

FarmEcon LLC

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and food systems

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Feed Cost Prospects Little- Affected by Late Plantings



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2016-2019 articles in this series are available at <https://farmecon.com/ntf-newsletter-articles/>

Corn Supply and Price Outlook: Back during May’s unrelenting rains it appeared for a while that we were headed for a disastrous 2019 corn crop. In the end farmers kept planting corn into June and sacrificed soybean acres. The result of little change in corn acres, ethanol use and exports has been a remarkably stable 2018/2019 corn price outlook compared to 2018/2019.

The latest USDA corn supply/demand/price table issued on September 12 is reproduced below:

CORN	2017/18	Est. 2018/19	2019/20 Proj. Aug	2019/20 Proj. Sep
			<i>Million Acres</i>	
Area Planted	90.2	89.1	90.0	90.0
Area Harvested	82.7	81.7	82.0	82.0
			<i>Bushels</i>	
Yield per Harvested Acre	176.6	176.4	169.5	168.2
			<i>Million Bushels</i>	
Beginning Stocks	2,293	2,140	2,360	2,445
Production	14,609	14,420	13,901	13,799
Imports	36	25	50	50
Supply, Total	16,939	16,585	16,311	16,295
Feed and Residual	5,304	5,275	5,175	5,175
Food, Seed & Industrial 2/ Ethanol & by-products 3/	7,057	6,805	6,905	6,880
Domestic, Total	12,361	12,080	12,080	12,055
Exports	2,438	2,060	2,050	2,050
Use, Total	14,798	14,140	14,130	14,105
Ending Stocks	2,140	2,445	2,181	2,190
Avg. Farm Price (\$/bu) 4/	\$3.36	\$3.60	\$3.60	\$3.60

With over 2 billion bushels remaining in the 2019/2020 carryover forecast there remains room for somewhat lower corn production without causing major corn price increases.

Soybeans and Soybean Meal Price Outlook: On the soybean meal side of the major feed ingredient market the outlook is about the same as corn, but with more upside price risk from political developments.

The weather-related drop in soybean acres along with lower yields from late plantings has cut forecast 2019 production by 20% from 2018. Under normal historical circumstances soybean and meal prices would have been very reactive to this large production loss. This is not a normal year.

Chinese soybean imports from the U.S. have been disrupted by a combination of the ongoing tariff war with China and severe losses of Chinese pigs to African Swine Fever. The risk is that the trade war cools off, China starts buying our soybeans again, and prices respond. The pig losses will not be made up

over the next year, in fact may get much worse, but China still needs to import soy protein to produce poultry and aquaculture feeds.

The latest USDA soybean and meal supply/demand/price tables issued on September 12 are reproduced below:

SOYBEANS	2017/18	Est 2018/19	2019/20 Proj. Aug	2019/20 Proj. Sep
			<i>Million Acres</i>	
Area Planted	90.2	89.2	76.7	76.7
Area Harvested	89.5	88.1	75.9	75.9
			<i>Bushels</i>	
Yield per Harvested Acre	49.3	51.6	48.5	47.9
			<i>Million Bushels</i>	
Beginning Stocks	302	438	1,070	1,005
Production	4,412	4,544	3,680	3,633
Imports	22	17	20	20
Supply, Total	4,735	4,999	4,771	4,658
Crushings	2,055	2,085	2,115	2,115
Exports	2,134	1,745	1,775	1,775
Seed	104	89	96	96
Residual	5	75	30	32
Use, Total	4,297	3,994	4,016	4,018
Ending Stocks	438	1,005	755	640
Avg. Farm Price (\$/bu) 2/	\$9.33	\$8.50	\$8.40	\$8.50
SOYBEAN MEAL				
			<i>Thousand Short Tons</i>	
Beginning Stocks	401	555	450	450
Production 4/	49,226	48,845	49,650	49,650
Imports	483	700	500	500
Supply, Total	50,109	50,100	50,600	50,600
Domestic Disappearance	35,537	35,900	36,500	36,500
Exports	14,016	13,750	13,700	13,700
Use, Total	49,554	49,650	50,200	50,200
Ending Stocks	555	450	400	400
Avg. Price (\$/s.t.) 2/	\$345.02	\$310.00	\$300.00	\$305.00

As a result of lower exports, ending soybean stocks ballooned to record levels as of September 1, 2019. Those record stocks are well-over what was needed to fully buffer the price effects of a small 2019 soybean crop.

However, if China resumes buying our soybeans in the near future there is potential for soybean meal price reaction. For now though it appears that 2019-2020 meal prices will be little-changed. It is difficult to see significant downsides from here, price upside developments are more likely.

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.