

Soybean Market Outlook for 2018

Kansas Soybean School

Salina, Kansas

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Soybean Markets



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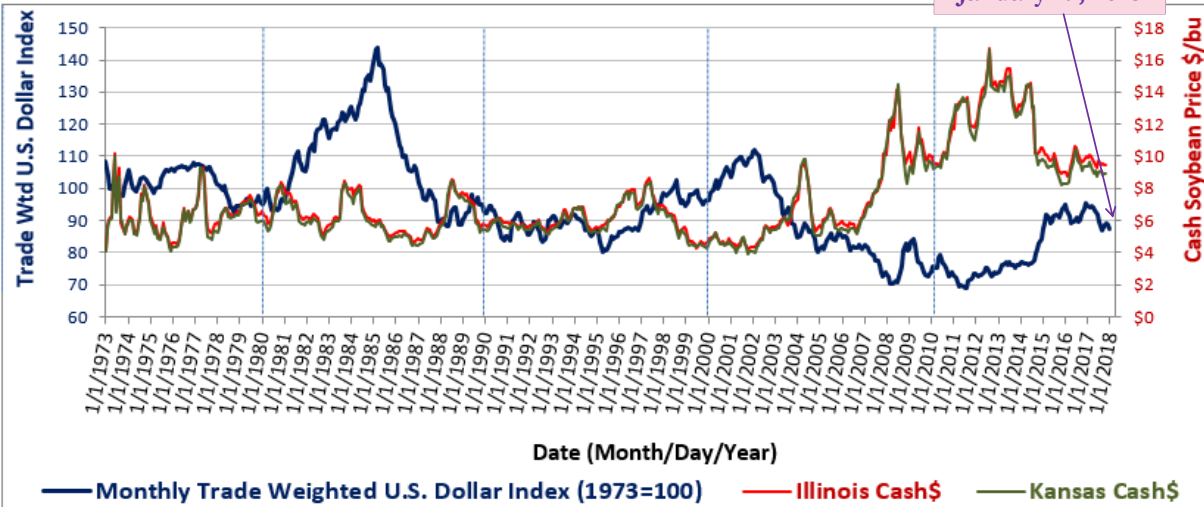
KANSAS STATE
UNIVERSITY

Department of Agricultural Economics

U.S. Dollar Index & Cash Prices

Monthly Chart: January 1973 through January 12, 2018

90.37
Avg. Index #
January 19, 2018

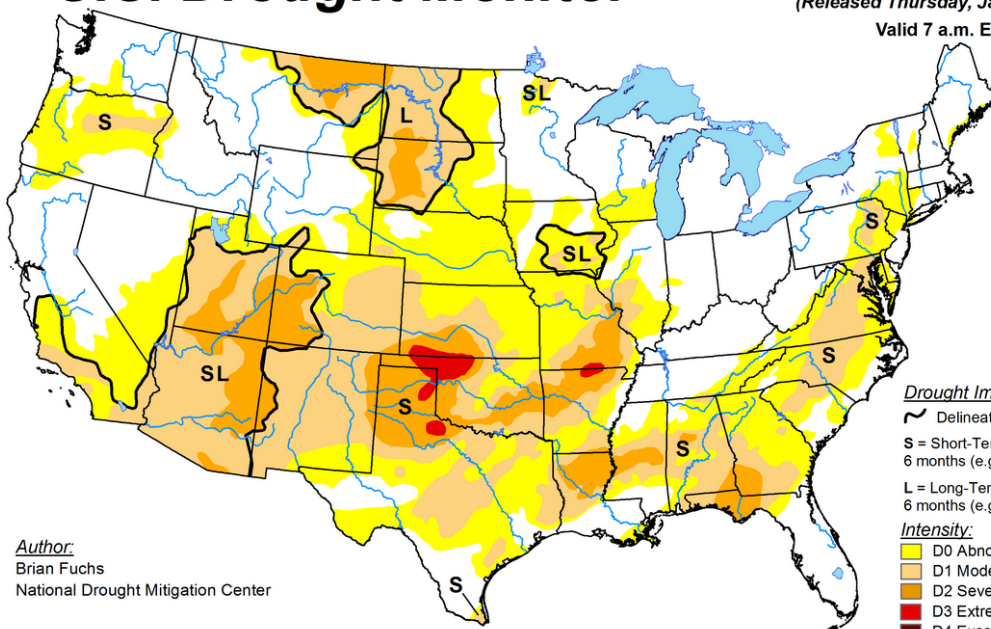


U.S. Drought Monitor

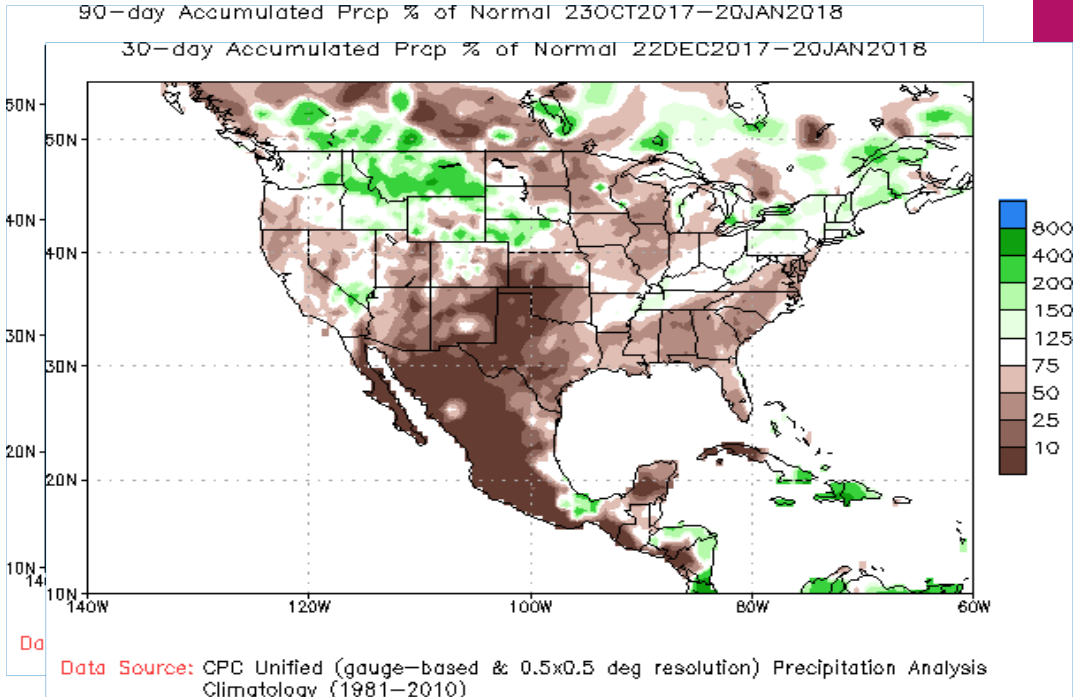
January 16, 2018

(Released Thursday, Jan. 18, 2018)

Valid 7 a.m. EST



Author:
Brian Fuchs
National Drought Mitigation Center



U.S. Soybean Market Prospects

- *Strong Use & Exports - BUT Large Stocks, & Weaker Prices*
 - U.S. soybean exports in 2017/18 to be *historically large* in spite of large 2017 South American Production
 - ❖ Depends 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, etc.*)

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} = 1.950 bln bu (*Record - vs 1.899 bb 1 year ago*)
 - **Exports** ^{2017/18} = 2.160 bln bu (*2nd Highest - vs 2.174 bb record 1 year ago*)
 - **Total Use** ^{2017/18} = 4.248 bln bu (*Record - vs 4.213 bb 1 year ago*)
 - **SBM Use** ^{2017/18} = 46.5 mln tons (*vs 44.95 in MY 2016/17 & 45.1 in MY 2015/16*)

U.S. Soybean & Cotton Stocks.....

- Soybean: "Large" Stocks & % S/U
 - End Stocks 2017/18 ⇒ 470 mln bu (High vs 574 mb in 2006/07)
 - % Stocks/Use 2017/18 ⇒ 11.1% S/U (High vs 18.6% in 2006/07)
- Cotton: "Large" 2017 Crop & "Growing" Stocks
 - Production 2017/18 ⇒ 21.3 mln bales (17.2 & 12.9 mb last 2 years)
 - End Stocks 2017/18 ⇒ 5.7 mln bales (2.75 & 3.80 mb last 2 years)
 - % Stocks/Use 2017/18 ⇒ 31.4% S/U** (15.1% & 30.2% last 2 years)

CME Soybean Futures

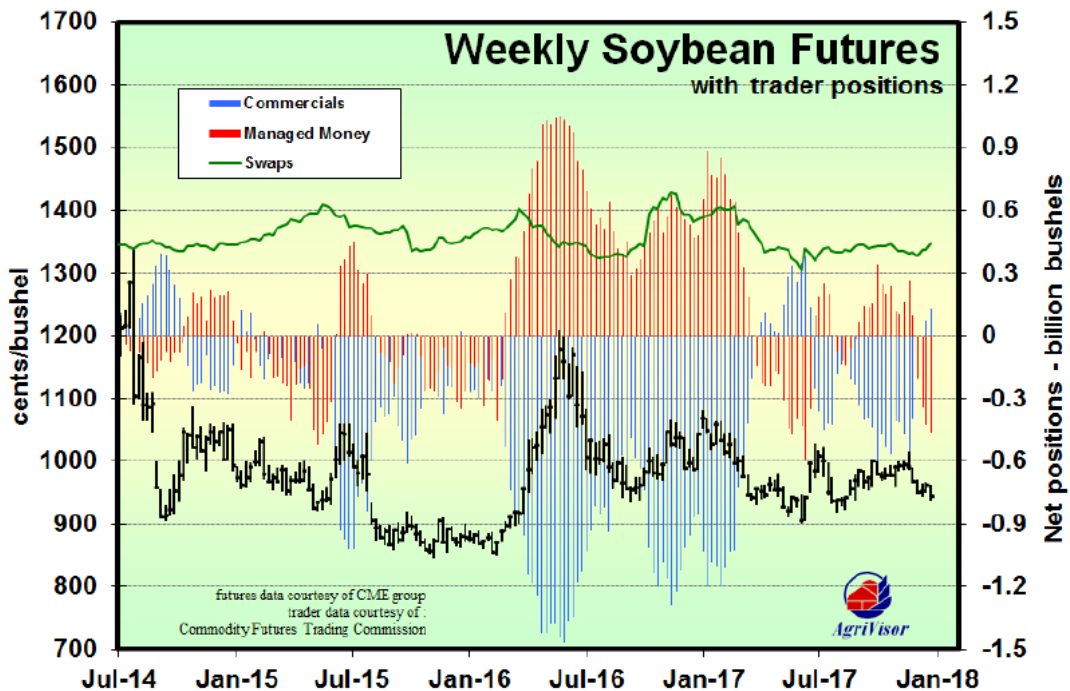
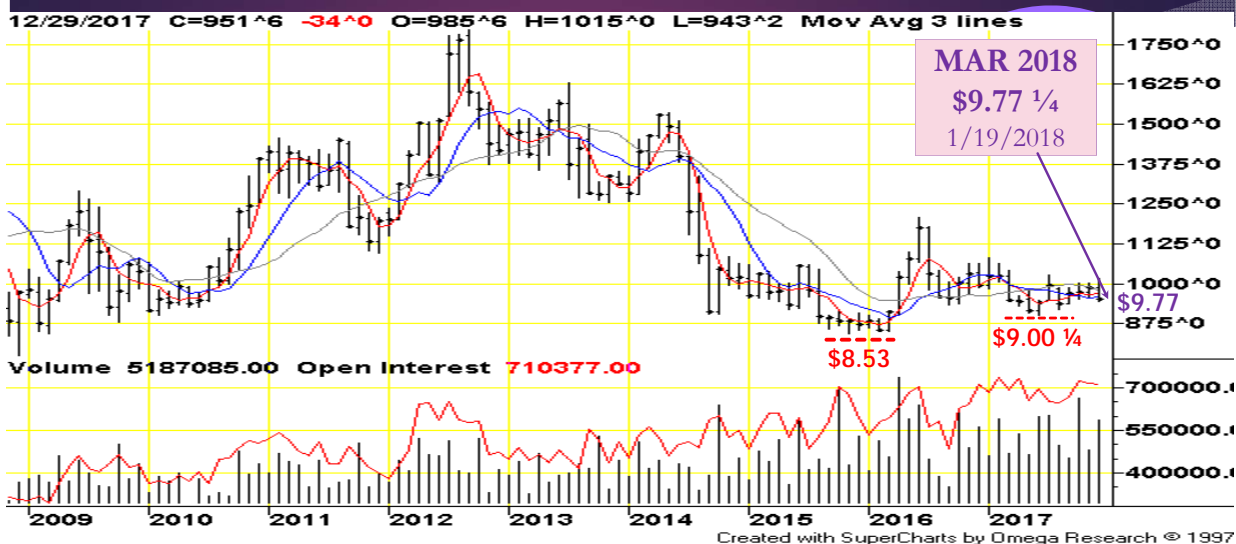
Monthly Chart: November 2008 – December 2017 + January 19, 2018



CME Soybean Futures



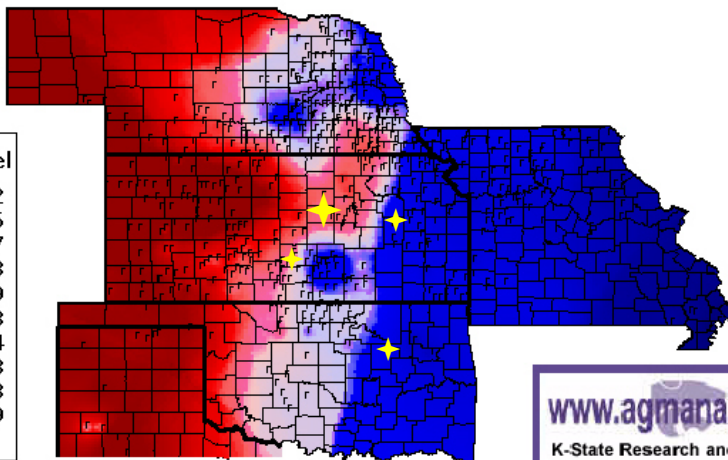
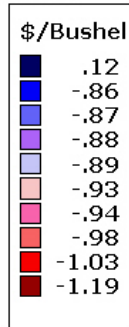
Monthly Chart: November 2008 – December 2017 + January 19, 2018



Soybean Basis, 01-17-2018

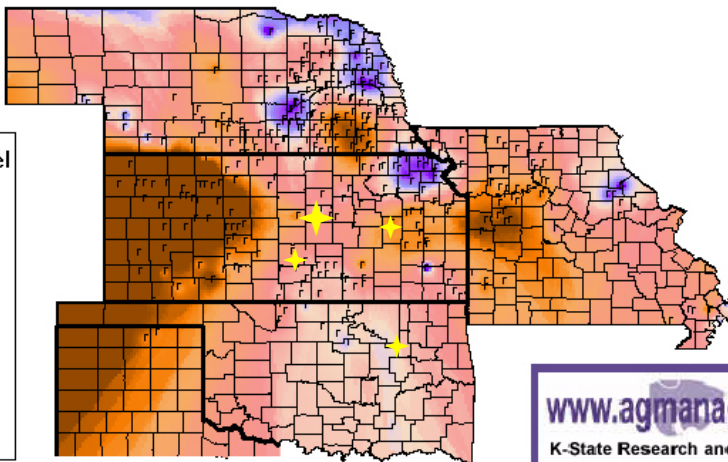
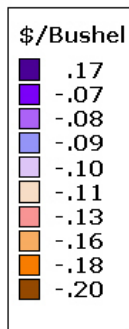
Basis = Cash Price - Nearby Futures Price

CBT Mar
Futures
Price: \$9.69



Soybean Basis Deviation, 01-17-2018

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



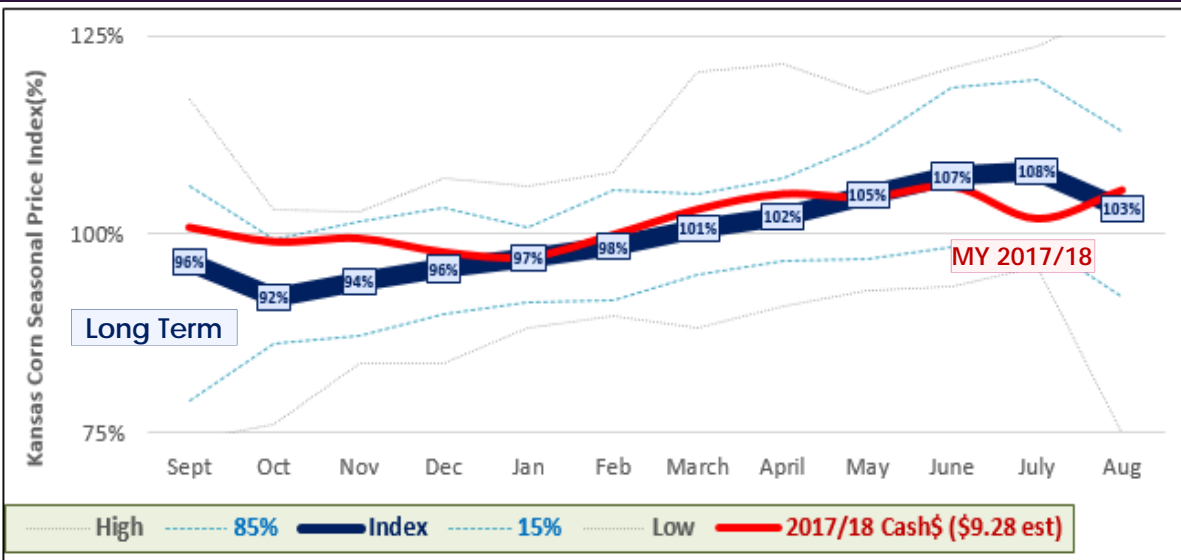
Soybean Cash & Futures Price\$'s

Salina, KS Local Elevators - January 19, 2018



Kansas Soybean Seasonal Cash \$ Index

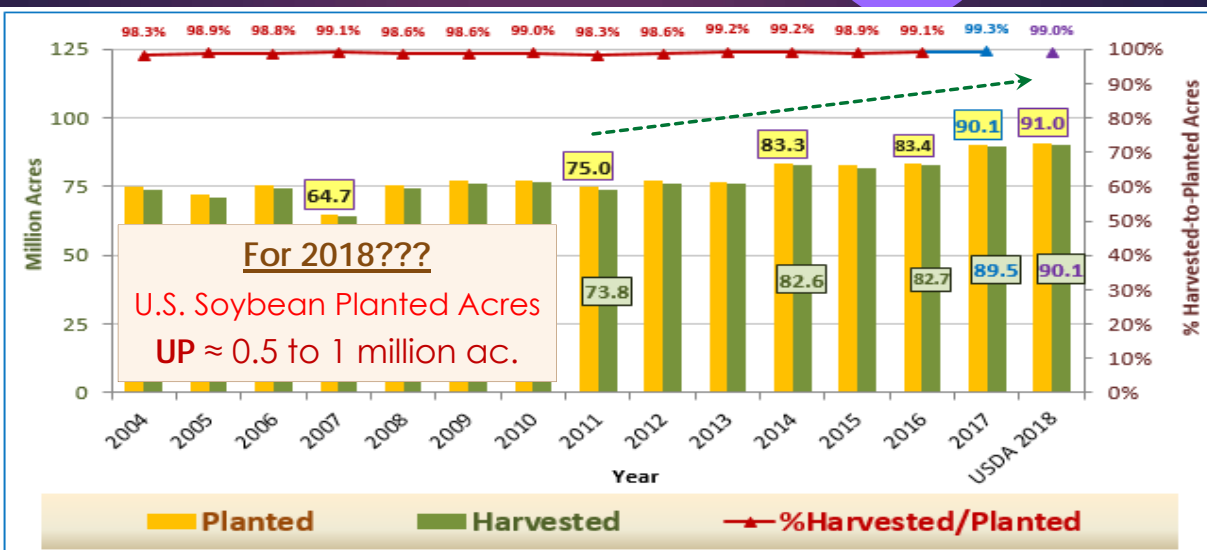
Monthly Prices: Long Term Average + "New Crop" MY 2017/18



U.S. Soybean Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17	
Planted area (million acres)	83.4	90.1	-0.1	6.7	↑ Record Crop and Large Supply
Harvested area (million acres)	82.7	89.5	0.1	6.8	
Yield (bushels per acre)	52.0	49.1	-0.4	-2.9	
		<i>Million bushels</i>			
Beginning stocks	197	302	0	105	↑ Record Use & ↑ Exports
Production	4,296	4,392	-34	95	
Imports	22	25	--	3	
Total supply	4,515	4,718	-33	203	↑ Stocks/Use & ↓ Prices
Crush	1,899	1,950	10	51	
Seed and residual	141	138	-3	-3	
Domestic use	2,040	2,088	7	48	
Exports	2,174	2,160	-65	-14	
Total use	4,213	4,248	-58	35	
Ending stocks	302	470	24	168	
		<i>Percent</i>			
Stocks to use ratio	7.2	11.1	0.7	3.9	
		<i>Dollars per bushel</i>			
Average market price	9.47	8.80/9.80	--	-0.17	

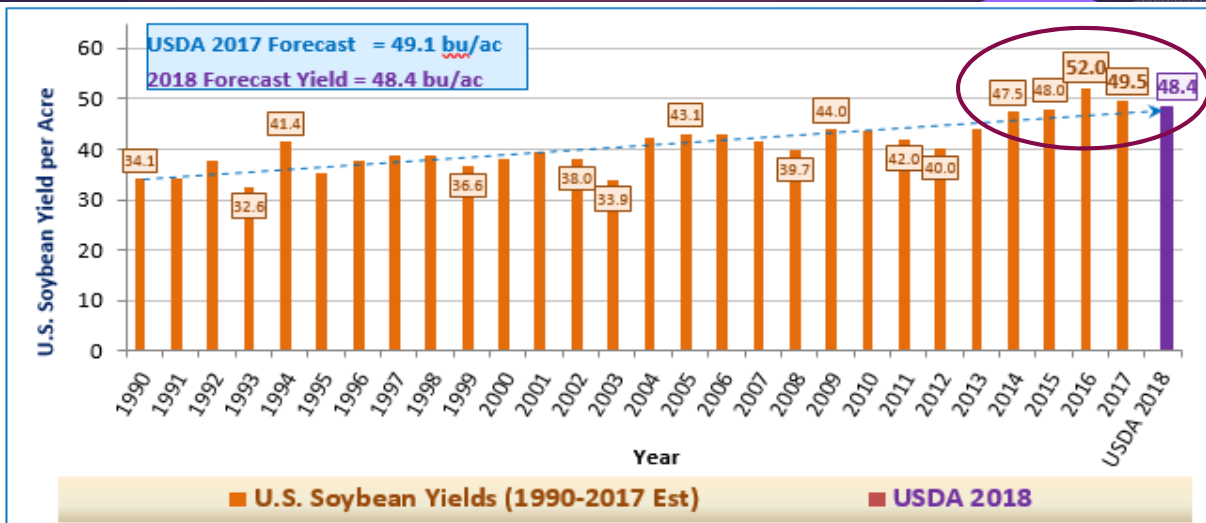
U.S. Soybean Acreage





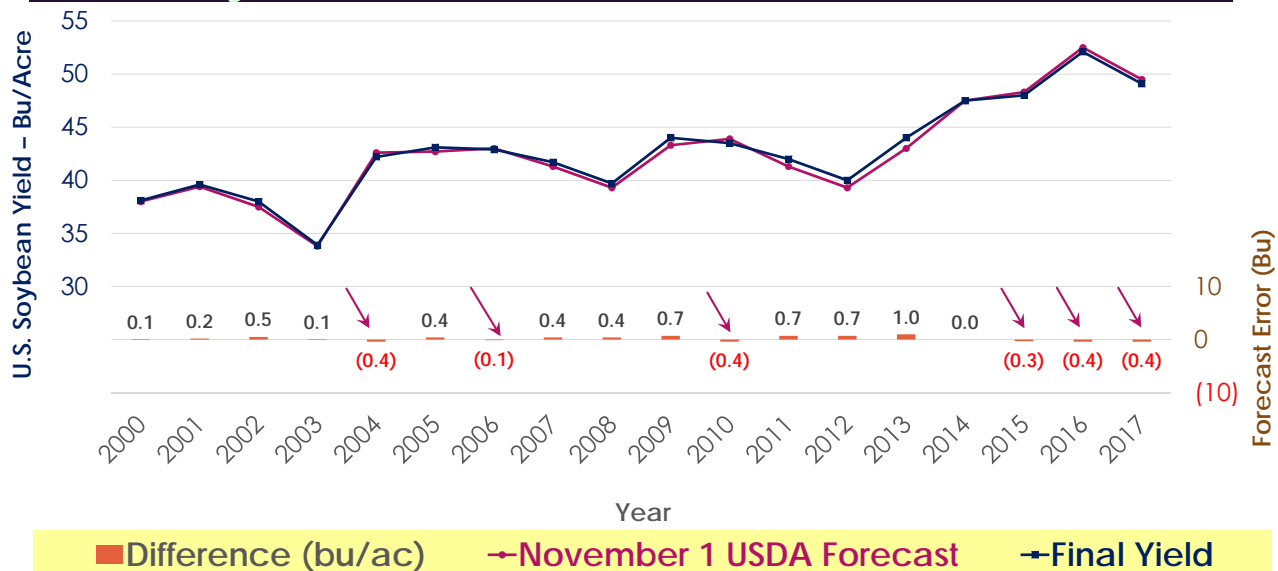
U.S. Soybean Yields

USDA 2017 = 49.1 bu/ac; 2018 Forecast = 48.4



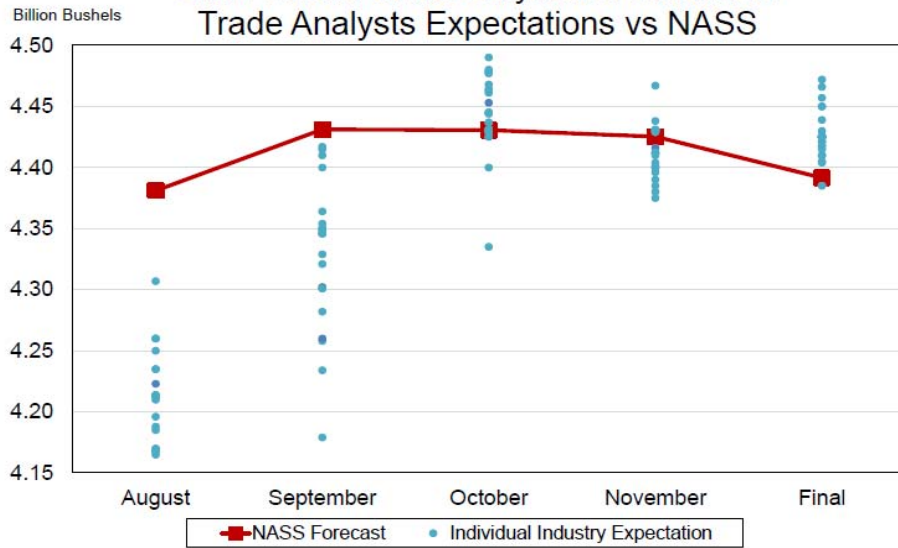
U.S. Soybean Yields: 2000-2017

Accuracy of November 1st USDA Forecasts



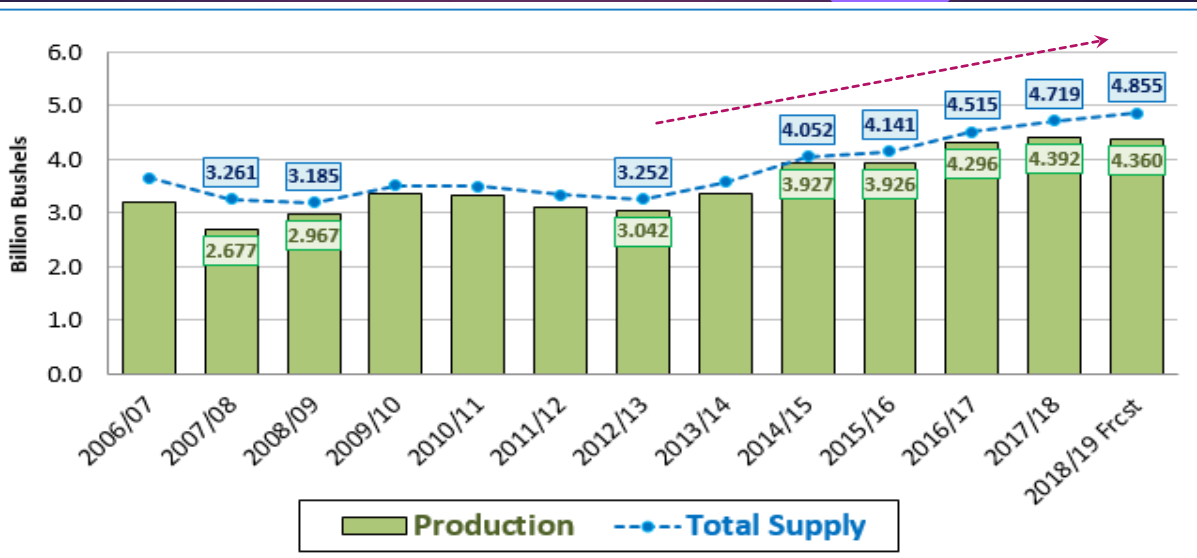


2017 United States Soybean Production Trade Analysts Expectations vs NASS



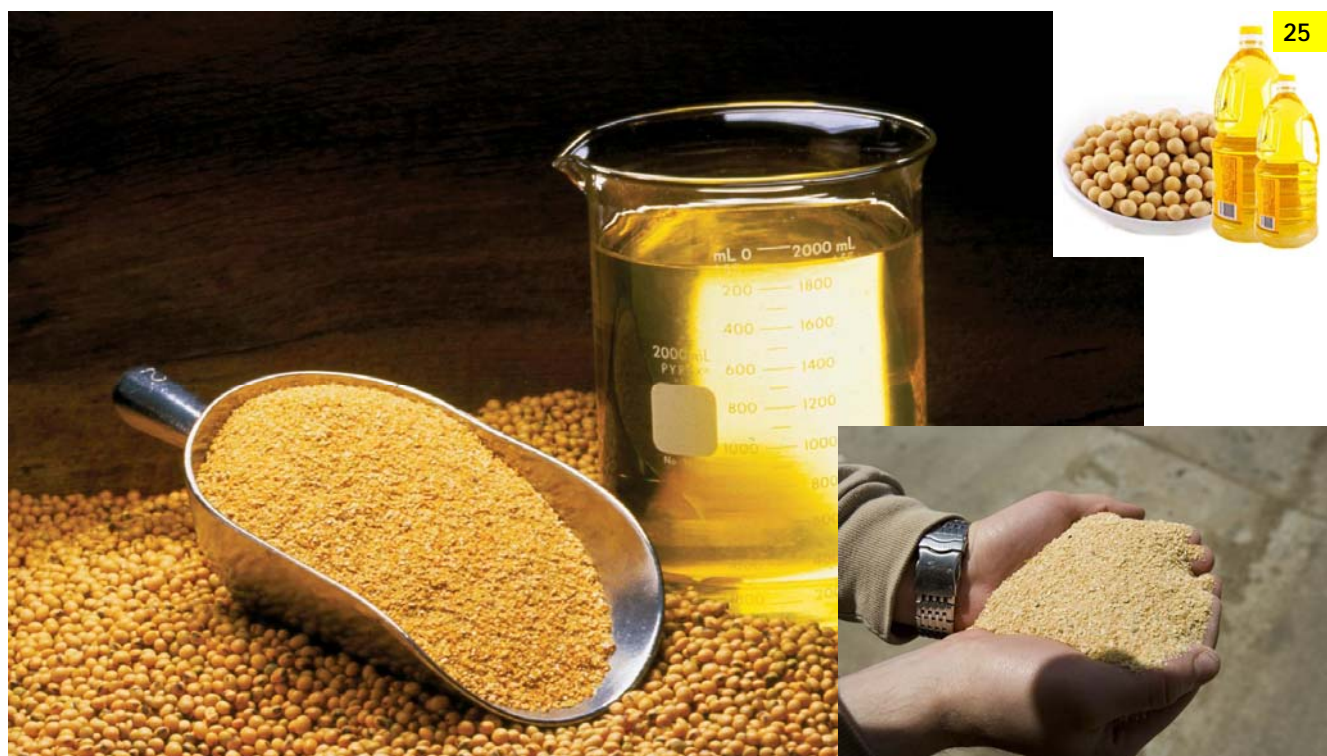
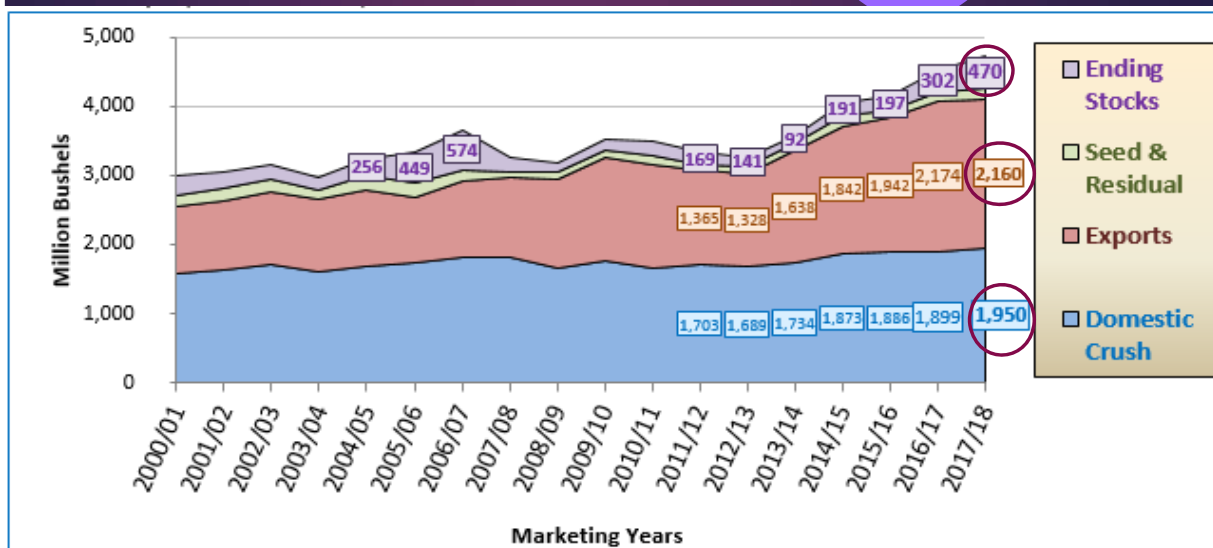
USDA-NASS
1-12-18

U.S. Soybean Production & Supplies

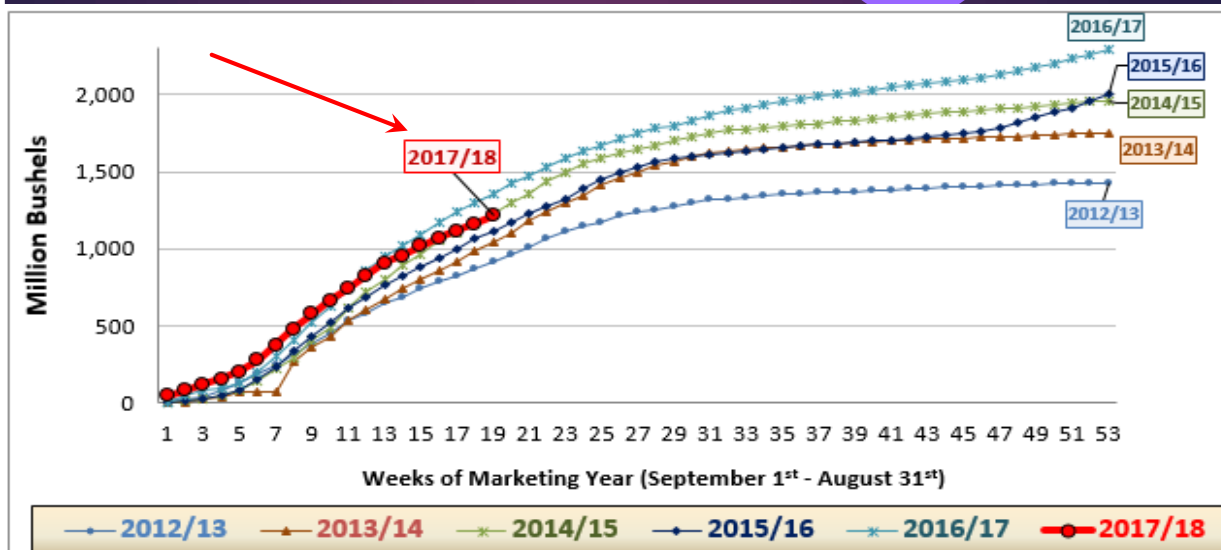




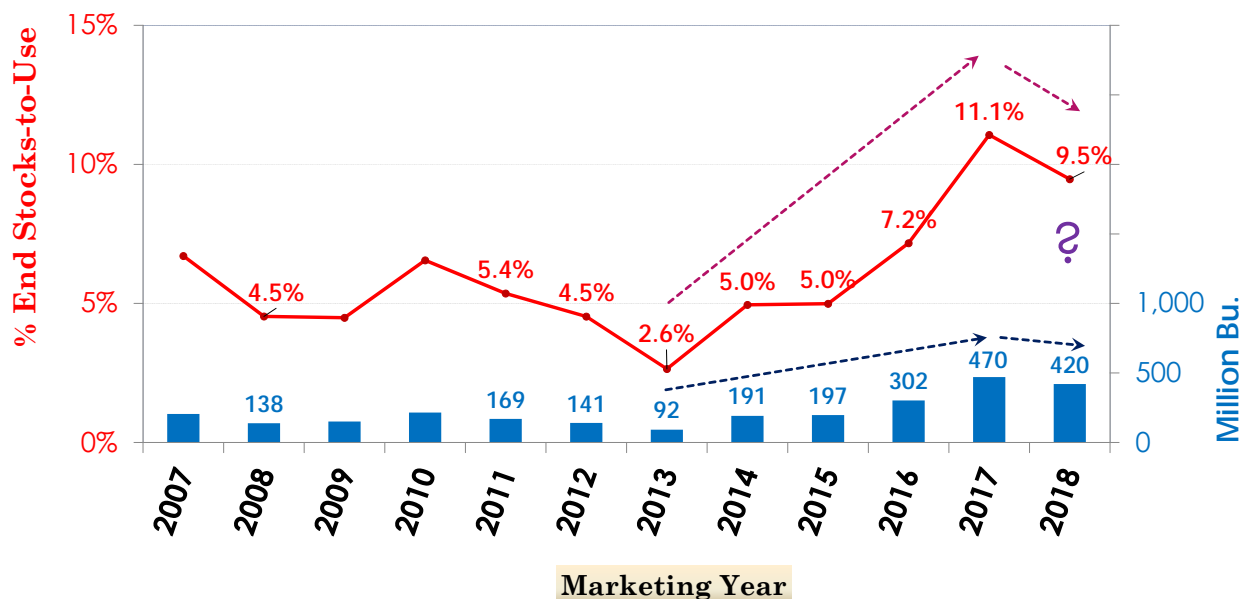
U.S. Soybean Use & End Stocks



U.S. Soybean Exports - Weekly thru January 11th

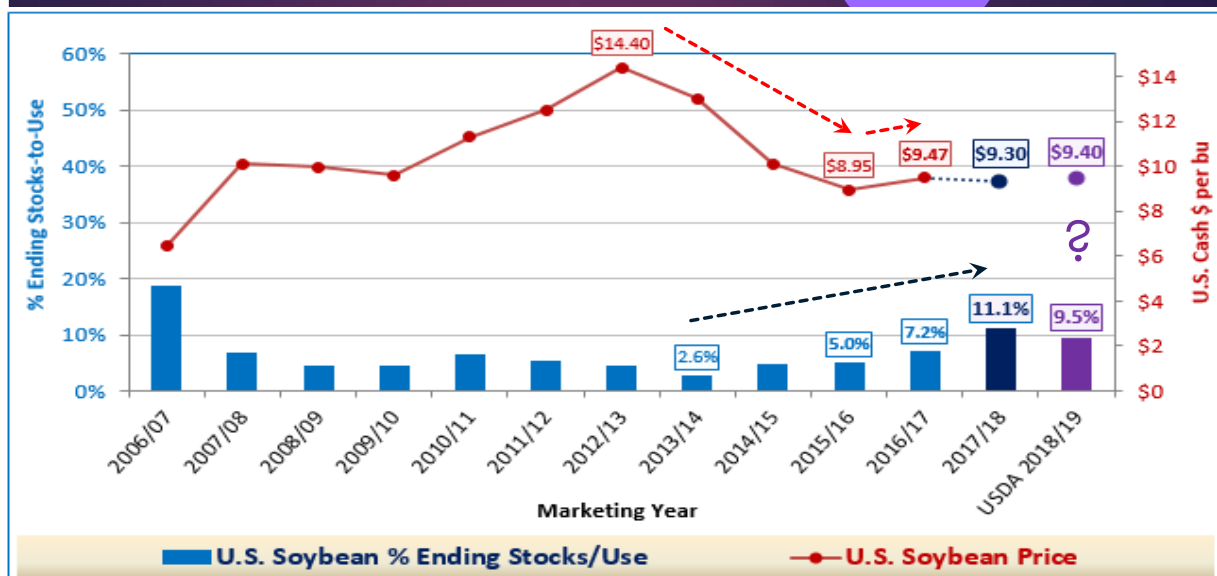


U.S. Soybean Ending Stocks & % Stx/Use



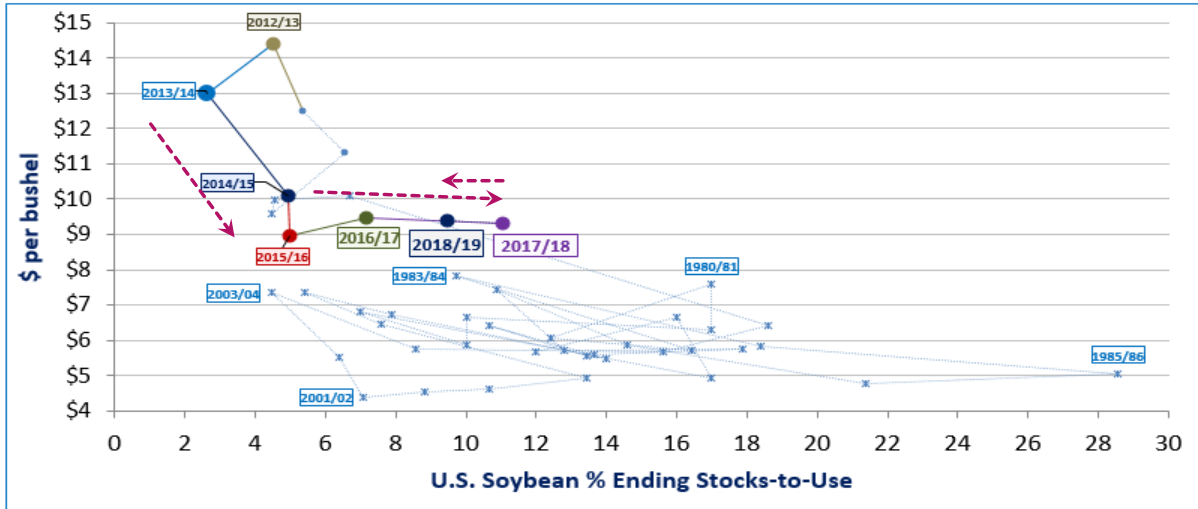


U.S. Soybean % Stocks/Use vs Price\$

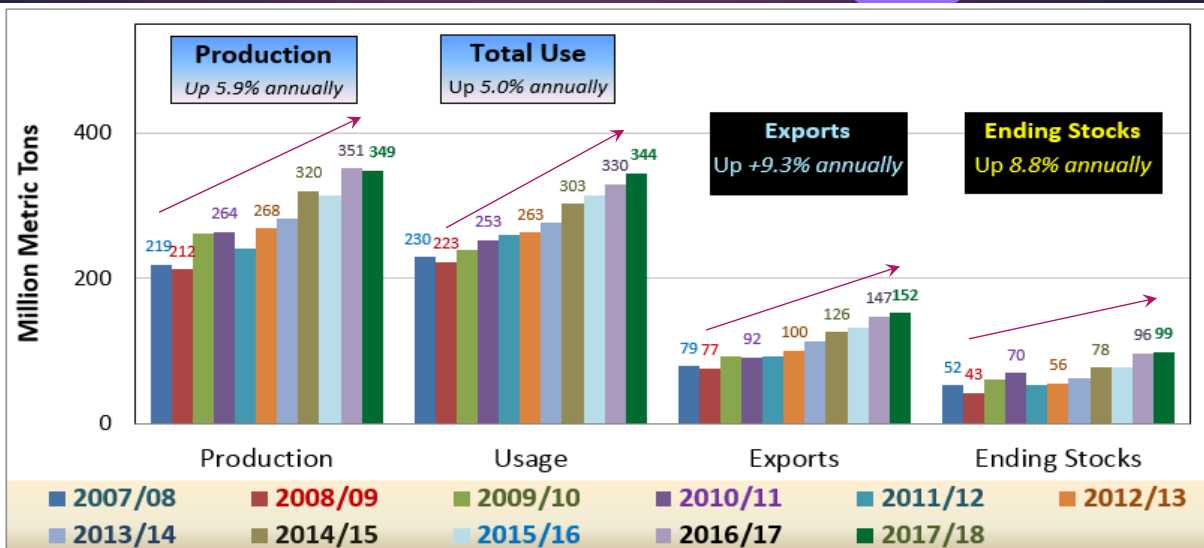


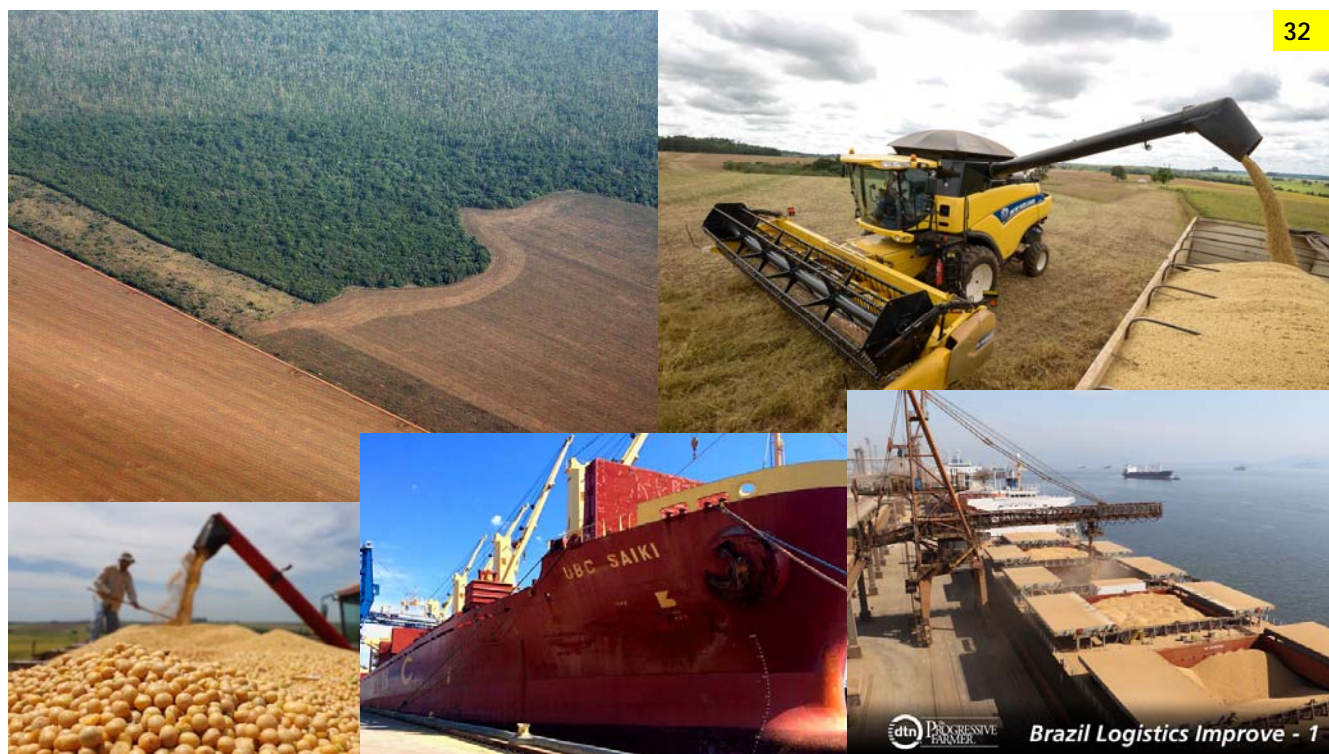
U.S. Soybean \$ vs U.S. Stocks-to-Use

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



World Soybean Supply, Use & Stocks





World Soybean Production

Country or Region	2016/17 estimate	2017/18 forecast	Change	Change from	
			from December 12	2016/17	
<i>Million Tons</i>					
World	351.3	348.6	0.1	-2.7	↓ World Crop
United States	116.9	119.5	-0.9	2.6	↑ U.S. Crop
Foreign	234.4	229.1	1.0	-5.3	↓ Foreign Crop
Argentina	57.8	56.0	-1.0	-1.8	↑ Canada
Brazil	114.1	110.0	2.0	-4.1	↑ China
Paraguay	10.7	9.4	--	-1.3	↓ Brazil**
Canada	6.6	8.0	--	1.4	↓ Argentina**
India	11.5	10.0	--	-1.5	↓ Paraguay
China	12.9	14.2	--	1.3	↓ India

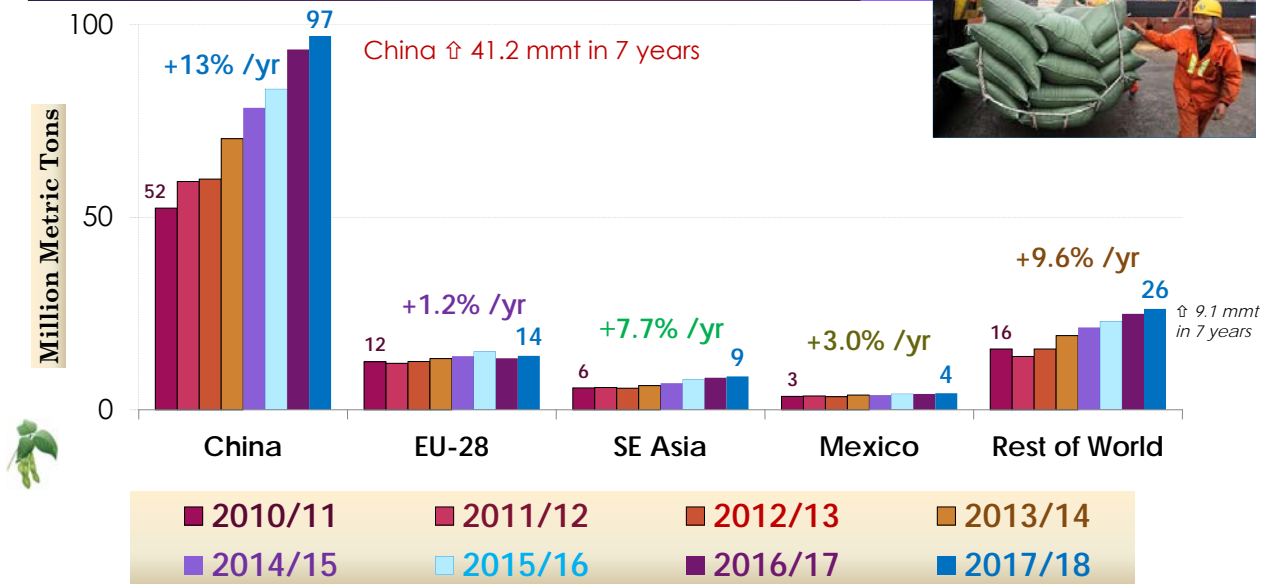
World Soybean Supply and Use

	2016/17 estimate	2017/18 forecast	Change from December 12	Change from 2016/17	
<i>Million Tons</i>					
Beginning stocks	78.0	96.5	-0.1	18.5	↑ Beg. Stocks ↓ Production ↑ Total Supply
Production	351.3	348.6	0.1	-2.7	
Total Supply	429.3	445.1	0.0	15.7	
Domestic crush	288.3	301.5	-0.1	13.1	↑ Crush ↑ Total Use ↑ Trade ↑ End Stocks
Total use	329.8	344.5	-0.2	14.7	
Trade	147.3	152.2	-0.3	4.9	
Ending Stocks	96.5	98.6	0.2	2.1	

Addendum:				
Beginning stocks				
Argentina plus Brazil	49.9	61.3	--	11.4
Imports*				
China	93.5	97.0	--	3.5

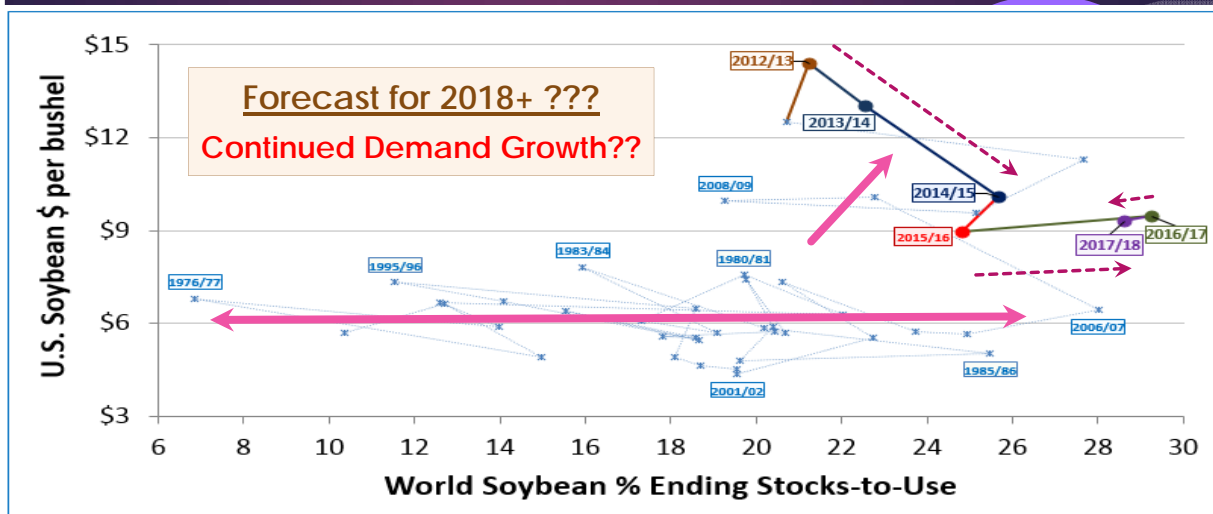


Soybean Importer Purchases



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

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





Questions?

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