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United States Department of Agriculture

USDA 2019/20

U.S. Grains and Oilseed Outlook

February 22, 2019

Presented on behalf of the Grains and Oilseeds
Interagency Committees by Jennifer Bond



Presentation Overview

- Macro Factors Shaping Outlook
- 3-Crop Total Area Planted
- Highlights of 2019/20 Forecasts, by Crop
 - Soybeans; Corn; Wheat
- Closing Notes

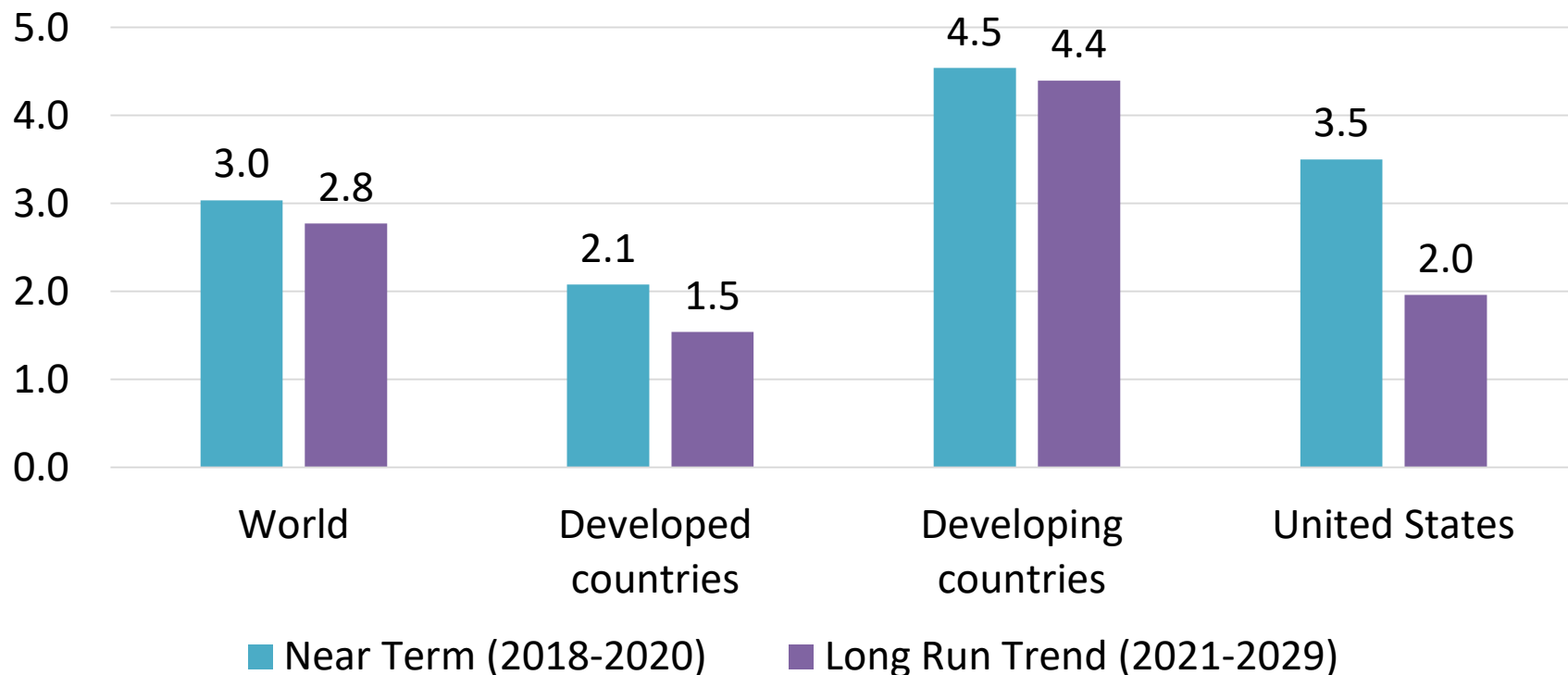


Photo: Milling and Baking News



Global Economic Growth Forecast to Slow

Average GDP Growth Rate



Source: USDA, Economic Research Service, International Macroeconomic Data Set

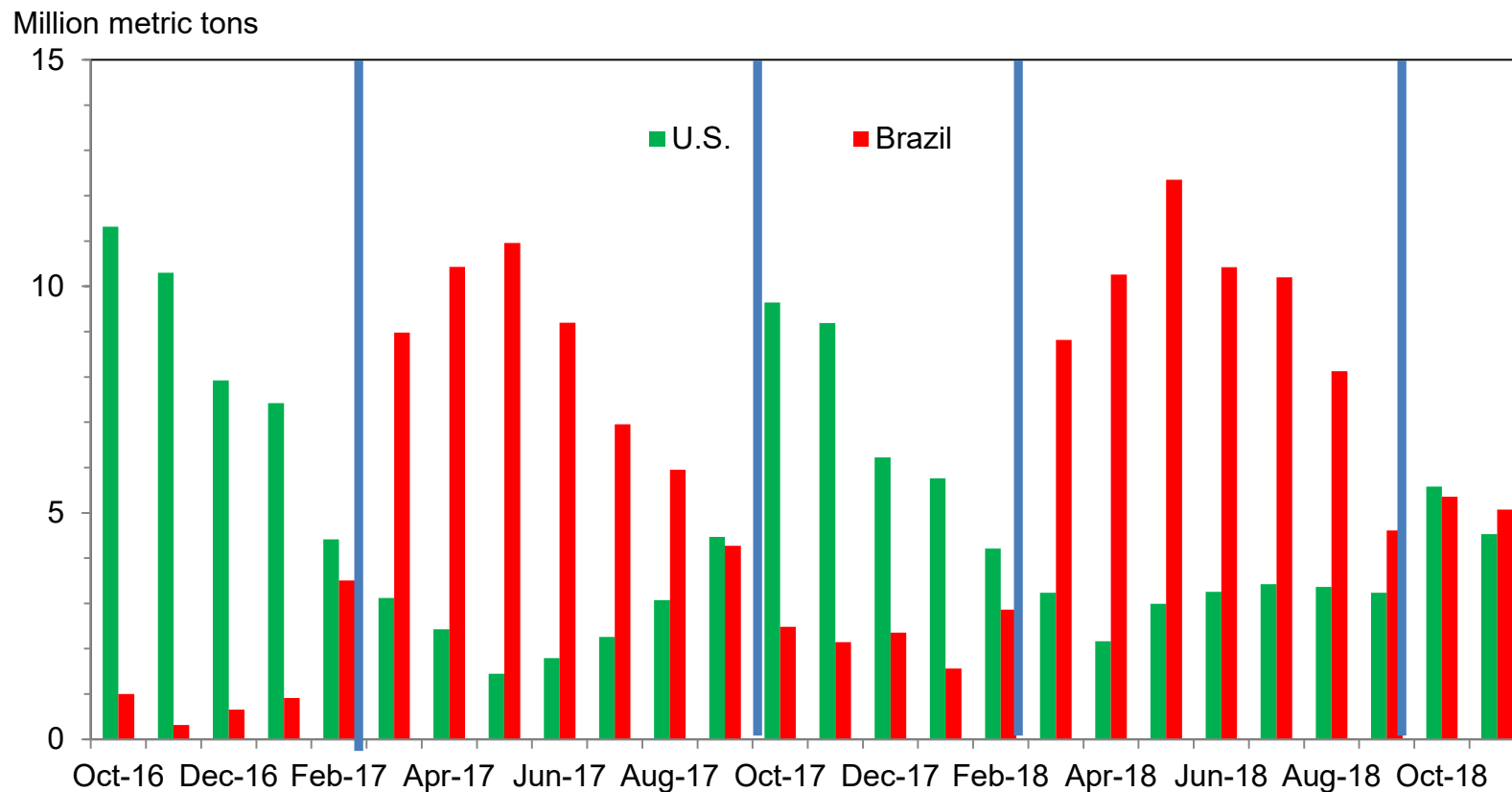


Export Taxes, Tariffs Impact Forecasts

- China tariffs contributed to declines in U.S. agricultural exports, especially for soybeans
 - In July 2018, U.S. soybean prices fell to lowest since March 2009, cash prices fell below \$8/bushel
- Current Chinese import tariff on U.S. soybeans, corn, sorghum, wheat and other ag goods: 28%
 - 2019/20 and beyond forecasts reflect the continuation of these tariffs



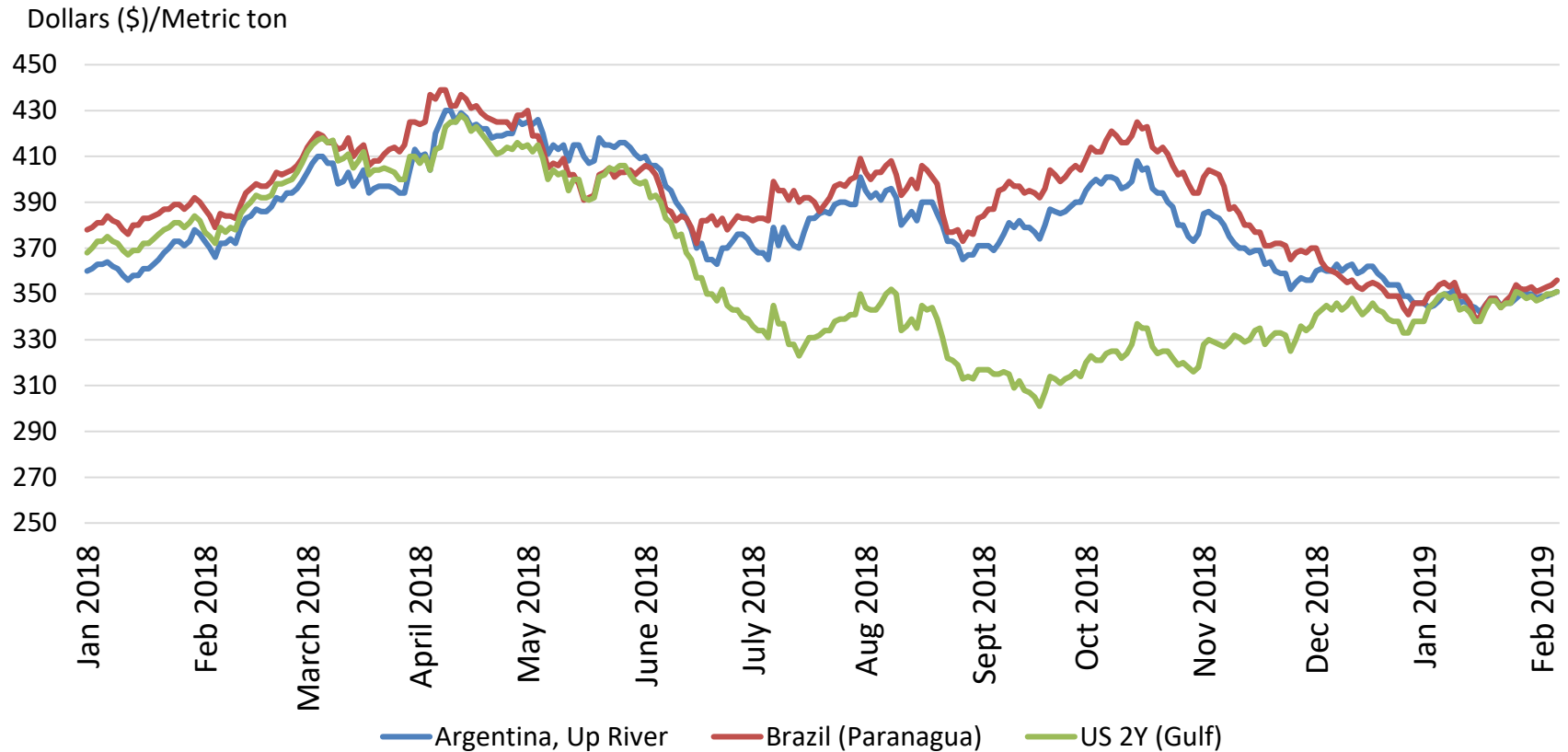
Brazil Soybean Exports Surged While U.S. Exports Lagged



Sources: USDA, Economic Research Service, *Oilseeds Outlook* using data from USDA, Foreign Agricultural Statistics Service, Global Agricultural Trade System and Brazil customs.



U.S. Soybean Prices Converging Again with Brazil, Argentina



Source: International Grains Council



2019/20 Planted Area Projections



Photos: Kansas State University and HutchNews

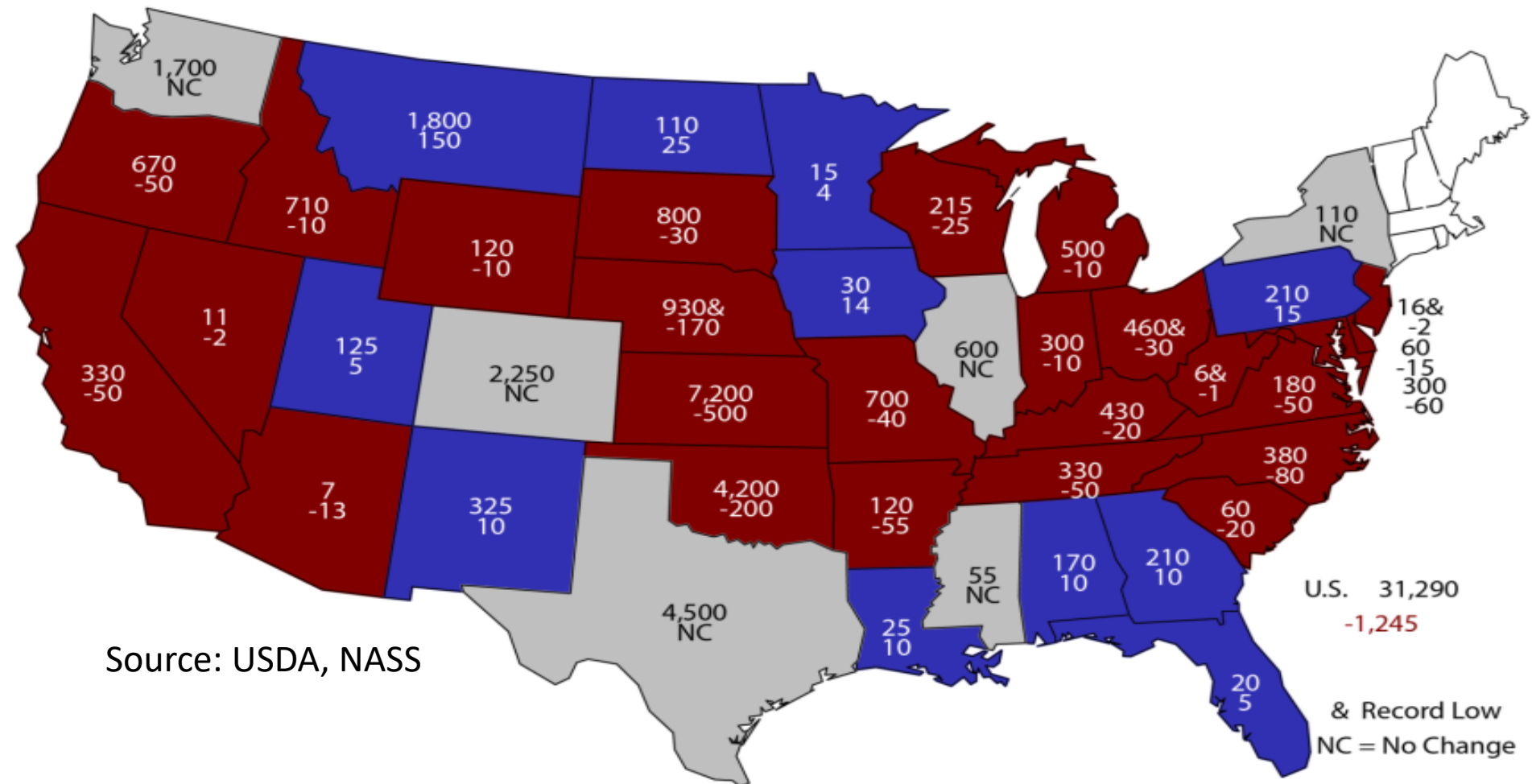


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2019 Winter Wheat Sowings Lowest Since 1909

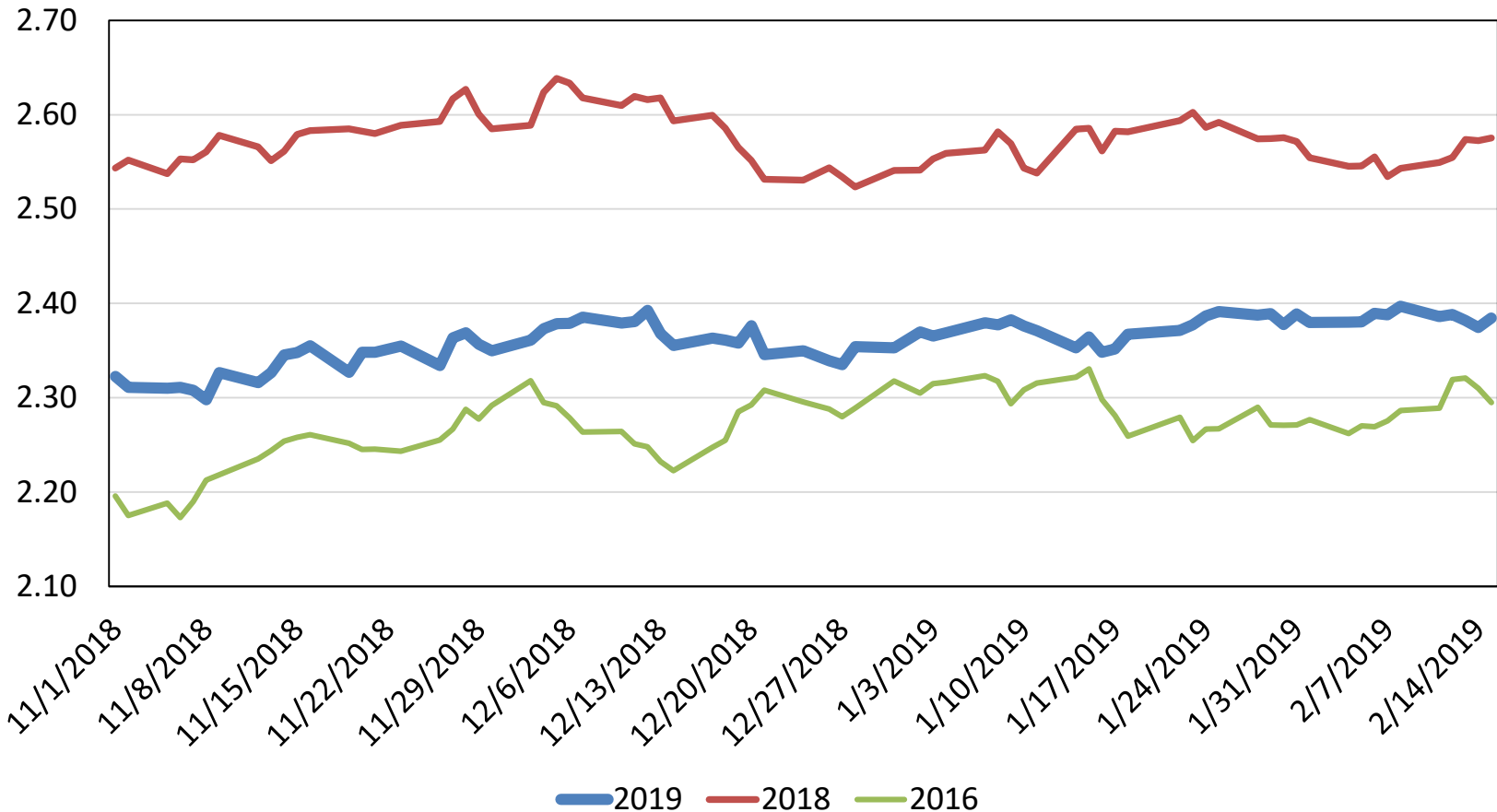
2019 Winter Wheat Planted Area (000) Acres and Change From Previous Year



Source: USDA, NASS

Corn Area Expansion Supported by Ratio of Soy(Nov)/Corn(Dec) Futures Contract Prices

Soy/Corn Futures Price Ratio

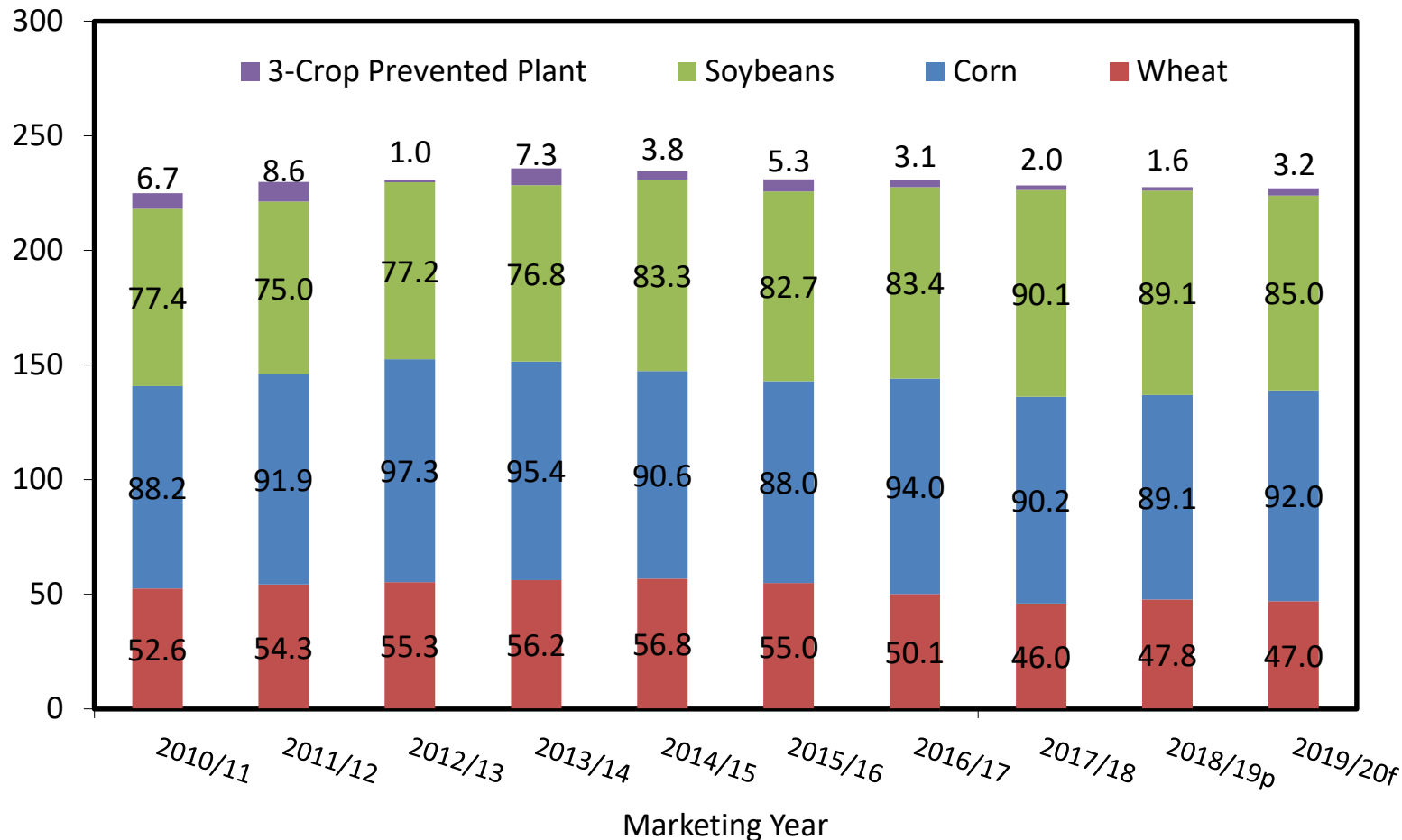


Sources: CME Group and USDA, World Agricultural Outlook Board calculations



Total 3-Crop Planted Area Projected Lower

Million acres



Note: 2019/20 3-crop prevented planting area is 5-year average.

Sources: USDA, NASS and USDA, WOAB calculations.



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Highlights of 2019/20 Forecast by Commodity

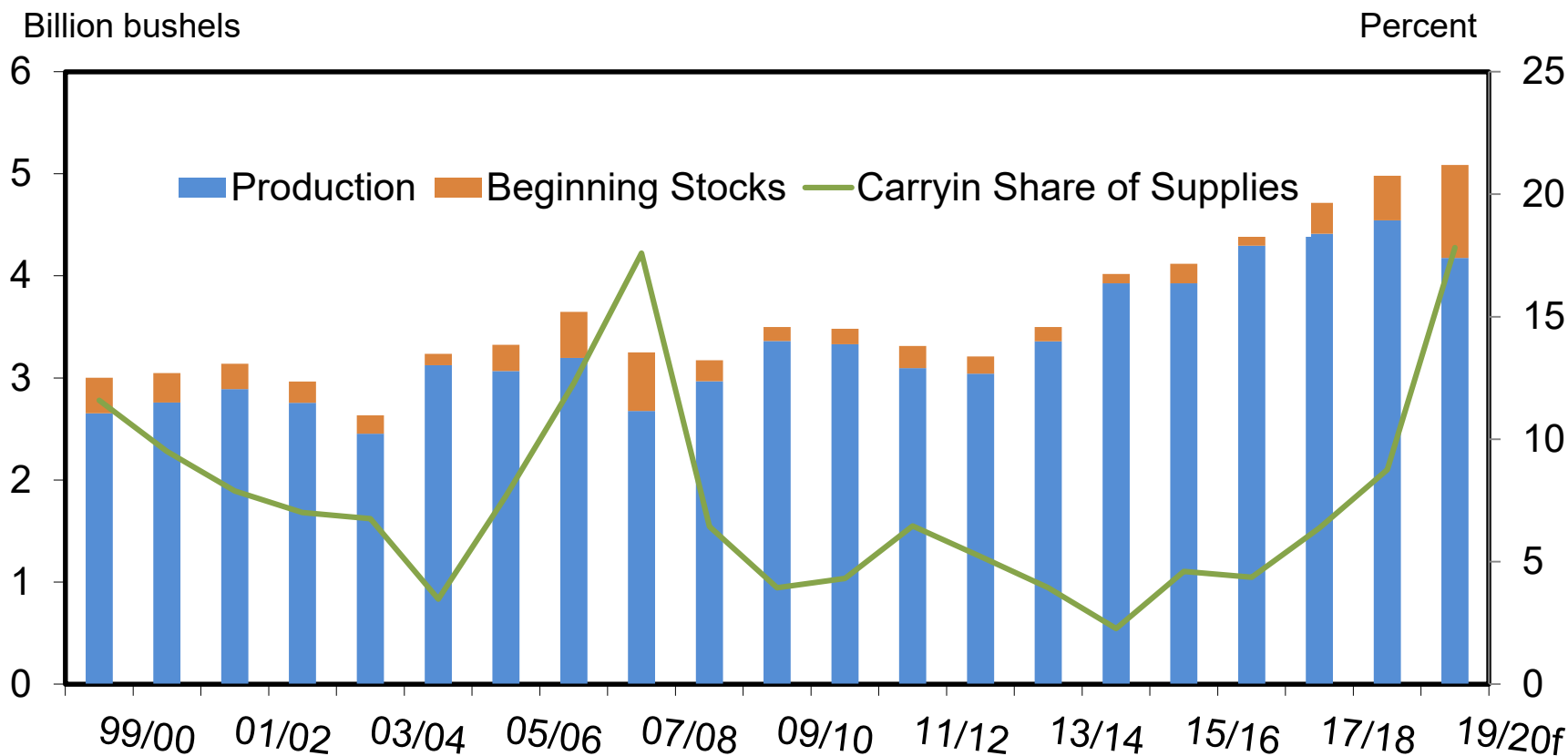


U.S. Soybean 2019/20 Highlights

- Soybean **production** for 2019/20 forecast at 4.2 billion bushels, 8% below '18/19
- U.S. **supplies** in outyear projected *record-high* on higher carryin, despite reduced production
- **Crush** is forecast at 2.1 billion bushels on strong margins
- **Exports** are projected to rise 150 million bushels from '18/19, on rising global demand



Higher Soybean Carryin Offsets Lower Production



Note: Marketing year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f).

Source: USDA, World Agricultural Outlook Board, WASDE.

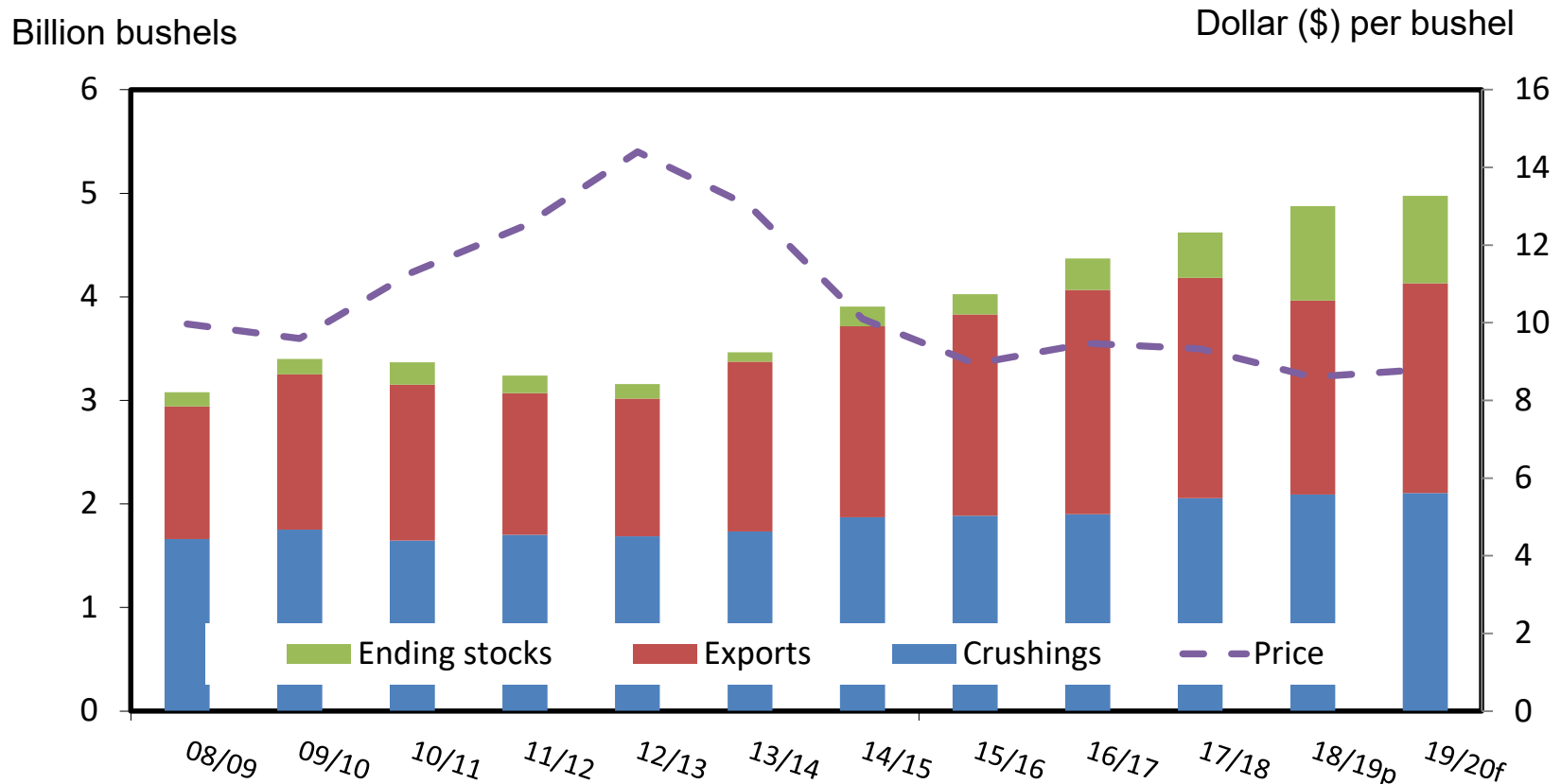


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Soybean Crush, Exports to Advance; Stocks Remain Large



Note: Marketing Year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f).

Source: USDA, World Agricultural Outlook Board, WASDE.

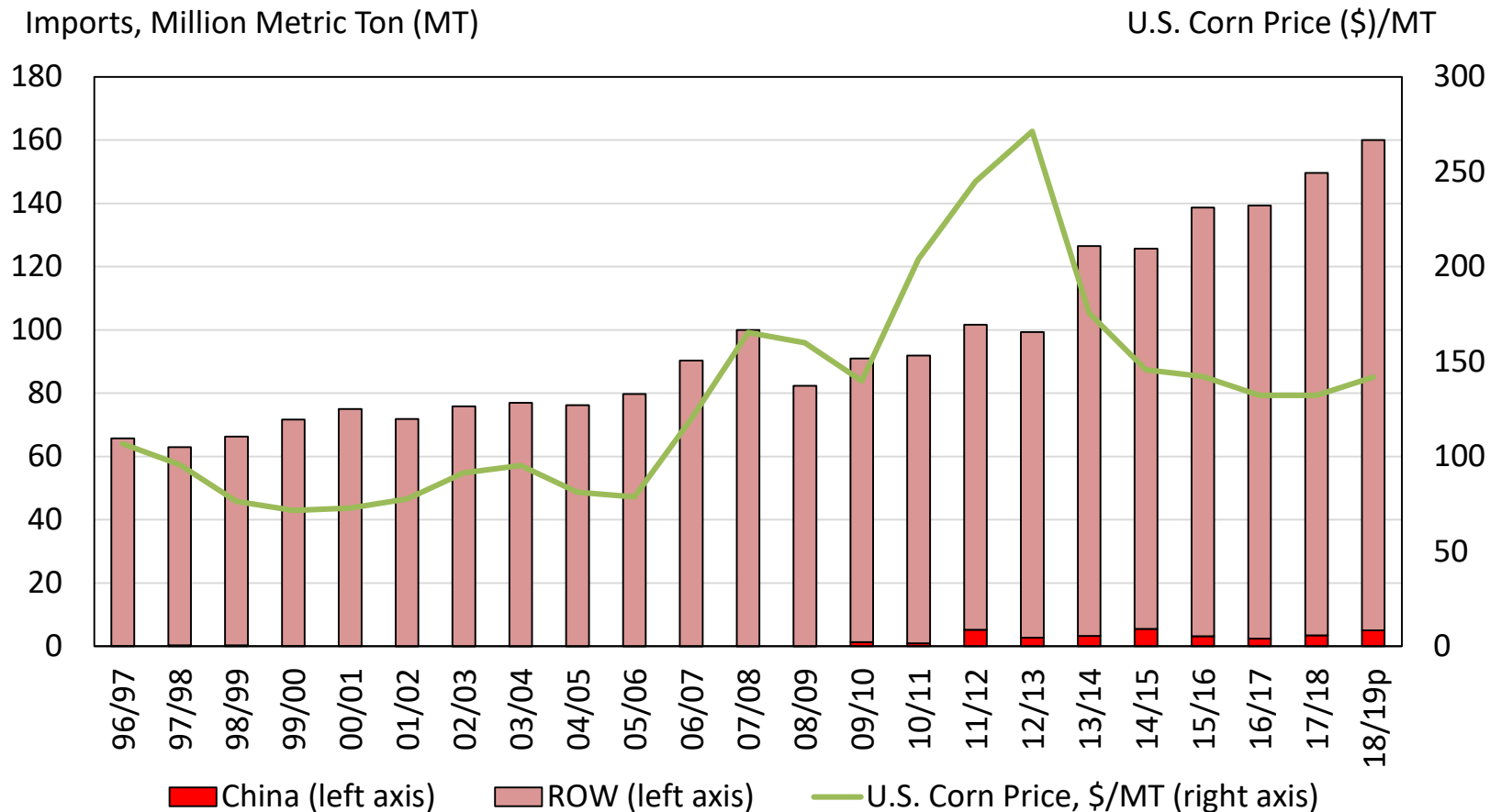


U.S Corn 2019/20 Highlights

- **Production:** On expanded area, U.S. '19/20 corn crop is projected at 14.9 billion bushels, up 3 % from '18/19
- Corn **ethanol use** is flat based on slightly reduced domestic demand offset by expanded exports
- **Feed and residual** use is up 125 million bushels to 5.5 billion on growth in Grain Consuming Animal Units
- **Exports** up 25 million bushels, modest decline in U.S. share
- **Ending stocks** at 1.65 billion, down ~5% from '18/19



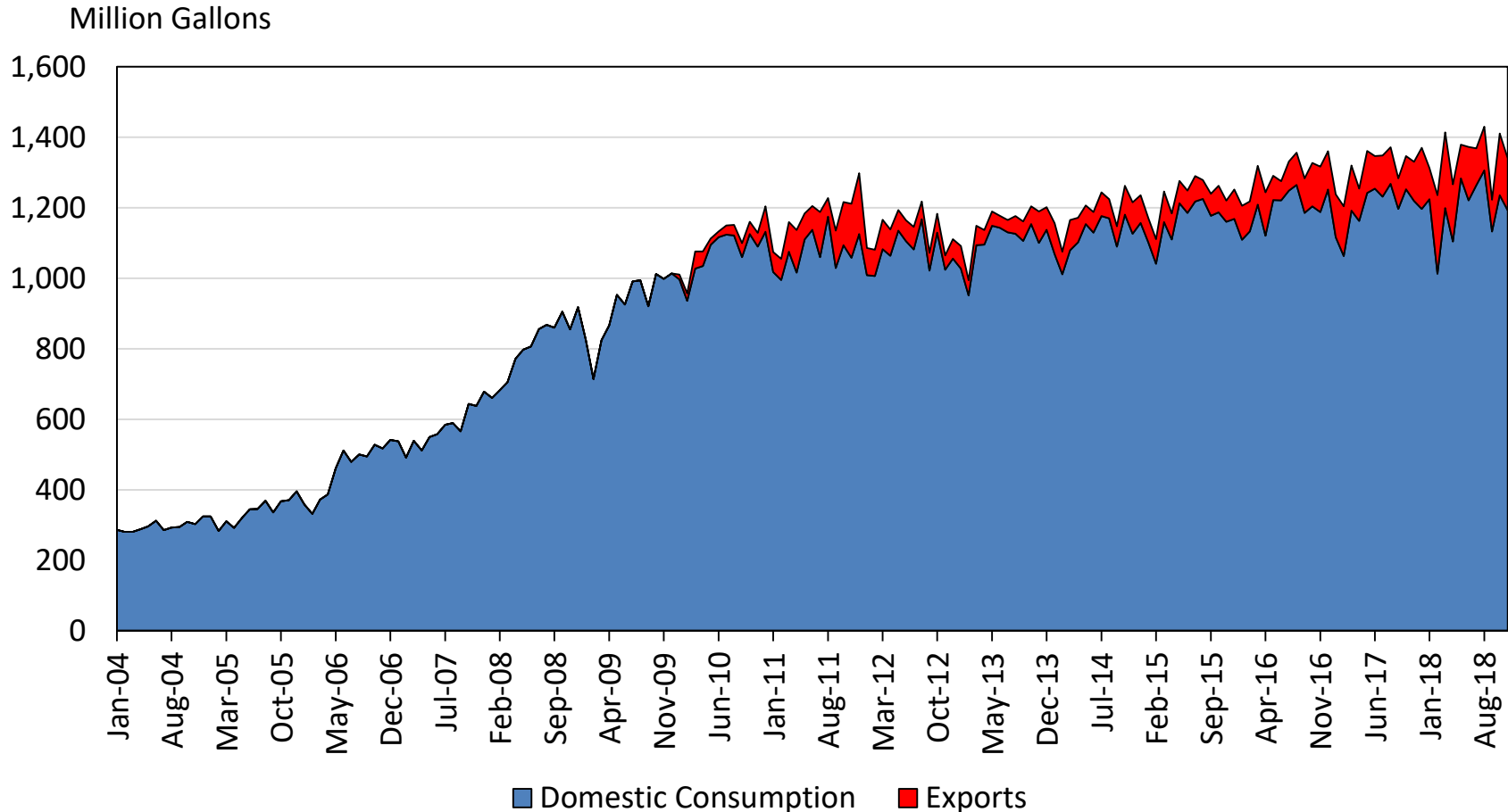
Global Corn Trade Forecast Record High in 2018/19, Growth Expected in 2019/20



Source: USDA, FAS Global Agricultural Trade System.
 Note: Trade year (Oct-Sep) basis.



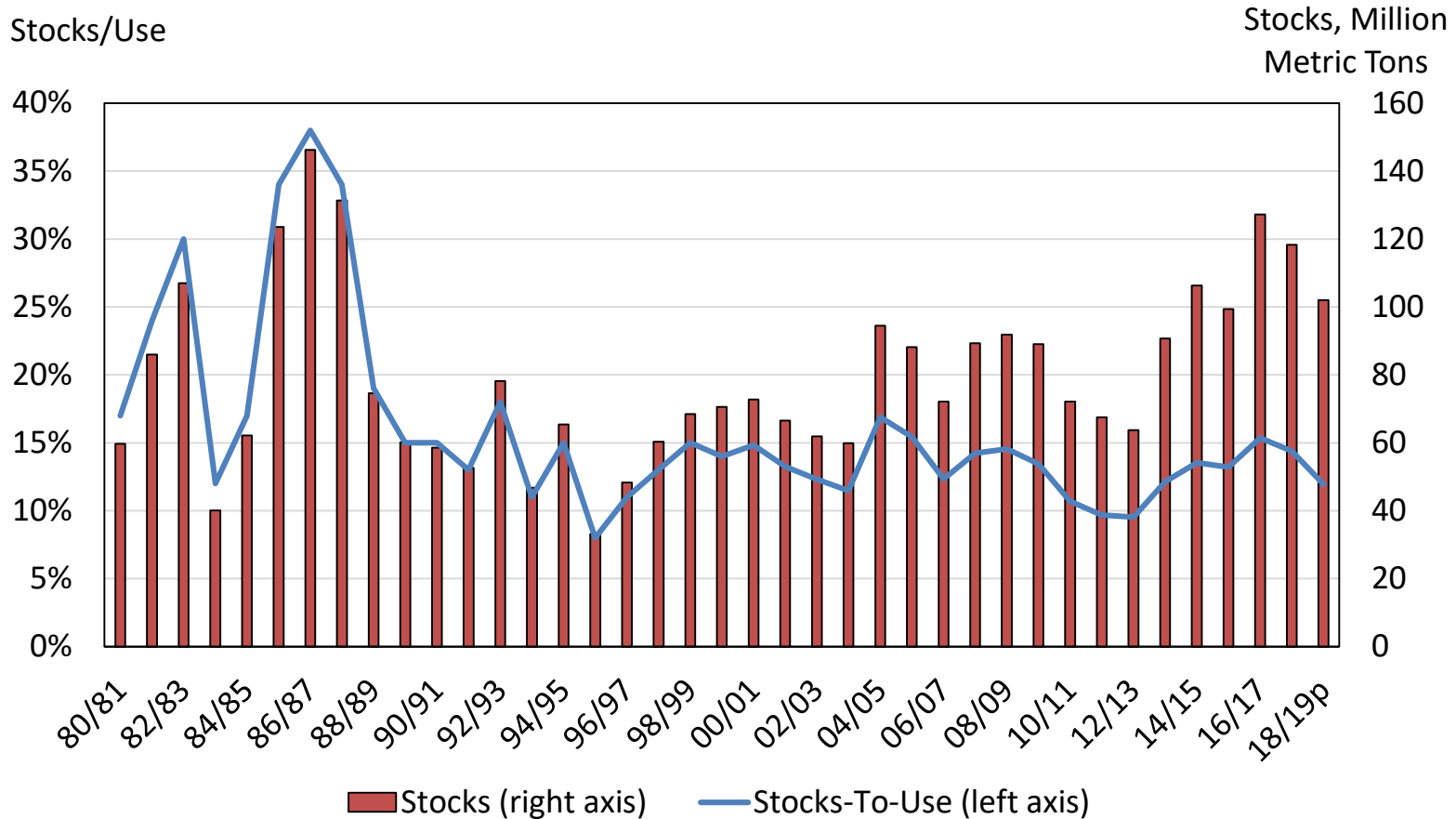
Exported U.S. Ethanol Production Represents Increasing Share of Use



Sources: USDA, World Agricultural Outlook Board and Energy Information Association (EIA)



Global Corn Stocks (Minus China) and Stocks/Use Trending Down from Recent High



Note: Stock and use totals do not include China.

Sources: USDA, Production Supply and Distribution Database and USDA, WAOB calculations

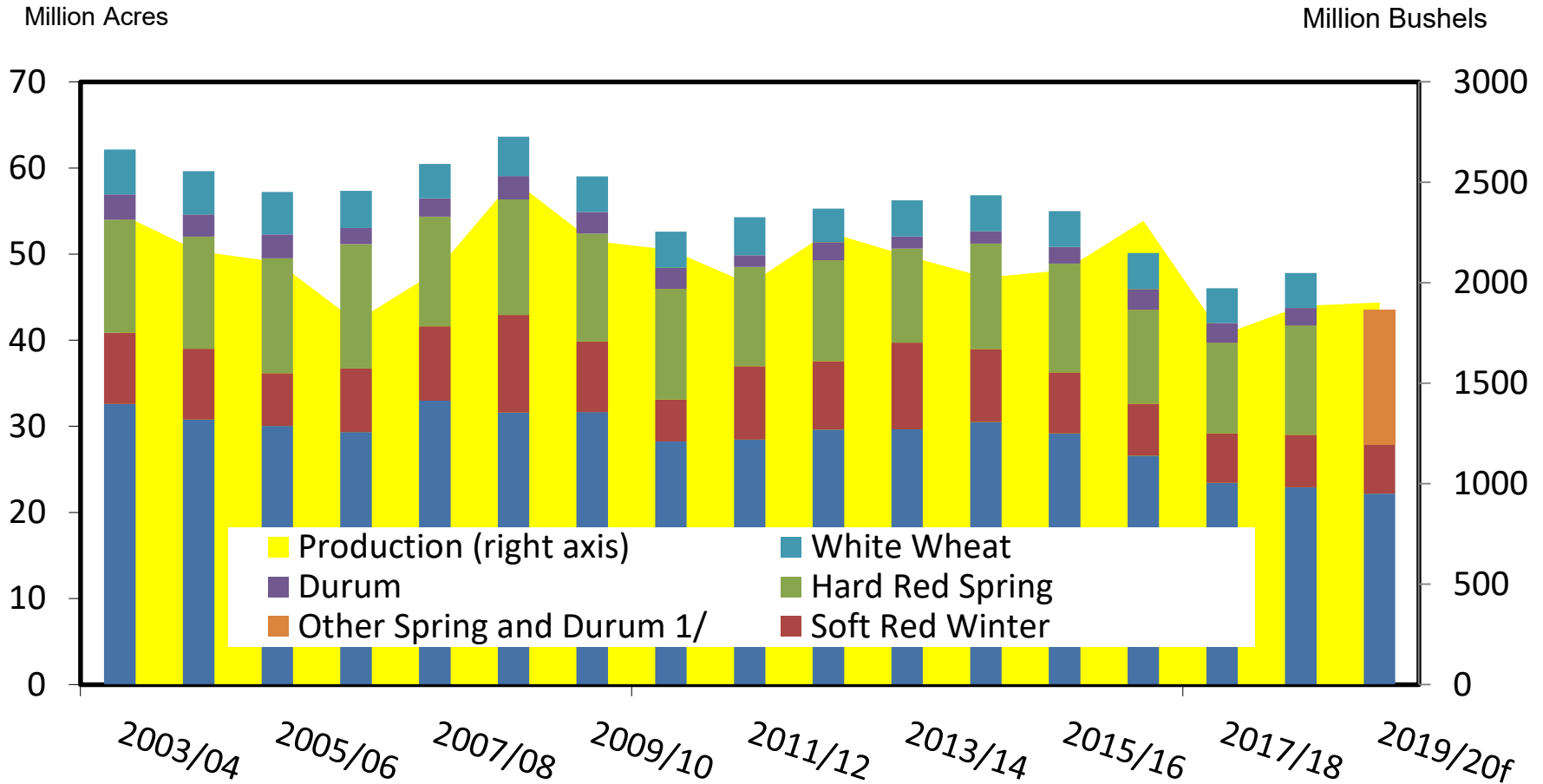


U.S. Wheat 2019/20 Highlights

- **Production** is up 1% on anticipated expansion of other spring wheat sowings, despite lower-than-expected winter wheat plantings
- Expanded corn supplies inhibit much growth in **Feed and Residual**, up just 10 million from '18/19
- **Exports** down 25 million yty on rebounding exportable supplies from EU and Australia
- **Carryout** remains large, limits **price** advancement



Wheat Planted Area Down 2% in '19/20

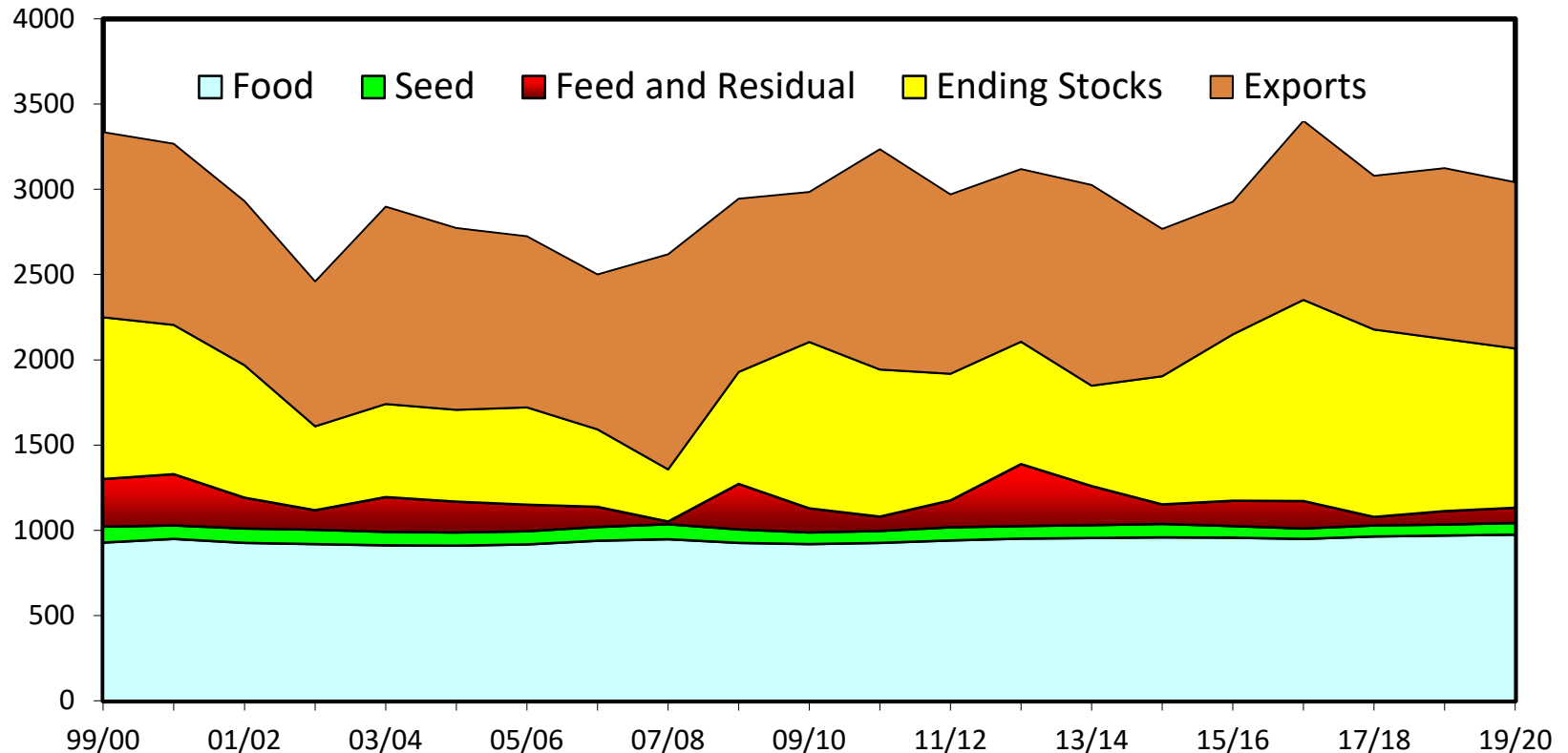


1Notes: Other spring and durum reported for 2019/20 only. Marketing year (MY) 2018/19 is projected (p) and MY 2019/20 is forecast (f). Source: USDA National Agricultural Statistics Service data and USDA.



U.S. Wheat Use Dips Slightly in '19/20

Million bushels



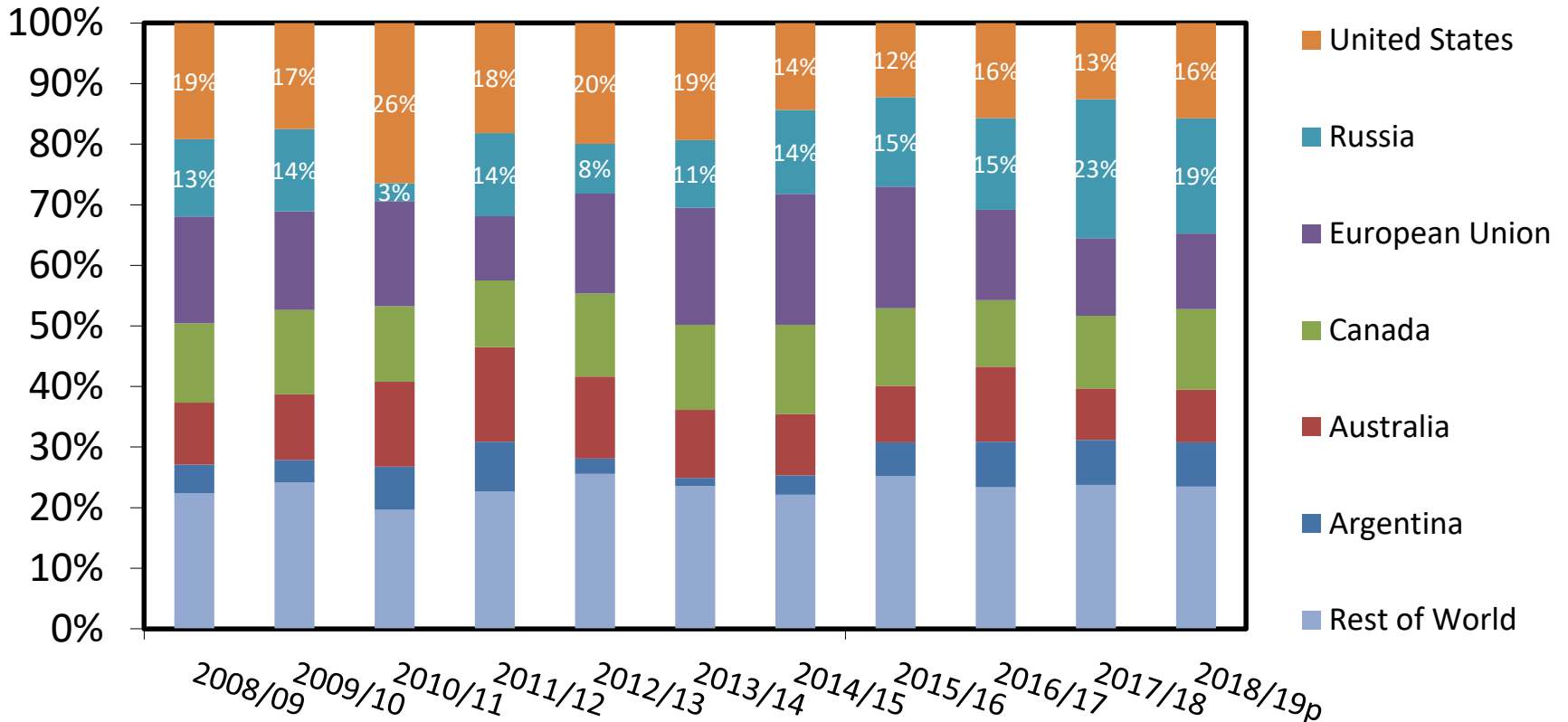
Note: Marketing year (MY) 2018/19 is projected and MY 2019/20 is forecast (f).

Source: USDA, World Agricultural Outlook Board, WASDE.



Russia's Share of Global Exports Trending Higher

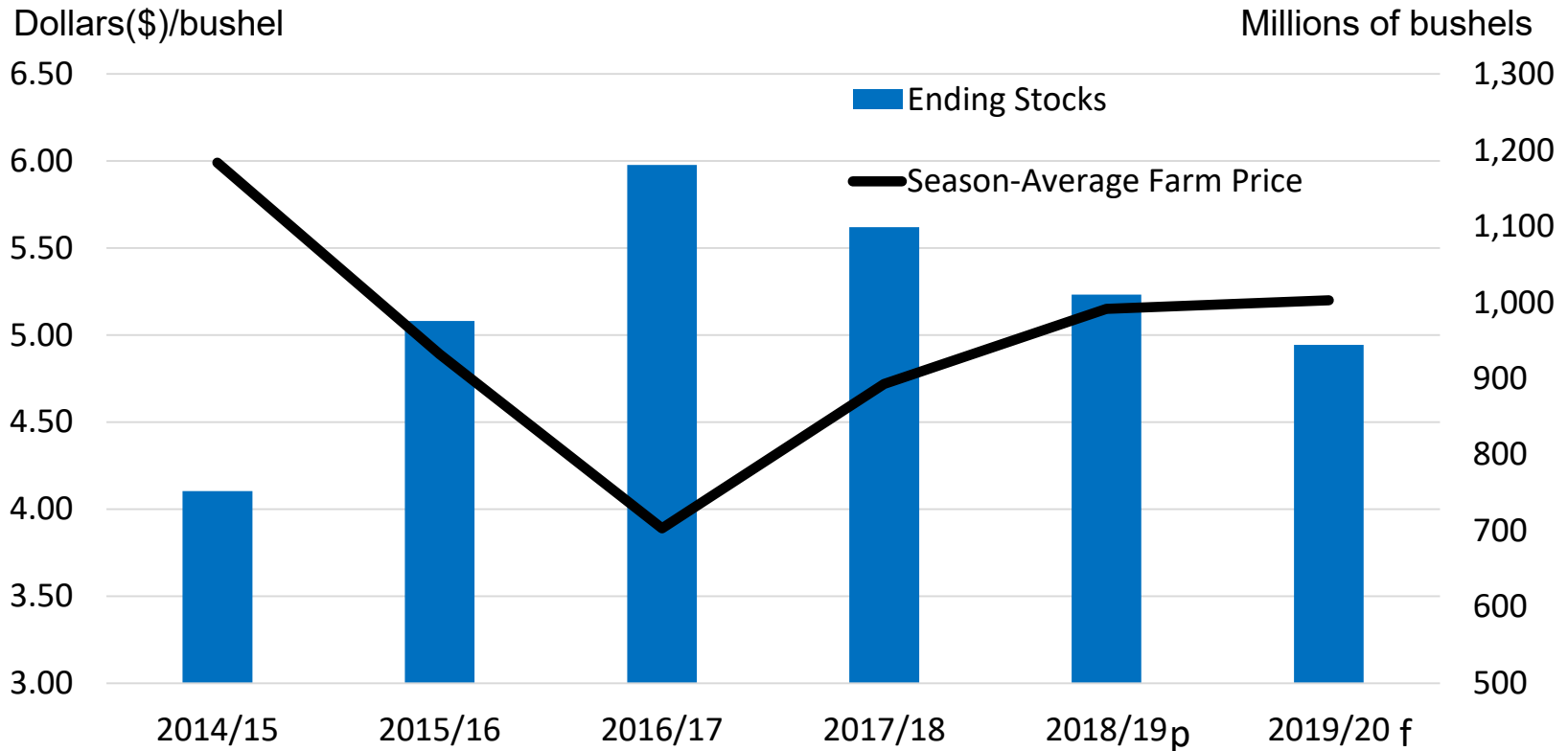
Share of total



Note: 2018/19 is projected (p) Sources: USDA Foreign Agricultural Service, Production, Supply, and Distribution database and ERS Calculations based of USDA National Agricultural Statistics Service data.



Wheat Stocks Forecast Lower, Still Dampen Price Prospects



Notes: 2018/19 is projected (p) and 2019/20 is forecast (f)

Source: USDA National Agricultural Statistics Service data and USDA, World Agricultural Outlook Board..



Looking Ahead



- Critical issues to keep an eye on
 - U.S. Spring weather, trade relations, ethanol demand and production, international weather
- The May WASDE Update to 2019/20 Will Reflect:
 - *Prospective Plantings* (March 29)
 - Survey-based forecasts for winter wheat production
 - Updated international, country-by-country supply and demand projections





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Thank you

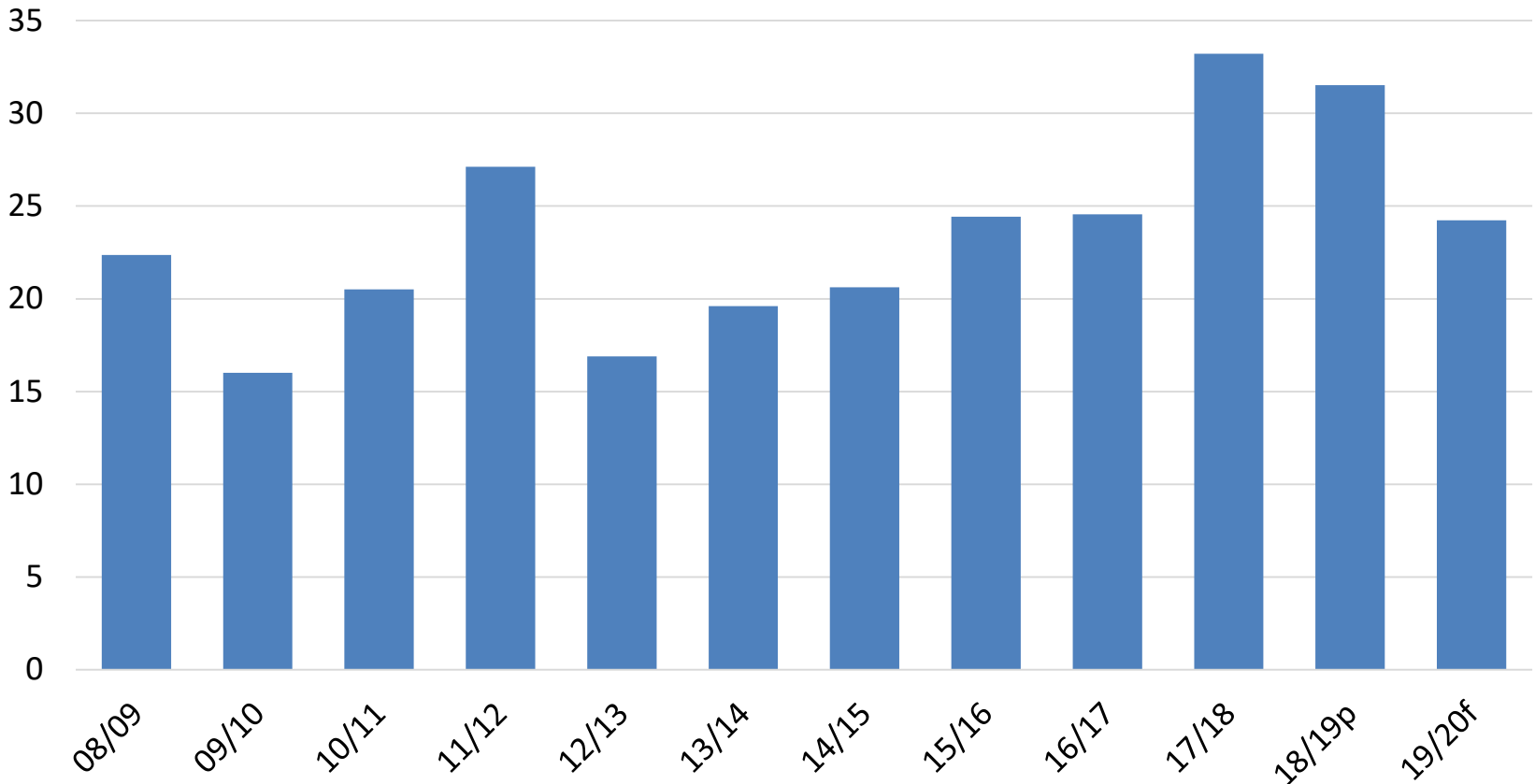




Brazil Oct. 1 Soybean Stocks Down

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Million Metric Tons



Notes: October 1 stocks are projected (p) while 19/20 stocks are forecast (f)

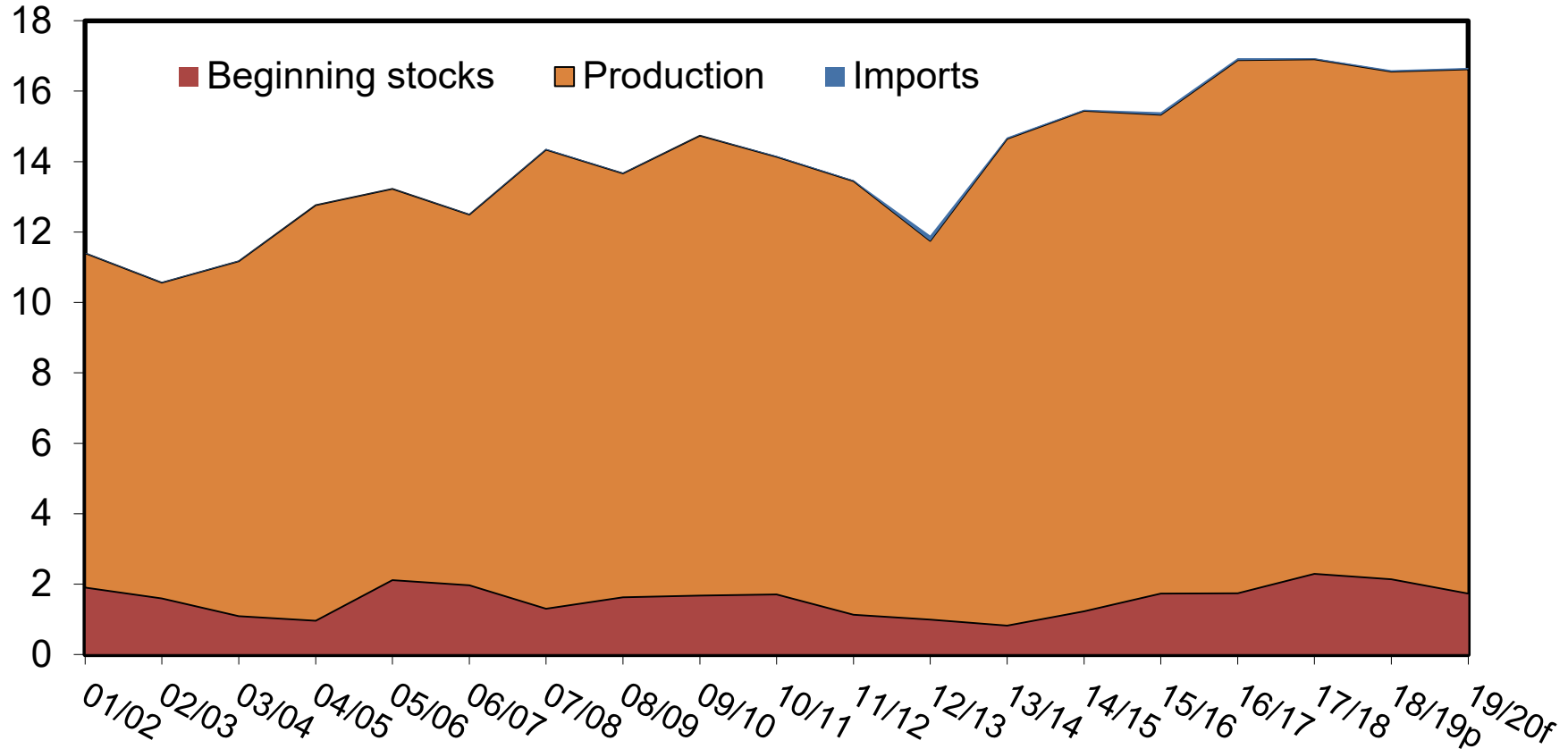
Sources: USDA, Production, Supply, and Distribution database and USDA forecasts.



U.S. Corn Supply Up Slightly in '19/20

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Billion bushels



Note: Marketing year (MY) 2018/19 is projected and MY 2019/20 is forecast (f).

Source: USDA, World Agricultural Outlook Board, WASDE.

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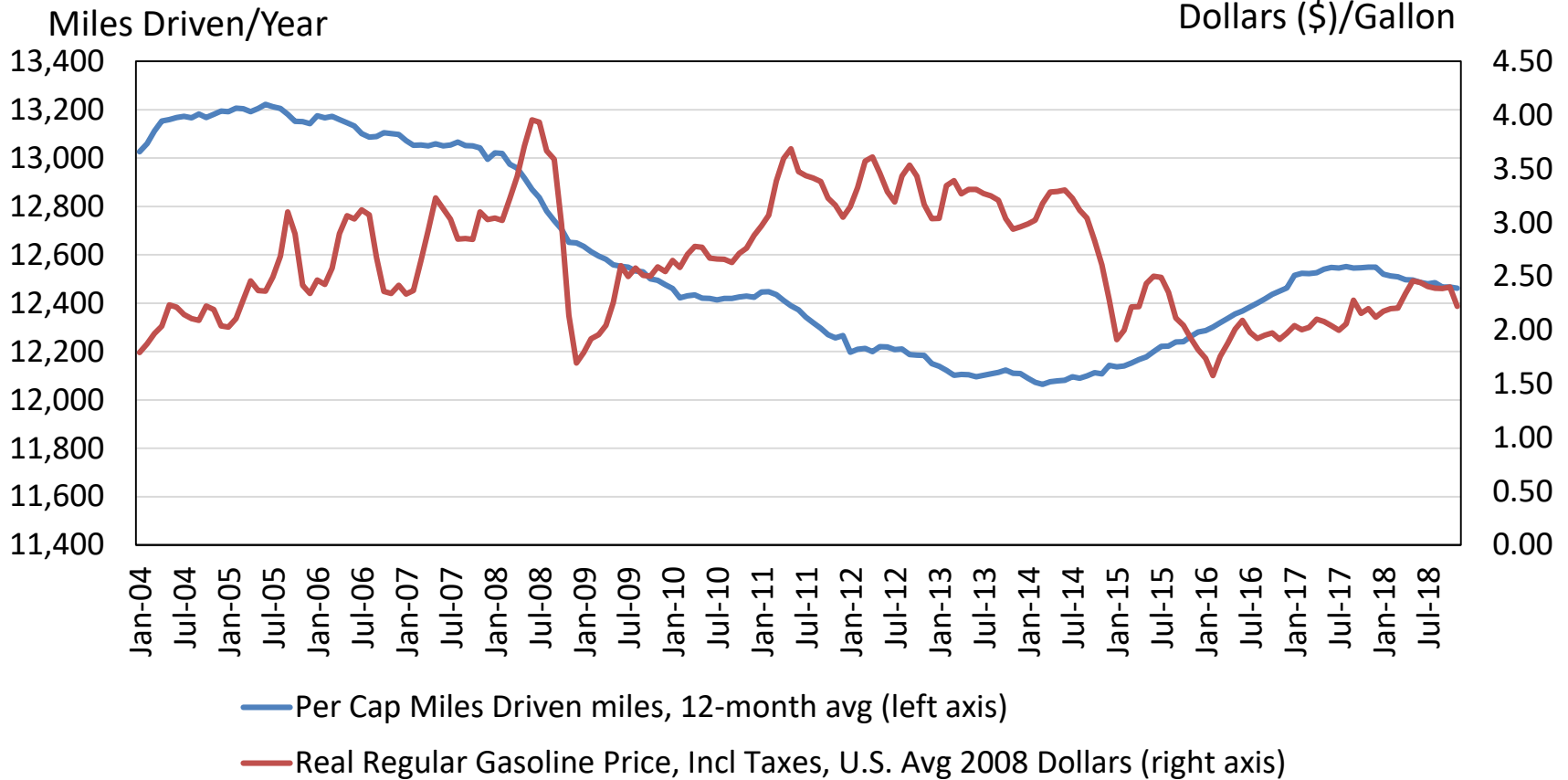
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And Americans Are Not Driving as Much on Per Capita Basis...



Note: Population is civilian, non-institutional population 16 and older.

Sources: U.S. Department of Transportation, Energy Information Association and U.S. Census Bureau.

