USDA 2020/21
U.S. Grains and Oilseeds Outlook

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Presented on behalf of the Grains and Oilseeds Interagency Committees
What we’ll be talking about today

1) The 2020 setting
   • Macro (GDP and exchange rate)
   • Trade (China Phase I deal, coronavirus, African Swine Fever)
   • Weather
   • Farm financial pressure (crop margins)

2) 2020 Crop Highlights
   • Corn
   • Soybeans
   • Wheat
Global growth to recuperate; China growth to decline

Recent upturn in dollar

What a U.S. Dollar buys you:

Argentinian Pesos

Brazilian Real
Phase I Deal…what’s the deal?

Commitments by China to increase purchases over 2017 baselines:

- **Agricultural goods (2017 = $24 billion):**
  - +$12.5 billion in 2020
  - +$19.5 billion in 2021

- **Energy goods (2017 = $9.1 billion)**
  - +$18.5 billion in 2020
  - +$33.9 billion in 2021

![Chart showing historical and Phase I Deal purchases for Agricultural & Related Products between 2005 and 2021.](chart.png)
Total corn, soy, wheat prevented planting hit record high in 2019
It’s wet and could continue to be wet

Source: Climate Prediction Center, National Oceanic and Atmospheric Administration
Increasing 3-crop planted area

Total corn, soybeans, and wheat acreage
Corn down, wheat up, soy slightly up

Dollars per Bushel

- Corn: $3.6
- Wheat: $4.9
- Soybeans: $8.8
Weak margins to persist

Returns over Operating Costs:

Note: Margins exclude government payments. 2019/20 is not final, 2020/21 is a forecast.
U.S. Corn 2020/21 Highlights

- **Planted area** is forecast at 94 million acres, 5 percent above 2019/20
- **Production** is forecast at 15.5 billion bushels, 13 percent above 2019/20
- **Food, Seed, and Industrial (FSI)** is forecast to increase to 6.8 billion bushels, 20 million bushels above 2019/20
- **Feed and residual** is forecast to increase to 5.8 billion bushels, 275 million bushels above 2019/20
- **Exports** are forecast to increase to 2.1 billion bushels, 375 million bushels above 2019/20
- **Ending Stocks** are forecast to increase to 2.7 billion bushels, up 745 million bushels from 2019/20
Lower corn stocks, but total supply to increase
Corn consumption is increasing slightly
Global corn export share has declined

- **Exports, Million Metric Tons**
  - 2010: 80
  - 2011: 70
  - 2012: 60
  - 2013: 50
  - 2014: 40
  - 2015: 30
  - 2016: 20
  - 2017: 10
  - 2018: 0
  - 2019: 20

- **Countries**
  - **United States**
  - **Argentina**
  - **Brazil**
  - **Ukraine**

- **U.S. Share (right)**

- **Years**
  - 2010
  - 2011
  - 2012
  - 2013
  - 2014
  - 2015
  - 2016
  - 2017
  - 2018
  - 2019

- **Export Trends**
  - Decline in U.S. share from 2010 to 2019.
U.S. corn price is currently competitive

Source: International Grains Council (IGC)
U.S. Soybean 2020/21 Highlights

- **Planted area** is forecast at 85 million acres, 12 percent above 2019/20

- **Production** is forecast at 4.2 billion bushels, 18 percent above 2019/20

- **Crush** is forecast at 2.1 billion bushels, an increase of 25 million bushels from 2019/20

- **Exports** are forecast to rise to 2.1 billion bushels, a 225 million bushel increased from 2019/20

- **Ending stocks** are forecast to decrease to 320 million bushels, down 484 million bushels from 2019/20
Soybean supply increase on higher production
Soybean use is increasing

![Soybean Use Over Time]

- **Crushed**: Blue
- **Seed & Residual**: Magenta
- **Exports**: Green
In 2018/19, U.S. soybean exports to China decreased, increased for ROW.

Accumulated as of Feb. 6, 2020.
U.S. Wheat 2020/21 Highlights

- **Planted area** is forecast at 45 million acres, less than 1 percent lower from 2019/20
- **Production** is forecast at 1.8 billion bushels, 4 percent lower from 2019/20
- **Feed and residual use** is forecast at 120 million bushels, down 30 million from 2019/20
- **Food use** is forecast to increase to 958 million bushels, only 3 million higher from 2019/20
- **Exports** are forecast to stay constant at 1.0 billion bushels, as the U.S. has become relatively more competitive in international wheat markets
- **Ending Stocks** are forecast to tighten by about 160 million bushels to 777 million bushels, a five-year low
Wheat supply is down
Winter wheat sowings—second lowest on record after 1909
Small dip in wheat consumption
Global wheat competition remains
Thank you!
Returns from ethanol

Source: Iowa State University, Center for Agricultural and Rural Development
Soybean to Corn Price Ratio

Feb. 2019

Feb. 2020