

2018/19 Grain Market Outlook

KSU SEREC Spring Crops Field Day

May 22, 2018

DANIEL O'BRIEN

EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics



Dow Jones Industrial Index

Weekly, January 10th - May 21, 2018



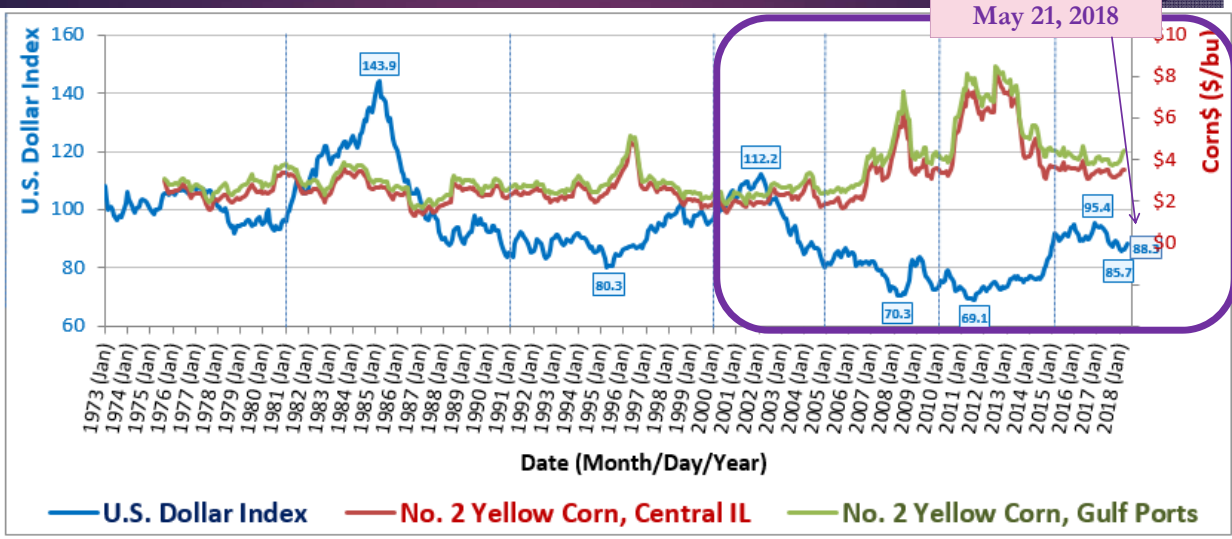
U.S. Dollar Index

Weekly, December 2015 – May 21, 2018



U.S. Dollar Index & Cash Corn Prices

Monthly Chart: January 1973 thru May 14, 2018



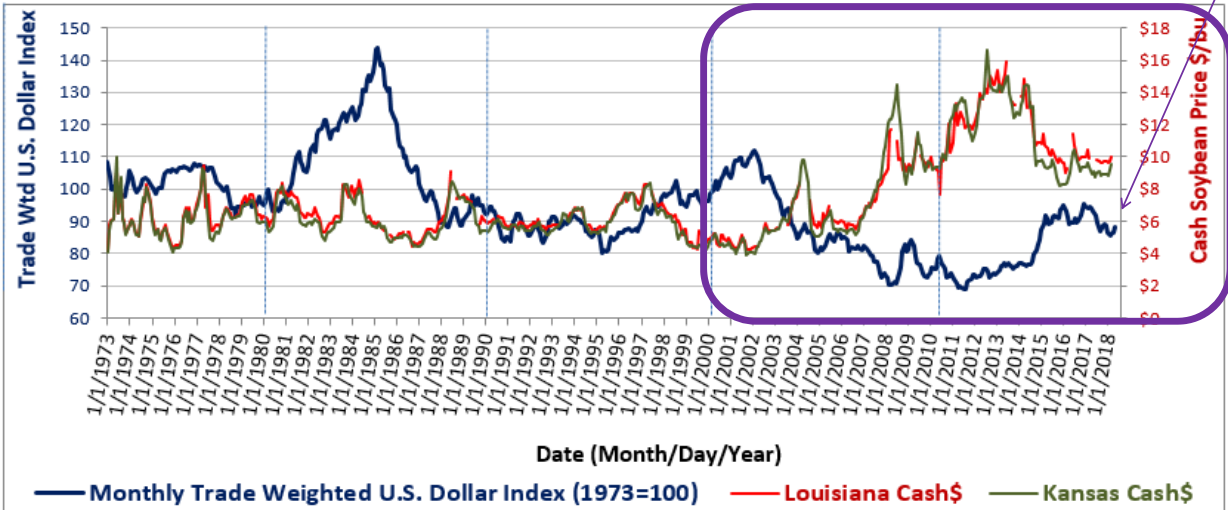
U.S. Dollar Index & Cash Soybean Prices

Monthly Chart: January 1973 through May 14, 2018

93.485

Avg. Index #

May 21, 2018

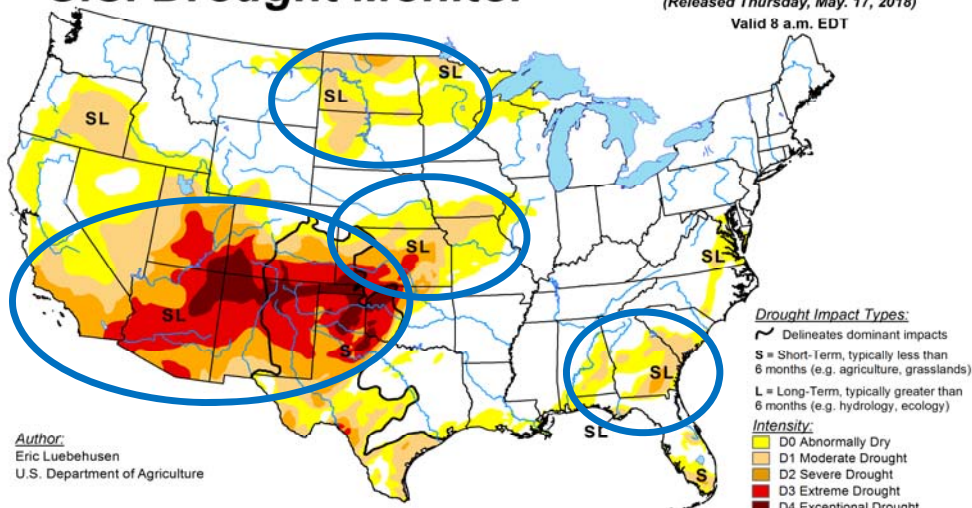


U.S. Drought Monitor

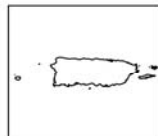
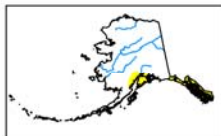
May 15, 2018

(Released Thursday, May 17, 2018)

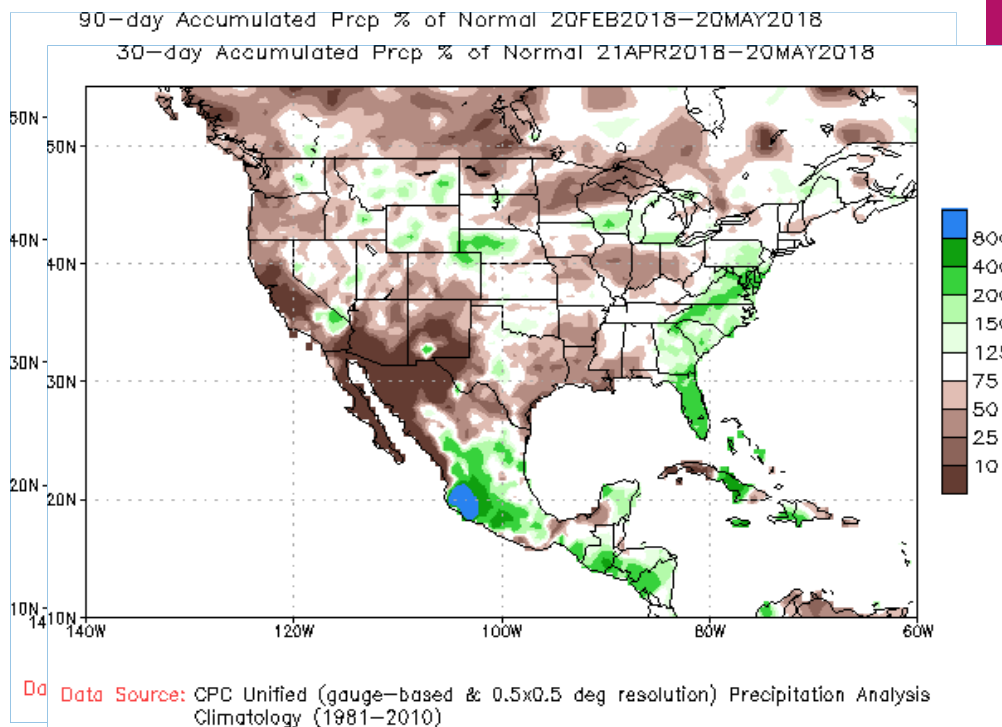
Valid 8 a.m. EDT



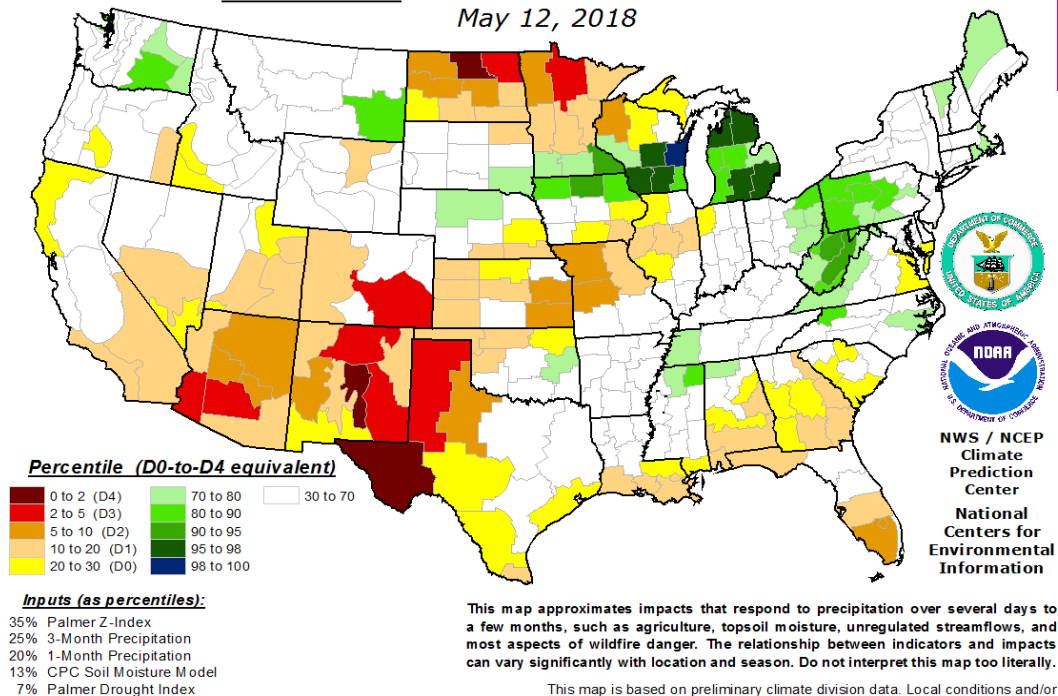
Author:
Eric Luebbehusen
U.S. Department of Agriculture



<http://droughtmonitor.unl.edu>



Objective *Short-Term* Drought Indicator Blend Percentiles
 May 12, 2018



Corn & Sorghum Markets



KANSAS STATE UNIVERSITY

Department of Agricultural Economics

U.S. Corn Supply-Use

- Large U.S. Supplies & Stocks are limited 2017 Corn Price\$'s
- Lower 2018 U.S. Crop est = 14.0 billion bu (*vs 14.6 bb in 2017*)
- Low Price\$'s **HAVE BEEN** supporting Corn Use
 - Livestock Feed ^{2017/18} = 5.500 bln bu ➡ ↓ 5.375 bb in 2018/19
 - Ethanol ^{2017/18} = 5.575 bln bu ➡ ↑ 5.625 bb in 2018/19
 - Other FSI ^{2017/18} = 1.465 bln bu ➡ ↑ 1.490 bb in 2018/19
 - Exports ^{2017/18} = 2.225 bln bu ➡ ↓ 2.100 bb in 2018/19

U.S. Sorghum Supply-Use

- U.S. Export disturbances have lowered Sorghum Price\$'s
- "*Lower*" 2018 U.S. Crop = 343 million bu (*vs 364 mb in 2017*)
- Sorghum Use "*shifts*" on Export prospects
 - Exports ^{2018/19} = 165 mln bu (*vs 245 & 241 mb last 2 years*)
 - Food-Seed-Indust ^{2018/19} = 100 mln bu (*vs 45 & 115 mb last 2 years*)
 - Feed ^{2018/19} = 80 mln bu (*vs 80 & 130 mb last 2 years*)

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

- Corn: "*Tighter*" Ending Stocks & % Stx/Use
 - End Stocks ^{2018/19} ⇒ 1.682 bln bu (*vs 2.182 bb in 2017/18*)
 - % Stocks/Use ^{2018/19} ⇒ 11.5% S/U (*vs 14.8% in 2017/18*)
- Grain Sorghum: "*Tighter*" Stocks & % Stx/Use than Corn
 - End Stocks ^{2018/19} ⇒ 27 Mln bu (*15 - 55 mb since 2008/09*)
 - % Stocks/Use ^{2017/18} ⇒ 7.8% S/U (*6.8% & 7.8% last 2 years*)

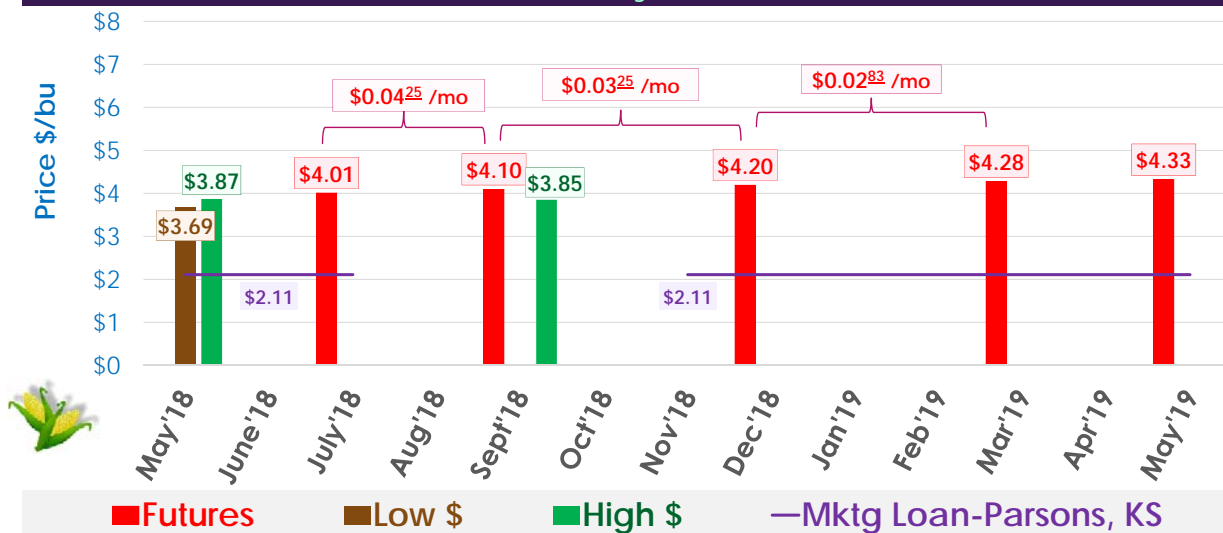
CME Corn Futures

Weekly Chart: March 2009 – April 2018 + 5/21/2018



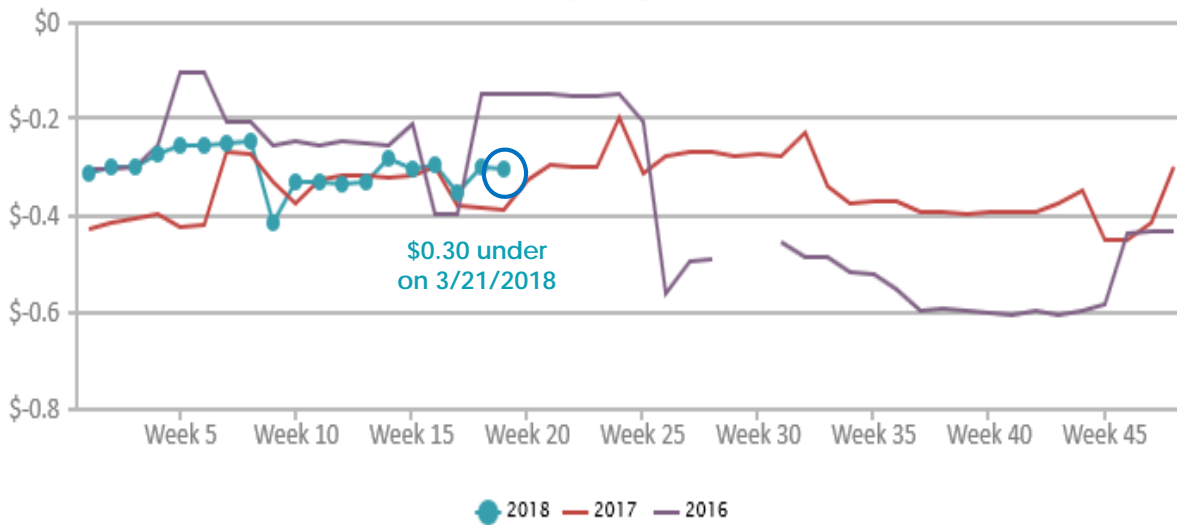
Corn Cash & Futures Prices (\$/bu)

Parsons, KS Local Elevators – May 21, 2018



COFFEYVILLE, KS: Corn Basis - SEK GRAIN

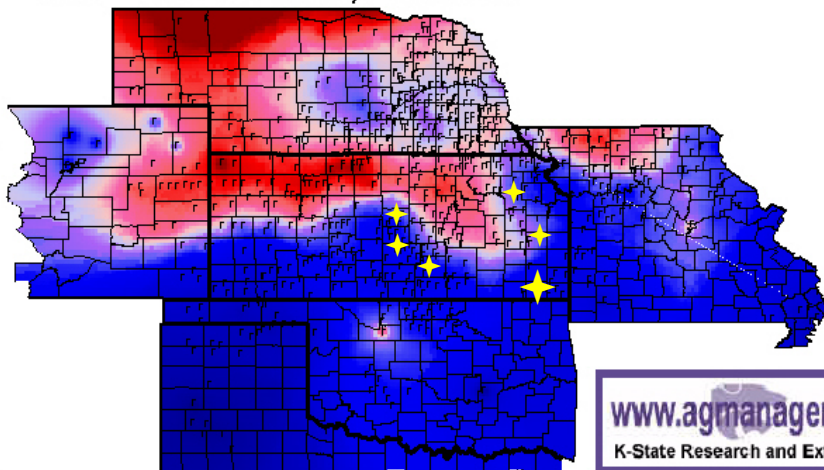
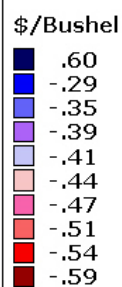
www.AgManager.info



Corn Basis, 05-16-2018

Basis = Cash Price - Nearby Futures Price

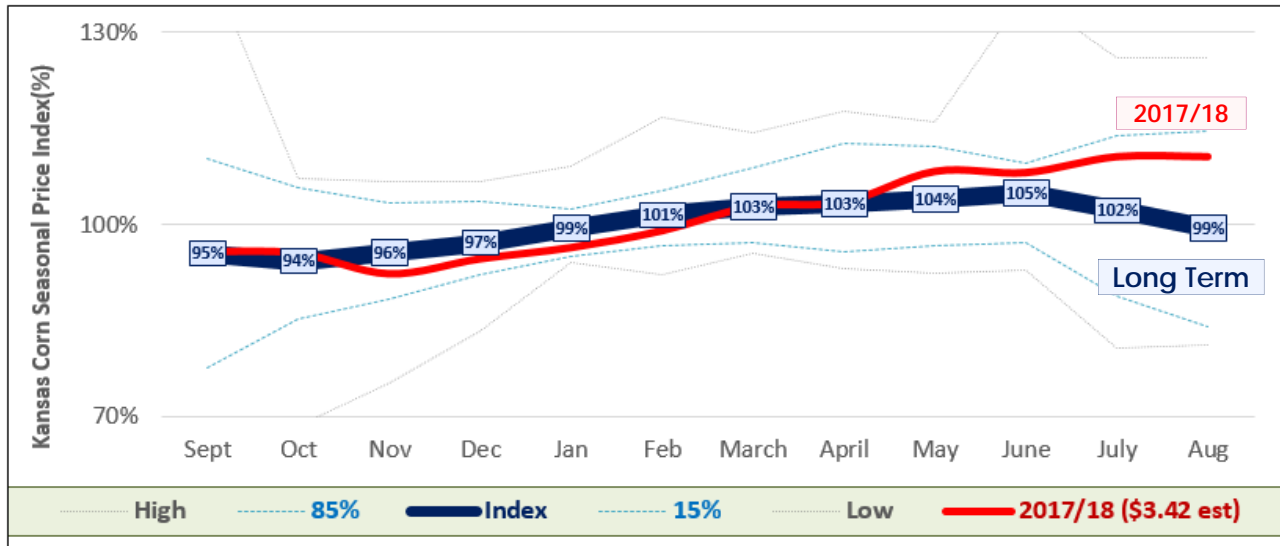
CBT Jul
Futures
Price: \$3.99



www.agmanager.info
K-State Research and Extension

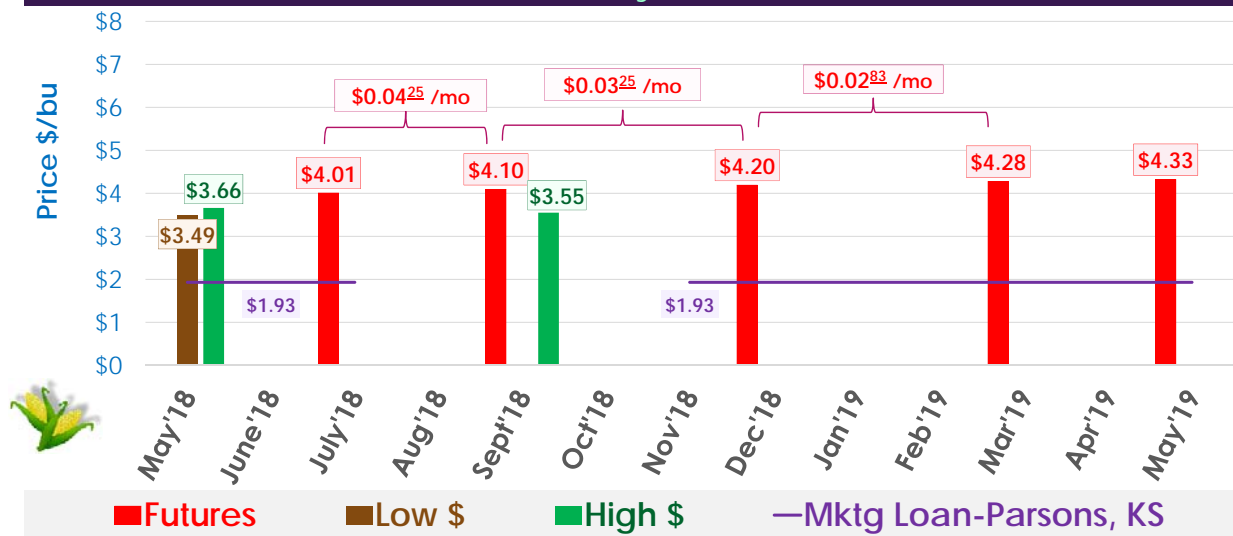
Kansas Corn Seasonal Cash \$ Index

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



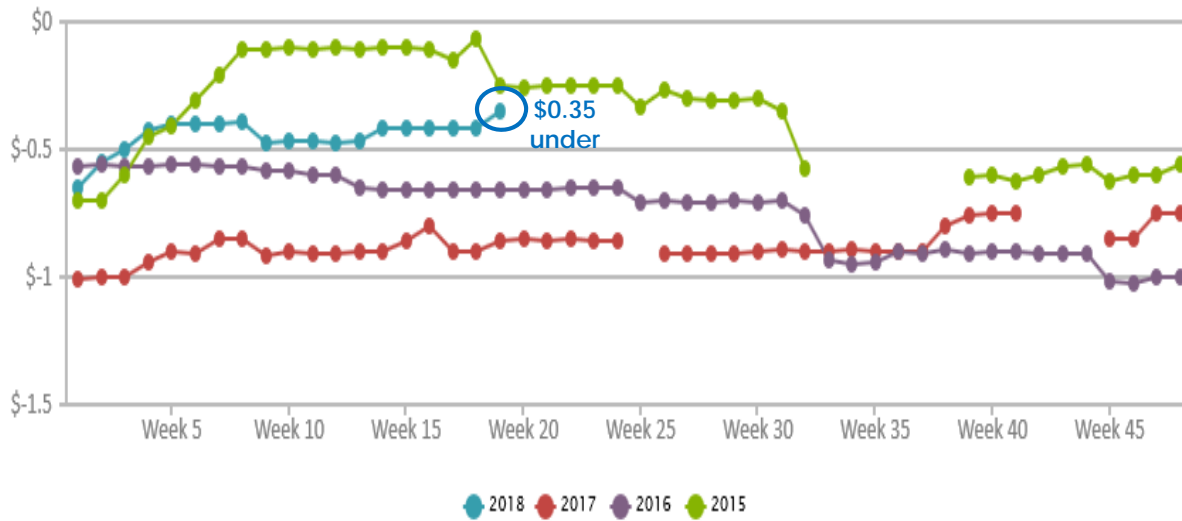
Sorghum Cash & Corn Futures Prices (\$/bu)

Parsons, KS Local Elevators – May 21, 2018



COLUMBUS , KS: Grain Sorghum Basis - FARMERS COOP

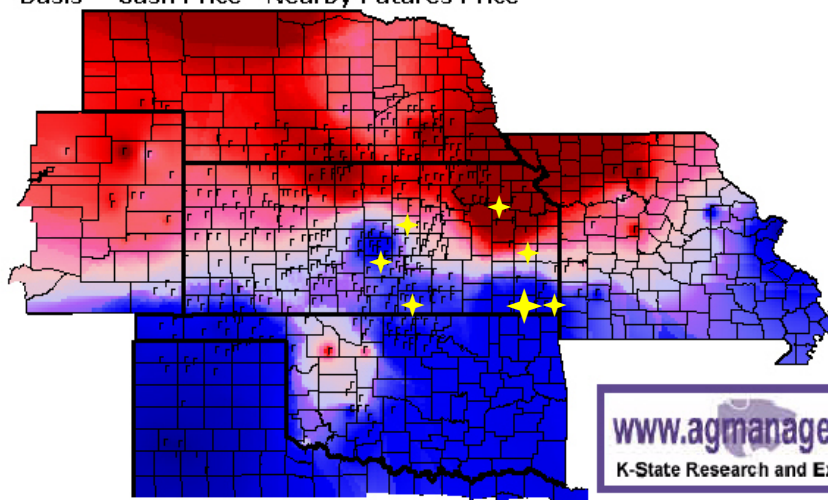
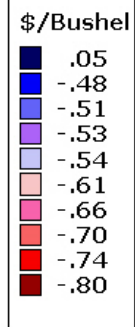
www.AgManager.info



Grain Sorghum Basis, 05-16-2018

Basis = Cash Price - Nearby Futures Price

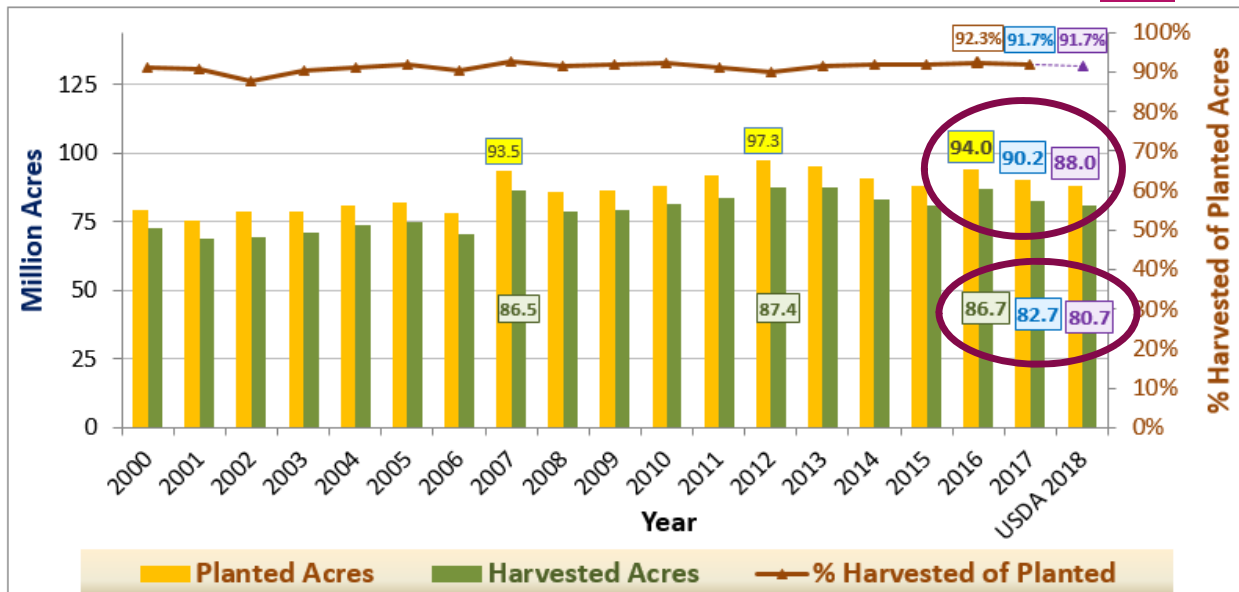
CBT Corn
Jul Futures
Price: \$3.99



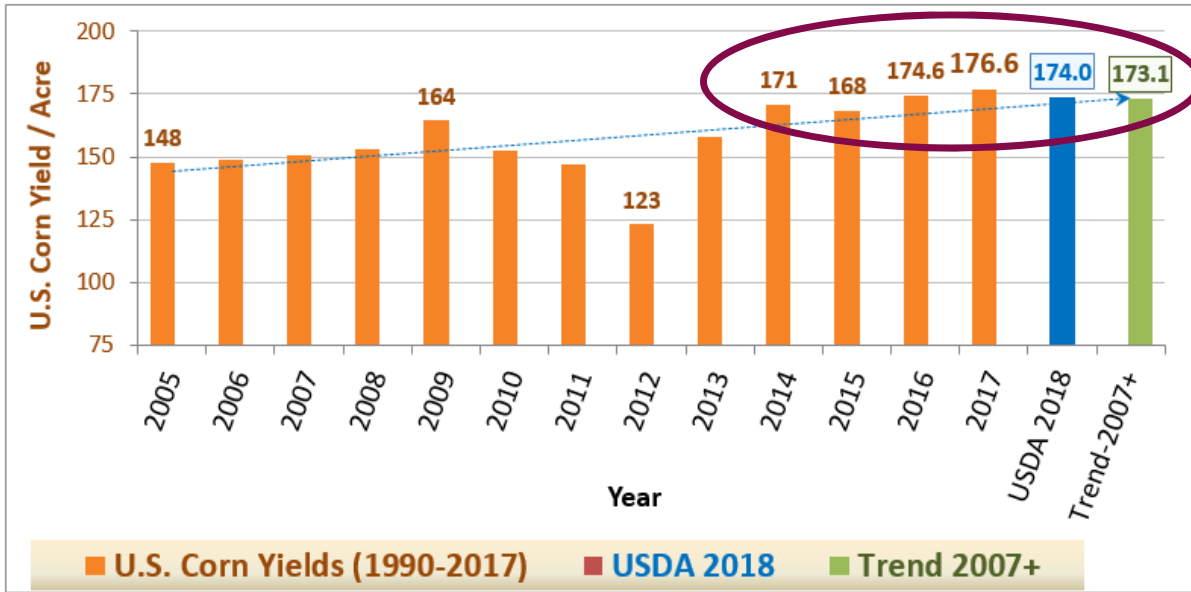
www.agmanager.info
K-State Research and Extension



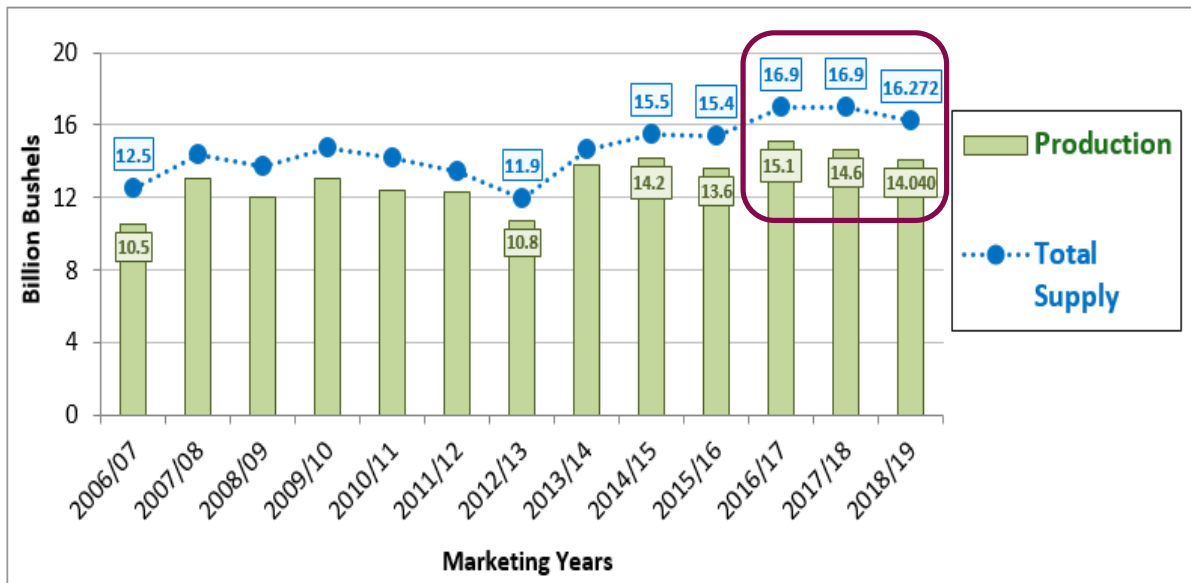
U.S. Corn Acres



U.S. Corn Yield

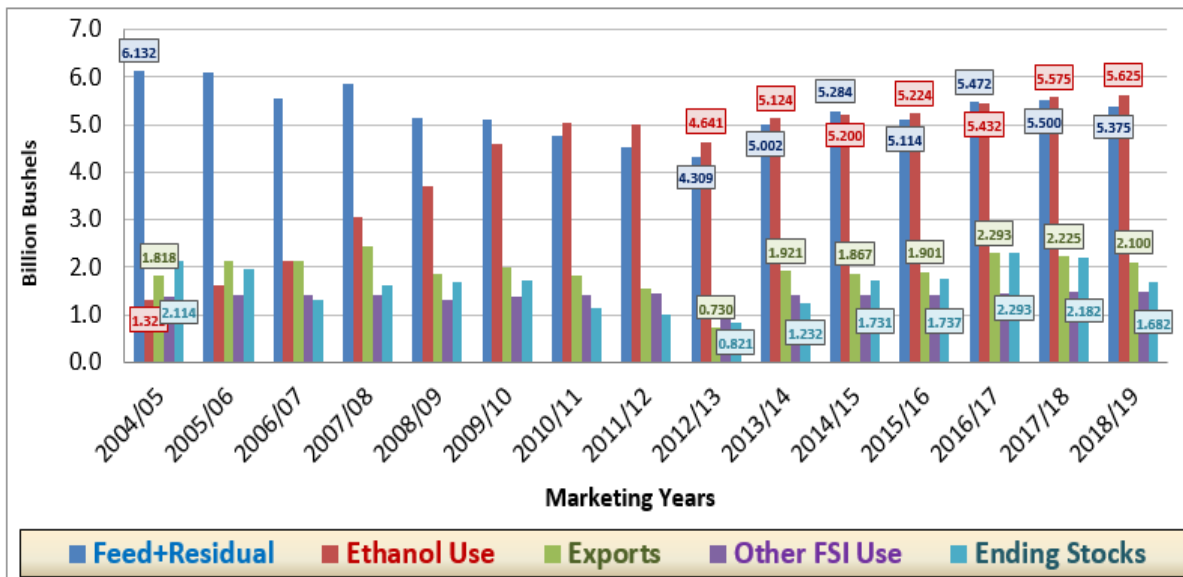


U.S. Corn Supply

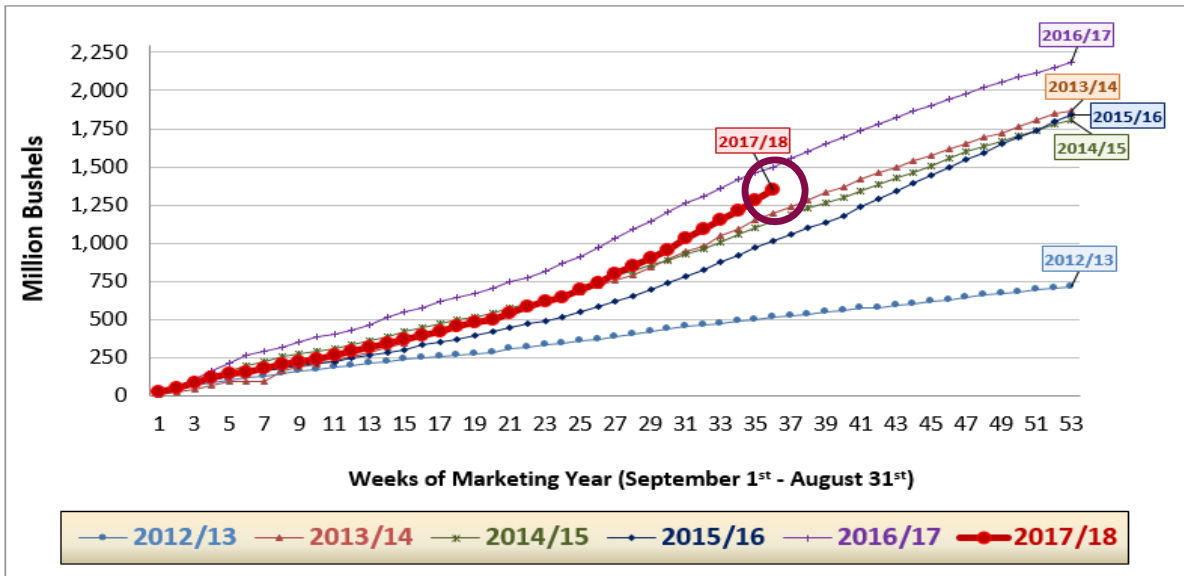




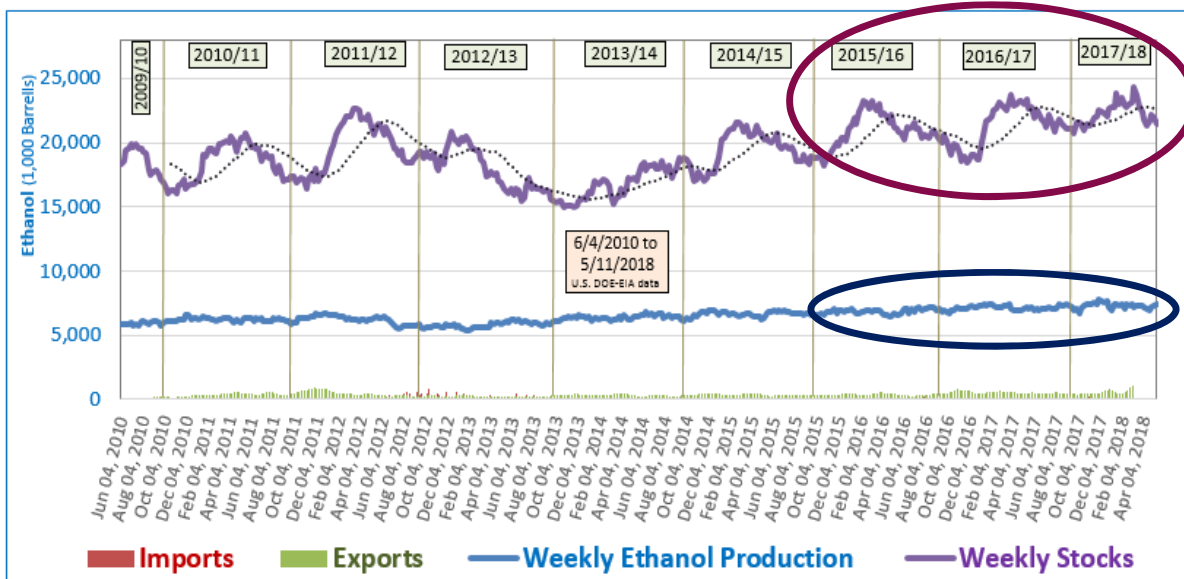
U.S. Corn Use



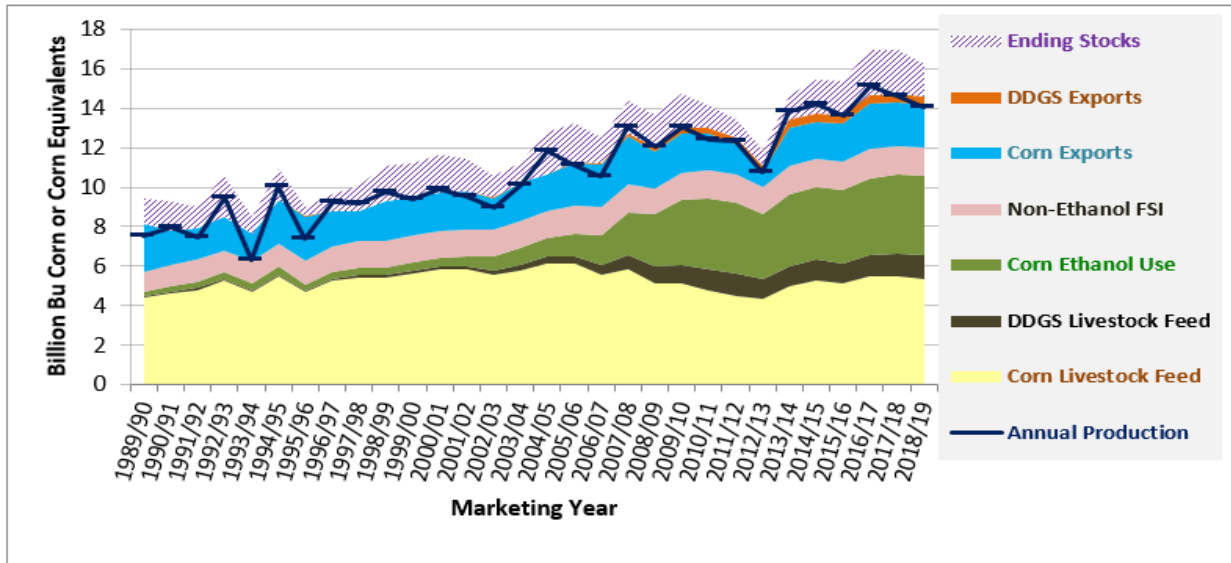
U.S. Corn Exports



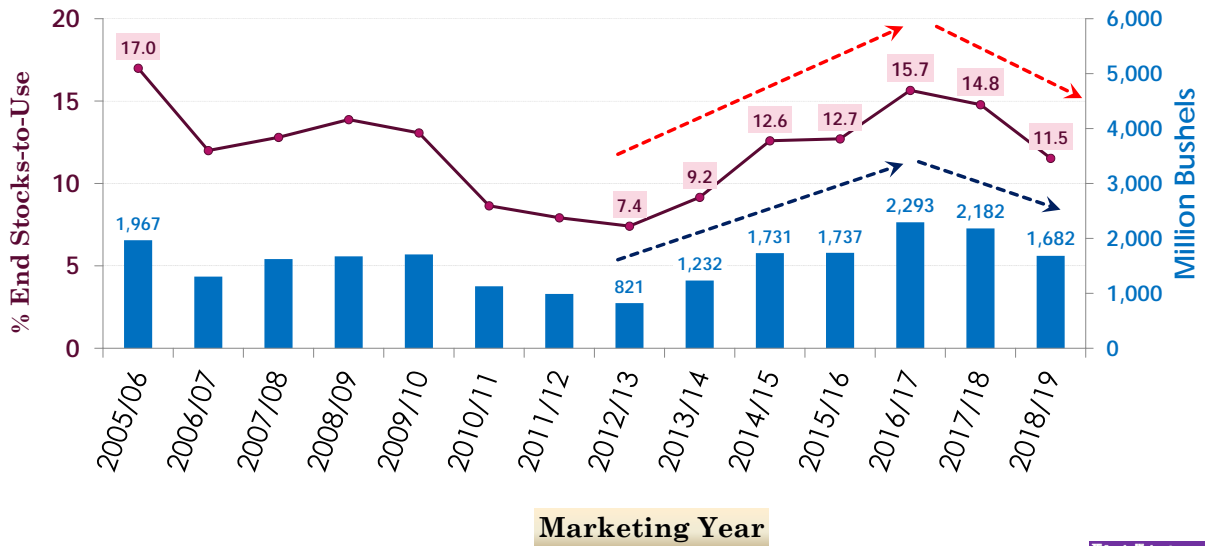
U.S. Ethanol Production & Stocks



U.S. Corn Use Trends



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



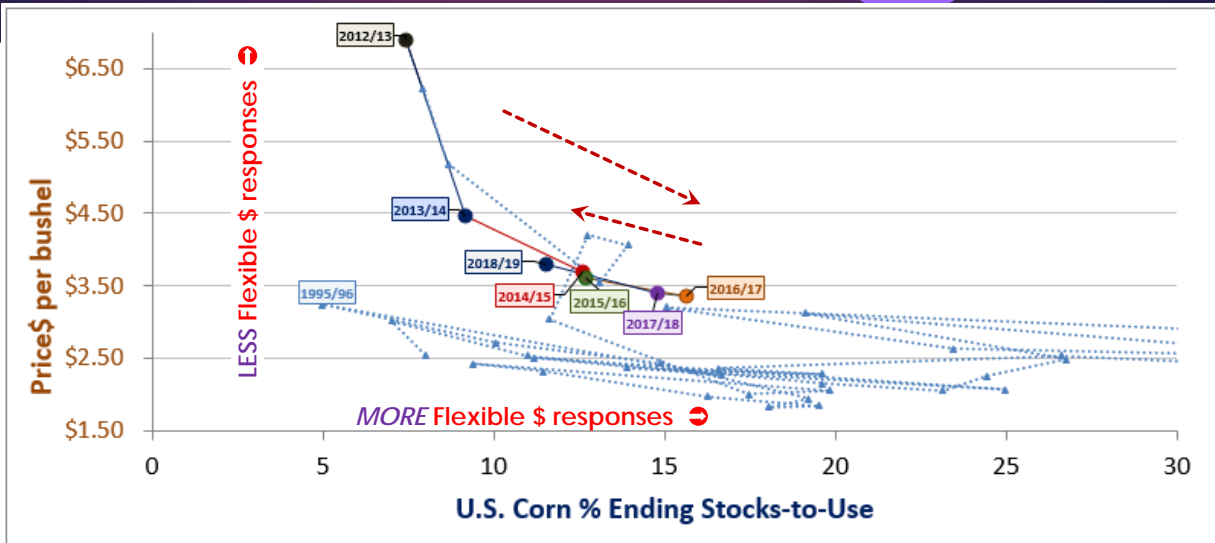
Ernst & Young

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

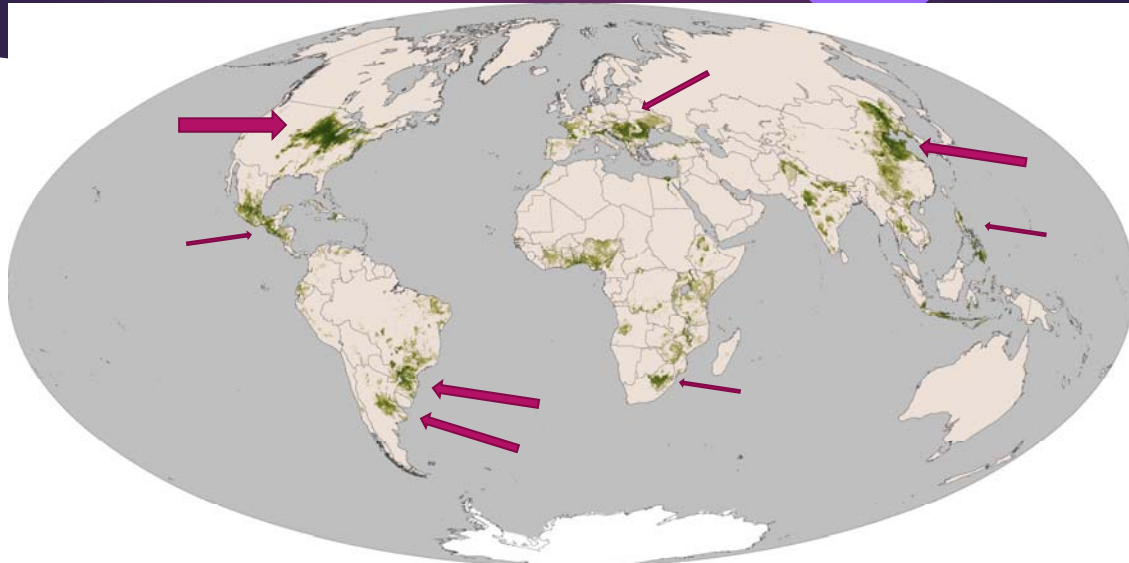


■ U.S. Corn Ending Stocks/Use — U.S. Corn Price

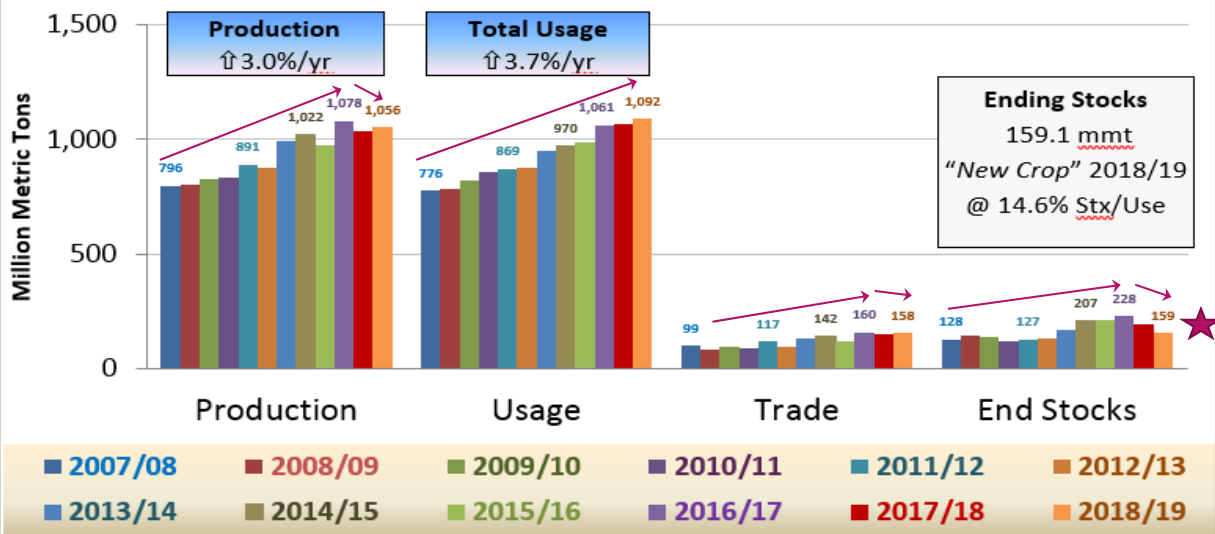
U.S. Corn % Stocks/Use vs Price\$



World Corn (Maize) Production Regions

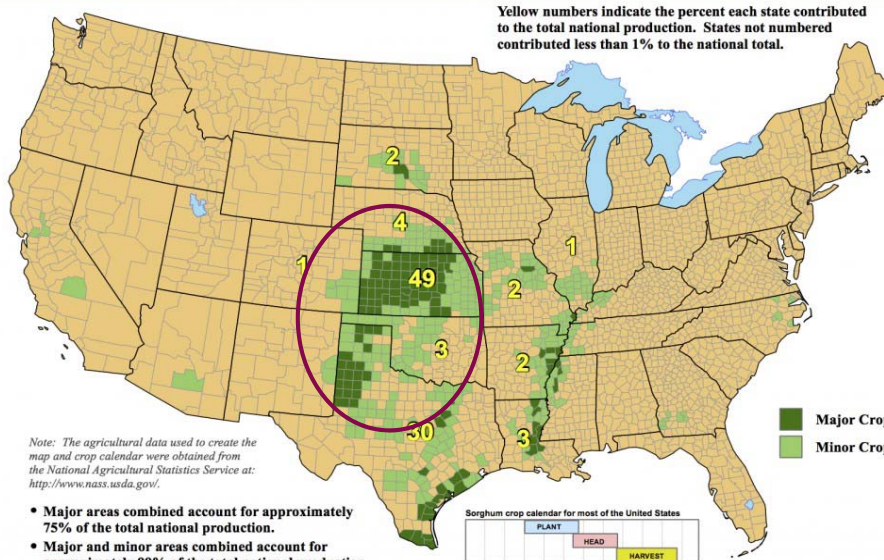


World Corn Supply, Use & Stocks



USDA Economic Research Service

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.

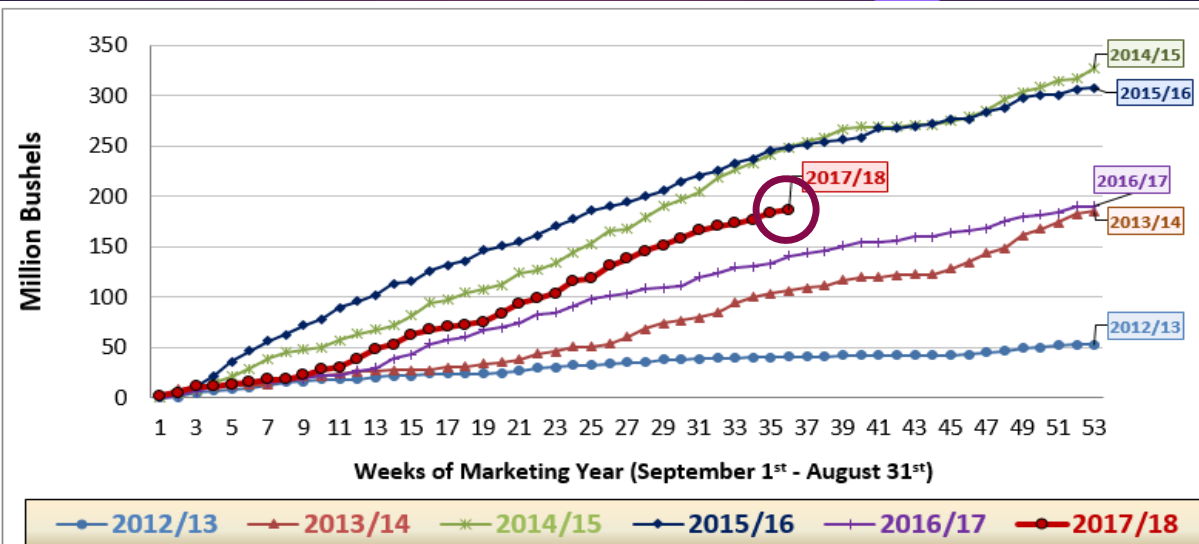
Sorghum crop calendar for most of the United States



Crop calendar dates are based upon NASS crop progress data from 2006-2010. The field activities and crop development stages illustrated in the crop calendar represent the average time period when national progress advanced from 10 to 90 percent.

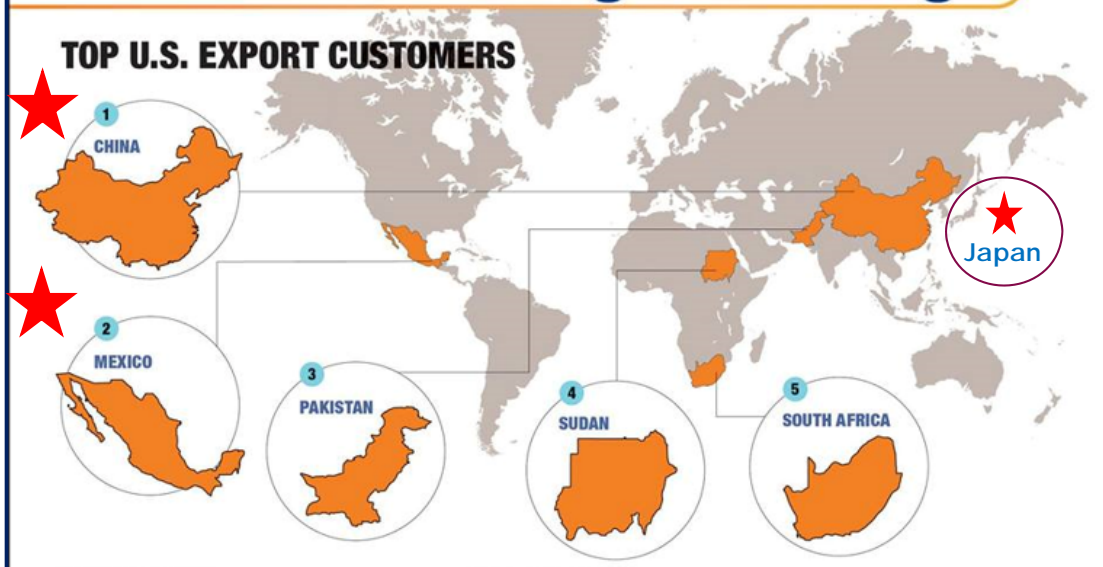


U.S. Sorghum Exports - Weekly thru May 10, 2018



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

	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

	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

	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

	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

Central Kansas Terminal and Processor Daily Grain Report

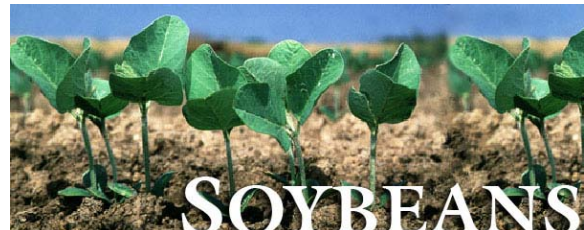
TERMINAL US NO 2 YELLOW CORN

	Bids	Change (¢/bu)	Basis	Change
Atchison	3.9775	UP 0.25	-5N	UNCH
Topeka	3.9275	UP 0.25	-10N	UNCH
Salina	3.6275	UP 0.25	-40N	UNCH
Newton	3.6175	UP 0.25	-41N	UNCH
Hutchinson	3.6875-3.7475	UP 0.25	-34N to -28N	UNCH
Wellington	3.8575	UP 0.25	-17N	UNCH
Arkansas City	3.7375	UP 0.25	-29N	UNCH

TERMINAL US NO 2 SORGHUM

	Bids	Change (¢/cwt)	Basis	Change
Topeka	6.21	UP 27	-55N	UP 15
Concordia	6.03	UP 7	-65N	UP 4
Salina	6.21-6.30	UP 9-UP 18	-55N to -50N	UP 5-UP 10
Hutchinson	6.30-6.37	UP 1-UNCH	-50N to -46N	UNCH
Wellington	6.35	UNCH	-47N	UNCH
Arkansas City	6.30	UP 1	-50N	UNCH
Great Bend	6.12	UNCH	-60N	UNCH

Soybean Markets



KANSAS STATE UNIVERSITY

Department of Agricultural Economics

SOYBEANS

U.S. Soybean Supply-Use

- 2018 U.S. Soybean Production & Supplies @ near *records*
- Large 2018 Brazil Crop & Trade Issues have limited \$'s
- U.S. Soybean Use to ↑ in “*New Crop*” MY 2018/19 ***
 - Soy Crush ^{2018/19} = 1.995 bln bu (*Record – vs 1.990 & 1.901 bb last 2 years*)
 - Exports ^{2018/19} = 2.290 bln bu (*Record – vs 2.065 & 2.174 bb last 2 years*)
 - Total Use ^{2018/19} = 4.420 bln bu (*Record – vs 4.188 & 4.213 bb last 2 years*)
 - SBM Use ^{2017/18} = 47.6 mln tons (*2nd Highest vs 44.7 & 45.0 last 2 years*)

U.S. Soybean

- Soybean: “*Large*” End Stocks & % Stks/Use
 - End Stocks ^{2018/19} ⇒ 415 mln bu (↓ vs 530 mb last year)
 - % Stocks/Use ^{2018/19} ⇒ 9.4% S/U (↓ vs 12.7% Stks/Use last year)

CME Soybean Futures

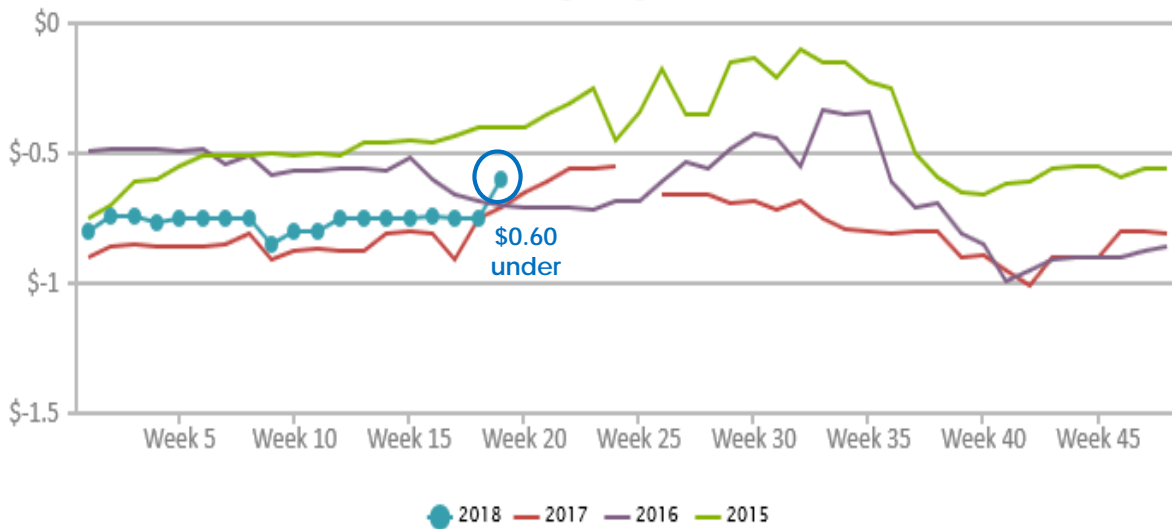


Monthly Chart: March 2009 – April 2018 + May 21, 2018



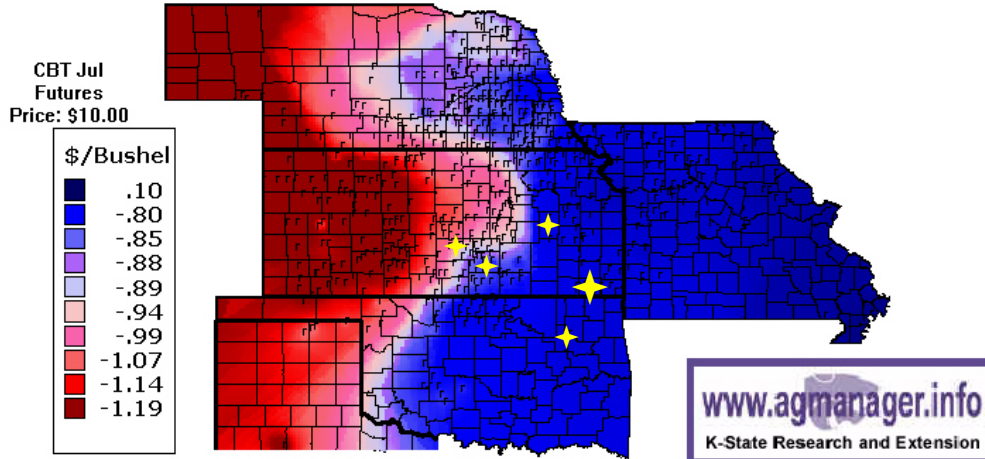
COLUMBUS , KS: Soybeans Basis - FARMERS COOP

www.AgManager.info



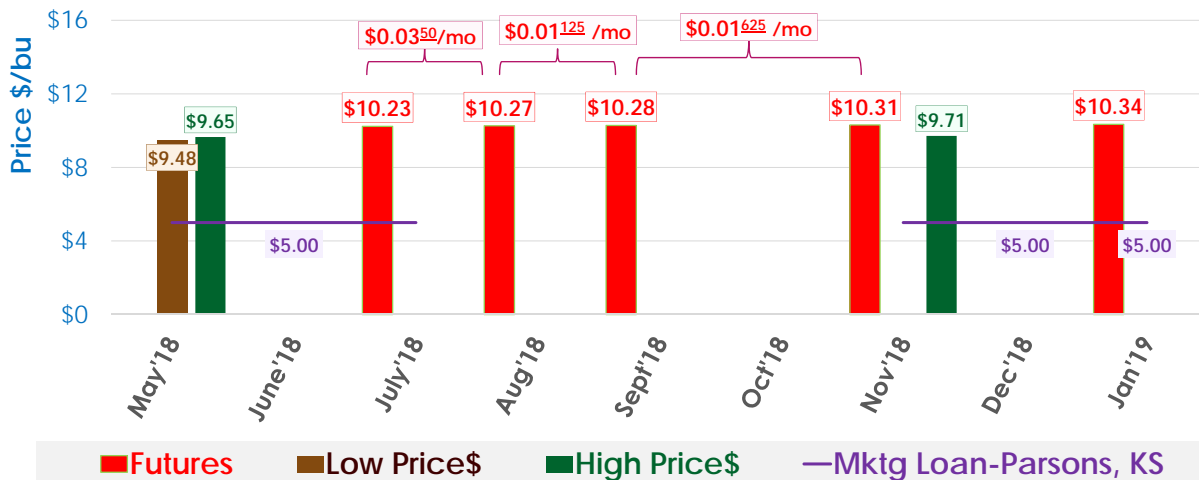
Soybean Basis, 05-16-2018

Basis = Cash Price - Nearby Futures Price



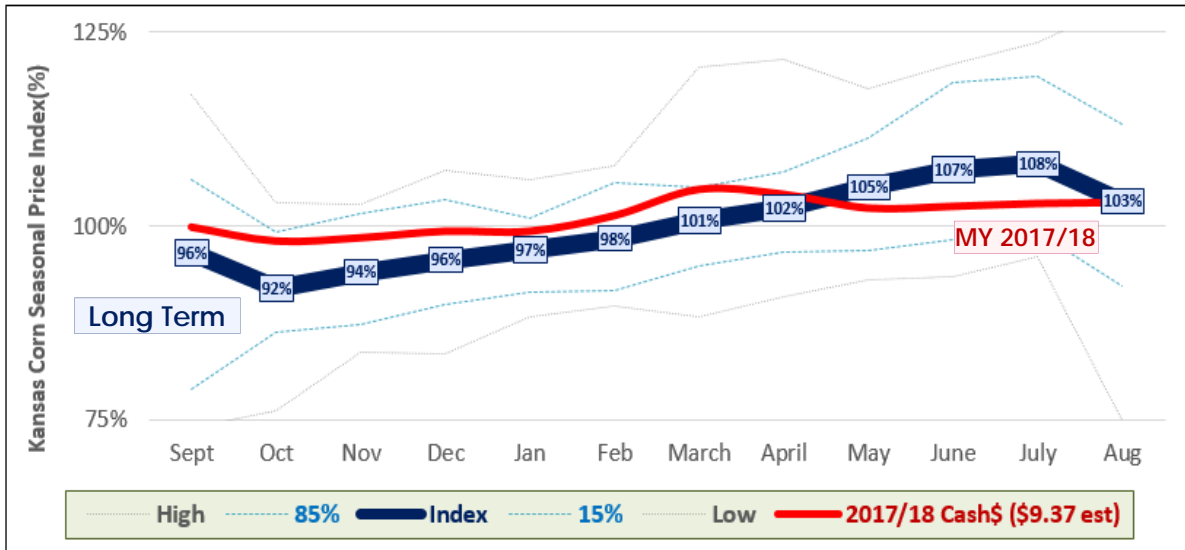
Soybean Cash & Futures Price\$'s

Parson, KS Local Elevators - May 21, 2018

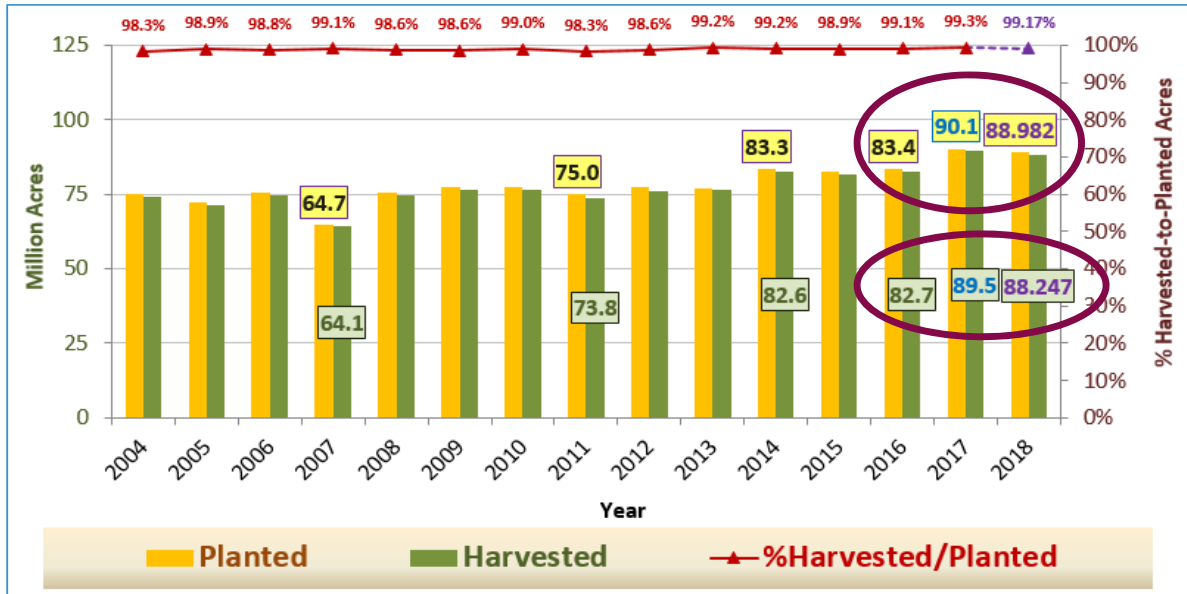


Kansas Soybean Seasonal Cash \$ Index

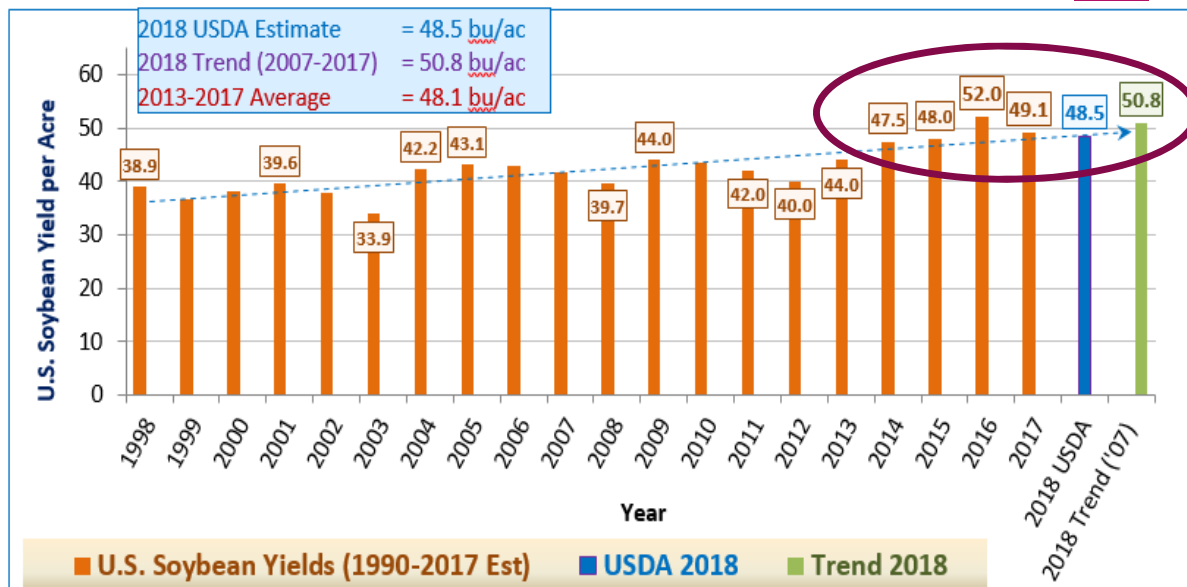
Monthly Prices: Long Term Average + "Old Crop" MY 2017/18



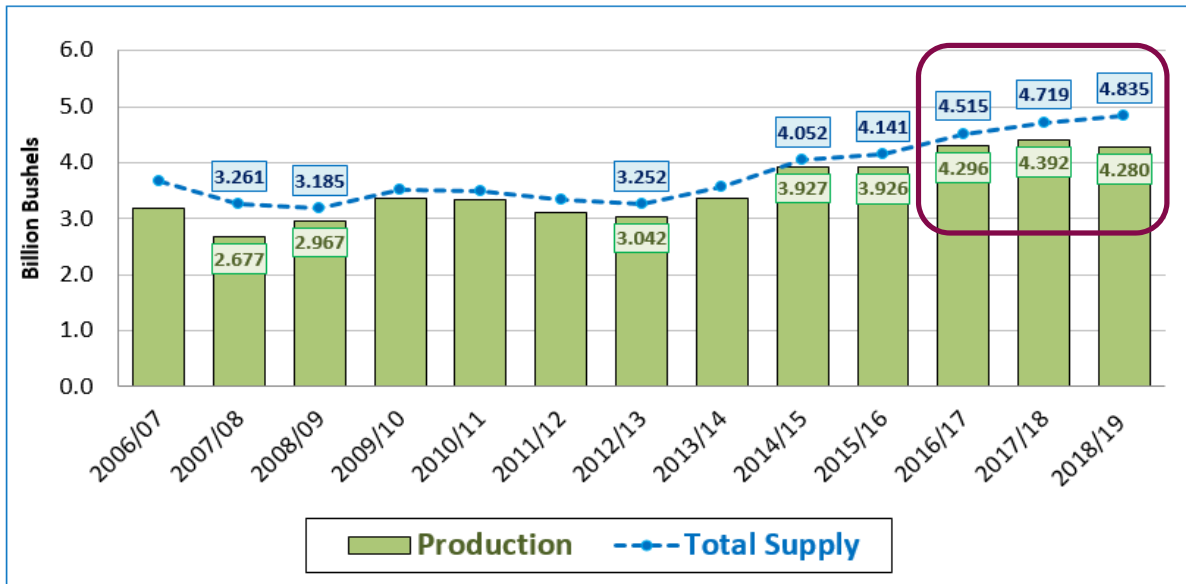
U.S. Soybean Acres



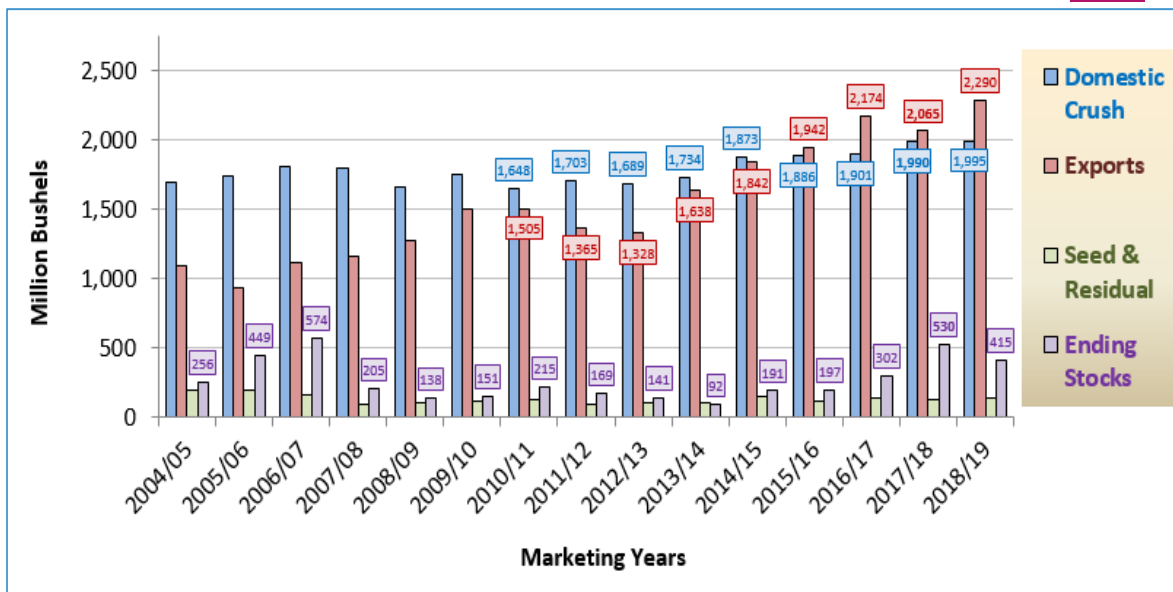
U.S. Soybean Yield



U.S. Soybean Supply

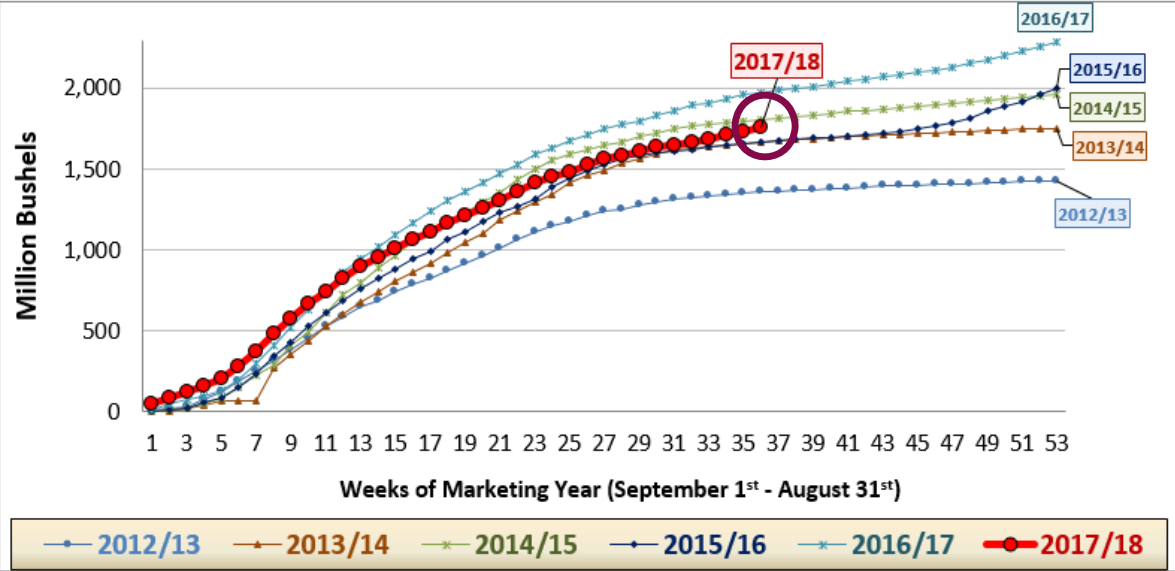


U.S. Soybean Use



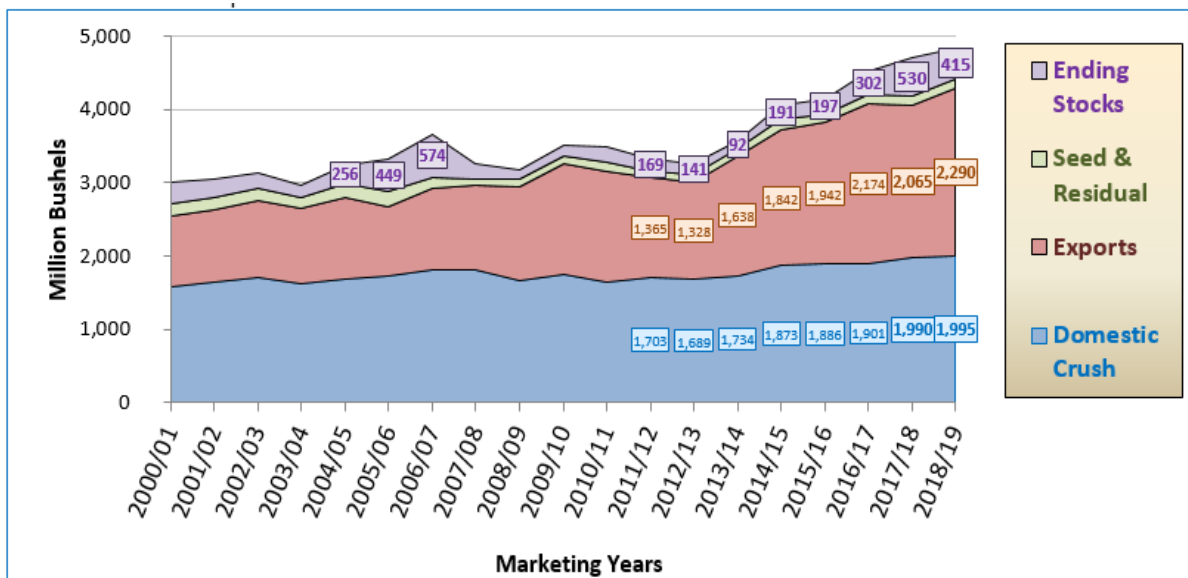


U.S. Soybean Exports



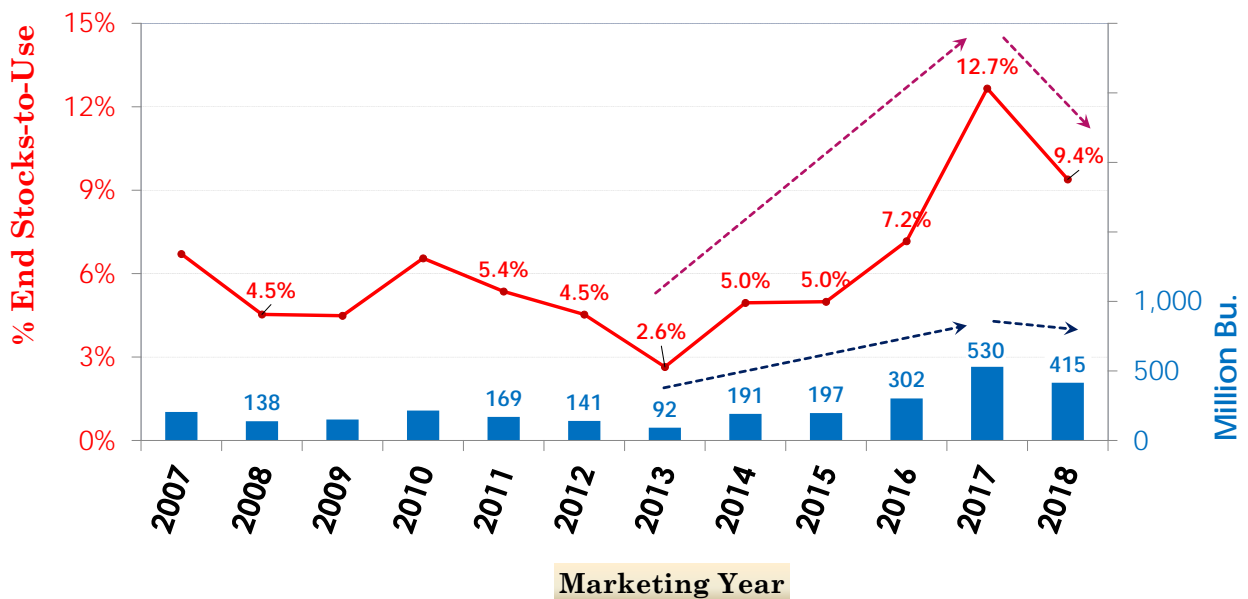


U.S. Soybean Use Trends

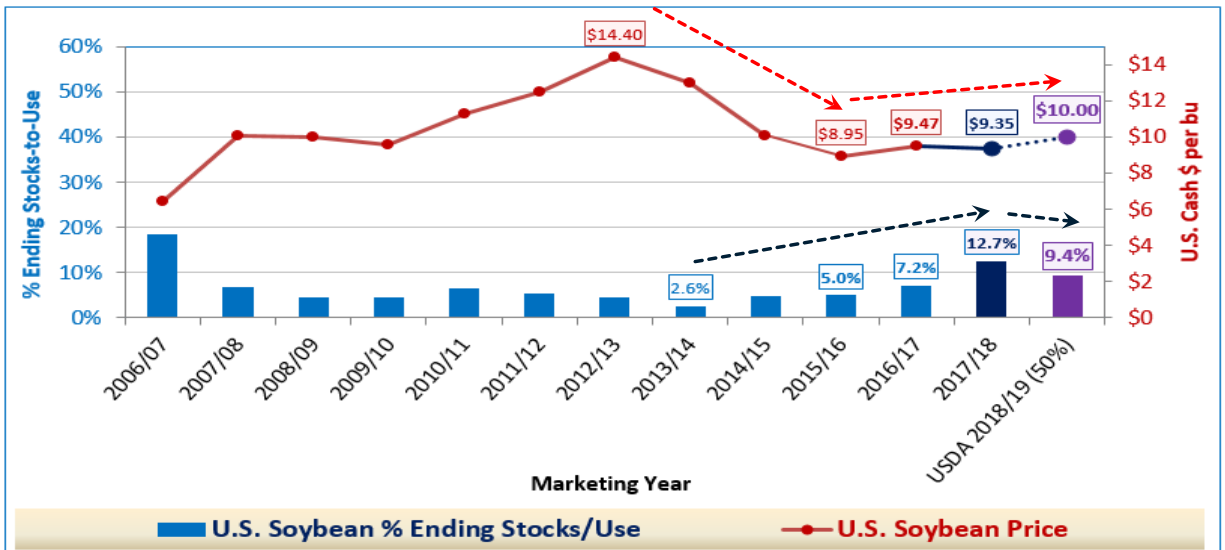




U.S. Soybean Ending Stocks & % Stx/Use

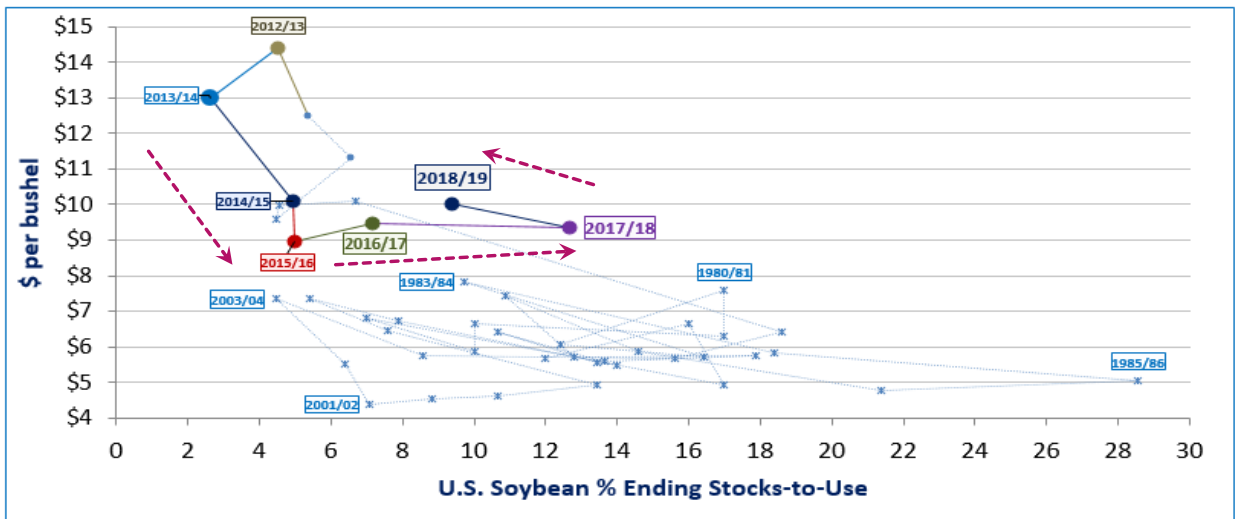


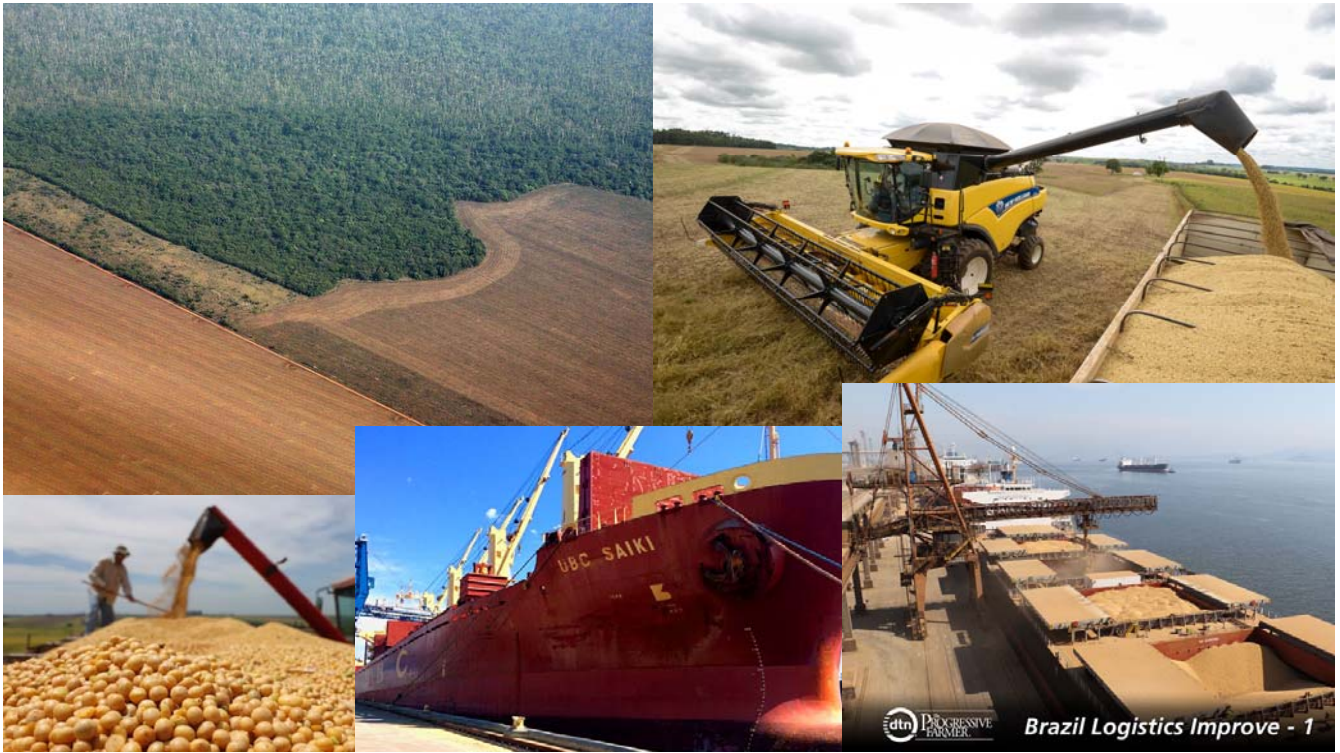
U.S. Soybean % Stocks/Use vs Price\$



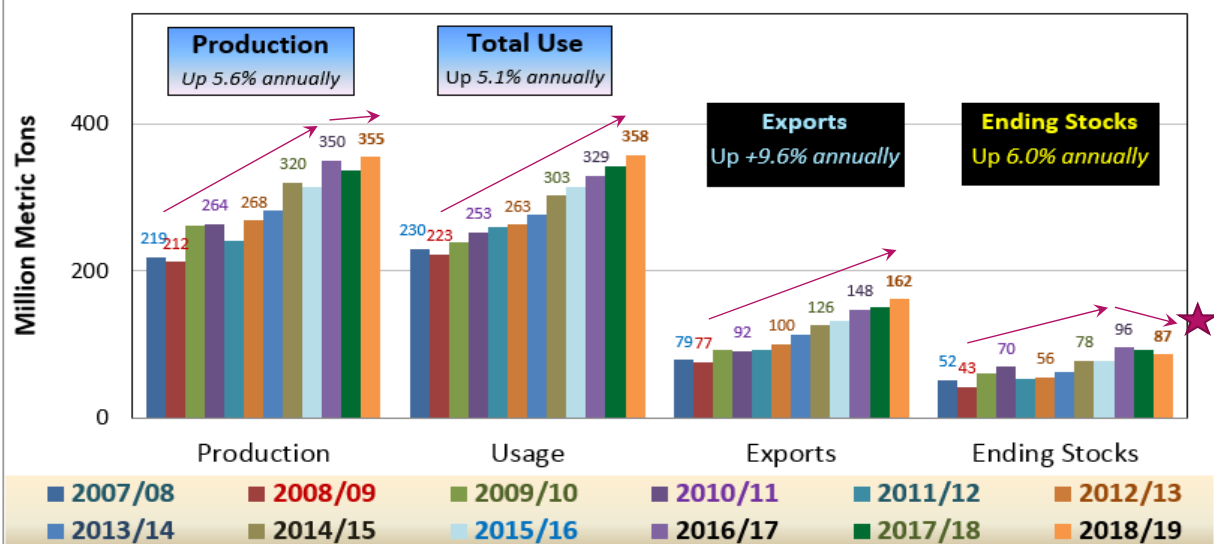
U.S. Soybean \$ vs U.S. Stx-to-Use

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



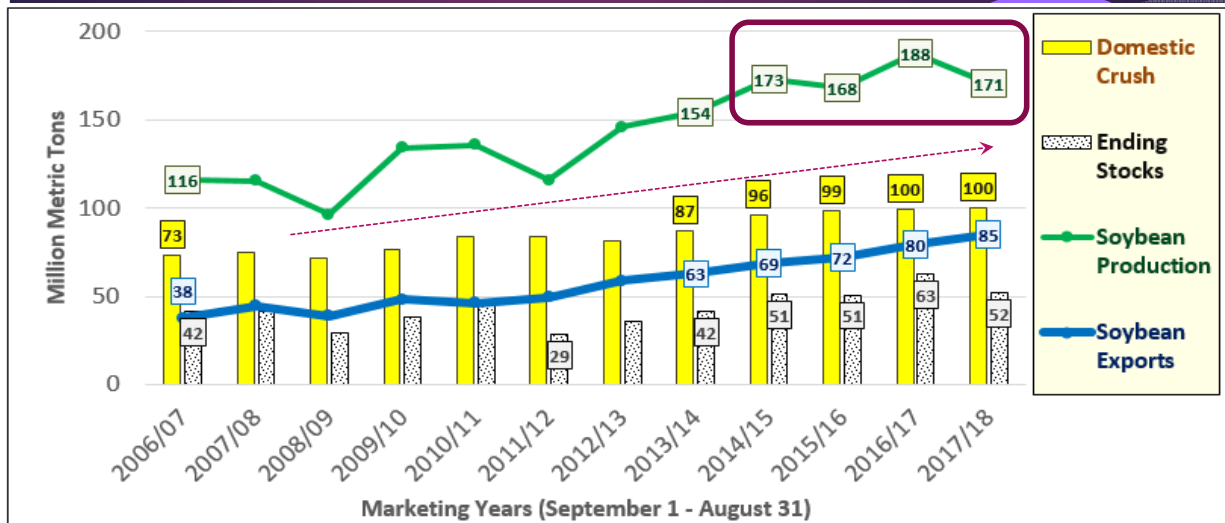


World Soybean Supply, Use & Stocks

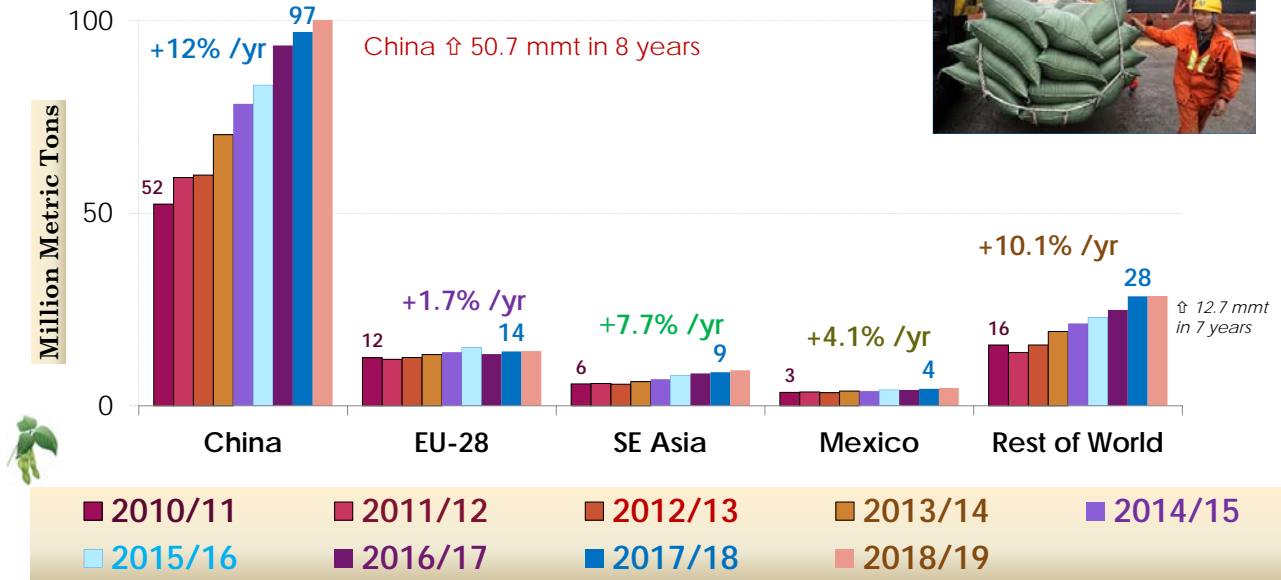


South America Soybean Supply-Demand

MY 2006/07 thru "New Crop" MY 2018/19

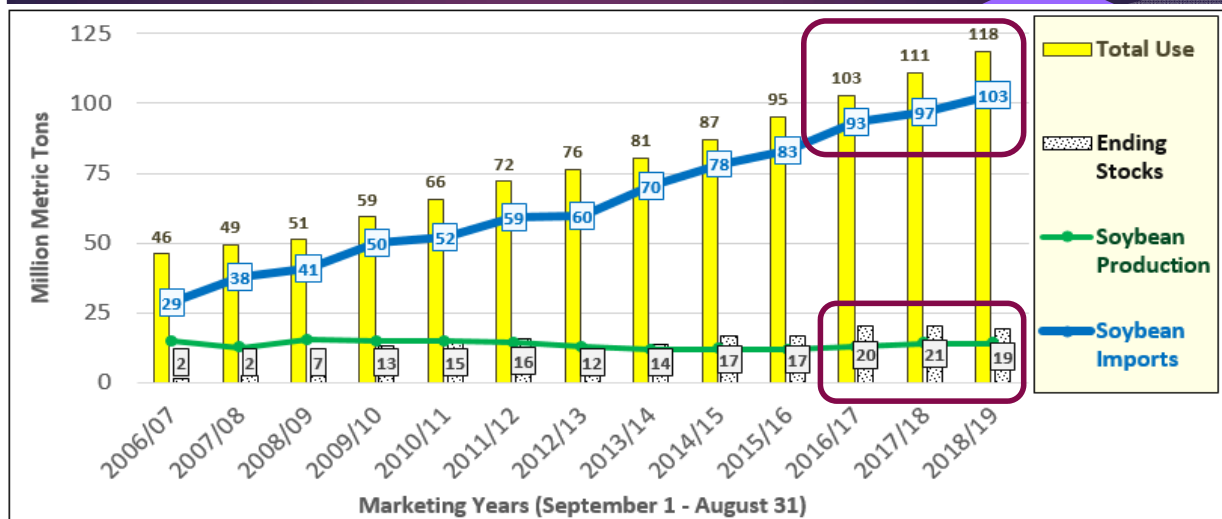


Soybean Importer Purchases



China Soybean Supply-Demand Trends

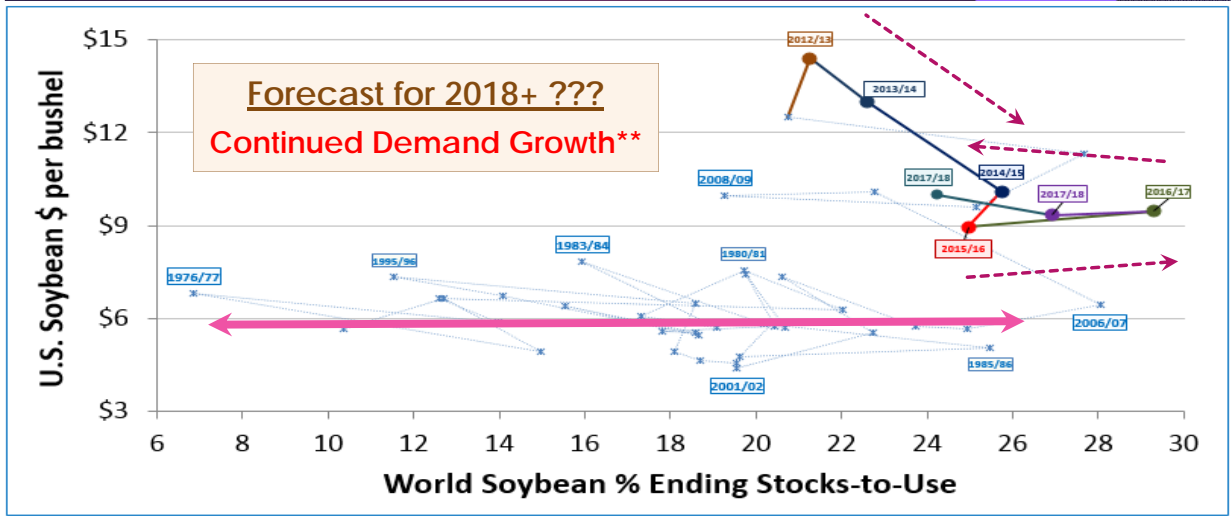
MY 2006/07 thru "New Crop" MY 2018/19



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



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





Questions?

Daniel O'Brien – Extension Ag Economist

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www.AgManager.info



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