

Corn, Soybean, Cotton, and Wheat Outlook

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\$6-7 Corn
\$14-16 Soybeans
\$0.85-0.87 Cotton
\$6.50-7 Wheat



HOW DID WE GET HERE?

USDA Corn Estimates

	2020/21 Marketing Year		
	May 2020	May 2021	Difference
Planted (Million)	97.0	90.8	(6.2)
Harvested (Million)	89.6	82.5	(7.1)
U.S. Avg. Yield (Bu/Acre)	178.5	172.0	(6.5)
Beg. Stocks	2,098	1,919	(179)
Production	15,995	14,182	(1,813)
Imports	25	25	0
Total Supply	18,118	16,127	(1,991)
Feed and Residual	6,050	5,700	(350)
Ethanol	5,200	4,975	(225)
Food, Seed & Industrial	1,400	1,420	20
Exports	2,150	2,775	625
Total Use	14,800	14,870	70
U.S. Ending Stocks	3,318	1,257	(2,061)
Foreign Stocks	10,052	9,905	(147)
U.S. Avg. Season Price (\$/Bu)	\$3.20	\$4.35	\$1.15
U.S. Stocks/Use	22.4%	10.3%	(12.1%)

- Supplies 1.991 billion bushels lower.
 - Derecho
 - Flash drought
 - COVID-19
 - China imports
- Stocks-to-use ratio went from predicting sub-\$3 corn to \$4.70+ for the marketing year average.



USDA Soybean Estimates

	2020/21 Marketing Year		
	May 2020	May 2021	Difference
Planted (Million)	83.5	83.1	(0.4)
Harvested (Million)	82.8	82.3	(0.5)
U.S. Avg. Yield (Bu/Acre)	49.8	50.2	0.4
Beg. Stocks	580	525	(55)
Production	4,125	4,135	10
Imports	15	35	20
Total Supply	4,720	4,695	(25)
Crushing	2,130	2,190	60
Exports	2,050	2,280	230
Seed and Residual	135	106	(29)
Total Use	4,315	4,575	260
U.S. Ending Stocks	405	120	(285)
Foreign Stocks	3,210	3,060	(150)
U.S. Average Season Price (\$/Bu)	\$8.20	\$11.25	\$3.05
U.S. Stocks/Use	9.39%	2.62%	(6.76%)

- Demand increased 260 million bushels.
 - China imports
 - Domestic crush
- Stocks-to-use ratio went from predicting \$9.23 soybeans to \$12.34 for the marketing year average.



USDA Cotton Estimates

	<u>2020/21 Marketing Year</u>		
	May 2020	May 2021	Difference
Planted (Million)	13.70	12.09	(1.61)
Harvested (Million)	11.35	8.28	(3.07)
U.S. Average Yield (lb/acre)	825	847	22
Beg. Stocks	7.10	7.25	0.15
Production	19.50	14.61	(4.89)
Imports	0.01	0.00	(0.01)
Total Supply	26.61	21.86	(4.75)
Domestic	2.90	2.30	(0.60)
Exports	16.00	16.25	0.25
Total Use	18.90	18.55	(0.35)
U.S. Ending Stocks	7.70	3.30	(4.40)
Foreign Stocks	91.73	89.86	(1.87)
Chinese Stocks	34.12	38.60	4.48
U.S. Avg. Season Price (\$/lb)	\$0.57	\$0.68	\$0.11
U.S. Stocks/Use	40.7%	17.8%	(23.0%)
Chinese Stocks/Use	89.8%	97.1%	7.3%

- Harvested acres and production 3.07 million acres and 4.89 million bales lower than the initial estimate
 - Texas acres down
 - Drought
 - Hurricanes
- Stocks-to-use ratio went from predicting 56 cent to 72 cent cotton for the marketing year average price.



USDA Wheat Estimates

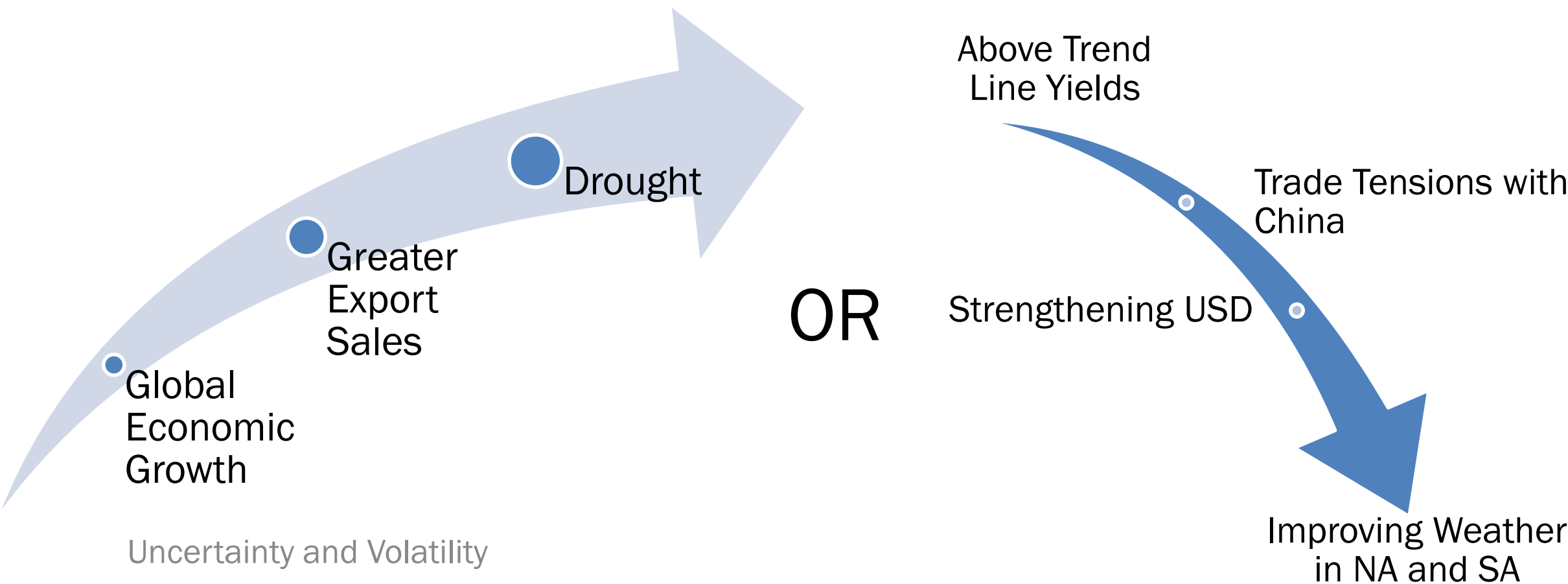
	<u>2020/21 Marketing Year</u>		
	May 2020	May 2021	Difference
Planted (Million)	44.7	46.4	1.7
Harvested (Million)	37.7	37.4	(0.3)
U.S. Avg. Yield (Bu/Acre)	49.5	50.0	0.5
Beg. Stocks	978	872	(106)
Production	1,866	1,872	6
Imports	140	125	(15)
Total Supply	2,984	2,869	(115)
Food	964	963	(1)
Seed	61	62	1
Feed	100	170	70
Exports	950	900	(50)
Total Use	2,075	2,095	20
U.S. Ending Stocks	909	774	(135)
Foreign Stocks	10,486	10,064	(422)
U.S. Avg. Season Price (\$/Bu)	\$4.60	\$6.50	\$1.90
U.S. Stocks/Use	43.8%	36.9%	(6.9%)

- Global stocks were 557 million bushels lower than expected but still record high.
 - Substitution with corn as feed (more globally than domestic)
 - 2020 was the fewest number of acres planted in the US at 44.349 million.
 - 2021 is the 4th lowest at 46.358.



2020/21 Marketing Year Summary

- COVID-19 contributed additional uncertainty.
- Export demand, particularly from China, was greater than anticipated.
- Estimated production/supplies decreased dramatically at the end of the production year (late July through September).
- Stocks will start the 2021/22 marketing year at substantially lower levels than 2020/21.
- USDA estimates /market projections are imperfect and subject to changing conditions.... so what we know now may not be the same as at harvest and during the 2021/22 marketing year.



WHERE ARE PRICES IS GOING?

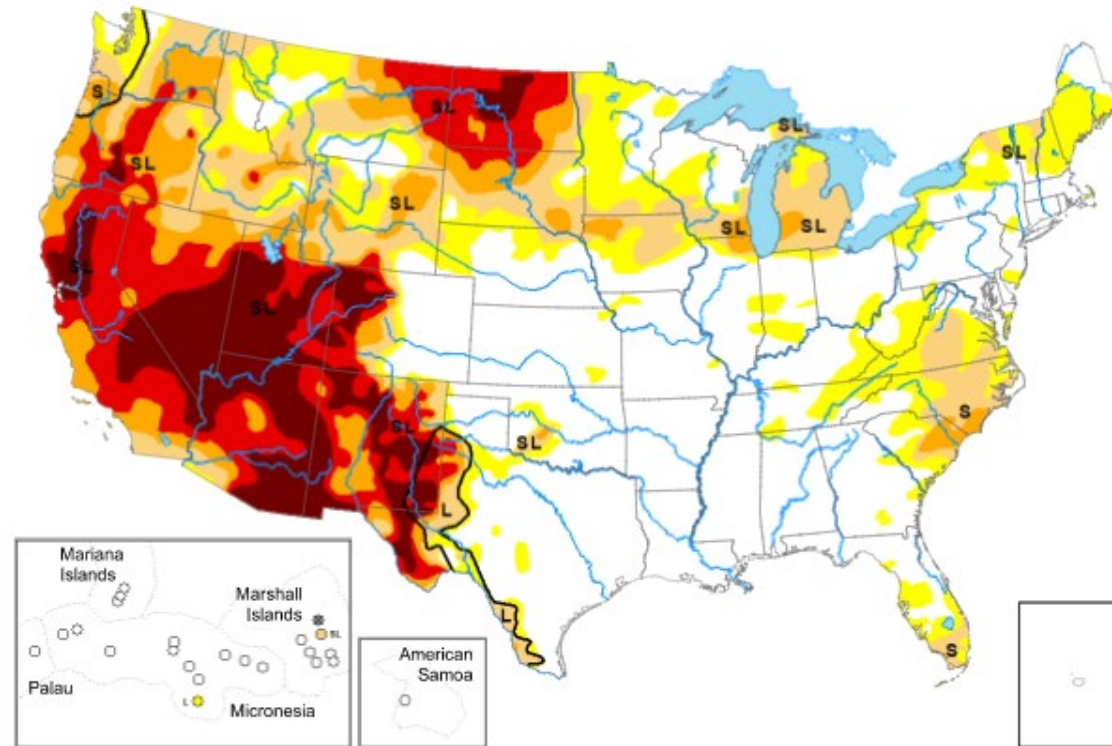
2021/22 Marketing May Estimates

	Corn	Soybean	Cotton	Wheat
Planted	91.1	87.6	12.04	46.4
Harvested	83.5	86.7	9.63	37.4
Yield	179.5	50.8	847	50.0
Beginning Stocks	1,257	120	3.3	872
Total Supply	16,272	4,560	20.3	2,869
Domestic Use	12,315	2,334	2.5	1,195
Exports	2,450	2,075	14.7	900
Total Demand	14,765	4,420	17.2	2,095
Ending Stocks	1,507	140	3.1	774
MYA Price	\$5.70	\$13.85	\$0.75	\$6.50
U.S. Stocks to Use	10.2%	3.2%	18.0%	36.9%

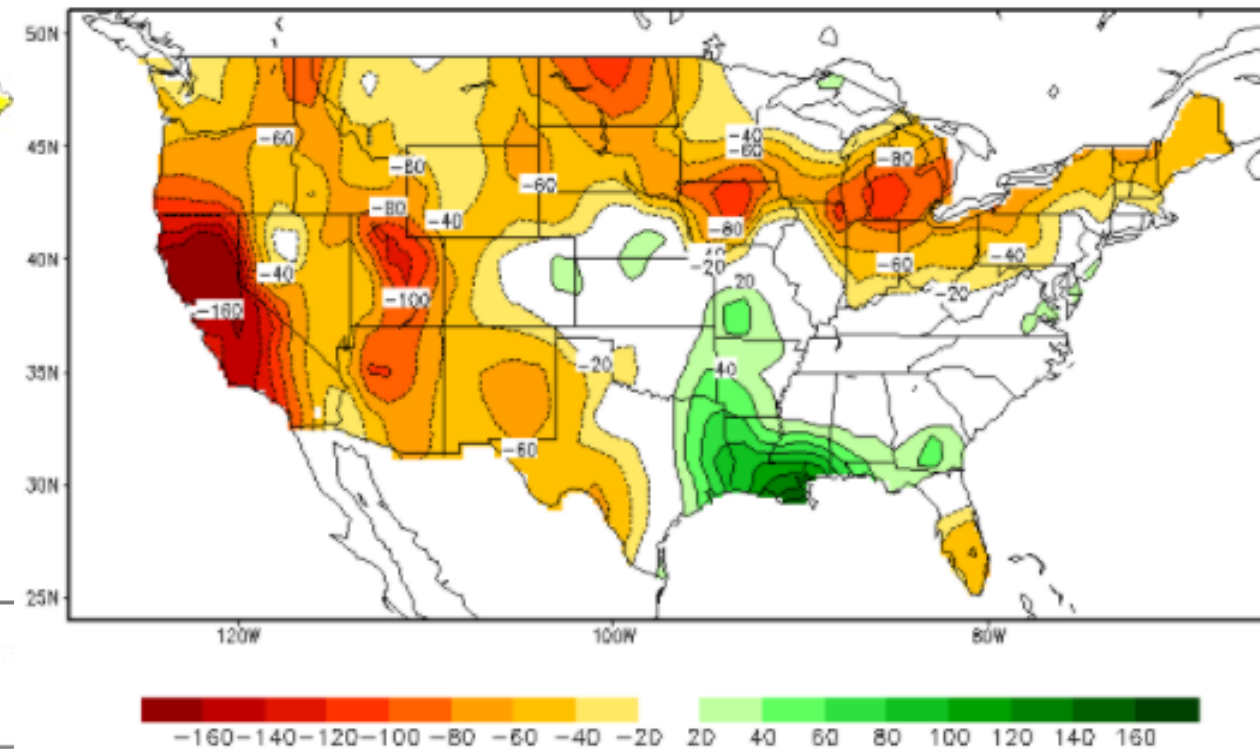
- Prices remain highly uncertain with acreage or yield largely unknown.
- Demand remains strong.
- Stocks and stocks-to-use are supportive to prices near current levels.
- USDA is currently predicting higher MYA prices than current stocks-to-use to price relationships would.
- Need to translate national MYA price into cash price.

Map released: June 3, 2021

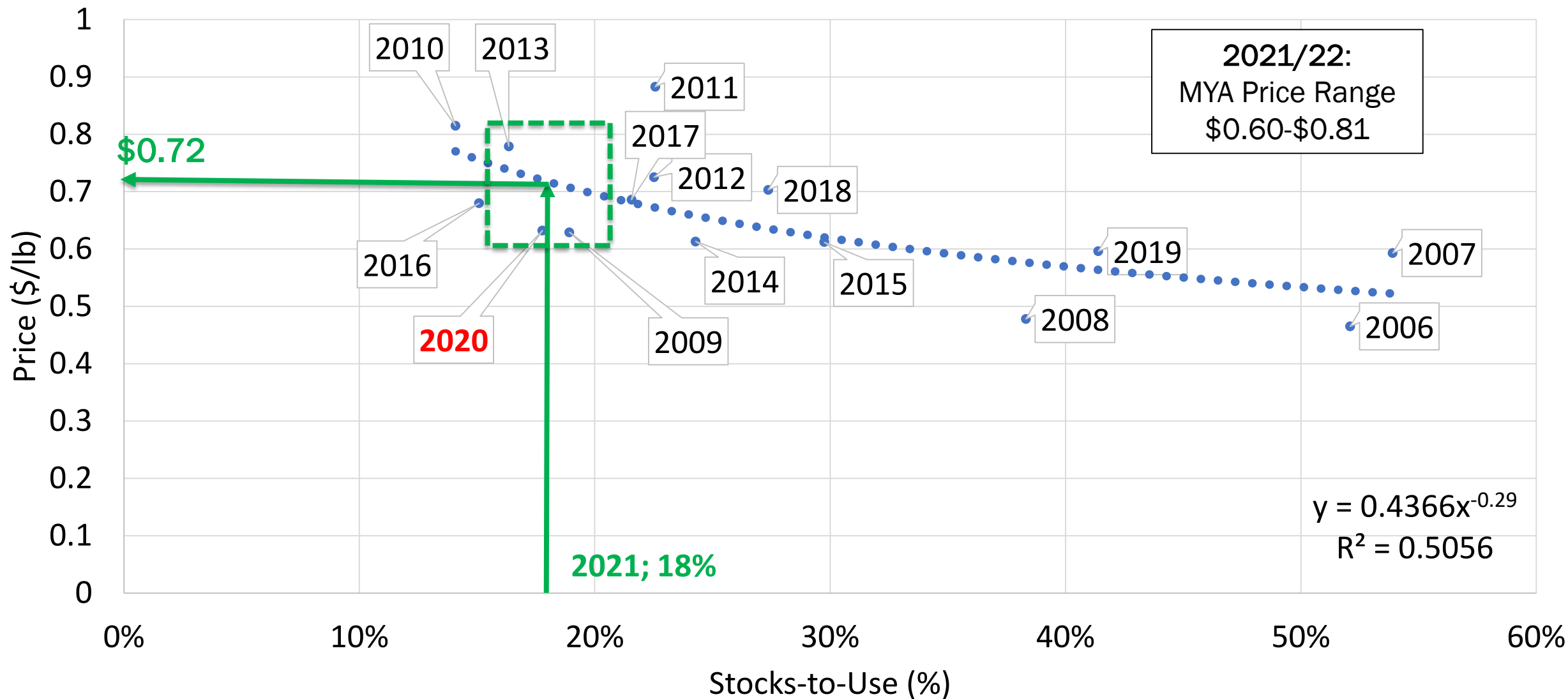
Data valid: June 1, 2021



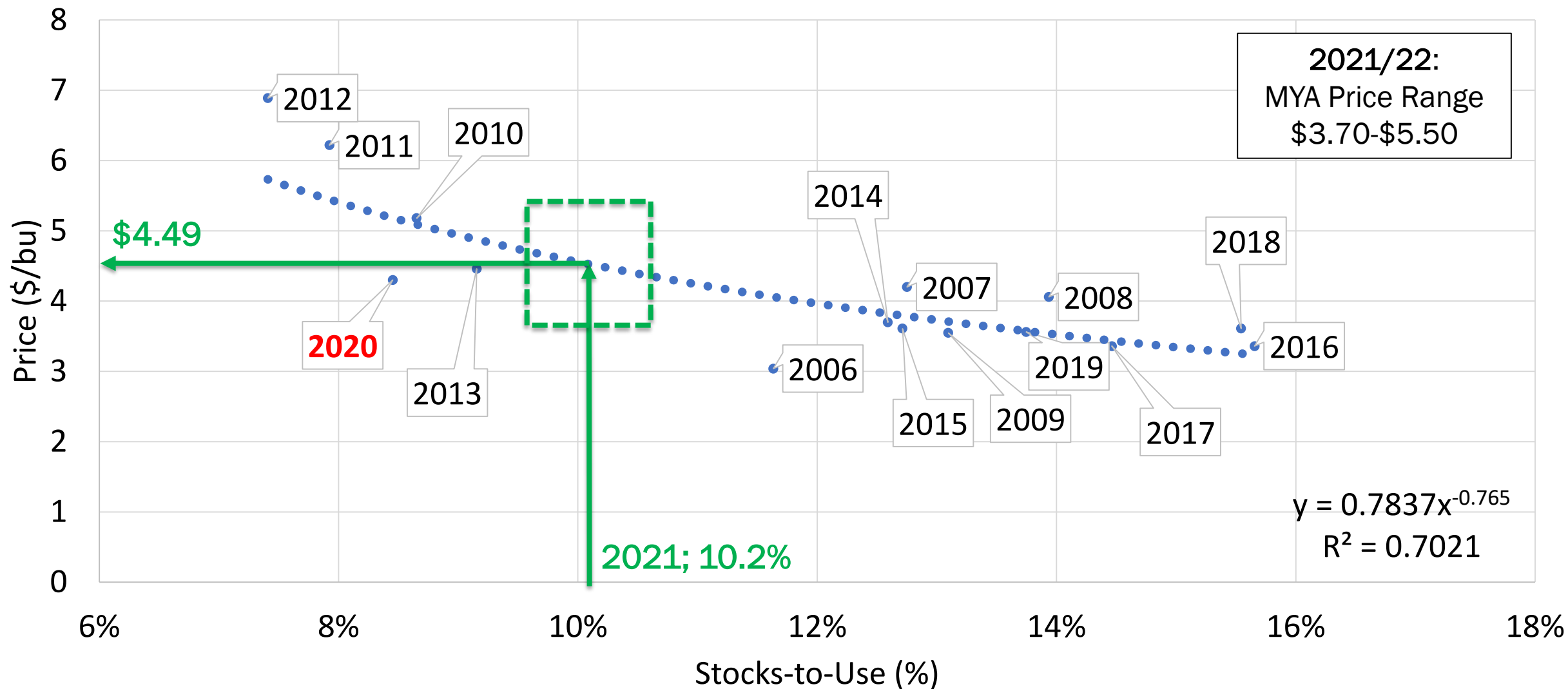
Calculated Soil Moisture Anomaly (mm)
MAY, 2021



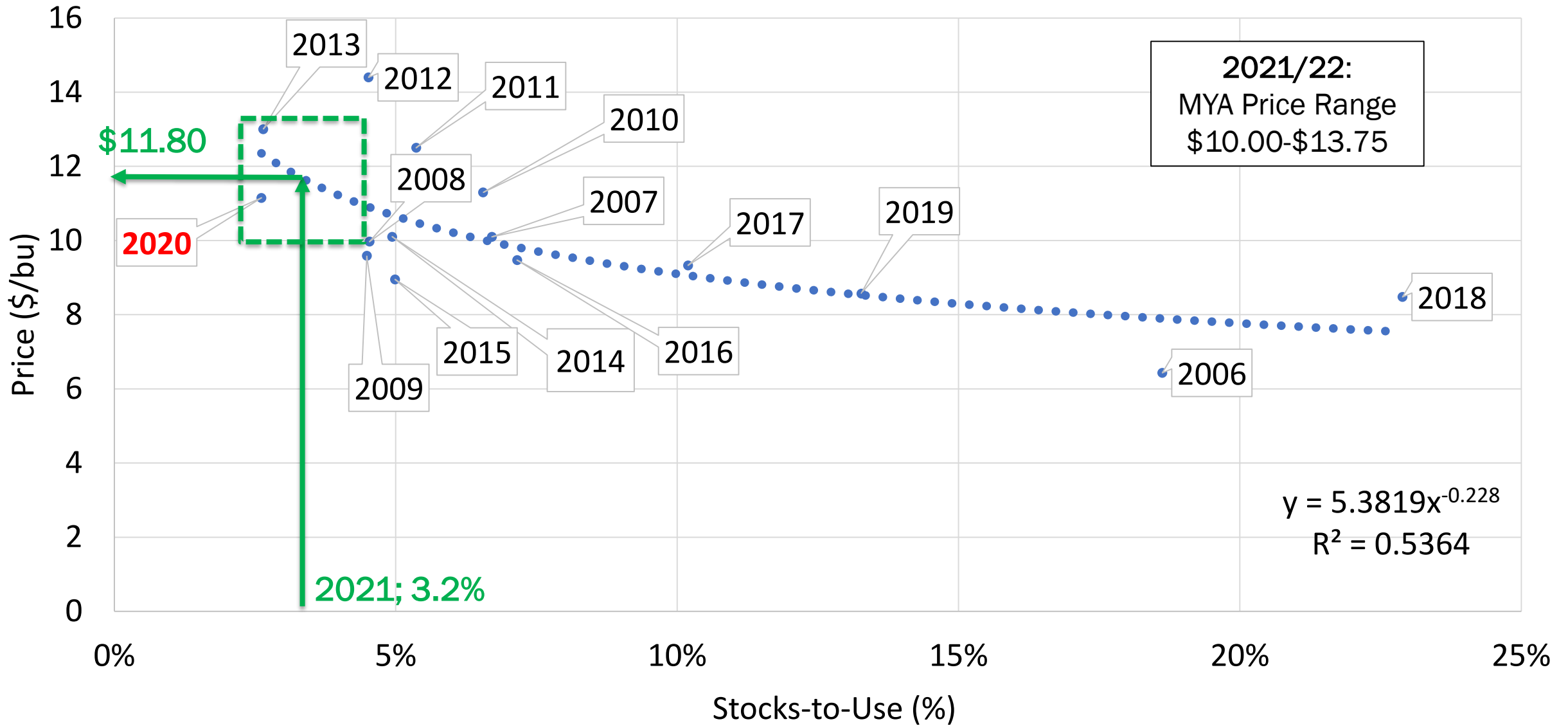
Cotton: U.S. Stocks-to-Use to MYA Price, 2006-2020



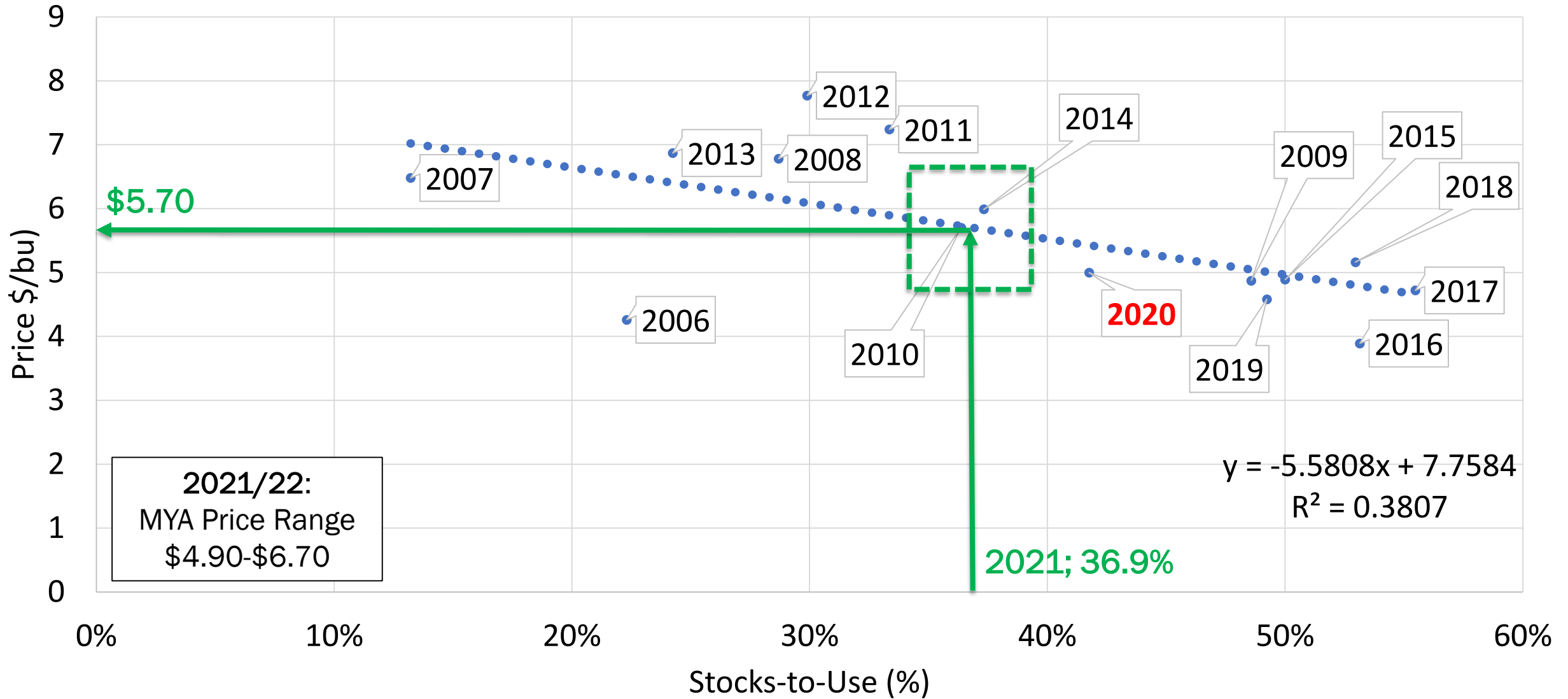
Corn: U.S. Stocks-to-Use to MYA Price, 2006-2020



Soybean: Stocks-to-Use to MYA Price, 2006 to 2020



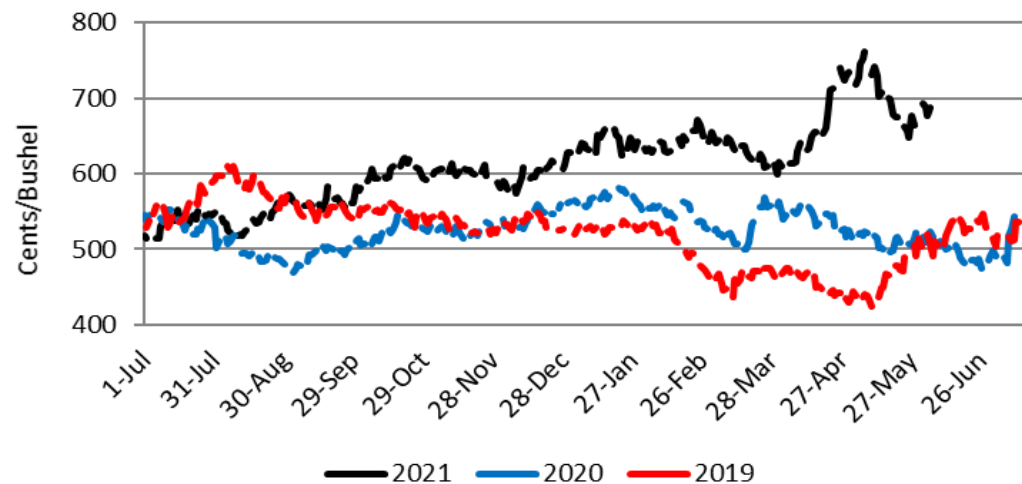
Wheat: Stocks-to-Use to MYA Price, 2006 to 2020



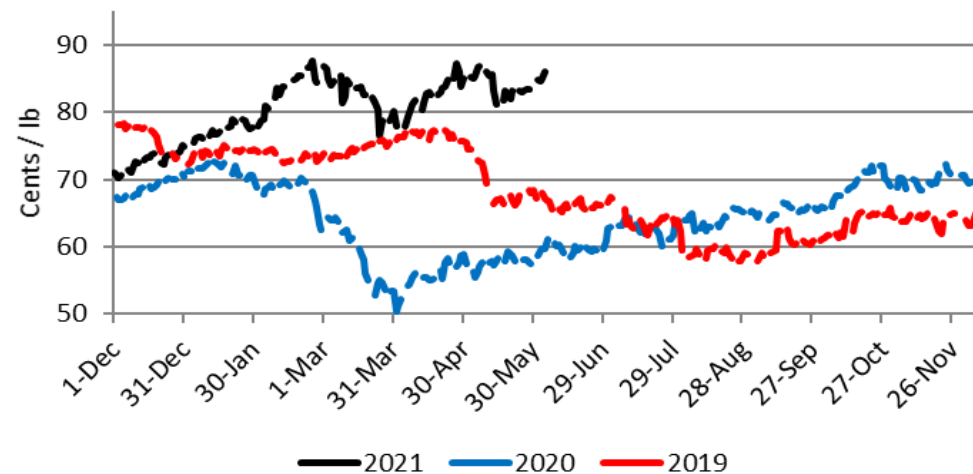
Price Projections

	Corn	Soybean	Cotton	Wheat
Harvest Futures as at June 8, 2021	\$6.06	\$14.55	85.99	\$6.81
FAPRI (March)	\$4.06	\$10.61	\$67.9	\$5.09
Tennessee Average Harvest Cash Forward Elevators and Barge Points	\$5.82	\$14.10	NA	\$6.90
USDA WASDE	\$5.70	\$13.85	\$0.75	\$6.50

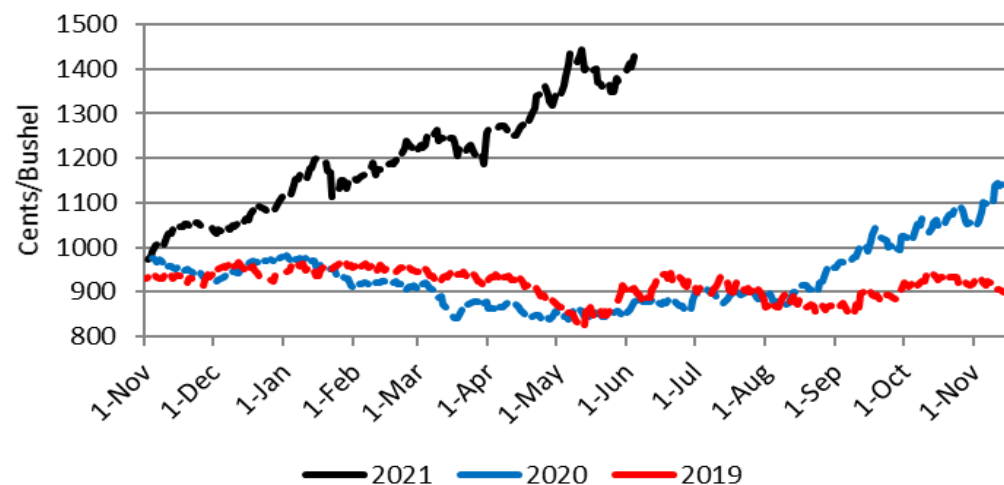
July Wheat Futures



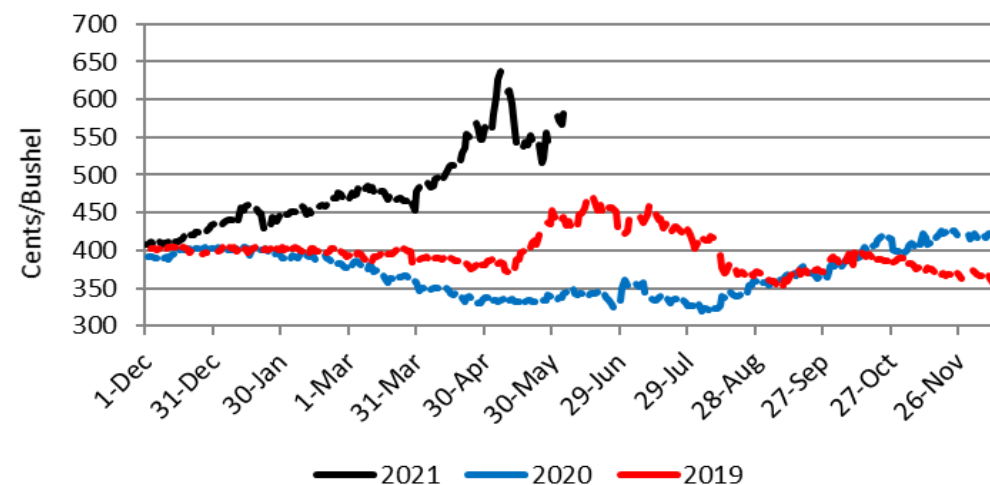
December Cotton Futures



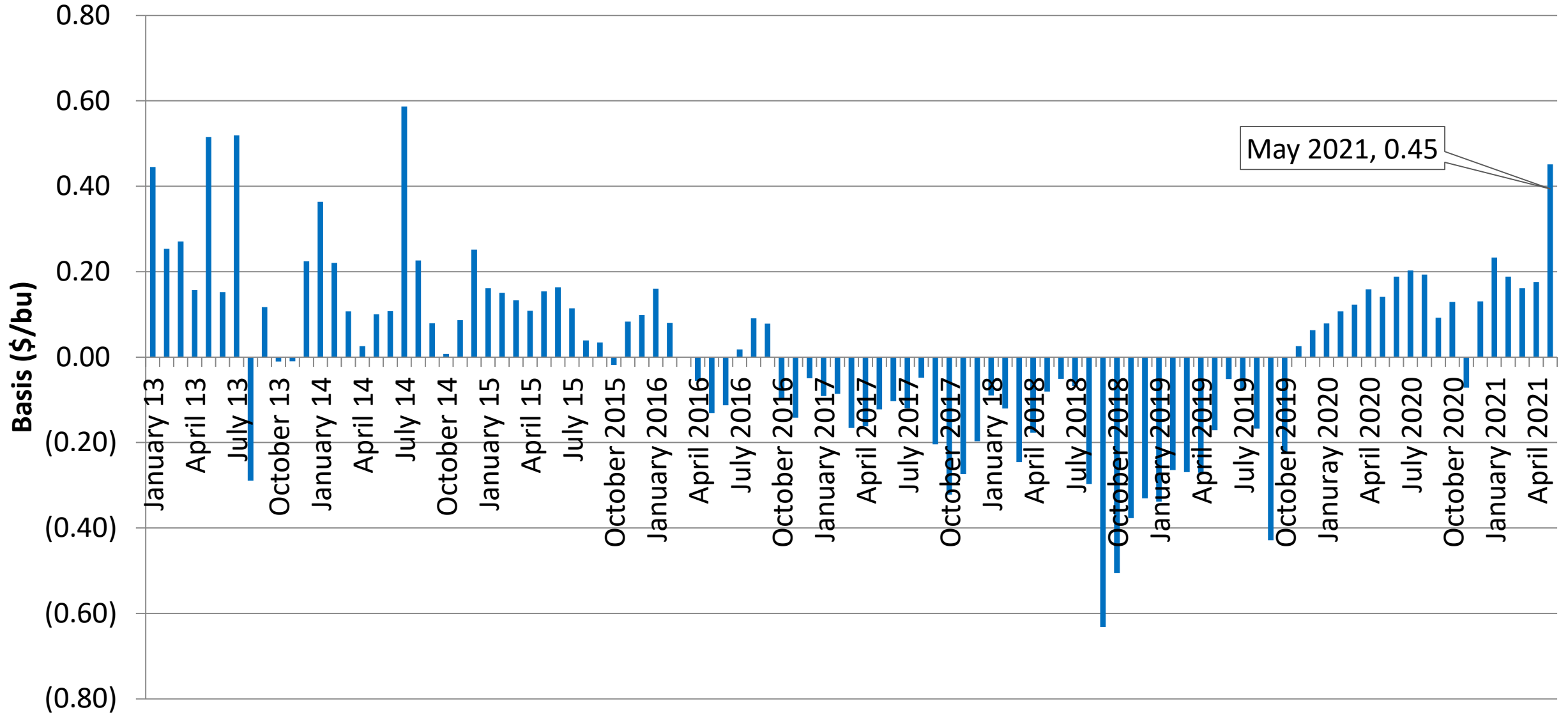
November Soybean Futures



December Corn Futures

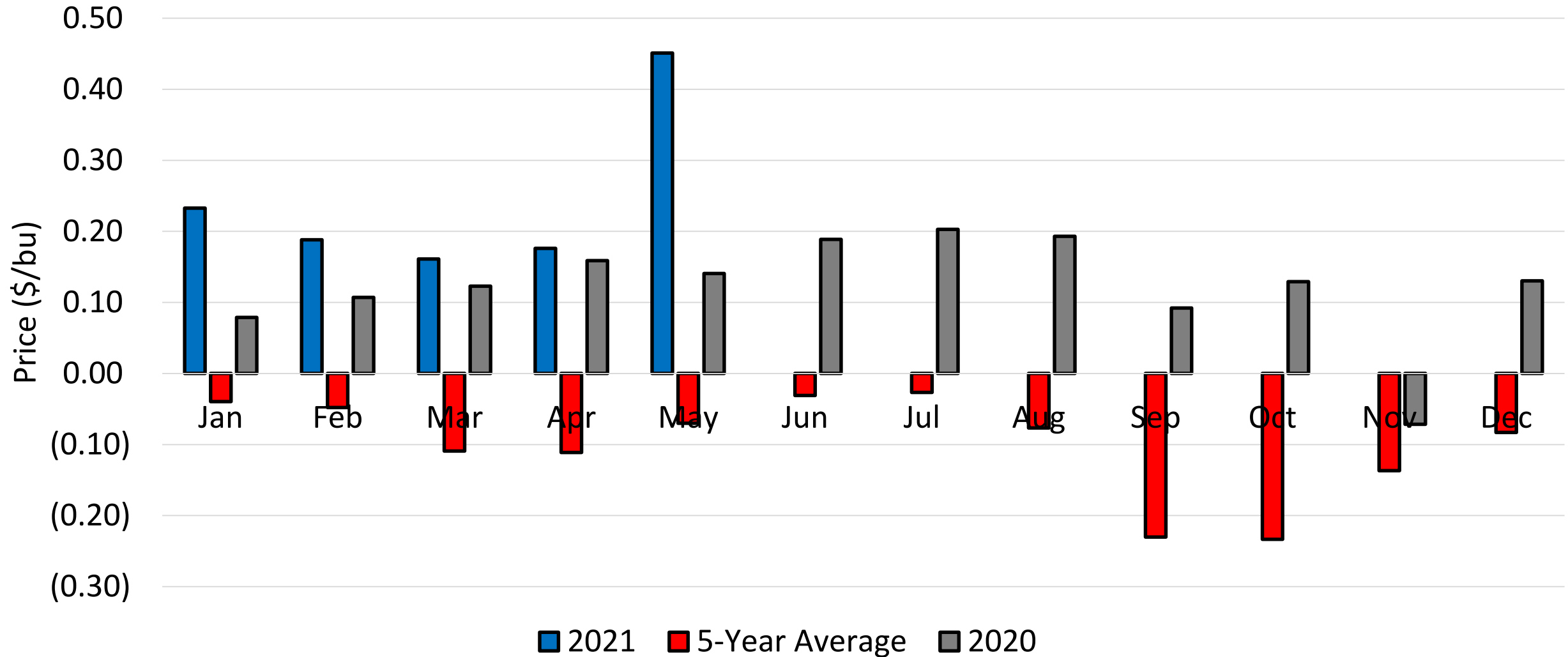


Tennessee Monthly Average Soybean Basis (Elevators and Barge Points), 2013-2021

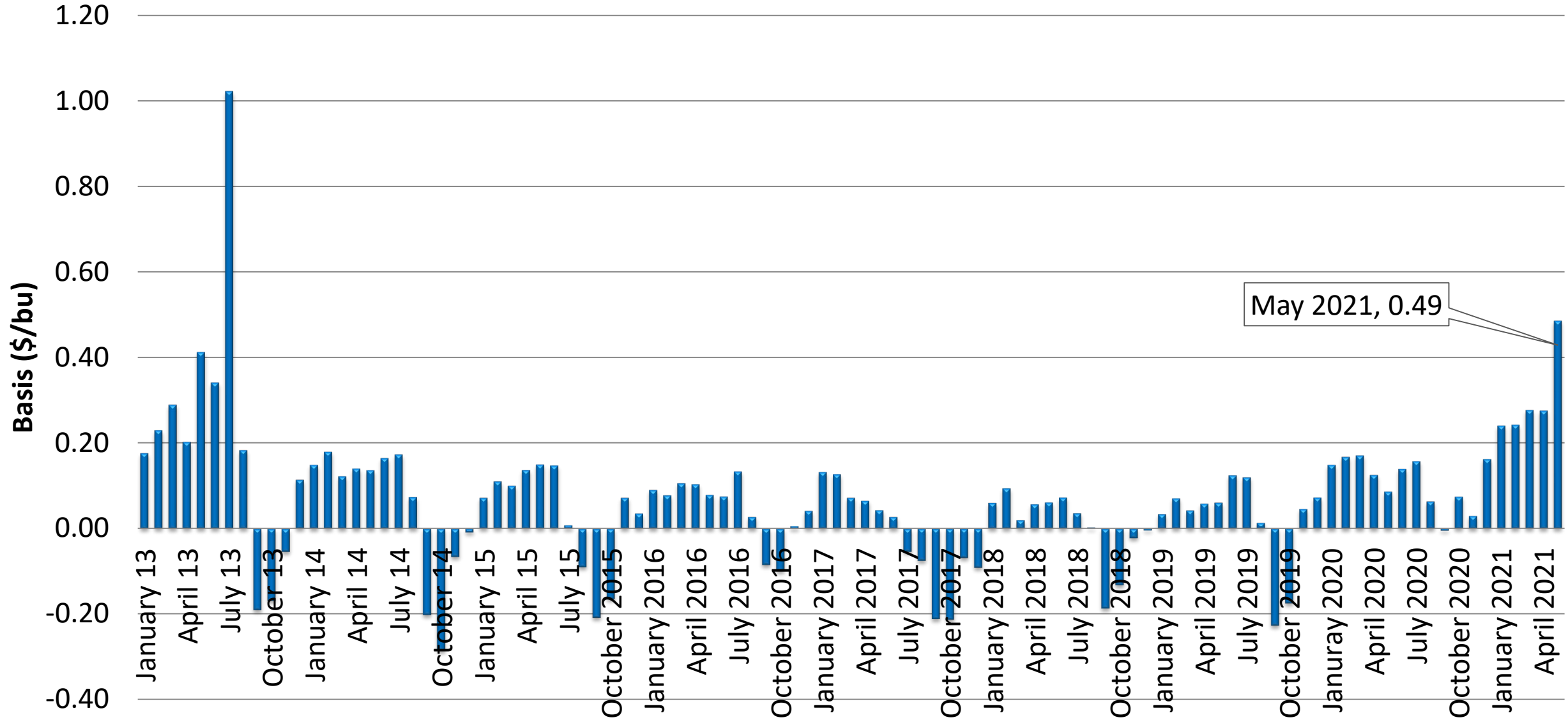


May 2021, 0.45

Tennessee Average Monthly Soybean Basis (Elevators and Barge Points), 5-Year Average (2015-2019), 2020, and 2021

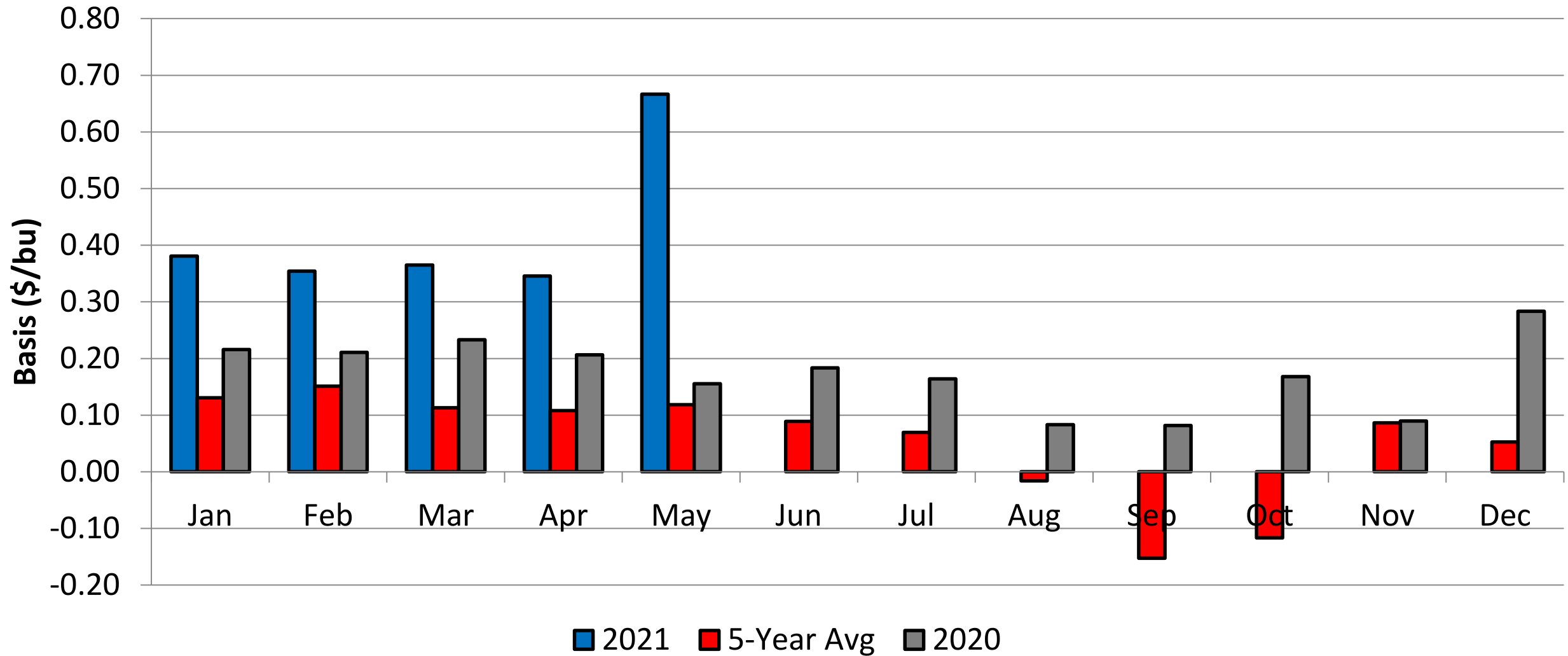


Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 2013-2021



May 2021, 0.49

Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 5-Year Average (2015-2019), 2020, and 2021



What Will Influence Price Direction?

- June Acreage Report
- Weather – South America and North America
- US Export Sales / China Imports
- Global Production
- Global/US Economy

Concluding Thoughts

- Expect continued volatility.
- Sales-to-date of 25-50% of 2021 projected production.
 - Considerations for storage.
 - Don't sell your way out of an extended rally.
- Protect the down side (options, minimum price contracts, etc).
 - Dec corn option ex. \$5 put for 18 cents
 - Nov soybean option ex. \$12.60 put for 12 cents
 - Dec cotton option ex. 75 put for 1.66 cents
- Manage input costs and profitability.
- Decisions made during high price periods will determine how/if the farm will manage the next period of low prices.

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THANK YOU!