

Soybean Market Outlook for 2018

Kansas Soybean School

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Soybean Markets



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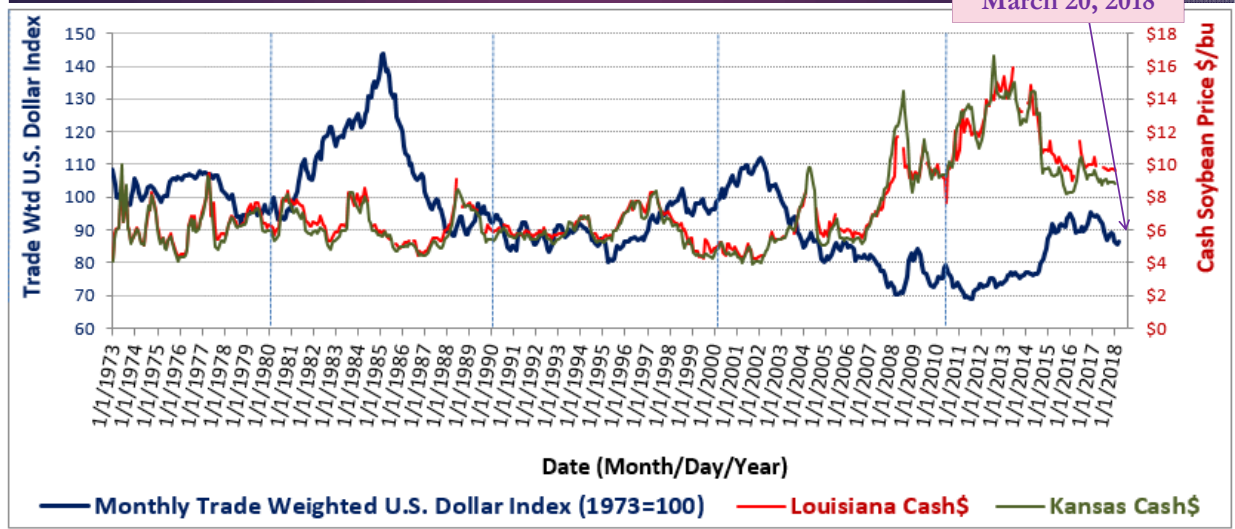
KANSAS STATE
UNIVERSITY

Department of Agricultural Economics

U.S. Dollar Index & Cash Prices

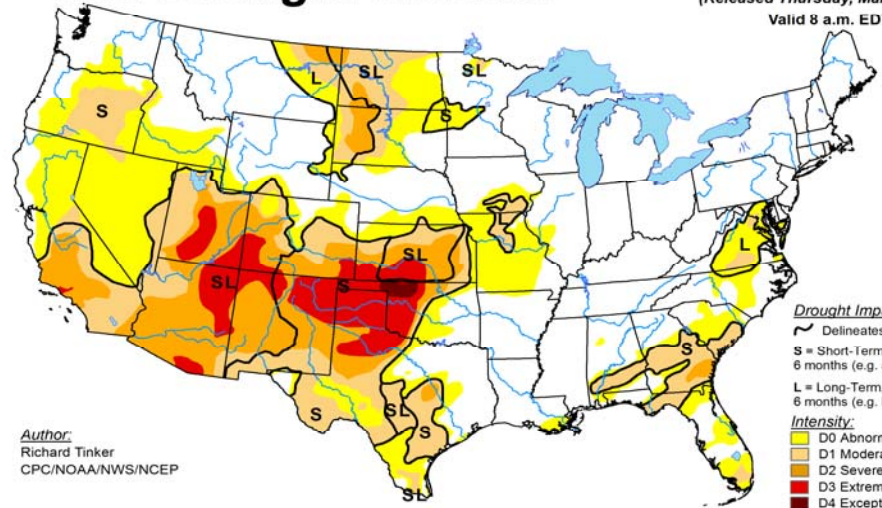
Monthly Chart: January 1973 through March 9, 2018

89.910
Avg. Index #
March 20, 2018

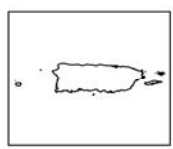
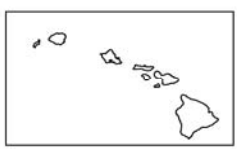
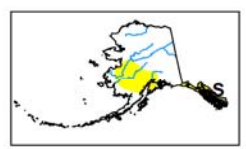


U.S. Drought Monitor

March 13, 2018
(Released Thursday, Mar. 15, 2018)
Valid 8 a.m. EDT



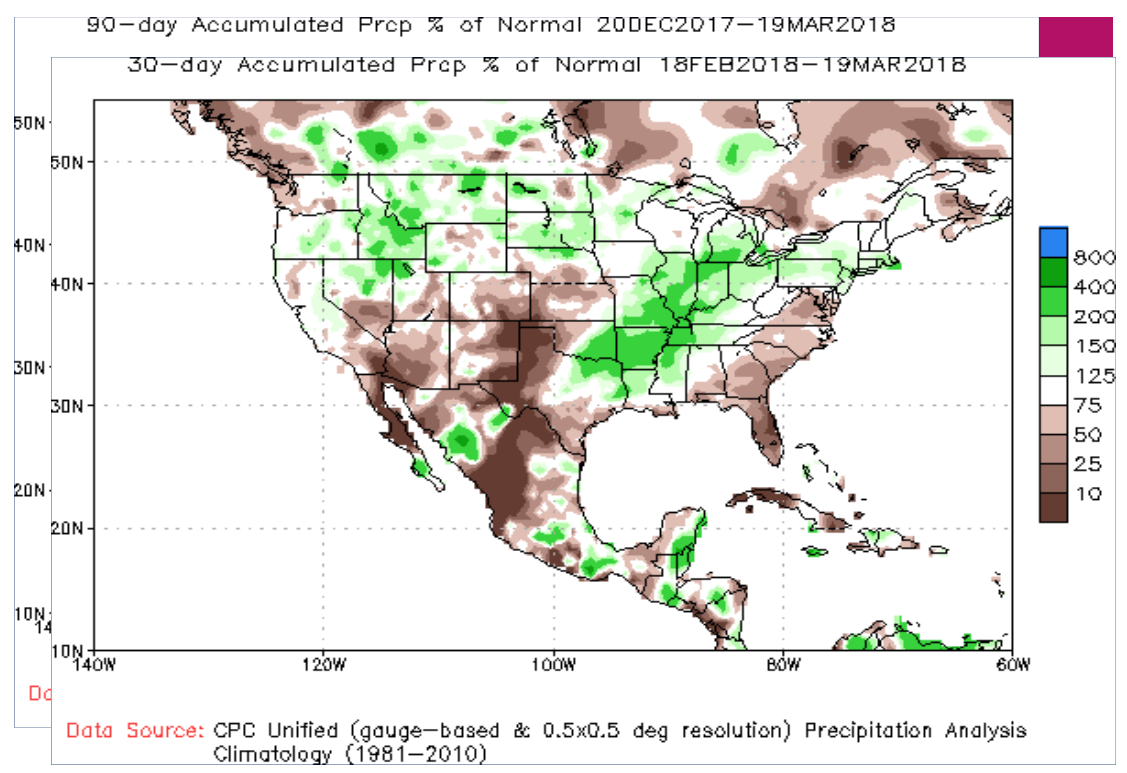
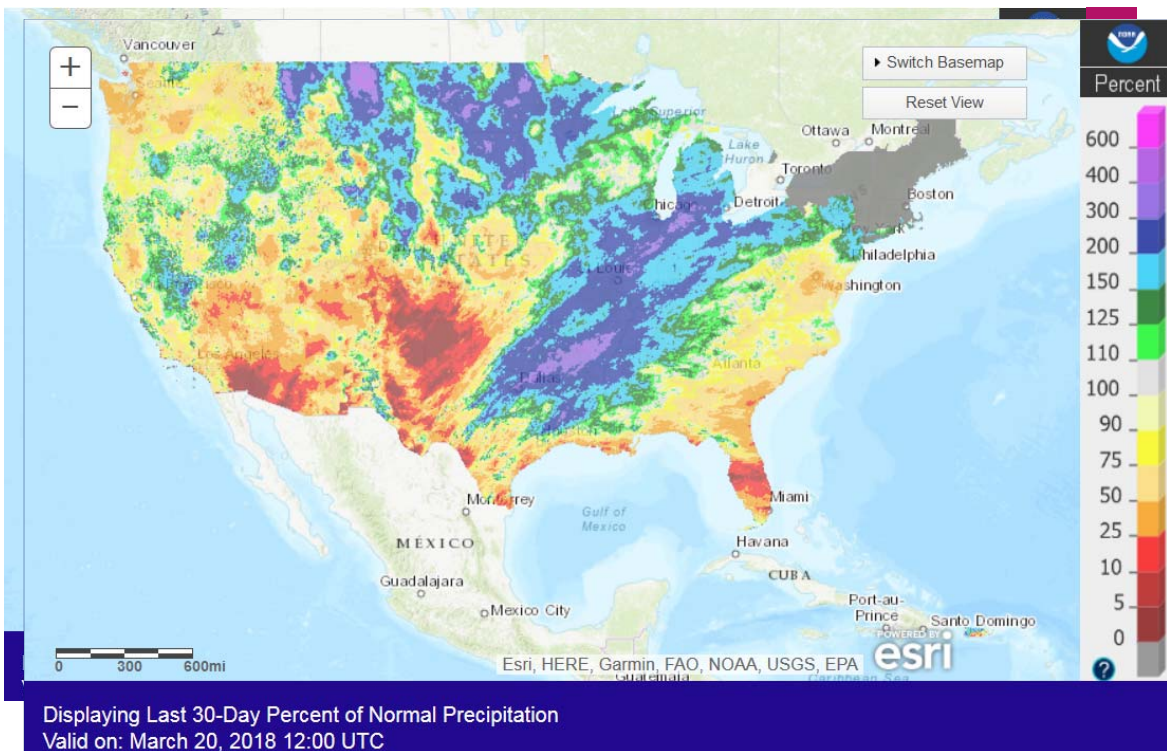
Author:
Richard Tinker
CPC/NOAA/NWS/NCEP



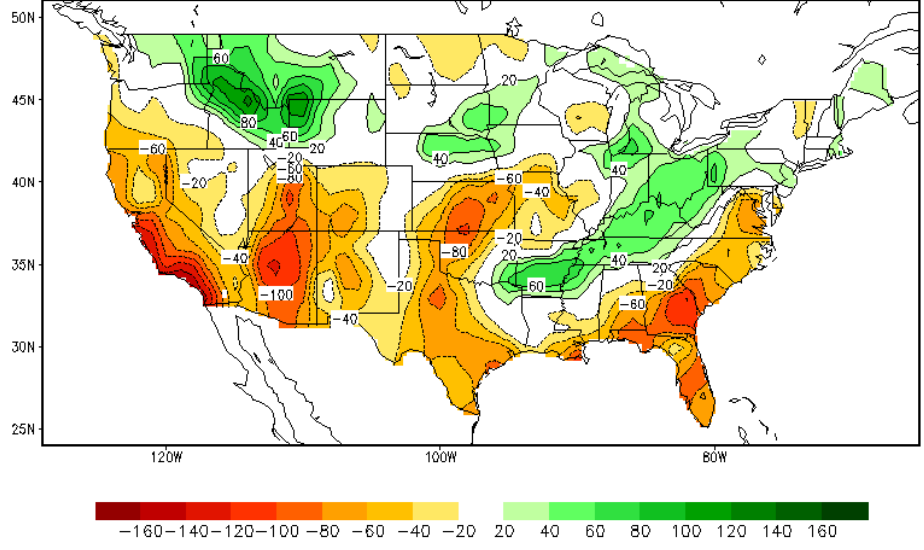
USDA NDMC NOAA

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

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



Predicted Soil Moisture Anomaly (mm)
(20Mar2018-27Mar2018)



U.S. Soybean Supply-Use

- 2017 U.S. Soybean Production & Supplies @ *record HIGHS*
- Large Soybean Stocks in U.S. & So. America** limit Price\$'s
- Low Price\$'s support Use in "*New Crop*" MY 2017/18 ***
 - Soy Crush^{2017/18} = 1.960 bln bu (*Record – vs 1.901 bb 1 year ago*)
 - Exports^{2017/18} = 2.065 bln bu (*2nd Highest – vs 2.174 bb record 1 year ago*)
 - Total Use^{2017/18} = 4.163 bln bu (*Record – vs 4.213 bb 1 year ago*)
 - SBM Use^{2017/18} = 46.7 mln tons (*vs 45.0 in MY 2016/17 & 45.1 in MY 2015/16*)

U.S. Soybeans

- "*Large*" Stocks & % S/U in "*Old Crop*" MY 2017/18
 - End Stocks^{2017/18} ⇒ 555 mln bu (*High vs 574 mb in MY 2006/07*)
 - % Stocks/Use^{2017/18} ⇒ 13.1% S/U (*High vs 18.6% in MY 2006/07*)
- "*Smaller*" Stocks & % S/U - "*New Crop*" MY 2018/19
 - End Stocks^{2018/19} ⇒ 485 mln bu (↓ vs this year)
 - % Stocks/Use^{2018/19} ⇒ 11.0% S/U (↓ vs this year)

Overall 2018 Soybean Market Prospects

- U.S.: *Strong Use* - "OK" Exports ➔ *Large Stocks* - *Weak Prices*
 - U.S. soybean exports in 2017/18 to be *historically large* in spite of trade tensions with **China** & a *large 2018 soybean crop* in **Brazil**
 - ❖ 2018 Market prospects depend on continued growth in import demand from **China, EU, Southeast Asia, Mexico** & elsewhere
 - Questions re: **2018 South American soybean** crop risk (*i.e., La Nina effects, Argentina drought, etc.*) & **2018 U.S. Soybean Acres**

CME Soybean Futures

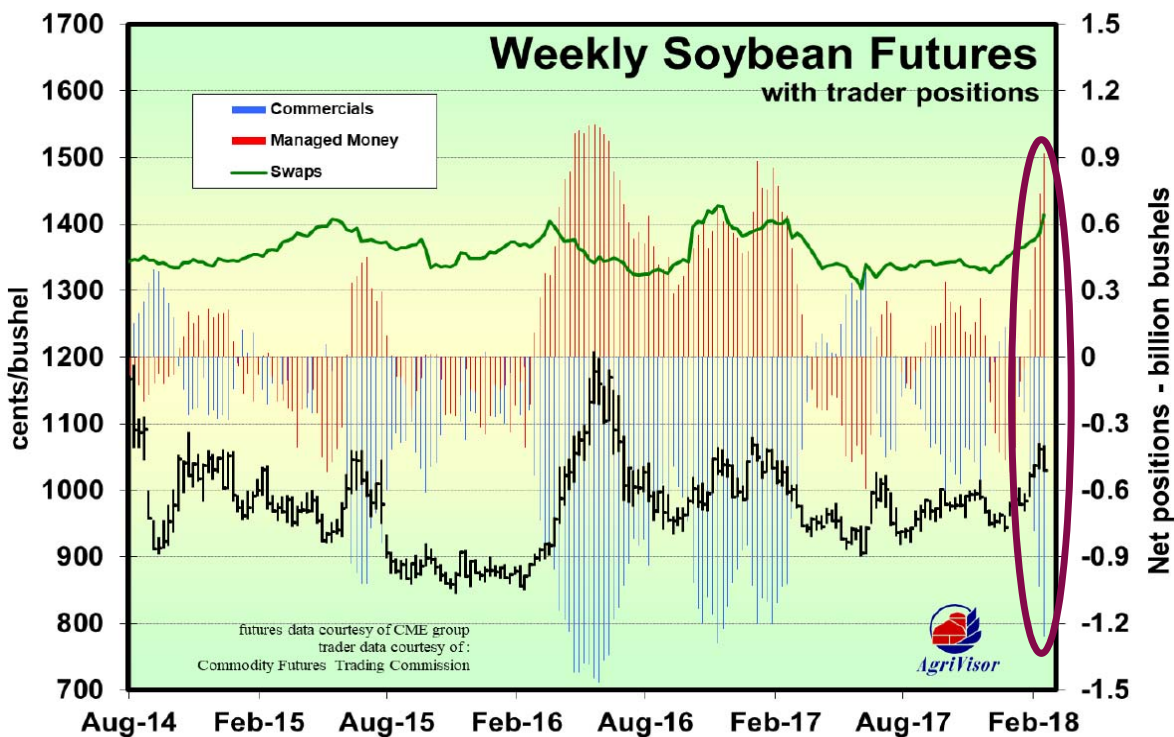
Monthly Chart: January 2009 – February 2018 + 3/20/2018



CME Soybean Futures

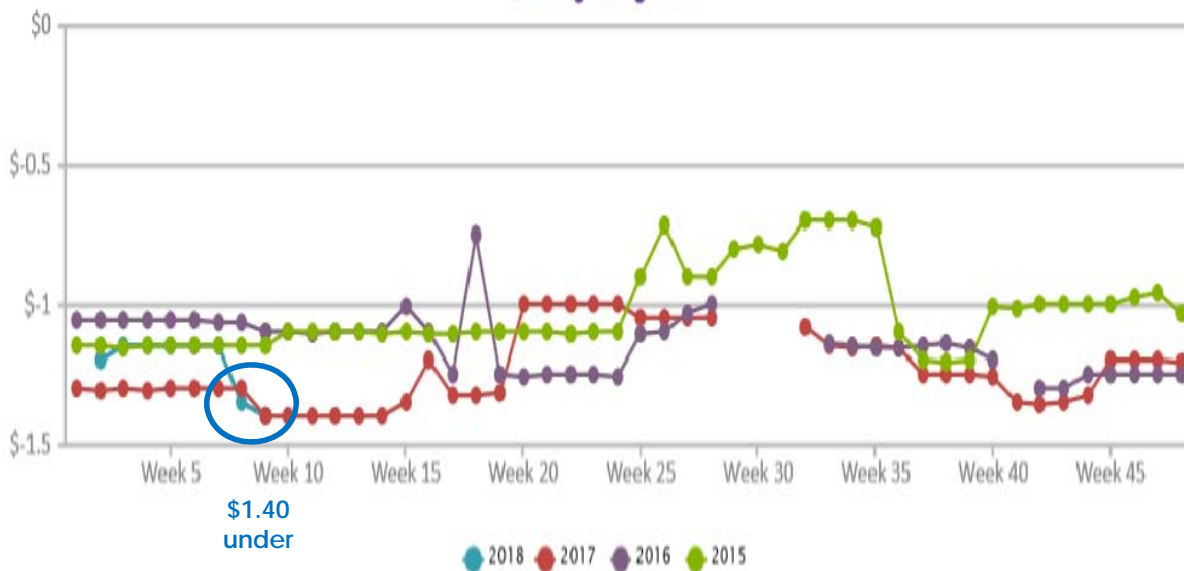


Monthly Chart: January 2009 – February 2018 + March 20, 2018



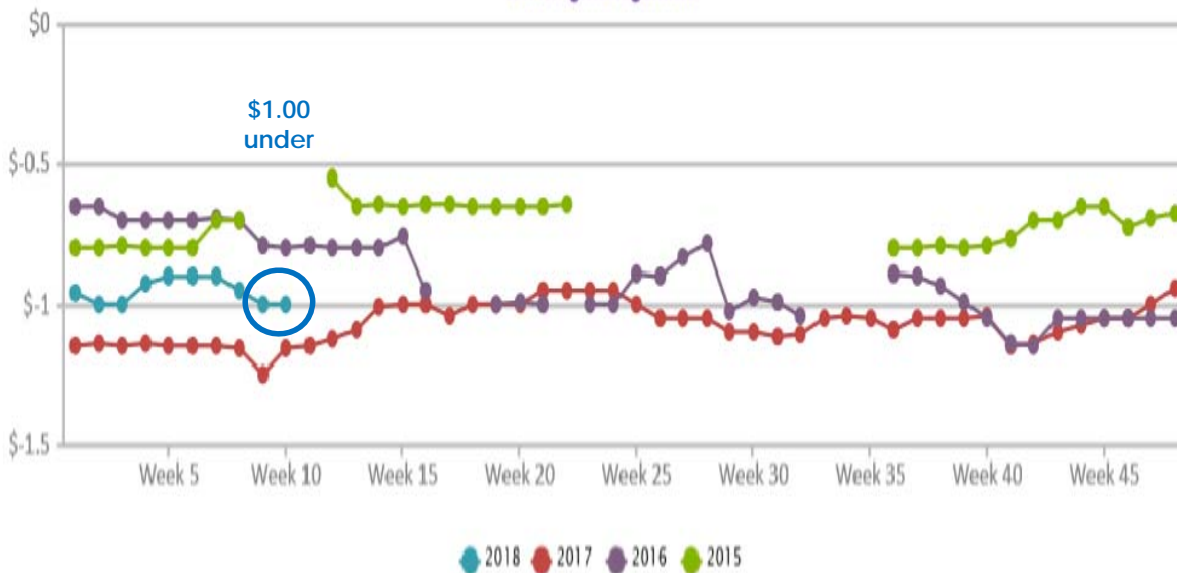
PHILLIPSBURG, KS: Soybeans Basis - RANGELAND COOP

www.AgManager.info



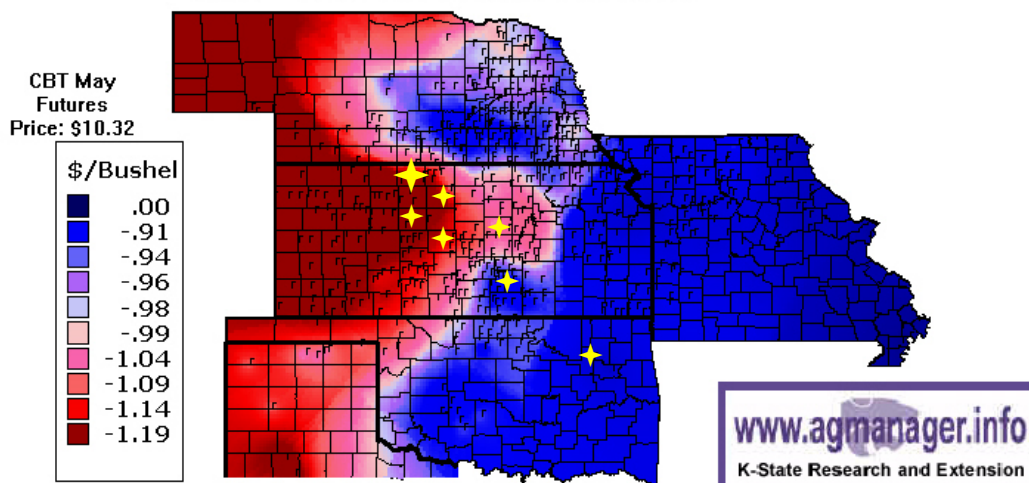
DOWNS, KS: Soybeans Basis - SCOLAR GRAIN CO

www.AgManager.info



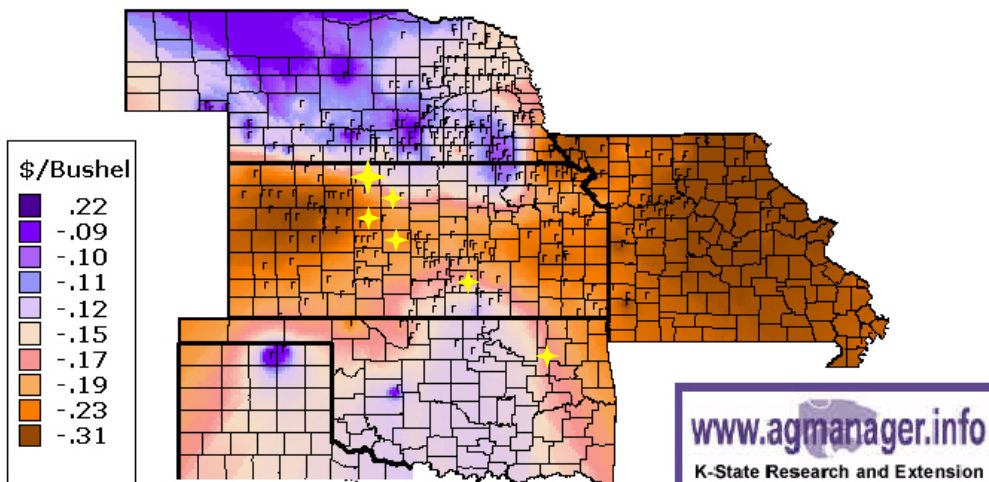
Soybean Basis, 03-14-2018

Basis = Cash Price - Nearby Futures Price



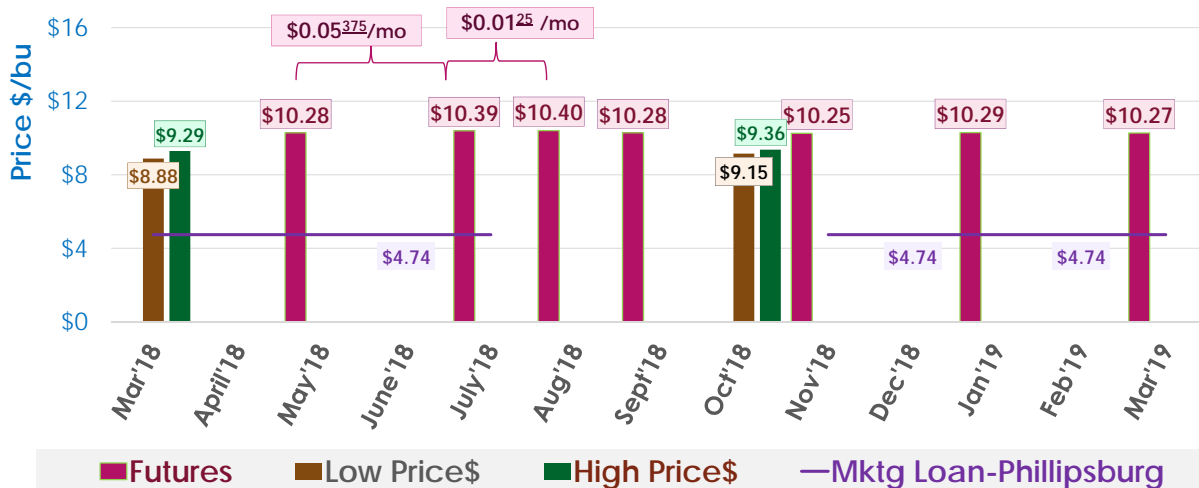
Soybean Basis Deviation, 03-14-2018

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



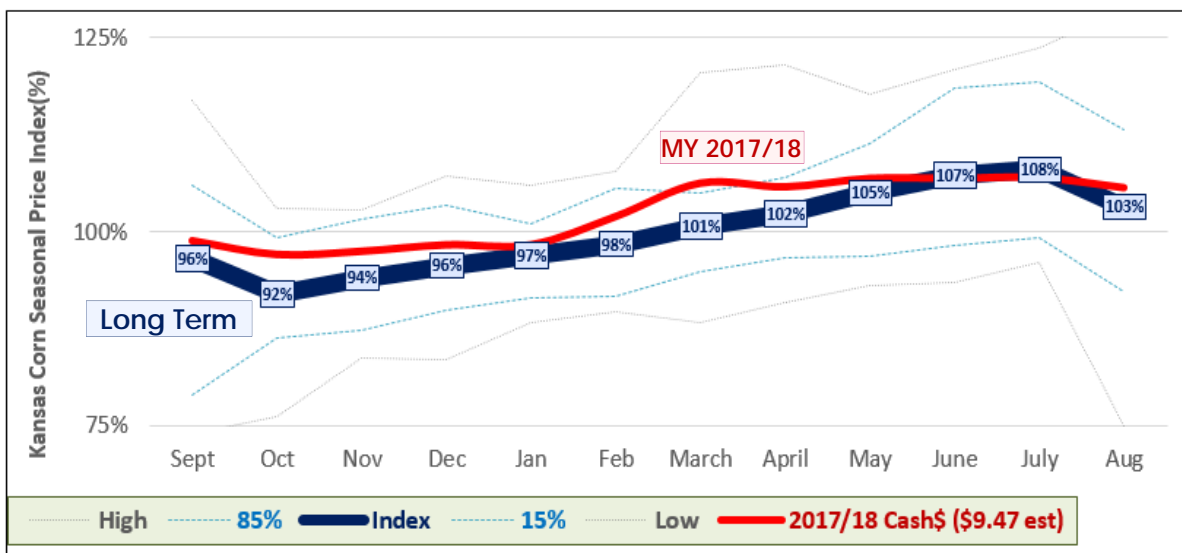
Soybean Cash & Futures Price\$'s

Phillipsburg, KS Local Elevators - March 20, 2018



Kansas Soybean Seasonal Cash \$ Index

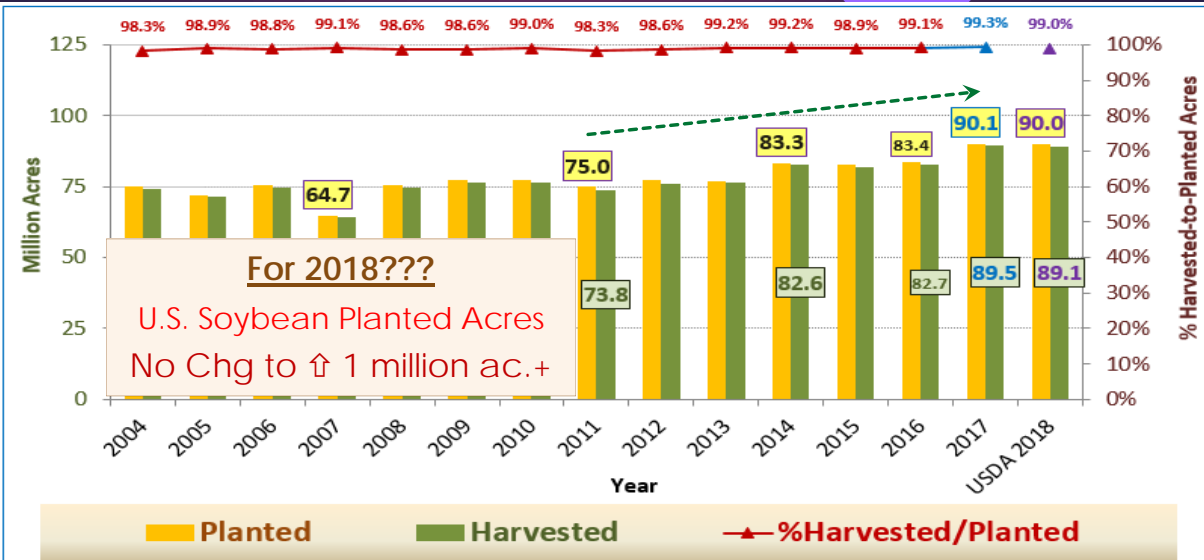
Monthly Prices: Long Term Average + "New Crop" MY 2017/18



U.S. Soybean Supply and Demand

| | 2016/17 estimate | 2017/18 forecast | Change from February 8 | Change from 2016/17 | |
|--------------------------------|---------------------|---------------------------|------------------------------|------------------------|---------------------------------------|
| Planted area (million acres) | 83.4 | 90.1 | -- | 6.7 | ↑ Record Crop and Large Supply |
| Harvested area (million acres) | 82.7 | 89.5 | -- | 6.8 | |
| Yield (bushels per acre) | 52.0 | 49.1 | -- | -2.9 | |
| | | <i>Million bushels</i> | | | |
| Beginning stocks | 197 | 302 | -- | 105 | Large Use & Exports (But lower) |
| Production | 4,296 | 4,392 | -- | 95 | |
| Imports | 22 | 25 | -- | 3 | |
| Total supply | 4,515 | 4,718 | -- | 203 | |
| Crush | 1,901 | 1,960 | 10 | 59 | ↑ Stocks/Use & ↓ Prices |
| Seed and residual | 139 | 138 | -- | 0 | |
| Domestic use | 2,040 | 2,098 | 10 | 58 | |
| Exports | 2,174 | 2,065 | -35 | -109 | |
| Total use | 4,213 | 4,163 | -25 | -50 | |
| Ending stocks | 302 | 555 | 25 | 253 | |
| | | <i>Percent</i> | | | |
| Stocks to use ratio | 7.2 | 13.3 | 0.7 | 6.2 | |
| | | <i>Dollars per bushel</i> | | | |
| Average market price | 9.47 | 9.00/9.60 | -- | -0.17 | |

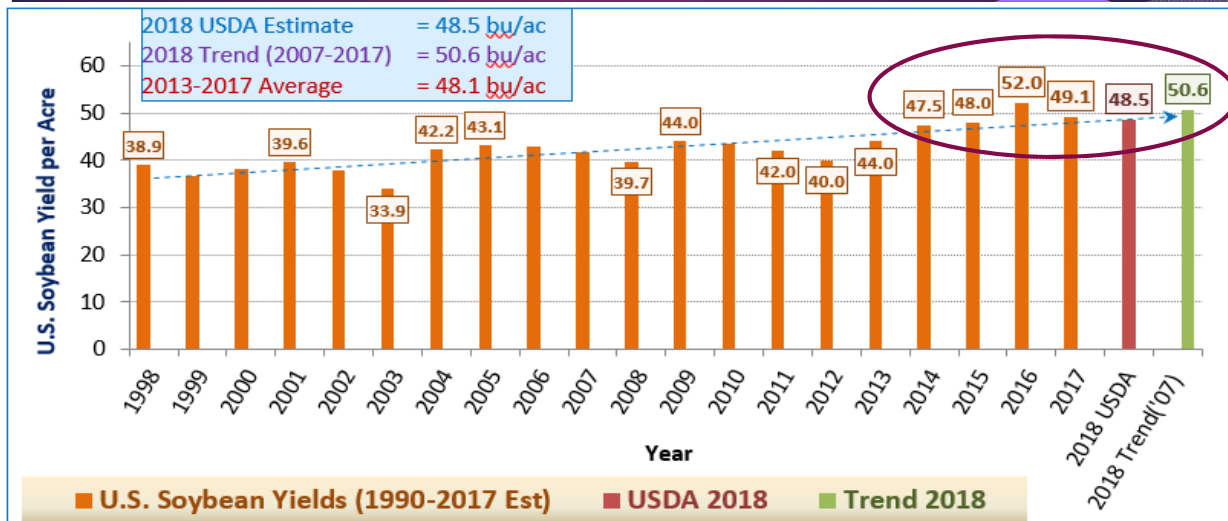
U.S. Soybean Acreage





U.S. Soybean Yields

USDA 2018 = 48.5 bu/ac; 2018 Trend = 50.6 bu/ac

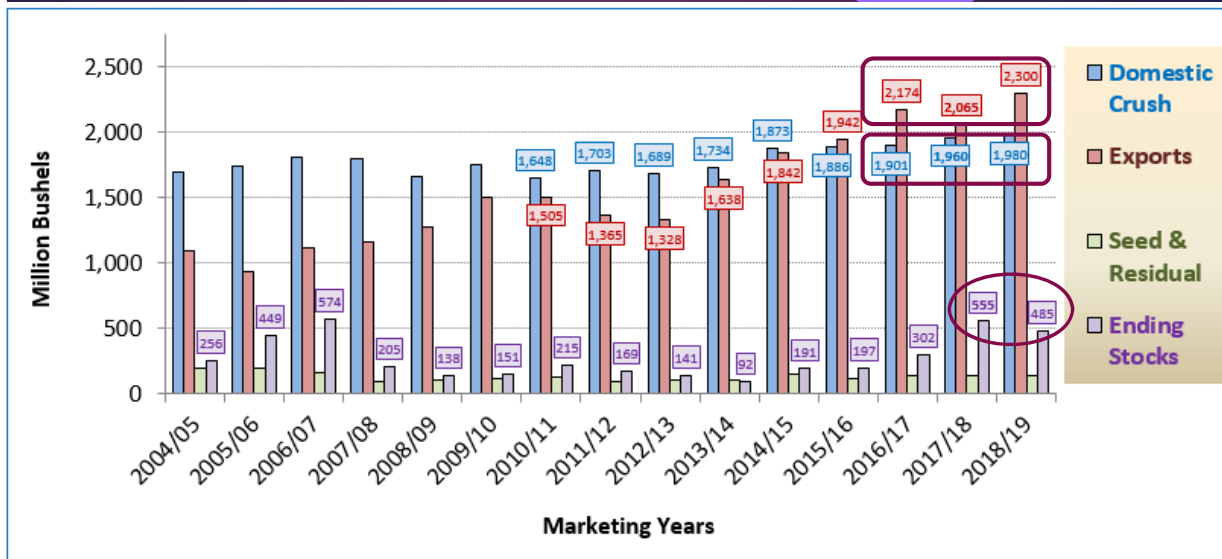


U.S. Soybean Production & Supplies

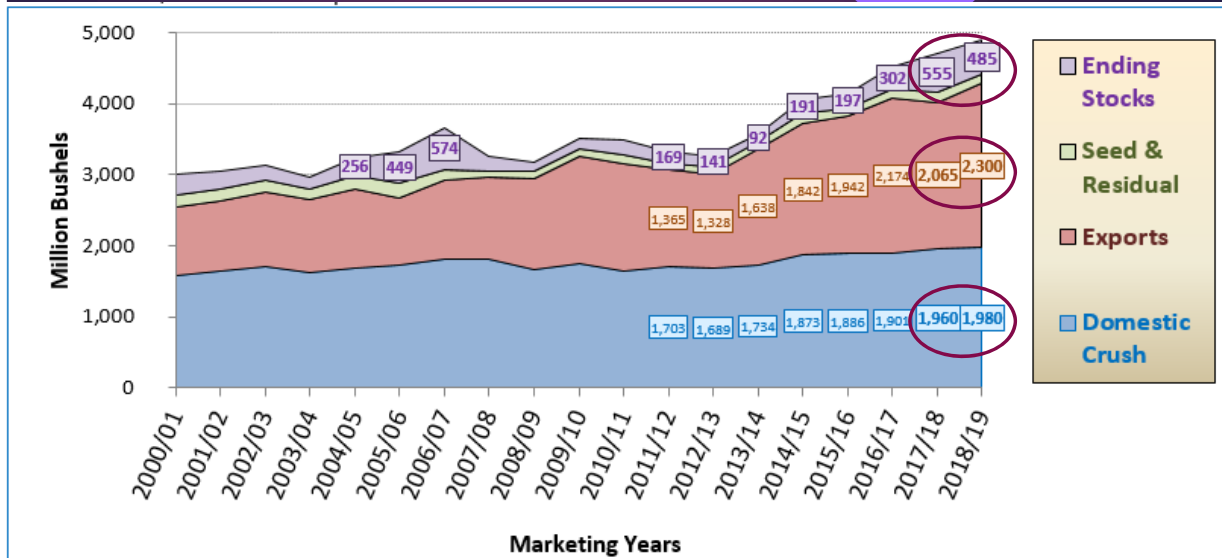




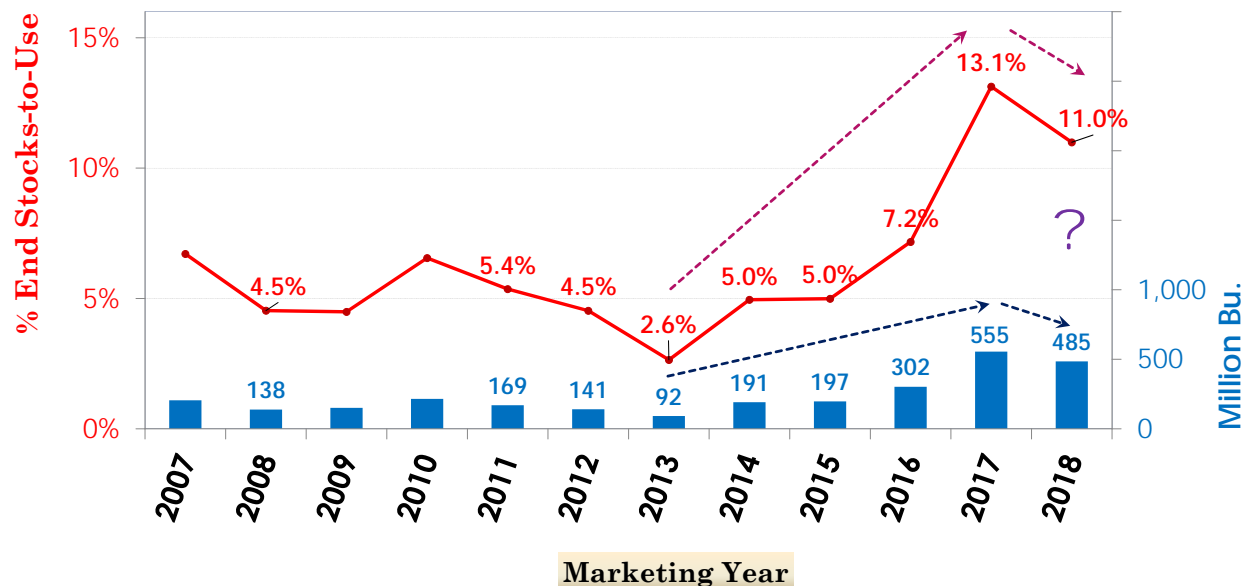
U.S. Soybean Use & End Stocks



U.S. Soybean Use & End Stocks



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

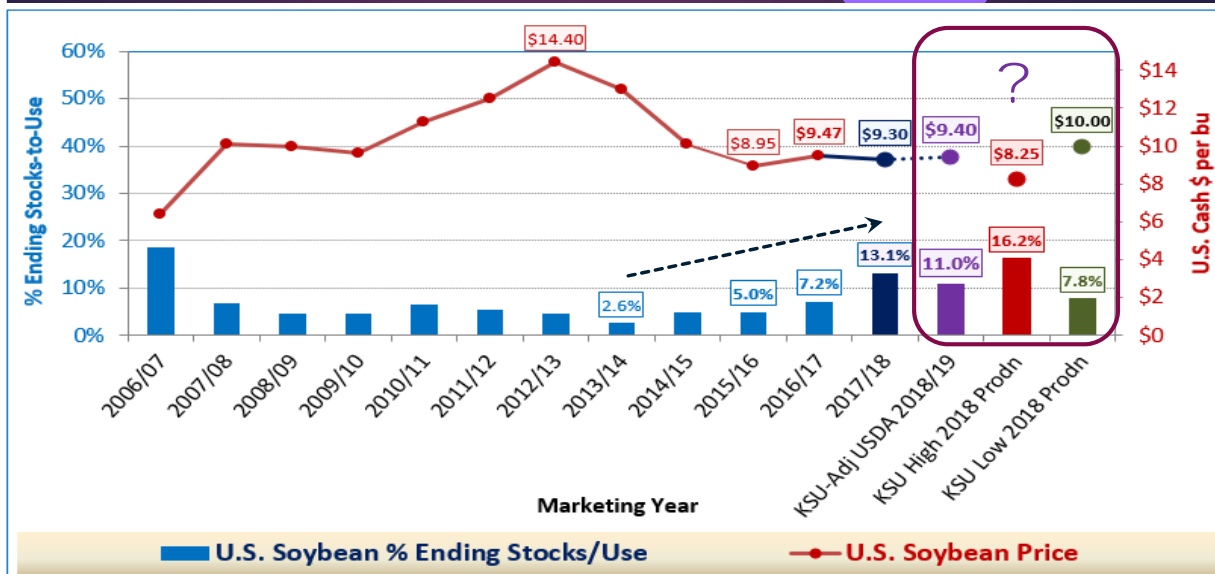


Ernst & Young



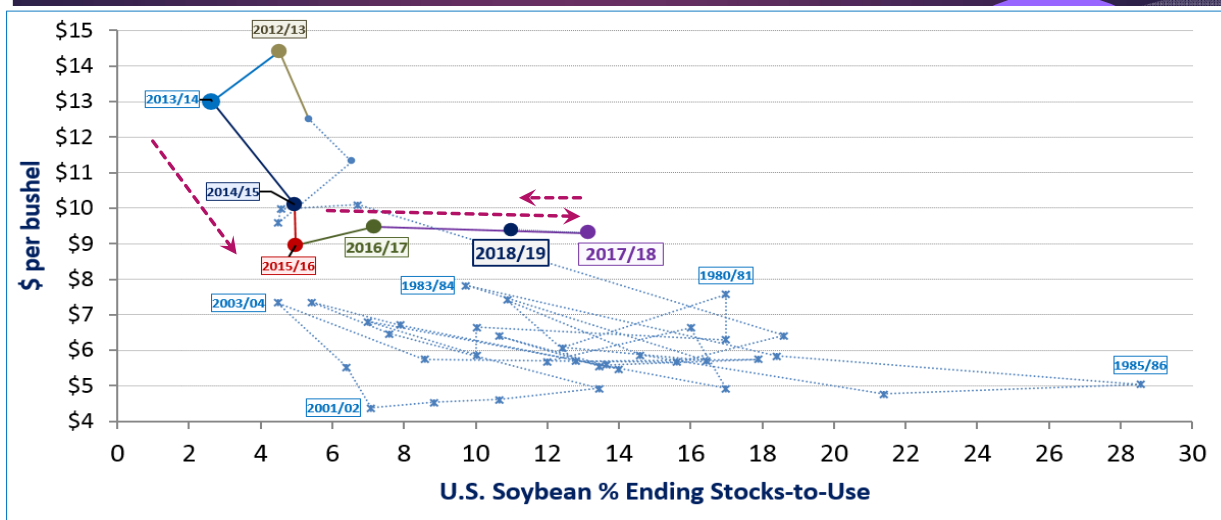


U.S. Soybean % Stocks/Use vs Price\$

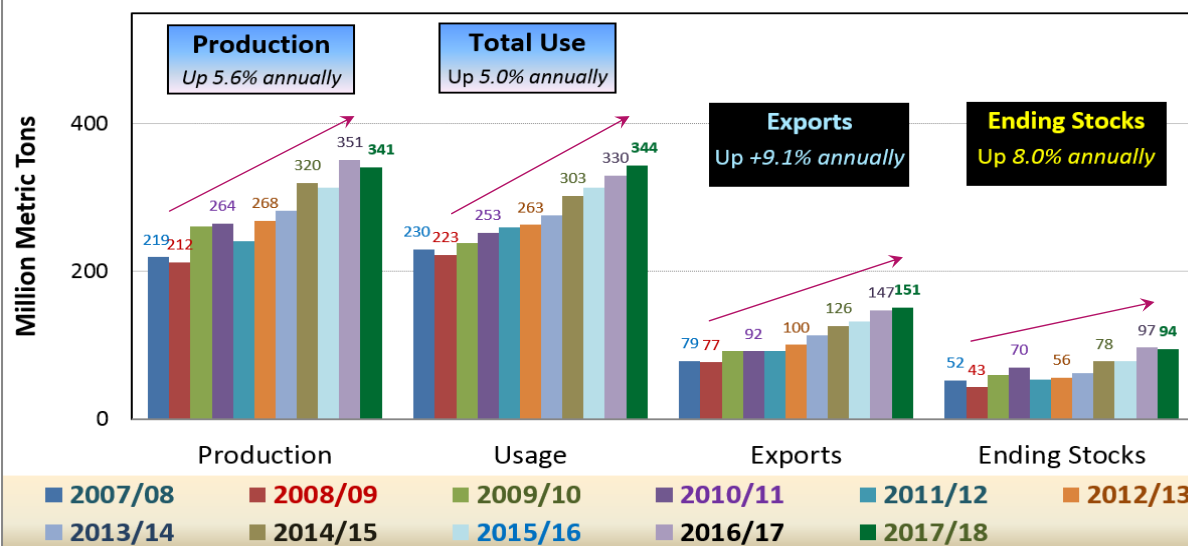


U.S. Soybean \$ vs U.S. Stocks-to-Use

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



World Soybean Supply, Use & Stocks



Agribusiness



edn PROGRESSIVE FARMER

Brazil Logistics Improve - 1

World Soybean Production

| Country or Region | 2016/17 estimate | 2017/18 forecast | Change | Change from | |
|---------------------|------------------|------------------|-----------------|-------------|---|
| | | | from February 8 | 2016/17 | |
| <i>Million Tons</i> | | | | | |
| World | 351.3 | 340.9 | -6.1 | -10.5 | ↓ World Crop ↑ U.S. Crop ↓ Foreign Crop |
| United States | 116.9 | 119.5 | -- | 2.6 | |
| Foreign | 234.4 | 221.3 | -6.1 | -13.1 | |
| Argentina | 57.8 | 47.0 | -7.0 | -10.8 | ↑ Canada ↑ China ↓ Brazil** ↓ Argentina** ↓ Paraguay ↓ India |
| Brazil | 114.1 | 113.0 | 1.0 | -1.1 | |
| Paraguay | 10.7 | 9.2 | -- | -1.5 | |
| Canada | 6.6 | 8.0 | -- | 1.4 | |
| India | 11.5 | 9.5 | -- | -2.0 | |
| China | 12.9 | 14.2 | -- | 1.3 | |

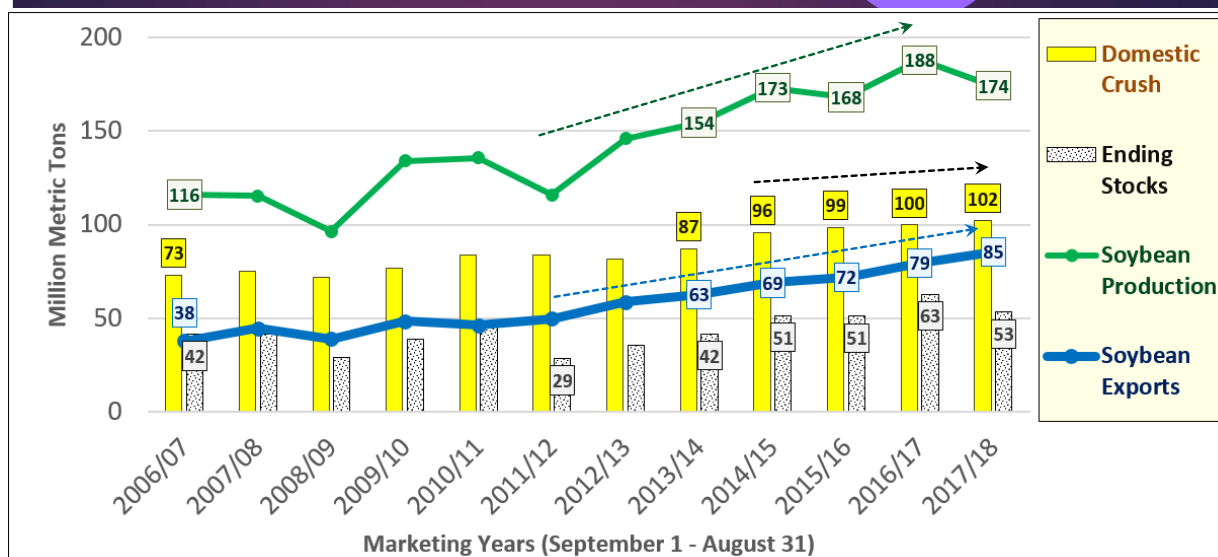
World Soybean Supply and Use

| | 2016/17 estimate | 2017/18 forecast | Change | Change from | |
|---------------------|------------------|------------------|-----------------|-------------|---|
| | | | from February 8 | 2016/17 | |
| <i>Million Tons</i> | | | | | |
| Beginning stocks | 78.3 | 96.7 | 0.5 | 18.4 | ↑ Beg. Stocks ↓ Production ↑ Total Supply |
| Production | 351.3 | 340.9 | -6.1 | -10.5 | |
| Total Supply | 429.6 | 437.5 | -5.5 | 7.9 | |
| Domestic crush | 288.5 | 300.9 | 0.8 | 12.4 | ↑ Crush ↑ Total Use ↑ Trade ↓ End Stocks |
| Total use | 329.8 | 343.8 | 0.6 | 14.0 | |
| Trade | 147.5 | 150.6 | -1.3 | 3.1 | |
| Ending Stocks | 96.7 | 94.4 | -3.7 | -2.3 | |

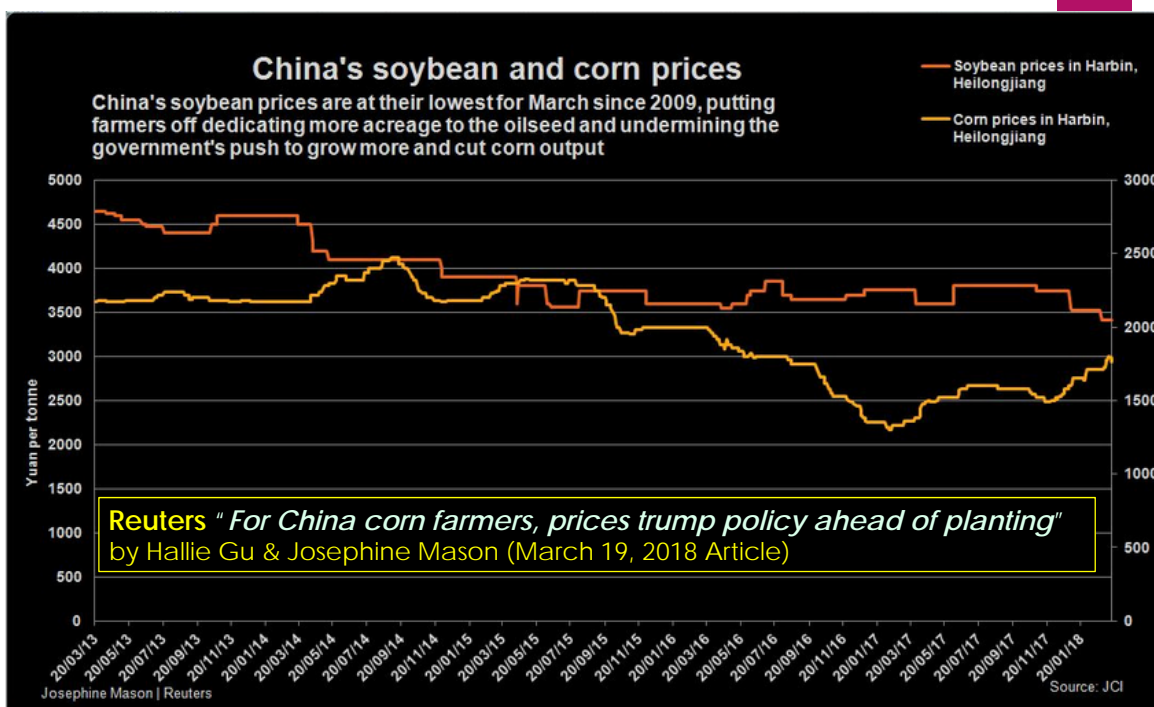
Addendum:

| | | | | | |
|-----------------------|------|------|-----|------|---|
| Beginning stocks | | | | | |
| Argentina plus Brazil | 50.2 | 61.7 | 0.6 | 11.5 | ★ |
| Imports* | | | | | |
| China | 93.5 | 97.0 | -- | 3.5 | ★ |

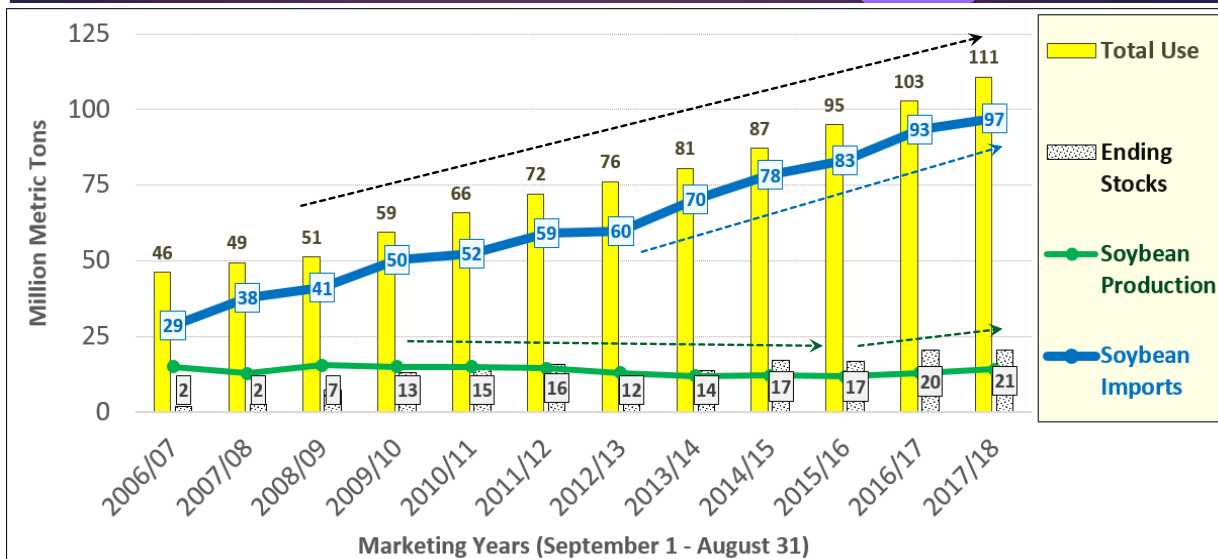
South America Soybean S-D Trends



Soybean Importer Purchases



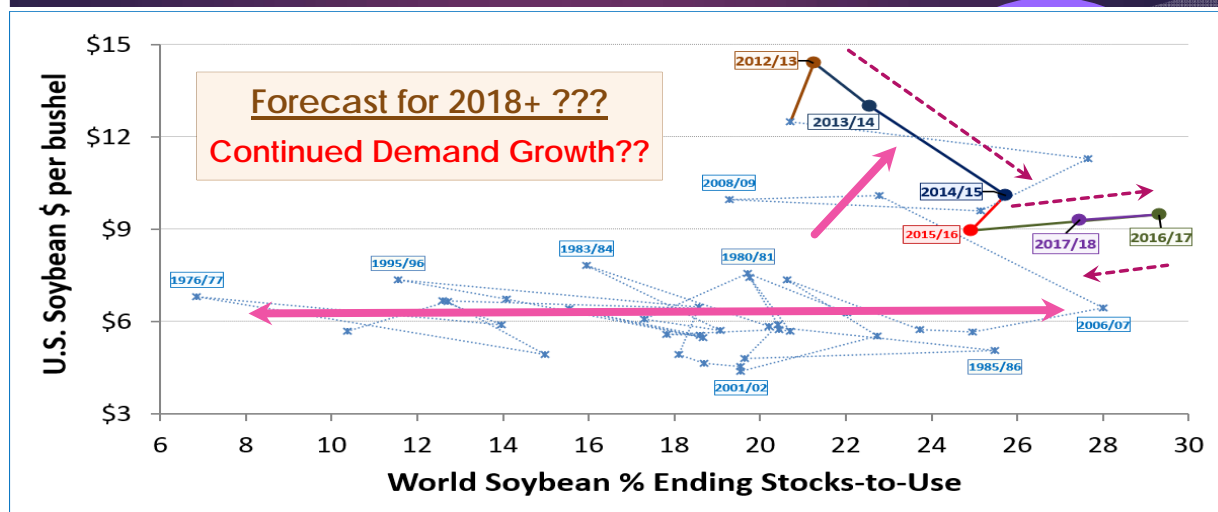
China Soybean Supply-Demand Trends



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



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





Questions?

Daniel O'Brien – Extension Ag Economist

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