

Crop Price Implications of USDA Grain Stocks and Prospective Plantings Reports



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Presentation Materials

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- PDF of slides available available
- Video available tomorrow

Questions

Please submit questions during the presentation

Figure 1. March 1 Corn Stocks

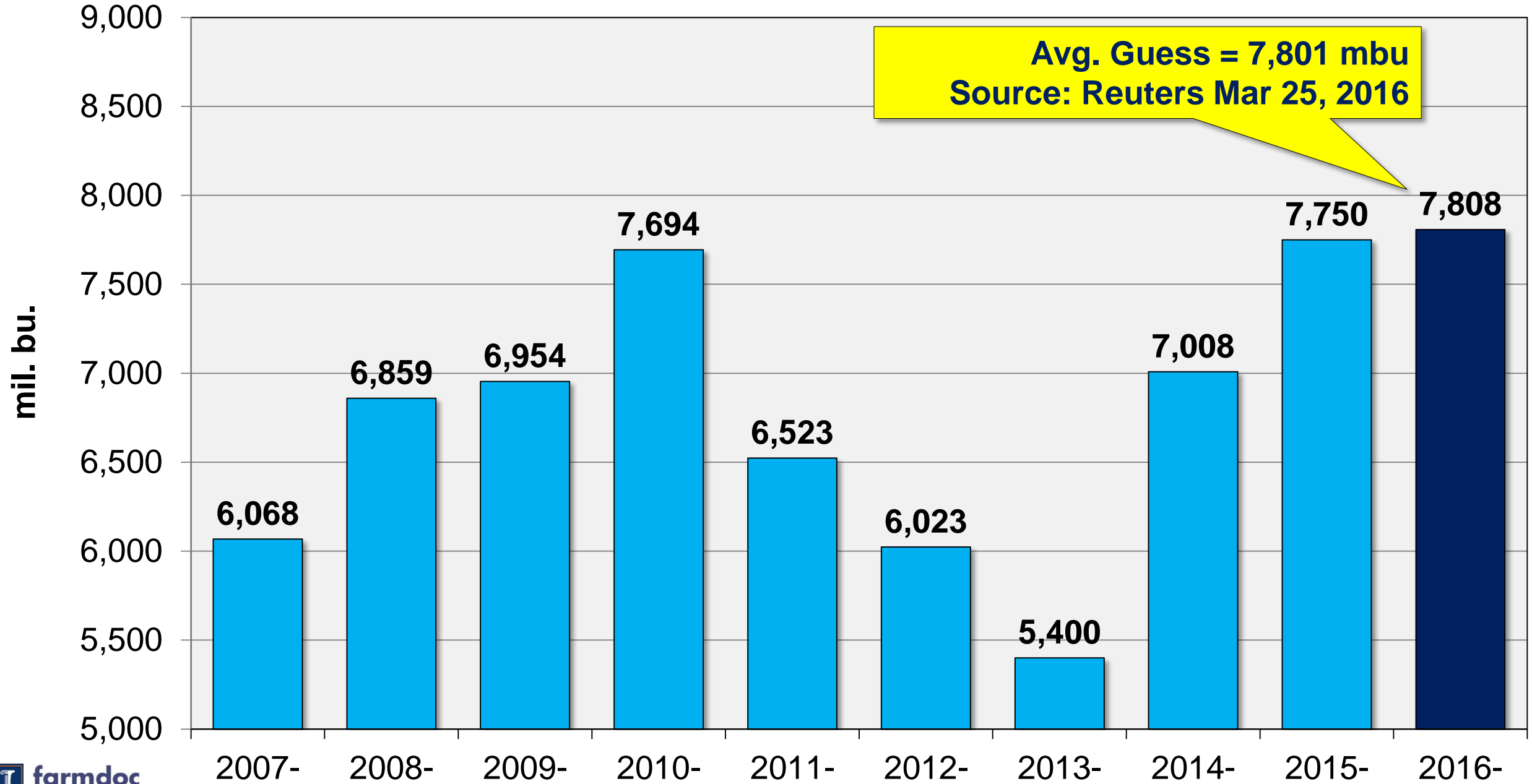


Figure 2. USDA March 1 Corn Stocks Estimate Minus Average Guess

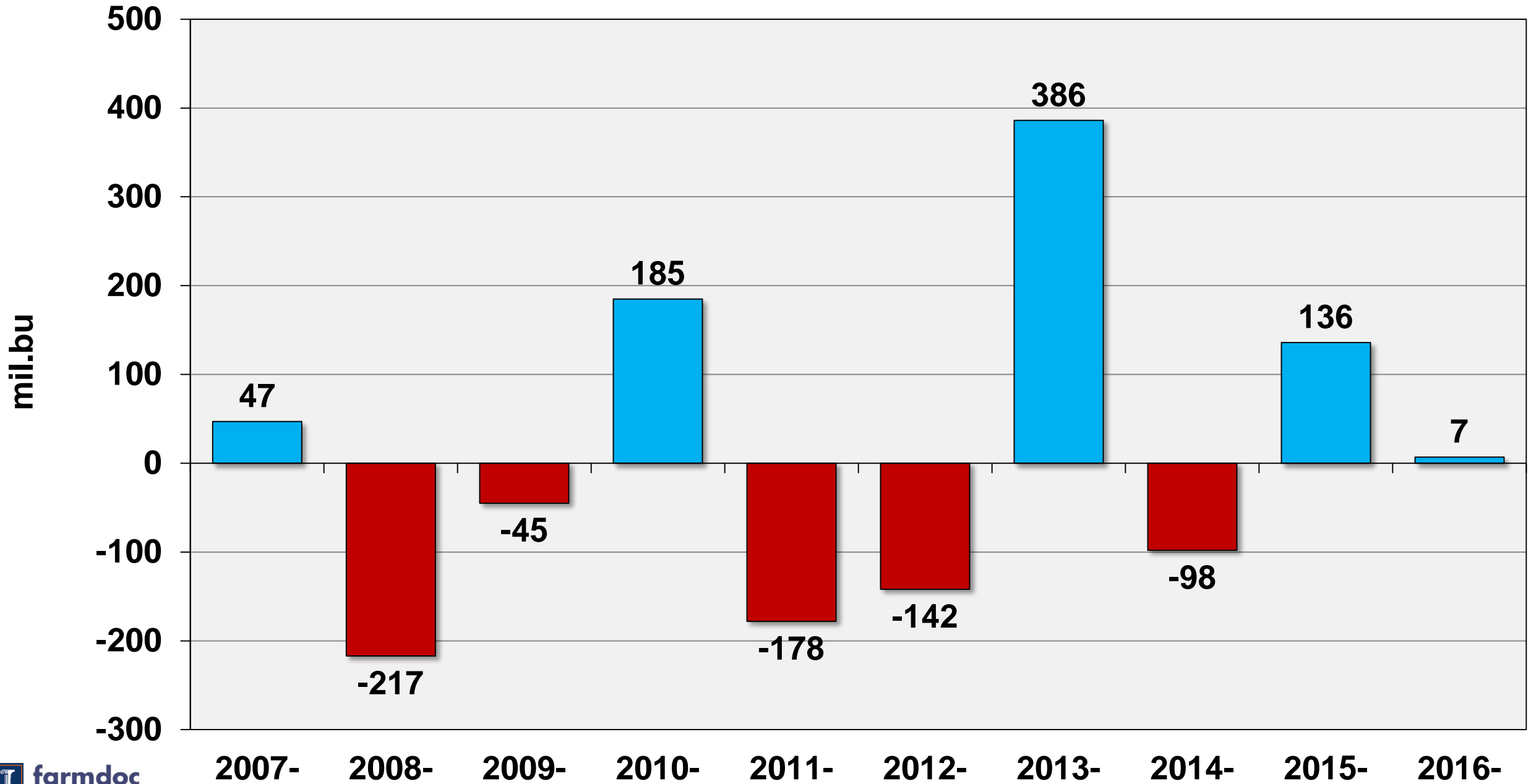


Figure 3. First Half and Second Half MY Feed and Residual Use of Corn

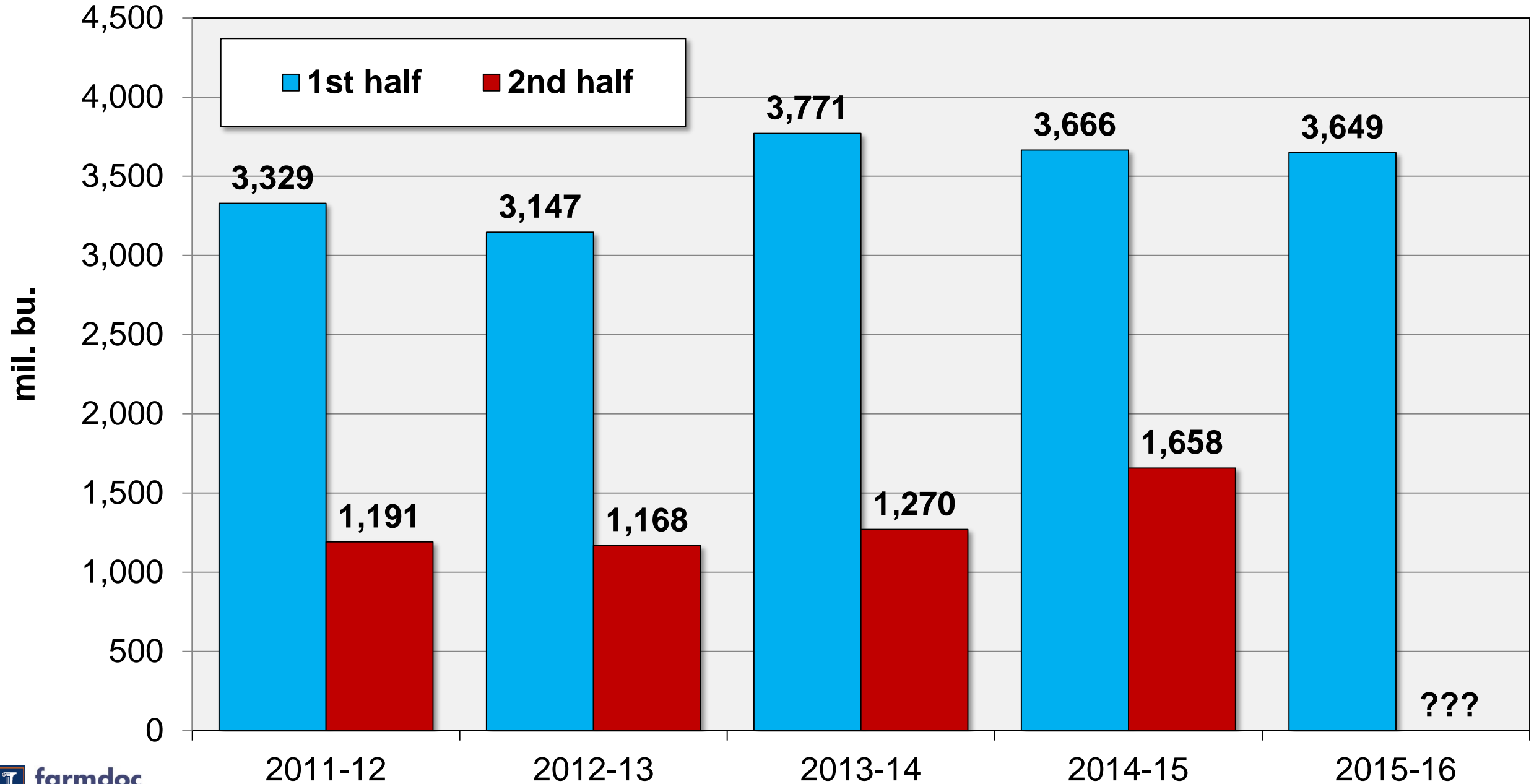


Figure 4. Relationship Between March 1 Corn Stocks Surprise and Change in WASDE Feed and Residual Estimates from March to Final, 1991-2014

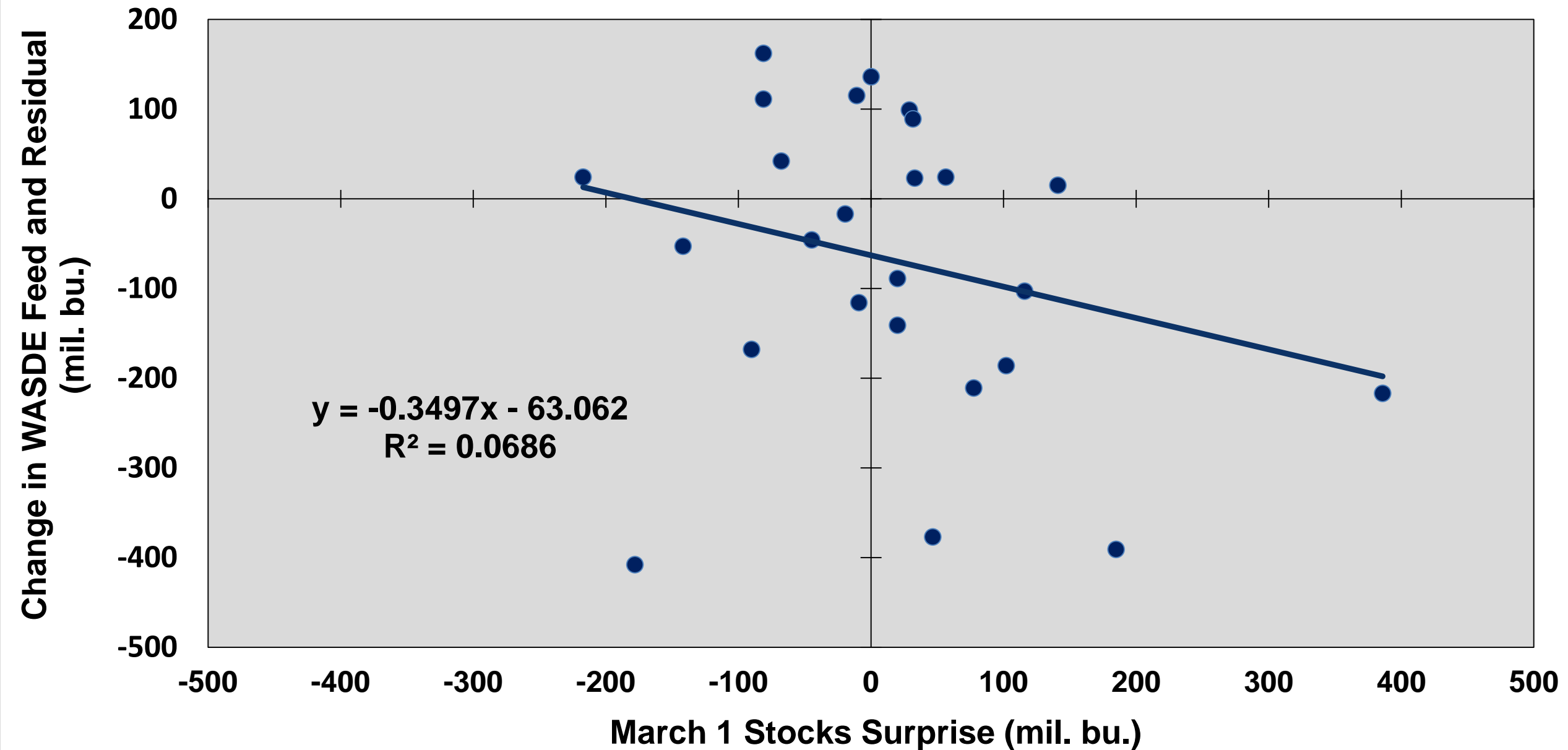


Figure 5. Projections for 2015/16 Marketing Year Feed and Residual Use of Corn

Rate of First Half Disappearance	Implied 15/16 MY Feed and Residual Use
<p>64% <i>Observed During 1996/97-2005/06</i></p>	<p>5,701</p>
<p>68% <i>Observed During 2006/07-2009/10</i></p>	<p>5,366</p>
<p>74% <i>Observed During 2010/11-2013/14</i></p>	<p>4,931</p>
<p>69% <i>Observed During 2014/15</i></p>	<p>5,288</p>
<p>USDA 15/16 Projection</p>	<p>5,300 mbu</p>

Figure 6. March 1 Soybean Stocks

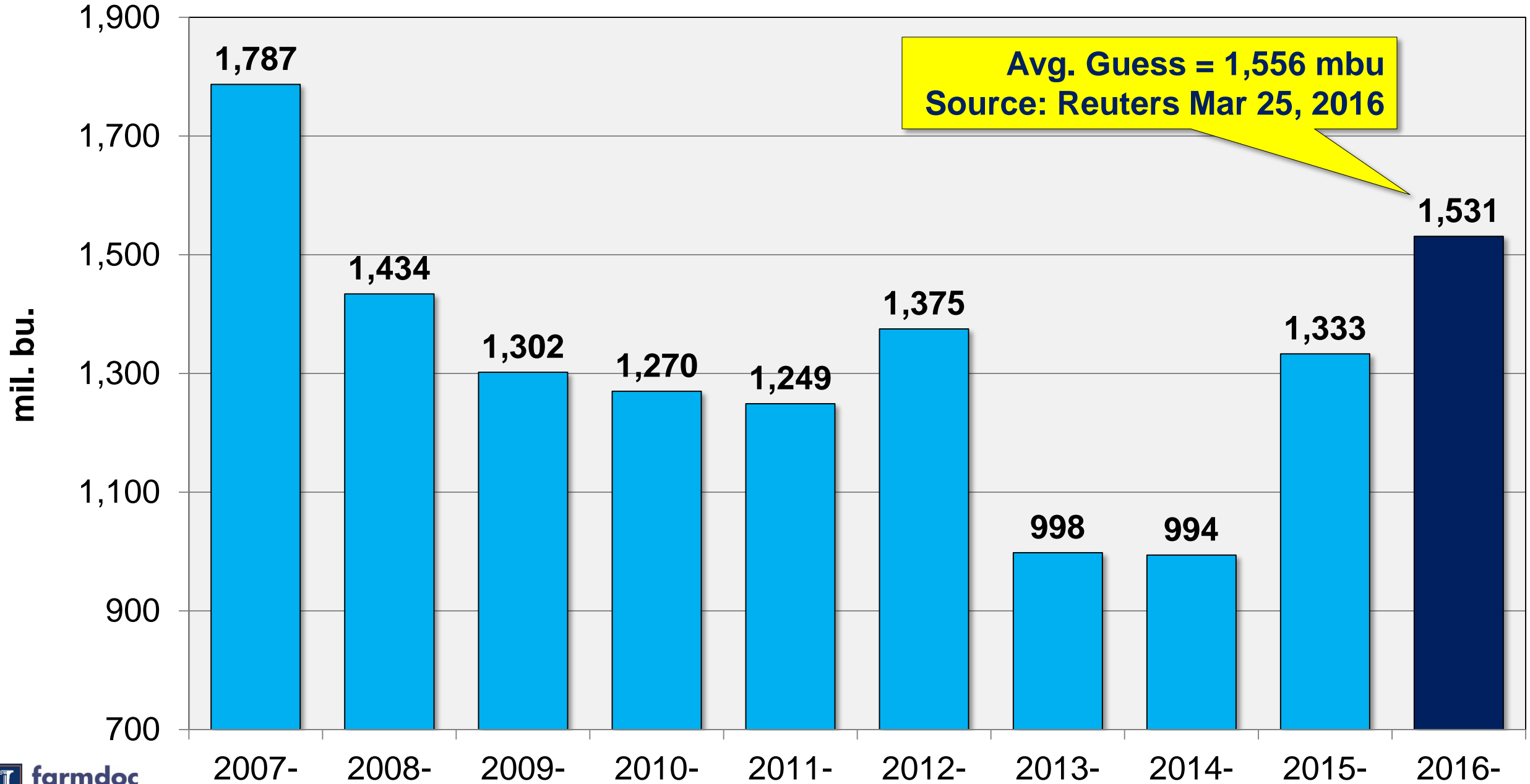


Figure 7. USDA March 1 Soybean Stocks Estimate Minus Average Guess

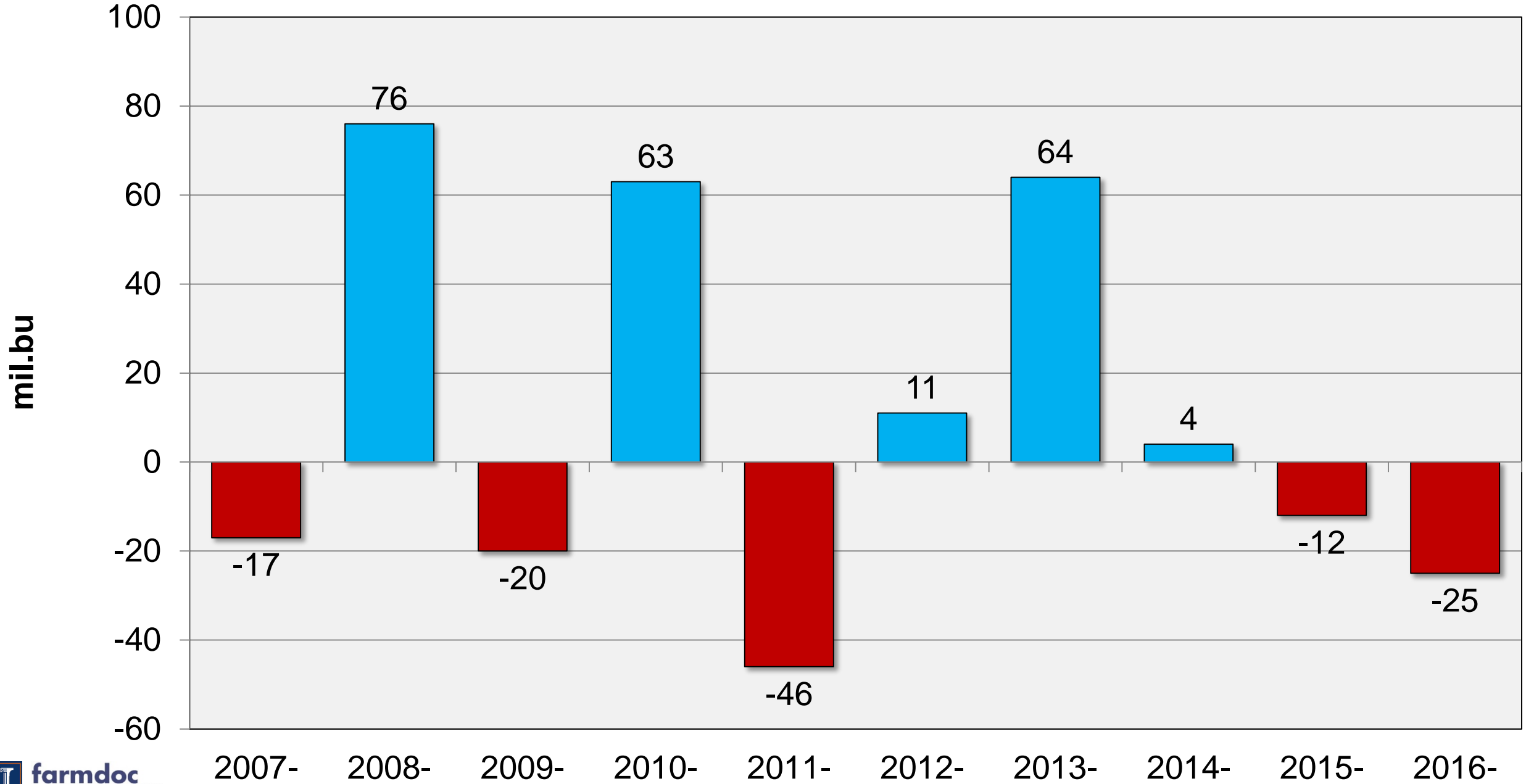
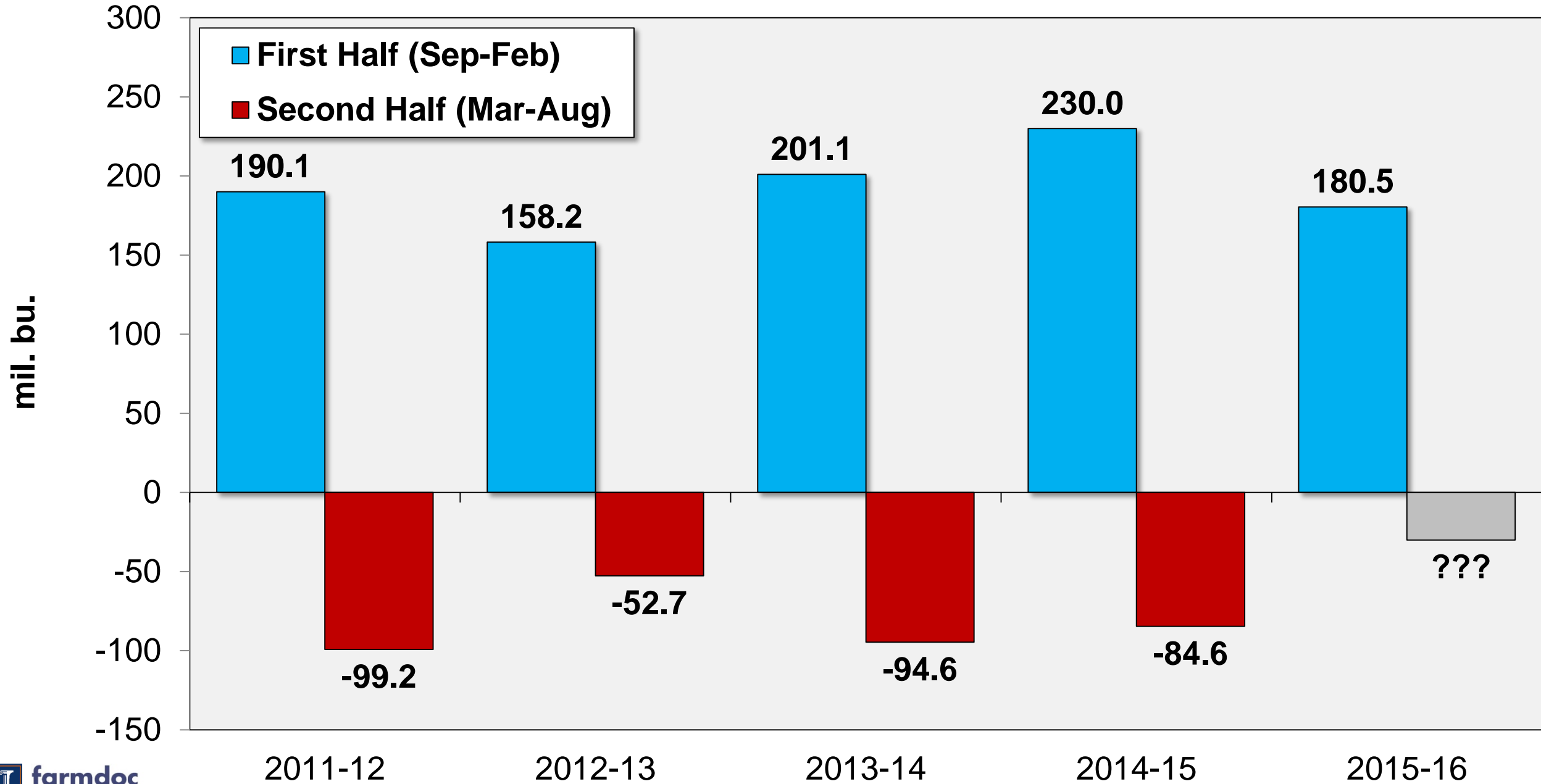


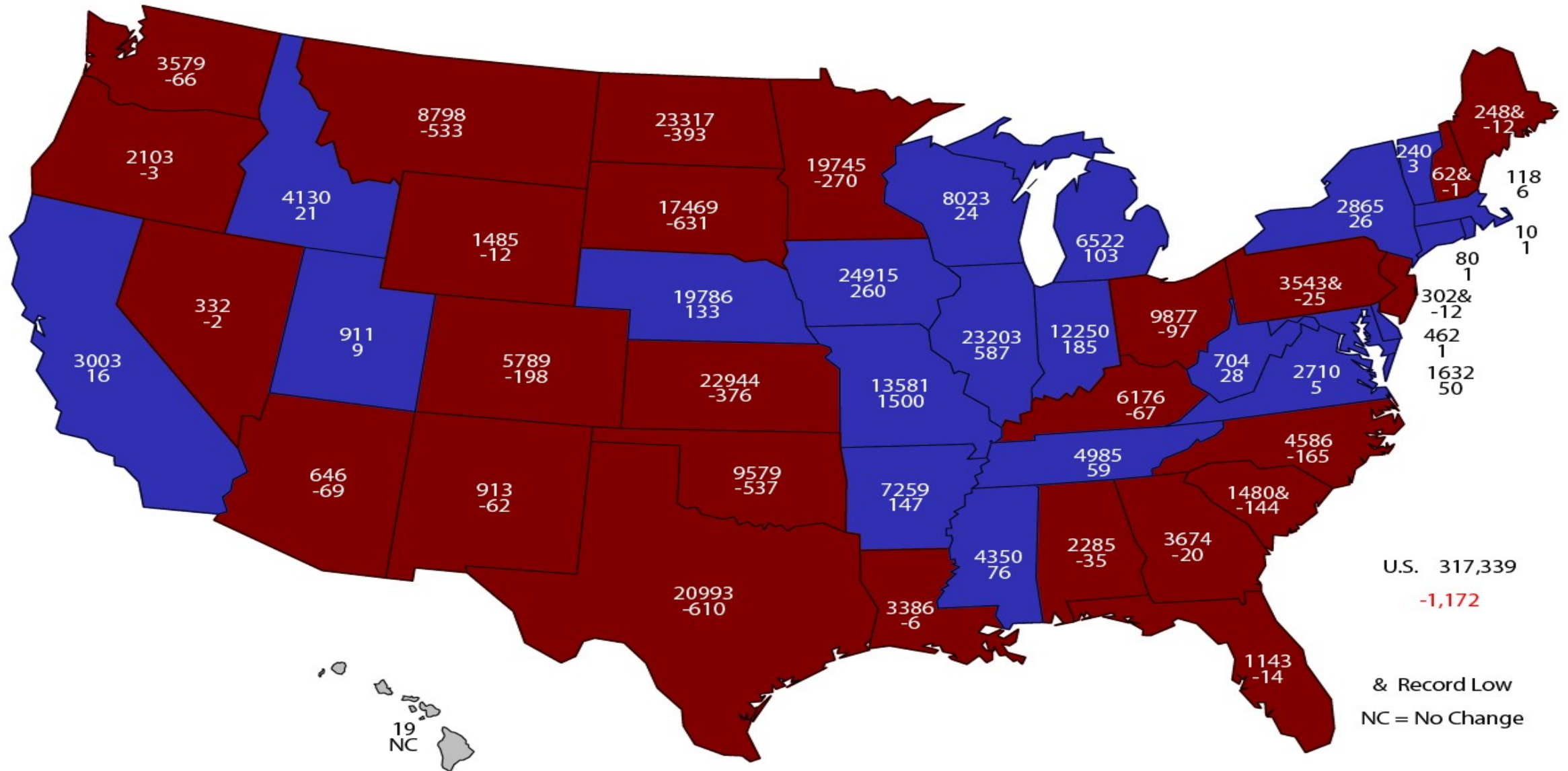
Figure 8. First Half and Second Half Seed and Residual Use of Soybeans



2016 Principal Crops Planted Area

(000) Acres and Change From Previous Year

Figure 9.



U.S. 317,339
-1,172

& Record Low
NC = No Change

Figure 10. Acreage Summary for Principal Crops, CRP, and PP (Million Acres)

Crop	2008	2009	2010	2011	2012	2013	2014	2015	2016
Principal Crops	325.6	319.0	315.4	314.3	324.3	324.9	326.4	318.5	317.3*
CRP	34.6	33.7	31.2	31.2	29.7	27.0	25.6	24.2	23.4
Prevent Plant	1.7	4.2	6.9	9.6	1.2	8.3	4.4	6.7	2.0**
Total	361.9	356.9	353.5	355.1	355.2	360.2	356.4	349.4	342.7

* March Planting Intentions

** Projected

Figure 11. Planted and Harvested Acreage of Corn

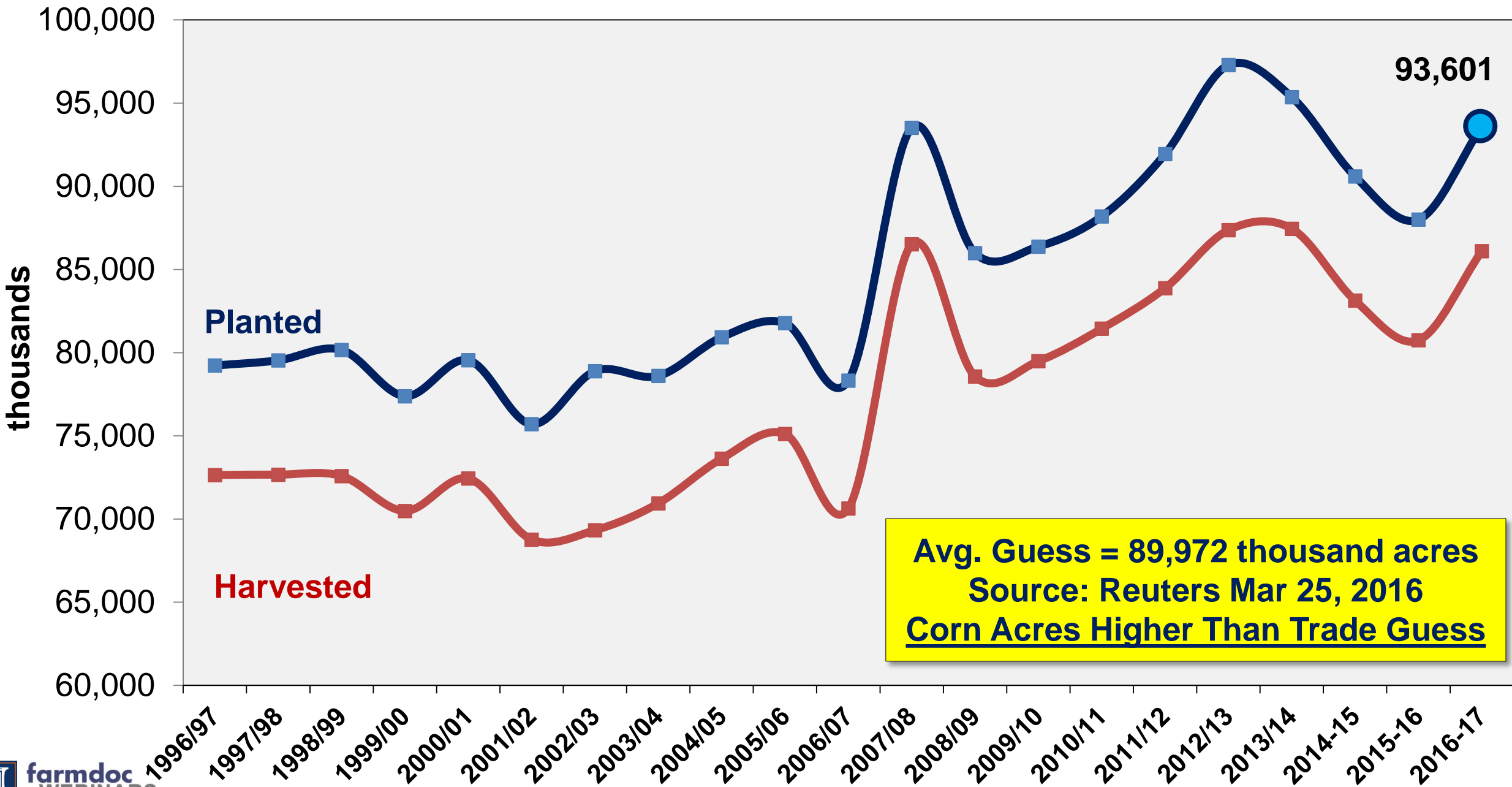


Figure 13. Actual Planted Acres of Corn Minus March Intentions

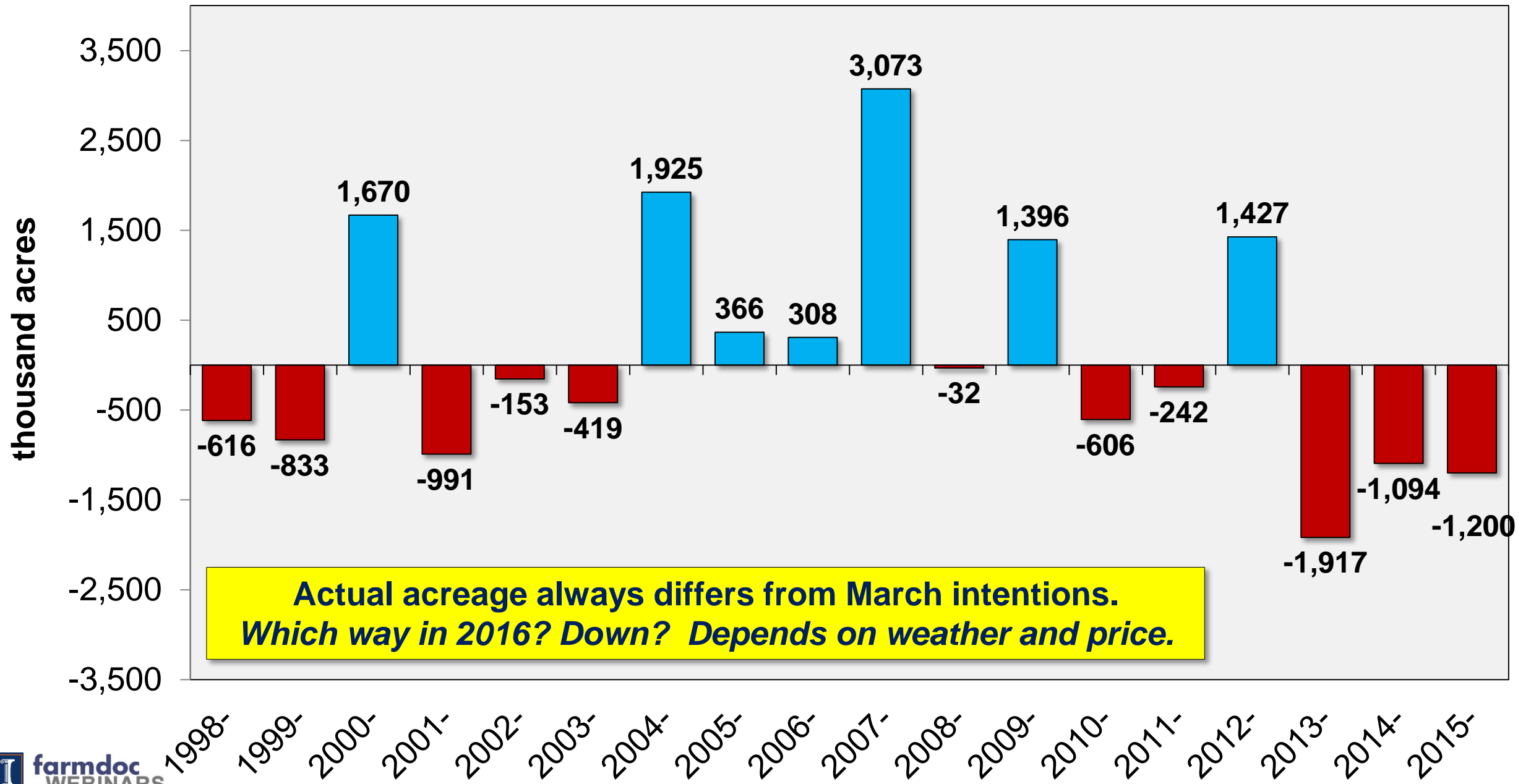
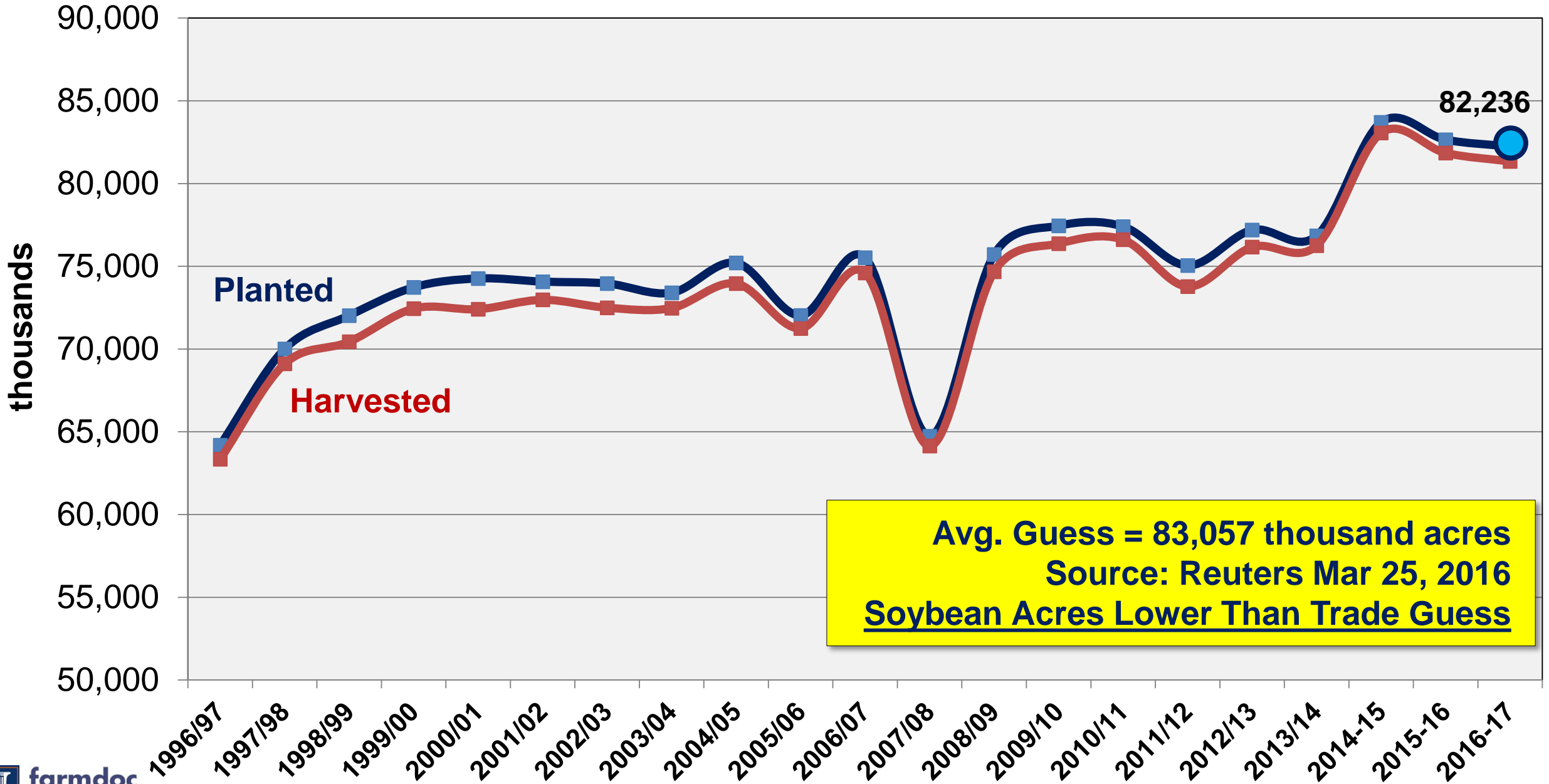


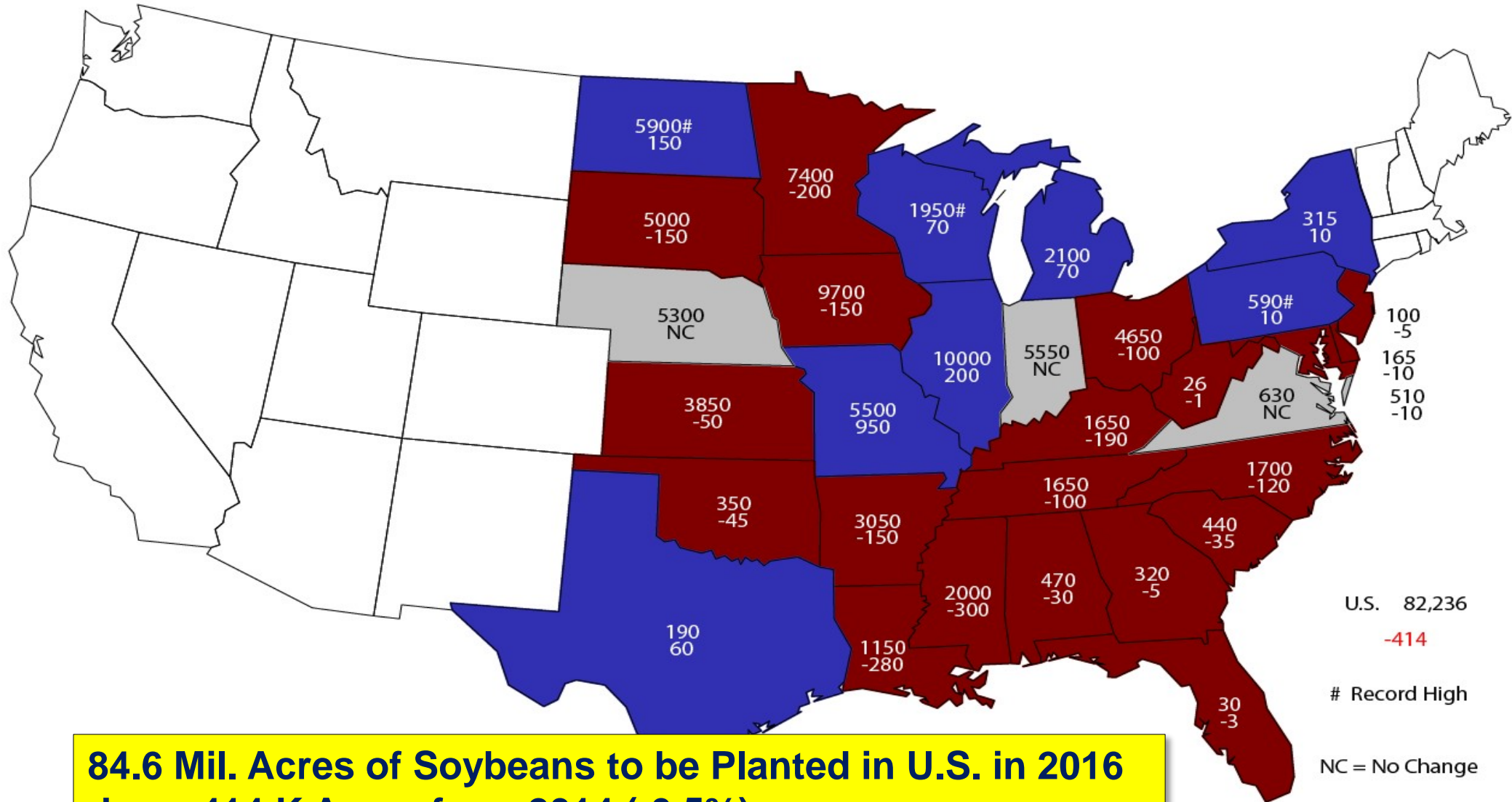
Figure 14. Planted and Harvested Acreage of Soybeans



Avg. Guess = 83,057 thousand acres
Source: Reuters Mar 25, 2016
Soybean Acres Lower Than Trade Guess

Figure 15.

2016 Soybean Planted Area (000) Acres and Change From Previous Year



**84.6 Mil. Acres of Soybeans to be Planted in U.S. in 2016
down 414 K Acres from 2014 (-0.5%)**

Figure 16. Actual Planted Acres of Soybeans Minus March Intentions

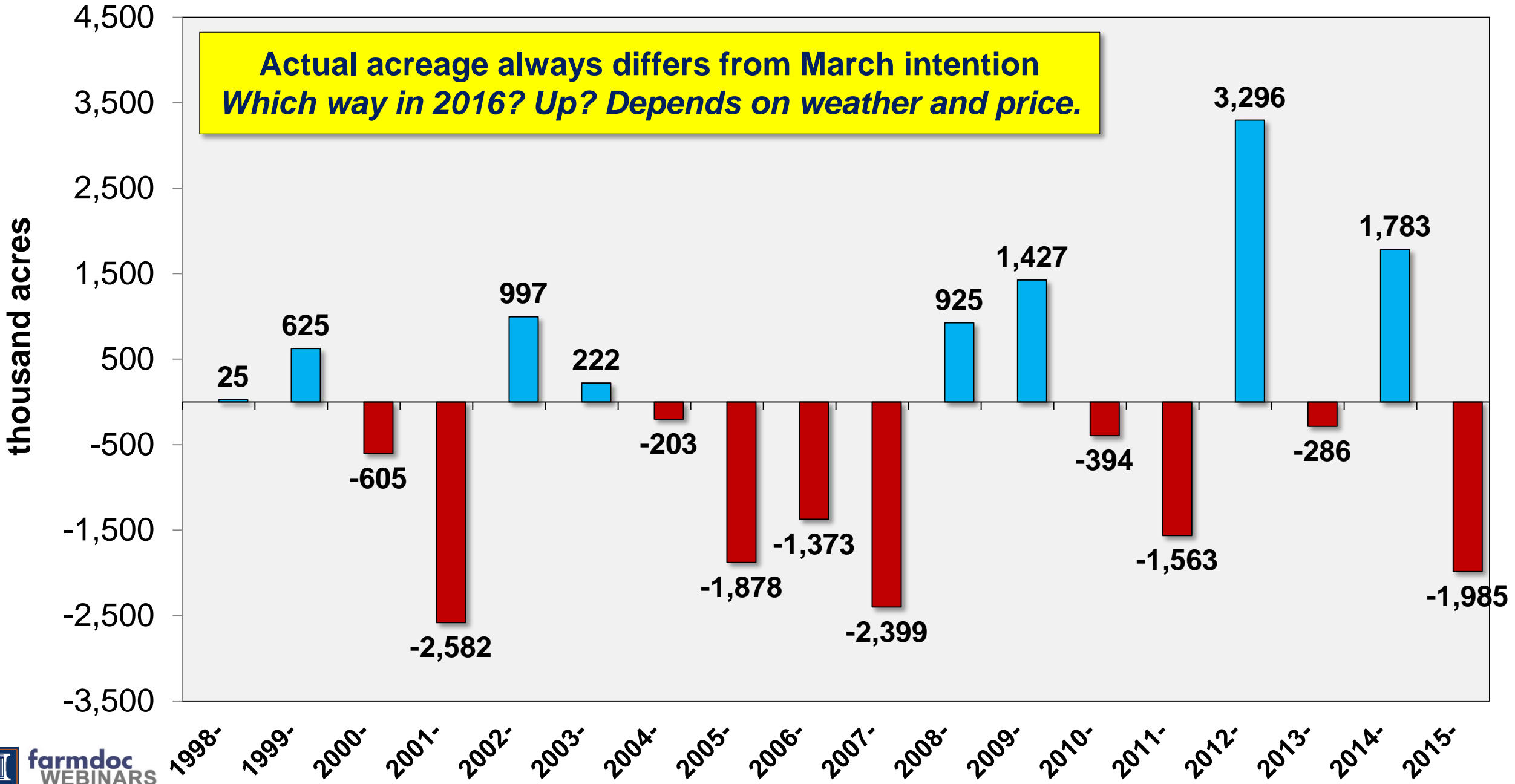


Figure 17. Corn Balance

	2015/16 WASDE Mar 9	2015/16
Supply:		
Planted Acreage (million acres)	88.0	8.0
Harvested Acreage (million acres)	80.7	80.7
Yield (Bushels / Acre)	168.4	168.4
Beginning Stocks (million bushels)	1731	1731
Total Production (million bushels)	13,601	13,601
Imports (million bushels)	50	50
Total Supply (million bushels)	15,382	15,382
Consumption:		
Feed and Residual (million bushels)	5,300	5,300
Food, Seed, and Industrial (million bushels)	6,595	6,620
Ethanol (million bushels)	5,225	5,250
Exports (million bushels)	1,650	1,650
Total Consumption (million bushels)	13,545	13,570
Ending Stocks (million bushels)	1,837	1,812
Ending Stocks/Total Consumption (%)	13.6%	13.4%
Average Price (\$/bu.)	\$3.60	\$3.60

Figure 18. Planted Minus Harvested Acres of Corn

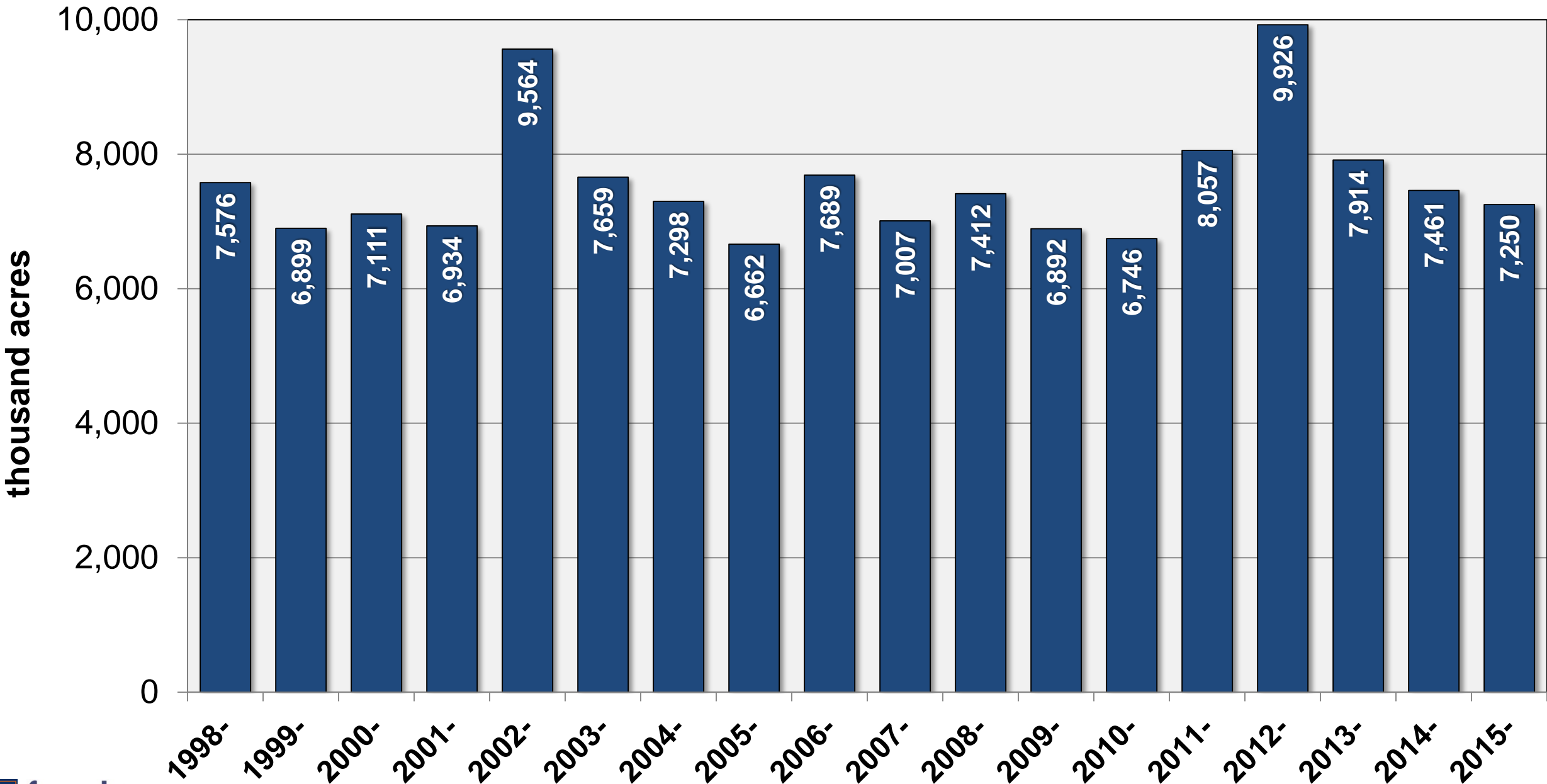
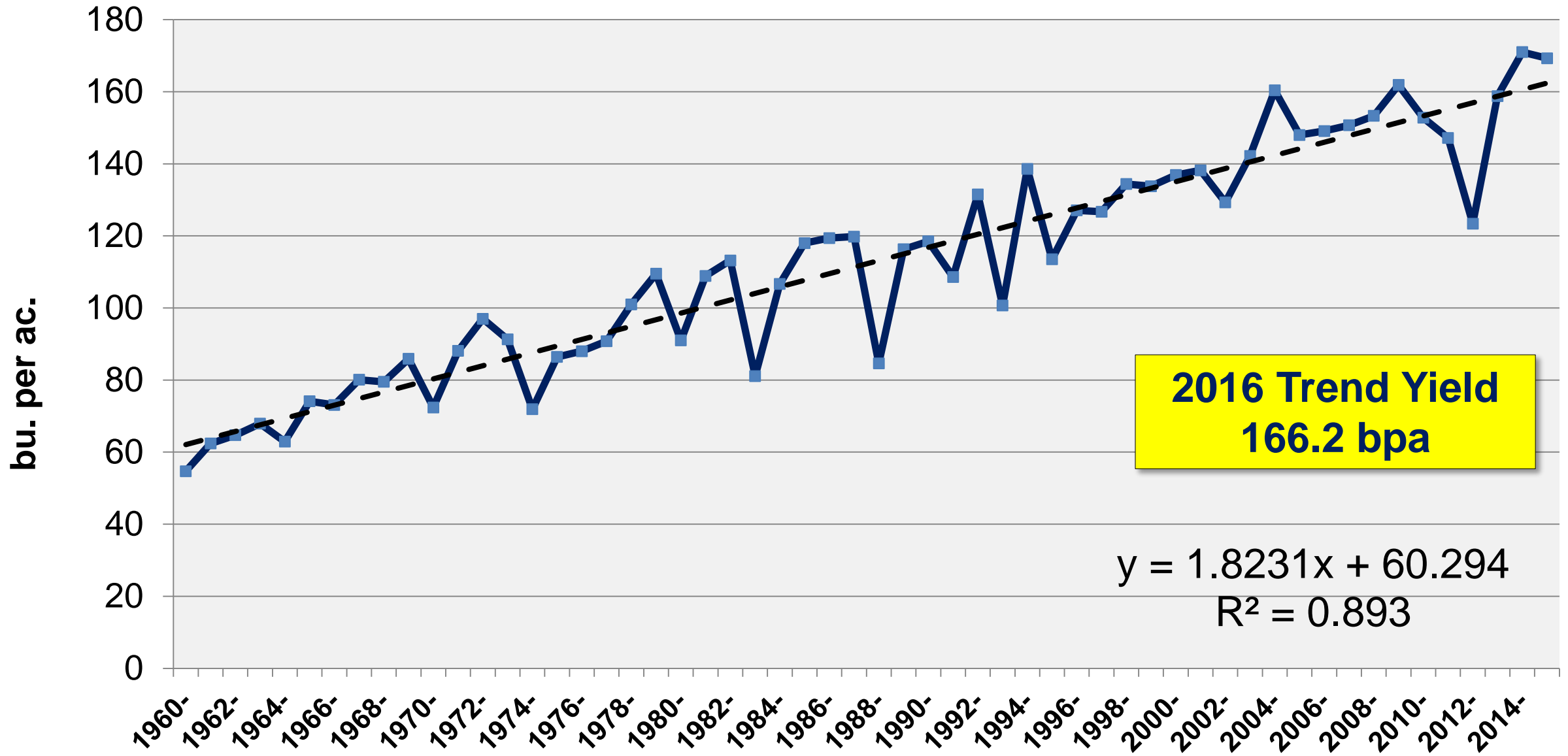


Figure 19: U.S. Average Corn Yield



**2016 Trend Yield
166.2 bpa**

$y = 1.8231x + 60.294$
 $R^2 = 0.893$

Figure 20. Corn Balance

	2015/16	2016/17	2016/17
Supply:			
Planted Acreage (million acres)	88	93.6	92.1
Harvested Acreage (million acres)	80.7	86.0	84.5
Yield (Bushels / Acre)	168.4	166.2	161.2
Total Production(million bushels)	13,601	14,293	13,621
Beginning Stocks(million bushels)	1,731	1,812	1,812
Imports (million bushels)	50	30	30
Total Supply (million bushels)	15,382	16,135	15,464
Consumption:			
Feed and Residual (million bushels)	5,300	5,400	5,350
Food, Seed, and Industrial (million bushels)	6,620	6,705	6,705
Ethanol (million bushels)	5,250	5,325	5,325
Exports (million bushels)	1,650	1,750	1,750
Total Consumption (million bushels)	13,570	13,855	13,805
Ending Stocks (million bushels)	1,812	2,280	1,659
Ending Stocks/Total Consumption (%)	13.4%	16.5%	12.0%
Average Price (\$/bu.)	\$3.60	\$3.50	\$3.70

Figure 21. Soybean Balance

	2015/16 WASDE Mar 9	2015/16
Supply:		
Planted Acreage (mil.)	82.7	82.7
Harvested Acreage (mil.)	81.8	81.8
Yield (bu./ac.)	48.0	48.0
Production (mil. bu.)	3,929	3,929
Beginning stocks (mil. bu.)	191	191
Imports (mil. bu.)	30	30
Total Supply(mil. bu.)	4,150	4,150
Consumption:		
Crush (mil. bu.)	1,870	1,870
Export (mil. bu.)	1,690	1,710
Seed and Residual (mil. bu.)	130	130
Total Consumption(mil. bu.)	3,690	3,700
Ending stocks (mil. bu.)	460	450
Stocks-to-use	12.5%	12.2%
Average farm price (\$/bu.)	\$8.80	\$8.80

Figure 22. Planted Minus Harvested Acres of Soybeans

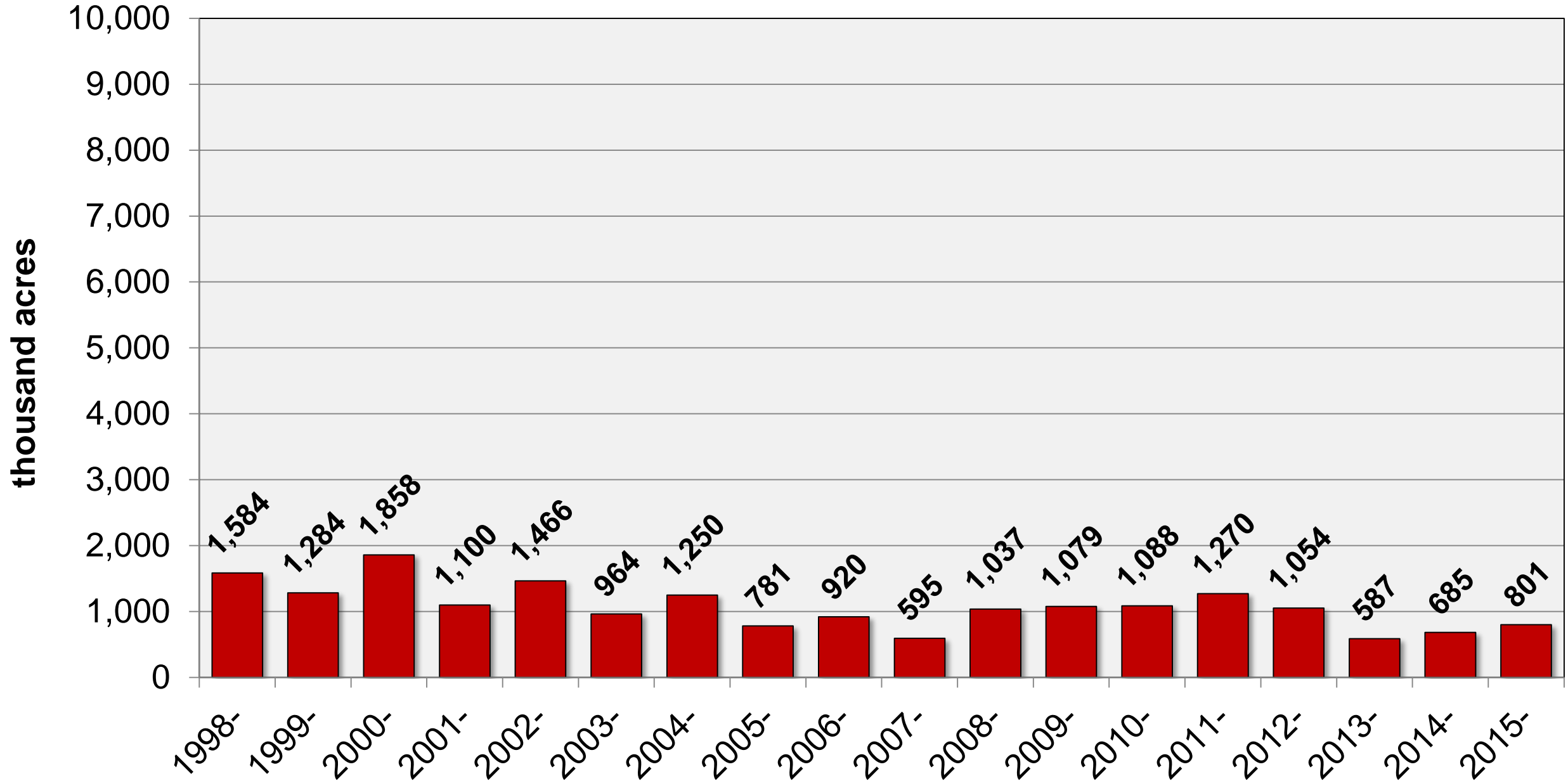
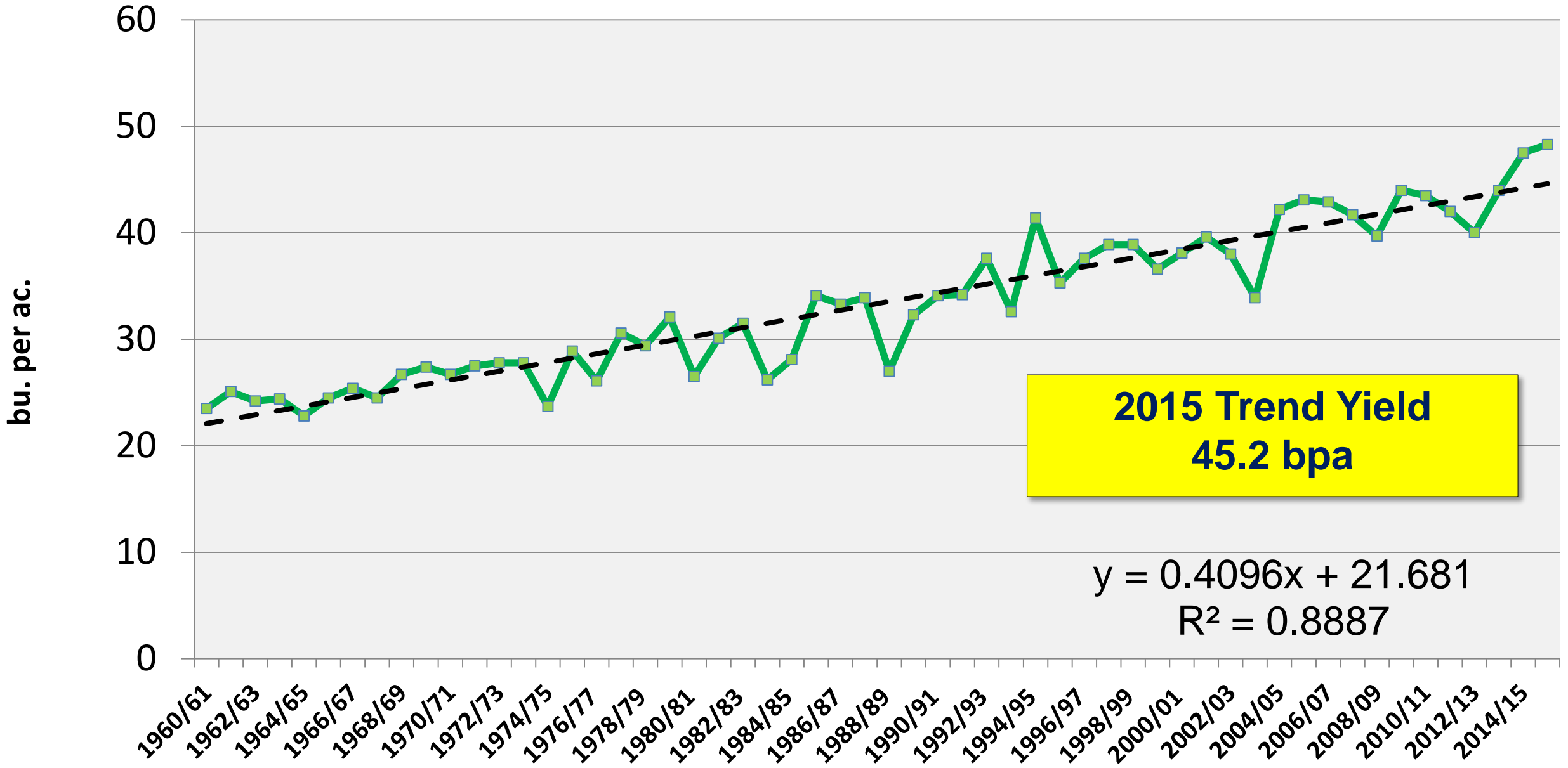


Figure 23. U.S. Average Soybean Yield



**2015 Trend Yield
45.2 bpa**

$y = 0.4096x + 21.681$
 $R^2 = 0.8887$

Figure 24. Soybean Balance

	2015/16	2016/17	2016/17
Supply:			
Planted Acreage (mil.)	82.7	82.2	83.7
Harvested Acreage (mil.)	81.8	81.2	82.7
Yield (bu./ac.)	48	45.2	43.2
Production (mil. bu.)	3,929	3,670	3,573
Beginning stocks (mil. bu.)	191	450	450
Imports (mil. bu.)	30	30	30
Total Supply (mil. bu.)	4,150	4,150	4,053
Consumption:			
Crush (mil. bu.)	1,870	1,880	1,880
Export (mil. bu.)	1,700	1,750	1,750
Seed and feed (mil. bu.)	130	130	130
Total Consumption(mil. bu.)	3,700	3,760	3,760
Ending stocks (mil. bu.)	450	390	293
Stocks-to-use	12.2%	10.4%	7.8%
Average farm price (\$/bu.)	\$8.80	\$8.90	\$ 9.20

Closing Comments

- March 1 Stocks Report Showed:
 - Corn stocks equal expectations
 - Current year feed use expectation remain at 5.3 billion bushels
- U.S. Farmers intend to plant:
 - 5.6 mil additional corn acres and 414K fewer soybean acres
 - Corn well above trade / soybeans below trade
- Balance Sheet Implications
 - Expect a bigger corn crop and smaller soybean crop in 2016
 - Projection for corn stocks to stabilize and soybean stocks to decline
 - Lower corn prices and higher bean prices in MY 2016/17

Questions?

Please continue to submit questions during this part of the webinar

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