

2017 Crop Outlook

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Center for
Commercial Agriculture

2017 Crop Outlook Webinar
July 3, 2017

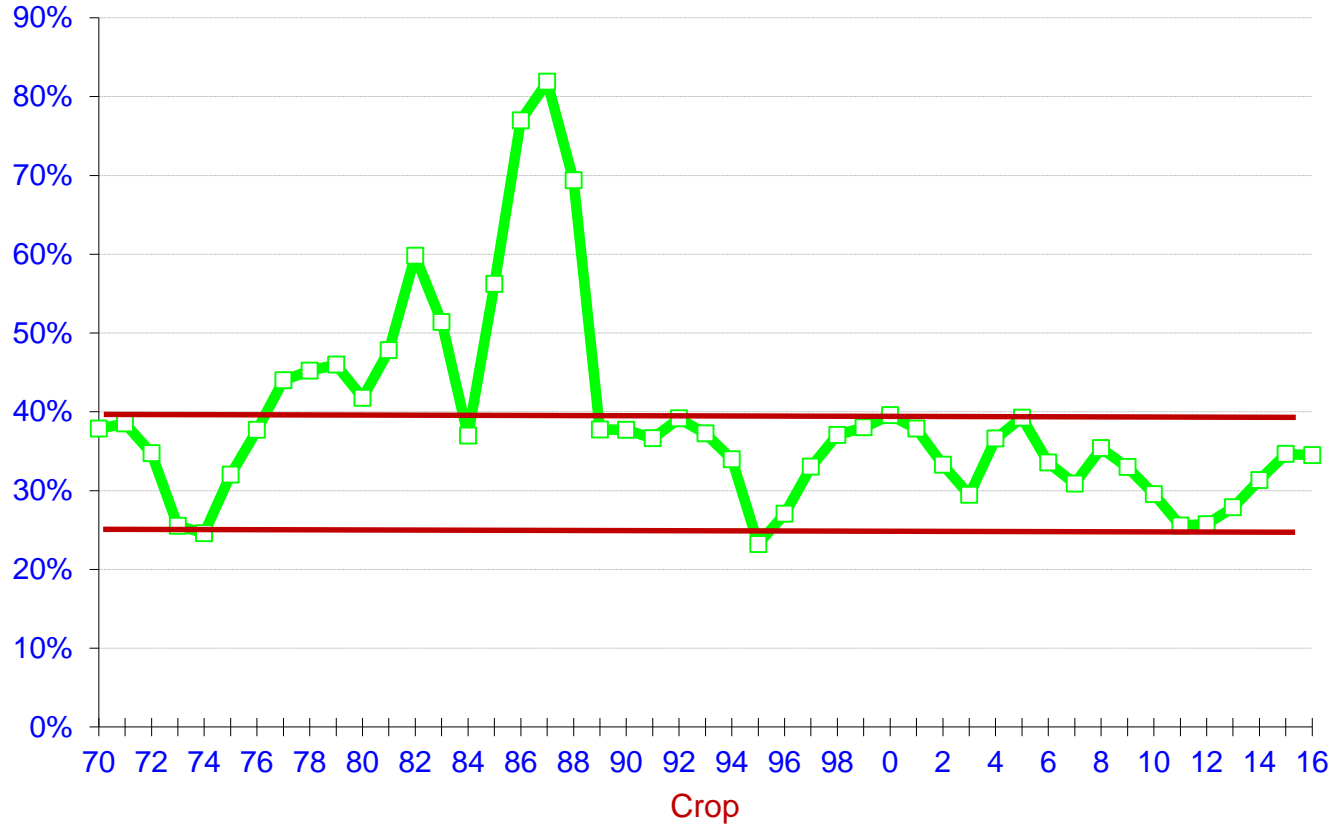
Outline of Presentation

- Summary of the latest USDA Reports
- Yield and Weather Update
- Grain Market Outlook
- Crop Budgets

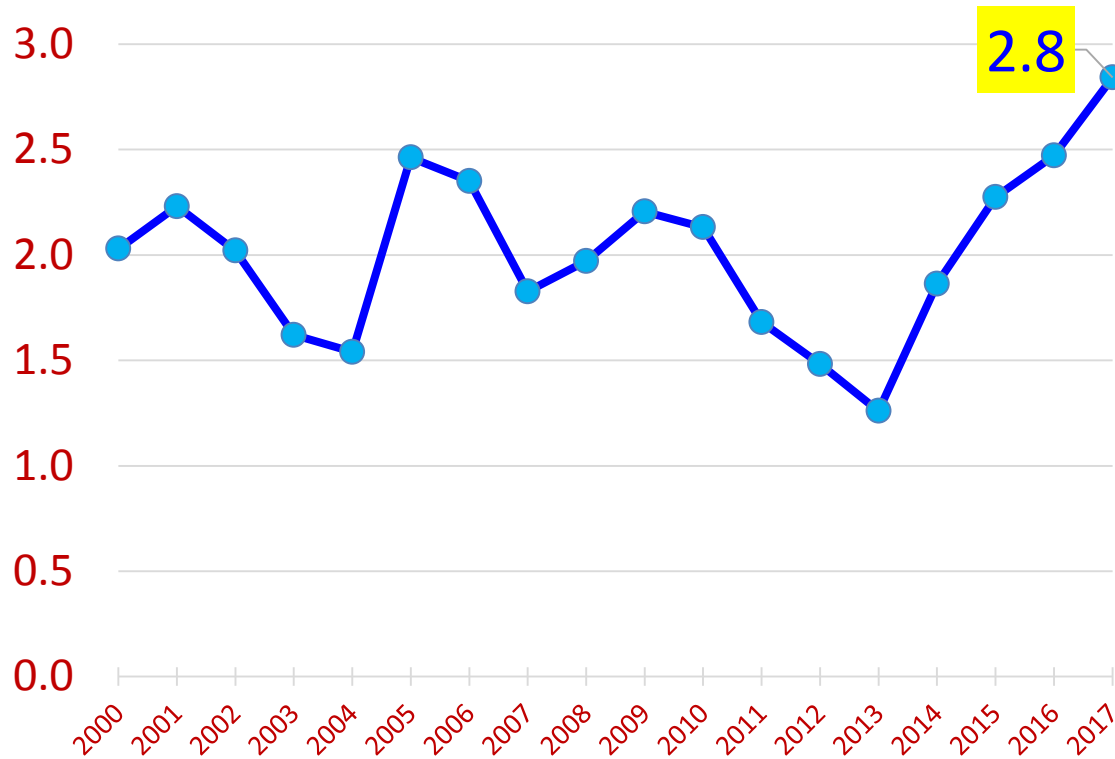
Stocks Situation

	Stocks June 1	Pre-Report Expectation	Difference
	----- Million Bushels -----		
<u>Corn:</u> <i>Bearish</i>	5,225	5,160	+65
<u>Soybeans</u> <i>Bullish</i>	963	981	-18
<u>Wheat:</u> <i>Bearish</i>	1,184	1,154	+30

June 1 Corn Stocks as % of Harvest



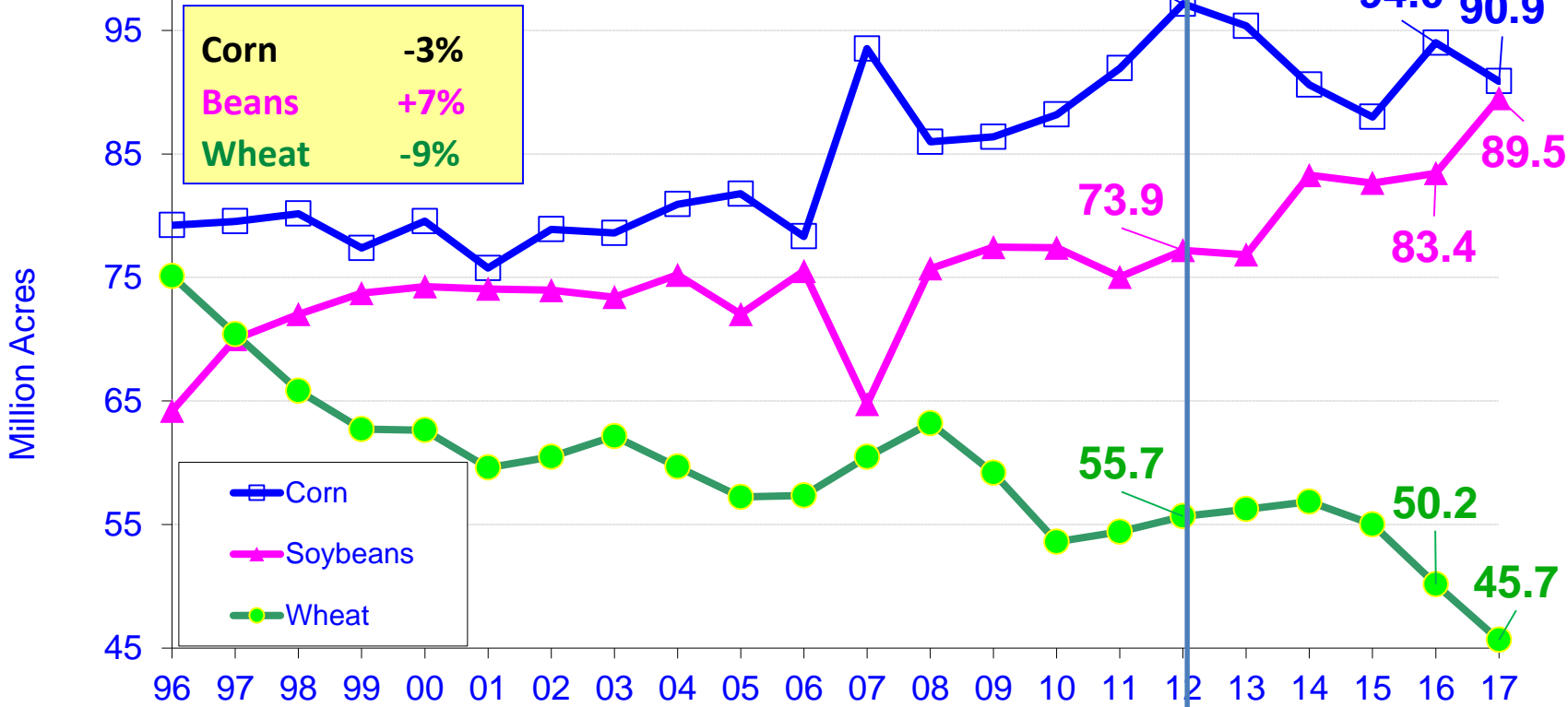
June 1 Corn On-Farm: Billion Bushels



Acres Situation

	June Acres	Pre-Report Expectation	Difference
	----- Million Acres -----		
<u>Corn:</u> <i>Bearish</i>	90.9	89.8	+1.07
<u>Soybeans</u> <i>Bullish</i>	89.5	90.0	-.440
<u>Wheat (all):</u> <i>Bullish</i>	45.7	46.0	-.390
<u>Spring Wheat</u> <i>Bullish</i>	10.9	11.2	-.330

Corn, Soybean, Wheat Planted Acres



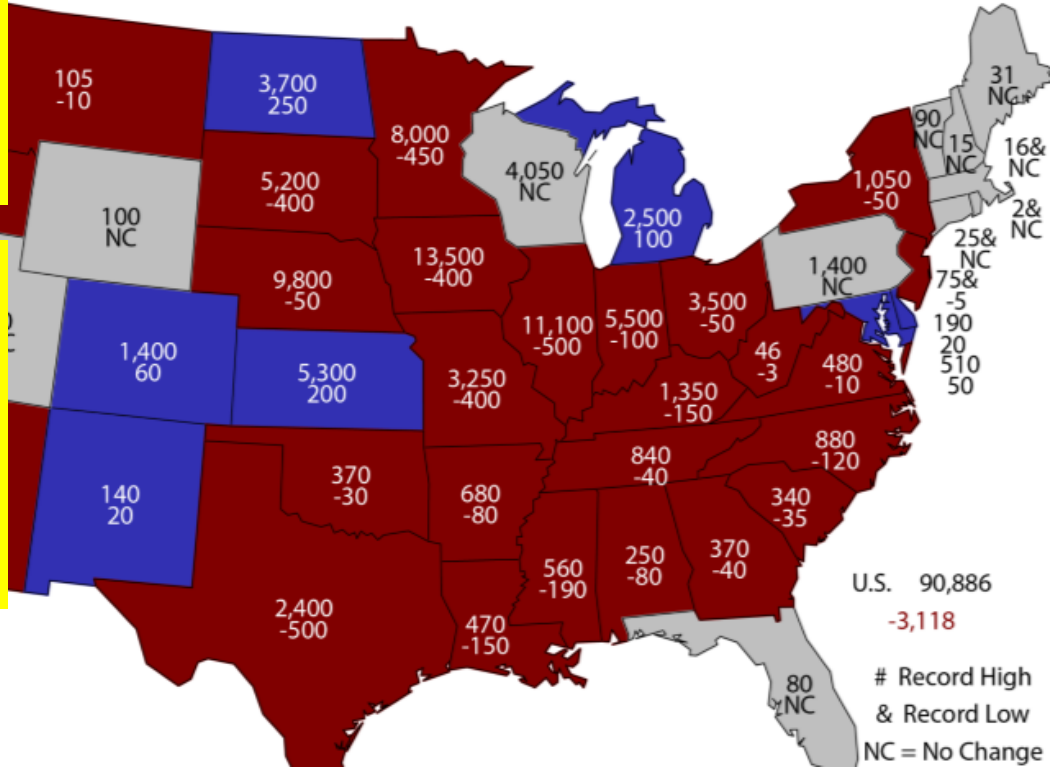
2017-16	Corn	Soybeans	Wheat
NE	12	(14)	76
SE	(475)	104	(105)
ECB	(550)	1,120	(330)
WCB	(1,250)	1,550	(66)
Delta	(420)	700	(20)
SP	(510)	70	(810)
CP	210	1,200	(1,309)
NP	(160)	1,350	(1,858)
West	30		(18)
PNW	(5)		(57)
U.S.	(3,118)	6,080	(4,497)

Sorghum	Cotton
0	0
(13)	460
12	0
(25)	20
(62)	235
(185)	1,121
(460)	24
30	1
0	121
0	1
(703)	1,983

USDA Corn Acres: Red Means Decline From Last Year

N. Dakota	3.7
S. Dakota	5.2
Sum	8.9
2017 Acres	(10%)
2016 Prod.	(9%)

N. Dakota	3.7
S. Dakota	5.2
Minnesota	8.0
Sum	16.9
	(19%)
2016 Prod.	(19%)

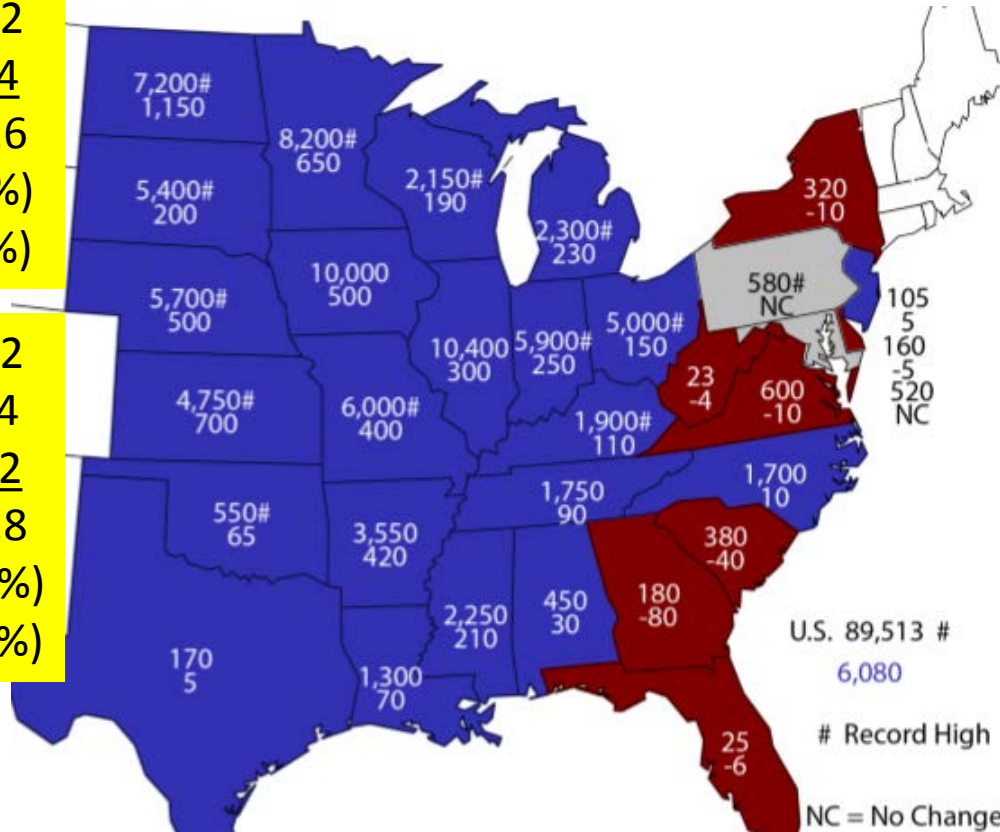


USDA: NASS
Acreage Briefing

USDA Bean Acres: Blue Means Increase From Last Year

N. Dakota	7.2
<u>S. Dakota</u>	<u>5.4</u>
Sum	12.6
2017 Acres (14%)	
2016 Prod. (12%)	

N. Dakota	7.2
S. Dakota	5.4
<u>Minnesota</u>	<u>8.2</u>
Sum	20.8
2017 Acres (23%)	
2016 Prod. (21%)	

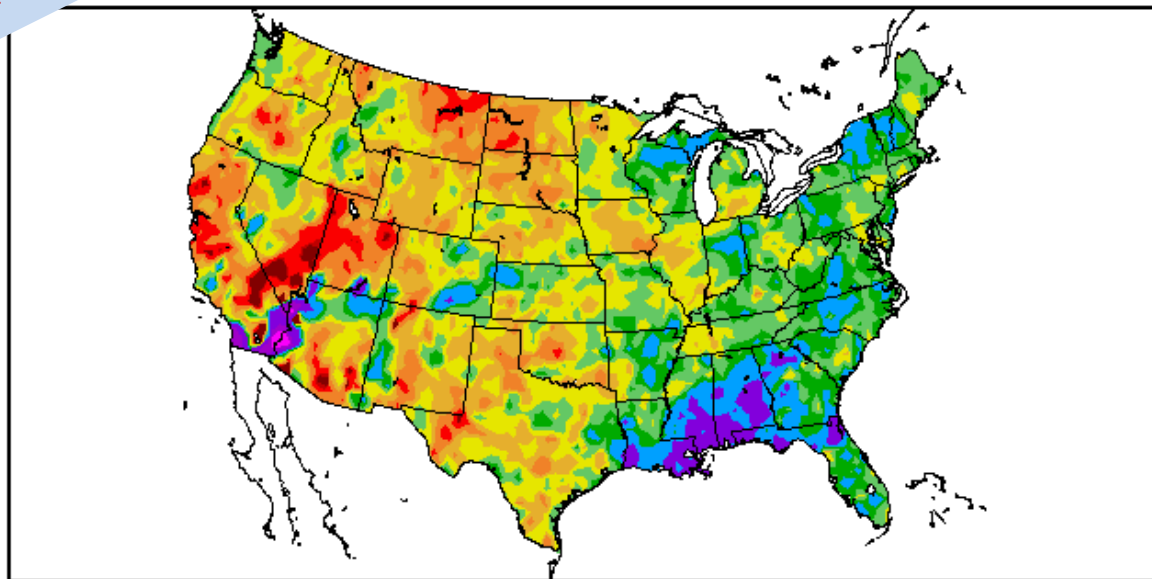


U.S. 89,513 #
6,080
Record High
NC = No Change

USDA: NASS
Acreage Briefing

Past
Weather

Percent of Normal Precipitation (%)
5/3/2017 - 7/1/2017



Generated 7/2/2017 at HPRCC using provisional data.

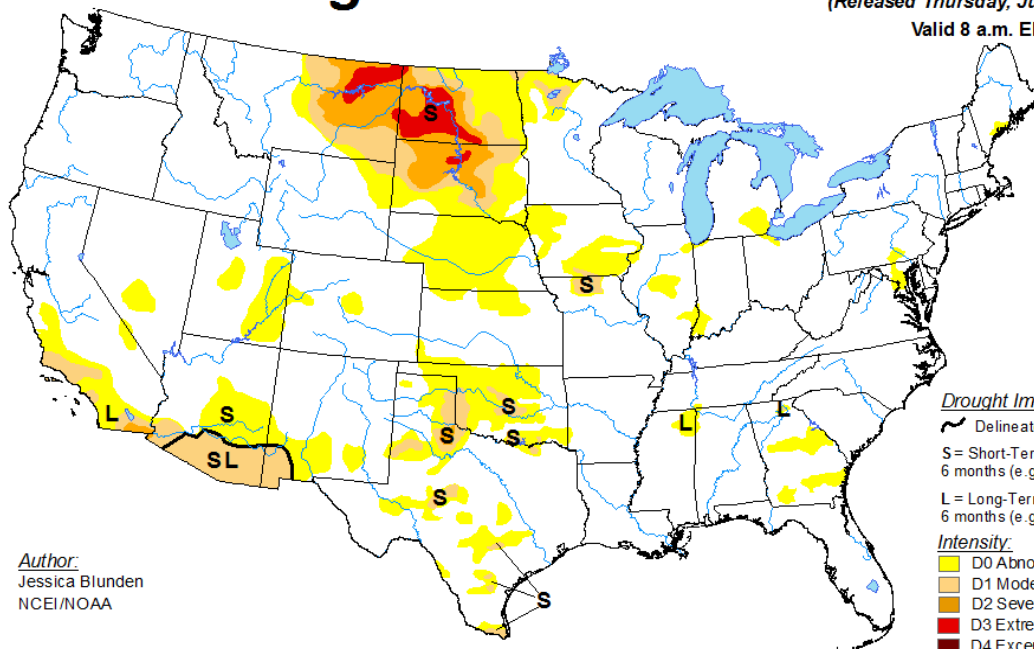
Regional Climate Centers

U.S. Drought Monitor

June 27, 2017

(Released Thursday, Jun. 29, 2017)

Valid 8 a.m. EDT



Author:
Jessica Blunden
NCEI/NOAA

Drought Impact Types:

~ Delineates dominant impacts

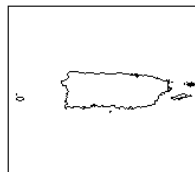
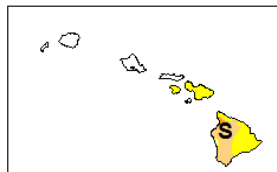
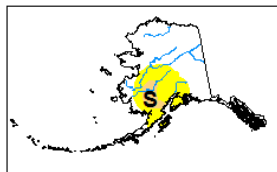
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu>

2017 Percentile Crop Condition Rank Based on 2000-2016

(Assumes Normal Distribution)

	U.S. Corn	U.S. Beans	Ind. Corn	Ind. Beans
6/4/17	39%			
6/11/17	24%	50%	2%	28%
6/18/17	29%	51%	6%	31%
6/25/17	28%	47%	12%	30%

Yield

-----Bushels/Acre-----

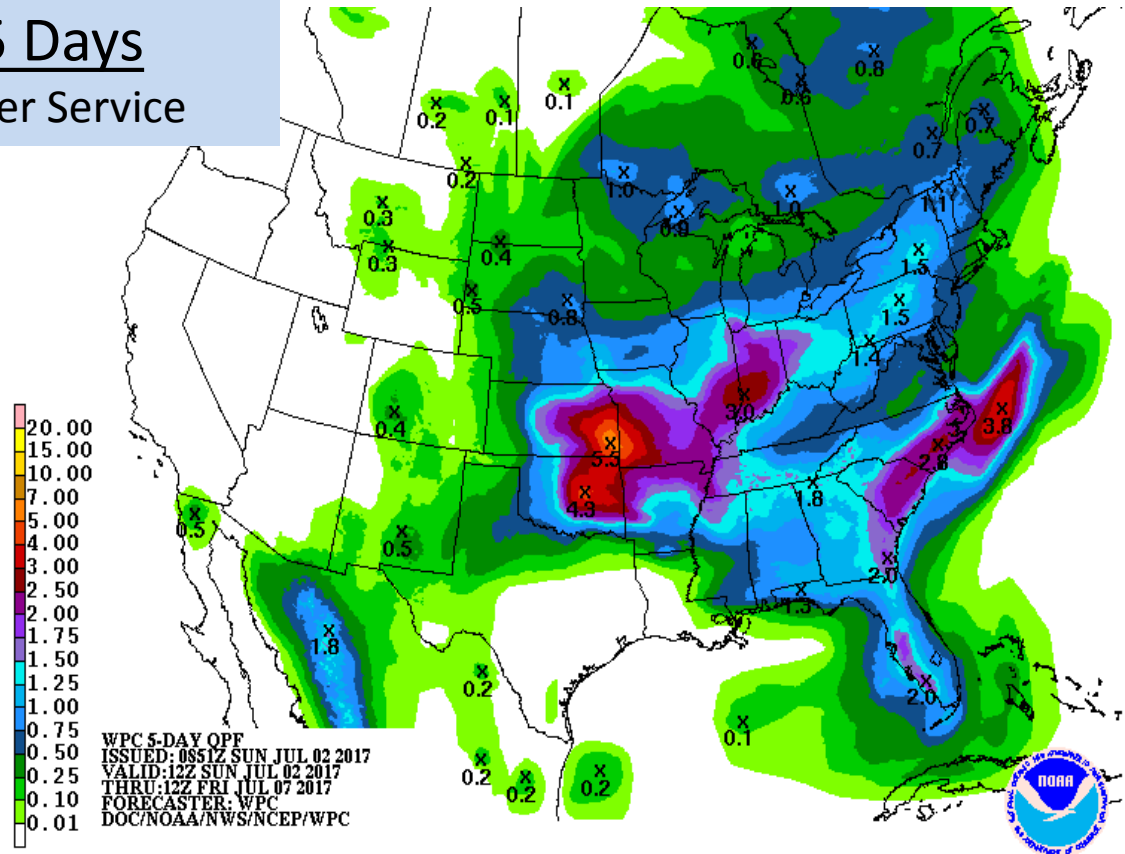
Trend	170.7	48.0	173.4	52.5
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Estimate 2017

6/11/17	168.4	48.0	158.2	
6/18/17	169.1	48.0	159.6	51.4
6/25/17	168.7	47.9	161.0	51.2

Next 5 Days

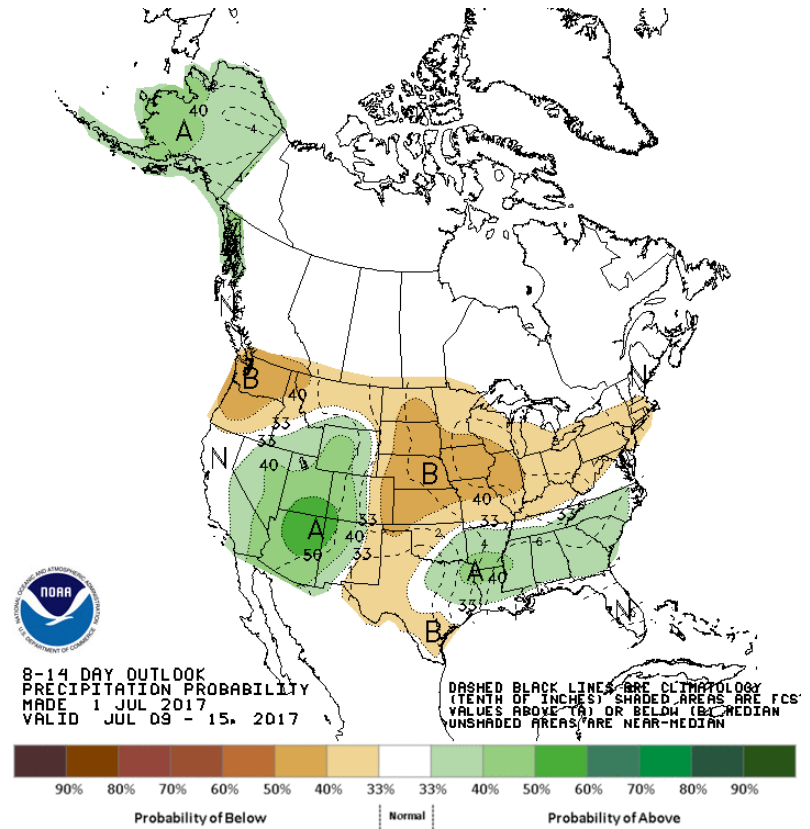
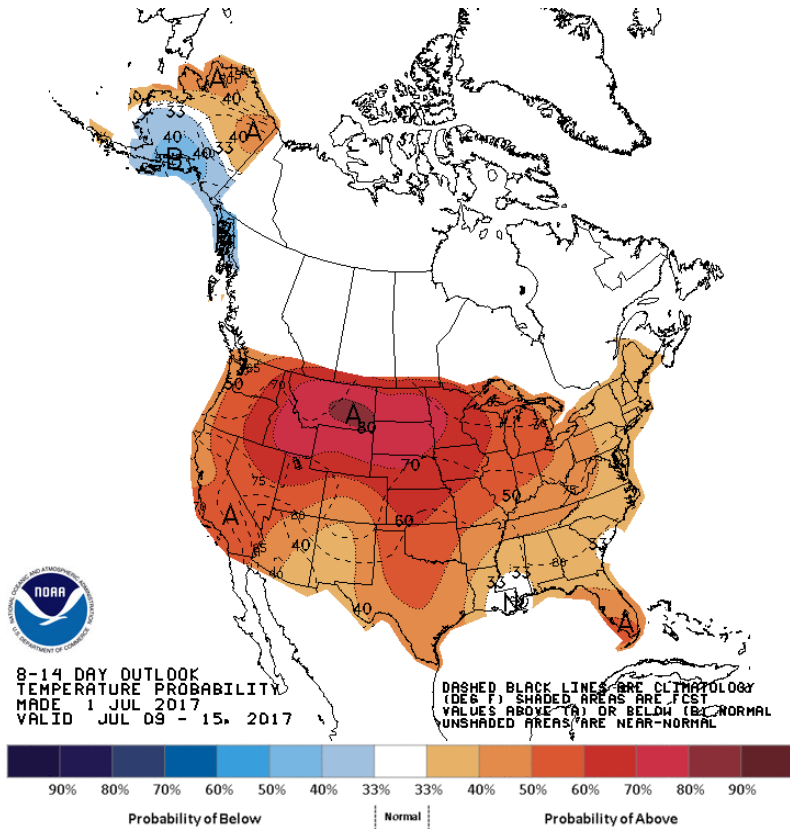
Ntl Weather Service



Temperature

8-14 Day

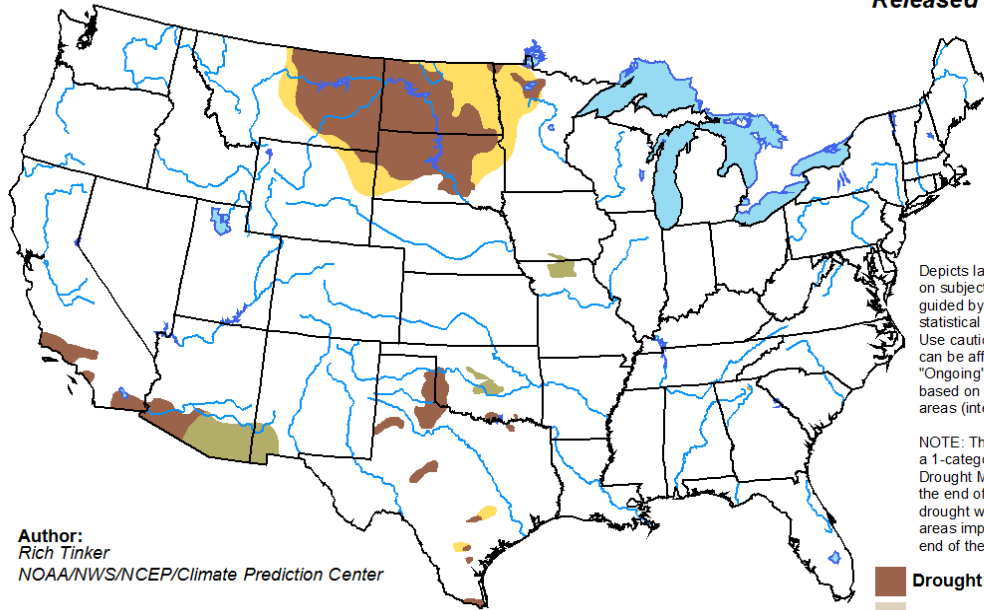
Precip



U.S. Monthly Drought Outlook

Drought Tendency During the Valid Period





Valid for July 2017
Released June 30, 2017



Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

Author:
Rich Tinker
NOAA/NWS/NCEP/Climate Prediction Center

-  Drought persists
-  Drought remains but improves
-  Drought removal likely
-  Drought development likely

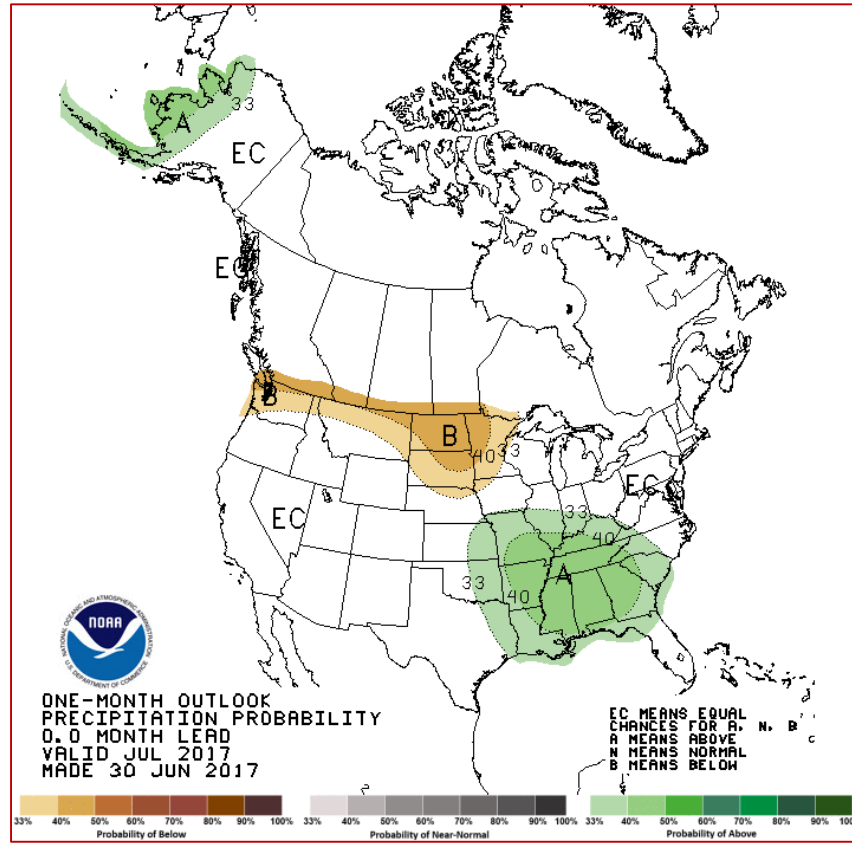
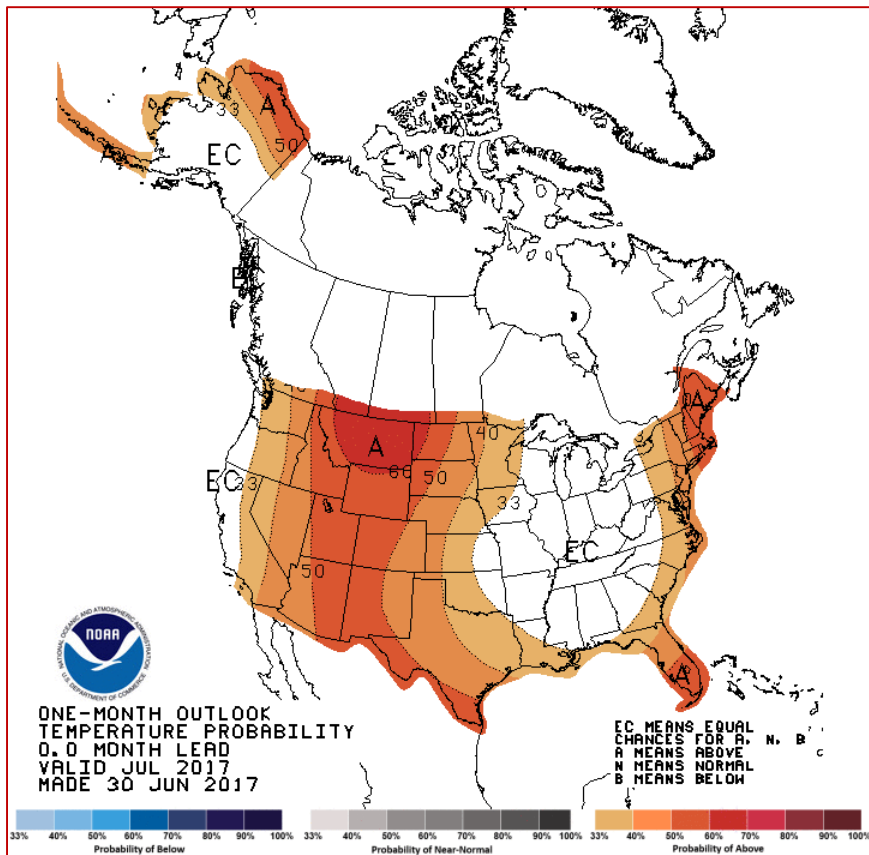


<http://go.usa.gov/3eZGd>

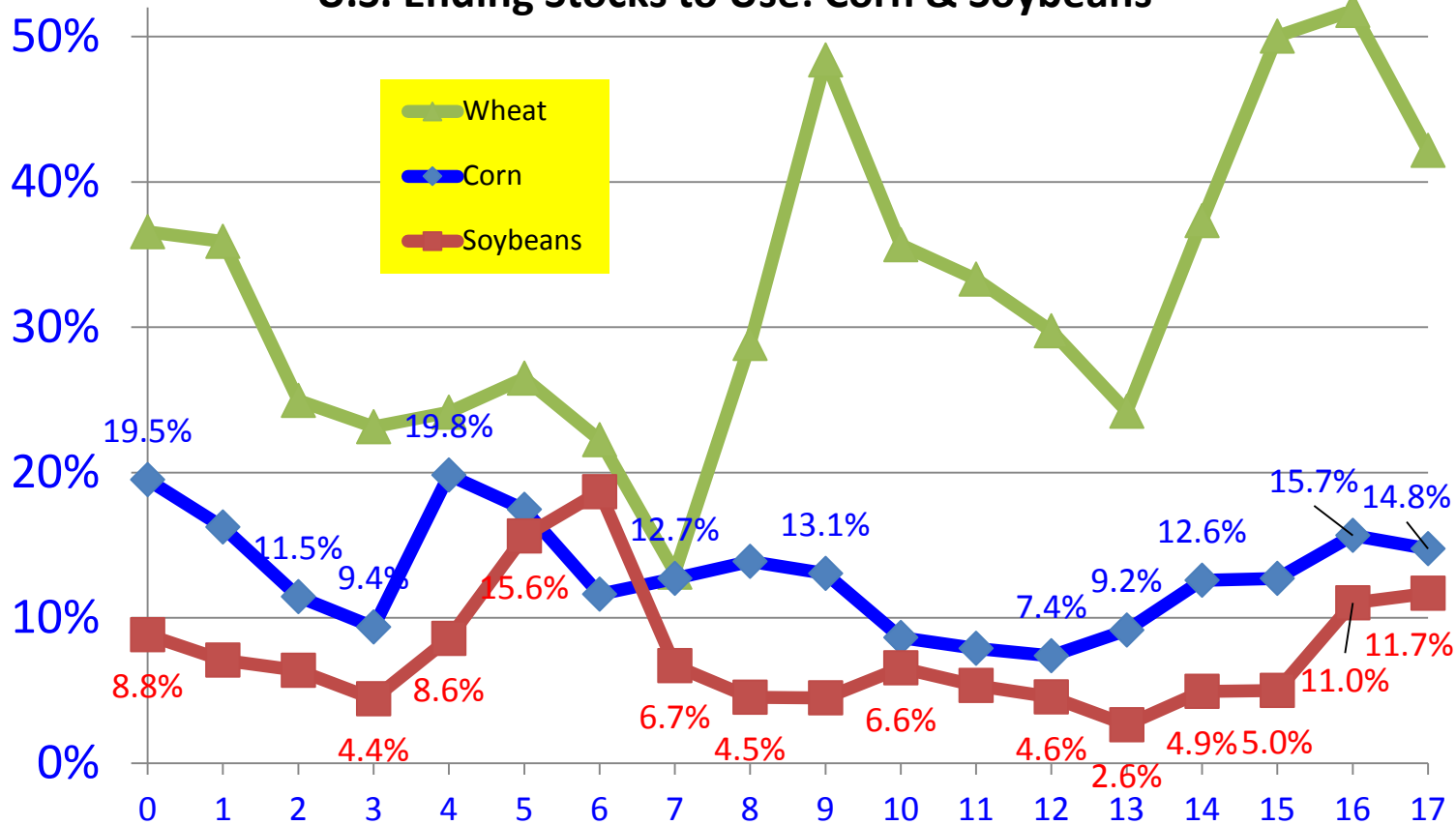
Temperature

July

Precip



U.S. Ending Stocks to Use: Corn & Soybeans



Corn:

Planted: 90.5 Hvst. 83.5* 168.7bu/ac

	6/10/17		USDA	6/30/17
	15/16	16/17	17/18	Purdue 17/18
	-----Million Bushels-----			
Carry in	1,731	1,736	2,295	2,295
Production	13,601	15,148	14,065	14,086
Total Supply	15,400	16,940	16,410	16,431
Feed & Residual	5,120	5,500	5,425	5,600
FSI Non-Fuel	1,422	1,470	1,500	1,495
FSI Fuel (Ethanol)	5,224	5,450	5,500	5,475
Export	1,898	2,225	1,875	1,875
Total Use	13,664	14,645	14,300	14,445
Ending Stocks	1,736	2,295	2,110	1,986
US Farm Price	\$3.61	\$3.35	\$3.40	\$3.70

\$3.25-\$3.45
\$3.00-\$3.80
\$3.20-\$4.20

Nearby Corn Futures

BarChart



December Corn Futures

BarChart



Corn Summary

- Reports: Bearish
 - Stocks +65Million
 - 1 Million more acres than expected
- Lower acreage from last year begin to reduce carry overs
- 2 bushel below trend yields last week
- Weather market for now: 20%+ of acres vulnerable
- A lot of old crop still on-farm and likely to be priced
- Consider a phase up pricing strategy
- Have a pricing plan and be ready-Expect price volatility

	Beans		Plant 89.5	Hvst. 88.7 * 47.9bu./ac
	6/10/17		USDA	Purdue
	15/16	16/17	17/18	17/18
	-----Million Bushels-----			
Carry in	191	197	450	450
Production	3,926	4,307	4,255	4,250
Total Supply	4,140	4,529	4,730	4,725
Seed & Residual	121	119	135	135
Crush	1,886	1,910	1,950	1,960
Exports	1,936	2,050	2,150	2,160
Total Use	3,943	4,079	4,235	4,255
Ending Stock	197	450	495	470
Farm Price	\$8.95	\$9.55	\$9.30	\$9.40
			\$8.30-	\$8.40-
			\$10.30	\$10.40

August Bean Futures

BarChart



November Bean Futures

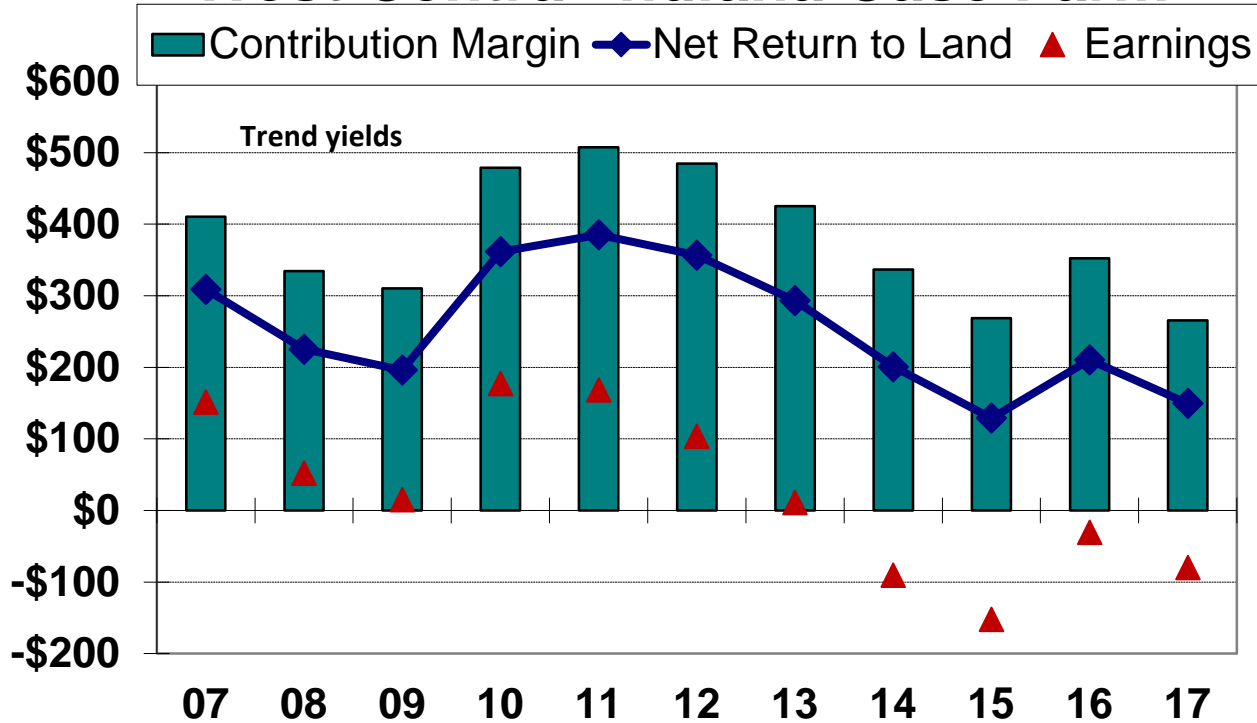
BarChart



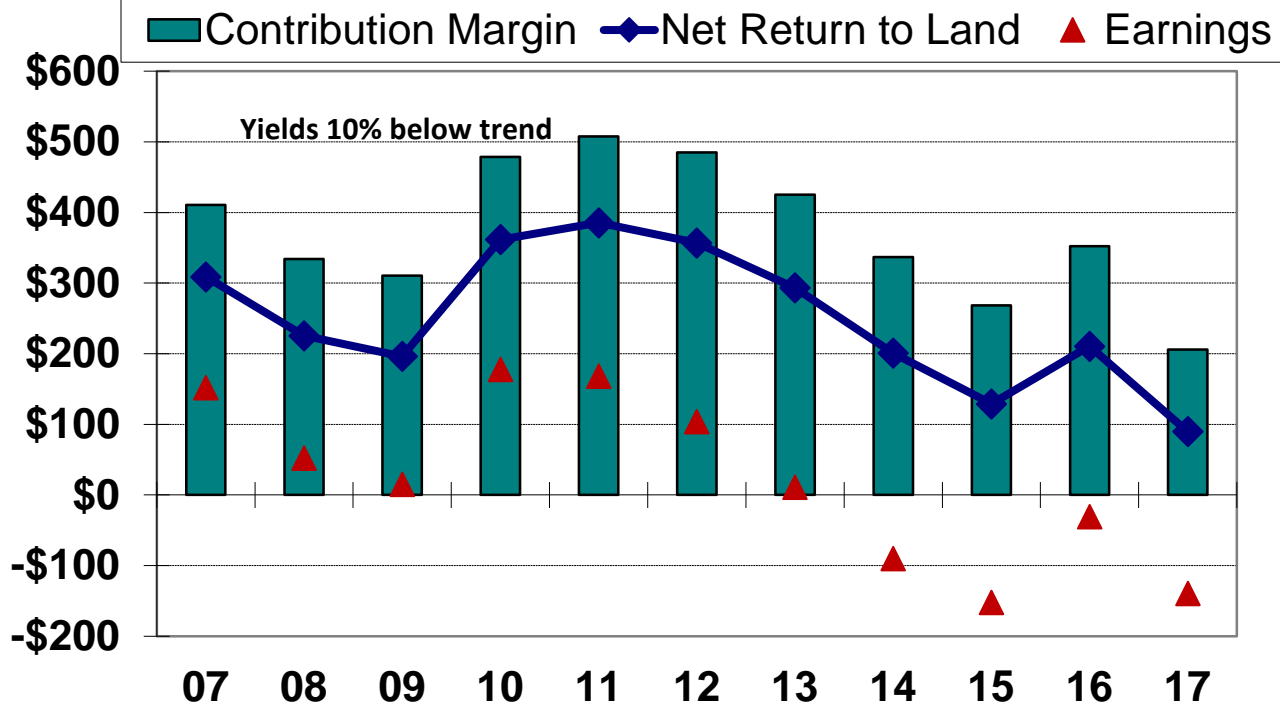
Soybean Summary

- Reports: Bullish
 - Stocks = -18 Million Bu.
 - 440,000 less acres than expected
- Higher acreage from last year-begin to increase carry overs
- Condition of 2017 crop near average (last week)
- Weather market for now: 20%-25% of acres vulnerable
- A lot of old crop still on-farm and likely to be priced
- Use a phase up pricing strategy
- Beans have a longer window for weather impacts.

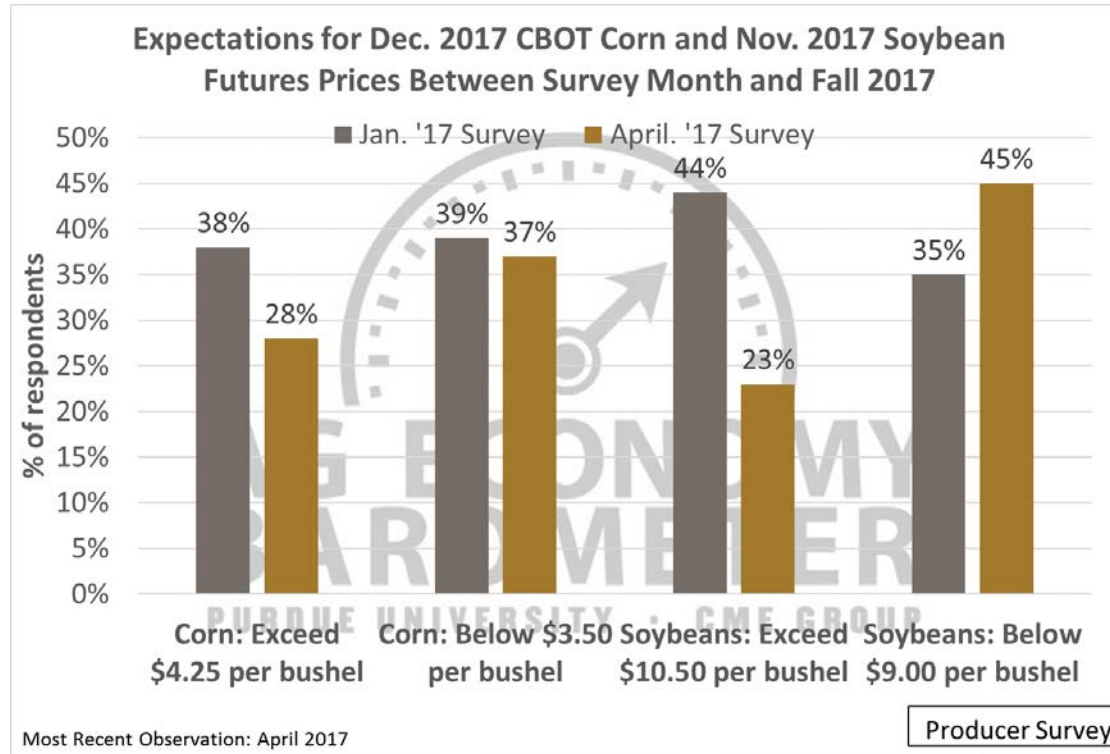
Historical Net Crop Returns West Central Indiana Case Farm



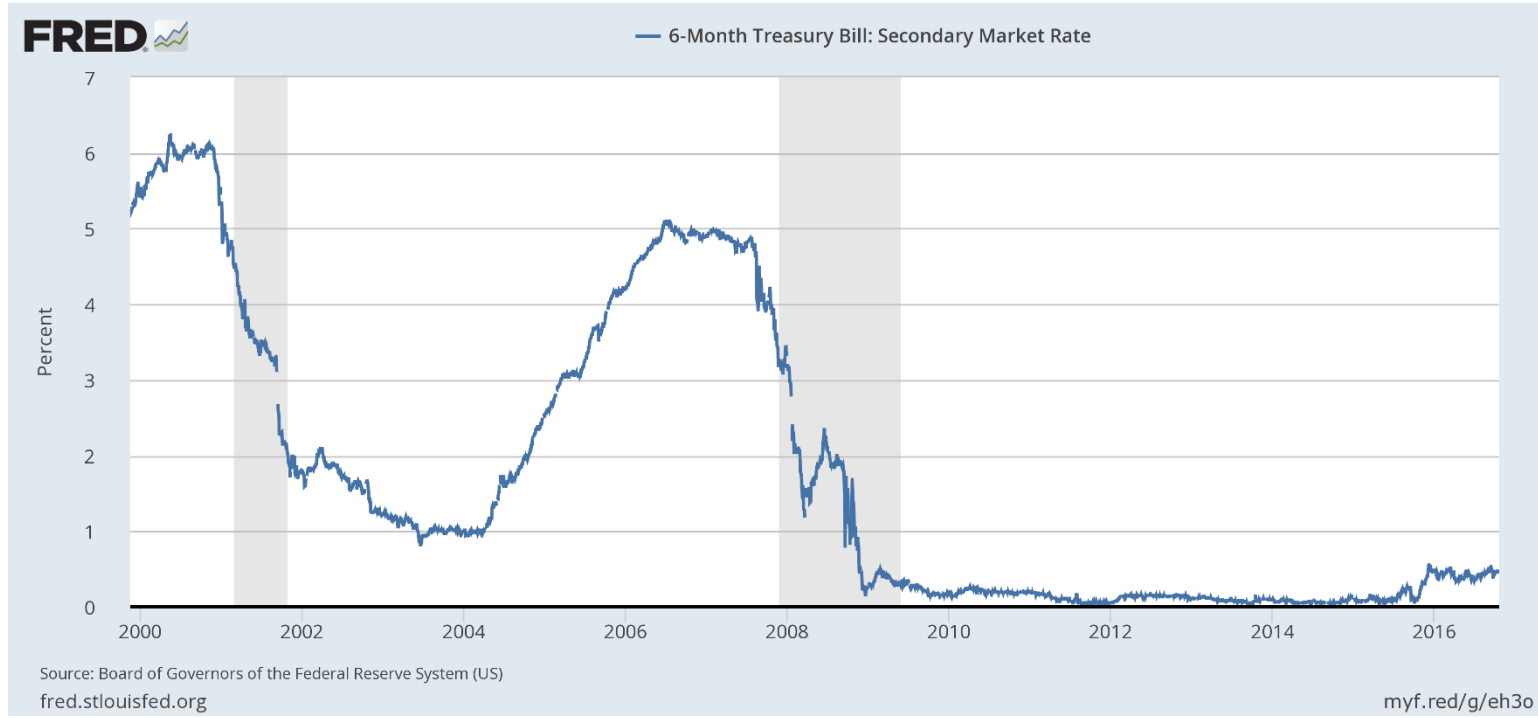
Historical Net Crop Returns West Central Indiana Case Farm



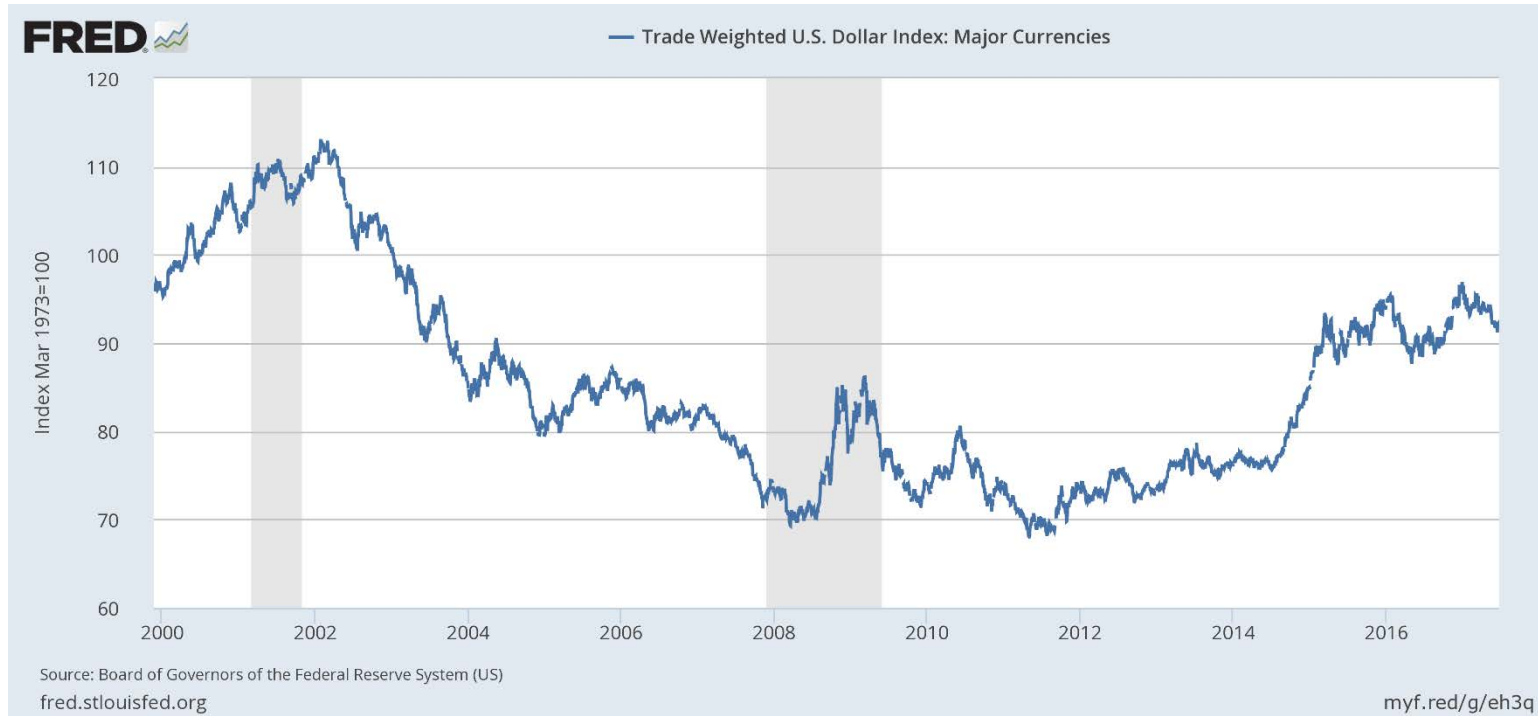
Price Expectations



Interest Rates... Up From Here?



Exchange Rates



Summary

- Tight Margin Period Continues
- Strong Grain Inventories
- Strong Demand Base

Thank you.

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