



Corn & Soybean Outlook

Edward Usset, Grain Marketing Specialist
Center for Farm Financial Management,
University of Minnesota

Corn Balance Sheet

...and key numbers to watch

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
	<i>Corn for ethanol</i>	<i>5,000</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

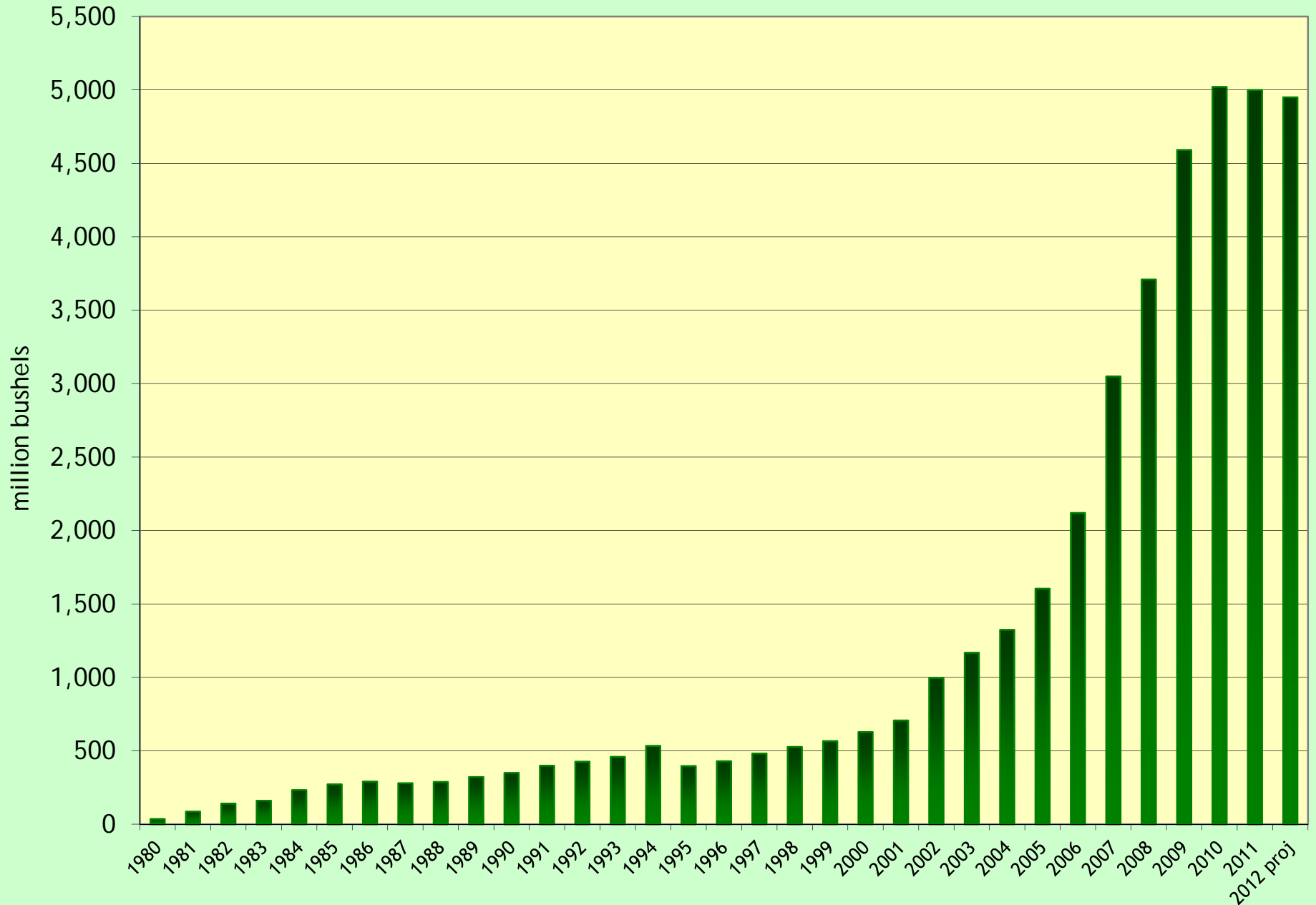
* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	5,000	4,950
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

U.S. Corn Used in Ethanol Production, 1980-2012 Crop Years



CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

U.S. Corn Ending Stocks/Use, 1951-2012 crop years



CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
	<i>Corn for ethanol</i>	<i>5,000</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
	<i>Corn for ethanol</i>	<i>5,000</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

March Prospective
Plantings Report

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
Corn for ethanol	5,000	4,950 ←
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	5,000	4,950
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

Climatologist sees signs of looming drought

Saturday, March 3, 2012

According to Dr. Elwynn Taylor of ISU, several factors point to a dry planting and growing season:

1. La Nina continues and drier-than-normal spring and summer and wild temperature swings are typically associated with the weather phenomena
2. South Carolina endured a drought last year - 16 of the last 17 major droughts in the Midwest started there
3. Northwest IA/Southern MN is in the midst of severe drought

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	157.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	157.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	13,659 ←
Imports	20	15
Total Supply	13,506	14,475 ←
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,005 ←
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

CORN

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	91.9	94.0
Harvested Acres	84.0	87.0
Yield (bu./acre)	147.2	164.0
	<i>million bushels</i>	
Beginning Stocks	1,128	801
Production	12,358	14,270
Imports	20	15
Total Supply	13,506	15,086
Feed and Residual	4,600	5,200
Food, Seed, Ind.	6,405	6,370
<i>Corn for ethanol</i>	<i>5,000</i>	<i>4,950</i>
Total Domestic Use	11,005	11,570
Exports	1,700	1,900
Total Demand	12,705	13,470
Ending Stocks	801	1,616
Average Price	\$5.90-6.50	\$5.00

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

Corn: Years with Tight Ending Stocks and a Jul/Dec Futures Inverse, 1990-2012

Crop Year*	Corn ES/Use** (%)	Mid-Mar Jul/Dec Inverse** (\$/bu.)	Cash prices in Iowa/Minnesota
1993/94	10.2%	0.25	Peaked in January, slowly fading through spring with another peak in June
1995/96	4.1%	0.62	Peaked in the first half of July – our first experience with \$5 corn
1996/97	10.7%	0.12	Prices held high and strong through the month of April
2003/04	9.1%	0.11	Peaked in the first half of April and continued to hold at good levels through early June
2010/11	8.6%	0.94	Cash prices peaked in the first half of June, with a repeat in late August
2011/12	6.7% proj.	0.85	?

* September 1 – August 31

** Estimates per USDA World Agricultural Supply & Demand Estimates (WASDE).

*** Approximate mid-month premium for the old crop July contract over the new crop December contract. CBOT corn futures data from the CBOT.

Corn Balance Sheet

- *2011/2012: ending stocks are tight*
- *2012/2013: USDA's optimistic trend line corn yield lead to larger supplies and ending stocks*

I expect corn prices and basis to hold firm until the market is convinced of better 2012 crop prospects

Soybean Balance Sheet

...and key numbers to watch

SOYBEANS

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	75.0	75.0
Harvested Acres	73.6	74.0
Yield (bu./acre)	41.5	43.9
	<i>million bushels</i>	
Beginning Stocks	215	275
Production	3,056	3,250
Imports	15	15
Total Supply	3,286	3,540
Crush	1,615	1,660
Exports	1,275	1,550
Seed	87	90
Residual	34	35
Total Demand	3,011	3,335
Ending Stocks	275	205
Average Price	\$11.40-12.60	\$11.50

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

SOYBEANS

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	75.0	75.0
Harvested Acres	73.6	74.0
Yield (bu./acre)	41.5	43.9
	<i>million bushels</i>	
Beginning Stocks	215	275
Production	3,056	3,250
Imports	15	15
Total Supply	3,286	3,540
Crush	1,615	1,660
Exports	1,275	1,550
Seed	87	90
Residual	34	35
Total Demand	3,011	3,335
Ending Stocks	275	205
Average Price	\$11.40-12.60	\$11.50

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

SOYBEANS

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	75.0	75.0
Harvested Acres	73.6	74.0
Yield (bu./acre)	41.5	43.9
	<i>million bushels</i>	
Beginning Stocks	215	275
Production	3,056	3,250
Imports	15	15
Total Supply	3,286	3,540
Crush	1,615	1,800
Exports	1,275	1,550
Seed	87	90
Residual	34	35
Total Demand	3,011	3,335
Ending Stocks	275	205
Average Price	\$11.40-12.60	\$11.50

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

SOYBEANS

	2011-12 (March proj*)	2012-13 (projected**)
Planted Acres (mil.)	75.0	75.0
Harvested Acres	73.6	74.0
Yield (bu./acre)	41.5	43.9
	<i>million bushels</i>	
Beginning Stocks	215	275
Production	3,056	3,250
Imports	15	15
Total Supply	3,286	3,540
Crush	1,615	1,660
Exports	1,275	1,550
Seed	87	90
Residual	34	35
Total Demand	3,011	3,335
Ending Stocks	275	205 ←
Average Price	\$11.40-12.60	\$11.50

* March WASDE report, **USDA 2012 Agricultural Outlook Forum, Friday, February 24

U.S. Soybeans Ending Stocks/Use, 1965-2012 crop years



Soybean Balance Sheet

- *2011/2012: prices show strength*
- *2012/2013: planted acres are a wild card.
optimistic trend line yields and exports*

Concerning 2012 crop prospects, I'm in a Missouri state of mind ("show me")