

USDA 2017/18 U.S. Grain and Oilseed Outlook

USDA Agricultural Outlook Forum

February 24, 2017

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Grain and Oilseed Outlook

November

- USDA ERS published Agricultural Projections

January

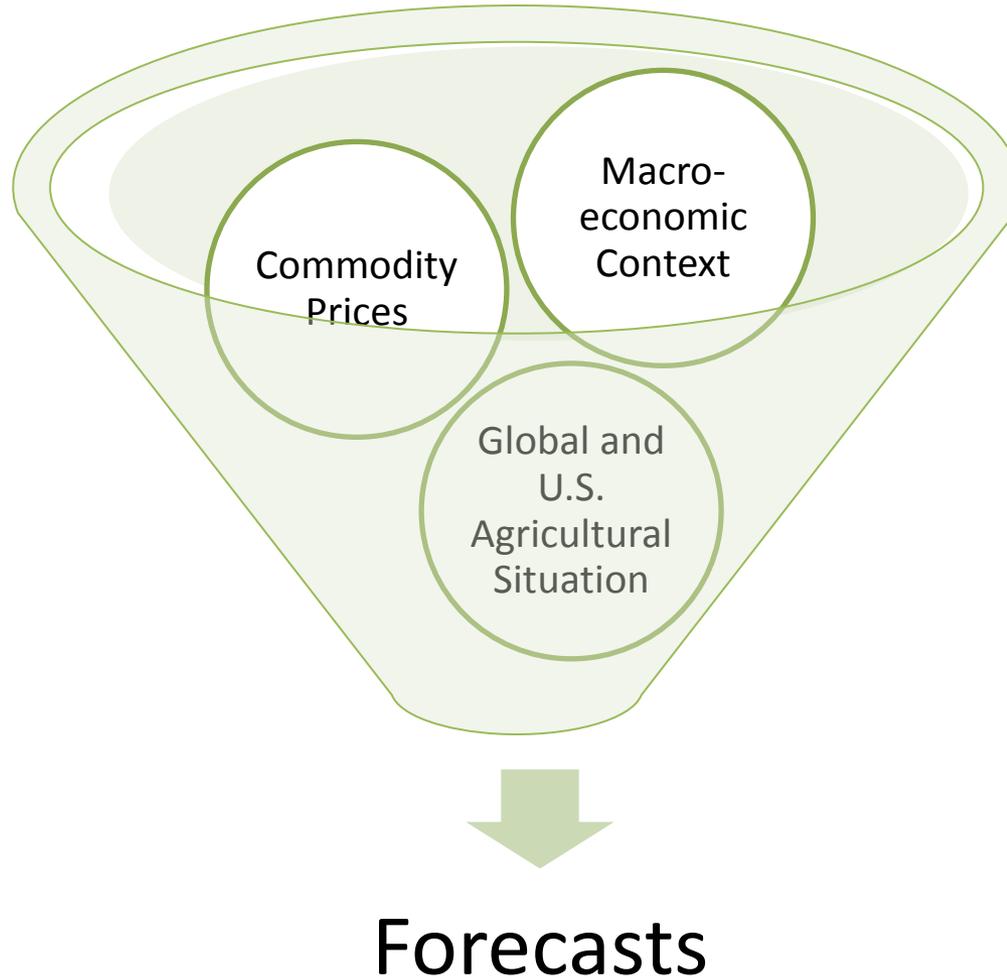
- USDA NASS published final 2016 Crop Production and Winter Wheat and Canola Seedings Report

February

- USDA Agricultural Outlook Forum



Multiple Factors Analyzed

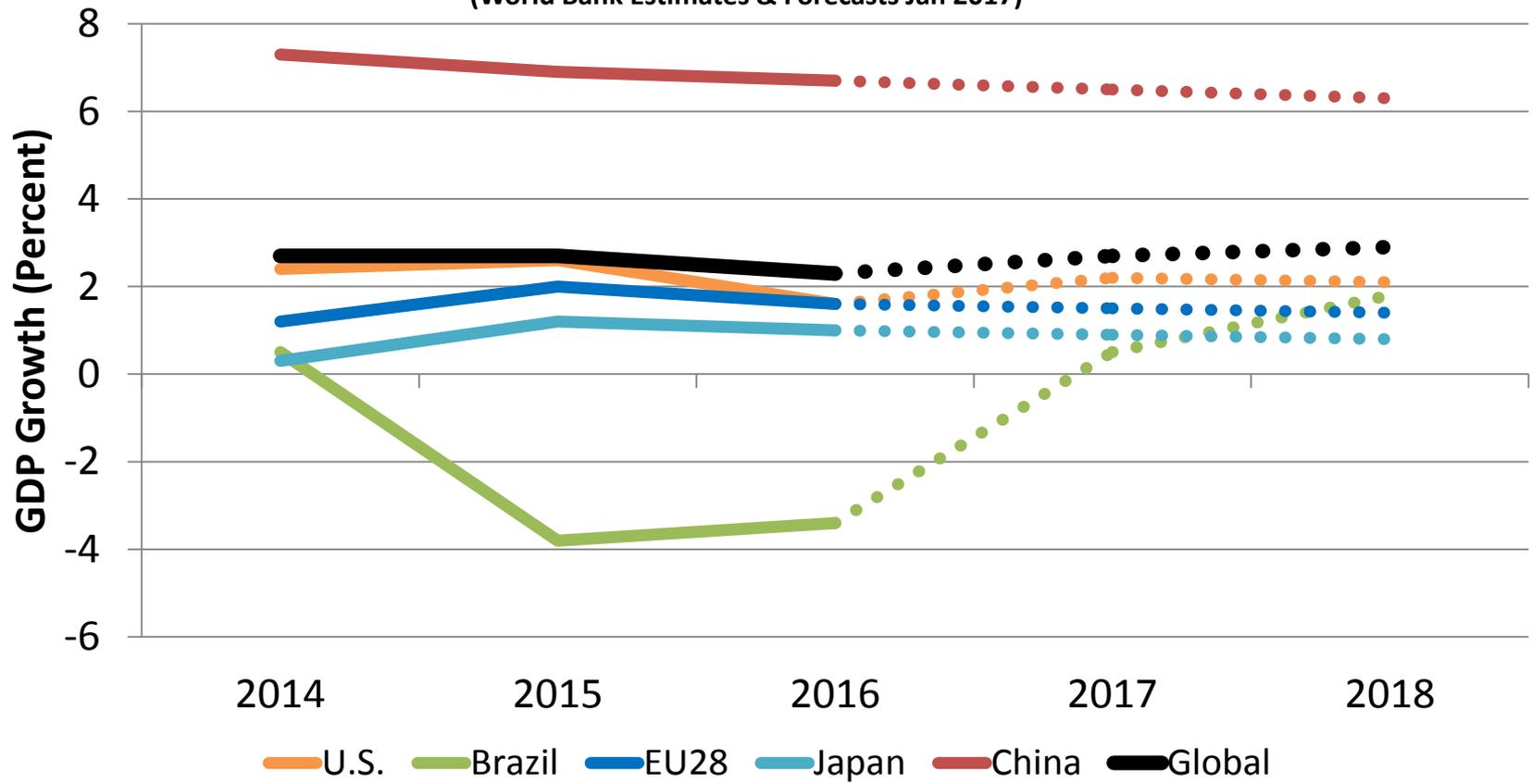




Global GDP Growth to Rise

GDP Growth Trends

(World Bank Estimates & Forecasts Jan 2017)

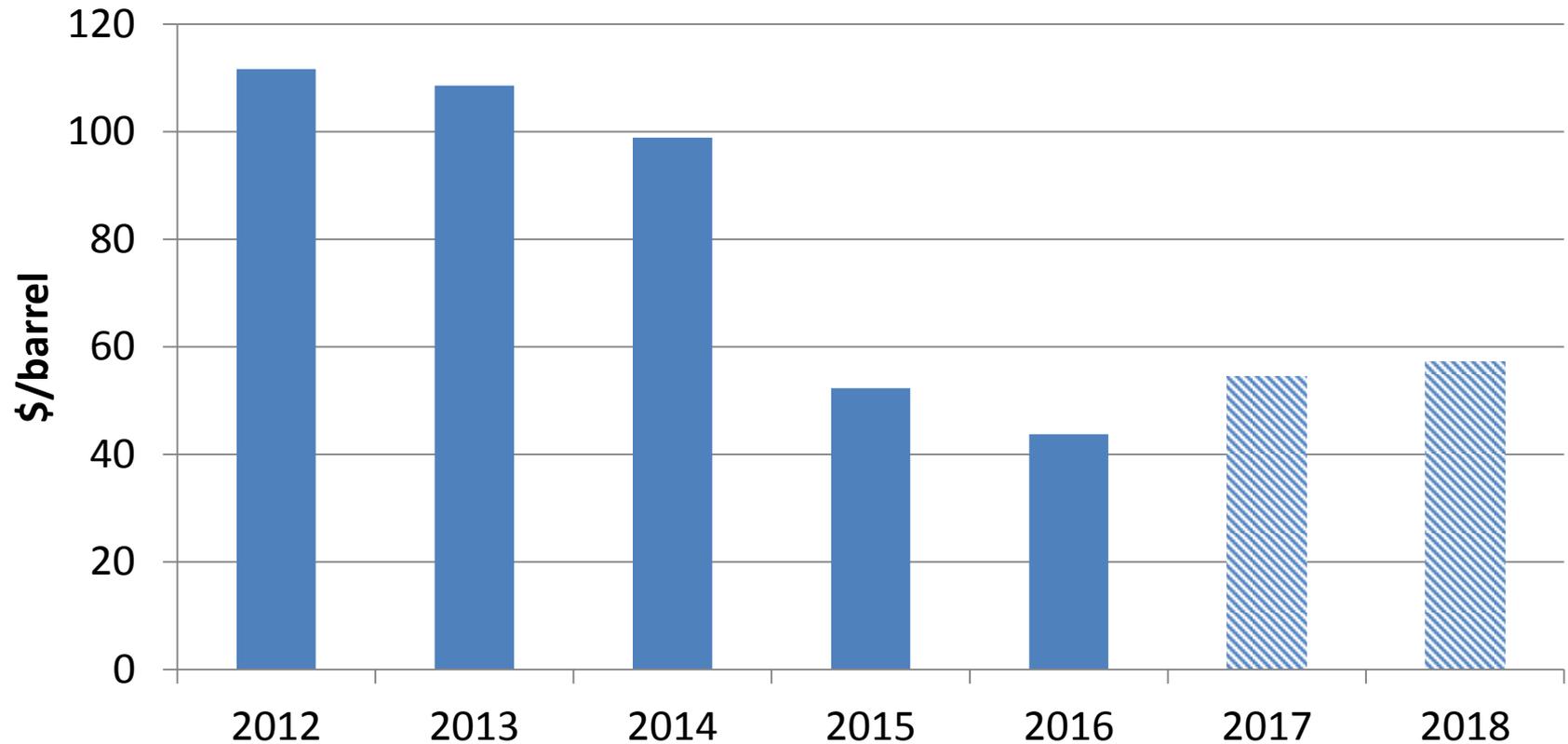




Oil Prices to Recover

Brent crude oil spot price

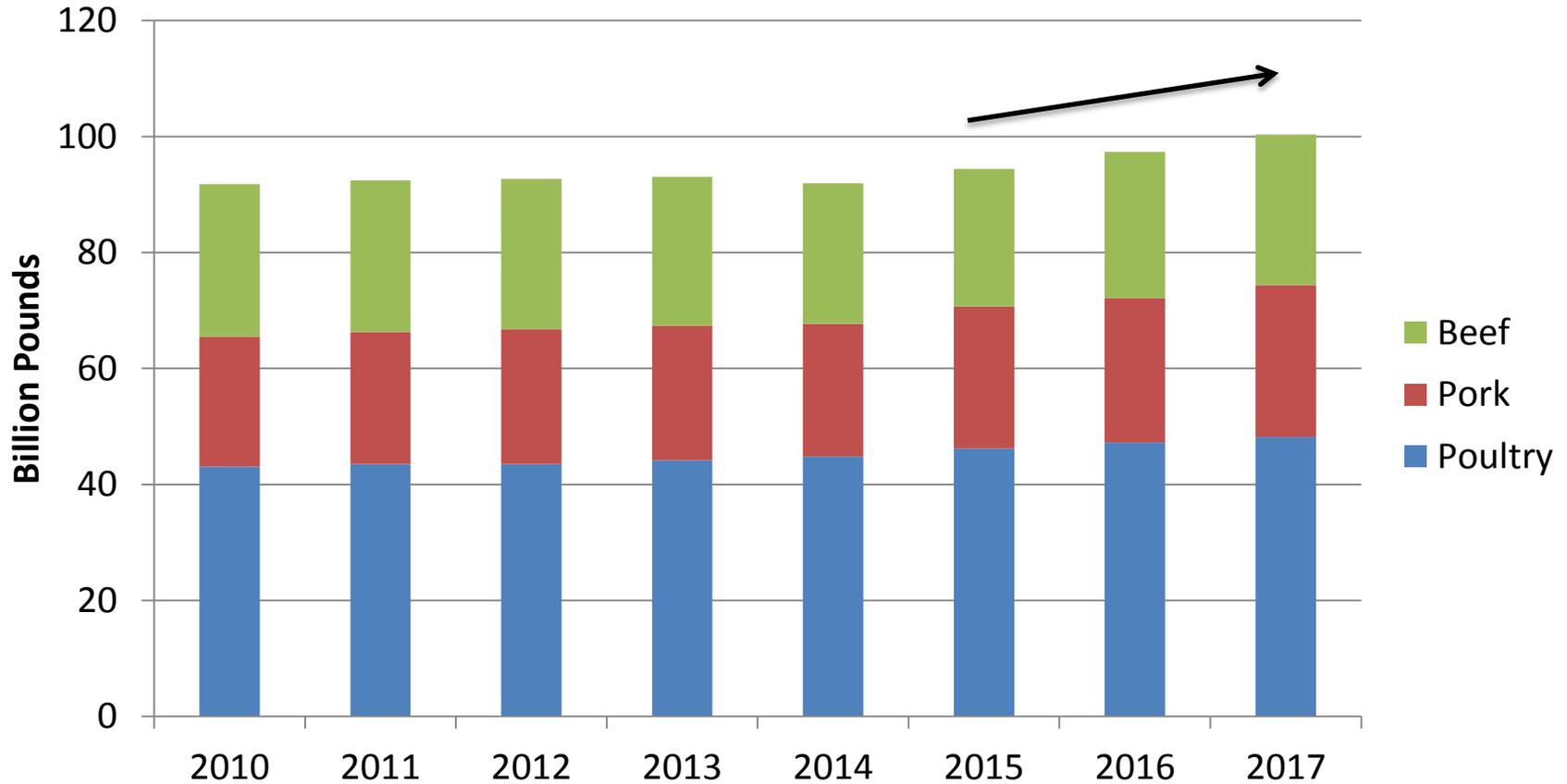
(EIA Short Term Forecast)





U.S. Feed Demand Rising

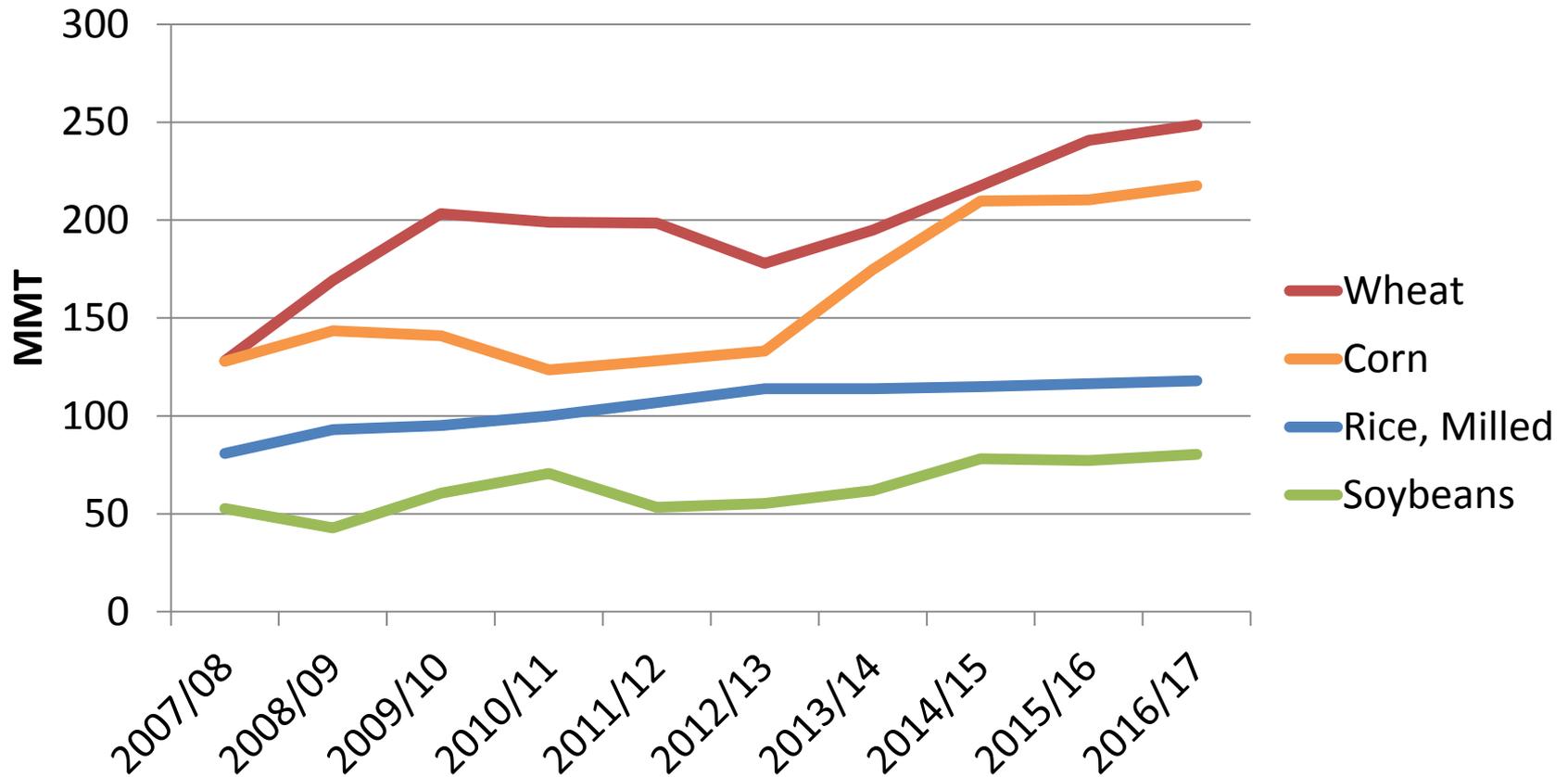
U.S. Production





Global Stock Building Continues

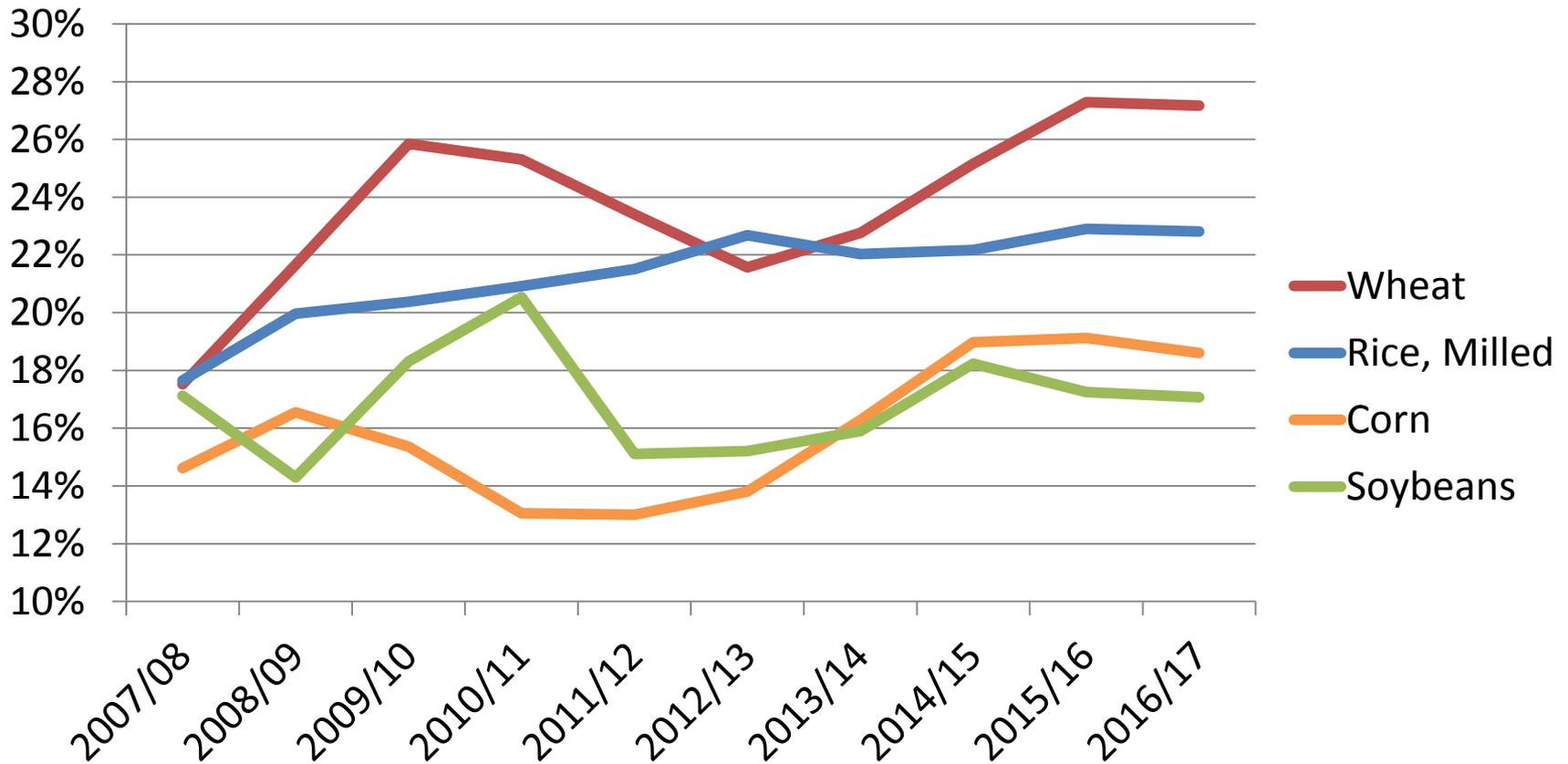
Global Ending Stocks





Growing Demand Reduces Impact of Larger Stocks

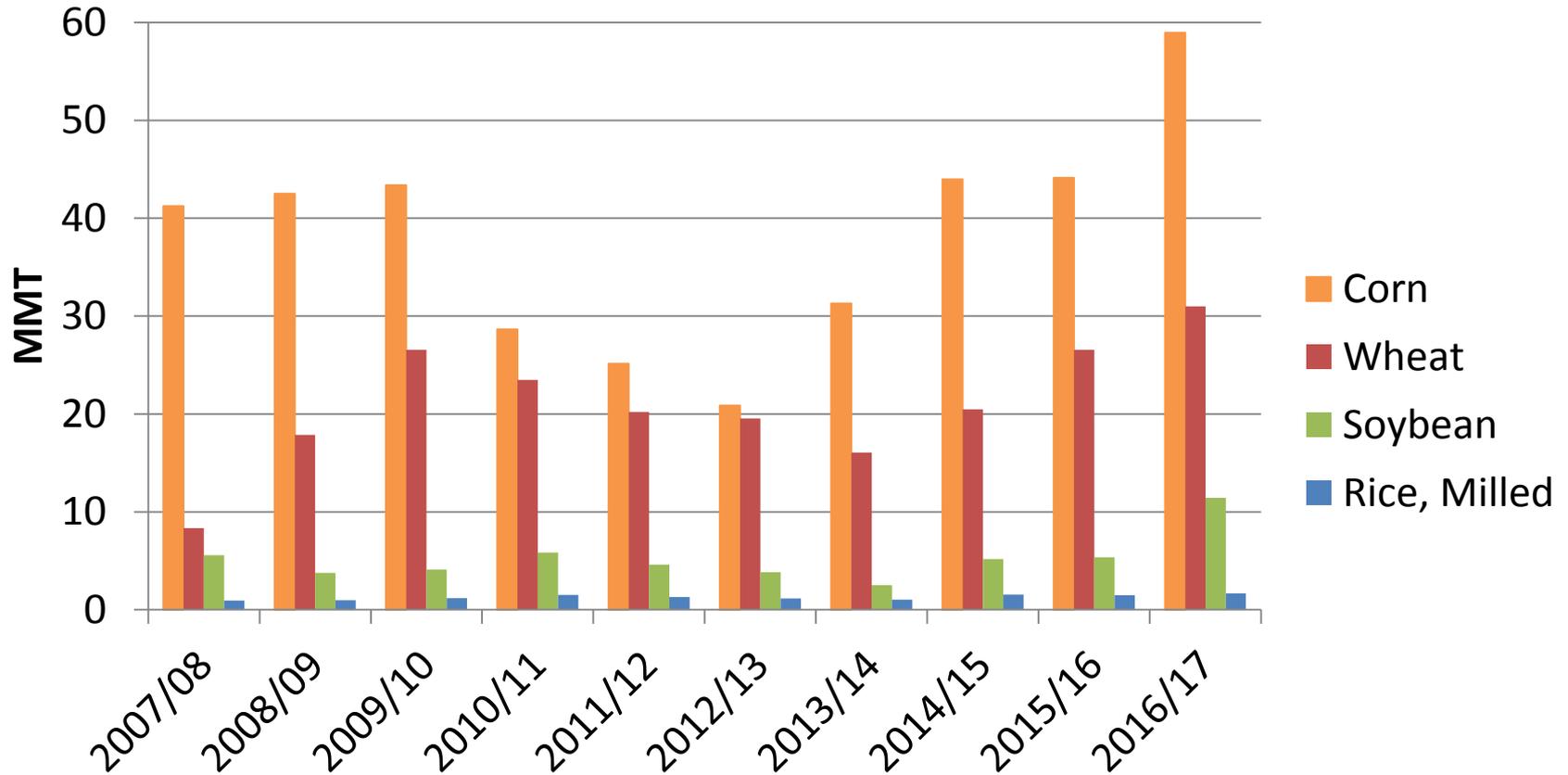
Global Stocks to Use





U.S. Stocks Largest in Decades

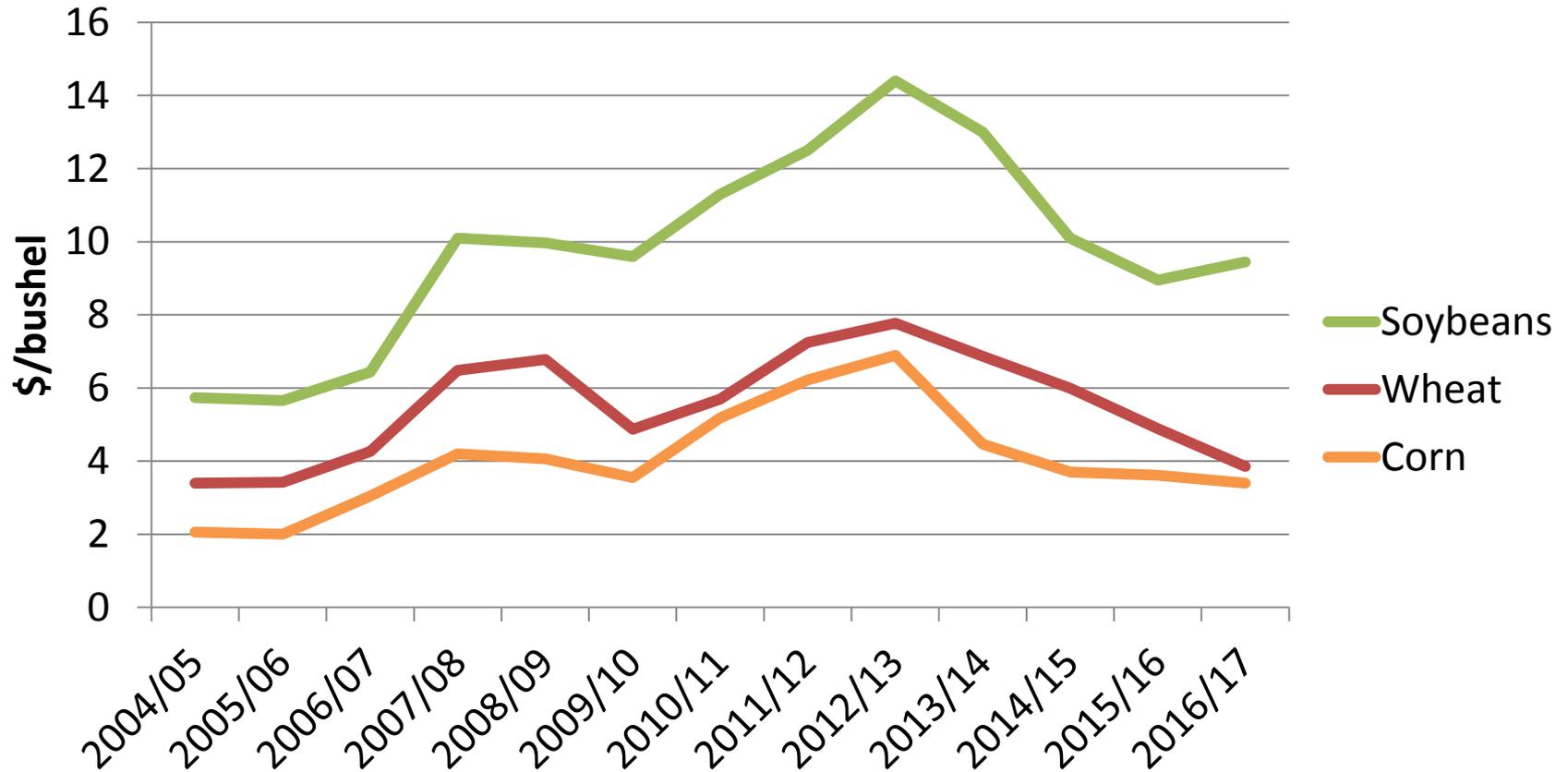
U.S. Ending Stocks





Weak Farm Prices, Except Soybeans

U.S. Season-Average Farm Prices

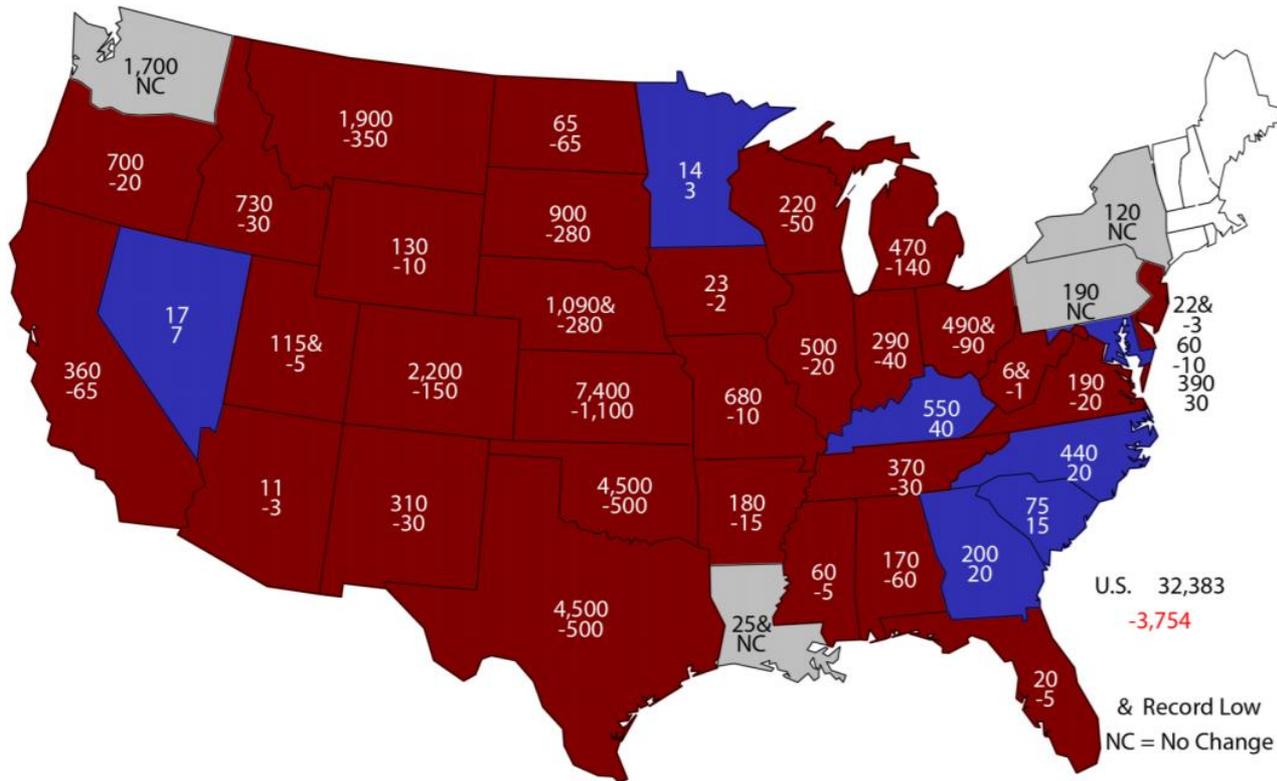




Winter Wheat Area Seeded Down



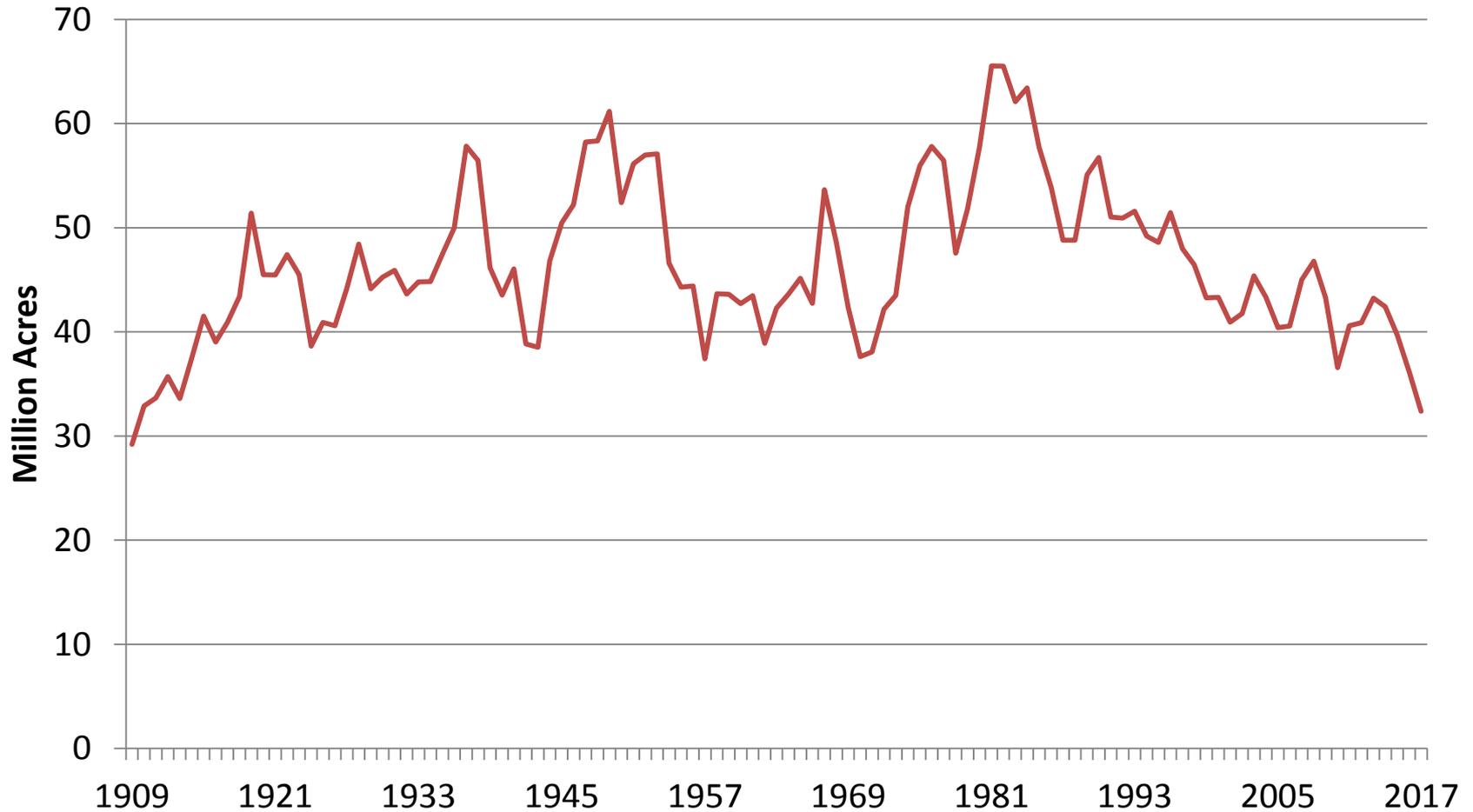
2017 Winter Wheat Planted Area
(000) Acres and Change From Previous Year



U.S. 32,383
-3,754
& Record Low
NC = No Change



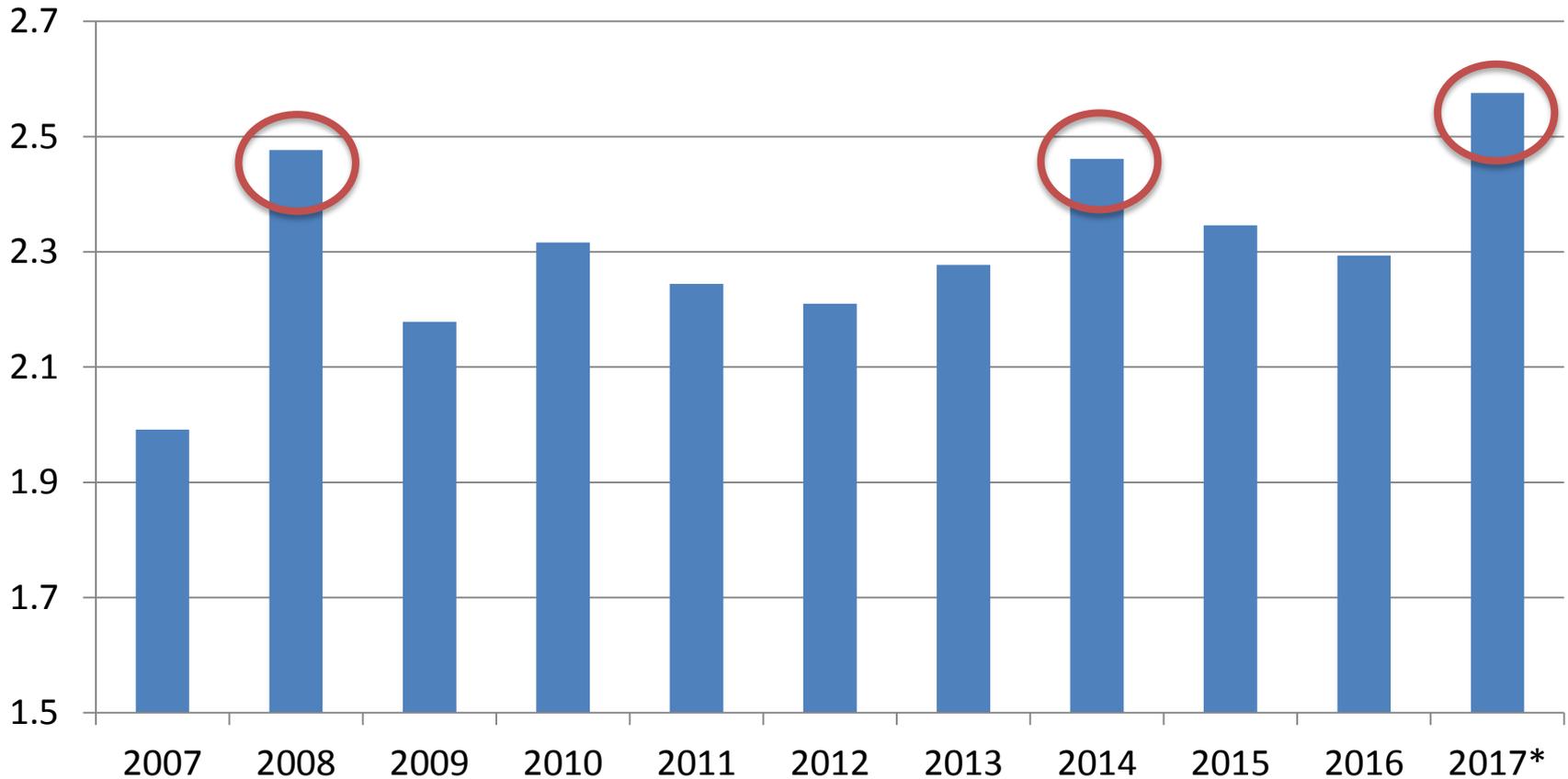
Winter Wheat Planted Area Lowest in Over 100 Years





Soybean Price High Relative to Corn Price

New Crop Soybean/Corn Ratio During February



*Note: New crop is the November contract for soybeans and December for corn. *Value for 2017 is average of month to date.*



U.S. Area Forecasts





Total Area for Major Crops to Decline

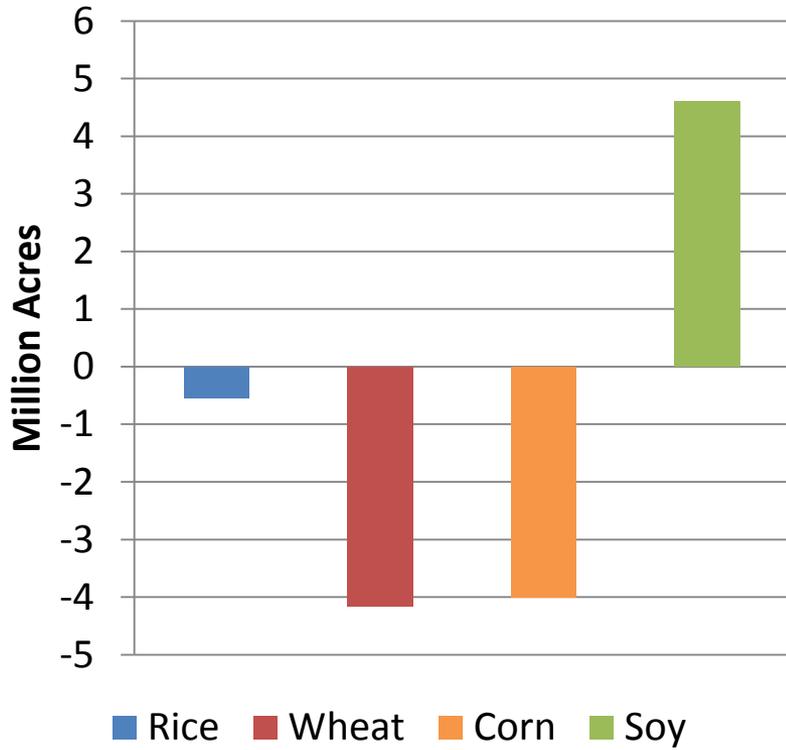
Combined Wheat, Soy, and Corn Acres



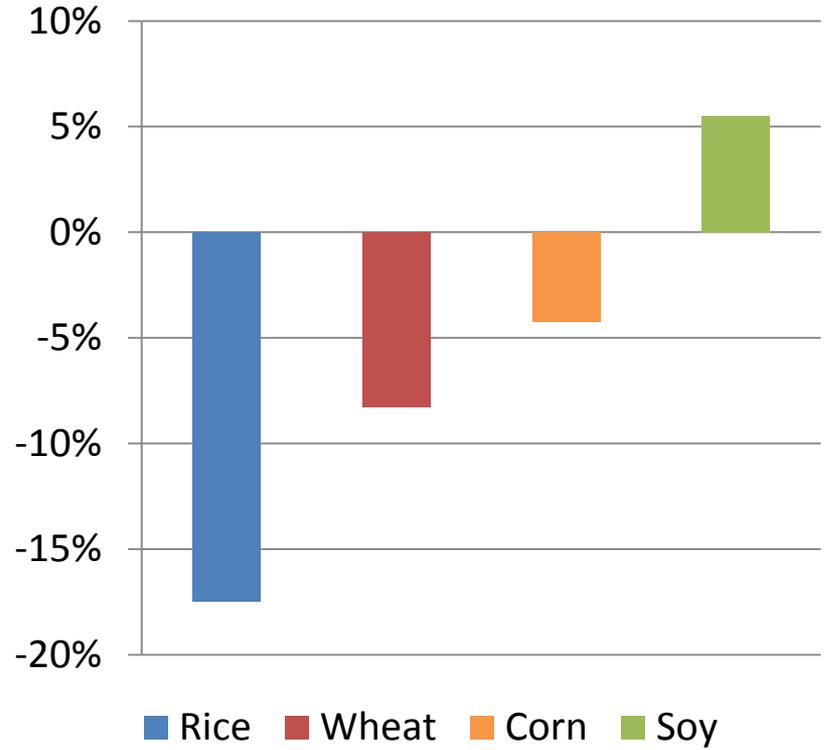


Grain Area Contracts, While Soybean Area Expands

Change in Planted Area 2017 v. 2016

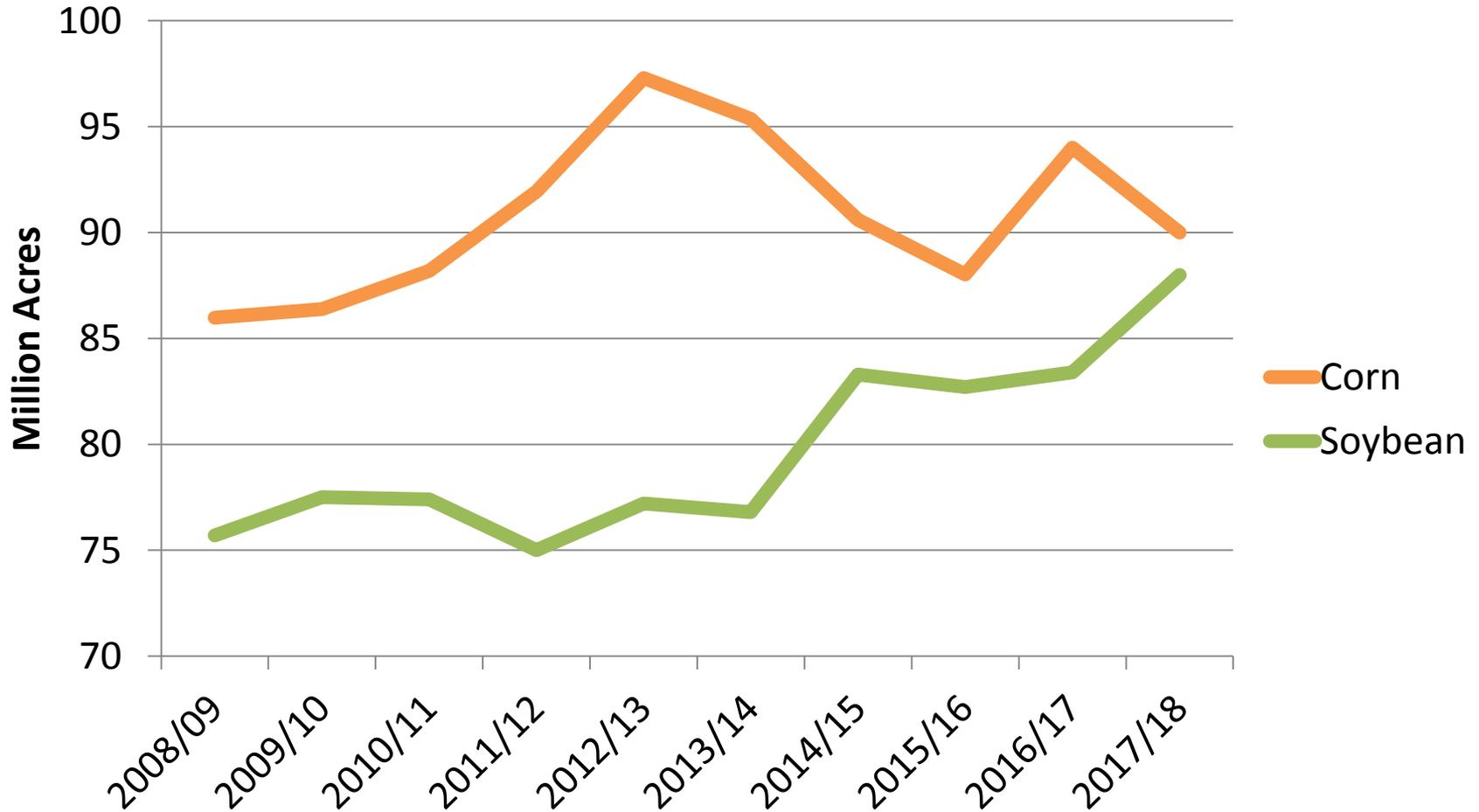


% Change in Planted Area 2017 v. 2016





Corn Planted Area to Still Exceed Soybean Area





Commodity-Specific Supply and Demand Forecasts





Wheat

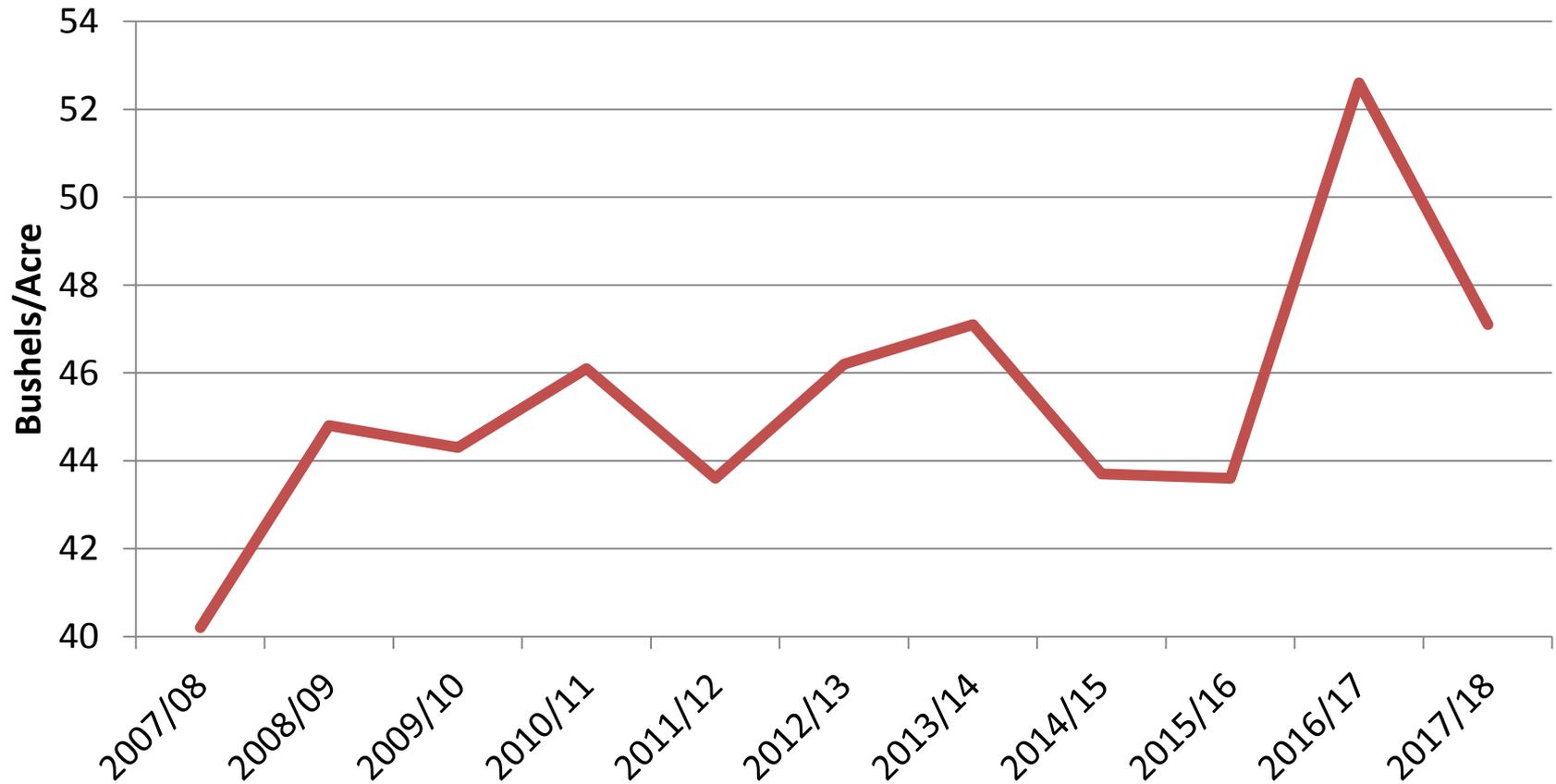


	2015/16	2016/17	2017/18
<i>Planted area (mln acres)</i>	55.0	50.2	46.0
<i>Harvested area (mln acres)</i>	47.3	43.9	39.0
<i>Yield (bu/acre)</i>	43.6	52.6	47.1
	(Million Bushels)		
Beginning Stocks	752	976	1,139
Production	2,062	2,310	1,837
Imports	113	125	120
Total Supply	2,927	3,410	3,096
Food and Seed	1,024	1,021	1,026
Feed and Residual	152	225	190
Exports	775	1,025	975
Total Use	1,952	2,271	2,191
Ending Stocks	976	1,139	905
Season-Average Farm Price	\$4.89	\$3.85	\$4.30



Wheat Yield Returns to Trend

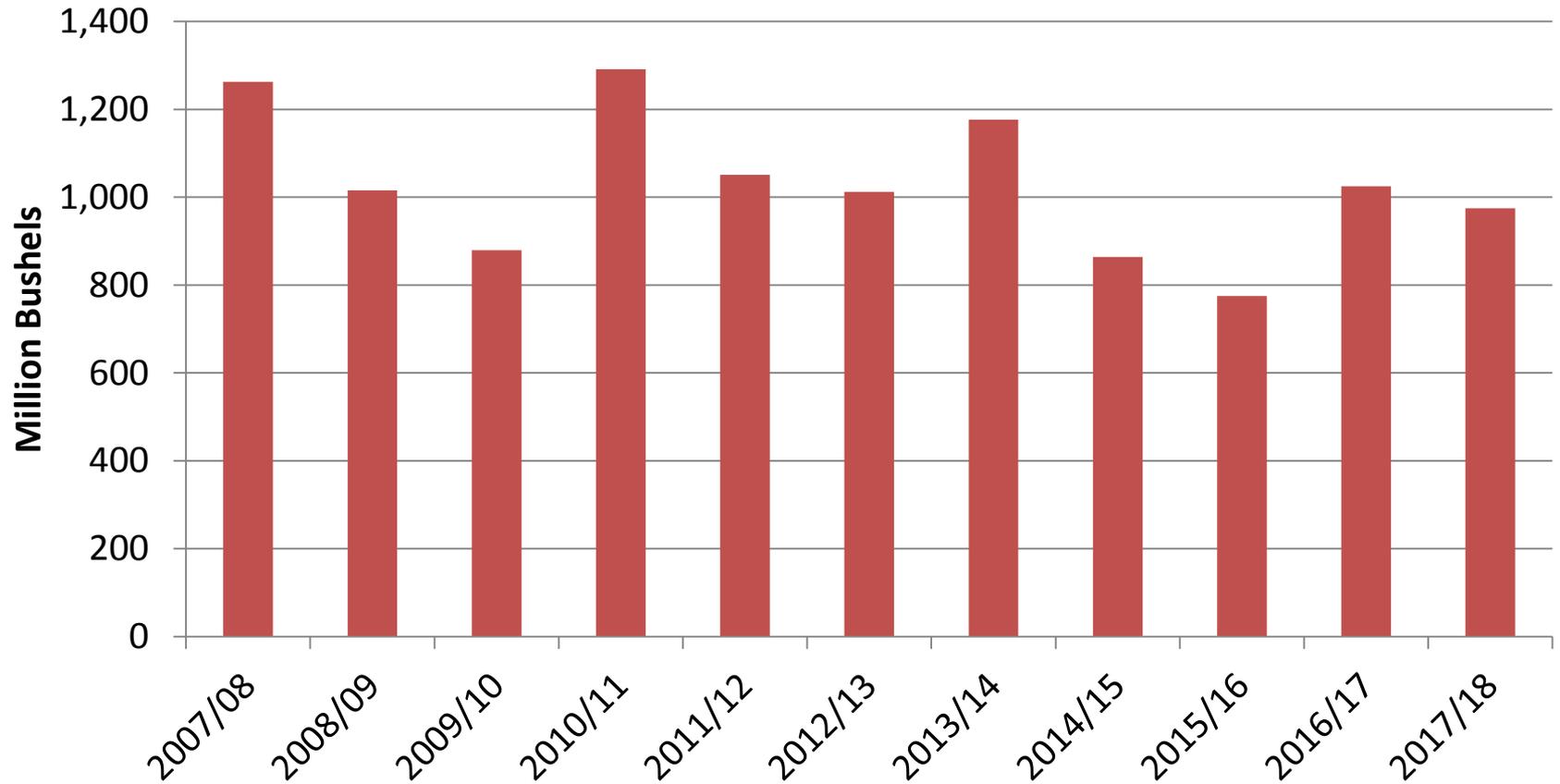
Wheat yield





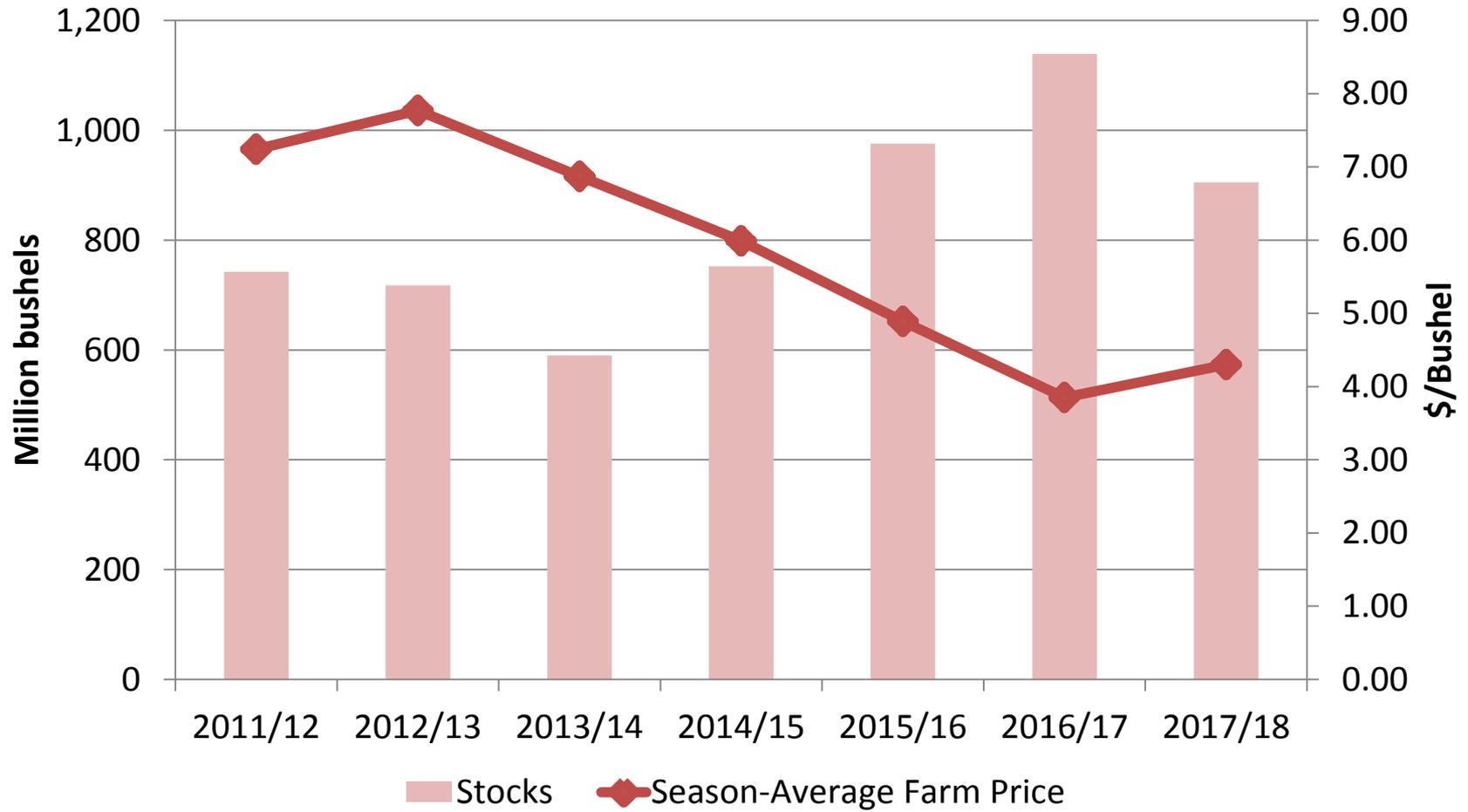
Wheat Exports Decline

U.S. Wheat Exports





Wheat Stocks Decline, Prices Rise Slightly





Wheat

- Lower area primarily on winter wheat
- Yield down on expected normal weather
- Total supplies down
- Food and Seed Use remains flat
- Exports lower on tight competition
- Ending stocks to decline
- Stocks to use ratio declines, but still large
- Higher expected season average farm prices

	2015/16	2016/17	2017/18
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Rice



	2015/16	2016/17	2017/18
<i>Planted area (mln acres)</i>	2.625	3.150	2.600
<i>Harvested area (mln acres)</i>	2.585	3.097	2.579
<i>Yield (lbs/acre)</i>	7,472	7,237	7,716
	<i>(Million Hundredweight)</i>		
Beginning Stocks	49	46	52
Production	193	224	199
Imports	24	24	24
Total Supply	266	294	275
Consumption and Residual	112	132	128
Exports	108	110	110
Total Use	219	242	238
Ending Stocks	46	52	37
Stocks/use ratio	21%	22%	16%



Rice

- Area down primarily for long grain
- Trend yield
- Total supplies down as smaller crop and steady imports only partially offset by larger carryin
- Lower domestic use on a smaller crop
- Exports on par with prior year
- Ending stocks to decline
- Lower stocks to use
- Higher season average farm prices

	2015/16	2016/17	2017/18
<i>Planted area (mln acres)</i>	2.625	3.150	2.600
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Corn

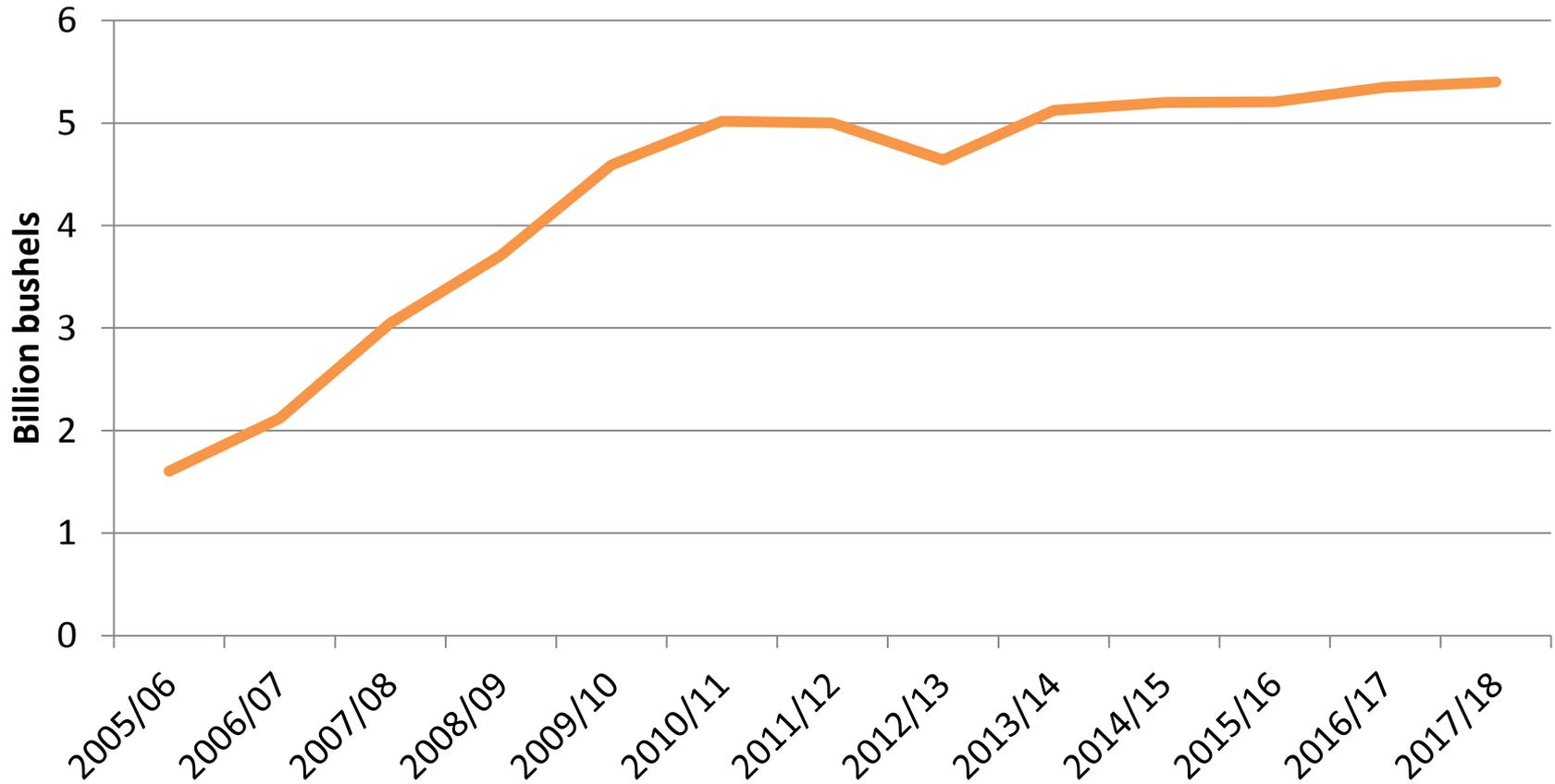


	2015/16	2016/17	2017/18
Planted area (mln acres)	88.0	94.0	90.0
Harvested area (mln acres)	80.8	86.7	82.4
Yield (bu/acre)	168.4	174.6	170.7
	(Million Bushels)		
Beginning Stocks	1,731	1,737	2,320
Production	13,602	15,148	14,065
Imports	67	55	50
Total Supply	15,401	16,940	16,435
Feed and Residual	5,131	5,600	5,450
Food, Seed, and Industrial	6,635	6,795	6,870
Ethanol for fuel	5,206	5,350	5,400
Exports	1,898	2,225	1,900
Total Use	13,664	14,620	14,220
Ending Stocks	1,737	2,320	2,215
Season-Average Farm Price	\$3.61	\$3.40	\$3.50



Corn for Ethanol Use Up

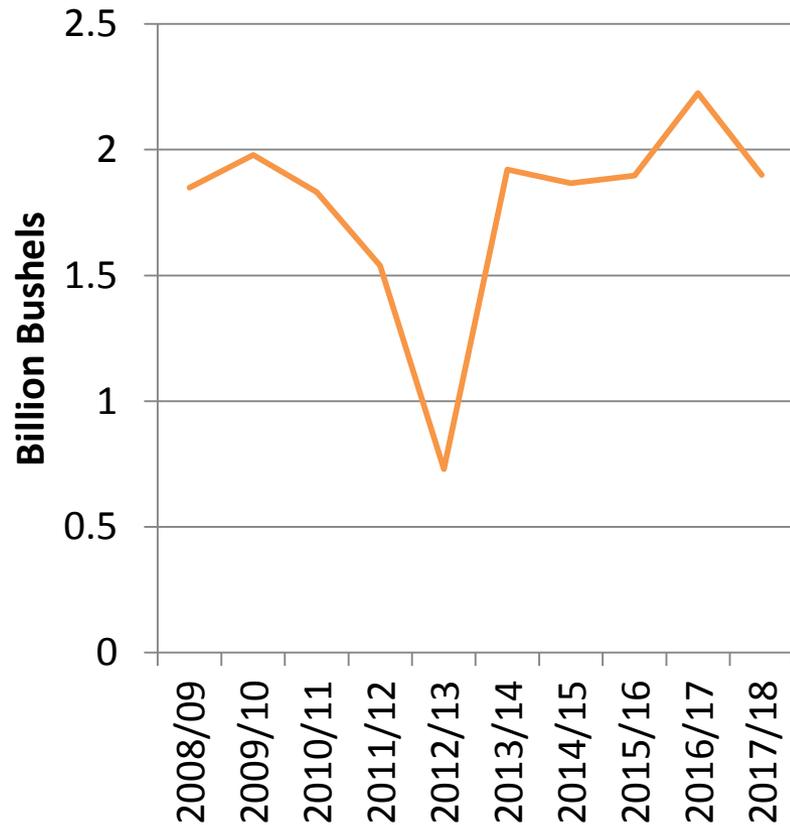
U.S. Ethanol Use



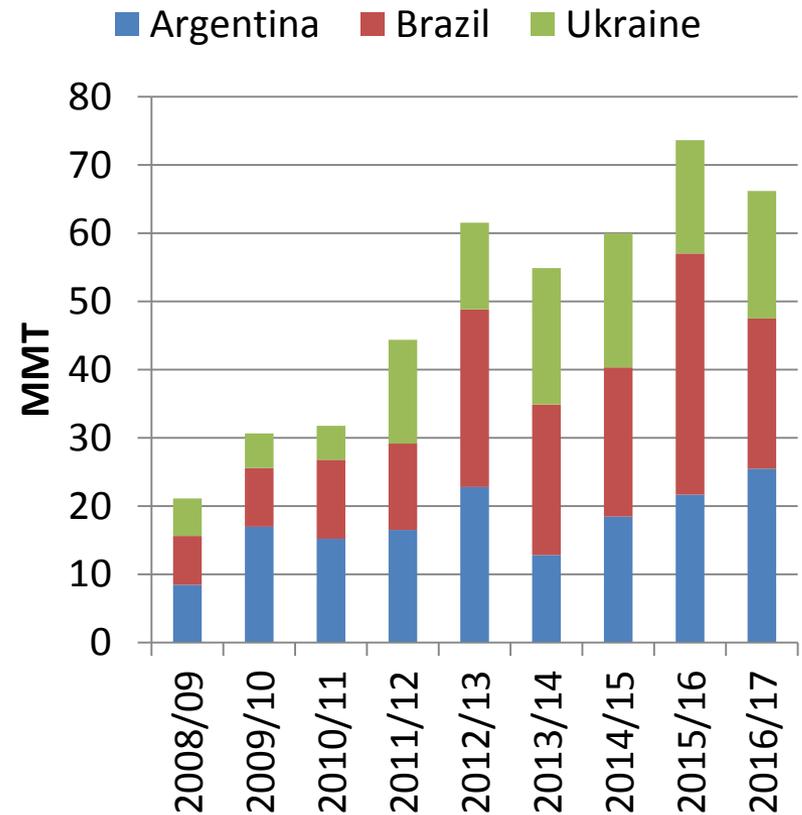


Corn Exports Forecast Down

U.S. Corn Exports



Corn Exports by Competitors





Corn

- Planted area down 4%
- Yield down based on weather-adjusted trend model
- Production lower
- Total supplies down
- Feed and residual down marginally
- Ethanol use up slightly
- Exports lower on tight competition
- Ending stocks to decline
- Small increase in season average farm prices

	2015/16	2016/17	2017/18
Planted area (mln acres)	88.0	94.0	90.0
Harvested area (mln acres)	80.8	86.7	82.4
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Soybeans

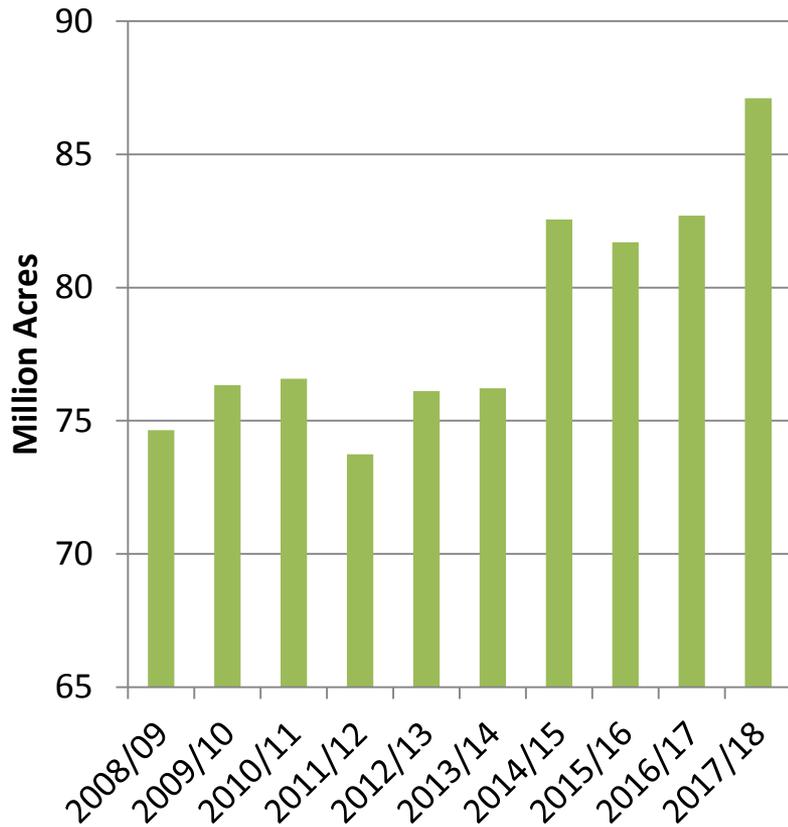


	2015/16	2016/17	2017/18
Planted area (mln acres)	82.7	83.4	88.0
Harvested area (mln acres)	81.7	82.7	87.1
Yield (bu/acre)	48.0	52.1	48.0
	(Million Bushels)		
Beginning Stocks	191	197	420
Production	3,926	4,307	4,180
Imports	24	25	25
Total Supply	4,140	4,528	4,625
Crush	1,886	1,930	1,945
Seed and Residual	122	128	135
Exports	1,936	2,050	2,125
Total Use	3,944	4,108	4,205
Ending Stocks	197	420	420
Season-Average Farm Price	\$8.95	\$9.50	\$9.60

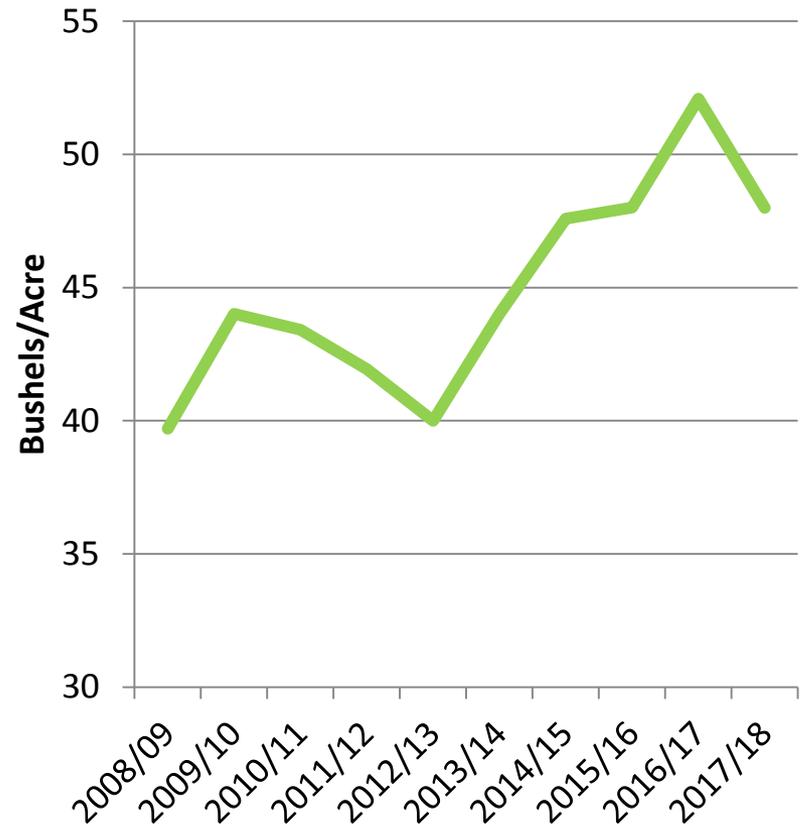


Soybean Area Up, But Yield Down

Area Harvested



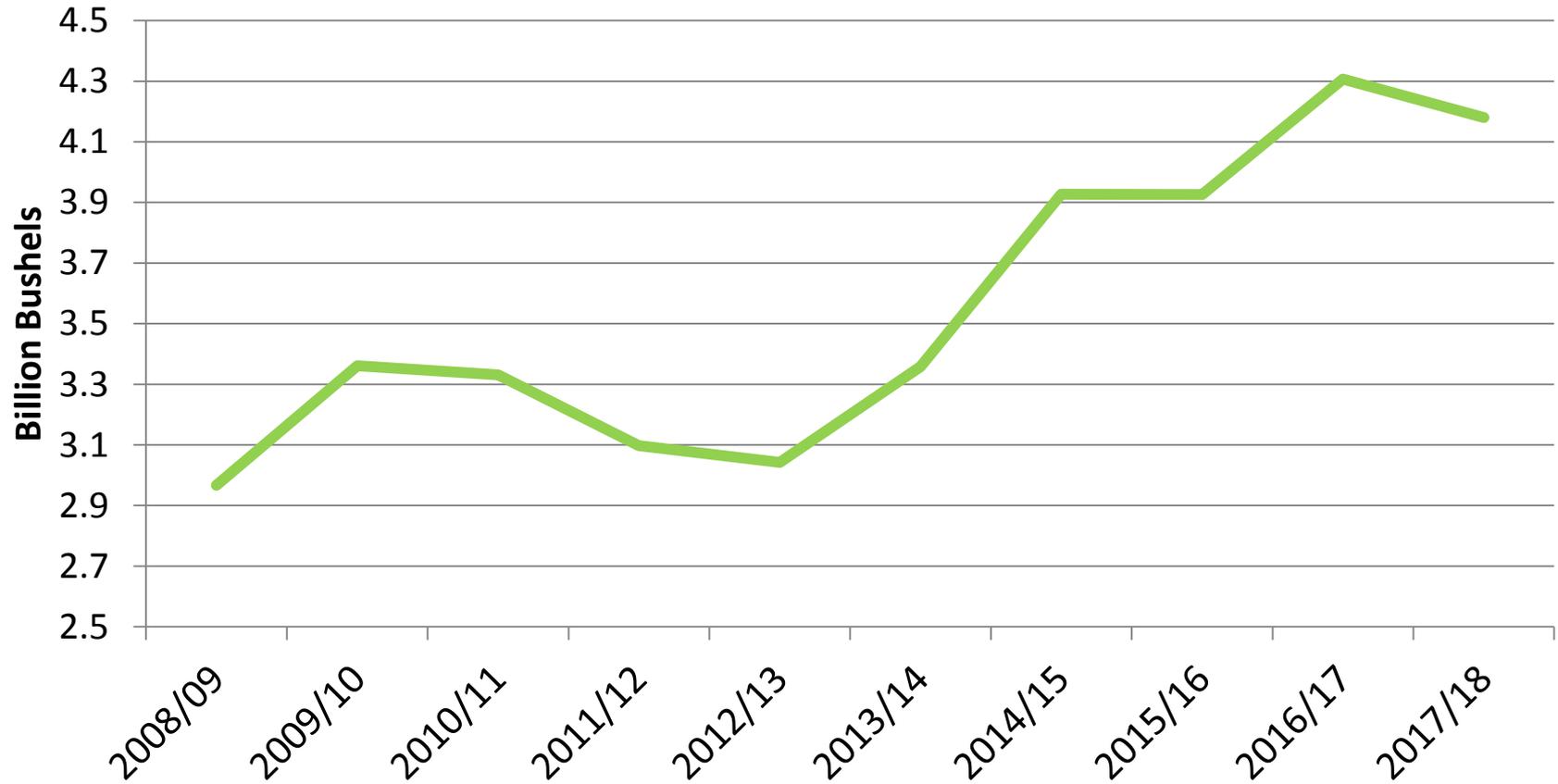
Yield





Soybean Production Down

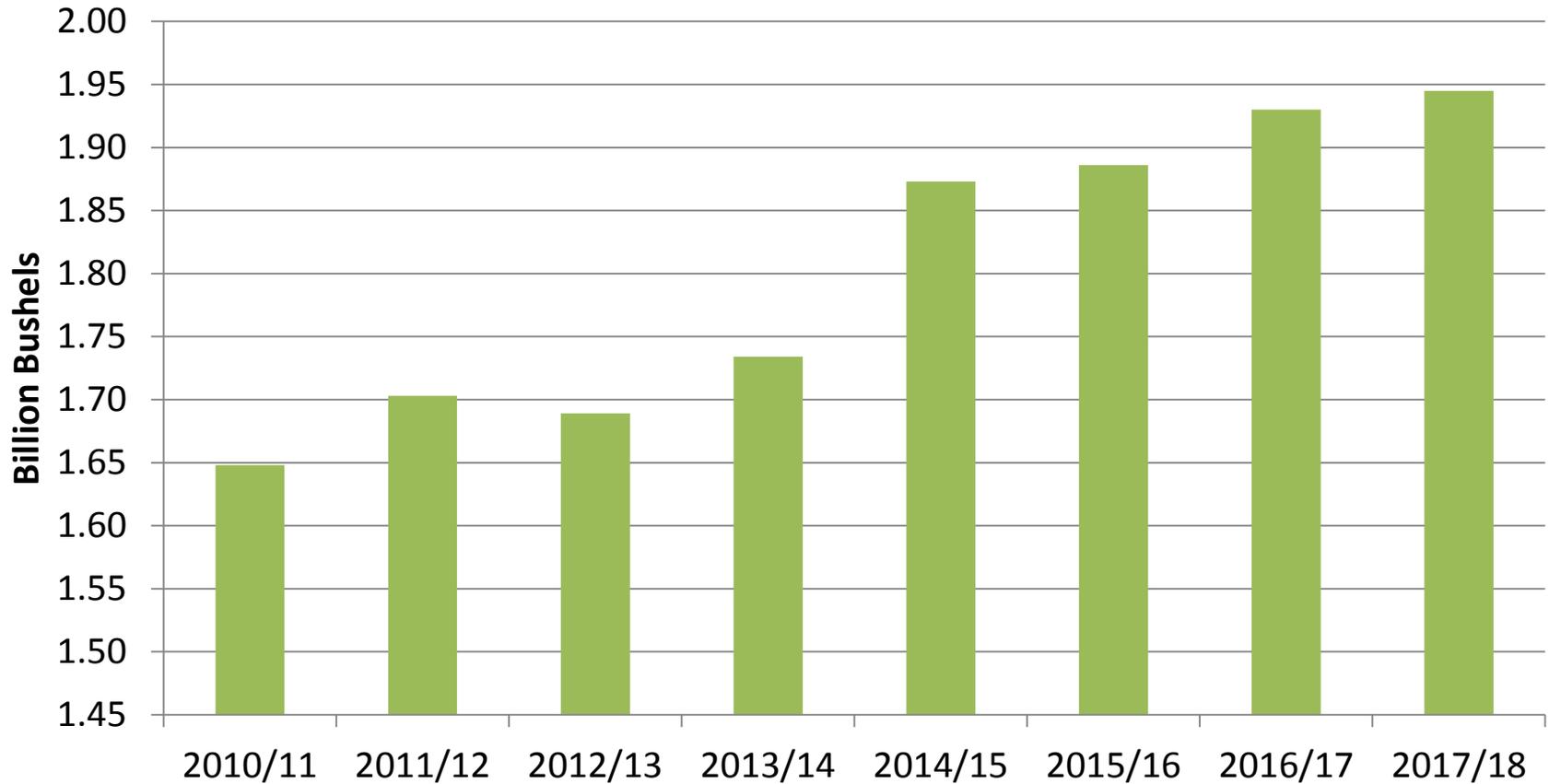
Production





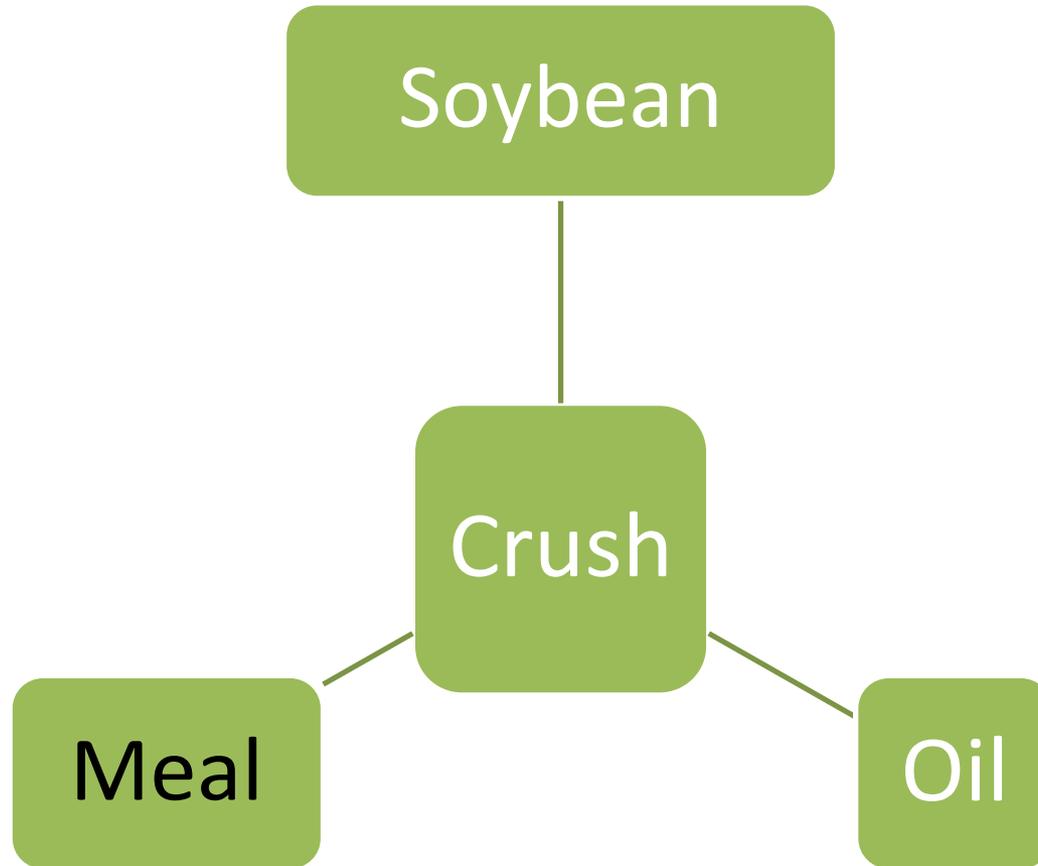
Soybean Crush Expands on Growing Meal Demand

Soybean Crush





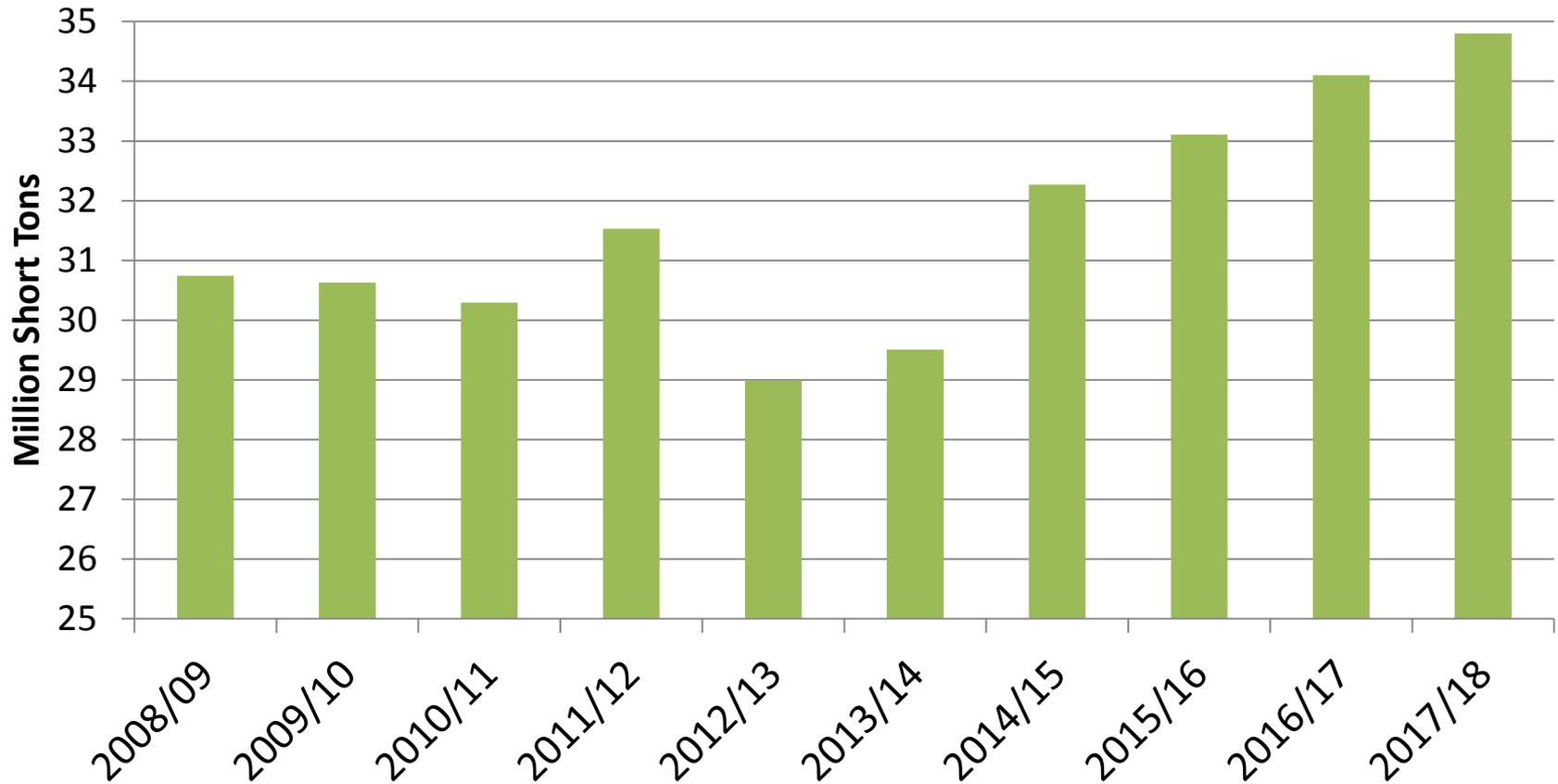
Soybean Products





Soybean Meal Domestic Use Expands

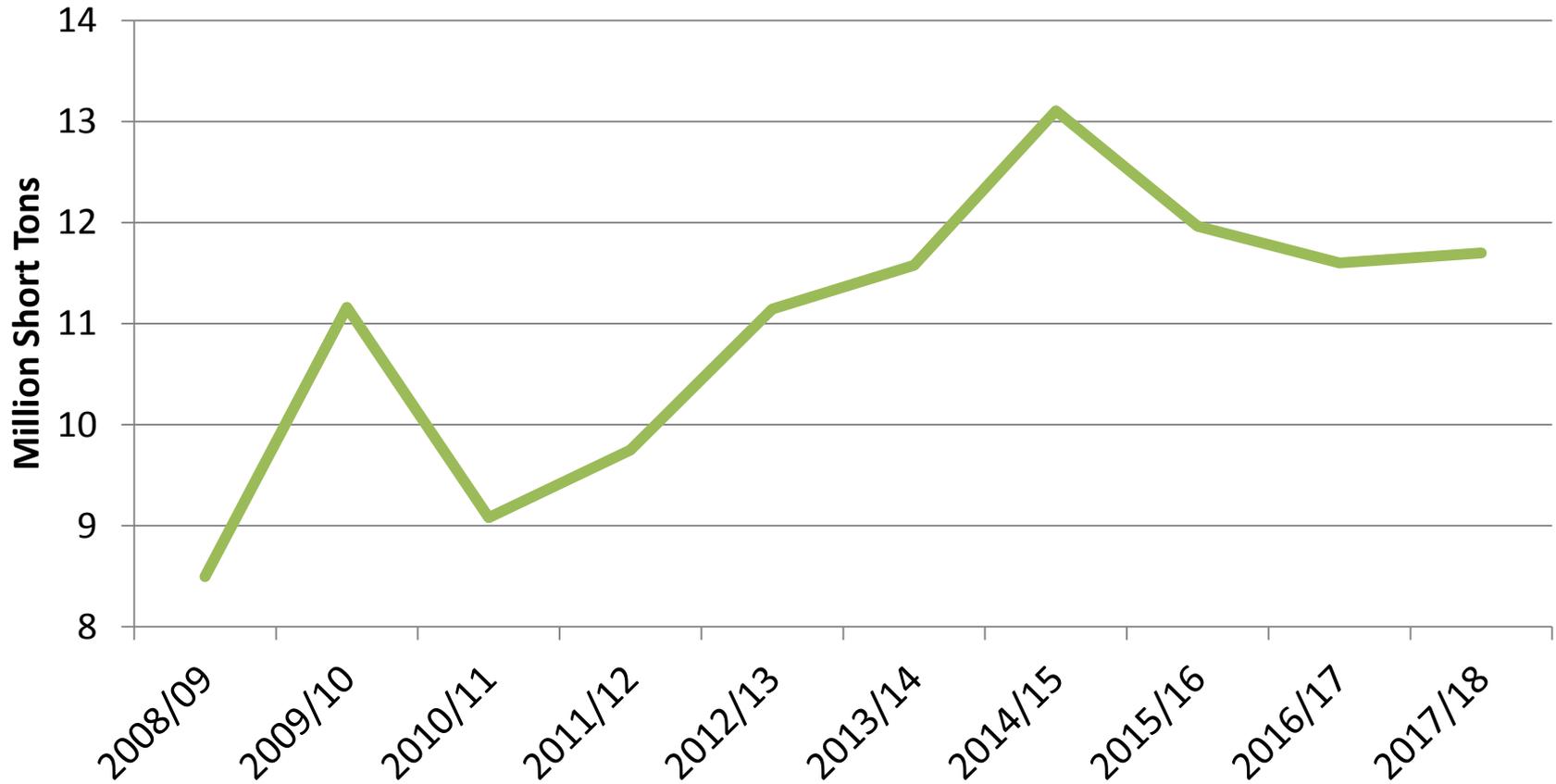
Domestic Consumption





Soybean Meal Exports Marginally Higher

U.S. Soybean Meal Exports





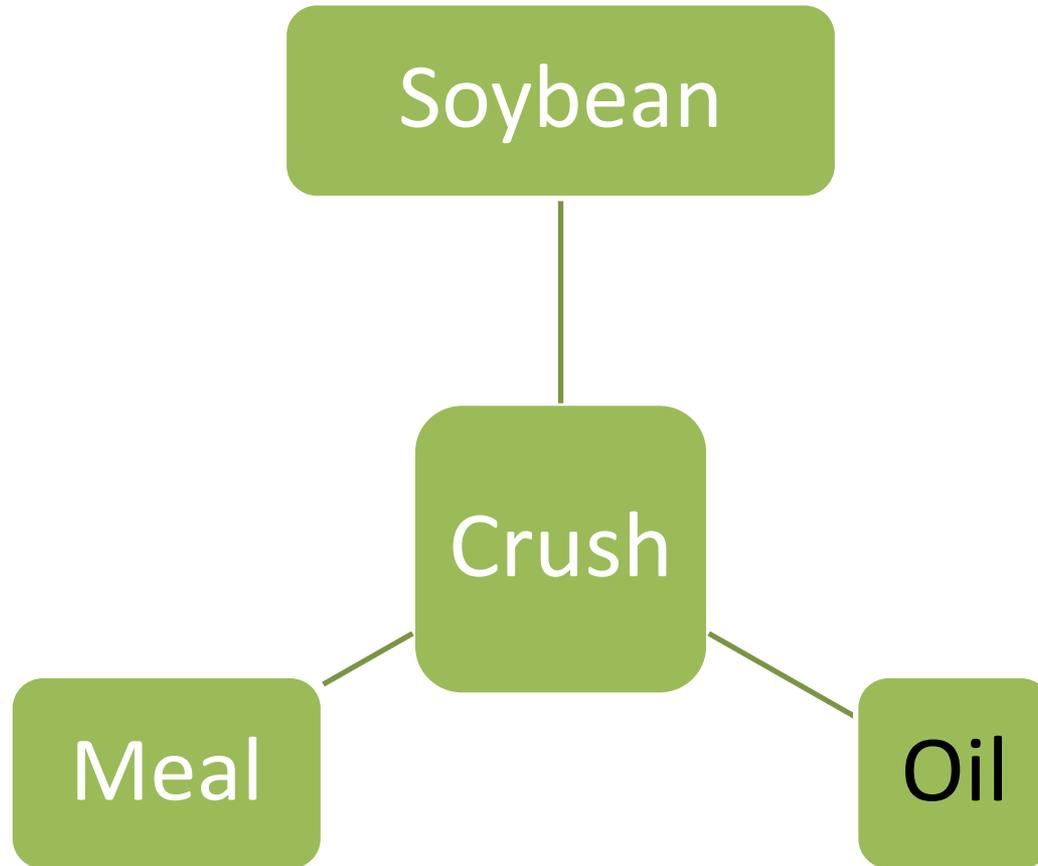
Soybean Meal

- Higher production on expanded crush
- Domestic consumption expands
- Exports up slightly with increased global demand, though Argentina remains top supplier
- Price to increase

	2015/16	2016/17	2017/18
	(Thousand Short Tons)		
Beginning Stocks	260	264	300
Production	44,672	45,411	46,200
Imports	403	325	300
Total Supply	45,335	46,000	46,800
Domestic Use	33,108	34,100	34,800
Exports	11,963	11,600	11,700
Total Use	45,071	45,700	46,500
Ending Stocks	264	300	300
Average price (\$/short ton)	\$324.56	\$325	\$330



Soybean Products





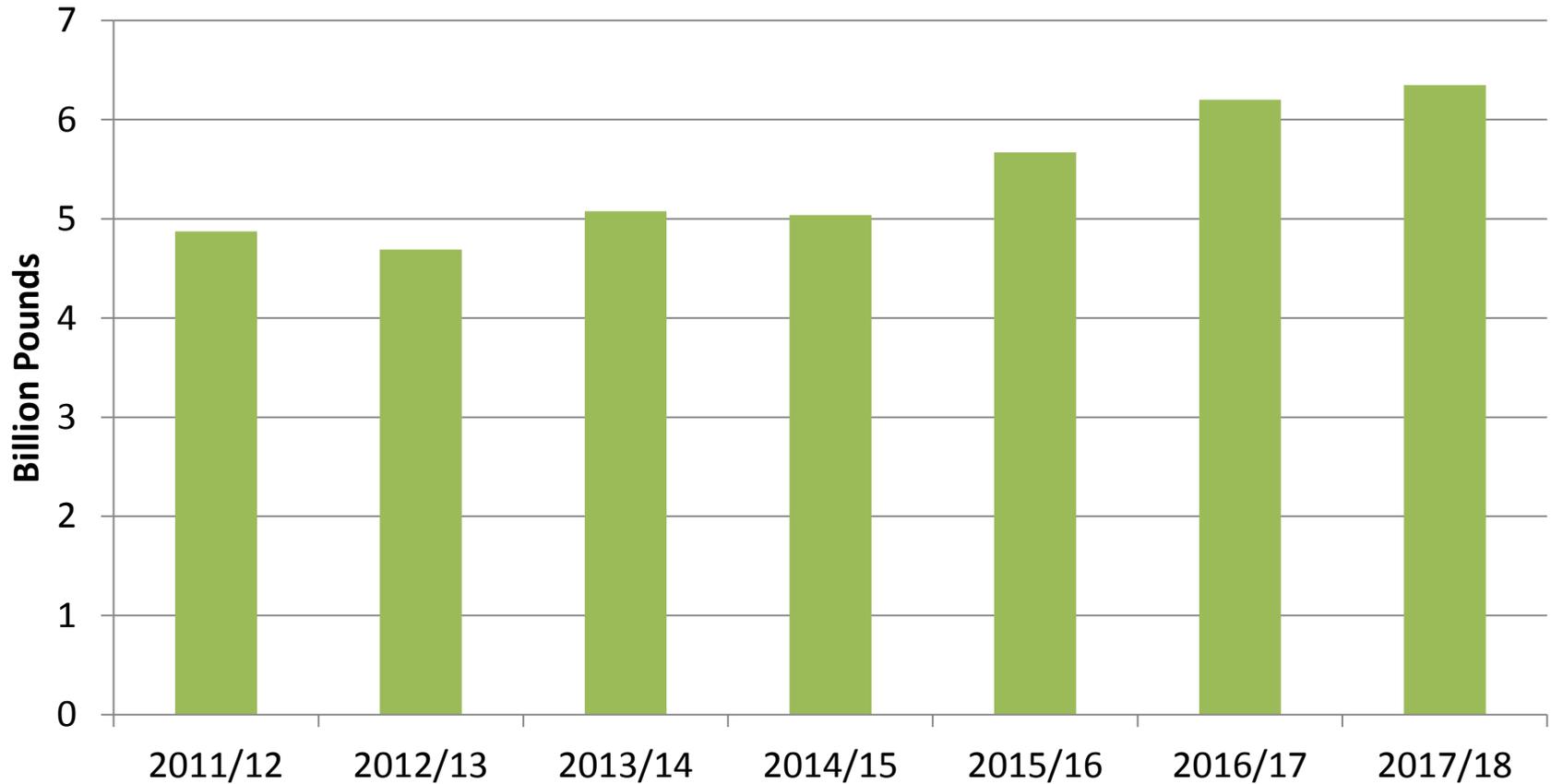
Soybean Oil

	2015/16	2016/17	2017/18
	(Million Pounds)		
Beginning Stocks	1,855	1,687	1,677
Production	21,950	22,390	22,485
Imports	288	300	275
Total Supply	24,093	24,377	24,437
Biodiesel	5,670	6,200	6,350
Food, Feed, other Industrial	14,496	14,350	14,375
Exports	2,240	2,150	2,000
Total Use	22,406	22,700	22,725
Ending Stocks	1,687	1,677	1,712
Average price (cents/lb)	29.9	35.5	35.0



Soybean Oil Biodiesel Use Expands

Soybean Oil Biodiesel Use





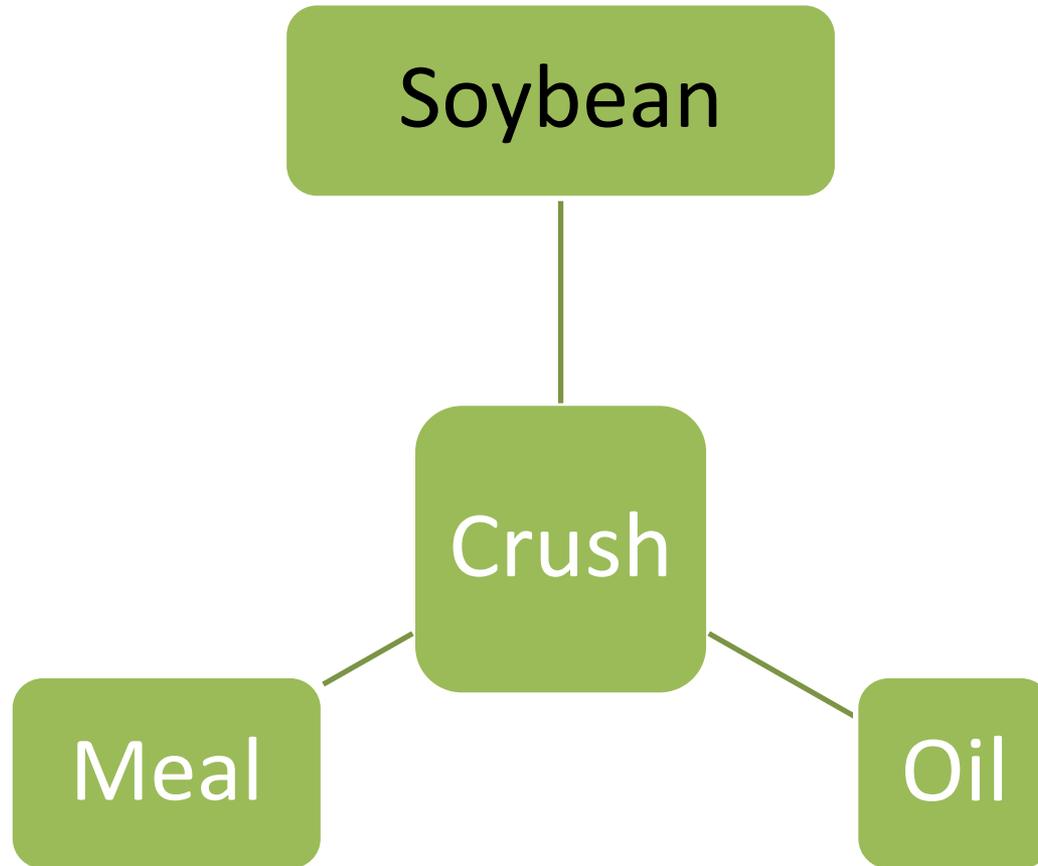
Soybean Oil

- Higher production on expanded crush
- Biodiesel use up
- Edible oil use rises fractionally
- Exports decline
- Price down slightly

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Soybean Products





Soybeans

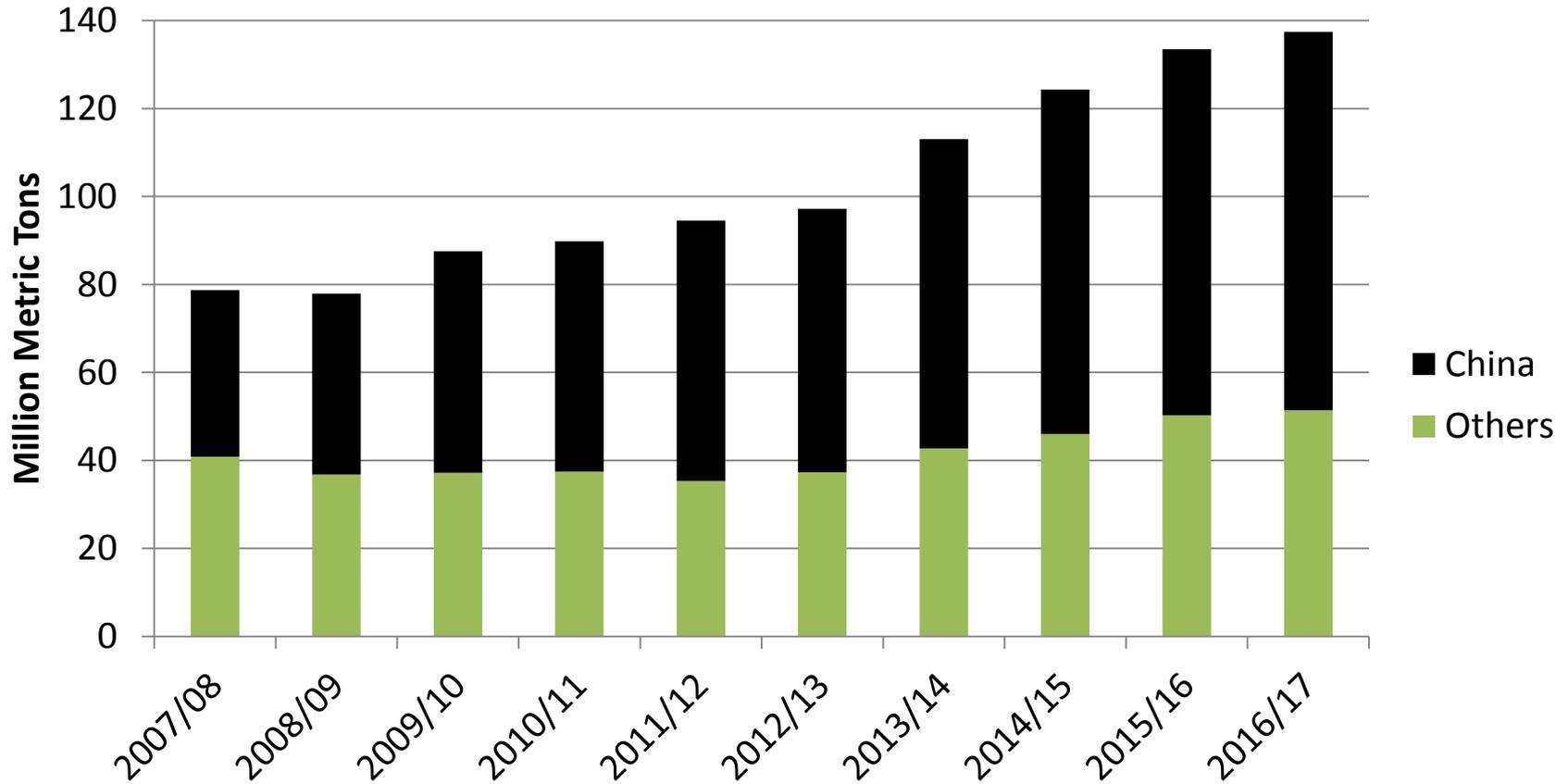
- Planted area up 6% on strong prices
- Yield lower based on weather-adjusted trend model
- Production declines
- With large carryin, supplies up
- Crush rises on strong meal demand
- Exports up on increased global demand

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Production	3,926	4,307	4,180
Imports	24	25	25
Total Supply	4,140	4,528	4,625
Crush	1,886	1,930	1,945
Seed and Residual	122	128	135
Exports	1,936	2,050	2,125
Total Use	3,944	4,108	4,205
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China Key Factor in Global Soybean Trade

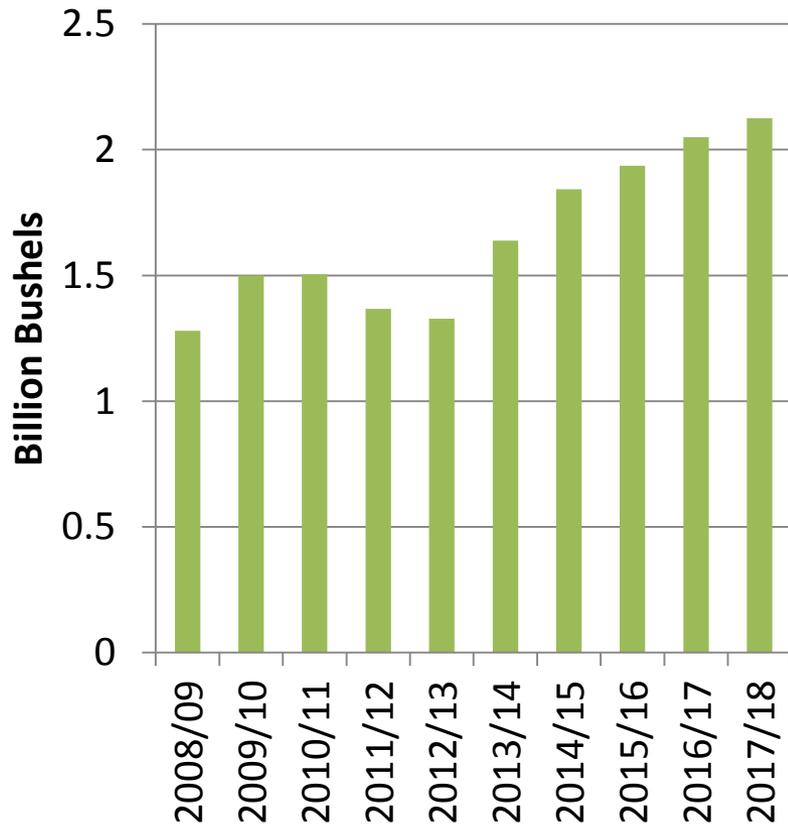
Soybean Imports



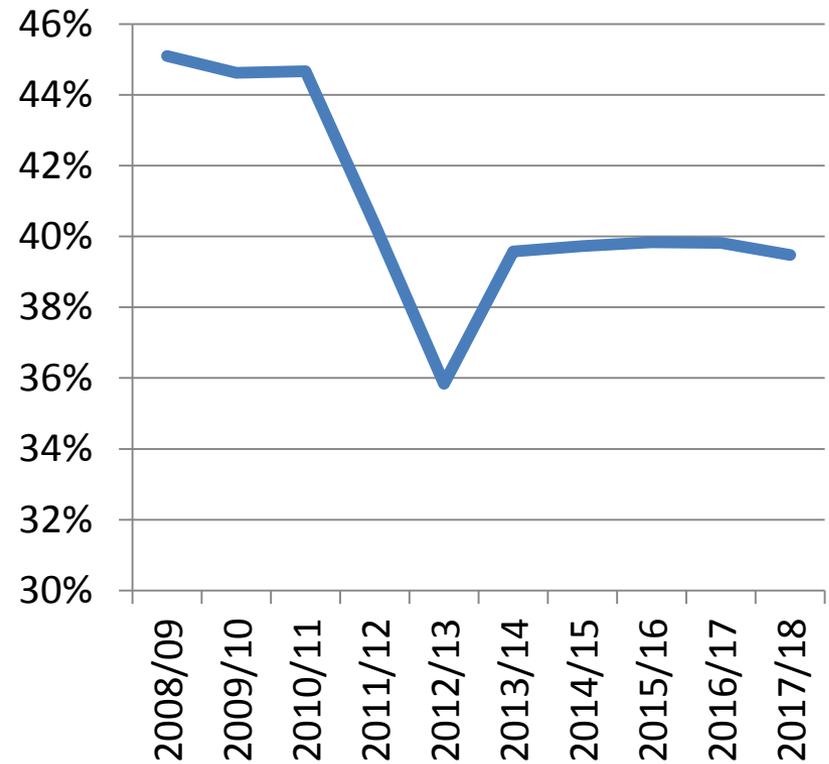


U.S. Soy Exports Expand, Despite Slight Dip in Share

U.S. Soy Exports



U.S. Market Share of Soybean Exports





Soybeans

- Planted area up 6% on strong prices
- Yield lower based on weather-adjusted trend model
- Production declines
- With large carryin, supplies up
- Crush rises on strong meal demand
- Exports up on increased global demand
- Ending stocks steady
- Higher expected season average farm prices

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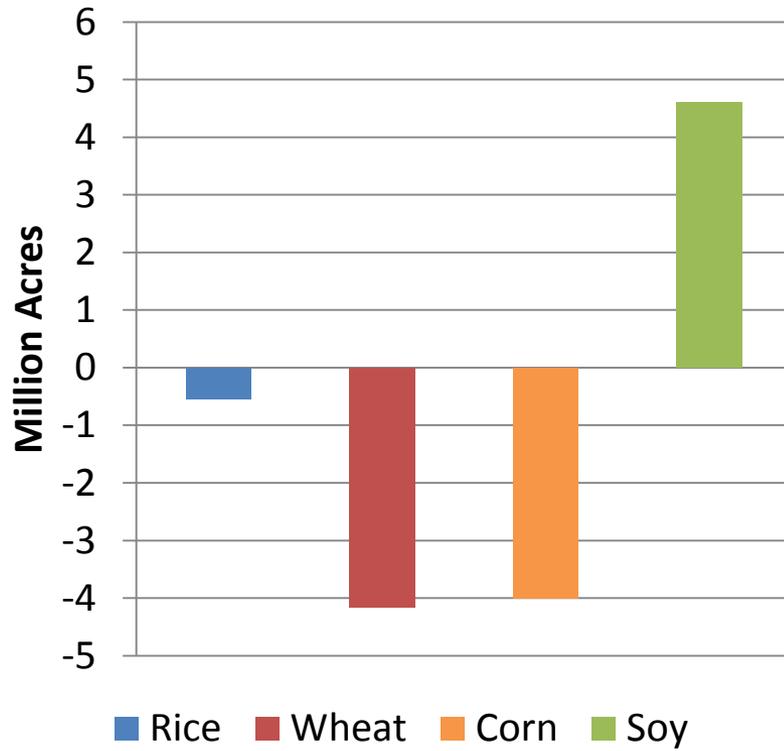
Key Points



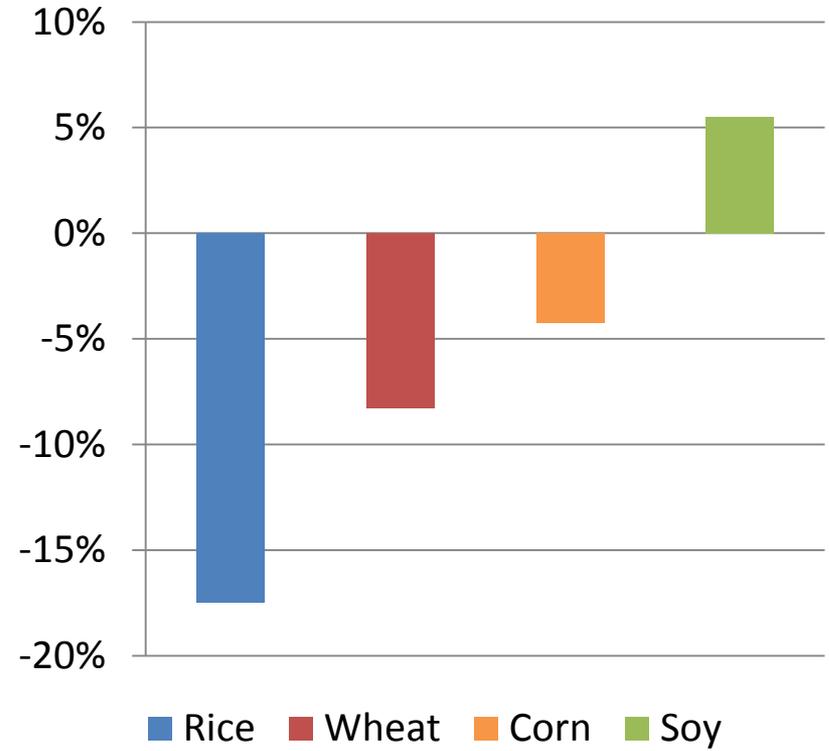


Planted Area to Decline, Except for Soybeans

Change in Planted Area 2017 v. 2016



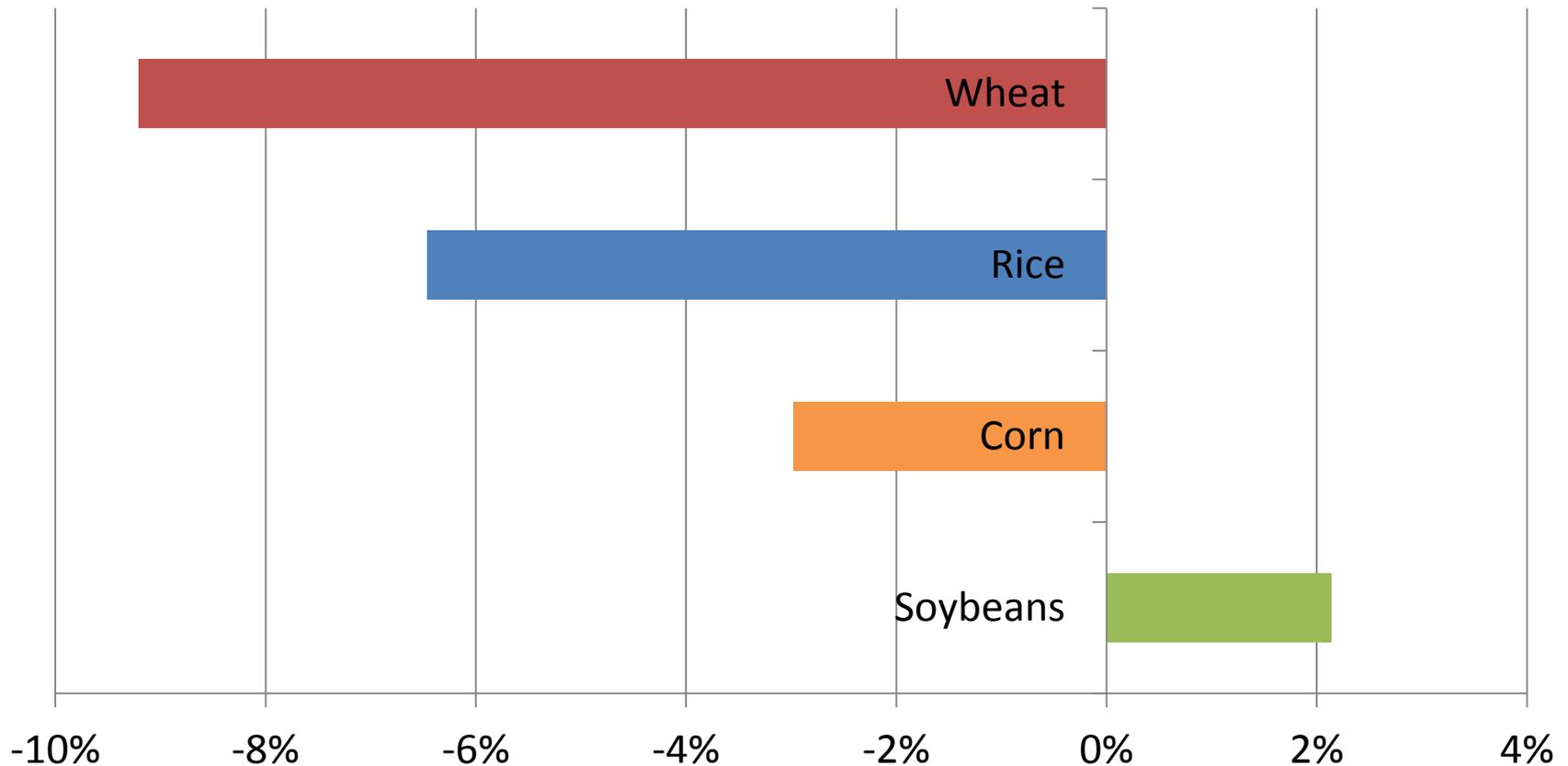
% Change in Planted Area 2017 v. 2016





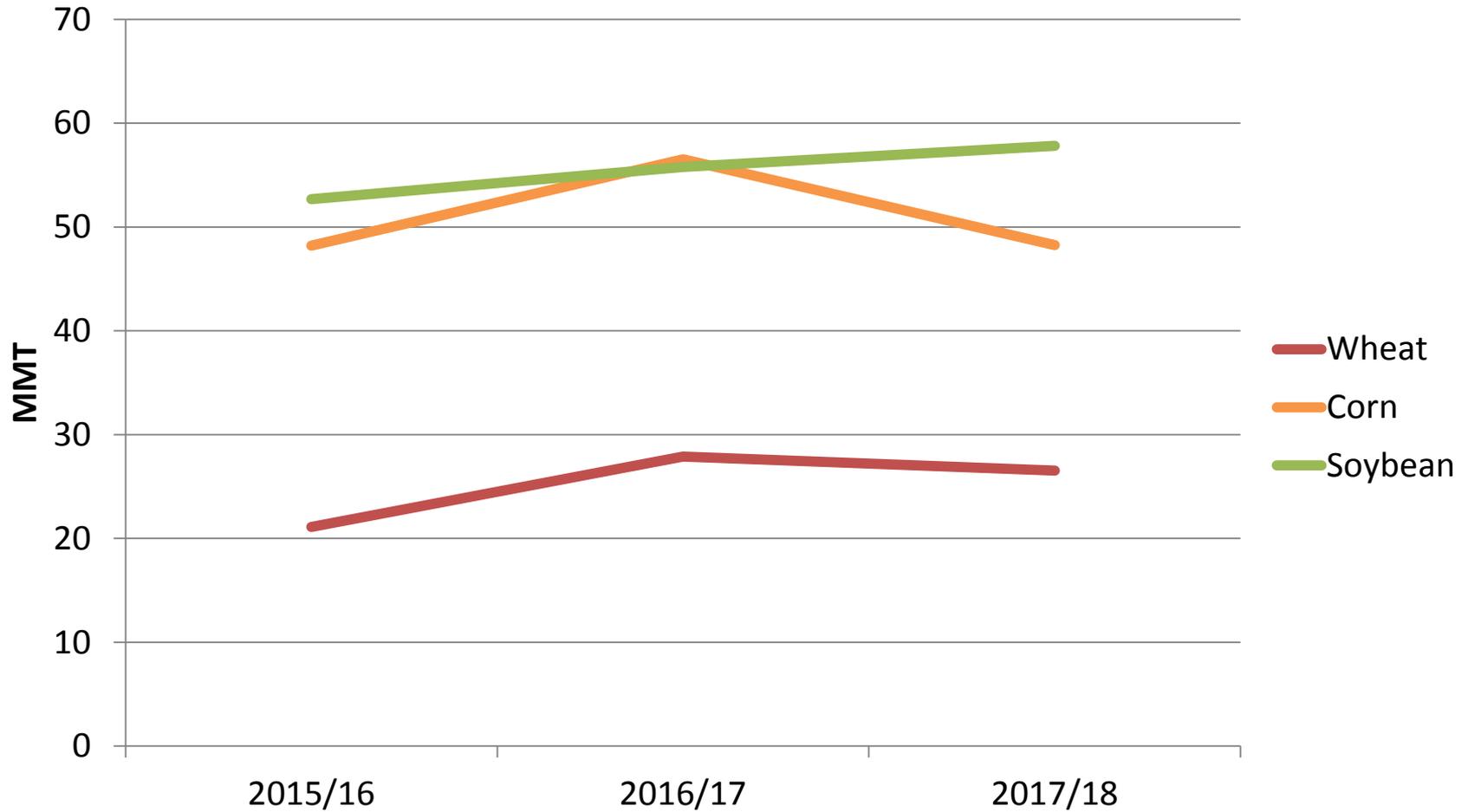
Supplies Decline, Except for Soybeans

Percent Change in Supplies





Exports Decline, Except for Soybeans





Domestic Use Declines, Except for Soybeans

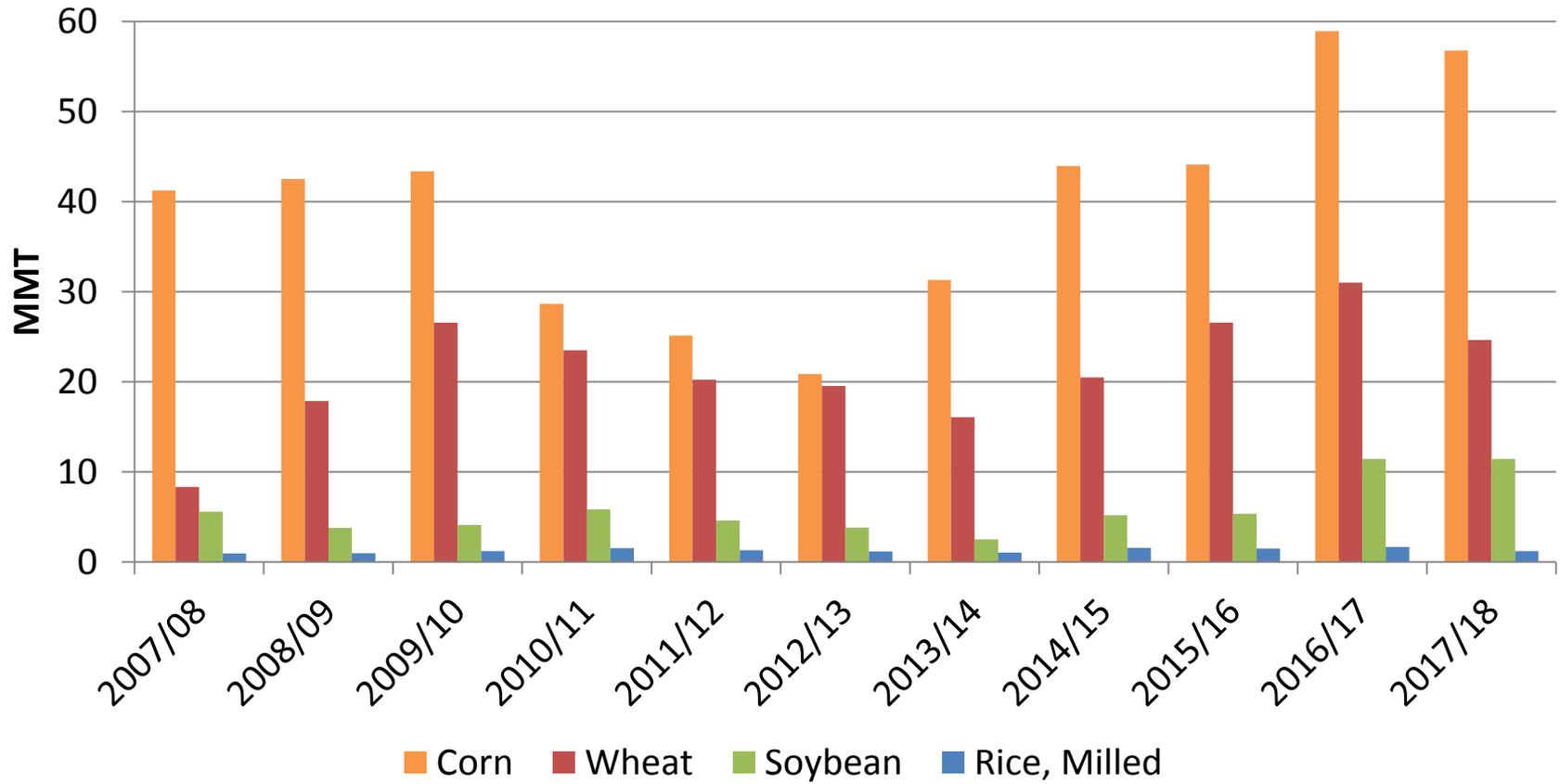
Percent Change in Domestic Use





Stocks Decline, Except for Soybeans

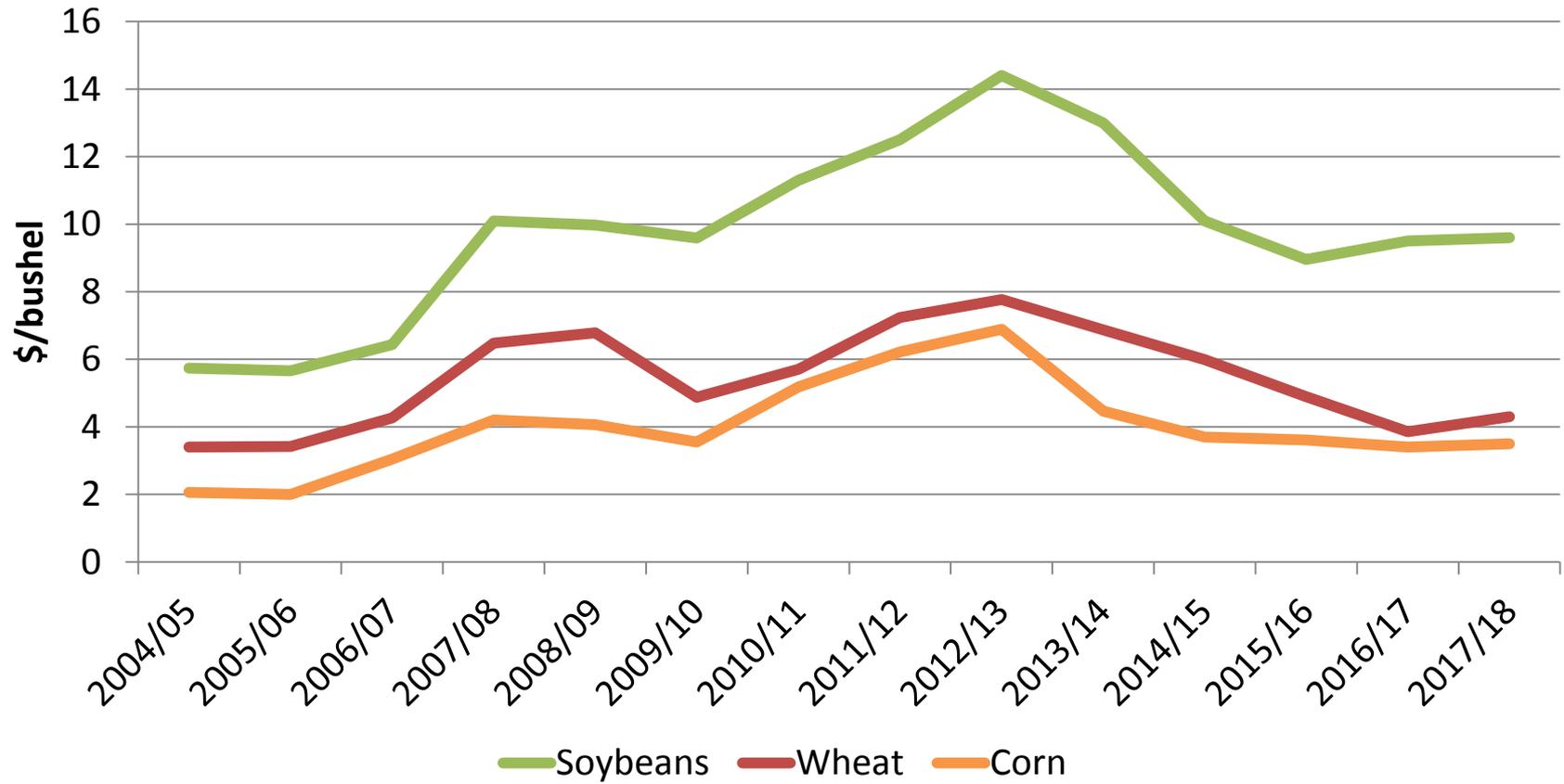
U.S. Ending Stocks





Modestly Higher Prices, Including Soybeans

U.S. Season-Average Farm Prices





Key Point





Grain and Oilseed Outlook

November

- USDA ERS published Agricultural Projections

January

- USDA NASS published final 2016 Crop Production, Winter Wheat and Canola Plantings Report

February

- USDA Agricultural Outlook Forum

March

- USDA NASS publishes Prospective Plantings

May

- USDA publishes 2017/18 World Agricultural Supply and Demand Estimates, including U.S. and foreign forecasts



Thank you

