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and food systems

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USDA Report Confirms Plentiful Feed Crops



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

Summary: The August USDA Crop Production Report is always the first to contain actual field survey data on corn and soybean yields. Released on August 10, the 2018 report confirmed weekly crop conditions reports showing high percentages of corn and soybeans in good and excellent condition. Corn yield is projected to be a new record high, and soybeans almost so. Despite lower acreage, corn production is estimated to be close to 2017. Soybean production is forecast to set a new record.

As a result of this report and other factors, USDA lowered its price forecasts for corn, soybeans and soybean meal.

Corn: A record yield of 178.4 results in a crop close to last year despite lower acreage.

USDA Corn Balance Sheet, August, 2018

	2016/17	2017/18 Est.	2018/19 Proj. July	2018/19 Proj. August
	<i>Million Acres</i>			
Area Planted	94.0	90.2	89.1	89.1
Area Harvested	86.7	82.7	81.8	81.8
	<i>Bushels</i>			
Yield per Harvested Acre	174.6	176.6	174	178.4
	<i>Million Bushels</i>			
Beginning Stocks	1,737	2,293	2,027	2,027
Production	15,148	14,604	14,230	14,586
Imports	57	40	50	50
Supply, Total	16,942	16,937	16,307	16,664
Feed and Residual	5,470	5,450	5,425	5,525
Food, Seed & Industrial	6,885	7,060	7,105	7,105
Ethanol & by-products	5,432	5,600	5,625	5,625
Domestic, Total	12,355	12,510	12,530	12,630
Exports	2,294	2,400	2,225	2,350
Use, Total	14,649	14,910	14,755	14,980
Ending Stocks	2,293	2,027	1,552	1,684
Avg. Farm Price (\$/bu)	3.36	3.35 - 3.45	3.30 - 4.30	3.10 - 4.10

While the price forecast range was lowered \$0.20, the August 2018/19 midpoint is still \$3.60, \$0.20 higher than the 2017/18 midpoint of \$3.40 per bushel. The ending stocks, feed use and exports estimates were raised slightly. Ending stocks are forecast to decline for the second year in a row.

Ethanol mandates that are not corn production or price responsive continue to underpin corn demand. Six bumper corn crops since 2012 have masked their price effects, but they are still there.

Soybeans: Due to near-record yield and acreage, production is estimated at a record 4.586 billion bushels. With exports forecast to drop, ending stocks are projected at a record 785 million bushels.

USDA Soybean Balance Sheet, August, 2018

	2016/17	2017/18 Est.	2018/19 Proj.	2018/19 Proj.
			July	August
	<i>Million Acres</i>			
Area Planted	83.4	90.1	89.6	89.6
Area Harvested	82.7	89.5	88.9	88.9
	<i>Bushels</i>			
Yield per Harvested Acre	52.0	49.1	48.5	51.6
	<i>Million Bushels</i>			
Beginning Stocks	197	302	465	430
Production	4,296	4,392	4,310	4,586
Imports	22	22	25	25
Supply, Total	4,515	4,715	4,800	5,040
Crushings	1,901	2,040	2,045	2,060
Exports	2,166	2,110	2,040	2,060
Seed	105	104	103	103
Residual	41	32	32	33
Use, Total	4,214	4,286	4,220	4,256
Ending Stocks	302	430	580	785
Soybeans Avg. Farm Price (\$/bu)	9.47	9.35	8.00 - 10.50	7.65 - 10.15
Soybean Meal Avg. Price (\$/s.t.)	316.88	350.00	315.00 - 355.00	295.00 - 335.00

The 2018/19 soybean meal price forecast range midpoint is \$315, well below 2017/18, and in line with 2016/20. Lower meal prices would offset higher corn, leaving next year's turkey ration costs little changed from current levels.

Summary: There remains some production uncertainty, but weather has remained excellent across most of the major corn and soybean regions. The key issue for soybeans and meal price is trade. The forecast exports are largely based on reductions to China. If trade tensions are reduced exports should increase, resulting in lower stocks and somewhat higher prices.

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 June, 2018. The July data update will be on about September 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.