Outlook for Major Crops

United States Department of Agriculture

Presented to

Green Markets Webinar

February 27, 2013

http://www.usda.gov/oce/speeches/index.htm

World Producers Respond to Record Prices with Record Production

	2008/09	2009/10	2010/11	2011/12	2012/13
Wheat	683.4	686.7	652.0	**696.6**	653.6
Corn	800.4	823.7	832.3	**882.5**	854.4
Rice	448.7	441.1	449.1	465.0	**465.8**
Soybeans	211.6	260.2	263.6	238.7	**269.5**
Cotton	107.2	102.2	116.3	**124.1**	119.0

Production in million metric tons except cotton in million bales. Rice production on milled basis. Production numbers in red denote record levels.

World Wheat Production

Country or Region	2011/12 estimate	2012/13 forecast	Change from 2011/12
	Million Tons		*Percent*
World	696.6	653.6	**-6.2**
United States	54.4	61.8	**13.5**
Foreign	642.2	591.9	**-7.8**
Argentina	15.5	11.0	**-29.0**
Canada	25.3	27.2	**7.6**
Australia	29.9	22.0	**-26.5**
European Union	137.2	131.7	**-4.0**
Russian Federation	56.2	37.7	**-33.0**
Ukraine	22.3	15.8	**-29.4**
Kazakhstan	22.7	9.8	**-56.7**
China	117.4	120.6	**2.7**
India	86.9	93.9	**8.1**

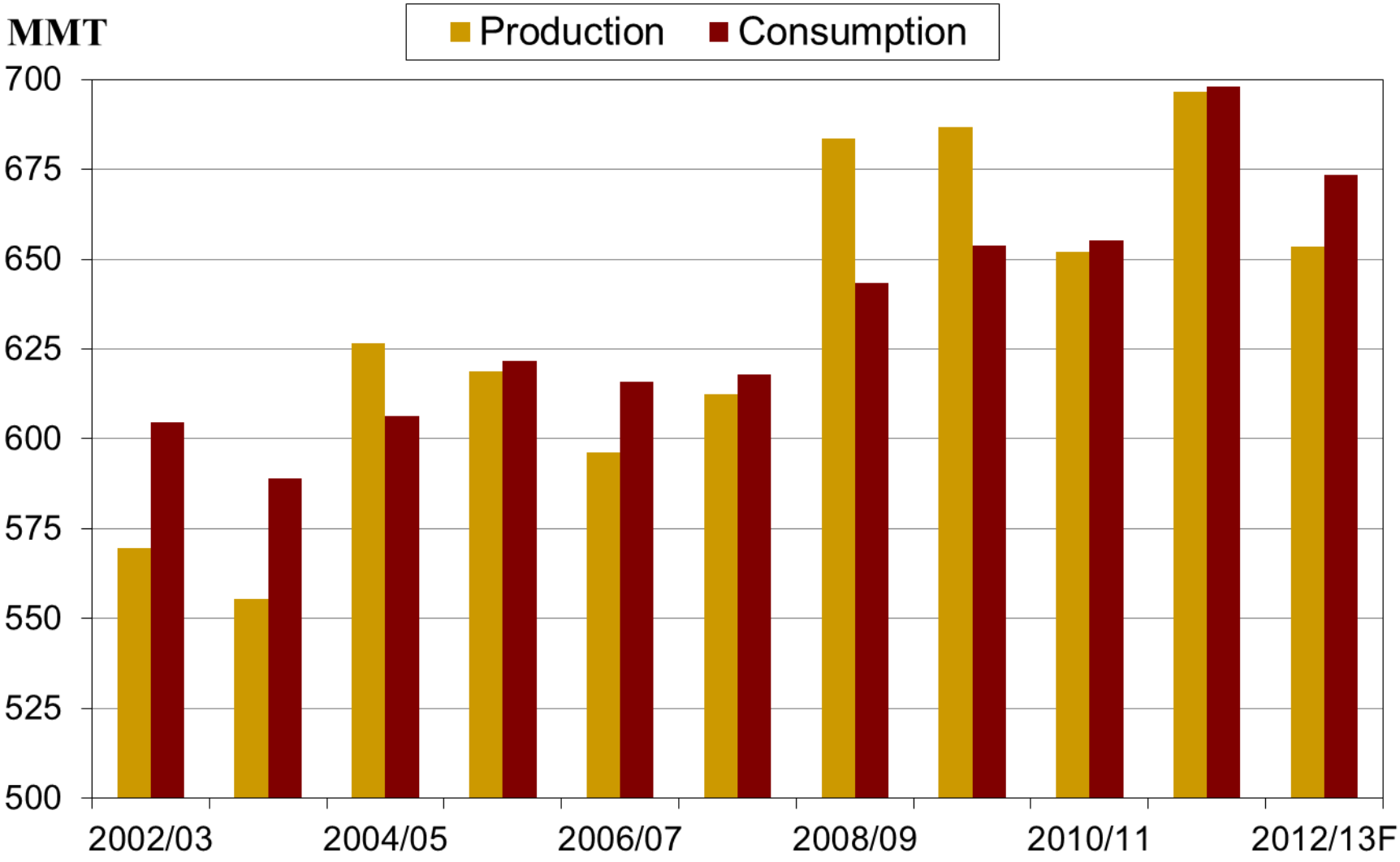
World Corn Production

Country or Region	2011/12 estimate	2012/13 forecast	Change from 2011/12
	Million Tons		*Percent*
World	882.5	854.4	**-3.2**
United States	313.9	273.8	**-12.8**
Foreign	568.5	580.5	**2.1**
Argentina	21.0	27.0	**28.6**
Brazil	73.0	72.5	**-0.7**
Mexico	18.7	21.5	**14.8**
Canada	11.4	13.1	**15.0**
European Union	66.2	54.7	**-17.4**
FSU-12	34.3	32.2	**-6.1**
Ukraine	22.8	20.9	**-8.4**
South Africa	12.4	13.5	**8.7**
China	192.8	208.0	**7.9**

World Soybean Production

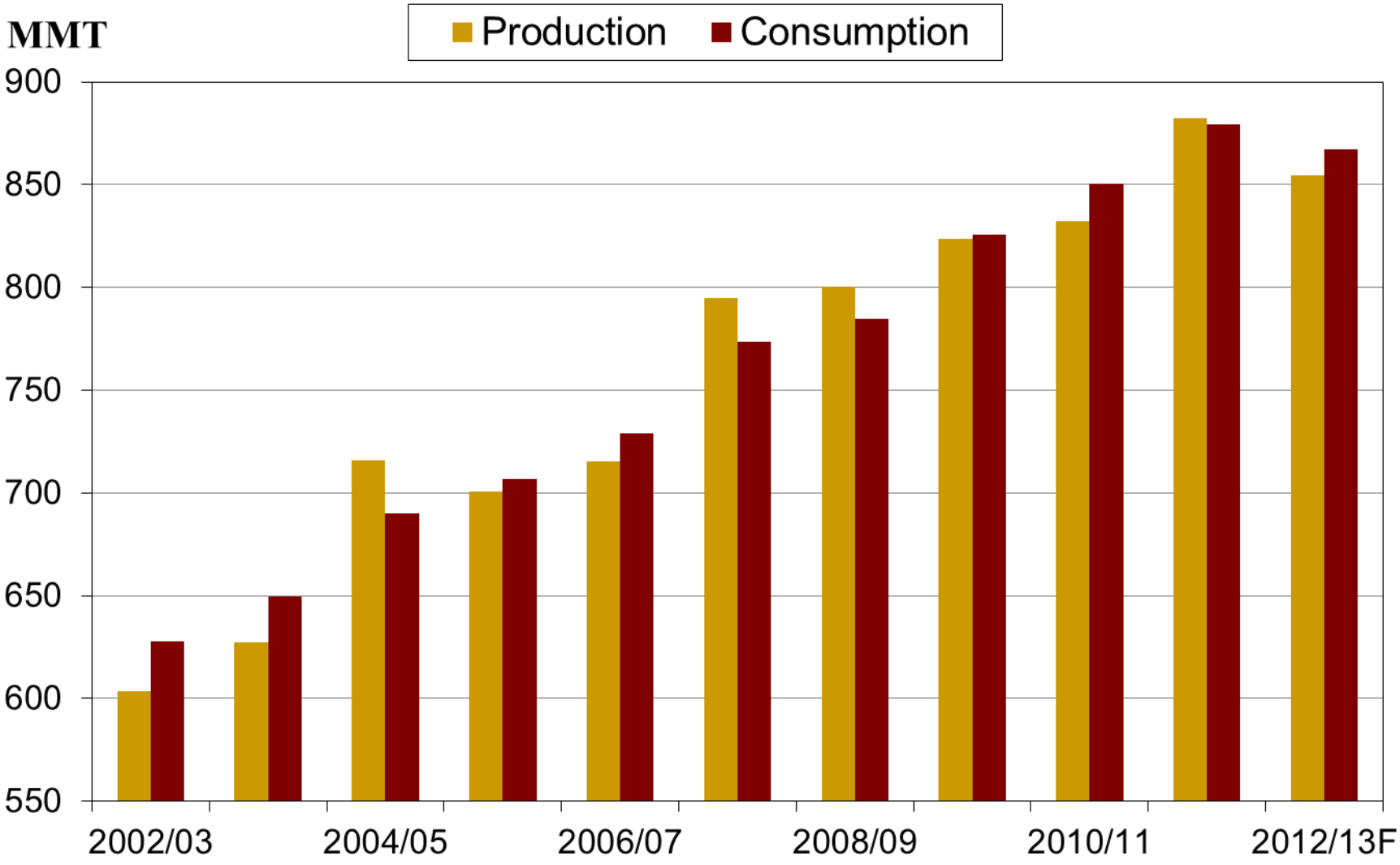
Country or Region	2011/12 estimate	2012/13 forecast	Change from 2011/12
	Million Tons		*Percent*
World	238.7	269.5	**12.9**
United States	84.2	82.1	**-2.5**
Foreign	154.5	187.4	**21.3**
Argentina	40.1	53.0	**32.2**
Brazil	66.5	83.5	**25.6**
Paraguay	4.4	7.8	**77.9**
Ukraine	2.3	2.4	**6.2**
India	11.0	11.5	**4.5**
China	14.5	12.6	**-13.0**

World Wheat Production & Consumption



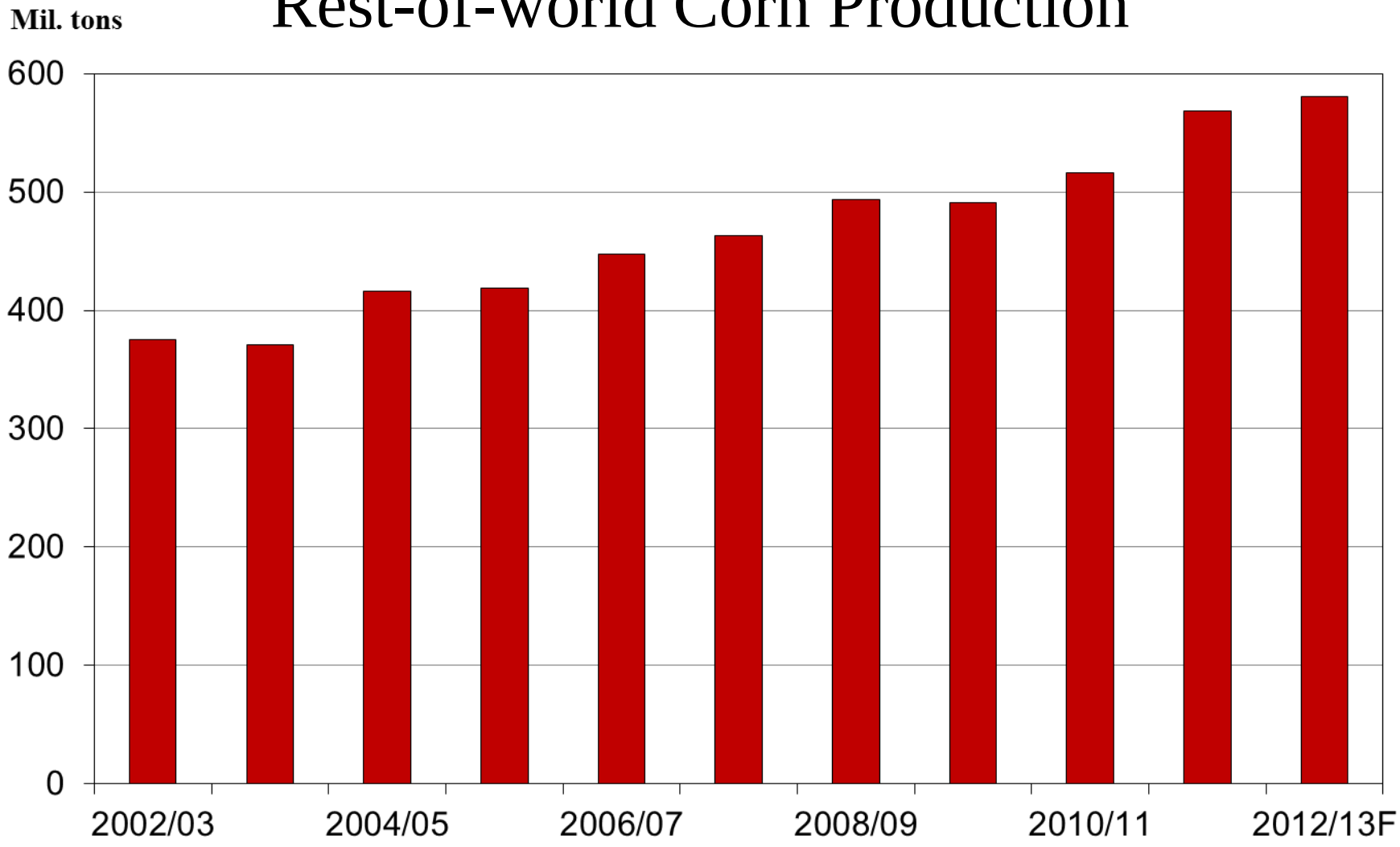
Source: USDA, *World Agricultural Supply and Demand Estimates*, February 8, 2013.

World Corn Production & Consumption



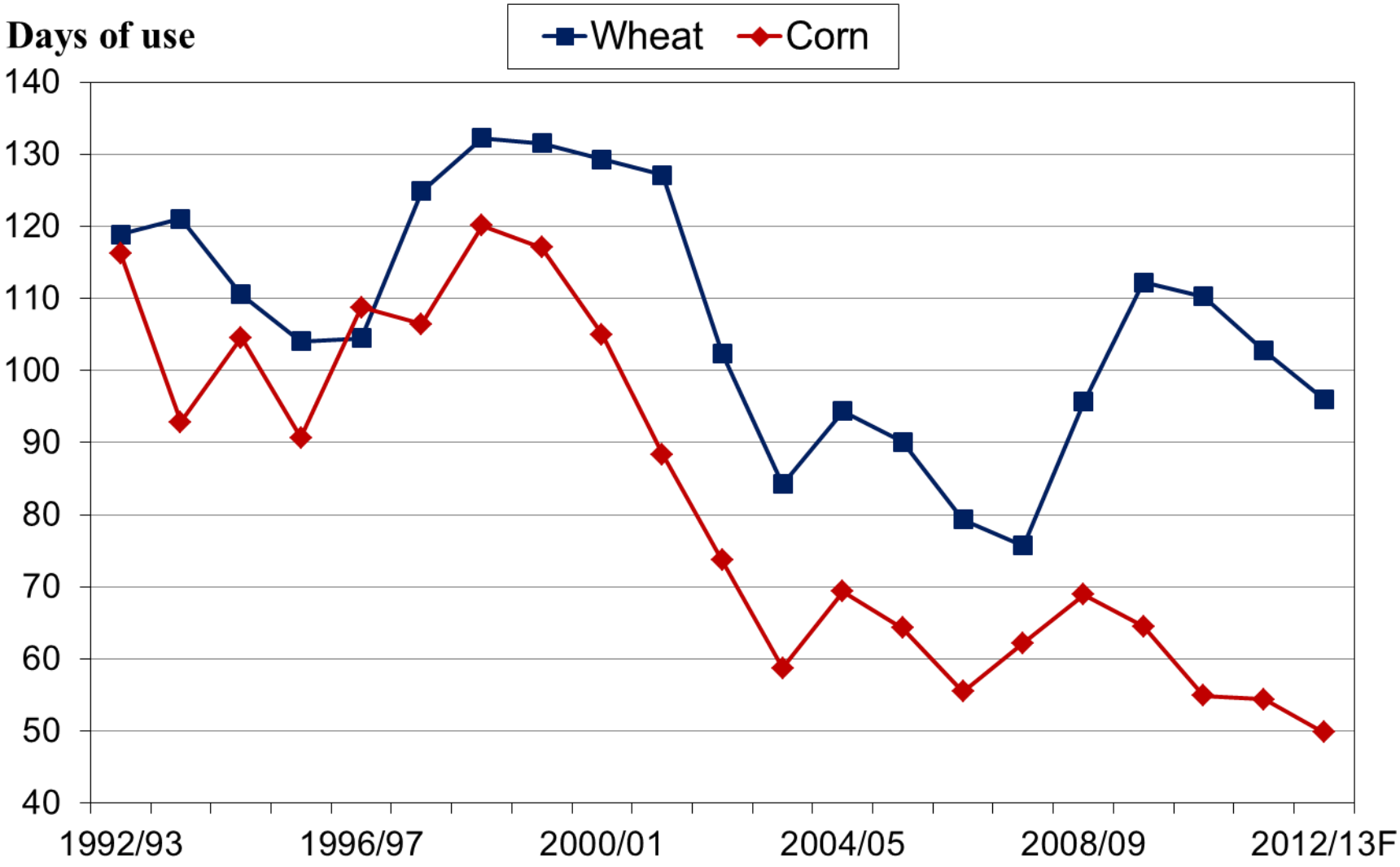
Source: USDA, *World Agricultural Supply and Demand Estimates*, February 8, 2013.

Rest-of-world Corn Production



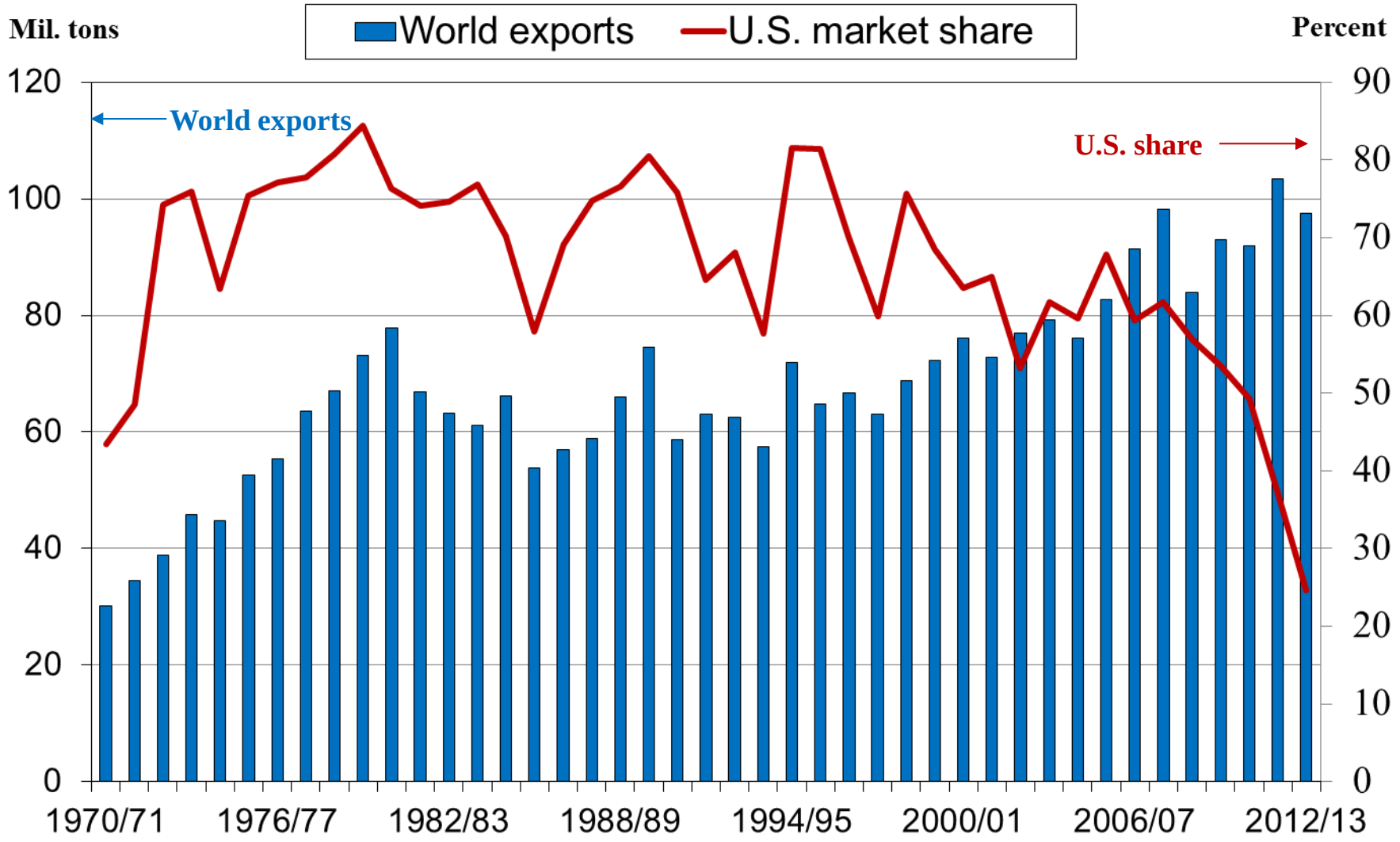
Source: USDA, *World Agricultural Supply and Demand Estimates*, February 8, 2013.

World Corn and Wheat Stocks



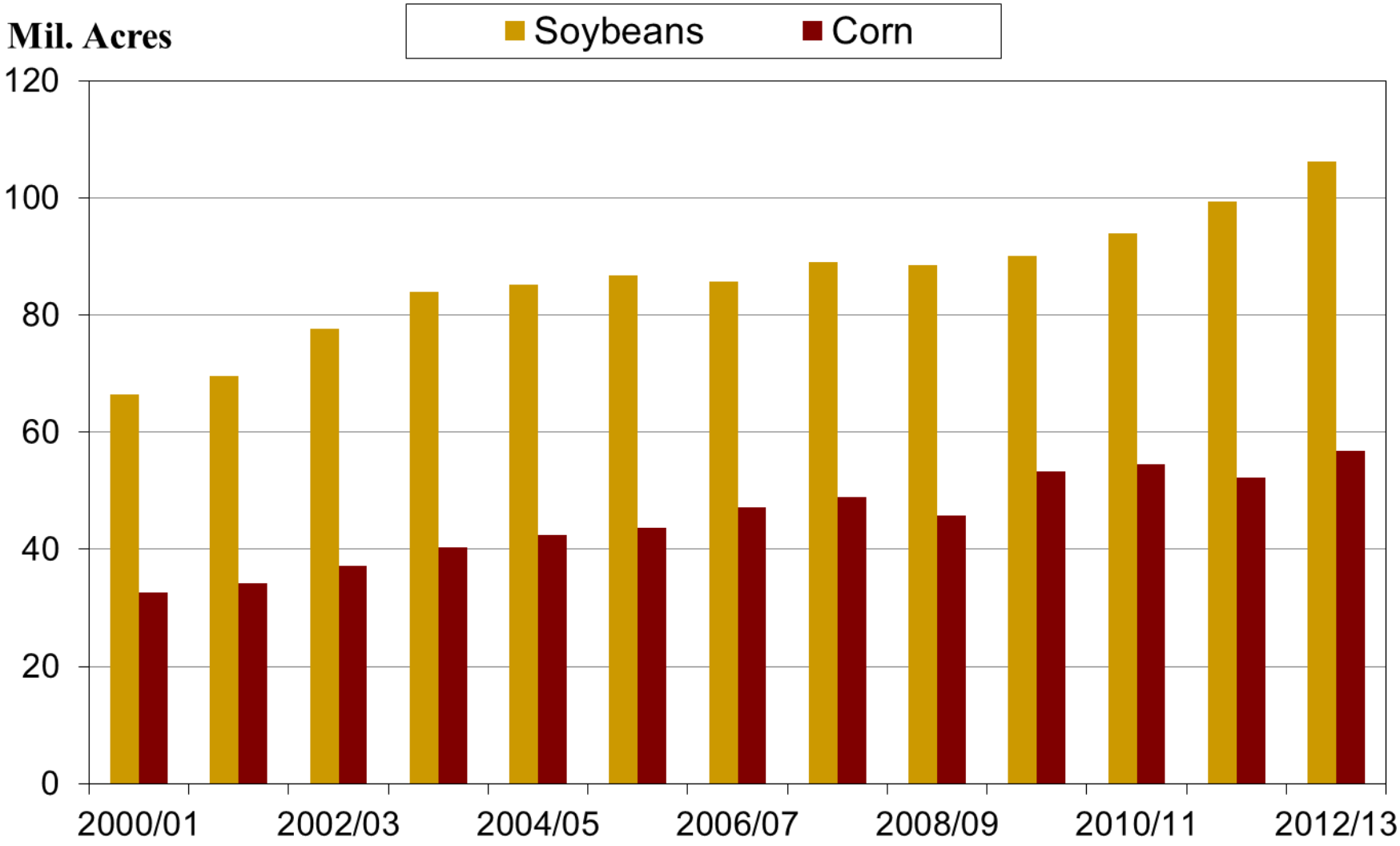
Source: USDA, *World Agricultural Supply and Demand Estimates*, February 8, 2013.

World Corn Trade and U.S. Market Share



Source: USDA, *World Agricultural Supply and Demand Estimates*, February 8, 2013.

South American Corn and Soybean Area



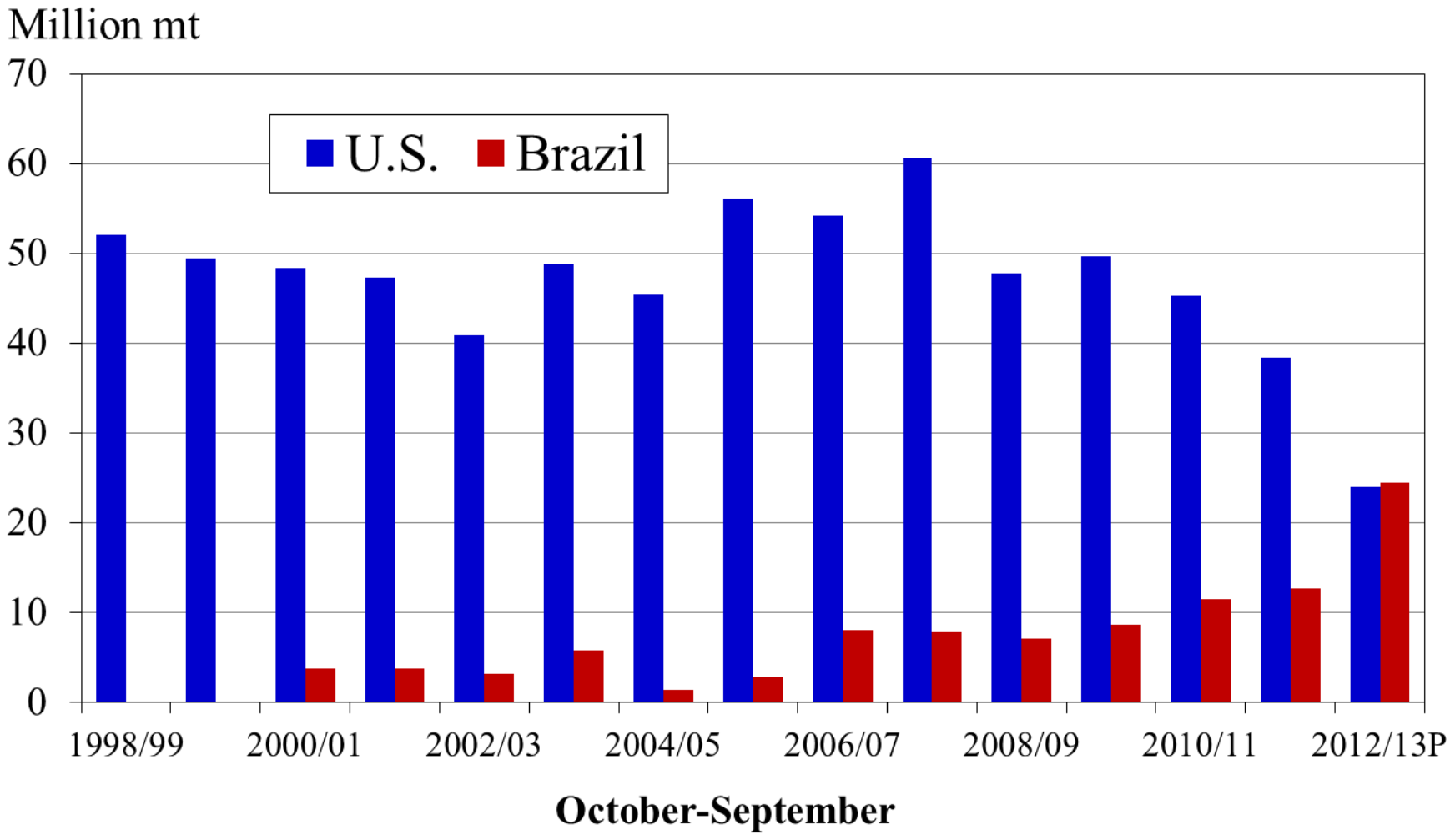
Source: USDA, *World Agricultural Supply and Demand Estimates*, February 9, 2012.

Brazil Corn: Current Situation in Mato Grosso

- Some farmers have been able to plant the second-corn crop.
- This field (photo) was planted Jan. 10, 2013.
- High yields are expected in early planted fields. However, it depends on the length of the rainy season.
- Mato Grosso yields are estimated at 5.34 mt/ha, but below last year's record of 5.68 mt/ha.

Early planted second-season corn has high yield potential.
Photo near Querencia, Mato Grosso, Brazil

Brazil Corn Exports to Surpass U.S. Exports?



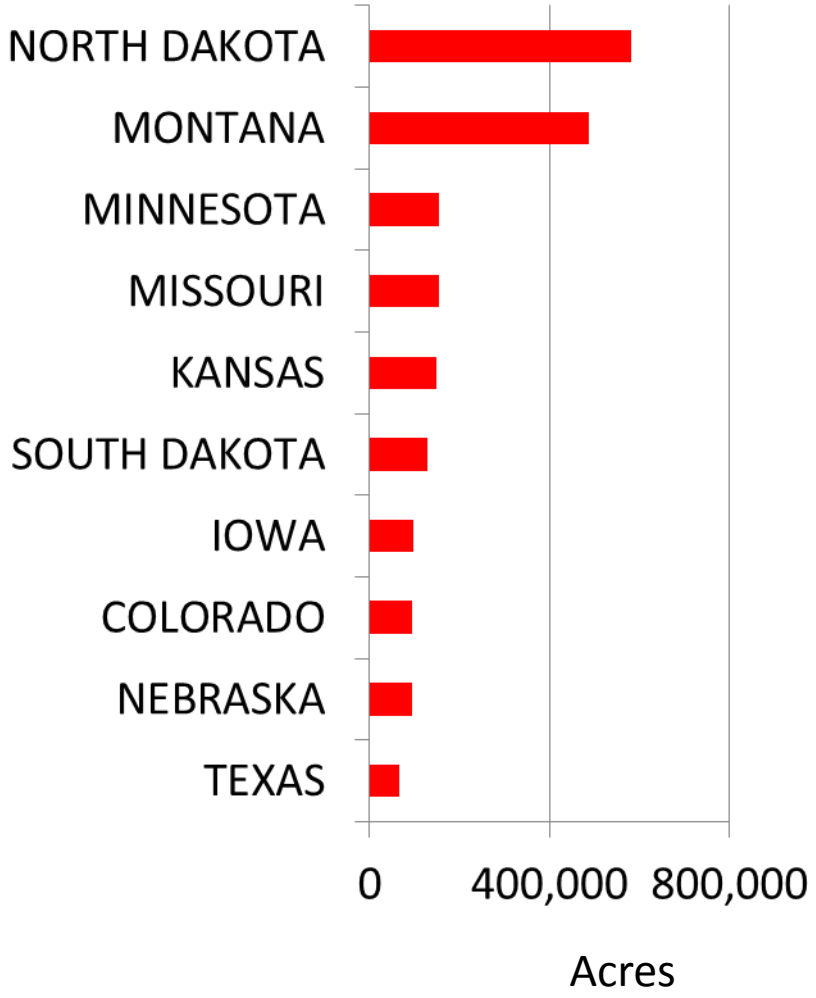
Source: USDA-FAS monthly trade circular, *Grain: World Markets and Trade*, February 8, 2013

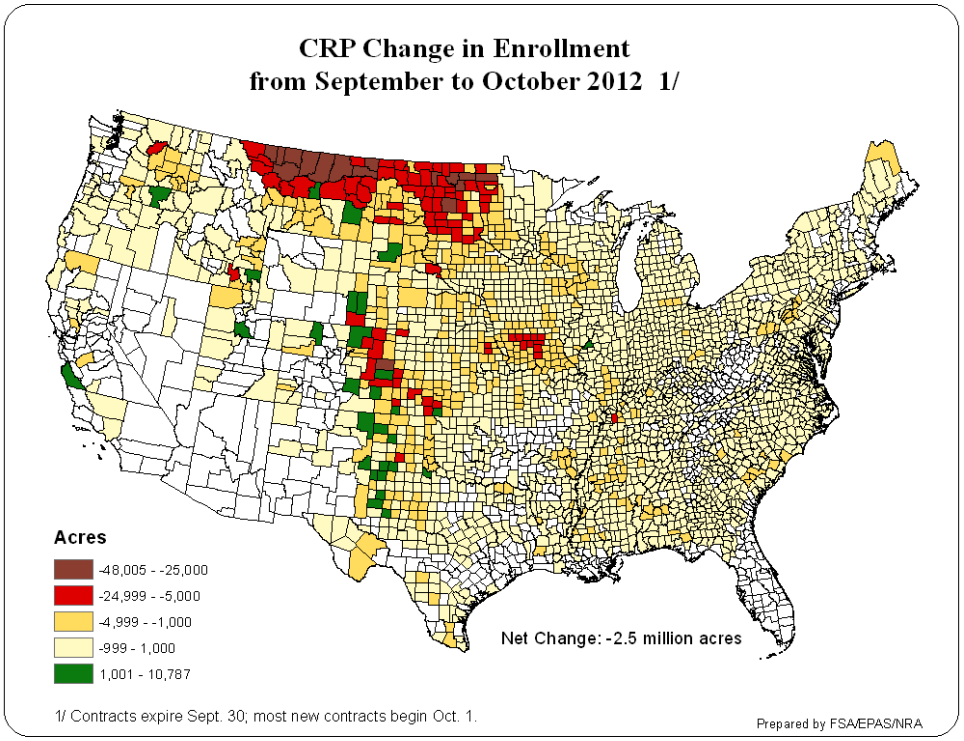
U.S. Planted Acres Projected to decline in 2013

Million acres

Crop	2007	2008	2009	2010	2011	2012	2013F	Percent change
Corn	93.5	86.0	86.4	88.2	91.9	97.2	**96.5**	-0.7
Soybeans	64.7	75.7	77.5	77.4	75.0	77.2	**77.5**	+0.4
Wheat	60.5	63.2	59.2	53.6	54.4	55.7	**56.0**	+0.5
Upland cotton	10.5	9.3	9.0	10.8	14.4	12.1	**9.8**	-19.0
Minor feed grains	15.5	15.8	13.6	11.4	10.6	12.6	**12.9**	+2.4
Rice	2.8	3.0	3.1	3.6	2.7	2.7	**2.6**	-3.7
Total 8 crops	247.5	253.0	248.7	245.0	249.0	257.5	**255.3**	-0.9
CRP	36.8	34.6	33.7	31.4	31.2	29.5	**27.1**	-8.1
8 crops + CRP	284.3	287.6	282.4	276.4	280.2	287.0	**282.4**	-1.6

Much of area exiting CRP is located in Plains states





Source: Farm Service Agency

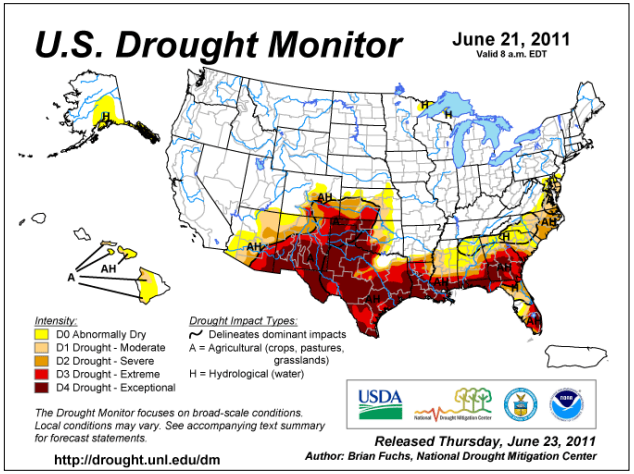
U.S. Wheat Supply and Demand

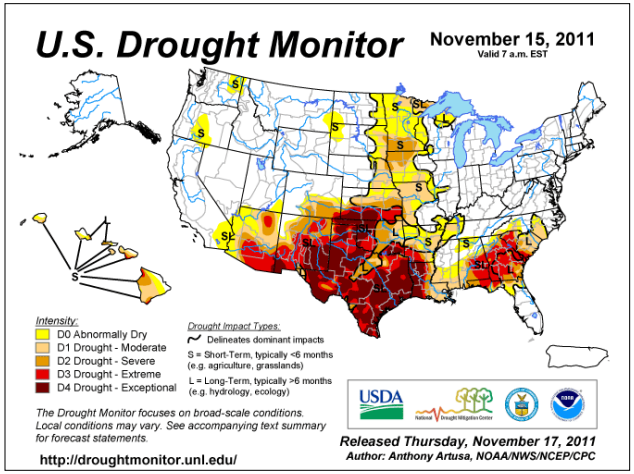
	2010/11 estimate	2011/12 forecast	2012/13 forecast	2013/14 forecast	Change from 2012/13
					Percent
Planted area (million acres)	**53.6**	**54.4**	**55.7**	**56.0**	**0.5**
Harvested area (million acres)	**47.6**	**45.7**	**49.0**	**46.5**	**-5.1**
Yield (bushels per acre)	**46.3**	**43.7**	**46.3**	**45.2**	**-2.4**
		Million bushels			
Beginning stocks	**976**	**862**	**743**	**691**	**-7.0**
Production	**2,207**	**1,999**	**2,269**	**2,100**	**-7.4**
Imports	**97**	**112**	**130**	**130**	**0.0**
Total supply	**3,279**	**2,974**	**3,142**	**2,921**	**-7.0**
Food use	**926**	**941**	**950**	**958**	**0.8**
Seed	**71**	**76**	**75**	**74**	**-1.3**
Feed and residual	**132**	**164**	**375**	**300**	**-20.0**
Domestic use	**1,128**	**1,182**	**1,400**	**1,332**	**-4.9**
Exports	**1,289**	**1,050**	**1,050**	**950**	**-9.5**
Total use	**2,417**	**2,231**	**2,450**	**2,282**	**-6.9**
Ending stocks	**862**	**743**	**691**	**639**	**-7.5**
		Percent			
Stocks to use ratio	**35.7**	**33.3**	**28.2**	**28.0**	**-0.7**
		Dollars per bushel			
Average market price	**5.70**	**7.24**	**7.90**	**7.00**	**-11.4**

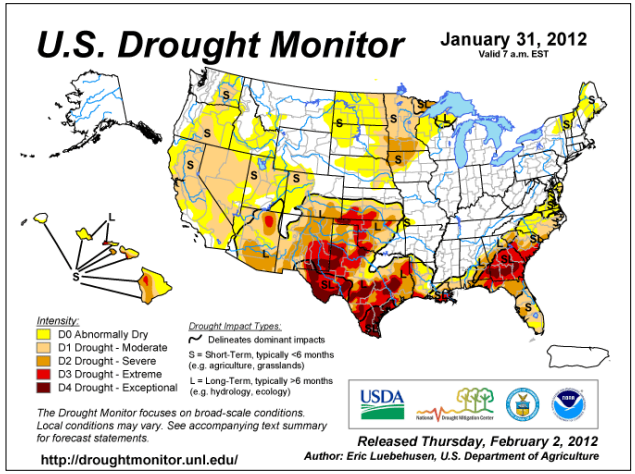
U.S. Corn Supply and Demand

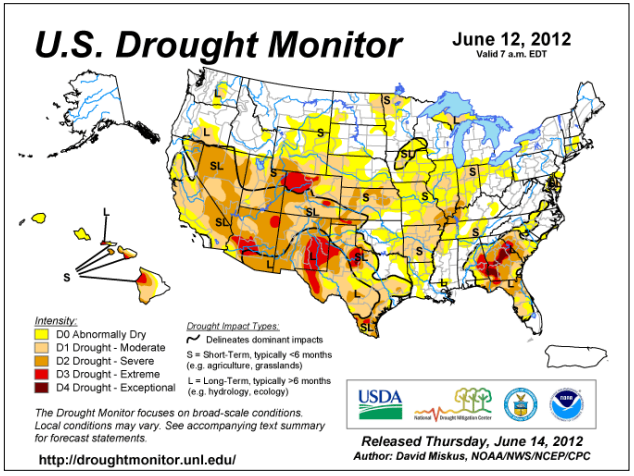
	2010/11 estimate	2011/12 forecast	2012/13 forecast	2013/14 forecast	Change from 2012/13
					Percent
Planted area (million acres)	88.2	91.9	97.2	96.5	-0.7
Harvested area (million acres)	81.4	84.0	87.4	88.8	1.6
Yield (bushels per acre)	152.8	147.2	123.4	163.6	32.6
		Million bushels			
Beginning stocks	1,708	1,128	989	632	-36.1
Production	12,447	12,360	10,780	14,530	34.8
Imports	28	29	100	25	-75.0
Total supply	14,182	13,516	11,869	15,187	28.0
Feed and residual	4,795	4,548	4,450	5,400	21.3
Food, seed, and industrial	6,426	6,437	5,887	6,110	3.8
Ethanol	5,019	5,011	4,500	4,675	3.9
Domestic use	11,221	10,985	10,337	11,510	11.3
Exports	1,834	1,543	900	1,500	66.7
Total use	13,055	12,527	11,237	13,010	15.8
Ending stocks	1,128	989	632	2,177	244.5
		Percent			
Stocks to use ratio	8.6	7.9	5.6	16.7	198.2
		Dollars per bushel			
Average market price	5.18	6.22	7.20	4.80	-33.3

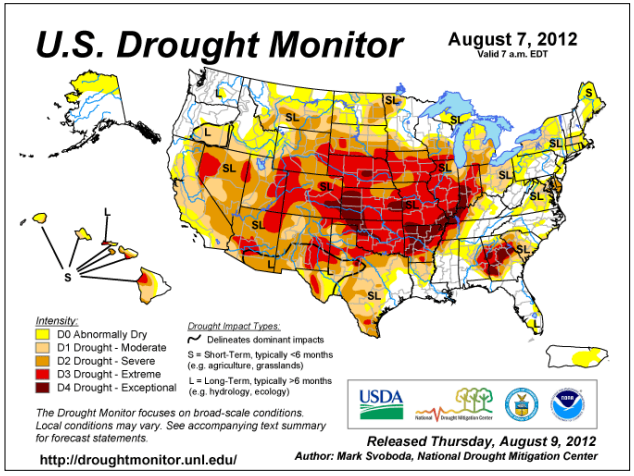
Drought Recedes in Eastern Corn Belt

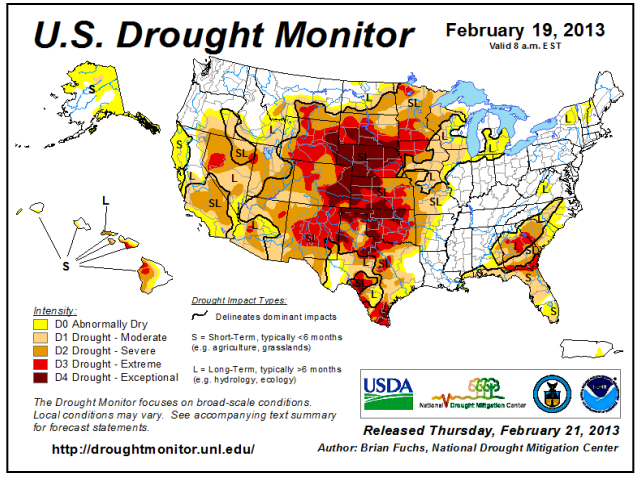






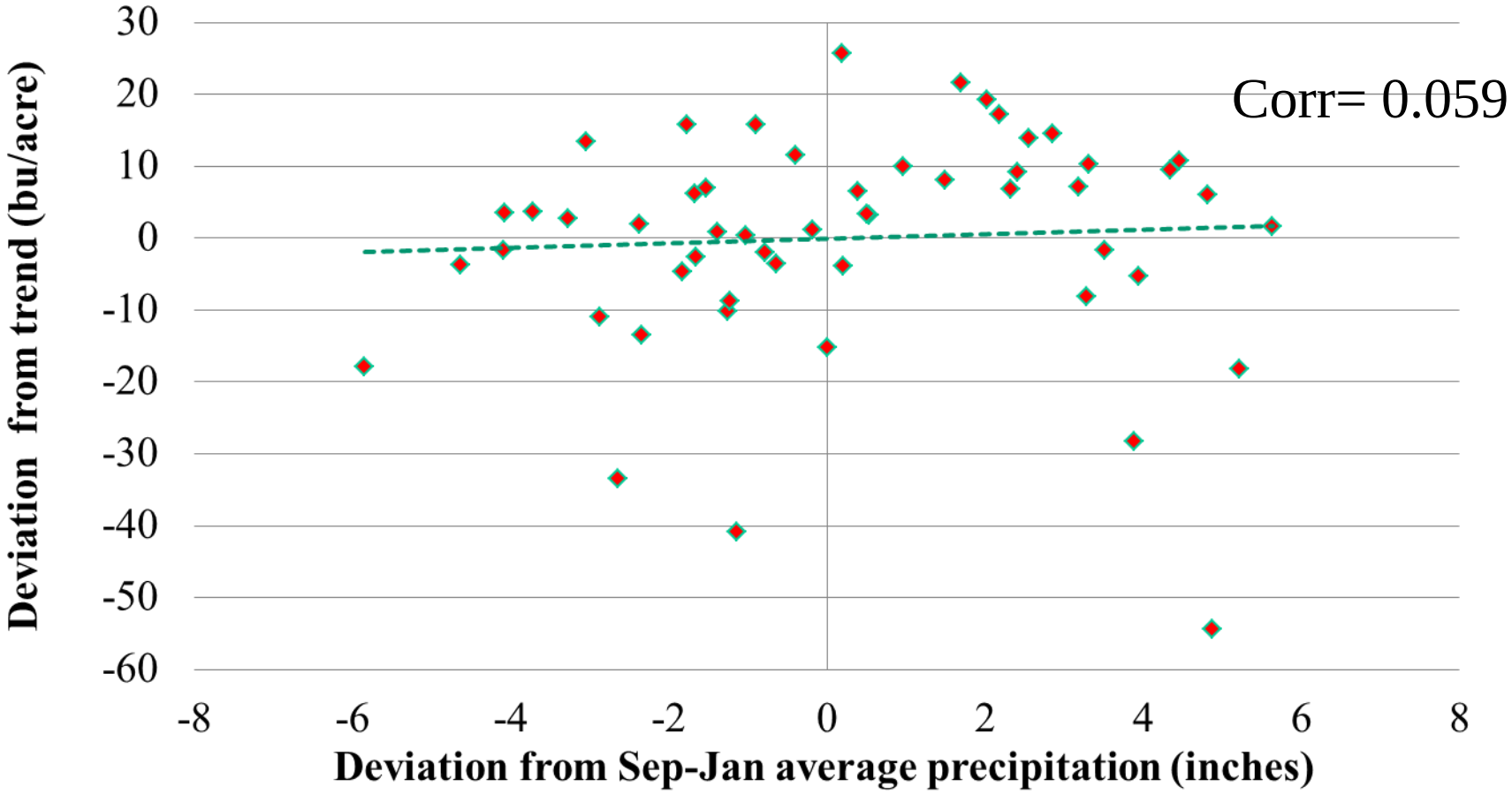




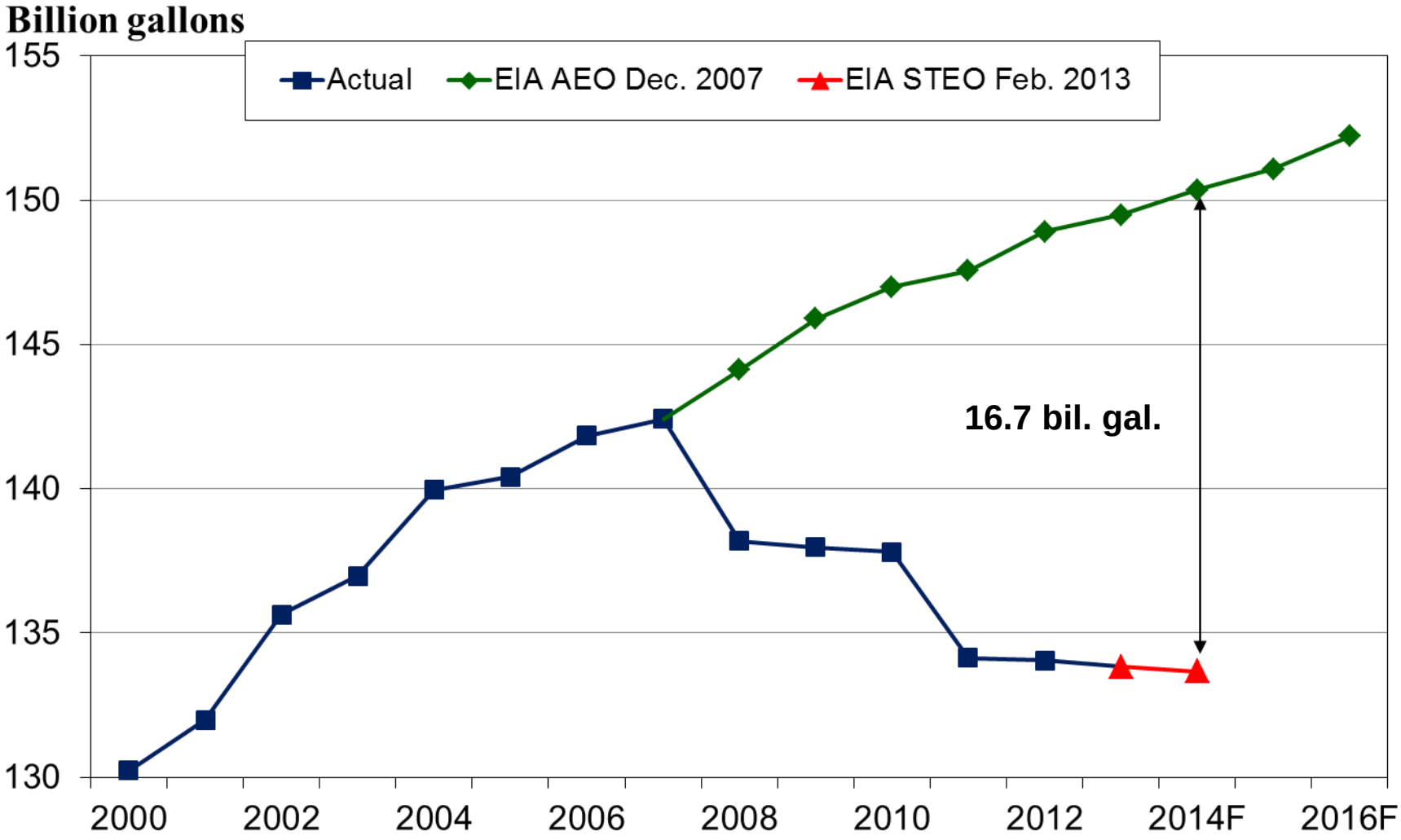


USDA Agricultural Weather Assessments
World Agricultural Outlook Board

Preseason Precipitation and Iowa Corn Yields

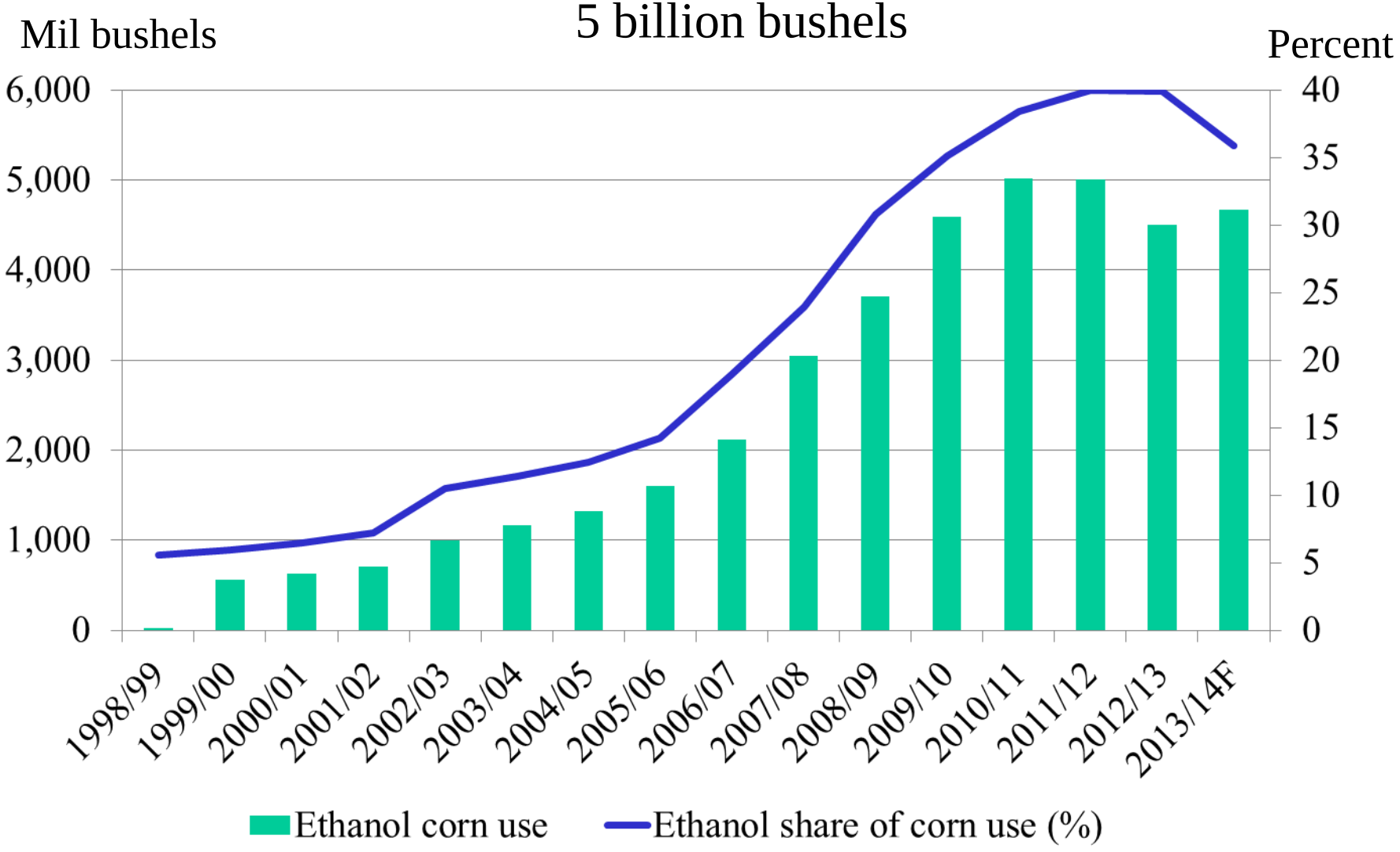


U.S. Blended Gasoline Consumption



Source: DOE-Energy Information Administration, *Short-term Energy Outlook* (STEO) and *Annual Energy Outlook* (AEO).

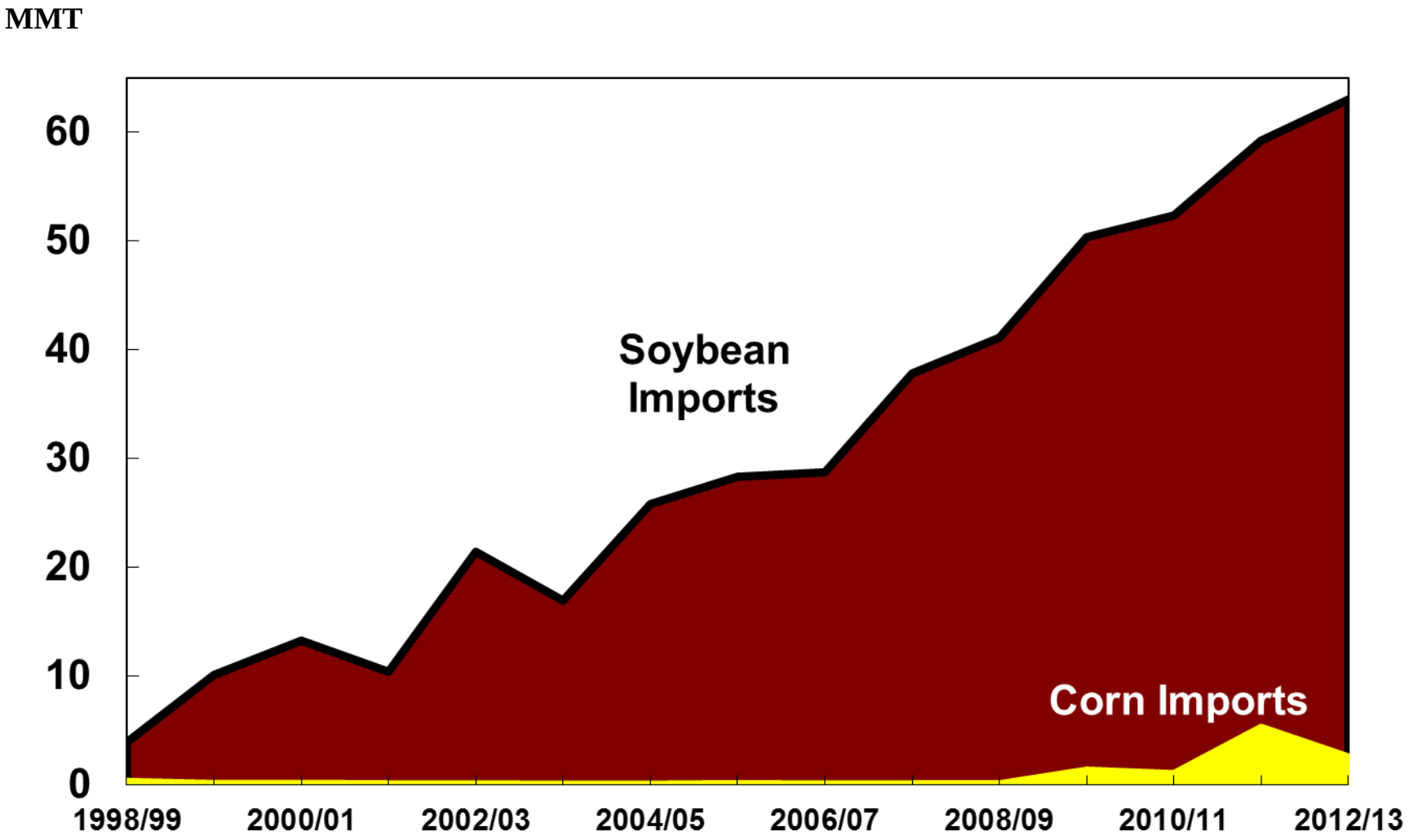
US Corn Use for Ethanol Rebounds, but Remains Below 5 billion bushels



U.S. Soybean Supply and Demand

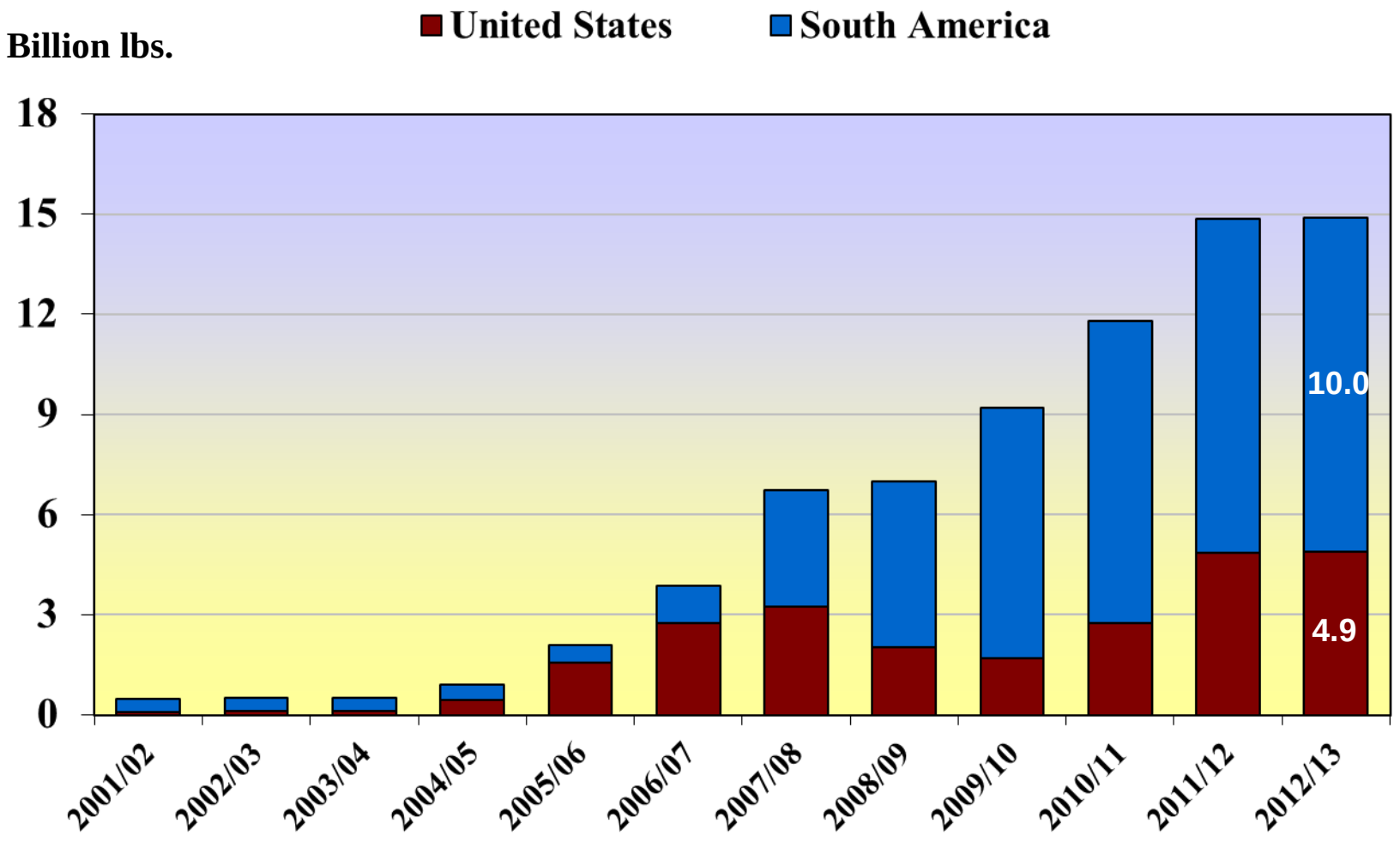
	2010/11	2011/12 estimate	2012/13 forecast	2013/14 forecast	Change from 2012/13
					Percent
Planted area (million acres)	**77.4**	**75.4**	**77.2**	**77.5**	**0.3**
Harvested area (million acres)	**76.6**	**73.8**	**76.1**	**76.6**	**0.7**
Yield (bushels per acre)	**43.5**	**41.9**	**39.6**	**44.5**	**12.4**
			Million bushels		
Beginning stocks	**151**	**215**	**169**	**125**	**-26.0**
Production	**3,329**	**3,094**	**3,015**	**3,405**	**12.9**
Imports	**14**	**16**	**20**	**15**	**-25.0**
Total Supply	**3,495**	**3,325**	**3,204**	**3,545**	**10.6**
Crush	**1,648**	**1,703**	**1,615**	**1,660**	**2.8**
Seed and Residual	**130**	**91**	**119**	**135**	**13.4**
Domestic use	**1,778**	**1,793**	**1,735**	**1,795**	**3.5**
Exports	**1,501**	**1,362**	**1,345**	**1,500**	**11.5**
Total Use	**3,280**	**3,155**	**3,080**	**3,295**	**7.0**
Ending Stocks	**215**	**169**	**125**	**250**	**100.0**
			Percent		
Stocks/use ratio	**6.6**	**5.4**	**4.1**	**7.6**	**85.4**
			Dollars per bushel		
Average market price	**11.30**	**12.50**	**14.30**	**10.50**	**-26.6**

China's Soybean Import Growth Leads World



Source: USDA

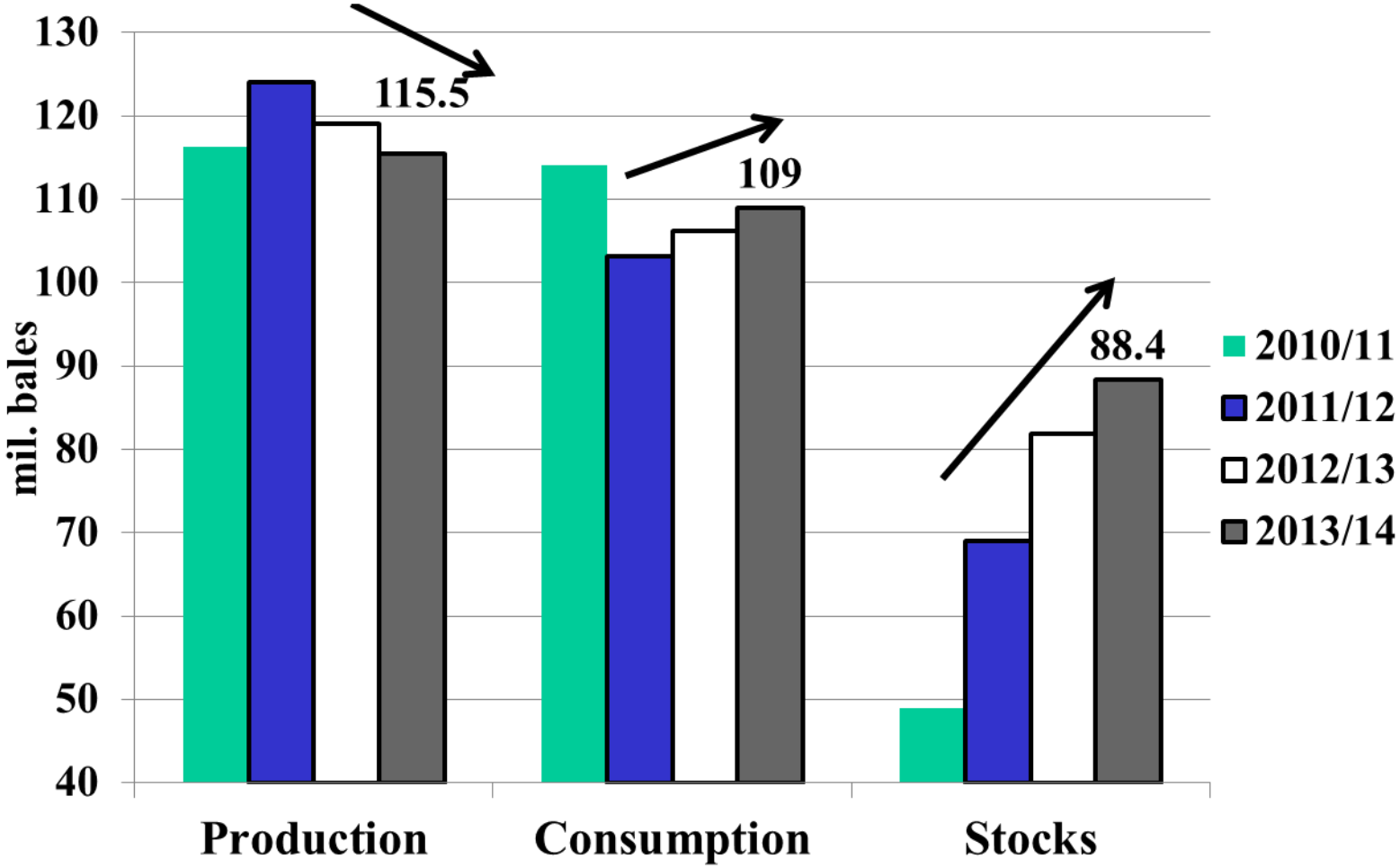
Soybean Oil used for Biodiesel Production



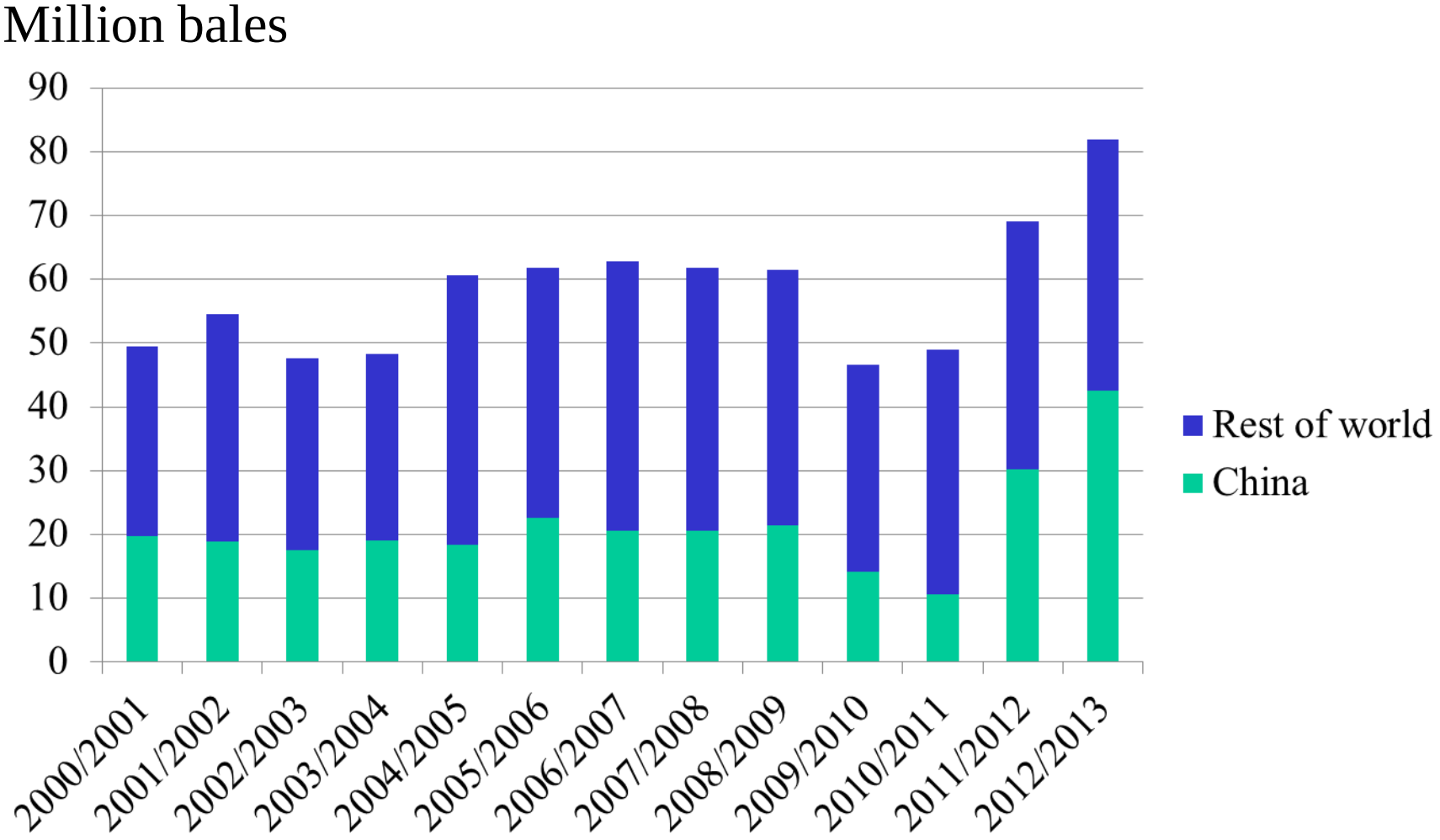
U.S. Cotton Supply and Demand

	2011/12 estimate	2012/13 forecast	2013/14 forecast	Change from 2012/13
				Percent
Planted area (million acres)	**14.7**	**12.3**	**10.0**	**-18.7**
Harvested area (million acres)	**9.5**	**9.4**	**8.4**	**-10.6**
Yield (pounds per acre)	**790**	**866**	**800**	**-7.6**
		Million bales		
Beginning stocks	**2.6**	**3.4**	**4.5**	**32.4**
Production	**15.6**	**17.0**	**14.0**	**-17.6**
Imports	**0.0**	**0.0**	**0.0**	**0.0**
Total Supply	**18.2**	**20.4**	**18.5**	**-9.3**
Domestic mill use	**3.3**	**3.4**	**3.5**	**2.9**
Exports	**11.7**	**12.5**	**11.3**	**-9.6**
Total Use	**15.0**	**15.9**	**14.8**	**-6.9**
Difference unaccounted	**0.0**	**0.0**	**0.0**	**0.0**
Ending Stocks	**3.4**	**4.5**	**3.7**	**-17.8**
		Percent		
Stocks/use ratio	**22.3**	**28.3**	**25.3**	**-10.6**
		Cents per pound		
Average market price	**88.3**	**71.00**	**73.00**	**2.8**

World Cotton Stocks Projected to Rise in 2013/14



China Builds Cotton Inventory



Crop Prices Projected to Fall from Record Levels

Crop	2009/10	2010/11	2011/12	2012/13	2013/14F	% Change 2011-12
Wheat	4.87	5.70	7.24	**7.90**	7.00	-11.4%
Corn	3.55	5.18	6.22	**7.20**	4.80	-33.3%
Soybeans	9.59	11.30	12.50	**14.30**	10.50	-26.6%
Rice	14.40	12.70	14.50	14.90	15.20	+2.0%
Cotton	62.9	81.5	**88.3**	71.0	73.0	+2.8%

Wheat, corn and soybeans in dollars per bushel; rice in dollars per hundredweight; cotton in cents per pound. Numbers in red denote record levels.

Source: USDA-NASS and Office of the Chief Economist, February 2013

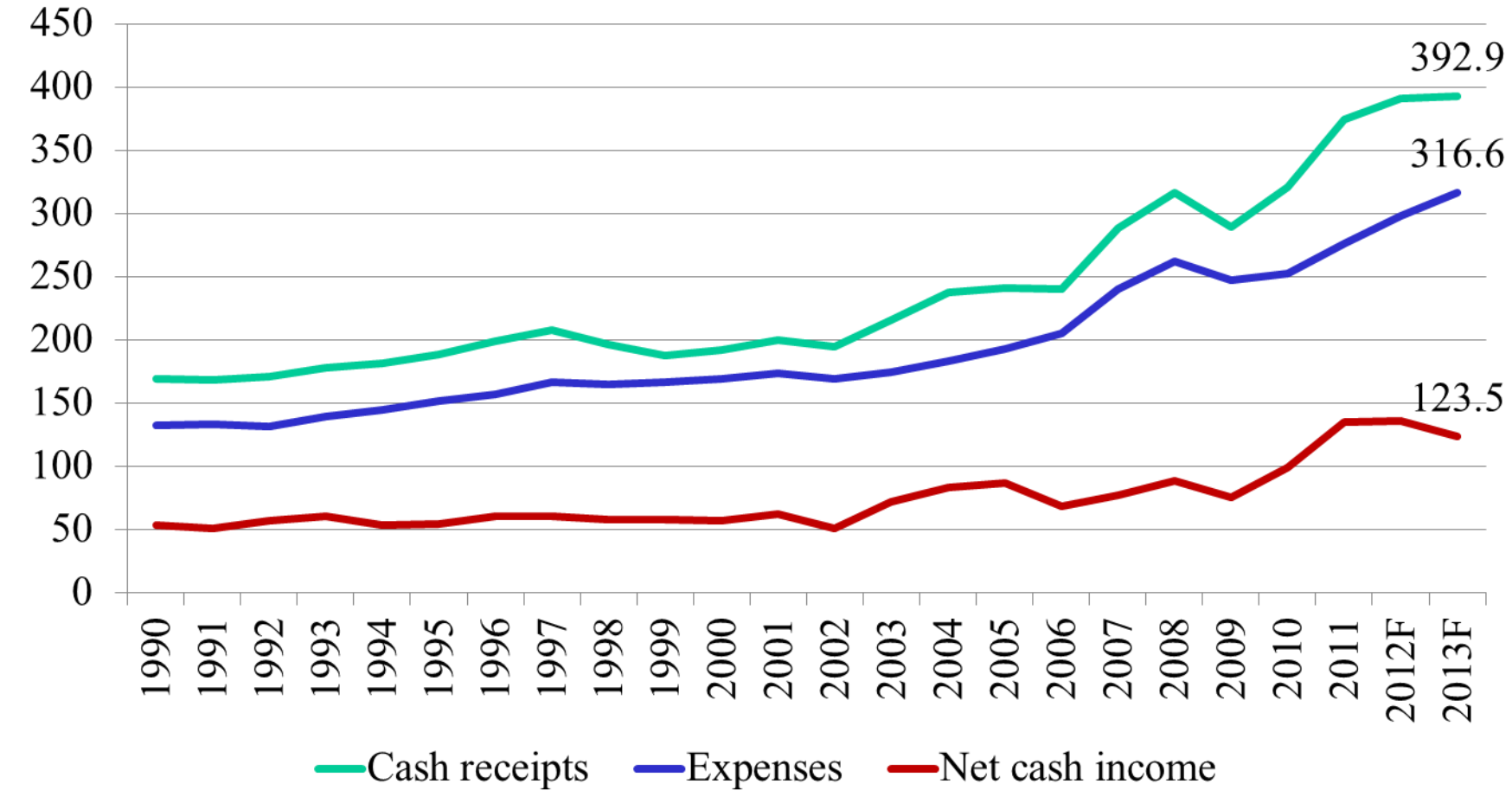
Livestock, dairy and poultry prices projected to increase in 2013

Animal products	2009	2010	2011	2012	2013F	% Change 2012-13
	Dollars per cwt					
Cattle	83.25	95.38	114.73	122.86	**129.50**	5.4
Hogs	41.24	55.06	66.11	60.88	63.00	3.5
Broilers	77.60	82.90	79.90	86.6	**95.00**	9.7
Milk	12.83	16.26	20.14	18.51	19.25	4.0

Prices in red denote record levels.

Source: Office of the Chief Economist, February 2013

Net Cash Income Projected to Fall in 2013, but Remain High relative to Historical Levels



Risks Around Forecasts

- Uncertain transition from the very tight old crop situation:
  - South American crop production.
  - Brazil export logistics.
  - Degree and duration of the new crop risk premium.
  - Timing/availability of new-crop supplies.

- Actual planted acreage for 2013.

- Volatility in oil and energy markets.

- Foreign producers' response to falling prices.

- China:
  - Will China increase/decrease cotton buying?
  - Will China ramp up corn imports as prices become more attractive?
  - Will China continue to increase soybean buying?

- Weather.

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- **WEATHER !**

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Mark Your Calendar

- March 28 – NASS **- Prospective Plantings** report

- May 10 **-** First **2013/14** Marketing Year Forecasts **- World Agricultural Supply and Demand Estimates** report

End of USDA Presentation

http://www.usda.gov/oce/speeches/index.htm