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*Agricultural Economics*

# Soybean Situation and Outlook

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September 25, 2013

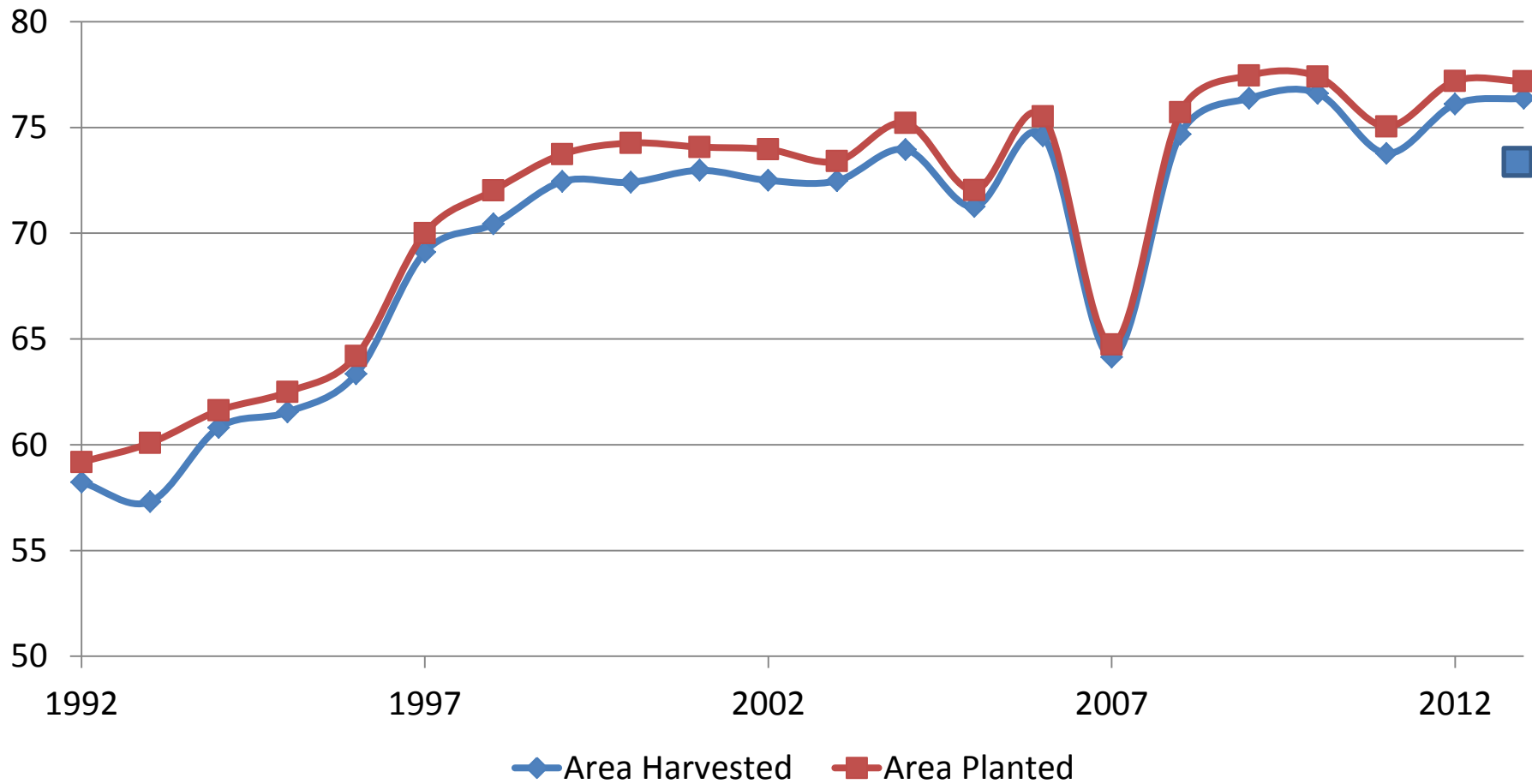
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# Soybeans

- An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.
  - Laurance J. Peter



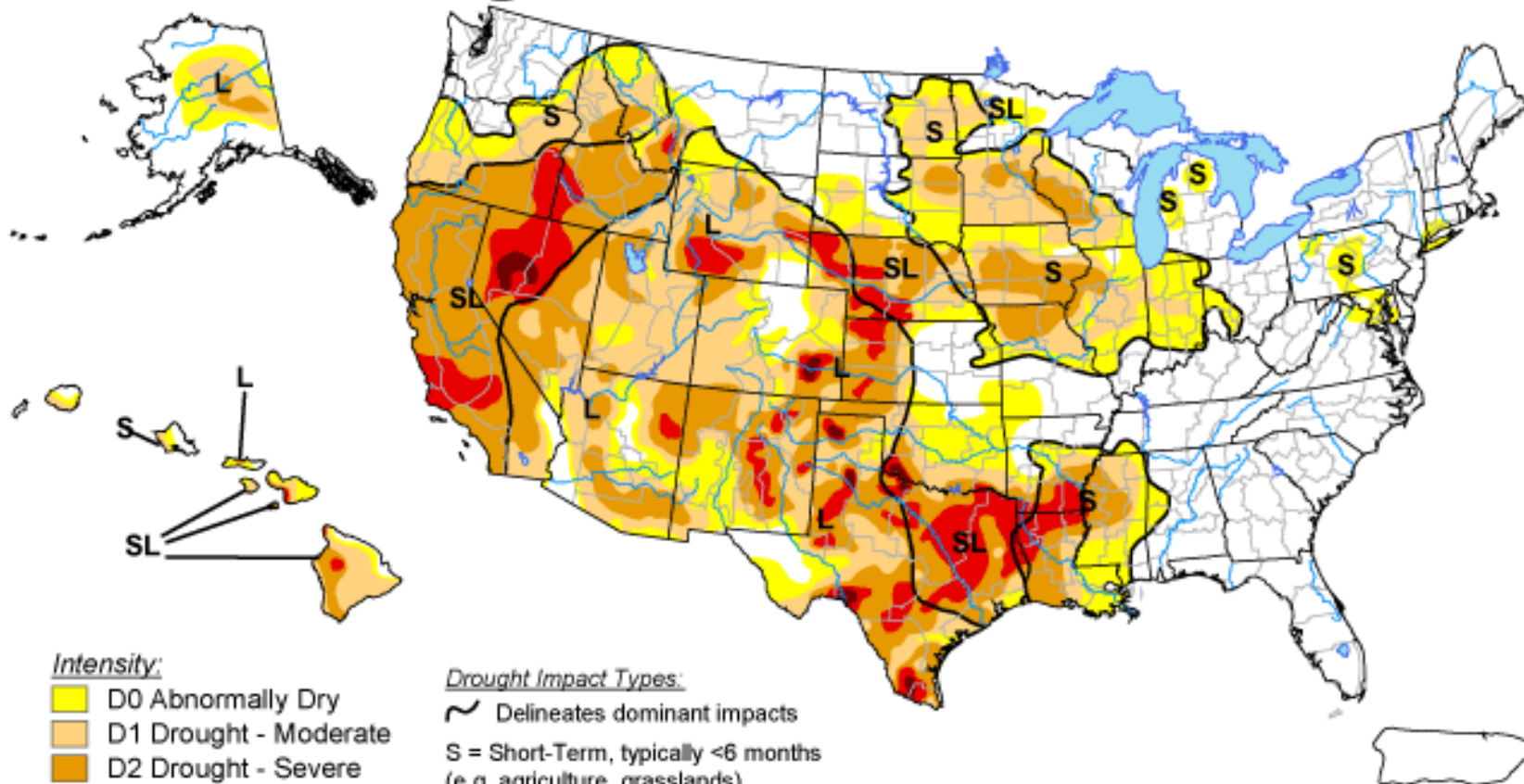
# Soybeans Planted Acres (Million Acres)








# U.S. Drought Monitor

September 17, 2013


Valid 7 a.m. EDT



### Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

### Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months  
(e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months  
(e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



Released Thursday, September 19, 2013

Author: David Miskus, NOAA/NWS/NCEP/CPC



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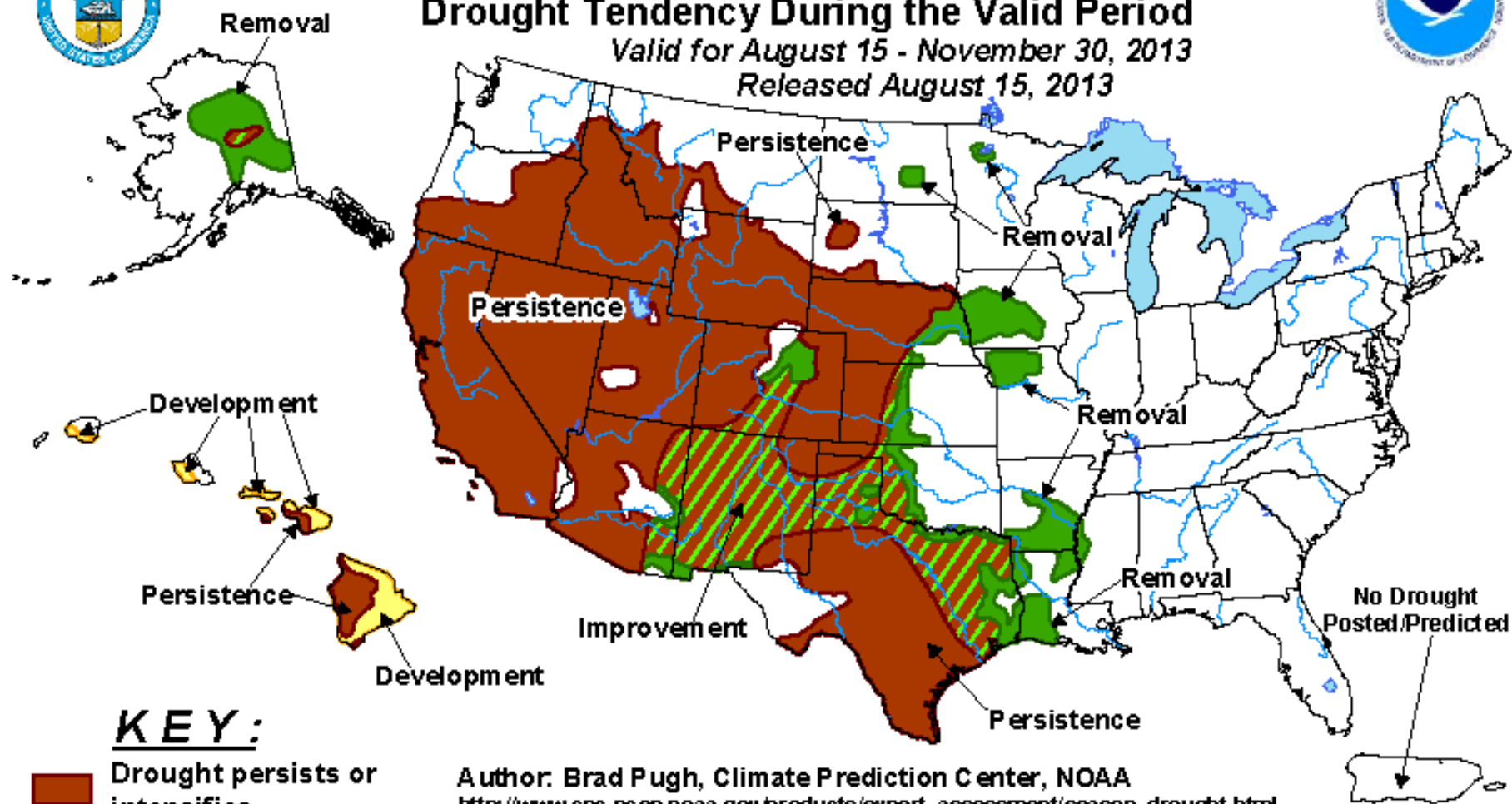


# U.S. Seasonal Drought Outlook





## Drought Tendency During the Valid Period

Valid for August 15 - November 30, 2013

Released August 15, 2013



### KEY:

-  Drought persists or intensifies
-  Drought remains but improves
-  Drought removal likely
-  Drought development likely

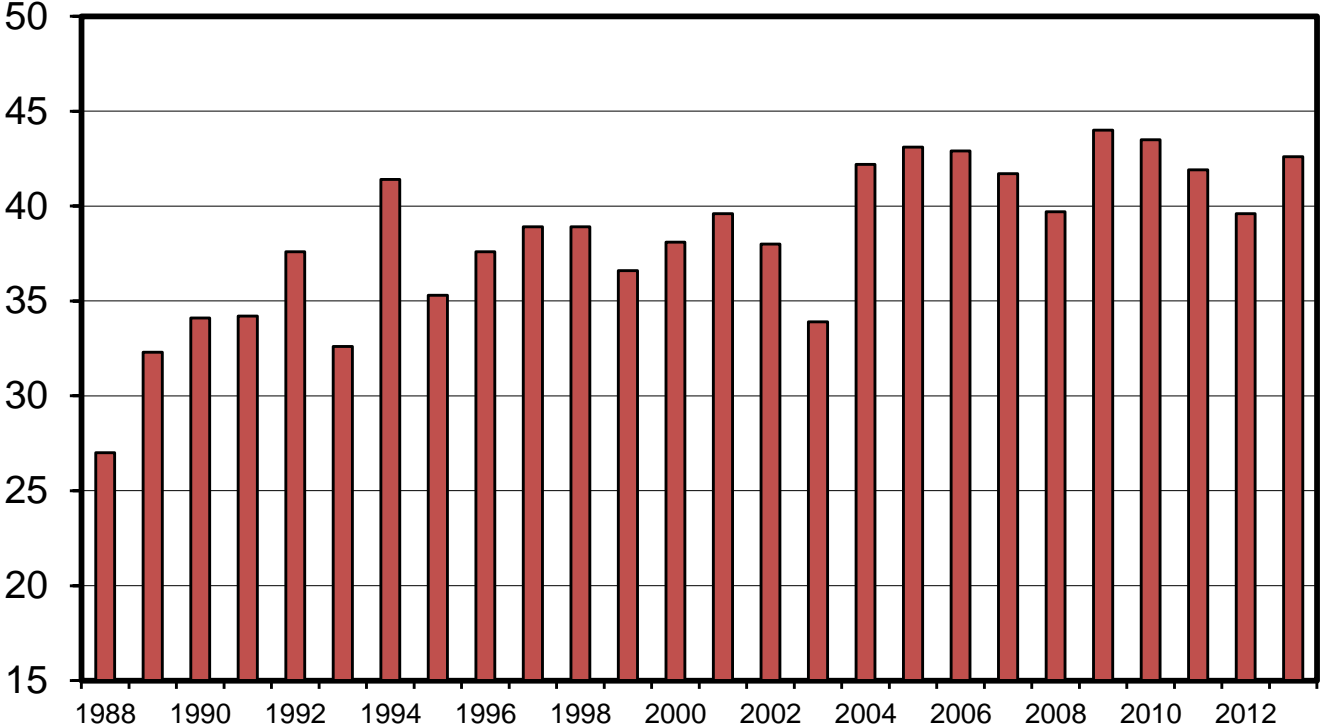
Author: Brad Pugh, Climate Prediction Center, NOAA  
[http://www.cpc.ncep.noaa.gov/products/expert\\_assessment/season\\_drought.html](http://www.cpc.ncep.noaa.gov/products/expert_assessment/season_drought.html)

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor.

NOTE: The Green and Brown hatched areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period although drought will remain. The Green areas imply drought removal by the end of the period (D0 or none)

**NATIONAL AVERAGE SOYBEAN YIELD**  
Crop Year

Bu. Per Acre



Livestock Marketing Information Center

Data Source: USDA-ERS, Compiled by LMIC

G-NP-16  
09/16/13



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# Corn Belt Yields

	2012	2013
<b>Illinois</b>	<b>43</b>	<b>46</b>
<b>Indiana</b>	<b>43.5</b>	<b>48</b>
Iowa	44.5	43
Minnesota	43	39
<b>Nebraska</b>	<b>41.5</b>	<b>47</b>
<b>Ohio</b>	<b>45</b>	<b>49</b>



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# Southeastern Soybean Yields

	2012	2013
Alabama	45	40
Arkansas	43	42
Georgia	37	35
<b>Kentucky</b>	<b>40</b>	<b>45</b>
Louisiana	46	45
Mississippi	45	42
<b>Tennessee</b>	<b>38</b>	<b>43</b>



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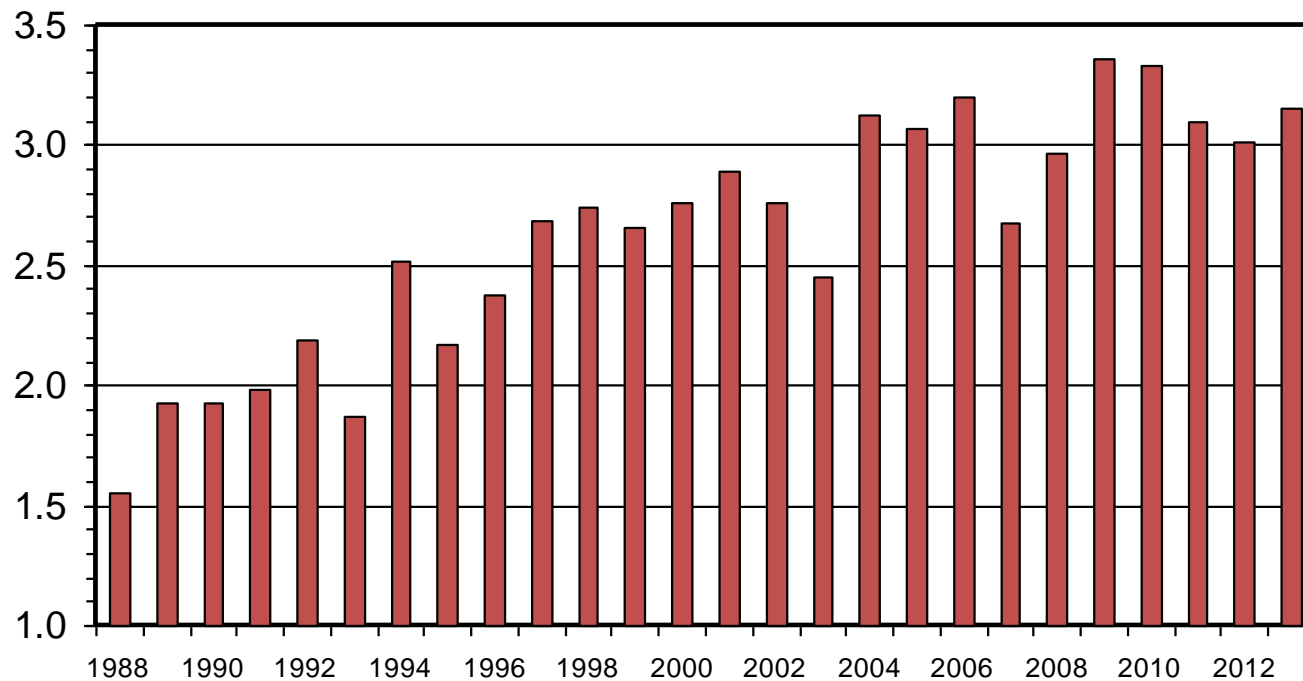
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# U S ANNUAL SOYBEAN PRODUCTION

## Crop Year

Bil. Bushels



Livestock Marketing Information Center

Data Source: USDA-ERS, Compiled by LMIC

G-NP-17  
09/16/13



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# 2013 Soybean Production

	Sept WASD Estimate	Sept FSA Estimate
Harvested Acres	76,400,000	74,659,229
Yield (bu/acre)	41.2	41.2
Production	3,149,000,000	3,075,960,235
Difference	73,039,765 (or 2.3%)	

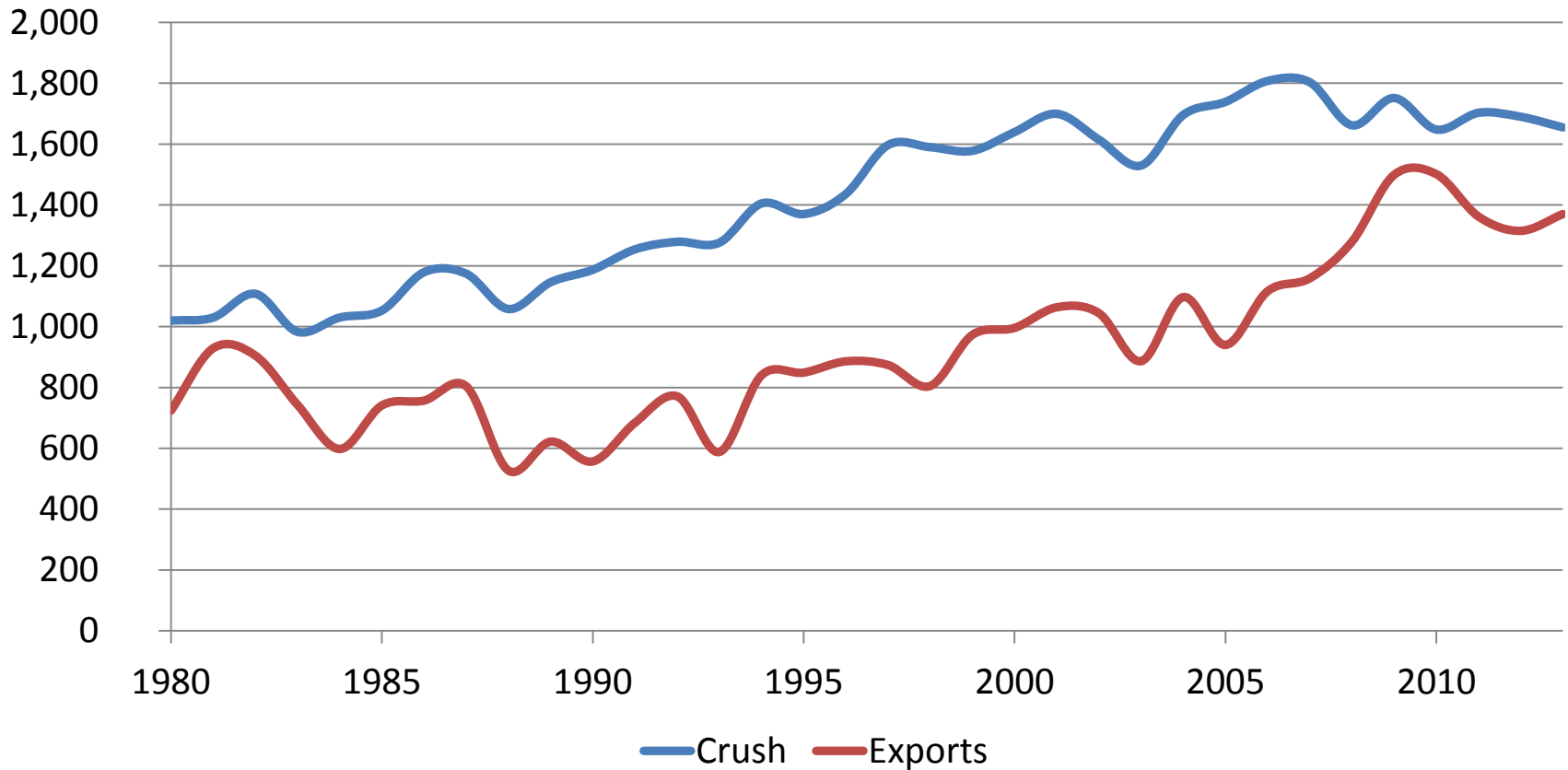
- 1.69 million prevented acres
- Something has to give....



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# U.S. Soybean Disappearance (Million Bushels)



# Crush Spread



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# Demand for Soybeans

## ☐ Crush

- Hogs (26%)
- Poultry (48%)
- Dairy (9%)

## ☐ Export

- International Competition...



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# Global Competitors

	2012 Production	2013 Production	2012 Exports	2013 Exports
United States	82.06	<b>85.71</b>	<b>35.79</b>	<b>37.29</b>
Brazil	82.00	<b>88.00</b>	<b>41.00</b>	<b>42.5</b>
Argentina	49.40	53.50	6.43	12.70

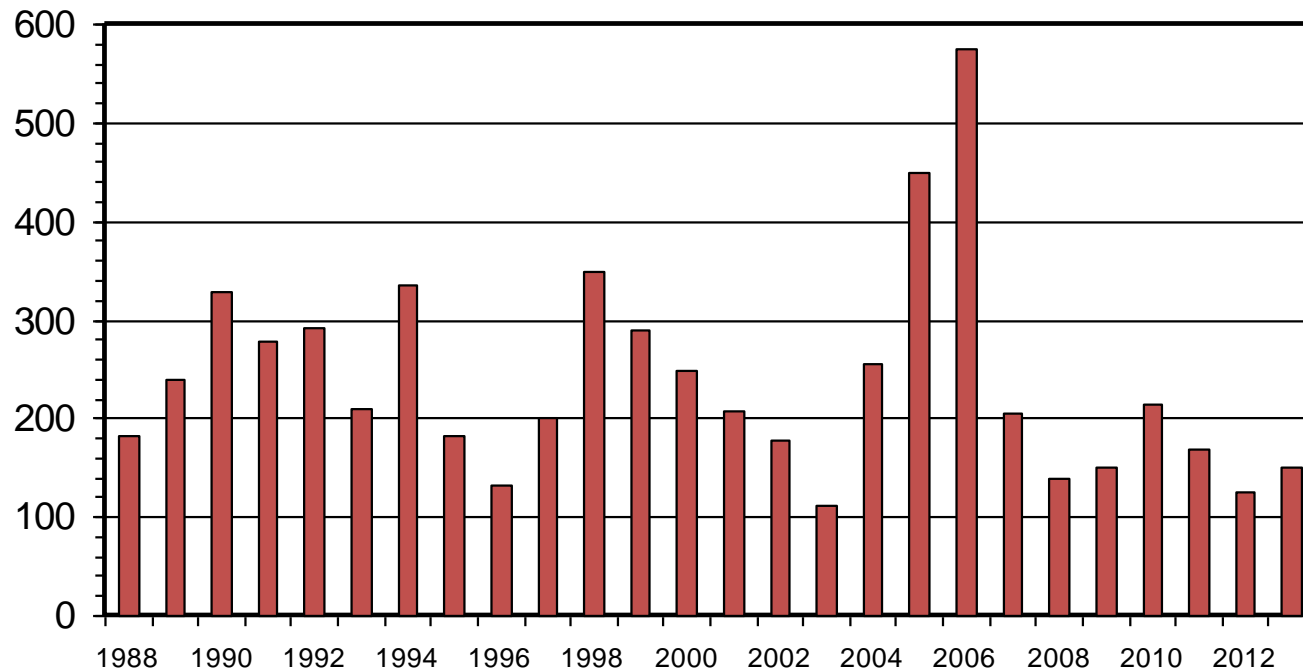
- China is expected to import 10 million metric tons more this year (69 mil metric tons)
- Brazil exports are limited by infrastructure



# U S ANNUAL SOYBEAN ENDING STOCKS

Crop Year

Mil. Bushels



Livestock Marketing Information Center

Data Source: USDA-ERS, Compiled by LMIC

G-NP-18  
09/16/13

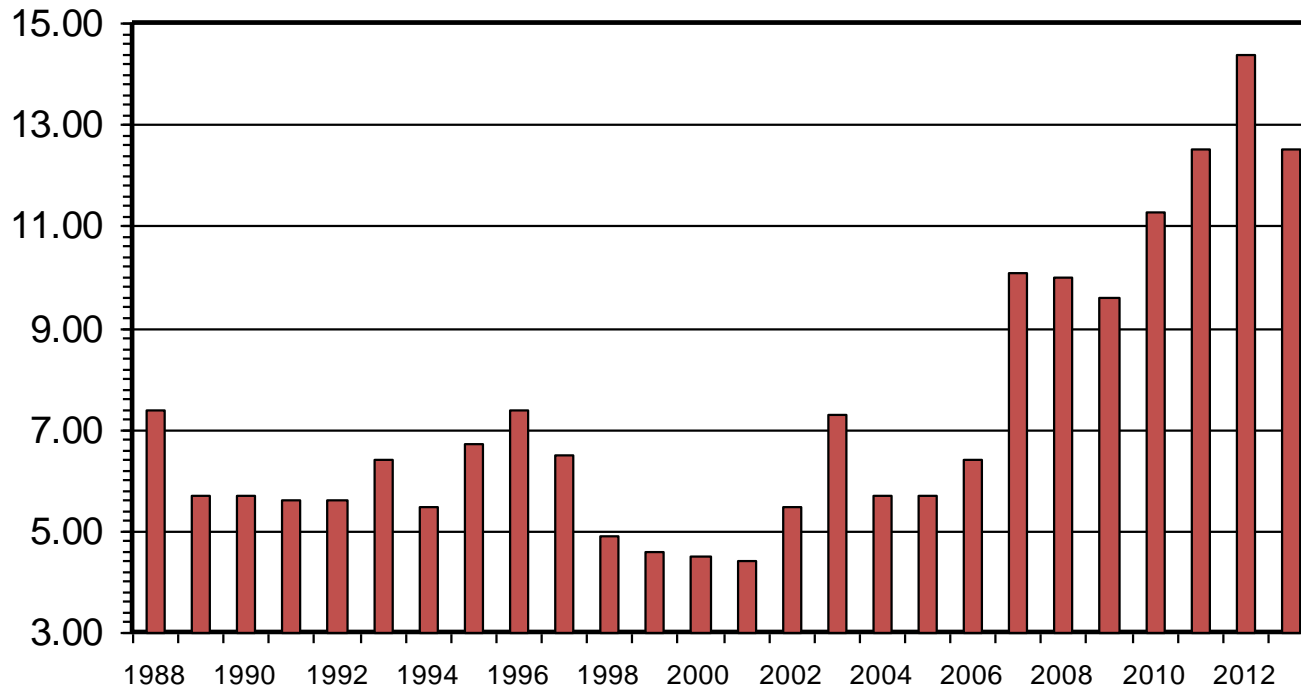


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# NATIONAL AVERAGE SOYBEAN PRICE

## Crop Year, Received by Farmers

\$ Per Bushel



Livestock Marketing Information Center

Data Source: USDA-ERS, Compiled by LMIC

G-NP-15  
09/16/13

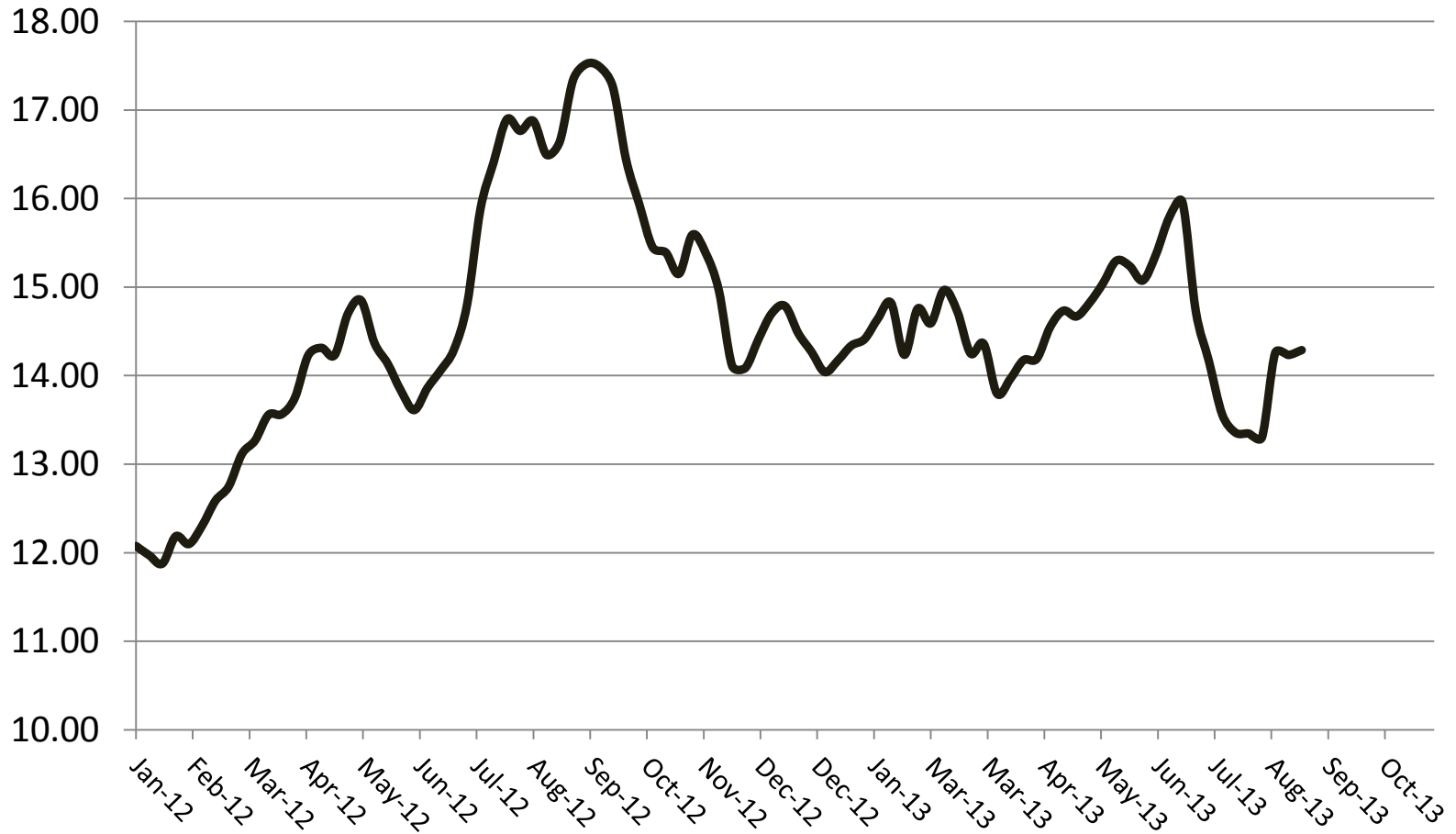


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# Nearby Soybean Futures



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# Soybean Cash Prices Around the Southeast

State	9/24/2013 Cash Price	Basis
Arkansas	\$12.82-\$13.22	-\$0.30 to \$0.10
Kentucky	\$12.38-\$13.12	-\$0.74 to \$0.00
Louisiana	\$14.03-\$14.08	\$0.91 to \$0.96
Mississippi***	\$13.03-\$13.28	-\$0.02 to \$0.20
Nov Futures	\$13.12	



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# Observations from this year

- ❑ This spring, things were not looking good
  - Cool, wet spring
  - Delayed Planting = Lower Yields
  - Although we are still behind, yields are still good.



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# What are the current reports saying?

## ☐ Harvest Progress

	Now	5-yr Avg
Arkansas	18	18
Kentucky	1	6
Louisiana	46	54
Mississippi	13	43
North Carolina	0	1
Tennessee	3	7
Corn Belt	1 to 4	<10



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# What are the current reports saying?

## ☐ Crop conditions

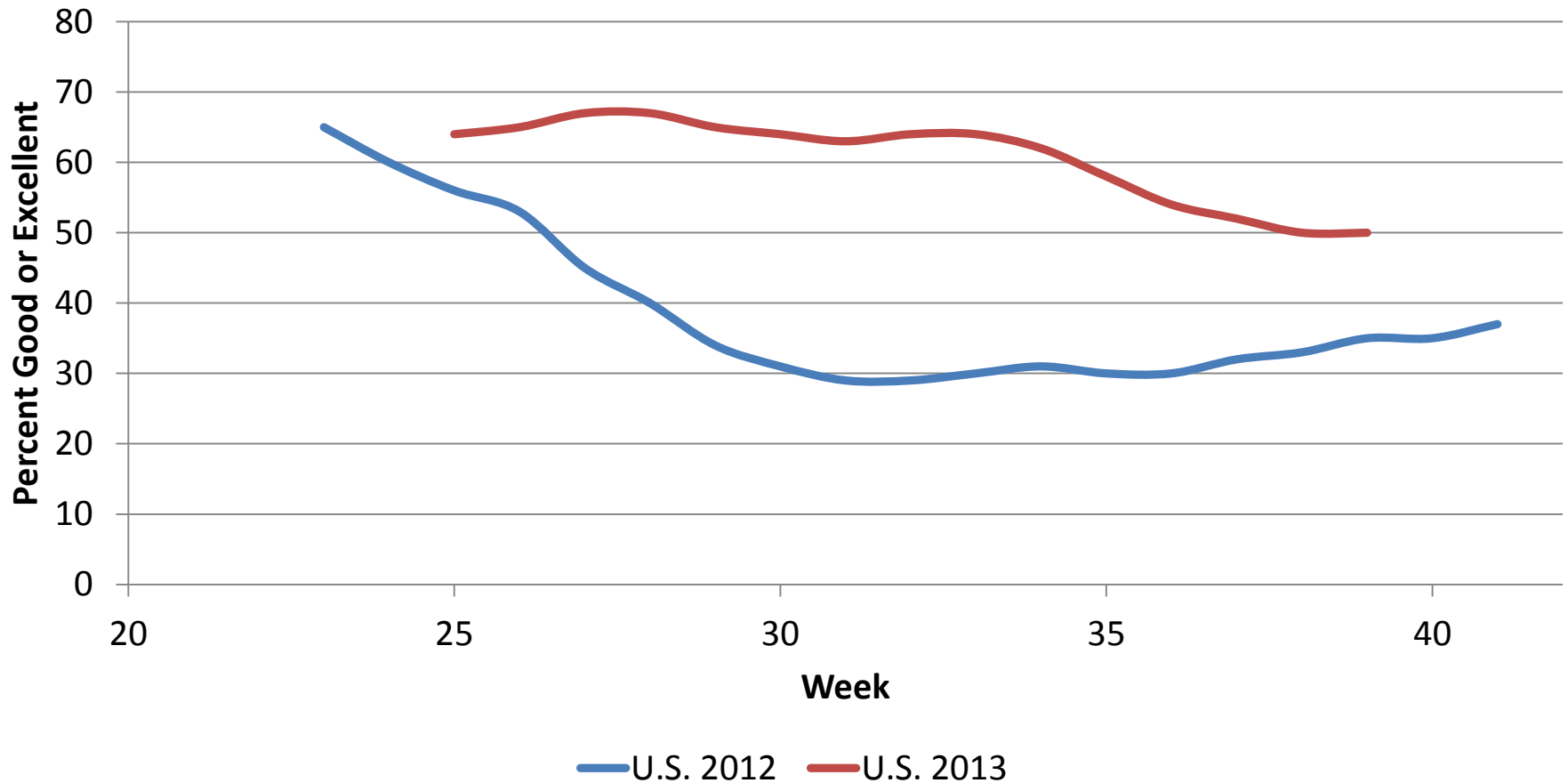
State	% Good or Excellent
Arkansas	61
Kentucky	85
Louisiana	74
Mississippi	77
North Carolina	51
Tennessee	80
18 States	50
<b>Iowa</b>	<b>34</b>



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# Soybean Crop Percent Good or Excellent



# Looking Ahead

## Brazil and Argentina crops

- Beginning Planting

## Harvest

- Low pod counts...

## Export Situation

## Acres

- This year
- Next Year



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# Price Forecast: The Realistic Version



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# Price Forecast: The Economists Version

□ It Depends....

□ I see two big uncertainties that still need to play out:

- Yield
- Acres???



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# Thank You

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