

CORN-SOYBEAN UPDATE

WEDNESDAY, NOVEMBER 10, 2021



**MONTHLY
OUTLOOK**

**PURDUE CENTER FOR
COMMERCIAL AGRICULTURE**

James Mintert, Professor & Director, Center for Commercial Agriculture

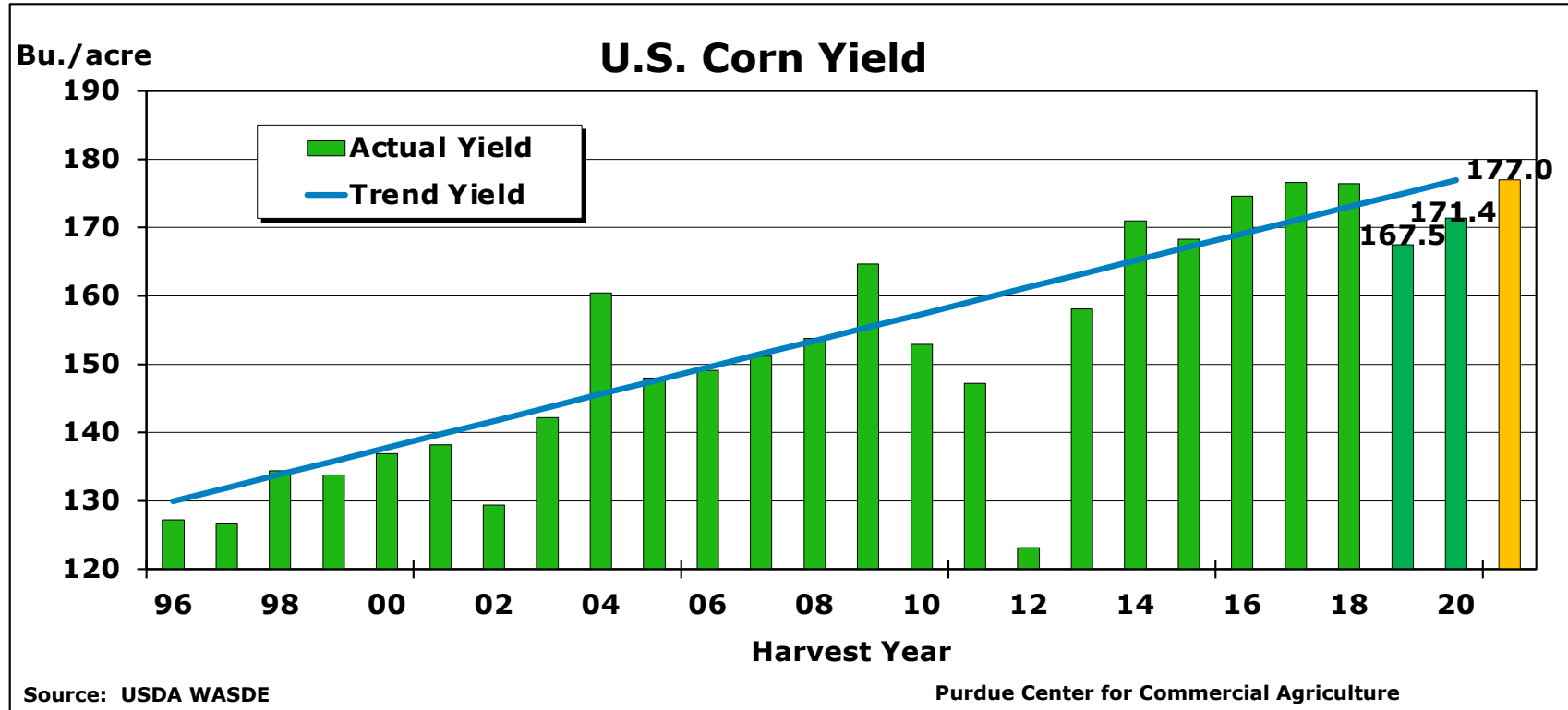
Nathan Thompson, Associate Professor, Dept. of Agricultural Economics

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



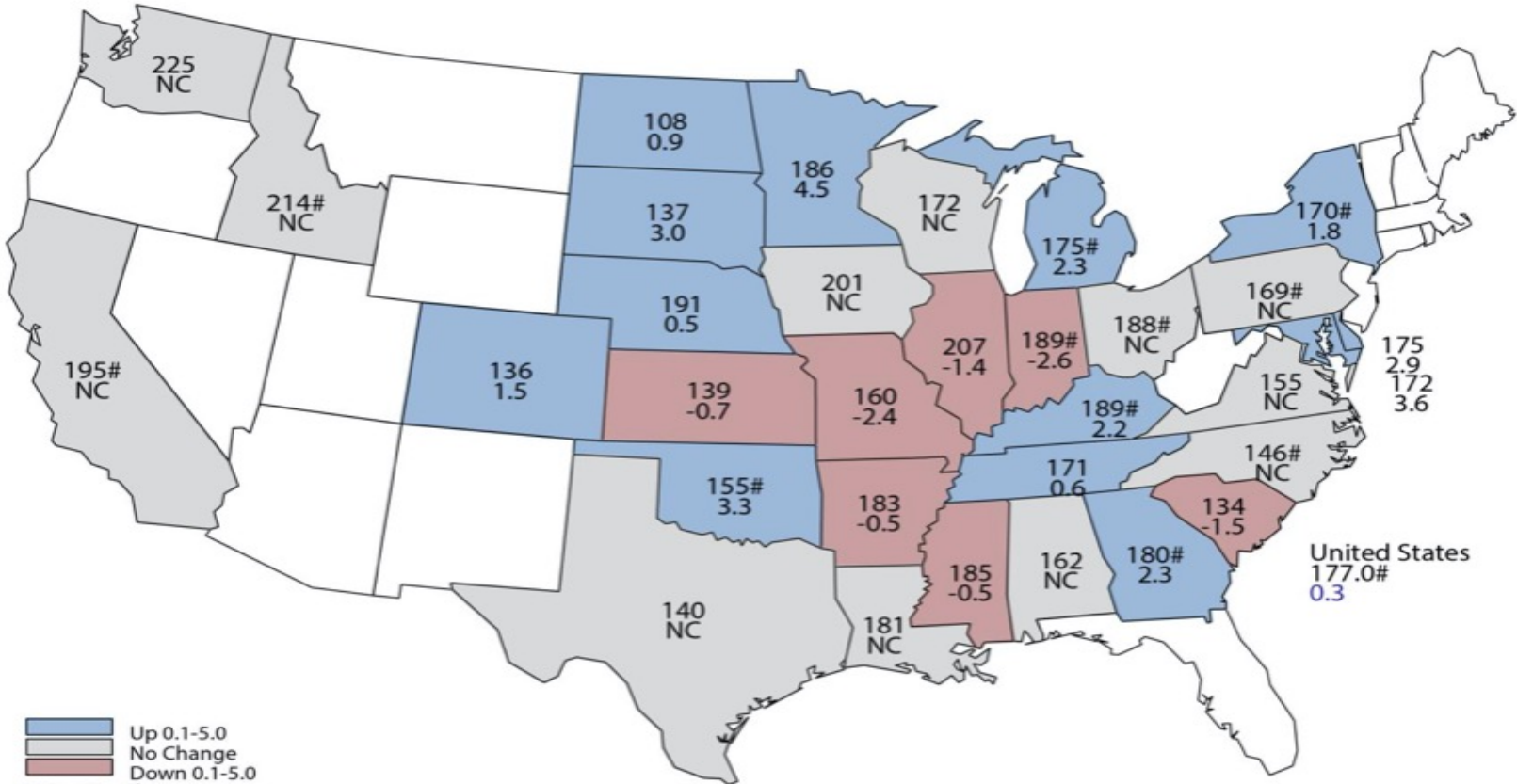
Center for Commercial Agriculture

USDA Increased Corn Yield Estimate By 0.5 Bu. Compared to Oct. Estimate

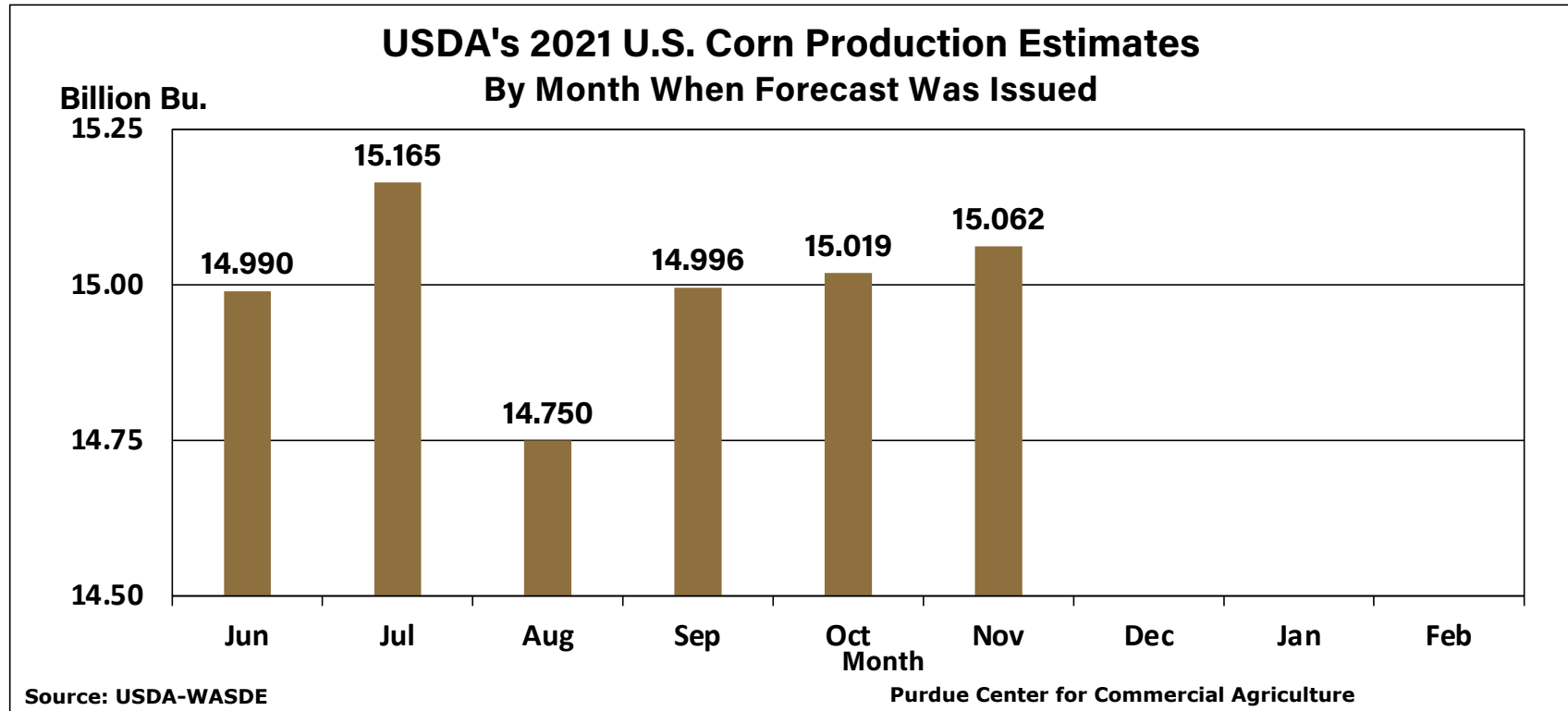


NOVEMBER 2021 CORN YIELD

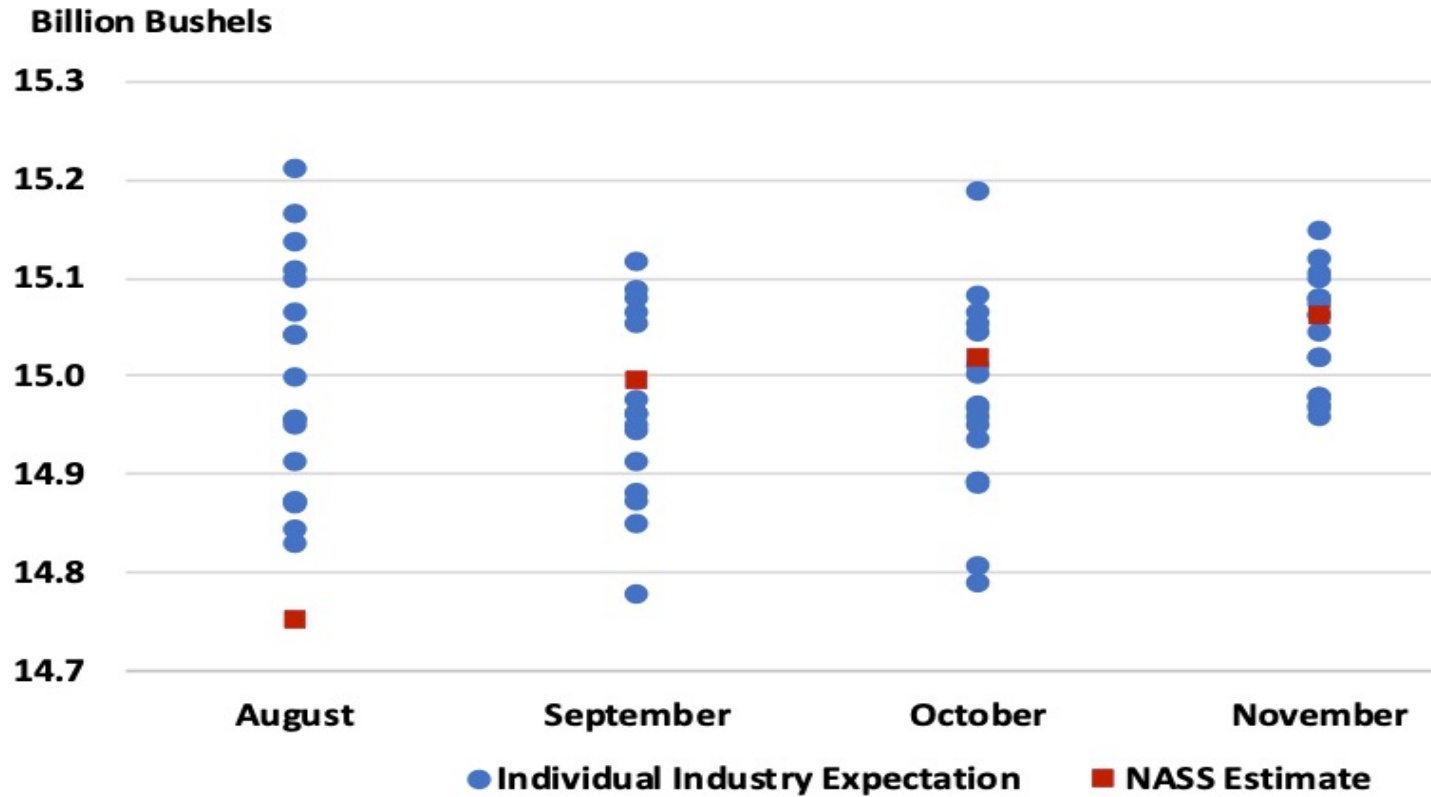
BUSHELS AND PERCENT CHANGE FROM PREVIOUS MONTH



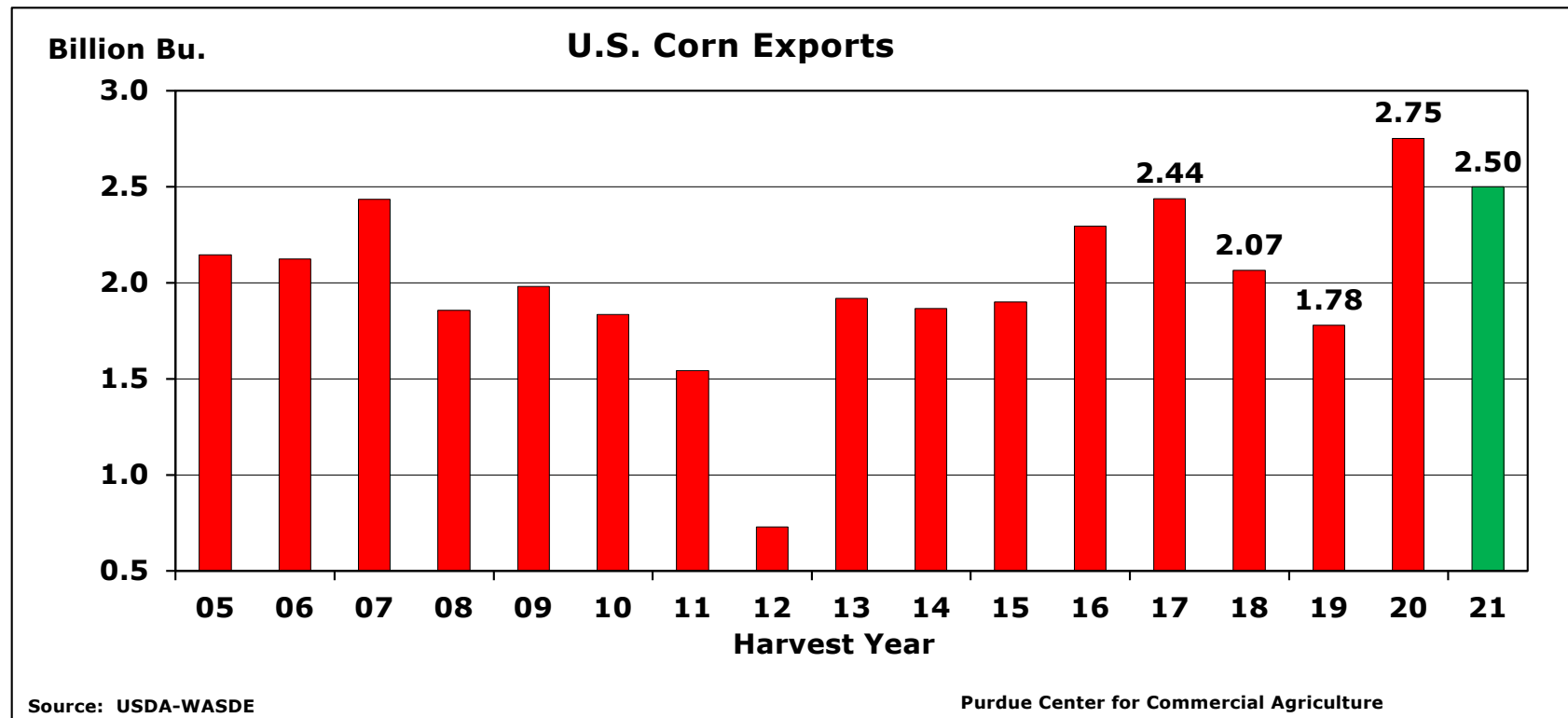
***Small Yield Increase Pushed 2021 Production Estimate Up By Just 43 Million Bushels
But Production Estimate is Up 312 Million Bushels Compared to August***



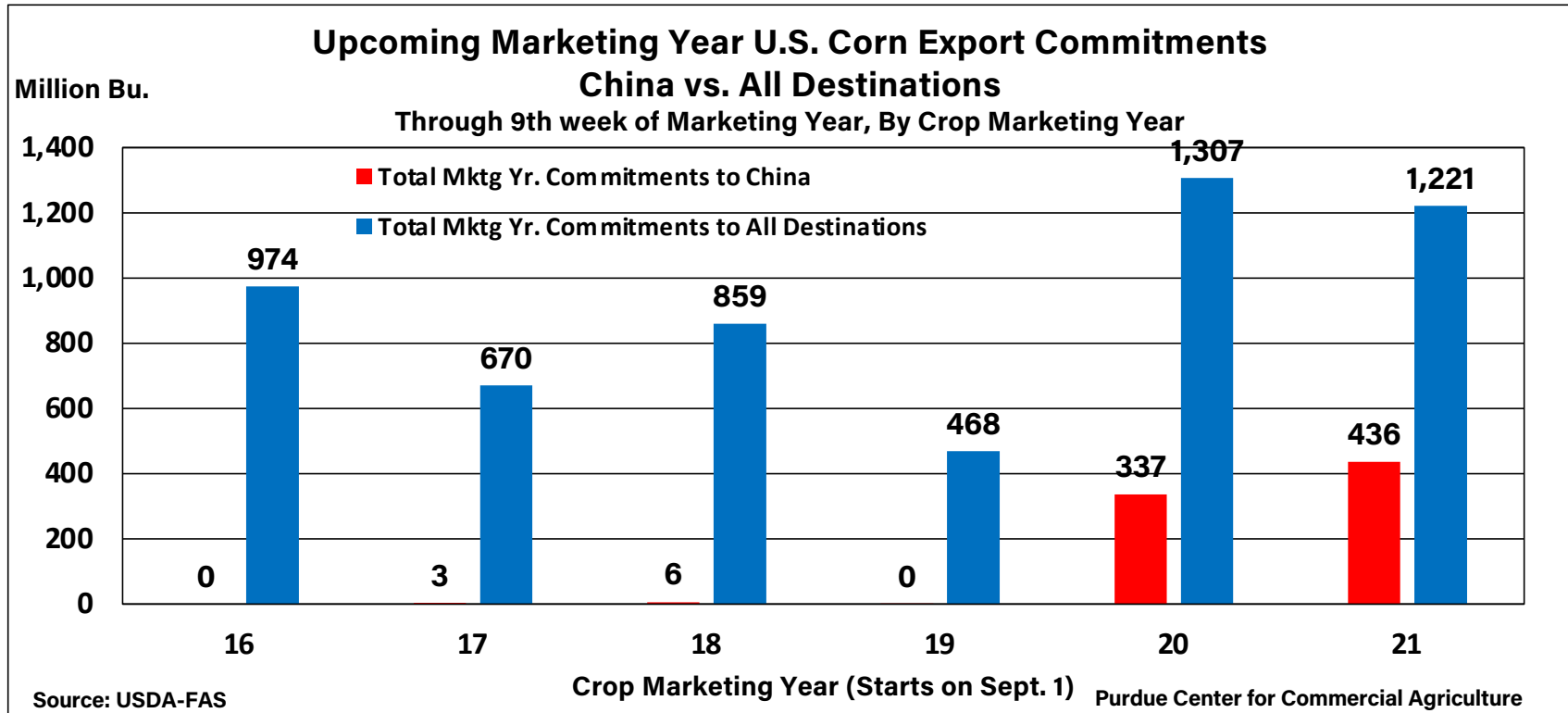
2021 U.S. Corn Production: NASS Estimate Was Close to Industry Expectations



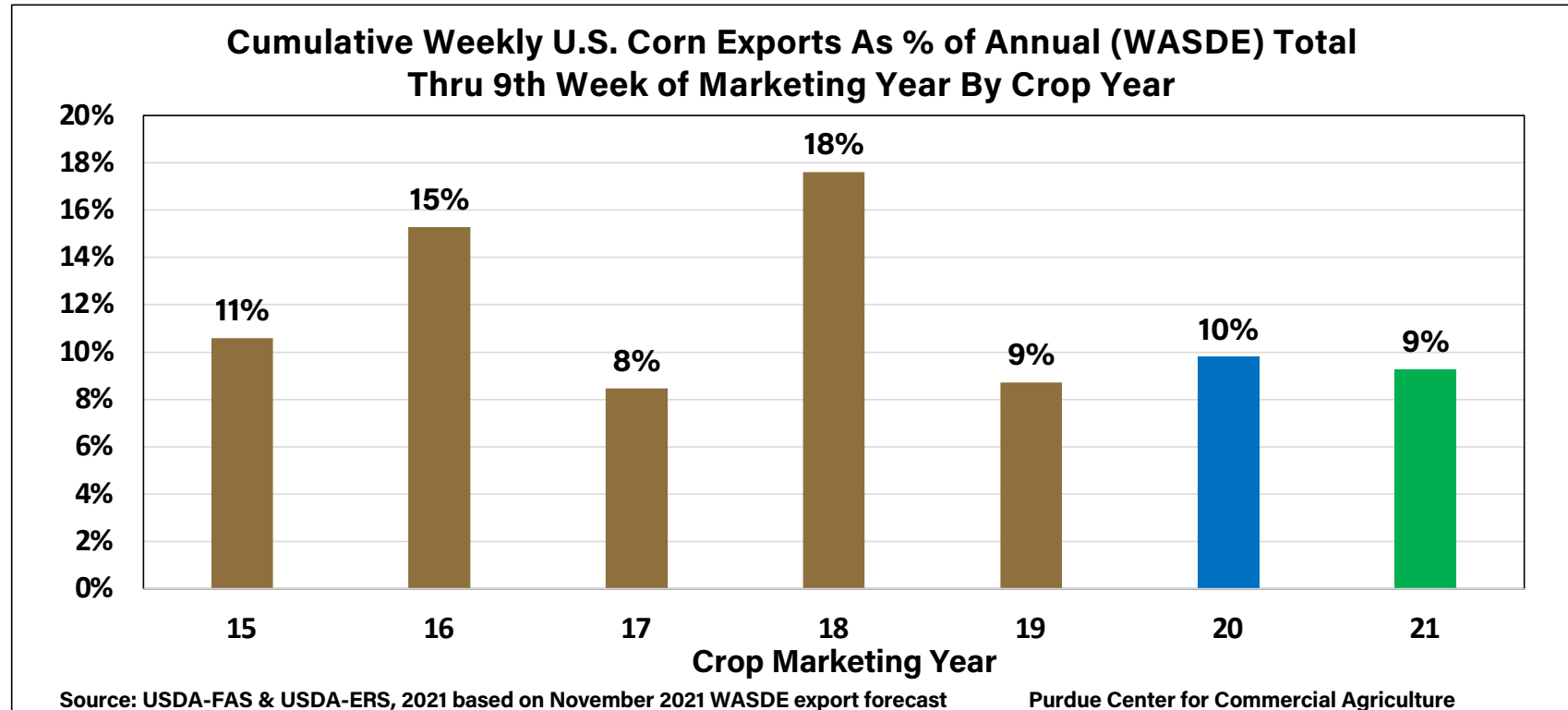
No Change In USDA's Corn Export Forecast This Month



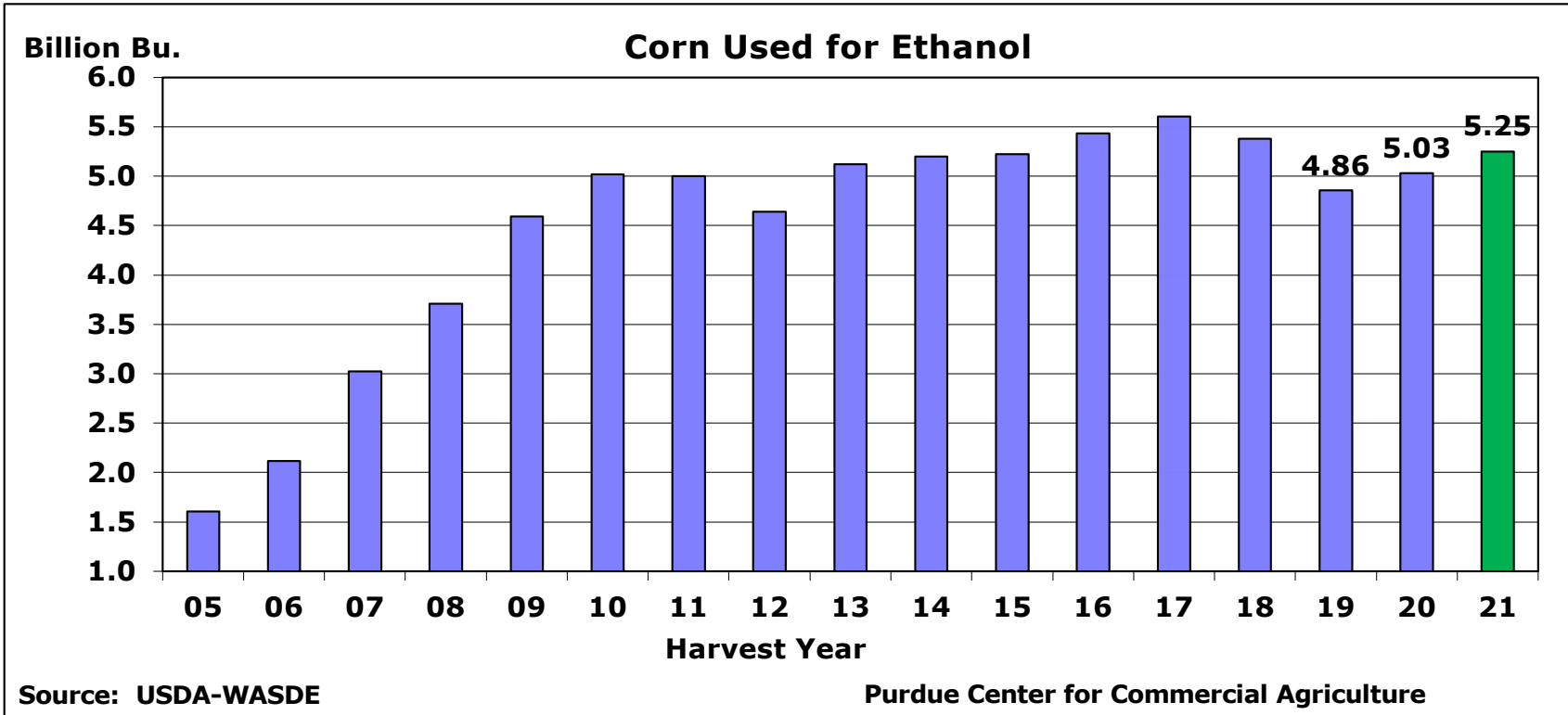
**Total Corn Export Commitments About 9% Below Last Year's Pace
But Commitments to China Ahead of Last year**



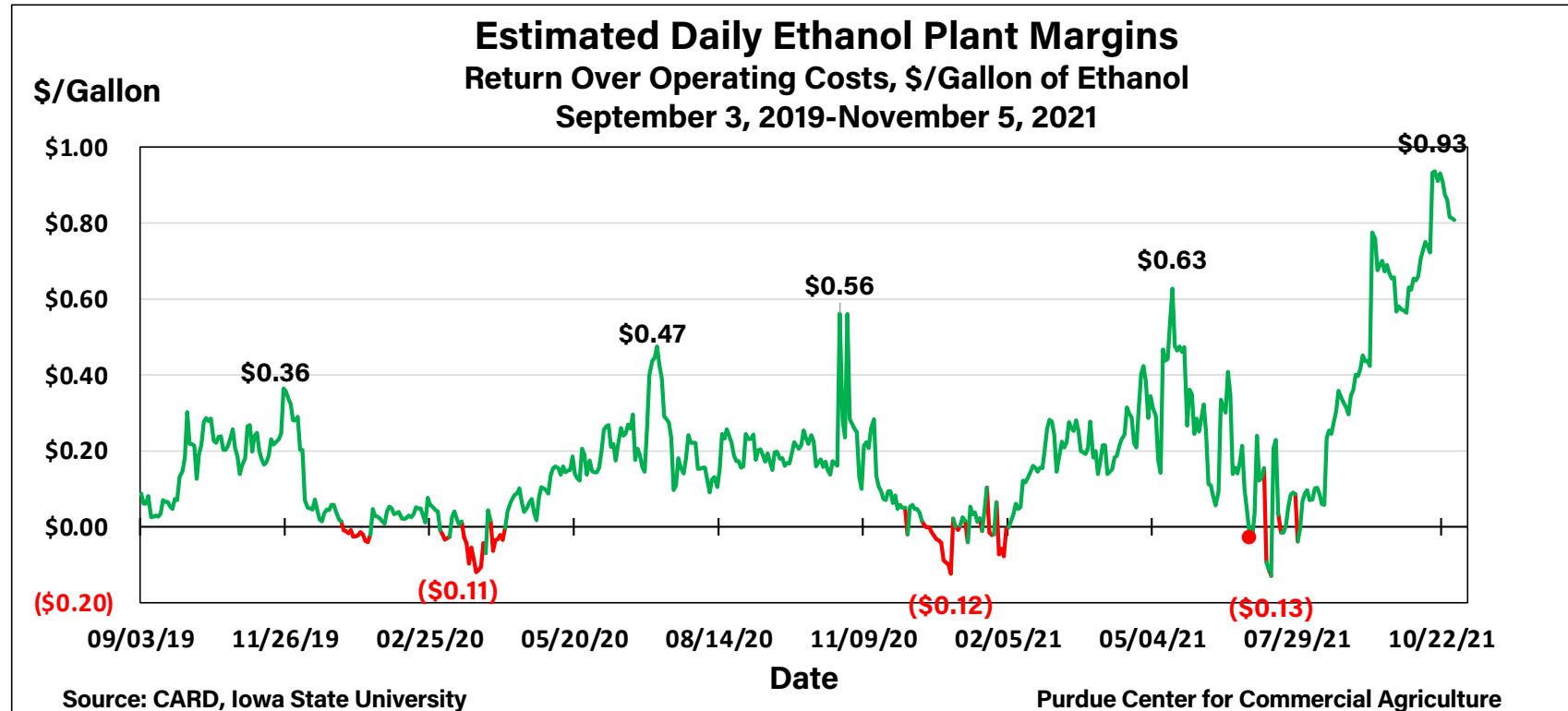
Corn Exports Tracking With USDA's Forecast



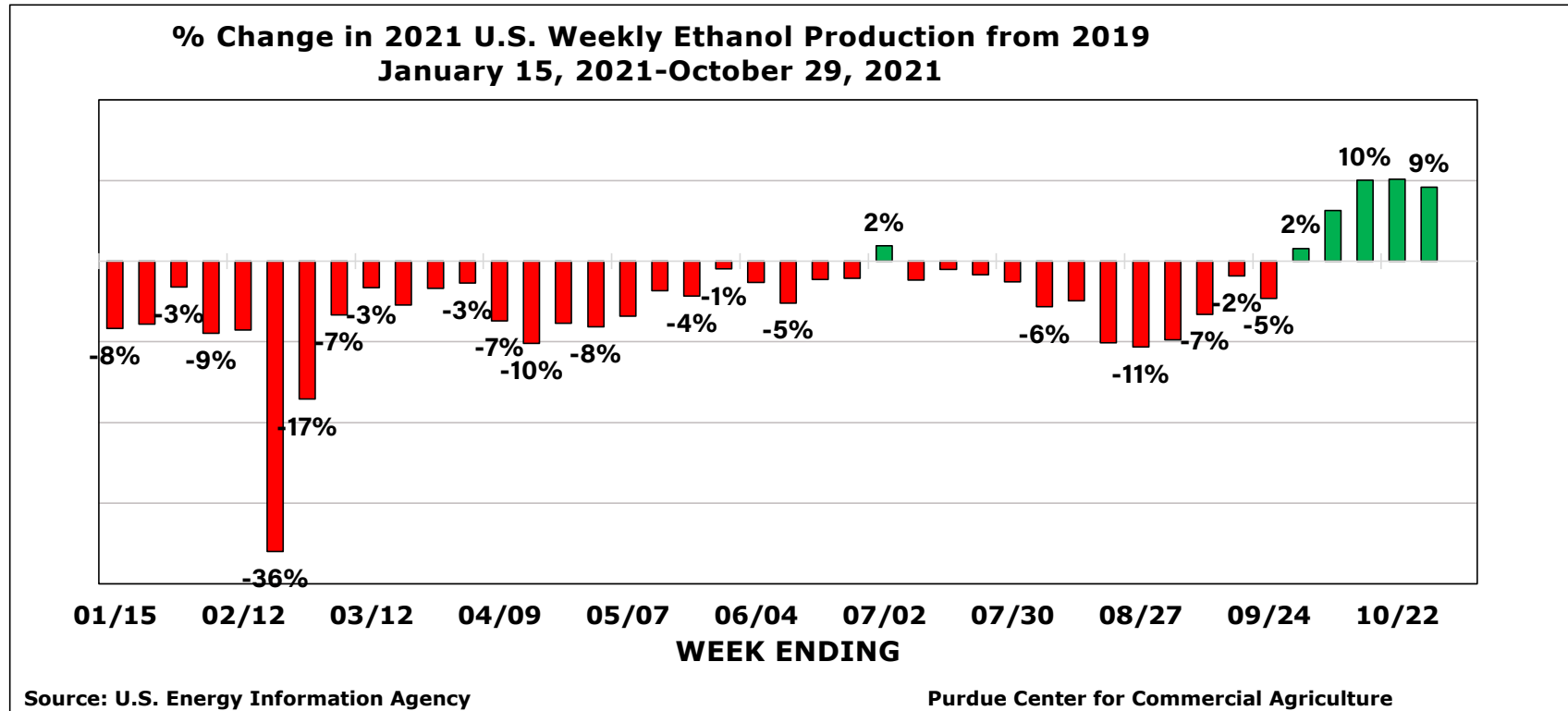
50 Million Bushel Increase in USDA's Forecast of 2021 Corn To Be Used for Ethanol Production



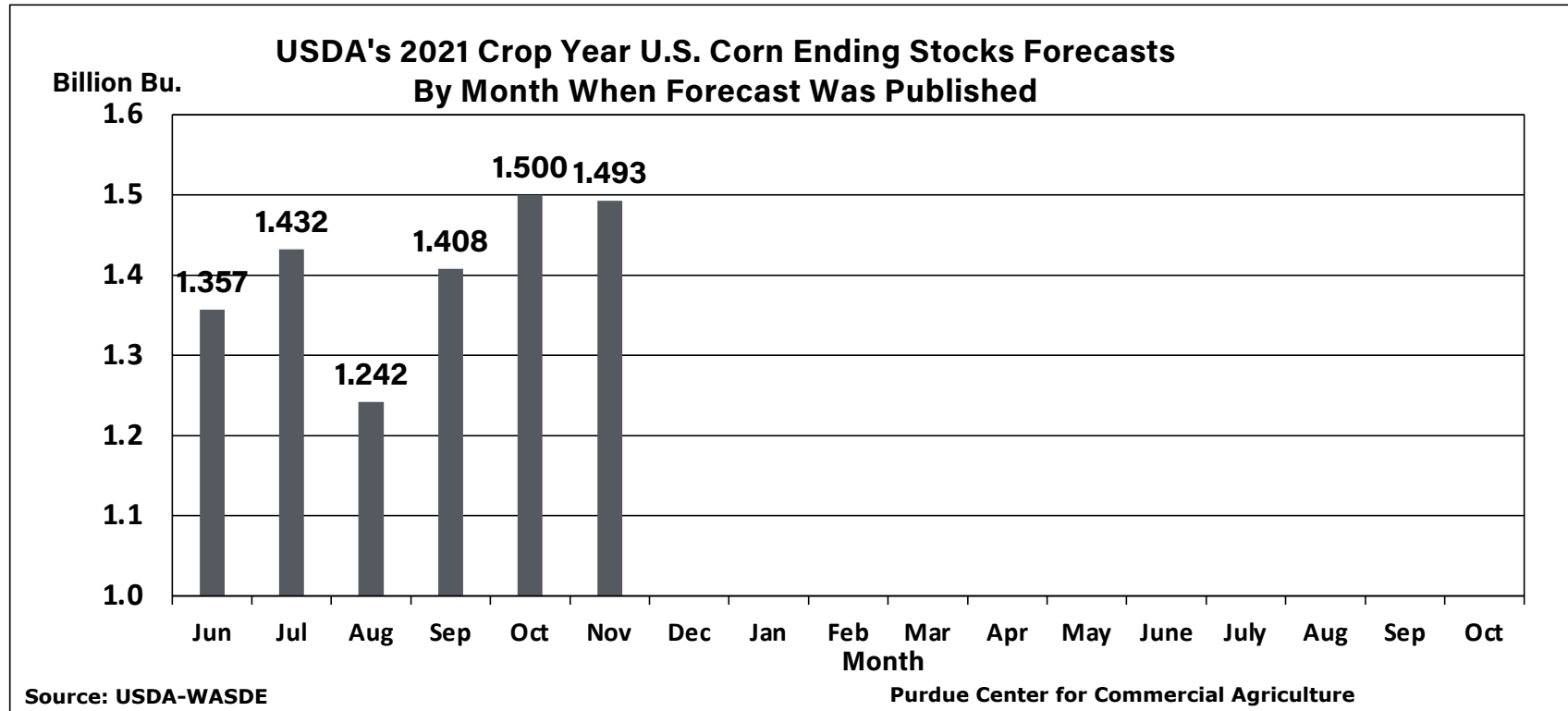
Ethanol Operating Margins Remain Very Strong



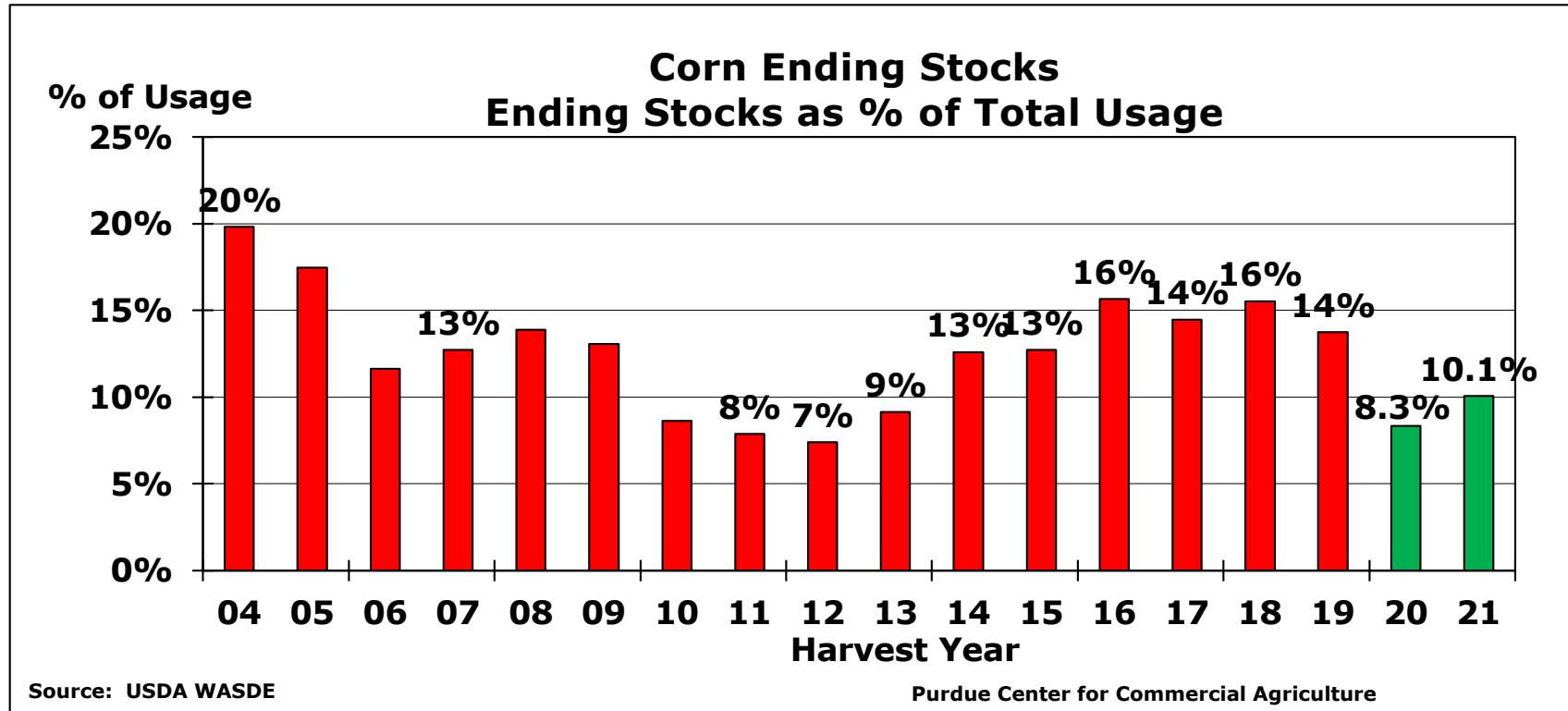
Strong Margins Have Pushed Ethanol Production Above Pre-Pandemic Levels



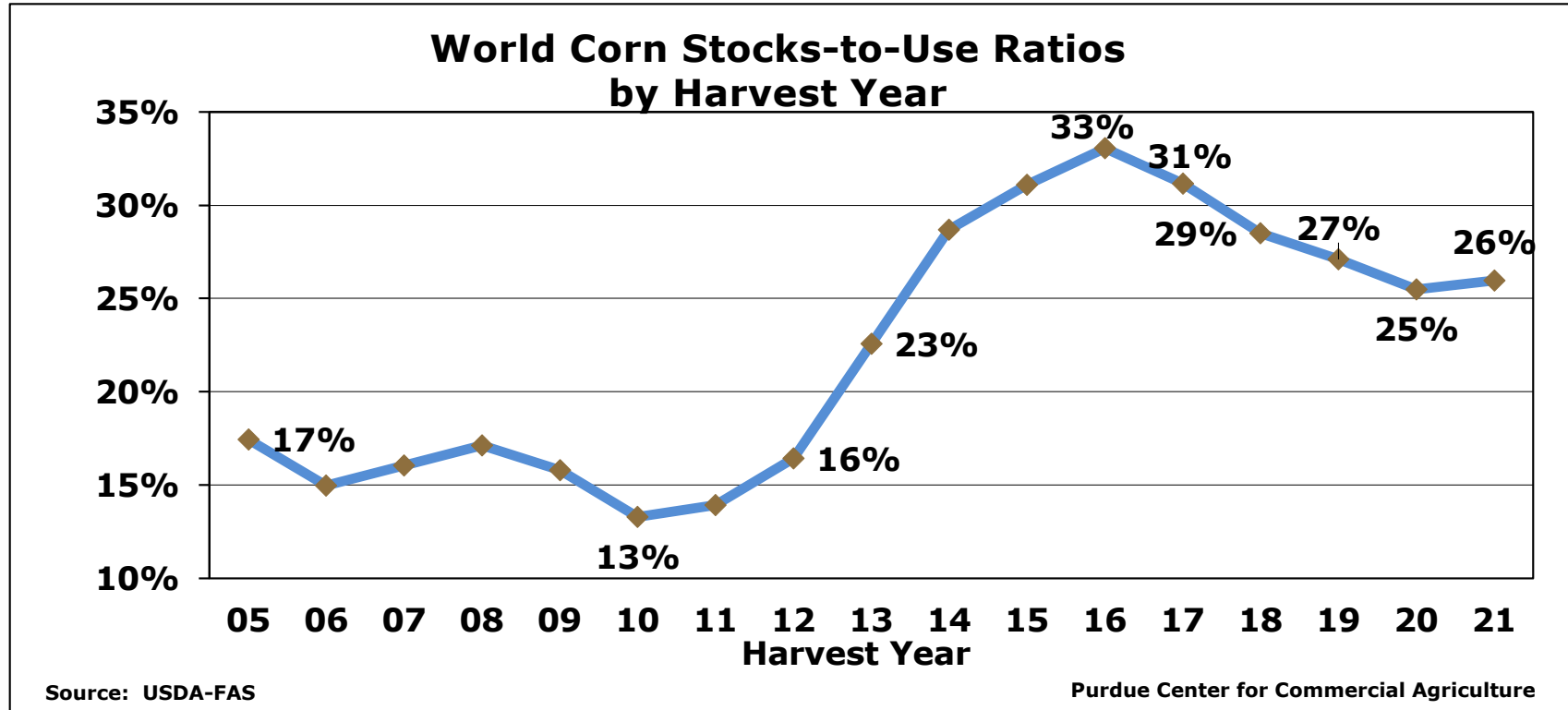
*This Month's Change in Usage Estimates Increased More Than Production...Resulting in Small Decrease in Ending Stocks
But Ending Stocks Estimate is Up 251 Million Bushels Since August Report*



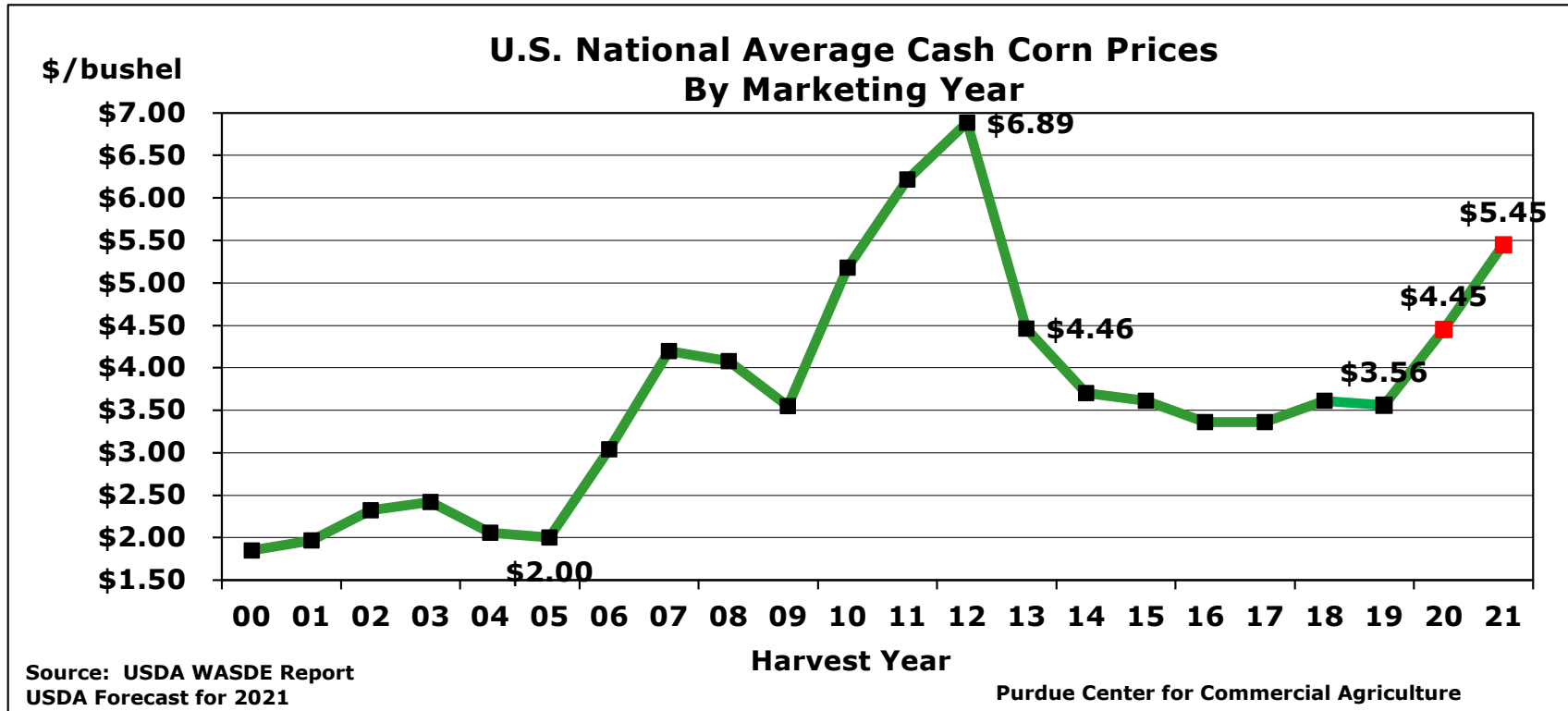
Ending Stocks as % of Usage Unchanged from October Report



World Stocks/Use Ratio Increased to 26% vs. 25% Last Month

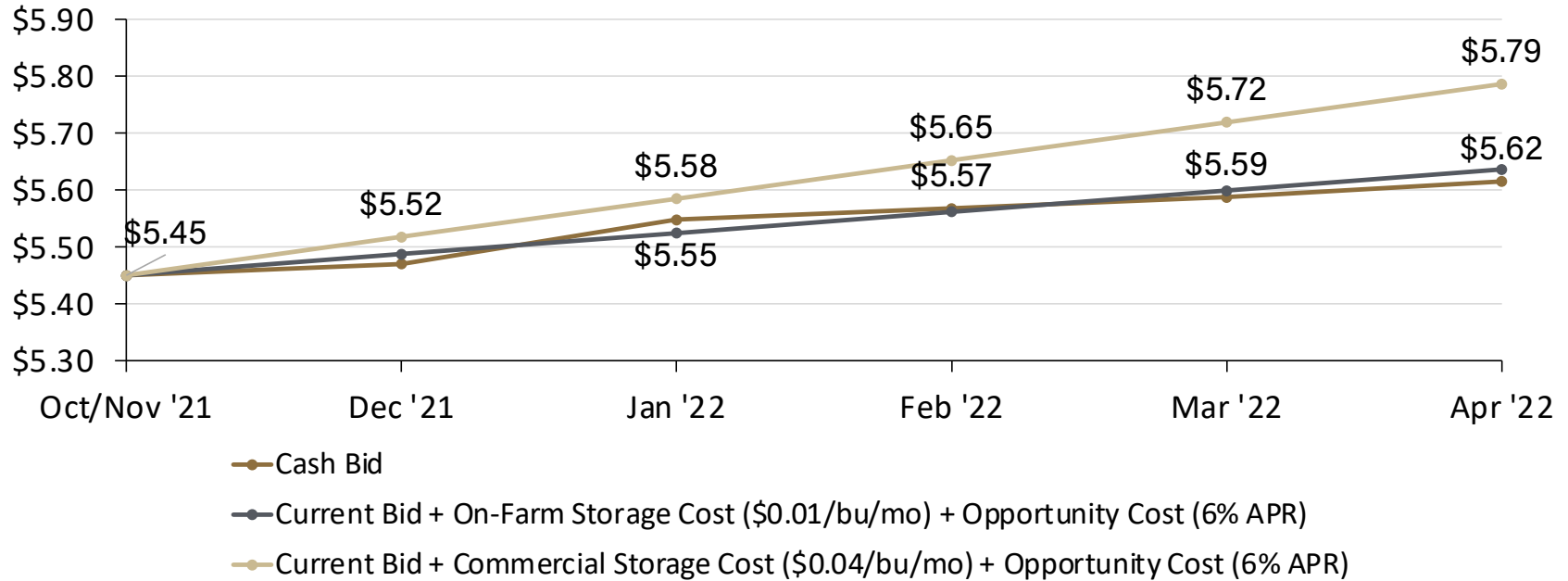


No Change in USDA's 2021 Corn Crop MYA Price This Month...



Storage opportunities for corn?

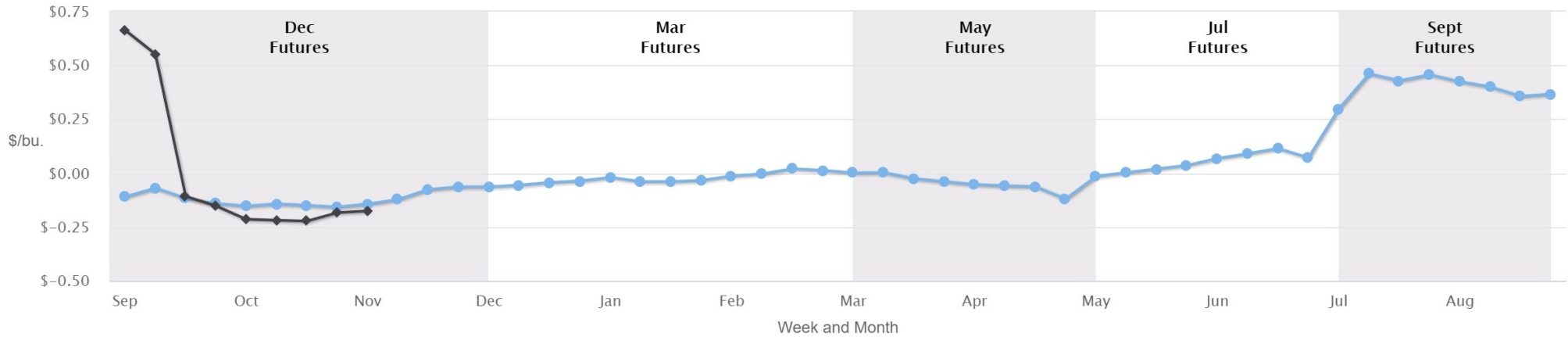
Cash Forward Contract Corn Bids Central Indiana



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>

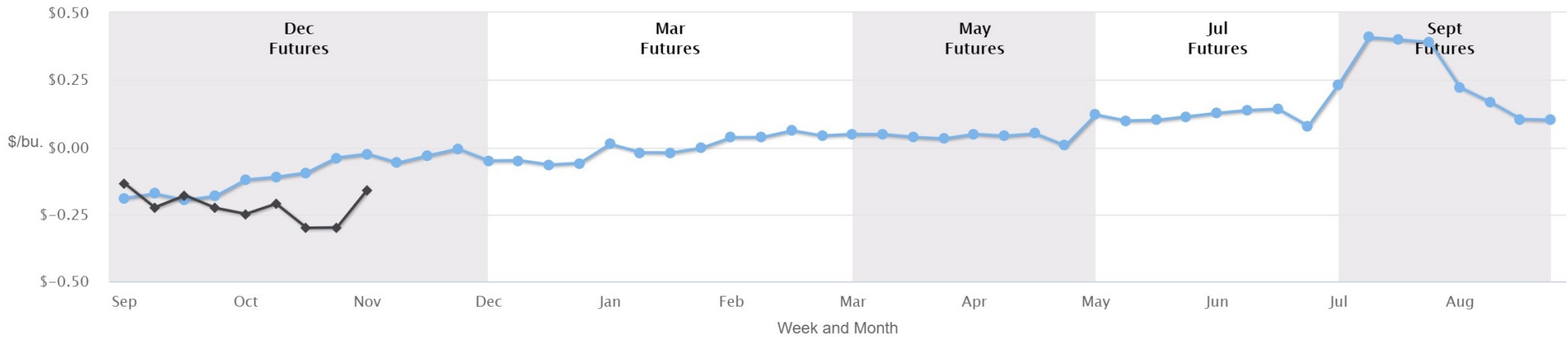


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Corn basis - Southwest Indiana - 3 year average

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



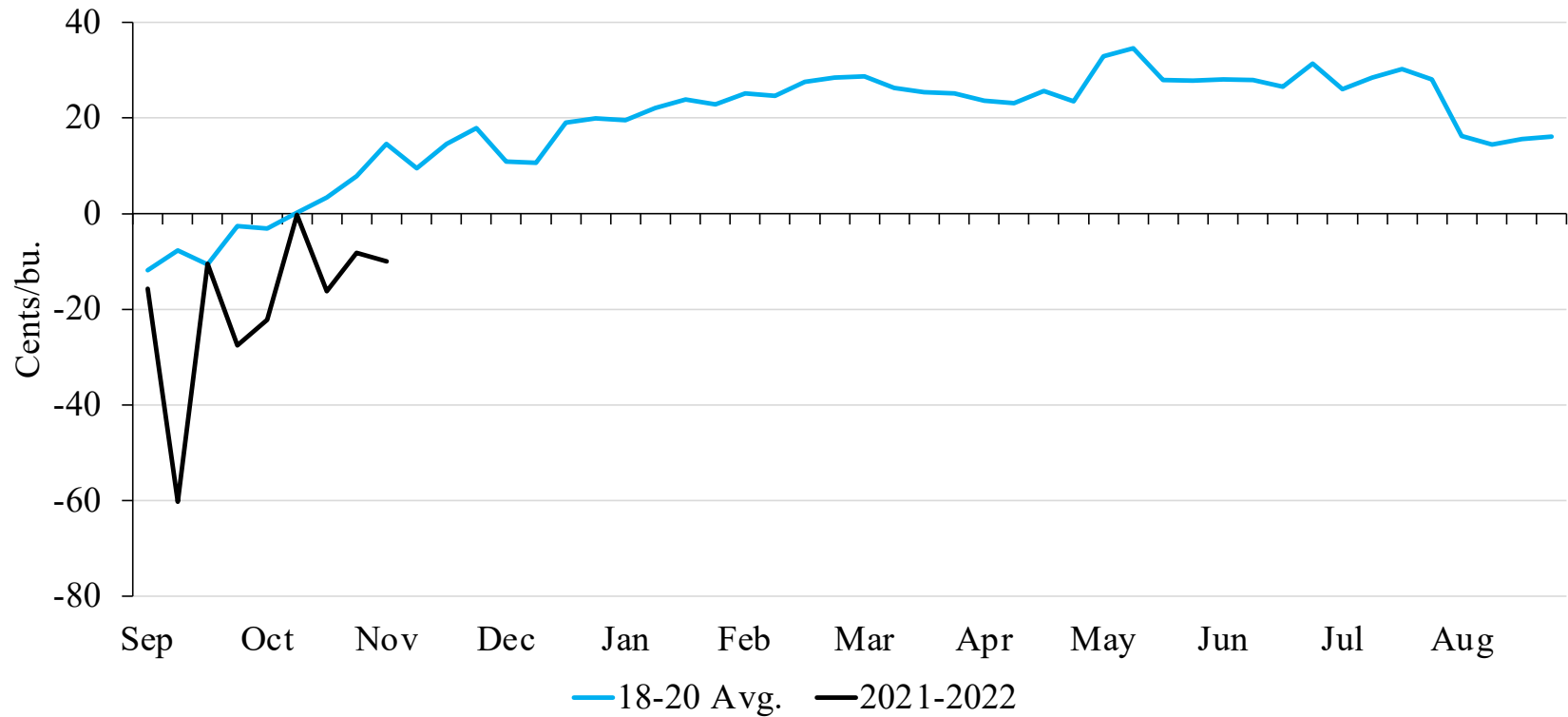
—●— Historical Nearby Basis, Avg of Selected Crop Years —◆— 2021-2022 Regional Nearby Basis

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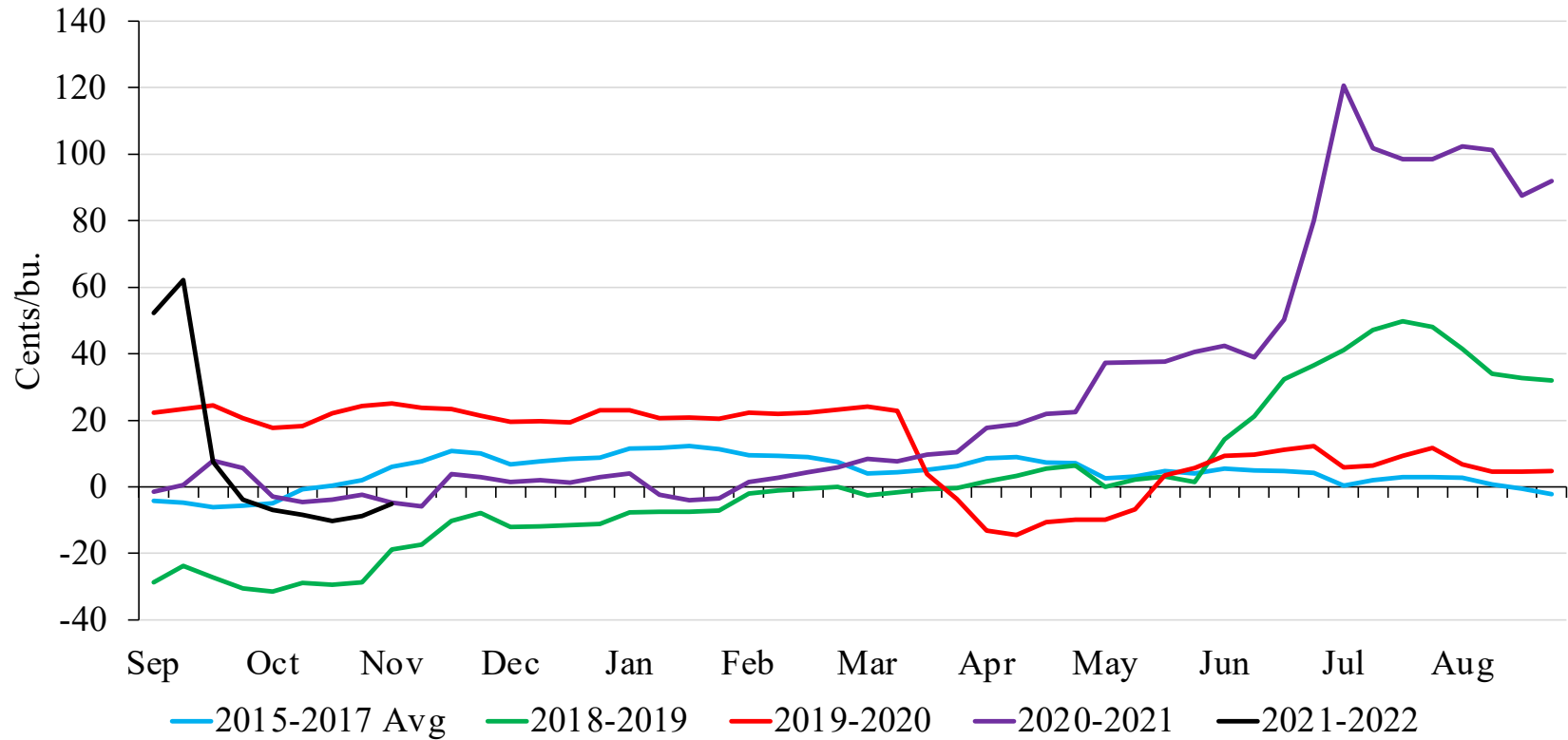


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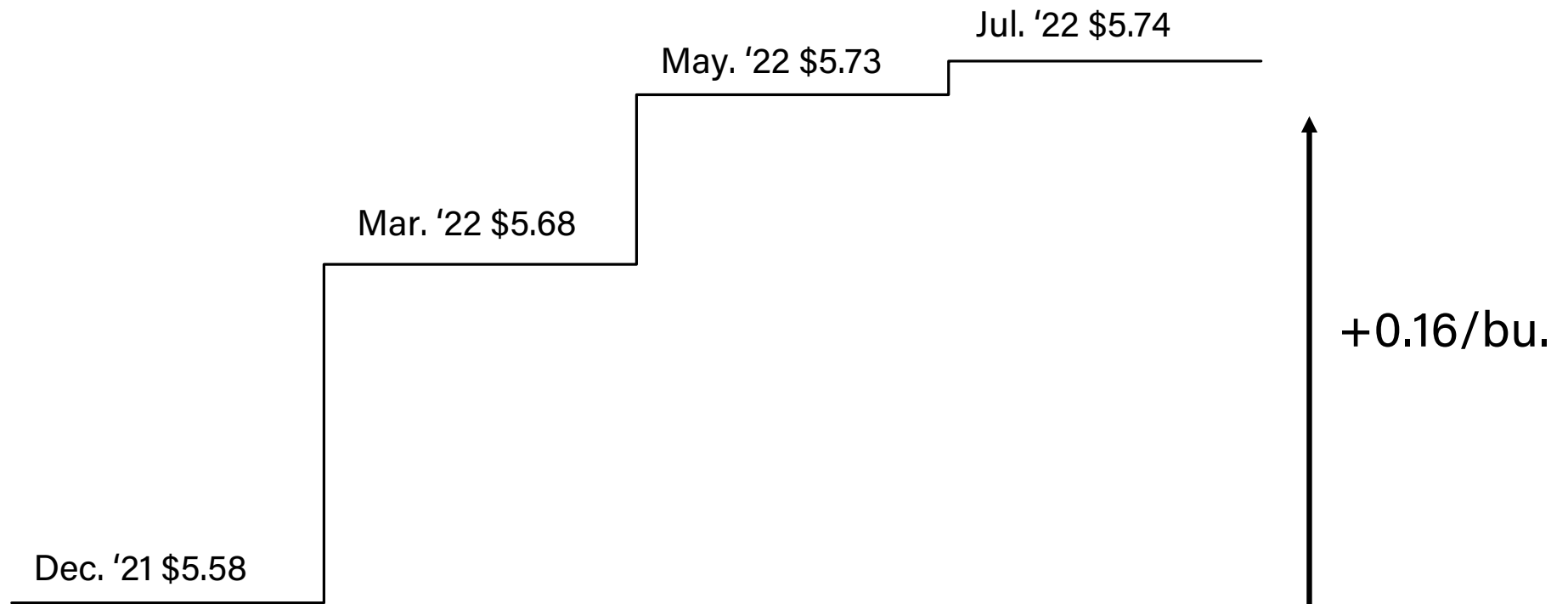
Corn MS River basis-West Memphis, AR



Indiana ethanol plant basis



Corn futures price spreads

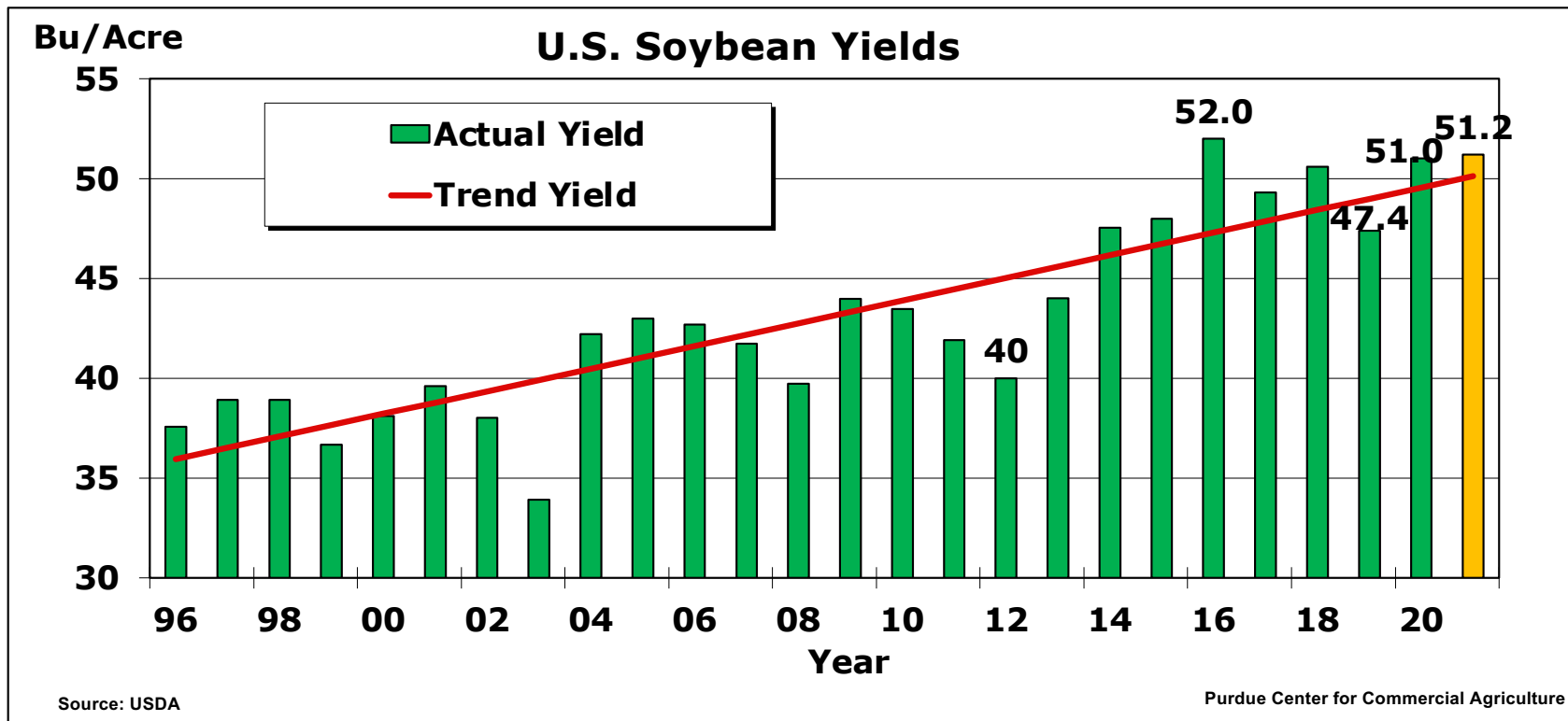


New crop corn opportunities?

CBOT Mar. '22 Corn futures	\$5.68
<u>Expected corn basis January '22 in Central IN</u>	<u>-\$0.05</u>
Expected January cash price	\$5.63/bu.

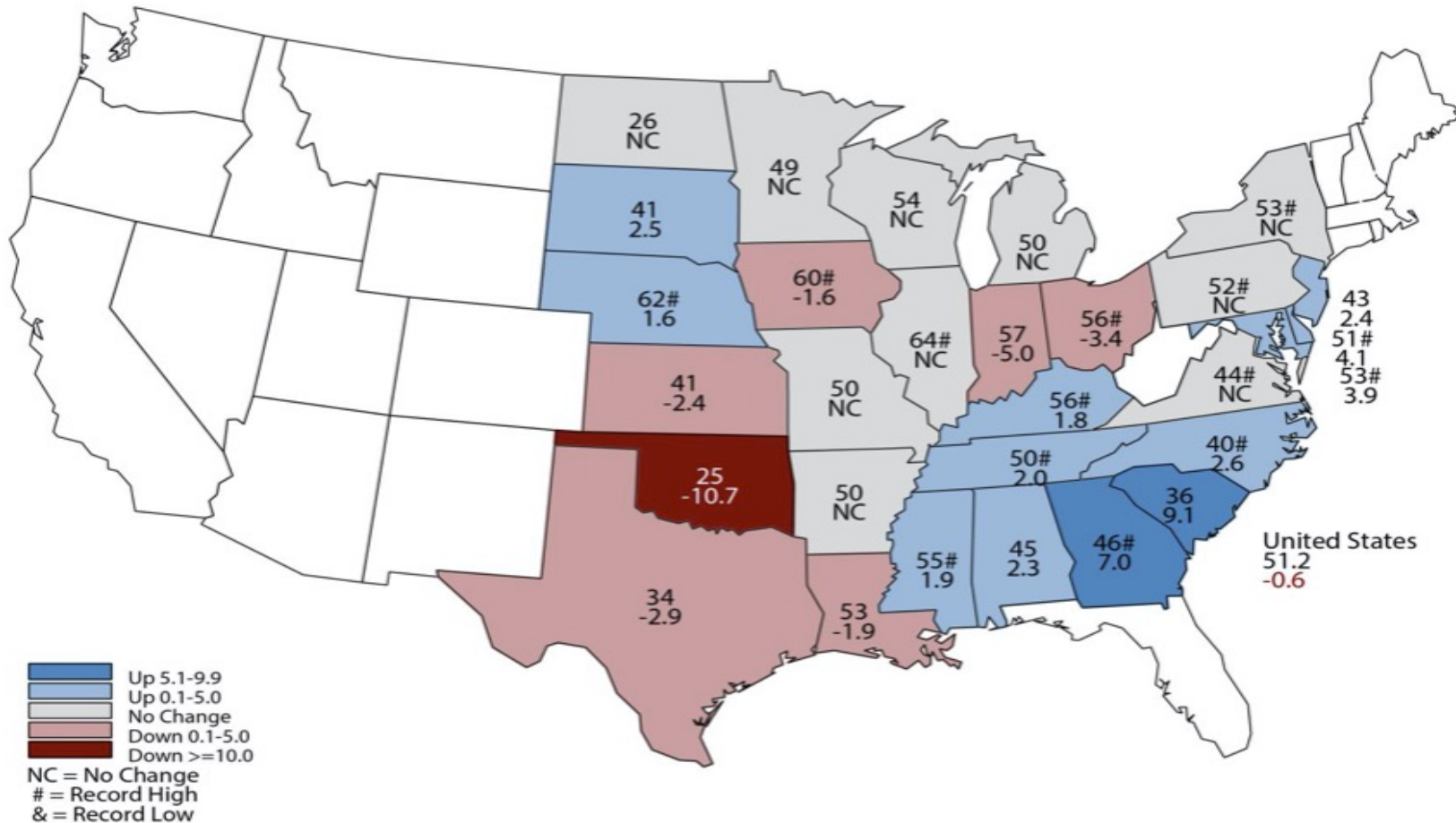
- Think in terms of risk management
- How can you protect favorable price opportunities while leaving open upside potential?

USDA Reduced the 2021 Yield Estimate by 0.3 bushels per acre

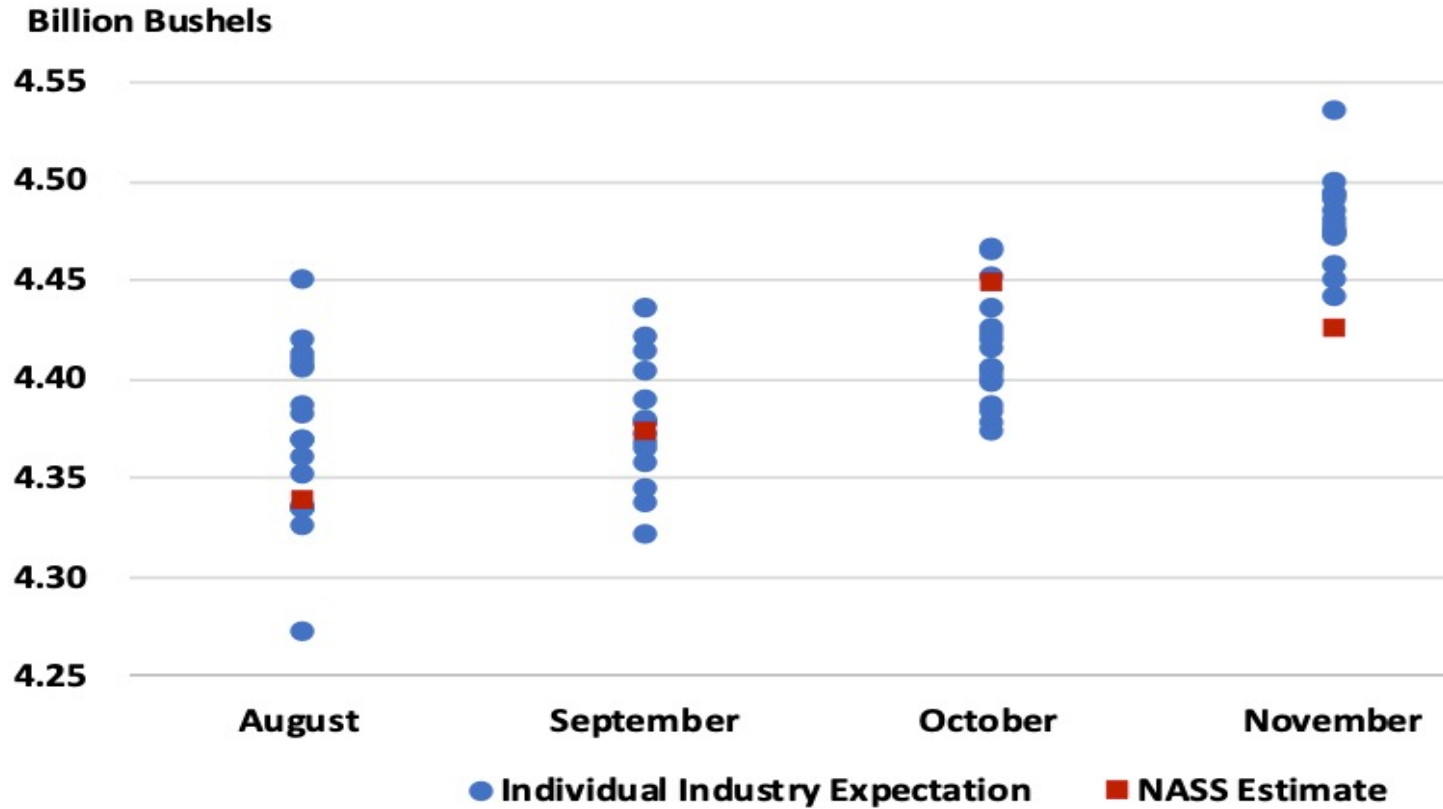


NOVEMBER 2021 SOYBEAN YIELD

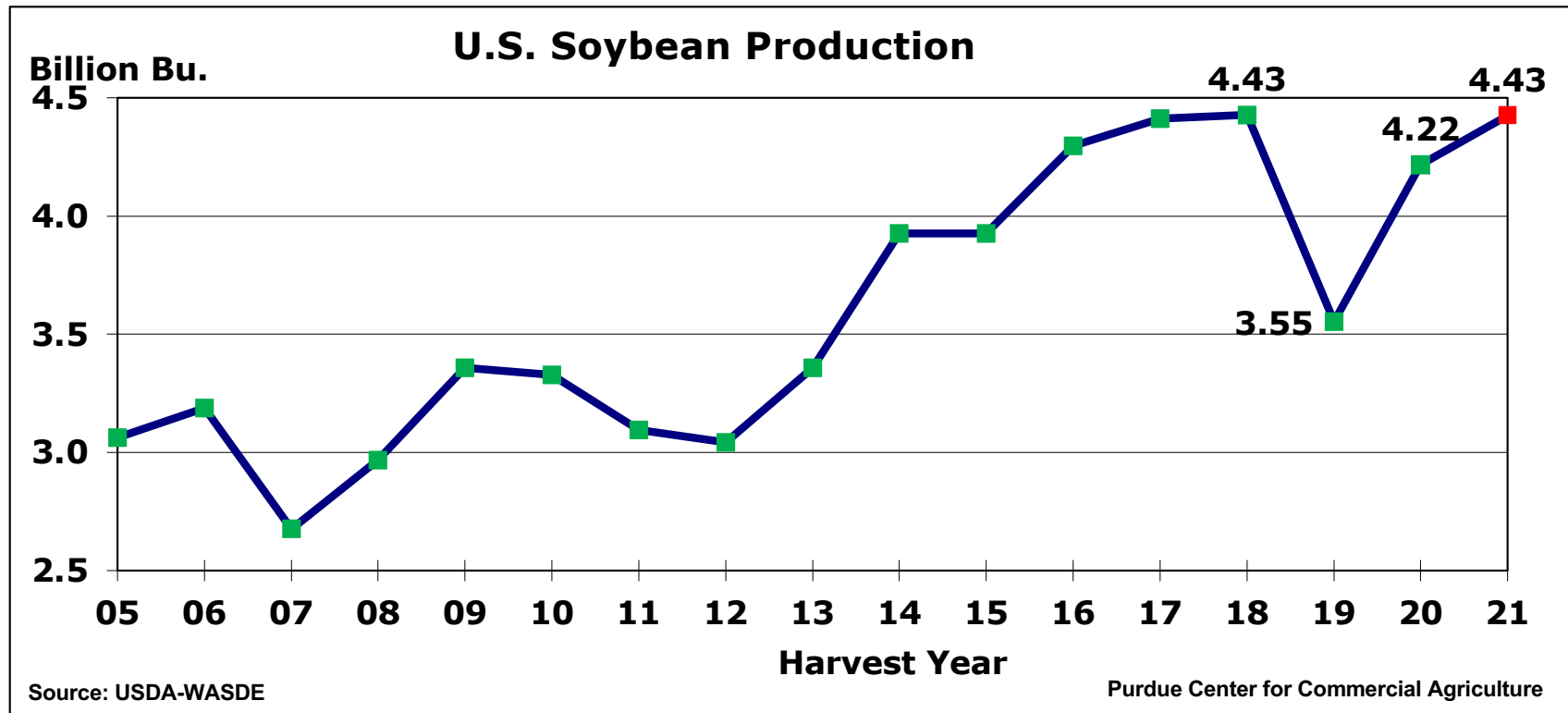
BUSHEL AND PERCENT CHANGE FROM PREVIOUS MONTH



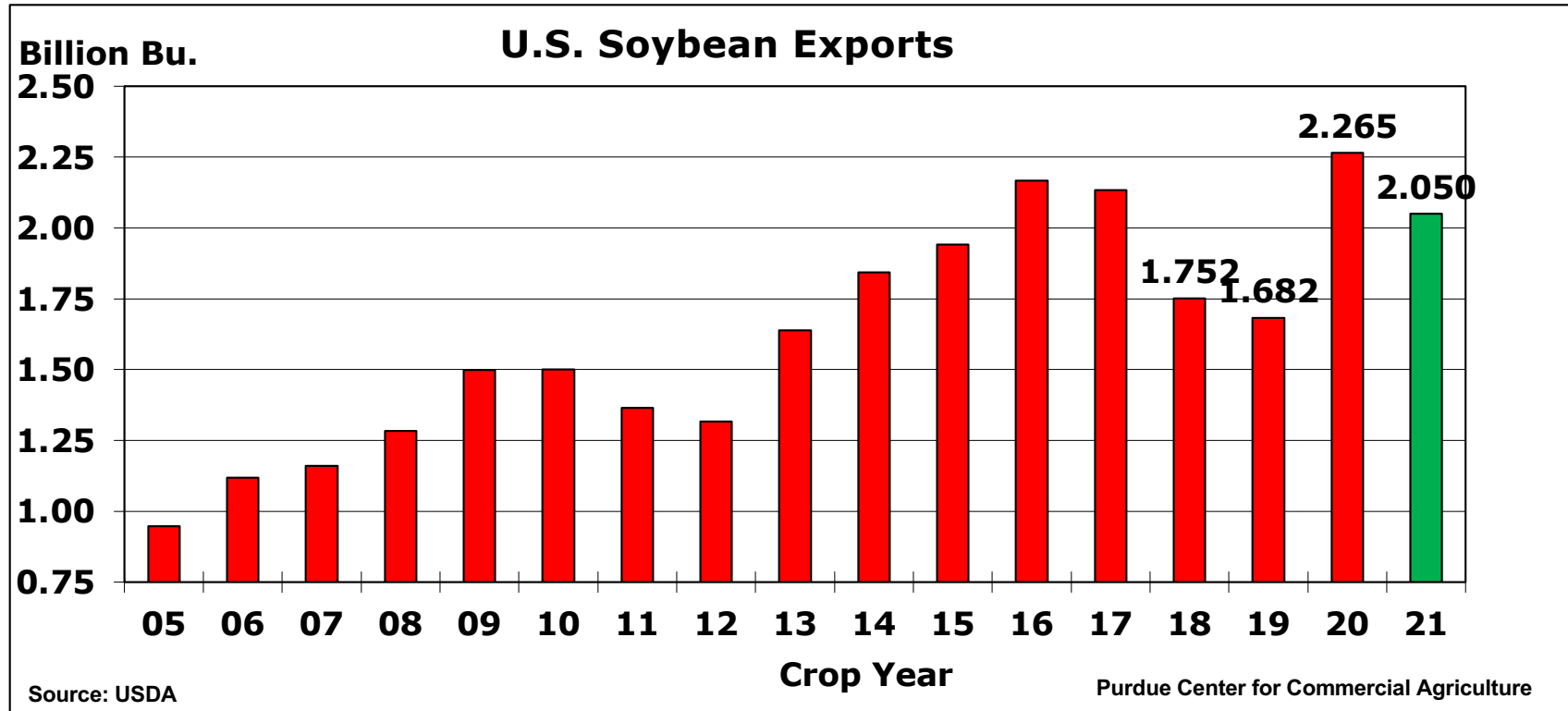
2021 U.S. Soybean Production: USDA's Estimate Was Lower Than Trade Expected



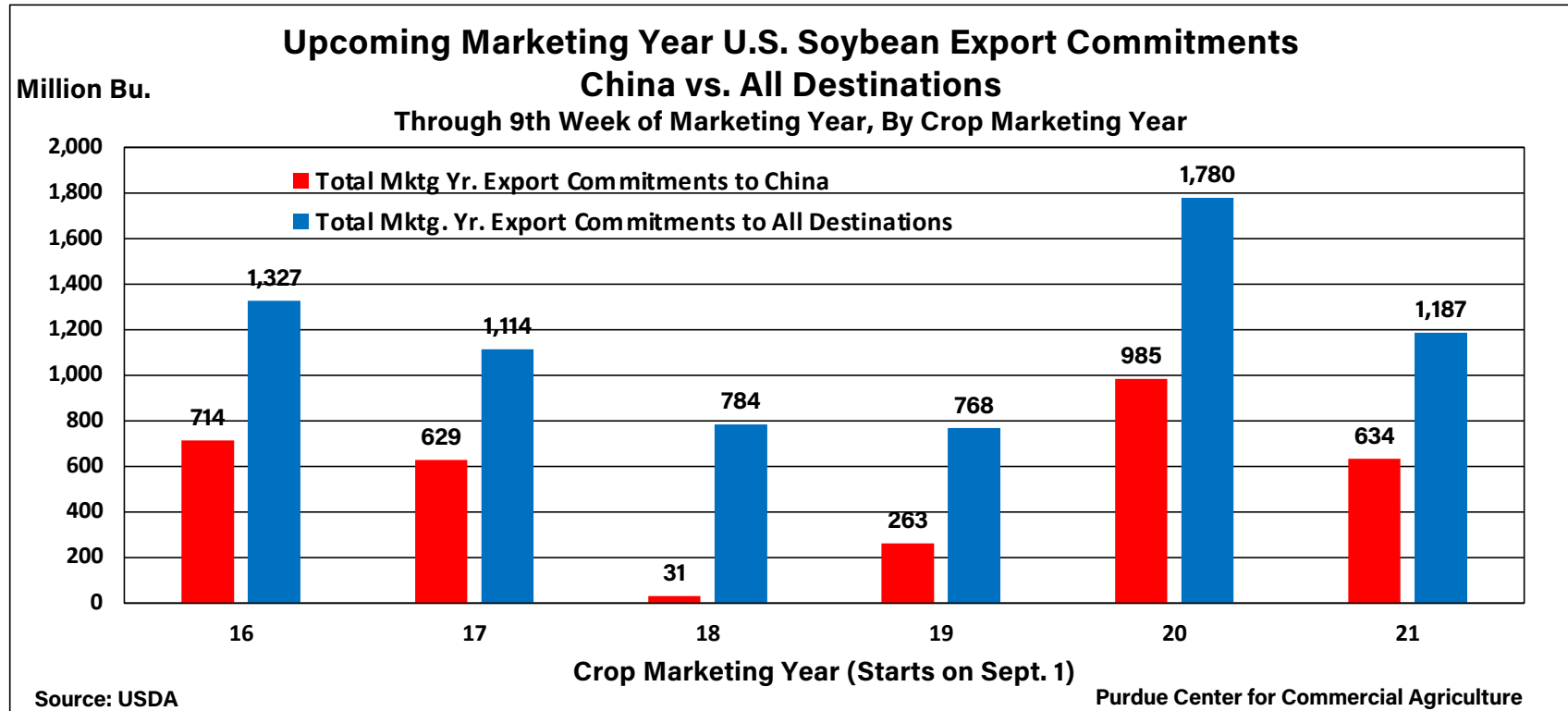
Small Yield Decrease Pulls the 2021 Crop Back Into a Tie With 2018 for Largest Crop On Record



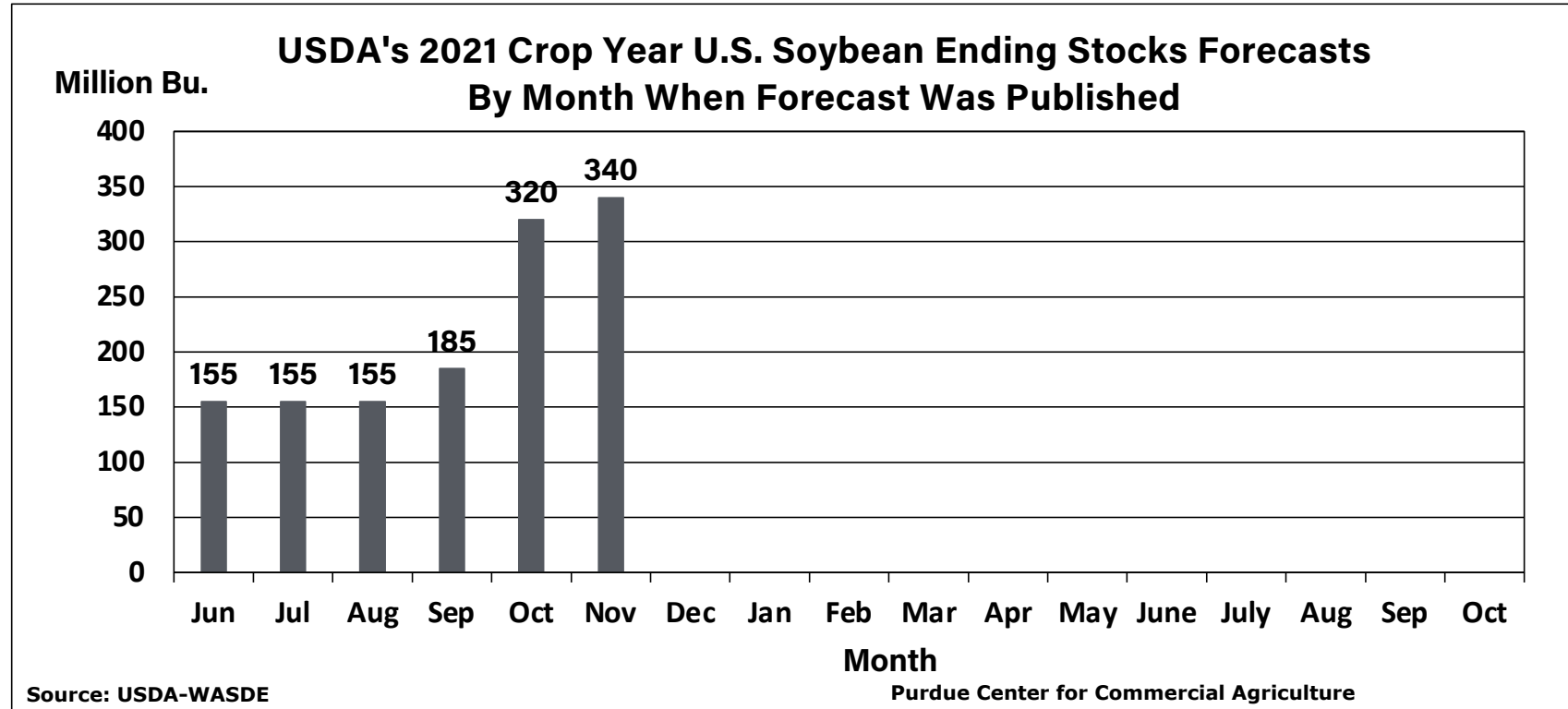
In November USDA Reduced the 2021 Crop Soybean Export Forecast by 40 Million Bu. Compared to October Forecast



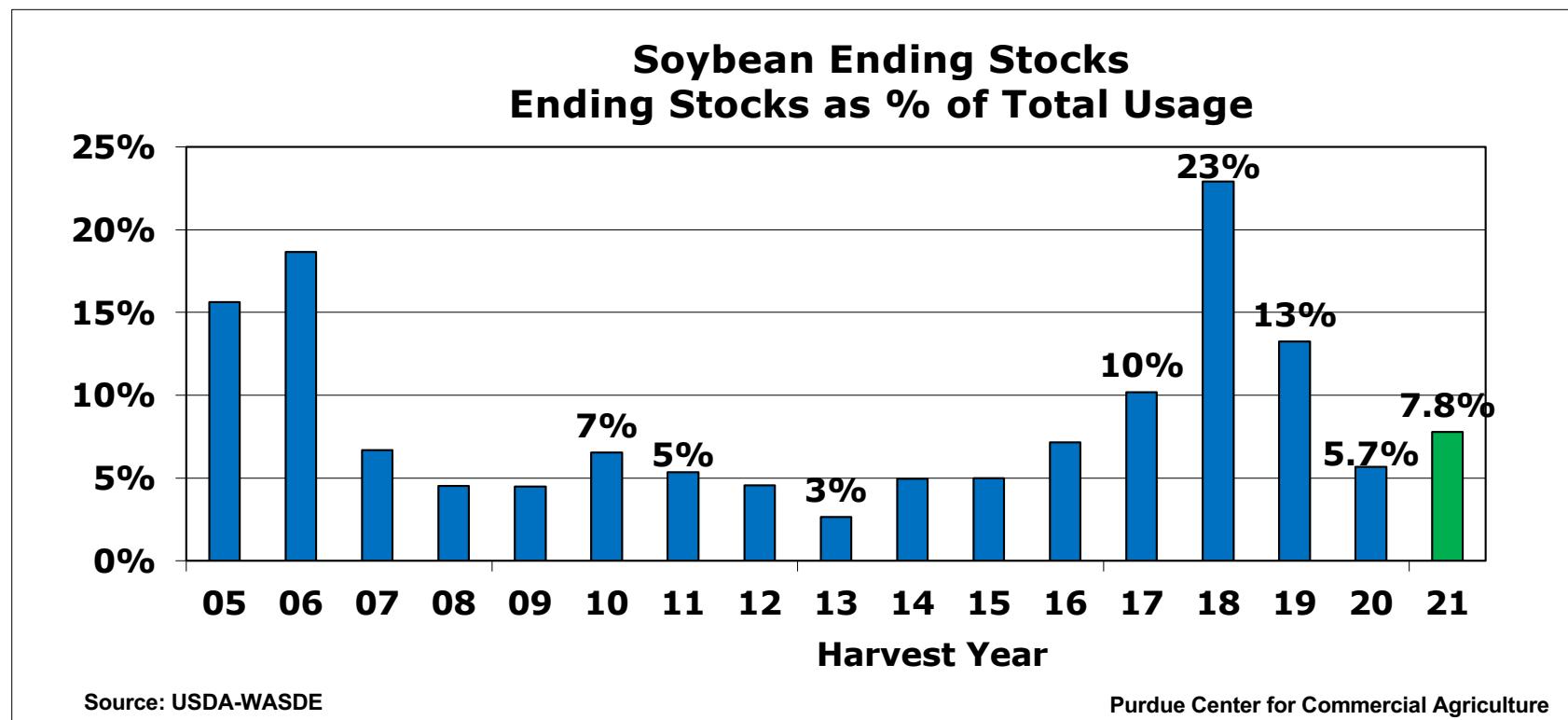
*To date, Total Export Commitments Running 33% Below Last Year
Reduced Export Commitments to China Account for 59% of the Reduction in Total Export Commitments*



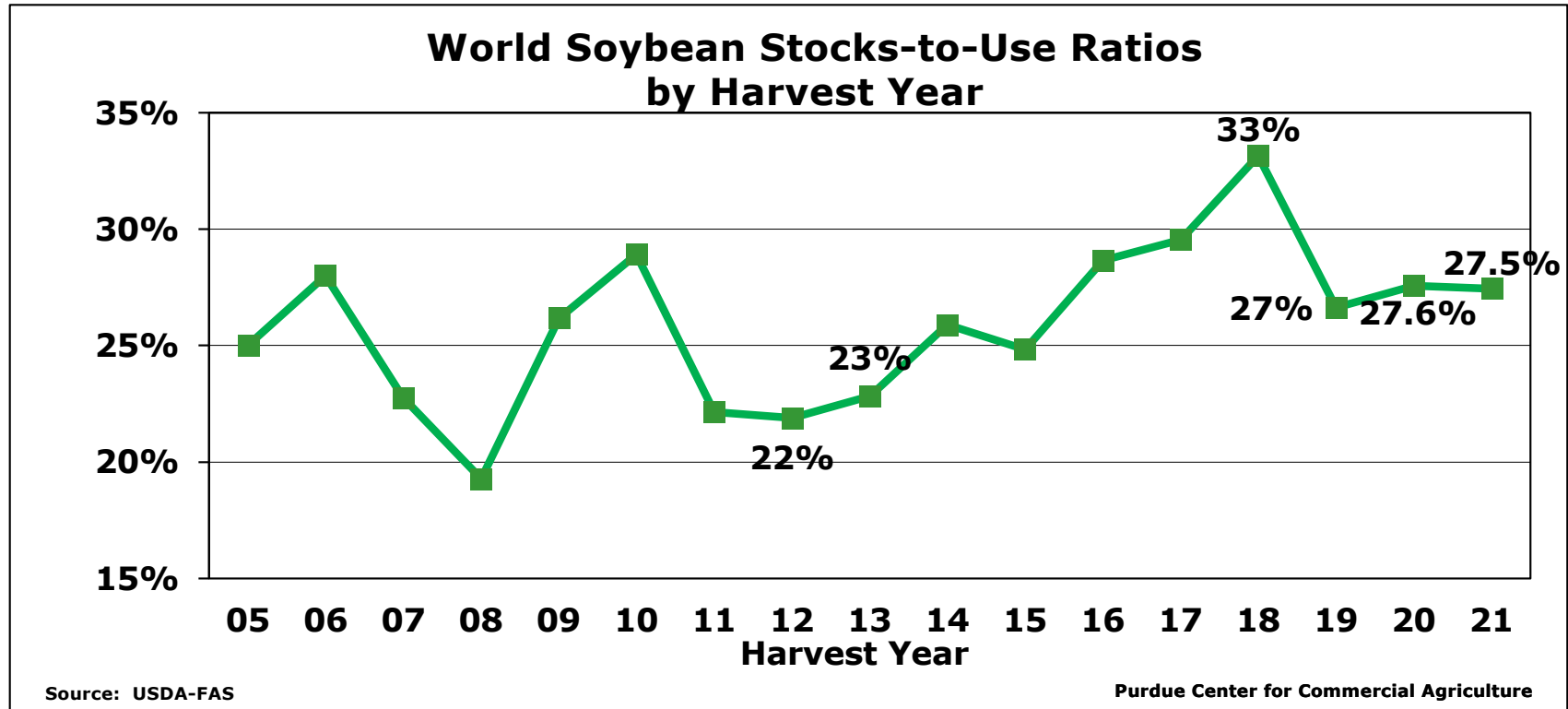
Since August the 2021 Ending Stocks Forecast Has More Than Doubled



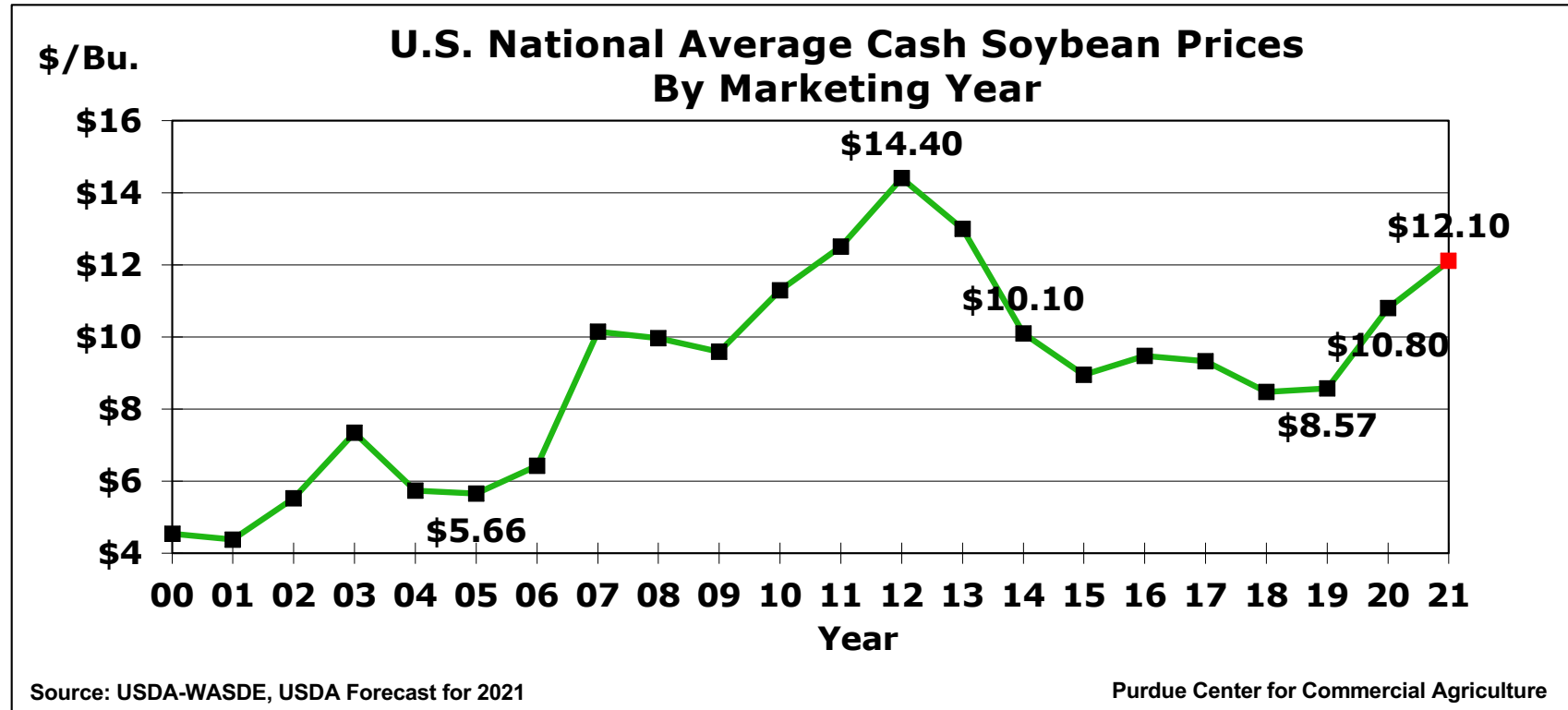
2021 Crop Ending Stocks As % of Usage Approaching 8%



World Stocks Estimate Slipped to 27.5% vs. 27.7% on October Report

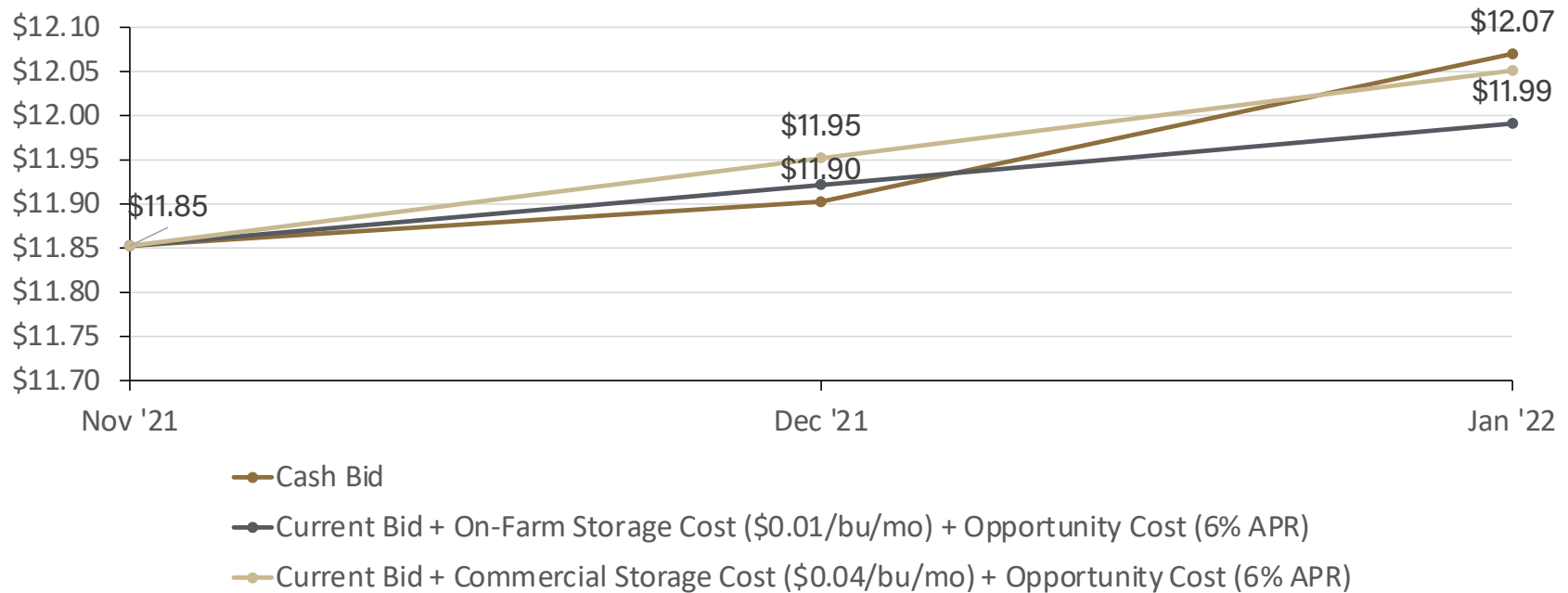


*USDA Reduced MYA Price Again in November Report, This Month's Reduction was \$0.25/bu.
November's MYA Forecast is now \$1.60 Lower Than Projected By USDA in the August Report*



Storage opportunities for soybeans?

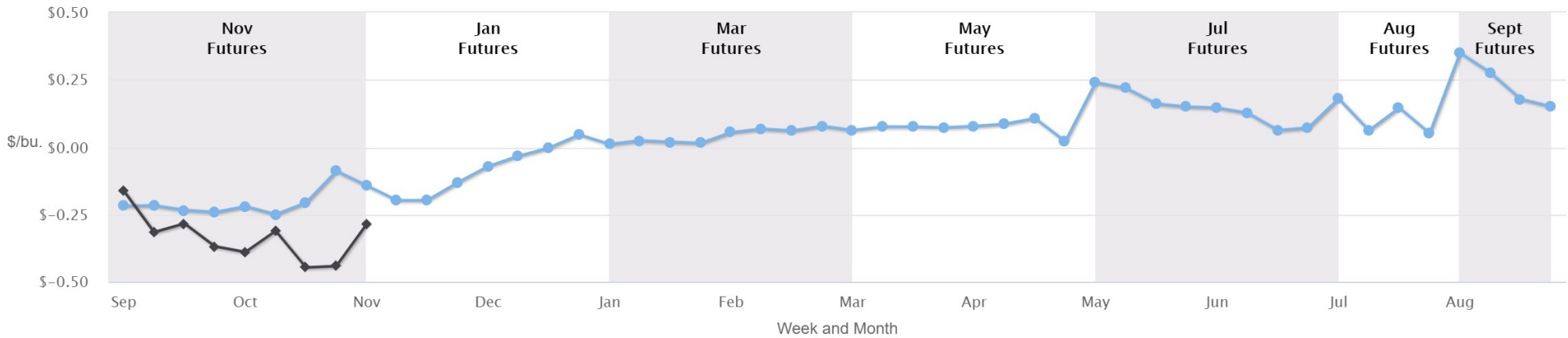
Cash Forward Contract Soybean Bids Central Indiana



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]
 vs. Current Crop Year



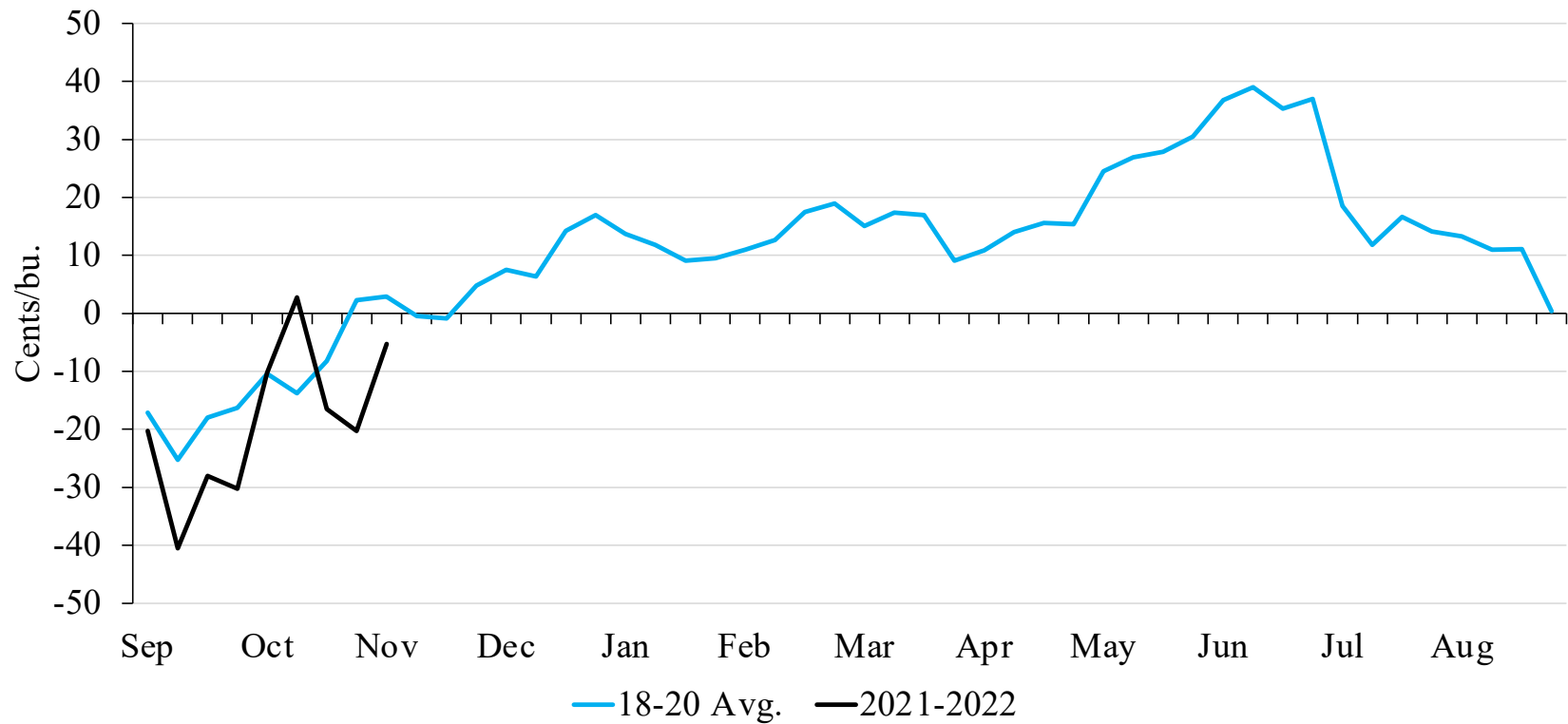
● Historical Nearby Basis, Avg of Selected Crop Years ◆ 2021-2022 Regional Nearby Basis

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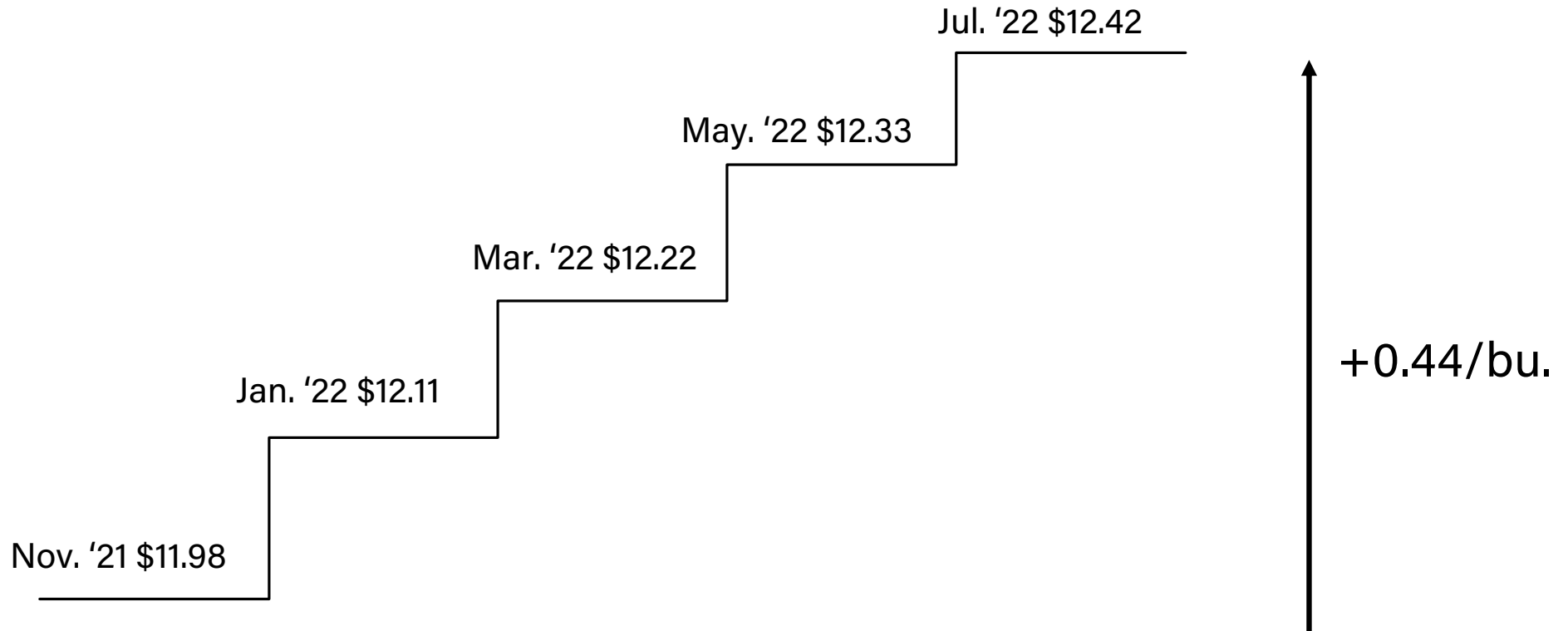


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Soybean MS River basis-West Memphis, AR



Soybean futures price spreads



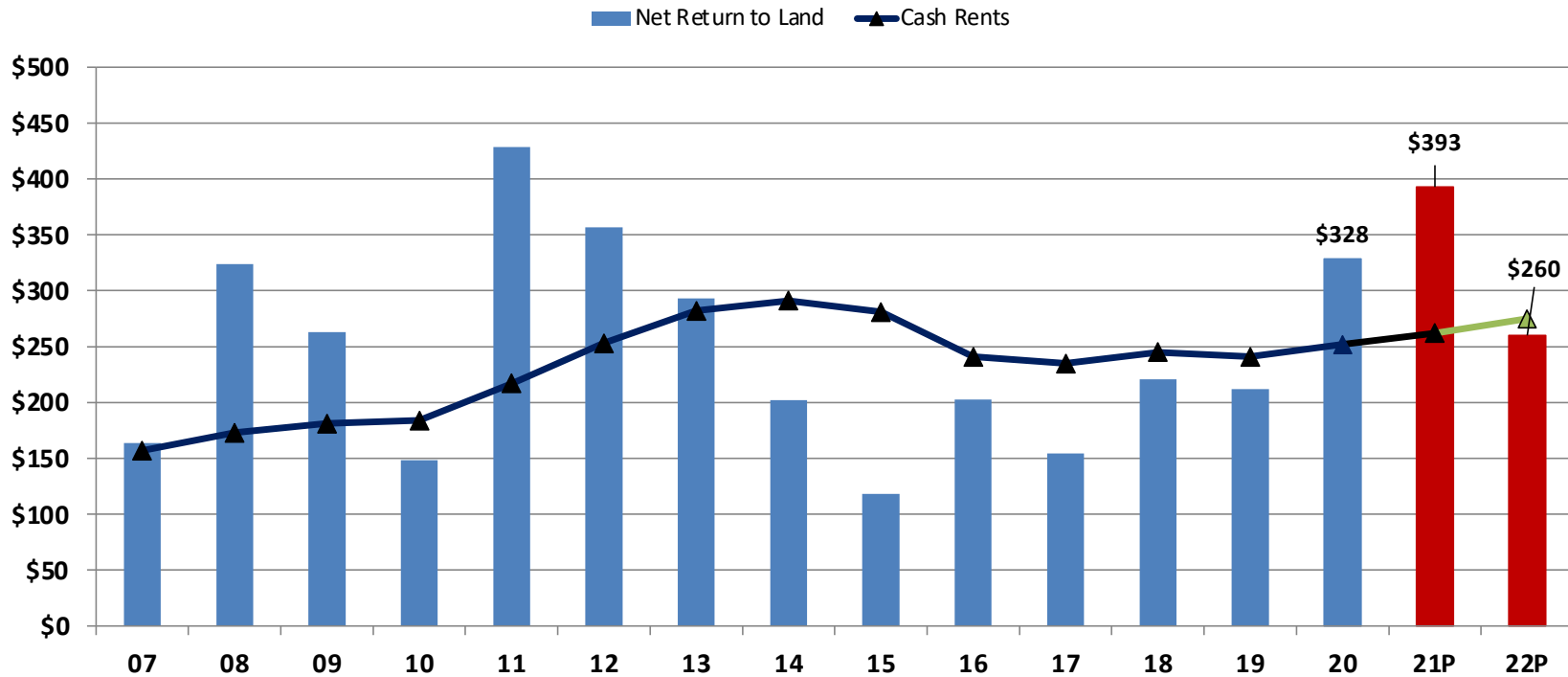
New crop soybean opportunities?

CBOT Mar. '22 Soybean futures	\$12.22
<u>Expected soybean basis January '22 in Central IN</u>	<u>-\$0.10</u>
Expected January cash price	\$12.12/bu.

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

Still Some Upward Pressure on Cash Rents

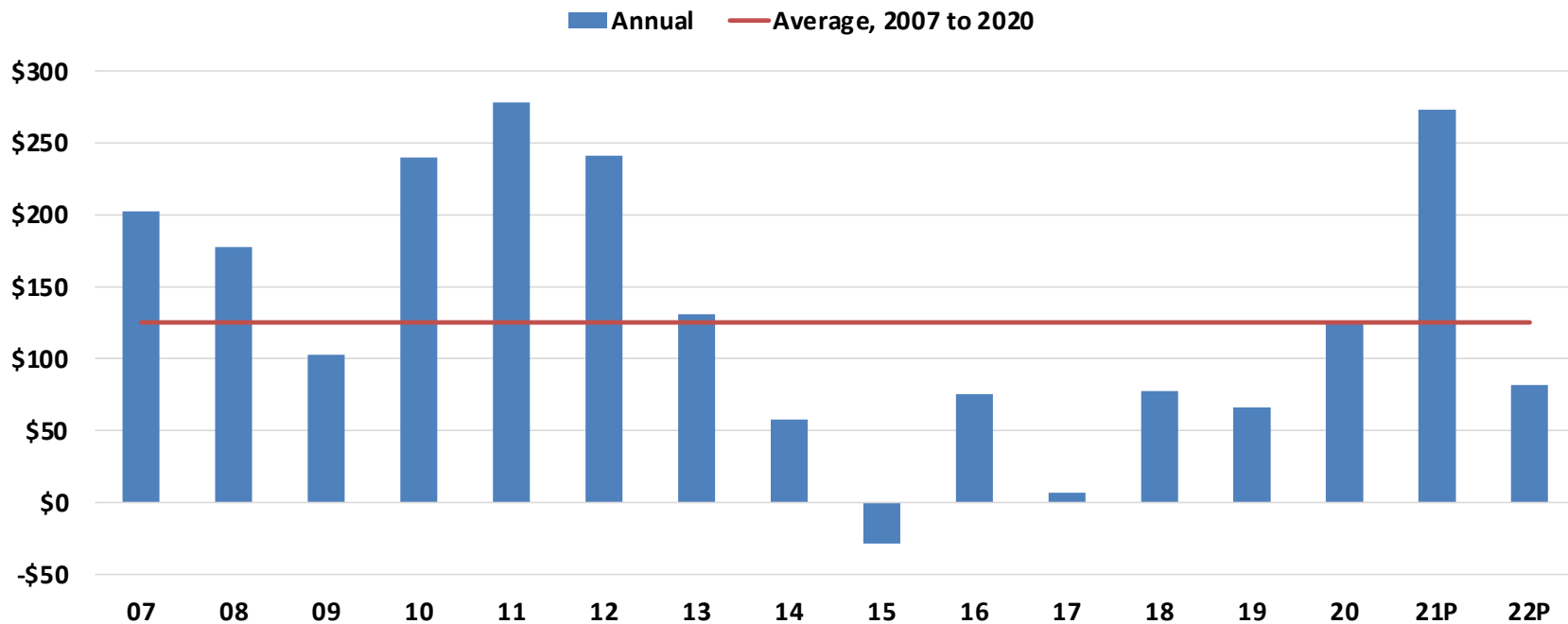
Cash Rent and Net Return to Land, West Central Indiana



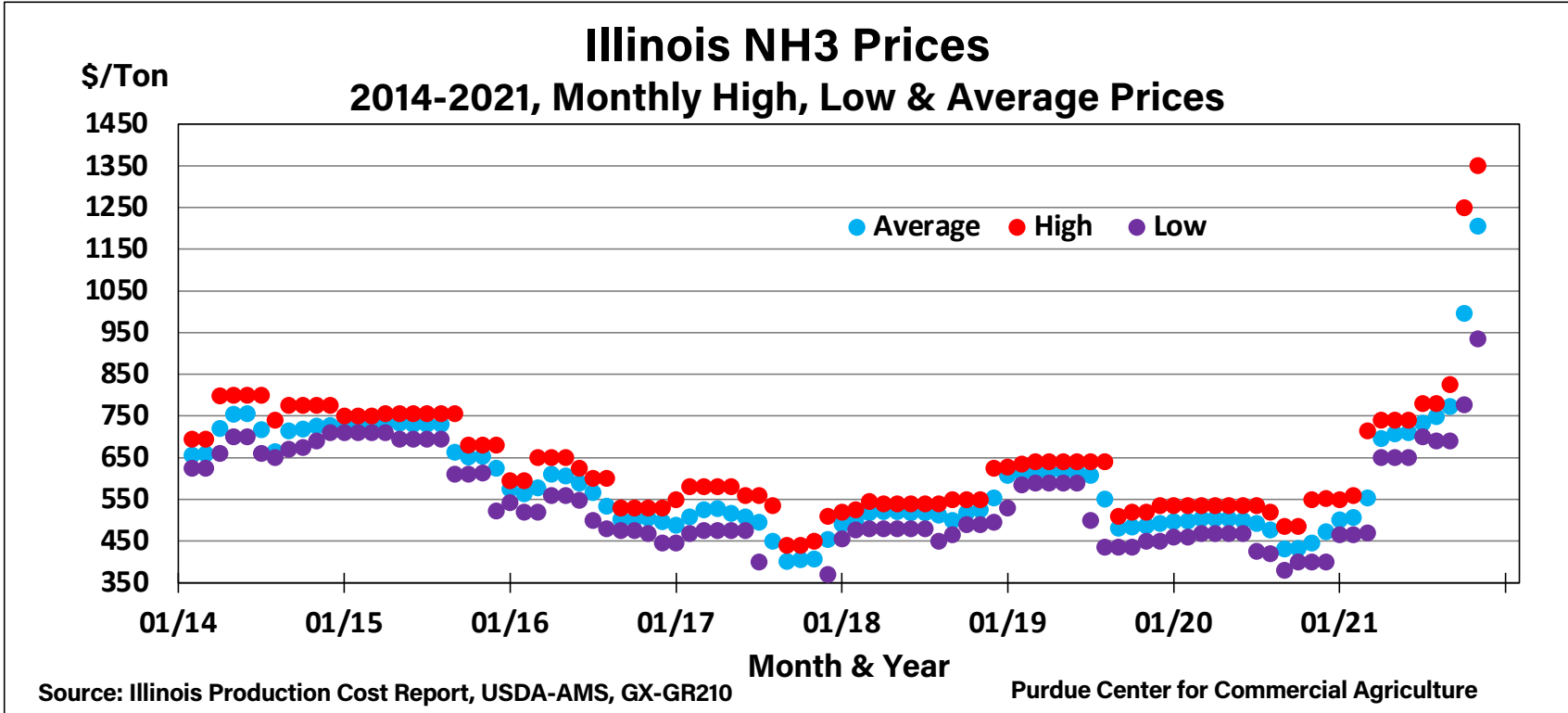
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Comparison of Projections for 2021 and 2022 to Long-Run NFI Average

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



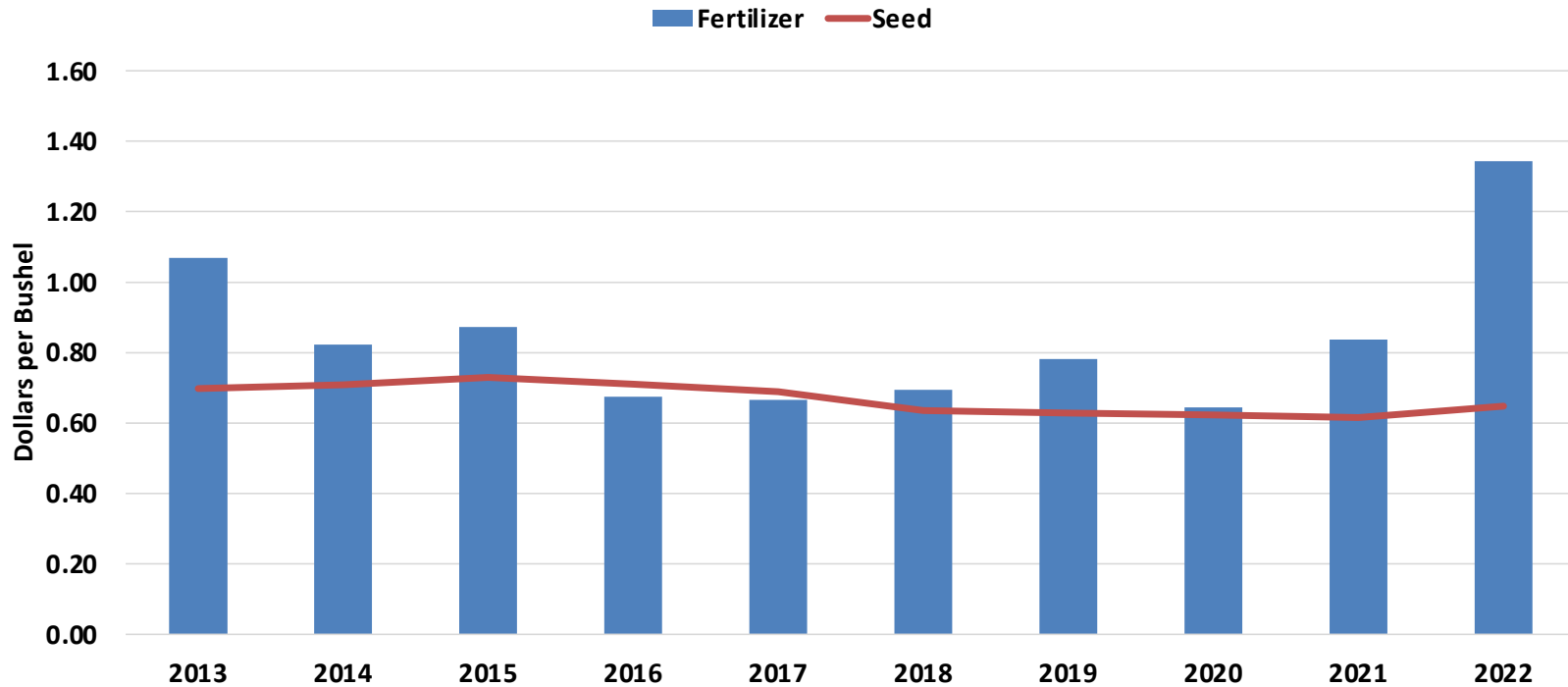
Fertilizer Prices Have Skyrocketed



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Fertilizer and Seed Costs per Bushel of Corn

Fertilizer and Seed Costs for Rotation Corn (Average Productivity Soil)



**Corn Nitrogen Rate Calculator: Estimating Most Profitable Nitrogen Rate
Estimated for Northwest and North Central Indiana**

N Price (\$/lb N) \$5.00 Corn	Optimal N Rate	% of Maximum Yield	Anhydrous Ammonia Cost per Acre
\$0.35	194	100%	\$68
\$0.50	186	99%	\$93
\$0.65	179	99%	\$116
\$0.80	171	98%	\$137

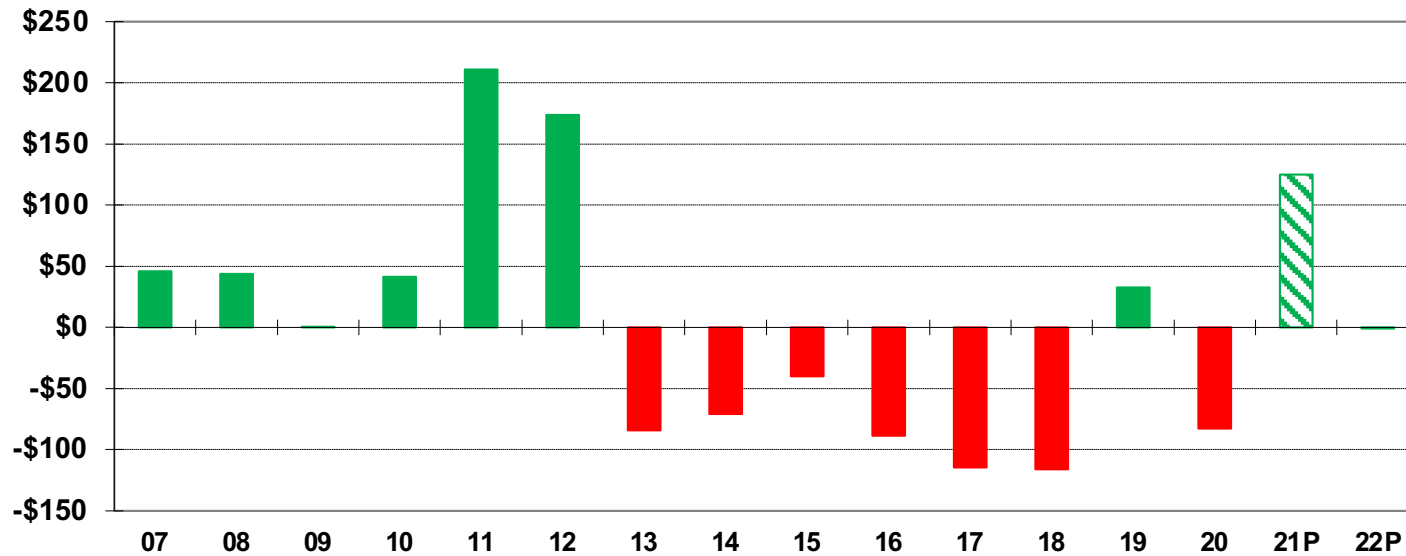


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**N Rate Calculator Available at
<http://cnrc.agron.iastate.edu>**

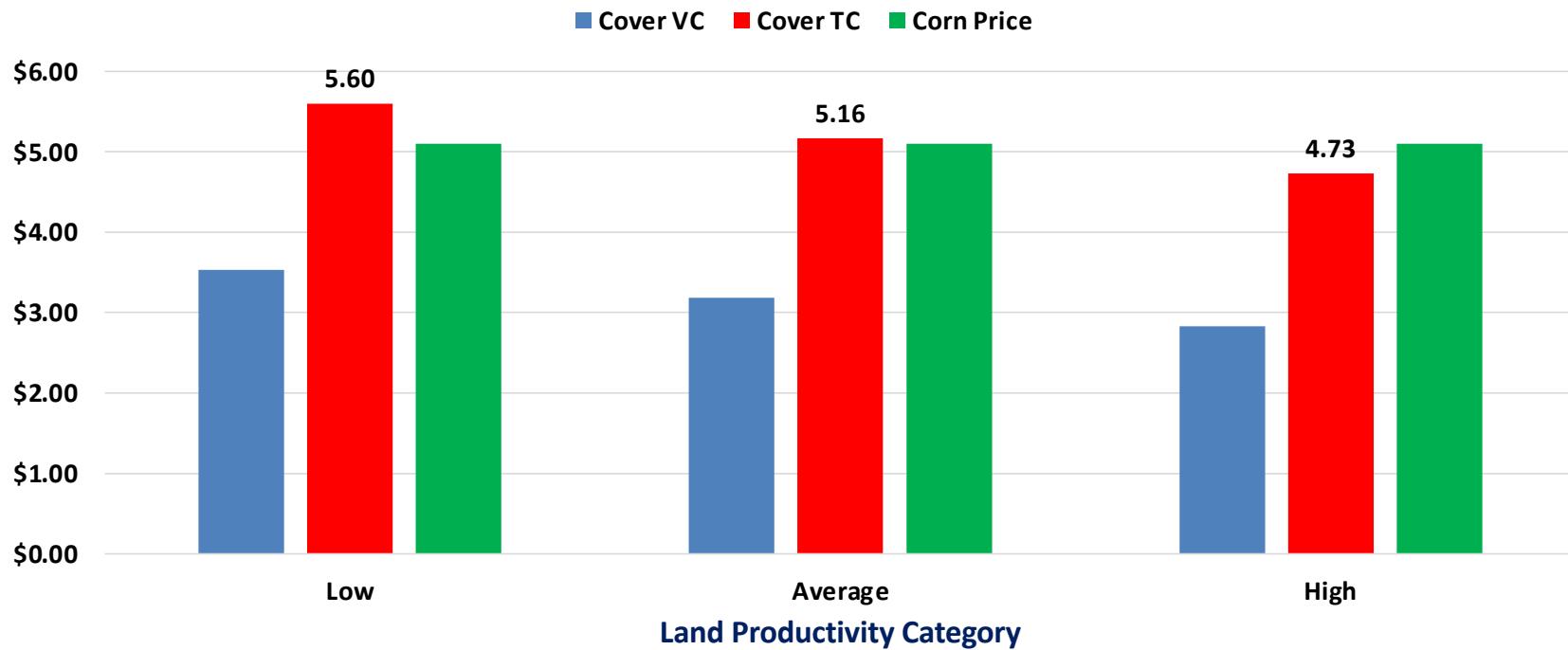
Is Corn or Soybean Production Favored in 2022?

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



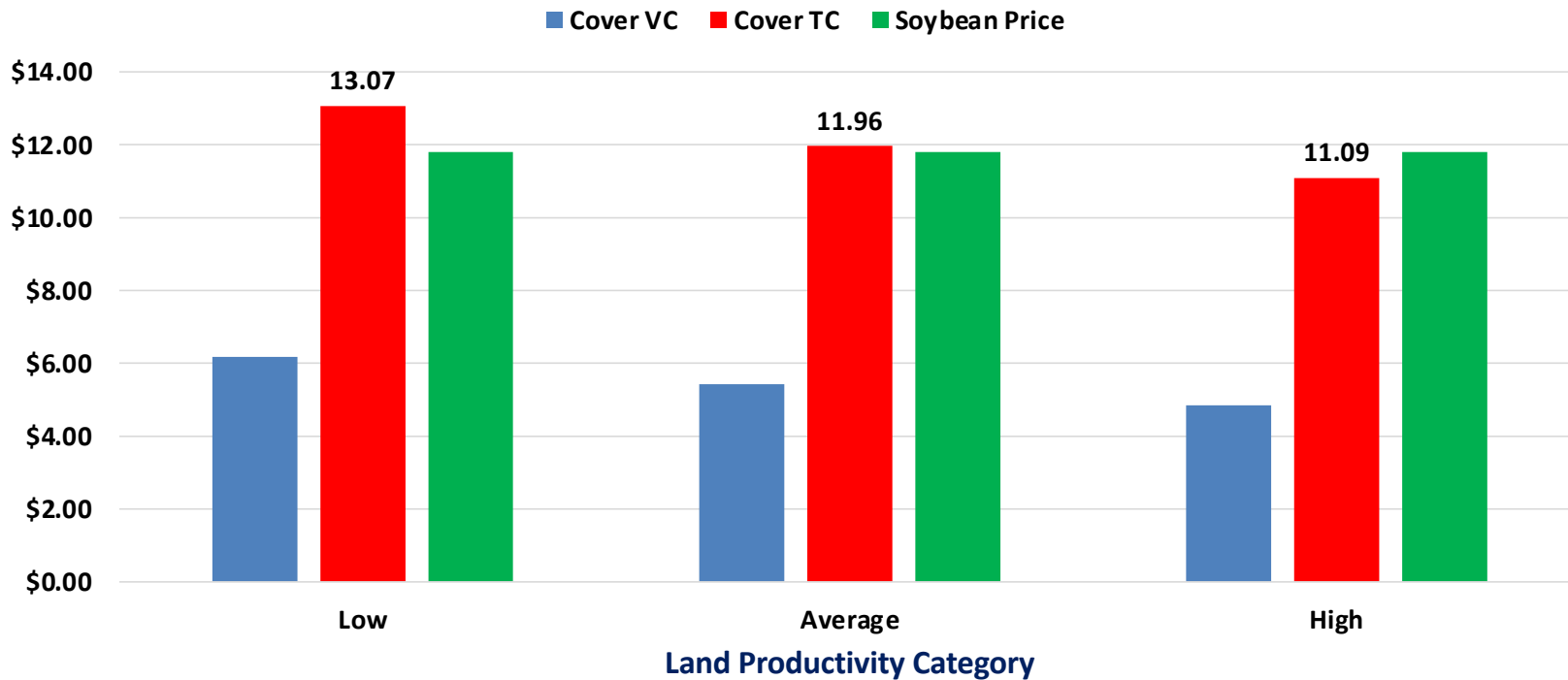
Corn Breakeven Prices by Land Productivity Category

2022 Breakeven Prices for Rotation Corn in Indiana



Soybean Breakeven Prices by Land Productivity Category

2022 Breakeven Prices for Soybeans in Indiana



Current Price Projections for Fall 2022 Favor Rotation Soybeans Over Continuous Corn in the Eastern Corn Belt

Corn Prices Required to Produce Per Acre Returns Equivalent to Soybeans

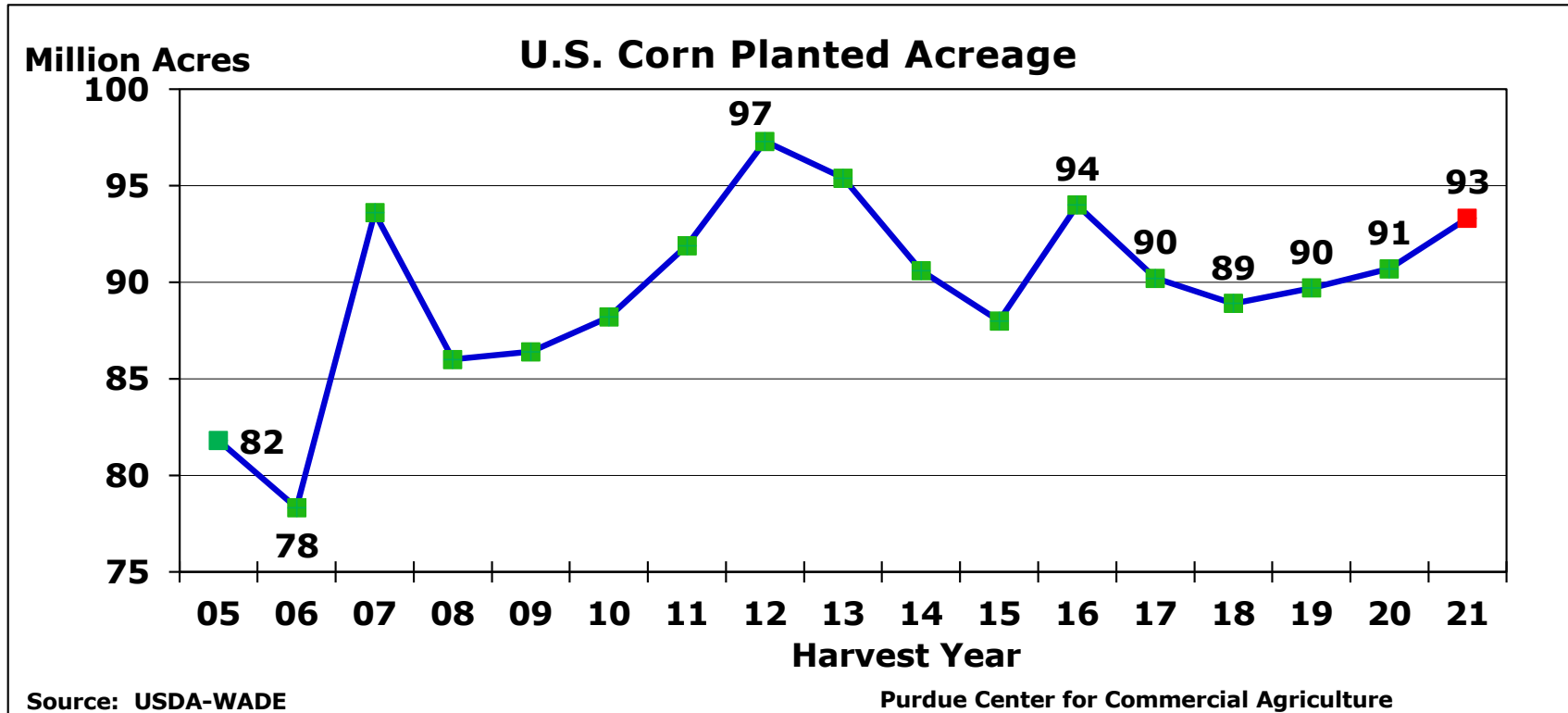
Soybean Price	Low Productivity (C=141; SB=45)	Avg. Productivity (C=171; SB=55)	High Productivity (C=201; SB=65)
\$10.50	\$5.39	\$5.23	\$5.03
\$11.00	\$5.55	\$5.39	\$5.19
\$11.50	\$5.71	\$5.55	\$5.35
\$12.00	\$5.87	\$5.71	\$5.51
\$12.50	\$6.02	\$5.87	\$5.67
\$13.00	\$6.18	\$6.04	\$5.84

Second Year Soybeans versus Rotation Corn in the Eastern Corn Belt?

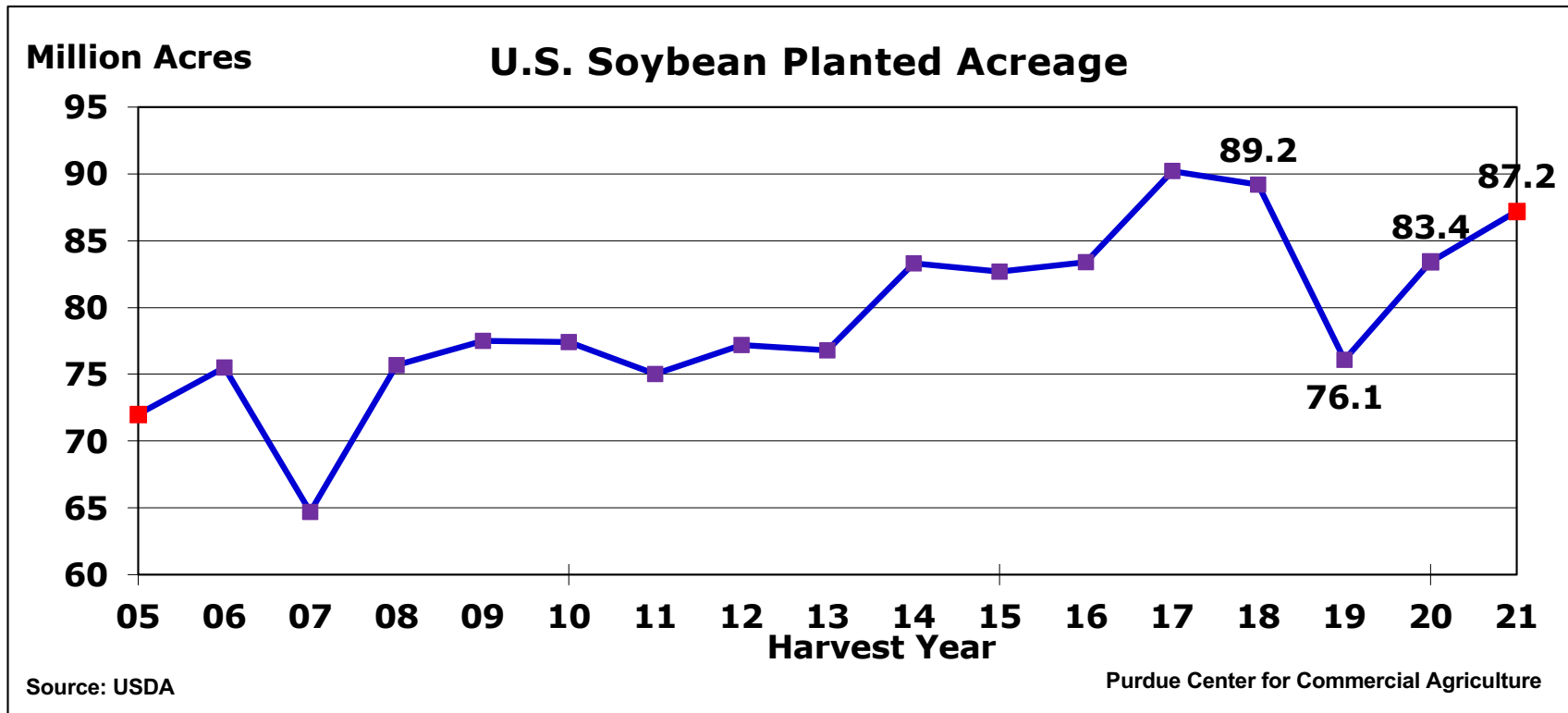
Corn Prices Required to Produce Per Acre Returns Equivalent to Soybeans

Soybean Price	Low Productivity (C=150; SB=45)	Avg. Productivity (C=182; SB=55)	High Productivity (C=214; SB=66)
\$10.50	\$4.83	\$4.72	\$4.55
\$11.00	\$4.98	\$4.87	\$4.70
\$11.50	\$5.13	\$5.02	\$4.85
\$12.00	\$5.28	\$5.18	\$5.00
\$12.50	\$5.43	\$5.33	\$5.16
\$13.00	\$5.58	\$5.48	\$5.31

Will Input Price Rise Push Acreage in 2022 From Corn to Soybeans



How Many "Extra" Soybean Acres Will Be Planted in 2022?





**MONTHLY
OUTLOOK**

PURDUE CENTER FOR
COMMERCIAL AGRICULTURE

NEXT OUTLOOK WEBINAR:

Wednesday, Dec. 15, 2021

Details Available at
purdue.edu/commercialag



Center for Commercial Agriculture

11/10/21