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2016 USDA Grains and Oilseeds Outlook Agricultural Outlook Forum 2016

Mark Simone

**Economic Policy and Analysis Staff
Farm Service Agency, USDA**

February 26, 2016

2016 Grains and Oilseeds Outlook

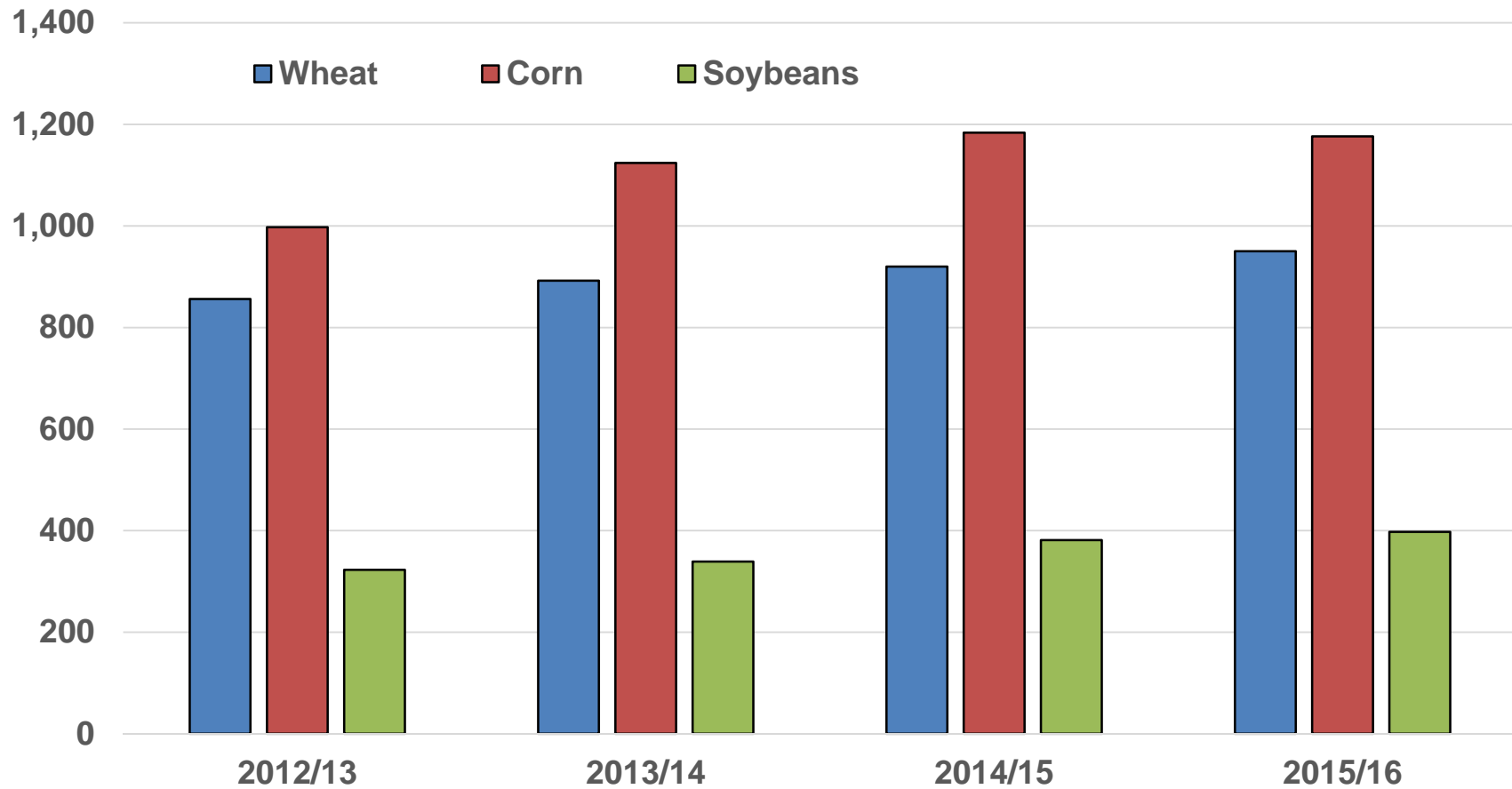
- **November USDA Baseline**
- **Argentina Election**
- **February WASDE**
- **An Increasingly Bearish Outlook**



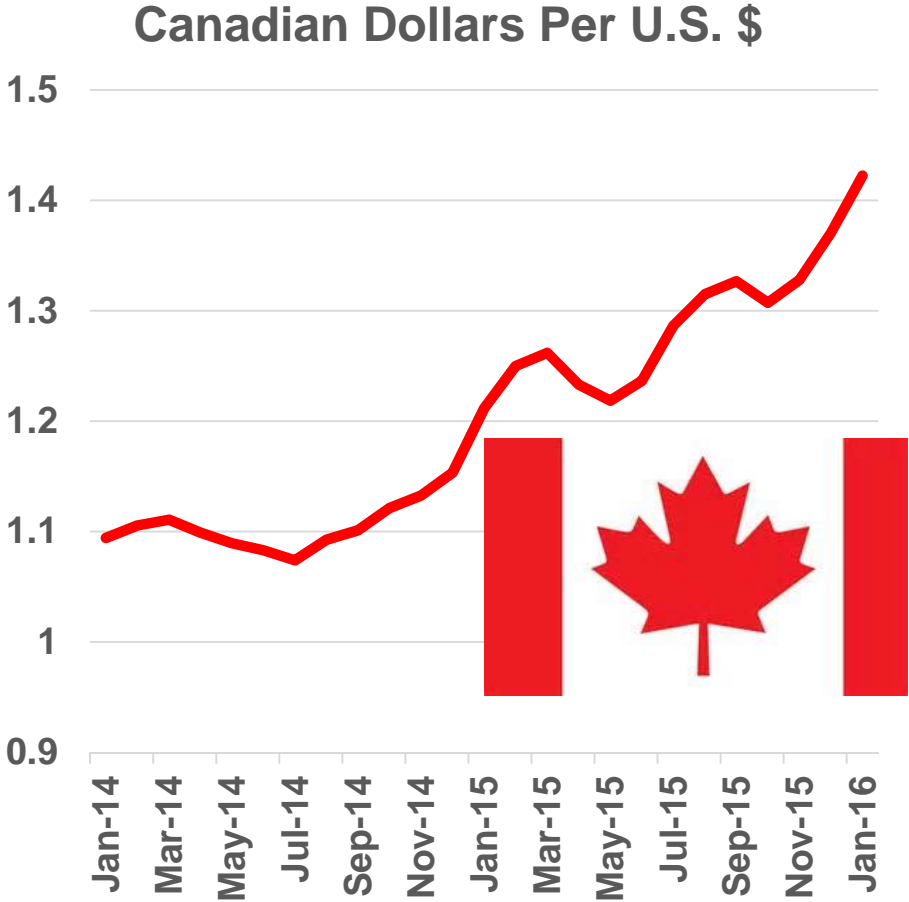
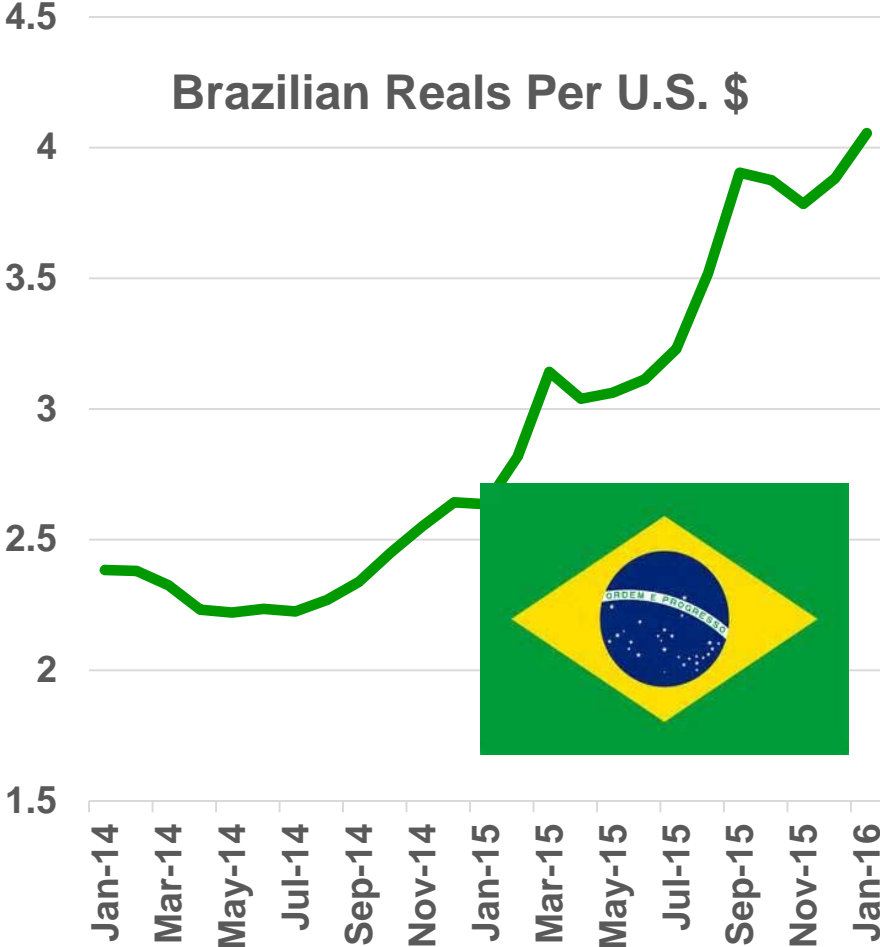
World Wheat, Corn, and Soybean Supplies Are Ample



World Supplies, Million Metric Tons



Strong U.S. Dollar Continues to Hamper Exports



Weather is Yet to Be a Widespread Concern

- **Current El Nino to Persist Through Spring**
- **Global Crop Damage Has Been Limited**
- **SE Asia, Sub Sahara Africa, Central America Affected**
- **Global Price Effects Minimal**



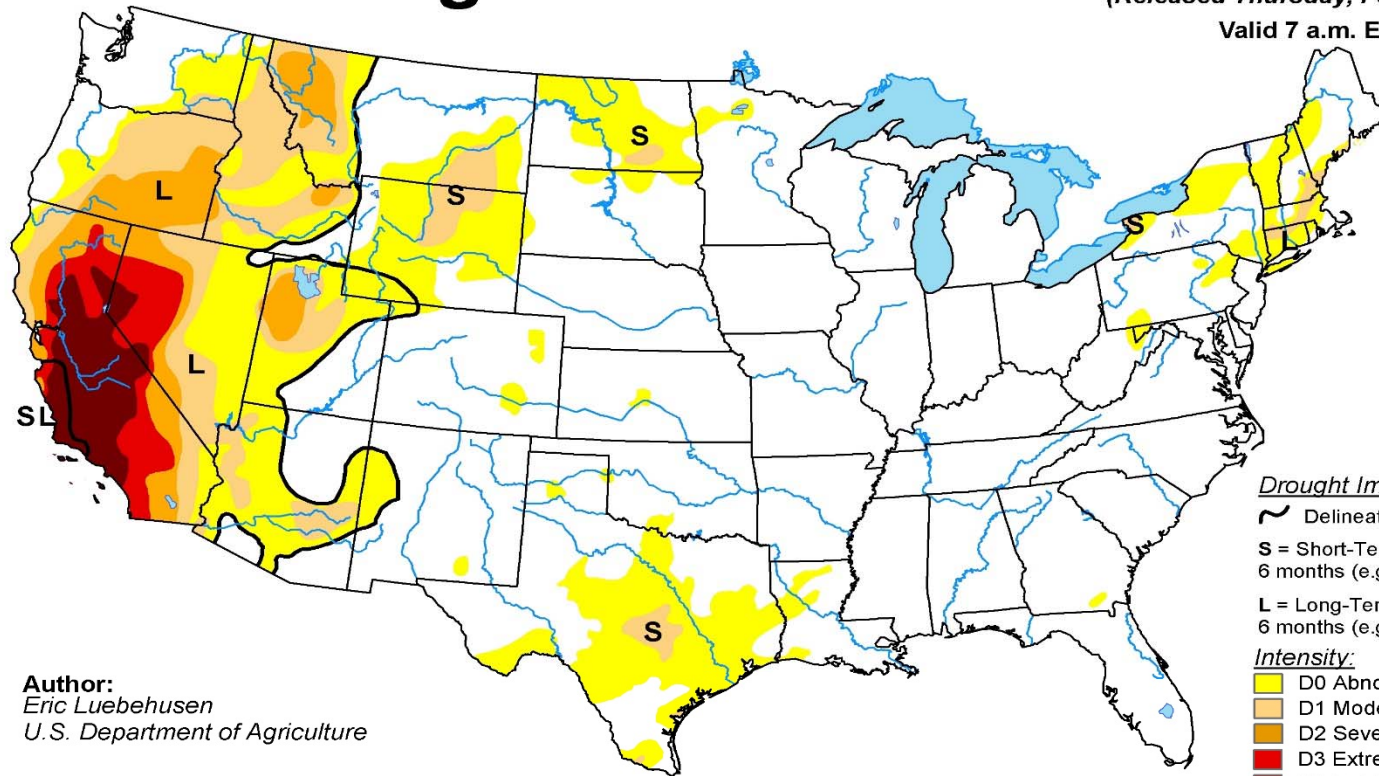
Soil Moisture is Favorable for Grains and Oilseeds



U.S. Drought Monitor

February 16, 2016
(Released Thursday, Feb. 18, 2016)

Valid 7 a.m. EST



Author:
Eric Luebehusen
U.S. Department of Agriculture

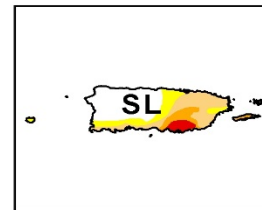
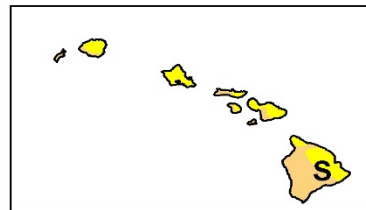
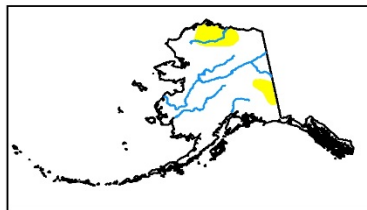
Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- Yellow: D0 Abnormally Dry
- Light Orange: D1 Moderate Drought
- Orange: D2 Severe Drought
- Red-Orange: D3 Extreme Drought
- Dark Red: D4 Exceptional Drought

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

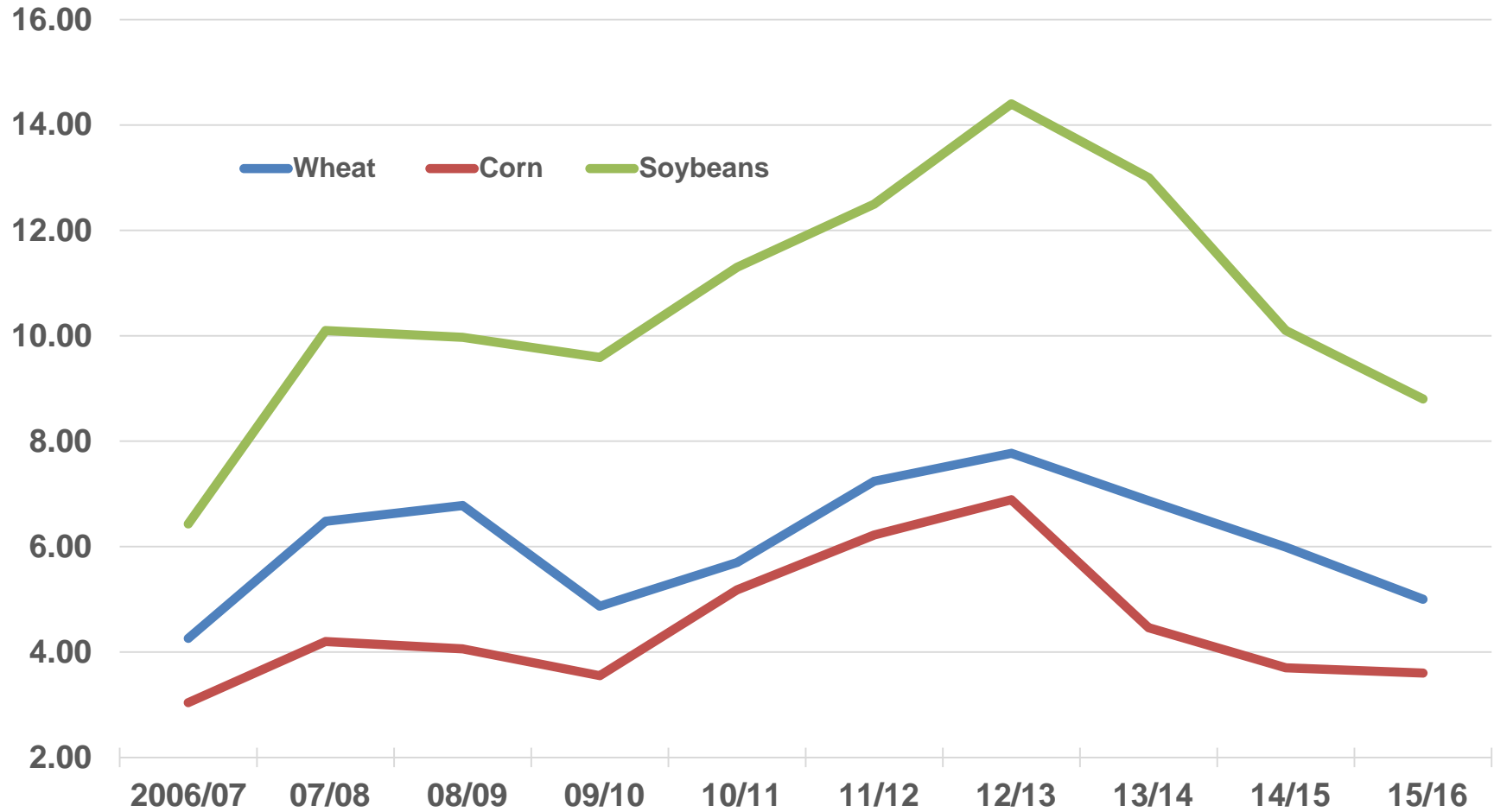


<http://droughtmonitor.unl.edu/>

U.S. Prices at Multi-Year Lows



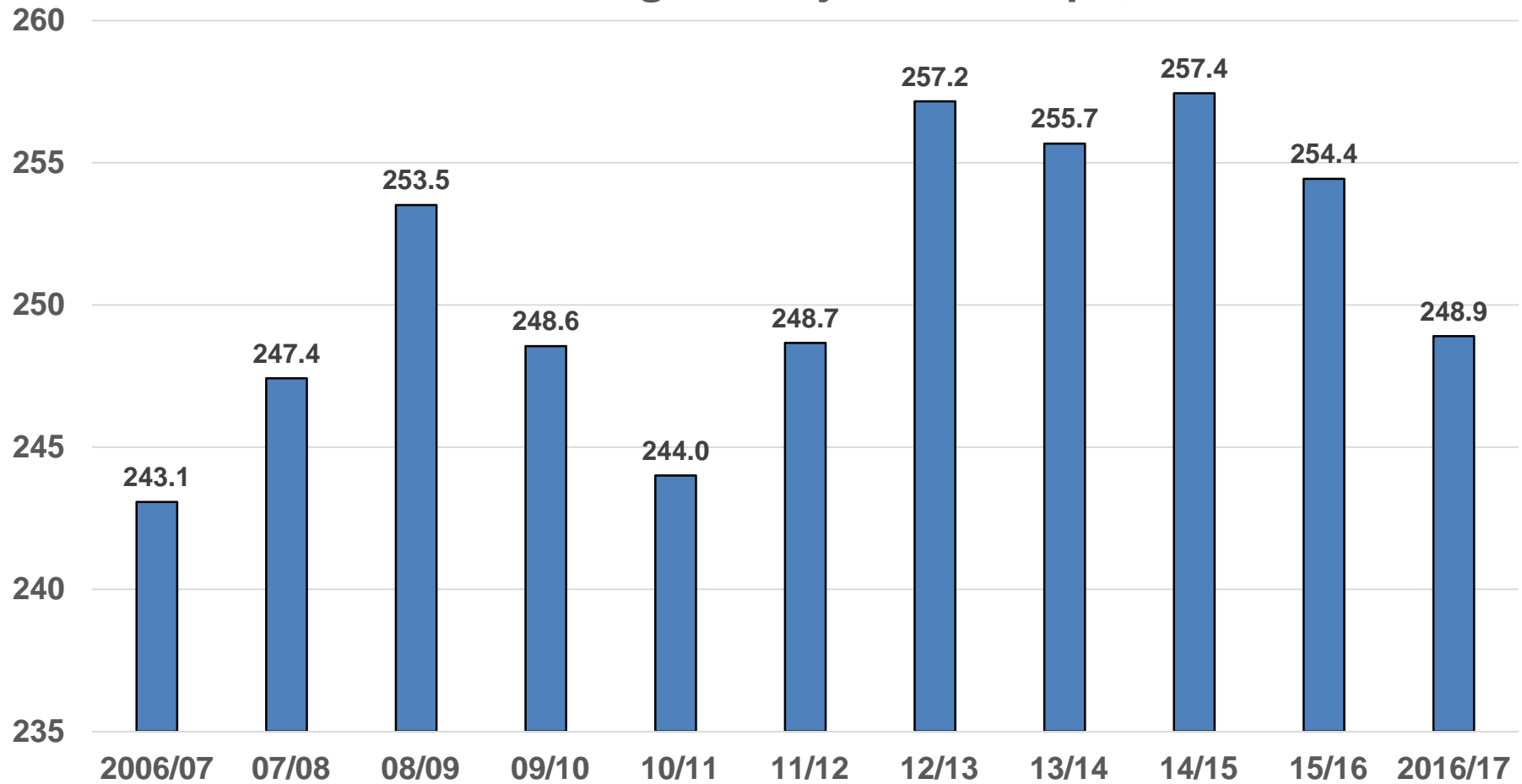
U.S. Farm Prices, \$/bushel



Wheat Drives 2016 U.S. Crop Plantings Lower



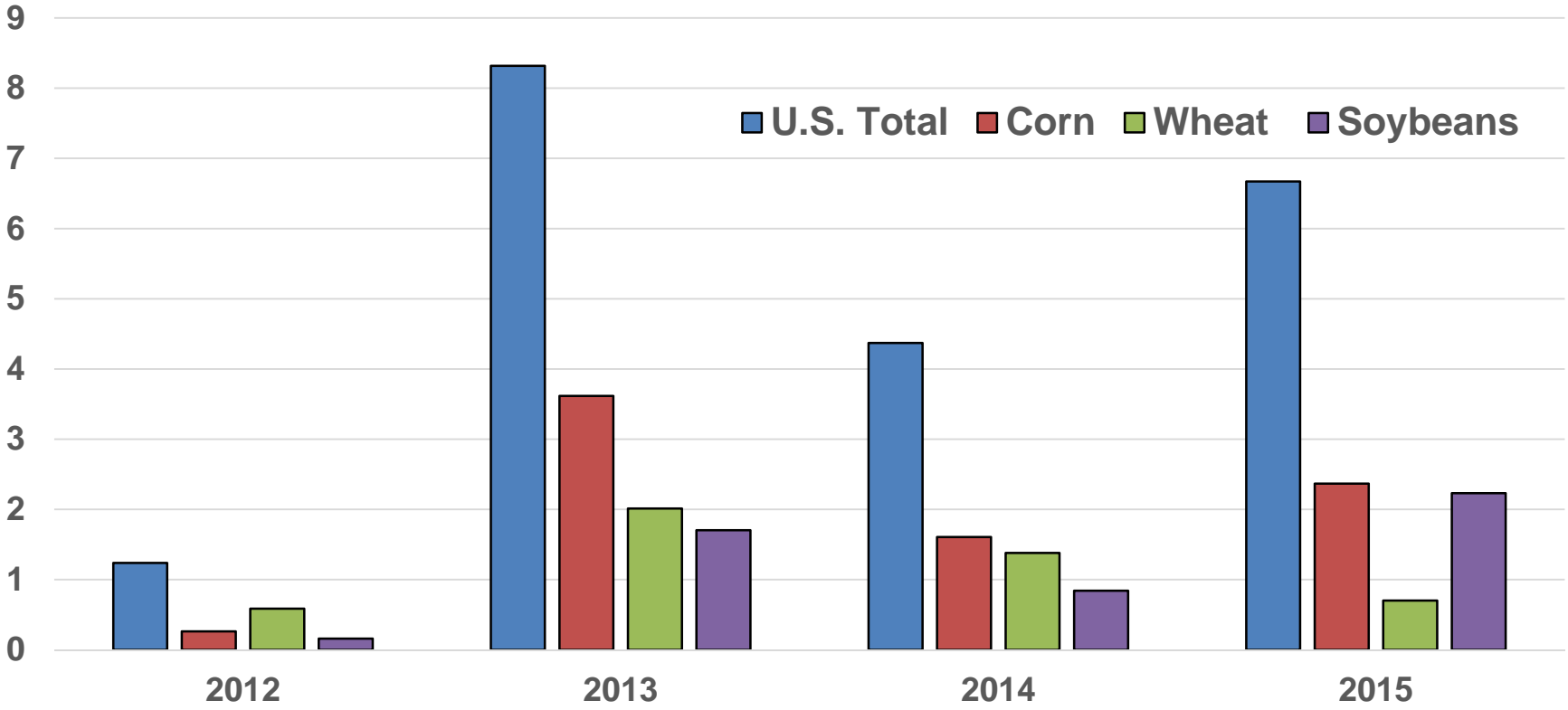
Planted Acreage: 8 Major U.S. Crops, Millions



8 crops: wheat, rice, corn, soybeans, sorghum, barley, oats, and upland cotton

Prevented Plantings is Always an Unknown

FSA Prevented Plantings, Millions of Acres



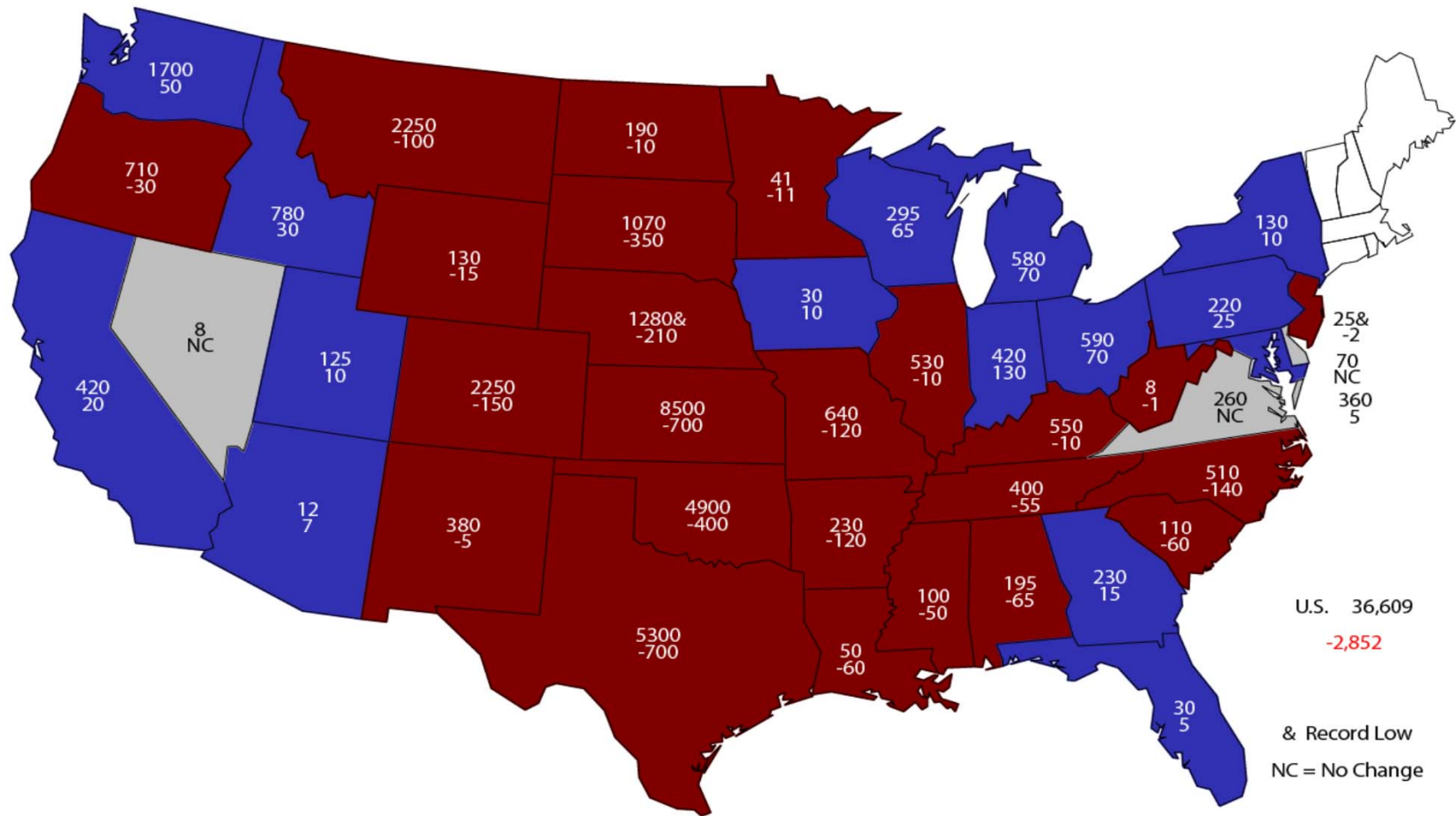
Food Grains Outlook



NASS Winter Wheat Acreage Down 7% from 2015



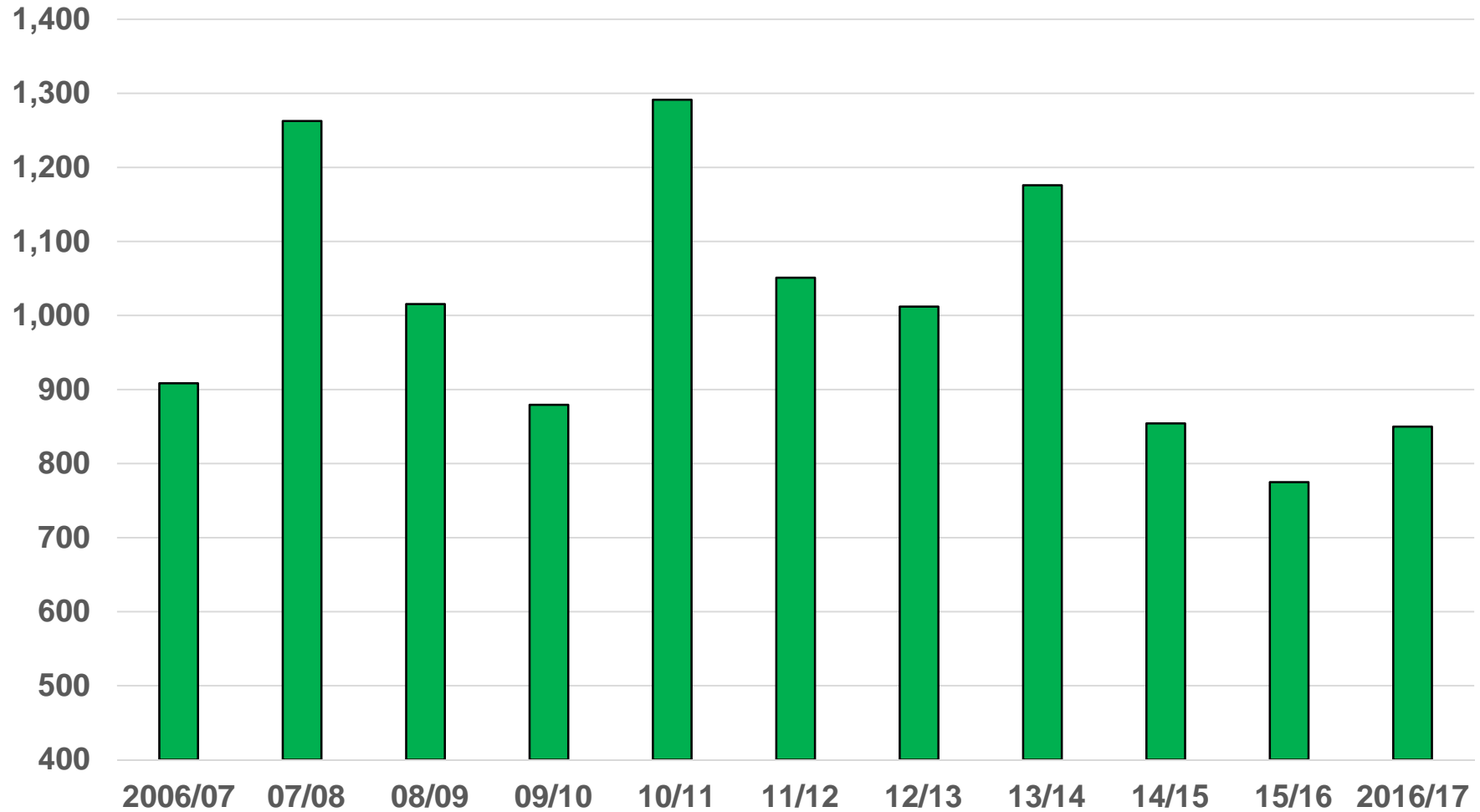
2016 Winter Wheat Planted Area (000) Acres and Change From Previous Year



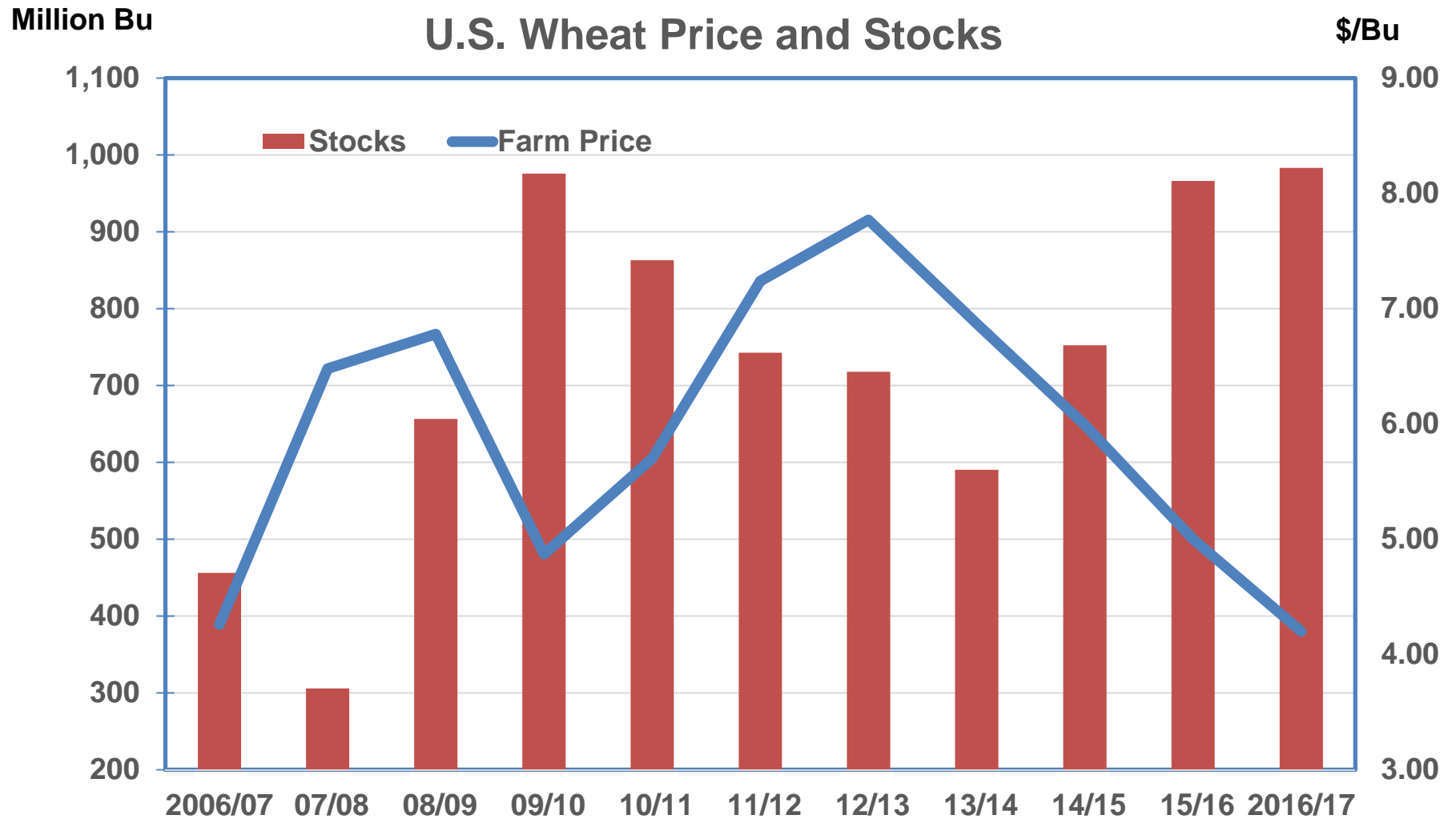
Reduced Production But Higher Exports Projected



U.S. Wheat Exports, Millions of Bushels



U.S. Wheat Stocks Move Closer to 1 Billion Bushels



2016 U.S. Wheat Outlook



- Winter Wheat Down 2.9 mil acres
- Area lowest since 1970 (48.7 mil)
- Trend Yield Higher
- Reduced Production
- Exports Improve Modestly
- Stocks Continue Building
- Prices Lower for 4th Straight Year

	2014/15	2015/16	2016/17
Million Acres			
Area planted	56.8	54.6	51.0
Area harvested	46.4	47.1	43.4
Yield (bu/ac)	43.7	43.6	45.9
Million Bushels			
Beginning Stocks	590	752	966
Production	2,026	2,052	1,991
Imports	149	120	125
Total Supply	2,766	2,924	3,082
Food and Seed	1,037	1,033	1,043
Feed & Residual	122	150	200
Exports	854	775	850
Total Use	2,014	1,958	2,093
Ending Stocks	752	966	989
Avg. Farm Price (\$/bu)	5.99	5.00	4.20

2016 U.S. Rice Outlook



- Long Grain Area Gains in South
- CA Increases Medium & Short Grain
- Higher Production
- Exports Increase-Long Grain
- Stocks Remain Ample
- Prices Unchanged

	2014/15	2015/16	2016/17
Million Acres			
Area planted	2.95	2.61	2.80
Area harvested	2.93	2.58	2.77
Yield (lbs/acre)	7,576	7,470	7,633
Million Hundredweight (cwt)			
Beginning Stocks	31.8	48.5	41.9
Production	222.2	192.3	211.5
Imports	24.7	24.0	24.5
Total Supply	278.7	264.9	277.9
Domestic & Residual	129.9	121.0	130.0
Exports	100.3	102.0	107.0
Total Use	230.2	223.0	237.0
Ending Stocks	48.5	41.9	40.9
Avg. Farm Price (\$/cwt)	13.40	12.90	12.90

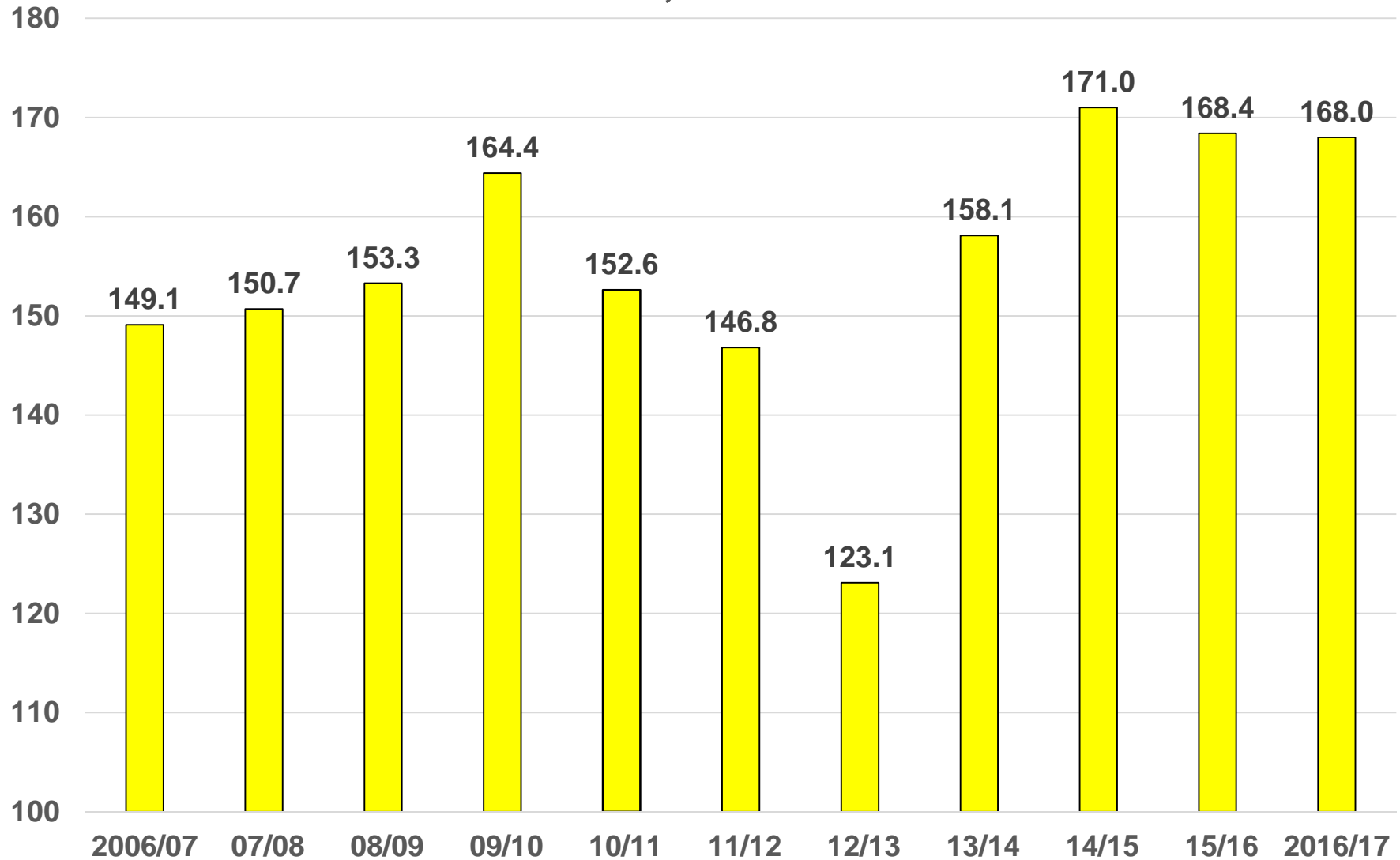
Corn Outlook



2016/17 Corn Production Higher Despite Lower Yield



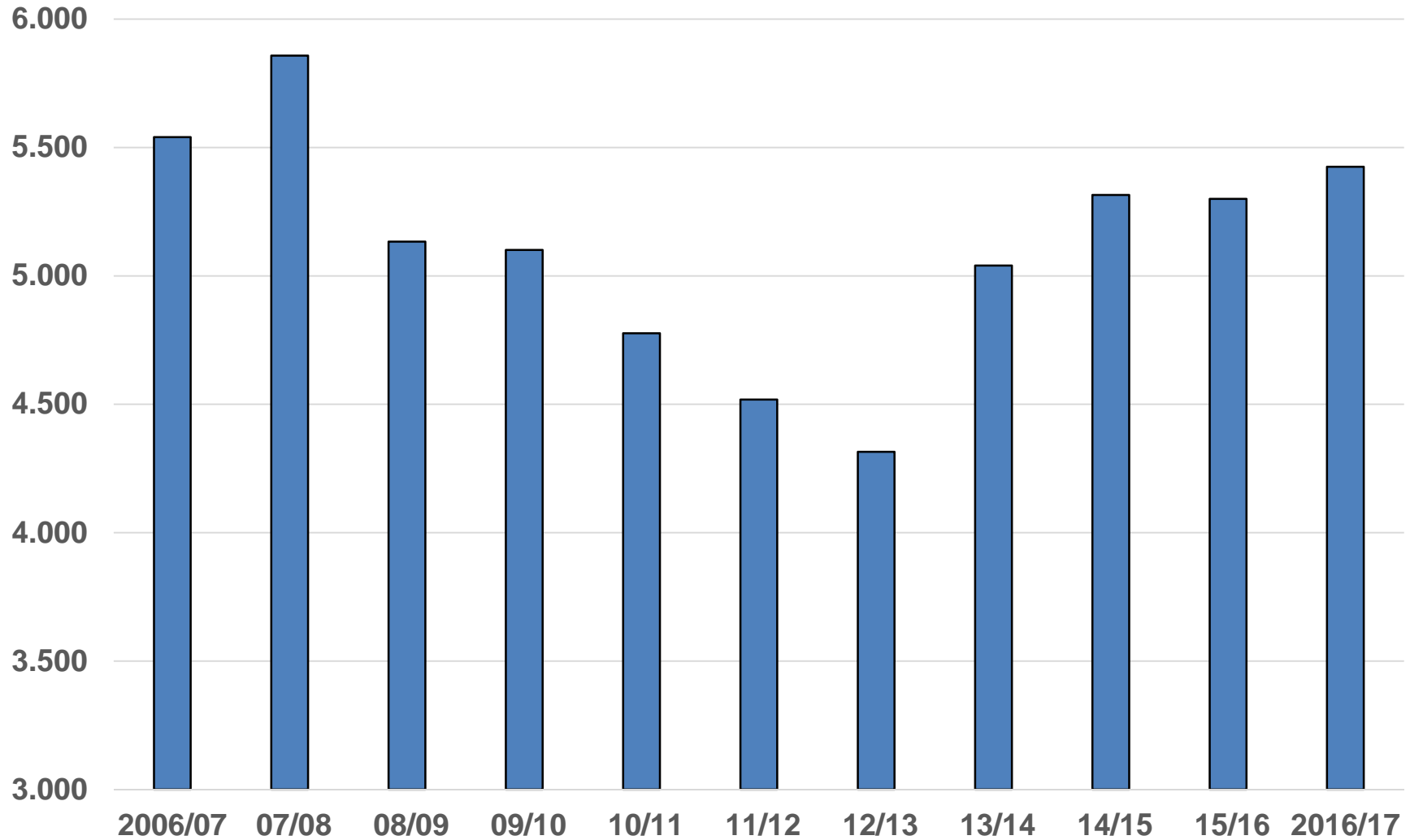
U.S. Corn Yield, Bushels Per Acre



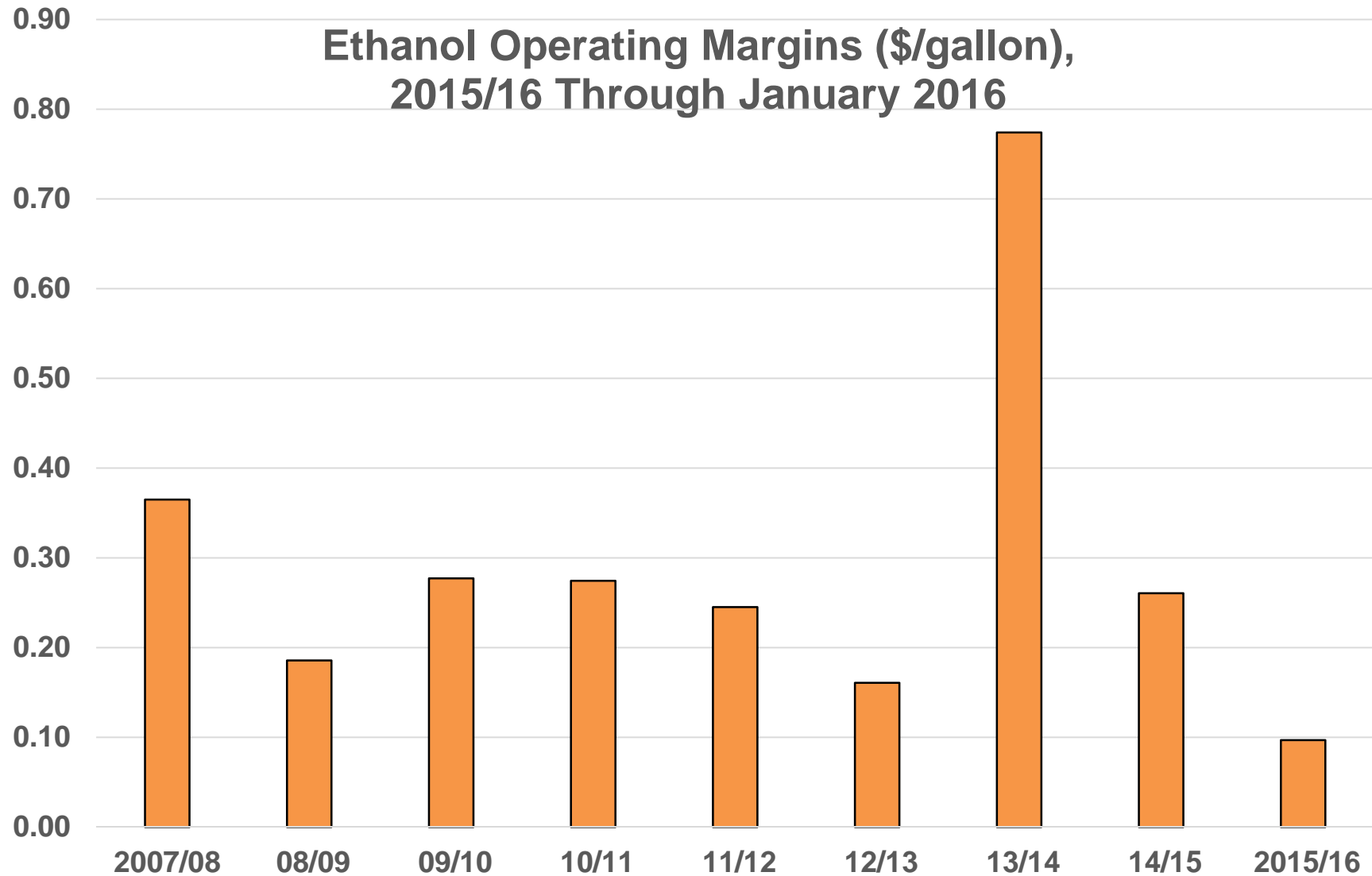
Greater Animal Numbers Drive Feed Use Higher



U.S. Corn Feed & Residual Use, Billion Bushels



Ethanol Margins Likely to Remain Under Pressure

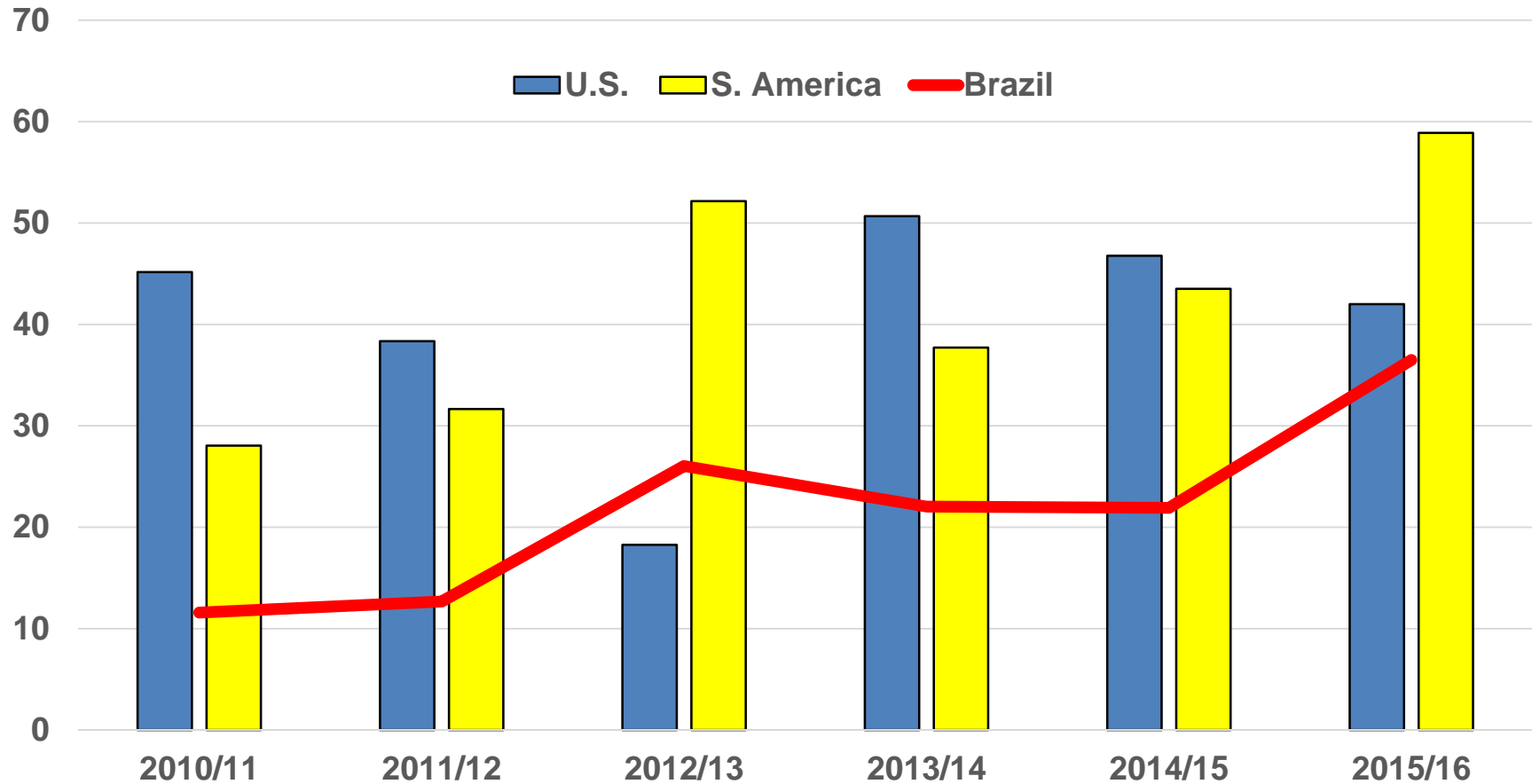


Source: Center for Agricultural and Rural Development (CARD), Iowa State University

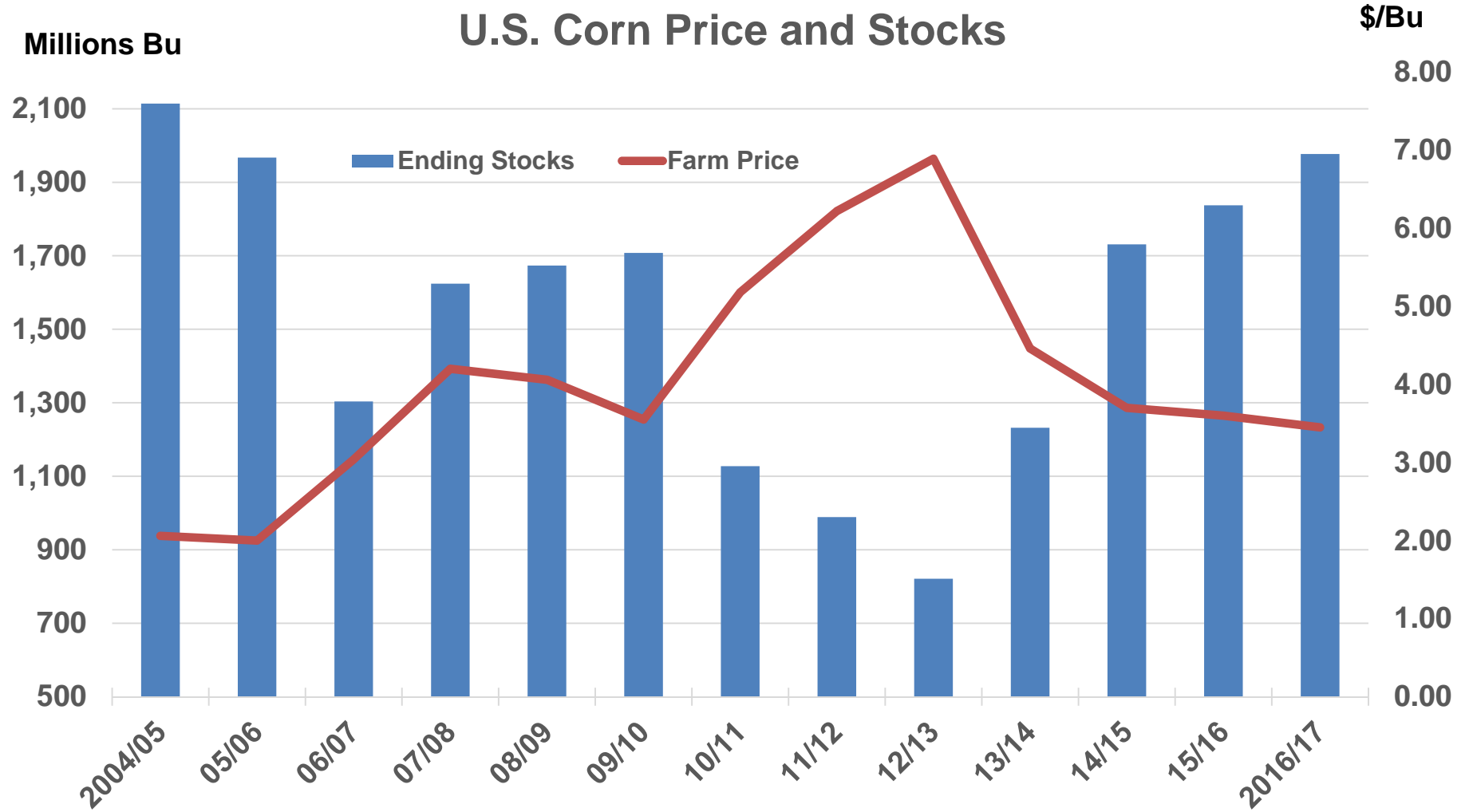
U.S. Corn Faces Increasing Competition from S. America



U.S. and S. America Corn Exports, Millions of Tons



U.S. Corn Ending Stocks Projected At 12-Year High



2016 U.S. Corn Outlook



- **Acreage Up 2%**
- **Supplies Up 2%-Record Large**
- **Domestic Usage Up Marginally**
- **Exports Improve Modestly**
- **Stocks Continue Building**
- **Prices Lower for 4th Straight Year**

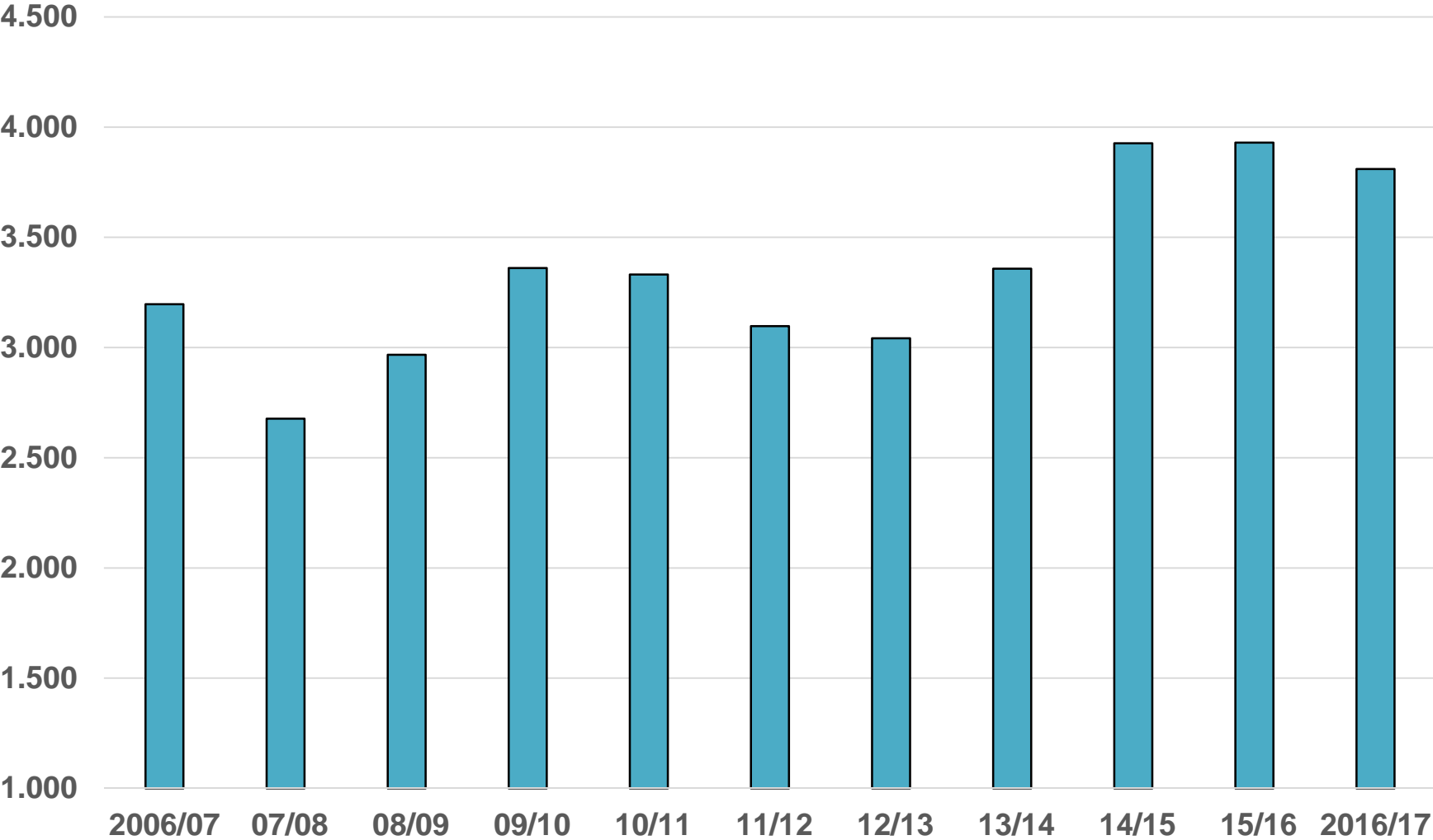
	2014/15	2015/16	2016/17
Million Acres			
Area planted	90.6	88.0	90.0
Area harvested	83.1	80.7	82.3
Yield (bu/ac)	171.0	168.4	168.0
Million Bushels			
Beginning Stocks	1,232	1,731	1,837
Production	14,216	13,601	13,825
Imports	32	50	40
Total Supply	15,479	15,382	15,702
Feed & Residual	5,315	5,300	5,425
Food, Seed, & Industrial	6,568	6,595	6,600
Ethanol	5,209	5,225	5,225
Exports	1,864	1,650	1,700
Total Use	13,748	13,545	13,725
Ending Stocks	1,731	1,837	1,977
Avg. Farm Price (\$/bu)	3.70	3.60	3.45

Soybeans and Products Outlook

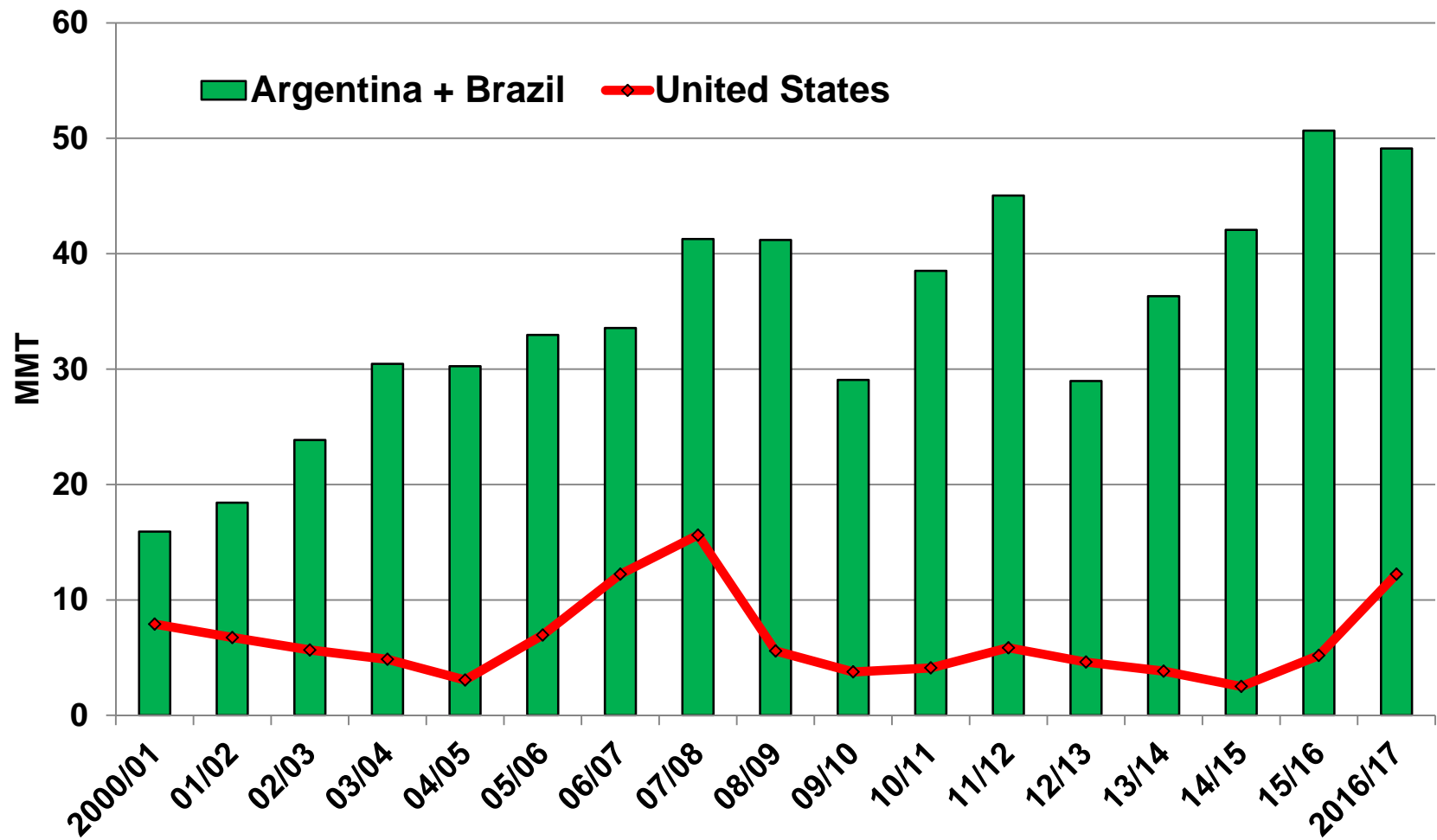


2016/17 Production Would Be Third Largest

U.S. Soybean Production, Billion Bushels



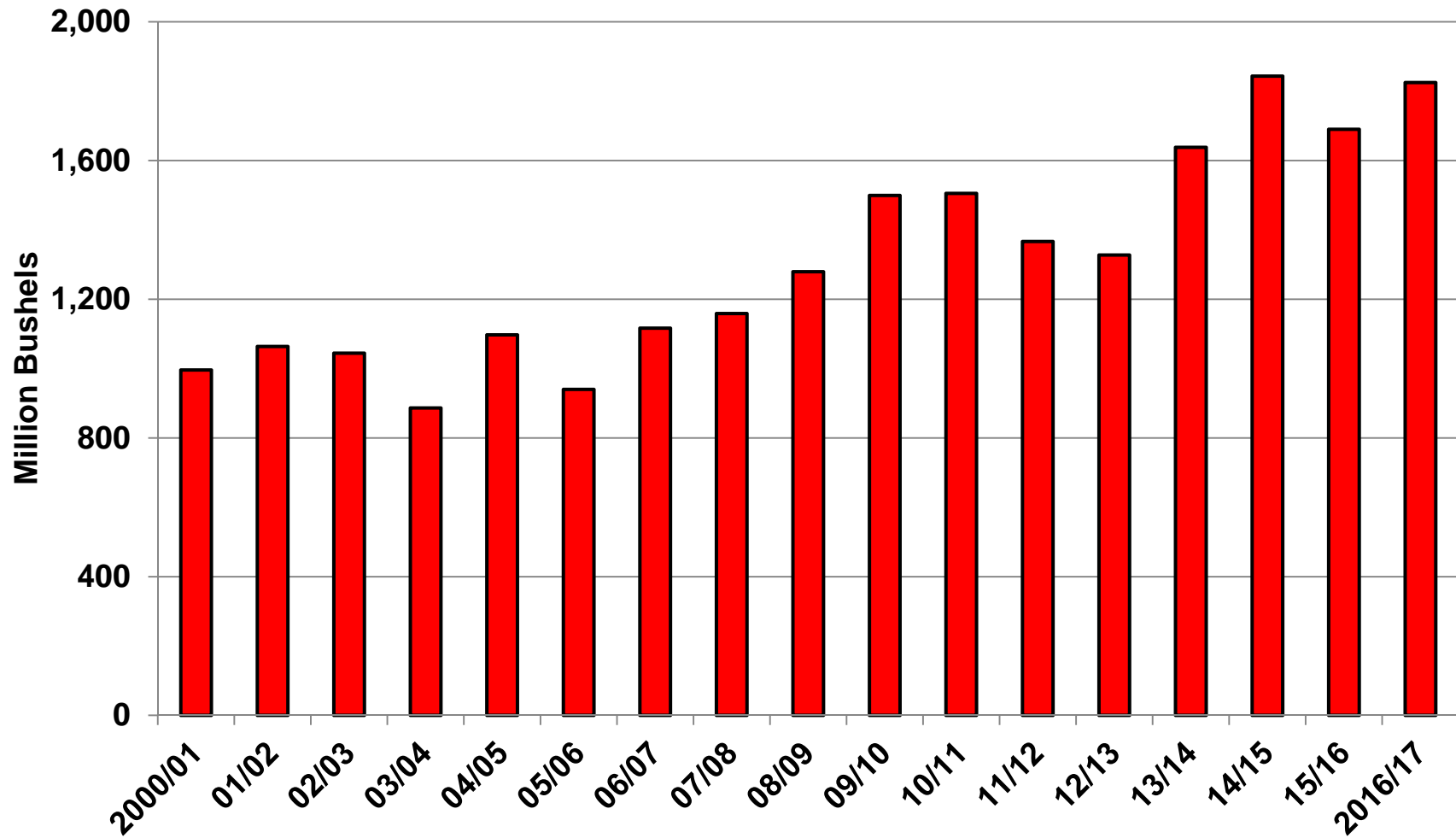
Soybean Stocks Declining in South America and Rising in U.S.



...Boosts U.S. Soybean Export Prospects in 2016/17

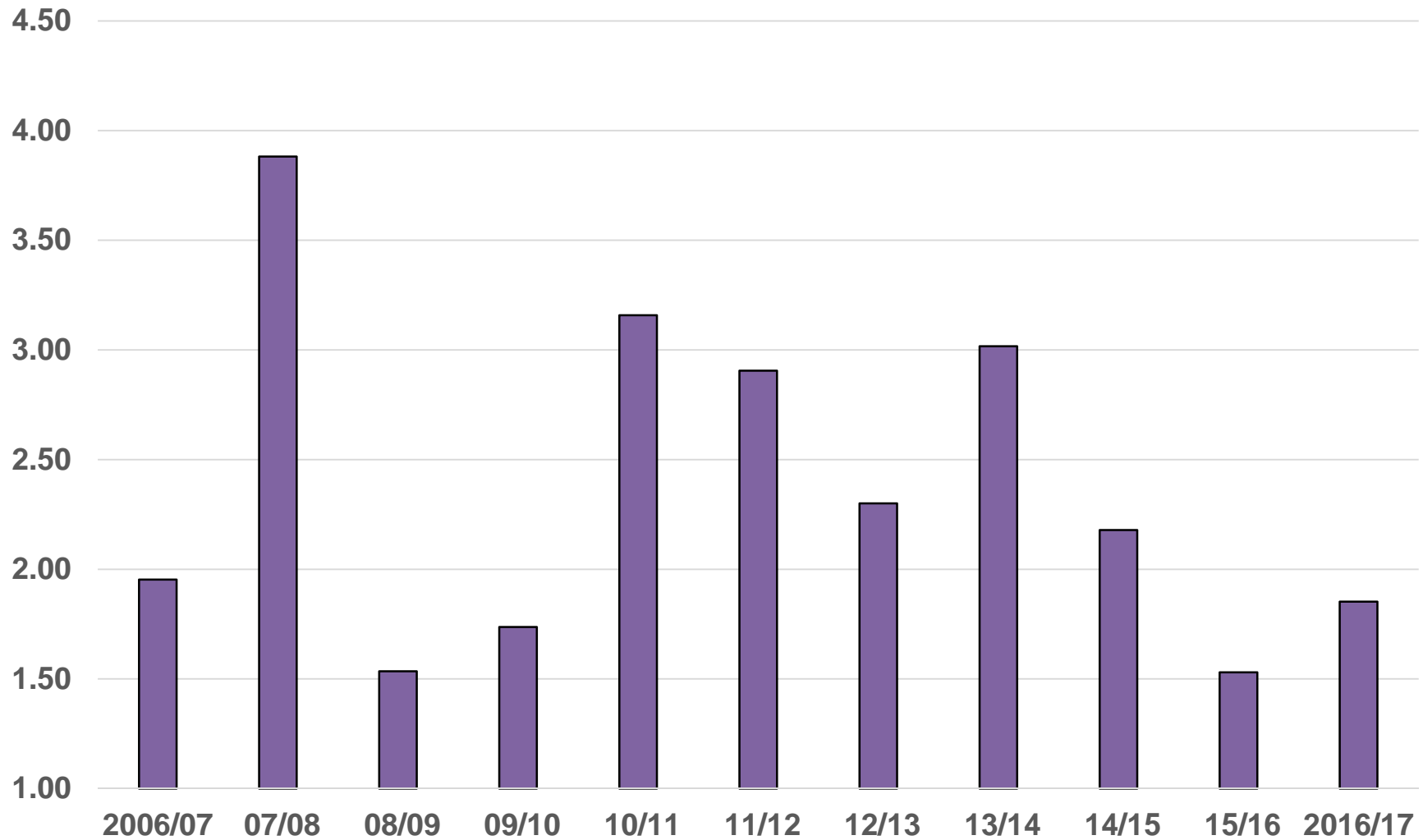


US Soybean Exports

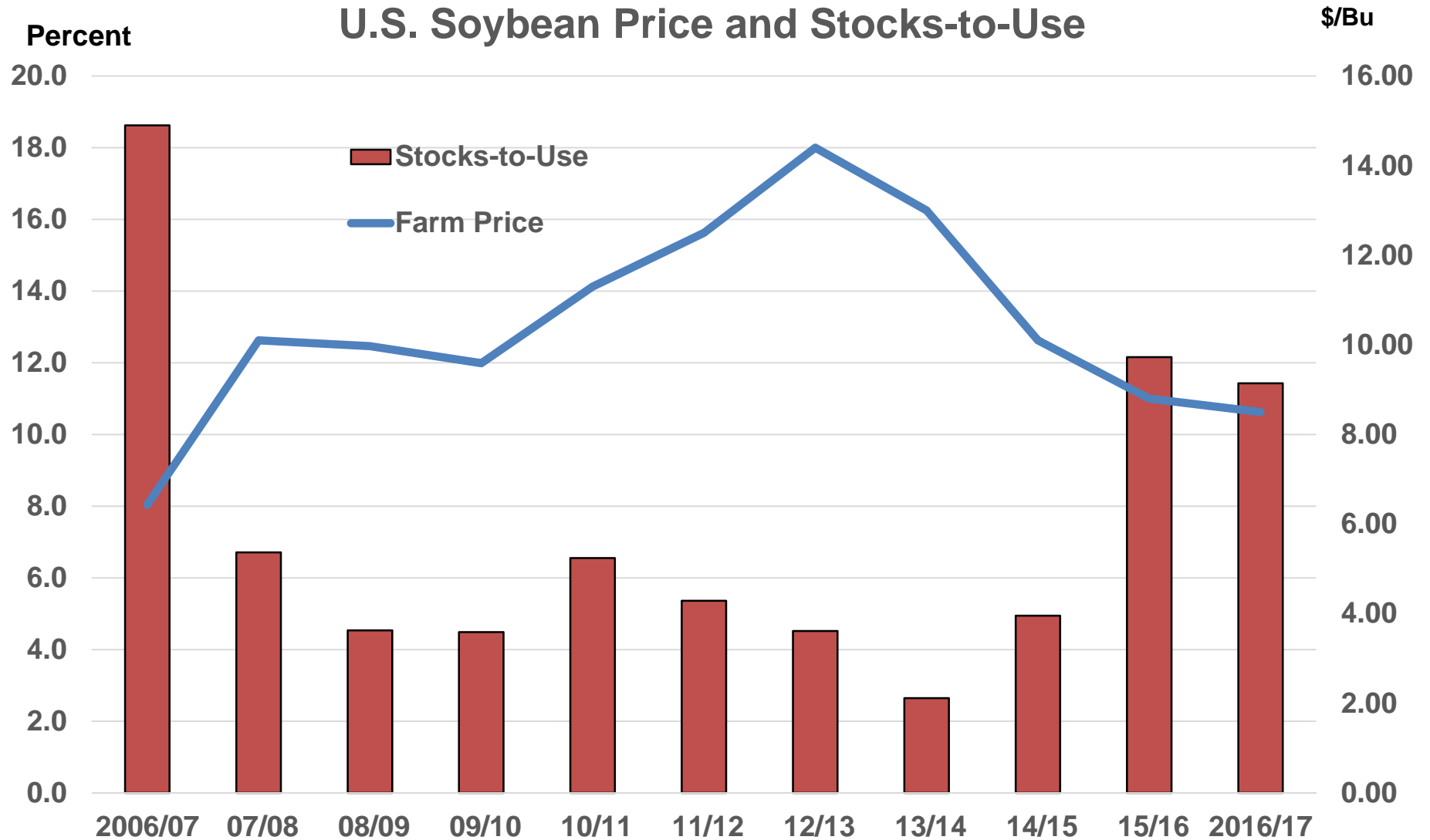


Higher 2016/17 Soybean Oil Price Raises Crush Margin

Soybean Crush Margin (\$/bu)



Stocks Remain Burdensome



2016 U.S. Soybean Outlook



- **Acreage Down Marginally**
- **Supplies Up 3%**
- **Crush Up Modestly**
- **Exports Increase**
- **Stocks Slightly Lower**
- **Prices Lower for 4th Straight Year**

	2014/15	2015/16	2016/17
Million Acres			
Area planted	83.3	82.7	82.5
Area harvested	82.6	81.8	81.6
Yield (bu/ac)	47.5	48.0	46.7
Million Bushels			
Beginning Stocks	92	191	450
Production	3,927	3,930	3,810
Imports	33	30	30
Total Supply	4,052	4,150	4,289
Crush	1,873	1,880	1,900
Seed & Residual	145	131	125
Exports	1,843	1,690	1,825
Total Use	3,862	3,701	3,850
Ending Stocks	191	450	440
Avg. Farm Price (\$/bu)	10.10	8.80	8.50

2016 U.S. Soybean Meal Outlook



- Higher domestic demand
- Exports Unchanged
- Prices Fall to 10-year Low
- Strong S. America Competition

	2014/15	2015/16	2016/17
Thousand Short Tons			
Beginning Stocks	250	260	300
Production	45,062	44,415	45,100
Imports	333	325	300
Total Supply	45,645	45,000	45,700
Domestic Use	32,235	33,500	34,200
Exports	13,150	11,200	11,200
Total Use	45,384	44,700	45,400
Ending Stocks	260	300	300
Avg. Price (\$/short ton)	368.49	290.00	280.00

2016 U.S. Soybean Oil Outlook



- Domestic Use Up 2%
- Primarily on Biodiesel
- Stocks 3% Lower
- Prices 2 cents higher

	2014/15	2015/16	2016/17
Million Pounds			
Beginning Stocks	1,165	1,820	2,065
Production	21,399	21,845	21,985
Imports	264	300	275
Total Supply	22,828	23,965	24,325
Domestic Use	18,994	19,600	20,025
Biodiesel	5,037	5,500	5,800
Food, Feed, Other Industrial	13,958	14,100	14,225
Exports	2,014	2,300	2,300
Total Use	21,008	21,900	22,325
Ending Stocks	1,820	2,065	2,000
Avg. Price (cents/lb)	31.6	30.0	32.0



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Thank You!