

Farm Futures.

2019 Grain Market Outlook: *Better or worse?*

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AMERICAN
Agriculturist.

PrairieFarmer.

Feedstuffs.

BEEF

Corn
Soybean
Digest



DELTA
FarmPress.

And
more...

Big Issues

- Trade war impact
- Size of the crops
- USDA data vacuum
- Cash market basis trend
- Acreage questions
- Price forecast
- Input buying
- Weather
- Net farm income estimates
- Farm financial trends

Smaller Corn Crop

U.S. 2018 Corn Production				
	Farm Futures	Average Trade Guess	Range Of Guesses	USDA November
Harvested (<i>millions</i>)	81,413	81,668	80,850-82,100	81,767
Yield	177.2	178	176.7-179.9	178.9
Production (billions)	14,423	14,538	14,343-14,800	14,626
Source: USDA, Reuters, Farm Futures				

Lower Yields, Less Acres

U.S. 2018 Soybean Production				
	Farm Futures	Average Trade Guess	Range Of Guesses	USDA November
Harvested (<i>millions</i>)	87,364	88,189	87,364-88,509	88,345
Yield	51.6	51.8	51.5-52.4	52.1
Production (billions)	4,505	4,572	4,505-4,620	4,600
Source: USDA, Reuters, Farm Futures				

Carryout Trend Mixed

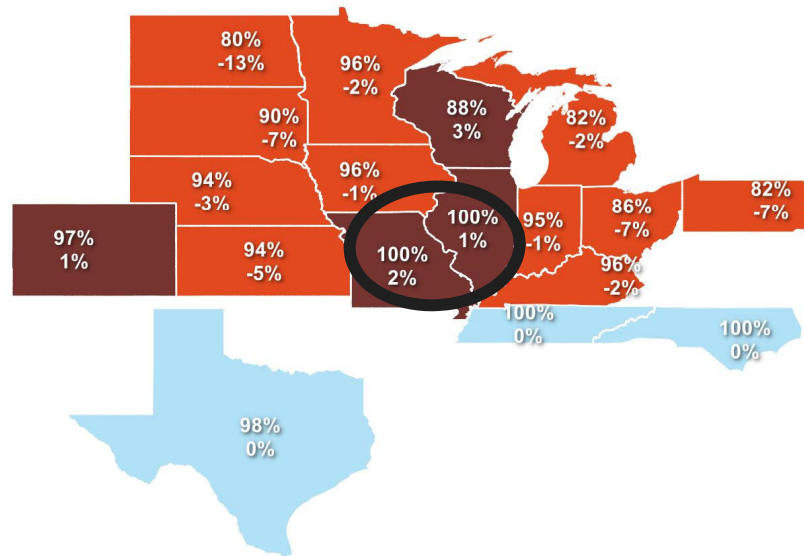
U.S. 2018-2019 Ending Stocks				
<i>million bushels</i>	Farm Futures	Average Trade Guess	Range Of Guesses	USDA November
Corn	1,691	1,694	1,579-1,787	1,781
Soybeans	798	904	798-980	955
Wheat	1,028	987	950-1,028	974
Source: USDA, Reuters, Farm Futures				

More Soybeans And Wheat, Less Corn

Dec. 1 Grain Stocks				
<i>millions</i>	Farm Futures	Average Trade Guess	Range Of Guesses	USDA January 2018
Corn	12,000	12,097	11,975-12,400	12,567
Soybeans	3,719	3,725	3,414-3,872	3,161
Wheat	1,957	1,960	1,900-1,985	1,873
Source: USDA, Reuters, Farm Futures				

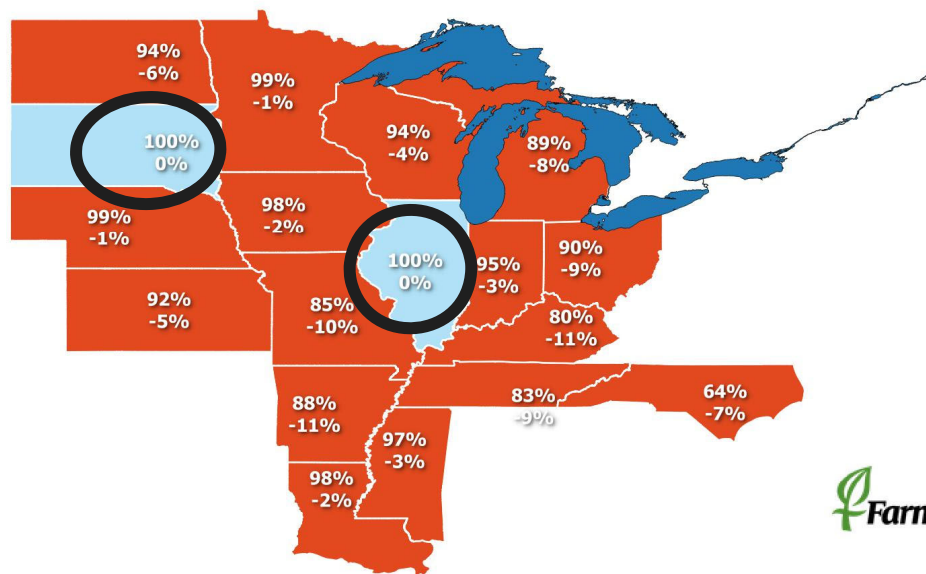
Harvest Was Slow In Many States

CORN HARVEST, NOVEMBER 26, 2018
 TOP NUMBER IS PERCENTAGE THIS WEEK, BOTTOM NUMBER VS 5-YEAR

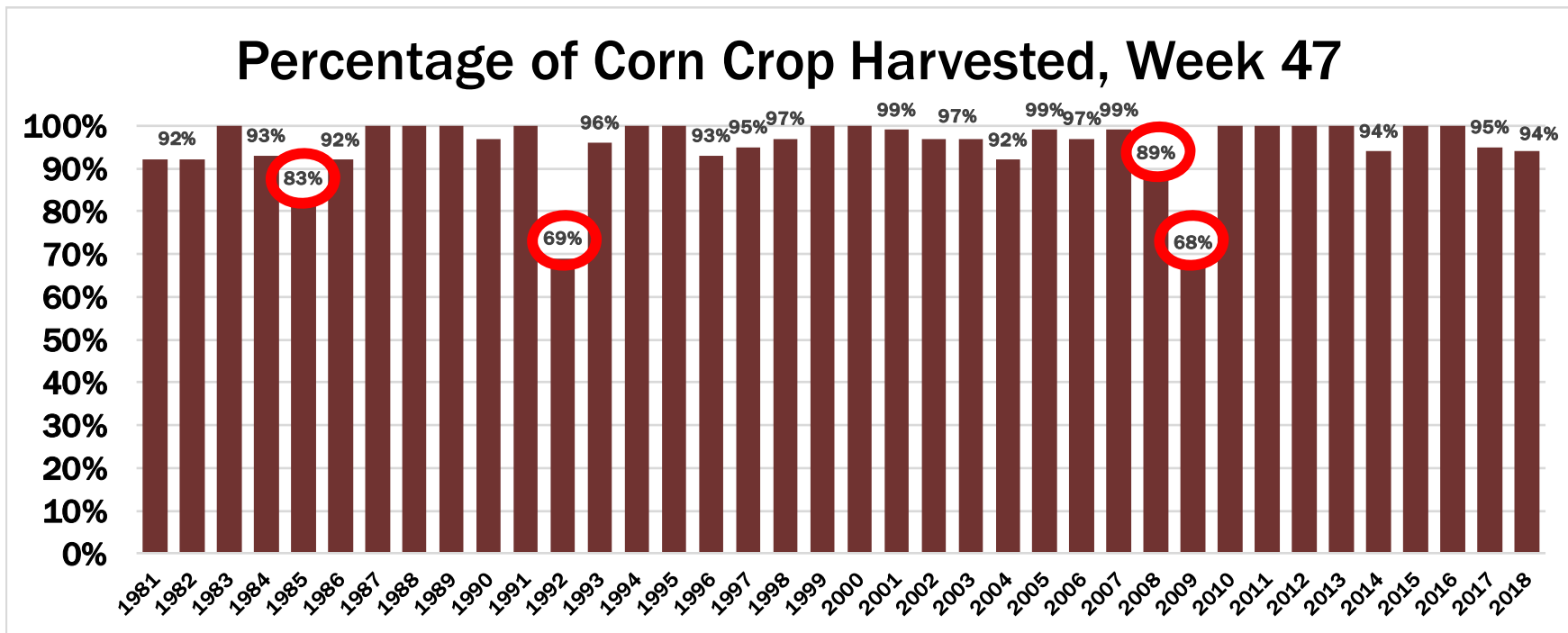


Soybeans Lagged All Over

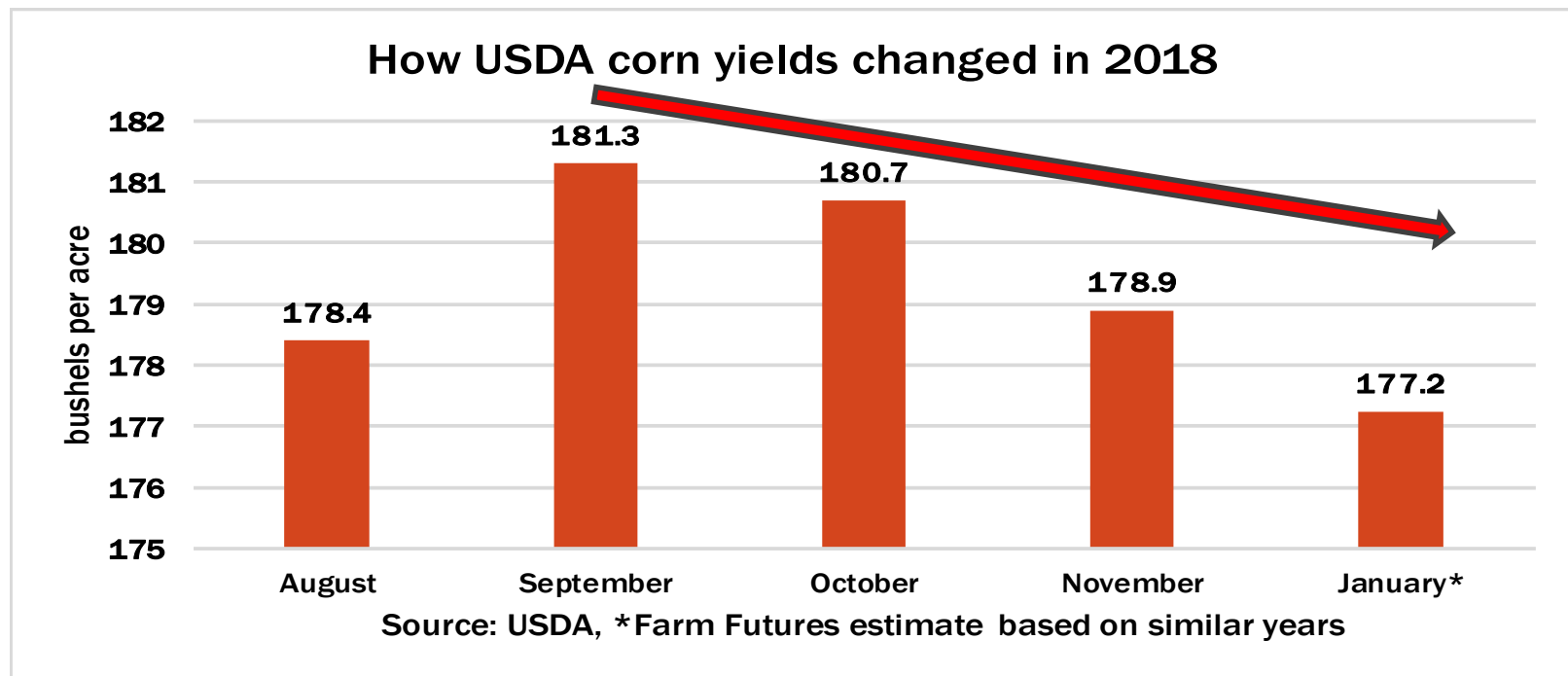
SOYBEANS HARVESTED, NOVEMBER 26, 2018
TOP NUMBER IS PERCENTAGE THIS WEEK, BOTTOM VS 5-YEAR AVERAGE



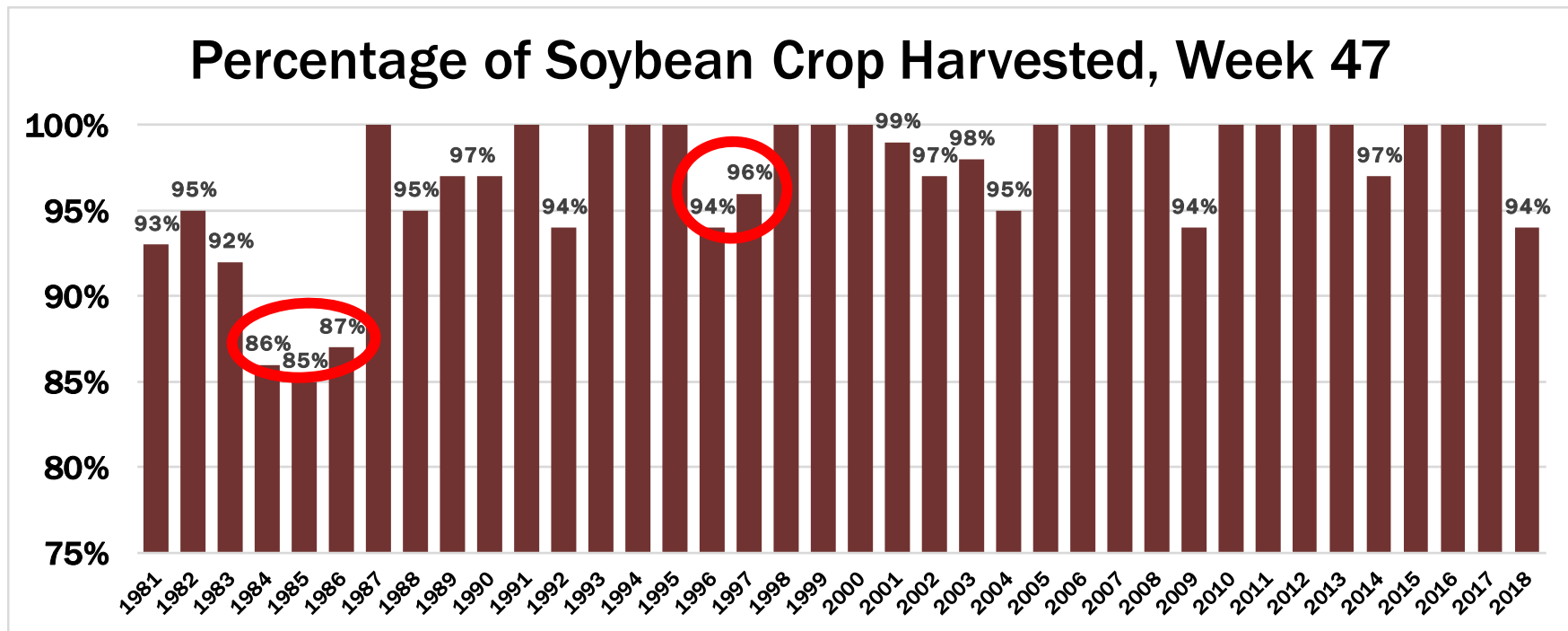
Slow Harvest Doesn't Mean Smaller Crop



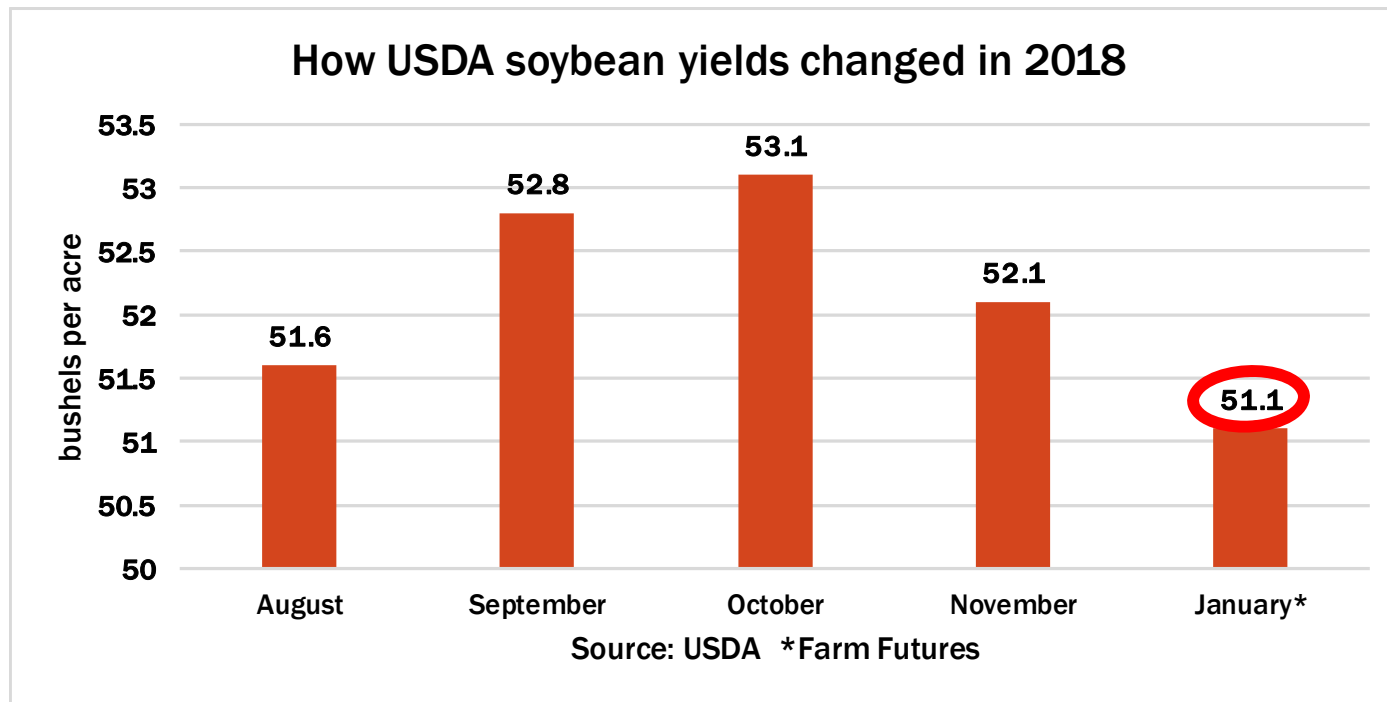
Will Corn Yields Shrink?



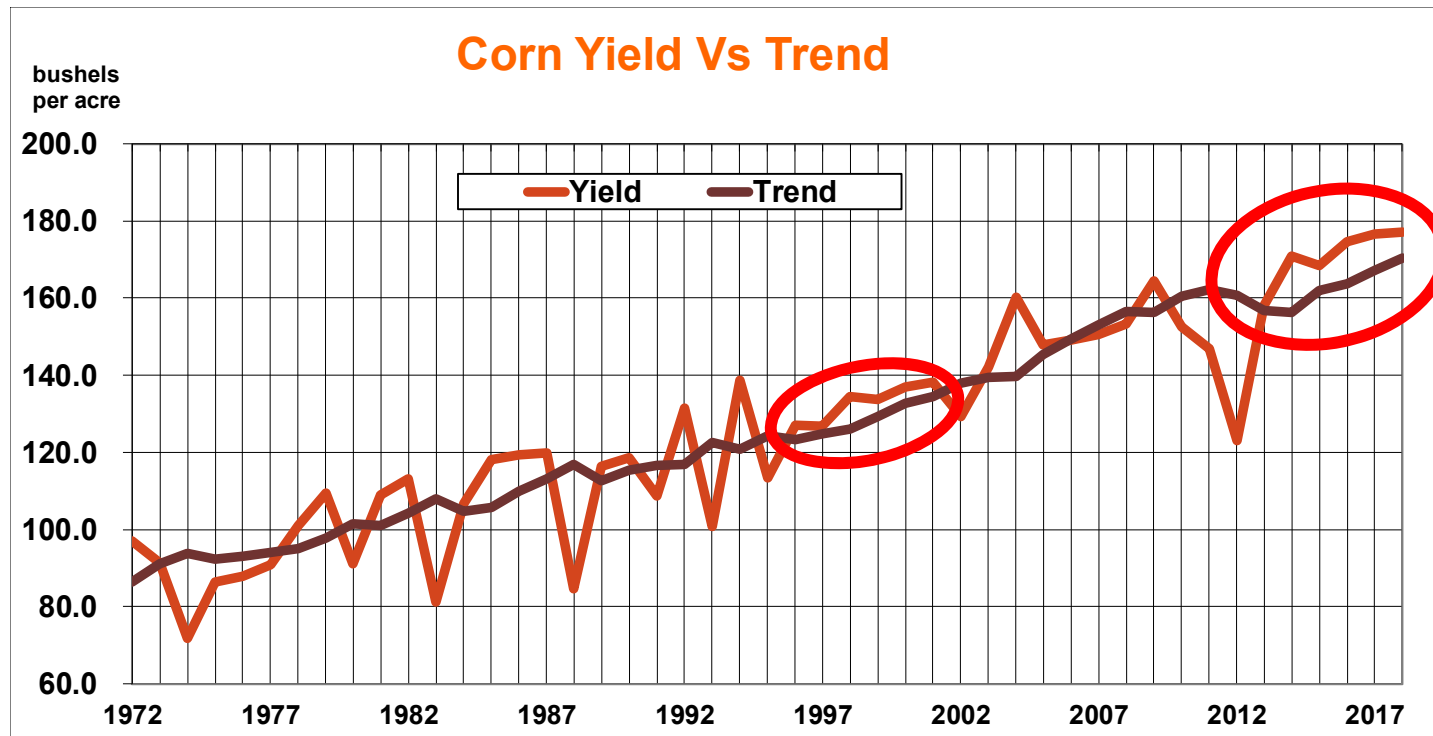
Soybean Harvest Tends To Go Slower



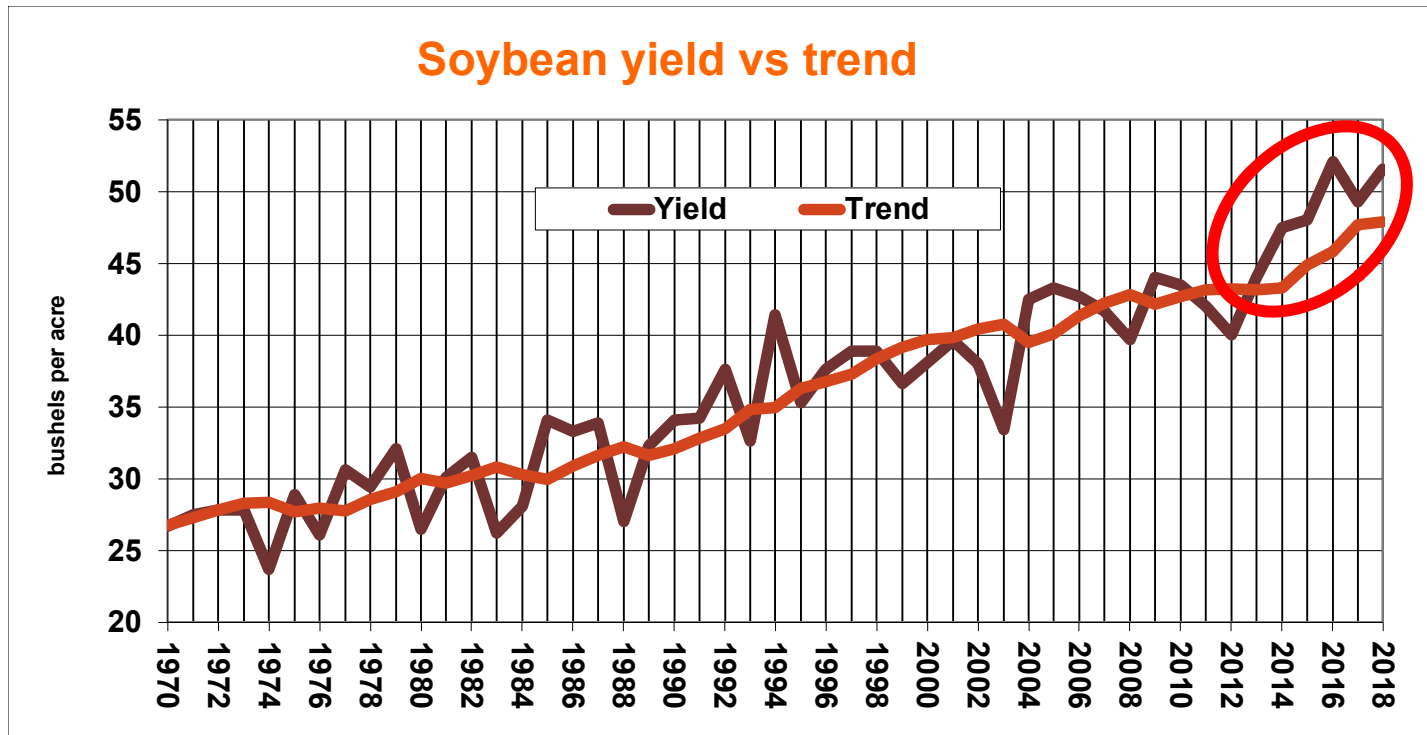
Models Also Suggest Lower Yields



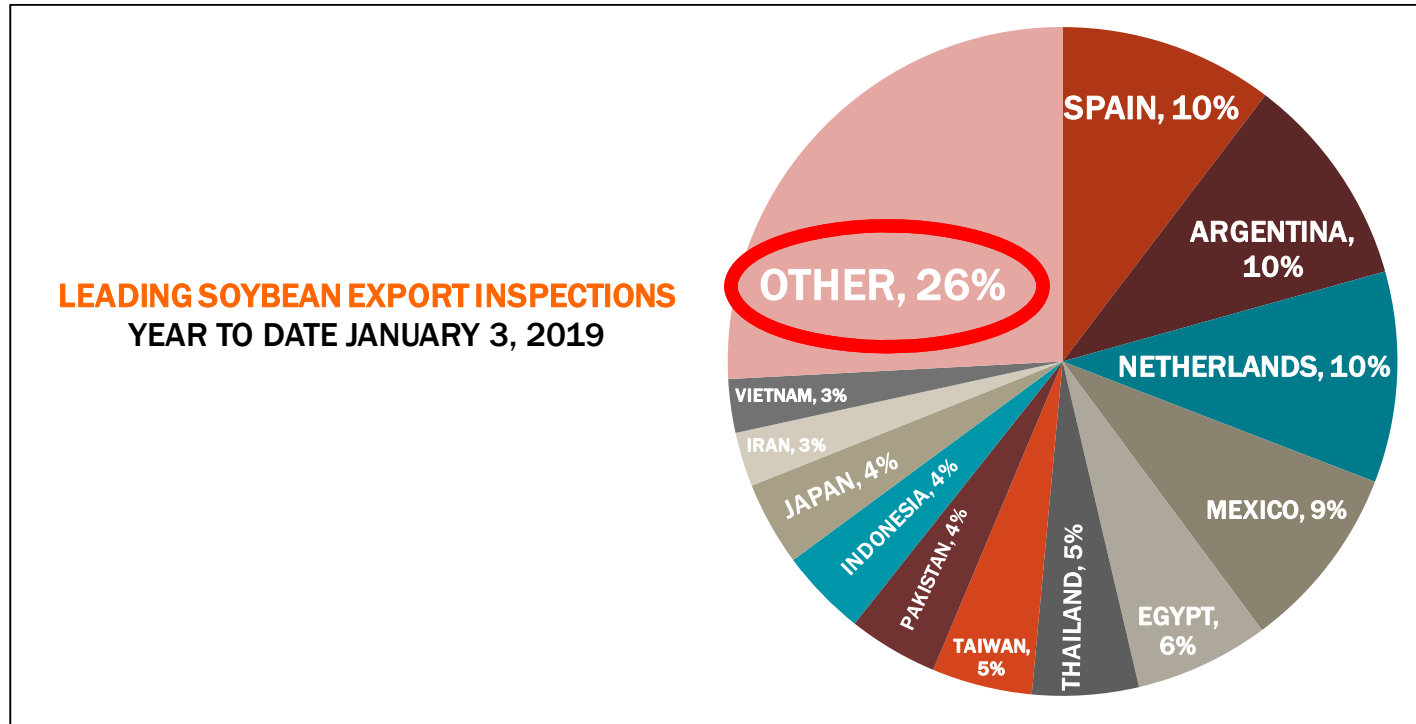
Six Years In A Row



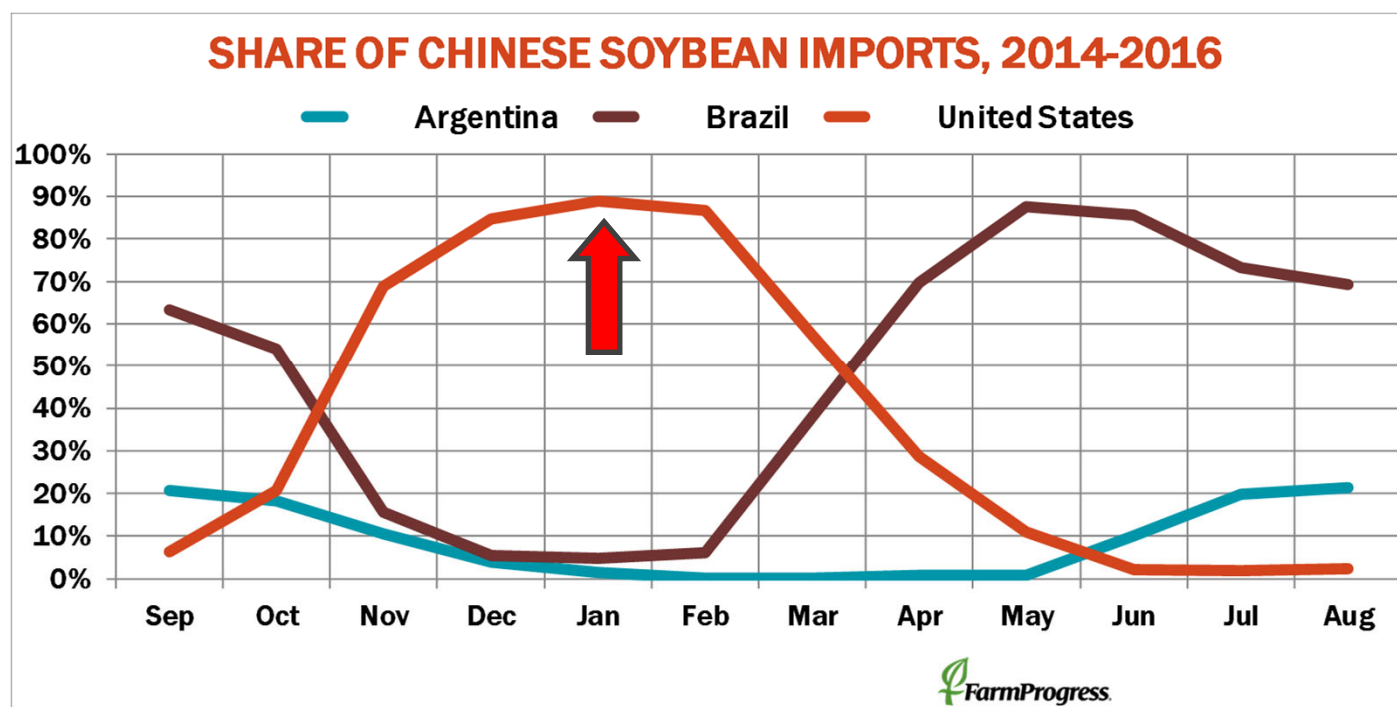
Six In A Row A Record



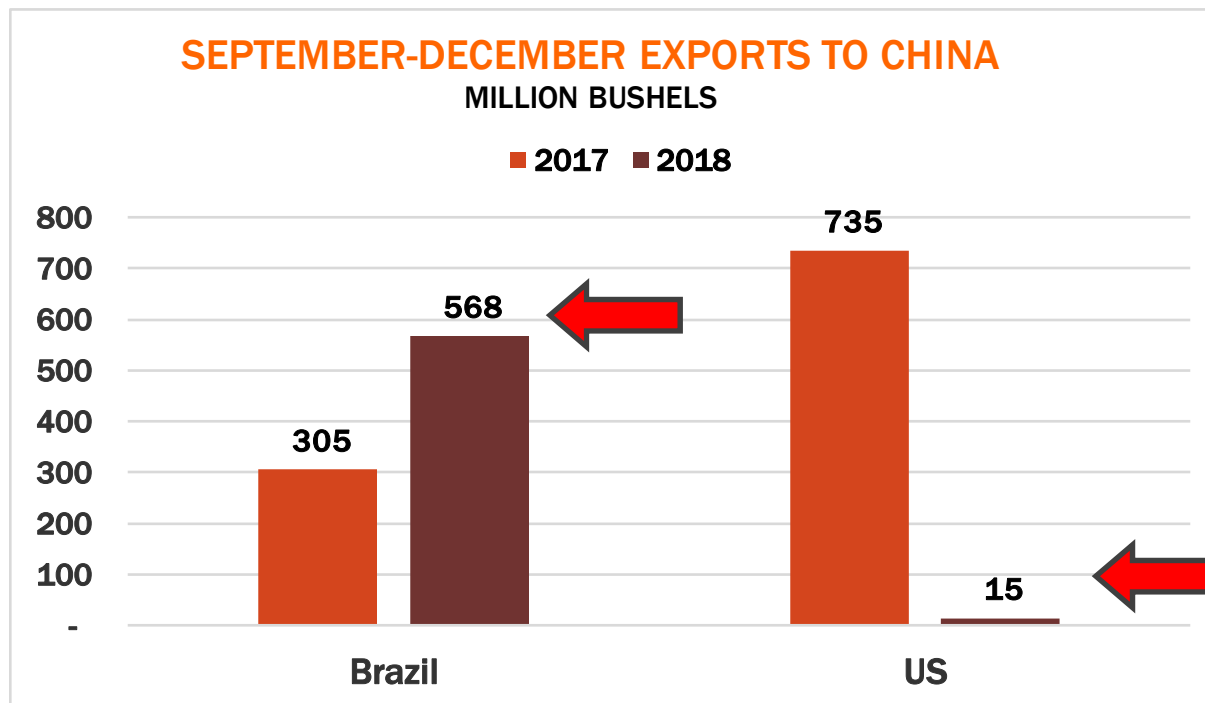
Where's China? Usually 57% to 62%



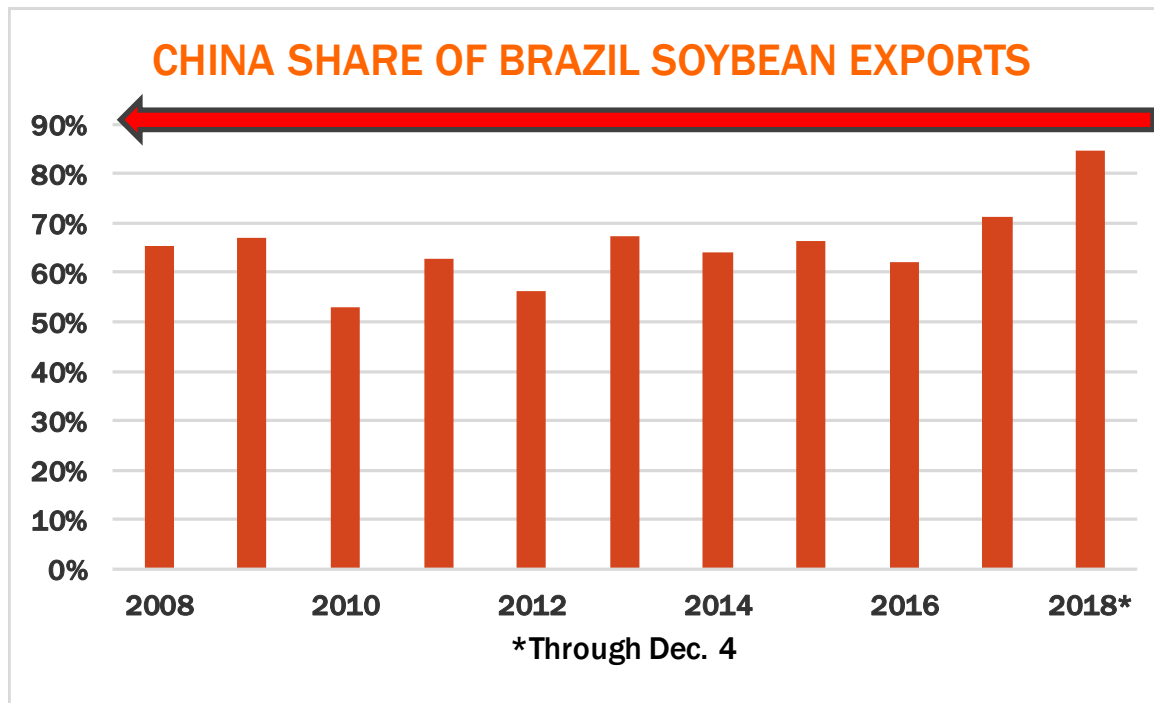
U.S. Shipments To China Should Be Booming



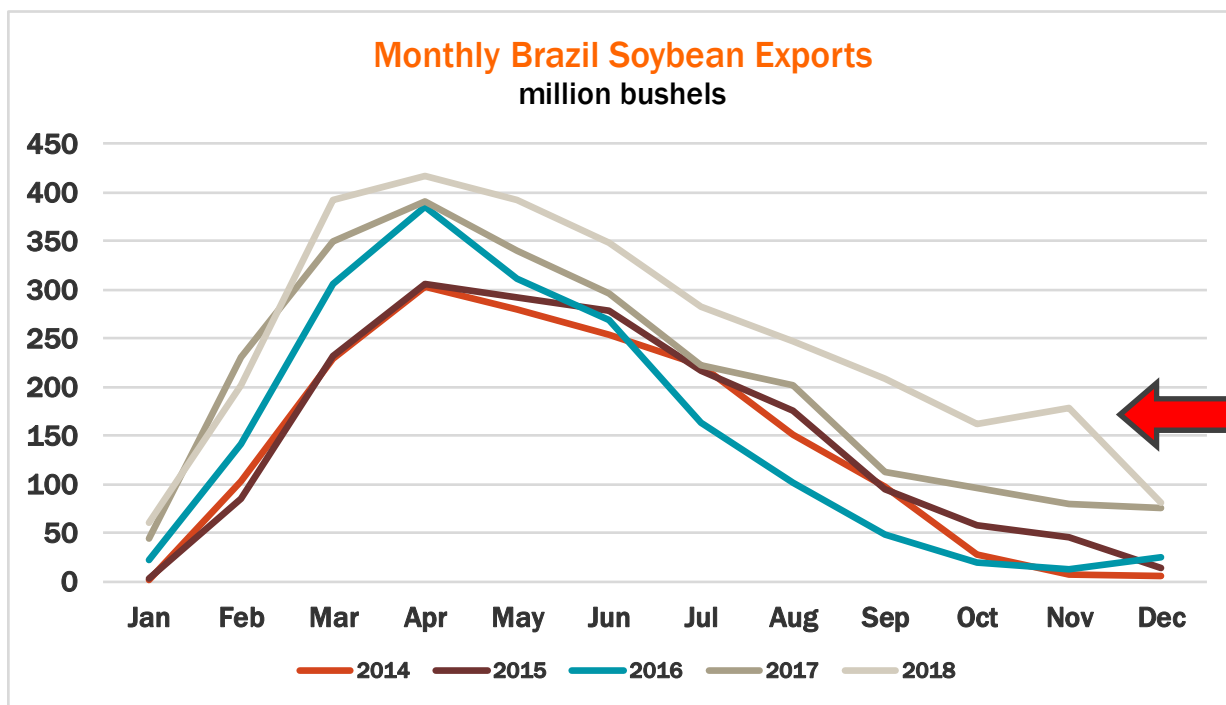
Winners And Losers



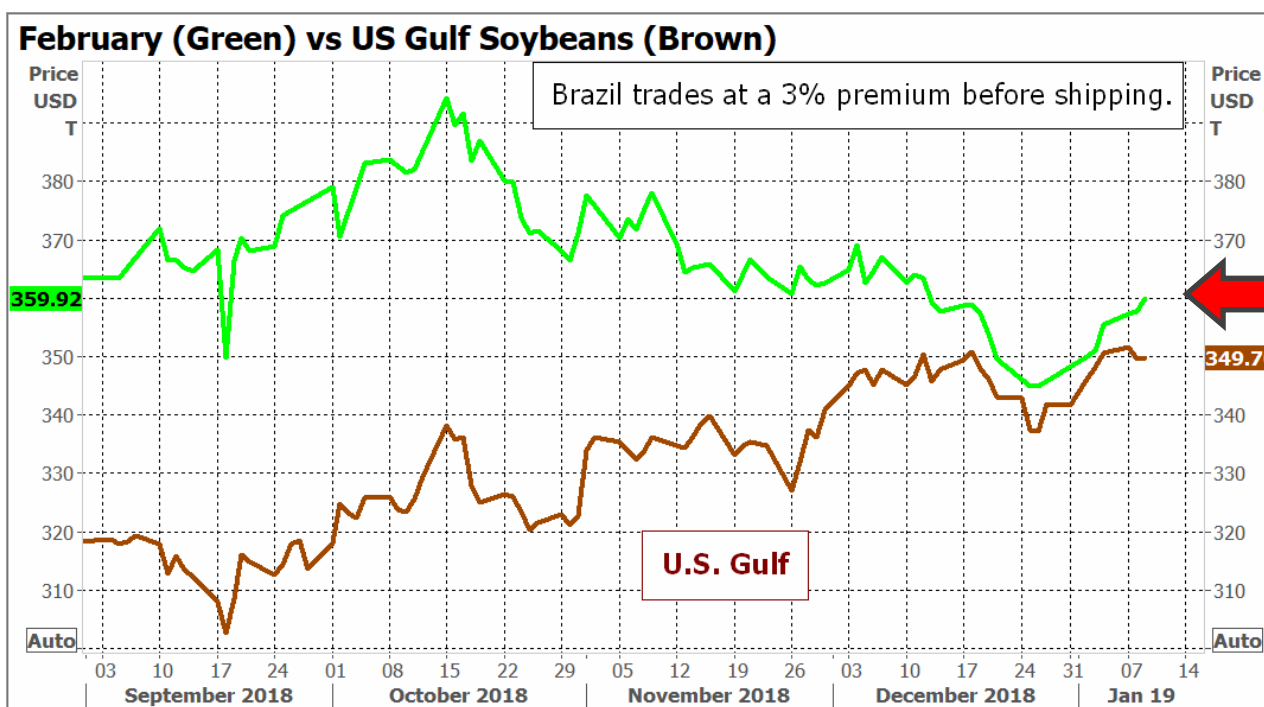
China Buys Most Of Brazil's Beans



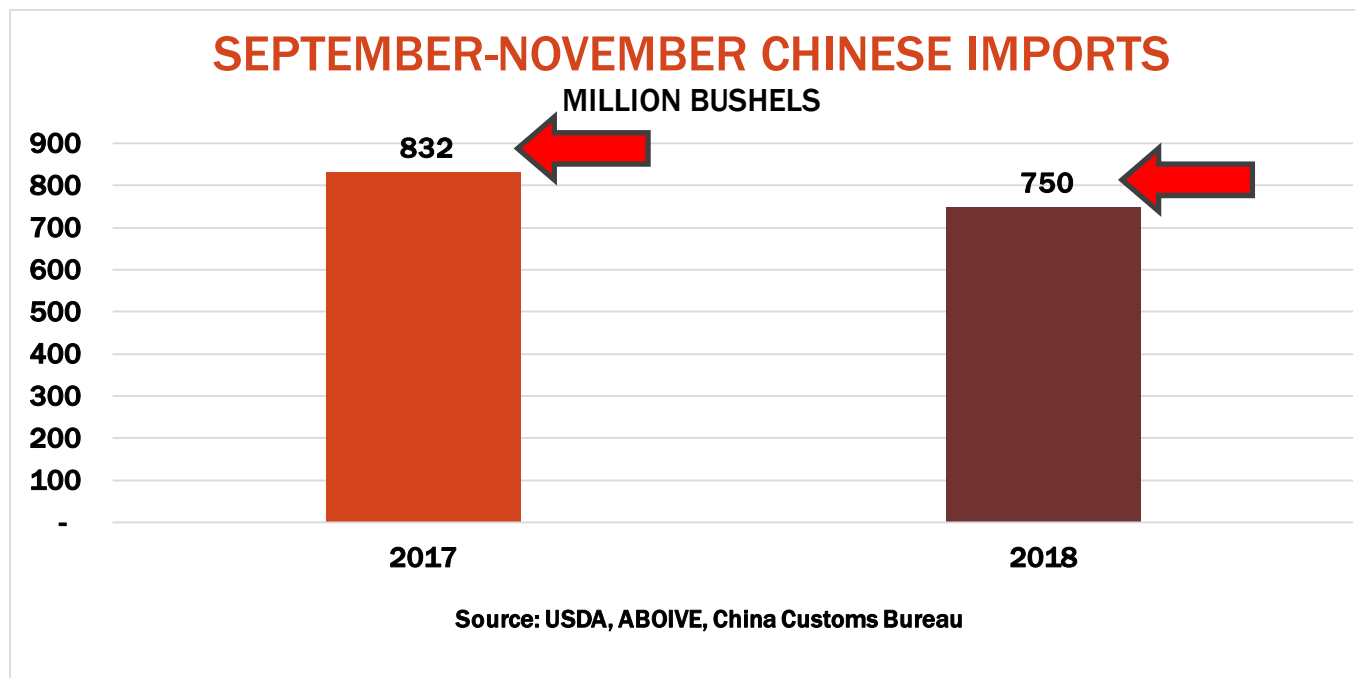
Record Brazil Exports



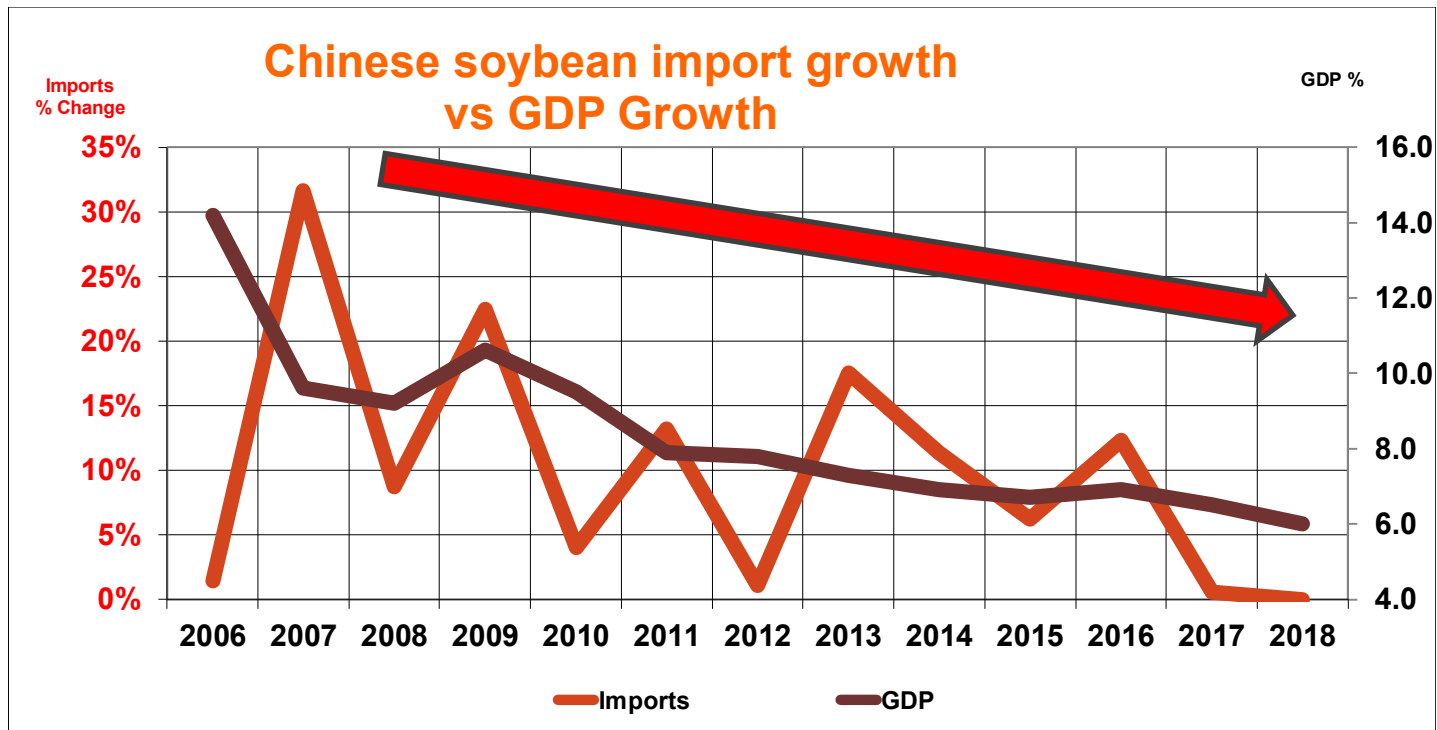
Price Discount Narrows



China Buys Less



Exports A Problem Before Tariffs

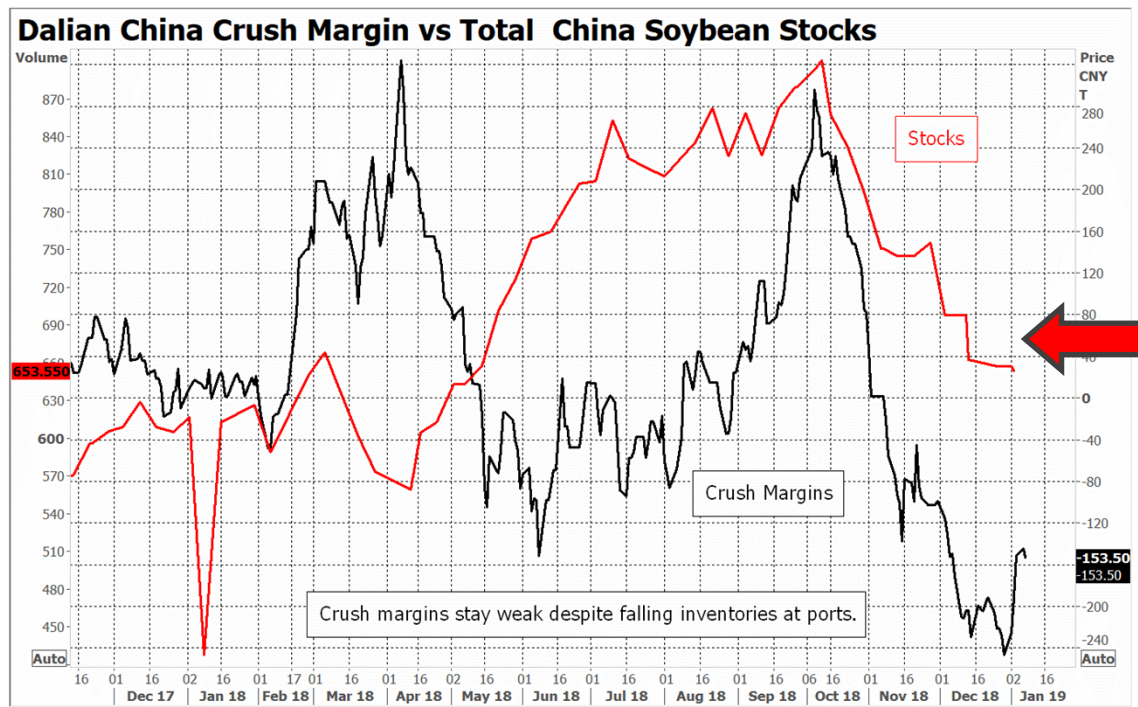


China Hog Industry Changes

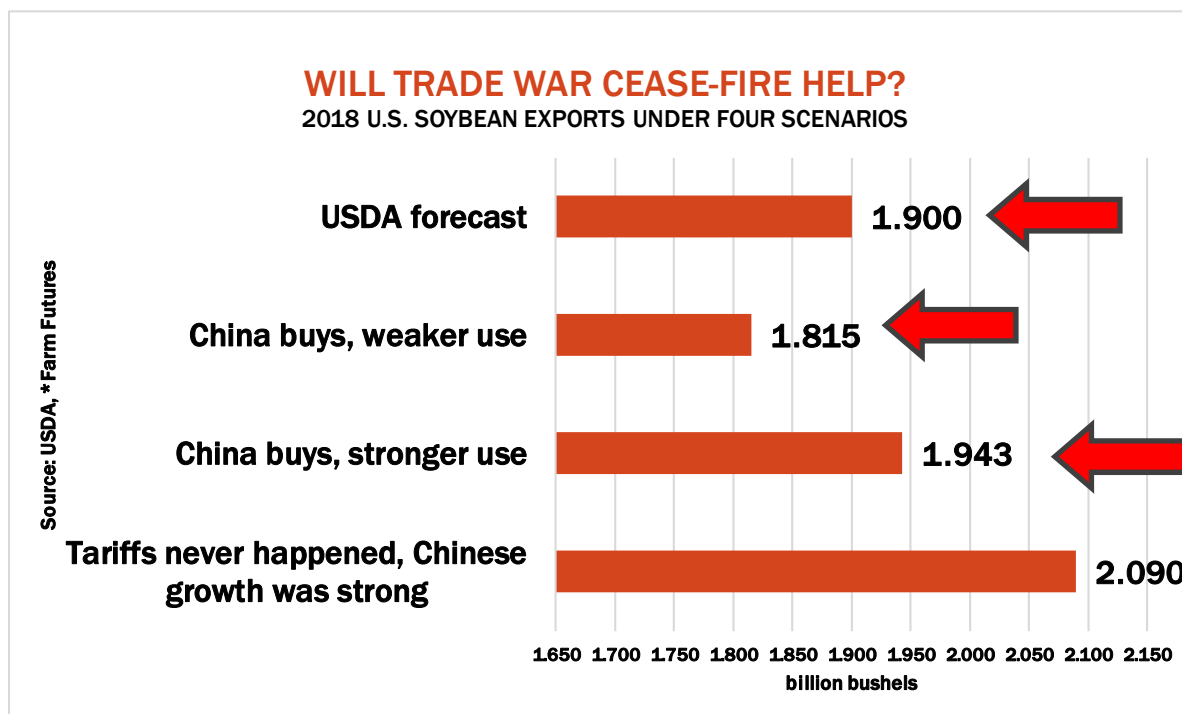


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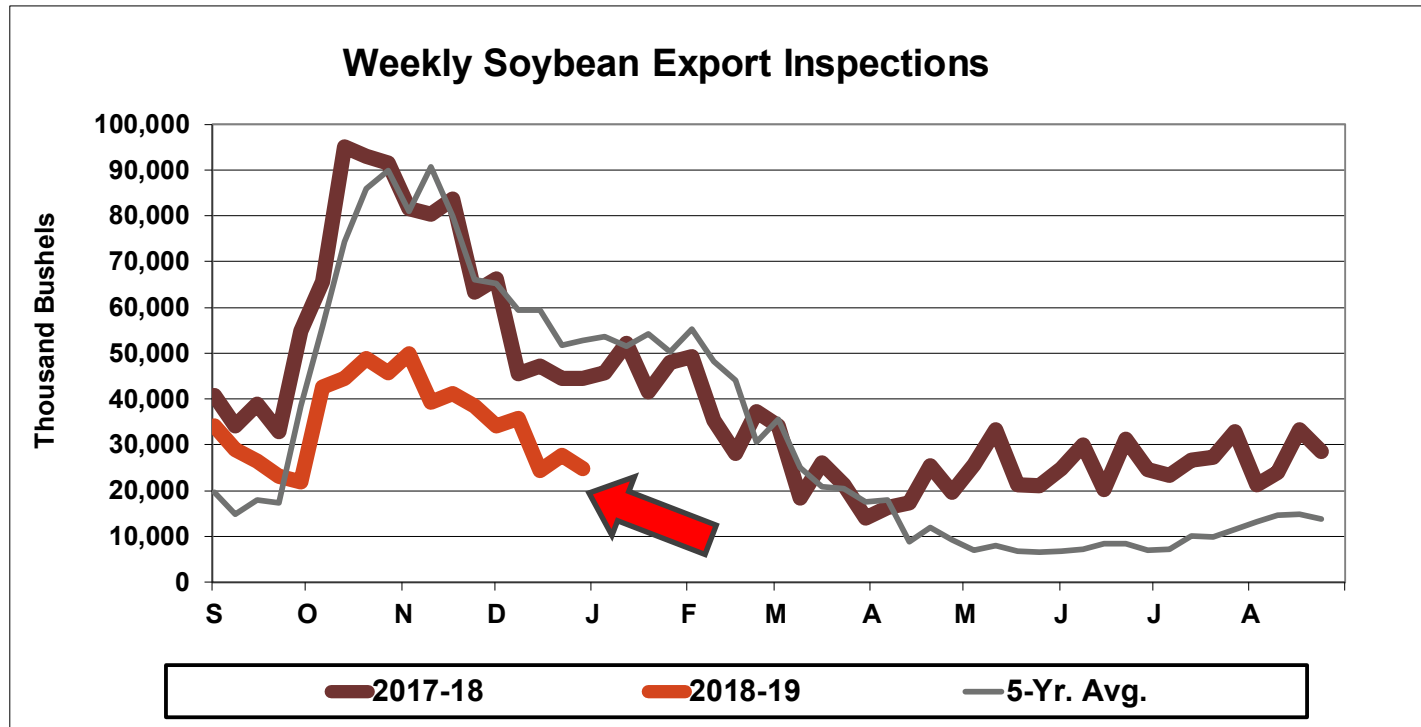
Soybean Processors Suffer



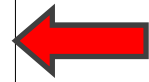
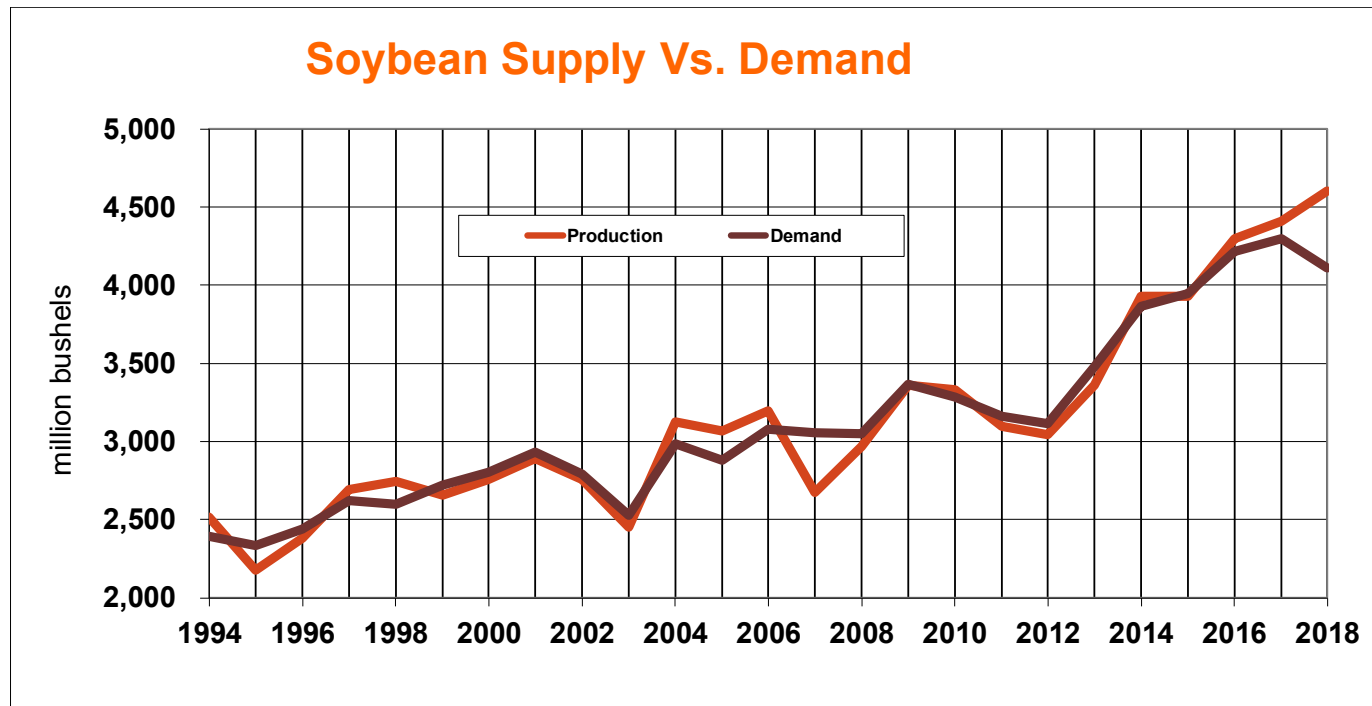
“Truce” May Not Help Much



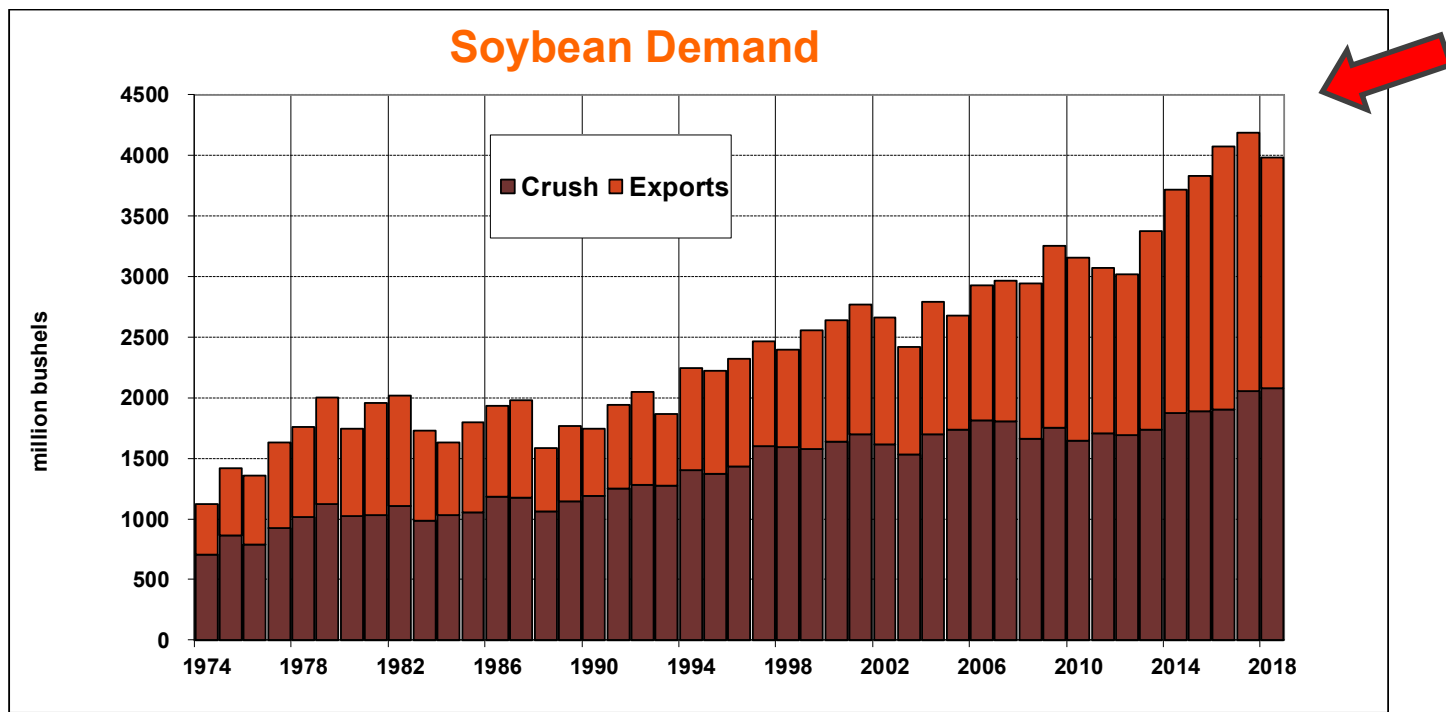
Slow Start



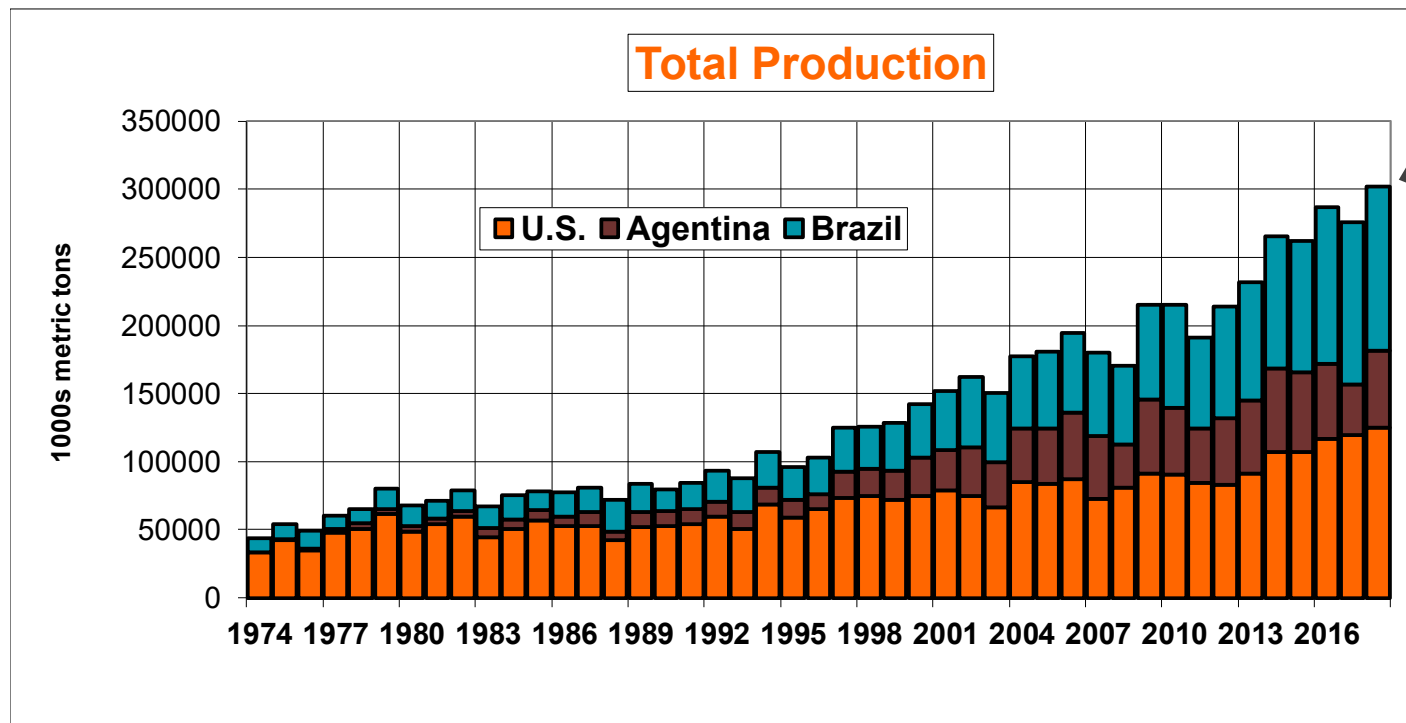
Excess Production



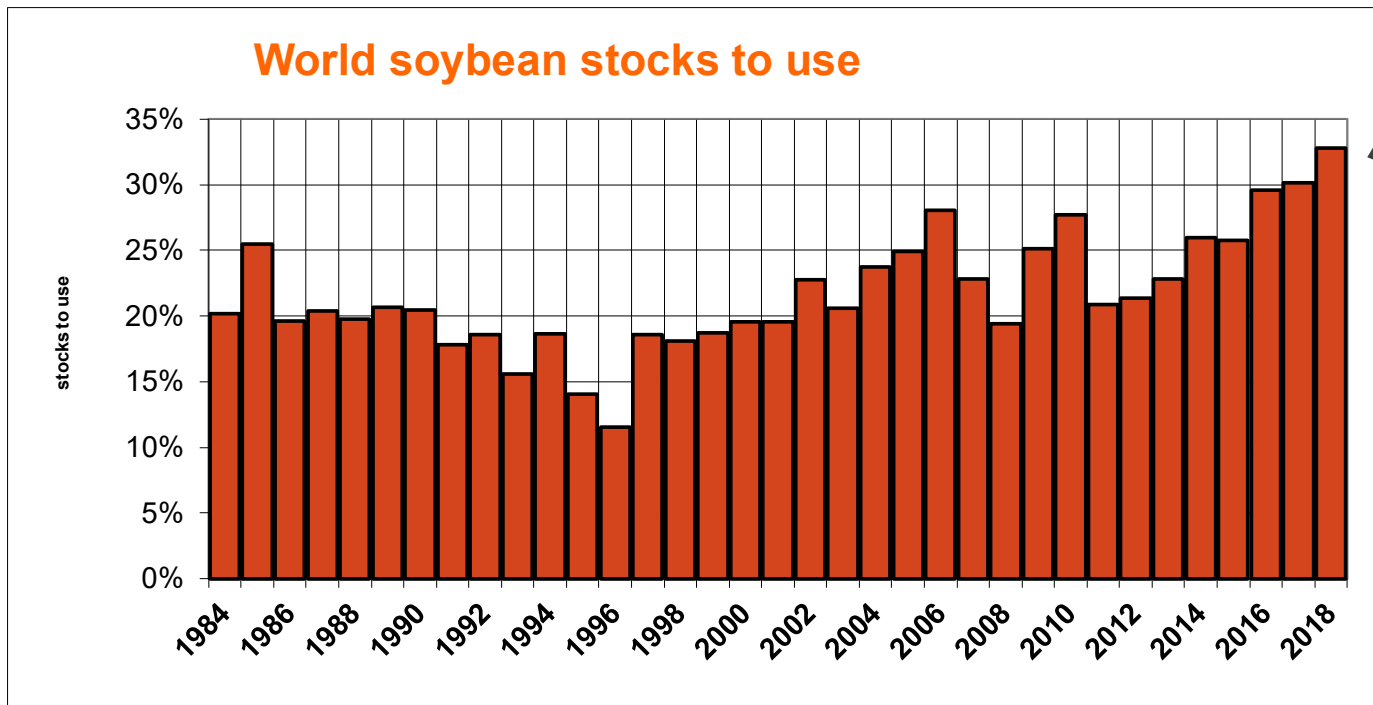
Demand Slips



Rising World Production

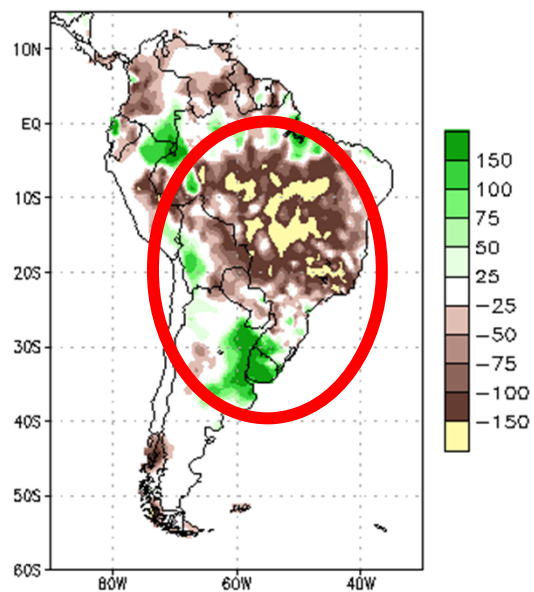


Historically Large World Supplies



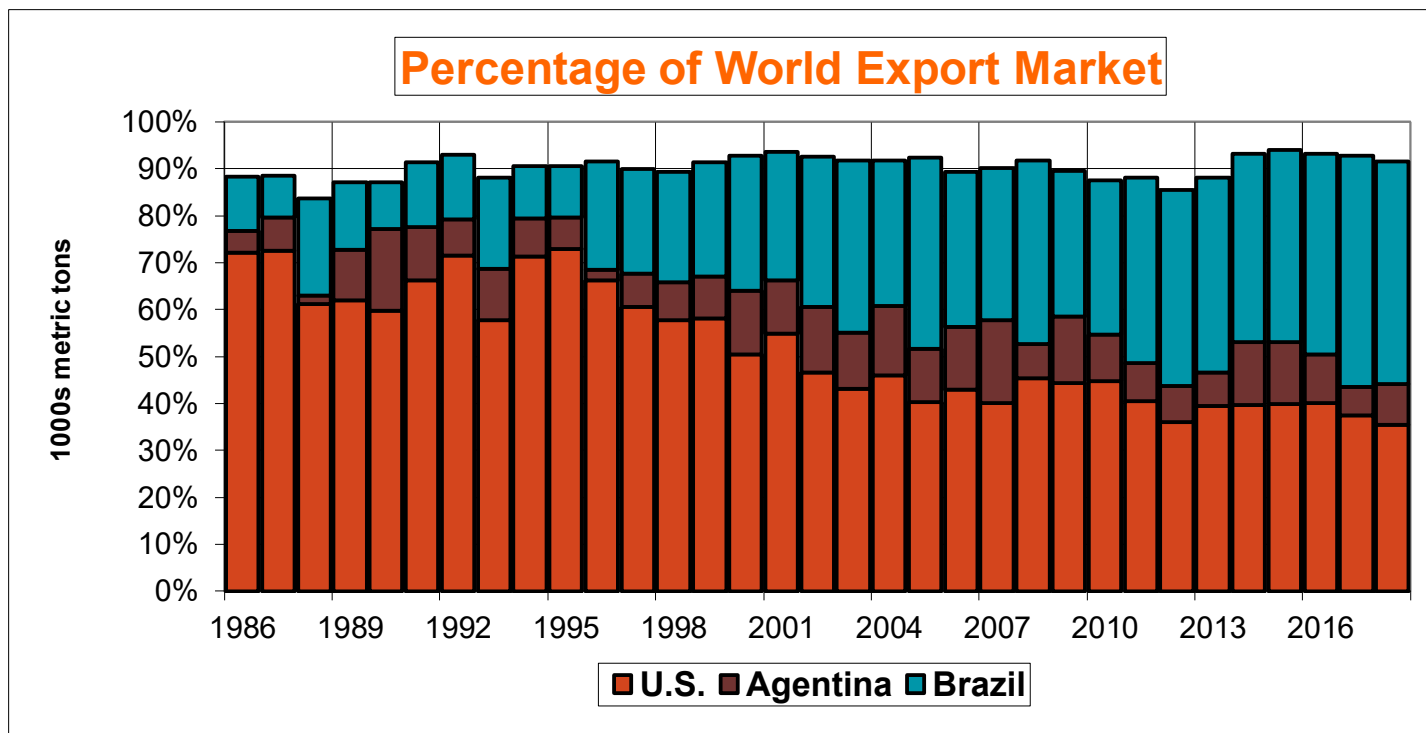
Dryness In Brazil

Prcp Anomalies (mm) 09DEC2018-07JAN2019

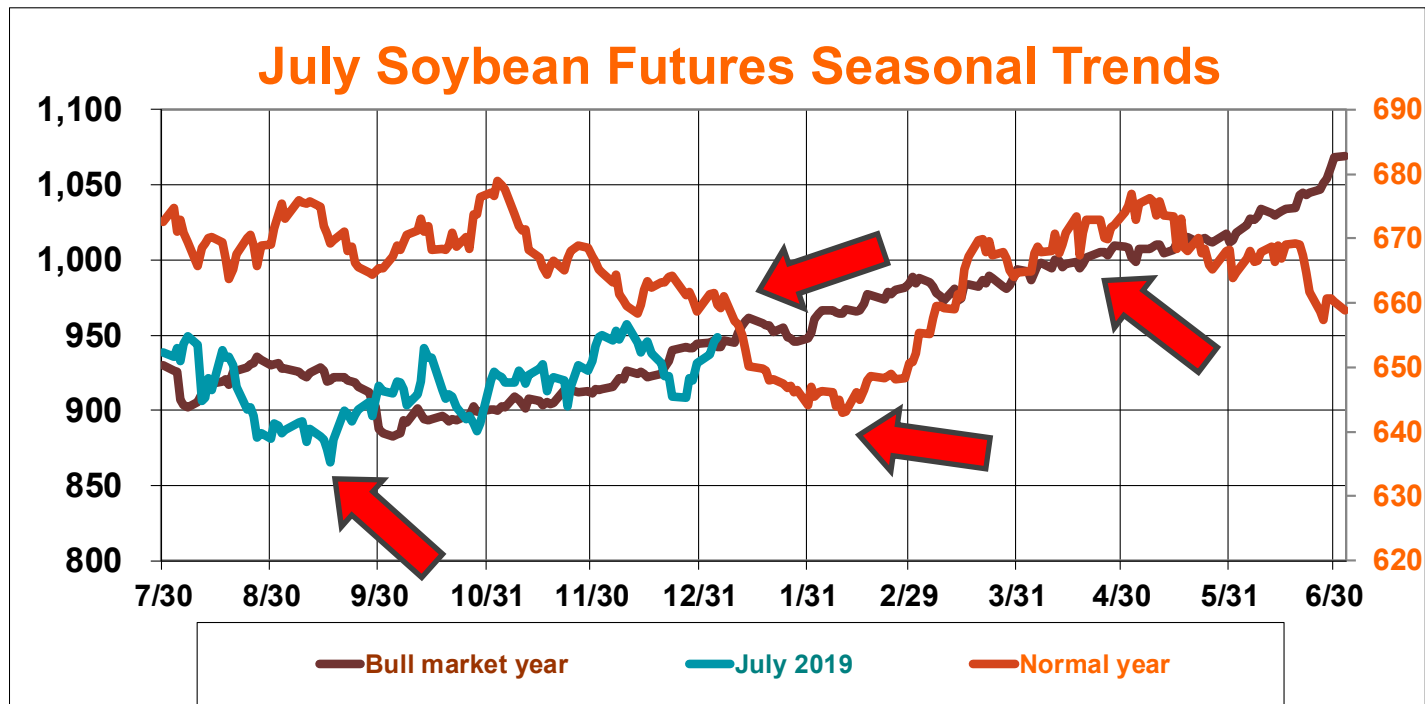


Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1981-2010)

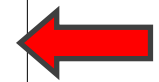
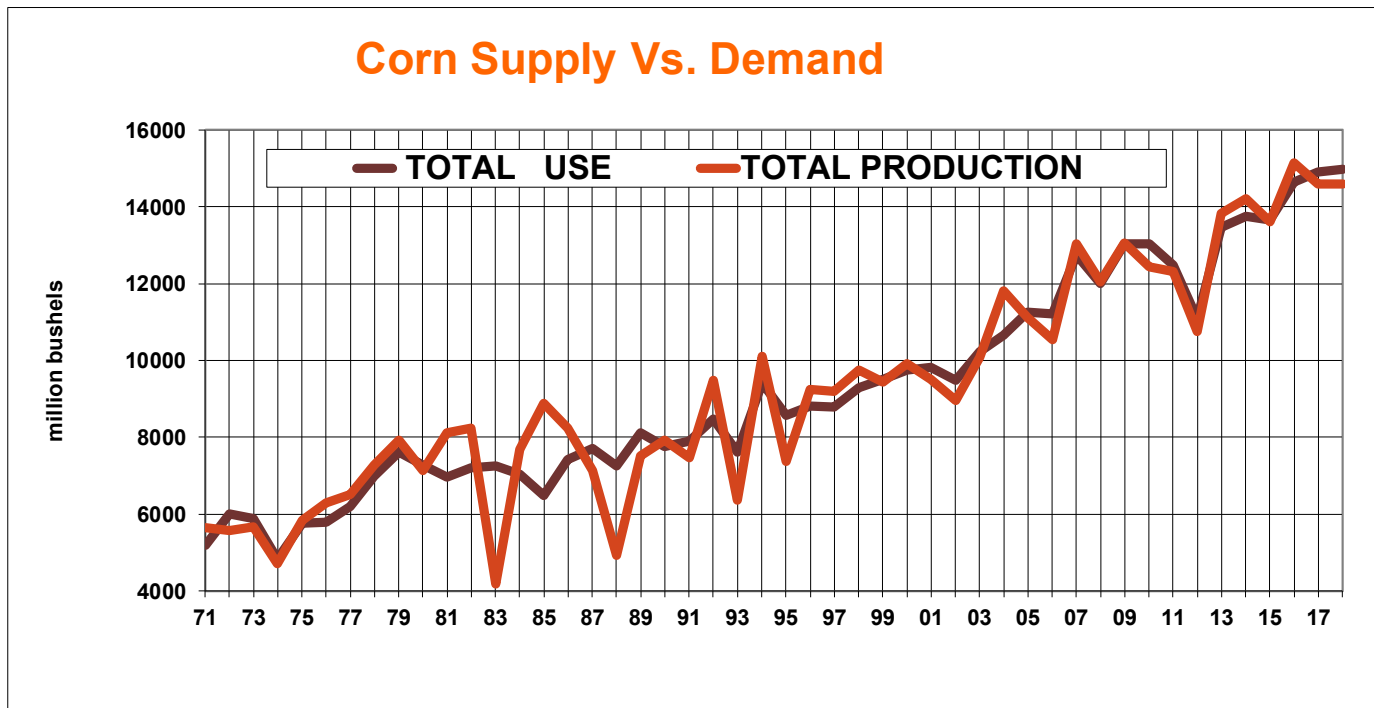
U.S. Loses Market Share



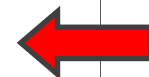
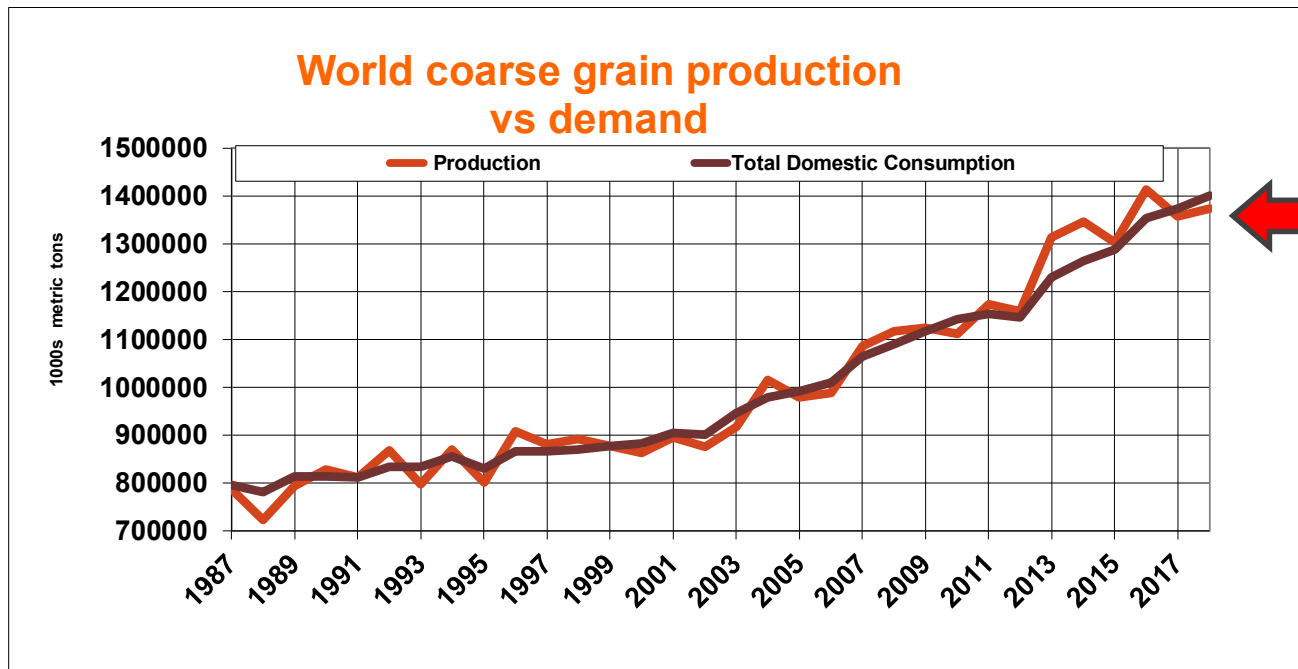
Bearish Fundamentals, Bullish Trend



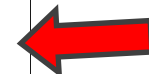
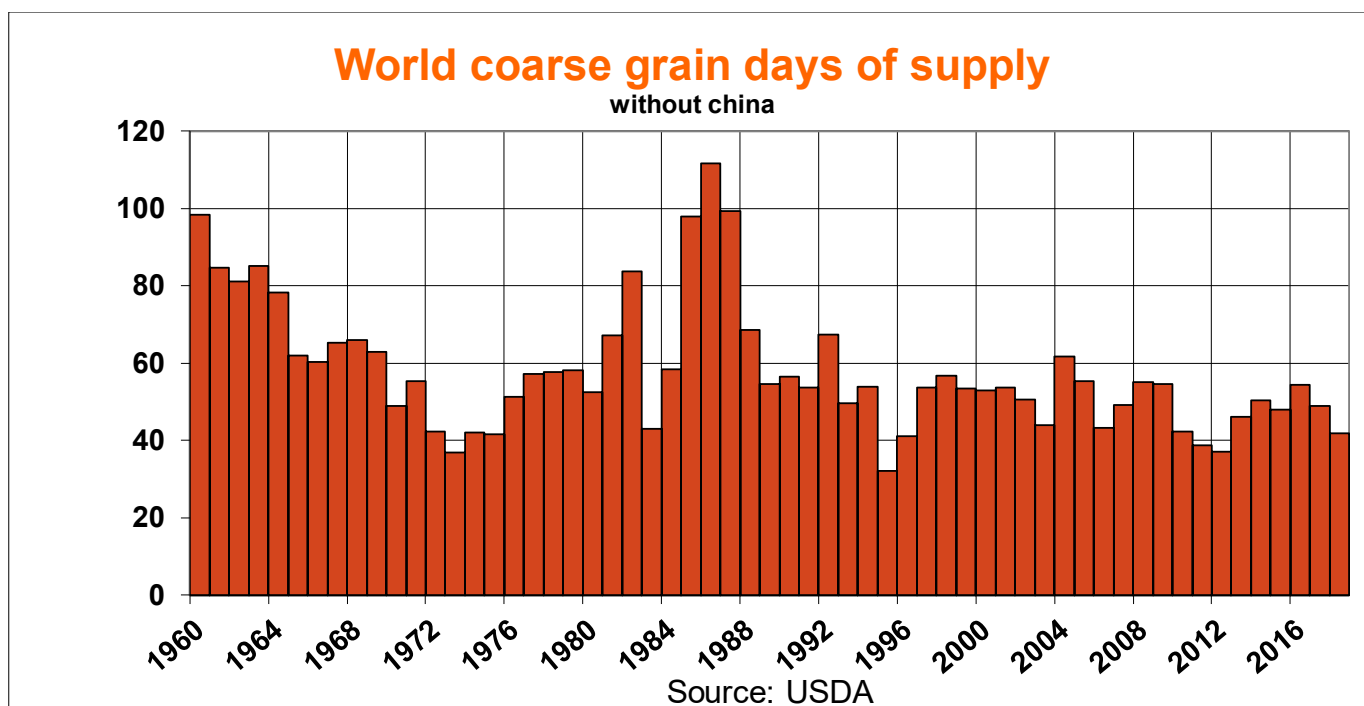
Usage Could Top Production In 2018



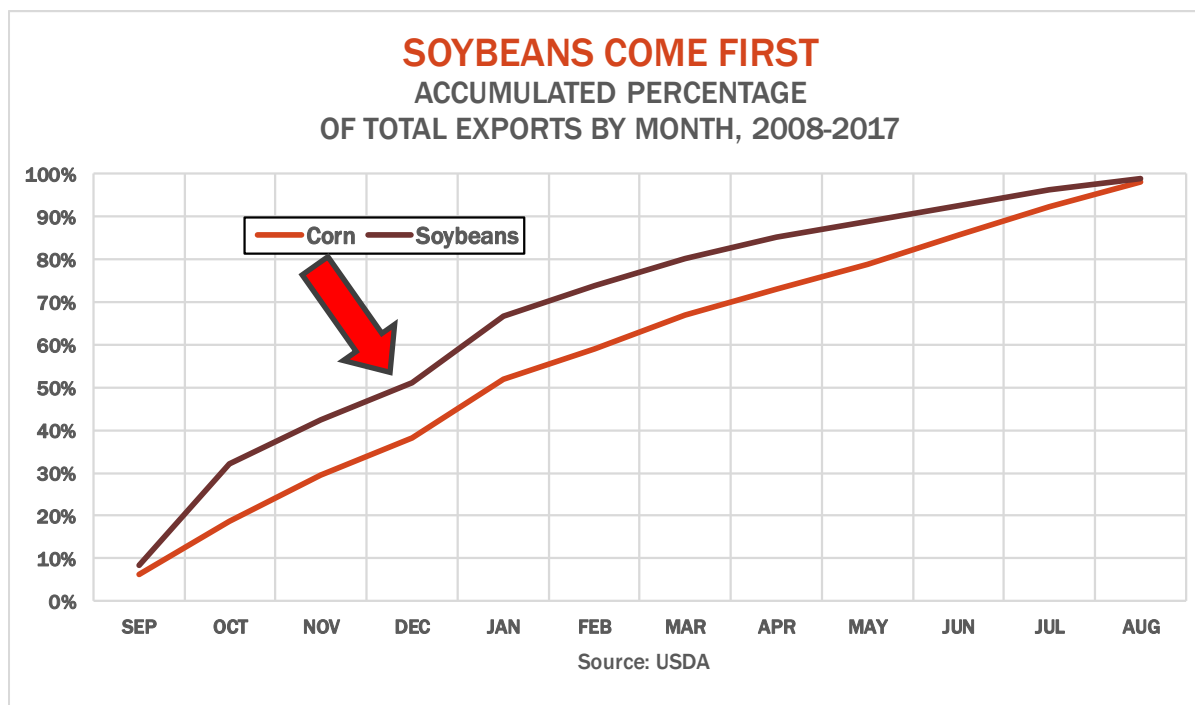
World Supply Smaller



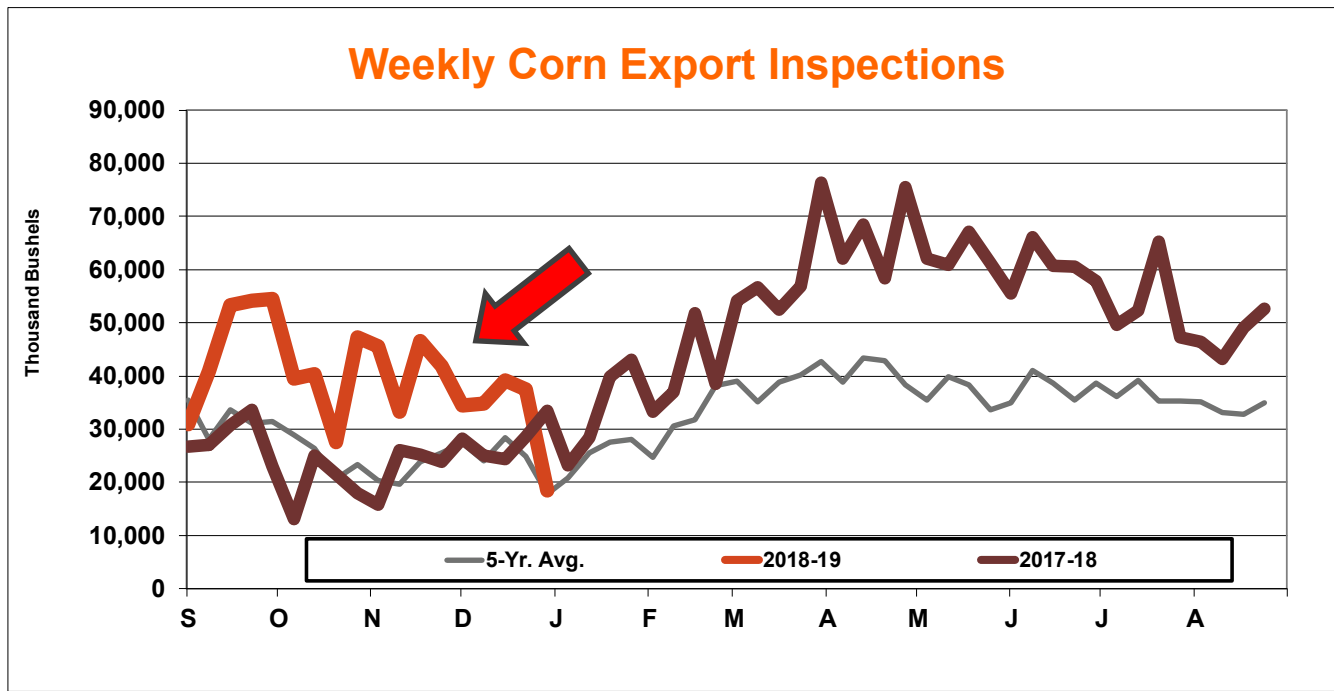
Tight Historically



Winners And Losers

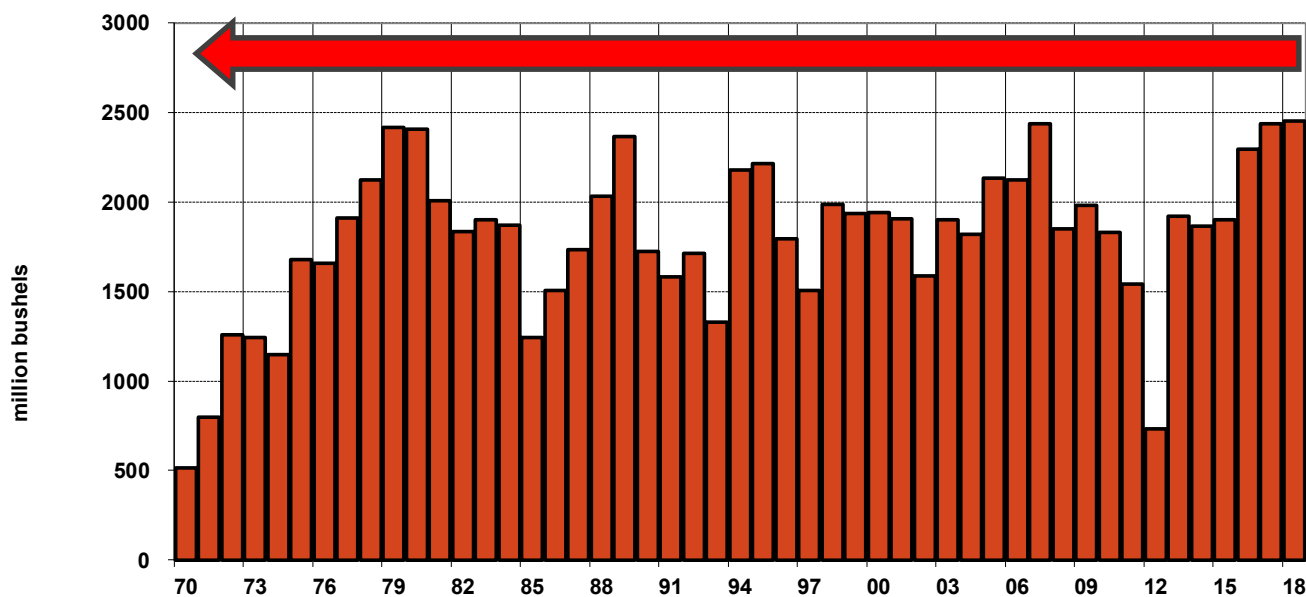


Corn Window Opens

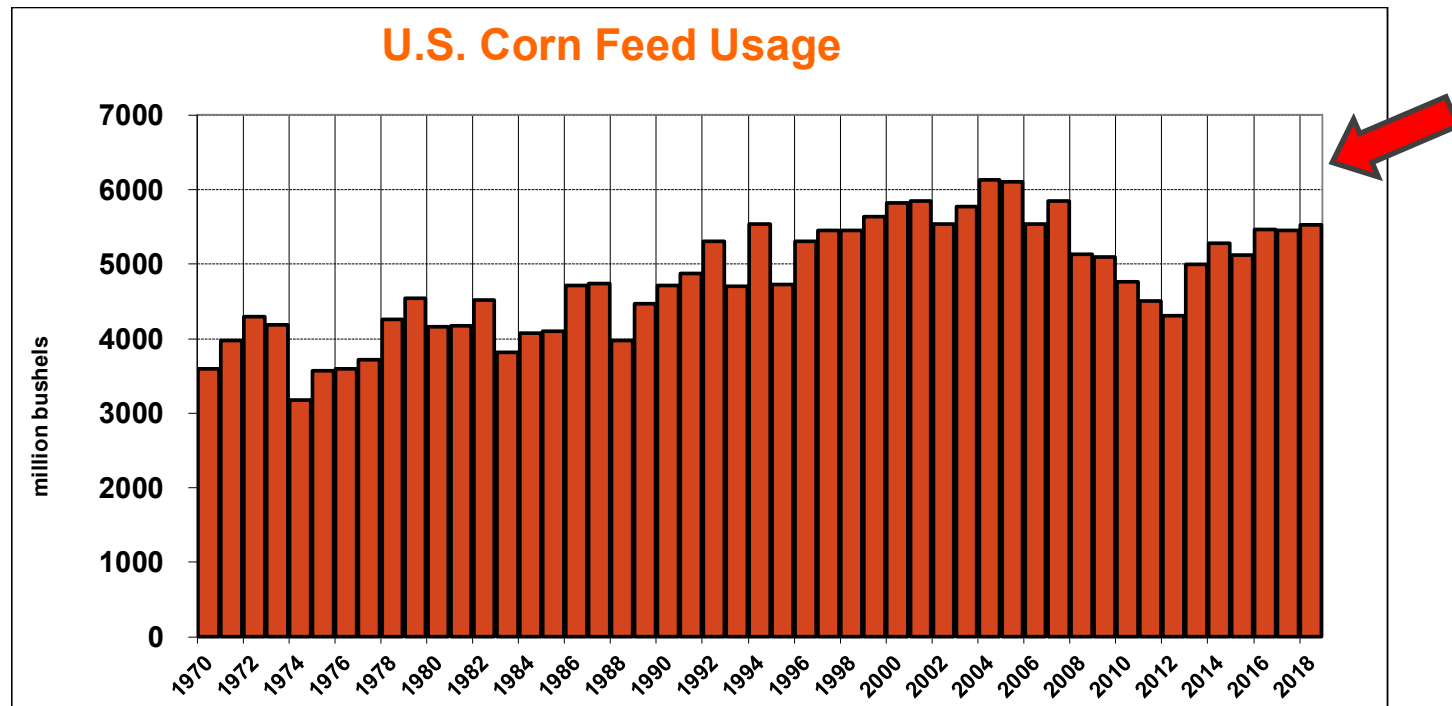


As Good As It Gets

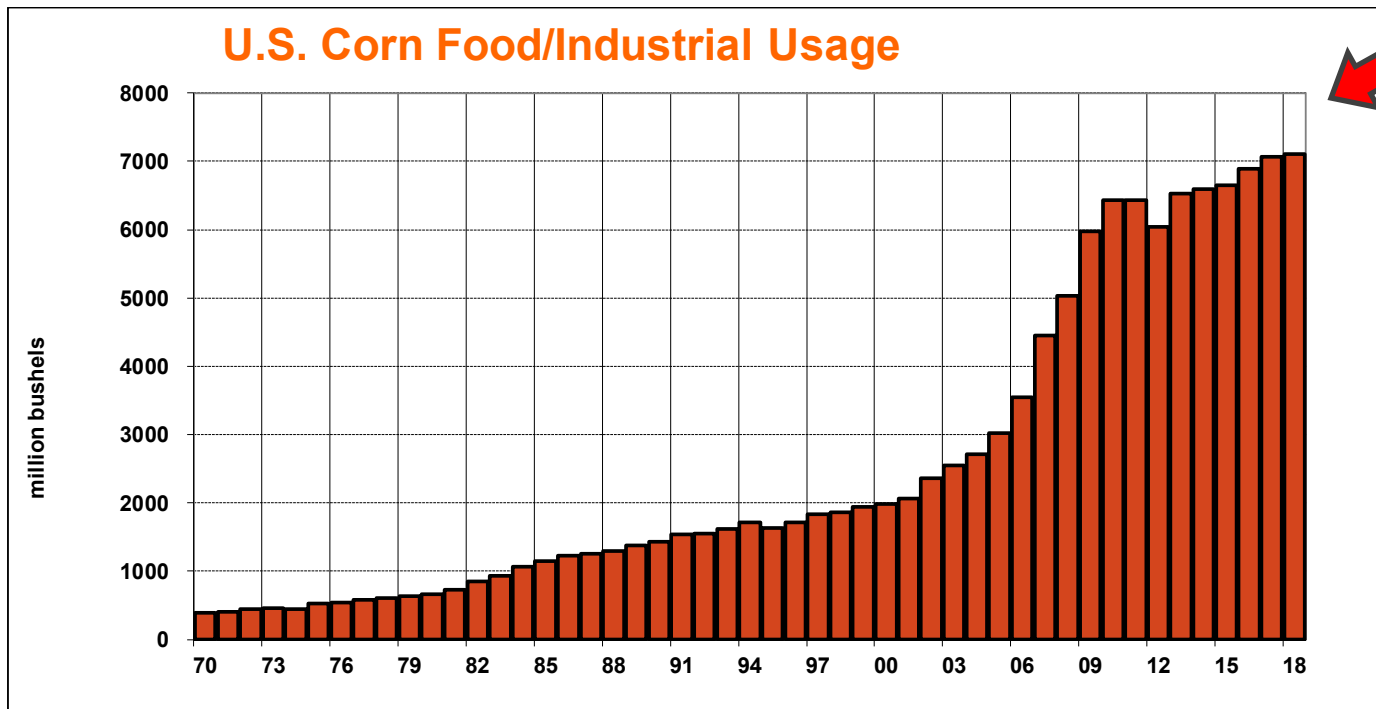
U.S. Corn Exports



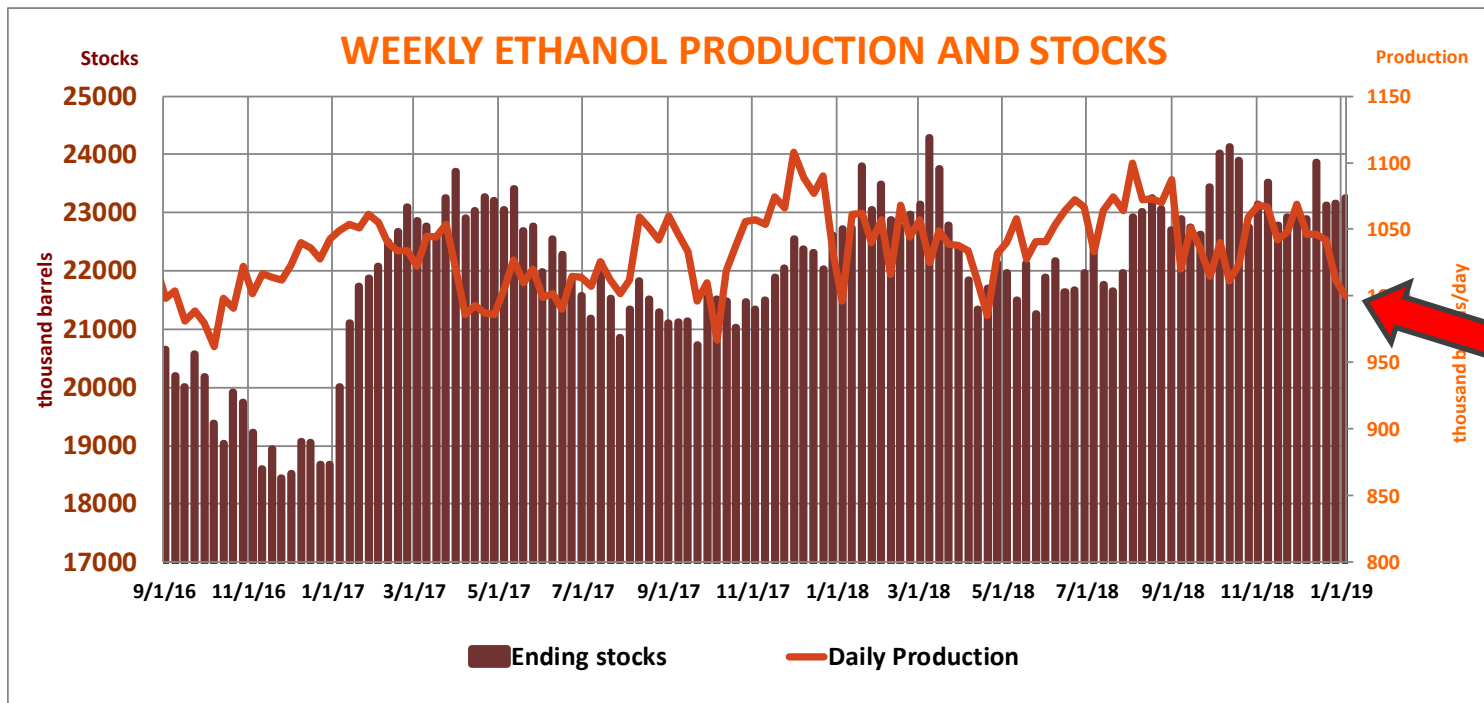
Slow Growth



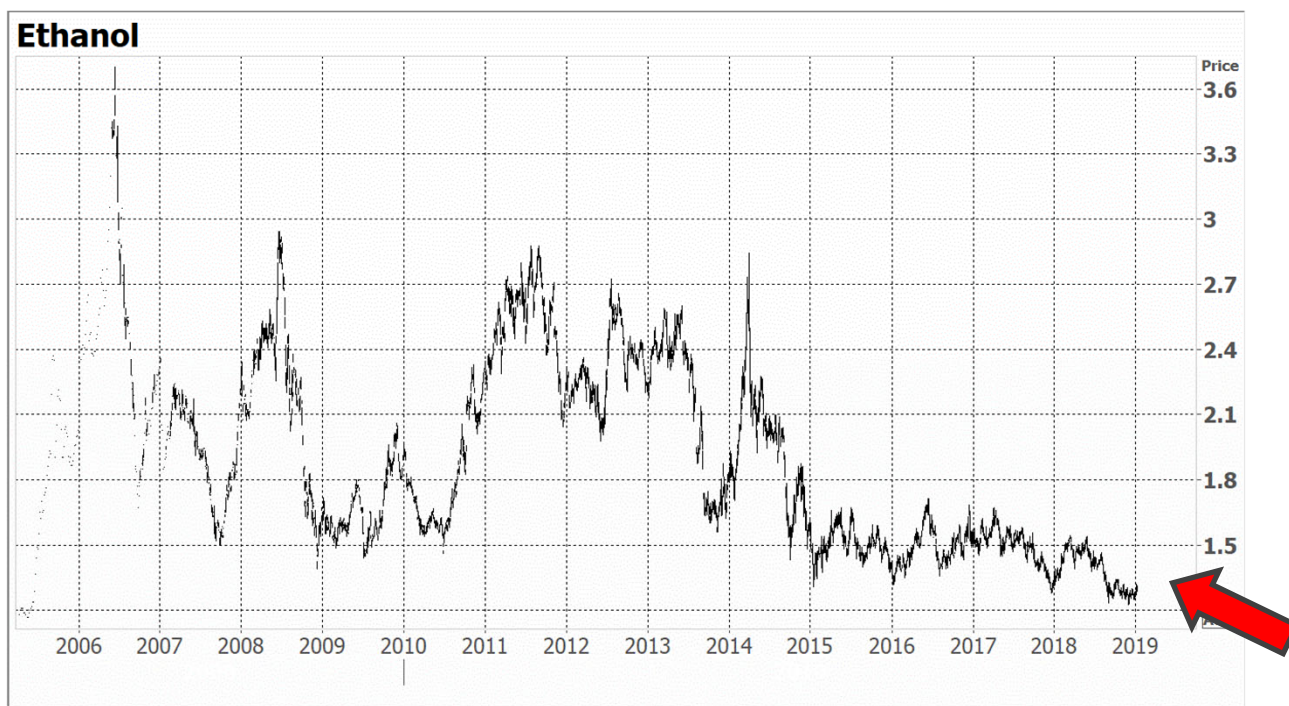
No Growth?



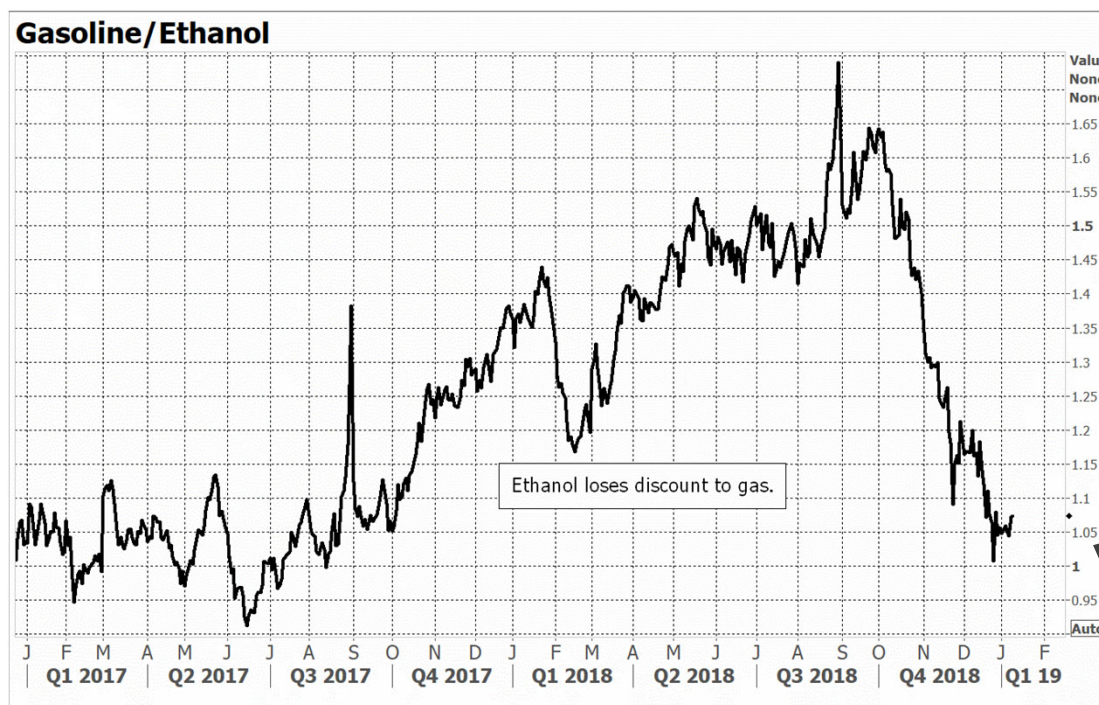
Production Slumps



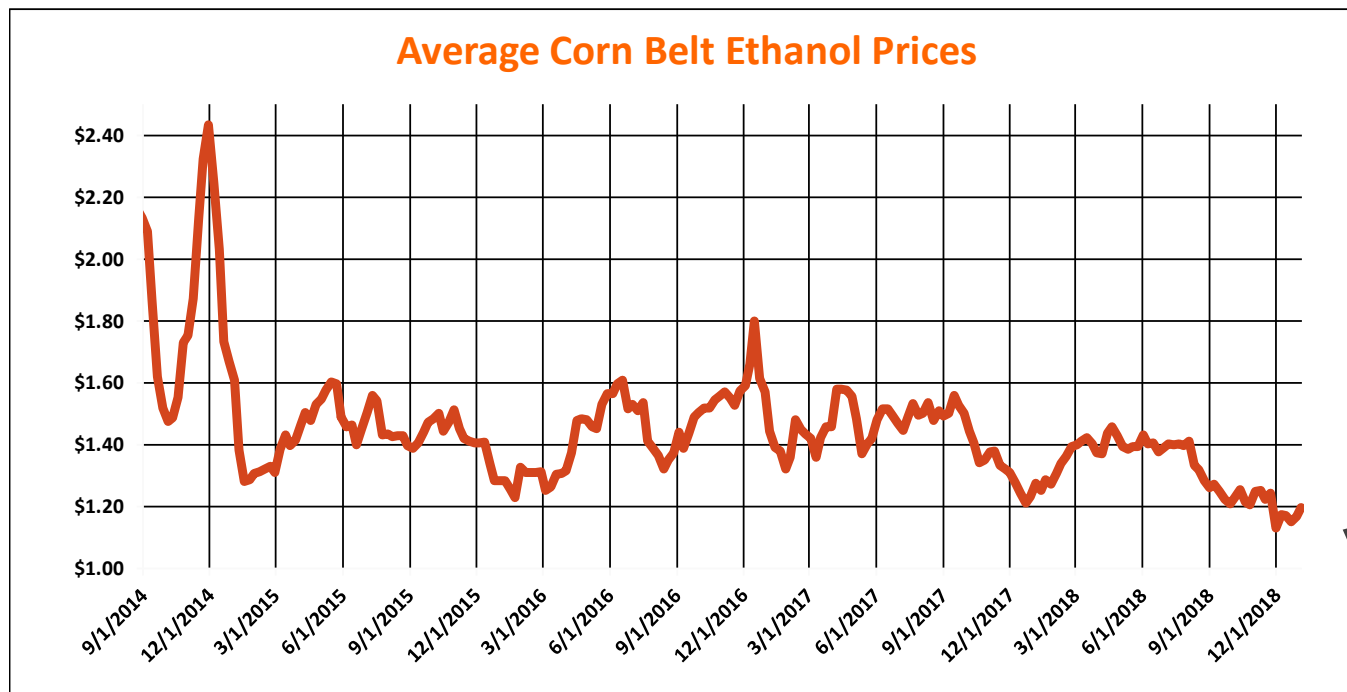
Lowest Price Since RFS Boom



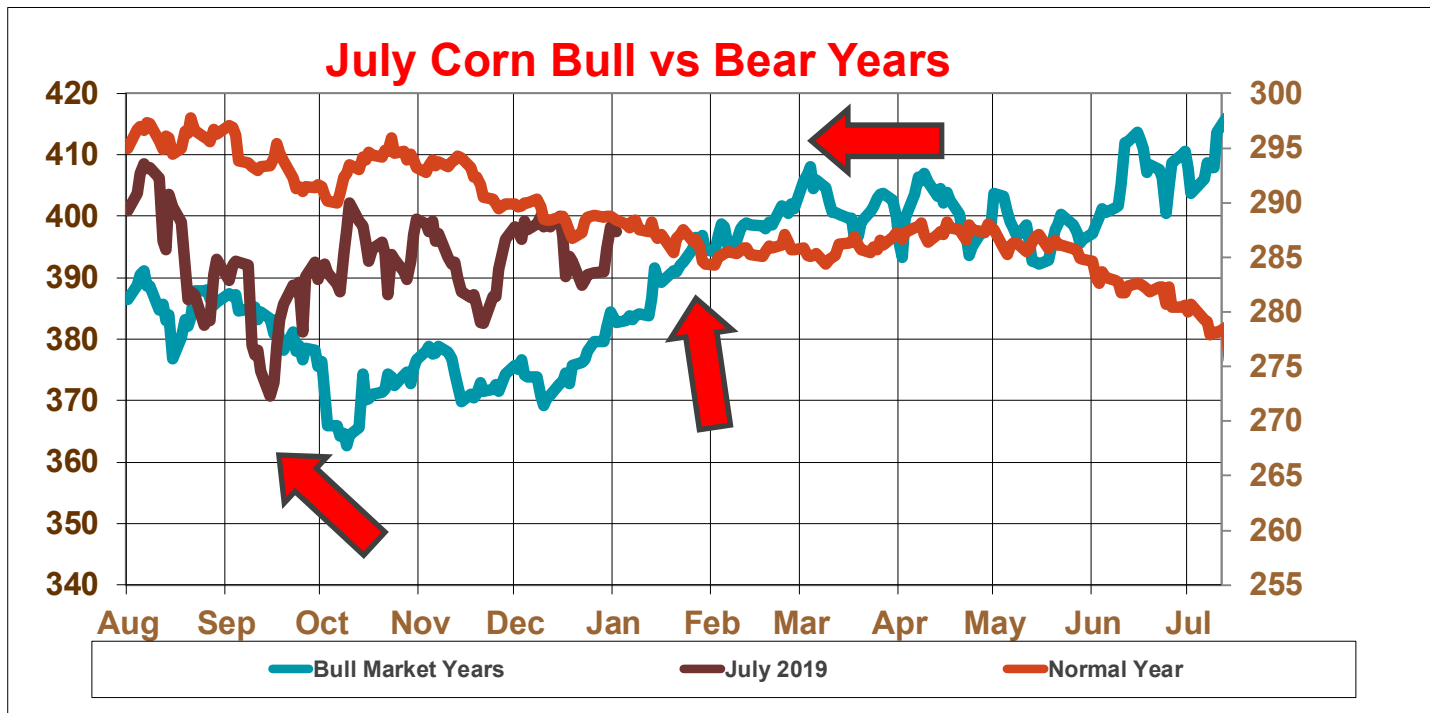
Less Incentive To Blend



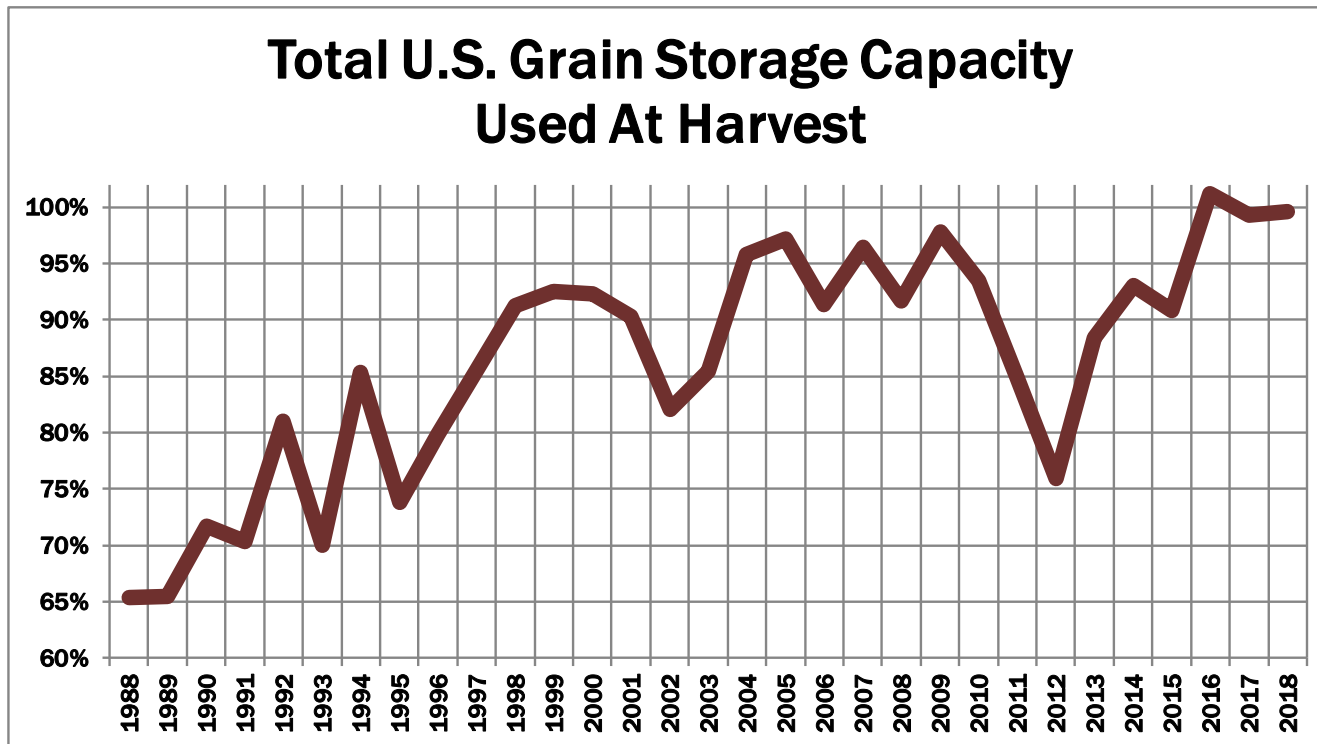
Lousy Margins



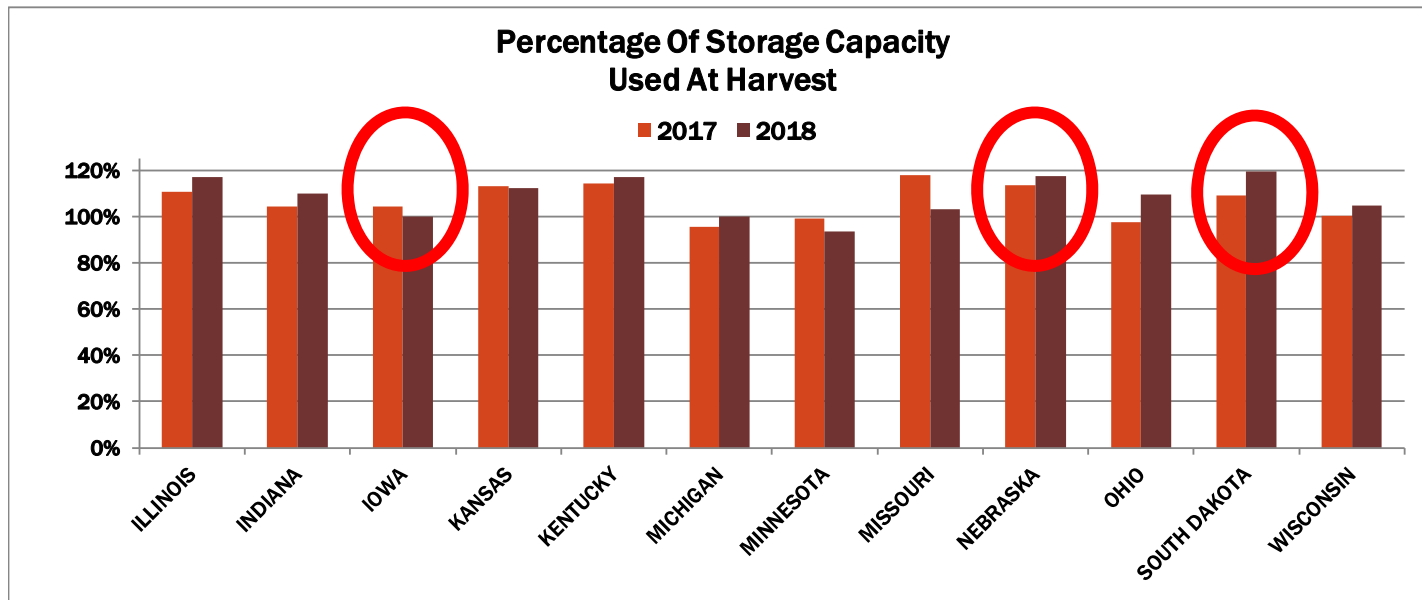
September Lows Held



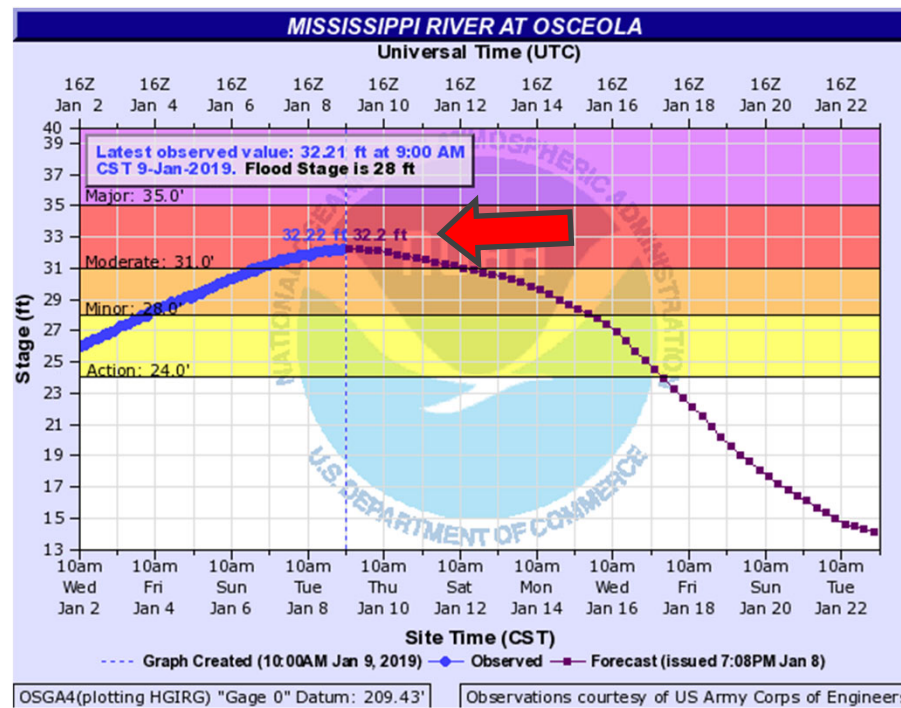
Storage Crunch



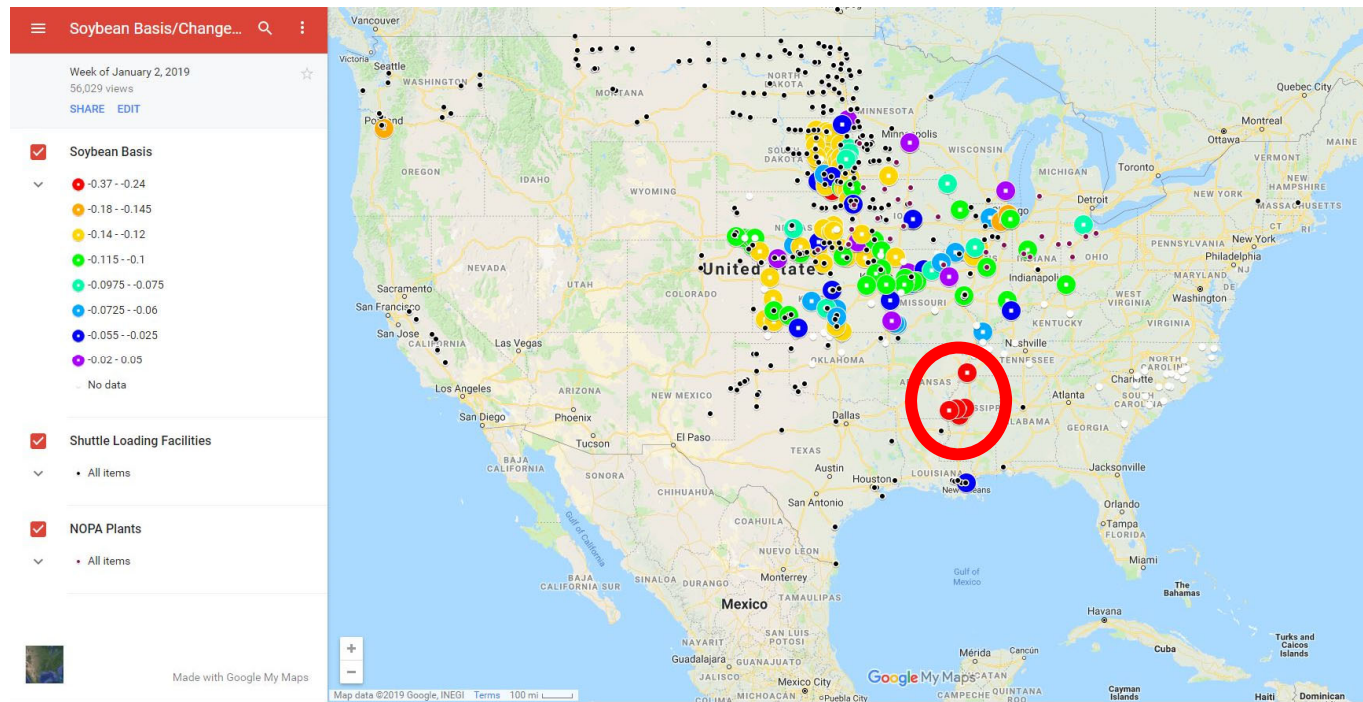
Tight Spots



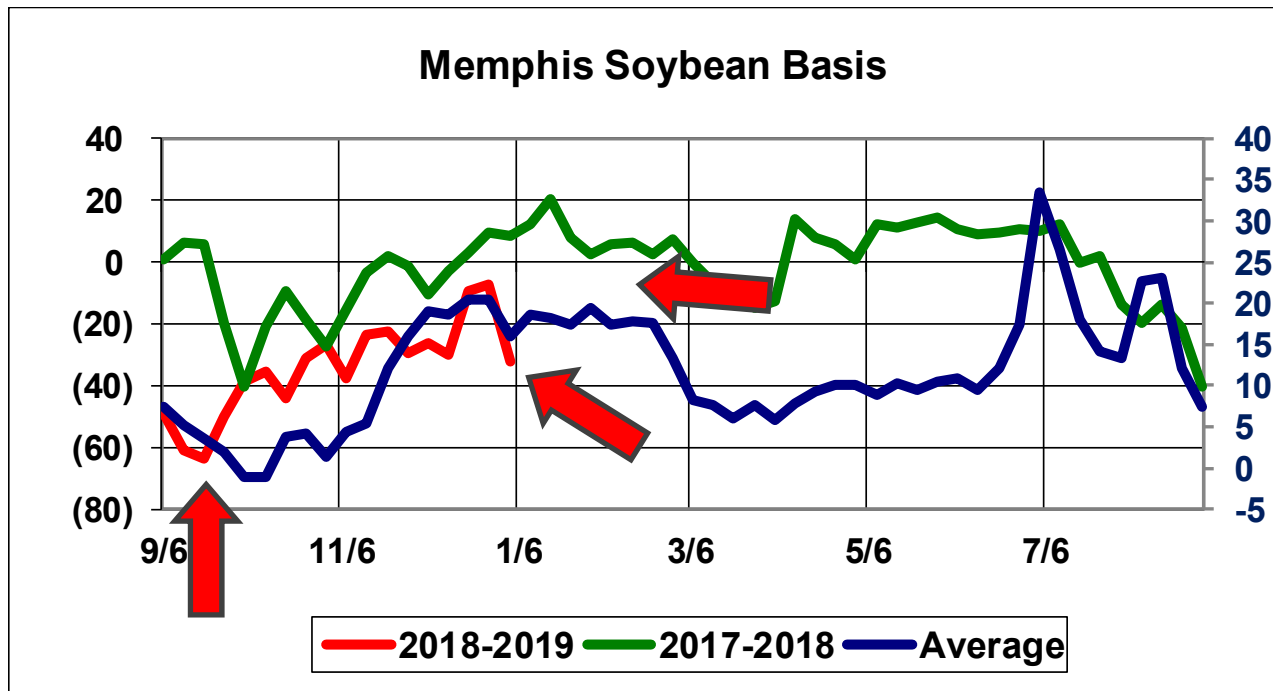
High Water



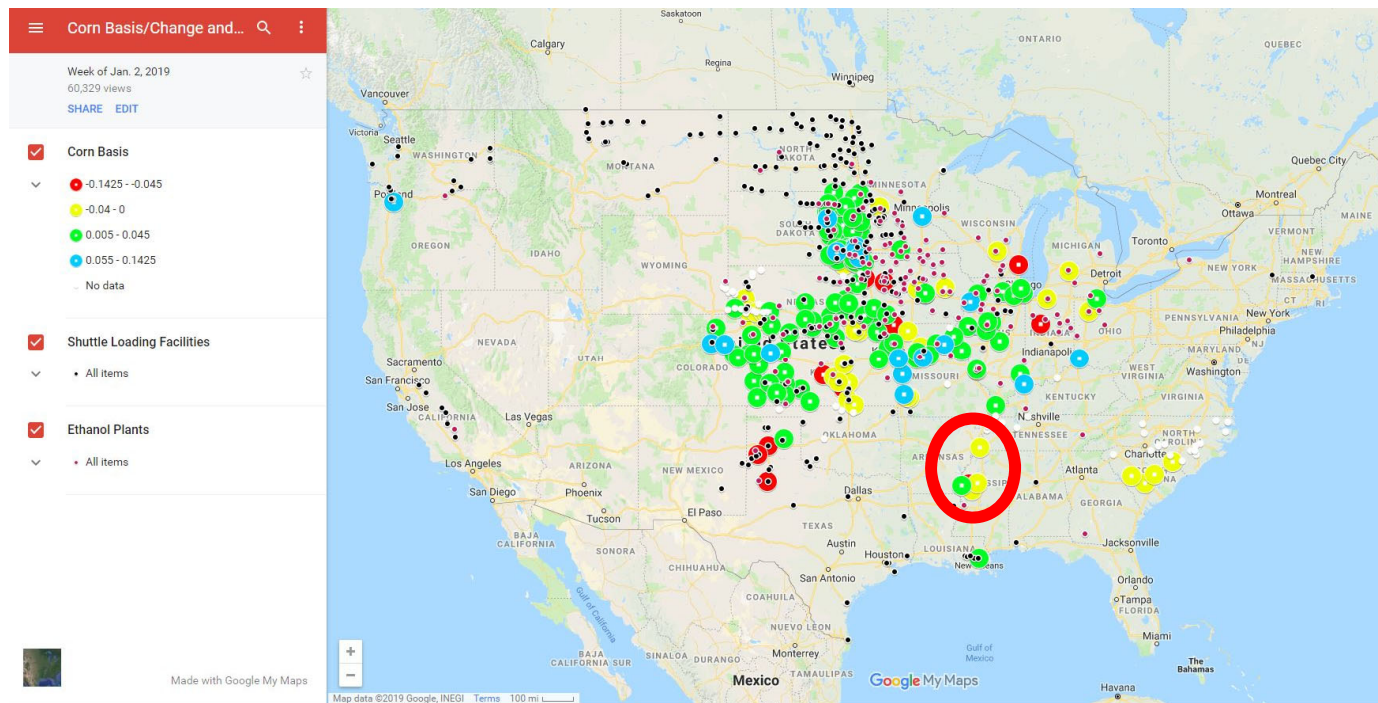
Bean Bids Suffer



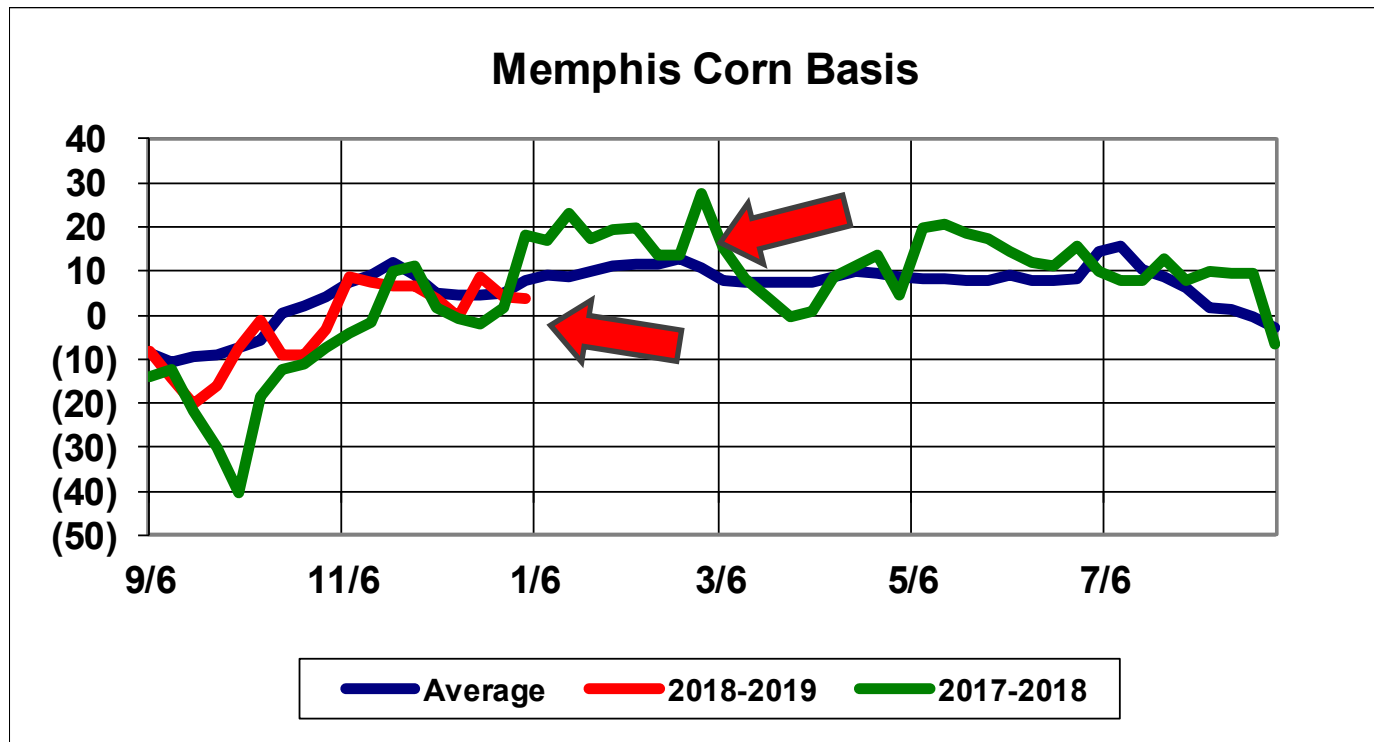
New Flooding, Roll To March



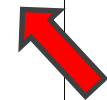
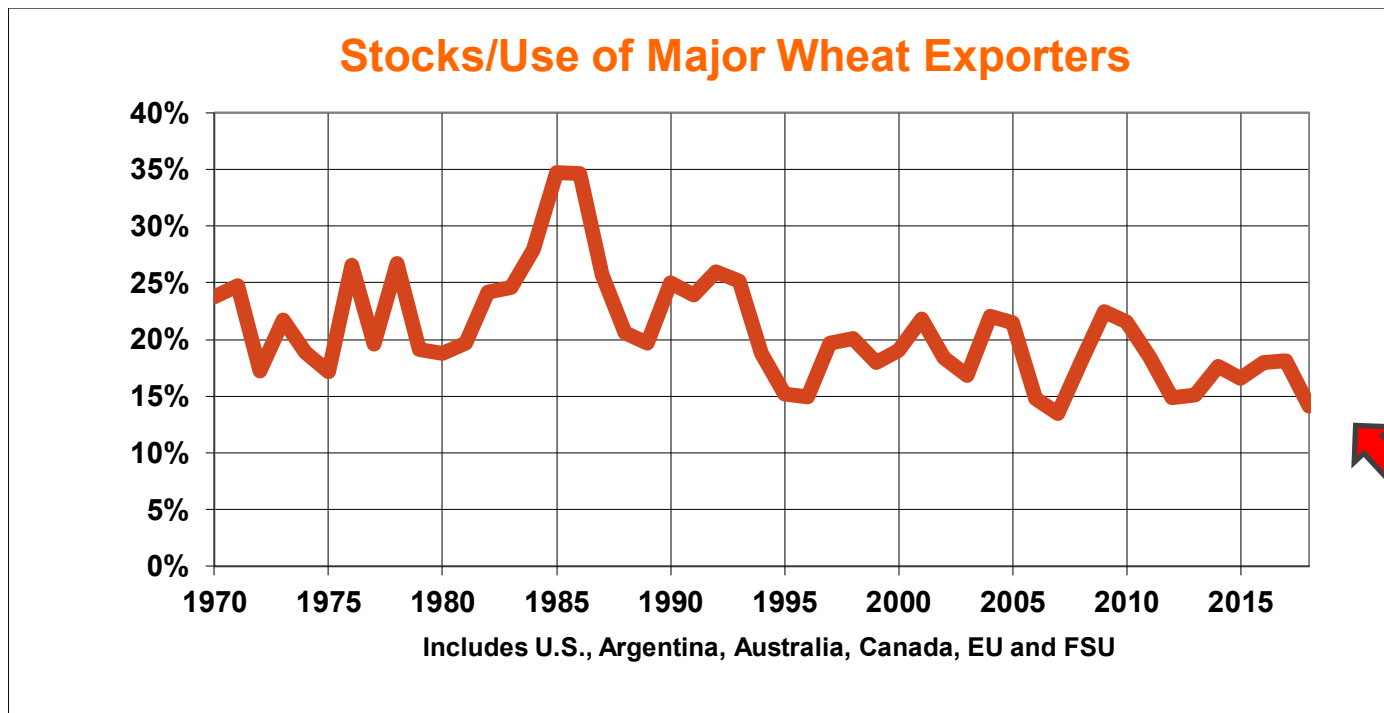
Basis Hit



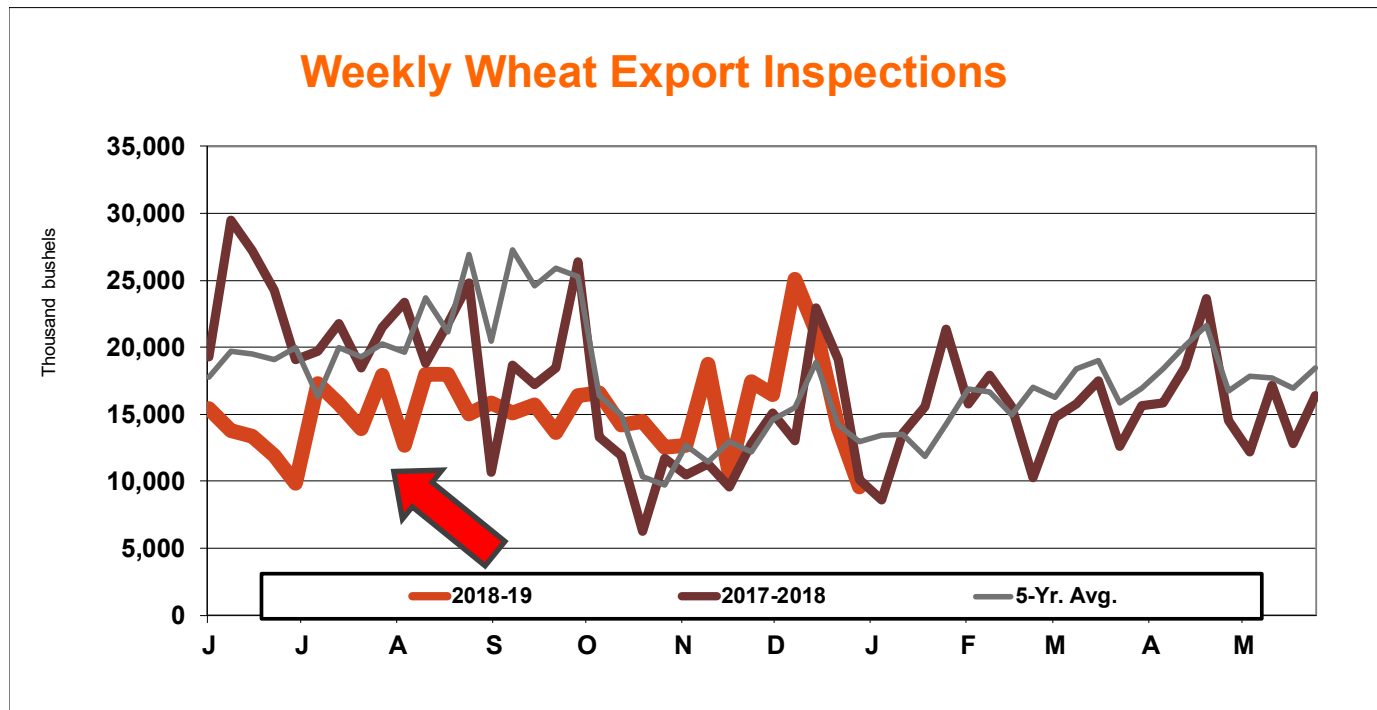
Bad Crops In Delta Helped Basis



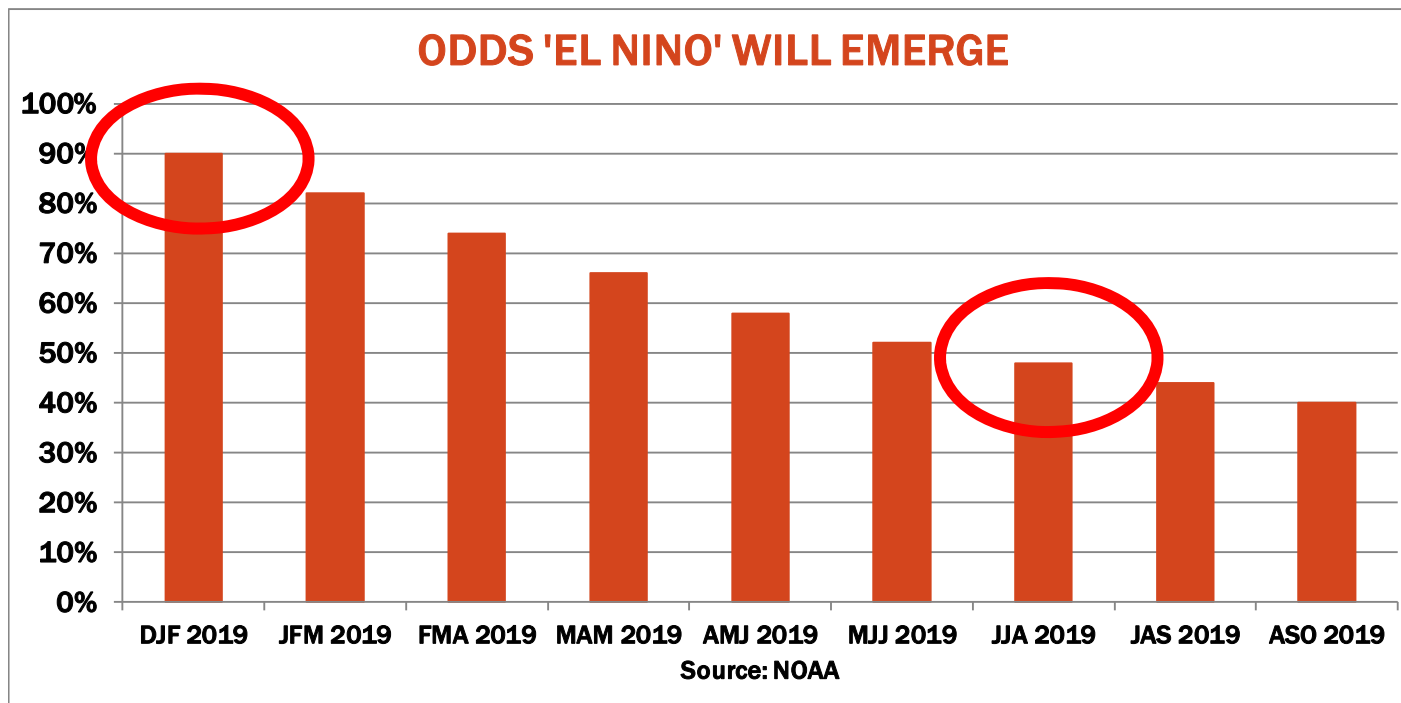
Historically Low



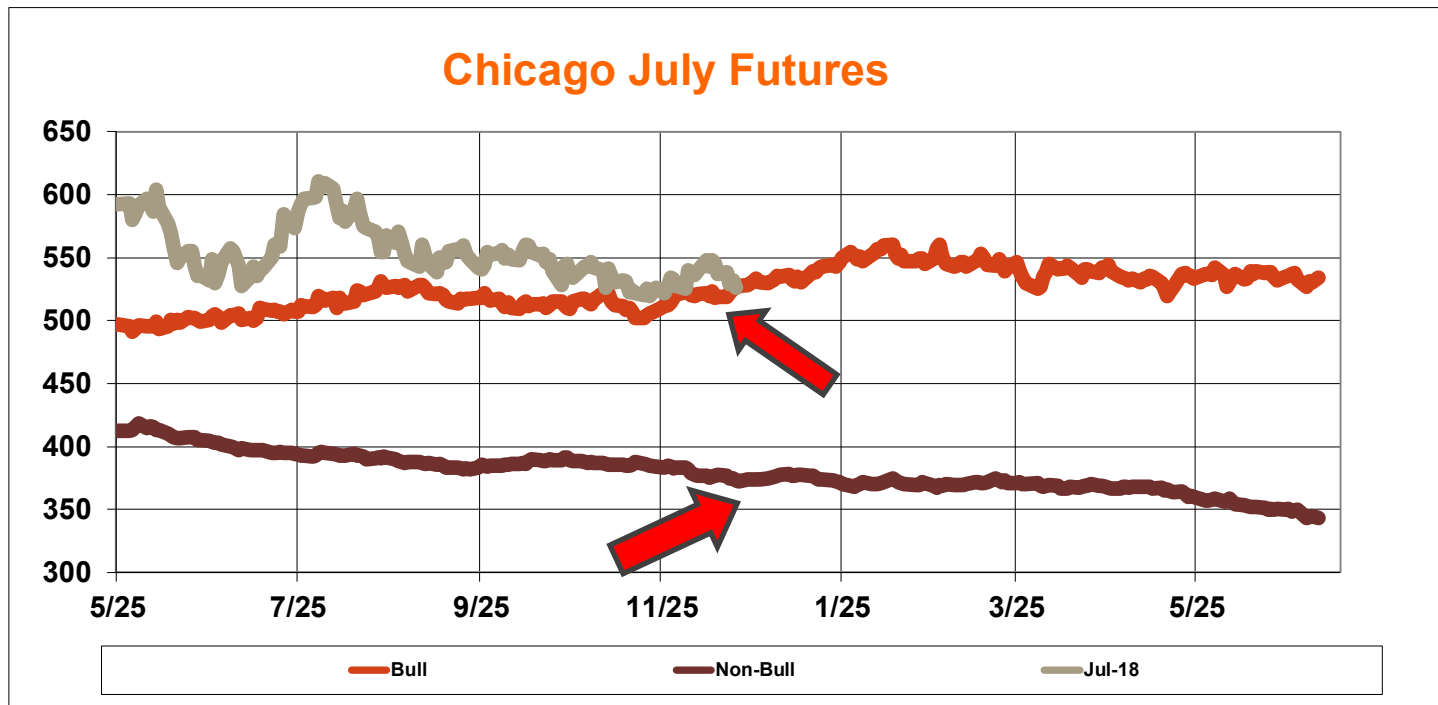
Trying To Recover From Slow Start



Bearish Wheat, Neutral Corn/Soybeans



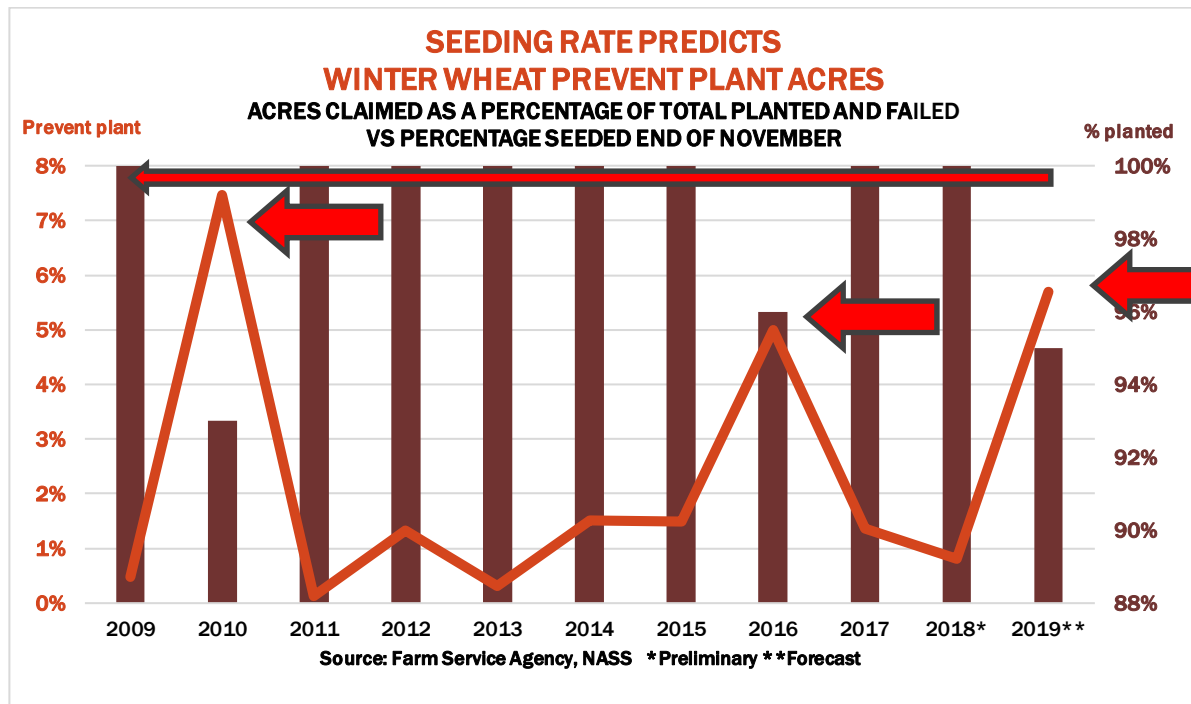
December Key To Wheat



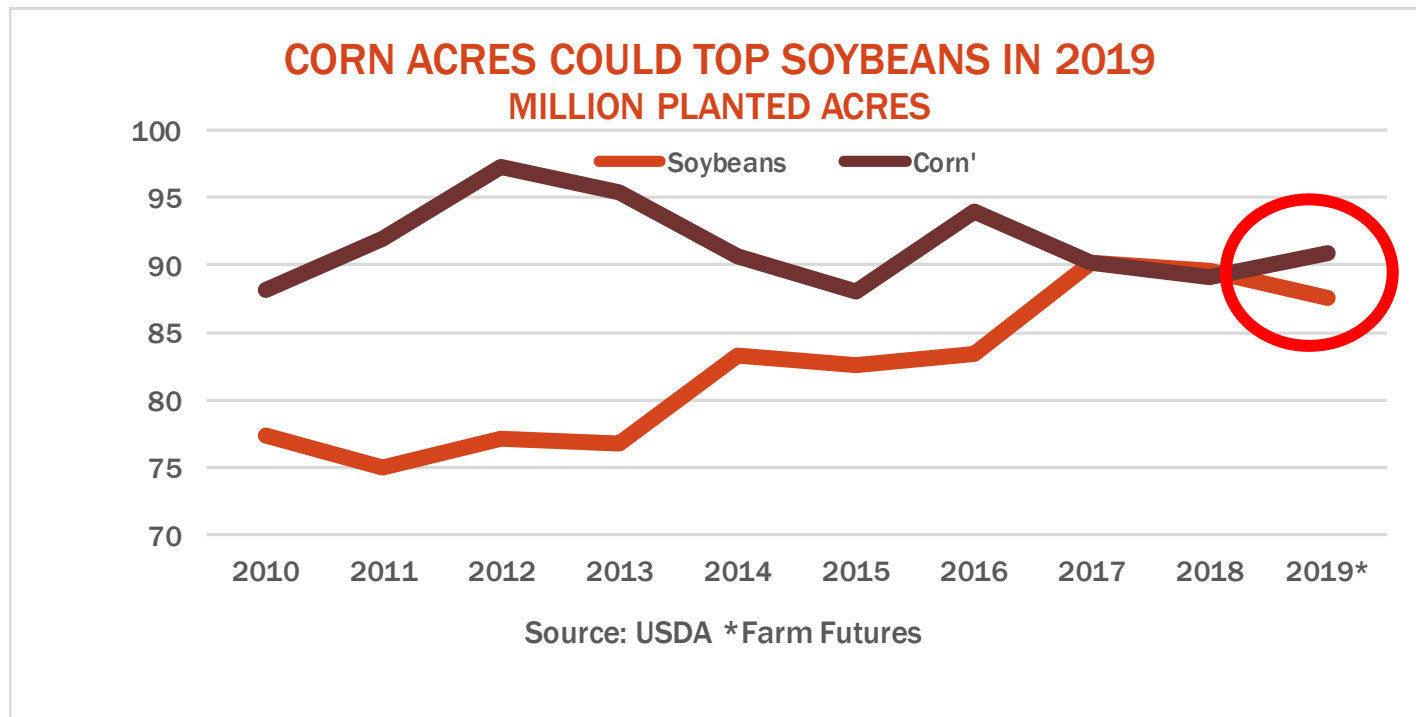
Wheat Weather Woes

Winter Wheat Seedings				
<i>millions</i>	Farm Futures	Average Trade Guess	Range Of Guesses	USDA 2018 (est)
Soft Red Winter Wheat	5,643	6,019	5,643-6,210	6,076
Hard Red Winter Whea	22,793	22,727	22,125-23,620	22,923
White Winter Wheat	3,211	3,486	3,211-3,700	3,536
All Winter Wheat	31,647	32,279	31,513-33,300	32,535
Source: USDA, Reuters, Farm Futures				

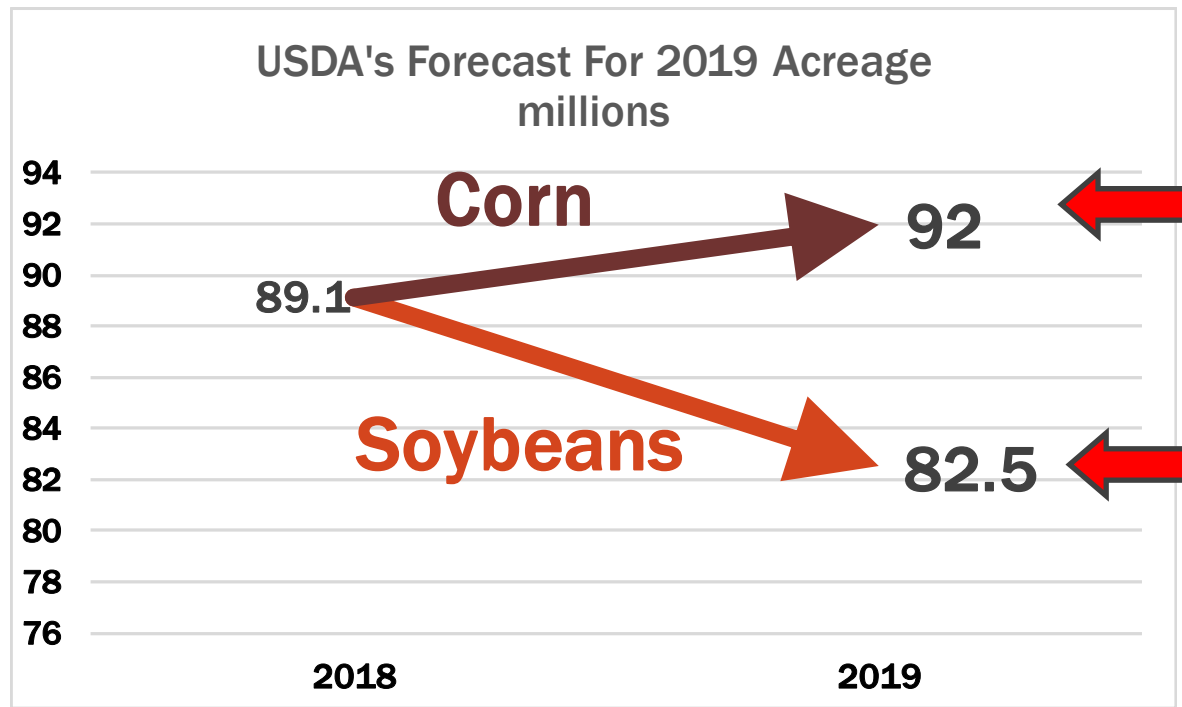
Rain Makes Grain?



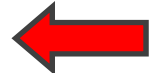
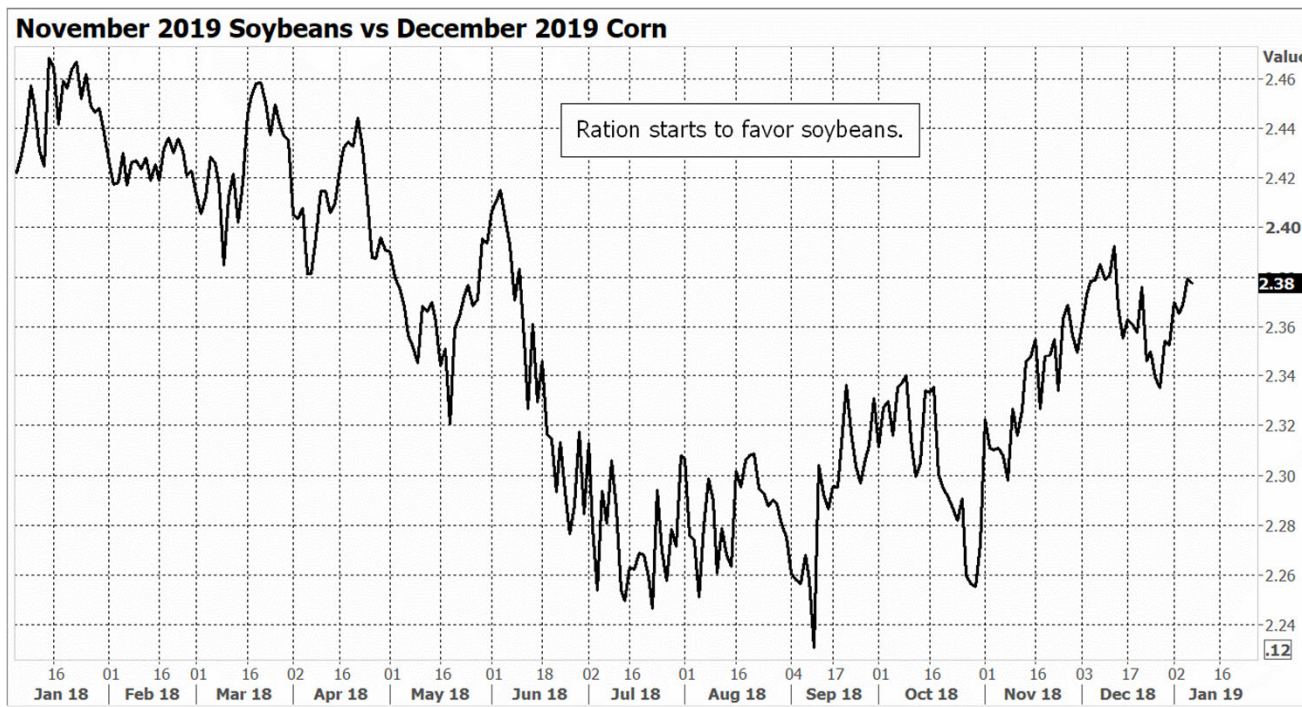
Back To Corn



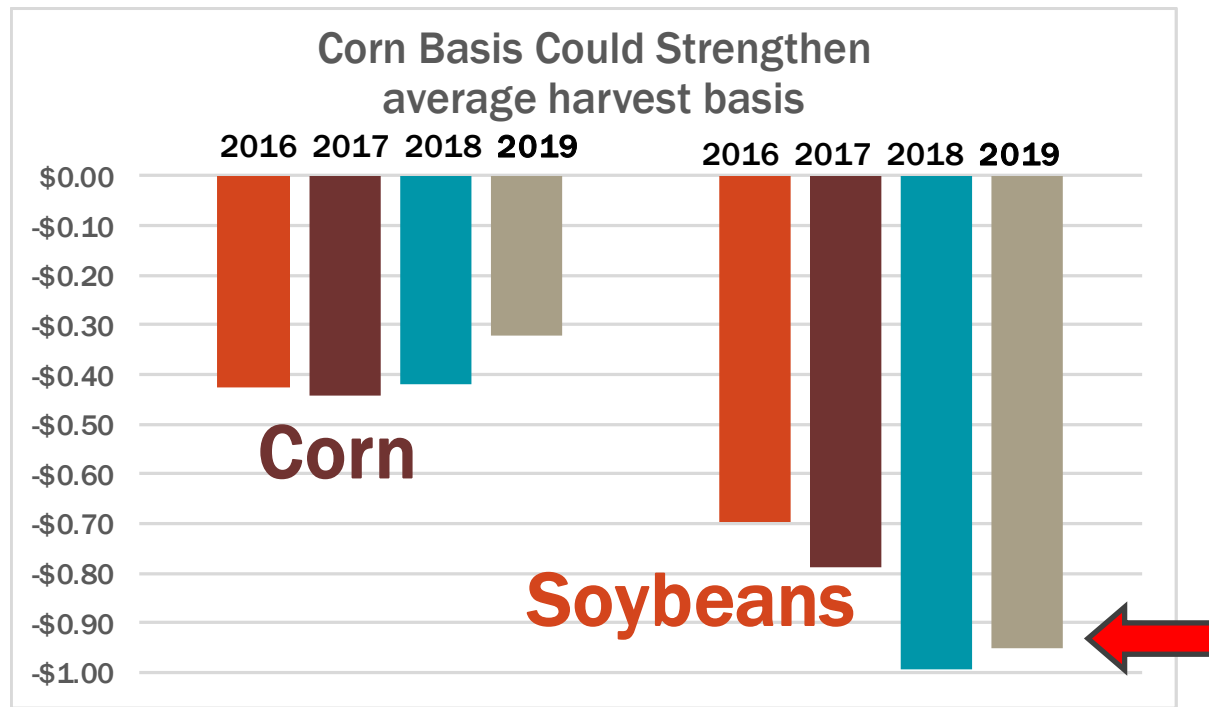
USDA's "Baseline"



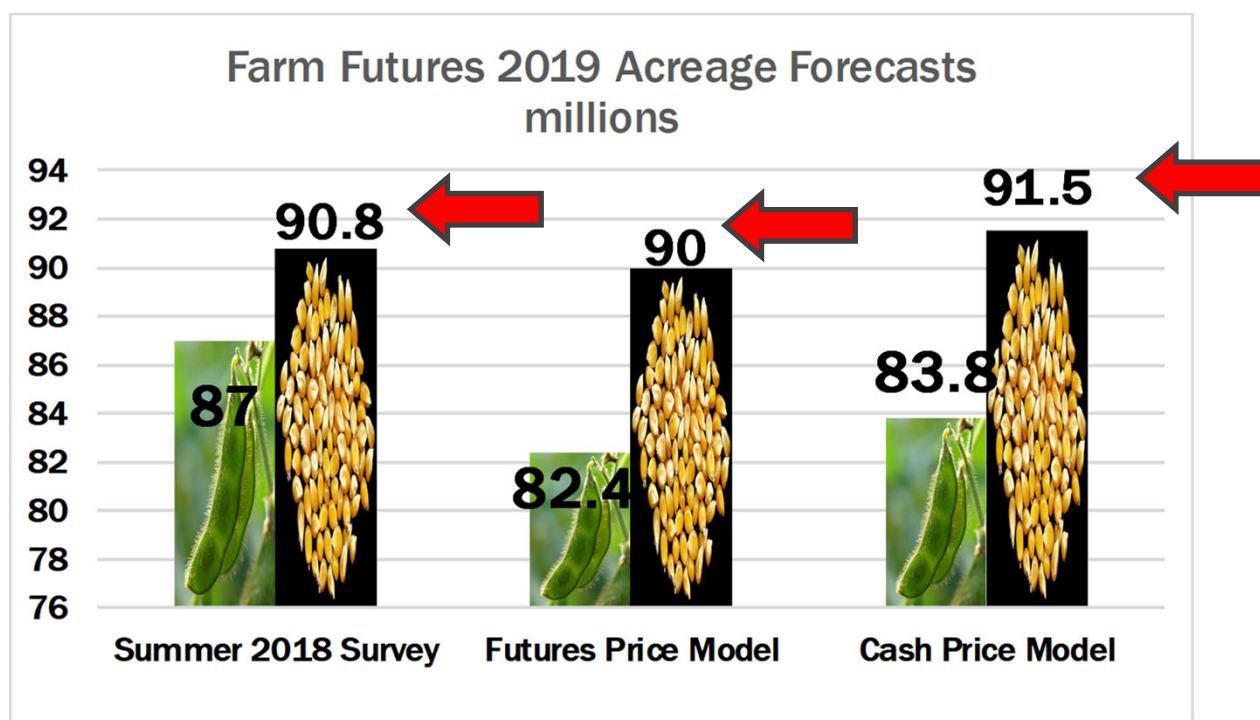
Futures Start To Favor Soybeans A Little



“Basis” A Factor



Next Survey Jan. 24



Potential For Rallies

2019 Corn Supply and Demand Estimates

Yield	173.9
Production	14,508
Use, total	14,741
Ending stocks	1,520
Ave. cash price	\$3.87

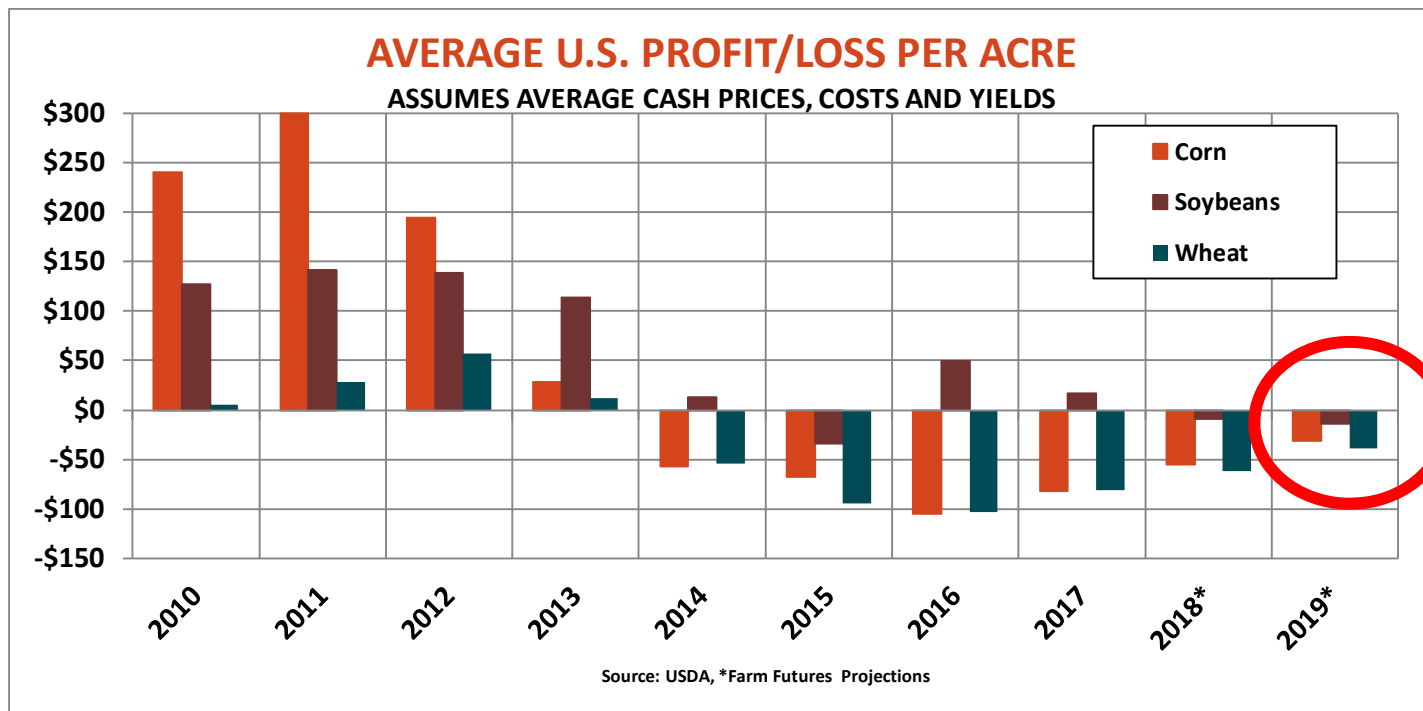
Top Third	\$4.44 to \$4.82
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Chances For Sales

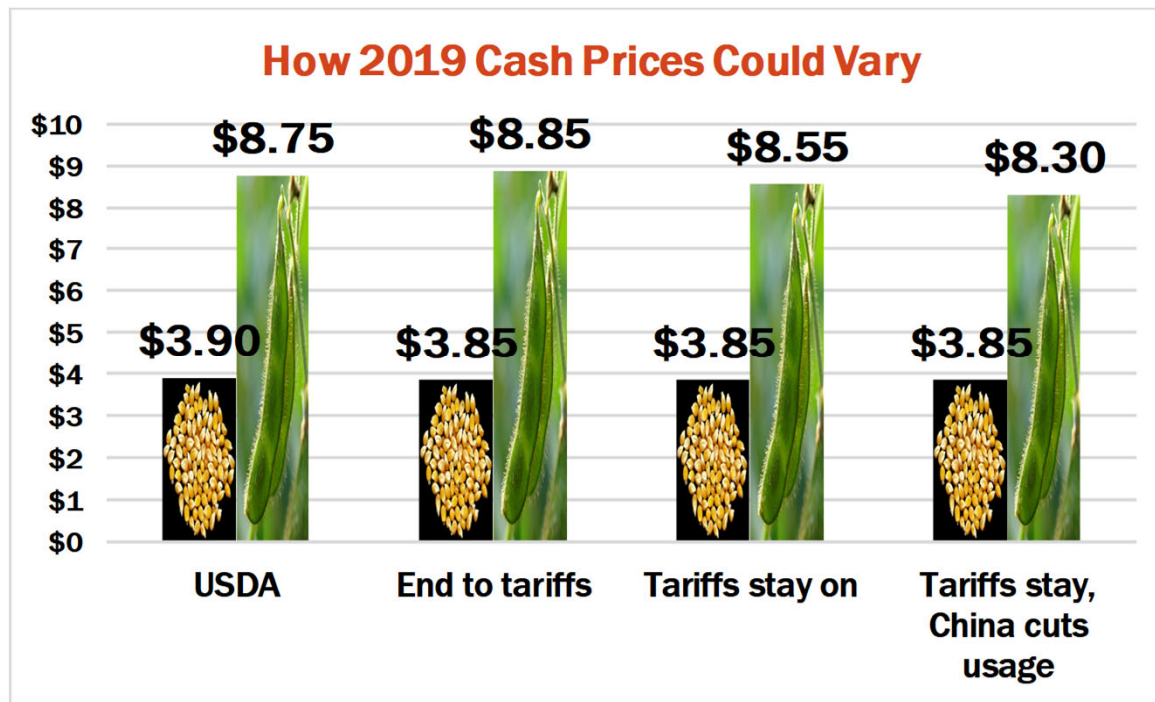
2019 Soybeans Supply and Demand Estimates

Yield	50.3
Production	4,107
Exports	2,064
Use, total	4,191
Ending stocks	729
Ave. cash price	\$8.84
Top Thard	\$10.27 to \$11.08

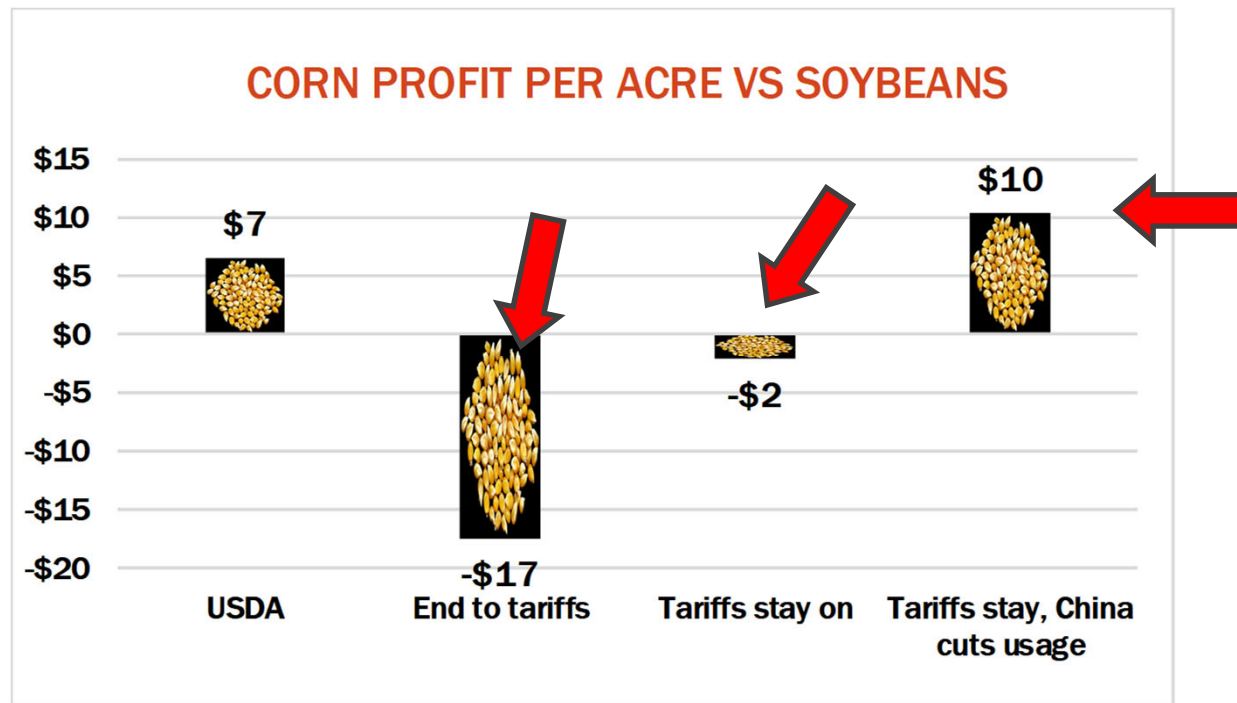
Red Ink



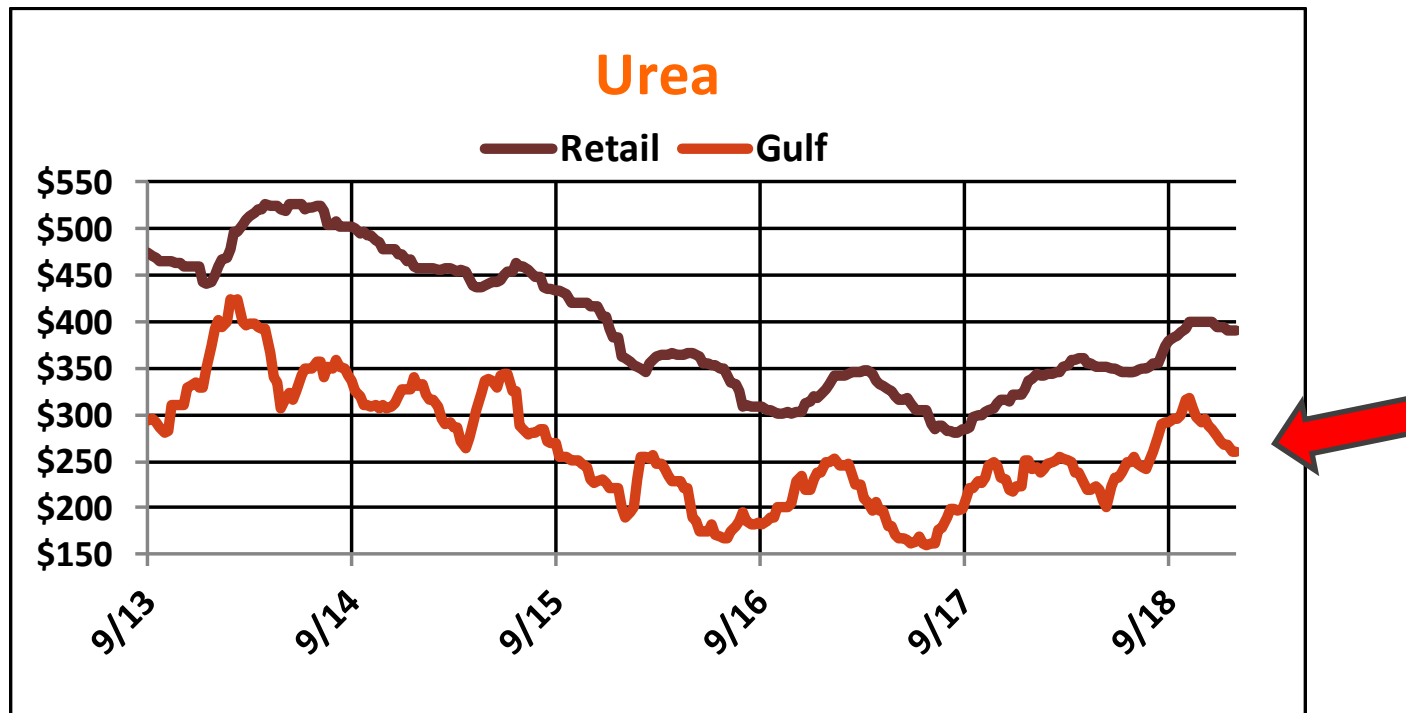
Tariff Deal Matters



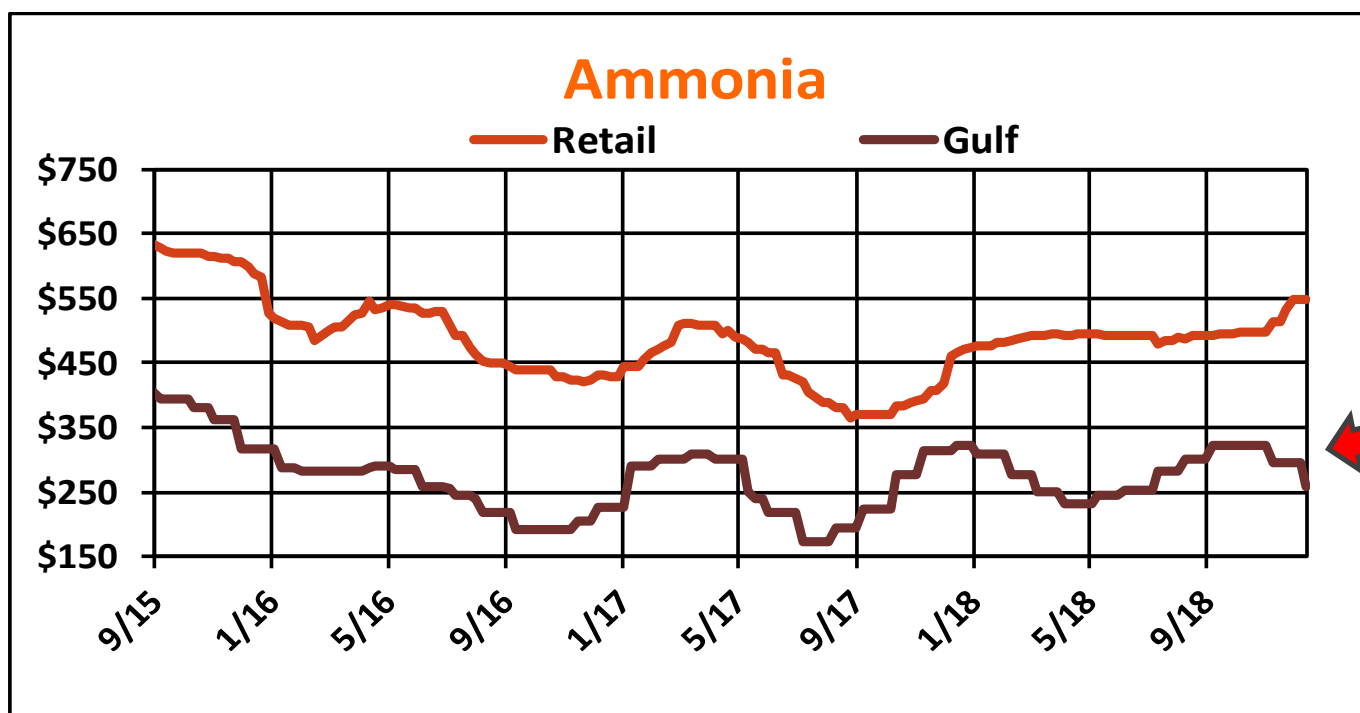
Profit Potential A Factor



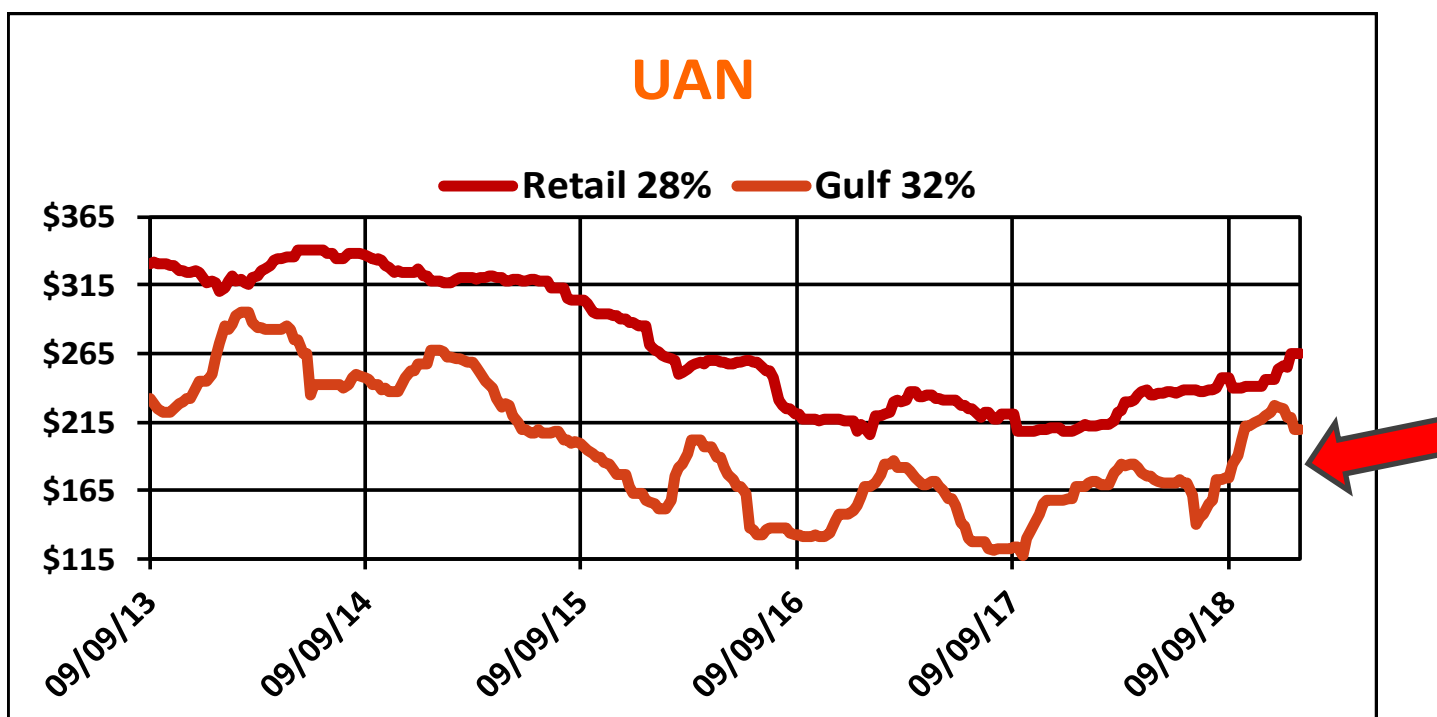
Chinese Sales Ended Urea Rally



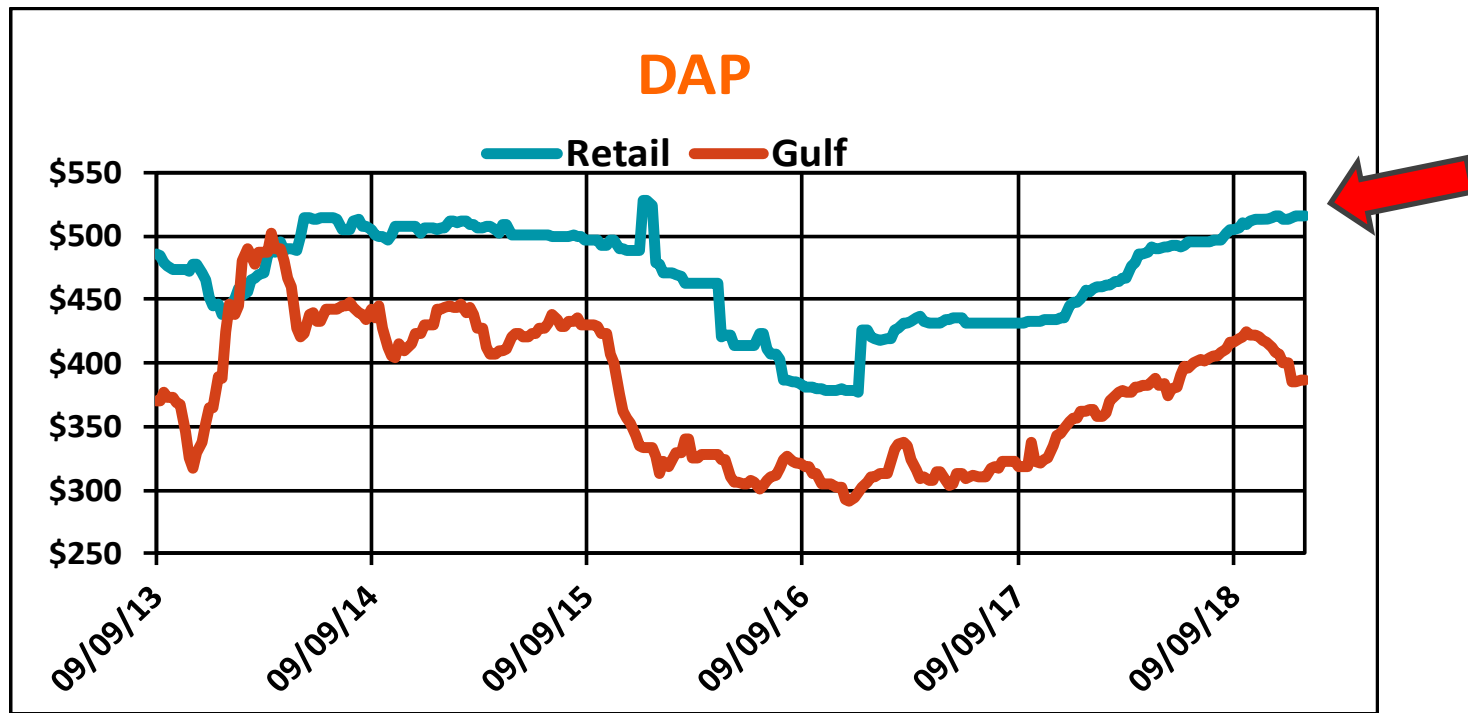
Expect To Pay \$550 To \$600



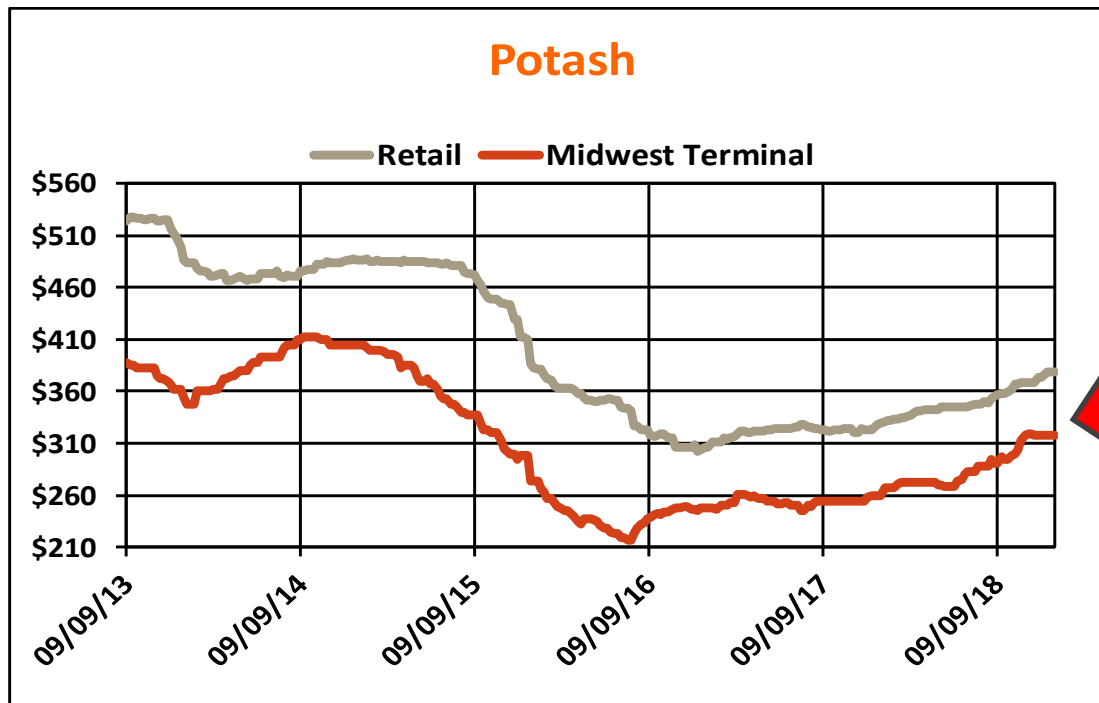
UAN Should Get Cheaper



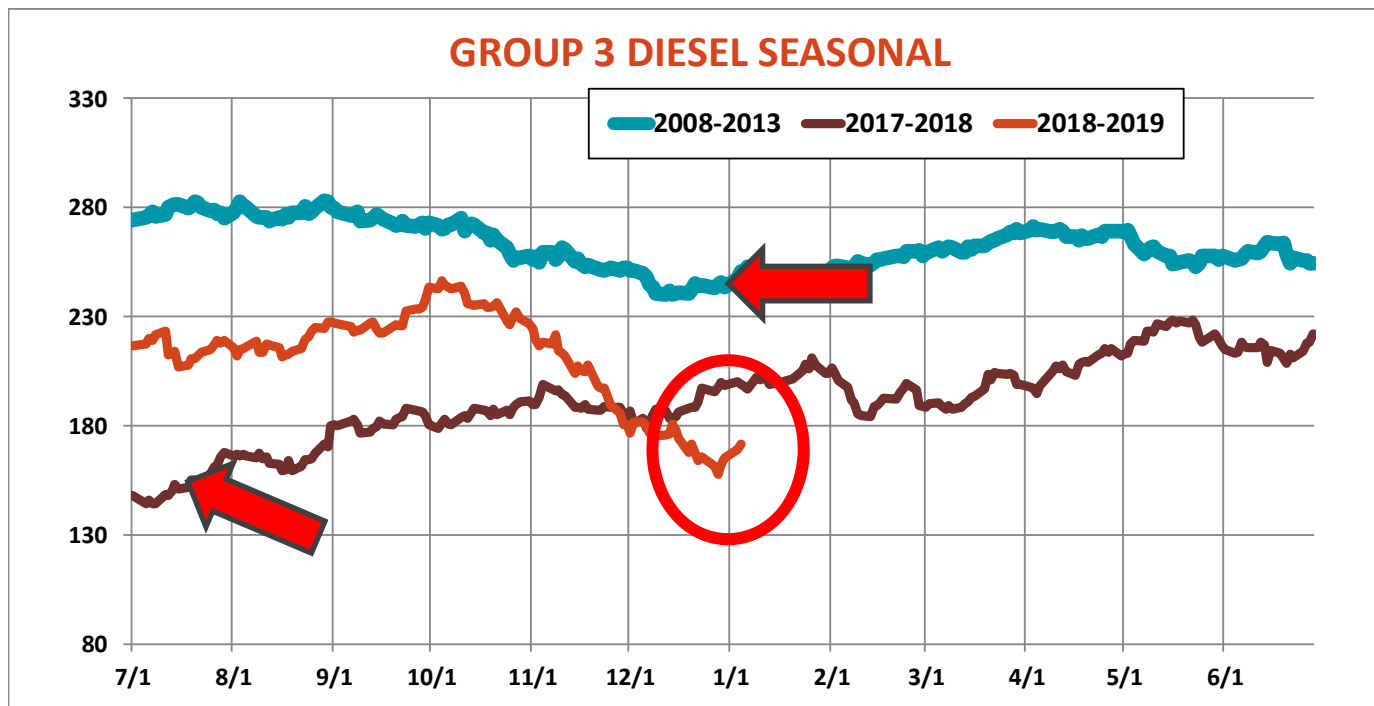
DAP Could Break A Little



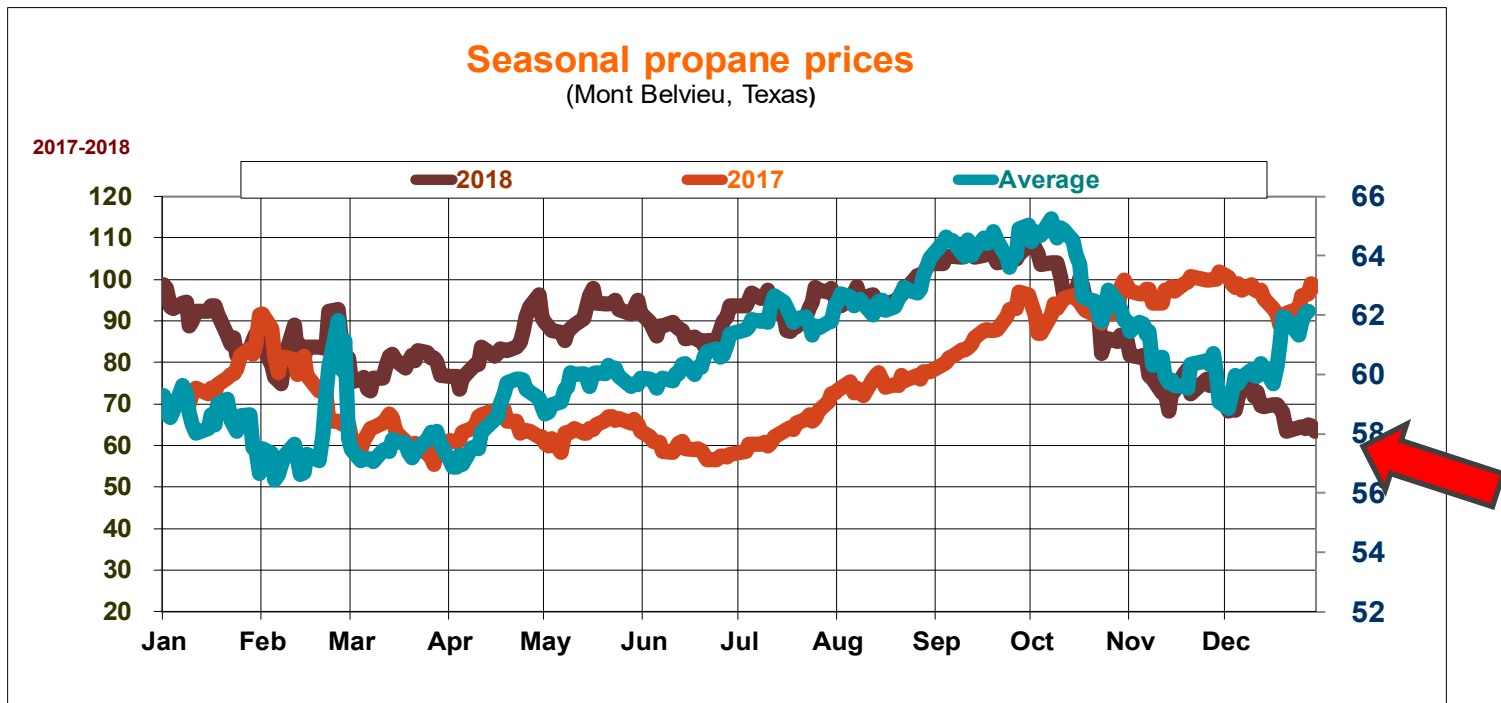
\$360 To \$400



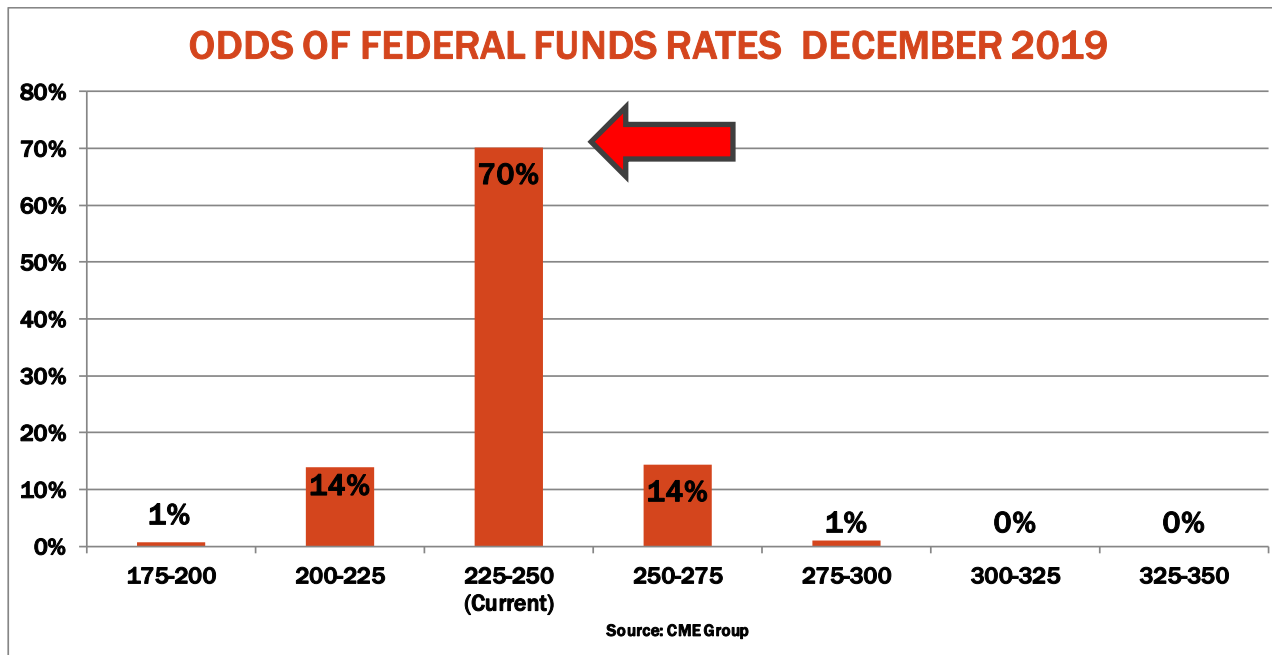
Major Buying Opportunity



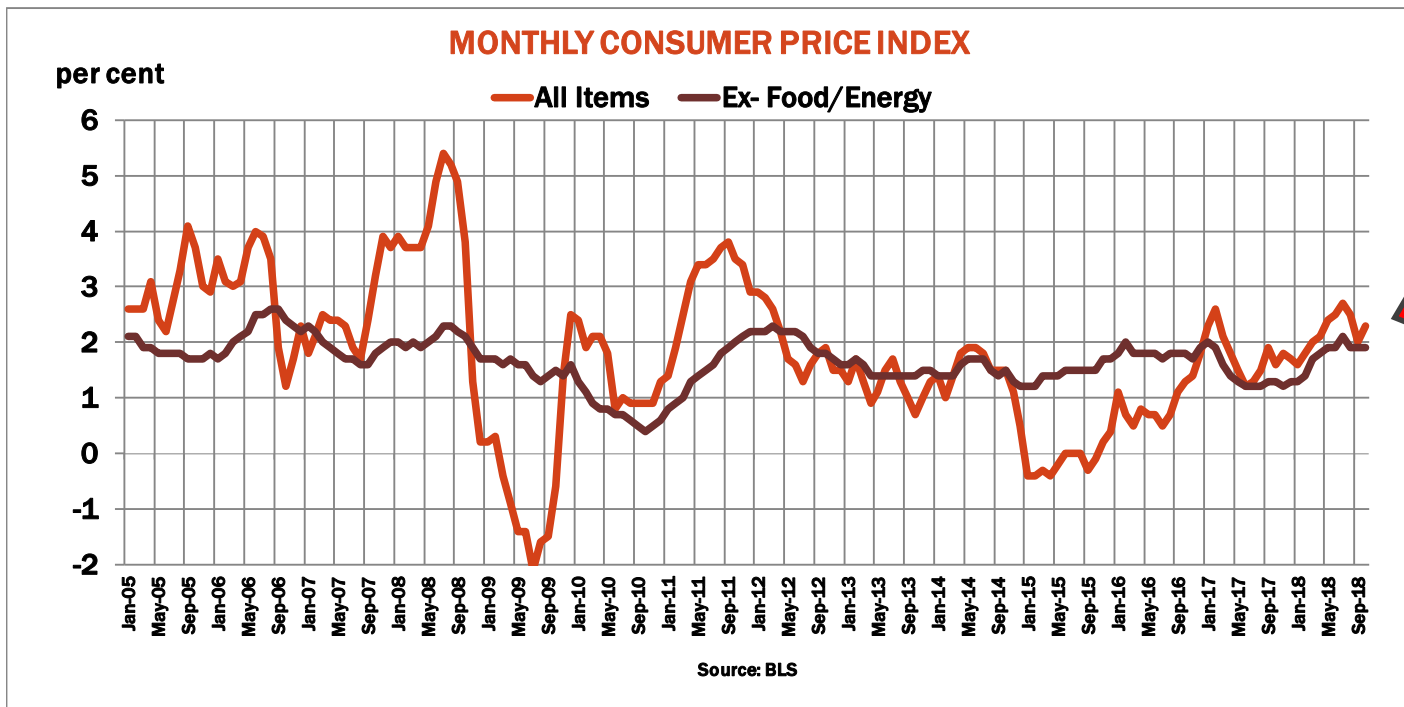
Buy Some For Fall



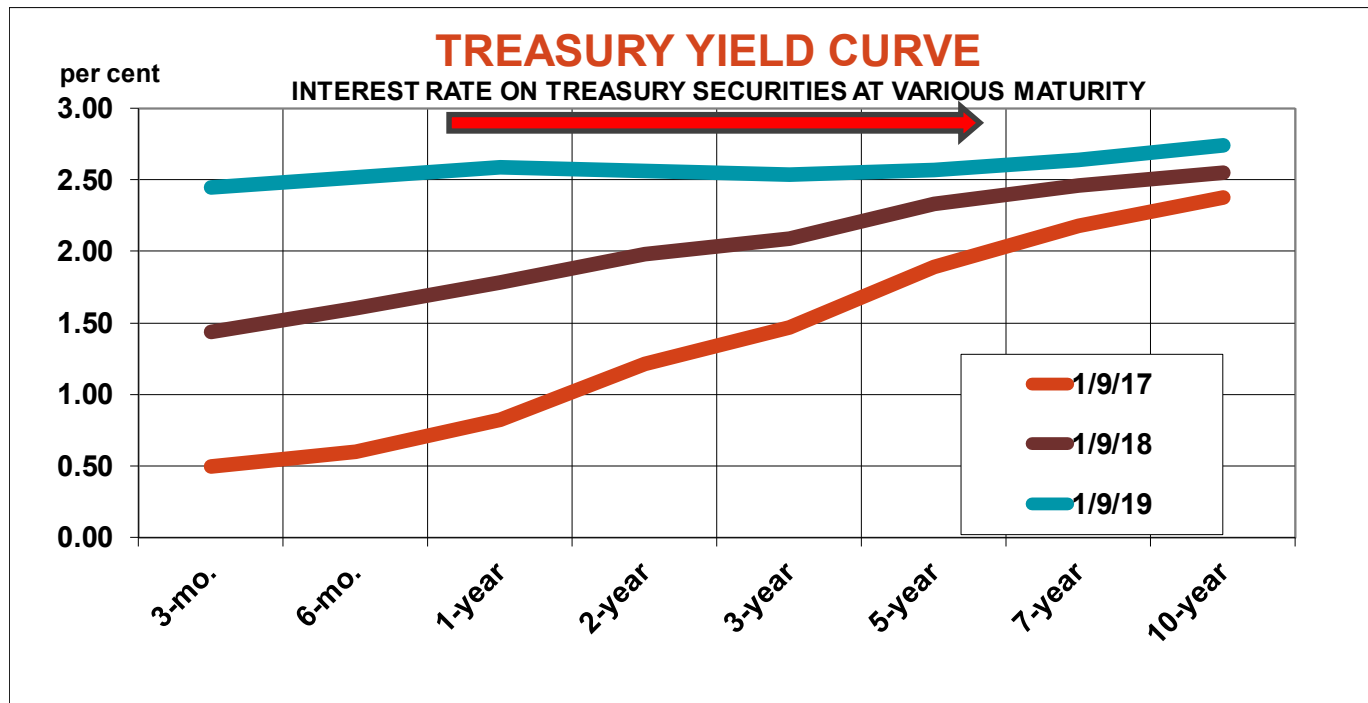
Fed's Could Hit "Pause" Button



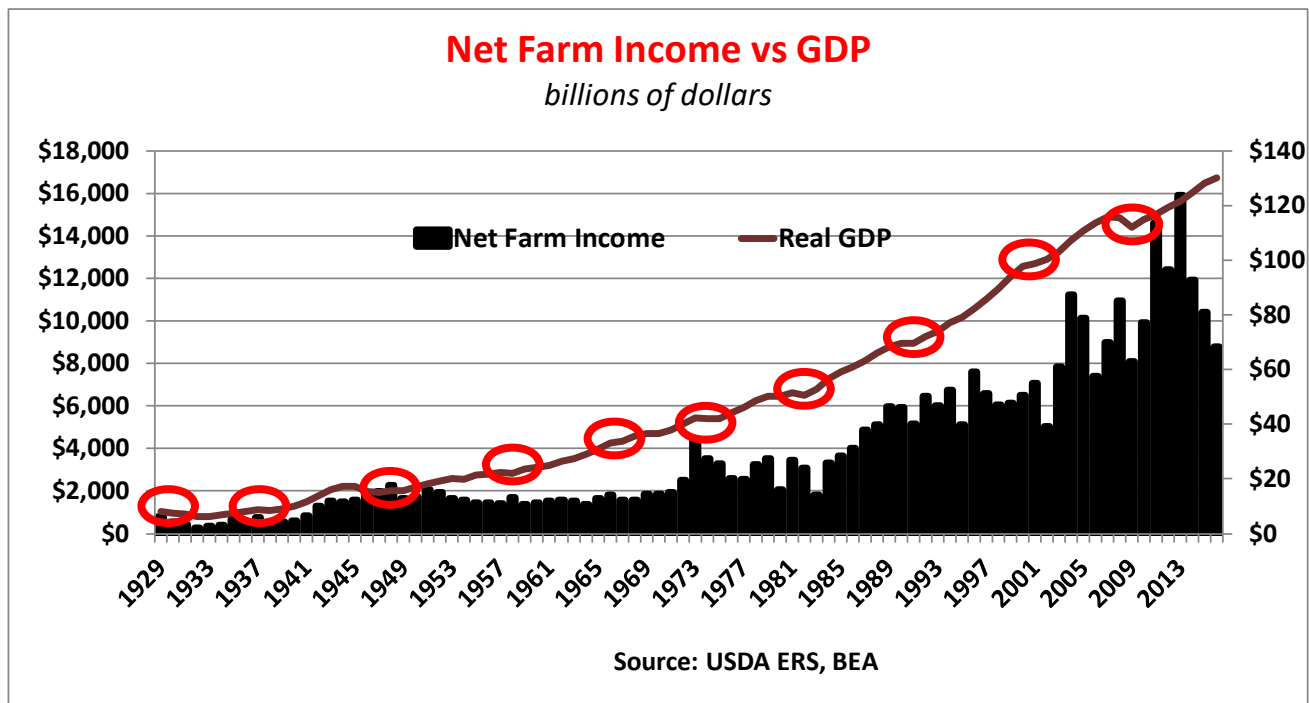
Fed Keeps A Close Eye On Inflation



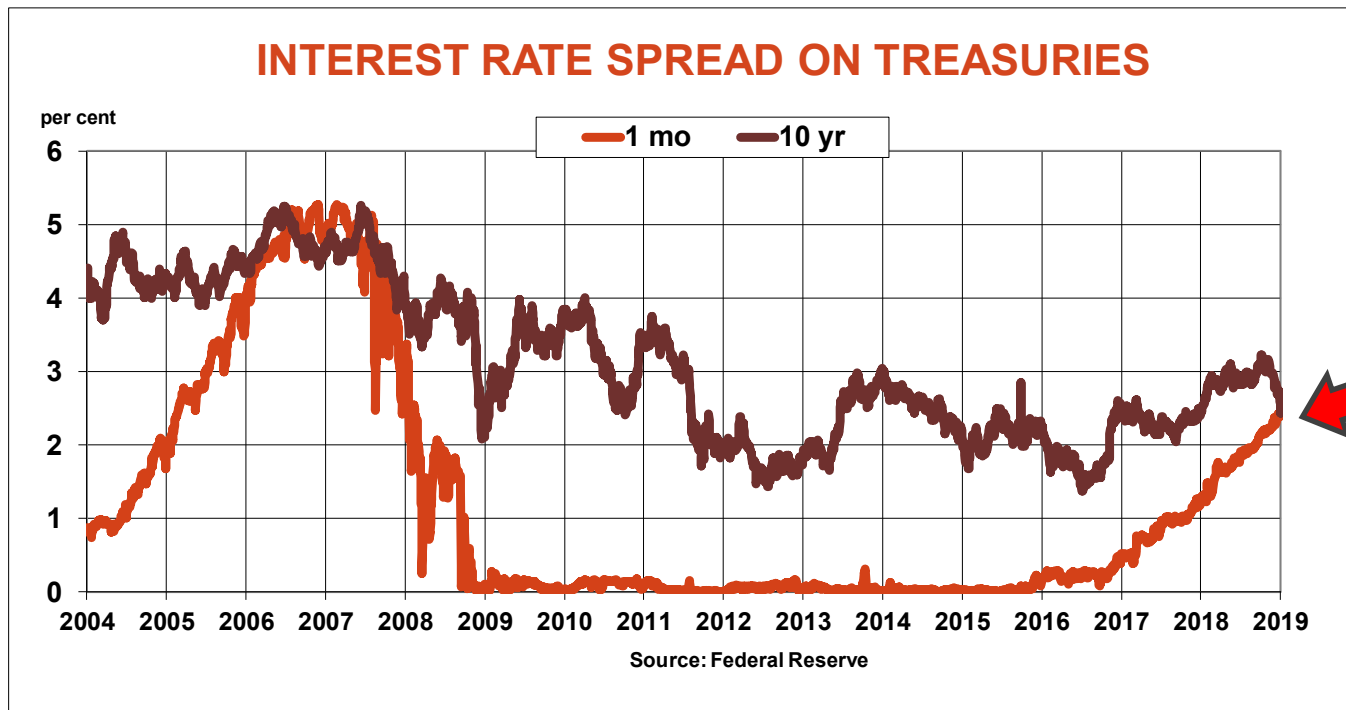
Yield Curve Starts To Invert



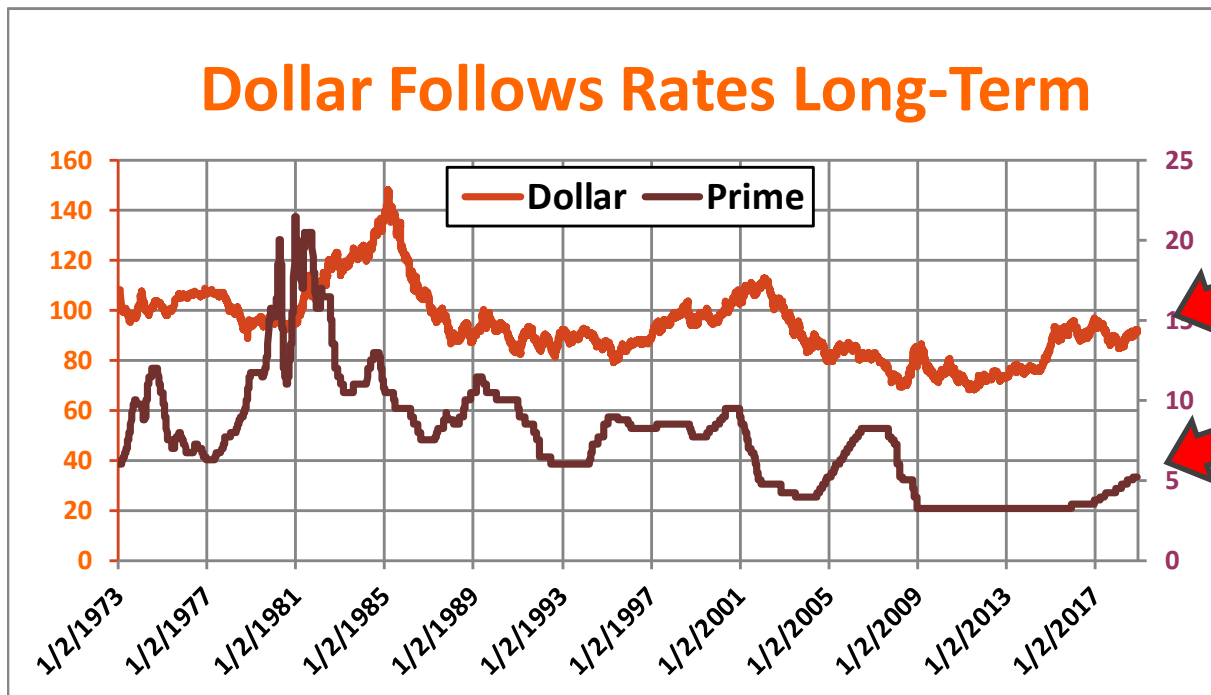
Recessions Hurt Ag Too



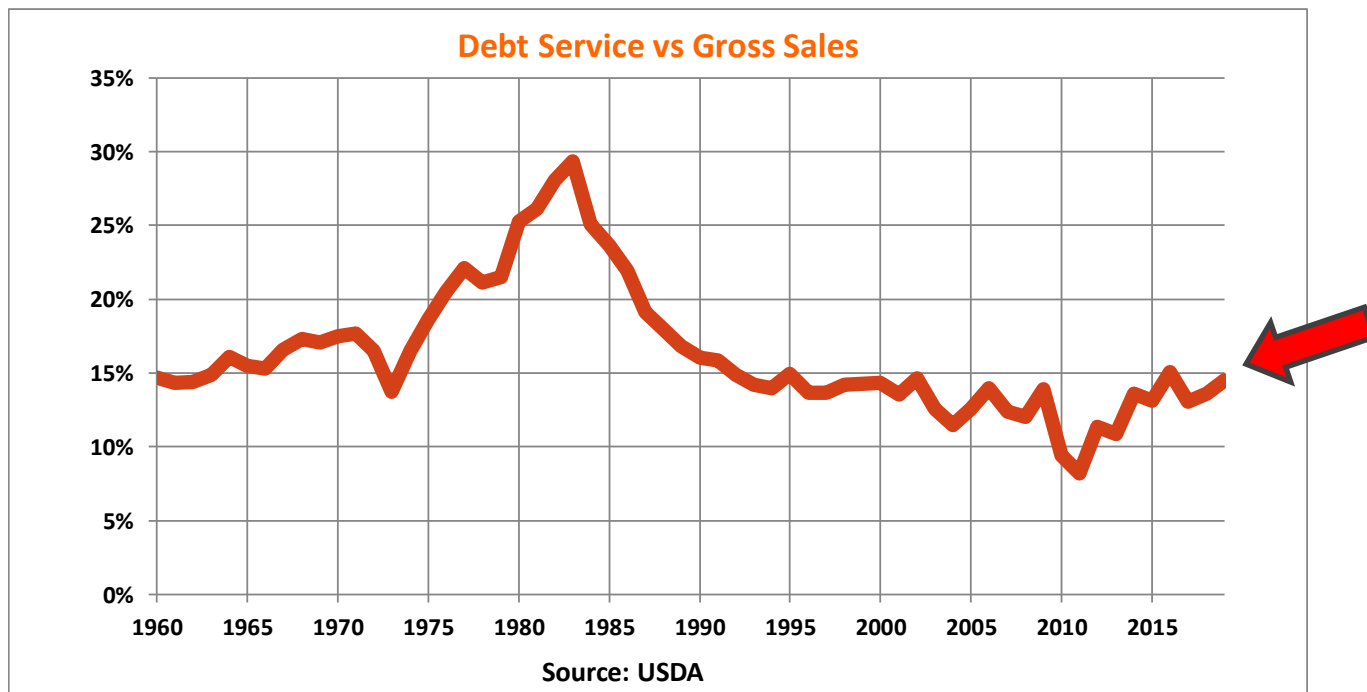
Rates Rose Steadily



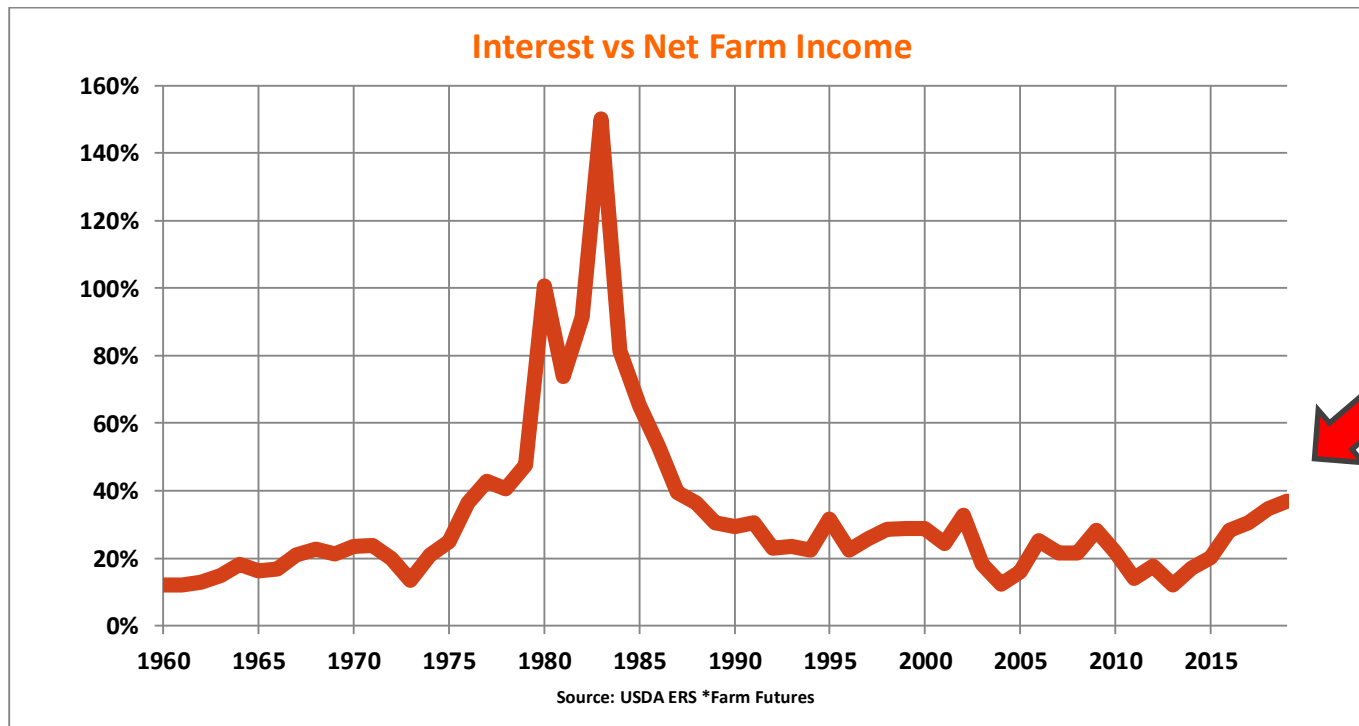
Dollar Fairly Valued



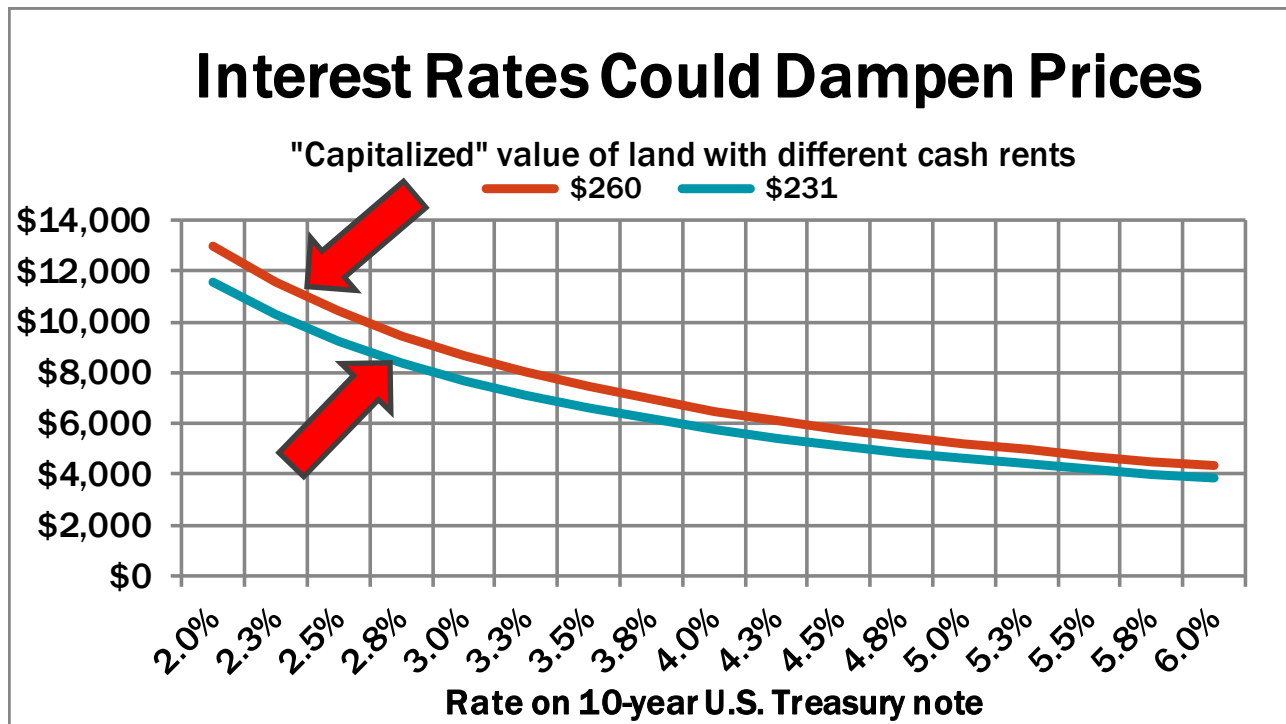
Interest Rates Bite



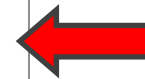
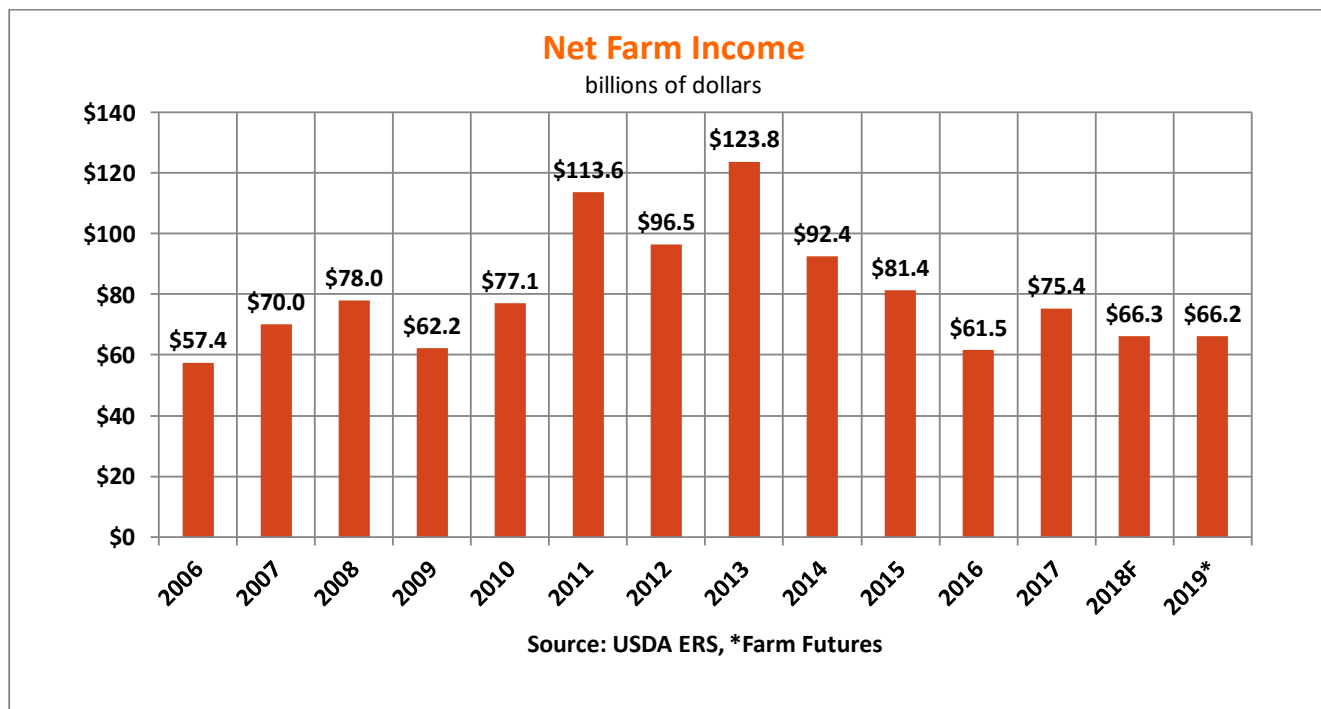
Higher Rates Hurt



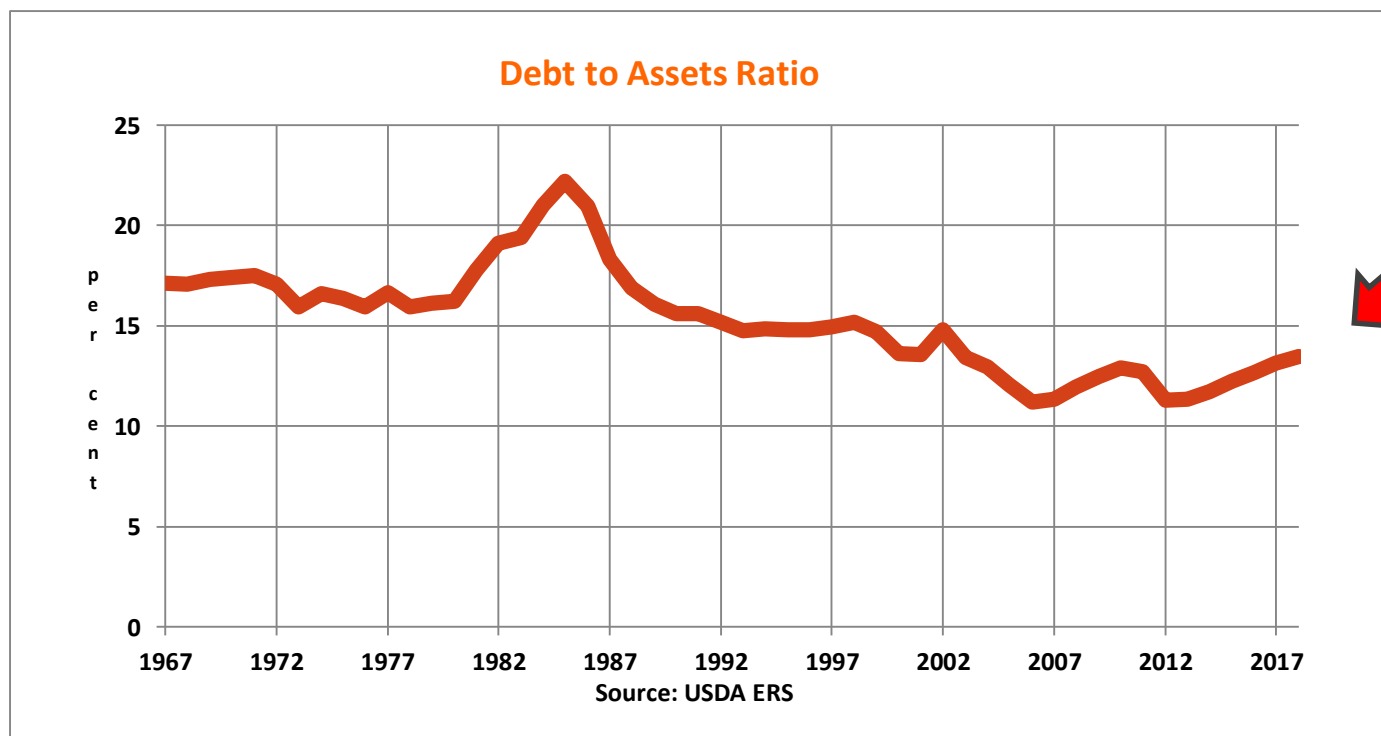
19% Drop In Cap Value Of Land



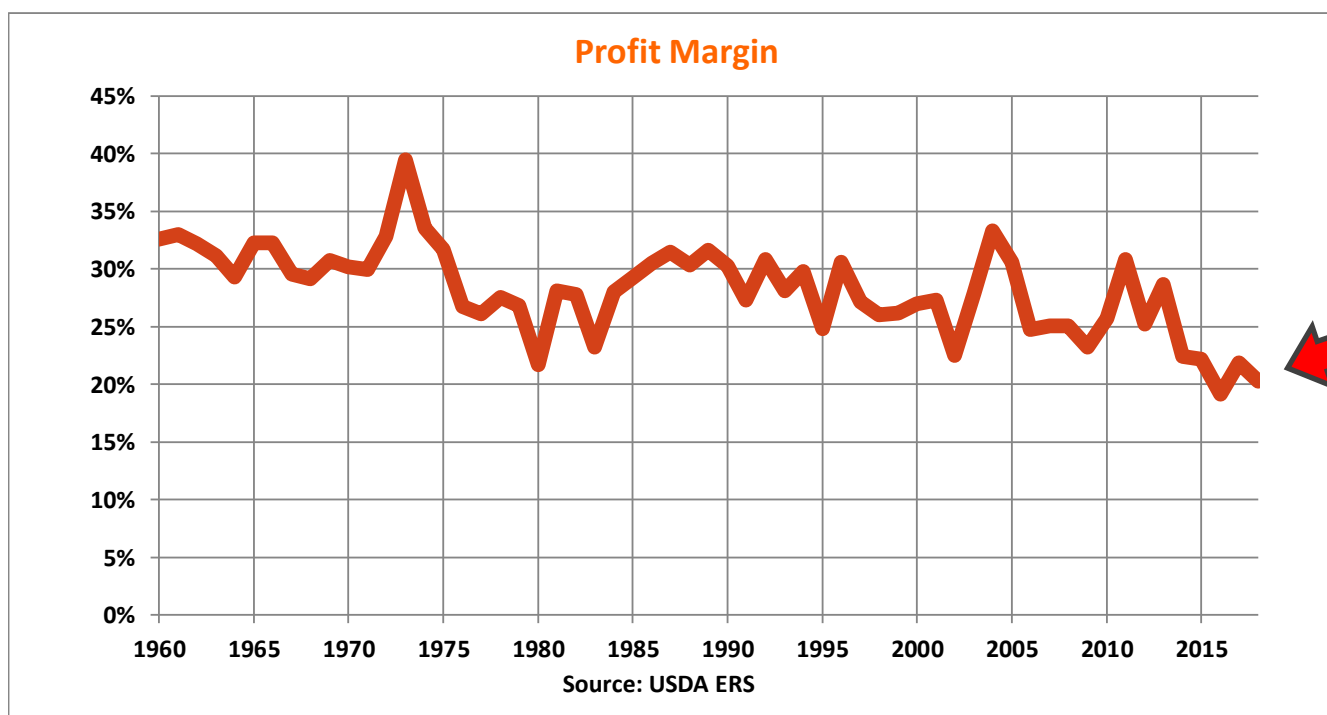
Farm Income Could Be Flat



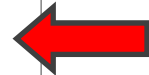
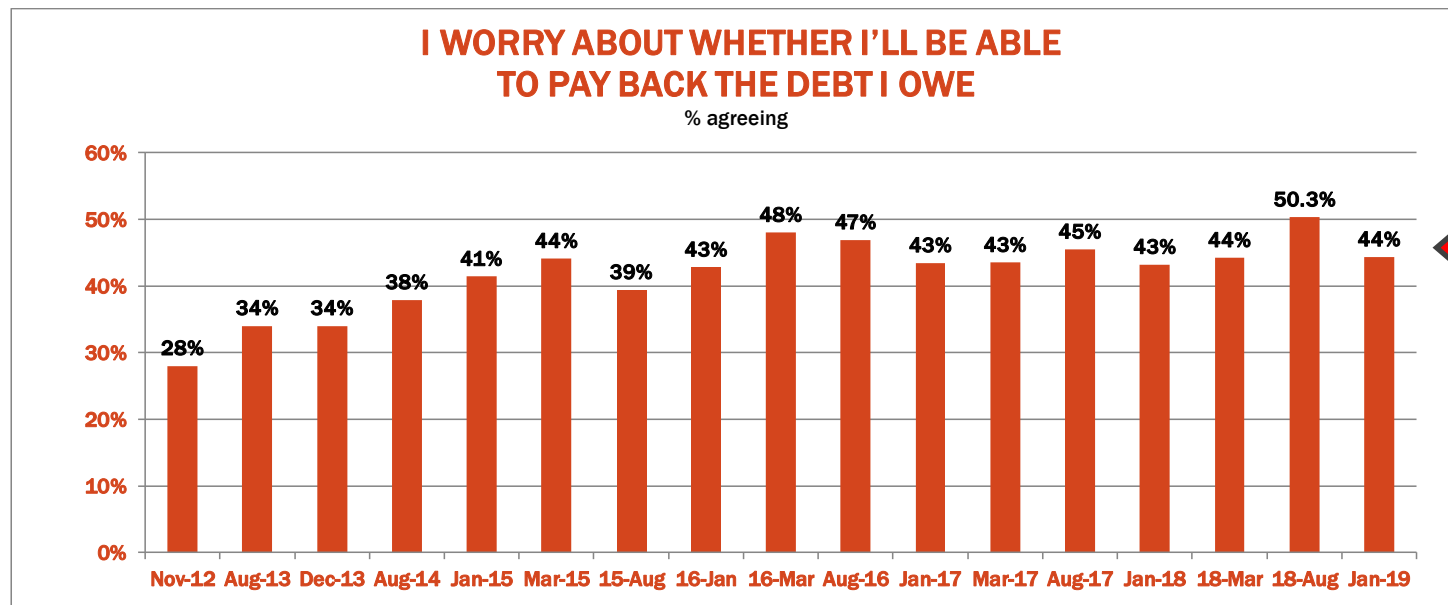
Not A Debt Crisis



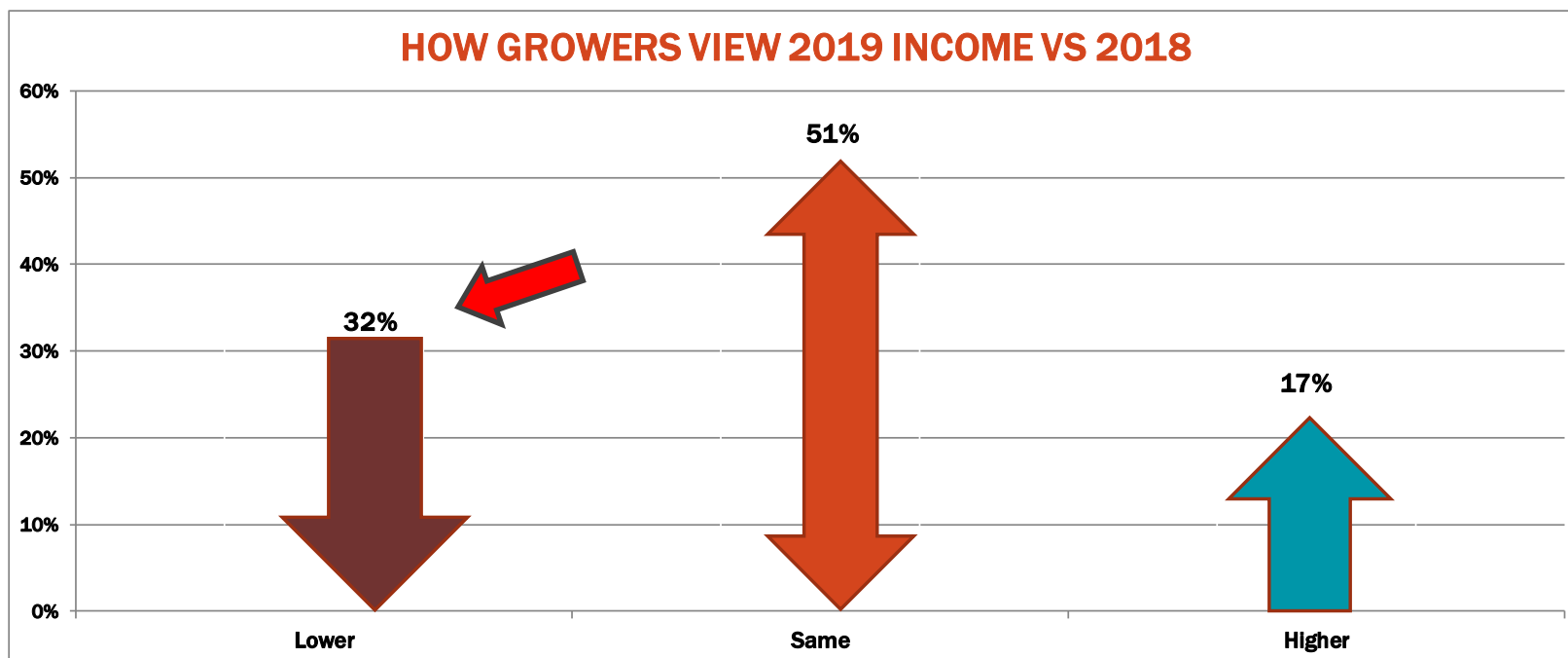
Profit Crisis



Worries Ease



Income Down?



More Farms “Vulnerable”

Financial Stress Indicators			
	Marginal Income	Marginal Solvency	Vulnerable
Nov-12	3.2%	9.5%	1.1%
Aug-13	2.3%	6.2%	0.5%
Dec-13	2.9%	8.8%	1.2%
Aug-14	3.0%	9.4%	1.0%
Jan-15	4.5%	10.3%	1.3%
Mar-15	4.4%	10.5%	1.8%
Aug-15	6.3%	8.4%	1.3%
Jan-16	10.3%	11.9%	2.3%
Mar-16	11.5%	13.1%	3.7%
Aug-16	13.1%	19.6%	4.4%
Jan-17	11.5%	19.7%	3.5%
Mar-17	12.9%	12.8%	3.9%
Aug-17	11.6%	11.1%	3.1%
Jan-18	11.7%	10.8%	3.6%
Mar-18	14.6%	13.1%	4.2%
Aug-18	12.7%	16.1%	3.7%
Jan-19	16.5%	16.2%	5.5%

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Questions?

