



Grain Outlook

Southern Outlook Conference

September 27, 2016

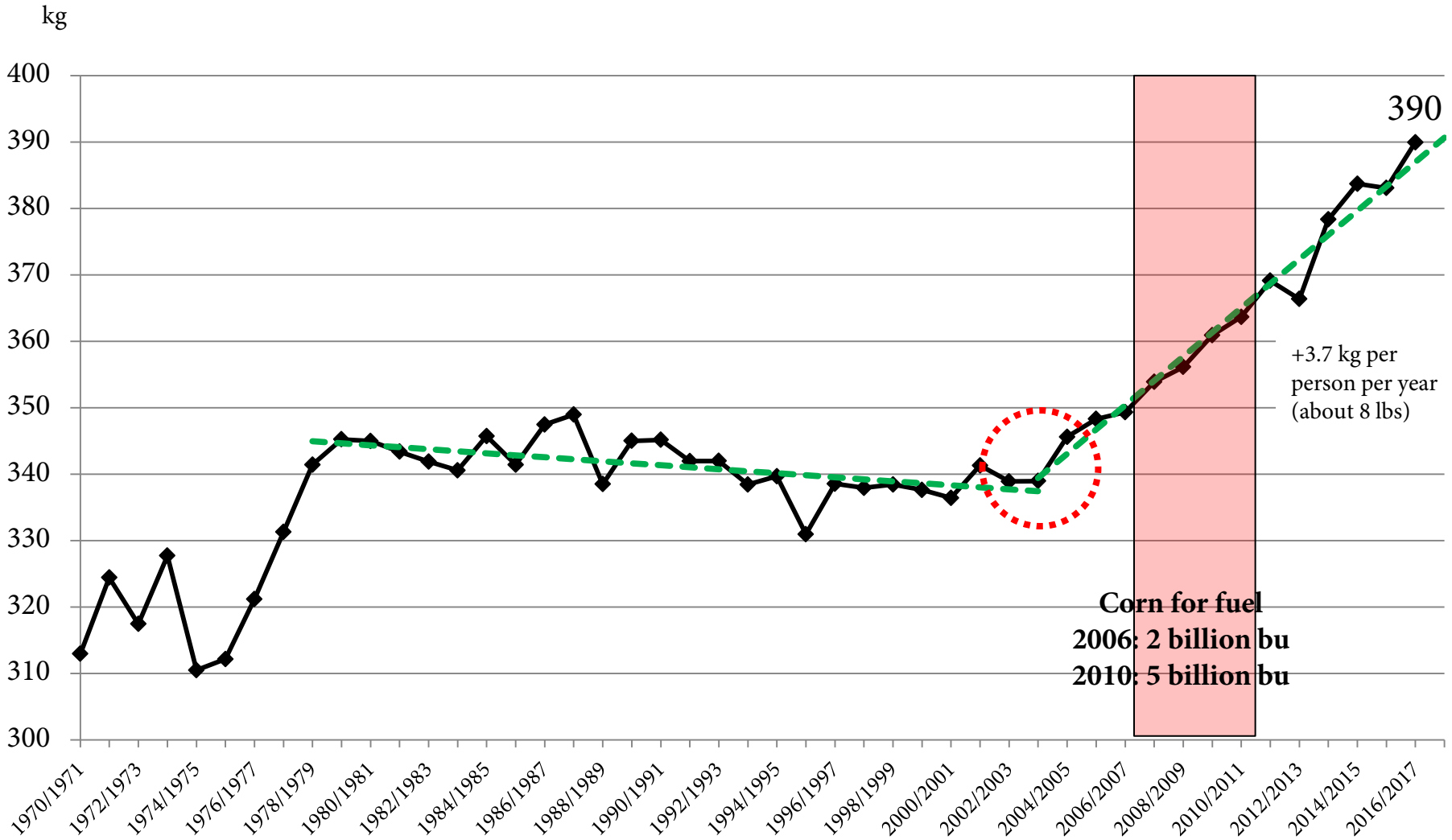
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World Per Capita Grain Use

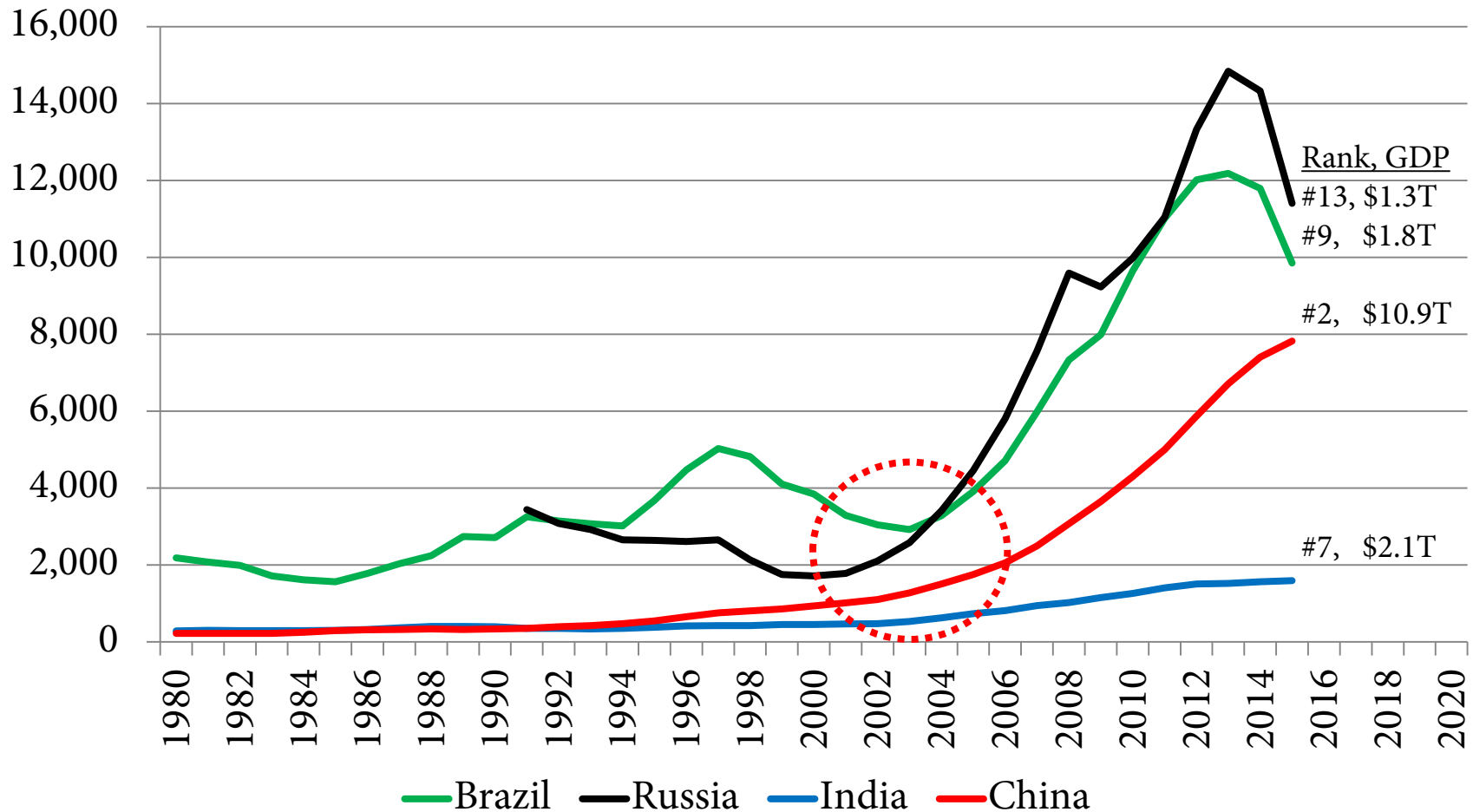


barley, corn, millet, mixed grains, oats, rice, rye, sorghum, soybeans, and wheat

USDA, Foreign Agricultural Service, PSD, 9/14/2016

BRIC Countries, Average Income

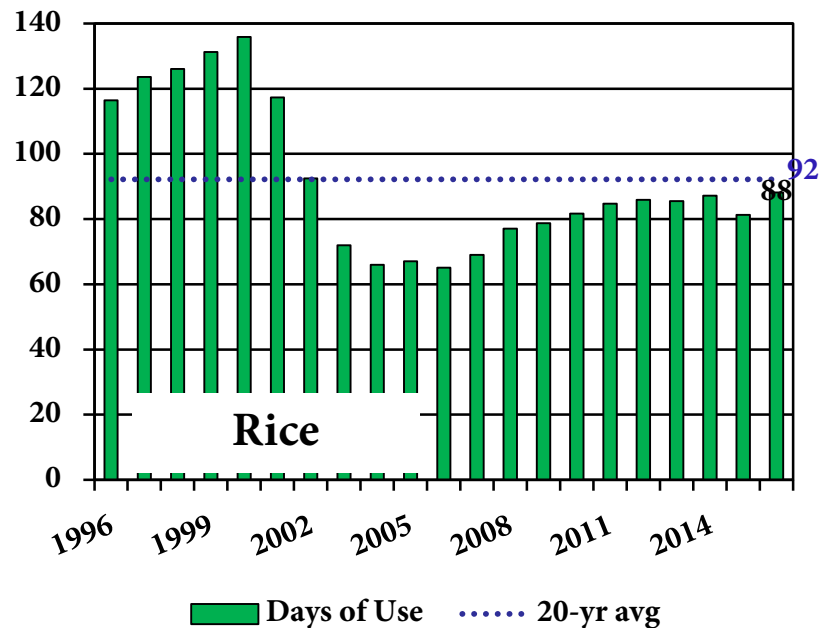
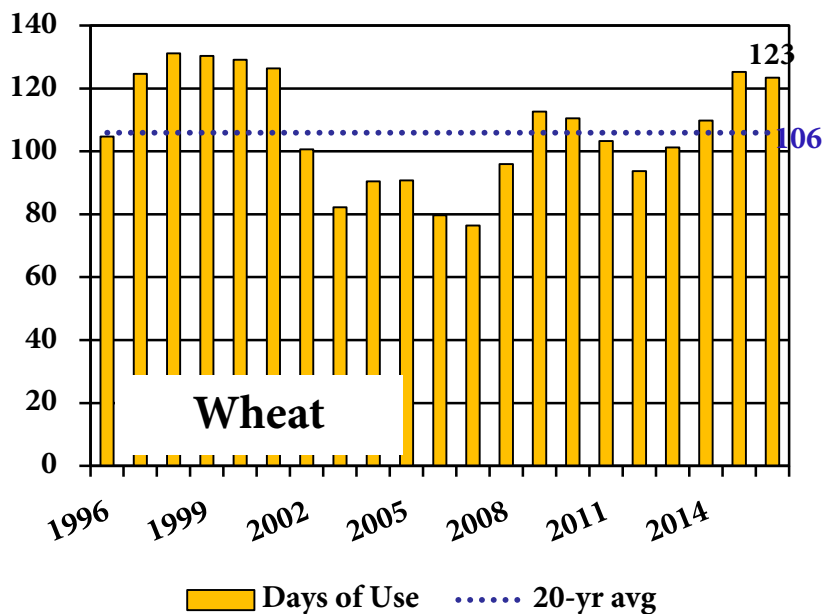
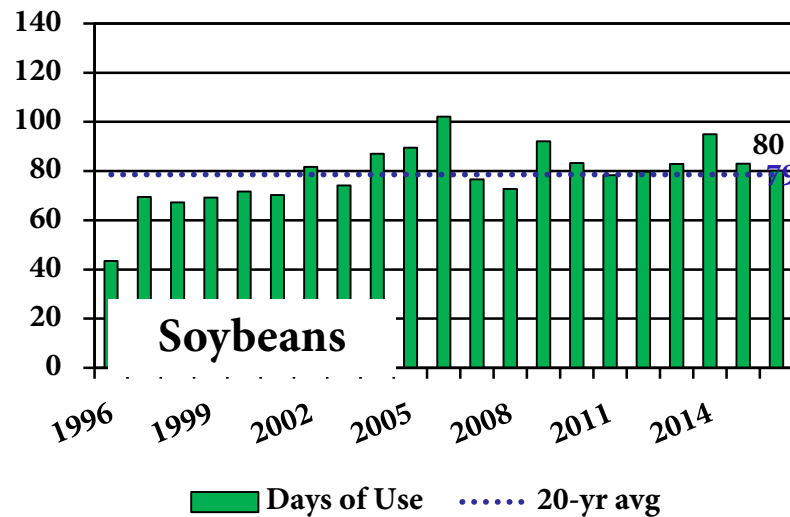
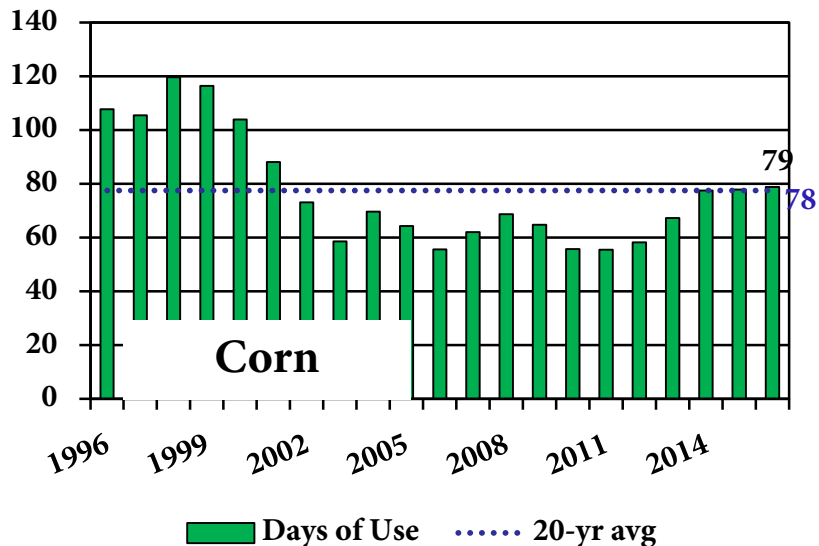
Current US\$



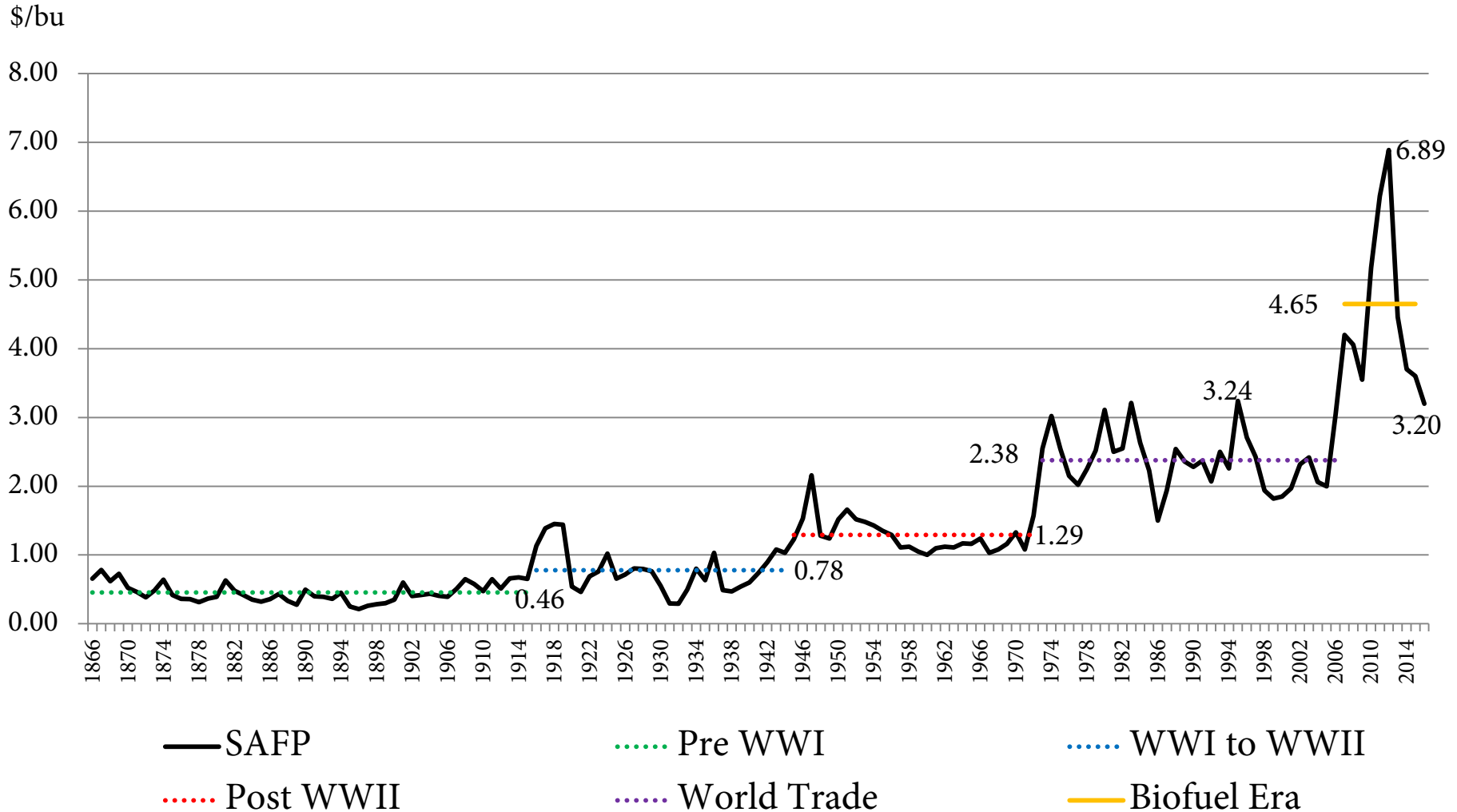
World Bank, GNI per capita, 9/14/2016

<http://data.worldbank.org/indicator/>

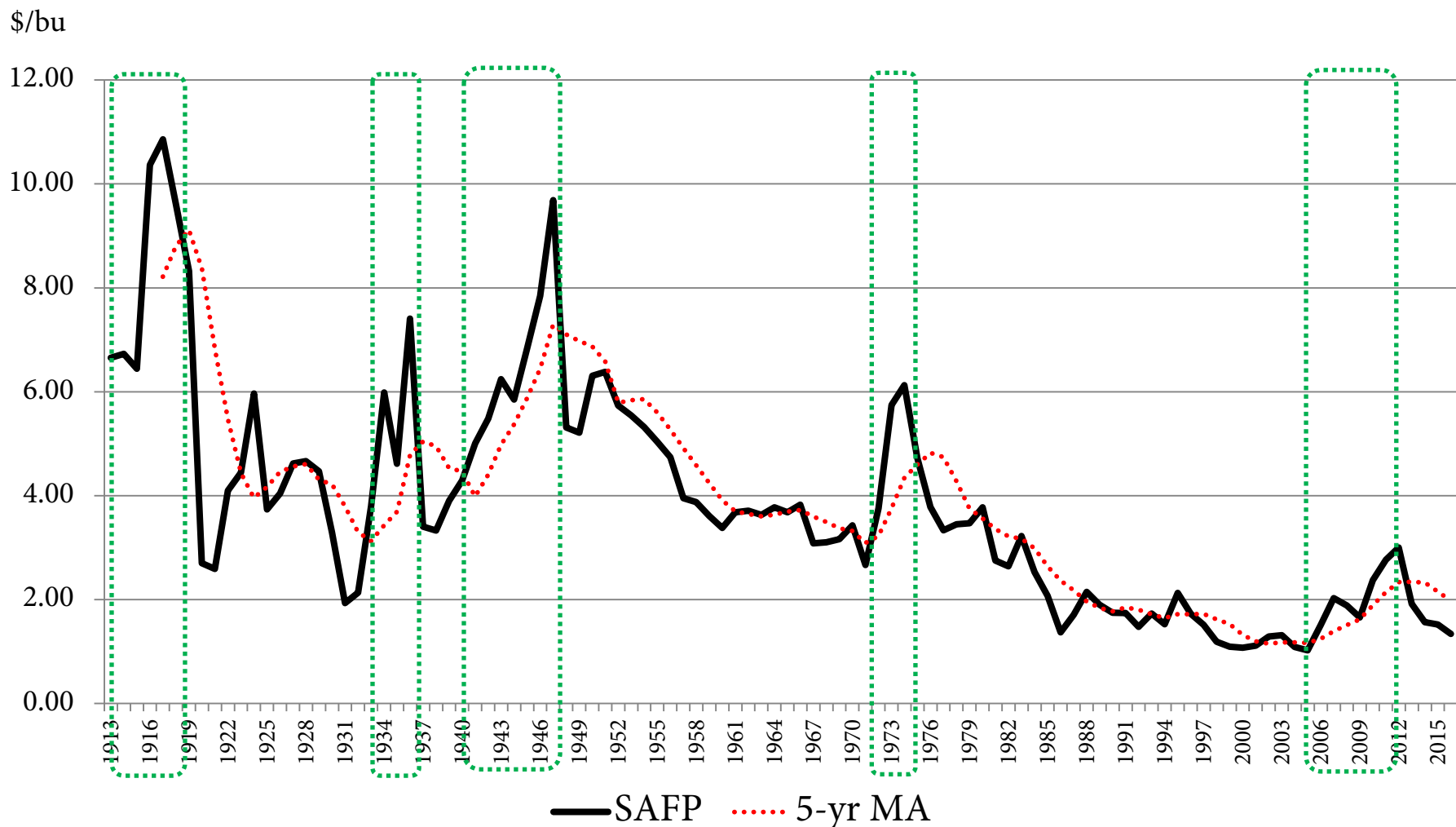
World Days of Use on Hand, 9/12/2016



Marketing Year Average Corn Prices

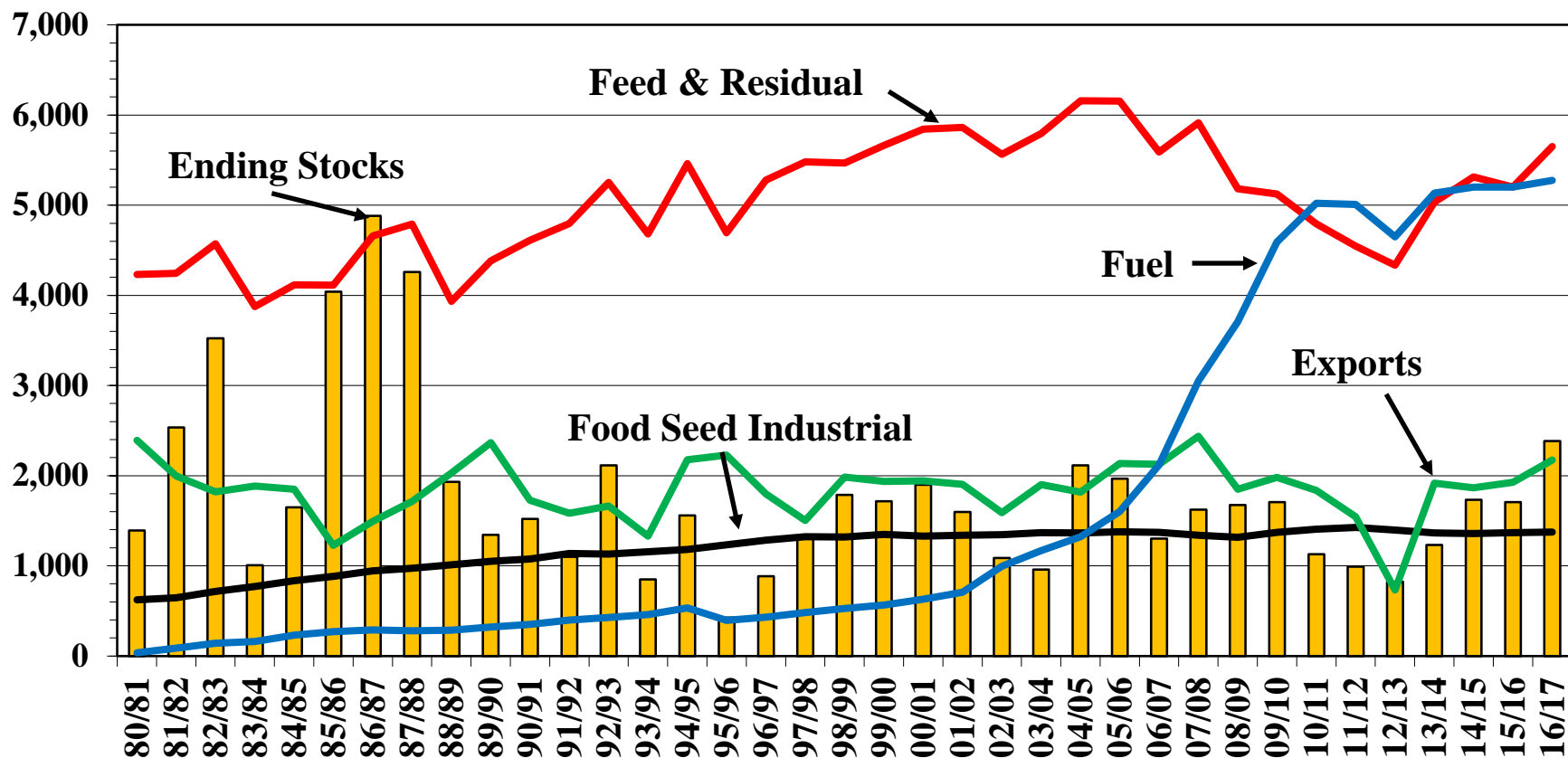


Marketing Year Average Corn Prices constant dollars (1982-84=100)



U.S. Corn: Disappearance

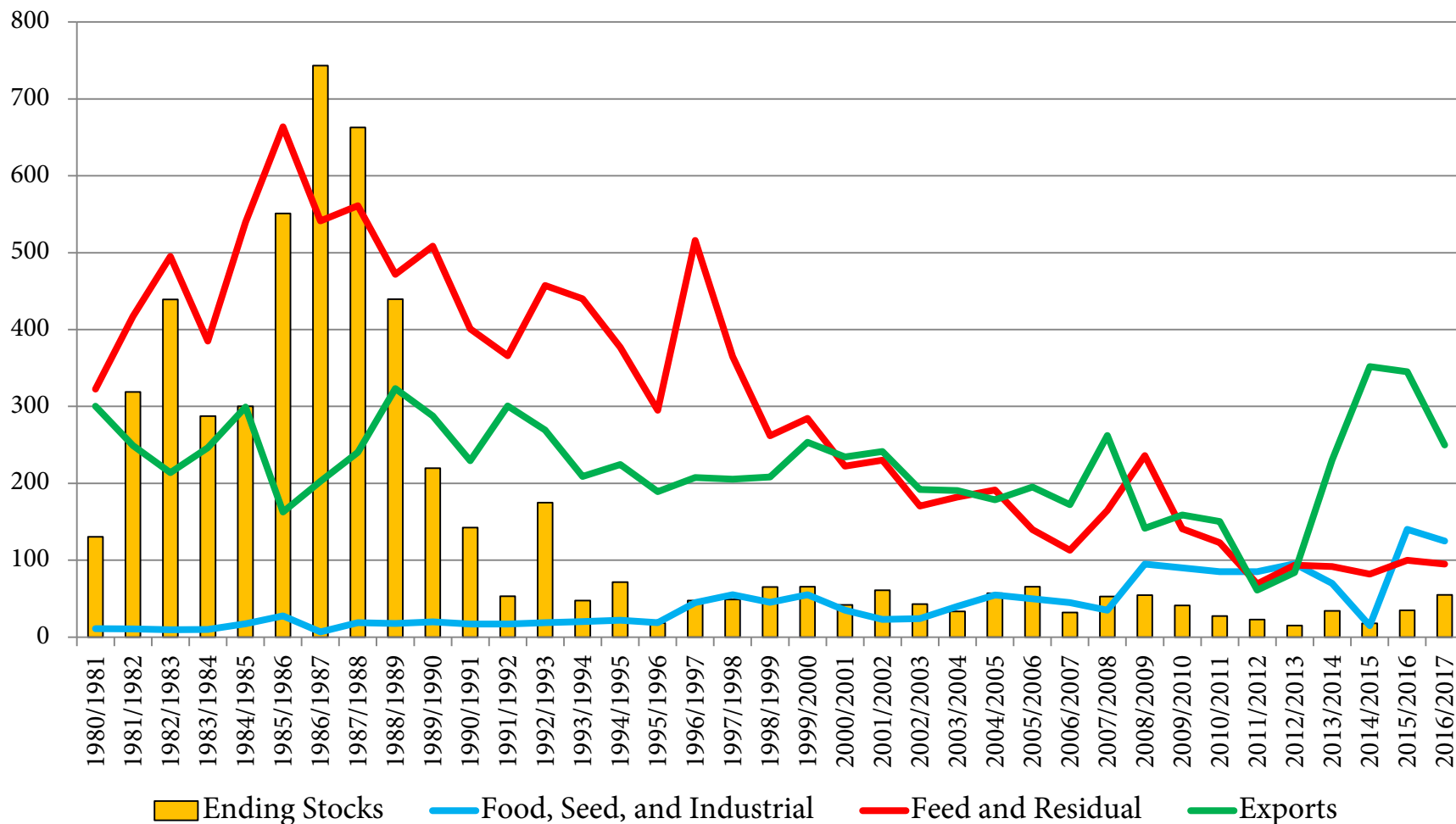
Million Bushels



Source: USDA WASDE, 9/12/2016

U.S. Sorghum Disappearance

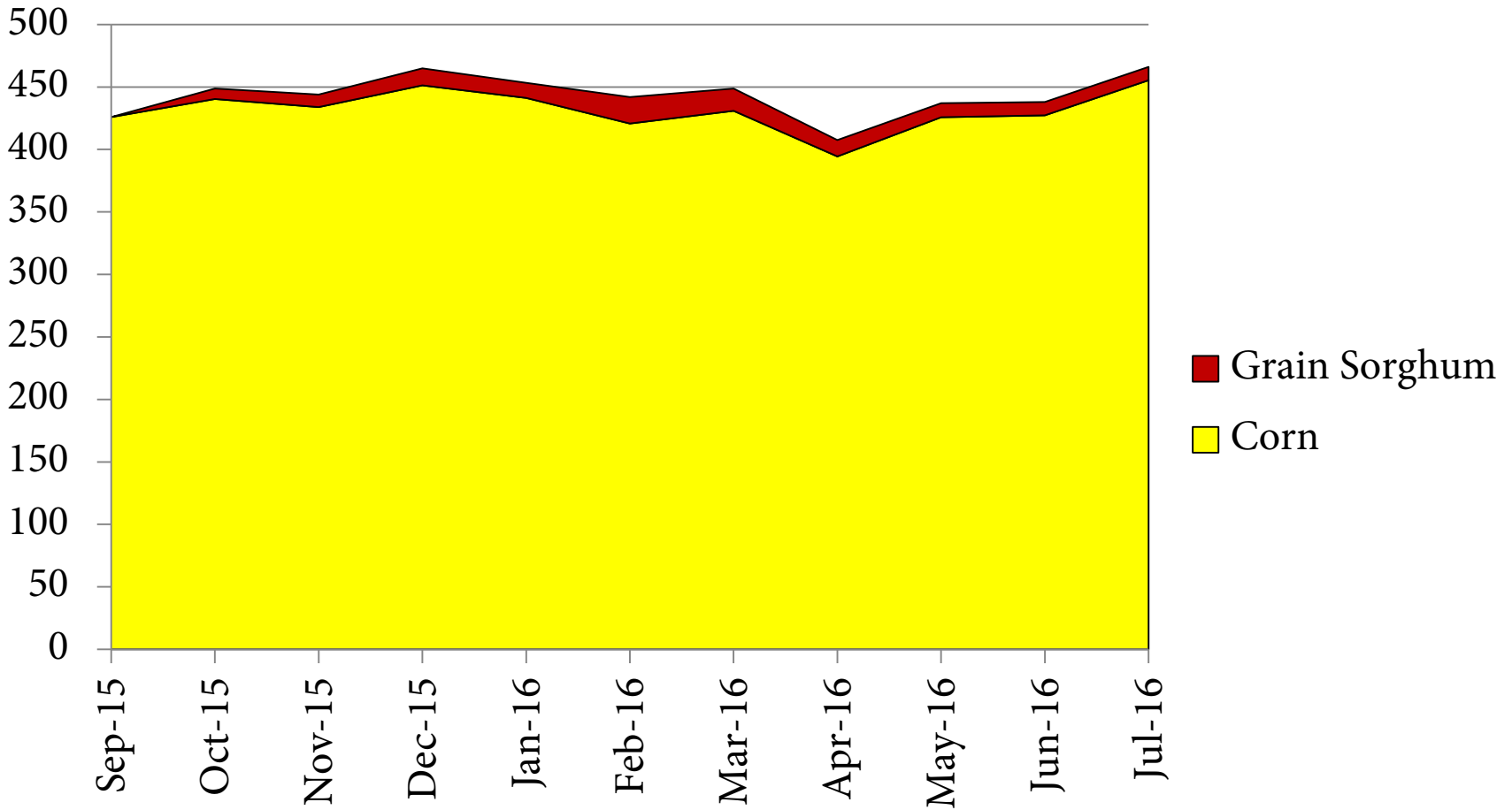
Million bushels



USDA, WASDE, 9/12/2016

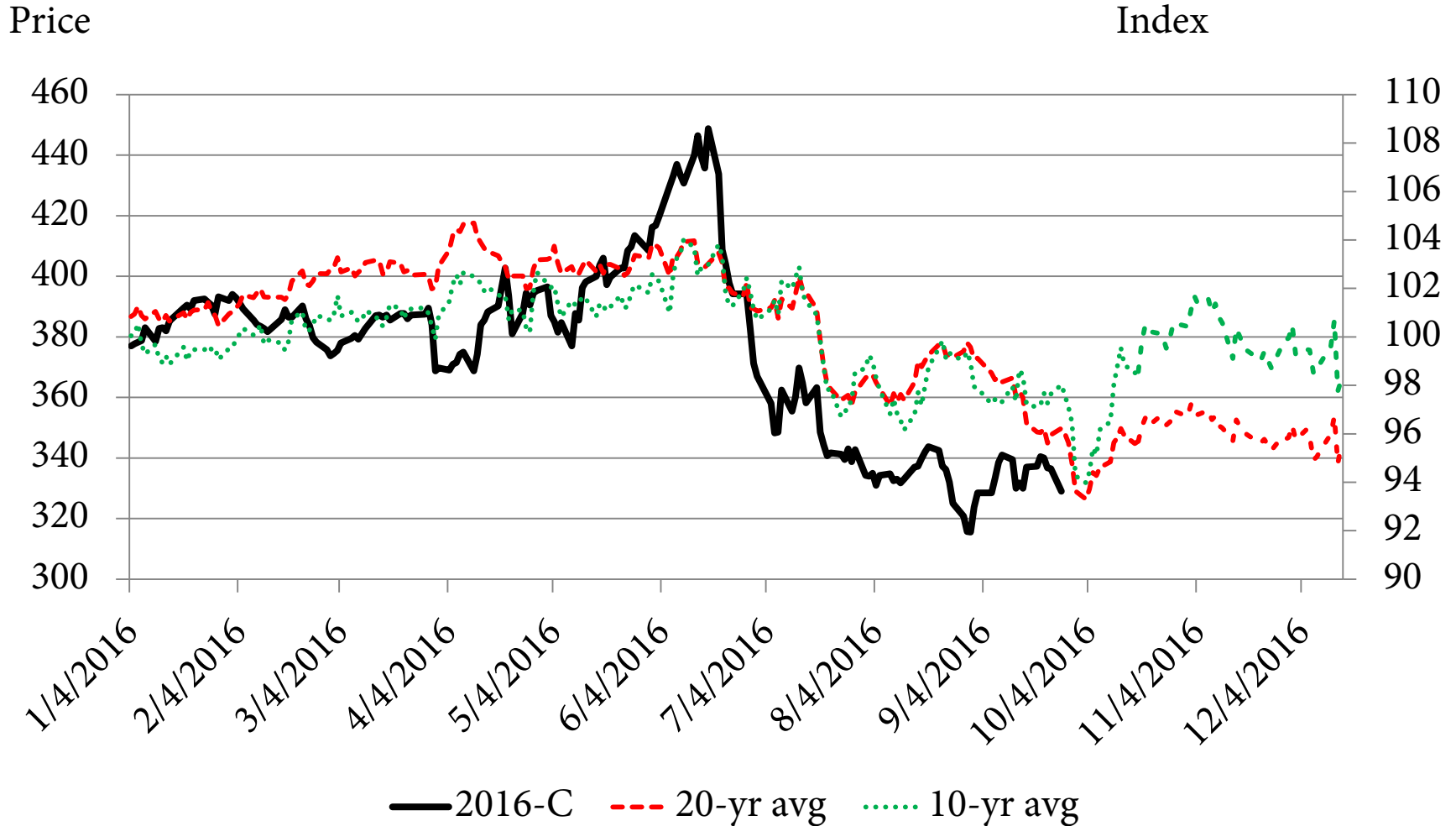
Corn and Grain Sorghum Consumed for Fuel Alcohol, 2015/16 Marketing Year

Mil bu

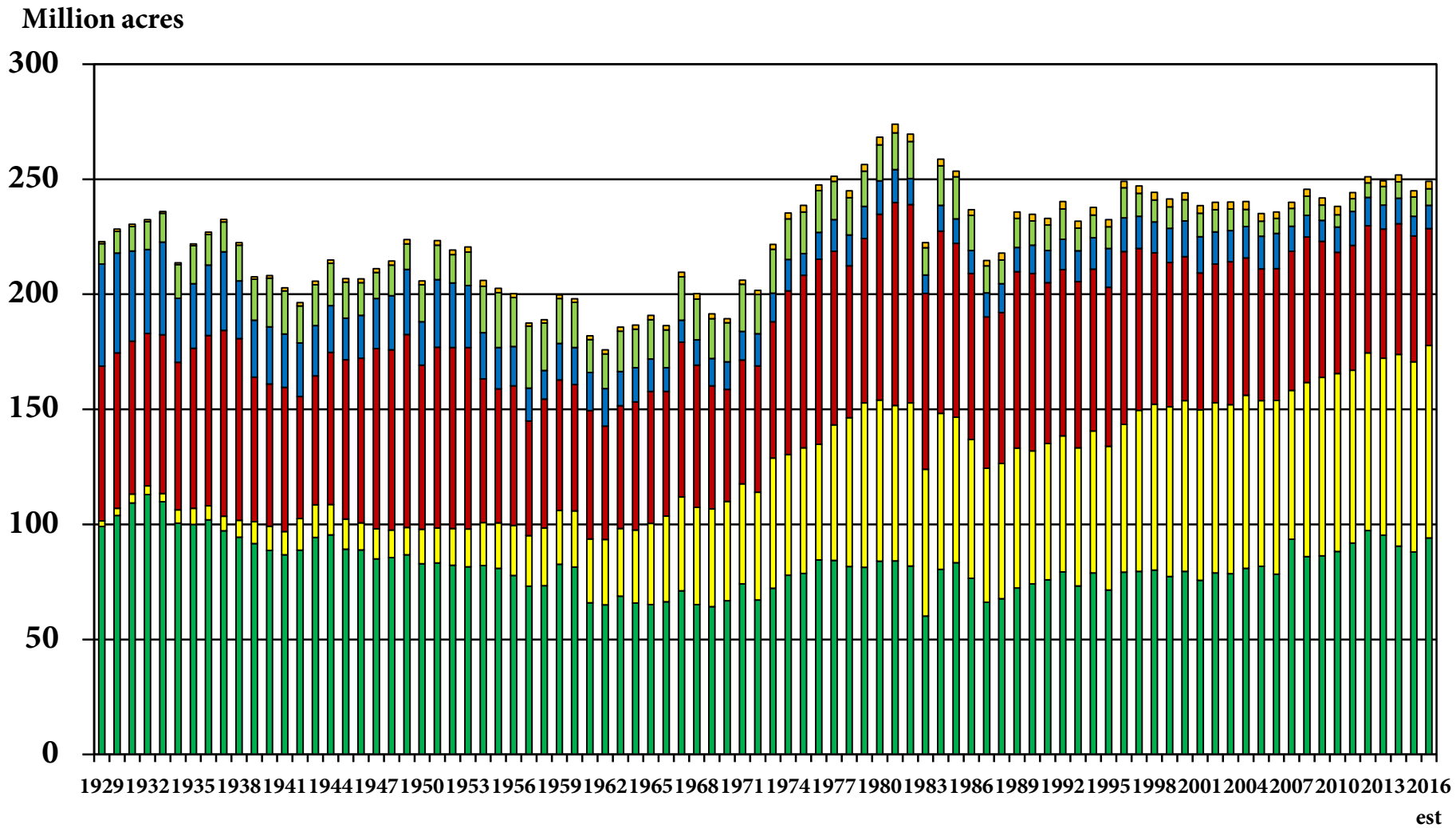


USDA, NASS, *Grain Crushings and Co-Products Production*

2016 December Corn Futures and Seasonal Index Patterns



U.S. Planted Acres, 249 million (+1.7%)

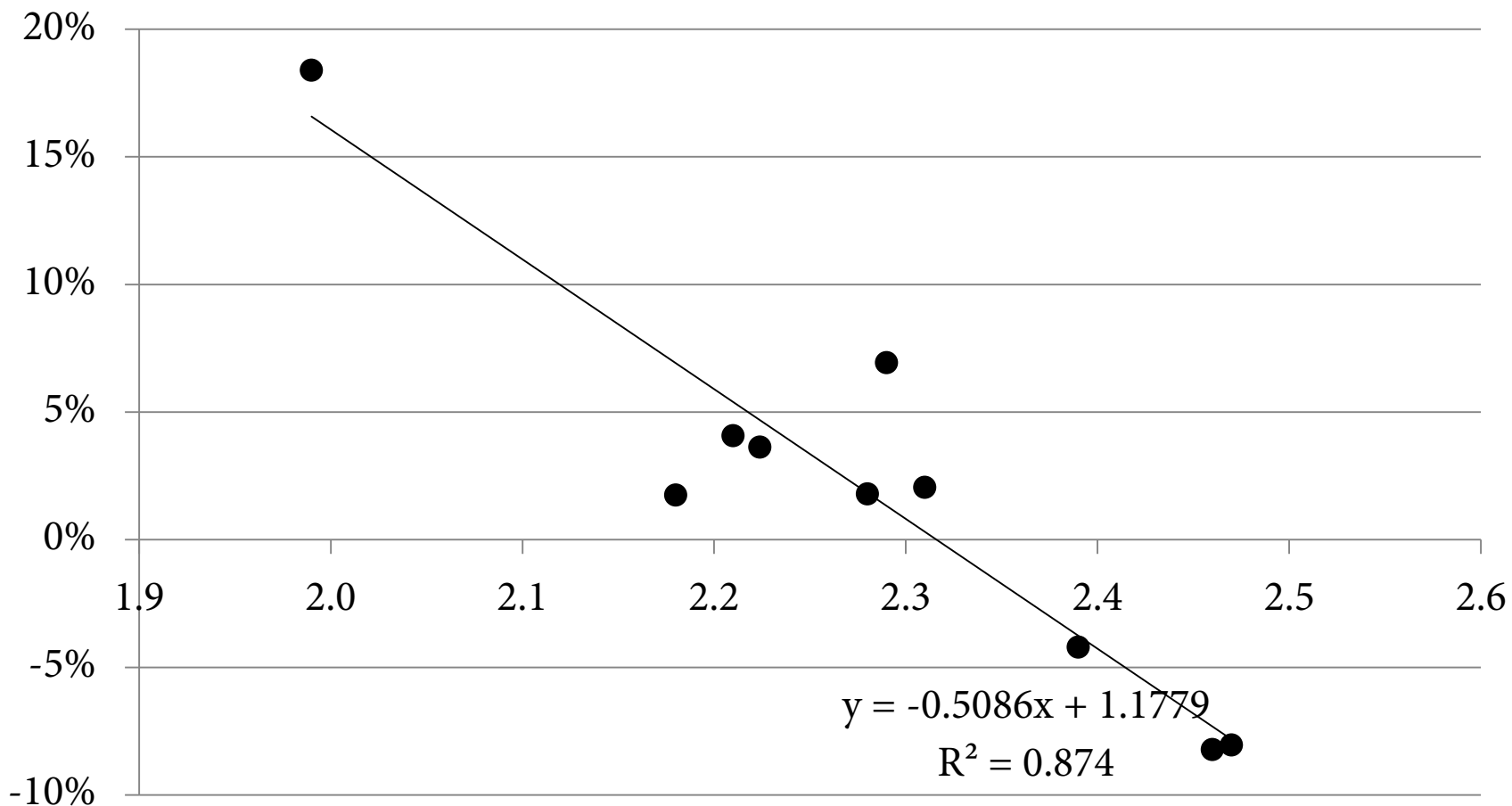


■ **Corn**
 ■ **Soybeans**
 ■ **Wheat**
 ■ **Cotton**
 ■ **Sorghum**
 ■ **Rice**
 +6.9% +1.2% -7.0% +17.1% -15.3% +22.3%

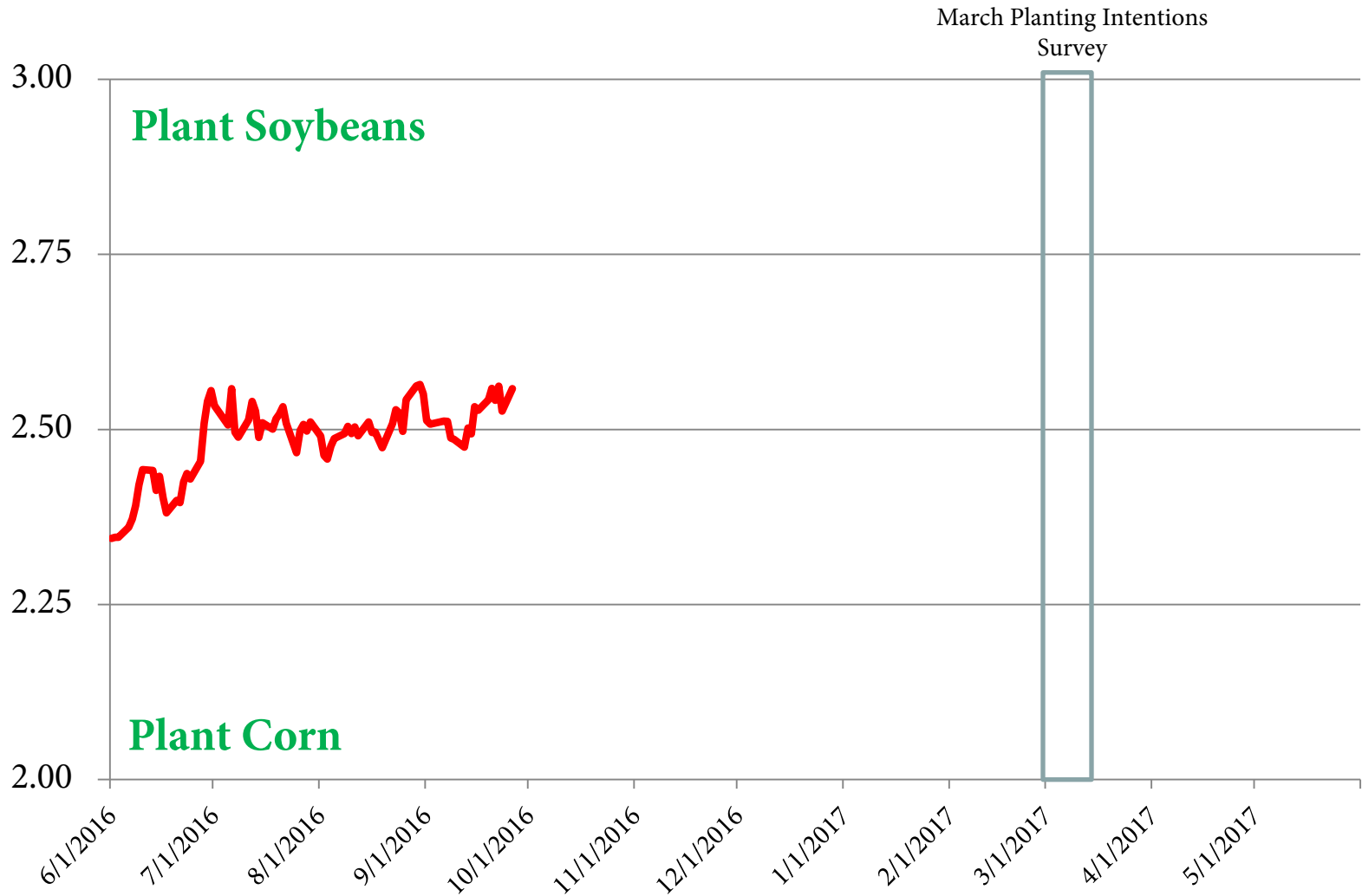
USDA 7/12/2016



Change in Corn Acres and Soybean to Corn RMA Base Price Ratio 2006-2015

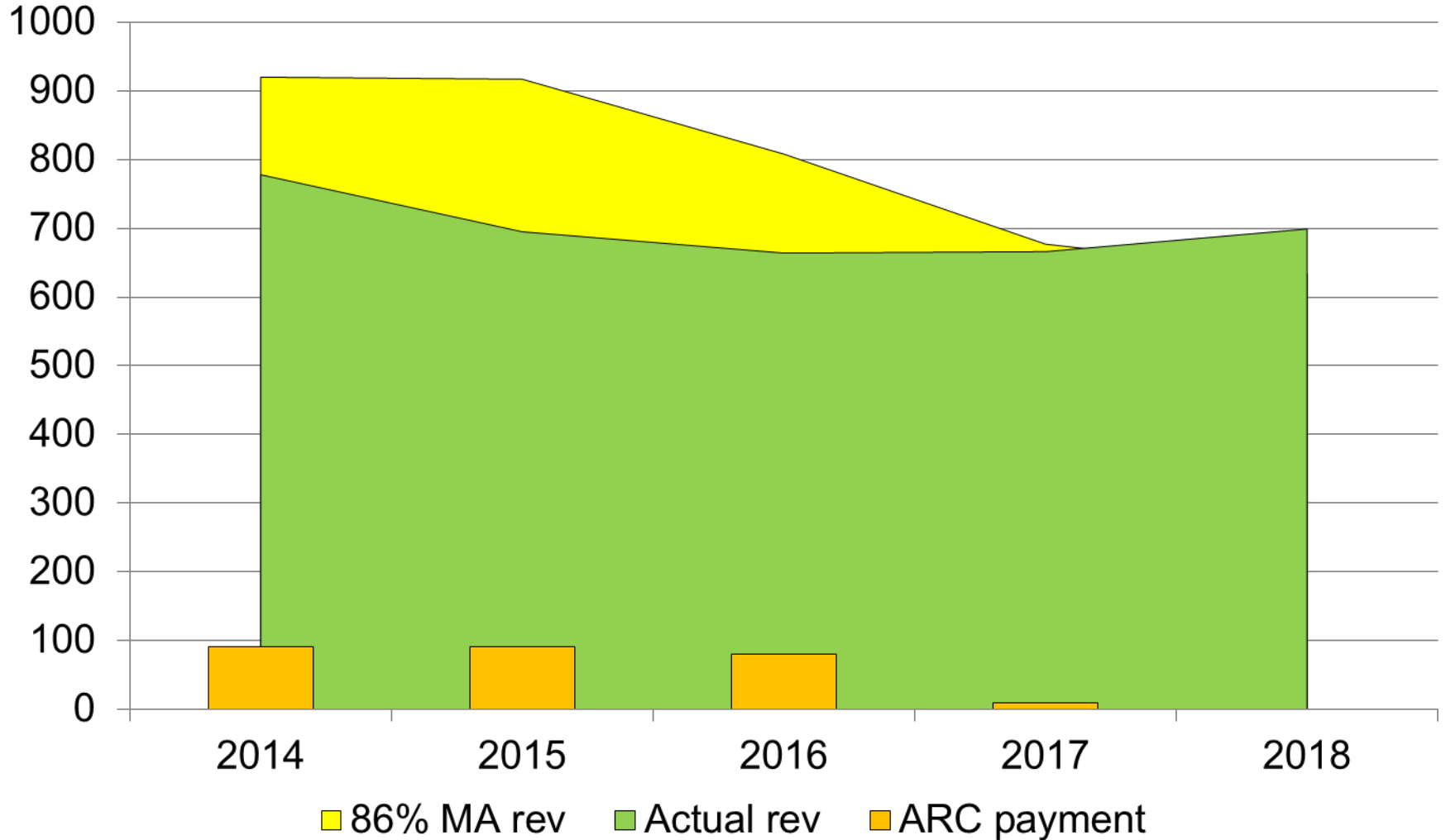


2017 Nov Soybean:Dec Corn Price Ratio



ARC Program

Texas High Plains Corn Example, \$/base acre



ARC: Agricultural Risk Coverage

			2015/16	2016/17	2017/18
AREA					
	Planted	mil acres	88	94.1	90.3
	Harvested	mil acres	80.7	86.6	82.7
	% harvested		91.7%	92.0%	91.5%
YIELD	Harvested acre	bu/ac	168.4	174.4	168.0
SUPPLY					
	Beginning stocks	mil bu	1,731	1,716	2,384
	Production	mil bu	13,601	15,093	13,886
	Imports	mil bu	65	50	50
	Total Supply	mil bu	15,397	16,859	16,320
DEMAND					
	Feed and residual	mil bu	5,200	5650	5650
	Food, seed, and indust	mil bu	1,367	1375	1375
	Ethanol	mil bu	5,200	5275	5275
	Total Domestic Use	mil bu	11,767	12300	12300
	Exports	mil bu	1,915	2175	2175
	Total Use	mil bu	13,682	14475	14475
	Ending stocks	mil bu	1,716	2,384	1,845
	Stocks to Use ratio	percent	12.5%	16.5%	12.7%
	Days of use on hand		45.78	60.1	46.5
PRICE	Oct avg of Dec futures		383	339	382.0
	Average farm price	\$/bu		2.90-3.50	
			\$ 3.60	\$ 3.20	
	Reference Price	\$/bu	\$ 3.70	\$ 3.70	\$ 3.70
	PLC Payment	\$/bu	\$ 0.10	\$ 0.50	

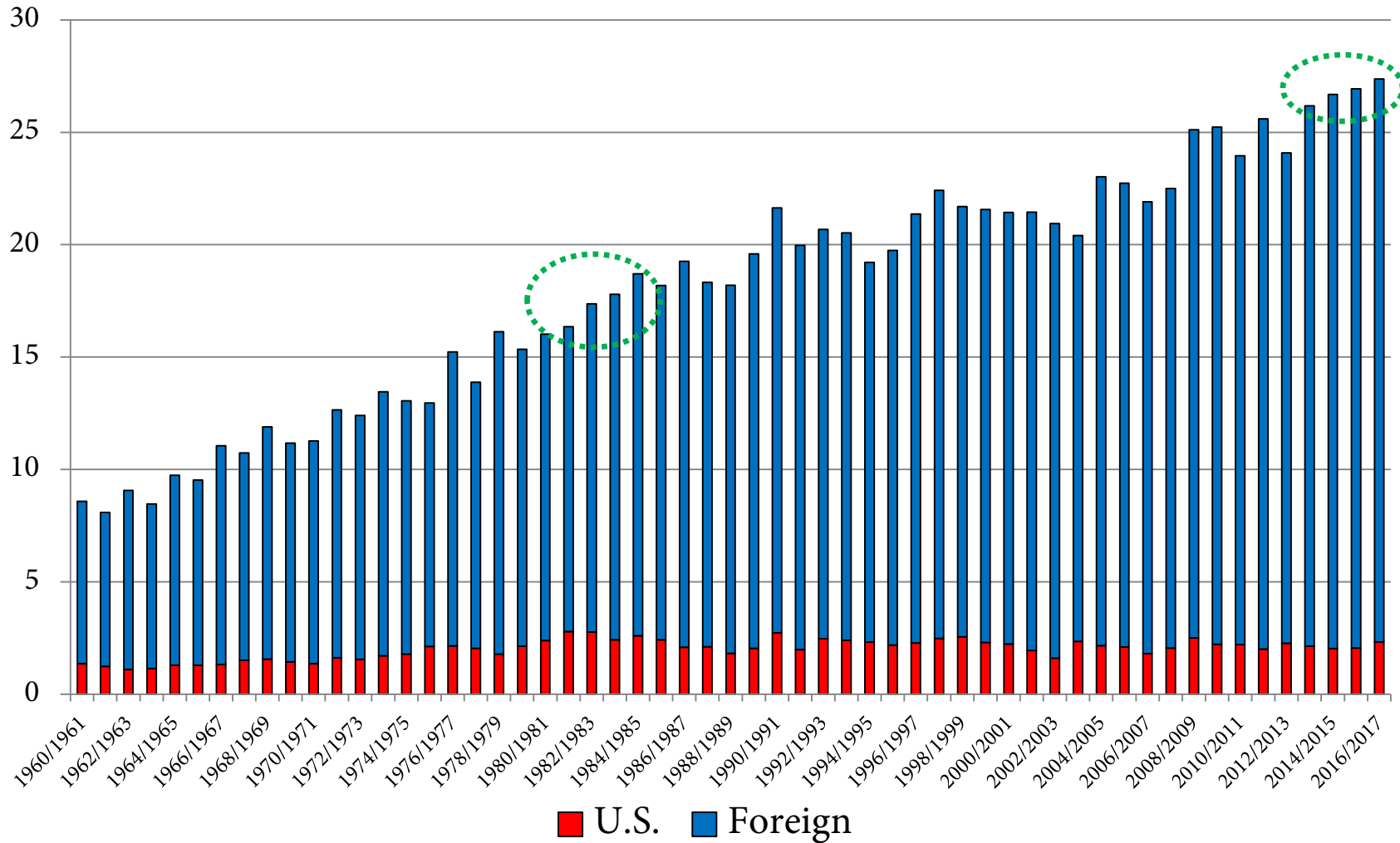
U.S. Corn 2017/18 S&D

9/16/2016

World Wheat Production

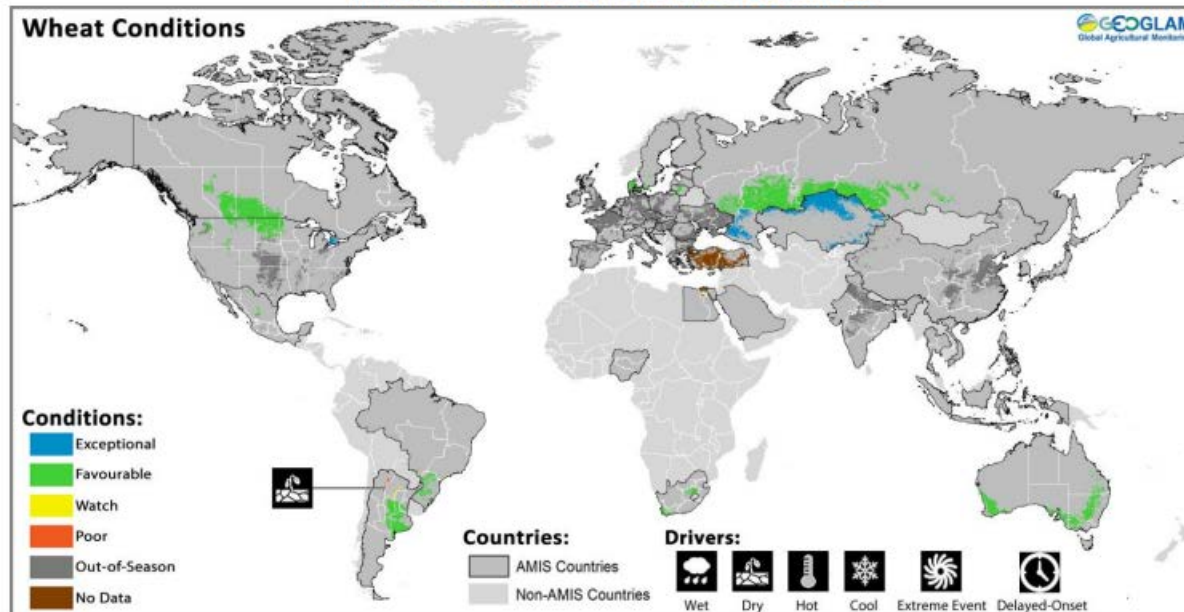
Billion bushels

4 record wheat crops in row



WASDE 9/12/2016

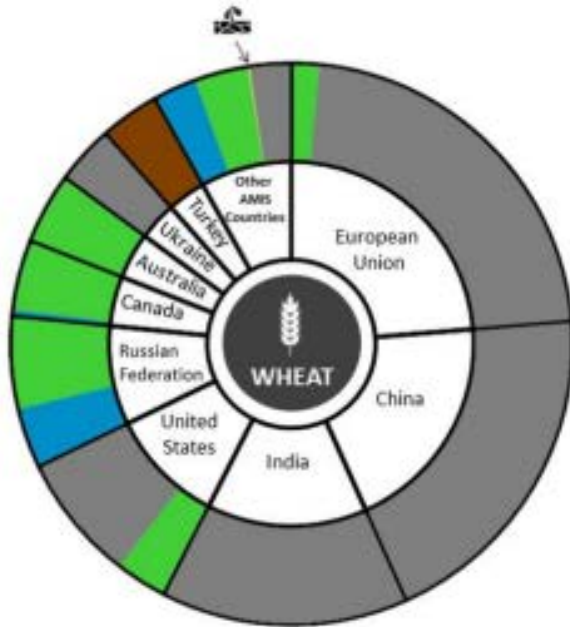
Wheat Conditions for AMIS Countries



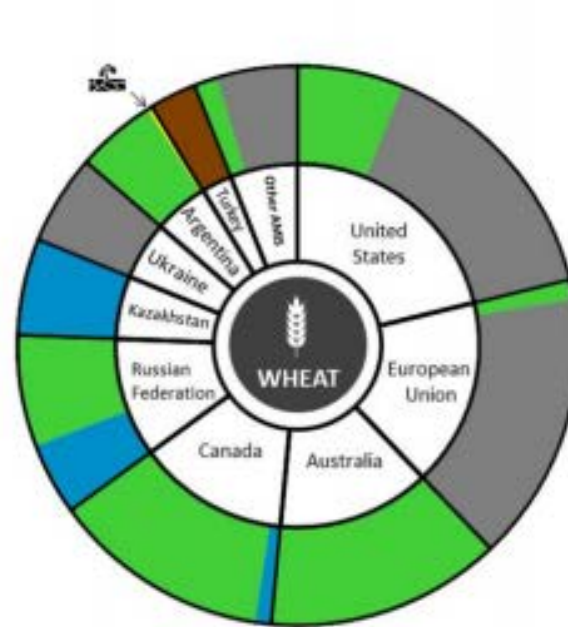
Wheat crop conditions over main growing areas are based upon a combination of national and regional crop analyst inputs along with earth observation data. Condition information is based upon information as of August 28th. Where crops are in other than favourable conditions the climatic drivers responsible for those conditions are displayed. Crop Season Specific Maps can be found in Appendix 2.

Wheat AMIS Comparisons

Share of total AMIS Production



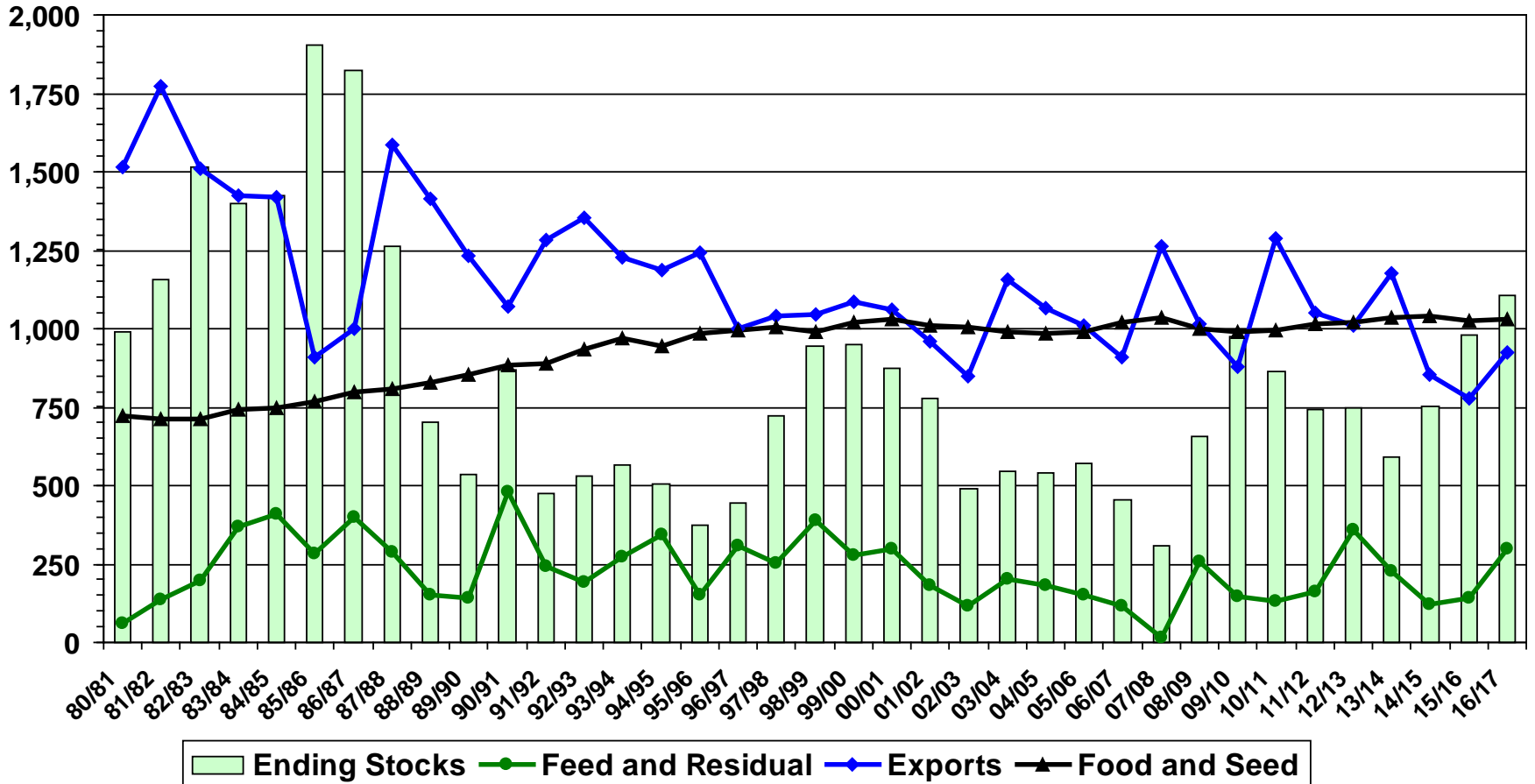
Share of total AMIS Exports



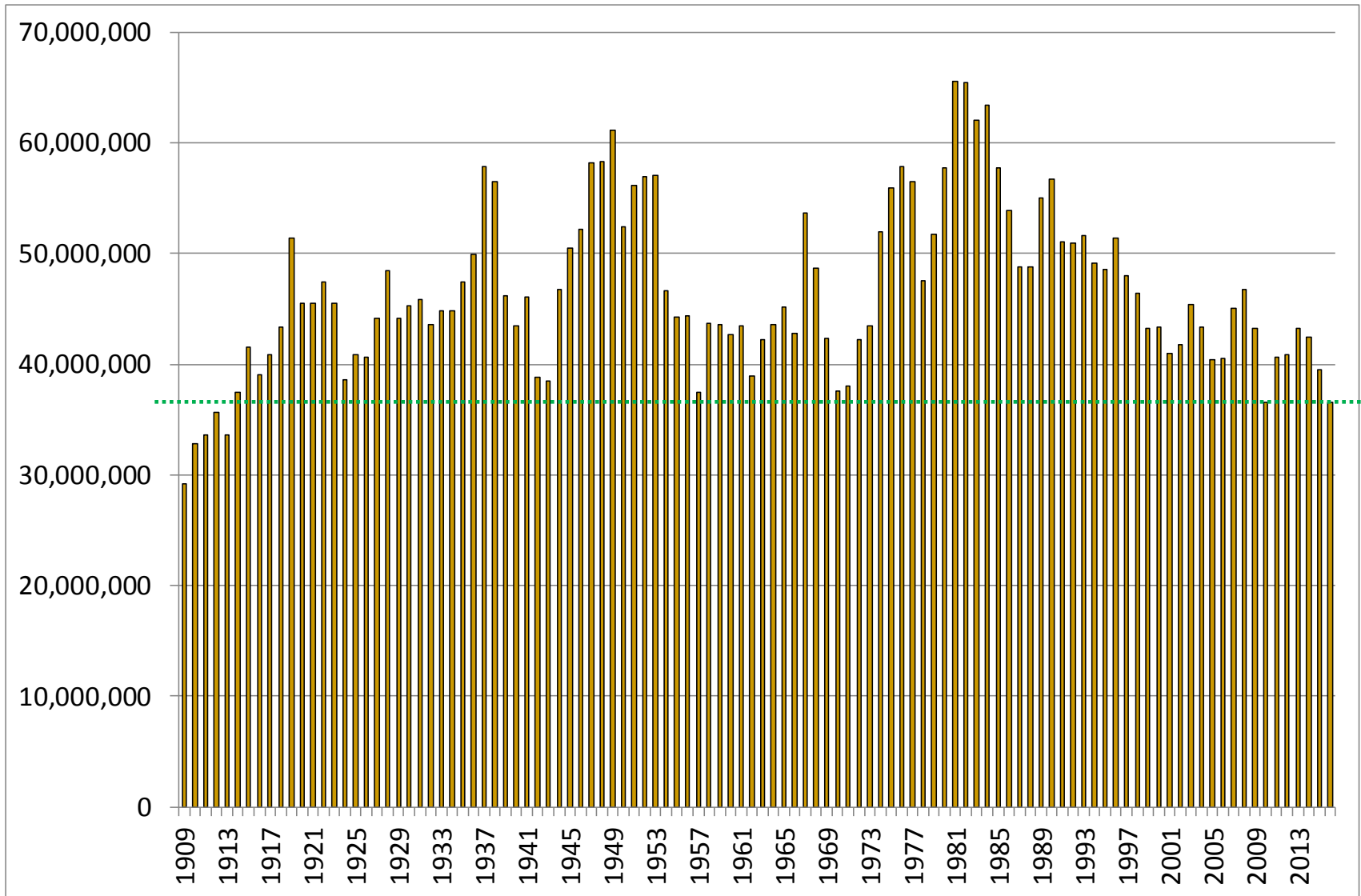
* Assessment based on information as of August 28th

U.S. Wheat Use

Million Bushels



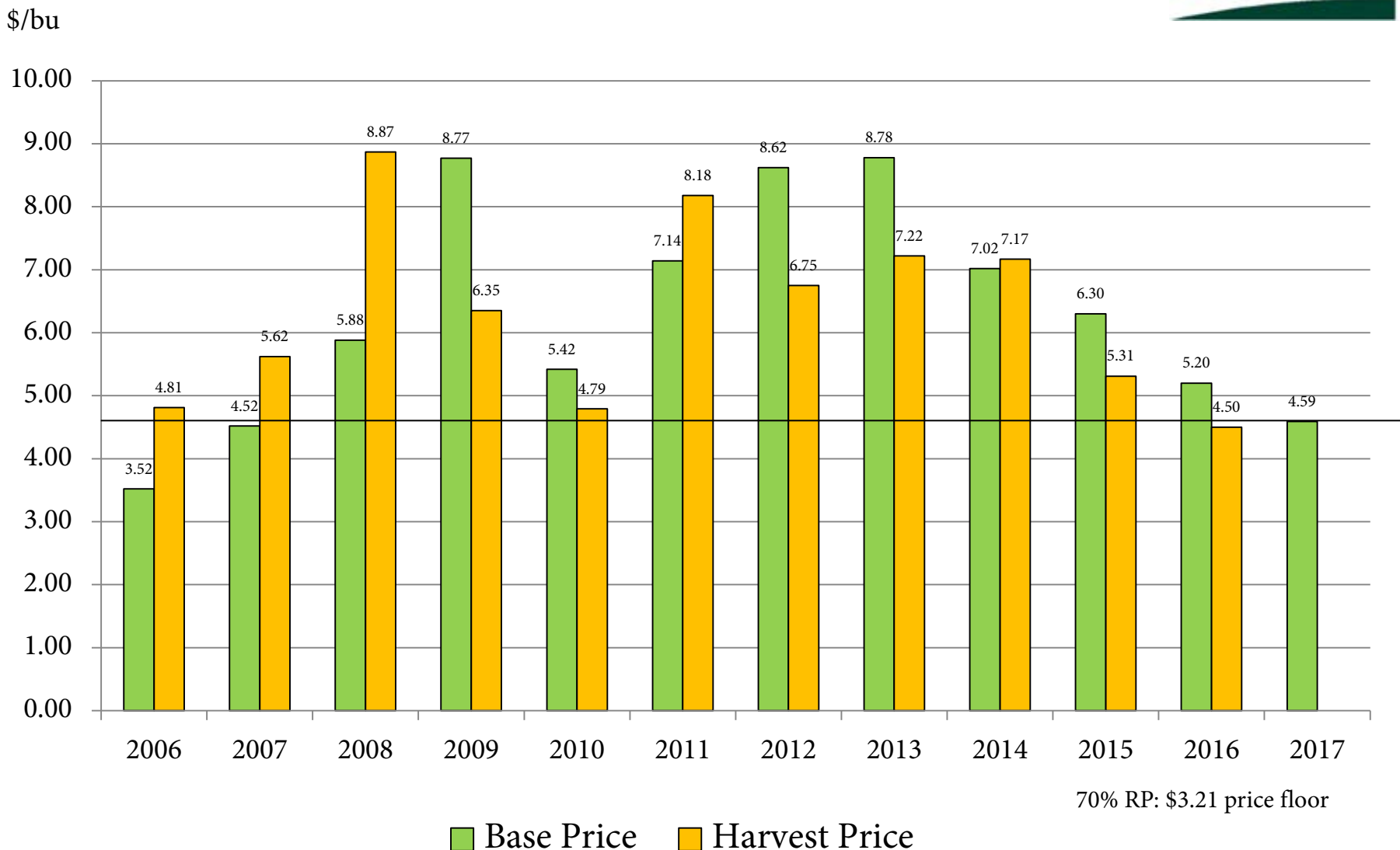
U.S. Winter Wheat Acres



Since 1996 ranged from +20% to -15% of avg.

USDA, Acreage 6/30/2016

RMA Wheat Price

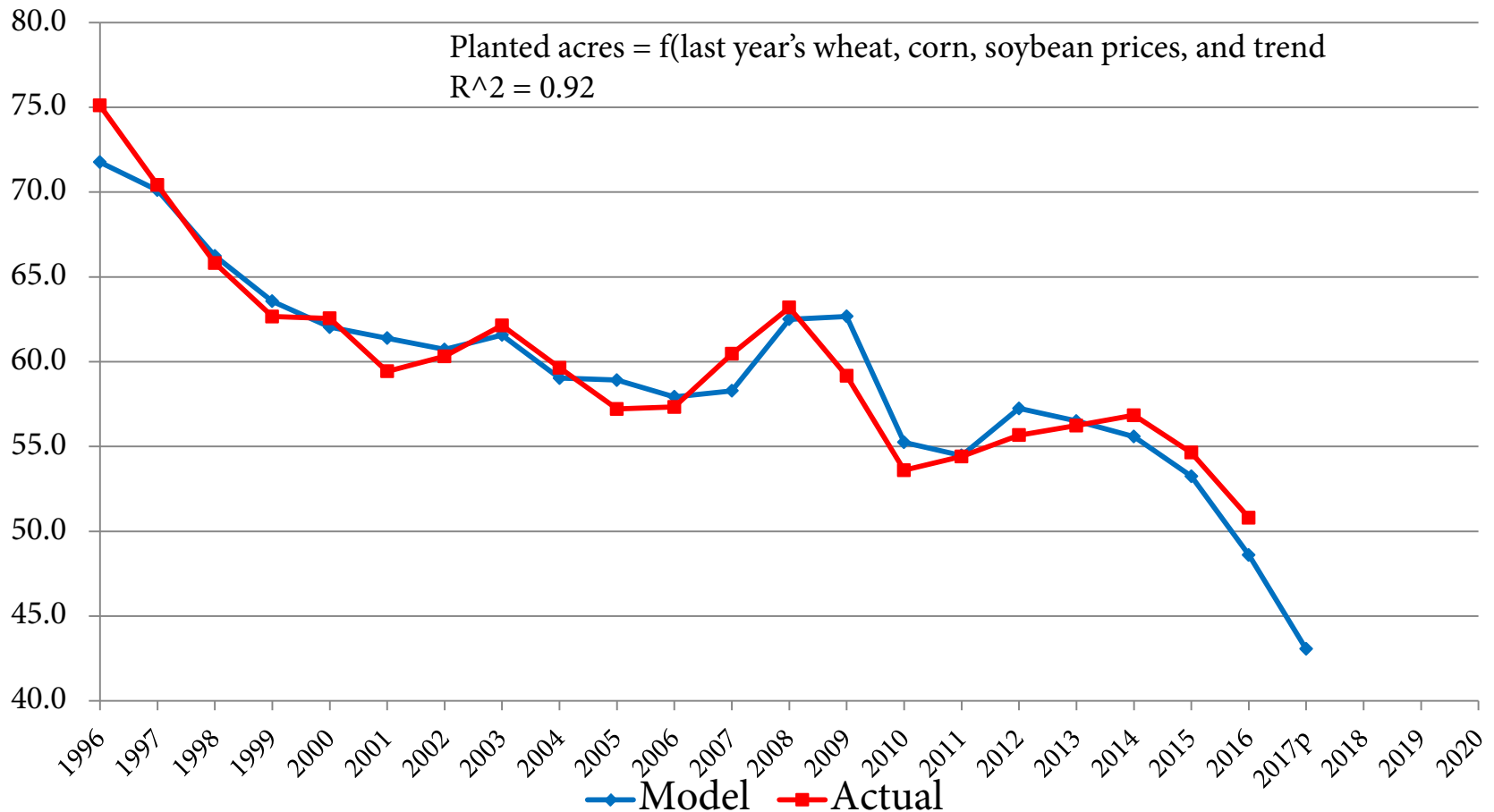


Base price setting period: August 15 through September 14

Harvest price setting period: June 1 through June 30

U.S. Wheat Planted Acres

Million acres

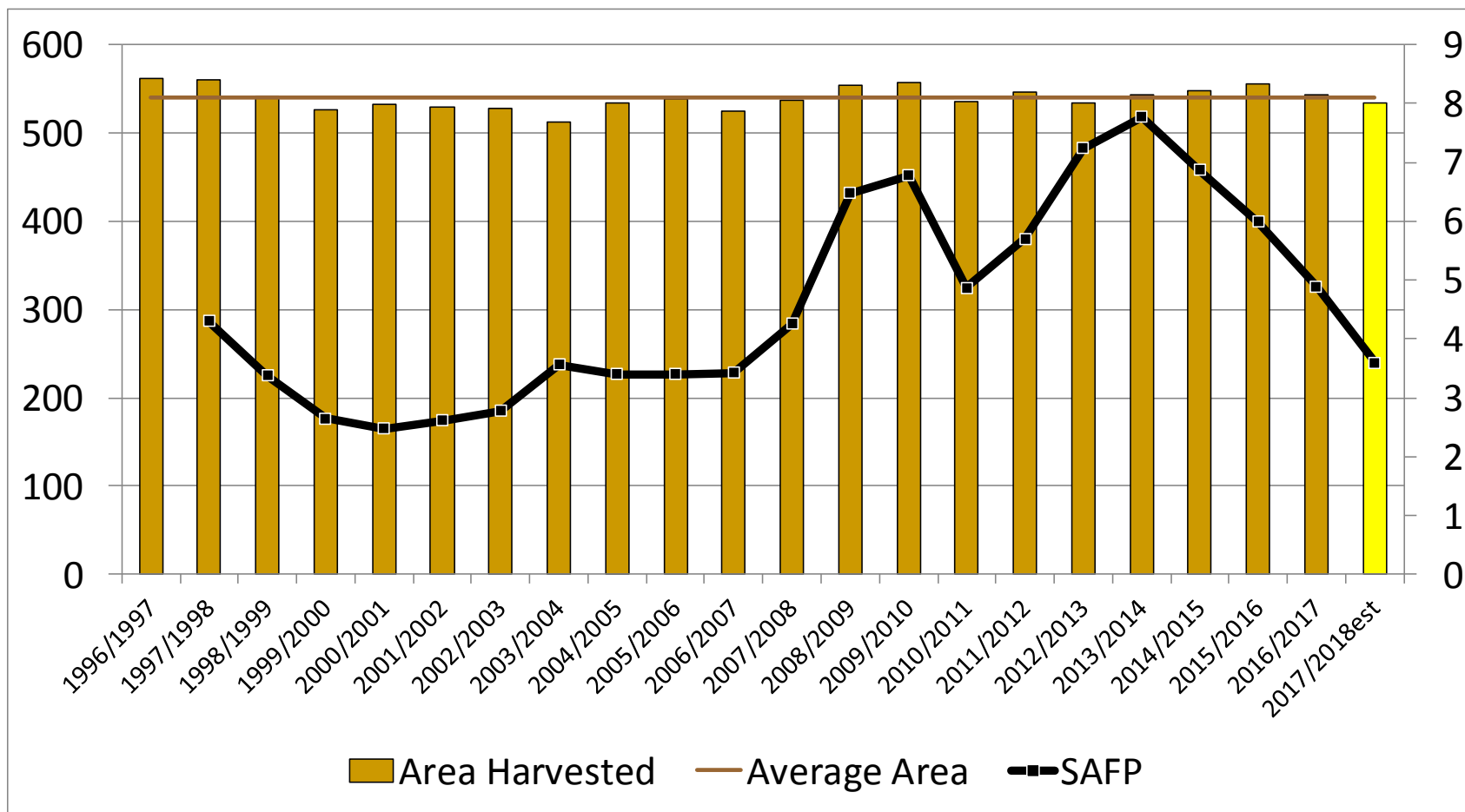


Updated 9/19/2016

World Wheat Area Harvested and previous year's SAFP

Mil acres

\$/bu



Rarely varies by +/- 5%

Source: USDA, FAS, PSD 9/15/16

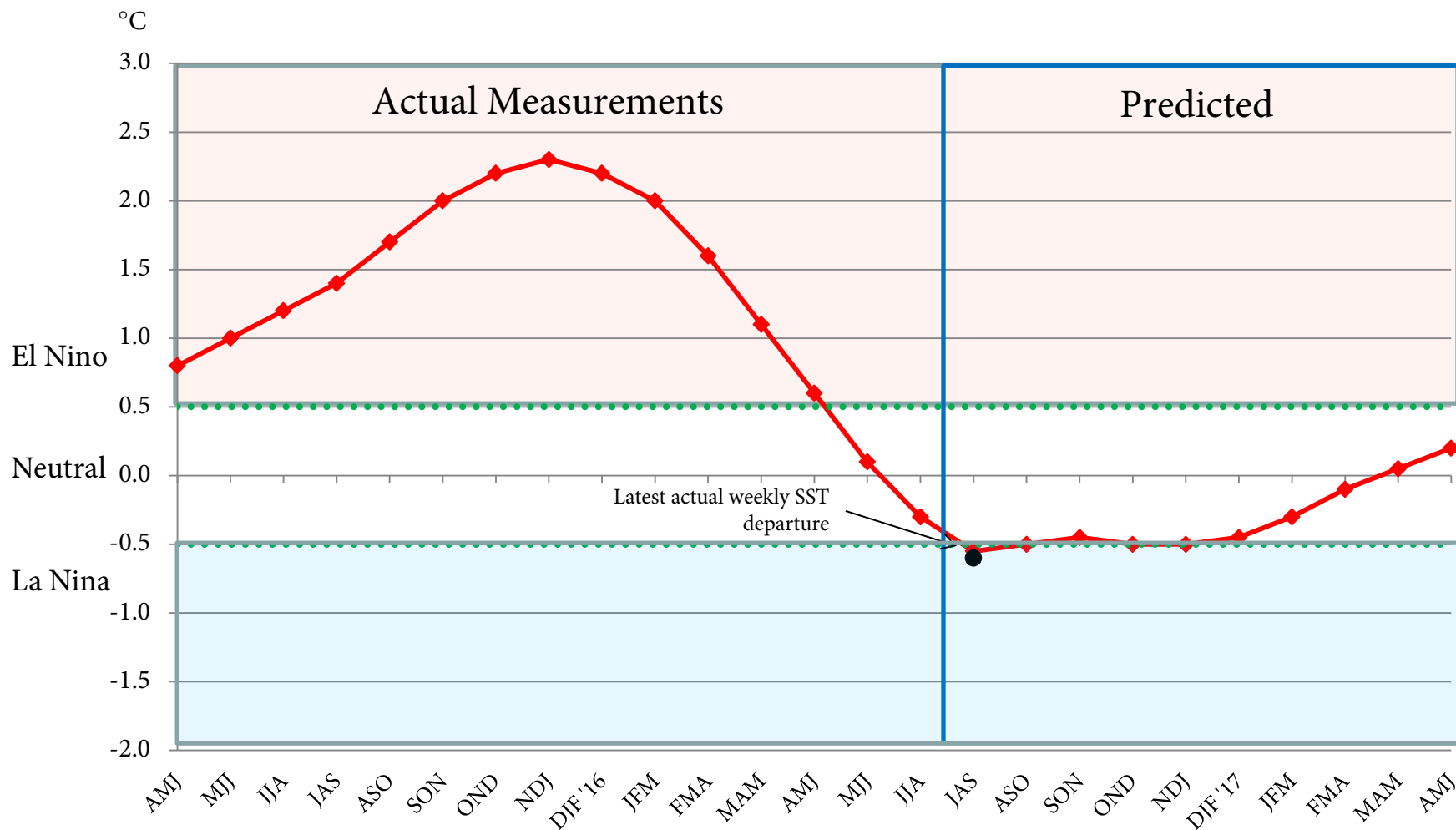
Oceanic Nino Index (ONI)

ENSO Alert System Status: Not Active

ENSO-neutral conditions are present.

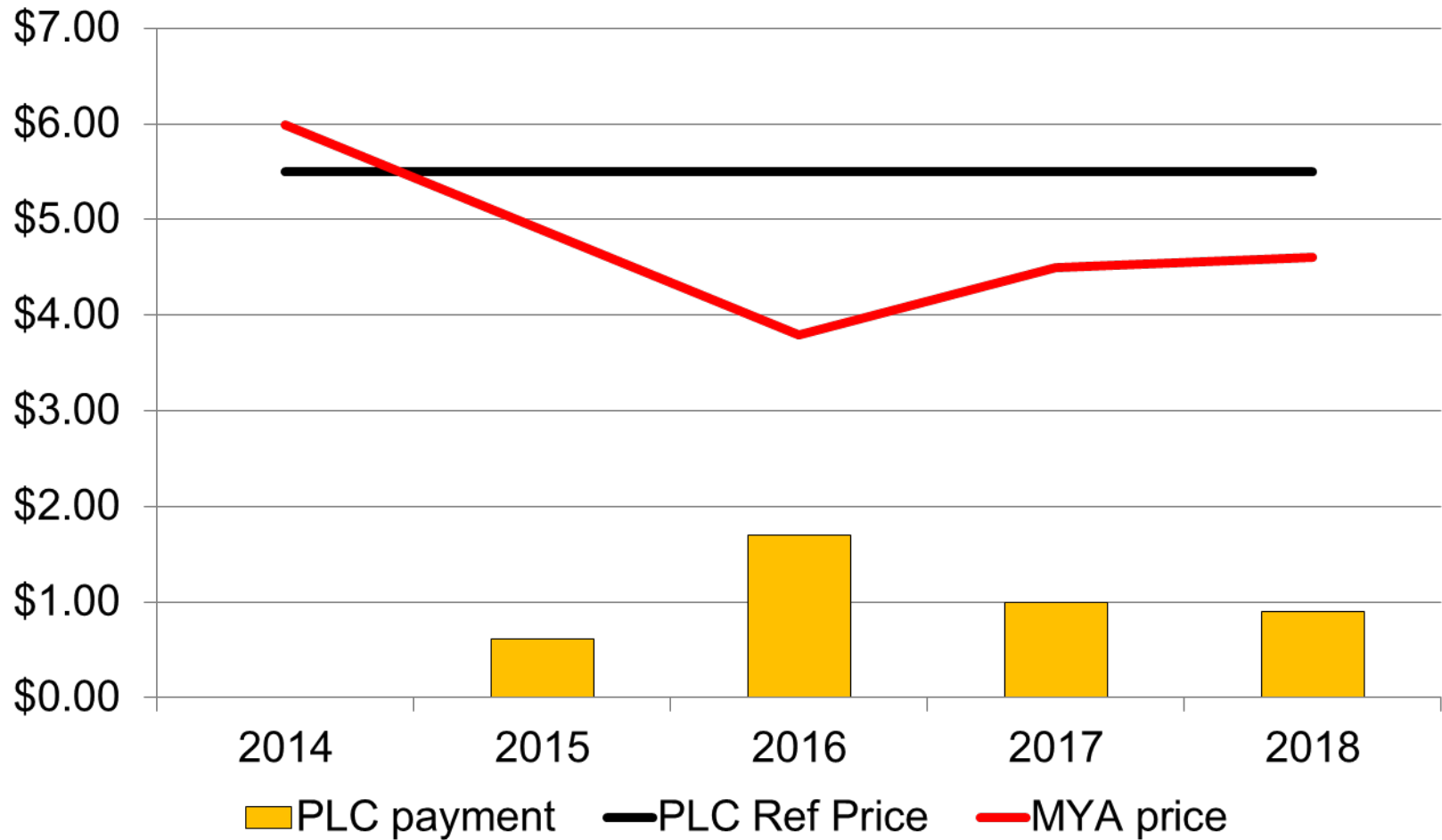
Equatorial sea surface temperature (SST) are near or below average in the east-central and eastern Pacific Ocean.

ENSO-neutral conditions are slightly favored (between 55-60%) during the upcoming Northern Hemisphere fall and winter 2016-17.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, 19 September 2016
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/

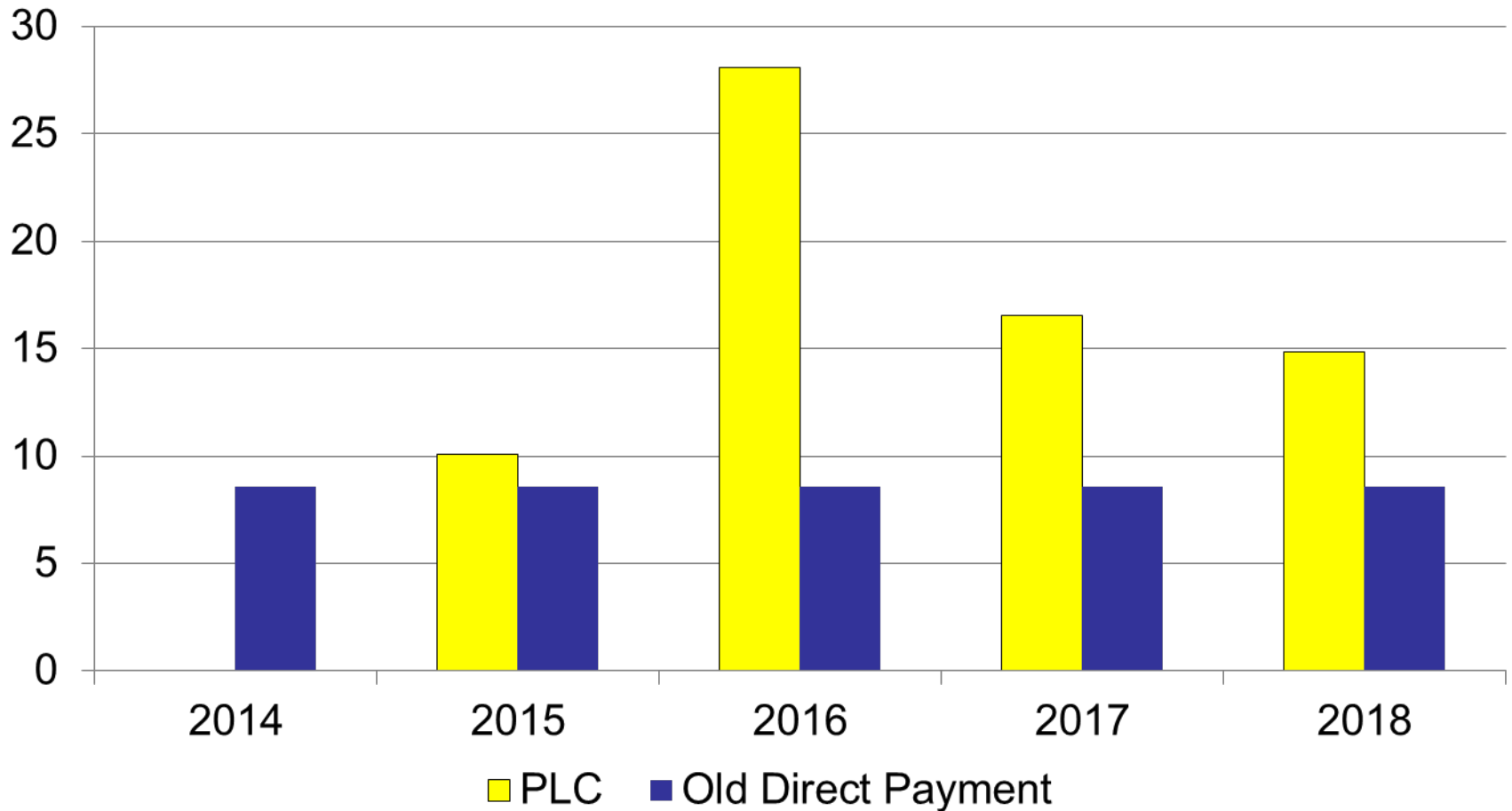
PLC Program, Wheat Example



PLC: Price Loss Coverage

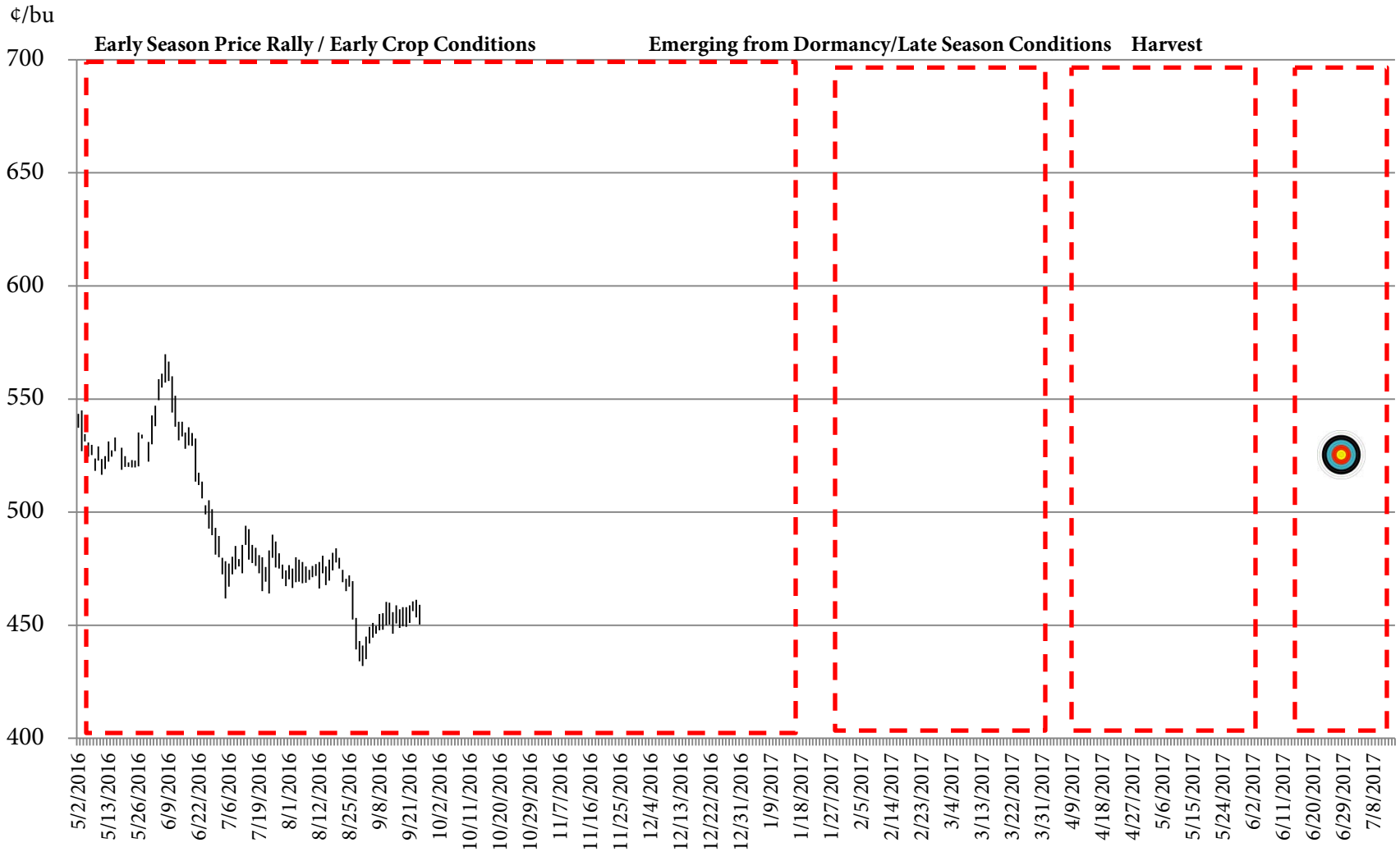
PLC Program for Wheat

Dryland farm, 22 bu avg yield, \$/base acre



WORLD WHEAT SUPPLY AND USE			2014/2015	2015/2016	2016/2017	2017/2018
AREA	Harvested	mil acres	547.3	555.6	548.9	534.5
YIELD	Harvested acre	bu/ac	48.9	48.6	49.8	50.3
SUPPLY						
	Beginning stocks	mil bu	7,122	7,929	8,851	9,152
	Production	mil bu	26,745	26,999	27,368	26,863
	Total Supply	mil bu	33,867	34,928	36,220	36,014
DEMAND						
	Total Use	mil bu	25,742	25,994	26,908	27,068
	Ending stocks	mil bu	7,929	8,851	9,152	8,946
	Stocks to Use ratio	percent	30.8%	34.1%	34.0%	33.0%
	Days of Use on hand	days	112.4	124.3	124.1	120.6
PRICE	Average farm price	\$/bu	5.99	4.89	3.60	4.68

July 2017 KC Wheat and Marketing Plan



BE (normal yield, grazing, PLC from 2016): \$4.00 cash/\$4.60 futures



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The largest ear of corn grown in Mebr.

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