

# Grain Market Outlook for 2018 - 2019

Western KS Ag Research Center Field Day

Hays, Kansas

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## Topics to be discussed.....

1) U.S.-China Trade & Other Key Grain Market Factors

2) Grain Market Analysis & Outlook

- Corn & Grain Sorghum
- HRW Wheat
- Soybeans & Sunflowers

## Unpredictable Grain Markets in 2018-19

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

- **U.S. Abandonment of the Trans Pacific Partnership (TPP)**
  - Potential impact on U.S. wheat exports vs TPP Countries
- **U.S. vs China**
  - Soybeans & Sorghum (*Need of both “With” & “Without” Scenarios*)
- **NAFTA (U.S.-Mexico-Canada)**
  - **Mexico** grain purchases from the U.S.
  - **Canada** grain export competition vs U.S. (Wheat, Oilseeds)

## Economic Impact of U.S.-China Tariffs (Hayes, Hart <sup>ISU</sup>)

- ▶ The **U.S.** will continue to export soybeans to **China**, & this means that a 25% wedge will exist (i.e., 25% Tariff = 25% “Wedge”)
  - **IF** the **U.S.** was equal to 50% the World Soybean Production, **THEN** the U.S. Soybean price should fall by 12.5% (*1/2 of 25% “wedge”*)
  - **BUT** the **U.S.** *only* produces 33% of World Soybean Production, **SO** the U.S. Soybean price will be down  $\approx$  \$1.75 /bu
  - **IF** Soybeans are \$1.75 lower **THEN** U.S. Corn will be \$0.70 /bu lower

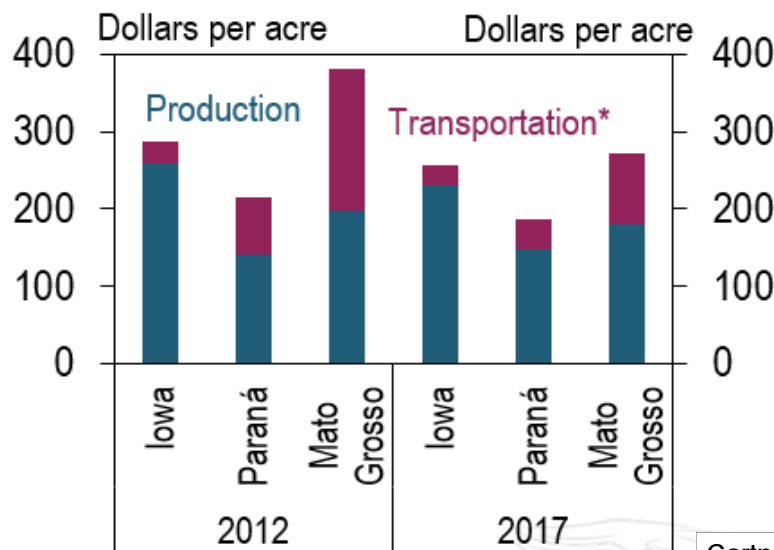
## Economic Impact of U.S.-China Tariffs (Hayes, Hart ISU)

► Based on “*old crop*” MY 2017/18 Ending Stocks, U.S. Corn prices are now **\$0.50 /bu lower** than they would usually be

### ► U.S.-China Possible Impact on U.S. Export Competitiveness

- US soybean producers do not have a 25% cost advantage over Brazil
- If this “*Trade War*” between the U.S. & China goes on long enough, the U.S. will *likely* need to downsize U.S. soybean production by 30%
- **As a result** – “**IF** Soybeans are \$1.75 lower **THEN U.S. Corn** will be \$0.70 /bu lower.” (because U.S. Corn Acres-Production will have increased)

## Soybean Costs in the U.S. and Brazil



\* Costs to ship from farm to port.  
Sources: [Gavilon](#) and USDA.

Cortney Cowley  
Federal Reserve Bank of KC  
Omaha Branch

## Grain Market Events to Come ....

### 1) 2018 U.S. Corn & Soybean harvest (*Oct-Nov 2018*)

- **Corn**<sup>2018</sup> < 14.6 bln bu? ➔ End Stocks < 1.684 bb?
- **Soybeans**<sup>2018</sup> < 4.6 bln bu? ➔ End Stocks < 785 mb?

### 2) U.S. HRW Wheat Seedings (*Oct 2018*)

- Increase in response to ↑ HRW wheat \$'s in 2018?
- *Profits for 2018 Kansas HRW Wheat vs Other Crops*

## More Grain Market Events to Anticipate....

### 3) 2019 South America Crop Plantings (*Nov 2018-Jan 2019*)

- **Soybeans**<sup>So-Am 2019</sup> *Up 5-10% ?* ➔ 'Existing' or 'New' Acres?
- **Corn**<sup>So-Am 2019</sup> *Down 5% ?* ➔ 2<sup>nd</sup> Crop Impact (*Exports*)?

### 4) 2019 U.S. Crop Plantings (*April-May 2019*)

- **Soybeans**<sup>U.S. 2019</sup> *Down ≈ 4 mln ac. ?* ➔ **U.S.-China Trade Status?**
- **Corn**<sup>U.S. 2019</sup> *Up ≈ 4 mln ac. ?* ➔ More if South America ↓

## Yet Still MORE Events to Come....

### 5) 2019 South America Crop Development (Jan-May 2019)

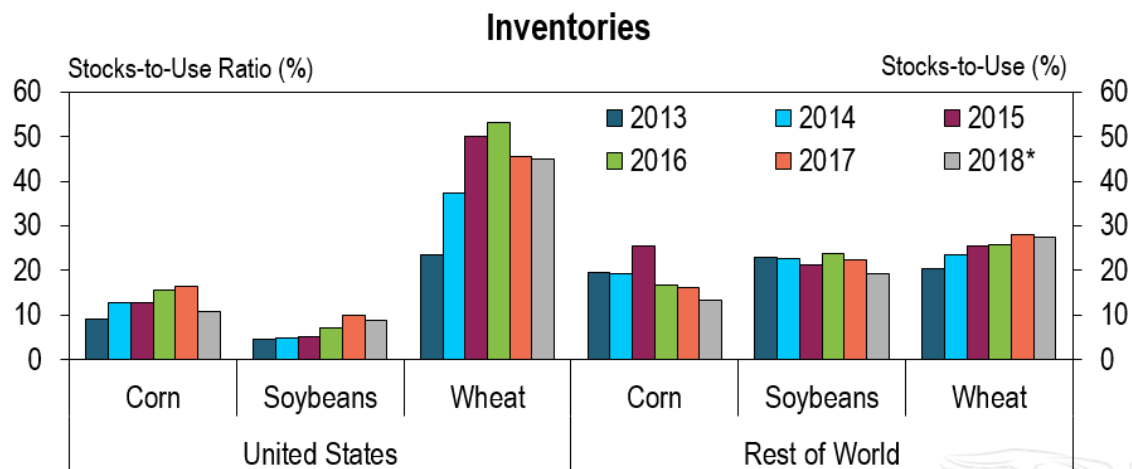
- El Nino forecast 2019 ⇒ *Wetter than normal* in Spring-early Summer, but not a certain effect on their crops

### 6) 2019 U.S. Crop Developments (May-Oct 2019)

- El Nino forecast 2019 ⇒ Generally positive for U.S. crops, but also not a certain effect in the U.S. growing season

FEDERAL RESERVE BANK OF KANSAS CITY – OMAHA BRANCH

Inventories have been record large, but are expected to decline in 2018.



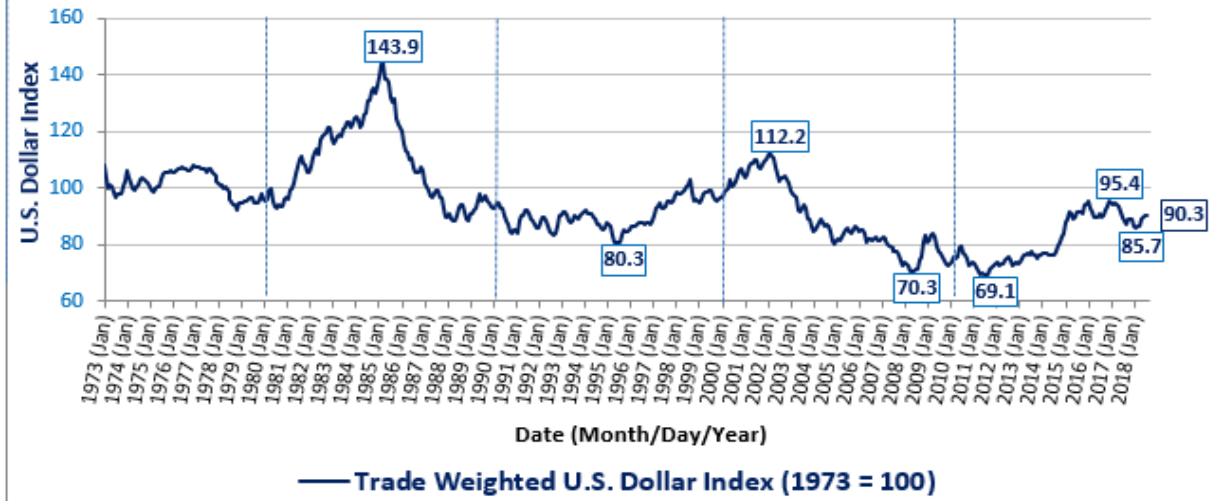
\*Forecast for 2018.  
Source: USDA.

Cortney Cowley  
Federal Reserve Bank of KC  
Omaha Branch

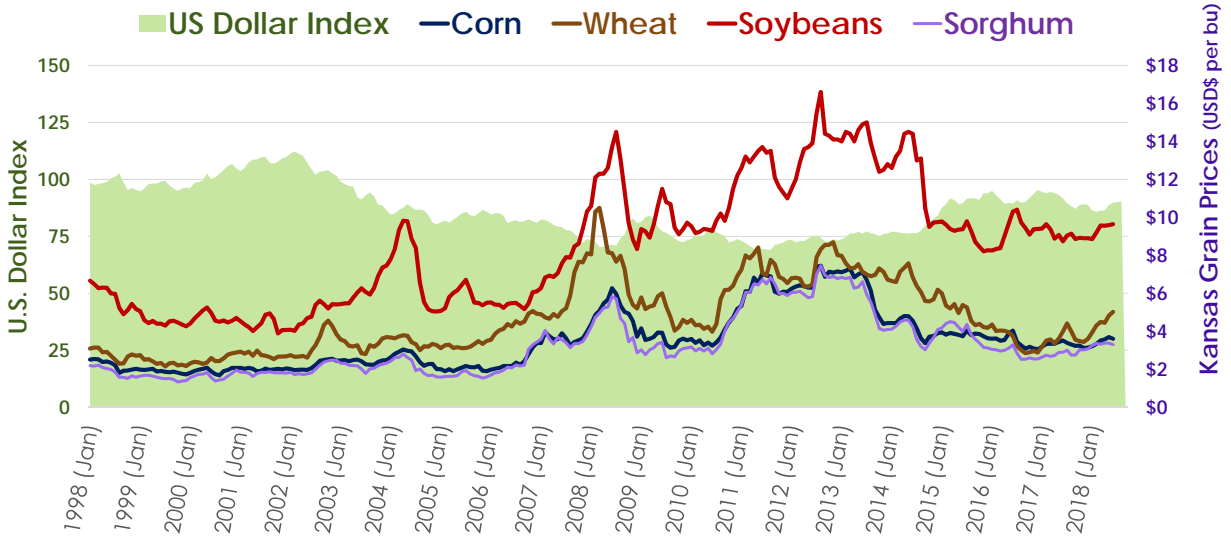
# U.S. Dollar Index (ICE Future)

88.31  
Index #  
August 1-11, 2017

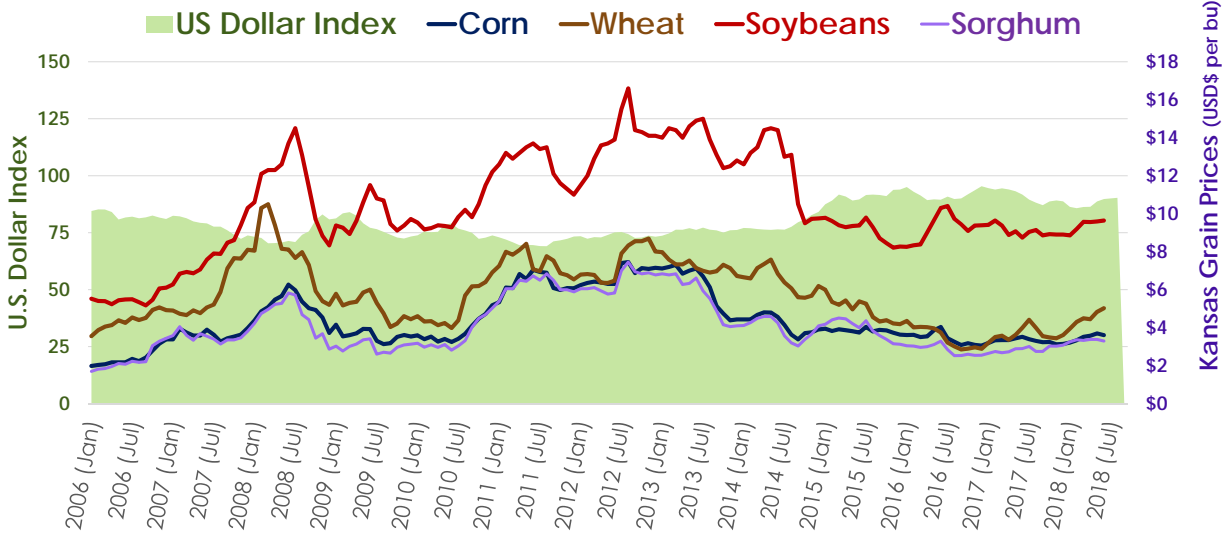
Monthly Chart: January 1973 through August 3, 2018 88.31



# U.S. Dollar Index vs Kansas Grain \$'s 1998 - August 2018



# U.S. Dollar Index vs Kansas Grain \$'s 2006 – August 2018



# Corn & Sorghum Markets

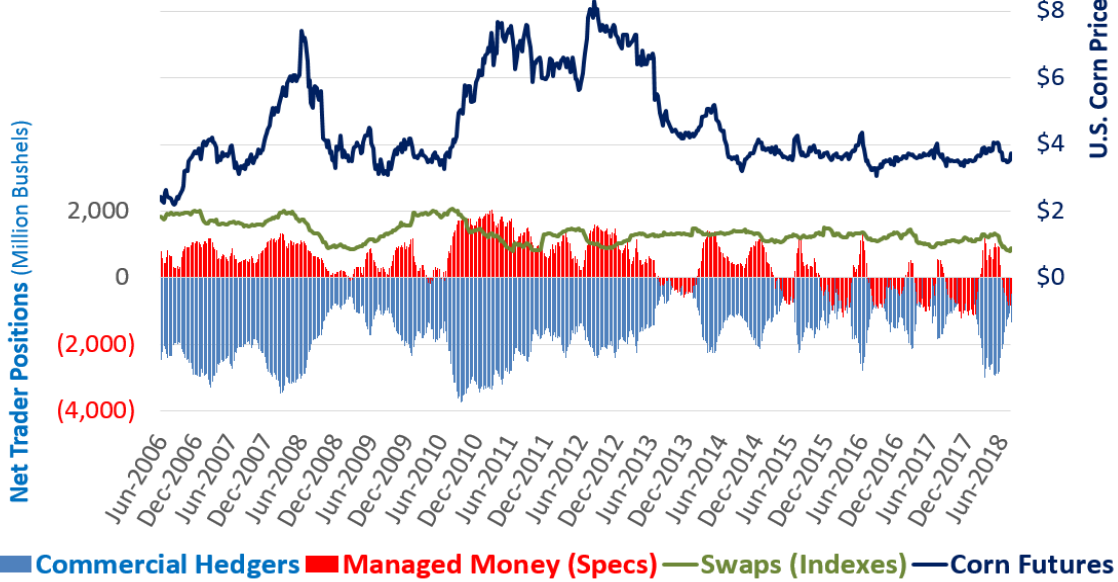


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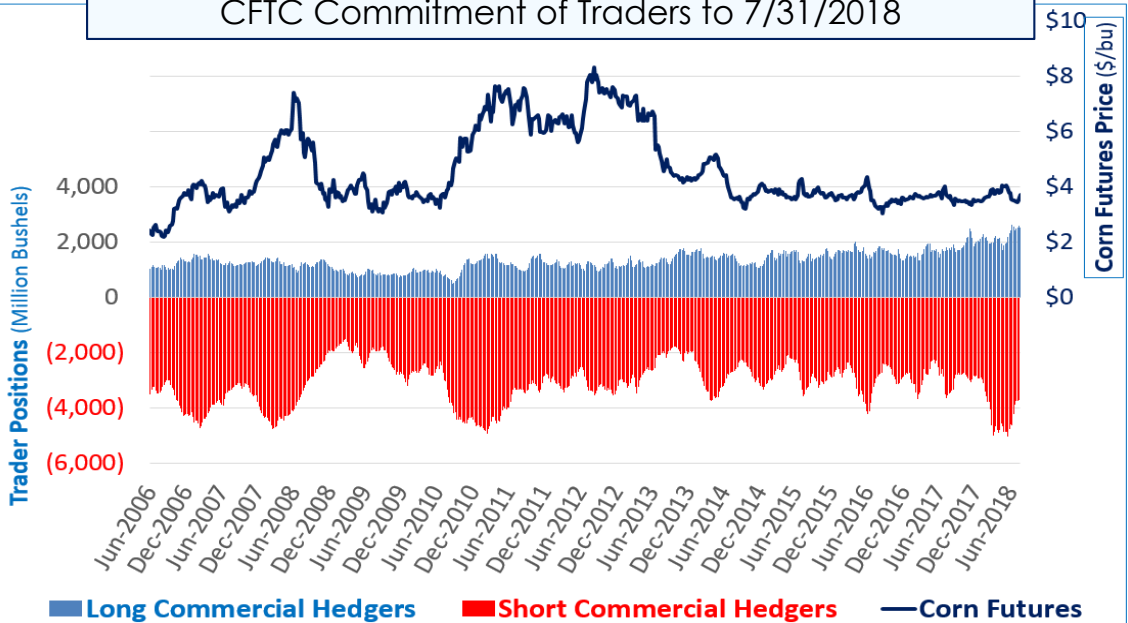
## CFTC Commitment of Traders Report

Positions in CME Corn Futures through July 31, 2018

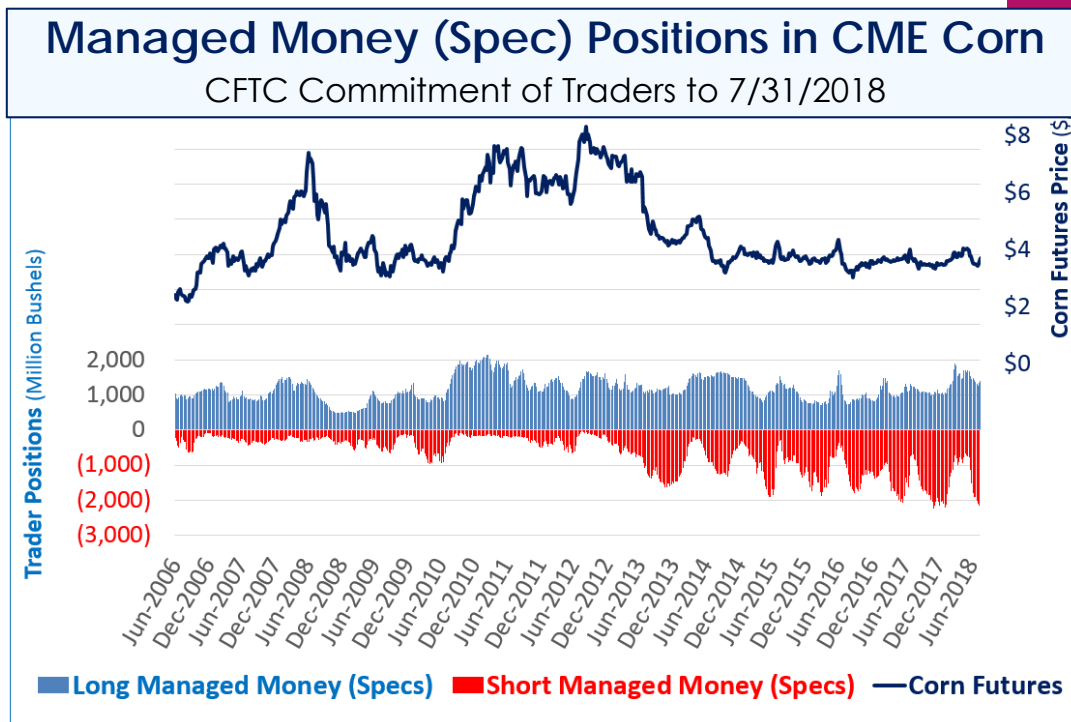


## Commercial Hedge Positions in CME Corn

CFTC Commitment of Traders to 7/31/2018







## U.S. Corn & Sorghum Supply-Use

- 2018 U.S. Corn & Sorghum Production  $\approx$  2017 Crops
- Large Corn Stocks are still limiting Feedgrain Price\$'s
- Low Price\$'s supporting "*New Crop*" MY 2018/19 Corn Use
  - Ethanol <sup>2018/19</sup> = 5.625 bln bu (*Record high* – vs 5.600 bb last year)
  - Livestock Feed <sup>2018/19</sup> = 5.525 bln bu (*10 year high* – vs 5.858 bb in 2007/08)
  - Exports <sup>2018/19</sup> = 2.350 bln bu (vs 2.400 bb in '17/18 & 2.294 in '15/16)
  - Other FSI <sup>2018/19</sup> = 1.480 bln bu (*4 year high* – vs 1.424 bb in 2011/12)

# U.S. Corn & Sorghum Stocks.....

- Corn: "Moderate" Stocks & % S/U

- End Stocks 2018/19 ⇒ 1.684 bln bu (vs 2.027 bb last year)
- % Stocks/Use 2018/19 ⇒ 11.2% S/U (vs 13.6% S/U last year)

- Grain Sorghum: "Low" Price\$'s (Exports hurt by trade issues)

- End Stocks 2018/19 ⇒ 40 mln bu (↓ Exports & ↑ Ethanol Use)
- % Stocks/Use 2018/19 ⇒ 10.5% S/U (↓ vs 12.4% S/U last year)



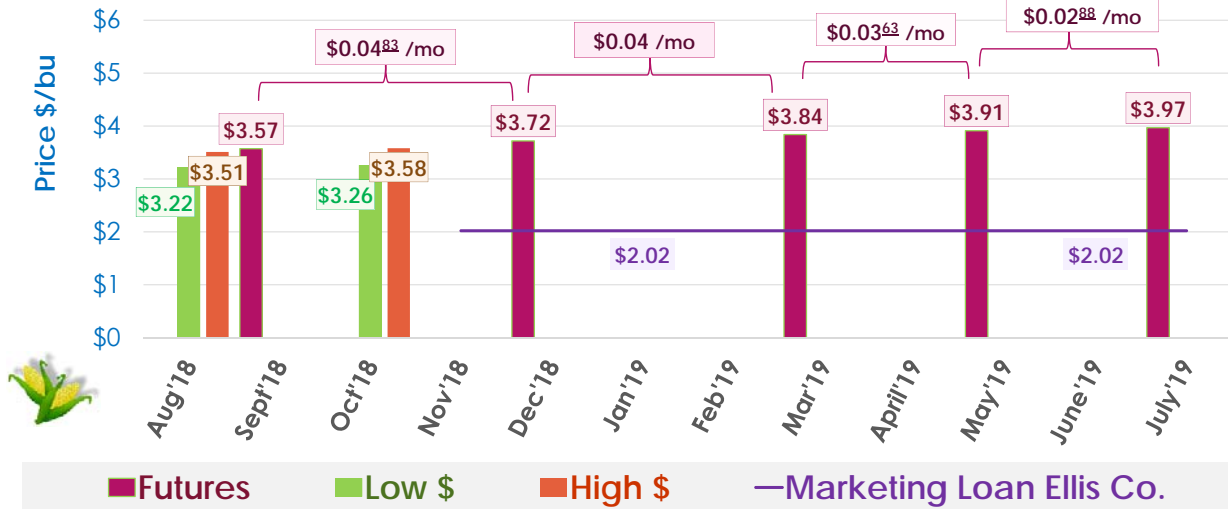
## CME Corn Futures

Weekly Chart: June 2009 – July 2018 + 8/22/2018 (early a.m.)



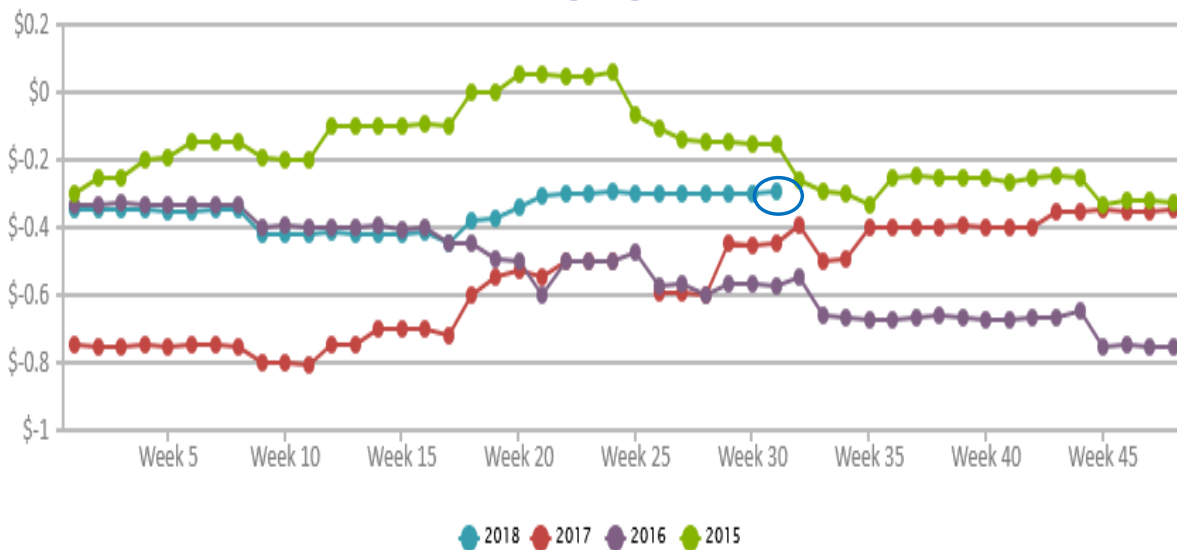
# Corn Cash & Futures \$'s

Ellis & Nearby Counties, KS Elevators - August 22, 2018 (early a.m.)



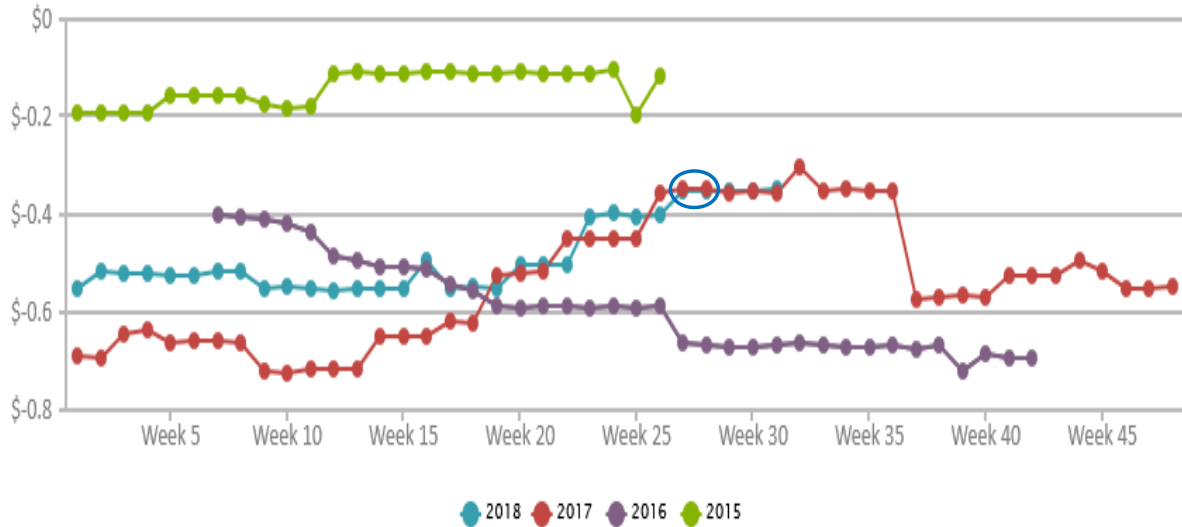
## HAYS, KS: Corn Basis - MIDLAND MARKETING

www.AgManager.info



# WAKEENEY, KS: Corn Basis - FRONTIER AG INC

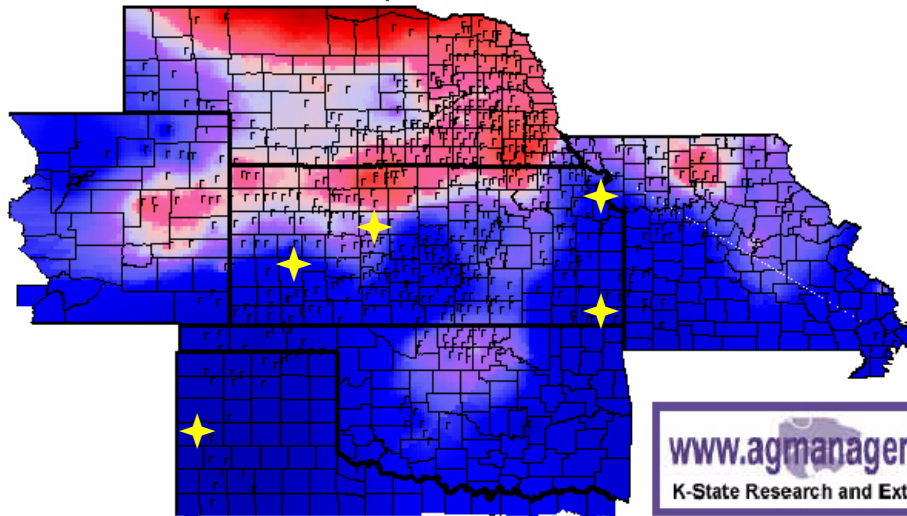
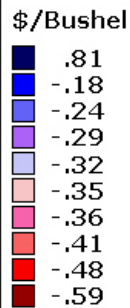
www.AgManager.info



# Corn Basis, 08-15-2018

Basis = Cash Price - Nearby Futures Price

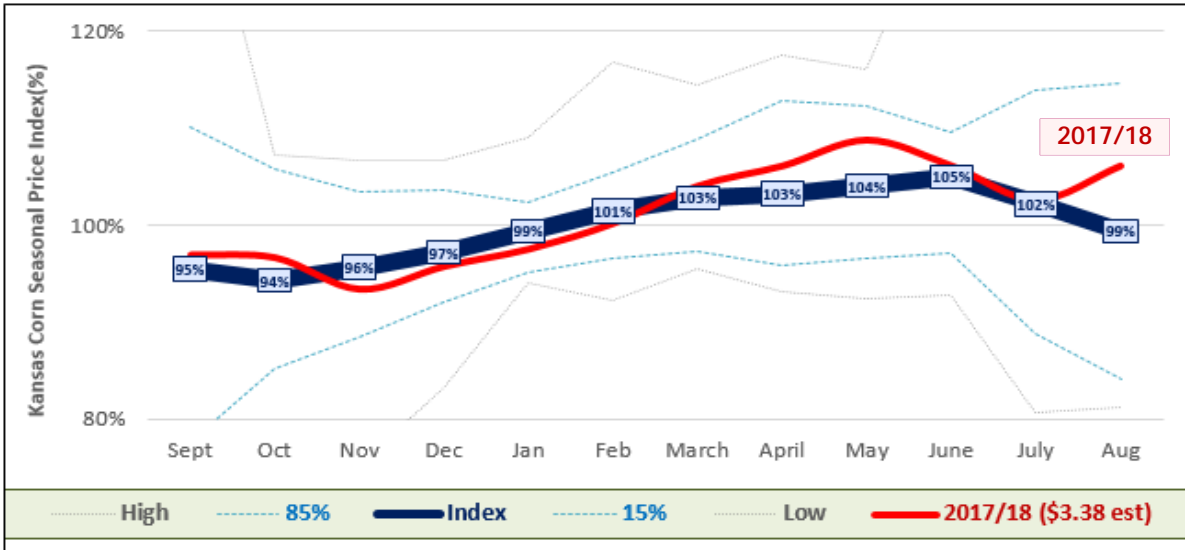
CBT Sept  
Futures  
Price: \$3.62



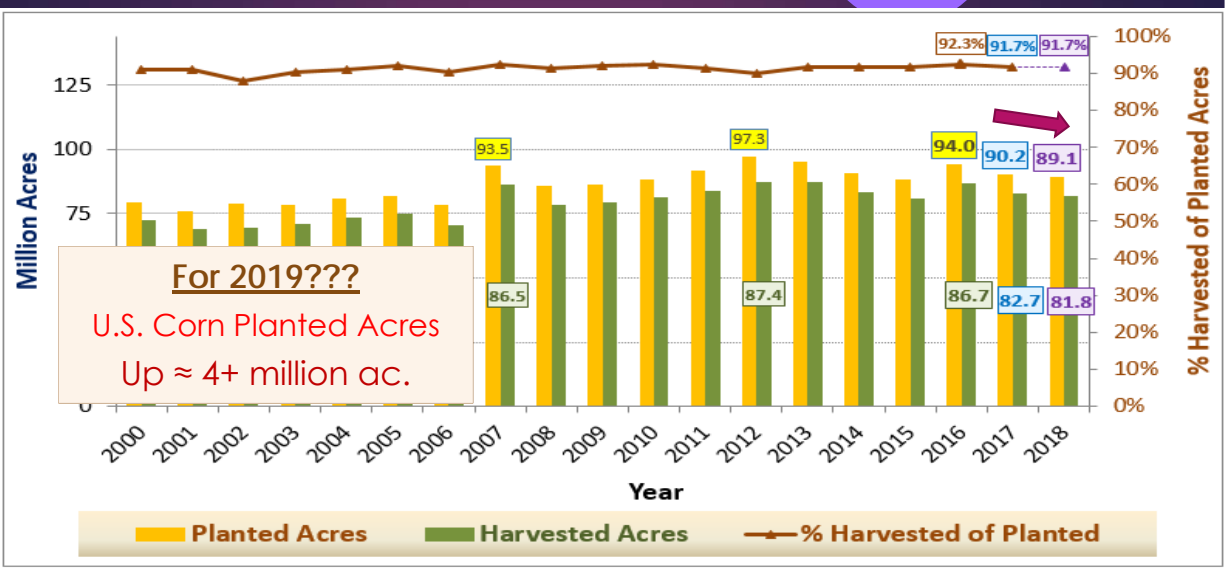
www.agmanager.info  
K-State Research and Extension

# Kansas Corn Seasonal Cash \$ Index

Monthly: 1999/00 thru 2016/17 + "Old Crop" MY 2017/18

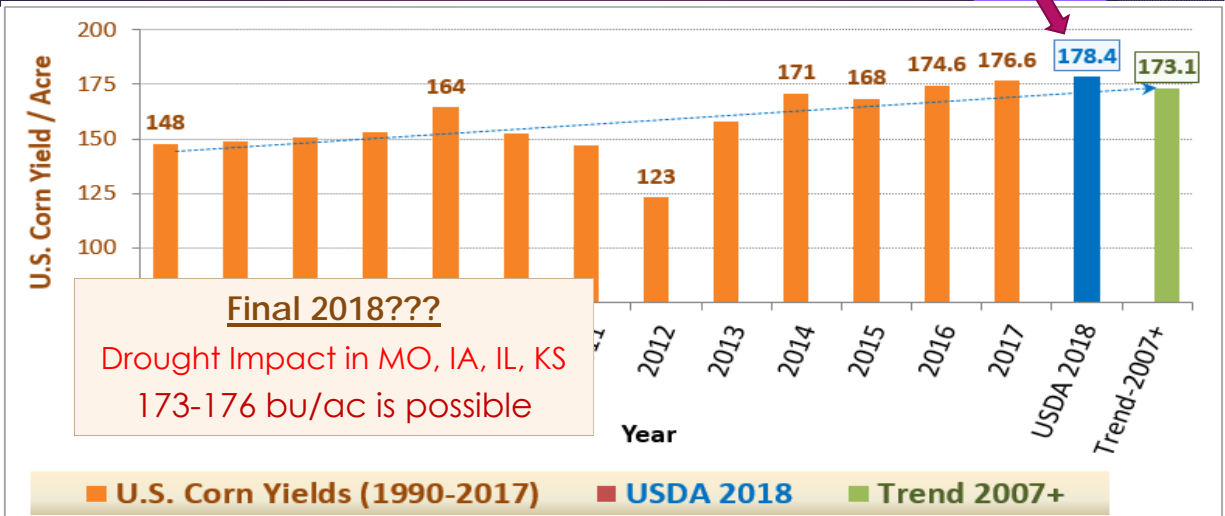


# U.S. Corn Acreage



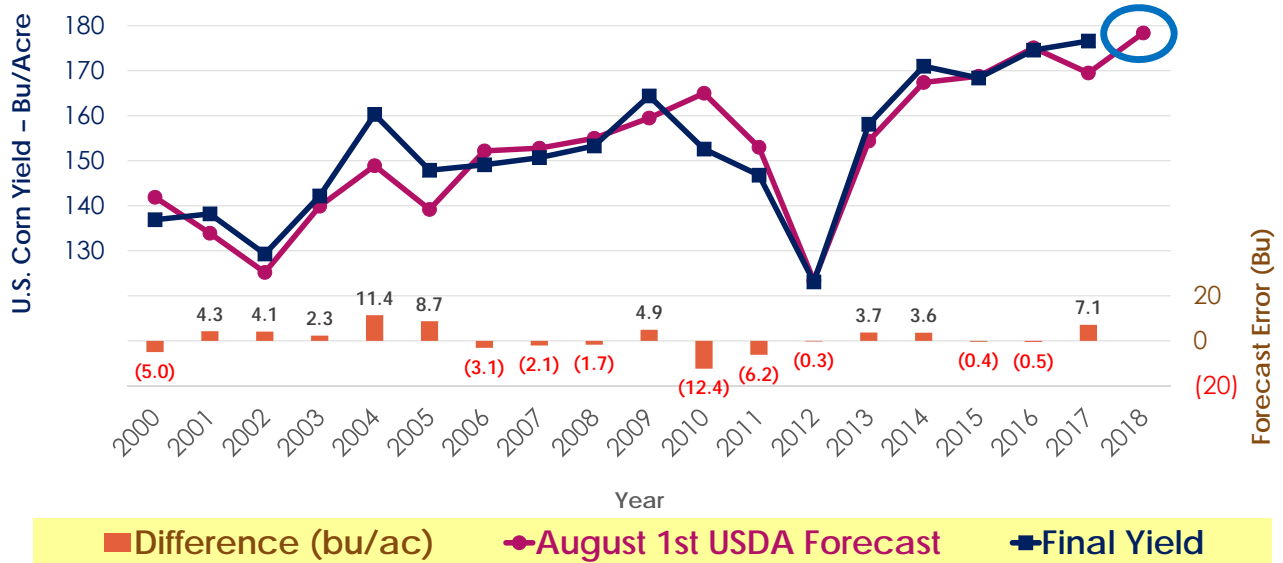
# U.S. Corn Yields

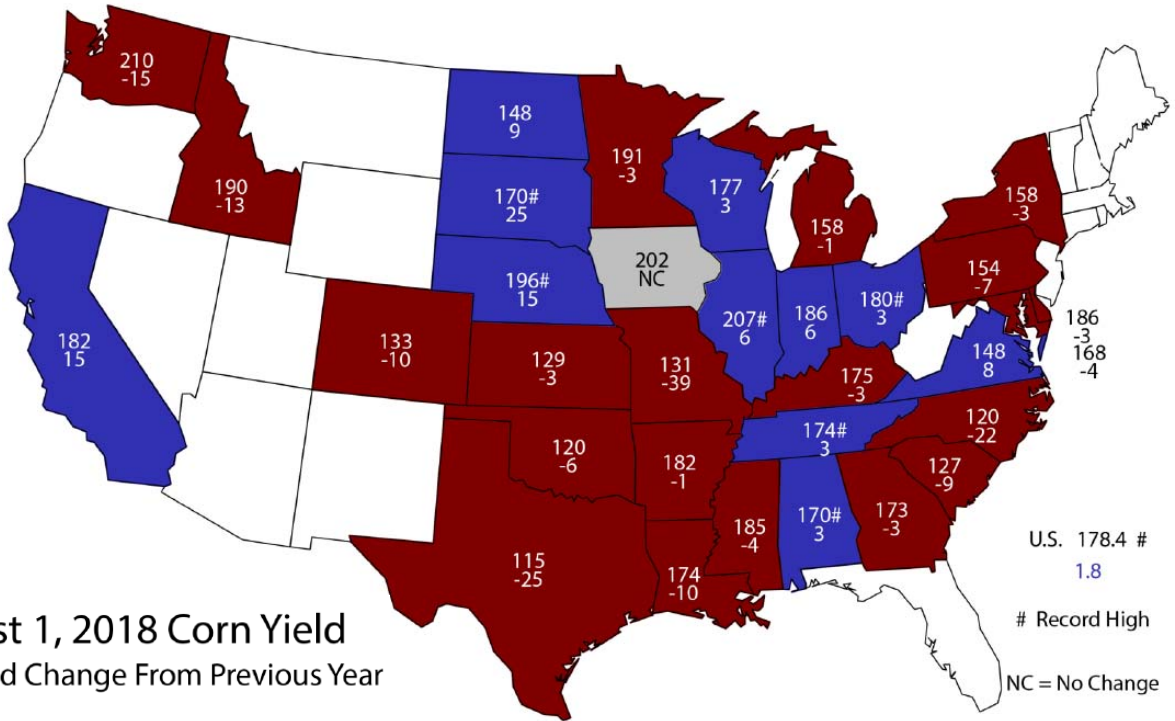
USDA 2017 USDA Forecast = 178.4 bu/ac



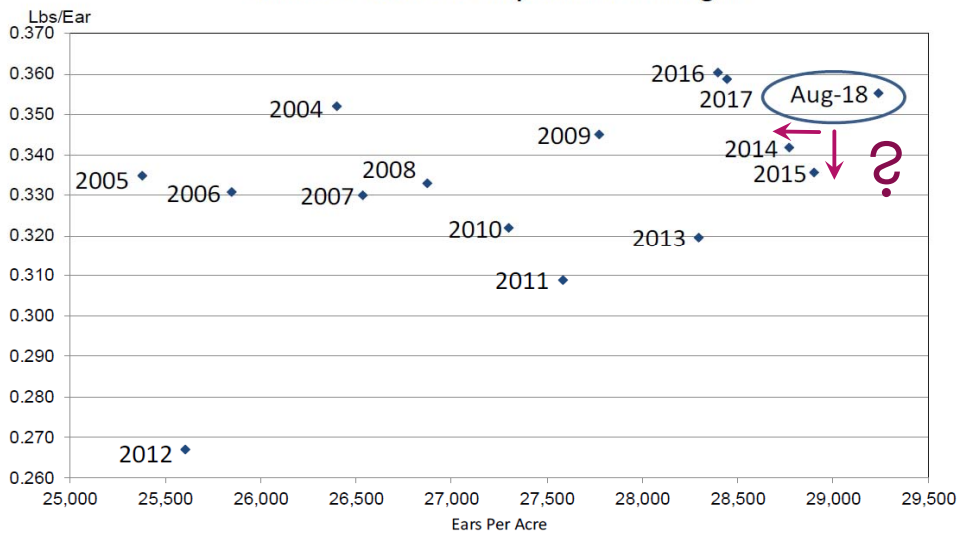
# U.S. Corn Yields: 2000-2018

Accuracy of August 1<sup>st</sup> USDA Forecasts

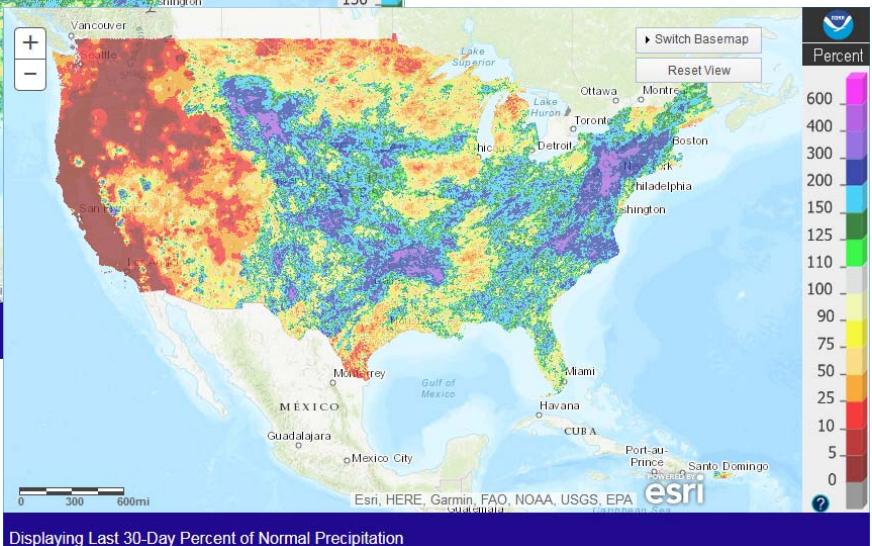
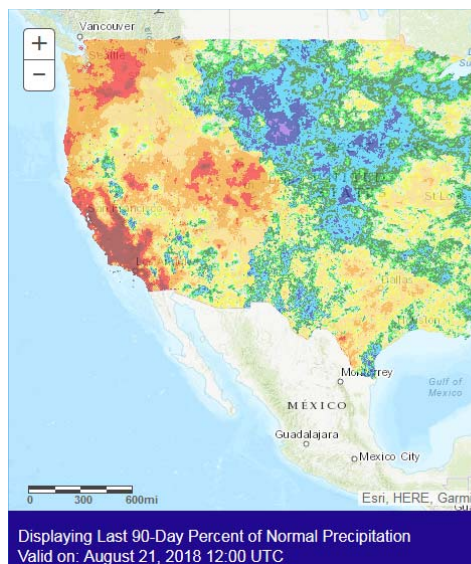
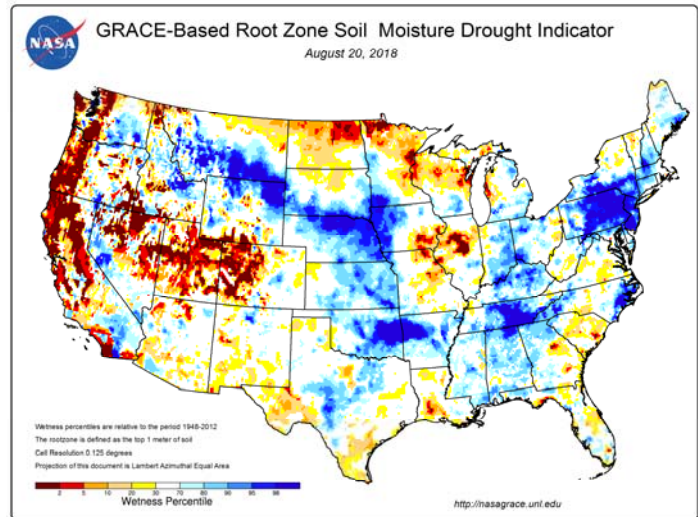
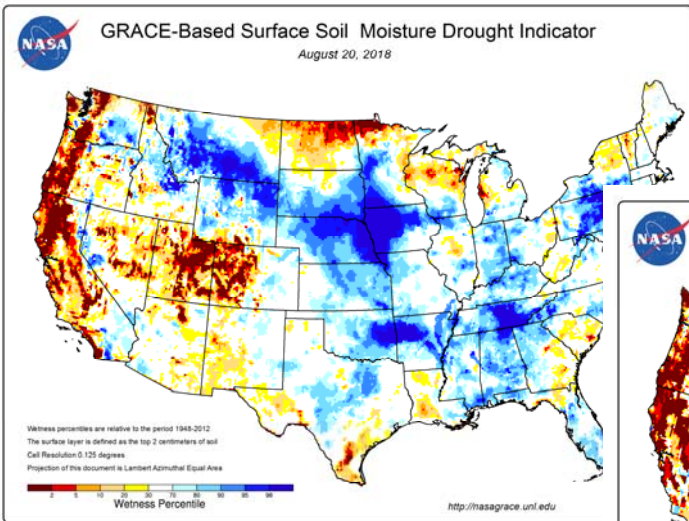




### Corn Objective Yield Region Ears Per Acre vs. Implied Ear Weight



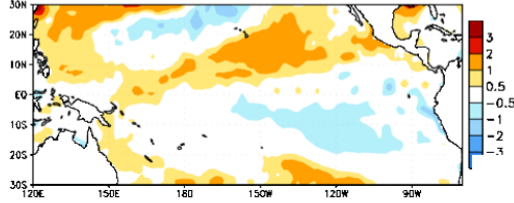
Implied Ear Weight = (Published Yield \* 56) / Ears





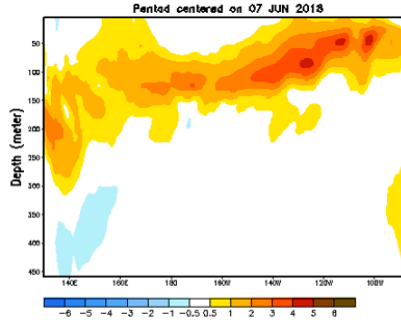
# Pacific Sea-Surface Temps/El Niño

Week centered on 16 MAY 2018  
SST Anomalies (°C)



Warm SSTs Pacific  
– pending El Niño

Equatorial Temperature Anomaly (°C)



El Niño events area not perfect forecasts. But they can give additional information

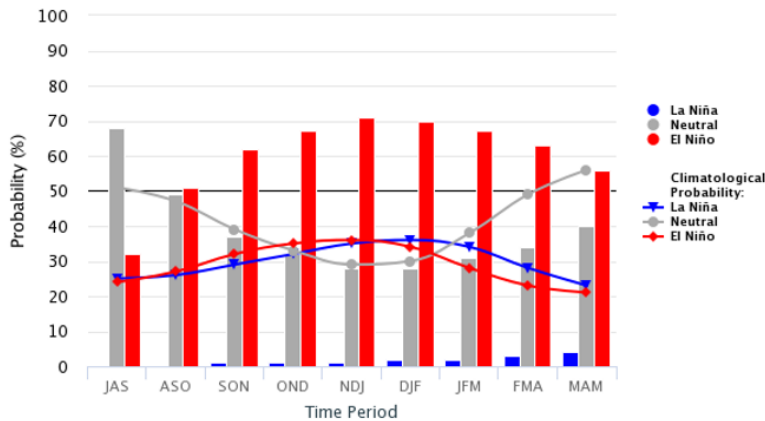
USDA Midwest Climate Hub  
U.S. DEPARTMENT OF AGRICULTURE

<http://www.cpc.ncep.noaa.gov/products/precip/CWlink/MJO/enso.shtml>

# El Niño Probability into 2019

Early-Aug CPC/IRI Official Probabilistic ENSO Forecasts

ENSO state based on NINO3.4 SST Anomaly  
Neutral ENSO: -0.5 °C to 0.5 °C



El Niño likely into 2019.

Some question on end period – can it influence 2019 growing season?

## U.S. Corn Supply & Demand

Items	MY 2017/18	MY 2018/19	Vs July 2018	Vs Year Ago
Beginning Stocks (mln bu)	2,293	2,027		
<b>Production</b>	<b>14,604</b>	<b>14,586</b>	<b>+356</b>	<b>(18)</b>
<u>Imports</u>	<u>40</u>	<u>50</u>		<u>+10</u>
<b>Total Supply (mln bu)</b>	<b>16,937</b>	<b>16,664</b>	<b>+356</b>	<b>(274)</b>

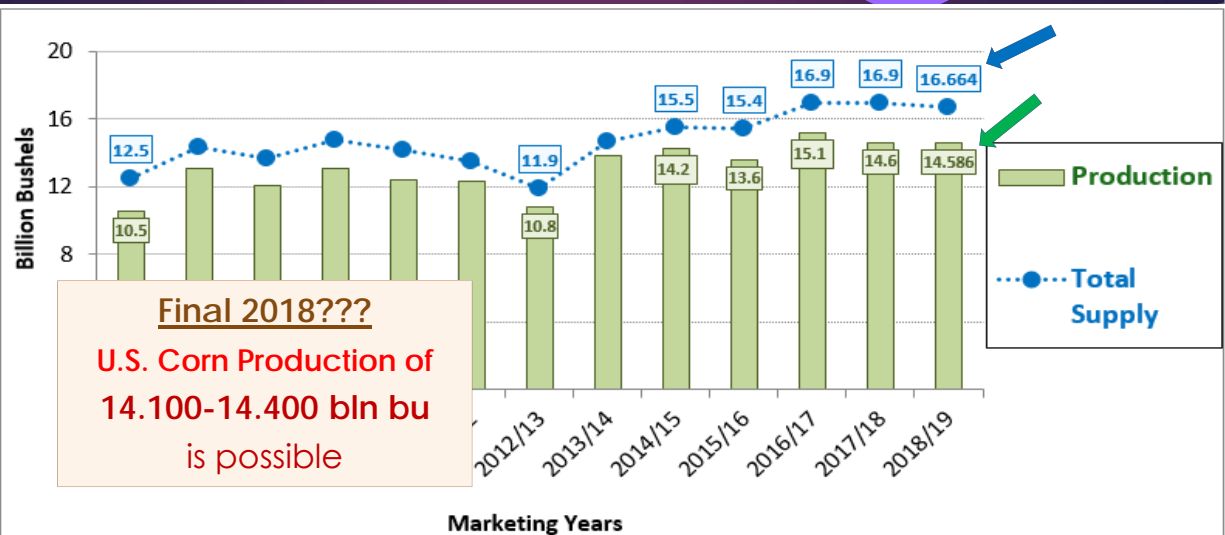
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Ethanol Use	5,600	5,625		+25
Other Food, Seed, Industrial	1,460	1,480		+20
Exports	2,400	2,350		(50)
<u>Feed &amp; Residual</u>	<u>5,450</u>	<u>5,525</u>	<u>+100</u>	<u>+75</u>
<b>Total Use (mln bu)</b>	<b>14,910</b>	<b>14,980</b>	<b>+225</b>	<b>+70</b>

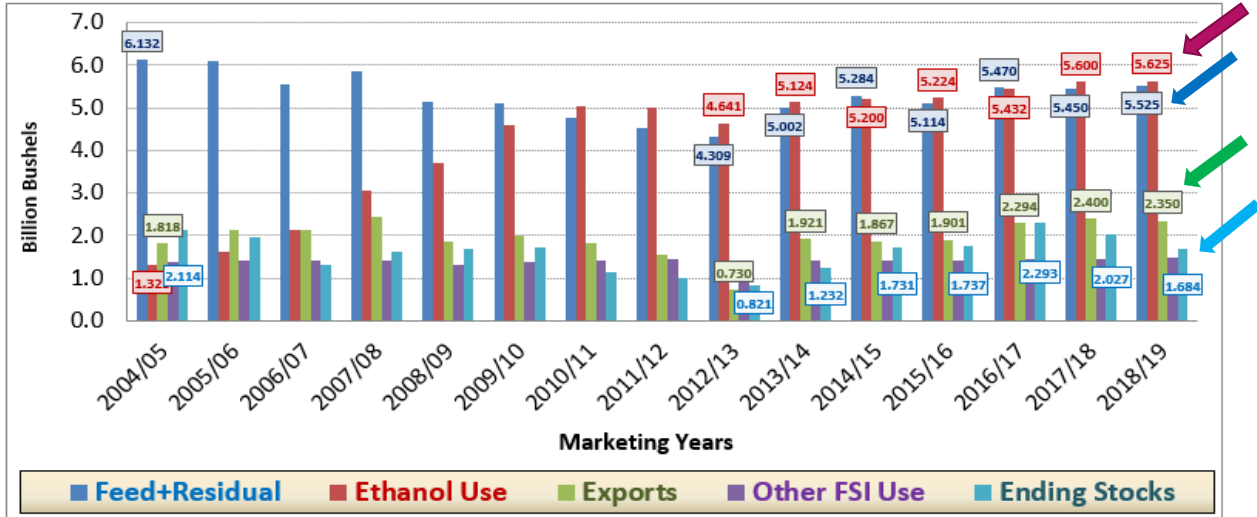
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<b>Ending Stocks (mln bu)</b>	<b>2,027</b>	<b>1,684</b>	<b>+131</b>	<b>(344)</b>
<b>% Ending Stocks-to-Use</b>	<b>13.6%</b>	<b>11.2%</b>	<b>+0.7%</b>	<b>(2.4%)</b>
<b>U.S. Avg. Price\$ (\$/bu)</b>	<b>\$3.40</b>	<b>\$3.60</b>	<b>(\$0.20)</b>	<b>+\$0.20</b>

## U.S. Corn Production & Supplies



# U.S. Corn Use – By Category

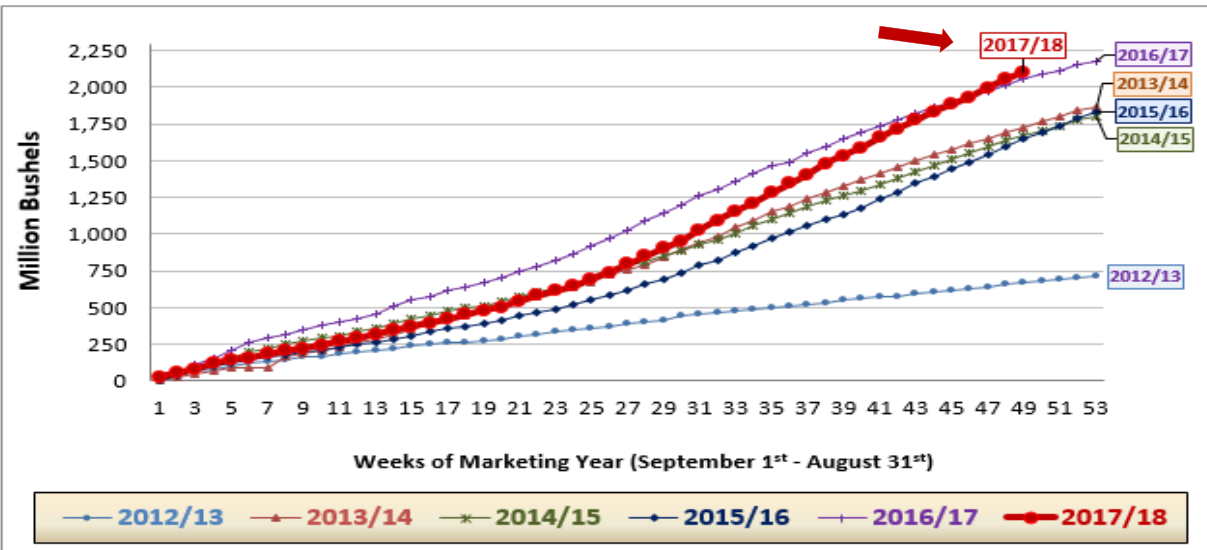


# U.S. Meat Production and Prices

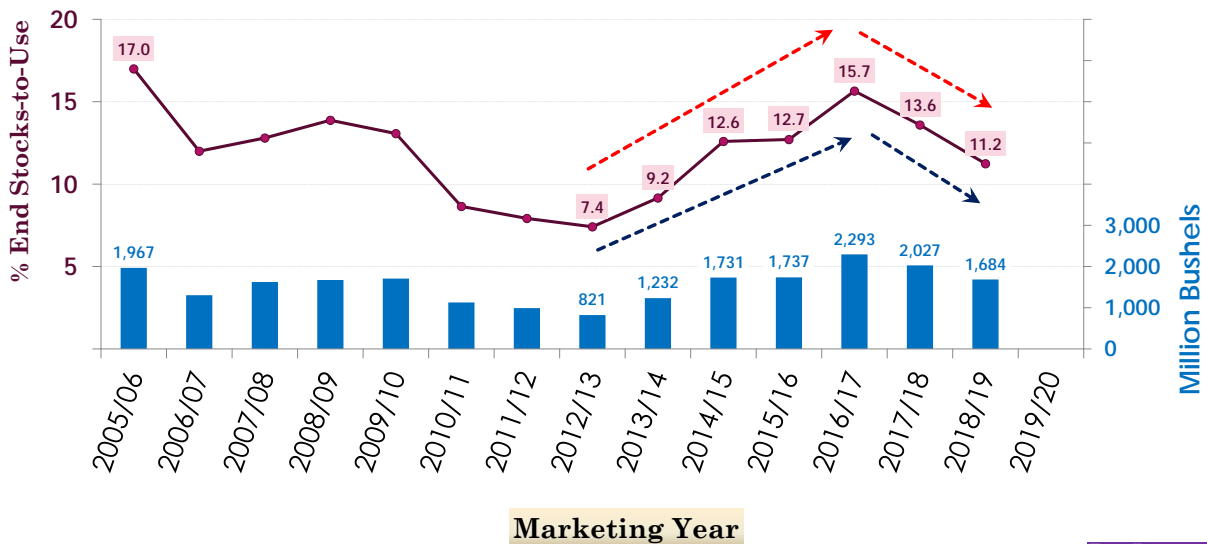
Item	2018		2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2018
<b>Production</b> ----- <i>Billion Pounds</i> -----					
Beef	27.09	-0.06	27.72	0.03	0.63
Pork	26.71	-0.04	27.88	0.18	1.17
Broilers	42.62	0.12	43.42	0.06	0.81
Turkey	5.94	**	5.97	--	0.03
<b>Total Meat</b>	<b>103.12</b>	<b>0.03</b>	<b>105.75</b>	<b>0.26</b>	<b>2.63</b>
<b>Prices</b> ----- <i>Dollars per cwt</i> -----					
Steers	<b>2019 U.S. Meat Production</b> <b>Quantity of Beef, Pork, &amp; Broilers are all projected to be higher in 2019</b>		117.75	--	1.92
Hogs			40.75	-1.25	-3.51
<i>Cents per pound</i> -----					
Broilers			99.8	-1.3	-0.4
Turkey			87.5	--	5.3

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

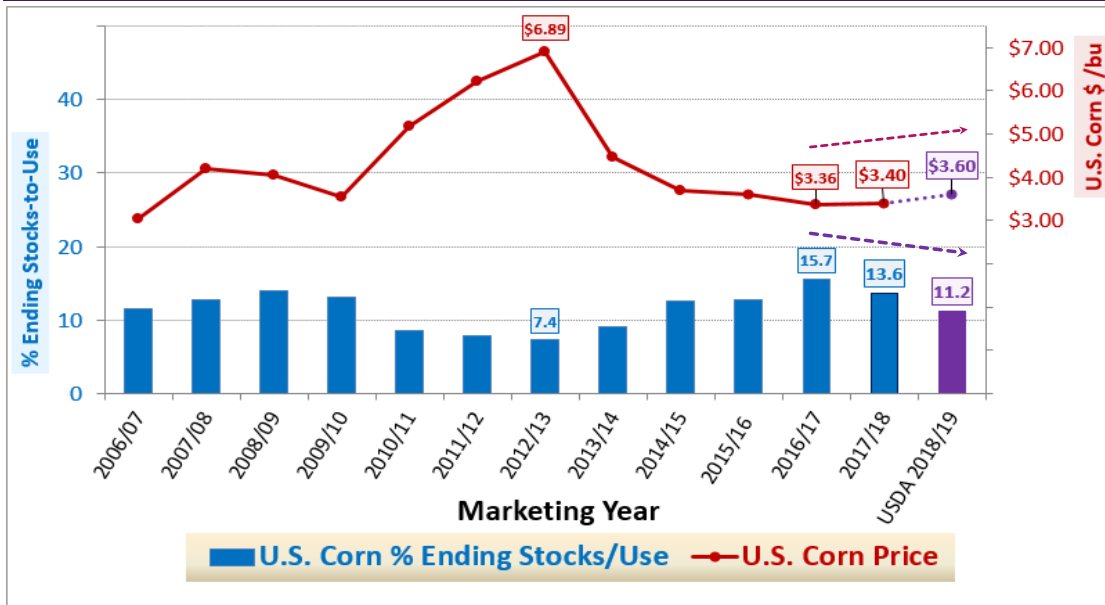
# U.S. Corn Exports - Weekly thru August 9, 2018



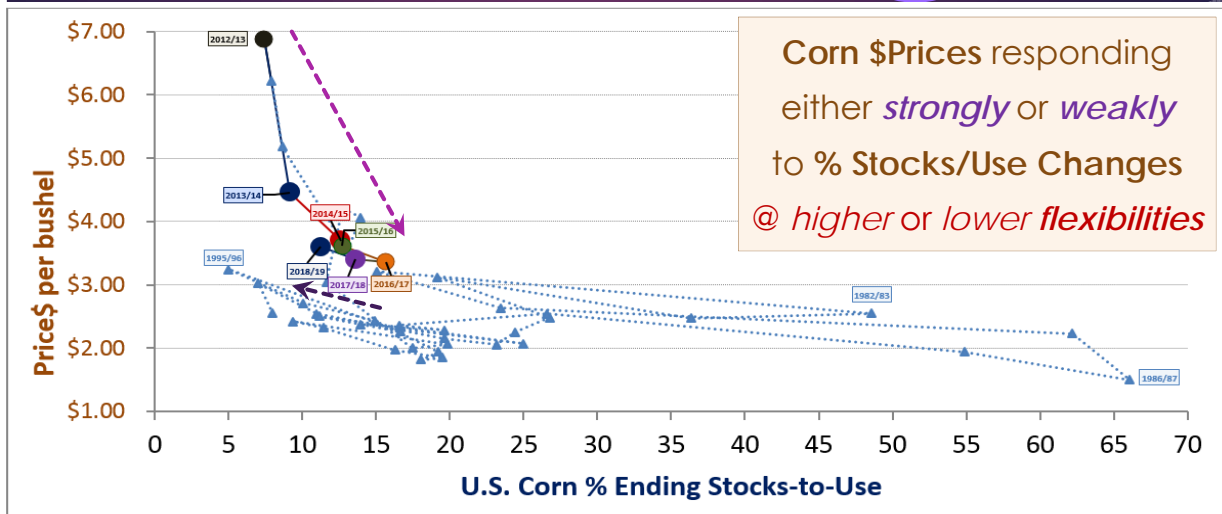
# U.S. Corn Ending Stocks & % Stx/Use



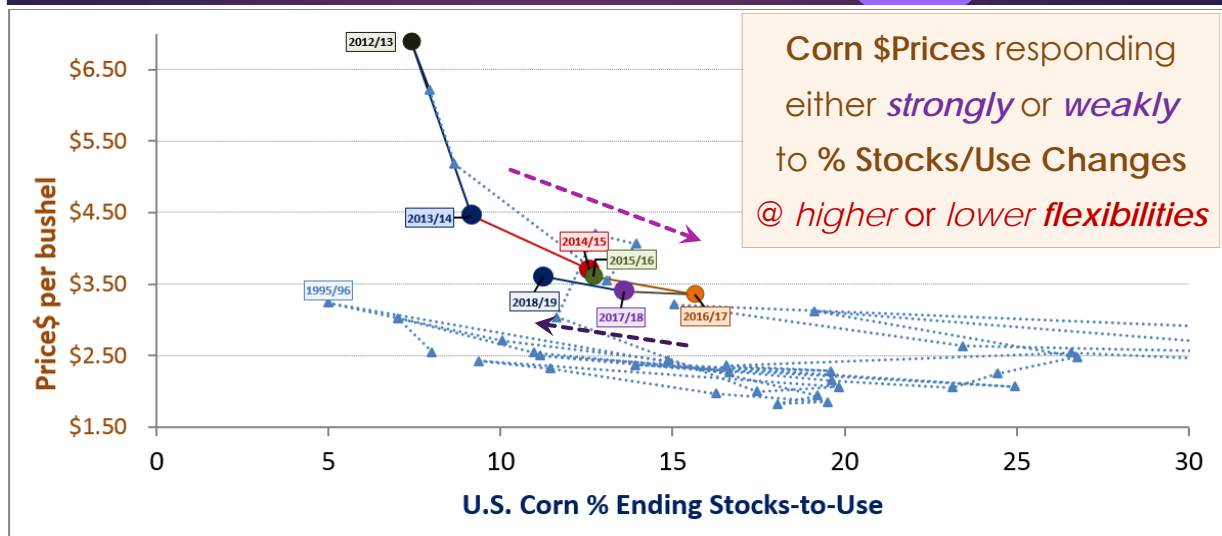
# U.S. Corn % Stocks/Use vs Price\$



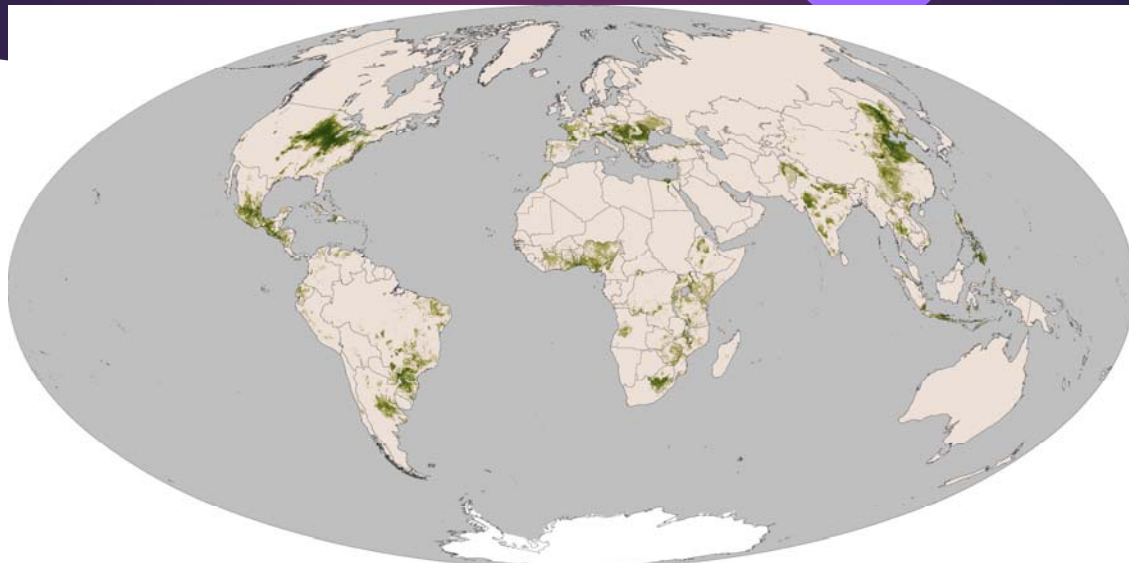
# U.S. Corn % Stocks/Use vs Price\$



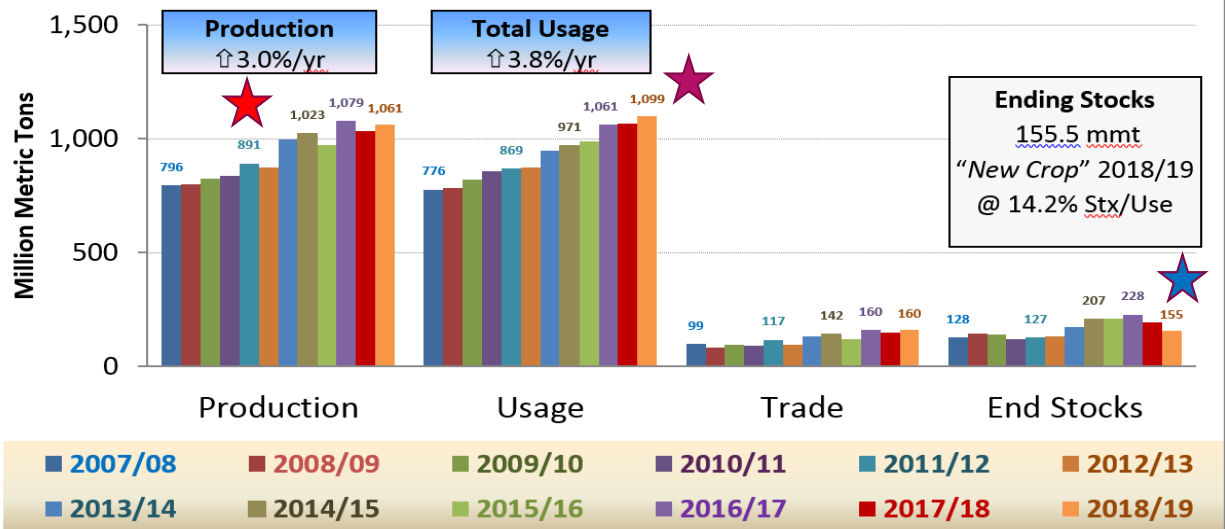
# U.S. Corn % Stocks/Use vs Price\$



# World Corn (Maize) Production Regions



# World Corn Supply, Use & Stocks



# World Corn Production

Country or Region	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
World	1,033.3	-0.4	1,061.1	6.8	27.8
United States	371.0	--	370.5	9.1	-0.4
Foreign	662.3	-0.4	690.5	-2.3	28.2
Argentina	33.0	--	41.0	--	8.0
Brazil	83.0	-0.5	94.5	-1.5	11.5
Mexico	26.8	--	26.0	--	-0.8
Canada	14.1	--	14.8	--	0.7
European Union	62.3	0.1	59.8	-1.7	-2.5
Serbia	4.0	--	6.6	0.6	2.6
FSU-12	42.1	--	47.7	1.2	5.6
Ukraine	24.1	--	31.0	1.0	6.9
Russia	13.2	--	12.0	--	-1.2
South Africa	13.8	--	13.5	-0.5	-0.3
China	215.9	--	225.0	--	9.1
India	26.9	--	26.0	--	-0.9

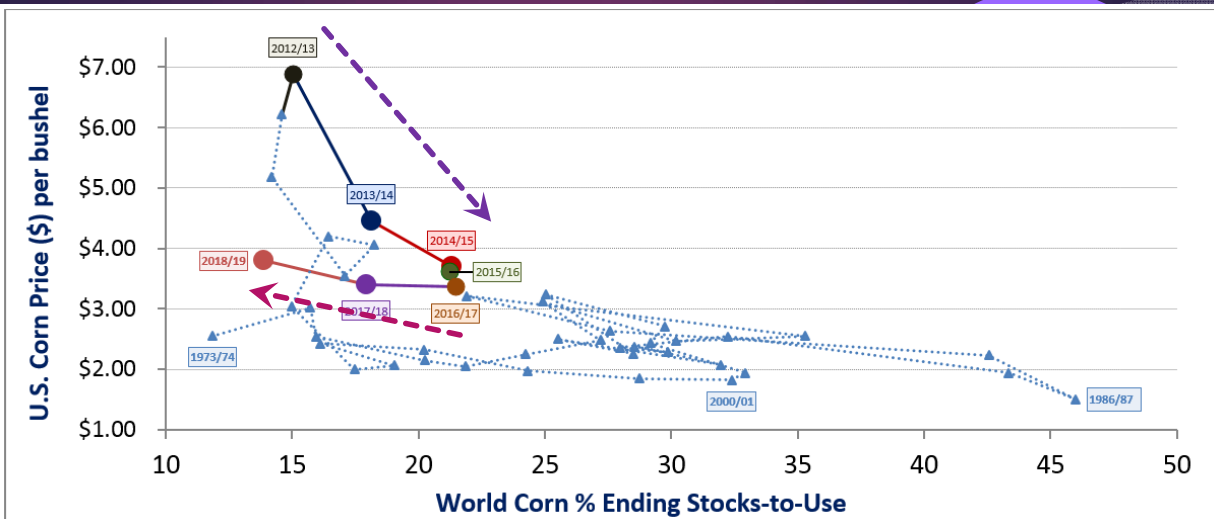


# World Corn Supply and Use

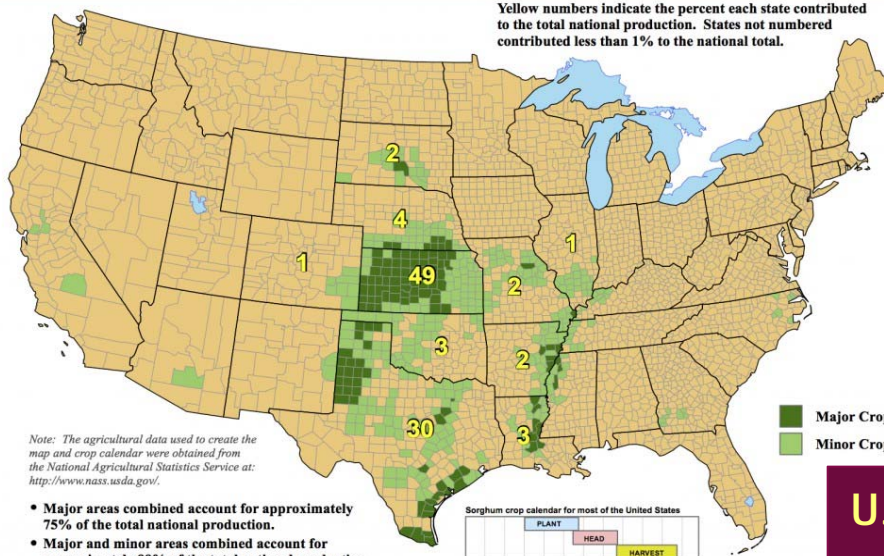
Item	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
Beginning stocks	227.8	0.2	193.3	1.6	-34.5
Production	1,033.3	-0.4	1,061.1	6.8	27.8
Total Supply	1,261.1	-0.3	1,254.4	8.3	-6.7
Feed use	650.7	1.3	671.4	4.7	20.7
Total use	1,067.8	-1.9	1,098.9	4.8	31.1
Trade	147.5	-3.0	159.6	1.8	12.1
Ending Stocks	193.3	1.6	155.5	3.5	-37.8

## U.S. Corn Price\$ vs World % Stocks-to-Use

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

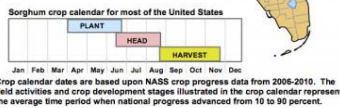


## United States: Sorghum



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.



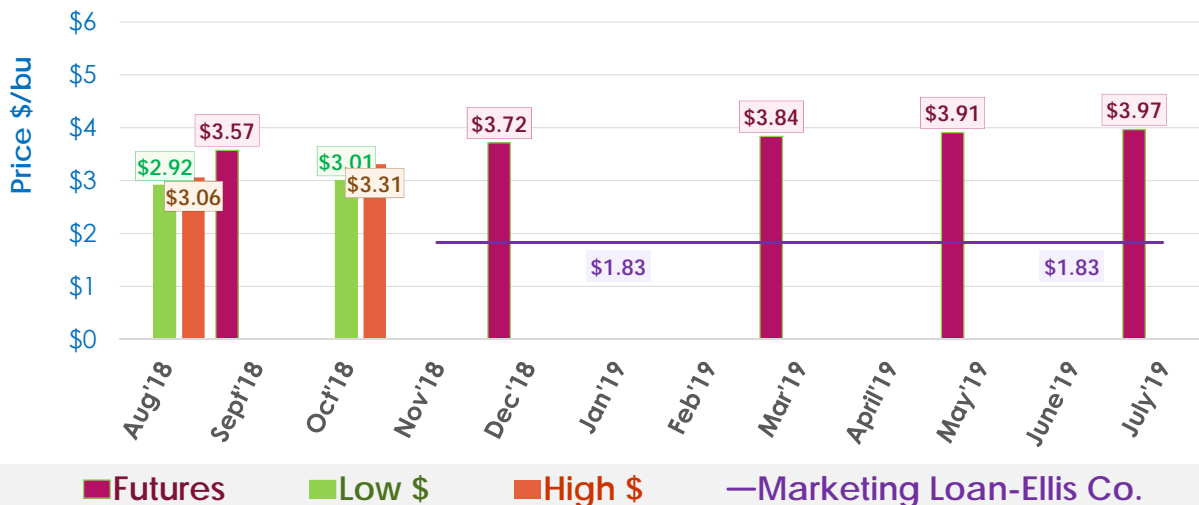
■ Major Crop Area  
■ Minor Crop Area

## U.S. Grain Sorghum Production Regions

USDA Agricultural Weather Assessments  
World Agricultural Outlook Board

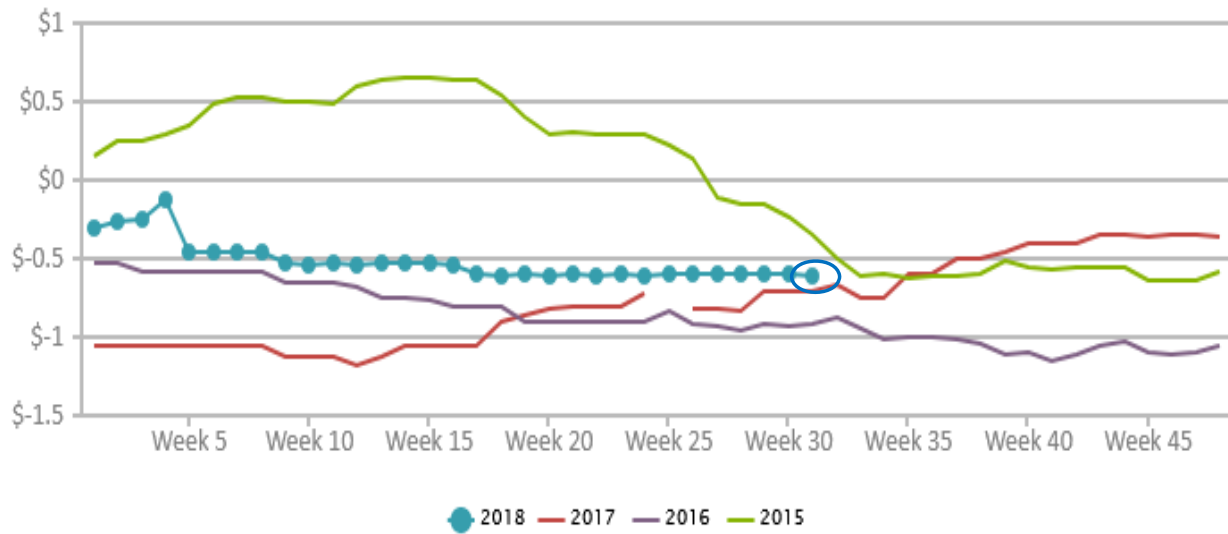
## Sorghum Cash & Futures \$'s

Ellis & Nearby Counties, KS Elevators - August 22, 2018 (early a.m.)



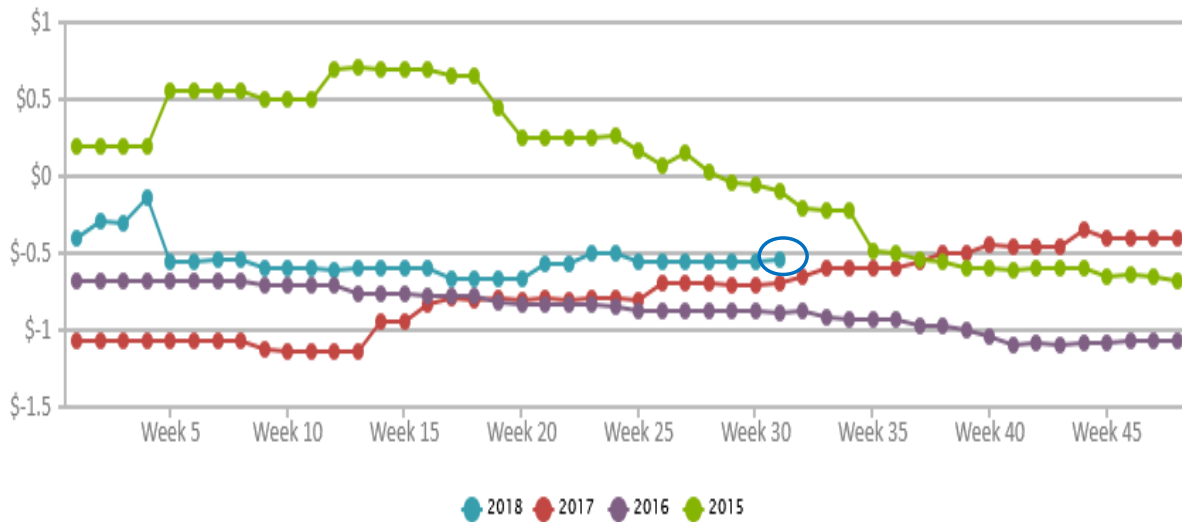
# HAYS, KS: Grain Sorghum Basis - MIDLAND MARKETING

www.AgManager.info



# OAKLEY, KS: Grain Sorghum Basis - FRONTIER AG INC

www.AgManager.info

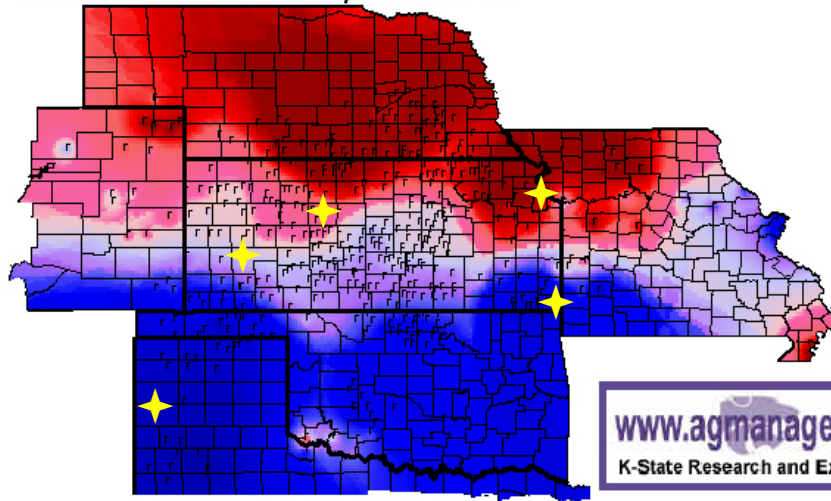


## Grain Sorghum Basis, 08-15-2018

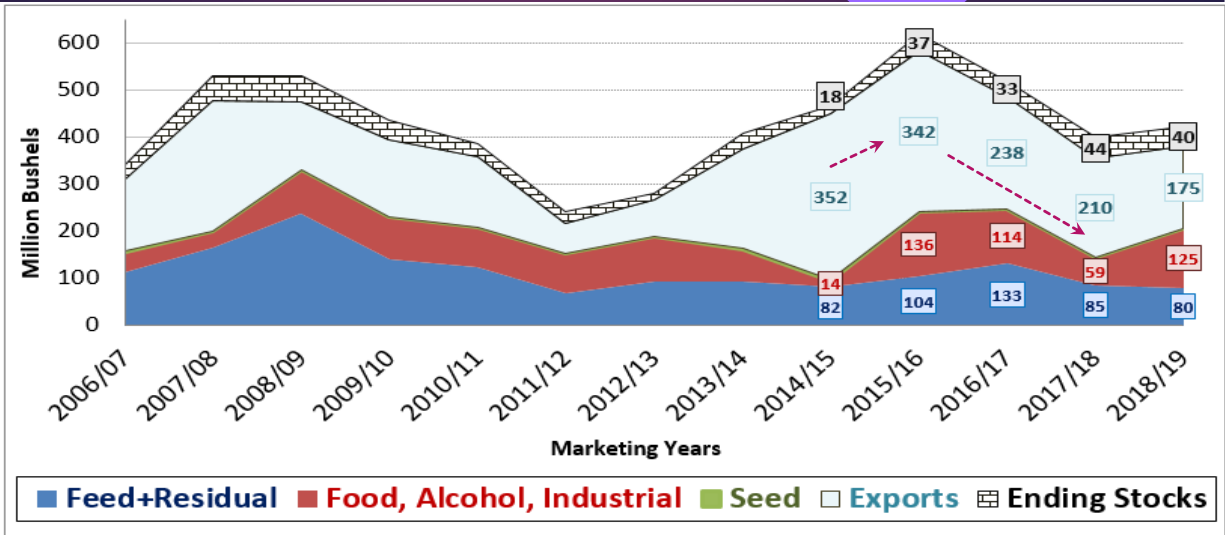
Basis = Cash Price - Nearby Futures Price

CBT Corn  
Sept Futures  
Price: \$3.62

\$/Bushel

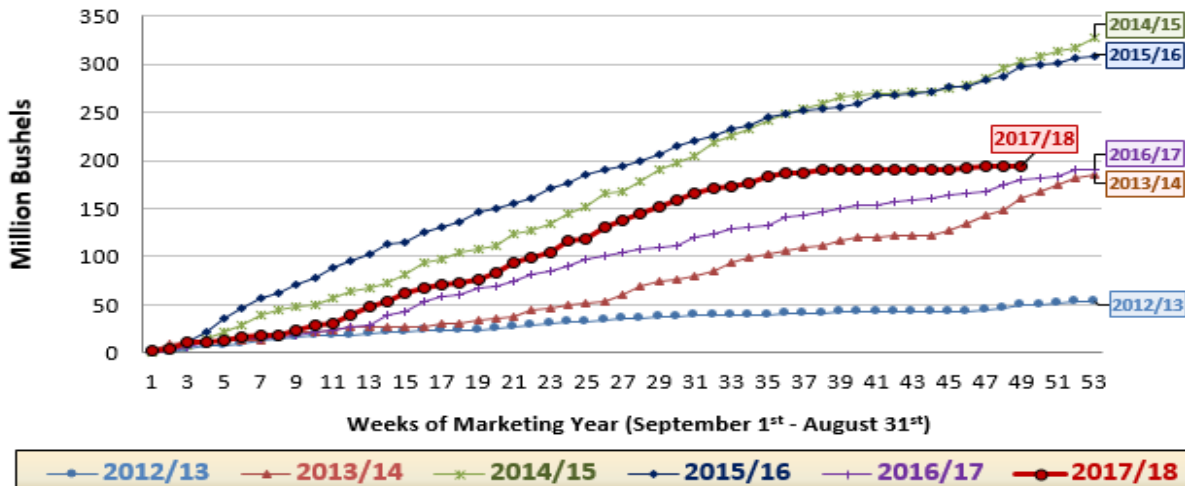


## U.S. Sorghum Use & End Stocks



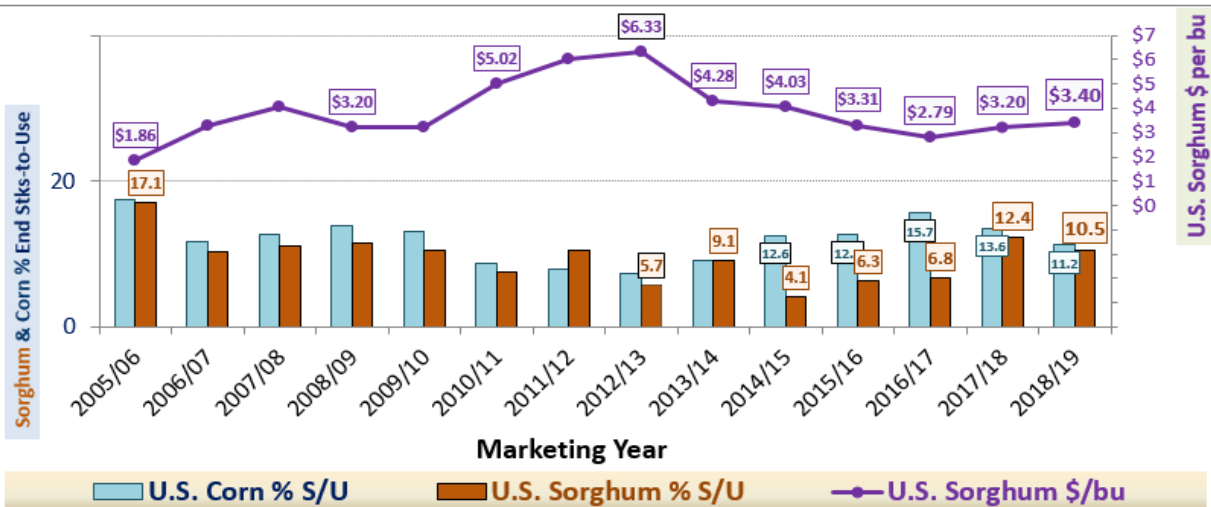
# U.S. Sorghum Exports

Marketing Years 2012/13 thru 2017/18 (as of August 9, 2018)



# U.S. Sorghum Stks/Use & Prices

Marketing Years 2005/06 thru 2018/19



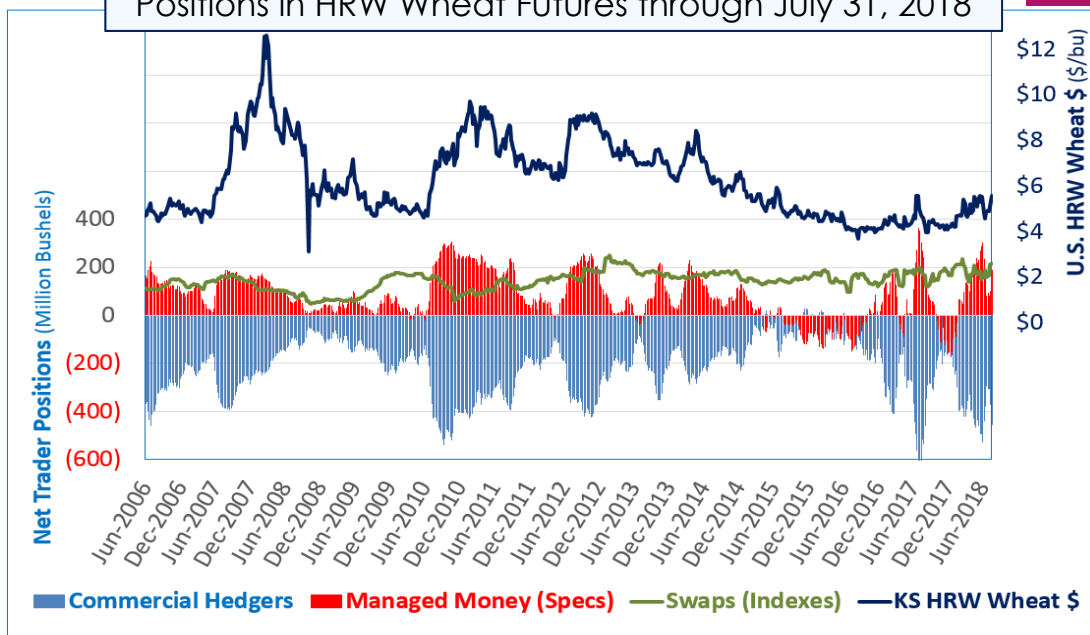
# Wheat Markets



**KANSAS STATE UNIVERSITY** Department of Agricultural Economics

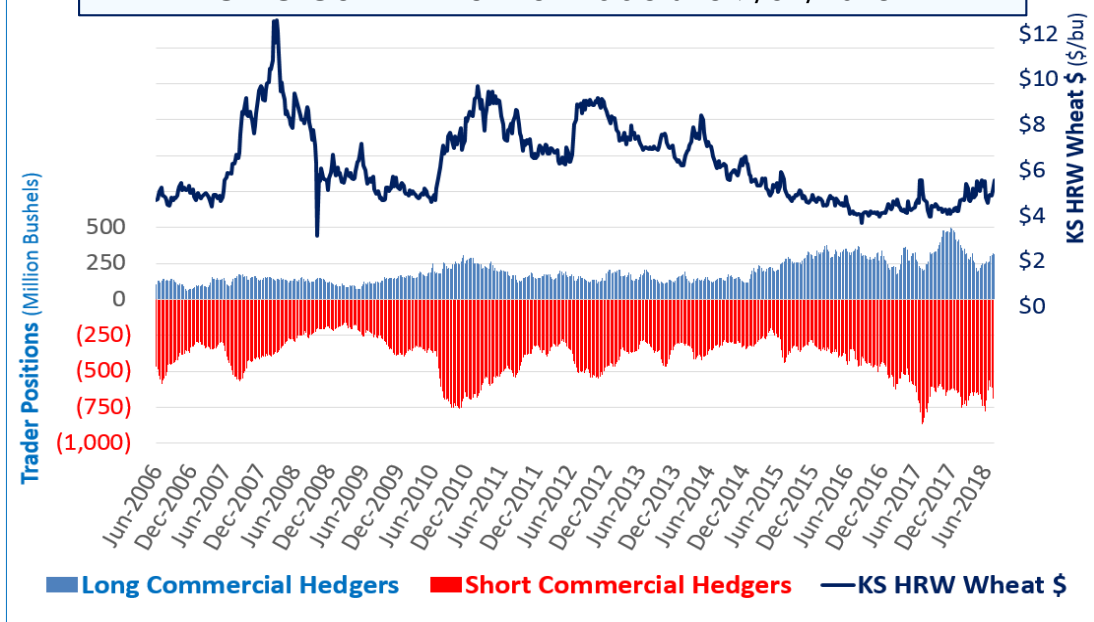


## CFTC Commitment of Traders Report Positions in HRW Wheat Futures through July 31, 2018



# Commercial Hedge Positions in HRW Wheat

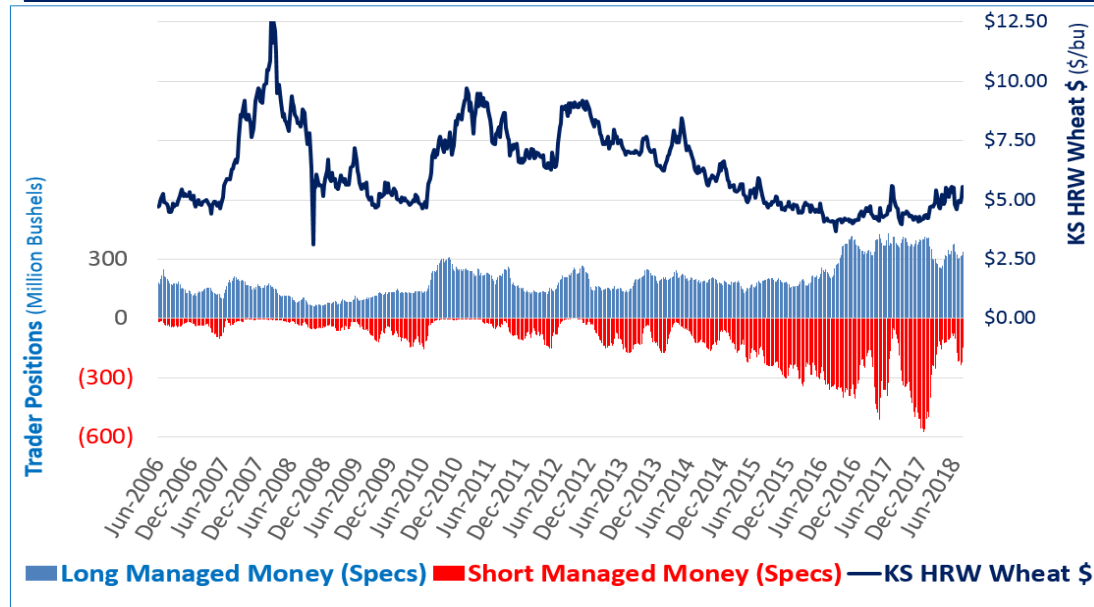
CFTC Commitment of Traders to 7/31/2018



■ Long Commercial Hedgers ■ Short Commercial Hedgers — KS HRW Wheat \$

# Managed Money (Spec) Positions in HRW Wheat

CFTC Commitment of Traders to 7/31/2018



■ Long Managed Money (Specs) ■ Short Managed Money (Specs) — KS HRW Wheat \$

## U.S. Wheat Supply-Use

- Market support from **World crop problems & higher protein** in the **2018 U.S. HRW crop**
  - Anticipating *lower* U.S. & World **Wheat Stocks**
- Markets expect **U.S. Wheat Exports to increase**
  - **Exports** 2018/19 = 1.025 bln bu (*778 mb – 1.291 bb range since 2008/09*)
  - **Food Use** 2018/19 = 970 mln bu (*Level Use since MY 2012/13*)
  - **Feed Use** 2018/19 = 120 mln bu (*Down from 228-365 mb in 2012 - 2013*)
  - **HRW Exports** 2018/19 = 395 mln bu (*vs 371 mb & 455 mb last 2 years*)

## U.S. Wheat Stocks.....

- **All U.S. Wheat: “Declining” Stocks**
  - **End Stocks** 2018/19 ⇒ 935 mln bu (*1.100 bb last year*)
  - **% Stocks/Use** 2018/19 ⇒ 43.0% S/U (*55.6% Stx/Use last year*)
- **U.S. HRW Wheat: “Still Large” Carryover (also declining)**
  - **End Stocks** 2018/19 ⇒ 391 mln bu (*581 mb last year*)
  - **% Stocks/Use** 2017/18 ⇒ 66.9% S/U (*76.0% Stx/Use last year*)



## 2018 U.S. Wheat Quality & Grades



- **HRW Wheat 2018** ⇒ **12.5% protein**, 60.7 lb test, 1.5% defects
  - *Versus 11.4% protein, 60.8 lb test wt, 1.1% defects in 2017*
- **SRW Wheat 2018** ⇒ **10.1% protein**, 57.5 lb test, 1.3% defects
  - *Versus 9.5% protein, 58.8 lb test wt, 1.7% defects in 2017*
- **Soft White Wheat 2018** ⇒ **9.3% protein**, 61.7 lb test, 0.6% defects
  - *Versus 9.6% protein, 60.9 lb test wt, 0.6% defects in 2017*
- **HRS Wheat 2018** ⇒ **\_\_\_% protein**, \_\_\_ lb test, \_\_\_% defects
  - *Versus 14.6% protein, 61.2 lb test wt, 1.0% defects in 2017*

## WORLD Wheat Market Prospects:



Large Supplies ⇒ Less of a “*Buyer’s Market*”

- **Lower Supplies & Record Usage Forecast for 2018/19**
  - 4 consecutive record high World wheat crops
- **Poorer 2018 crops:** E.U. France-Germany, Australia, & Russia
- **More “competitive buying pressure” in World Trade**
  - *“Tight” supplies among Top 7 World Wheat Exporters*
  - *NOT MUCH evidence “YET” of “strong” U.S. wheat exports*

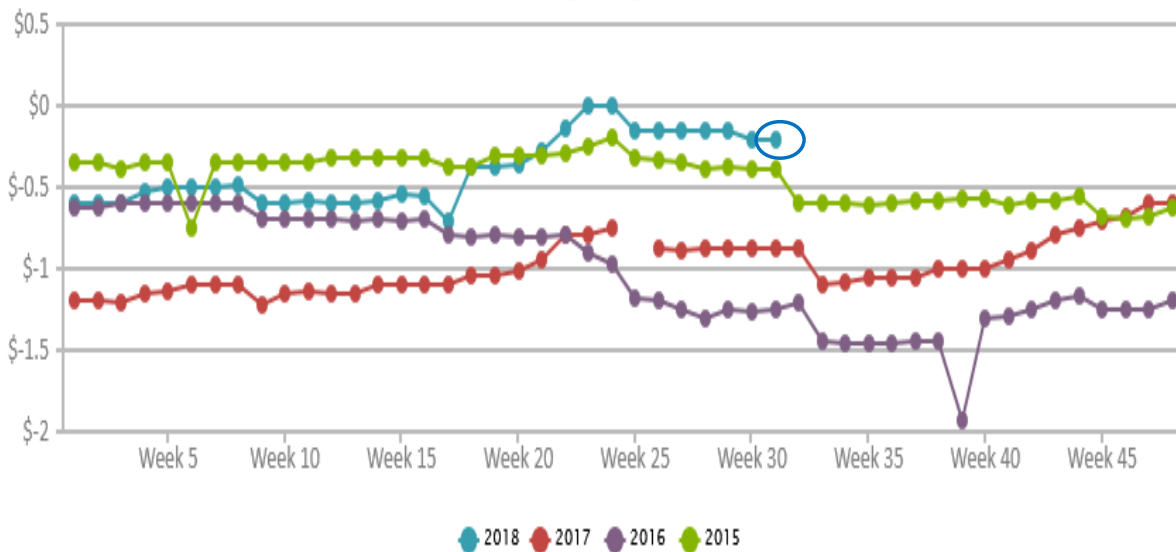
# CME Kansas Hard Red Winter Wheat

Monthly Chart: July 2009 – July 2018 + 8/22/2018 (early a.m.)



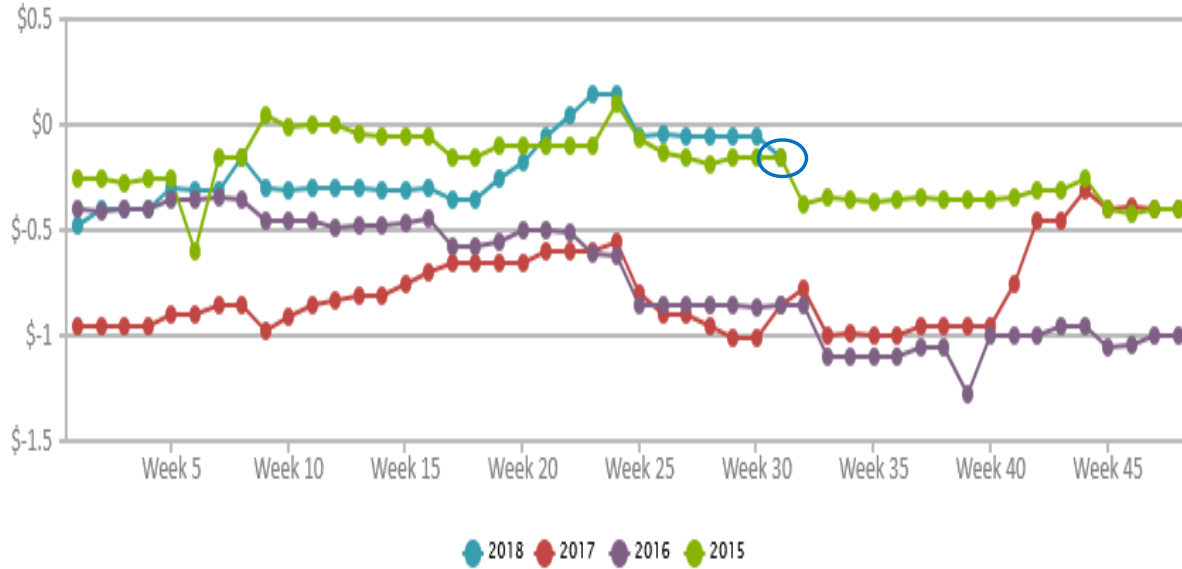
## HAYS , KS: Hard Red Winter Wheat Basis - MIDLAND MARKETING

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



# SALINA, KS: Hard Red Winter Wheat Basis - CARGILL

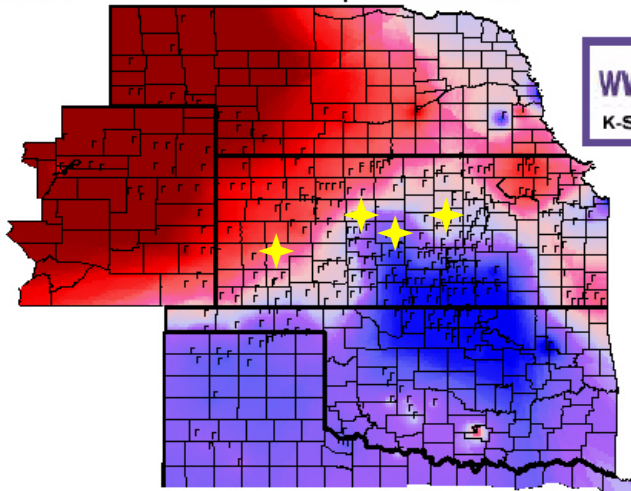
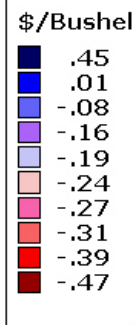
www.AgManager.info



# Wheat Basis, 08-15-2018

Basis = Cash Price - Nearby Futures Price

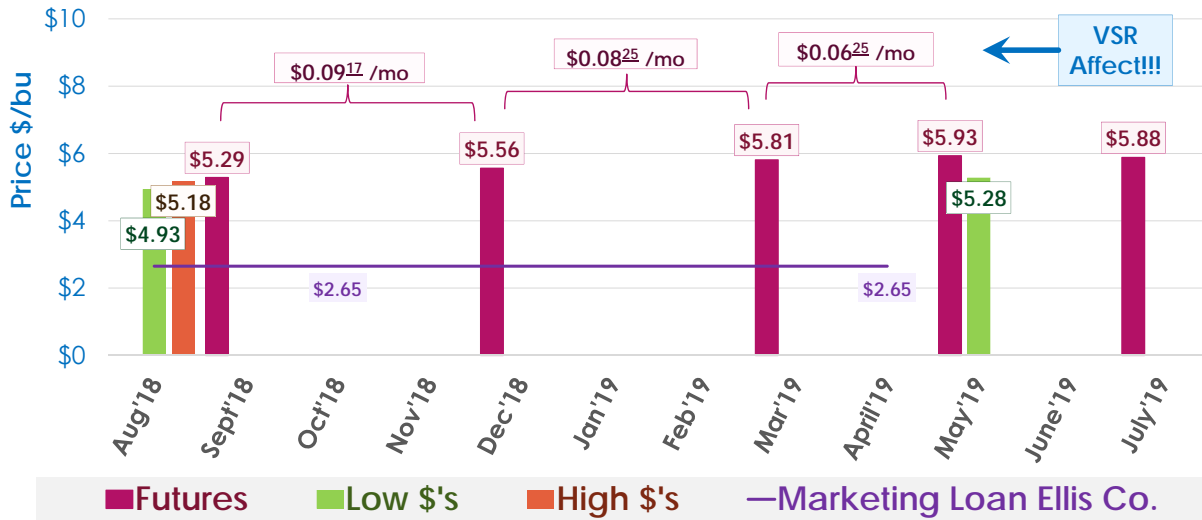
KCBT Sept  
Futures  
Price: \$5.35



www.agmanager.info  
K-State Research and Extension

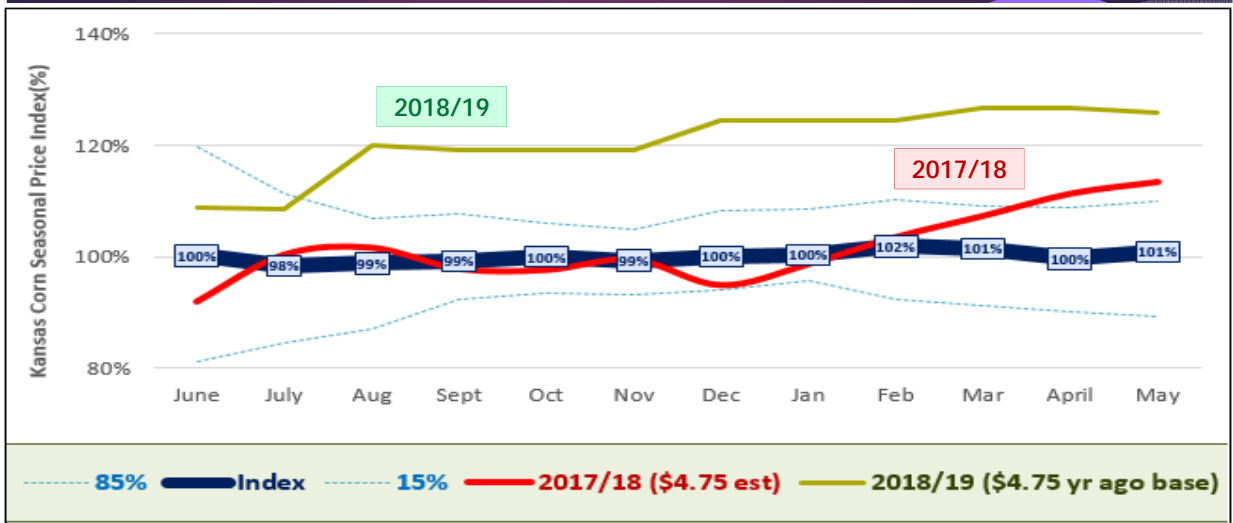
# Wheat Cash & HRW Wheat Futures

Ellis & Nearby Counties, KS Elevators - August 22, 2018 (early a.m.)

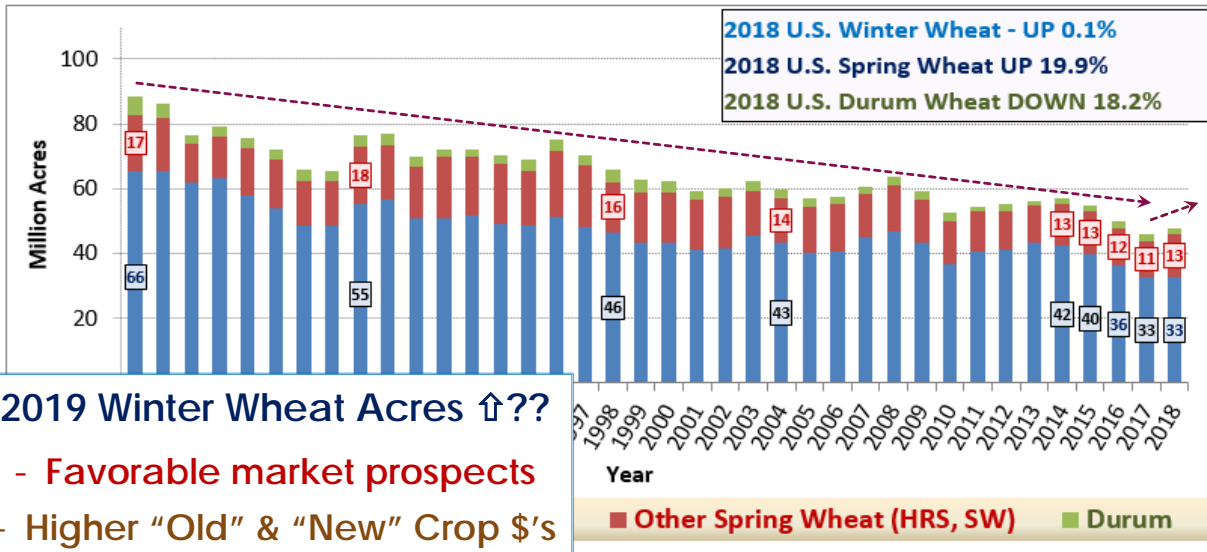


# Kansas Wheat Seasonal Cash \$ Index

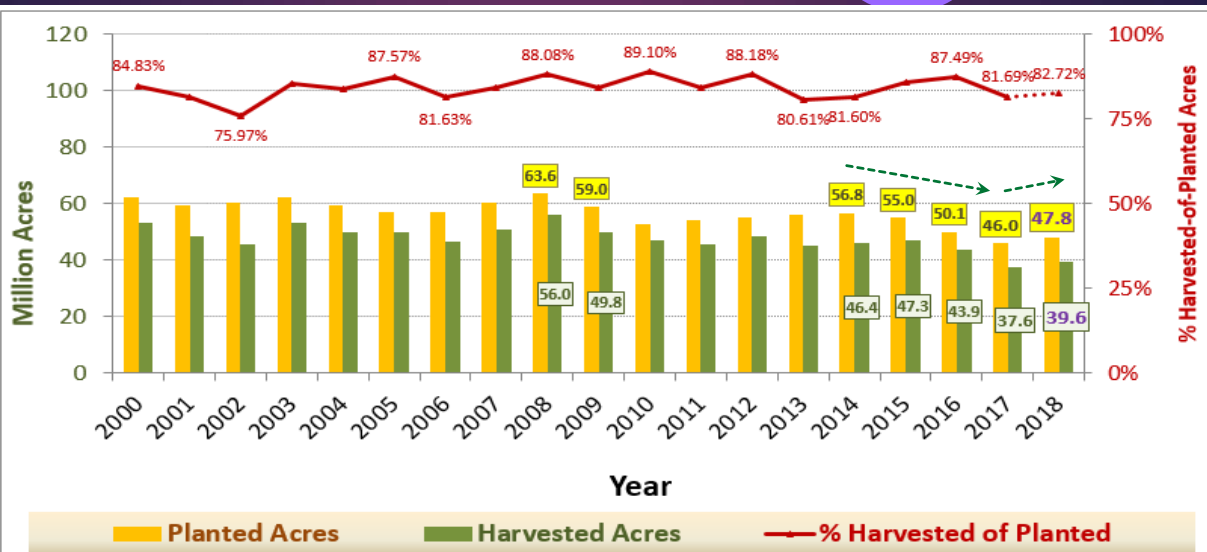
Monthly: 17 yr Avg thru 2016/17 + MY 2017/18 & MY 2018/19



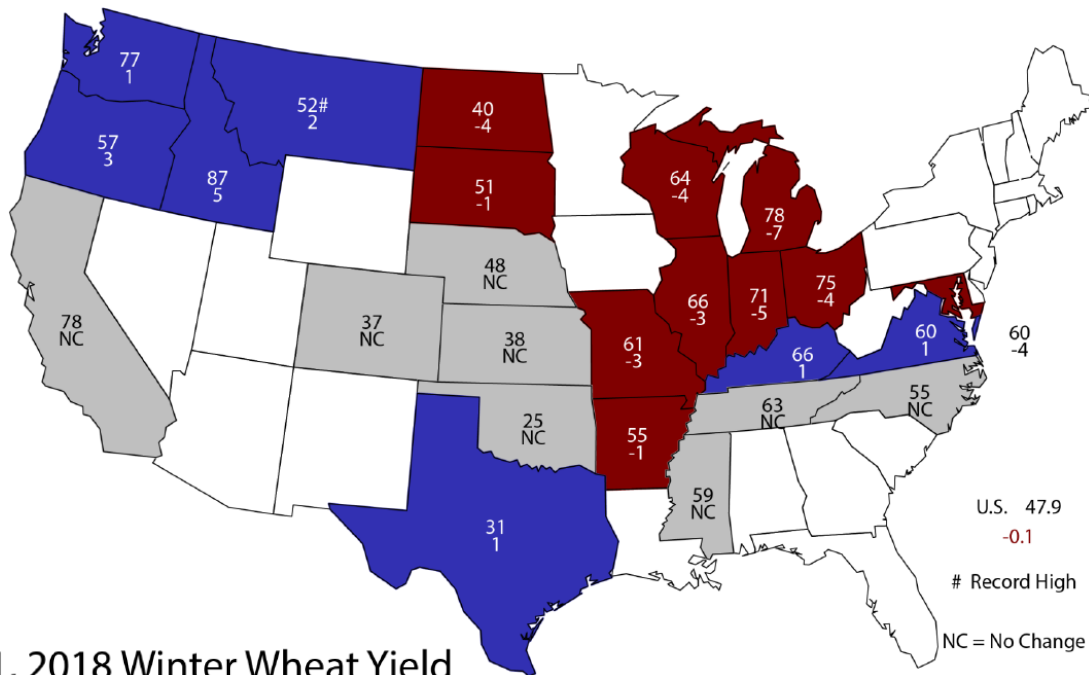
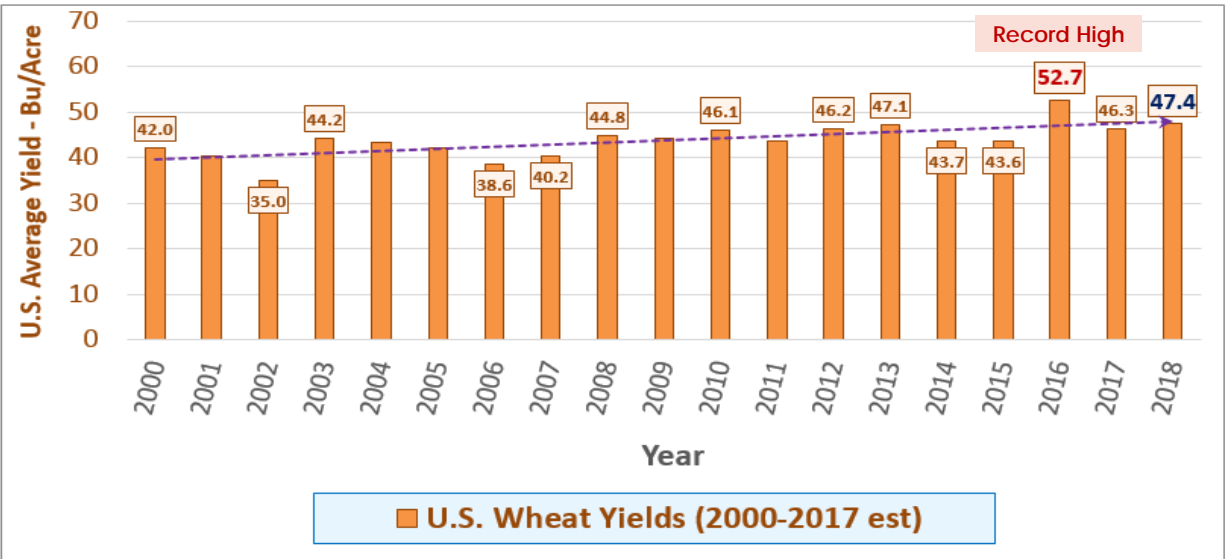
# U.S. Wheat Seeded Acreage



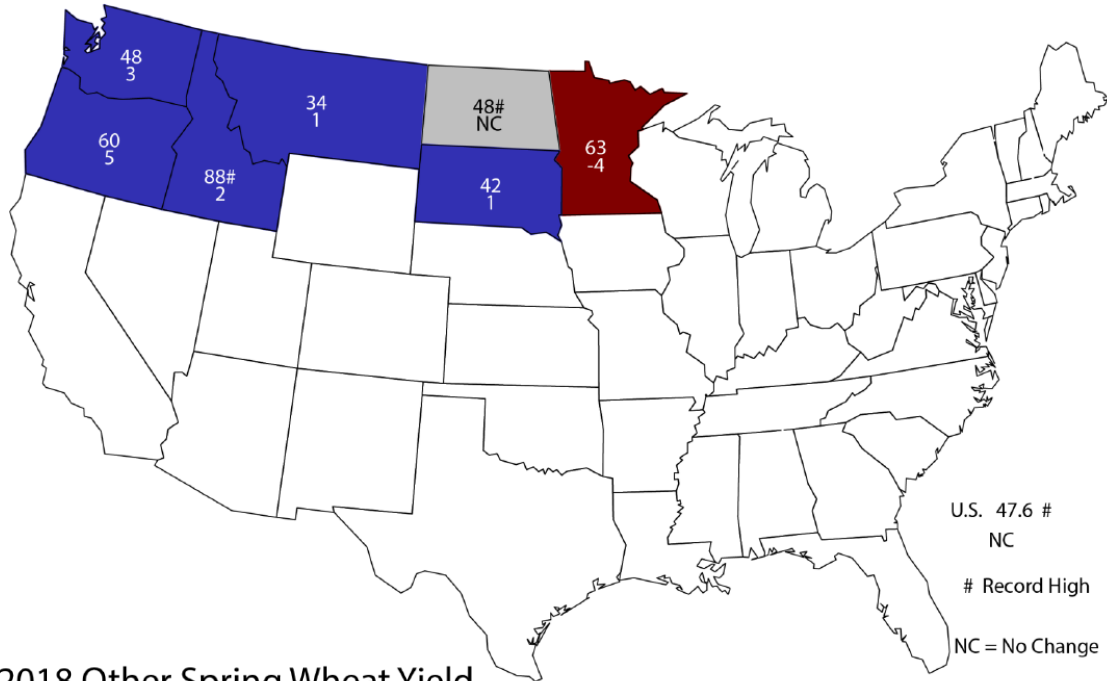
# U.S. Wheat Acreage



# U.S. Wheat Yields



August 1, 2018 Winter Wheat Yield  
Bushels and Change From Previous Estimate

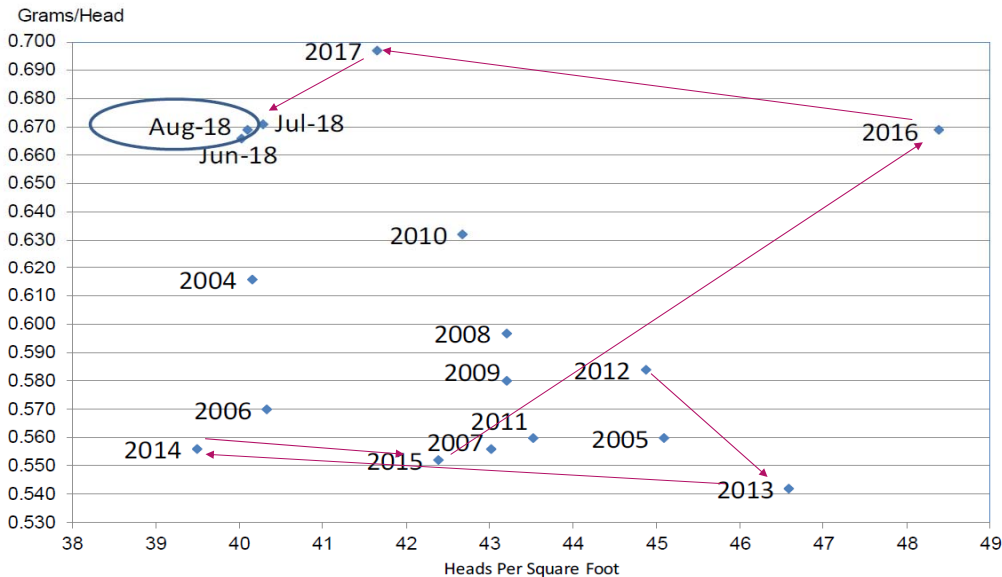


August 1, 2018 Other Spring Wheat Yield  
Bushels and Change From Previous Estimate

USDA-NASS  
8-10-18



### Wheat Objective Yield Region Heads Per Square Foot vs. Implied Head Weight



Implied Head Weight = Published Yield / (Heads\*1.6006)

USDA-NASS  
8-10-18

## U.S. Wheat Supply & Demand

Items	MY 2017/18	MY 2018/19	Vs July 2018	Vs Year Ago
Beginning Stocks (mln bu)	1,181	1,100		(80)
<b>Production</b>	<b>1,741</b>	<b>1,877</b>	(5)	+136
<u>Imports</u>	<u>157</u>	<u>135</u>		<u>(22)</u>
<b>Total Supply (mln bu)</b>	<b>3,079</b>	<b>3,112</b>	(5)	+33

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<b>Total Supply (mln bu)</b>	<b>3,079</b>	<b>3,112</b>	(5)	+33
Food Use	964	970	+5	+625
Seed Use	64	62		(2)
<b>Exports</b>	<b>901</b>	<b>1,025</b>	+50	+124
<u>Feed &amp; Residual</u>	<u>48</u>	<u>120</u>	<u>(10)</u>	<u>+72</u>
<b>Total Use (mln bu)</b>	<b>1,978</b>	<b>2,177</b>	+45	+199



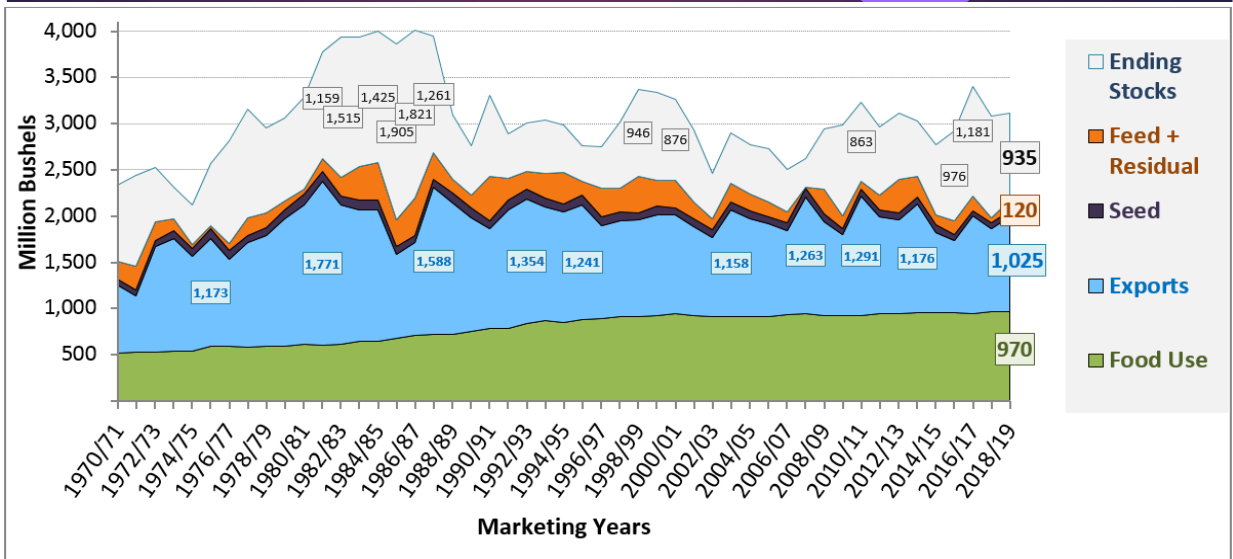
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<b>Ending Stocks (mln bu)</b>	<b>1,100</b>	<b>935</b>	(50)	(165)
<b>% Ending Stocks-to-Use</b>	<b>55.6%</b>	<b>43.0%</b>	(3.2%)	(12.7%)
<b>U.S. Avg. Price\$ (\$/bu)</b>	<b>\$4.73</b>	<b>\$5.10</b>	+\$0.10	+\$0.37

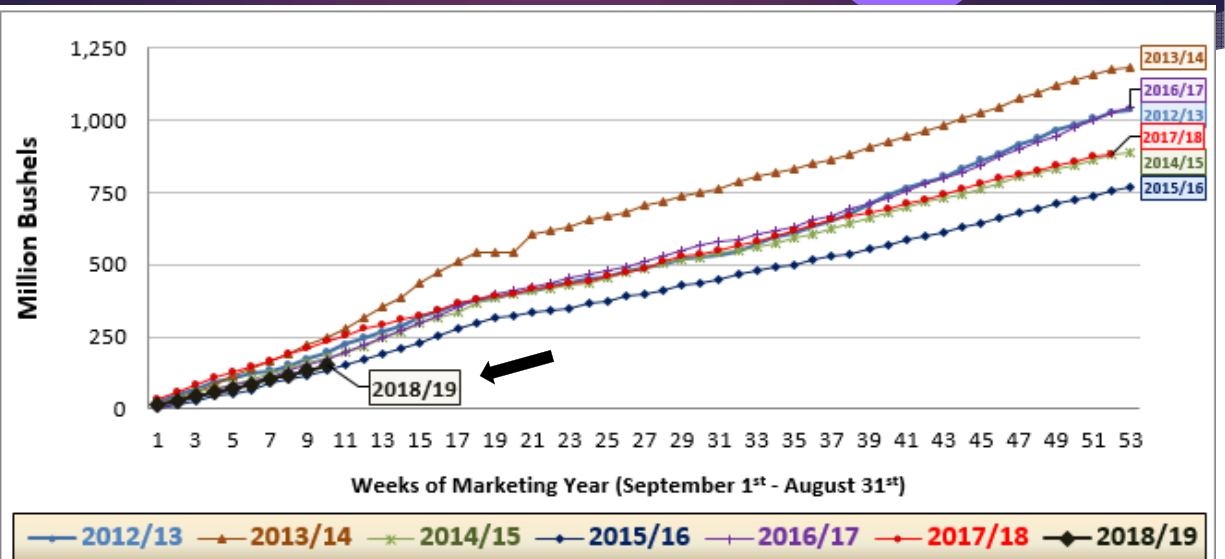
# U.S. Wheat Production & Supplies



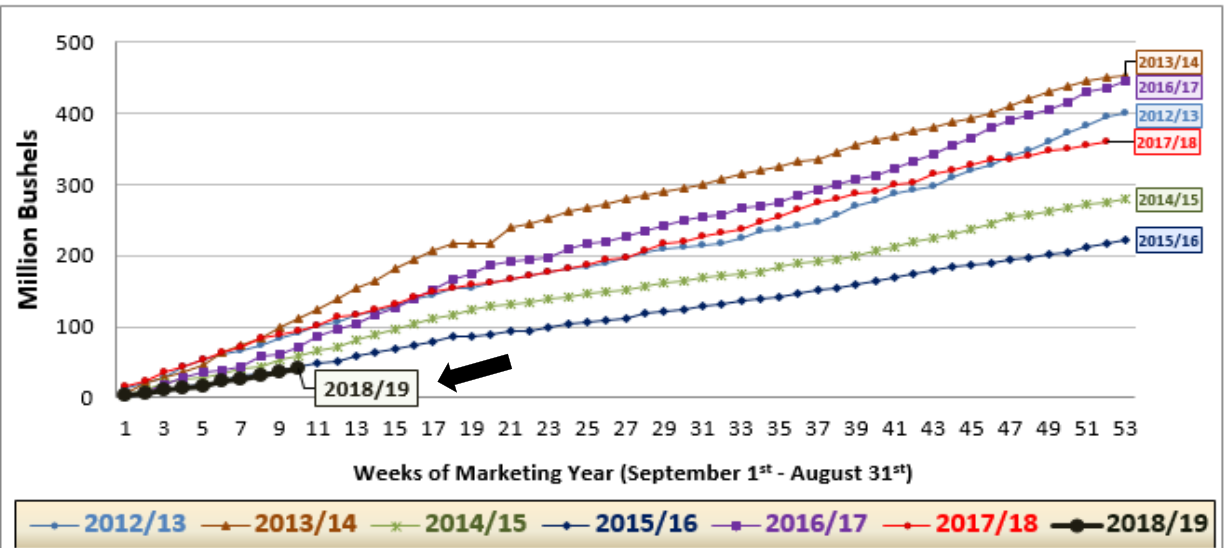
# U.S. Wheat Use by Category



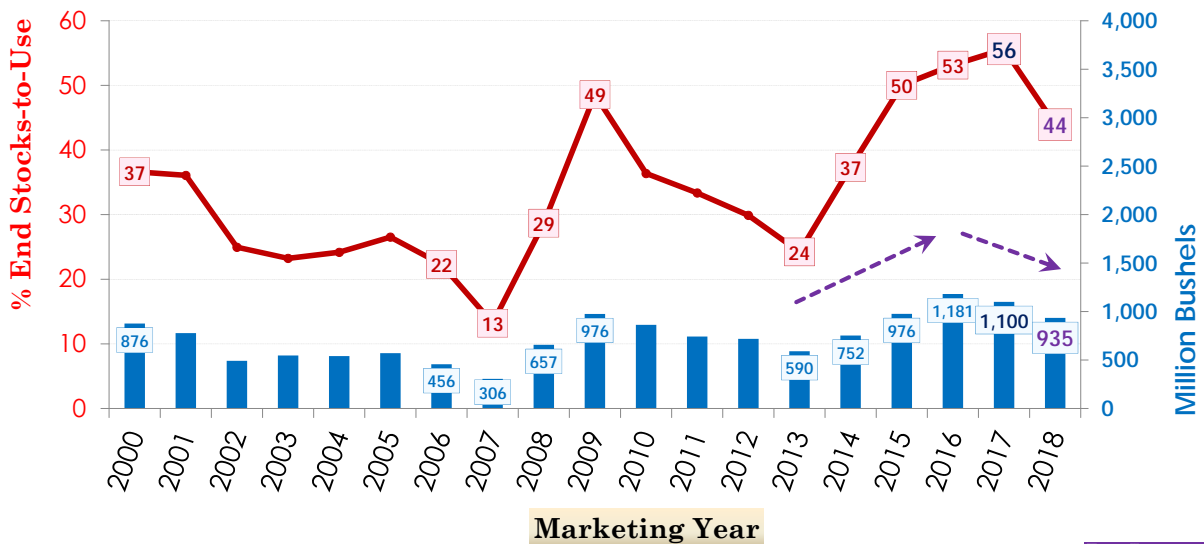
# U.S. All Wheat Exports - Weekly thru August 9, 2018



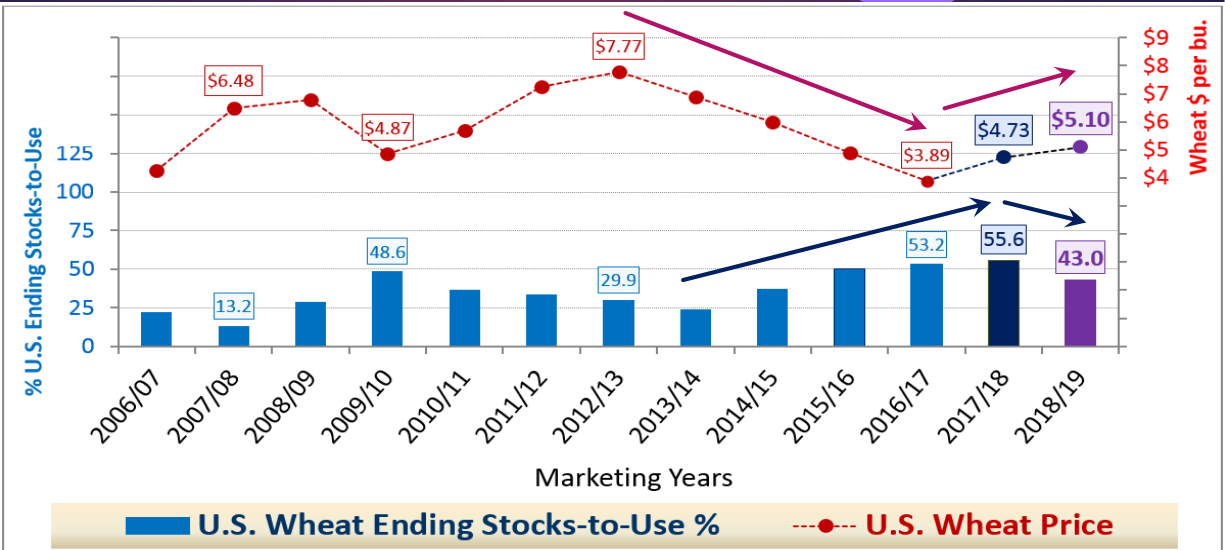
# U.S. Hard Red Winter Wheat Exports – Thru 8/9/2018



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

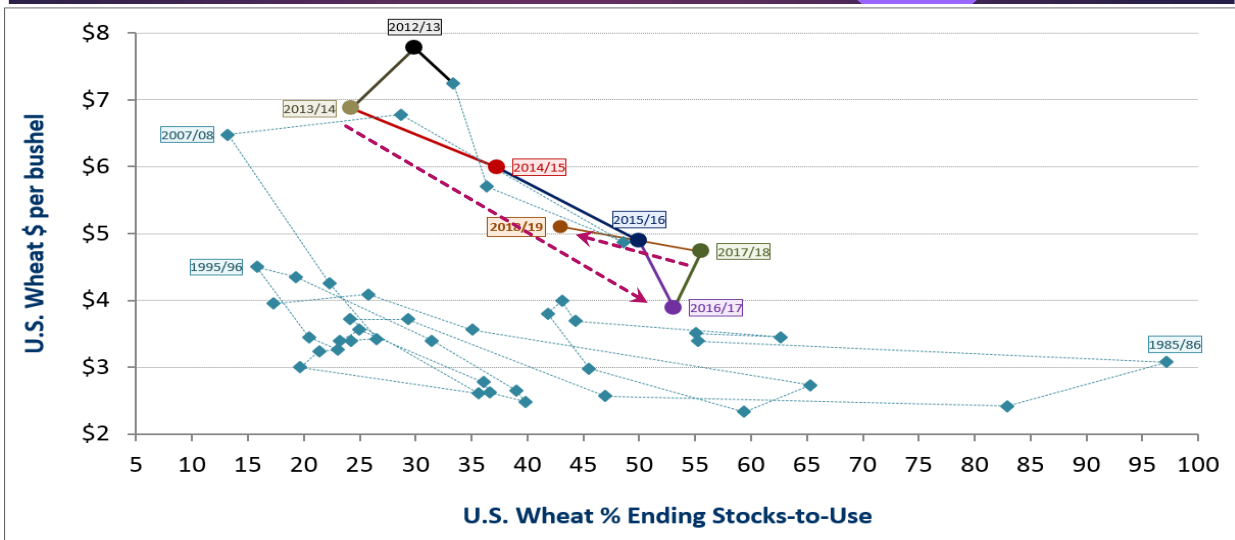


# U.S. Wheat Ending Stocks & Prices

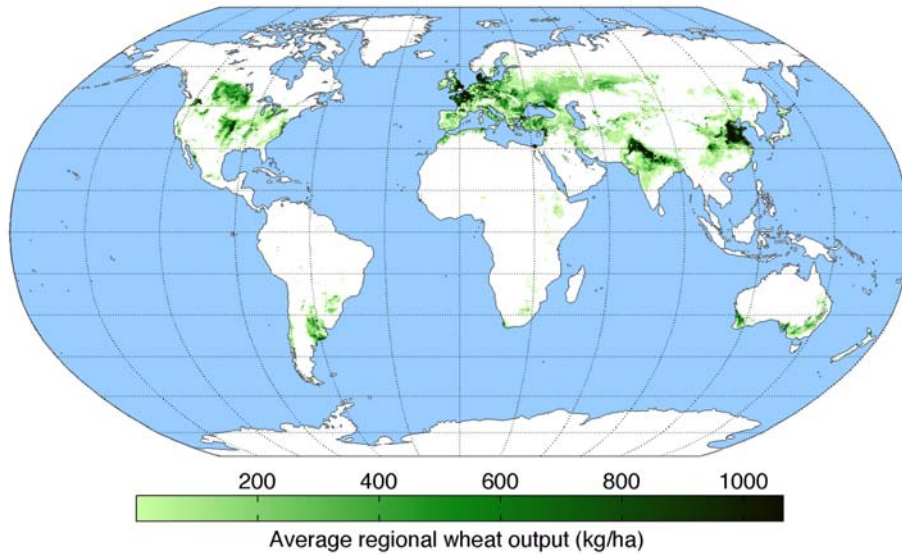


U.S. Wheat Price

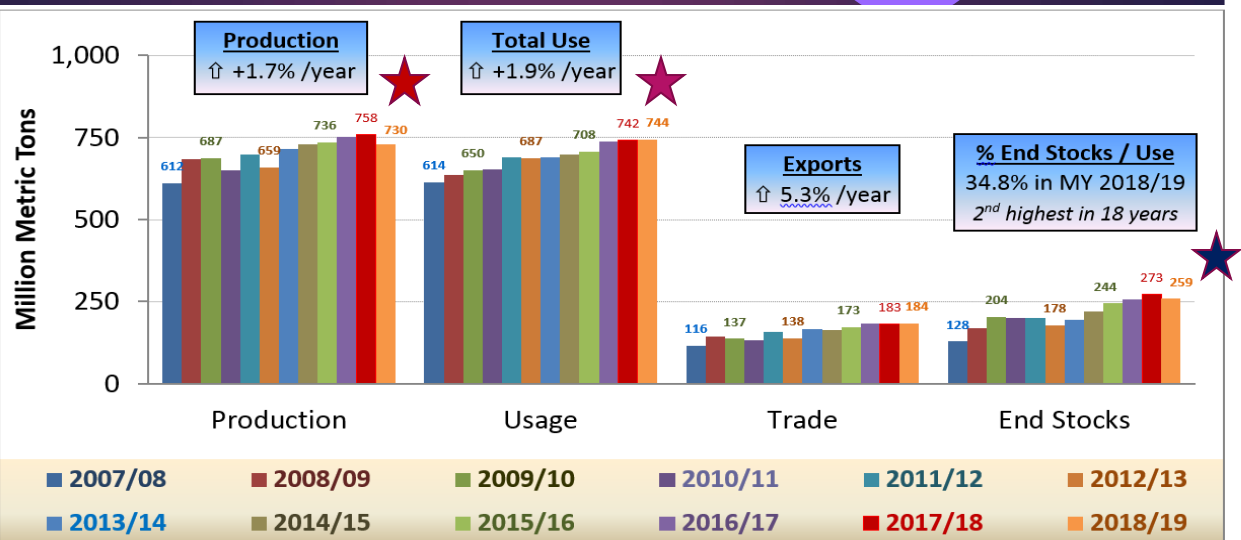
# U.S. Wheat Price vs U.S. Stocks-to-Use



# World Wheat Production Regions



# World Wheat Supply, Use & Stocks



# World Wheat Production

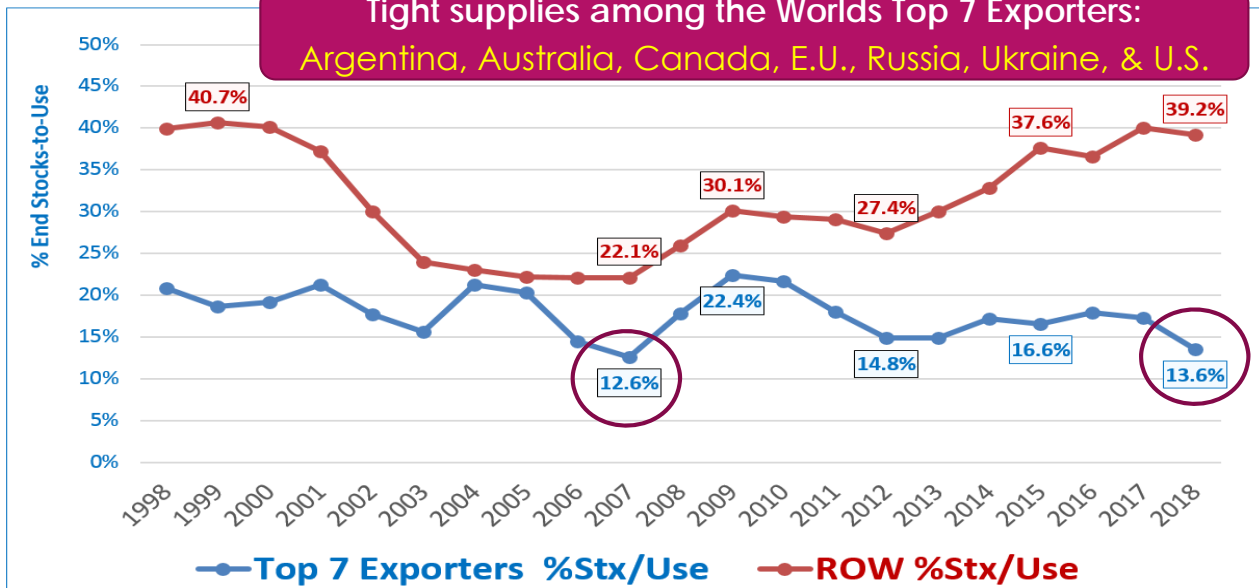
Country or Region	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
World	758.0	0.1	729.6	-6.6	-28.4
United States	47.4	--	51.1	-0.1	3.7
Foreign	710.6	0.1	678.5	-6.5	-32.1
Argentina	18.0	--	19.5	--	1.5
Canada	30.0	--	32.5	--	2.5
Australia	21.3	--	22.0	--	0.7
European Union	151.7	0.1	137.5	-7.5	-14.2
Turkey	21.0	--	19.0	-1.0	-2.0
Russia	85.0	--	68.0	1.0	-17.0
Ukraine	27.0	--	25.5	--	-1.5
Kazakhstan	14.8	--	14.5	0.5	-0.3
China	129.8	--	128.0	--	-1.8
India	98.5	--	97.0	--	-1.5
Northwest Africa	10.6	--	12.4	--	1.9

# World Wheat Supply and Use

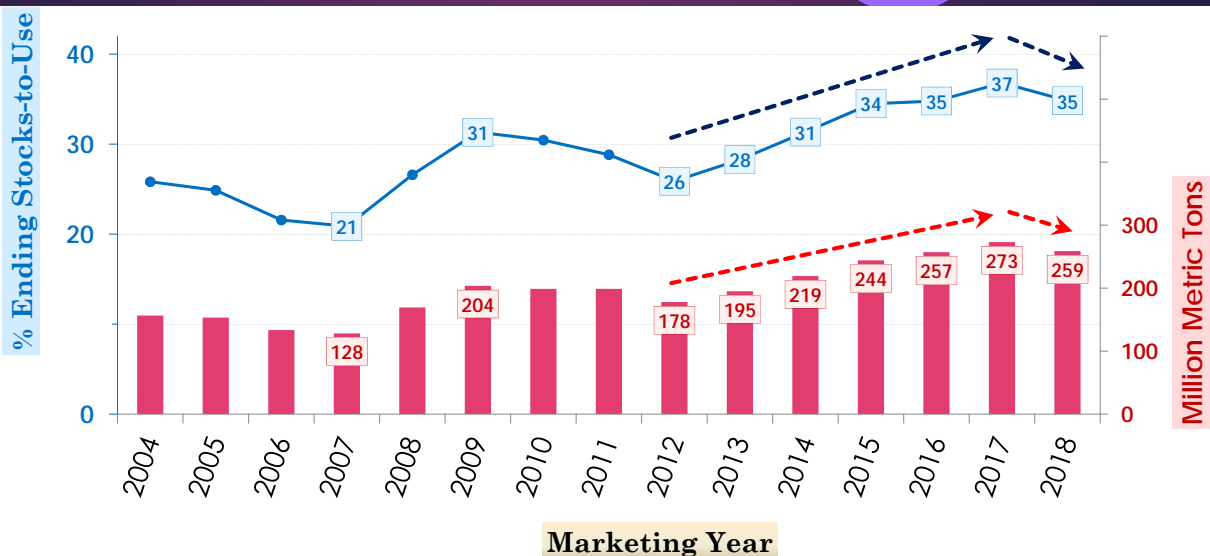
Item	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
Beginning stocks	257.2	-0.1	273.1	-0.4	15.9
Production	758.0	0.1	729.6	-6.6	-28.4
Total Supply	1,015.2	**	1,002.7	-7.1	-12.5
Feed use	145.2	0.6	138.5	-3.9	-6.7
Total use	742.1	0.4	743.7	-5.1	1.6
Trade	182.6	0.8	183.9	-1.6	1.2
Ending Stocks	273.1	-0.4	259.0	-1.9	-14.1

# Wheat Stx/Use: Top 7 Exporters vs ROW

Tight supplies among the Worlds Top 7 Exporters:  
Argentina, Australia, Canada, E.U., Russia, Ukraine, & U.S.



# World Wheat Ending Stocks & % Stx/Use

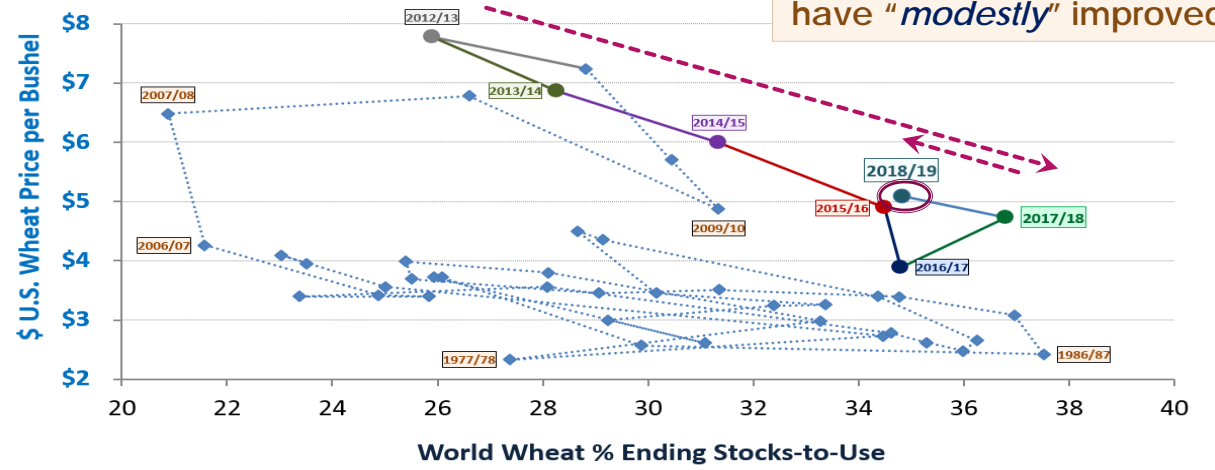


# U.S. Wheat Price (\$) vs World % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18



World Wheat % S/U  
have “modestly” improved

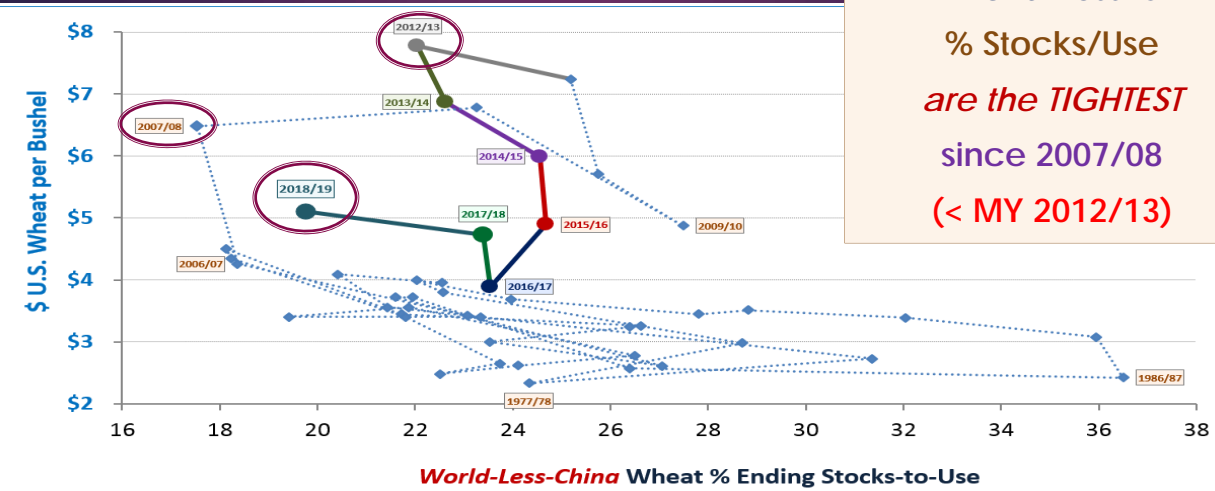


# U.S. Wheat \$ vs Non-China % Stx/Use

MY 1973/74 – “New Crop” MY 2017/18

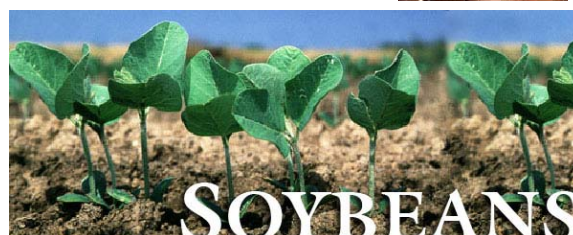


AND “World-Less-China”  
% Stocks/Use  
are the **TIGHTEST**  
since 2007/08  
( < MY 2012/13 )





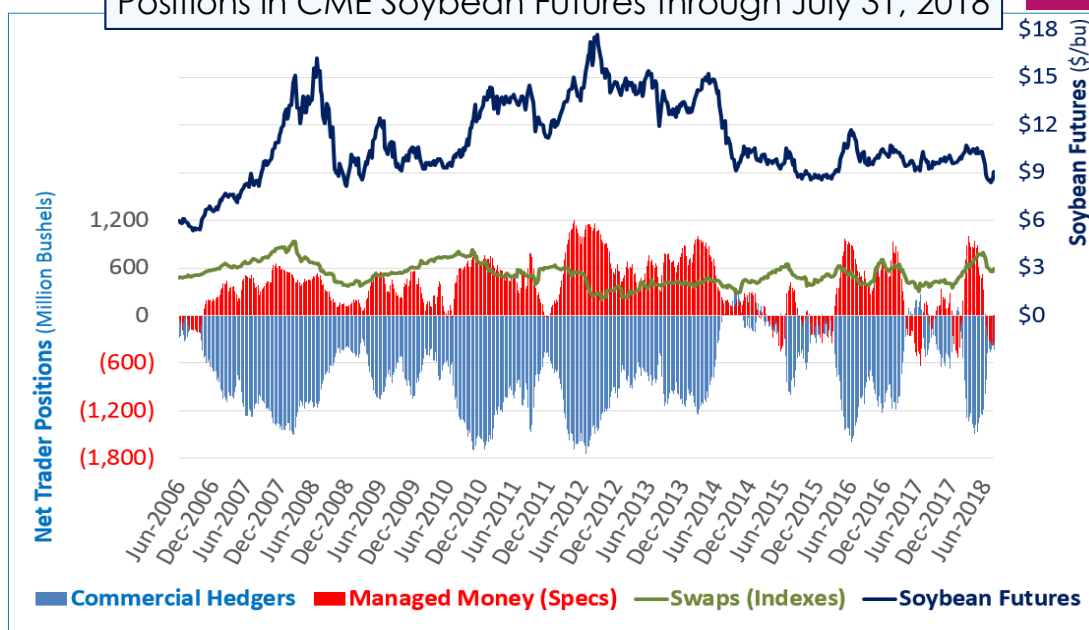
# Soybean & Sunflower Markets



**KANSAS STATE UNIVERSITY**

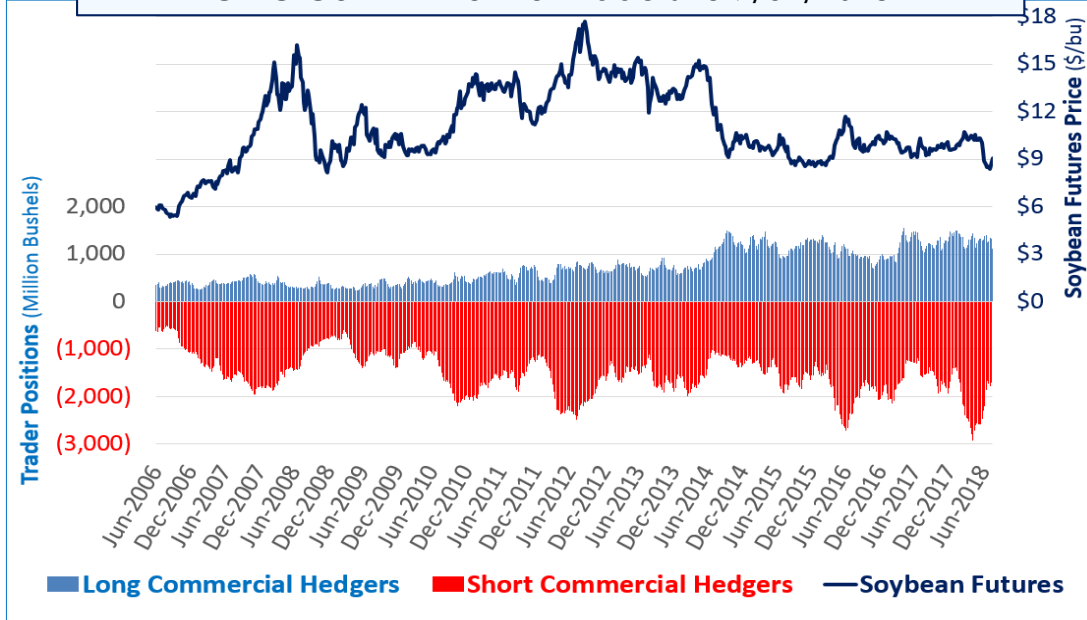
Department of Agricultural Economics

**CFTC Commitment of Traders Report**  
Positions in CME Soybean Futures through July 31, 2018



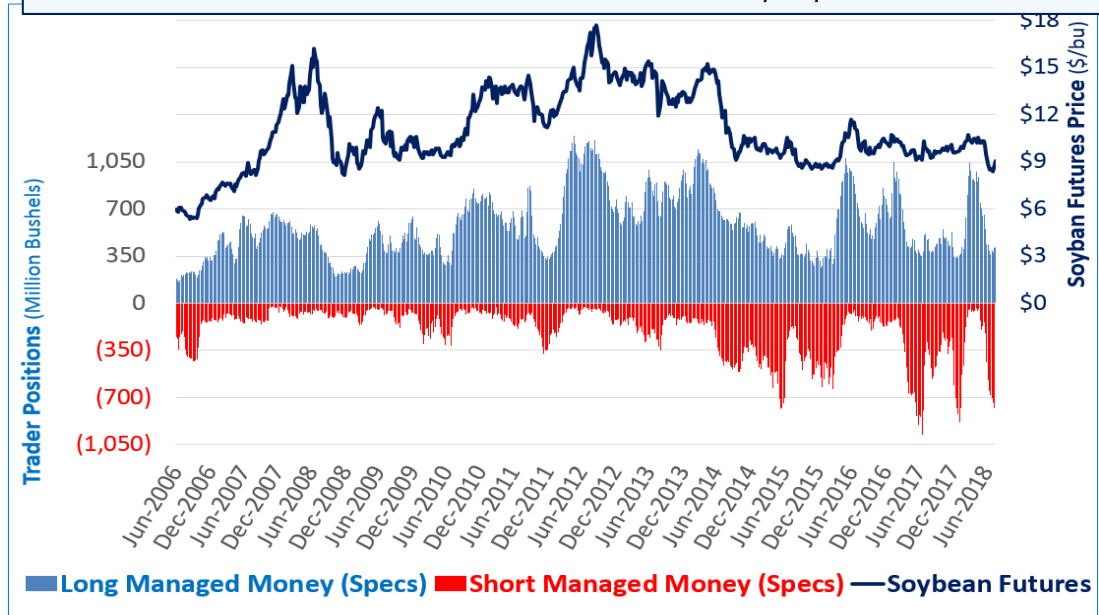
# Commercial Hedge Positions in Soybeans

CFTC Commitment of Traders to 7/31/2018



# Managed Money (Spec) Positions in Soybeans

CFTC Commitment of Traders to 7/31/2018



# U.S. Soybean Market Prospects in 2018-19

## A. U.S.-China Trade Dispute

- *HAS* affected U.S. Soybean prices, but *so far* NO EFFECT on U.S. export shipments & forward purchases

## B. USDA forecasts U.S. Exports to be *large despite* Tariffs

- Foreign buyers "*switching*" between *U.S.* & *South America*

## C. Market Focus in Fall-Winter 2018-19

- *So. America* crop prospects – their response to high 2018 \$'s

# U.S. Soybean Supply-Use

- Soybean "issues" in the August Crop Production Report?
- Large Global Soybean Stocks limit Price\$'s
- Low Price\$'s support "*New Crop*" MY 2018/19 Use \*\*\*
  - Soy Crush<sup>2018/19</sup> = 2.060 bln bu (*Record* – vs 2.040 bb & 1.901 bb last 2 years)
  - Exports<sup>2018/19</sup> = 2.060 bln bu (vs 2.110 bb & 2.166 bb last 2 years)
  - Total Use<sup>2018/19</sup> = 4.256 bln bu (vs 4.286 bb & 4.214 bb last 2 years)
  - SBM Use<sup>2018/19</sup> = 24.200 bln lbs (vs 23.35 in 2017/18 & 22.4 in 2016/17)

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

- Soybean: "Large" Stocks & % S/U
  - End Stocks 2018/19 ⇒ 785 mln bu (High vs 574 mb in 2006/07)
  - % Stocks/Use 2018/19 ⇒ 18.4% S/U (High vs 18.6% in 2006/07)
- Cotton: "Growing" Stocks BUT "Strong" World S-D
  - Production 2018/19 ⇒ 19.2 mln bales (20.9 & 17.2 mb last 2 years)
  - End Stocks 2018/19 ⇒ 4.6 mln bales (4.4 & 2.75 mb last 2 years)
  - % Stocks/Use 2018/19 ⇒ 24.3% S/U (23.0% & 15.1% last 2 years)

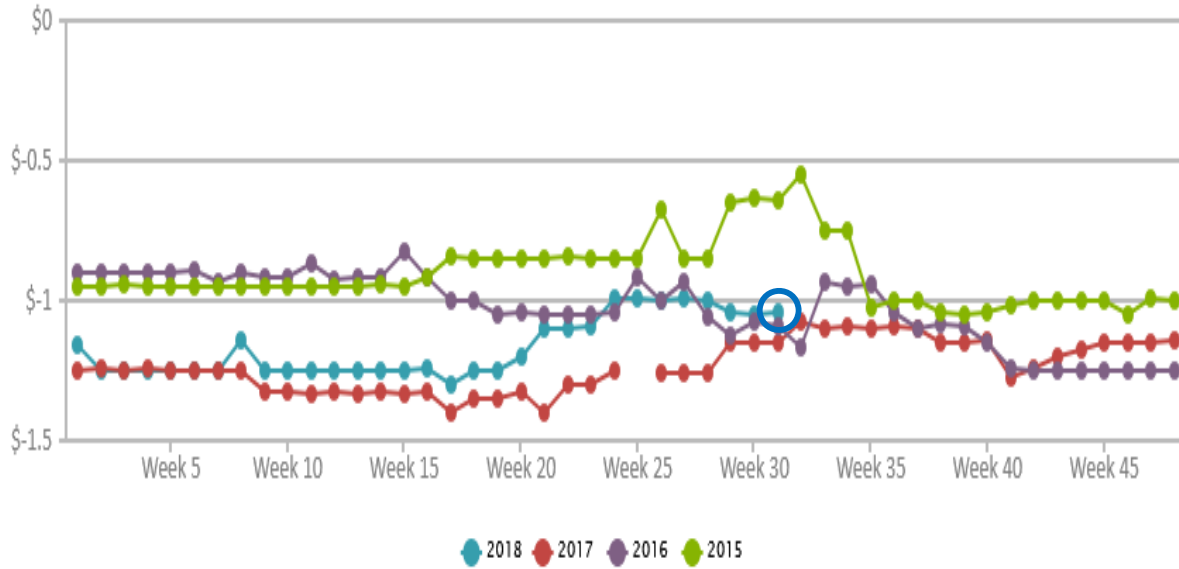
## CME Soybean Futures

Monthly Chart: June 2009 through July 2018 + 8/22/2018 (early a.m.)



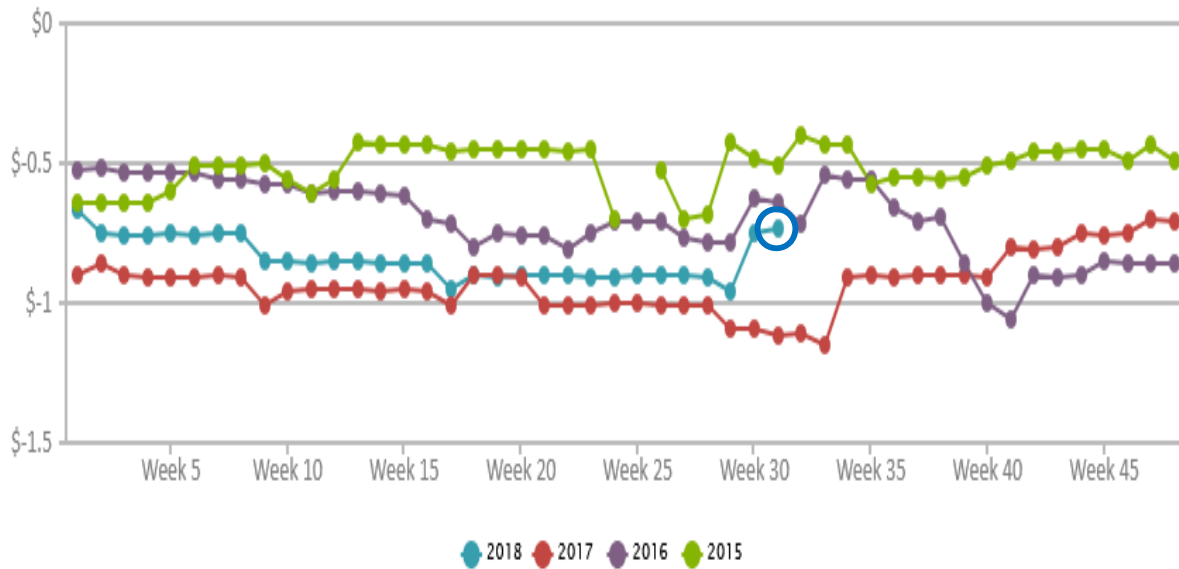
# HAYS, KS: Soybeans Basis - MIDLAND MARKETING

www.AgManager.info



# SALINA, KS: Soybeans Basis - CARGILL

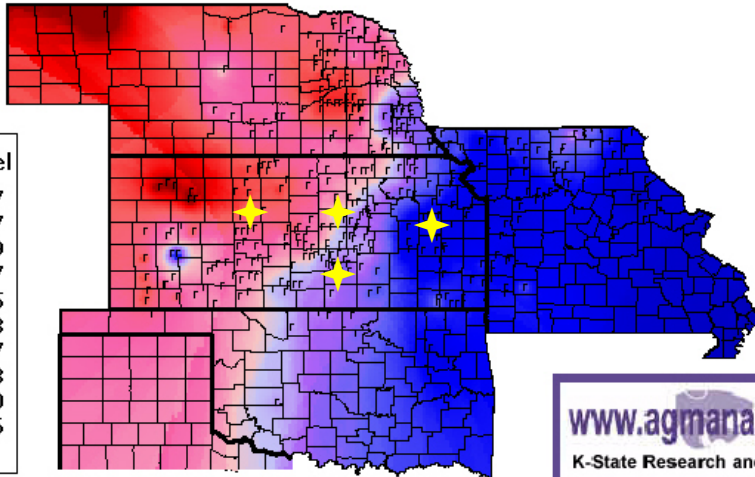
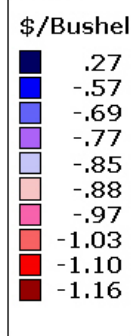
www.AgManager.info



## Soybean Basis, 08-15-2018

Basis = Cash Price - Nearby Futures Price

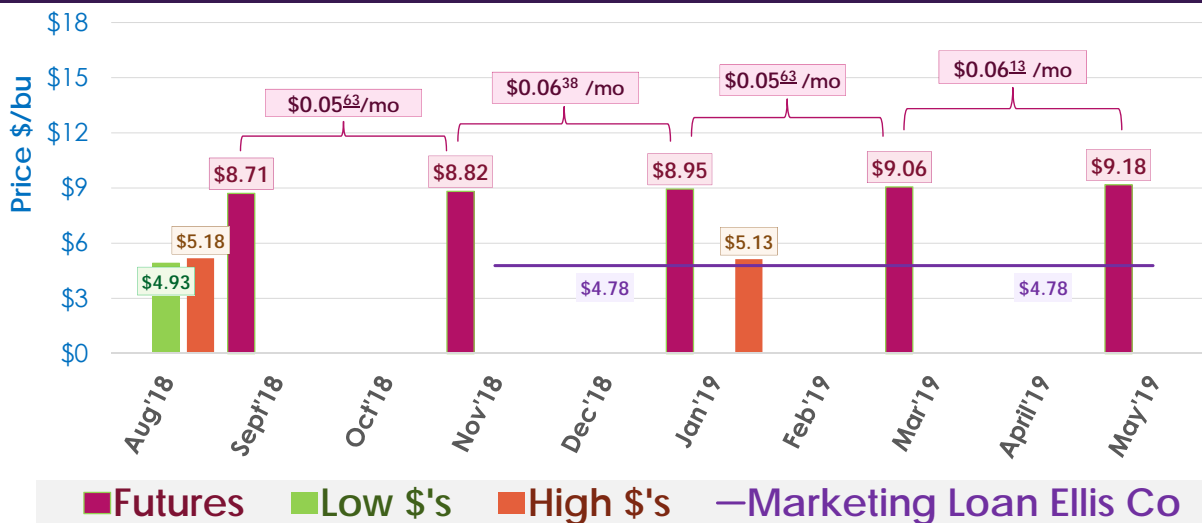
CBT Sept  
Futures  
Price: \$8.58



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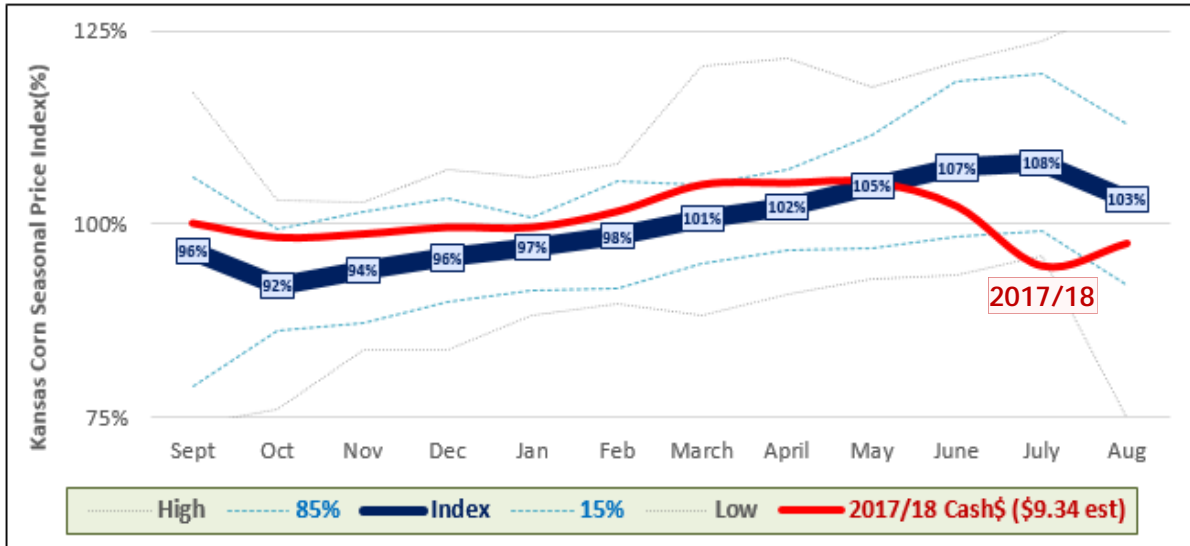
## Soybean Cash & Futures Price\$'s

Ellis & Nearby Counties, KS Elevators - August 22, 2018 (early a.m.)

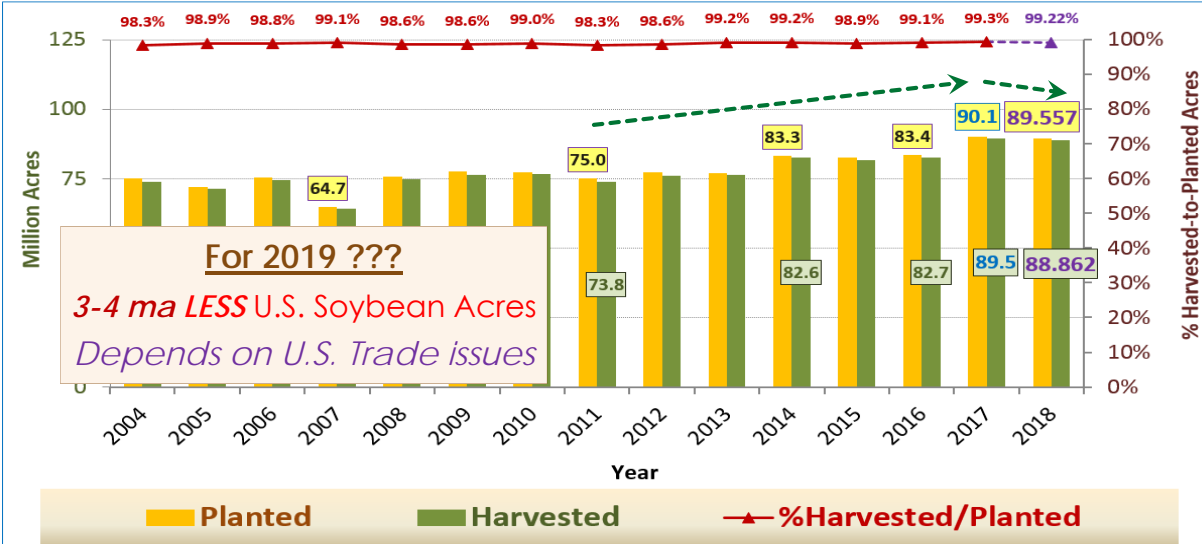


# Kansas Soybean Seasonal Cash \$ Index

Monthly Prices: 1999/00 – 2016/17 + “Old Crop” MY 2017/18



# U.S. Soybean Acreage



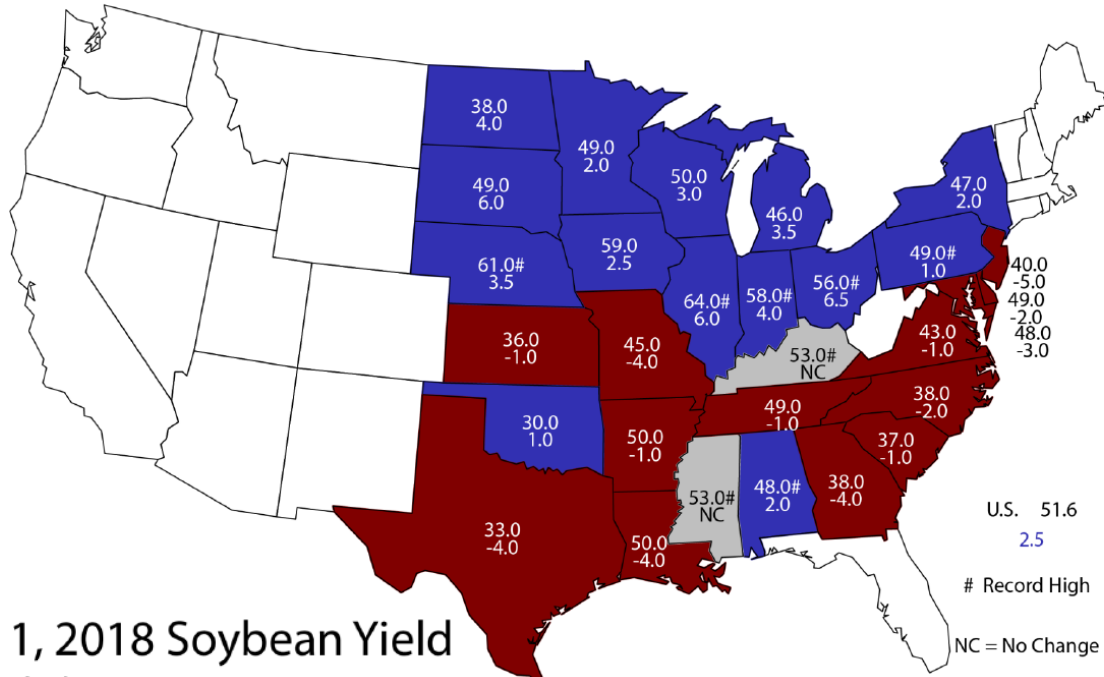
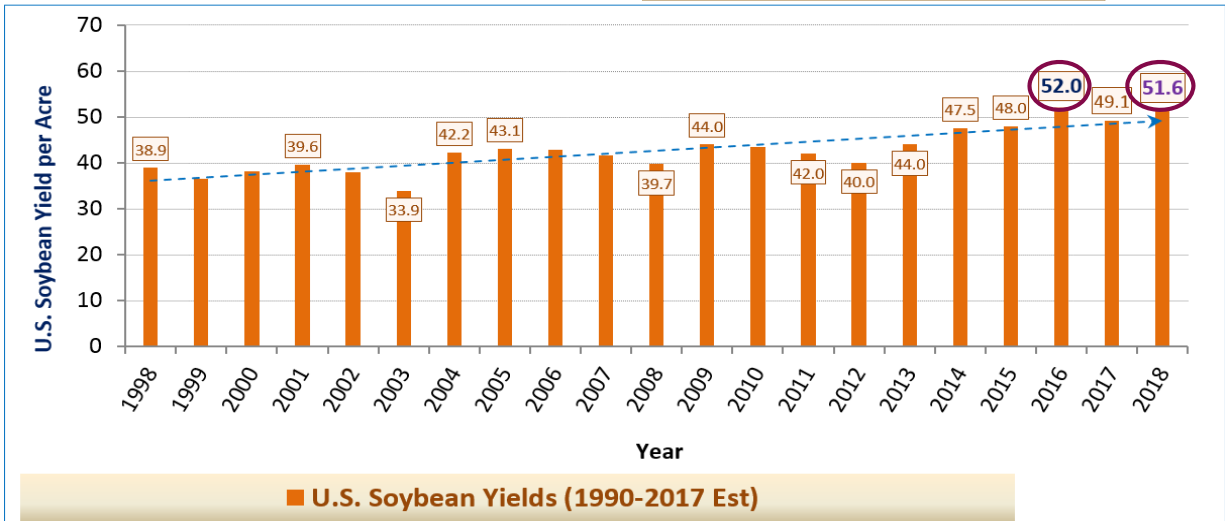
# U.S. Soybean Yields

USDA 2018 = 51.6 bu/ac

Final 2018???

Impact of Dry Conditions???

48-50 bu/ac is still possible



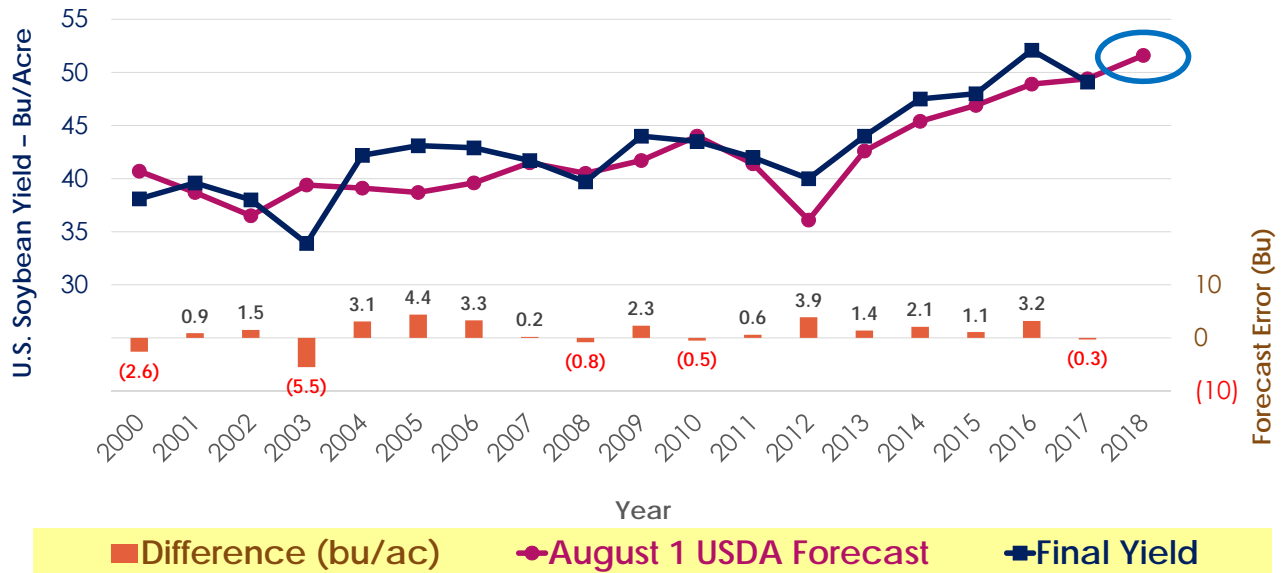
August 1, 2018 Soybean Yield Bushels and Change From Previous Year

U.S. 51.6  
2.5  
# Record High  
NC = No Change



# U.S. Soybean Yields: 2000-2018

## Accuracy of August 1<sup>st</sup> USDA Forecasts



# U.S. Soybean Supply & Demand

Items	MY 2017/18	MY 2018/19	Vs July 2018	Vs Year Ago
Beginning Stocks (mln bu)	302	460	(35)	+128
<b>Production</b>	<b>4,392</b>	<b>4,856</b>	<b>+276</b>	<b>+194</b>
Imports	22	25		+3
<b>Total Supply (mln bu)</b>	<b>4,715</b>	<b>5,040</b>	<b>+241</b>	<b>+325</b>

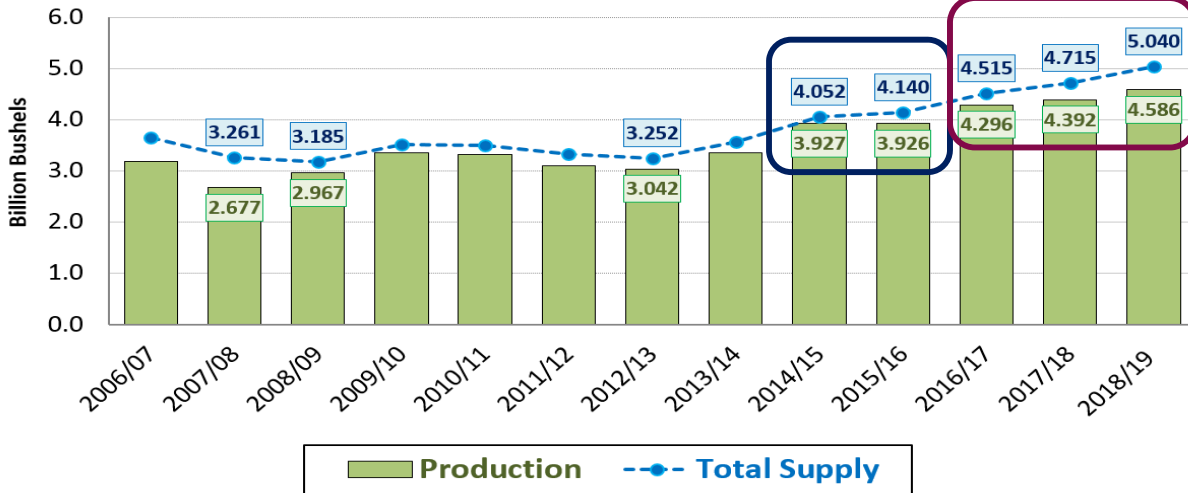
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<b>Domestic Crush</b>	<b>2,040</b>	<b>2,060</b>	<b>+15</b>	<b>+20</b>
<b>Exports</b>	<b>2,110</b>	<b>2,060</b>	<b>+20</b>	<b>(50)</b>
<u>Seed &amp; Residual</u>	<u>136</u>	<u>136</u>	<u>+1</u>	
<b>Total Use (mln bu)</b>	<b>4,286</b>	<b>4,256</b>	<b>+36</b>	<b>(30)</b>

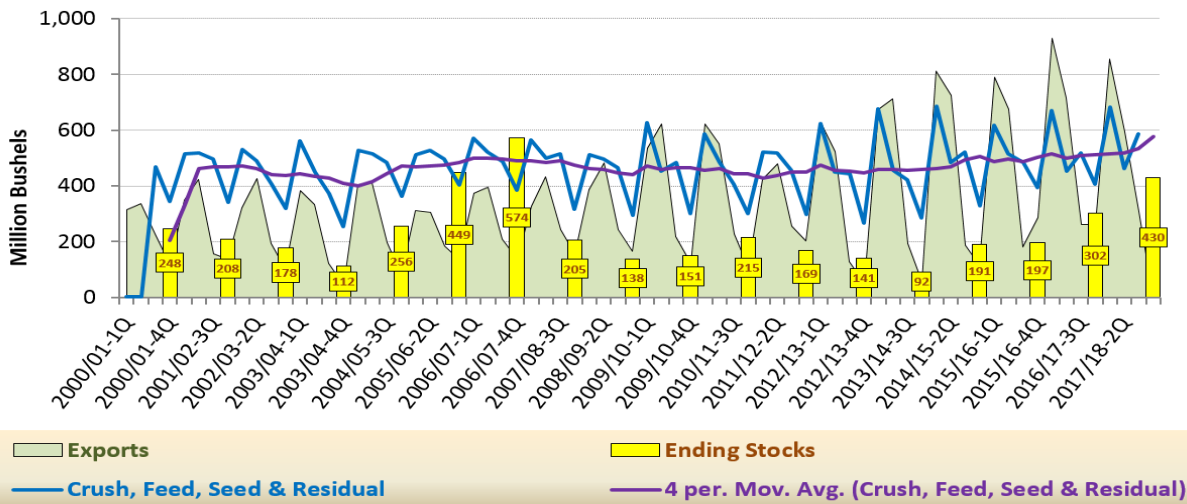
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<b>Ending Stocks (mln bu)</b>	<b>430</b>	<b>785</b>	<b>+205</b>	<b>+355</b>
<b>% Ending Stocks-to-Use</b>	<b>10.0%</b>	<b>18.4%</b>	<b>+4.7%</b>	<b>+8.4%</b>
<b>U.S. Avg. Price\$ (\$/bu)</b>	<b>\$9.35</b>	<b>\$8.90</b>	<b>(\$0.35)</b>	<b>(\$0.45)</b>

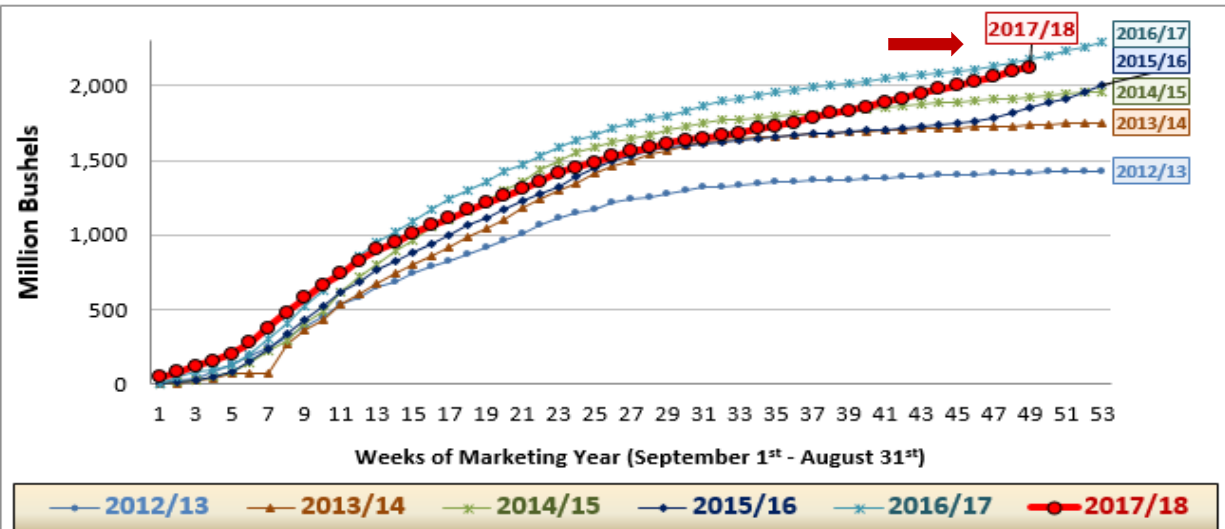
# U.S. Soybean Production & Supplies



# U.S. Soybean Quarterly Use & End Stocks



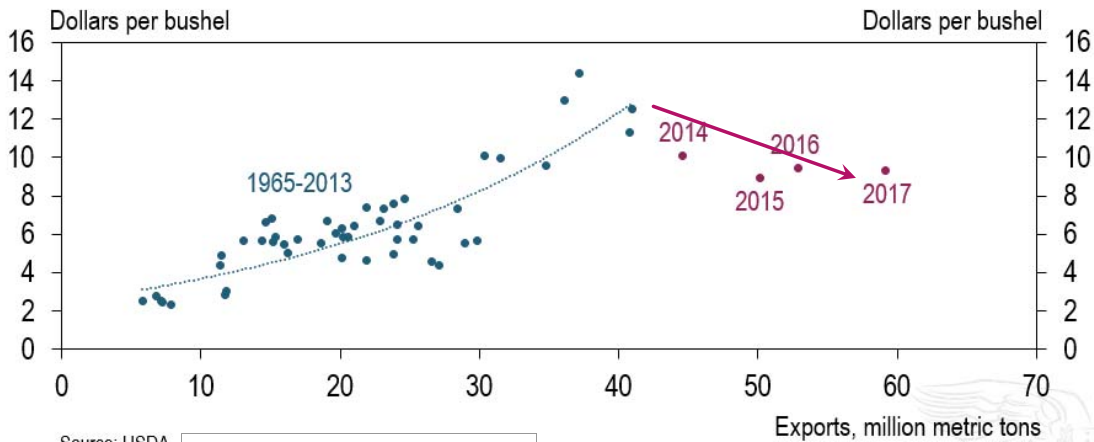
# U.S. Soybean Exports - Weekly thru 8/9/2018



FEDERAL RESERVE BANK OF KANSAS CITY - OMAHA BRANCH

Inventories have weighed on prices, even as trade has expanded.

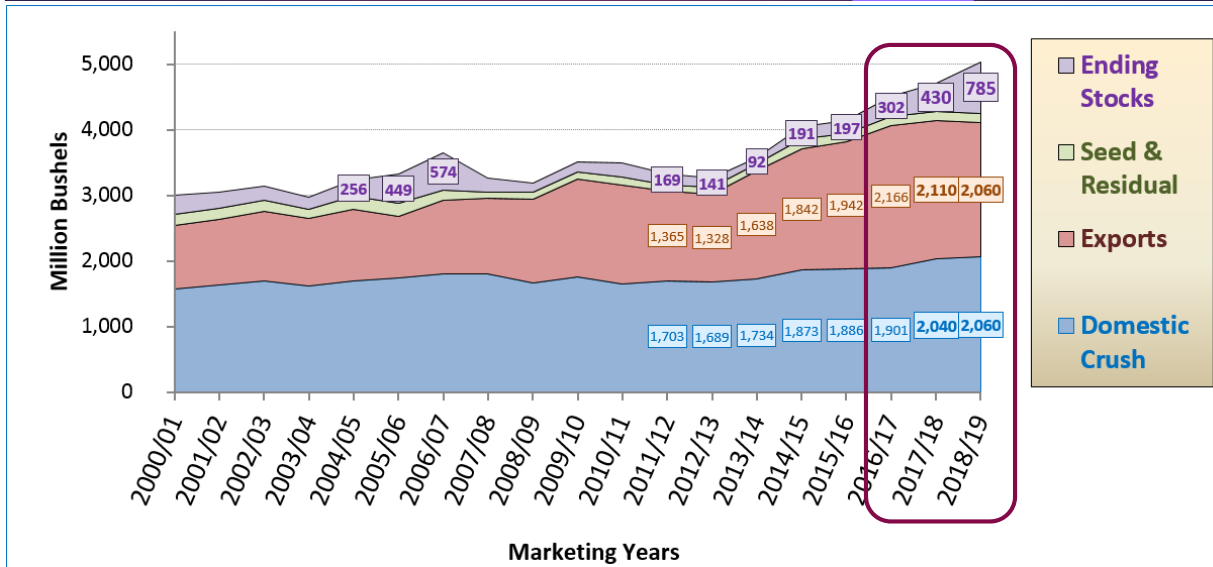
## U.S. Soybean Exports and Prices



Source: USDA.

Cortney Cowley  
Federal Reserve Bank of KC  
Omaha Branch

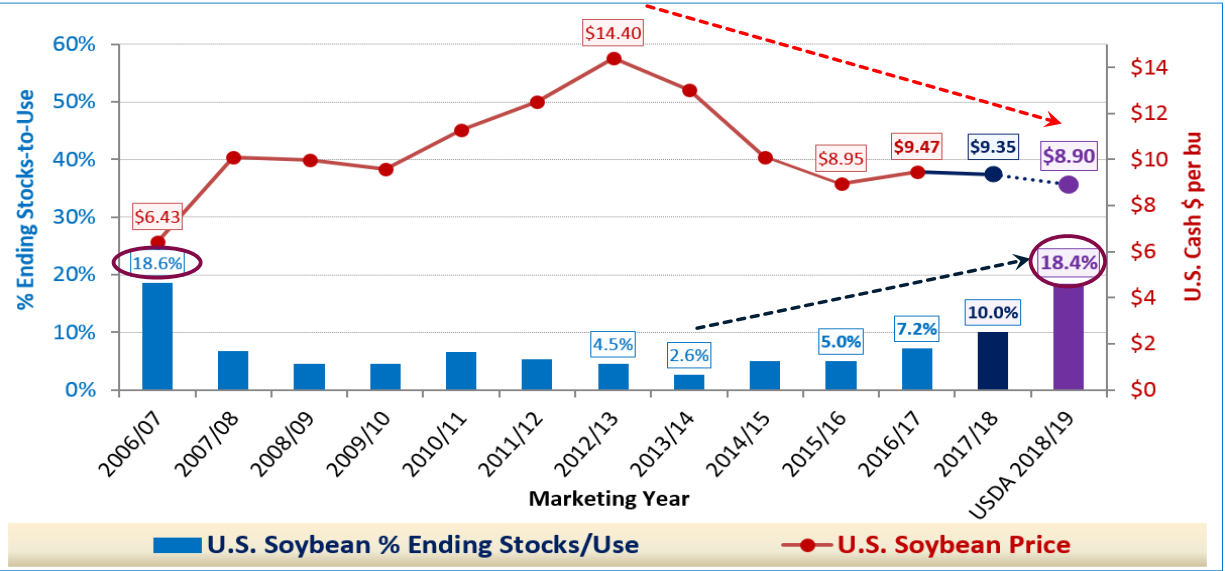
# U.S. Soybean Use & End Stocks



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



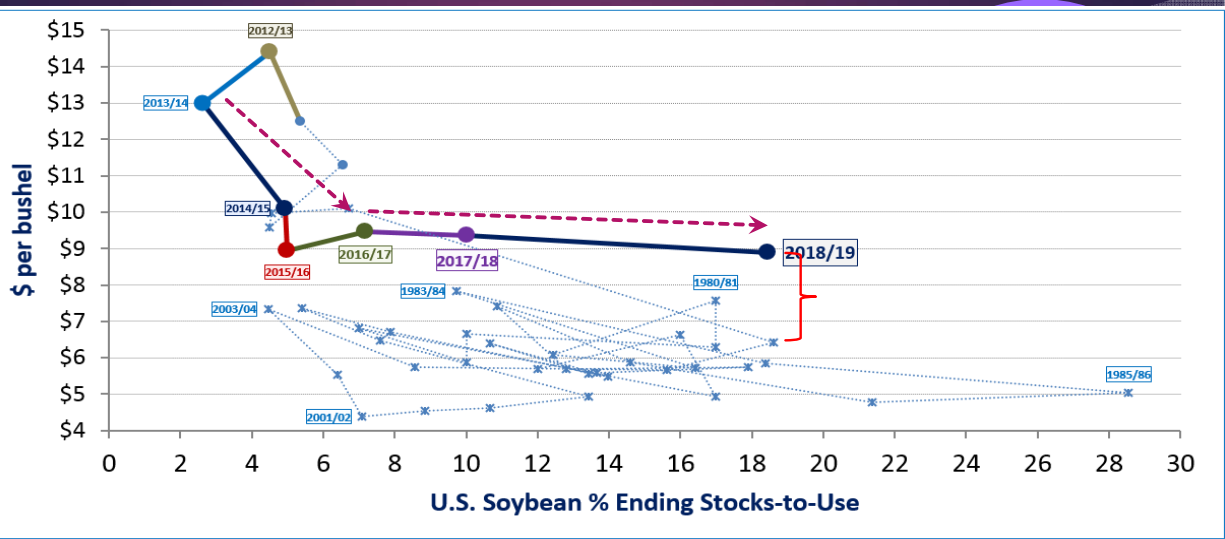
# U.S. Soybean % Stocks/Use vs Price\$



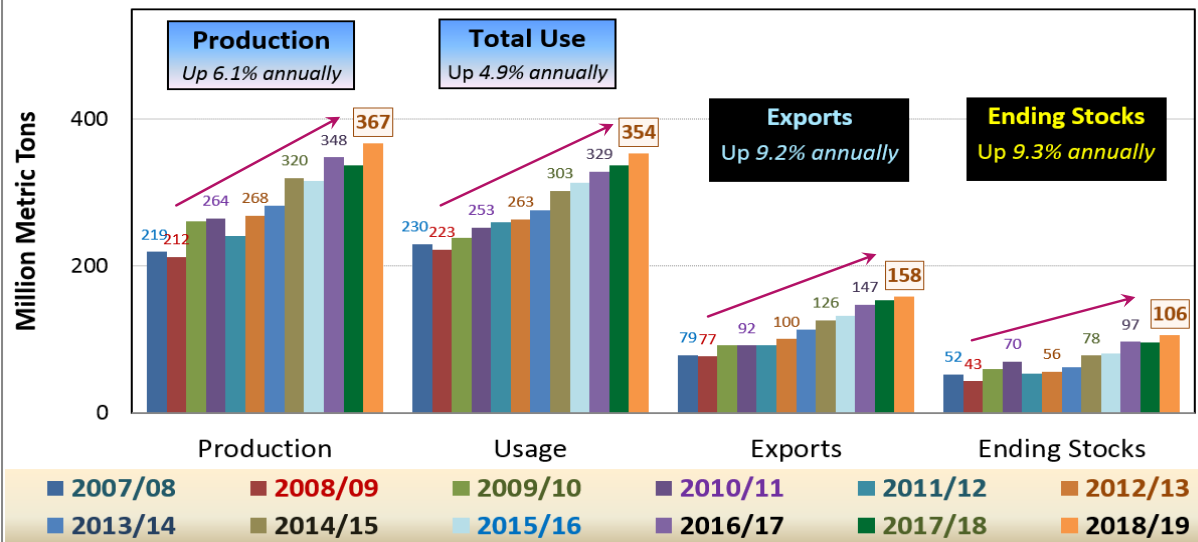
# U.S. Soybean \$ vs U.S. Stx-to-Use



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



# World Soybean Supply, Use & Stocks



## World Soybean Production

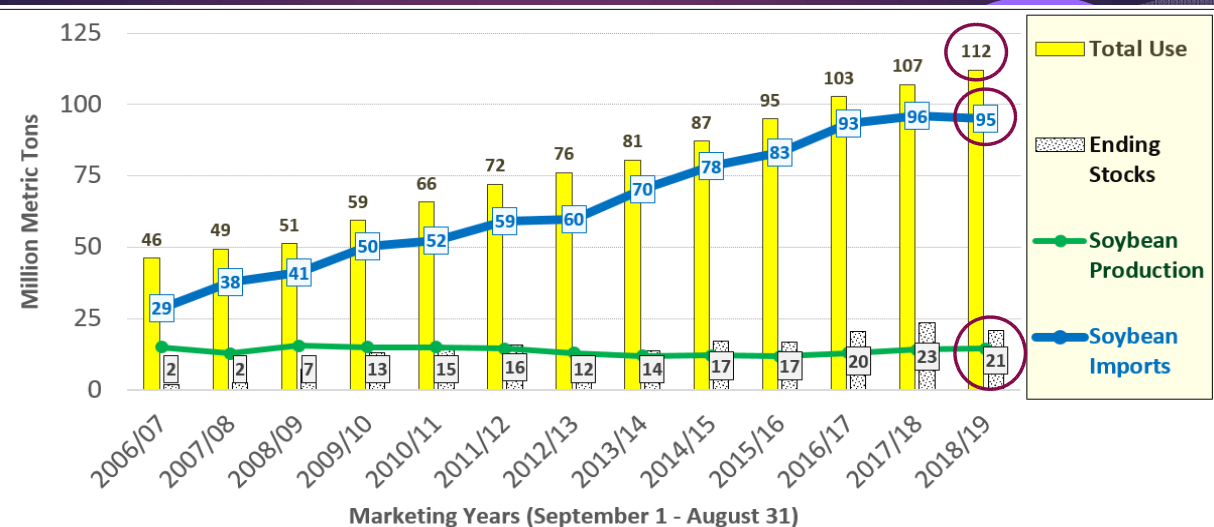
Country or Region	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
World	336.7	--	367.1	7.6	30.4
United States	119.5	--	124.8	7.5	5.3
Foreign	217.2	--	242.3	0.1	25.1
Argentina	37.0	--	57.0	--	20.0
Brazil	119.5	--	120.5	--	1.0
Paraguay	10.0	--	9.8	--	-0.2
Canada	8.0	--	7.3	--	-0.7
India	8.4	--	10.8	--	2.5
China	14.2	--	14.5	--	0.3

# World Soybean Supply and Use

Item	2017/2018		2018/2019		
	Estimate	Change from July 12	Forecast	Change from July 12	Change from 2017/2018
----- Million Tons -----					
Beginning stocks	96.7	--	95.6	-0.4	-1.1
Production	336.7	--	367.1	7.6	30.4
Total Supply	433.4	--	462.7	7.2	29.3
Crush	294.4	-1.9	308.7	-0.6	14.3
Total use	337.5	-1.9	353.6	-0.6	16.1
Trade	153.7	1.5	158.0	0.6	4.3
Ending Stocks	95.6	-0.4	105.9	7.7	10.3
<b>Addendum</b>					
Beginning stocks					
Argentina plus Brazil	61.9	--	55.0	0.6	-7.0
Imports*					
China	96.0	-1.0	95.0	--	-1.0

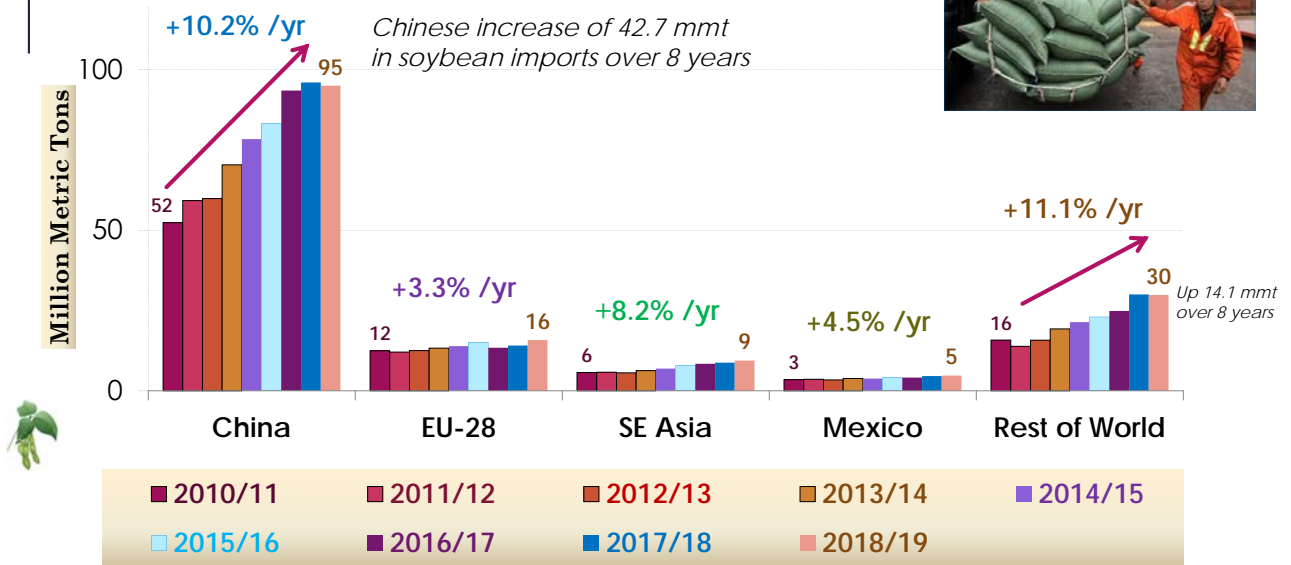
## China Soybean Supply-Demand

2006/07 through "New Crop" MY 2018/19



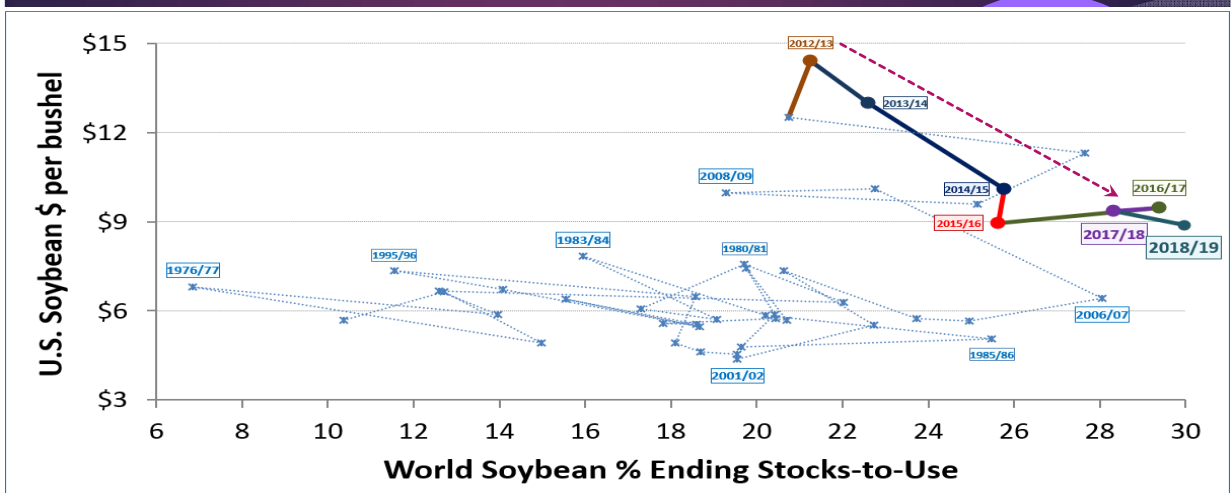


# Soybean Importer Purchases



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

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



## 2018 Kansas Sunflower Markets

August 21, 2018 Daily Market News (National Sunflower Assoc.)

### NuSun Prices

Location	Aug	Change	Sept	Change	Oct	Change
Fargo ND	17.30	unch	17.30	unch	17.30	unch
Enderlin ND	17.40	unch	17.40	unch	17.30	unch
Goodland KS	16.35	unch	NQ	unch	17.05	unch

### High Oleic Prices

Location	Aug	Change	Sept	Change	Oct	Change
Fargo ND	17.35	unch	17.35	unch	17.40	unch
Enderlin ND	17.40	unch	17.40	unch	17.30	unch
Hebron ND	NQ	unch	NQ	unch	16.20	unch
Pingree ND	NQ	unch	NQ	unch	16.70	unch
Goodland KS	17.35	unch	NQ	unch	18.20	unch

## 2018 U.S. Sunflower/Oilseed Markets

August 21, 2018 Daily Market News (National Sunflower Assoc.)

### CBoT

	Trading Range	Nearby Close	Change
Soybean Oil	+0.05 to +0.07	28.59	+0.05
Soybean Meal	-2.80 to -3.50	324.90	-3.30

### Market Comments

Sunflower prices ended the week mixed at down 10 cents to up 5 cents and continues to trade below the 60-day moving average at the crush plants. The birdfood market also remains fairly quiet at this time. The weather forecast continues to feature generally favorable conditions throughout the Midwest with no significant hot and dry conditions during the next ten days. Weather conditions remain key as August is the most important month for oilseed crops. This is not the case in the Dakotas and Northwest Minnesota where rain is needed for most row crops. The US Drought Monitor showed a huge area in these states experiencing abnormally dry to in some cases moderate drought conditions. Corn and soybeans have lost the top end of their yield for this year and each day without a good rain is taking its toll on these crops. Sunflower is very drought tolerant, but some areas were hit with very hot temperatures during the pollination period and this could impact yields. If rain is received it can still add on some pounds but we will not have a true picture of this year's sunflower production until harvest begins. In addition to weather, the market will continue to trade demand news and will be closely watching yield reports from The Farm Journal Midwest Crop Tour which begins on Monday.

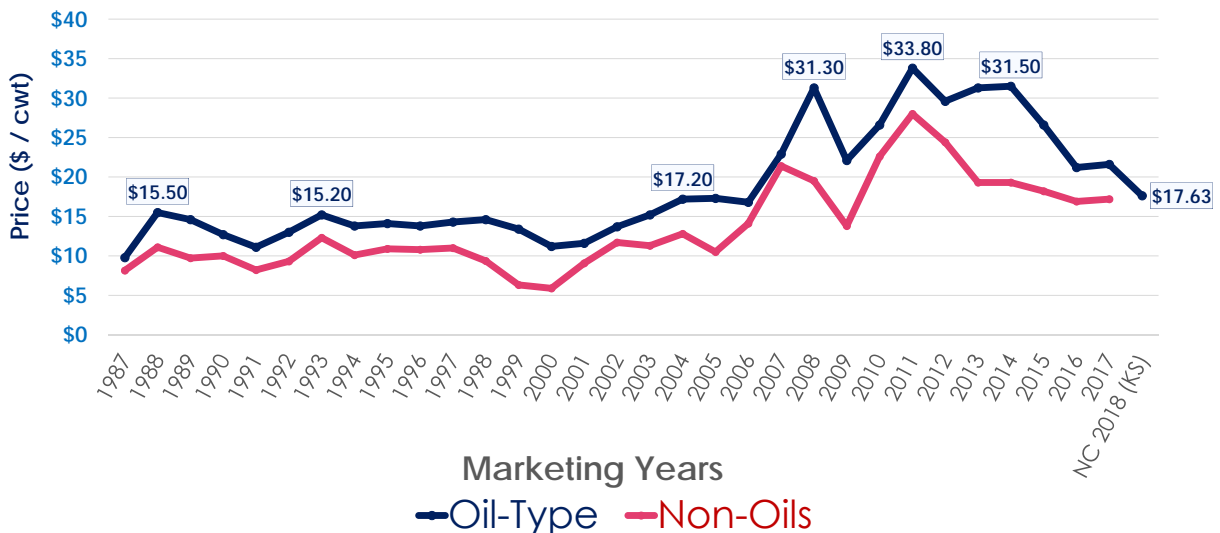
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Manhattan, KS Wed August 8, 2018 Kansas Department of Agriculture  
Kansas Sunflower, Canola and Millet Market Report

OILSEED BIDS:		
NUSUN SUNFLOWERS		
Goodland	Spot	16.35
	Cash	-----
	N/C	17.05
Hi Oleics	Spot	17.35
	Cash	-----
	N/C	18.20
Shallow Water	Spot	14.55
Sublette	Spot	14.45
Johnson	Spot	14.50
Edson/Bird City	Spot	-----
Winfield	Spot	-----
Jamestown	Spot	14.20
Newton NuSun	Spot	14.20
	N/C	14.90
Hi Oleics	Spot	15.70
	N/C	16.05

CONFECTION BIDS:		
		Large/Small
Goodland	Spot	25/15 unch
	N/C	25/15 unch

## U.S. Sunflower Seed Prices to Farmers (\$/cwt)



**US Supply & Disappearance  
October through September**

(In 1,000 Metric Tons, Unless Specified)

<b>NON-OIL SUNFLOWER</b>	2012/13	2013/14	2014/15	2015/16	2016/17 Revised	2017/18 Forecast
<b>Area Harvested (1,000 HA)</b>	101	107	150	117	66	70
<b>Area Harvested (1,000 AC)</b>	249	264	371	289	164	173
<b>Yield (MT/HA)</b>	1.74	1.63	1.68	2.09	1.94	2.02
<b>Yield (LB/AC)</b>	1,548	1,458	1,497	1,865	1,729	1,804
<b>Stocks, Oct 1</b>	28	23	30	71	71	39
<b>Production</b>	175	174	252	245	129	141
<b>Seed Import</b>	25	28	37	35	36	35
<b>TOTAL SUPPLY</b>	228	225	319	351	236	215
<b>Disappearance</b>	205	195	248	280	197	190
<b>Ending Stocks</b>	23	30	71	71	39	25

Source: National Sunflower Association, 8/22/2018

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# Questions?

Daniel O'Brien – Extension Ag Economist

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

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Department of Agricultural Economics