

2017 Crop Market Outlook

Presented at the Row Crop Short Course
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Adam N. Rabinowitz, PhD

Assistant Professor and Extension Specialist

Agricultural and Applied Economics



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Soybeans



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Soybean Crop, 2014-2016

	Planted Acres			Harvested Acres			Yield (bu/acre)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
FL (1,000)	39	33	31	37	29	29	43.0	38.9	36.0
GA (1,000)	300	325	260	290	310	240	40.0	43.0	30.0
US (million)	83.3	82.7	83.4	82.6	81.8	82.7	47.5	48.0	52.5

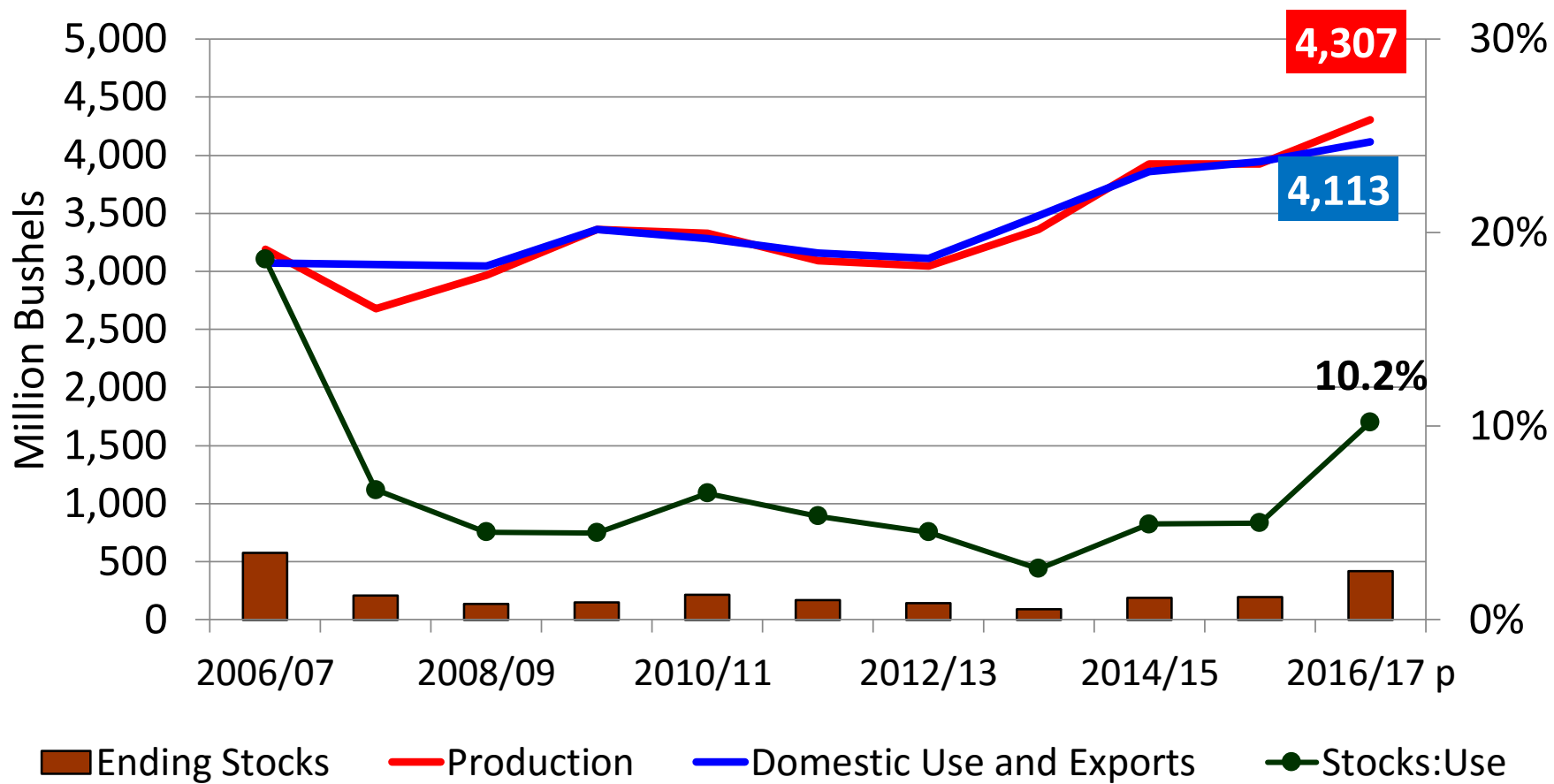
- Planted acres up in US but down in GA
- Record US yield in 2016 but GA yield down
- Record US production at 4.3 billion bushels
- GA Production at 7.2 million | FL Production at 1.04 million bushels



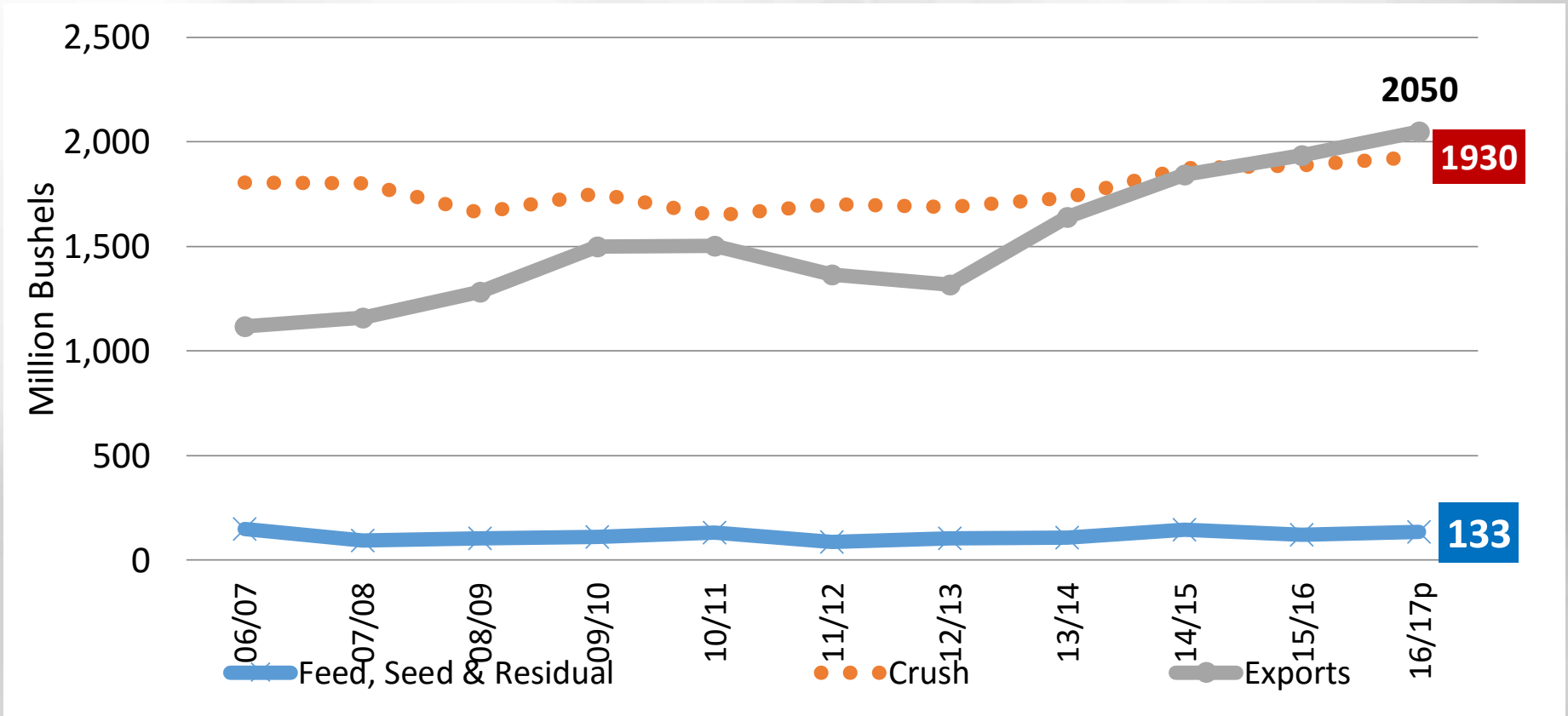
Data Source: USDA-NASS

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U.S. Soybean Supply and Demand



U.S. Soybean Utilization

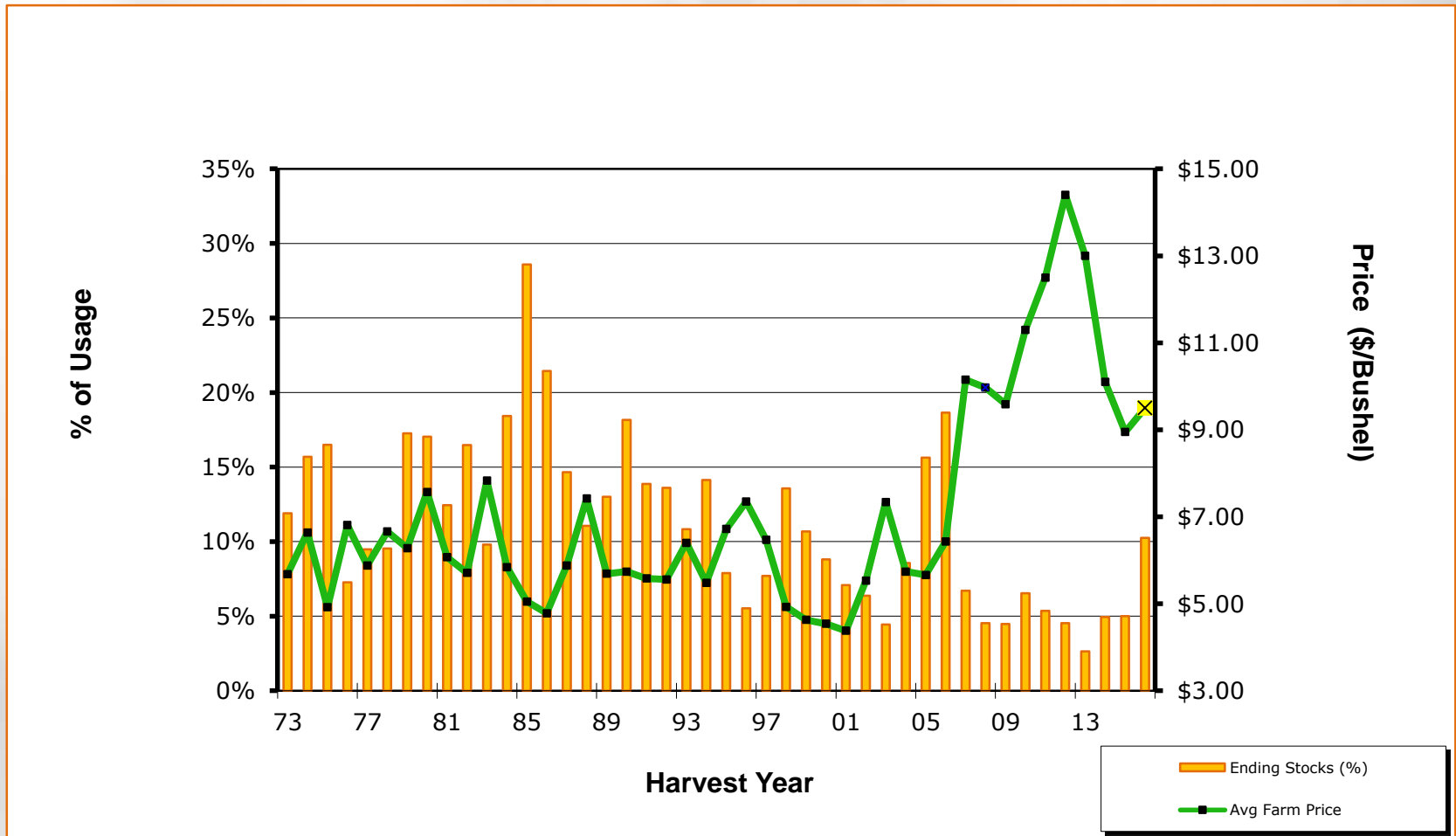


World Soybean Market

	2015/16 Production (MMT)	2016/17 Production (MMT)	2015/16 Exports (MMT)	2016/17 Exports (MMT)
United States	106.9	117.2	52.7	55.8
Argentina	56.8	55.5	9.9	9.0
Brazil	96.5	104.0	54.4	59.5
World Total	313.0 (83%)	336.6 (82%)	132.3 (88%)	140.1 (89%)

- China is expected to continue increased imports 86 million metric tons, up from 83MMT.
- China expected to import 63% of World imports.
- World ending stocks up 45% from 2012.

Soybean Price vs Ending Stocks



Soybeans Futures (Nov 2017)



Soybean Outlook Summary

US soybean acres are projected to increase in 2017 due to the higher soybean prices relative to corn.

Whether strong exports continue is going to be a big question and will depend on the South American crop and trade relations.



Corn



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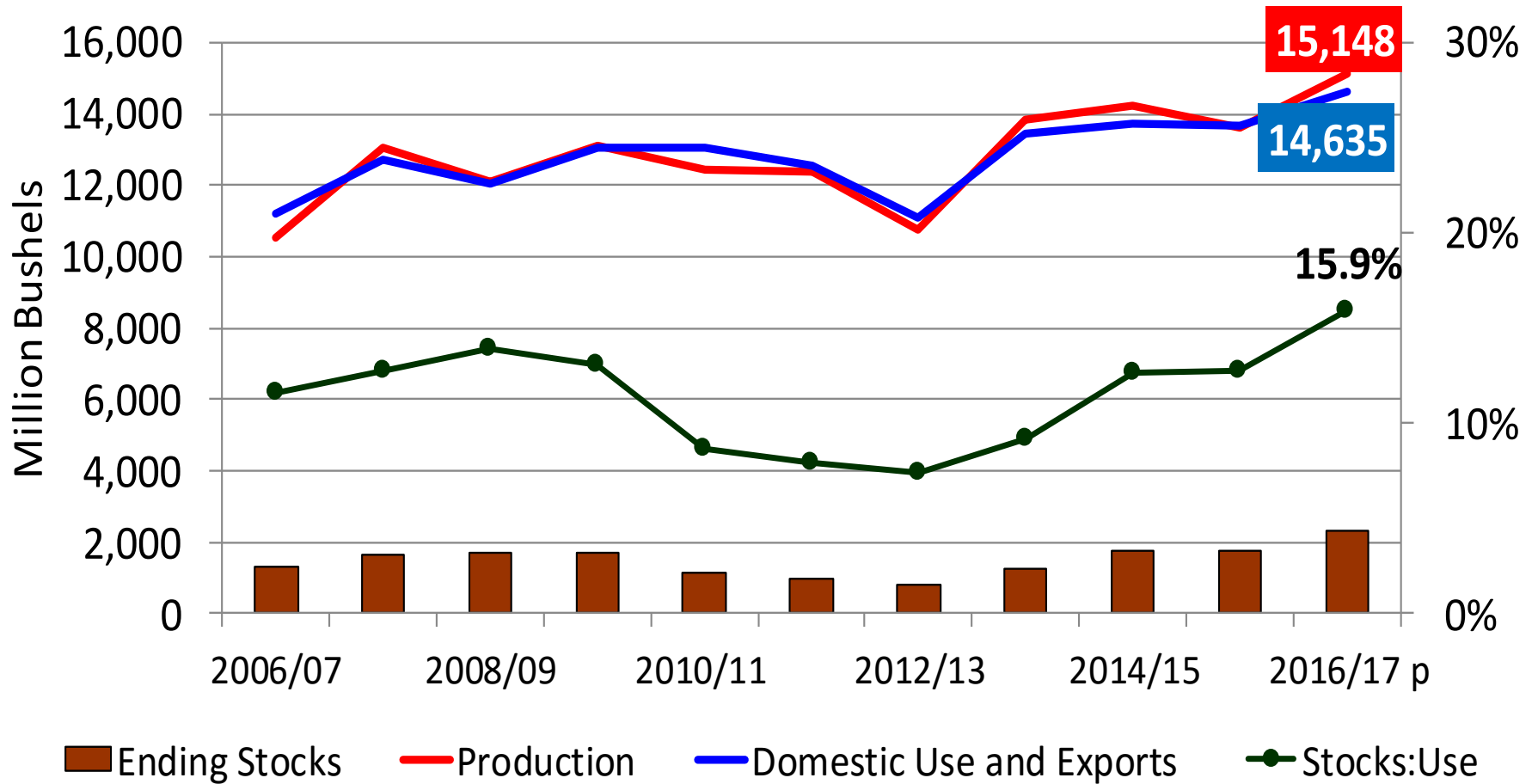
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Corn Crops, 2014-2016

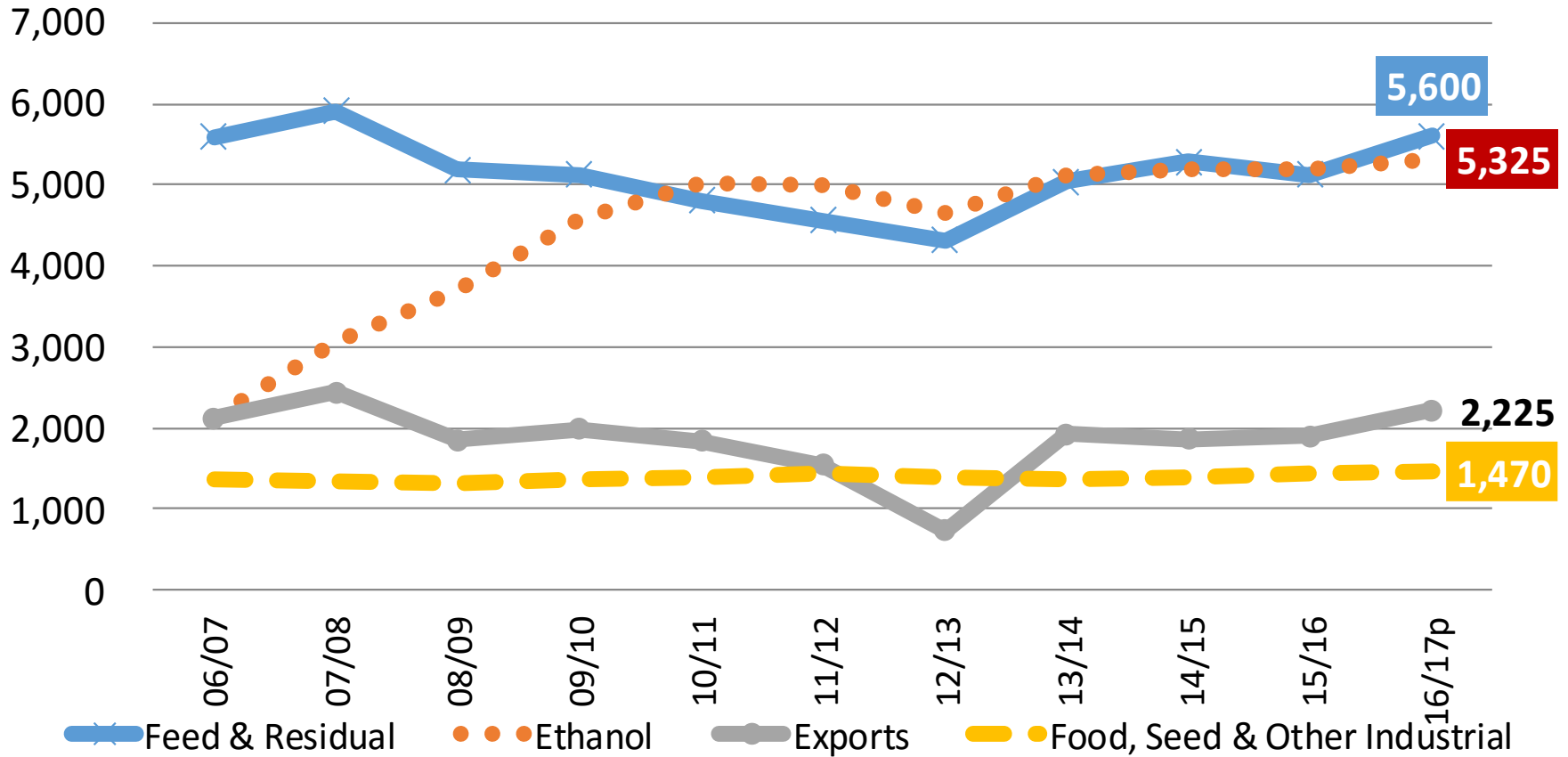
	Planted Acres			Harvested Acres			Yield (bu/acre)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
FL (1,000)	75	80	80	40	50	40	135.0	141.0	145.0
GA (1,000)	350	330	410	310	285	340	170.0	171.0	165.0
US (million)	90.6	88.0	94.0	83.1	80.8	86.7	171.0	168.4	174.6

- Planted acres up in US and GA
- Record US yield in 2016 but GA yield down
- Record US production at 15.148 billion bushels.

U.S. Corn Supply and Demand



U.S. Corn Utilization

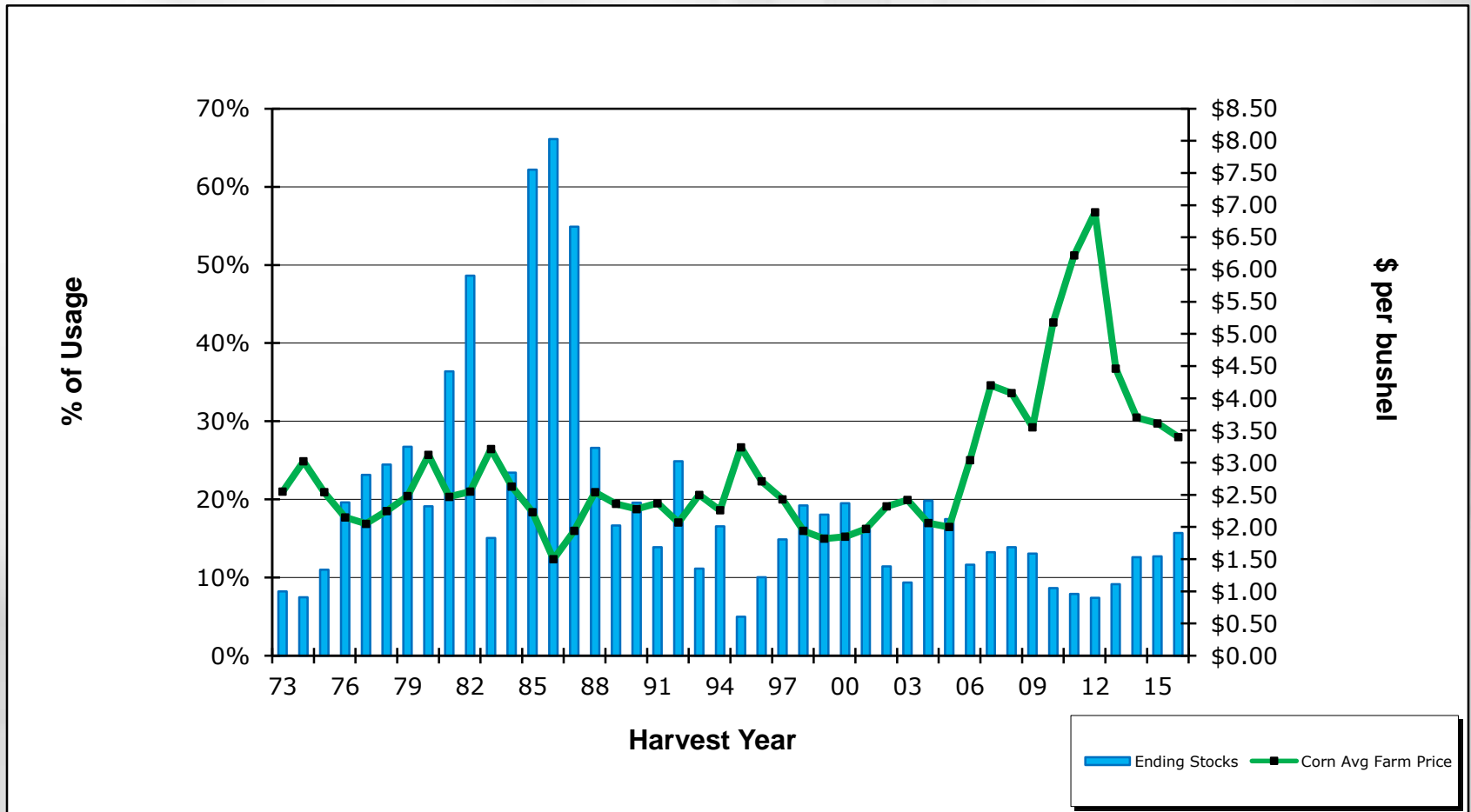


World Corn Market

	2015/16 Production (MMT)	2016/17 Production (MMT)	2015/16 Exports (MMT)	2016/17 Exports (MMT)
United States	345.5	384.8	48.2	56.5
Argentina	29.0	36.5	21.7	25.0
Brazil	67.0	86.5	15.0	28.0
World Total	960.7 (46%)	1,040.2 (49%)	121.1 (70%)	149.0 (73%)

- Mexico corn production projected to be record high.
- World ending stocks up 58% from 2012.

Corn Price vs Ending Stocks



Corn Futures (Dec 2017)



Corn Outlook Summary

US corn acres to decrease in 2017 due to lower corn prices relative to soybeans

Ethanol levels increasing due to Renewable Fuel Standard increases

Whether strong exports continue is going to be a big question



Peanuts



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Peanut Crops, 2014-2016

	Planted Acres			Harvested Acres			Yield (lbs)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
FL (1,000)	175	190	155	167	180	147	4,000	3,600	3,900
GA (1,000)	600	785	720	589	777	709	4,135	4,330	3,940
US (million)	1.35	1.63	1.67	1.32	1.56	1.55	3,923	3,845	3,675

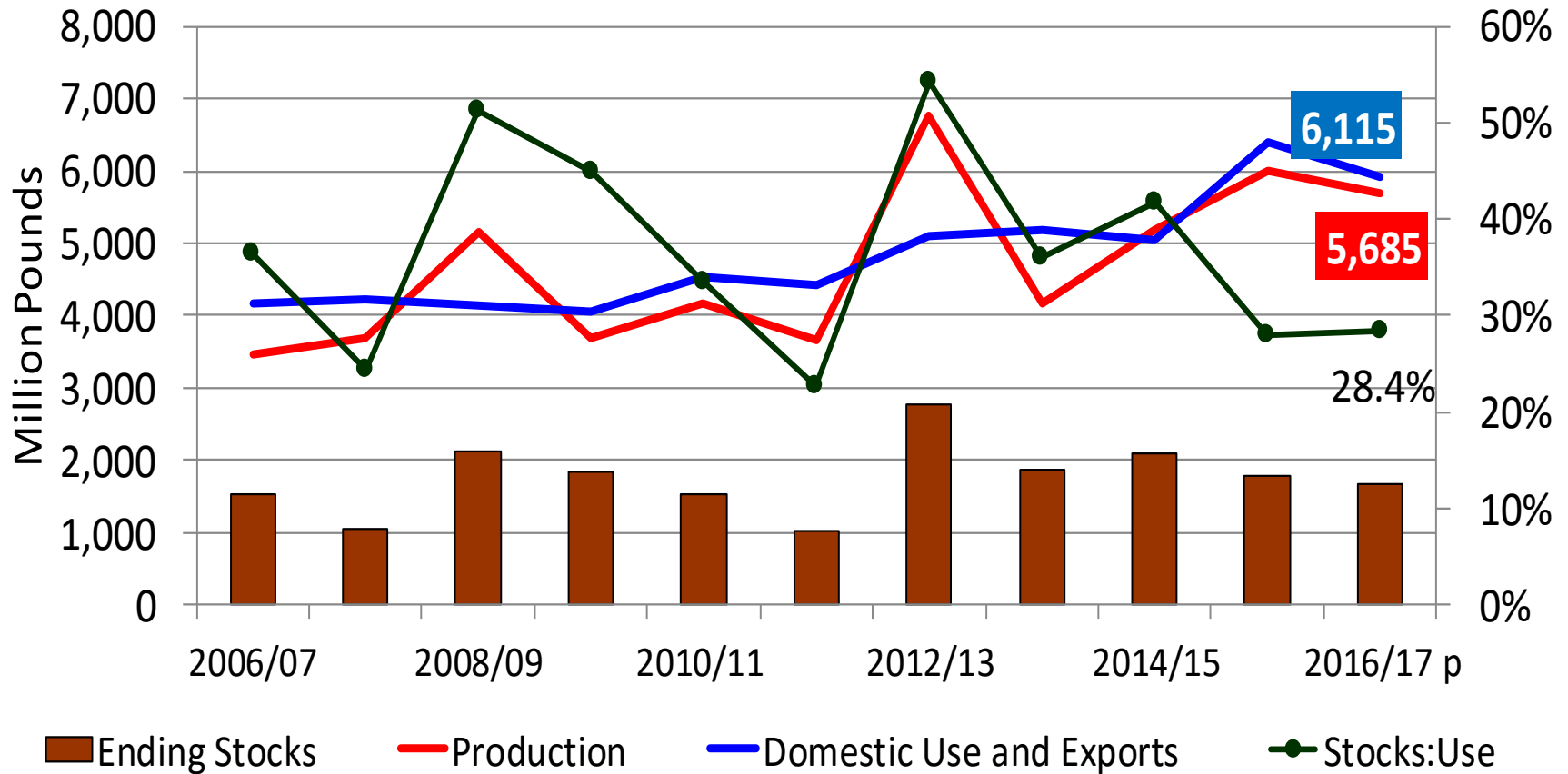
- Planted acres up in US and down slightly in GA
- Yields on a downward trend for past 3 years
- US production at 5.7 billion pounds.



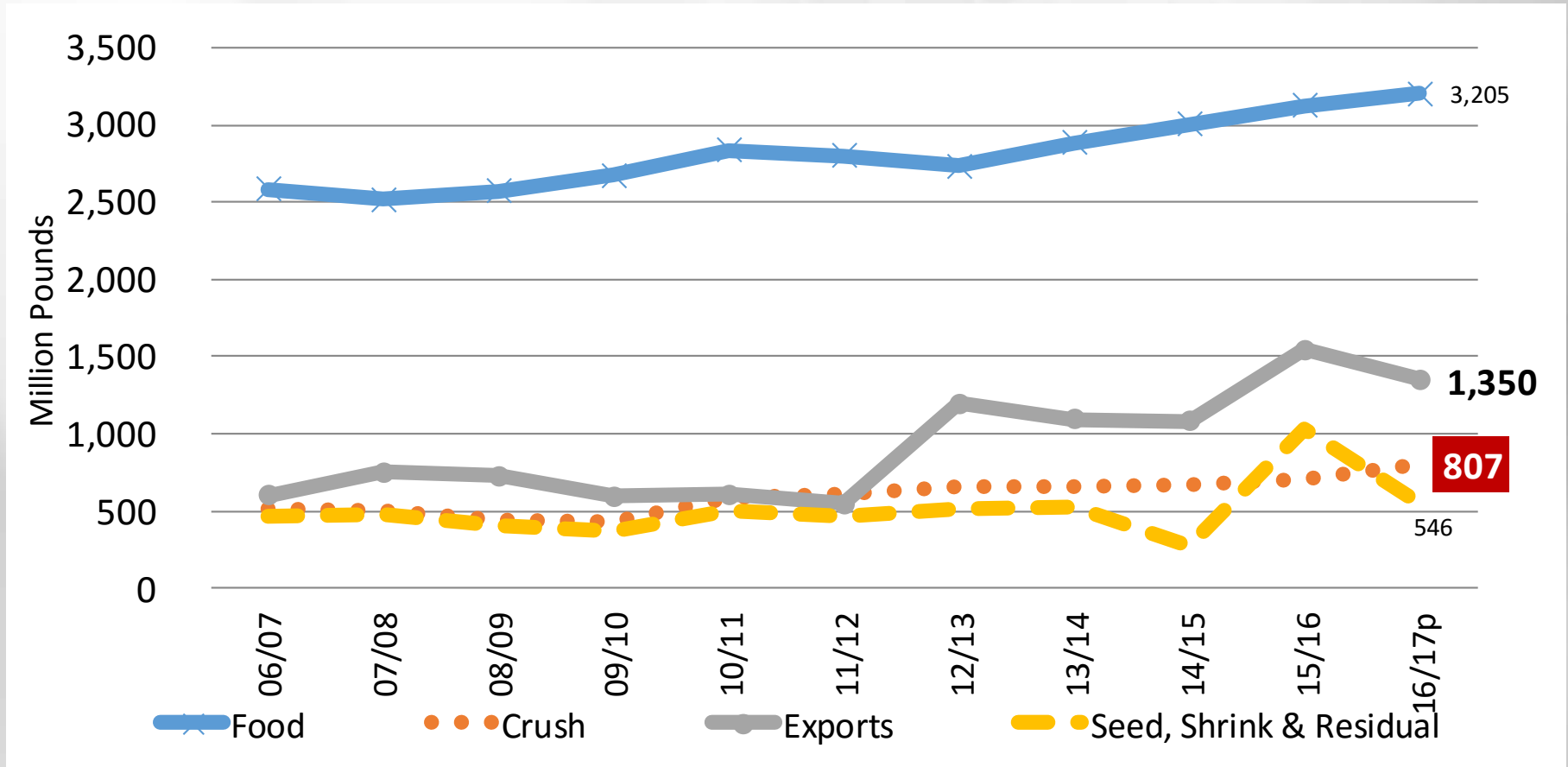
Data Source: USDA-NASS

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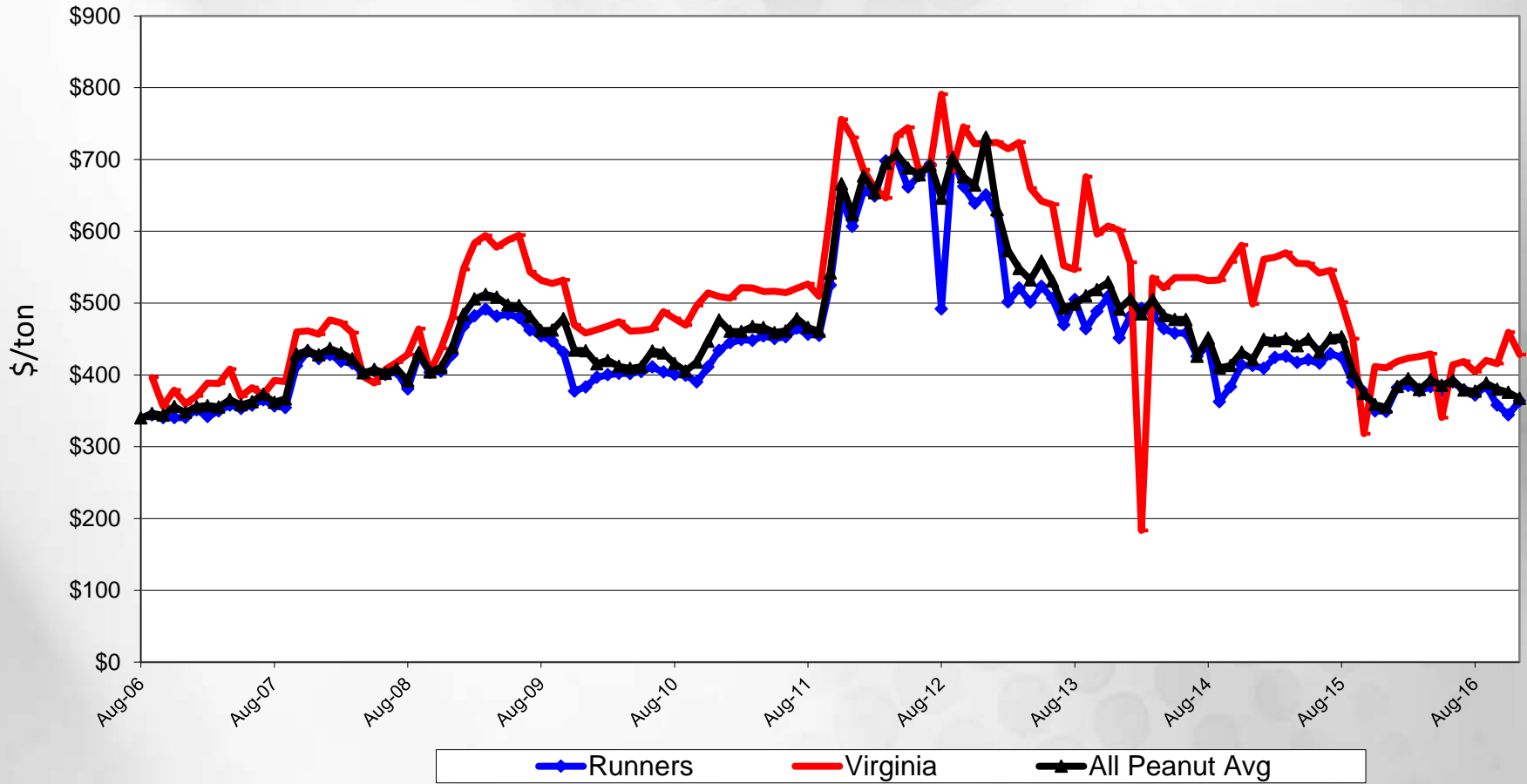
U.S. Peanut Supply and Demand



U.S. Peanut Utilization



Peanut Price – Monthly Average



Note: Runners, Virginia, and All prices are converted from values of weekly prices and marketings.



Data Source: USDA-NASS

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Price Loss Coverage

Marketing Year	PLC Payment Rate	Pay Date
2014/15	\$0.0475/lb or \$95/ton	October 2015
2015/16	\$0.0745/lb or \$149/ton	October 2016
2016/17 Projected	\$0.0735/lb or \$147/ton	October 2017

Peanut Outlook



- 2017: Thinking about the year to come...
 - Projected ending stock (July 31) falling
 - Demand strong – allergy advice and healthfulness
 - Supply questions – PLC payments, price of other commodities, a cotton program, and crop rotation
 - Export questions – China and trade relations

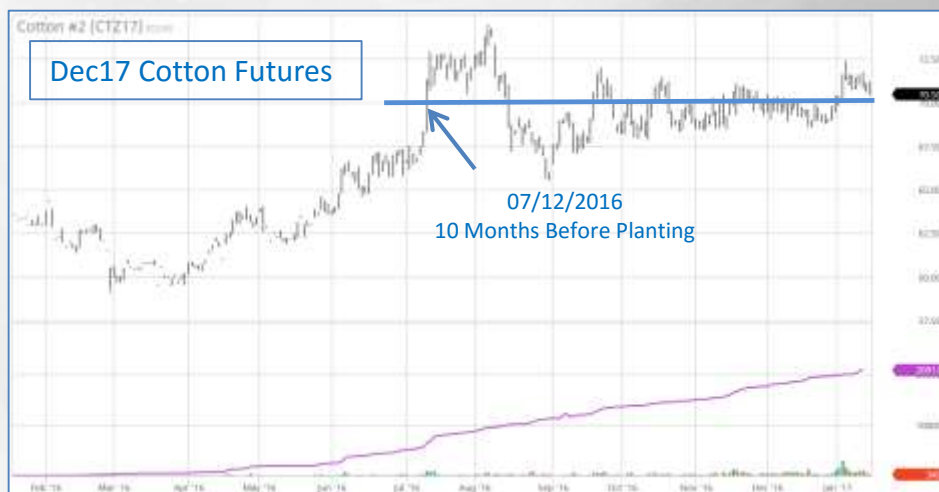
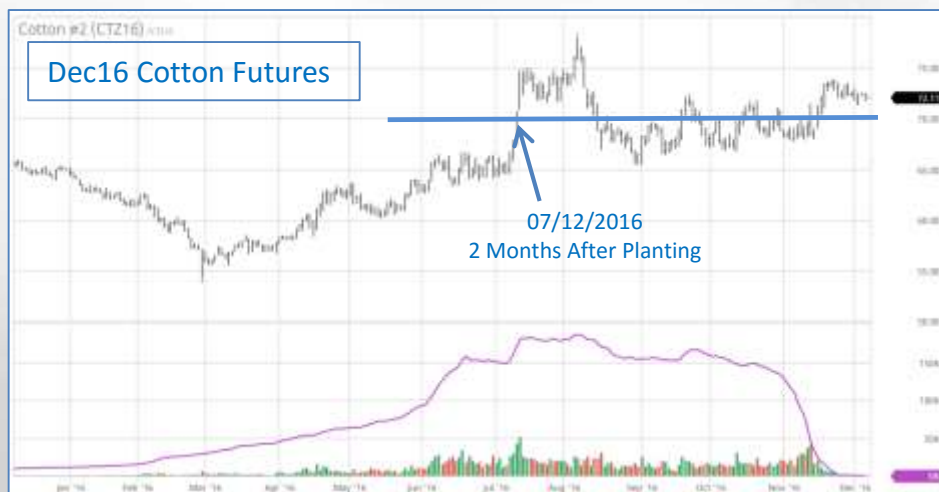
Cotton



Slides provided by:
Don Shurley, University of Georgia

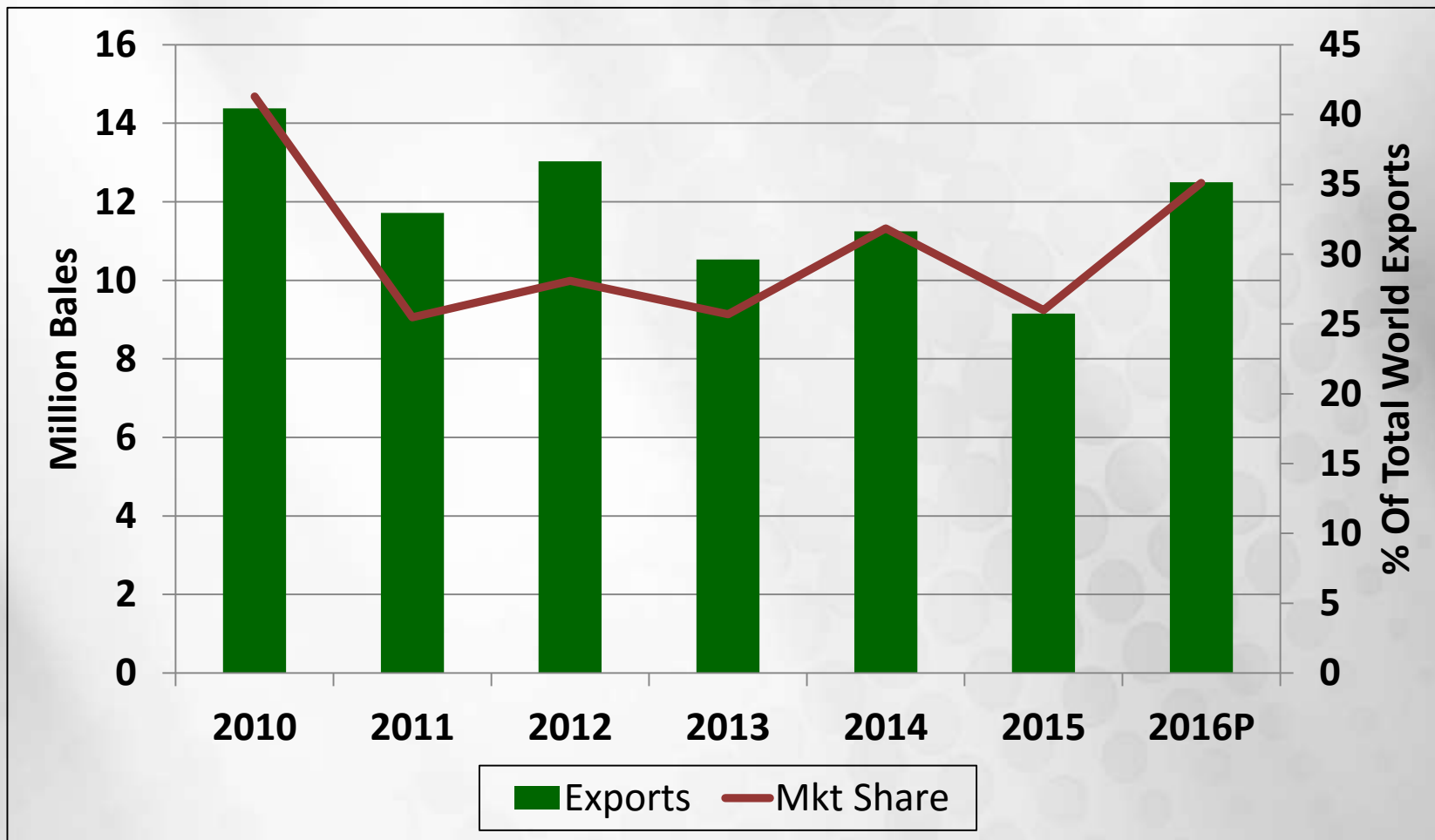
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The Foundation Could Already Be Set for a Better 2017

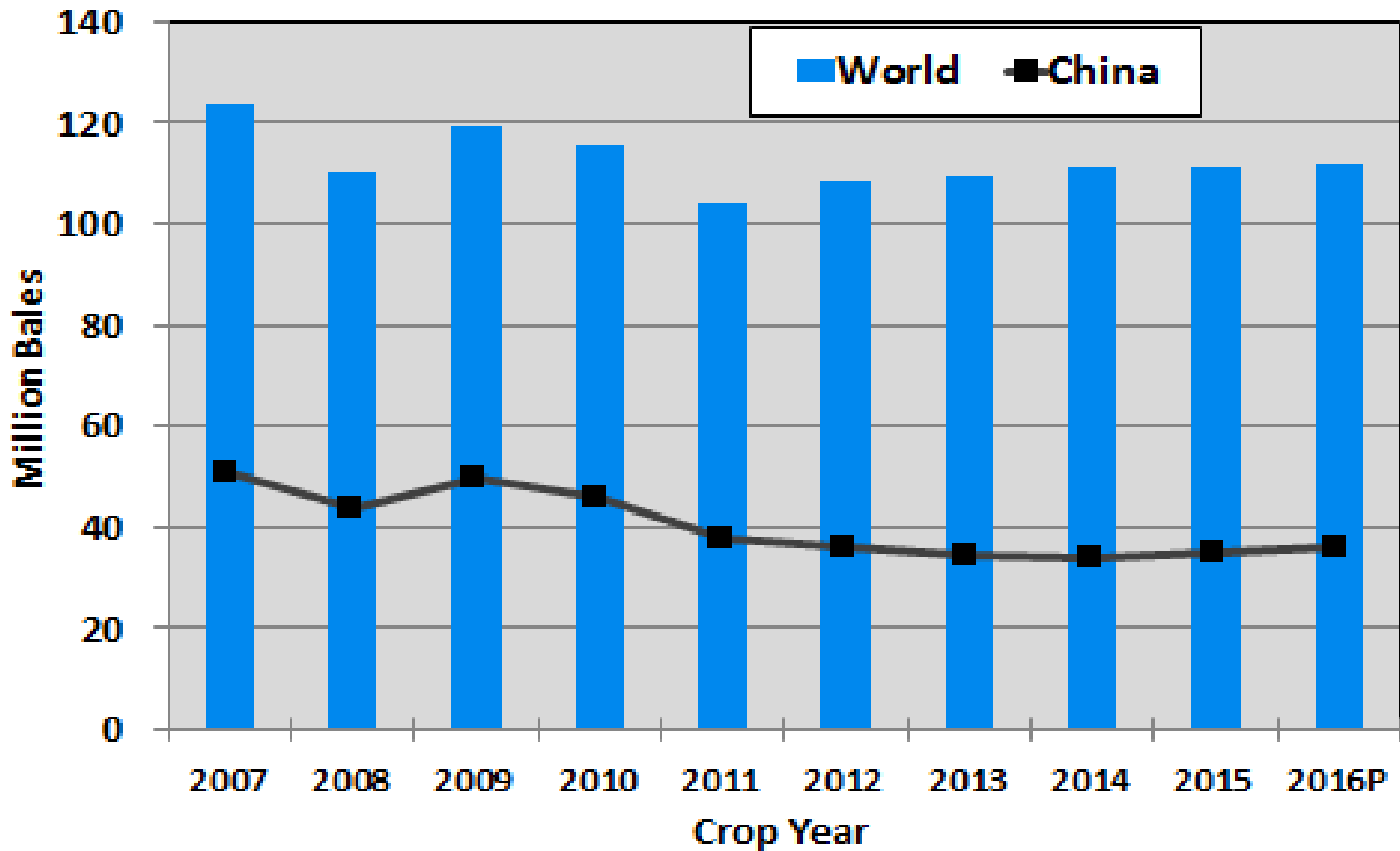


**Whether it happens is another matter.
70 cents seems to be the barometer for this market.**

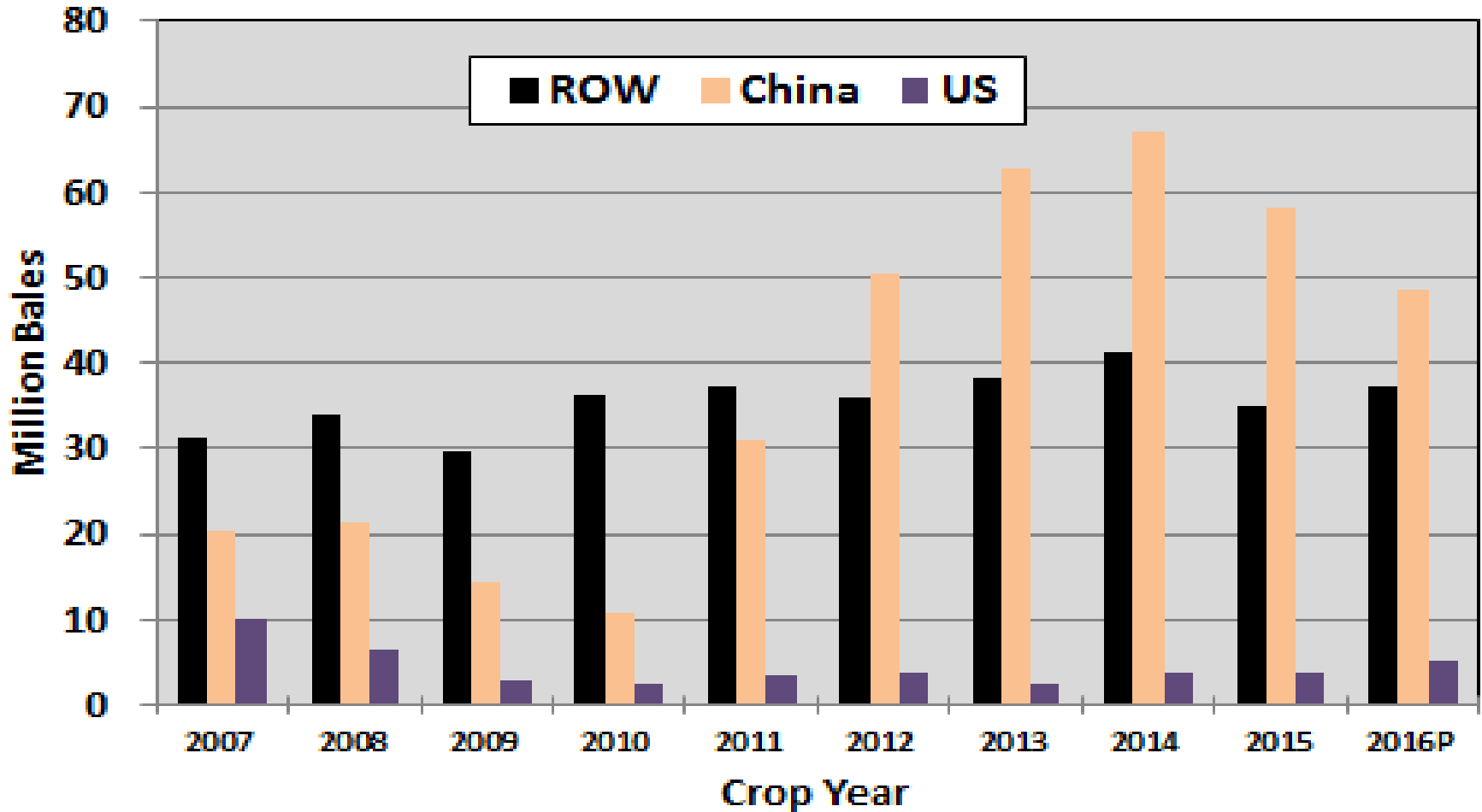
US Cotton Exports and Share of World Exports



World and China Cotton Use/Demand



Ending Stocks–China, US, and Rest of the World



Cotton Futures (Dec 2017)



Data Source: www.barchart.com

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2017 Cotton Summary and Outlook

- US acreage will be up.
- This may add pressure to prices but ultimately price will hinge on foreign production also
- Stocks should continue to decline; another round of sales by China
- Demand is stable with no real growth

Inputs and Crop Comparisons

Slides provided by:

Amanda R. Smith, University of Georgia



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The big takeaway:

- Now, more than ever, you need to know your cost of production

**Budgets and Crop Comparison Tool
online at**

<http://agecon.uga.edu/extension>

2017 Inputs Outlook

- Seed prices: minor changes, estimate 1% increase
- All fertilizers down from year ago, likely hit bottom in 2016 (budgets: N = \$0.42, P = \$0.39, K = \$0.28)
- Diesel fuel down from year ago, hit bottom in 2016 and expected to increase through 2017
- Chemicals mixed (some up, some down)
- Machinery, up 1.5% from last year
- Labor rates are about same as last year

2017 Row Crop Comparison Tool

Comparison of 2017 Estimated Net Returns, Georgia, Irrigated					
	Corn	Cotton	Grn Sorgh	Peanuts	Soybeans
Expected Yield	200	1,200	100	4,700	60
Expected Average Price ¹	\$4.25	\$0.72	\$4.00	\$438	\$9.75
Crop Income	\$850	\$864	\$400	\$1,028	\$585
Variable Costs ²	\$640	\$505	\$310	\$640	\$250
Net Return Per Acre Above VC	\$210	\$359	\$90	\$388	\$335

1/ Expected average price. Cotton includes LDP and quality premium.

2/ Assumes Jan 2017 costs, [Crop Comparison Tool](#), Department of Agricultural and Applied Economics, UGA

Don't forget land and management costs...

2017 Row Crop Comparison Tool

Comparison of 2017 Estimated Net Returns, Georgia, Non-Irrigated

	Corn	Cotton	Grn Sorgh	Peanuts	Soybeans
Expected Yield	85	750	65	3,400	30
Expected Average Price ¹	\$4.25	\$0.72	\$4.00	\$438	\$9.75
Crop Income	\$361	\$540	\$260	\$744	\$293
Variable Costs ²	\$288	\$405	\$209	\$538	\$191
Net Return Per Acre Above VC	\$73	\$135	\$51	\$206	\$102

1/ Expected average price. Cotton includes LDP and quality premium.

2/ Assumes Jan 2017 costs, [Crop Comparison Tool](#), Department of Agricultural and Applied Economics, University of Georgia

Don't forget land and management costs...



Issues/Challenges Facing Farmers

- Low prices but moving up
 - Strong US dollar – Exports are more expensive
 - New Administration Trade Policy – Exports???
- How are you going to lower your cost of production?
 - Renegotiate land rents
 - Manage inputs applied
 - Best management practices ...
- Knowing your cost of production is **CRUCIAL**

Thank You!

Contact Info:

Adam N. Rabinowitz, Ph.D.

Assistant Professor and Extension Specialist

Department of Agricultural and Applied Economics

The University of Georgia – Tifton Campus

2360 Rainwater Rd., Tifton, GA 31793

Phone: (229) 386-3512

E-mail: adam.rabinowitz@uga.edu

Webpage: <http://agecon.uga.edu>

