

**Near Term Price Outlook Considerations**  
***Rice, Soybeans, Cotton, Corn and Wheat***  
***Charts Worth A Look, September 12, 2016***

Soybeans: Slides 2-10, Further price weakness likely

Cotton: Slides 11-21, Bullish price

Corn: Slides 22-31, Price in a sideways bottoming process

Wheat: Slides 32-37, Further price weakness likely

Rice: Slides 38-42, Defining a price bottom – A comprehensive rice article and slide show available shortly

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# Soybeans

**Slide 2**

# Soybean Price Considerations

## Soybean Price, 09.12.16 -

- **USDA's 2015/16 marketing year average farm price estimate is \$8.95 per bushel for the 2015 crop.**
  
- **USDA's 2016/17 marketing year average farm price estimate is \$9.05 per bushel for the 2016 crop.**
  - **2016/17 Price Range** **\$8.30/\$9.80 per bushel**
  - **Change from August 12, 2016** **- 0.5%**
  - **Change from 2015/16 on August 12** **+ 1.1%**
  
- **09.12.16 November Futures Price** **\$9.64 per bushel**
  
- **Near Term Price Outlook – 2 possible outcomes**
  - **Primary expectation – Slide 4 shows current price strength has been likely correcting the latest downside November futures move from \$10.20 to \$9.37. This price action will likely be followed by a continuation of price weakness to the \$9.00 area or lower. The March 2, 2016 price low was \$8.68 per bushel and the price high this year was \$11.58 per bushel on June 14. The RSI and MACD indicators though gaining strength with the rising prices now have the potential to turn bearish.**
  - **Secondary consideration – I would be very respectful of this market, given fundamentals, technical considerations, macro forces, and geopolitical considerations this market potentially could start showing more strength than weakness.**

**Slide 3**

# Slide 4. Soybeans – November 2016 Daily



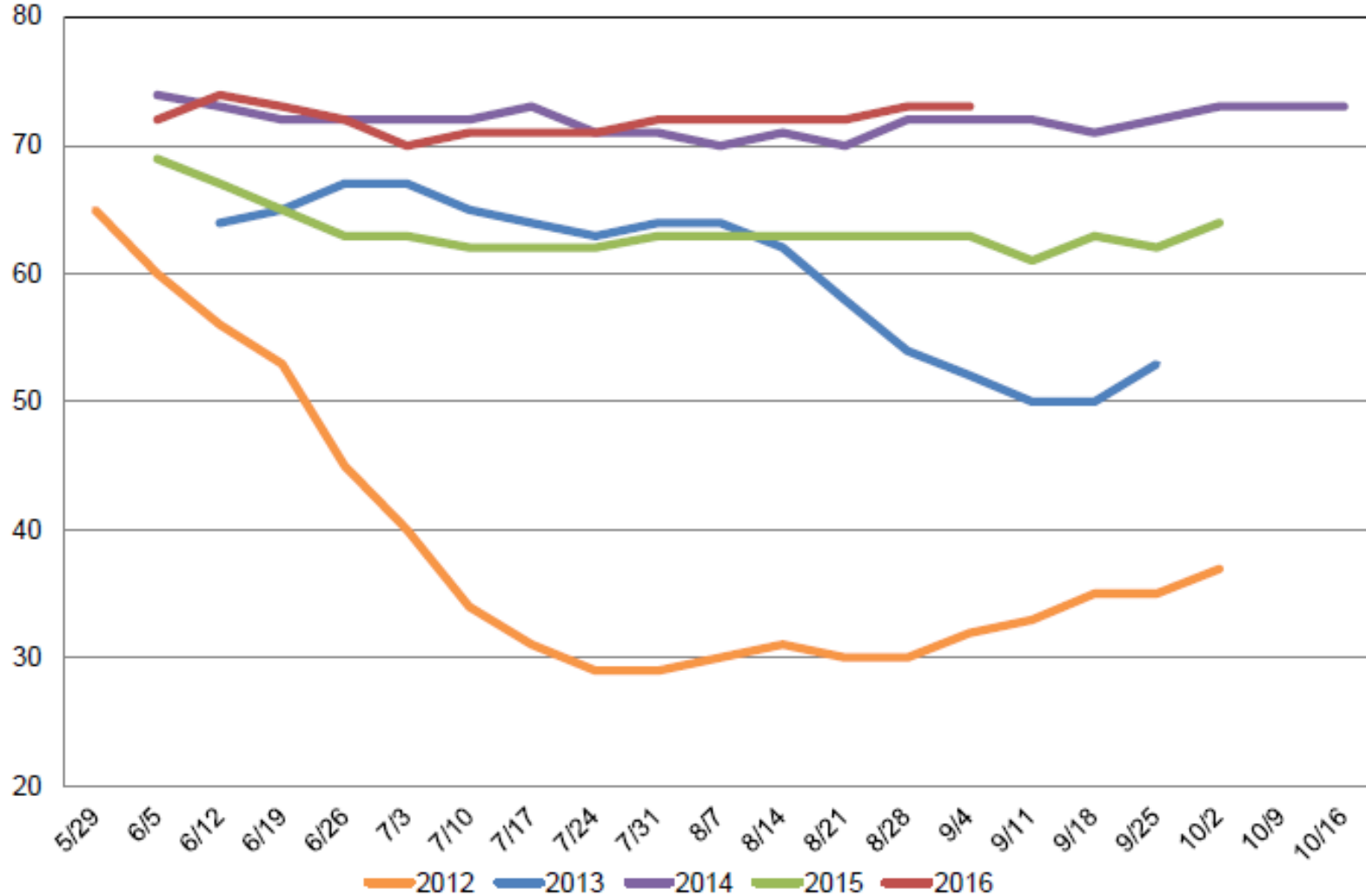
Slide 4



# U.S. Soybean Condition

## Percent Rated Good to Excellent

Percent





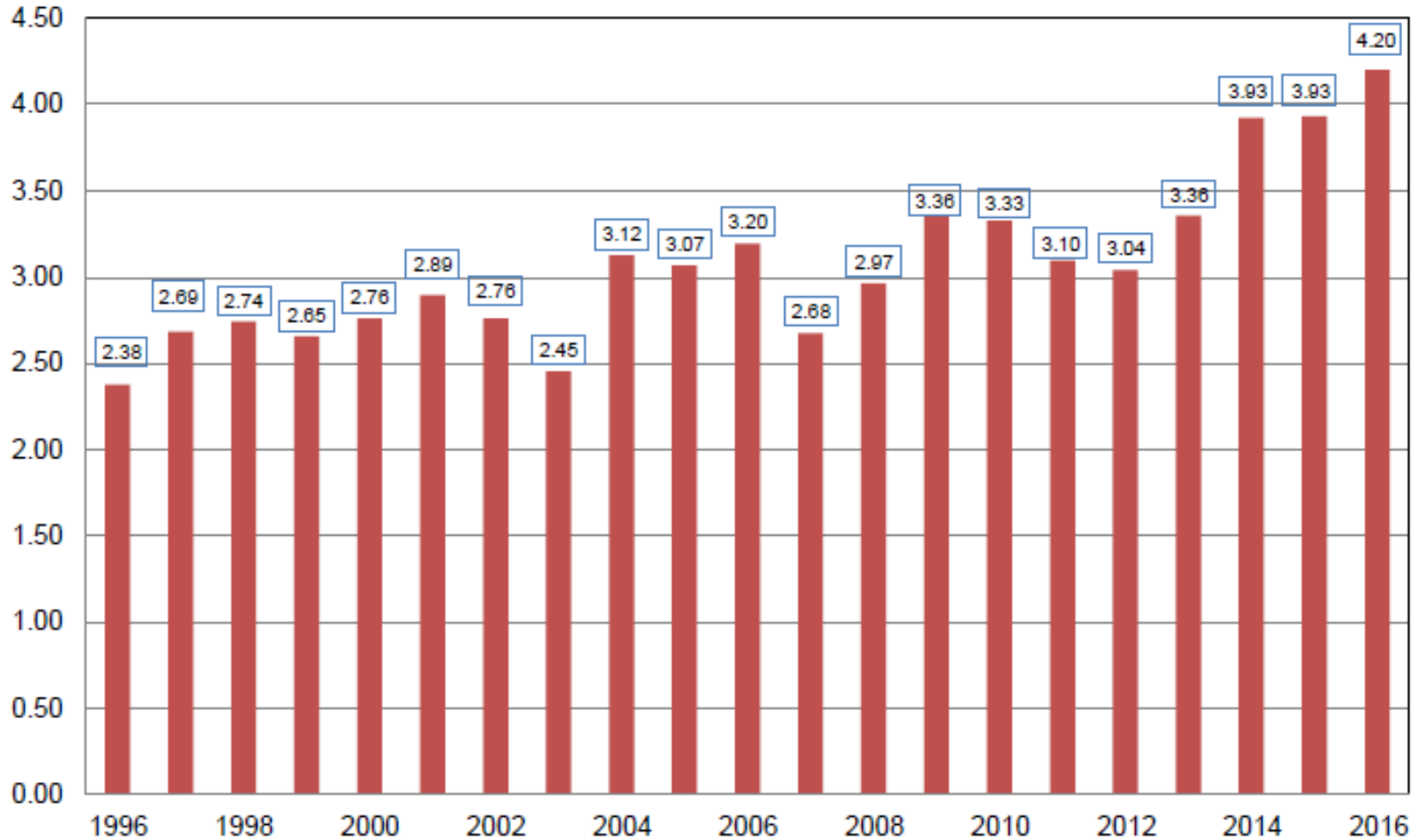
## September 2016 Crop Production

Crop	Unit	September 2016	% Change From Previous Estimate	% Change From Previous Season
Soybeans				
Planted	Mil Ac	83.7	NC	+1.3
Harvested	Mil Ac	83.0	NC	+1.5
Yield	Bu/Ac	50.6	+3.5	+5.4
Production	Bil Bu	4.20	+3.5	+6.9



# Soybean Production United States

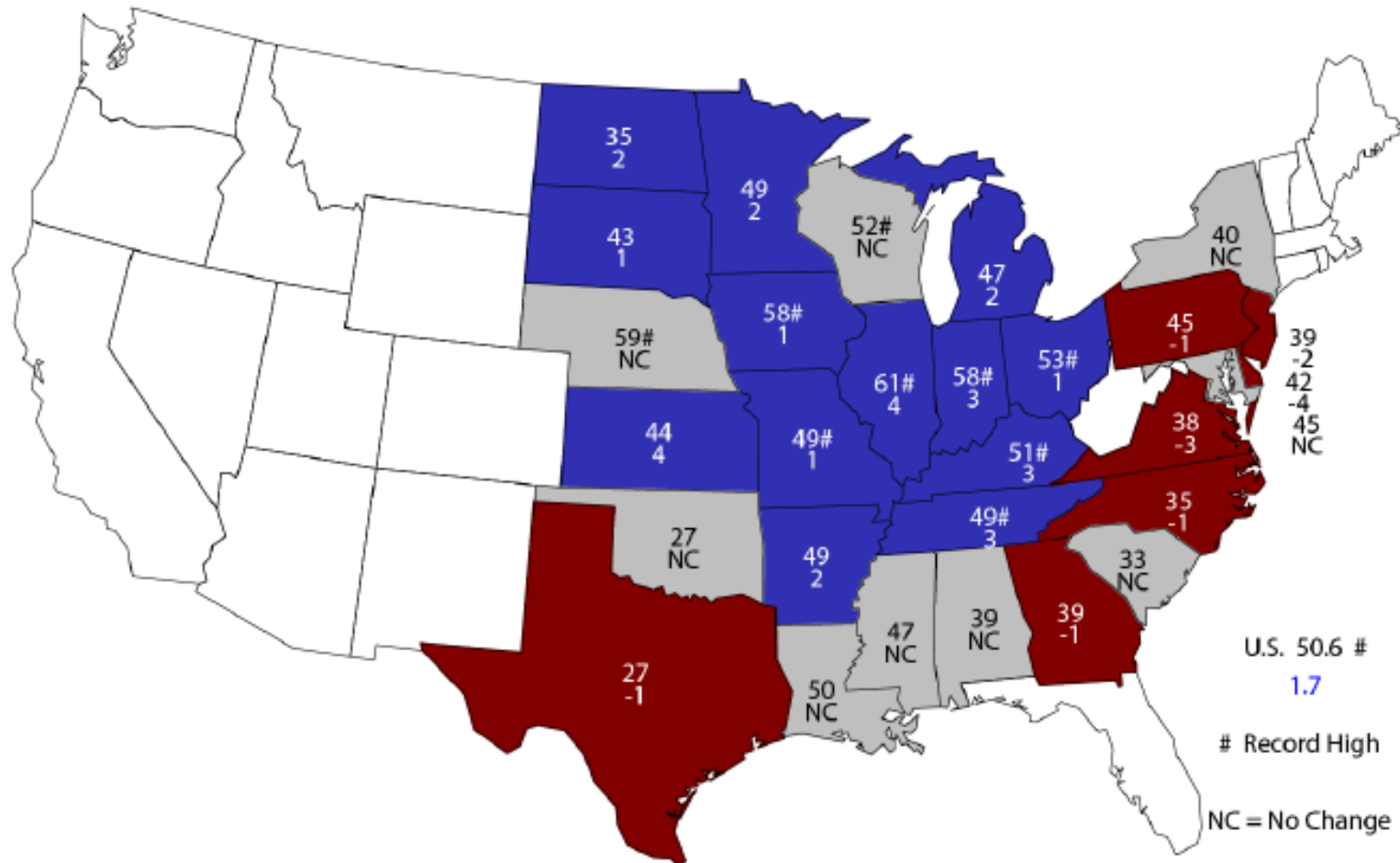
Billion Bushels





# September 1, 2016 Soybean Yield

## Bushels and Change From Previous Month





# World Soybean Production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	313.0	330.4	<b>0.0</b>	<b>5.6</b>
United States	106.9	114.3	<b>3.5</b>	<b>6.9</b>
Foreign	206.0	216.1	<b>-1.7</b>	<b>4.9</b>
Argentina	56.8	57.0	<b>0.0</b>	<b>0.4</b>
Brazil	96.5	101.0	<b>-1.9</b>	<b>4.7</b>
Paraguay	9.0	9.2	<b>0.0</b>	<b>1.9</b>
Ukraine	3.9	4.0	<b>0.0</b>	<b>1.7</b>
India	7.0	9.7	<b>-14.9</b>	<b>38.6</b>
China	11.6	12.5	<b>2.5</b>	<b>7.8</b>

# U.S. Soybean Supply and Demand

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	82.7	83.7	0.0	1.3
Harvested area (million acres)	81.8	83.0	0.0	1.5
Yield (bushels per acre)	48.0	50.6	3.5	5.3
	<i>Million bushels</i>			
Beginning stocks	191	195	-23.5	2.5
Production	3,929	4,201	3.5	6.9
Imports	25	30	0.0	20.0
Total supply	4,145	4,426	1.9	6.8
Crush	1,900	1,950	0.5	2.6
Seed and residual	109	126	0.1	15.1
Domestic use	2,009	2,076	0.5	3.3
Exports	1,940	1,985	1.8	2.3
Total use	3,949	4,061	1.1	2.8
Ending stocks	195	365	10.8	87.0
	<i>Percent</i>			
Stocks to use ratio	4.9	9.0		
	<i>Dollars per bushel</i>			
Average market price	8.95	8.30/9.80	-0.5	1.1

September 12, 2016

Slide 10

Source: WASDE Secretary's Briefing Slide Show

# Cotton

# Cotton Price Considerations

## Cotton Price, 09.12.16

- **USDA's 2015/16 marketing year average farm price estimate is 58-cents per pound for the 2015 crop.**
  
- **USDA's 2016/17 marketing year average farm price estimate is 63-cents per pound for the 2016 crop.**
  - **Range** **57.0/69.0-cents per pound**
  - **Change from August 12, 2016** **+ 0.0%**
  - **Change from 2015/16 on August 12** **+ 8.6%**
  
- **09.12.16 December Futures Price** **66.7- cents per pound**
  
- **Near Term Price Outlook –**
  - **I will stay with my expectation which I had prior to the September 12, 2016 USDA WADSE report release, that cotton in Chart 2 appears to have potential price strength and make a new high back above the previous high of 77.98-cents per pound. The 2016 market price low was 54-cents per pound February 29, 2016 and the price high this year was \$78-cents per pound on August 5<sup>th</sup>. The CMF and MACD are presently providing mixed signals after the WASDE report release which is expected.**

# Chart 2. Cotton – December 2016 - Daily

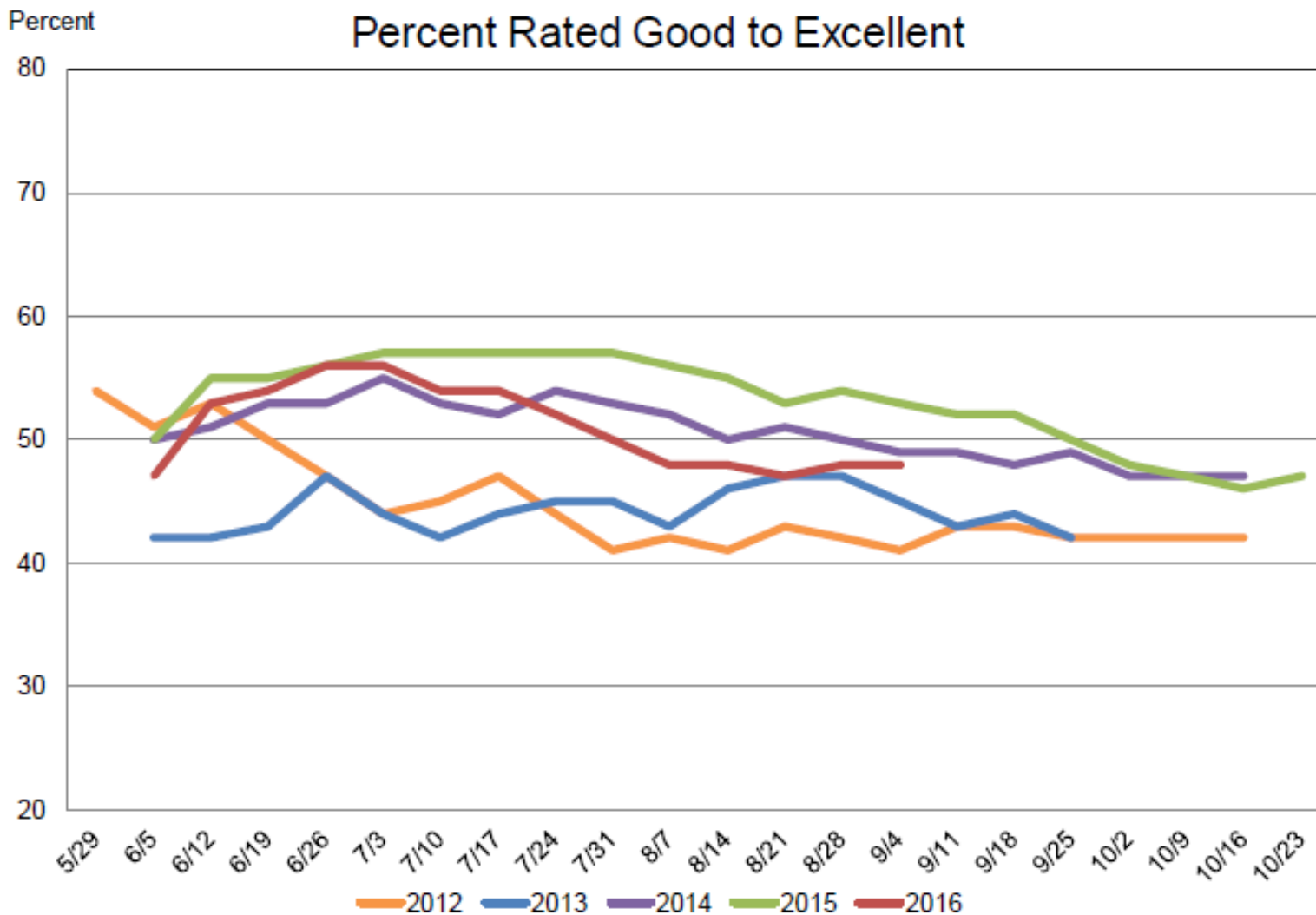


Slide 13



# U.S. Cotton Condition

## Percent Rated Good to Excellent



USDA-NASS  
9-12-16



## September 2016 Crop Production

Crop	Unit	September 2016	% Change From Previous Estimate	% Change From Previous Season
All Cotton				
Planted	Mil Ac	10.1	+1.2	+18.2
Harvested	Mil Ac	9.66	+1.3	+19.6
Yield	Lb/Ac	802	+0.3	+4.7
Production	Mil Bls	16.1	+1.7	+25.2



# All Cotton Acres United States

Million Acres

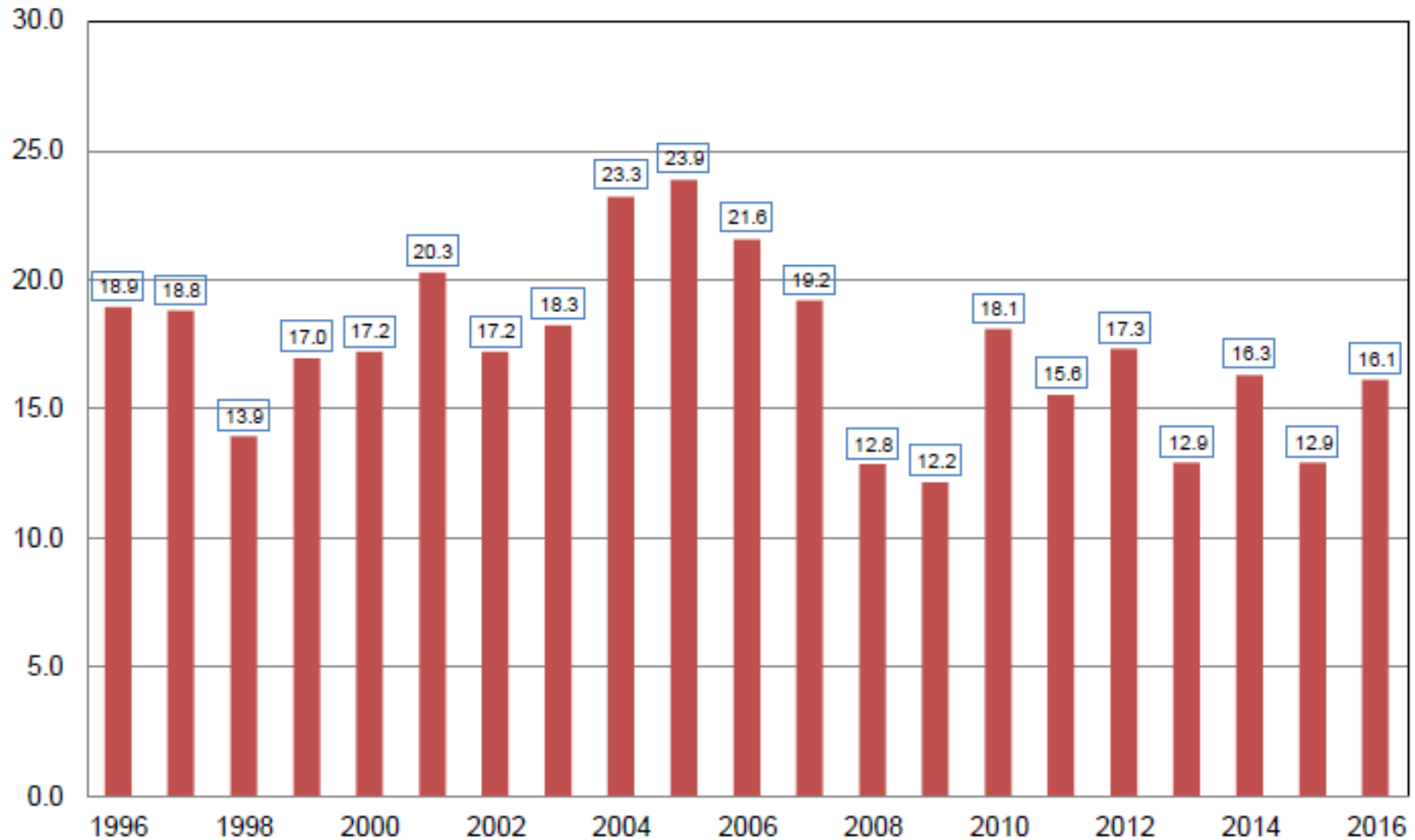






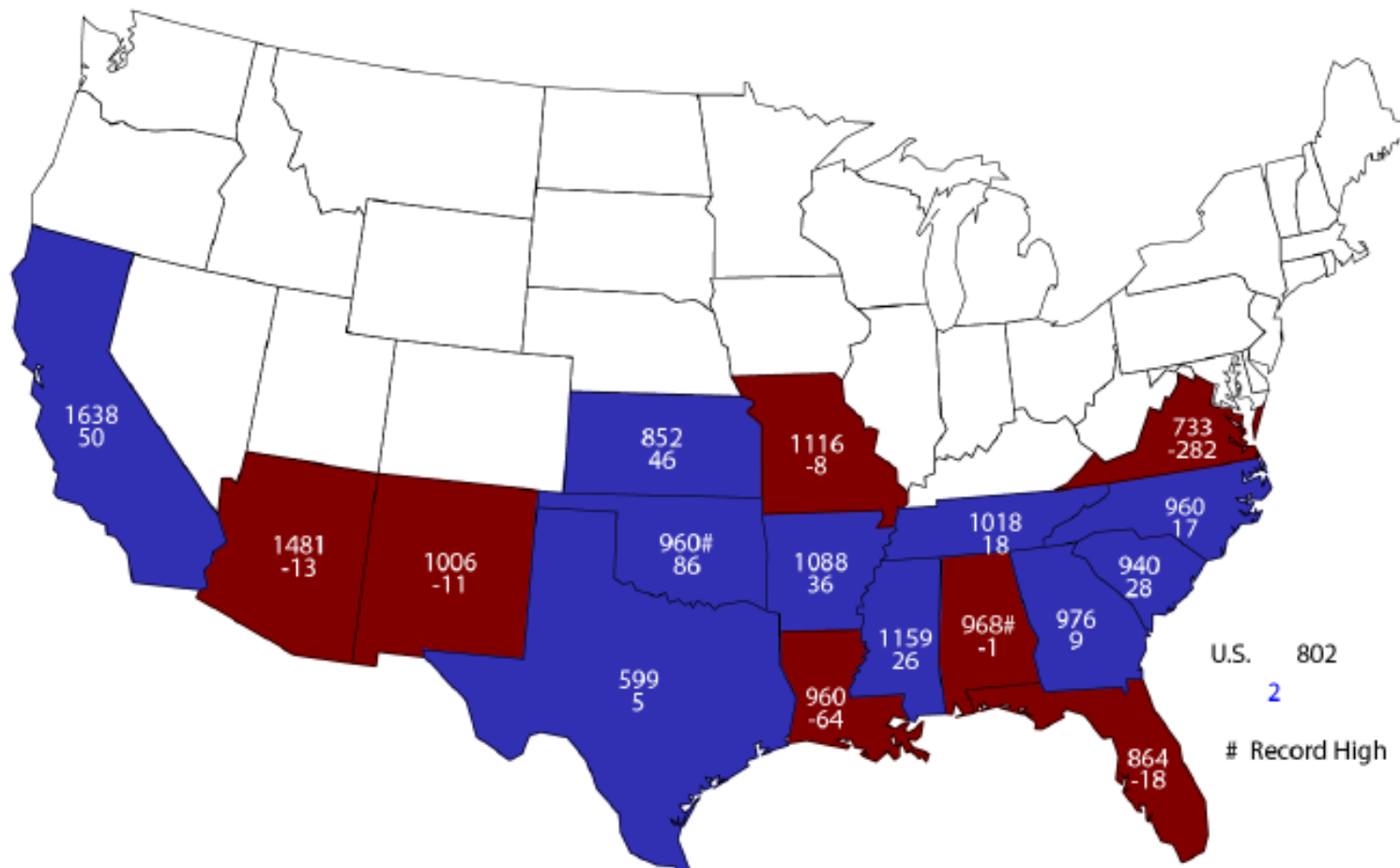
# All Cotton Production United States

Million Bales





## September 1, 2016 All Cotton Yield Pounds and Change From Previous Month



# World Cotton Production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Bales</i>		<i>Percent</i>	<i>Percent</i>
World	96.4	102.5	<b>0.9</b>	<b>6.3</b>
United States	12.9	16.1	<b>1.7</b>	<b>25.2</b>
Foreign	83.6	86.3	<b>0.7</b>	<b>3.3</b>
Argentina	0.8	0.9	<b>0.0</b>	<b>3.0</b>
Brazil	5.9	6.7	<b>0.0</b>	<b>12.7</b>
Turkey	2.7	3.2	<b>6.7</b>	<b>20.8</b>
Syria	0.3	0.2	<b>0.0</b>	<b>-27.3</b>
Australia	2.6	3.5	<b>25.0</b>	<b>34.6</b>
China	22.0	21.0	<b>0.0</b>	<b>-4.5</b>
India	26.4	26.5	<b>-1.9</b>	<b>0.4</b>
Pakistan	7.0	8.3	<b>3.1</b>	<b>17.9</b>
Uzbekistan	3.8	3.7	<b>0.0</b>	<b>-2.6</b>
African Franc Zone	4.2	4.8	<b>3.9</b>	<b>14.6</b>

# World Cotton Supply and Use

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Bales</i>		<i>Percent</i>	<i>Percent</i>
Beginning stocks	112.4	98.5	<b>-0.6</b>	<b>-12.3</b>
Production	96.4	102.5	<b>0.9</b>	<b>6.3</b>
Total Supply	208.8	201.0	<b>0.1</b>	<b>-3.7</b>
Consumption	110.1	111.2	<b>0.0</b>	<b>1.0</b>
Trade	34.8	33.9	<b>-0.3</b>	<b>-2.6</b>
Ending Stocks	98.5	89.8	<b>0.2</b>	<b>-8.9</b>
Addendum:				
China Ending Stocks	60.2	50.6	<b>-0.2</b>	<b>-15.9</b>

# U.S. Cotton Supply and Demand

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	8.58	10.15	1.2	18.2
Harvested area (million acres)	8.07	9.66	1.3	19.6
Yield (pounds per acre)	766	802	0.3	4.7
	<i>Million bales</i>			
Beginning stocks	3.65	3.80	-2.6	4.1
Imports	0.03	0.01	0.0	-69.7
Production	12.89	16.14	1.7	25.2
Total supply	16.57	19.95	0.8	20.4
Mill use	3.45	3.50	-2.8	1.4
Exports	9.15	11.50	0.0	25.6
Total use	12.60	15.00	-0.7	19.0
Unaccounted	0.17	0.05		
Ending stocks	3.80	4.90	4.3	28.9
	<i>Percent</i>			
Stocks/use	30.2	32.7		
	<i>Cents per pound</i>			
Average market price	58.0	57.0/69.0	0.0	8.6

Slide 21

Source: WASDE Secretary's Briefing Slide Show

September 12, 2016

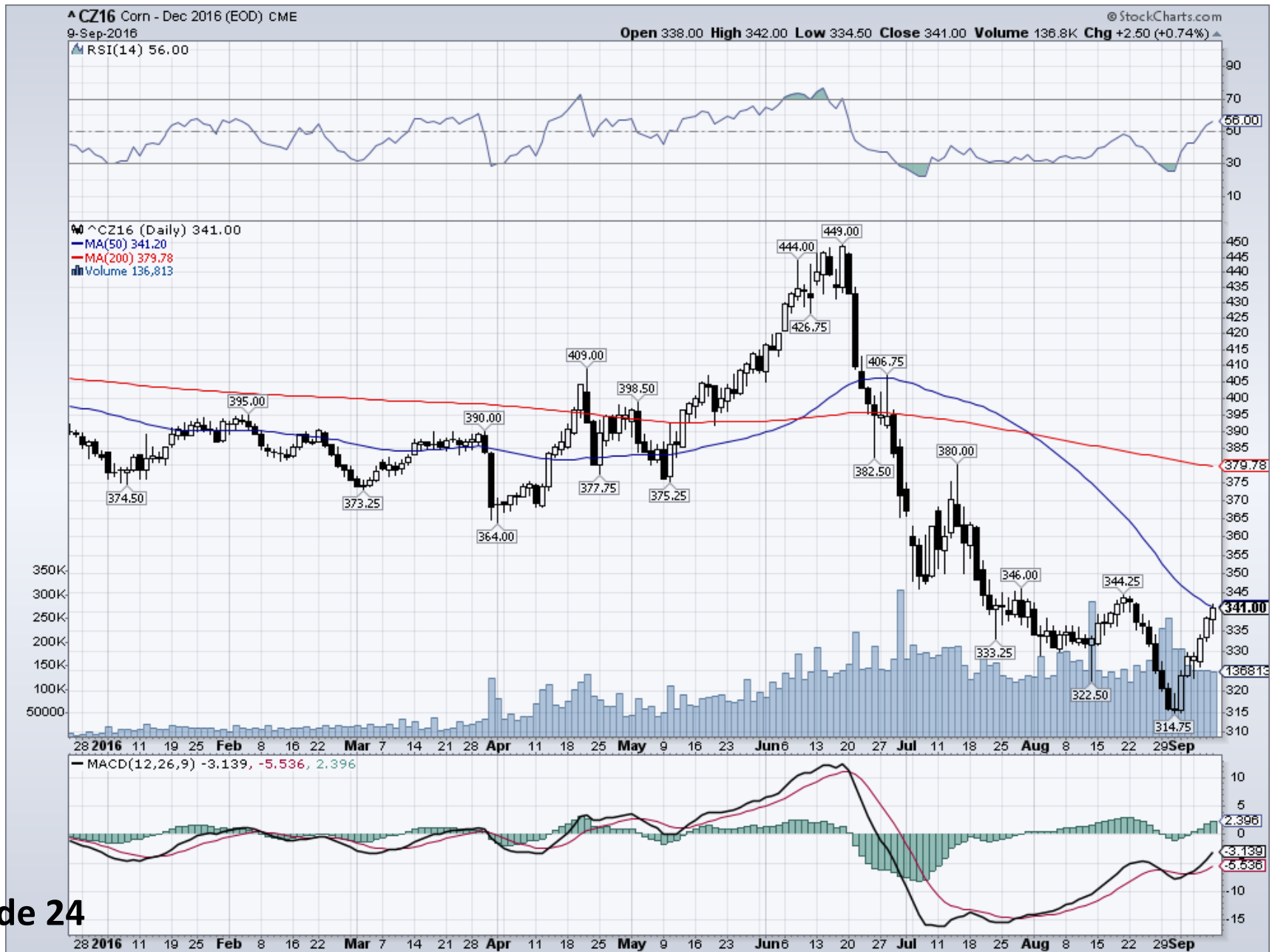
# Corn

# Corn Price Considerations

## Corn Price, 09.12.16

- **USDA's 2015/16 marketing year average farm price estimate is \$3.60 per bushel for the 2015 crop.**
- **USDA's 2016/17 marketing year average farm price estimate is \$3.20 per bushel for the 2016 crop.**
  - **Range** **\$2.90/\$3.50 per bushel**
  - **Change from August 12, 2016** **+1.6%**
  - **Change from 2015/16 on August 12** **- 11.1%**
- **09.12.16 December Futures Price** **\$3.41 per bushel**
- **Near Term Price Outlook –**
  - **Primary expectation: Near term I still expect a price bottoming process has not been completed. Assuming a price bottom remains to be completed, then**
    - **I would expect to see sideways price action with a price bottom in the \$3.00 per bushel area with limited if any price action below \$3.00.**
    - **Alternately, prices could move sideways in a range plus or minus the 3.20 to 3.45 per bushel area before moving higher.**
  - **Secondary consideration: This market has bottomed. The RSI and MACD indicators give the appearance of favoring a bottom is in place, but the price is pushing up against resistance, Slide 24.**

# Chart 3. Corn – December 2016 - Daily



Slide 24

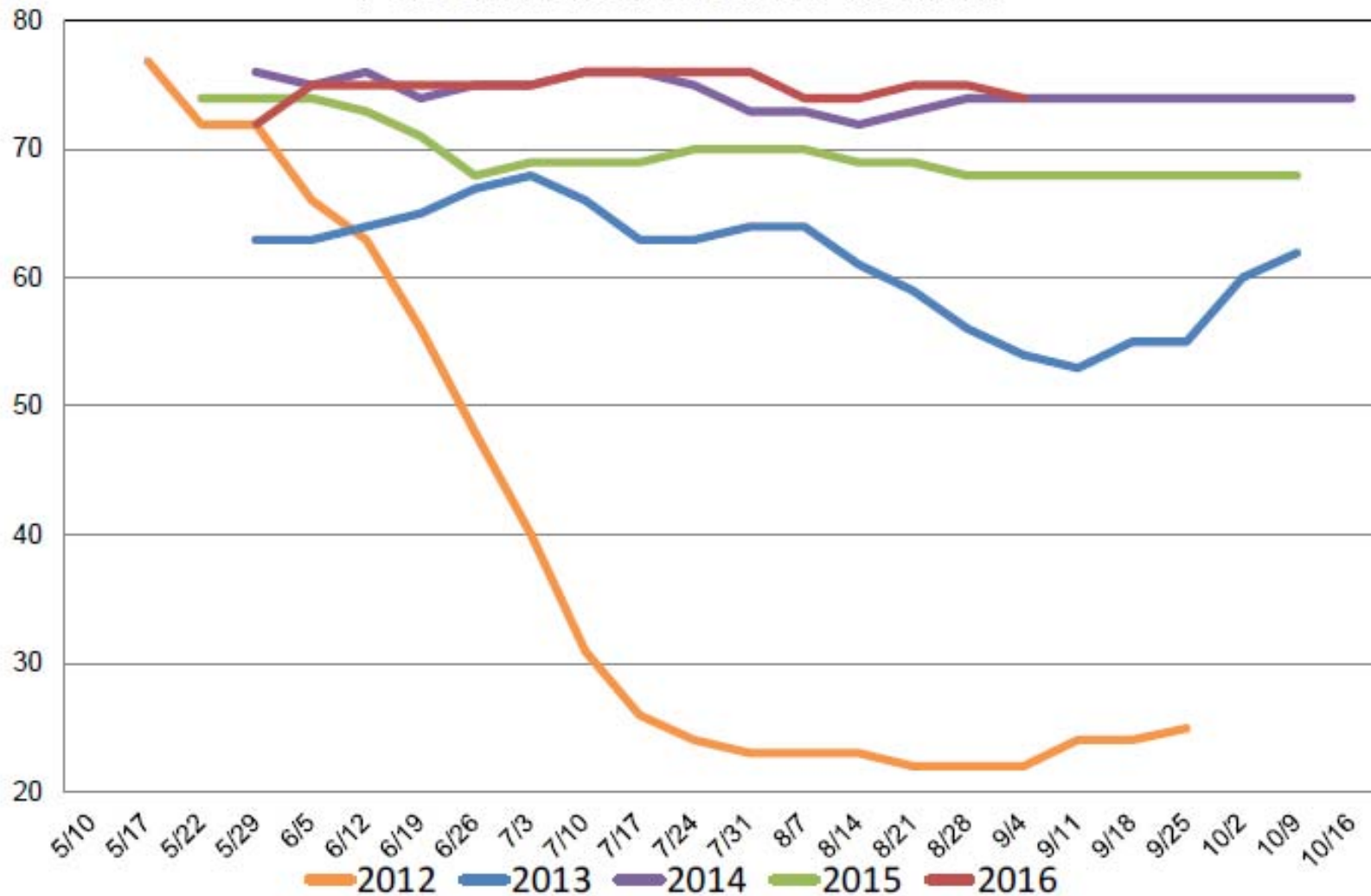




# U.S. Corn Condition

## Percent Rated Good to Excellent

Percent





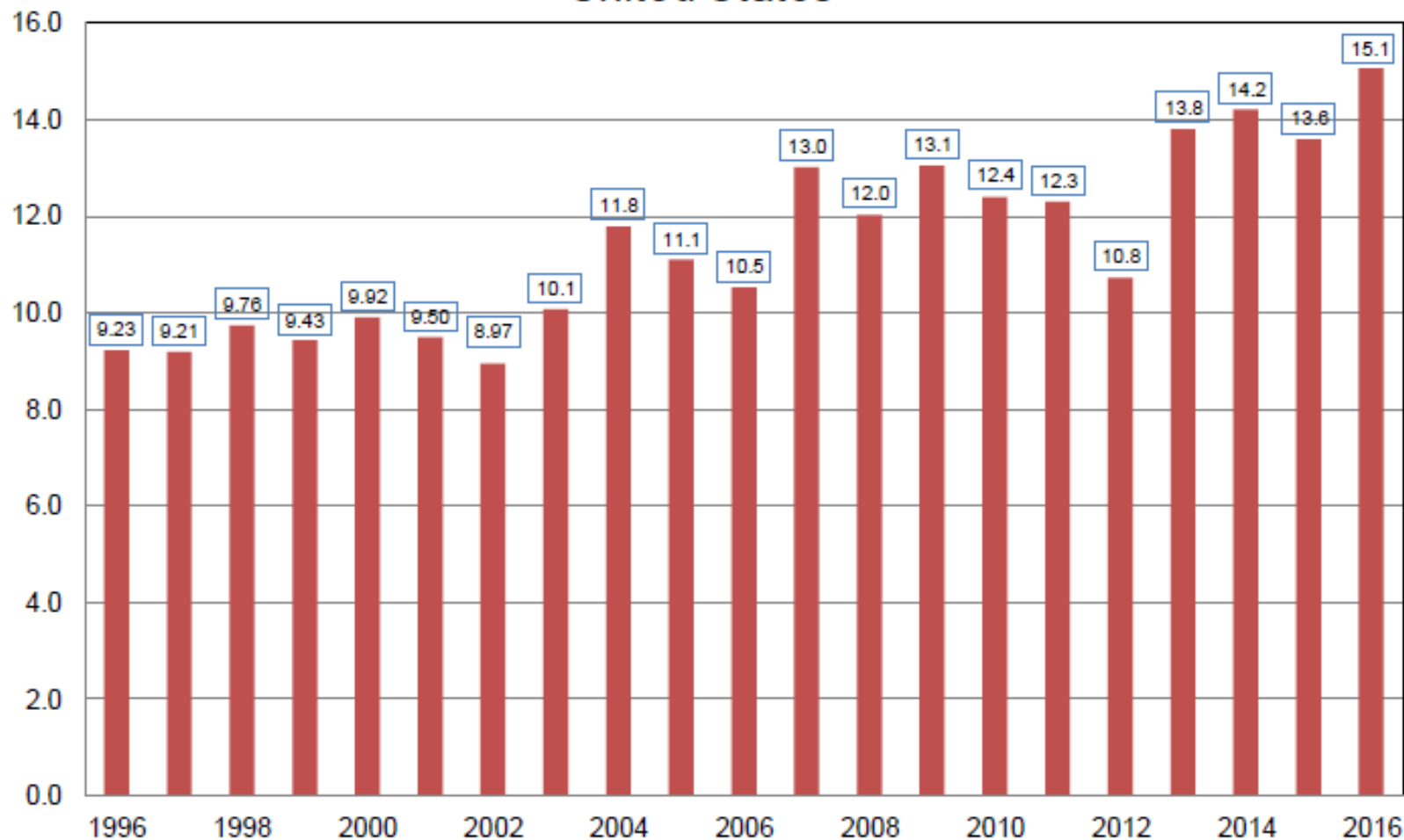
## September 2016 Crop Production

Crop	Unit	September 2016	% Change From Previous Estimate	% Change From Previous Season
Corn				
Planted	Mil Ac	94.1	NC	+7.0
Harvested	Mil Ac	86.6	NC	+7.2
Yield	Bu/Ac	174.4	-0.4	+3.6
Production	Bil Bu	15.1	-0.4	+11.0



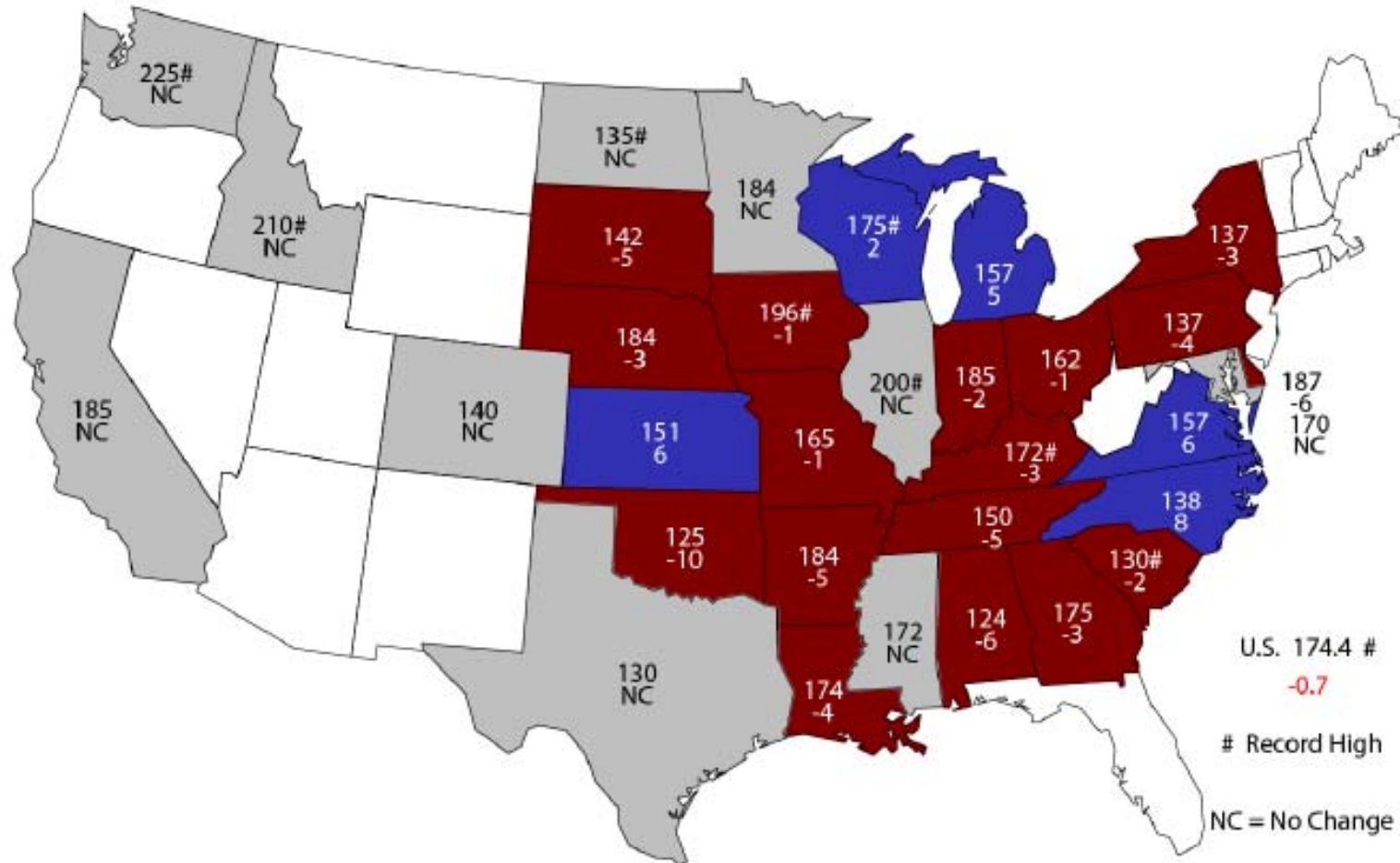
# Corn for Grain Production United States

Billion Bushels





## September 1, 2016 Corn Yield Bushels and Change From Previous Month



# World Corn Production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	959.0	1,026.6	<b>-0.2</b>	<b>7.0</b>
United States	345.5	383.4	<b>-0.4</b>	<b>11.0</b>
Foreign	613.5	643.2	<b>0.0</b>	<b>4.8</b>
Argentina	28.0	36.5	<b>0.0</b>	<b>30.4</b>
Brazil	67.0	82.5	<b>3.1</b>	<b>23.1</b>
Mexico	25.8	24.5	<b>0.0</b>	<b>-5.0</b>
Canada	13.6	12.3	<b>2.9</b>	<b>-9.2</b>
European Union	59.1	61.1	<b>-1.5</b>	<b>3.5</b>
Serbia	6.0	7.0	<b>0.0</b>	<b>16.7</b>
FSU-12	40.4	44.1	<b>-0.2</b>	<b>9.0</b>
Ukraine	23.3	26.0	<b>0.0</b>	<b>11.4</b>
Russia	13.2	14.0	<b>0.0</b>	<b>6.3</b>
South Africa	7.0	13.0	<b>0.0</b>	<b>85.7</b>
China	224.6	216.0	<b>-0.9</b>	<b>-3.8</b>
India	21.0	24.5	<b>0.0</b>	<b>16.7</b>

September 12, 2016

Slide 29

Source: WASDE Secretary's Briefing Slide Show

# World Corn Supply and Use

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
Beginning stocks	208.3	209.2	<b>0.0</b>	<b>0.5</b>
Production	959.0	1,026.6	<b>-0.2</b>	<b>7.0</b>
Total Supply	1,167.3	1,235.8	<b>-0.2</b>	<b>5.9</b>
Feed use	598.6	622.7	<b>-0.1</b>	<b>4.0</b>
Total use	958.1	1,016.4	<b>-0.1</b>	<b>6.1</b>
Trade	119.2	139.8	<b>1.9</b>	<b>17.3</b>
Ending Stocks	209.2	219.5	<b>-0.6</b>	<b>4.9</b>

September 12, 2016

Slide 30

Source: WASDE Secretary's Briefing Slide Show

# U.S. Corn Supply and Demand

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	88.0	94.1	0.0	7.0
Harvested area (million acres)	80.7	86.6	0.0	7.2
Yield (bushels per acre)	168.4	174.4	-0.4	3.5
	<i>Million bushels</i>			
Beginning stocks	1,731	1,716	0.6	-0.9
Production	13,601	15,093	-0.4	11.0
Imports	65	50	0.0	-23.1
Total supply	15,397	16,859	-0.3	9.5
Feed and residual	5,200	5,650	-0.4	8.7
Food, seed, and industrial	6,567	6,650	0.0	1.3
Ethanol	5,200	5,275	0.0	1.4
Domestic use	11,767	12,300	-0.2	4.5
Exports	1,915	2,175	0.0	13.6
Total use	13,682	14,475	-0.2	5.8
Ending stocks	1,716	2,384	-1.1	38.9
	<i>Percent</i>			
Stocks to use ratio	12.5	16.5		
	<i>Dollars per bushel</i>			
Average market price	3.60	2.90/3.50	1.6	-11.1

# Wheat



# Wheat Price Considerations

## Wheat Price, 09.12.16

- **USDA's Collective U.S. 2015/16 Wheat** marketing year average farm price estimate is **\$4.89 per bushel for the 2015 crop.**
  
- **USDA's Collective U.S. 2016/17 Wheat** marketing year average farm price estimate is **\$3.60 per bushel for the 2016 crop.**
  - Range **\$3.30/\$3.90 per bushel**
  - Change from August 12, 2016 **- 2.7%**
  - Change from 2015/16 on August 12 **- 26.4%**
  
- **09.12.16 SRW December Futures Price** **\$4.09 per bushel**
  
- **Near Term Price Outlook –**
  - I expect that this SRW market is still in search of a bottom back below **\$3.87 per bushel**. Fundamentals and geopolitical considerations suggest that some additional price weakness is likely (Slide 34).

# Chart 4. Wheat – December 2016 - Daily



Slide 34

# World Wheat Production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	734.8	744.9	<b>0.2</b>	<b>1.4</b>
United States	55.8	63.2	<b>0.0</b>	<b>13.1</b>
Foreign	679.0	681.7	<b>0.2</b>	<b>0.4</b>
Argentina	11.3	14.4	<b>0.0</b>	<b>27.4</b>
Canada	27.6	30.5	<b>1.7</b>	<b>10.5</b>
Australia	24.5	27.5	<b>3.8</b>	<b>12.2</b>
European Union	160.0	145.3	<b>-1.5</b>	<b>-9.2</b>
Russia	61.0	72.0	<b>0.0</b>	<b>17.9</b>
Ukraine	27.3	27.0	<b>0.0</b>	<b>-1.0</b>
Kazakhstan	13.7	16.5	<b>10.0</b>	<b>20.0</b>
China	130.2	128.0	<b>-1.5</b>	<b>-1.7</b>
India	86.5	90.0	<b>2.3</b>	<b>4.0</b>

# World Wheat Supply and Use

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
Beginning stocks	215.8	240.9	<b>-0.4</b>	<b>11.6</b>
Production	734.8	744.9	<b>0.2</b>	<b>1.4</b>
Total Supply	950.6	985.8	<b>0.0</b>	<b>3.7</b>
Feed use	135.7	148.0	<b>1.0</b>	<b>9.1</b>
Total use	709.7	736.7	<b>0.6</b>	<b>3.8</b>
Trade	171.9	172.8	<b>1.2</b>	<b>0.5</b>
Ending Stocks	240.9	249.1	<b>-1.5</b>	<b>3.4</b>

September 12, 2016

**Slide 36**

Source: WASDE Secretary's Briefing Slide Show

# U.S. Wheat Supply and Demand

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
			<i>Percent</i>	<i>Percent</i>
Planted area (million acres)	54.6	50.8	0.0	-7.0
Harvested area (million acres)	47.1	44.1	0.0	-6.4
Yield (bushels per acre)	43.6	52.6	0.0	20.8
	<i>Million bushels</i>			
Beginning stocks	752	981	0.0	30.4
Production	2,052	2,321	0.0	13.1
Imports	113	115	0.0	1.8
Total supply	2,917	3,417	0.0	17.1
Food use	957	968	0.0	1.1
Seed	68	69	0.0	1.0
Feed and residual	135	330	0.0	144.5
Domestic use	1,161	1,367	0.0	17.8
Exports	775	950	0.0	22.6
Total use	1,936	2,317	0.0	19.7
Ending stocks	981	1,100	0.0	12.1
	<i>Percent</i>			
Stocks to use ratio	50.7	47.5		
	<i>Dollars per bushel</i>			
Average market price	4.89	3.30/3.90	-2.7	-26.4

## Long Grain Rice

# Long Grain Rice Price Considerations

## Long Grain Rice Price, 09.12.16

- **USDA's 2015/16 marketing year average farm price estimate is \$11.10 per cwt or \$5.00 per bushel for the 2015 crop.**
  
- **USDA's 2016/17 marketing year average farm price estimate is \$9.70 per cwt or \$4.37 per bushel for the 2016 crop.**
  - **Range** **\$9.20/\$10.20 per cwt**
  - **Change from August 12, 2016** **- 3.0%**
  - **Change from 2015/16 on August 12** **- 12.6%**
  
- **09.12.16 2016 November Futures Price** **\$9.74 (\$/cwt)**
  
- **Near Term Price Outlook – Sideways price action underway as a price bottom is defined. Rice prices have a lot to overcome both domestically and globally like: abundant large U.S. and global rice stocks; problematic export demand; a building focus on Food Security; anemic global growth; economic, political, and social and uncertainties; trade policy and currency challenges; etc.**
- **I will do a separate article devoted to rice later this week.**

# Rough Rice – Monthly Continuation, 2002-Present

ZR - Rough Rice - Monthly Continuation Candlestick Chart





# World Rice Production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons</i>		<i>Percent</i>	<i>Percent</i>
World	471.7	481.7	<b>0.1</b>	<b>2.1</b>
United States	6.1	7.5	<b>-2.9</b>	<b>23.3</b>
Foreign	465.6	474.2	<b>0.2</b>	<b>1.8</b>
Brazil	7.2	8.5	<b>0.0</b>	<b>17.9</b>
Egypt	4.0	4.0	<b>0.0</b>	<b>0.0</b>
Bangladesh	34.5	34.5	<b>0.0</b>	<b>0.0</b>
Burma	12.2	12.5	<b>0.0</b>	<b>2.5</b>
Cambodia	4.4	4.7	<b>0.0</b>	<b>8.0</b>
China	145.8	146.5	<b>0.0</b>	<b>0.5</b>
India	104.3	106.5	<b>1.4</b>	<b>2.1</b>
Indonesia	36.2	36.6	<b>0.0</b>	<b>1.1</b>
Japan	7.7	7.7	<b>0.0</b>	<b>0.4</b>
Sri Lanka	3.3	3.4	<b>0.0</b>	<b>3.0</b>
Pakistan	6.7	6.9	<b>0.0</b>	<b>3.0</b>
Philippines	11.4	12.0	<b>0.0</b>	<b>5.7</b>
Thailand	15.8	17.0	<b>0.0</b>	<b>7.6</b>
Vietnam	27.5	27.8	<b>-2.5</b>	<b>1.2</b>

Slide 41

Source: WASDE Secretary's Briefing Slide Show

September 12, 2016

# World Rice Supply and Use

	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	<i>Million Tons, milled</i>		<i>Percent</i>	<i>Percent</i>
Beginning stocks	114.4	112.7	<b>1.0</b>	<b>-1.5</b>
Production	471.7	481.7	<b>0.1</b>	<b>2.1</b>
Total Supply	586.1	594.4	<b>0.3</b>	<b>1.4</b>
Total use	473.4	478.8	<b>0.0</b>	<b>1.1</b>
Trade	41.1	40.9	<b>0.7</b>	<b>-0.4</b>
Ending Stocks	112.7	115.6	<b>1.6</b>	<b>2.6</b>