

# 2018 Grain Sorghum Market Outlook

2018 Sorghum School

Hutchinson, Kansas

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**KANSAS STATE**  
UNIVERSITY

Department of Agricultural Economics



## 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.

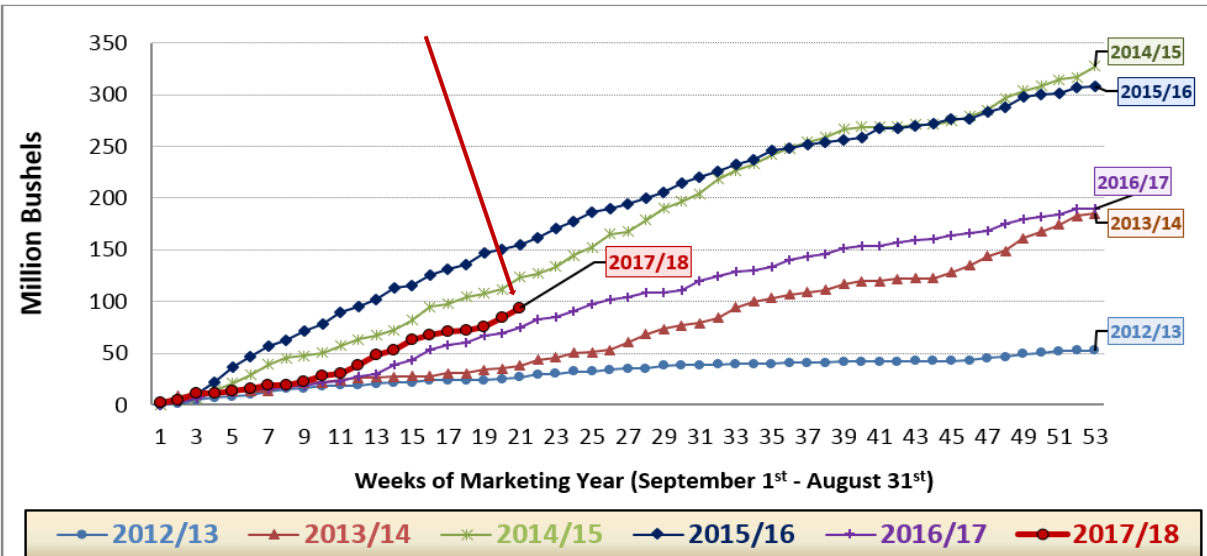
### PLAIN TALK:

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 January 25, 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    |

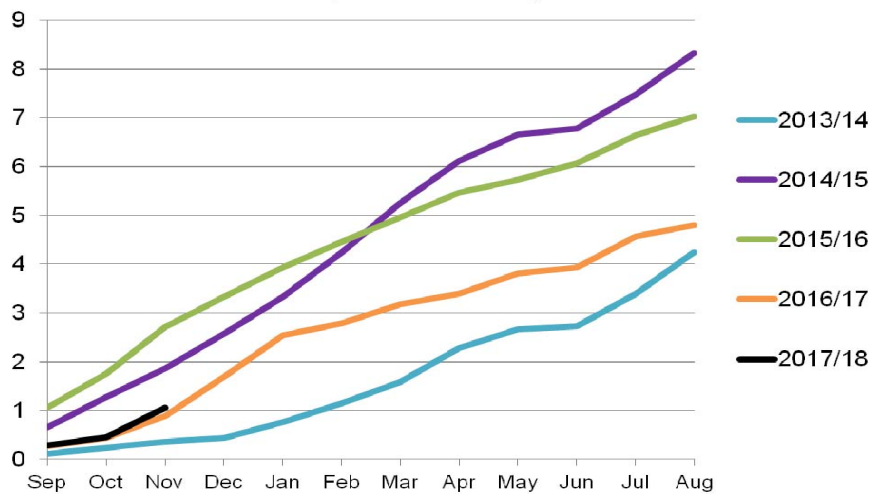
Source: USDA Foreign Agriculture Service's Global Agriculture Trading System report for marketing year Sept. 1, 2015 to Aug. 31, 2016.

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



## U.S. Exports of Sorghum to China

(millions of tonnes)

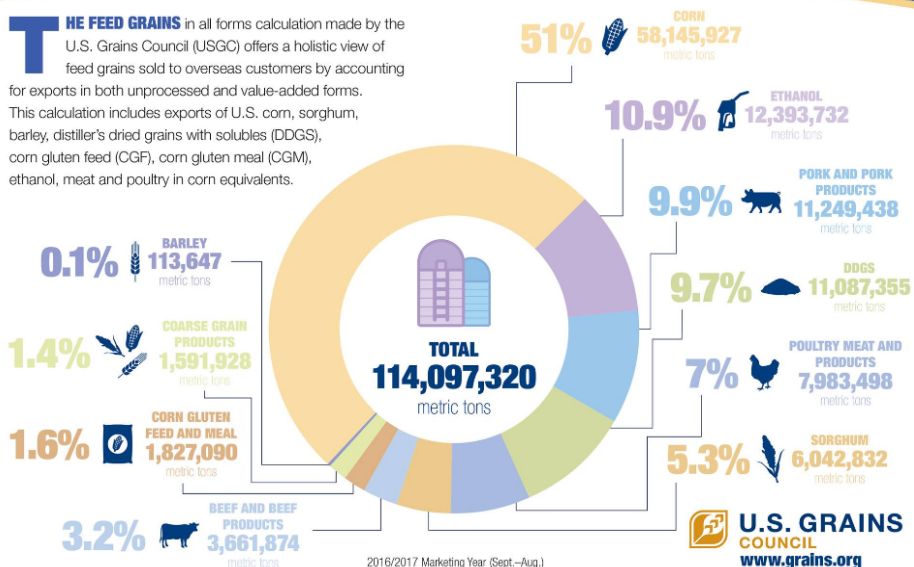


Data source: U.S. Department of Agriculture/Foreign Ag Service

@kannbwx

## How US Grain Was Exported in 2016/2017

**T**HE 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.



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   |

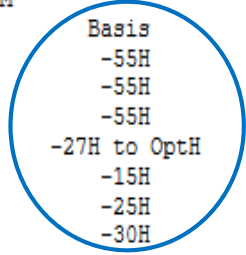
Central Kansas Terminal and Processor Daily Grain Report

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   |

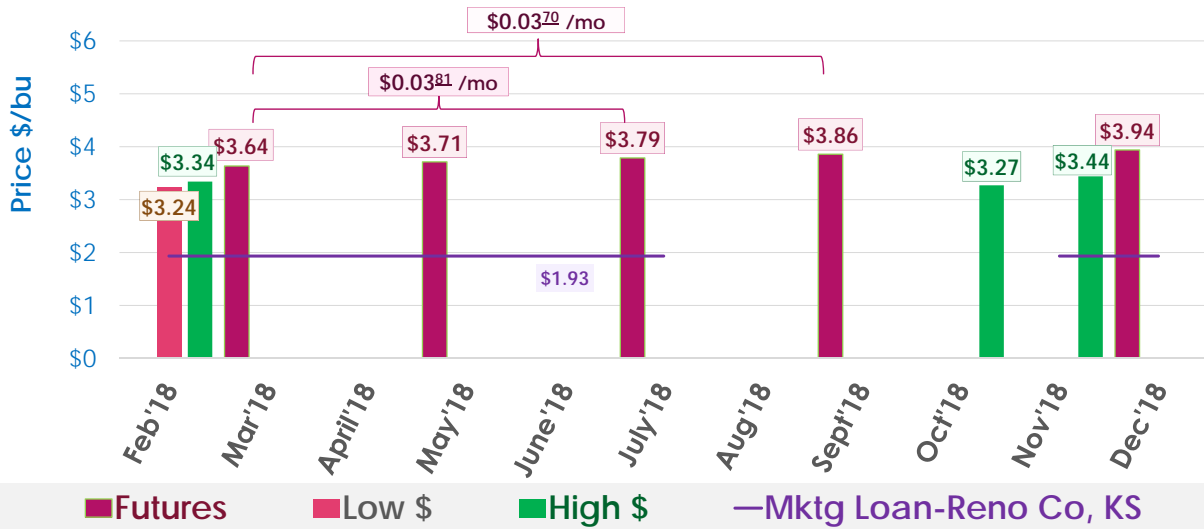
TERMINAL US NO 2 SORGHUM

|               | 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        |



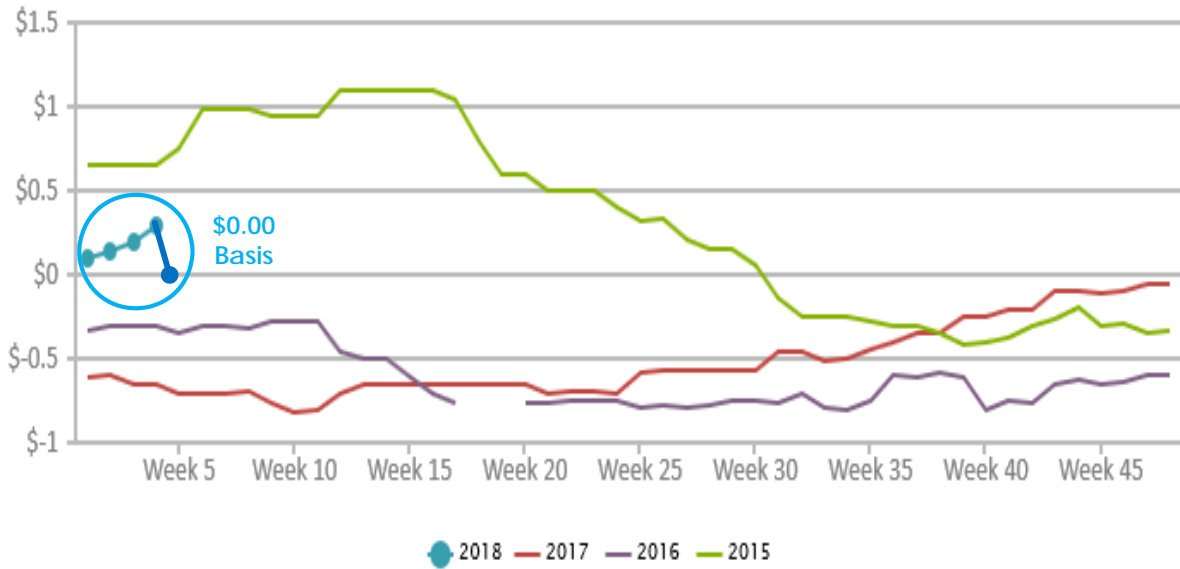
# Grain Sorghum Cash & Corn Futures \$'s

Hutchinson, KS Local Elevators – February 6, 2018



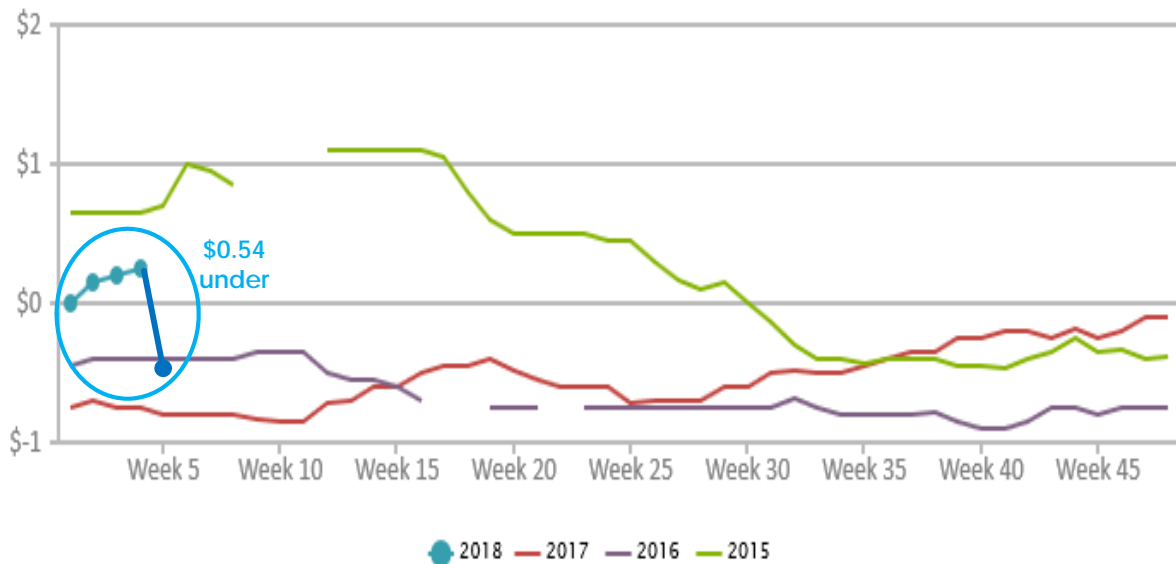
# HUTCHINSON, KS: Grain Sorghum Basis - CARGILL

www.AgManager.info



# SALINA, KS: Grain Sorghum Basis - SCOLAR GRAIN CO

www.AgManager.info



# Dow Jones Industrial Index

## Weekly, October 2015 – February 6, 2018



# New York Stock Exchange Index

## Weekly, October 2015 – February 6, 2018





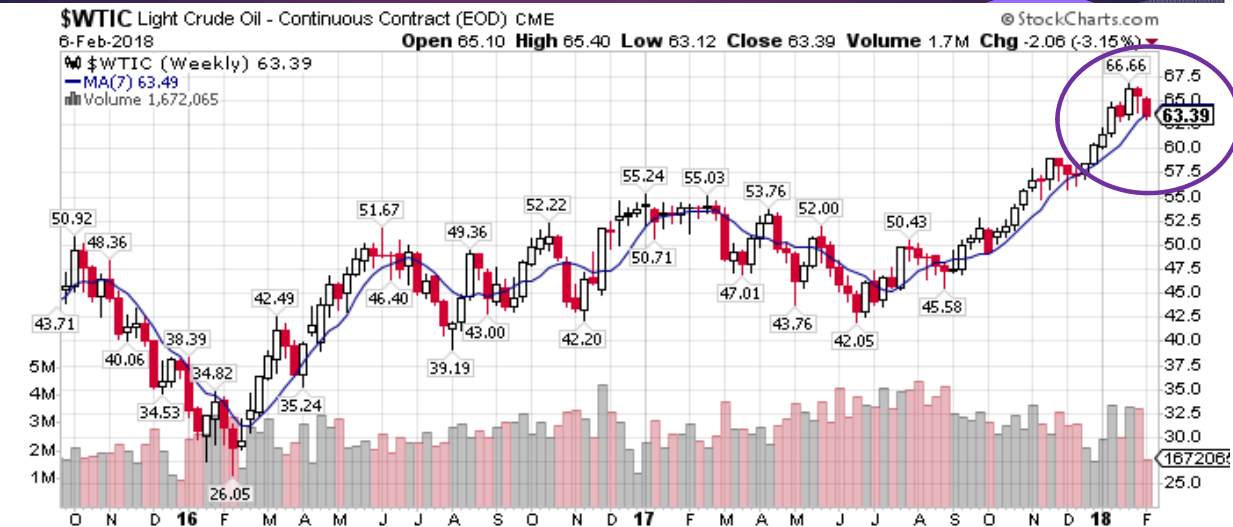
# U.S. Dollar Index

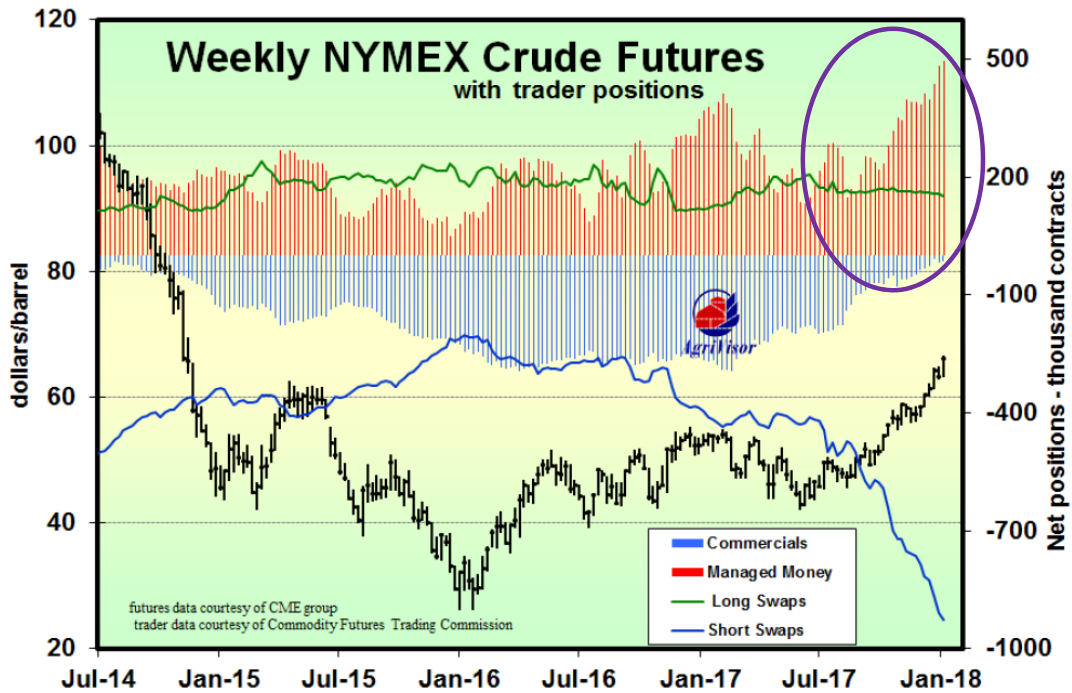
Weekly, August 2015 – February 6, 2018



# CME Light Crude Oil

Weekly, September 2015 – February 6, 2018





# CME Unleaded Gasoline

Weekly, September 2015 – February 6, 2018



# Reuters/Jefferies CRB Index

## Weekly, August 2015 – February 6, 2018

\$CRB Reuters/Jefferies CRB Index (EOD) INDX

© StockCharts.com

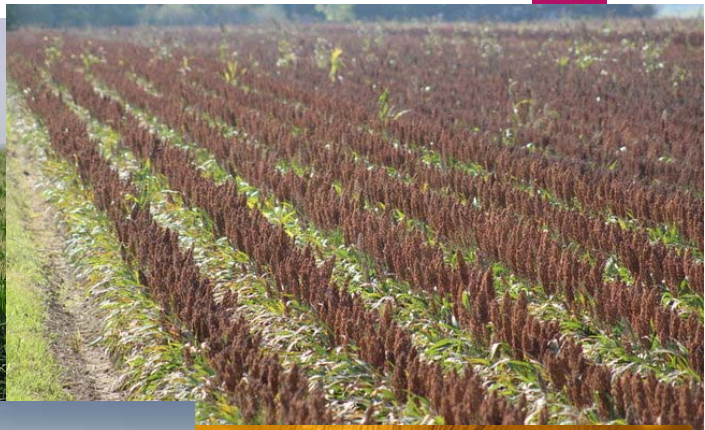
6-Feb-2018

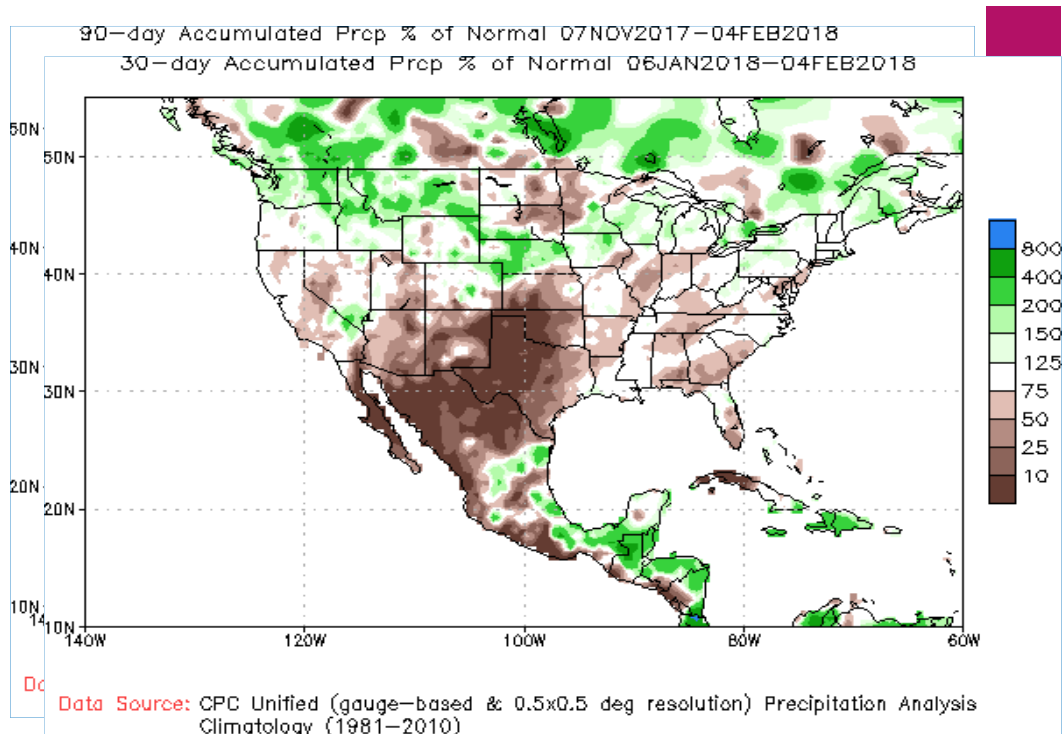
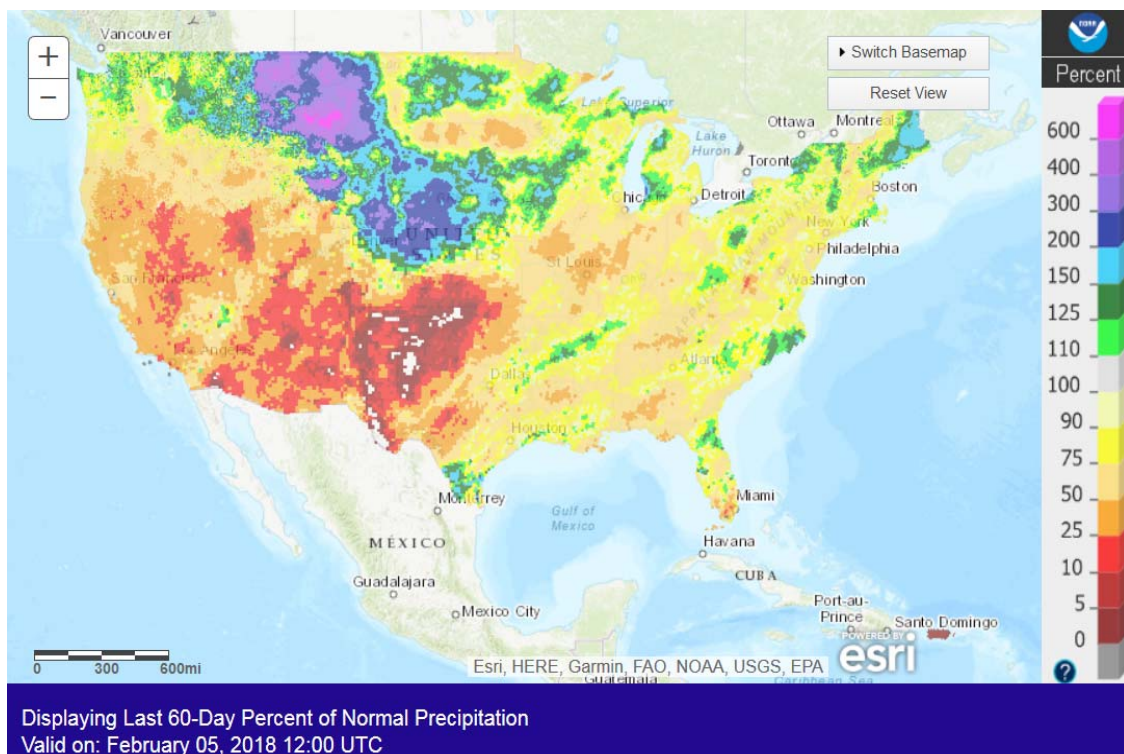
Open 196.35 High 197.09 Low 194.34 Close 194.75 Chg -2.70 (-1.37%)

\$CRB (Weekly) 194.75

MA(7) 195.94

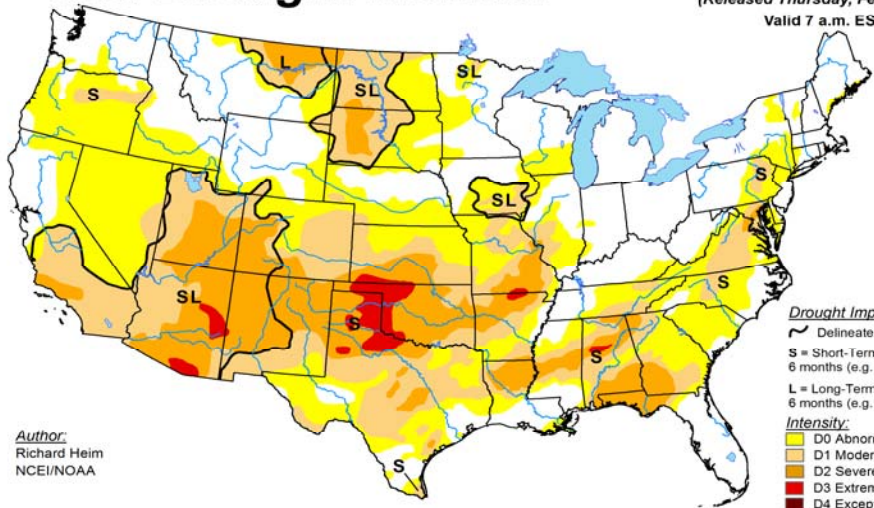
Volume undef





# U.S. Drought Monitor

January 30, 2018  
 (Released Thursday, Feb. 1, 2018)  
 Valid 7 a.m. EST

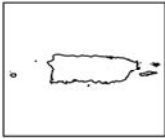
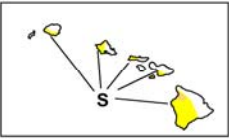
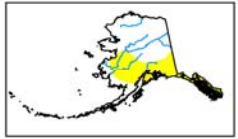


**Author:**  
 Richard Heim  
 NCEI/NOAA

**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

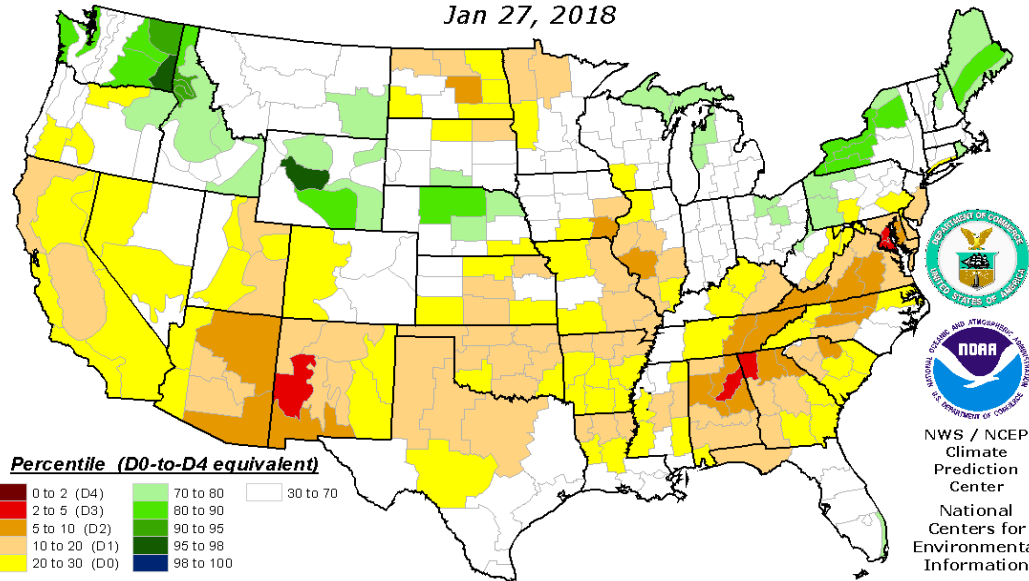
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



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

## Objective Short-Term Drought Indicator Blend Percentiles

Jan 27, 2018



**Percentile (D0-to-D4 equivalent)**

|               |           |          |
|---------------|-----------|----------|
| 0 to 2 (D4)   | 70 to 80  | 30 to 70 |
| 2 to 5 (D3)   | 80 to 90  |          |
| 5 to 10 (D2)  | 90 to 95  |          |
| 10 to 20 (D1) | 95 to 98  |          |
| 20 to 30 (D0) | 98 to 100 |          |

**Inputs (as percentiles):**  
 35% Palmer Z-Index  
 25% 3-Month Precipitation  
 20% 1-Month Precipitation  
 13% CPC Soil Moisture Model  
 7% Palmer Drought Index

NWS / NCEP  
 Climate Prediction Center  
 National Centers for Environmental Information

This map approximates impacts that respond to precipitation over several days to a few months, such as agriculture, topsoil moisture, unregulated streamflows, and most aspects of wildfire danger. The relationship between indicators and impacts can vary significantly with location and season. Do not interpret this map too literally.

This map is based on preliminary climate division data. Local conditions and/or final data may differ. See the detailed product suite description for more details.

# Grain 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 <sup>2017/18</sup> = 5.550 bln bu (*10 year high* – vs 5.858 bb in 2007/08)
  - Ethanol <sup>2017/18</sup> = 5.525 bln bu (*Record high* – vs 5.439 bb last year)
  - Other FSI <sup>2017/18</sup> = 1.470 bln bu (*Record high* – vs 1.452 bb in 2016/17)
  - Exports <sup>2017/18</sup> = 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.....

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

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

- % Stocks/Use <sup>2017/18</sup> ⇒ 6.8% S/U (Historically "tight")

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

- End Stocks <sup>2017/18</sup> ⇒ 2.477 bln bu (2<sup>nd</sup> highest since 1987/88)

- % Stocks/Use <sup>2017/18</sup> ⇒ 17.1% S/U (Highest since 2005/06)



## CME Corn Futures

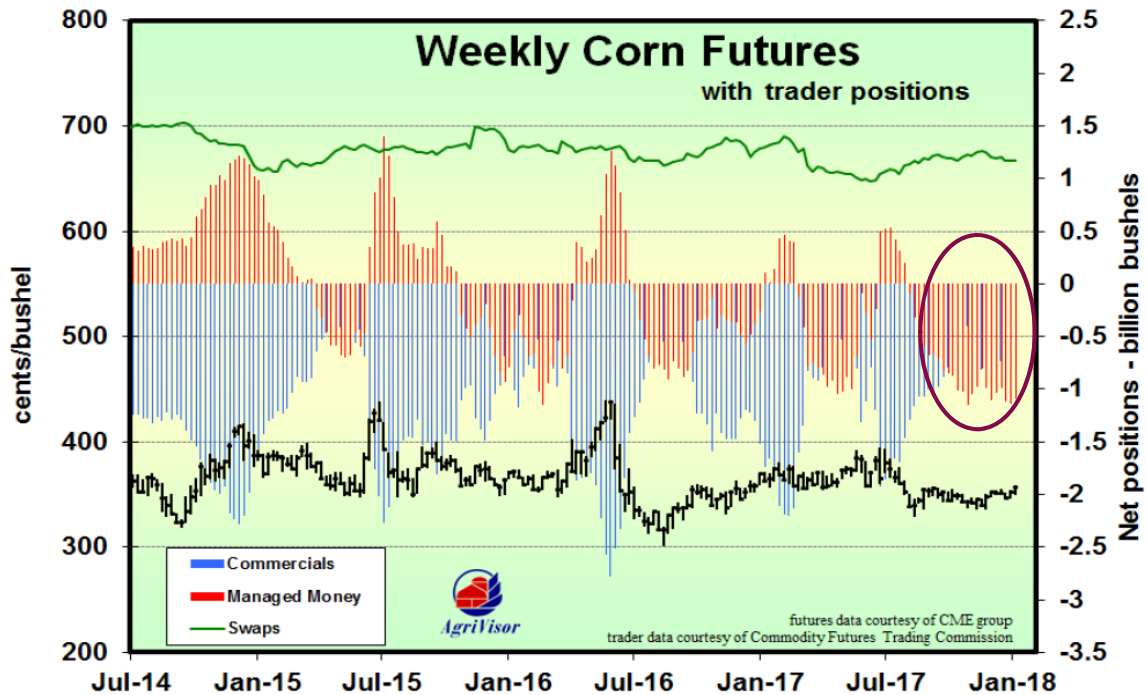
Weekly Chart: December 2008 – January 2018 + 2/6/2018



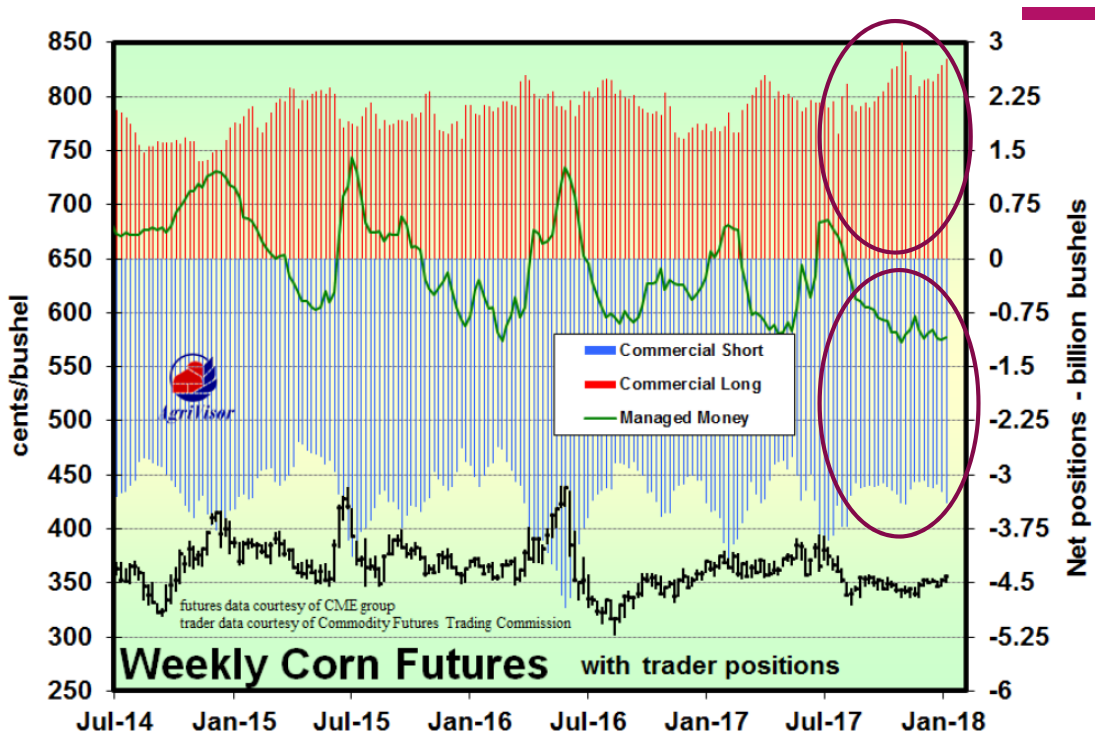
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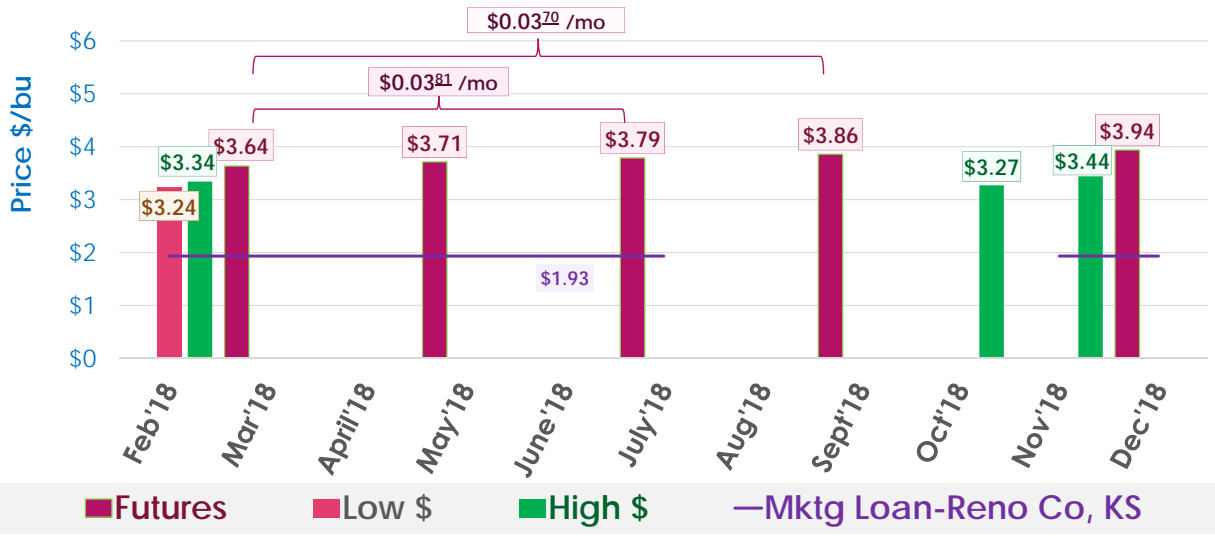






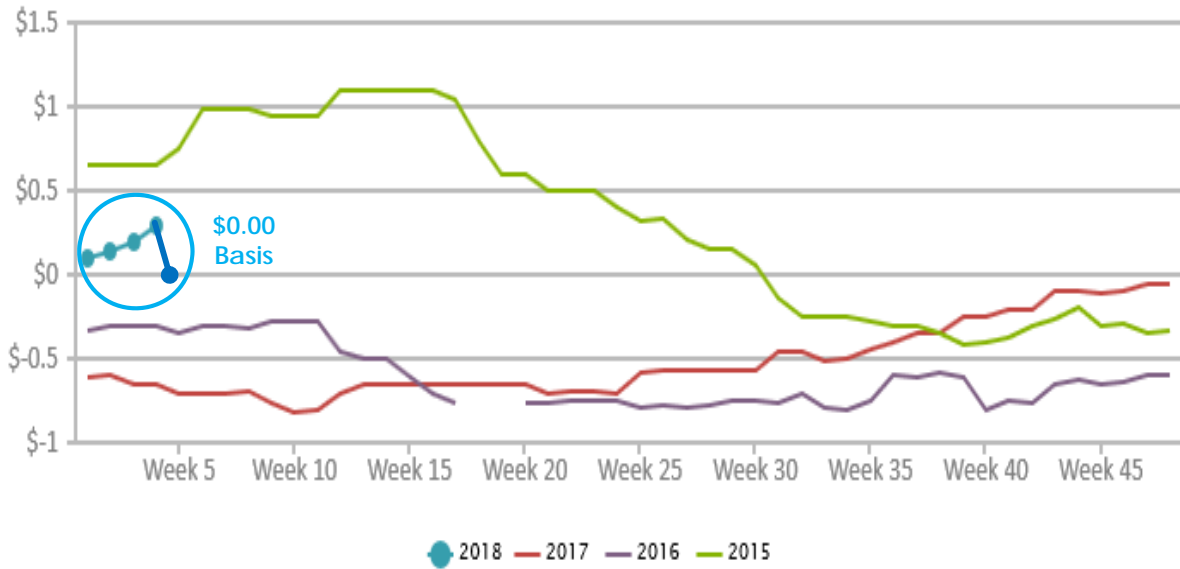
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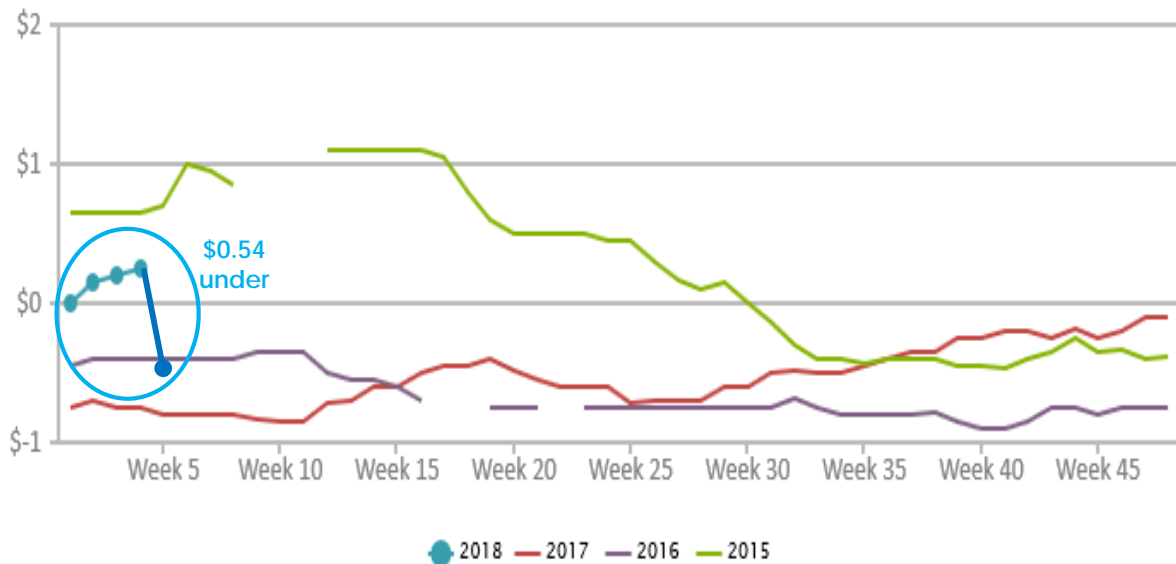
# HUTCHINSON, KS: Grain Sorghum Basis - CARGILL

[www.AgManager.info](http://www.AgManager.info)

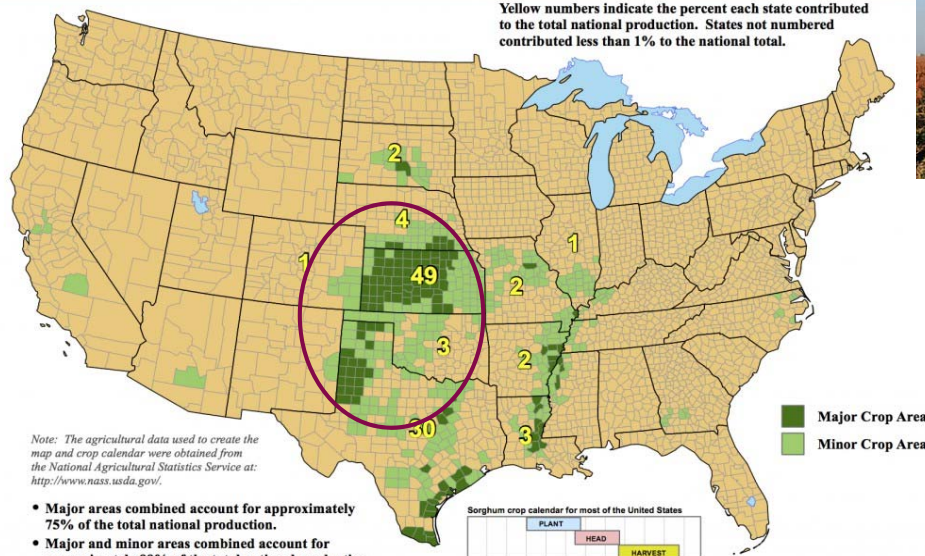


# SALINA, KS: Grain Sorghum Basis - SCOLAR GRAIN CO

[www.AgManager.info](http://www.AgManager.info)



## 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.

USDA Agricultural Weather Assessments  
World Agricultural Outlook Board



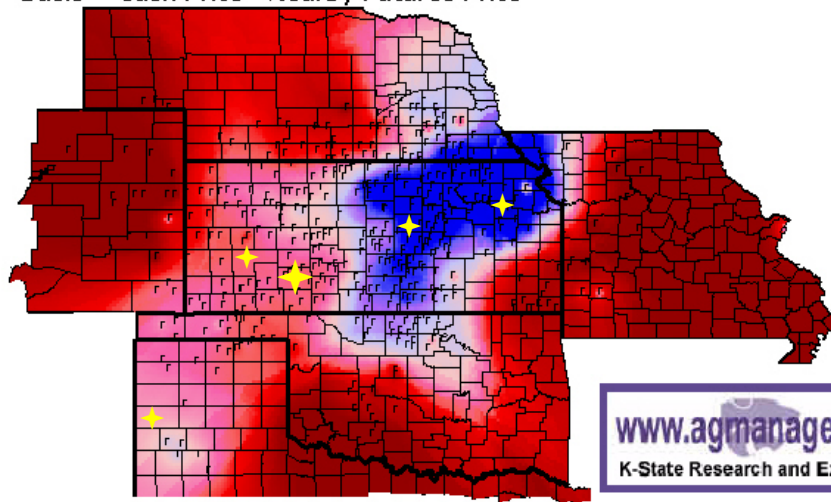
## Grain Sorghum Basis, 01-31-2018

Basis = Cash Price - Nearby Futures Price

CBT Corn  
Mar Futures  
Price: \$3.59

\$/Bushel

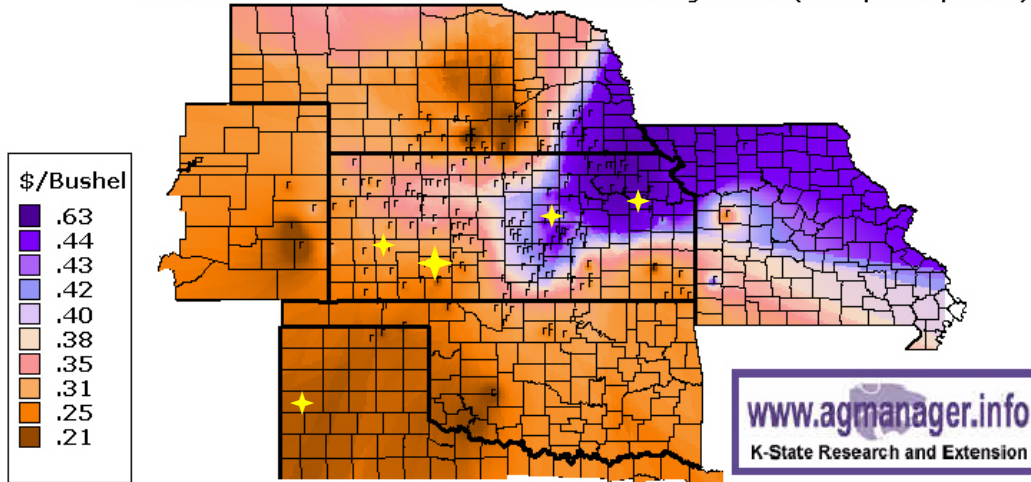
|                 |      |
|-----------------|------|
| Dark Blue       | .60  |
| Blue            | .02  |
| Light Blue      | -.01 |
| Very Light Blue | -.03 |
| White           | -.07 |
| Light Pink      | -.13 |
| Medium Pink     | -.19 |
| Red             | -.22 |
| Dark Red        | -.26 |
| Black           | -.42 |



[www.agmanager.info](http://www.agmanager.info)  
K-State Research and Extension

## Grain Sorghum Basis Deviation, 01-31-2018

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



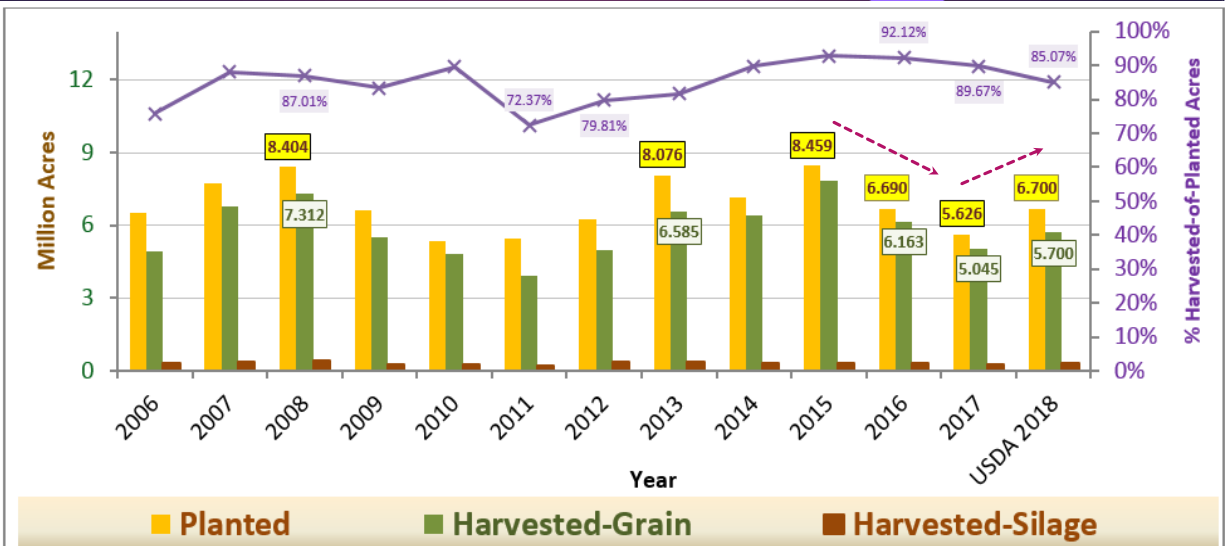
## U.S. Grain Sorghum Supply-Demand

| SORGHUM                     | 2015/16                | 2016/17 Est. | 2017/18 Proj.<br>Dec | 2017/18 Proj.<br>Jan |                                    |
|-----------------------------|------------------------|--------------|----------------------|----------------------|------------------------------------|
|                             | <i>Million Bushels</i> |              |                      |                      |                                    |
| Area Planted (mil. acres)   | 8.5                    | 6.7          | 5.7                  | 5.6                  | } ↓ Crop<br>↓ Supply               |
| Area Harvested (mil. acres) | 7.9                    | 6.2          | 5.0                  | 5.0                  |                                    |
| Yield (bushels/acre)        | 76.0                   | 77.9         | 70.4                 | 72.1                 |                                    |
| Beginning Stocks            | 18                     | 37           | 34                   | 33                   | } ↓ Domestic Use<br>&<br>↑ Exports |
| Production                  | 597                    | 480          | 356                  | 364                  |                                    |
| Imports                     | 5                      | 2            | 2                    | 2                    | } ↓ Stocks<br>↑ Prices             |
| Supply, Total               | 620                    | 519          | 391                  | 399                  |                                    |
| Feed and Residual           | 107                    | 130          | 60                   | 65                   |                                    |
| Food, Seed & Industrial     | 137                    | 115          | 50                   | 50                   |                                    |
| Total Domestic              | 244                    | 245          | 110                  | 115                  |                                    |
| Exports                     | 340                    | 241          | 260                  | 260                  |                                    |
| Use, Total                  | 583                    | 485          | 370                  | 375                  |                                    |
| Ending Stocks               | 37                     | 33           | 21                   | 24                   |                                    |
| Avg. Farm Price (\$/bu) 2/  | 3.31                   | 2.79         | 2.75 - 3.45          | 2.85 - 3.45          |                                    |

# U.S. Corn Supply and Demand

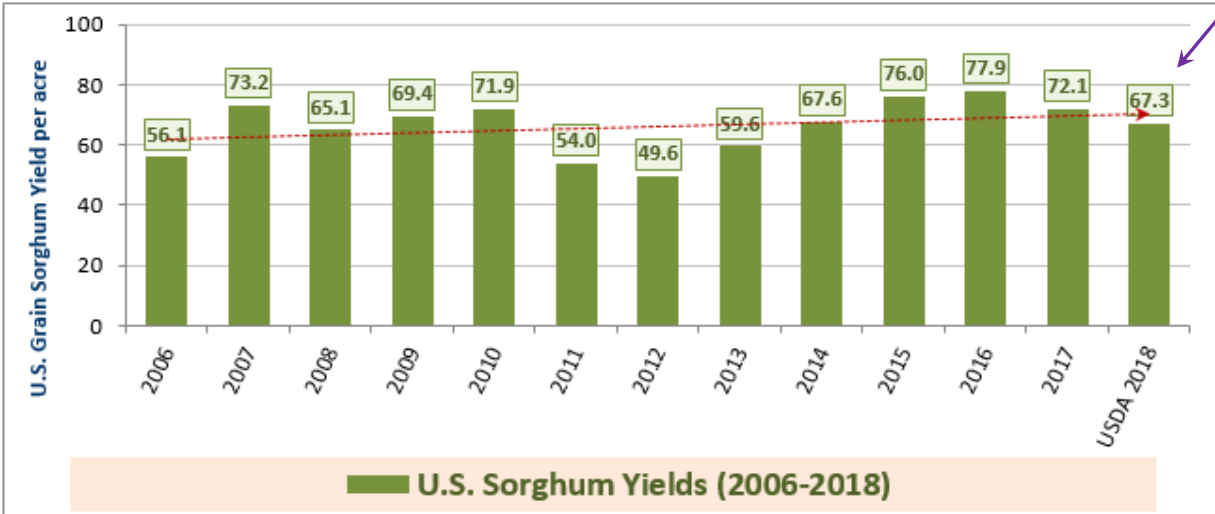
|                                | 2016/17<br>estimate | 2017/18<br>forecast | Change<br>from<br>December 12 | Change from<br>2016/17 |                                     |
|--------------------------------|---------------------|---------------------|-------------------------------|------------------------|-------------------------------------|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

## U.S. Sorghum Acreage

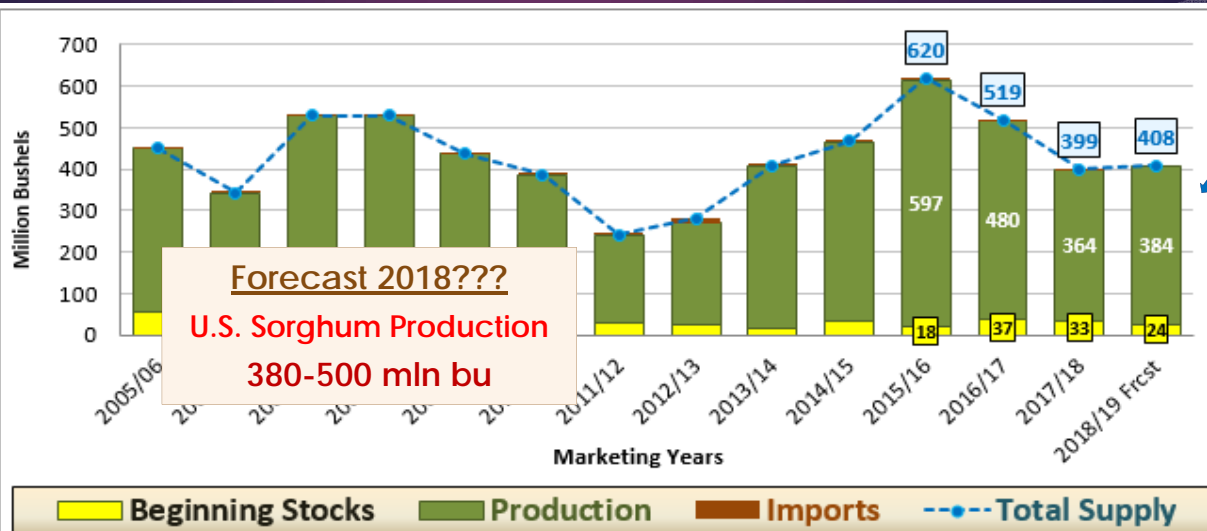


# U.S. Sorghum Yields

USDA 2018 USDA Forecast = 67.3 bu/ac

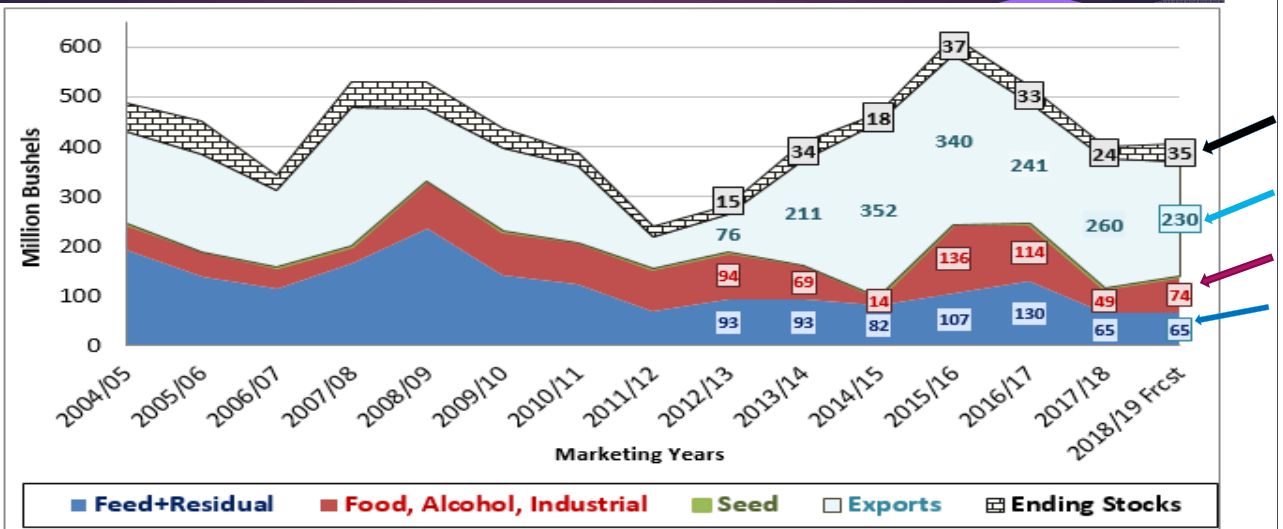


# U.S. Sorghum Crop & Supplies





# U.S. Sorghum Use - By Category



# U.S. Meat Production and Prices

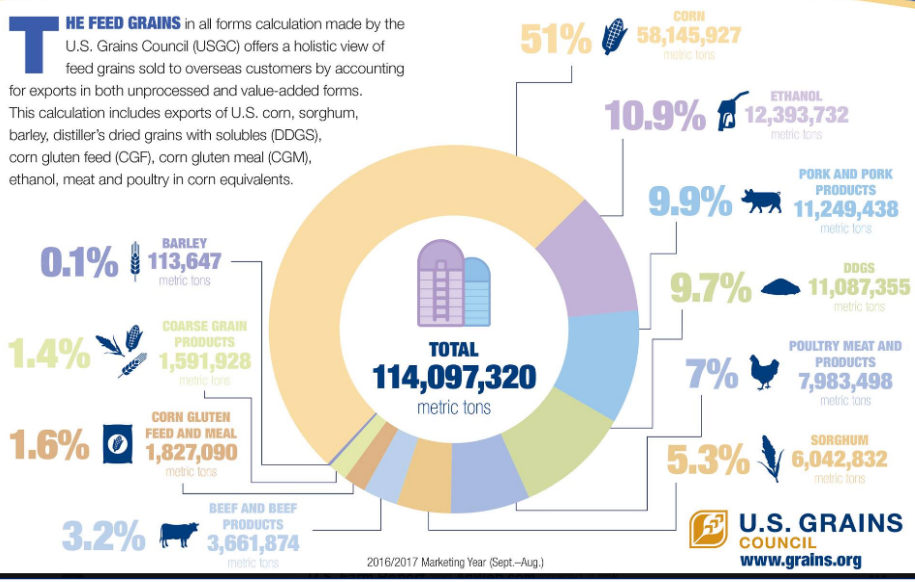
|                   | 2017<br>forecast | 2018<br>forecast | Change from<br>2017   |                           |  |
|-------------------|------------------|------------------|-----------------------|---------------------------|--|
| <b>Production</b> |                  |                  | <i>Billion pounds</i> |                           |  |
| 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%                     |  |
| <b>Total meat</b> | <b>100.09</b>    | <b>103.94</b>    | <b>3.85</b>           | <b>+3.8%</b>              |  |
| <b>Prices</b>     |                  |                  | <i>Dollars/cwt</i>    |                           |  |
| Steers            | 121.52           | 118.25           | -3.27                 | } Prices<br>to<br>decline |  |
| Hogs              | 50.48            | 47.75            | -2.73                 |                           |  |
|                   |                  |                  | <i>Cents/lb</i>       |                           |  |
| Broilers          | 93.5             | 90.5             | -3.0                  |                           |  |
| Turkey            | 96.1             | 91.0             | -5.1                  |                           |  |



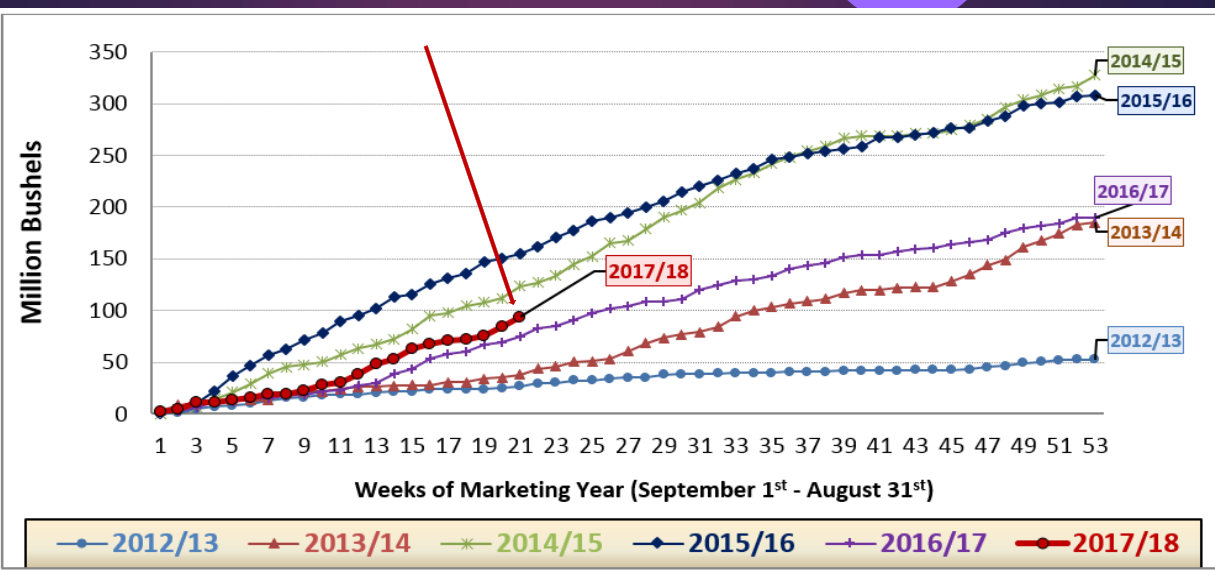


## How US Grain Was Exported in 2016/2017

**T**HE 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. Sorghum Exports - Weekly thru January 25, 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    |

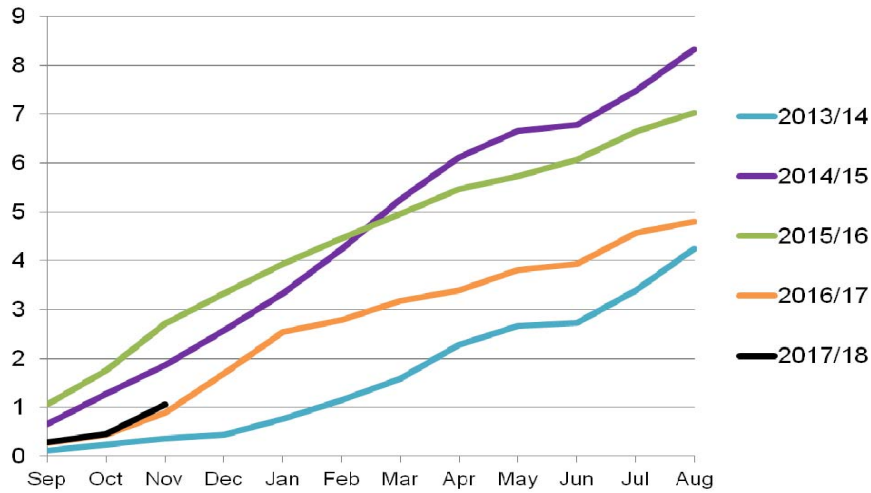
Source: USDA Foreign Agriculture Service's Global Agriculture Trading System report for marketing year Sept. 1, 2015 to Aug. 31, 2016.

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



# U.S. Exports of Sorghum to China

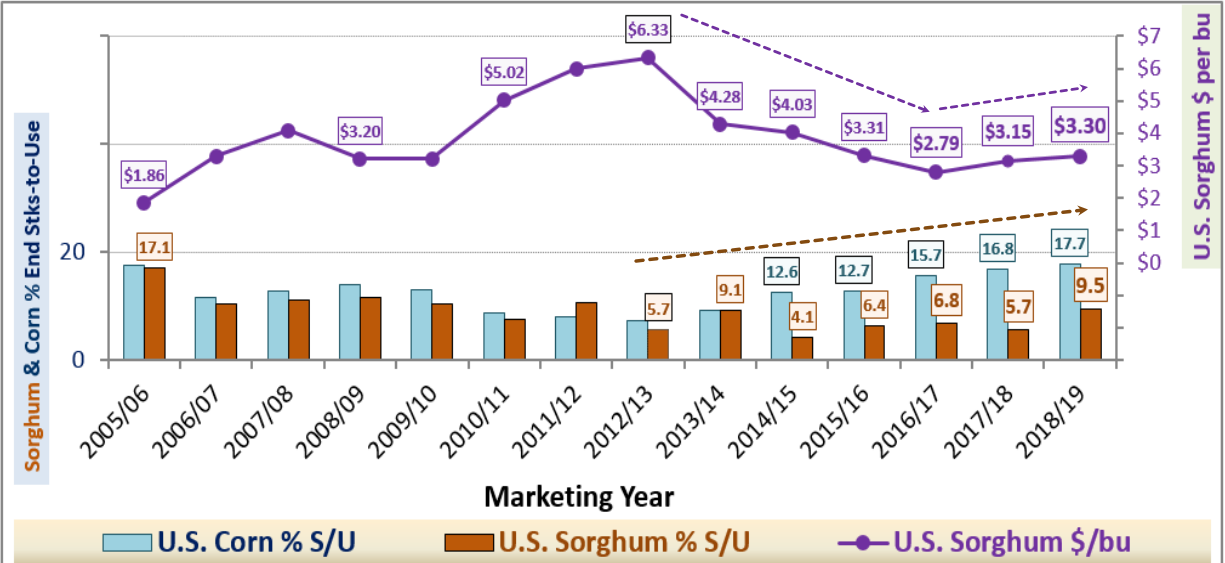
(millions of tonnes)



Data source: U.S. Department of Agriculture/Foreign Ag Service

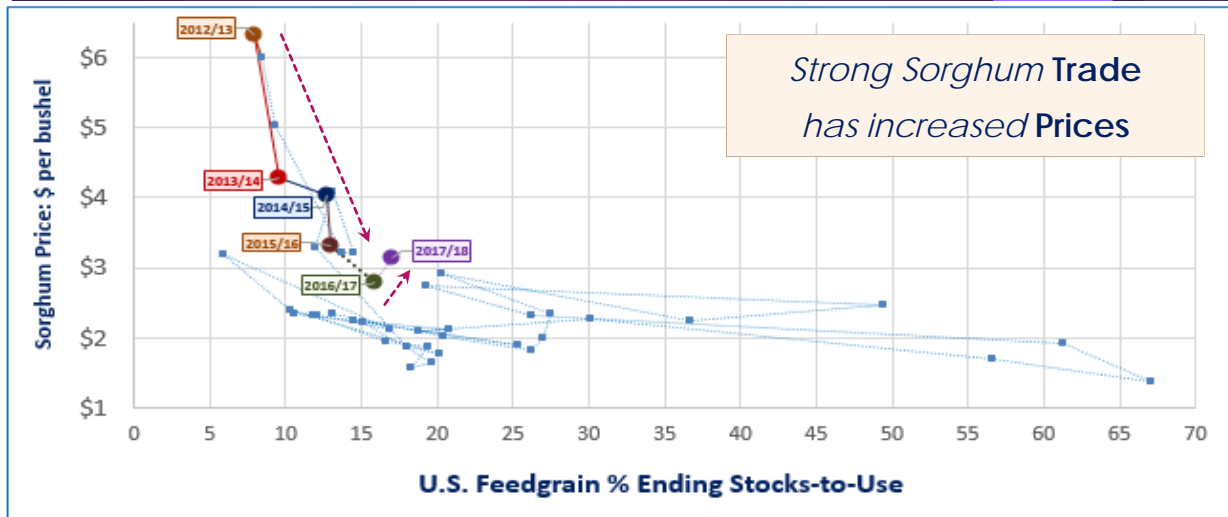
@kannbwx

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



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

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



## Questions?

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Blog: [www.ksugrains.wordpress.com](http://www.ksugrains.wordpress.com)

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