USDA Grains & Oilseeds Outlook

3rd Ukrainian Grain Congress 2012

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U.S. Producer Prices Are High

Monthly Prices Received

U.S. $/bushel

Soybean
Wheat
Corn

Source: NASS, USDA
United States Department of Agriculture
Economic Research Service
Key Drivers of USDA Projections

- Several years of sustained high prices
- U.S. corn and soybean yields devastated by drought in 2012
- U.S. corn use for ethanol prospects flat
- China’s import demand uncertain, but internal prices are high.
- South America’s 2011/12 output and 2012/13 prospects shape 2012/13 U.S. and Ukrainian export demand.

World wheat supplies remain tight.
World Corn Production and Consumption

Million tons

2002/03 2005/06 2008/09 2011/12

Production
Consumption

Source: USDA
U.S. Corn Area Up, Yields Fall For 3 Years

Source: NASS, USDA
U.S. Corn Areas Experiencing Drought

Reflects August 7, 2012
U.S. Drought Monitor data

Approximately 87% of the corn grown in the U.S. is within an area experiencing drought, based on historical NASS crop production data.

Major and minor agricultural areas are derived from NASS county-level crop production data from 2006 to 2010. Additional information on these agricultural data can be found at: http://www.nass.usda.gov.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

- Major areas combined account for 75% of the total national production annually.
- Major and minor areas combined account for 99% of the total national production annually.

United States Department of Agriculture
Economic Research Service
U.S. Corn Yields

U.S. Ethanol: Corn Use to Decline Significantly

Crop year

Billion bushels

Source: USDA
United States Department of Agriculture
Economic Research Service
U.S. Blended Gasoline Consumption

Billion gallons

- Actual
- EIA AEO Dec. 2007
- EIA AEO Jan. 2011
- EIA STEO Feb. 2012


7.6 bil. gal.
7.4 bil. gal.

Source: DOE-Energy Information Administration, Short-term Energy Outlook (STEO) and Annual Energy Outlook (AEO).
World Corn Area Expanding

World Corn Area Harvested

Source: USDA

United States Department of Agriculture
Economic Research Service
Argentina: Corn Production Increases Slowly

Million tons

Production (left axis)  Area (right axis)

Source: USDA

United States Department of Agriculture
Economic Research Service
Ukraine: Corn Production Skyrockets

Source: USDA

United States Department of Agriculture
Economic Research Service
Brazil: Corn Production Grows

Source: USDA
United States Department of Agriculture
Economic Research Service
Second Season Corn Increases in Brazil

Data Source:
IBGE- Instituto Brasileiro de Geografia e Estatística and 2011/12 is from CONAB
Second Tier Corn Exporters Expand

China’s Soybean Import Growth Leads World

Soybean Imports

Corn Imports

Million tons


United States Department of Agriculture
Economic Research Service

Source: USDA
China: Data Issues Increase Uncertainty, Corn and Soymeal Feed Use Do Not Track Well With Swine Production

Million tons

Source: USDA
U.S. Soybean Production Takes a Backseat, Drought Hits Brazil and Argentina in 2011/12, Then U.S.
World Wheat Production and Consumption

Source: USDA
United States Department of Agriculture
Economic Research Service
World Wheat Stocks To Decline Some

- Rest of the World
- United States
- China

Source: USDA

United States Department of Agriculture
Economic Research Service
Russia’s Wheat Yields Highly Variable

Tons per hectare

Russia CV=.181
United States CV=.096

Source: USDA

United States Department of Agriculture
Economic Research Service
Key Developments To Watch

• The reaction of poultry and pork producers to high feed costs.

• Soybean and corn crops currently being planted in South America,

• China’s soybean and corn import growth,

• Northern Hemisphere winter wheat seedings,
Related reports on the ERS web site

- Wheat Outlook (monthly)
  http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1293
- Feed Outlook (monthly)
- Oil Crops Outlook (monthly)
  http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1288
- Long-term projections
- 2008/2009 world economic crisis
  http://www.ers.usda.gov/Publications/WRS0902/
- 2008 commodity price spike
  http://www.ers.usda.gov/Publications/WRS0801/
- U.S. ethanol expansion
  http://www.ers.usda.gov/Publications/FDS/2007/05May/FDS07D01/