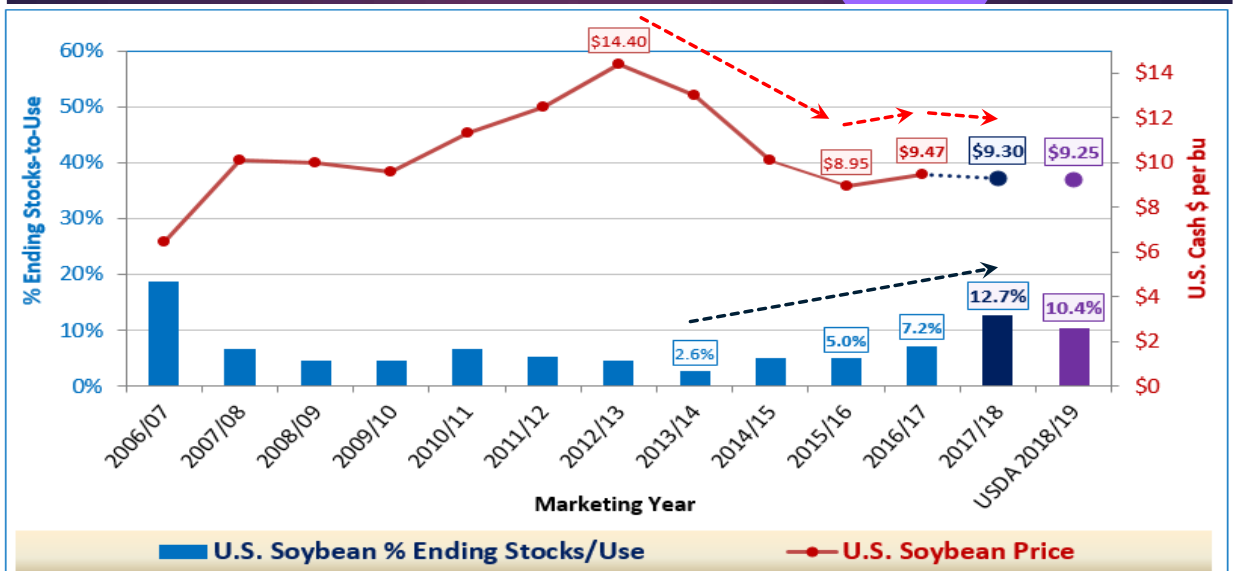


U.S. Soybean Ending Stocks & % Stx/Use





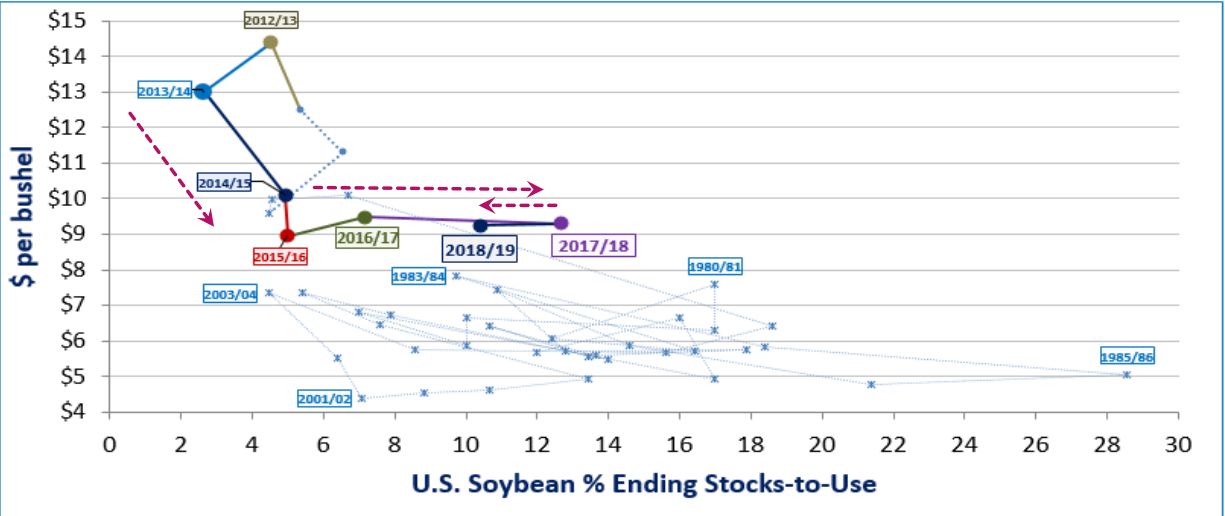
U.S. Soybean % Stocks/Use vs Price\$



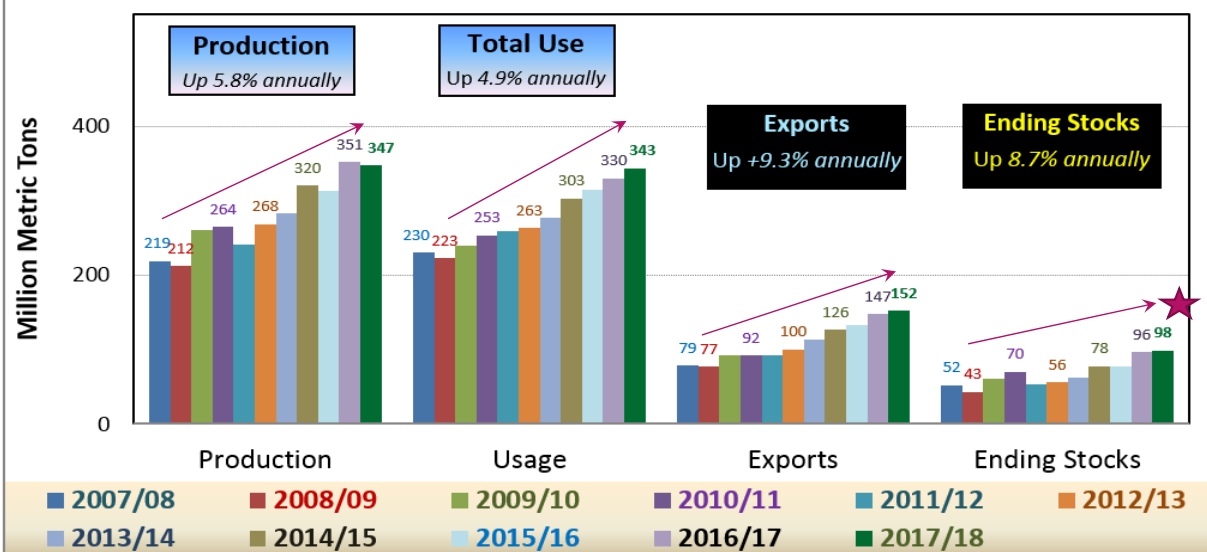
U.S. Soybean \$ vs U.S. Stx-to-Use



MY 1973/74 through "Next Crop" MY 2017/18



World Soybean Supply, Use & Stocks



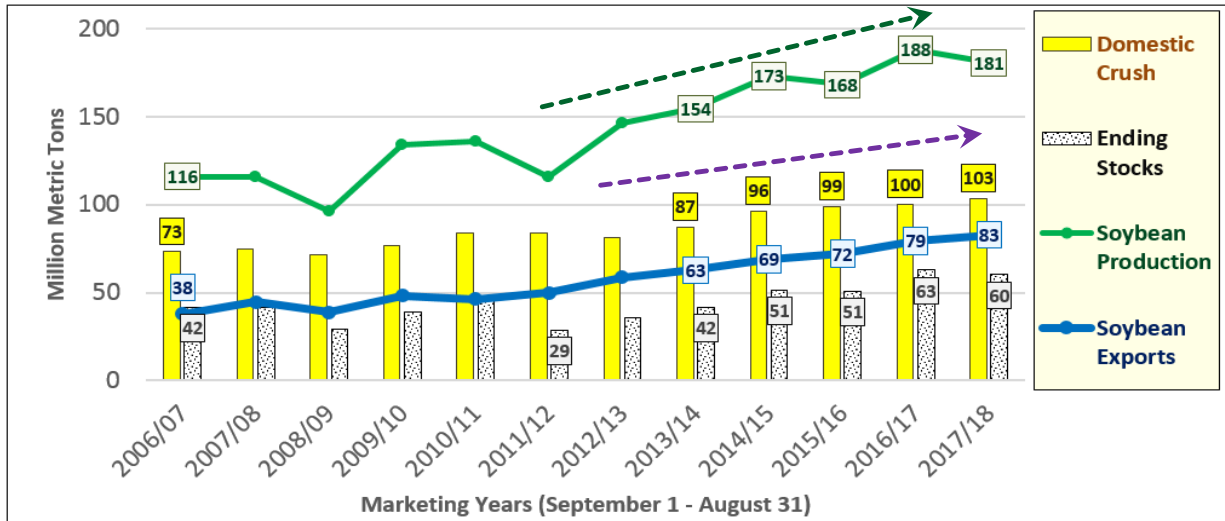


World Soybean Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
<i>Million Tons</i>					
World	351.3	346.9	-1.7	-4.4	↓ World Crop ↑ U.S. Crop ↓ Foreign Crop
United States	116.9	119.5	--	2.6	
Foreign	234.4	227.4	-1.7	-7.0	
Argentina	57.8	54.0	-2.0	-3.8	↑ Canada ↑ China ↓ Brazil** ↓ Argentina** ↓ Paraguay ↓ India
Brazil	114.1	112.0	2.0	-2.1	
Paraguay	10.7	9.2	-0.2	-1.5	
Canada	6.6	8.0	--	1.4	
India	11.5	9.5	-0.5	-2.0	
China	12.9	14.2	--	1.3	

South America Soybean Supply-Demand

MY 2006/07 thru MY 2017/18



World Soybean Supply and Use

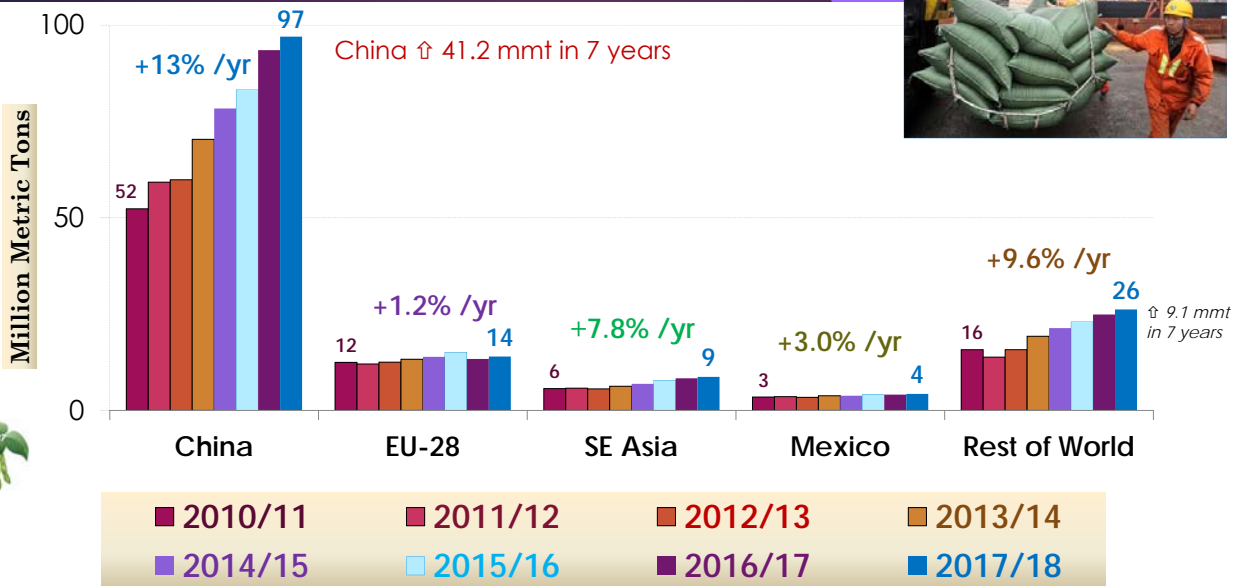
	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
<i>Million Tons</i>					
Beginning stocks	77.9	96.1	-0.4	18.2	↑ Beg. Stocks ↓ Production ↑ Total Supply
Production	351.3	346.9	-1.7	-4.4	
Total Supply	429.3	443.1	-2.0	13.8	
Domestic crush	288.5	300.1	-1.4	11.6	↑ Crush ↑ Total Use ↑ Trade ↑ End Stocks
Total use	330.1	343.2	-1.3	13.1	
Trade	147.2	152.0	-0.2	4.7	
Ending Stocks	96.1	98.1	-0.4	2.0	

Addendum:

Beginning stocks				
Argentina plus Brazil	49.8	61.1	-0.2	11.3
Imports*				
China	93.5	97.0	--	3.5

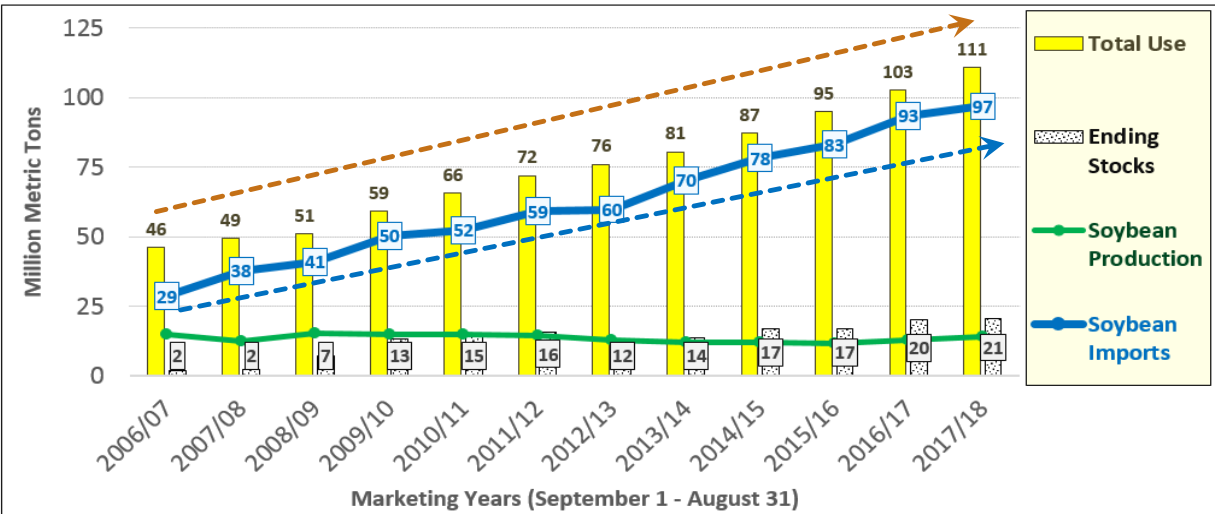


Soybean Importer Purchases



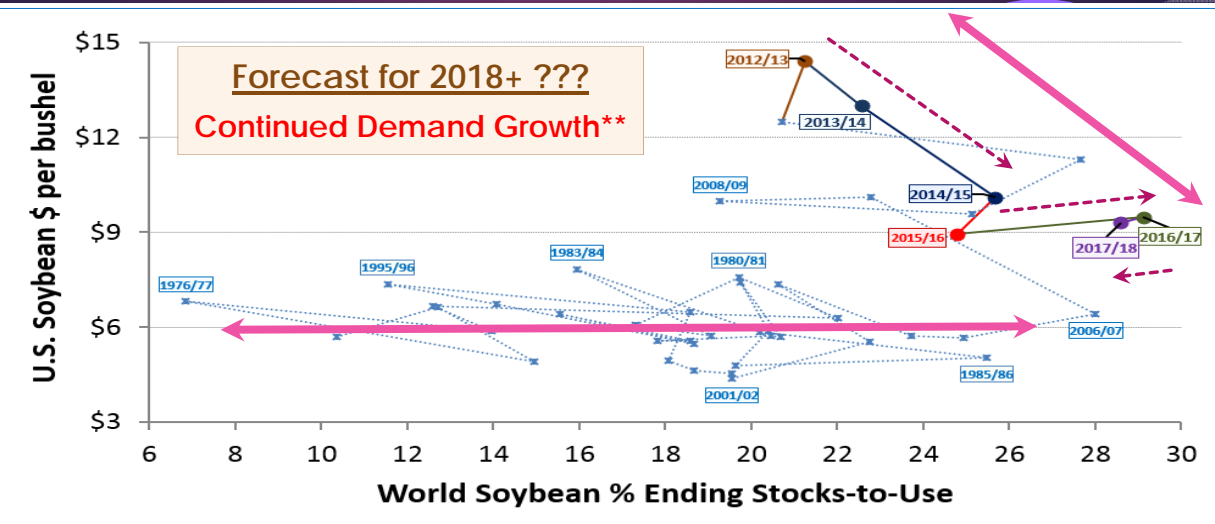
China Soybean Supply-Demand Trends

MY 2006/07 thru MY 2017/18



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

MY 1973/74 through "New Crop" MY 2017/18



Wheat Markets



KANSAS STATE UNIVERSITY Department of Agricultural Economics



U.S. Wheat Market Overview

- **U.S. Wheat Production** trending *lower* (to a *15 year low* in 2017)
- *Large U.S. & World Stocks continue to limit Wheat Price\$'s ***
- *"Moderate" U.S. Wheat Exports are limiting Total Use*
 - **Exports** ^{2017/18} = 950 mln bu (*778 mb – 1.291 bb range since 2008/09*)
 - **Food Use** ^{2017/18} = 955 mln bu (*Level Food Use since MY 2012/13*)
 - **Feed Use** ^{2017/18} = 100 mln bu (*Down from 228-365 mb in 2012 - 2013*)
 - **HRW Exports** ^{2017/18} = 395 mln bu (*Down from 455 mb in MY 2016/17*)

U.S. Wheat Stocks.....

- All U.S. Wheat: “Large” Stocks
 - End Stocks ^{2017/18} ⇒ 1.009 bln bu (1.181 bb last year)
 - % Stocks/Use ^{2017/18} ⇒ 48.8% S/U (53.2% S/U last year)

- U.S. HRW Wheat: “Large” Carryovers
 - End Stocks ^{2017/18} ⇒ 494 mln bu (589 mb last year)
 - % Stocks/Use ^{2017/18} ⇒ 58.0% S/U (64.5% S/U last year)

U.S. Wheat Quality & Grade

- U.S. HRW Wheat ²⁰¹⁷ ⇒ 11.4% protein, 60.5 lb test, 0.6% dockage
 - Versus 5 yr avg: 11.2% protein, 60.3 lb test wt, 0.6% dockage

- U.S. SRW Wheat ²⁰¹⁷ ⇒ 9.5% protein, 59.1 lb test, 0.4% dockage
 - Versus 5 yr avg: 9.8% protein, 58.4 lb test wt, 0.6% dockage

- U.S. Soft White Wheat ²⁰¹⁷ ⇒ 9.6% protein, 60.9 lb test, 0.5% dockage
 - Versus 5 yr avg: 10.2% protein, 60.6 lb test wt, 0.5% dockage

- U.S. HRS Spring Wheat ²⁰¹⁷ ⇒ 14.6% protein, 61.6 lb test, 0.5% dockage
 - Versus 14.2% protein, 61.3 lb test wt, 0.9% defects in 2016



World Wheat Market Prospects:

Large Supplies \Rightarrow A “Buyer’s Market”

- Record Supplies & Large Usage Forecast for 2017/18
 - **5** consecutive *record* high World wheat crops !!!
- Negative impact of stronger U.S. Dollar vs other currencies
- Still a “buyer’s market” for World Wheat Trade....*but*....
 - *Uncertainty* about **U.S. & World Crops** in 2018?
 - A **TIGHT** “World-Less-China” supply situation has emerged***

CME Kansas Hard Red Winter Wheat



Monthly Chart: January 2009 – February 2018 + 3/2/2018



CME Kansas Hard Red Winter Wheat

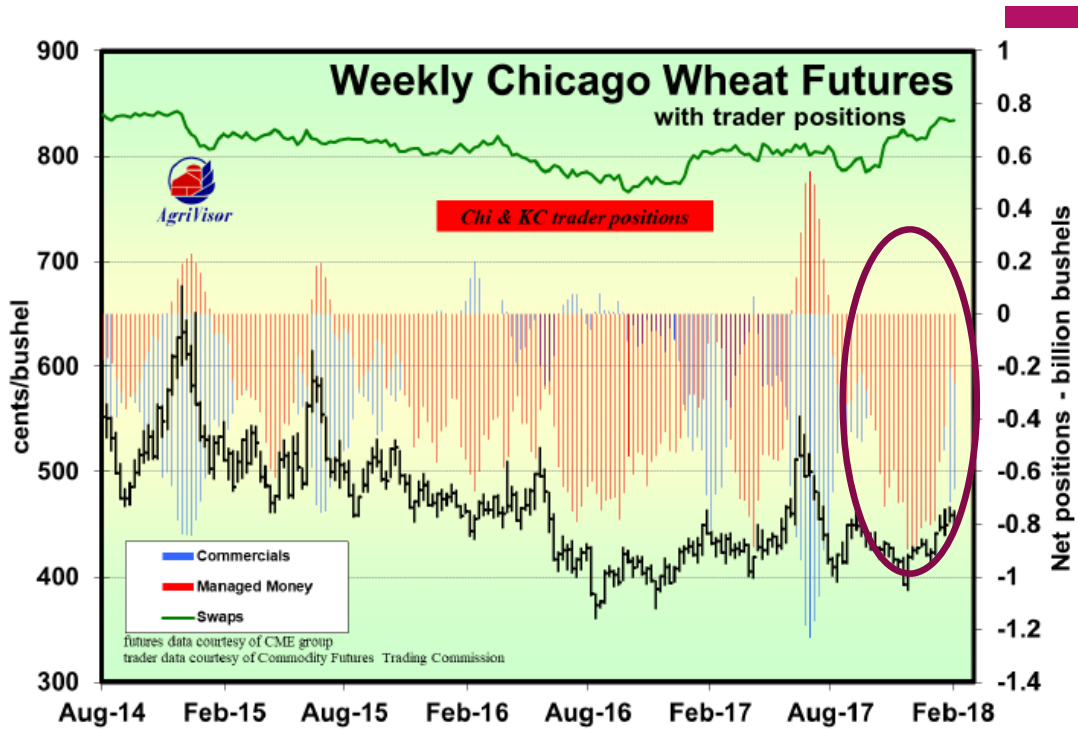


Monthly Chart: January 2009 – February 2018 + 3/2/2018



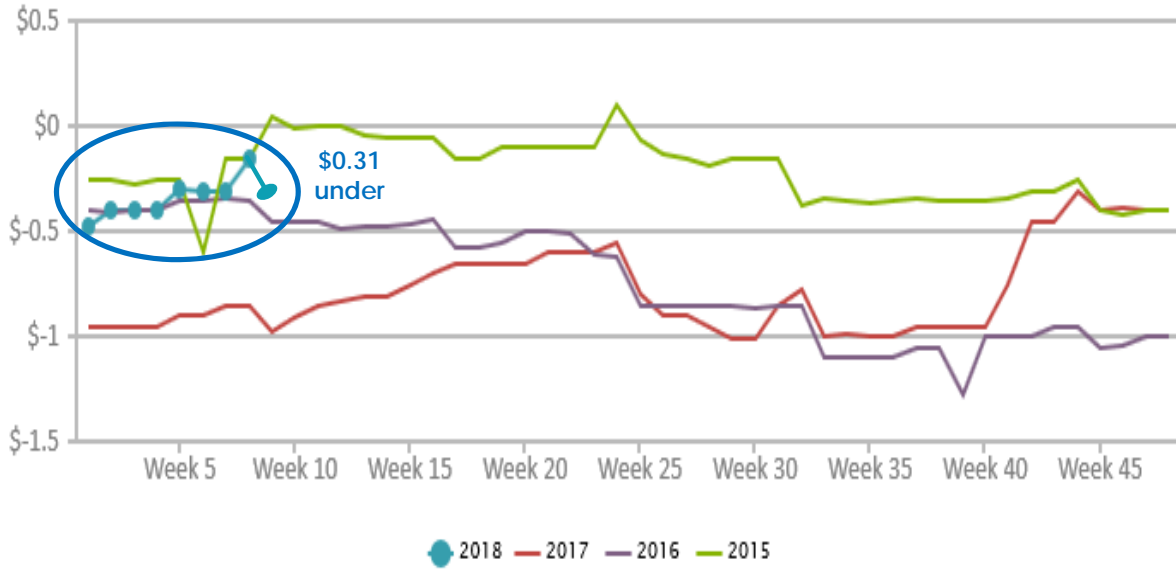
CME MAY 2018 KC HRW Wheat Futures

Daily Chart: January 2017 – March 2, 2018



SALINA, KS: Hard Red Winter Wheat Basis - CARGILL

www.AgManager.info

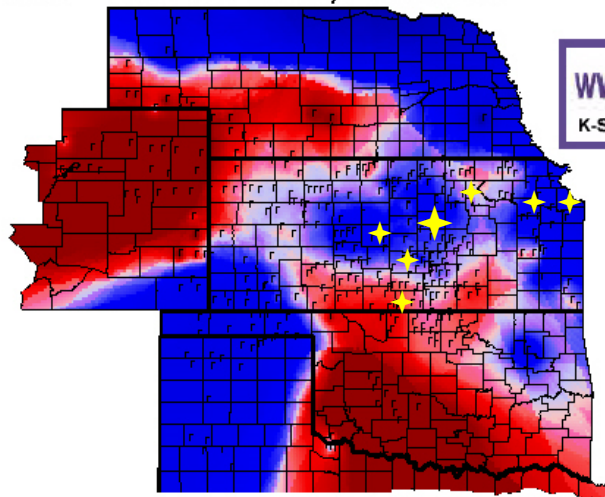


Wheat Basis, 02-28-2018

Basis = Cash Price - Nearby Futures Price

KCBT Mar Futures Price: \$5.08

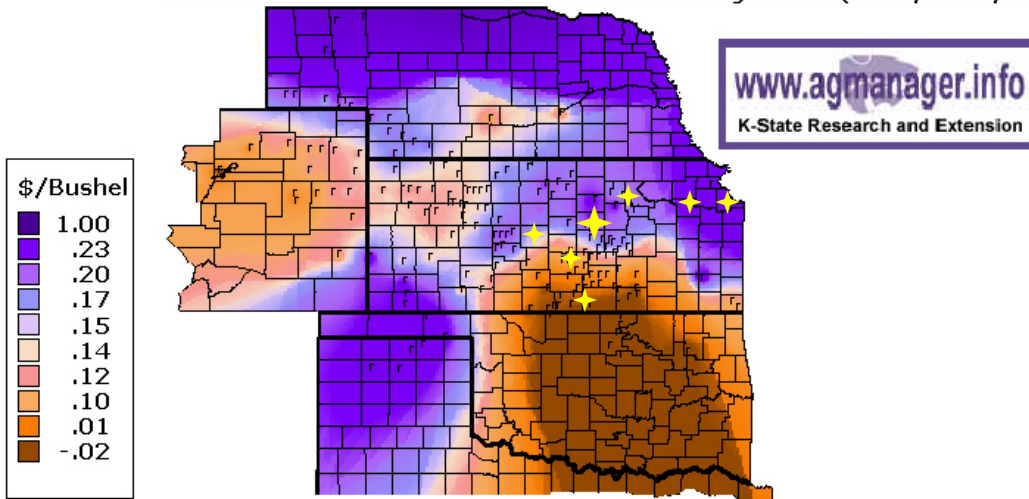
\$/Bushel	
Dark Blue	.79
Blue	-.50
Light Blue	-.54
Very Light Blue	-.55
White	-.57
Light Pink	-.58
Red	-.59
Dark Red	-.60
Dark Red	-.62
Dark Red	-.69



www.agmanager.info
K-State Research and Extension

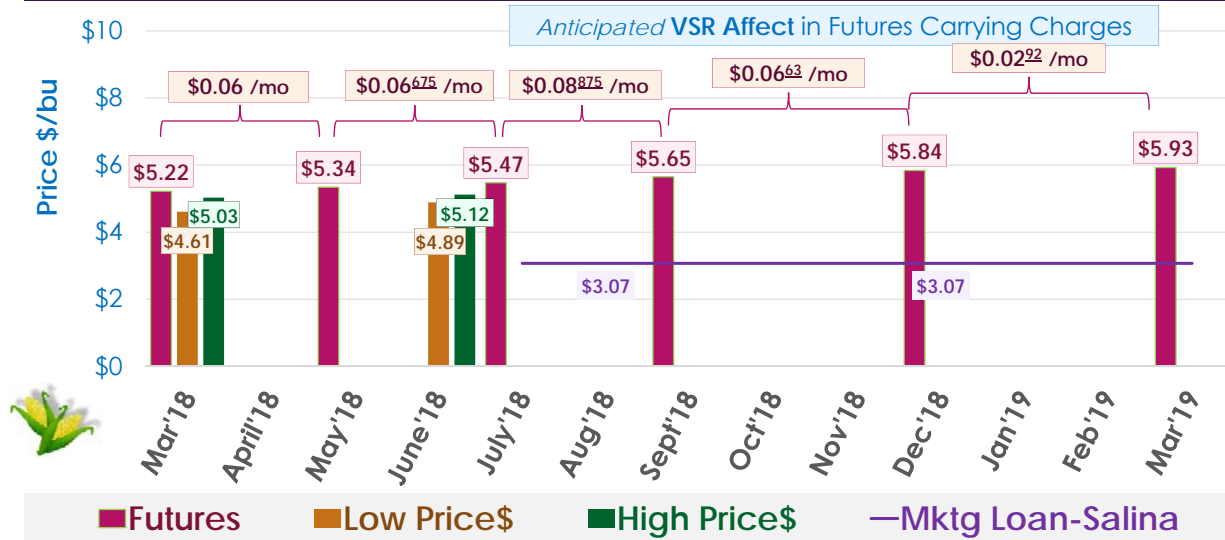
Wheat Basis Deviation, 02-28-2018

Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)



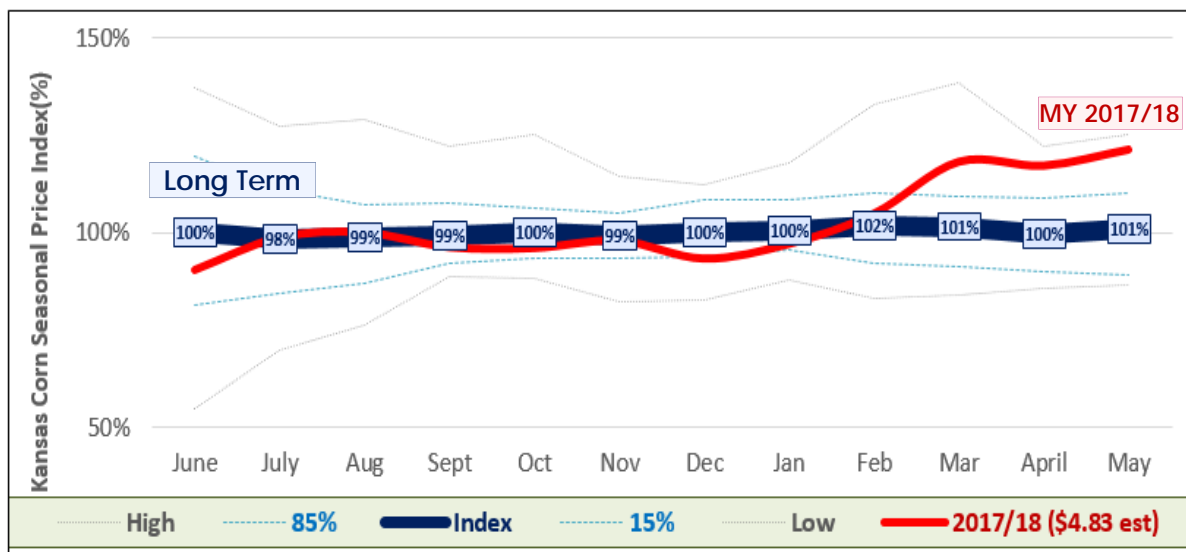
Wheat Cash & KC HRW Wheat Futures

Salina, KS Local Elevators – March 2, 2018



Kansas Wheat Seasonal Cash \$ Index

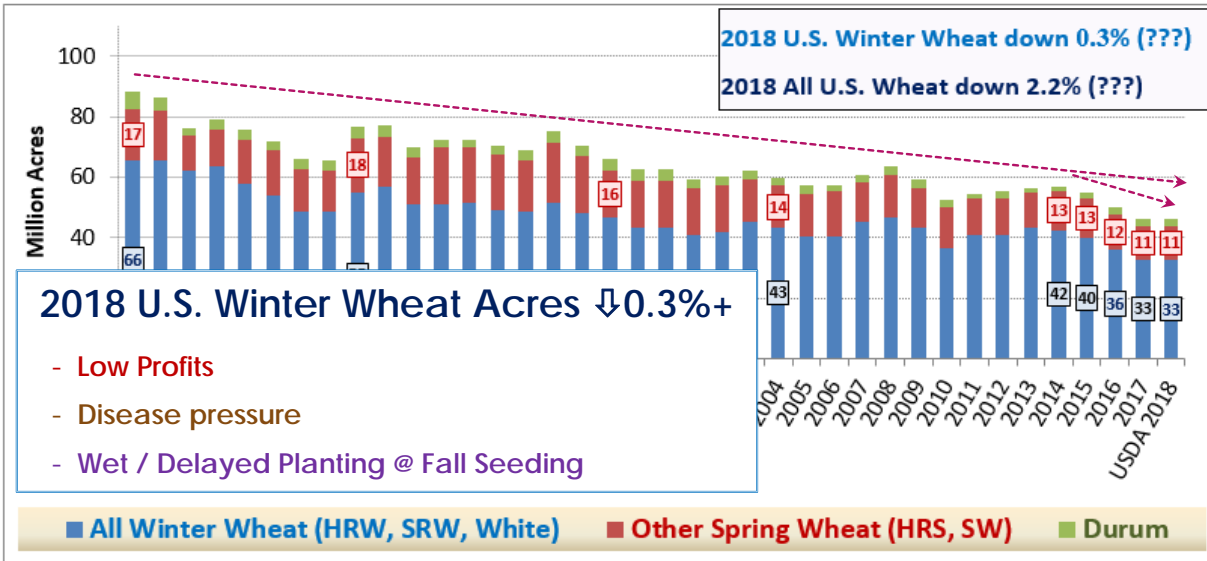
Monthly Prices: Long Term Average + "New Crop" MY 2017/18



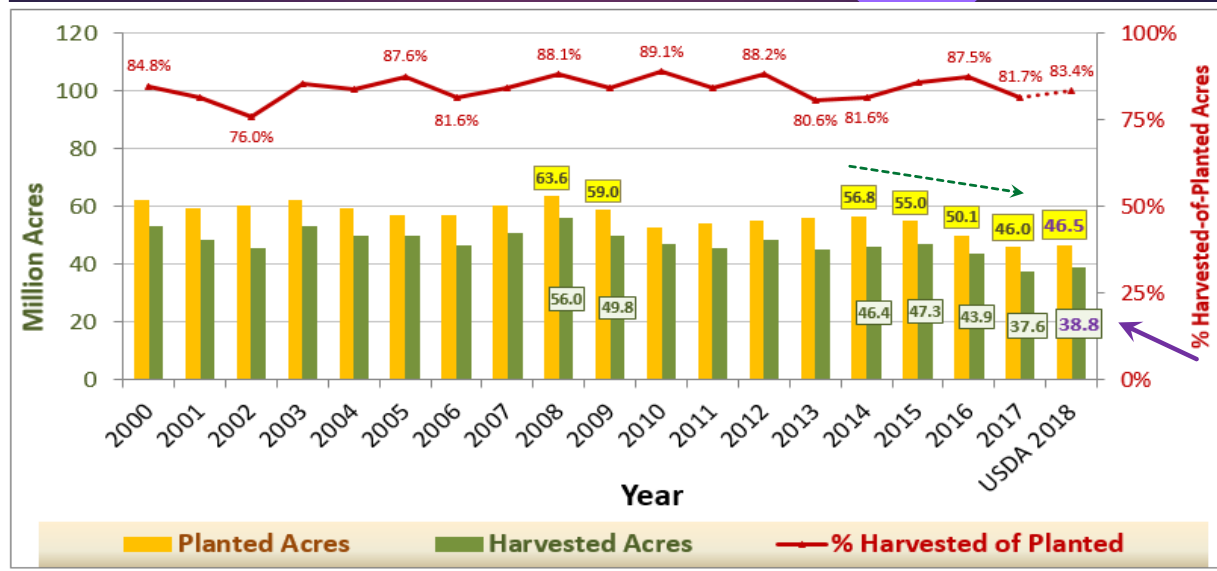
U.S. Wheat Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
Planted area (million acres)	50.1	46.0	--	-4.1	↓ Crop BUT still Large Supply
Harvested area (million acres)	43.9	37.6	--	-6.3	
Yield (bushels per acre)	52.7	46.3	--	-6.3	
	<i>Million bushels</i>				
Beginning stocks	976	1,181	--	205	Less Domestic Use & ↓ Exports
Production	2,309	1,741	--	-568	
Imports	118	155	--	37	
Total supply	3,402	3,076	--	-326	↓ Stocks/Use & ↑ Prices
Food use	949	955	5	6	
Seed	61	62	--	1	
Feed and residual	156	100	--	-56	
Domestic use	1,167	1,117	5	-50	
Exports	1,055	950	-25	-105	
Total use	2,222	2,067	-20	-155	
Ending stocks	1,181	1,009	20	-171	
	<i>Percent</i>				
Stocks to use ratio	53.1	48.8	1.4	-4.3	
	<i>Dollars per bushel</i>				
Average market price	3.89	4.55/4.65	--	0.71	

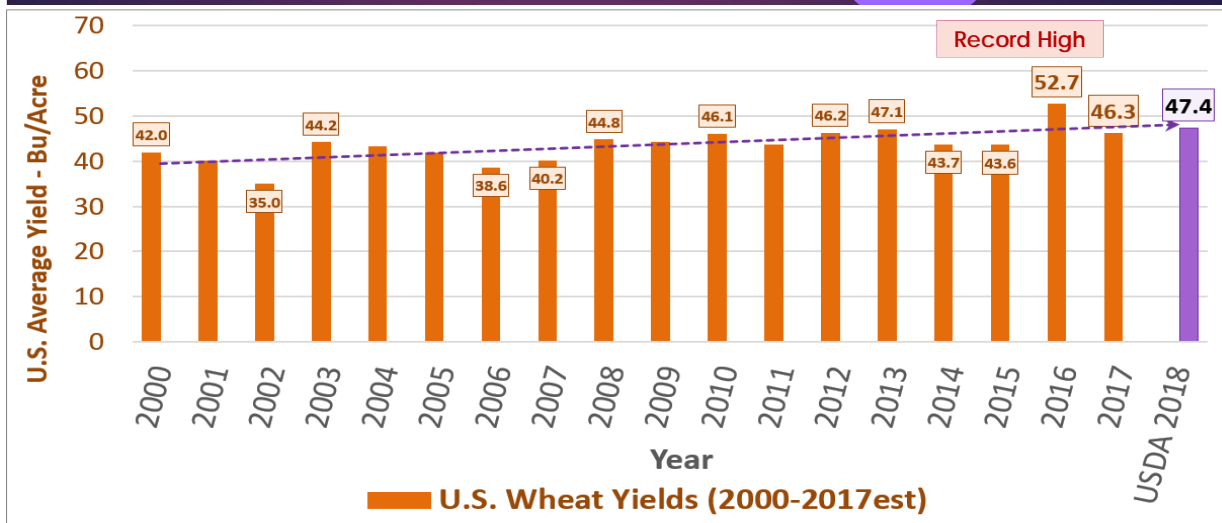
U.S. Wheat Seeded Acreage



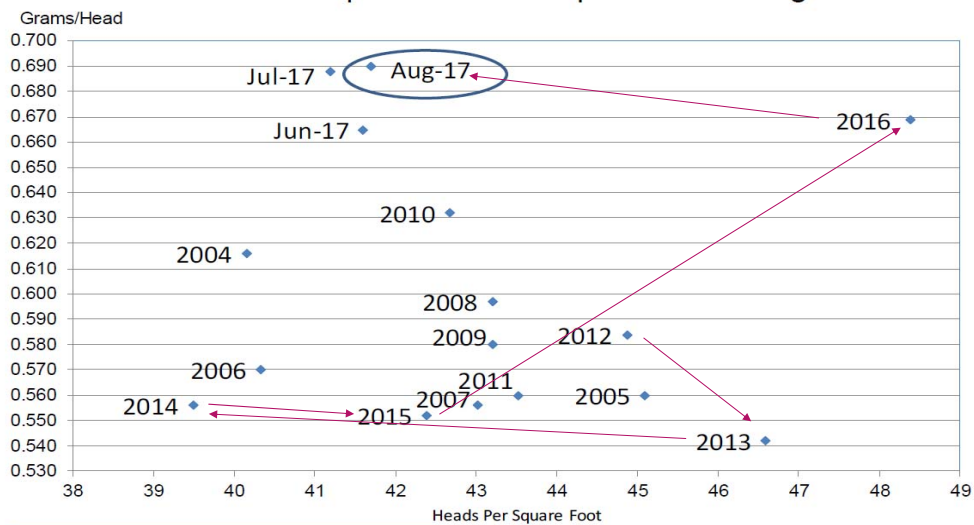
U.S. Wheat Acreage



U.S. Wheat Yields



Wheat Objective Yield Region Heads Per Square Foot vs. Implied Head Weight

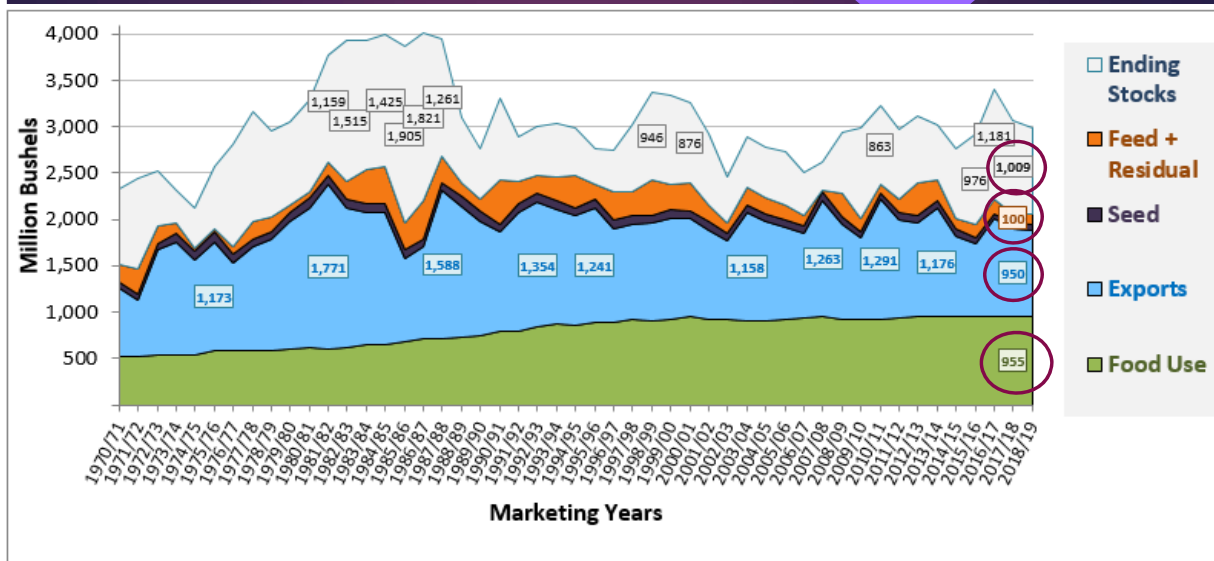


Implied Head Weight = Published Yield / (Heads*1.6006)

U.S. Wheat Production & Supplies

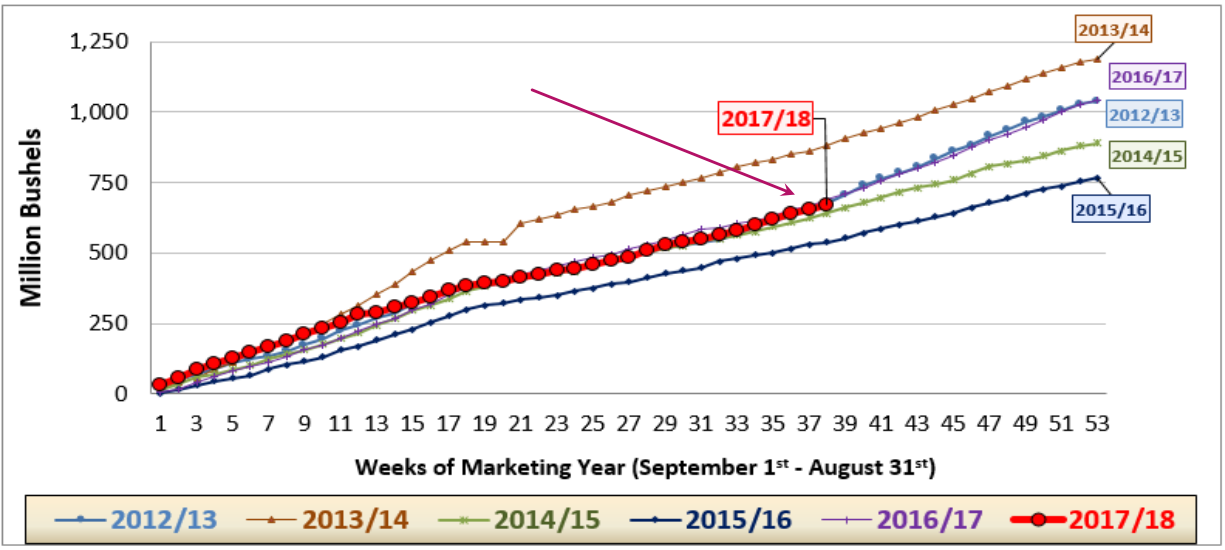


U.S. Wheat Use by Category

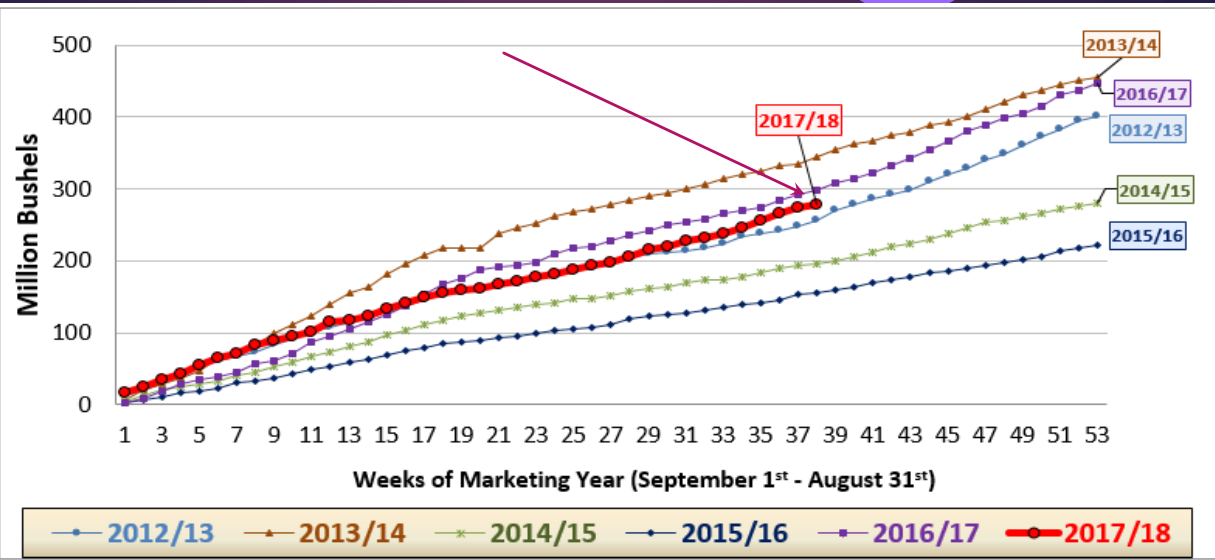




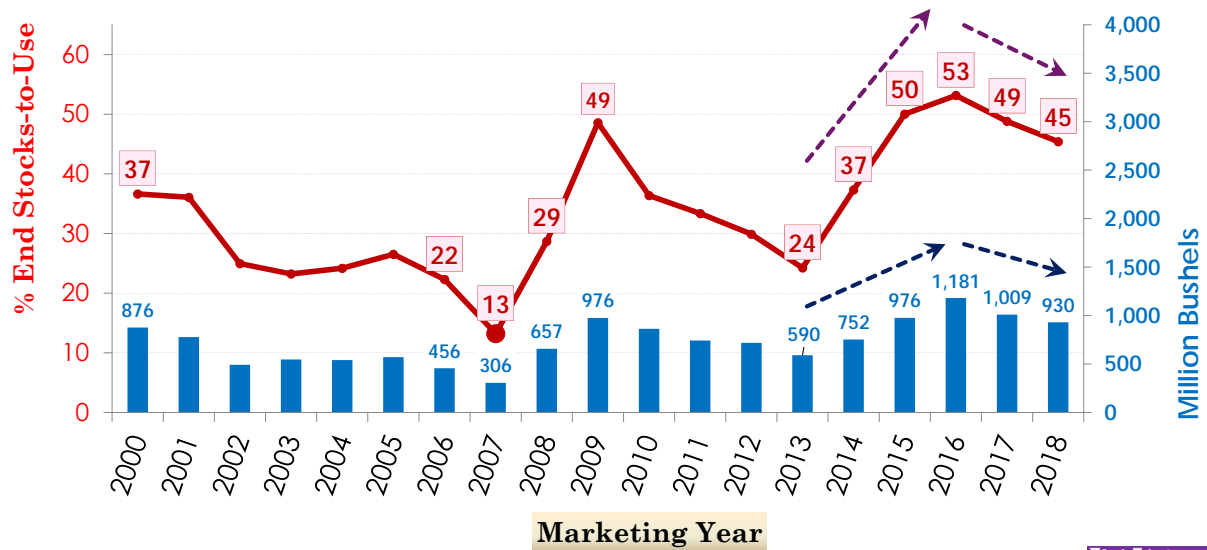
U.S. All Wheat Exports – Weekly thru February 22, 2018



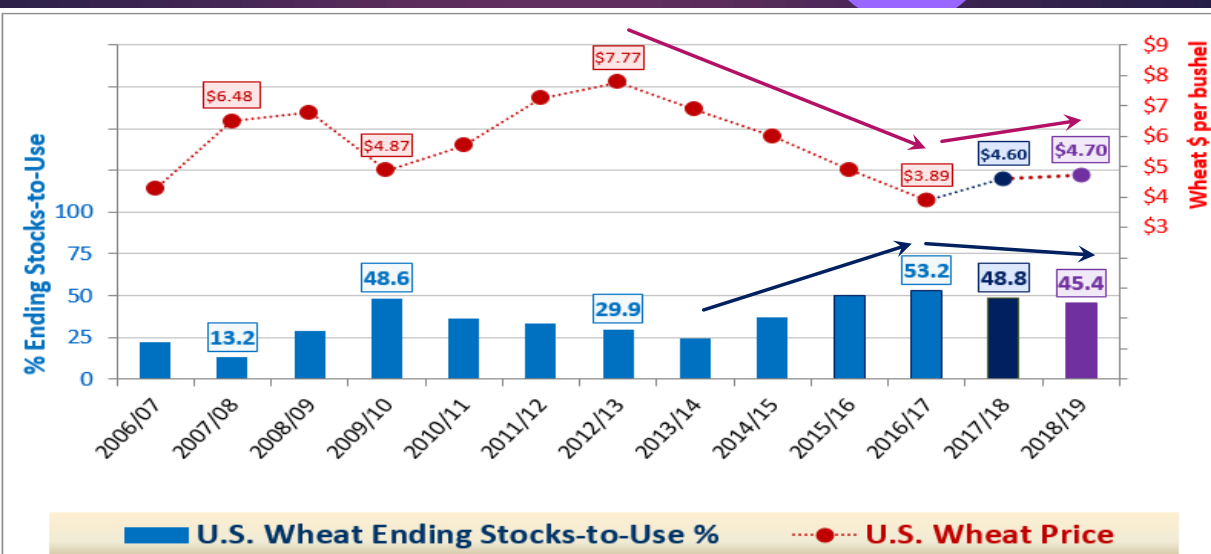
U.S. HRW Wheat Exports – Weekly thru Feb. 22, 2018



U.S. Wheat Ending Stocks & % Stx/Use

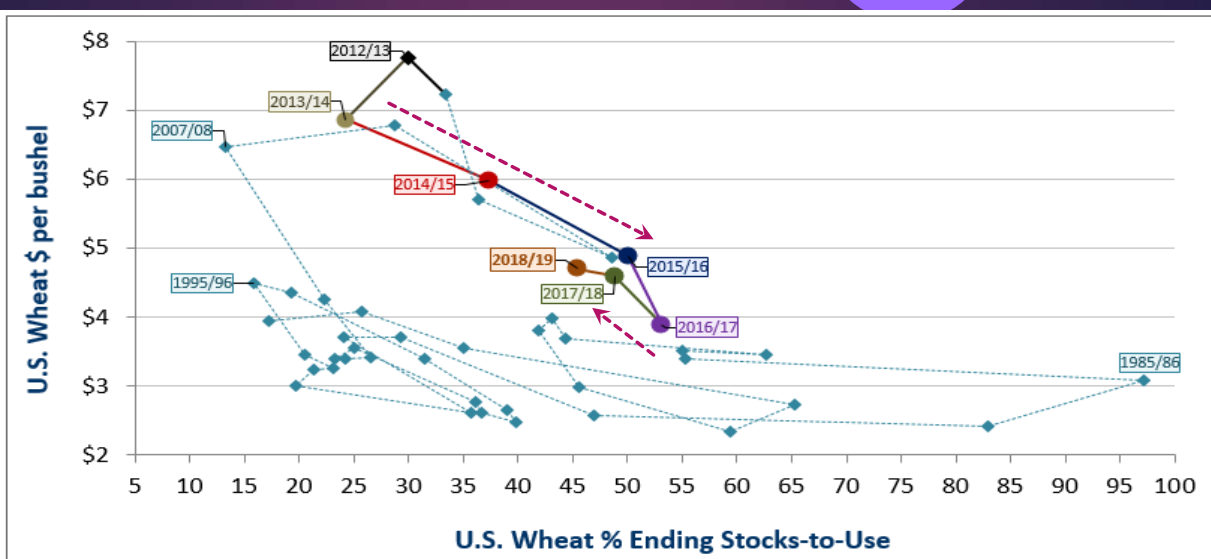


U.S. Wheat Ending Stocks & Prices

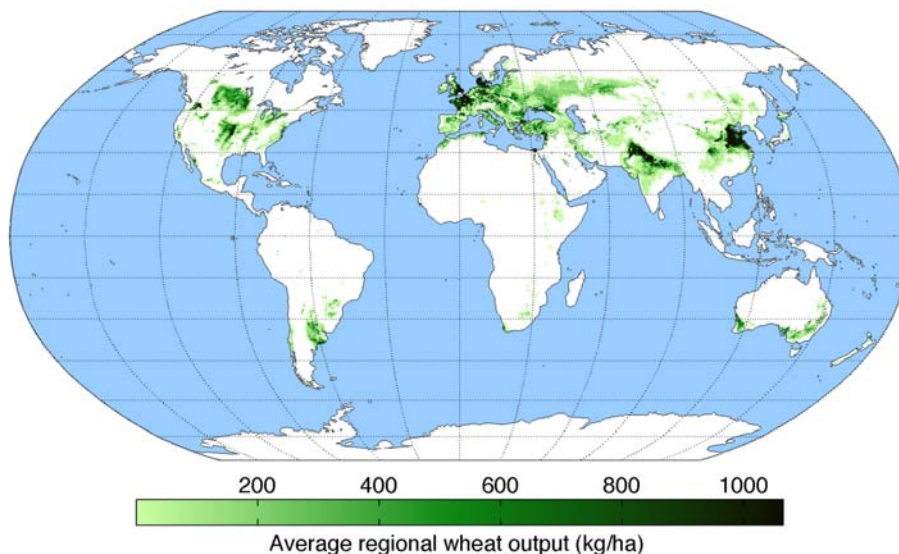


U.S. Wheat Price

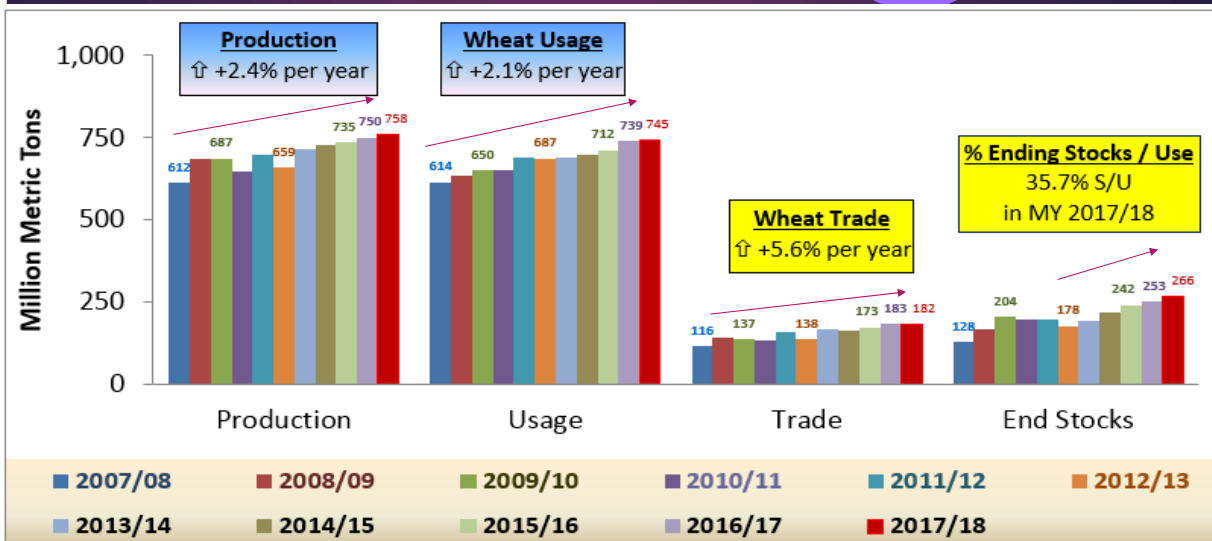
U.S. Wheat Price vs U.S. Stocks-to-Use



World Wheat Production Regions



World Wheat Supply, Use & Stocks



World Wheat Production

40

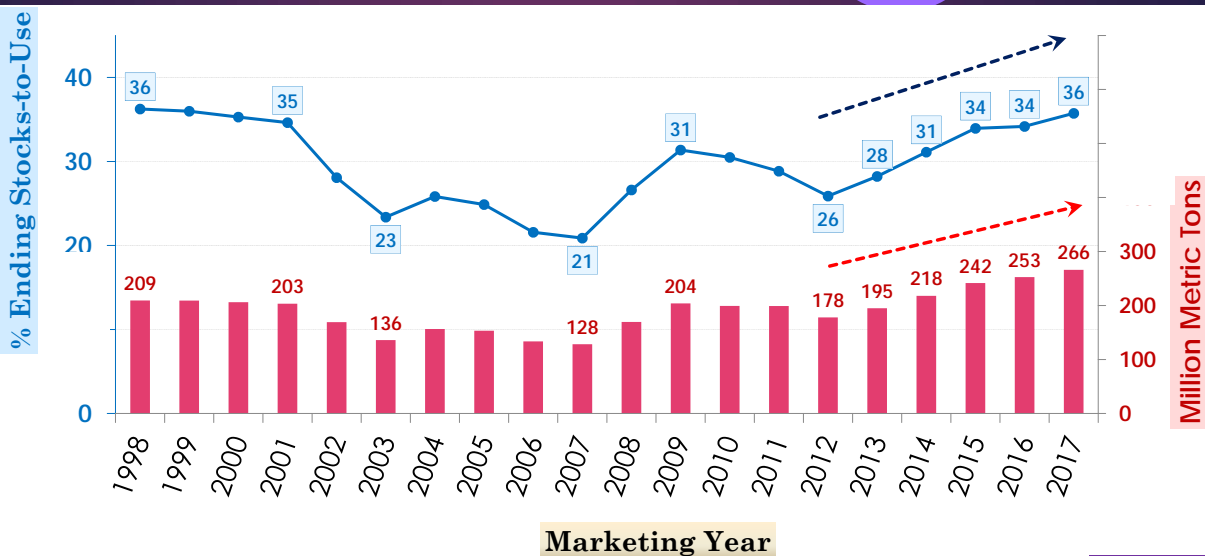
Country or Region	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
<i>Million Tons</i>					
World	750.4	758.3	1.2	7.8	} ↓ U.S. Crops BUT
United States	62.8	47.4	--	-15.5	
Foreign	687.6	710.9	1.2	23.3	} ↑ Foreign Wheat
Argentina	18.4	18.0	0.5	-0.4	} ↑ Russia*, Turkey*
Canada	31.7	30.0	--	-1.7	
Australia	30.4	21.5	--	-8.9	} ↑ EU, India, China
European Union	145.3	151.6	--	6.4	
Turkey	17.3	21.0	--	3.8	} BUT
Russia	72.5	85.0	--	12.5	} ↓ Canada
Ukraine	26.8	27.0	0.5	0.2	} ↓ Australia ***
Kazakhstan	15.0	14.0	--	-1.0	} ↓ Kazakhstan
China	128.8	130.0	--	1.2	
India	87.0	98.4	--	11.4	

World Wheat Supply and Use

41

	2016/17 estimate	2017/18 forecast	Change from January 12	Change from 2016/17	
<i>Million Tons</i>					
Beginning stocks	241.6	252.6	-0.1	11.1	} ↑ Beg. Stocks ↑ Production ↑ Supplies
Production	750.4	758.3	1.2	7.8	
Total Supply	992.0	1,010.9	1.2	18.9	
Feed use	147.1	144.5	1.2	-2.6	} ↓ Feed Use ↓ Export Trade
Total use	739.4	744.8	3.1	5.4	
Trade	183.3	181.7	0.8	-1.6	
Ending Stocks	252.6	266.1	-1.9	13.5	} ↑ Ending Stocks

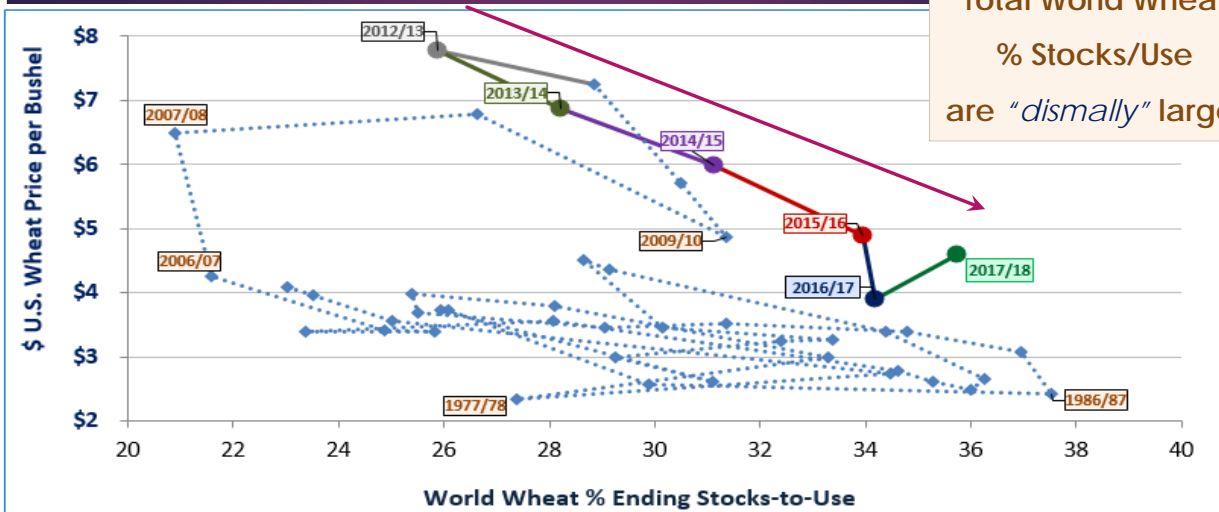
World Wheat Ending Stocks & % Stx/Use



Ernst & Young

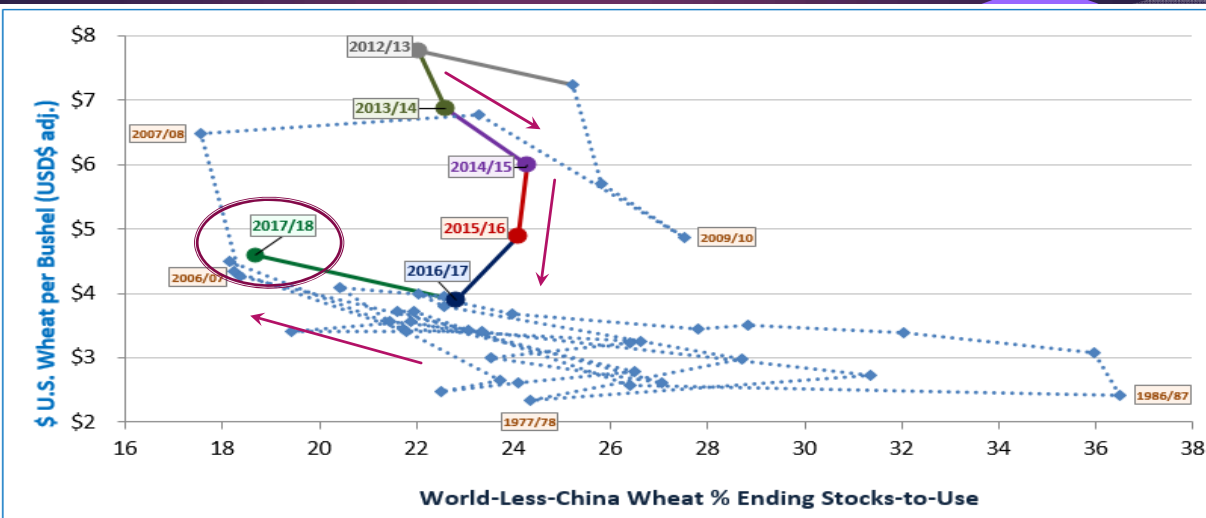
U.S. Wheat Price (\$) vs World % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18



U.S. Wheat \$ vs Non-China % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18



Questions?

Daniel O'Brien – Extension Ag Economist

Blog: www.ksugrains.wordpress.com

KSUGrains on Twitter & Facebook

www.AgManager.info

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics