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Grain Markets

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Spring 2022

Grain Markets



Marketing Decisions

Continued volatility

- Trade
- Weather
- World Economy
- Government



Overview

- Today's Markets
- Weather
- Trade
- Corn
- Soybeans
- China
- Ukraine
- Outlook



Today's Price

	<u>Corn</u>	<u>Soybeans</u>
April 2022	\$8.05	\$16.67
October 2022	\$7.22	\$14.68
April 2021	\$5.93	\$14.02
April 2020	\$2.96	\$7.94



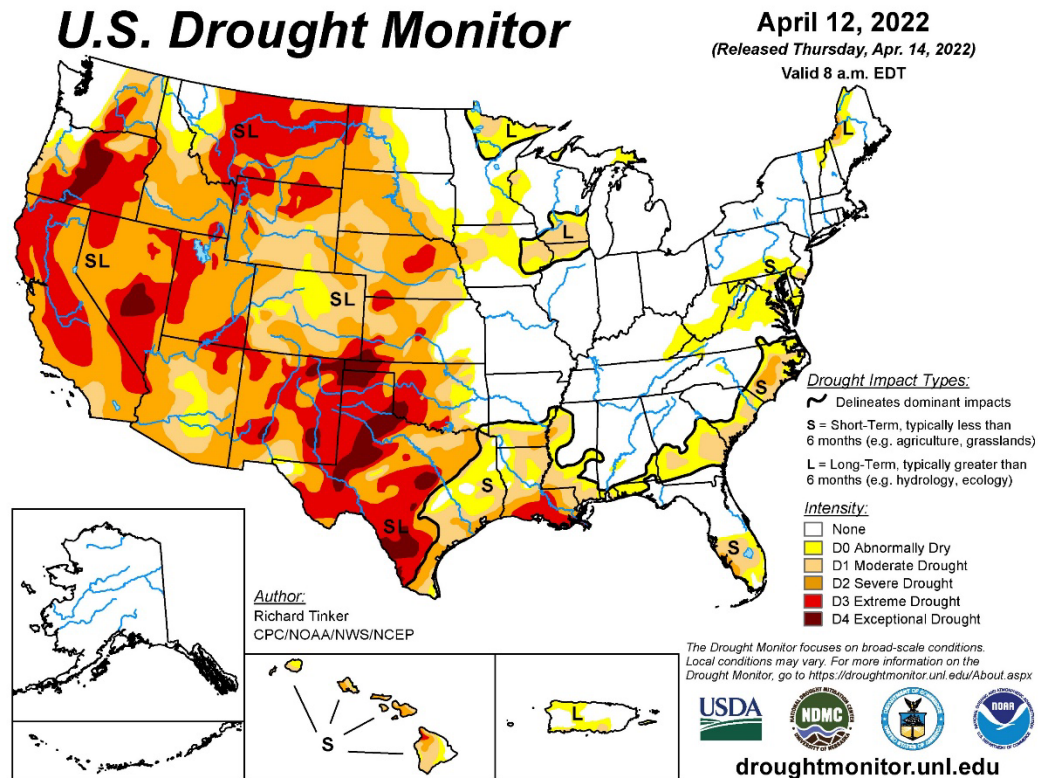
Weather



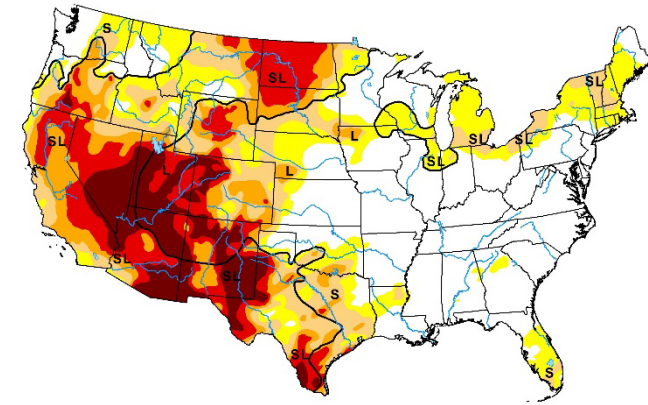
U.S. Drought Monitor

Impact on Crops and Livestock

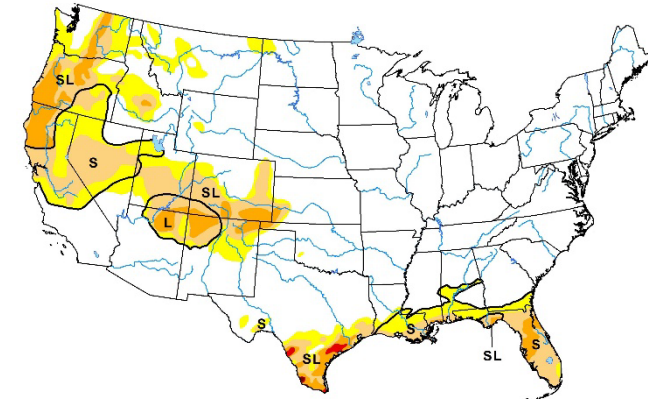
April 14, 2022



April 13, 2021



April 14, 2020



Source: <http://droughtmonitor.unl.edu/>

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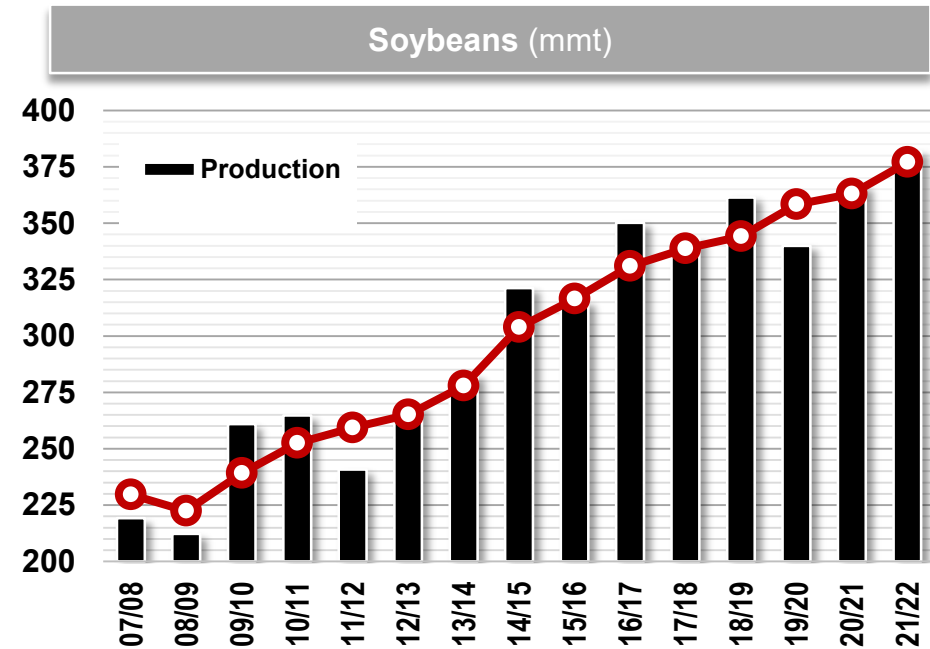
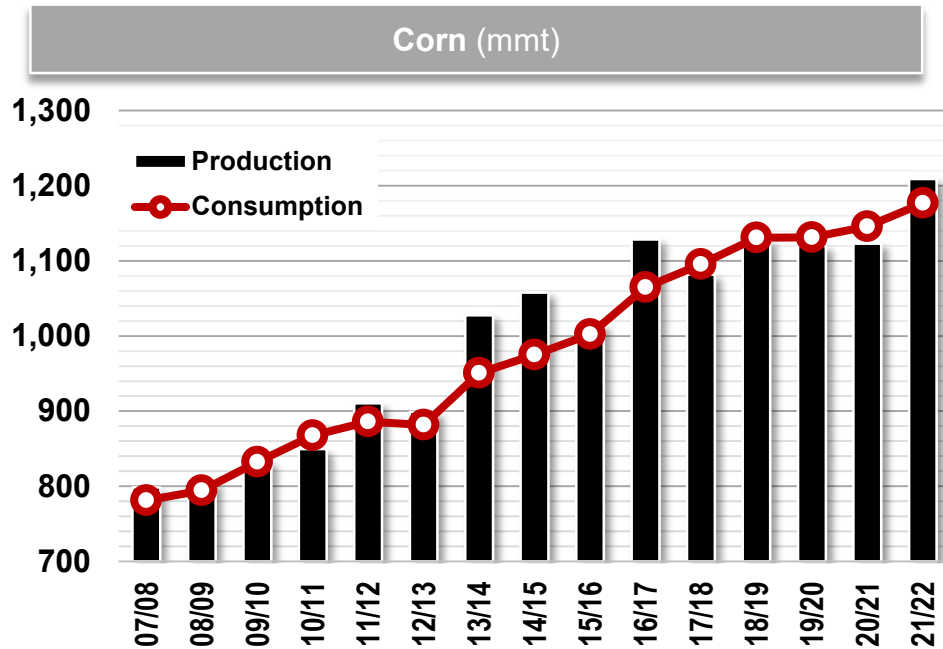


Agricultural Trade



Global Production & Consumption Growth

Growth in Agricultural Demand has been Phenomenal



Data Source: USDA December 2021

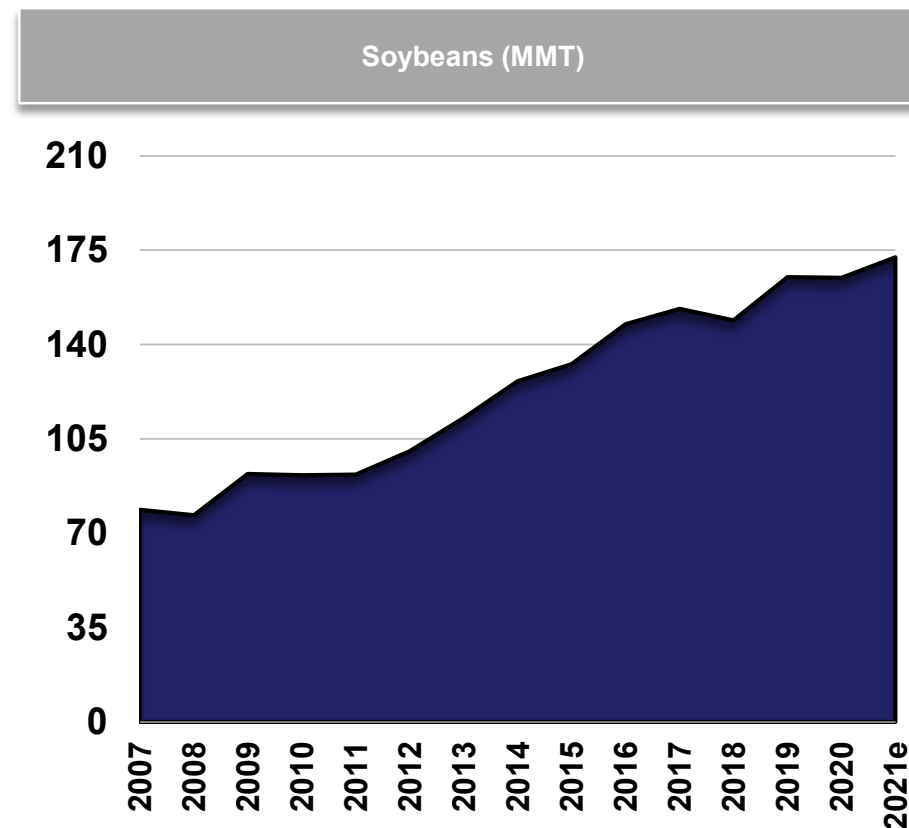
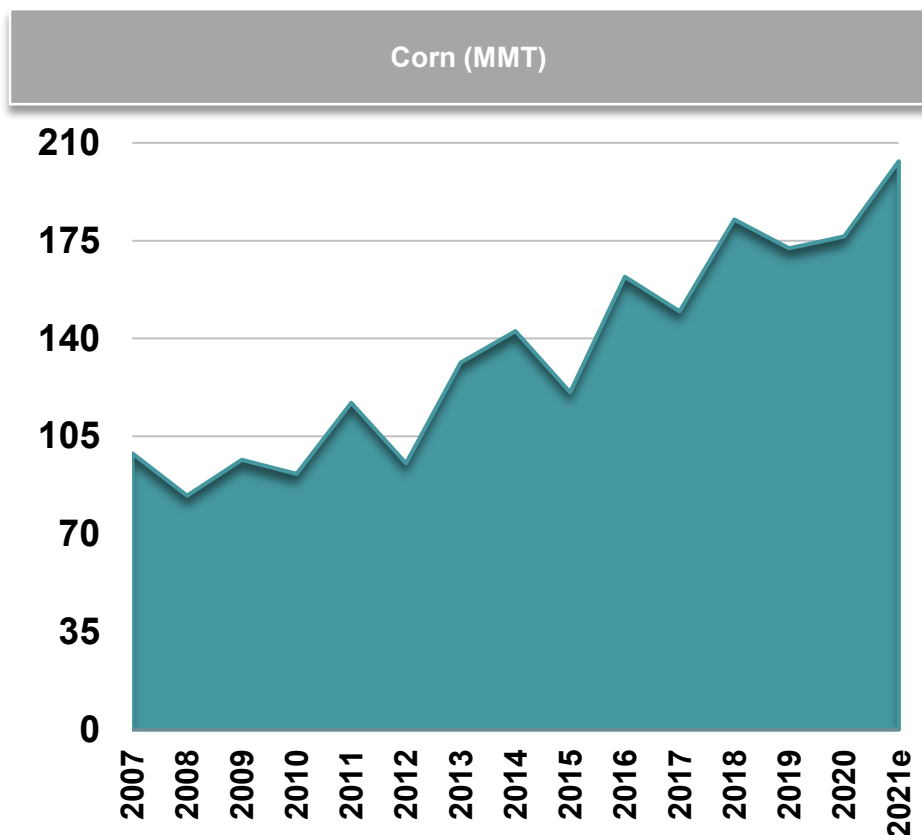


Source: Corteva AgriScience

www.Hertz.ag



Global Exports: Demand Growth Continues in the Pandemic



Data Source: USDA December 2021



Source: Corteva AgriScience

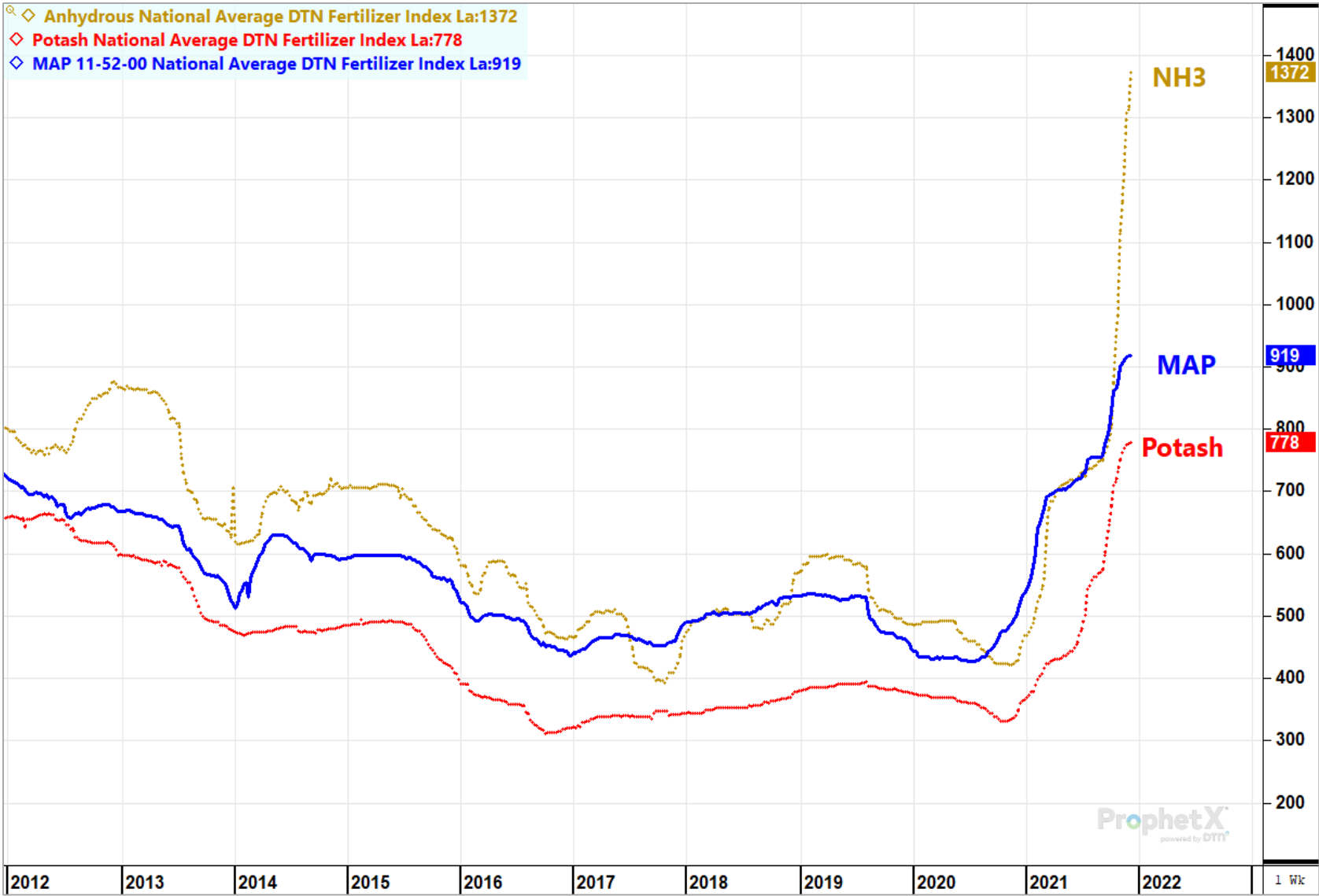
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Corn Market



DTN National Fertilizer Price Indexes



Source: Brock Associates

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U.S. Corn Supply and Use

Marketing Year (2021 = 9/1/21 to 8/31/22)		2018	2019	2020	2021	2022
Area Planted	(mil. acres)	88.9	89.7	90.7	93.4	89.5
Yield	(bu./acre)	176.4	167.5	171.4	177.0	177.0
Production	(mil. bu.)	14,340	13,620	14,111	15,115	14,460
Beg. Stocks	(mil. bu.)	2,140	2,221	1,919	1,235	1,440
Imports	(mil. bu.)	28	42	24	25	25
Total Supply	(mil. bu.)	16,509	15,883	16,055	16,375	15,925
Feed & Residual	(mil. bu.)	5,429	5,897	5,650	5,625	5,650
Ethanol	(mil. bu.)	5,378	4,857	5,033	5,375	5,400
Food, Seed, & Other	(mil. bu.)	1,425	1,430	1,437	1,435	1,440
Exports	(mil. bu.)	2,066	1,778	2,753	2,500	2,350
Total Use	(mil. bu.)	14,288	13,963	14,821	14,935	14,840
Ending Stocks	(mil. bu.)	2,221	1,919	1,235	1,440	1,085
Season-Average Price	(\$/bu.)	3.61	3.56	4.53	5.80	6.00

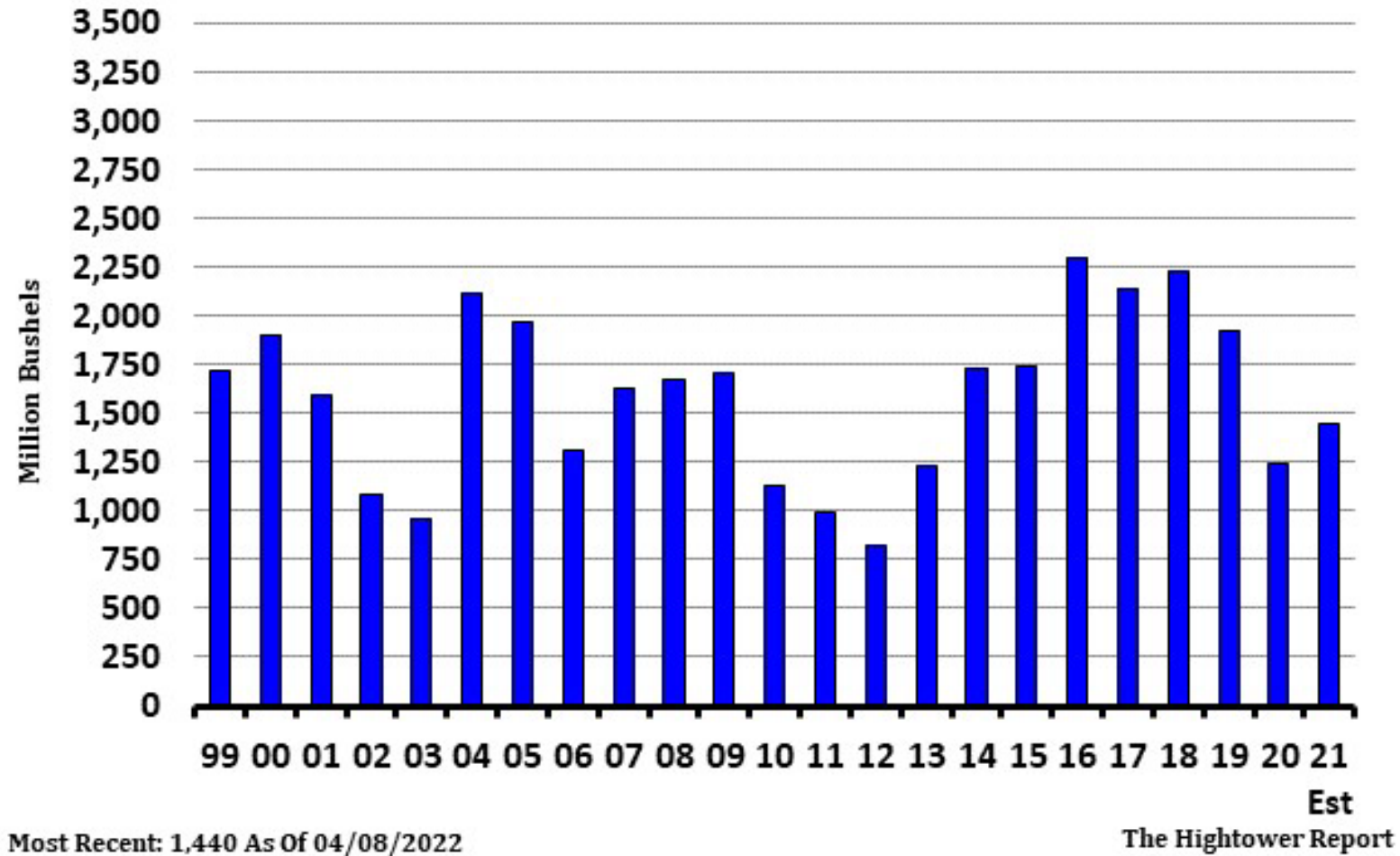


Source: Chad E. Hart

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U.S. Corn Ending Stocks



Source: CME Group

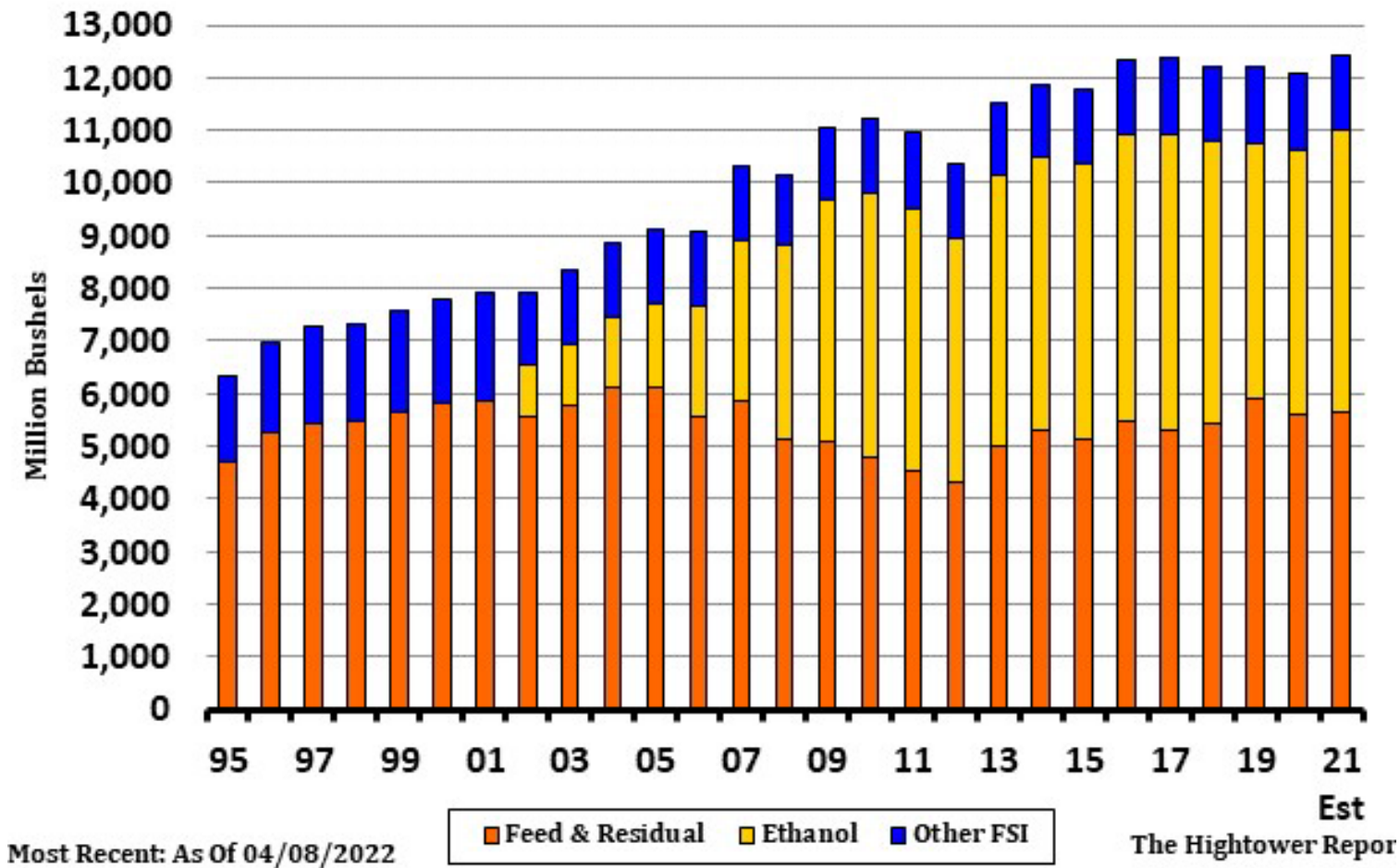
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Demand



U.S. Corn Total Usage

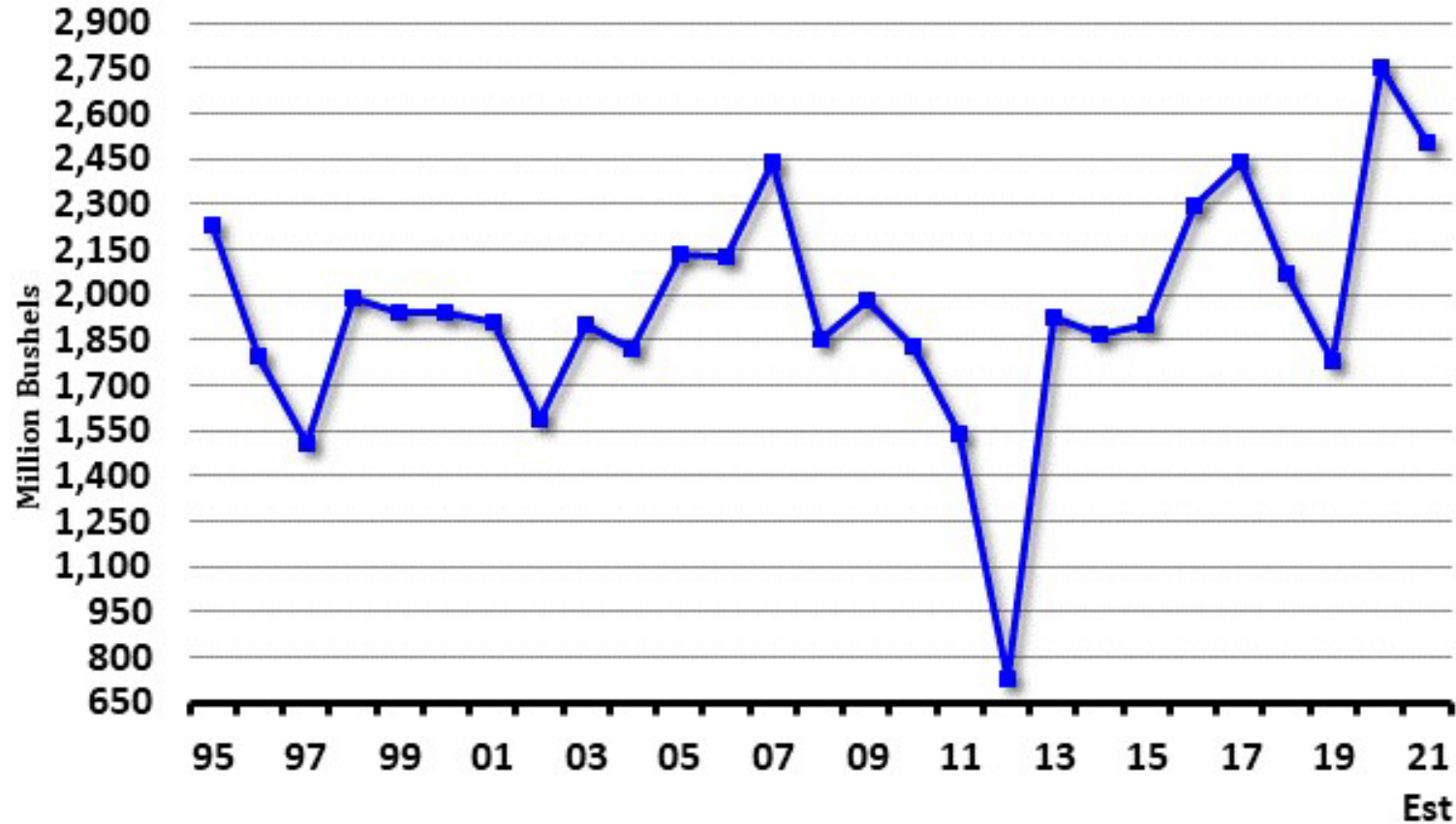


Source: CME Group

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U.S. Corn Exports



Most Recent: 2,500 As Of 04/08/2022

The Hightower Report



Source: CME Group

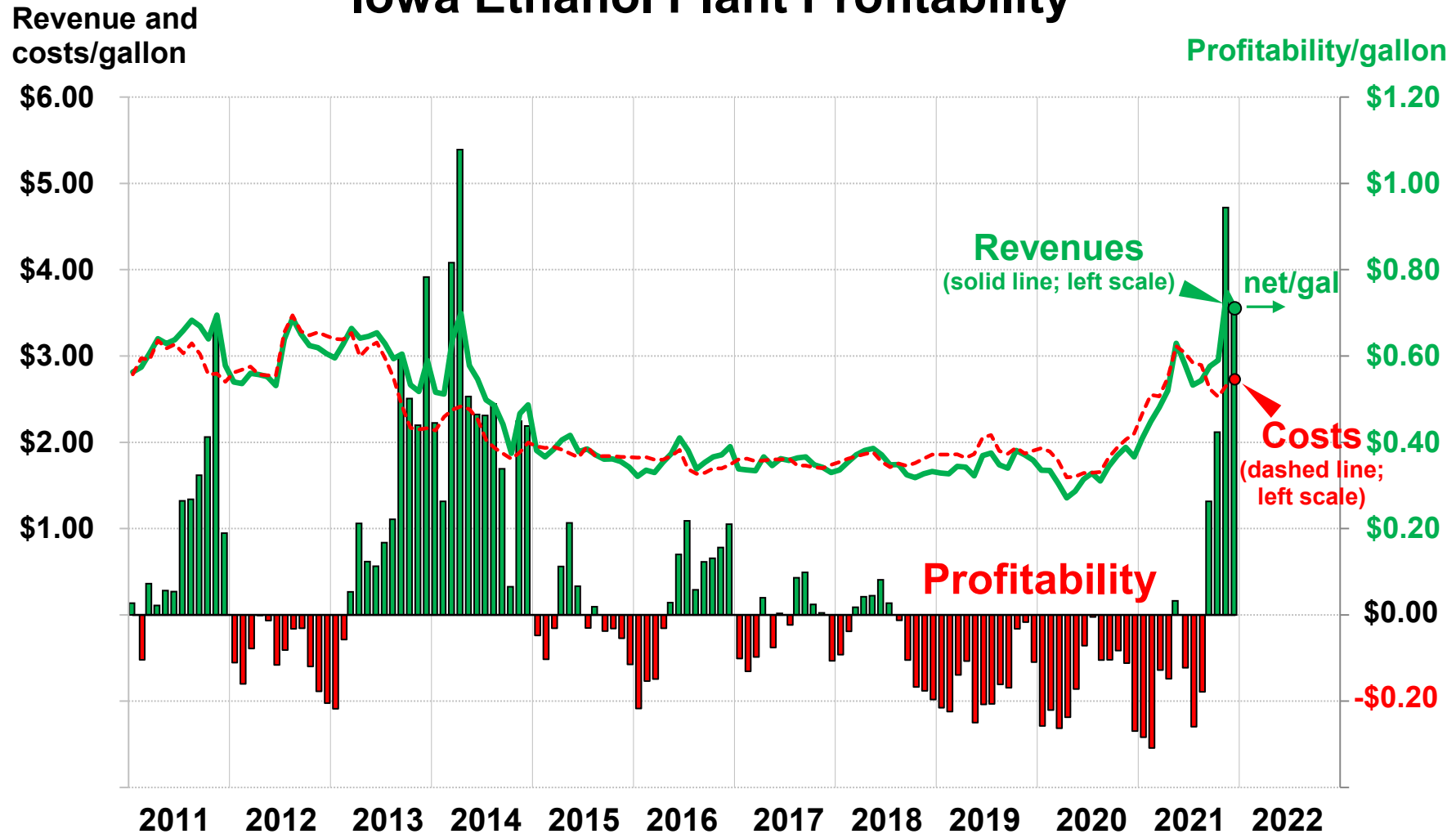
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Ethanol



Iowa Ethanol Plant Profitability



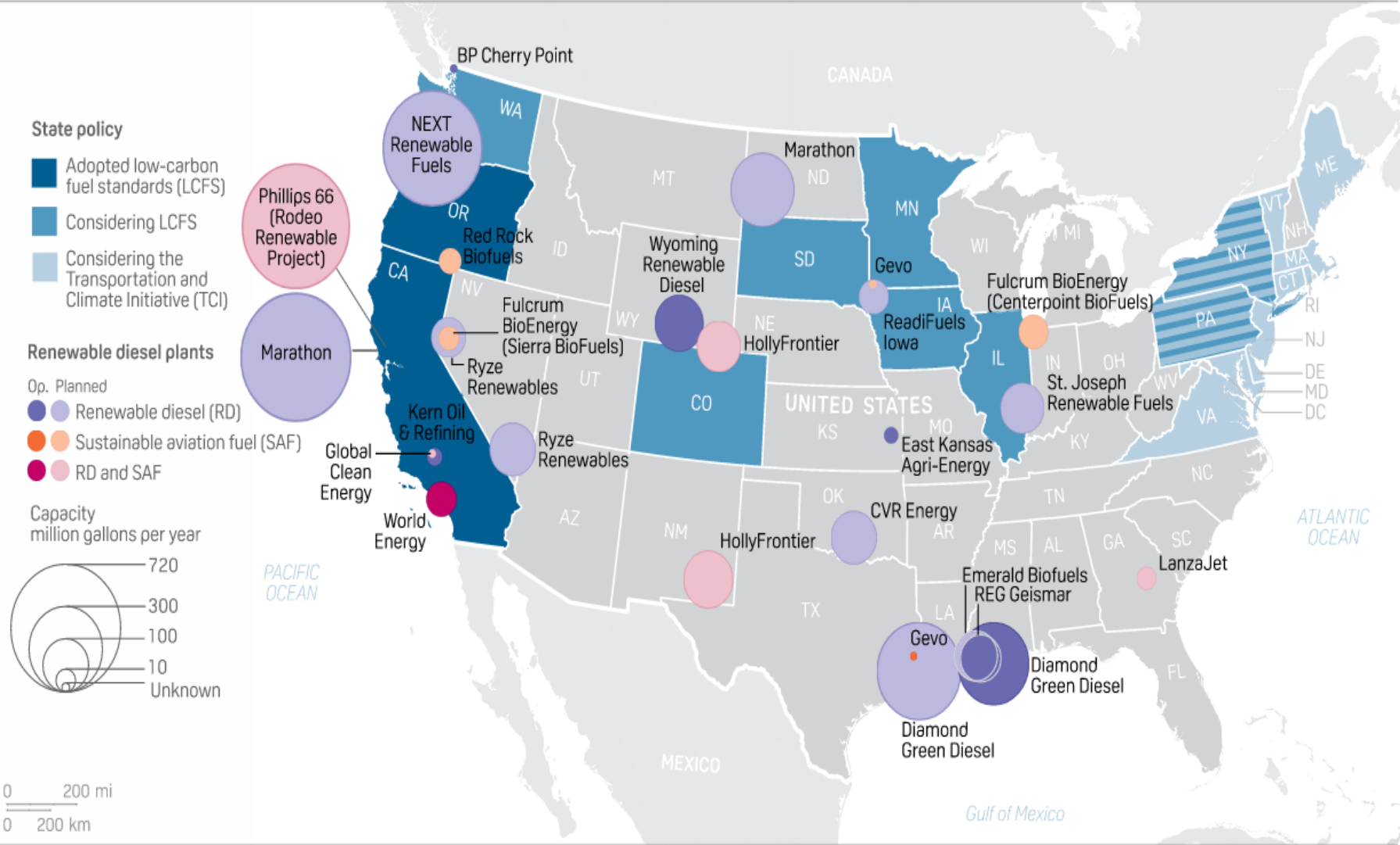
Source: Iowa State University through October, Brock estimates for November and December

Source: Brock Associates

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US REFINERS JUMP ON THE RENEWABLE FUEL BANDWAGON



Source: S&P Global Platts; EIA

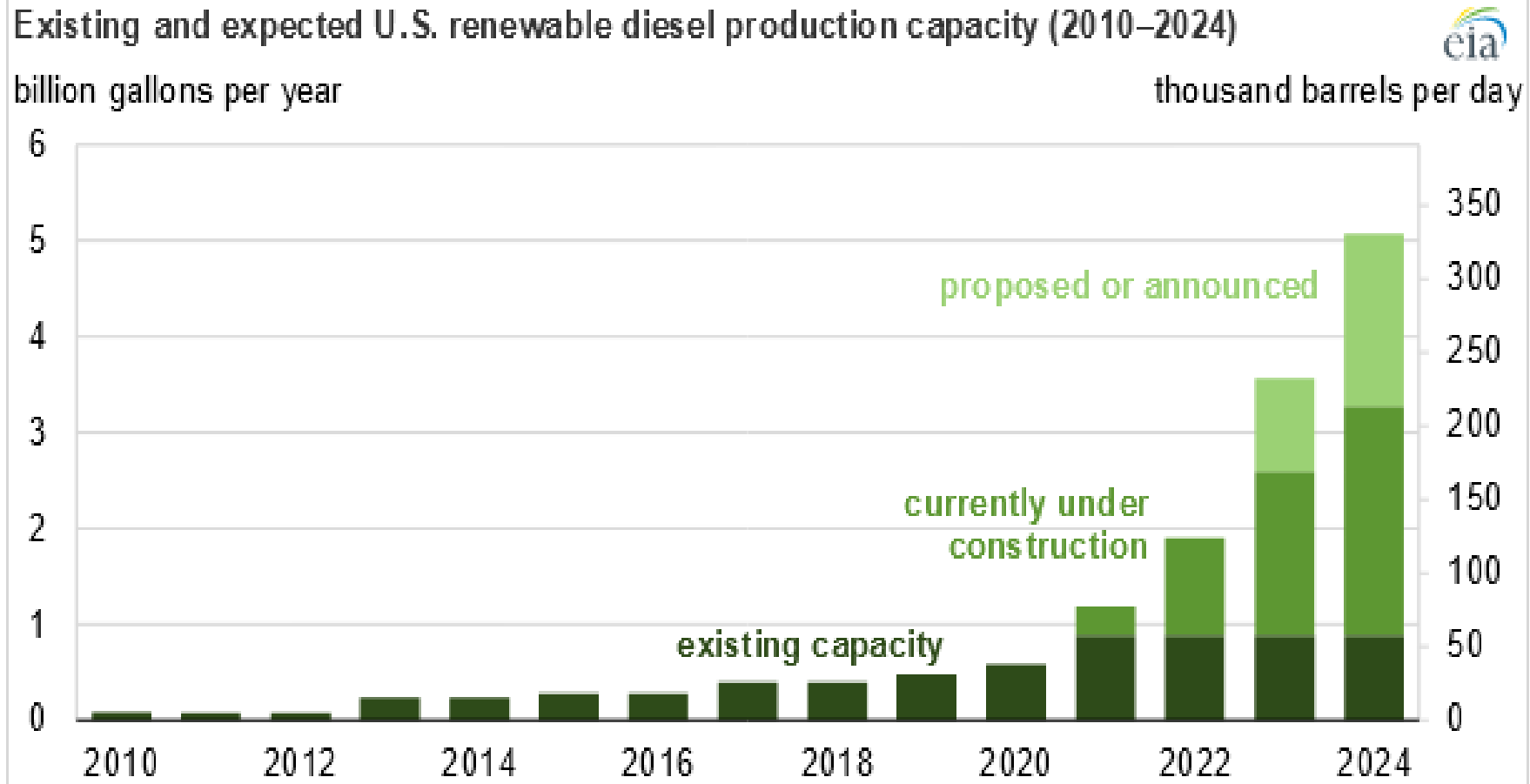


Source: Chad E. Hart

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Renewable Diesel Push

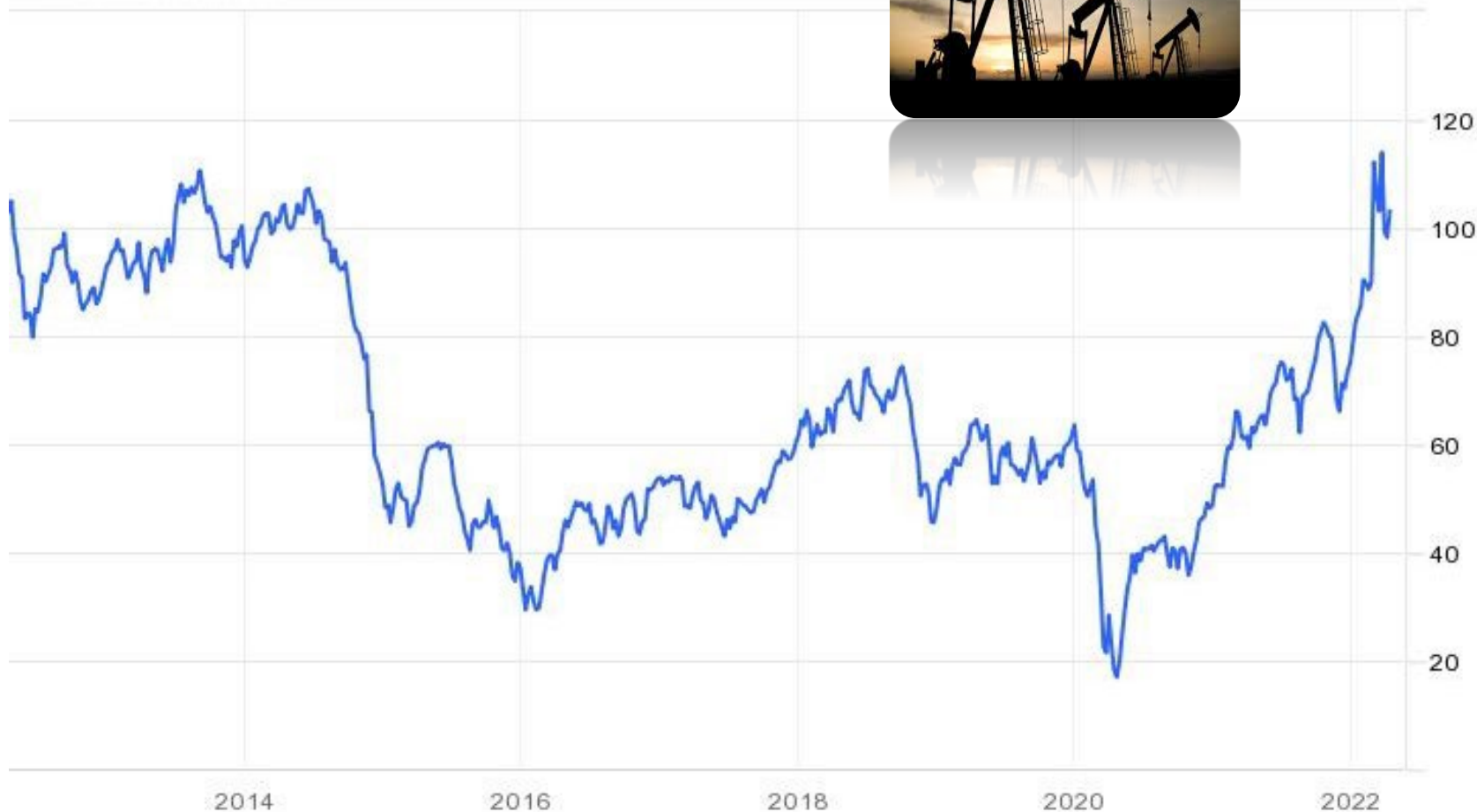


Source: Chad E. Hart

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Crude Oil... Monthly



Source: tradingeconomics.com OTC

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Nearby Corn Futures Chart



Source: AgWeb

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Soybean Market



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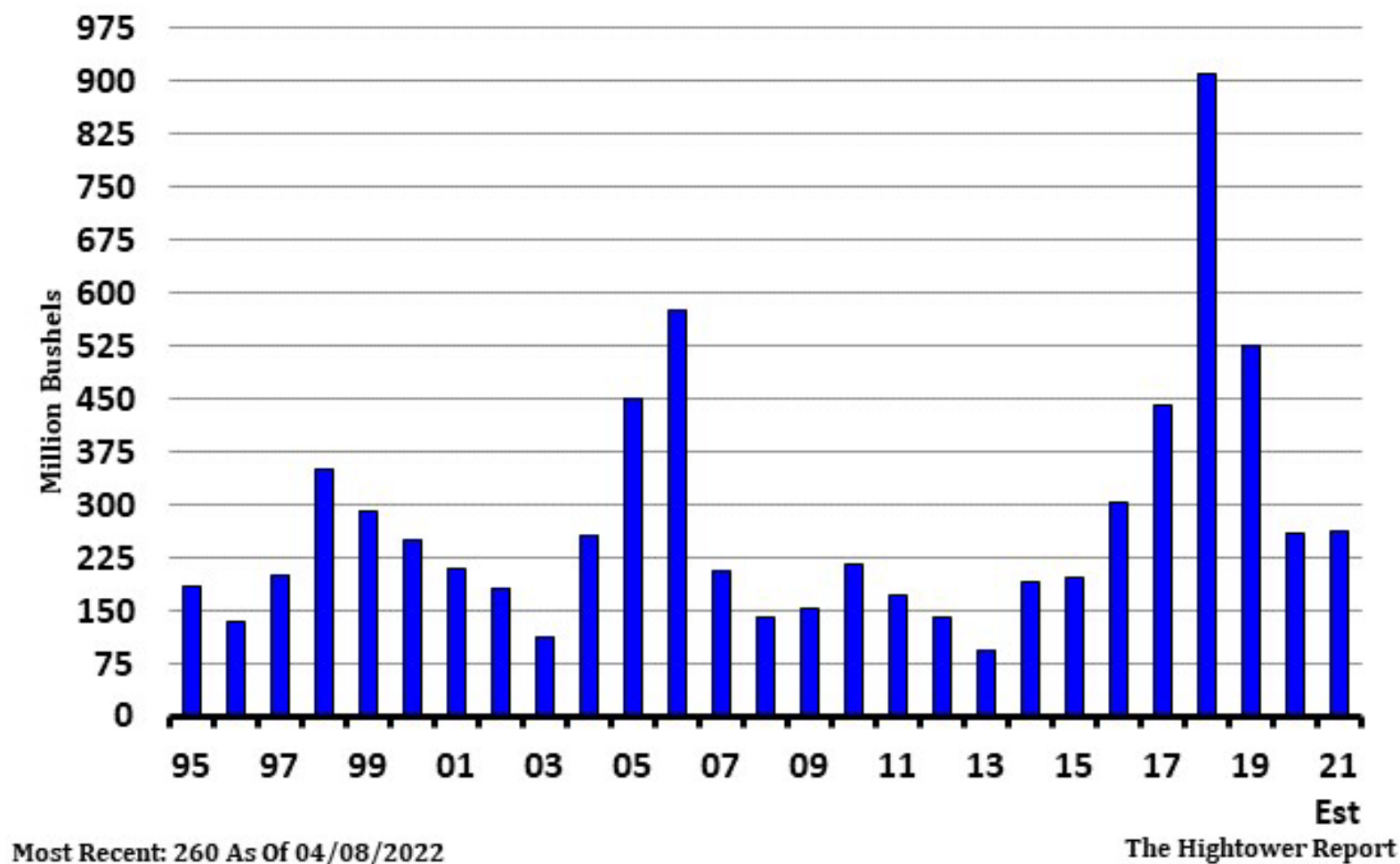
U.S. Soybean Supply and Use

Marketing Year (2021 = 9/1/21 to 8/31/22)		2018	2019	2020	2021	2022
Area Planted	(mil. acres)	89.2	76.1	83.4	87.2	90.1
Yield	(bu./acre)	50.6	47.4	51.0	51.4	51.5
Production	(mil. bu.)	4,428	3,552	4,216	4,435	4,594
Beg. Stocks	(mil. bu.)	438	909	525	257	285
Imports	(mil. bu.)	14	15	20	15	15
Total Supply	(mil. bu.)	4,880	4,476	4,761	4,707	4,840
Crush	(mil. bu.)	2,092	2,165	2,141	2,215	2,250
Seed & Residual	(mil. bu.)	127	105	102	118	125
Exports	(mil. bu.)	1,752	1,682	2,261	2,115	2,150
Total Use	(mil. bu.)	3,971	3,952	4,504	4,447	4,525
Ending Stocks	(mil. bu.)	909	525	257	260	315
Season-Average Price	(\$/bu.)	8.48	8.57	10.80	13.25	12.75

Sources: USDA-WAOB and USDA-OCE



U.S. Soybean Ending Stocks



Source: CME Group

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U.S. Soybean Exports



Most Recent: 2,115 As Of 04/08/2022

The Hightower Report



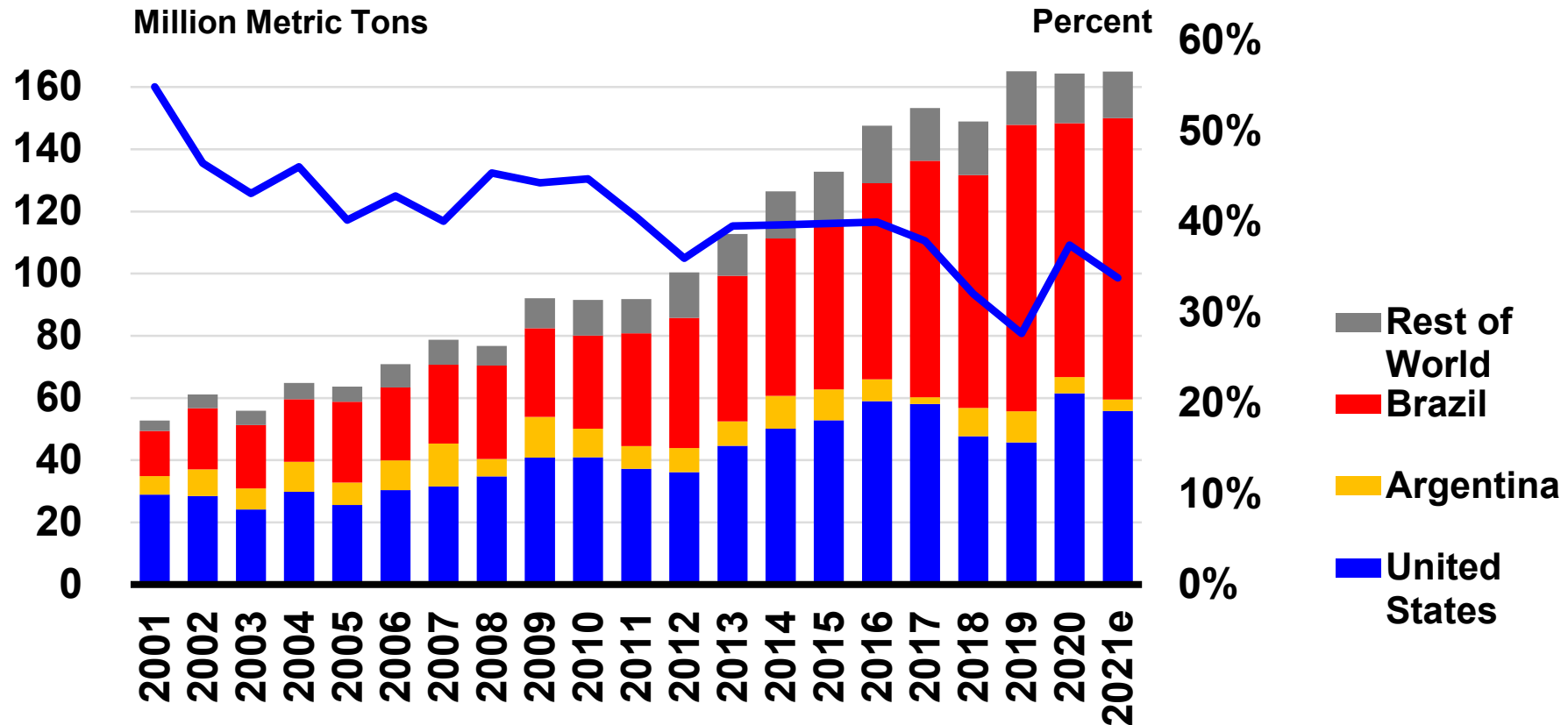
Source: CME Group

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Soybeans: Global Trade

2021-22 are the Current Market Year Projections in February 2022



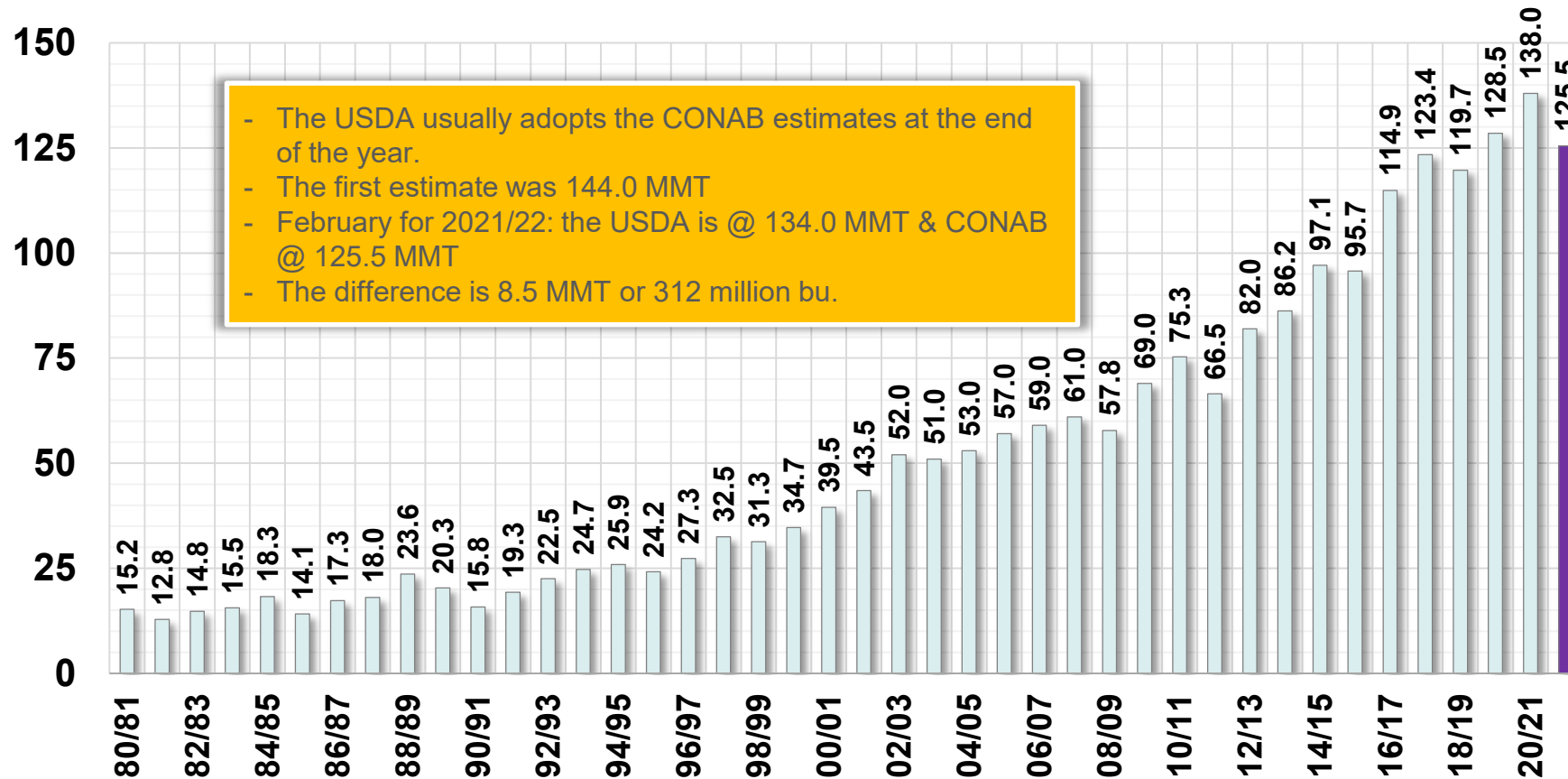
Data Source: USDA February 2022



Brazil Soybean Production

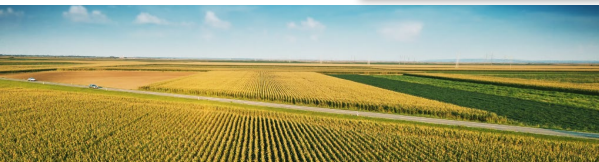
CONAB (February 2022) estimate used for 2021-22

MMT



- The USDA usually adopts the CONAB estimates at the end of the year.
- The first estimate was 144.0 MMT
- February for 2021/22: the USDA is @ 134.0 MMT & CONAB @ 125.5 MMT
- The difference is 8.5 MMT or 312 million bu.

* Current USDA estimate (February 2022) is 134.0 MMT. The initial USDA estimate was 144.0 MMT (May 2021)



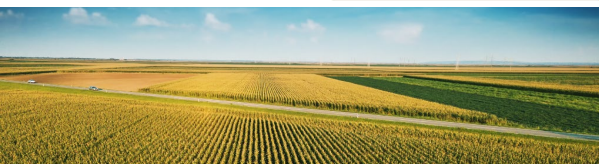
Nearby Soybean Futures Chart



Source: AgWeb

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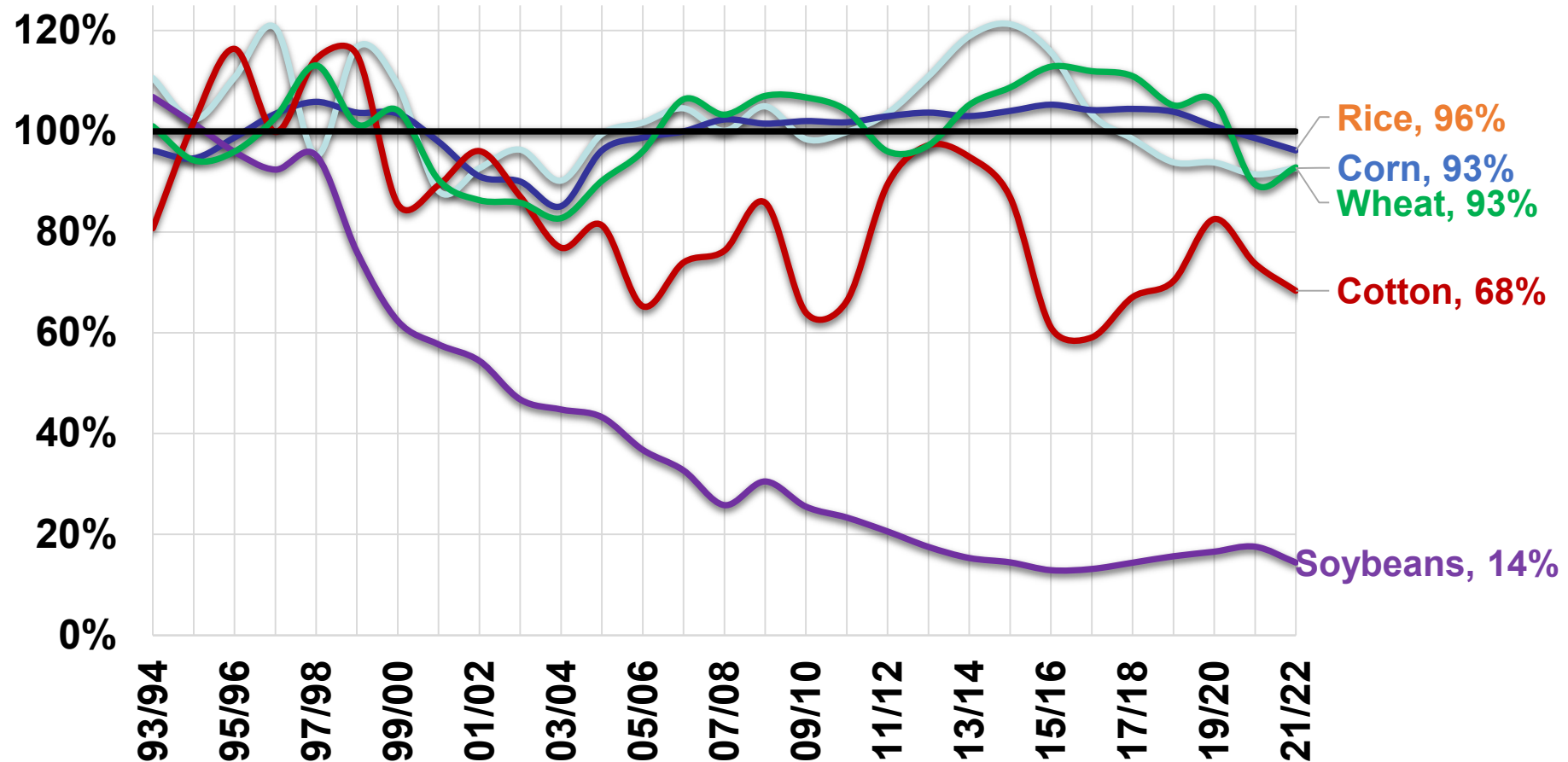


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China – Crop Self Sufficiency

China looks to the world to help satisfy their growing domestic consumption



Source: Corteva AgriScience

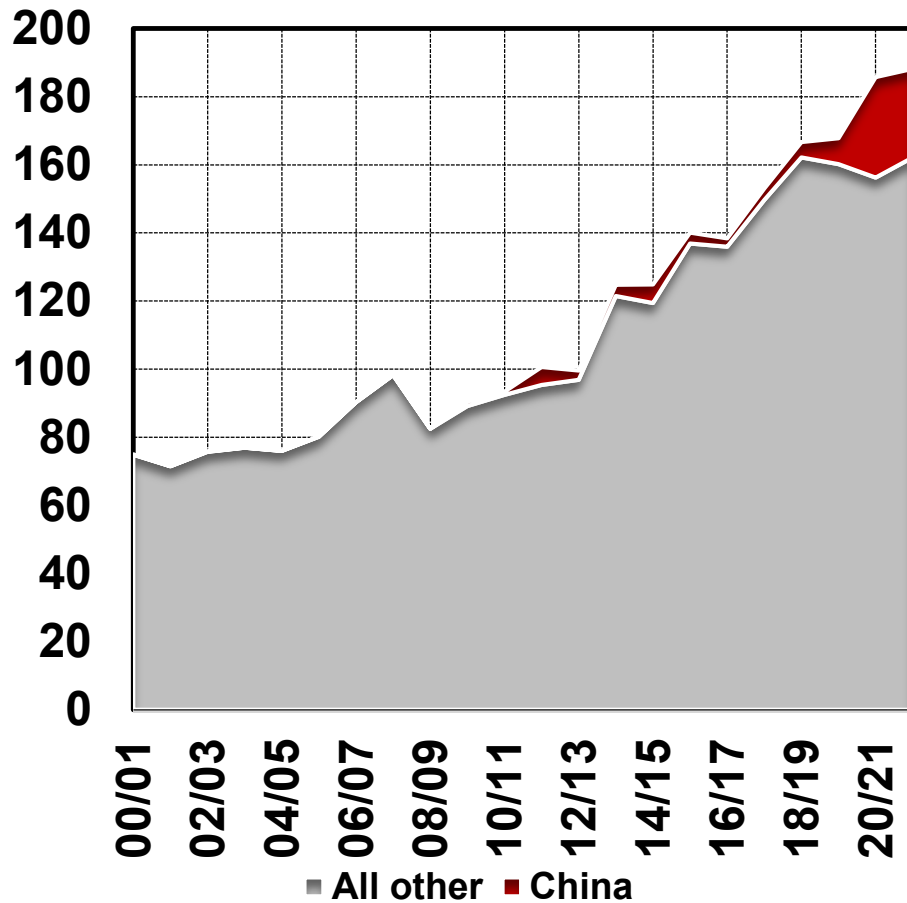
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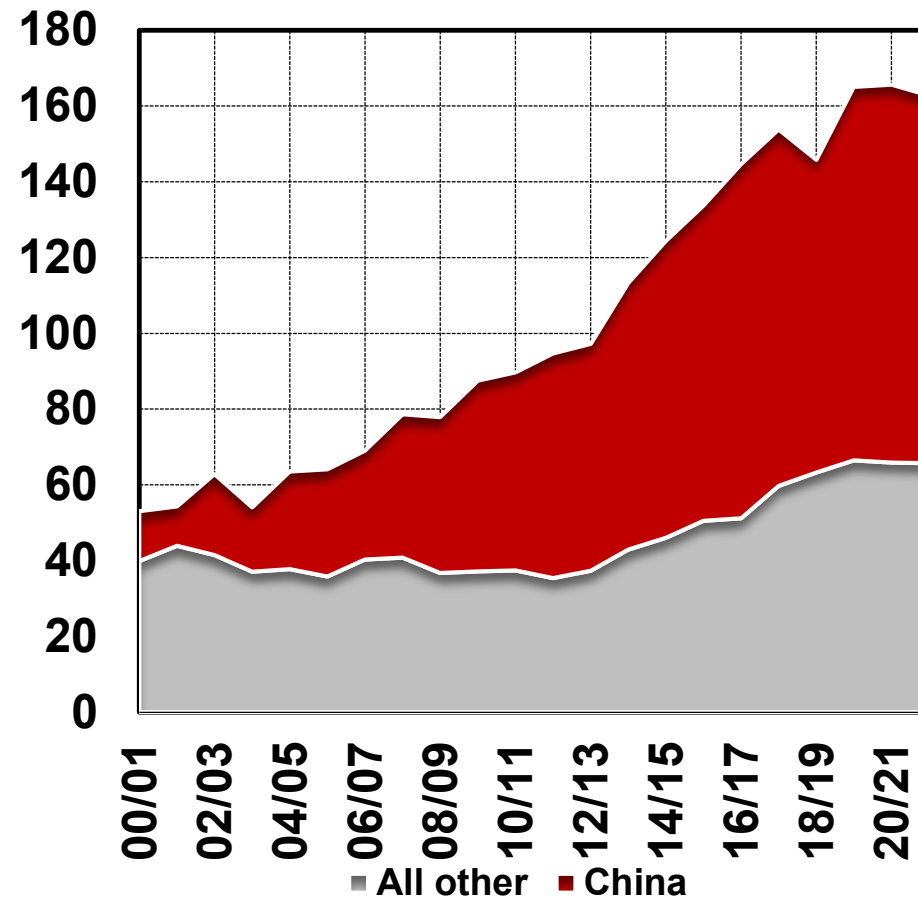
Global Imports

China accounts for 16% of corn imports and 60% of soybean imports.

Corn (MMT)



Soybeans (MMT)

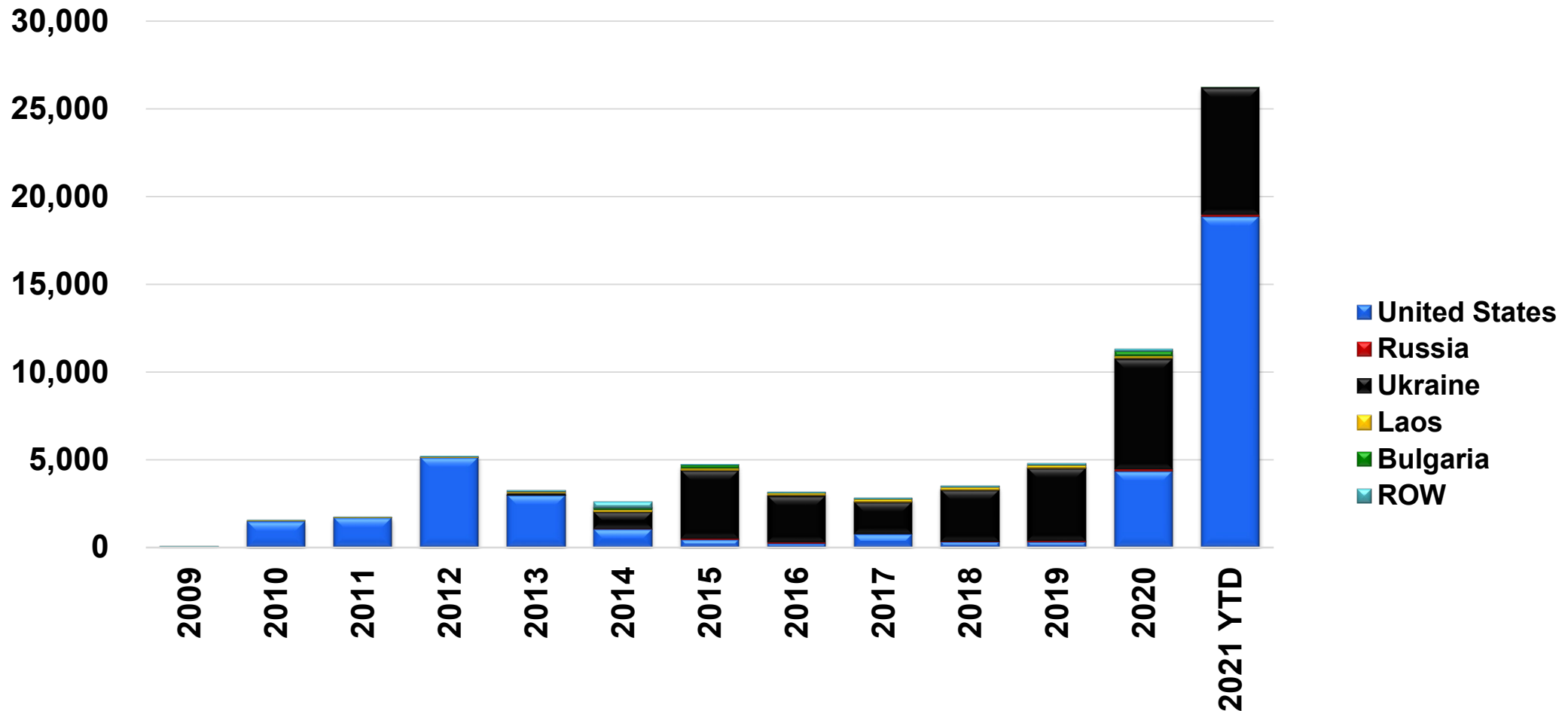


Source: Corteva AgriScience

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China – Corn Imports



Data Source: Global Trade Tracker, December 2021



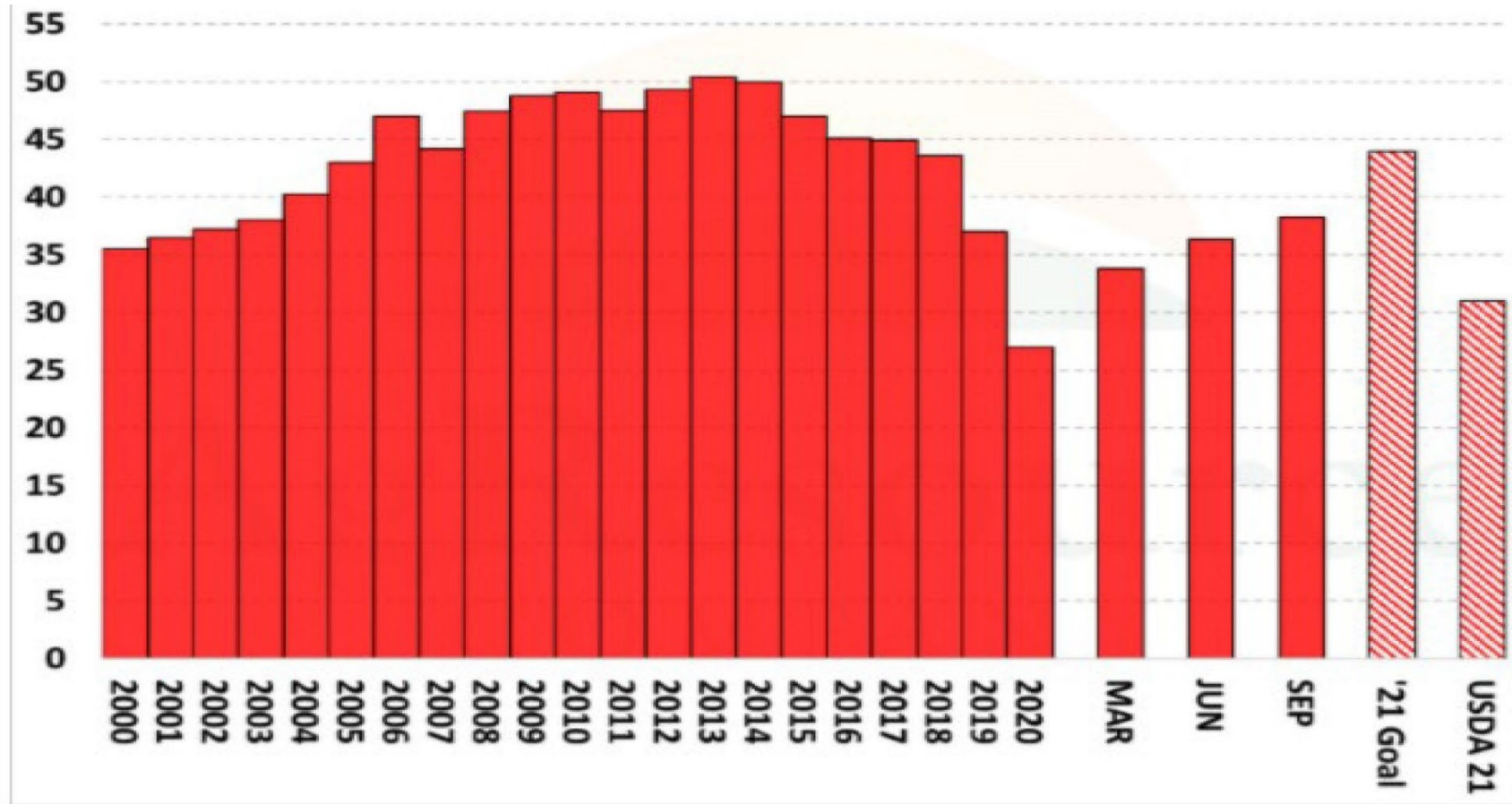
Source: Corteva AgriScience

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Massive Sow Expansion; China's Pig Numbers Back to Pre-AFS by mid 2021

China Jan 1 Sow Inventory (*Mil Head*)



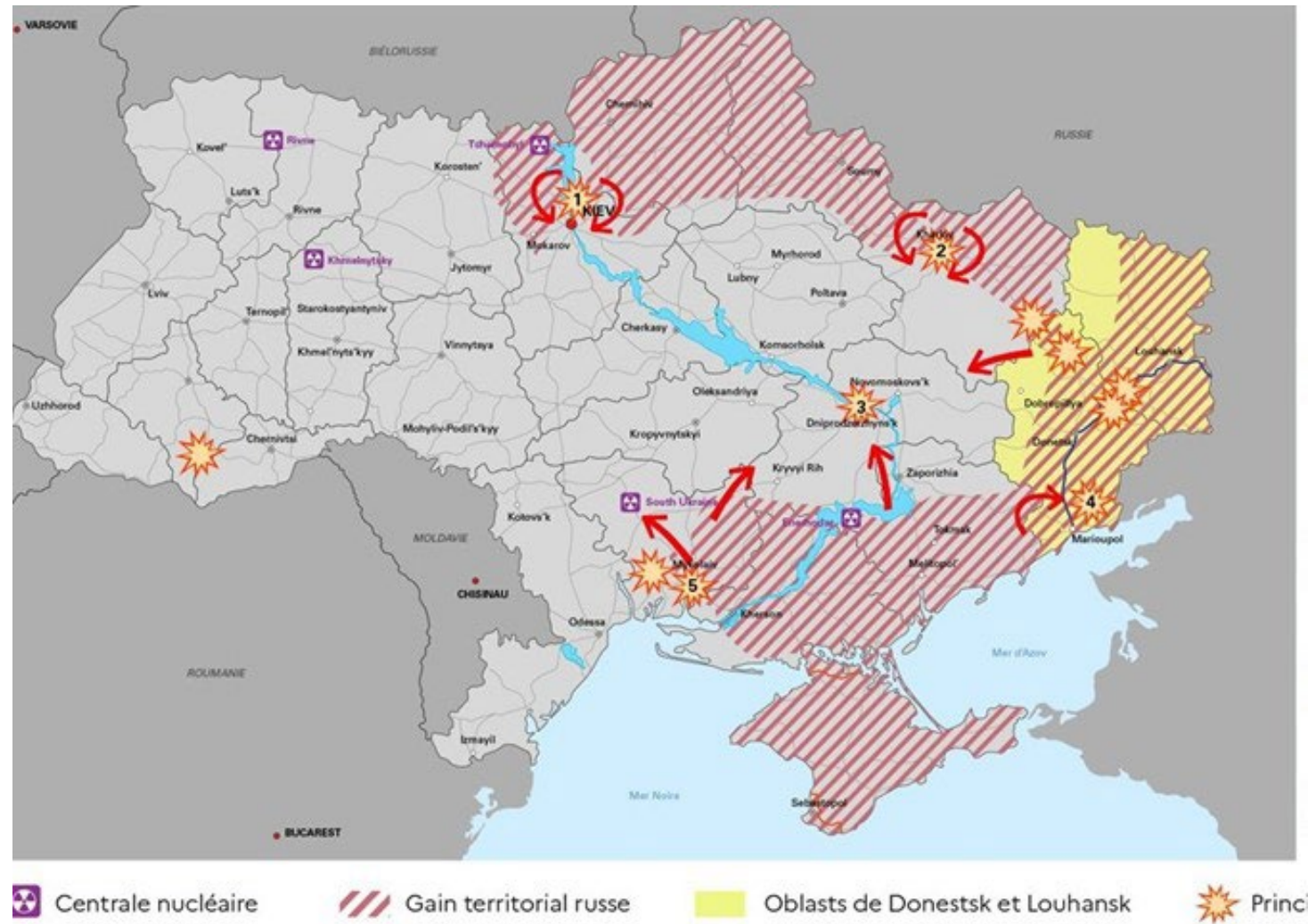
Source: AgResource Company

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Ukraine Tensions



Ukraine Corn Production



Source: USDA

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Ukraine Wheat Production

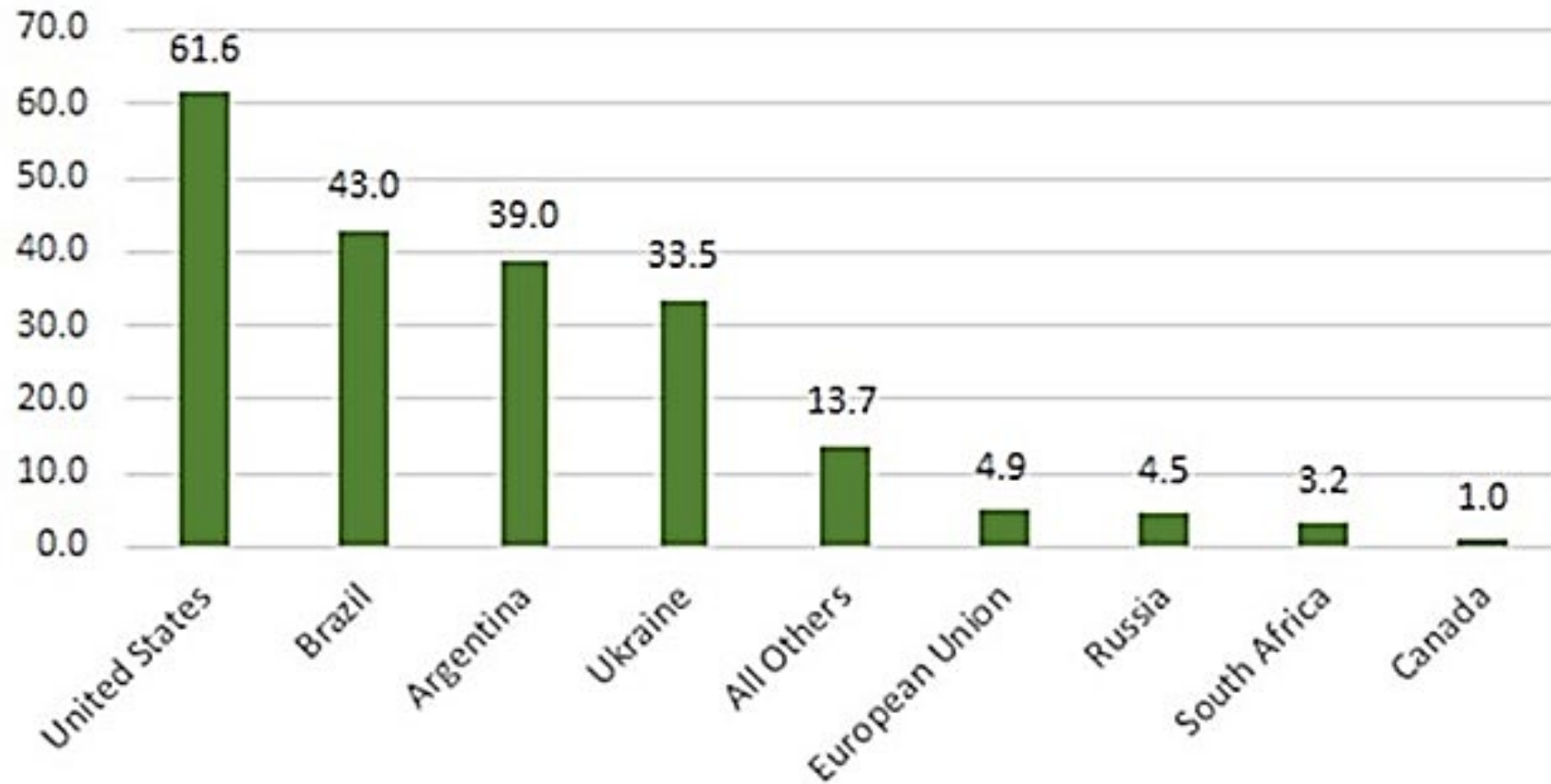


Source: USDA

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Global Corn Exporters

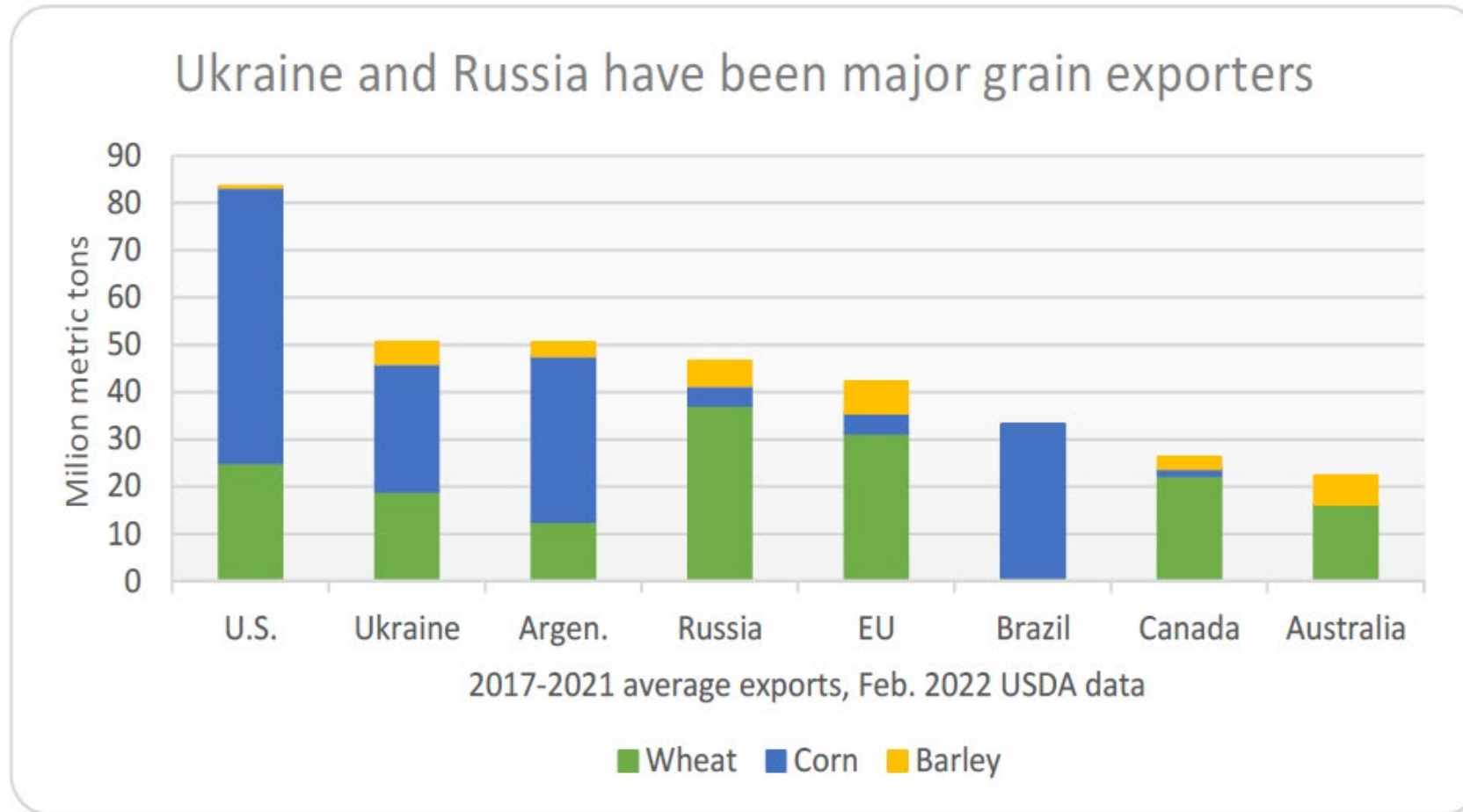


Source: Heartland Farm Partners

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Corn & Wheat Exports



Nearby Wheat Futures Chart



Source: Brock Associates

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Key Takeaways

- **Corn & Soybean *Prices***
 - **Highest levels since 2012**
- **Higher Production Costs for 2022 & 2023**
- **Increased Volatility as Supplies Tighten**
- **Immediate Concerns**
 - **US Growing Season**
 - **Ukraine/Russia Conflict**
- **Risk of Reduced Margins when Prices Turn Lower**



Thank You!



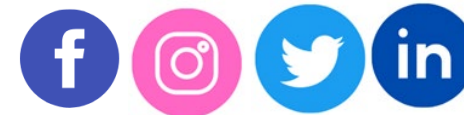


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