Crop Marketing Update

June 10, 2020
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Current Developments

• Dicamba status - EPA’s order addresses sale, distribution, and use of existing stocks of the three affected dicamba products – XtendiMax with vapor grip technology, Engenia, and FeXapan.
  • Distribution or sale by any person is generally prohibited except for ensuring proper disposal or return to the registrant.
  • Growers and commercial applicators may use existing stocks that were in their possession on June 3, 2020, the effective date of the Court decision. Such use must be consistent with the product’s previously-approved label, and may not continue after July 31, 2020.

• Tennessee CFAP payments (June 8)
  – Crops - $5,430,265 for 734 applications
  – Total - $19,372,974 for 4,251 applications
What’s Driving Crop Prices?

- Global Stocks & Production
- COVID-19 & Global Economy
- Trade & Trade War with China
- Global and National Weather
Percent Decline in Tennessee Row Crop Spot Prices, January 1- June 8, 2020

January 2, 2020 Prices
Corn: $4.07
Cotton: $0.676
Soybeans: $9.57
Wheat: $5.89
COVID-19

• Price declines can be partially attributed to COVID-19:
  – Reduced demand
  – Logistical issues
  – Processing bottlenecks
  – Economic uncertainty

• CFAP payments will help mitigate some of the old crop price reductions, but will not currently provide compensation for the 2020 crop year.

• Marketing intervals for the 2020 crop have been compressed.
Economic Recovery?

The $600 Federal Unemployment Boost Is Set To End July 31. What then?
Planting Progress US (TN) June 8
Corn - 97% (96%)
Soybean – 86% (63%)
Cotton – 78% (86%)

Crop Condition
Corn - G-to-E: 75% (73%)
Soybean – G-to-E: 72% (75%)
Cotton – G-to-E: 43% (56%)

Winter wheat condition G-to-E: 51% (51%)
Harvested 7% (7%)
2020: 97 million acres projected to be planted. Actual will likely be less. What will 2020 yields be? How does ethanol recover?
Global Corn Production, Consumption, and Ending Stocks, 2016-2020


- Ending Stocks
- Production
- Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Ending Stocks</th>
<th>Production</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>13.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>13.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>12.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>12.39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020*</td>
<td>13.37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Billion Bushels
Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 2015-2019 average and 2020

Basis ($/bu)

- January: 0.15, 0.08
- February: 0.17, 0.10
- March: 0.17, 0.07
- April: 0.13, 0.08
- May: 0.09, 0.08
- June: 0.11, 0.09
- July: 0.05, 0.05
- August: 0.01, 0.01
- September: 0.16, 0.01
- October: 0.02, 0.01
- November: -0.18, 0.00
- December: -0.20, 0.00

5-Year Avg

2020

Real. Life. Solutions.
Limited/no producer pricing/hedging
Can we export that amount without strong purchases from China?
Where would stocks be without the 2019 prevented planting issues?
How many acres moved from corn to soybeans this spring? Corn 97 million; Soybeans 83.5 million were projected.
1.04 and 1.5 in TN.
World Soybean Production, Consumption, and Ending Stocks, 2016-2020

Ending Stocks
Production
Domestic Consumption

ASF – China Imports are demand keys.
US and South American growing conditions are supply keys.
Tennessee Average Monthly Soybean Basis (Elevators and Barge Points), Average (2015-2019) and 2020

Price ($/bu)

Jan: 0.08 (0.04)
Feb: 0.11 (0.05)
Mar: 0.12 (0.11)
Apr: 0.16 (0.11)
May: 0.14 (0.07)
Jun: 0.15 (0.03)
Jul: 0.03
Aug: 0.08
Sep: 0.23
Oct: 0.23
Nov: 0.14
Dec: 0.08

5-Year Average
2020
November Soybean Futures

Cents/Bushel

1-Nov 1-Dec 1-Jan 1-Feb 1-Mar 1-Apr 1-May 1-Jun 1-Jul 1-Aug 1-Sep 1-Oct 1-Nov

2020

2019

2018

Real. Life. Solutions.
US Wheat, Consumption, Production, Exports and Ending Stocks, 2016-2020

- **Exports**
- **Consumption**
- **Production**
- **Ending Stocks**

Billion Bushels

- 2016: 1.18 exports, 1.00 consumption, 0.95 production, 0.91 ending stocks
- 2017: 1.10 exports, 1.00 consumption, 0.95 production, 0.91 ending stocks
- 2018: 1.08 exports, 1.00 consumption, 0.95 production, 0.91 ending stocks
- 2019: 0.98 exports, 1.00 consumption, 0.95 production, 0.91 ending stocks
- 2020: 0.91 exports, 1.00 consumption, 0.95 production, 0.91 ending stocks
World Wheat Production, Consumption, and Ending Stocks, 2016-2020

Ending Stocks

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion Bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9.66</td>
</tr>
<tr>
<td>2017</td>
<td>10.44</td>
</tr>
<tr>
<td>2018</td>
<td>10.26</td>
</tr>
<tr>
<td>2019</td>
<td>10.84</td>
</tr>
<tr>
<td>2020</td>
<td>11.39</td>
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</tbody>
</table>

Production

Consumption
US Cotton Production, Consumption, Exports, and Ending Stocks, 2016-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Consumption</th>
<th>Exports</th>
<th>Ending Stocks</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>16.00</td>
<td>5</td>
<td>10.75</td>
<td>2.75</td>
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<tr>
<td>2017</td>
<td>19.50</td>
<td>5.80</td>
<td>13.70</td>
<td>4.20</td>
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<tr>
<td>2018</td>
<td>20.00</td>
<td>6.70</td>
<td>13.30</td>
<td>4.85</td>
</tr>
<tr>
<td>2019</td>
<td>19.50</td>
<td>6.00</td>
<td>13.50</td>
<td>7.10</td>
</tr>
<tr>
<td>2020</td>
<td>16.00</td>
<td>5.50</td>
<td>10.50</td>
<td>7.70</td>
</tr>
</tbody>
</table>
World Cotton Production, Consumption, and Ending Stocks, 2016-2020

Million 480 lb bales

- **Ending Stocks**
  - 2016: 80.26
  - 2017: 80.74
  - 2018: 80.31
  - 2019: 97.16
  - 2020: 99.43

- **Production**
  - 2016: 118.95
  - 2017: 116.59
  - 2018: 116.59
  - 2019: 116.59
  - 2020: 116.59

- **Consumption**
  - 2016: 118.95
  - 2017: 116.59
  - 2018: 116.59
  - 2019: 116.59
  - 2020: 116.59

Real. Life. Solutions.
Price Outlook

• Corn
  – $3.30-$3.70 FC
  – Higher than average basis

• Soybeans
  – $8.40-$9.30 FC
  – Basis to get back to close to normal as harvest approaches.

• Cotton
  – 58-67 cent FC

• Wheat
  – $4.95-$5.40 FC
THANK YOU