USDA 2019/20
U.S. Grains and Oilseed Outlook
February 22, 2019

Presented on behalf of the Grains and Oilseeds Interagency Committees by Jennifer Bond
Presentation Overview

• Macro Factors Shaping Outlook
• 3-Crop Total Area Planted
• Highlights of 2019/20 Forecasts, by Crop
  – Soybeans; Corn; Wheat
• Closing Notes

Photo: Milling and Baking News
Global Economic Growth Forecast to Slow

Average GDP Growth Rate

<table>
<thead>
<tr>
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<th>Near Term (2018-2020)</th>
<th>Long Run Trend (2021-2029)</th>
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<tbody>
<tr>
<td>World</td>
<td>3.0</td>
<td>2.8</td>
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<tr>
<td>Developed</td>
<td>2.1</td>
<td>1.5</td>
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<tr>
<td>Developing</td>
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<td>4.4</td>
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<tr>
<td>United States</td>
<td>3.5</td>
<td>2.0</td>
</tr>
</tbody>
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Source: USDA, Economic Research Service, International Macroeconomic Data Set
Export Taxes, Tariffs Impact Forecasts

• China tariffs contributed to declines in U.S. agricultural exports, especially for soybeans
  – In July 2018, U.S. soybean prices fell to lowest since March 2009, cash prices fell below $8/bushel

• Current Chinese import tariff on U.S. soybeans, corn, sorghum, wheat and other ag goods: 28%
  – 2019/20 and beyond forecasts reflect the continuation of these tariffs
Brazil Soybean Exports Surged While U.S. Exports Lagged

U.S. Soybean Prices Converging Again with Brazil, Argentina

Source: International Grains Council
2019/20 Planted Area Projections

Photos: Kansas State University and HutchNews
2019 Winter Wheat Sowings Lowest Since 1909

2019 Winter Wheat Planted Area
(000) Acres and Change From Previous Year

Source: USDA, NASS
Corn Area Expansion Supported by Ratio of Soy(Nov)/Corn(Dec) Futures Contract Prices

Sources: CME Group and USDA, World Agricultural Outlook Board calculations
Total 3-Crop Planted Area Projected Lower

Note: 2019/20 3-crop prevented planting area is 5-year average.
Sources: USDA, NASS and USDA, WOAB calculations.
Highlights of 2019/20 Forecasts by Commodity
U.S. Soybean 2019/20 Highlights

• Soybean **production** for 2019/20 forecast at 4.2 billion bushels, 8% below ’18/19
• U.S. **supplies** in outyear projected **record-high** on higher carryin, despite reduced production
• **Crush** is forecast at 2.1 billion bushels on strong margins
• **Exports** are projected to rise 150 million bushels from ’18/19, on rising global demand
Higher Soybean Carryin\nOffsets Lower Production

Note: Marketing year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f).
Source: USDA, World Agricultural Outlook Board, WASDE.
Soybean Crush, Exports to Advance; Stocks Remain Large

Note: Marketing Year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f).
Source: USDA, World Agricultural Outlook Board, WASDE.
U.S Corn 2019/20 Highlights

• **Production:** On expanded area, U.S. ’19/20 corn crop is projected at 14.9 billion bushels, up 3 % from ’18/19

• **Corn ethanol use** is flat based on slightly reduced domestic demand offset by expanded exports

• **Feed and residual** use is up 125 million bushels to 5.5 billion on growth in Grain Consuming Animal Units

• **Exports** up 25 million bushels, modest decline in U.S. share

• **Ending stocks** at 1.65 billion, down ~5% from ’18/19
Global Corn Trade Forecast Record High in 2018/19, Growth Expected in 2019/20

Source: USDA, FAS Global Agricultural Trade System.
Note: Trade year (Oct-Sep) basis.
Exported U.S. Ethanol Production Represents Increasing Share of Use

Sources: USDA, World Agricultural Outlook Board and Energy Information Association (EIA)
Global Corn Stocks (Minus China) and Stocks/Use Trending Down from Recent High

Note: Stock and use totals do not include China.
Sources: USDA, Production Supply and Distribution Database and USDA, WAOB calculations
U.S. Wheat 2019/20 Highlights

• **Production** is up 1% on anticipated expansion of other spring wheat sowings, despite lower-than-expected winter wheat plantings

• Expanded corn supplies inhibit much growth in **Feed and Residual**, up just 10 million from ’18/19

• **Exports** down 25 million yty on rebounding exportable supplies from EU and Australia

• **Carryout** remains large, limits **price** advancement
Wheat Planted Area Down 2% in ’19/20

Million Acres

Million Bushels


Notes: Other spring and durum reported for 2019/20 only. Marketing year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f).

Source: USDA National Agricultural Statistics Service data and USDA.
U.S. Wheat Use Dips Slightly in ’19/20

Million bushels

Note: Marketing year (MY) 2018/19 is projected and MY 2019/20 is forecast (f).
Source: USDA, World Agricultural Outlook Board, WASDE.
Russia’s Share of Global Exports Trending Higher

Note: 2018/19 is projected (p) Sources: USDA Foreign Agricultural Service, Production, Supply, and Distribution database and ERS Calculations based of USDA National Agricultural Statistics Service data.
Wheat Stocks Forecast Lower, Still Dampen Price Prospects

Notes: 2018/19 is projected (p) and 2019/20 is forecast (f)
Source: USDA National Agricultural Statistics Service data and USDA, World Agricultural Outlook Board..
Looking Ahead

• Critical issues to keep an eye on
  – U.S. Spring weather, trade relations, ethanol demand and production, international weather

• The May WASDE Update to 2019/20 Will Reflect:
  – *Prospective Plantings* (March 29)
  – Survey-based forecasts for winter wheat production
  – Updated international, country-by-country supply and demand projections
Thank you
Brazil Oct. 1 Soybean Stocks Down

United States Department of Agriculture

Million Metric Tons

Notes: October 1 stocks are projected (p) while 19/20 stocks are forecast (f)
Sources: USDA, Production, Supply, and Distribution database and USDA forecasts.
U.S. Corn Supply Up Slightly in ’19/20

Note: Marketing year (MY) 2018/19 is projected and MY 2019/20 is forecast (f).
Source: USDA, World Agricultural Outlook Board, WASDE.
And Americans Are Not Driving as Much on Per Capita Basis…

Note: Population is civilian, non-institutional population 16 and older.
Sources: U.S. Department of Transportation, Energy Information Association and U.S. Census Bureau.