

# Grain Market Outlook in 2023

## 2022 Crop Insurance Workshop

Tony's Pizza Event Center, Salina, Kansas

October 20, 2022

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## Market Perspective

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## Grain Market Outlook 2022-2023

### in Kansas, the U.S. & Globally

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#### 1) Crop Production damage in the Western-Central Plains in 2022

- *Western Kansas / OK / TX / NE – Corn Basis strength* <sup>Historic++</sup>
- Damaged **2022 U.S. Corn Production** – *less than* 13.895 billion bu.?
  - Damaged **2022 U.S. HRW Production** – 531 mb<sup>2022</sup> vs 750 mb<sup>2021</sup>

#### 2) “Tight!!!!” Global Grain & Oilseed Stocks in 2022-2023

- *The importance of South America’s early 2023 soybean & corn crops*
- “*Little – No*” margin for 2023 shortfalls among global corn & wheat producers

## What to anticipate: Fall 2022 – Year 2023

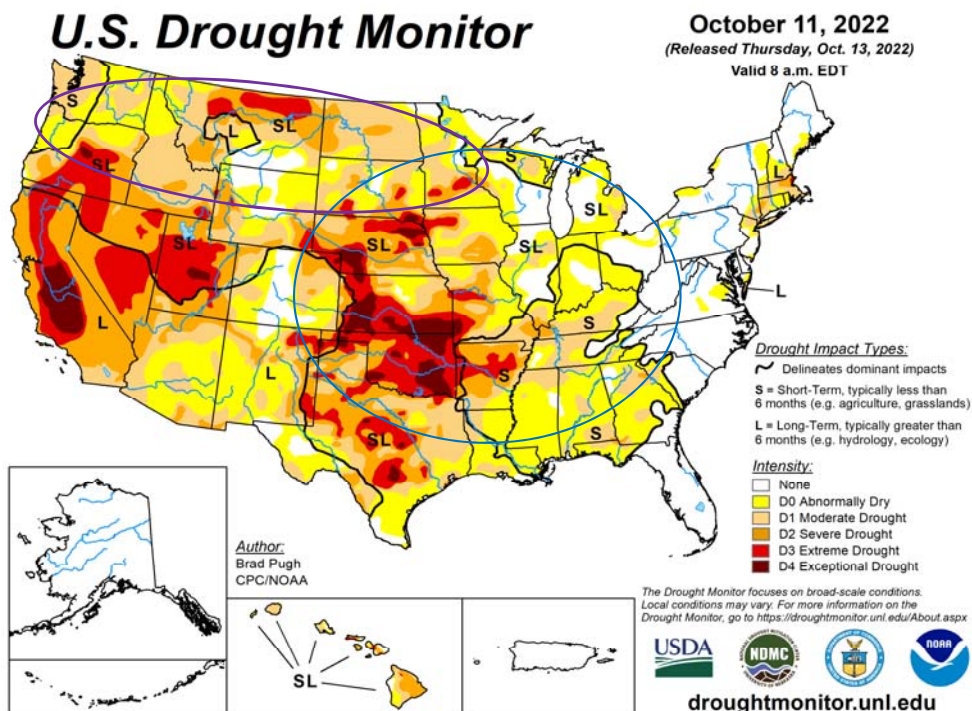
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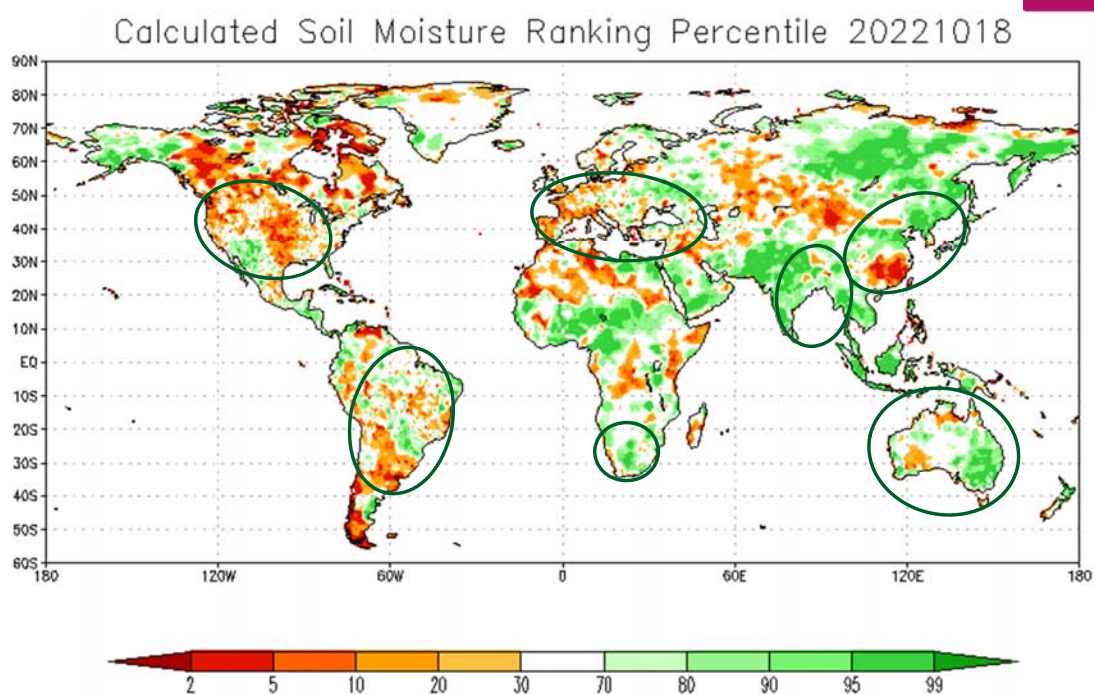
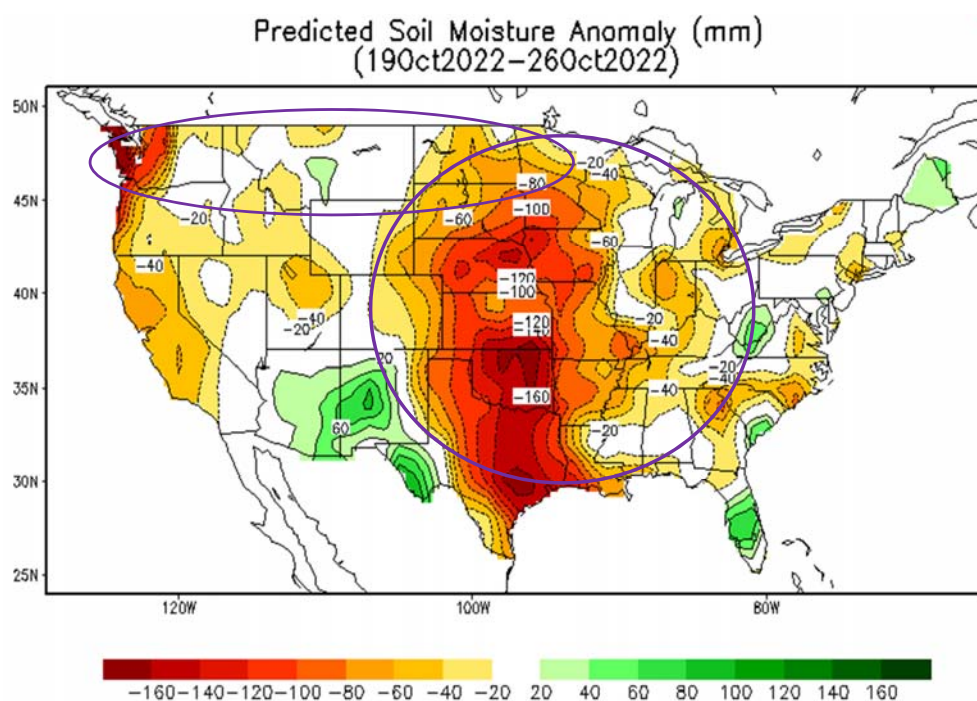
#### □ 2023 Spring Planting of Feedgrains & Oilseeds

- With tight stocks for all crops – any threats to planting 2023 U.S. corn or soybeans could cause **STRONG** market price volatility
  - NOV<sup>2023</sup> Soybean futures @ \$13.48 ½ /bu <sup>10/19/2022</sup>
  - DEC<sup>2023</sup> Corn futures @ \$6.20 ½ bu <sup>10/19/2022</sup>
    - Fall <sup>2023</sup> Soy/Corn \$ Ratio =  $\$13.48 \frac{1}{2} \div \$6.20 \frac{1}{2} = 2.17$  *Advantage Corn*
- ✓ Strong “*New Crop*” competition for 2023 planted acres between Feedgrains & Oilseeds ⇒ *starting SOON* after 2022 fall harvest

## 3) Continuance of dry La Nina Weather Pattern in 2022-2023???

- “Chances for La Nina are expected to gradually decrease from 86% to 60% during Dec-Feb 2022-2023” *Reuters 8/11/2022*
- “A rare 3-peat La Nina is expected this winter.” *Weather Science 8/12/2022*
- “La Nina Conditions to Go On, Chances Drop Into Early 2023 - U.S. Forecaster” *Reuters 9/8/2022*
- “The majority of models predict an easing of the La Niña in early 2023, suggesting a relatively short-lived event....” *Australia Bureau of Meteorology, 9/13/2022*





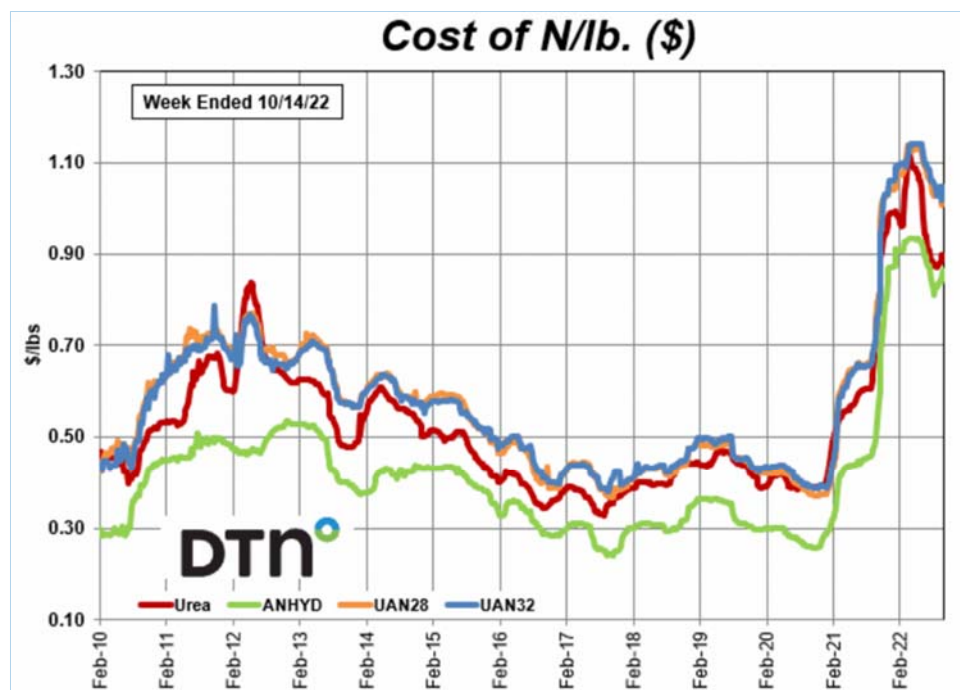


## Grain Market Outlook 2022-2023 .....

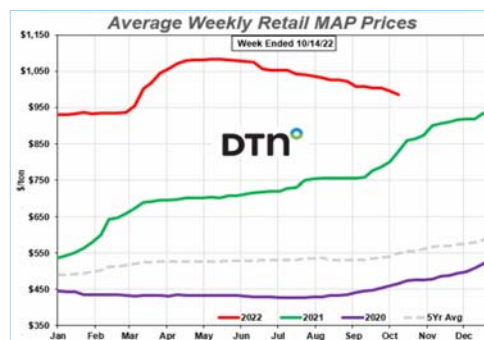
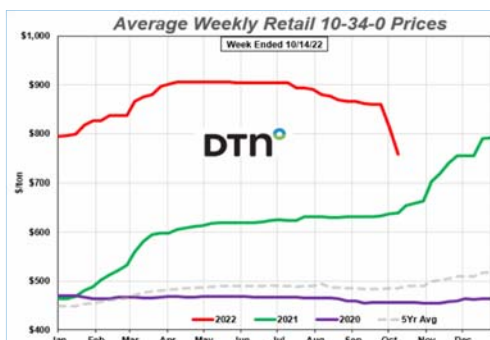
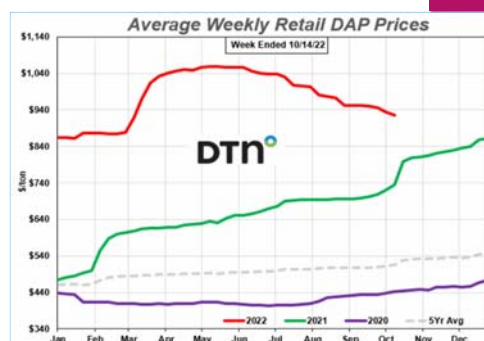
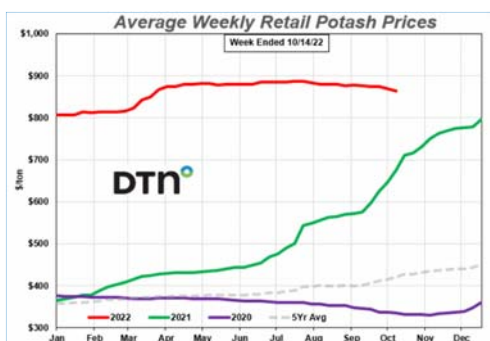
9

### 3) “Moderate-to-High” 2023 Fertilizer & other Crop Input Costs....

- Moderating natural gas & logistics costs, w. supply-chain challenges



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## Grain Market Outlook 2022-2023 .....

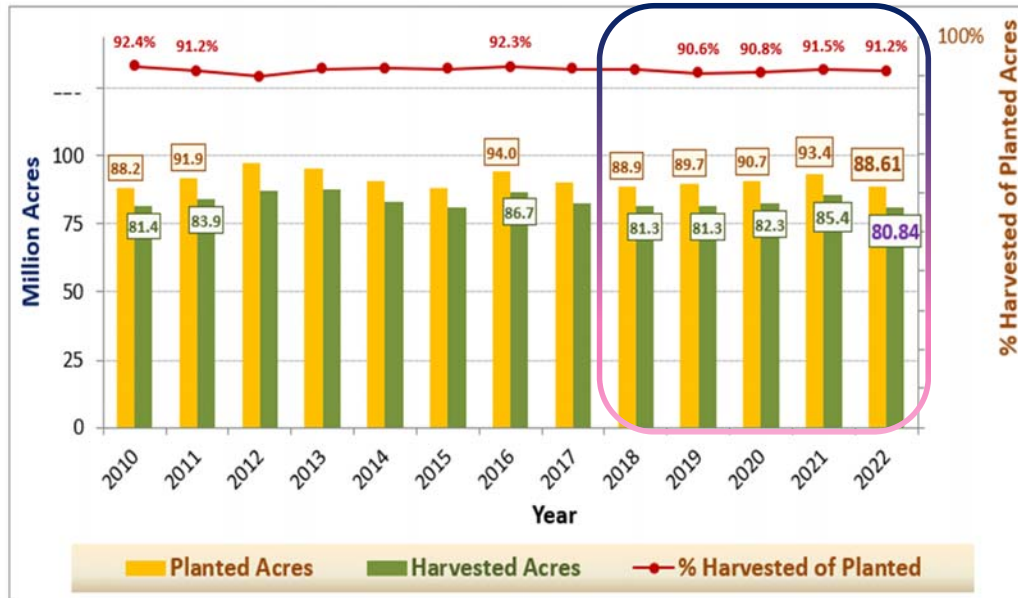
12

### 3) Continued high cost for Crop Inputs – Seed, Fertilizer, Pesticides...

- High natural gas & logistics costs, w. supply-chain challenges
- Limiting 2023 U.S. Corn Acres  $\Rightarrow \approx 89 - 90$  million???
- Increasing 2023 U.S. Soybean Acres  $\Rightarrow \approx 87 - 89$  million???
- Foreign crop production efficiency impacted with reduced use of fertilizer, herbicides, seed & other crop inputs

## U.S. Corn Acreage for Years 2010-2022 as of the October 12, 2022

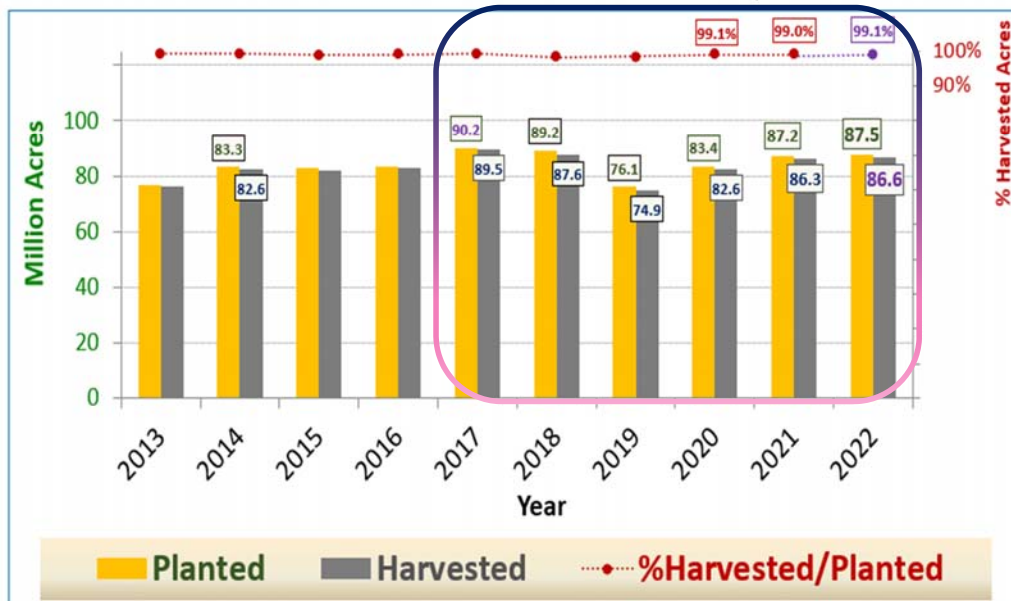
USDA WASDE & NASS Reports



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## U.S. Soybean Planted & Harvested Acreage:

Years 2013-2022 as of the October 12<sup>th</sup> USDA WASDE & NASS Reports



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## Grain Market Outlook 2022-2023 .....

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### 4) U.S. HRW Winter Wheat Seedings *Fall 2022* for Harvest 2023

- **Key:** Soil Moisture prospects in the Central-Southern Plains *Sept-Oct 2022*
- **Factors:** Strong Crop Insurance Planning Prices, moisture & other issues

□ Support from strong CME “New Crop” HRW JULY 2023 Wheat futures & a historically strong 2023 Crop Revenue Insurance Planning Price

- RMA Planning \$ JULY23 KC HRW Wheat = **\$8.79 /bu** @75% APH (\$6.59 /bu @100% APH\*)
- **KSU Costs:** ≈ \$7.25 /bu *West (W-SC-F)* & \$5.58-\$6.27 /bu *Central (Rotation)*

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Your Price Criteria

Select New Criteria

Commodity:Wheat

State:Kansas

Sales Closing Date:September 30, 2022

Type:Winter

Practice:Conventional

Year:2023

Base Contract: KCBT July HRW Wheat 2023 (KEN23)

Projected Price

\$8.79

per Bushel

Price Volatility

0.31

Harvest Price

Not Yet Available

Status

Released

Released

Yet To Start

Start Date

8/15/2022

8/15/2022

N/A

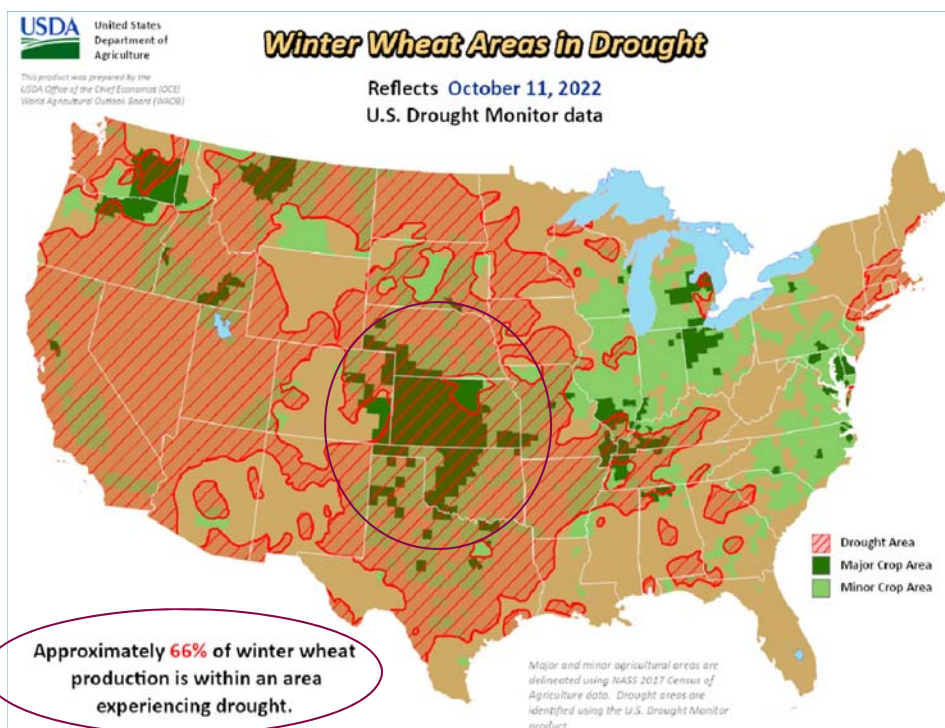
End Date

9/14/2022

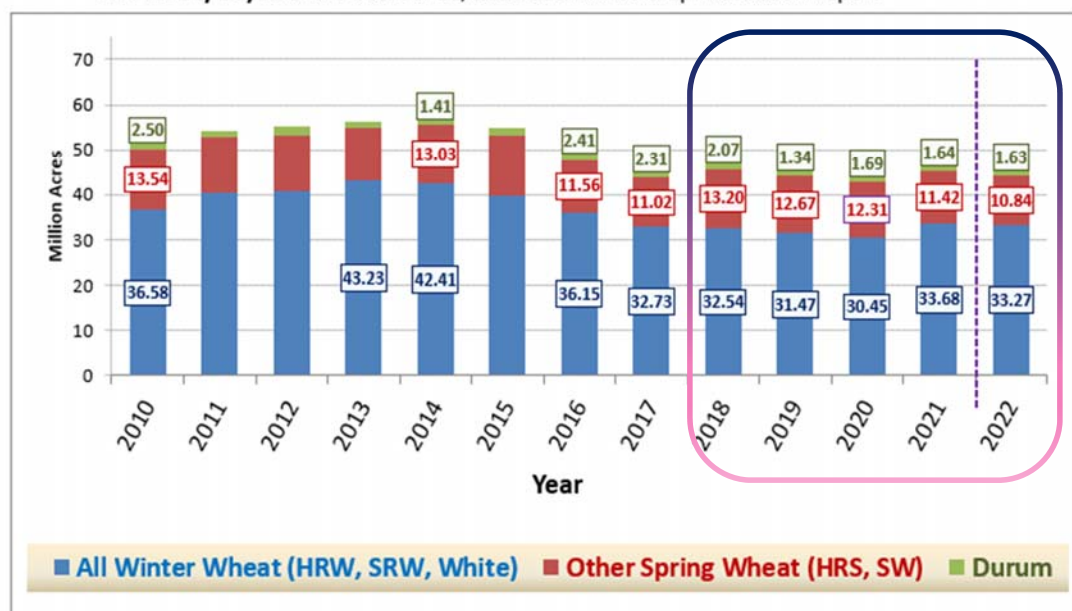
9/14/2022

N/A



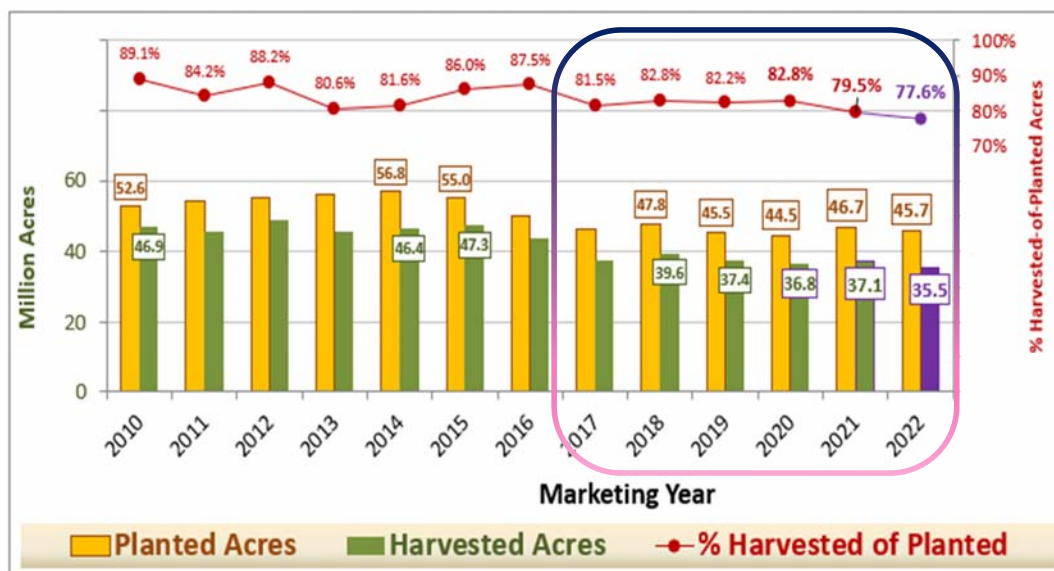


**U.S. Wheat Planted Acreage – All Winter, Other Spring & Durum Classes (since MY 2010/11)** as of the October 12, 2022 USDA NASS Crop Production Report



## U.S. All Wheat Planted & Harvested Acreage (MY 2010/11 – MY 2022/23) as of the October 12, 2022 USDA NASS Crop Production Report

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## Grain Market Outlook 2022-2023 .....

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### 5) Impact of Ongoing & Possible Geopolitical Conflicts 2022-2023

- *Ukraine-Russia War???: Prospects for de-escalation & grain trade?*
- **China-Taiwan???** - If this happens, would likely impact the global economy & U.S. grain trade
  - *U.S. Soybeans, Grain Sorghum, Wheat & likely ALL U.S. Agricultural commodity markets impacted directly or indirectly \*\**

## What to anticipate: Fall 2022 – Year 2023

### 6) USDA Reports ⇒ *Bringing grain market volatility!!!*

- USDA Report release dates coming up:
  - Crop Production & WASDE: Nov. 9<sup>th</sup>, Dec. 9<sup>th</sup>, & January 2023
    - May possibly have more declines in projected 2022 feedgrain & oilseed crops in the **Western & Central Corn Belt & Northern Plains** – from either *lower yields\** OR *reduced acres*
  - Grain Stocks & Winter Wheat Seedings: January 2023

## Grain Market Outlook 2022-2023 .....

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### 7) Overall Prospects for 2023 Grain Markets???

- Grain Prices supported @ High Levels 2022-2023 – *until* grain markets are confident of larger crops & likely rebuilding of stocks
  - Both 'Old Crop' Cash & 'New Crop' Forward Bids likely to be vulnerable to declines during *late Spring – Summer*<sup>2023</sup> into 2023 Fall harvest
- Geopolitical Conflicts: Continued impacts on World grain markets *Unknown*
- Impact of South America Crop Development: Brazil & Argentina crop prospects likely to drive U.S. crop price volatility during Jan-August 2023

# What to anticipate: Fall 2022 – Year 2023

## South America Market Influences ⇒ *"Bidding for Acres"*

- Brazil & Argentina Corn & Soybean Crop Calendars

- Brazil

- Corn: 1<sup>st</sup> crop *Planting* – **\*\*October\*\***-December ⇒ Harvest: February-June
    - Soybeans: *Planting* – October-December ⇒ Harvest: March-June
    - Corn: 2<sup>nd</sup> crop *Planting* – January-February ⇒ Harvest: March-June

- Argentina

- Corn: *Planting* – **\*\*mid-September\*\***-December ⇒ Harvest: mid March-early June
    - Soybeans: 1<sup>st</sup> crop *Planting* – November-December ⇒ Harvest: Late March-early May
    - Soybeans: 2<sup>nd</sup> crop *Planting* – December-early Jan. ⇒ Harvest: mid April – mid June

# Corn Markets





### CME Daily

#### DEC 2022 Corn:

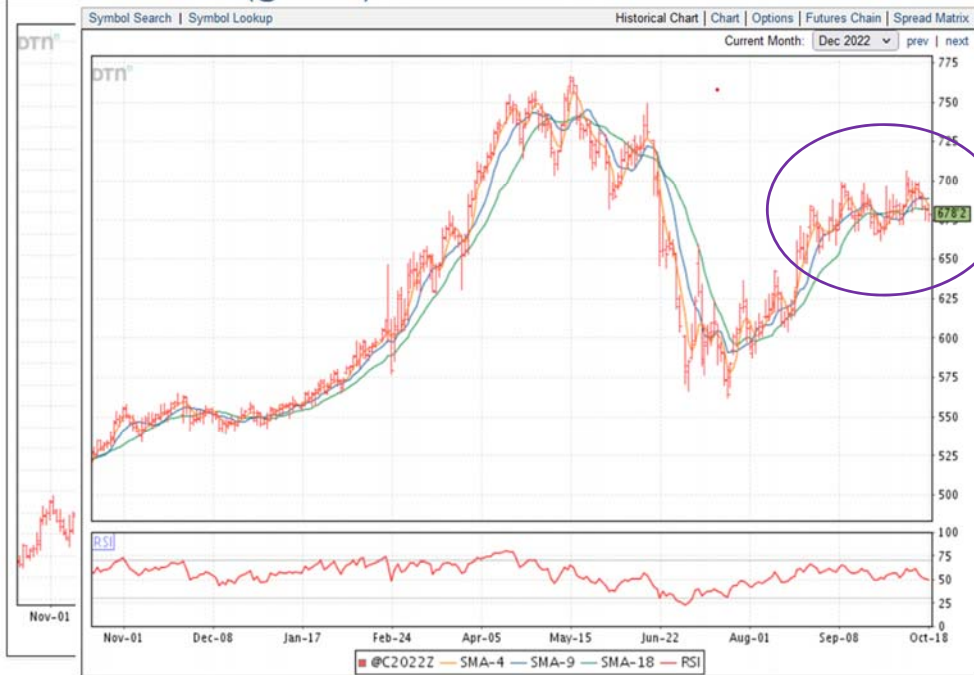
\$6.78 ¼ /bu close  
on Wednesday,  
October 19, 2022

Short Term  
Price Trend  
???

*\*Sideways\**

ELEC. CORN (@C2022Z)

ELEC. CORN (@C2022Z)



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### CME Daily

#### DEC 2022 Corn:

\$6.78 ¼ /bu close  
on Wednesday,  
October 19, 2022

Long Term  
Price Trend  
???

*\*Sideways\**

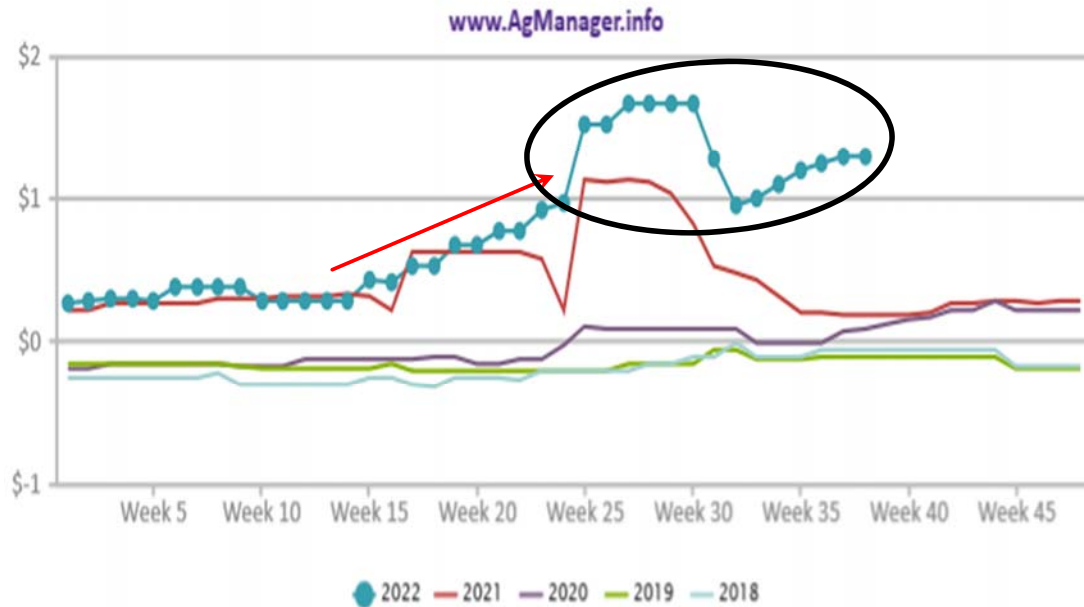


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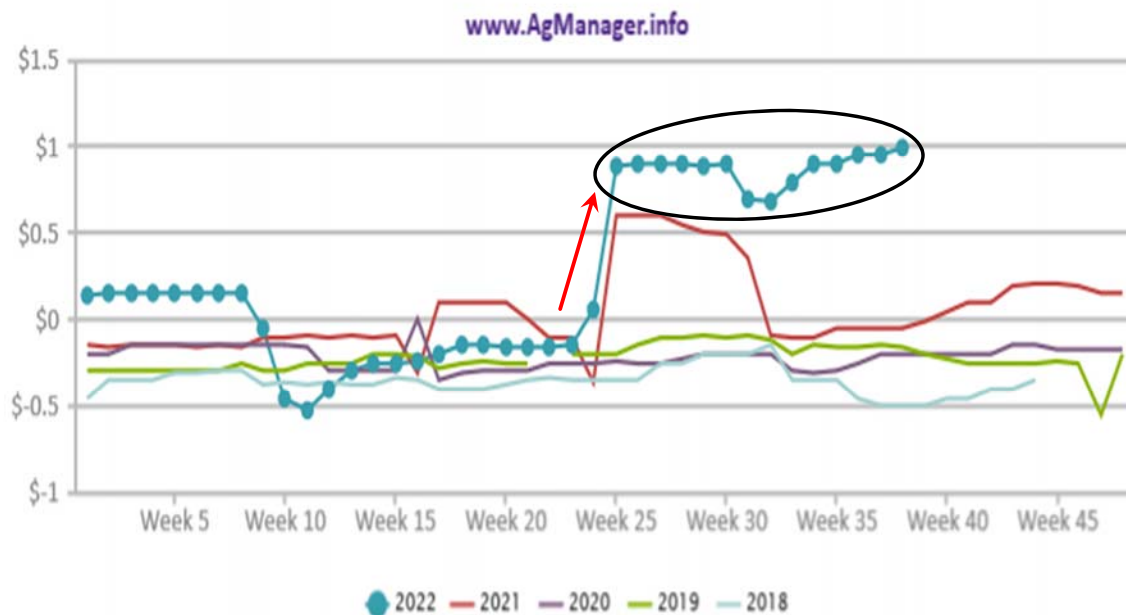
## DODGE CITY, KS: Corn Basis - ALLIANCE AG AND GRAIN LLC

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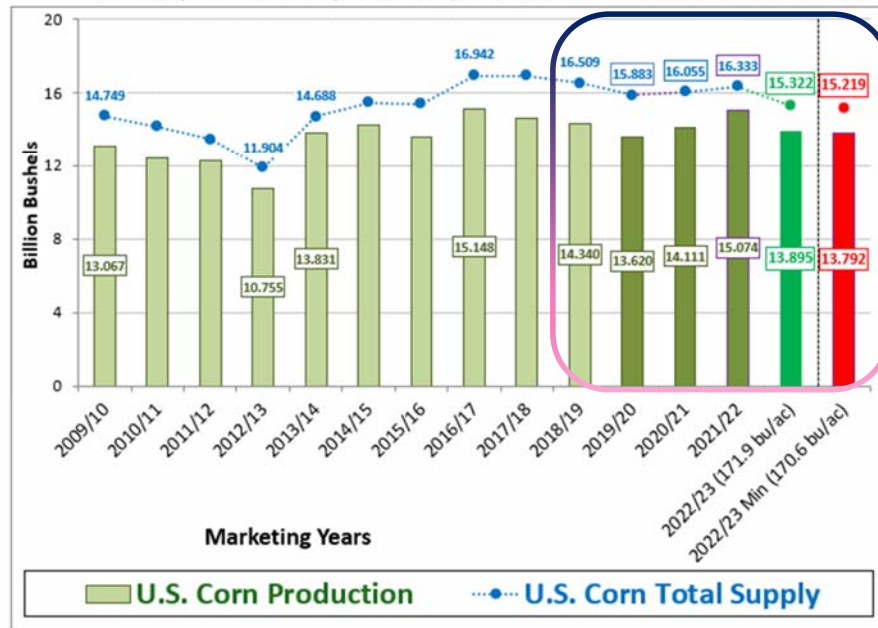
## SALINA, KS: Corn Basis - SCOLAR GRAIN CO

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## U.S. Corn Production & Total Supplies:

MY 2009/10 - "New Crop" MY 2022/23 as of the Oct. 12<sup>th</sup>, 2022 USDA WASDE & NASS Reports



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## U.S. Corn End Stocks & % Stocks-to-Use:

MY 2005/06 thru "New Crop" MY 2022/23 as of the October 12, 2022 USDA Reports

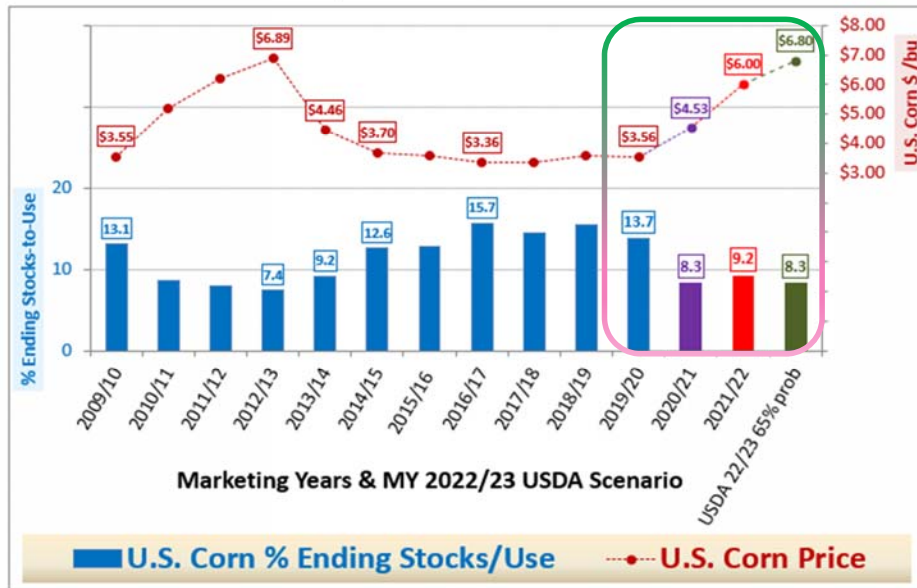


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## U.S. Corn % Ending Stocks vs U.S. Corn \$'s:

MY 2009/10 – “New Crop” MY 2022/23 as of the October 12, 2022 USDA Reports

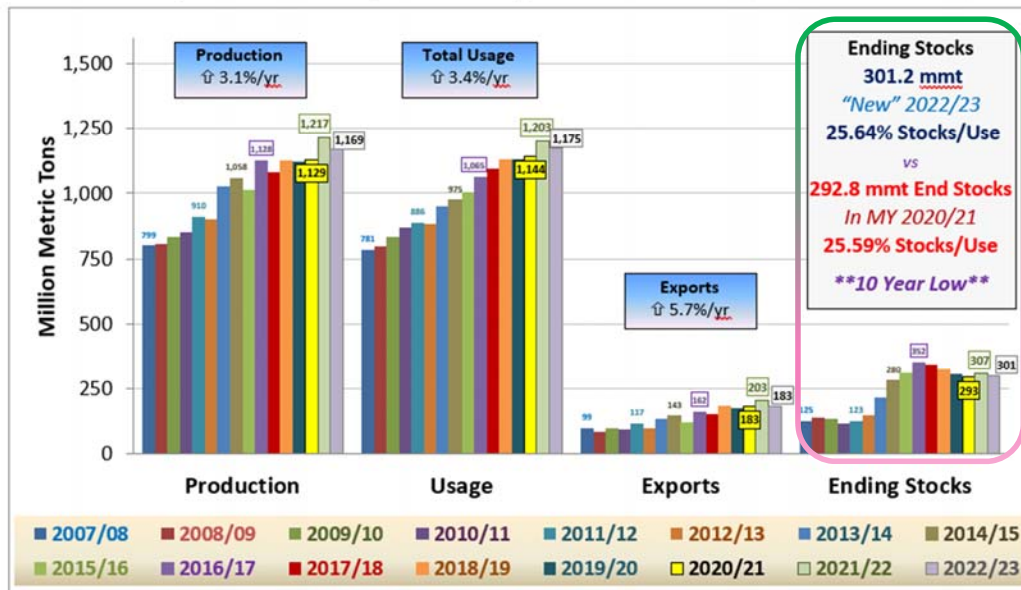
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## World Corn Supply-Demand

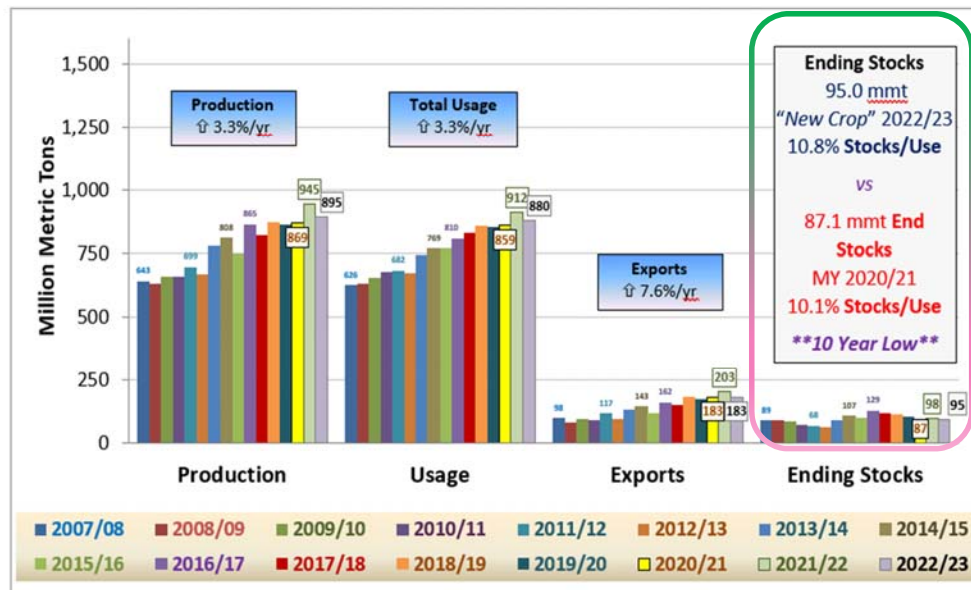
MY 2007/08 – “New Crop” MY 2022/23 as of the October 12, 2022 USDA WASDE Report

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## "World-Less-China" Corn Supply-Demand

MY 2007/08 – "New Crop" MY 2022/23, as of the October 12, 2022 USDA WASDE Report



## World vs "World-Less-China" Corn % Stocks-to-Use:

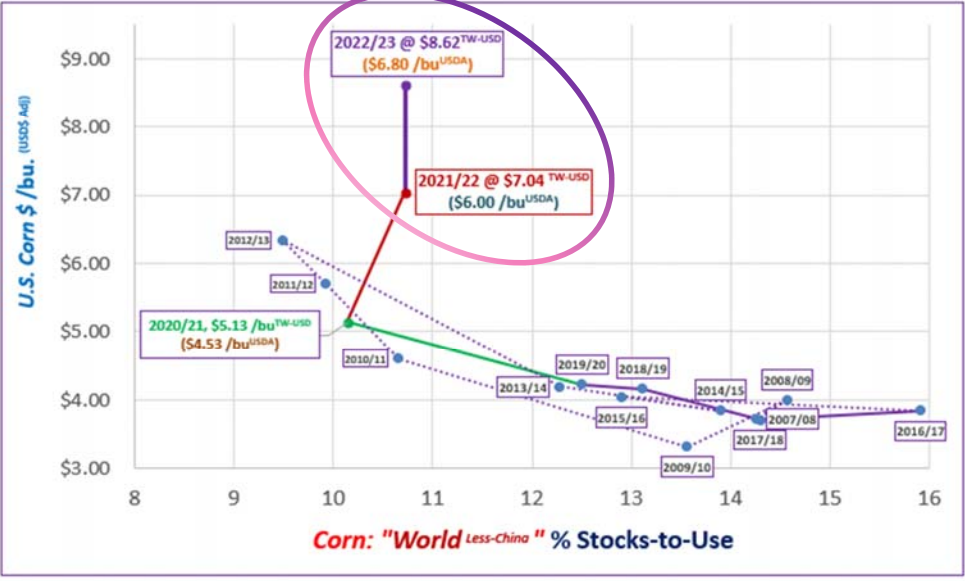
MY 2007/08 through "New" MY 2022/23, as of the October 12, 2022 USDA WASDE report.





# U.S. Corn \$<sup>USD\$ Adj.</sup> vs “World<sup>Less-China</sup>” % S/U:

MY 2007/08 – “New Crop” MY 2022/23 as of the October 12, 2022 WASDE



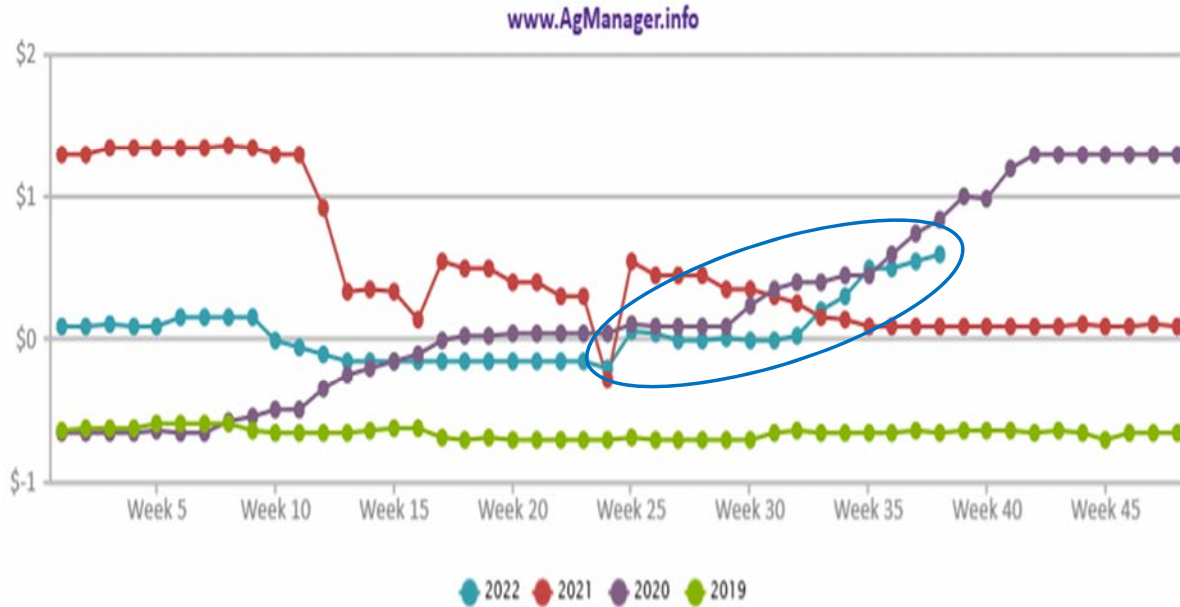
# Sorghum Markets





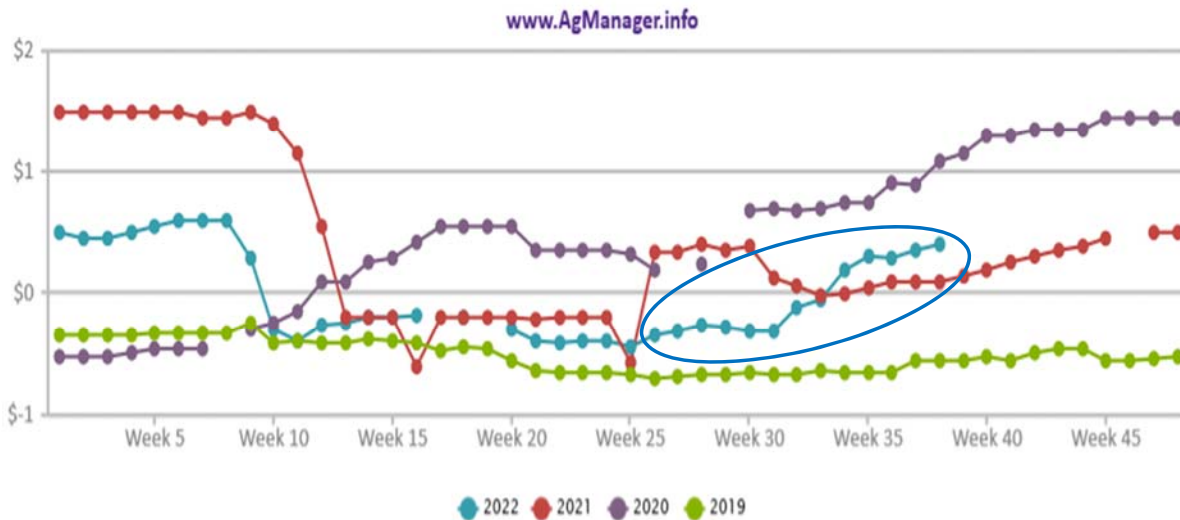
## DODGE CITY, KS: Grain Sorghum Basis - ALLIANCE AG AND GRAIN LLC

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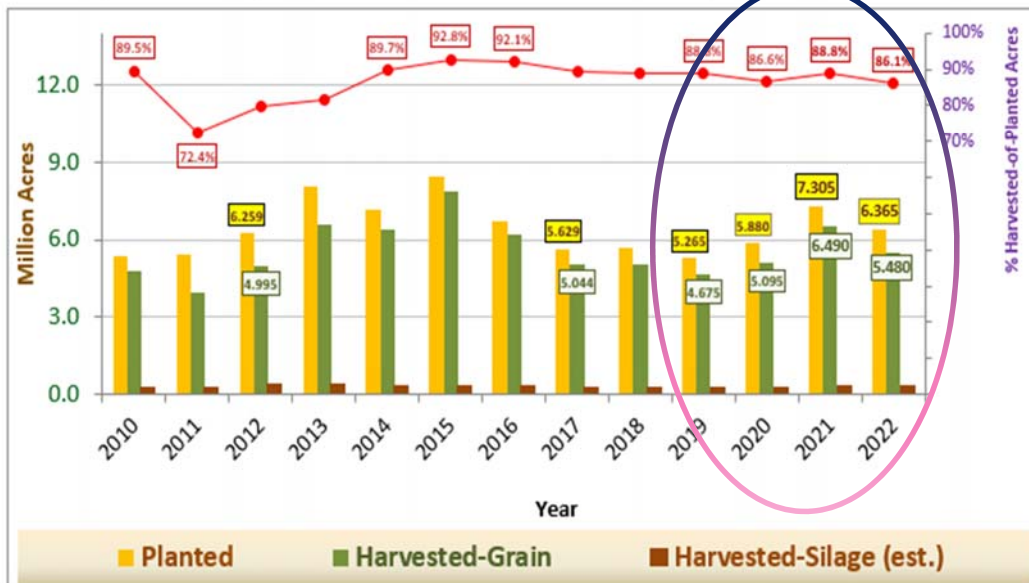
## SALINA, KS: Grain Sorghum Basis - CARGILL

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## U.S. Grain Sorghum Planted & Harvested Acreage

(2010 – 2022) as of the October 12, 2022 USDA WASDE report



## U.S. Grain Sorghum Yields for 2006-2022

as of the October 12, 2022 USDA Crop Production & WASDE reports



## U.S. Grain Sorghum Total Supplies

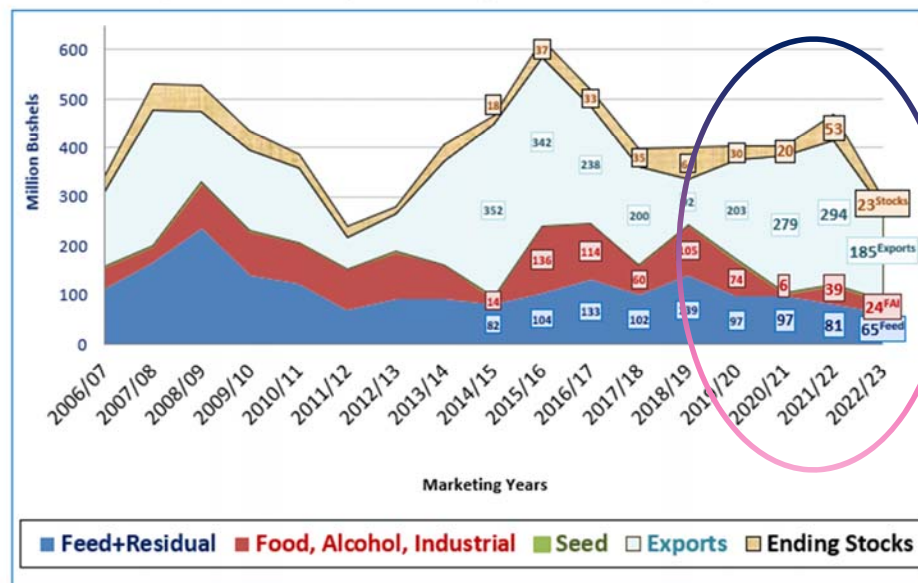
MY 2006/07 - "New Crop" MY 2021/22 as of the October 12, 2022 USDA Reports



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## Trends in U.S. Sorghum Use & End Stocks

MY 2006/07 - "New Crop" MY 2022/23 as of the Oct. 12, 2022 USDA WASDE

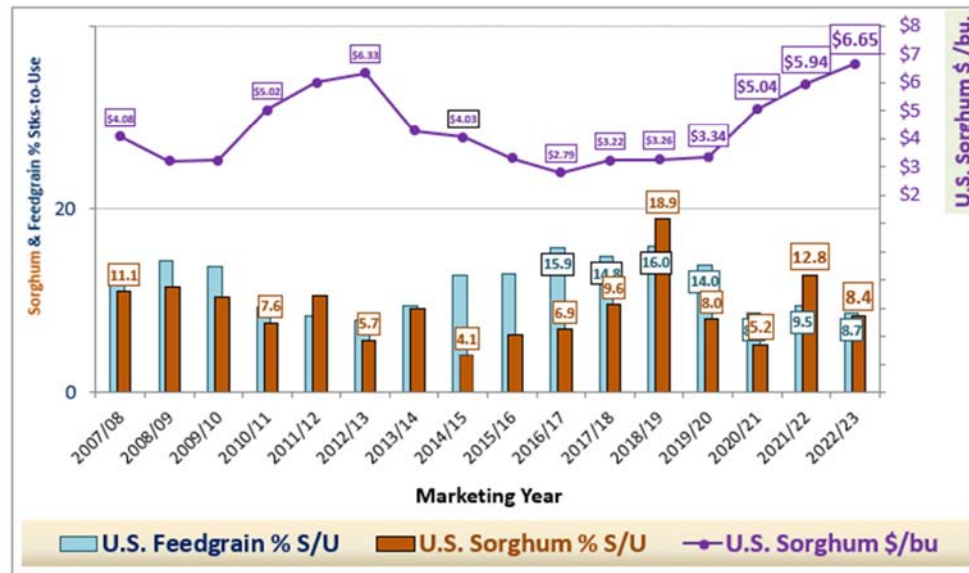


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# U.S. Sorghum % Stocks/Use vs U.S. Cash \$

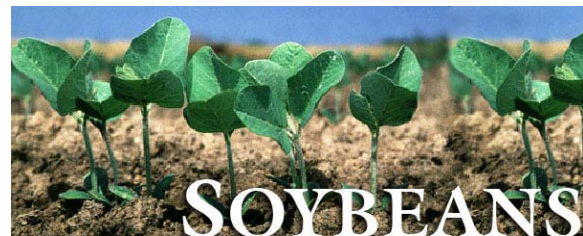
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MY 2004/05 - "New Crop" MY 2021/22 as of the October 12, 2022 USDA WASDE



# Soybean Markets

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SOYBEANS

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**CME Daily**  
**NOV 2022**

**Soybeans:**

\$13.72 ½ /bu close  
on **Monday**,  
October 19, 2022

**Short Term**  
**Price Trend**  
**???**

**\*Sideways-**  
**to-Lower\***

ELEC. SOYBEANS (@S2022X)  
ELEC. SOYBEANS (@S2022X)



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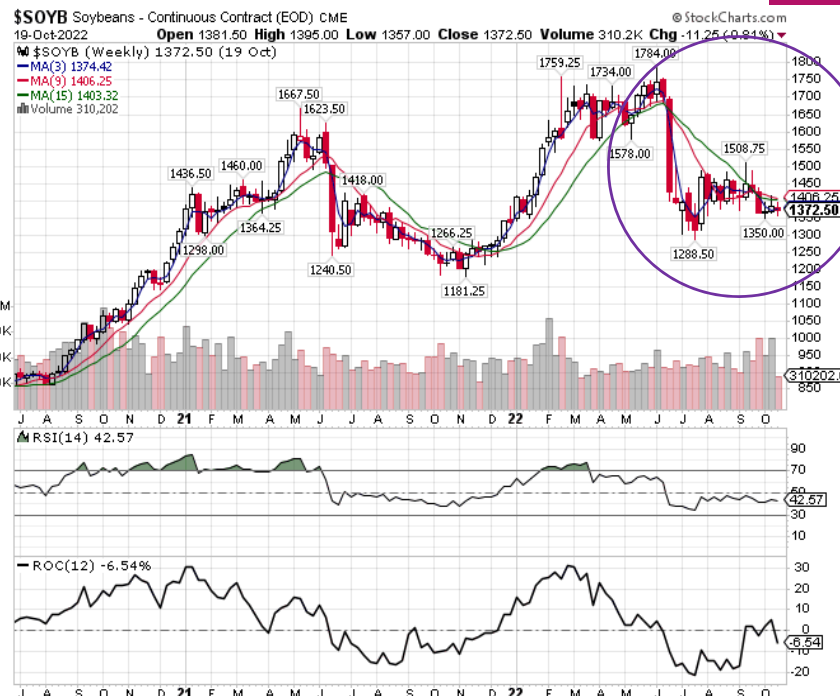
**CME Weekly**  
**Continuous**  
**Soybean**

**Futures Chart:**

\$13.74 /bu close  
on **Monday**,  
October 10, 2022

**Long Term**  
**Price Trend**  
**???**

**\*Sideways -**  
**to Lower\***

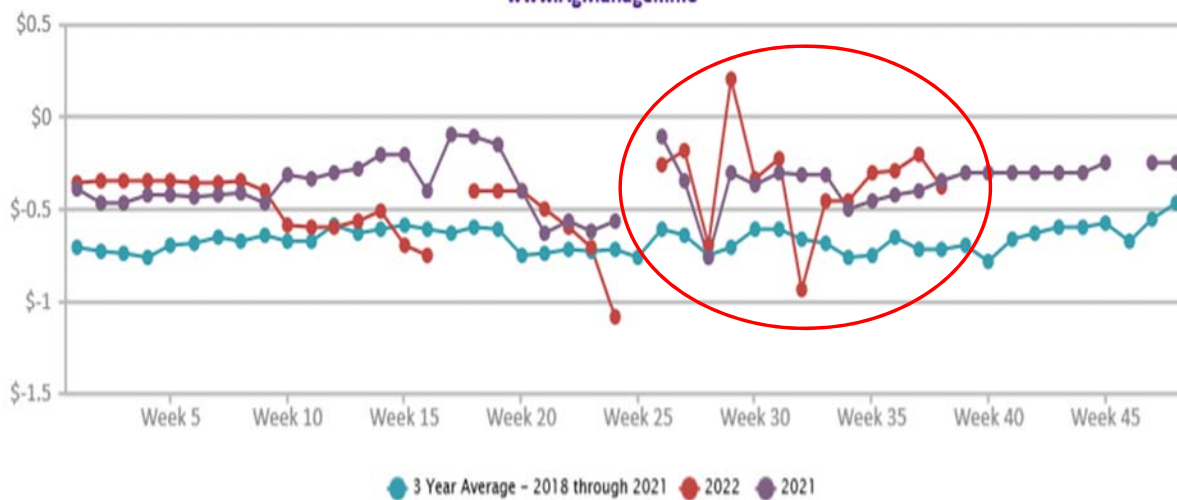


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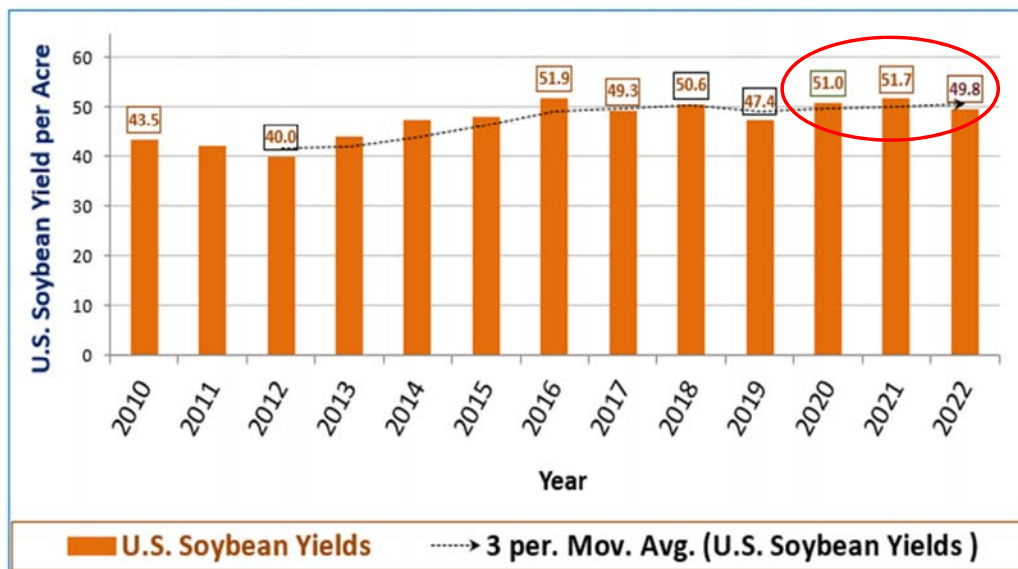
## SALINA, KS: Soybeans Basis - CARGILL

www.AgManager.info



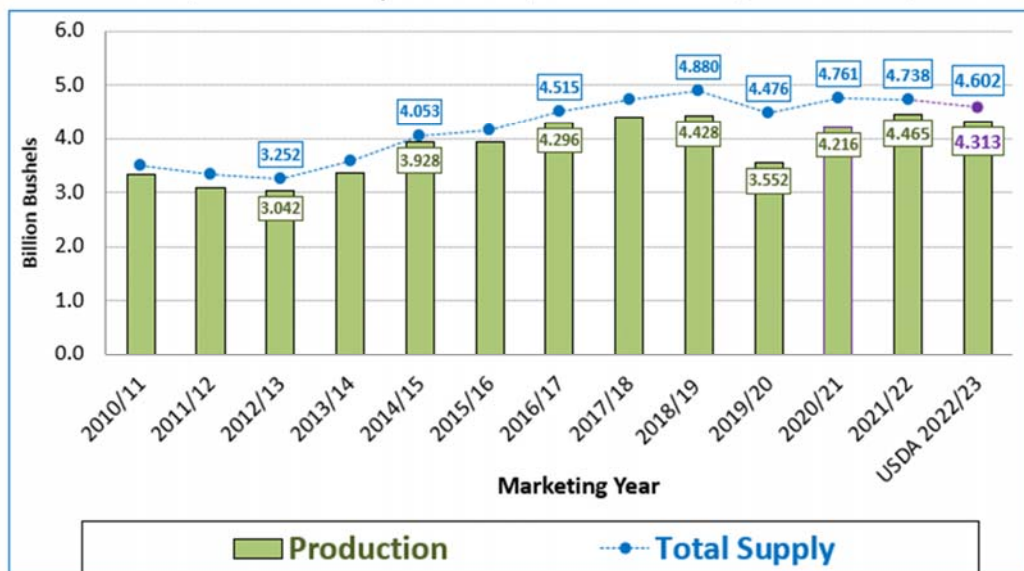
## U.S. Soybean Yields: Years 2010-2022

as of the October 12, 2022 USDA WASDE & NASS Reports



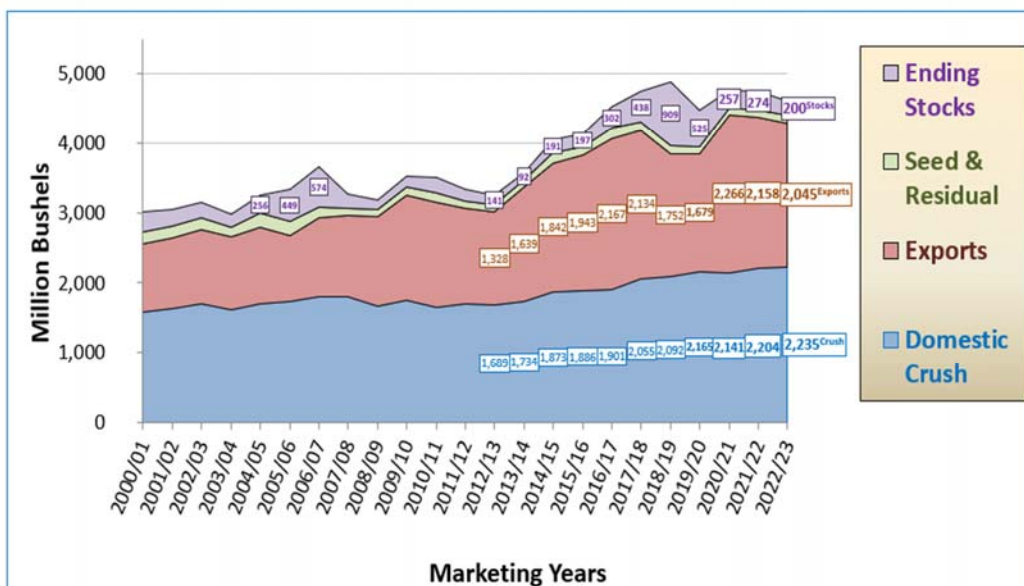
## U.S. Soybean Production & Total Supplies

MY 2010/11 - "New Crop" MY 2022/23 as of the October 12, 2022 USDA NASS Reports



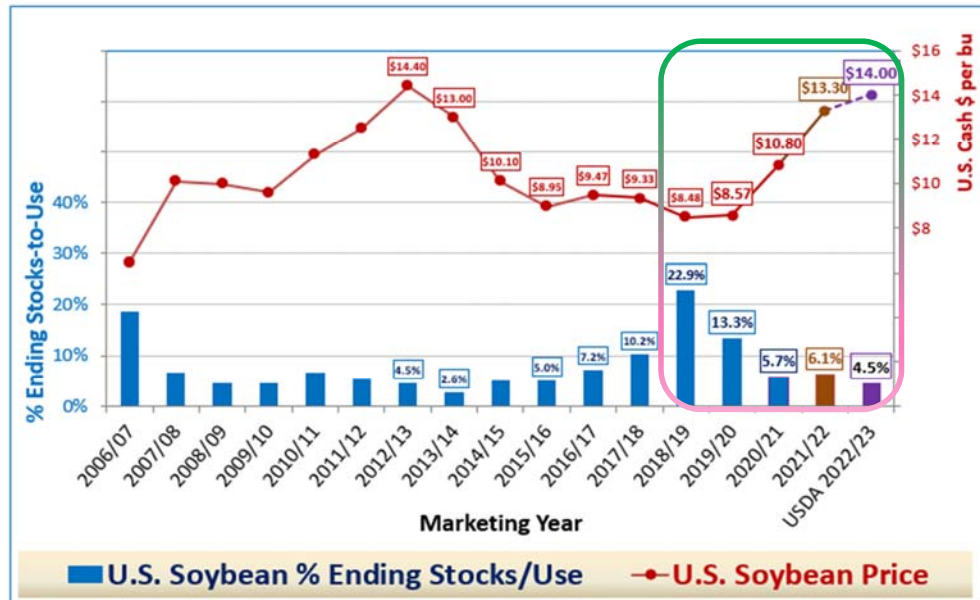
## U.S. Soybean Use & Ending Stocks

MY 2000/01 - "New Crop" MY 2022/23 as of the October 12, 2022 USDA WASDE & NASS Reports



## U.S. Soybean % Stocks/Use vs U.S. Cash \$

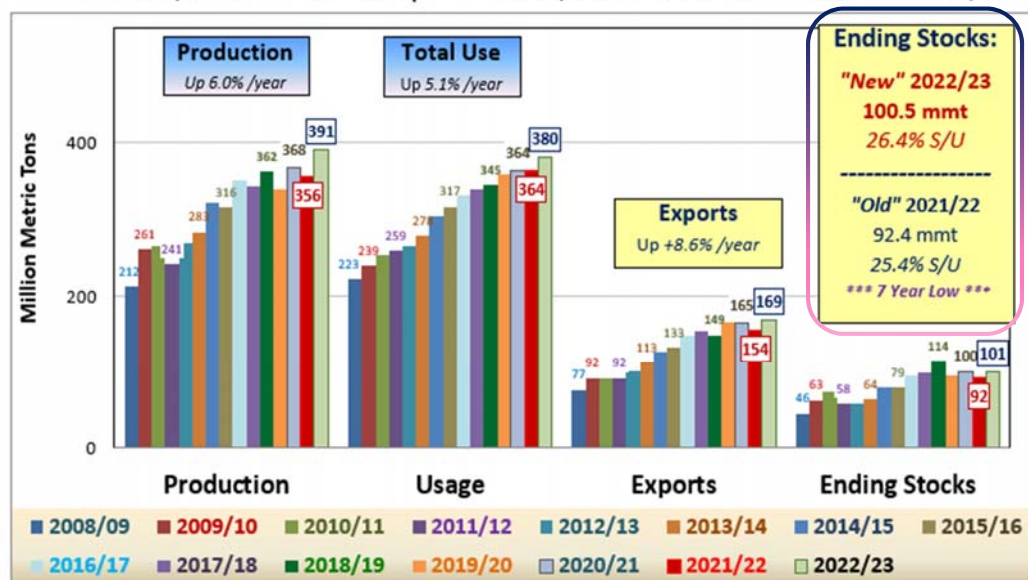
MY 2006/07 – “New Crop” MY 2022/23 as of the October 12, 2022 USDA Reports



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## World Soybean Usage & Ending Stocks

MY 2008/09 thru “New Crop” MY 2022/23 as of the October 12, 2022 WASDE Report

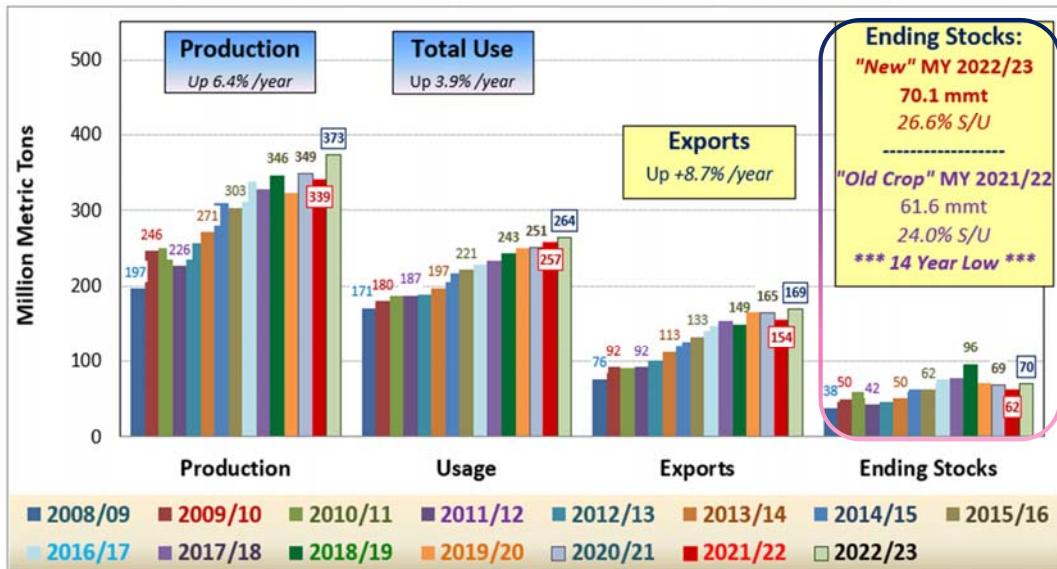


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## "World Less-China" Soybean Use & Ending Stocks

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MY 2008/09 - "New" MY 2022/23 as of the October 12, 2022 WASDE Report



## World vs % "World Less-China" Soybean Stocks-to-Use

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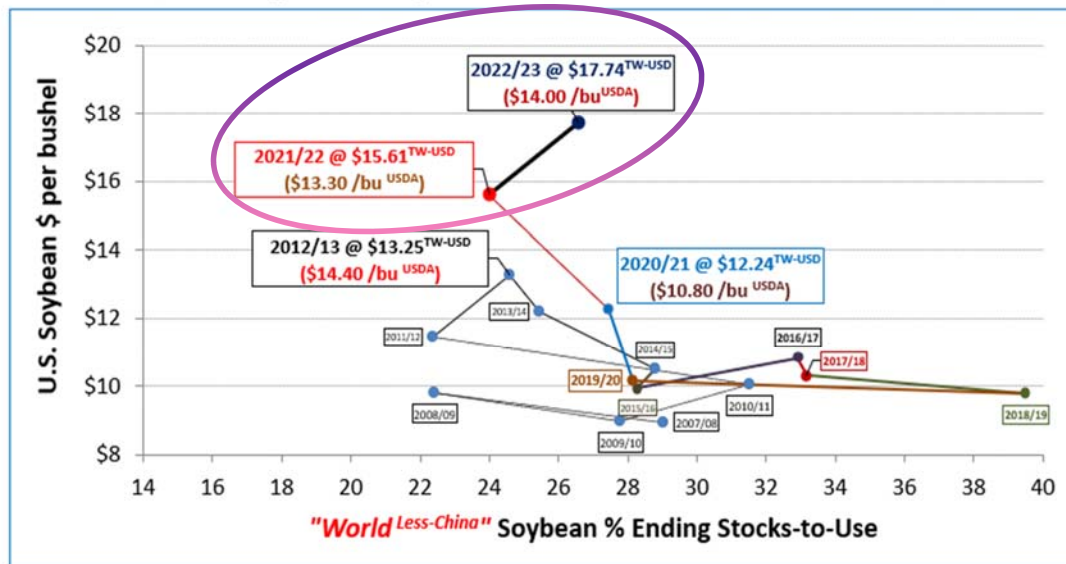
MY 2007/08 through "New Crop" MY 2022/23, as of the October 12, 2022 USDA WASDE report.





## U.S. Soybean \$<sup>USD</sup>\$ Adj vs **"World Less-China"** % Stks/Use

MY 2007/08 through "New Crop" MY 2022/23 as of the October 12, 2022 WASDE Report



## Wheat Markets

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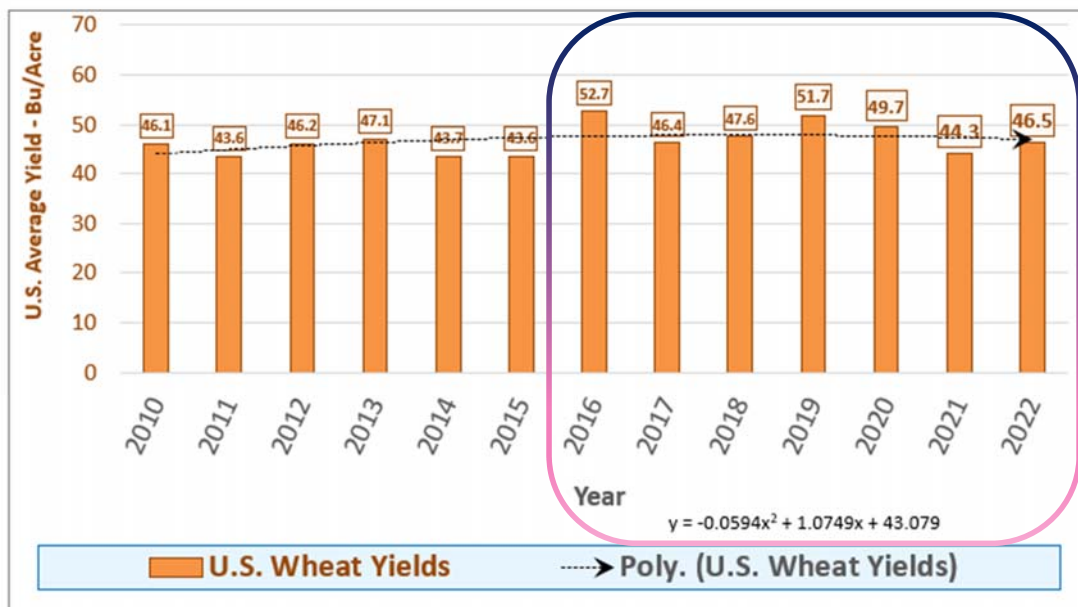
## U.S. Wheat Supply and Demand

Item	2021/2022		2022/2023		
	Estimate	Change from September 12	Forecast	Change from September 12	Change from 2021/2022
Planted area (million acres)	46.7	**	45.7	-1.3	-1.0
Harvested area (million acres)	37.1	**	35.5	-2.0	-1.7
Yield (bushels per acre)	44.3	**	46.5	-1.0	2.2
----- Million bushels -----					
Beginning stocks	845	--	669	9	-176
Production	1,646	**	1,650	-133	4
Imports	95	--	120	10	25
Total supply	2,587	**	2,439	-114	-148
Food use	972	--	970	--	-2
Seed	60	--	68	--	8
Feed and residual	86	-9	50	-30	-36
Domestic use	1,117	-9	1,088	-30	-29
Exports	800	--	775	-50	-25
Total use	1,917	-9	1,863	-80	-54
Ending stocks	669	9	576	-34	-93
----- Percent -----					
Stocks to use ratio	34.9	0.6	30.9	-0.5	-4.0
----- Dollars per bushel -----					
Average market price	7.63	--	9.20	0.20	1.57

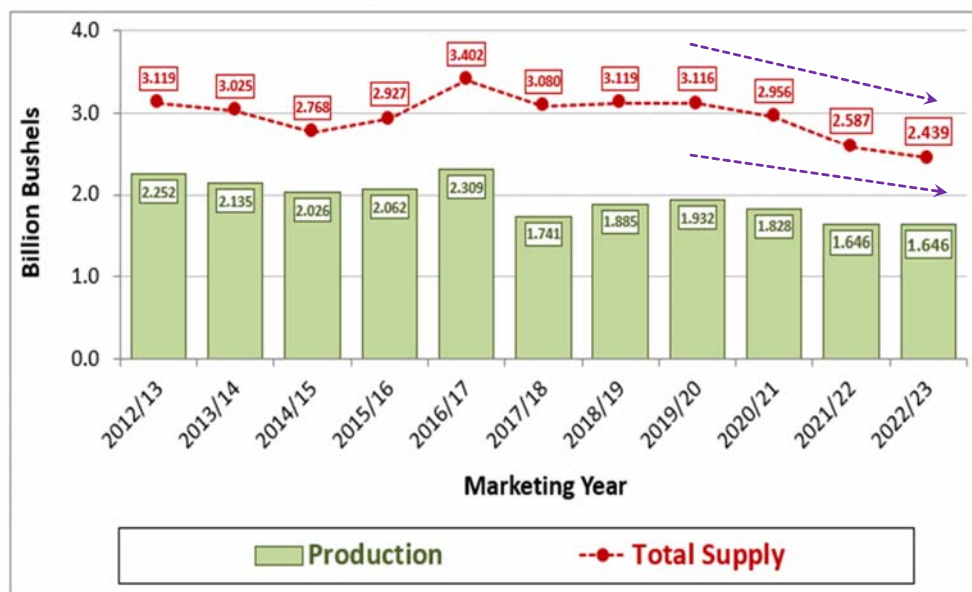
-- No change. \*\* Rounds to zero.

October 12, 2022

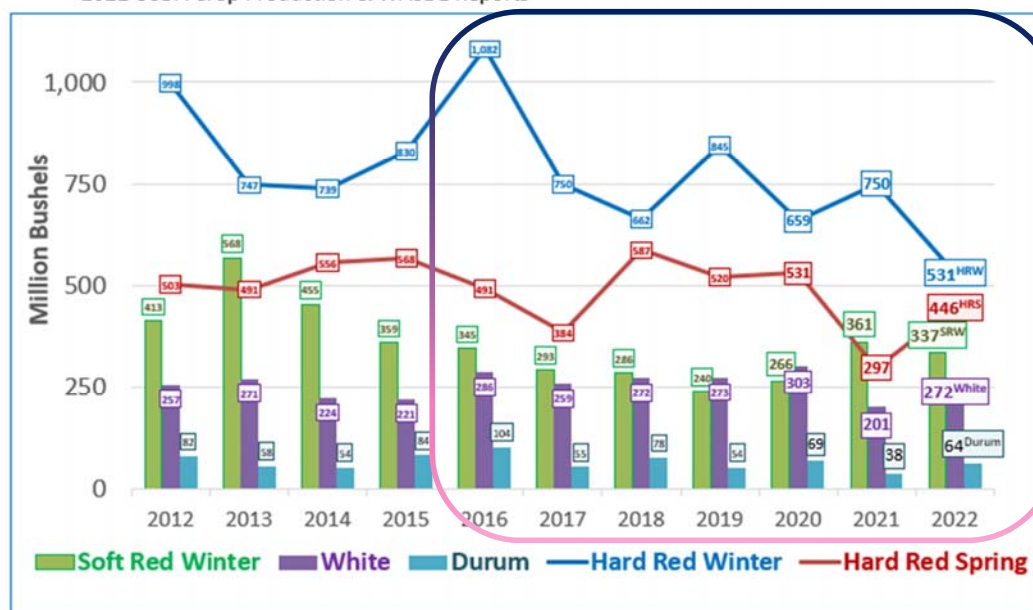
## U.S. Wheat Yield (Years 2010-2022) as of the Oct. 12, 2022 USDA Reports



## U.S. Wheat Total Supplies: MY 2012/13 – Projected MY 2022/23 as of the October 12, 2022 USDA NASS & WASDE Reports

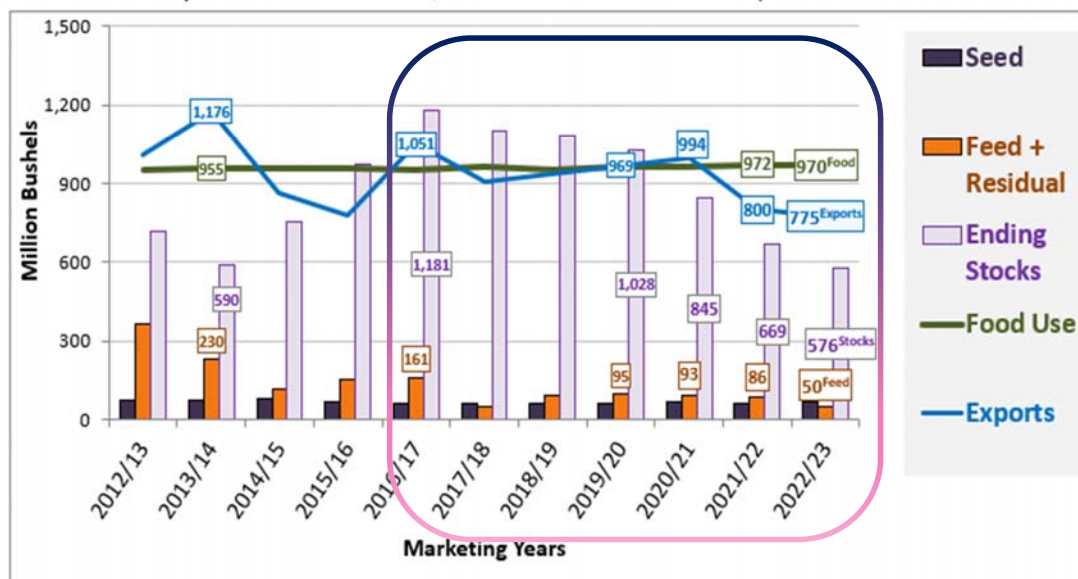


## U.S. Wheat Production by Class: Since Year 2012 as of the October 12, 2022 USDA Crop Production & WASDE Reports



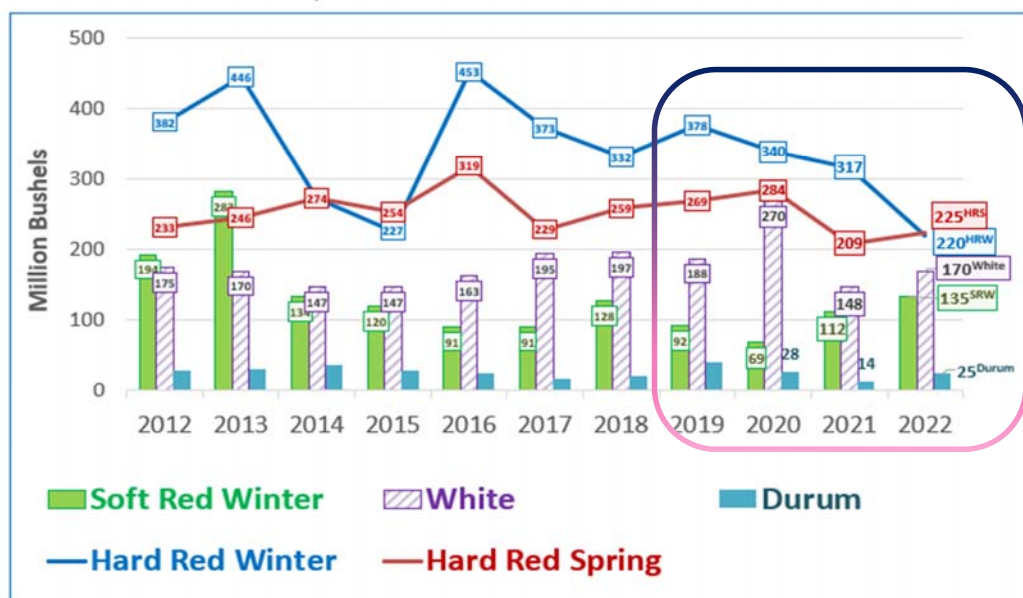
## U.S. Wheat Use & Ending Stocks: MY 2012/13 – “New Crop”

MY 2022/23 as of the October 12, 2022 USDA WASDE & Stocks Reports



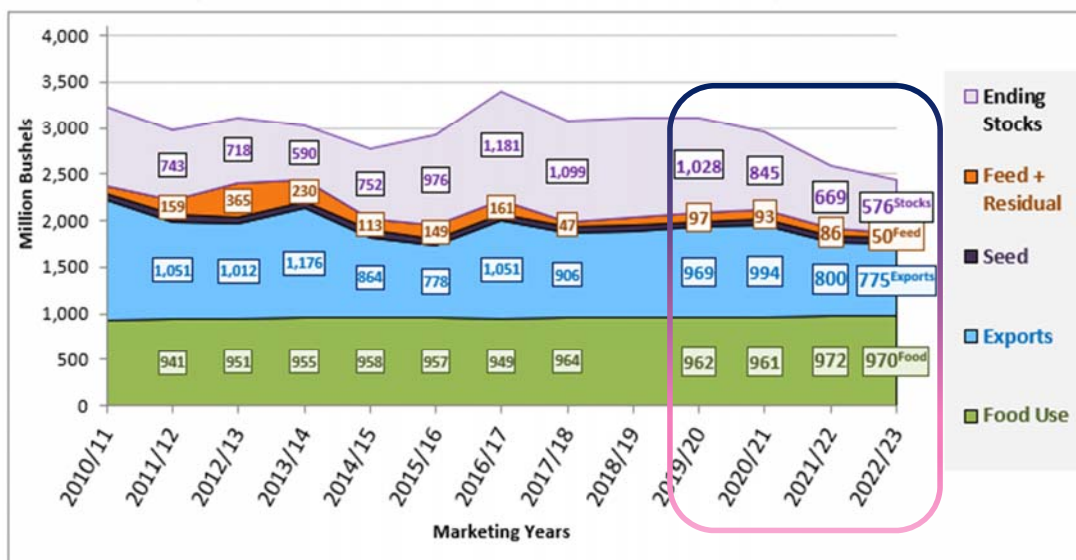
## U.S. Wheat Exports by Class: Since 2012 as of the October 12, 2022 USDA C

Production & WASDE Reports



## U.S. Wheat Use & Ending Stocks: MY 2010/11 – “New Crop”

MY 2022/23 as of the October 12, 2022 USDA WASDE & Stocks Reports



## U.S. Wheat Ending Stocks & % Stocks/Use:

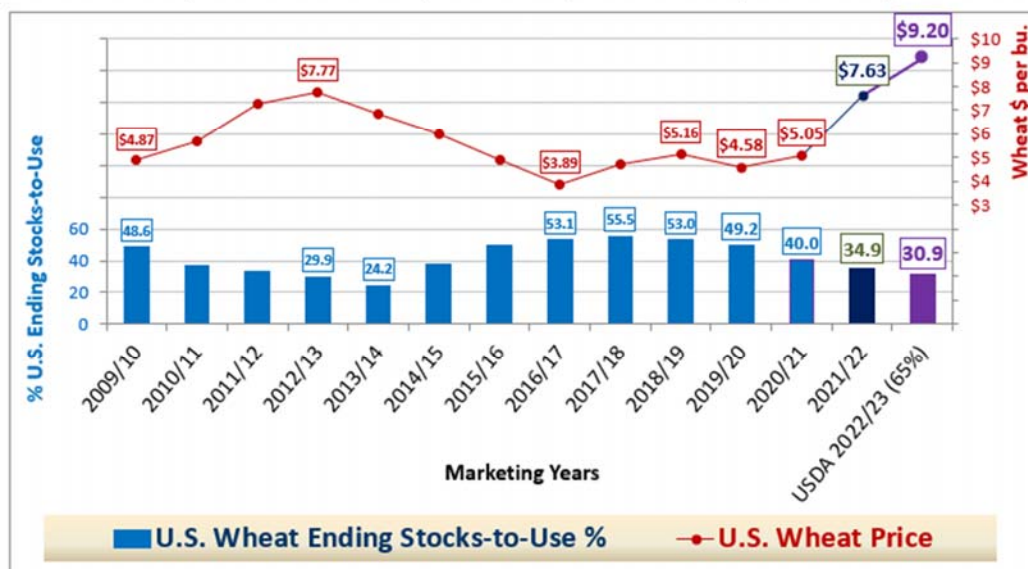
MY 2006/07 thru “New Crop” MY 2022/23 – October 12, 2022 USDA Reports





## U.S. Wheat Ending Stocks vs U.S. Cash Prices:

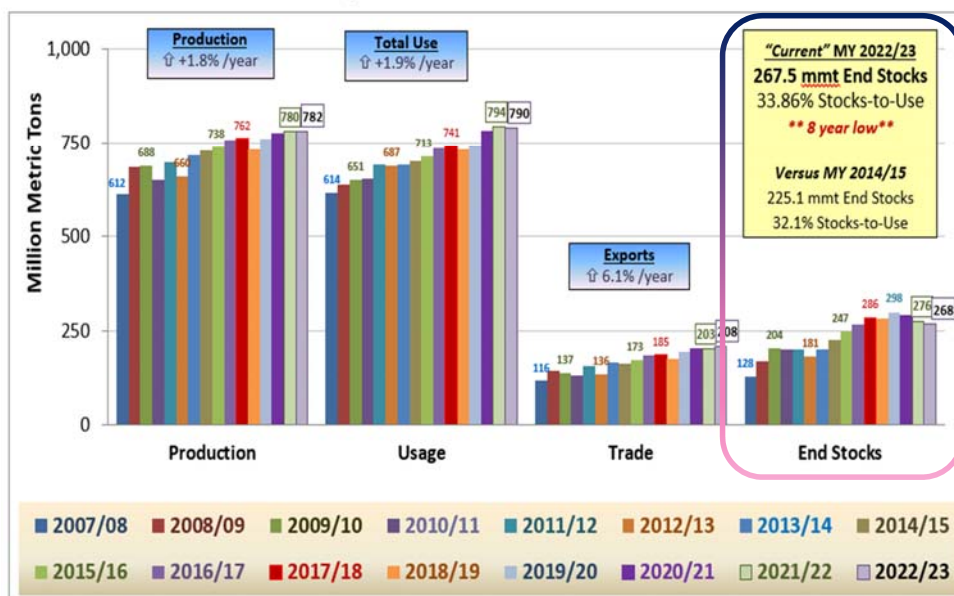
MY 2009/10 thru "New Crop" MY 2022/23 – October 12, 2022 USDA Reports



■ U.S. Wheat Ending Stocks-to-Use %    ● U.S. Wheat Price

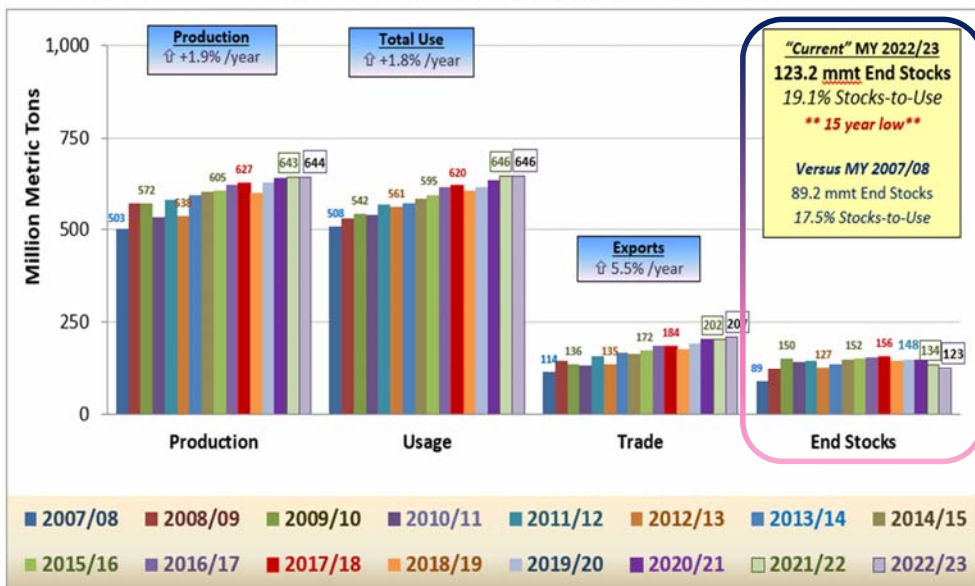
## World Wheat Usage & Ending Stocks: MY 2007/08 - "Current" 2022/23

as of the October 12, 2022 USDA WASDE Report



## **“World Less-China” Wheat Usage & Ending Stocks:**

MY 2007/08 - “Current” MY 2022/23, as of the October 12, 2022 USDA WASDE Report



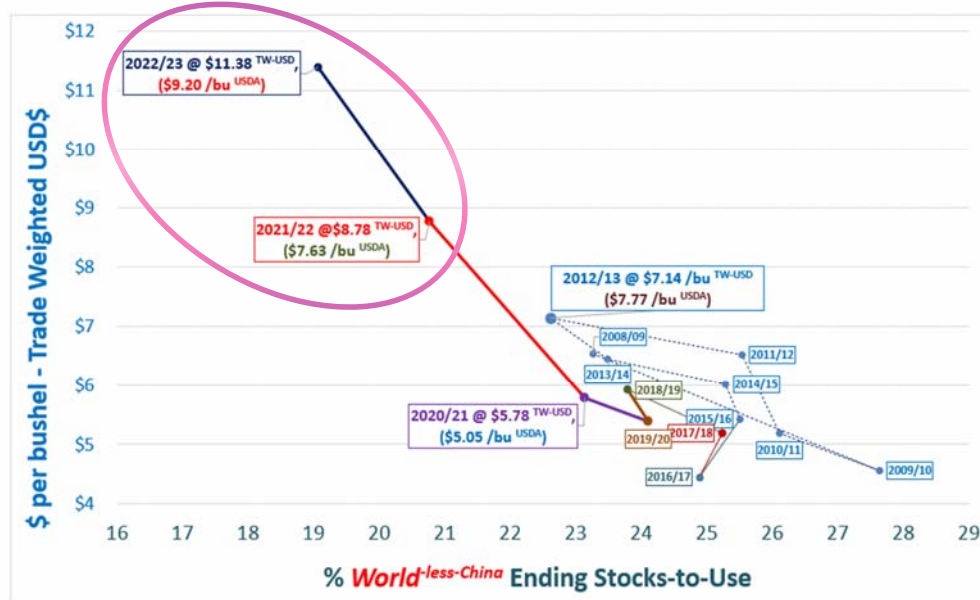
## **World vs “World Less-China” End Stocks & % Stocks-to-Use**

MY 2007/08 through “New” MY 2022/23 as of the October 12, 2022 USDA WASDE report



# U.S. Wheat \$ Trade-Wtd. USD\$ Adj vs "World Less-China" % Stocks-to-Use:

MY 2008/09 through "Current" MY 2022/23 as of the October 12, 2021 USDA WASDE report



## Questions?

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