Corn and Soybean Preharvest Market Outlook

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Overview

- Exchange Rates
- Export Sales Data
- Corn Price Outlook
- Soybean Price Outlook
- Marketing Considerations

USD Index

DXU20
GO
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Tools
Settings
Compare
f(x)
Grid View
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Range: 1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX
Frequency: Daily Nearby
9M
Date:
tutorial
Recent devaluing of the USD – 11.2% decline from the peak.
105.000
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98.000
97.000
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93.000
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Nov 25
Dec 9
Dec 23
Jan 6
Jan 20
Feb 3
Feb 17
Mar 2
Mar 16
Mar 30
Apr 13
Apr 27
May 11
May 25
Jun 8
Jun 22
Jul 6
Jul 20
Aug 3
Aug 17

Exchange Rates: BRL to USD

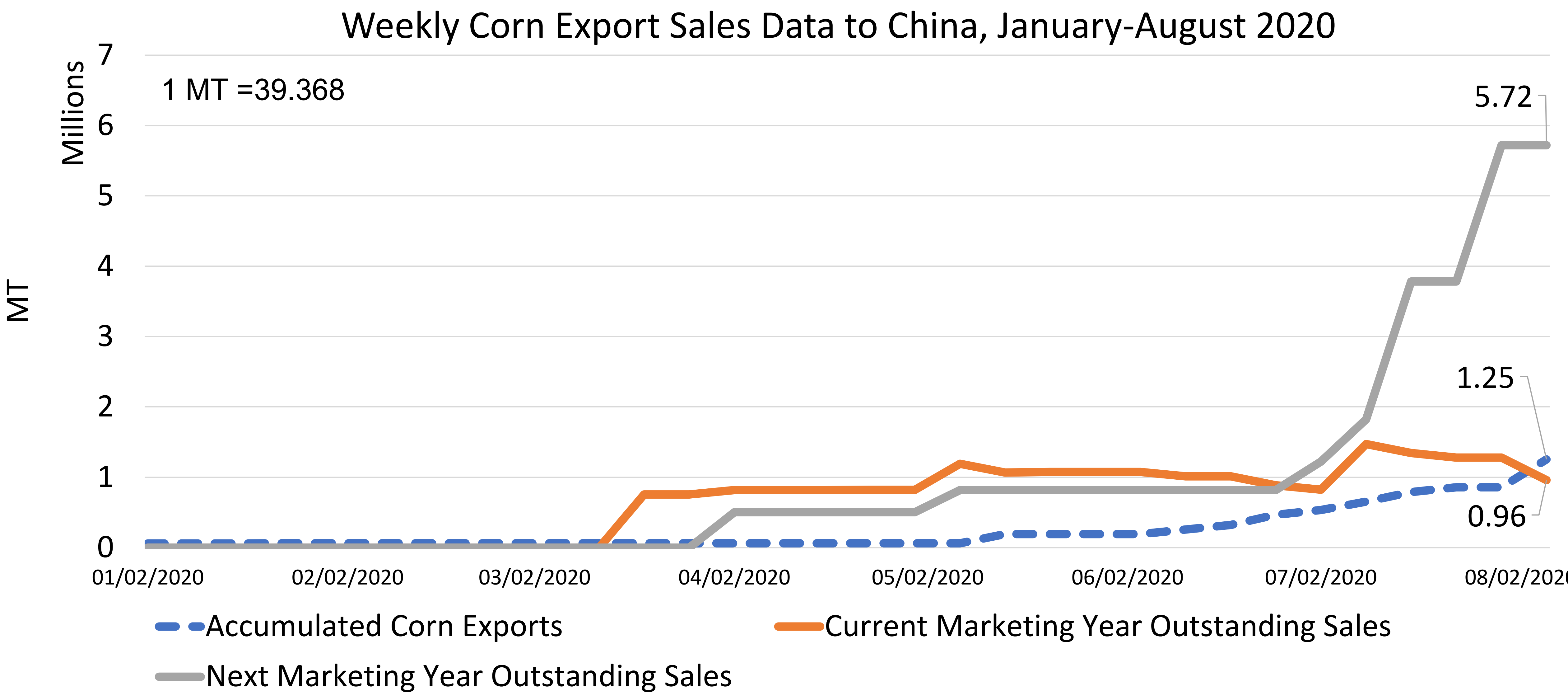
- January 3, 2020: 1 BRL = 0.248 USD ($9.00 USD soybeans = 36.29/BRL).
- August 18, 2020: 1 BRL = 0.182 ($9.00 USD soybeans = 49.45/BRL).
- 26.6% drop in the value of the BRL.
- A devalued BRL versus USD makes Brazilian soybeans cheaper on the global market.

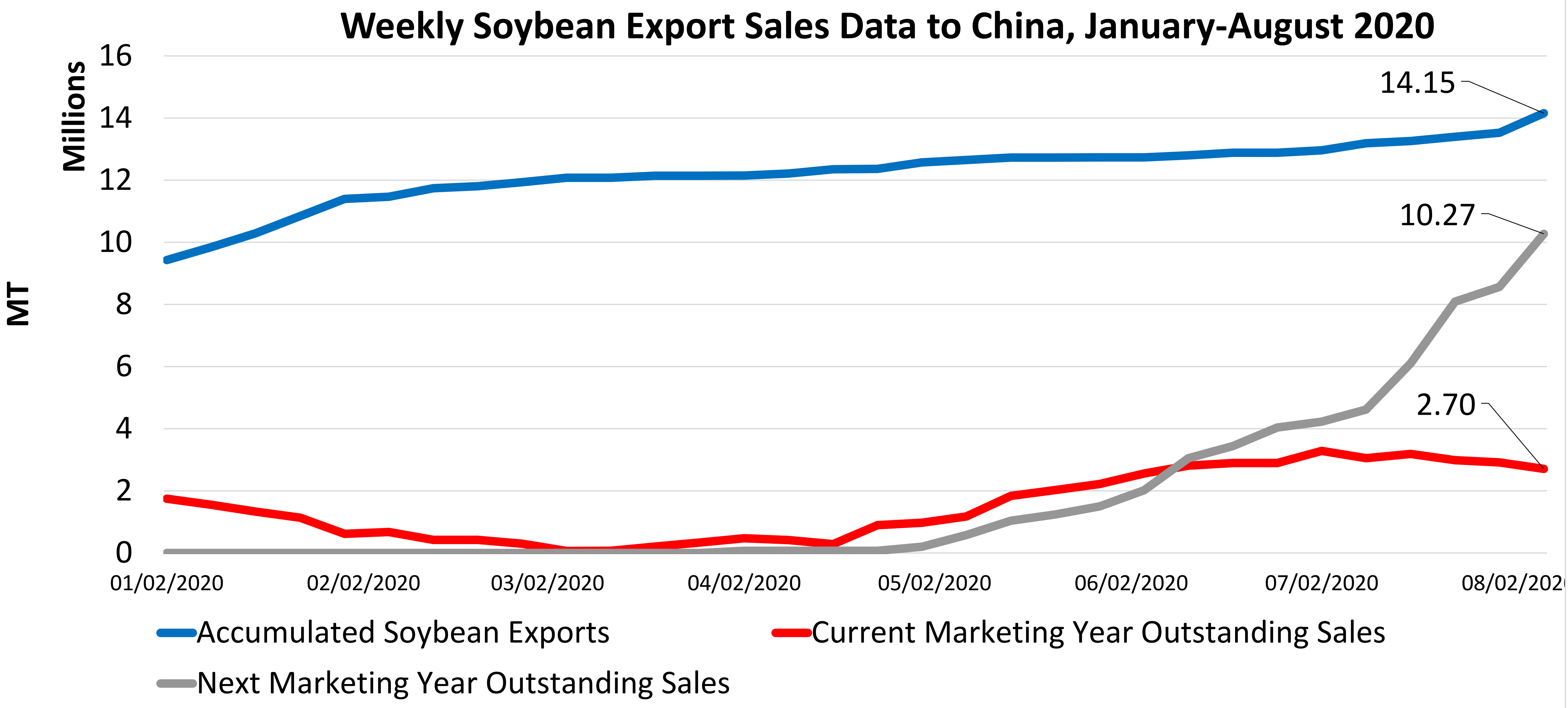
CNY to USD Exchange Rate

XE Currency Charts: CNY to USD

19 Aug 2019 00:00 UTC - 18 Aug 2020 19:56 UTC **CNY/USD** close:**0.14448** low:**0.13930** high:**0.14578**

Weekly Corn Export Sales Data to China, January-August 2020





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1 MT = 36.744

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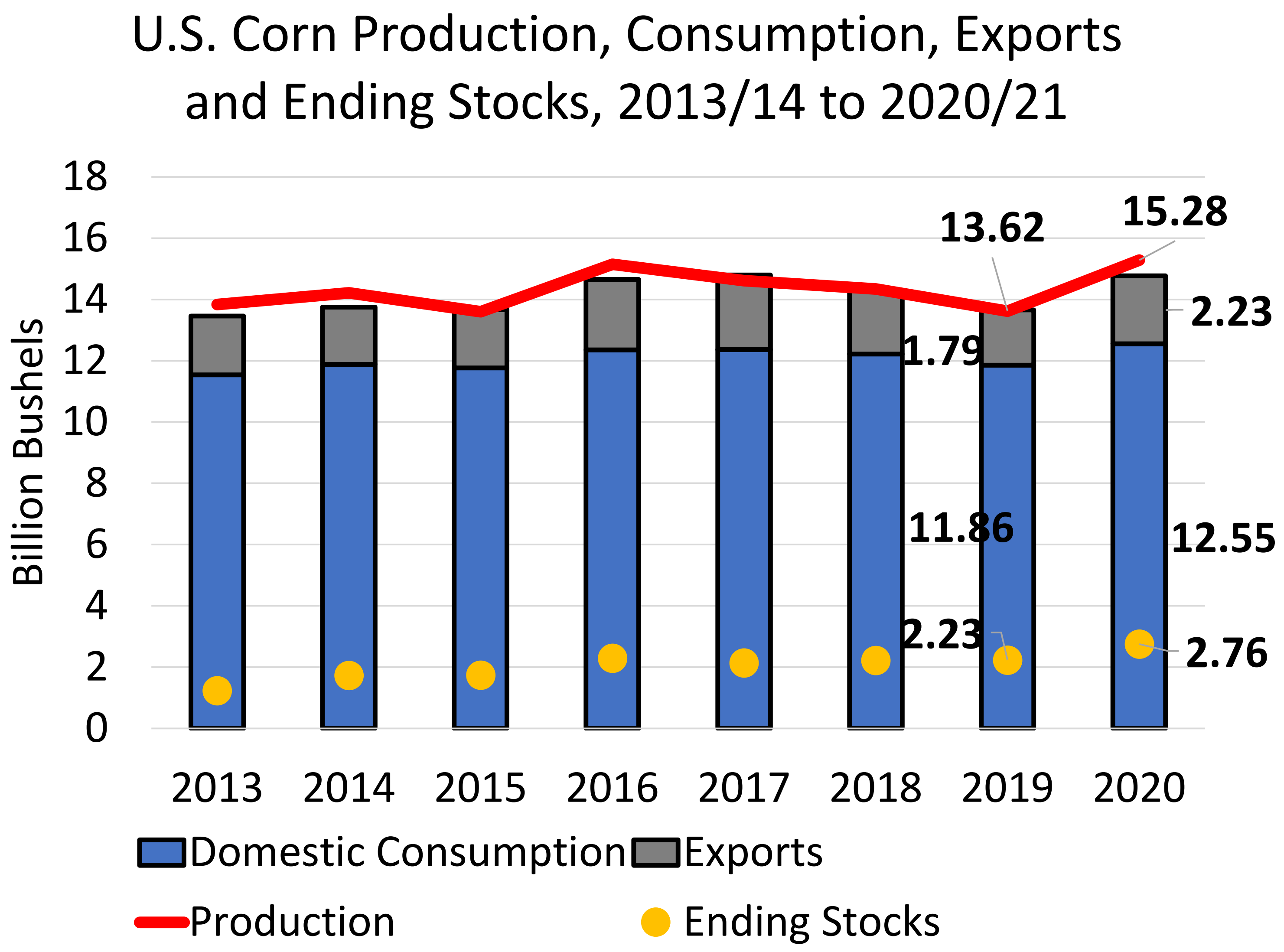
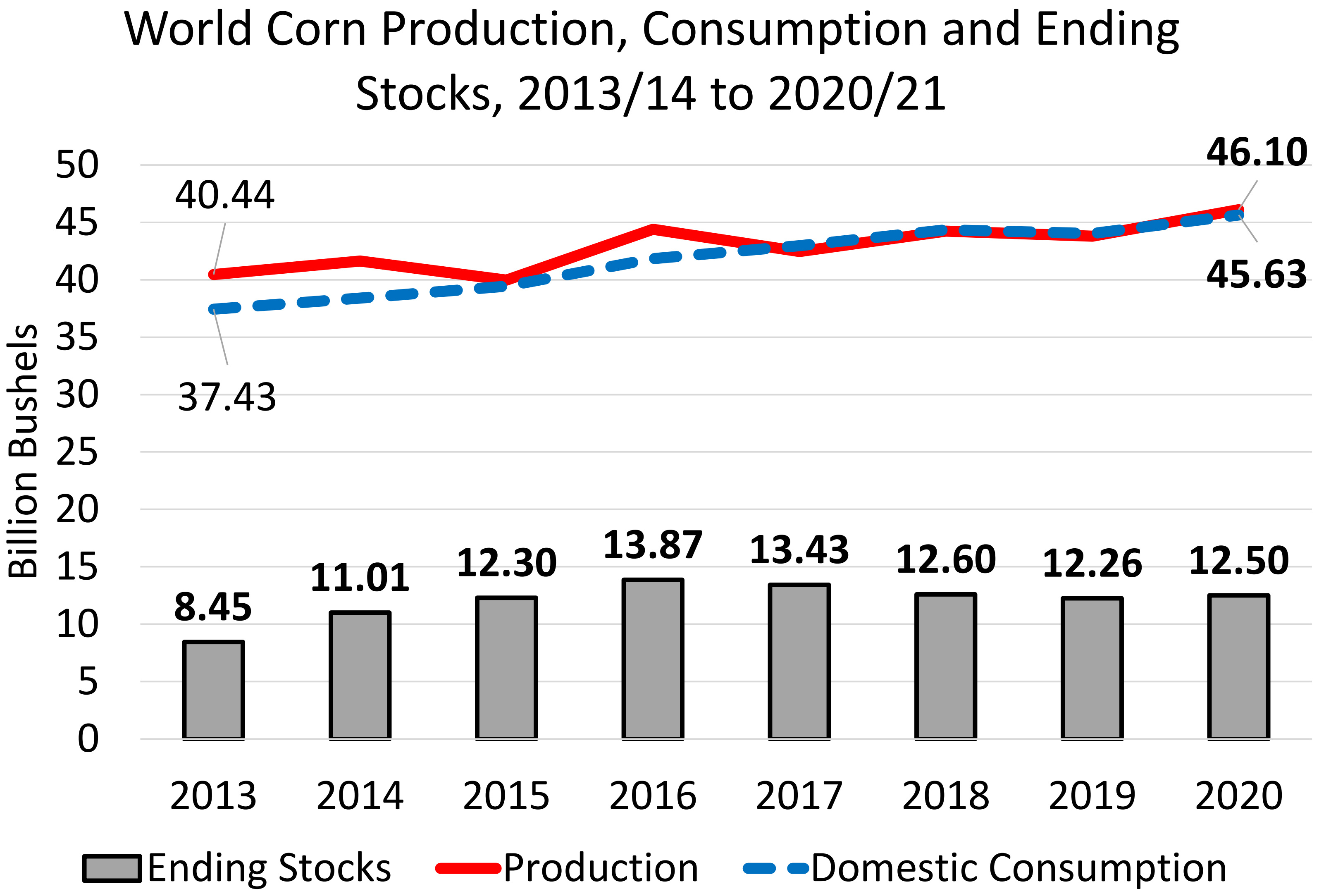
Domestic Corn Supply and Demand Summary

- National yield projected at 181.8 bpa (Tennessee at 178 bpa).
- Derecho will likely reduce corn production 200-500 million bushels.
- Ethanol bounce back will be critical in 2020/21
- Production and stocks will continue to limit price increases.
- Exports remain a possible demand boost but is uncertain.



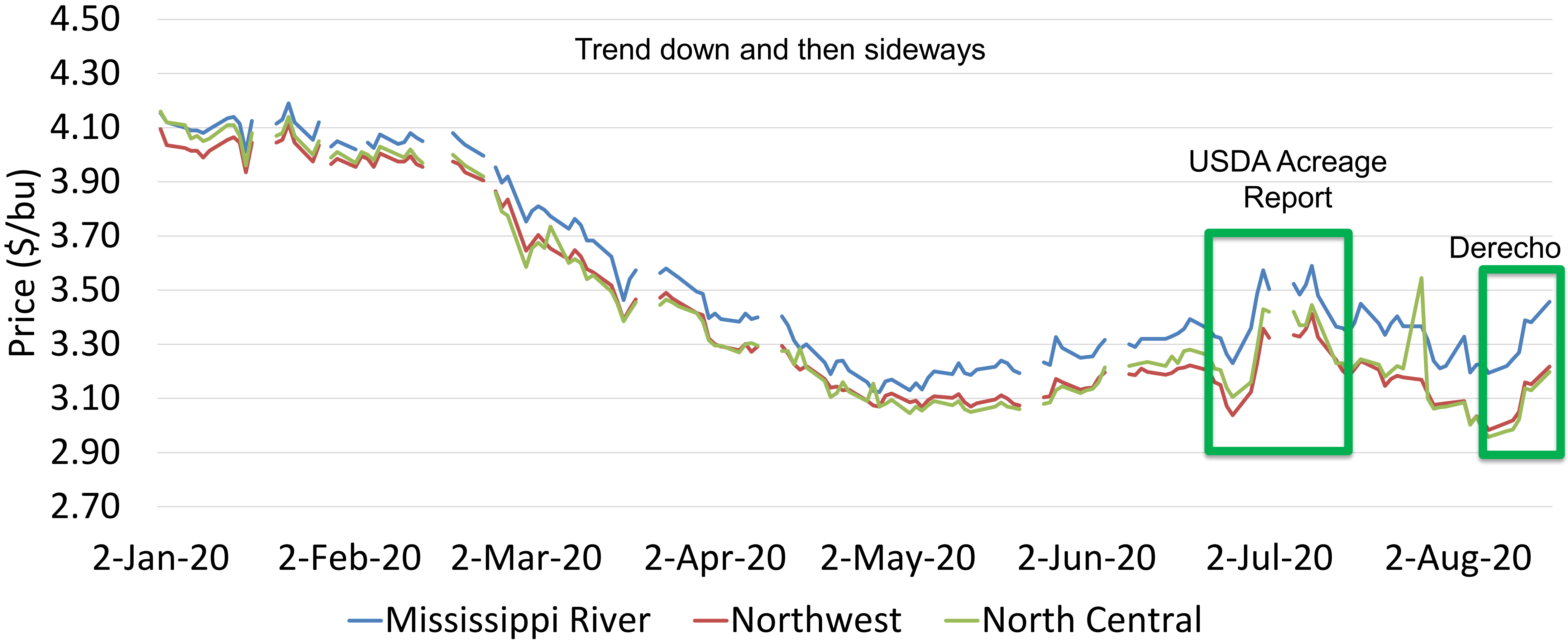
World Corn Supply and Demand Summary

- World stocks moving sideways the last three years,
- Production 2020 compared to 2013:
  - Brazil up 34%
  - Argentina up 92%
  - Ukraine up 28%
- Exports 2020 compared to 2013:
  - Brazil up 81%
  - Argentina up 99%
  - Ukraine up 67%



December 2020 Corn Futures (ZCZ20)

Tennessee New Crop Cash Corn Contracts, January-August 2020



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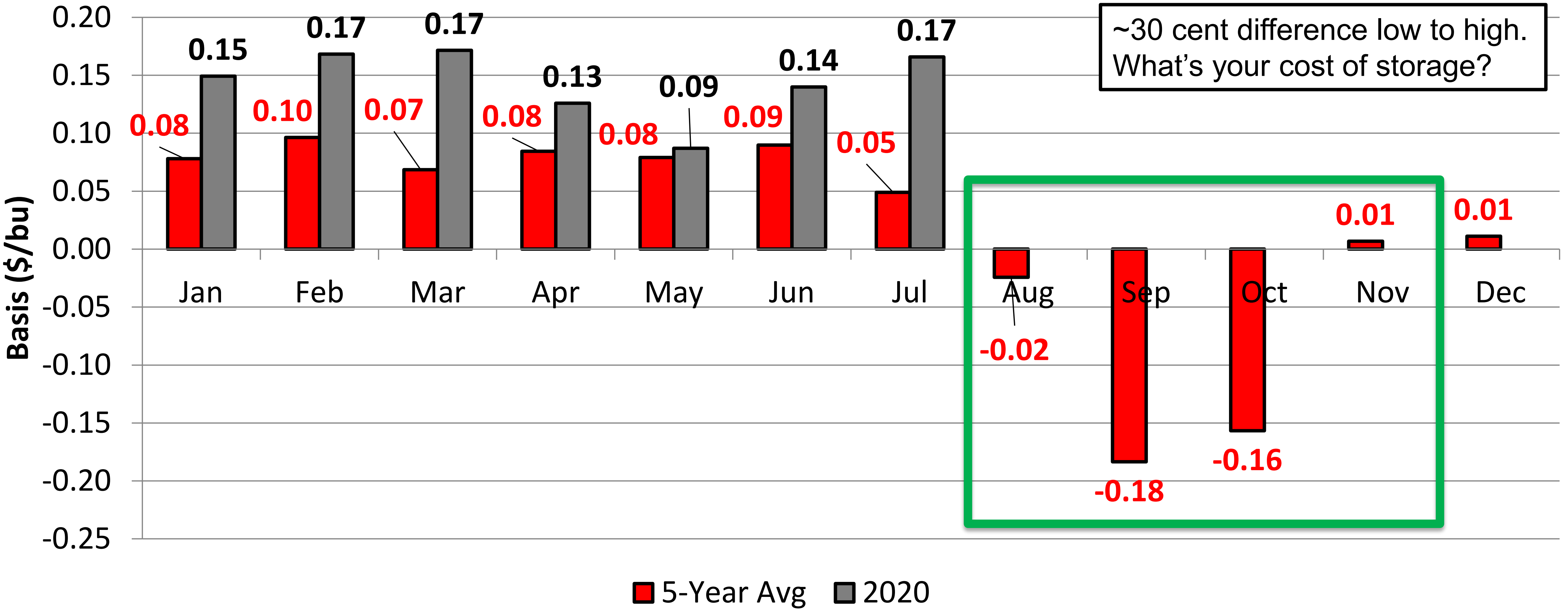
Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 2015-2019 average and 2020



Corn - Net Return Table ($/acre): $650/acre Cost of Production

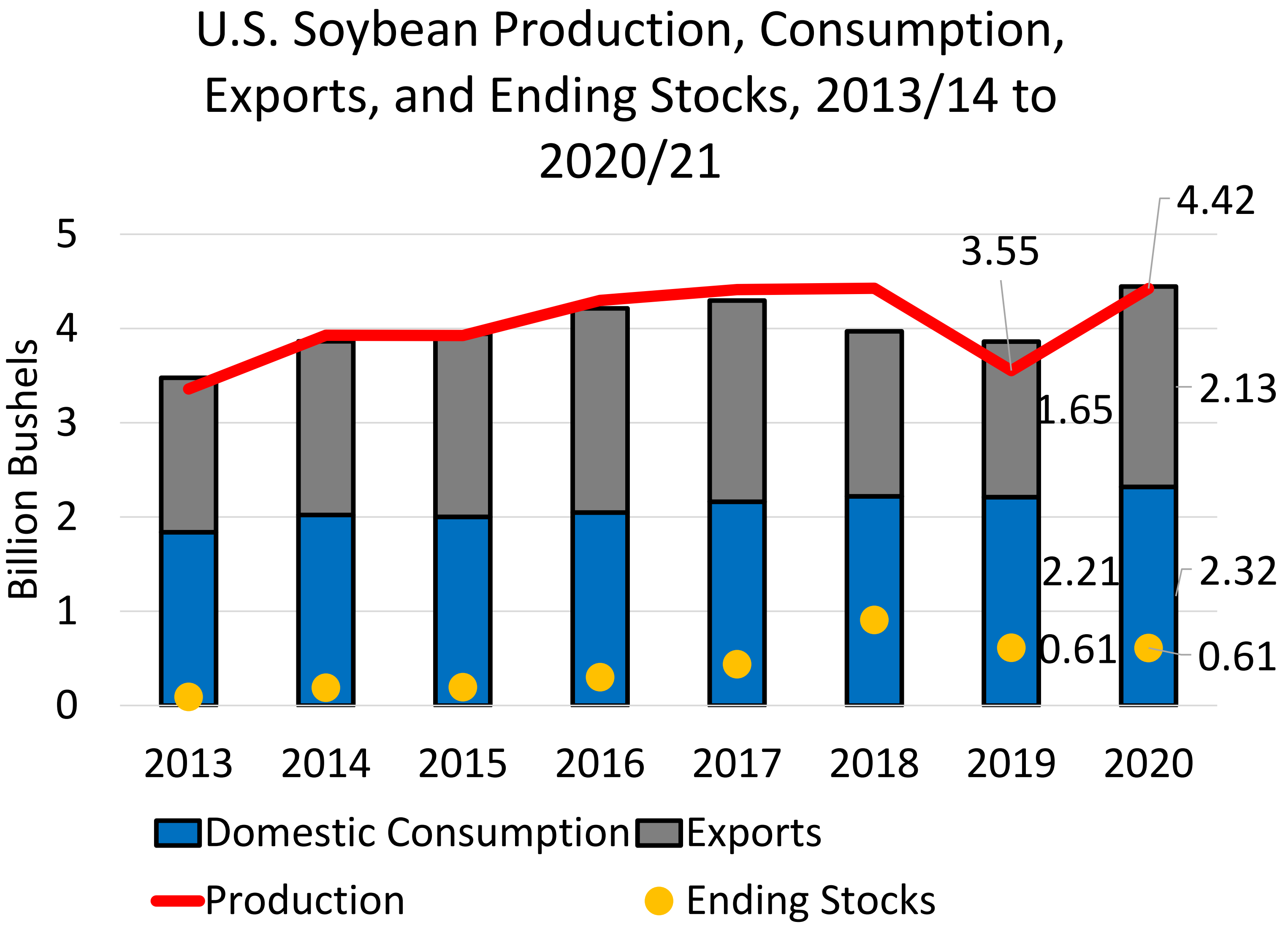
Price ($/bu)	Expected Yield (bu/acre) 100	110	120	130	140	150	160	170	180	190	200
2.00	(450)	(430)	(410)	(390)	(370)	(350)	(330)	(310)	(290)	(270)	(250)
2.25	(425)	(403)	(380)	(358)	(335)	(313)	(290)	(268)	(245)	(223)	(200)
2.50	(400)	(375)	(350)	(325)	(300)	(275)	(250)	(225)	(200)	(175)	(150)
2.75	(375)	(348)	(320)	(293)	(265)	(238)	(210)	(183)	(155)	(128)	(100)
3.00	(350)	(320)	(290)	(260)	(230)	(200)	(170)	(140)	(110)	(80)	(50)
3.25	(325)	(293)	(260)	(228)	(195)	(163)	(130)	(98)	(65)	(33)	0
3.50	(300)	(265)	(230)	(195)	(160)	(125)	(90)	(55)	(20)	15	50
3.75	(275)	(238)	(200)	(163)	(125)	(88)	(50)	(13)	25	63	100
4.00	(250)	(210)	(170)	(130)	(90)	(50)	(10)	30	70	110	150
4.25	(225)	(183)	(140)	(98)	(55)	(13)	30	73	115	158	200
4.50	(200)	(155)	(110)	(65)	(20)	25	70	115	160	205	250
4.75	(175)	(128)	(80)	(33)	15	63	110	158	205	253	300
5.00	(150)	(100)	(50)	0	50	100	150	200	250	300	350
5.25	(125)	(73)	(20)	33	85	138	190	243	295	348	400
5.50	(100)	(45)	10	65	120	175	230	285	340	395	450
5.75	(75)	(18)	40	98	155	213	270	328	385	443	500

Corn Outlook

- Price
  - New crop $3.10 to $3.70
- Government payment (base acres)
  - 2019 PLC Payment Rate Estimated at $0.10
    - 150 bu/acre x 0.10 x 0.85 = $12.75/base acre
  - ARC-co varies by county (0-$35/base acre)
  - 2020 PLC Payment Rate Estimated at $0.60
    - 150 bu/acre x 0.10 x 0.85 = $76.50/base acre
  - CFAP 2.0 or MFP 3.0 ???

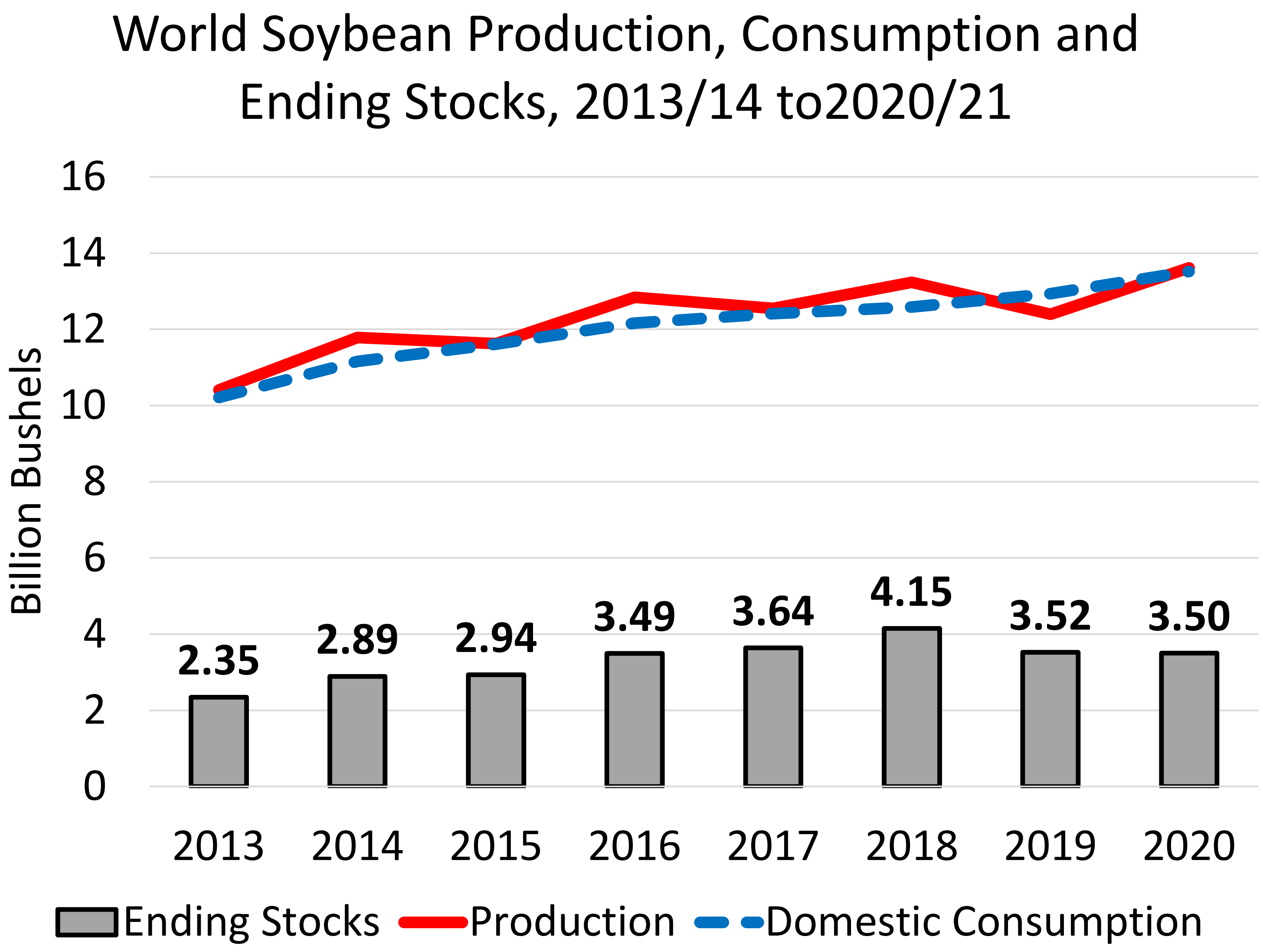
U.S. Soybean Supply and Demand Summary

- Almost 50/50 split between exports and crush.
- Soybeans will not have the same losses as corn from the recent derecho.
- National average yield projected at 53.3 bpa
- Tennessee yield at 49 bpa
- Exports remain the wild card and expand the range of possible prices.



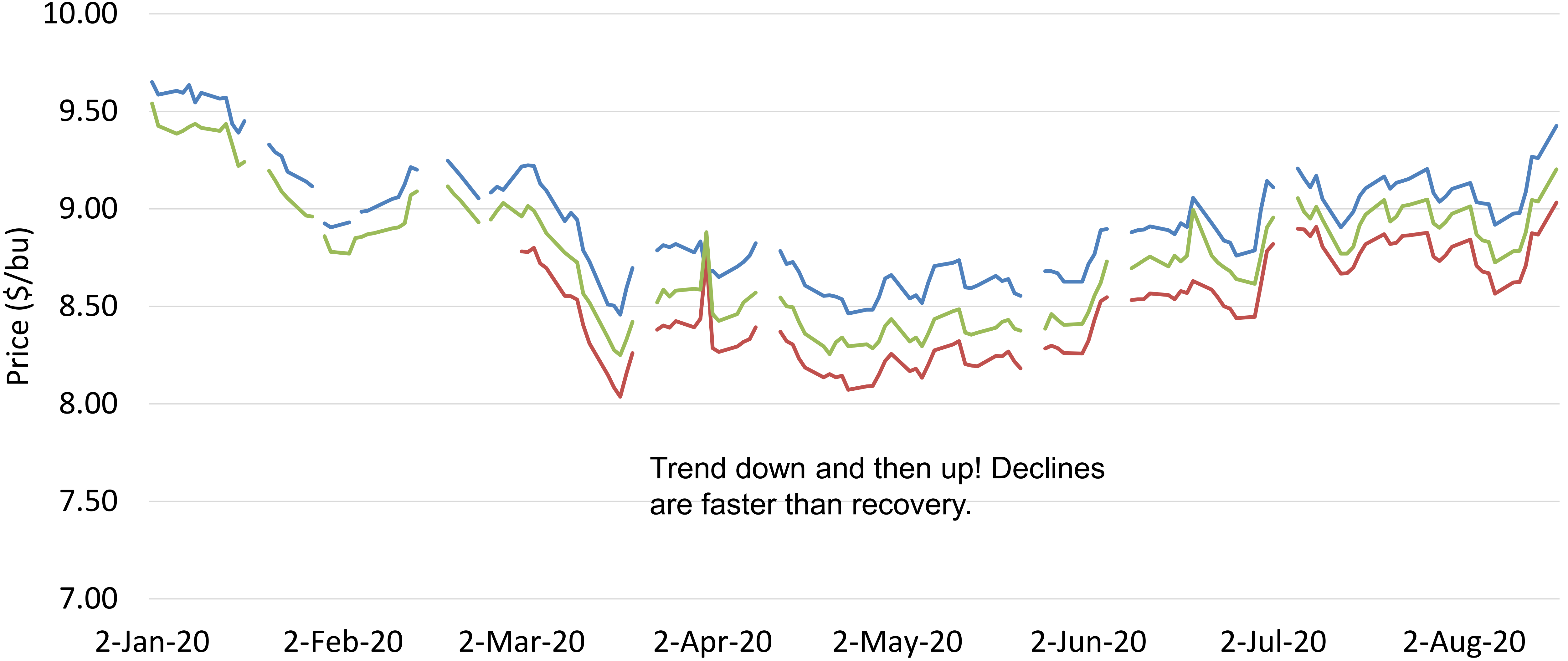
World Soybean Supply and Demand Summary

- Stocks are projected to decline for the second straight year.
- Phase one trade commitments.
- BRL/CNY/USD exchange rates.
- Record Brazilian planted acres this fall.



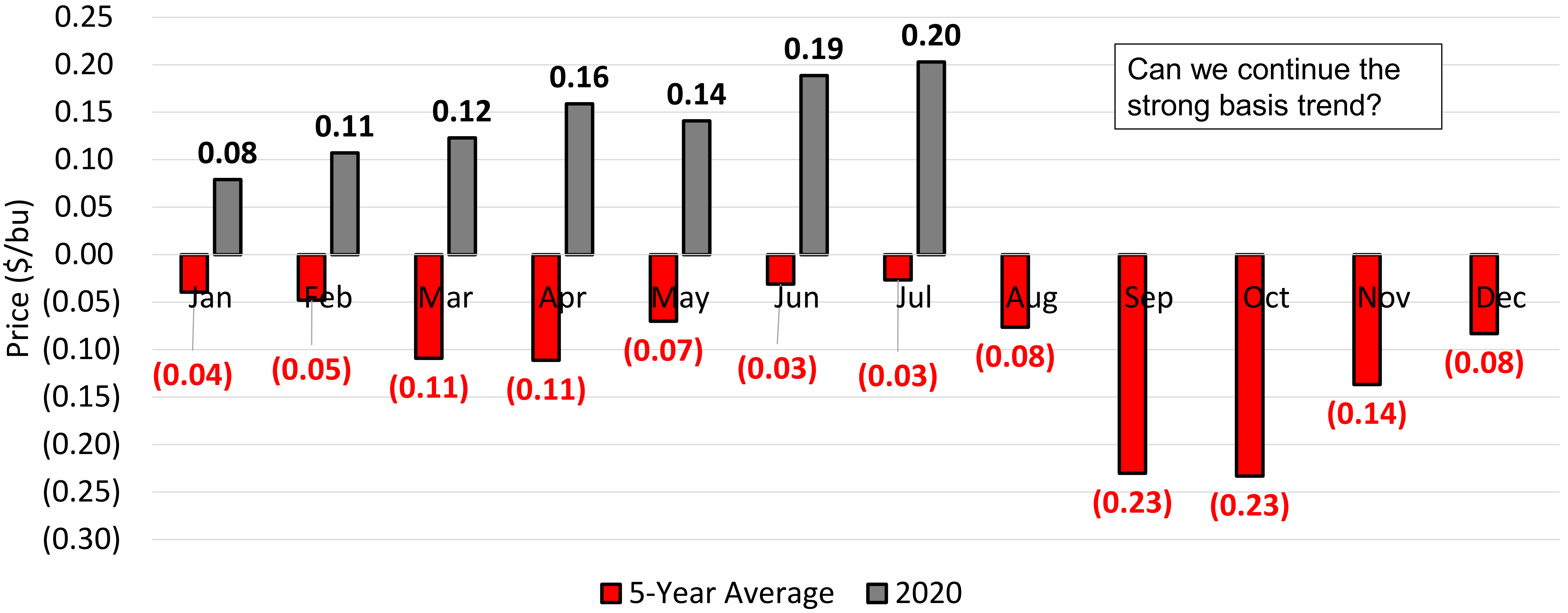
November 2020
Soybeans (ZSX20)

Tennessee New Crop Cash Soybean Contracts, January-August 2020



Trend down and then up! Declines are faster than recovery.

Tennessee Average Monthly Soybean Basis (Elevators and Barge Points), 5-Year Average (2015-2019) and 2020



Soybean - Net Return Table ($/acre): $500/acre Cost of Production

Price ($/bu)	Yield (bu/acre) 20	25	30	35	40	45	50	55	60	65	70
7.50	(350)	(313)	(275)	(238)	(200)	(163)	(125)	(88)	(50)	(13)	25
7.75	(345)	(306)	(268)	(229)	(190)	(151)	(113)	(74)	(35)	4	43
8.00	(340)	(300)	(260)	(220)	(180)	(140)	(100)	(60)	(20)	20	60
8.25	(335)	(294)	(253)	(211)	(170)	(129)	(88)	(46)	(5)	36	78
8.50	(330)	(288)	(245)	(203)	(160)	(118)	(75)	(33)	10	53	95
8.75	(325)	(281)	(238)	(194)	(150)	(106)	(63)	(19)	25	69	113
9.00	(320)	(275)	(230)	(185)	(140)	(95)	(50)	(5)	40	85	130
9.25	(315)	(269)	(223)	(176)	(130)	(84)	(38)	9	55	101	148
9.50	(310)	(263)	(215)	(168)	(120)	(73)	(25)	23	70	118	165
9.75	(305)	(256)	(208)	(159)	(110)	(61)	(13)	36	85	134	183
10.00	(300)	(250)	(200)	(150)	(100)	(50)	0	50	100	150	200
10.25	(295)	(244)	(193)	(141)	(90)	(39)	13	64	115	166	218
10.50	(290)	(238)	(185)	(133)	(80)	(28)	25	78	130	183	235
10.75	(285)	(231)	(178)	(124)	(70)	(16)	38	91	145	199	253
11.00	(280)	(225)	(170)	(115)	(60)	(5)	50	105	160	215	270
11.25	(275)	(219)	(163)	(106)	(50)	6	63	119	175	231	288

Soybean Outlook

- Price
  - New crop $8.60 to $9.75
- Government payment (base acres)
  - 2019 PLC Payment Rate Estimated at $0.
  - ARC-co (some counties will get small payments $0-$25/base acre)
  - 2020 PLC Payment Rate Estimated at $0.05/bu.
    - 40 bu/acre x 0.05 x 0.85 = $1.70/base acre
  - CFAP 2.0 or MFP 3.0 ???

Marketing Considerations

- What is your investment in the crop (cost of production)?
- What is your current expected yield?
- What percent of your 2020 crop is currently priced?
- How much storage is available on your farm?
- What is your price expectation?

Remember profit is the goal not price

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THANK YOU AND QUESTIONS AFTER CATTLE OUTLOOK