

U.S. Agriculture: Commodity Situation and Outlook

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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.



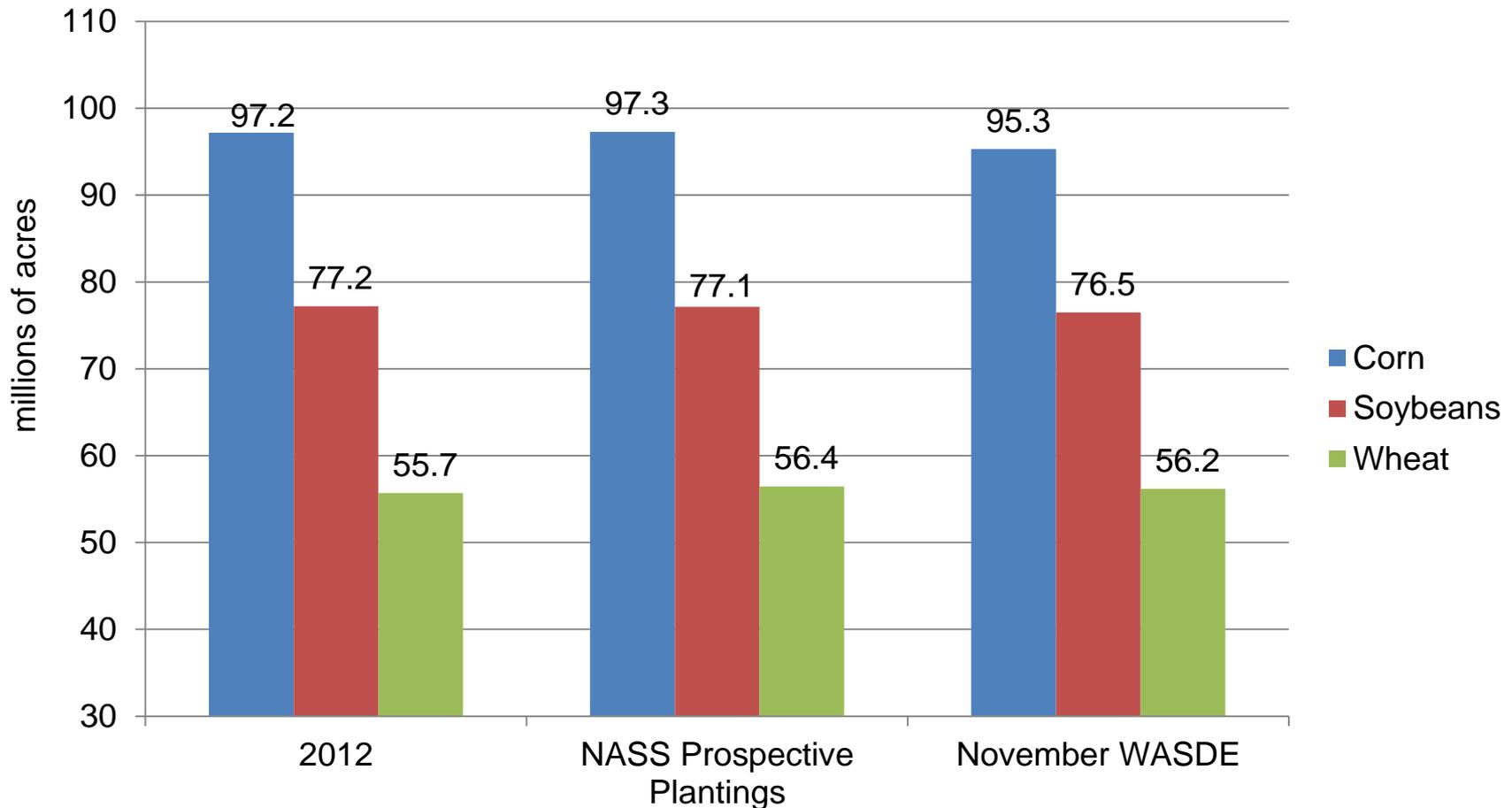
2013 U.S. Crop Outlook

- **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.

U.S. Crop Update

2013: Record corn production

Third highest soybean production

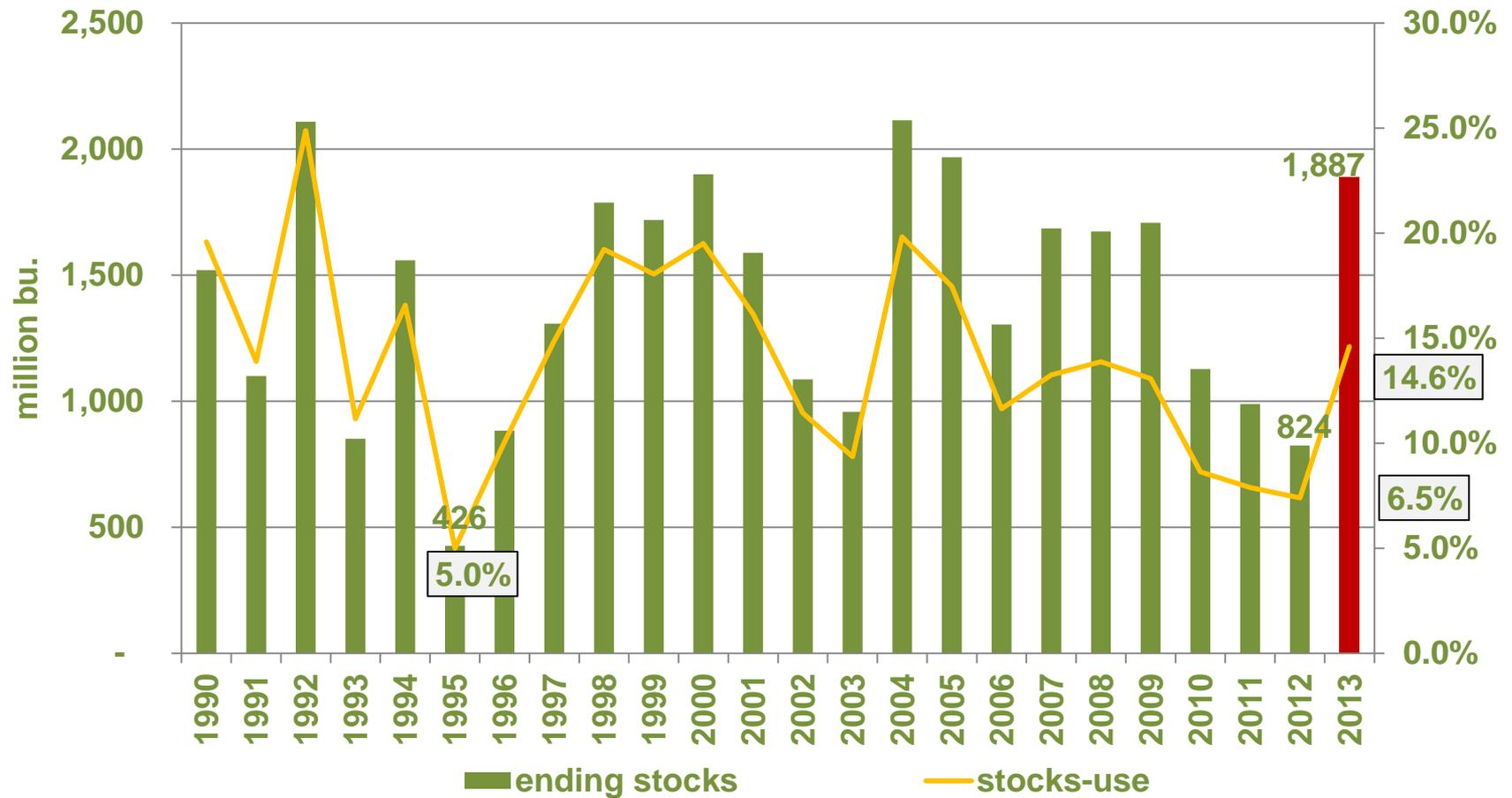


	Corn		Soybeans		Wheat	
	2012/13	November 2013/14	2012/13	November 2013/14	2012/13	November 2013/14
Harvested Acres (millions)	87.4	87.2	76.2	75.7	48.9	45.2
Yield (bu./ac.)	123.4	160.4	39.8	43	46.3	47.2
Production (billion bu.)	10.780	13.989	3.034	3.258	2.266	2.130
Average Price (\$/bushel)	\$6.89	\$4.10 - \$4.90	\$14.40	\$11.15 - \$13.15	\$7.77	\$6.70 - \$7.30

Source: USDA-WASDE, 2013.

U.S. Corn Ending Stocks

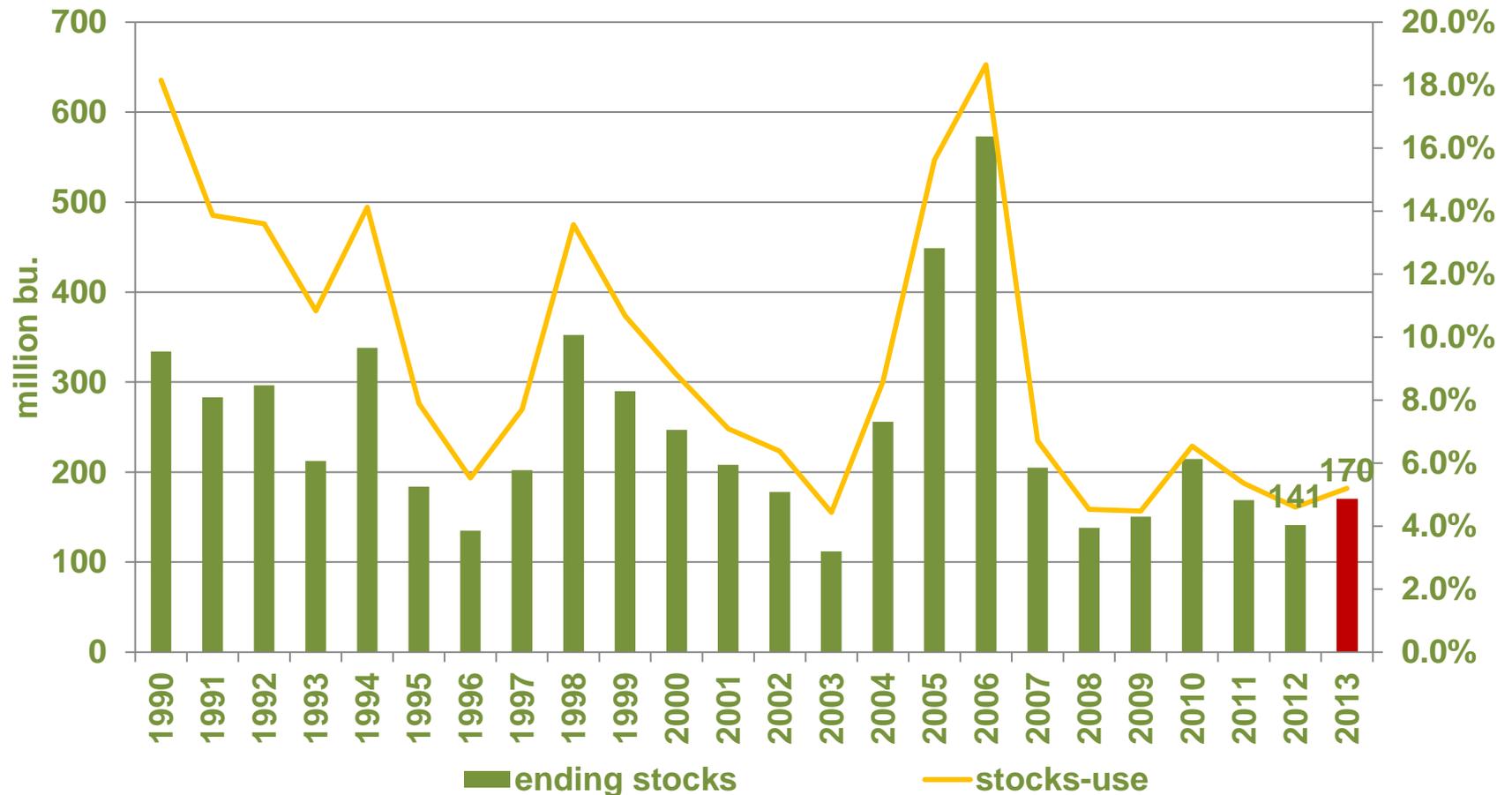
Ending stocks increase 1 billion in 2013



Source: USDA, WASDE, 2013.

U.S. Soybean Ending Stocks

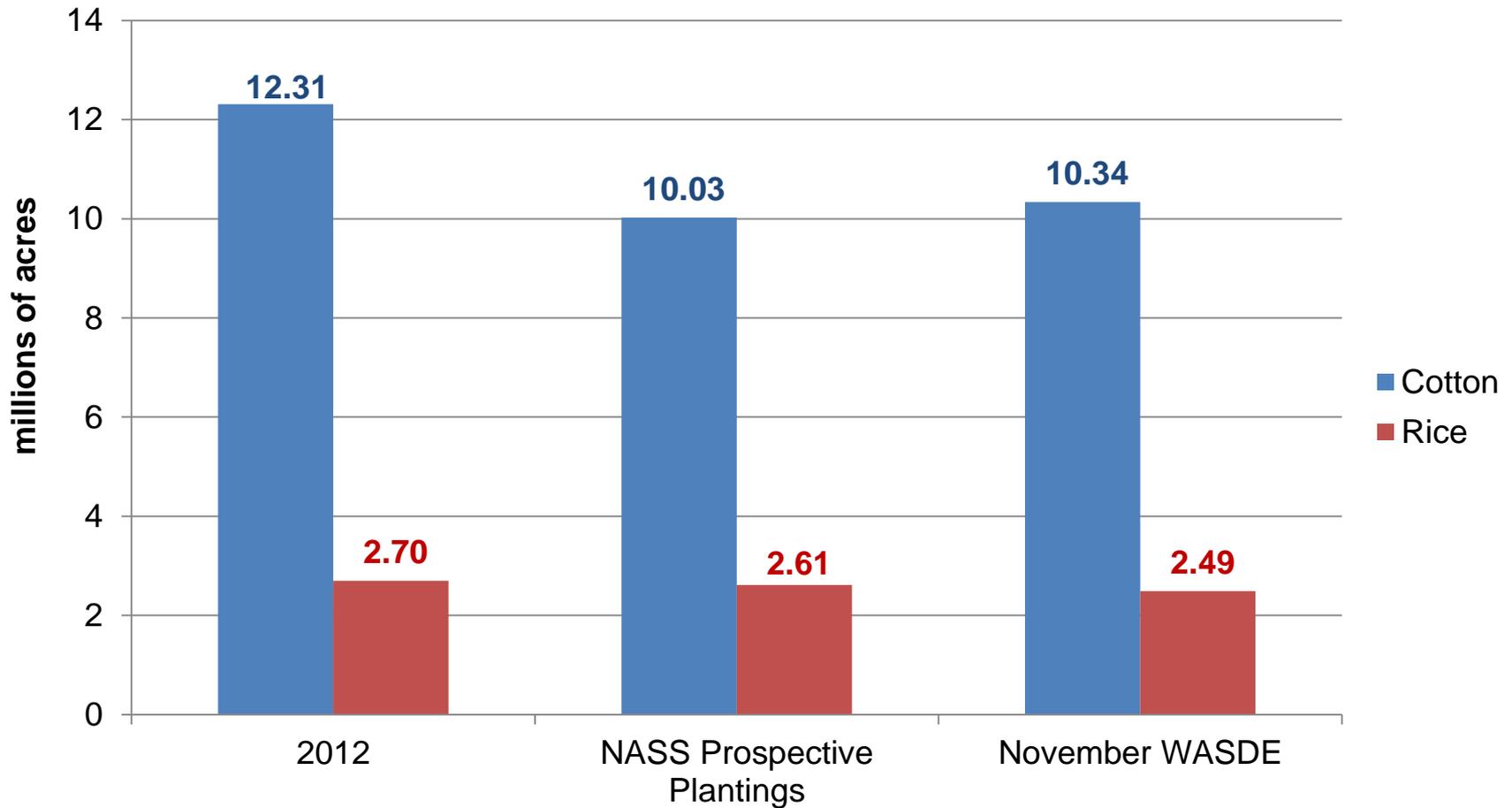
Slight rebuild in 13/14 stocks; still tight .



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.

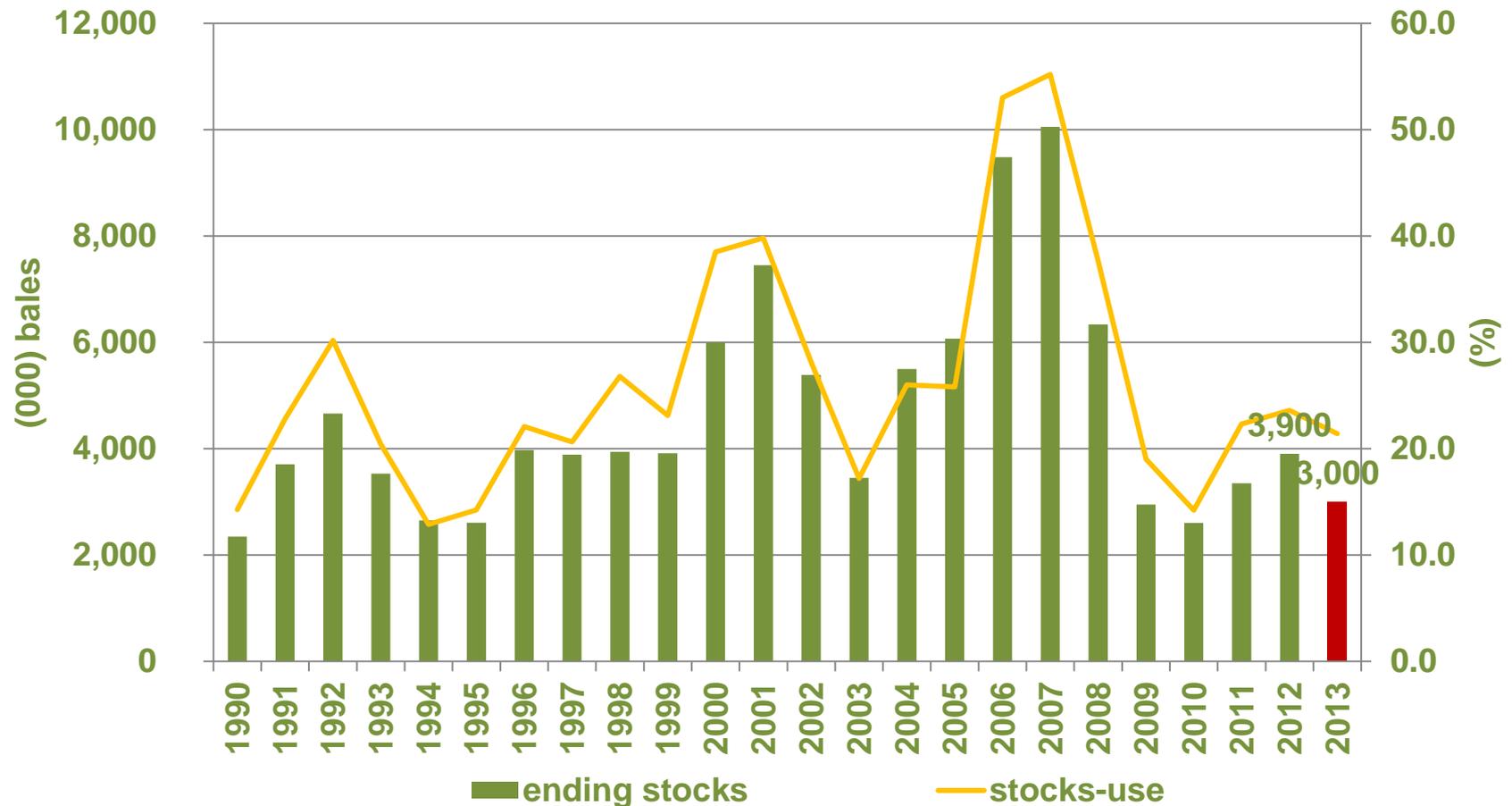


	All Cotton		All Rice	
	2012/13	November 2013/14	2012/13	November 2013/14
Harvested Acres (millions)	9.37	7.78	2.68	2.46
Yield (lbs./ac.)	887	808	7,449	7,660
Production (bales or mcwt.)	17.32	13.11	199.5	188.7
Average Price (\$/unit)	.7250/lb	.69 - .79/lb	\$14.90/cwt.	\$15.20 - \$16.20/cwt.

Source: USDA-WASDE, 2013.

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

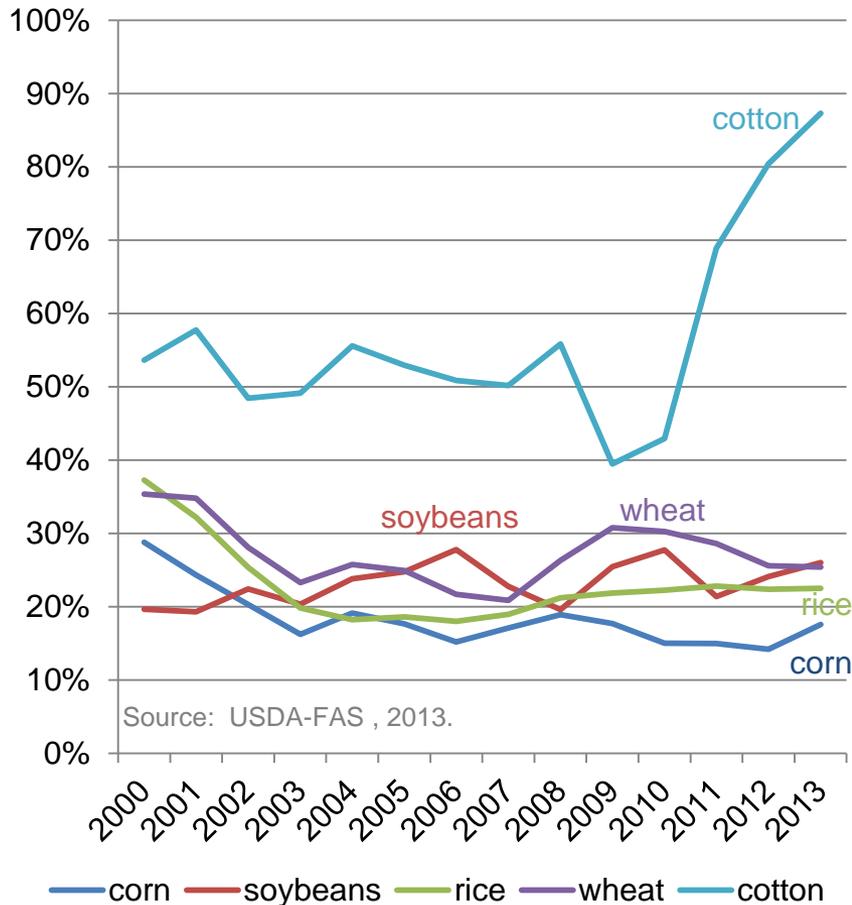
Ending stocks down 3.5 mcwt on lower production.



Source: USDA, WASDE, 2013.

Global Stocks-to-Use Ratios

Cotton stocks historically high for third year.



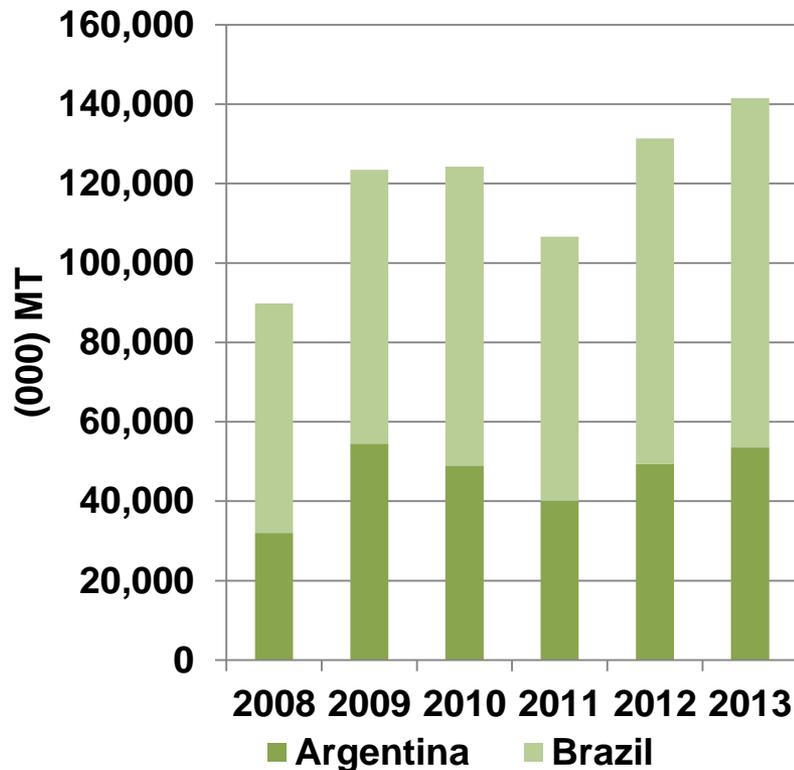
- Global soybean and corn stocks are expected to rebuild in 2013.
- South America and Black Sea region responding to historically high prices for wheat, corn and soybeans.
- Cotton is the exception – plentiful stocks preclude a significant price rise in 2013.

South America Soybean & Corn Production

Record soybean production forecast in 2013/14.

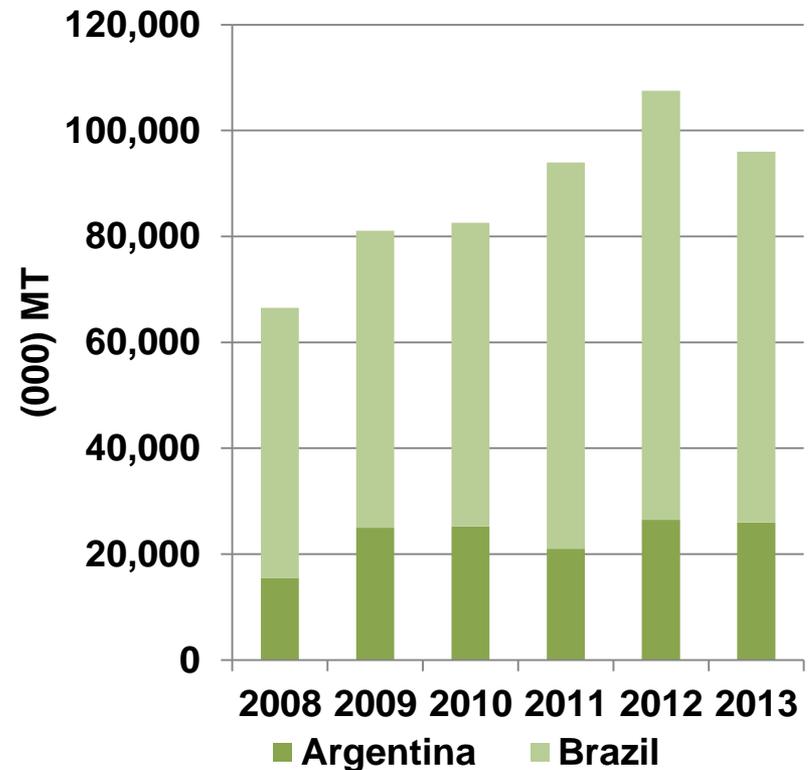


Soybean Production



Source: USDA, Foreign Agricultural Service.

Corn Production

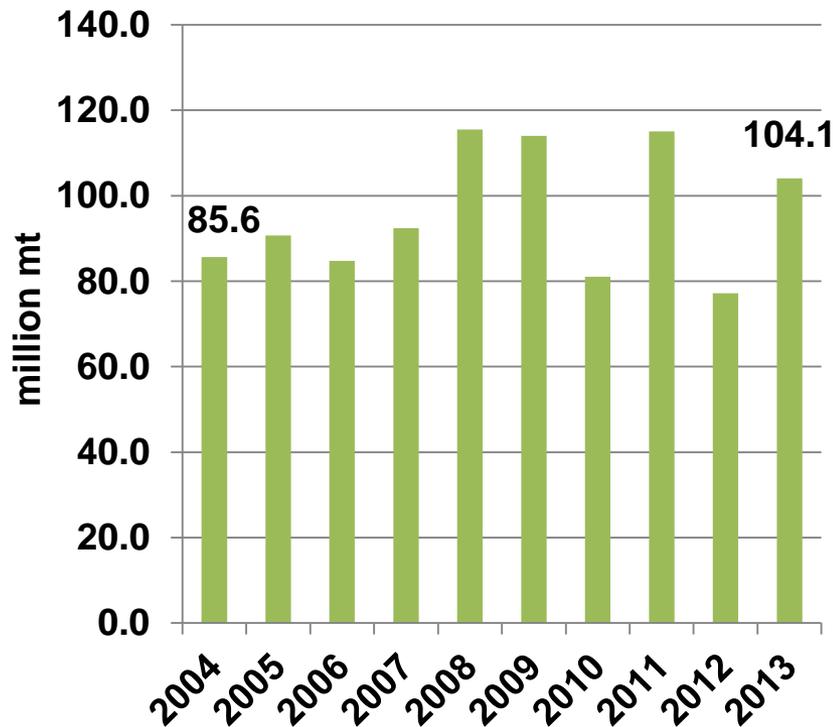


Source: USDA, Foreign Agricultural Service.

FSU-12 Wheat Production and Share of World Exports

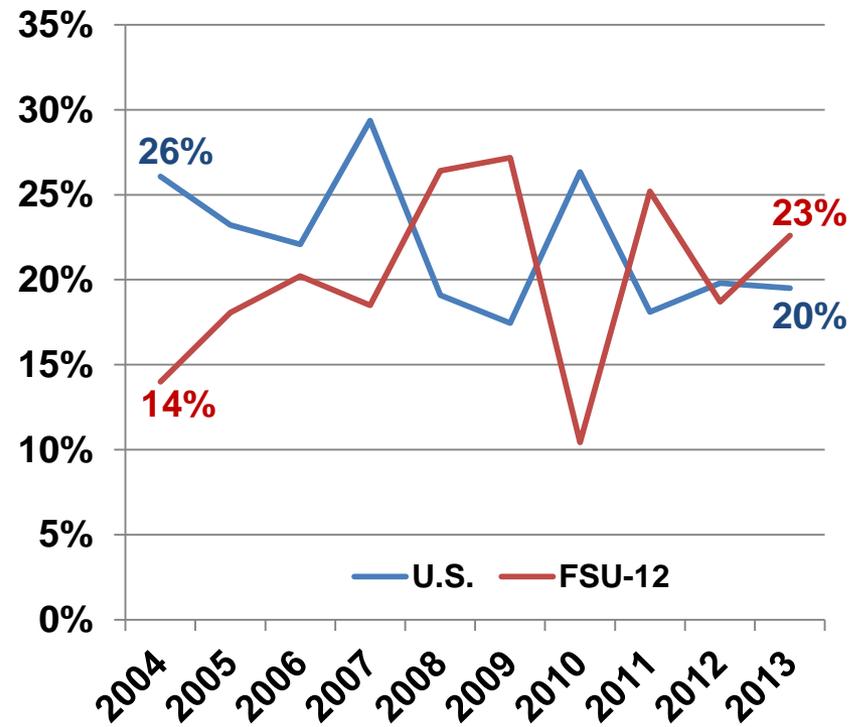


FSU Wheat Production



Source: USDA, Foreign Agricultural Service.

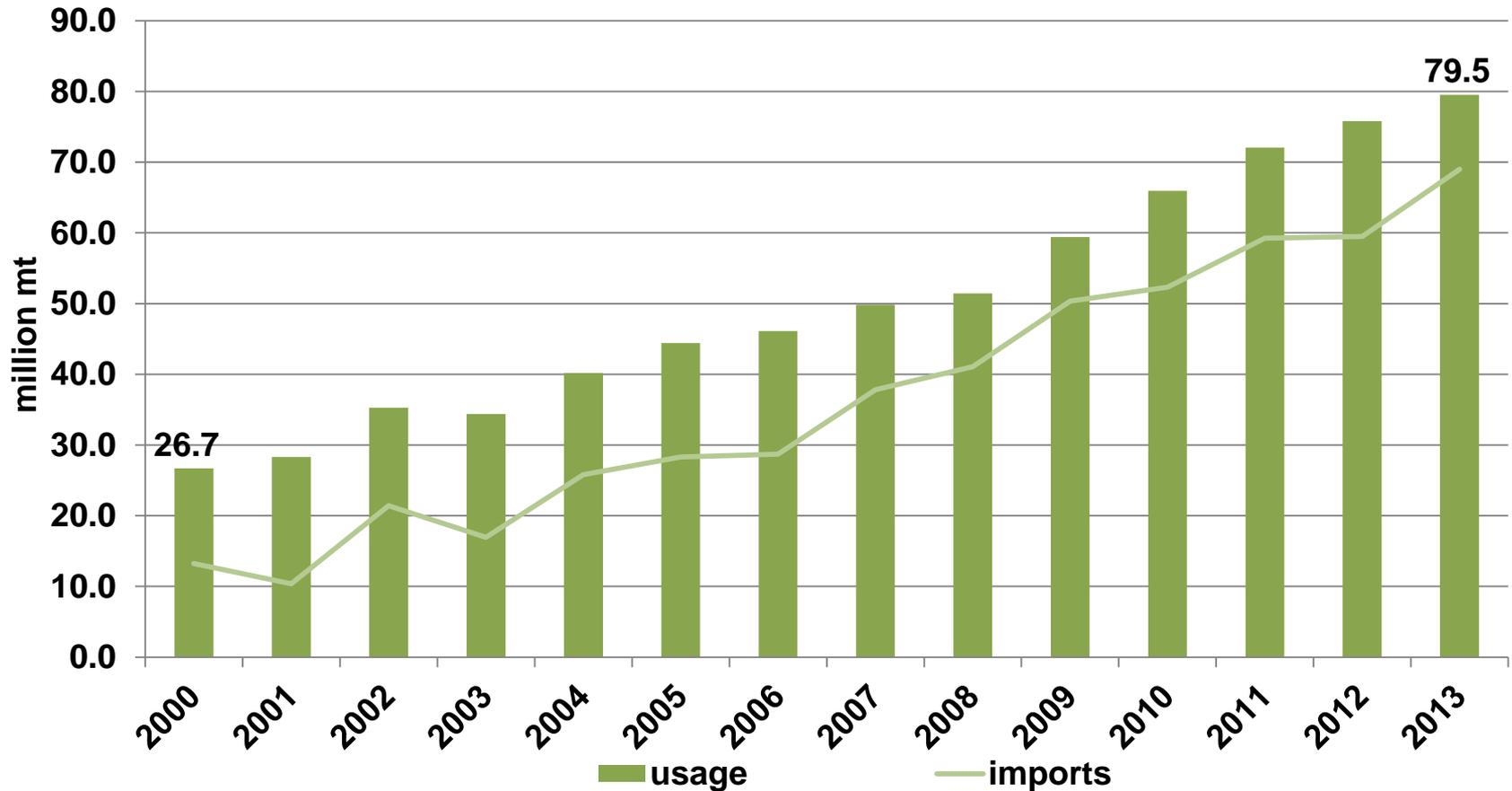
Share of World Wheat Exports



Source: USDA, Foreign Agricultural Service.

China Soybean Usage and Imports

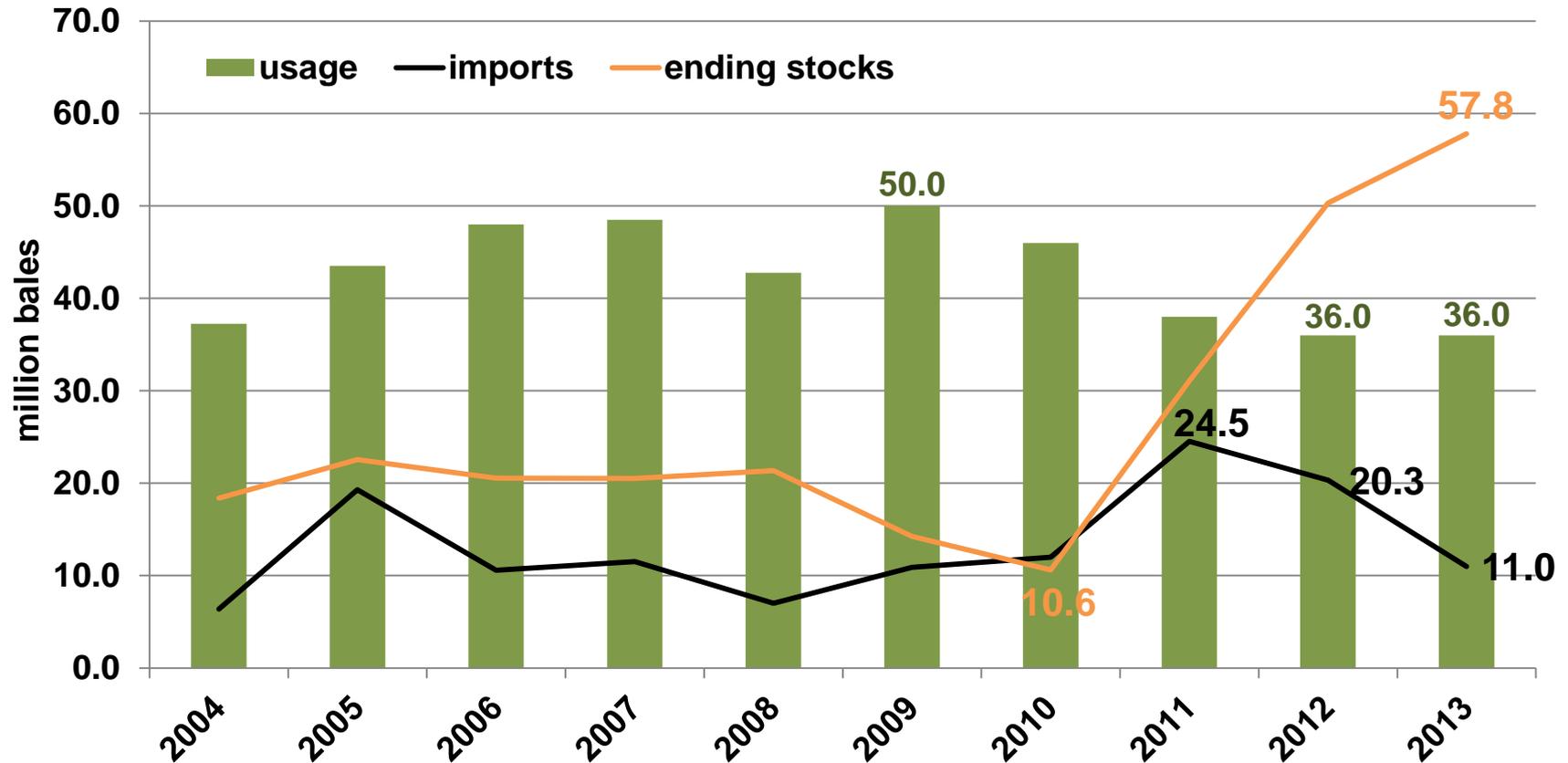
Increasing consumption continues in 2013/14.



Source: USDA, Foreign Agricultural Service.

China Cotton Stocks, Usage and Imports

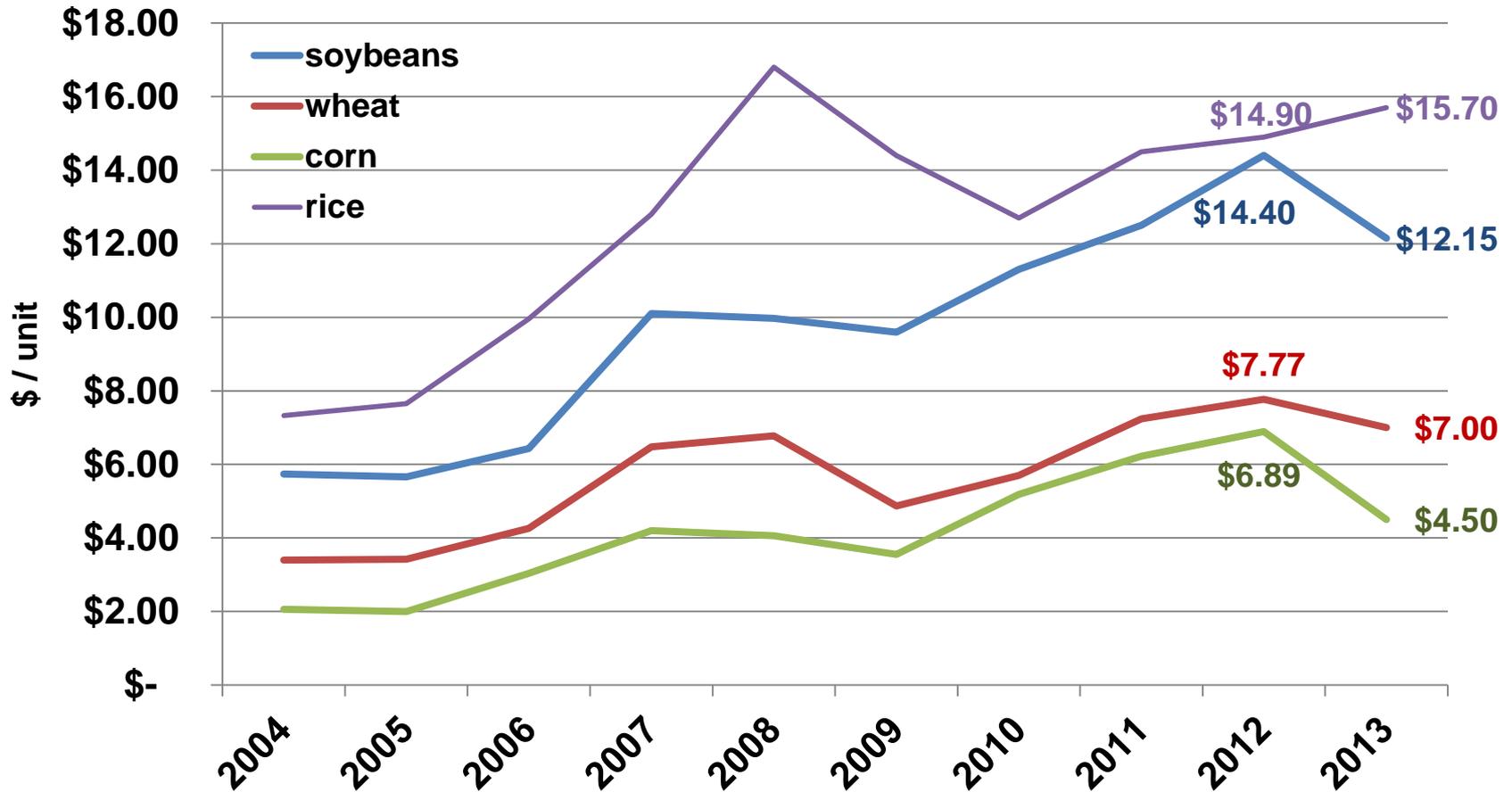
Ending stocks projected to be 161% of usage in 2013/14.



Source: USDA, Foreign Agricultural Service.

Commodity Price Outlook: Grains

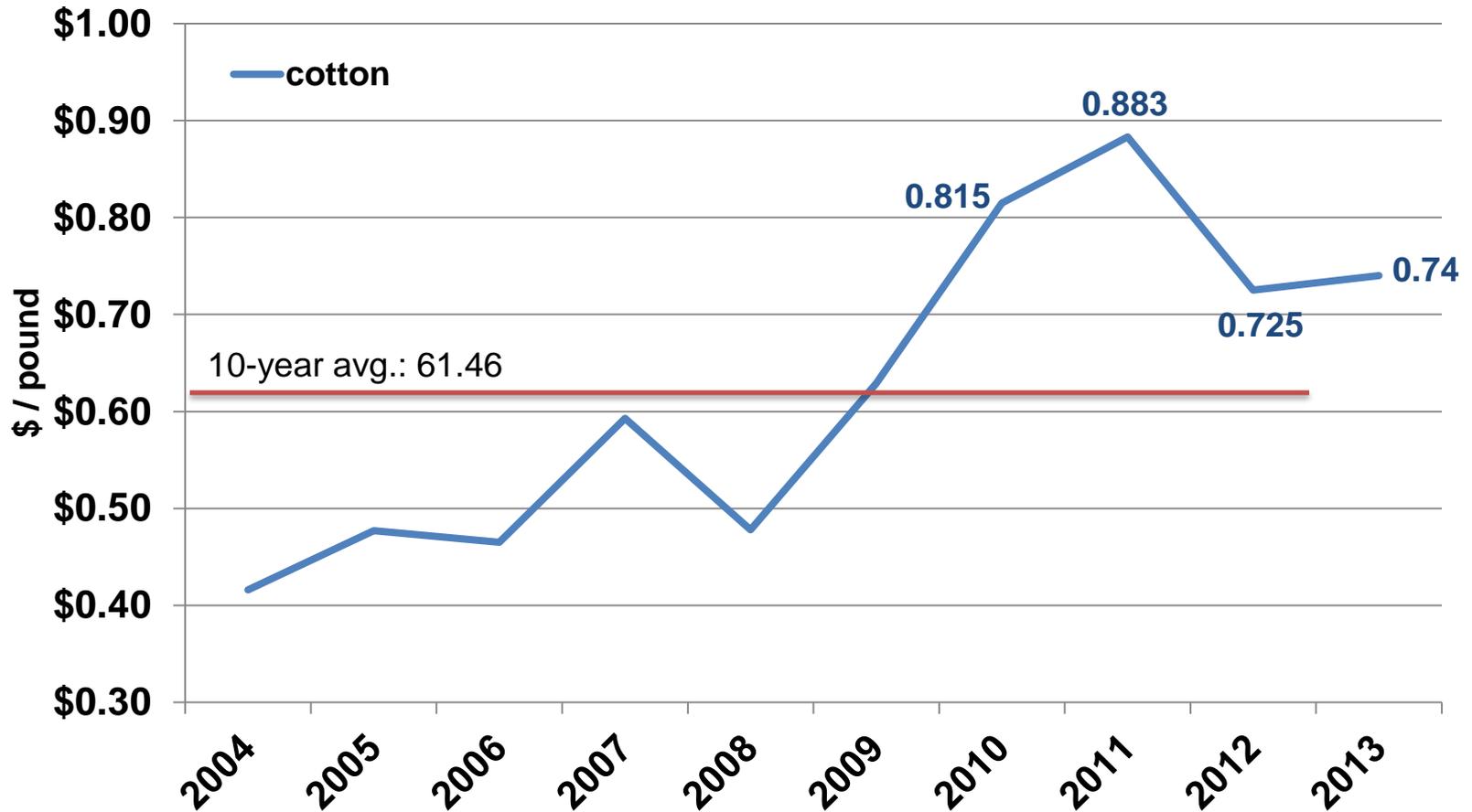
Generally weaker in 2013; rice the exception.



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:

UofA uaex.edu

- Crop budgets

UofA arkansas-crops.com

- Arkansas Row Crops

