U.S. Agriculture: Commodity Situation and Outlook

H. Scott Stiles
Instructor - Economics
University of Arkansas Division of Agriculture
2013 U.S. Crop Outlook

• **Overview:**
  • Preliminary USDA supply & demand estimates for the 2013/14 crop year project a substantial rebound in U.S. and global grain production.

• Following the historic drought conditions of the 2012 growing season, the USDA projects global wheat and coarse grain production will increase by 8 and 11 percent respectively in 2013/14.
2013 U.S. Crop Outlook

- **Overview (cont’d):**
  
  - Current USDA forecasts assume U.S. growers will respond to favorable crop economics and expand 2013 corn acreage to the highest total since 1936.
  
  - U.S. corn and soybean yields are projected to be 26 and 4 percent higher respectively than the average yields achieved in 2012/13.
  
  - Over four-fifths (81%) of the forecasted increase in 2013/14 world corn production can be attributed to the U.S.—as well as 39% of the forecasted increase in world soybean production.

- 2013 crop conditions in the U.S. will be closely watched by commodity market observers.
U.S. Planted Acreage

Weather delays reduce corn and soybean acres in 2013

Source: USDA, 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Corn (millions of acres)</th>
<th>Soybeans (millions of acres)</th>
<th>Wheat (millions of acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>97.2</td>
<td>77.2</td>
<td>55.7</td>
</tr>
<tr>
<td>NASS Prospective Plantings</td>
<td>97.3</td>
<td>77.1</td>
<td>56.4</td>
</tr>
<tr>
<td>November WASDE</td>
<td>95.3</td>
<td>76.5</td>
<td>56.2</td>
</tr>
</tbody>
</table>

Source: USDA, 2013.
U.S. Crop Update
2013: Record corn production
Third highest soybean production

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</thead>
<tbody>
<tr>
<td>Harvested Acres (millions)</td>
<td>87.4</td>
<td>87.2</td>
<td>76.2</td>
<td>75.7</td>
<td>48.9</td>
<td>45.2</td>
</tr>
<tr>
<td>Yield (bu./ac.)</td>
<td>123.4</td>
<td>160.4</td>
<td>39.8</td>
<td>43</td>
<td>46.3</td>
<td>47.2</td>
</tr>
<tr>
<td>Production (billion bu.)</td>
<td>10.780</td>
<td><strong>13.989</strong></td>
<td>3.034</td>
<td>3.258</td>
<td>2.266</td>
<td>2.130</td>
</tr>
<tr>
<td>Average Price ($/bushel)</td>
<td>$6.89</td>
<td><strong>$4.10 - $4.90</strong></td>
<td><strong>$14.40</strong></td>
<td><strong>$11.15 - $13.15</strong></td>
<td><strong>$7.77</strong></td>
<td><strong>$6.70 - $7.30</strong></td>
</tr>
</tbody>
</table>

U.S. Corn Ending Stocks

Ending stocks increase 1 billion in 2013

Source: USDA, WASDE, 2013.
U.S. Soybean Ending Stocks
Slight rebuild in 13/14 stocks; still tight.

Source: USDA, WASDE, 2013.
U.S. Planted Acreage
Lower cotton and rice acreage in 2013.

Source: USDA, 2013.
## U.S. Crop Update
Lower cotton and rice production in 2013.

<table>
<thead>
<tr>
<th></th>
<th>All Cotton</th>
<th>All Rice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012/13 November 2013/14</td>
<td>2012/13 November 2013/14</td>
</tr>
<tr>
<td>Harvested Acres (millions)</td>
<td>9.37 7.78</td>
<td>2.68 2.46</td>
</tr>
<tr>
<td>Yield (lbs./ac.)</td>
<td>887 808</td>
<td>7,449 7,660</td>
</tr>
<tr>
<td>Production (bales or mcwt.)</td>
<td>17.32 13.11</td>
<td>199.5 188.7</td>
</tr>
<tr>
<td>Average Price ($/unit)</td>
<td>.7250/lb .69 - .79/lb</td>
<td>$14.90/cwt. $15.20 - $16.20/cwt.</td>
</tr>
</tbody>
</table>

U.S. Cotton Ending Stocks
Inventories to drop 900,000 bales in 2013/14.

Source: USDA, WASDE, 2013.
U.S. Long Grain Rice Ending Stocks

Ending stocks down 3.5 mcwt on lower production.

Source: USDA, WASDE, 2013.
Global Stocks-to-Use Ratios

Cotton stocks historically high for third year.

- Global soybean and corn stocks are expected to rebuild in 2013.
- South America and Black Sea region responding to historically high prices for wheat, corn and soybeans.
- Cotton is the exception – plentiful stocks preclude a significant price rise in 2013.

South America Soybean & Corn Production
Record soybean production forecast in 2013/14.

Soybean Production

Corn Production

Source: USDA, Foreign Agricultural Service.
FSU-12 Wheat Production and Share of World Exports

FSU Wheat Production

- 2004: 85.6 million mt
- 2005: 104.1 million mt

Share of World Wheat Exports

- 2004: 26%
- 2005: 23%

Source: USDA, Foreign Agricultural Service.
China Soybean Usage and Imports
Increasing consumption continues in 2013/14.

Source: USDA, Foreign Agricultural Service.
China Cotton Stocks, Usage and Imports
Ending stocks projected to be 161% of usage in 2013/14.

Source: USDA, Foreign Agricultural Service.
Commodity Price Outlook: Grains
Generally weaker in 2013; rice the exception.

Source: USDA Agricultural Outlook Forum.
Commodity Price Outlook: Cotton
Historically strong; 2% higher in 2013.

Source: USDA Agricultural Outlook Forum.
2013 Outlook

- The prospect of record U.S. corn production and subsequent inventory rebuilding creates a negative price bias for feed grains.
  - Lower production is supportive to U.S. rice prices.
  - U.S. soybean inventories for 2013/14 remain tight, near 170 million bu.

- **Other bearish factors for 2013 corn and soybean prices:**
  - Potential record South American soybean production.
  - Weakening export share by end of Q1 2014 for U.S. grains/oilseeds.
  - Reduction in speculative money flows into commodities.

- **Key fundamental issues to follow in ag commodities:**
  - South America crop conditions.
  - Export trade flows and cancellations
  - EPA adjustments to Renewable Fuels Standard (RFS)
Thank you

There’s more online:

UA uaex.edu
  – Crop budgets

UA arkansas-crops.com
  – Arkansas Row Crops