

2012-13 Crop Market Outlook: Where do we go from here?

Frayne Olson, PhD

Crop Economist/Marketing Specialist

NDSU Extension Service

ND Agricultural Experiment Station

Dept. of Agribusiness & Applied Economics



Today's Topics

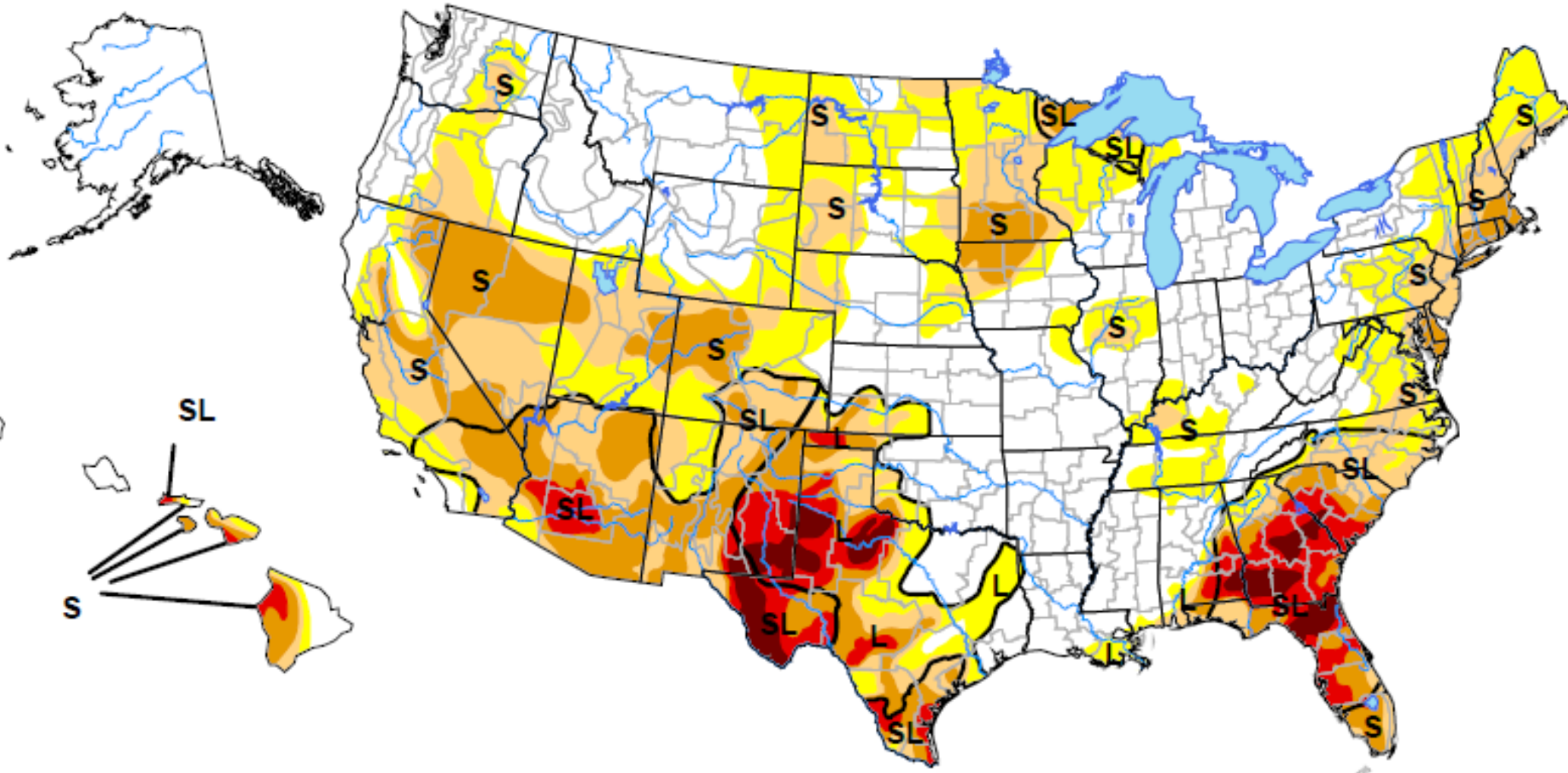
- Review September 12, 2012 WASDE
 - Where are we now (Where have we been).
- Are prices high enough to ration use?
- What does this mean for 2013 acreage?
- What are your questions!!



U.S. Drought Monitor

April 17, 2012

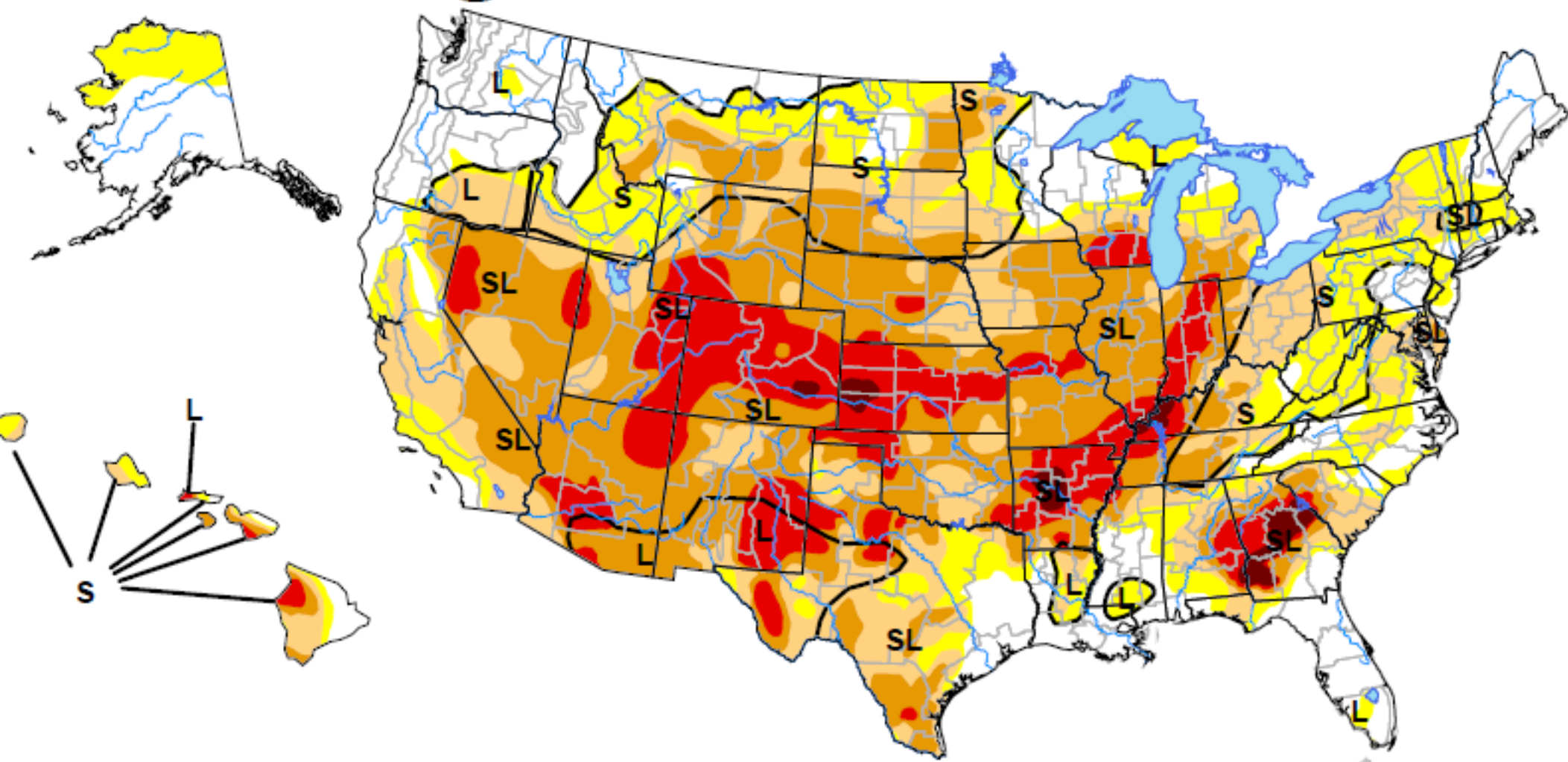
Valid 7 a.m. EDT



U.S. Drought Monitor

July 17, 2012

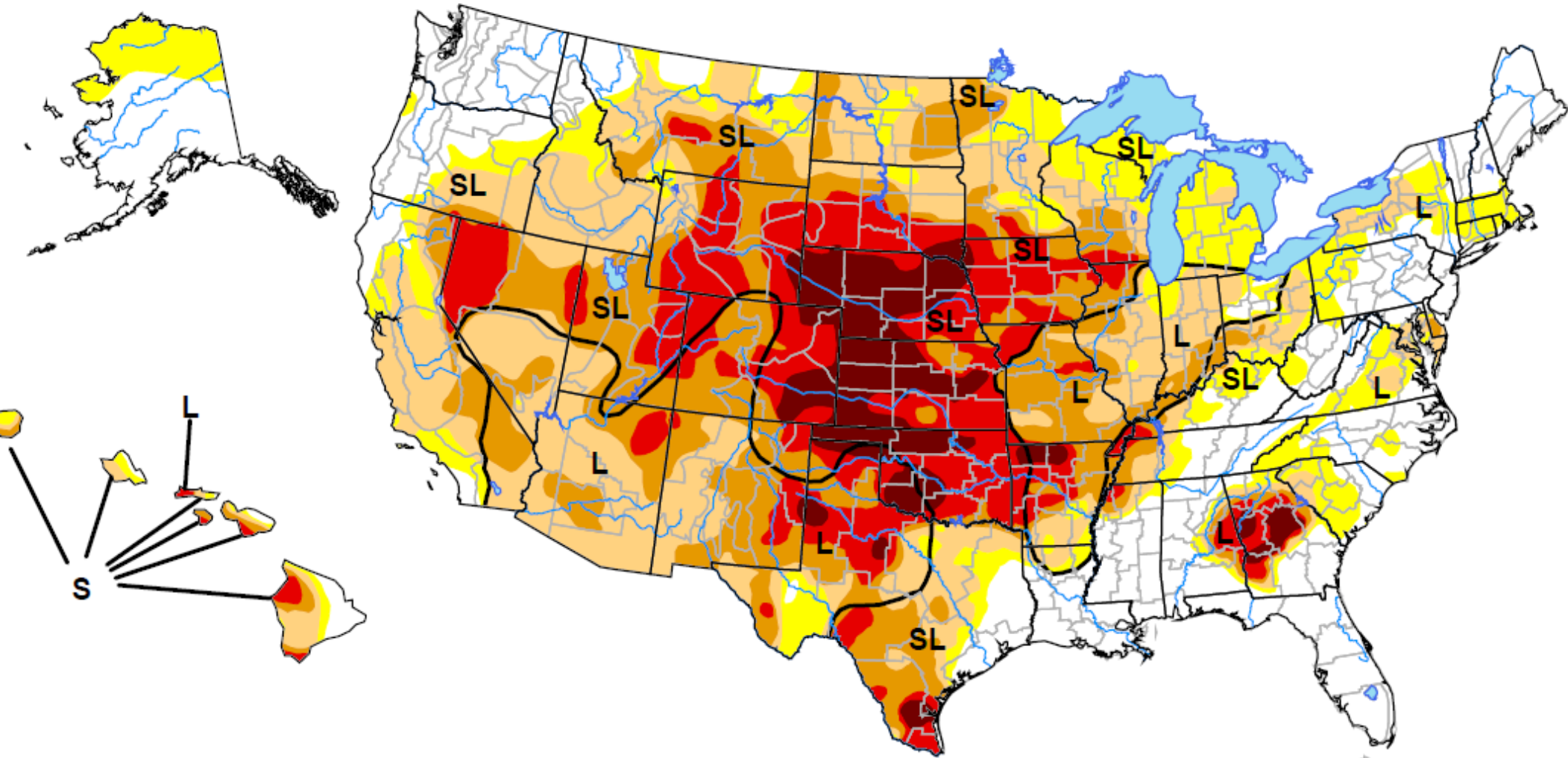
Valid 7 a.m. EDT



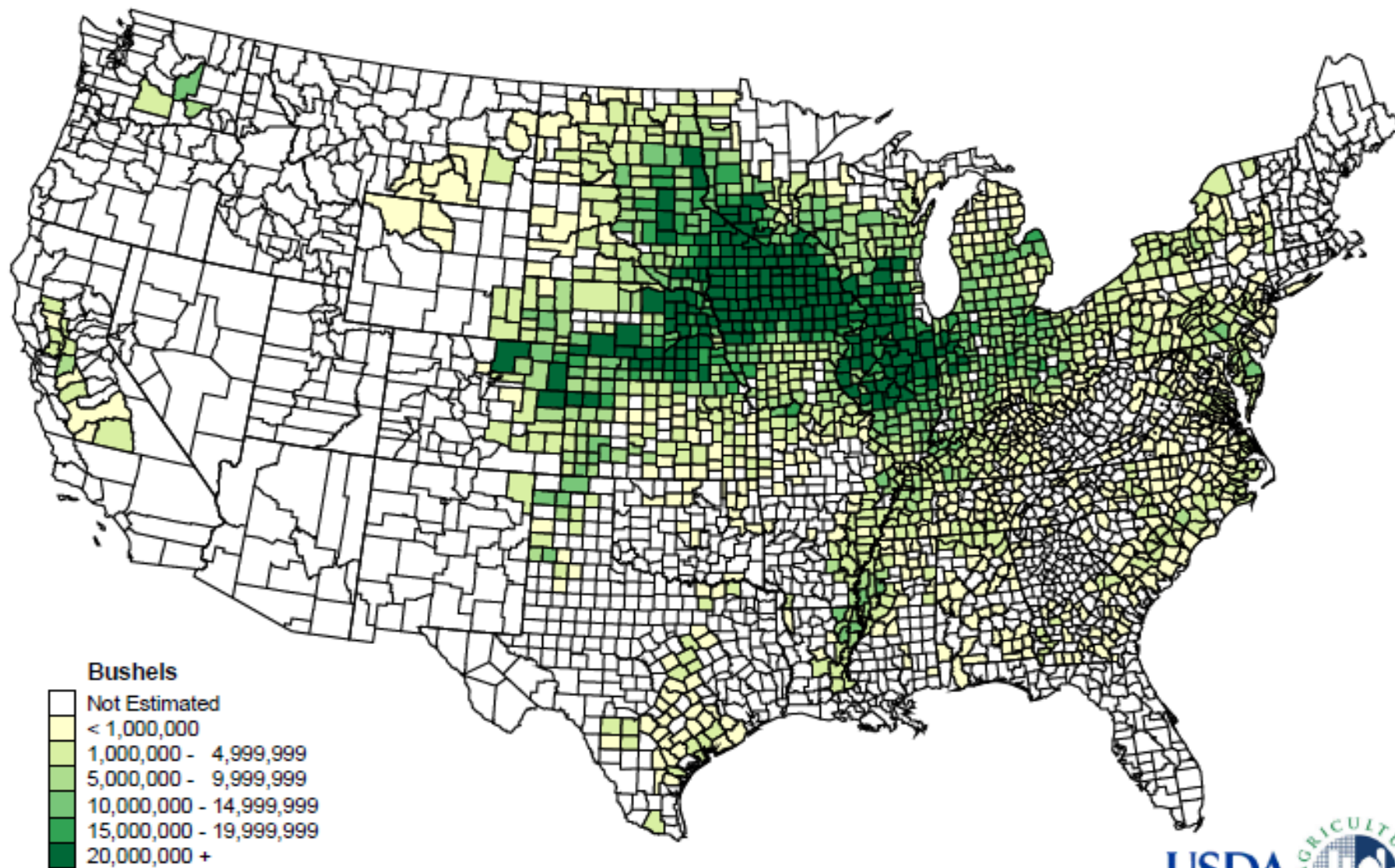
U.S. Drought Monitor

September 18, 2012

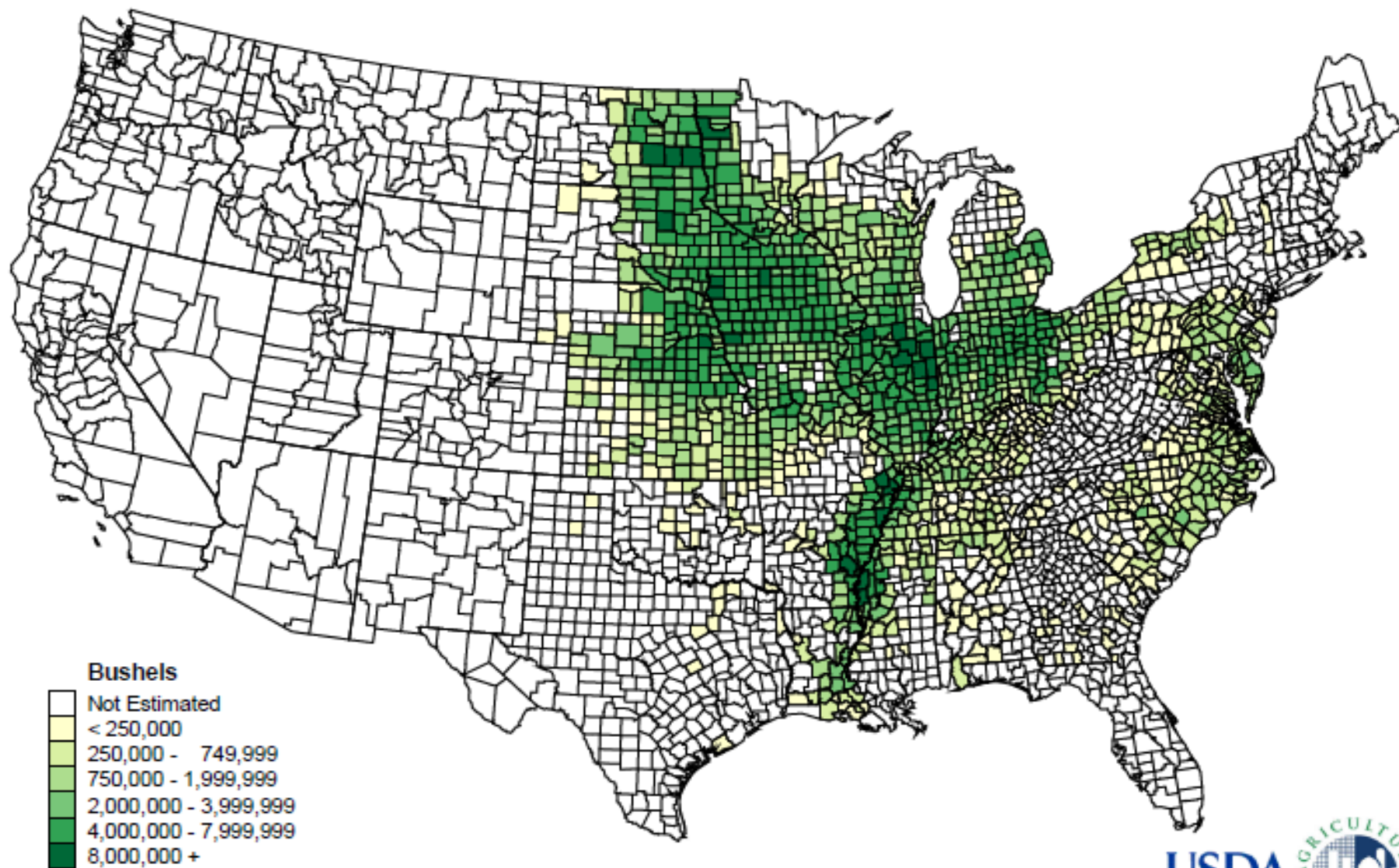
Valid 7 a.m. EDT



Corn for Grain 2011 Production by County for Selected States



Soybeans 2011 Production by County for Selected States



Dec CBOT Corn



Nov CBOT Soybean



Sep MGEX Spring Wheat



Corn Update



Corn Supply & Demand Table

U.S. Corn	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	91.9 Mill. A.	96.4 Mill. A.	96.4 Mill. A.
Harvested A.	84.0 Mill. A.	87.4 Mill. A.	87.4 Mill. A.
Yield/Harvest A.	147.2 bu.	123.4 bu.	122.8 bu.
Begin Stocks	1,128 Mill. Bu.	1,021 Mill. Bu.	1,181 Mill. Bu.
Production	12,358 Mill. Bu.	10,779 Mill. Bu.	10,727 Mill. Bu.
Imports	25 Mill. Bu.	75 Mill. Bu.	75 Mill. Bu.
<i>Total Supply</i>	<i>13,511 Mill. Bu.</i>	<i>11,875 Mill. Bu.</i>	<i>11,983 Mill. Bu.</i>
Feed & Residual	4,400 Mill. Bu.	4,075 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,300 Mill. Bu.	1,250 Mill. Bu.
<i>Total Use</i>	<i>12,330 Mill. Bu.</i>	<i>11,225 Mill. Bu.</i>	<i>11,250 Mill. Bu.</i>
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.	733 Mill. Bu.

Corn Supply & Demand Table

U.S. Corn		2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	Core Issue!!	96.4 Mill. A.	96.4 Mill. A.
Harvested	U.S. will not produce enough corn to meet needs.	87.4 Mill. A.	87.4 Mill. A.
Yield/Ha		123.4 bu.	122.8 bu.
Begin Stocks	Who will use less!	1,021 Mill. Bu.	1,181 Mill. Bu.
Production		10,779 Mill. Bu.	10,727 Mill. Bu.
Imports		75 Mill. Bu.	75 Mill. Bu.
Total Supply	13,511 Mill. Bu.	11,875 Mill. Bu.	11,983 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,075 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,300 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,225 Mill. Bu.	11,250 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.	733 Mill. Bu.

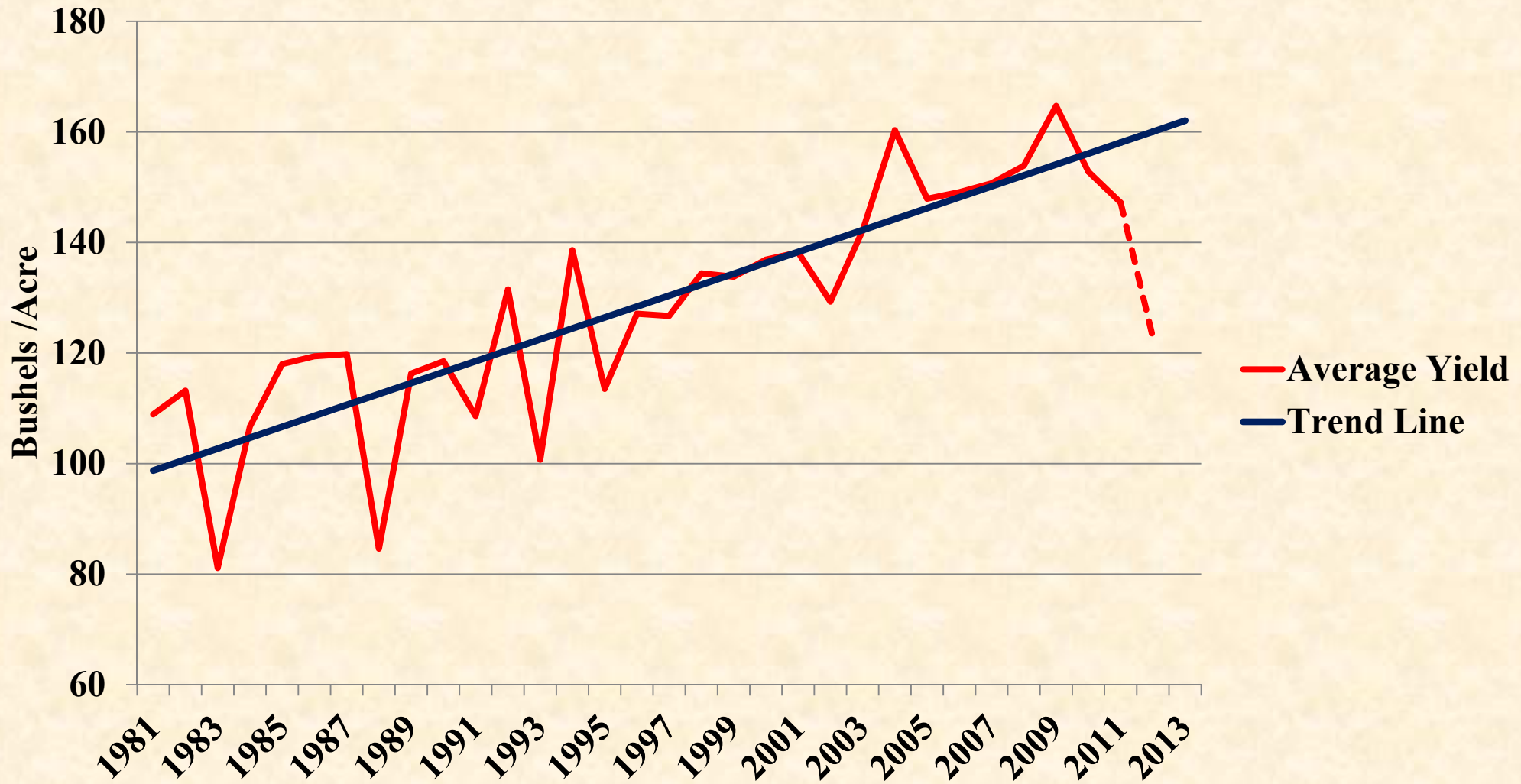
Corn Supply & Demand Table

U.S. Corn	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	91.9 Mill. A.	96.4 Mill. A.	96.4 Mill. A.
Harvested A.	87.4 Mill. A.	87.4 Mill. A.	87.4 Mill. A.
Yield	123.4 bu.	122.8 bu.	122.8 bu.
Production	1,021 Mill. Bu.	1,181 Mill. Bu.	1,181 Mill. Bu.
Imports	75 Mill. Bu.	75 Mill. Bu.	75 Mill. Bu.
Total Supply	11,875 Mill. Bu.	11,875 Mill. Bu.	11,983 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,075 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,300 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,225 Mill. Bu.	11,250 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.	733 Mill. Bu.

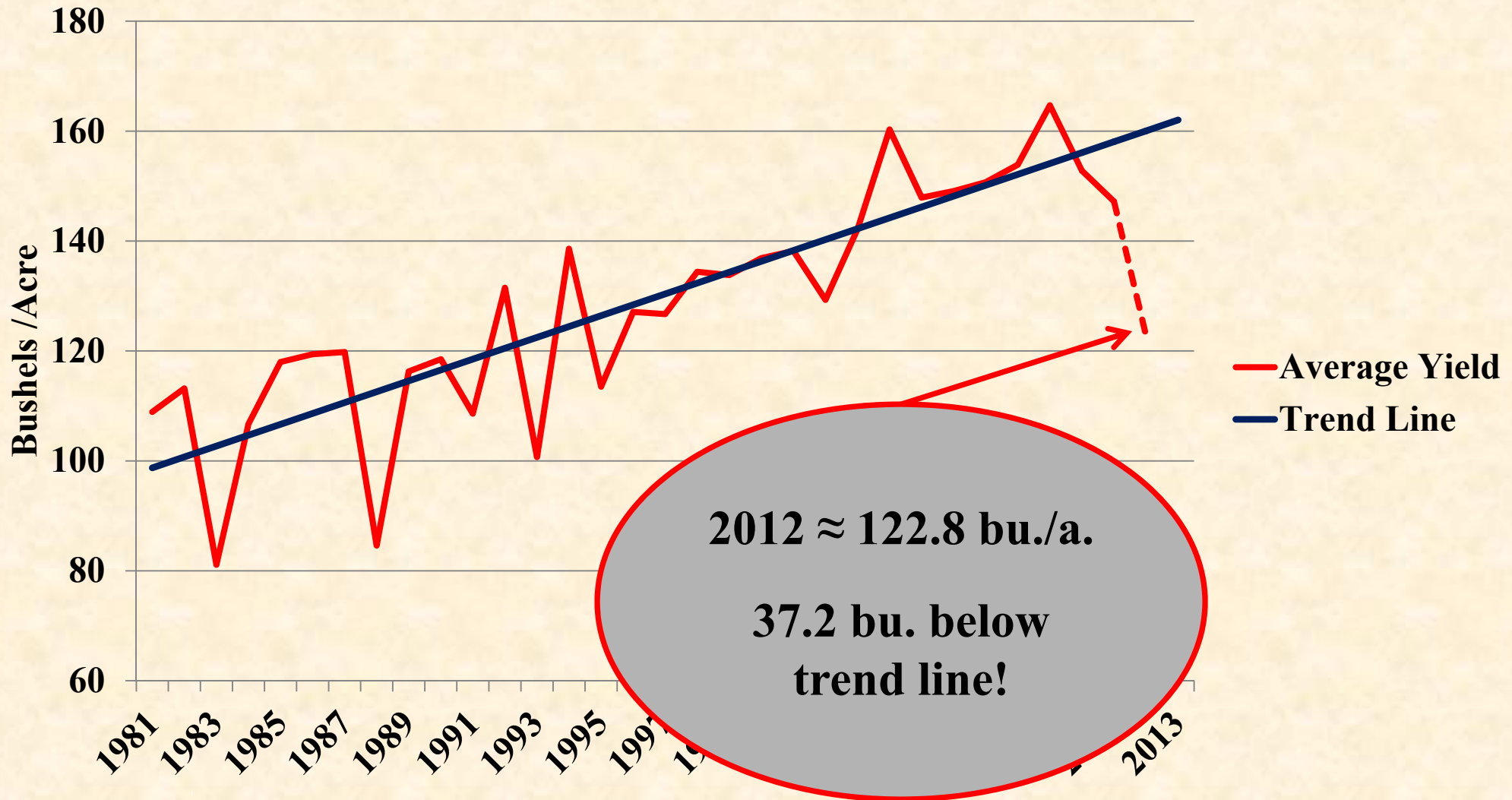
Both *Yield* and *Harvested Acres* are still being debated.

***Production* is the real number to watch!**

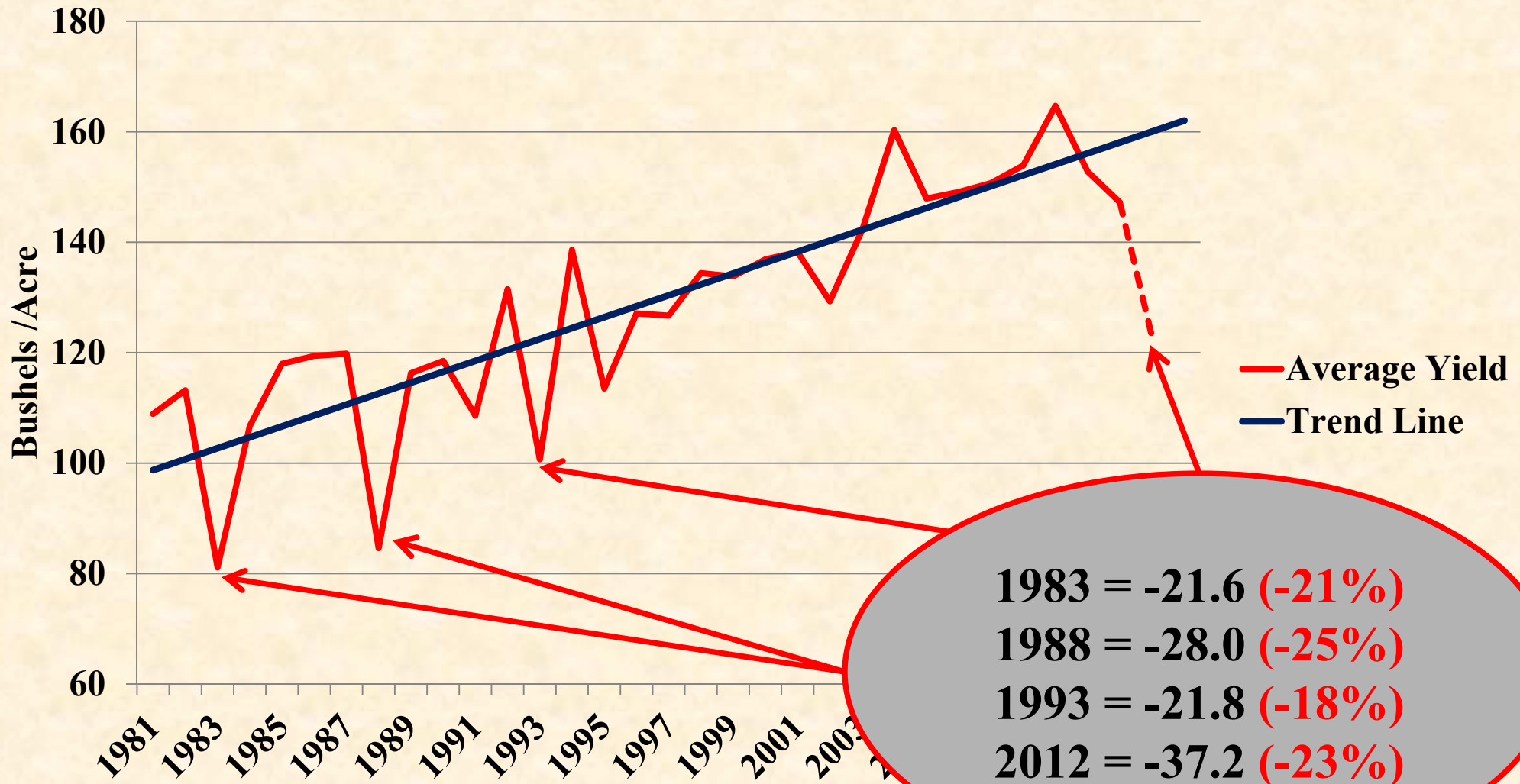
What is the U.S. trend line yield?



What is the U.S. trend line yield?



What is the U.S. trend line yield?

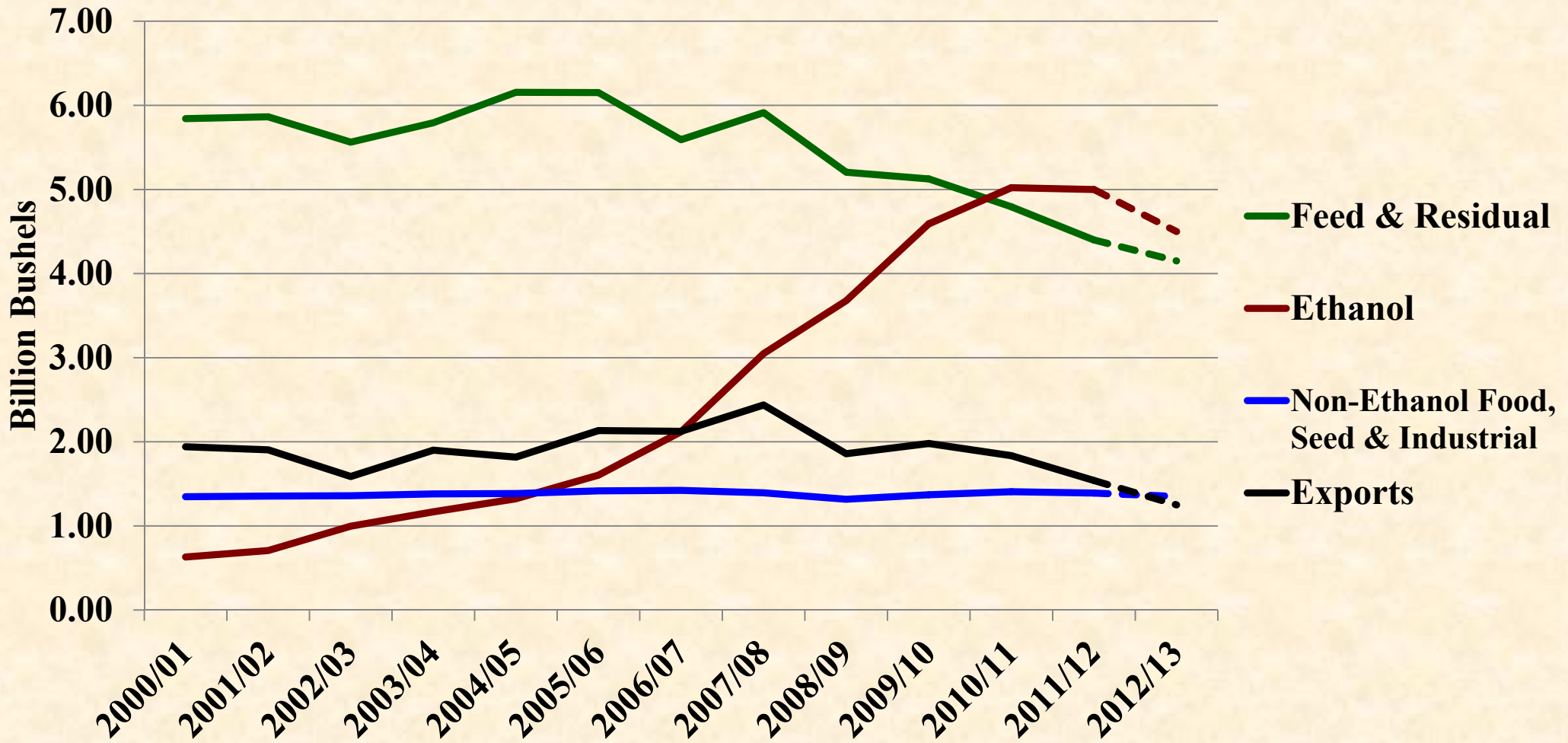


Have *Production* estimates stabilized?

Who will use less corn?

Corn - Total Use

(Billion Bushels)

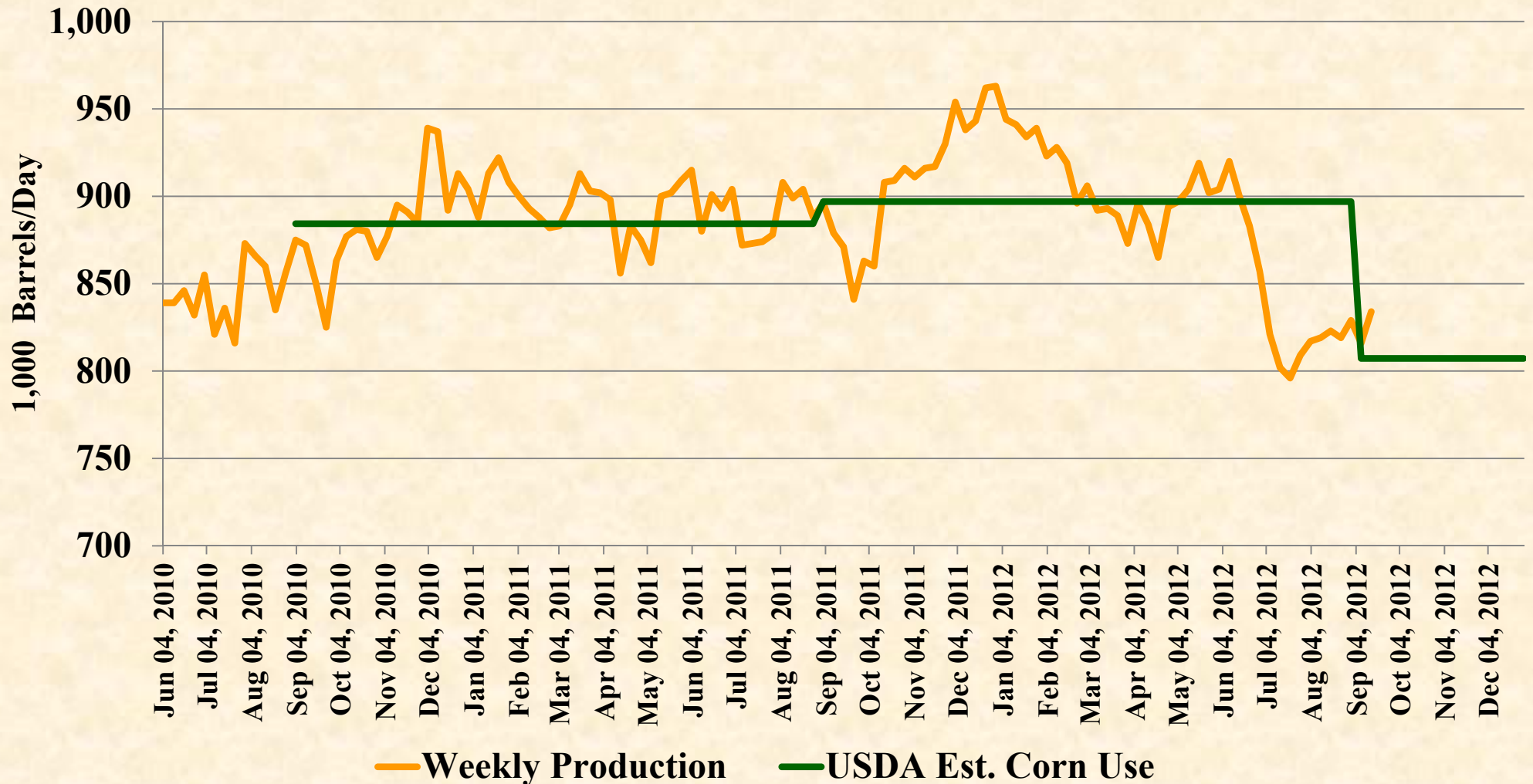


Corn Supply & Demand Table

Will ethanol use 10% less corn?

U.S. Corn	2011/2012 (Est)	2012/2013 (Sep)
Planted A.	91.9 Mill.	94 Mill. A.
Harvested A.	84.0 M	84 Mill. A.
Yield/Harvest A.	147.2	128.8 bu.
Begin Stocks	1,128	1,181 Mill. Bu.
Production	12,358 Mill.	10,727 Mill. Bu.
Imports	25 Mill. Bu.	75 Mill. Bu.
Total Supply	13,511 Mill. Bu.	11,875 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,250 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.

Weekly Ethanol Production



Corn Supply & Demand Table

Will corn exports drop by 19%?

U.S. Corn	2011/2012 (Est)	2012/2013 (Sep)
Planted A.	91.9 Mill.	94 Mill. A.
Harvested A.	84.0 M	84.0 Mill. A.
Yield/Harvest A.	147.2	147.8 bu.
Begin Stocks	1,128	1,181 Mill. Bu.
Production	12,358 Mill.	10,727 Mill. Bu.
Imports	25 Mill. Bu.	75 Mill. Bu.
Total Supply	13,511 Mill. Bu.	11,875 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,225 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.

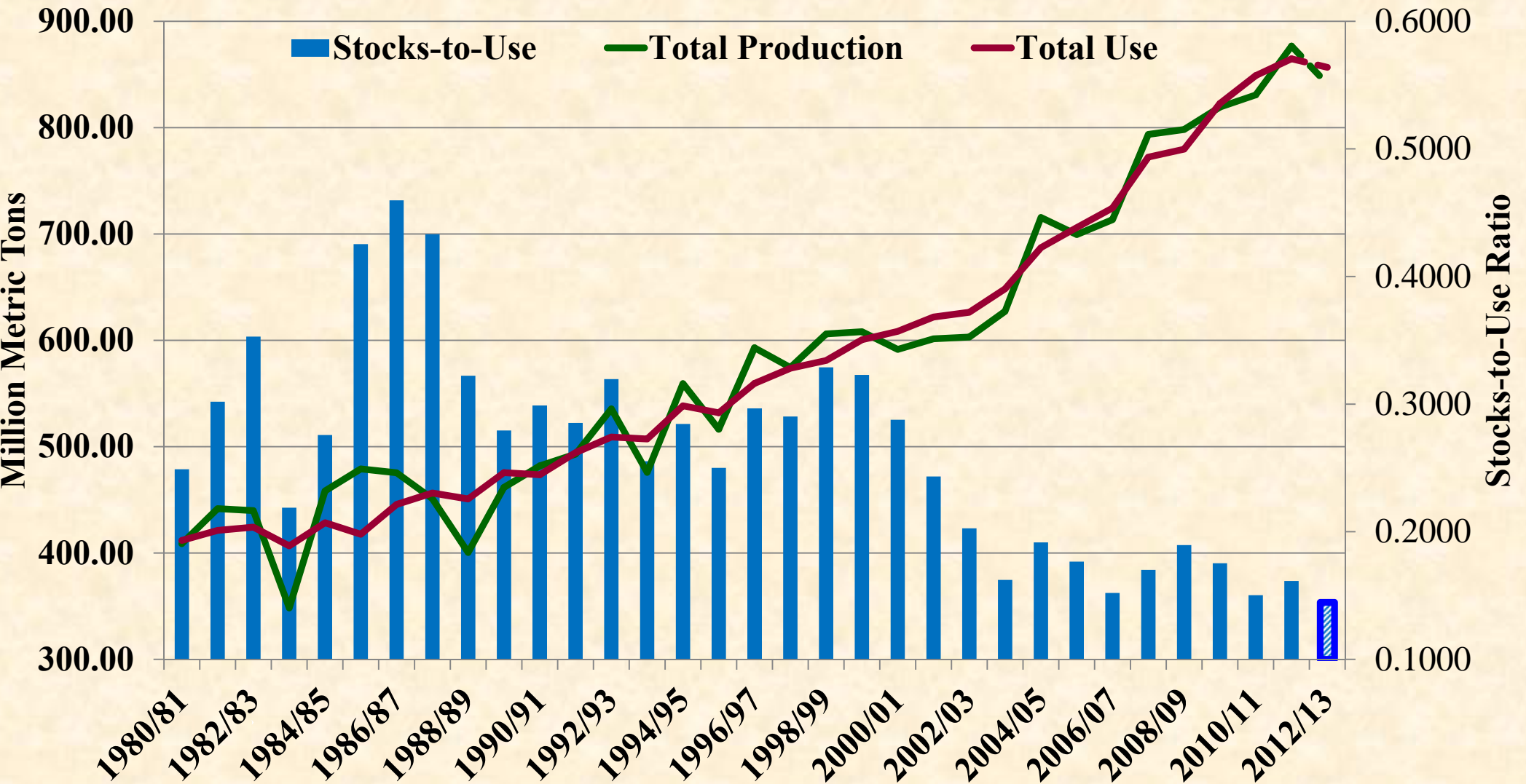
Summary of Corn Exports

(Million Metric Ton)

Country	2011/12	2010/11	2009/10	2008/09	2007/08
Japan	11.749	14.279	14.343	15.909	15.800
Mexico	9.538	7.019	7.999	7.454	8.739
China	5.174	0.977	1.157	0.00	0.00
South Korea	3.635	6.104	7.562	5.129	8.639
Venezuela	1.280	0.894	1.077	1.159	1.005
Taiwan	1.265	2.393	2.949	3.198	3.478
Egypt	0.544	3.302	2.935	2.233	3.309
ROW	4.730	10.297	10.323	10.132	18.998
Total	37.915	45.256	48.345	45.214	59.968

World Corn Prod, Use & Stocks/Use

(Million Metric Ton)



Sept.12, 2012 USDA -WASDE & PSD Custom Query

Corn Supply & Demand Table

Will feed use drop by 5.7%?
 This value will be the most difficult to track!

Quarterly Grain Stocks

U.S. Corn	2011/2012	2012/2013 (Sep)
Planted A.	91.9 M	Mill. A.
Harvested A.	84.0 M	Mill. A.
Yield/Harvest A.	147.2 bu	22.8 bu.
Begin Stocks	1,128 Mill. Bu.	1,181 Mill. Bu.
Production	12,358 Mill. Bu.	10,727 Mill. Bu.
Imports	25 Mill. Bu.	75 Mill. Bu.
Total Supply	13,511 Mill. Bu.	11,983 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,250 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	733 Mill. Bu.

Corn Supply & Demand Table

U.S. Corn	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	91.9 Mill. A.		96.4 Mill. A.
Harvested A.	84.0 Mill.		84.4 Mill. A.
Yield/Harvest A.	147.2		147.2 bu.
Begin Stocks	1,128		1,128 Mill. Bu.
Production	12,358		12,358 Mill. Bu.
Imports	25 Mill.		75 Mill. Bu.
Total Supply	13,511 Mill. Bu.		11,983 Mill. Bu.
Feed & Residual	4,400 Mill. Bu.	4,075 Mill. Bu.	4,150 Mill. Bu.
Food, Seed, Ind.	6,390 Mill. Bu.	5,850 Mill. Bu.	5,850 Mill. Bu.
Ethanol	5,000 Mill. Bu.	4,500 Mill. Bu.	4,500 Mill. Bu.
Exports	1,540 Mill. Bu.	1,300 Mill. Bu.	1,250 Mill. Bu.
Total Use	12,330 Mill. Bu.	11,225 Mill. Bu.	11,250 Mill. Bu.
Ending Stocks	1,181 Mill. Bu.	650 Mill. Bu.	733 Mill. Bu.

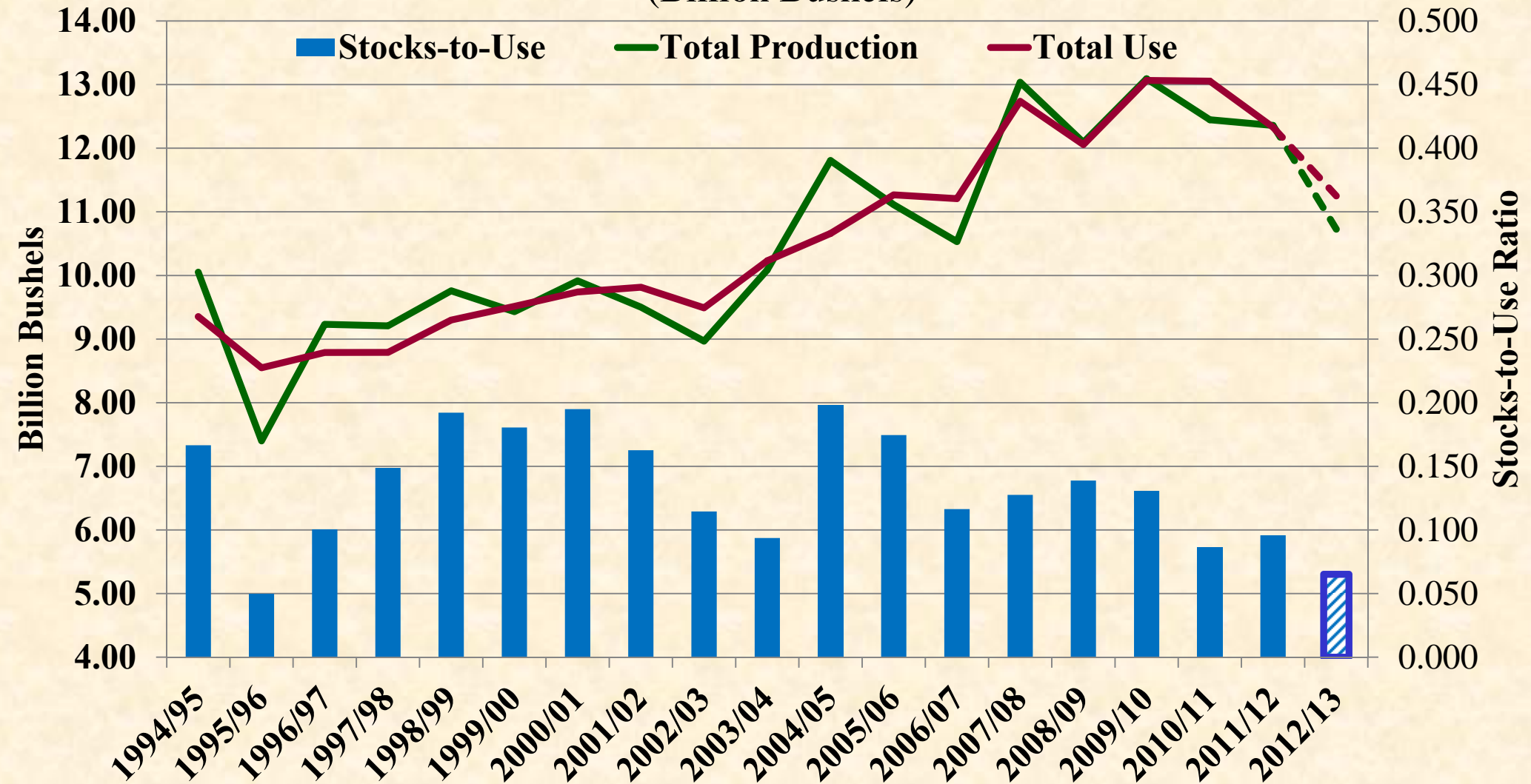
Projected 6.5% Stocks/Use Ratio

Lowest since 1995/96, which was record low percentage.

733 Mill. Bu.

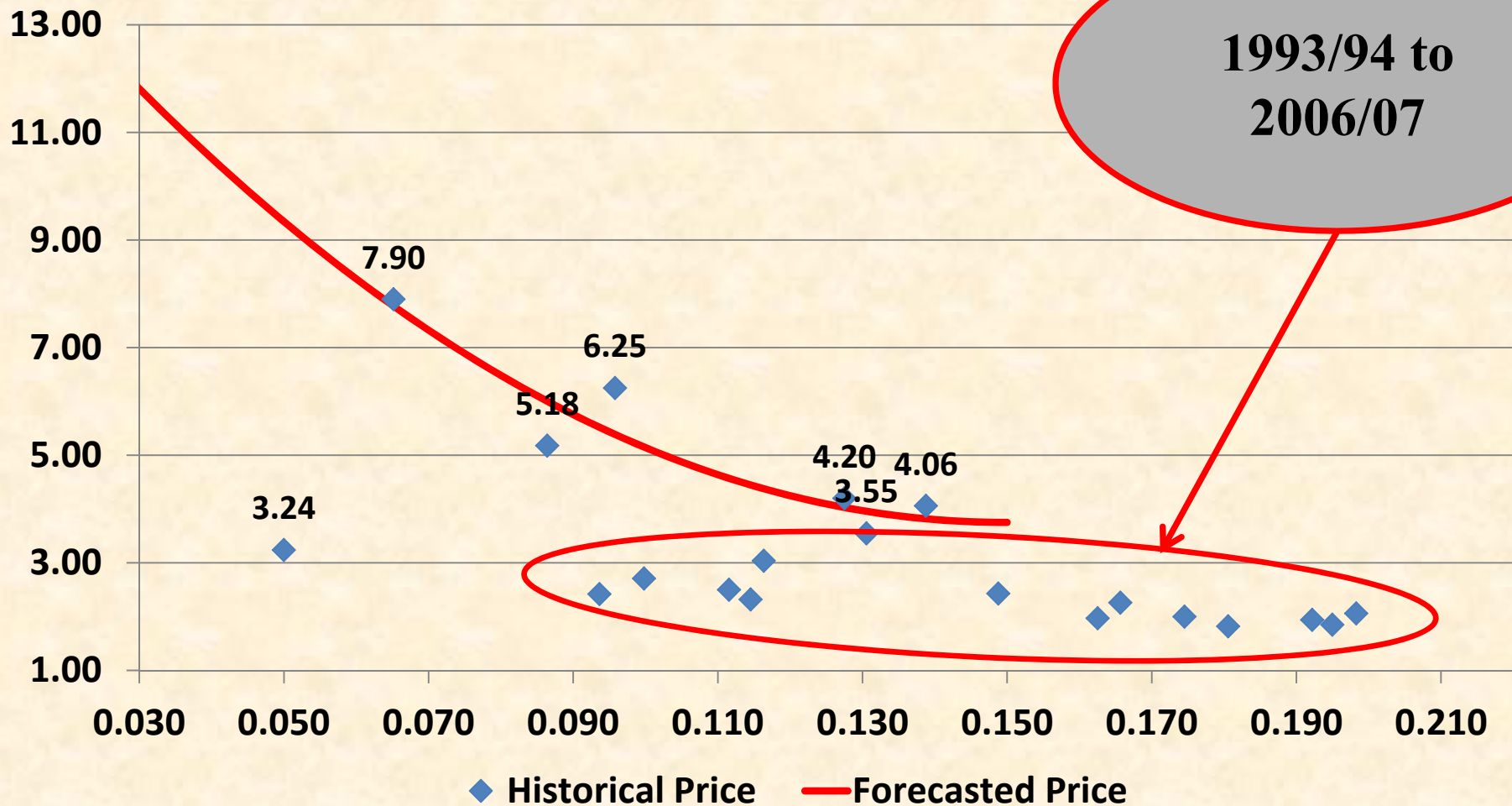
Corn – Total Production & Use

(Billion Bushels)



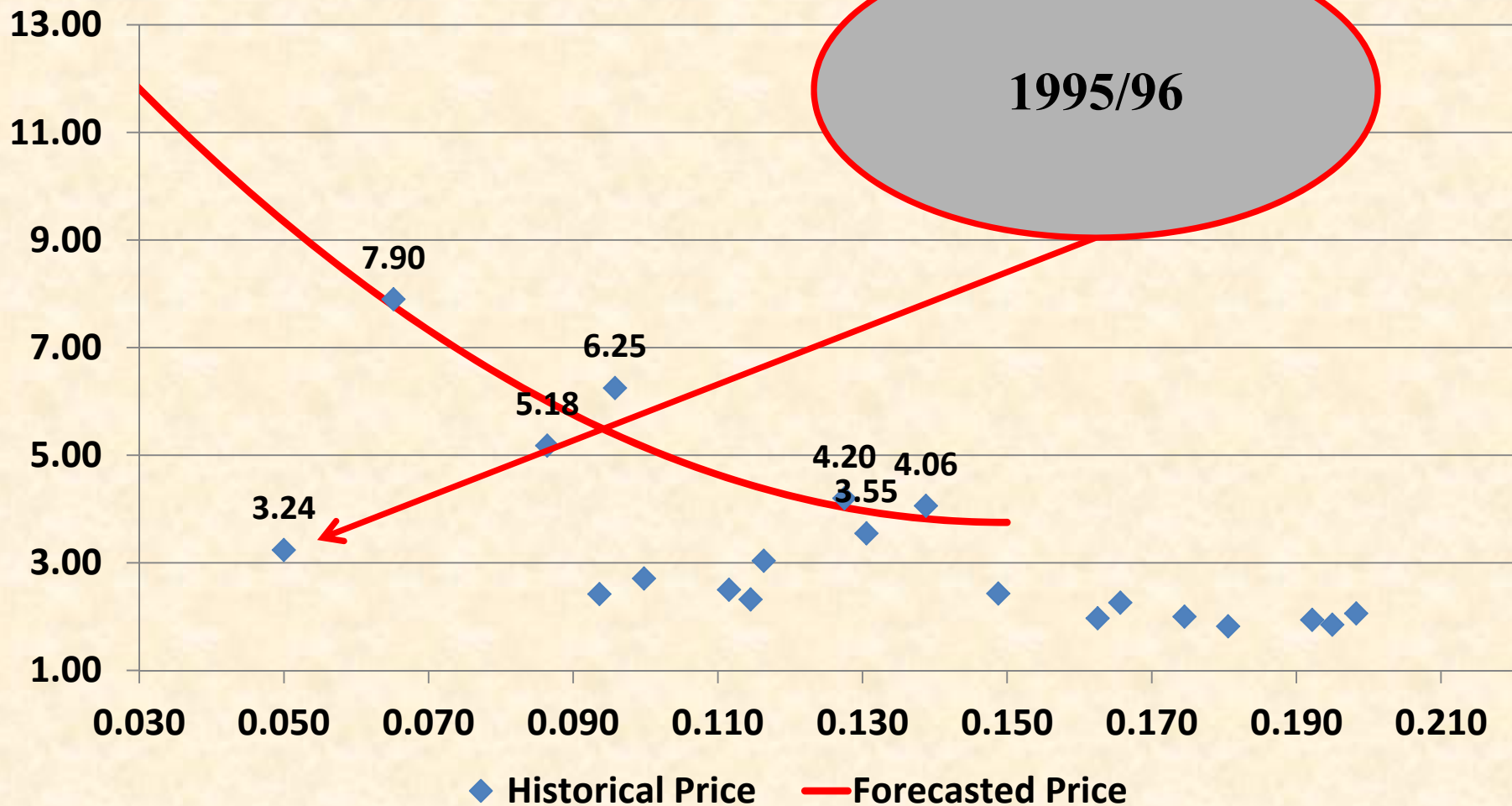
Price vs. Stocks/Use Ratio

1993/94 to 2012/13



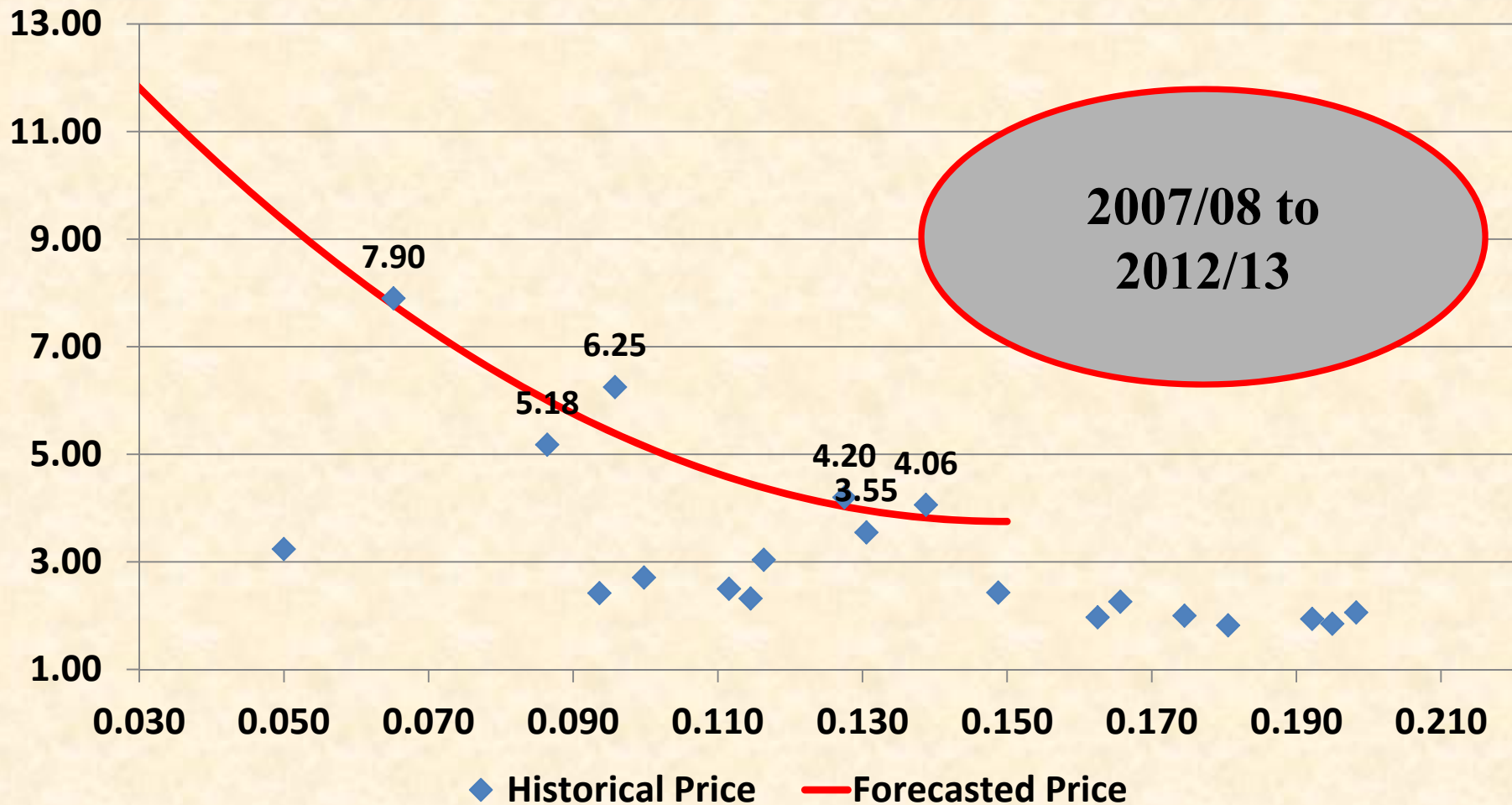
Price vs. Stocks/Use Ratio

1993/94 to 2012/13



Price vs. Stocks/Use Ratio

1993/94 to 2012/13



Soybean Update



Soybean Supply & Demand Table

U.S. Soybean	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	75.0 Mill. A.	76.1 Mill. A.	76.1 Mill. A.
Harvested A.	73.6 Mill. A.	74.6 Mill. A.	74.6 Mill. A.
Yield/Harvest A.	41.5 bu.	36.1 bu.	35.3 bu.
Begin Stocks	215 Mill. Bu.	145 Mill. Bu.	130 Mill. Bu.
Production	3,056 Mill. Bu.	2,692 Mill. Bu.	2,634 Mill. Bu.
Imports	16 Mill. Bu.	20 Mill. Bu.	20 Mill. Bu.
<i>Total Supply</i>	<i>3,287 Mill. Bu.</i>	<i>2,857 Mill. Bu.</i>	<i>2,785 Mill. Bu.</i>
Crushings	1,705 Mill. Bu.	1,515 Mill. Bu.	1,500 Mill. Bu.
Exports	1,360 Mill. Bu.	1,110 Mill. Bu.	1,055 Mill. Bu.
Seed	88 Mill. Bu.	89 Mill. Bu.	89 Mill. Bu.
Residual	3 Mill. Bu.	27 Mill. Bu.	25 Mill. Bu.
<i>Total Use</i>	<i>3,157 Mill. Bu.</i>	<i>2,742 Mill. Bu.</i>	<i>2,670 Mill. Bu.</i>
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.	115 Mill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	75.0 Mill. A.	76.1 Mill. A.	76.1 Mill. A.
Harvested A.	74.6 Mill. A.	74.6 Mill. A.	74.6 Mill. A.
Yield bu./A.	36.1 bu.	36.1 bu.	35.3 bu.
Production Mill. Bu.	145 Mill. Bu.	145 Mill. Bu.	130 Mill. Bu.
Imports	2,692 Mill. Bu.	2,692 Mill. Bu.	2,634 Mill. Bu.
Imp. Total	20 Mill. Bu.	20 Mill. Bu.	20 Mill. Bu.
Total Supply	2,857 Mill. Bu.	2,857 Mill. Bu.	2,785 Mill. Bu.
Crushings	1,705 Mill. Bu.	1,515 Mill. Bu.	1,500 Mill. Bu.
Exports	1,360 Mill. Bu.	1,110 Mill. Bu.	1,055 Mill. Bu.
Seed	88 Mill. Bu.	89 Mill. Bu.	89 Mill. Bu.
Residual	3 Mill. Bu.	27 Mill. Bu.	25 Mill. Bu.
Total Use	3,157 Mill. Bu.	2,742 Mill. Bu.	2,670 Mill. Bu.
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.	115 Mill. Bu.

Current focus is on estimating *Yield*, but *Harvested Acres* could also be debated.

***Production* is the real number to watch!**

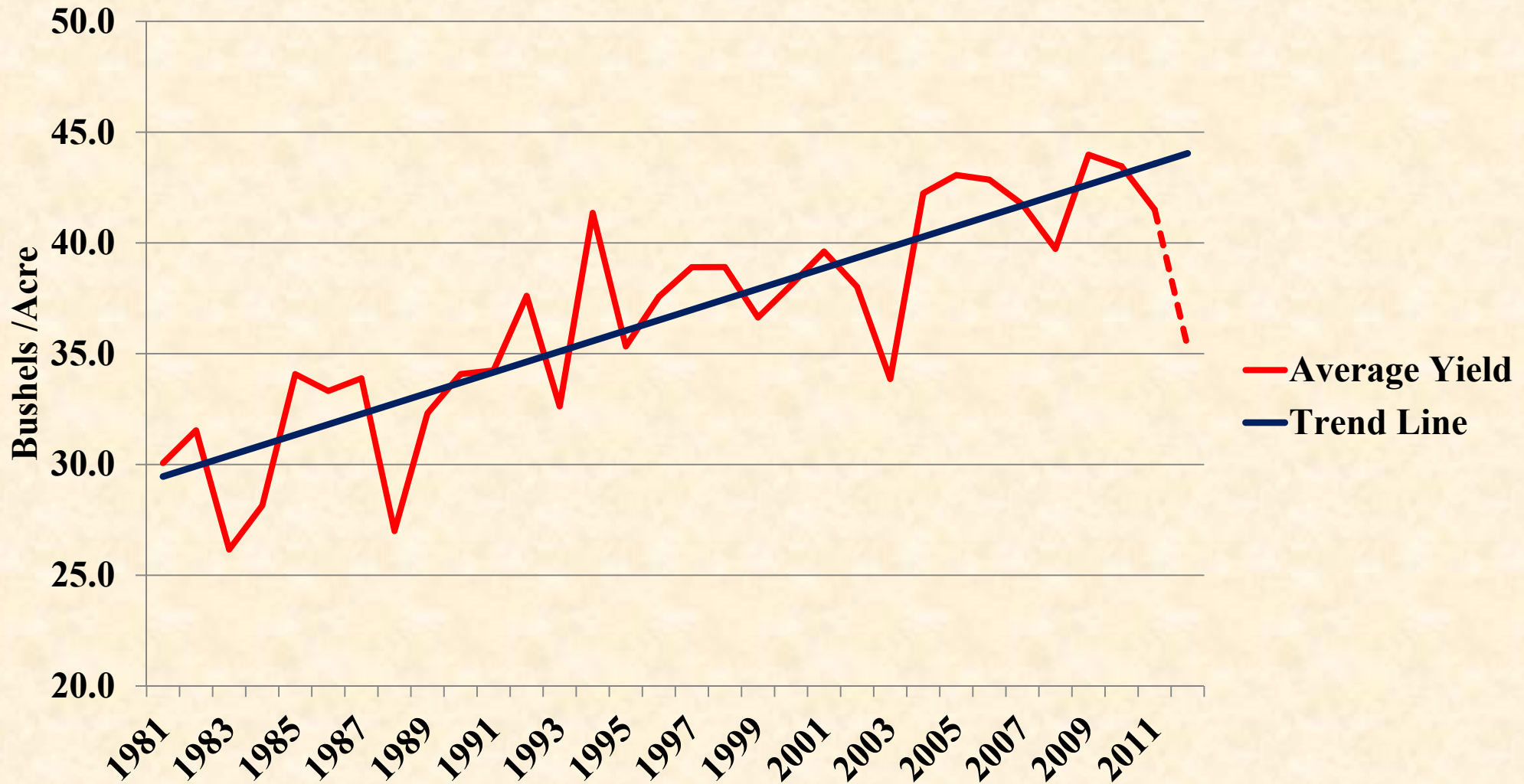
Soybean Supply & Demand Table

U.S. Soybean	2011/2012 (Est)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	75.0 Mill. A.	76.1 Mill. A.	76.1 Mill. A.
Harvested A.	73.6 Mill. A.	74.6 Mill. A.	74.6 Mill. A.
Yield/Harvest A.	41.5 bu.	36.1 bu.	35.3 bu.
Begin Stocks	215 Mill. Bu.	145 Mill. Bu.	130 Mill. Bu.
Production	3,056 Mill. Bu.	2,692 Mill. Bu.	2,634 Mill. Bu.
Imports	16 Mill. Bu.	20 Mill. Bu.	20 Mill. Bu.
Total Supply	3,287 Mill. Bu.	2,857 Mill. Bu.	2,785 Mill. Bu.
Crushings	1,705 Mill. Bu.		1,500 Mill. Bu.
Exports	1,360 M		1,055 Mill. Bu.
Seed	88		9 Mill. Bu.
Residual	3		25 Mill. Bu.
Total Use	3,157 Mill.	11.3 % reduction for corn	2,670 Mill. Bu.
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.	115 Mill. Bu.

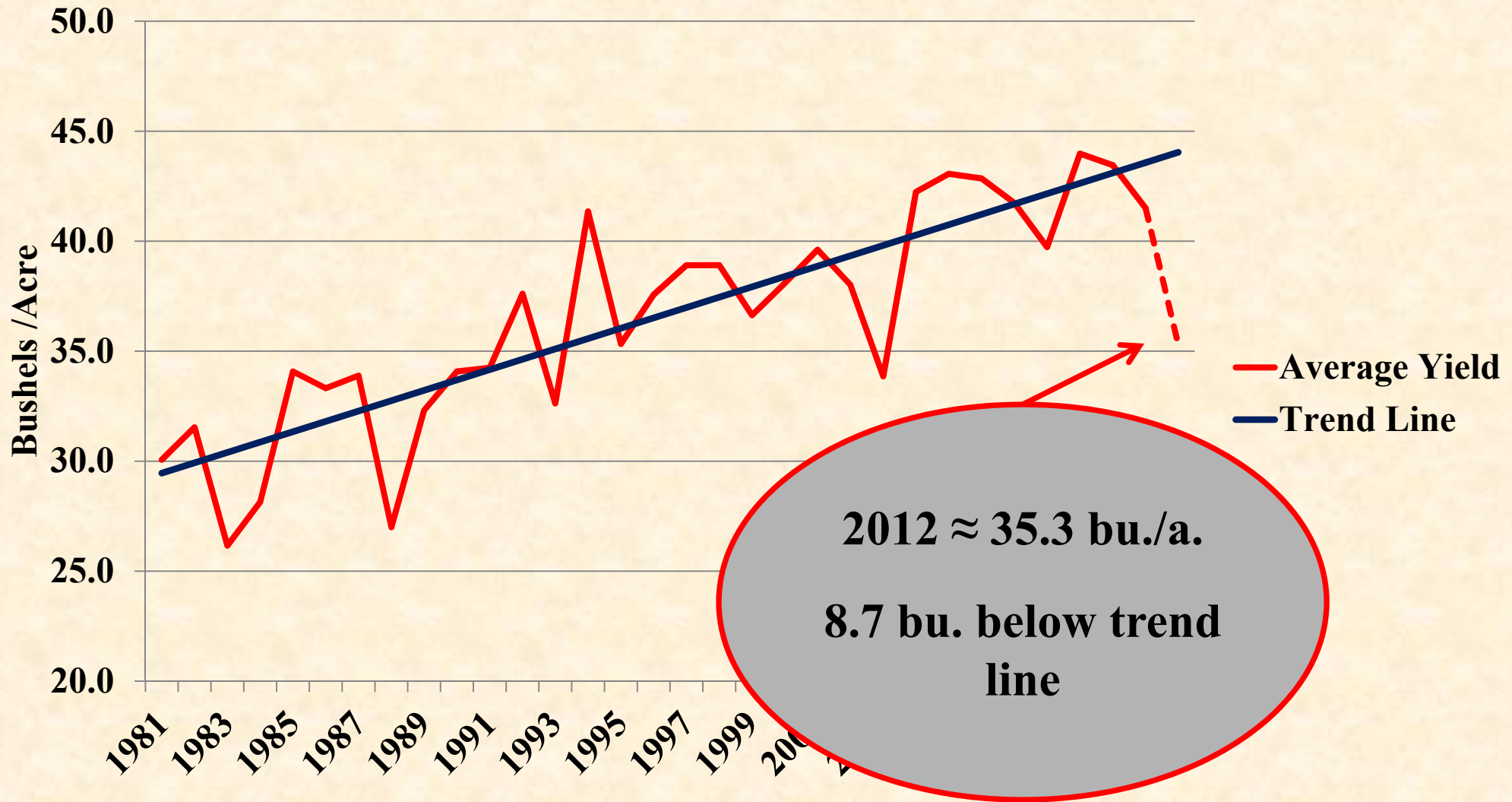
13.8% reduction from 2011/12

11.3 % reduction for corn

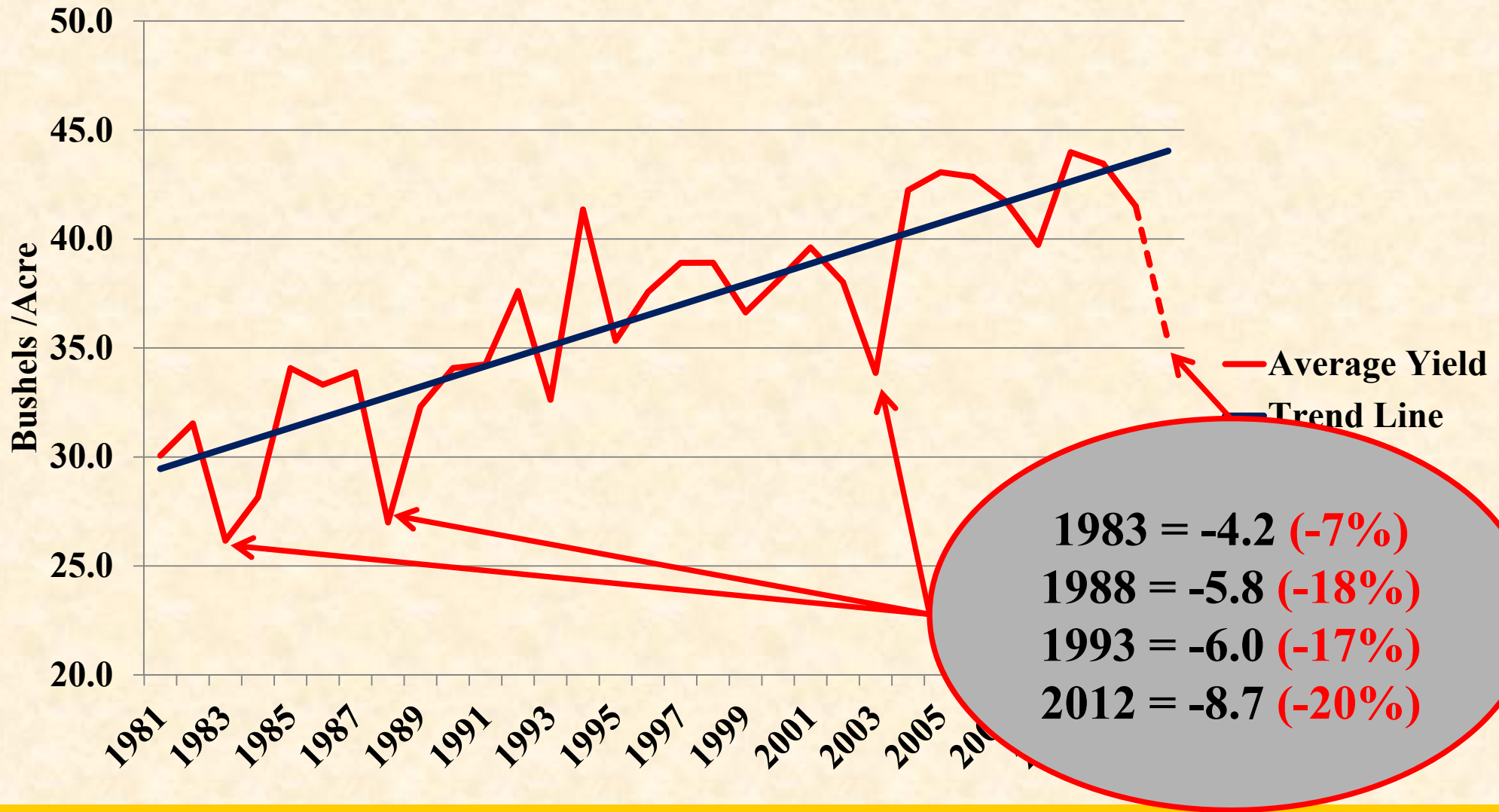
What is the U.S. trend line yield?



What is the U.S. trend line yield?

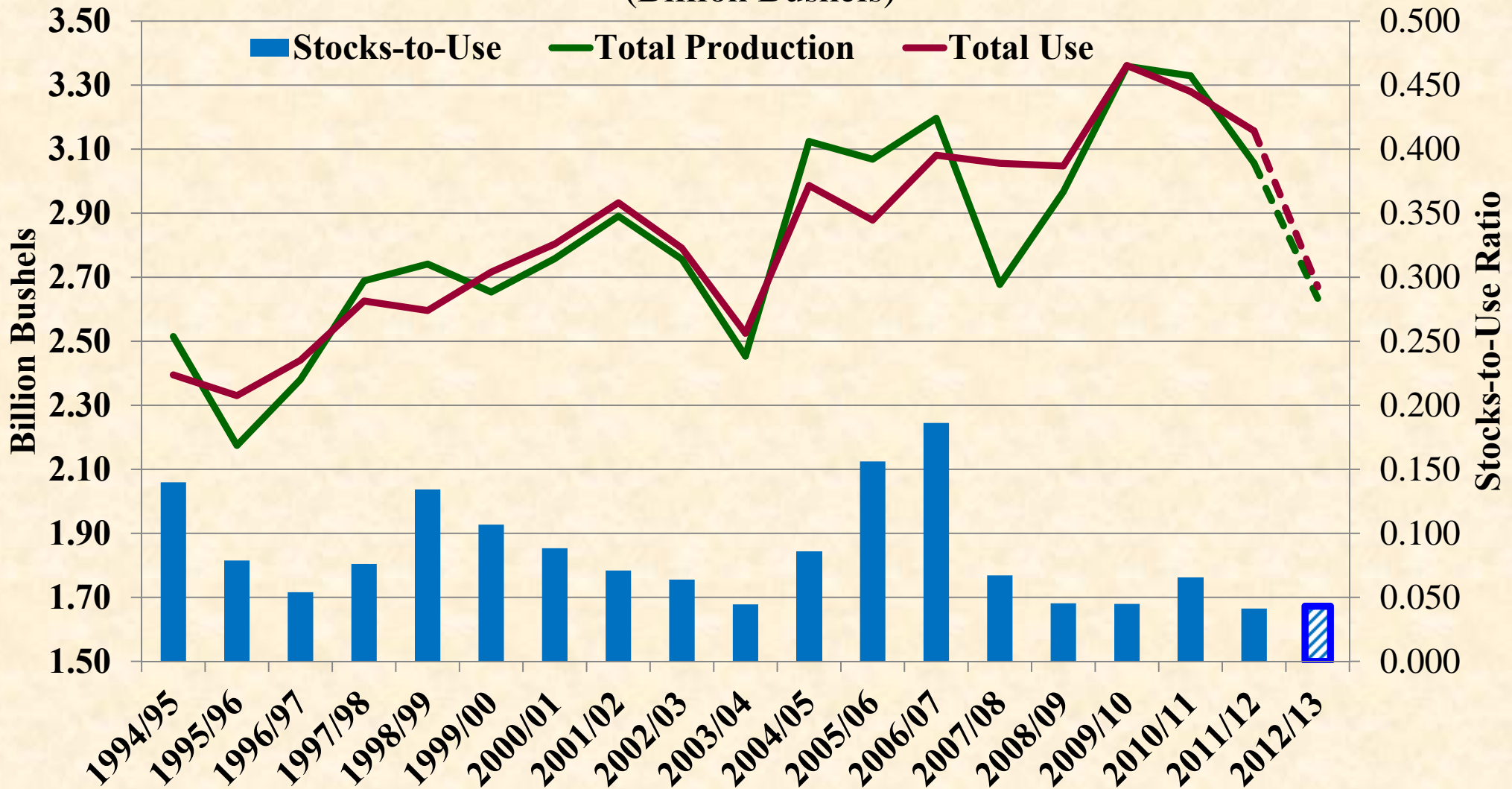


What is the U.S. trend line yield?

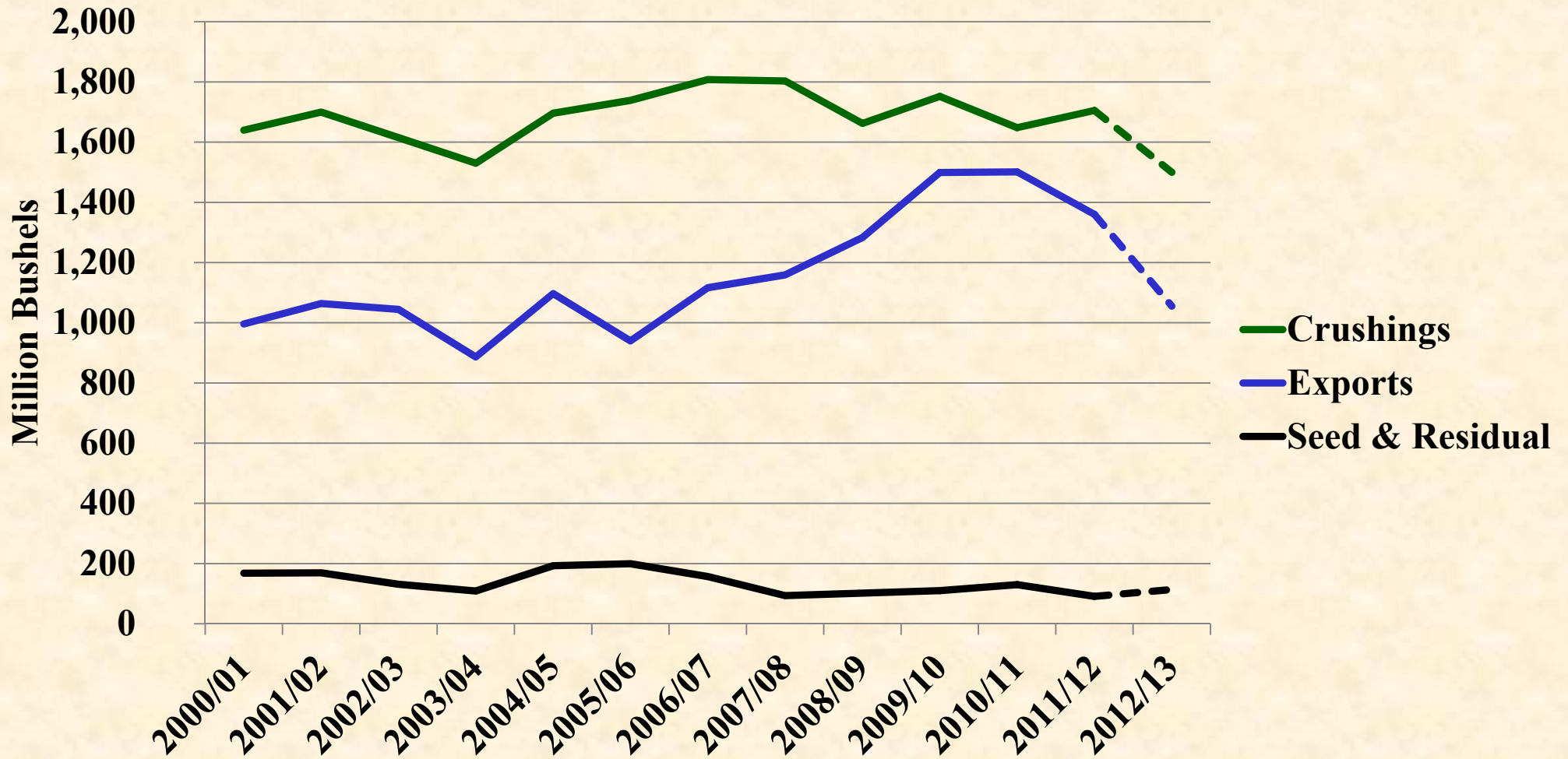


Soybean – Total Prod. & Use

(Billion Bushels)



U.S. Soybean Use



Soybean Supply and Demand Table

Projected 12%
reduction in *Crushings*

Oil demand should remain strong, but exports and meal (feed) will suffer.

U.S. Soybean	2011/2012	2012/2013 (Sep)
Planted A.	75.0 M	Mill. A.
Harvested A.	73.6 M	Mill. A.
Yield/Harvest A.	41.5 bu	5.3 bu.
Begin Stocks	215 Mill.	130 Mill. Bu.
Production	3,056 Mill. Bu.	2,634 Mill. Bu.
Imports	16 Mill. Bu.	20 Mill. Bu.
Total Supply	3,287 Mill. Bu.	2,785 Mill. Bu.
Crushings	1,705 Mill. Bu.	1,500 Mill. Bu.
Exports	1,360 Mill. Bu.	1,055 Mill. Bu.
Seed	88 Mill. Bu.	89 Mill. Bu.
Residual	3 Mill. Bu.	25 Mill. Bu.
Total Use	3,157 Mill. Bu.	2,670 Mill. Bu.
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.

Soybean Supply & Demand Table

U.S. Soybean	2011/2012 (F)	2012/2013 (P)	2012/2013 (Sep)
Planted A.	75.0 Mill. A.		75.0 Mill. A.
Harvested A.	73.6 Mill. A.		73.6 Mill. A.
Yield/Harvest A.	41.5 bu.		41.3 bu.
Begin Stocks	215 Mill. Bu.		130 Mill. Bu.
Production	3,056 Mill. Bu.		2,634 Mill. Bu.
Imports	16 Mill. Bu.	20 Mill. Bu.	20 Mill. Bu.
Total Supply	3,287 Mill. Bu.	2,857 Mill. Bu.	2,785 Mill. Bu.
Crushings	1,705 Mill. Bu.	1,515 Mill. Bu.	1,500 Mill. Bu.
Exports	1,360 Mill. Bu.	1,110 Mill. Bu.	1,055 Mill. Bu.
Seed	88 Mill. Bu.	89 Mill. Bu.	89 Mill. Bu.
Residual	3 Mill. Bu.	27 Mill. Bu.	25 Mill. Bu.
Total Use	3,157 Mill. Bu.	2,742 Mill. Bu.	2,670 Mill. Bu.
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.	115 Mill. Bu.

**Projected 22%
reduction in Exports.**

**Lowest export level
since 2005/06**

Soybean Supply & Demand Table

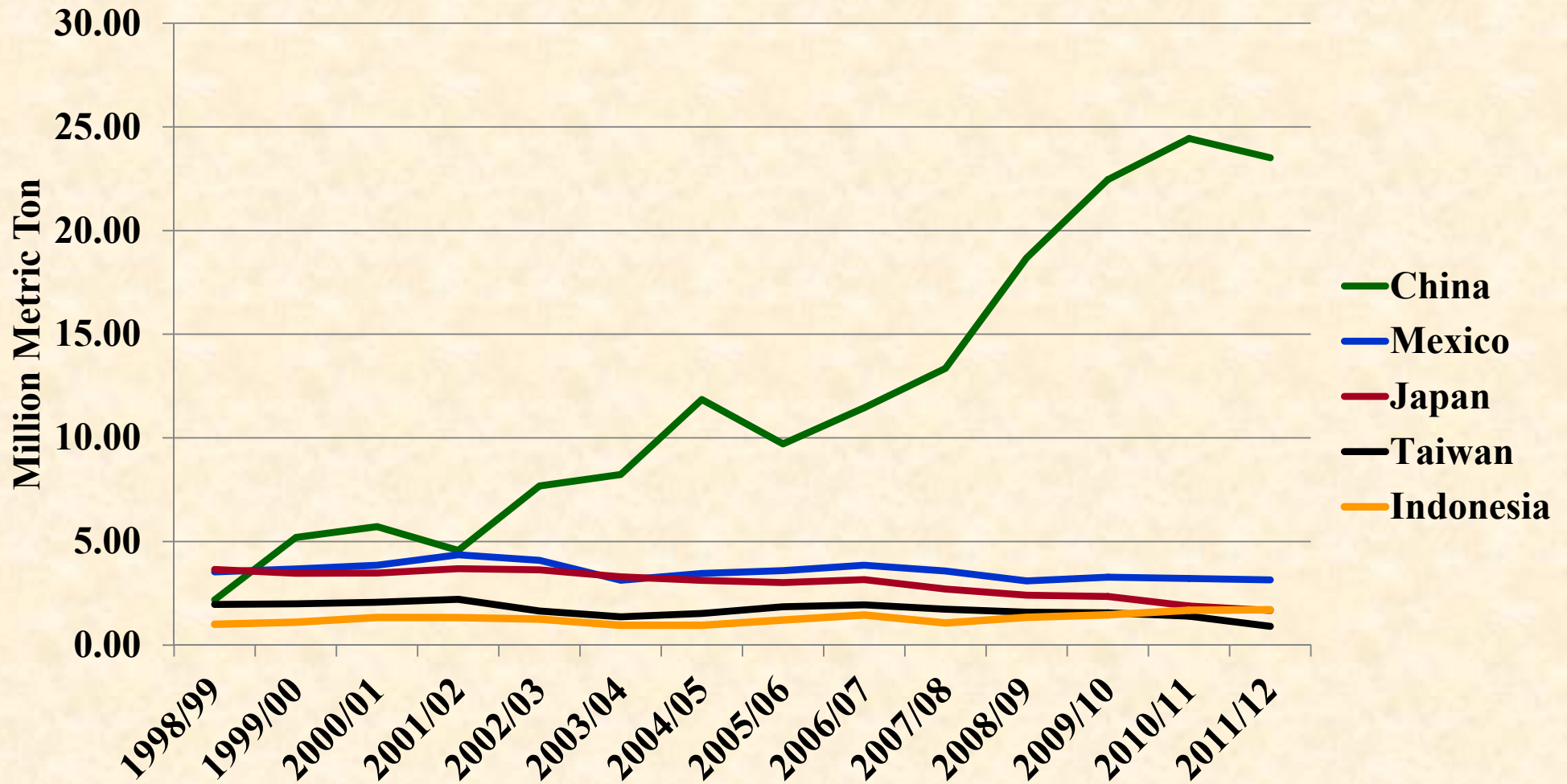
Key issues:

China's economic growth and demand.

South American weather!

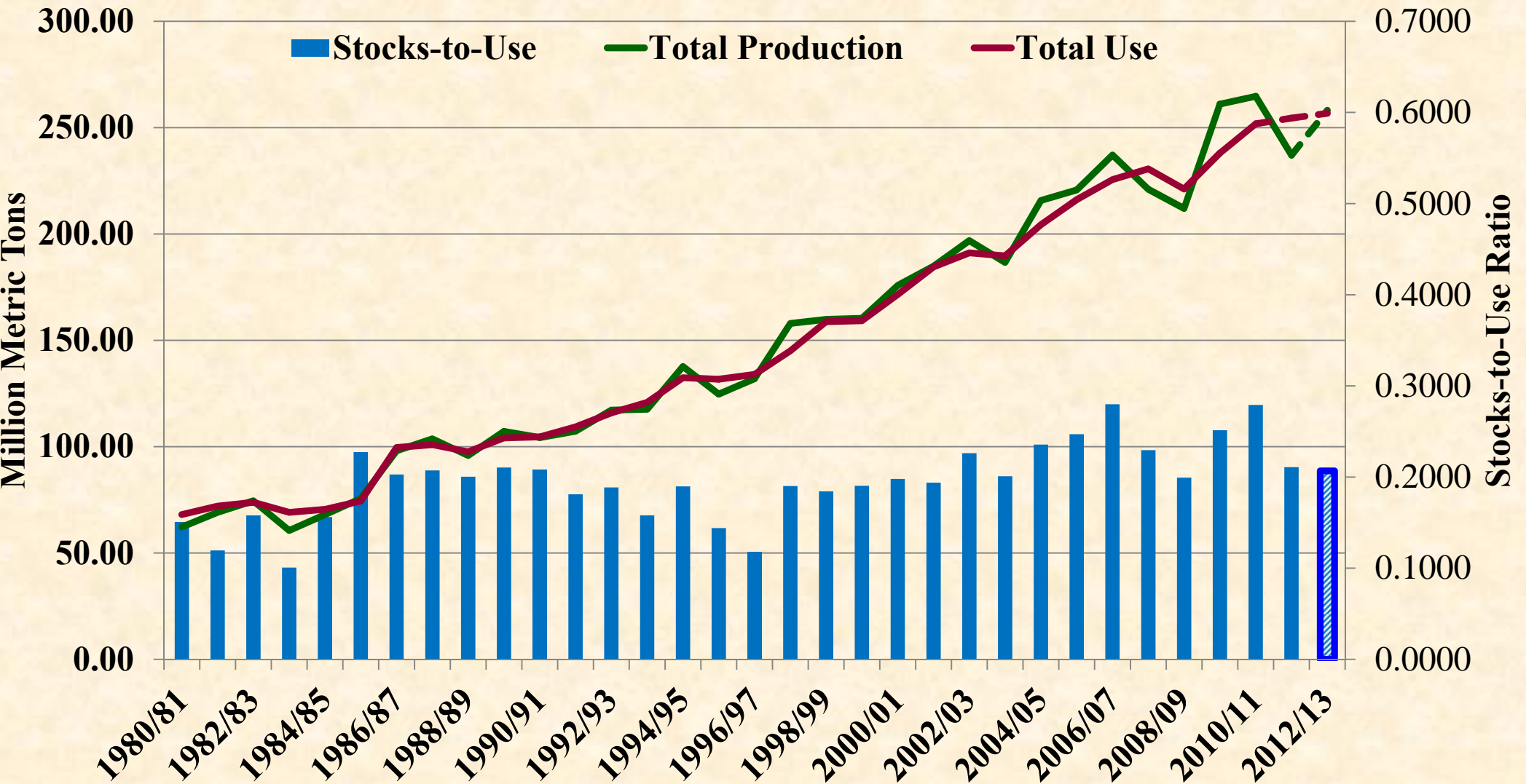
U.S. Soybean	2011/2012 (F)	2012/2013 (E)	2012/2013 (Sep)
Planted A.	75.0 Mill. A.		75.0 Mill. A.
Harvested A.	73.6 Mill. A.		73.6 Mill. A.
Yield/Harvest A.	41.5 bu./A.		41.3 bu./A.
Begin Stocks	215 Mill. Bu.		130 Mill. Bu.
Production	3,056 Mill. Bu.		2,634 Mill. Bu.
Imports	16 Mill. Bu.	20 Mill. Bu.	20 Mill. Bu.
Total Supply	3,287 Mill. Bu.	2,857 Mill. Bu.	2,785 Mill. Bu.
Crushings	1,705 Mill. Bu.	1,515 Mill. Bu.	1,500 Mill. Bu.
Exports	1,360 Mill. Bu.	1,110 Mill. Bu.	1,055 Mill. Bu.
Seed	88 Mill. Bu.	89 Mill. Bu.	89 Mill. Bu.
Residual	3 Mill. Bu.	27 Mill. Bu.	25 Mill. Bu.
Total Use	3,157 Mill. Bu.	2,742 Mill. Bu.	2,670 Mill. Bu.
Ending Stocks	130 Mill. Bu.	115 Mill. Bu.	115 Mill. Bu.

Top Five S.B. Export Destinations



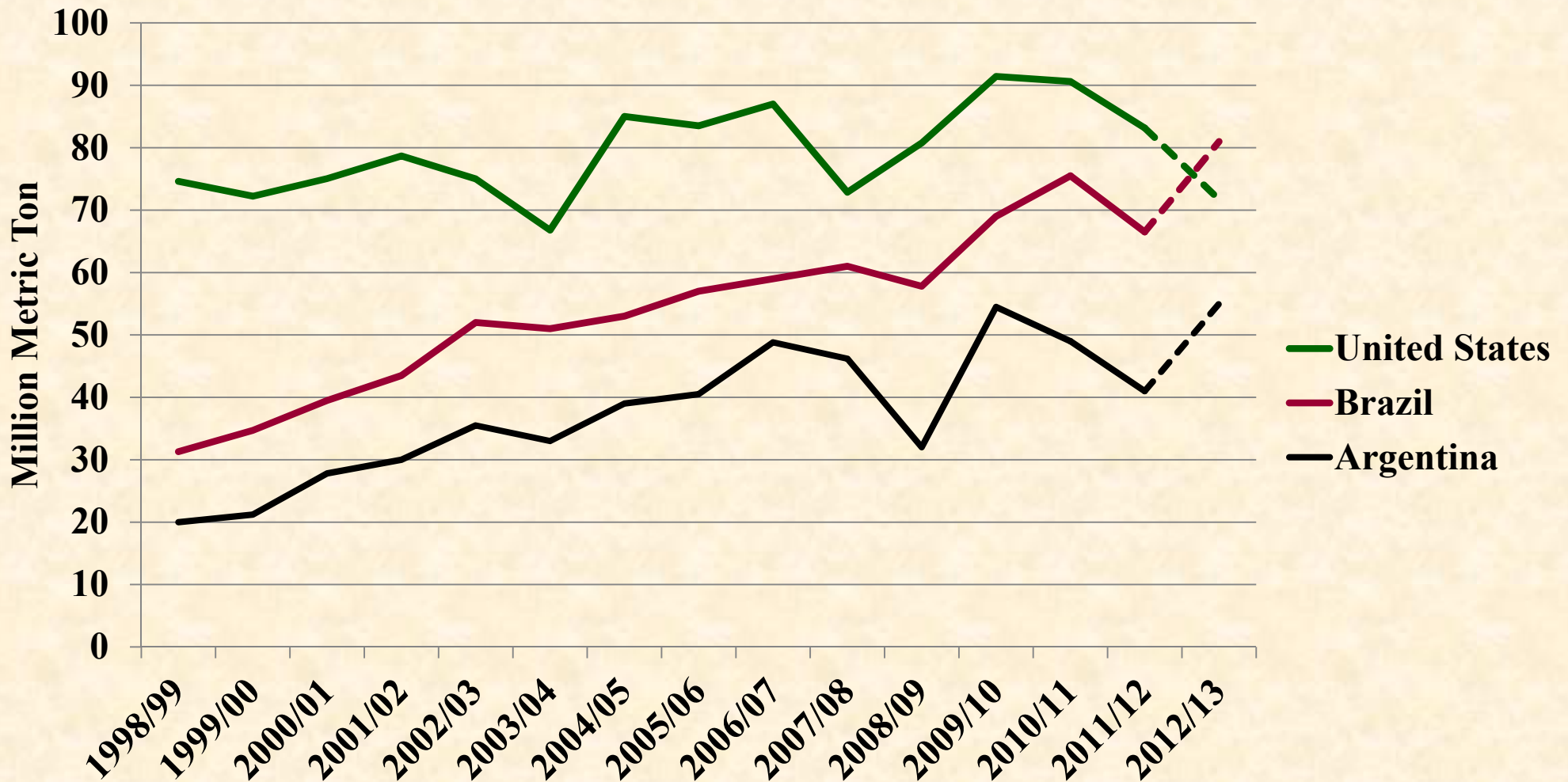
World Soybean Prod, Use & Stocks/Use

(Million Metric Ton)



Historical Soybean Production

(Million Metric Ton)



Wheat Update



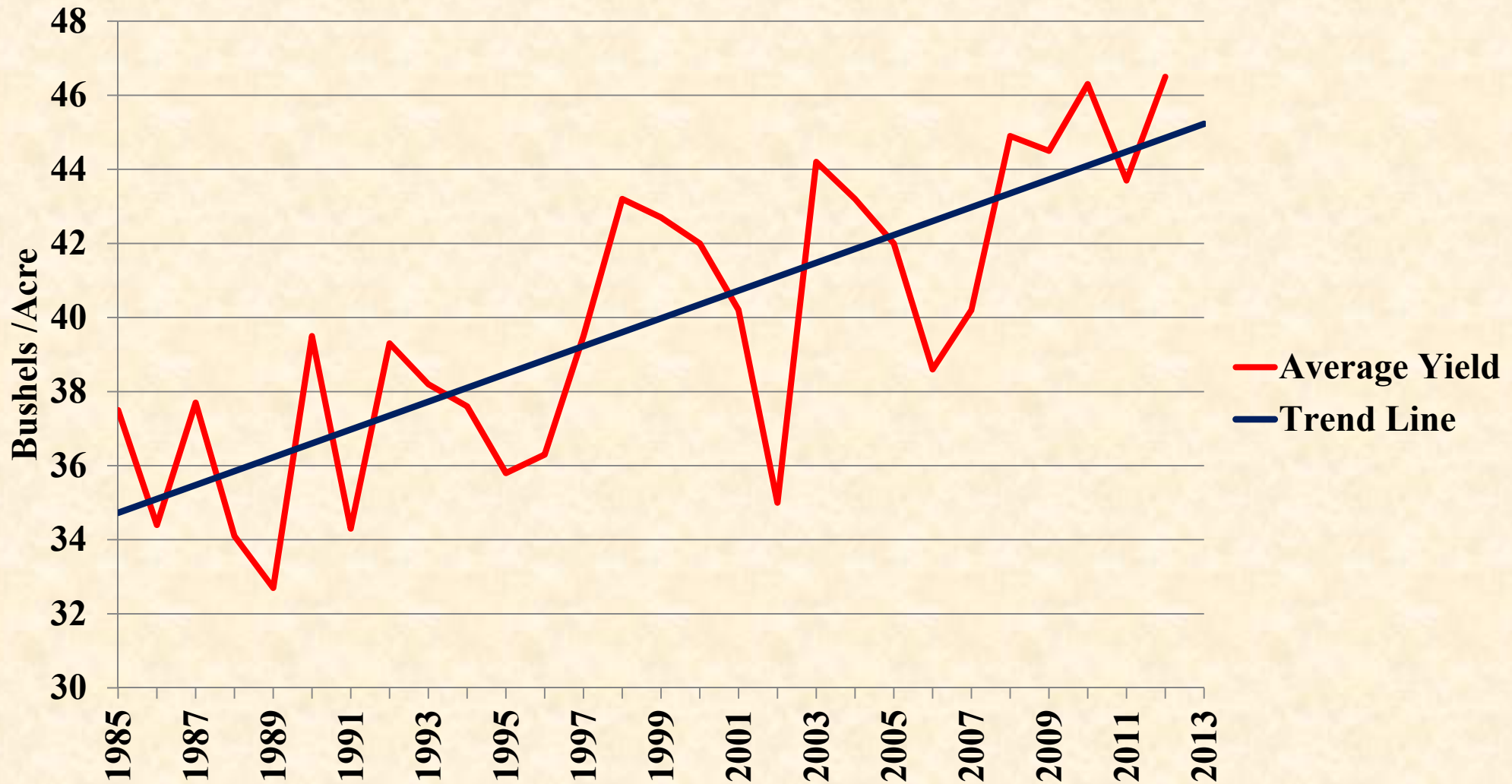
All Wheat Supply & Demand Table

U.S. All Wheat	2011/2012 (Est.)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	54.4 Mill. A.	56.0 Mill. A.	56.0 Mill. A.
Harvested A.	45.7 Mill. A.	48.8 Mill. A.	48.8 Mill. A.
Yield/Harvest A.	43.7 bu.	46.5 bu.	46.5 bu.
Begin Stocks	862 Mill. Bu.	743 Mill. Bu.	743 Mill. Bu.
Production	1,999 Mill. Bu.	2,268 Mill. Bu.	2,268 Mill. Bu.
Imports	112 Mill. Bu.	130 Mill. Bu.	130 Mill. Bu.
<i>Total Supply</i>	<i>2,974 Mill. Bu.</i>	<i>3,141 Mill. Bu.</i>	<i>3,141 Mill. Bu.</i>
Food	941 Mill. Bu.	950 Mill. Bu.	950 Mill. Bu.
Seed	77 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	163 Mill. Bu.	220 Mill. Bu.	220 Mill. Bu.
Exports	1,050 Mill. Bu.	1,200 Mill. Bu.	1,200 Mill. Bu.
<i>Total Use</i>	<i>2,231 Mill. Bu.</i>	<i>2,443 Mill. Bu.</i>	<i>2,443 Mill. Bu.</i>
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

All Wheat Supply & Demand Table

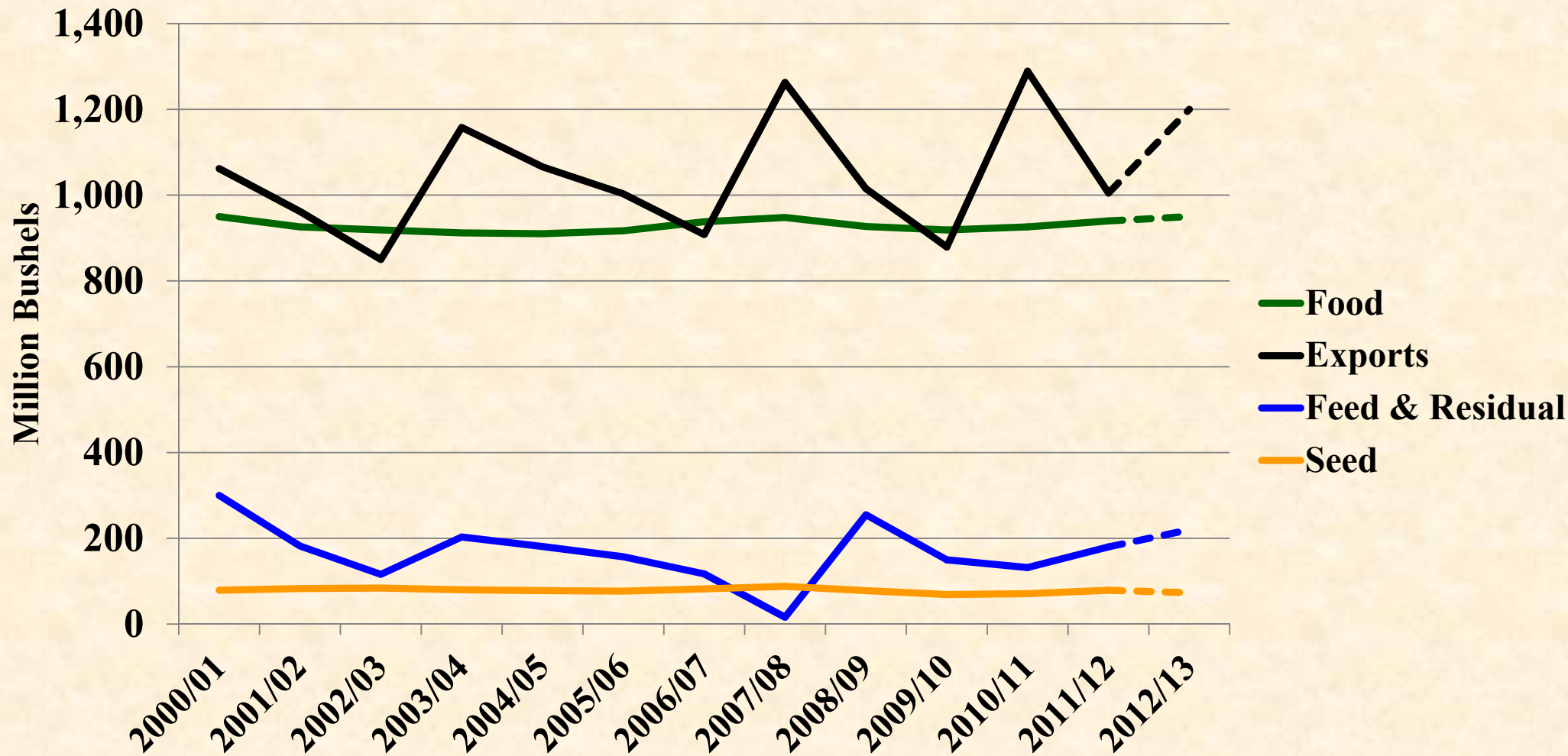
U.S. All Wheat	2011/2012 (Est.)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	54.4 Mill. A.	56.0 Mill. A.	56.0 Mill. A.
Harvested A.	45.7 Mill. A.	48.8 Mill. A.	48.8 Mill. A.
Yield/Harvest A.	43.7 bu.	46.5 bu.	46.5 bu.
Begin Stocks	862 Mill. Bu.	743 Mill. Bu.	743 Mill. Bu.
Production	1,999 Mill. Bu.	2,268 Mill. Bu.	2,268 Mill. Bu.
Imports	112 Mill. Bu.	130 Mill. Bu.	130 Mill. Bu.
<i>Total Planted Acres, Average Yield and Total Production are UP from 2011/12. 13.5% increase.</i>		3,141 Mill. Bu.	3,141 Mill. Bu.
		950 Mill. Bu.	950 Mill. Bu.
		73 Mill. Bu.	73 Mill. Bu.
		220 Mill. Bu.	220 Mill. Bu.
		1,200 Mill. Bu.	1,200 Mill. Bu.
		2,443 Mill. Bu.	2,443 Mill. Bu.
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

What is the U.S. trend line yield?



U.S. All Wheat Disappearance

(Million Bushels)



All Wheat Supply and Demand Table

U.S. All Wheat	2011/2012	2012/2013	2013 (Sep)
Planted A.	54.4 M	54.4 M	54.4 Mill. A.
Harvested A.	45.7 M	45.7 M	45.7 Mill. A.
Yield/Harvest A.	43.7	43.7	43.7 bu.
Begin Stocks	862 Mill. Bu.	743 Mill. Bu.	743 Mill. Bu.
Production	1,999 Mill. Bu.	2,268 Mill. Bu.	2,268 Mill. Bu.
Imports	112 Mill. Bu.	130 Mill. Bu.	130 Mill. Bu.
Total Supply	2,974 Mill. Bu.	3,141 Mill. Bu.	3,141 Mill. Bu.
Food	941 Mill. Bu.	950 Mill. Bu.	950 Mill. Bu.
Seed	77 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	163 Mill. Bu.	220 Mill. Bu.	220 Mill. Bu.
Exports	1,050 Mill. Bu.	1,200 Mill. Bu.	1,200 Mill. Bu.
Total Use	2,231 Mill. Bu.	2,443 Mill. Bu.	2,443 Mill. Bu.
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

Food use is very important and relatively stable.

All Wheat Supply & Demand Table

U.S. All Wheat	2011/2012 (Est.)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	54.4 Mill. A.		56.0 Mill. A.
Harvested A.	45.7 Mill. A.		46.0 Mill. A.
Yield/Harvest A.	43.7 bu./A.		43.7 bu./A.
Begin Stocks	862 Mill. Bu.		862 Mill. Bu.
Production	1,999 Mill. Bu.		1,999 Mill. Bu.
Imports	112 Mill. Bu.		130 Mill. Bu.
Total Supply	2,974 Mill. Bu.	2,974 Mill. Bu.	3,141 Mill. Bu.
Food	941 Mill. Bu.	950 Mill. Bu.	950 Mill. Bu.
Seed	77 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	163 Mill. Bu.	220 Mill. Bu.	220 Mill. Bu.
Exports	1,050 Mill. Bu.	1,200 Mill. Bu.	1,200 Mill. Bu.
Total Use	2,231 Mill. Bu.	2,443 Mill. Bu.	2,443 Mill. Bu.
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

Feed & Residual is variable, but relatively small.

Feed use may grow due to tight corn supplies.

All Wheat Supply & Demand Table

U.S. All Wheat	2011/2012 (Est.)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	54.4 Mill. A.	55.0 Mill. A.	56.0 Mill. A.
Harvested A.	45.7 Mill. A.	48.8 Mill. A.	48.8 Mill. A.
Yield/Harvest A.	43.7 bu.	43.7 bu.	43.7 bu.
Begin Stocks	862	862	862 Mill. Bu.
Production	1,999	1,999	1,999 Mill. Bu.
Imports	112	112	112 Mill. Bu.
Total Supply	2,974 Mill. Bu.	2,974 Mill. Bu.	2,974 Mill. Bu.
Food	941 Mill. Bu.	941 Mill. Bu.	950 Mill. Bu.
Seed	77 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	163 Mill. Bu.	220 Mill. Bu.	220 Mill. Bu.
Exports	1,050 Mill. Bu.	1,200 Mill. Bu.	1,200 Mill. Bu.
Total Use	2,231 Mill. Bu.	2,443 Mill. Bu.	2,443 Mill. Bu.
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

Exports are key price factor for wheat.

Exchange rates (value of USD) are very important.

All Wheat Supply & Demand Table

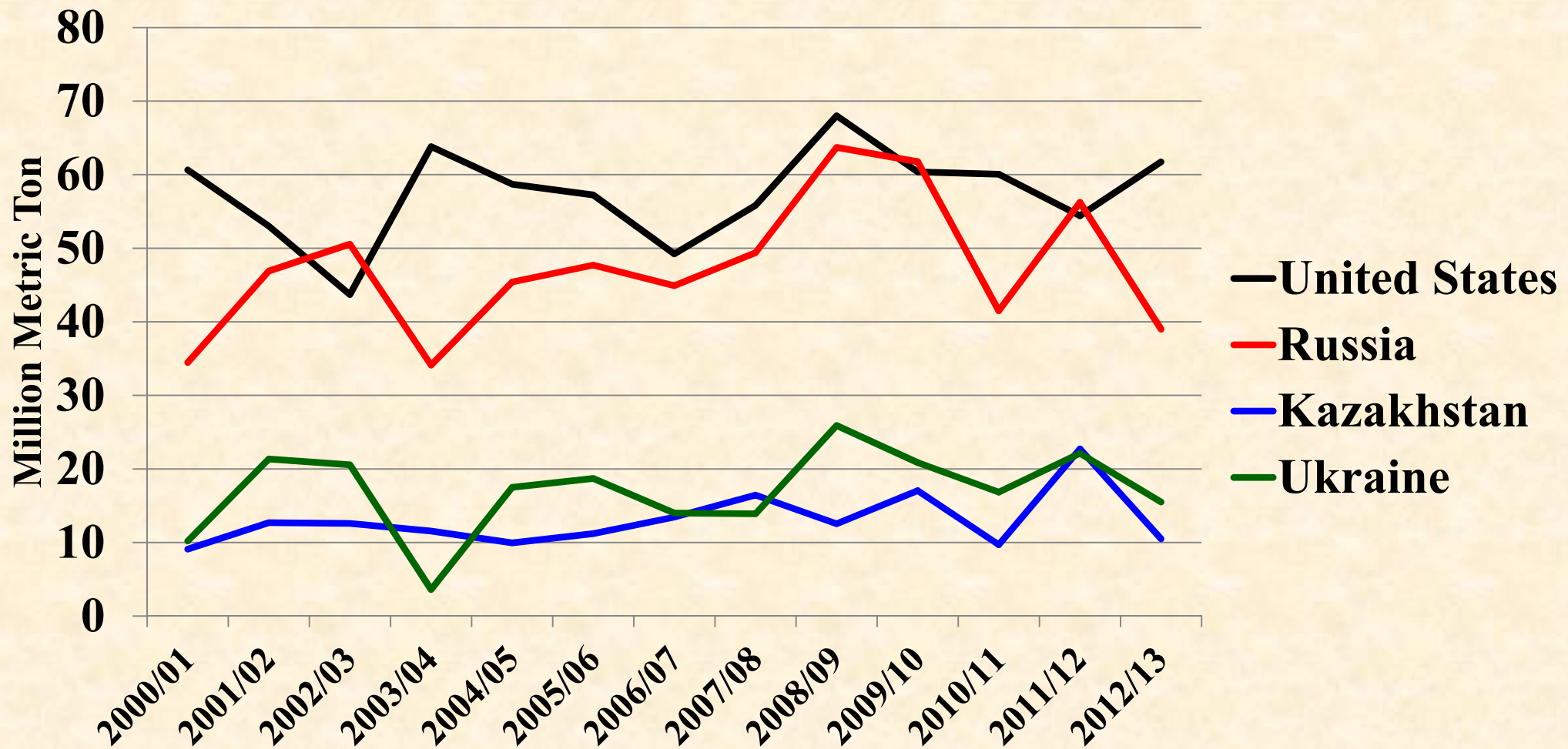
U.S. All Wheat	2011/2012 (Est.)	2012/2013 (Aug)	2012/2013 (Sep)
Planted A.	54.4 Mill. A.		56.0 Mill. A.
Harvested A.	45.7 Mill.		48.8 Mill. A.
Yield/Harvest A.	43.7		5 bu.
Begin Stocks	862		Mill. Bu.
Production	1,999		Mill. Bu.
Imports	112		Mill. Bu.
Total Supply	2,974 Mill.	HRSW	2,141 Mill. Bu.
Food	941 Mill. Bu.		950 Mill. Bu.
Seed	77 Mill. Bu.	73 Mill. Bu.	73 Mill. Bu.
Feed & Residual	163 Mill. Bu.	220 Mill. Bu.	220 Mill. Bu.
Exports	1,050 Mill. Bu.	1,200 Mill. Bu.	1,200 Mill. Bu.
Total Use	2,231 Mill. Bu.	2,443 Mill. Bu.	2,443 Mill. Bu.
Ending Stocks	743 Mill. Bu.	698 Mill. Bu.	698 Mill. Bu.

Drought in Black Sea region will help HRWW and SRWW sales.

Developing drought in Australia will help HRSW

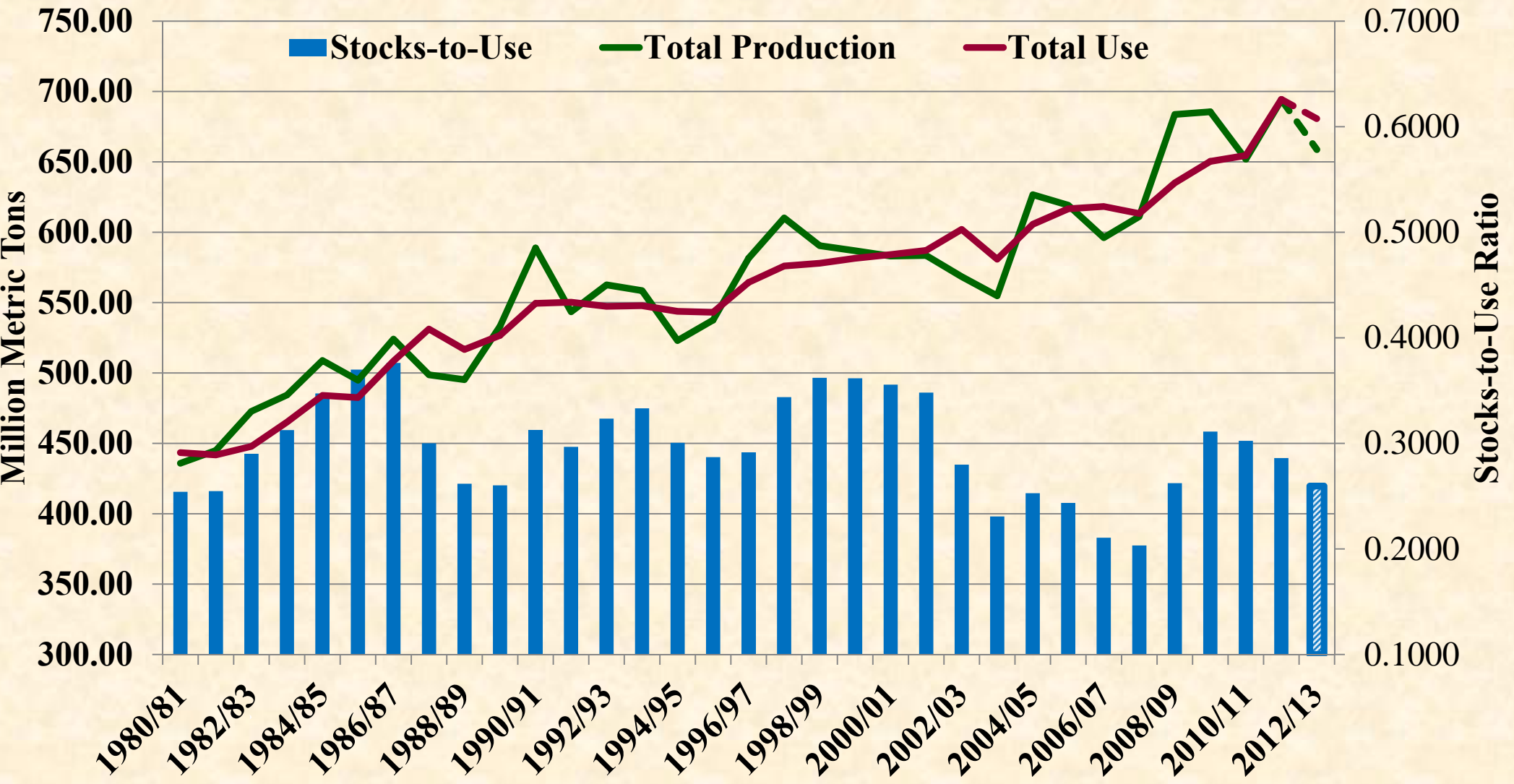
All Wheat Production

(Million Metric Ton)



World Wheat Prod, Use & Stocks/Use

(Million Metric Ton)



USDA – WASDE- Sept. 12, 2012 & PSD Custom Query

Summary of Key Issues

- Corn:
 - Ethanol use and Export pace will be watched weekly.
 - Feed use is the “big unknown”, will need to monitor Quarterly Grain Stocks Reports.
 - Cattle on Feed, Hogs and Pigs,
 - Helps estimate number of mouths, but not what they are eating.
 - Watch the basis!!
 - Light test weight corn will not be shipped far (export)
 - Aflatoxin is a problem in some areas, a special waiver now allows blending in Iowa

Summary of Key Issues

- Soybean:
 - Export pace, especially sales to China, will be watched closely.
 - South American planting and crop condition (i.e. weather) will create significant volatility.
 - Watch the basis!!

Summary of Key Issues

- Wheat:
 - Exports from Black Sea region are expected to end soon
 - Export ban?
 - Export tax?
 - Watch Australian weather and production carefully.
 - Winter Wheat plantings are expected to increase
 - HRWW – fall grazing and crop insurance protection
 - SRWW – potential for double crop soybeans
 - “Open winter” could create winter kill concerns
 - Local impact of changing Canadian grain system

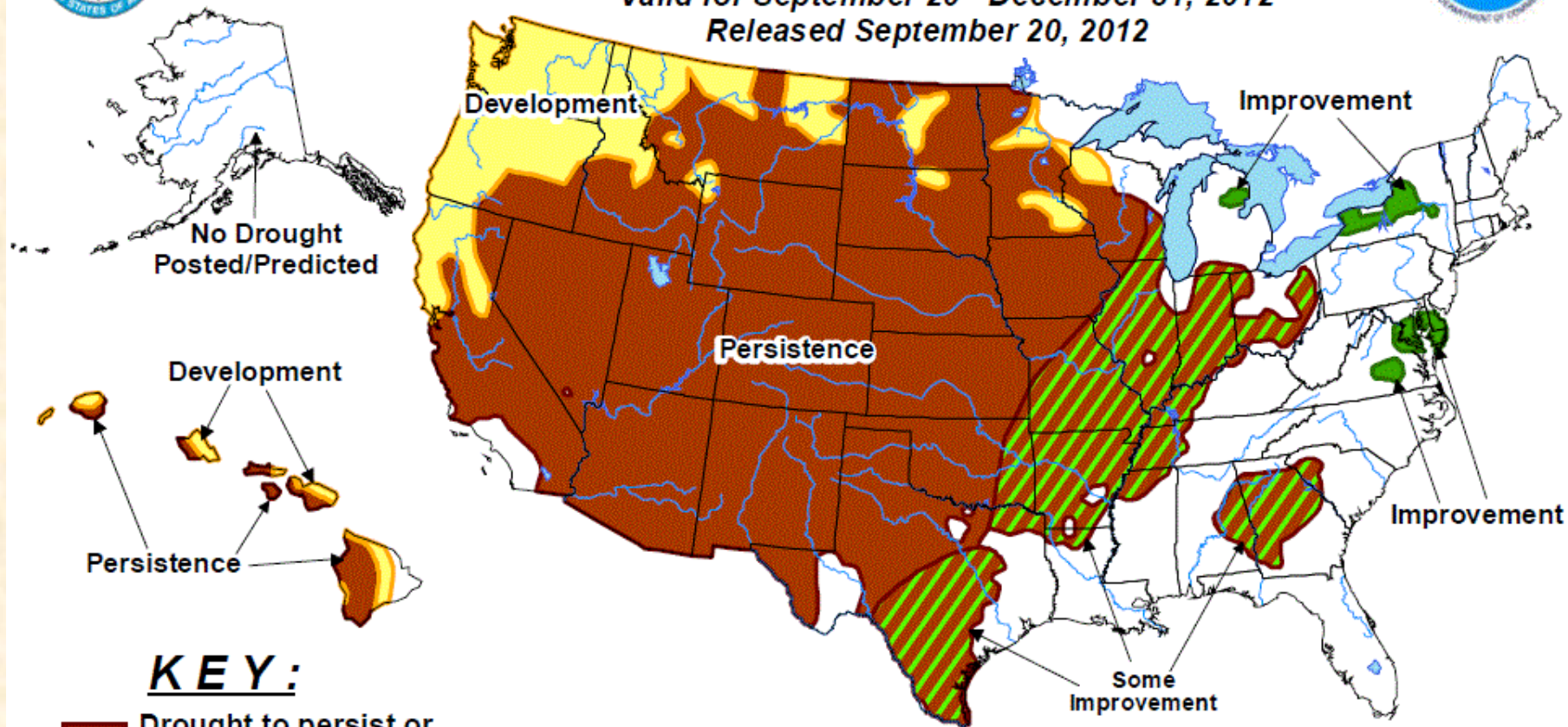
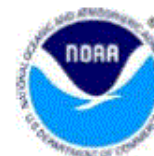


U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for September 20 - December 31, 2012

Released September 20, 2012



KEY:

-  Drought to persist or intensify
-  Drought ongoing, some improvement
-  Drought likely to improve, impacts ease
-  Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

QUESTIONS & COMMENTS?

Frayne Olson

Dept. of Agribusiness & Applied Econ.

NDSU Dept. 7110

P.O. Box 6050

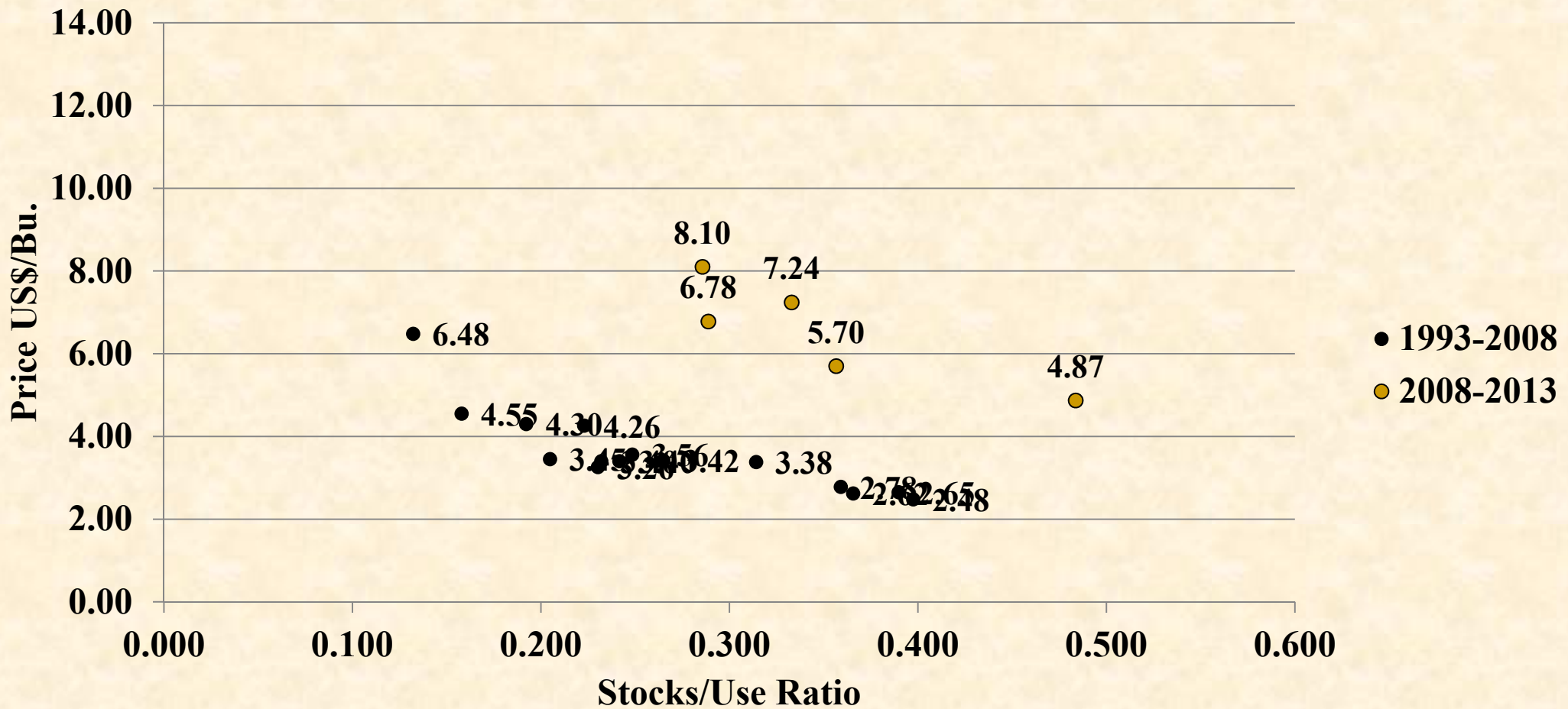
Fargo, ND 58108-6050

701-231-7377

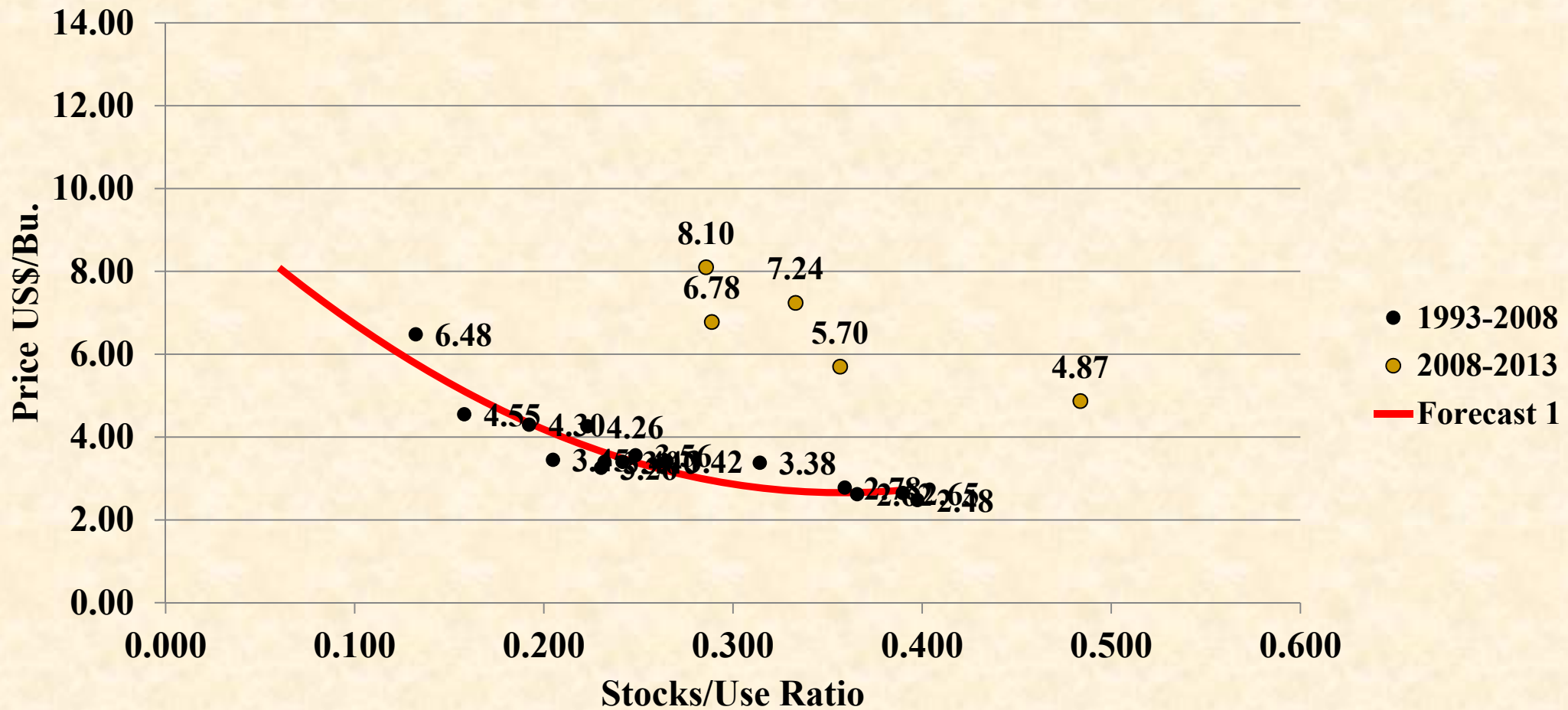
frayne.olson@ndsu.edu

http://www.ndsu.edu/cropeconomics

Average Wheat Price vs. Stocks/Use Ratio



Average Wheat Price vs. Stocks/Use Ratio



Average Wheat Price vs. Stocks/Use Ratio

