

# *2018 Crop Outlook*

**Chris Hurt, Professor, Department of Agricultural Economics**

**Michael Langemeier, Assoc. Director, Center for Commercial Agriculture**

**James Mintert, Director, Center for Commercial Agriculture**

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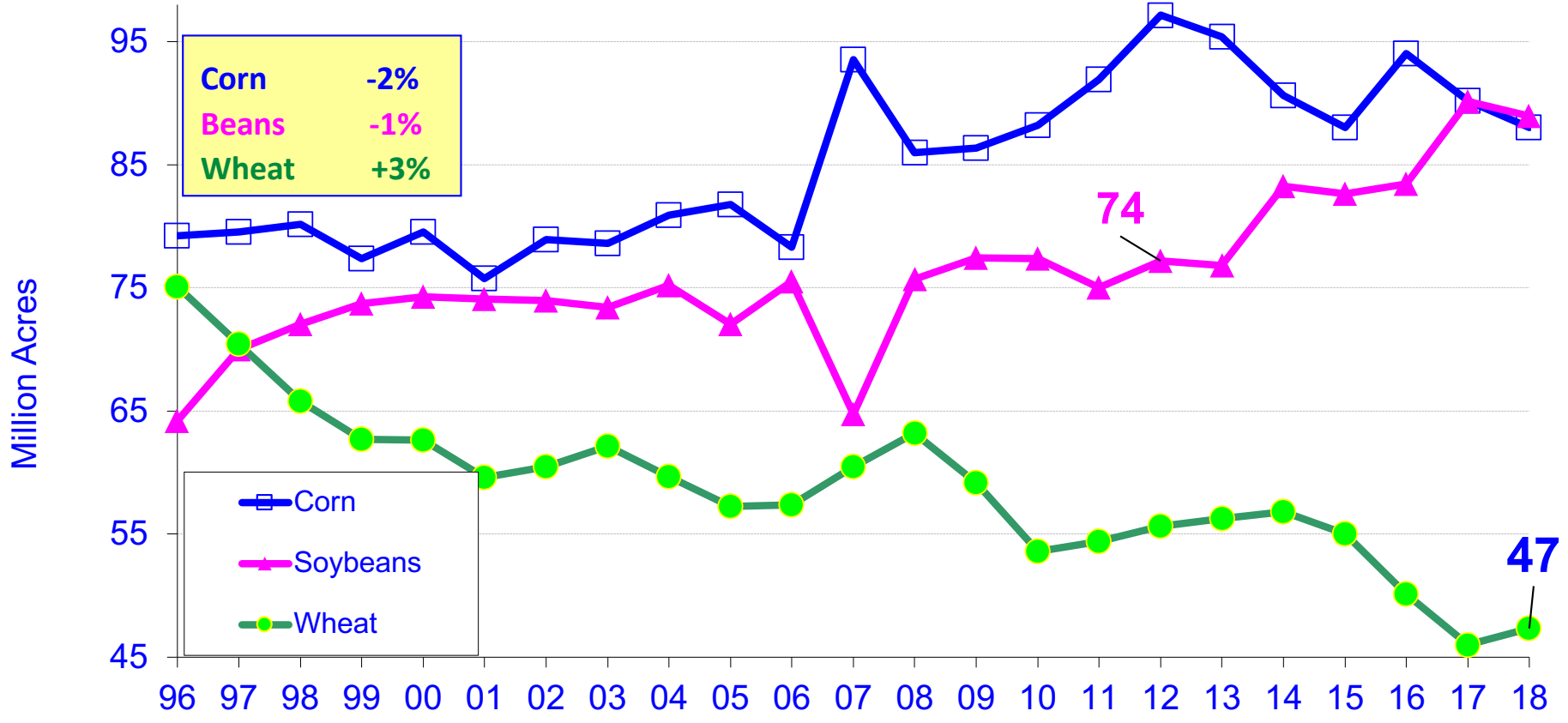
# Outline of Presentation

- **Summary of the latest USDA Report**
- **Crop Budget**
- **Grain Market Outlook**
- **Farm Economic Setting**

# Stocks Situation

	Stocks March 1	Pre-Report Expectation	Difference
	----- Million Bushels -----		
<u>Corn:</u> <i>Bearish</i>	8,888	8,713	+175
<u>Soybeans</u> <i>Bearish</i>	2,107	2,042	+65
<u>Wheat:</u> <i>Neutral</i>	1,494	1,486	+8

# Corn, Soybean, Wheat Planted Acres

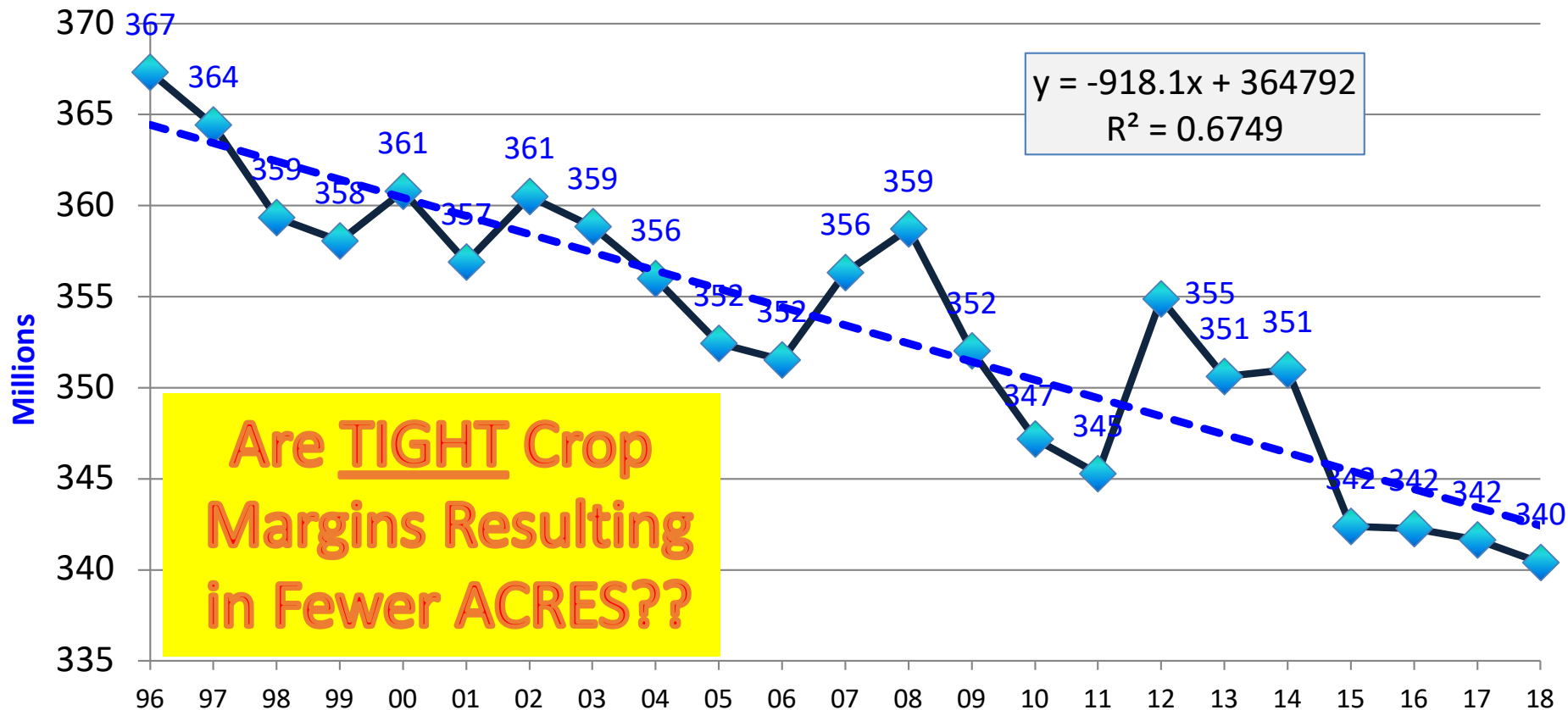


**Corn**    -2%  
**Beans**    -1%  
**Wheat**    +3%

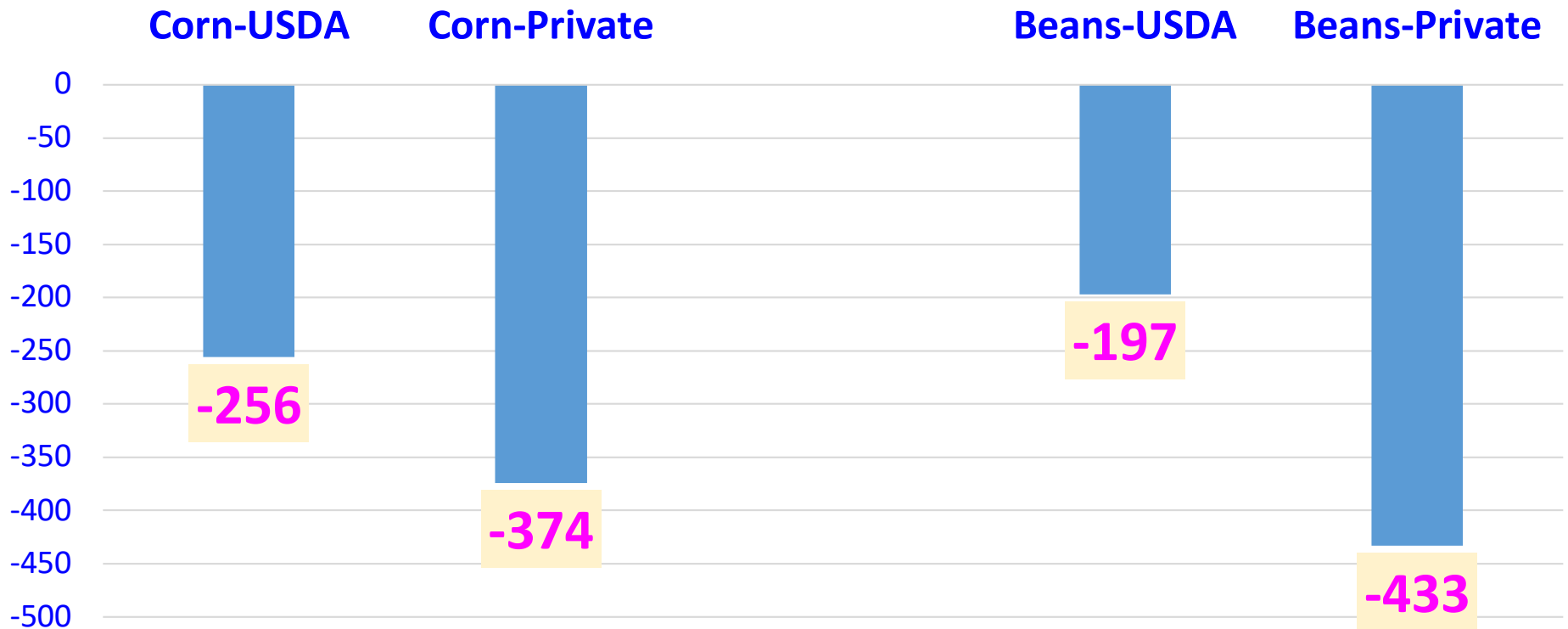
■ Corn  
▲ Soybeans  
● Wheat

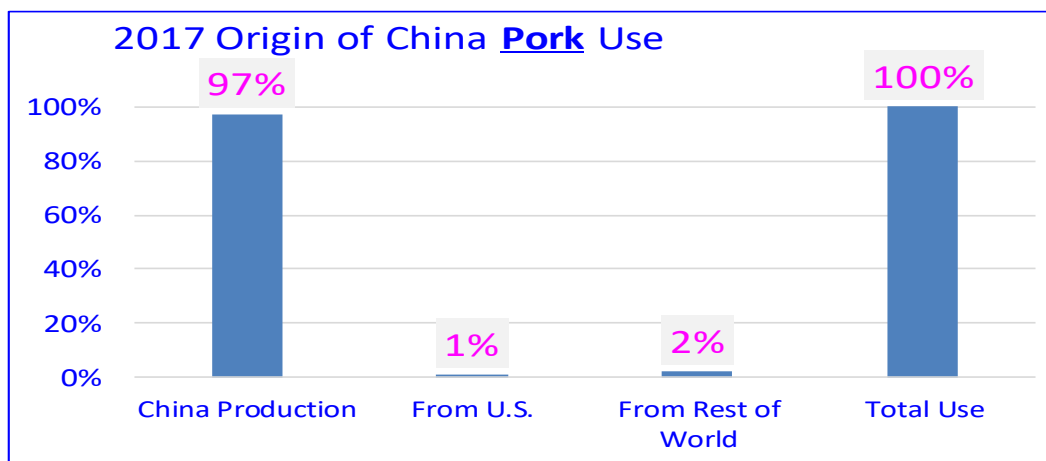
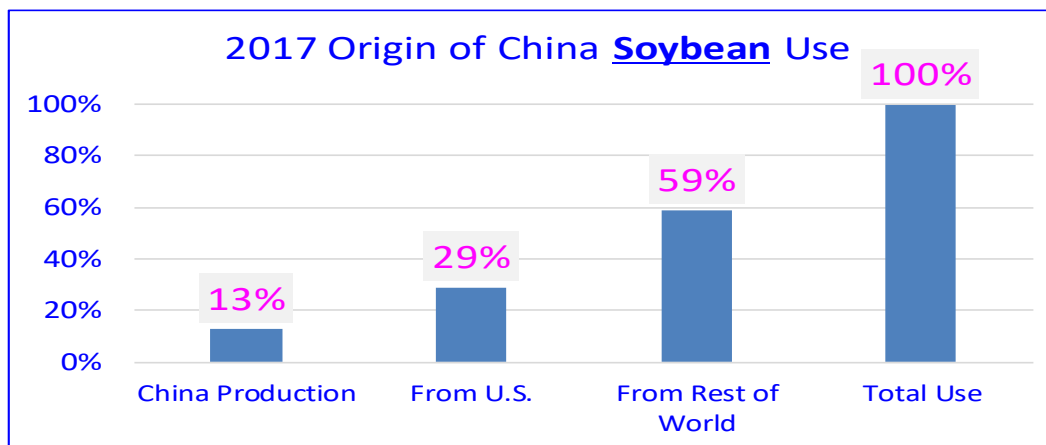
	1,000 U.S. Acres			18 vs 17	18 vs 17
	16	17	18	Change	%
Corn	94,004	90,167	88,026	-2,141	-2.4%
Soybeans	83,433	90,142	88,982	-1,160	-1.3%
Wheat	50,119	46,012	47,339	1,327	2.9%
Cotton	10,073	12,612	13,469	858	6.8%
Sorghum	6,690	5,626	5,932	306	5.4%
Oats	2,829	2,588	2,716	128	4.9%
Barley	3,059	2,481	2,286	-195	-7.9%
Rice	3,150	2,463	2,690	227	9.2%
Sunflower	1,597	1,403	1,385	-18	-1.3%
<b>Sum 9 Major</b>	<b>254,953</b>	<b>253,494</b>	<b>252,825</b>	<b>-669</b>	<b>-0.3%</b>

## U.S. Planted Acres: 17 Crops + CRP + Hay Crops



Argentina + Brazil Change in Production Since December:  
Million Bu.







# U.S. Farm Price (MYA)

	2012	2013	2014	2015	2016 USDA	2017 USDA	2018 Futr MYA	2019 Futr MYA	2020 Futr MYA
Corn	\$6.89	\$4.46	\$3.70	\$3.60	\$3.36	\$3.35	\$3.95	\$4.00	\$4.00
Soybeans	\$14.40	\$13.00	\$10.10	\$8.95	\$9.47	\$9.30	\$10.20	\$9.70	\$9.50
Wheat	\$7.77	\$6.87	\$5.99	\$4.89	\$3.89	\$4.65	\$4.50	\$5.05	\$5.15

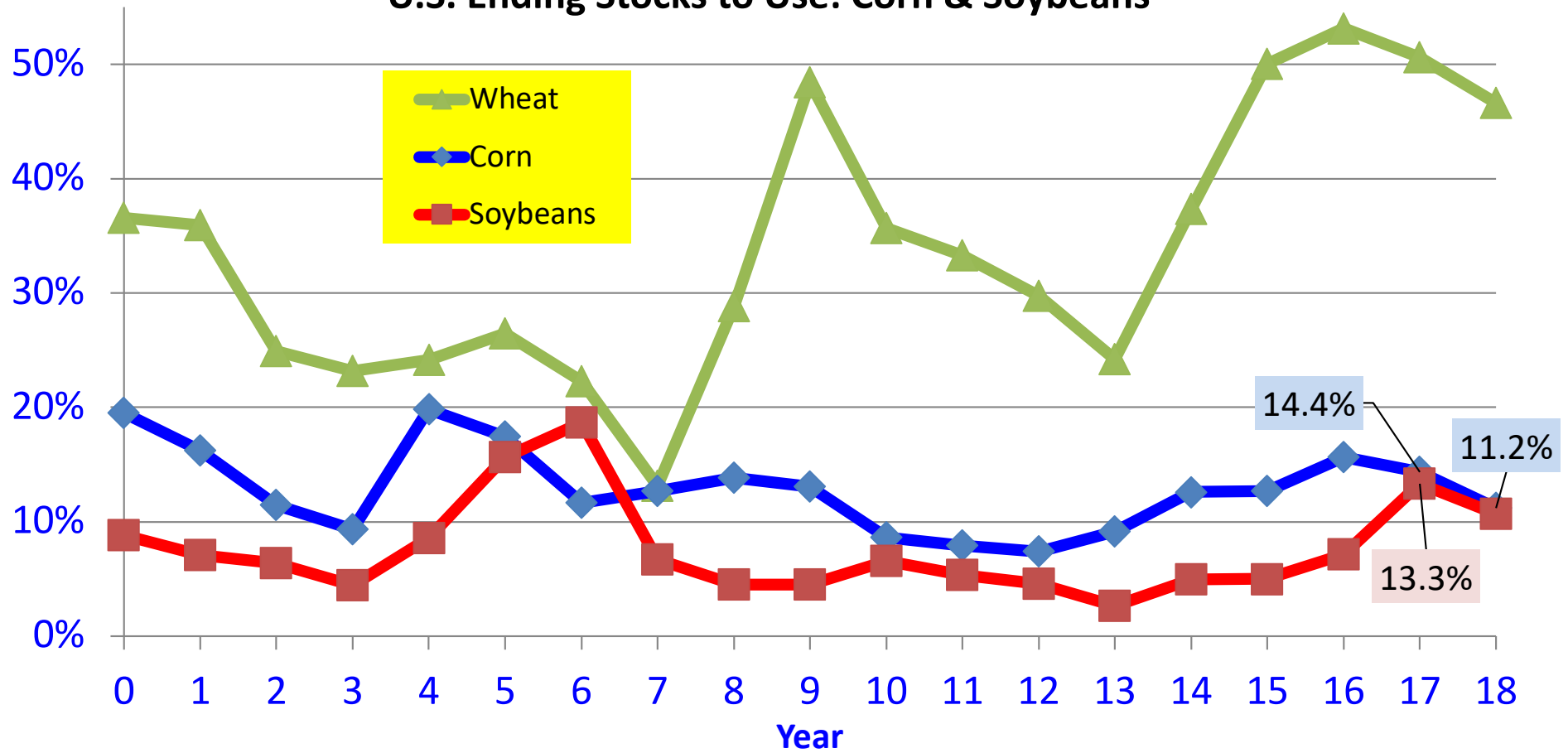
# Corn

Plant 88.0 Hvst. 81.0 \* 173.5 bu/ac

	3/8/18			18/19
	15/16	16/17	17/18	
Carry In	1,731	1,737	2,293	2,177
Production	13,602	15,148	14,604	14,053
Total Supply	15,401	16,942	16,947	16,280
Feed & Residual	5,114	5,467	5,500 (-50)	5,600
FSI Non-Fuel	1,425	1,450	1,470	1,485
FSI Fuel (Ethanol)	5,224	5,439	5,575	5,550
Export	1,901	2,293	2,225	2,150
Total Use	13,664	14,649	14,770	14,785
Ending Stocks	1,737	2,293	2,177 (+50)	1,495
US Farm Price	\$3.61	\$3.36	\$3.35	\$3.85

\$3.15-\$3.55

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



# July 2018 Corn Futures- BarChart.com

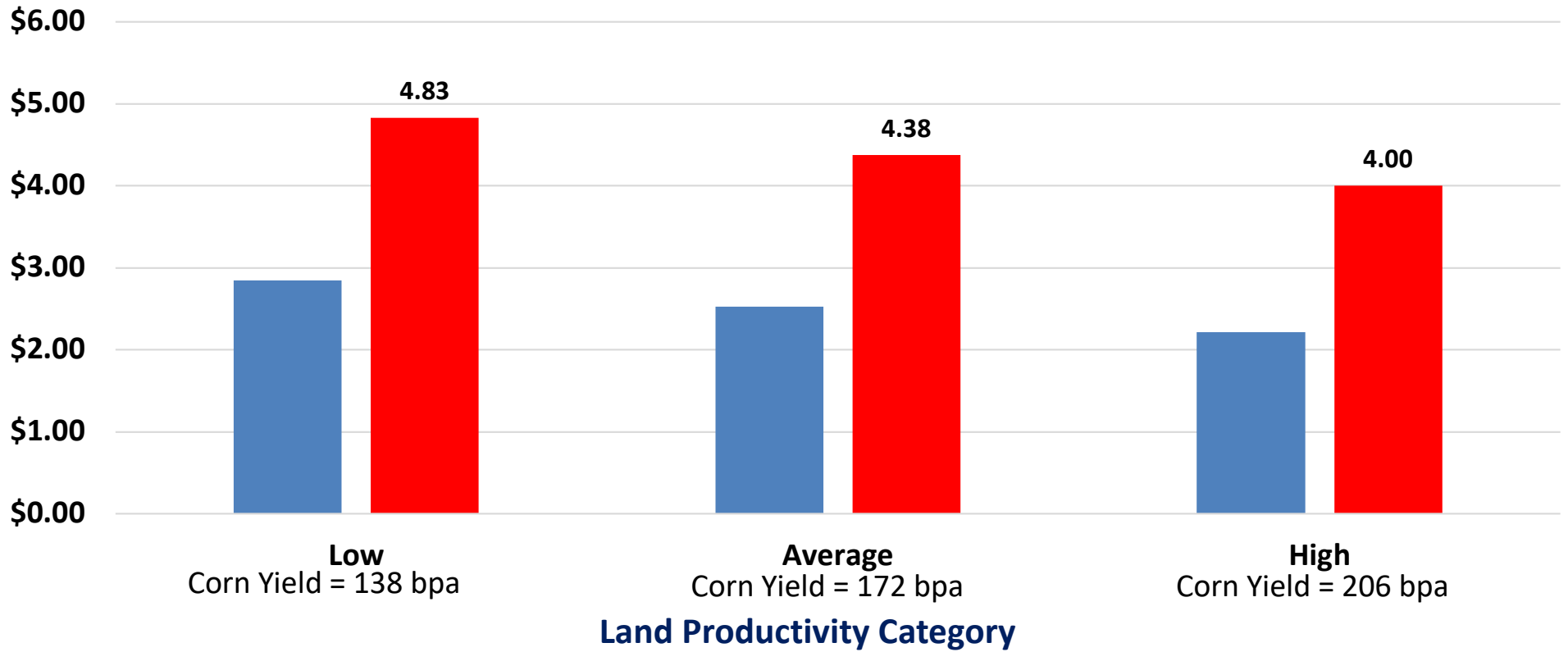


December 2018 Corn  
Futures-BarChart.com



## 2018 Breakeven Prices for Rotation Corn in Indiana

■ Cover VC ■ Cover TC



## Corn Summary

1. Old crop inventory will rise with reduction in feed use
2. Old crop inventory is abundant-Its all about the 2018 crop
3. Reduced 2018 acres and lower yields makes much smaller production
4. July futures at \$4.10 -\$4.30?
5. Beans still more favorable than corn on Purdue budgets
6. Tighter 2018 stocks makes weather a bigger potential bull
7. Multi-year direction of corn prices is UP

## Soybeans

Planted: 89.0 Hvst. 88.2 \* 48.0 bu/ac

	3/8/18		USDA	18/19
	15/16	16/17	17/18	
Carryin	191	197	302	585
Production	3,926	4,296	4,392	4,234
Total Supply	4,140	4,515	4,719	4,844
Seed & Residual	115	140	139	135
Crush	1,886	1,899	1,960	1,990
Exports	1,942	2,174	2,035 (-30)	2,250
Total Use	3,943	4,213	4,133	4,375
Ending Stock	197	302	585 (+30)	469
Farm Price	\$8.95	\$9.47	\$9.30	\$9.75

**\$9.00-\$9.60**



July 2018 Soybean  
Futures-BarChart.com

\$10.60 - \$10.80



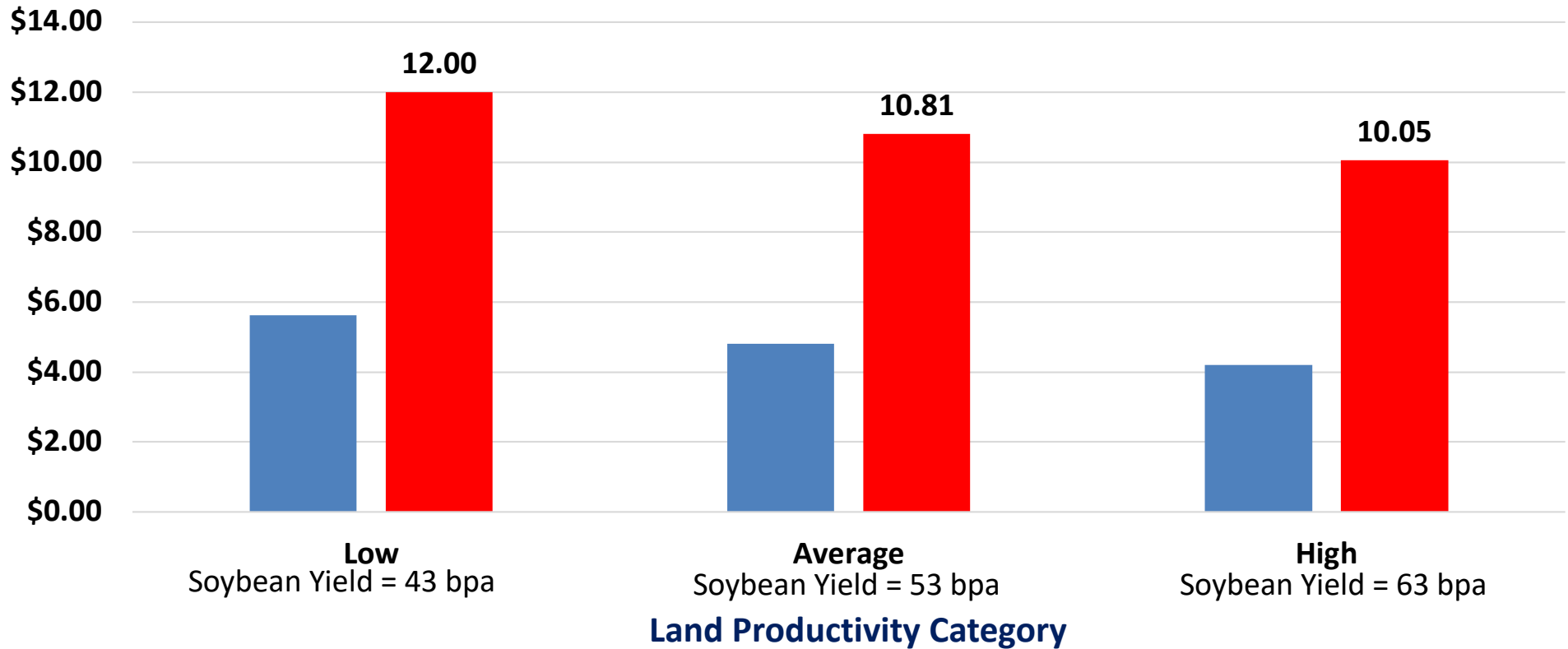
November 2018 Soybean  
Futures-BarChart.com

\$10.50



## 2018 Breakeven Prices for Soybeans in Indiana

■ Cover VC ■ Cover TC



## *Soybean Summary*

1. Weather issue continue in South American-Impact U.S. use?
2. U.S. stocks +65 Million from expectations???
3. USDA may add 25-30 million to old crop carryout
4. 2018 Acreage DOWN!!!! Yields probably down
5. New Crop carry outs begin to drop with 2018 crop
6. \$10.50 to \$10.80 futures---Price some more
7. Wet spring – maybe more bean acres in the U.S.
8. Cash prices above \$10.00 – Let us give Thanks!
9. Longer-term, lower prices (below \$10).

# Current Prices Favor Rotation Soybeans Over Continuous Corn

Assumes 2017 crop was corn

## Corn Prices Required to Produce Per Acre Returns Equivalent to Soybeans

Soybean Price	Low Productivity (C=130 bpa; SB=43 bpa)	Avg. Productivity (C=162 bpa; SB=53 bpa)	High Productivity (C=194 bpa; SB=63 bpa)
\$8.50	\$4.11	\$4.01	\$3.85
\$9.00	\$4.28	\$4.17	\$4.02
\$9.50	\$4.44	\$4.34	\$4.18
<b>\$10.00</b>	<b>\$4.61</b>	<b>\$4.50</b>	<b>\$4.34</b>
\$10.50	\$4.77	\$4.66	\$4.50
\$11.00	\$4.94	\$4.83	\$4.66

# Continuous Soybeans and Rotation Corn Comparison

Assumes 2017 crop was soybeans

## Corn Prices Required to Produce Per Acre Returns Equivalent to Soybeans

Soybean Price	Low Productivity (C=138 bpa; SB=43bpa)	Avg. Productivity (C=172 bpa; SB=53 bpa)	High Productivity (C=206 bpa; SB=63 bpa)
\$8.50	\$3.74	\$3.67	\$3.53
\$9.00	\$3.90	\$3.82	\$3.68
\$9.50	\$4.05	\$3.97	\$3.84
<b>\$10.00</b>	<b>\$4.21</b>	<b>\$4.13</b>	<b>\$3.99</b>
\$10.50	\$4.37	\$4.28	\$4.14
\$11.00	\$4.52	\$4.44	\$4.30

# Strategies

- **Tight margin period continues, but early signs of improvement**
- **Land prices & cash rents stabilizing**
- **Current prices approach breakeven**
- **Opportunity for catch-up old crop sales & starting new crop pricing**

# *Next Outlook Webinar: July 3, 2018*

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