

FarmEcon LLC

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and food systems

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Corn and Soybean Outlook

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NEWS – All 2016-2018 articles in this series are now available at <https://farmecon.com/ntf-newsletter-articles/>

Summary: We are into the critical summer weather period that largely determines corn and soybean yields. Crops were late going in the ground, but have caught up quickly with hot June weather. By June 10 corn emergence was slightly ahead of last year and the 5 year average. Soybean plantings and emergence were well ahead of last year and the 5 year average. Overall crop condition ratings for both crops are currently slightly better than 2017.

Late June rains have erased emerging dry areas in the Corn Belt. However, as is always the case, July weather will be critical to final corn and soybean yields.

Corn: USDA’s current corn and soybean forecasts are based on intended plantings and trend yields. Actual plantings will be released on June 29. Yield surveys will occur in the last half of July, and results are reported in August. The current (as of this writing) USDA assesment of corn production and use is contained in the table below.

USDA Corn Balance Sheet, June, 2018

Item	2016/17	Est.	2018/19 Proj. May	2018/19 Proj. Jun
			<i>Million Acres</i>	
Area Planted	94.0	90.2	88.0 *	88.0 *
Area Harvested	86.7	82.7	80.7 *	80.7 *
			<i>Bushels</i>	
Yield per Harvested Acre	174.6	176.6	174.0 *	174.0 *
			<i>Million Bushels</i>	
Beginning Stocks	1,737	2,293	2,182	2,102
Production	15,148	14,604	14,040	14,040
Imports	57	45	50	50
Supply, Total	16,942	16,942	16,272	16,192
Feed and Residual	5,472	5,500	5,375	5,350
Food, Seed & Industrial	6,883	7,040	7,115	7,165
Ethanol & by-products	5,432	5,575	5,625	5,675
Domestic, Total	12,356	12,540	12,490	12,515
Exports	2,293	2,300	2,100	2,100
Use, Total	14,649	14,840	14,590	14,615
Ending Stocks	2,293	2,102	1,682	1,577
Avg. Farm Price (\$/bu) 4/	\$3.36	\$3.25 - 3.55	\$3.30 - 4.30	\$3.40 - 4.40

* Intended plantings and trend yield projection

With intended plantings and projected yields both lower than 2017, USDA is forecasting a significant reduction in corn stocks accompanied by higher prices. Note than ethanol use is forecast to increase while feed and exports both decline. Substantial uncertainties surround both the ethanol and export estimates. It is difficult to see how feed use can decline in the face of a June USDA forecast of a 3% increase in total meat and poultry production contained in the same report as the table above!

Soybeans: USDA 2018-2019 soybean projections are similar to corn. Intended plantings and projected yields are both lower than 2017. Ending stocks next year fall as a result. The midpoint of the 2018-2019 price range is \$10.00 per bushel, \$0.60 higher than 2017-2018. Their \$330-370 soybean meal price projection is little changed from the 2017-2018 current year \$360 average.

USDA Soybean Balance Sheet, June, 2018

Item	2016/17	2017/18 Est.	2018/19 Proj. May	2018/19 Proj. Jun
			<i>Million Acres</i>	
Area Planted	83.4	90.1	89.0 *	89.0 *
Area Harvested	82.7	89.5	88.2 *	88.2 *
			<i>Bushels</i>	
Yield per Harvested Acre	52	49.1	48.5 *	48.5 *
			<i>Million Bushels</i>	
Beginning Stocks	197	302	530	505
Production	4,296	4,392	4,280	4,280
Imports	22	25	25	25
Supply, Total	4,515	4,718	4,835	4,810
Crushings	1,901	2,015	1,995	2,000
Exports	2,174	2,065	2,290	2,290
Seed	105	103	103	103
Residual	34	30	32	32
Use, Total	4,213	4,213	4,420	4,425
Ending Stocks	302	505	415	385
Avg. Farm Price (\$/bu)	\$9.47	\$9.40	\$8.75 - 11.25	\$8.75 - 11.25

* Intended plantings and trend yield projection

Like corn, July weather is going to be critical. Even more so than corn, soybean and soybean meal export forecasts are very uncertain. A major customer is China, and the ongoing trade actions of both countries could heavily impact our soybean and meal export numbers.

Summary: We enter the critical July weather period with both corn and soybean balance sheets showing tightening and lower 2019 ending stocks. Two critical items are July weather and exports. If stocks decline in line with the June USDA projections we should expect to see higher and more volatile prices for both corn and soybean meal.

Notice: Key monthly turkey production, trade, use and stocks data and analysis are now on a dedicated page of the FarmEcon LLC website. These data are updated monthly on or about the the date that monthly USDA exports and imports are released. That is generally late in the first week of the month. Data are currently up-to-date through April, 2018. The May data update will be on about July 6.

This FarmEcon website feature is <http://www.farmecon.com/Pages/TurkeySupplyUseTracker.aspx>.

The site feature is being provided by FarmEcon LLC as a service to the turkey industry.