

2016 Crop Outlook

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Center for
Commercial Agriculture

2016 Crop Outlook Webinar
April 1, 2016

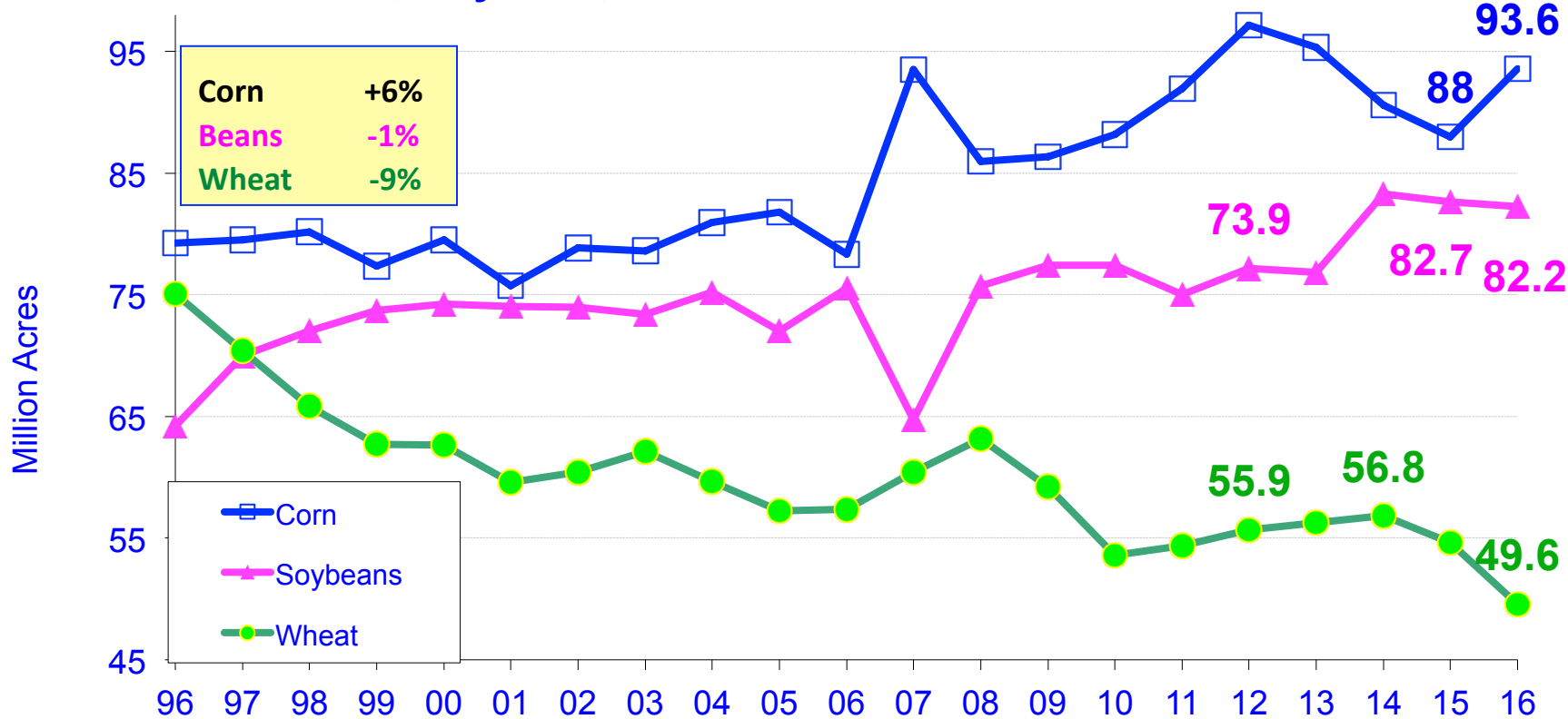
Outline of Presentation

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

Stocks Situation

	Stocks March 1	Pre-Report Expectation	Difference
	----- Million Bushels -----		
<u>Corn:</u> <i>Neutral</i>	7,808	7,822	-14
<u>Soybeans</u> <i>Bullish</i>	1,531	1,569	-38
<u>Wheat:</u> <i>Neutral</i>	1,372	1,356	+16

Corn, Soybean, Wheat Planted Acres

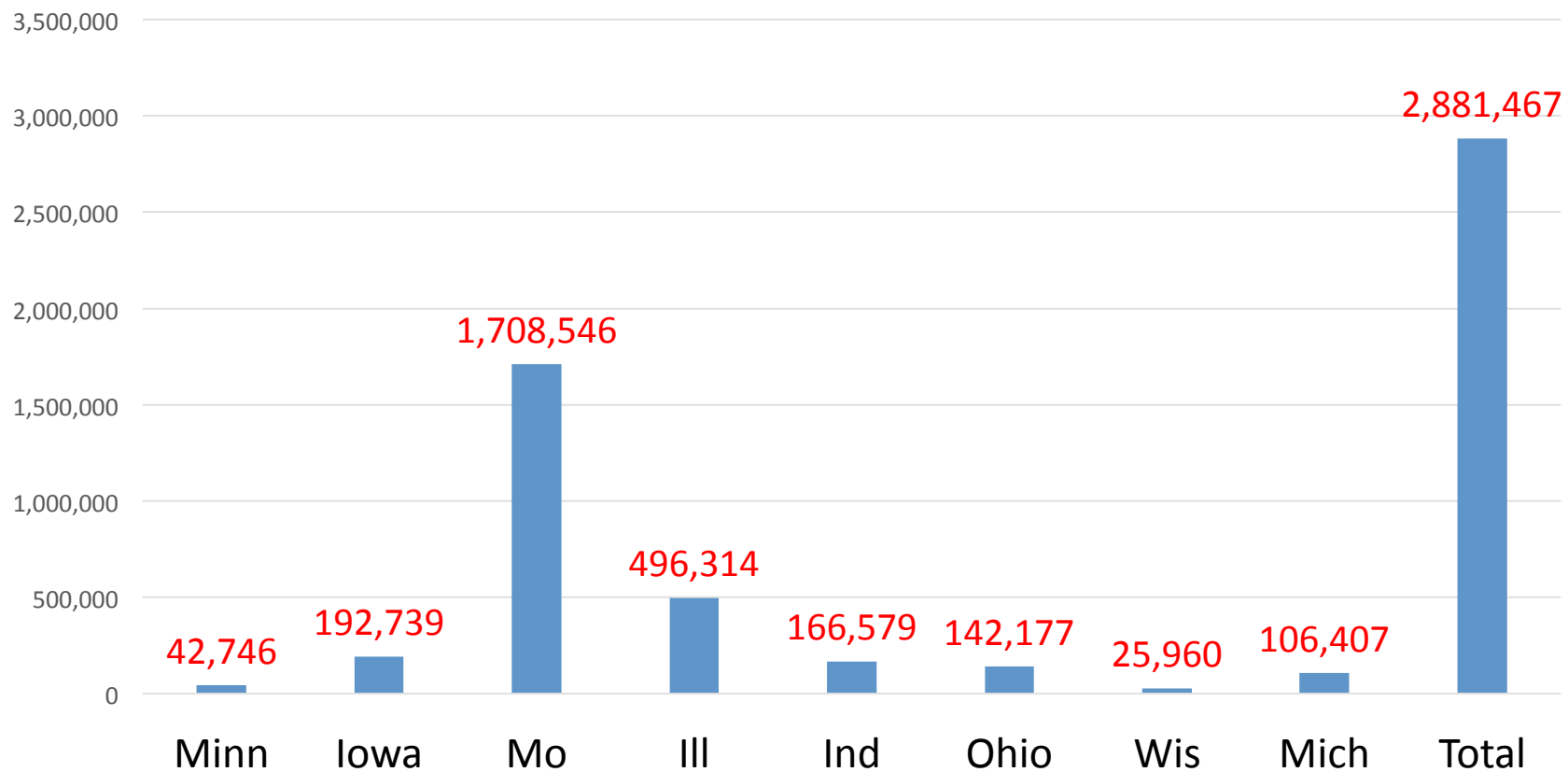


	U.S. Planted Acres (1,000)			2016 vs. 15	2016 vs. 15
	14	15	16	Change	%
Corn	90,597	87,999	93,601	5,602	6%
Soybeans	83,276	82,650	82,236	-414	-1%
Wheat	56,841	54,644	49,559	-5,085	-9%
Cotton	11,037	8,581	9,562	982	11%
Sorghum	7,138	8,459	7,216	-1,243	-15%
Oats	2,753	3,088	2,751	-337	-11%
Barley	3,031	3,558	3,140	-418	-12%
Rice	2,954	2,614	3,064	450	17%
Sunflower	1,565	1,859	1,693	-166	-9%
Sum 9 Major	259,193	253,452	252,822	-629	0%

2016-15

	Corn	Soybeans	Wheat	Tt CSW
NE	130	(6)	17	141
SE	525	(483)	(370)	(328)
ECB	650	240	290	1,180
WCB	850	600	(212)	1,238
Delta	950	(730)	(260)	(40)
NP	955	0	(2,017)	(1,062)
CP	1,100	(50)	(1,042)	8
SP	330	15	(1,315)	(970)
West	22		(53)	(31)
PNW	90		(129)	(39)
	5,602	(414)	(5,091)	97

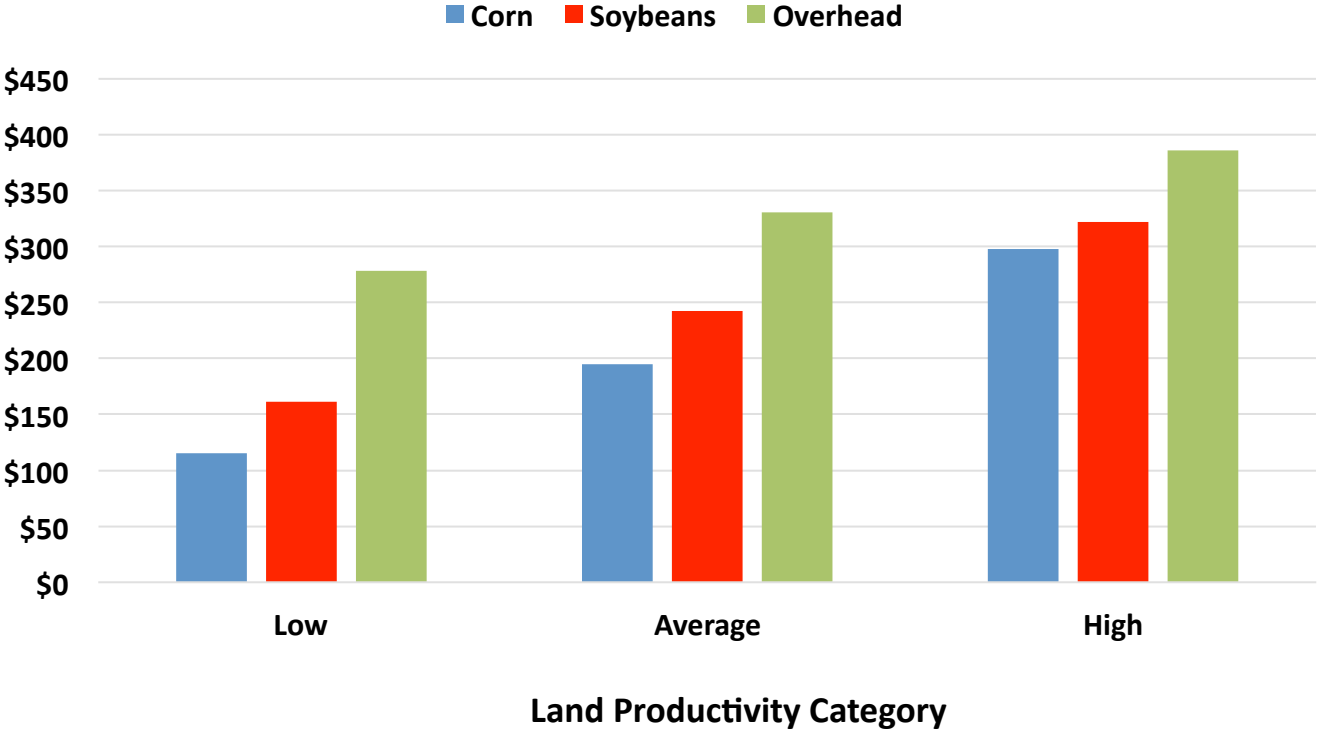
Prevented Planted Acres In Corn Belt: 2015



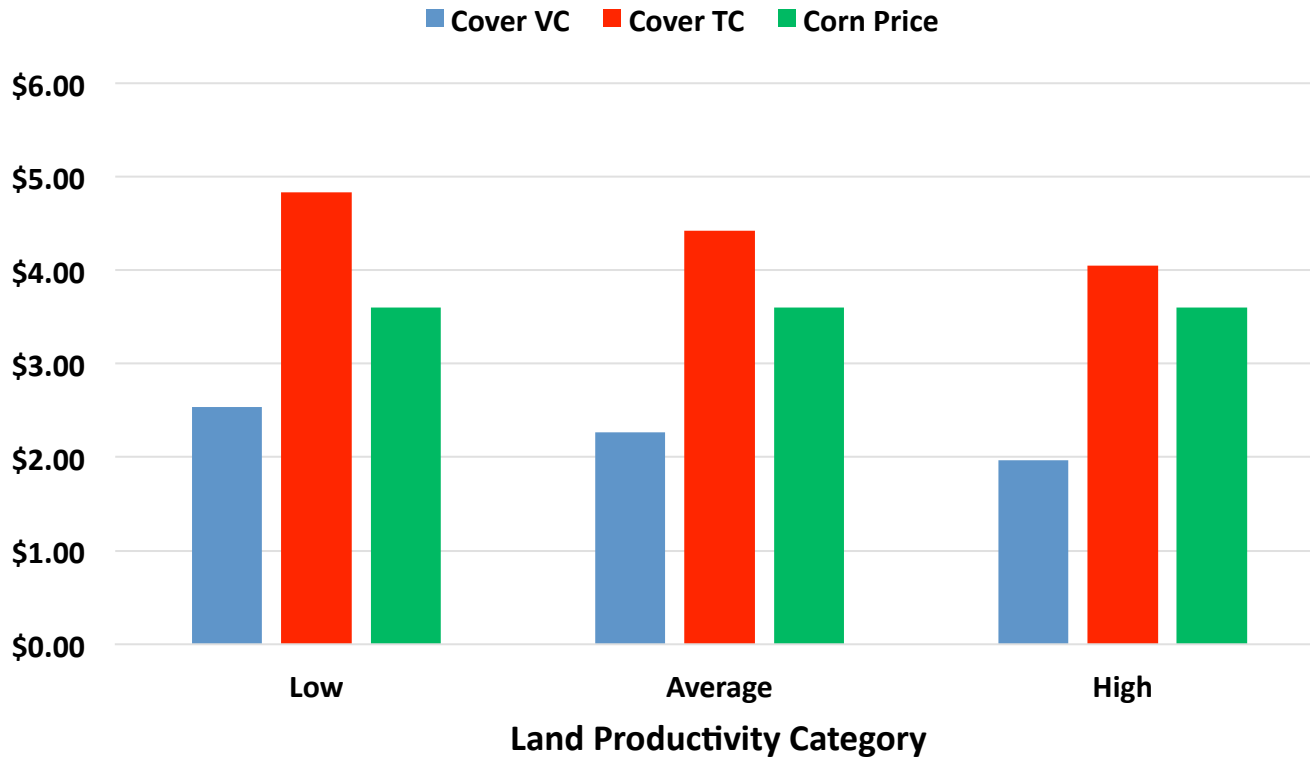


2016 What To Plant???

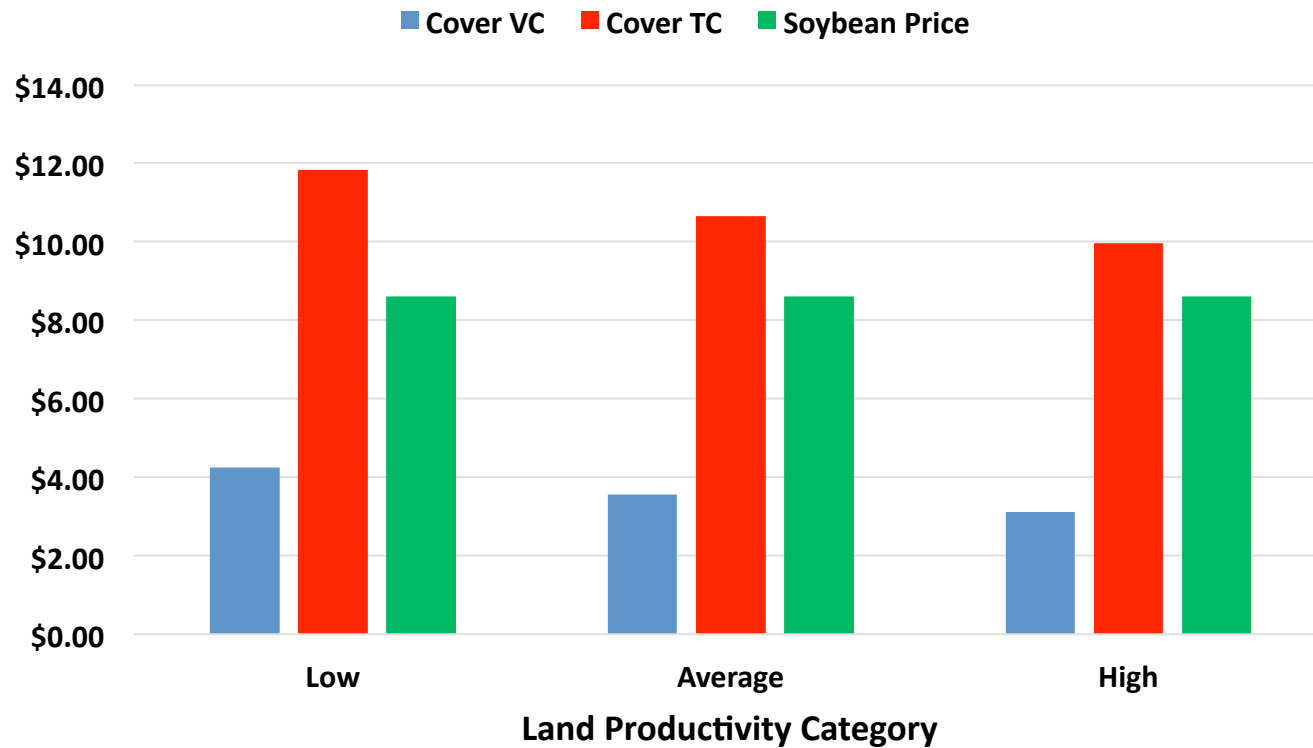
2016 Contribution Margin per Acre for Corn and Soybeans in Indiana



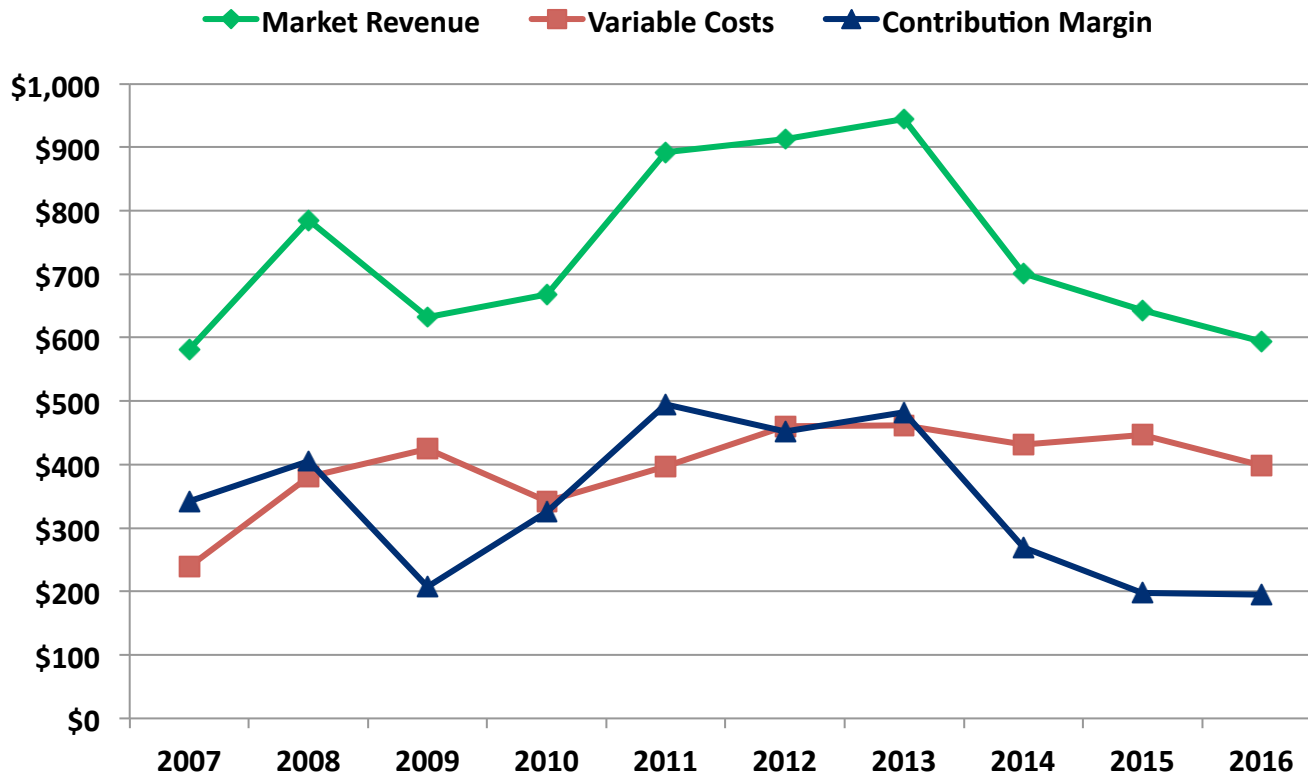
2016 Breakeven Prices for Corn in Indiana



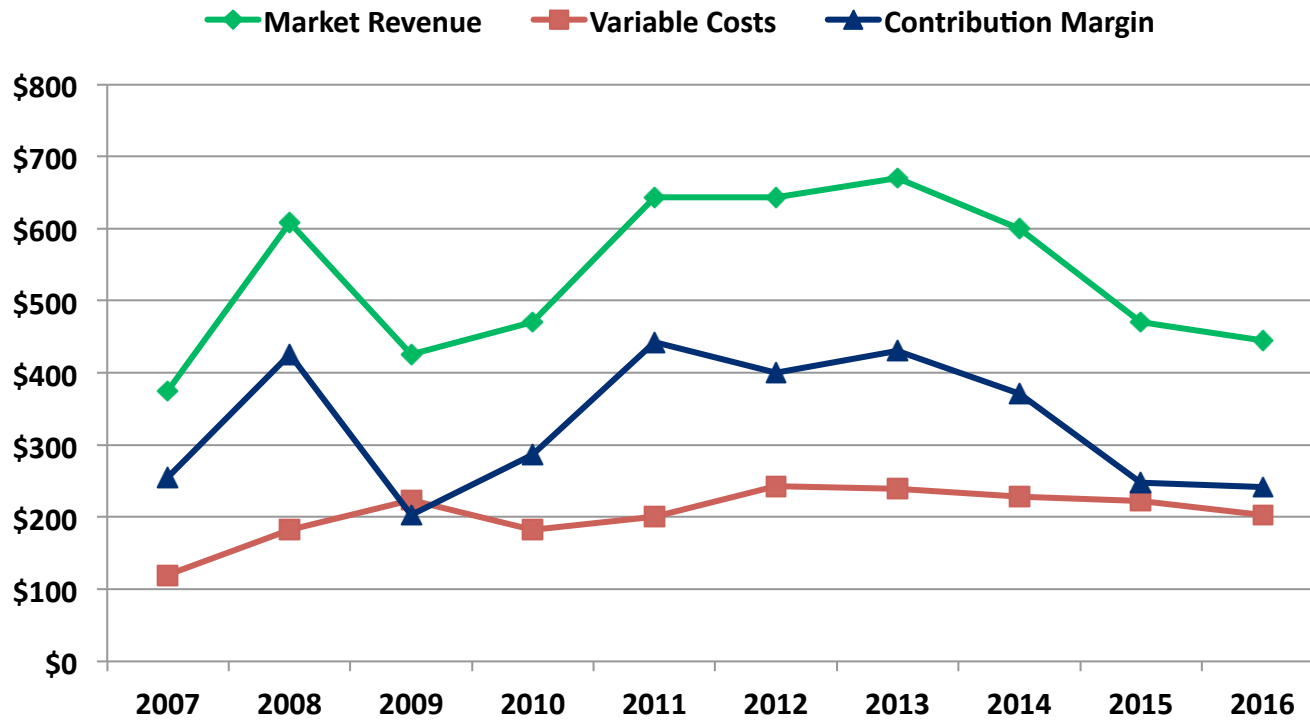
2016 Breakeven Prices for Soybeans in Indiana



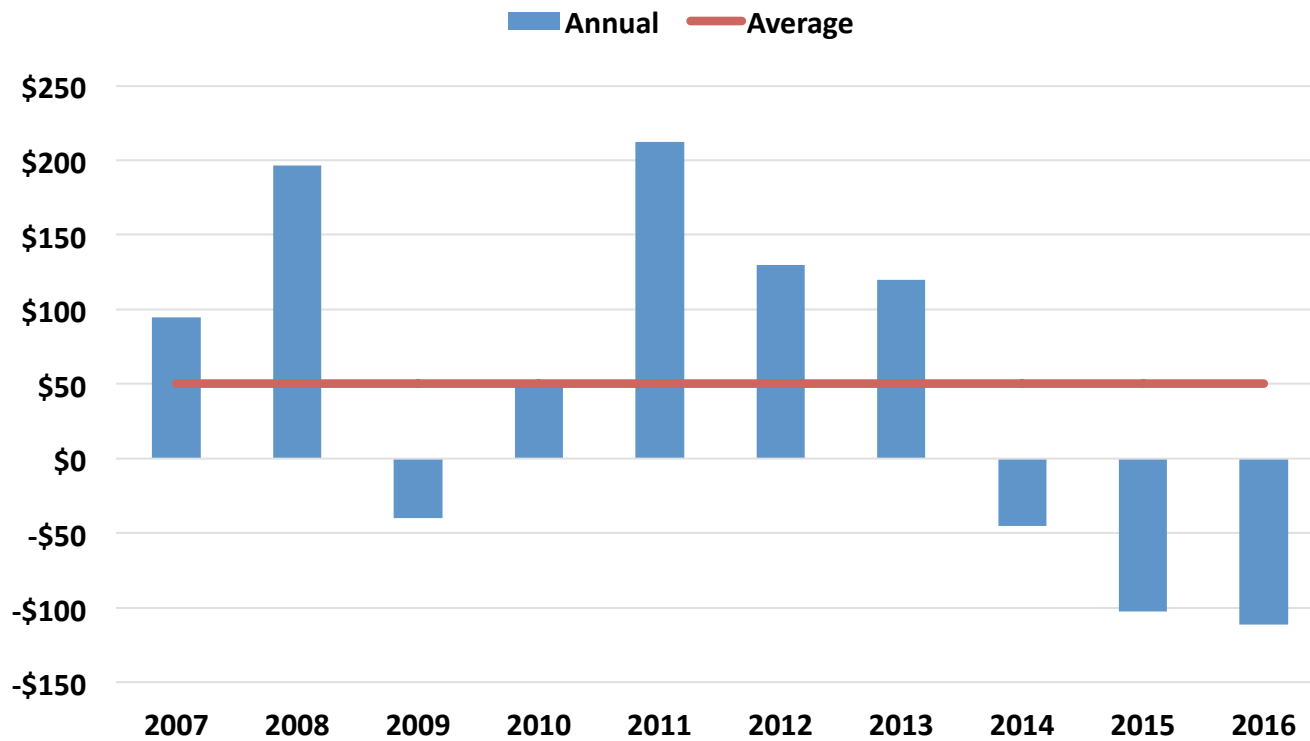
Rotation Corn in Indiana (Average Productivity Soil)



Rotation Soybeans in Indiana (Average Productivity Soil)



Earnings per Acre for Corn/Soybean Rotation (Average Productivity Soil)

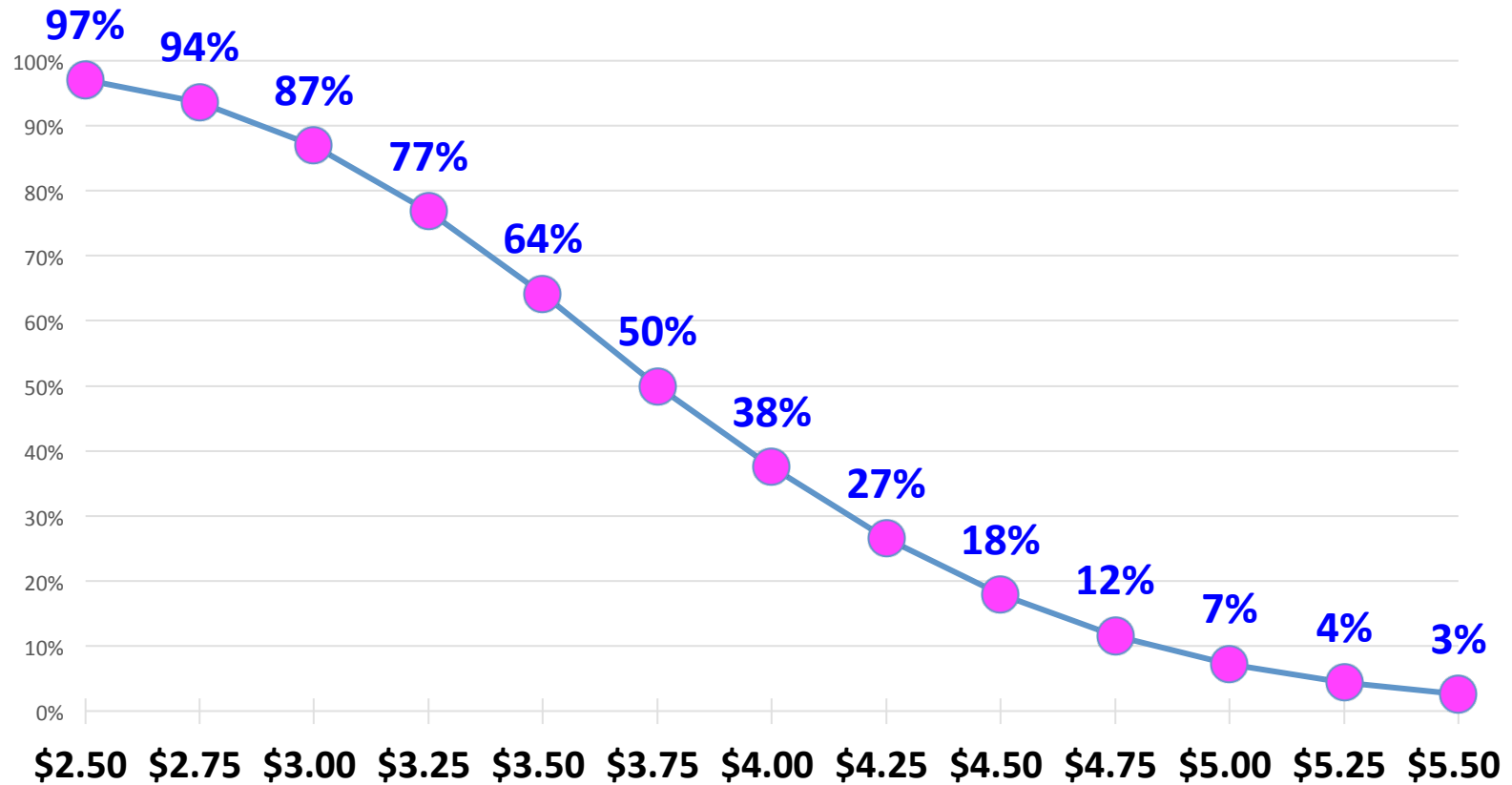


Corn: USDA

Plant 93.6 Hvst. 85.4 * 167bu/ac

	3/31/16				USDA	Purdue
	12/13	13/14	14/15	15/16	16/17	16/17
Carryin	989	821	1,232	1,731	1,837	1,837
Production	10,755	13,829	14,216	13,601	13,826	14,261
Total Supply	11,932	14,686	15,479	15,382	15,702	16,133
Feed & Residual	4,336	5,041	5,317	5,300	5,425	5,500
FSI Non-Fuel	1,396	1,369	1,359	1,370	1,375	1,390
FSI Fuel (Ethanol)	4,648	5,124	5,207	5,225	5,225	5,300
Export	731	1,920	1,865	1,650	1,700	1,720
Total Use	11,111	13,454	13,748	13,545	13,725	13,910
Ending Stocks	821	1,232	1,731	1,837	1,977	2,223
US Farm Price	\$6.89	\$4.46	\$3.70	\$3.60	\$3.45	\$3.40
				\$3.40-		\$2.90-
				\$3.80		\$3.90

March 31: CZ16=\$3.70: Options Derived Odds of Dec 2016 Corn Futures Being Above



ZCN16 - Corn - Daily OHLC Chart



ZCZ16 - Corn - Daily OHLC Chart



Corn Summary

1. No bottom yet for old crop corn prices. Carryover of old crop will be abundant 1.8 Billion bushel. Somebody will need to store into new crop
2. Lots of old crop to sell. Basis will likely weaken. Weather disruption seems to be the only major rally potential. Sell every rally.
3. New crop prices must discourage acreage out of corn. How low does that need to be????? Dec corn futures at \$3.30 to \$3.50?
4. Expect some acres to shift out of corn and toward soybeans.
5. Odds are small for major price recovery because of potential growing stocks levels from the 2016 crop
6. Plan to store 2016 crop. Learn how to earn the carry in the market through storage hedges

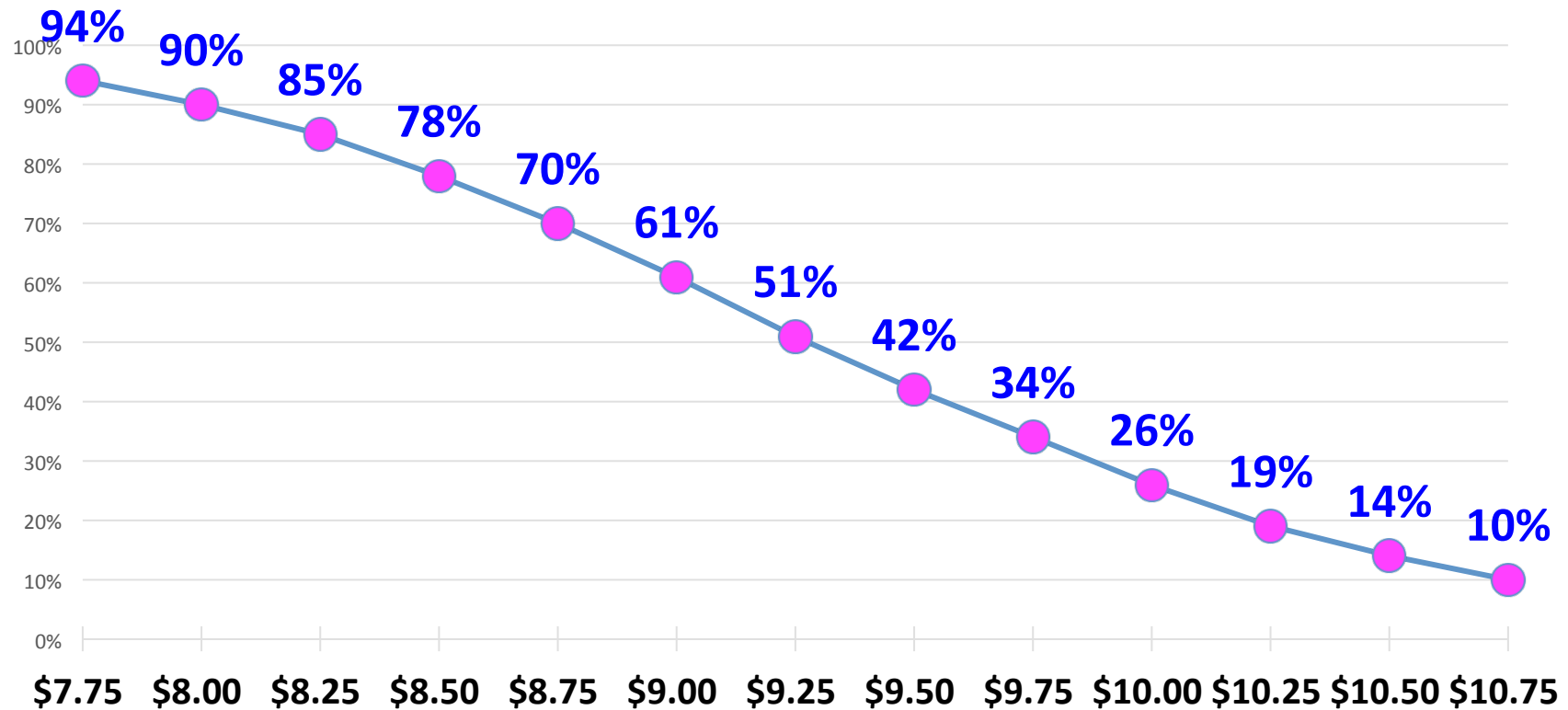
Soybeans:USDA

Planted: 82.2 Hvst. 81.4 * 46.5bu/ac

	3/31/16				USDA	Purdue
	12/13	13/14	14/15	15/16	16/17	16/17
Carryin	169	141	92	191	460	430
Production	3,034	3,358	3,927	3,930	3,811	3,787
Total Supply	3,239	3,570	4,052	4,151	4,300	4,247
Seed & Residual	89	106	143	131	125	125
Crush	1,689	1,734	1,875	1,870	1,900	1,910
Exports	1,320	1,638	1,843	1,690	1,825	1,825
Total Use	3,098	3,478	3,861	3,691	3,850	3,860
Ending Stock	141	92	191	460	450	387
Farm Price	\$14.40	\$13.00	\$10.10	\$8.75	\$8.50	\$8.90

\$8.25-
\$9.25

March 31: sx16=\$9.25: Options Derived Odds of Nov 2016 Bean Futures Being Above



ZSN16 - Soybeans - Daily OHLC Chart



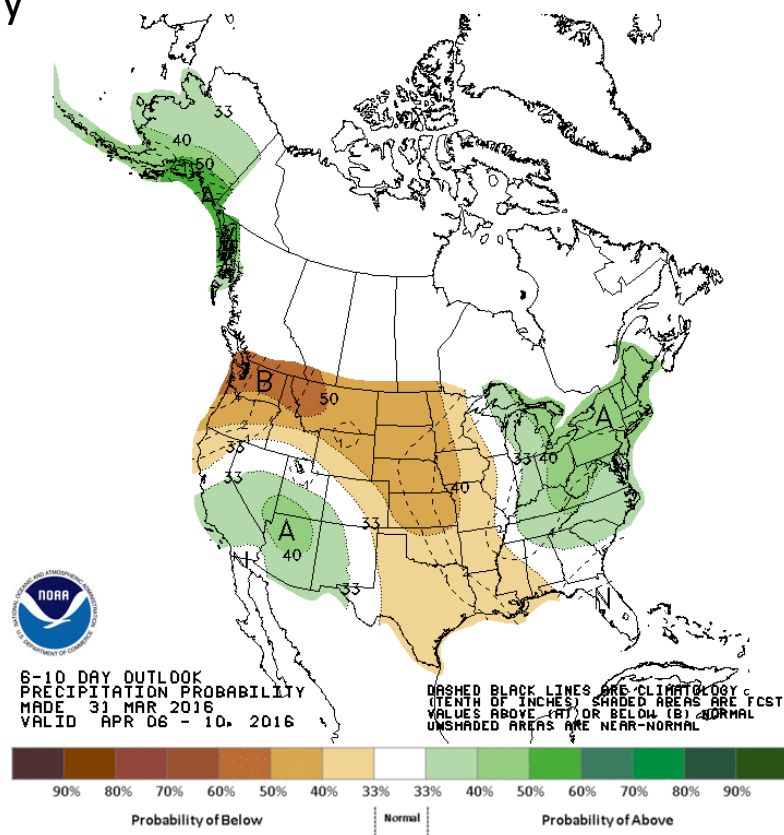
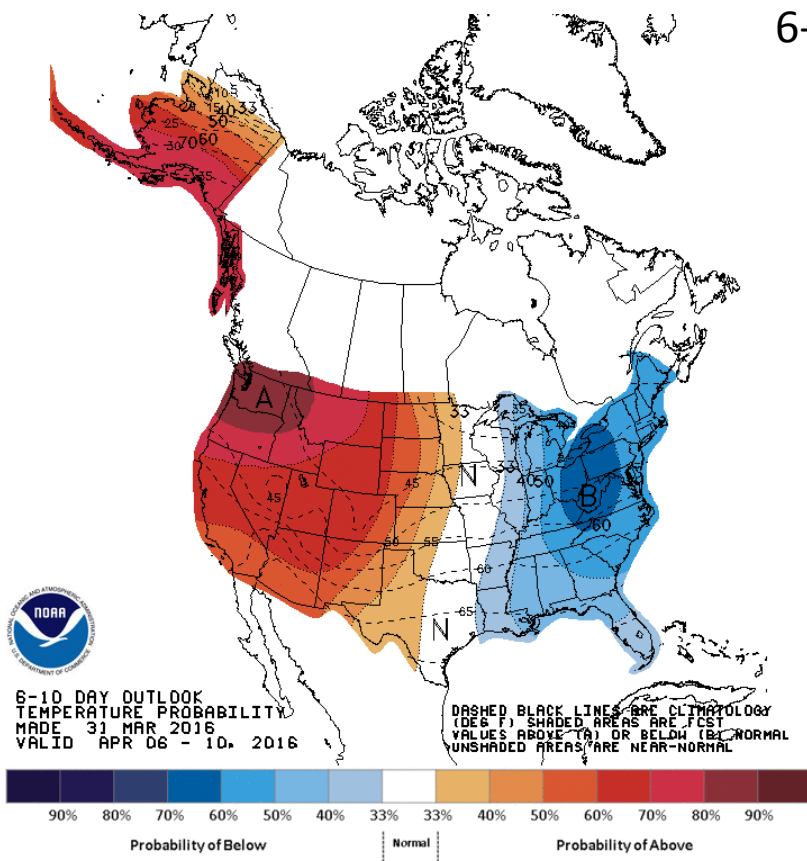
ZSX16 - Soybeans - Daily OHLC Chart



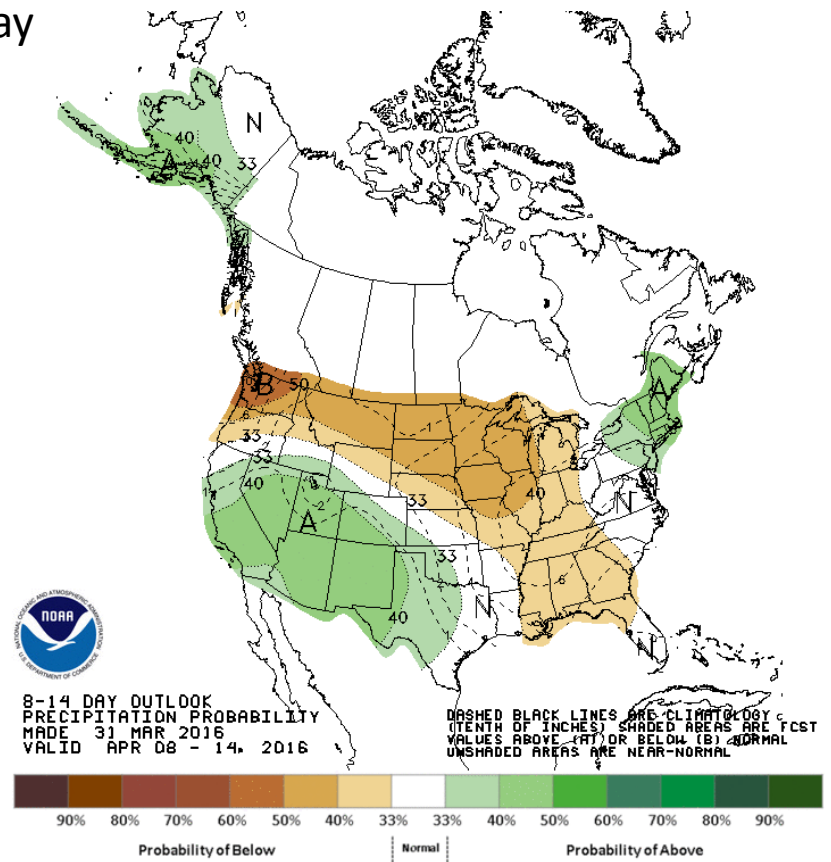
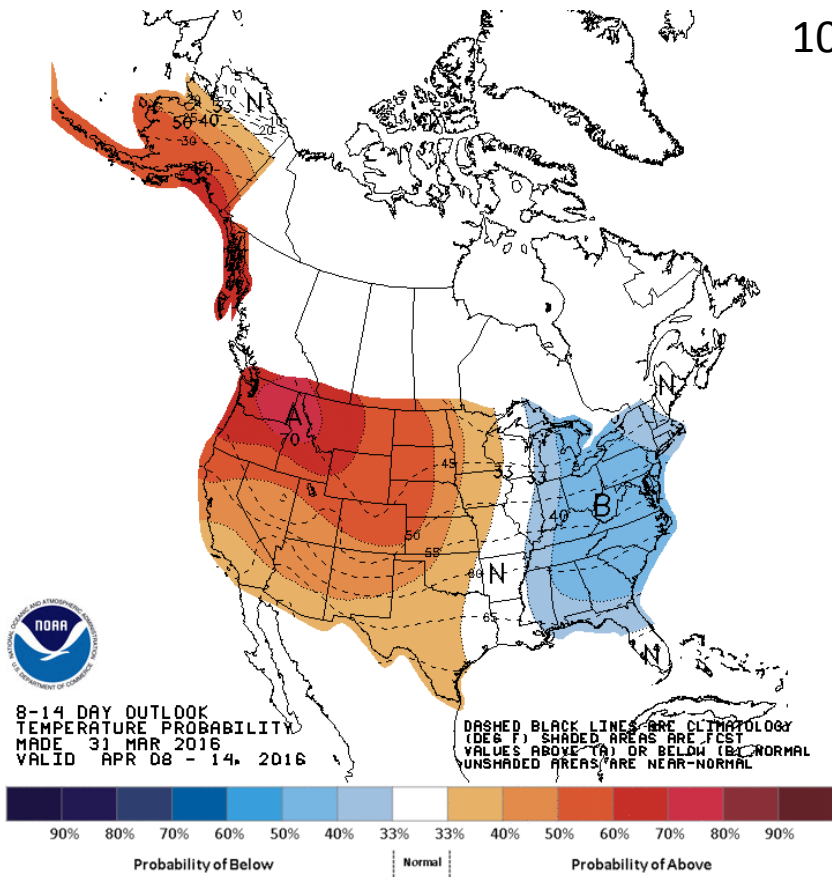
Soybean Summary

1. Recent reports were bullish bean prices.
2. Old crop beans should be sold at the high end of the winter trading range.
3. Expect more acres to shift toward soybeans.
4. Consider your own budgets, and returns from beans vs corn.
5. Weather rally the last hope for a major price increase.
6. Consider forward pricing 25% to 35% of new crop this spring.
7. \$9.00 Cash price or higher is goal

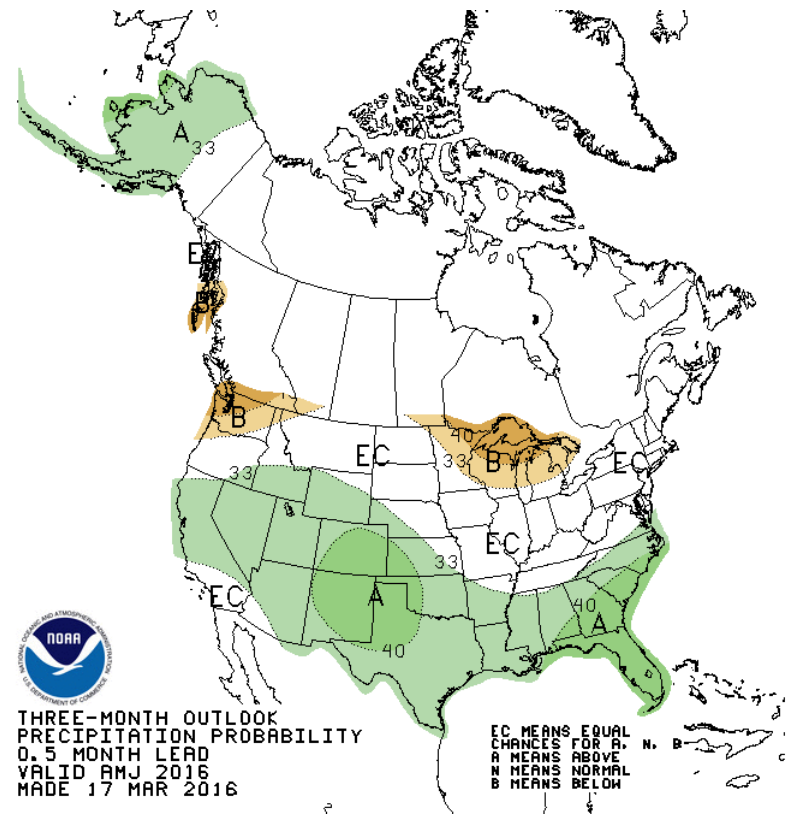
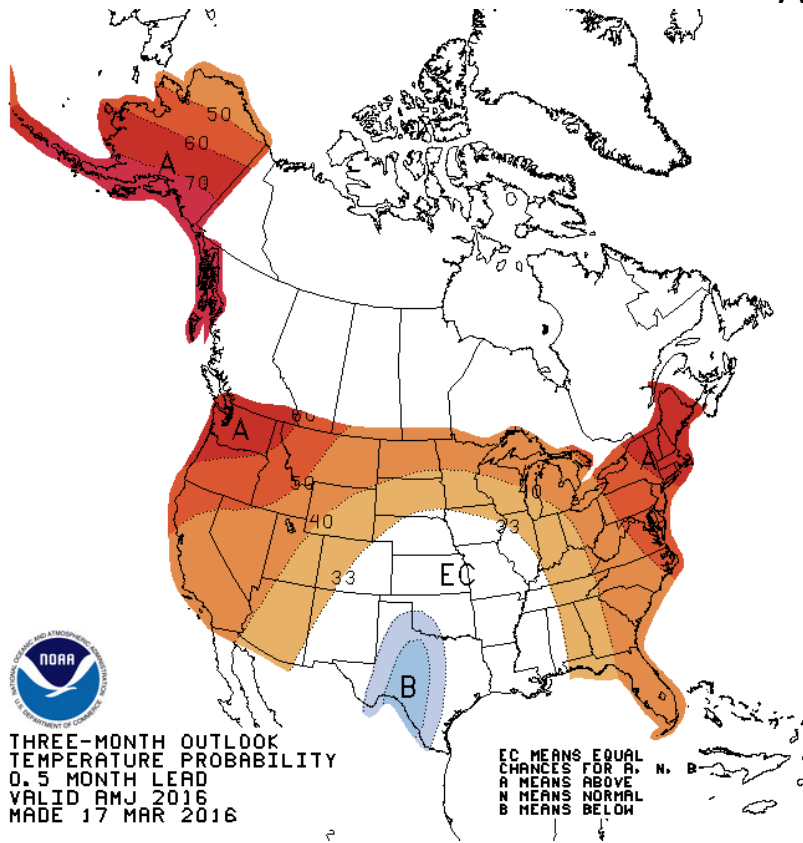
6-10 Day



10-14 Day

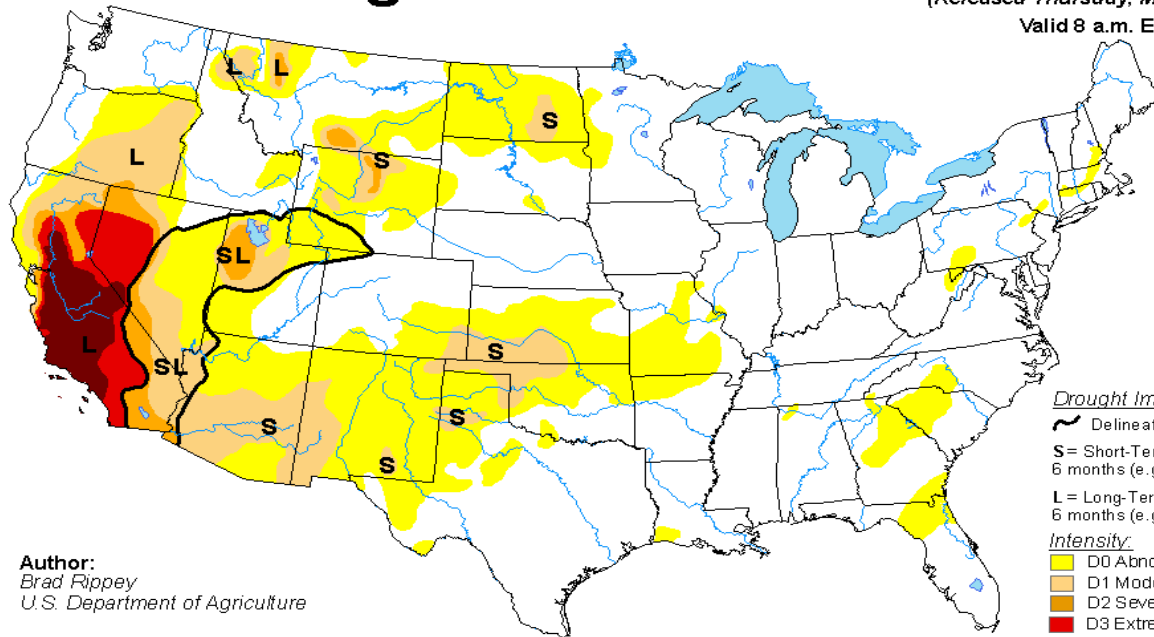


April-May-June



U.S. Drought Monitor

March 29, 2016
 (Released Thursday, Mar. 31, 2016)
 Valid 8 a.m. EDT



Drought Impact Types:

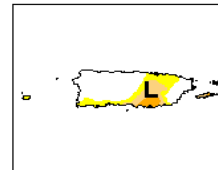
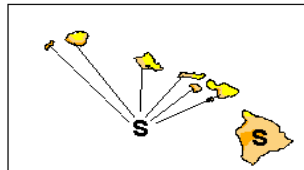
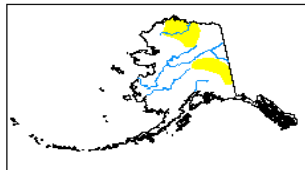
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

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.

Author:
 Brad Rippey
 U.S. Department of Agriculture



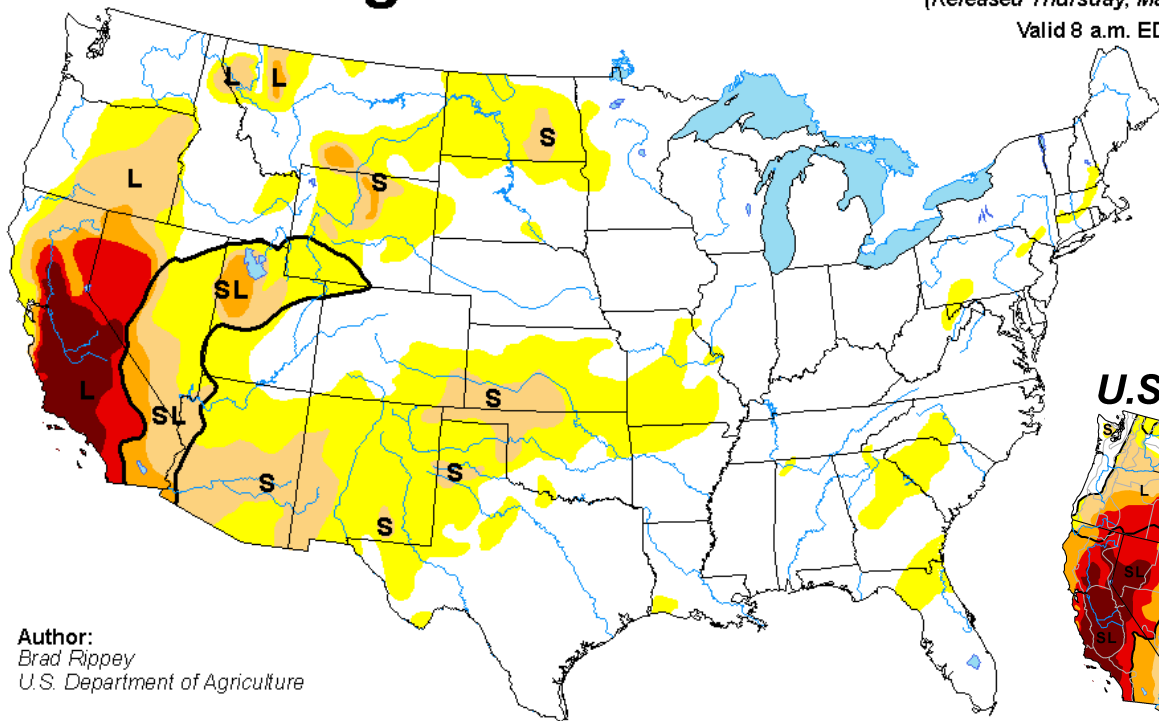
<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor

March 29, 2016

(Released Thursday, Mar. 31, 2016)

Valid 8 a.m. EDT



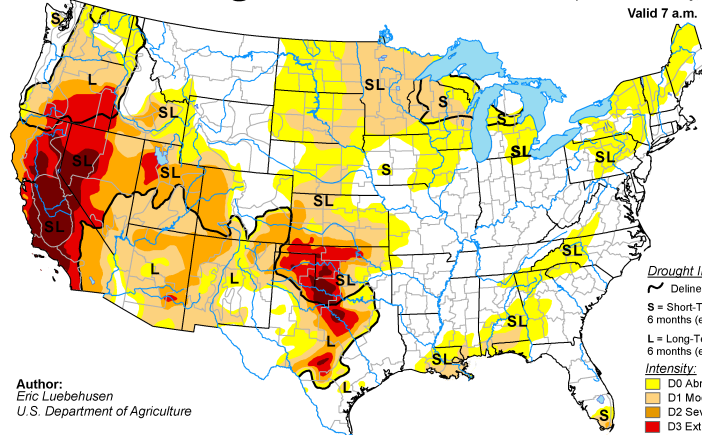
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U.S. Department of Agriculture

U.S. Drought Monitor

March 31, 2015

(Released Thursday, Apr. 2, 2015)

Valid 7 a.m. EST

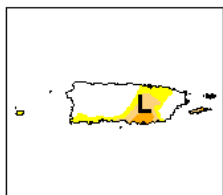
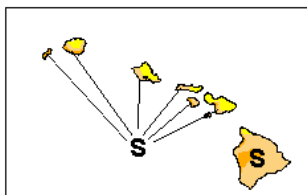
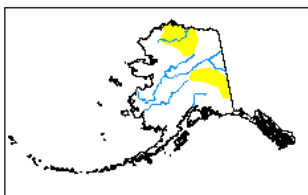


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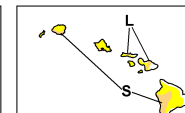
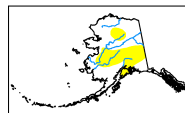
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<http://dro>



<http://droughtmonitor.unl.edu/>

El Nino, La Nina, Both?

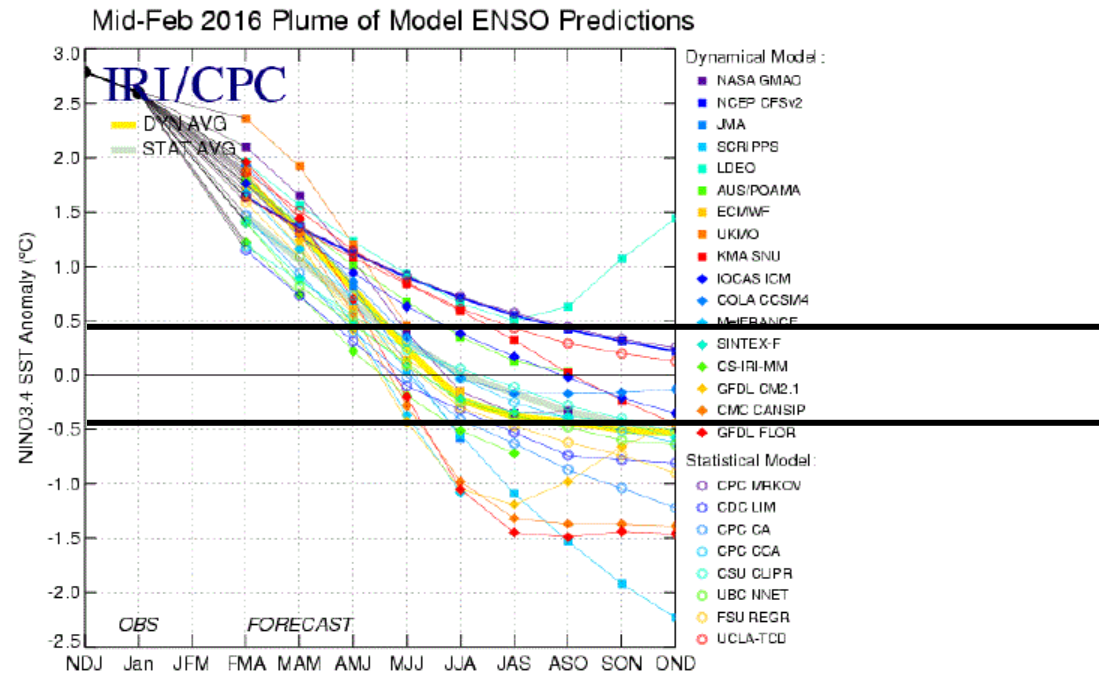


Figure 6. Forecasts of sea surface temperature (SST) anomalies for the Niño 3.4 region (5°N-5°S, 120°W-170°W). Figure updated 17 February 2016.



— Trade Weighted U.S. Dollar Index: Major Currencies



Source: Board of Governors of the Federal Reserve System (US)
research.stlouisfed.org

myf.red/g/40H0

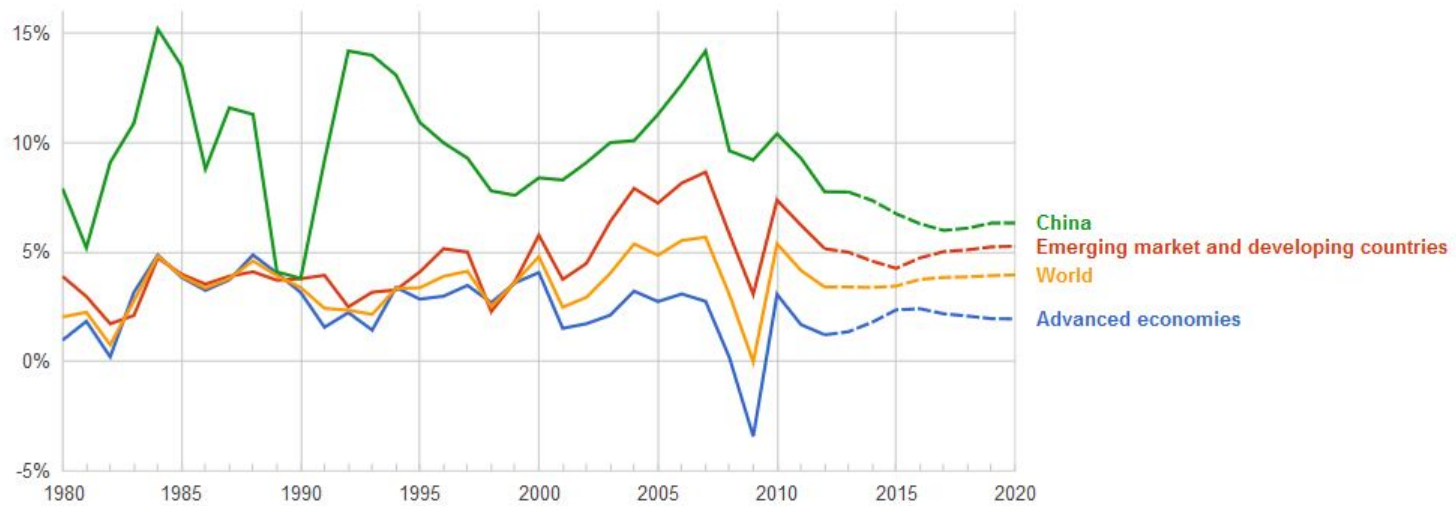
A Strong Dollar and Agriculture

Trade-Weighted Exchange Rate Index for U.S. Ag Commodities (Exports)

	2012-2015	Last Year (2014 vs 2015)
Corn	13%	7%
Soybeans	3%	4%
Wheat	9%	7%
Beef	19%	12%
Pork	25%	12%
Poultry	13%	11%

Slower Global Economy

GDP, constant prices (% change) ?



Summary

- Tight Margin Period Continues
- Adjustment in Acres?
- Strong Grain Inventories