

CORN-SOYBEAN UPDATE

MONDAY, SEPTEMBER 13, 2021



**MONTHLY
OUTLOOK**

**PURDUE CENTER FOR
COMMERCIAL AGRICULTURE**

James Mintert, Professor & Director, Center for Commercial Agriculture

Nathan Thompson, Associate Professor, Dept. of Agricultural Economics

Michael Langemeier, Professor & Associate Director, Center for Commercial Agriculture



Center for Commercial Agriculture

CORN - Sept. World Ag Supply & Demand Estimates (WASDE) Highlights

▪ **Change in U.S. Corn 2020 Crop Balance Sheet**

- Revised carryover estimate to 1.187 billion bushels, **equal to 7.9% of usage**
- U.S. 2020 MYA Corn Price increased to \$4.45 from \$4.40/bushel

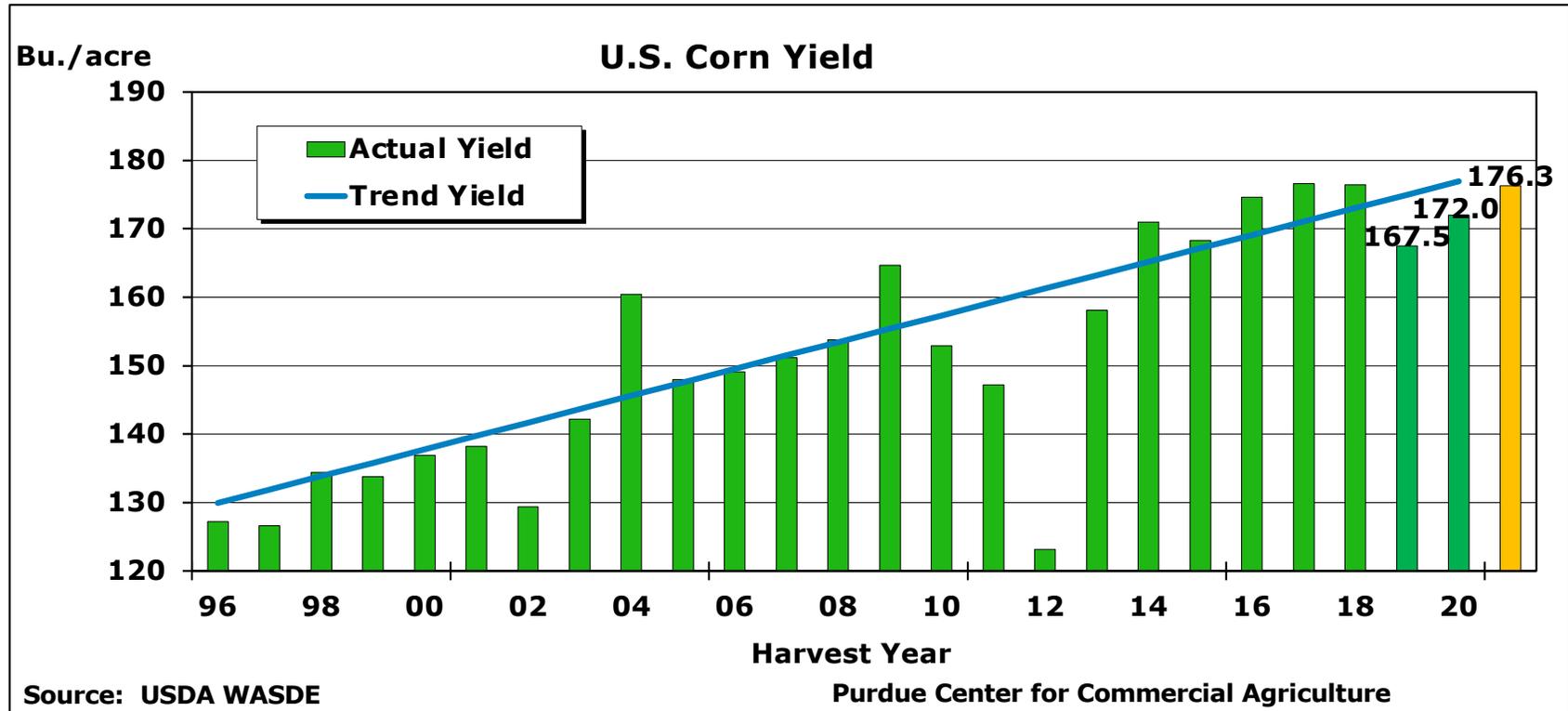
▪ **U.S. Corn 2021 Crop Balance Sheet**

- Increased U.S. harvested **Acreage** by 590,000 acres
- Raised **Yield** projection from 174.6 to 176.3 bushels per acre
- Combination of acreage & yield changes pushed **Production** estimate up by 246 million bushels compared to August
- No change in projected **Ethanol** usage, still 5.2 billion bushels
- Raised projected **Exports** by 75 million bushels to 2.475 billion bu., about 10% less than in 2020
- Raised projected **Ending Stocks** up to 1.408 billion bu., 75 million bushels more than on August report
- **Ending Stocks** at end of 2021 projected to be **9.5% of usage**

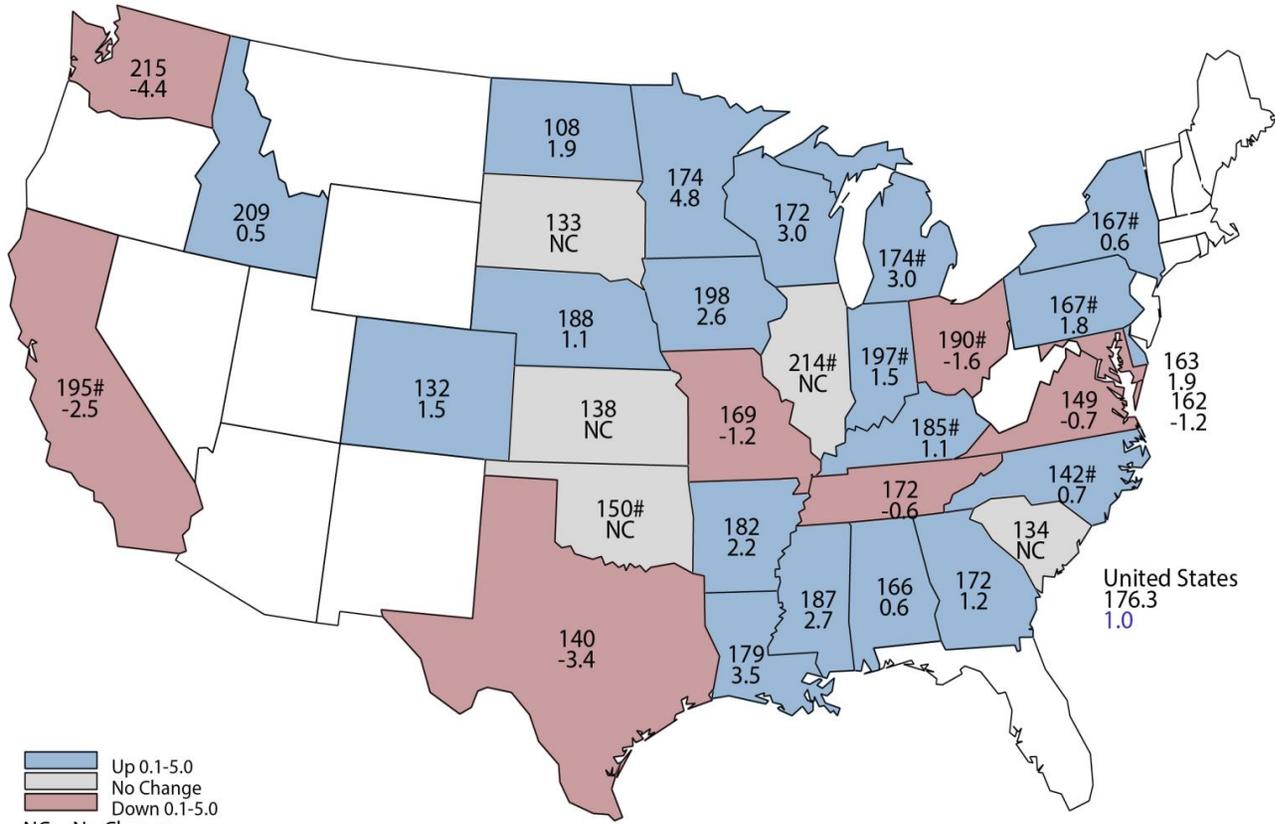
• **World Estimates**

- No change in **Brazil's** 21/22 corn production, but raised **Argentina's** by 2 mmt
- No change in **China's** expected imports from all sources (26 mmt) compared to Aug. estimates

USDA Increased Corn Yield Estimate By 1.7 Bu. Compared to August Estimate



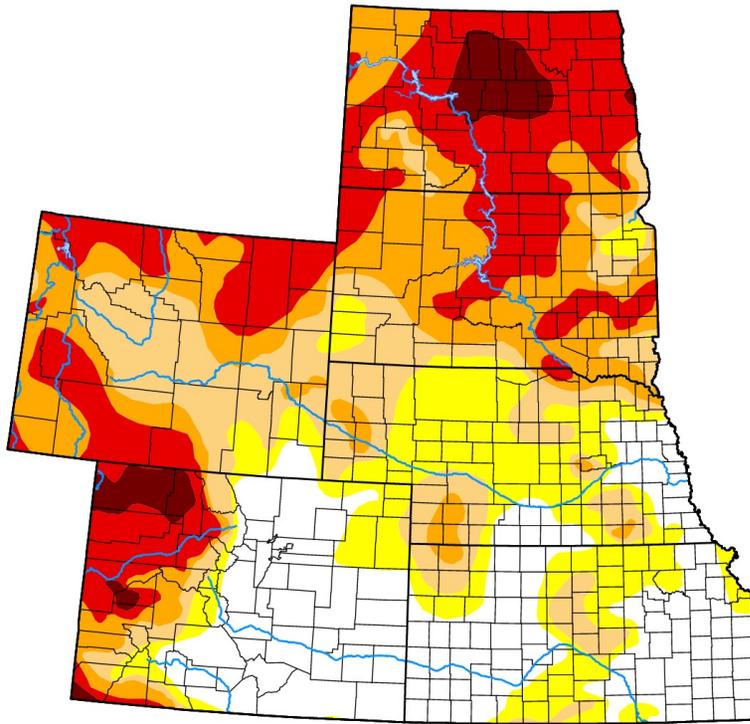
SEPTEMBER 2021 CORN YIELD ESTIMATES BUSHEL AND % CHANGE FROM PREVIOUS MONTH



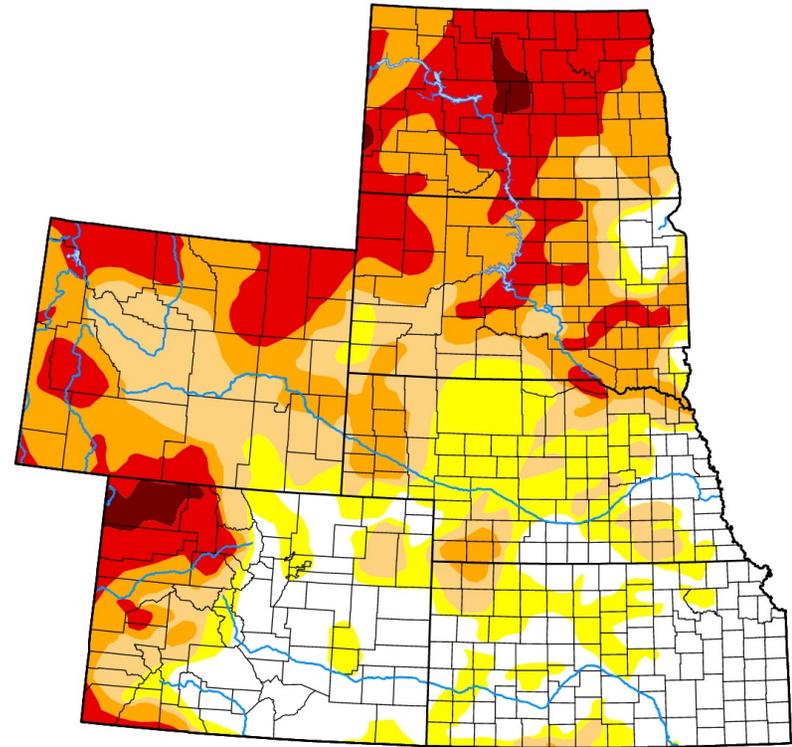
■ Up 0.1-5.0
■ No Change
■ Down 0.1-5.0
 NC = No Change
 # = Record High
 & = Record Low

Still Dry in the Dakota's, But Conditions Have Improved Since Early August

August 10th Drought Monitor

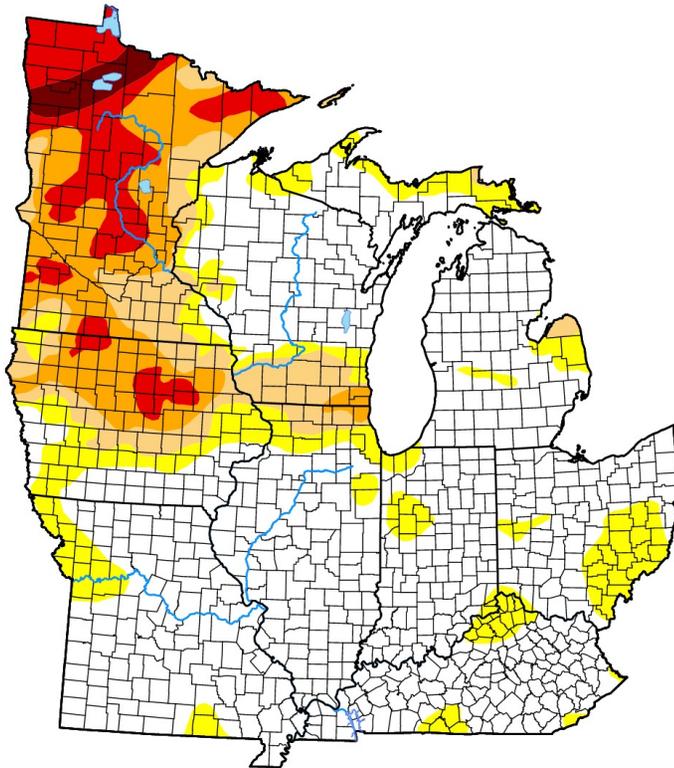


September 7th Drought Monitor

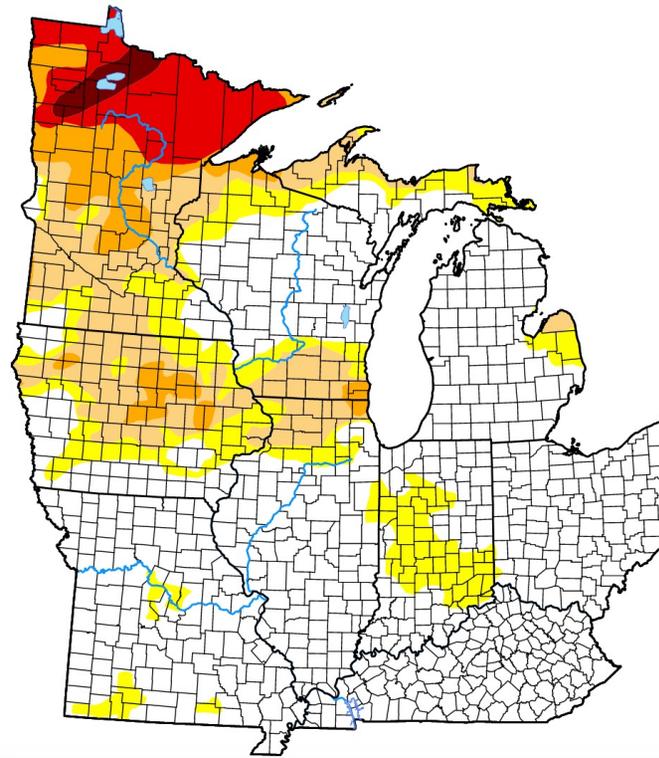


While Conditions Improved Noticeably in Both Iowa & Minnesota

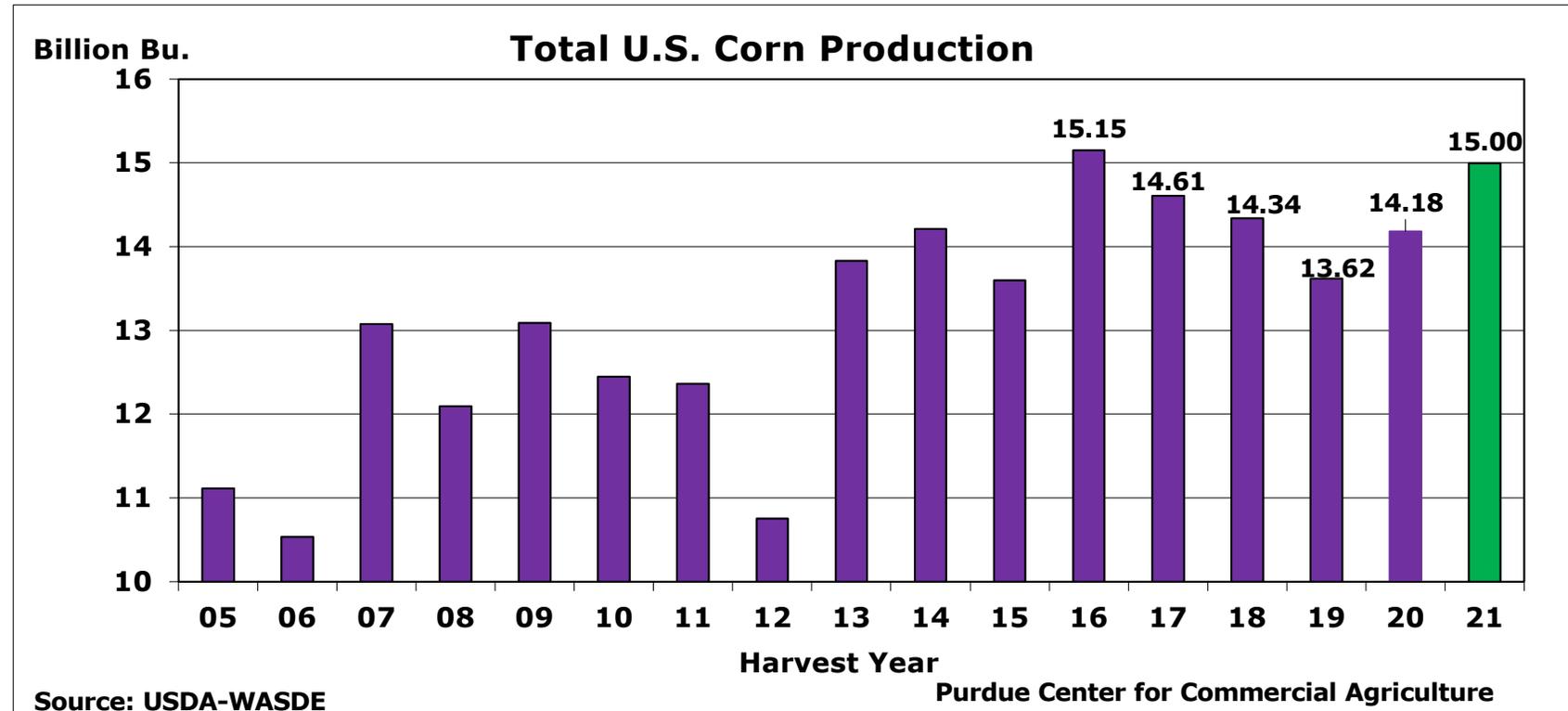
August 10th Drought Monitor



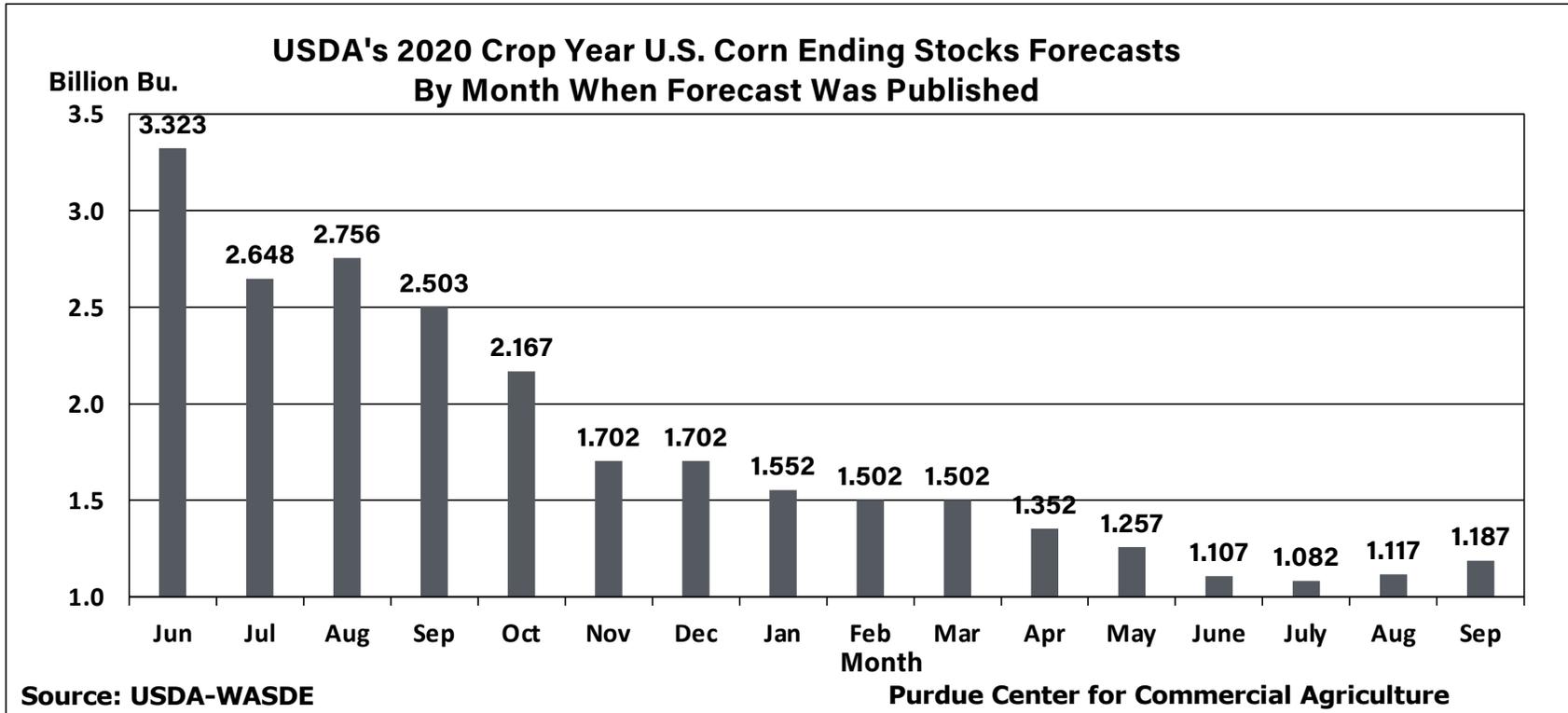
September 7th Drought Monitor



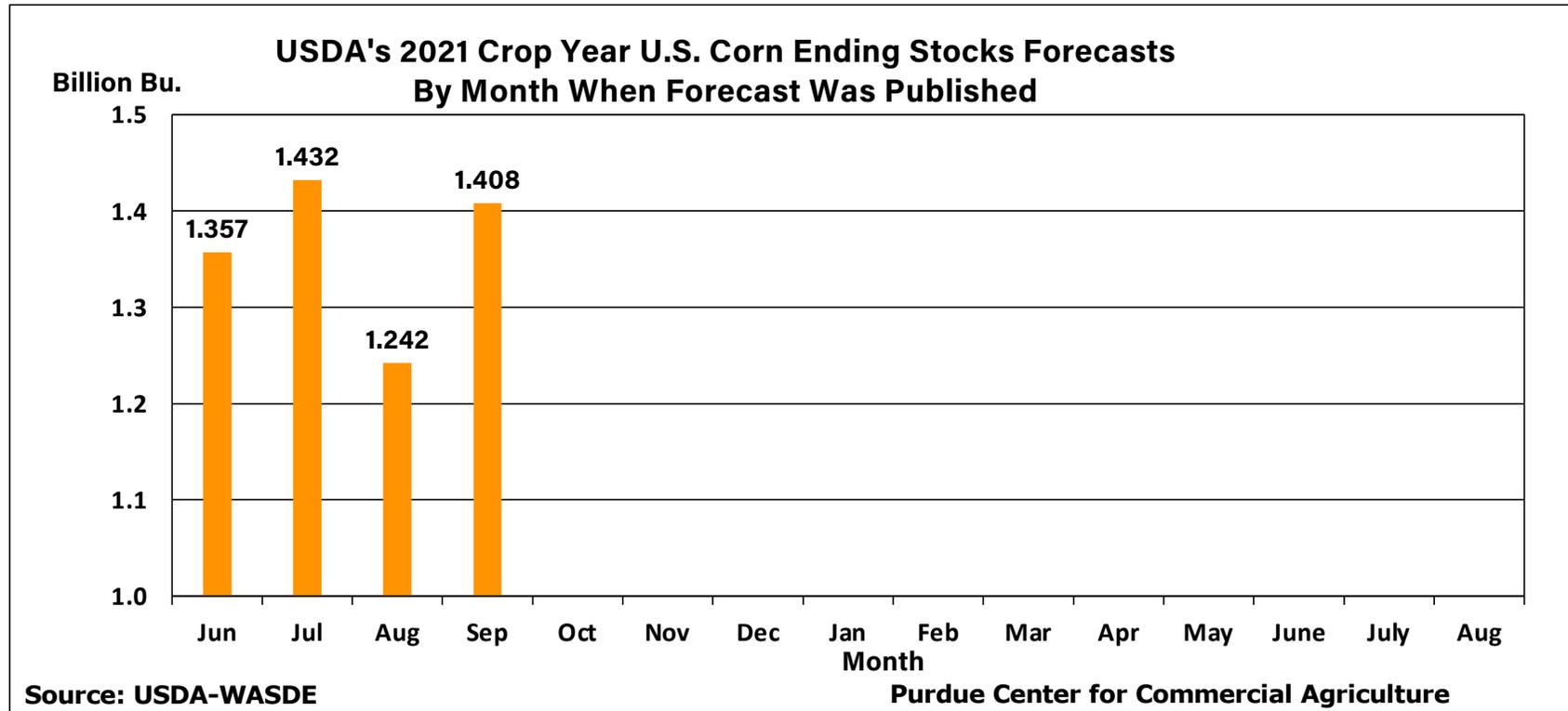
***USDA Increased Planted Acreage Estimate In Addition to the Yield Bump
Acreage & Yield Increases Pushed Production Estimate Back up To 15 Billion Bu.***



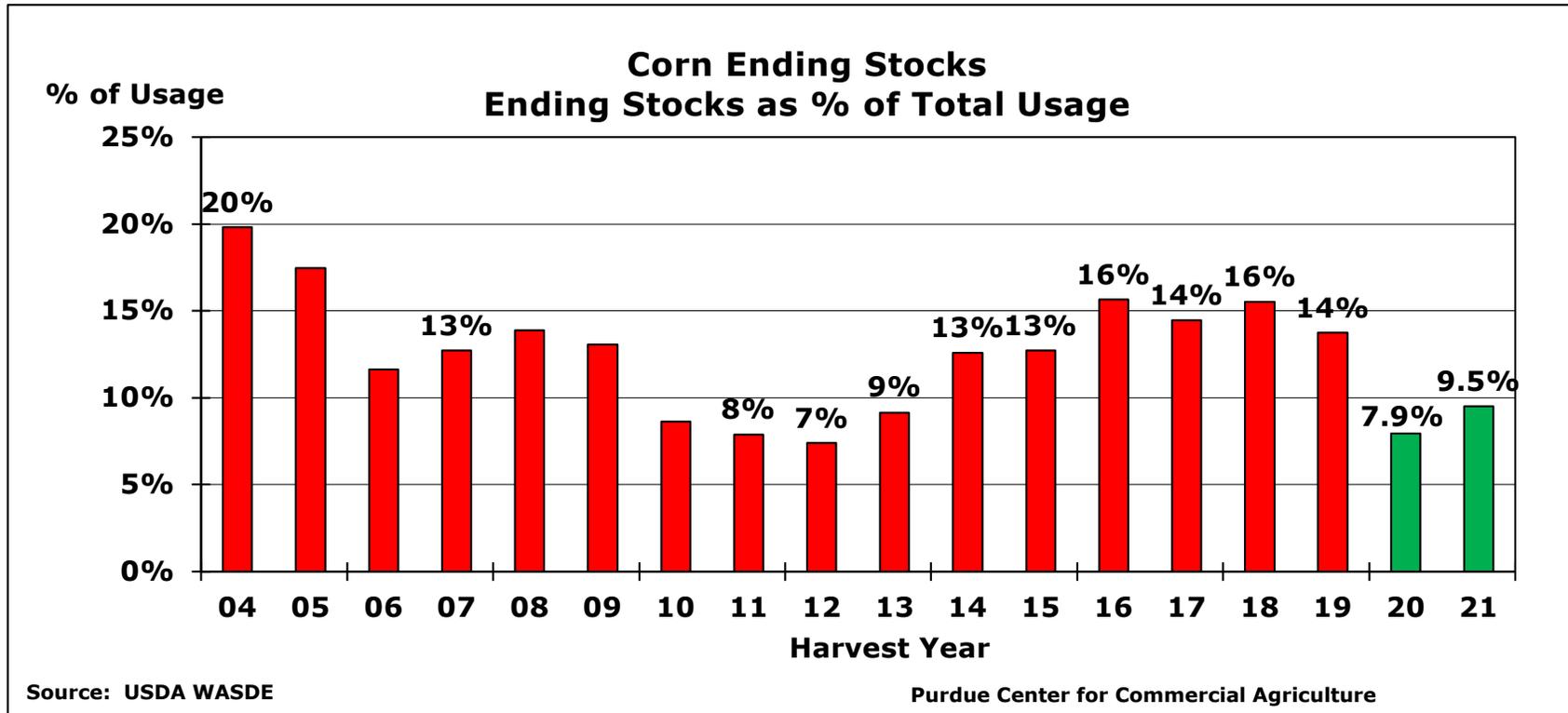
2020 Corn Crop Estimated Ending Stocks Rose 70 Million Bu. Compared to August Estimate



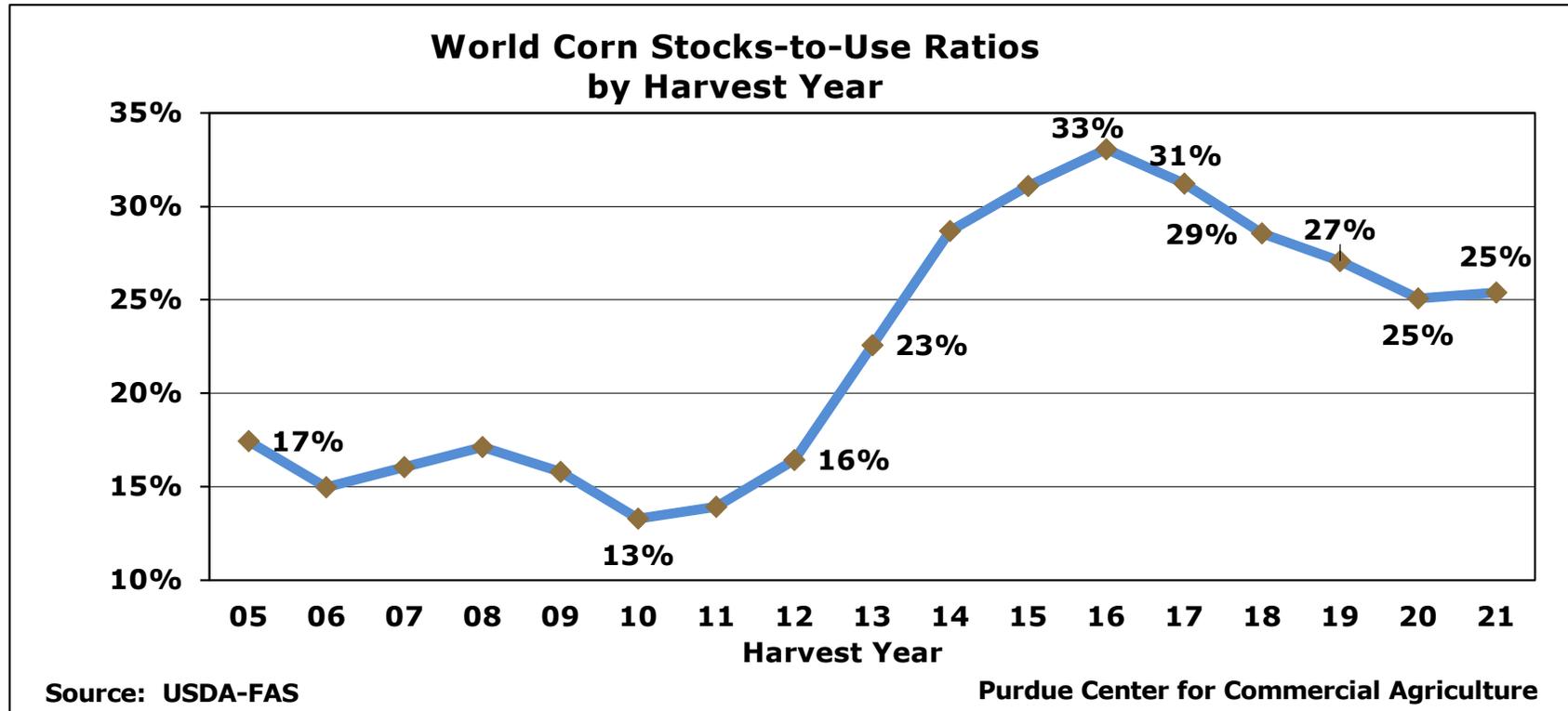
USDA Pushed 2021 Crop Ending Stocks Estimate Back Above 1.4 Billion Bu., an Increase of 166 Million Bu.



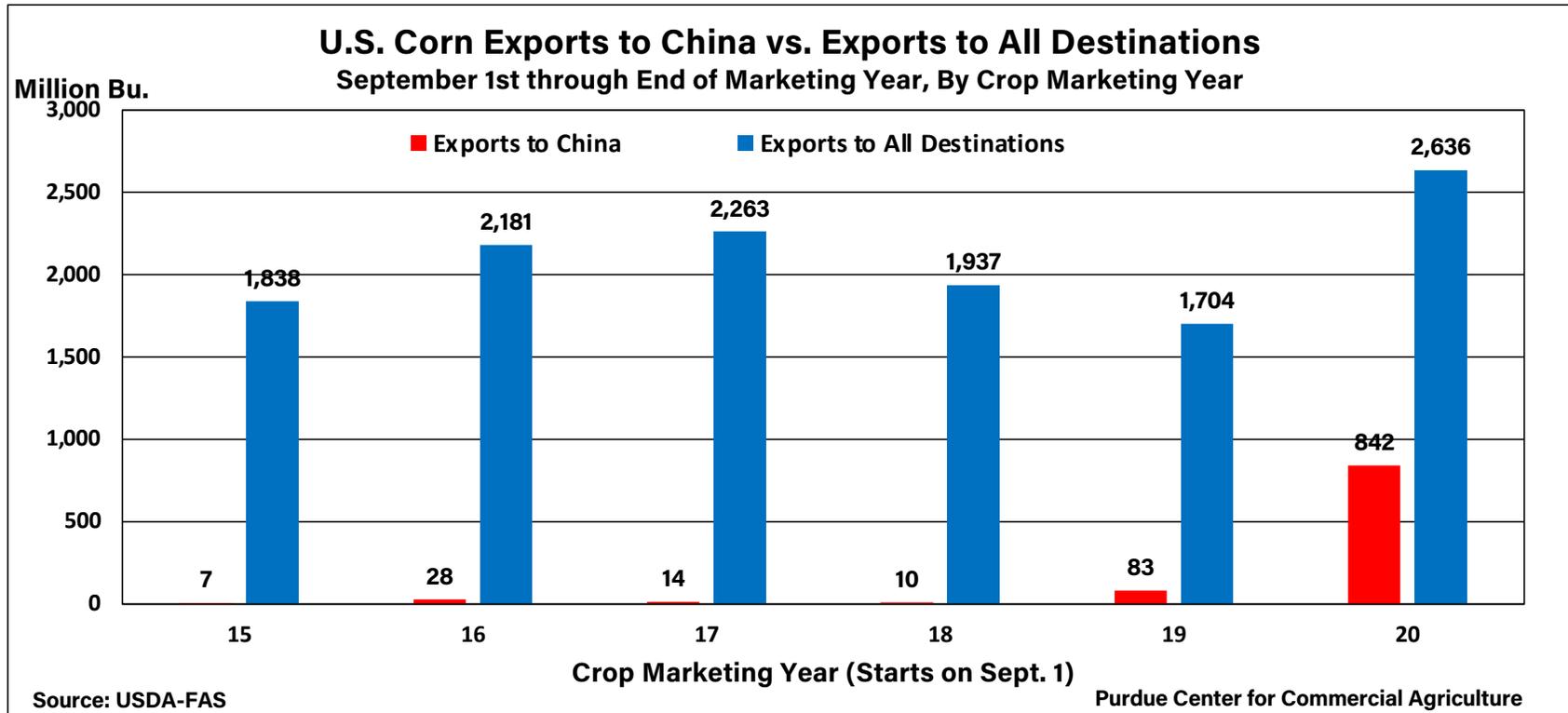
***Balance Sheet Changes Pushed 2020 & 2021 Ending Stocks Estimates Up
2021 Estimate Increased from 8.5 to 9.5% of Usage***



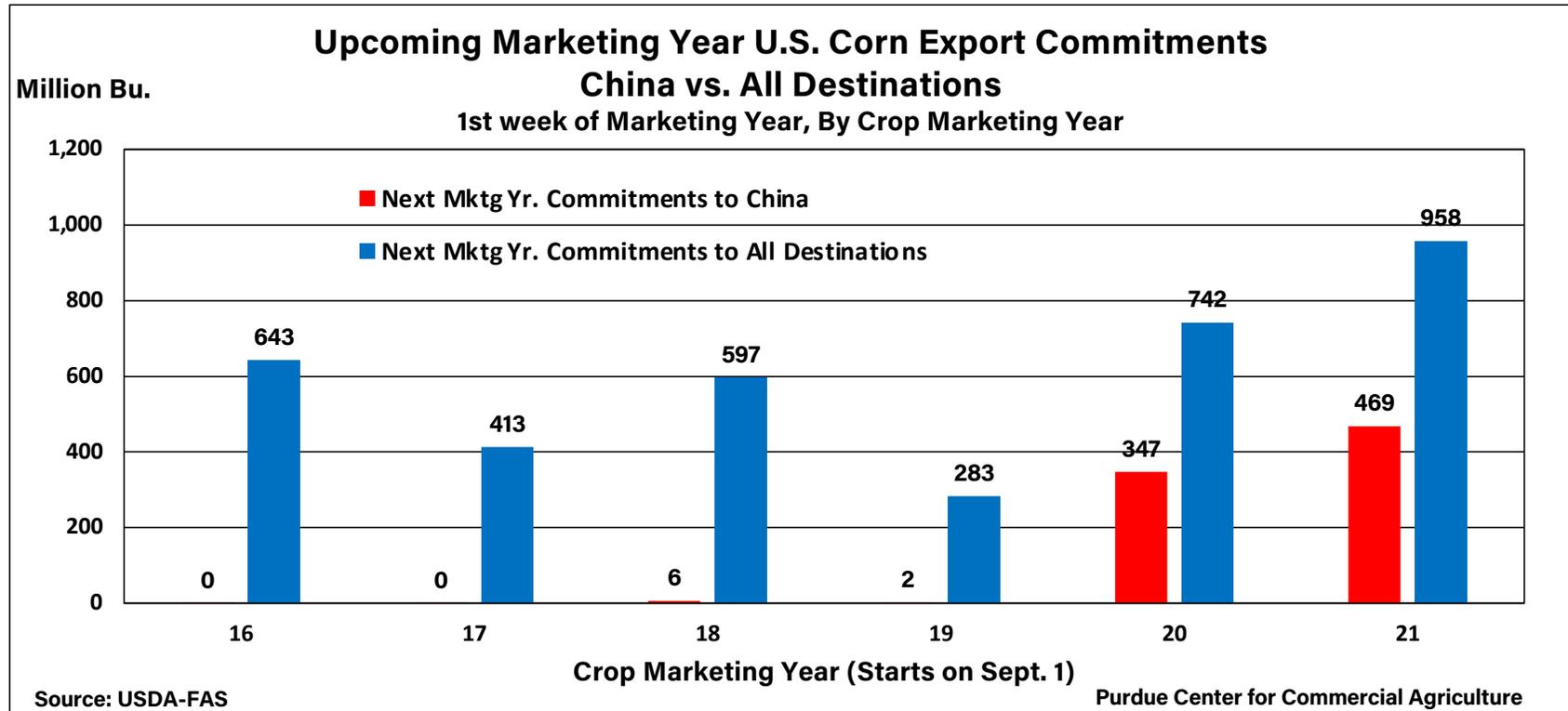
Increase In U.S. Carryover Helped Push World Stocks/Use Ratio Up 1%



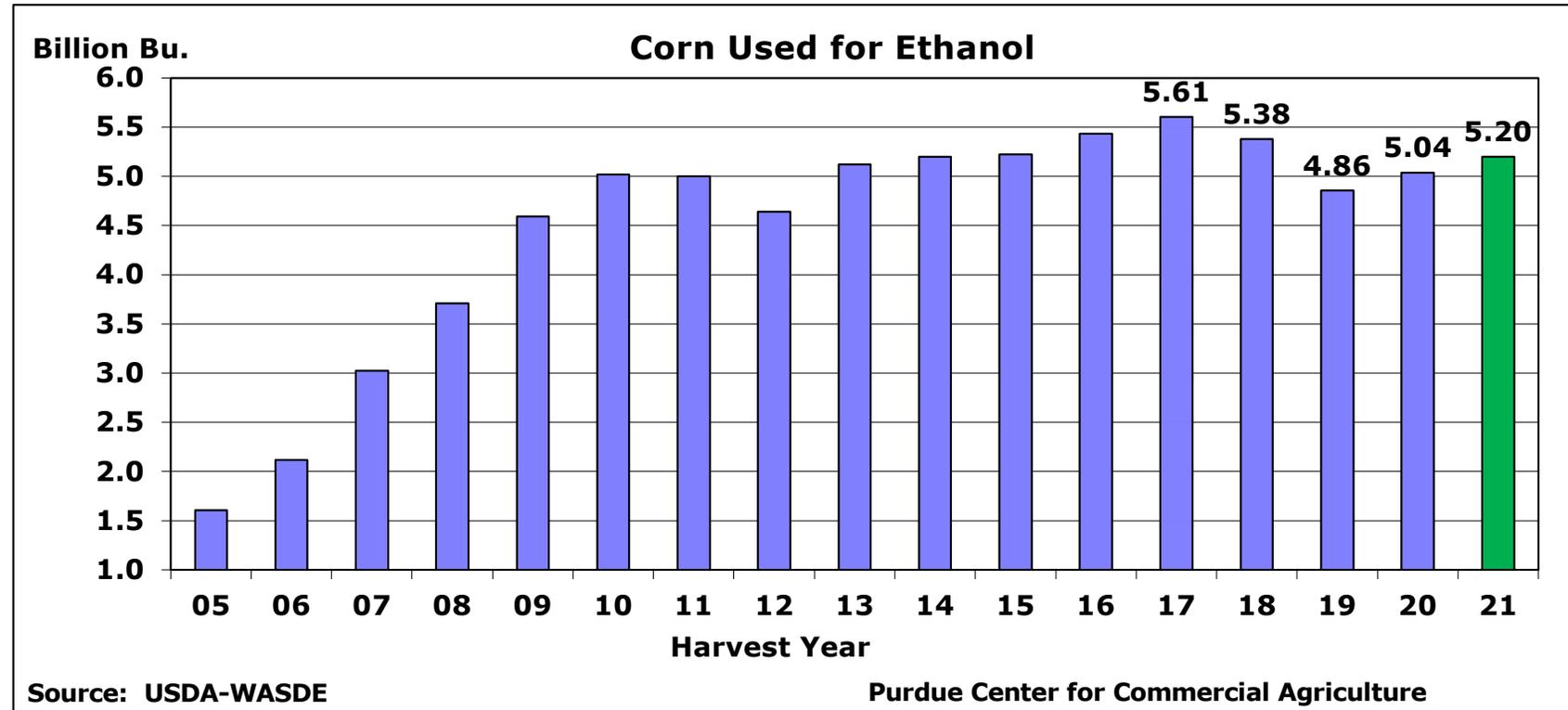
*Total Corn Exports Up 55% This Year, Rise in Exports to China Accounts for 81% of Increase
Exports Slowed Down Sharply Over the Summer*



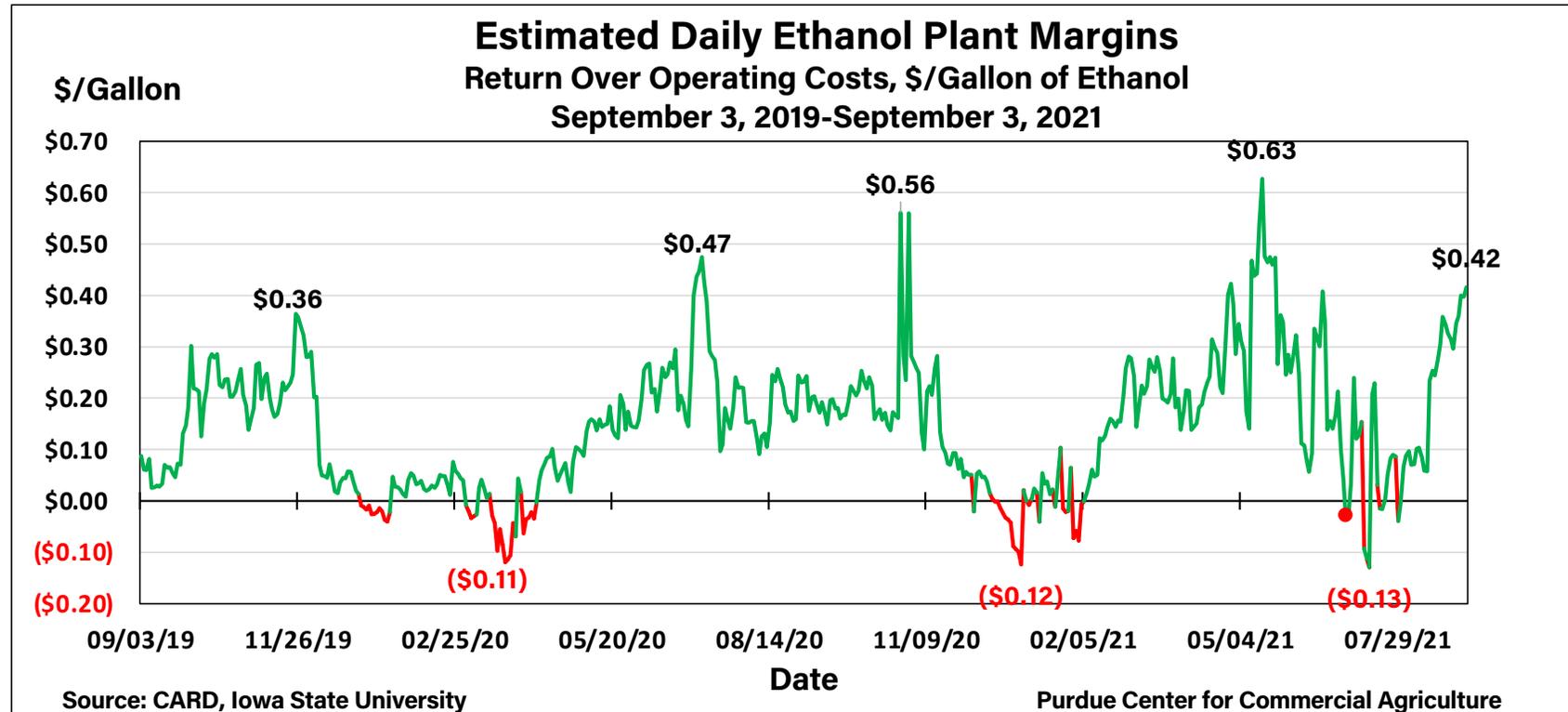
China's Next Marketing Year Purchases Still Up Compared to Last Year, But Rate of Increase Has Slowed Down
All Destinations Commitments Up 29% vs. Last Year, China's Purchases Account for 56% of the Increase in 2021 vs. 2020



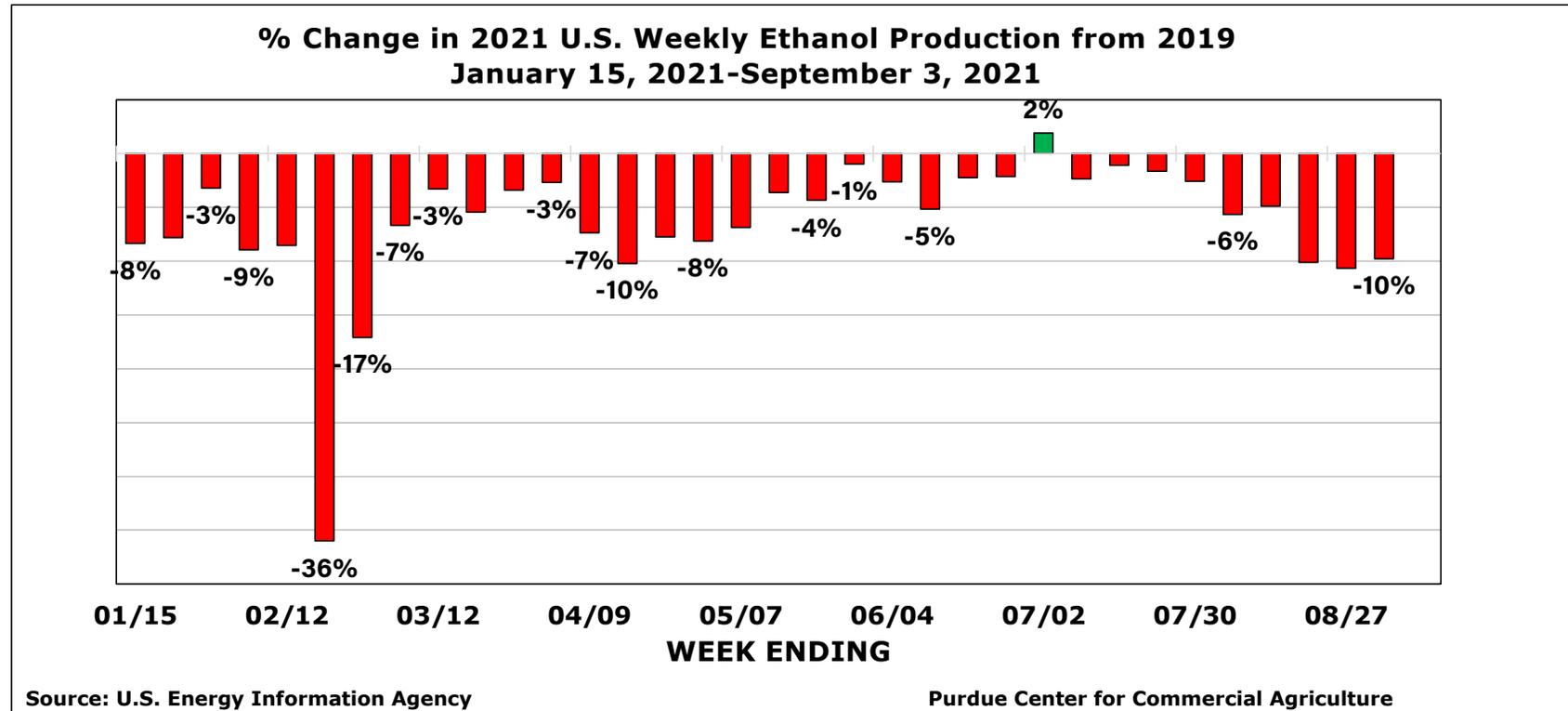
USDA Pulled Back Slightly on 2020 Crop Usage, But Still Expects Ethanol Usage to Increase in 2021



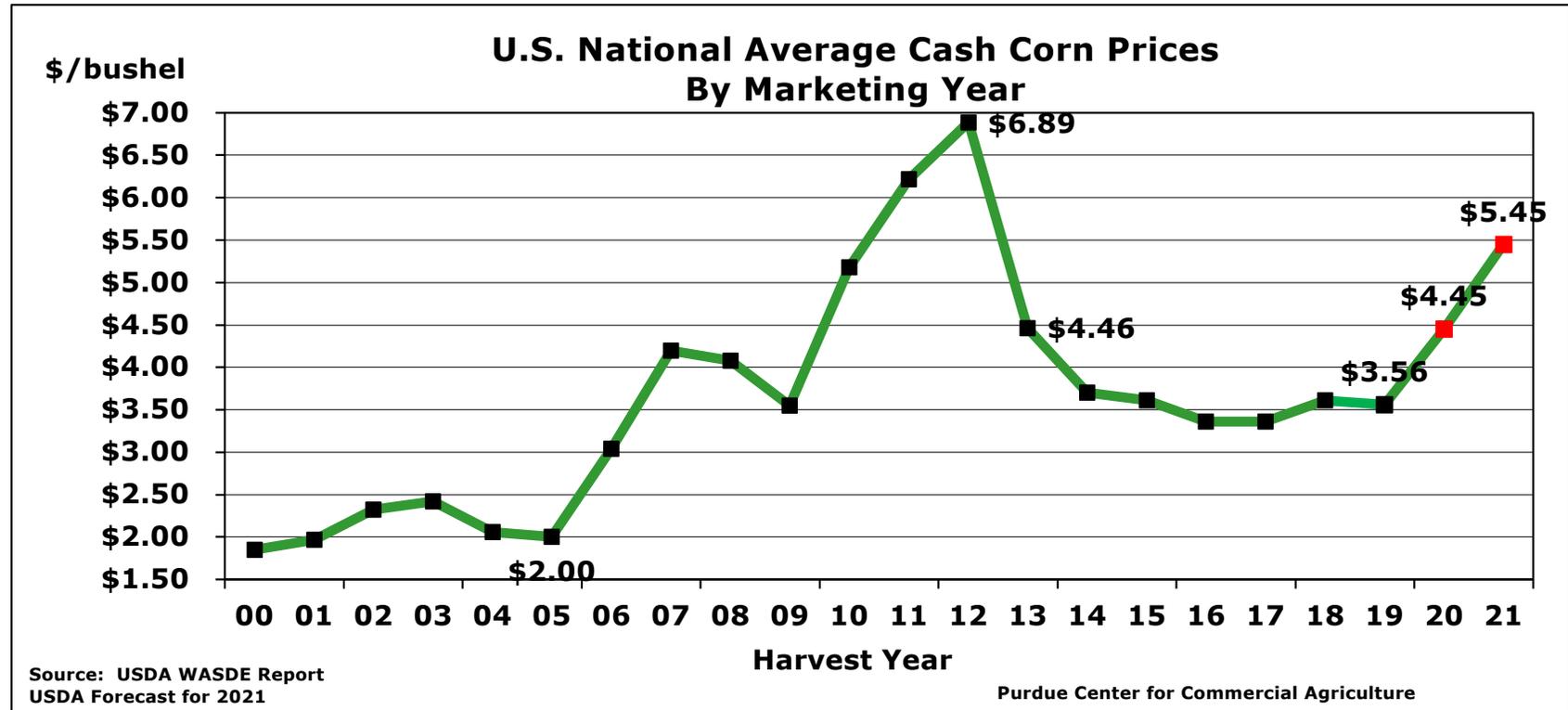
Ethanol Margins Have Increased As Corn Costs Have Declined



But Ethanol Production Falling Below Pre-Pandemic Levels as COVID Concerns Have Led Consumers to Pull Back on Travel

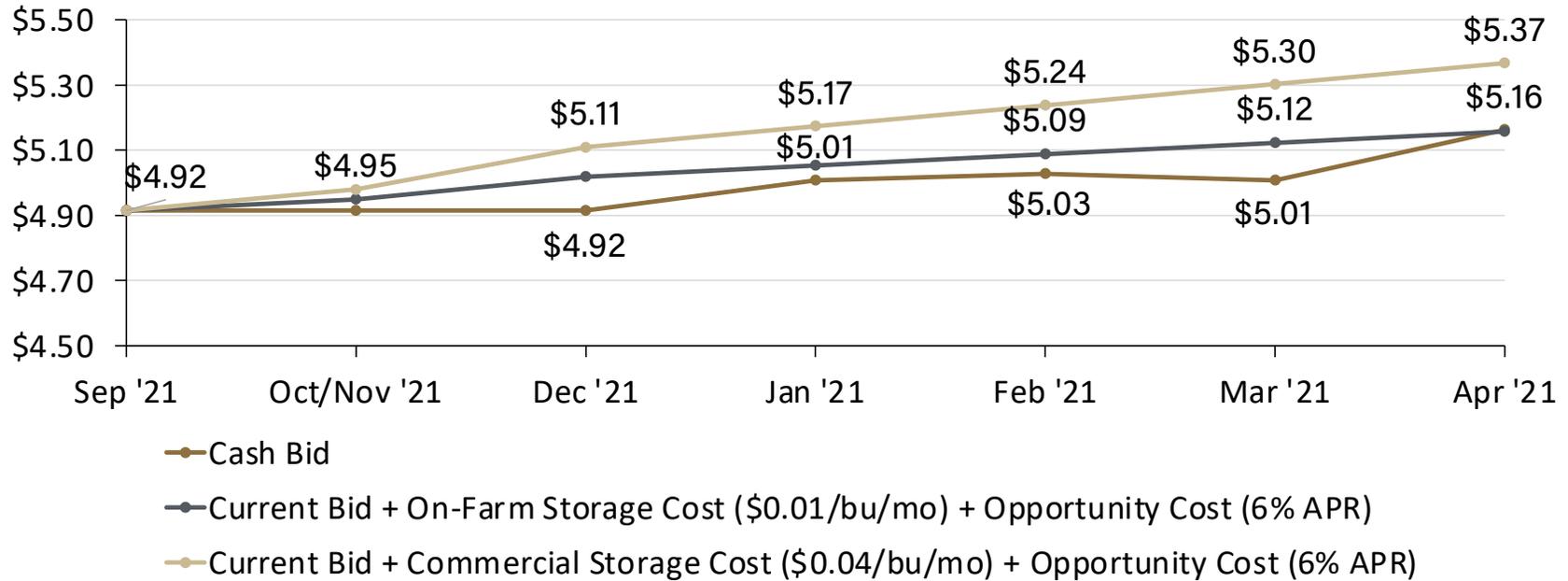


USDA Reduced it's 2021 MYA Price Estimate by \$0.30/bu., Down to \$5.45/bu.



Storage opportunities for corn?

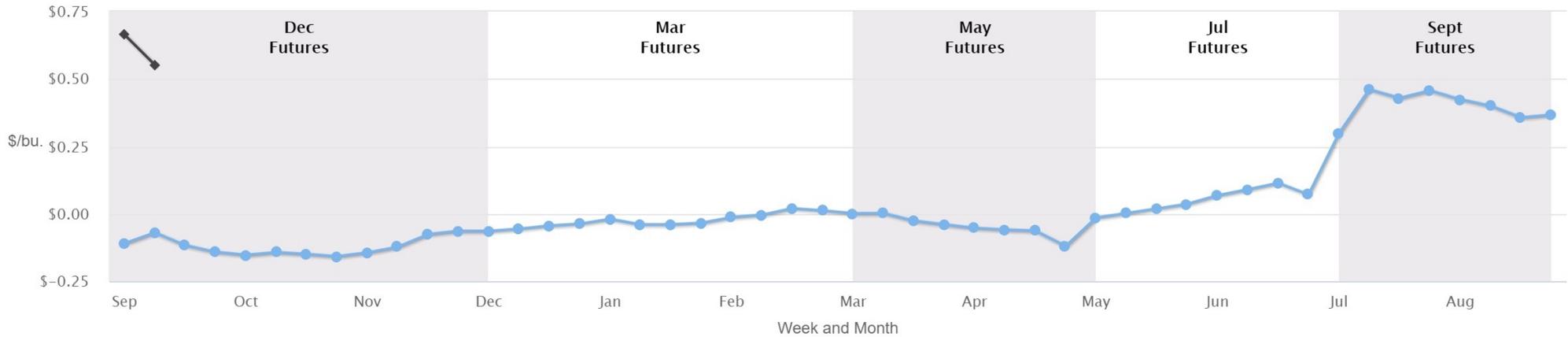
Cash Forward Contract Corn Bids
Central Indiana



Corn basis - Central Indiana - 3 year average

Purdue Center for Commercial Agriculture Crop Basis Tool

Corn: IN CENTRAL Region, Nearby Basis, Weekly
 Avg. of Selected Historical Crop Years [2018-2019, 2019-2020, 2020-2021]
 vs. Current Crop Year



— Historical Nearby Basis, Avg of Selected Crop Years ↘ 2021-2022 Regional Nearby Basis

<https://www.purdue.edu/commercialag>



Center for Commercial Agriculture

Corn basis - Southwest Indiana - 3 year average

Purdue Center for Commercial Agriculture Crop Basis Tool

Corn: IN SW Region, Nearby Basis, Weekly
 Avg. of Selected Historical Crop Years [2018-2019, 2019-2020, 2020-2021]
 vs. Current Crop Year



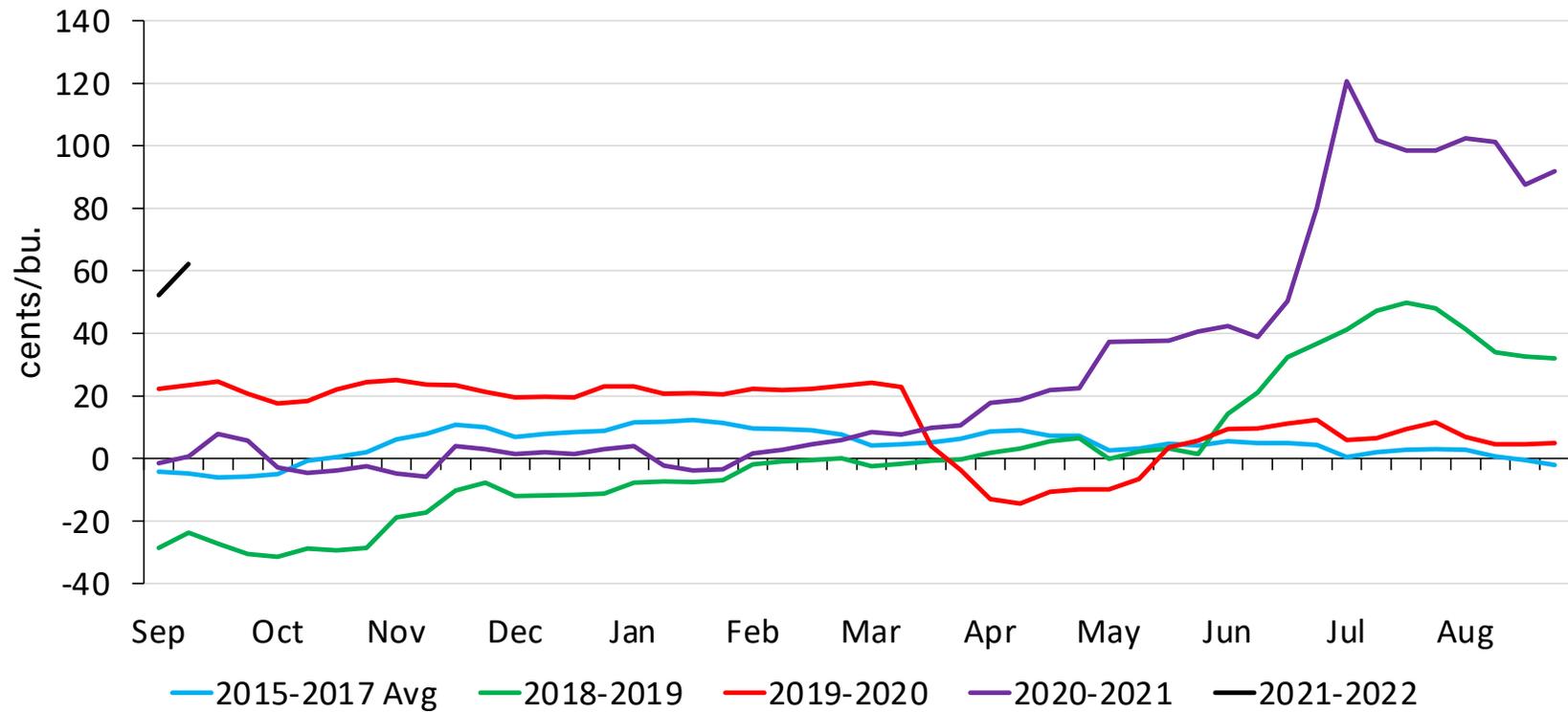
● Historical Nearby Basis, Avg of Selected Crop Years ◆ 2021-2022 Regional Nearby Basis

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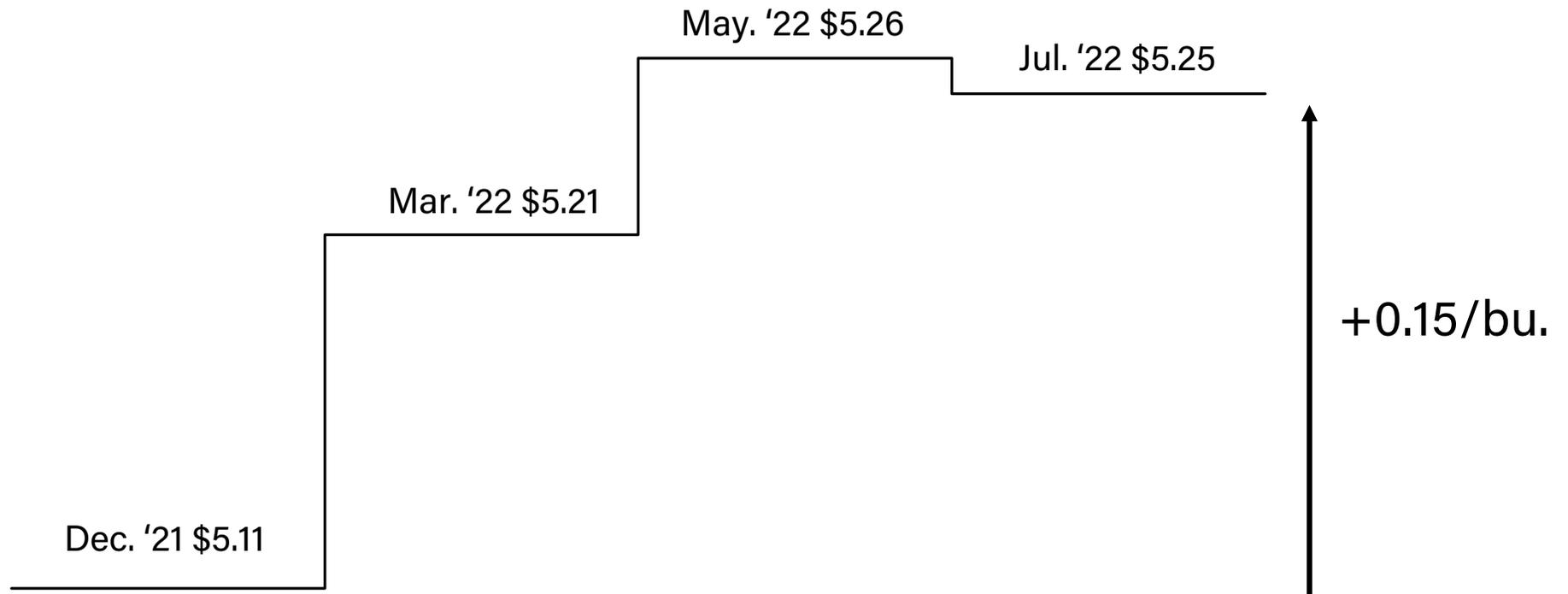


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Indiana ethanol plant basis



Corn futures price spreads



New crop corn opportunities?

CBOT Mar. '22 Corn futures	\$5.21
<u>Expected corn basis January '22 in Central IN</u>	<u>-\$0.05</u>
Expected cash price	\$5.16/bu.

- Think in terms of risk management
- How can you protect favorable price opportunities while leaving open upside potential?

SOYBEANS - Sept. World Ag Supply & Demand Estimates (WASDE) Highlights

▪ **U.S. Soybean 2020 Crop Balance Sheet**

- Reduced estimated soybean crush by 15 million bushels
- Projected carryover increased to 175 million bushels, **equal to 3.9% of usage**

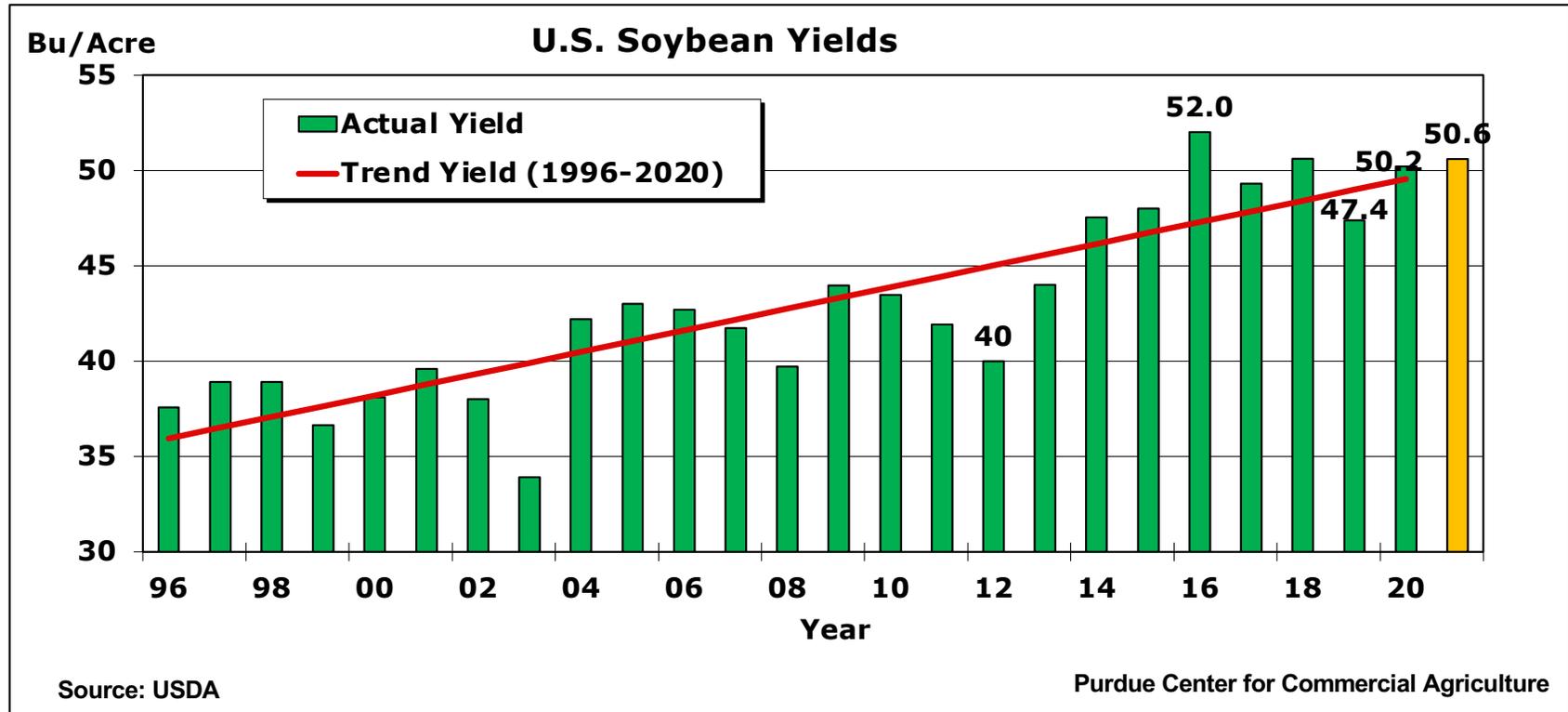
▪ **U.S. Soybean 2021 Crop Balance Sheet**

- Raised estimated **Yield** by 0.6 to 50.6 bushels per acre
- Yield increase pushed **Production** up by 35 million bushels
- Reduced estimated crush, but raised projected exports
- **Ending Stocks** estimate raised to 185 from 155 million bushels, **equal to 4.2% of usage**

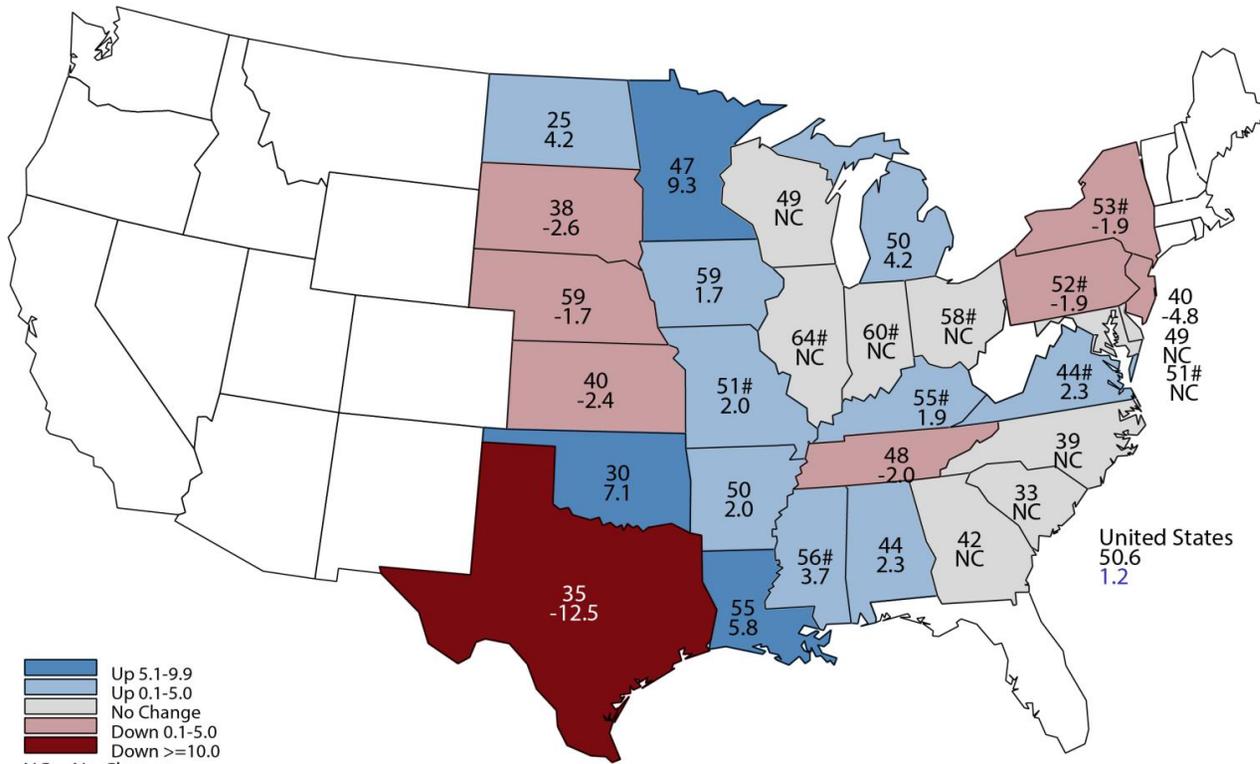
▪ **World**

- No change in **Brazil's** or **Argentina's** '21/'22 estimated production
- No change in **China's** projected imports from all sources

Modest Increase in Soybean Yield Estimate, But Will It Go Up Again in October?



SEPTEMBER 2021 SOYBEAN YIELD BUSHEL AND % CHANGE FROM PREVIOUS MONTH

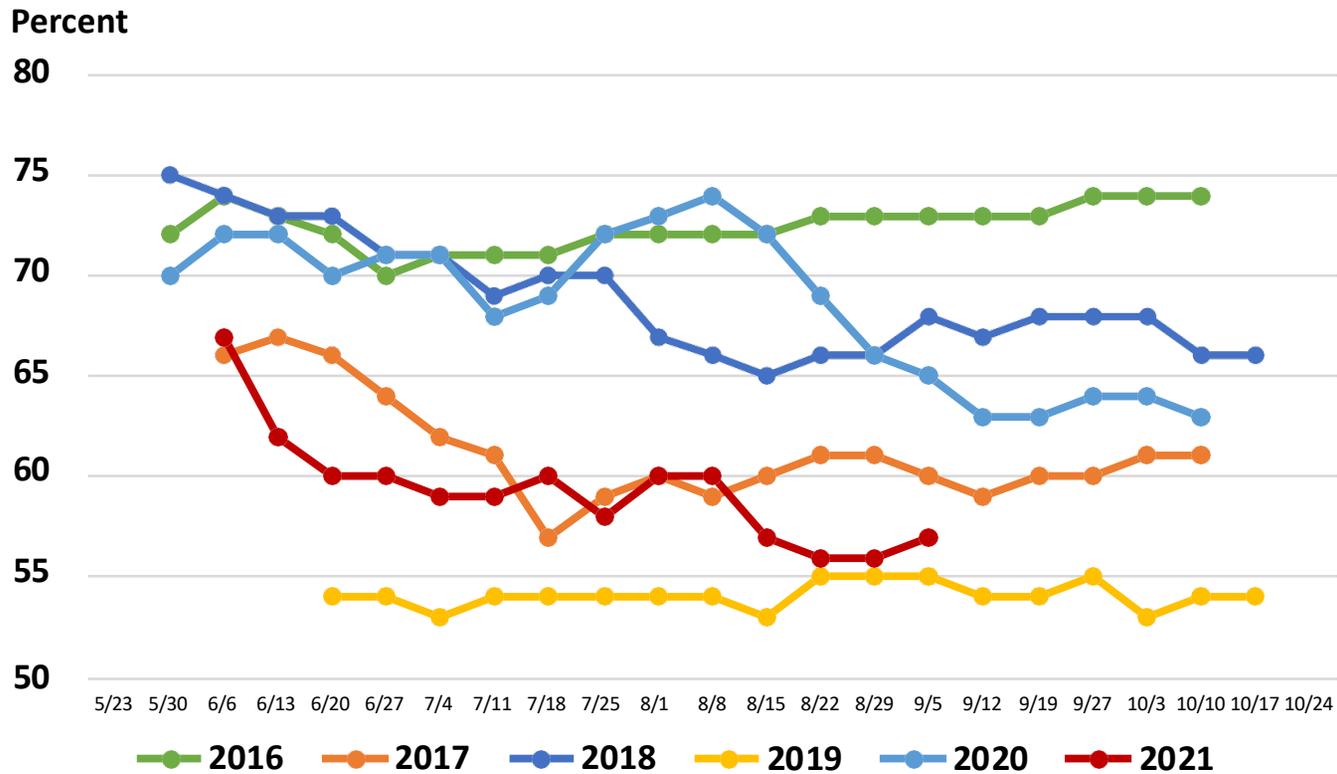


■ Up 5.1-9.9
■ Up 0.1-5.0
■ No Change
■ Down 0.1-5.0
■ Down >=10.0
 NC = No Change
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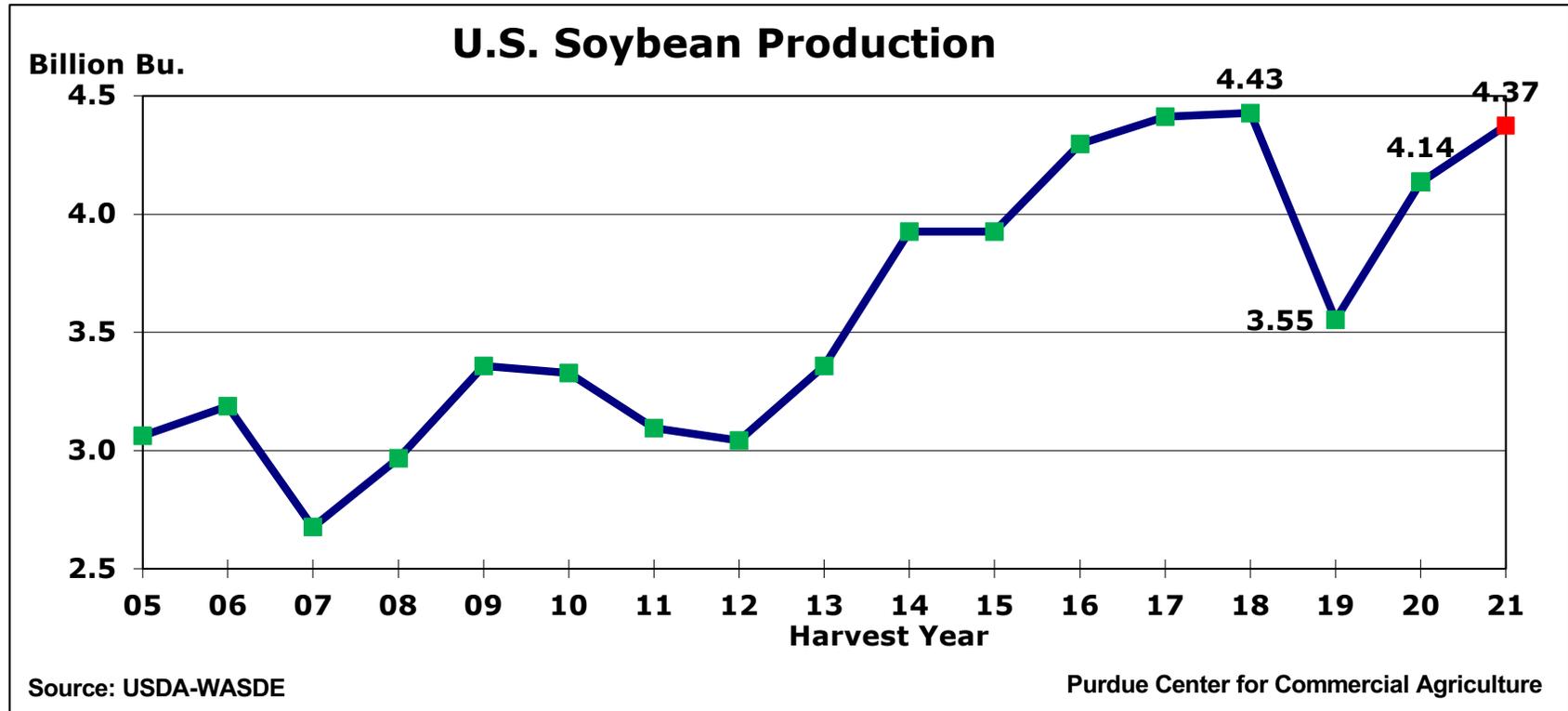
Soybean Crop Conditions...Showing Signs of Improvement at the End of Growing Season?

Percentage of Soybeans Rated Good and Excellent

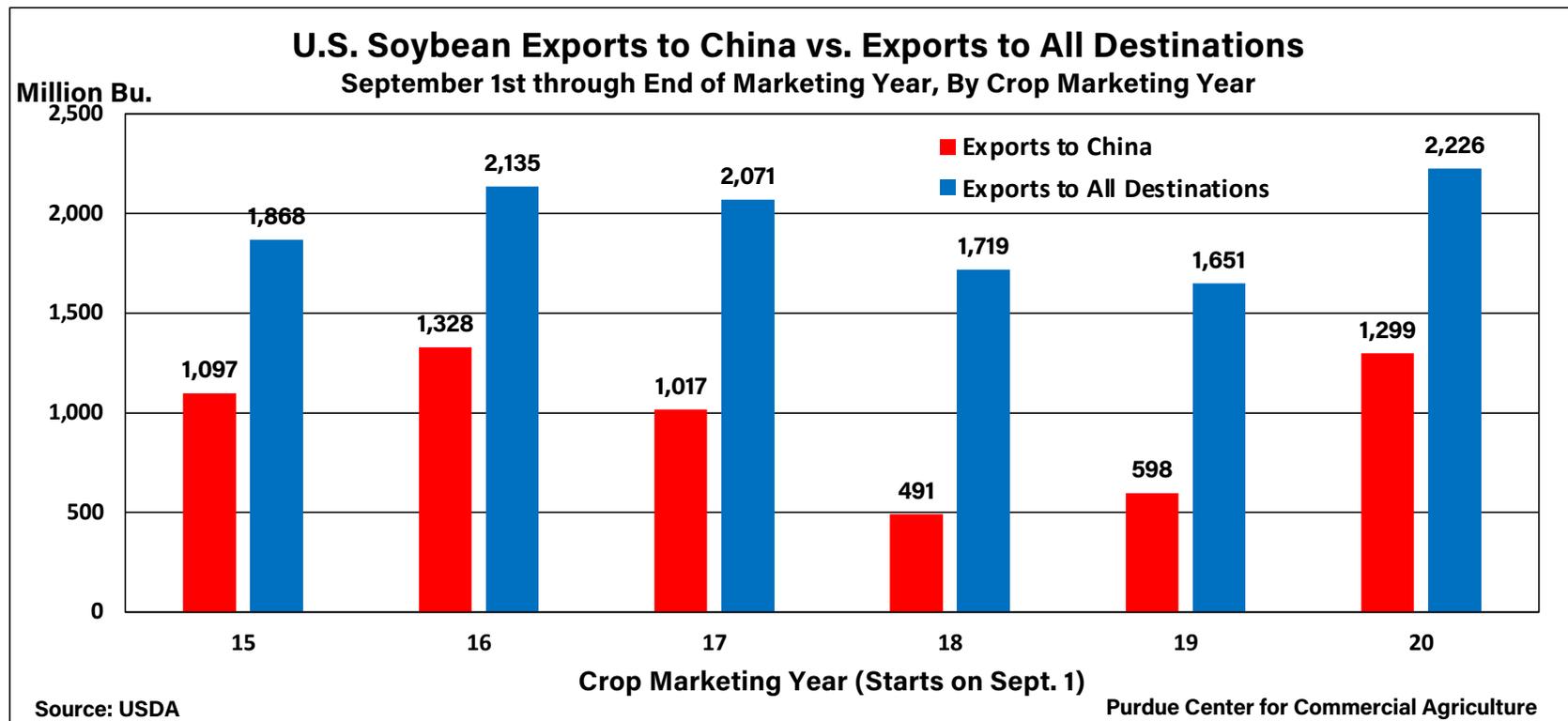


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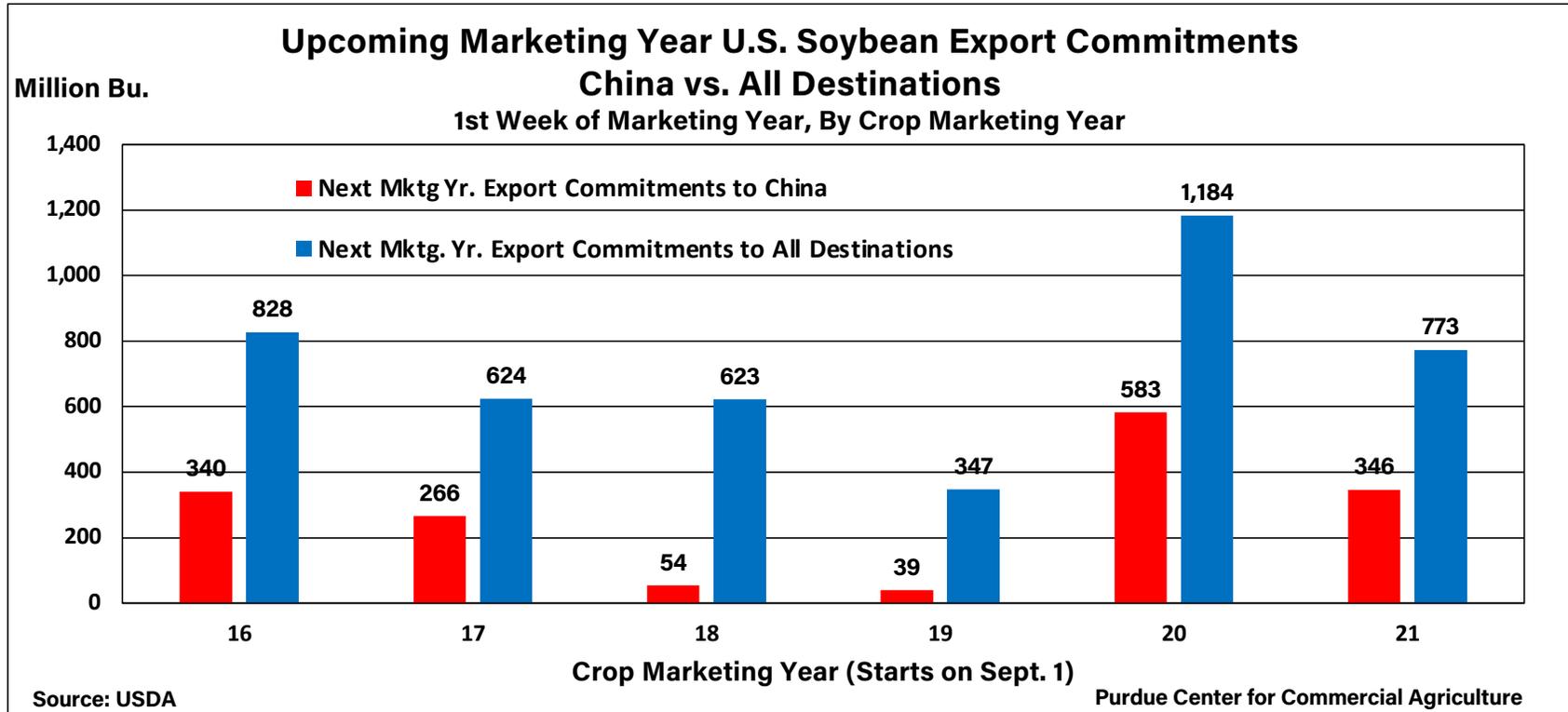
Yield Increase Pushed '21 Crop Production Estimate Up By 35 Million Bu.



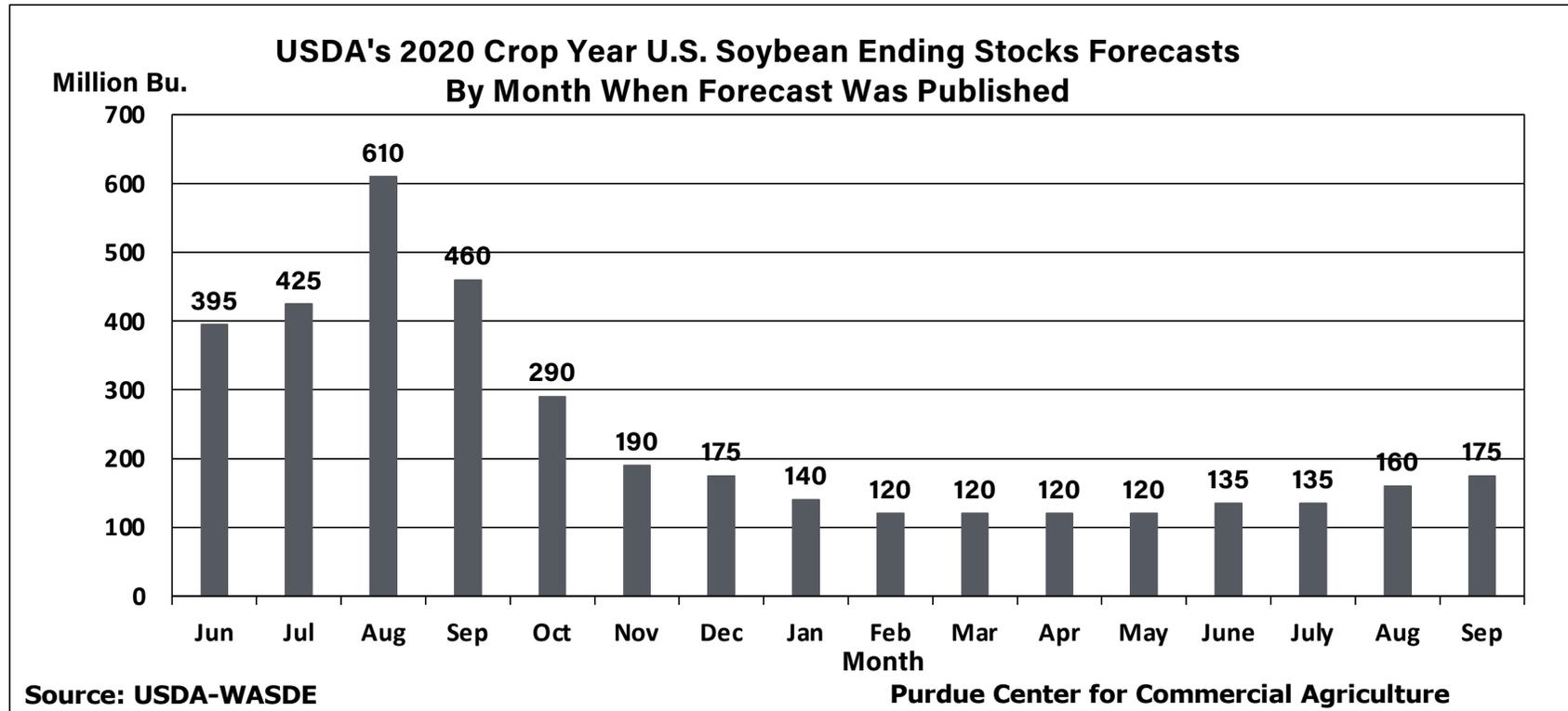
Soybean Exports Were Very Slow This Summer...58% of 2020 Crop Exports Went to China



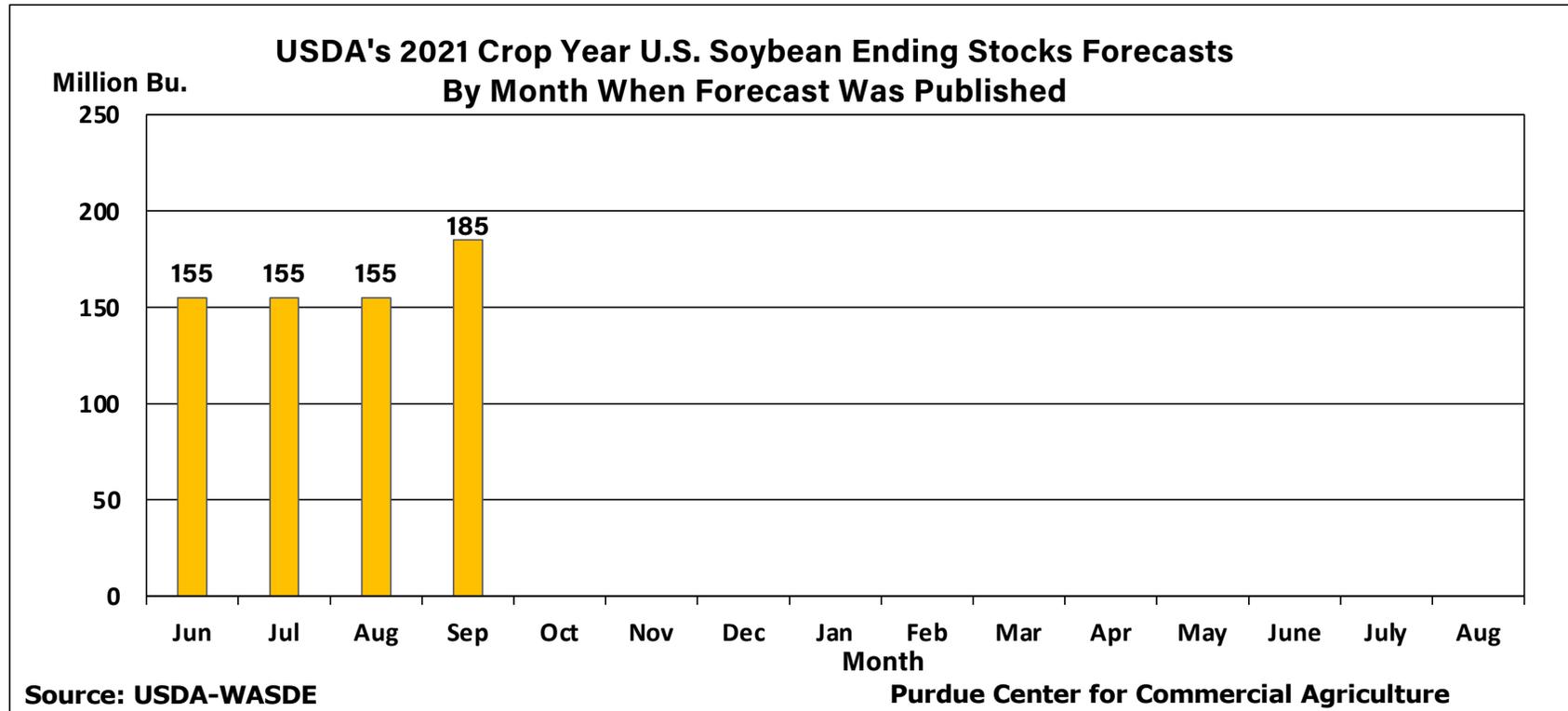
*All Destinations 2021 Crop Export Commitments Down 35% vs. 2020
Decline in Export Commitments to China Account for 58% of Decline*



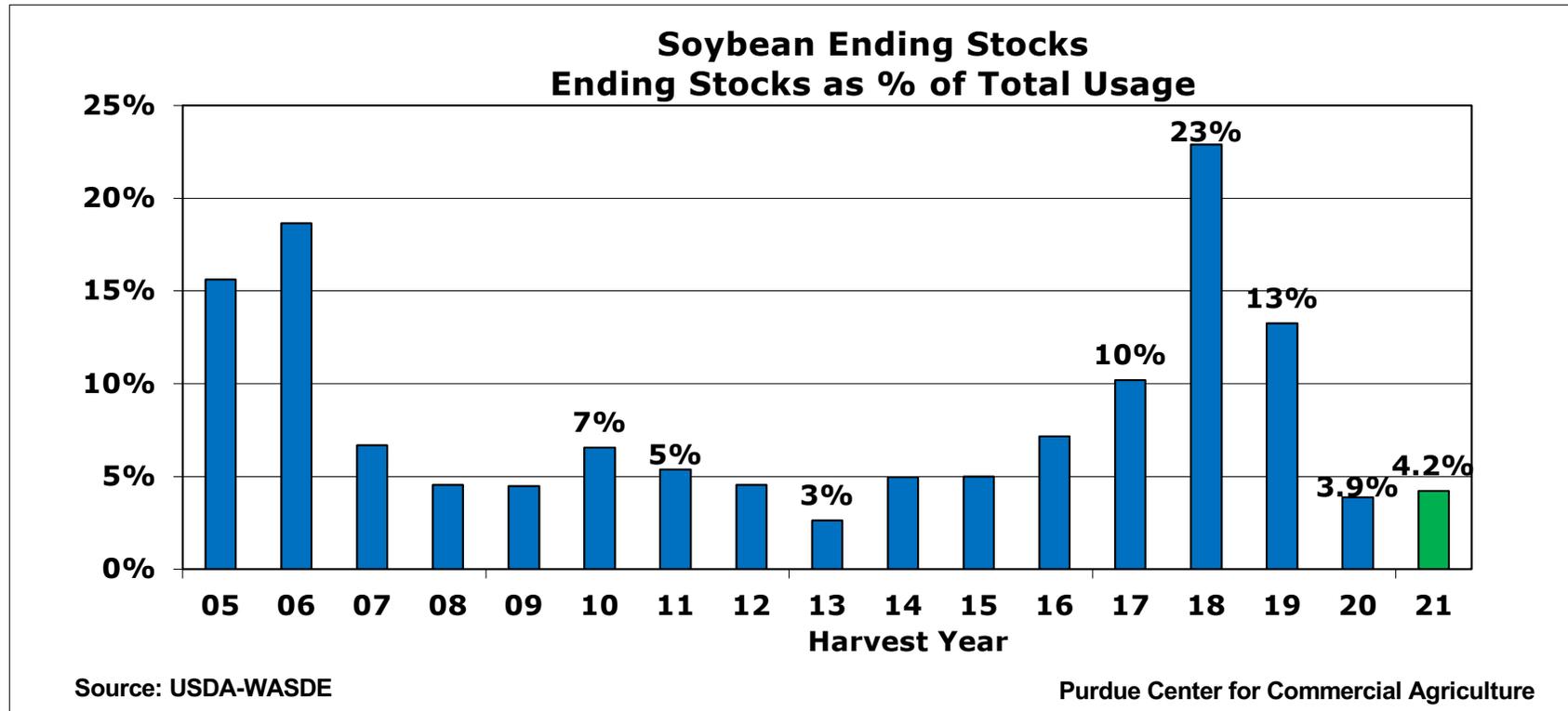
2020 Estimated Ending Stocks Rose Again, Up 15 M. Bushels in September vs. August



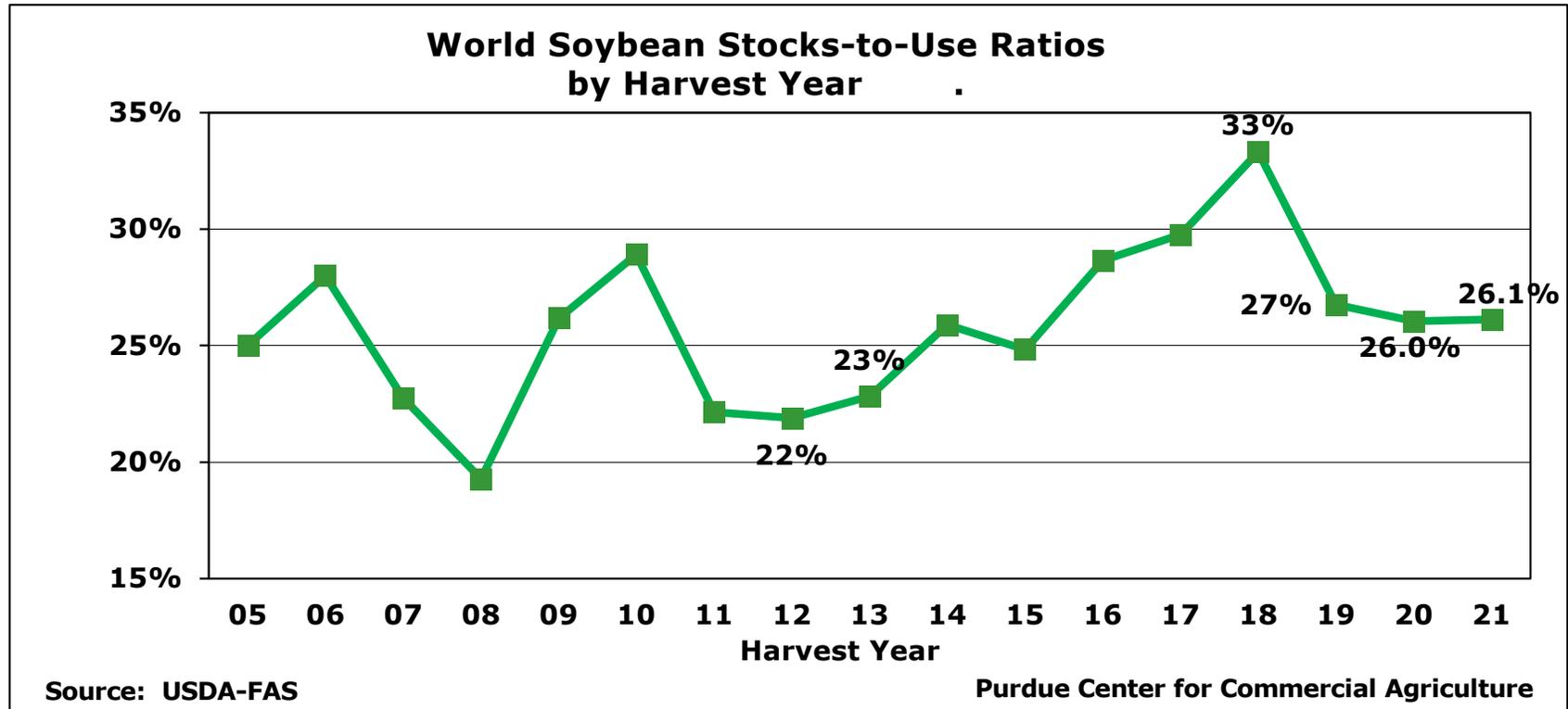
USDA Increased the 2021 Marketing Year Ending Stocks Estimated by 30 Million Bu.



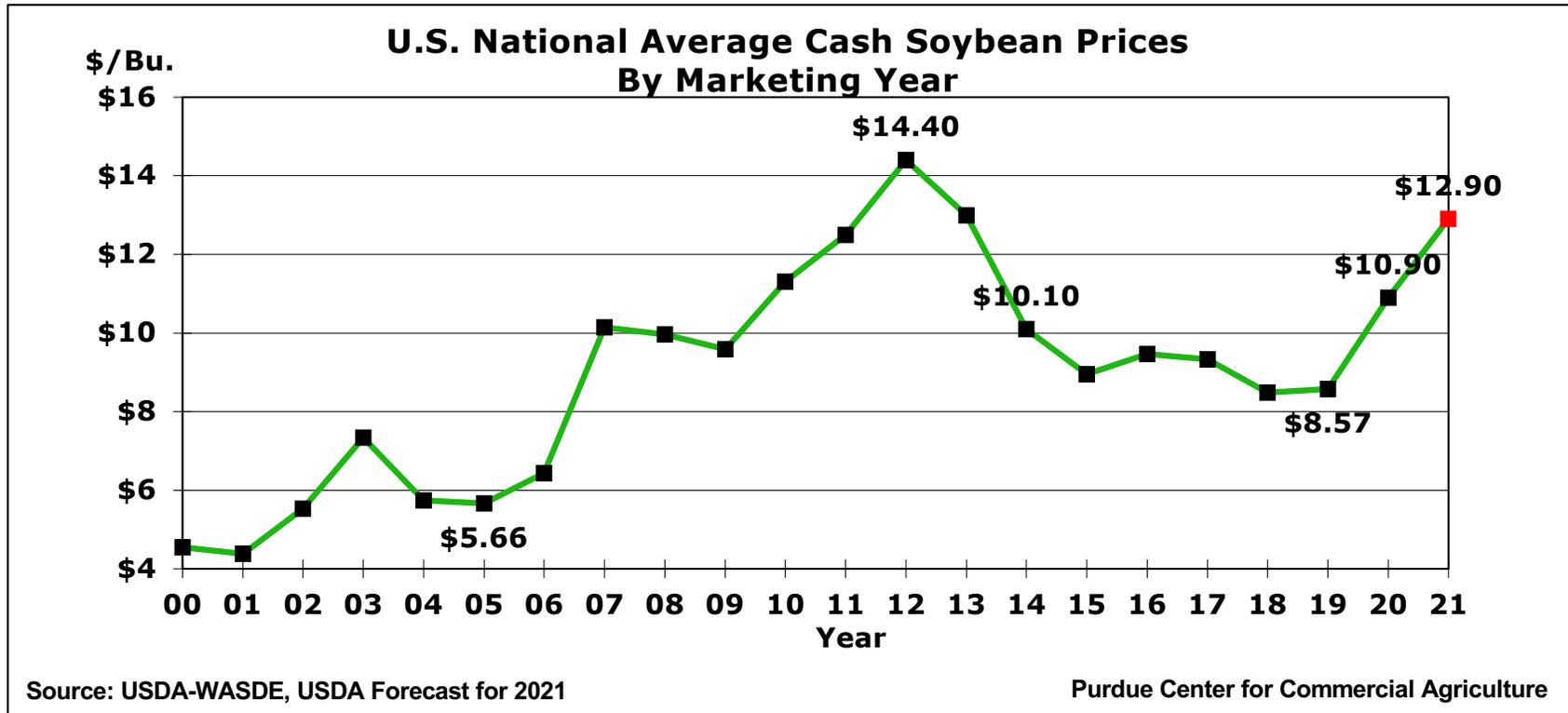
Projected Ending Stocks Up, But Still Tight By Historical Standards



World Stocks Estimates Up About 1% vs. August Estimates

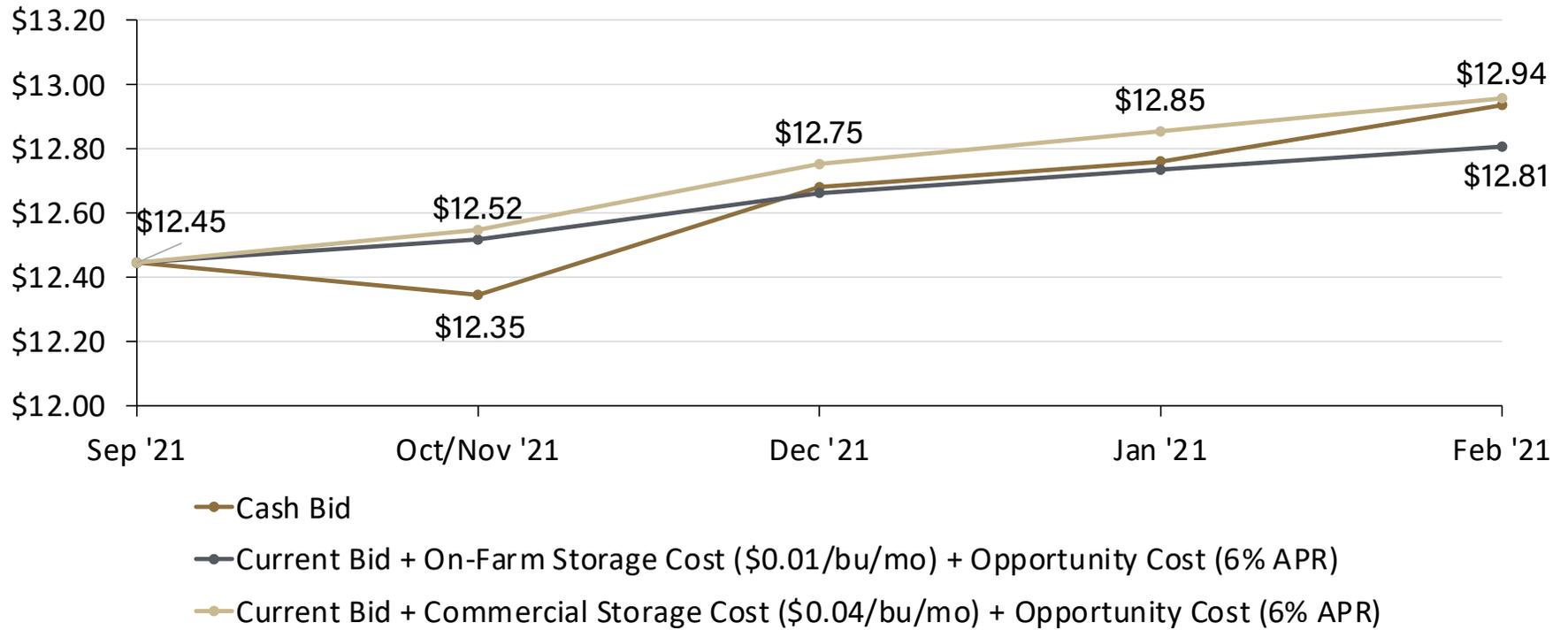


USDA Reduced MYA Price by \$0.80 to \$12.90/bushel



Storage opportunities for soybeans?

Cash Forward Contract Soybean Bids



Soybean basis - Central Indiana - 2 year average

Purdue Center for Commercial Agriculture Crop Basis Tool

Soybeans: IN WC Region, Nearby Basis, Weekly
 Avg. of Selected Historical Crop Years [2019-2020, 2020-2021]
 vs. Current Crop Year



—●— Historical Nearby Basis, Avg of Selected Crop Years ◆— 2021-2022 Regional Nearby Basis

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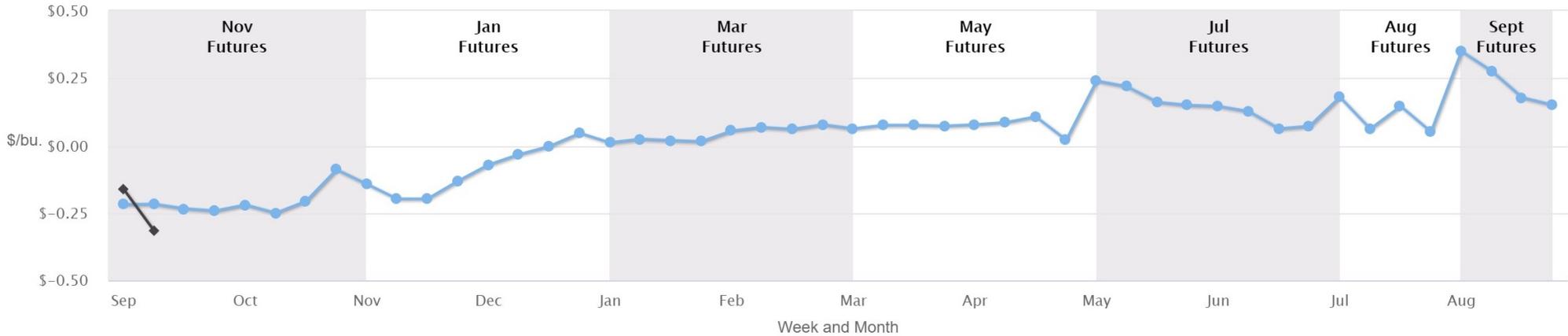


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Soybean basis - Southwest Indiana - 2 year average

Purdue Center for Commercial Agriculture Crop Basis Tool

Soybeans: IN SW Region, Nearby Basis, Weekly
 Avg. of Selected Historical Crop Years [2019-2020, 2020-2021]
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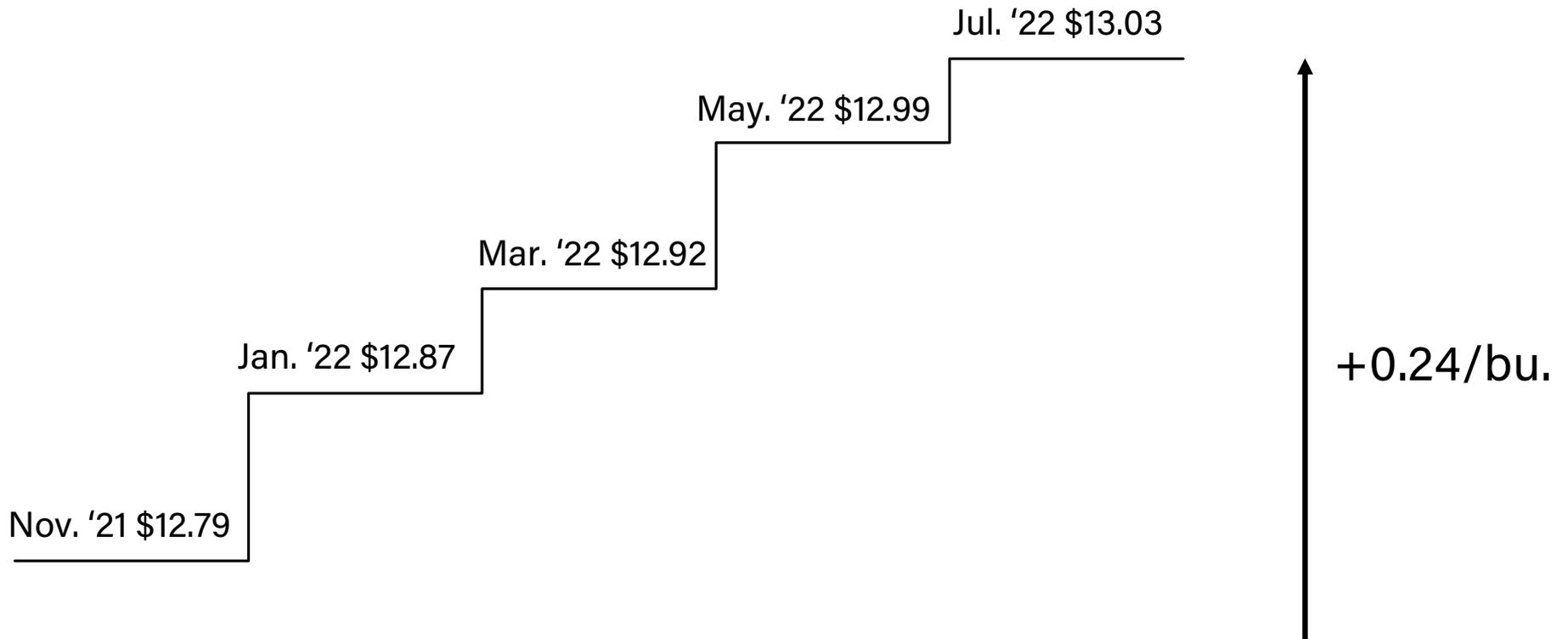
● Historical Nearby Basis, Avg of Selected Crop Years
 ◆ 2021-2022 Regional Nearby Basis

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Soybean futures price spreads



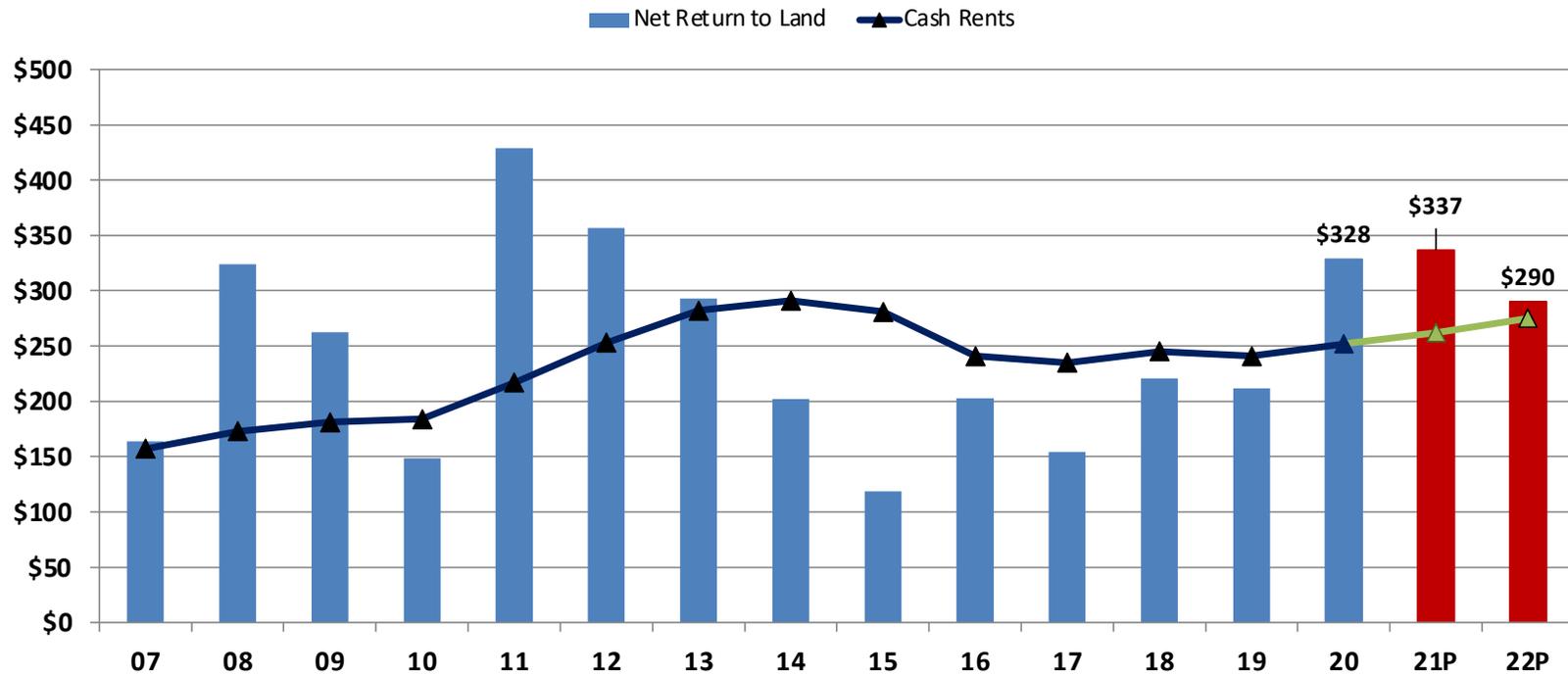
New crop soybean opportunities?

CBOT Mar. '22 Soybean futures	\$12.92
<u>Expected soybean basis January '22 in Central IN</u>	<u>-\$0.25</u>
Expected cash price	\$12.67/bu.

- Think in terms of risk management
- How can you protect favorable price opportunities while leaving open upside potential?

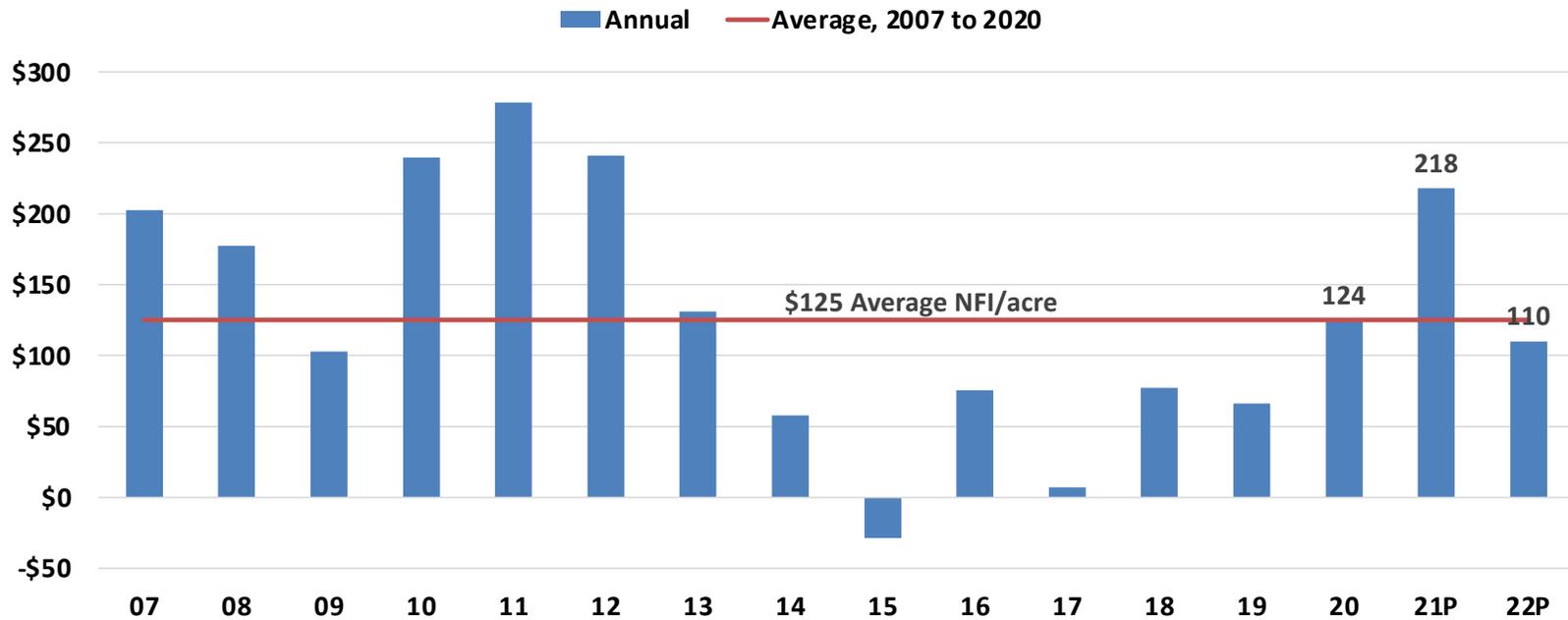
Strong Upward Pressure on Cash Rents

Cash Rent and Net Return to Land, West Central Indiana



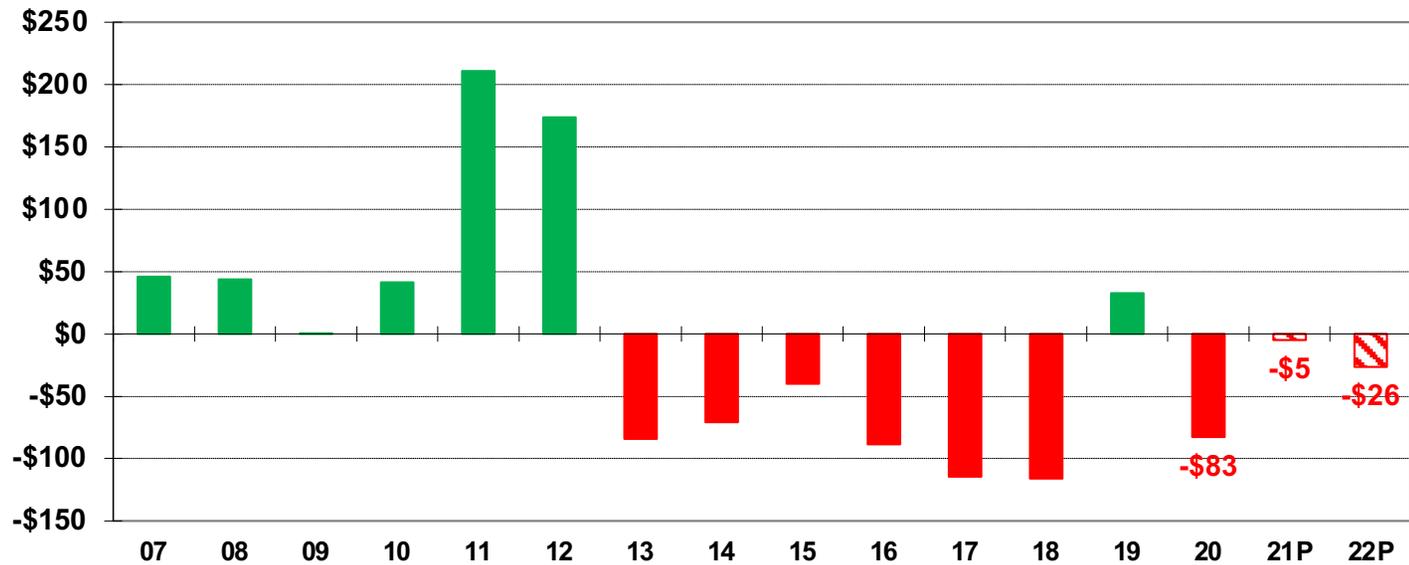
Comparison of Projections for 2021 and 2022 to Long-Run NFI Average

Net Farm Income, Corn/Soybean Rotation (\$ per Acre)
West Central Indiana Case Farm



Is Corn or Soybean Production Favored in 2022?

Difference in Earnings per Acre
West Central Indiana (Corn Minus Soybeans)





**MONTHLY
OUTLOOK**

PURDUE CENTER FOR
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NEXT OUTLOOK WEBINAR:

Wednesday, October 13, 2021, 12:30 p.m. (EDT)

Details Available at
purdue.edu/commercialag



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9/13/21