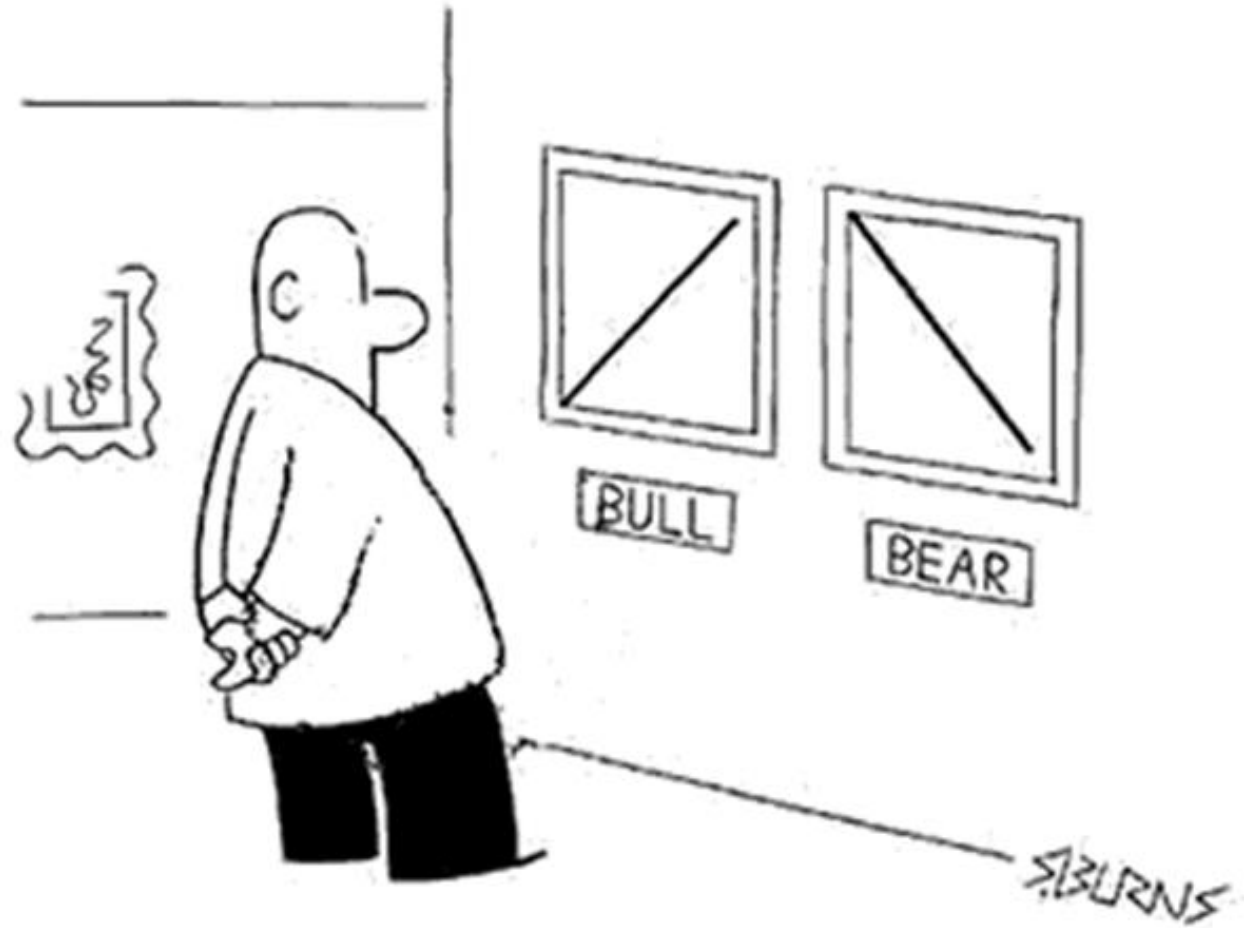
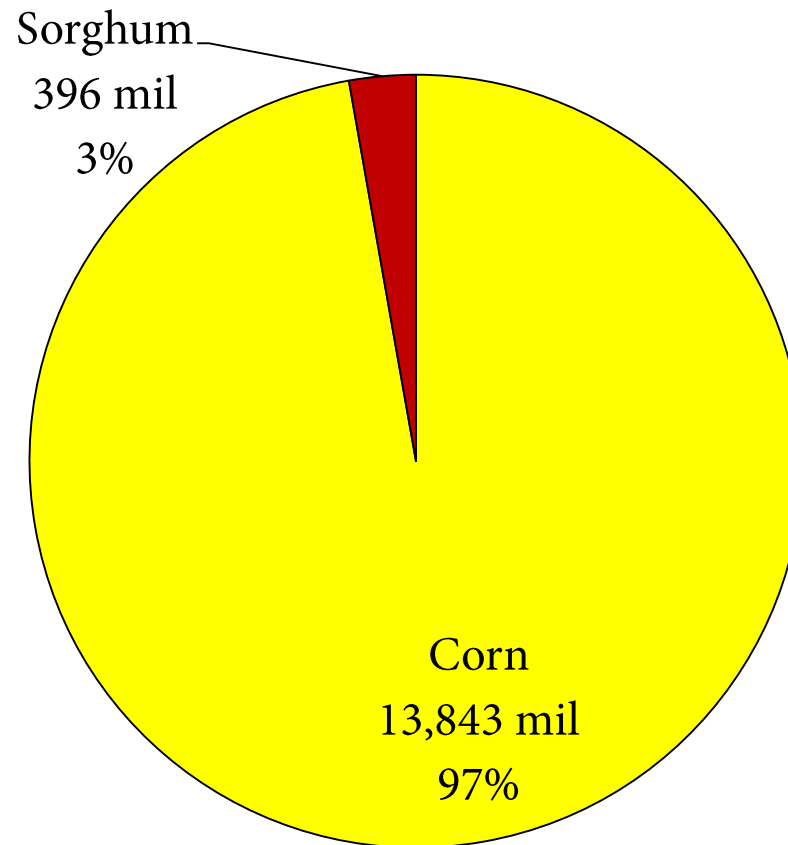


Feed Grain and Wheat Economics

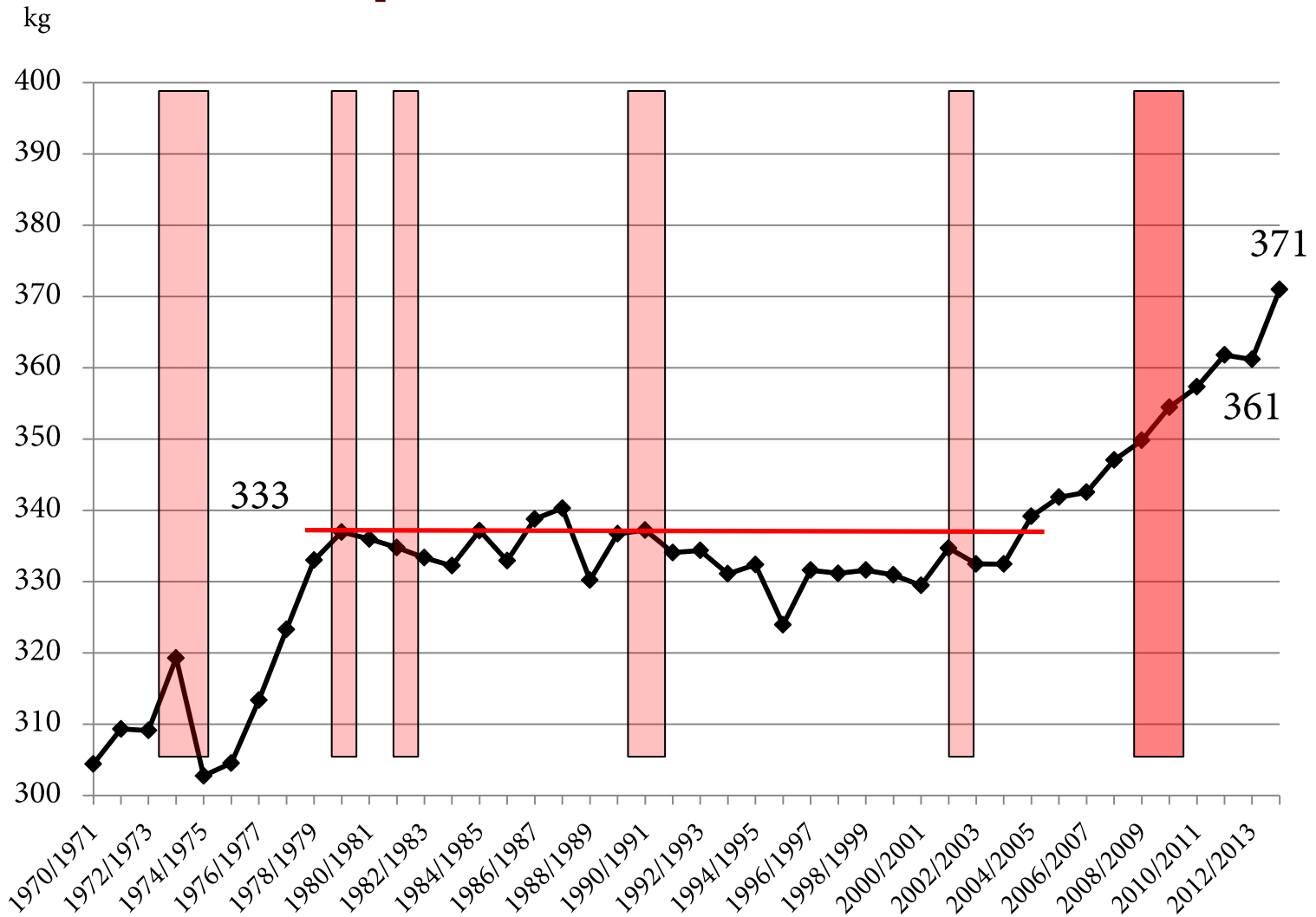


Mark Welch
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Grain Marketing
JMWelch@tamu.edu
(979)845-8011

2013 U.S. Feed Grain Production, bu

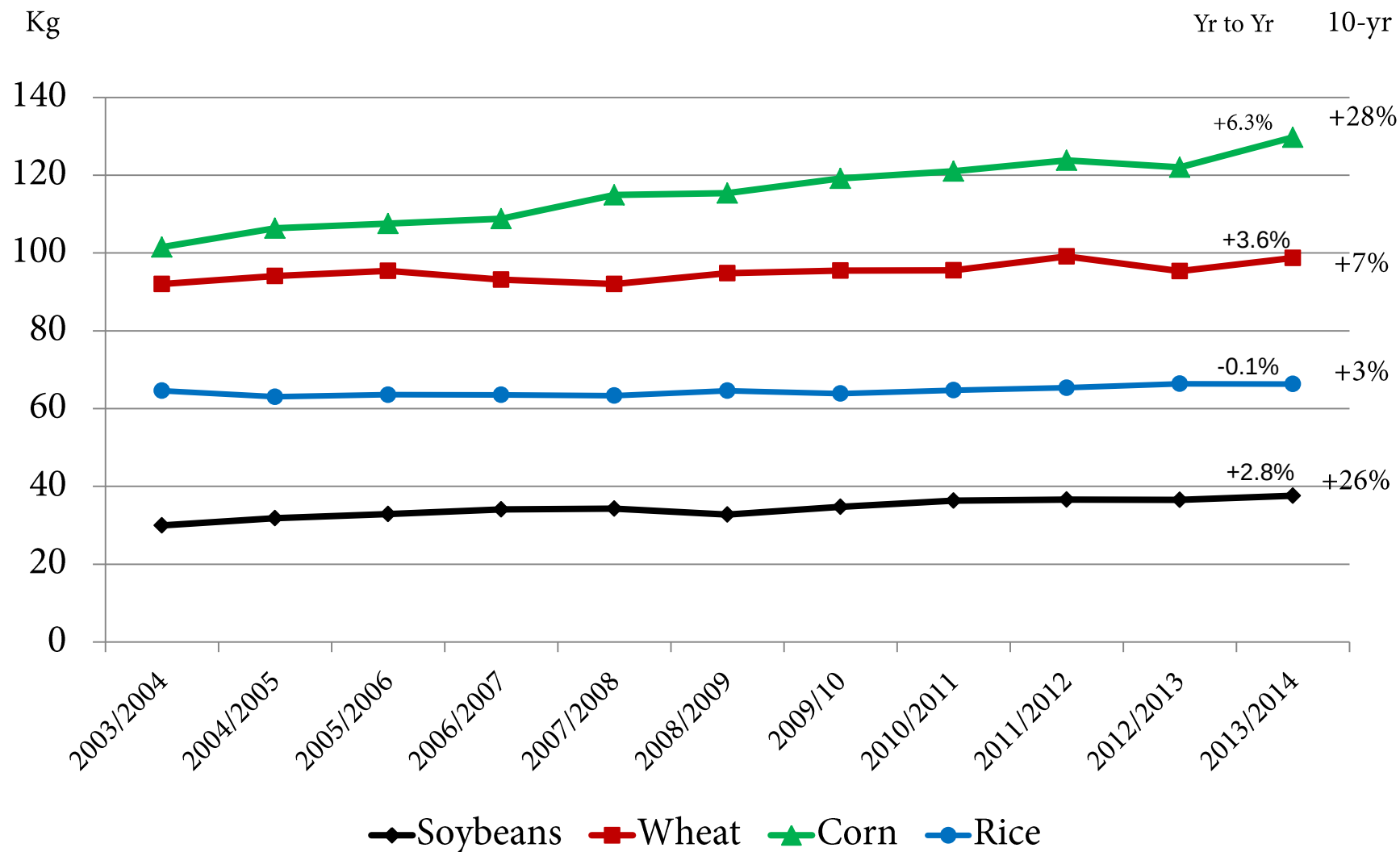


World Per Capita Grain Use



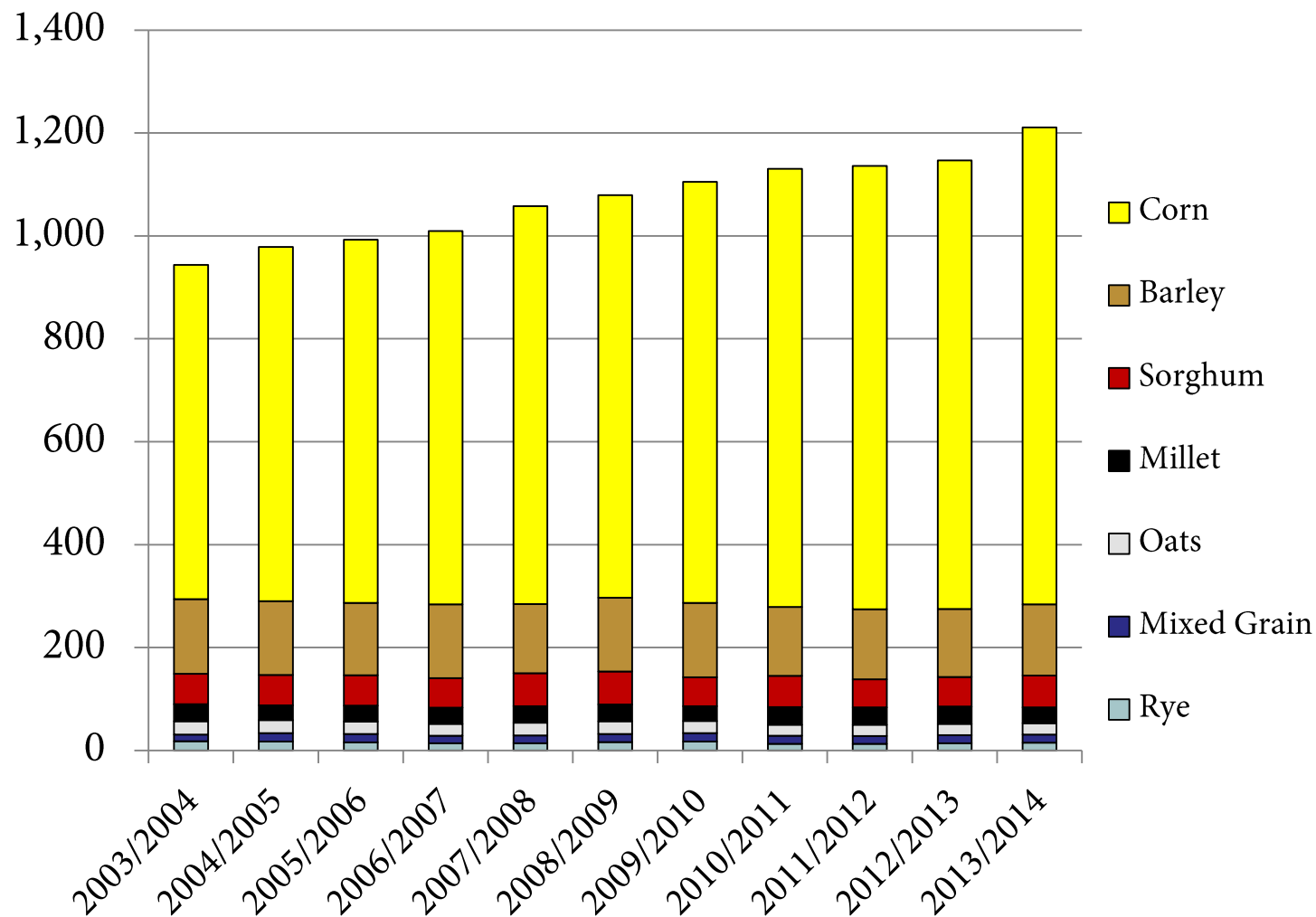
barley, corn, millet, mixed grains, oats, rice , rye, sorghum, soybeans, and wheat

World Per Capita Consumption



WASDE, Updated 9/12/2013

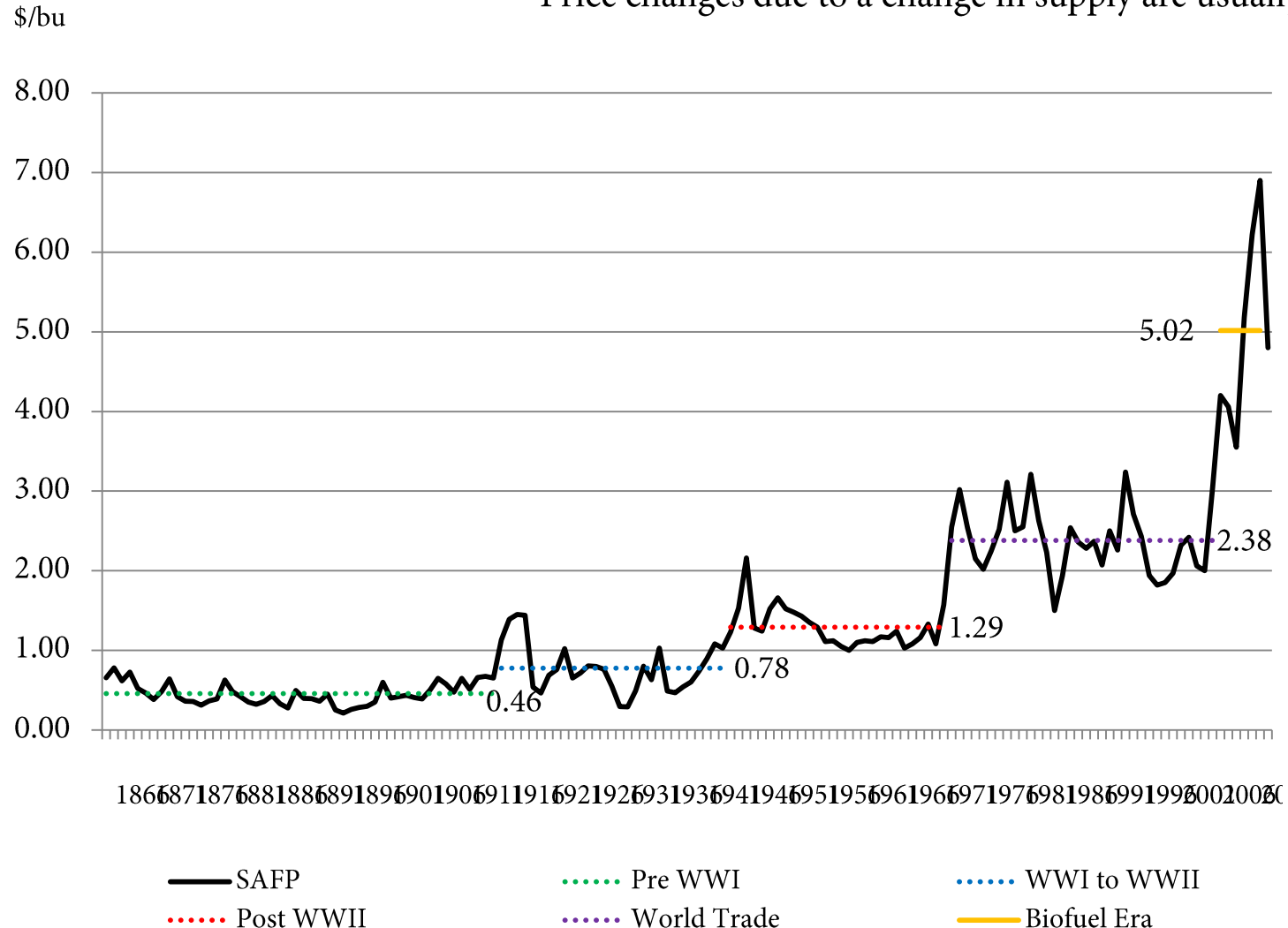
World Grain Consumption, mmt



Marketing Year Average Corn Prices

Price changes due to a change in demand are usually sustained for longer periods of time.

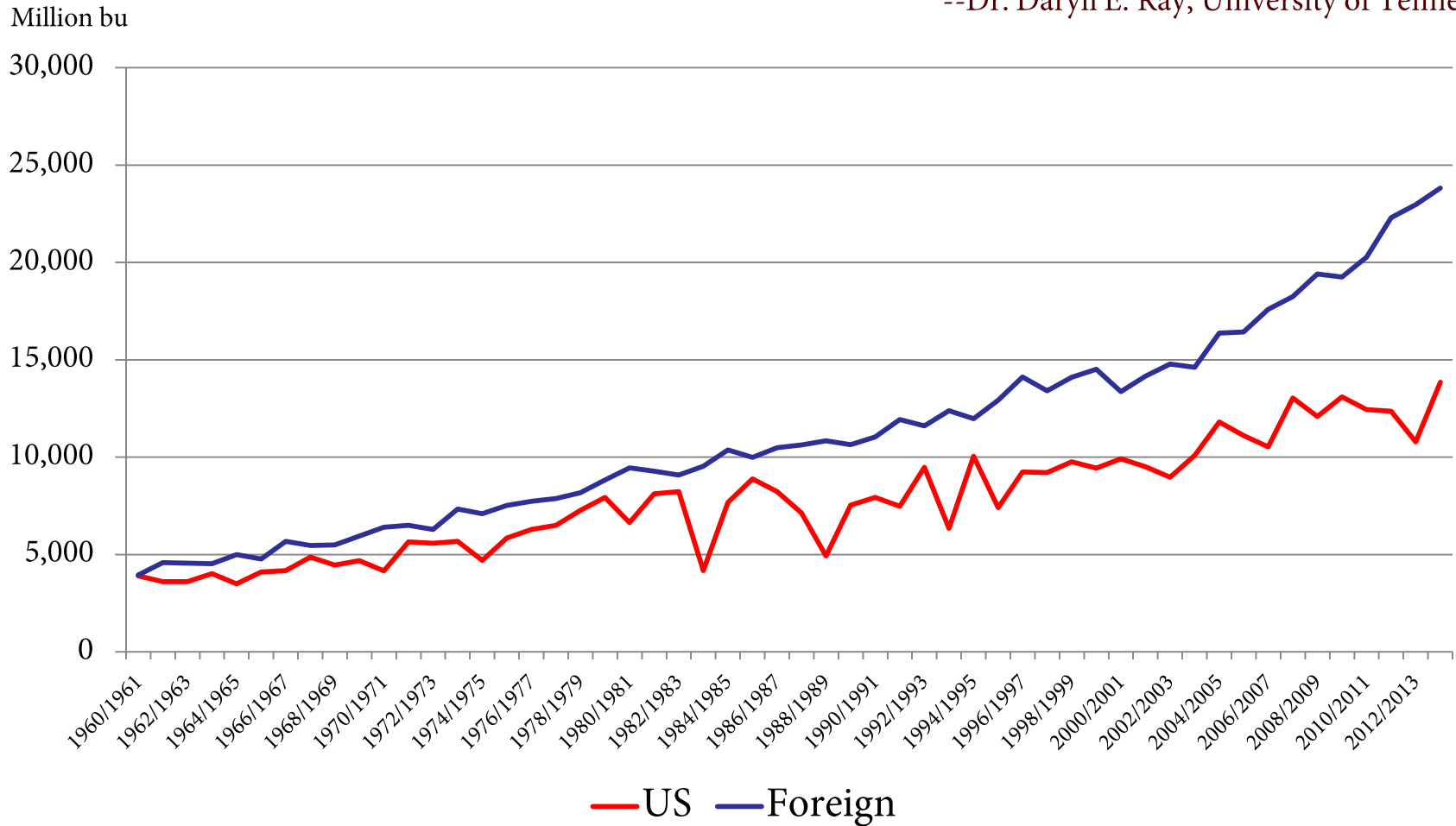
Price changes due to a change in supply are usually short lived.



Corn Production

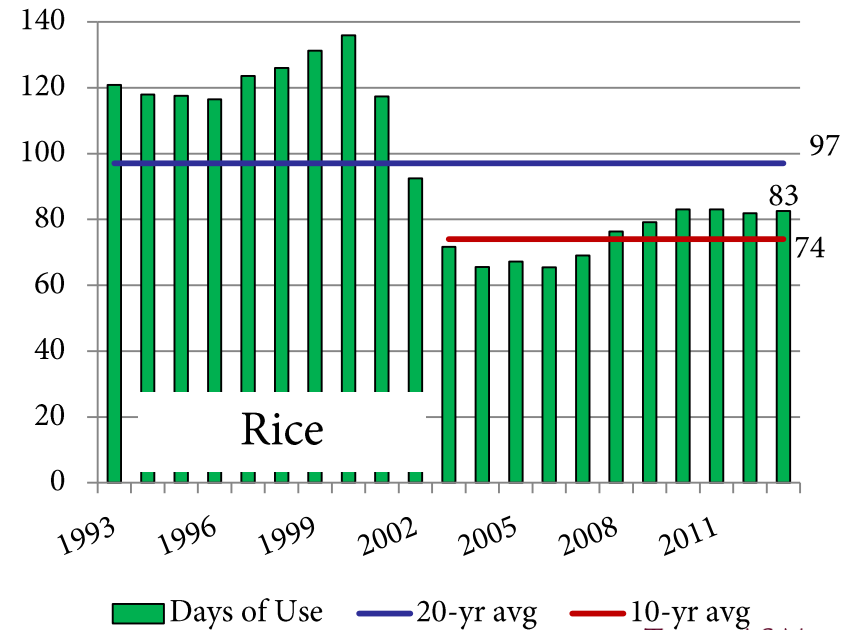
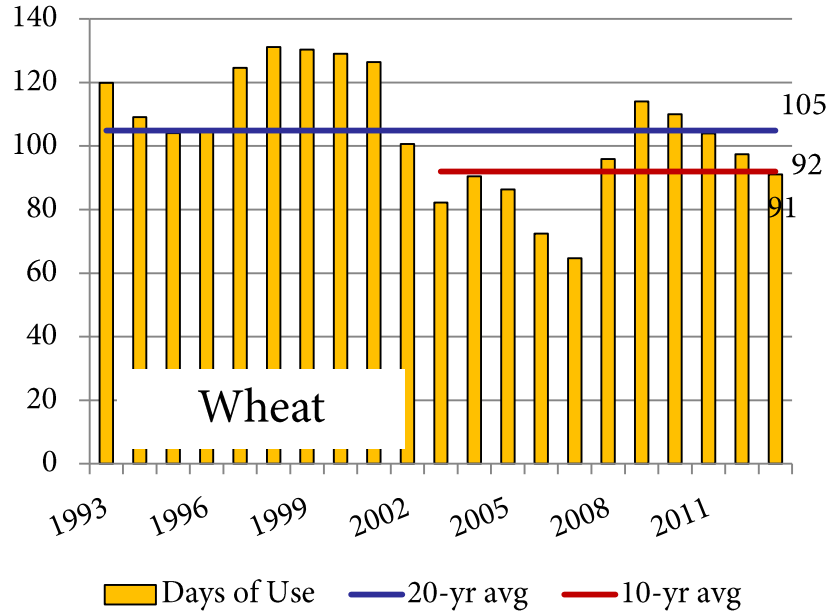
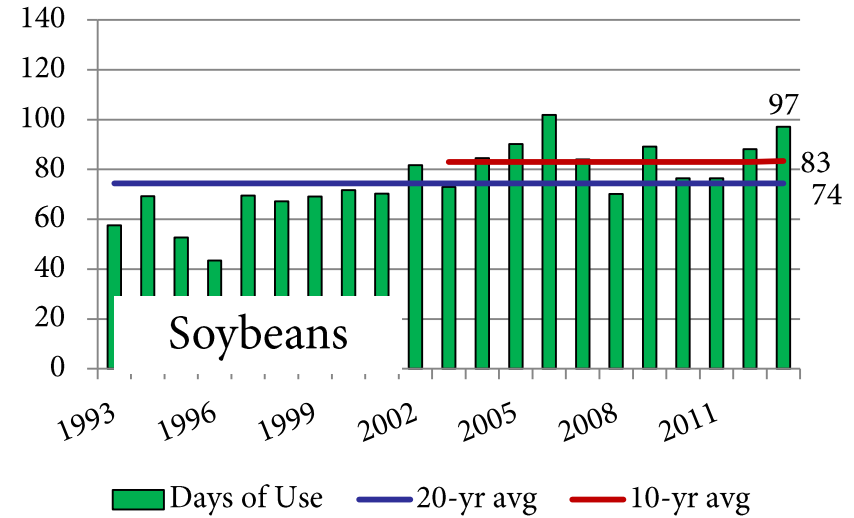
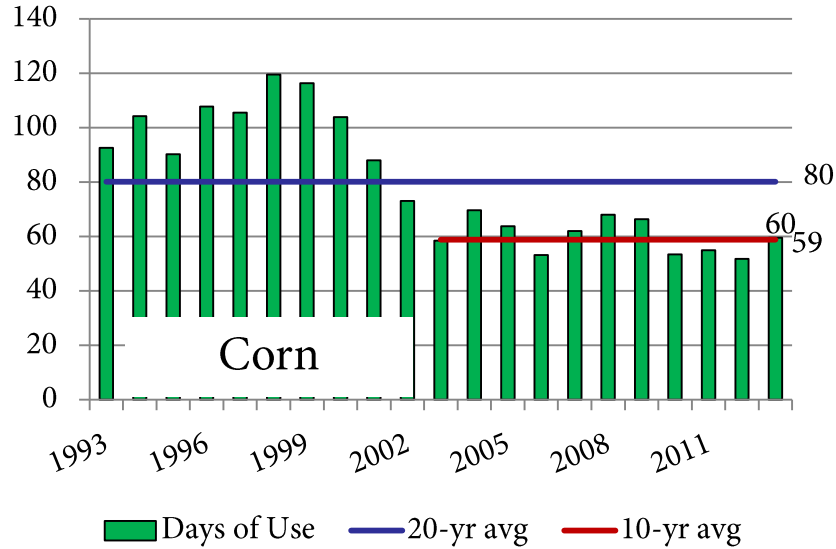
The current high prices have one certain result—more corn acres. To the extent that farmers in Brazil, Argentina, and everywhere else, see these high prices they are going to increase their production.

--Dr. Daryll E. Ray, University of Tennessee



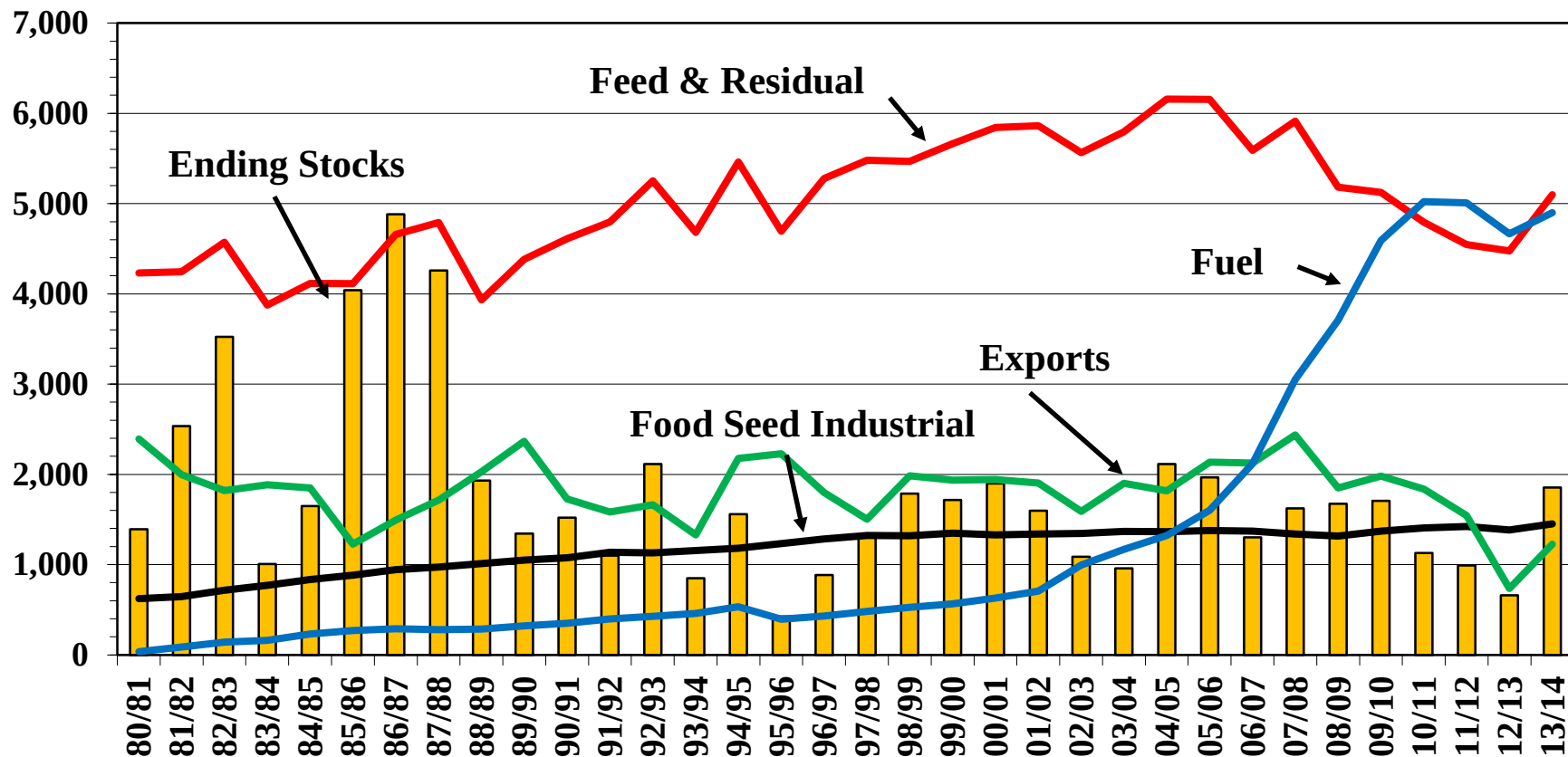
WASDE 9/12/2013

World Days of Use on Hand, 9/12/2013



U.S. Corn: Disappearance, 9/12/2013

Million Bushels

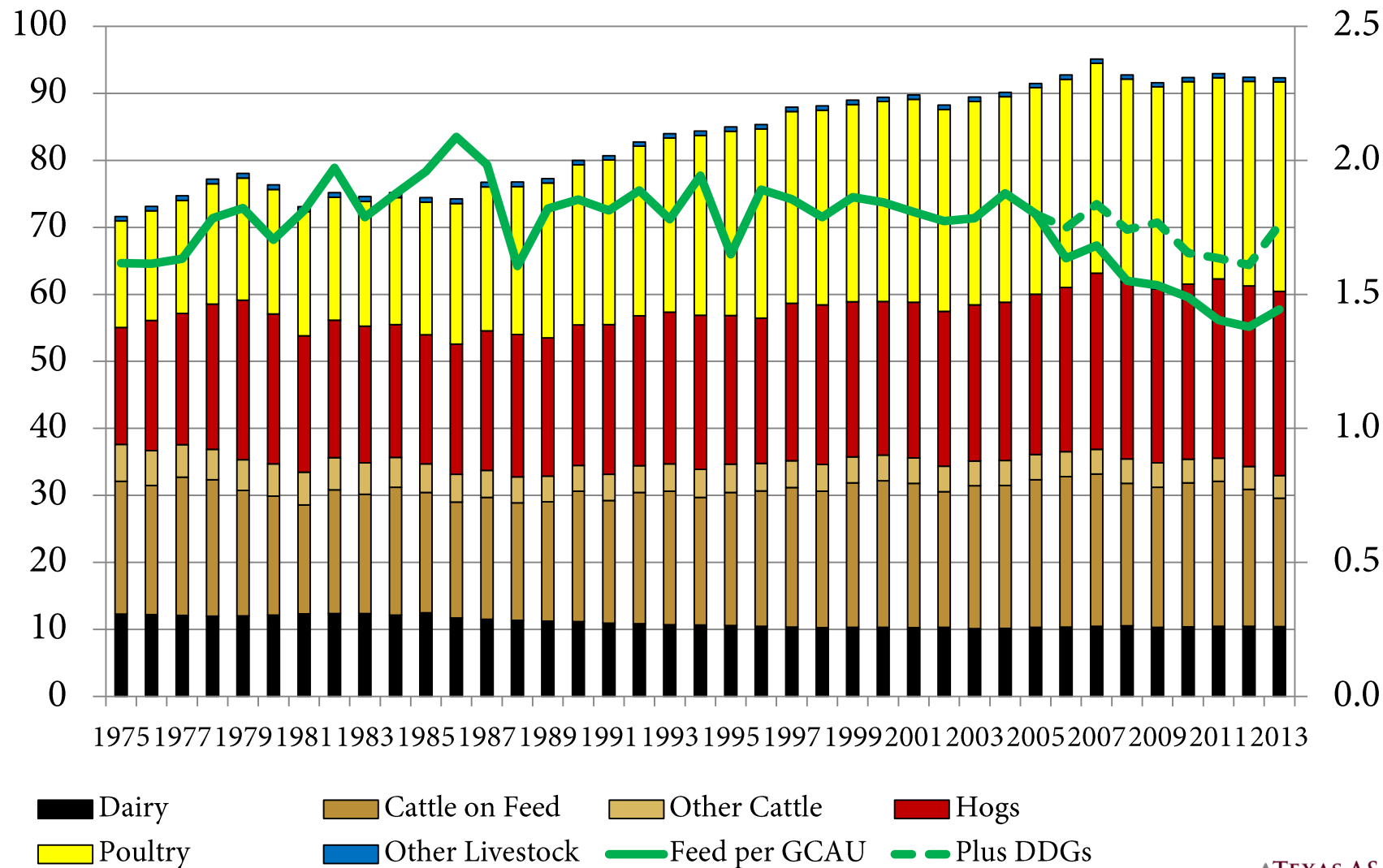


Source: USDA WASDE

Feed Use

GCAU mil

mt/GCAU

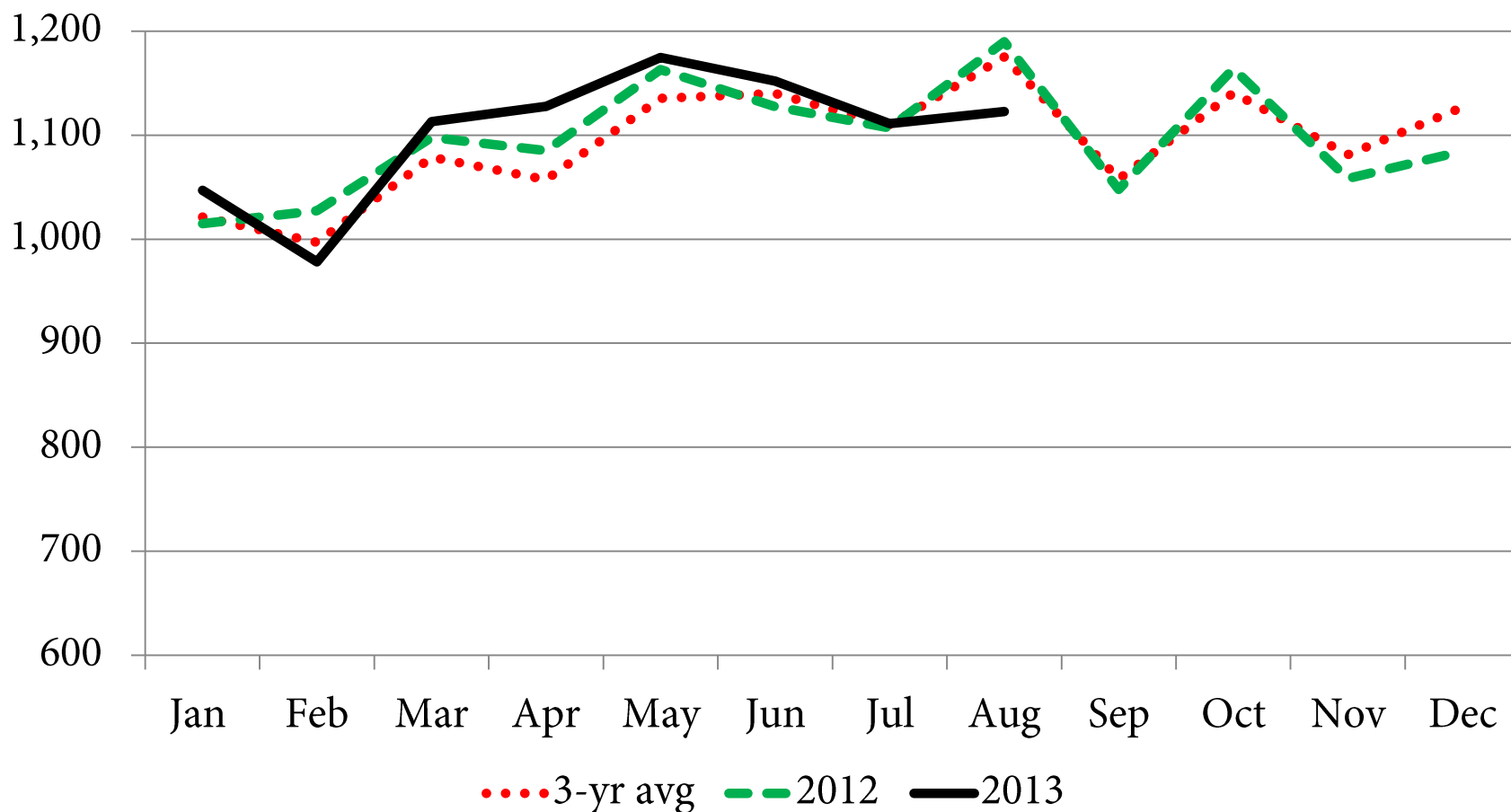


Since 2007
GCAUs have gone from 95.118 million to 92.334 million (-3%);
energy feed per GCAU has gone from 1.84 mt to 1.76 mt (-4%)

U.S. Ethanol Consumption

2010: 13.083 bil gal
2011: 13.114 bil gal
2012: 13.167 bil gal
2013: +0.2% over 2012

Mil gallons



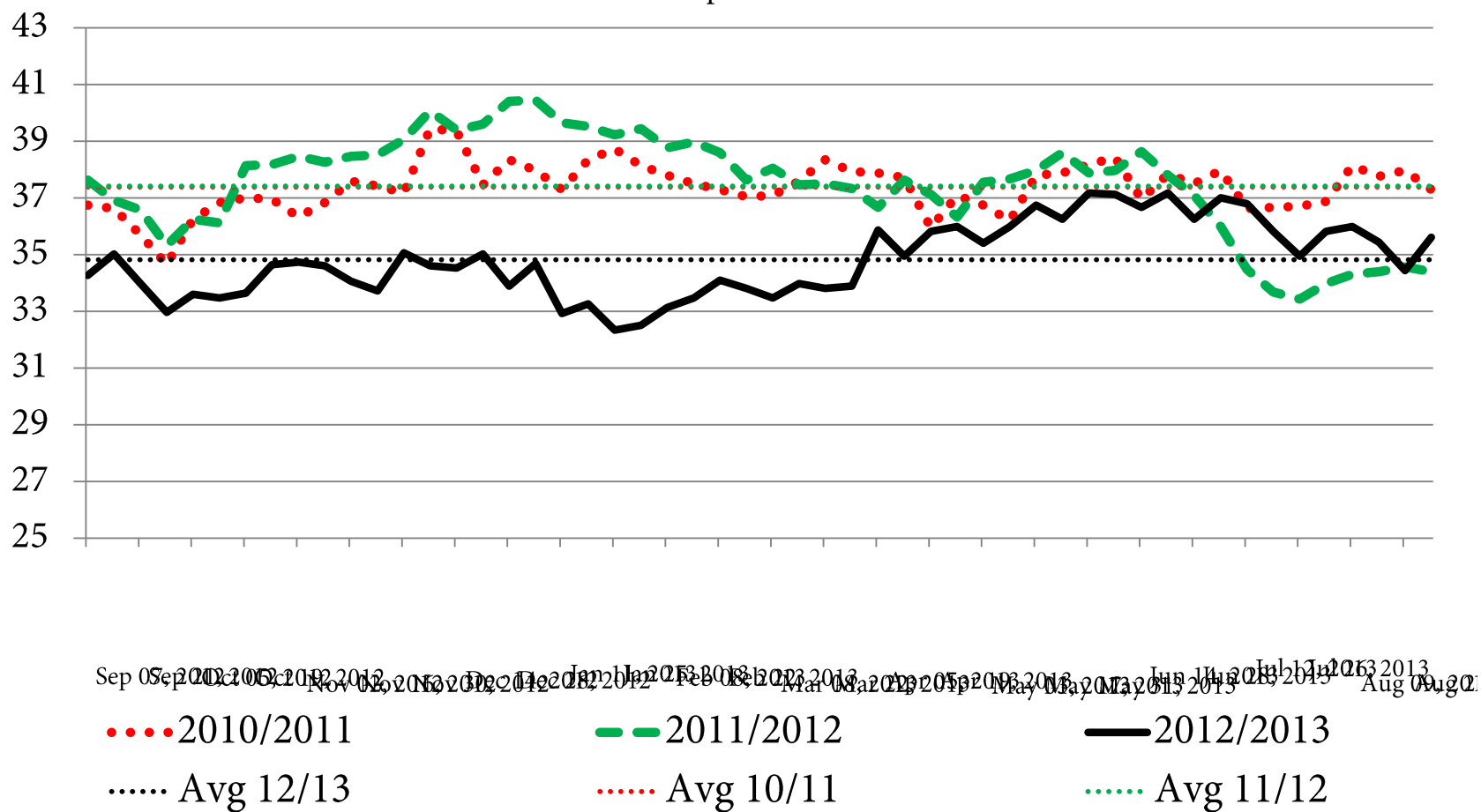
U.S. Ethanol Production

Million gallons per day

2012/2013 daily average = 34.819 mil gal per day

Implies use of 4,539 mil bu of corn (2.8 gal/bu)

September USDA estimate = 4,665 mil bu



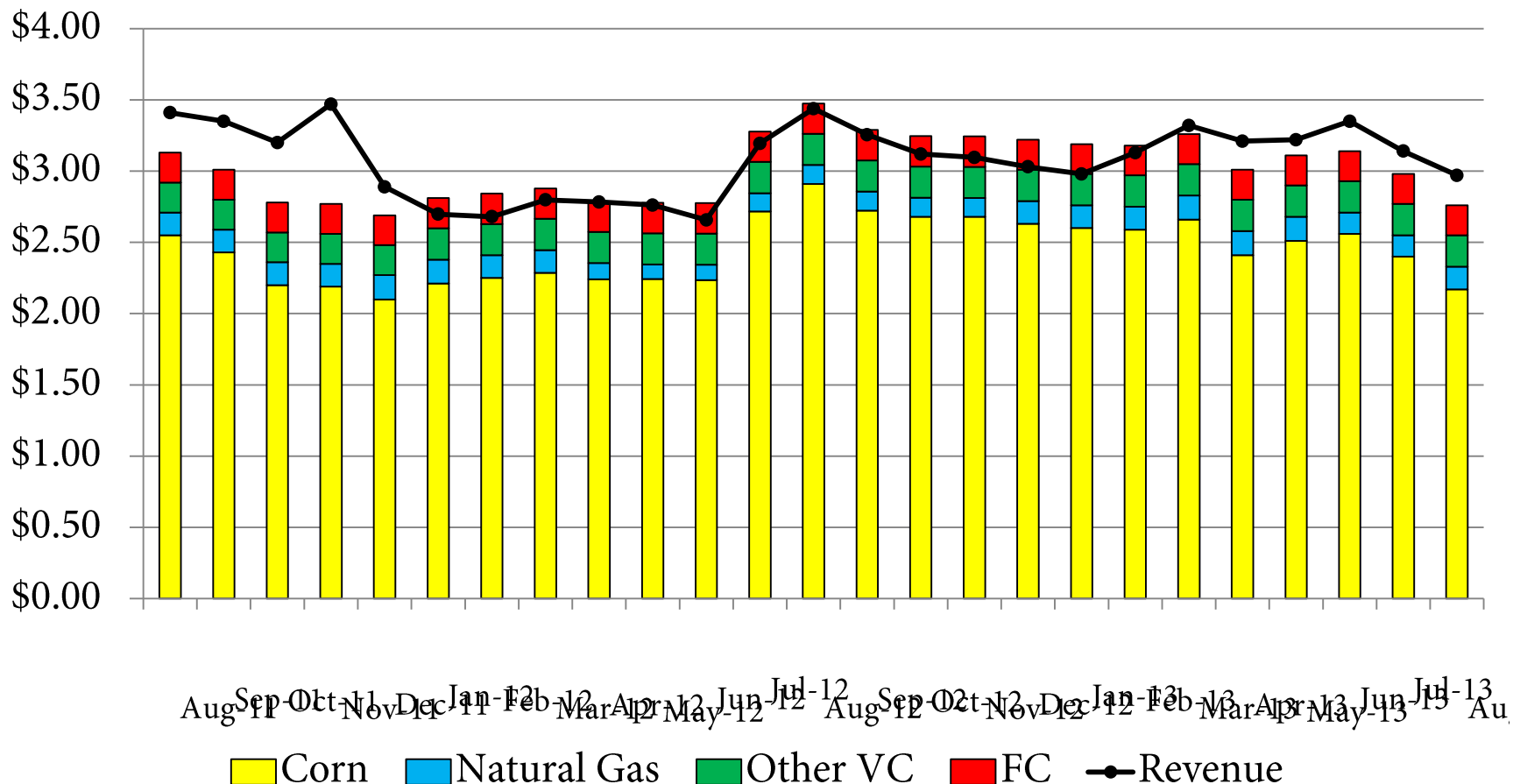
Energy Information Agency, Weekly Petroleum Status Report, data for week ending August 30, 2013

Ethanol conversion rate, Agricultural Marketing Resource Center, Iowa State University

Ethanol Profitability per gallon

Agricultural Marketing Resource Center, Iowa State University

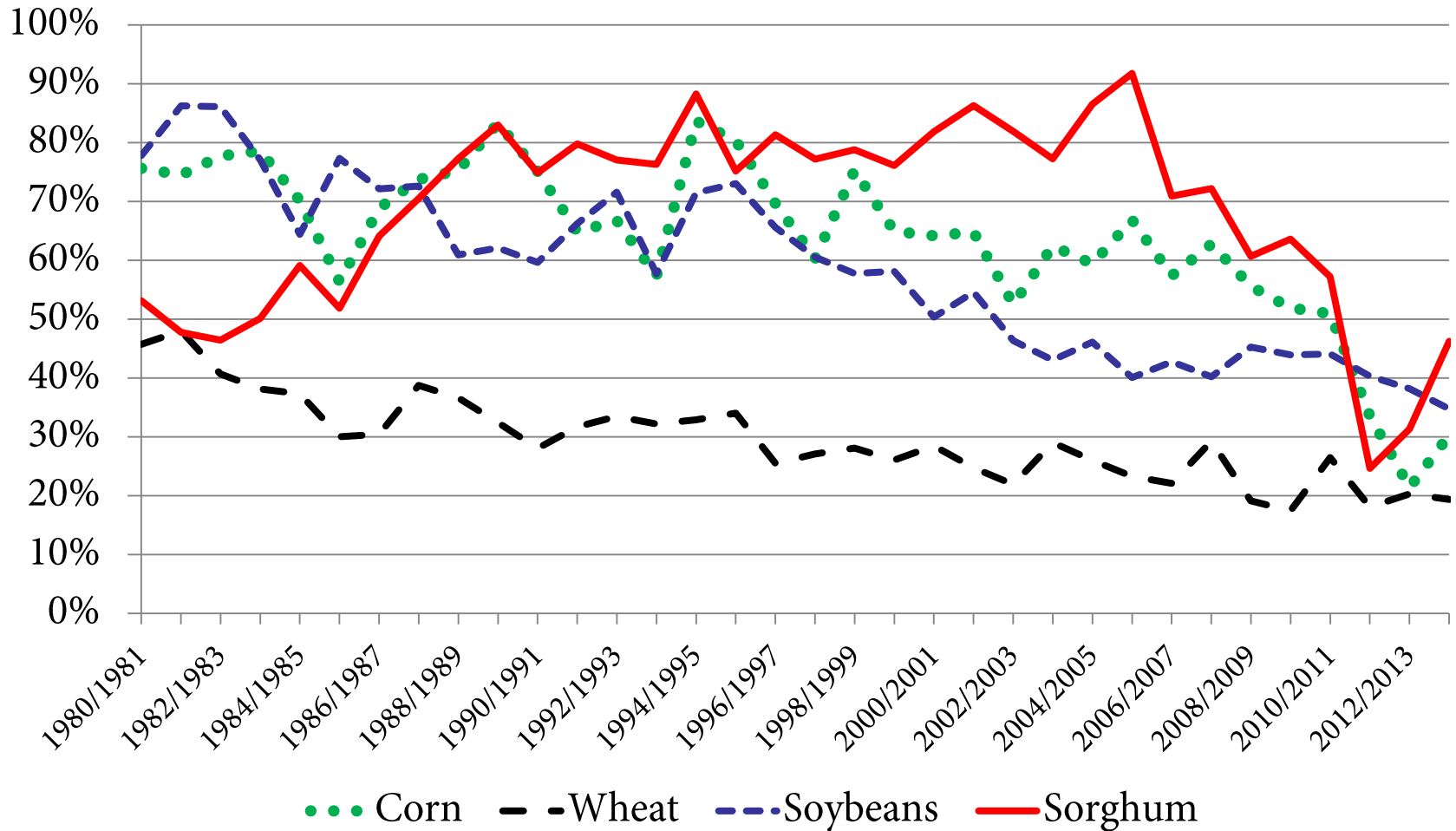
http://www.agmrc.org/renewable_energy/



August 2013 prices:

corn \$6.07/bu, natural gas \$5.18/1000 ft³, ddgs \$225/ton, ethanol \$2.29/gallon

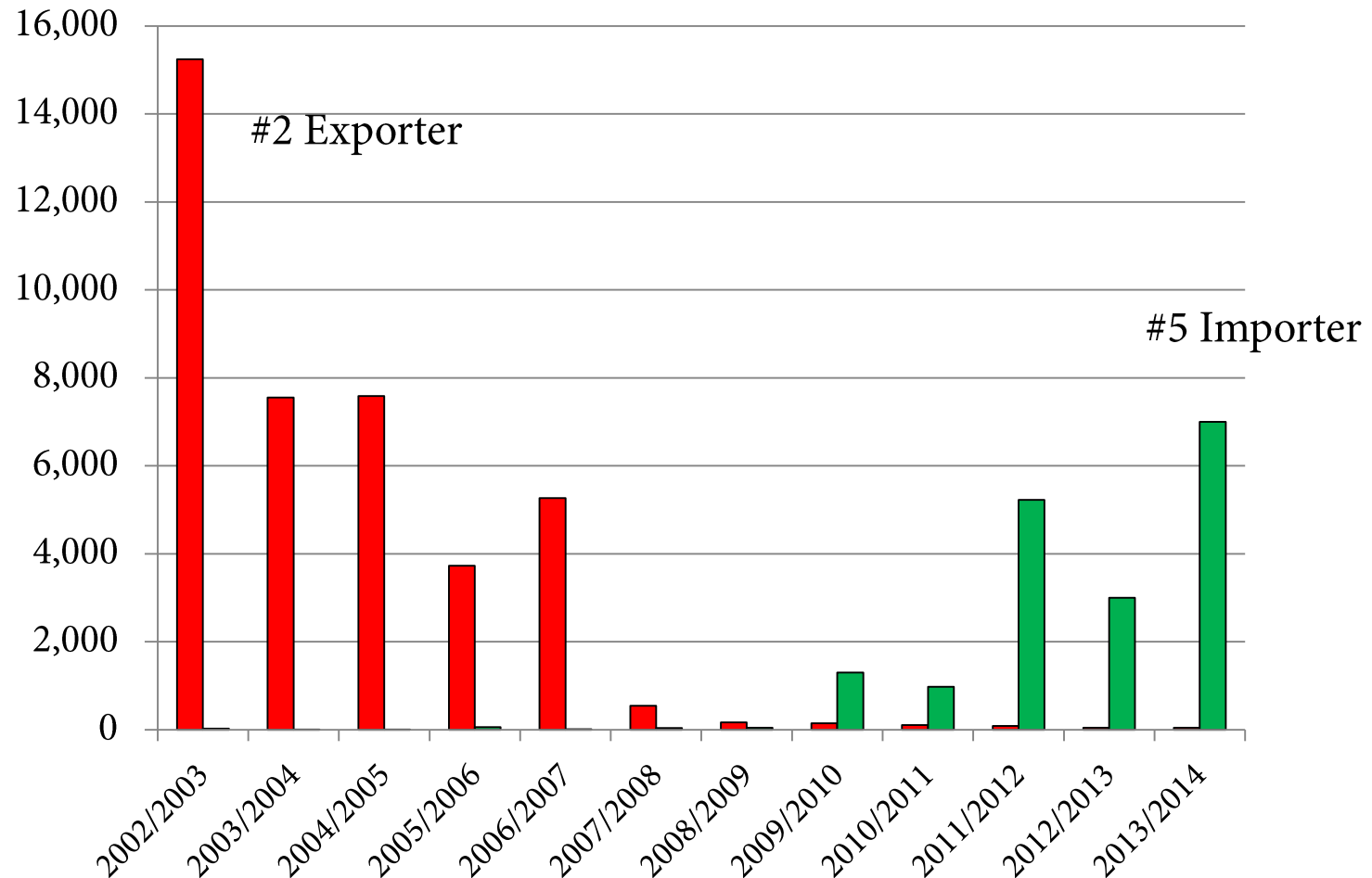
U.S. Export Share



PSD, 9/12/2013

China Corn Trade

1,000 MT

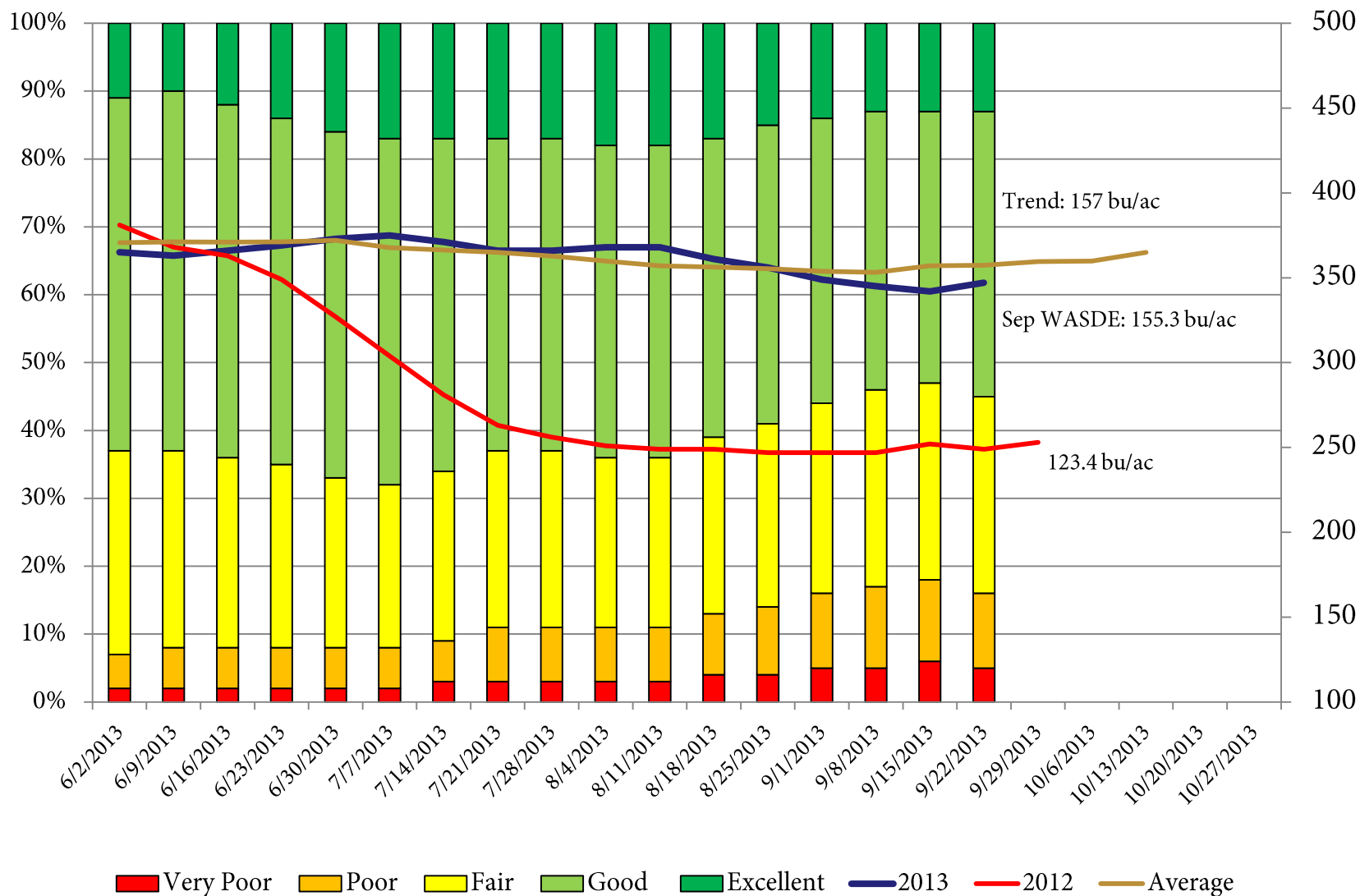


WASDE, 9/12/2013

■ Exports

■ Imports

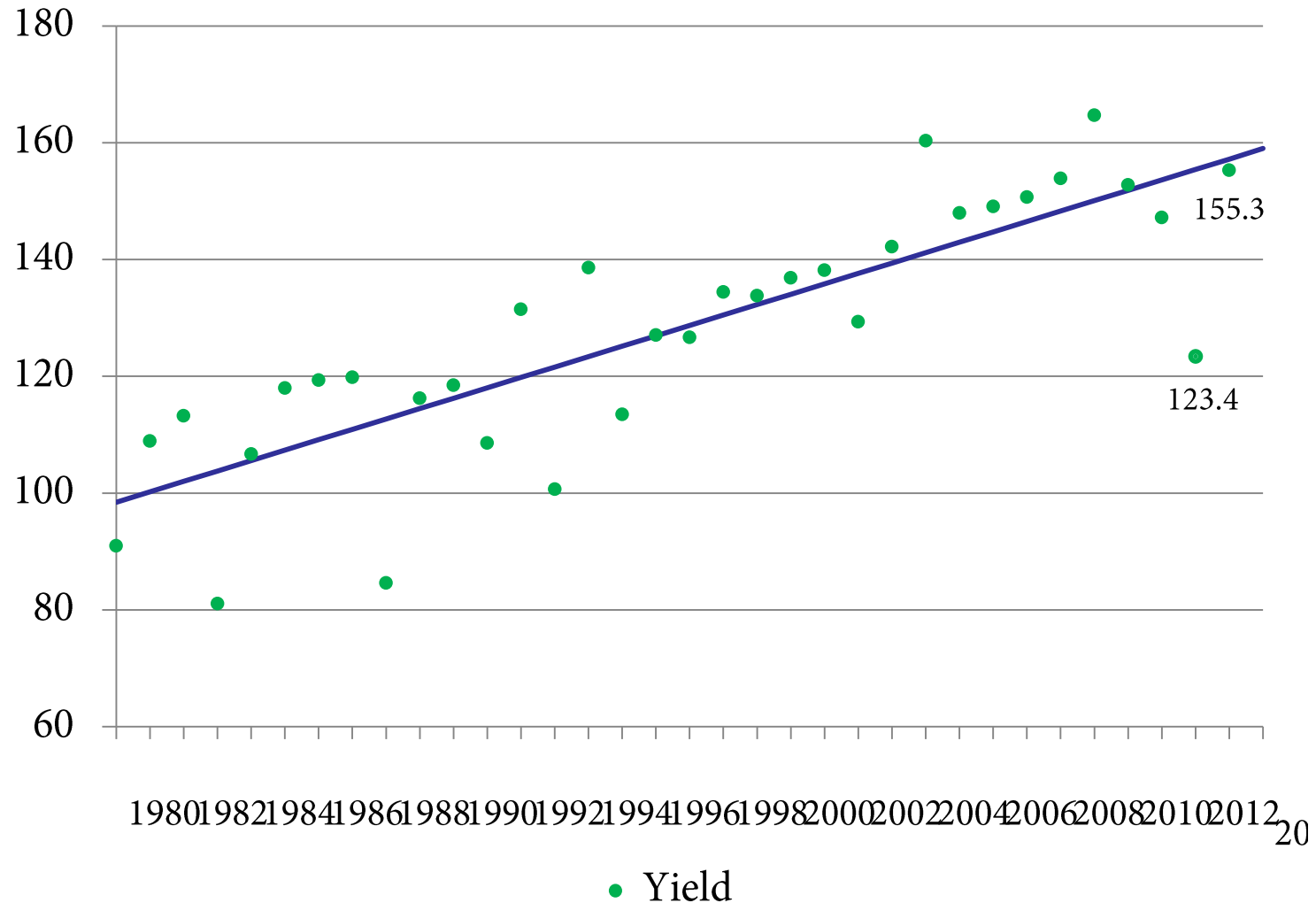
2013 U.S. Corn Crop Condition Ratings



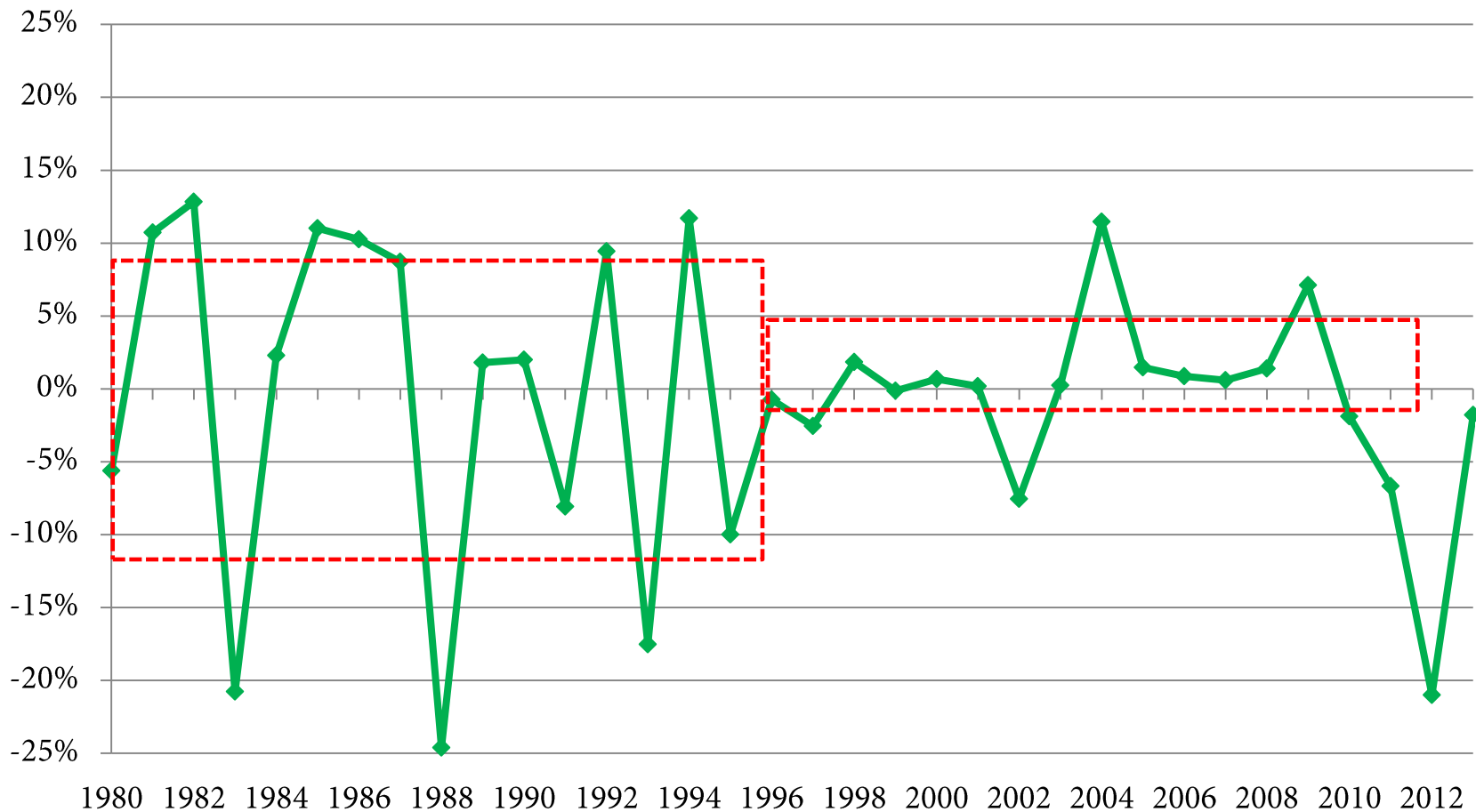
Source: Crop Progress, USDA

U.S. Corn Yields

Bushels per acre



Corn Yield, % Deviation From Trend



U.S. Corn S&D

Sep '13

**Percent change in
quantity
demanded with
1% change corn
price: -0.2%**
Bob Wisner, Iowa State
University
**Or 1% chg. in
corn supply = 5%
chg. in price**
*With all other
market factors
unchanged*

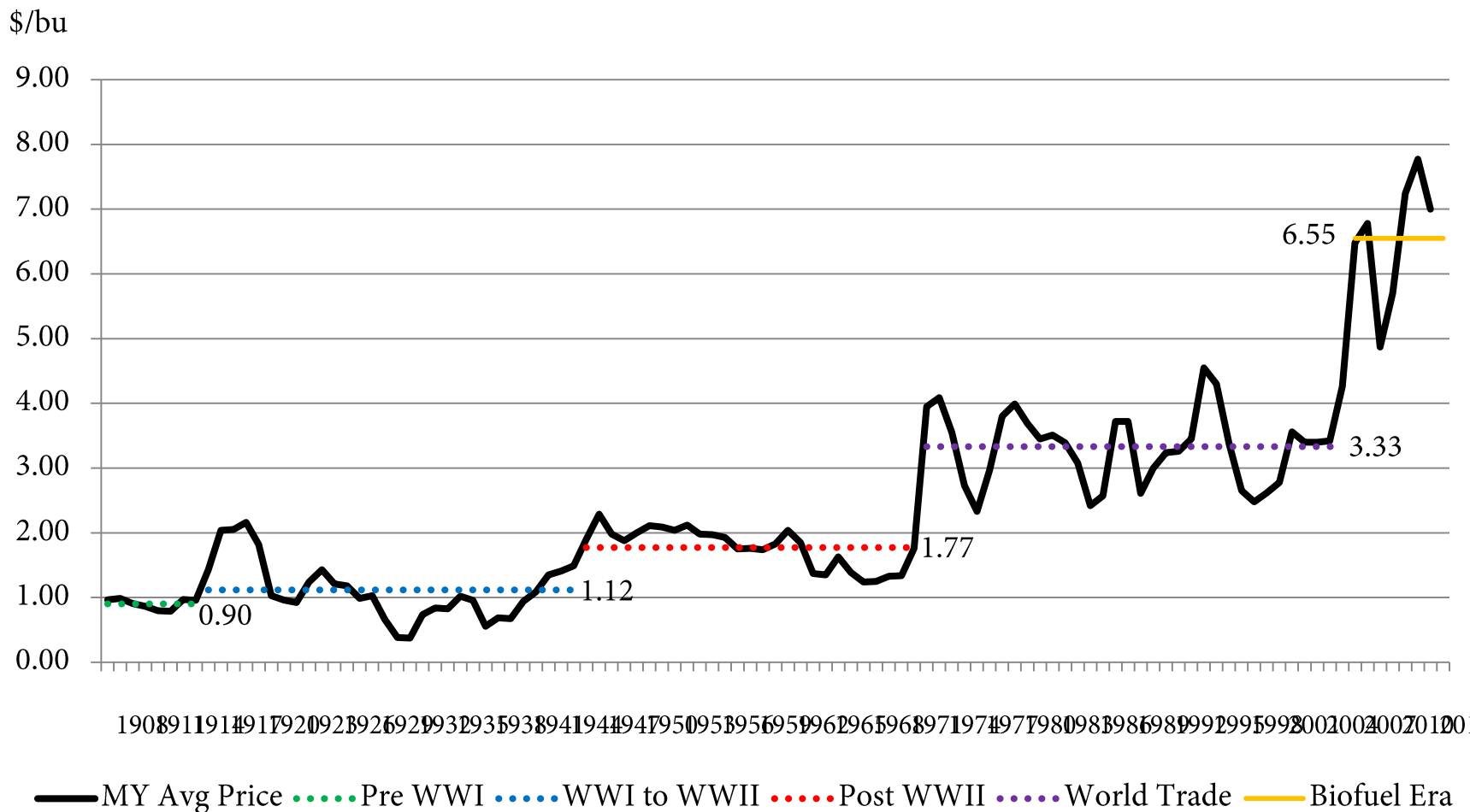
	13/14	14/15	14/15	14/15
Planted Acreage (Mil. Acs.)	97.4	97.0	95.0	93.0
Harvested Acreage (Mil. Acs.)	89.1	89.2	87.4	85.6
Yield (Bushels)	155.3	159.0	159.0	159.0
Supply	- - - Million Bushels - - -			
Beginning Stocks	661	1,855	1,855	1,855
Production	13,843	14,183	13,897	13,610
Imports	25	20	20	20
Total Supply	14,530	16,058	15,772	15,485
Disappearance				
Feed and Residual	5,100	5,500	5,500	5,500
Food, Seed & Industrial	6,350	6,500	6,500	6,500
Exports	1,225	2,000	2,000	2,000
Total Use	12,675	14,000	14,000	14,000
Ending Stocks	1,855	2,058	1,772	1,485
Carryover/Use (%)	14.6	14.7	12.7	10.6
SAFP (\$/Bu.)	4.80	4.40	4.95	5.40

December Corn 2014 Marketing Plan



*Central IL, \$250 cash rent, 200 bu yield

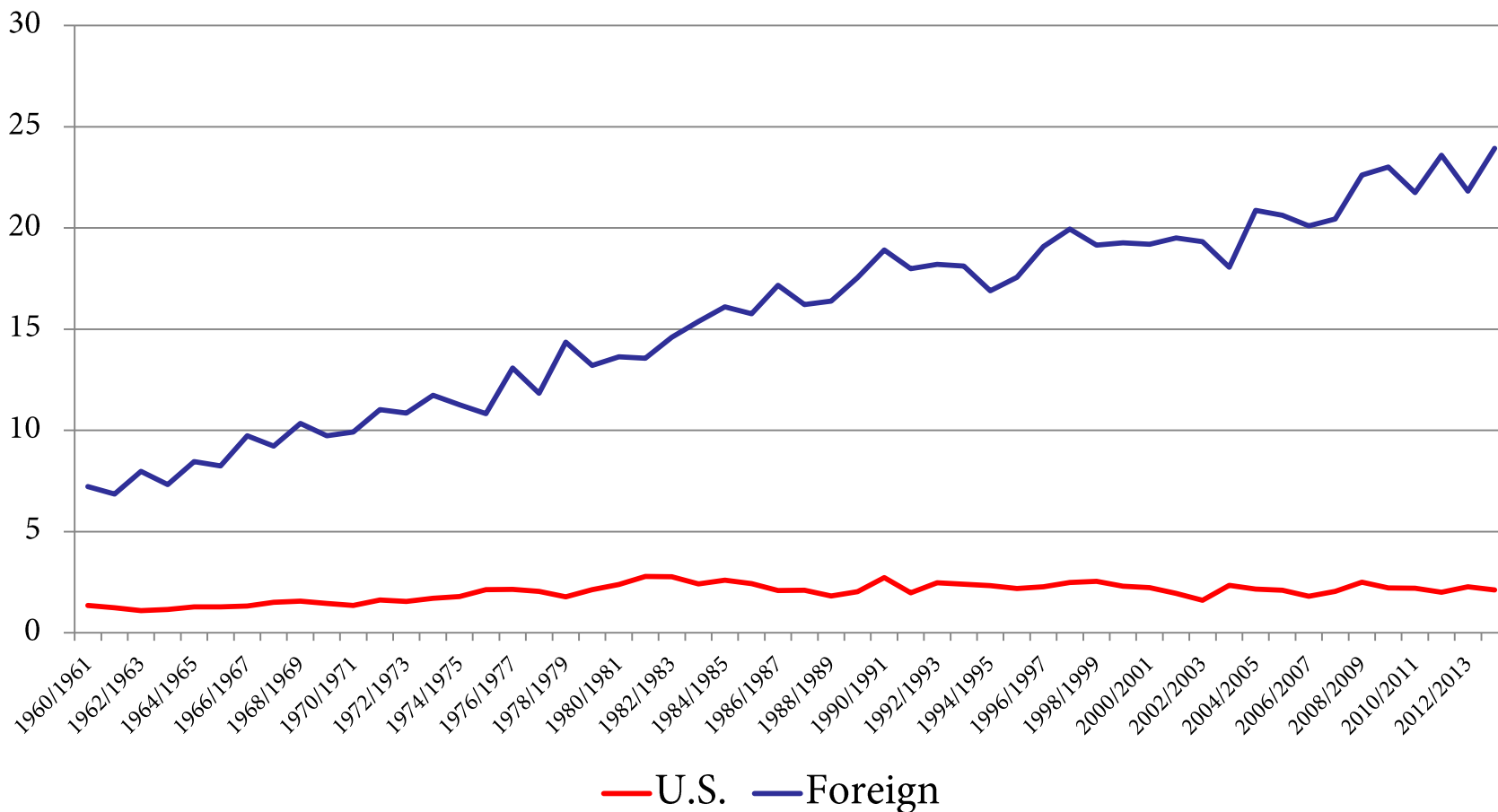
Marketing Year Average Wheat Prices



Updated 9/12/2013

World Wheat Production

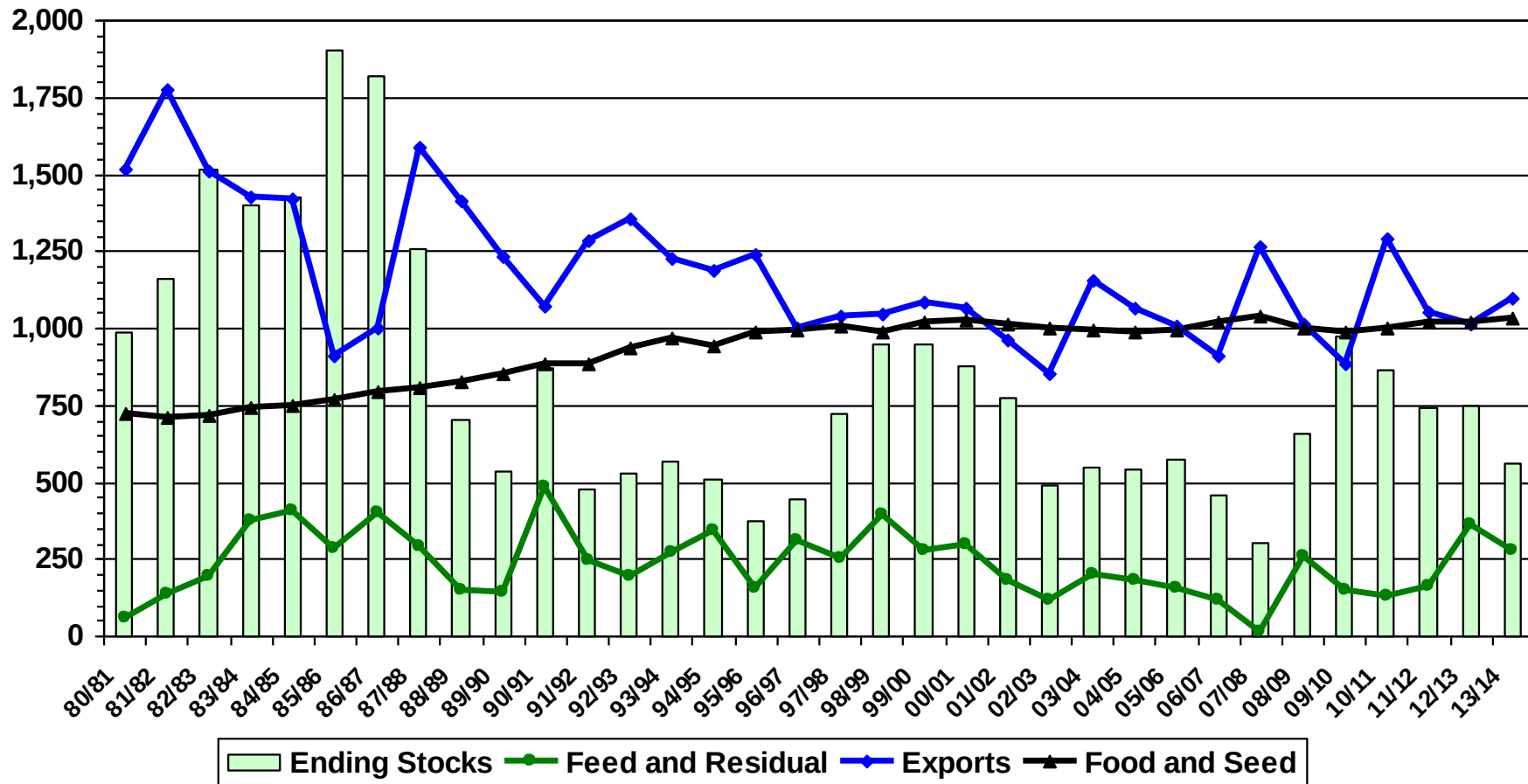
Billion bushels



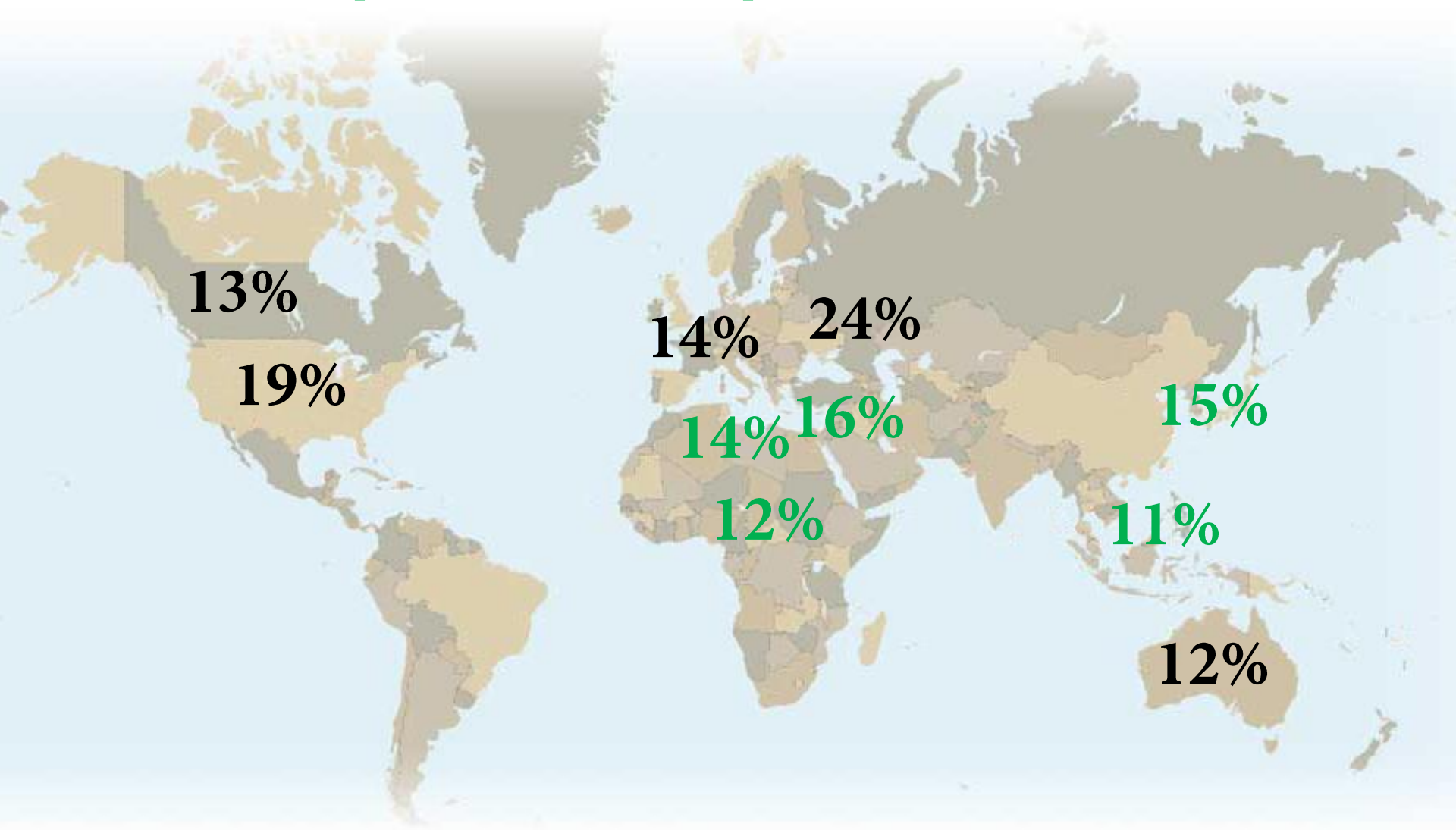
WASDE 9/12/2013

U.S. Wheat Use

Million Bushels

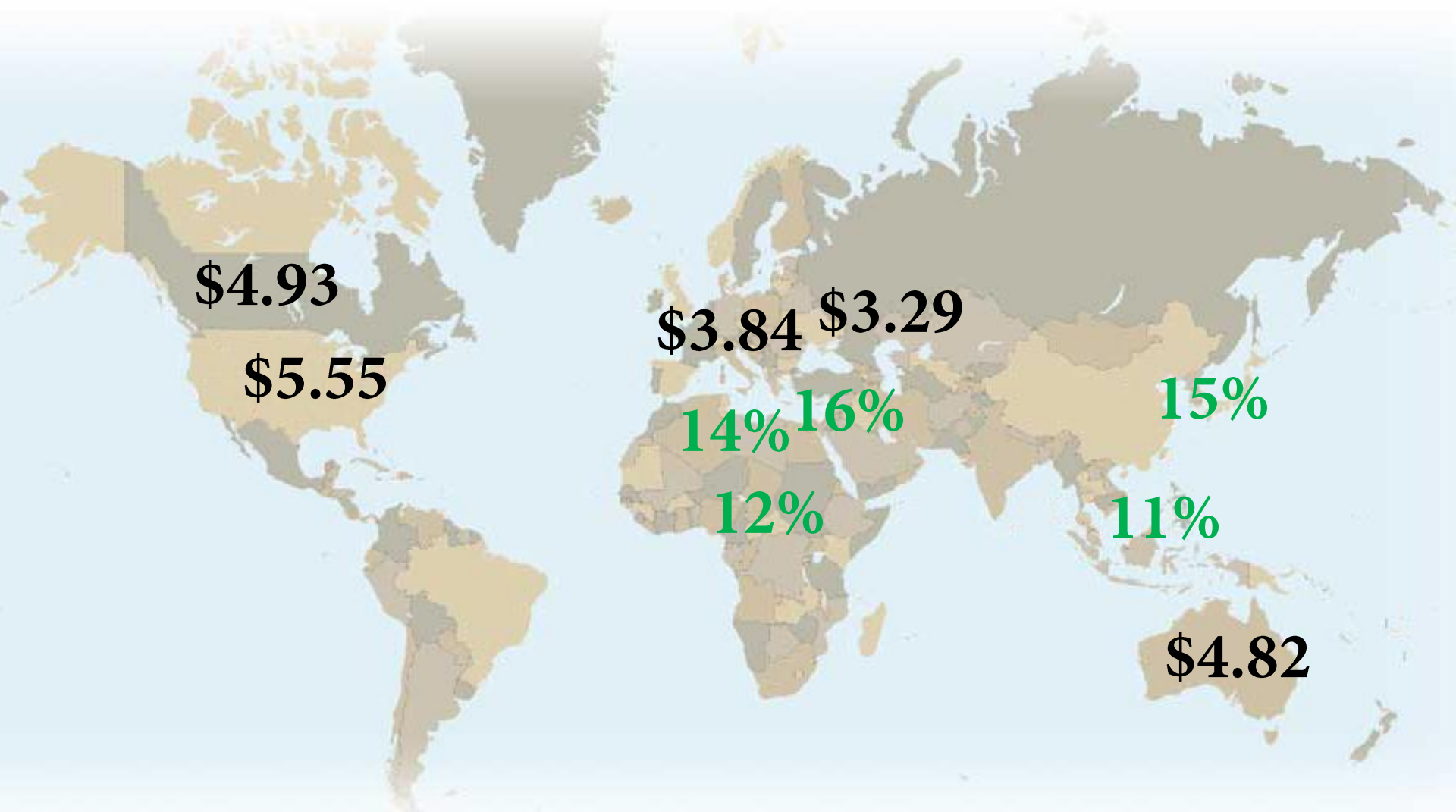


Top Wheat Importers 13/14

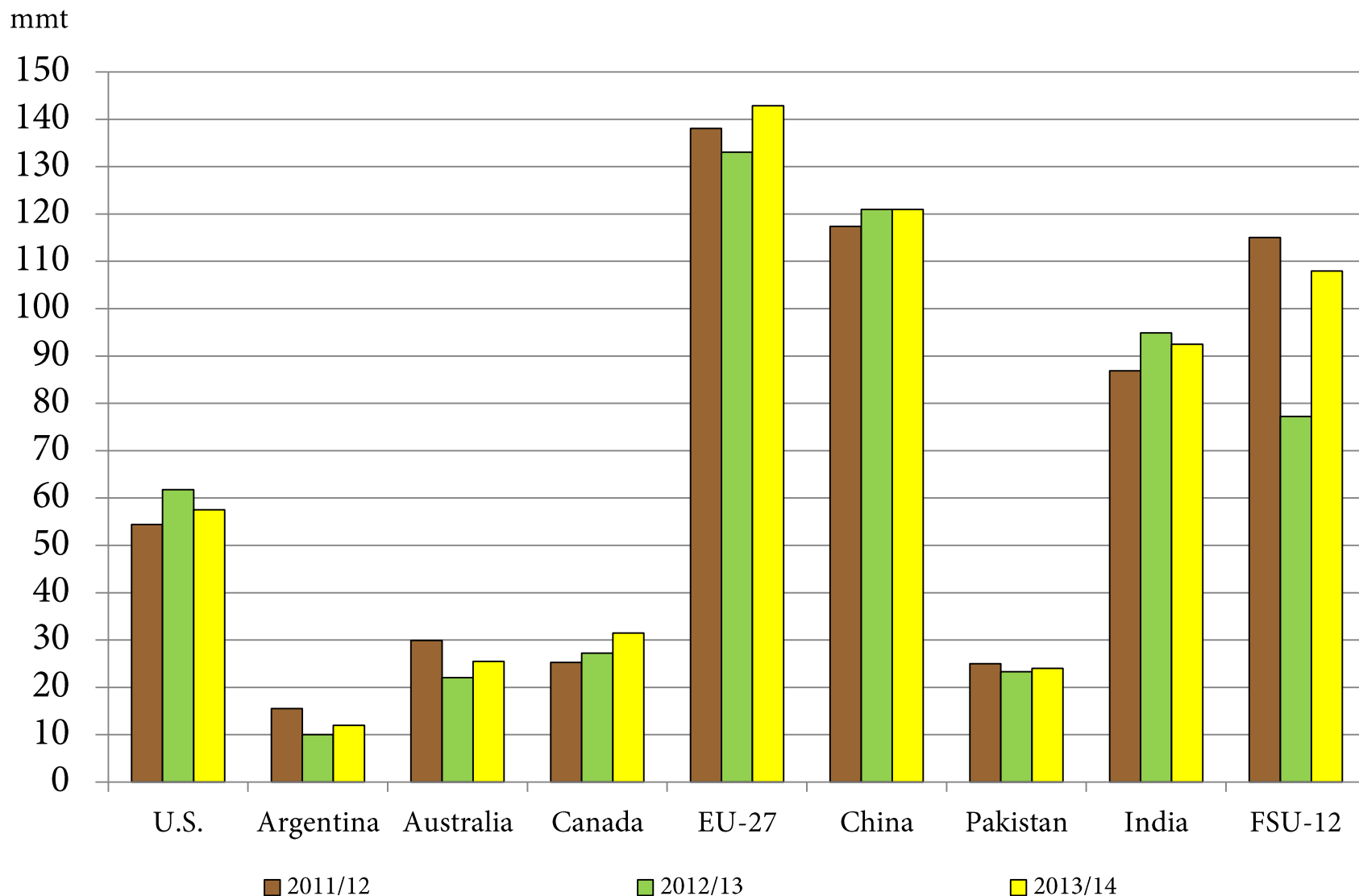


Top Wheat Exporters 13/14

Cost to Grow a Bushel of Wheat



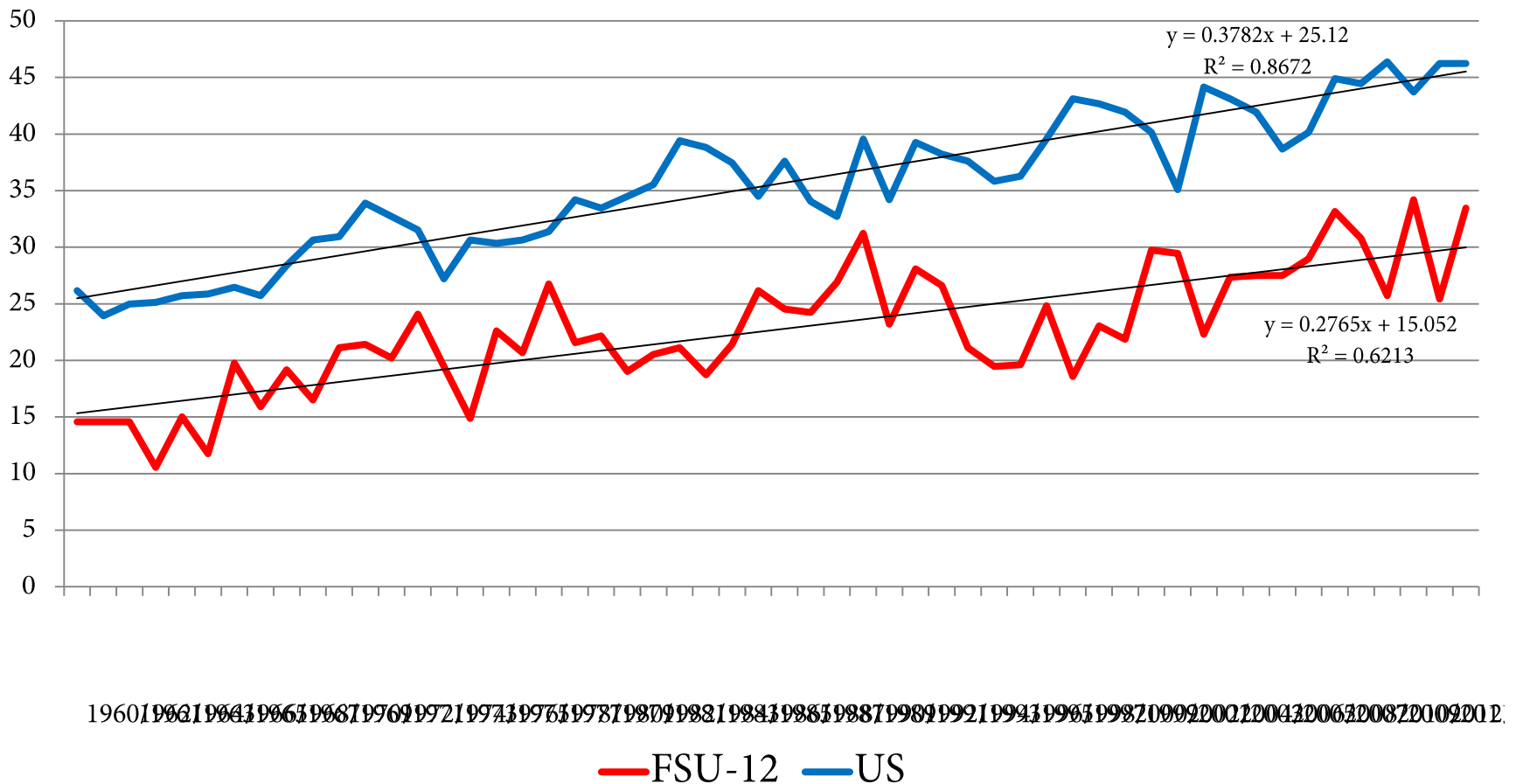
2013/2014 Wheat Production, Major Countries



WASDE, 9/12/2013

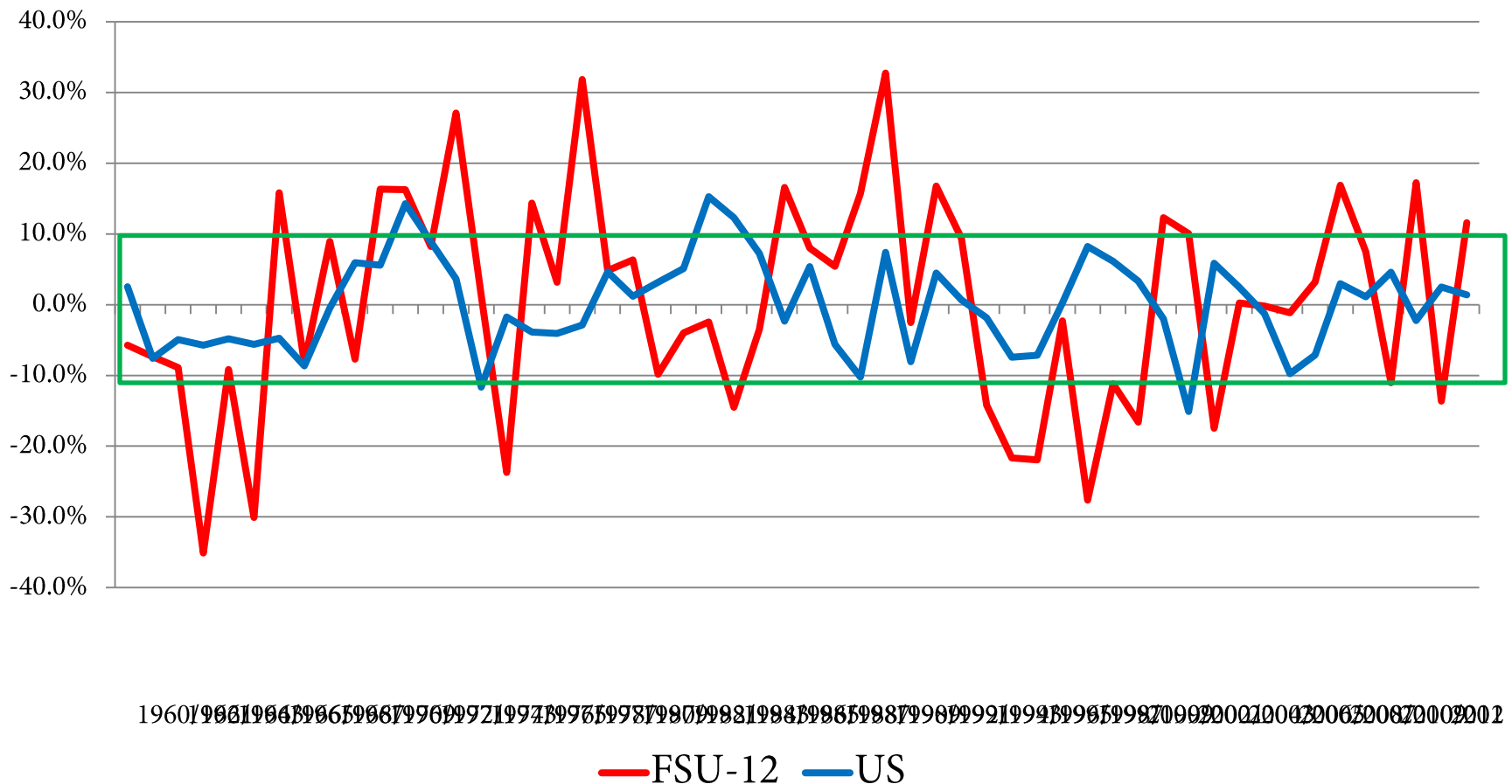
US and FSU-12 Wheat Yields

Bushels per acre



Most recent five-year average: 29.9 45.4

US and FSU-12 Wheat Yield Deviations from Trendline

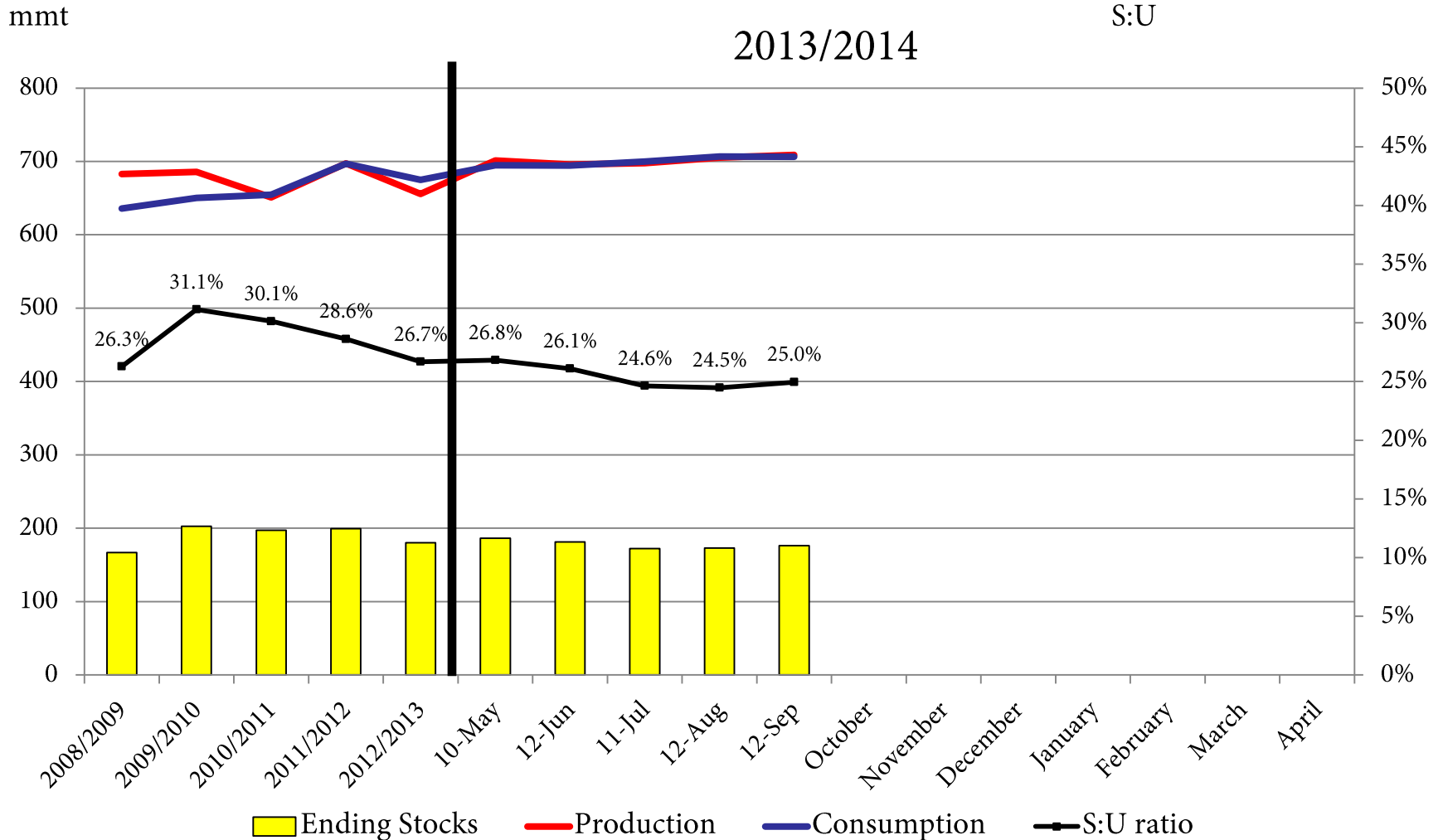


Number of times below -10%:

13

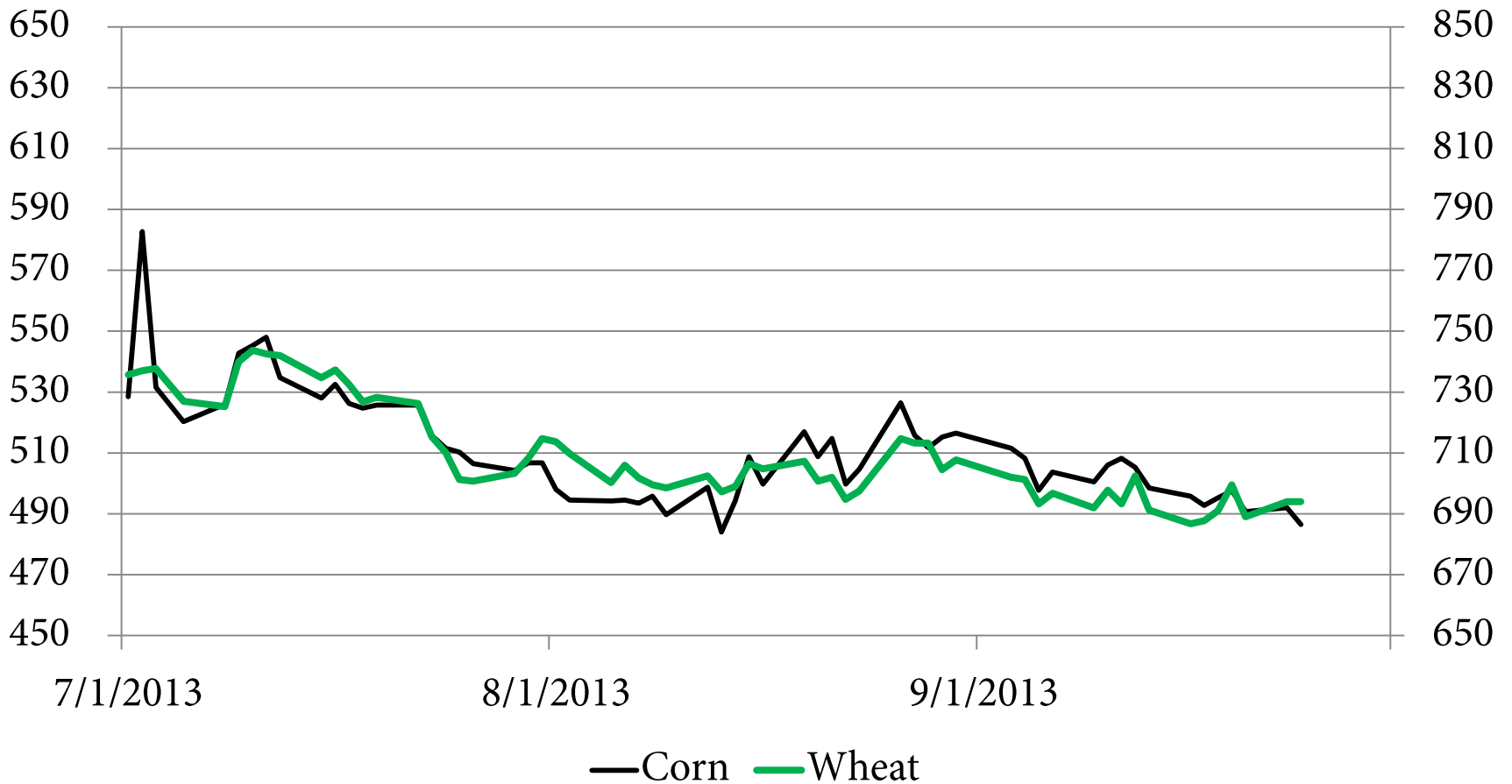
3

USDA 2013/2014 World Wheat Estimates

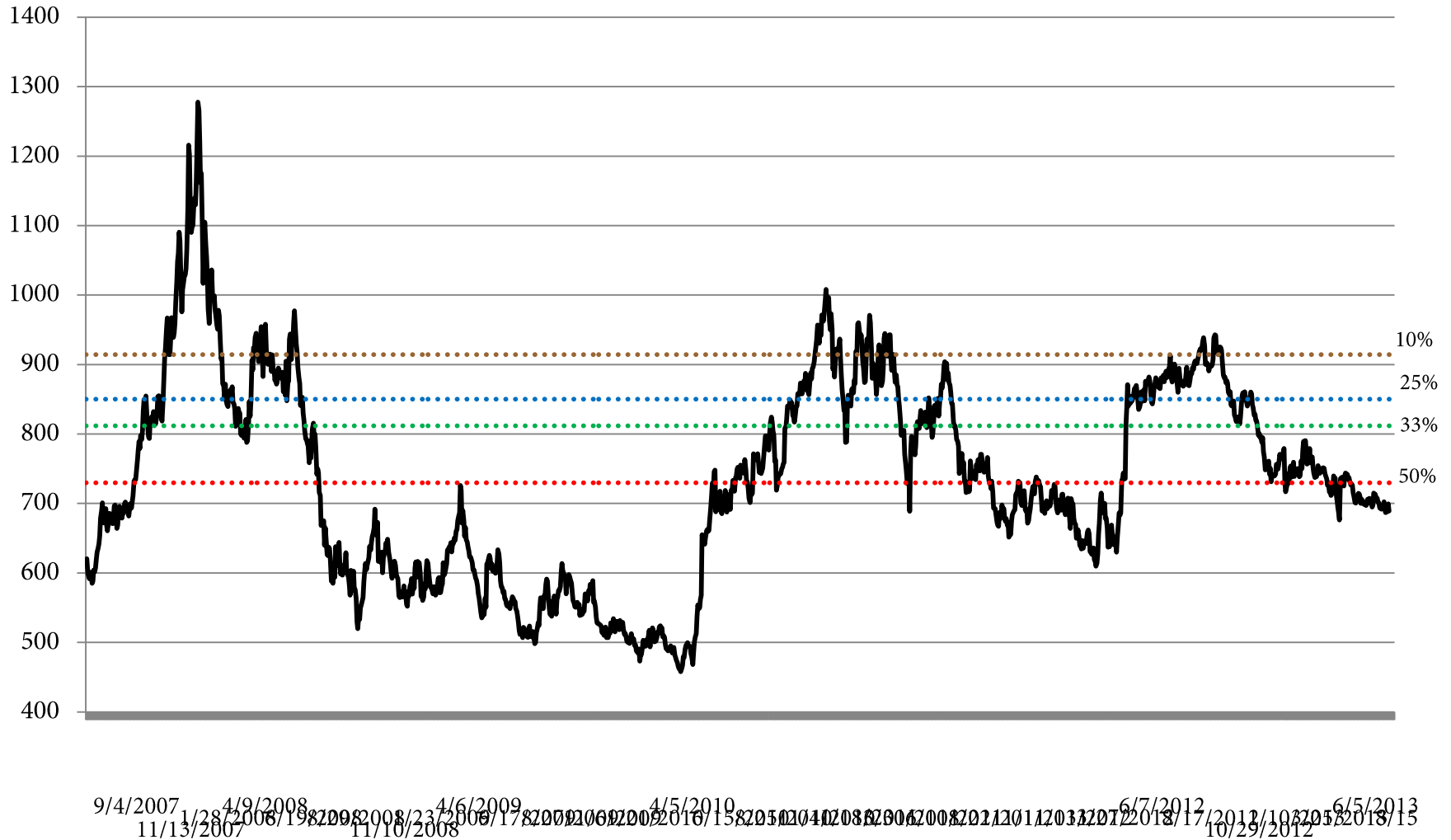


WASDE, 9/12/2013

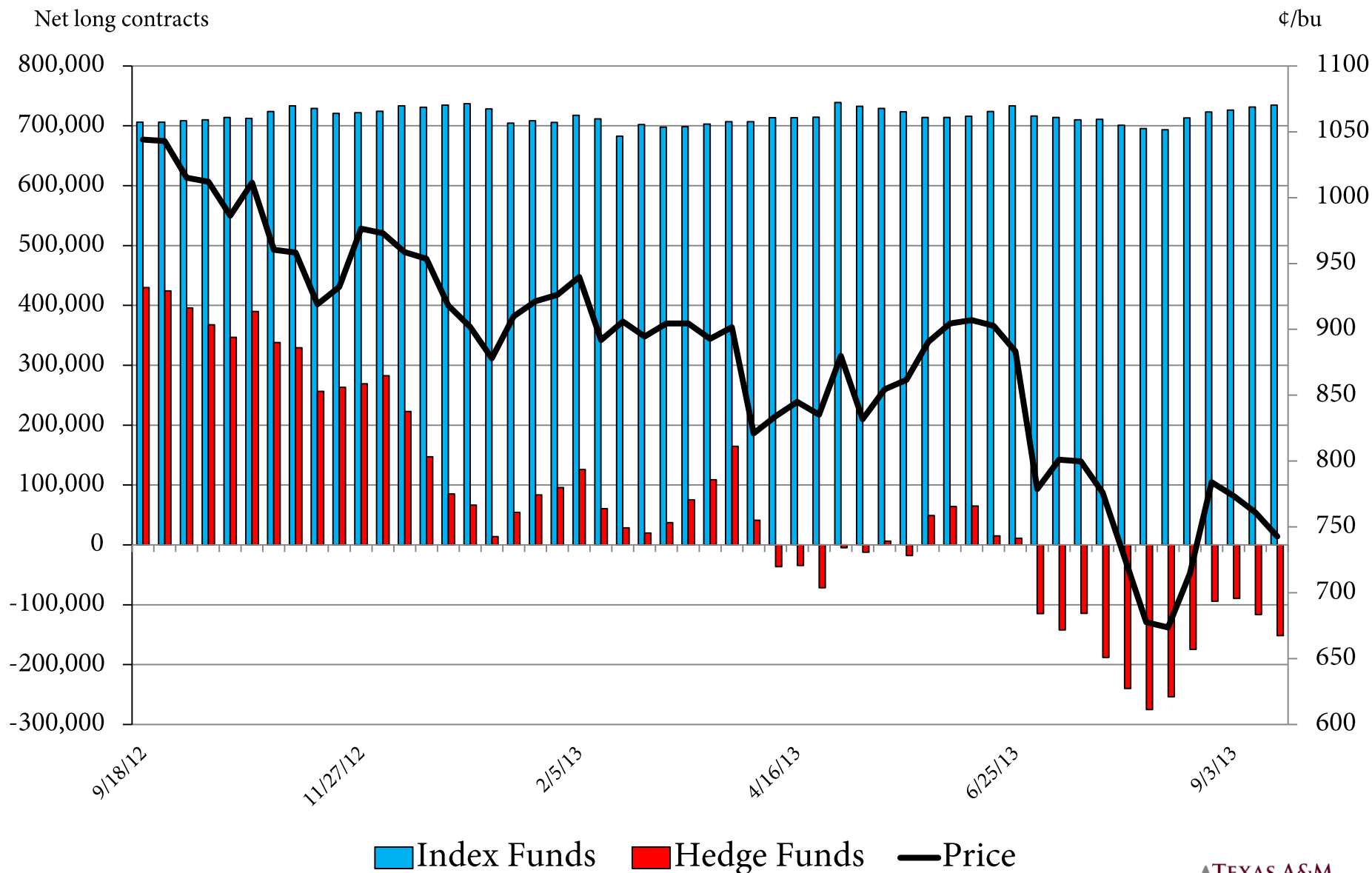
Dec Corn and Jul Wheat



July KC Wheat Closing Prices



Wheat, Corn, and Soybeans Speculative Investment



Source: CFTC, positions as of 9/17/2013

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<http://agecoext.tamu.edu/index.html>