

# Current dynamic in the global corn market, a US perspective

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**NOTE:** This report adopts U.S. area, yield, and production forecasts for winter wheat, durum, other spring wheat, barley, and oats released today by the National Agricultural Statistics Service (NASS). For rice, corn, sorghum, soybeans, and cotton, area estimates reflect the June 30 NASS Acreage report, and methods used to project production are noted on each table. The first survey-based 2014 production forecasts for those crops will be reported by NASS on August 12.

**WHEAT:** Projected U.S. wheat supplies for 2014/15 are raised this month with a sharp increase in forecast Hard Red Spring (HRS) wheat more than offsetting a decrease for Hard Red Winter (HRW). The HRW crop was damaged by drought and April freezes in the Southern and Central plains; however, the HRS crop in the Northern Plains has benefitted from abundant soil moisture and cooler than normal early summer temperatures. Yields for Durum and other spring wheat are forecast to be above average. Feed and residual use for all wheat in 2014/15 is lowered 15 million bushels to 145 million as tight supplies of HRW wheat and relatively more attractive prices for feed grains reduce expected feed and residual use. All wheat exports for 2014/15 are lowered 25 million bushels reflecting expectations of large world supplies and strong competition in export markets. Ending stocks are projected 86 million bushels higher. The projected season-average farm price range is lowered 40 cents at the midpoint to \$6.00 to \$7.20 per bushel.

Published on TradingView.com, December 13, 2016 14:40 EST

CBOT:ZSF2017, D 1028'0 ▼ -3'0 (-0.29%) O:1031'2 H:1038'6 L:1025'2 C:1028'0



# WASDE and Crop Production and Demand Estimates are market movers



United States Department of Agriculture  
National Agricultural Statistics Service

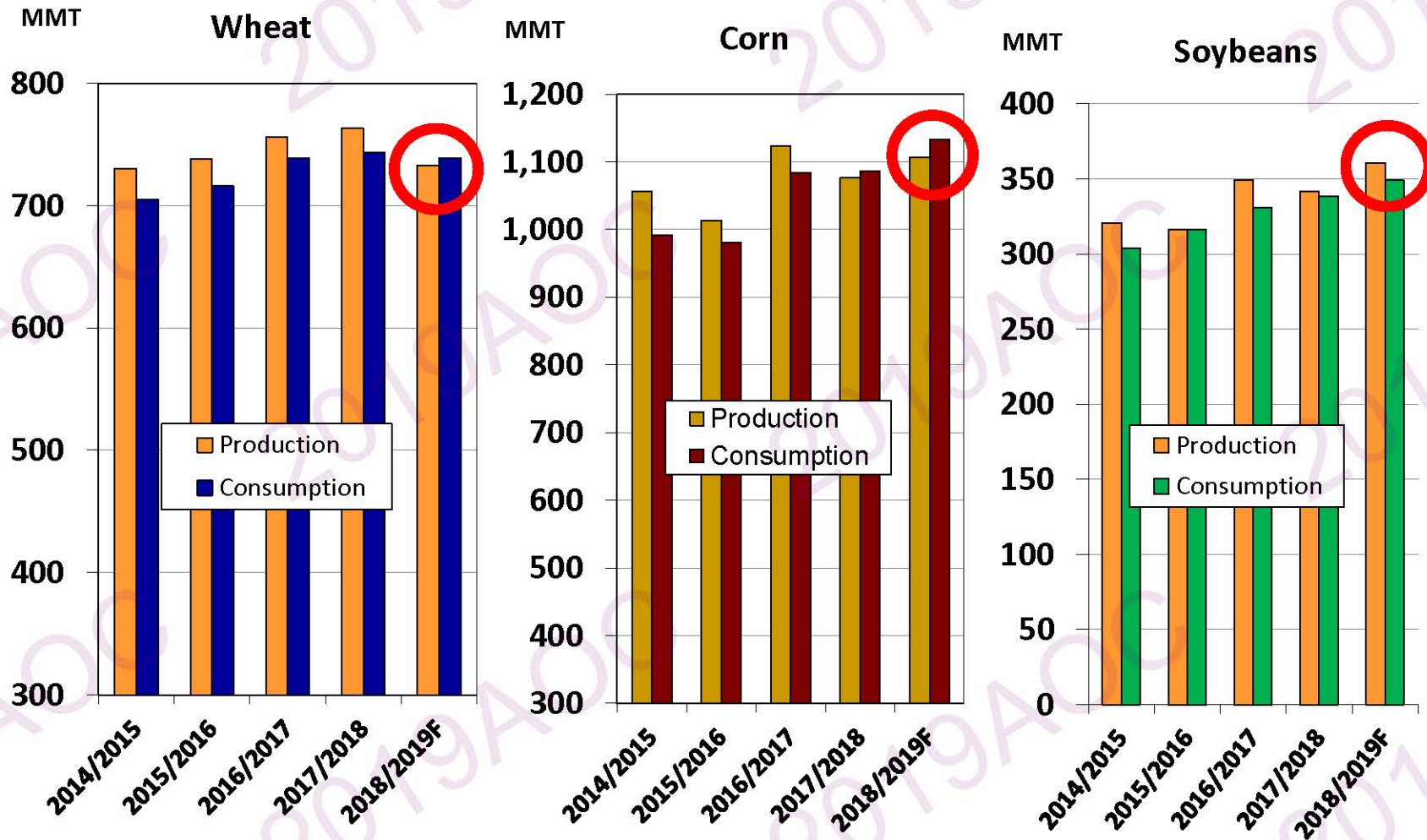


Crop Production 2014 Summary

January 2015



# Global production is falling short of demand, *except* for soybeans





# Some prices expected to edge up into 2018/19

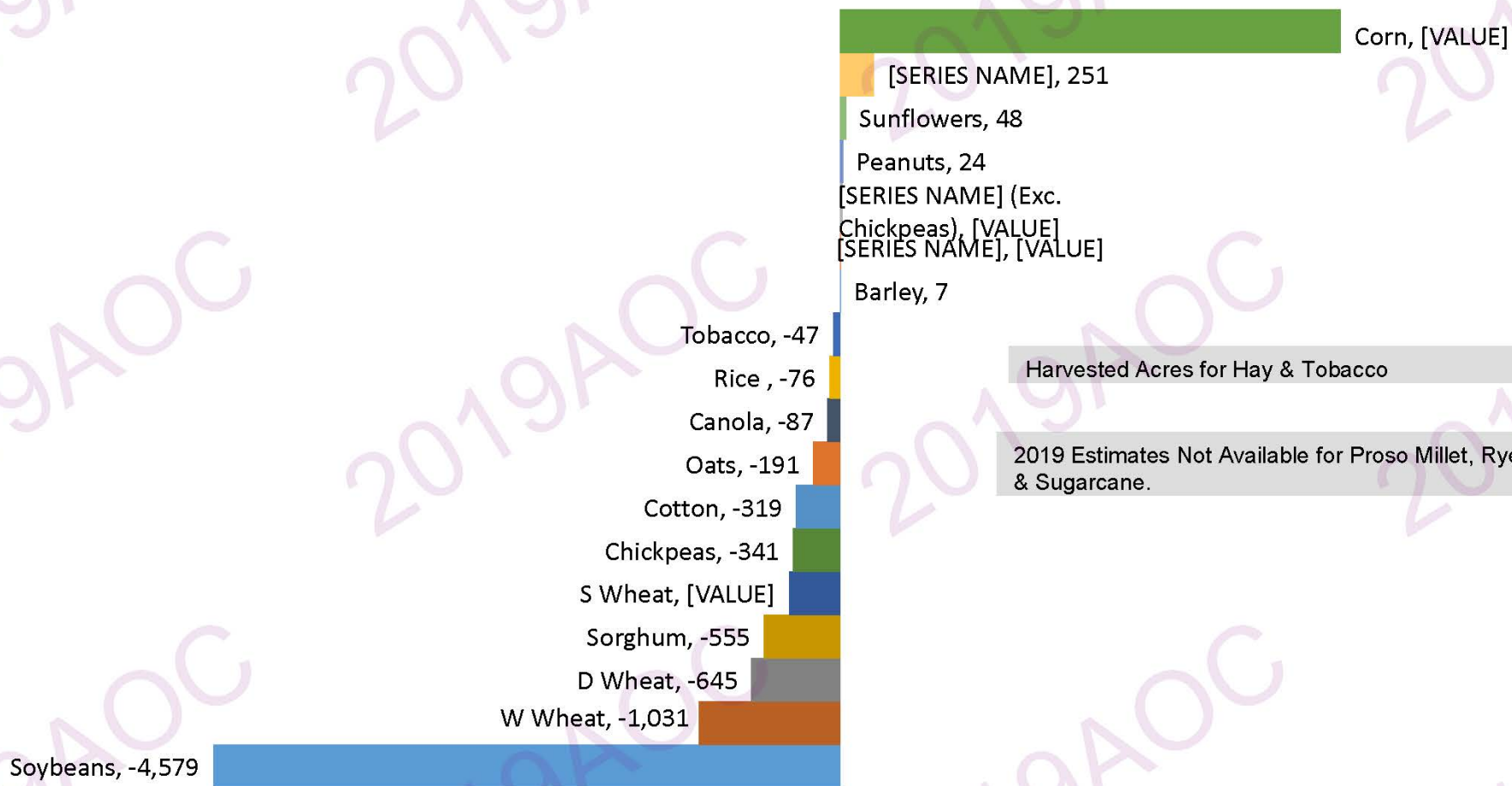
	2012	2013	2014	2015	2016	2017	2018F	2019*
Wheat (\$/MT)	<b>285.5</b>	252.4	220.1	179.7	142.9	173.4	191.1	<b>191.1</b>
Corn (\$/MT)	<b>271.2</b>	175.6	145.7	142.1	132.3	132.3	139.8	<b>143.7</b>
Soybeans (\$/MT)	<b>529.1</b>	477.7	371.1	328.9	348.0	342.8	316.0	<b>323.3</b>
Cotton (\$/MT)	1598	1717	1351	1349	1499	1512	1543	<b>1477</b>
All Rice (\$/MT)	332.9	359.4	295.4	269.0	229.3	284.4	266.8	<b>269.0</b>

Data: USDA.

**Red** denotes record high. **Green** denotes February Ag Outlook Forum.

# Principal Crop Planted Acres (000)

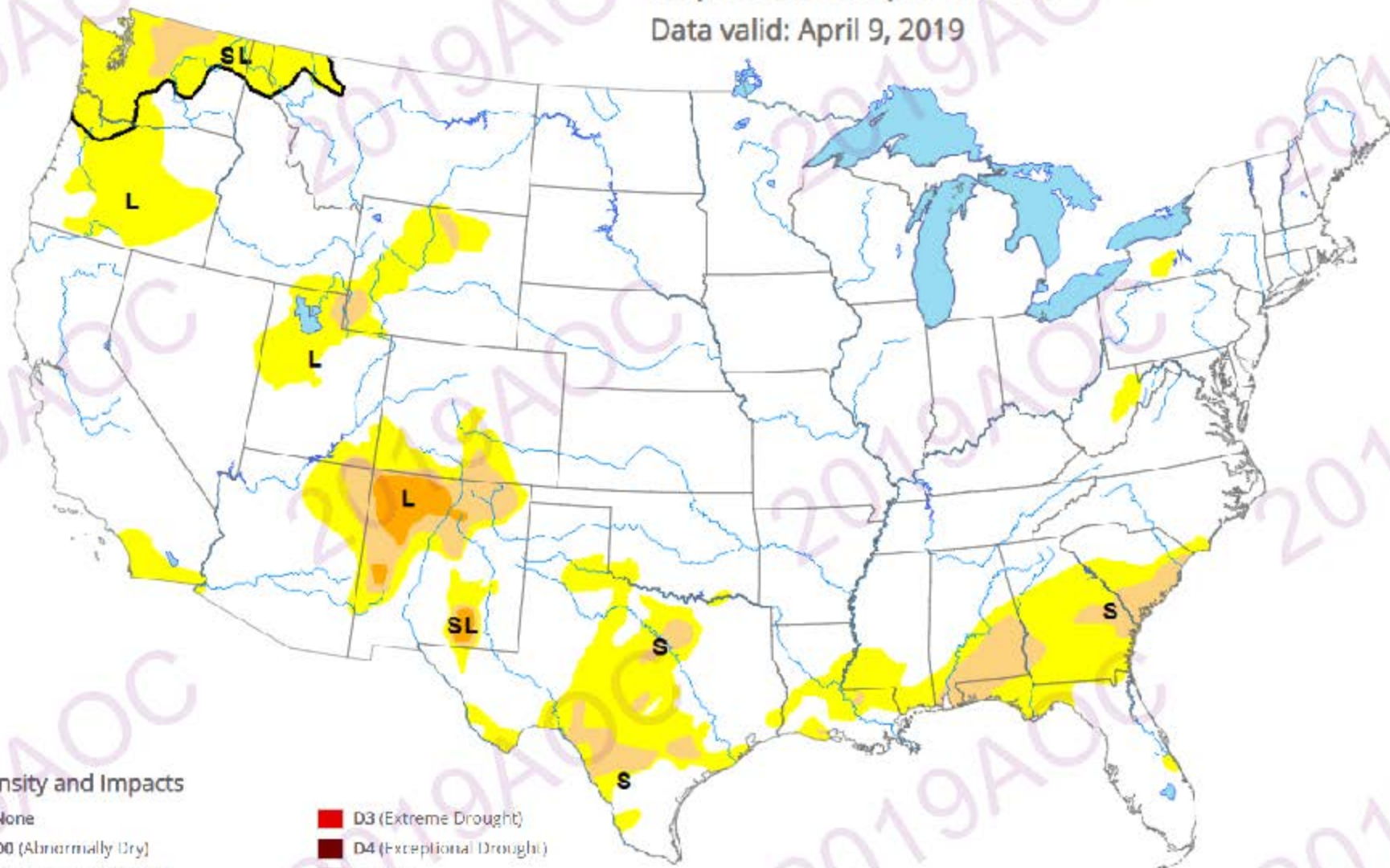
## 2019 Change From 2018



# US Drought Monitor

Map released: April 11, 2019

Data valid: April 9, 2019



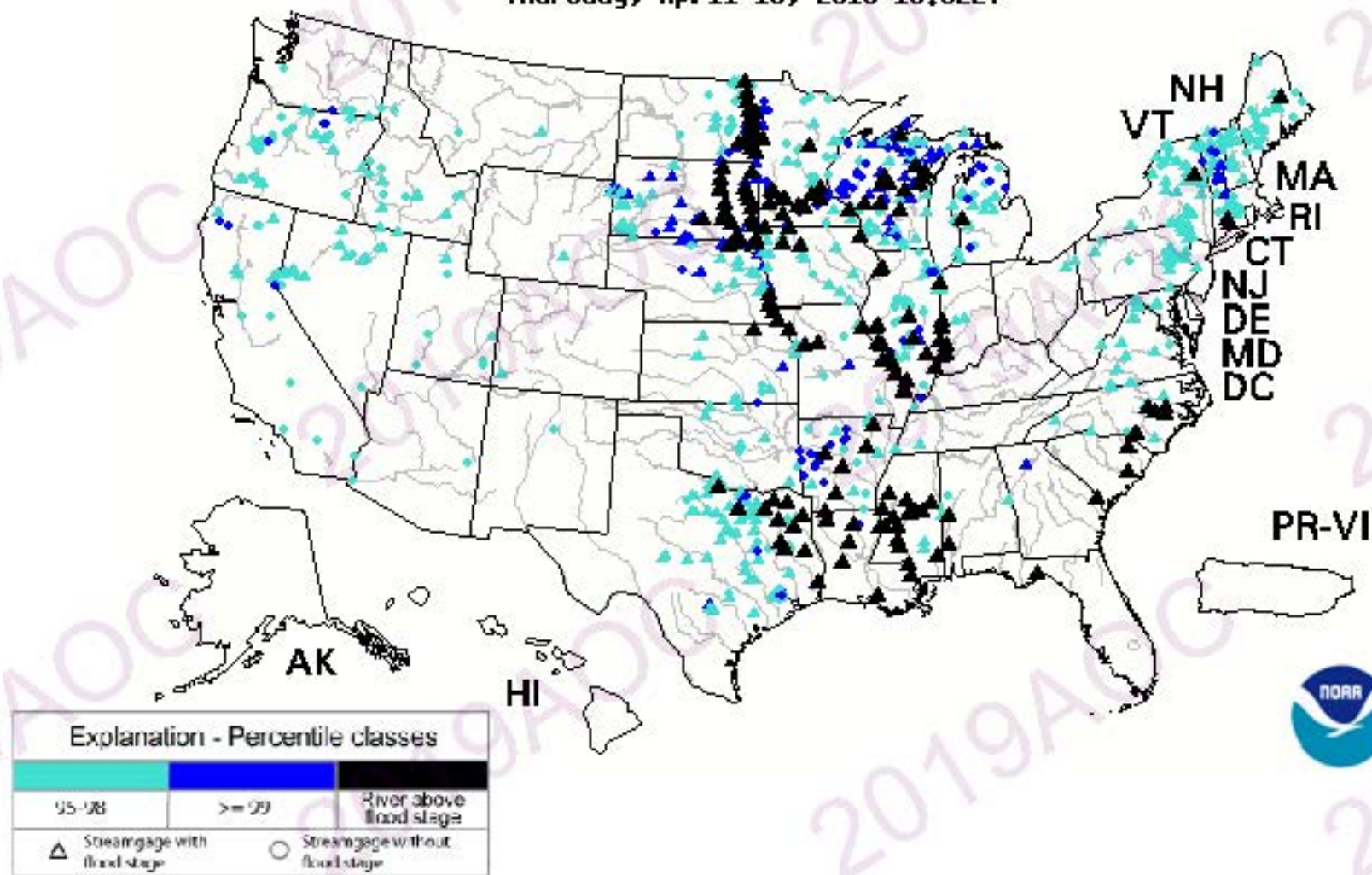
## Intensity and Impacts

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data



# USGS Flood Current Conditions and Notifications

Thursday, April 18, 2019 16:32ET



# World Soybean Supply and Use

Item	2017/2018 estimate	2018/2019 forecast	Change from March 8	Change from 2017/2018
----- Million Tons -----				
Beginning stocks	95.6	99.0	0.5	3.4
Production	341.7	360.6	0.5	18.9
Total Supply	437.3	459.6	1.0	22.3
Crush	295.2	303.8	-0.1	8.6
Total use	338.6	349.1	0.6	10.5
Trade	153.0	154.3	0.1	1.4
Ending Stocks	99.0	107.4	0.2	8.3
<b>Addendum</b>				
Beginning stocks				
Argentina plus Brazil	60.2	56.8	0.4	-3.4
Imports*				
China	94.1	88.0	--	-6.1

\*From all sources.

-- No change.



# U.S. and Brazilian Soybean Prices

\$/MT

460

440

420

400

380

360

340

320

300

2018/1/1

2018/2/1

2018/3/1

2018/4/1

2018/5/1

2018/6/1

2018/7/1

2018/8/1

2018/9/1

2018/10/1

2018/11/1

2018/12/1

2019/1/1

2019/2/1

2019/3/1

2019/4/1

— Paranagua

— U.S. Gulf

..... U.S. Gulf + 25%



# Soybean Acres United States

Million Acres



## 2019 Soybean Outlook

- For 2018/19 exports below last year, with counter-seasonal export sales
- Carryout stocks near 900 million bushels.
- Farmers suggest Area pullback in 2019/20
- US Planting to begin soon!

	2017/18	2018/19	2019/20
	Million Acres		
Area Planted	90.2	89.2	85.0/84.6
Area Harvested	89.5	88.1	84.3
Yield (Bu./acre)	49.3	51.6	49.5
	Million Bushels		
Beginning Stocks	302	438	895/910
Production	4,412	4,544	4,320
Imports	22	17	20
Total Supply	4,735	4,999	5,105
Crush	2,055	2,100	2,105
Exports	2,129	1,875	2,025
Seed & Residual	113	129	130
Total Use	4,297	4,104	4,260
Ending Stocks	438	895	845
Avg. Farm Price \$/bu.	\$9.33	\$8.60	\$8.80

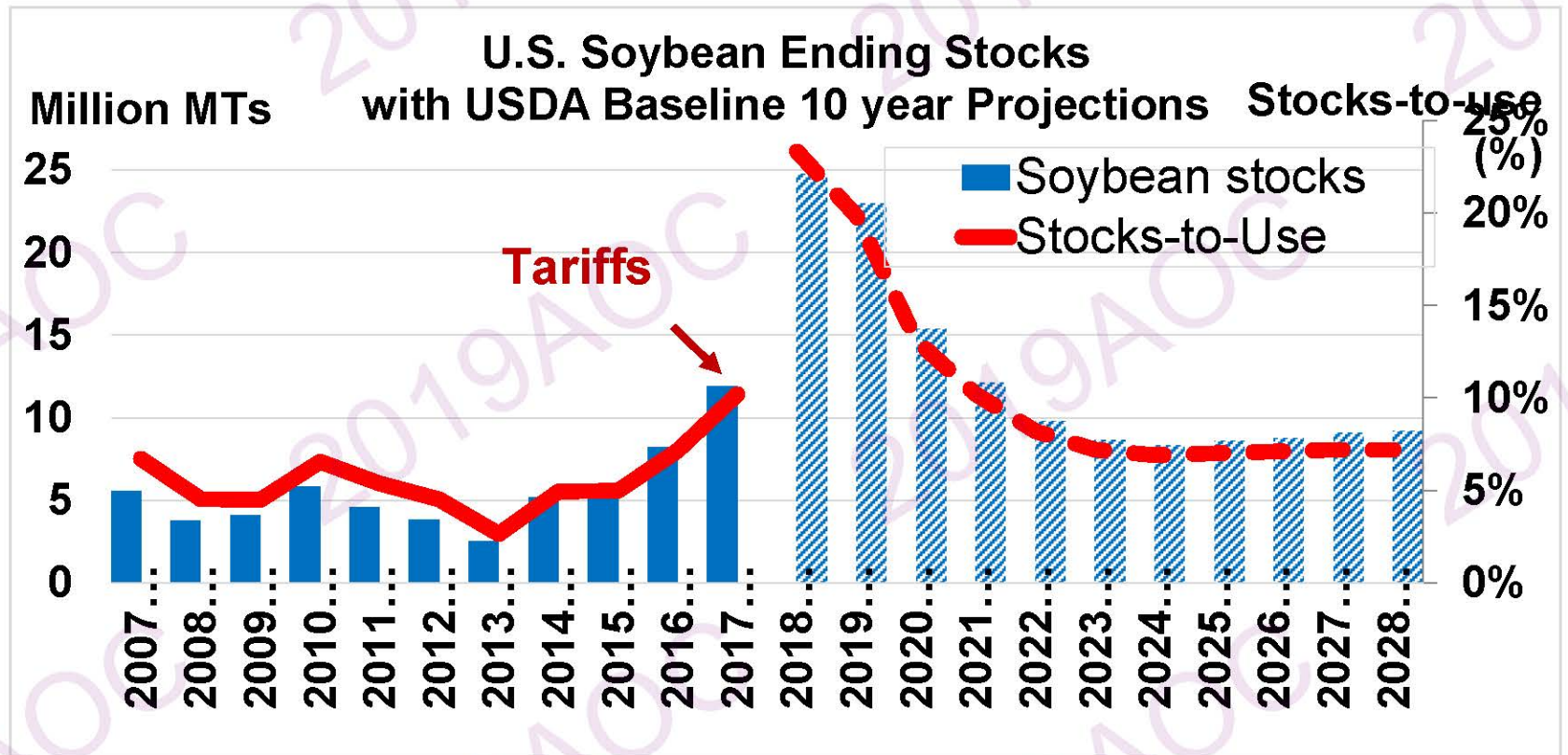
Source: April WASDE

: February Ag Outlook Forum

: March Prospective Plantings

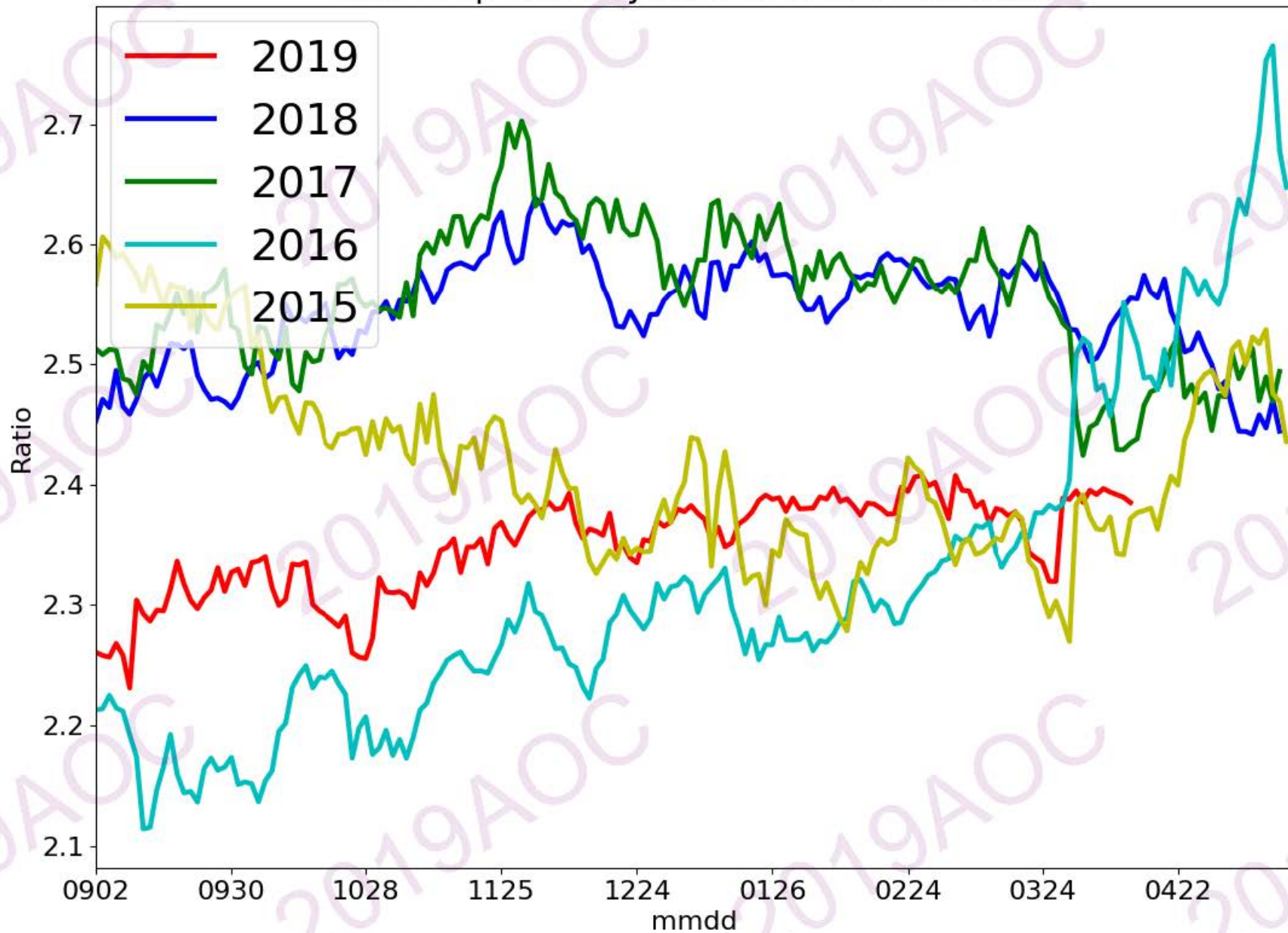


# Stocks overhang will take years to unwind



Data: USDA

New Crop U.S. Soybean to Corn Price Ratio



# World Corn Production

Country or Region	2017/2018 estimate	2018/2019 forecast	Change from March 8	Change from 2017/2018
----- Million Tons -----				
World	1,076.4	1,107.4	6.2	31.0
United States	371.1	366.3	--	-4.8
Foreign	705.3	741.1	6.2	35.8
Argentina	32.0	47.0	1.0	15.0
Brazil	82.0	96.0	1.5	14.0
Mexico	27.6	26.7	1.1	-0.9
Canada	14.1	13.9	--	-0.2
European Union	62.1	63.0	2.1	0.9
Serbia	4.0	7.0	--	3.0
FSU-12	42.3	52.5	0.5	10.3
Ukraine	24.1	35.8	0.3	11.7
Russia	13.2	11.4	--	-1.8
South Africa	13.1	11.0	--	-2.1
China	259.1	257.3	--	-1.7
India	28.7	27.8	--	-0.9

-- No change.

April 9, 2019



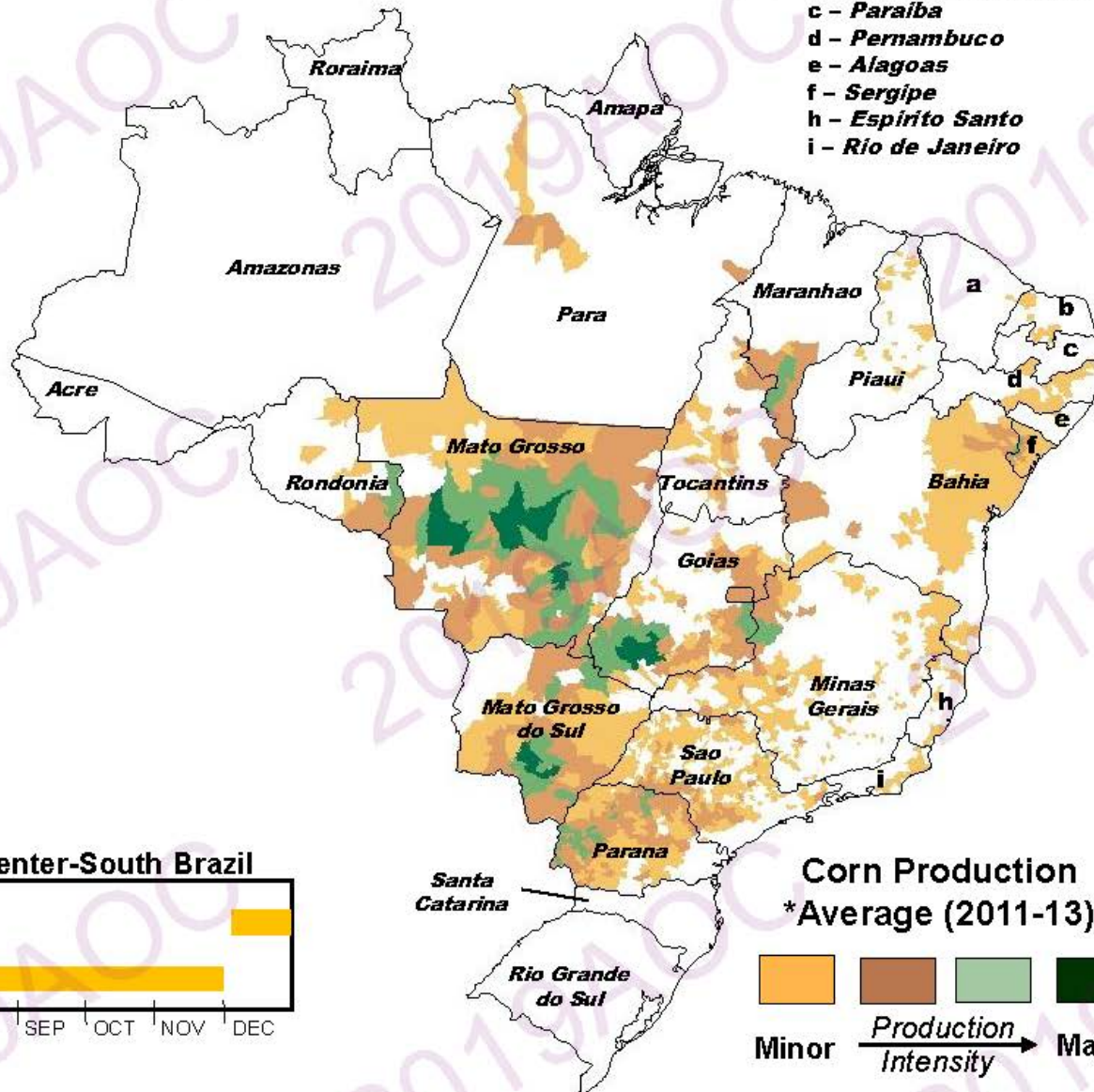
# Brazil Corn (Second Crop)

- a - Ceara
- b - Rio Grande do Norte
- c - Paraiba
- d - Pernambuco
- e - Alagoas
- f - Sergipe
- h - Espirito Santo
- i - Rio de Janeiro

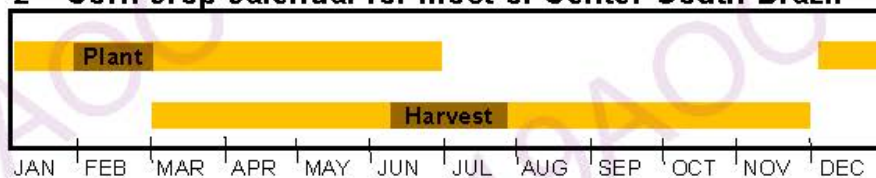
## \* State-Level Production (as % of total)

Mato Grosso	39
Parana	25
Mato Grosso do Sul	15
Goias	12
Sao Paulo	3
Minas Gerais	1
Sergipe	1
Bahia	1
Maranhao	1
Rondonia	1
Other States	~1

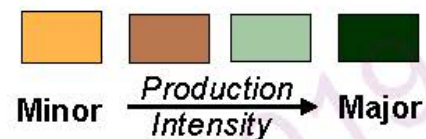
\* 2011 to 2013 Average  
Source: IBGE Brazil



## 2nd Corn crop calendar for most of Center-South Brazil

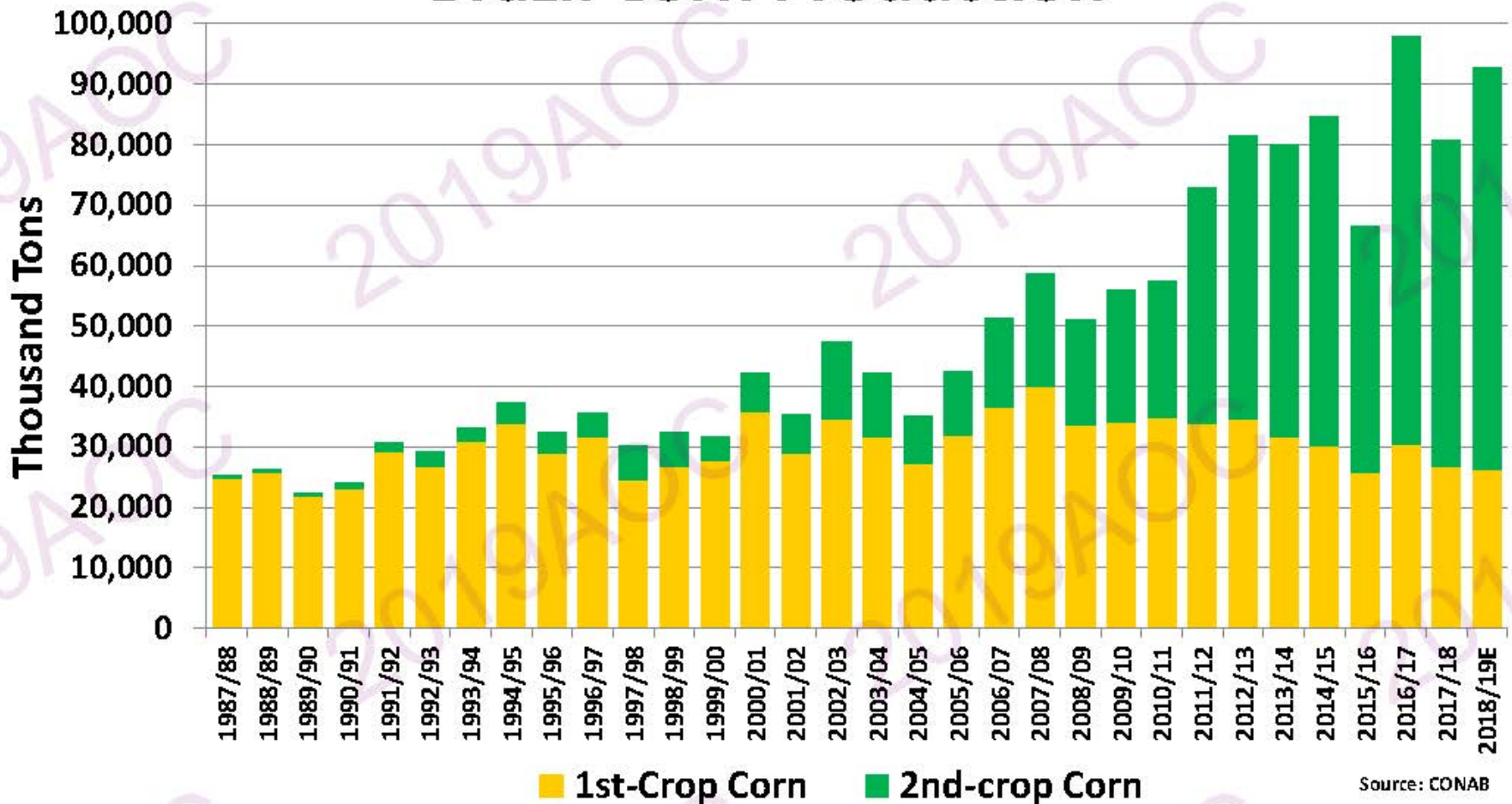


## Corn Production \*Average (2011-13)



\*Source: IBGE

# Brazil Corn Production



**First-crop Corn (28 percent of corn production):** Production is estimated 2 percent lower than last year due to lower area (-1%) and yield (-1%).

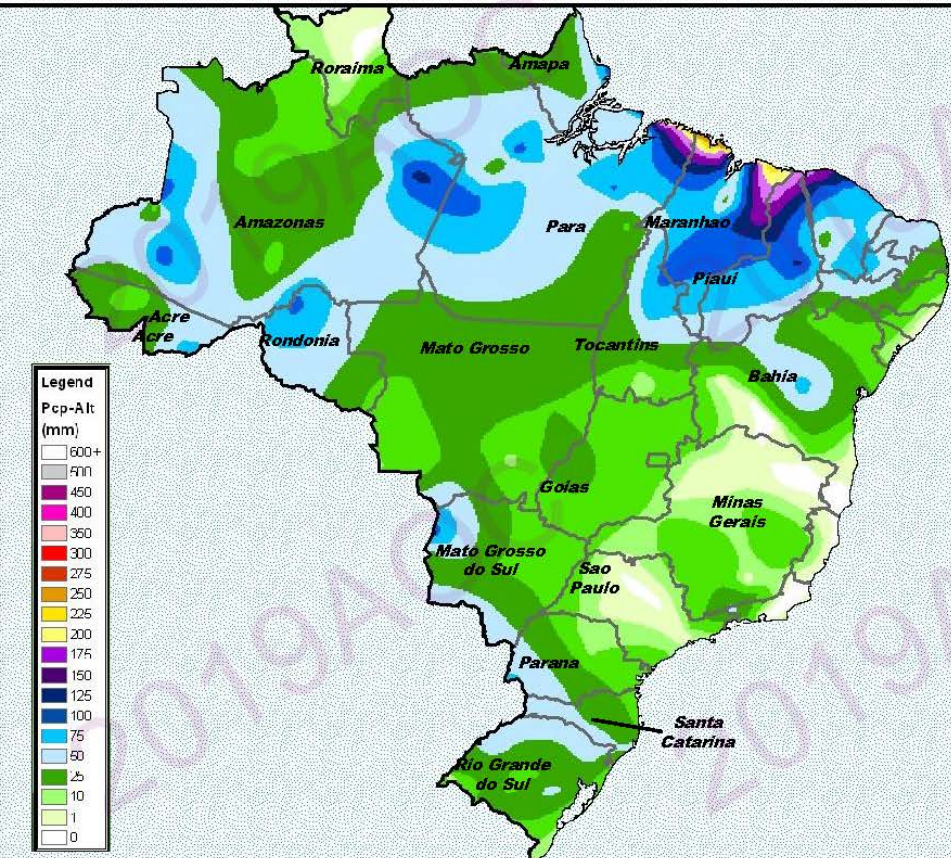
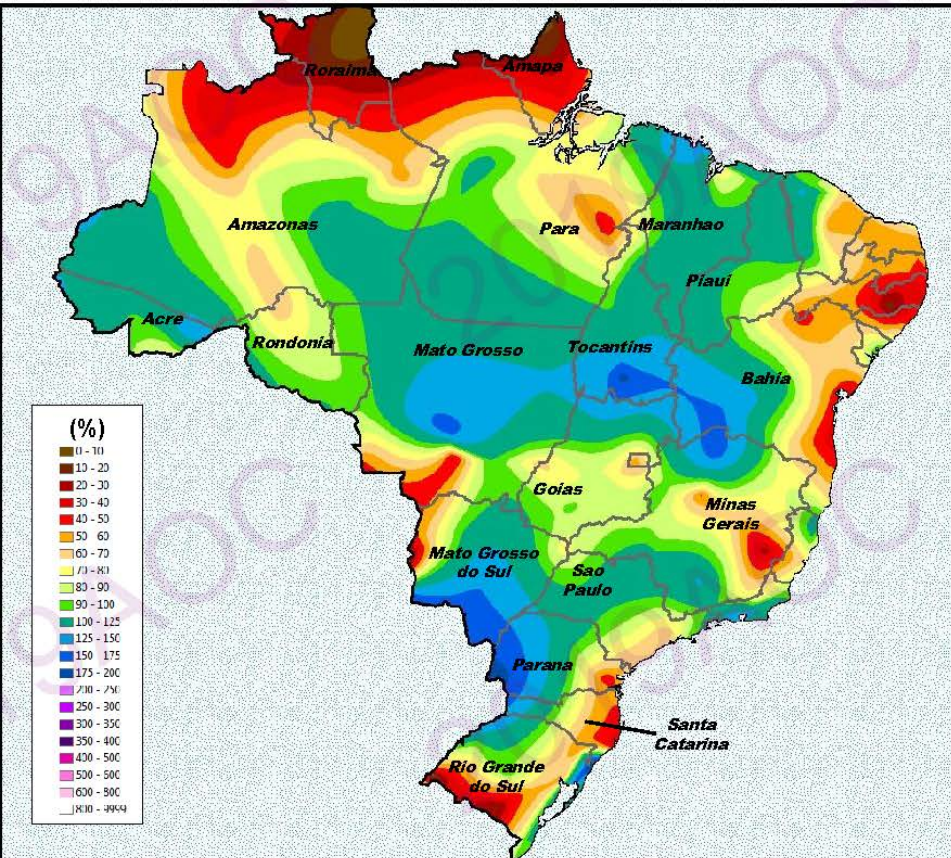
**Second-crop Corn (72% percent):** Production is estimated up from last year's drought-affected crop.

Area is estimated up about 5 percent. Planting finished in March in the main second-crop corn region.

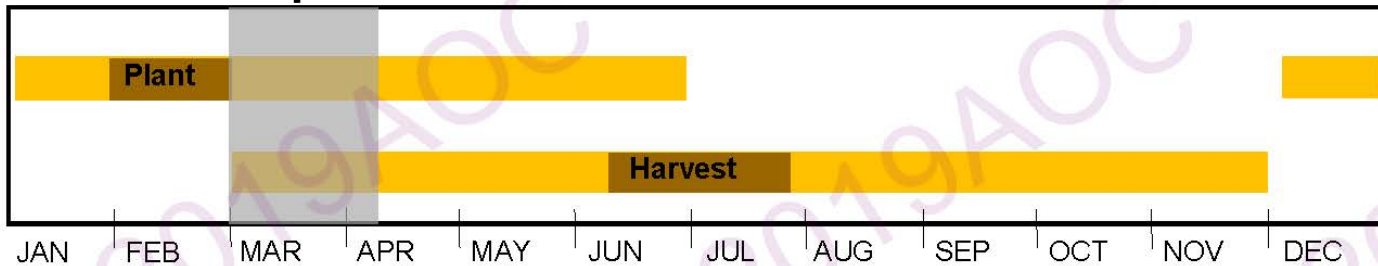


Percent of Normal Rainfall (%)  
March 2019

Precipitation (mm)  
April 1-7 2019



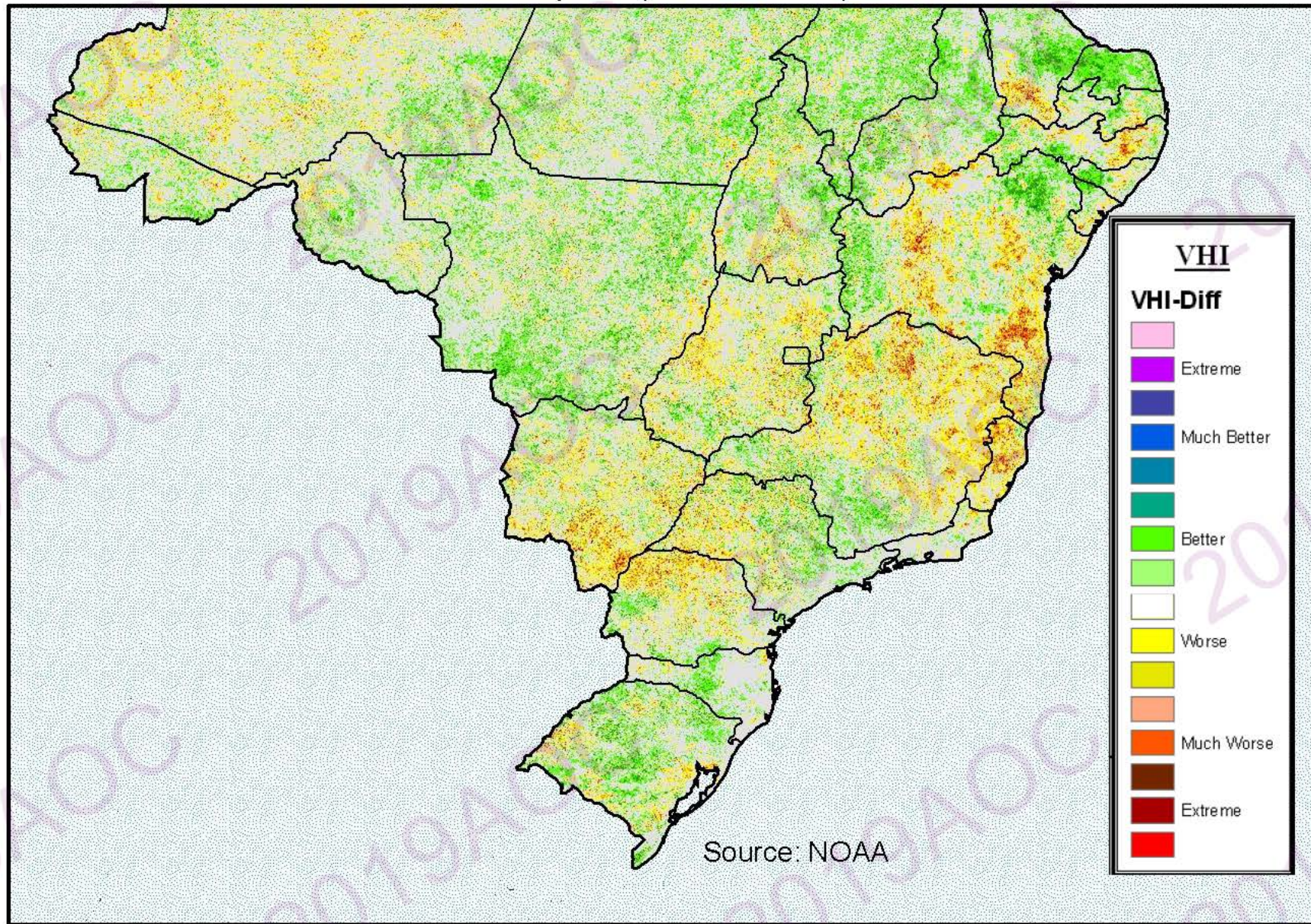
## 2<sup>nd</sup> Corn crop calendar for most of Center-South Brazil





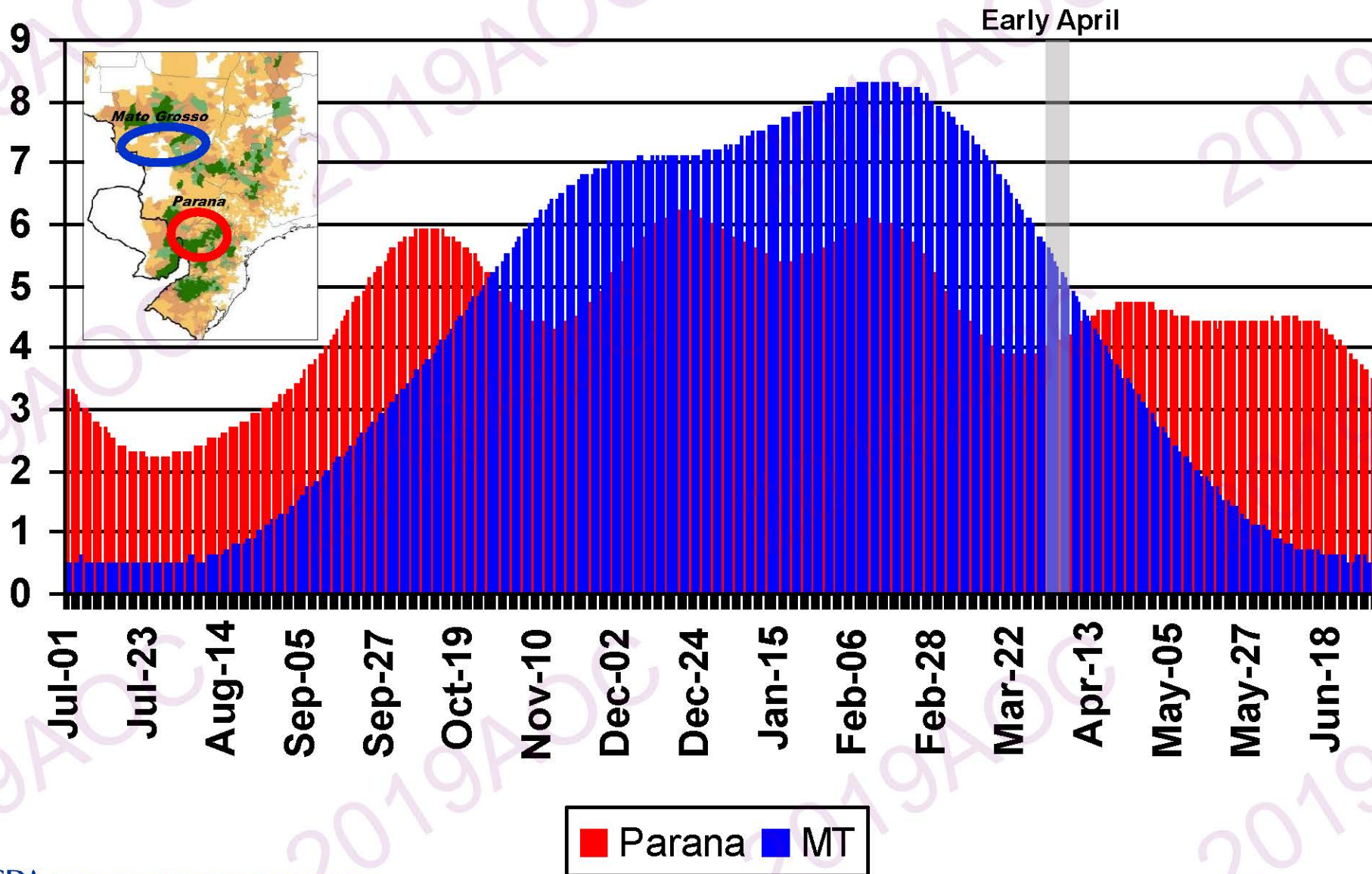
# Vegetative Health Index: Year-to-Year Difference

April 1 (2019 vs 2018)

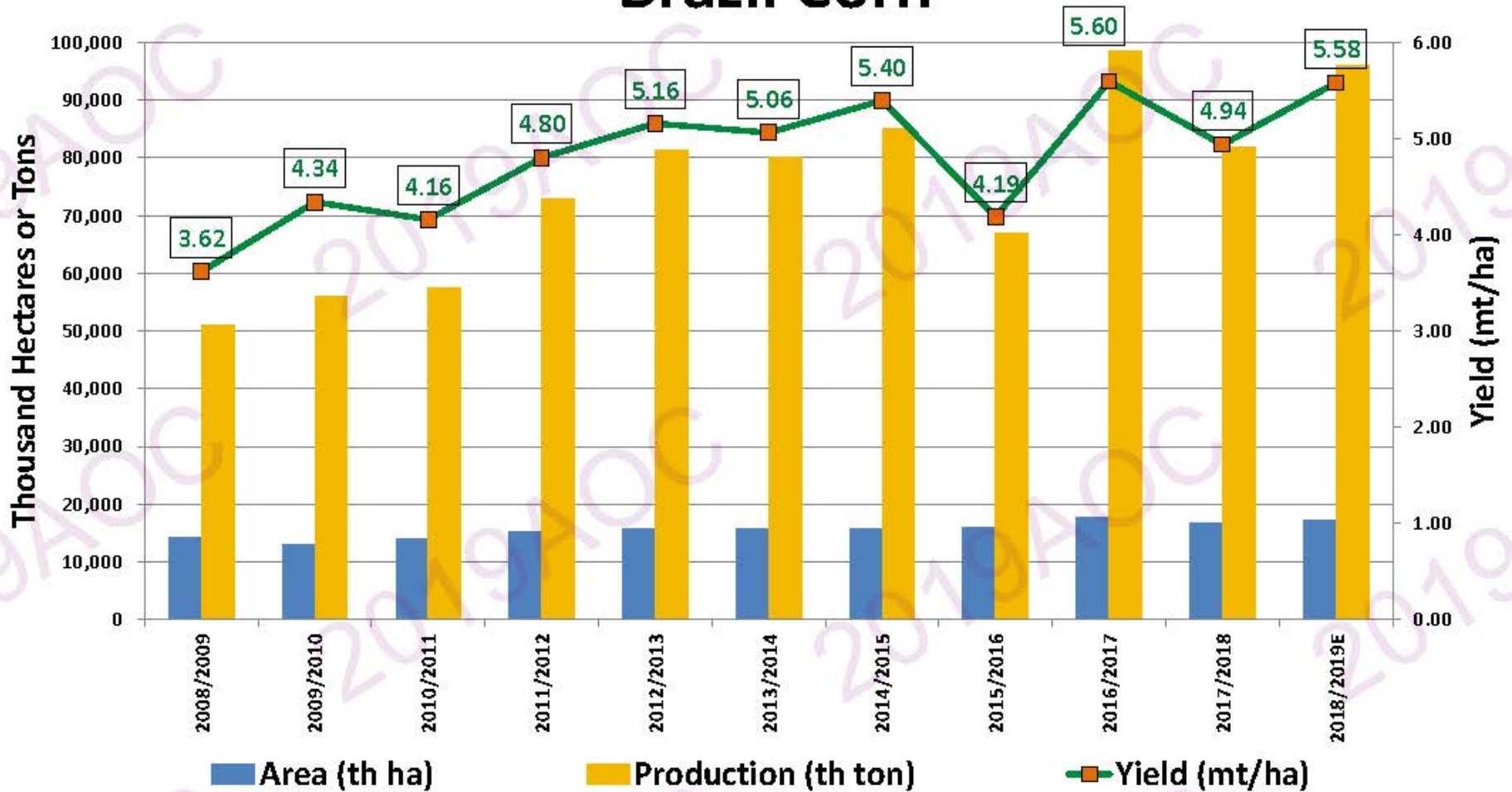




# Brazil: Normal Daily Rainfall (mm)



# Brazil Corn



**2018/19 PRODUCTION 96 mmt, up 1.5 mmt (2%) from last month**  
**AREA 17.2 mha, unchanged**  
**YIELD 5.58 mt/ha, up 2% from last month**

Source: USDA/FAS/PSD

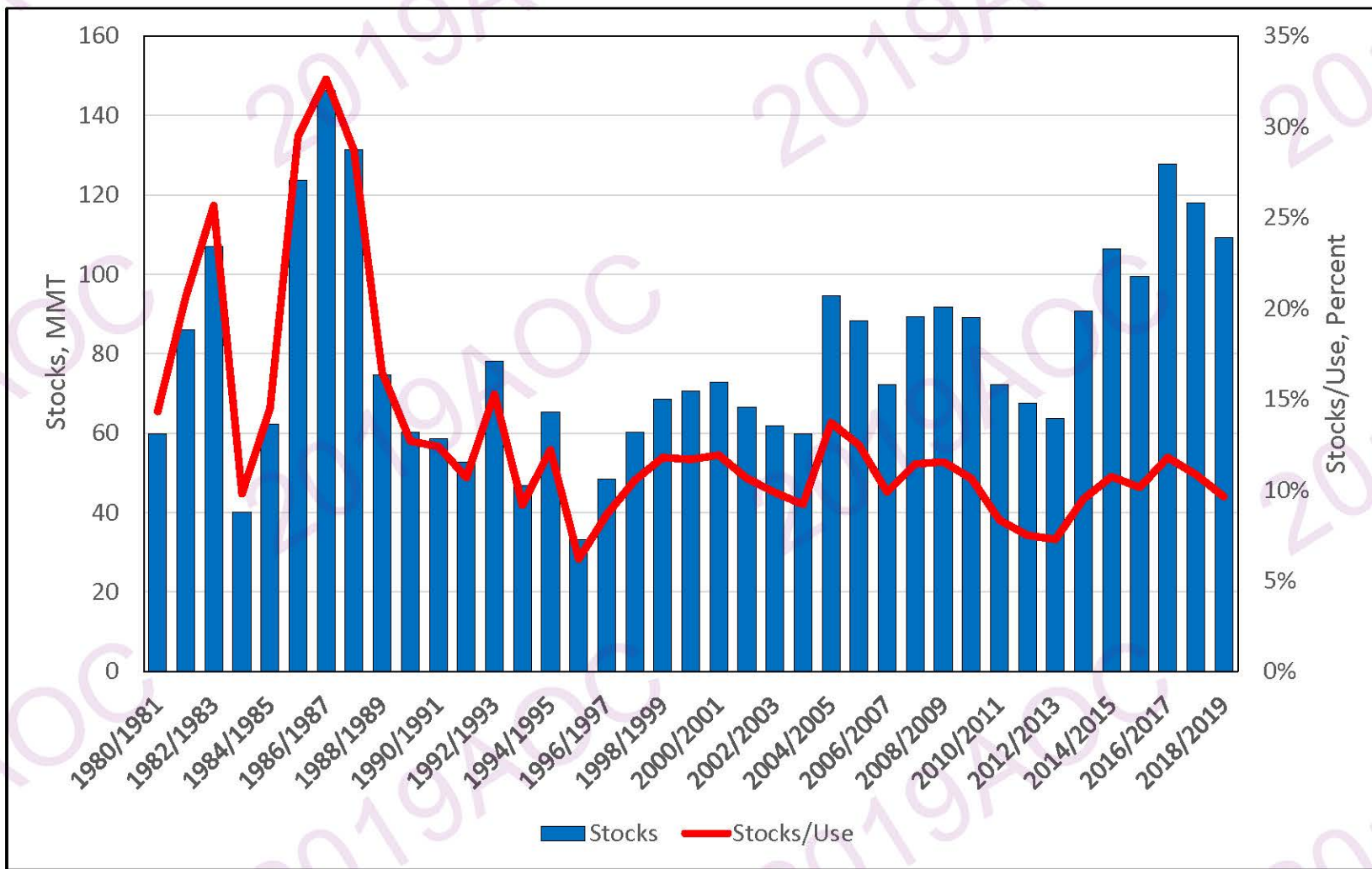


# World Corn Supply and Use

Item	2017/2018 estimate	2018/2019 forecast	Change from March 8	Change from 2017/2018
----- Million Tons -----				
Beginning stocks	350.7	340.4	-0.7	-10.3
Production	1,076.4	1,107.4	6.2	31.0
Total Supply	1,427.1	1,447.8	5.5	20.6
Feed use	671.7	703.5	0.6	31.8
Total use	1,086.7	1,133.8	**	47.0
Trade	147.1	168.1	1.2	21.1
Ending Stocks	340.4	314.0	5.5	-26.4

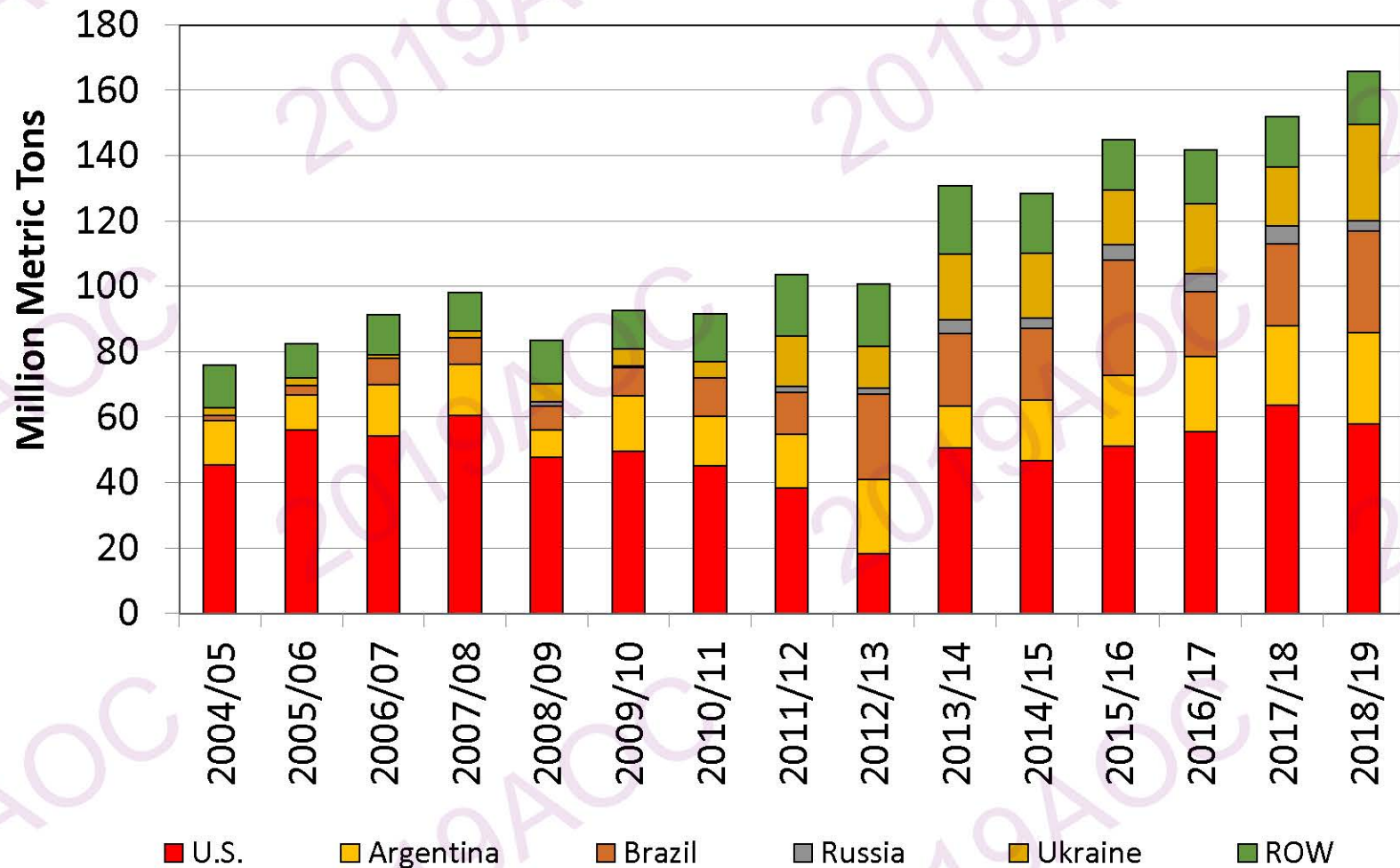
\*\* Rounds to zero.

# Global Corn Stocks Minus China: Expected To Decline for 3<sup>rd</sup> Straight Year; Stocks-to-Use Lowest Since 2013/14 But Still Relatively Ample



Stock and use totals do not include china. Source: USDA.

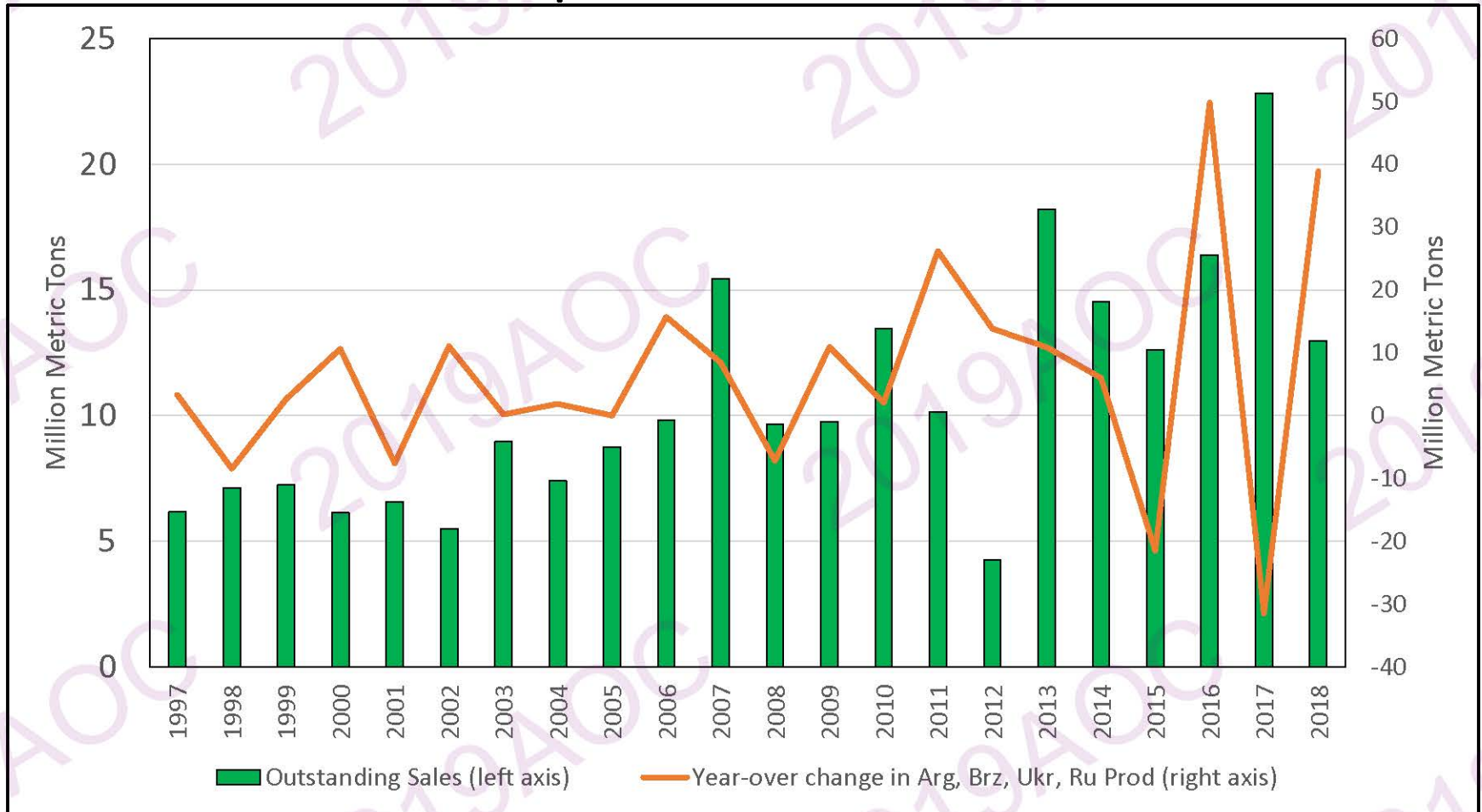
# Decline In U.S. Trade Share Expected On Competition From Other Exporters



Source: PS&D Online. Trade Year Basis.



# U.S. Corn Outstanding Export Sales as of April 1



# U.S. Gasoline Consumption Flat to Declining





## 2019 Corn Outlook

- Farmers report intentions to expand corn area in 2019/20
- South American corn production has bounced back from the prior year and will provide competition in late 2018/19 and early 2019/20 US crops
- Ethanol use flat, driven by small refinery waivers (policy) and gasoline consumption
- WAOB has a increase in Brazil Safrina area
- Weather adjusted trend yield @ 176 for next year.
- Large carry-in for 2019/20
- **Sorghum+Barley+Oats down year over year.**

	2017/18	2018/19	2019/20
	Million Acres		
Area Planted	90.2	89.1	92.0/92.8
Area Harvested	82.7	81.7	84.6
Yield (bu./acre)	176.6	176.4	176.0
	Million Bushels		
Beginning Stocks	2,293	2,140	2,035/1,735
Production	14,609	14,420	14,890
Imports	36	40	40
Total Supply	16,939	16,600	16,665
Feed & Residual	5,304	5,300	5,500
Food, Seed, Indust.	7,056	6,965	7,040
Ethanol	5,605	5,500	5,575
Exports	2,438	2,300	2,475
Total Use	14,799	14,565	15,015
Ending Stocks	2,140	2,035	1,650
Avg. Farm Price \$/bu.	\$3.36	\$3.55	\$3.65

Source: April WASDE

: February Ag Outlook Forum

: March Prospective Plantings

# Key Issues for Global and US grains/corn markets

- Brazil and Argentina production has rebounded and they appear to have good corn crops which will enter the market in July
- Current (2018/19) US corn carryout is above 2 billion bushels
- US producers appear set to shift some acres out of soybeans and into corn given current price ratios, corn planting underway!
- Large US soybean stocks will take time to draw down under current market conditions (tariffs) but are available under a trade deal.
- Chinese corn imports driven by a large price spread but not enough volume traded to impact global