

Will we reach a “new normal”?

2020/21 Crop Market Outlook

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EXTENDING KNOWLEDGE >> CHANGING LIVES

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EXTENSION

Key Crop Market Factors

- Short term (through end of 2020):
 - Final U.S. crop yields and total production.
 - Managed hedge fund trading positions.
 - South American planting and weather.
 - Chinese purchases of U.S. ag products.
 - Phase one trade agreement is helping reduce hurdles to trade, but it is unlikely purchasing targets will be met.



Key Crop Market Factors

- Long(er) term (2021 calendar year):
 - Export pace:
 - China.
 - Other major trading partners:
 - Mexico, Japan, Philippines, EU, etc.
 - South American production and economic condition:
 - Current expectation is for record large production.
 - Very weak economic conditions – continuing debt restructuring and low currency values.



Key Crop Market Factors

- Long(er) term (2021 calendar year):
 - COVID-19:
 - U.S. economic recovery and impact on value of U.S. Dollar.
 - Shifting consumer behavior has not been felt at the farm level due to “long” supply chains.
 - Potential supply chain disruptions.
 - Company specific disruptions are more likely than system wide disruptions.



Key Crop Market Factors

- Long(er) term (2021 calendar year):
 - Global trade tensions:
 - U.S. – China:
 - Political and economic tensions will remain high regardless of U.S. Presidential election.
 - U.S. – EU – Britain:
 - U.S. – Britain trade agreement is more likely than U.S. – EU agreement.
 - Structure of Brexit will impact the value of the Euro as an alternative global trade currency.



U.S. Corn Supply & Demand Table

U.S. Corn	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.	88.9 Mill. A.	89.7 Mill. A.	91.0 Mill. A.
Harvested A.	81.3 Mill. A.	81.3 Mill. A.	82.5 Mill. A.
Yield/Harvest A.	176.4 bu.	167.4 bu.	178.4 bu.
Beginning Stocks	2,140 Mill. Bu.	2,221 Mill. Bu.	1,995 Mill. Bu.
Production	14,340 Mill. Bu.	13,620 Mill. Bu.	14,722 Mill. Bu.
Imports	28 Mill. Bu.	42 Mill. Bu.	25 Mill. Bu.
Total Supply	16,509 Mill. Bu.	15,883 Mill. Bu.	16,742 Mill. Bu.
Feed & Residual	5,429 Mill. Bu.	5,827 Mill. Bu.	5,775 Mill. Bu.
Food, Seed, Ind.	6,793 Mill. Bu.	6,282 Mill. Bu.	6,475 Mill. Bu.
Ethanol	5,378 Mill. Bu.	4,852 Mill. Bu.	5,050 Mill. Bu.
Exports	2,066 Mill. Bu.	1,778 Mill. Bu.	2,325 Mill. Bu.
Total Use	14,288 Mill. Bu.	13,887 Mill. Bu.	14,575 Mill. Bu.
Ending Stocks	2,221 Mill. Bu.	1,995 Mill. Bu.	2,167 Mill. Bu.

U.S. Corn Supply & Demand Table

U.S. Corn	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.			91.0 Mill. A.
Harvested A.			82.5 Mill. A.
Yield/Harvest A.			178.4 bu.
Beginning Stocks			1,995 Mill. Bu.
Production			14,722 Mill. Bu.
Imports			25 Mill. Bu.
Total Supply	16,509	15,883 Mill. Bu.	16,742 Mill. Bu.
Feed & Residual	5,429 Mill. Bu.	5,827 Mill. Bu.	5,775 Mill. Bu.
Food, Seed, Ind.	6,793 Mill. Bu.	6,282 Mill. Bu.	6,475 Mill. Bu.
Ethanol	5,378 Mill. Bu.	4,852 Mill. Bu.	5,050 Mill. Bu.
Exports	2,066 Mill. Bu.	1,778 Mill. Bu.	2,325 Mill. Bu.
Total Use	14,288 Mill. Bu.	13,881 Mill. Bu.	14,575 Mill. Bu.
Ending Stocks	2,221 Mill. Bu.	1,995 Mill. Bu.	2,167 Mill. Bu.

Average trade estimate was **2,250 mill. bu.**

Reported value was **1,995 mill. bu.**

U.S. Corn Supply & Demand Table

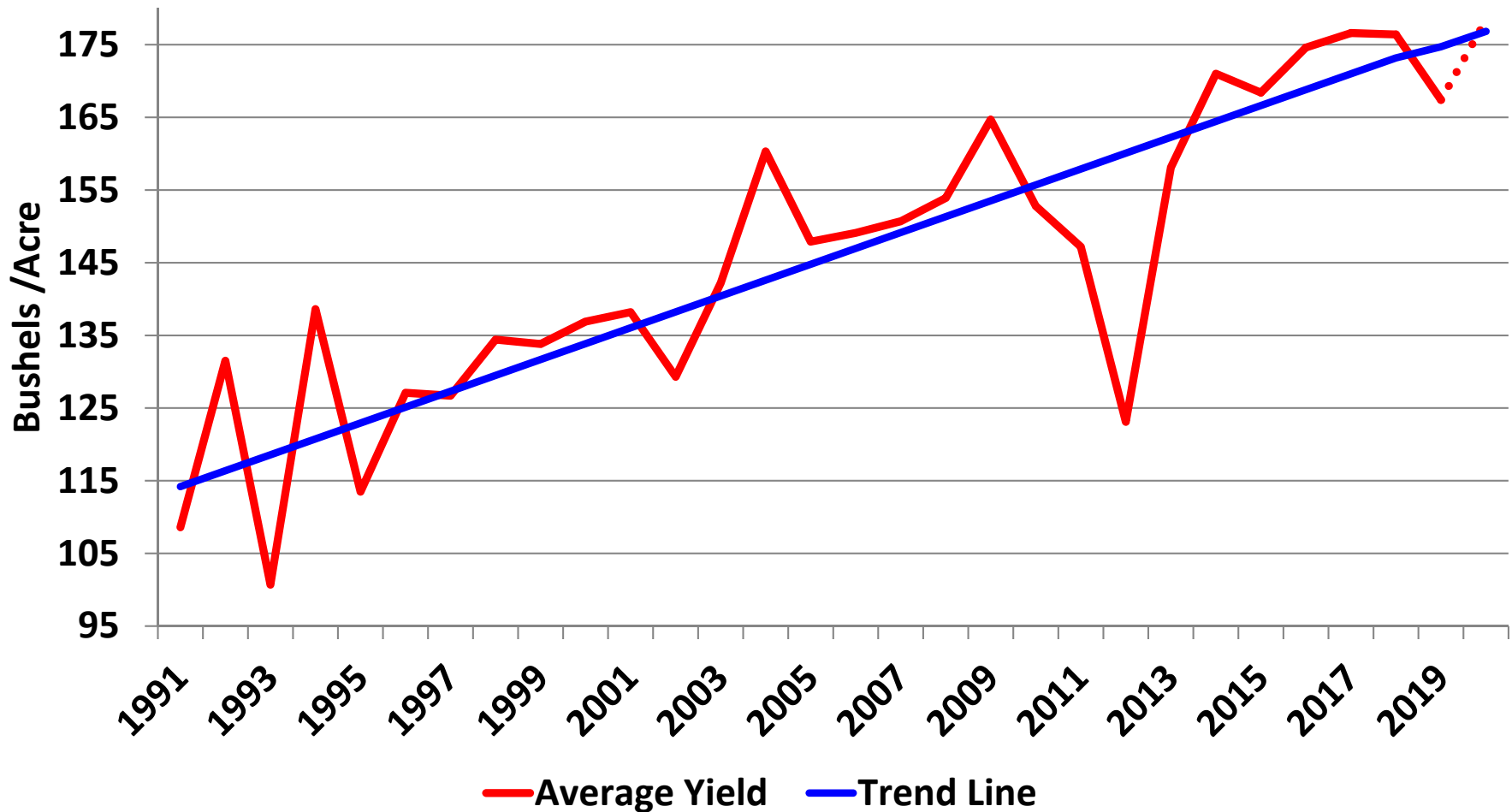
U.S. Corn	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.	88.9 Mill. A.	89.7 Mill. A.	91.0 Mill. A.
Harvested A.	81.3 Mill. A.	81.3 Mill. A.	82.5 Mill. A.
Yield/Harvest A.	176.4 bu.	167.4 bu.	178.4 bu.
Beginning Stocks		2,221 Mill. Bu.	1,995 Mill. Bu.
Production		14,520 Mill. Bu.	14,722 Mill. Bu.
Imports		25 Mill. Bu.	25 Mill. Bu.
Exports		16,742 Mill. Bu.	16,742 Mill. Bu.
Ending Stocks		5,775 Mill. Bu.	5,775 Mill. Bu.
		6,475 Mill. Bu.	6,475 Mill. Bu.
		5,050 Mill. Bu.	5,050 Mill. Bu.
Exp.		2,325 Mill. Bu.	2,325 Mill. Bu.
Total		13,887 Mill. Bu.	14,575 Mill. Bu.
Ending Stocks		1,995 Mill. Bu.	2,167 Mill. Bu.

Both yield and acres were adjusted.

Planted and harvested acres were cut 1.0 mill. a.

Average yield was cut by 0.1 bu./a.

U.S. Corn Trend Line Yield



U.S. Corn Supply & Demand Table

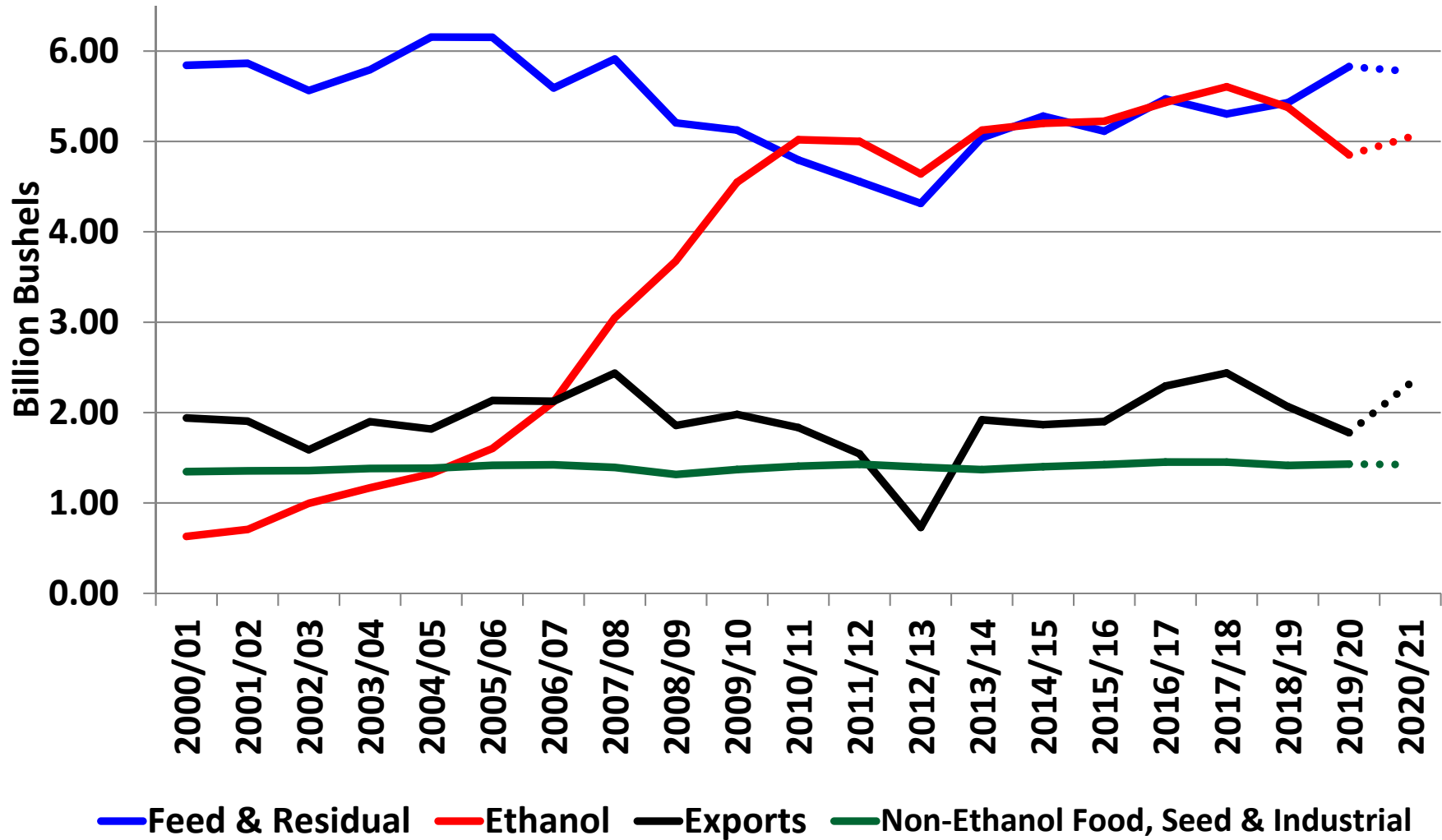
U.S. Corn		2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.		89.7 Mill. A.	91.0 Mill. A.
Harvested		89.3 Mill. A.	82.5 Mill. A.
Yield/Ha		157.4 bu.	178.4 bu.
Beginning		2,221 Mill. Bu.	1,995 Mill. Bu.
Production		13,620 Mill. Bu.	14,722 Mill. Bu.
Imports		42 Mill. Bu.	25 Mill. Bu.
Total Supply	16,509 Mill. Bu.	15,883 Mill. Bu.	16,742 Mill. Bu.
Feed & Residual	5,429 Mill. Bu.	5,827 Mill. Bu.	5,775 Mill. Bu.
Food, Seed, Ind.	6,793 Mill. Bu.	6,282 Mill. Bu.	6,475 Mill. Bu.
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Exports	2,066 Mill. Bu.	1,778 Mill. Bu.	2,325 Mill. Bu.
Total Use	14,288 Mill. Bu.	13,887 Mill. Bu.	14,575 Mill. Bu.
Ending Stocks	2,221 Mill. Bu.	1,995 Mill. Bu.	2,167 Mill. Bu.

Average trade estimate is **2,113 mill. bu.**

Range from **1,859 to 2,333 mill. bu.**

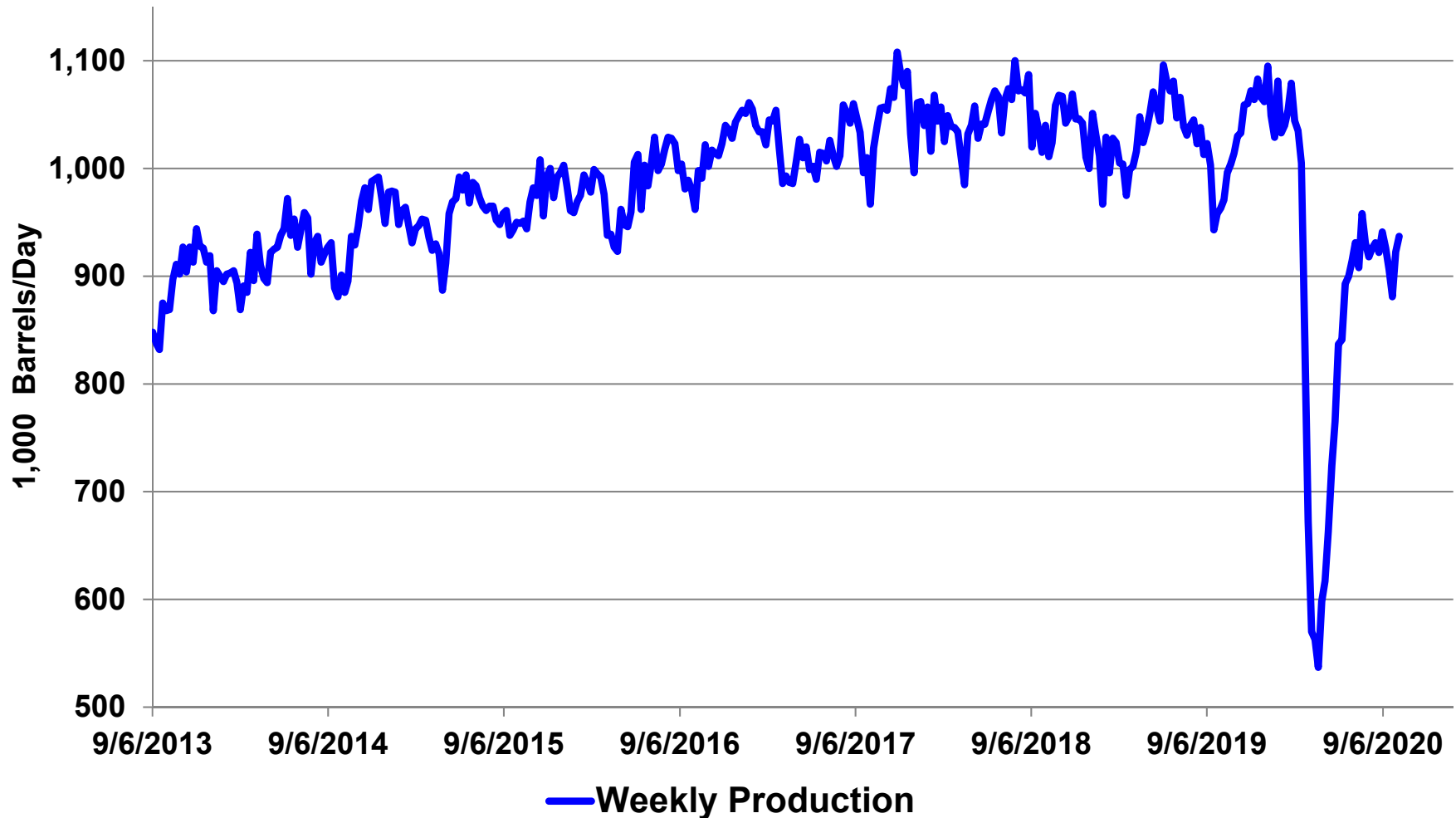
U.S. Corn - Total Use

(Billion Bushels)



Weekly Ethanol Production

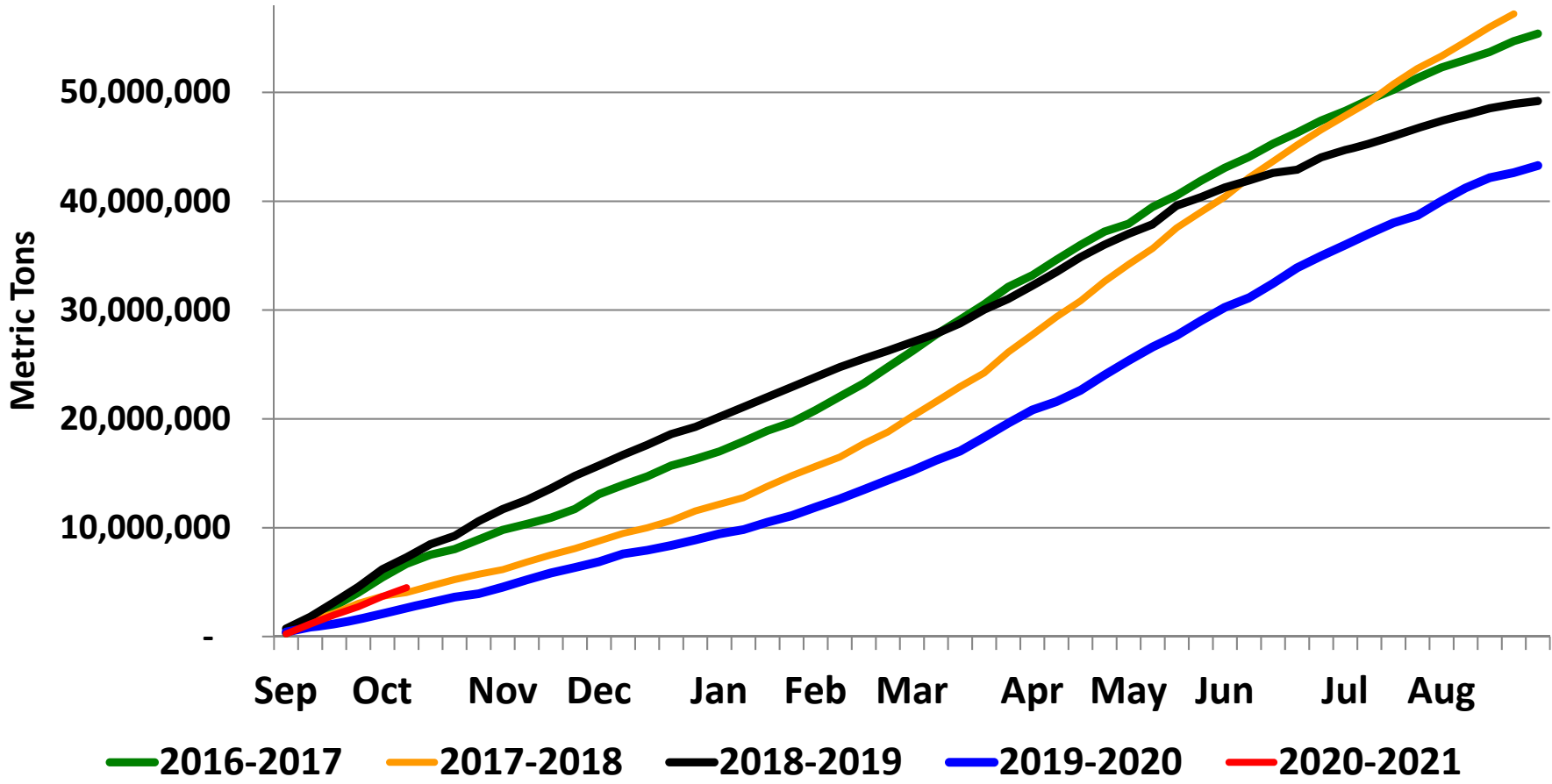
(09/06/2013 – 10/09/2020)



Weekly U.S. Corn Exports

(09/03/2015 – 10/08/2020)

Accumulated Exports



U.S. Corn Export Destinations

(1,000 Metric Ton)

Country	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Mexico	12,558.6	13,539.7	14,974.7	15,461.1	14,172.0	4,882.4
Japan	10,506.6	11,983.4	11,249.8	12,631.8	9,780.7	3,459.5
Colombia	4,629.5	4,438.9	4,965.0	4,672.7	4,851.2	1,177.7
South Korea	3,021.6	5,588.5	5,651.0	3,691.3	2,690.8	338.8
China	184.8	717.9	357.5	259.6	2,110.0	10,115.8
Guatemala	897.1	1,008.9	903.8	1,210.8	1,159.0	657.5
ROW	14,885.9	18,117.5	19,371.9	11,274.8	8,510.1	5,871.3
Total	46,684.1	55,394.8	57,473.7	49,202.1	43,273.8	26,503.0

* Total export commitments as of 10/08/2020

USDA – FAS Export Sales Custom Query

Motivation for Chinese Buying: My Assessment

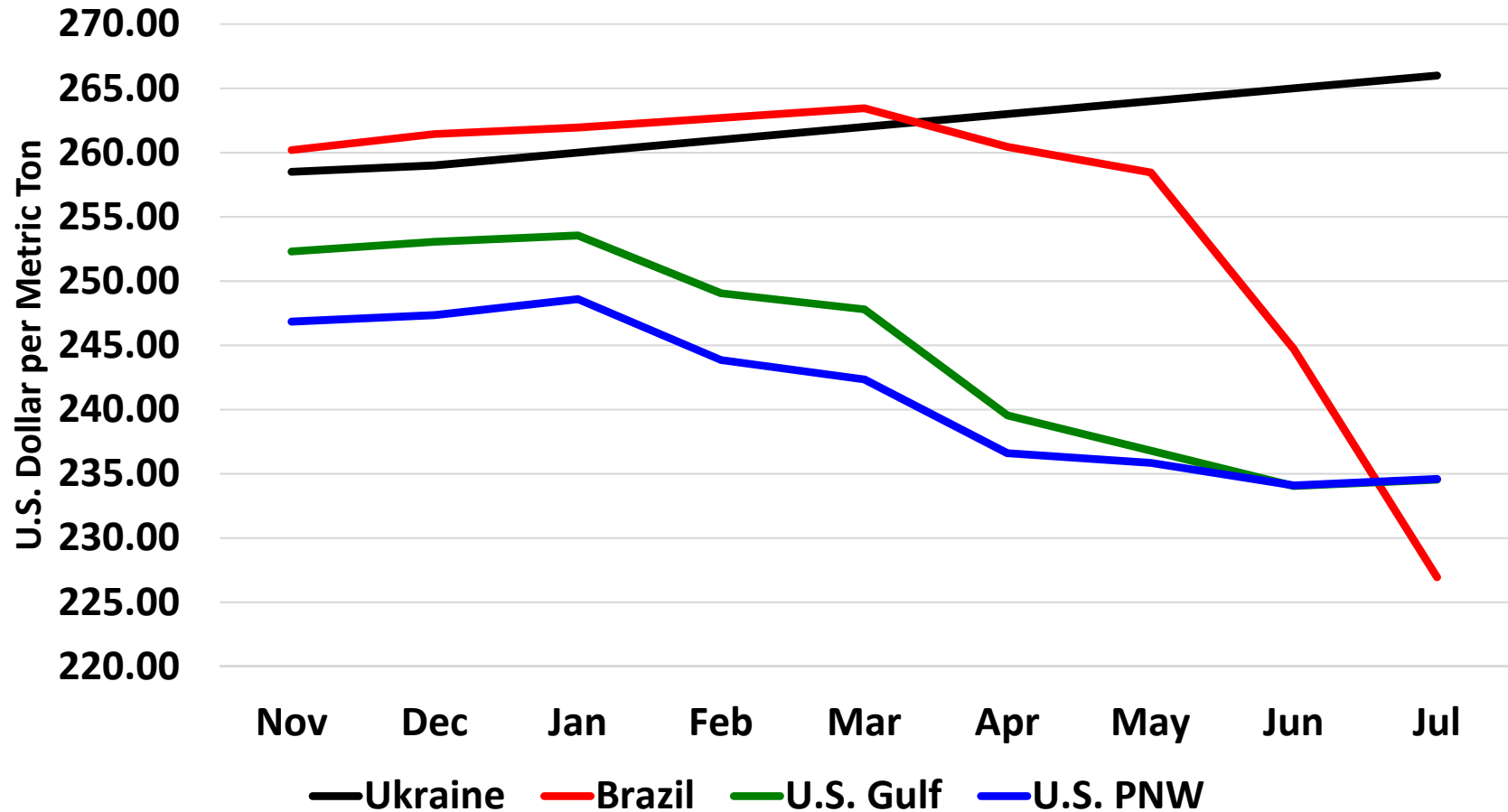
- Demand for livestock feed is growing.
 - Pork (herd rebuilding), poultry and eggs, dairy, aquaculture.
 - Soy crush margins have been strong.
- Chinese corn production is good, not great.
 - China placed 80.5% tariff on Australian barley imports (\approx 2.5 mmt annually).
 - Government continues to auction corn with strong buying interest.
 - January Dalian corn futures reached record high at 2,595 yuan (\$385.14/mt or \$9.78/bu.) on Oct. 14, 2020.
 - Record U.S. corn futures was \$8.43/bu. on Aug. 12, 2012.

Motivation for Chinese Buying: My Assessment

- Private and government owned grain buyers are building inventories due to:
 - Continuing U.S. – China trade tensions.
 - Dry conditions in Brazil and Argentina.
- Phase One trade agreement.
 - “Parties acknowledge that purchases will be made at market prices based on commercial conditions and market conditions, particularly in the case of agricultural goods, may dictate the timing of purchases within any given year.”



Current Corn Cost & Freight to North Asia

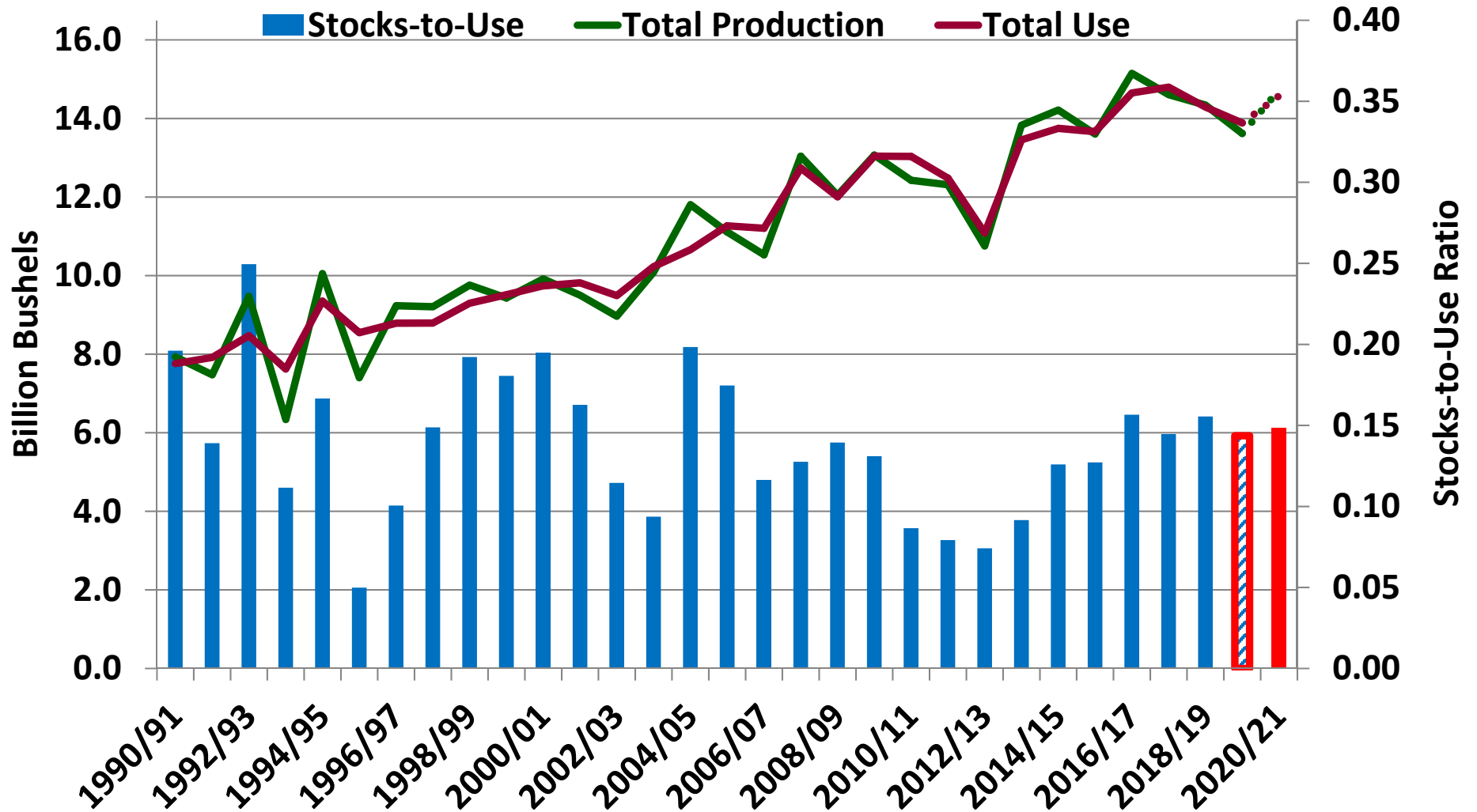


Insurance is not included

AgriCensus – 10-16-20

U.S. Corn – Total Production & Use

(Billion Bushels)



Questions?



U.S. Soybean Supply & Demand Table

U.S. Soybean	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.	89.2 Mill. A.	76.1 Mill. A.	83.1 Mill. A.
Harvested A.	87.6 Mill. A.	74.9 Mill. A.	82.3 Mill. A.
Yield/Harvest A.	50.6 bu.	47.4 bu.	51.9 bu.
Beginning Stocks	438 Mill. Bu.	909 Mill. Bu.	523 Mill. Bu.
Production	4,428 Mill. Bu.	3,552 Mill. Bu.	4,268 Mill. Bu.
Imports	14 Mill. Bu.	15 Mill. Bu.	15 Mill. Bu.
Total Supply	4,880 Mill. Bu.	4,476 Mill. Bu.	4,806 Mill. Bu.
Crushings	2,092 Mill. Bu.	2,165 Mill. Bu.	2,180 Mill. Bu.
Exports	1,752 Mill. Bu.	1,676 Mill. Bu.	2,200 Mill. Bu.
Seed	88 Mill. Bu.	96 Mill. Bu.	100 Mill. Bu.
Residual	39 Mill. Bu.	16 Mill. Bu.	36 Mill. Bu.
Total Use	3,971 Mill. Bu.	3,953 Mill. Bu.	4,516 Mill. Bu.
Ending Stocks	909 Mill. Bu.	523 Mill. Bu.	290 Mill. Bu.

U.S. Soybean Supply & Demand Table

U.S. Soybean	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.			83.1 Mill. A.
Harvested A.			82.3 Mill. A.
Yield/Harvest A.			51.9 bu.
Beginning Stocks			523 Mill. Bu.
Production			4,268 Mill. Bu.
Imports			15 Mill. Bu.
Total Supply	4,880	4,476 Mill. Bu.	4,806 Mill. Bu.
Crushings	2,092 Mill. Bu.	2,165 Mill. Bu.	2,180 Mill. Bu.
Exports	1,752 Mill. Bu.	1,676 Mill. Bu.	2,200 Mill. Bu.
Seed	88 Mill. Bu.	96 Mill. Bu.	100 Mill. Bu.
Residual	39 Mill. Bu.	16 Mill. Bu.	36 Mill. Bu.
Total Use	3,971 Mill. Bu.	3,953 Mill. Bu.	4,516 Mill. Bu.
Ending Stocks	909 Mill. Bu.	523 Mill. Bu.	290 Mill. Bu.

Average trade estimate was 576 mill. bu.
Reported value was 523 mill. bu.

U.S. Soybean Supply & Demand Table

U.S. Soybean	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.	89.2 Mill. A.	76.1 Mill. A.	83.1 Mill. A.
Harvested A.	87.6 Mill. A.	74.9 Mill. A.	82.3 Mill. A.
Yield/Harvest A		47.4 bu.	51.9 bu.
Beginning Stocks		909 Mill. Bu.	523 Mill. Bu.
Production			4,268 Mill. Bu.
Exports			15 Mill. Bu.
Domestic Use			4,806 Mill. Bu.
Ending Stocks			2,180 Mill. Bu.
Exports		76 Mill. Bu.	2,200 Mill. Bu.
Seed		96 Mill. Bu.	100 Mill. Bu.
Residual	39 Mill. Bu.	16 Mill. Bu.	36 Mill. Bu.
Total Use	3,971 Mill. Bu.	3,953 Mill. Bu.	4,516 Mill. Bu.
Ending Stocks	909 Mill. Bu.	523 Mill. Bu.	290 Mill. Bu.

Acres were adjusted, but not yield.

Planted and harvested acres were cut 700,000 acres.

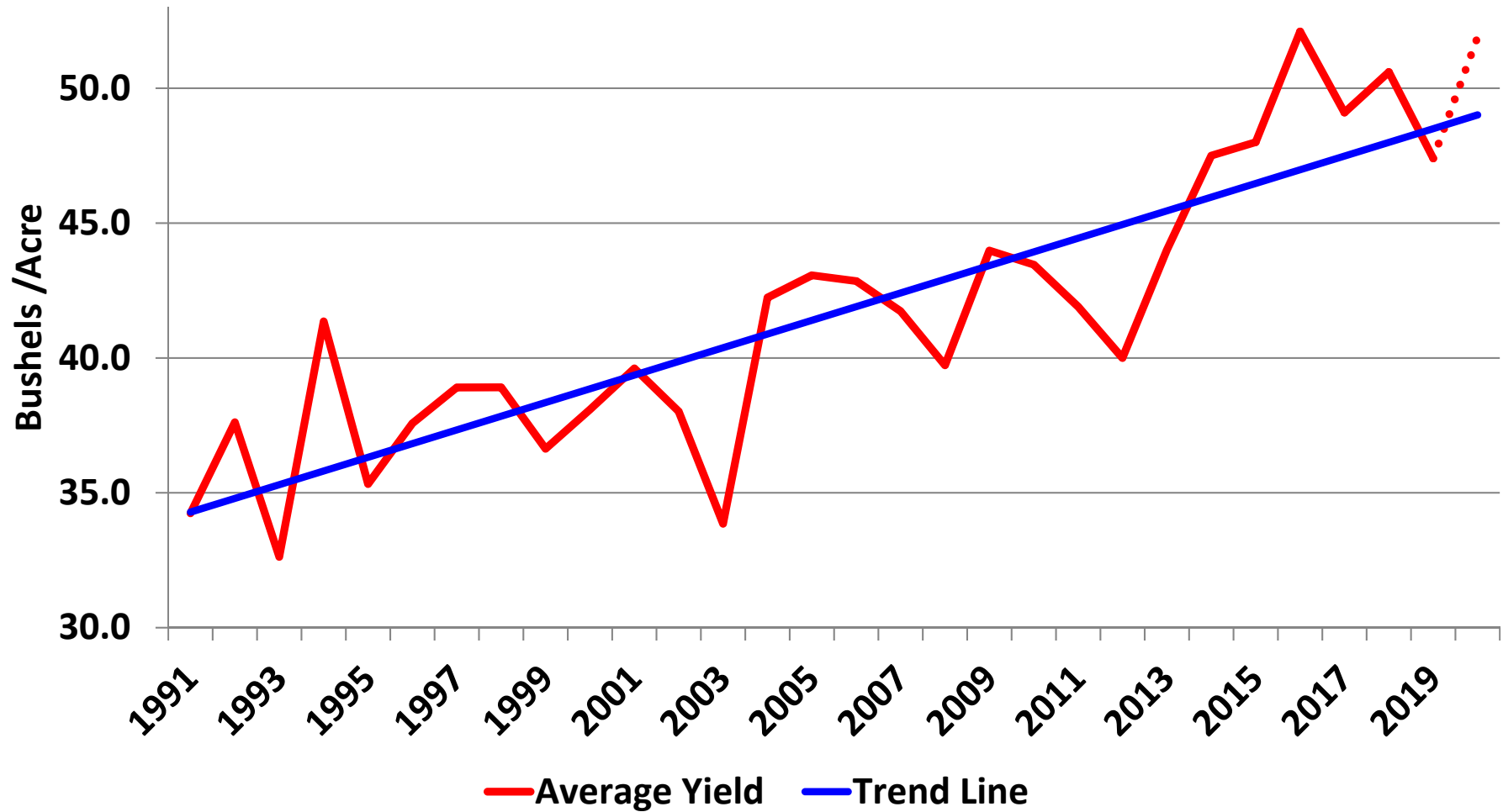
U.S. Soybean Supply & Demand Table

U.S. Soybean		2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.		76.1 Mill. A.	83.1 Mill. A.
Harvested		79 Mill. A.	82.3 Mill. A.
Yield/Ha		77.4 bu.	51.9 bu.
Beginning Stocks		909 Mill. Bu.	523 Mill. Bu.
Production		3,552 Mill. Bu.	4,268 Mill. Bu.
Imports		15 Mill. Bu.	15 Mill. Bu.
Total Supply	4,880 Mill. Bu.	4,476 Mill. Bu.	4,806 Mill. Bu.
Crushings	2,092 Mill. Bu.	2,165 Mill. Bu.	2,180 Mill. Bu.
Exports	1,752 Mill. Bu.	1,676 Mill. Bu.	2,200 Mill. Bu.
Seed	88 Mill. Bu.	96 Mill. Bu.	100 Mill. Bu.
Residual	39 Mill. Bu.	16 Mill. Bu.	36 Mill. Bu.
Total Use	3,971 Mill. Bu.	3,953 Mill. Bu.	4,516 Mill. Bu.
Ending Stocks	909 Mill. Bu.	523 Mill. Bu.	290 Mill. Bu.

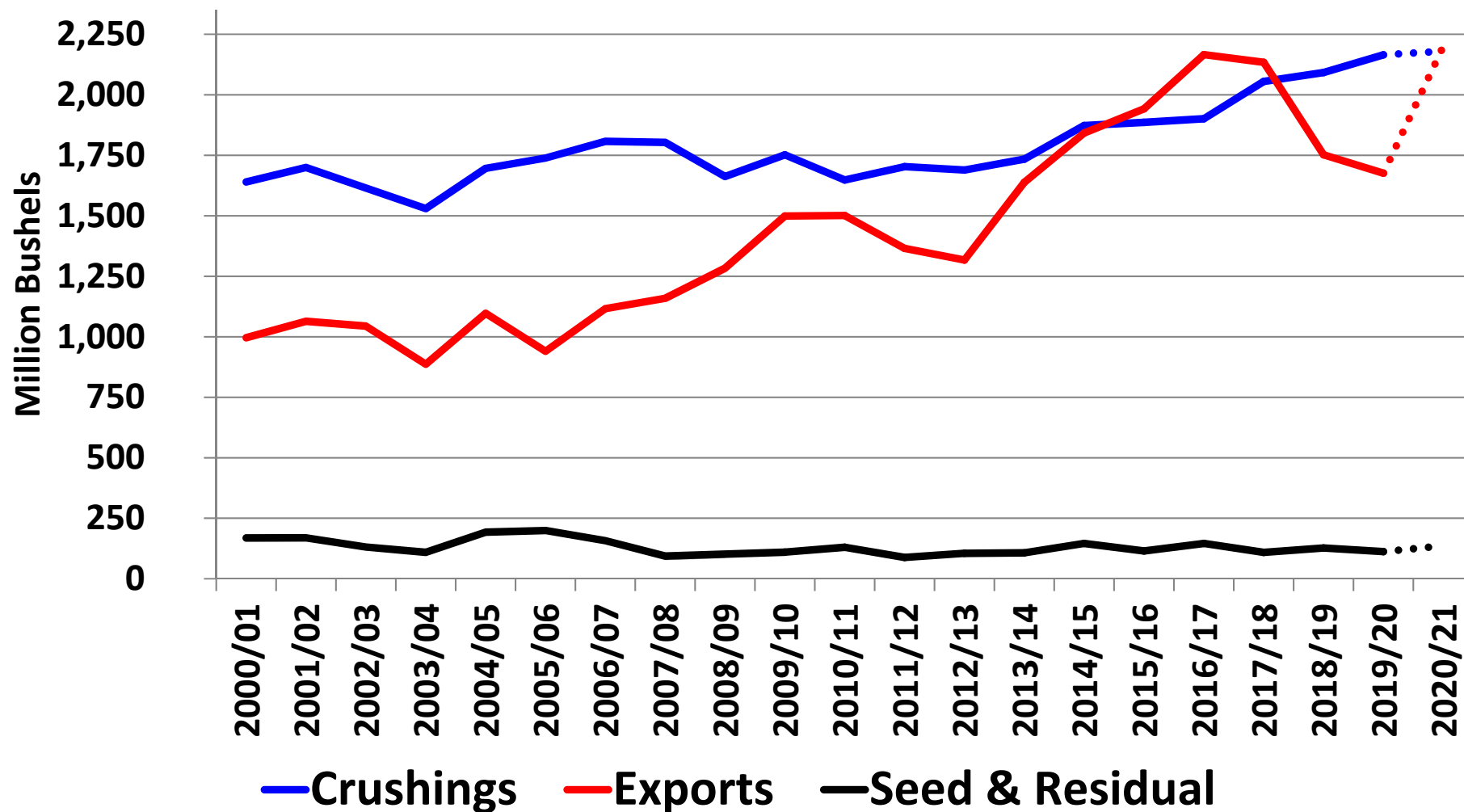
Average trade estimate is **369 mill. bu.**
 Sep. estimate was **460 mill. bu.**

290 Mill. Bu.

U.S. Soybean Trend Line Yield

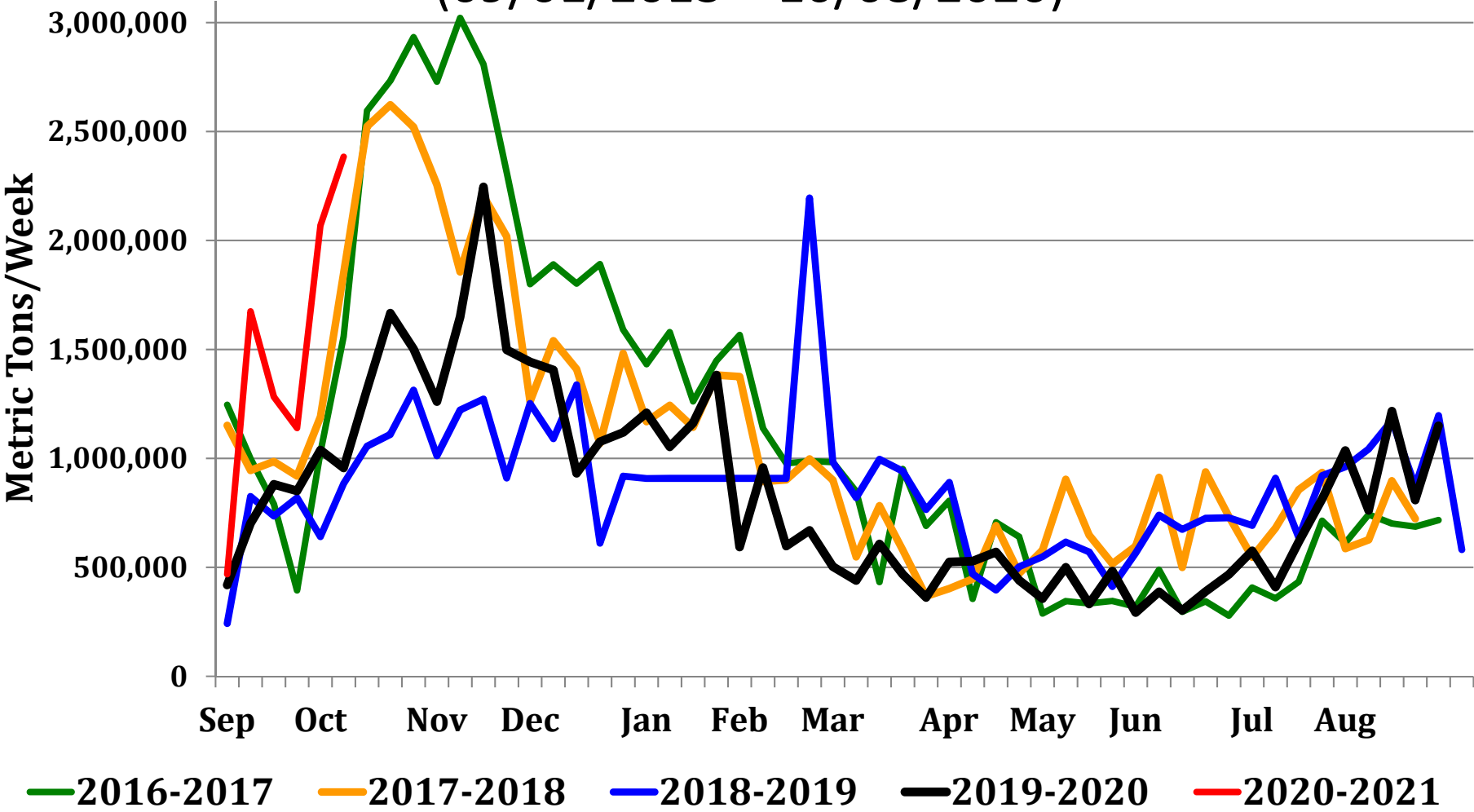


U.S. Soybean Use



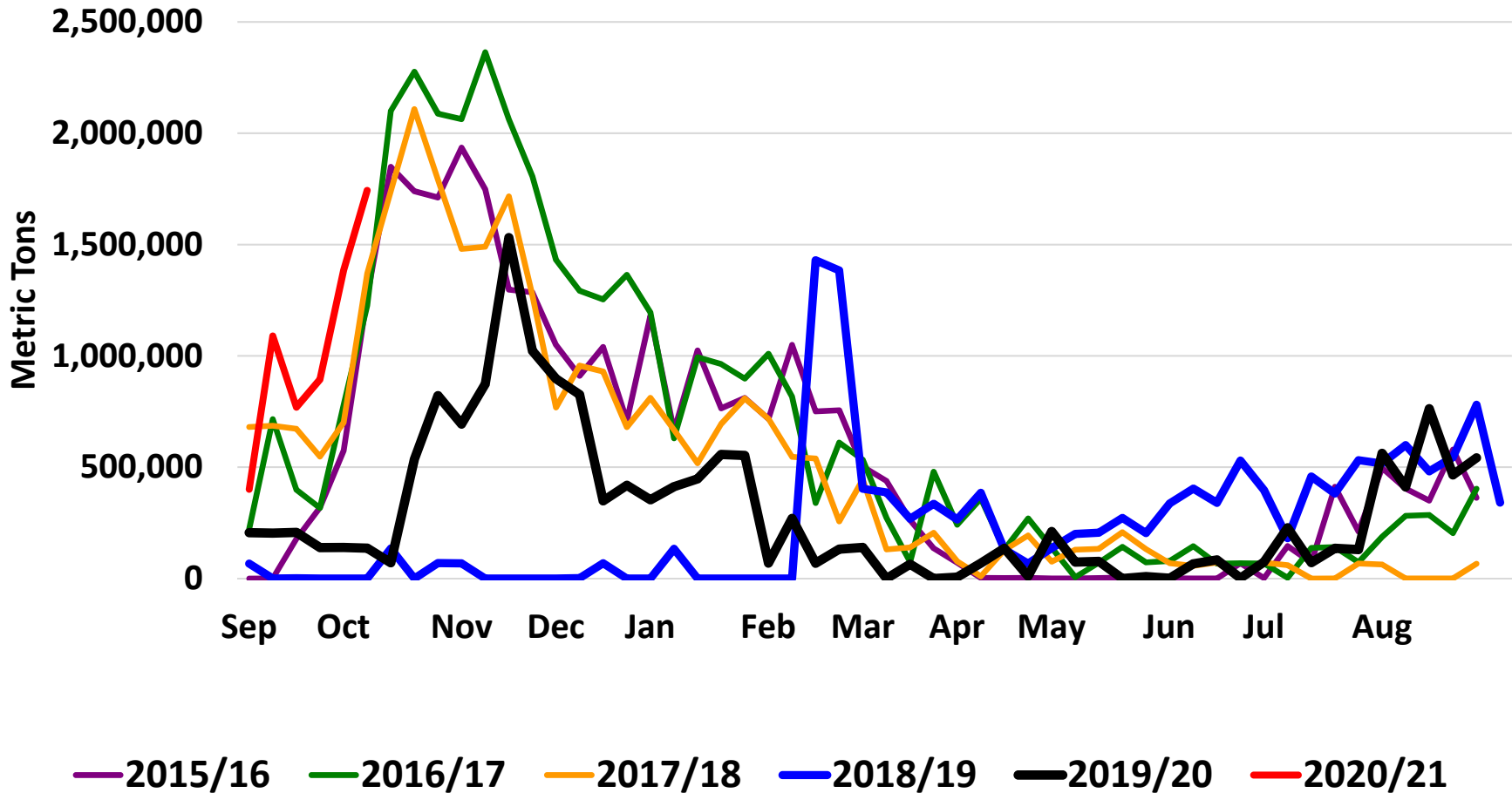
Weekly U.S. Soybean Exports

(09/01/2013 – 10/08/2020)



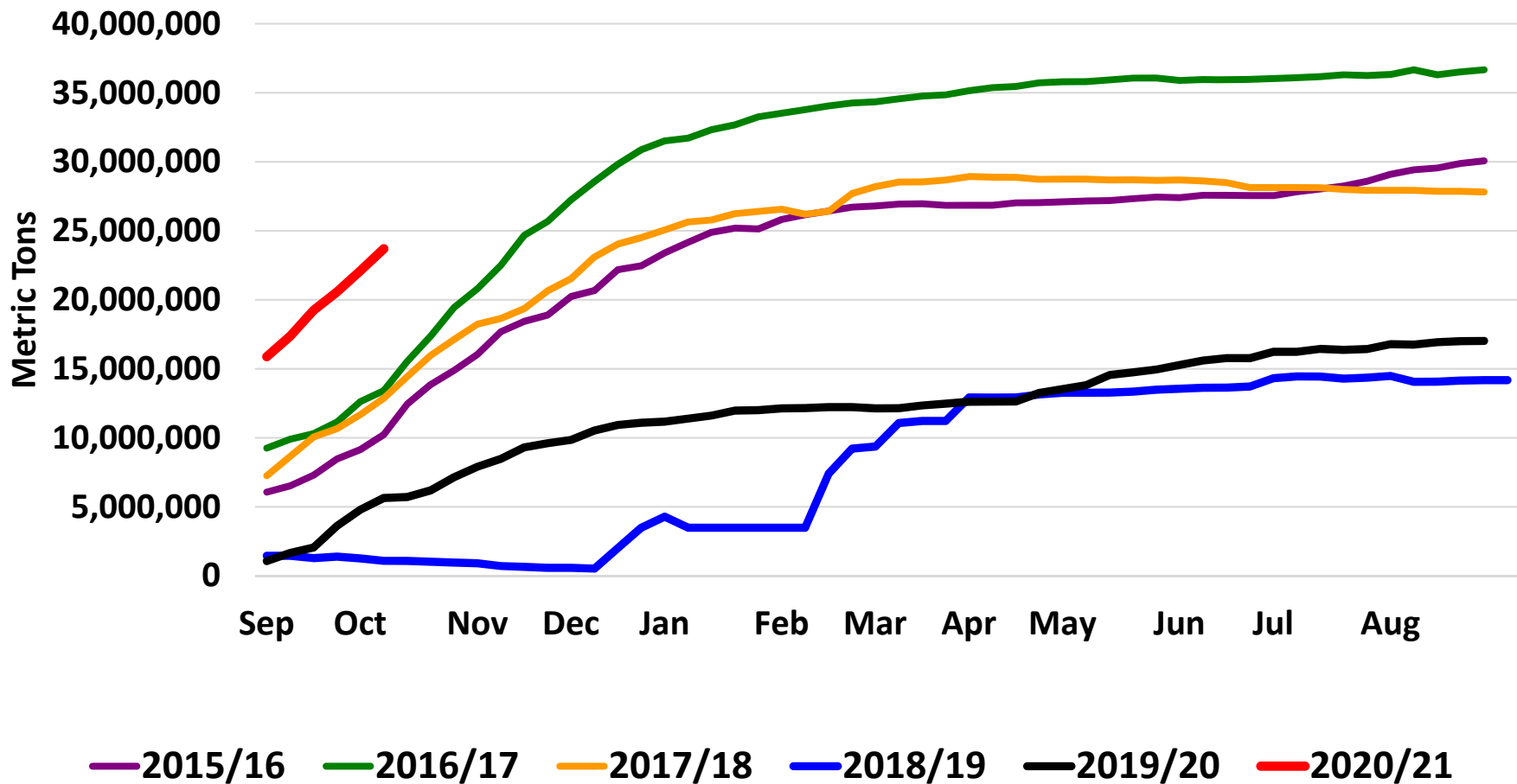
Weekly U.S. Soybean Exports to China

(09/01/2014 – 10/08/2020)



Weekly U.S. Soybean Total Commitments by China

(09/01/2014 – 10/08/2020)



U.S. Soybean Export Destinations

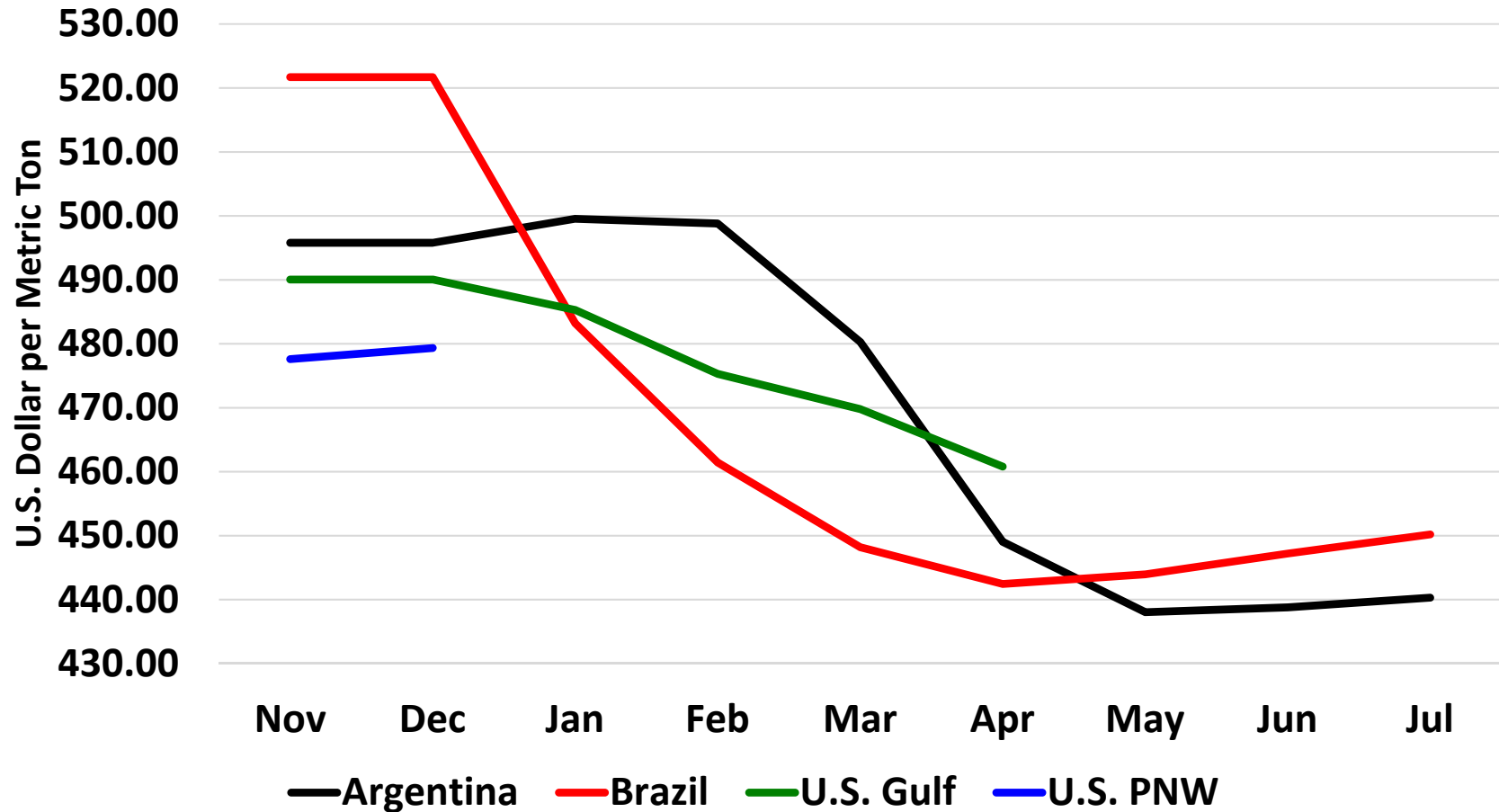
(1,000 Metric Ton)

Country	2015/16	2016/17	2017/18	2018/19	2019/20*	2020/21*
China	29,855.0	36,148.3	27,681.8	13,369.9	16,266.2	23,700.3
EU-27	5,804.9	4,759.6	5,701.1	7,898.1	5,389.4	1,001.2
Mexico	3,252.6	3,665.0	4,231.1	4,918.1	4,622.4	2,323.9
Egypt	295.4	807.2	2,436.5	2,704.7	3,798.2	683.9
Japan	2,145.6	2,137.2	2,153.5	2,437.1	2,272.7	668.0
Indonesia	2,028.6	2,296.9	2,424.8	2,435.7	2,219.8	668.2
Taiwan	1,232.9	1,292.7	1,812.0	1,572.0	1,748.6	855.9
ROW	6,224.2	7,010.8	9,909.2	11,434.1	8,617.2	13,333.9
Total	50,839.2	58,117.7	56,350.0	46,770.3	44,934.5	43,235.3

* Total export commitments as of 10/08/2020

USDA – FAS Export Sales Custom Query

Current Soybean Cost & Freight to North Asia

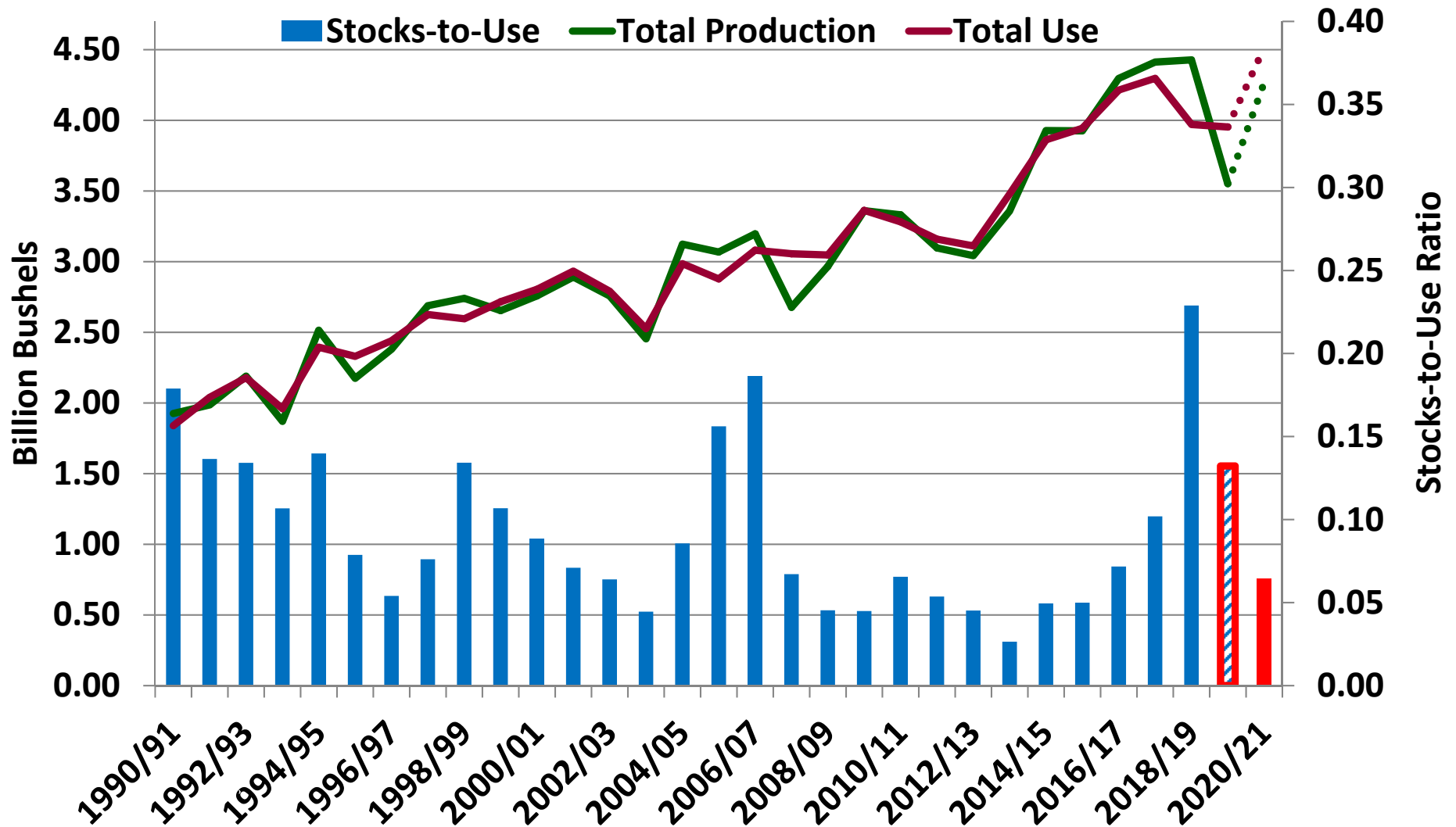


Insurance is not included

AgriCensus – 10-16-20

U.S. Soybean – Total Prod. & Use

(Billion Bushels)



Questions?



U.S. All Wheat Supply & Demand Table

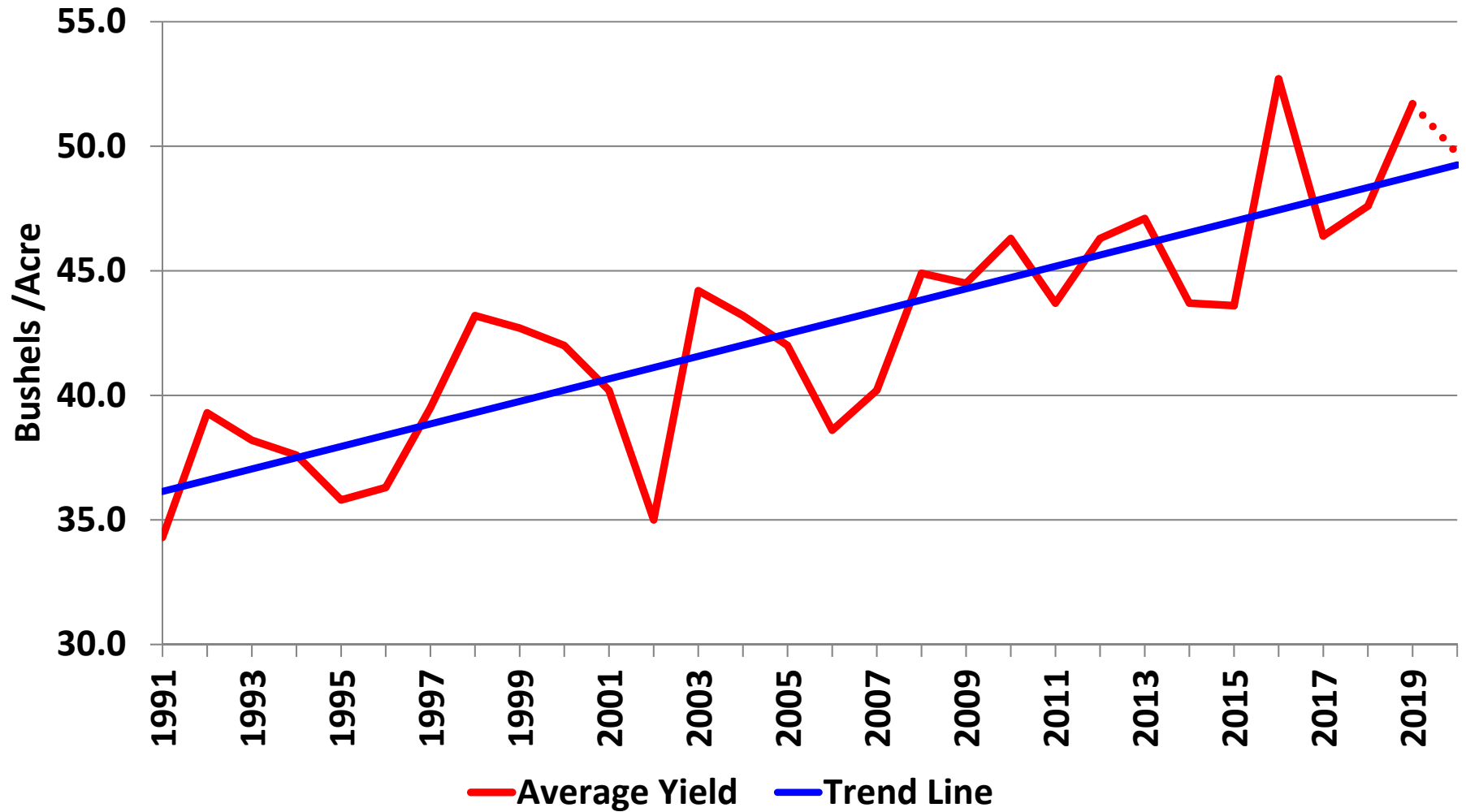
U.S. All Wheat	2018/2019	2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.	47.8 Mill. A.	45.5 Mill. A.	44.3 Mill. A.
Harvested A.	39.6 Mill. A.	37.4 Mill. A.	36.7 Mill. A.
Yield/Harvest A.	47.6 bu.	51.7 bu.	49.7 bu.
Begin Stocks	1,099 Mill. Bu.	1,080 Mill. Bu.	1,028 Mill. Bu.
Production	1,885 Mill. Bu.	1,932 Mill. Bu.	1,826 Mill. Bu.
Imports	135 Mill. Bu.	105 Mill. Bu.	125 Mill. Bu.
Total Supply	3,119 Mill. Bu.	3,117 Mill. Bu.	2,979 Mill. Bu.
Food	955 Mill. Bu.	962 Mill. Bu.	960 Mill. Bu.
Seed	59 Mill. Bu.	60 Mill. Bu.	61 Mill. Bu.
Feed & Residual	88 Mill. Bu.	102 Mill. Bu.	100 Mill. Bu.
Exports	1,102 Mill. Bu.	965 Mill. Bu.	975 Mill. Bu.
Total Use	2,039 Mill. Bu.	2,089 Mill. Bu.	2,096 Mill. Bu.
Ending Stocks	1,080 Mill. Bu.	1,028 Mill. Bu.	883 Mill. Bu.

U.S. All Wheat Supply & Demand Table

U.S. All Wheat		2019/2020 (Est.)	2020/2021 (Oct.)
Planted A.		45.5 Mill. A.	44.3 Mill. A.
Harvested		7.4 Mill. A.	36.7 Mill. A.
Yield/Ha		1.7 bu.	49.7 bu.
Begin Sto		1,080 Mill. Bu.	1,028 Mill. Bu.
Production		1,932 Mill. Bu.	1,826 Mill. Bu.
Imports		105 Mill. Bu.	125 Mill. Bu.
Total Supply	3,119 Mill. Bu.	3,117 Mill. Bu.	2,979 Mill. Bu.
Food	955 Mill. Bu.	962 Mill. Bu.	960 Mill. Bu.
Seed	59 Mill. Bu.	60 Mill. Bu.	61 Mill. Bu.
Feed & Residual	88 Mill. Bu.	102 Mill. Bu.	100 Mill. Bu.
Exports	1,102 Mill. Bu.	965 Mill. Bu.	975 Mill. Bu.
Total Use	2,039 Mill. Bu.	2,089 Mill. Bu.	2,096 Mill. Bu.
Ending Stocks	1,080 Mill. Bu.	1,028 Mill. Bu.	883 Mill. Bu.

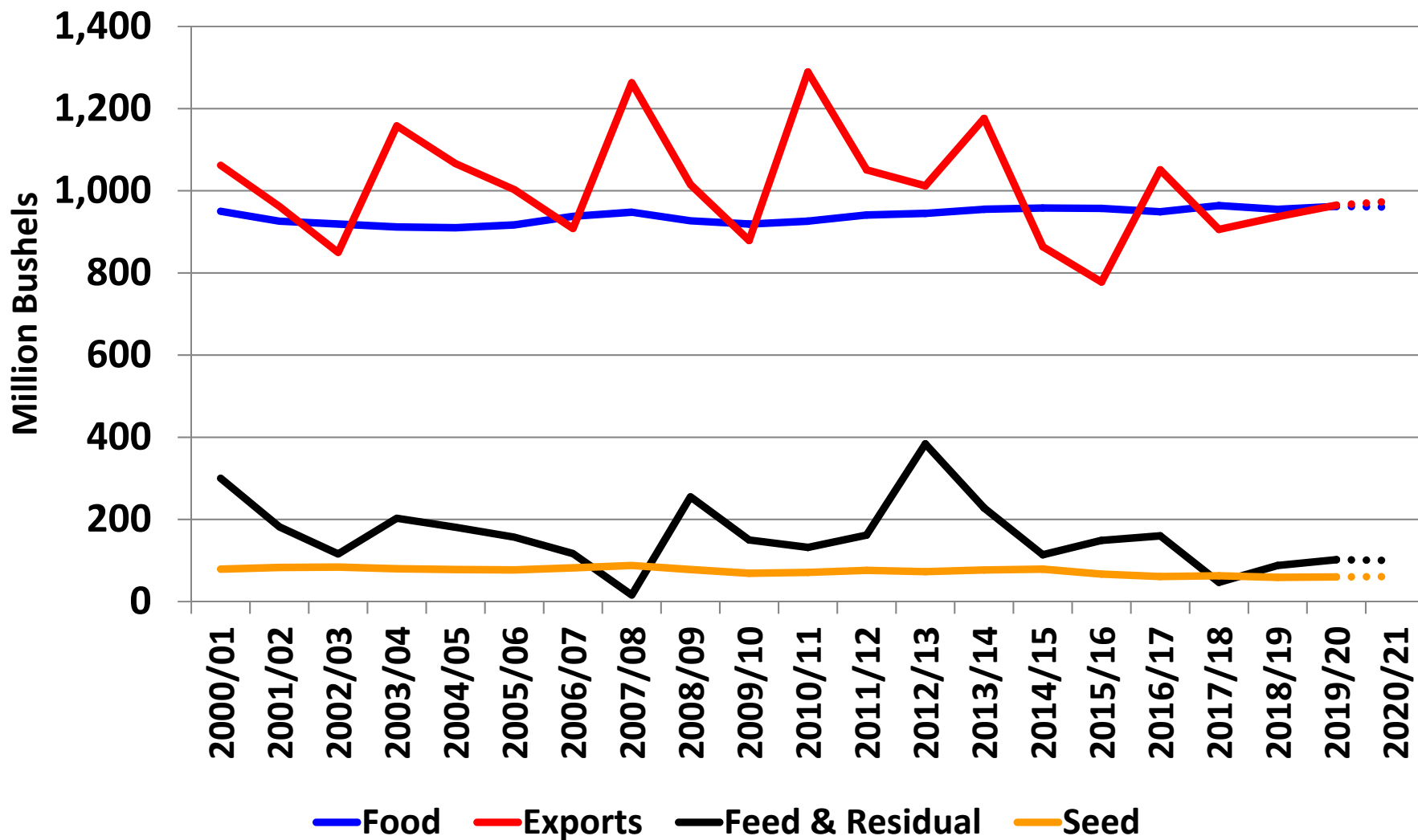
Average trade estimate is **887 mill. bu.**
 Sep. estimate was **925 mill. bu.**

U.S. All Wheat Trend Line Yield



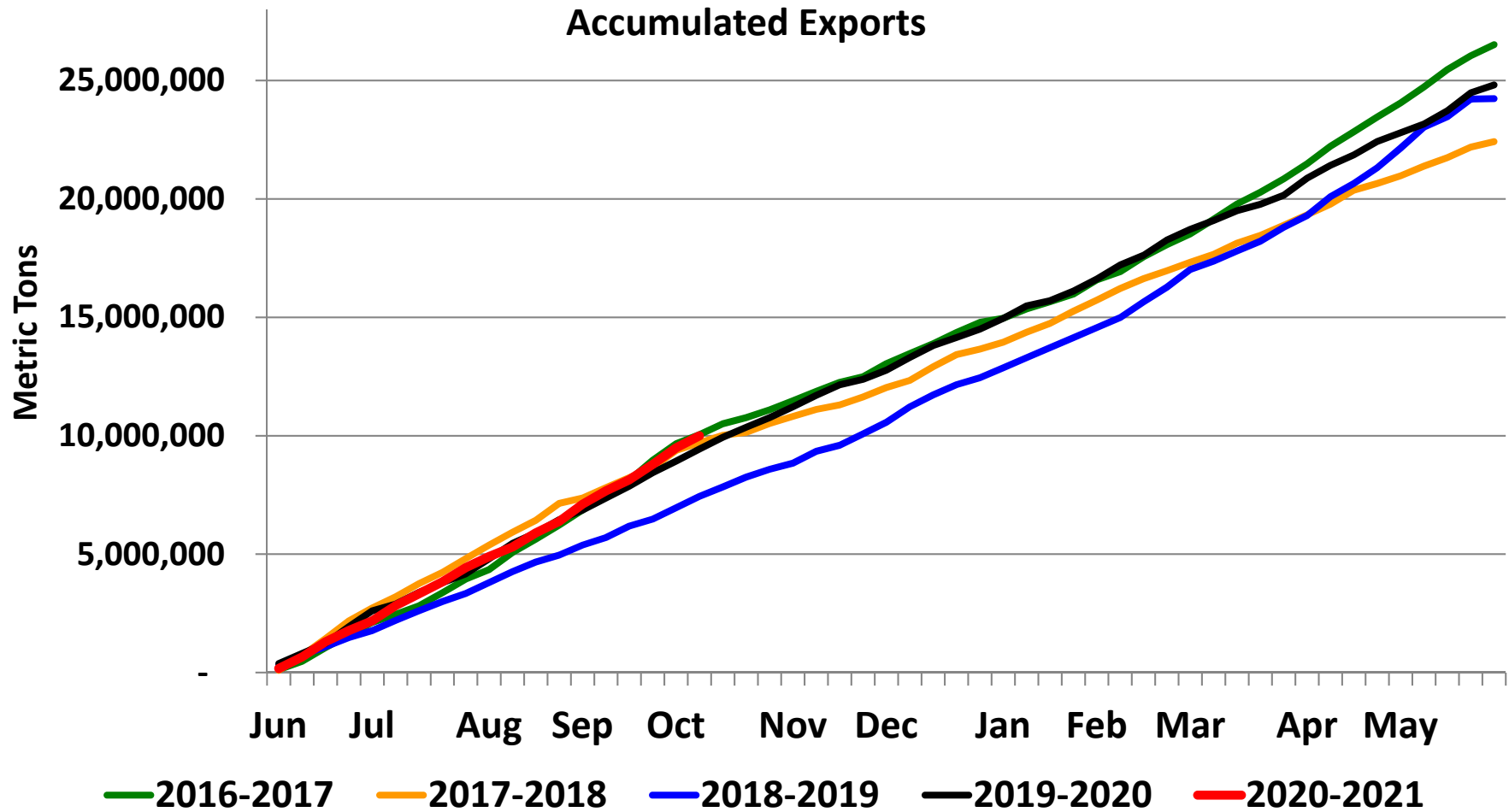
U.S. All Wheat Use

(Million Bushels)



Weekly U.S. All Wheat Exports

(06/04/2015 – 10/08/2020)



U.S. All Wheat Export Destinations

(1,000 Metric Ton)

Country	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Mexico	2,318.1	3,089.7	2,935.0	3,033.6	3,670.0	1,926.1
Philippines	2,118.4	2,729.2	2,474.2	3,046.7	3,141.9	2,167.5
Japan	2,434.0	2,819.7	2,692.7	2,695.4	2,575.4	1,417.4
Nigeria	1,401.2	1,540.4	1,170.7	1,563.9	1,564.4	689.6
South Korea	1,073.7	1,275.5	1,420.4	1,355.3	1,340.8	858.1
Taiwan	1,033.7	1,049.1	1,114.4	1,163.9	1,246.4	675.4
Indonesia	607.8	1,083.5	1,141.0	1,381.7	1,061.9	607.8
China	763.5	1,562.7	902.4	42.0	549.5	1,537.7
ROW	7,722.7	11,363.0	8,568.4	9,949.1	9,661.9	5,169.6
Total	19,473.1	26,512.8	22,419.2	24,231.6	24,812.2	15,049.2

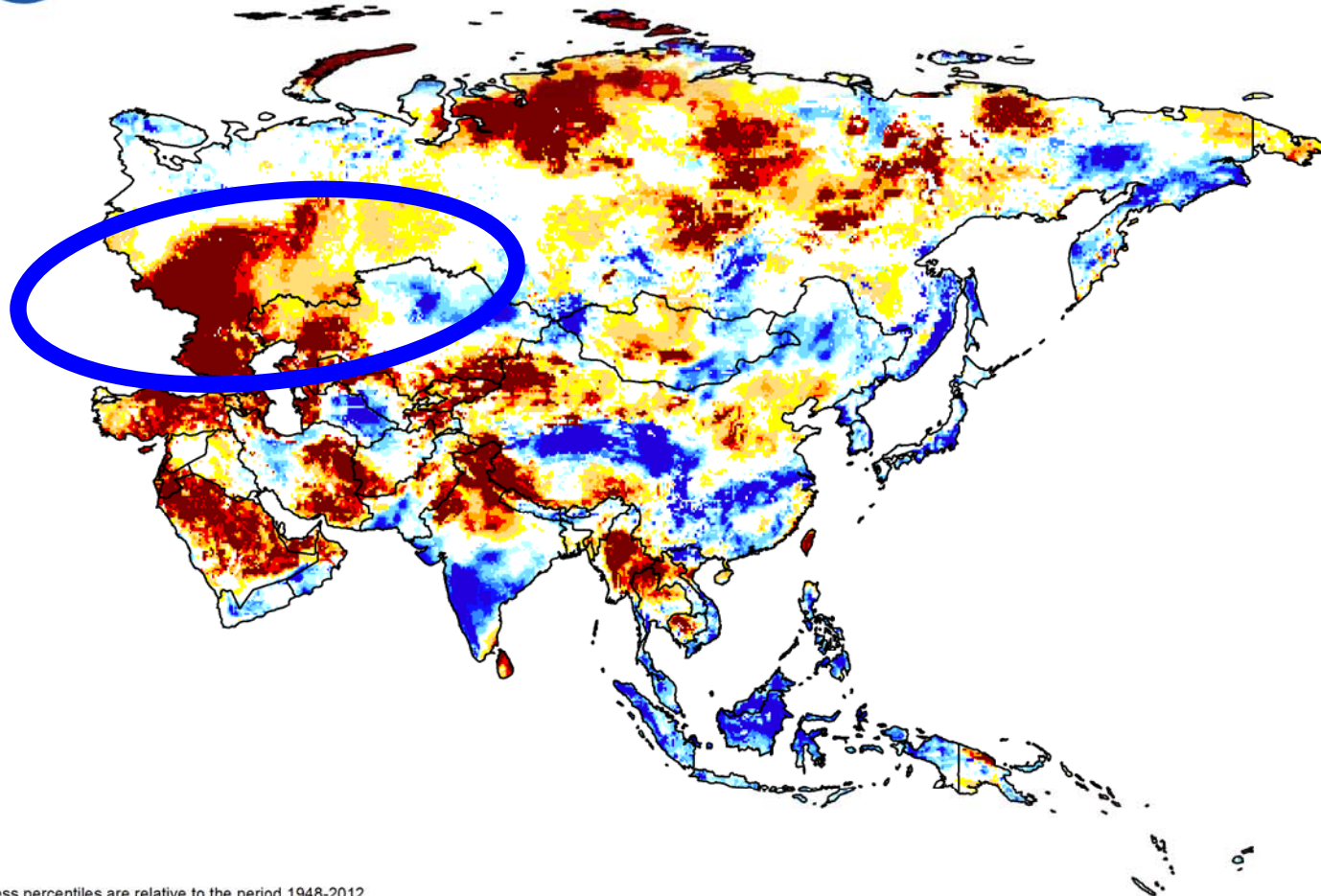
* Total export commitments as of 10/08/2020

USDA – FAS Export Sales Custom Query



GRACE-Based Root Zone Soil Moisture Drought Indicator

October 12, 2020

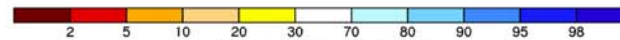


Wetness percentiles are relative to the period 1948-2012

The root zone is defined as the top 1 meter of soil

Cell Resolution 0.25 degrees

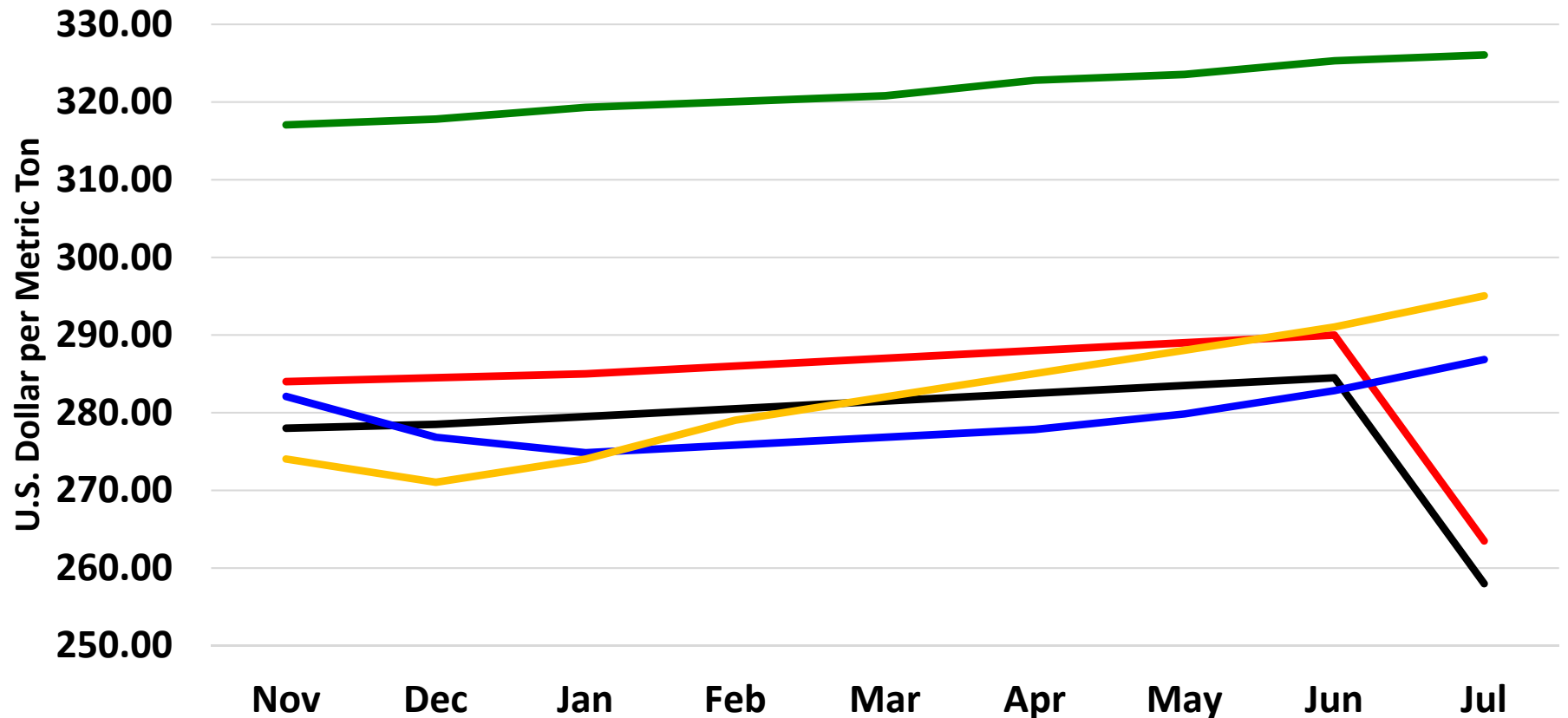
Projection of this document is Patterson (World)



Wetness Percentile

<https://nasagrace.unl.edu>

Current Wheat Cost & Freight to North Asia



—Ukraine 11.5 —Russia 12.5 —U.S. Gulf 11.0 —Australian Prime White —Argentina 12.0

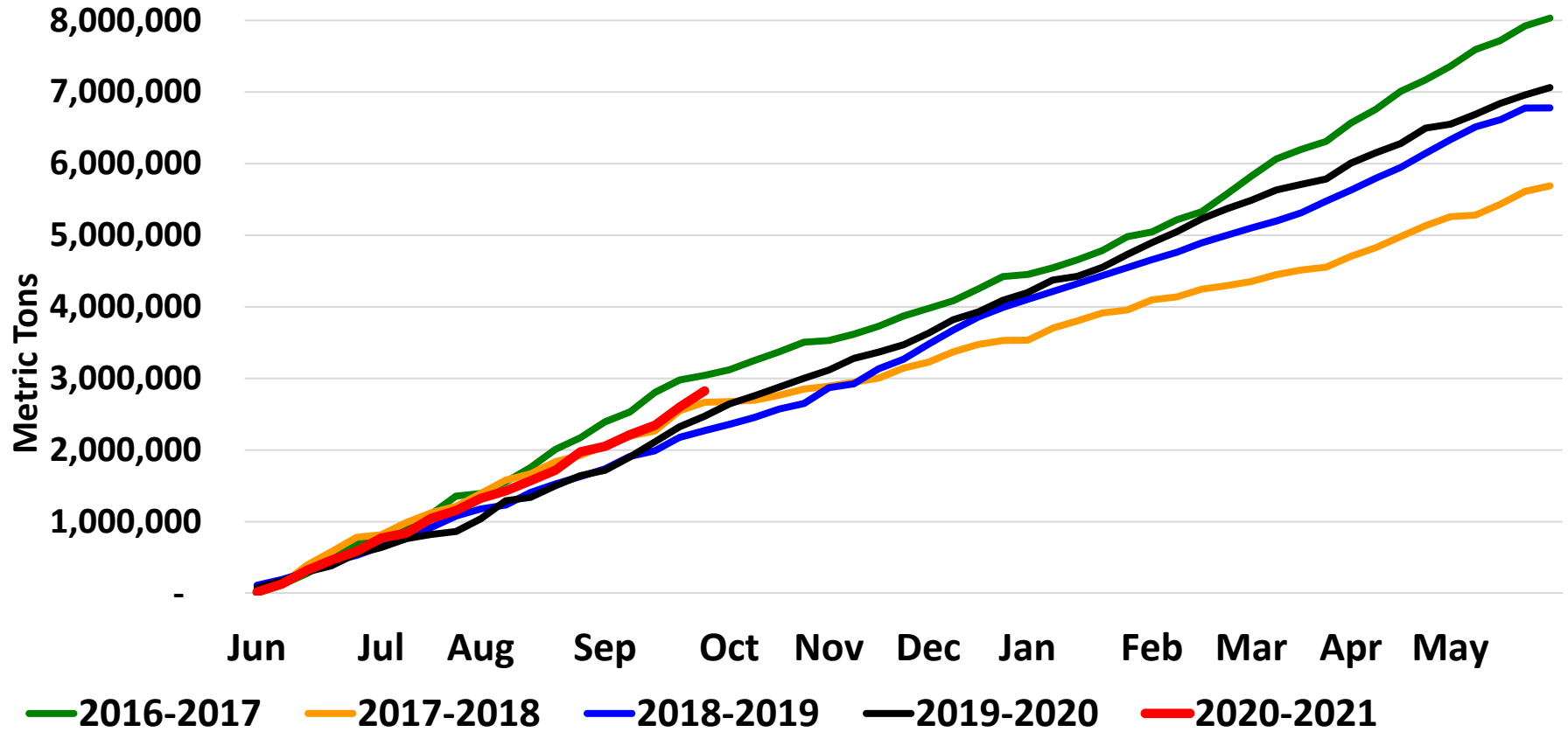
Insurance is not included

AgriCensus – 10-16-20

Weekly U.S. HRSW Exports

(06/04/2015 – 10/08/2020)

Accumulated Exports



U.S. Hard Red Spring Wheat Export Destinations

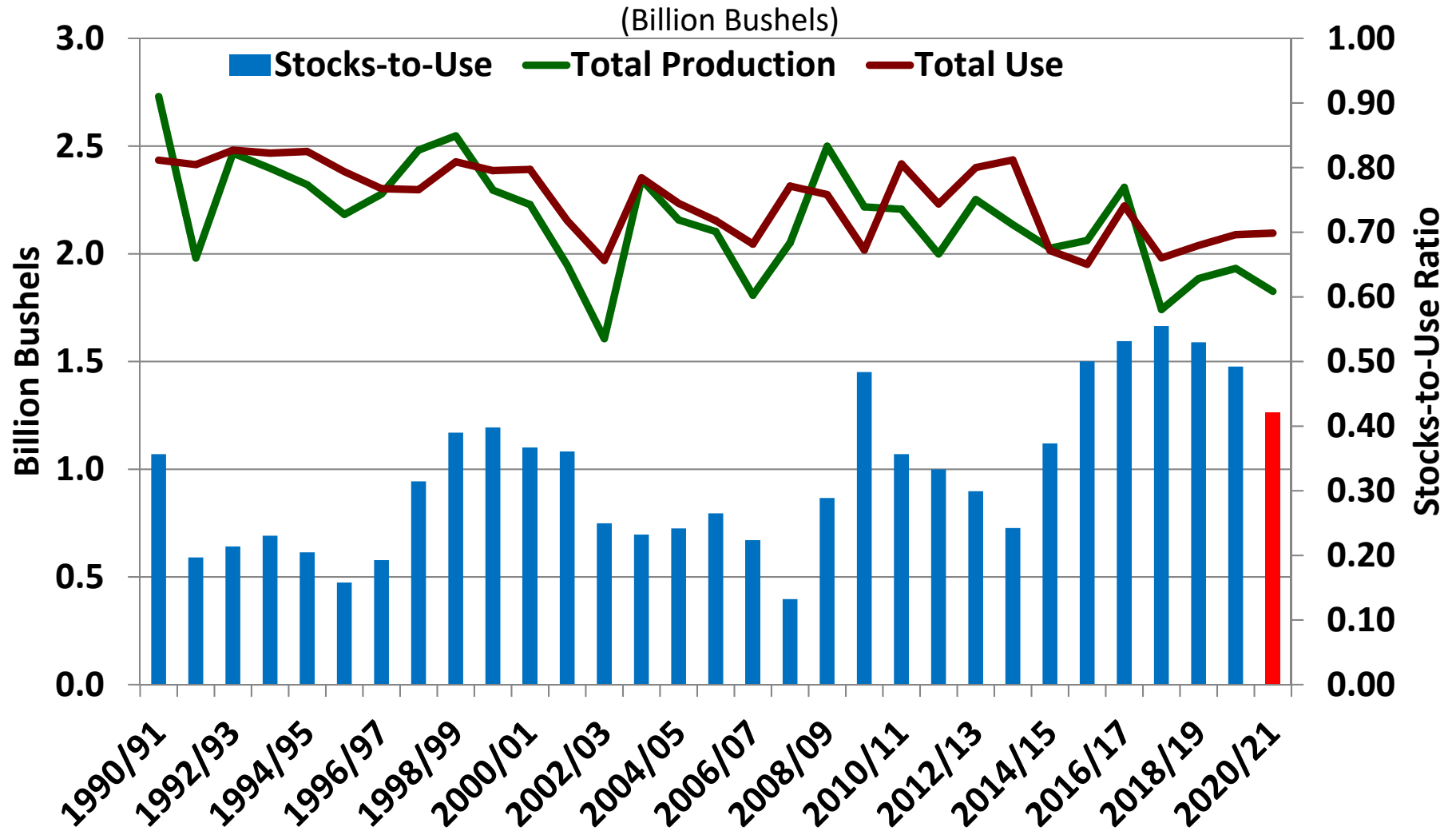
(1,000 Metric Ton)

Country	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Philippines	1,138.5	1,657.3	1,247.6	1,760.4	1,732.1	1,188.2
Japan	850.6	1,048.3	995.9	863.7	987.8	549.2
Taiwan	593.0	568.0	626.0	624.5	658.2	375.7
South Korea	353.0	393.6	399.7	450.2	446.3	266.1
Bangladesh	0.0	110.5	0.0	391.7	380.6	0.0
Thailand	261.1	331.7	256.8	360.8	347.1	216.7
China	629.6	1,042.6	542.9	33.6	116.3	382.2
ROW	2,605.8	2,880.5	1,619.7	2,293.5	2,393.9	1,377.6
Total	6,431.6	8,032.5	5,688.6	6,778.4	7,062.3	4,355.7

* Total export commitments as of 10/08/2020

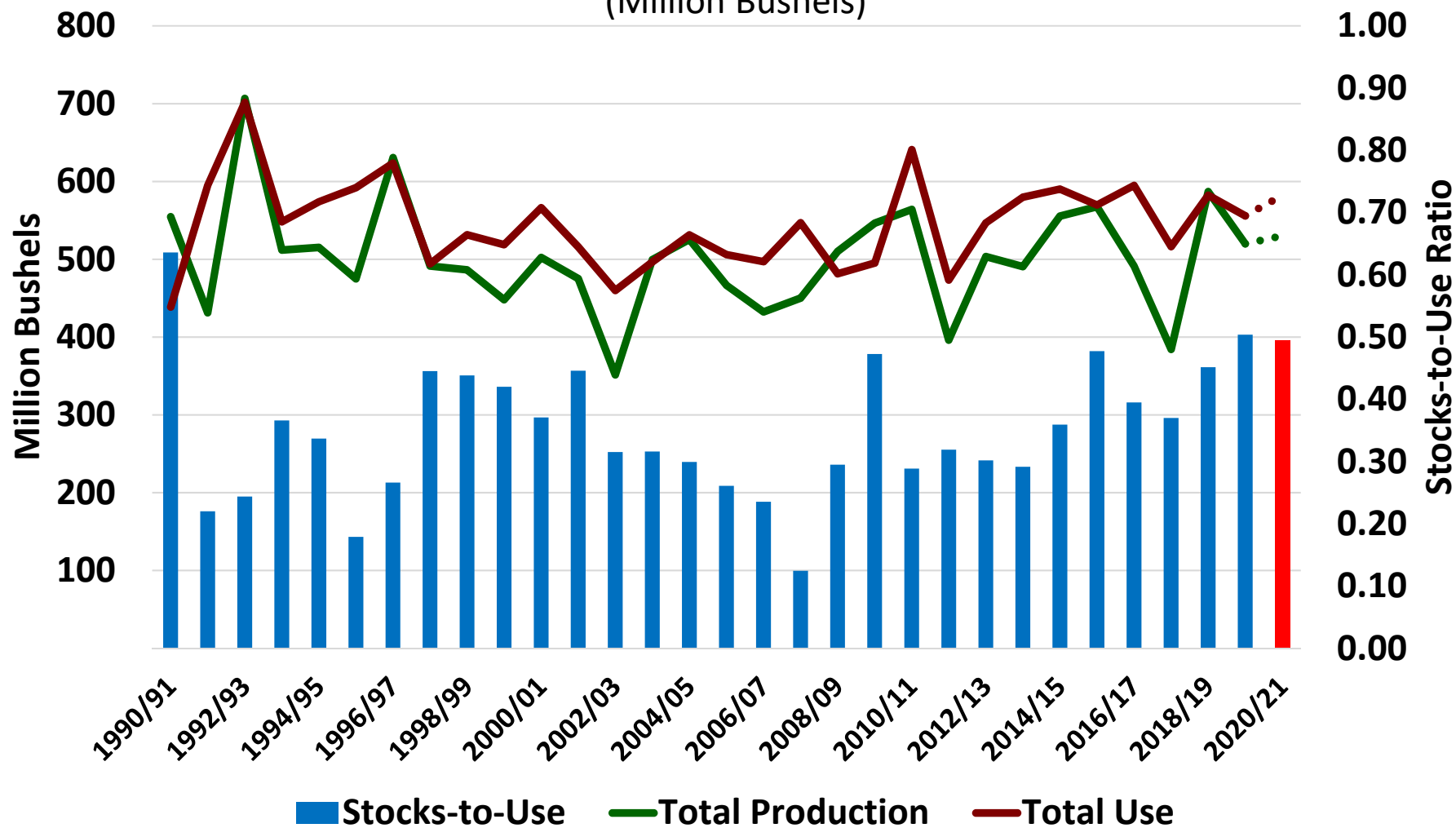
USDA – FAS Export Sales Custom Query

U.S. All Wheat – Total Prod. & Use



U.S. HRSW – Total Prod. & Use

(Million Bushels)



Questions?

