

2020 Soybean Market Outlook

Smith Center & Salina, Kansas

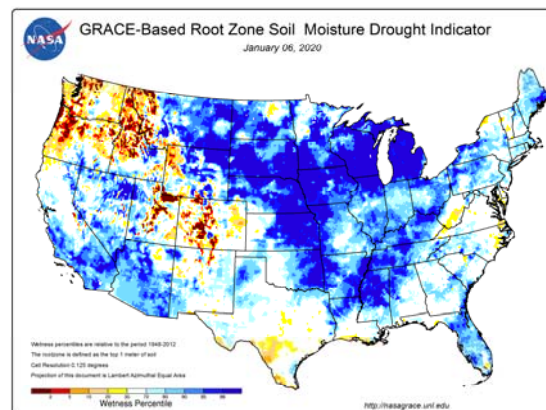
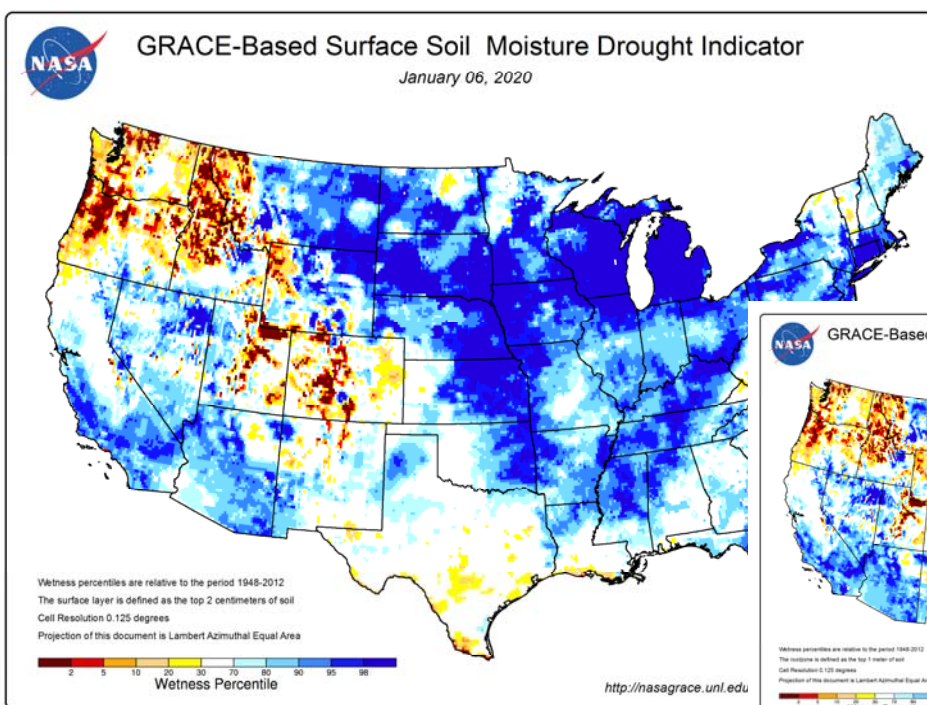
January 13, 2020

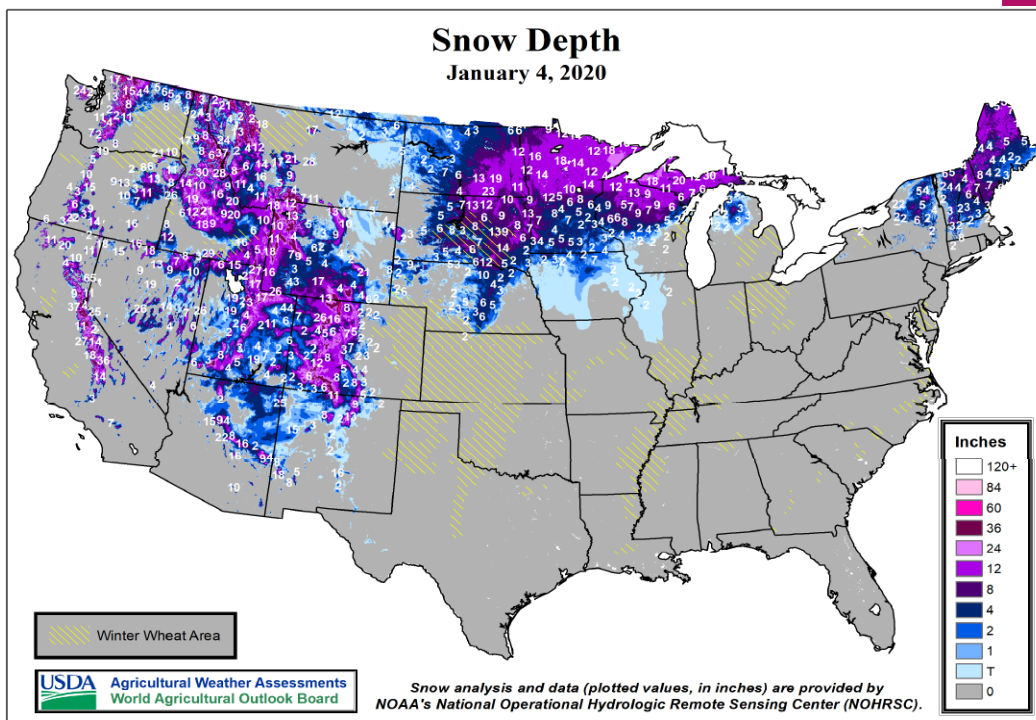
DANIEL O'BRIEN

EXTENSION AGRICULTURAL ECONOMIST

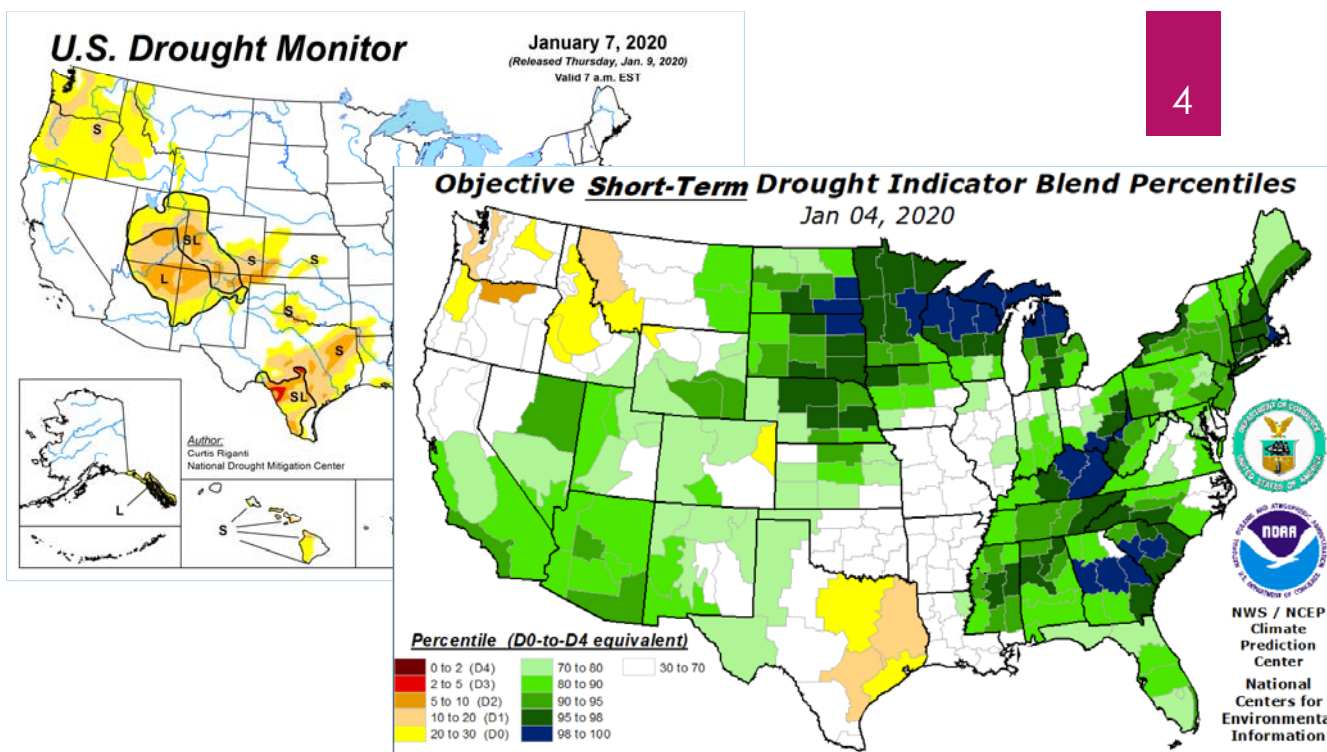
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INTERNATIONAL CROP AND WEATHER HIGHLIGHTS USDA/WAOB Joint Agricultural Weather Facility

January 7, 2020

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AUSTRALIA – Highlight: Unfavorably Hot, Mostly Dry Weather Persisted

- Hot, sometimes windy weather exacerbated the effects of severe drought, maintaining poor summer crop prospects while fanning the wildfires burning across large portions of rural **eastern Australia**.

SOUTH AMERICA – Highlight: More Heavy Rain In Central Argentina; Dry Pockets In Brazil

- Locally heavy showers maintained generally favorable conditions for summer grains and oilseeds in or nearing reproduction in **central Argentina**.
- Warm, showery weather promoted rapid growth of soybeans and first-crop corn, though pockets of unseasonable warmth and dryness persisted in some **southern production areas**.

EUROPE – Highlight: Drier Weather Returned

- Drier weather returned to much of Europe save for lingering rain and snow in the **far north**.
- Despite overall favorable moisture supplies, pockets of drought lingered in **Germany** and **Poland**.
- Mostly warmer-than-normal weather kept primary winter crop areas devoid of a protective snow cover.

EAST ASIA – Highlight: Mild

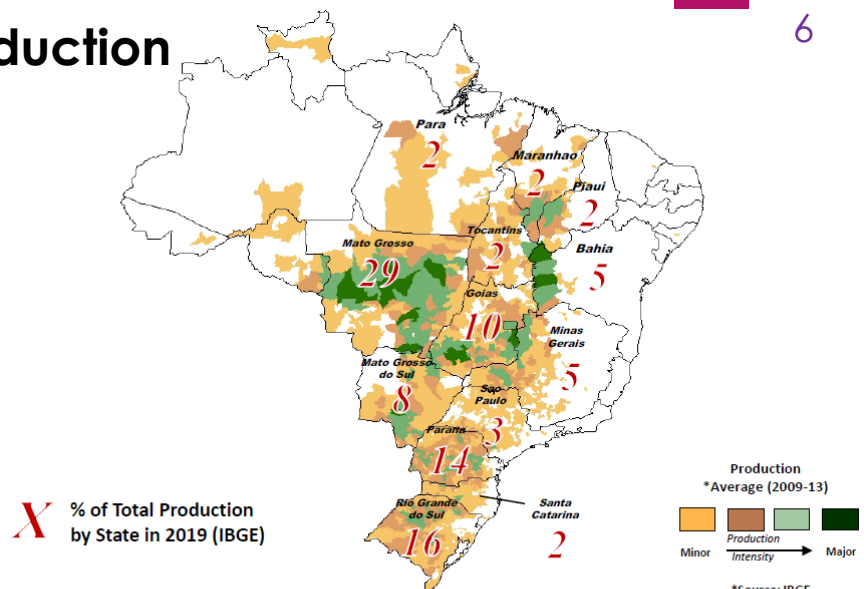
- Mild weather and light showers in **eastern China** maintained good crop conditions for overwintering wheat and rapeseed, but the warmer-than-normal weather reduced cold hardiness.

Brazil Soybean Production

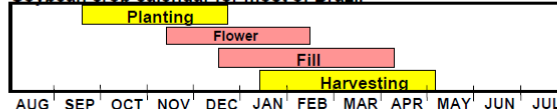
2020 % of Crop

Projections by Region

January 10, 2020



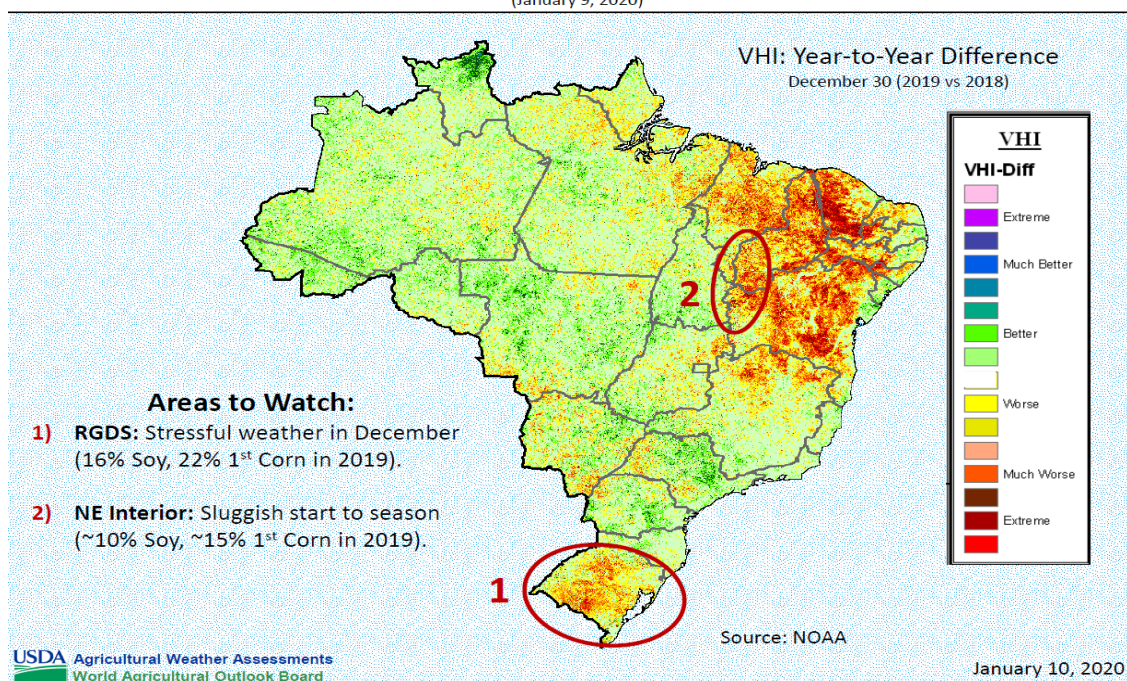
Soybean crop calendar for most of Brazil



Brazil: Crop Weather Summary

(January 9, 2020)

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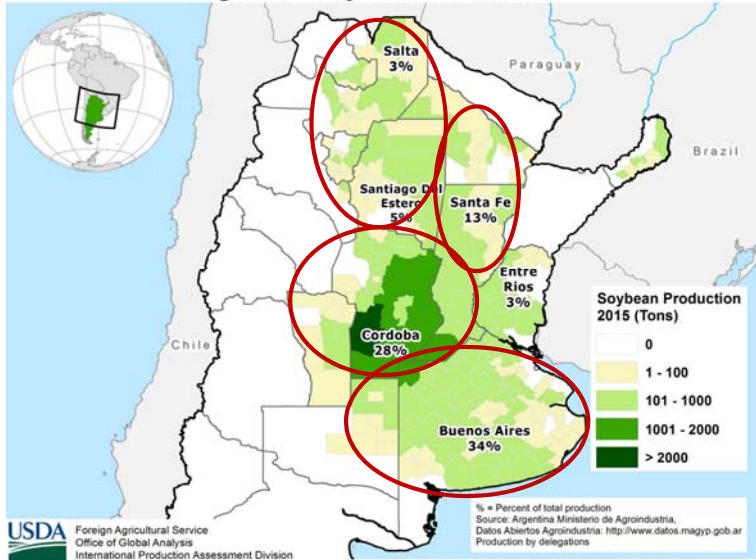
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Brazil 2019/20 Soybean Summary

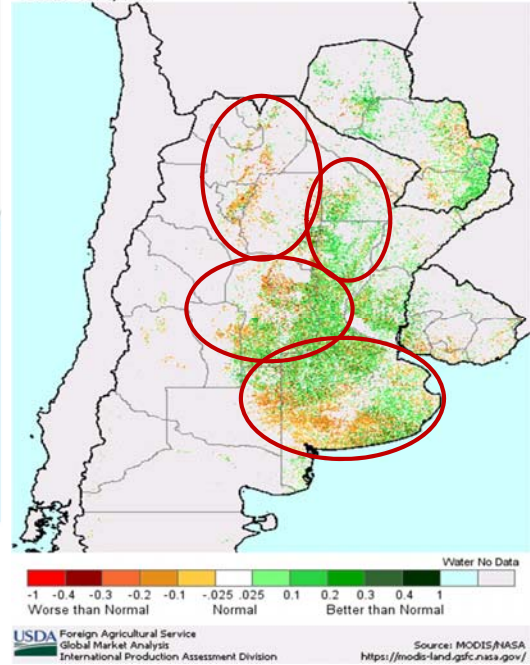
- No change in soybean area, yield or production
 - Planting progress behind national average pace but harvest started in January.
 - Trend yield because weather cooperated from Sept-Dec.
- Excellent crop conditions in Mato Grosso
 - Harvest starts in January (if planted on Sept. 16).
- December drought delayed planting in Northeast & Rio Grande do Sul
 - Planted area could be slightly less than intended.

January 10, 2020

Argentina: Soybean Production



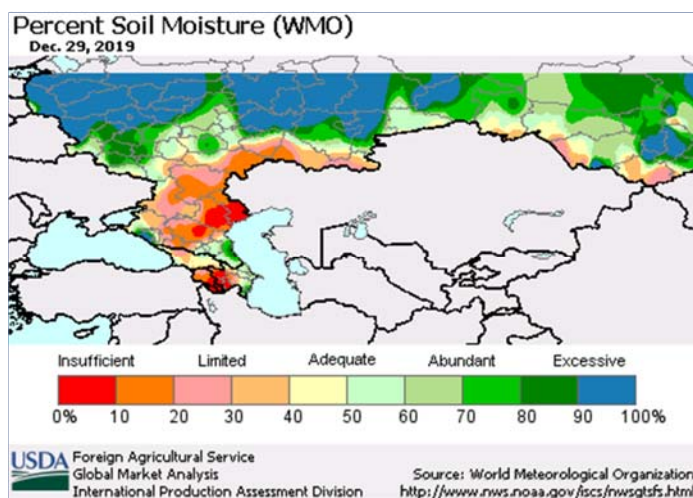
NDVI Crop-masked Departure from Average (MODIS-Terra)



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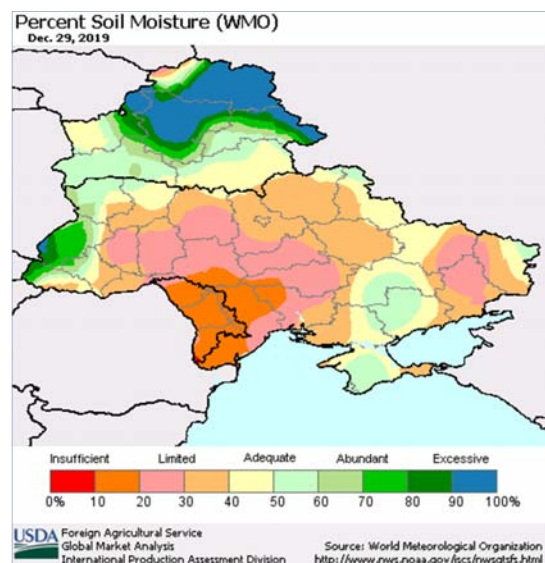
Russia, Azerbaijan, Armenia & Georgia

Percent Soil Moisture



Ukraine, Moldova, & Belarus

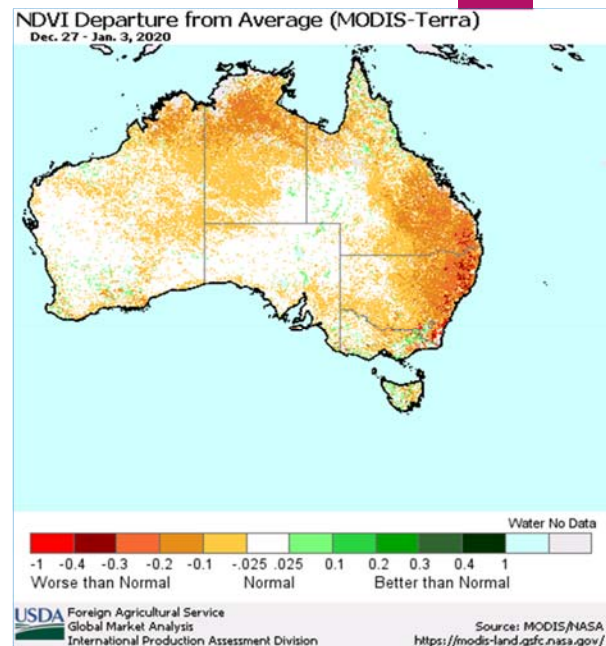
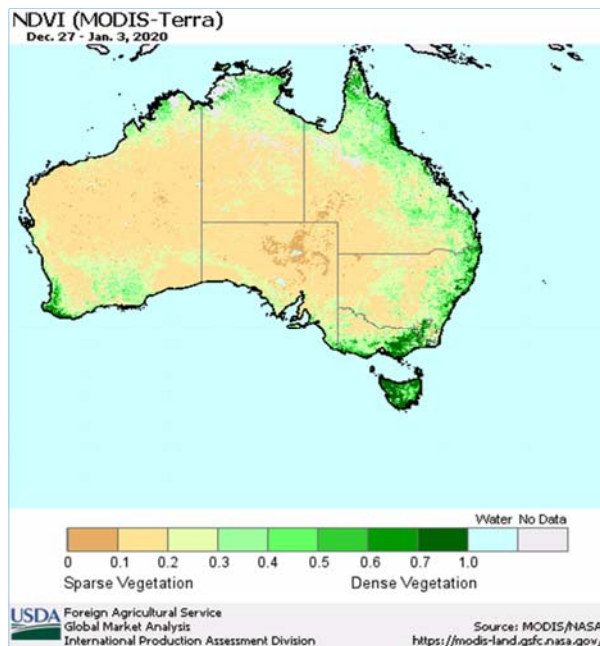
Percent Soil Moisture



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Australia – Vegetation Measures in late Dec. / early Jan. 2020

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Unpredictable Grain Markets in Year 2020 11

❑ The “Ups & Downs” of U.S. Trade Tensions

- **U.S.-Japan Trade Agreement (+)**
 - Likely positive impact on U.S. grain exports vs TPP Countries
- **USMCA Trade Agreement** U.S.-Mexico-Canada ⇒ *To be ratified (+)*
 - **Mexico** grain purchases from the U.S.
 - **Canada** grain export competition vs U.S. (Wheat, Oilseeds)
- **U.S. vs China (?)**
 - Soybeans, Sorghum, Beef (*Working at resolution in “Phases”*)

Chinese delegation plans to travel to Washington to sign trade deal: SCMP

(Reuters) - A Chinese trade delegation is planning to travel to Washington on Jan. 13 for the signing of the U.S.-China Phase 1 trade deal, the South China Morning Post reported on Sunday citing a source briefed on the matter.

The trade delegation, led by Vice Premier Liu He, had originally planned to set off earlier in the month but had to change plans after U.S. President Donald Trump sent a tweet [here](#) claiming that he would sign the Phase 1 trade deal with China on Jan. 15.

Trump had first announced plans for the initial trade pact in October, and U.S. and Chinese negotiators spent weeks finalizing the Phase 1 deal, which comes in lieu of the massive trade agreement that the world's two largest economies had initially sought.



FILE PHOTO: Chinese and U.S. flags are set up for a meeting during a visit by U.S. Secretary of Transportation Elaine Chao at China's Ministry of Transport in Beijing, China April 27, 2018. REUTERS/Shawn Lee

Trade War Effects on Soybean Futures



Market “Realities” to be determined

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□ “Final” 2019 U.S. Corn & Soybean harvest (“Sometime” 2020)

- **Corn**²⁰¹⁹ < 13.692 bln bu? ➡ End Stocks < 1.892 bb?
- **Soybeans**²⁰¹⁹ < 3.558 bln bu? ➡ End Stocks < 475 mb?

More Grain Market Events to Anticipate

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□ 2020 Production of Export Competitors

- **2020 Soybeans** ^{So-Am} → *Up 2.4% & Up 9.6% vs last 2 years*
- **2020 Corn** ^{So-Am + Ukraine} → *Up 22.6% vs 2015-2017 Average*
- **ARG-Brazil-Ukraine** ➡ Ag Export “Open Door” w. U.S.-China Trade Issue

□ U.S. Dollar Strength ➡ Limiting U.S. grain exports

- **USD\$ Index** ^{Trade Wghtd} → **DEC 2019** up 7.3% since low in **FEB 2018**
- **Brazil Reals ÷ USD\$** ≈ 4.12 in **OCT-DEC 2019** (vs low of 1.56 in **JUNE 2011**)

More Grain Market Events to Anticipate

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□ U.S. Spring Plantings (April-May 2020)

- **Corn**²⁰²⁰ Up 5-10% ? → ↑ ≈ *U.S. Ethanol & Feed Demand*
- **Soybeans**²⁰²⁰ Up 10-15%+ ? → ↑↓ ≈ *U.S.-China Trade Status*

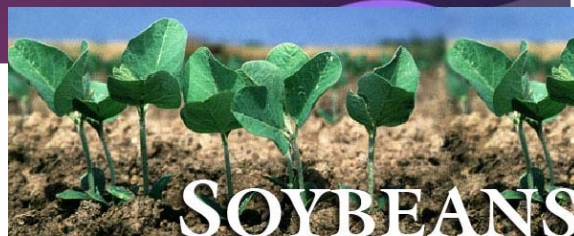
□ "Bearish" Positions of Grain Futures' Traders.....

BUT – "Strong" local **Basis** in Cash Markets & Demand Centers

- **Corn** → *Strong* basis @ US. Ethanol Plants
- **Soybeans** → *Moderate-to-weak basis* in many areas – but improving
- **HRW Wheat** → *Strong basis* @ Elevators in the Central / Southern Plains

Soybean Markets

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U.S. Soybean Market Prospects in Year 2020

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A. U.S.-China Trade Dispute

- *HAS* affected U.S. Soybean export shipments, forward purchases & prices, with recent positive negotiation news

B. U.S. Exports forecast *down 17%+* vs 2-3 year ago *highs*

- Foreign buyer “*switching*” between *U.S.* & *South America*
- **U.S. China Trade Dispute Resolution** likely to be “*positive*”

C. Market Focus in Winter-Spring of Year 2020

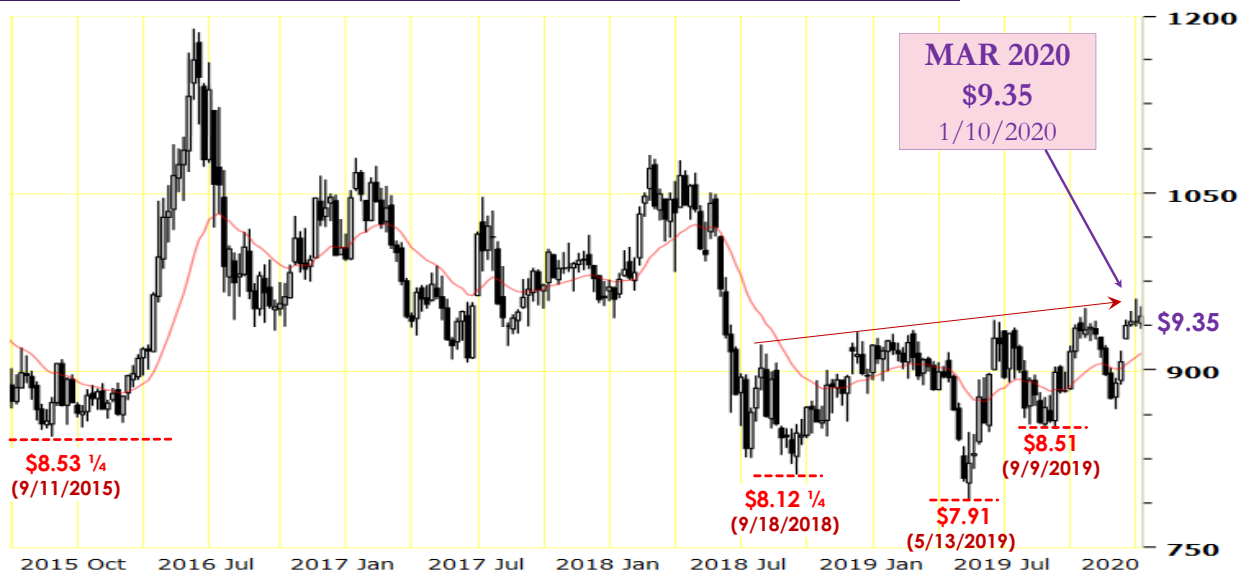
- **So. America** crops & **U.S. Acres, Planting Progress, etc.**

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CME Soybean Futures

Weekly Chart: Fall 2015 through January 10, 2020

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CBOT:ZSH2020, D 946'0 ▲ +2'4 (+0.26%) O:942'6 H:947'0 L:935'4 C:946'0



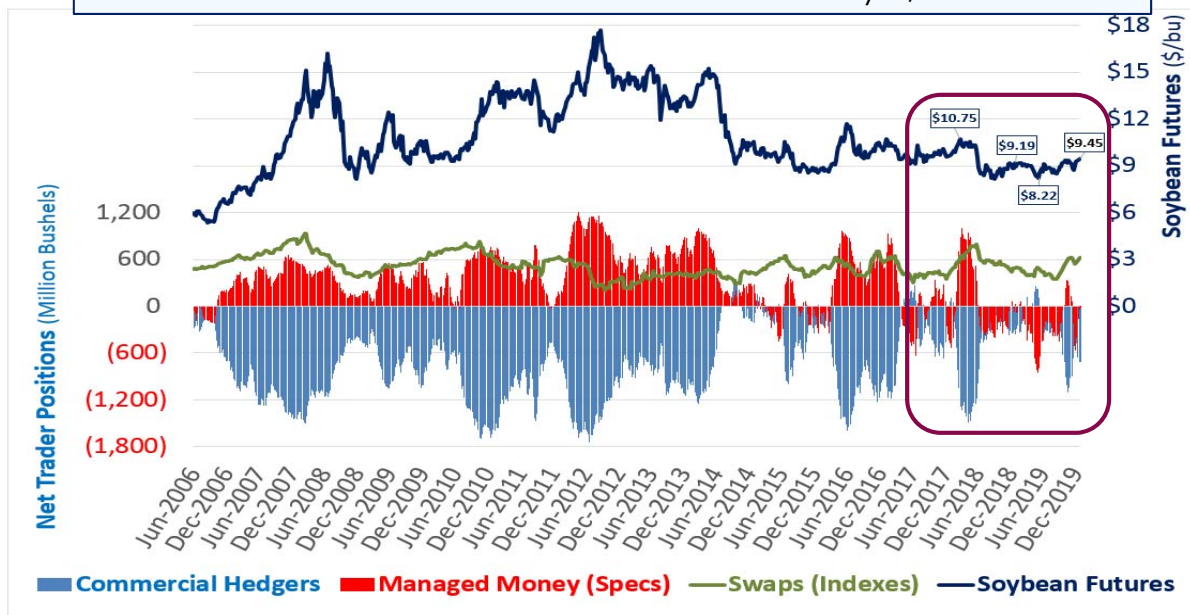
CBOT:ZSX2020, D 974'6 ▲ +3'2 (+0.33%) O:970'4 H:975'4 L:966'0 C:974'6



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Net Position of Traders in Soybeans

CFTC Commitment of Traders to January 7, 2020

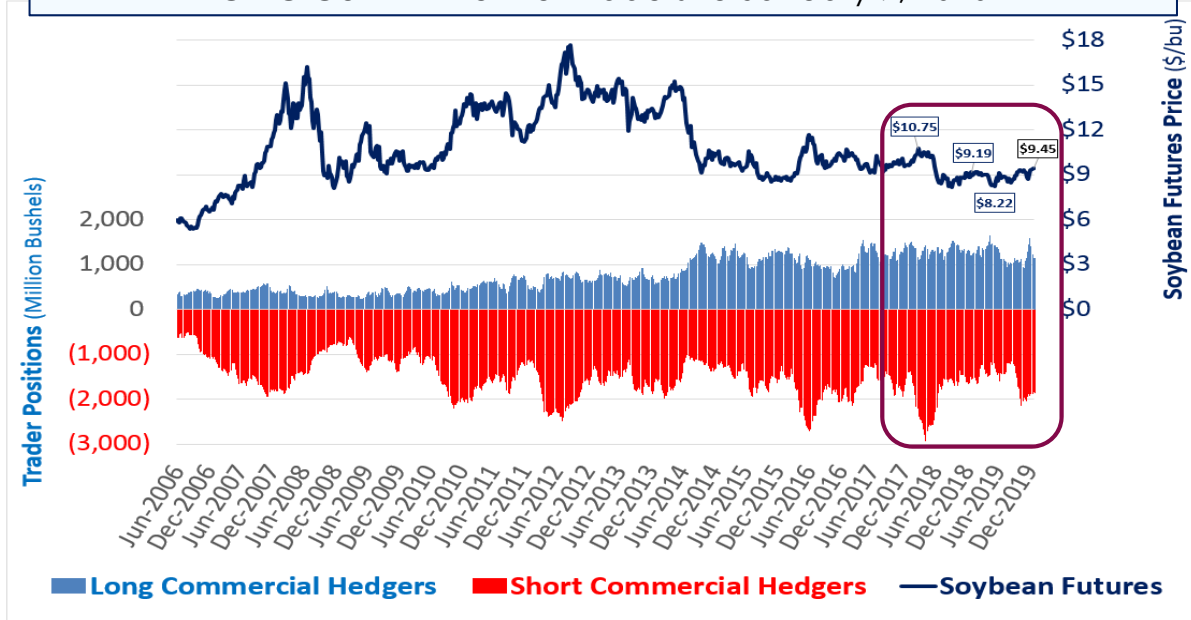


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Commercial Traders (Hedge) Positions in Soybeans

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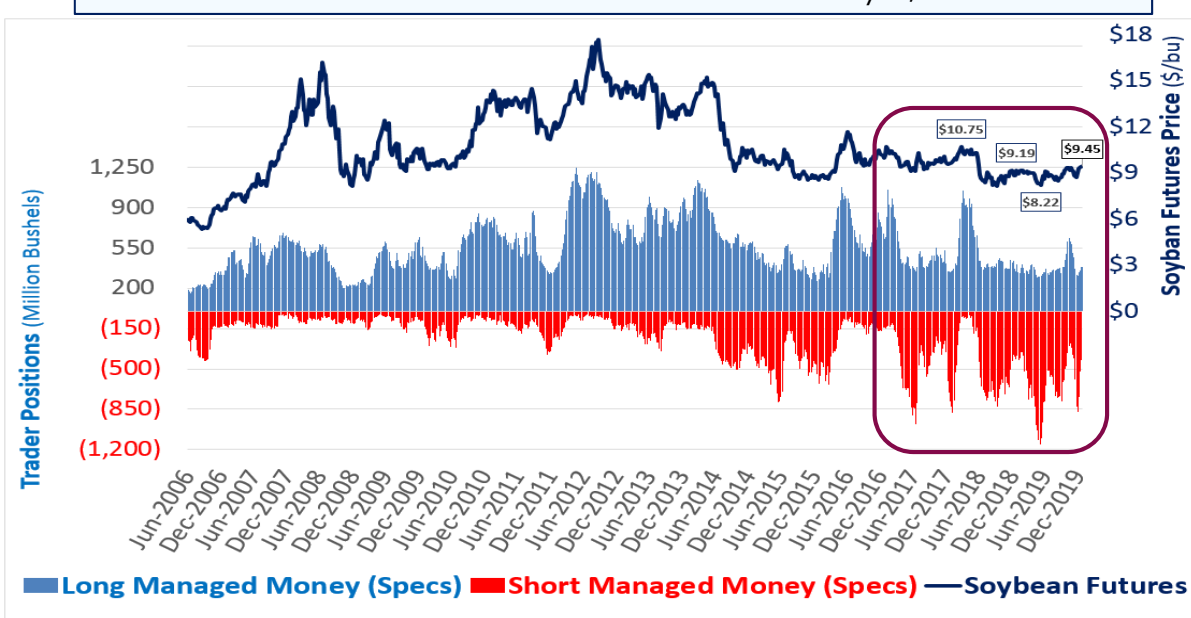
CFTC Commitment of Traders to January 7, 2020



Managed Money (Spec) Positions in Soybeans

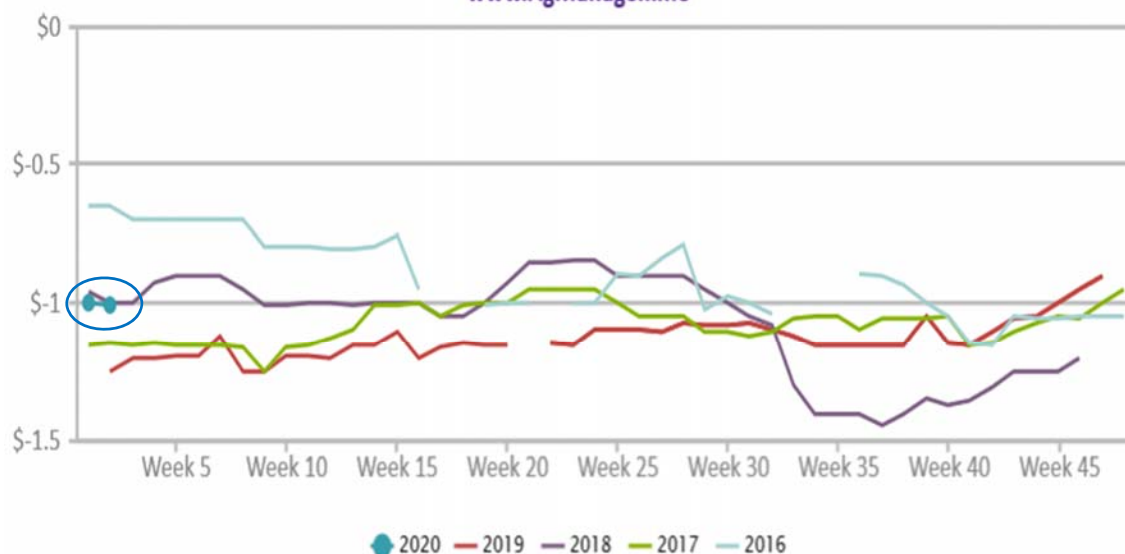
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CFTC Commitment of Traders to January 7, 2020



DOWNS, KS: Soybeans Basis - SCOLAR GRAIN CO

www.AgManager.info



Soybean Cash Bids – Near Smith Center, KS

Friday, January 10, 2020 (Source: DTN Grains)

Elevator/Location	Jan 2020	Feb 2020	Mar 2020	Sep 2020	Oct 2020
TRINITY AG LLC SMITH CENTER, KS	8.36	---	---	---	8.55
TRINITY AG, LLC ATHOL, KS	8.36	---	---	---	8.55
PRO AG MARKETING-NORTH KENSINGTON, KS	8.36	---	---	---	8.55
PRO AG MARKETING KENSINGTON, KS	8.36	---	---	---	---
PRO AG MARKETING-KENSINGTON SOUTH KENSINGTON, KS	8.36	---	---	---	8.55
COOPERATIVE PRODUCERS INC FRANKLIN, NE	---	---	---	---	8.76
TRINITY AG LLC CEDAR, KS	8.36	---	---	---	8.55
COOPERATIVE PRODUCERS INC RED CLOUD, NE	---	---	---	---	8.80
PRO AG MARKETING AGRA, KS	8.36	---	---	---	8.55

2020 KSU Cost of Production

Budget Estimates

Non-Irrigated Soybeans

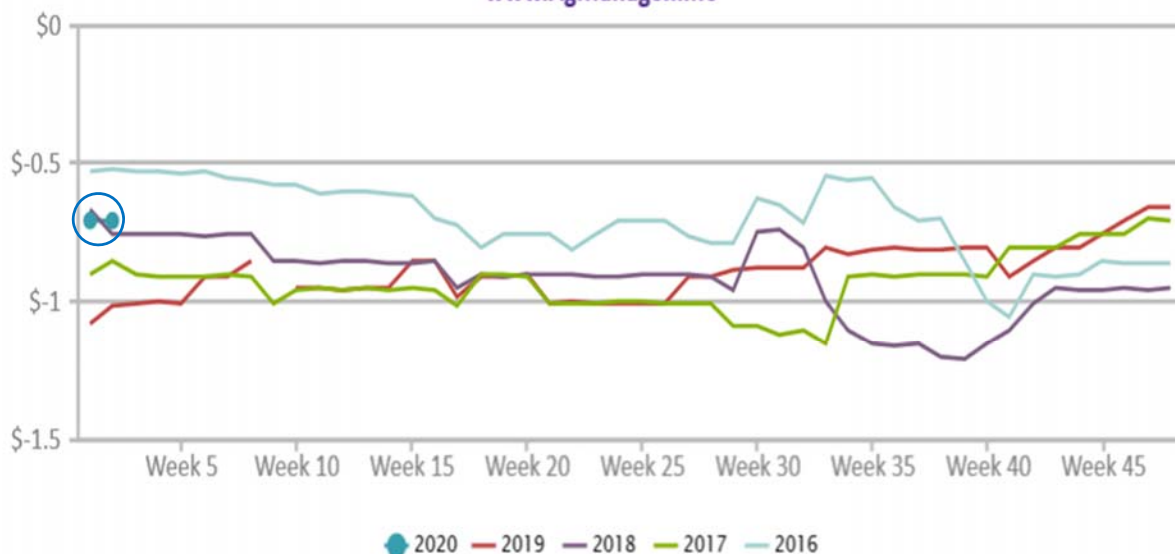
North Central KS

@ \$41 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$5.92 /bu
- All Cost (With Cash Rent) = \$7.40 /bu

SALINA, KS: Soybeans Basis - CARGILL

www.AgManager.info



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Soybean Cash Bids – Near Salina, KS

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Friday, January 10, 2020 (Source: DTN Grains)

Elevator/Location	Jan 2020	Feb 2020	Mar 2020	Sep 2020	Oct 2020
ADM GRAIN SALINA, KS	8.71	---	---	---	8.75
CARGILL SALINA, KS	8.76	---	---	---	---
SCOULAR GRAIN CO SALINA, KS	8.71	---	---	---	---
MID KANSAS COOP BENNINGTON, KS	8.52	---	---	---	8.60
MID KANSAS COOP LINDSBORG, KS	8.51	---	---	---	8.71
SCOULAR GRAIN CO MINNEAPOLIS, KS	8.56	---	---	---	---
MID KANSAS COOP MARQUETTE, KS	8.47	---	---	---	8.67
MID KANSAS COOP ABILENE, KS	8.53	---	---	---	8.63
MID KANSAS COOP TALMAGE, KS	8.52	---	---	---	8.60
MID KANSAS COOP LONGFORD, KS	8.50	---	---	---	8.57
DELPHOS COOPERATIVE ASSOCIATION DELPHOS, KS	8.51	---	---	---	8.70

2020 KSU Cost of Production Budget Estimates

Non-Irrigated Soybeans
North Central KS
@ \$41 bu/ac Yield

- Direct Cost (w/o Cash Rent) = \$5.92 /bu
- All Cost (With Cash Rent) = \$7.40 /bu

Central Kansas Terminal and Processor Daily Grain Report

TERMINAL US NO 2 SOYBEANS				
	Bids	Change (¢/bu)	Basis	Change
Atchison	9.03	UP 2	-43H	UNCH
Topeka	8.96	UP 2	-50H	UNCH
Salina	8.71-8.76	UP 2	-75H to -70H	UNCH
Newton	8.55	UP 2	-91H	UNCH
Hutchinson	8.53-8.76	UP 2-UP 12	-93H to -70H	UNCH-UP 10
Wichita	8.65	UP 2	-81H	UNCH
Wellington	8.61	UP 2	-85H	UNCH
Arkansas City	8.59	UP 2	-87H	UNCH

PROCESSOR US NO 2 SOYBEANS				
	Bids	Change (¢/bu)	Basis	Change
Emporia	9.26	UP 2	-20H	UNCH
Wichita	9.23	UP 2	-23H	UNCH

U.S. Soybeans Supply and Demand

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Item	2018/2019 estimate	2019/2020 forecast	Change from December 10	Change from 2018/2019
Planted area (million acres)	89.2	76.1	-0.4	-13.1
Harvested area (million acres)	87.6	75.0	-0.6	-12.6
Yield (bushels per acre)	50.6	47.4	0.5	-3.1
----- Million bushels -----				
Beginning stocks	438	909	-4	471
Production	4,428	3,558	8	-870
Imports	14	15	-5	1
Total supply	4,880	4,482	-1	-398
Crush	2,092	2,105	--	13
Seed and Residual	132	128	**	-4
Domestic use	2,224	2,233	**	9
Exports	1,748	1,775	--	27
Total use	3,971	4,008	**	37
Ending stocks	909	475	**	-435
----- Percent -----				
Stocks to use ratio	22.9	11.8	**	-11.1
----- Dollars per bushel -----				
Average market price	8.48	9.00	0.15	0.52

-- No change. ** Rounds to zero.

U.S. Soybean Stocks.....

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- Soybean: “*Moderate-Large*” Stocks & % S/U

- End Stocks ^{2019/20} → 475 mln bu (vs 909 mb last yr)

- % Stocks/Use ^{2019/20} → 11.8% S/U (vs 23.0% last yr)

- USDA WASDE January 10, 2020 Pre-Report Estimates

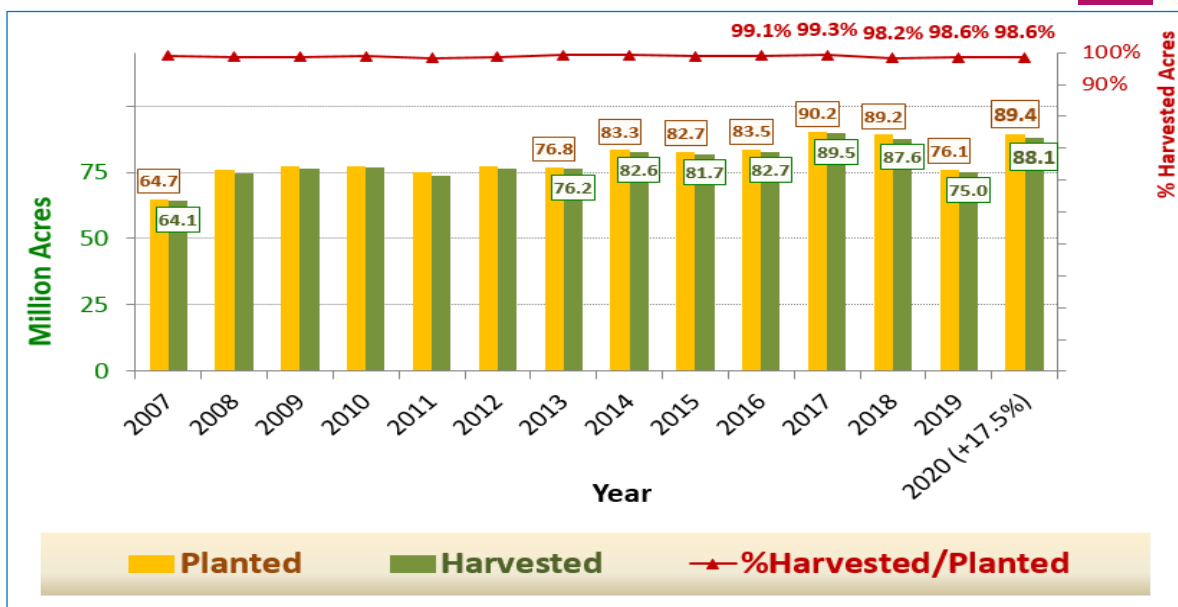
	Survey Results			USDA
2019-20 Crop:	Avg	Low	High	Dec.
Soybeans	431	310	520	475

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U.S. Soybean Acreage

For 2020 ???
Increase of 10-15%+

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U.S. Corn, Soybean Production Survey Before USDA WASDE (Table)

By Dominic Carey

(Bloomberg) -- The following table shows results of a Bloomberg News survey of as many as 28 analysts for the USDA's World Agricultural Supply and Demand report, which is scheduled for release at noon on Jan. 10. Production figures are in millions of bushels, yields in bushels per acre, harvested in millions of acres.

2019-20 Crop:	Survey Results			USDA
	Avg	Low	High	Dec.
Corn Harvest Acres	81.3	79.2	81.8	81.8
Corn Yield	166.0	163.0	168.5	167.0
Corn Production	13,502	13,030	13,701	13,661
Soybean Harvest Acres	75.6	75.2	77.2	75.6
Soybean Yield	46.5	45.9	47.2	46.9
Soybean Production	3,513	3,457	3,591	3,550

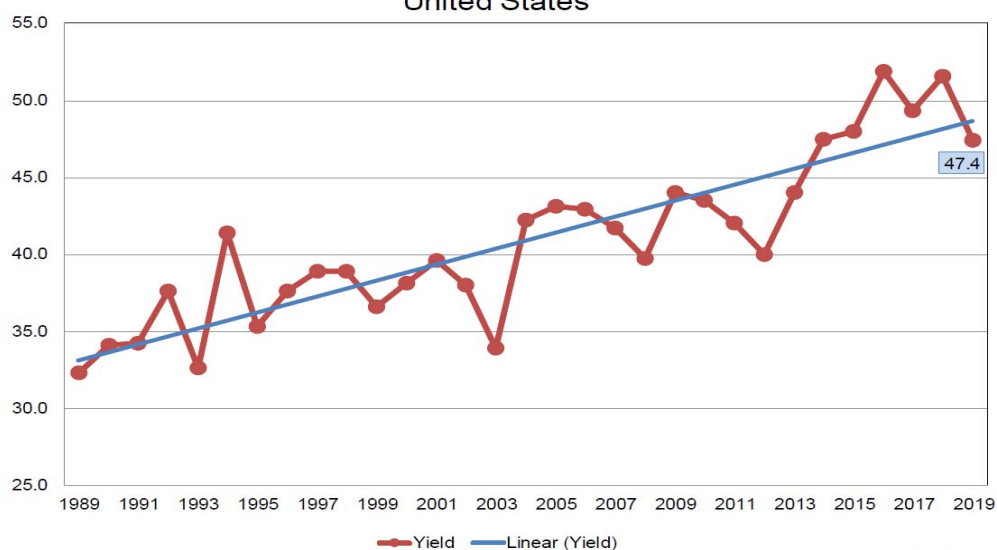


Soybean Yield United States



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Bushels per Acre



USDA-NASS
1-10-20

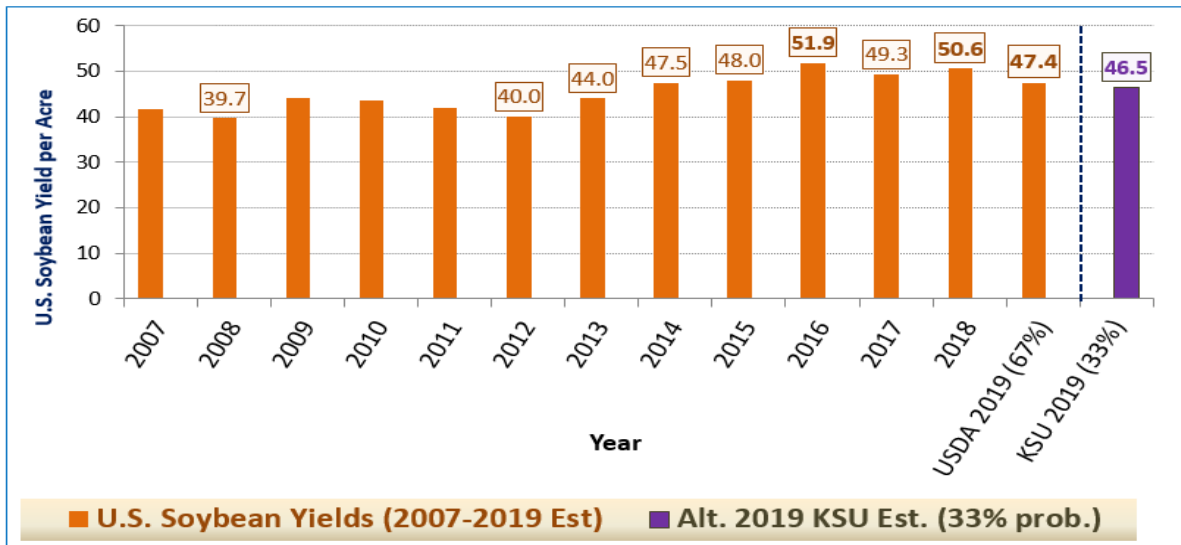
U.S. Soybean Yields

USDA 2019 = 47.4 bu/ac

Final 2019???

Impact of Late Harvest???
IS 46.5 bu/ac near final #?

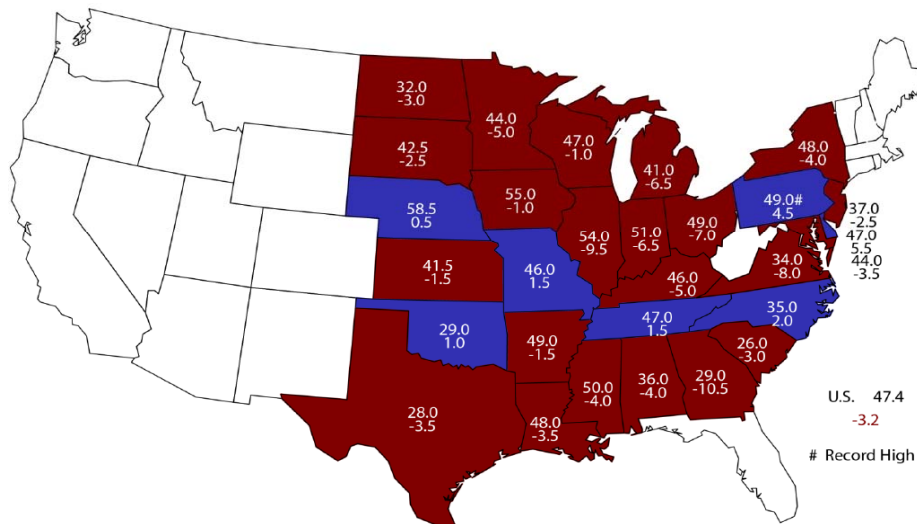
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2019 Soybean Yield Bushels and Change From Previous Year



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USDA-NASS
1-10-20

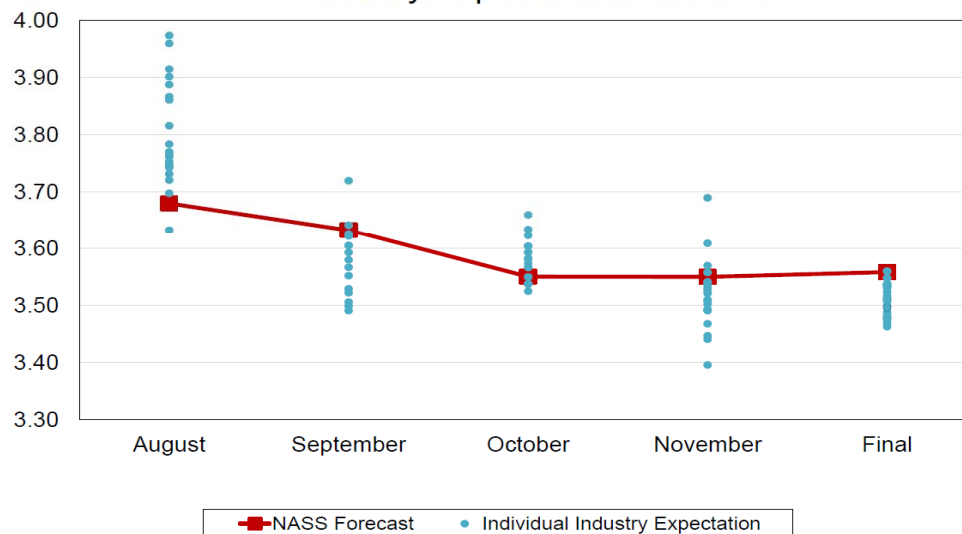


Billion Bushels

2019 United States Soybean Production Industry Expectations vs NASS



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USDA-NASS
1-10-20



Percent of Acres Remaining To Be Harvested



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Crop	2009	2016	2017	2018	2019
Corn	9.9	0.5	1.1	2.5	8.0
Soybeans	3.0	0.2	0.5	3.4	2.0
Sorghum	7.0	0.4	0.3	4.0	0.9

KSU Estimate of
Crops Not Yet
Harvested

≈ 1,095 mb

≈ 71 mb

≈ 6 mb

USDA-NASS
1-10-20

Soybeans Harvested – Selected States

[These 18 States harvested 96% of the 2018 soybean acreage]

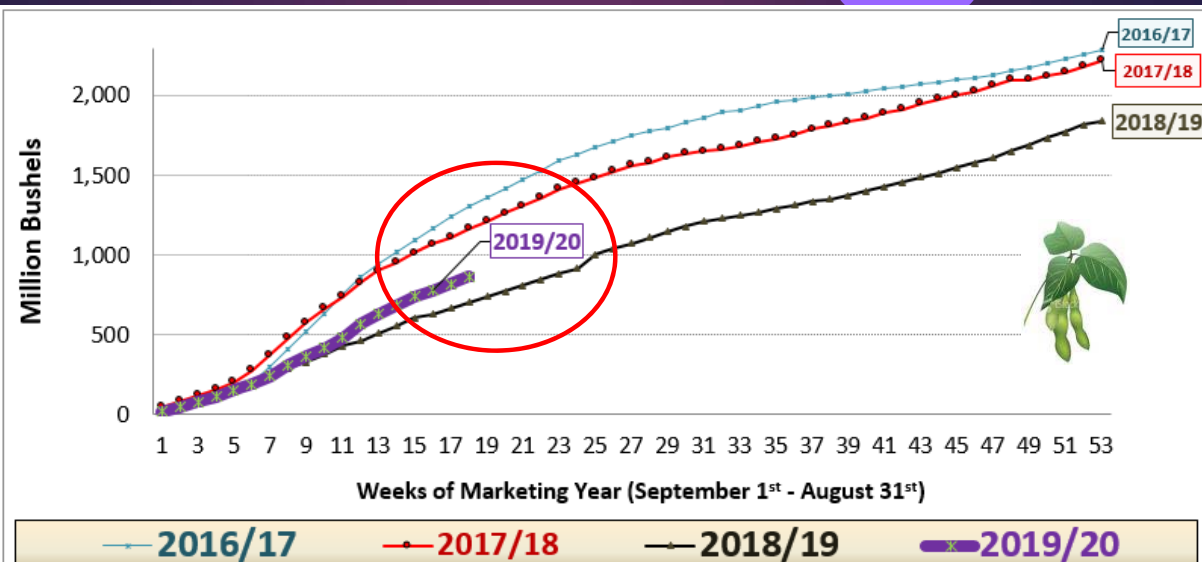
State	Week ending			2014-2018 Average
	December 1, 2018	November 24, 2019	December 1, 2019	
	(percent)	(percent)	(percent)	(percent)
Arkansas	93	96	98	98
Illinois	100	95	100	100
Indiana	98	94	96	99
Iowa	100	97	98	100
Kansas	95	95	97	98
Kentucky	90	92	96	95
Louisiana	99	100	100	100
Michigan	92	80	85	97
Minnesota	100	98	99	100
Mississippi	98	98	99	99
Missouri	98	91	96	96
Nebraska	100	100	100	100
North Carolina	71	67	75	77
North Dakota	95	89	92	99
Ohio	97	93	95	99
South Dakota	100	99	100	100
Tennessee	88	91	95	95
Wisconsin	99	82	86	99
18 States	97	94	96	99

U.S. Soybean Production & Supplies



**Likely to have
Acres & Production
Increase in Yr 2020**

U.S. Soybean Exports – Weekly thru January 2, 2020



U.S. Soybean Export Sales & Shipments

As of January 2, 2020

In 1,000 metric tons

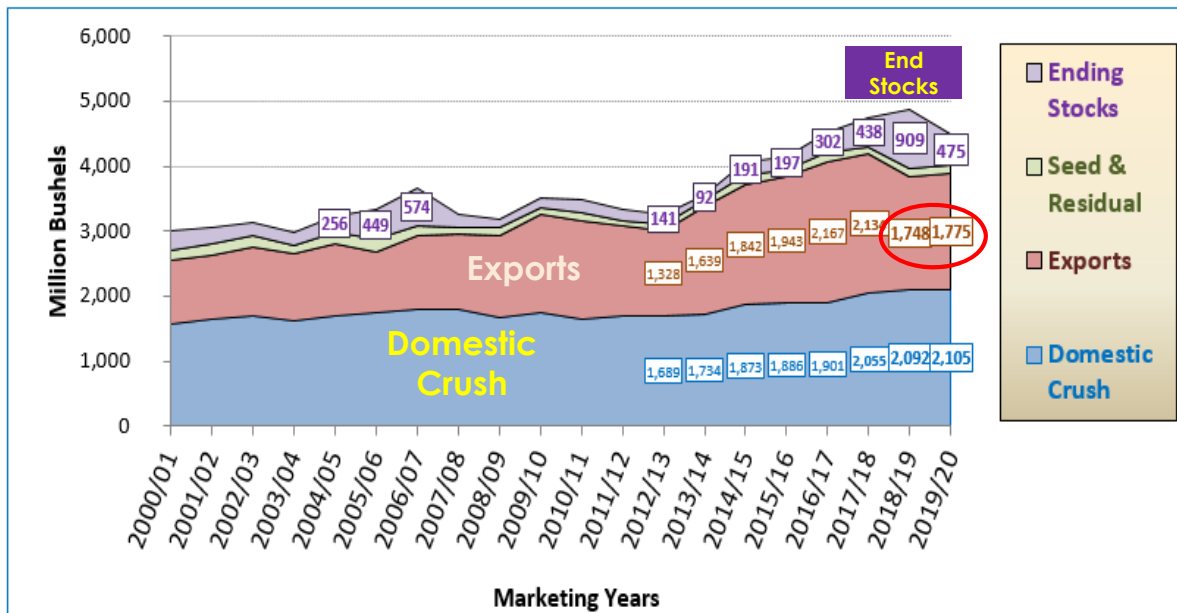
For "New Crop"
MY 2019/20

Sept. 1, 2019 thru August 31, 2020

DESTINATION	OUTSTANDING SALES ACCUM'ATED EXPORTS			
	THIS WEEK	YR AGO	THIS WEEK:	YR AGO
EUROPEAN UNION - 27	55.0	275.0	2824.9	5038.6
GERMANY	0.0	0.0	647.4	698.7
ITALY	*	60.0	117.1	543.6
NETHLD	0.0	0.0	580.4	1311.4
PORTUGL	0.0	40.0	328.6	374.8
SPAIN	55.0	115.0	939.6	1372.1
JAPAN	441.0	469.5	767.7	907.3
TAIWAN	402.0	308.5	935.7	775.2
CHINA	1745.8	3009.5	9426.0	474.0
OTHER ASIA AND OCEANIA:	1020.0	1263.9	4478.5	4881.8
BANGLADH	220.0	2.5	698.1	353.0
INDNSIA	220.0	377.5	736.4	785.8
KOR REP	43.0	45.2	416.5	437.3
PAKISTN	132.0	262.0	798.2	749.3
THAILND	158.7	299.7	756.7	867.0
VIETNAM	68.2	53.6	446.1	429.2
AFRICA	108.0	202.0	1318.6	1315.4
EGYPT	108.0	172.0	1129.9	1054.8
TUNISIA	0.0	30.0	188.7	214.1
WESTERN HEMISPHERE	1281.0	3006.4	2212.5	4417.0
ARGENT	0.0	226.0	0.0	1713.8
CANADA	6.5	152.0	28.6	494.1
COLOMB	31.1	28.8	207.8	217.8
MEXICO	1131.4	2383.6	1718.5	1716.3
TOTAL KNOWN & UNKNOWN	7807.5	12517.3	21963.8	17851.9

U.S. Soybean Use & End Stocks

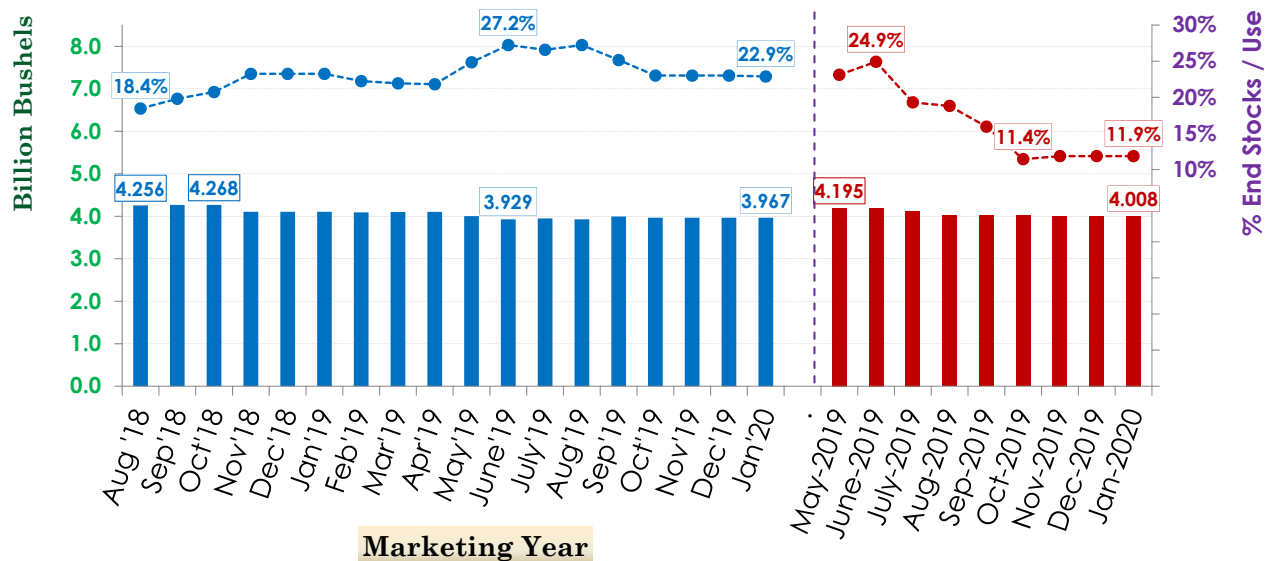
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U.S. Soybean Total Use Projections (USDA)

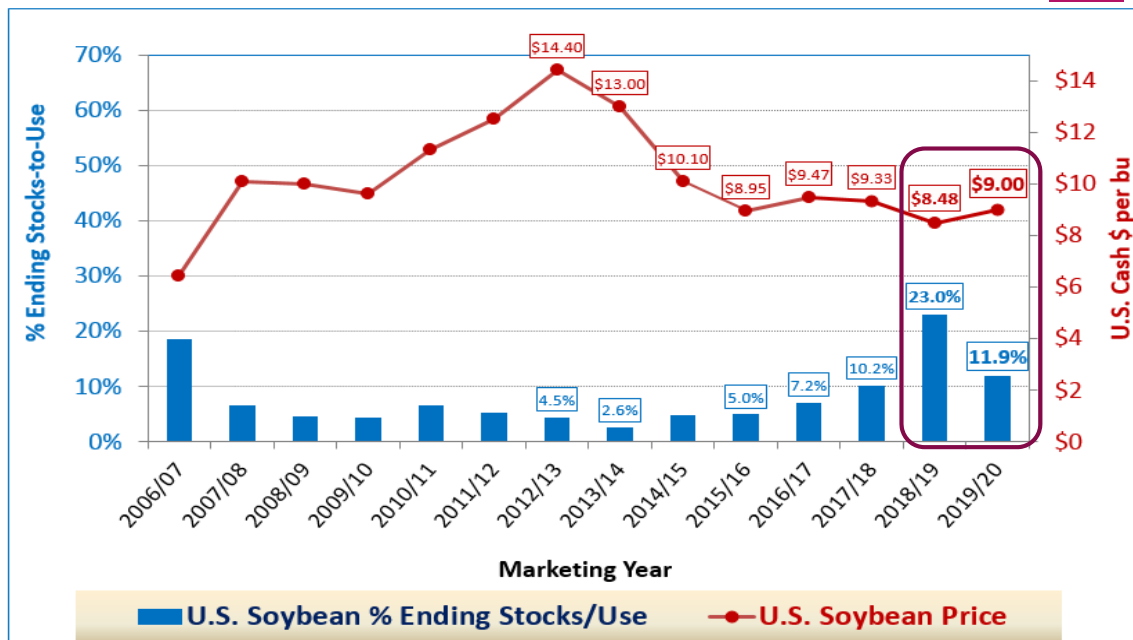
For "Old Crop" MY 2018/19 & "New Crop" MY 2019/20

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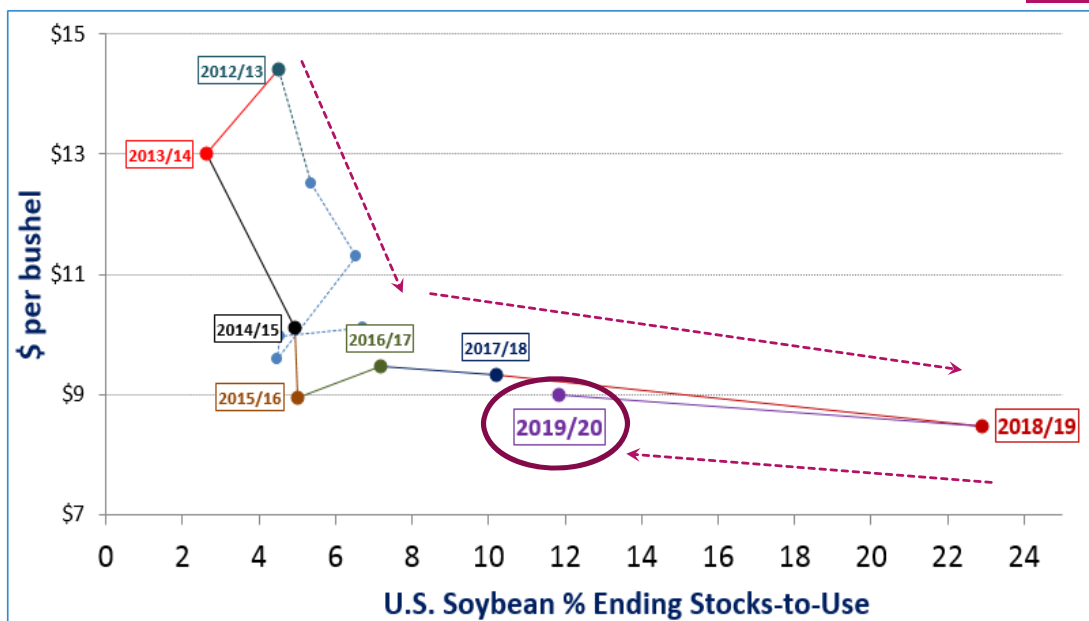
U.S. Soybean % Stocks/Use vs Price\$

68



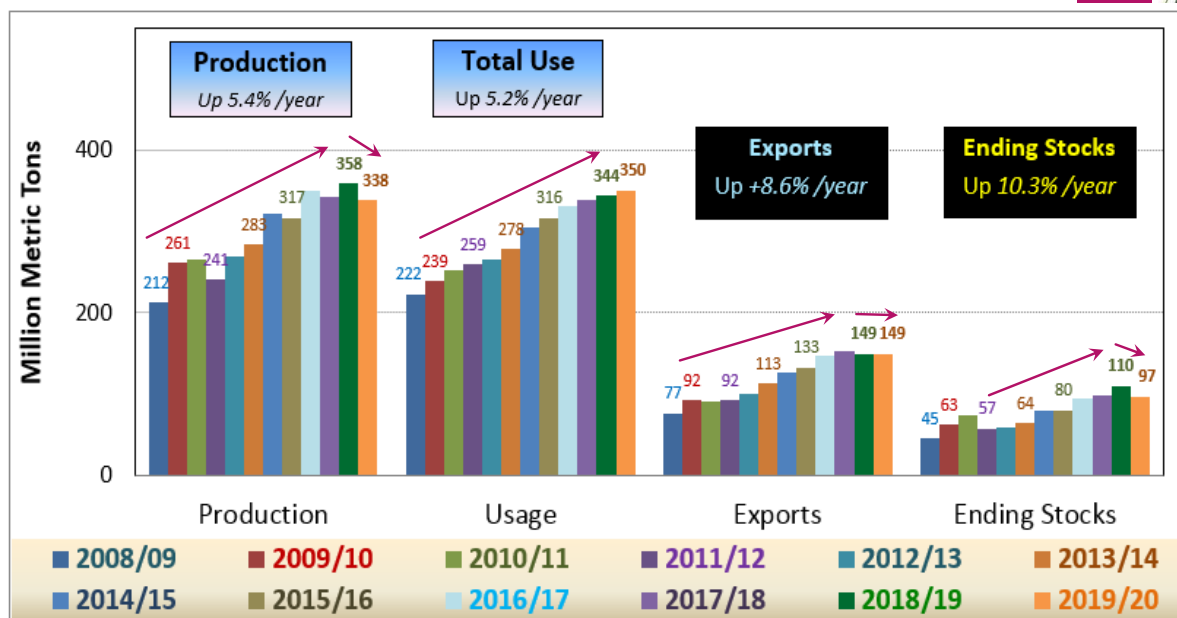
U.S. Soybean % Stocks/Use vs Price\$

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World Soybean Supply, Use & Stocks

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World Soybean Production

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Country or Region	2018/2019 estimate	2019/2020 forecast	Change from December 10	Change from 2018/2019
----- Million Tons -----				
World	358.3	337.7	0.2	-20.6
United States	120.5	96.8	0.2	-23.7
Foreign	237.8	240.9	**	3.1
Argentina	55.3	53.0	--	-2.3
Brazil	117.0	123.0	--	6.0
Paraguay	8.8	10.2	--	1.3
Canada	7.3	6.0	--	-1.3
India	10.9	9.0	--	-1.9
China	16.0	18.1	--	2.1

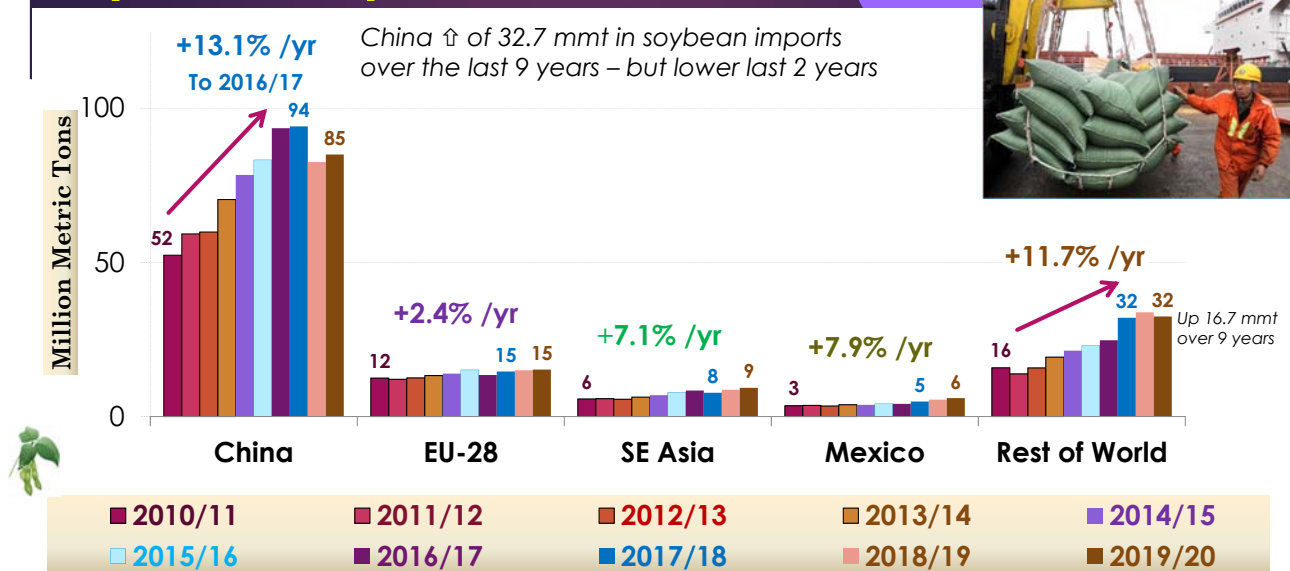
-- No change. ** Rounds to zero.

World Soybean Supply and Use

Item	2018/2019 estimate	2019/2020 forecast	Change from December 10	Change from 2018/2019
----- Million Tons -----				
Beginning stocks	98.9	110.3	0.5	11.4
Production	358.3	337.7	0.2	-20.6
Total Supply	457.2	448.0	0.7	-9.2
Crush	298.3	303.6	0.8	5.2
Total use	343.6	350.1	0.4	6.5
Trade	149.2	149.1	--	-0.1
Ending Stocks	110.3	96.7	0.3	-13.6
Addendum				
Beginning stocks				
Argentina plus Brazil	56.5	59.2	0.5	2.7
Imports*				
China	82.5	85.0	--	2.5

January 10, 2020

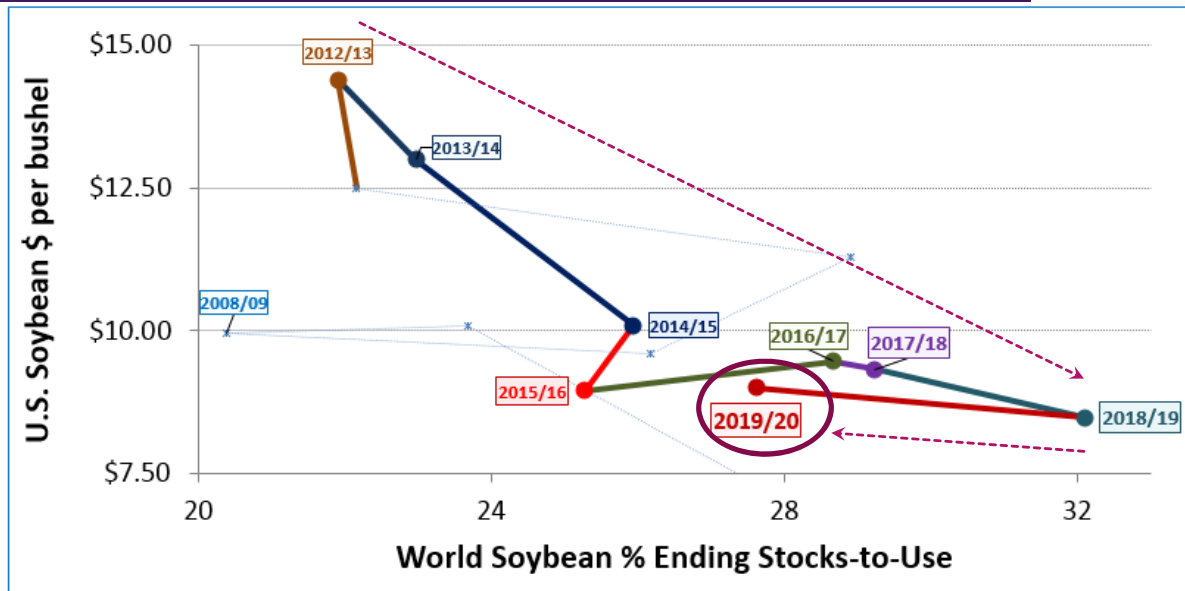
Soybean Importer Purchases



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

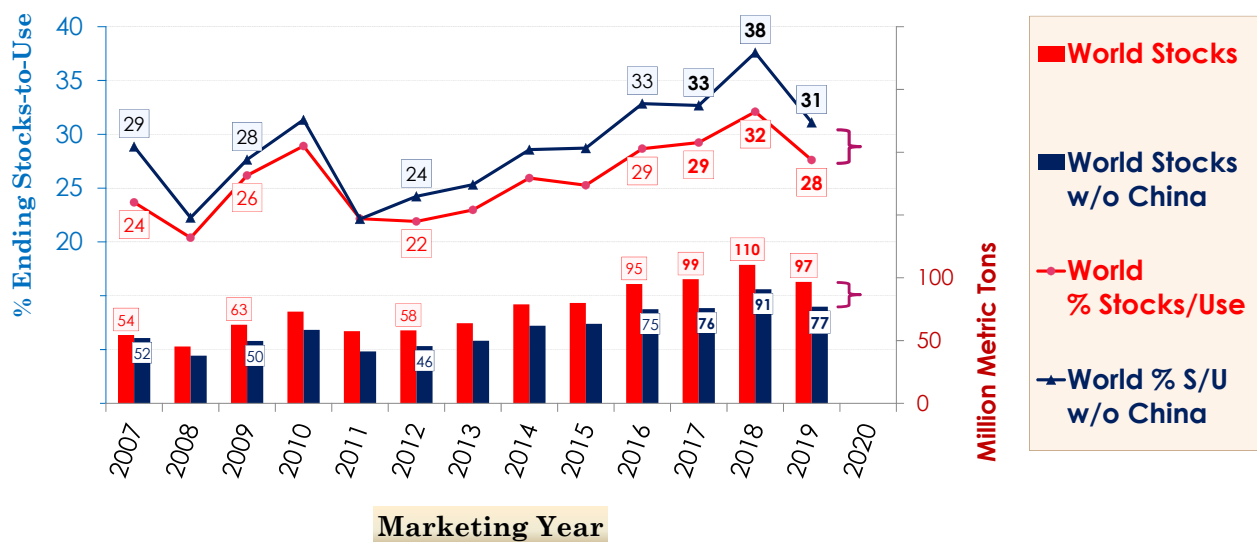
MY 2007/08 through "New Crop" MY 2019/20

74



75

World & World-less-China SOYBEAN Stocks & %S/U



Questions?

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