Grain Market Outlook for 2018

Farming for the Future

Emporia, Kansas

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KANSAS STATE UNIVERSITY | Department of Agricultural Economics

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Topics to be discussed…..

1) Grain Market Analysis & Outlook for 2018

- Corn & Grain Sorghum
- Wheat
- Soybeans & Cotton

2) 2018 Grain Marketing Strategies to consider

& focus on seasonal opportunities that may come…

Wheat Markets

Kansas State University | Department of Agricultural Economics

U.S. Wheat Market Overview

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- **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 = 975 mln bu (***778 mb – 1.291 bb range*** *since 2008/09)*
  - **Food Use** 2017/18 = 950 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 = 405 mln bu (***Down*** *from 455 mb in MY 2016/17)*

U.S. Wheat Stocks.....

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- **All U.S. Wheat:** "***Large***" **Stocks**
  - **End Stocks** 2017/18 ⇨ **989 mln bu** *(1.181 bb last year)*
  - **% Stocks/Use** 2017/18 ⇨ **47.4% S/U** *(53.2% S/U last year)*
- **U.S. HRW Wheat: "*Large*" Carryovers**
  - **End Stocks** 2017/18 ⇨ **484 mln bu** *(589 mb last year)*
  - **% Stocks/Use** 2017/18 ⇨ **56.2% 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 Wheat2017** ⇨ **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:

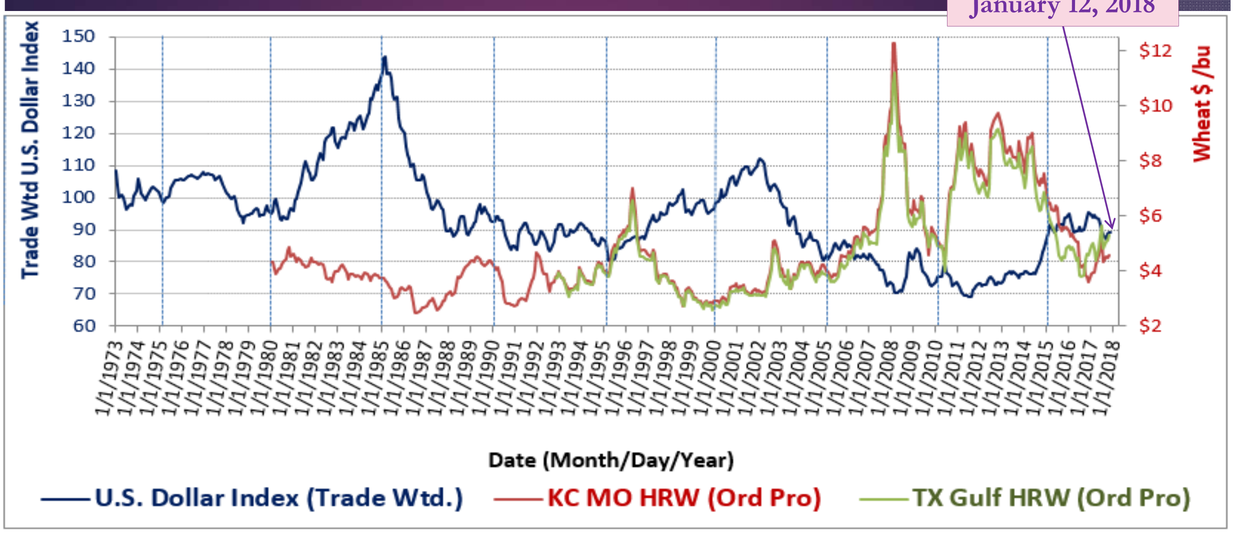
Large Supplies ⇨ A "*Buyer's Market*"

- ***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?
  - **BUT** a ***TIGHT*** **"World-Less-China"** supply situation has emerged***

U.S. Dollar Index & Cash Prices

Monthly Chart: January 1973 through January 12, 2018

87.34
Avg. Index #
January 12, 2018

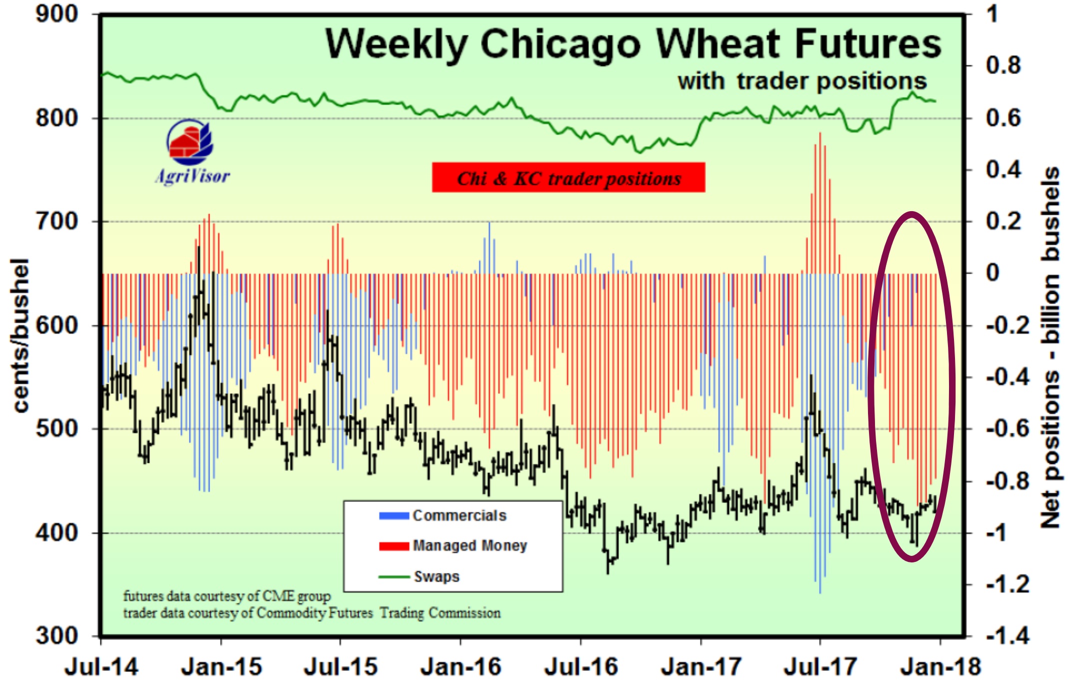


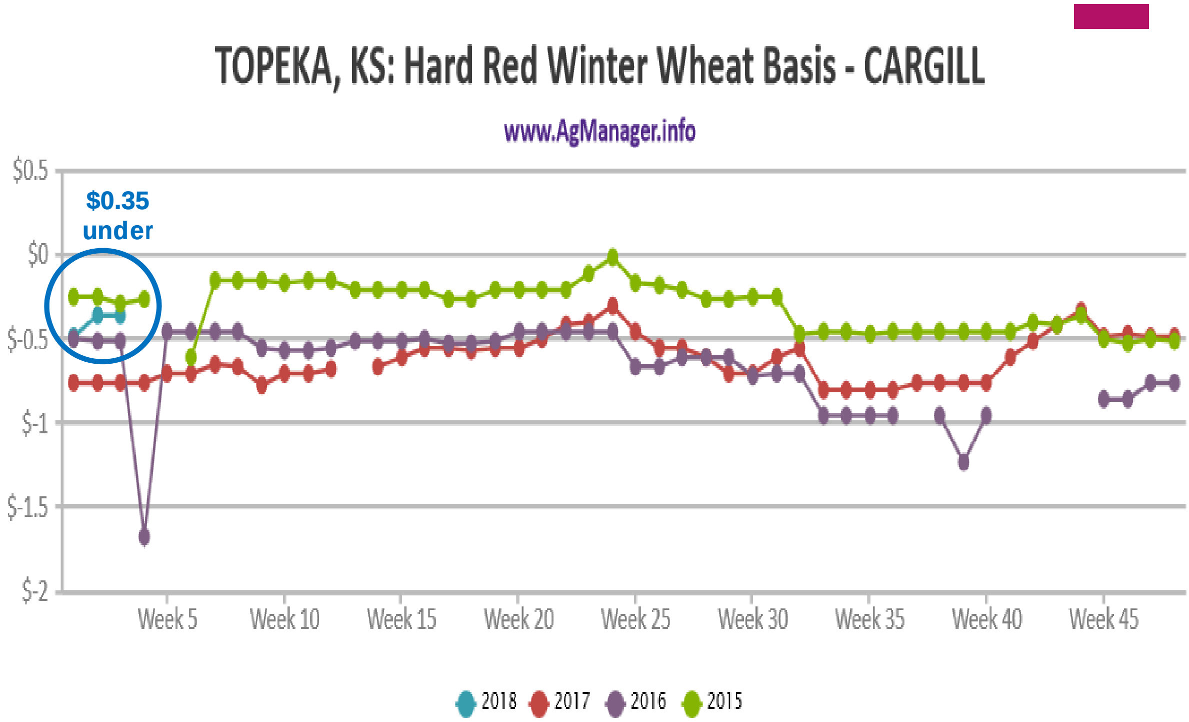
CME Kansas Hard Red Winter Wheat

Monthly Chart: November 2008 – December 2017 + 1/19/2018

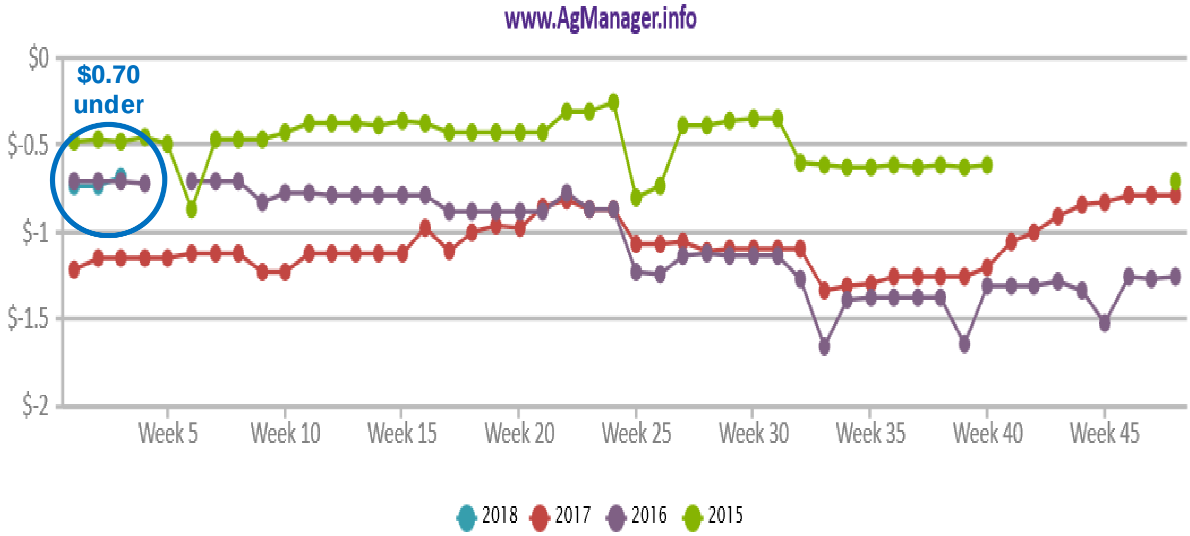
CME Kansas Hard Red Winter Wheat

Monthly Chart: November 2008 – December 2017 + 1/19/2018


Weekly Chicago Wheat Futures
with trader positions
AgriVisor
Chi & KC trader positions
Commercials
Managed Money
Swaps
futures data courtesy of CME group
trader data courtesy of Commodity Futures Trading Commission
cents/bushel
Net positions - billion bushels
Jul-14
Jan-15
Jul-15
Jan-16
Jul-16
Jan-17
Jul-17
Jan-18

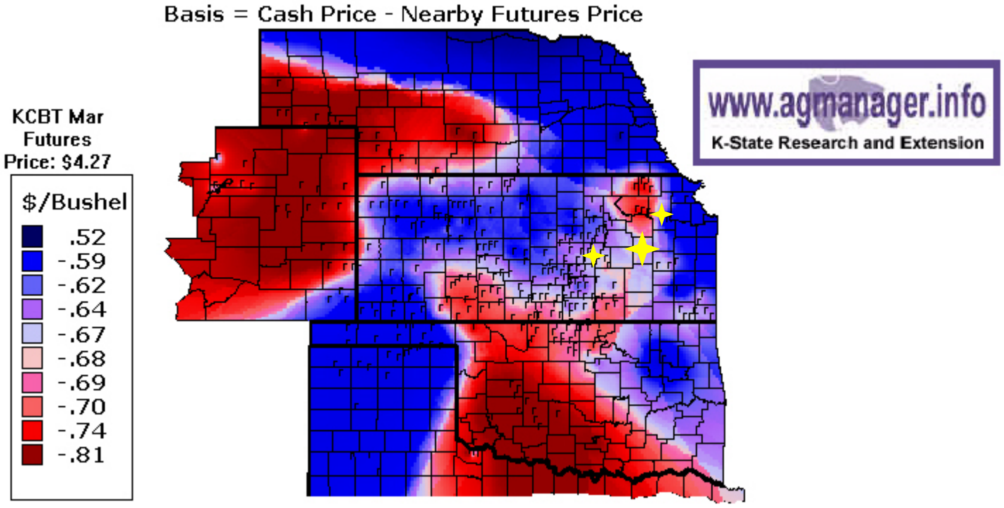

TOPEKA, KS: Hard Red Winter Wheat Basis - CARGILL
www.AgManager.info
$0.35
under
2018
2017
2016
2015

MARION , KS: Hard Red Winter Wheat Basis - COOPERATIVE GRAIN & SUPPLY



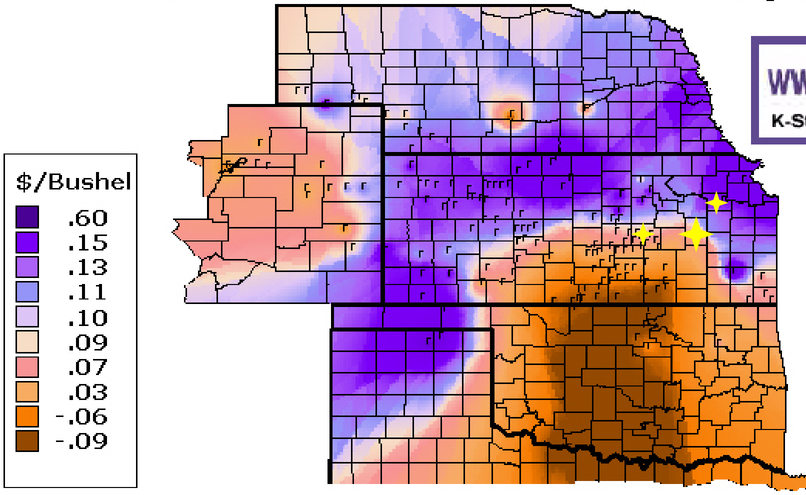
Wheat Basis, 01-17-2018

Basis = Cash Price - Nearby Futures Price



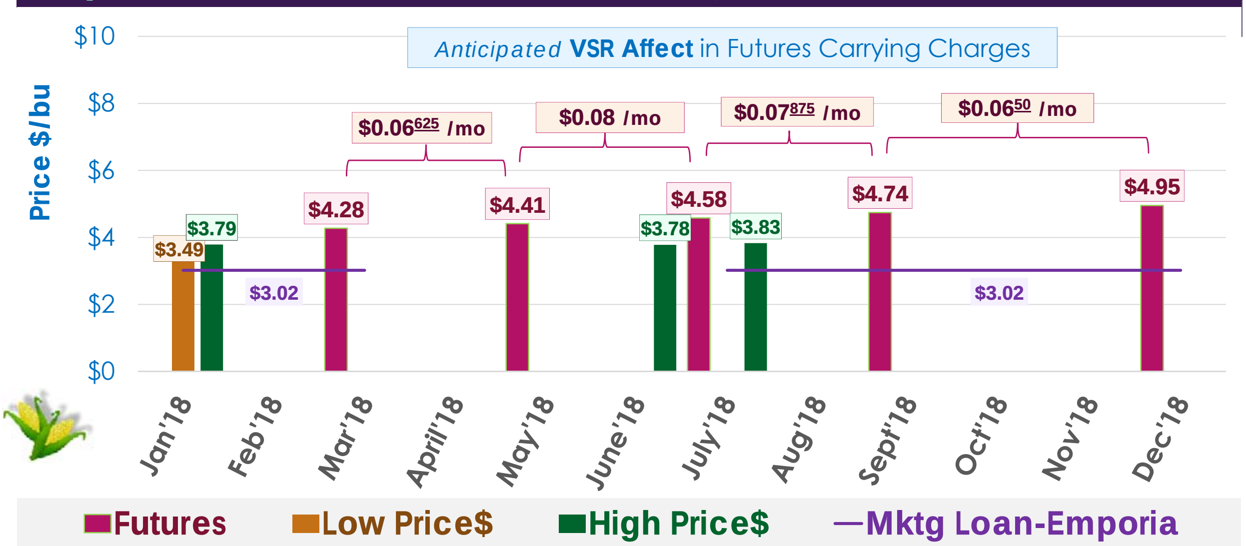
Wheat Basis Deviation, 01-17-2018

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



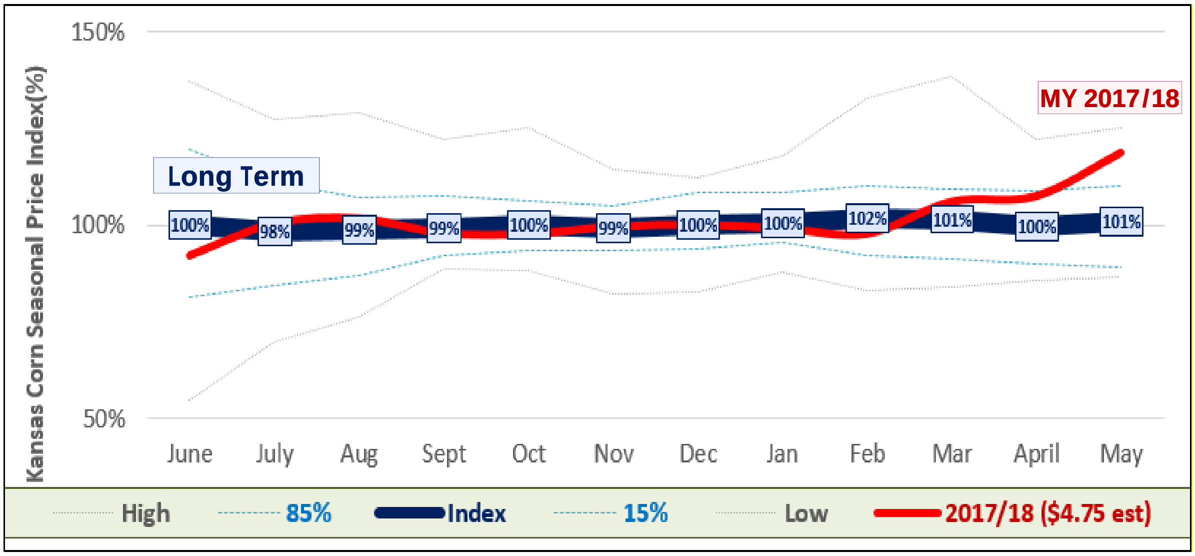
Wheat Cash & KC HRW Wheat Futures

Emporia, KS Local Elevators – January 19, 2018



Kansas Wheat Seasonal Cash $ Index

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



U.S. Wheat Supply and Demand

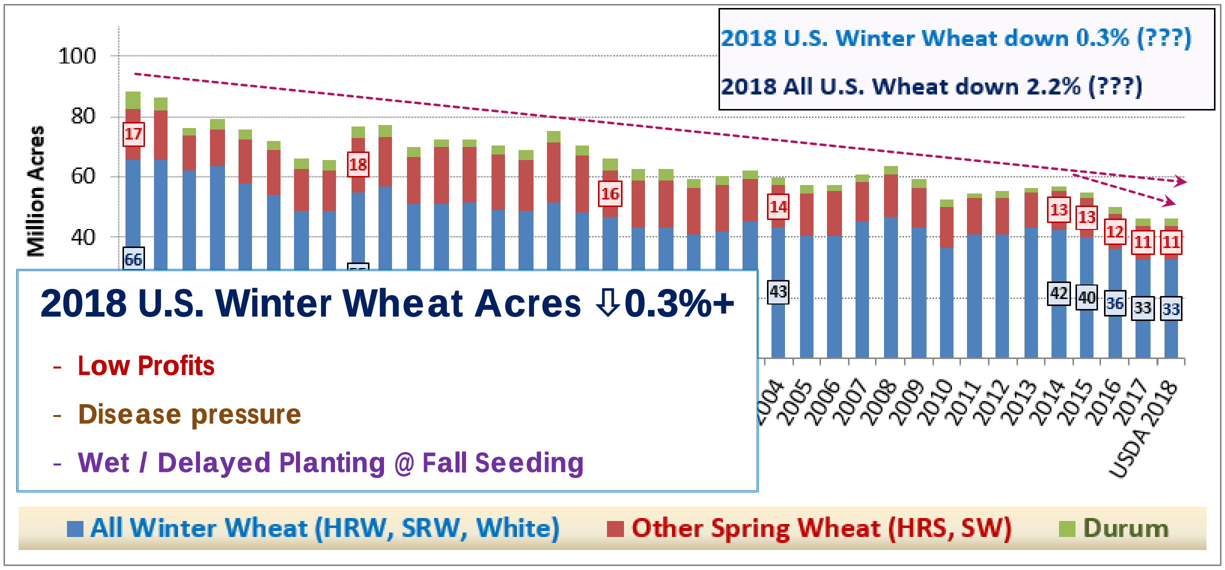
	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
Planted area (million acres)	50.1	46.0	--	-4.1
Harvested area (million acres)	43.9	37.6	--	-6.3
Yield (bushels per acre)	52.7	46.3	--	-6.3
		Million bushels		
Beginning stocks	976	1,181	-0	205
Production	2,309	1,741	--	-568
Imports	118	155	5	37
Total supply	3,402	3,076	5	-326
Food use	949	950	--	1
Seed	61	62	-4	1
Feed and residual	156	100	-20	-56
Domestic use	1,167	1,112	-24	-55
Exports	1,055	975	--	-80
Total use	2,222	2,087	-24	-135
Ending stocks	1,181	989	29	-191
		Percent		
Stocks to use ratio	53.1	47.4	1.9	-5.7
		Dollars per bushel		
Average market price	3.89	4.50/4.70	--	0.71

⇩ **Crop**
BUT still
***Large* Supply**

Less **Domestic Use**
&
⇩ **Exports**

⇩ **Stocks/Use**
&
⇧ **Prices**

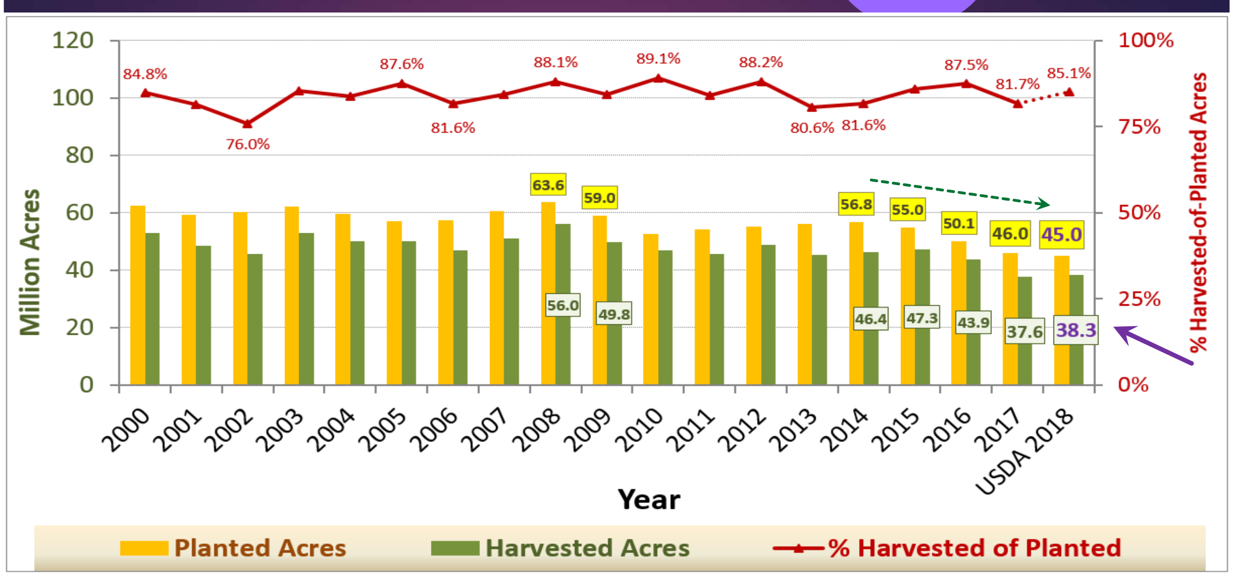
U.S. Wheat Seeded Acreage



2018 U.S. Winter Wheat Acres ⇩0.3%+

- Low Profits
- Disease pressure
- Wet / Delayed Planting @ Fall Seeding

U.S. Wheat Acreage



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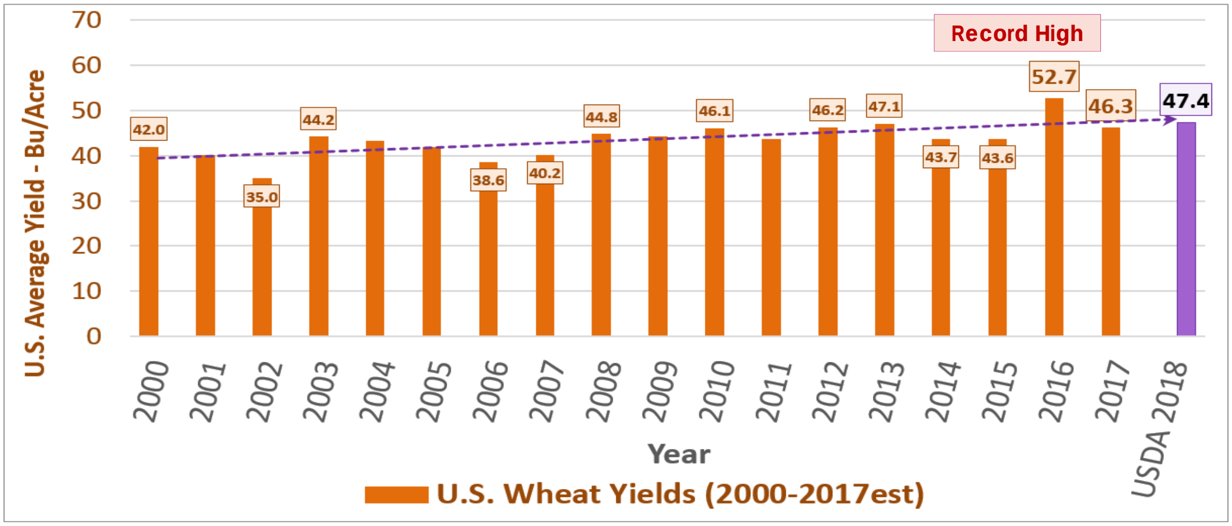
U.S. Wheat Yields



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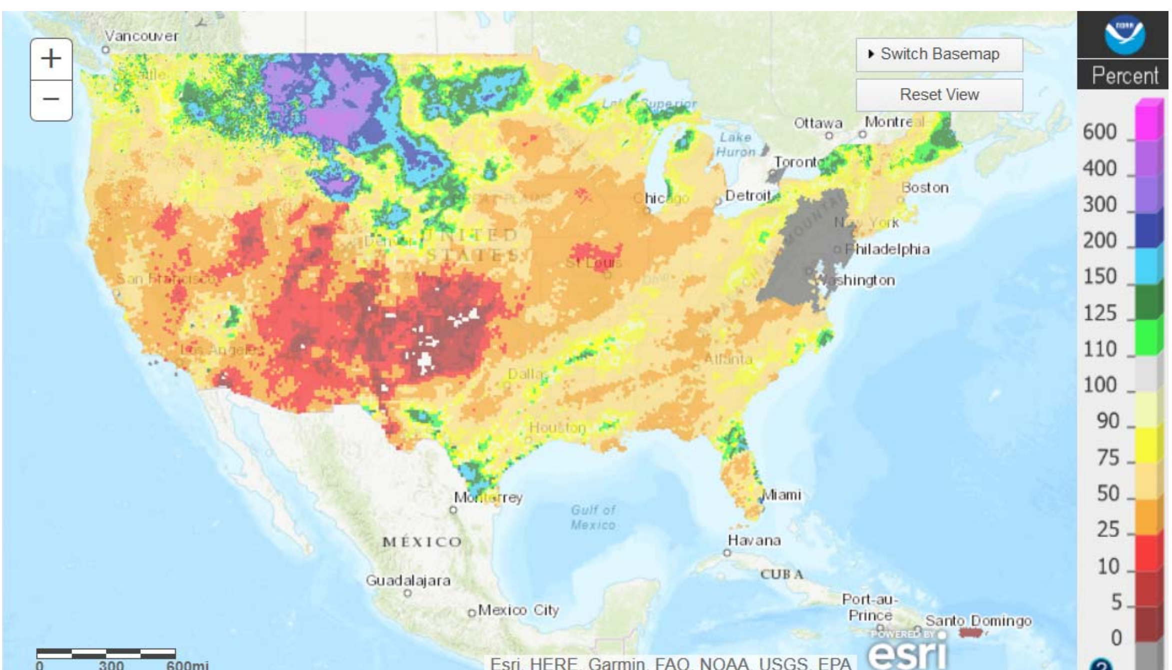
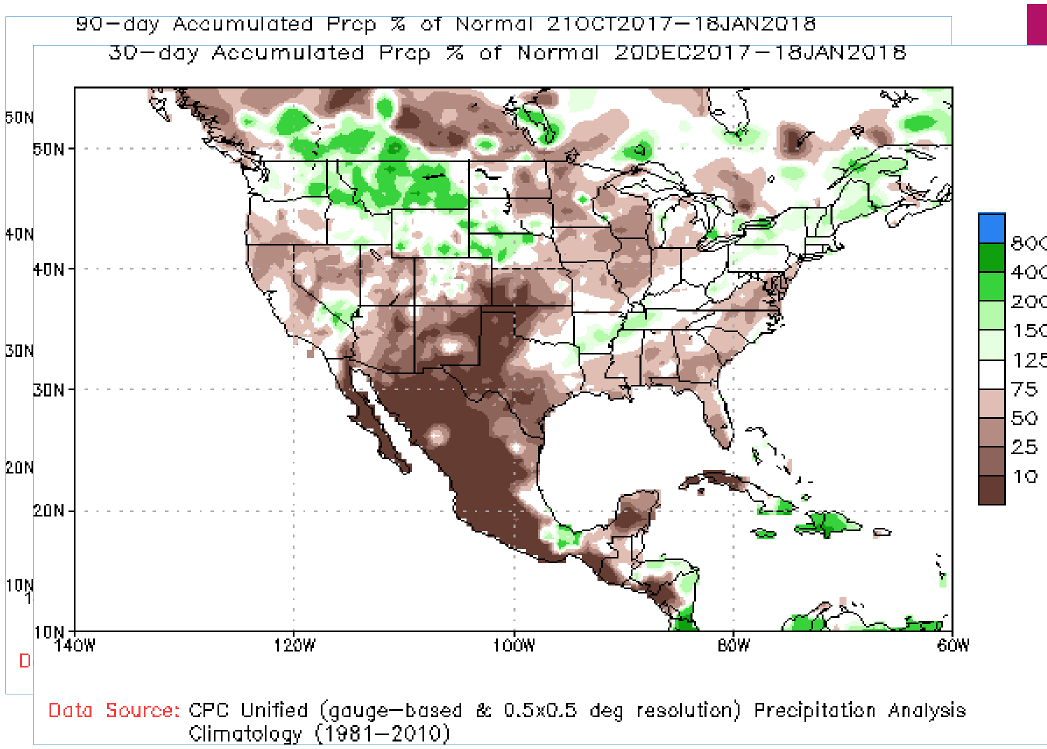
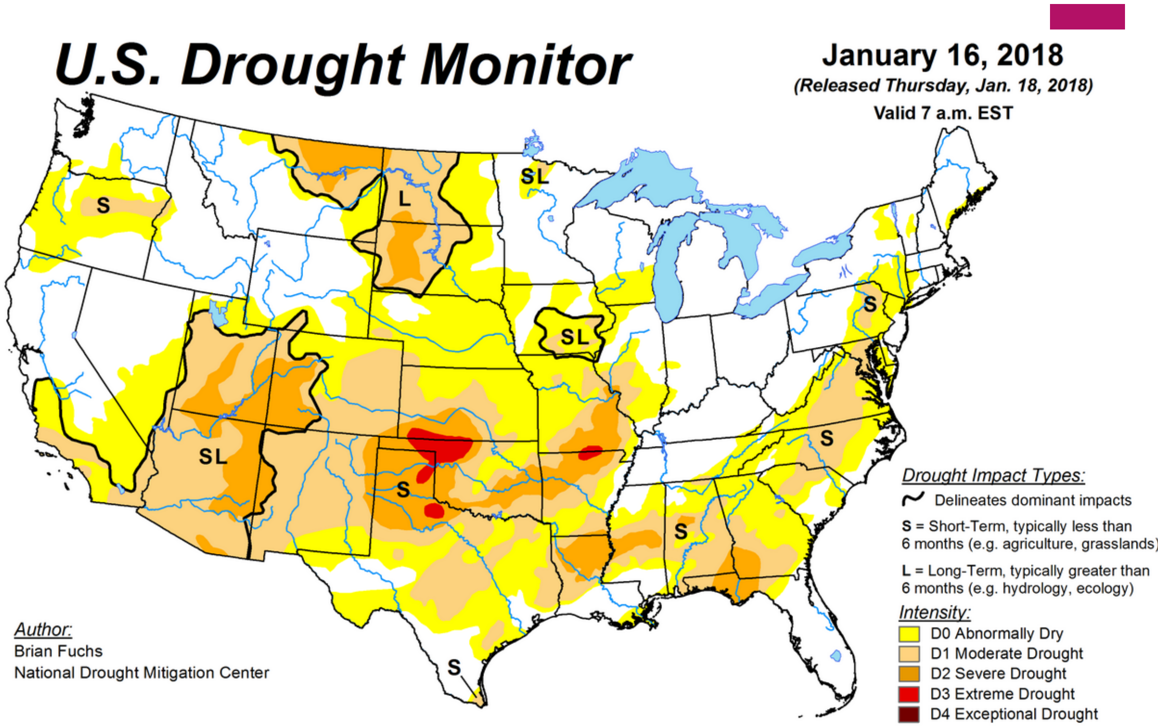
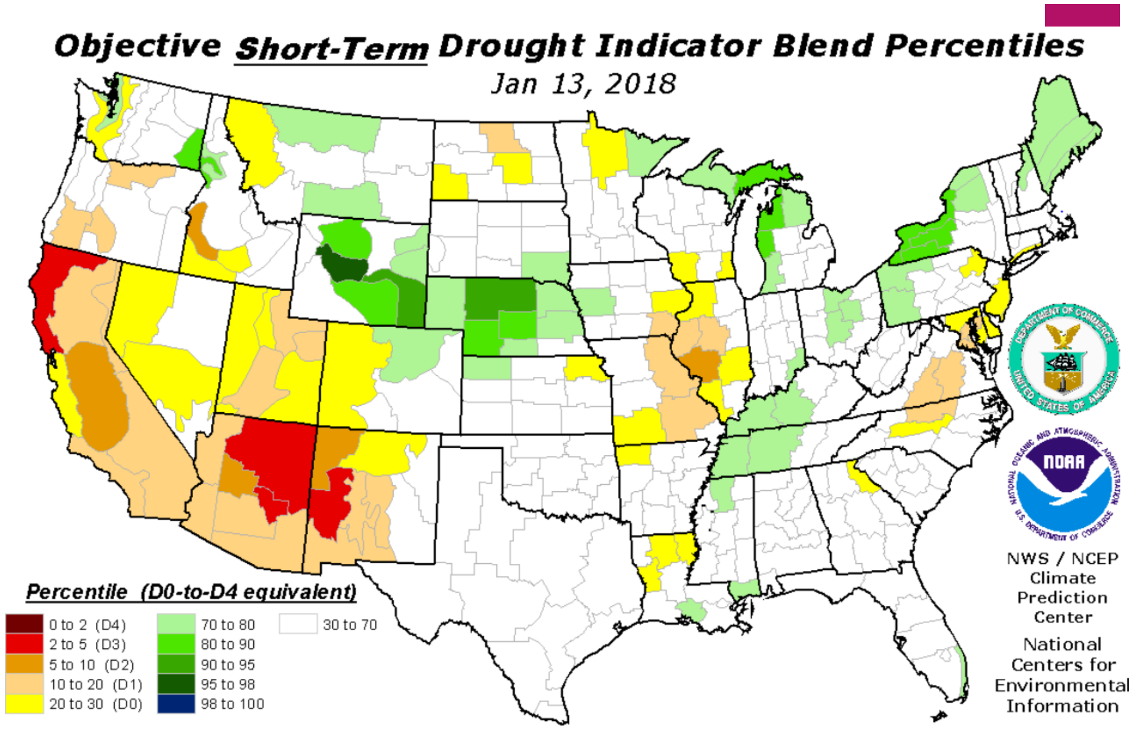
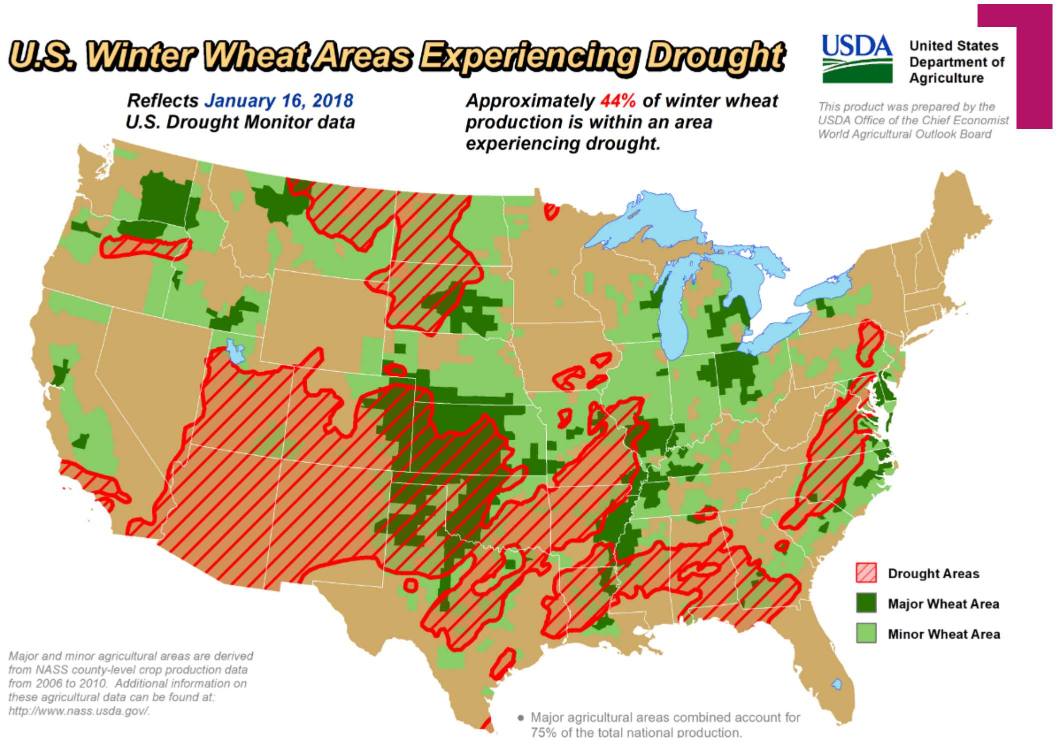


Displaying Last 60-Day Percent of Normal Precipitation
Valid on: January 19, 2018 12:00 UTC


90-day Accumulated Prcp % of Normal 21OCT2017–18JAN2018
30-day Accumulated Prcp % of Normal 20DEC2017–18JAN2018
50N
40N
30N
20N
10N
140W
120W
100W
80W
60W
800
400
200
150
125
75
50
25
10
Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis
Climatology (1981–2010)


U.S. Drought Monitor
January 16, 2018
(Released Thursday, Jan. 18, 2018)
Valid 7 a.m. EST
S
L
SL
Drought Impact Types:
Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)
Intensity:
D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought
D3 Extreme Drought
D4 Exceptional Drought
Author:
Brian Fuchs
National Drought Mitigation Center

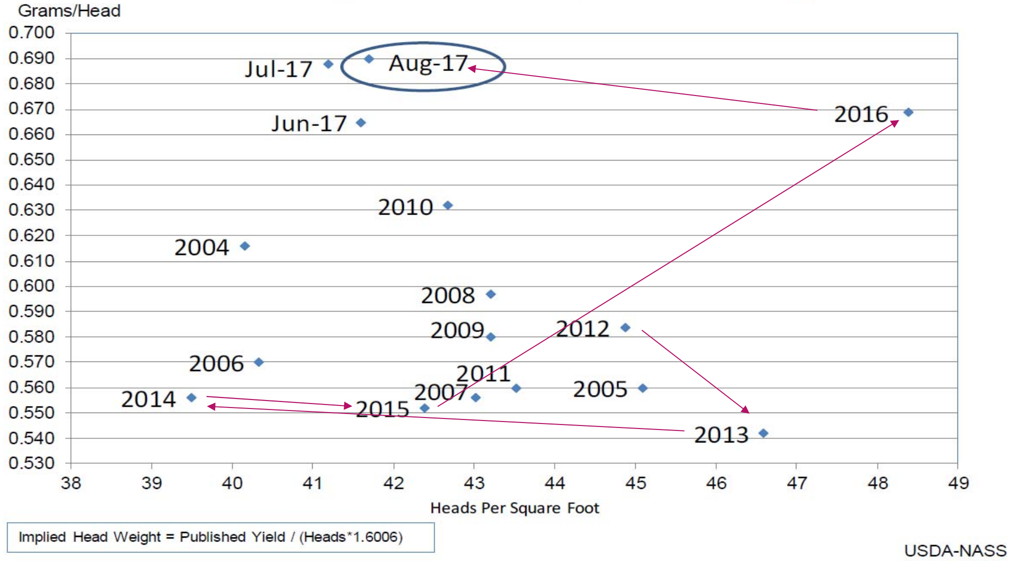

Objective Short-Term Drought Indicator Blend Percentiles
Jan 13, 2018
Percentile (D0-to-D4 equivalent)
0 to 2 (D4)
2 to 5 (D3)
5 to 10 (D2)
10 to 20 (D1)
20 to 30 (D0)
70 to 80
80 to 90
90 to 95
95 to 98
98 to 100
30 to 70
NWS / NCEP
Climate
Prediction
Center
National
Centers for
Environmental
Information


U.S. Winter Wheat Areas Experiencing Drought
Reflects January 16, 2018
U.S. Drought Monitor data
Approximately 44% of winter wheat
production is within an area
experiencing drought.
USDA
United States
Department of
Agriculture
This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board
Drought Areas
Major Wheat Area
Minor Wheat Area
Major and minor agricultural areas are derived
from NASS county-level crop production data
from 2006 to 2010. Additional information on
these agricultural data can be found at:
http://www.nass.usda.gov/.
Major agricultural areas combined account for
75% of the total national production.

USDA

Wheat Objective Yield Region

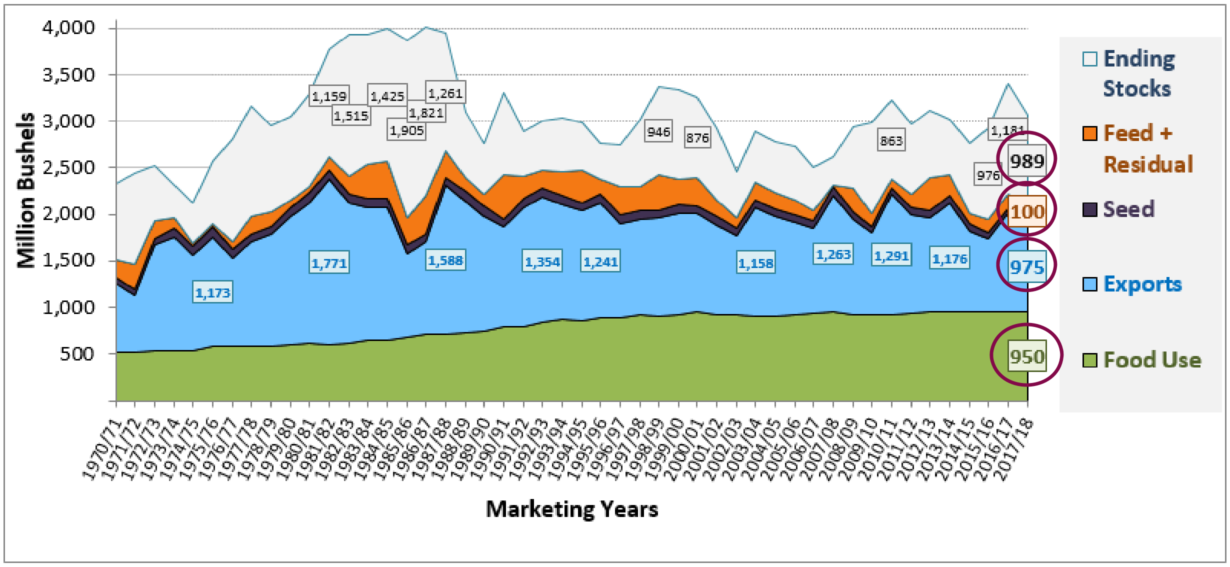
Heads Per Square Foot vs. Implied Head Weight

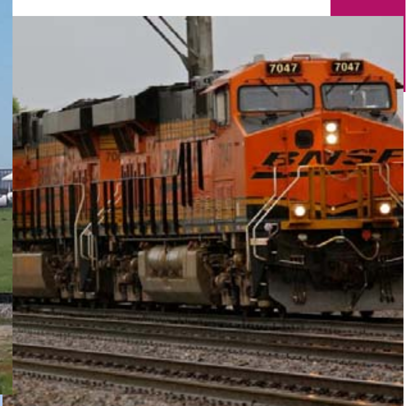


USDA-NASS
8-10-17

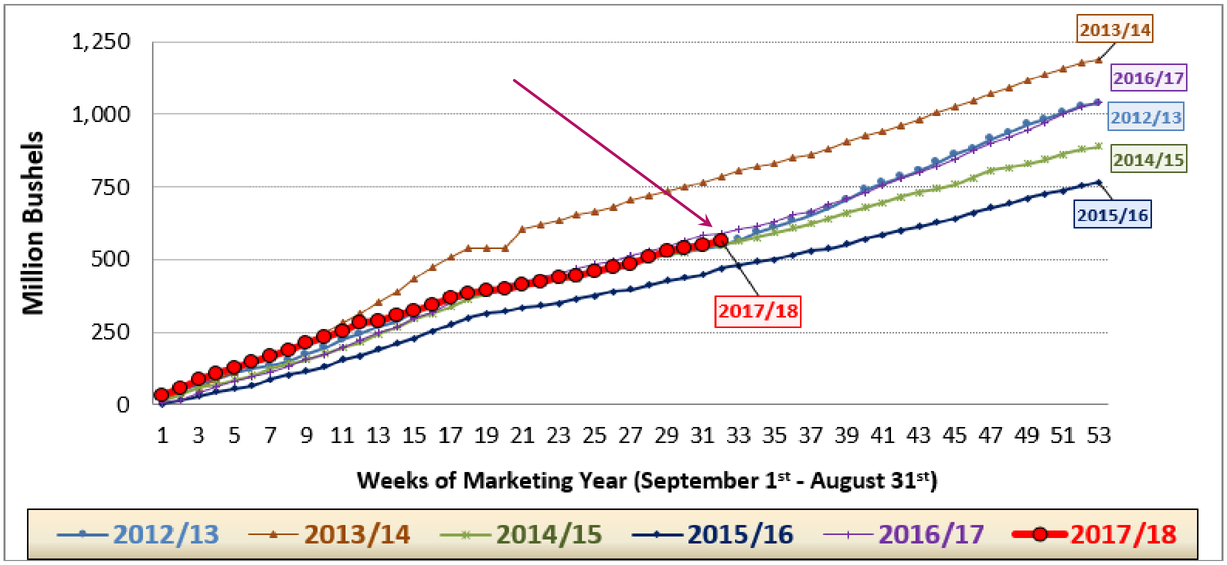
U.S. Wheat Production & Supplies

U.S. Wheat Use by Category

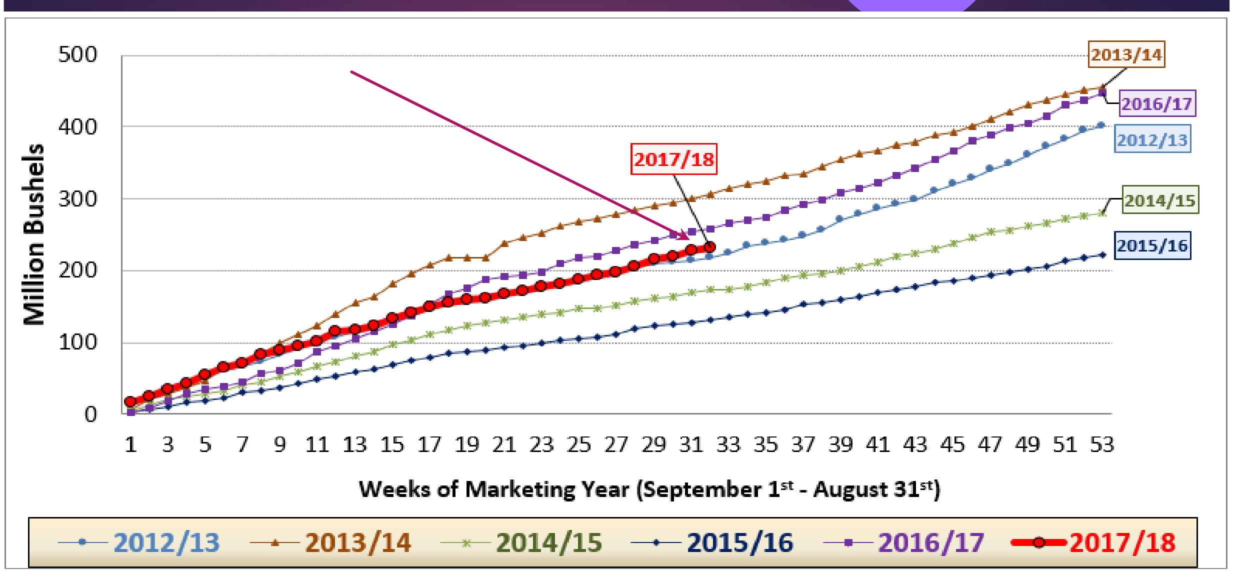




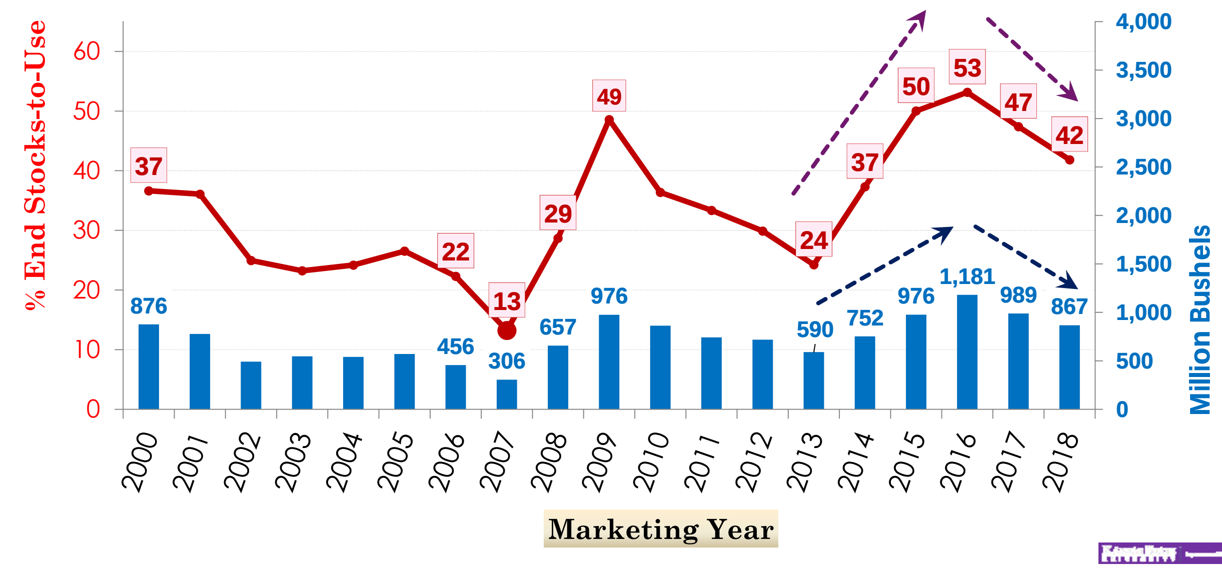
U.S. All Wheat Exports – Weekly thru January 11, 2018



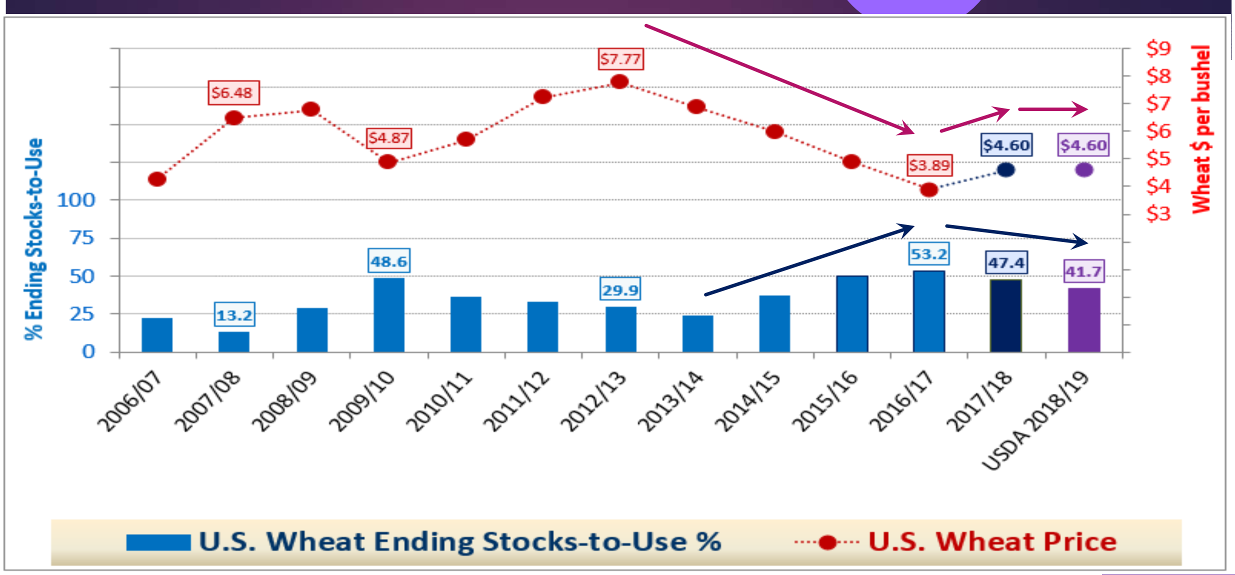
U.S. HRW Wheat Exports – Weekly thru Jan. 11, 2018



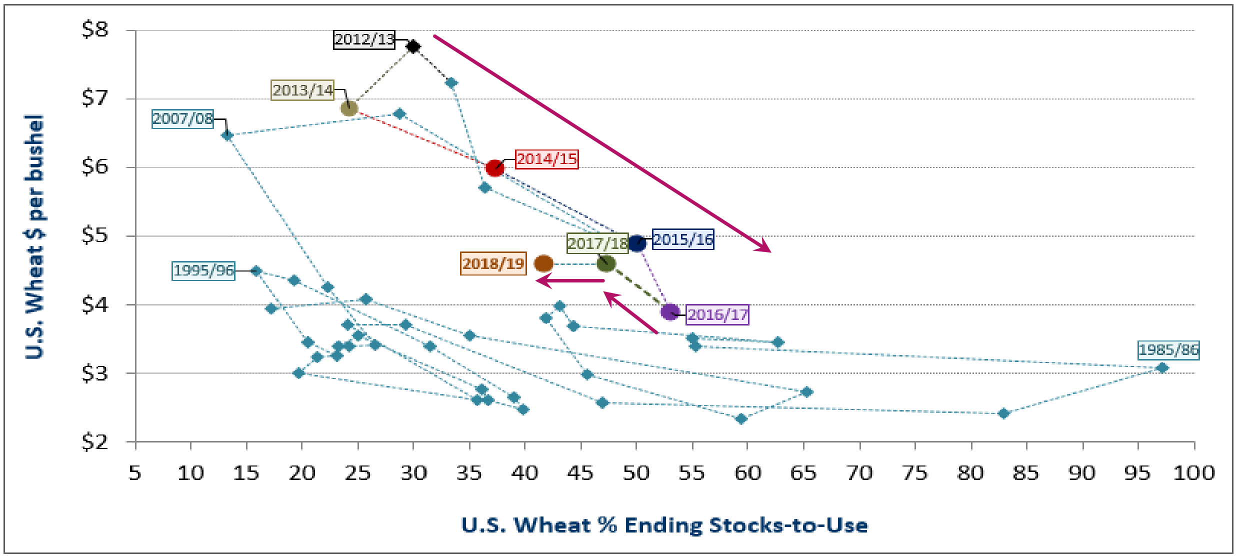
U.S. Wheat Ending Stocks & % Stx/Use



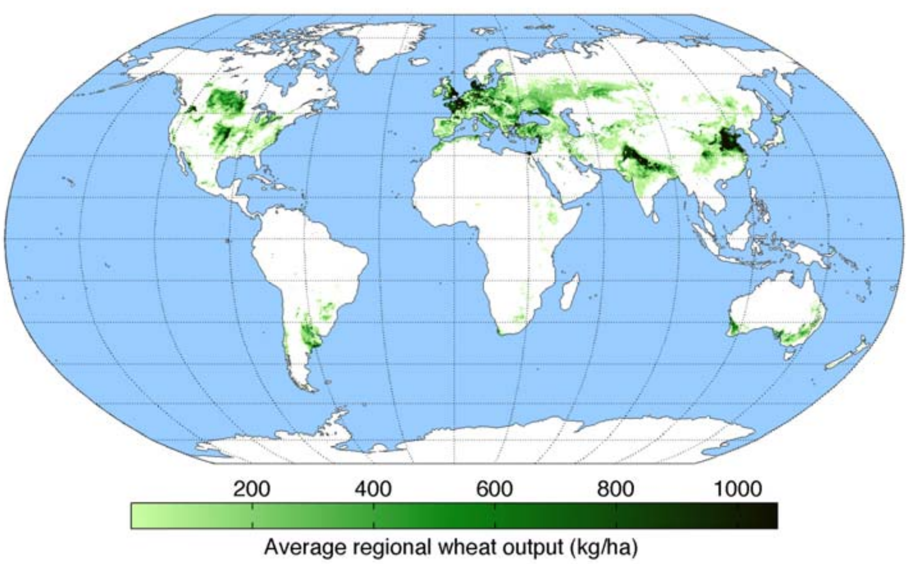
U.S. Wheat Ending Stocks & Prices



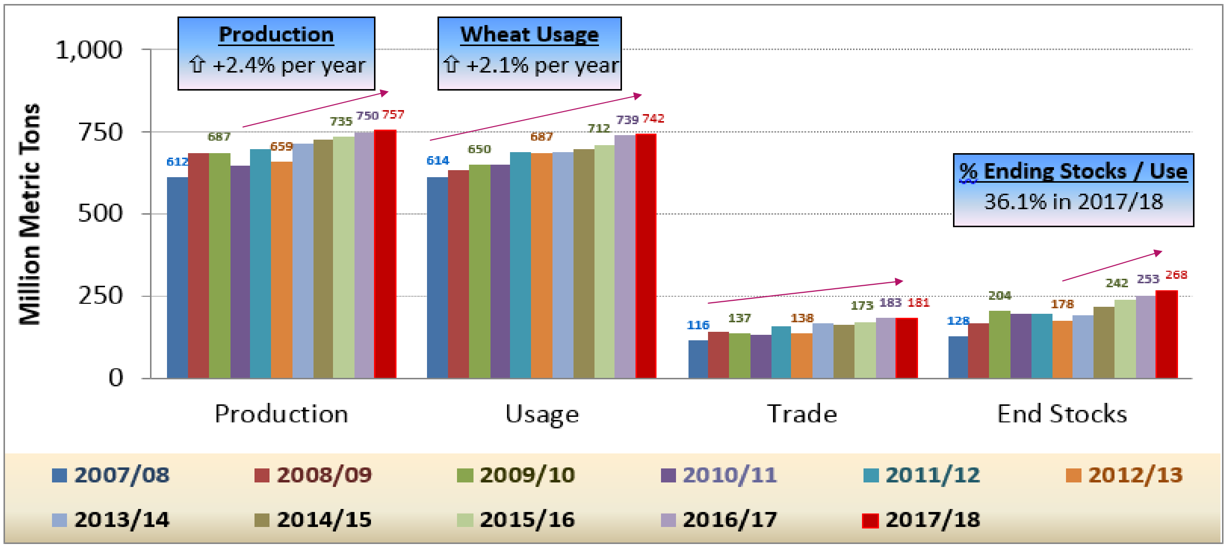
U.S. Wheat Price *vs* U.S. Stocks-to-Use



World Wheat Production Regions



World Wheat Supply, Use & Stocks



World Wheat Production

Country or Region	2016/17 estimate	2016/17 Change from December 12	2017/18 forecast	2017/18 Change from December 12	Change from 2016/17
			Million Tons		
World	750.5	-3.2	757.0	1.8	6.6
United States	62.8	--	47.4	--	-15.5
Foreign	687.6	-3.2	709.6	1.8	22.0
Argentina	18.4	--	17.5	--	-0.9
Canada	31.7	--	30.0	--	-1.7
Australia	30.4	-3.1	21.5	--	-8.9
European Union	145.3	--	151.6	-0.9	6.4
Turkey	17.3	--	21.0	--	3.8
Russia	72.5	--	85.0	2.0	12.5
Ukraine	26.8	--	26.5	--	-0.3
Kazakhstan	15.0	--	14.0	--	-1.0
China	128.8	-0.0	130.0	--	1.2
India	87.0	--	98.4	--	11.4

⇩ U.S. Crops

BUT

⇧ Foreign Wheat

⇧ Russia*, Turkey*

⇧ EU, India, China

BUT

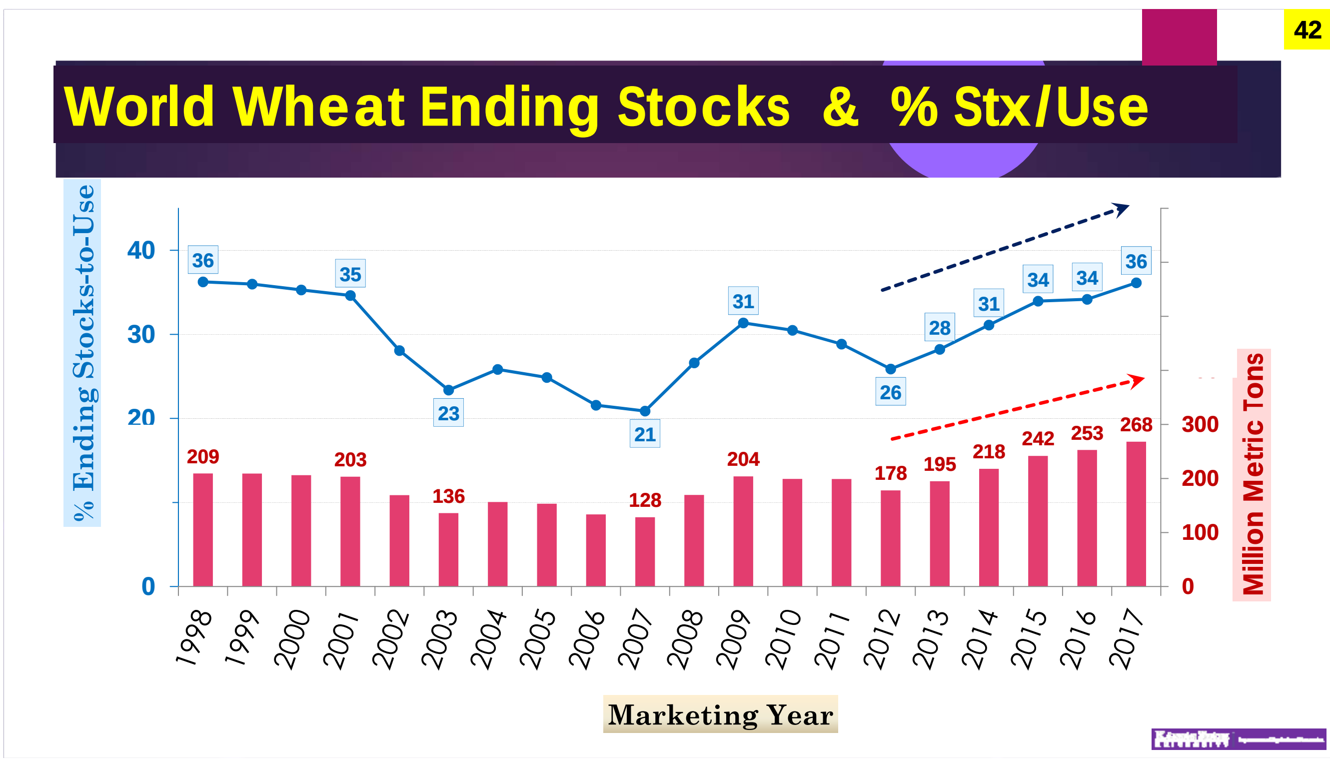
⇩ Canada

⇩ Australia ***

⇩ Kazakhstan

World Wheat Supply and Use

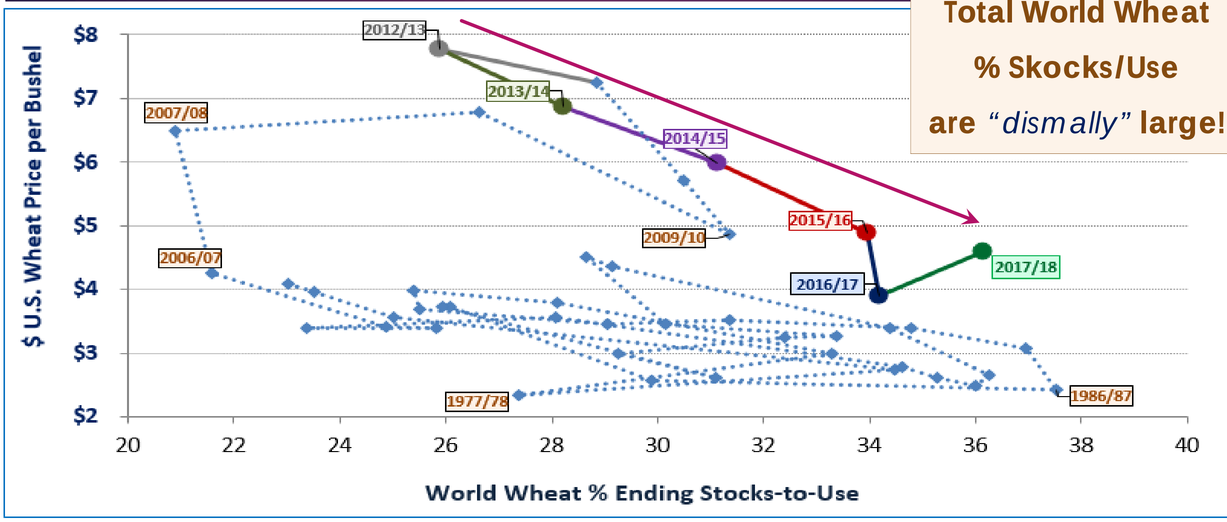
	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17	
		Million Tons			
Beginning stocks	241.7	252.7	-2.6	11.0	⇧ Beg. Stocks
Production	750.5	757.0	1.8	6.6	⇧ Production
Total Supply	992.1	1,009.7	-0.8	17.6	⇧ Supplies
Feed use	147.1	143.3	0.7	-3.8	⇩ Feed Use
Total use	739.4	741.7	-0.4	2.3	
Trade	183.4	180.9	-1.3	-2.5	⇩ Export Trade
Ending Stocks	252.7	268.0	-0.4	15.3	⇧ Ending Stocks



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

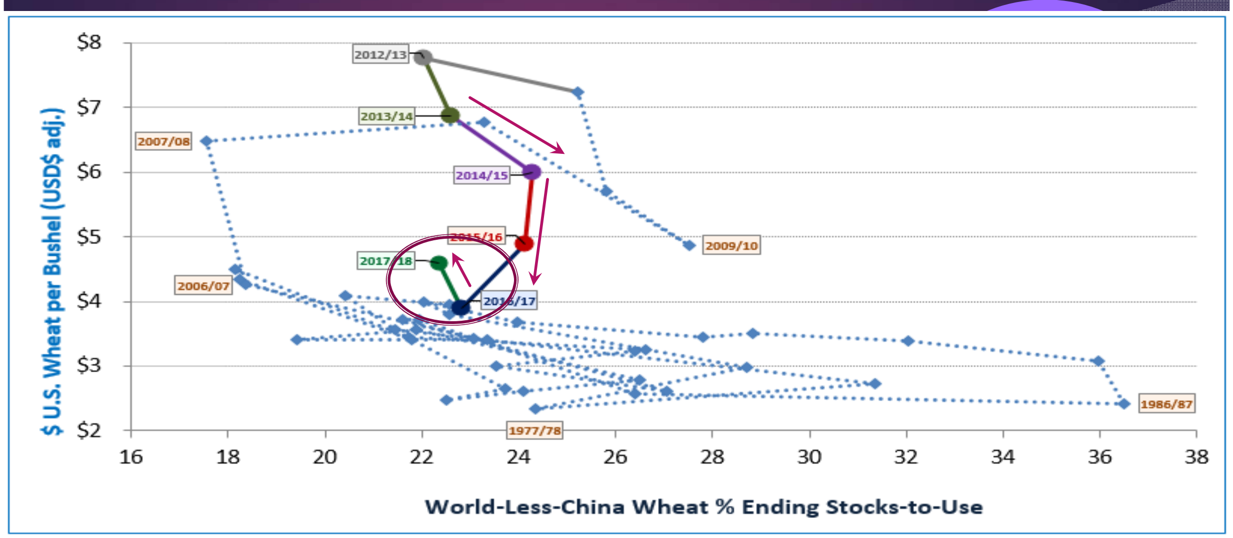
MY 1973/74 – "New Crop" MY 2017/18

Total World Wheat % Skocks/Use are *"dismally"* large!



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

MY 1973/74 – "New Crop" MY 2017/18



Corn & Sorghum Markets

Kansas State University
Department of Agricultural Economics

U.S. Corn & Sorghum Supply-Use

- **Prospects** ➲ **"*LARGE*" 14.6 billion bu 2017 U.S. Corn Crop**
- **Large Supplies & Stocks are limiting Feedgrain Price$'s**
- **Low Price$'s are supporting 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** = 1.925 bln bu (***vs 2.293 bb in '16/17*** *& 1.901 in '15/16)*

Kansas State University
Department of Agricultural Economics

U.S. Corn & Grain Sorghum Stocks…..

- **Corn: "*Large*" Stocks & % Stx/Use**
  - o **End Stocks 2017/18** ⇨ 2.477 bln bu *(2nd highest since 1987/88)*
  - o **% Stocks/Use 2017/18** ⇨ 17.1% S/U *(Highest since 2005/06)*
- **Grain Sorghum: "*Tighter*" Stocks & % Stx/Use** than Corn
  - o **End Stocks 2017/18** ⇨ 24 Mln bu *(15 - 55 mb since 2008/09)*
  - o **% Stocks/Use 2017/18** ⇨ 6.8% S/U *(Historically "tight")*

CME Corn Futures

Weekly Chart: November 2008 – December 2017 + 1/19/2018

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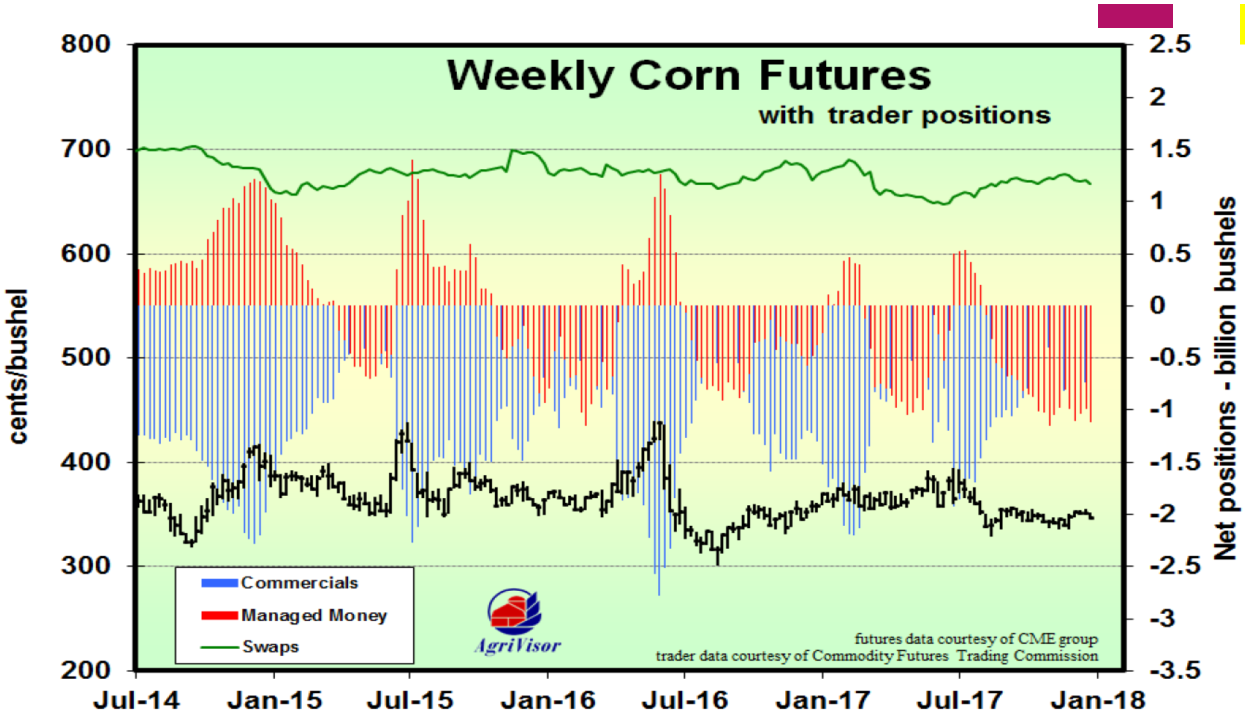
CME Corn Futures

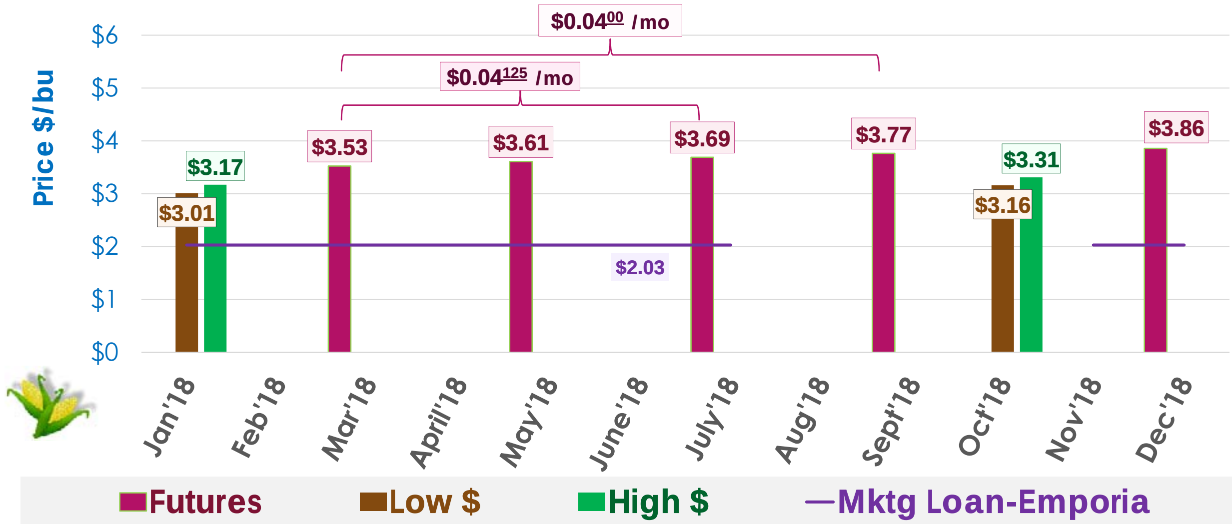
Weekly Chart: November 2008 – December 2017 + 1/19/2018

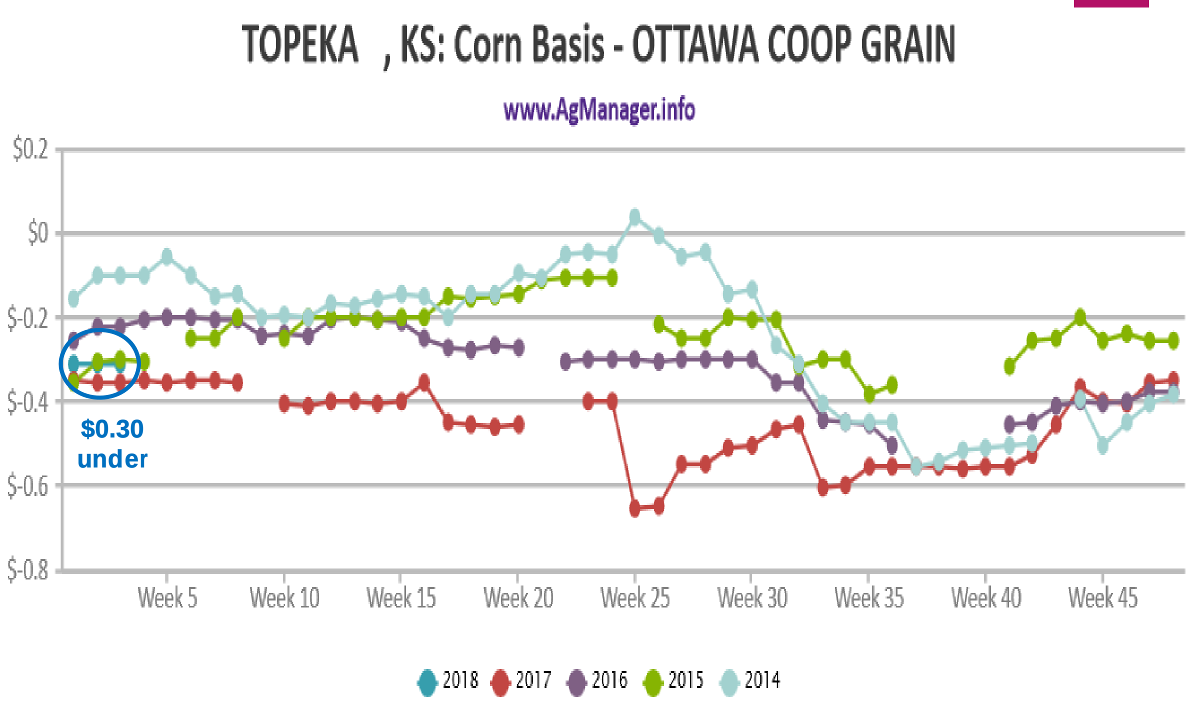
50

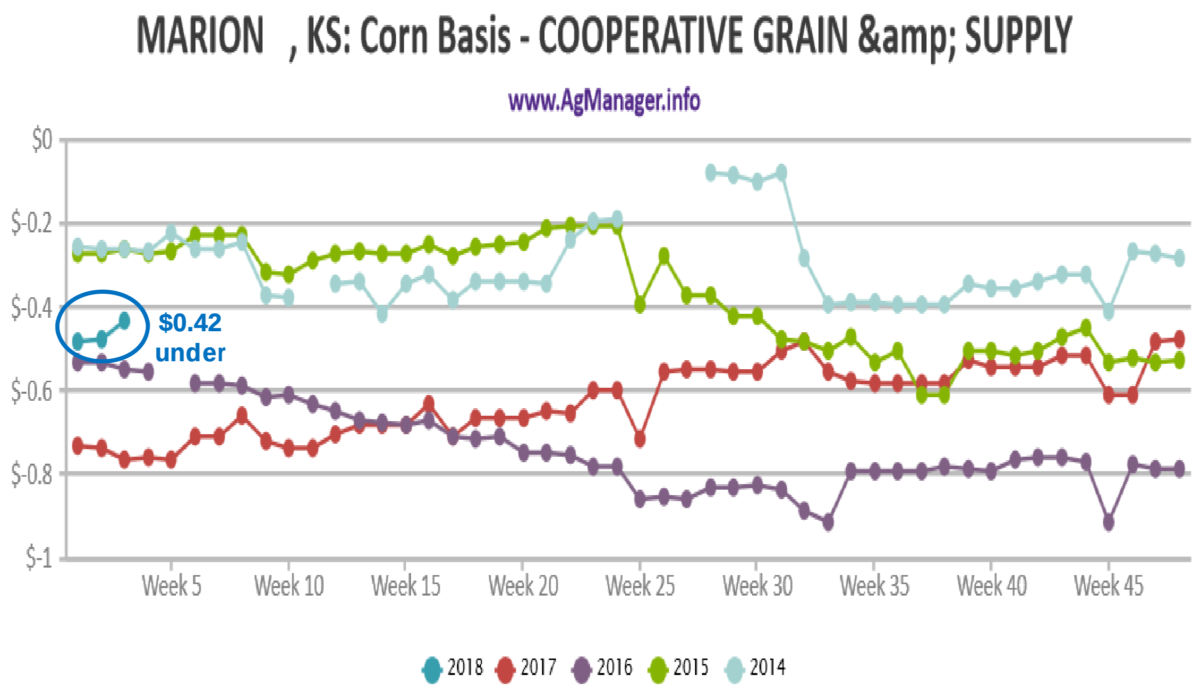


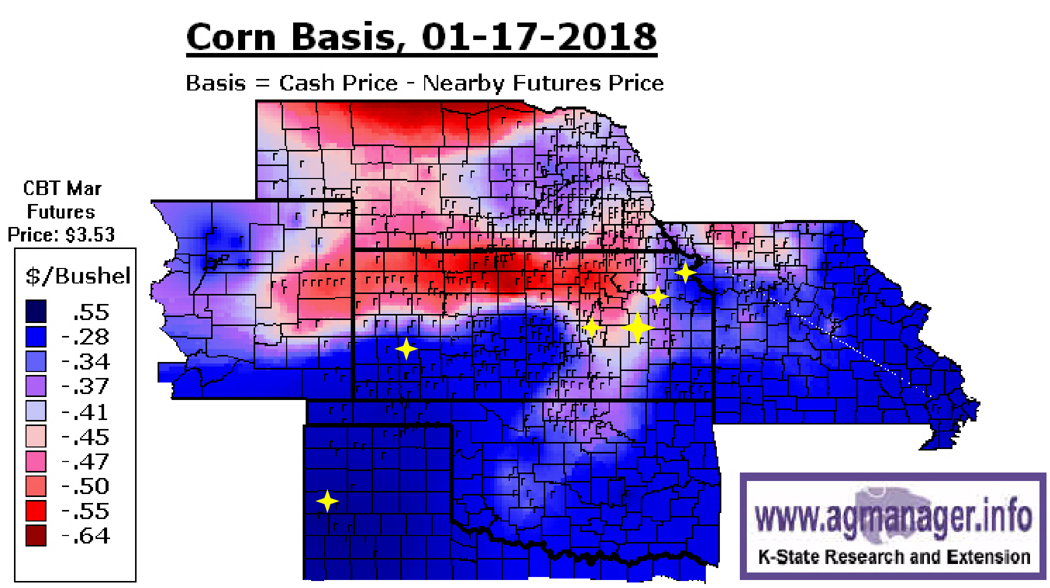
Corn Cash & Futures Prices ($/bu)

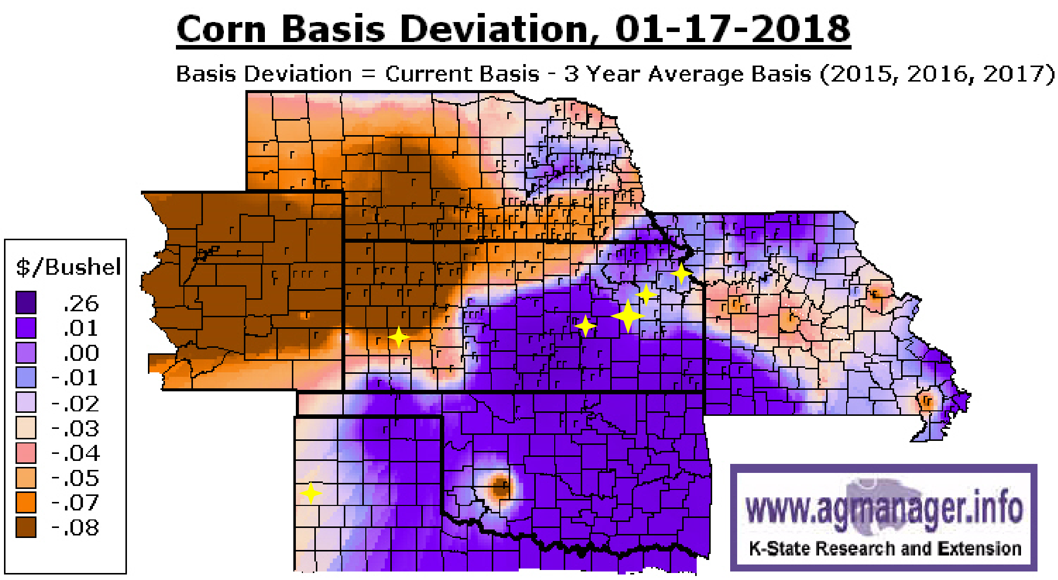
Emporia, KS Local Elevators – January 19, 2018





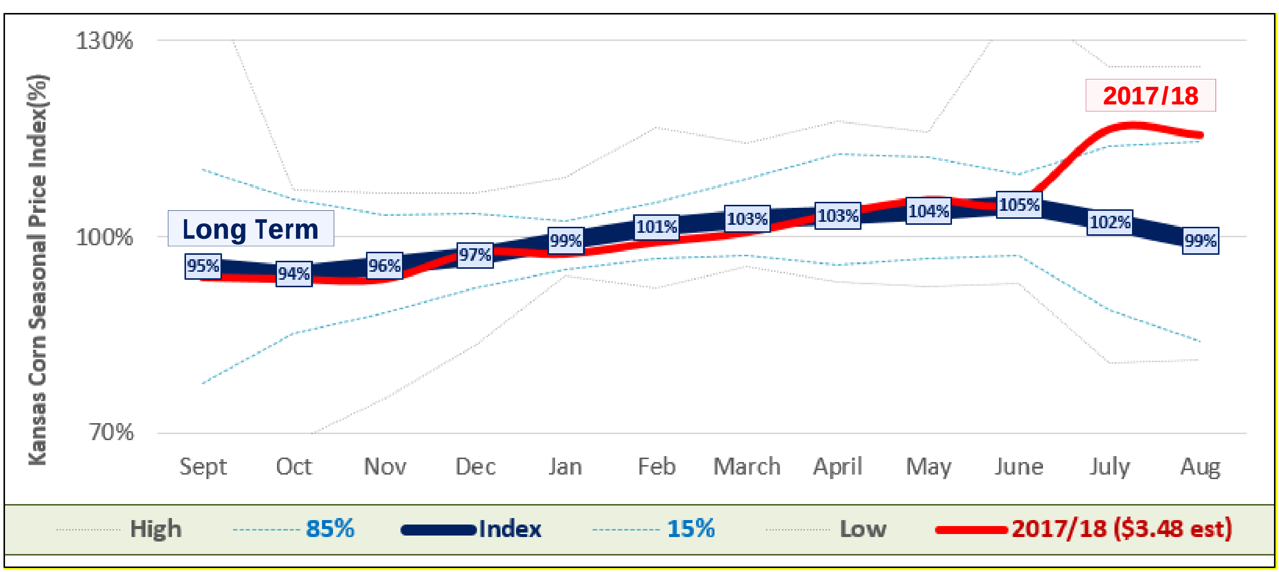

MARION , KS: Corn Basis - COOPERATIVE GRAIN & SUPPLY
www.AgManager.info
$0
$-0.2
$-0.4
$-0.6
$-0.8
$-1
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
$0.42
under
2018
2017
2016
2015
2014


Corn Basis, 01-17-2018
Basis = Cash Price - Nearby Futures Price
CBT Mar
Futures
Price: $3.53
$/Bushel
.55
-.28
-.34
-.37
-.41
-.45
-.47
-.50
-.55
-.64
www.agmanager.info
K-State Research and Extension



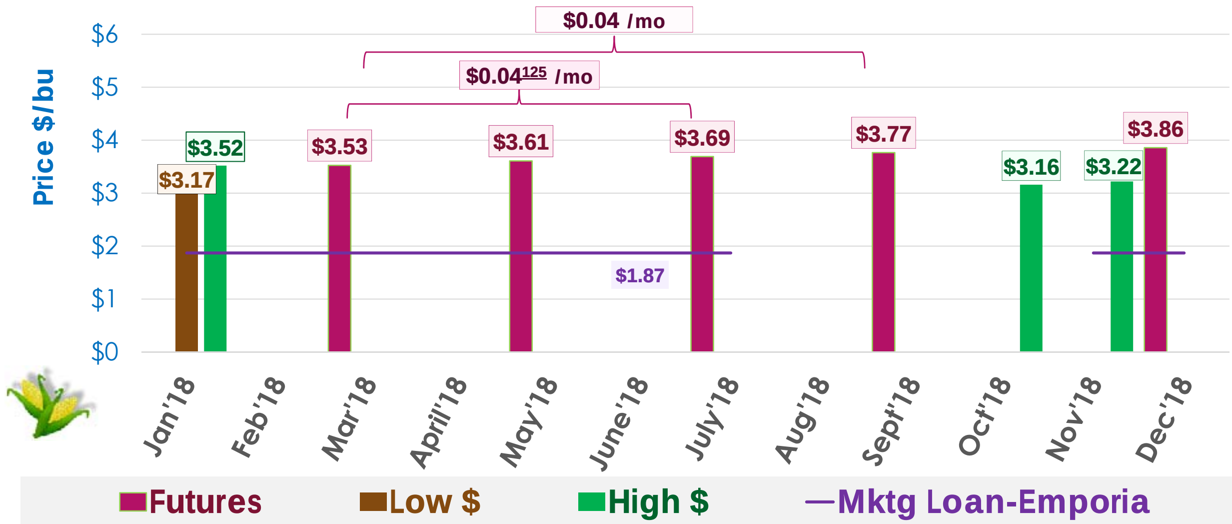
Kansas Corn Seasonal Cash $ Index

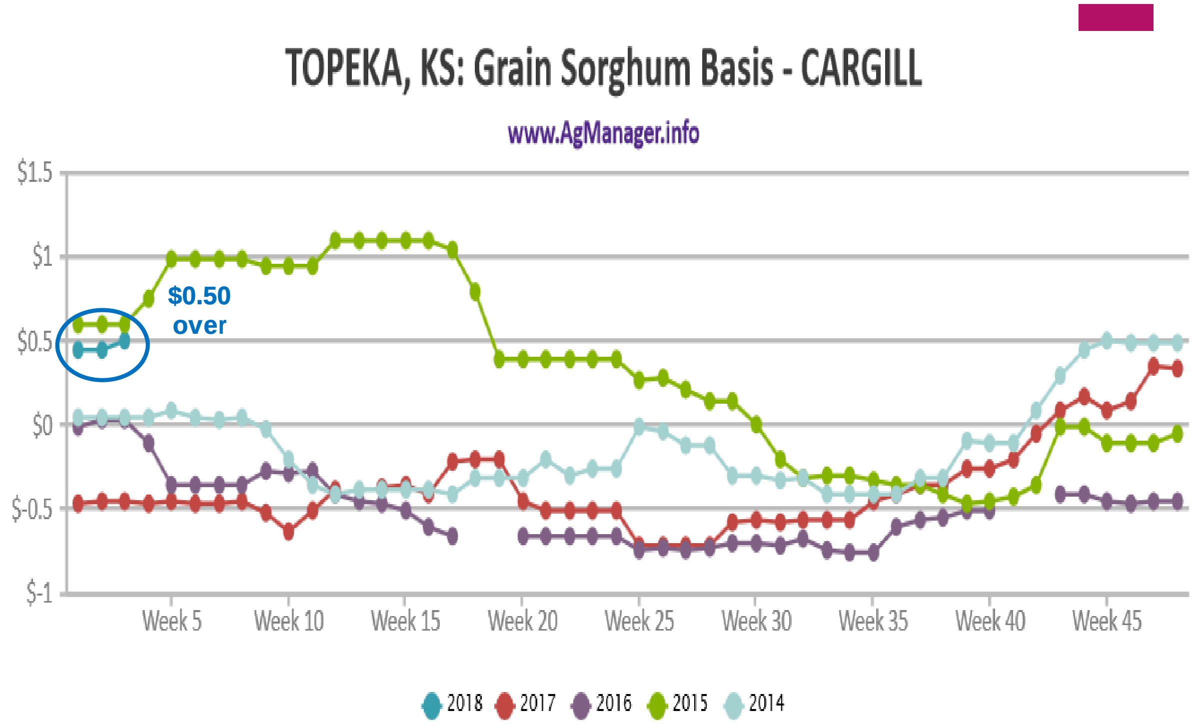
Monthly: Long Term Average & "*New Crop*" MY 2017/18 Forecast

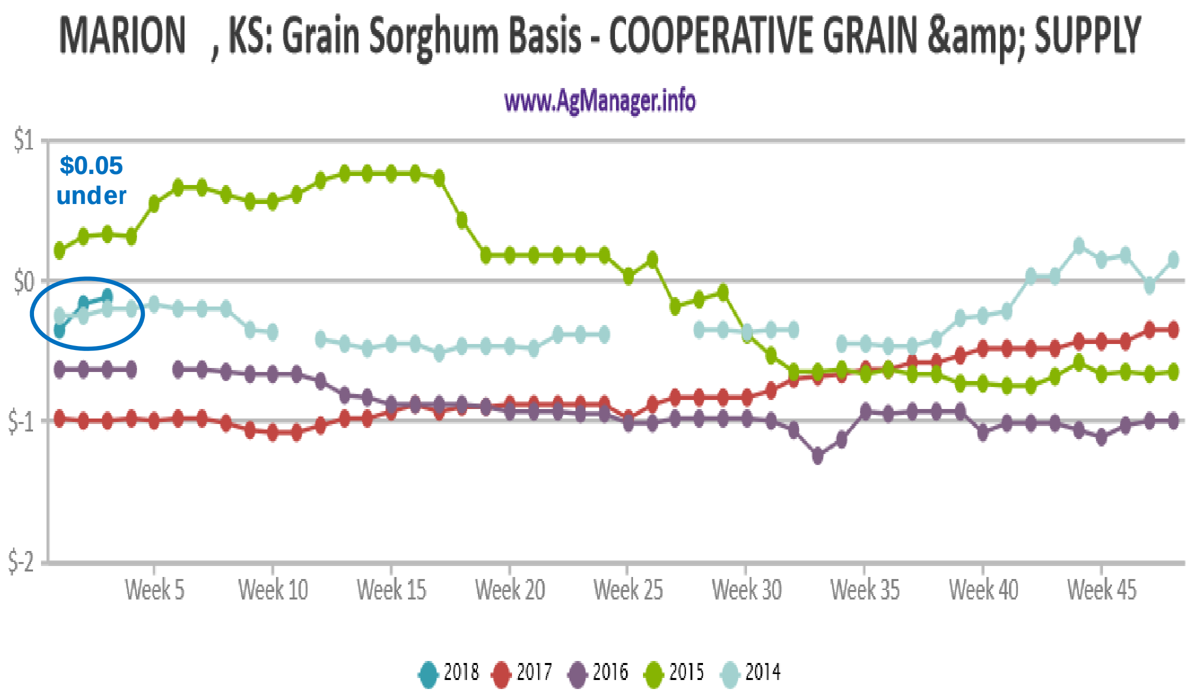


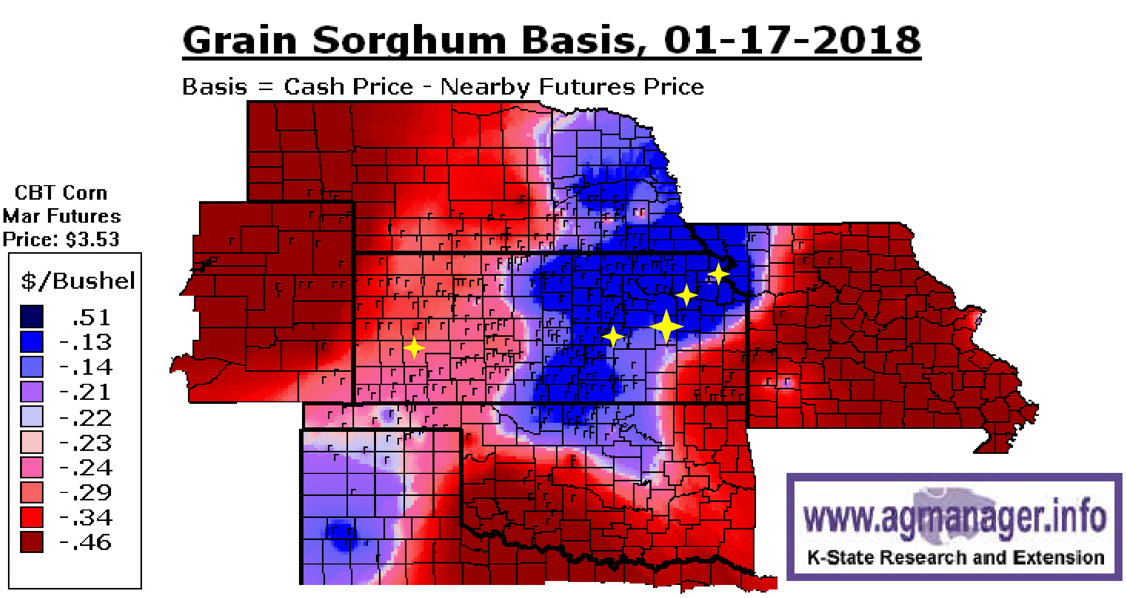
Grain Sorghum Cash & Corn Futures $'s

Emporia, KS Local Elevators – January 19, 2018






MARION , KS: Grain Sorghum Basis - COOPERATIVE GRAIN & SUPPLY
www.AgManager.info
$1
$0
$-1
$-2
$0.05
under
Week 5
Week 10
Week 15
Week 20
Week 25
Week 30
Week 35
Week 40
Week 45
2018
2017
2016
2015
2014


Grain Sorghum Basis, 01-17-2018
Basis = Cash Price - Nearby Futures Price
CBT Corn
Mar Futures
Price: $3.53
$/Bushel
.51
-.13
-.14
-.21
-.22
-.23
-.24
-.29
-.34
-.46
www.agmanager.info
K-State Research and Extension

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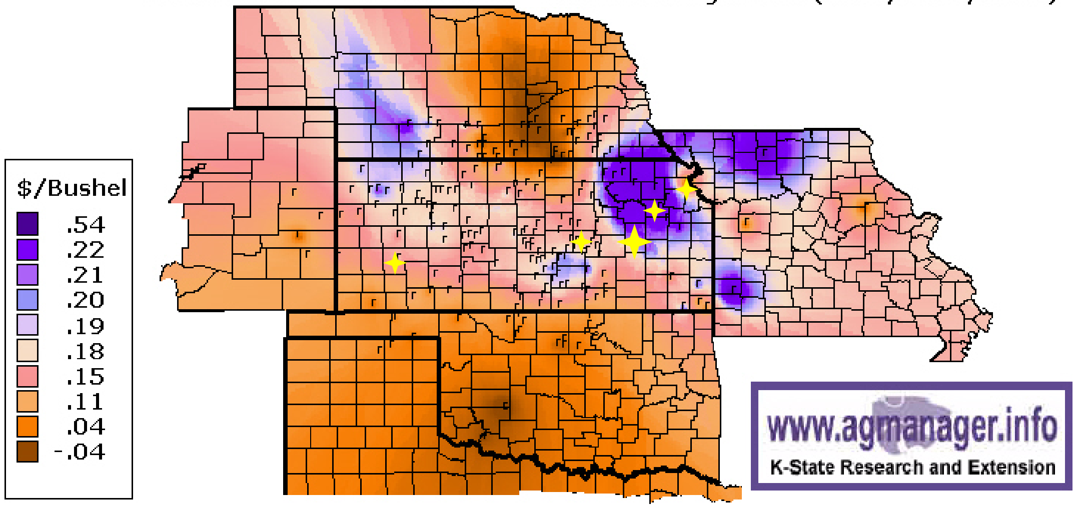
Grain Sorghum Basis Deviation, 12-27-2017

Basis Deviation = Current Basis - 3 Year Average Basis (2014, 2015, 2016)



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U.S. Corn Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17	
Planted area (million acres)	94.0	90.2	-0.3	-3.8	
Harvested area (million acres)	86.7	82.7	-0.4	-4.0	
Yield (bushels per acre)	174.6	176.6	1.2	2.0	⇩ Crop
		Million bushels			
Beginning stocks	1,737	2,293	-2	556	*BUT still*
Production	15,148	14,604	27	-544	***Large Supply***
Imports	57	50	--	-7	
Total supply	16,942	16,947	25	5	
Feed and residual	5,467	5,550	-25	83	
Food, seed, and industrial	6,889	6,995	10	106	⇧ Domestic Use
Ethanol	5,439	5,525	--	86	&
Domestic use	12,356	12,545	-15	189	
Exports	2,293	1,925	--	-368	⇩ Exports
Total use	14,649	14,470	-15	-179	
Ending stocks	2,293	2,477	40	184	
		Percent			⇧ % Stocks/Use
Stocks to use ratio	15.7	17.1	0.3	1.5	&
		Dollars per bushel			
Average market price	3.36	2.95/3.55	0.05	-0.11	⇩ Prices

63

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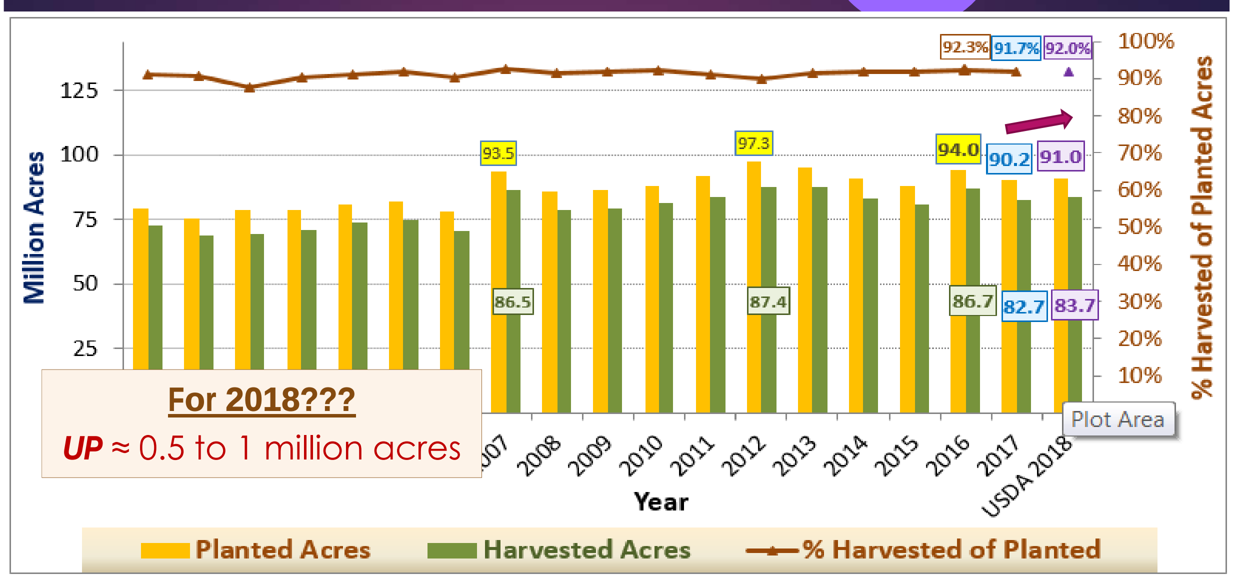
U.S. Corn Acreage

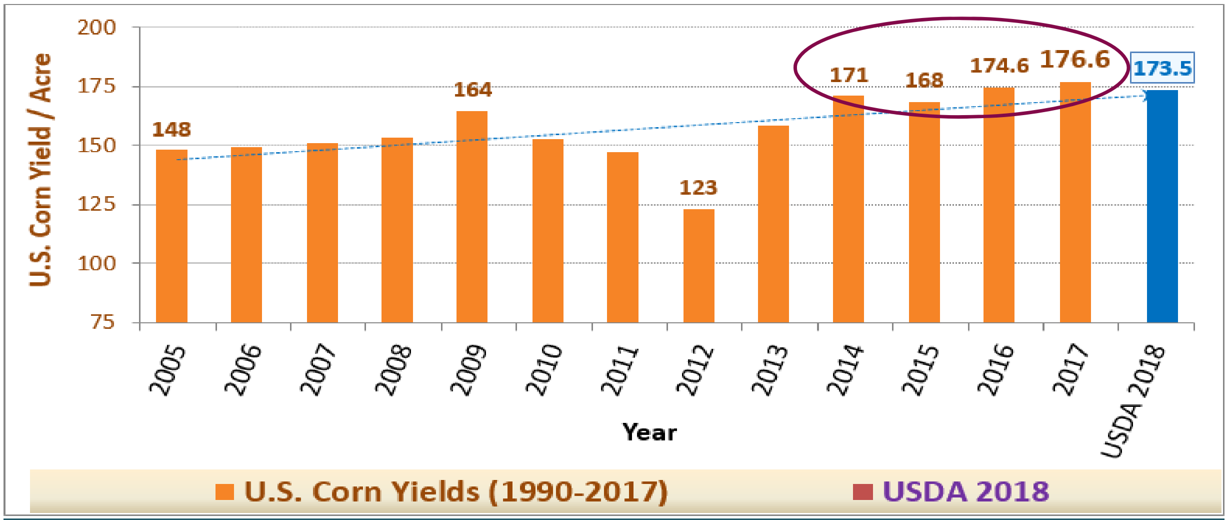


2018 Trend Yield???

170 bu/ac (1973-2017 trend)

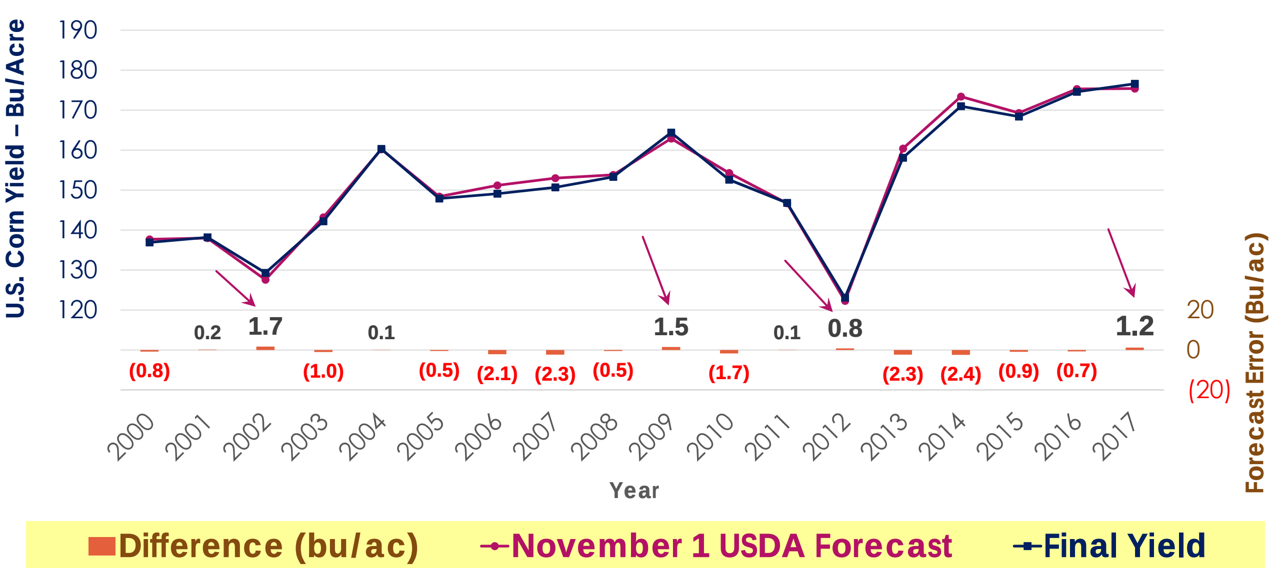
U.S. Corn Yields

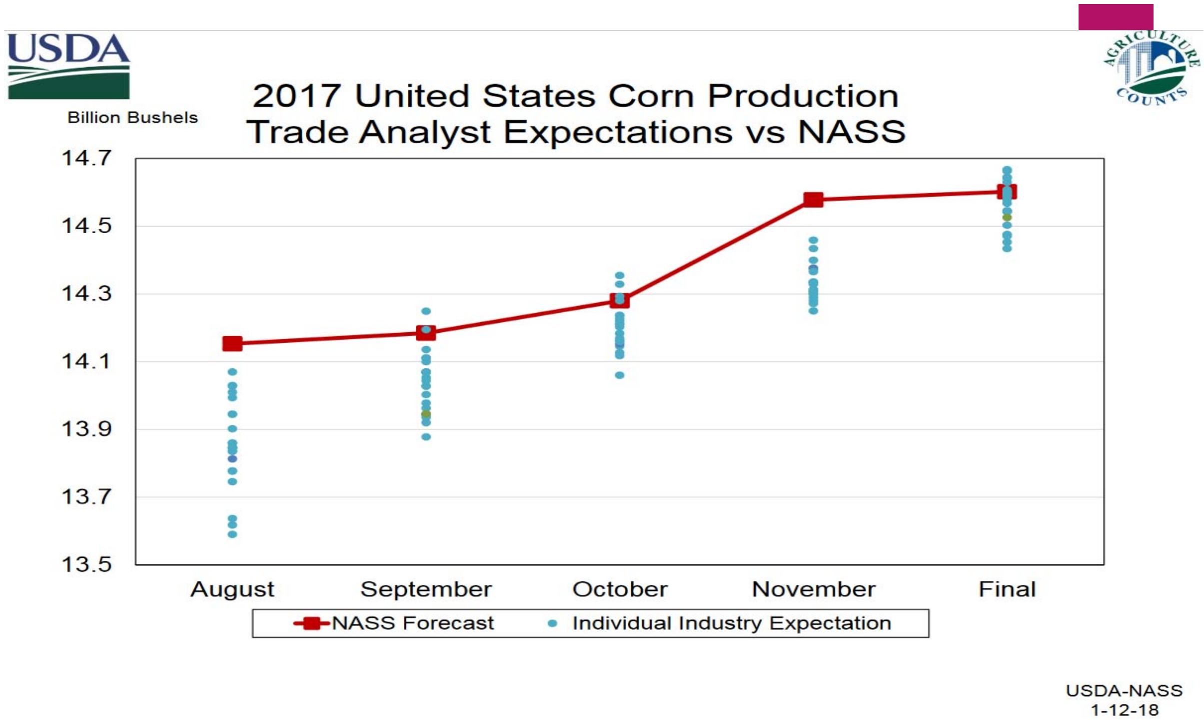
USDA 2017 USDA Forecast = 176.6 bu/ac



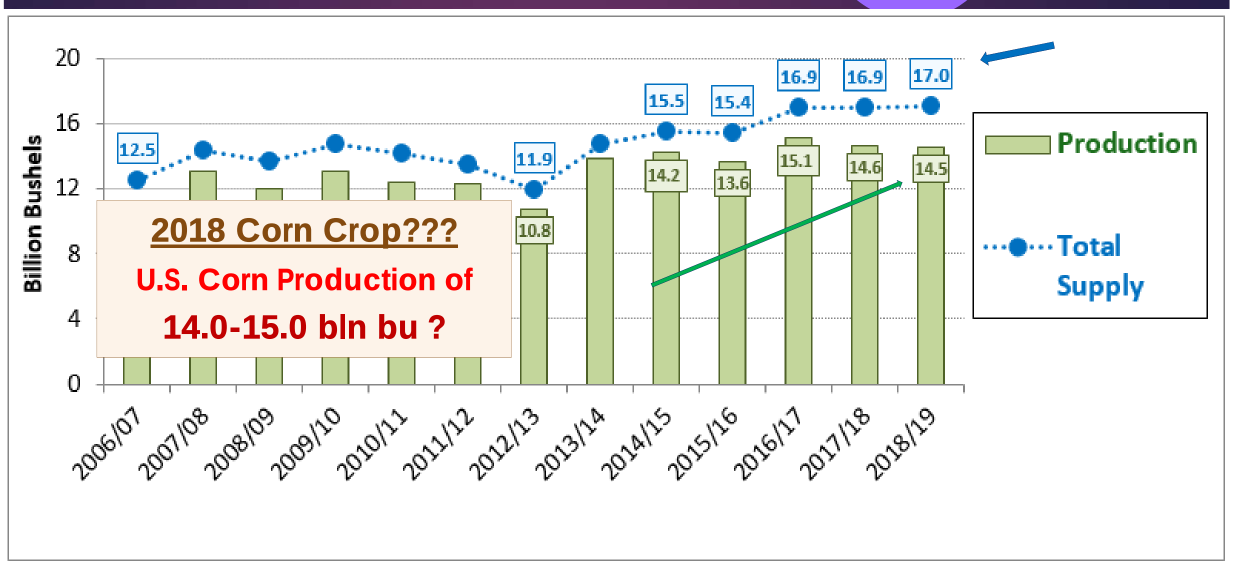
U.S. Corn Yields: 2000-2017

Accuracy of November 1st USDA Forecasts

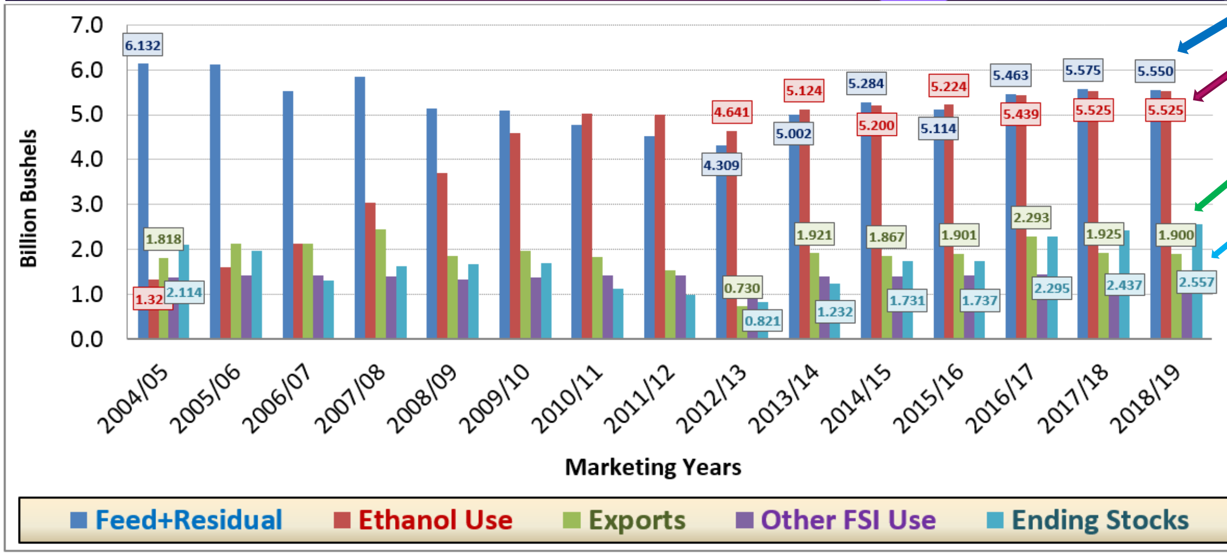




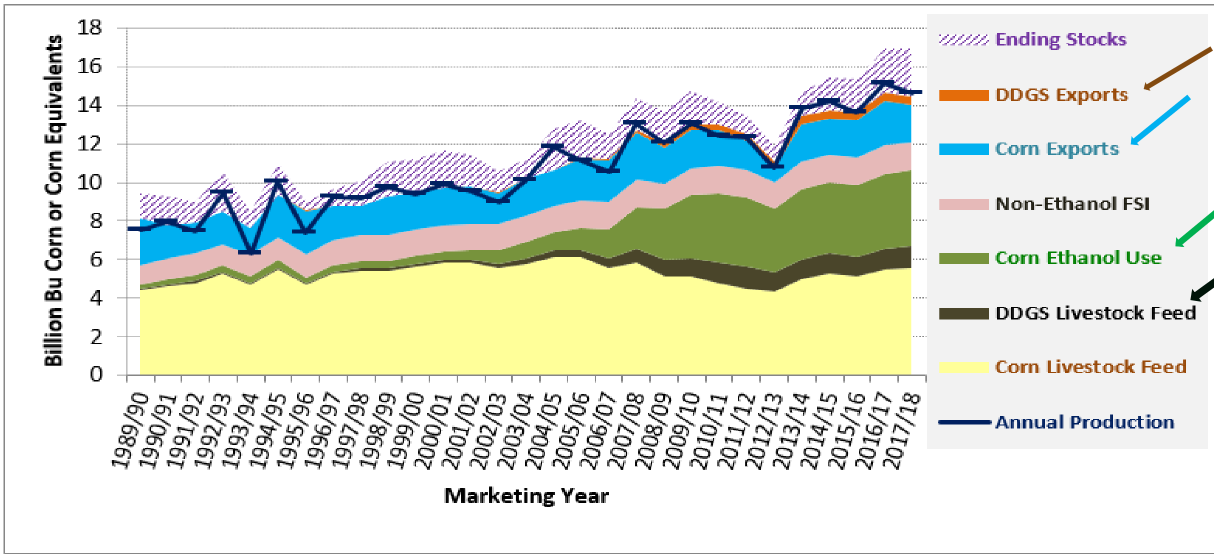
U.S. Corn Production & Supplies



U.S. Corn Use – By Category



U.S. Corn Use – By Category

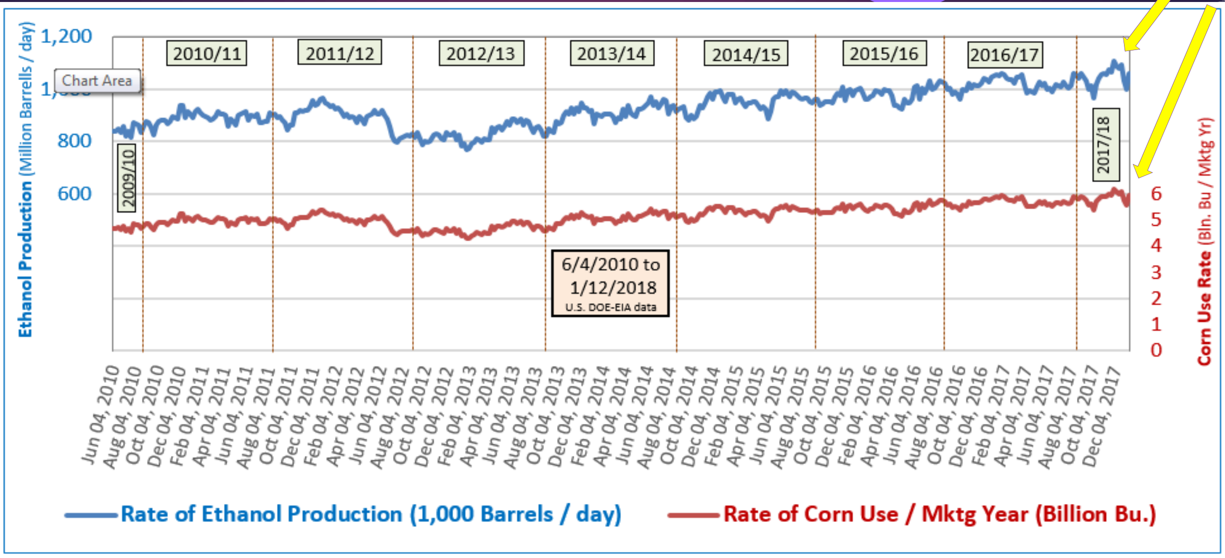


U.S. Meat Production and Prices

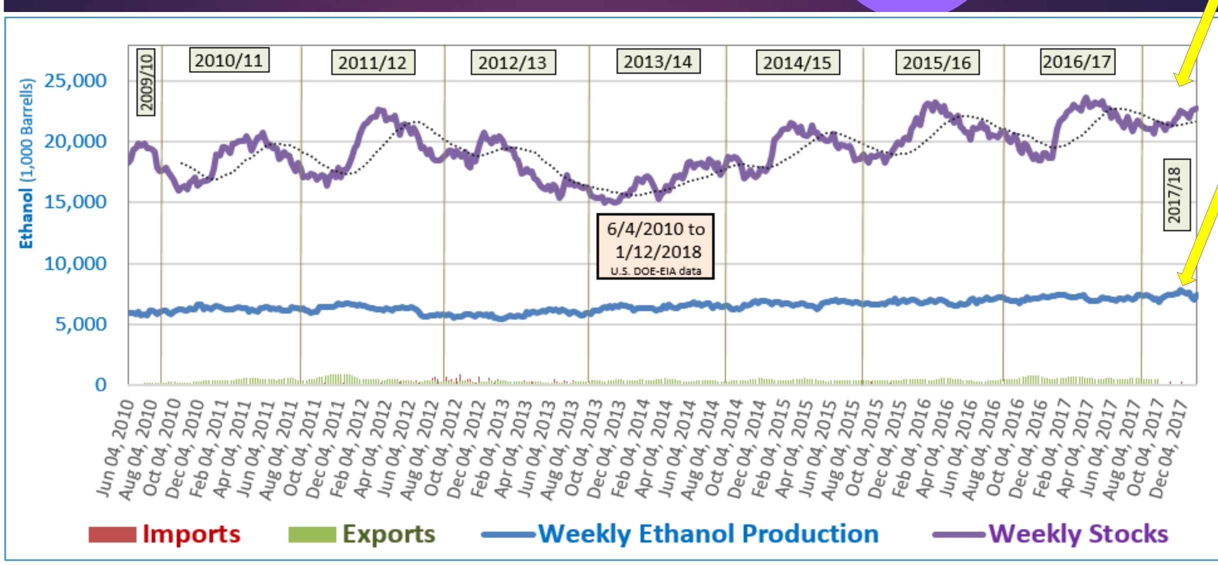
	2017 forecast	2018 forecast	Change from 2017	
Production		*Billion pounds*		
Beef	26.17	27.76	1.59	+6.1%
Pork	25.59	26.96	1.38	+5.3%
Broilers	41.59	42.45	0.86	+2.1%
Turkey	5.99	6.00	0.01	+0.2%
Total meat	100.09	103.94	3.85	+3.8%
Prices		*Dollars/cwt*		
Steers	121.52	118.25	-3.27	
Hogs	50.48	47.75	-2.73	
		Cents/lb		
Broilers	93.5	90.5	-3.0	
Turkey	96.1	91.0	-5.1	

Prices to decline

U.S. Corn Ethanol Use – Weekly thru Jan. 12, 2018



U.S. Ethanol Production, Stocks, Trade (1/12/2018)



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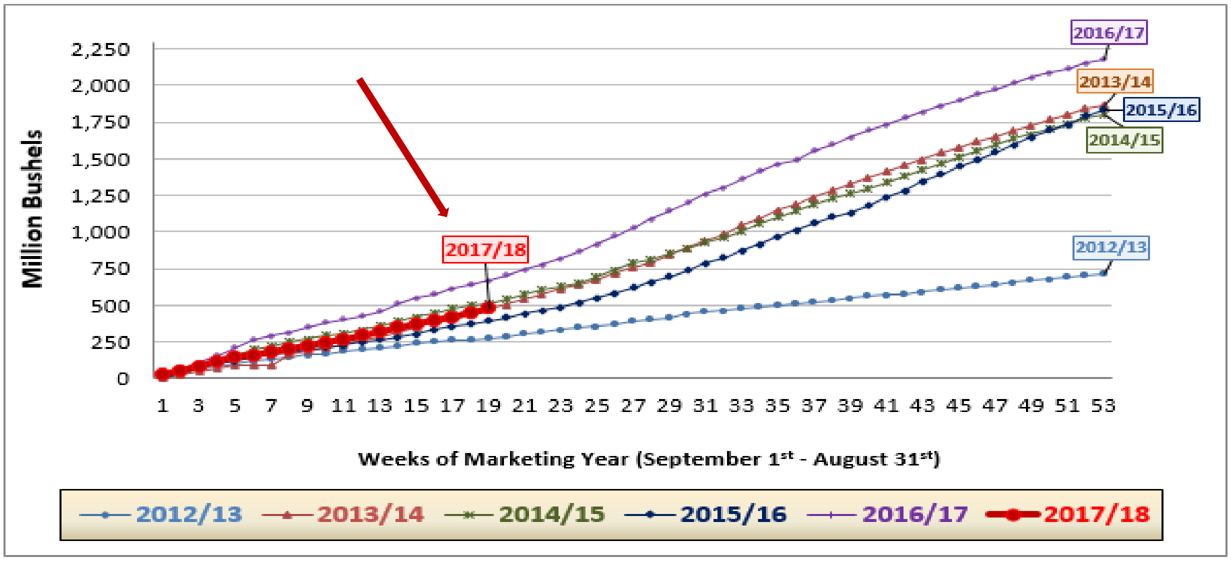
U.S. Corn Exports – Weekly thru January 11, 2018



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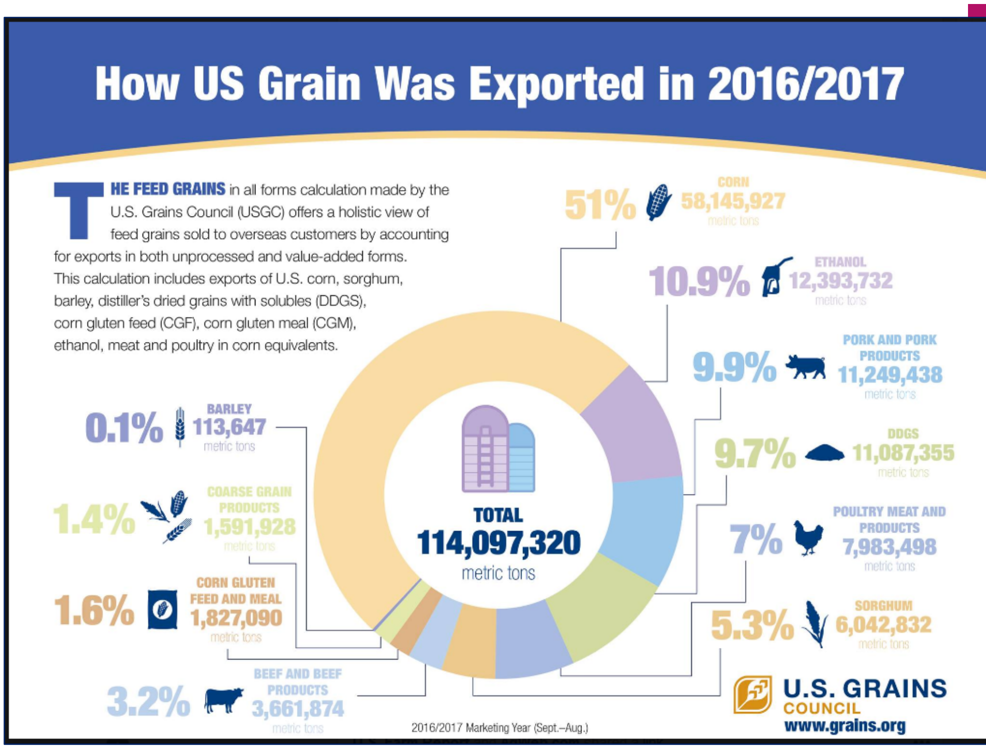
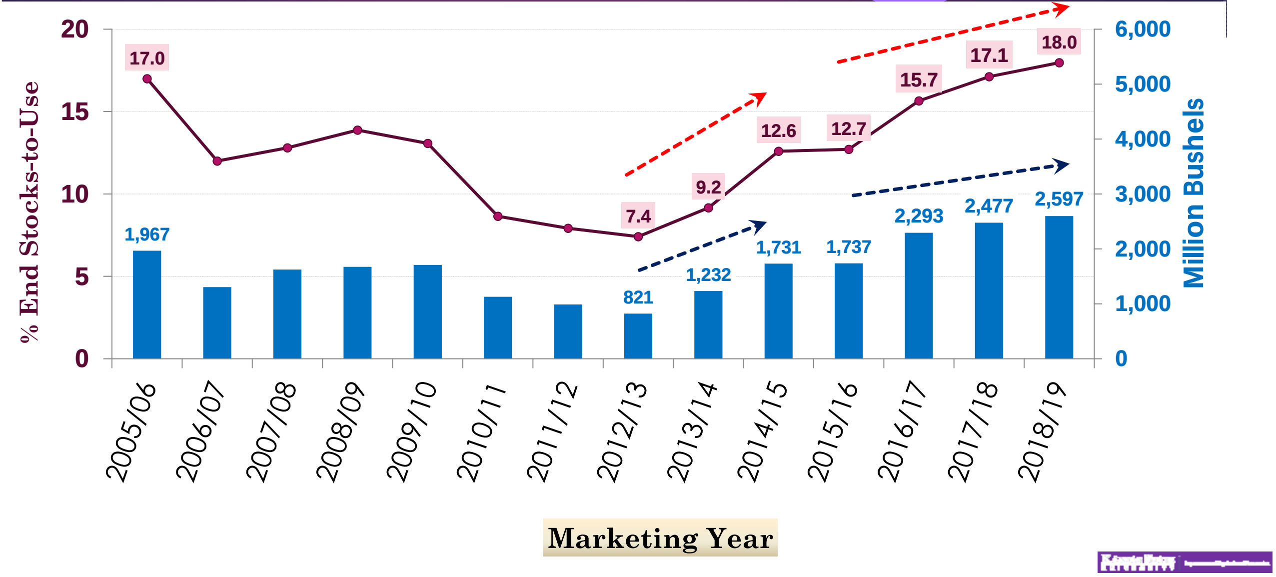
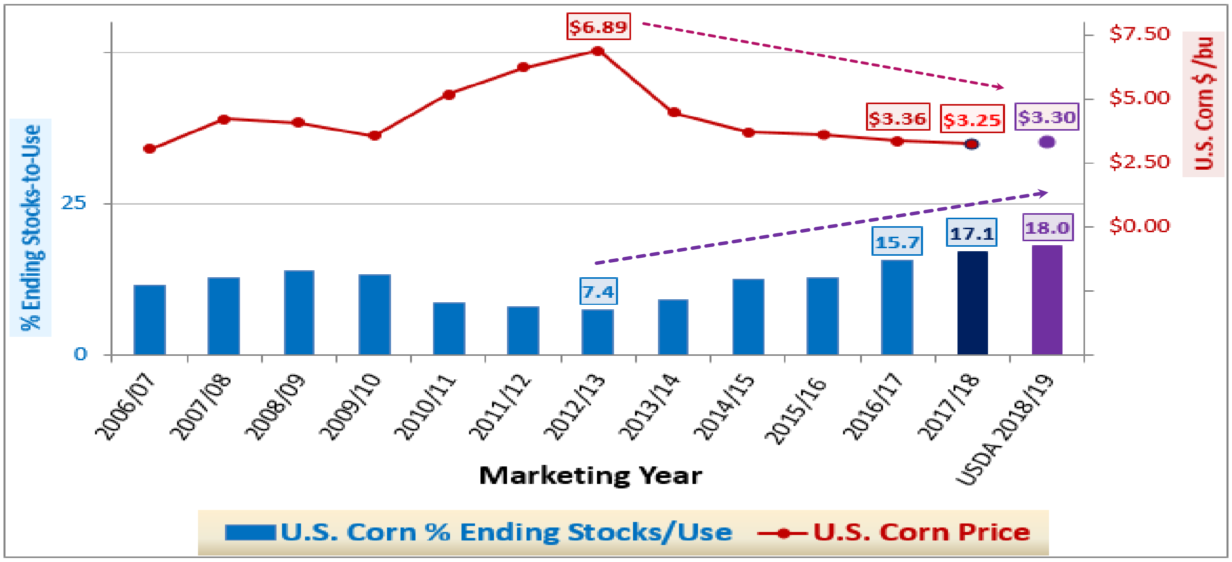


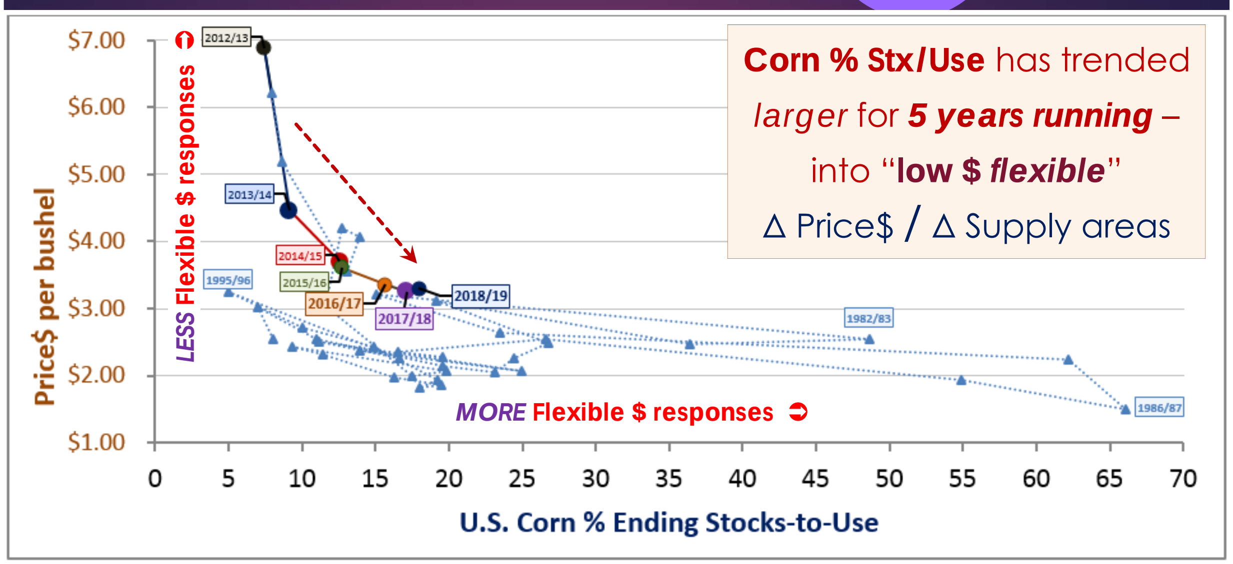
U.S. Corn Ending Stocks & % Stx/Use



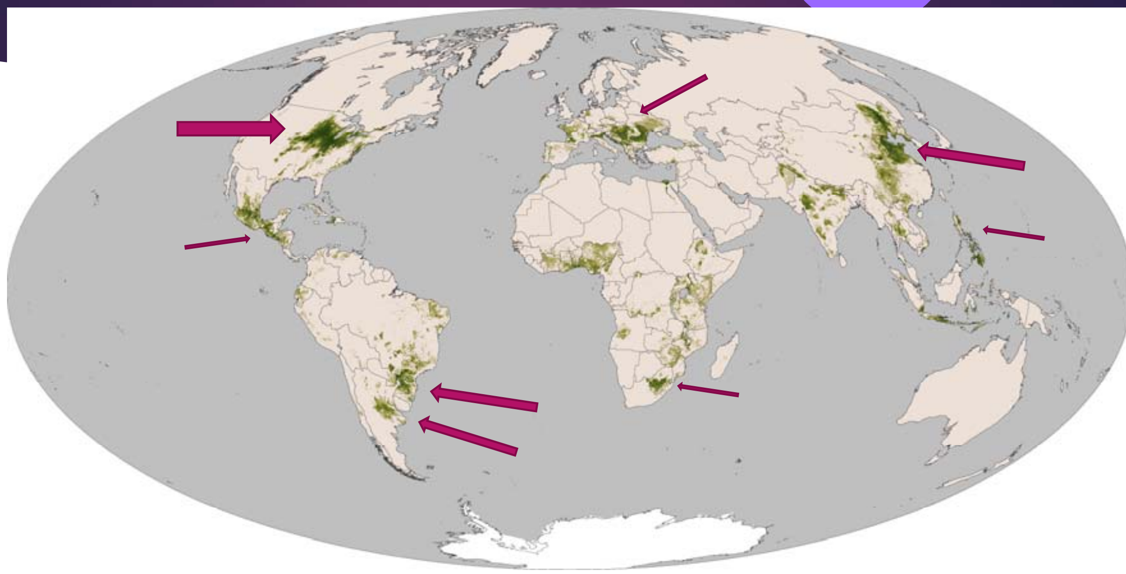
U.S. Corn % Stocks/Use *vs* Price$



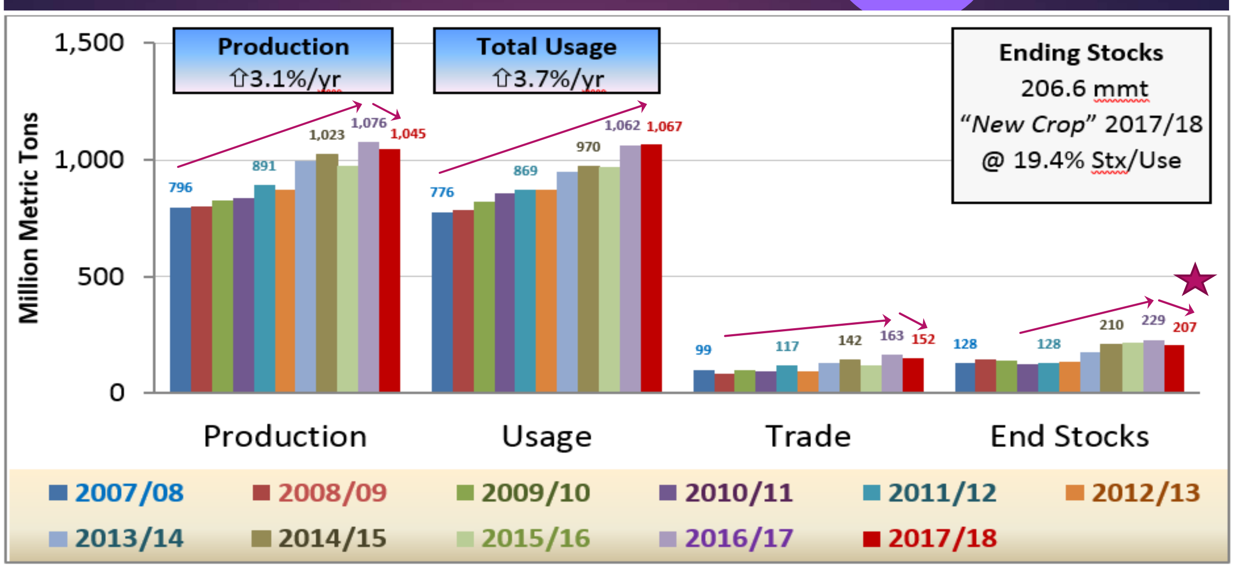
U.S. Corn % Stocks/Use *vs* Price$



World Corn (Maize) Production Regions



World Corn Supply, Use & Stocks



World Corn Production

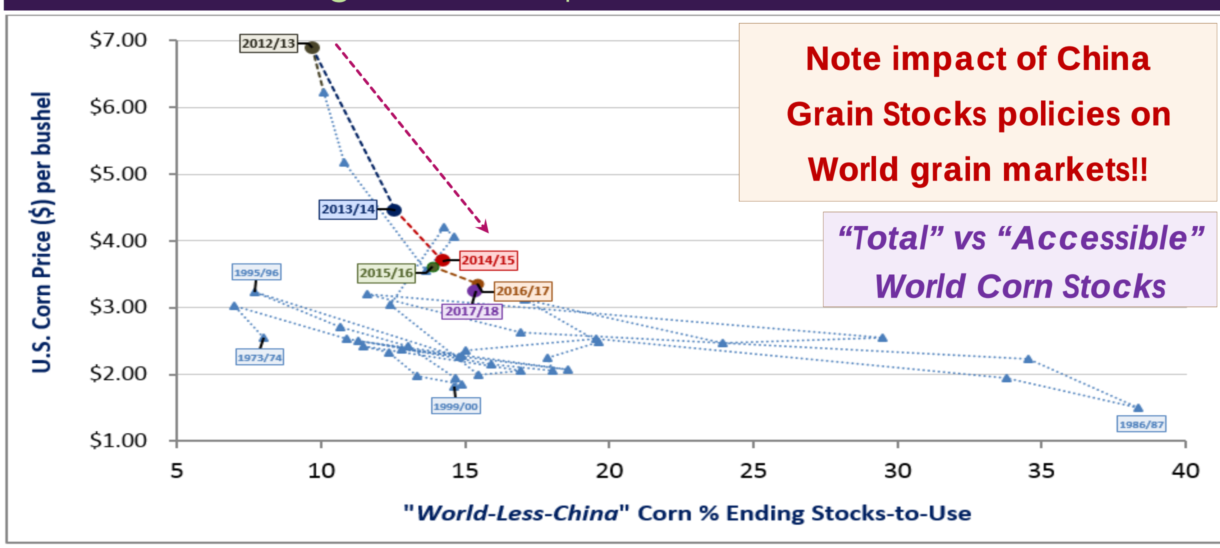
Country or Region	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
		Million Tons		
World	1,076.0	1,044.5	-0.20	-31.4
United States	384.8	371.0	0.67	-13.8
Foreign	691.2	673.6	-0.87	-17.6
Argentina	41.0	42.0	--	1.0
Brazil	98.5	95.0	--	-3.5
Mexico	27.6	26.2	--	-1.4
Canada	13.2	14.1	--	0.9
European Union	61.5	60.1	--	-1.4
Serbia	7.6	4.0	--	-3.6
FSU-12	47.3	42.7	-0.50	-4.5
Ukraine	28.0	25.0	--	-3.0
Russia	15.3	13.5	-0.50	-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**

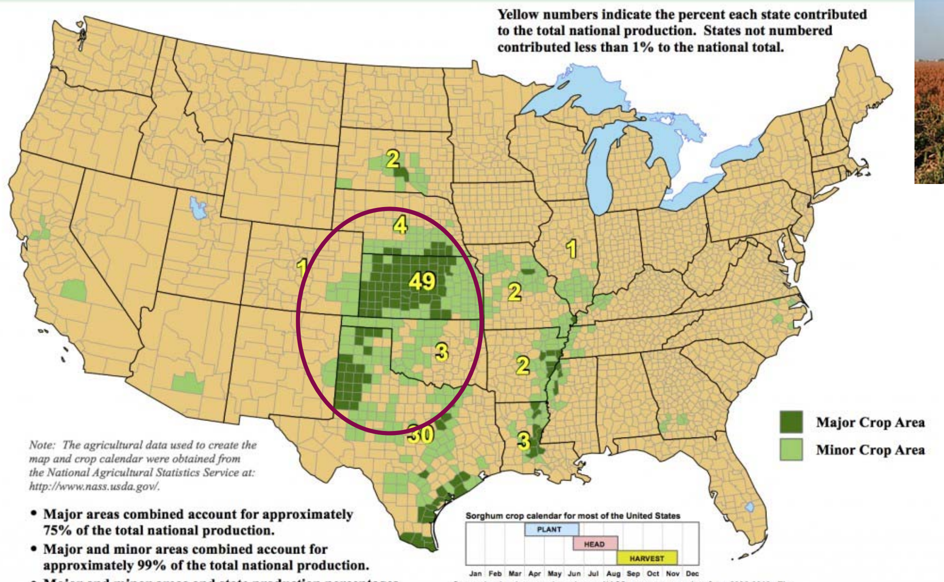
⇩ **China**
⇩ ***EU***
⇩ ***Brazil***
⇩ ***FSU-12***
⇩ ***So. Africa***
⇩ ***Mexico***
⇧ **Argentina**
⇧ **Canada**

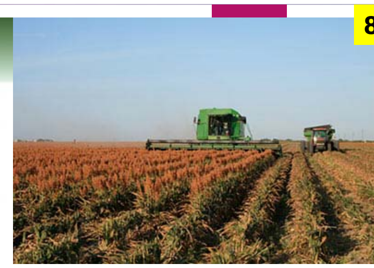
U.S. Corn Price$ vs "World-China" % S/U

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



United States: Sorghum



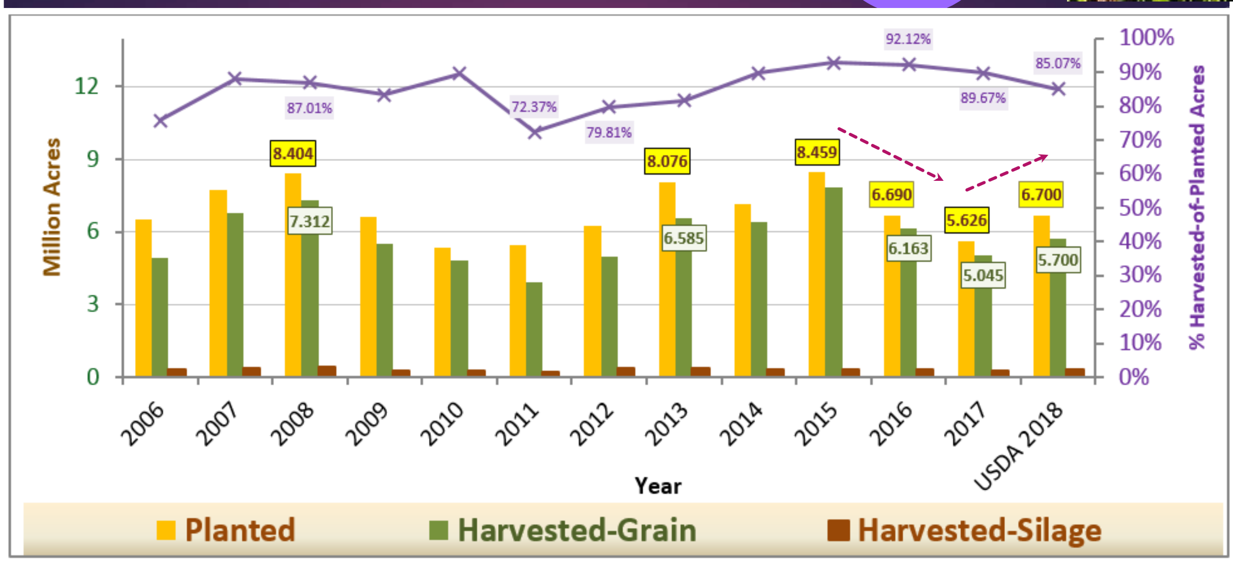


Note: The agricultural data used to create the map and crop calendar were obtained from the National Agricultural Statistics Service at: http://www.nass.usda.gov/.

- 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.

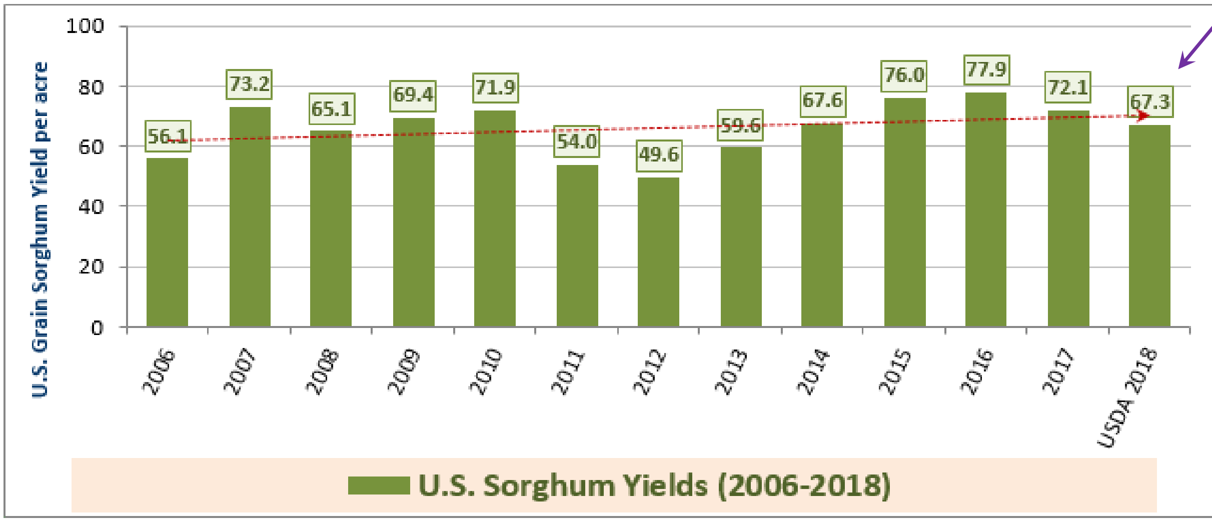
USDA Agricultural Weather Assessments
World Agricultural Outlook Board

U.S. Sorghum Acreage

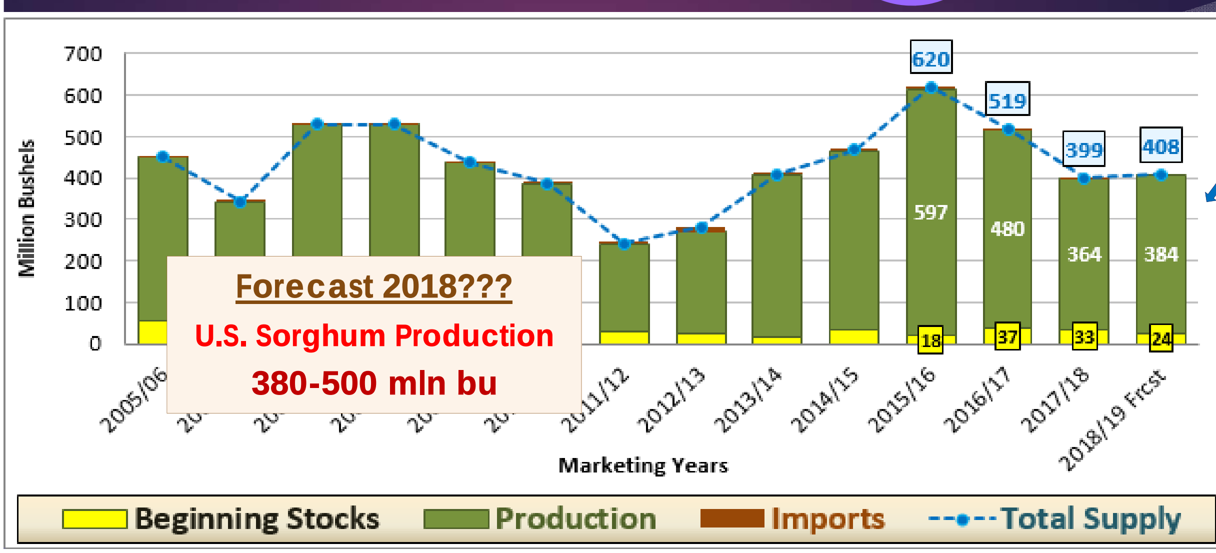


U.S. Sorghum Yields

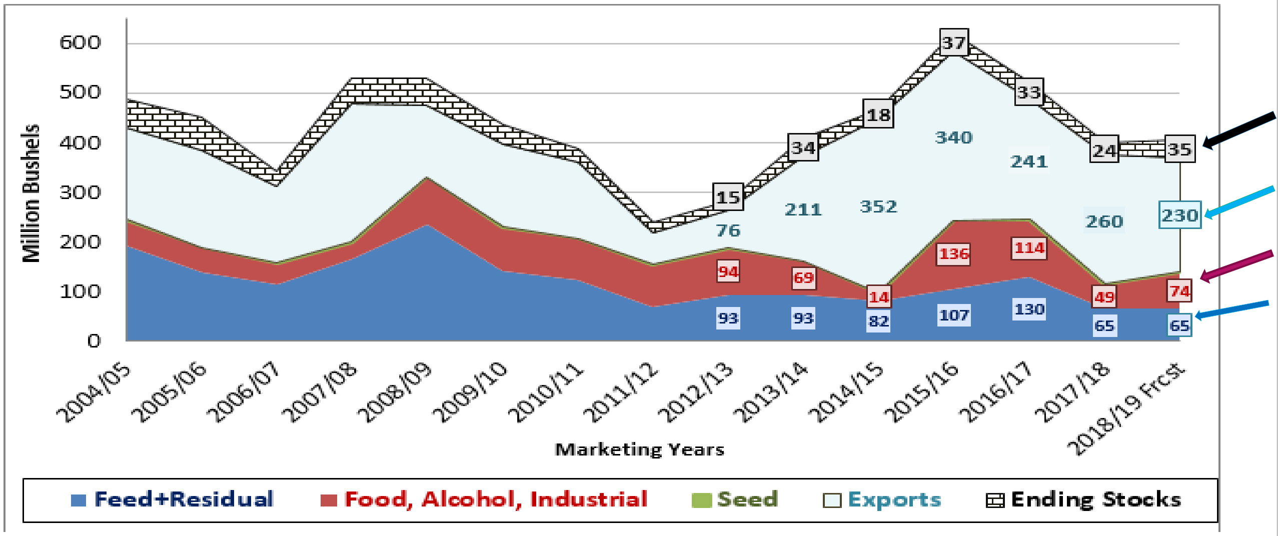
USDA 2018 USDA Forecast = **67.3 bu/ac**



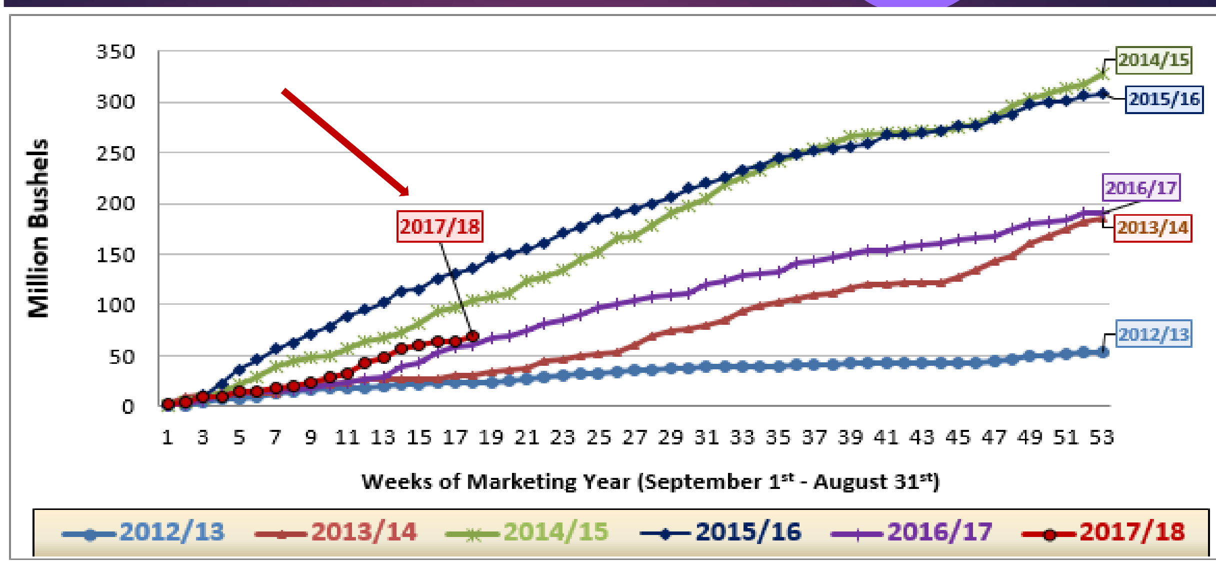
U.S. Sorghum Crop & Supplies



U.S. Sorghum Use – By Category

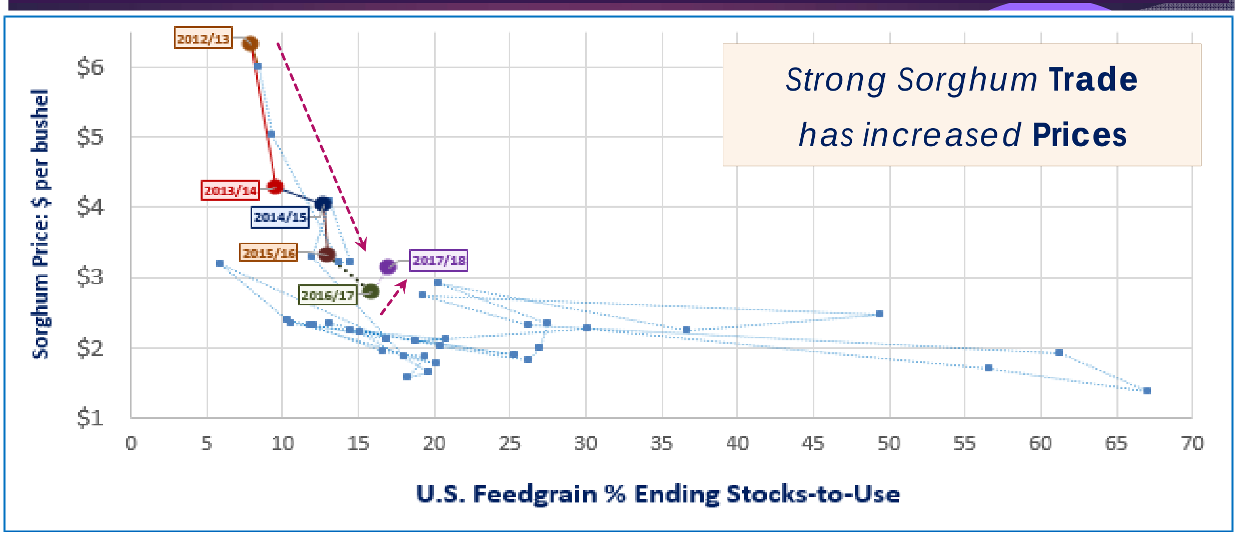


U.S. Sorghum Exports – Weekly thru January 11, 2018

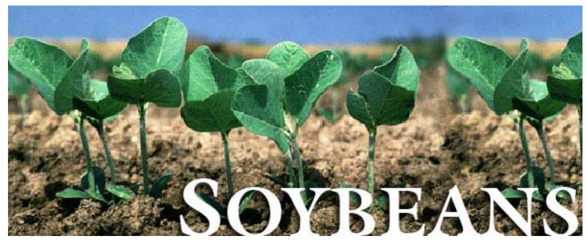


U.S. Milo $ vs U.S. Feedgrain % Stocks/Use

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

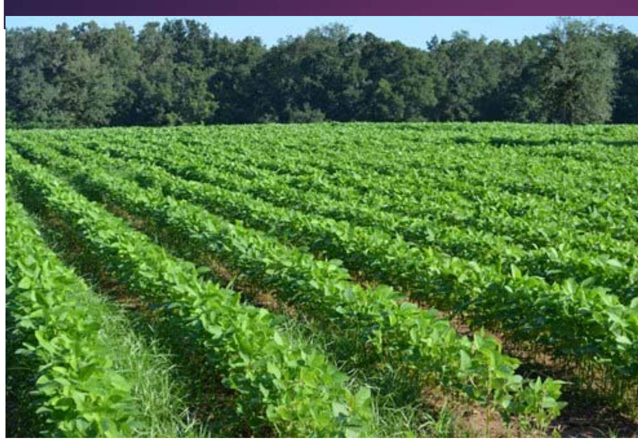


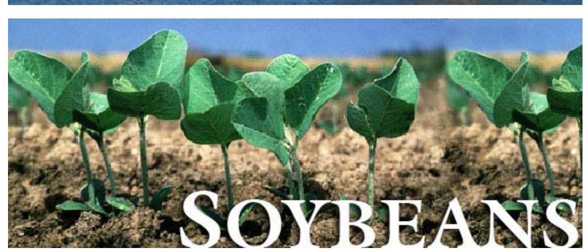
Soybean & Cotton Markets



Kansas State University | Department of Agricultural Economics

Soybean Markets





Kansas State University | Department of Agricultural Economics

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
    - Depends on continued growth in import demand from **China, EU, Southeast Asia, Mexico,** & elsewhere
  - Questions re: **2018 South American soybean** crop risk *(i.e., La Nina effects, etc.)*

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** = 2.160 bln bu (*2nd **Highest** – vs 2.174 bb record 1 year ago)*
  - **Total Use 2017/18** = 4.248 bln bu (***Record*** – *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 & Cotton Stocks…..

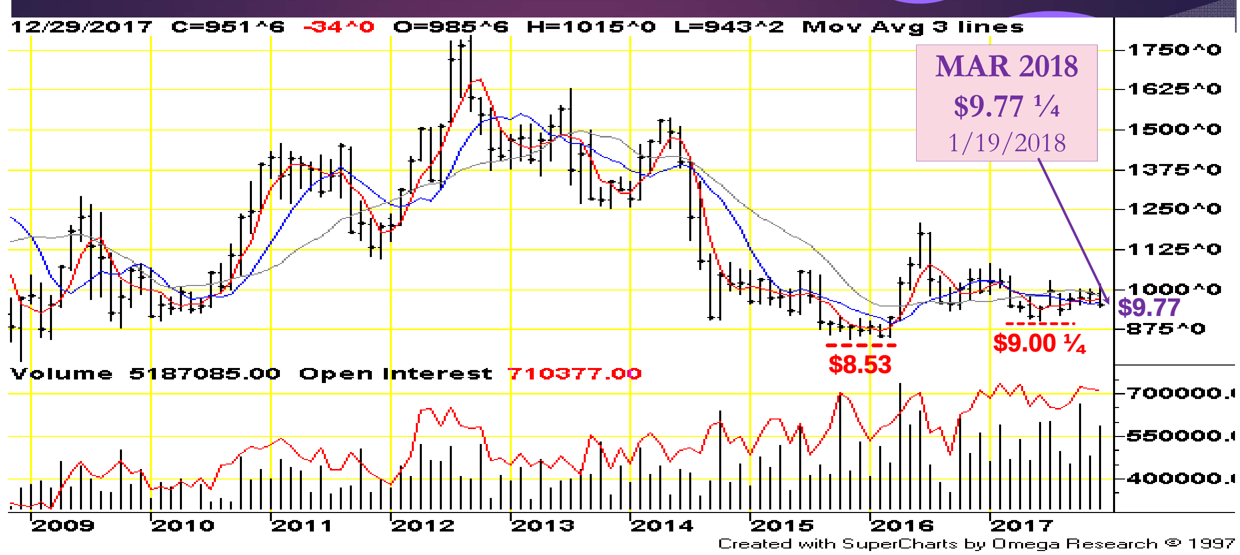
- **Soybean: "*Large*" Stocks & % S/U**
  - **End Stocks 2017/18** ⇨ 470 mln bu *(High vs 574 mb in 2006/07)*
  - **% Stocks/Use 2017/18** ⇨ 11.1% S/U *(High vs 18.6% in 2006/07)*
- **Cotton: "*Large*" 2017 Crop & "*Growing*" Stocks**
  - **Production 2017/18** ⇨ 21.3 mln bales *(17.2 & 12.9 mb last 2 years)*
  - **End Stocks 2017/18** ⇨ 5.7 mln bales *(2.75 & 3.80 mb last 2 years)*
  - **% Stocks/Use 2017/18** ⇨ 31.4% S/U** *(15.1% & 30.2% last 2 years)*

CME Soybean Futures

Monthly Chart: November 2008 – December 2017 + January 19, 2018

CME Soybean Futures

Monthly Chart: November 2008 – December 2017 + January 19, 2018



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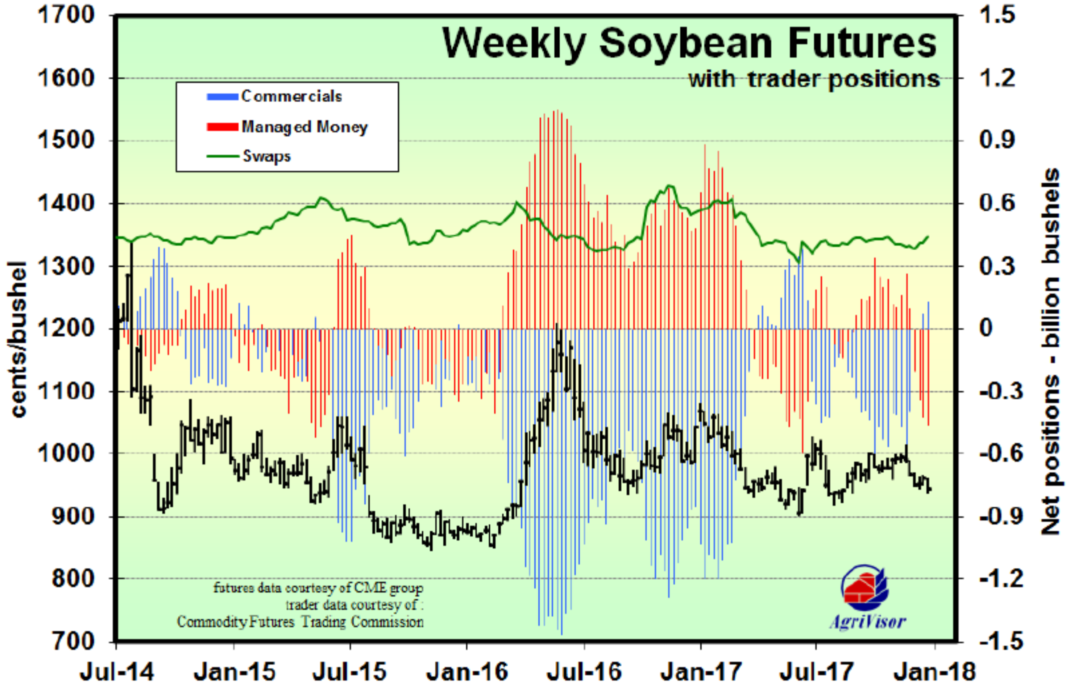

Weekly Soybean Futures
with trader positions
Commercials
Managed Money
Swaps
cents/bushel
Net positions - billion bushels
futures data courtesy of CME group
trader data courtesy of :
Commodity Futures Trading Commission
AgriVisor
Jul-14
Jan-15
Jul-15
Jan-16
Jul-16
Jan-17
Jul-17
Jan-18

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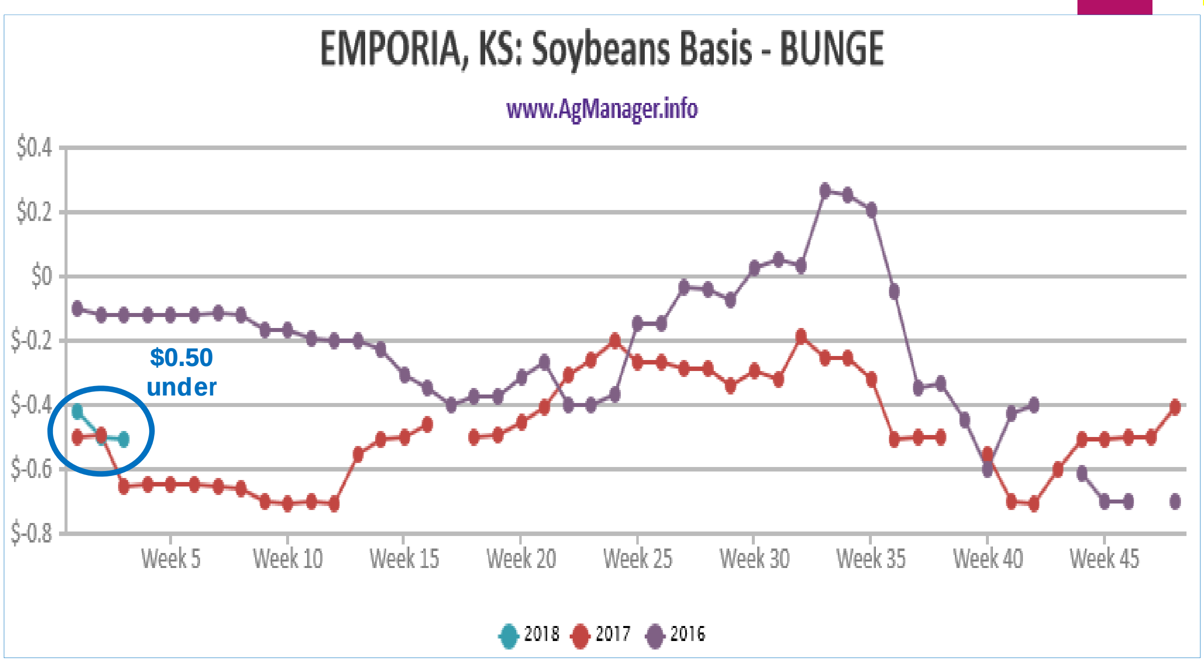
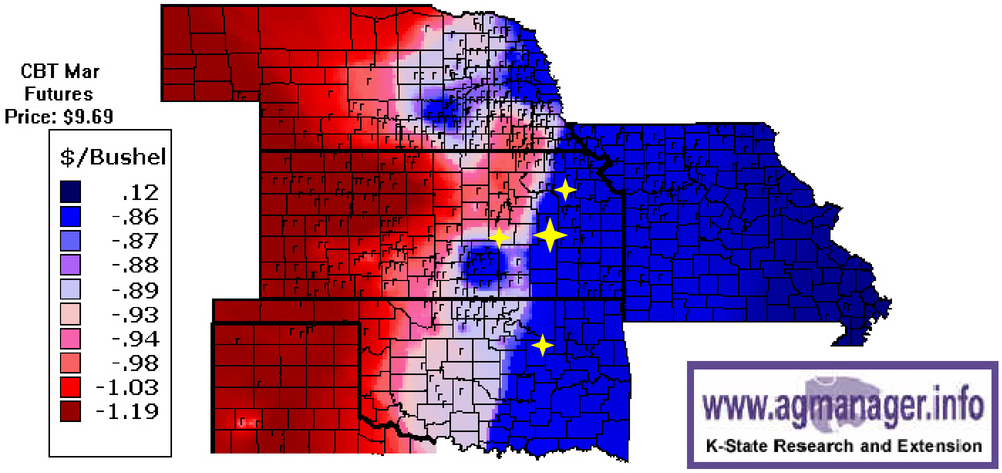


EMPORIA, KS: Soybeans Basis - BUNGE
www.AgManager.info
$0.50
under
2018
2017
2016

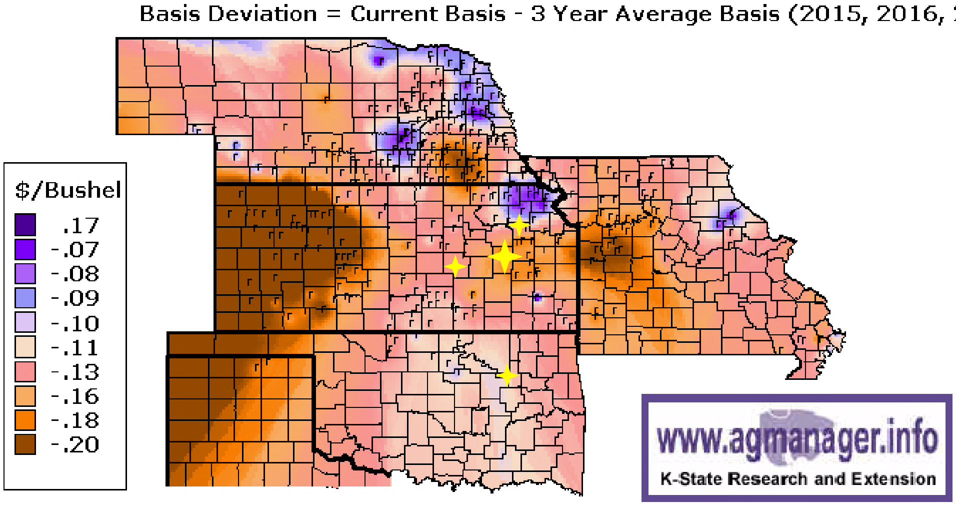
Soybean Basis, 01-17-2018

Basis = Cash Price - Nearby Futures Price



Soybean Basis Deviation, 01-17-2018

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

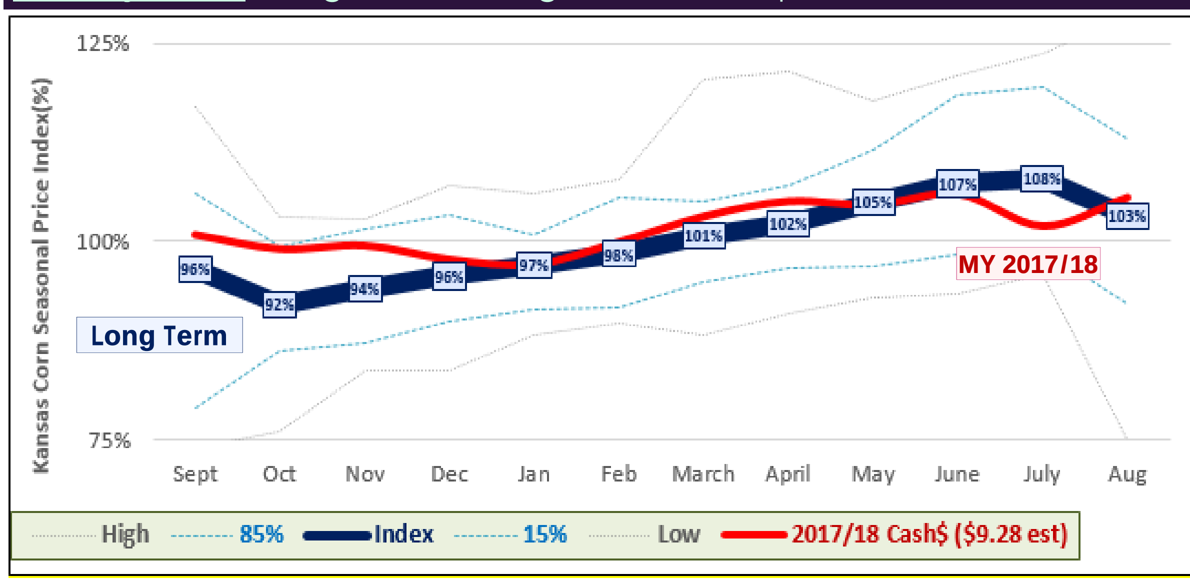


Soybean Cash & Futures Price$'s

Dighton, KS Local Elevators - January 19, 2018

Kansas Soybean Seasonal Cash $ Index

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



U.S. Soybean Supply and Demand

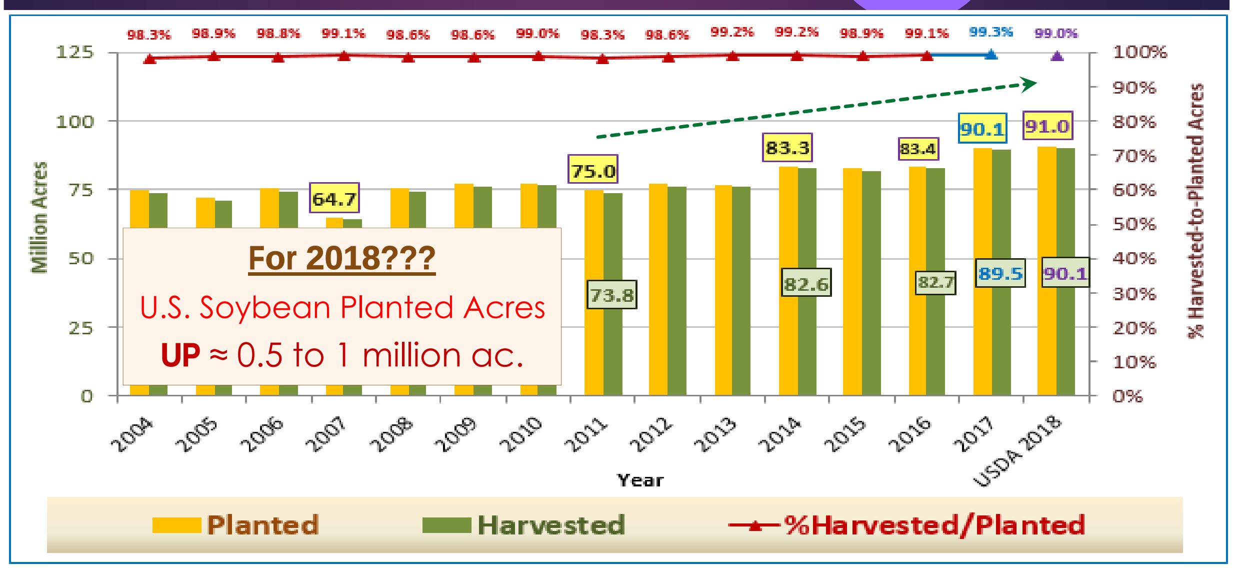
	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
Planted area (million acres)	83.4	90.1	-0.1	6.7
Harvested area (million acres)	82.7	89.5	0.1	6.8
Yield (bushels per acre)	52.0	49.1	-0.4	-2.9
		Million bushels		
Beginning stocks	197	302	0	105
Production	4,296	4,392	-34	95
Imports	22	25	--	3
Total supply	4,515	4,718	-33	203
Crush	1,899	1,950	10	51
Seed and residual	141	138	-3	-3
Domestic use	2,040	2,088	7	48
Exports	2,174	2,160	-65	-14
Total use	4,213	4,248	-58	35
Ending stocks	302	470	24	168
		Percent		
Stocks to use ratio	7.2	11.1	0.7	3.9
		Dollars per bushel		
Average market price	9.47	8.80/9.80	--	-0.17

⇧ **Record Crop**
and
***Large* Supply**

⇧ **Record Use**
&
⇧ **Exports**

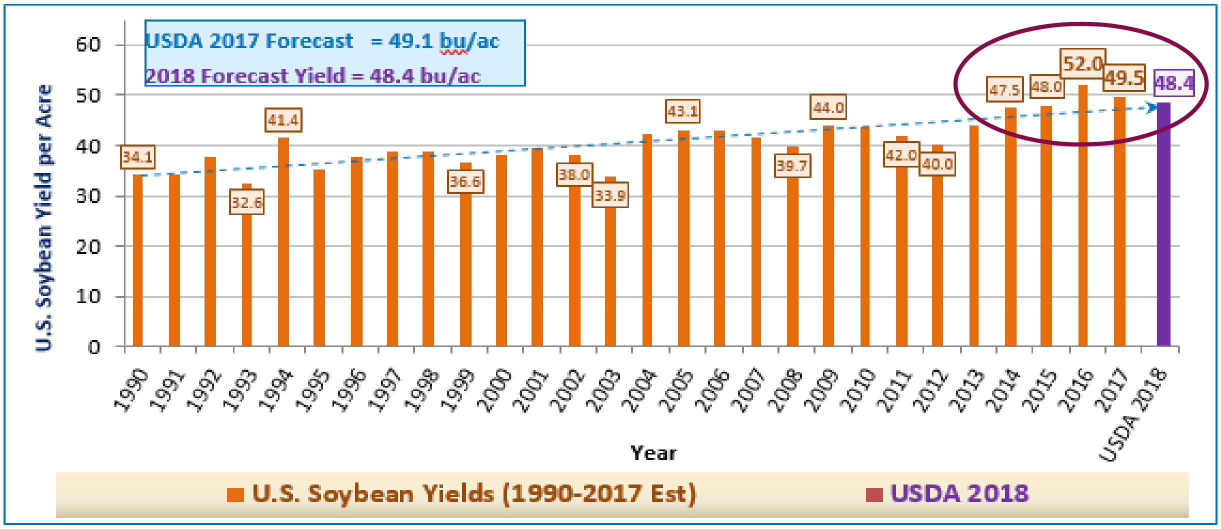
⇧ **Stocks/Use**
&
⇩ **Prices**

U.S. Soybean Acreage



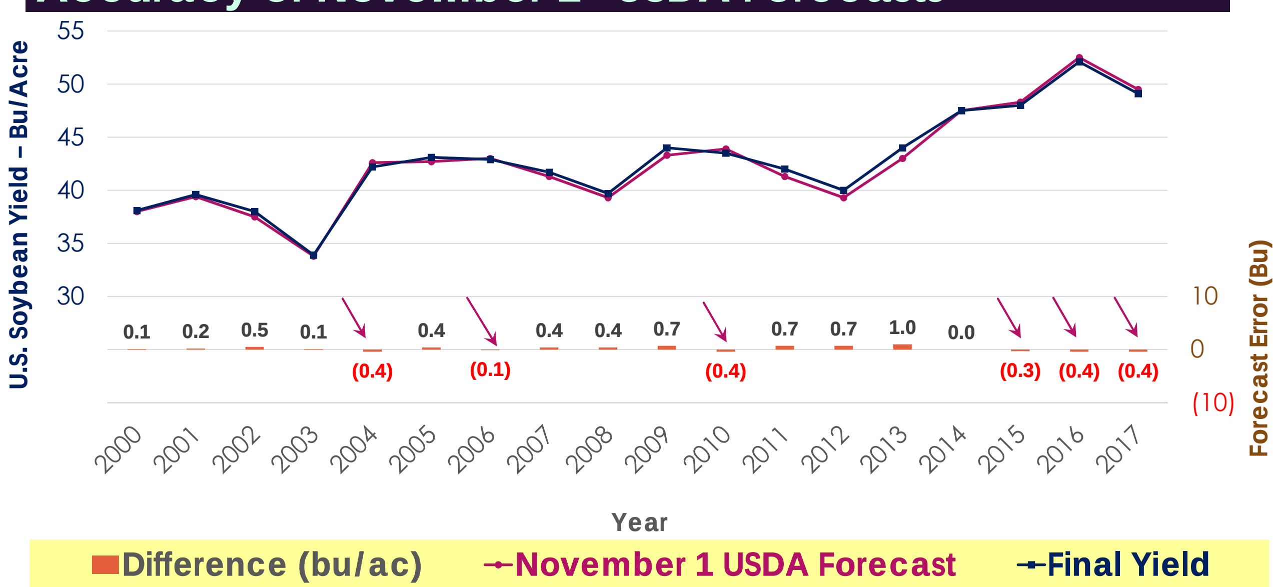
U.S. Soybean Yields

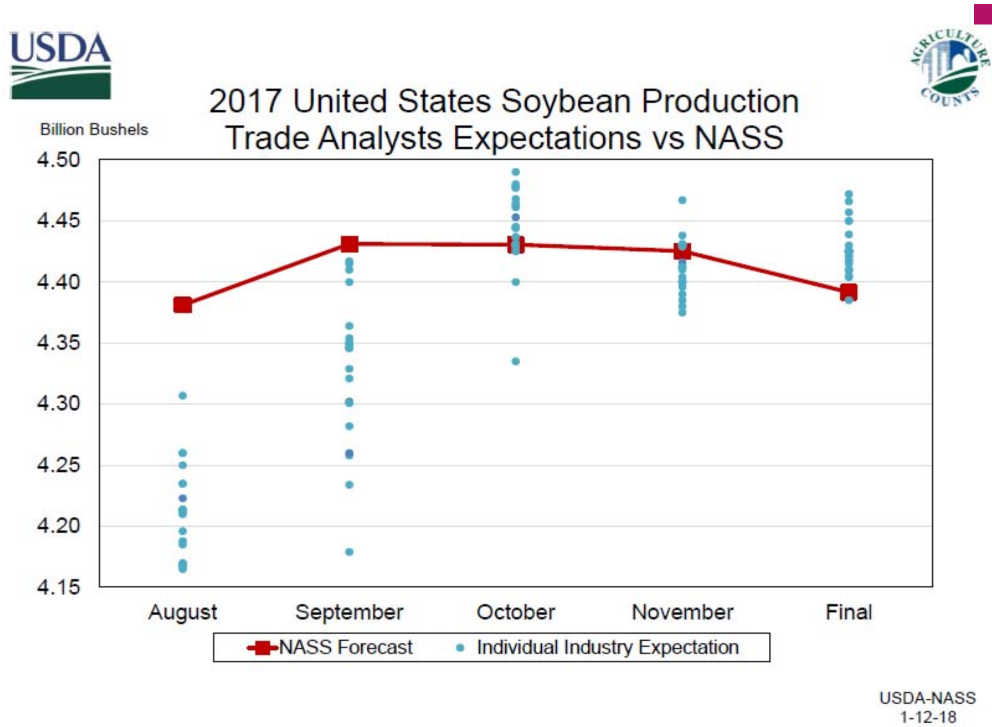
USDA 2017 = 49.1 bu/ac; 2018 Forecast = 48.4



U.S. Soybean Yields: 2000-2017

Accuracy of November 1st USDA Forecasts





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U.S. Soybean Production & Supplies

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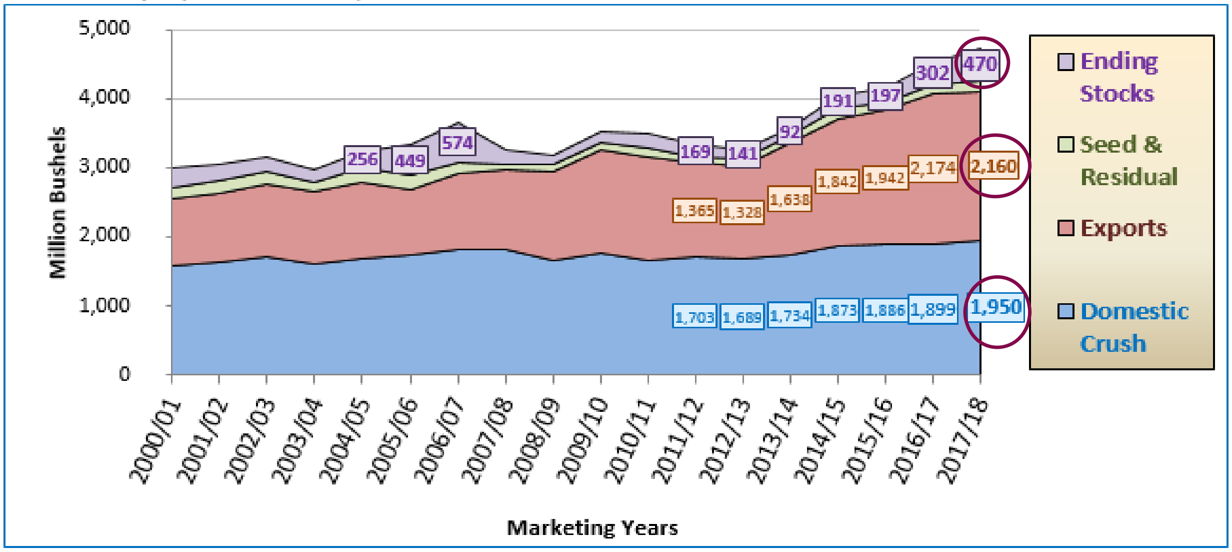
U.S. Soybean Use & End Stocks



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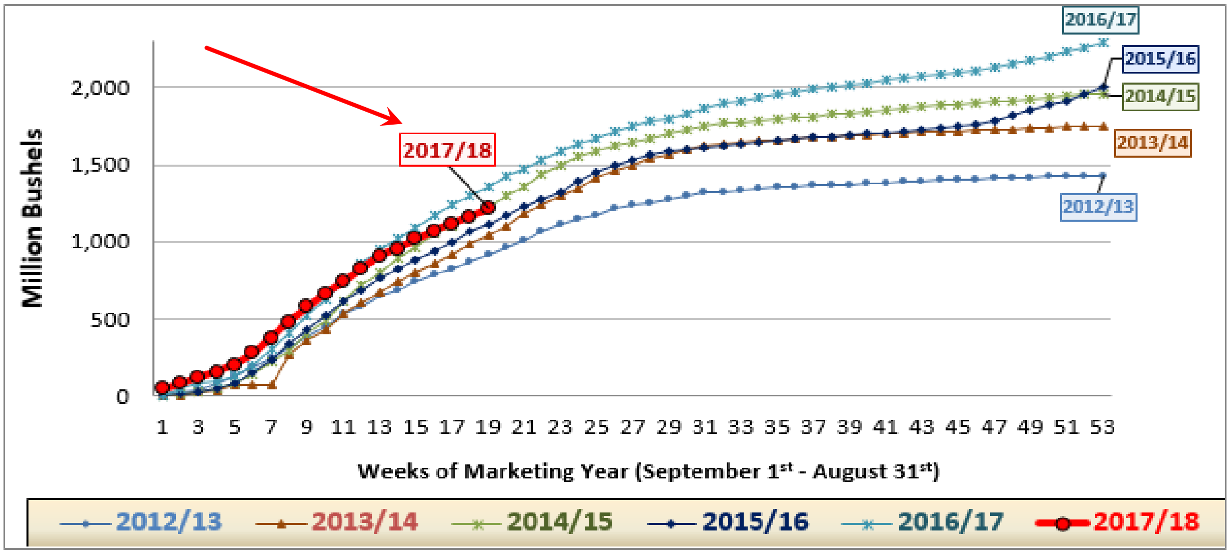
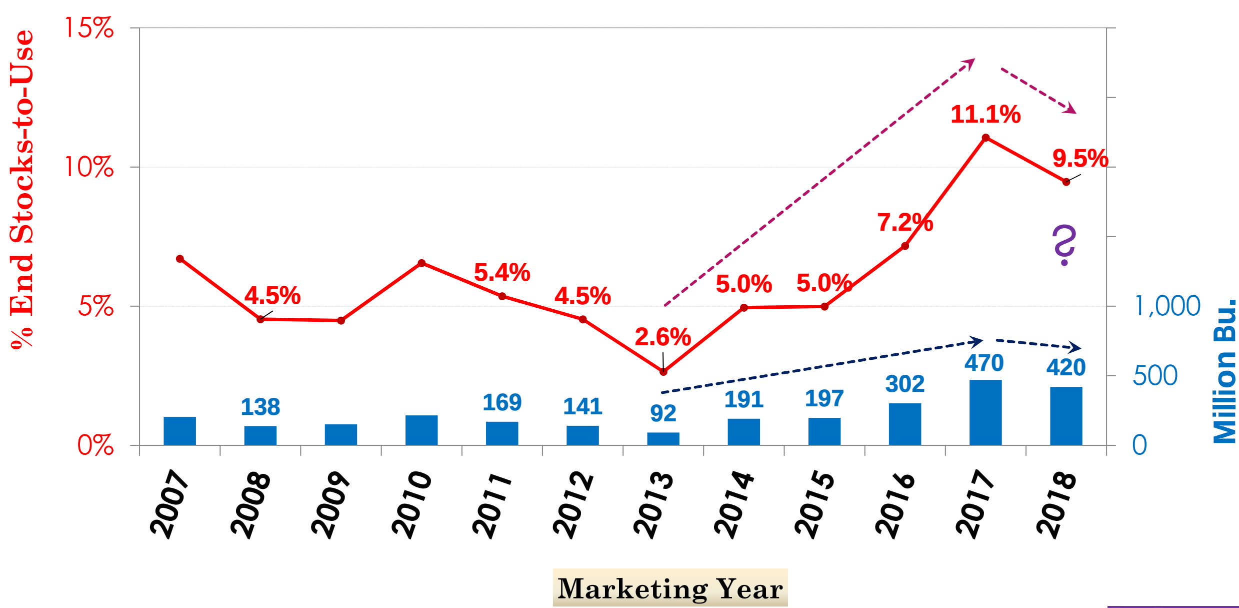
U.S. Soybean Exports – Weekly thru January 11th



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



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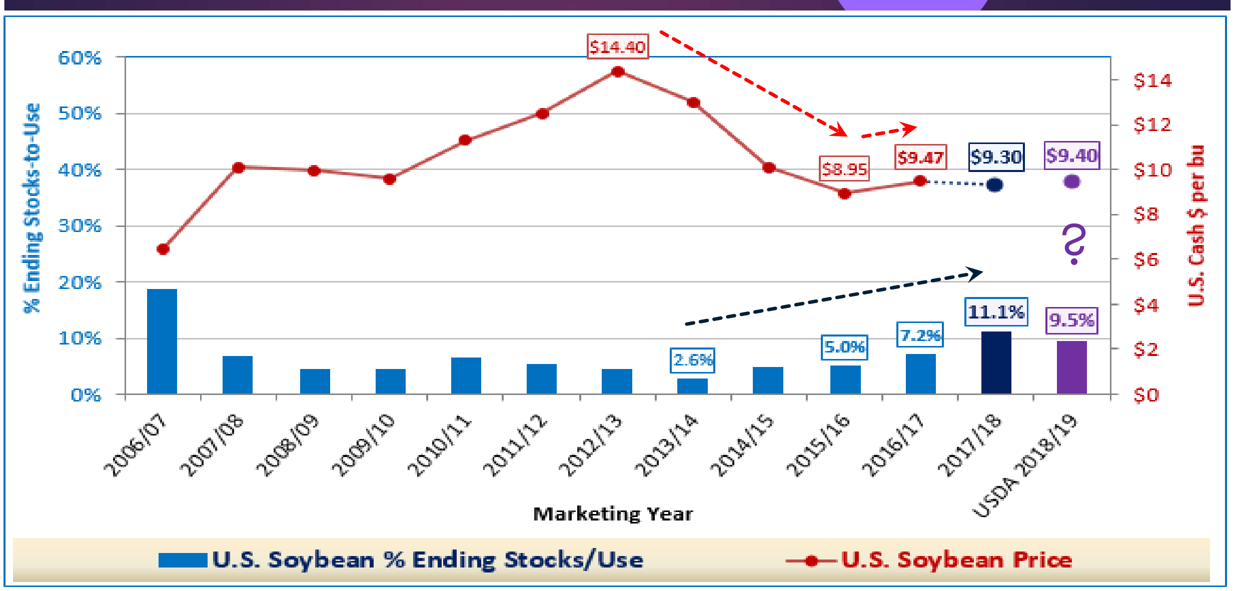
U.S. Soybean % Stocks/Use vs Price$



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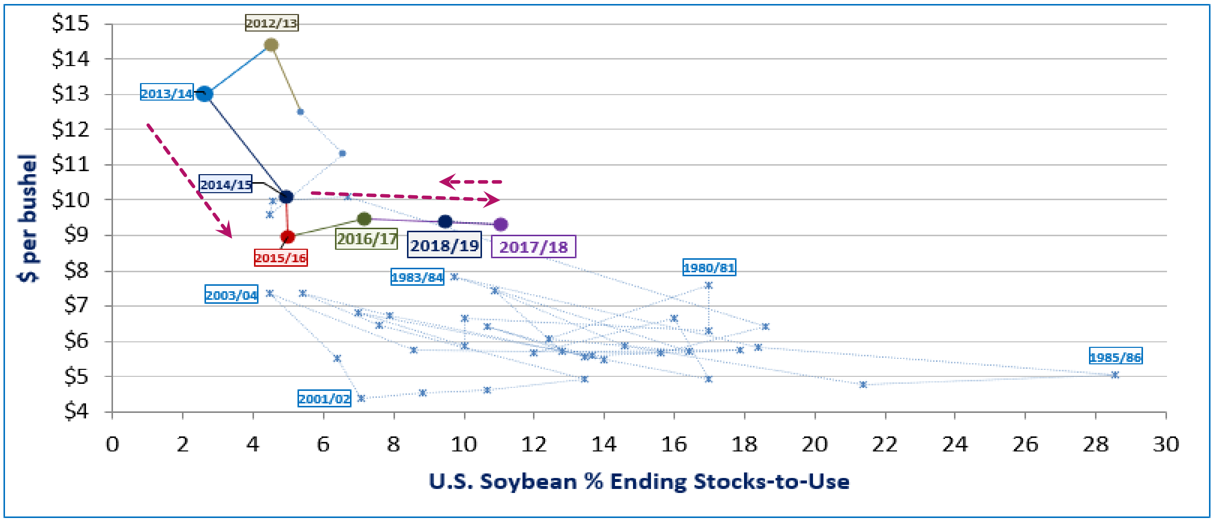
U.S. Soybean $ vs U.S. Stocks-to-Use

MY 1973/74 through "*Next Crop*" MY 2018/19



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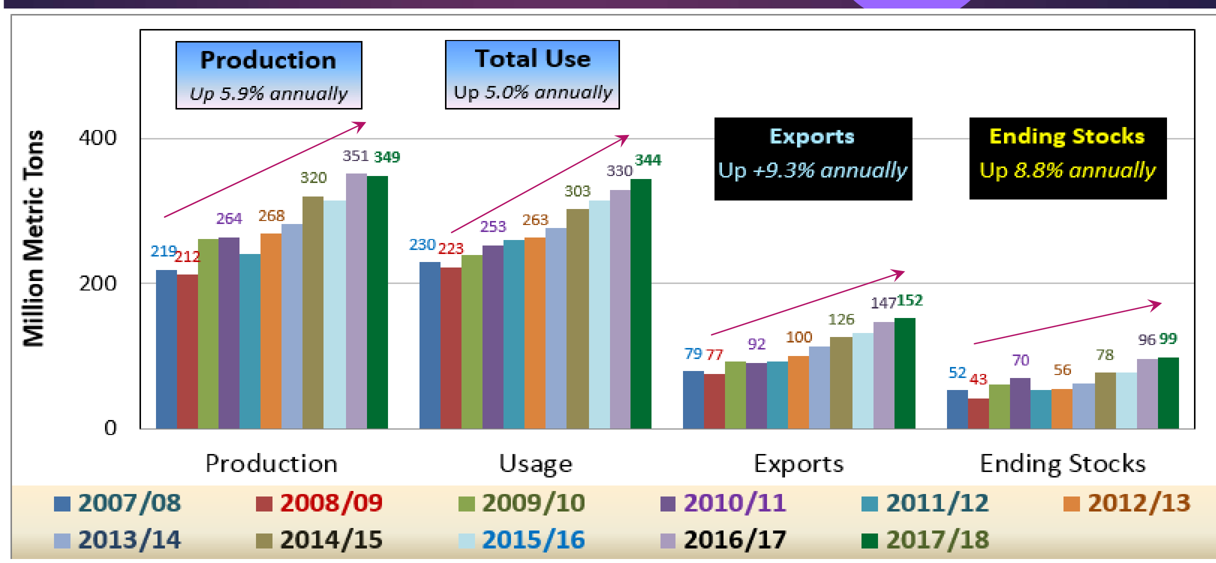
World Soybean Supply, Use & Stocks



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World Soybean Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
		Million Tons		
World	351.3	348.6	0.1	-2.7
United States	116.9	119.5	-0.9	2.6
Foreign	234.4	229.1	1.0	-5.3
Argentina	57.8	56.0	-1.0	-1.8
Brazil	114.1	110.0	2.0	-4.1
Paraguay	10.7	9.4	--	-1.3
Canada	6.6	8.0	--	1.4
India	11.5	10.0	--	-1.5
China	12.9	14.2	--	1.3

⇩ World Crop
⇧ U.S. Crop
⇩ Foreign Crop

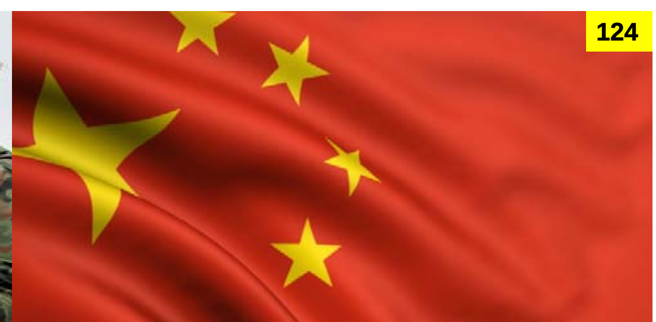
⇧ Canada
⇧ China
⇩ Brazil**
⇩ Argentina**
⇩ Paraguay
⇩ India

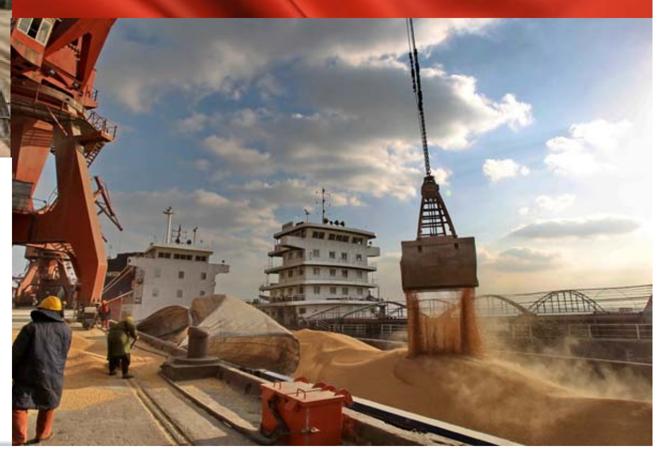
World Soybean Supply and Use

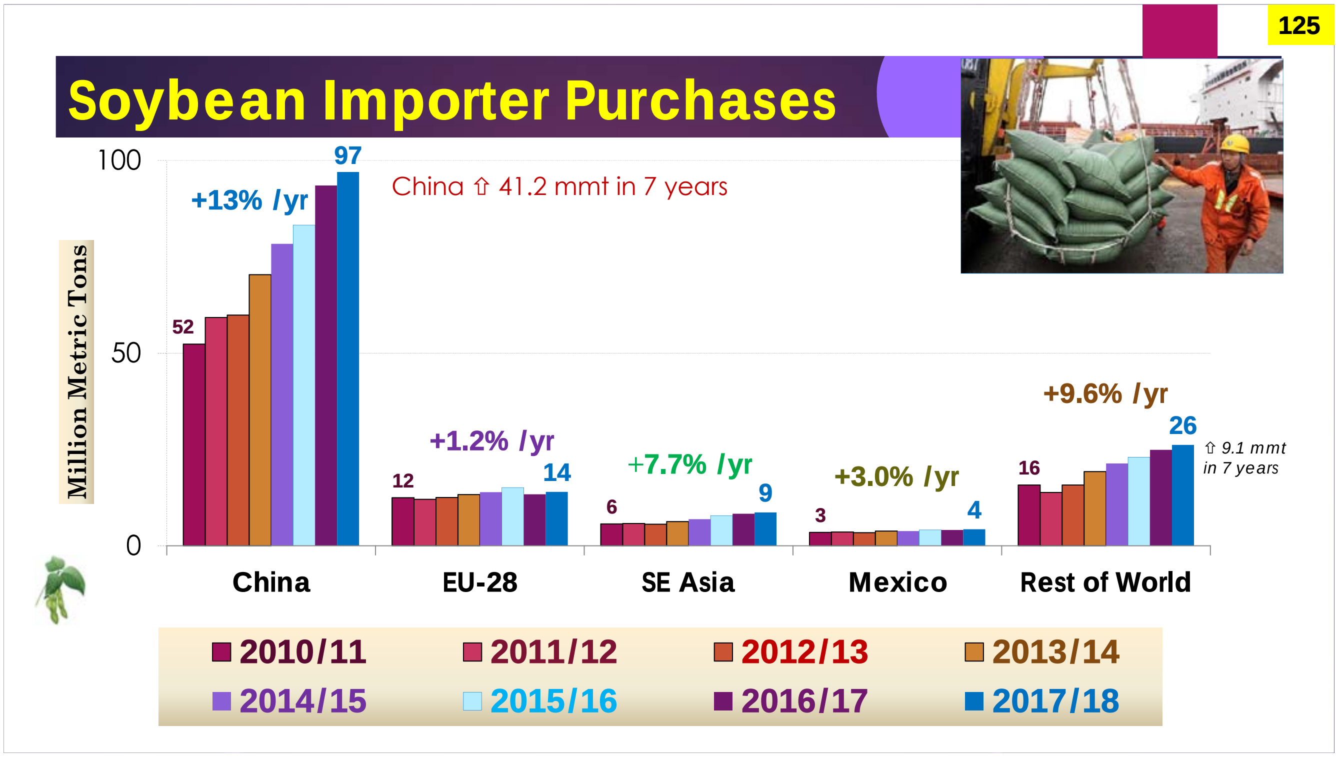
	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
		Million Tons		
Beginning stocks	78.0	96.5	-0.1	18.5
Production	351.3	348.6	0.1	-2.7
Total Supply	429.3	445.1	0.0	15.7
Domestic crush	288.3	301.5	-0.1	13.1
Total use	329.8	344.5	-0.2	14.7
Trade	147.3	152.2	-0.3	4.9
Ending Stocks	96.5	98.6	0.2	2.1
Addendum:				
Beginning stocks				
Argentina plus Brazil	49.9	61.3	--	11.4
Imports*				
China	93.5	97.0	--	3.5

⇧ Beg. Stocks
⇩ Production
⇧ Total Supply

⇧ Crush
⇧ Total Use
⇧ Trade
⇧ End Stocks



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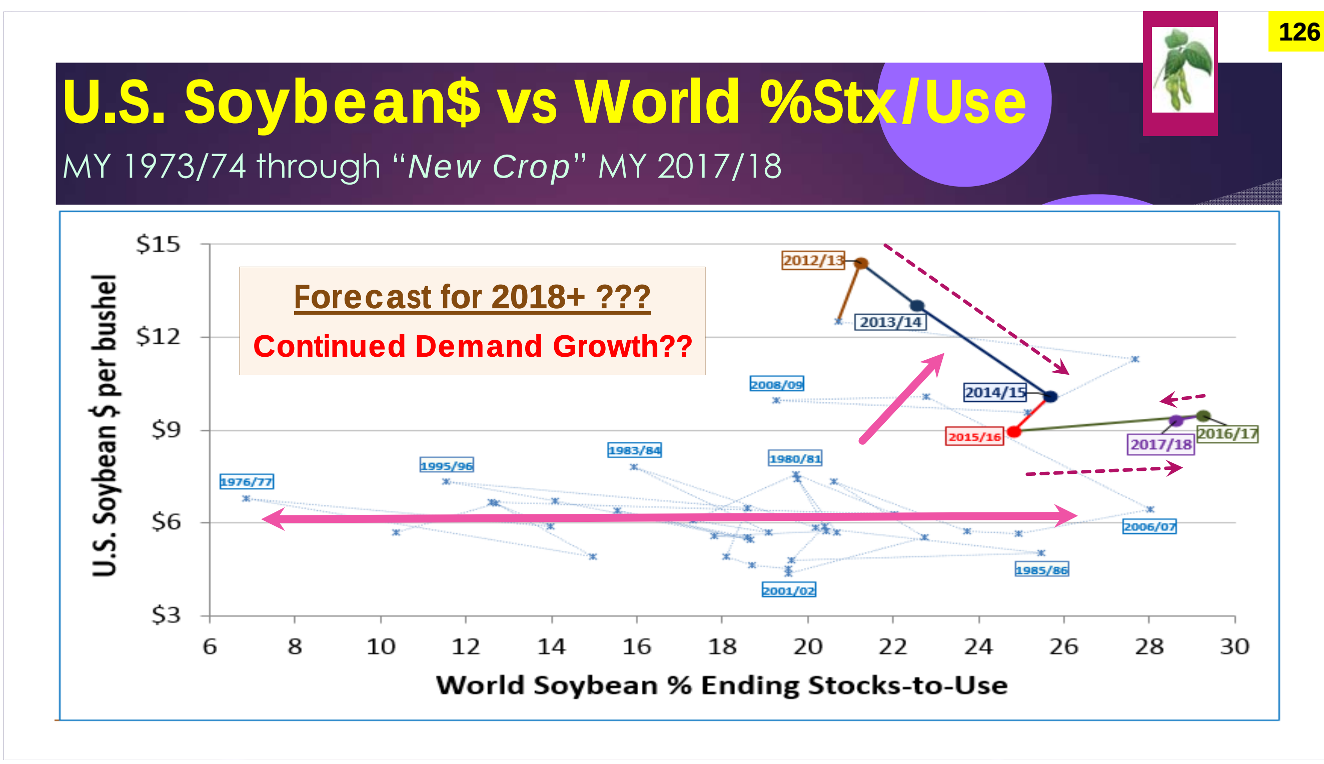
Soybean Importer Purchases
Million Metric Tons
100
50
0
+13% /yr
52
97
China ⇧ 41.2 mmt in 7 years
+1.2% /yr
12
14
+7.7% /yr
6
9
+3.0% /yr
3
4
+9.6% /yr
16
26
⇧ 9.1 mmt in 7 years
China
EU-28
SE Asia
Mexico
Rest of World
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18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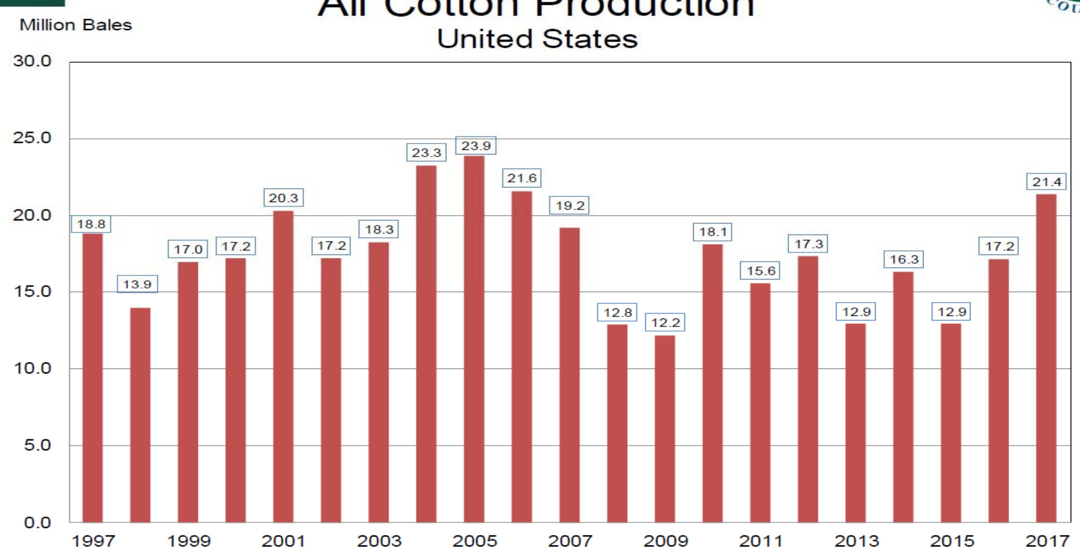
U.S. Soybean$ vs World %Stx/Use
MY 1973/74 through "New Crop" MY 2017/18
Forecast for 2018+ ???
Continued Demand Growth??
U.S. Soybean $ per bushel
$15
$12
$9
$6
$3
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2008/09
1983/84
1980/81
1995/96
1976/77
2006/07
1985/86
2001/02
6
8
10
12
14
16
18
20
22
24
26
28
30
World Soybean % Ending Stocks-to-Use

USDA

All Cotton Production
United States



USDA-NASS
11-9-17

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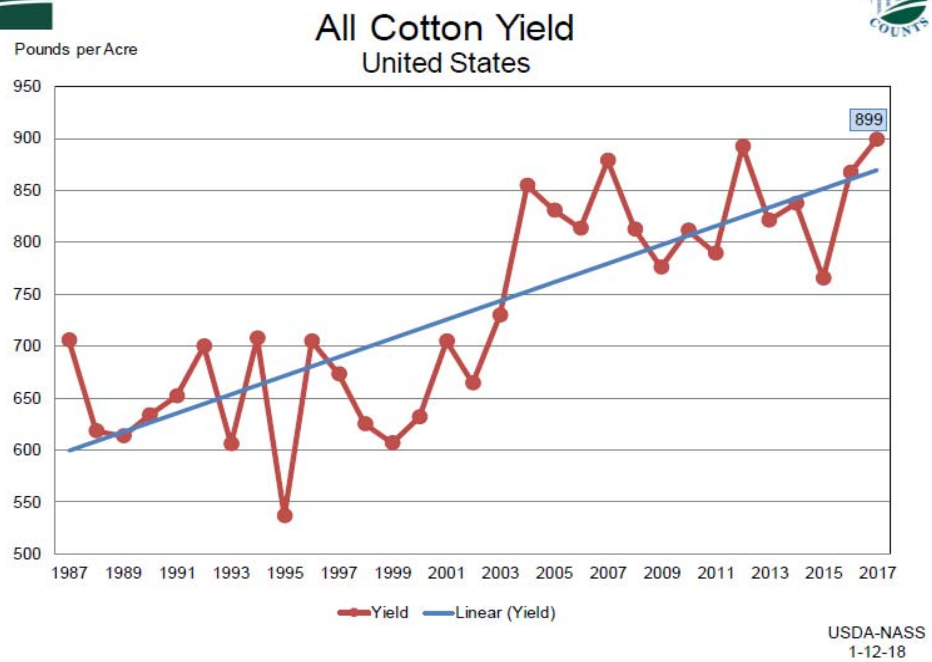

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U.S. Cotton Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
Planted area (million acres)	10.07	12.61	-0.01	2.54
Harvested area (million acres)	9.51	11.35	-0.06	1.84
Yield (pounds per acre)	867	899	-3	32
		Million bales		
Beginning stocks	3.80	2.75	--	-1.05
Imports	0.01	0.01	--	0.00
Production	17.17	21.26	-0.18	4.09
Total supply	20.98	24.02	-0.18	3.05
Mill use	3.25	3.35	--	0.10
Exports	14.92	14.80	--	-0.12
Total use	18.17	18.15	--	-0.02
Unaccounted	0.06	0.17	-0.08	0.11
Ending stocks	2.75	5.70	-0.10	2.95
		Percent		
Stocks/use	15.1	31.4	-0.6	16.3
		Cents per pound		
Average market price	68.00	67.0/71.0	3.0	1.00

-- No change

January 12, 2018

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World Cotton Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
		Million Bales		
World	106.6	121.0	1.01	14.4
United States	17.2	21.3	-0.18	4.1
Foreign	89.4	99.7	1.19	10.3
Argentina	0.8	0.9	--	0.2
Brazil	7.0	7.8	--	0.8
Turkey	3.2	4.0	--	0.8
Australia	4.1	4.6	-0.10	0.6
China	22.8	26.4	1.40	3.7
India	27.0	29.3	-0.20	2.3
Pakistan	7.7	8.2	--	0.5
Uzbekistan	3.7	3.7	--	0.0
African Franc Zone	5.1	5.1	0.04	0.0

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World Cotton Supply and Use

	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17
		Million Bales		
Beginning stocks	95.4	87.6	-0.02	-7.7
Production	106.6	121.0	1.01	14.4
Total Supply	201.9	208.6	0.99	6.7
Consumption	114.8	120.8	1.24	6.1
Trade	37.2	38.4	-0.08	1.1
Ending Stocks	87.6	87.8	-0.20	0.2
Addendum:				
China Ending Stocks	48.4	39.8	0.10	-8.7

Questions?

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