

2019 Grain Market Analysis

KSU Ag Econ 420

Commodity Futures Trading

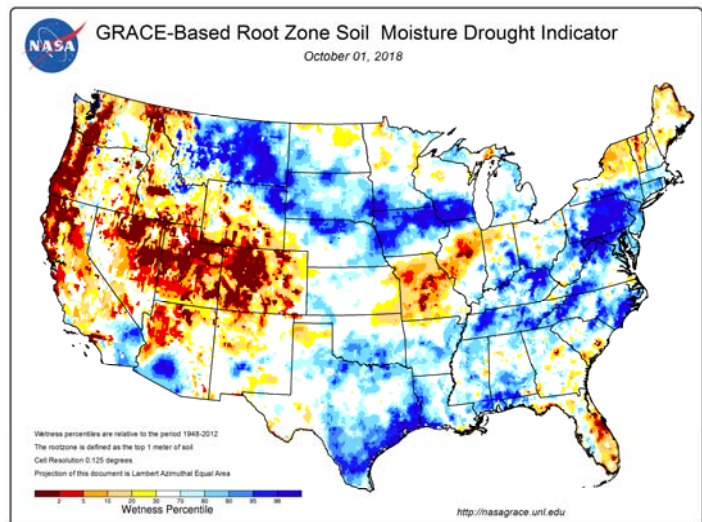
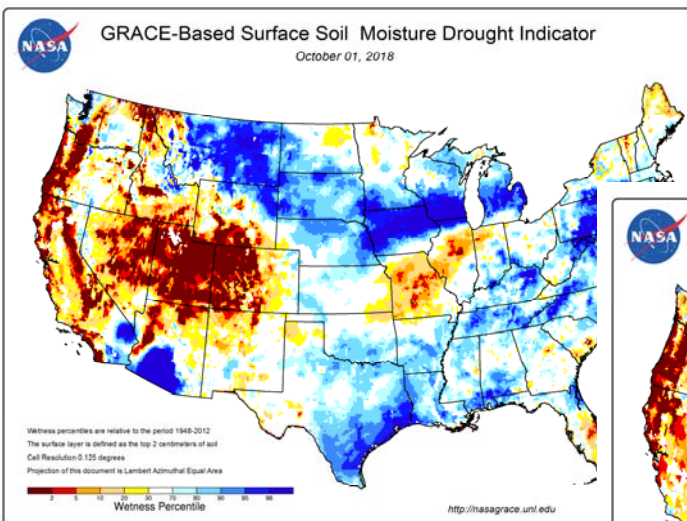
October 10, 2018

DANIEL O'BRIEN

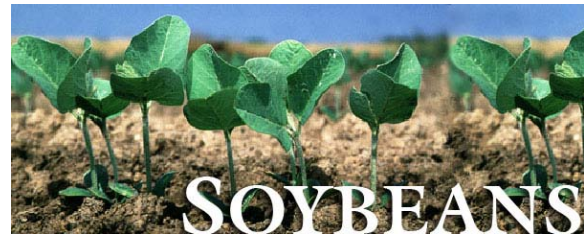
EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics



Soybean Markets



KANSAS STATE
UNIVERSITY

Department of Agricultural Economics

U.S. Soybean Market Prospects in 2018-19

A. U.S.-China Trade Dispute

- *HAS* affected U.S. Soybean prices, but so far *LIMITED EFFECT* on U.S. export shipments & forward purchases

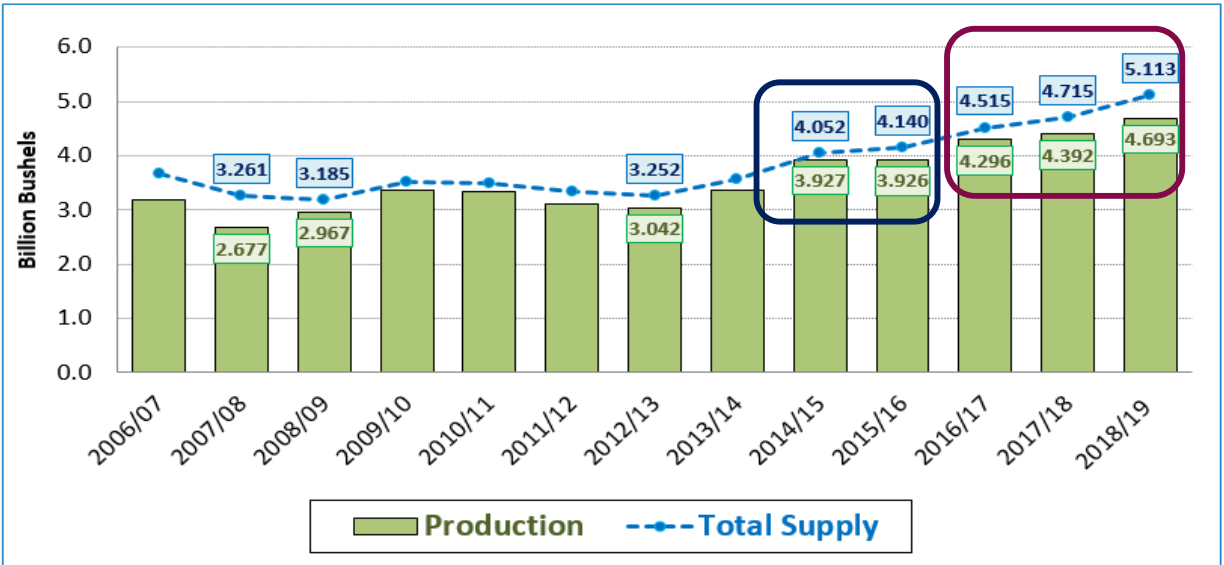
B. USDA forecasts U.S. Exports to be *large* despite Tariffs

- Foreign buyer "*switching*" between *U.S.* & *South America*, & some "*trans-shipments*" have occurred among countries

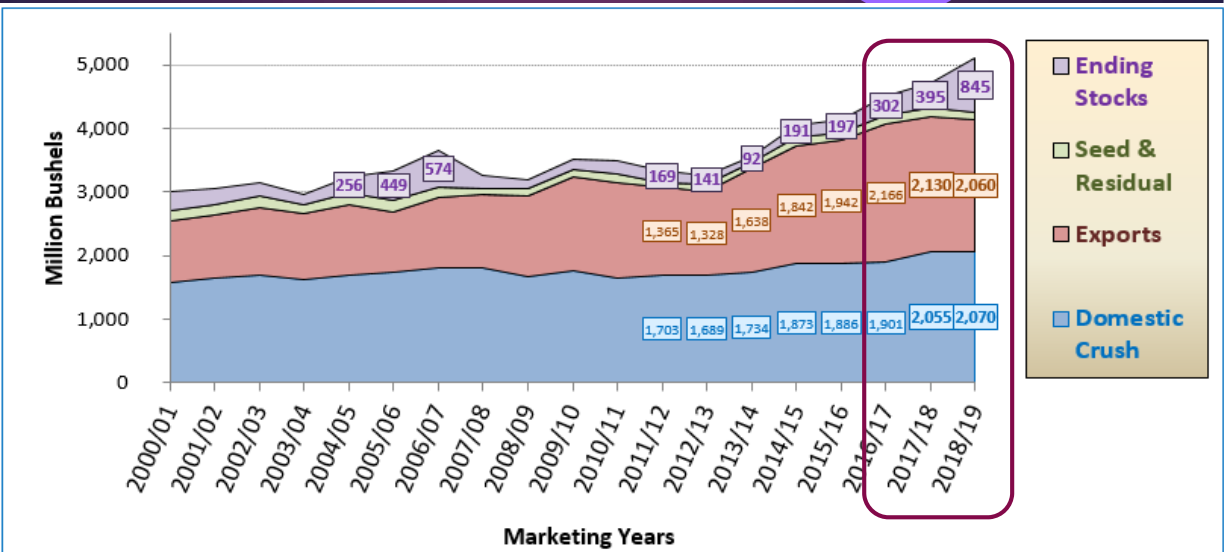
C. Market Focus in Fall-Winter 2018-19

- **So. America** crop prospects – their response to high 2018 \$'s

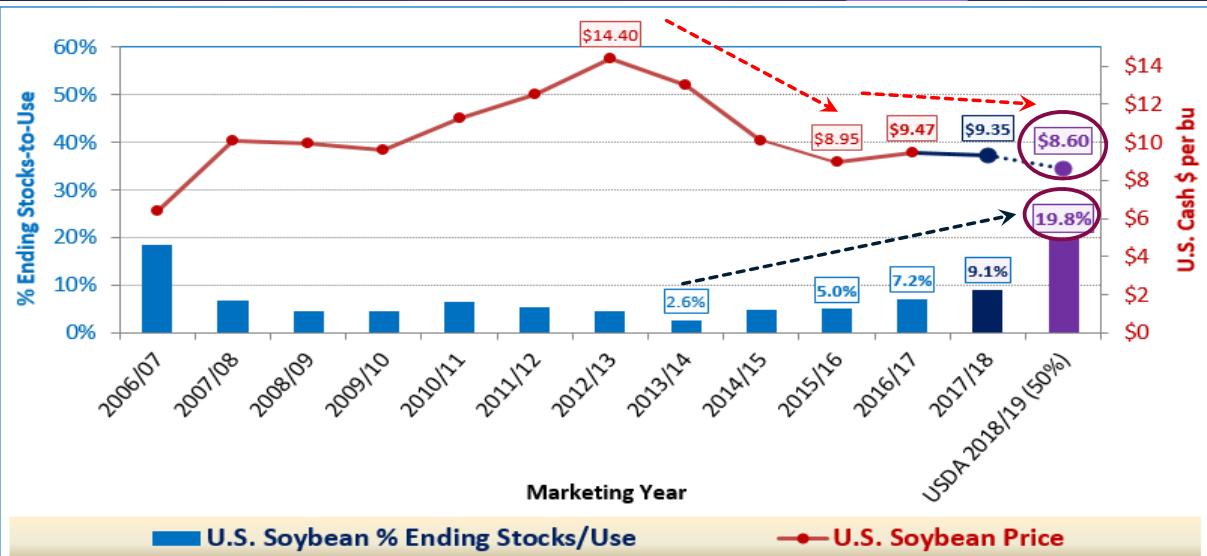
U.S. Soybean Production & Supplies



U.S. Soybean Use & End Stocks



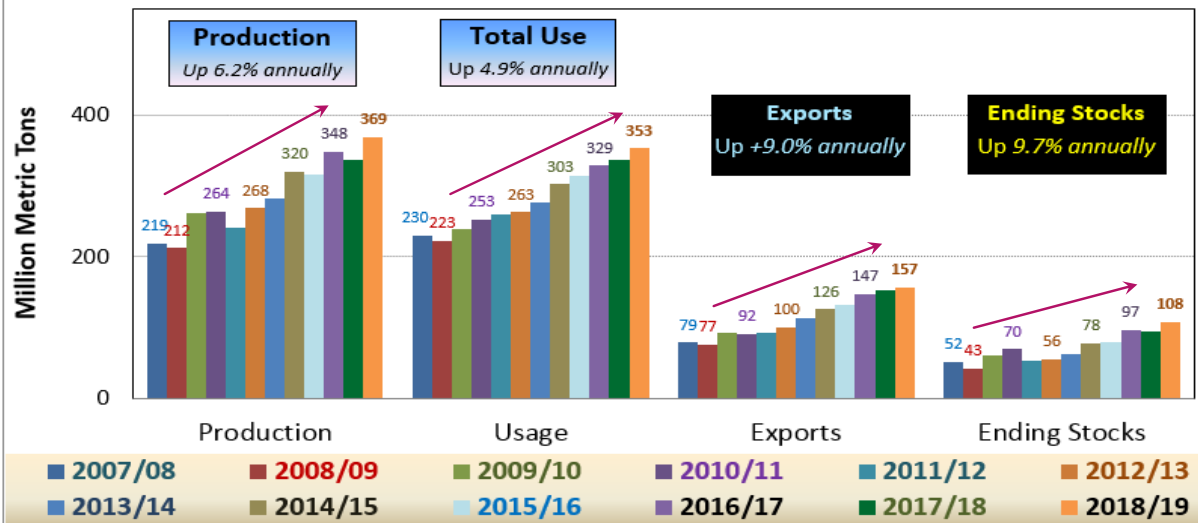
U.S. Soybean % Stocks/Use vs Price\$



U.S. Soybean Stocks.....

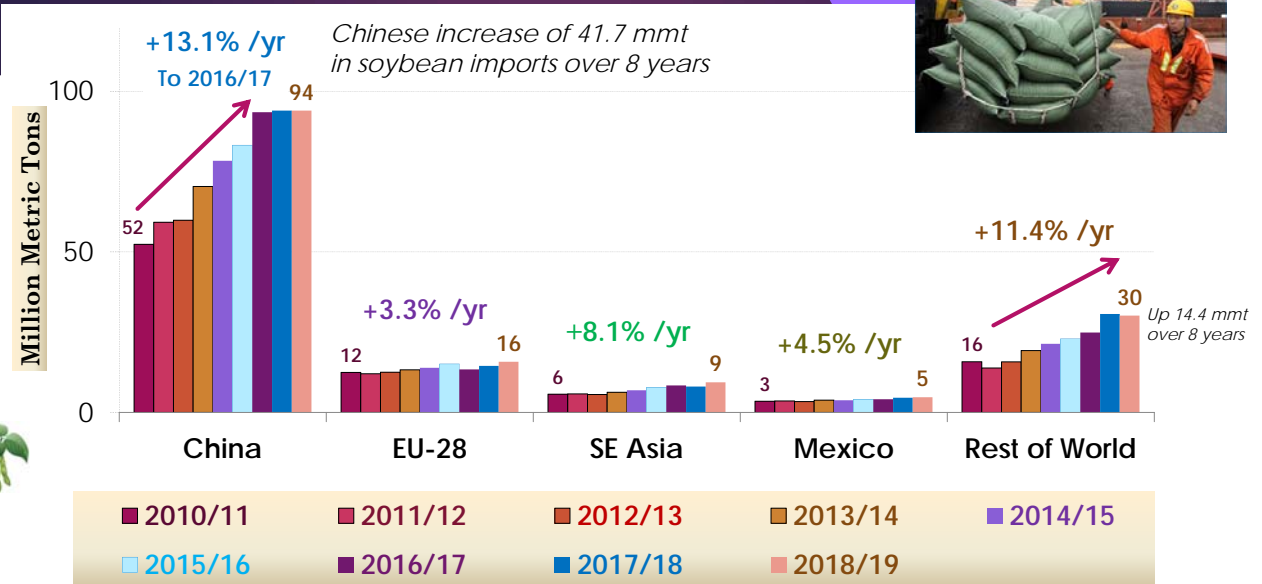
- Soybean: *"Large"* Stocks & % S/U
 - End Stocks ^{2018/19} ⇒ 845 mln bu (*High vs 395 mb last year*)
 - % Stocks/Use ^{2018/19} ⇒ 19.8% S/U (*High vs 9.1% last year*)

World Soybean Supply, Use & Stocks



Agribusiness

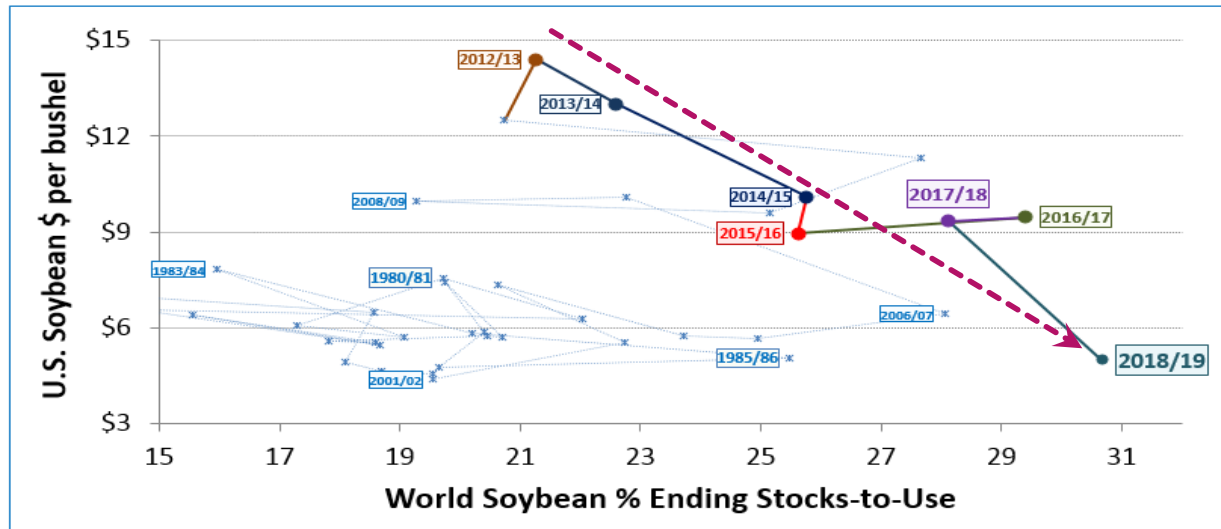
Soybean Importer Purchases



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



MY 1973/74 through "New Crop" MY 2018/19



CME Soybean Futures

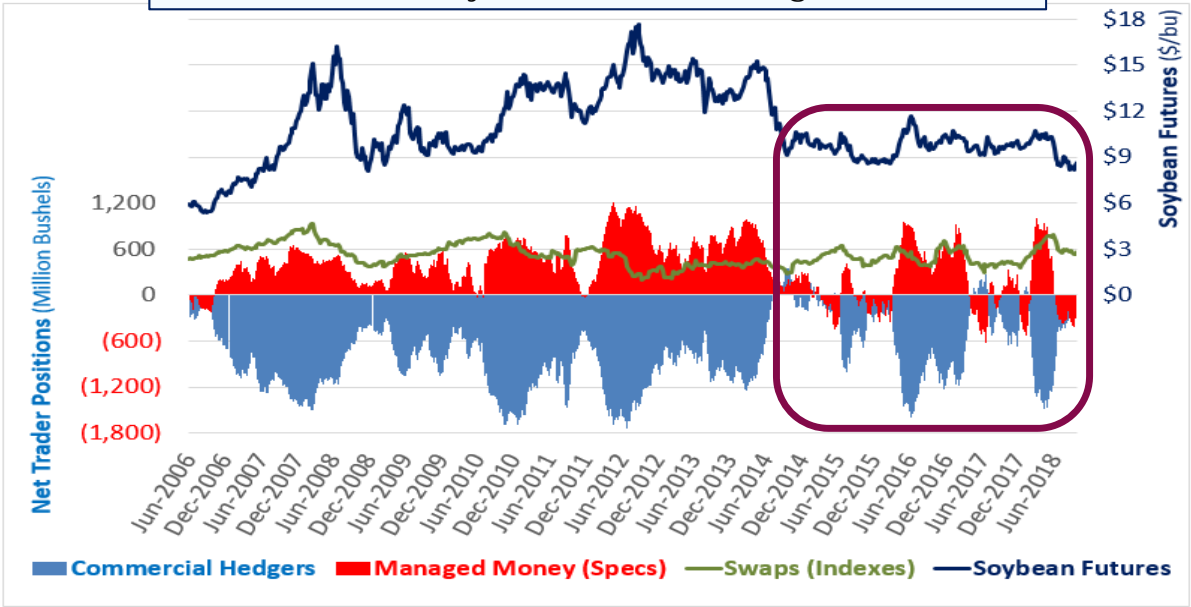


Monthly Chart: July 2009 through September 2018 + 10/9/2018



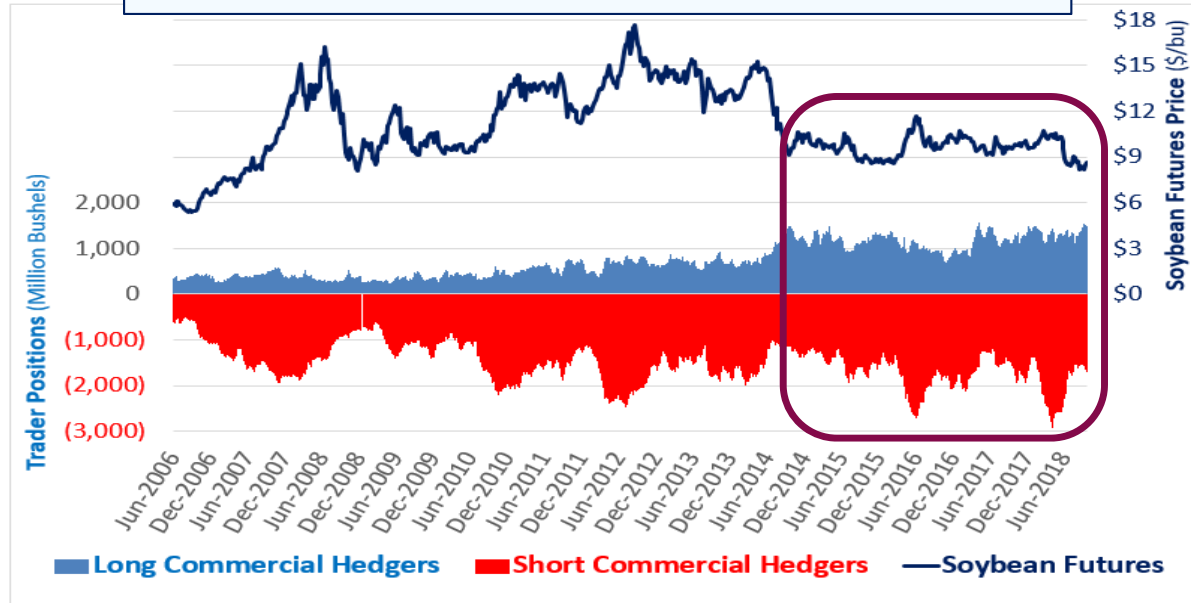
CFTC Commitment of Traders Report

Positions in CME Soybean Futures through Oct. 2, 2018



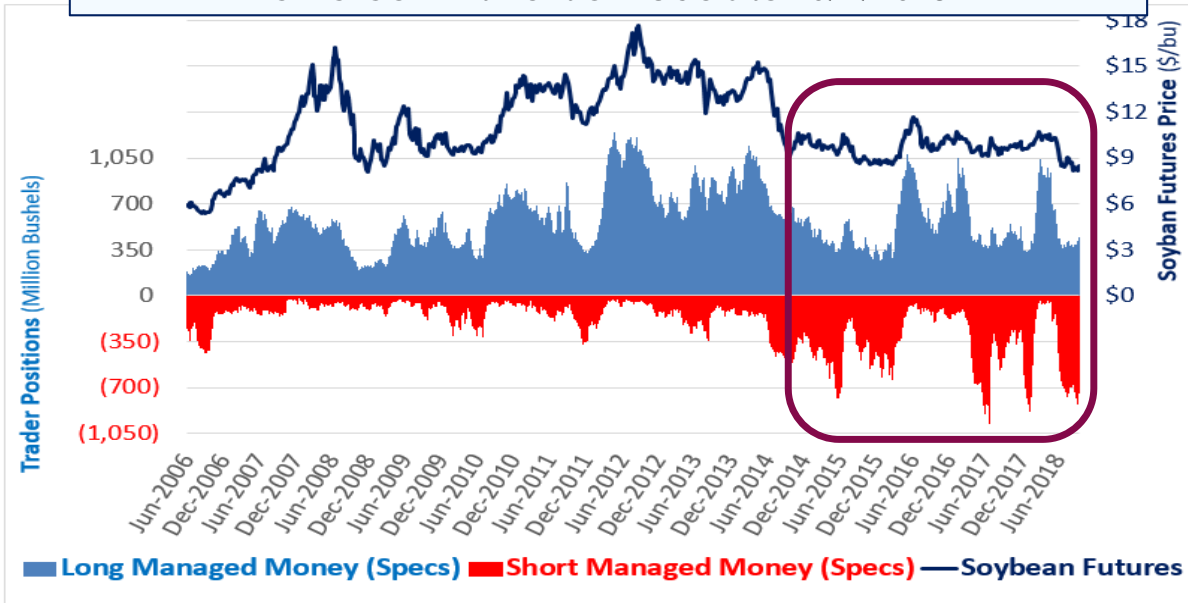
Commercial Hedge Positions in Soybeans

CFTC Commitment of Traders to 10/2/2018



Managed Money (Spec) Positions in Soybeans

CFTC Commitment of Traders to 10/2/2018

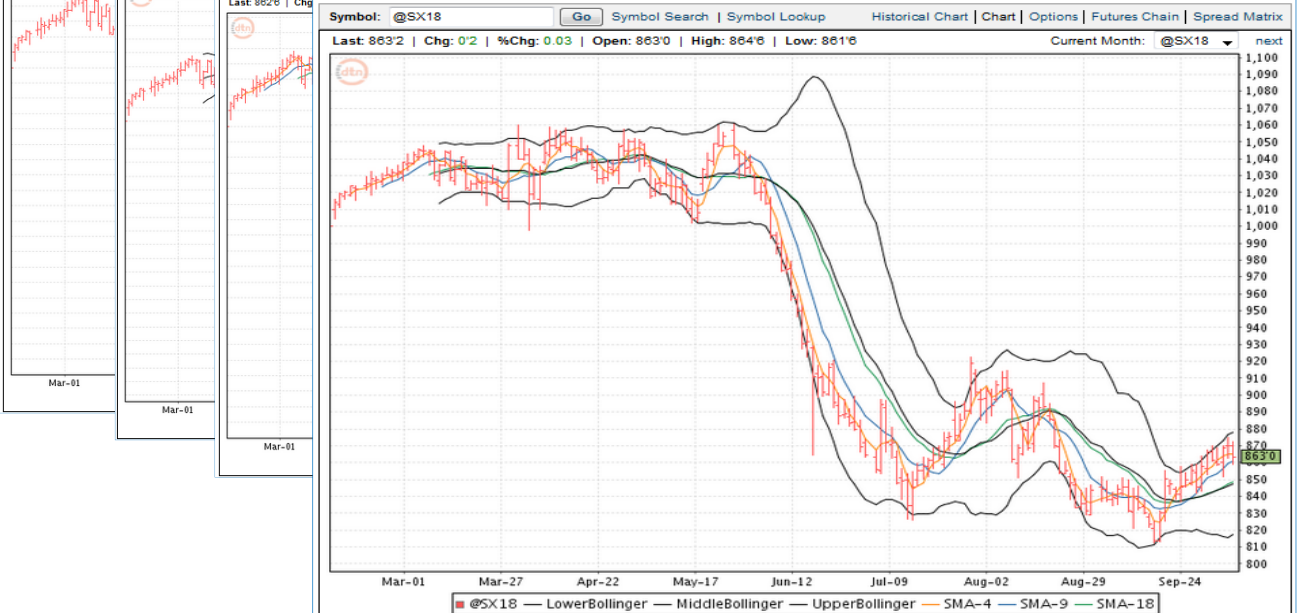


ELEC. SOYBEANS (@SX18)

Symbol: @SX18 ELEC. SOYBEANS (@SX18)

Last: 8642 | Chg: 12 Symbol: @SX18 ELEC. SOYBEANS (@SX18)

Last: 8642 | Chg: 12 Symbol: @SX18 ELEC. SOYBEANS (@SX18)



ELEC. SOYBEANS (Jan 2019) [10 Minute Delay]

Refresh

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
878'2	1'4	0.17	876'6	878'2	875'6	876'6	84855	CBOT	10/09/18 20:16

Symbol: @SF19 Symbol Search | Symbol Lookup | Strike Range: Near-the-Money

Nov 2018 | Jan 2019 | Mar 2019 | May 2019 | Jul 2019 | Aug 2019 | Sep 2019 | Nov 2019 | Jan 2020 | Jan 2019

Jan 2019 Options

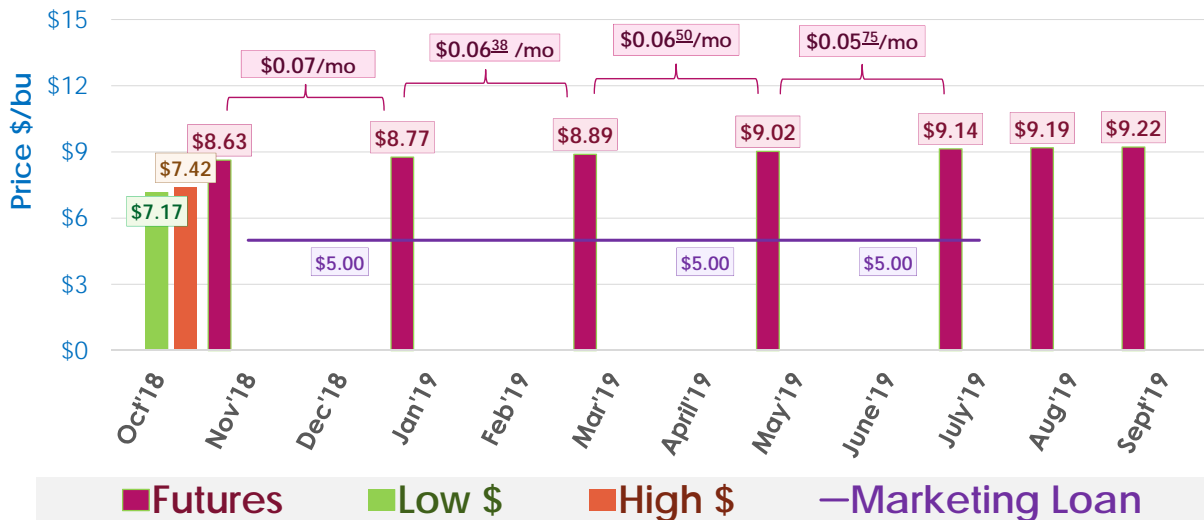
Days Until Expiration: 73

Calls									Puts								
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike	Symbol	Price	Chg	Open	High	Low	Volume	Open Int	
<input type="checkbox"/> @SF19C8300	54'5s	-5'3	---	---	---	0	21	8300	<input type="checkbox"/> @SF19P8300	8'0s	0'7	7'4	8'6	7'4	77	575	
<input type="checkbox"/> @SF19C8400	47'1s	-5'1	---	---	---	0	775	8400	<input type="checkbox"/> @SF19P8400	10'4s	1'1	9'7	11'3	9'3	567	7970	
<input type="checkbox"/> @SF19C8500	40'2s	-4'7	42'2	42'2	42'2	1	38	8500	<input type="checkbox"/> @SF19P8500	13'5s	1'3	11'5	14'5	11'5	82	1488	
<input type="checkbox"/> @SF19C8600	34'0s	-4'5	33'7	34'4	32'2	27	2184	8600	<input type="checkbox"/> @SF19P8600	17'0	-0'3	17'0	17'0	17'0	122	2727	
<input type="checkbox"/> @SF19C8700	28'4s	-4'1	29'2	29'2	26'7	44	378	8700	<input type="checkbox"/> @SF19P8700	21'6s	2'0	19'6	23'0	19'6	76	1223	
<input type="checkbox"/> @SF19C8800	23'5	-0'1	23'6	23'6	23'5	93	2334	8800	<input type="checkbox"/> @SF19P8800	27'0s	2'4	24'6	27'6	24'5	105	2453	
<input type="checkbox"/> @SF19C8900	19'5s	-3'2	21'1	21'1	18'4	31	4640	8900	<input type="checkbox"/> @SF19P8900	32'7s	3'0	---	---	---	2	329	
<input type="checkbox"/> @SF19C9000	16'4	0'2	16'4	16'4	16'4	1774	3644	9000	<input type="checkbox"/> @SF19P9000	39'3s	3'4	37'0	38'6	36'4	6	1654	
<input type="checkbox"/> @SF19C9100	13'3s	-2'2	14'2	14'4	12'4	123	917	9100	<input type="checkbox"/> @SF19P9100	46'4s	3'7	---	---	---	0	11	
<input type="checkbox"/> @SF19C9200	11'2	0'2	11'2	11'2	11'2	490	3438	9200	<input type="checkbox"/> @SF19P9200	54'1s	4'2	50'6	50'6	50'6	1	646	
<input type="checkbox"/> @SF19C9300	9'1s	-1'6	10'1	10'2	8'7	170	691	9300	<input type="checkbox"/> @SF19P9300	62'2s	4'5	---	---	---	0	0	

In the money At the money
 Quotes generated on: Tue, Oct 9, 2018 8:26 PM CDT

Soybean Cash & Futures Price\$'s

Salina, KS Local Elevators - October 9, 2018



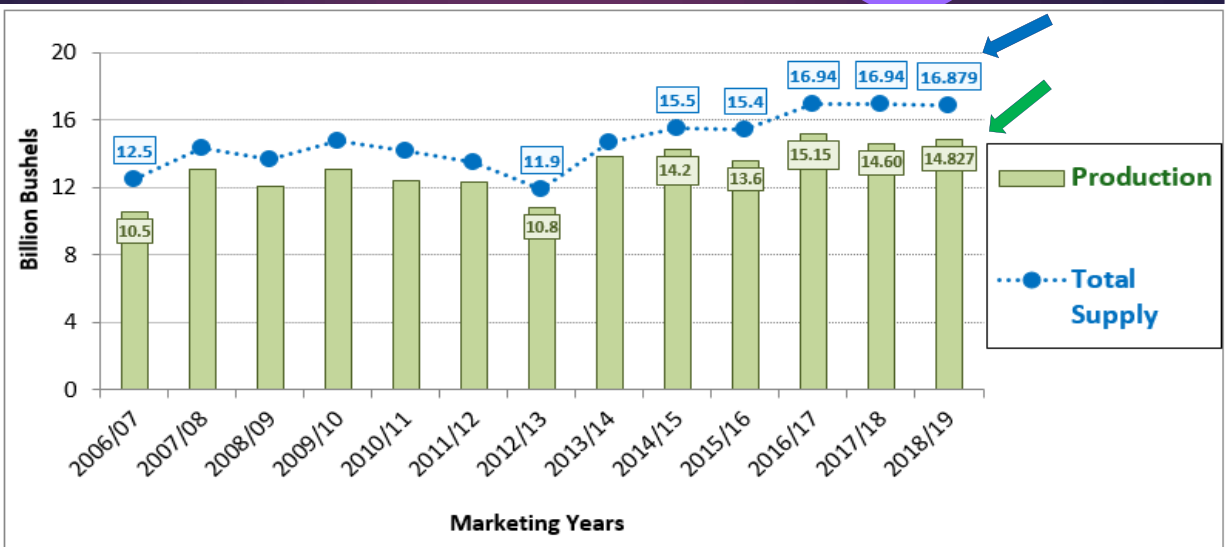
Corn Markets



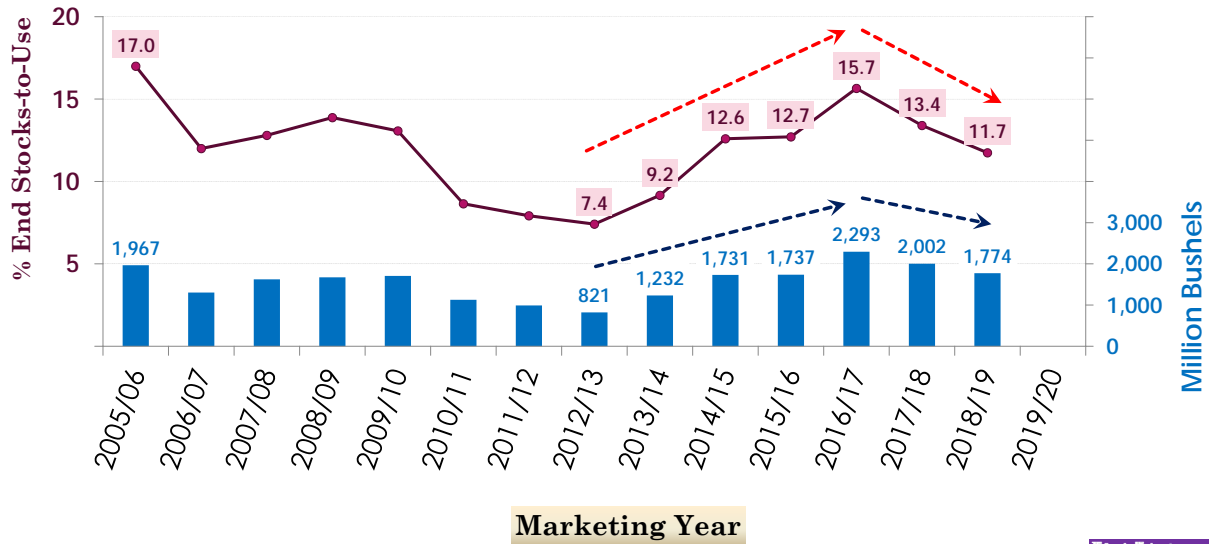
KANSAS STATE UNIVERSITY

Department of Agricultural Economics

U.S. Corn Production & Supplies



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



Ernst & Young

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



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

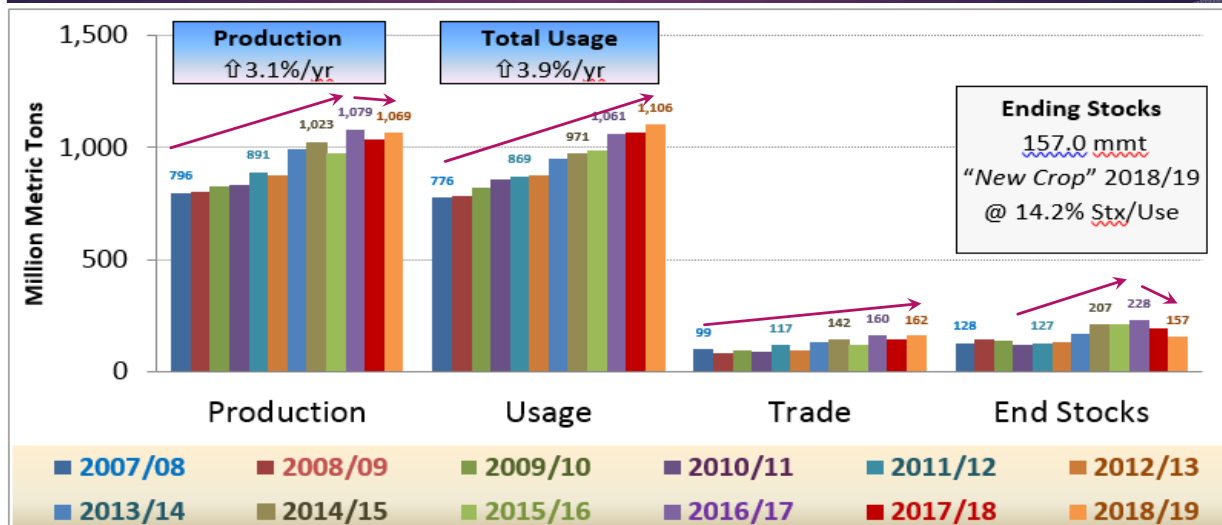
- Corn: "*Moderate*" Stocks & % S/U

- End Stocks 2018/19 ⇒ 1.774 bln bu (vs 2.002 bb last year)
- % Stocks/Use 2018/19 ⇒ 11.7% S/U (vs 13.4% S/U last year)

- Grain Sorghum: "*Low*" Price\$'s (*Hurt by trade issues*)

- End Stocks 2018/19 ⇒ 46 mln bu (↓ *Exports* & ↑ *Ethanol Use*)
- % Stocks/Use 2018/19 ⇒ 12.1% S/U (↓ vs 14.0% S/U last year)

World Corn Supply, Use & Stocks



CME Corn Futures

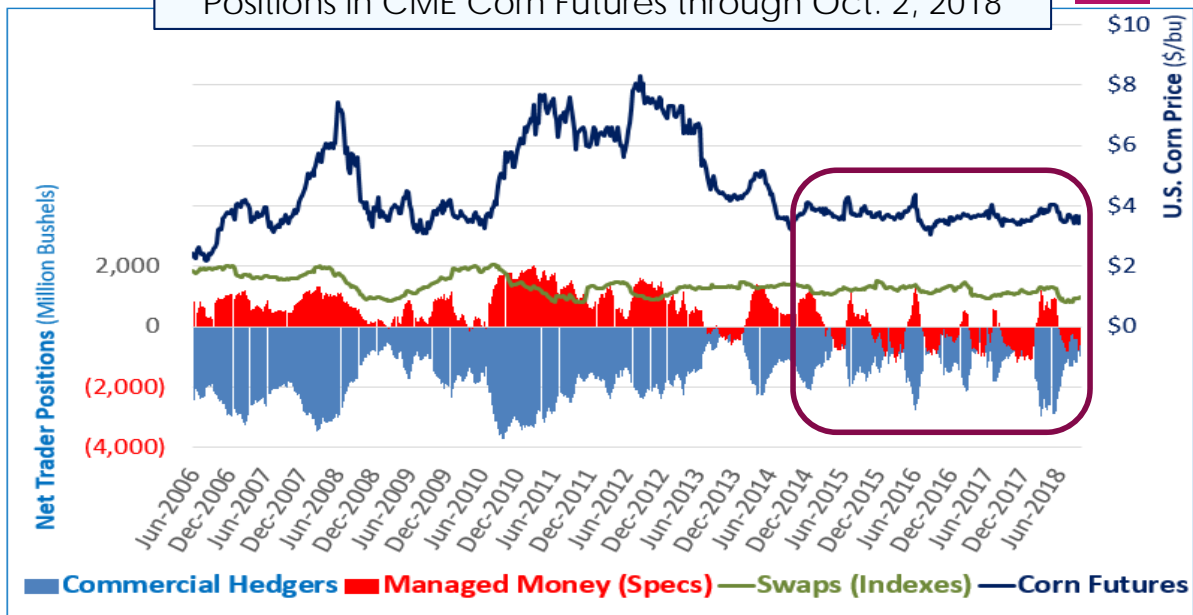


Weekly Chart: August 2009 – September 2018 + 10/9/2018



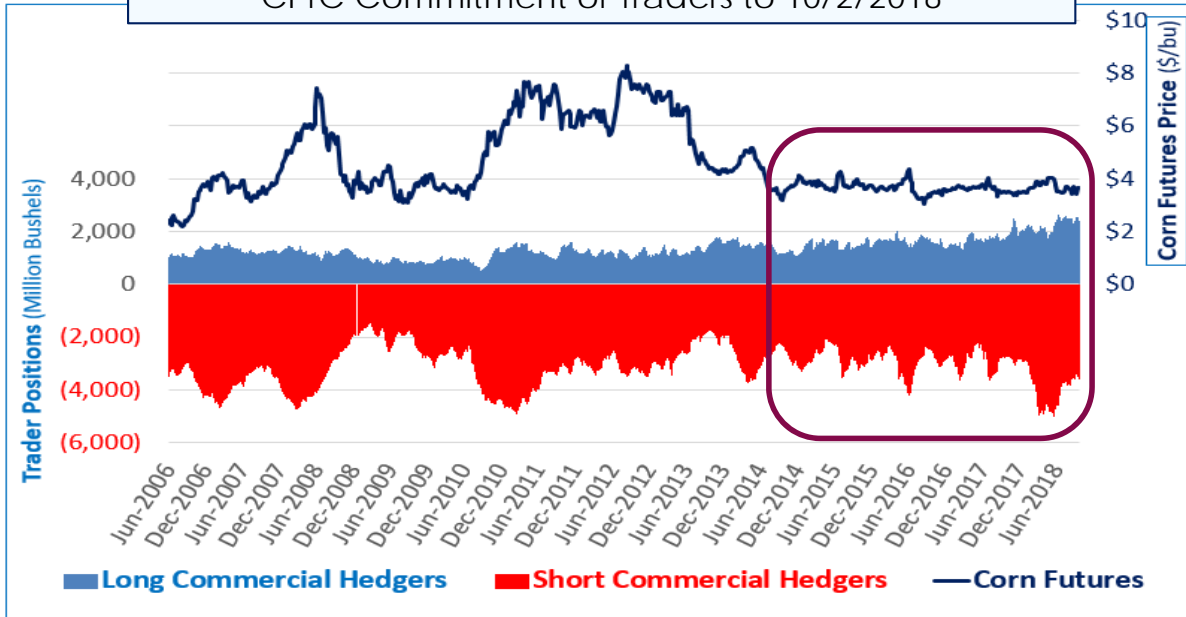
CFTC Commitment of Traders Report

Positions in CME Corn Futures through Oct. 2, 2018



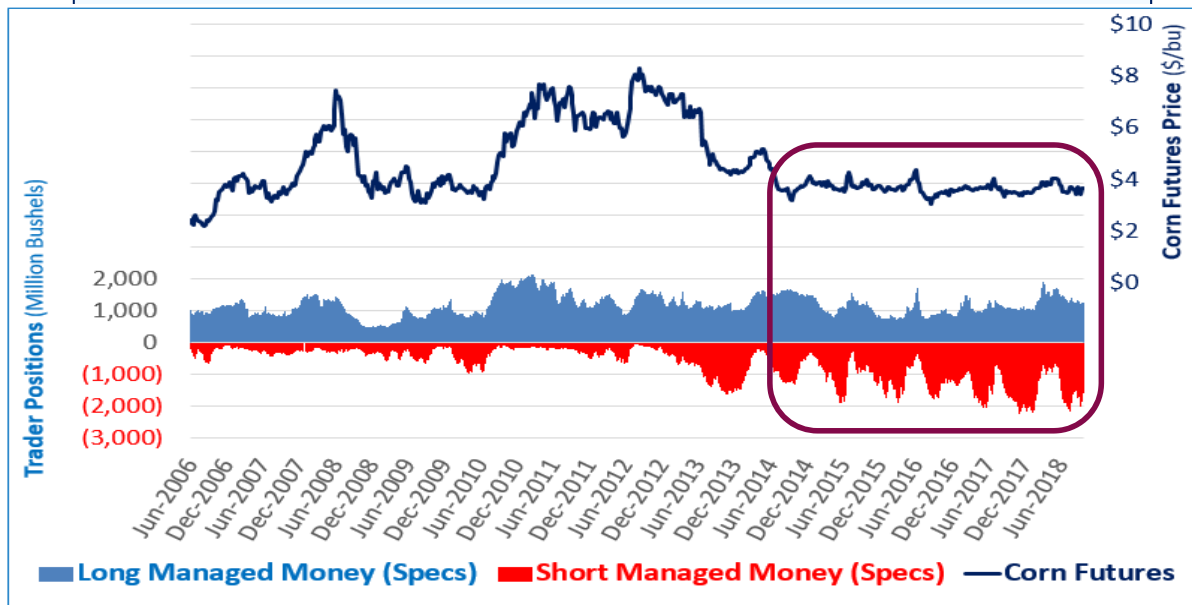
Commercial Hedge Positions in CME Corn

CFTC Commitment of Traders to 10/2/2018

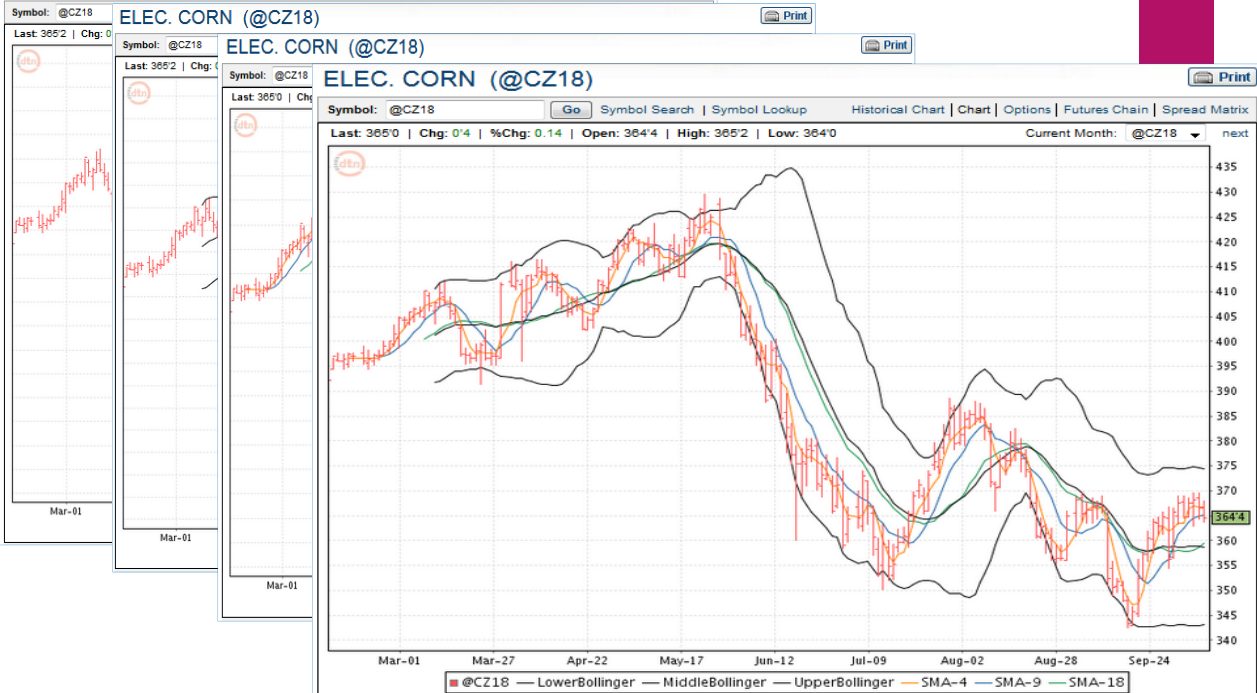


Managed Money (Spec) Positions in CME Corn

CFTC Commitment of Traders to 10/2/2018



ELEC. CORN (@CZ18)



ELEC. CORN (Dec 2018) [10 Minute Delay]

Refresh

Last	Change	%Chg	Open	High	Low	Previous	Volume	Exchange	Trade Time
365'2	0'6	0.21	364'4	365'2	364'0	364'4	101910	CBOT	10/09/18 20:12

Symbol: @CZ18 | Go | Symbol Search | Symbol Lookup | Strike Range: Near-the-Money | Chart | Options | Futures Chain

Dec 2018 | Mar 2019 | May 2019 | Jul 2019 | Sep 2019 | Dec 2019 | Mar 2020 | May 2020 | Jul 2020 | Dec 2020

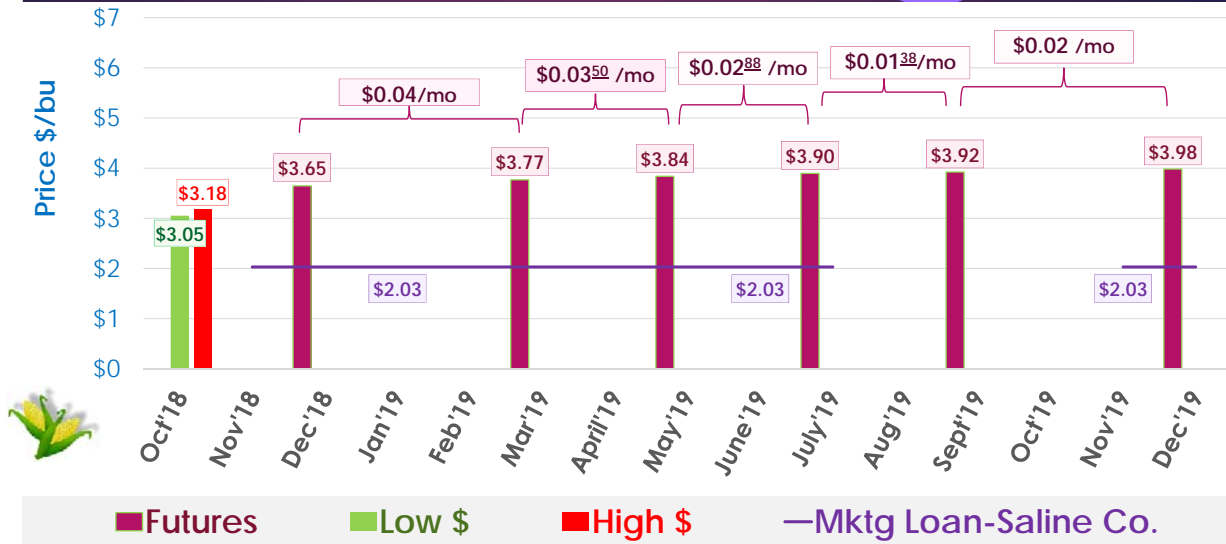
Dec 2018 Options

Calls										Puts							
Symbol	Price	Chg	Open	High	Low	Volume	Open Int	Strike		Symbol	Price	Chg	Open	High	Low	Volume	Open Int
<input type="checkbox"/> @CZ18C3450	21'3s	-2'0	--	--	--	60	1091	3400	<input type="checkbox"/>	@CZ18P3400	1'2s	0'0	1'1	1'3	1'1	1051	24937
<input type="checkbox"/> @CZ18C3500	17'4s	-1'7	19'0	19'0	17'2	153	16431	3450	<input type="checkbox"/>	@CZ18P3450	2'0s	0'1	1'6	1'6	1'6	67	9056
<input type="checkbox"/> @CZ18C3550	14'0s	-1'6	--	--	--	0	3407	3500	<input type="checkbox"/>	@CZ18P3500	3'0	0'0	3'0	3'0	3'0	678	39143
<input type="checkbox"/> @CZ18C3600	11'1s	-1'4	11'7	13'2	10'7	243	20433	3600	<input type="checkbox"/>	@CZ18P3600	4'5s	0'3	4'1	4'6	3'7	115	5363
<input type="checkbox"/> @CZ18C3650	8'7	0'1	8'7	8'7	8'7	545	14352	3650	<input type="checkbox"/>	@CZ18P3650	9'2s	0'6	8'4	9'4	8'1	486	3290
<input type="checkbox"/> @CZ18C3700	6'6s	-1'0	7'5	8'1	6'3	793	45511	3700	<input type="checkbox"/>	@CZ18P3700	12'2s	1'0	10'6	12'1	10'6	283	31396
<input type="checkbox"/> @CZ18C3750	5'1	0'0	5'1	5'3	5'1	432	5765	3750	<input type="checkbox"/>	@CZ18P3750	15'5s	1'2	14'0	14'1	14'0	12	100
<input type="checkbox"/> @CZ18C3800	4'0	0'1	4'0	4'0	4'0	1378	45228	3800	<input type="checkbox"/>	@CZ18P3800	19'3s	1'2	17'3	19'1	17'3	59	22774
<input type="checkbox"/> @CZ18C3850	2'7s	-0'5	3'3	3'6	2'6	553	7673	3850	<input type="checkbox"/>	@CZ18P3850	23'2s	1'3	--	--	--	0	79
<input type="checkbox"/> @CZ18C3900	2'1	0'0	2'1	2'1	2'1	163	38496	3900	<input type="checkbox"/>	@CZ18P3900	27'4s	1'4	25'0	27'0	25'0	1071	14669
<input type="checkbox"/> @CZ18C3950	1'4s	-0'3	2'1	2'1	1'5	78	3020	3950									

In the money At the money
 Quotes generated on: Tue, Oct 9, 2018 8:23 PM CDT

Corn Cash & Futures \$'s

Salina, KS Local Elevators – October 9, 2018

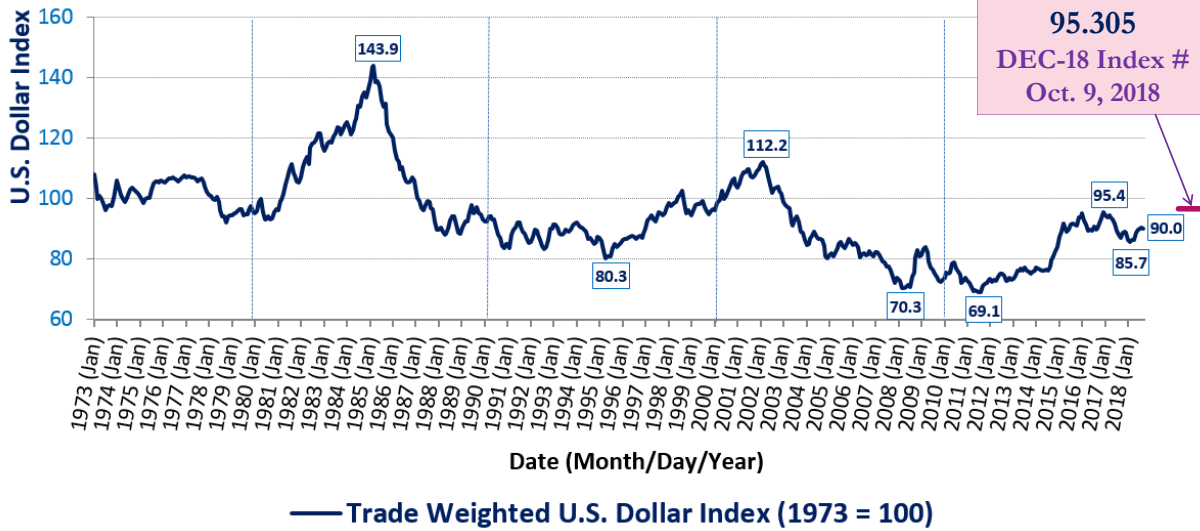


Wheat Markets



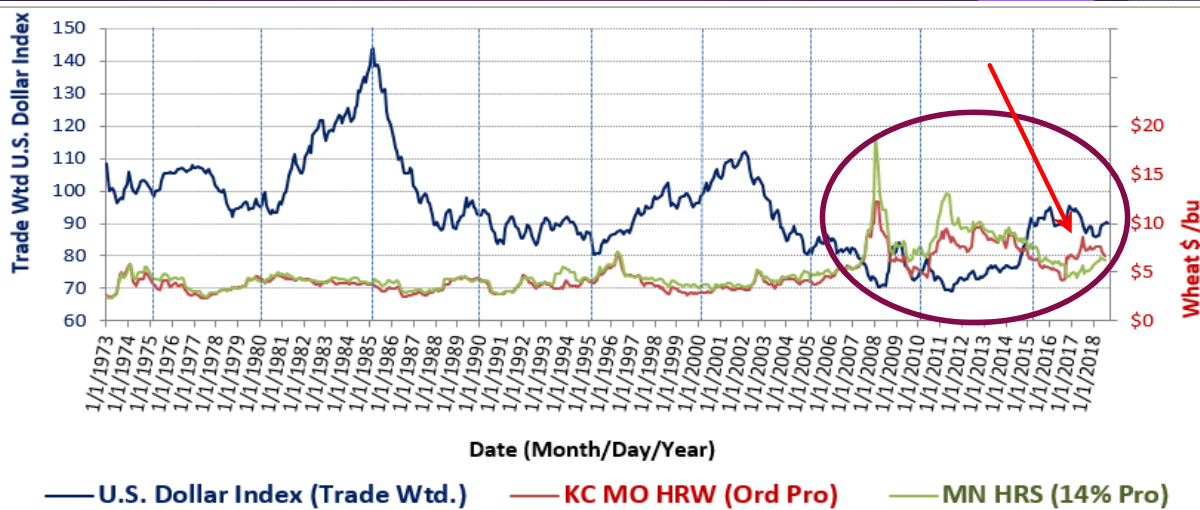
U.S. Dollar Index (ICE Futures)

Monthly Chart: January 1973 through September 28, 2018



U.S. Dollar, HRS^{14%} Pro & HRW^{ORD} Pro Wheat

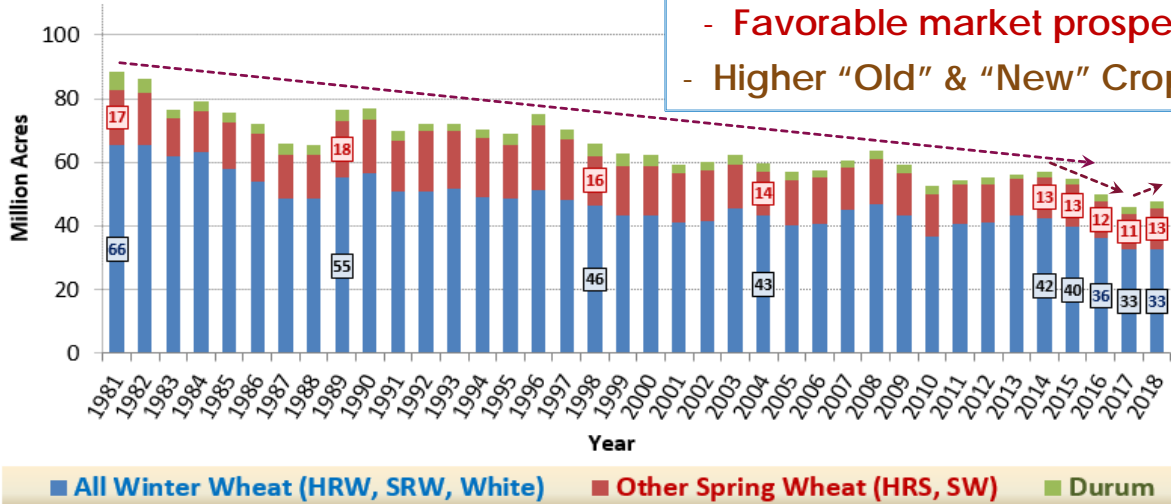
Impact of U.S. Currency & Wheat Protein by Class on Prices



U.S. Wheat Seeded Acreage

2019 Winter Wheat Acres ↑??

- Favorable market prospects
- Higher "Old" & "New" Crop \$'s



U.S. Wheat Production & Supplies



