CORN-SOYBEAN UPDATE

WEDNESDAY, OCTOBER 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

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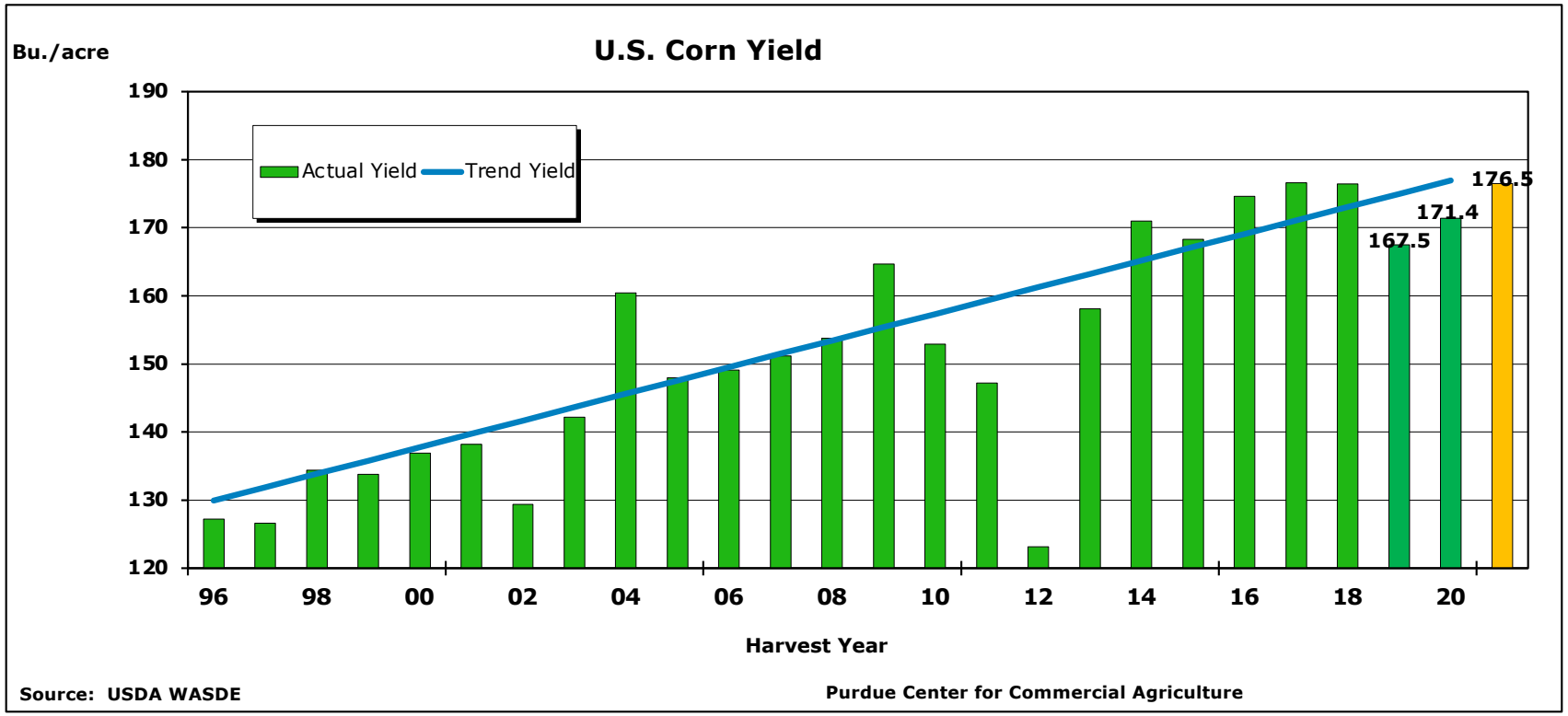
USDA Increased Corn Yield Estimate By 0.2 Bu. Compared to Sept. Estimate



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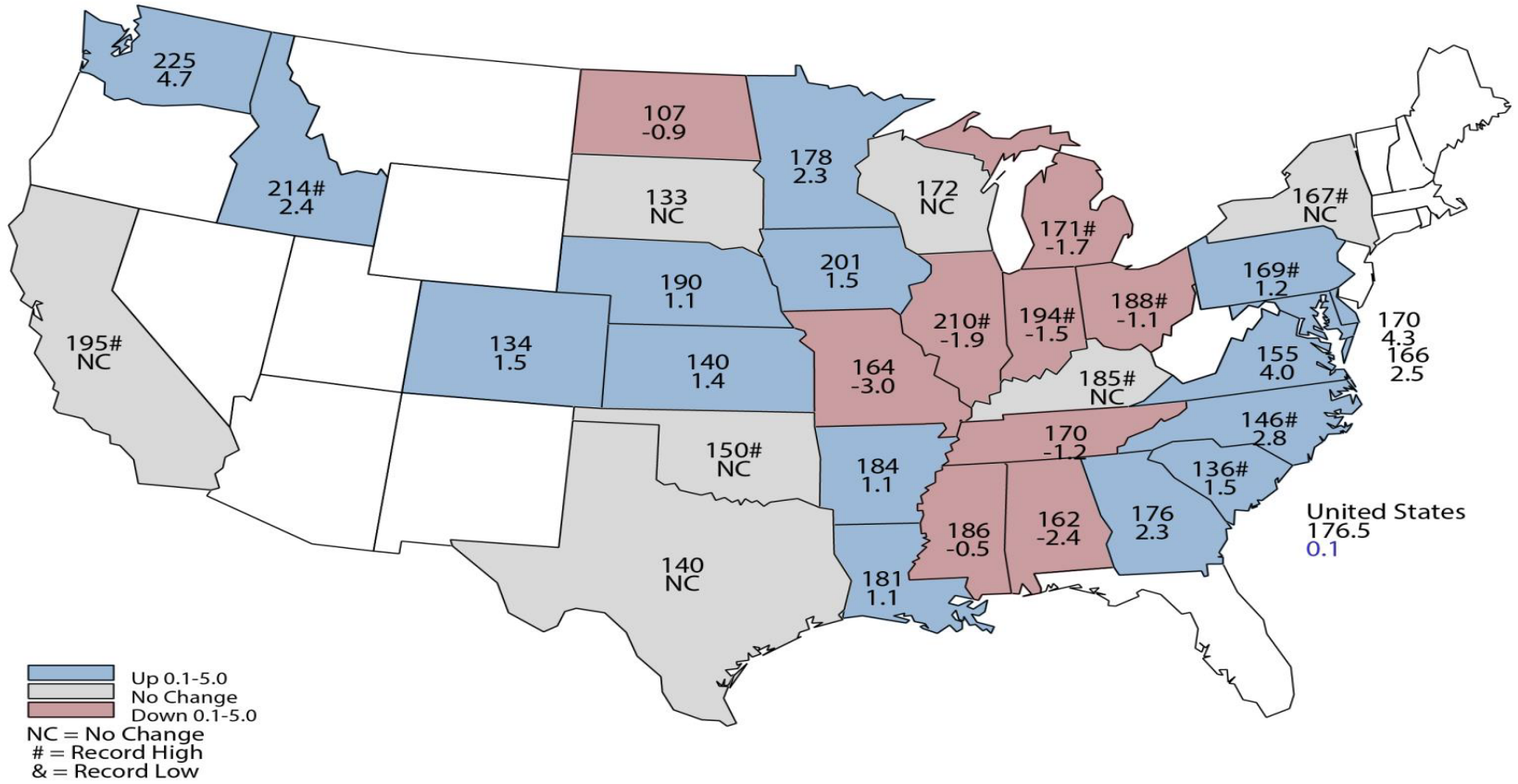
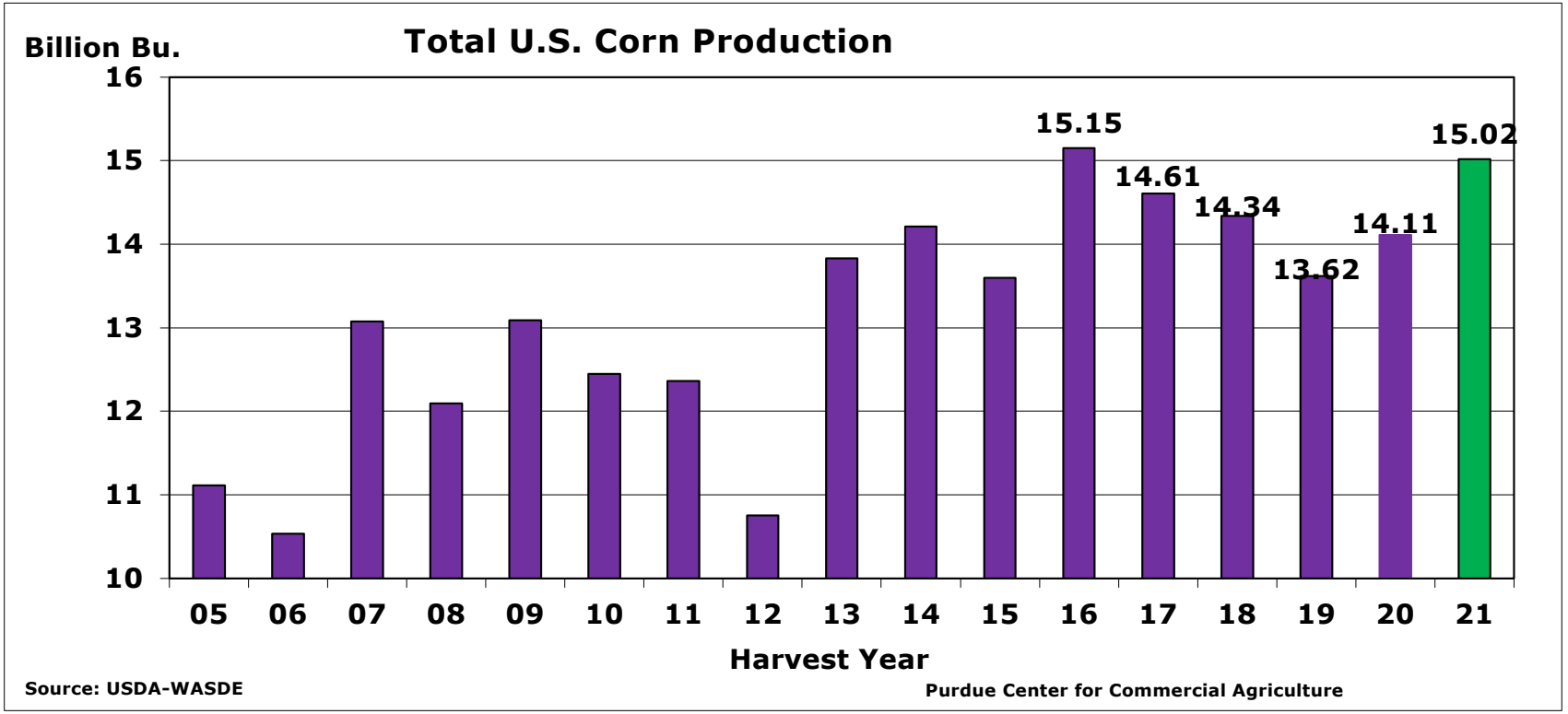
OCTOBER 2021 CORN YIELD

BUSHELS AND PERCENT CHANGE FROM PREVIOUS MONTH



USDA Reduced 2020 Yield & Crop Size (by 71 million bushels)
But Had a Small 2021 0.2 BPA Crop Yield Increase...Producing 2nd Largest Crop In History



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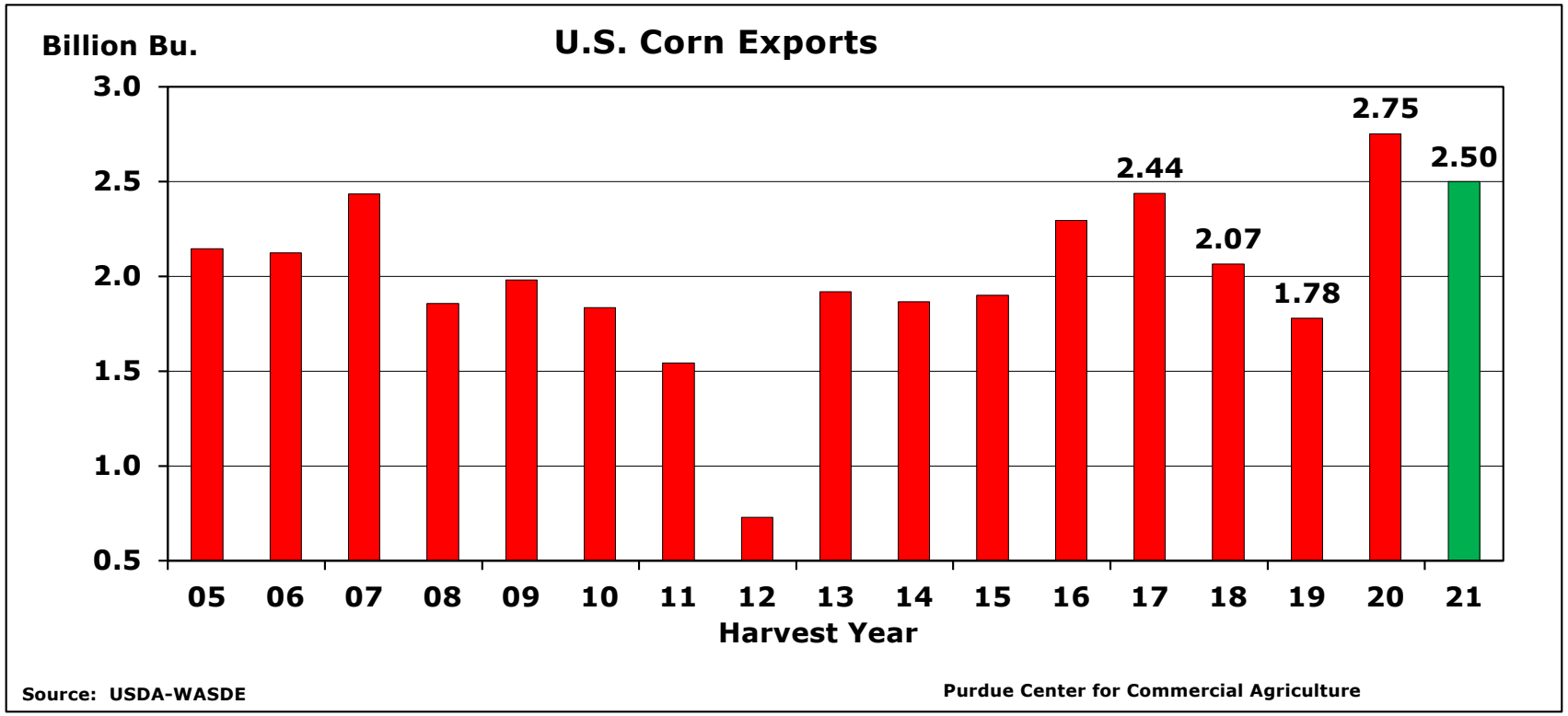
USDA Raised Export Forecast by 25 Million Bushels to 2.5 Billion Bushels



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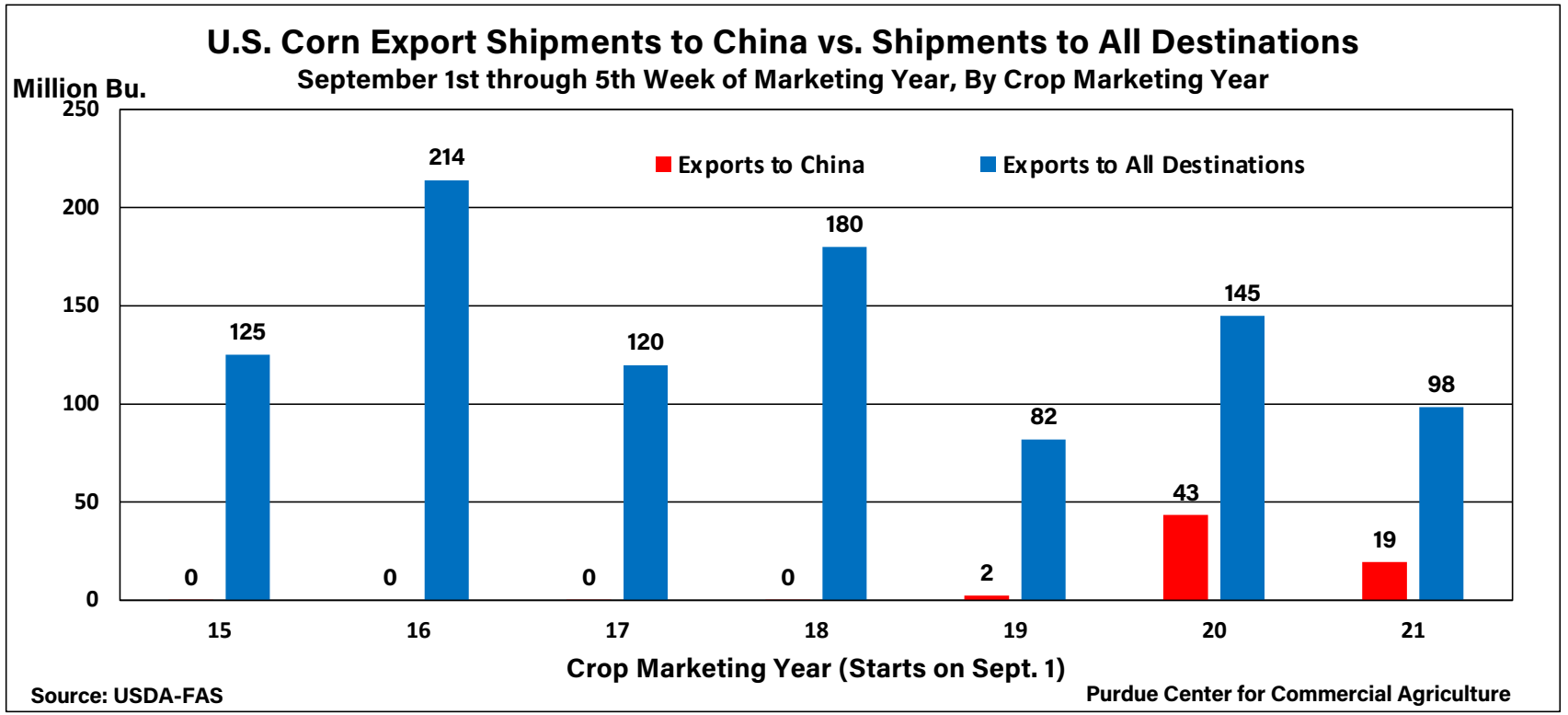
So Far, Corn Export Shipments Have Gotten Off to a Slow Start



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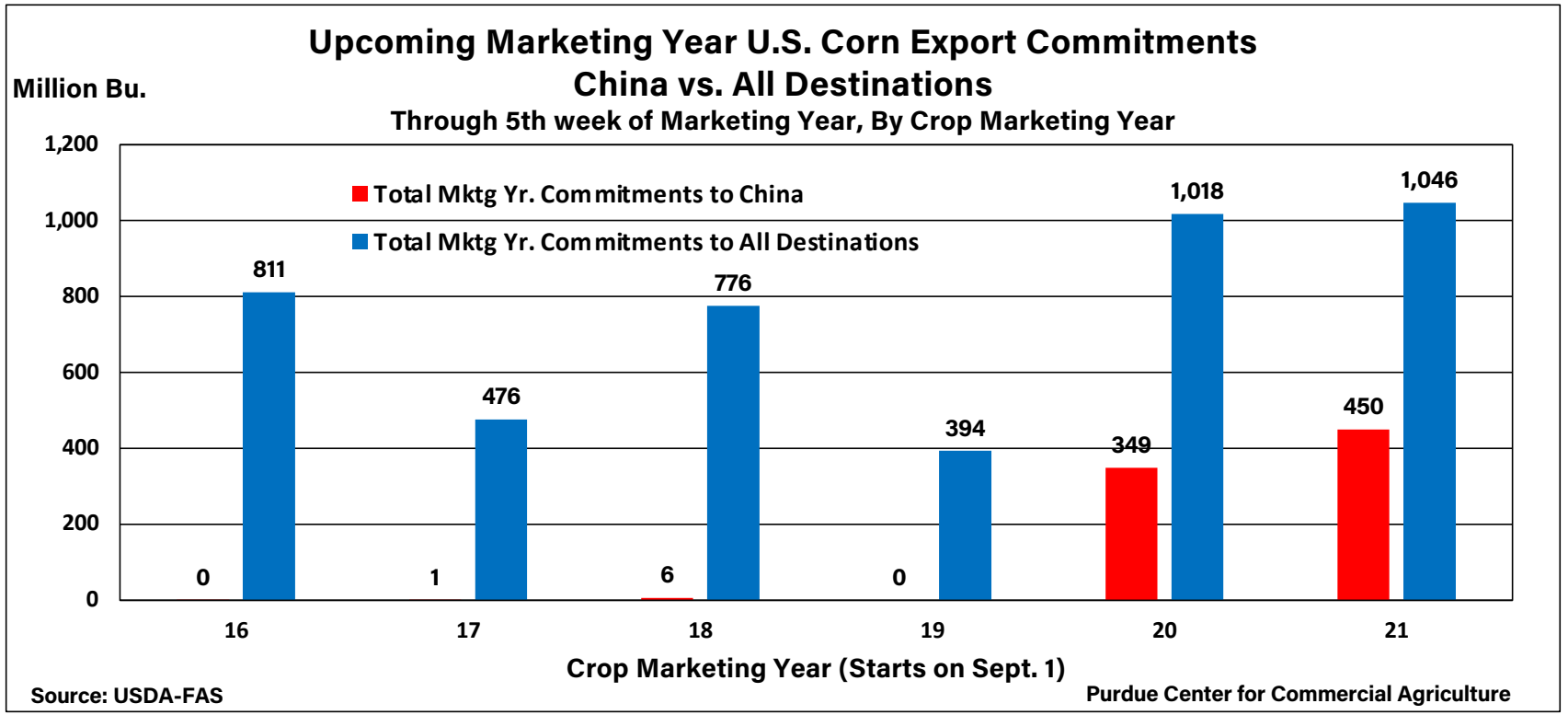
But Corn Export Commitments for the 2021 Crop Still Look Strong



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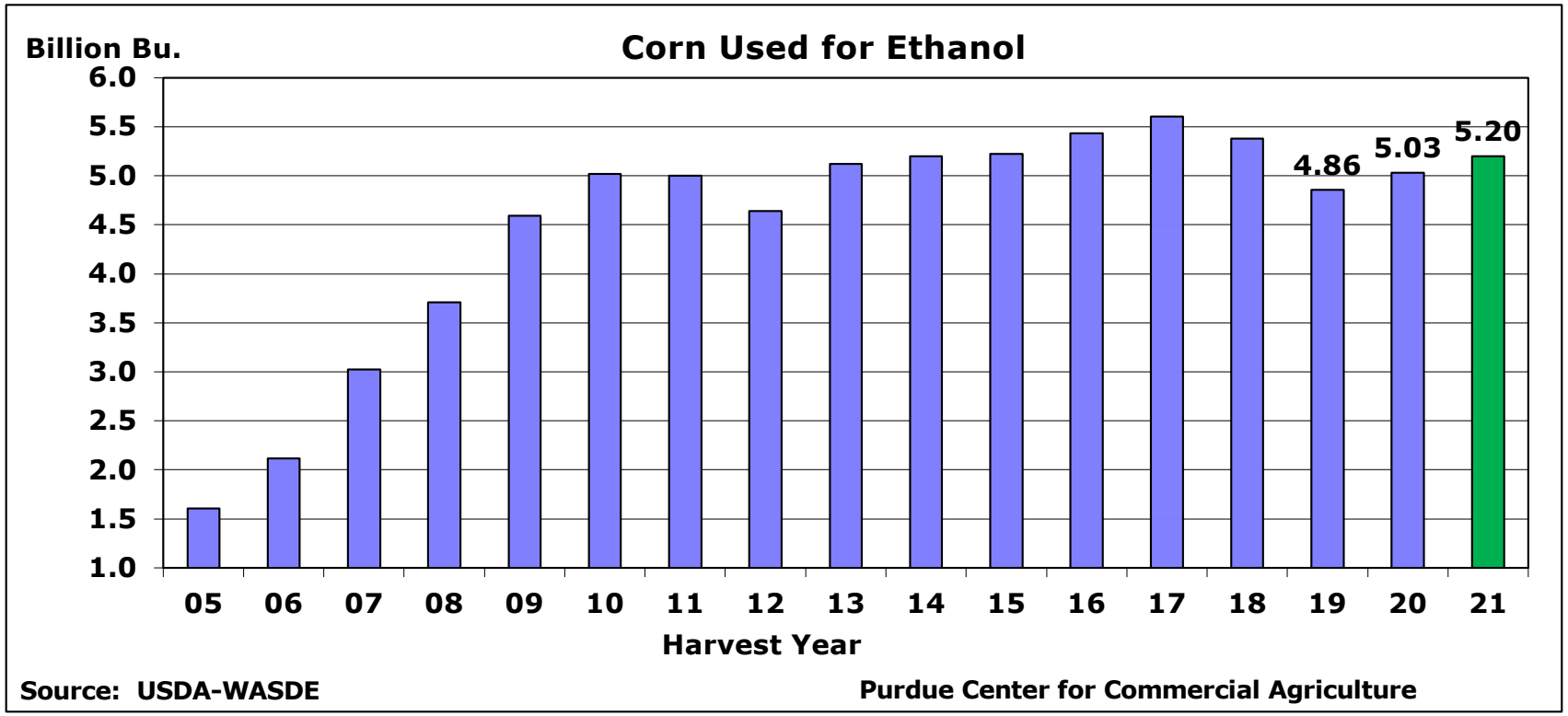
No Change in USDA's Forecast of 2021 Corn To Be Used for Ethanol Production



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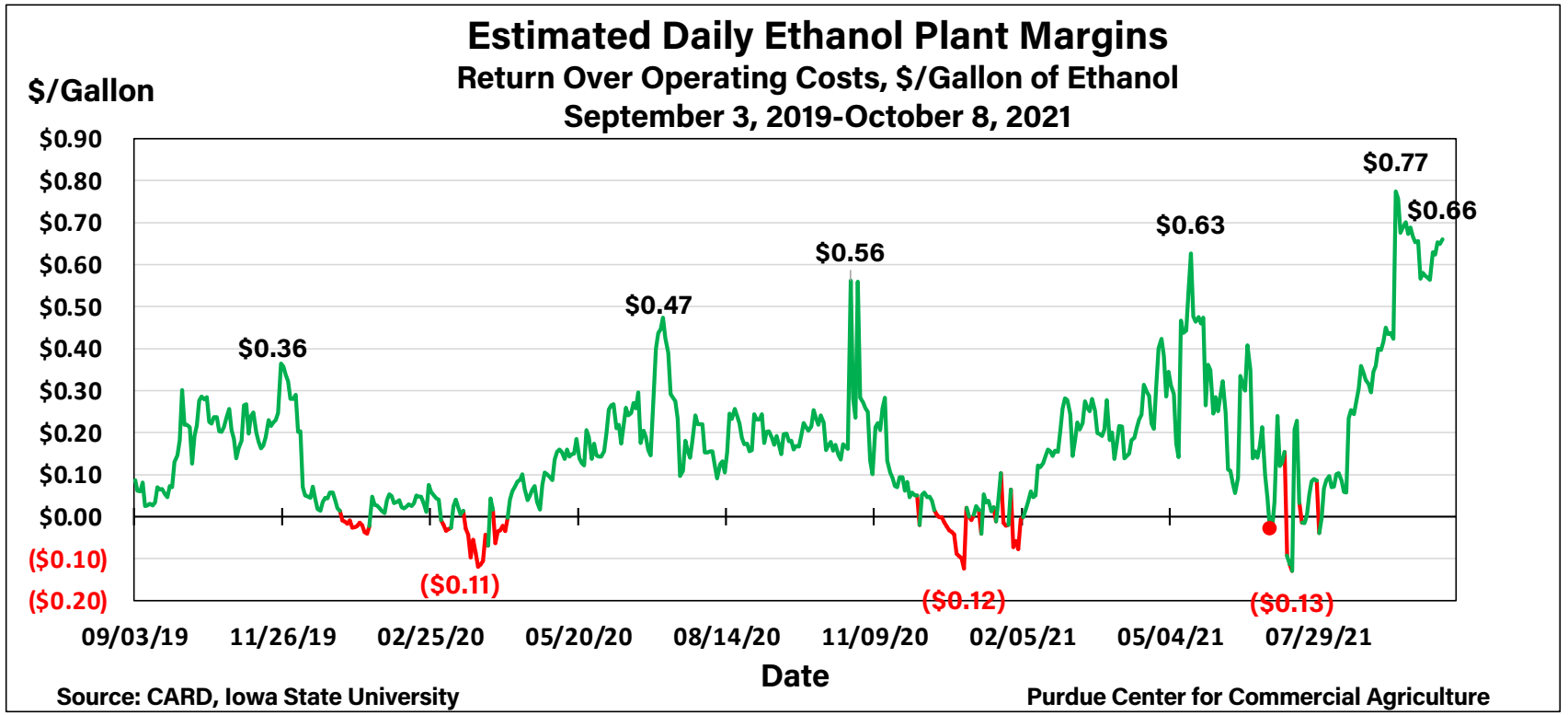
Ethanol Margins Improved Over the Last Month

Recent Ethanol Production Margins Were the Highest We've Seen Since the Start of the Pandemic



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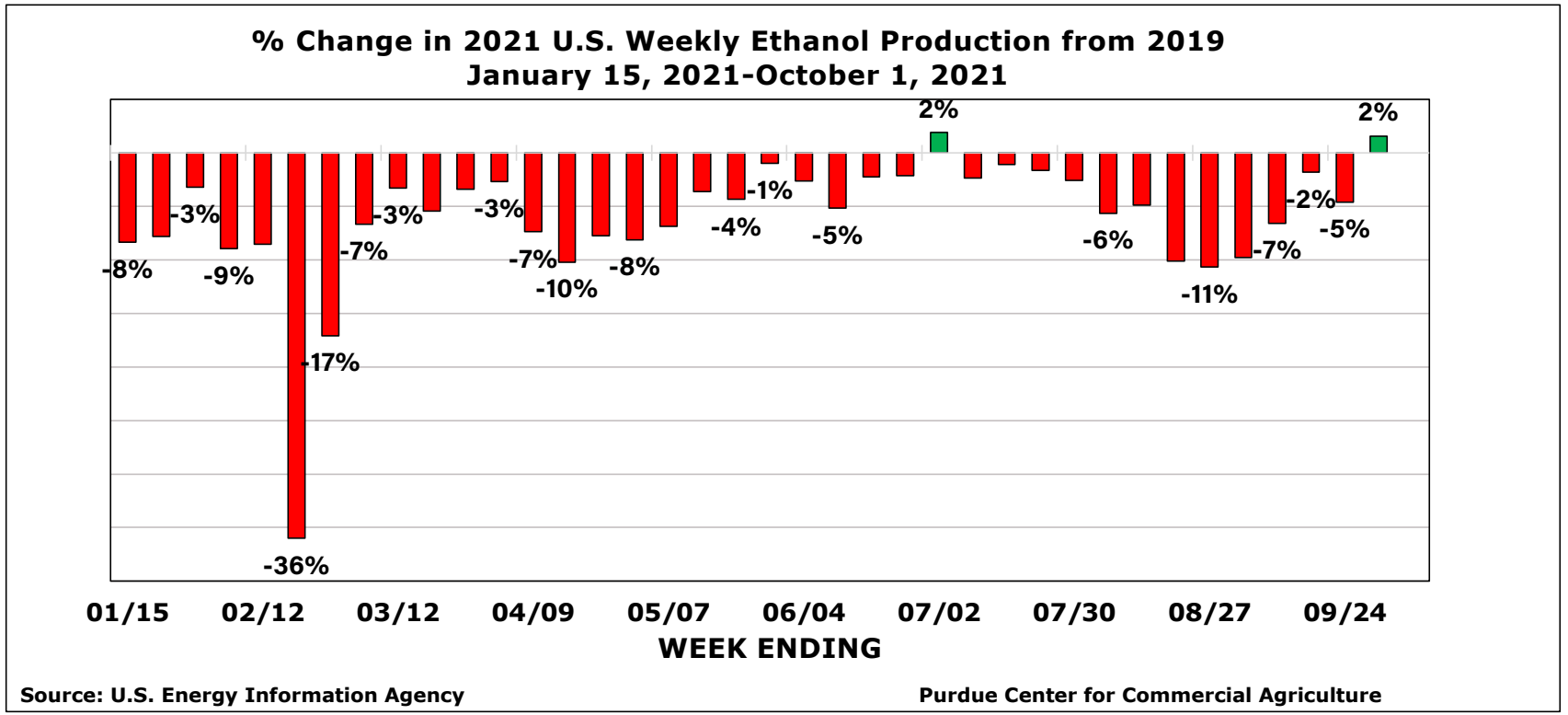
Strong Margins Have Helped Encourage Ethanol Production Increases…Back to 2019 Levels



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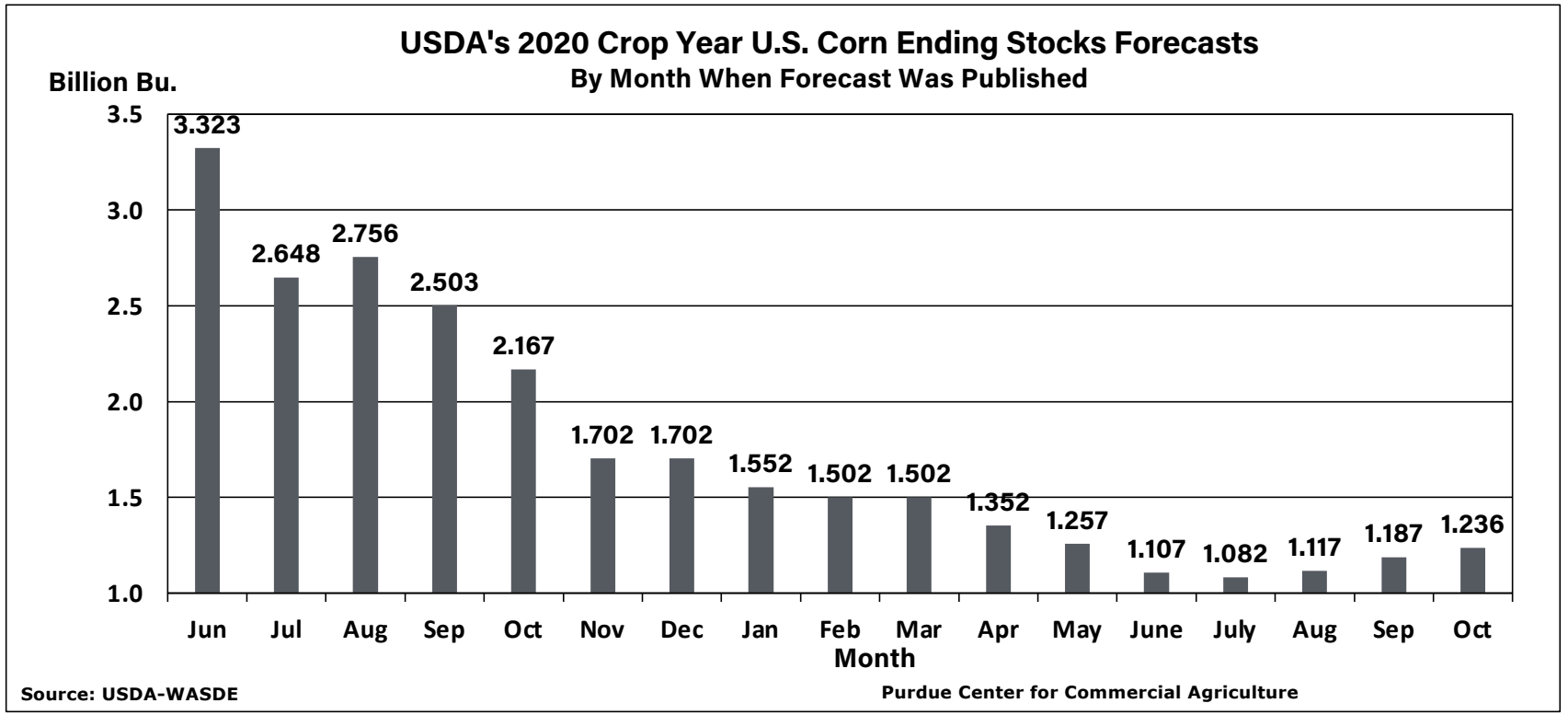
2020 Crop Ending Stocks Carried Over to 2021 Increased by 49 Million Bushels

2020 Ending Stocks Estimate Increased by 154 Million Bushels Since Bottoming Out on July Report



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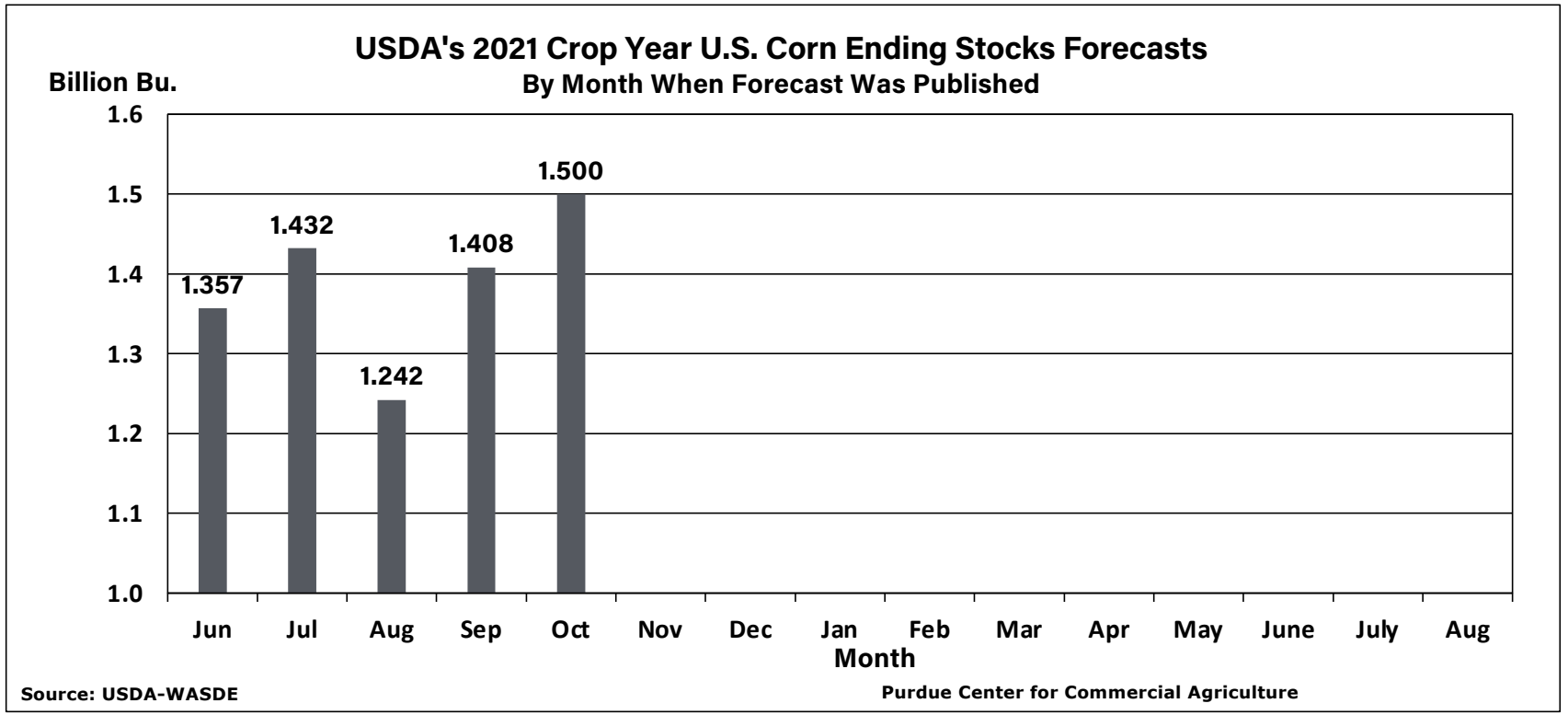
USDA Pushed 2021 Crop Ending Stocks Estimate to 1.5 Billion Bushels
An Increase of 92 Million Bushels from September Report



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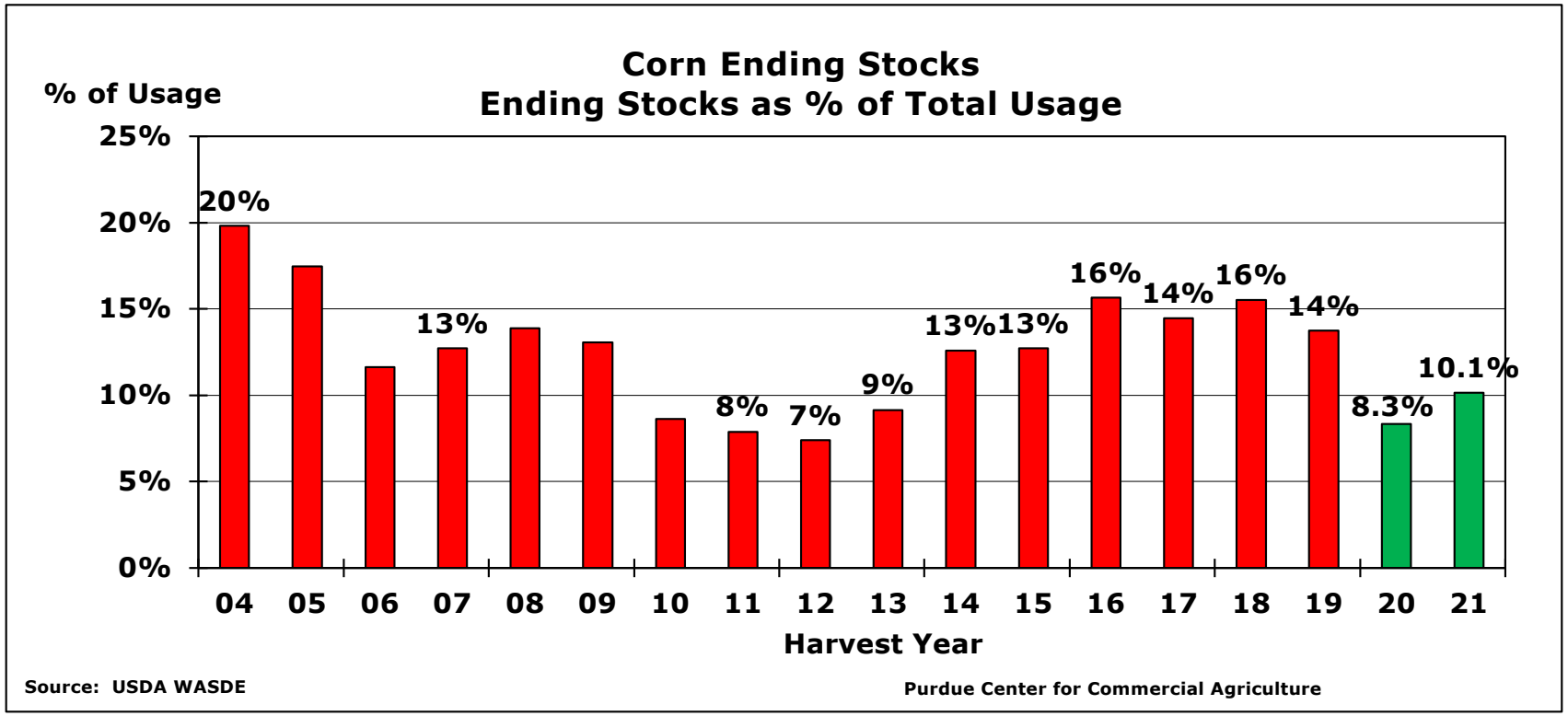
The Ending Stocks Changes Loosened Up the Supply/Demand Balance

2021 Crop Estimate is now 10.1% of Usage, Up from 9.5% on September Report



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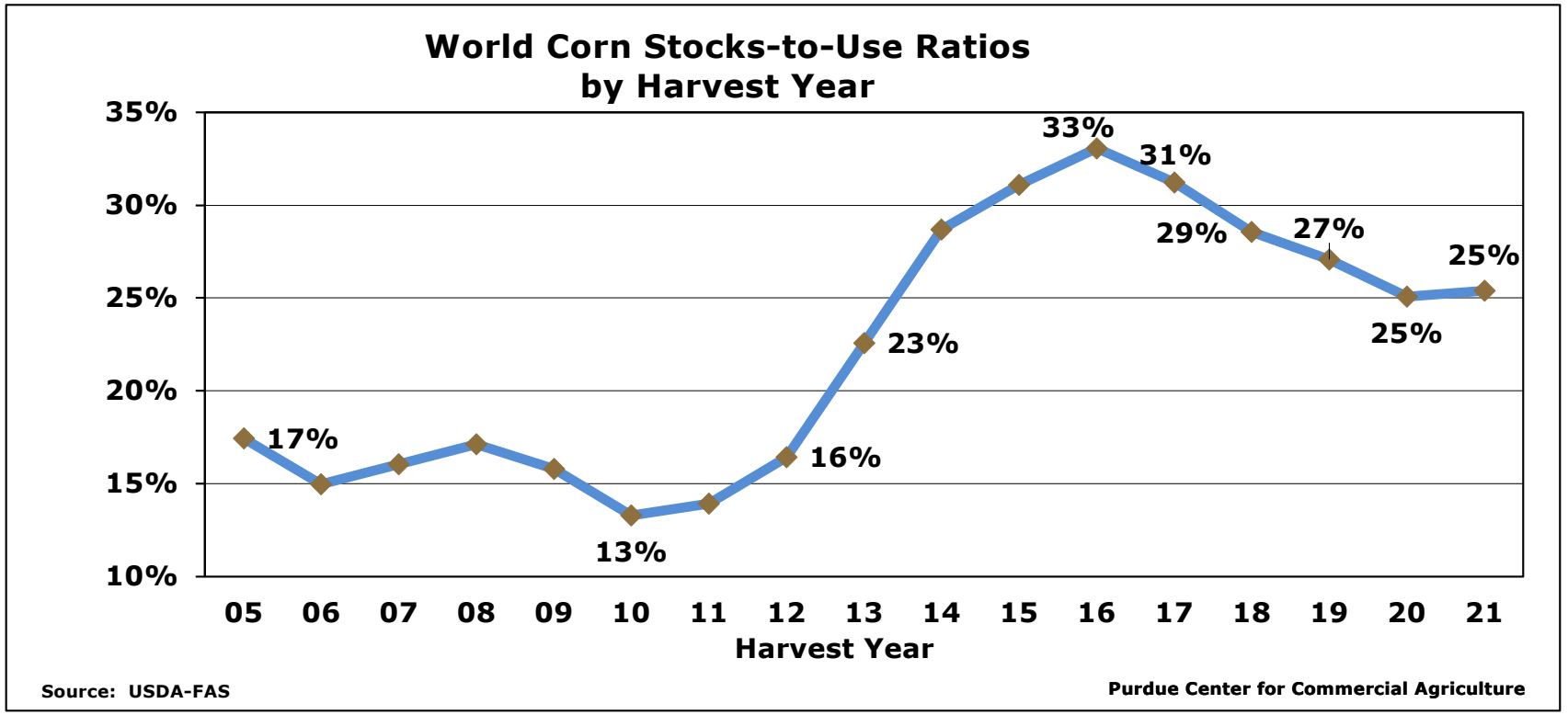
World Stocks/Use Ratio Didn't Change Compared to Last Month



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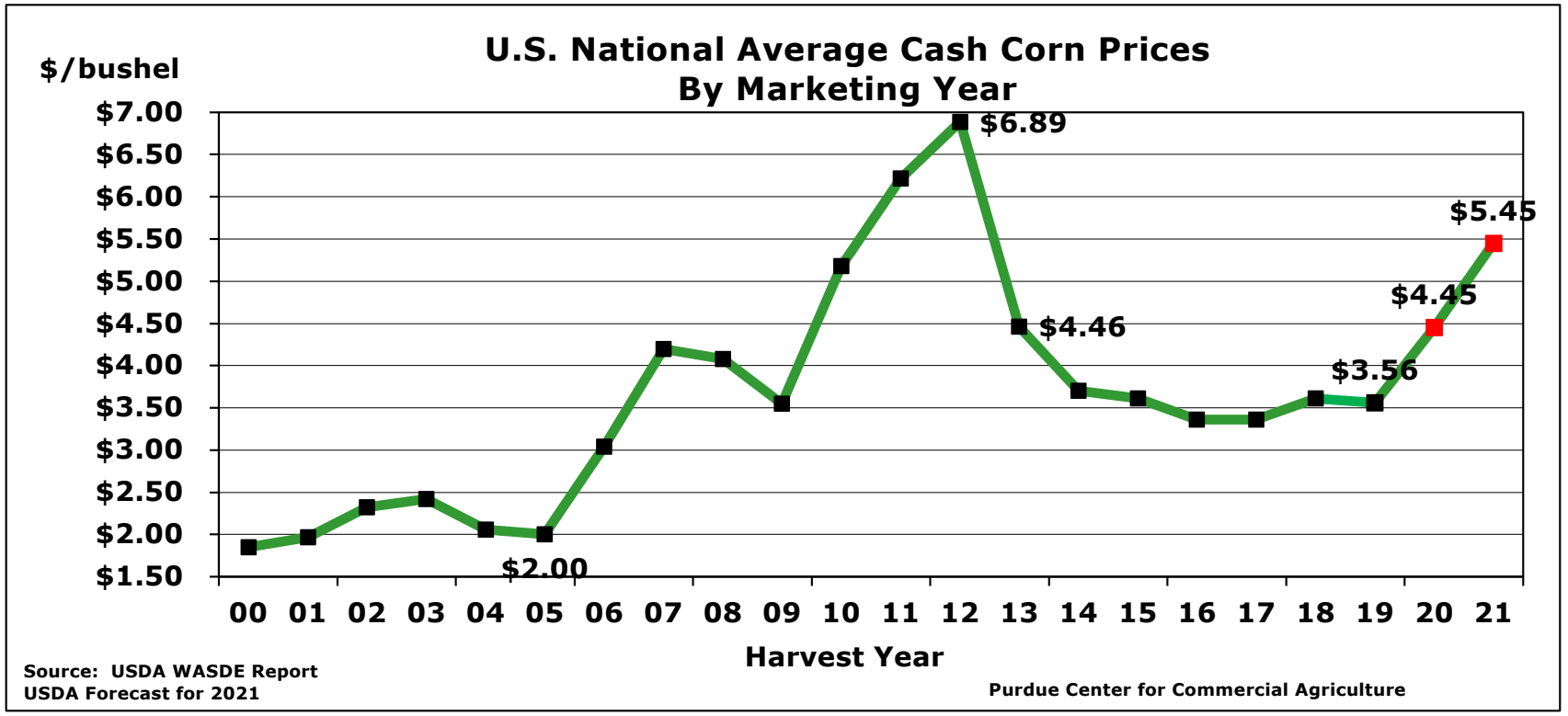
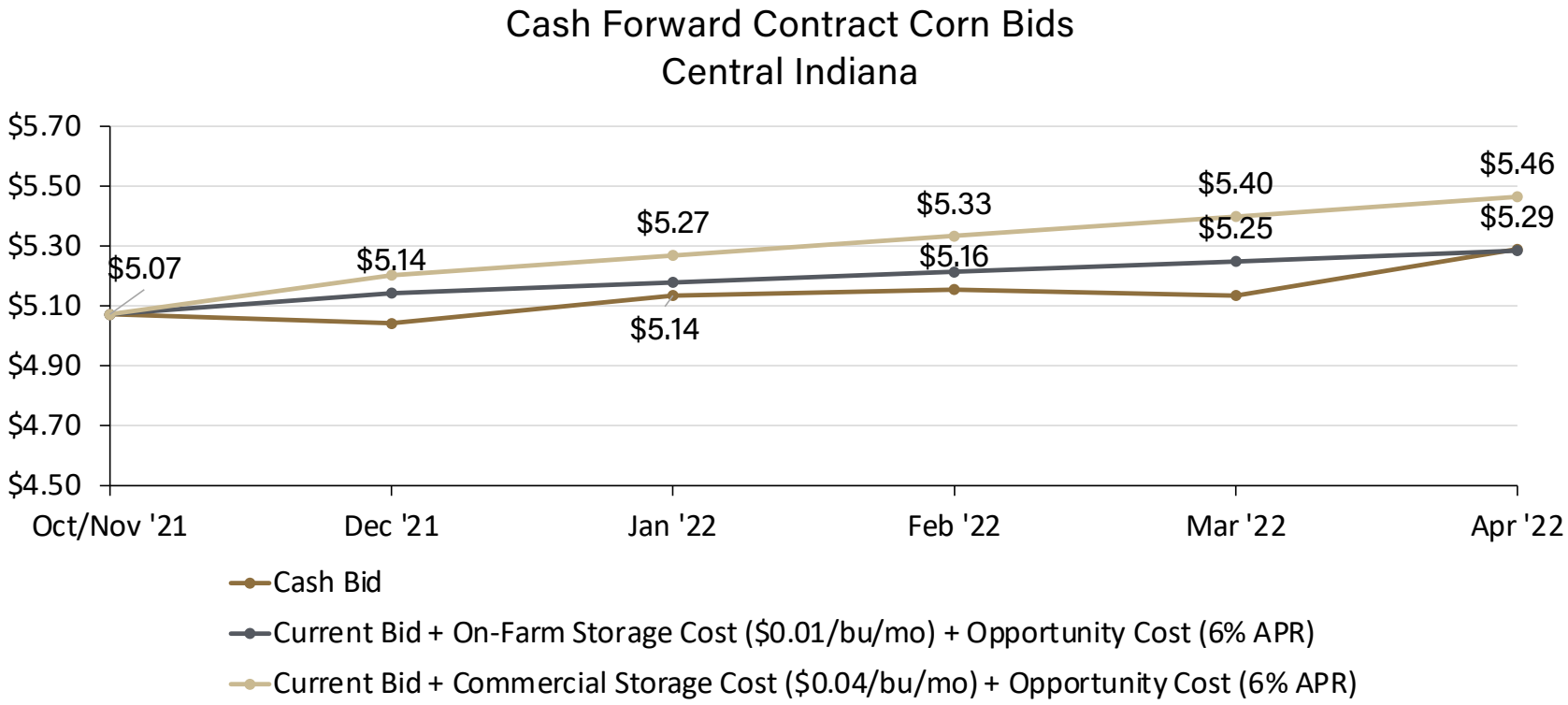
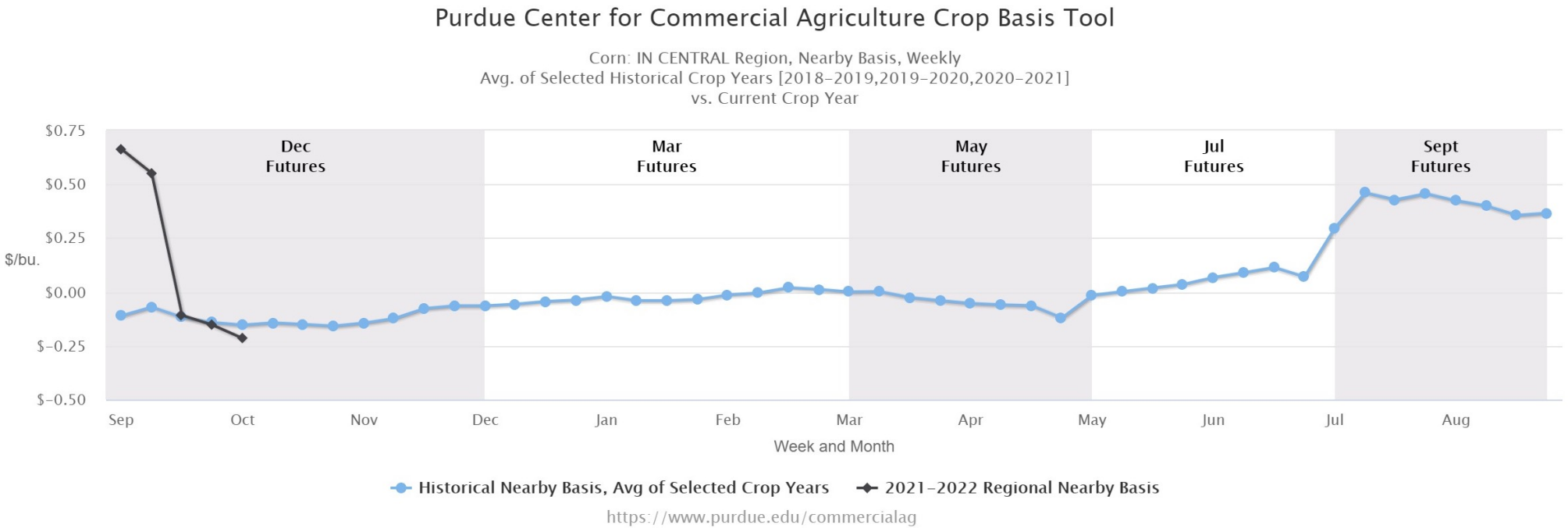
No Change in USDA's 2021 Crop MYA Price This Month...



Storage opportunities for corn?



Corn basis – Central Indiana – 3 year average



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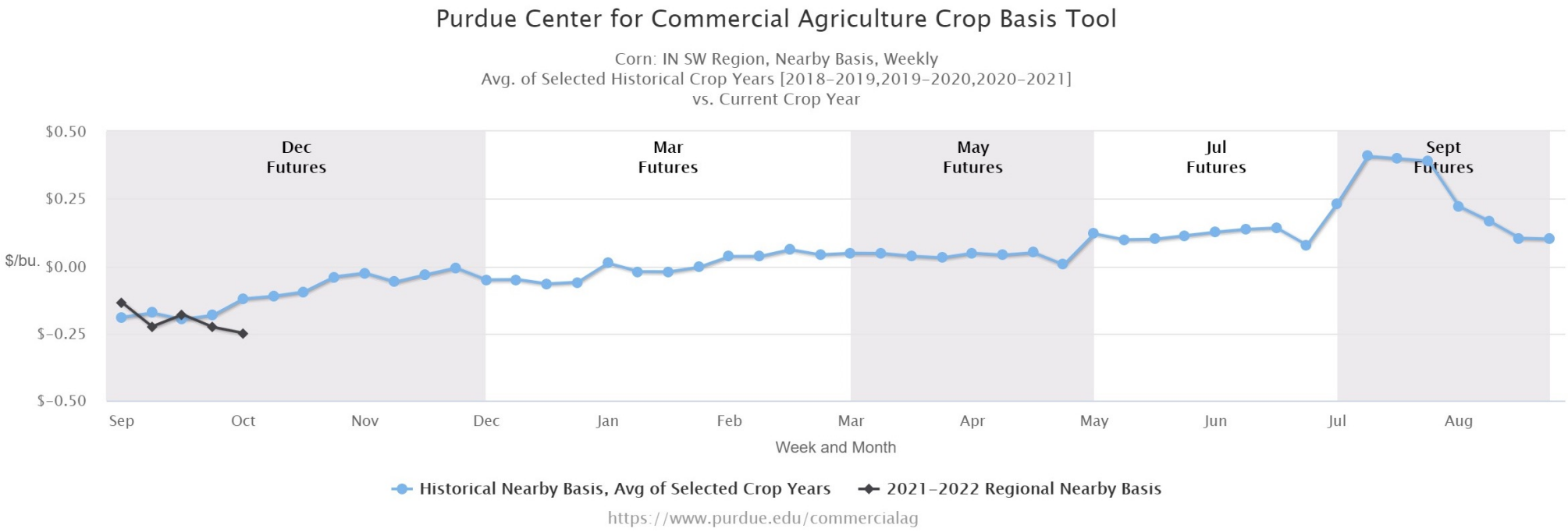
Corn basis – Southwest Indiana – 3 year average



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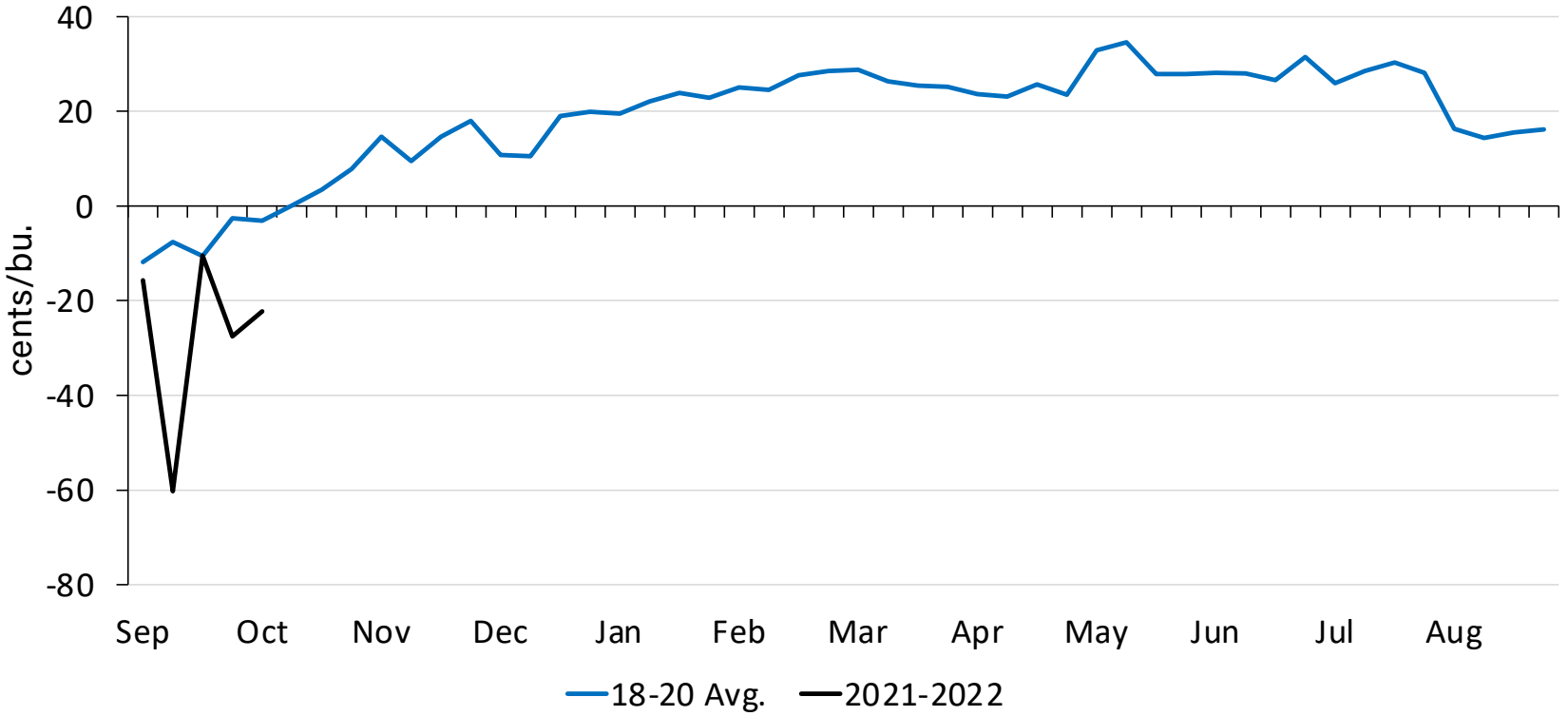
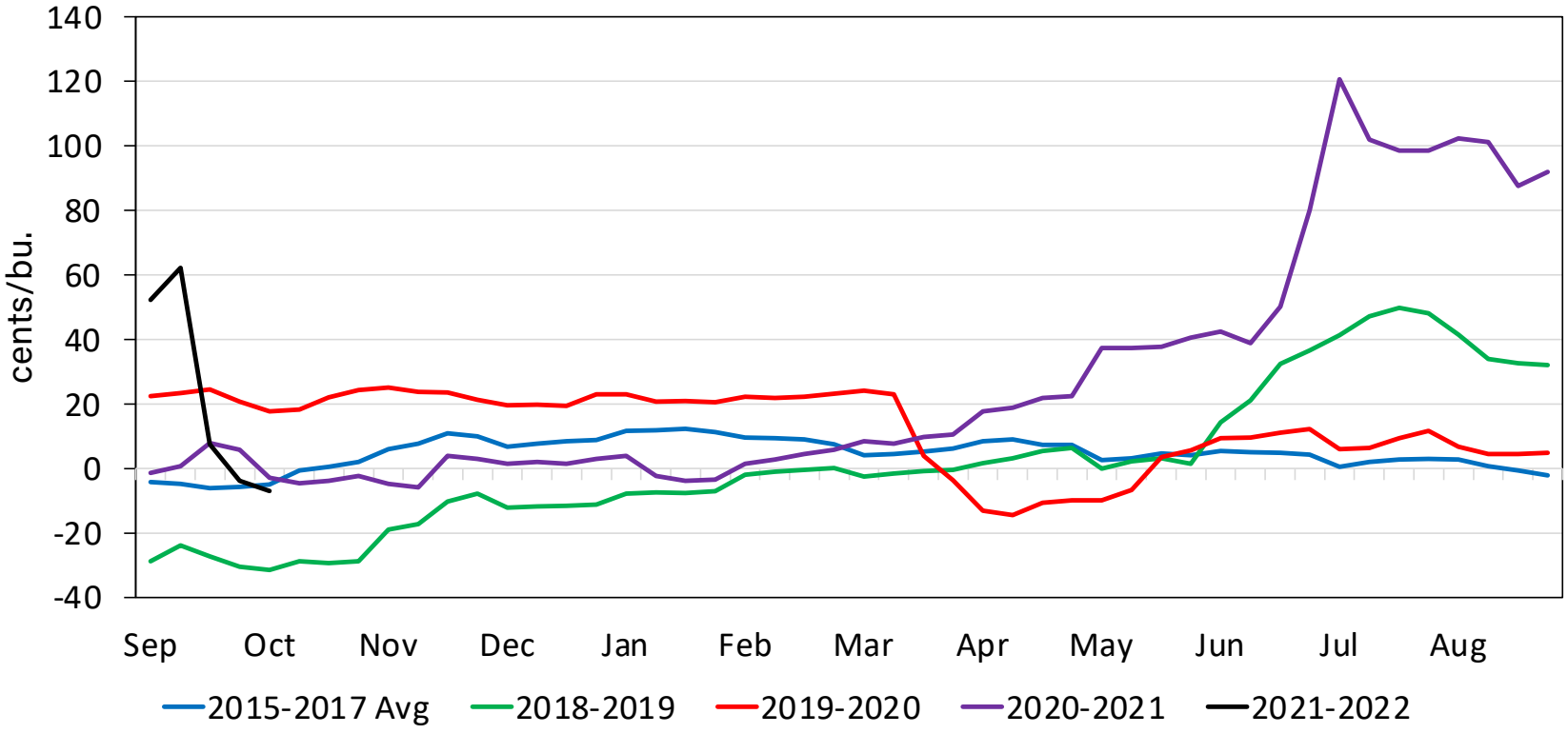
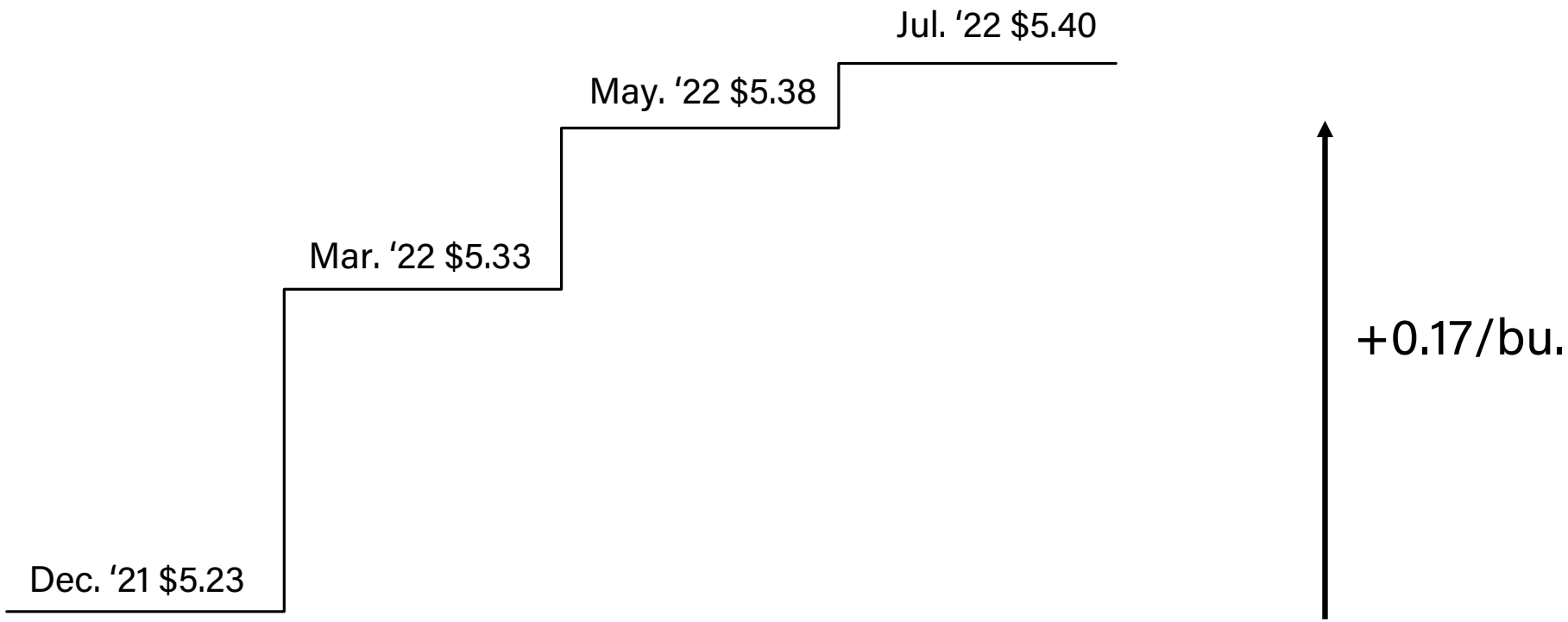
Mississippi River Corn basis-West Memphis, AR



Indiana ethanol plant basis



Corn futures price spreads



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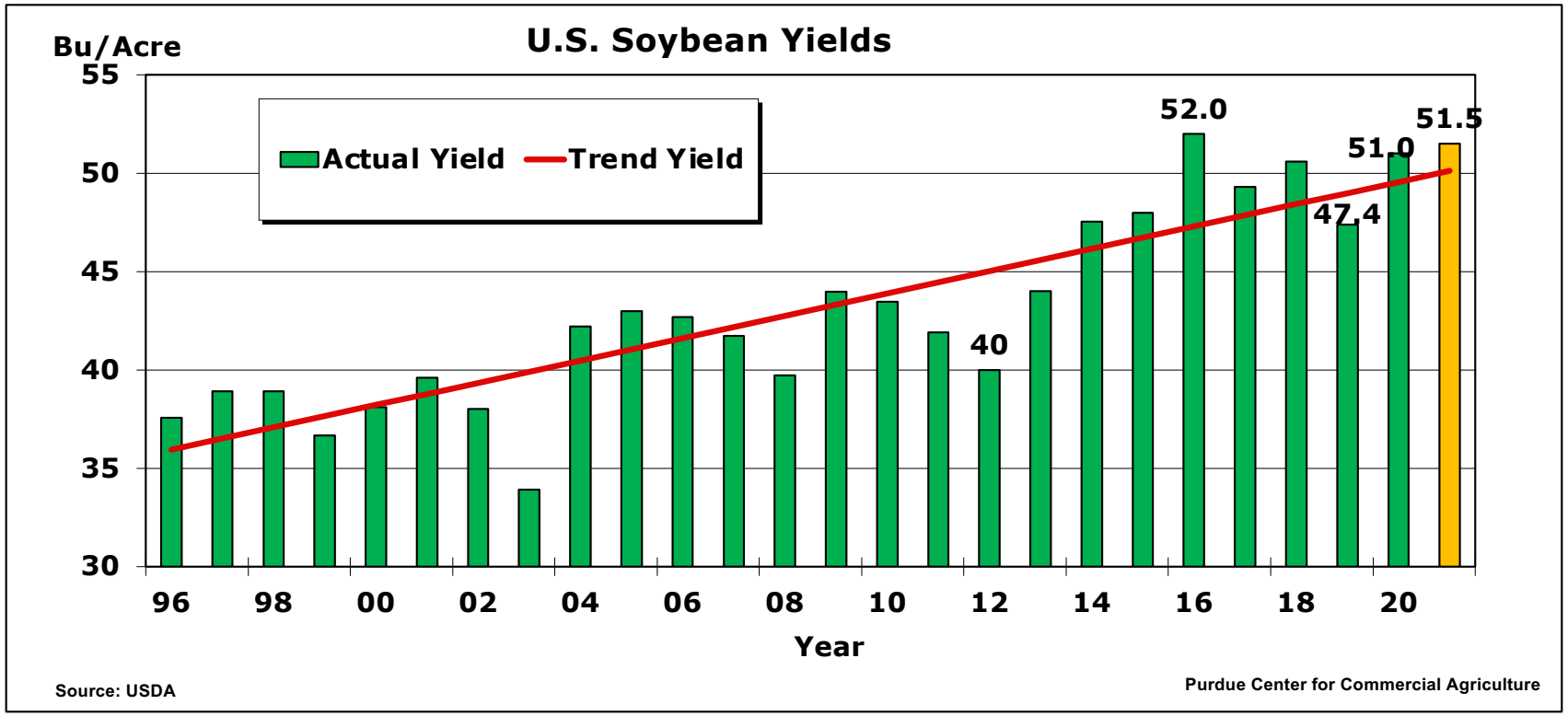
New crop corn opportunities?

CBOT Mar. '22 Corn futures	$5.30
Expected corn basis January '22 in Central IN	-$0.05
Expected cash price for Jan. Delivery	$5.25/bu.

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

USDA Increased Both the 2020 & 2021 Crop Yield Estimates

2020 Yield Up by 0.8 BPA & 2021 Yield Up By 0.9 BPA



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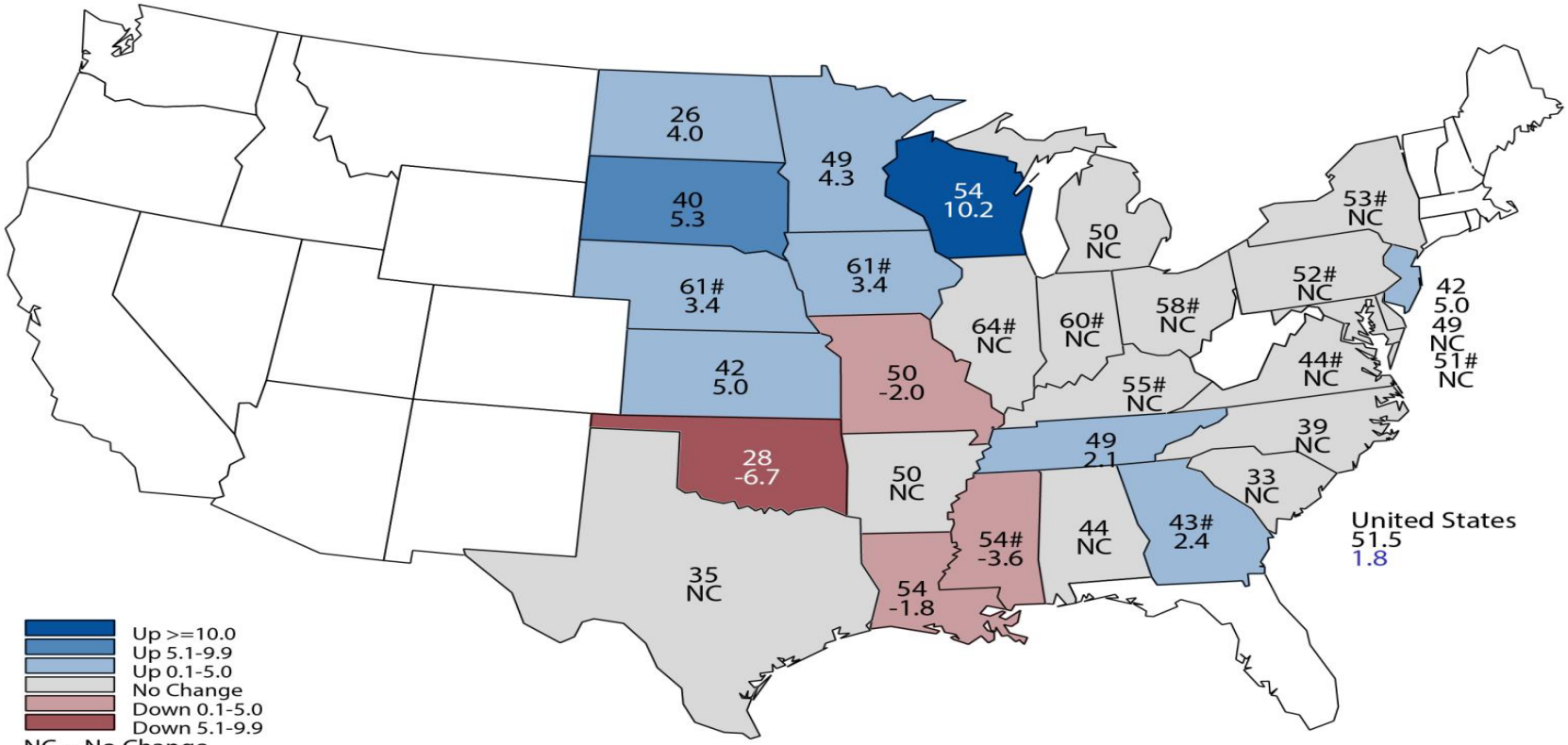
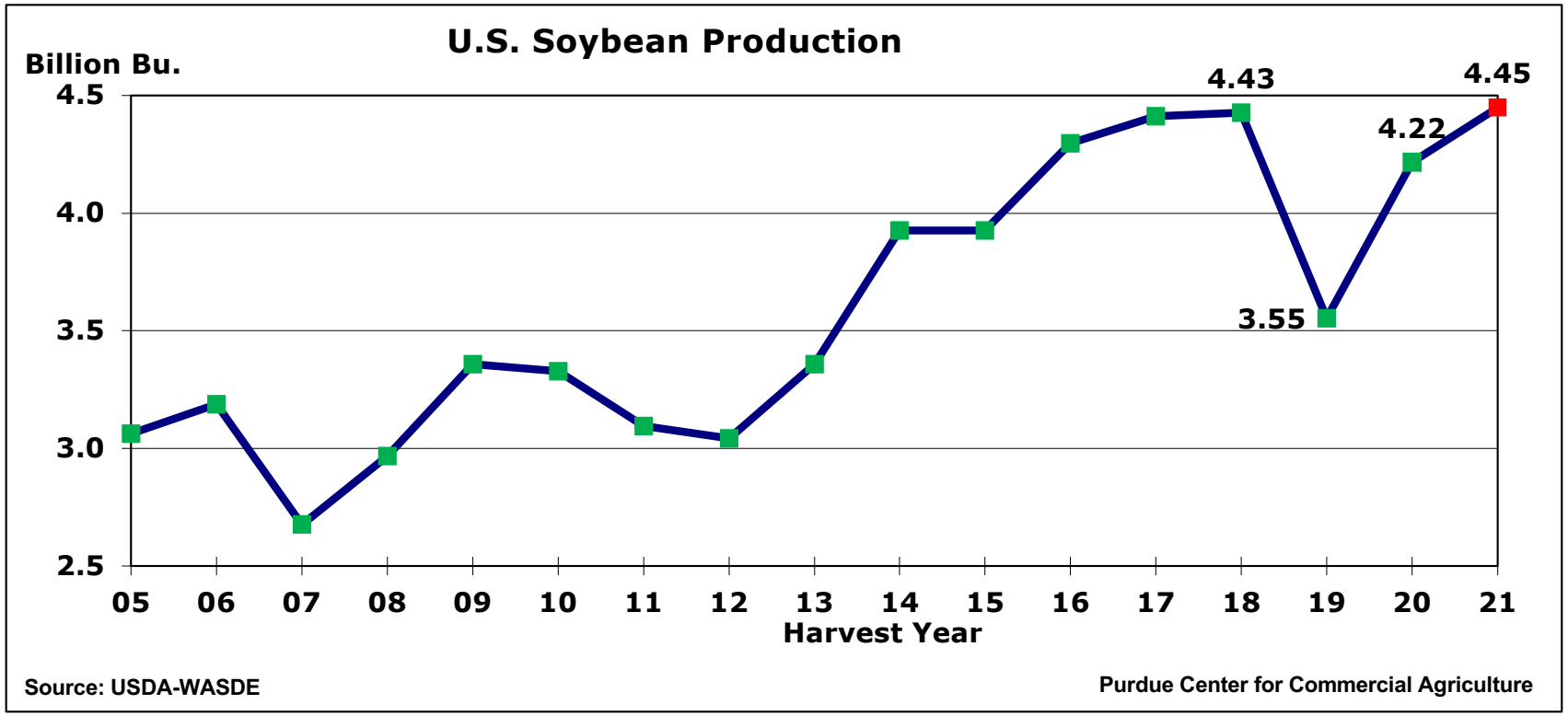
OCTOBER 2021 SOYBEAN YIELD

BUSHELS AND PERCENT CHANGE FROM PREVIOUS MONTH



Resulting in an 85 Million Bushel Increase in 2020 Crop & a 74 Million Bushel Increase in 2021 Crop Size

Record High U.S. Soybean Production



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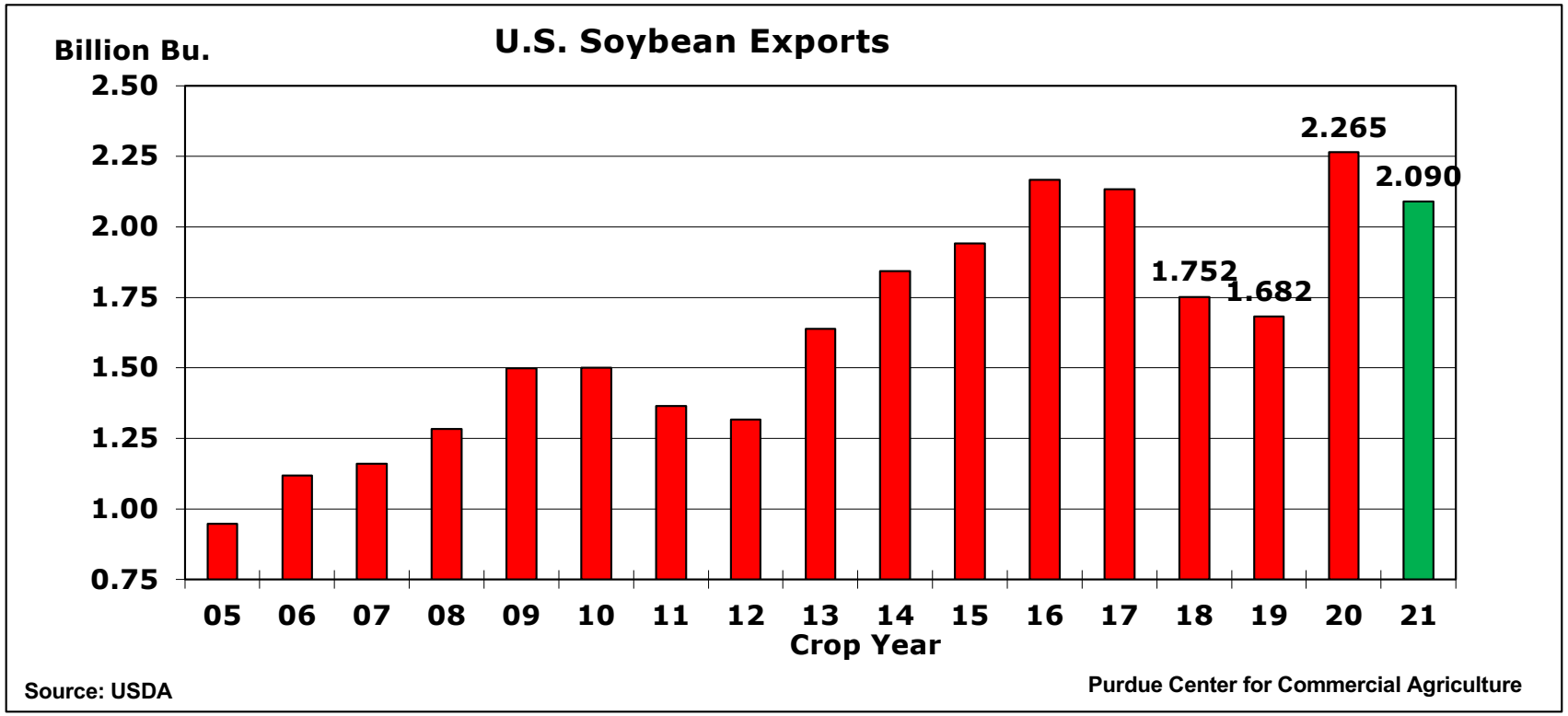
No Change in USDA's 2021 Crop Export Forecast Compared to September Report



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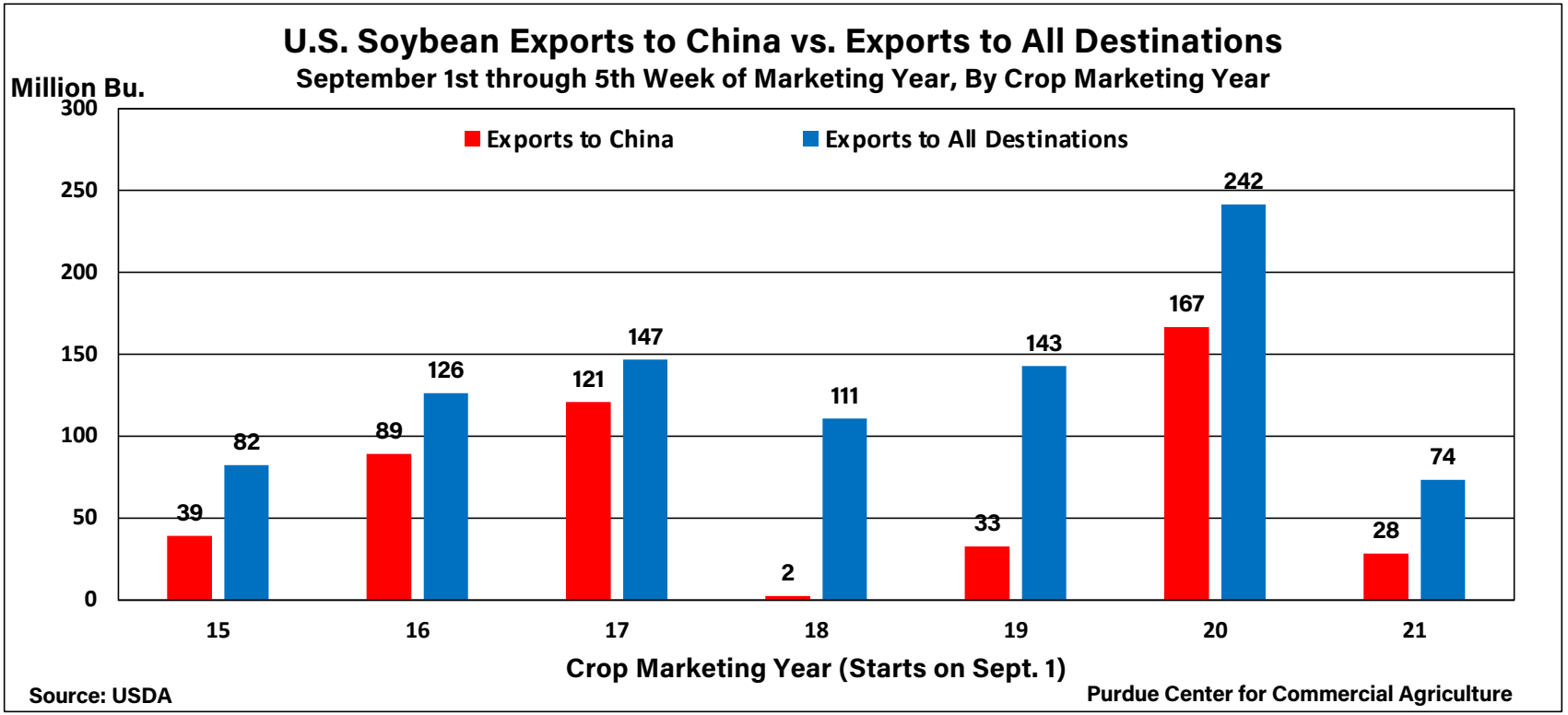
But 2021 Crop Soybean Exports Off to A Slow Start



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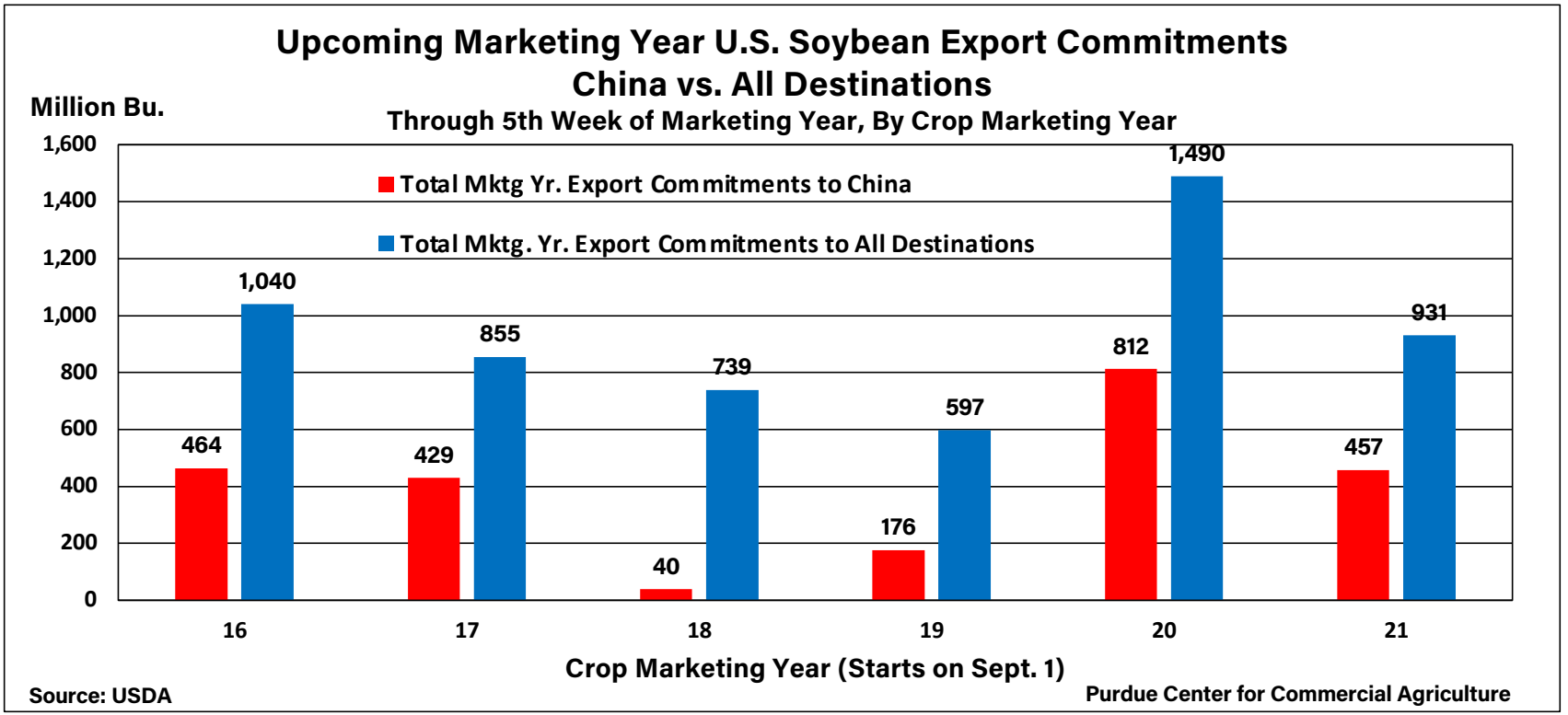
And All Destinations 2021 Crop Export Commitments Down 37% vs. 2020
Export Commitments to China Are Down 44% vs. 2020



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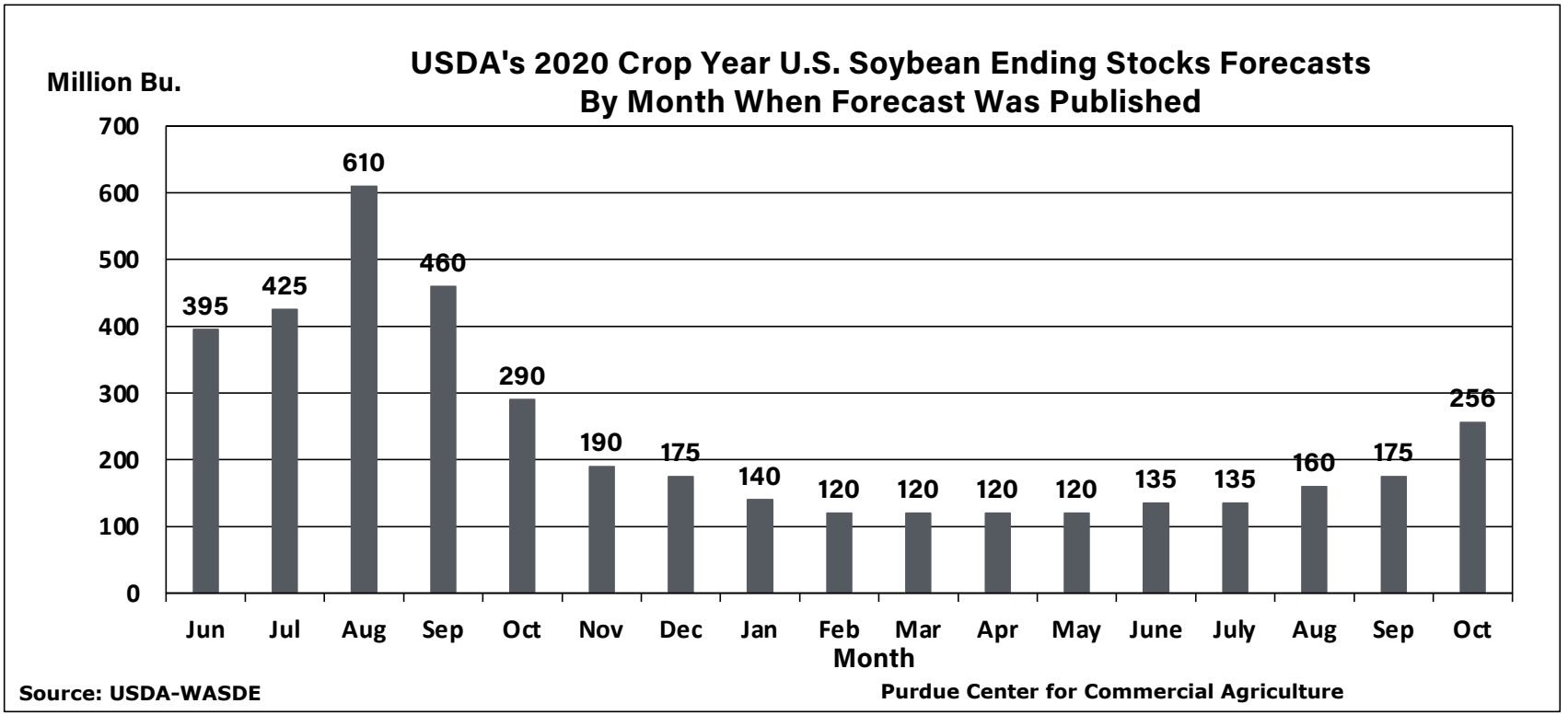
USDA Raised 2020 Ending Stocks Estimate By 81 Million Bushels On October Report

October's Ending Stocks Estimate Was More Than Double the Estimate Last Spring



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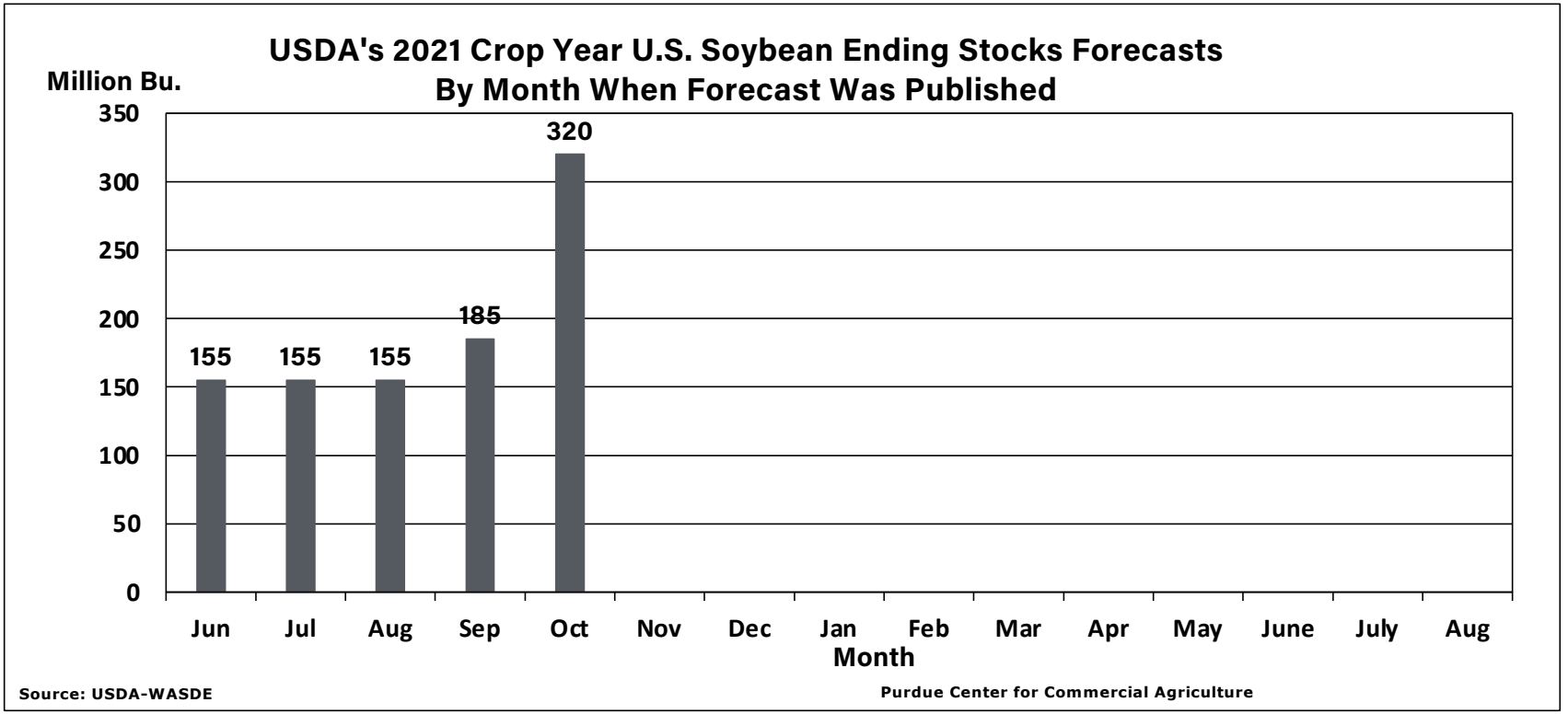
Combination of Larger Carryover from 2020 & 2021 Crop Yield Increase Pushed Ending Stocks Estimate Up by 135 Million Bushels



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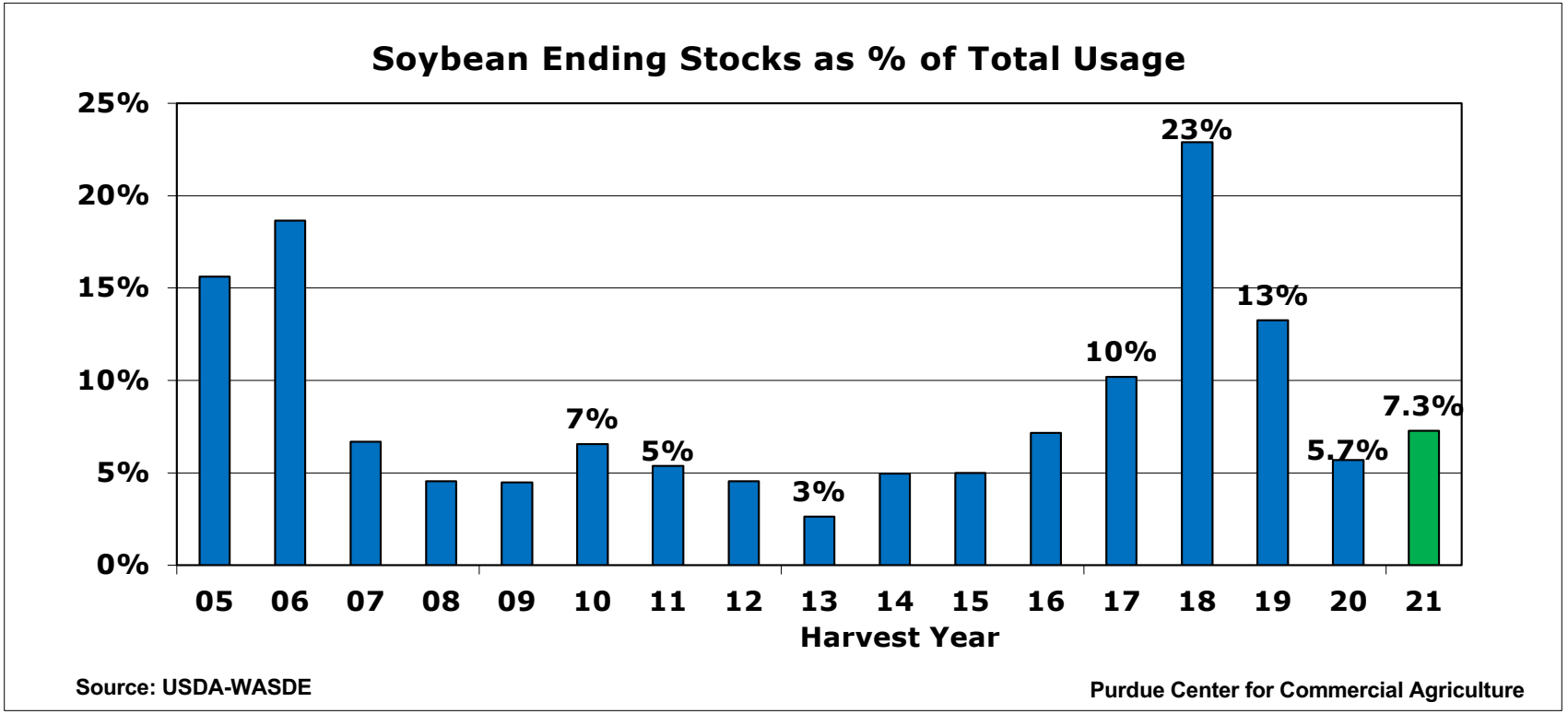
Balance Sheet Changes Shift the Supply/Demand Balance
Last Month Stocks/Usage Was Projected @ 4.2% of Usage vs. This Month's 7.3% Estimate



Source: USDA-WASDE

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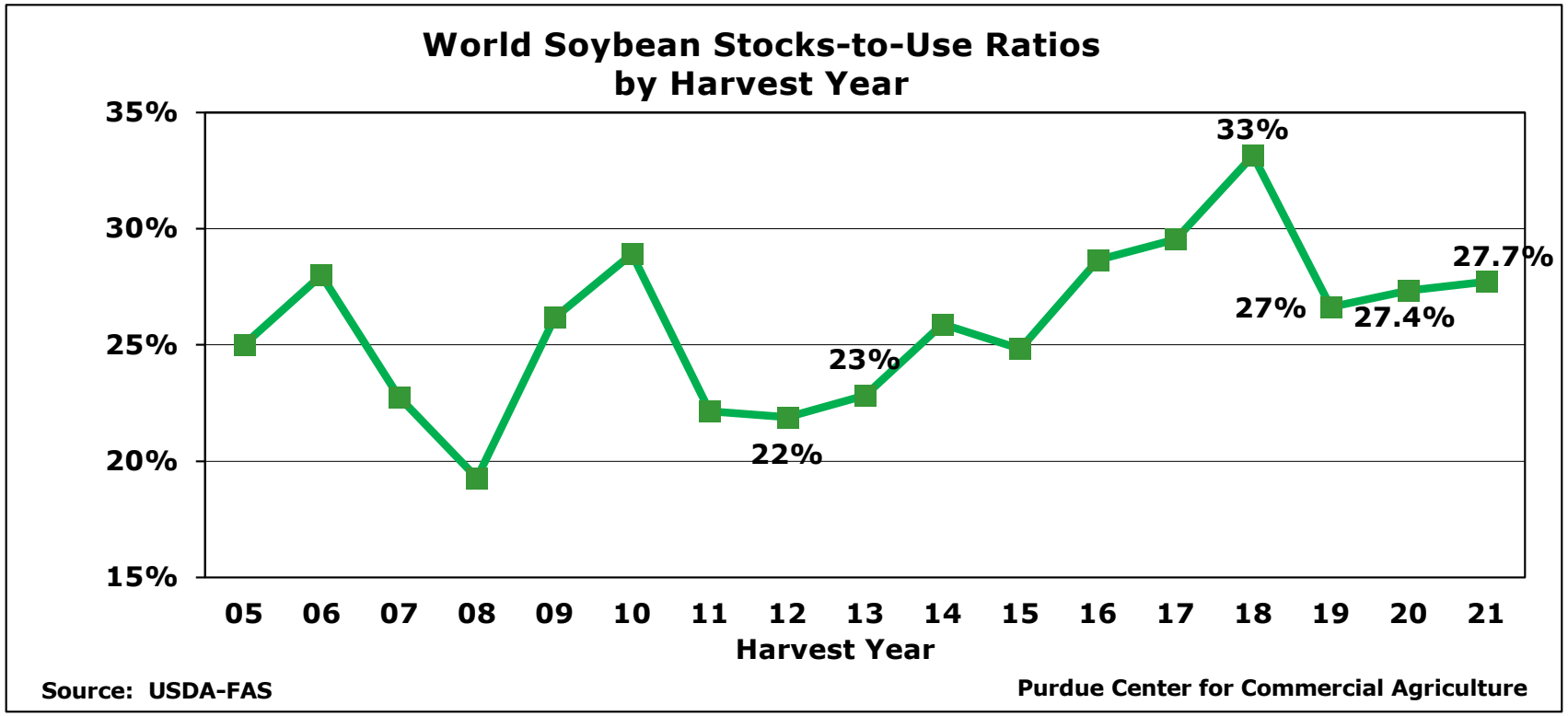
Once Again, World Stocks/Use Ratios Increased
2021 Estimate Rose from 26.1% Last Month to 27.7% This Month



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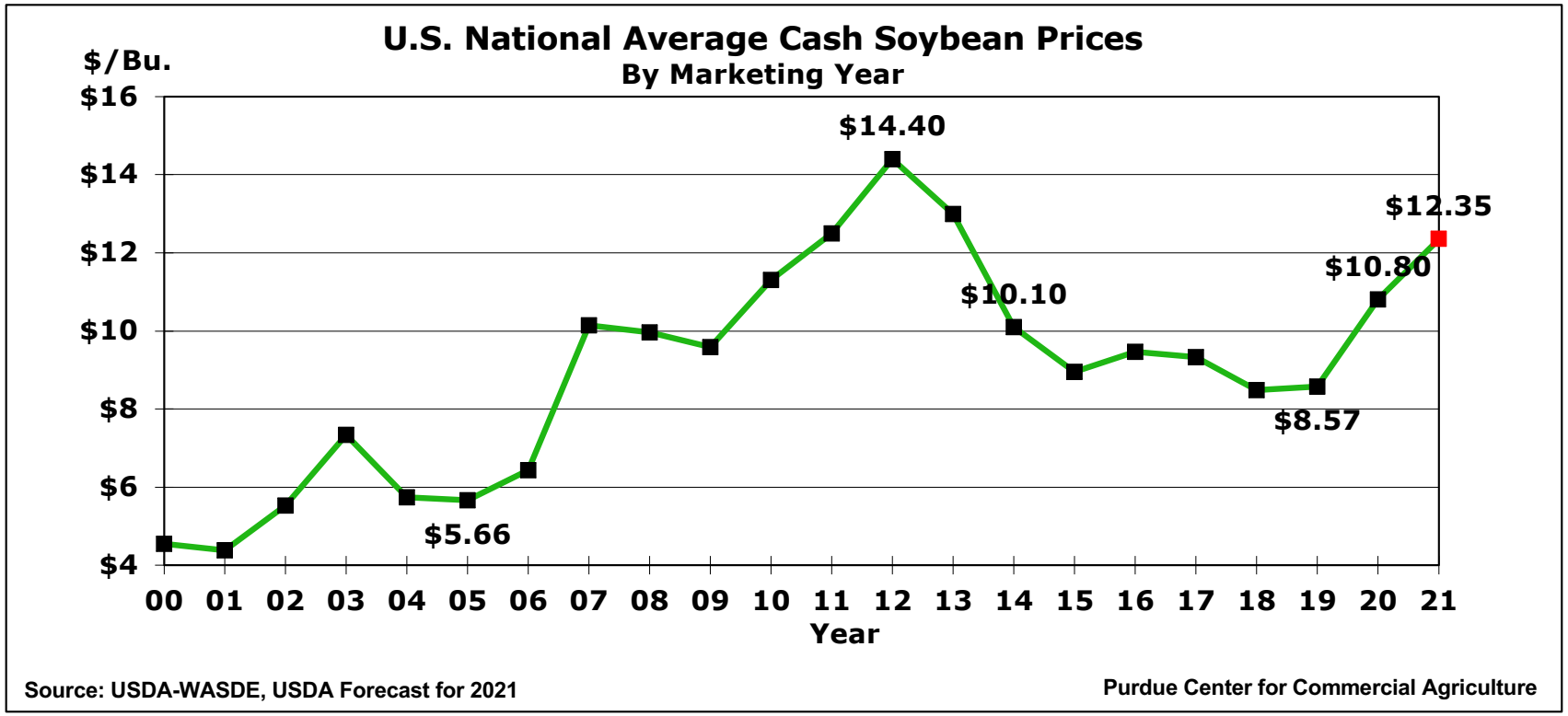
USDA Reduced MYA Price Again in October Report
This Month by $0.55/bu. Following Last Month's $0.80 Reduction



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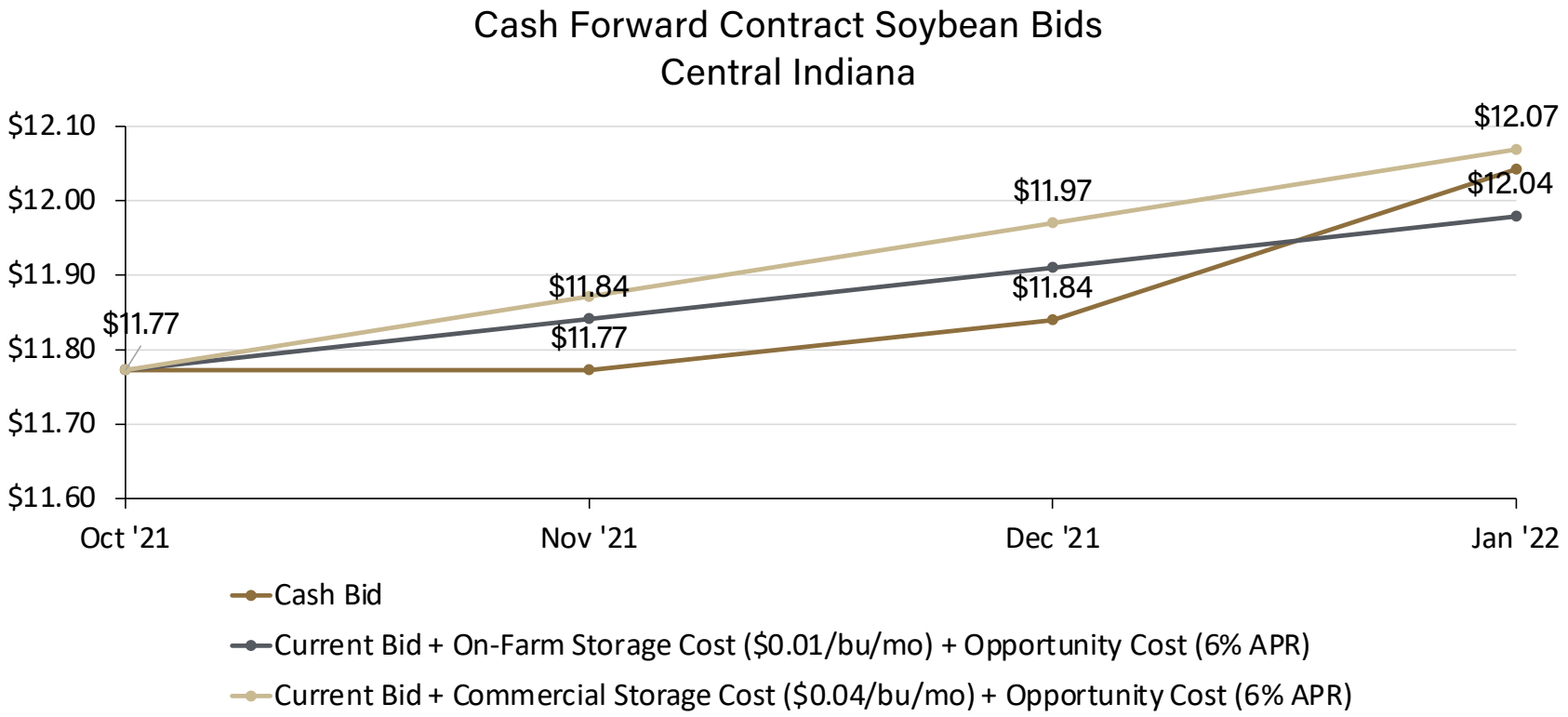
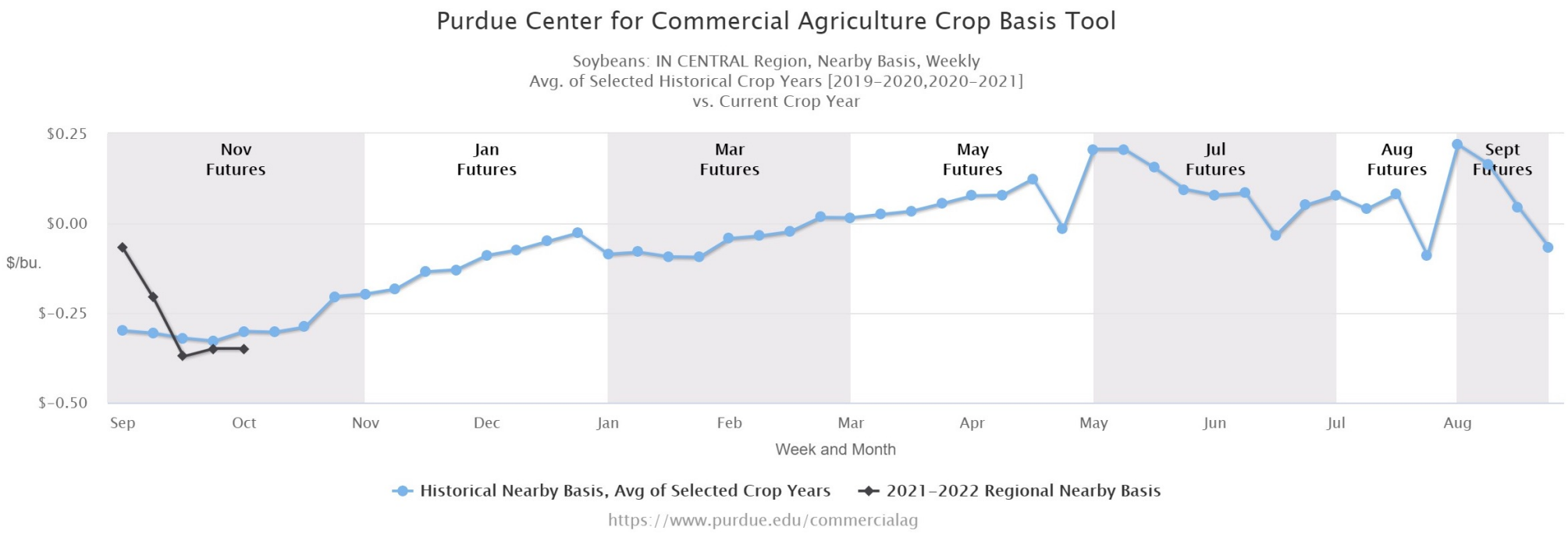
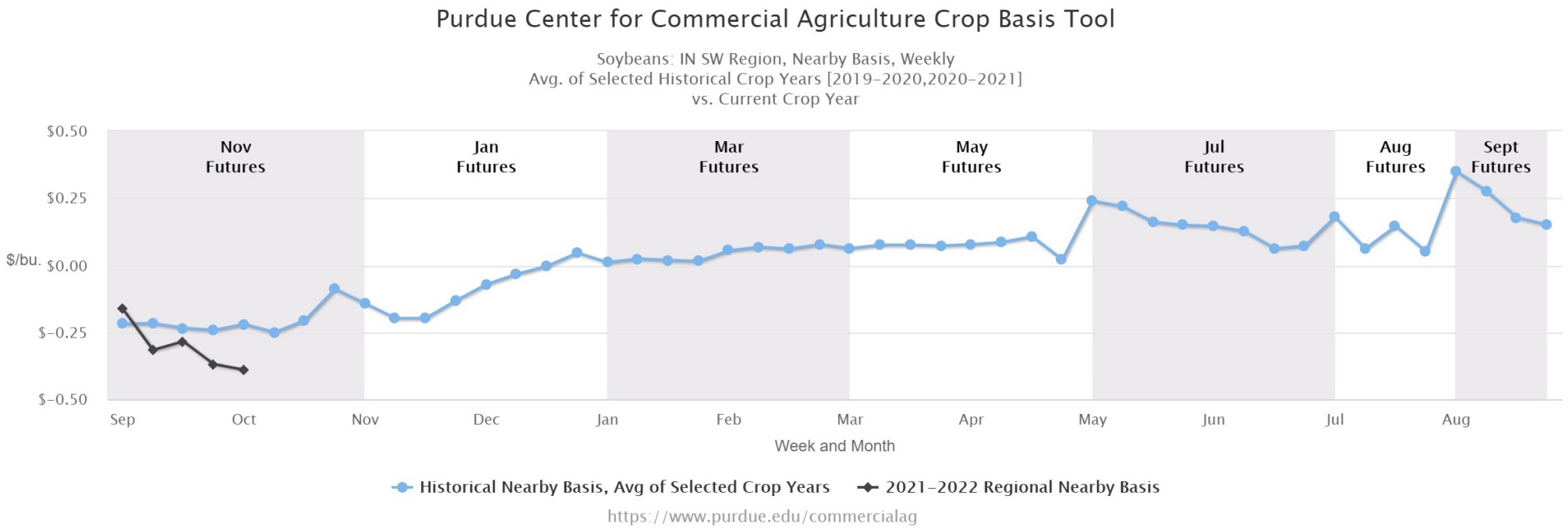
Storage opportunities for soybeans?



Soybean basis -Central Indiana – 2 year average



Soybean basis -Southwest Indiana - 2 year average



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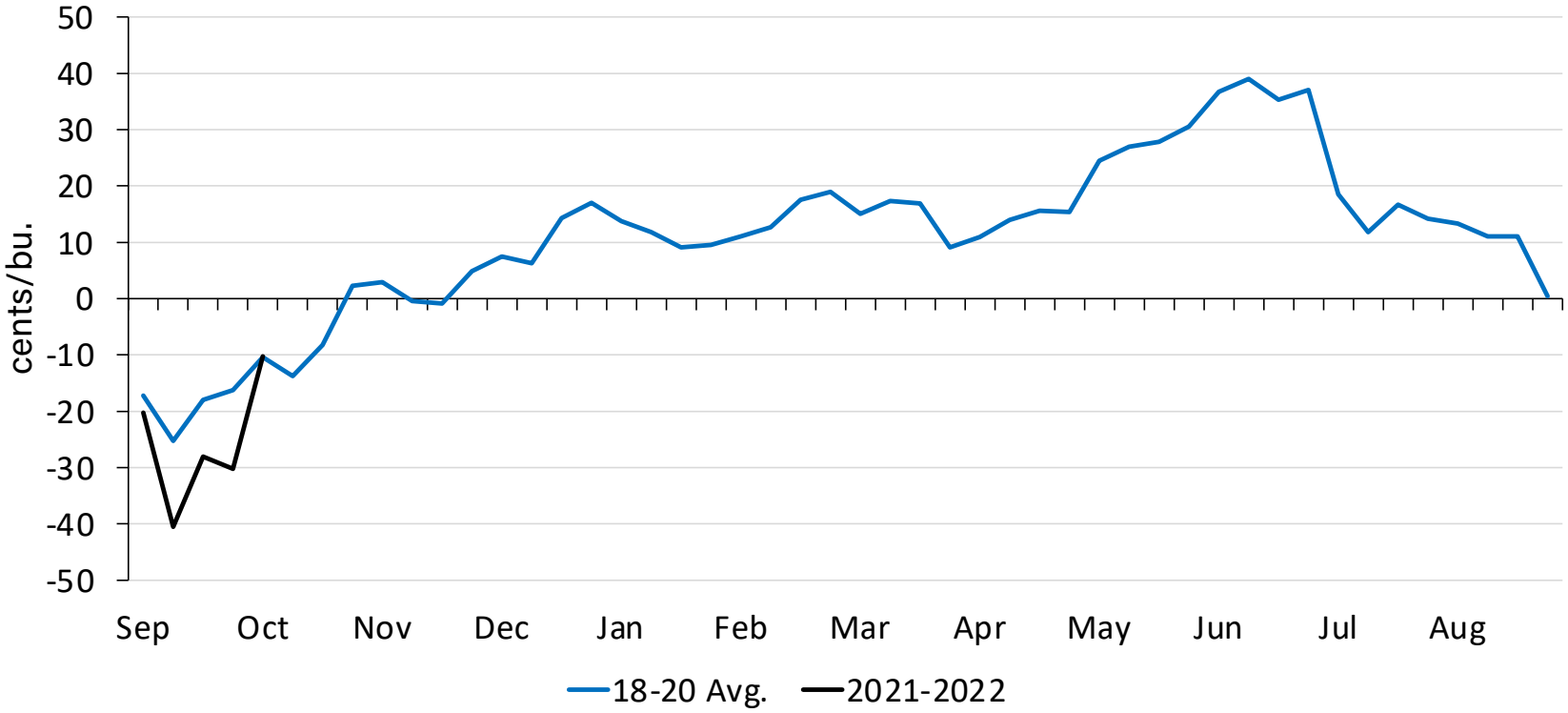
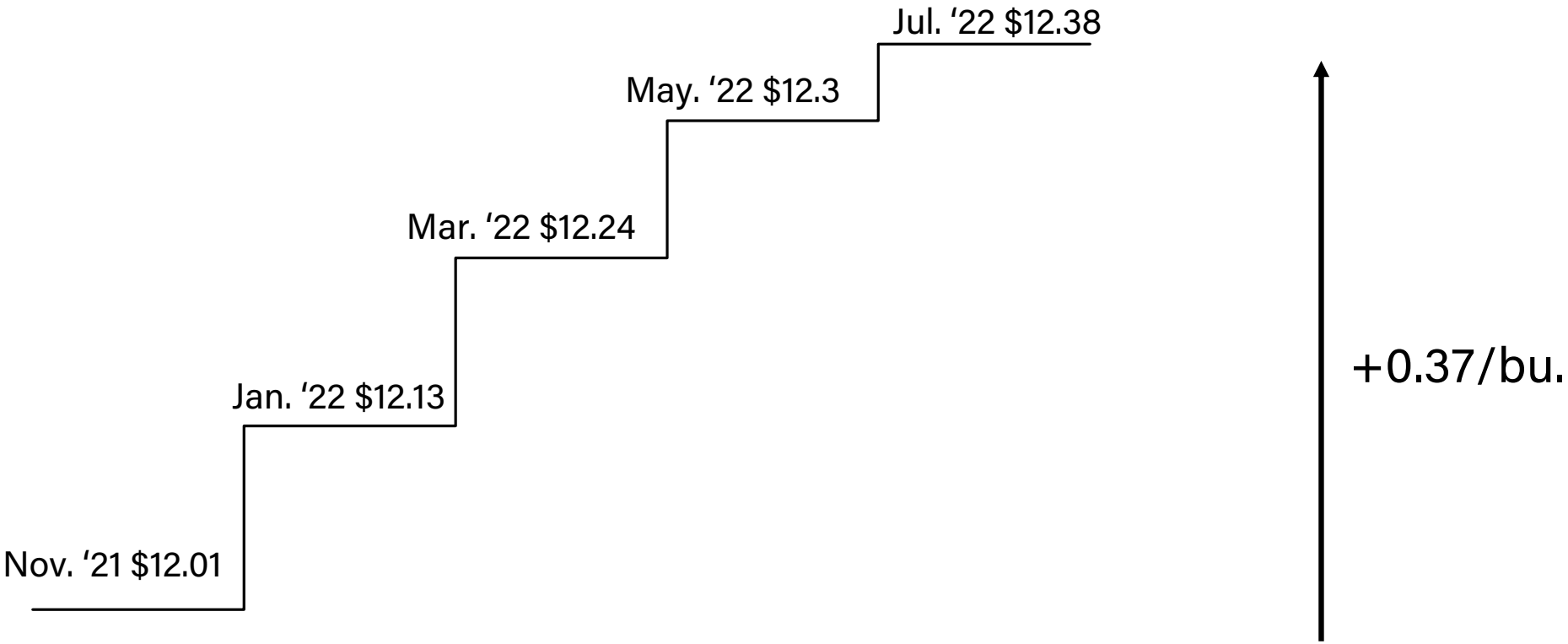
Soybean export basis-West Memphis, AR



Soybean futures price spreads

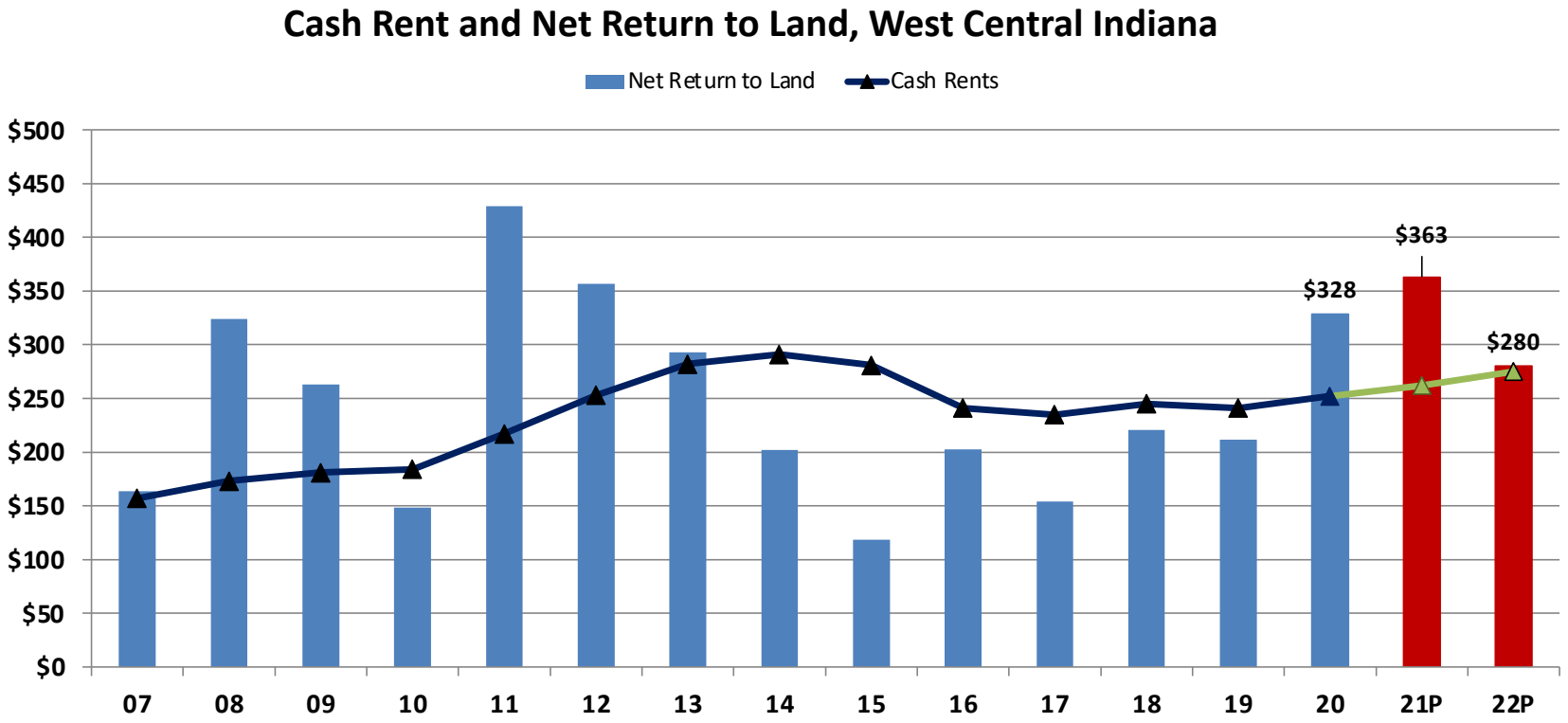


New crop soybean opportunities?

CBOT Mar. '22 Soybean futures	$12.28
Expected soybean basis January '22 in Central IN	-$0.25
Expected cash price for Jan. delivery	$12.03/bu.

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

Upward Pressure on Cash Rents



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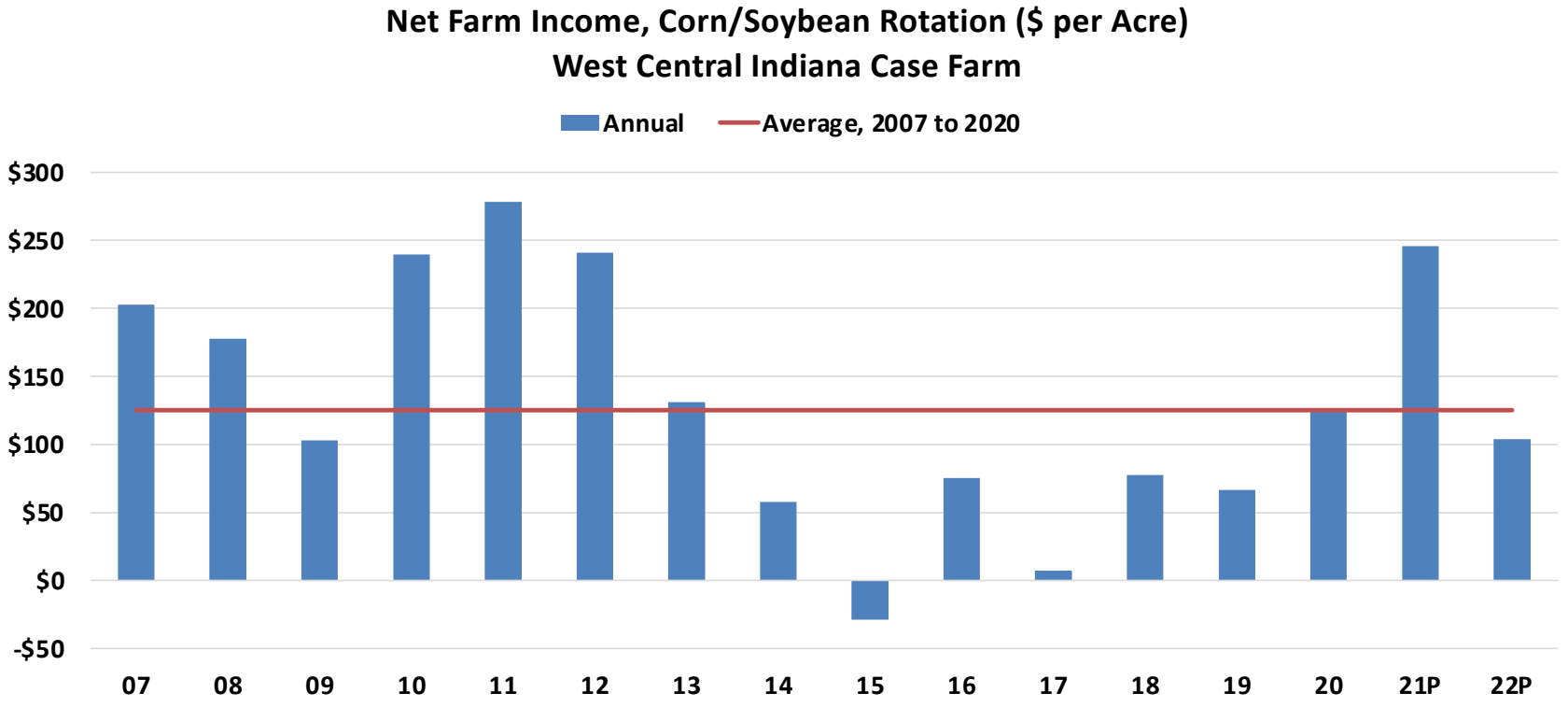
Comparison of Projections for 2021 and 2022 to Long-Run NFI Average



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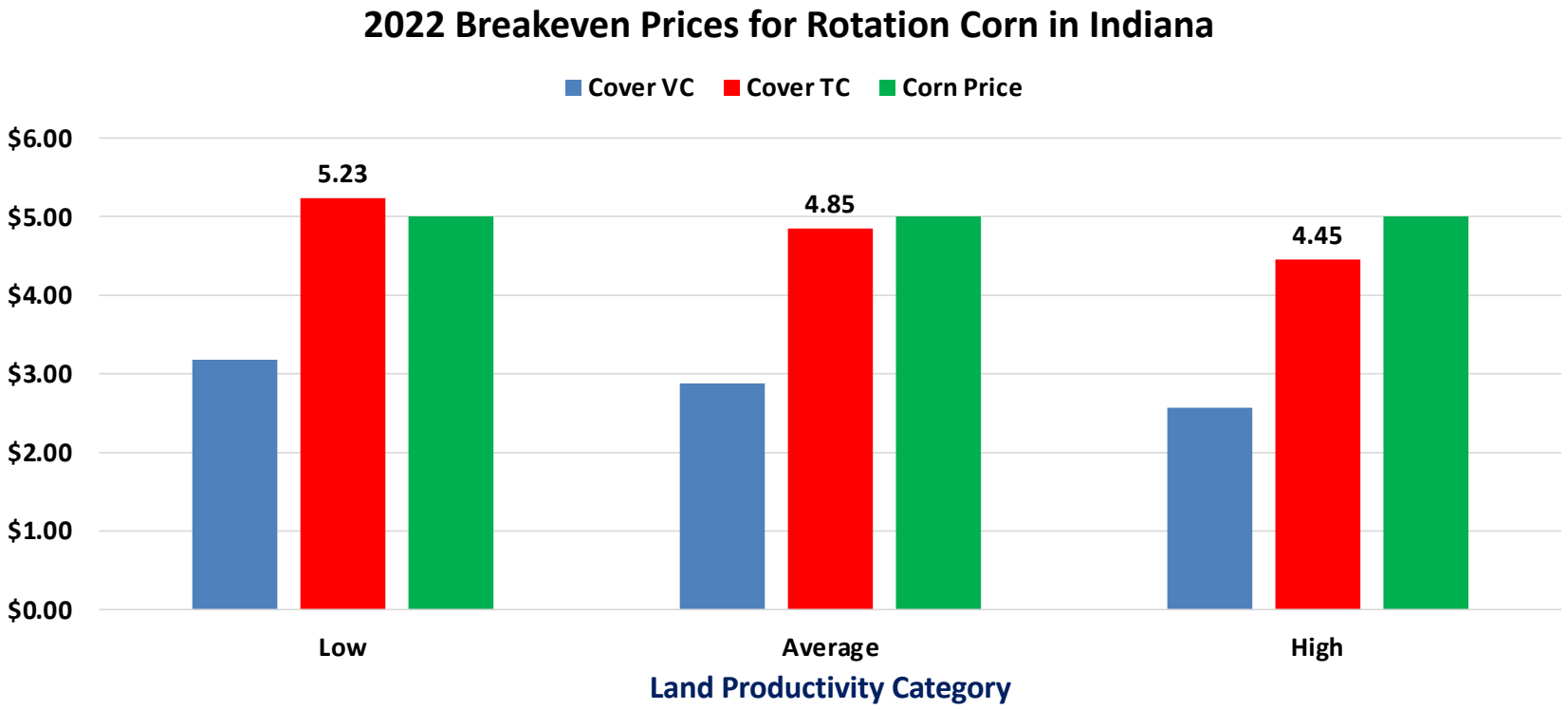
Comparison of Fertilizer Prices (per ton), October 2020 and October 2021

Type of Fertilizer	10/8/20	10/7/21	Percent Change
Anhydrous Ammonia	$435	$857	96.9%
Urea	$353	$743	110.8%
DAP (18-46-0)	$427	$781	82.8%
Potash	$328	$725	121.1%

Corn Breakeven Prices by Land Productivity Category



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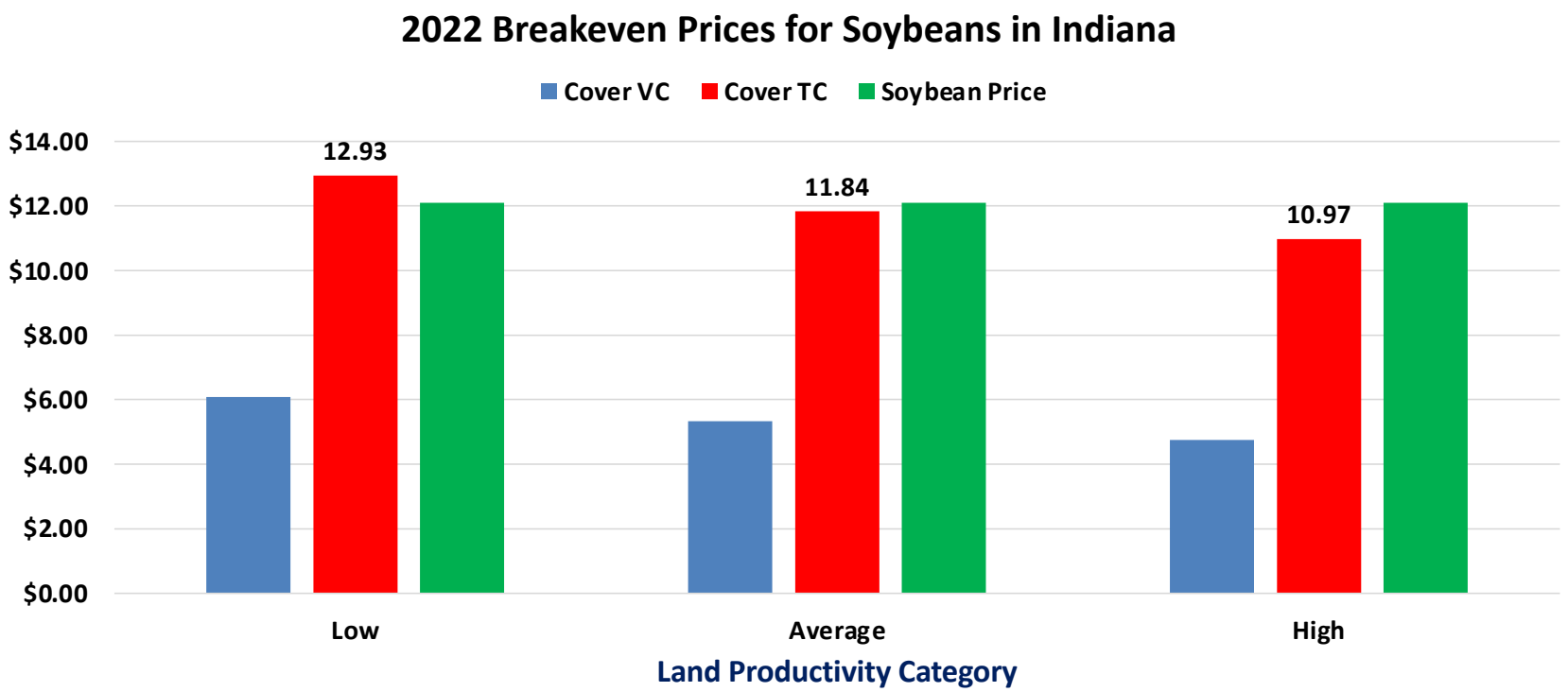
Soybean Breakeven Prices by Land Productivity Category



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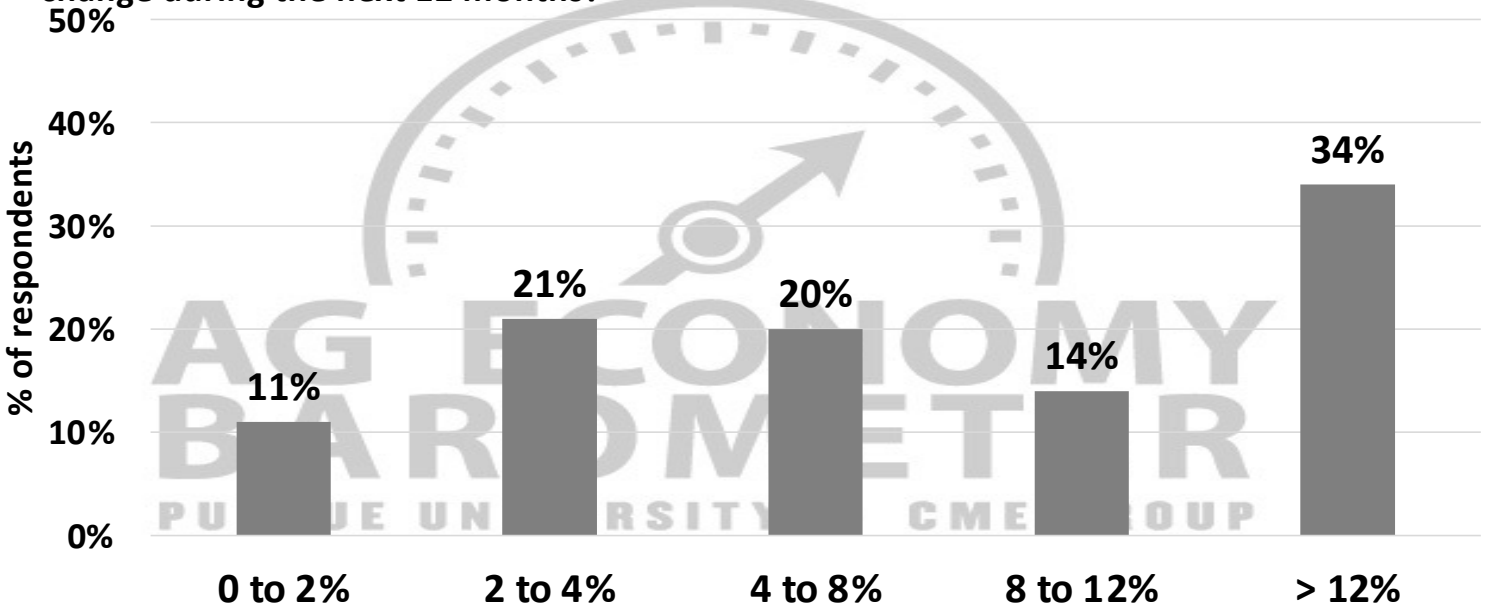
Producer Sentiment Regarding Farm Input Prices

The average price paid for farm inputs increased by 1.8% per year during the last ten years. Using this as a frame of reference, by how much do you expect input prices to change during the next 12 months?



Source: Purdue Center for Commercial Agriculture, Producer Survey, September 2021

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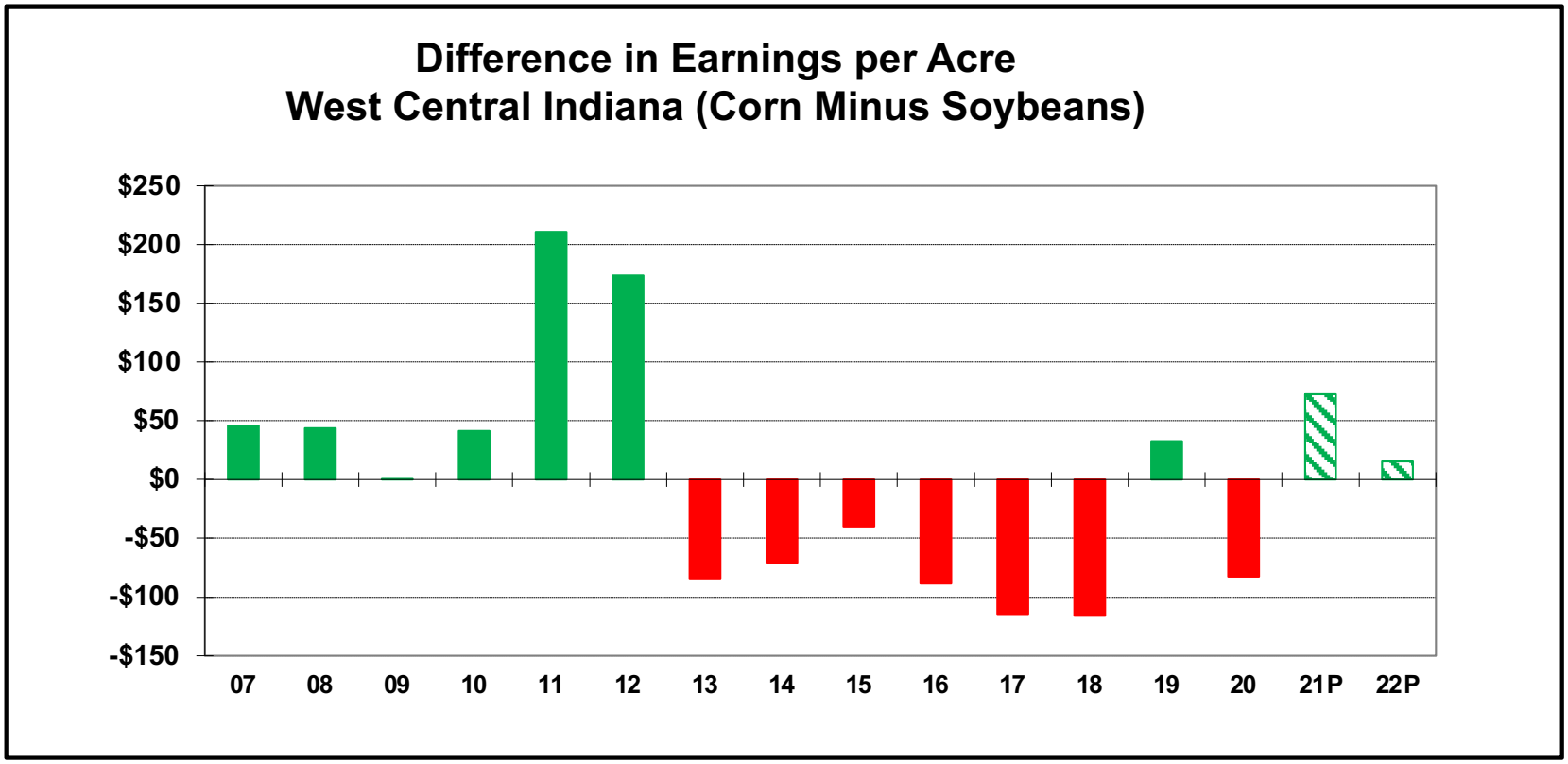
Is Corn or Soybean Production Favored in 2022?



MONTHLY OUTLOOK

PURDUE CENTER FOR COMMERCIAL AGRICULTURE

NEXT OUTLOOK WEBINAR:

Wednesday, Nov. 10, 2021, 12:00 p.m. (EST)

Details Available at

purdue.edu/commercialag

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