

USDA 2023/24

U.S. Grains and Oilseed Outlook

February 24, 2023

Presented on behalf of the Grains and Oilseeds
Interagency Committees by Andrew Sowell, USDA
Economic Service

Data approved by the World Agricultural Outlook Board. Estimates and forecasts are from the February 2023 WASDE. The findings and conclusions in this presentation are those of the author and should not be construed to represent any official USDA or U.S. Government determination or policy.

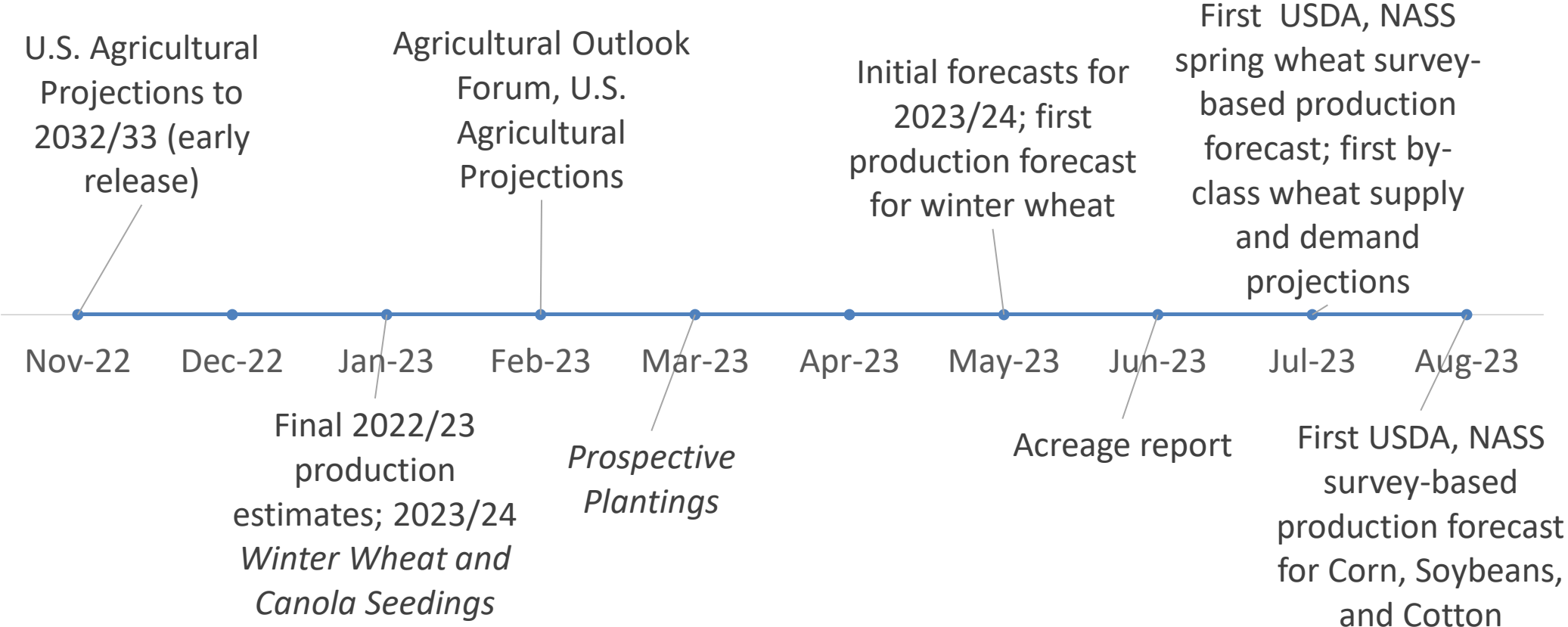


Overview

- Timeline for forecasts
- Factors affecting 2023/24 outlook for U.S. grains and oilseeds markets
- Acreage outlook for 2023/24
- Commodity balances for 2023/24



Timeline for 2023/24 forecasts

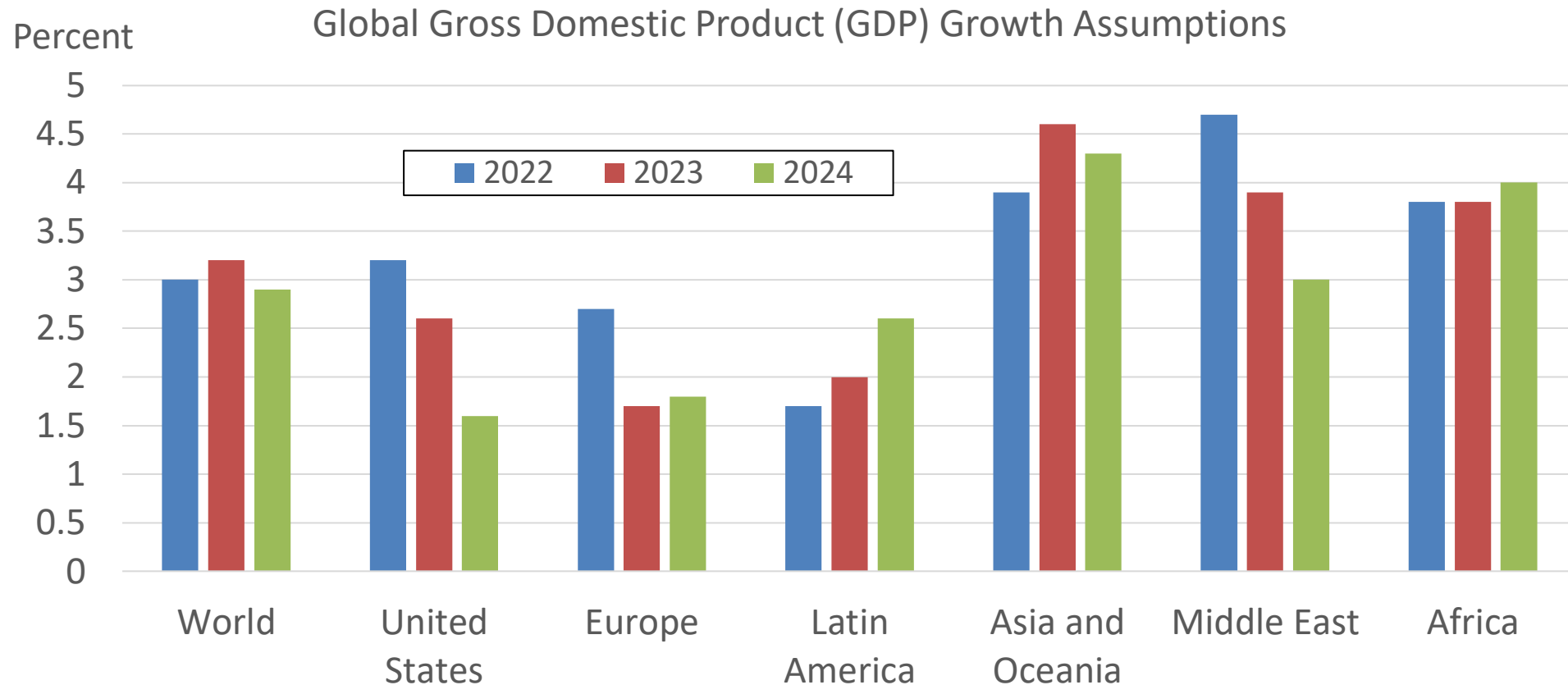


Factors Affecting 2023/24 Outlook

- High interest rates and strong inflation
- Tight supplies and elevated prices for several commodities
- Continued elevated input costs
- Strong U.S. Dollar
- Russia-Ukraine War
- Weather



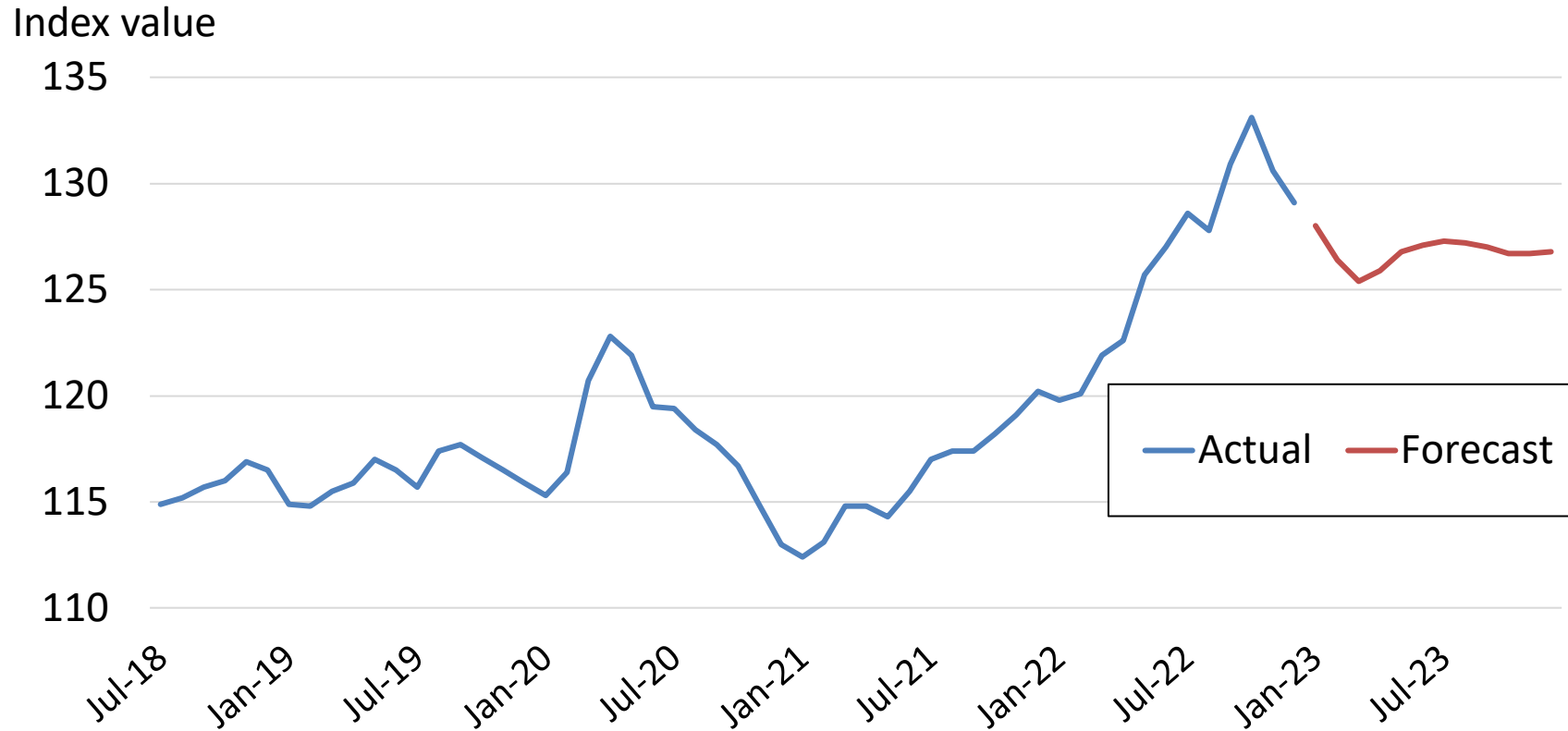
U.S. Growth Projected Slower; Mixed Across Other Regions



Source: USDA, Economic Research Service, International Macroeconomic Data Set.



Strong U.S. Dollar Expected to Continue

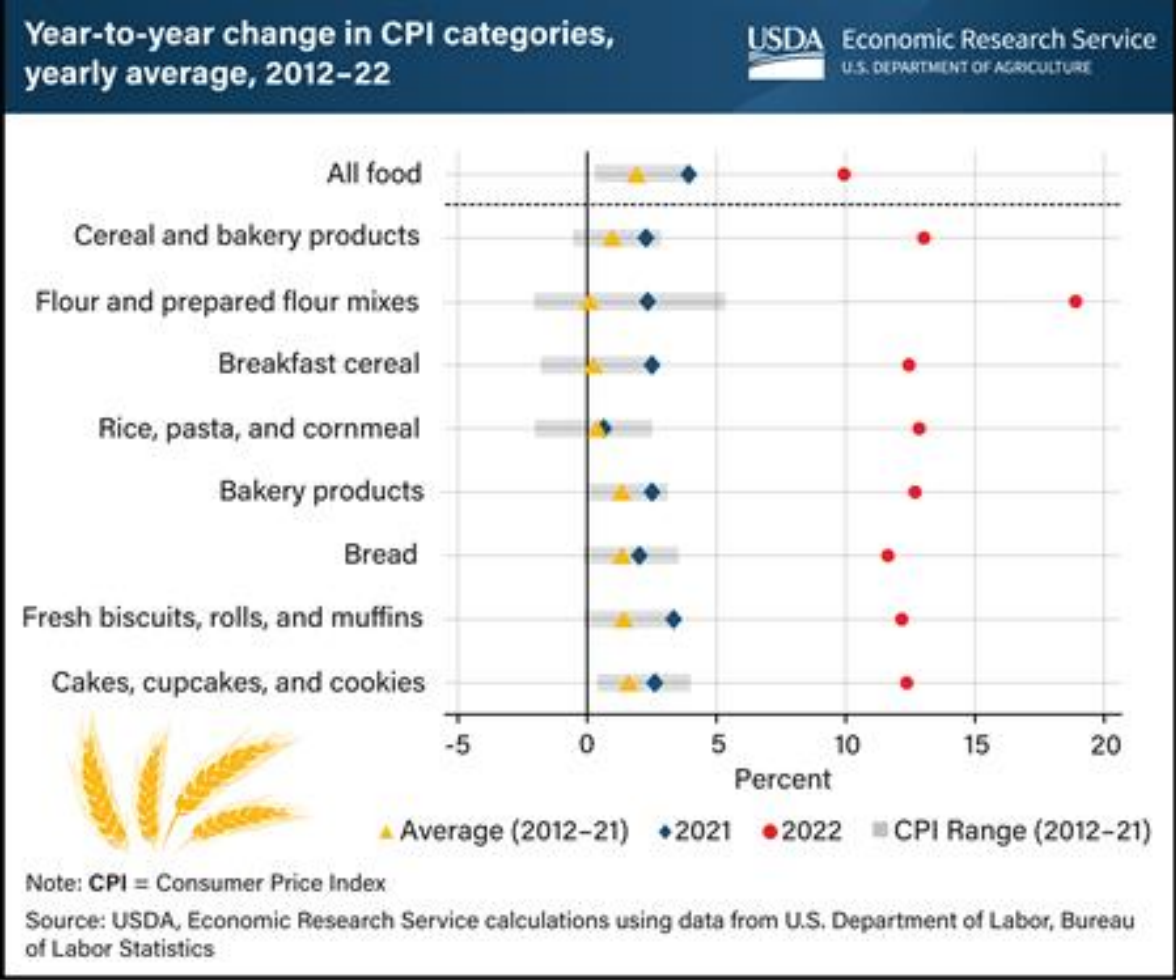


Note: Series used is “U.S. agricultural exports to the world” index.

Source: USDA, Economic Research Service, Agricultural Exchange Rate Data Set.



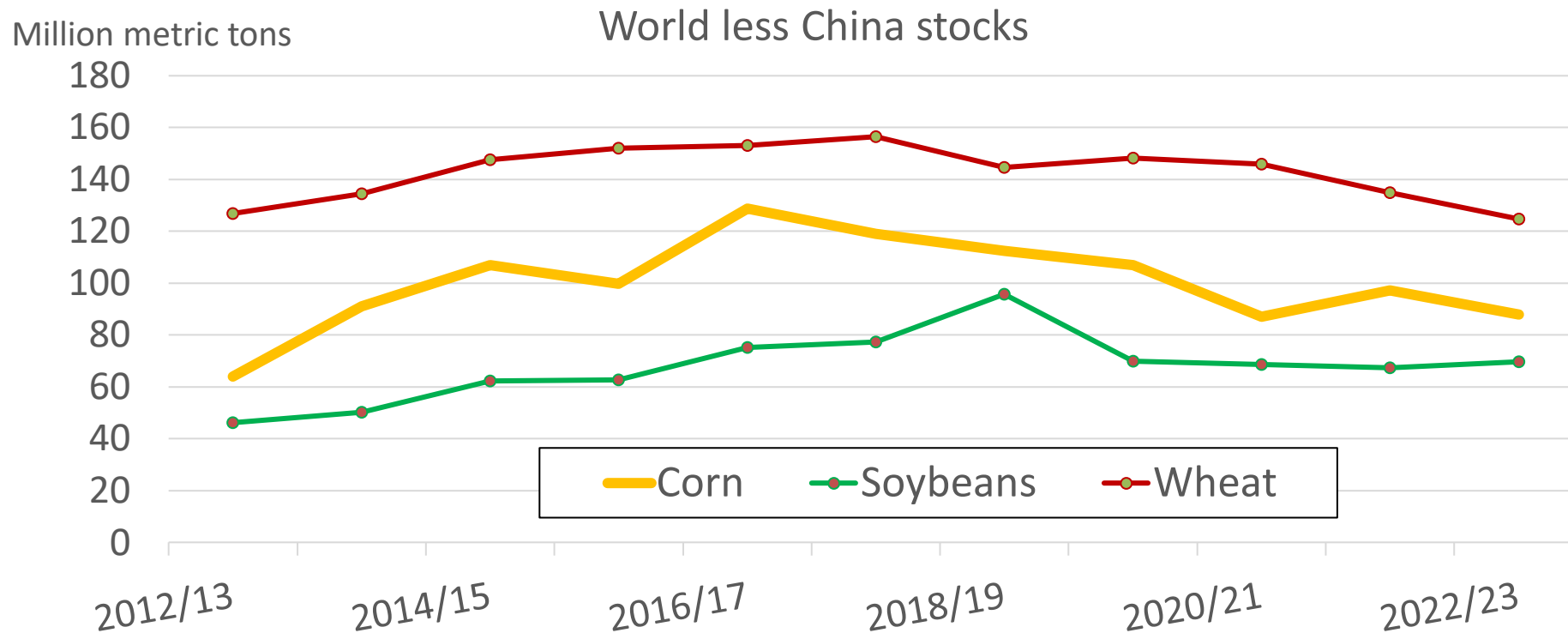
Inflation Impacting Cereal Products



Source: USDA, Economic Research Service, Chart of Note. February 15, 2023.



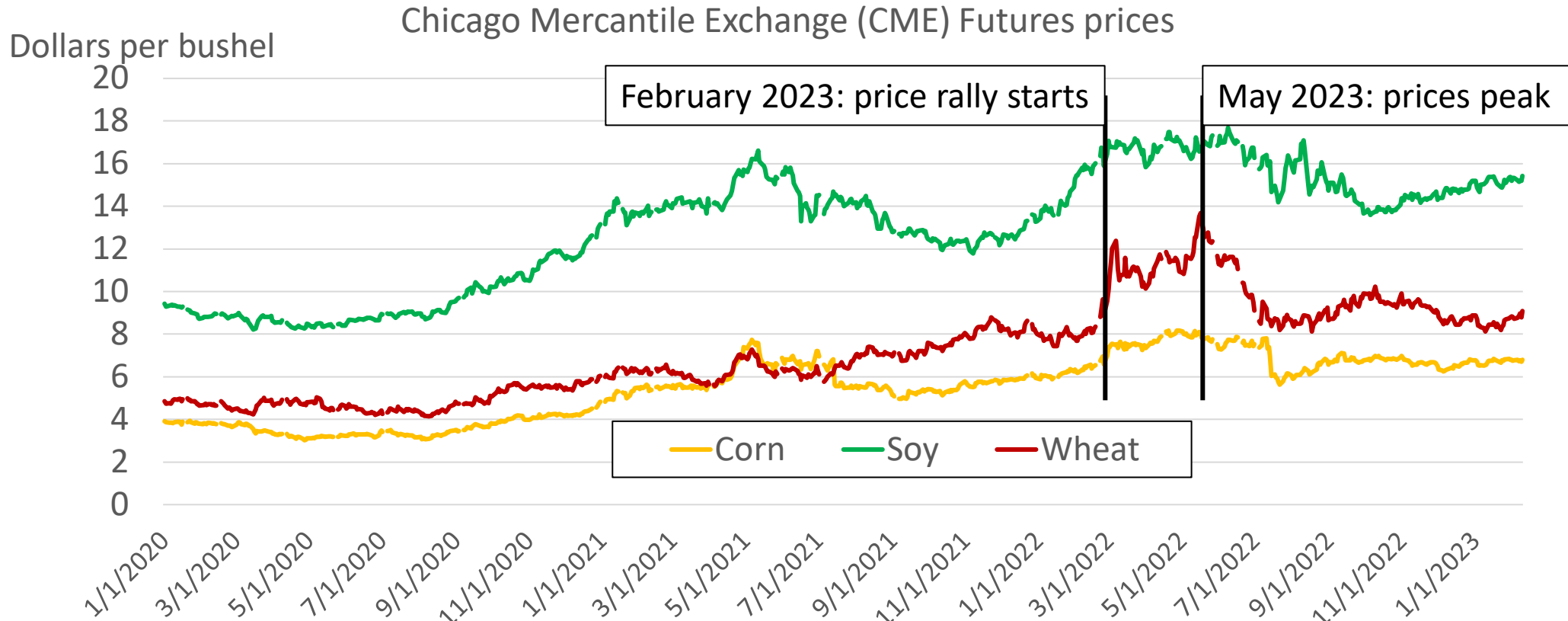
Tight Global Supplies for Grains and Oilseeds



Note: Data based on local marketing years except for Argentina and Brazil soybeans which are adjusted to an October-September year.
Source: USDA, Economic Research Service calculations; USDA, Foreign Agricultural Service *Production, Supply and Distribution Database*; USDA, World Agricultural Outlook Board, Agricultural Outlook Forum.



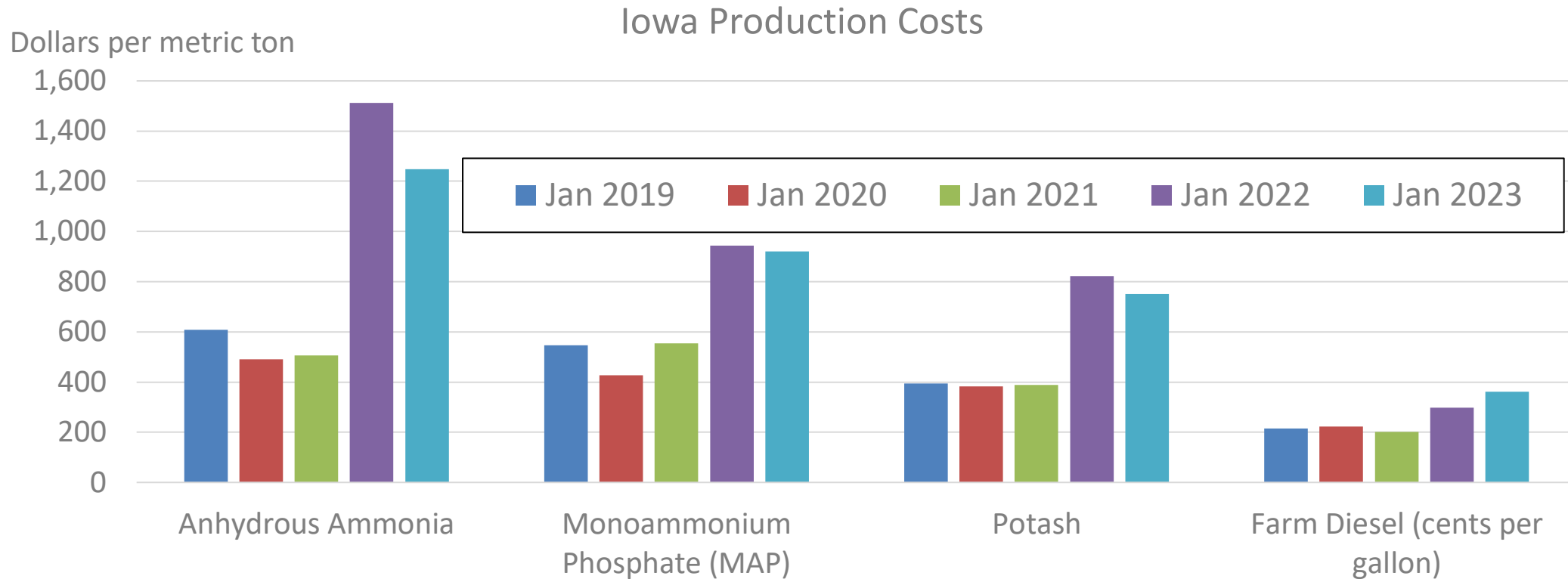
U.S. Futures Prices Elevated, but Down from Peaks



Notes: Presented are futures prices from the Chicago Mercantile Exchange (CME), continuous futures. Wheat is Hard Red Winter.
Source: International Grains Council (IGC).



Some Farm Expenses Down Slightly, but Still Elevated

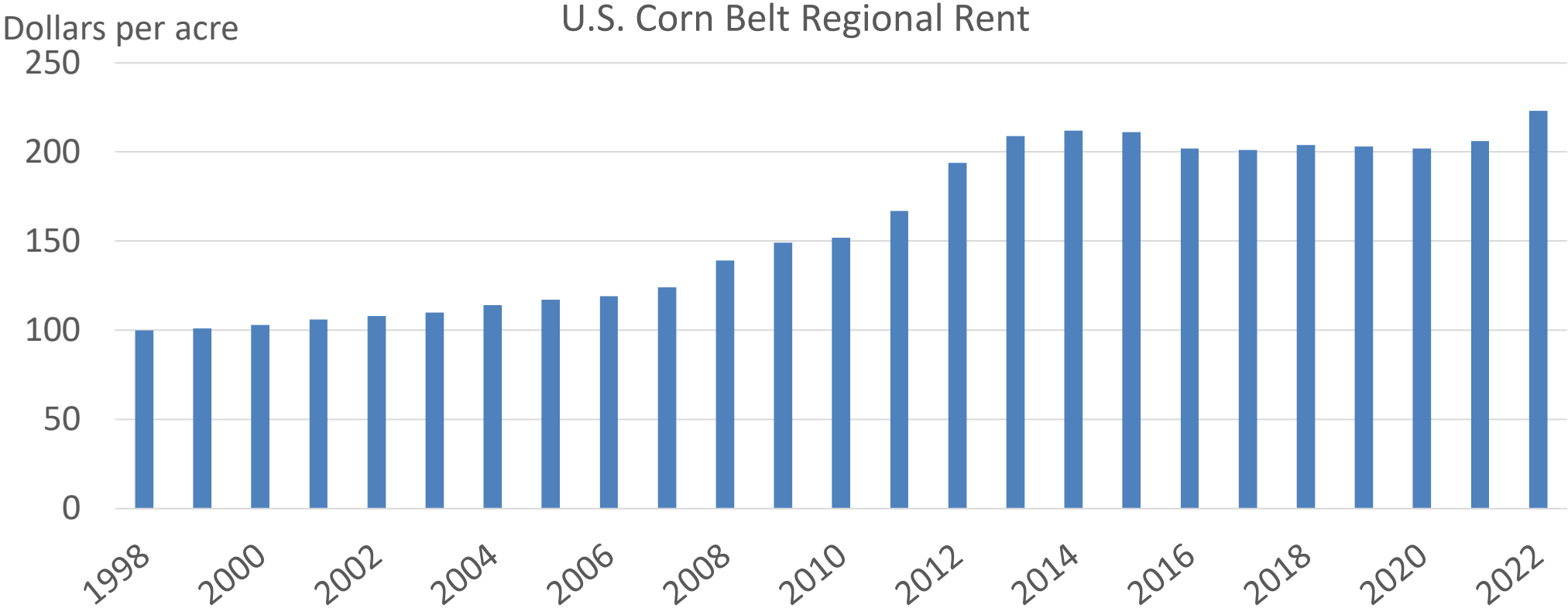


Notes: Report is biweekly. Data presented are the average offers for the last data point in January. MAP = monoammonium phosphate, 11% nitrogen, 46% phosphate. Potash is red (0-0-60); Farm Diesel is sales less than 1,000 gallons.

Source: USDA, Agricultural Marketing Service, *Iowa Production Cost Report*, NW_GR210.



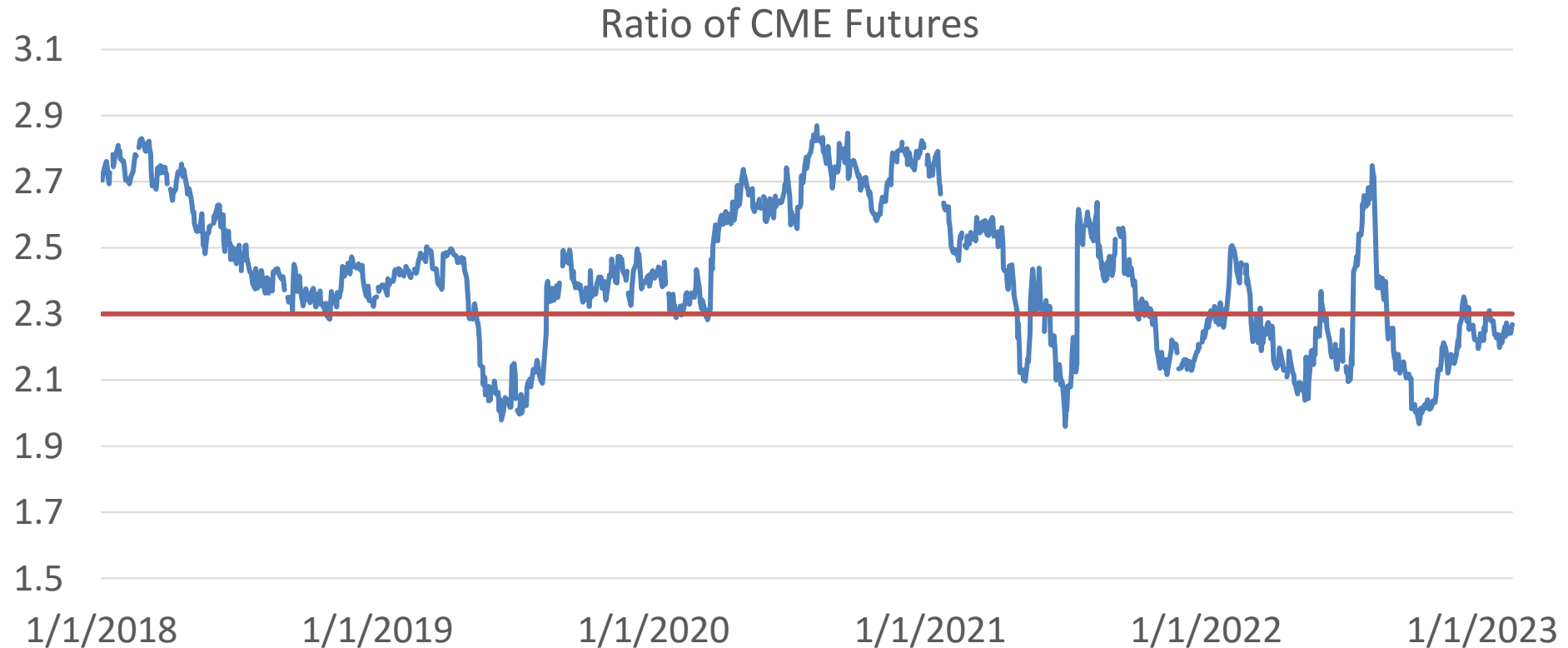
Rental Expenses Up in 2022



Source: USDA, National Agricultural Statistics Service, *Quickstats* database.



Soy/Corn Price Ratio



Notes: Presented are futures prices from the Chicago Mercantile Exchange (CME), continuous futures.

Source: International Grains Council (IGC).

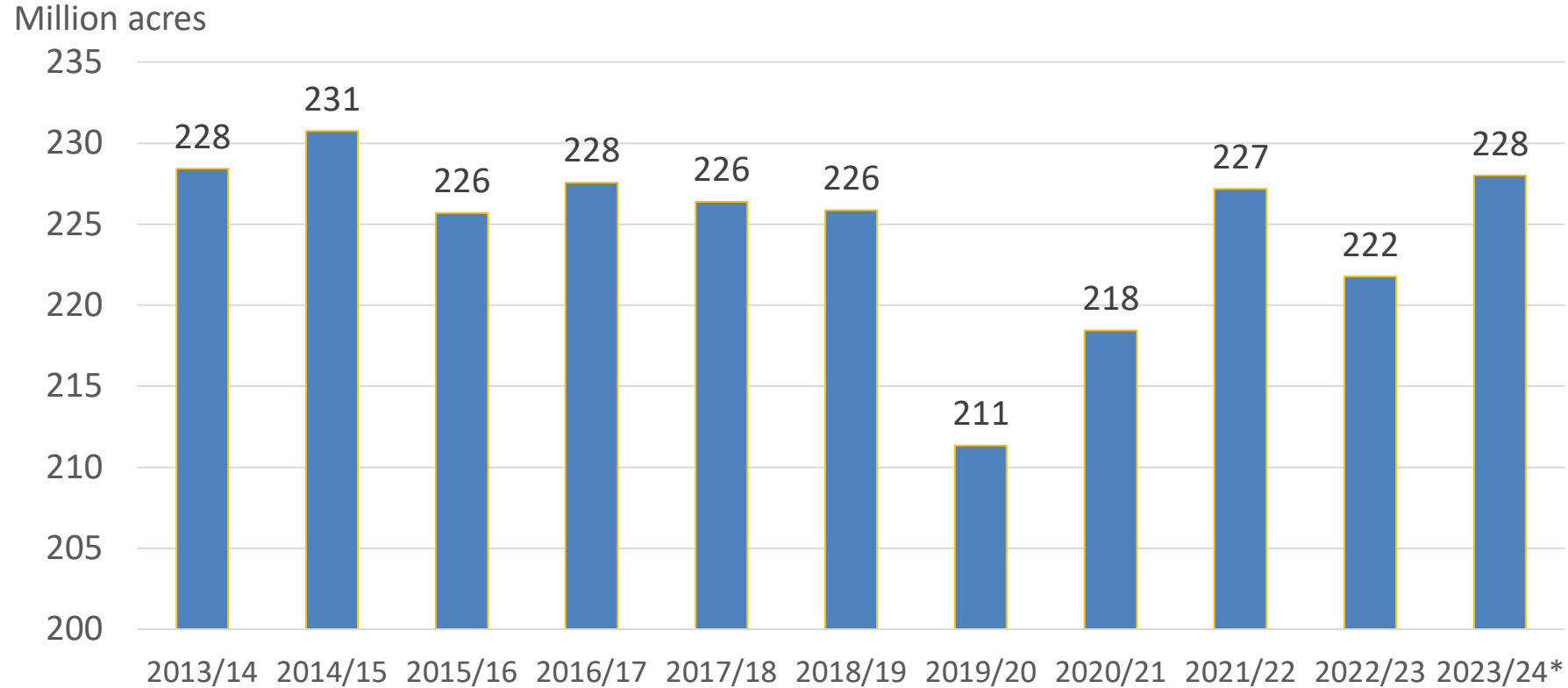


Assumptions: Weather and Policy

- Trend yields used, assuming normal planting progress and growing conditions
- Current policies projected to be “in place” unless publicly announced
- No changes to overarching assumptions and approach
- Assuming status quo with regard to continuation of Russia-Ukraine war



Total 3-Crop Planted Area Forecast

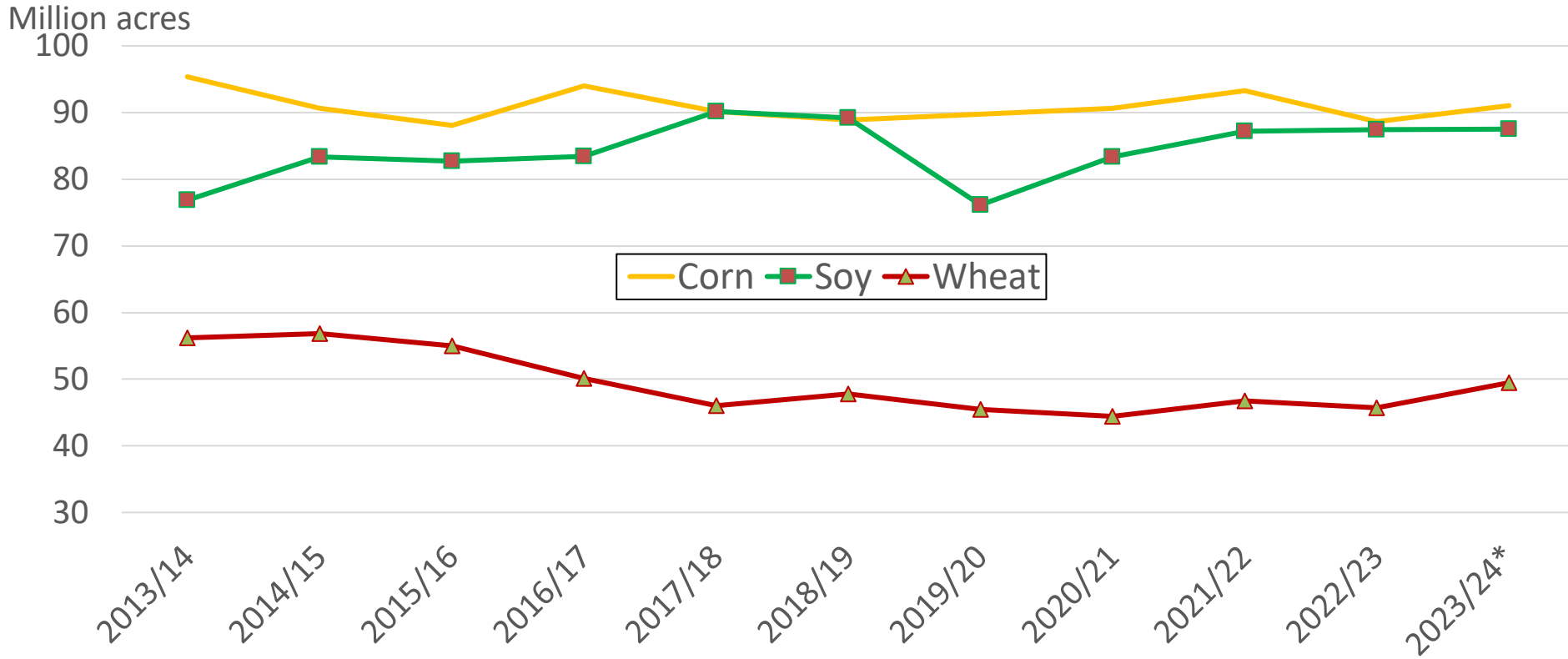


*Denotes Agricultural Outlook Forum preliminary forecast.

Source: USDA, National Agricultural Statistics Service; USDA, World Agricultural Outlook Board.



Planted Area Forecasts by Commodity



*Denotes Agricultural Outlook Forum preliminary forecast.

Source: USDA, National Agricultural Statistics Service; USDA, World Agricultural Outlook Board.



Corn Market Outlook

	2021/22	2022/23	2023/24	Change yr/yr
Area planted (mil acres)	93.3	88.6	91	2.4
Area harvested (mil acres)	85.3	79.2	83.1	3.9
Yield (bu/acre)	176.7	173.3	181.5	8.2
	<u>Million bushels</u>			
Beginning stocks	1,235	1,377	1,267	(110)
Production	15,074	13,730	15,085	1,355
Imports	24	50	25	(25)
Total supply	16,333	15,157	16,377	1,220
Domestic use (total)	12,484	11,965	12,290	325
-Feed and residual	5,718	5,275	5,600	325
-Food, seed, and industrial	6,766	6,690	6,690	-
--Ethanol and byproducts	5,326	5,250	5,250	-
Exports	2,471	1,925	2,200	275
Ending stocks	1,377	1,267	1,887	620
Stocks-to-use (percent)	9.2	9.1	13.0	3.9
Average farm price (\$/bushel)	6.00	6.70	5.60	(1.10)

- Production boosted with larger area planted and trend yields
- Domestic feed and residual use rebounding with higher supplies
- Higher exports
- Ethanol use unchanged at 5.25 billion bushels with steady gasoline consumption
- Ending stocks projected up
- Price forecast lower



Sorghum Market Outlook

	2021/22	2022/23	2023/24	Change yr/yr
Area planted (mil acres)	7.3	6.3	6.5	0.2
Area harvested (mil acres)	6.5	4.6	5.7	1.1
Yield (bu/acre)	69	41.1	69.2	28.1
		<u>Million bushels</u>		
Beginning stocks	20	47	25	(22)
Production	448	188	394	206
Imports	-	-	-	-
Total supply	468	235	419	184
Domestic use (total)	127	120	155	35
-Feed and residual	81	70	105	35
-Food, seed, and industrial	45	50	50	-
Exports	294	90	230	140
Ending stocks	47	25	34	9
Stocks-to-use (percent)	11.2	11.9	8.8	(3.1)
Average farm price (\$/bushel)	5.94	6.90	5.60	(1.30)

- Production boosted with return to normal yield and larger area
- Feed and residual use higher with larger crop
- Exports seen bouncing back based on larger supplies
- Stocks rebuilding slightly



Soybean Market Outlook

	2021/22	2022/23	2023/24	Change yr/yr
Area planted (mil acres)	87.2	87.5	87.5	0
Area harvested (mil acres)	86.3	86.3	86.7	0.4
Yield (bu/acre)	51.7	49.5	52	2.5
	Million bushels			
Beginning stocks	257	274	225	(49)
Production	4,465	4,276	4,510	234
Imports	16	15	15	-
Total supply	4,738	4,566	4,750	184
Crush	2,204	2,230	2,310	80
Exports	2,158	1,990	2,025	35
Total use	4,464	4,340	4,461	121
Ending stocks	274	225	290	65
Stocks-to-use (percent)	6.1	5.2	6.5	1.3
Average farm price (\$/bushel)	13.30	14.30	12.90	(1.40)

- Production up mainly on return to trend yield
- Growth in crush to support larger soyoil use
- Exports up slightly
- Stocks larger
- Price forecast lower



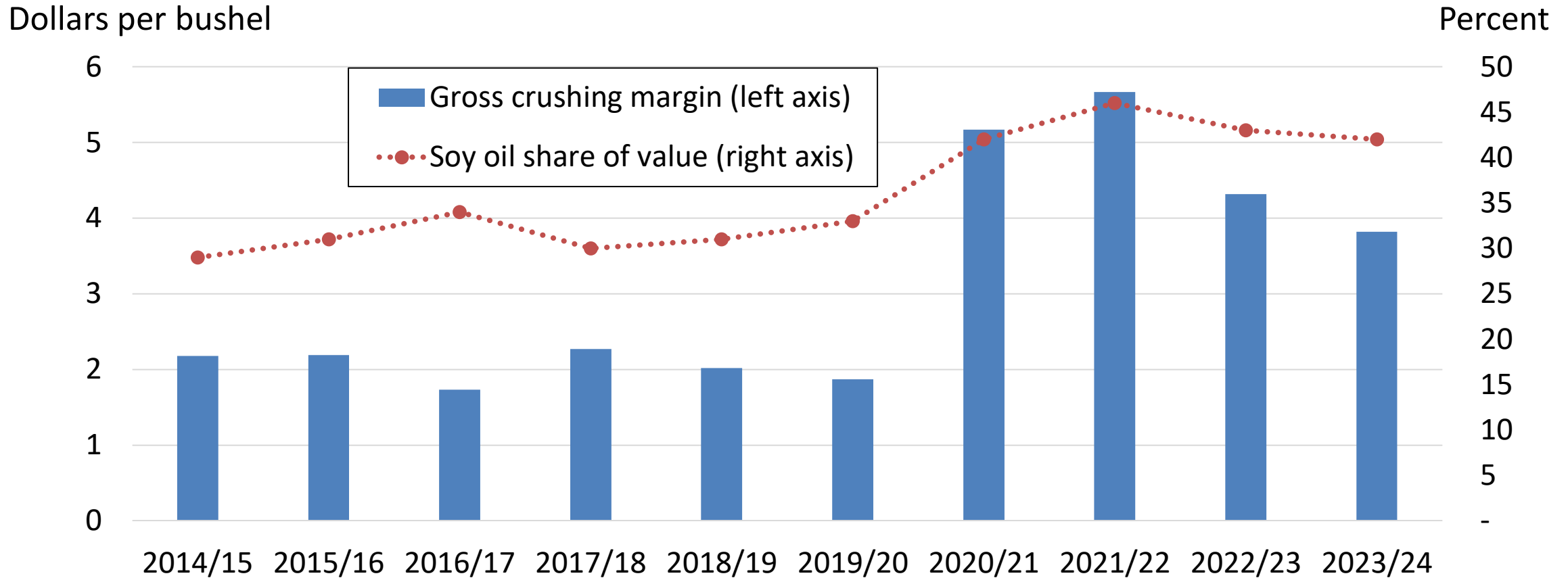
Soybean Oil and Meal Market Outlook

	2021/22	2022/23	2023/24	Change yr/yr
<u>Soybean Meal</u>				
	<i>Thousand short tons</i>			
Production	51,811	52,639	54,475	1,836
Domestic use	38,966	39,500	40,475	975
Exports	13,524	13,700	14,500	800
Average price (\$/short ton)	440	450	410	(40)
<u>Soybean Oil</u>				
	<i>Million pounds</i>			
Production	26,143	26,245	27,120	875
Domestic use	24,813	25,900	26,800	900
-Biofuels	10,348	11,600	12,500	900
-Food, feed, other industrial	14,465	14,300	14,300	-
Exports	1,773	700	800	100
Ending stocks	1,991	1,936	1,806	(130)
Average price (cents/pound)	73	68	60	(8)

- Expanded crush leads to larger production of both soybean meal and soybean oil
- Domestic meal use higher
- Biofuel use for soybean oil up about 8 percent
- Exports up for meal and oil
- Price for both products projected down on larger supplies



Gross Crushing Margin and Oil Share of Value



Wheat Market Outlook

	2021/22	2022/23	2023/24	Change yr/yr
Area planted (mil acres)	46.7	45.7	49.5	3.8
Area harvested (mil acres)	37.1	35.5	38.4	2.9
Yield (bu/acre)	44.3	46.5	49.2	2.7
	Million bushels			
Beginning stocks	845	698	568	(130)
Production	1,646	1,650	1,887	237
Imports	95	120	120	-
Total supply	2,587	2,468	2,575	107
Domestic use (total)	1,088	1,125	1,142	17
-Food use	972	975	977	2
-Seed use	58	70	65	(5)
-Feed and residual	59	80	100	20
Exports	800	775	825	50
Total use	1,888	1,900	1,967	67
Ending stocks	698	568	608	40
Stocks-to-use (percent)	37.0	29.9	30.9	1.0
Average farm price (\$/bushel)	7.63	9.00	8.50	(0.50)

- Area up on strong price incentives
- Yield back to trend
- Slow growth in food use
- Feed and residual up with larger supplies
- Exports up, but still relatively low
- Stocks rebounding slightly

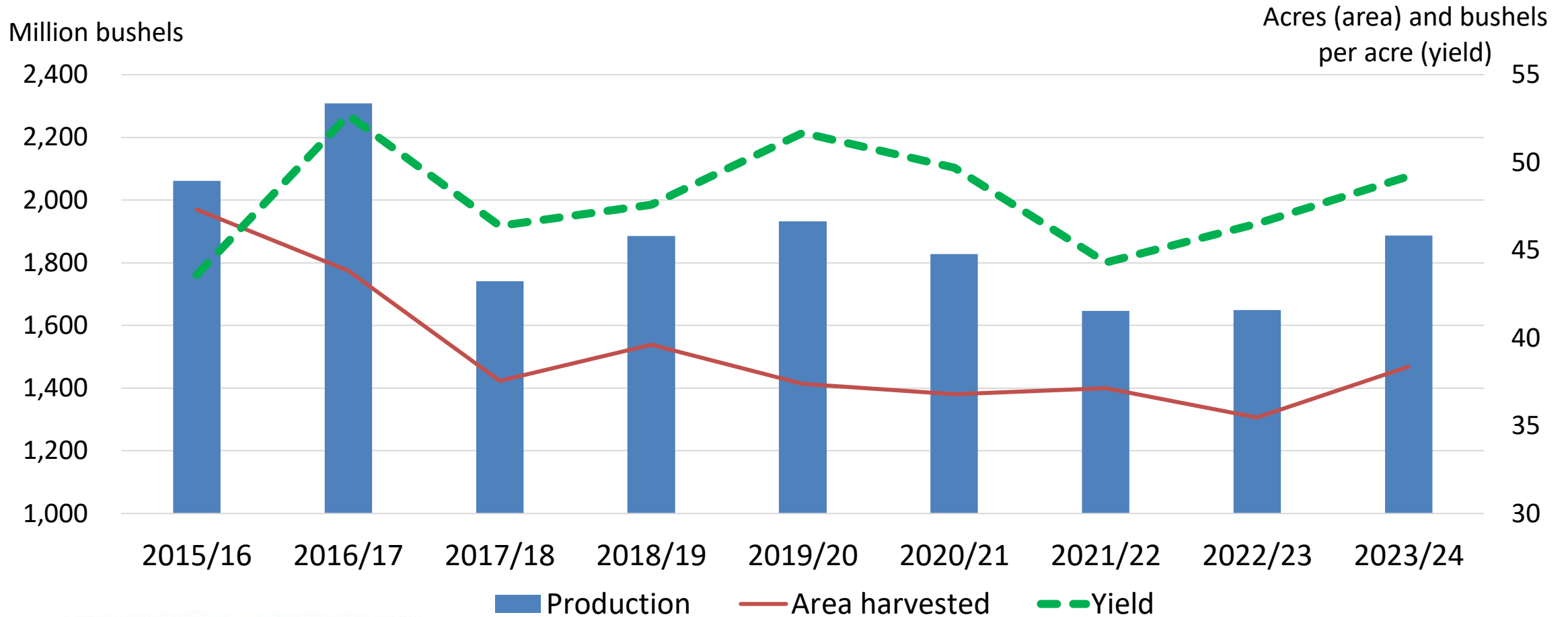


Wheat Area Assumptions

- Winter wheat projections taken from USDA, NASS January 12 *Winter Wheat and Canola Seedings* report
- Harvested/planted ratio –10-year average across most states; using last year's ratio for Kansas, Oklahoma, and Texas due to drought
- Other Spring wheat and Durum planted area assumed to be up marginally from year to year – strong prices but plenty of competition from other crops in the Northern Plains
- Harvested area at 38.4 million acres, up about 8 percent
- March 31 USDA, NASS *Prospective Plantings* report will provide first survey-based data on spring wheat and durum planting intentions



Wheat Production Expected to Rebound



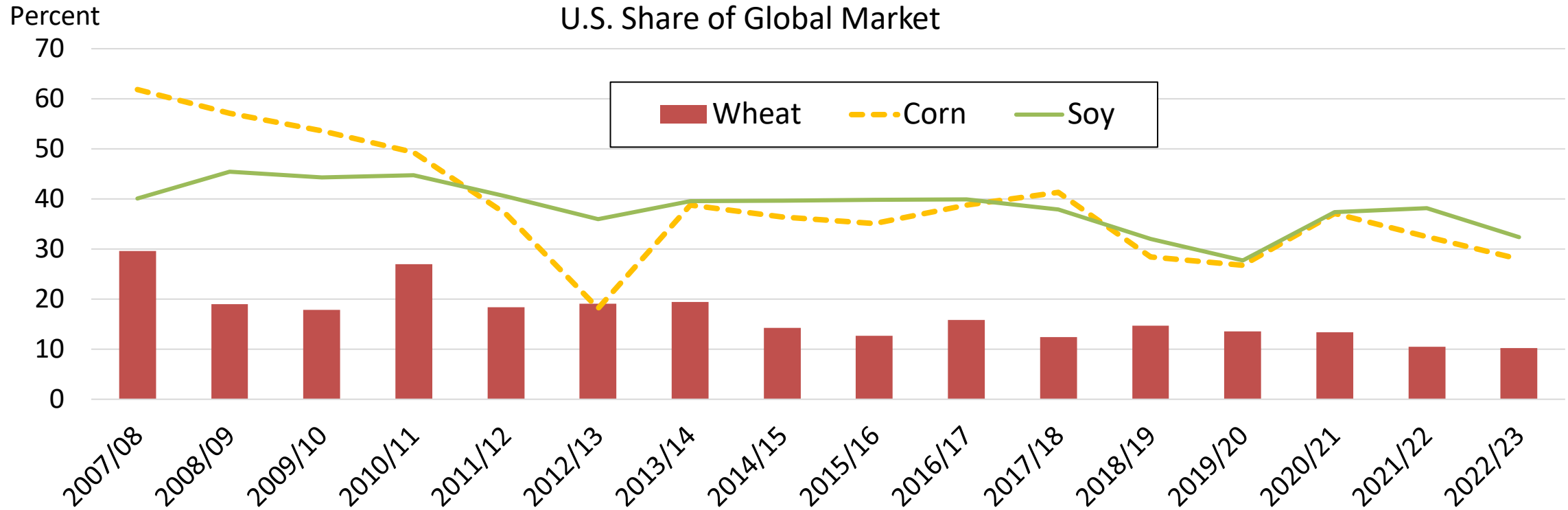
Source: USDA, World Agricultural Outlook Board.



Economic Research Service
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U.S. Market Share Declining

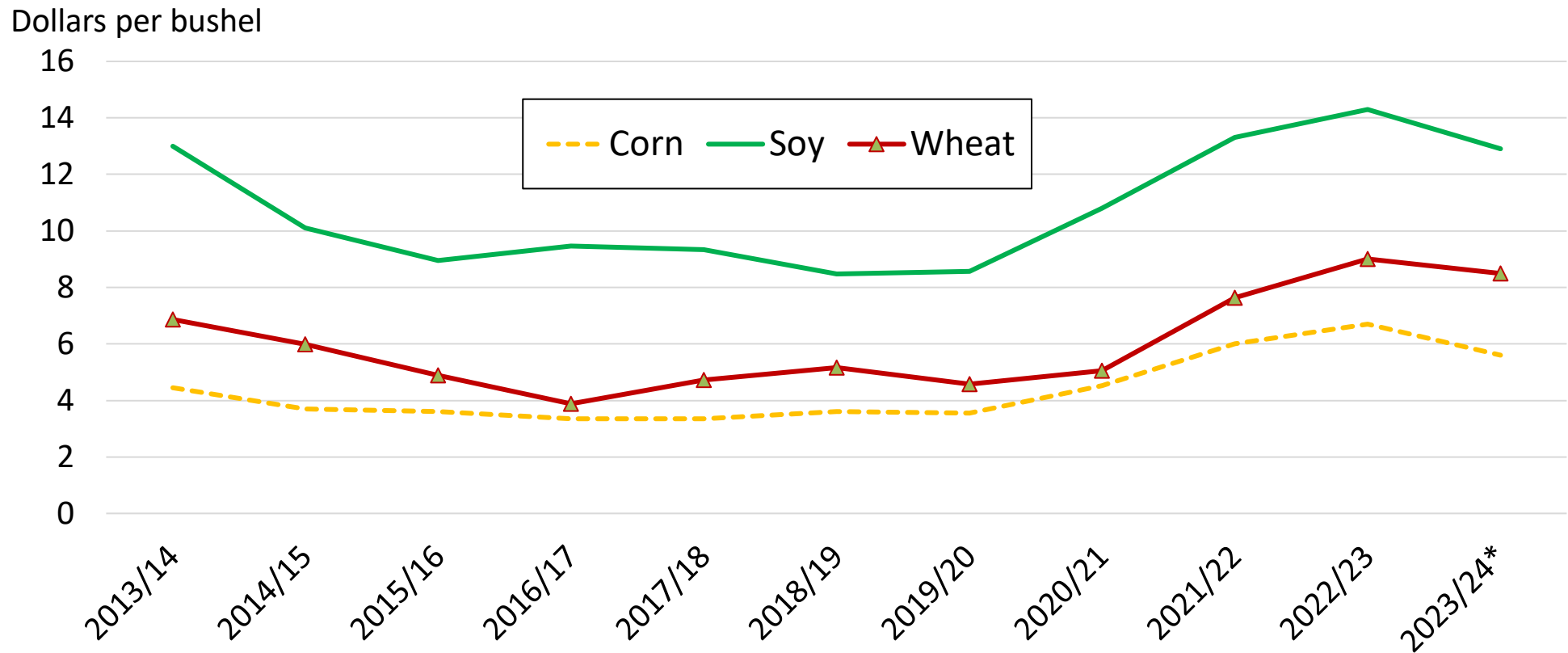


Note: For wheat and corn, global market share is calculated using the trade year export data, which is July/June for wheat, October-September for corn. For soybeans, local marketing year exports are utilized, except for Argentina and Brazil which are adjusted to an October-September basis.

Source: USDA, Economic Research Service; data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.



Projected 3-Crop Prices Lower, but Still Elevated



*Denotes Agricultural Outlook Forum preliminary forecast.

Source: USDA, National Agricultural Statistics Service; USDA, World Agricultural Outlook Board.



Questions to Consider Moving Forward

- Does drought in the Great Plains continue?
- What will spring planting conditions be like?
- What will Ukraine be able to produce and export?
- Will we continue to see strength in the U.S. dollar?
- What other global supply shocks will we see? Weather in South America?



Thank you



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Wheat Data Visualization



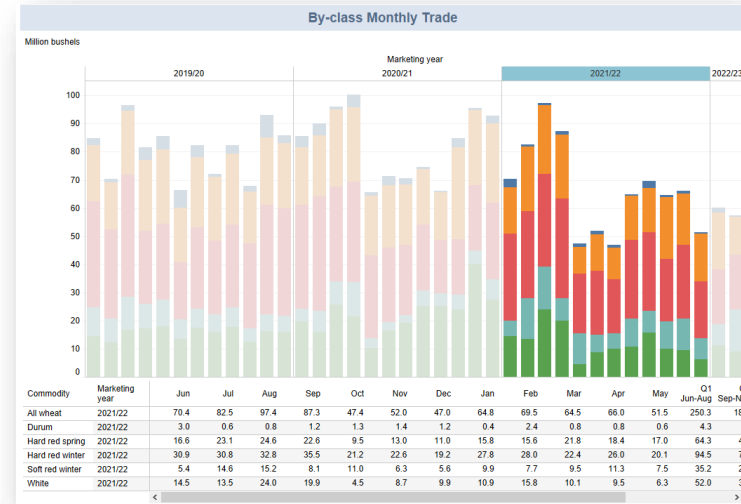
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