

# ***CORN & SOYBEAN OUTLOOK UPDATE***

## ***JULY 13, 2022***

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

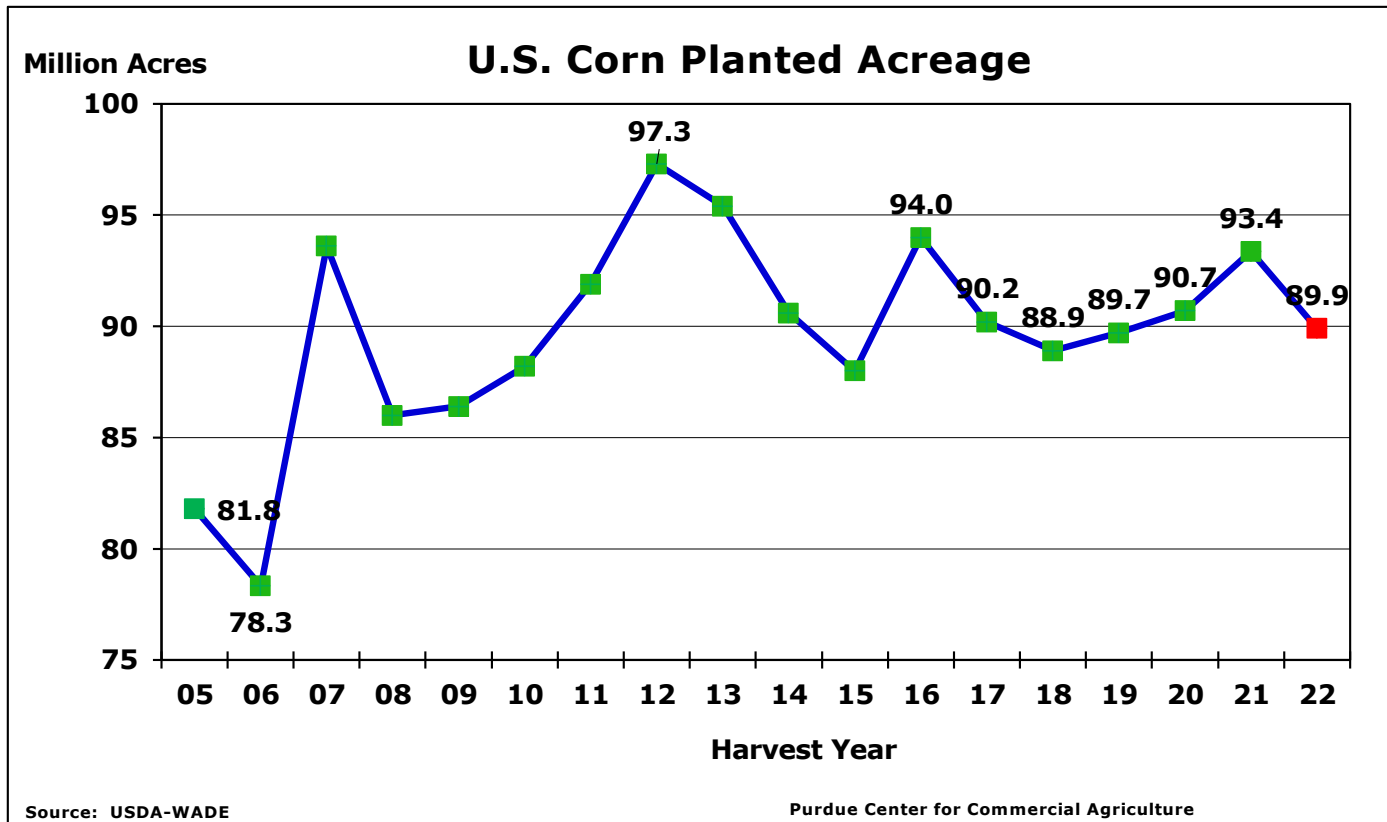
**Michael Langemeier, Professor & Associate Director for Commercial Agriculture**

**Nathan Thompson, Associate Professor, Department of Agricultural Economics**



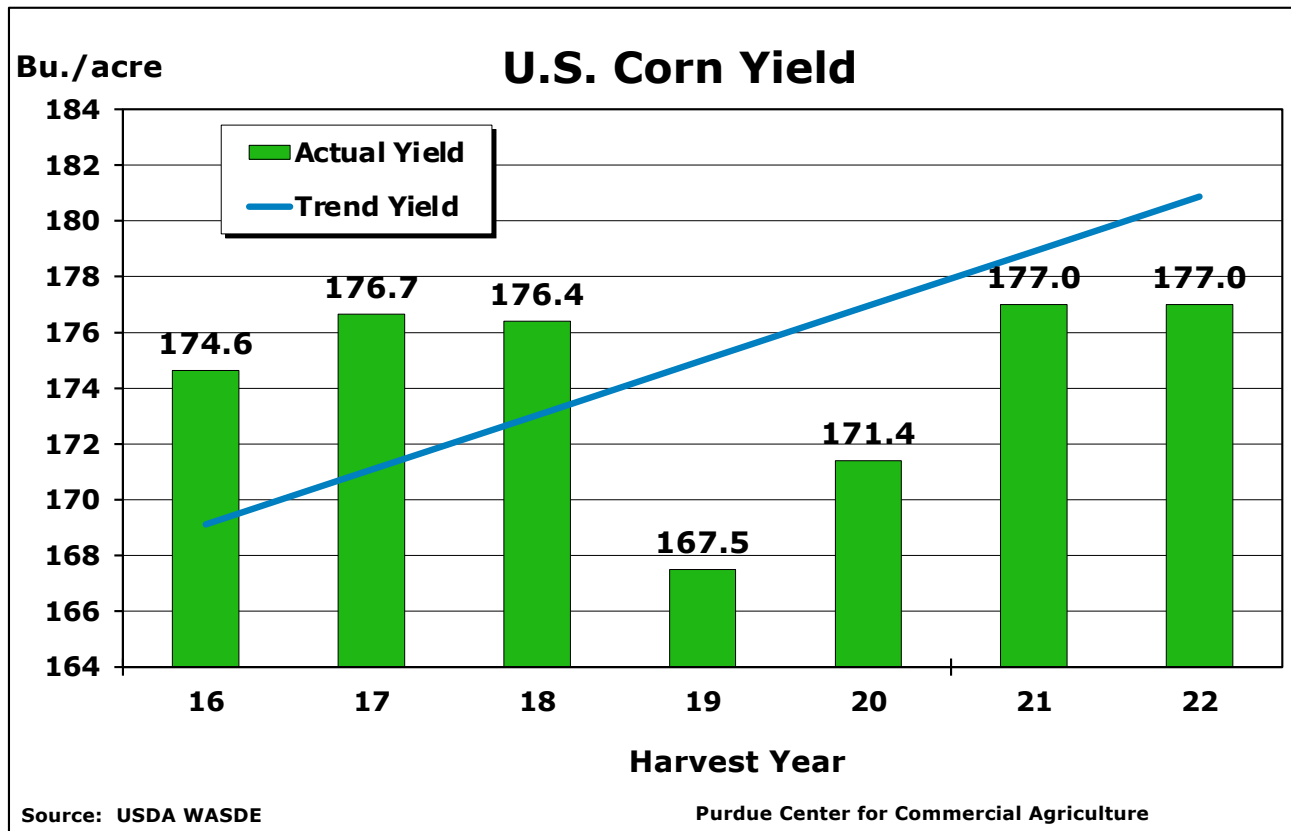
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# Corn Acreage Up 0.4 million acres vs. March Planting Intentions

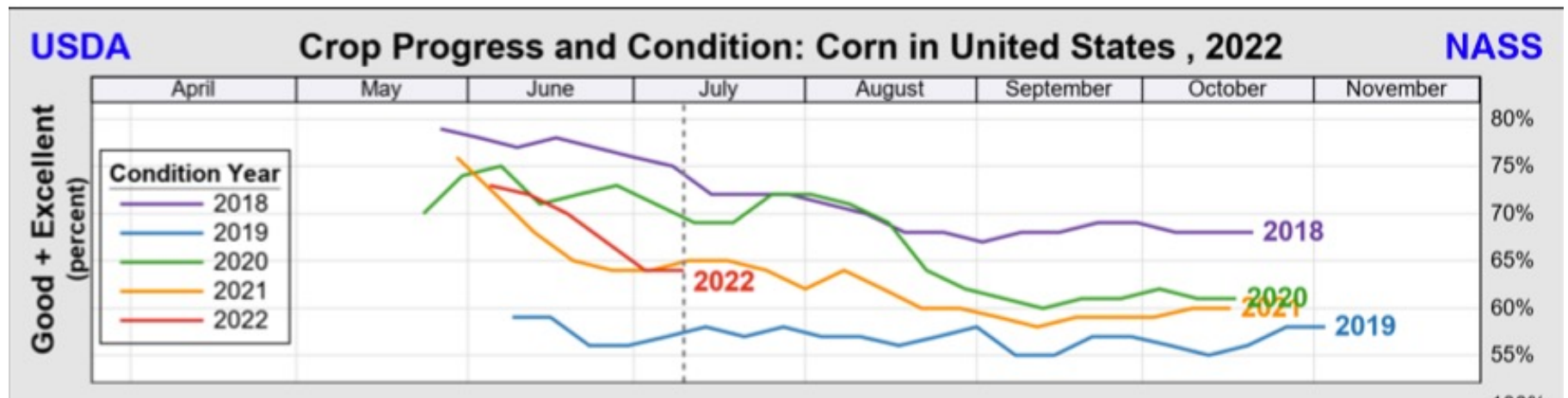


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# USDA Projecting Same Corn Yield As in 2021

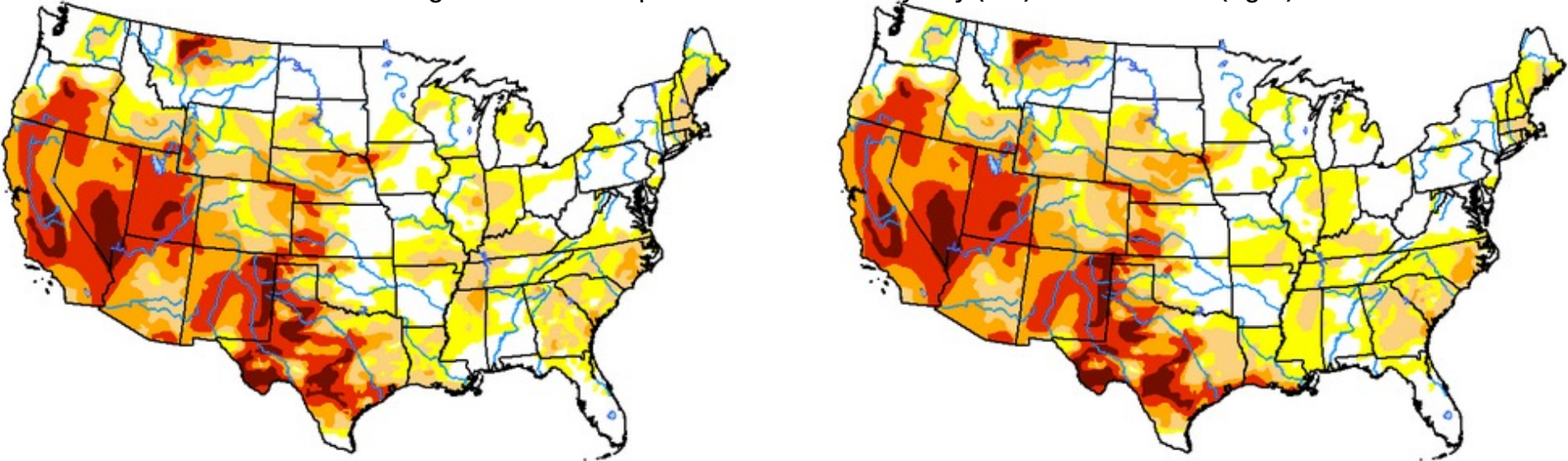


# SO FAR 2022 CORN CONDITION MATCHING 2021 THROUGH JULY 10, 2022



# Drought Monitor Suggests Corn Belt Conditions Worsened From Late June to Early July

Drought Monitor Comparison Between Early July (left) and Late June (right)



Week	None	D0-D4	D1-D4	D2-D4	D3-D4	D4	DSCI
2022-07-05	29.91	70.09	49.42	32.72	17.63	3.85	174
2022-06-28	31.35	68.65	47.73	32.86	17.57	3.87	171
Change	1.44	-1.44	-1.69	0.14	-0.06	0.02	-3

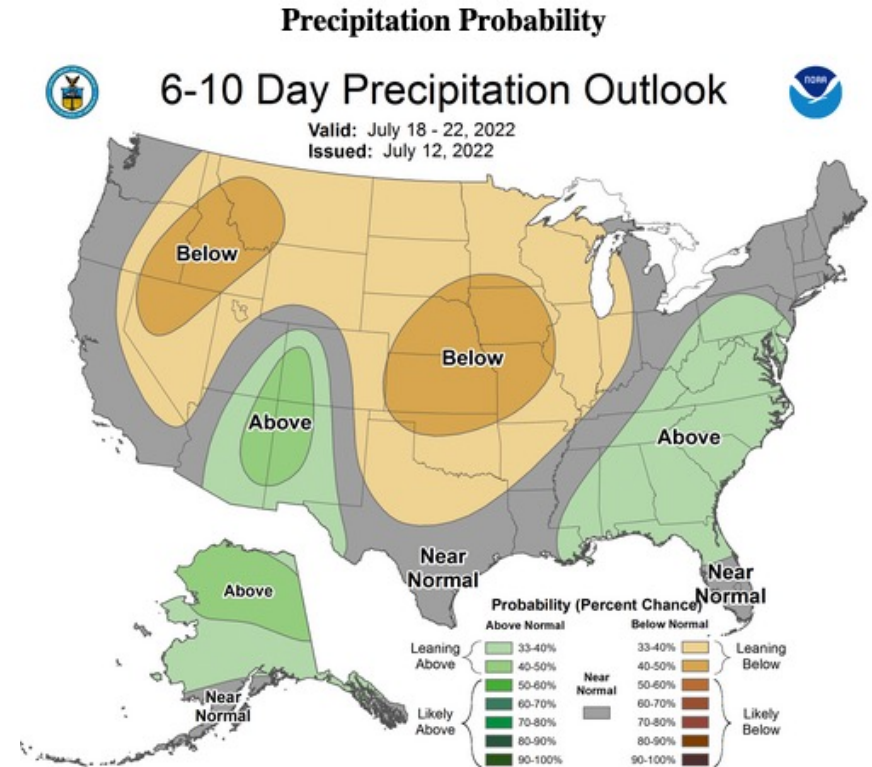
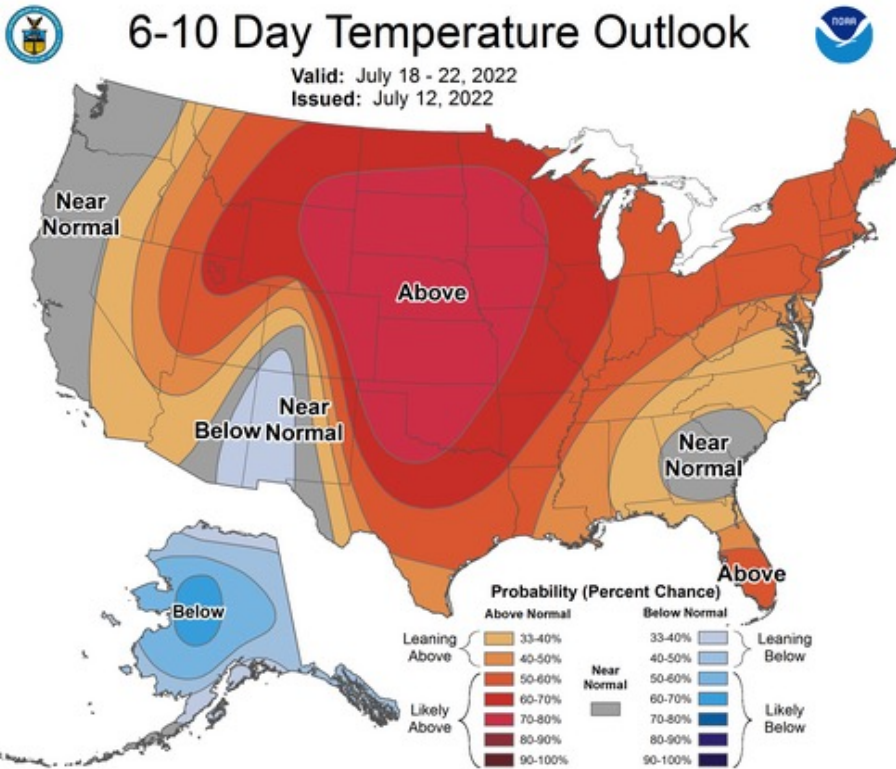
< July 5, 2022 >

< June 28, 2022 >

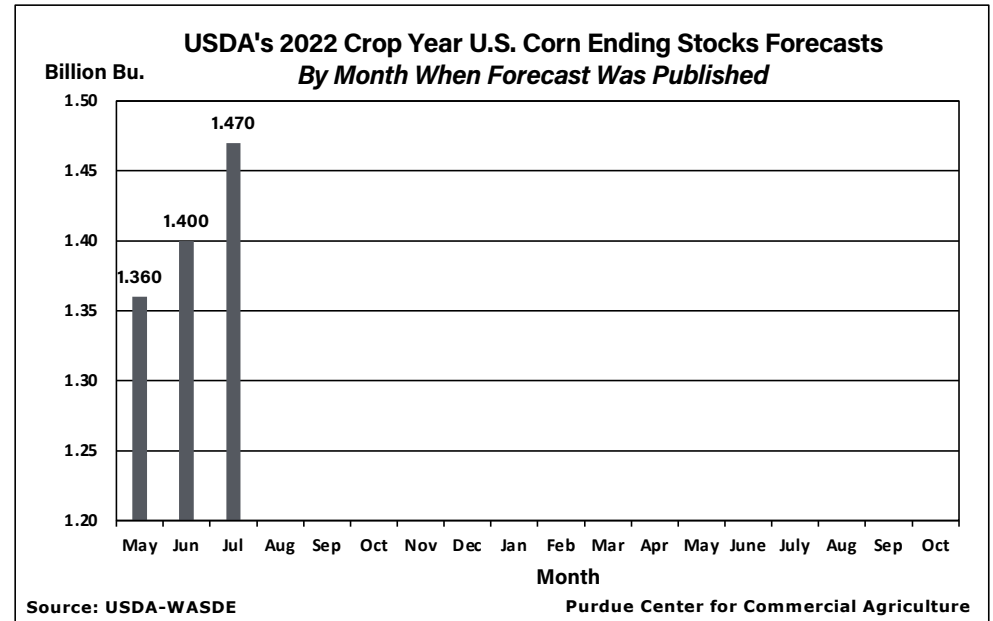
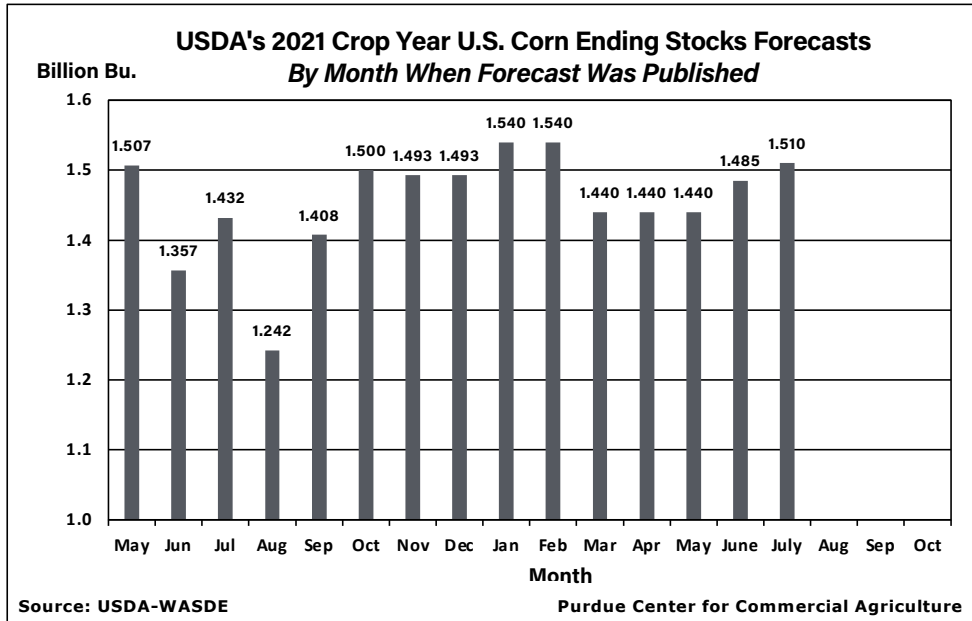


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# Weather Conditions The Next Few Weeks Will Be Critical for Crop Development

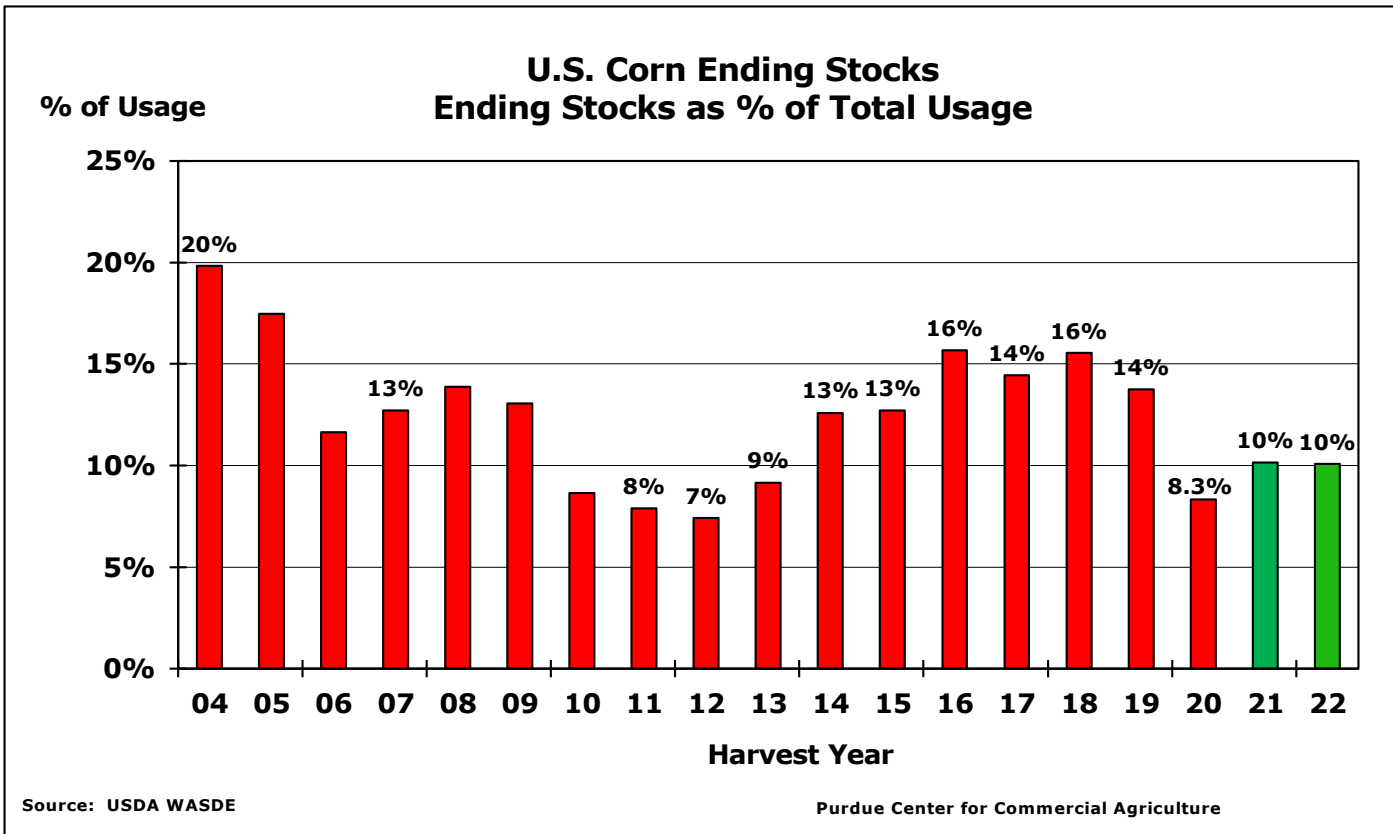


# USDA Has Been Gradually Increasing U.S. Ending Stocks Estimates Since May



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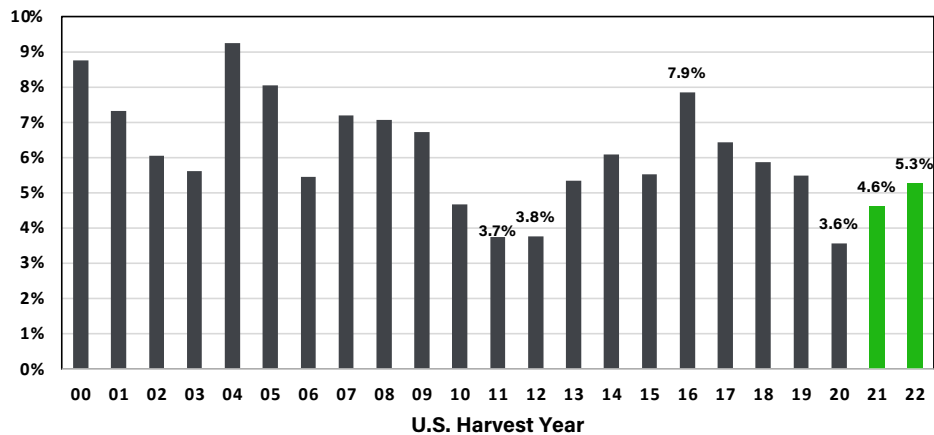
# Projected '22 Ending Stocks Unchanged from '21 @ 10% of Usage



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# Major Exporters Ending Stocks Are Tight...But Access to Ukraine's Stocks Still Uncertain

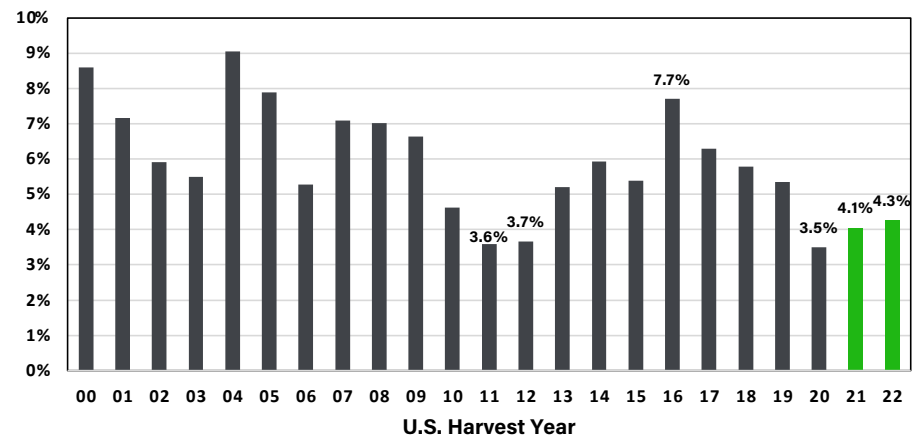
**Major Exporters Corn Ending Stocks  
% of World Usage, 2000-2022**



Source: USDA

Purdue Center for Commercial Agriculture

**Major Exporters Corn Ending Stocks  
(minus Ukraine)  
% of World Usage, 2000-2022**



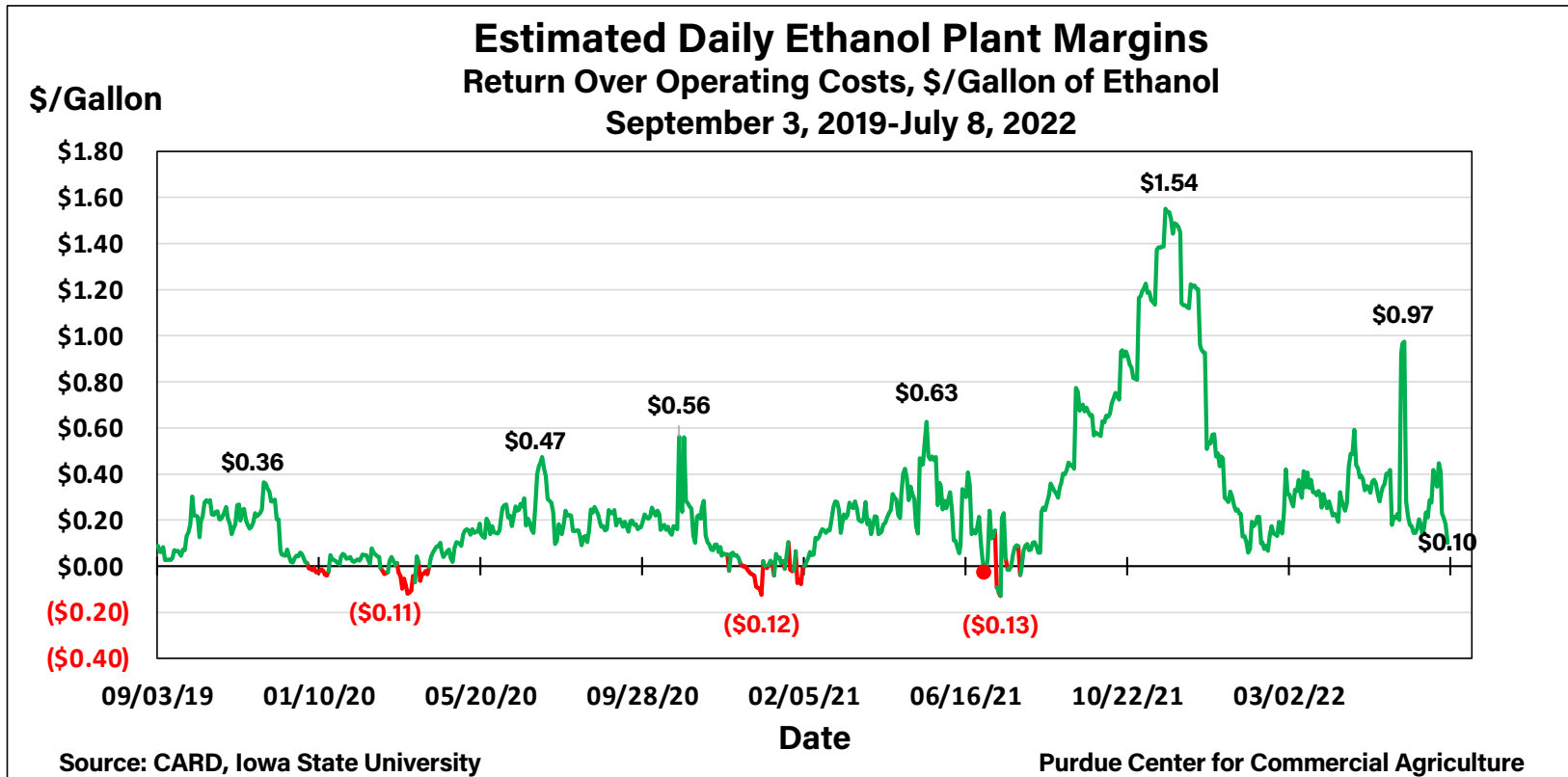
Source: USDA

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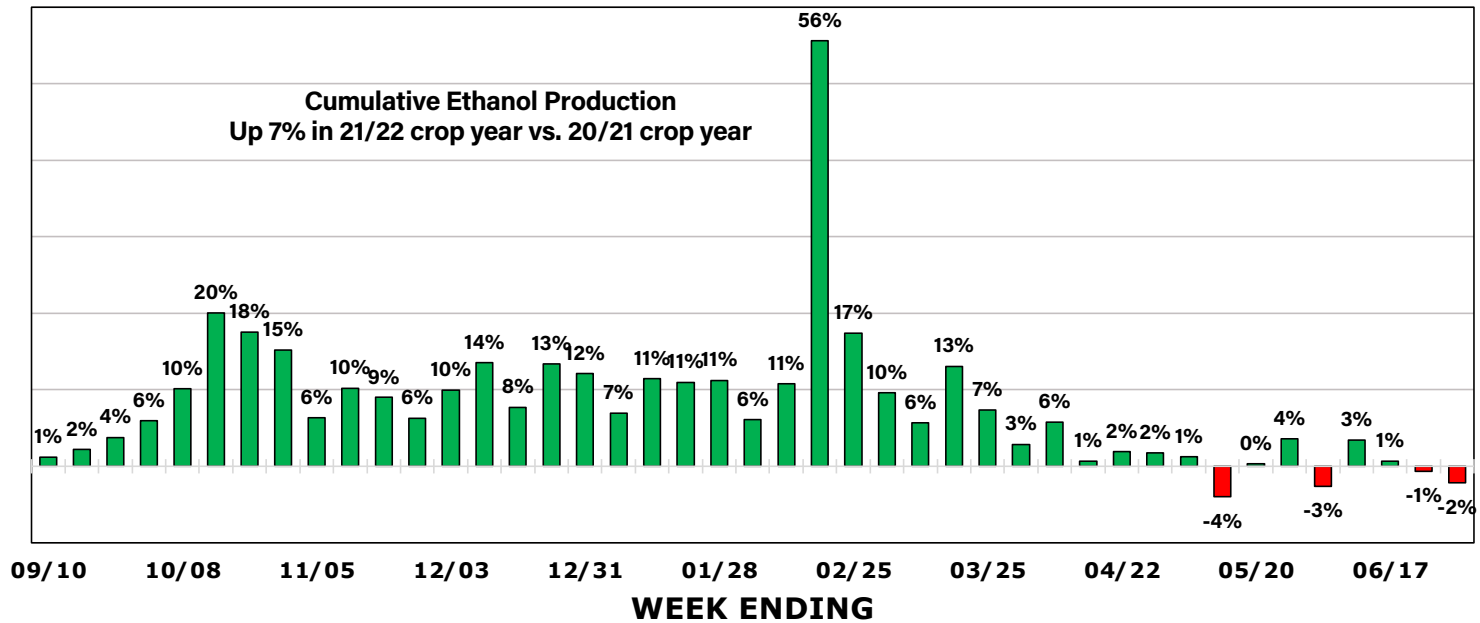
# Ethanol Margins Have Weakened, But Were Still Positive in Early July



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# Ethanol Production Has Tailed Off As Margins Have Tightened

**% Change in U.S. Weekly Ethanol Production from Prior Year  
September 10, 2021-July 1, 2022**



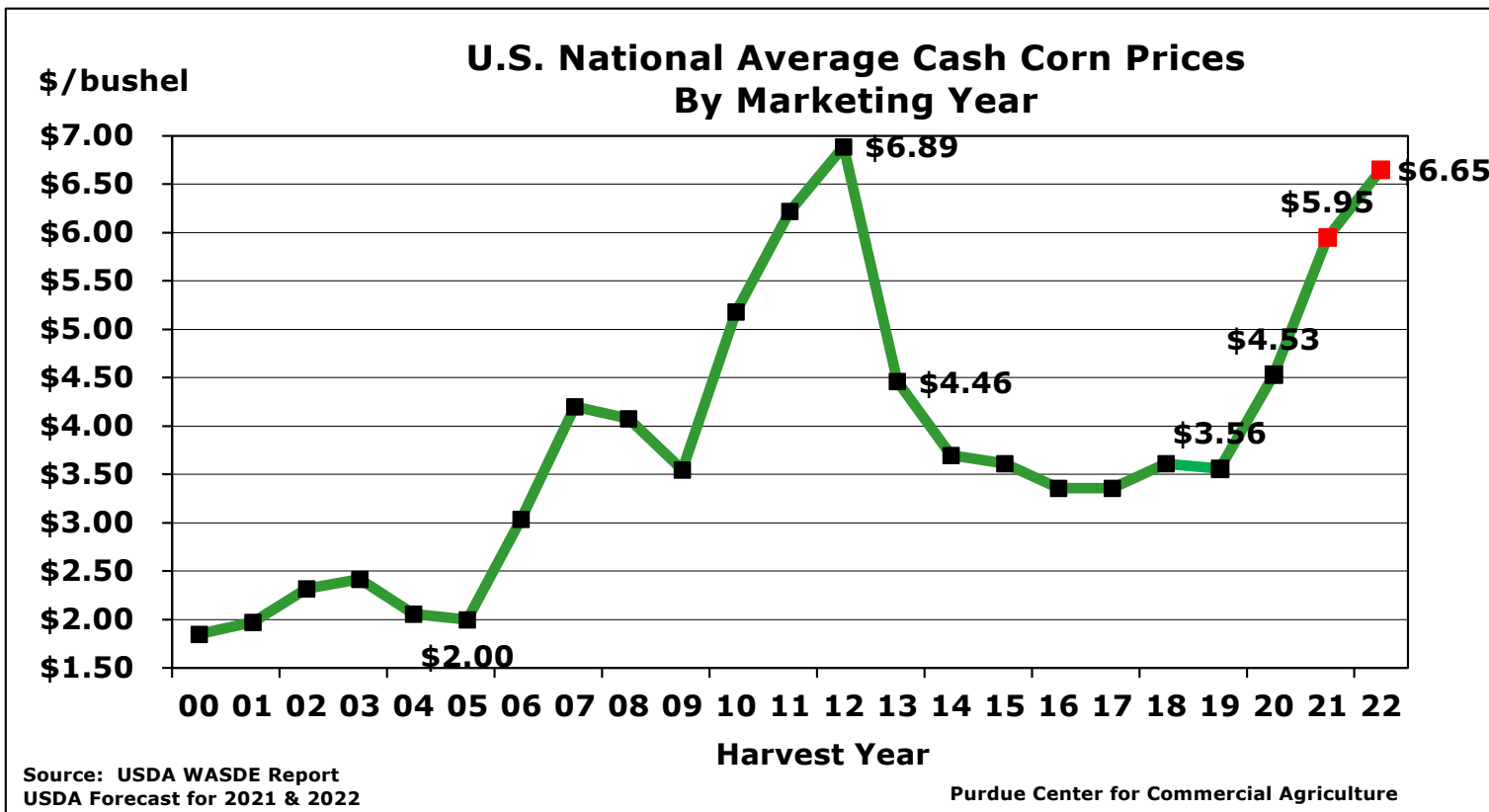
Source: U.S. Energy Information Agency

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*No Change in '21 Crop Average, Reduced '22 Crop Forecast By \$0.10/bu.*

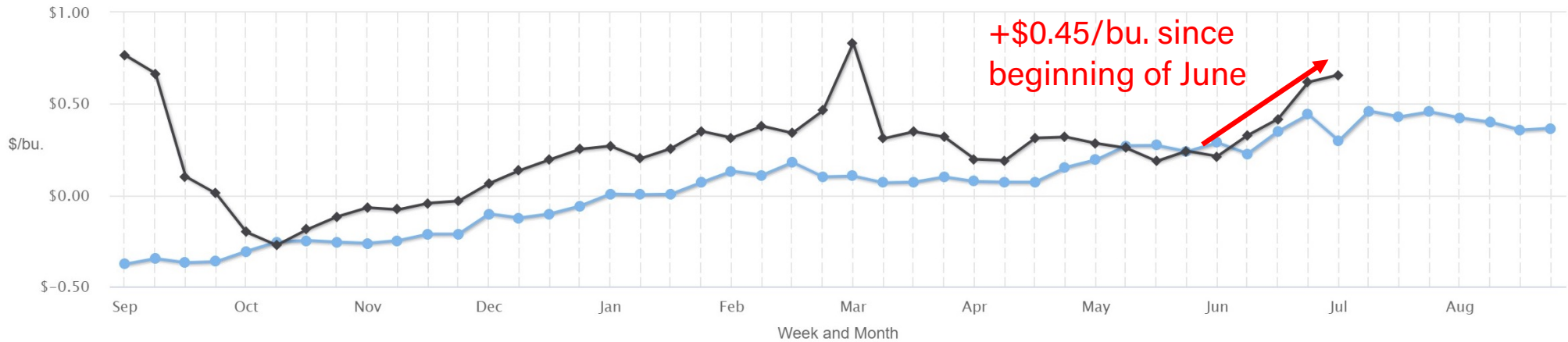


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# Corn basis - Central Indiana - 3 year average

## Purdue Center for Commercial Agriculture Crop Basis Tool

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



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

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

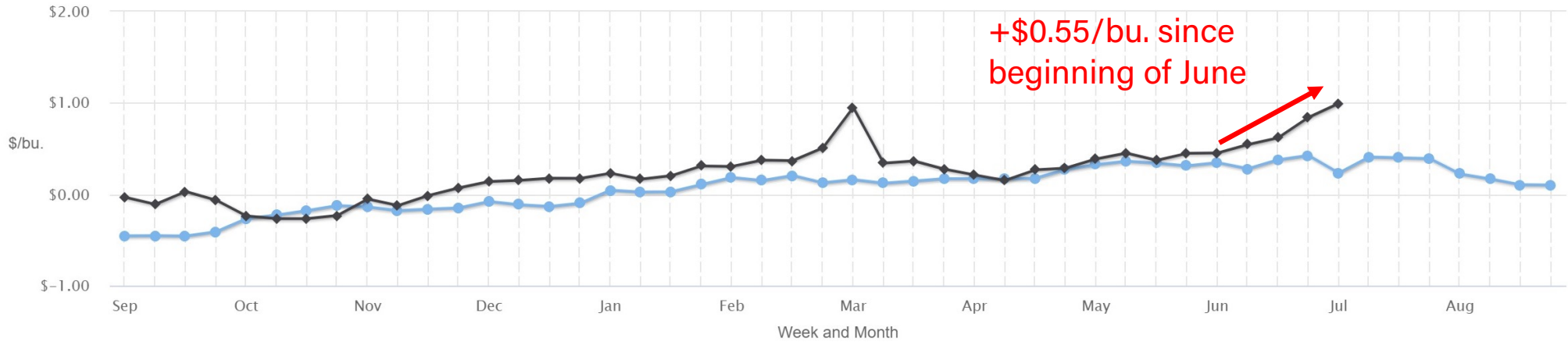


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# Corn basis - Southwest Indiana - 3 year average

## Purdue Center for Commercial Agriculture Crop Basis Tool

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



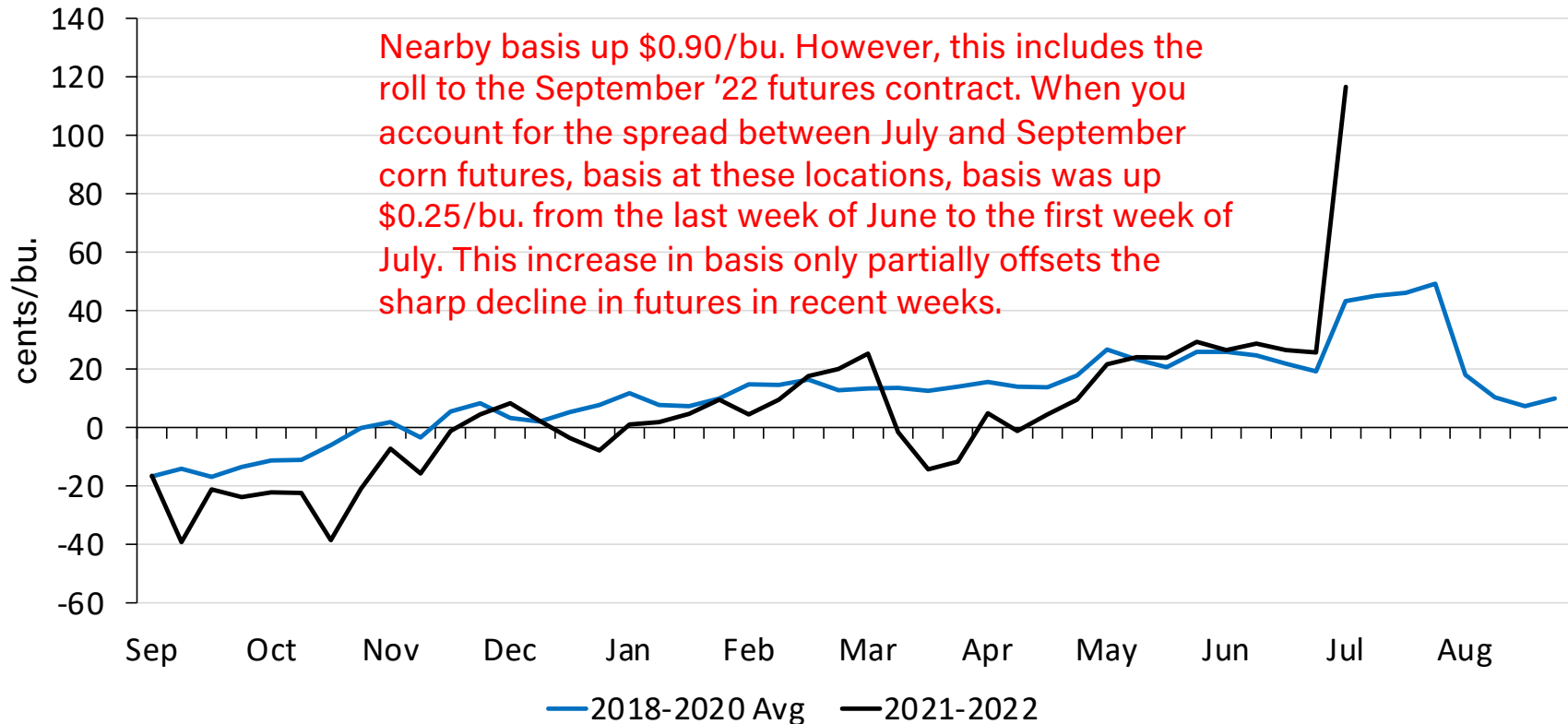
● Historical September Contract Basis, Avg of Selected Crop Years
 ◆ 2021-2022 Regional September Contract Basis

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

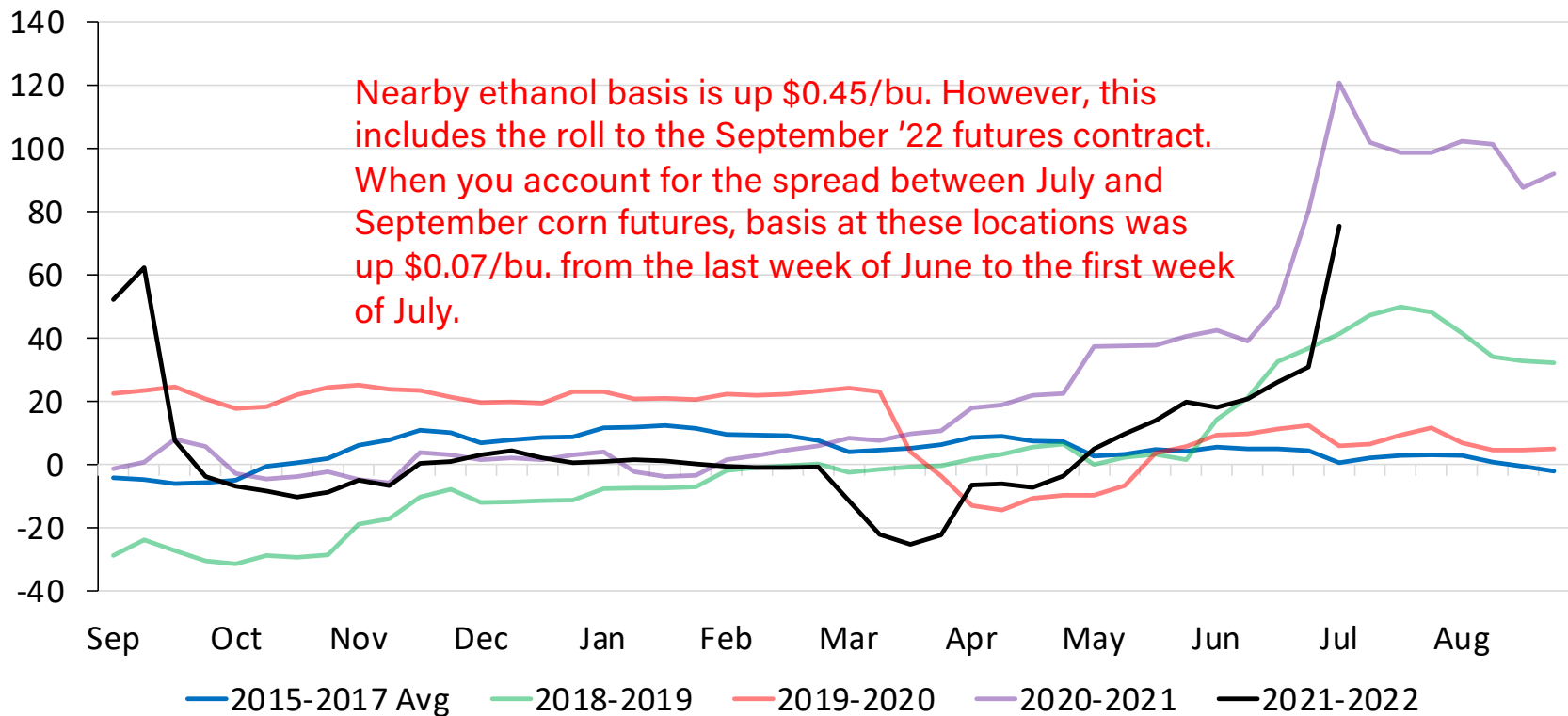


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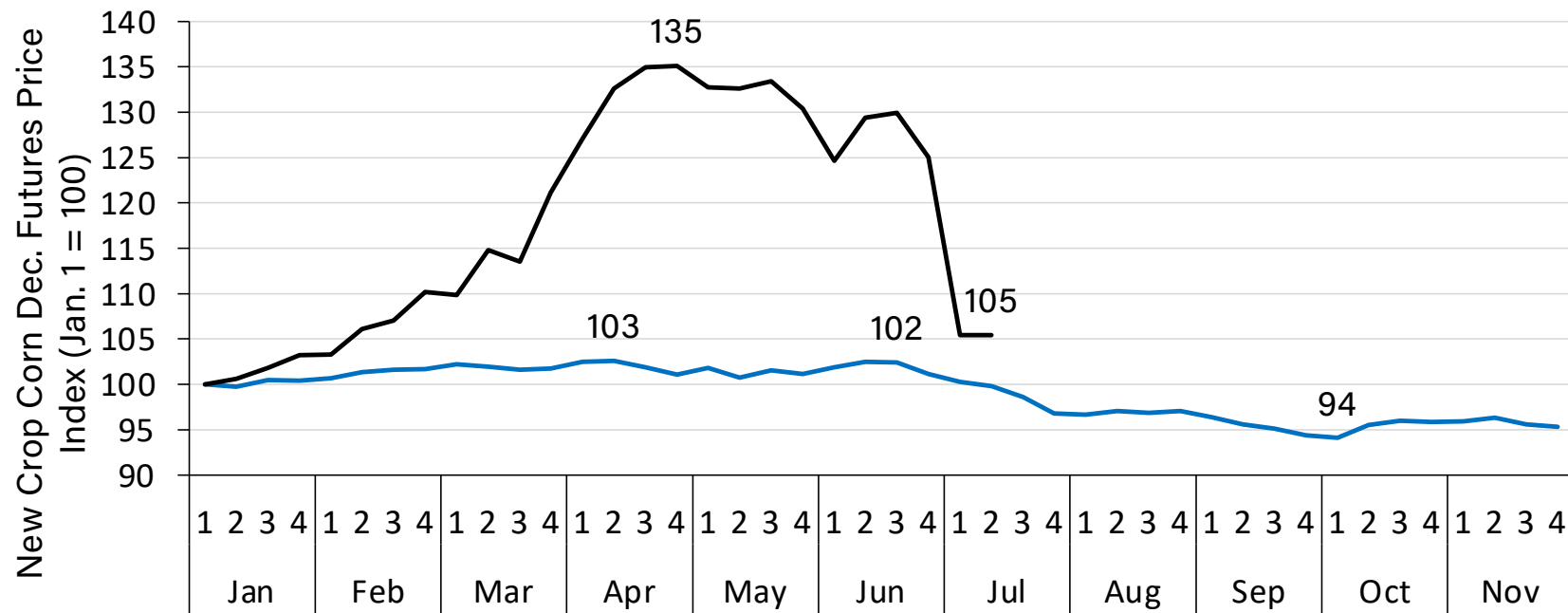
## Nearby Corn River Basis-Southern Indiana and Southern Illinois River Terminals



## Nearby Indiana ethanol plant basis



# *30-Year Average New Crop Corn Dec. Futures Price Index (Jan. 1 = 100), 1990-2020*



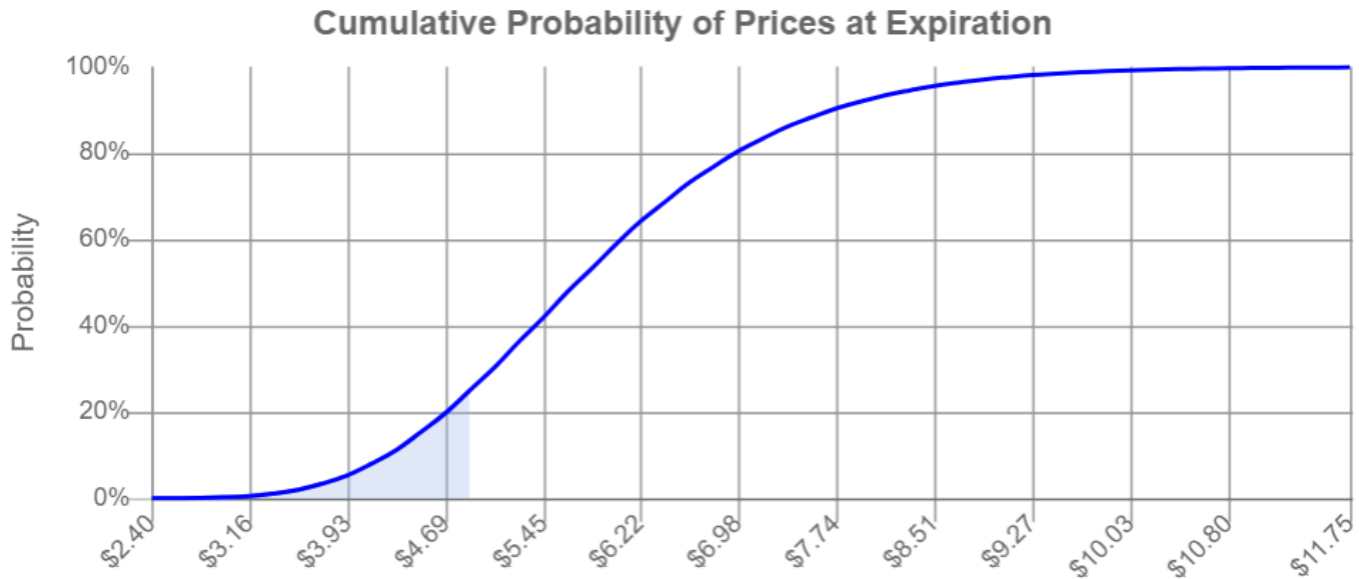
— New Crop Corn Dec. Futures Price Index (Jan. 1 = 100)

— Dec. '22 New Crop Corn Futures Price Index



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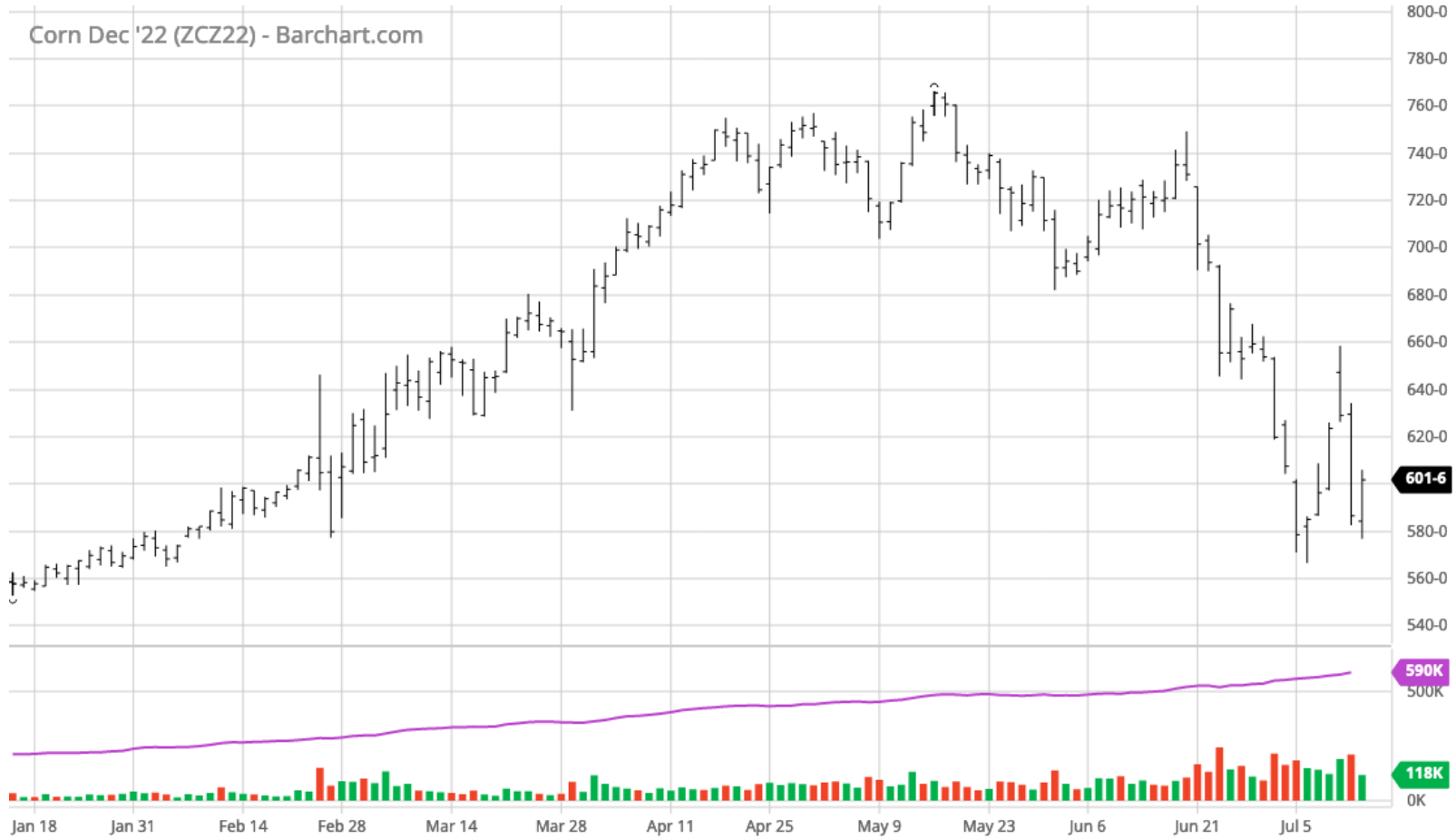
# farmdoc Price Discovery Tool: Dec. '22 Corn Futures



Price at Expiration ▲	Probability Below ▲
\$5.00	28.30%
\$5.25	35.76%
\$5.50	43.43%
\$5.75	51.01%
\$6.00	58.23%
\$6.25	64.91%
\$6.50	70.92%
\$6.75	76.21%
\$7.00	80.76%

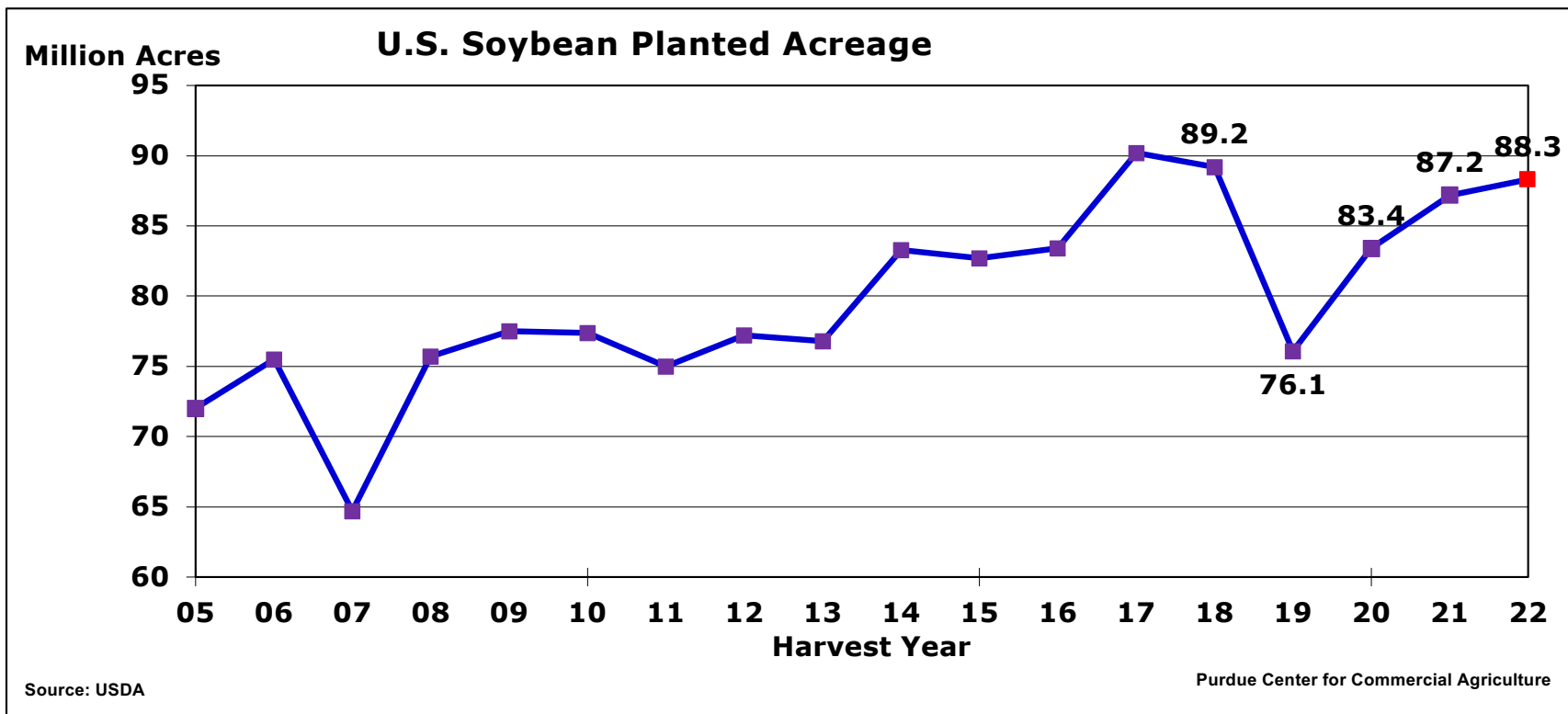
Source: <https://fd-tools.ncsa.illinois.edu/pricedistribution>

>25% chance that Dec. '22 corn futures are below \$5 at expiration.

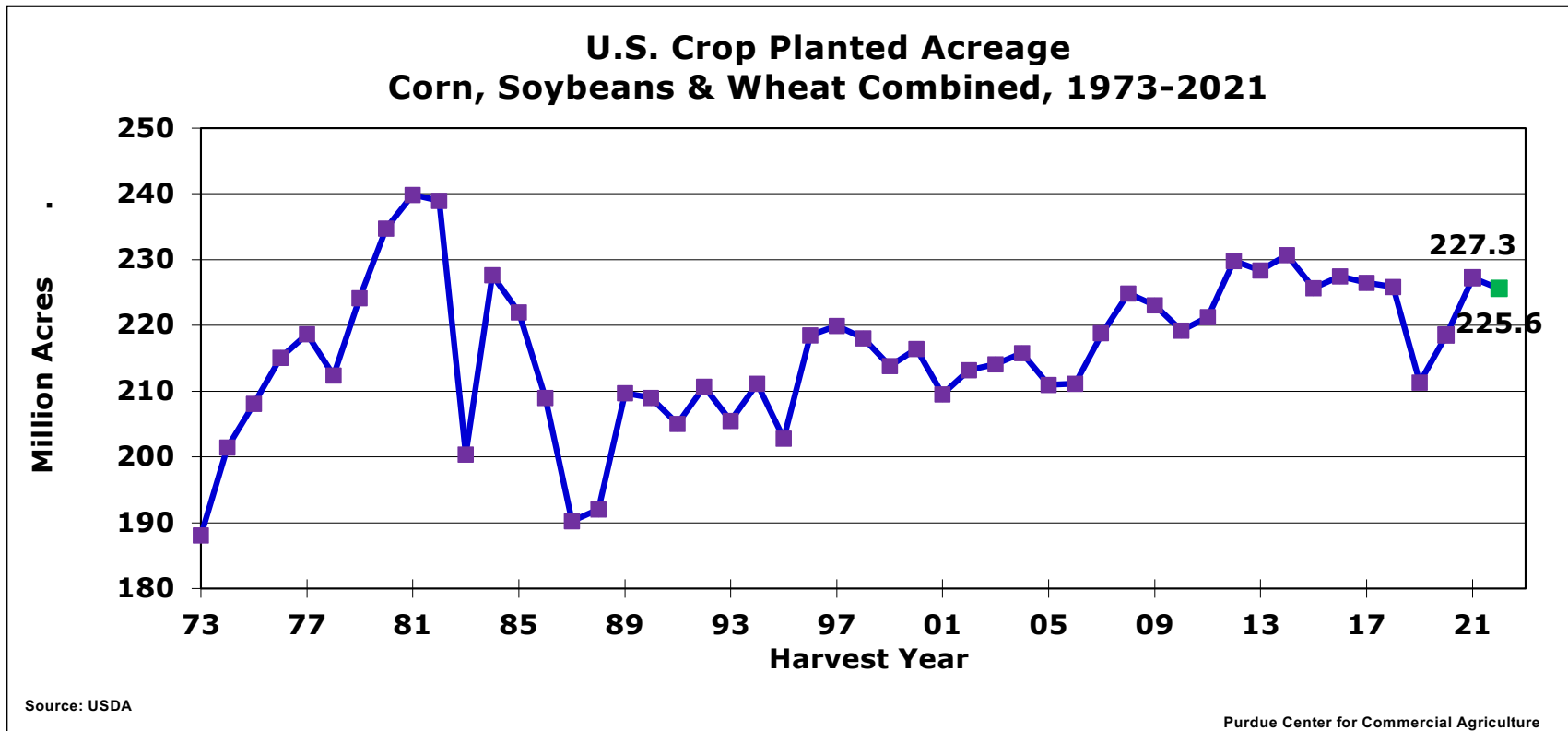


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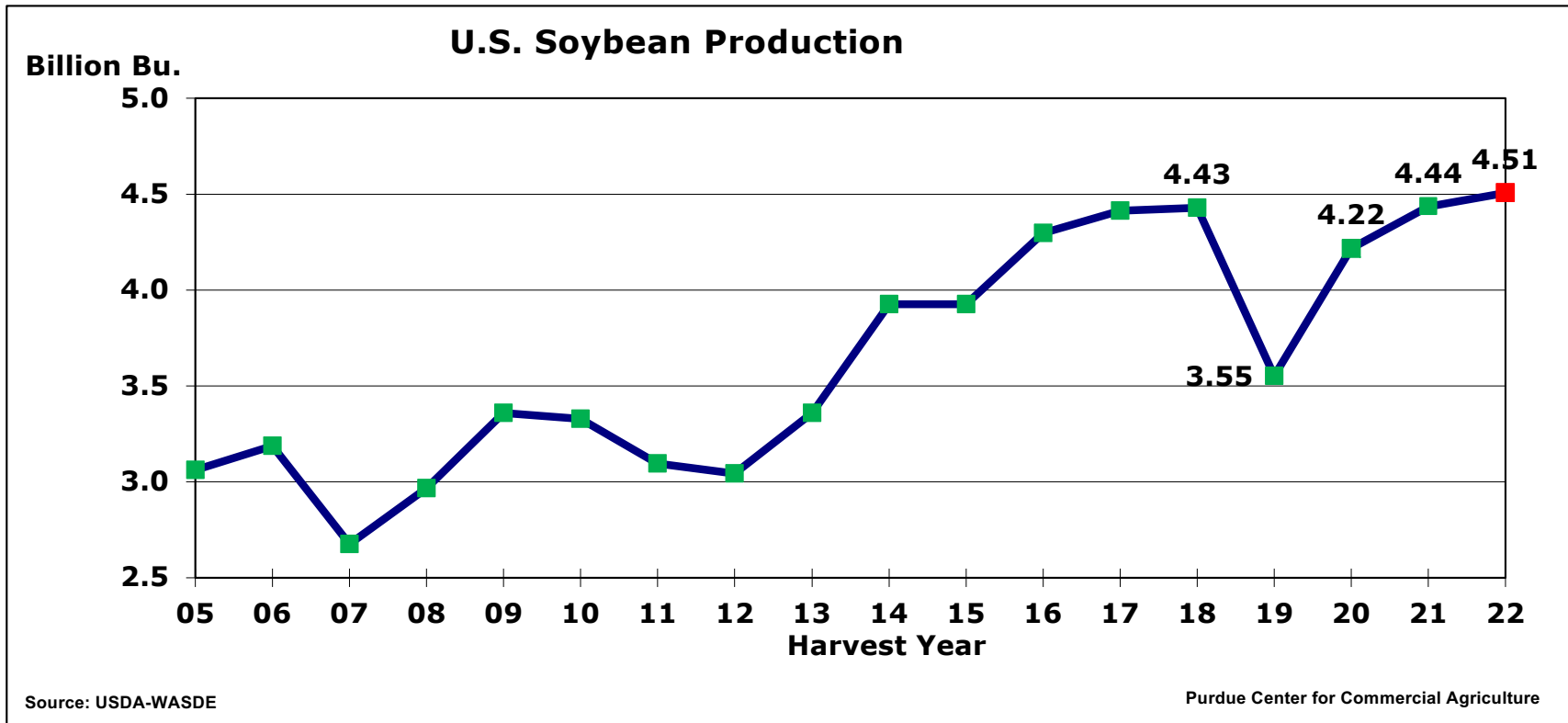
## Soybean Acreage Fell 2.7 million acres Below March Planting Intentions



# Combined Planted Acreage Down 1.7 million acres vs. 2021



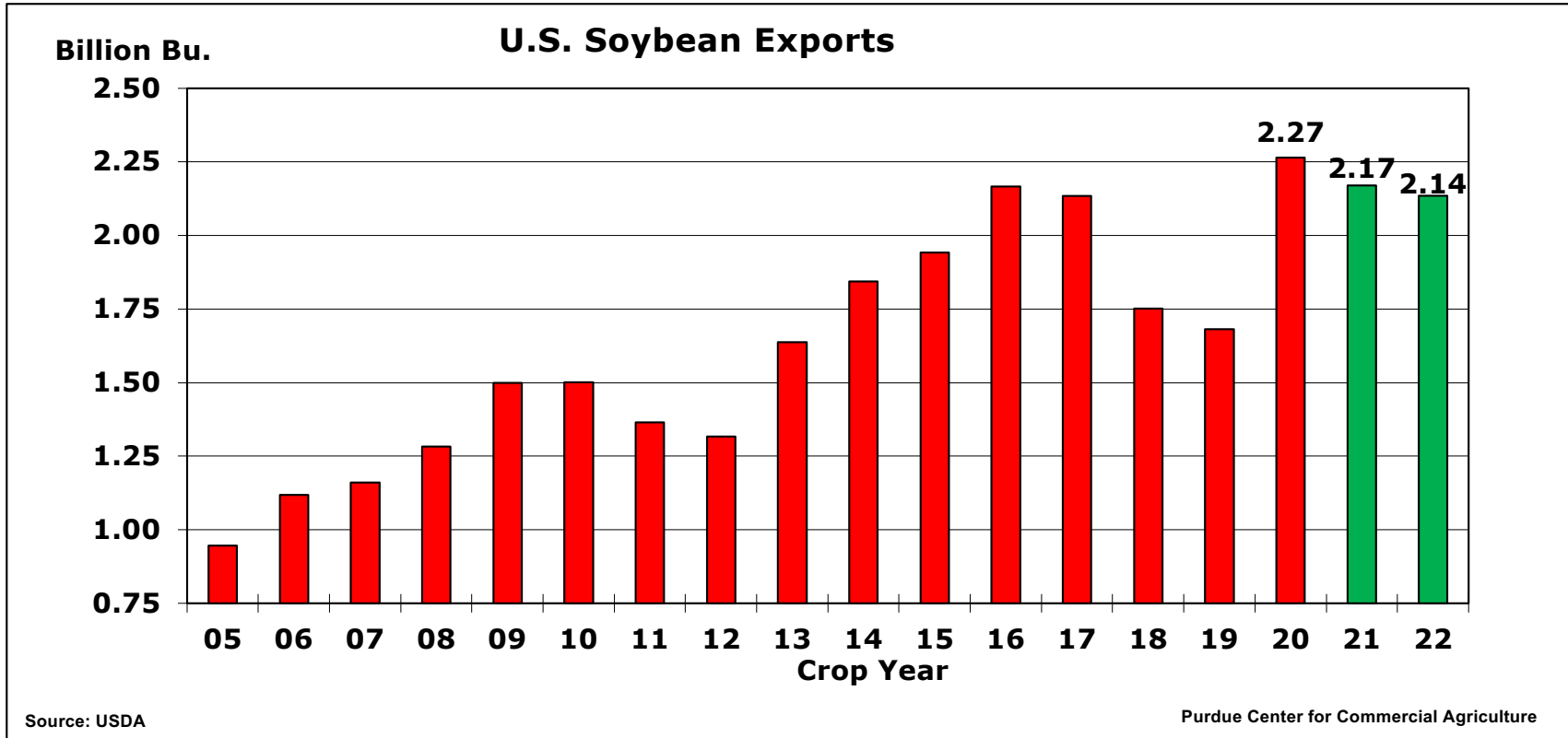
*The Smaller Acreage Estimate Pulls '22 Production Estimate Back from 4.64 to 4.51 Billion Bu.*



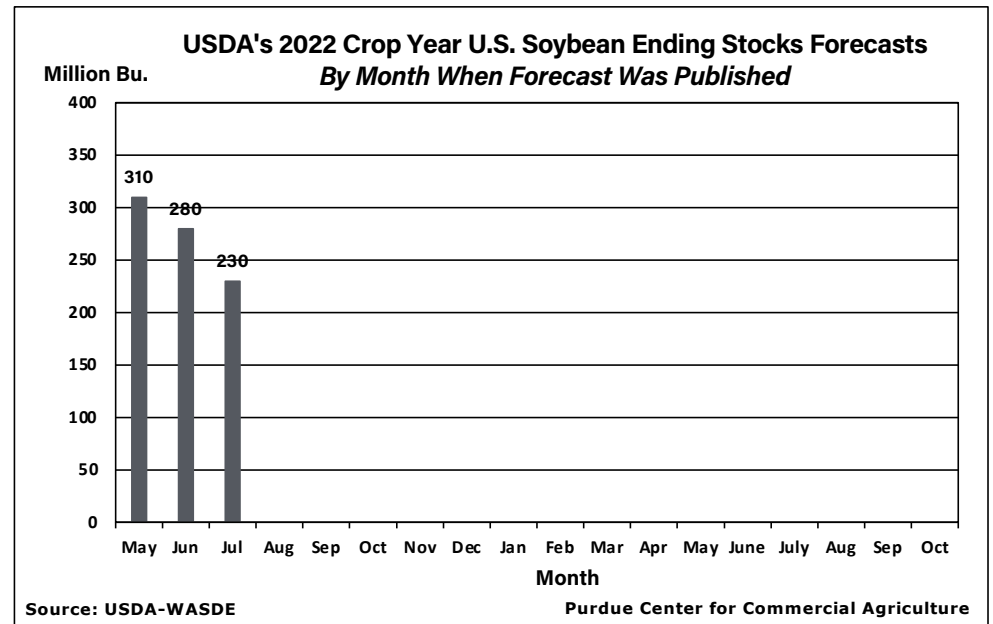
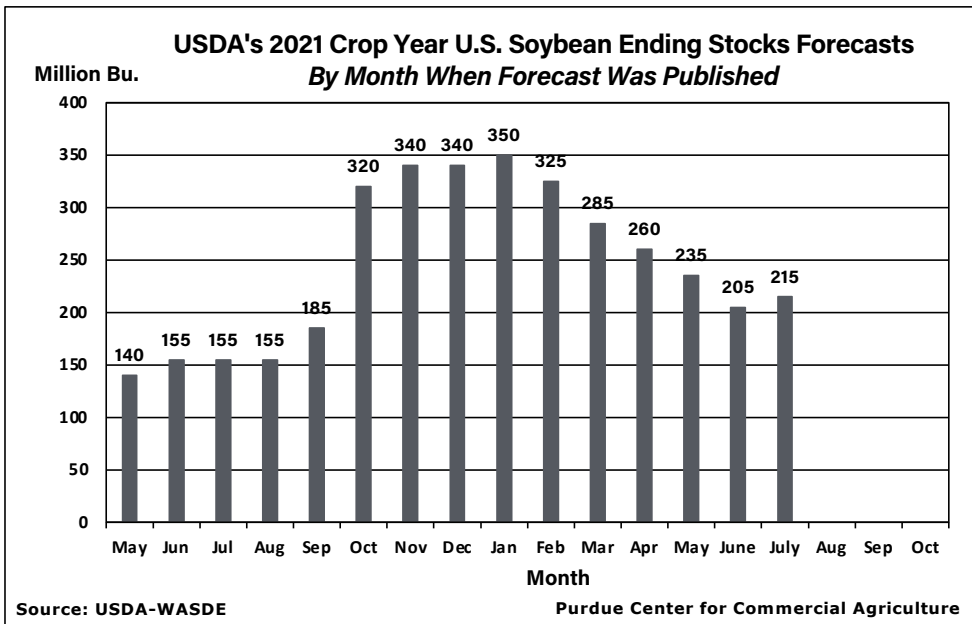
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1/14/22

*Instead of Raising Export Estimate for '22, USDA Reduced it From 2.2 to 2.14 Billion Bushels*

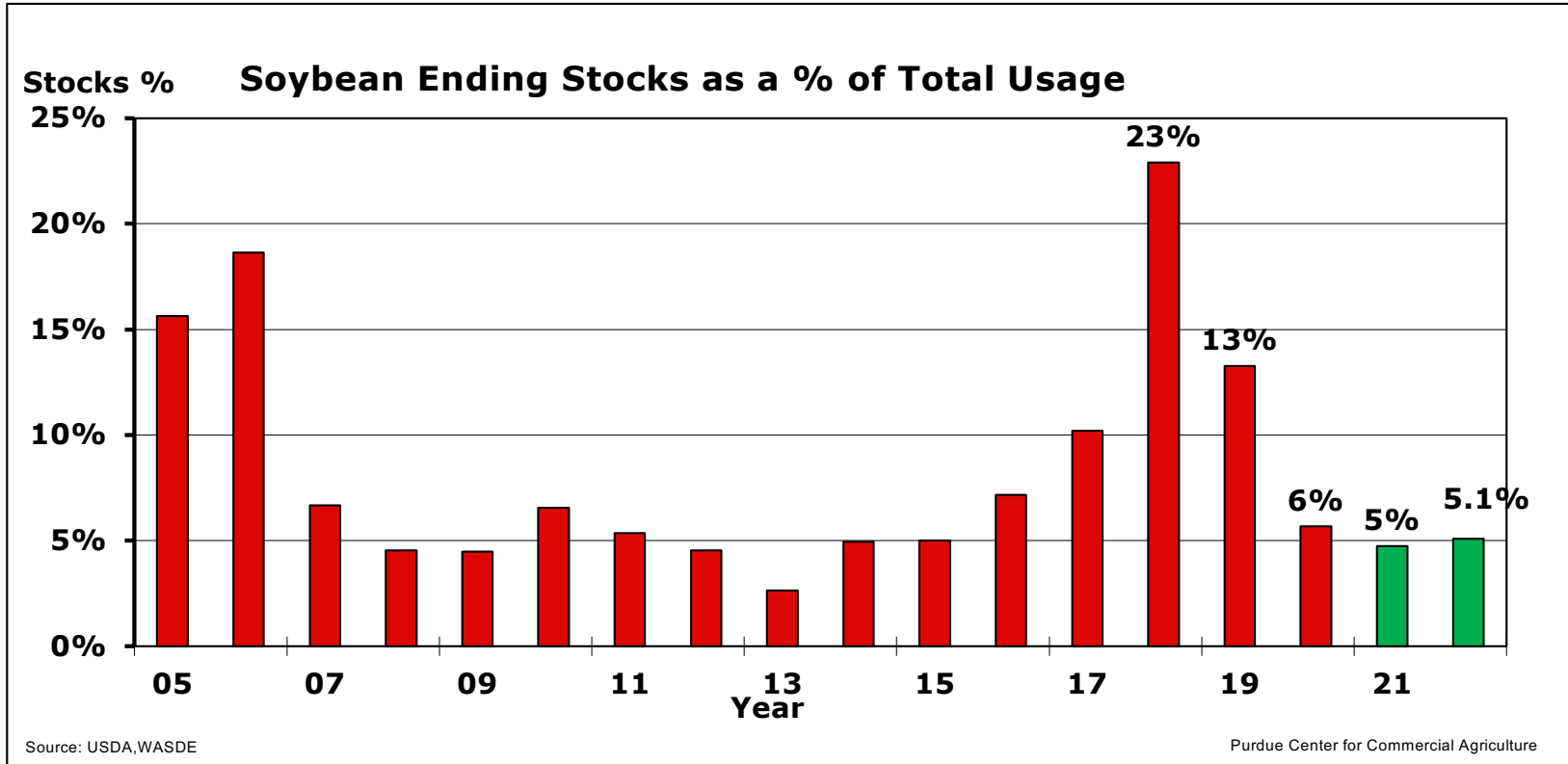


*'21 Crop Carryover Remains Above 200 m. bu., But '22 Down 50 m. bu. to 230 m. bu.*



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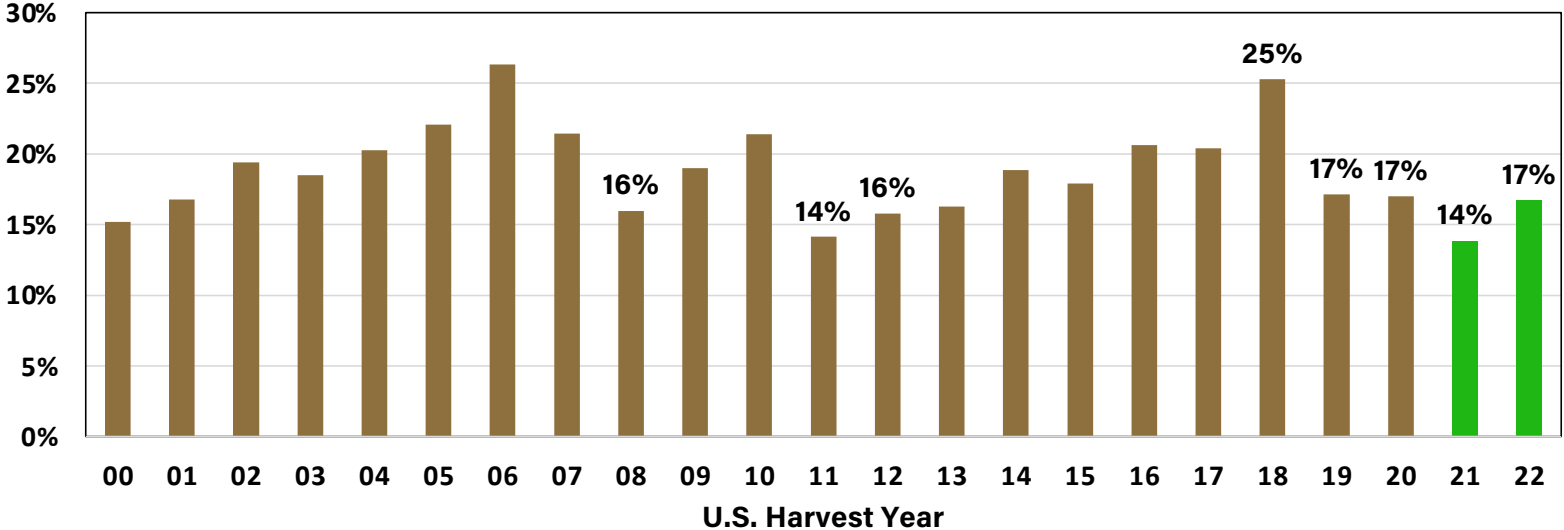
*U.S. Ending Stocks Remain Tight By Historical Standards...But Not As Tight As Thought Likely Earlier This Spring*



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*Instead of Tightening Further, Major Exporters Ending Stocks Were Actually Up Slightly Since June Report*

**Major Exporters Soybean Ending Stocks  
% of World Usage, 2000-2022**



Source: USDA

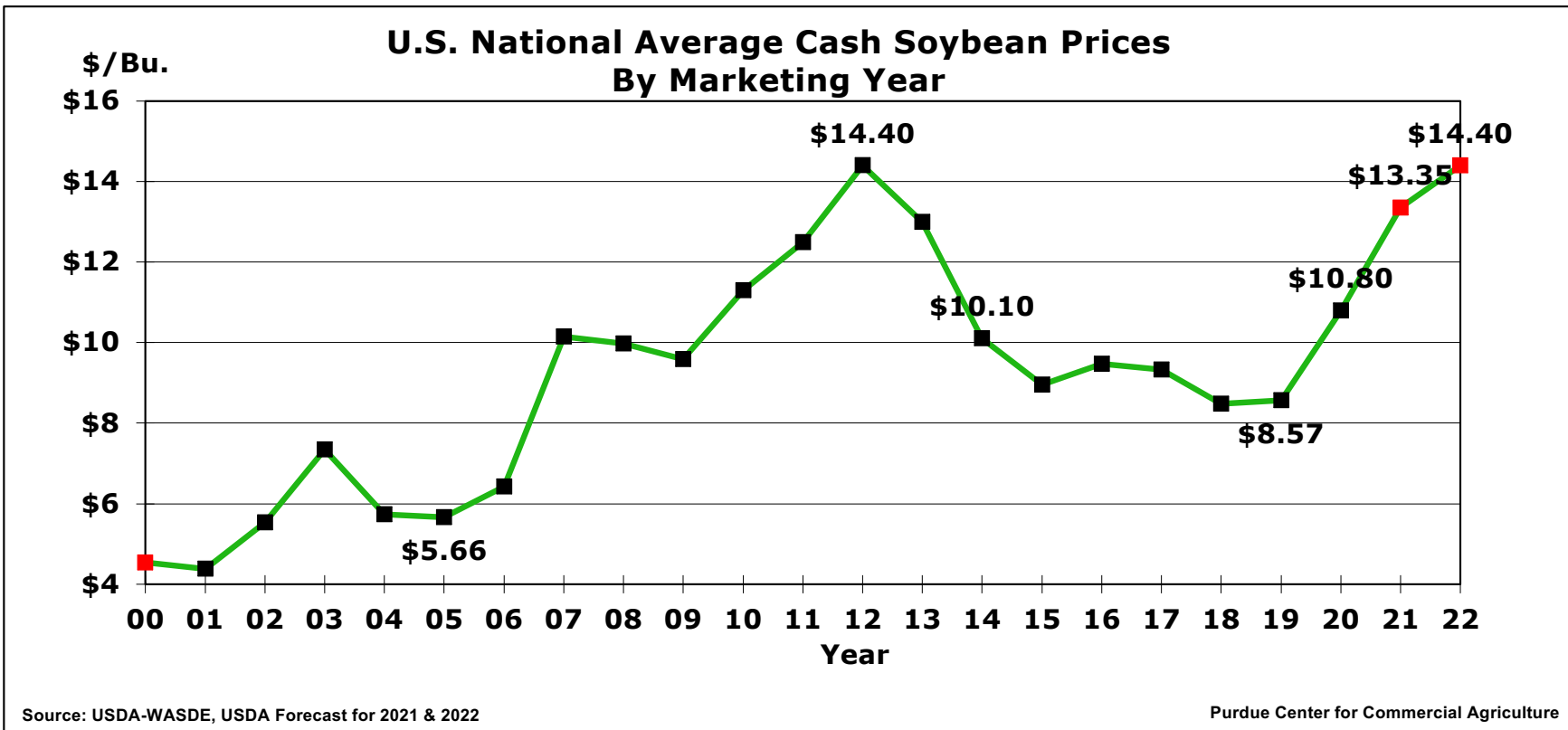
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6/13/2022

# USDA Pulled Back Price Estimate for '22 Crop By \$0.30/bu.



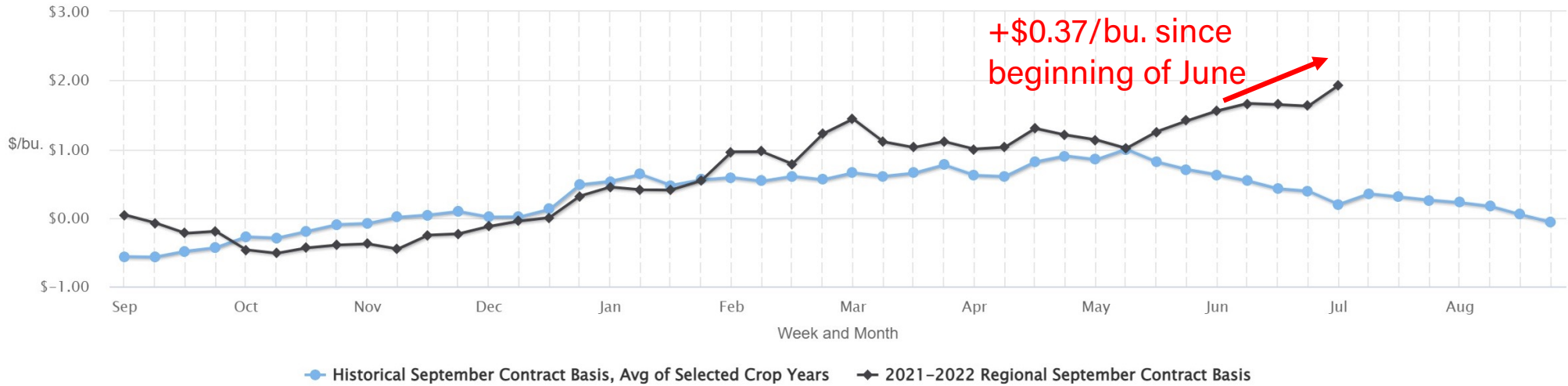
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6/13/2022

# Soybean basis - Central Indiana - 2 year average

## Purdue Center for Commercial Agriculture Crop Basis Tool

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



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

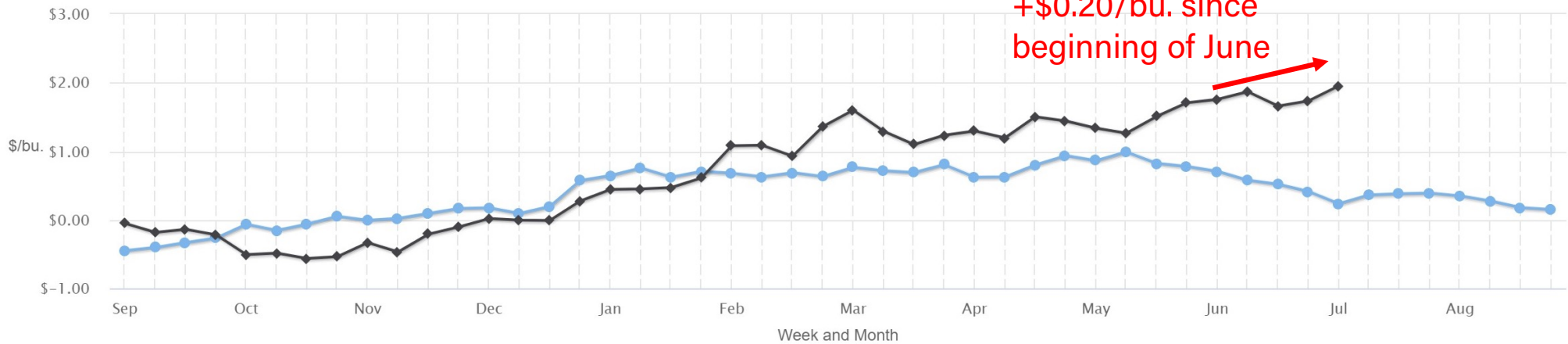


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# Soybean basis - Southwest Indiana - 2 year average

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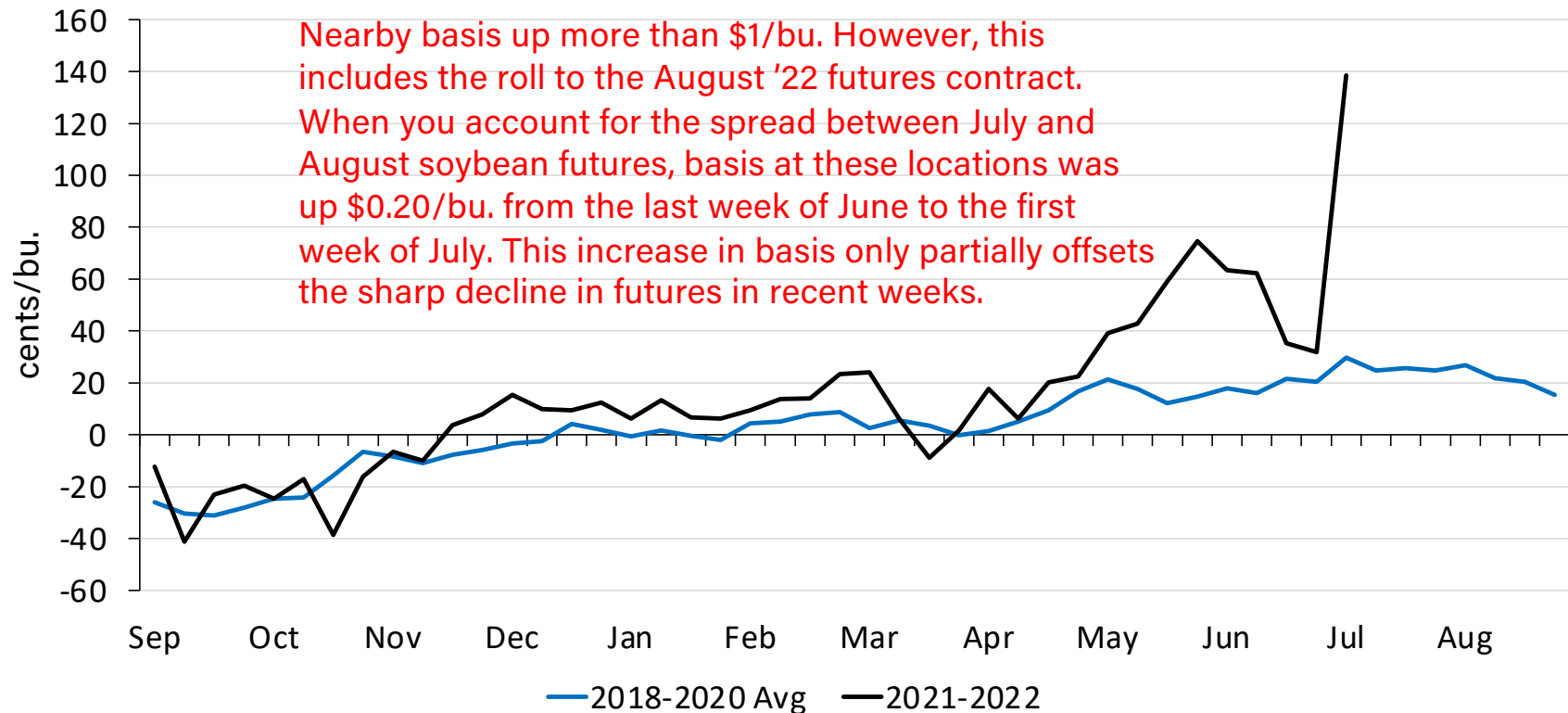
● Historical September Contract Basis, Avg of Selected Crop Years
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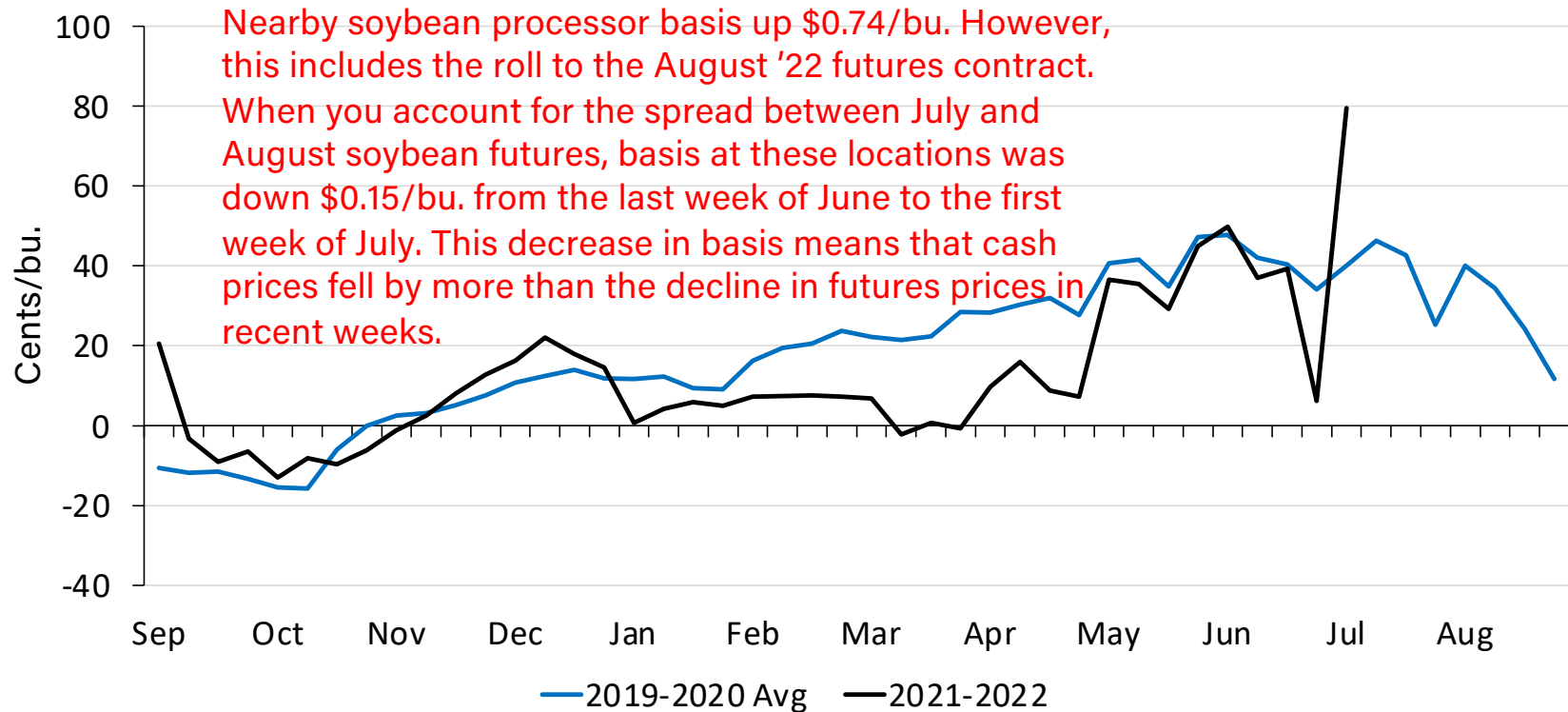
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## Nearby Soybean River Basis-Southern Indiana and Southern Illinois River Terminals

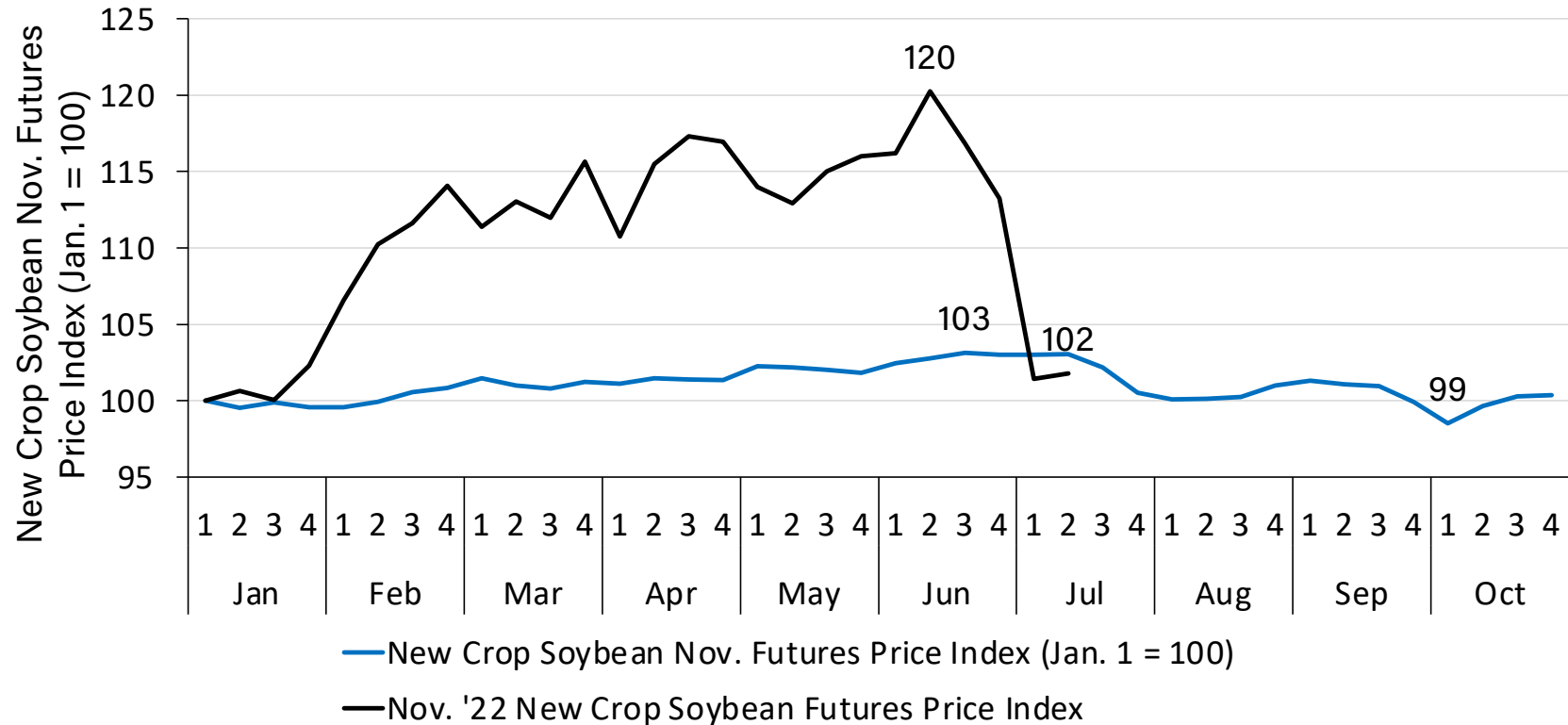


Nearby basis up more than \$1/bu. However, this includes the roll to the August '22 futures contract. When you account for the spread between July and August soybean futures, basis at these locations was up \$0.20/bu. from the last week of June to the first week of July. This increase in basis only partially offsets the sharp decline in futures in recent weeks.

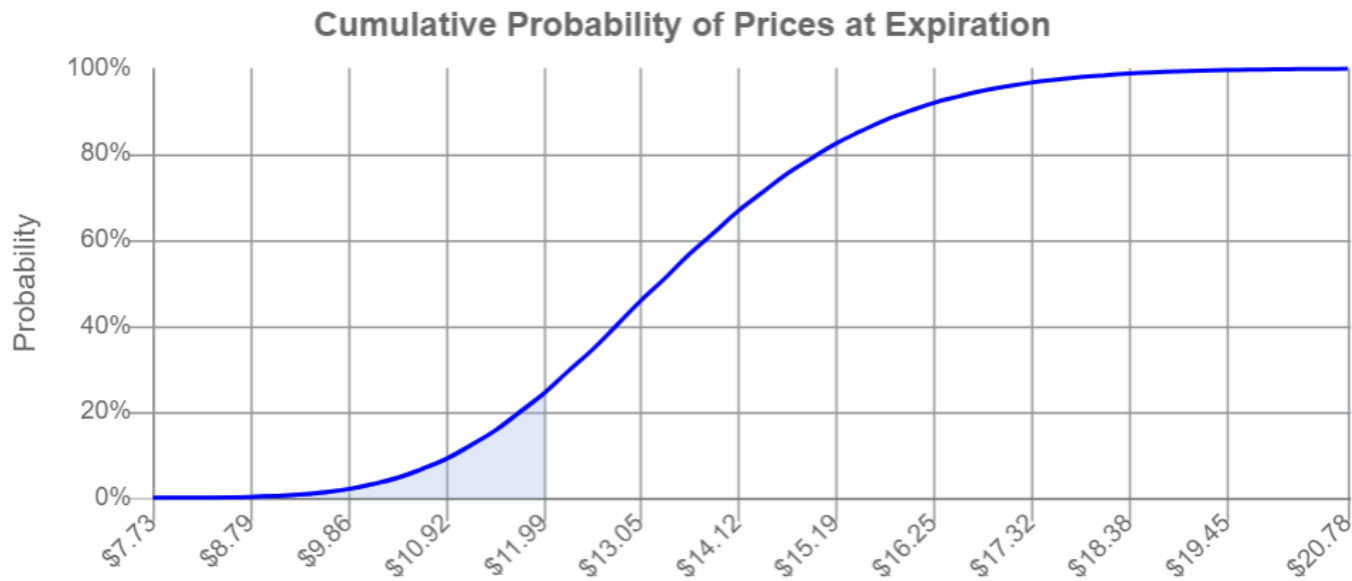
## Nearby Indiana soybean processor basis



## *30-Year Average New Crop Nov. Soybean Futures Price Index (Jan. 1 = 100), 1990-2020*



# farmdoc Price Discovery Tool: Nov. '22 Soybean Futures

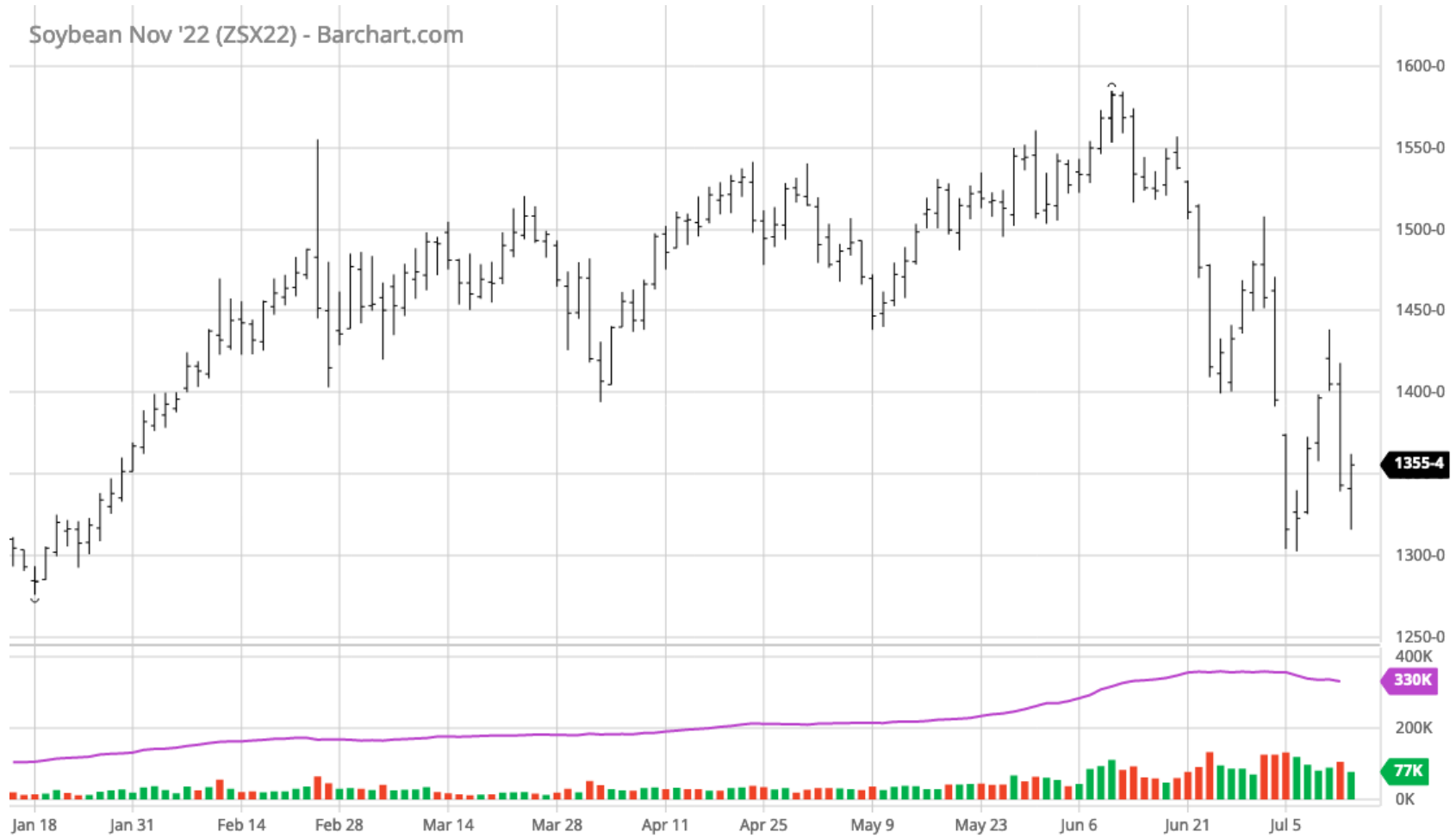


Source: <https://fd-tools.ncsa.illinois.edu/pricedistribution>

~25% chance that Nov. '22 soybean futures are below \$12 at expiration.

Price at Expiration ▲	Probability Below ▲
\$12.50	34.16%
\$12.75	39.29%
\$13.00	44.50%
\$13.25	49.71%
\$13.50	54.83%
\$13.75	59.78%
\$14.00	64.50%
\$14.25	68.92%
\$14.50	73.02%

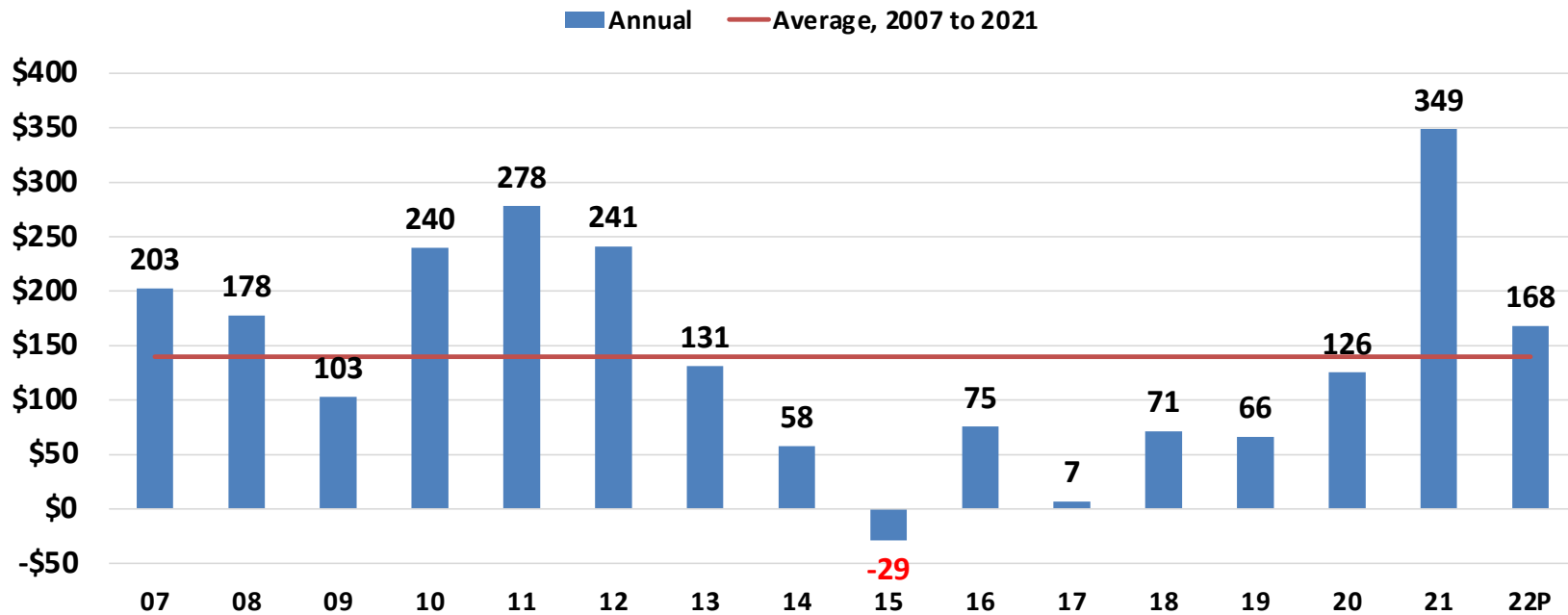
Soybean Nov '22 (ZSX22) - Barchart.com



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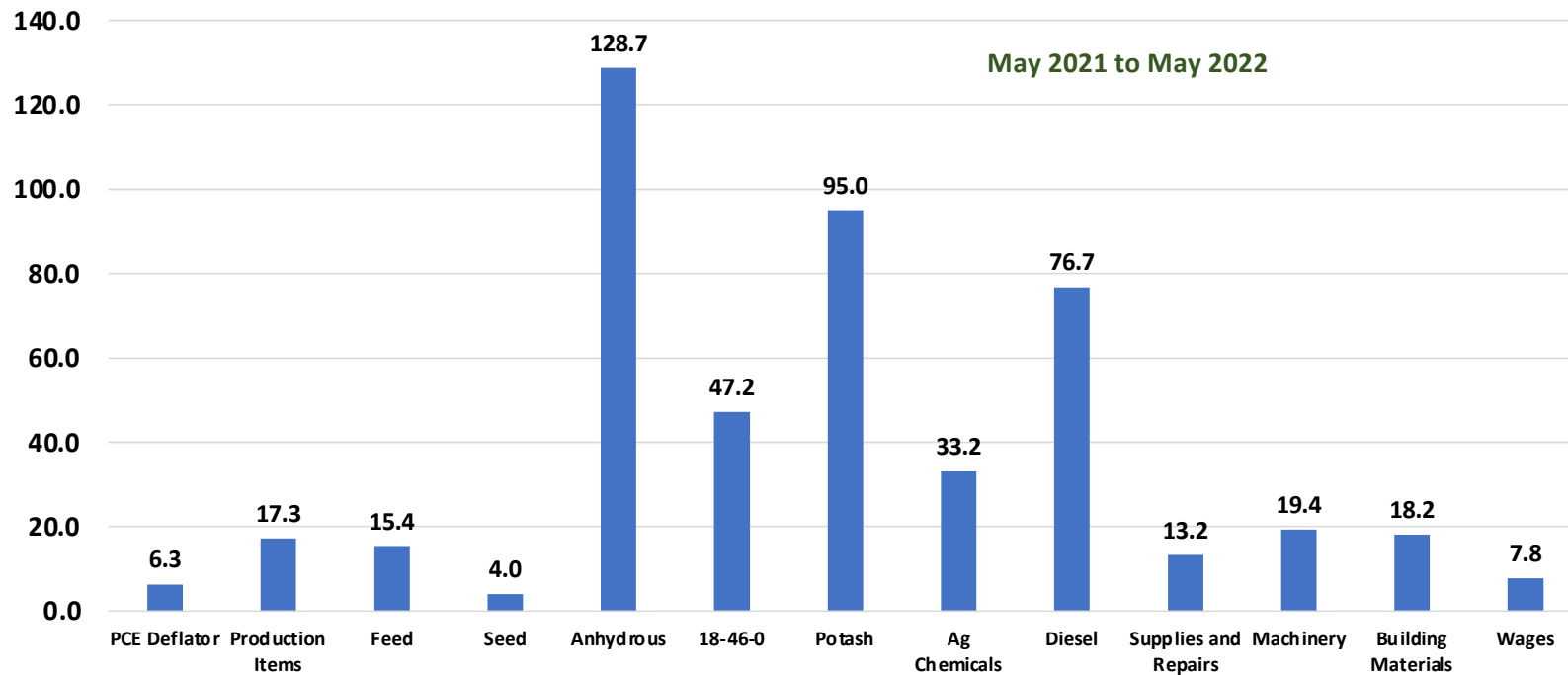
## Comparison of Projections for 2022 to Long-Run NFI Average

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



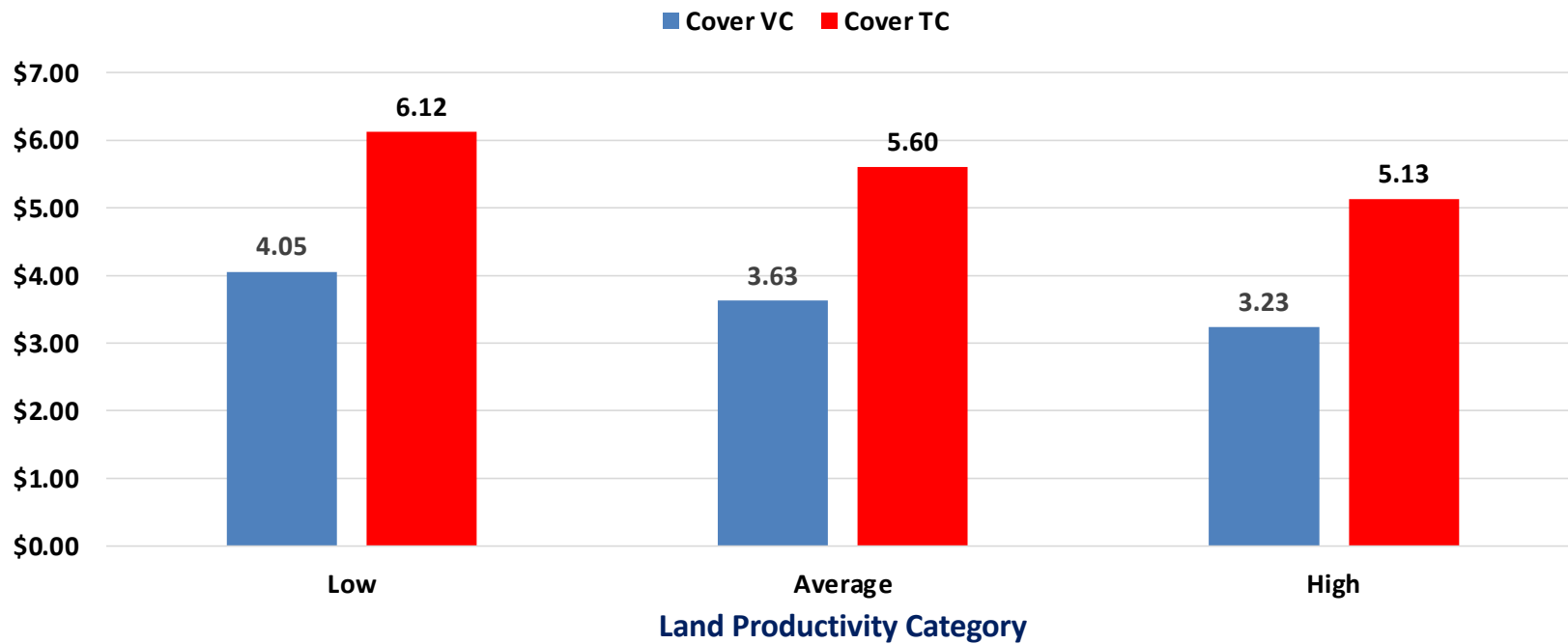
# Surge in Farm Input Prices

Percentage Change in Inflation and Farm Input Prices in the Last 12 Months



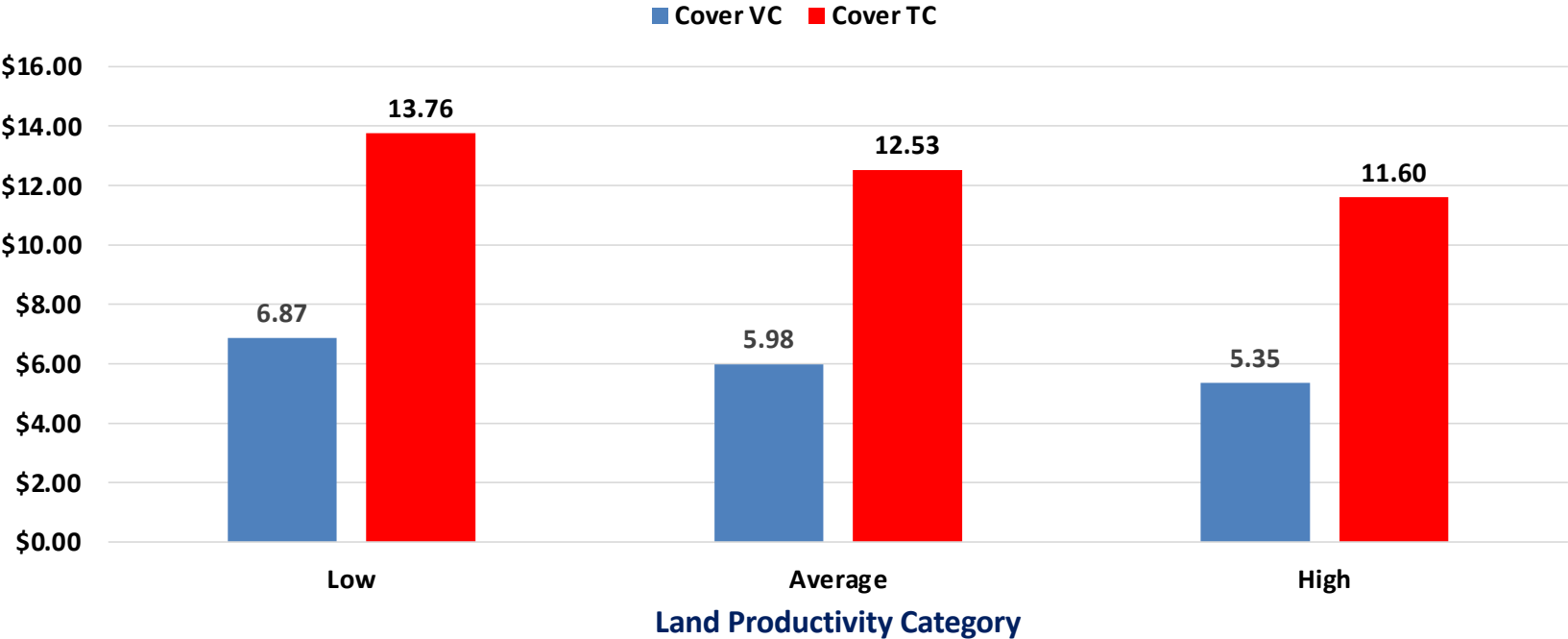
# *Economic Profit Prospects for Corn Have Diminished*

## 2022 Breakeven Prices for Rotation Corn in Indiana



# *Economic Profit Prospects for Soybeans are Better than for Corn*

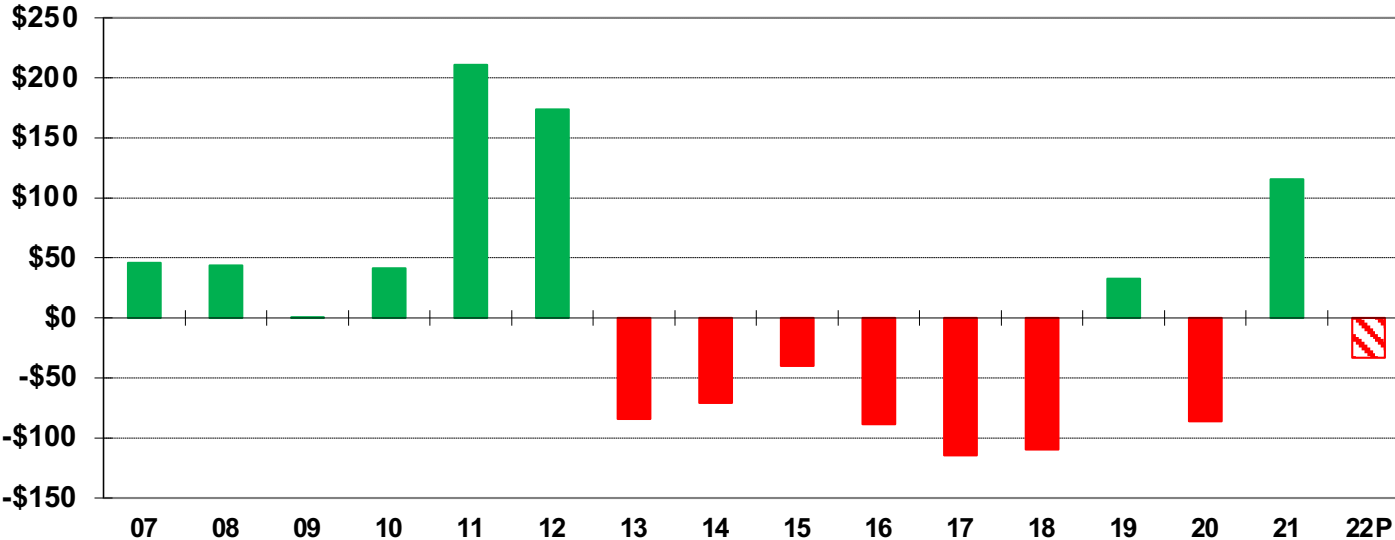
### 2022 Breakeven Prices for Soybeans in Indiana



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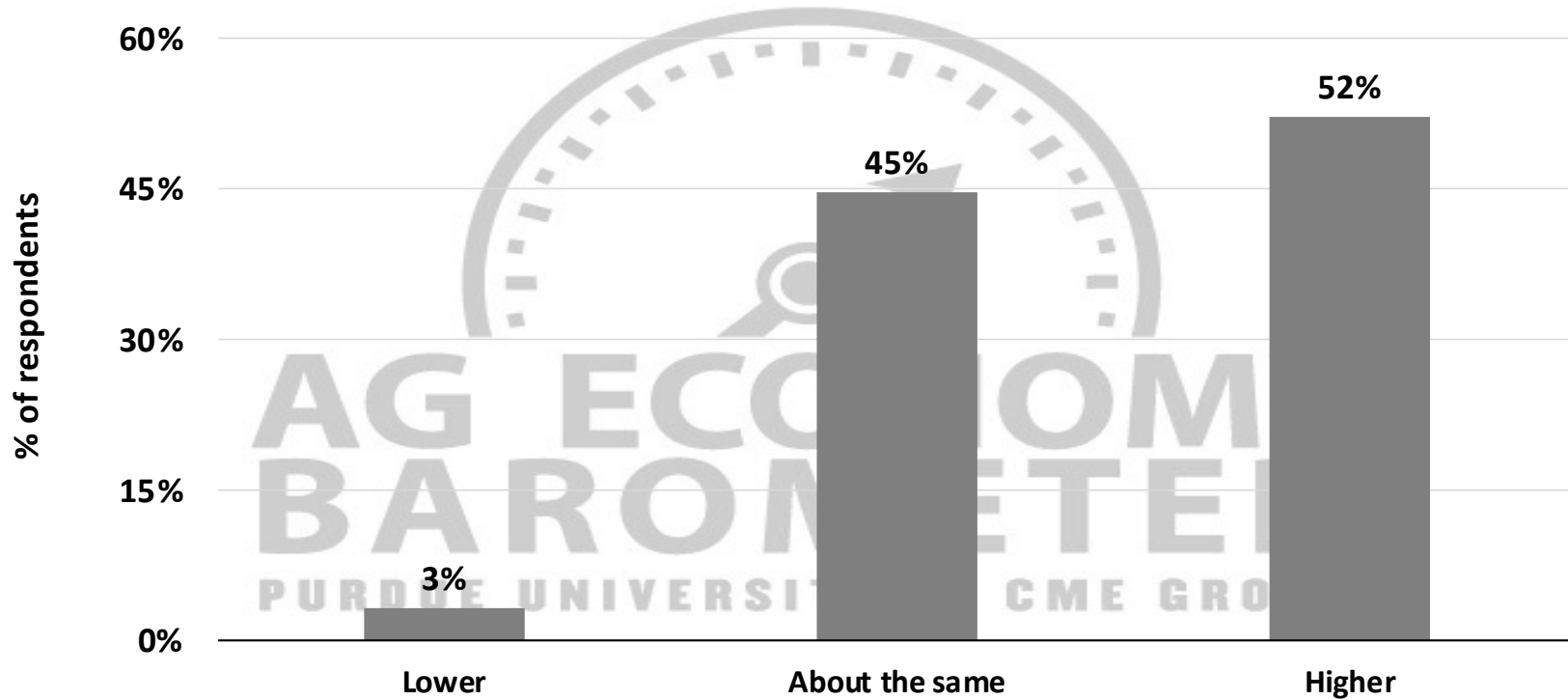
# 2022 Profit Prospects for Corn Have Deteriorated

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



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**Compared to a year ago, what are your expectations for cash rent in your area in 2023?**



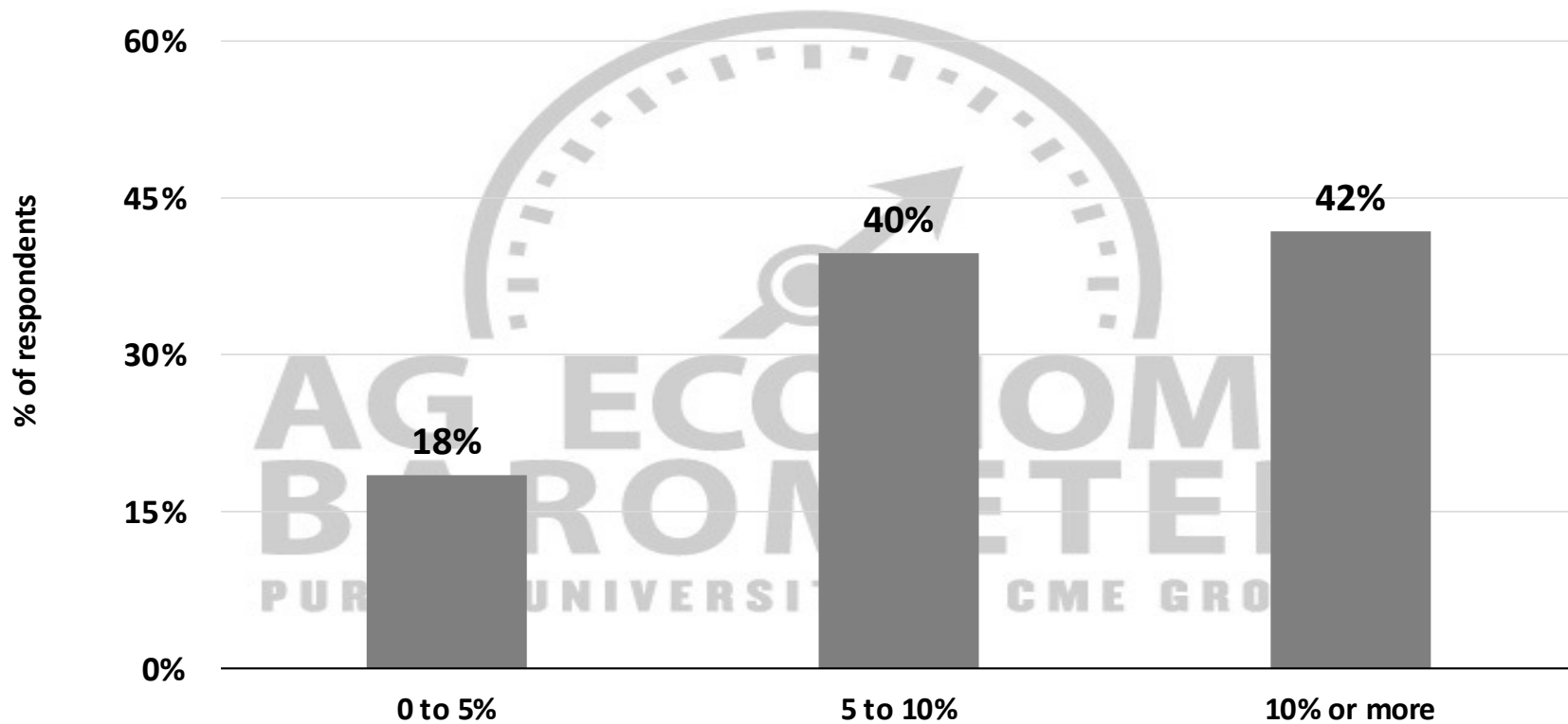
Source: Purdue Center for Commercial Agriculture, Producer Survey, June 2022



Center for Commercial Agriculture

June survey results released on July 5, 2022

Compared to this year, by how much do you expect 2023 cash rents in your area to increase?



Source: Purdue Center for Commercial Agriculture, Producer Survey, June 2022



Center for Commercial Agriculture

June survey results released on July 5, 2022



## MONTHLY OUTLOOK

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Details Available at  
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