

# AUGUST CROP & LIVESTOCK OUTLOOK

Brought to you by:

MU Extension - Ag Business and Policy

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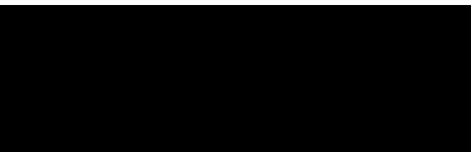
August 14th, 2019

# Agenda

- Introductions (John Kruse)
- Special topics – Market Facilitation Payments, China, Crop conditions (John Kruse)
- Corn outlook (Marty Foreman)
- Soybean outlook (John Kruse)
- Corn and soybean technical analysis (David Reinbott)
- Hay outlook (Wesley Tucker)
- Livestock outlook (Wesley Tucker)
- Questions



# MARKET FACILITATION PAYMENTS



# Crop Coverage

MFP provides payments to eligible producers of:

- **non-specialty crops**, including alfalfa hay, barley, canola, corn, crambe, dried beans, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, millet, mustard seed, oats, peanuts, rapeseed, rye, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, triticale, upland cotton, and wheat.
- **specialty crops**, including almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts.
- **dairy and hogs.**



# Eligibility

MFP provides payments to eligible producers of covered commodities, which includes non-specialty crops, specialty crops, dairy, and livestock.

To be eligible for payments, applicants also must either:

- have an average adjusted gross income for tax years 2015, 2016, and 2017 of less than \$900,000; or
- derive at least 75 percent of their adjusted gross income from farming or ranching.

Producers also must:

- comply with the provisions of the “Highly Erodible Land and Wetland Conservation” regulations, often called the conservation compliance provisions.
- have a farm number with USDA's Farm Service Agency.

In certain cases, producers who did not meet the adjusted gross income limitations for 2018 may now be eligible for payments under MFP.



# MFP Signup & Payment Schedule

- Sign up through December 6, 2019
- First payment will be 50% of a producers calculated payment and will be paid in mid-to-late August
- Second and third payments are not guaranteed depending on progress in trade negotiations. They are scheduled for:
  - ▣ Second tranche in November 2019
  - ▣ Third tranche in early January 2020



# Payment Calculation

- Single-county payment rate \* Farm's total plantings of MFP-eligible crops in aggregate in 2019.
- It does not matter which crops were planted in 2019 – payments are not crop specific.
- Total payment eligible plantings cannot exceed 2018 plantings.
- Crops must have been planted by August 1, 2019



# Market Facilitation Payment Rates Per Planted Acre

<https://www.farmers.gov/sites/default/files/documents/PaymentRates.pdf>

## Missouri

Adair: \$73  
Andrew: \$65  
Atchison: \$70  
Audrain: \$65  
Barry: \$47  
Barton: \$52  
Bates: \$65  
Benton: \$60  
Bollinger: \$61  
Boone: \$67  
Buchanan: \$65  
Butler: \$68  
Caldwell: \$67  
Callaway: \$66  
Camden: \$42  
Cape Girardeau: \$63  
Carroll: \$65  
Cass: \$59  
Cedar: \$52  
Chariton: \$65  
Christian: \$33  
Clark: \$64  
Clay: \$66  
Clinton: \$64  
Cole: \$66  
Cooper: \$66  
Crawford: \$53  
Dade: \$49  
Dallas: \$42  
Daviness: \$63  
DeKalb: \$62

Dent: \$51  
Douglas: \$34  
Dunklin: \$125  
Franklin: \$66  
Gasconade: \$58  
Gentry: \$58  
Greene: \$40  
Grundy: \$69  
Harrison: \$62  
Henry: \$63  
Hickory: \$44  
Holt: \$68  
Howard: \$61  
Howell: \$24  
Iron: \$76  
Jackson: \$63  
Jasper: \$51  
Jefferson: \$58  
Johnson: \$62  
Knox: \$66  
Laclede: \$36  
Lafayette: \$70  
Lawrence: \$41  
Lewis: \$57  
Lincoln: \$62  
Linn: \$65  
Livingston: \$74  
Macon: \$71  
Madison: \$59  
Maries: \$53  
Marion: \$59  
McDonald: \$57  
Mercer: \$65

Miller: \$71  
Mississippi: \$75  
Moniteau: \$67  
Monroe: \$67  
Montgomery: \$63  
Morgan: \$65  
New Madrid: \$121  
Newton: \$51  
Nodaway: \$67  
Oregon: \$15  
Osage: \$58  
Ozark: \$28  
Pemiscot: \$99  
Perry: \$62  
Pettis: \$63  
Phelps: \$46  
Pike: \$58  
Platte: \$65  
Polk: \$41  
Pulaski: \$57  
Putnam: \$67  
Ralls: \$61  
Randolph: \$64  
Ray: \$66  
Reynolds: \$68  
Ripley: \$54  
Saline: \$69  
Schuyler: \$65  
Scotland: \$64  
Scott: \$69  
Shannon: \$19  
Shelby: \$71  
St. Charles: \$65

St. Clair: \$62  
St. Francois: \$61  
St. Louis: \$66  
Ste. Genevieve: \$59  
Stoddard: \$100  
Stone: \$45  
Sullivan: \$66  
Taney: \$22  
Texas: \$26  
Vernon: \$55  
Warren: \$70  
Washington: \$70  
Wayne: \$50  
Webster: \$31  
Worth: \$63  
Wright: \$22



# Cover Crops

- Producers affected by natural disasters who filed prevented planting claims then planted an MFP-eligible cover crop, with the potential to be harvested or for subsequent use as forage, qualify for a \$15 per acre payment.
- Acreage of cover crops must have been planted by August 1, 2019 to be considered eligible for MFP payments.

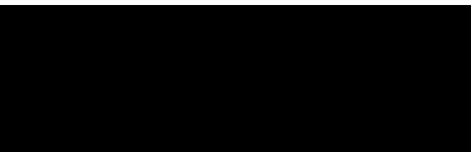


# Dairy & Hogs

- Dairy producers who were in business as of June 1, 2019, will receive a per hundredweight payment on production history.
- Hog producers will receive a payment based on the number of live hogs owned on a day selected by the producer between April 1 and May 15, 2019.
- Rates include:
  - Dairy (milk): \$0.20 per hundredweight
  - Hogs: \$11 per head



# THE US CHINA – TRADE WAR

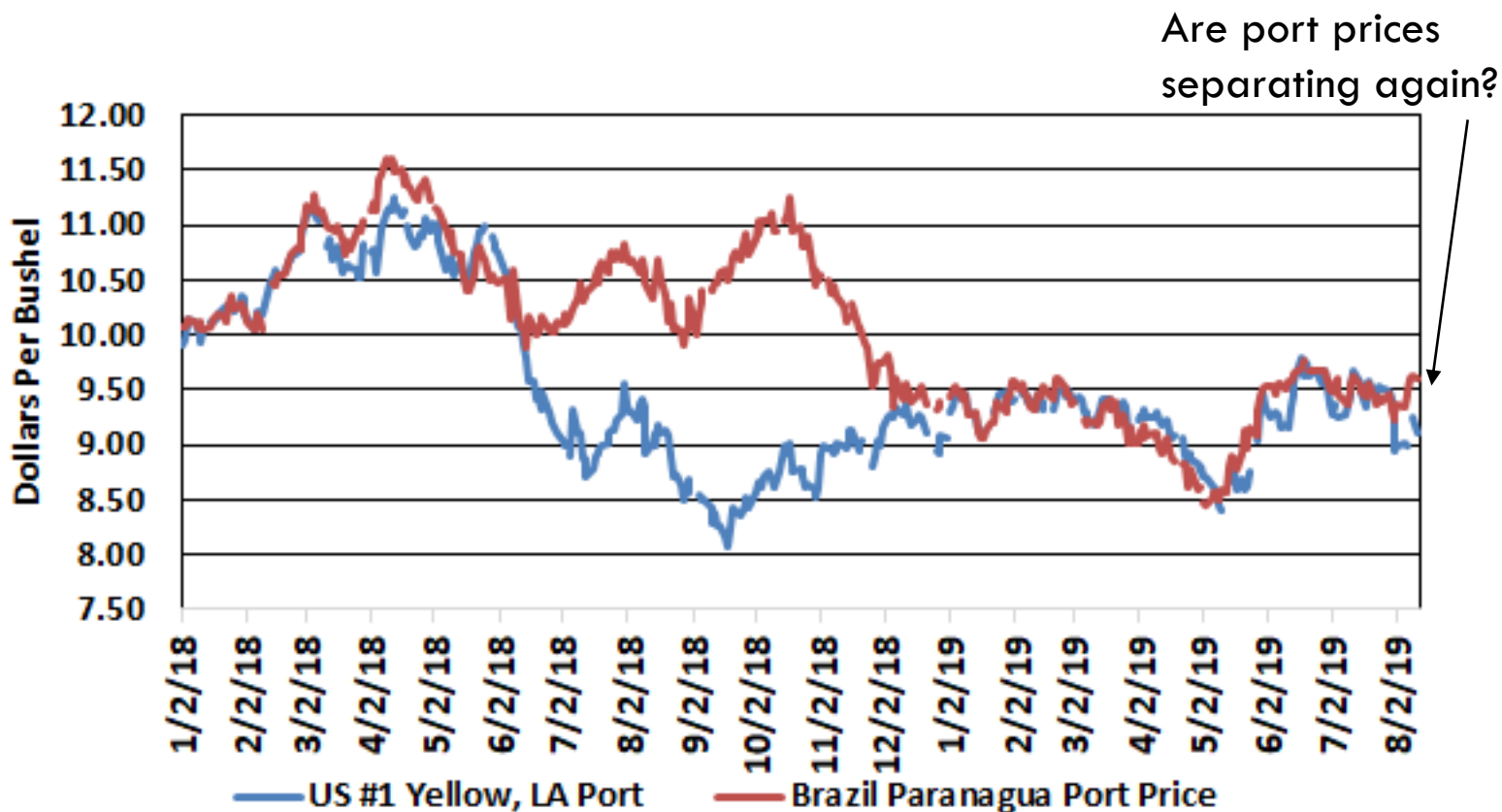


# The US-China Trade War

- Aug 1, 2019
  - 10% tariffs on \$300 billion worth of Chinese imports
  - Rate could be increased above 25% in stages
  - Despite new tariffs, trade talks will continue
- Aug 5, 2019
  - China halts purchases of U.S. ag products
  - Chinese yuan weakens past the 7 yuan per dollar level
  - China states it is not practicing currency manipulation
- Aug 9, 2019
  - President Trump announces he may cancel in-person trade talks with China scheduled in September
- Aug 13, 2019
  - President Trump announces that some items will be removed from the tariff list and that some duties will be delayed until mid-December



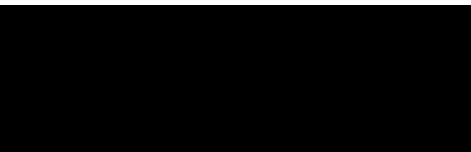
# Daily US and Brazil Soybean Port Prices



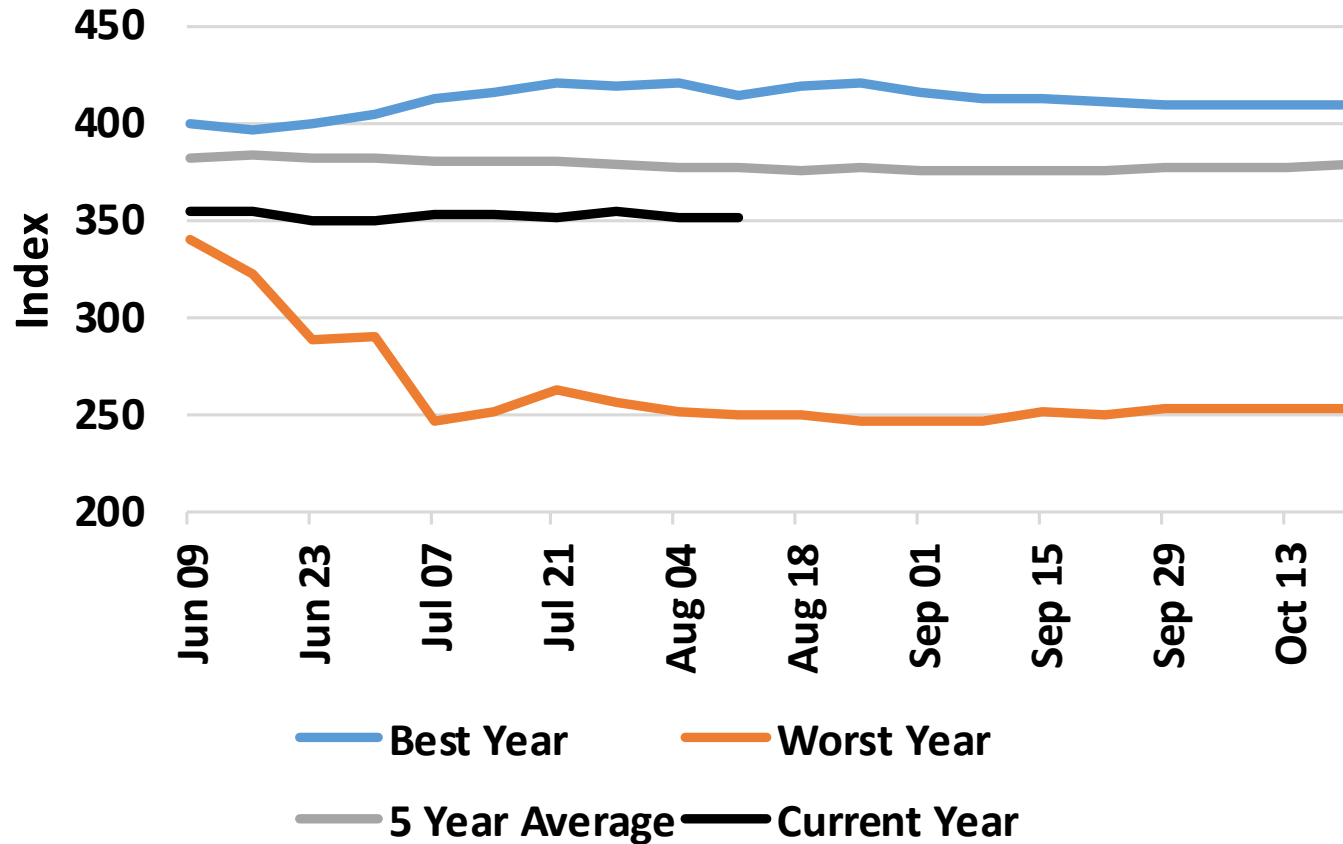
Sources: USDA-AMS, Louisiana and Texas Export Bids  
University de Sao Paulo - CEPEA



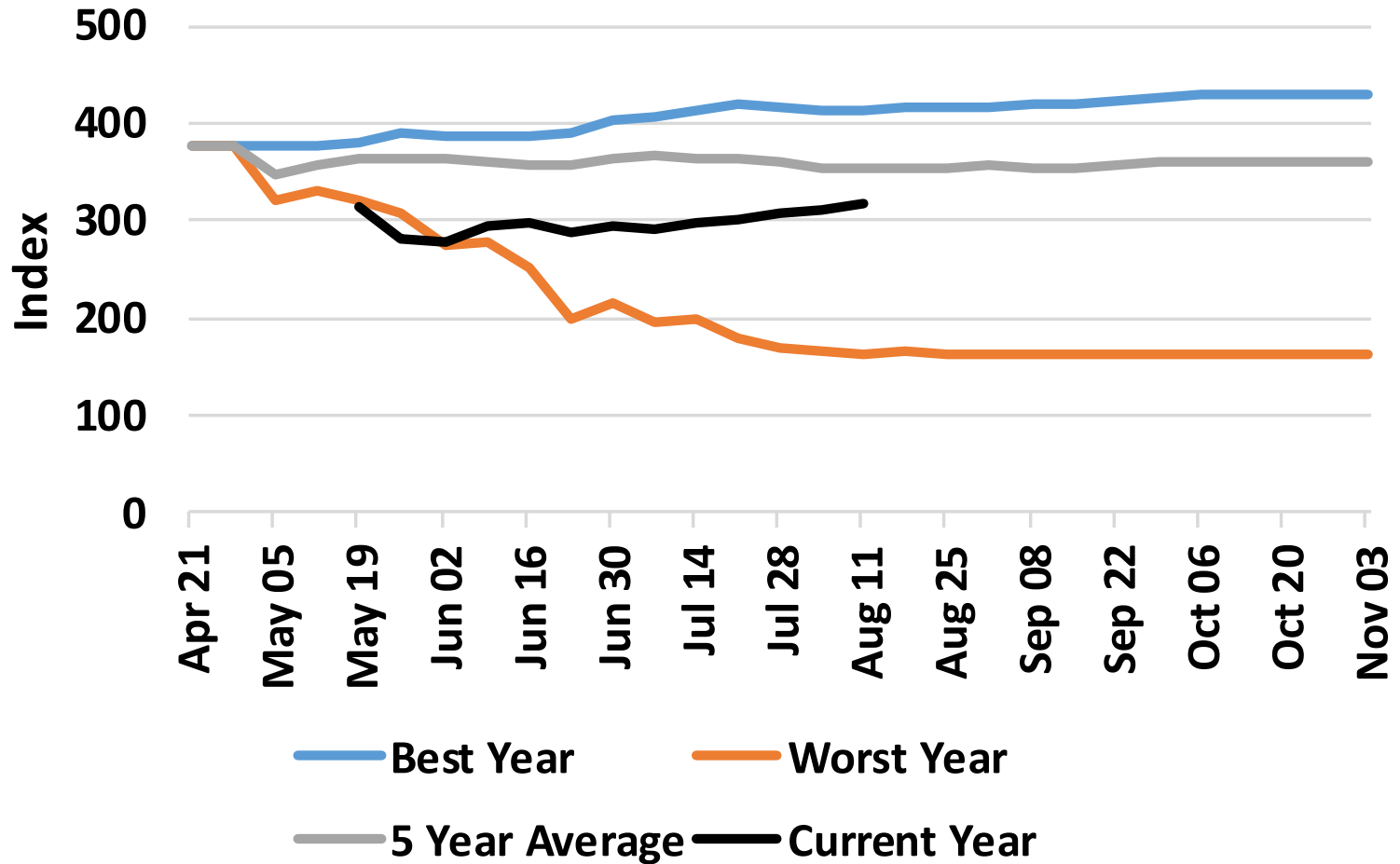
# 2019 GROWING CONDITIONS



# US Corn Condition Index

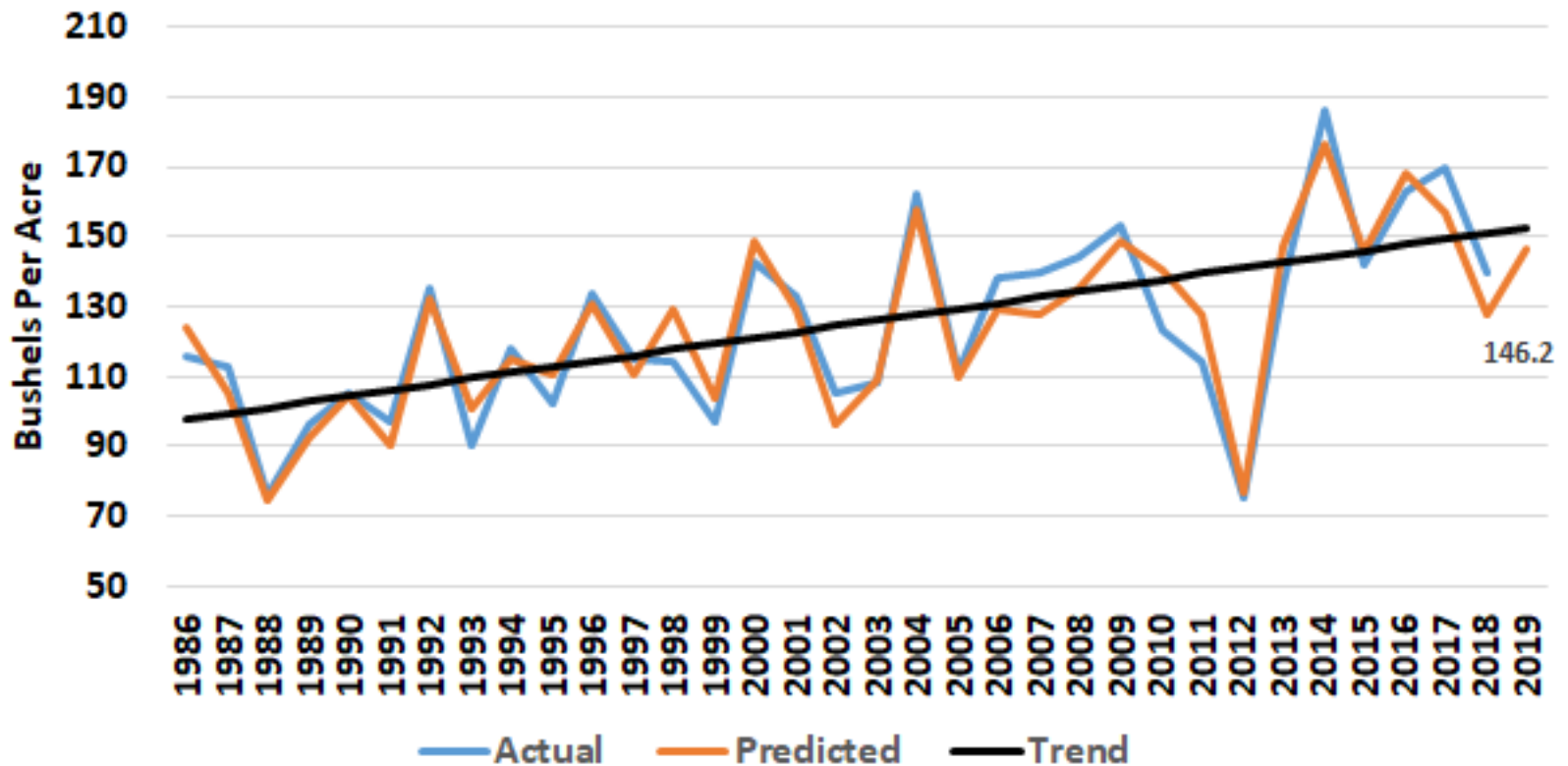


# Missouri Corn Condition Index

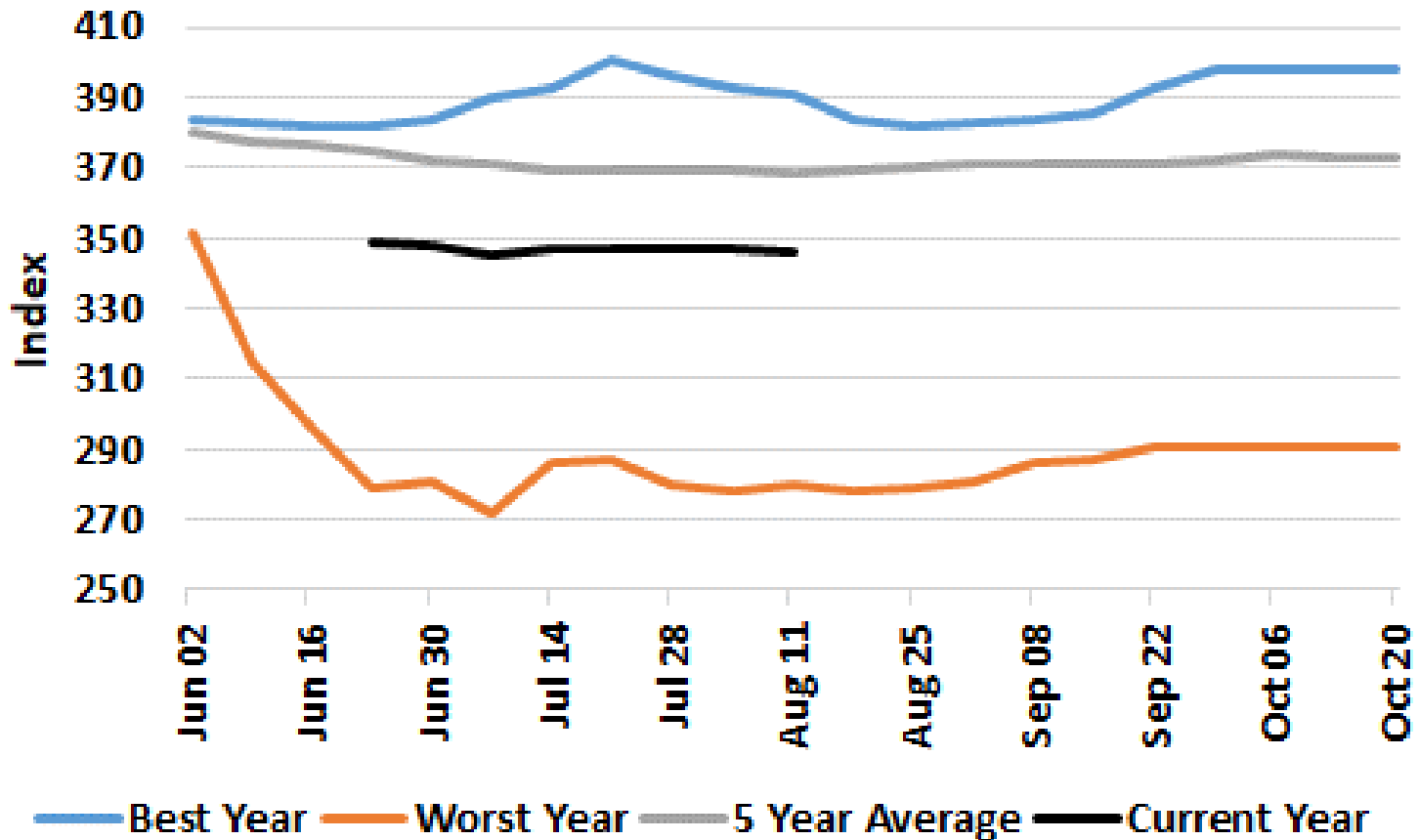




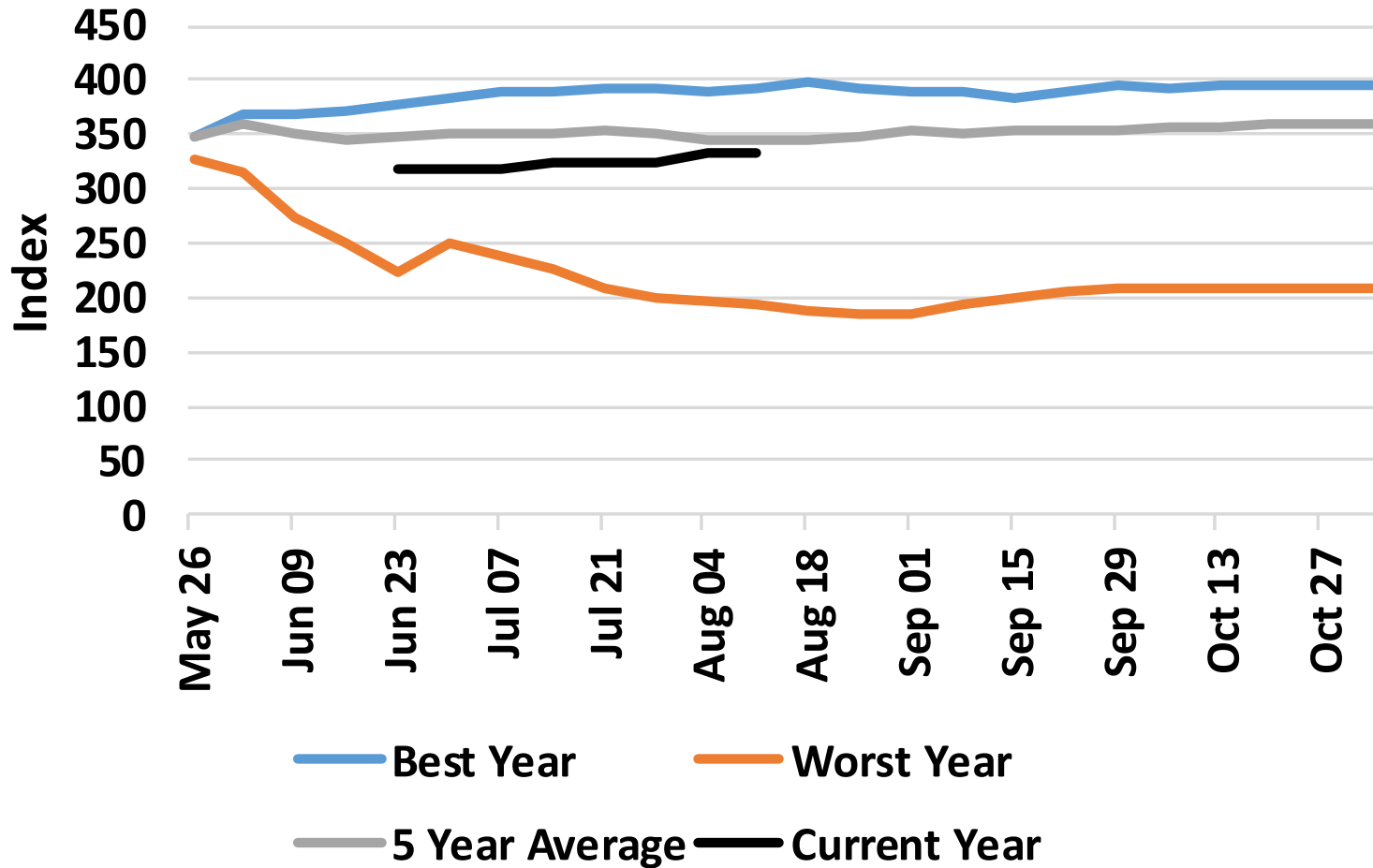
# Missouri Corn Yield Projections Based on Crop Conditions as of August 12, 2019



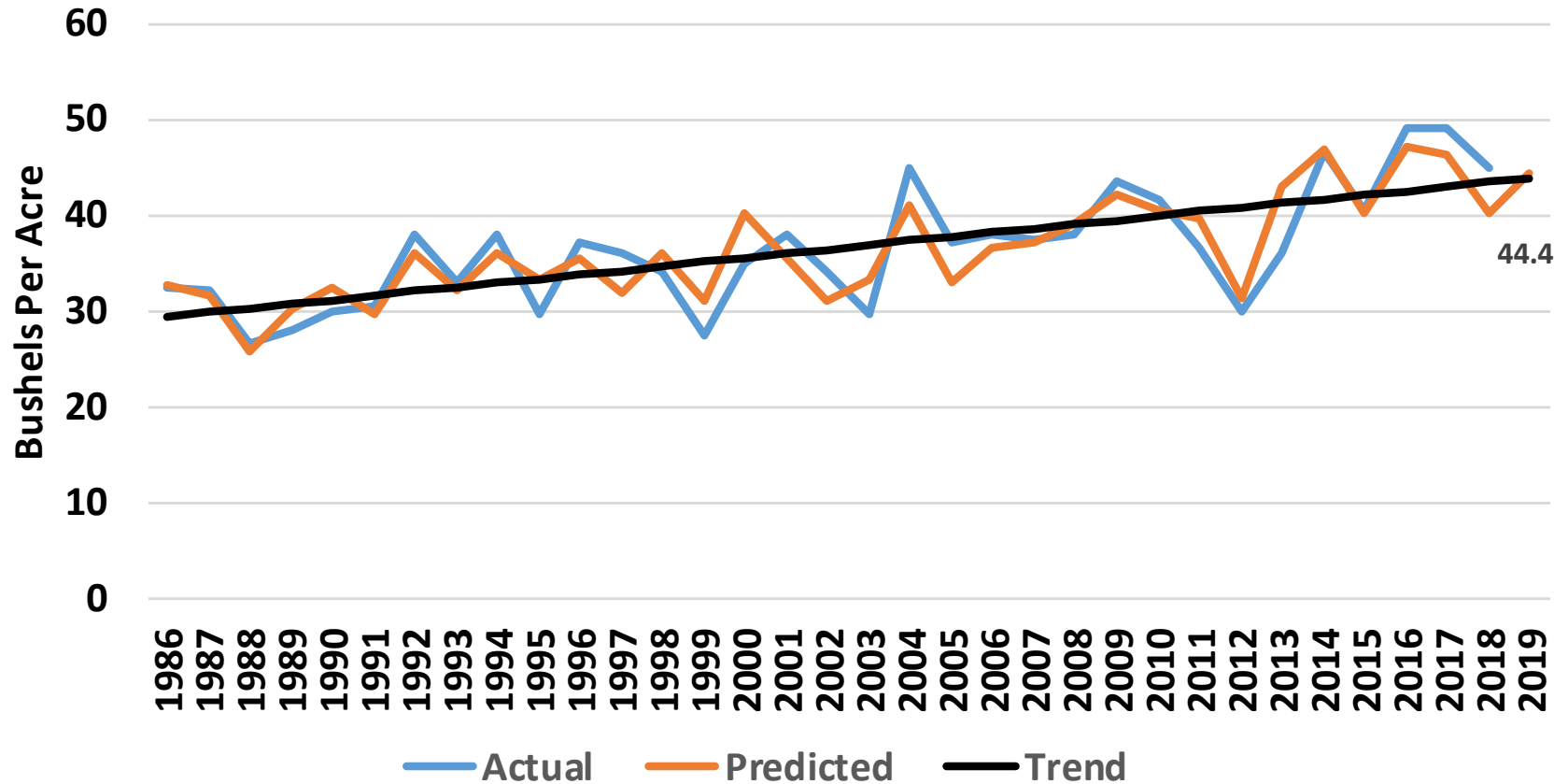
# US Soybean Condition Index



# Missouri Soybean Condition Index

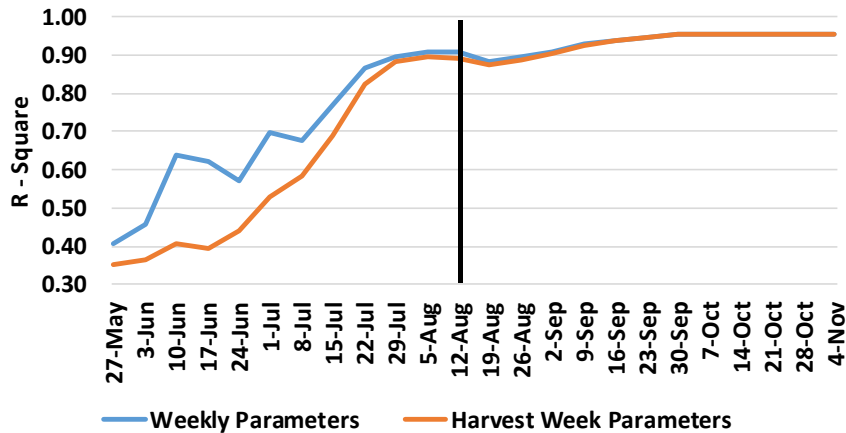


# Missouri Soybean Yield Projections Based on Crop Conditions as of August 12, 2019

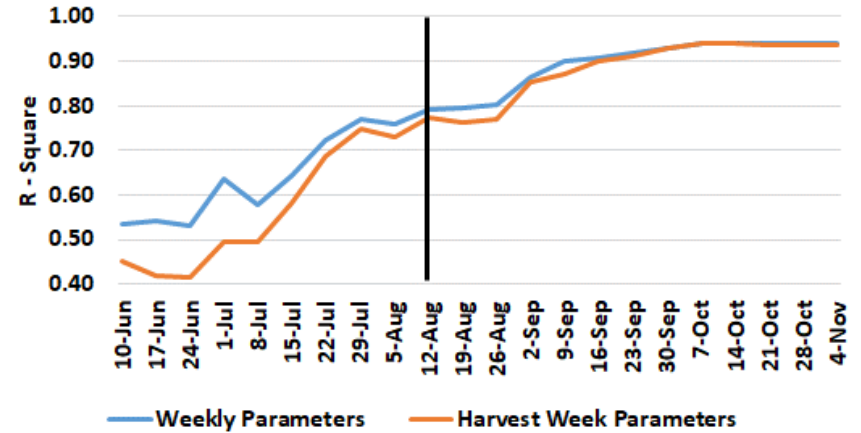


# Crop Condition Model Performance

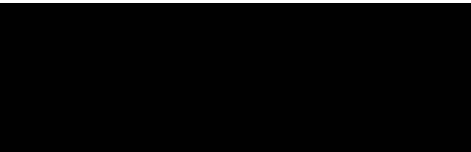
**Weekly Missouri Corn Crop Condition Model Performance (Estimation Period 1986-2017)**



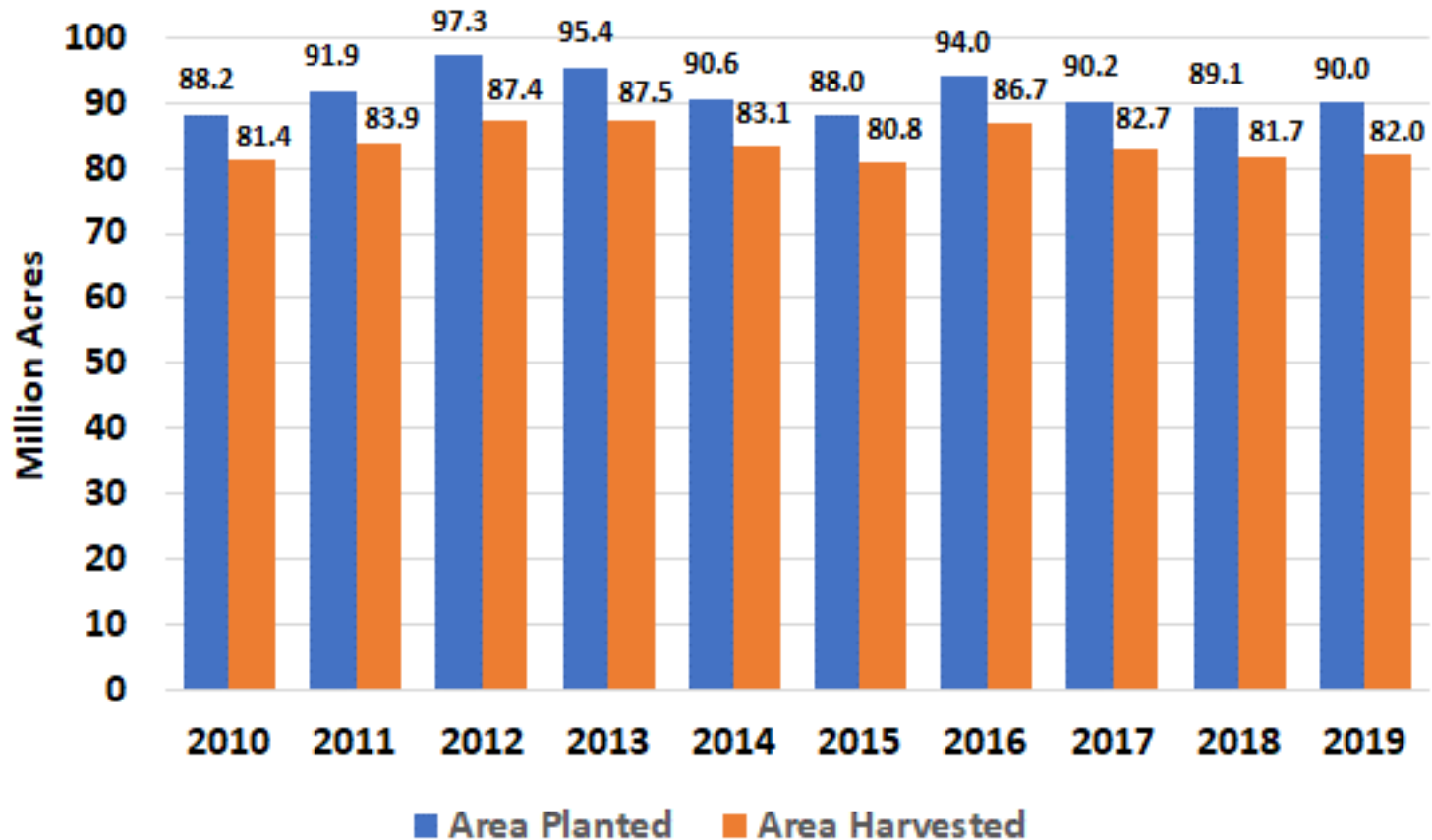
**Weekly Missouri Soybean Crop Condition Model Performance (Estimation Period 1986-2017)**



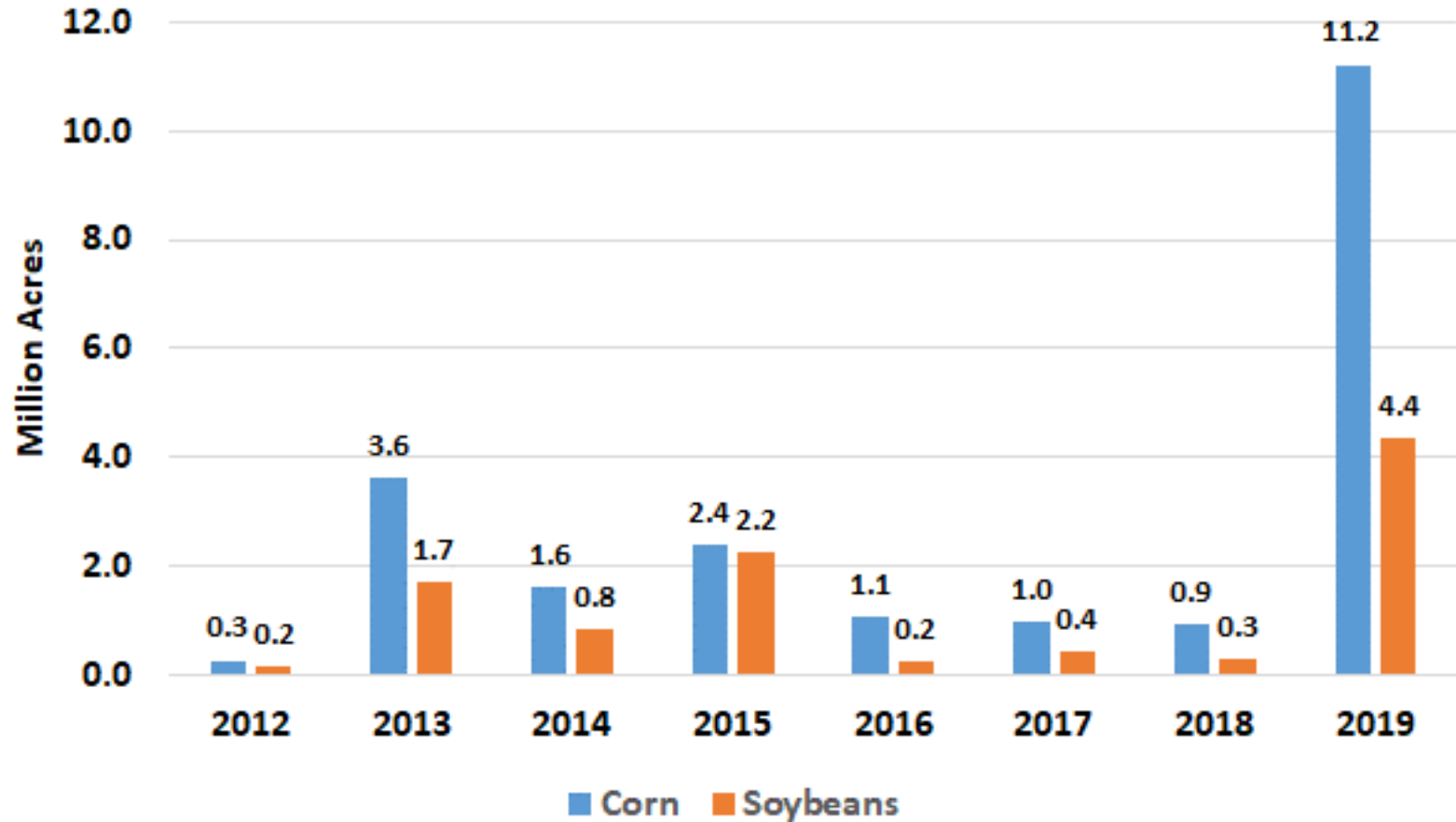
# CORN OUTLOOK



# US Corn Planted and Harvested Area

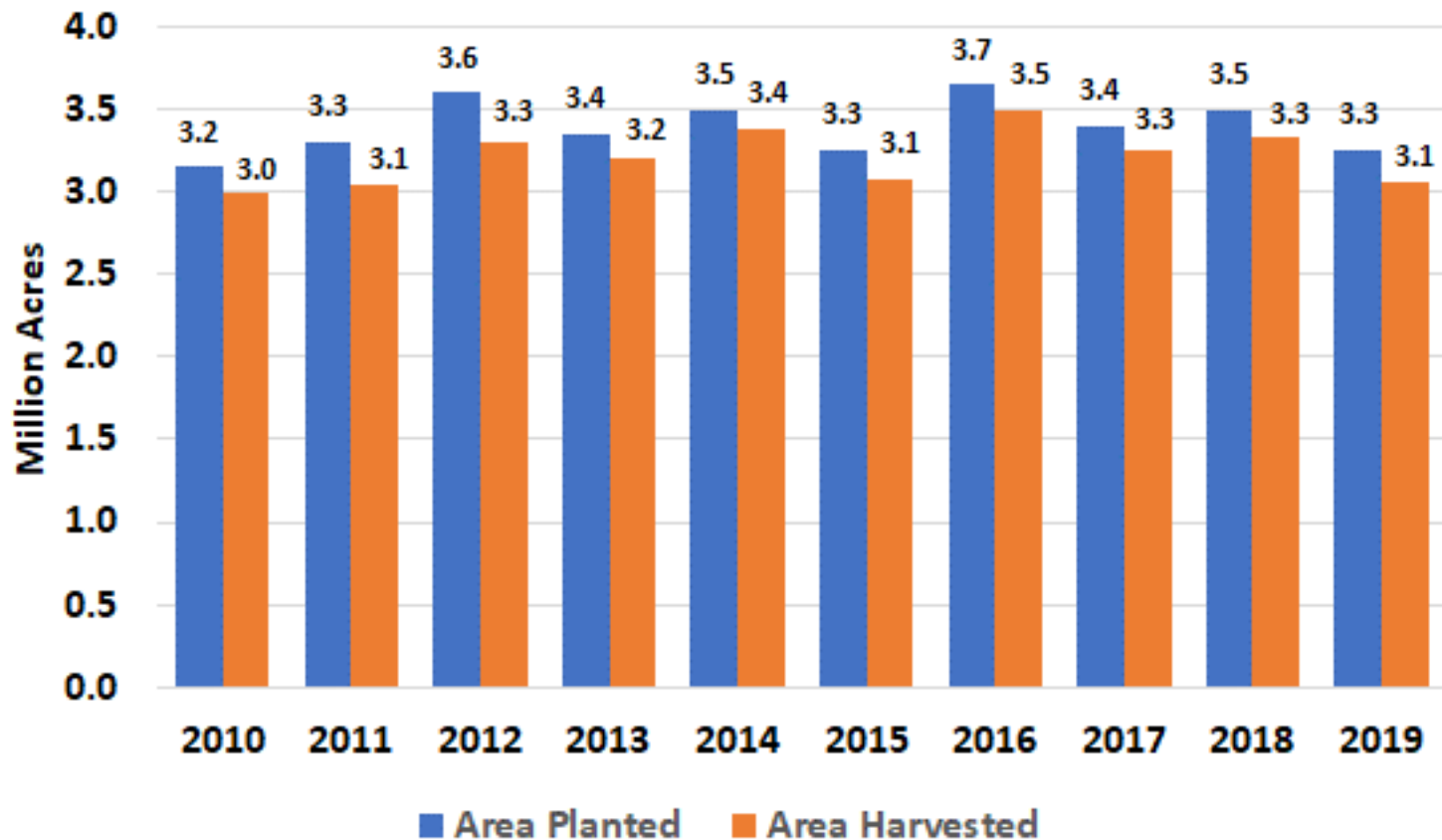


# US Prevent Plant Corn and Soybean Area

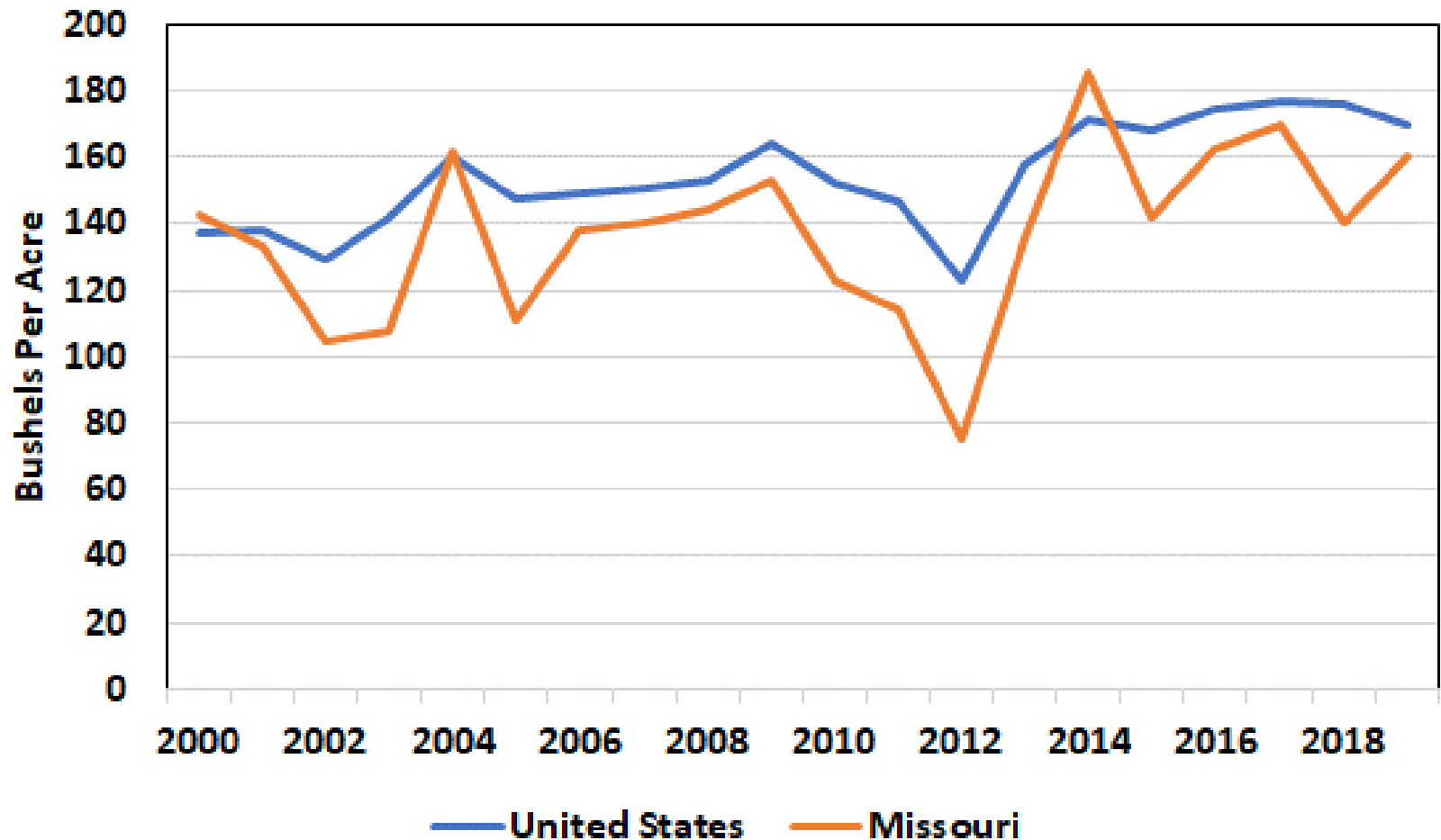




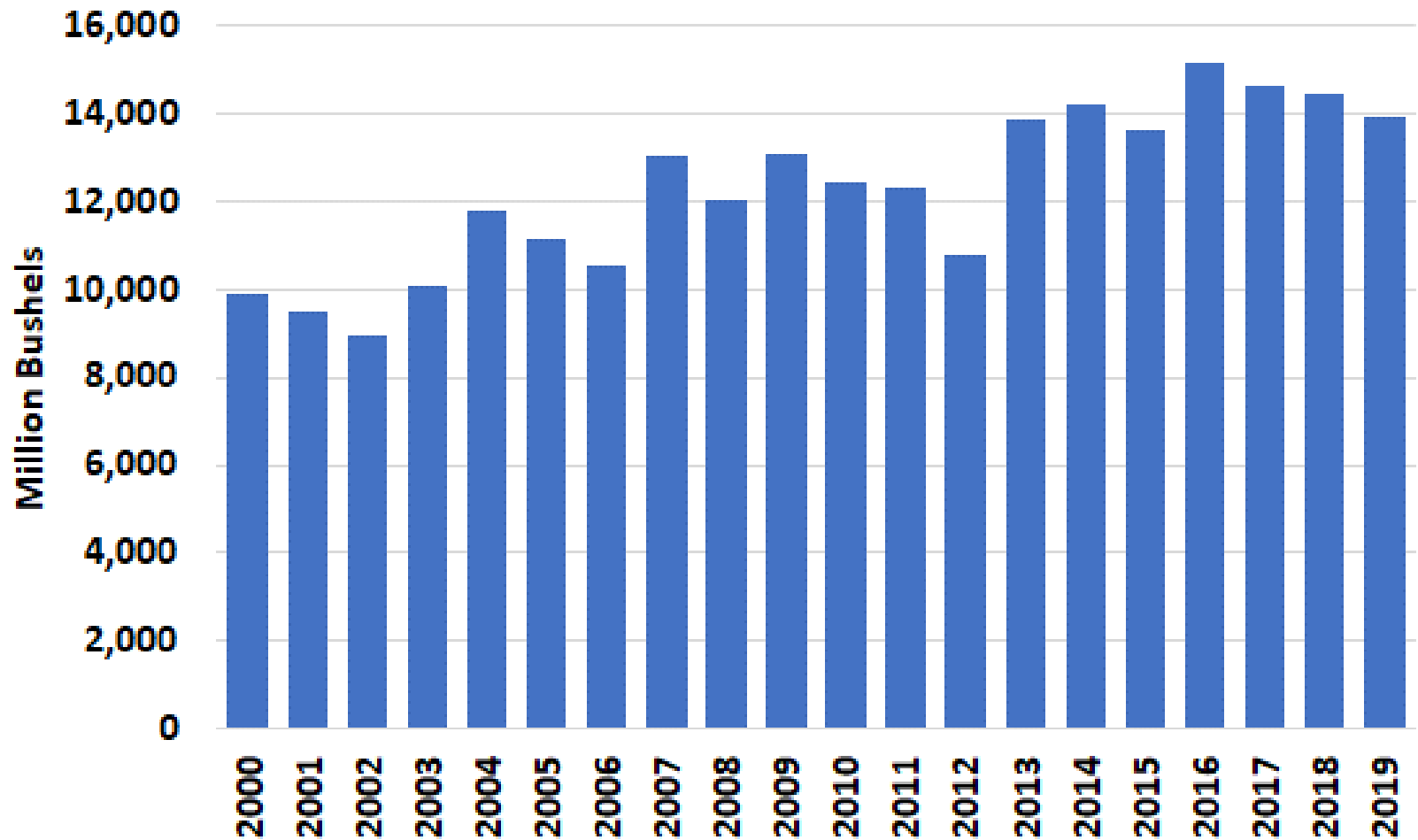
# Missouri Corn Planted and Harvested Area



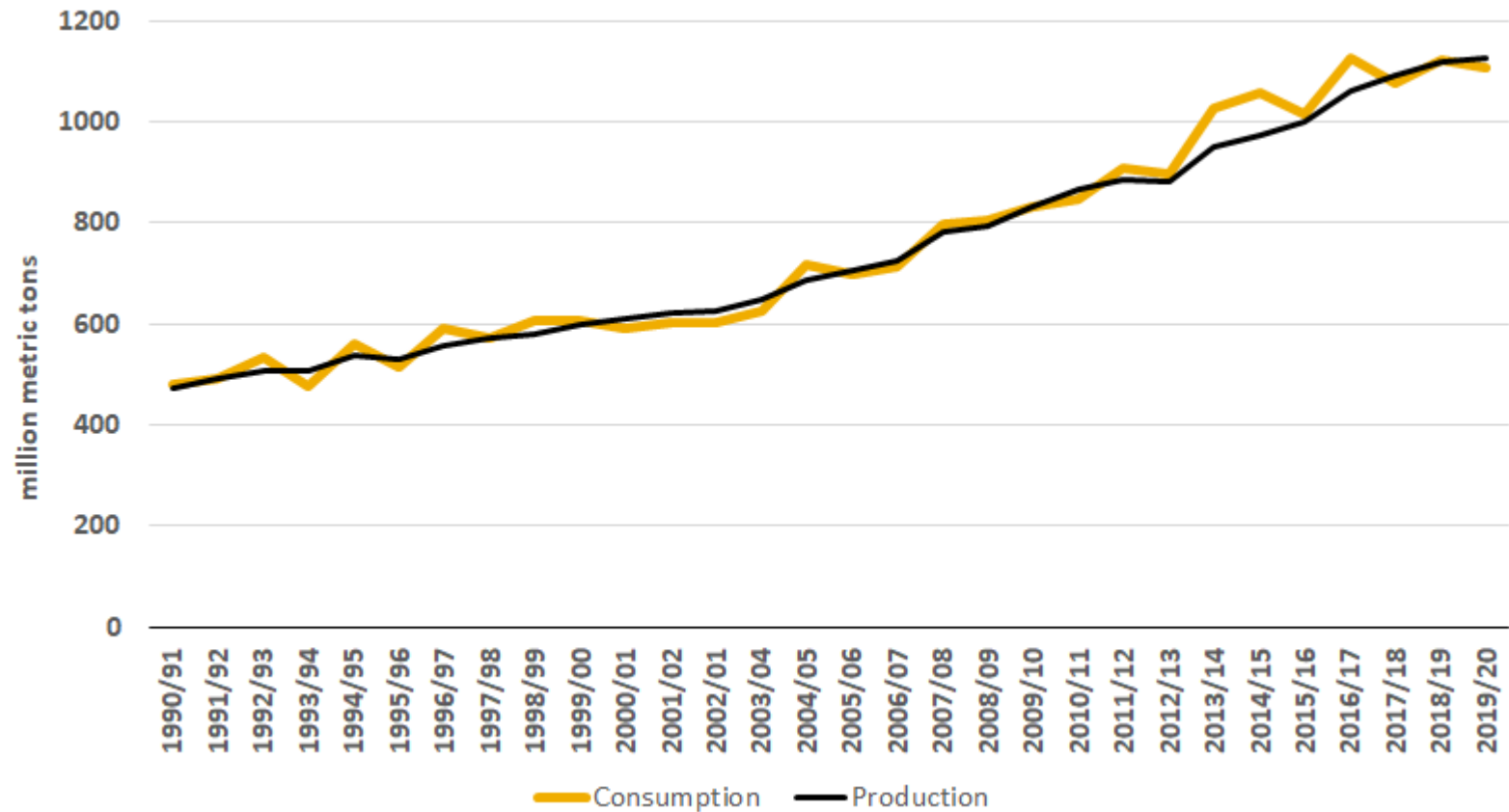
# US and Missouri Corn Yield



# US Corn Production

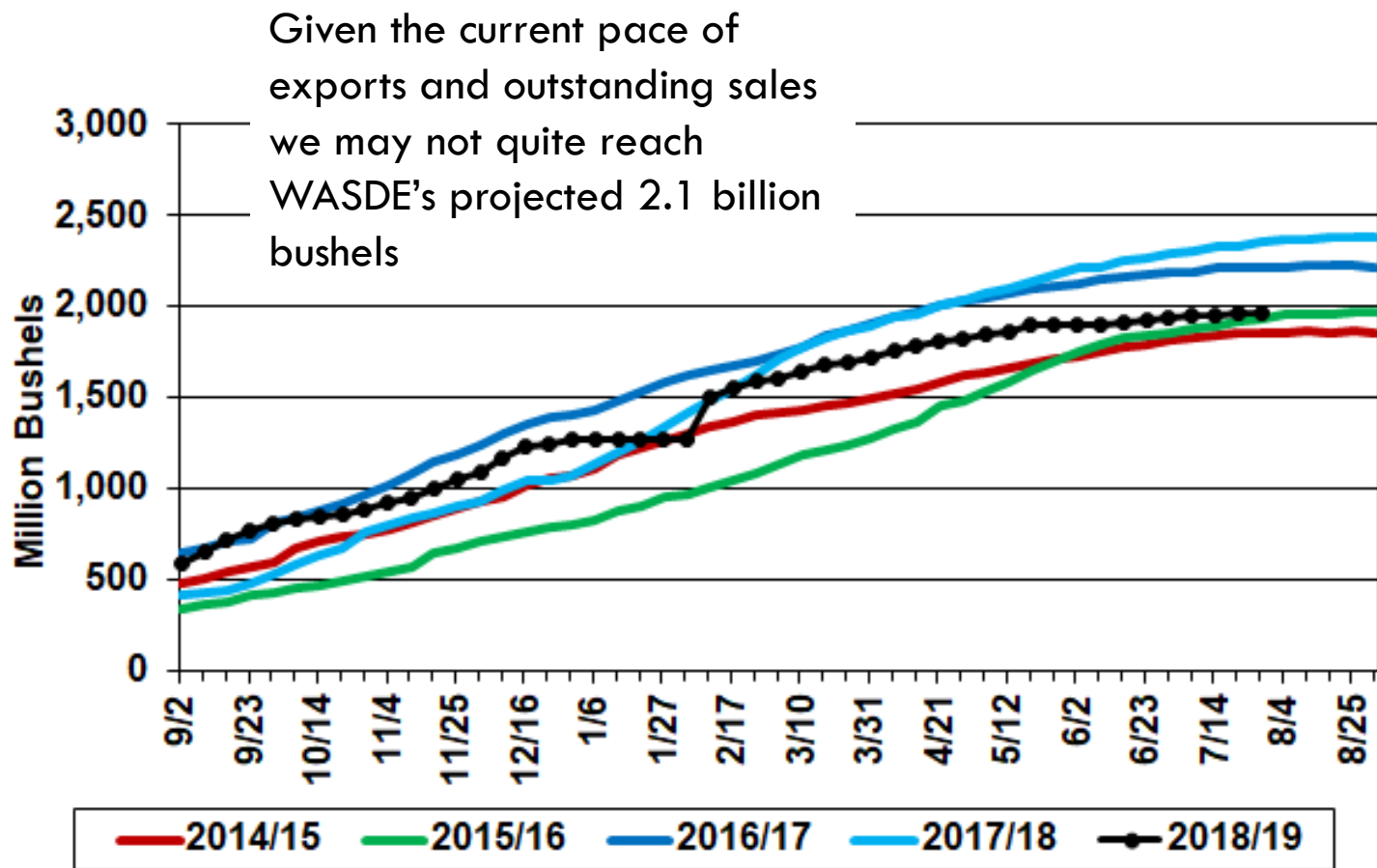


# World Corn Production and Consumption



# Accumulated US Corn Exports and Outstanding Sales to All Countries

(As of August 1, 2019)



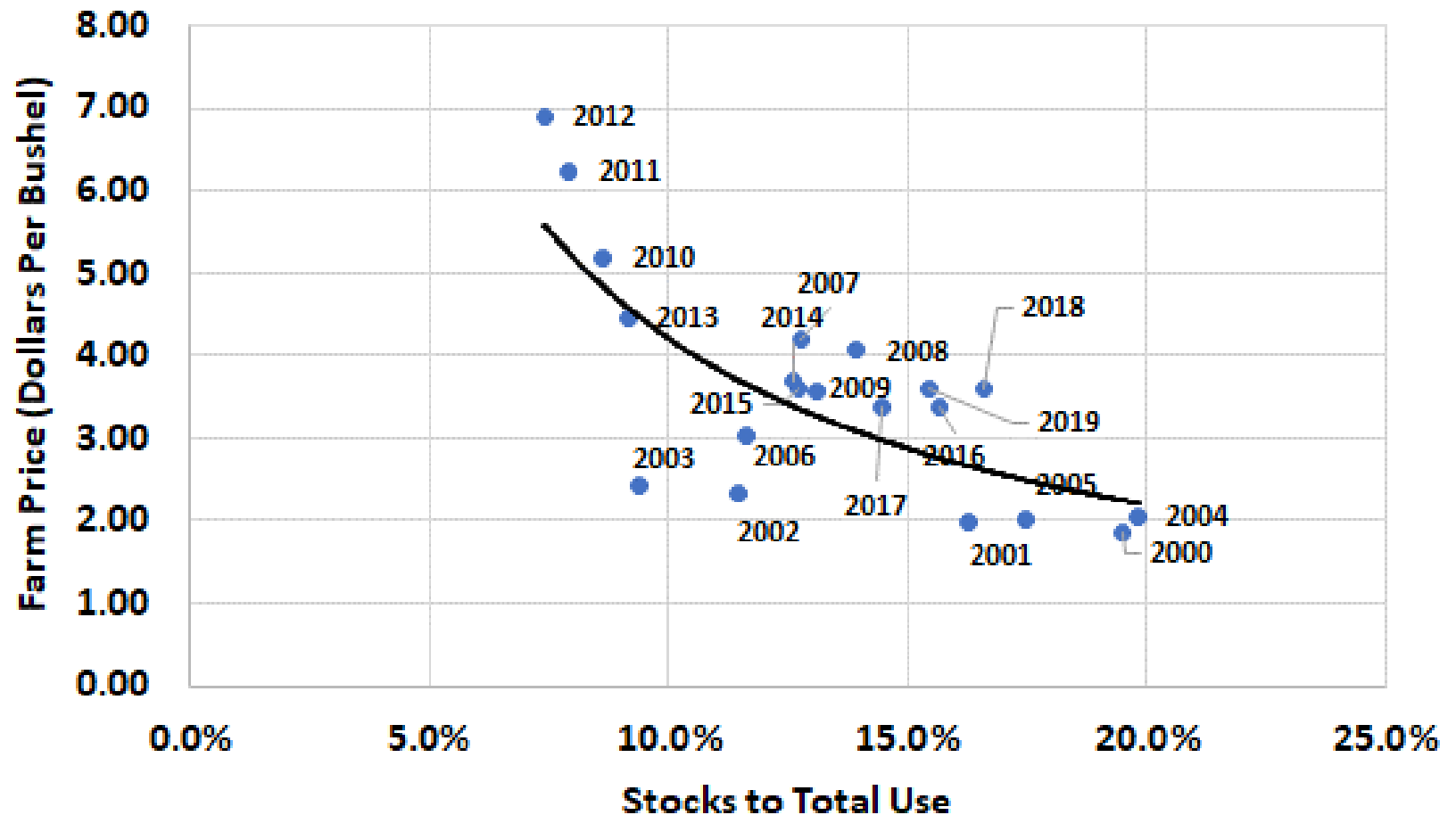
## August 2019 US Corn Supply and Use Update

	Units	2017/18	2018/19	2019/20		2020/21	
		WASDE	WASDE	WASDE	% Δ from last month	FAPRI	% Δ from 2019/20
Area Planted	mil ac	90.2	89.1	90.0	-1.9%	92.7	3.0%
Area Harvested	mil ac	82.7	81.7	82.0	-1.9%	85.2	3.8%
Yield	bu/ac	176.6	176.4	169.5	2.1%	175.9	3.8%
Beginning Stocks	mil bu	2,293	2,140	2,360	0.9%	1,629	-31.0%
Production	mil bu	14,609	14,420	13,901	0.2%	14,982	7.8%
Imports	mil bu	36	30	50	0.0%	38	-23.2%
<b>Total Supply</b>	mil bu	16,939	16,595	16,311	0.3%	16,650	2.1%
Feed and Residual	mil bu	5,304	5,275	5,175	0.0%	5,378	3.9%
Food, Seed, & Industrial	mil bu	7,057	6,855	6,905	-0.4%	7,247	4.9%
Ethanol & By-products	mil bu	5,605	5,425	5,475	-0.5%	5,756	5.1%
<b>Total Domestic Use</b>	mil bu	12,361	12,130	12,080	-0.2%	12,624	4.5%
Exports	mil bu	2,438	2,100	2,050	-4.7%	2,325	13.4%
<b>Total Use</b>	mil bu	14,798	14,230	14,130	-0.9%	14,950	5.8%
Ending Stocks	mil bu	2,140	2,360	2,181	8.5%	1,700	-22.0%
Farm Price	\$/bu	3.36	3.60	3.60	-2.7%	3.82	6.1%

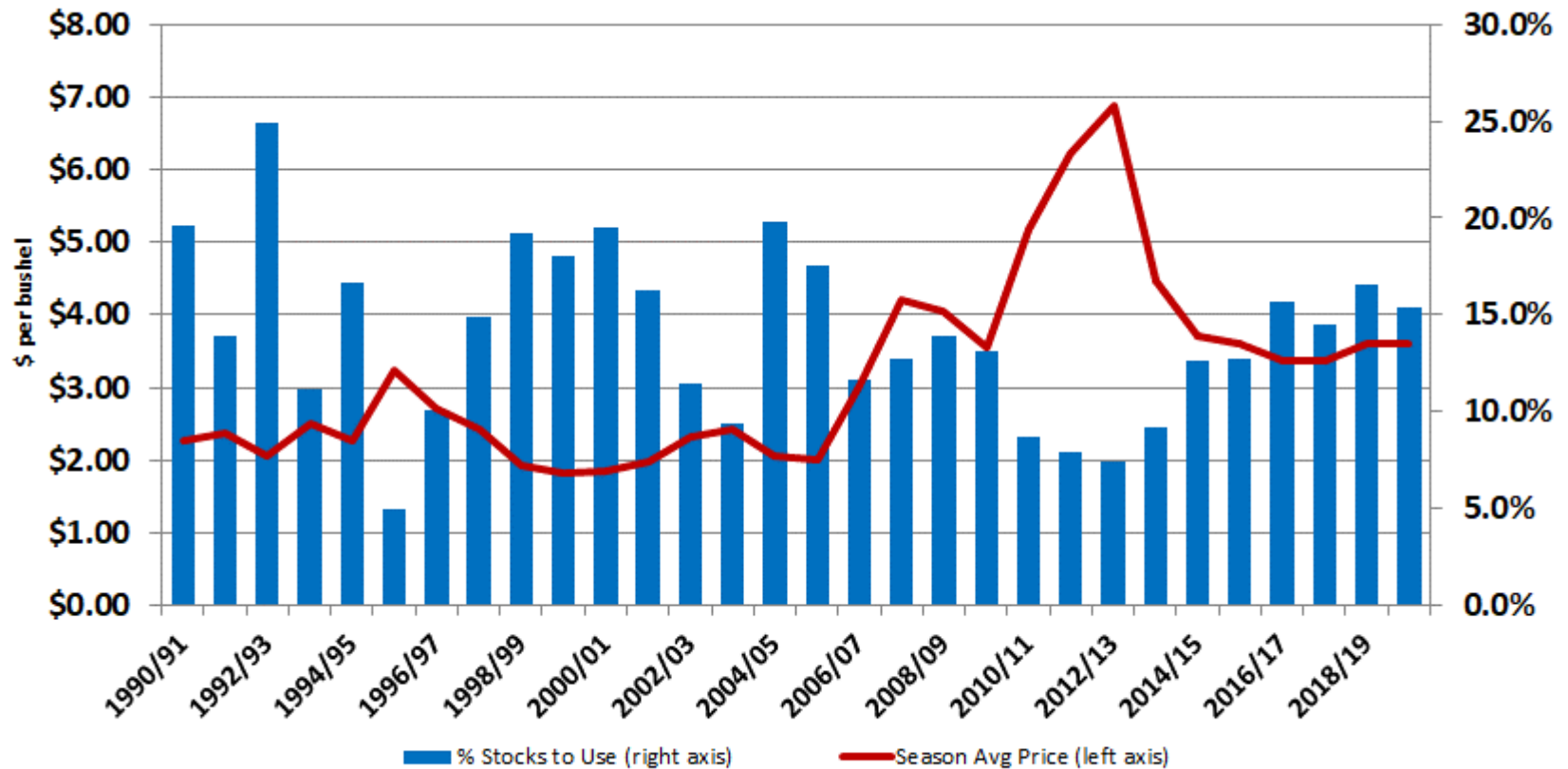
\* FAPRI projections as of April 2019.

- As expected, US corn area was revised lower in the August WASDE, down from an estimated 91.7 million acres in July.
- USDA revised projected corn yield 2.1% higher from last month, offset lower acreage and leaving production up a slight 0.2%. USDA indicates that this is the first survey based yield estimate. Many factors could still change the final realized yield.
- Export projects were revised 100 million bushel lower (4.7%) due to competition from increased production in Ukraine.
- USDA's downward reduction in domestic demand estimates and exports results in an 8.5% increase in ending stocks. Year-over-year, corn stock levels are only down modestly.
- Corn prices for the 2019/20 marketing year are projected to be flat on lower demand and only modestly declining ending stocks.

# US Stocks to Total Use and Season Average Price



# US Stocks to Total Use and Season Average Price



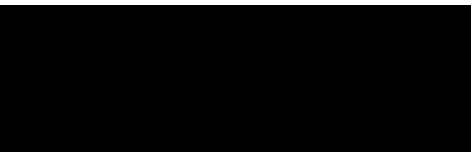


# Corn December 2019 Futures

Source: AgWeb (CME) 8-13-2019



# SOYBEAN OUTLOOK



## August 2019 US Soybean Supply and Use Update

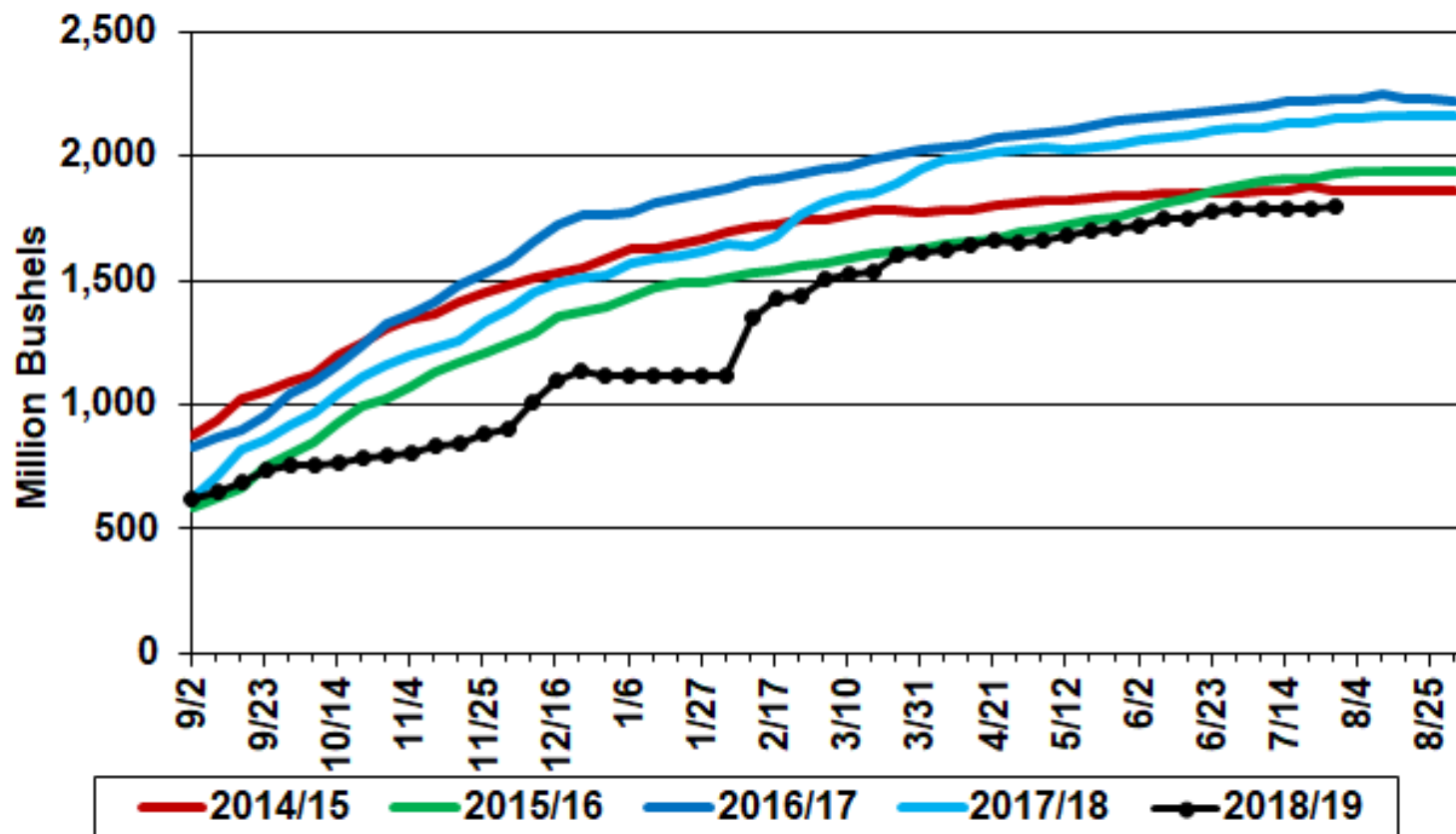
	Units	2017/18	2018/19	2019/20		2020/21	
		WASDE	WASDE	WASDE	% Δ from last month	FAPRI	% Δ from 19/20
Area Planted	mil ac	90.2	89.2	76.7	-4.1%	83.8	9.2%
Area Harvested	mil ac	89.5	88.1	75.9	-4.3%	83.0	9.4%
Yield	bu/ac	49.3	51.6	48.5	0.0%	49.1	1.3%
Beginning Stocks	mil bu	302	438	1,070	1.9%	746	-30.3%
Production	mil bu	4,412	4,544	3,680	-4.3%	4,076	10.8%
Imports	mil bu	22	17	20	0.0%	20	0.0%
<b>Total Supply</b>	mil bu	4,735	4,999	4,771	-2.9%	4,842	1.5%
Crush	mil bu	2,055	2,065	2,115	0.0%	2,133	0.8%
Seed & Residual	mil bu	109	164	126	0.0%	119	-5.7%
<b>Domestic use</b>	mil bu	2,164	2,229	2,241	0.0%	2,251	0.5%
Exports	mil bu	2,134	1,700	1,775	-5.3%	1,952	10.0%
<b>Total Use</b>	mil bu	4,297	3,929	4,016	-2.5%	4,203	4.7%
Ending Stocks	mil bu	438	1,070	755	-5.0%	639	-15.3%
Farm Price	\$/bu	9.33	8.50	8.40	0.0%	9.11	8.4%
Soybean to Corn Price Ratio		2.78	2.36	2.33		2.38	2.2%

\* FAPRI projections as of April 2019.

- With the new August acreage survey, USDA reduced soybean planted area by 3.3 million acres to 76.7 million acres. Soybean yield projections were left unchanged from last month.
- US soybean production fell by 165 million bushels.
- Most of the drop in production was taken out of exports which declined 100 million bushels.
- US soybean ending stocks were reduced 40 million bushels from July projections.
- Soybean price projections were left unchanged from July.

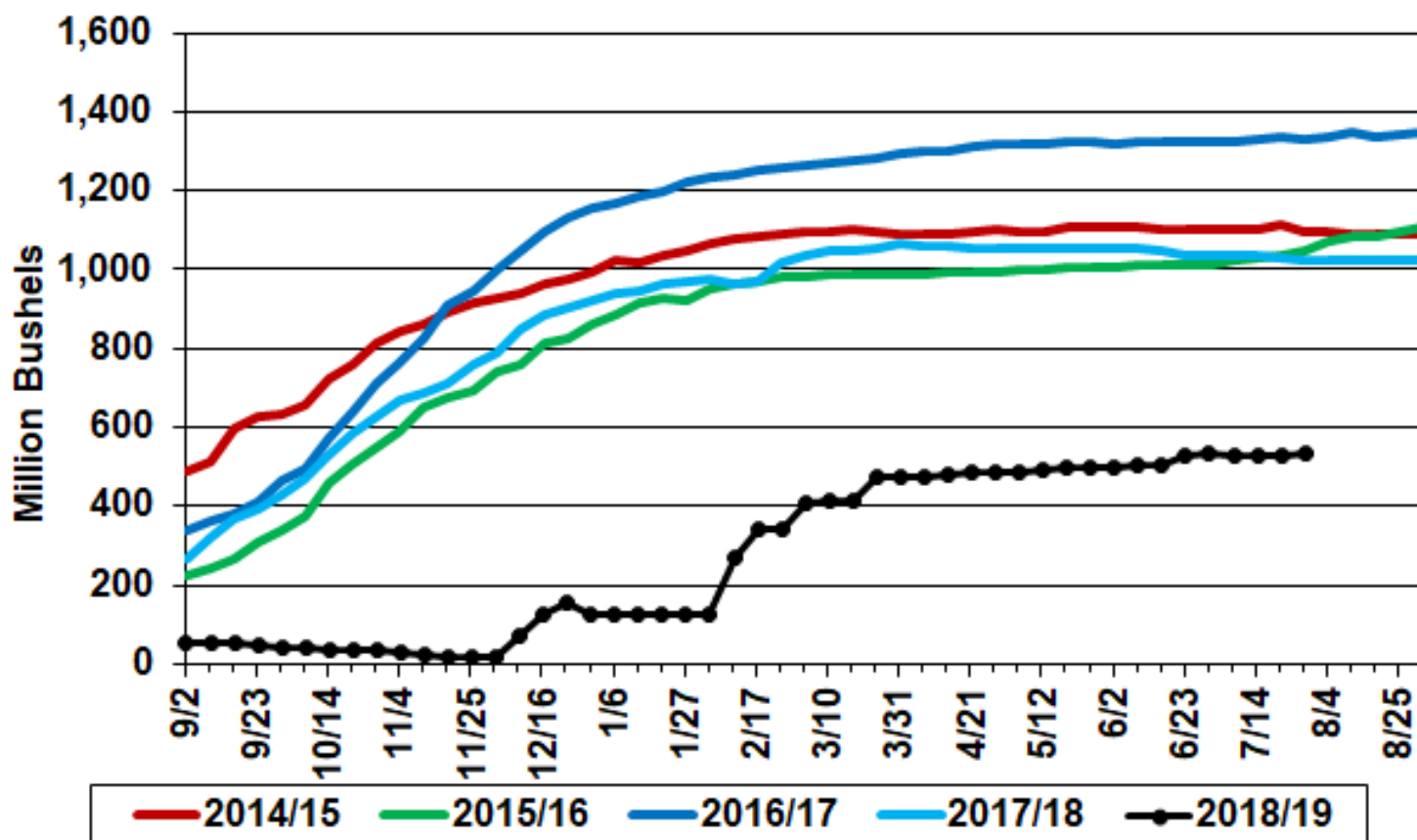
# Accumulated Soybean Exports and Outstanding Sales to All Countries

(As of August 1, 2019)



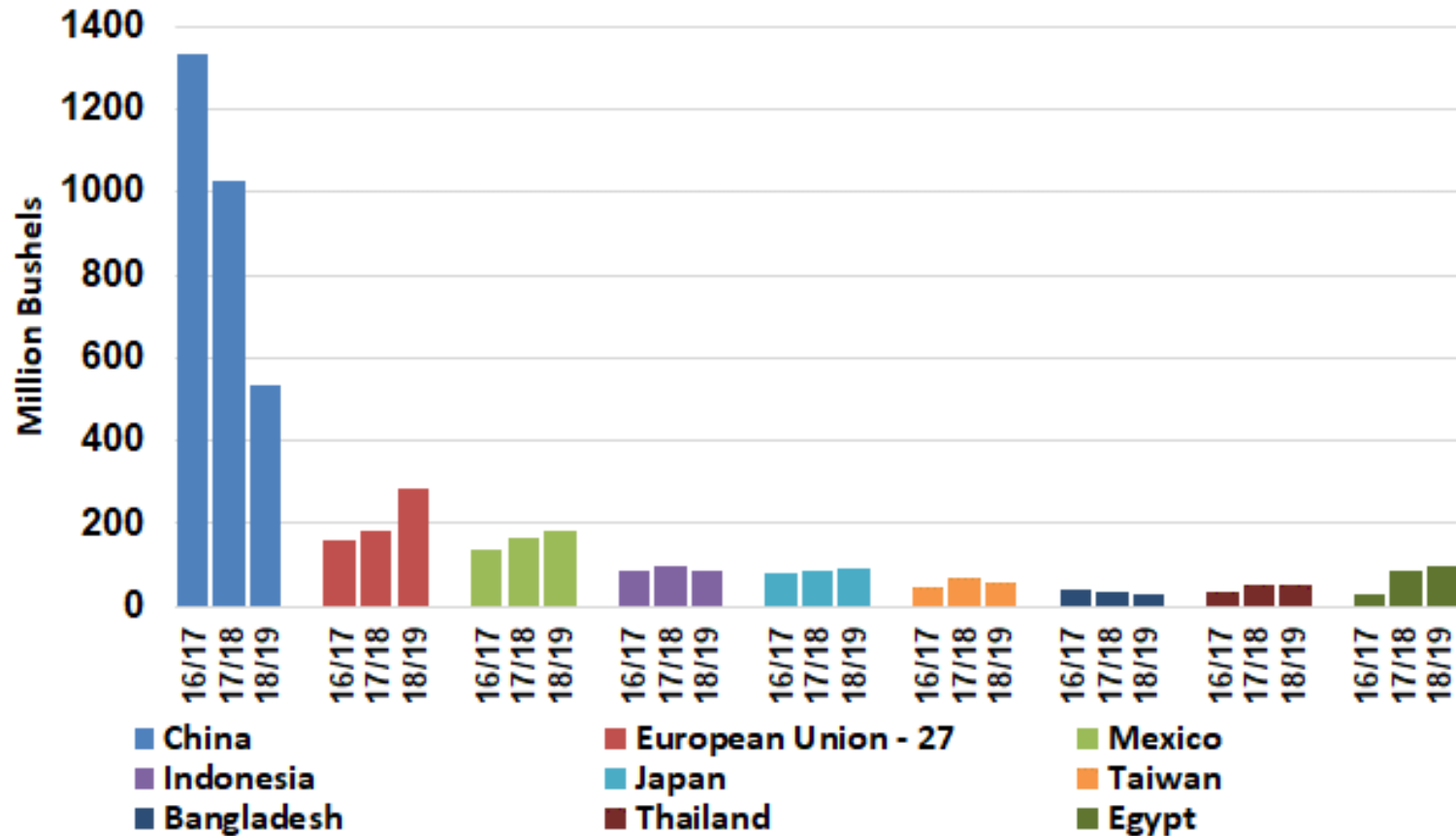
# Accumulated US Soybean Exports to China

(As of August 1, 2019)



# Accumulated US Soybean Exports and Outstanding Sales to Top Export Destinations

(YTD as of August 1, 2019)



# Soybeans in Competing Countries

## August Supply & Use (minor changes from July)

	Units	Argentina				Brazil			
		2017/18	2018/19	2019/20	% Δ from	2017/18	2018/19	2019/20	% Δ from
		PSD	PSD	PSD	last year	PSD	PSD	PSD	last year
Area Harvested	mil ac	40.28	42.01	43.24	2.9%	86.86	88.71	91.18	2.8%
Yield	bu/ac	34.5	49.0	45.0	-8.1%	51.6	48.5	49.6	2.3%
Beginning Stocks	mil bu	992	873	1,119	28.2%	1,220	1,202	998	-17.0%
Production	mil bu	1,389	2,058	1,947	-5.4%	4,483	4,299	4,519	5.1%
Imports	mil bu	173	233	143	-38.6%	6	6	7	33.3%
<b>Total Supply</b>	mil bu	2,554	3,164	3,210	1.4%	5,709	5,506	5,524	0.3%
Crush	mil bu	1,357	1,506	1,653	9.8%	1,636	1,587	1,608	1.3%
Feed and Residual	mil bu	246	254	263	3.6%	73	97	101	3.8%
Food	mil bu	0	0	0	0.0%	0	0	0	0.0%
<b>Total Domestic Use</b>	mil bu	1,603	1,760	1,916	8.9%	1,709	1,685	1,709	1.4%
Exports	mil bu	78	285	294	3.2%	2,799	2,824	2,811	-0.5%
<b>Total Use</b>	mil bu	1,681	2,045	2,210	8.1%	4,508	4,508	4,519	0.2%
Ending Stocks	mil bu	873	1,119	999	-10.7%	1,202	998	1,005	0.7%

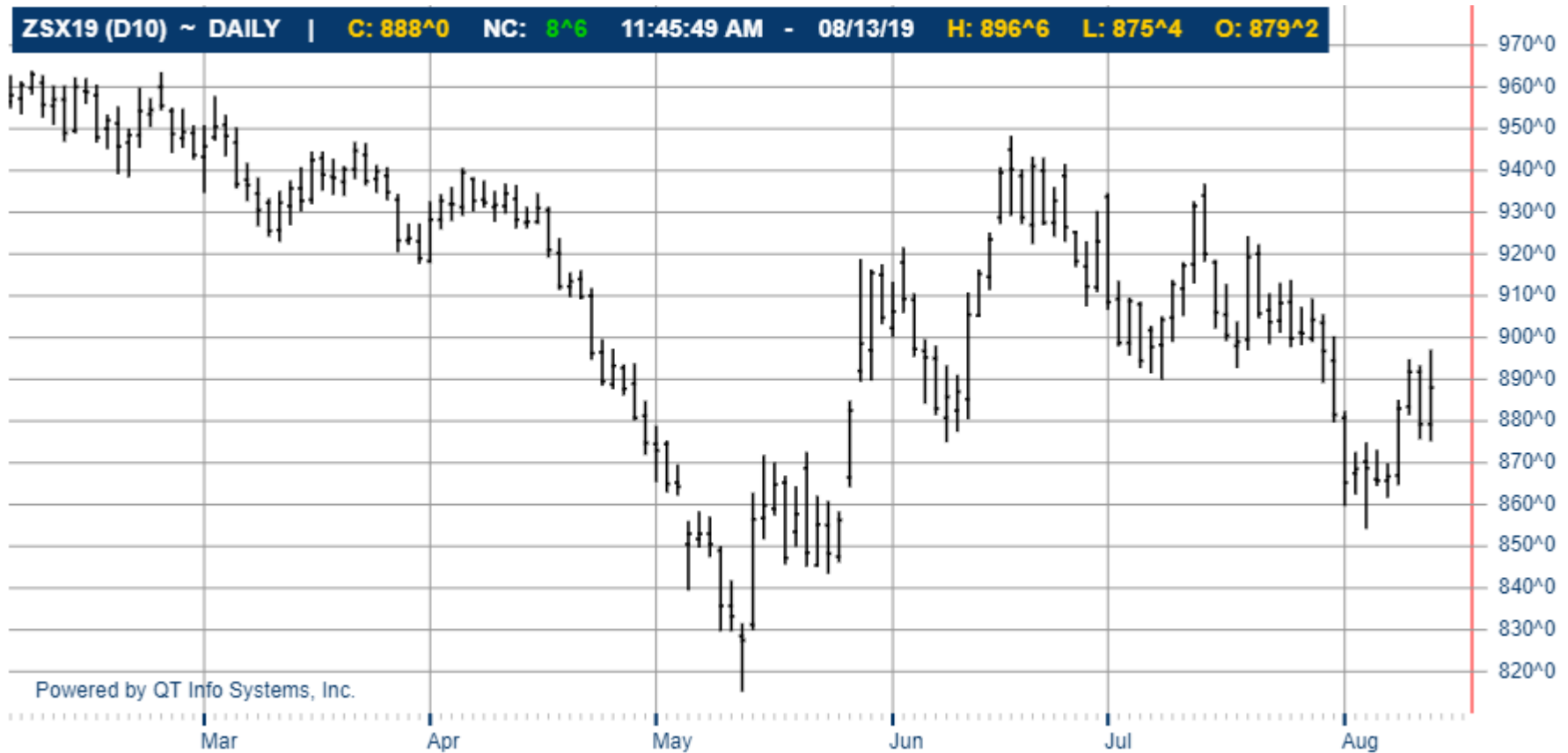
- Further expansion in Argentina and Brazil area is expected with planting in late 2019.

- Export competition with the US is expected to continue in marketing year 2019/20 (harvested in Mar-May of 2020).



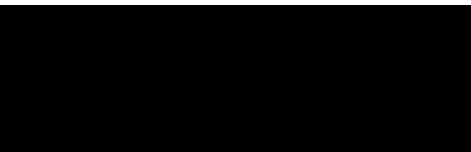
# November 2019 Soybean Futures

Source: AgWeb (CME) 8-13-19





# CORN AND SOYBEANS TECHNICAL ANALYSIS



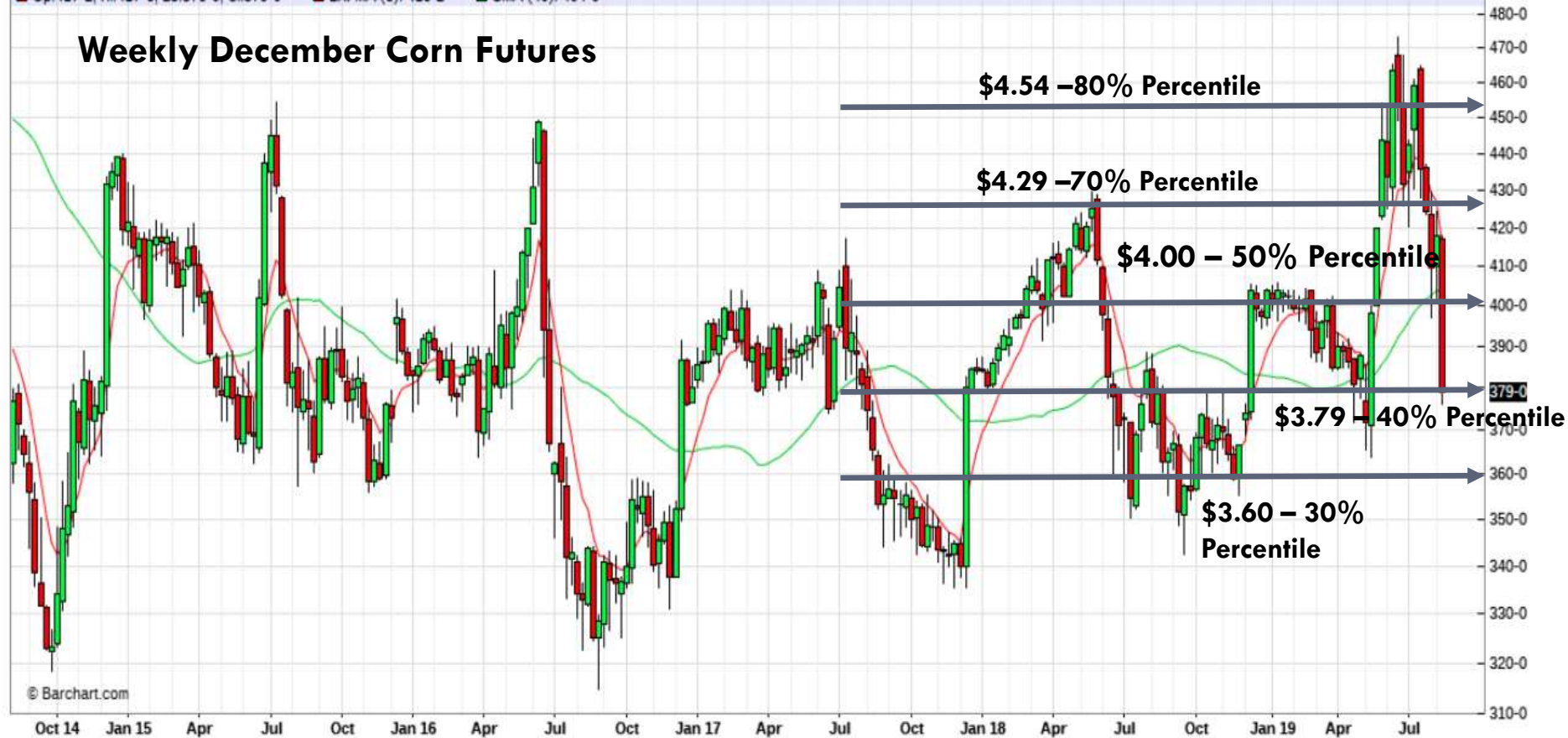
ZCZ19 - Corn - Daily Candlestick Chart



ZC - Corn - Weekly Continuation Candlestick Chart

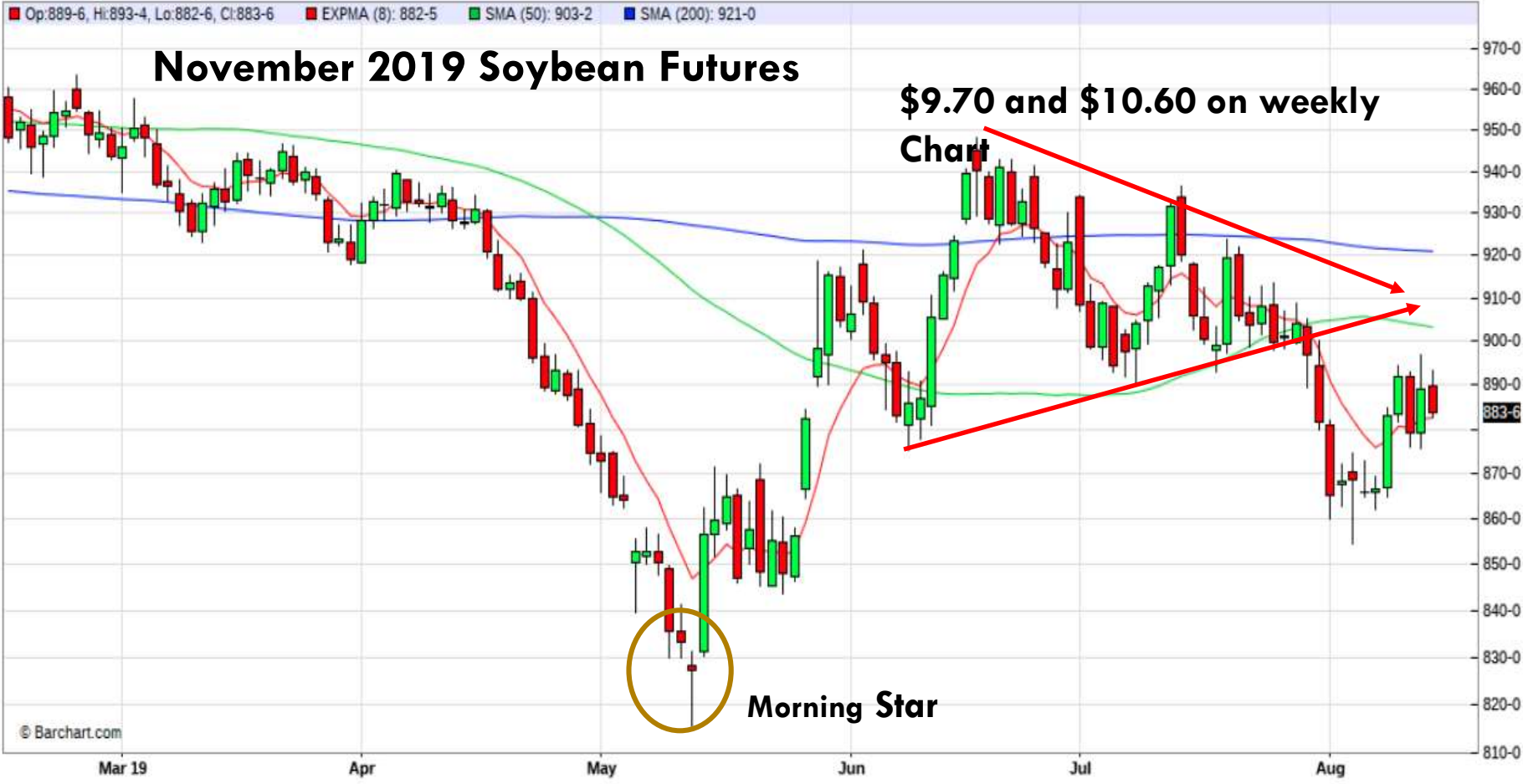
Op:417-2, Hi:417-6, Lo:376-0, Cl:379-0    EXPMA (8): 416-2    SMA (40): 404-0

# Weekly December Corn Futures



© Barchart.com

ZSX19 - Soybean - Daily Candlestick Chart



ZS - Soybean - Weekly Continuation Candlestick Chart

Op:891-6, Hi:896-6, Lo:875-4, Cl:883-0    EXPMA (8): 894-6    SMA (40): 920-6

# Weekly November Soybean Futures

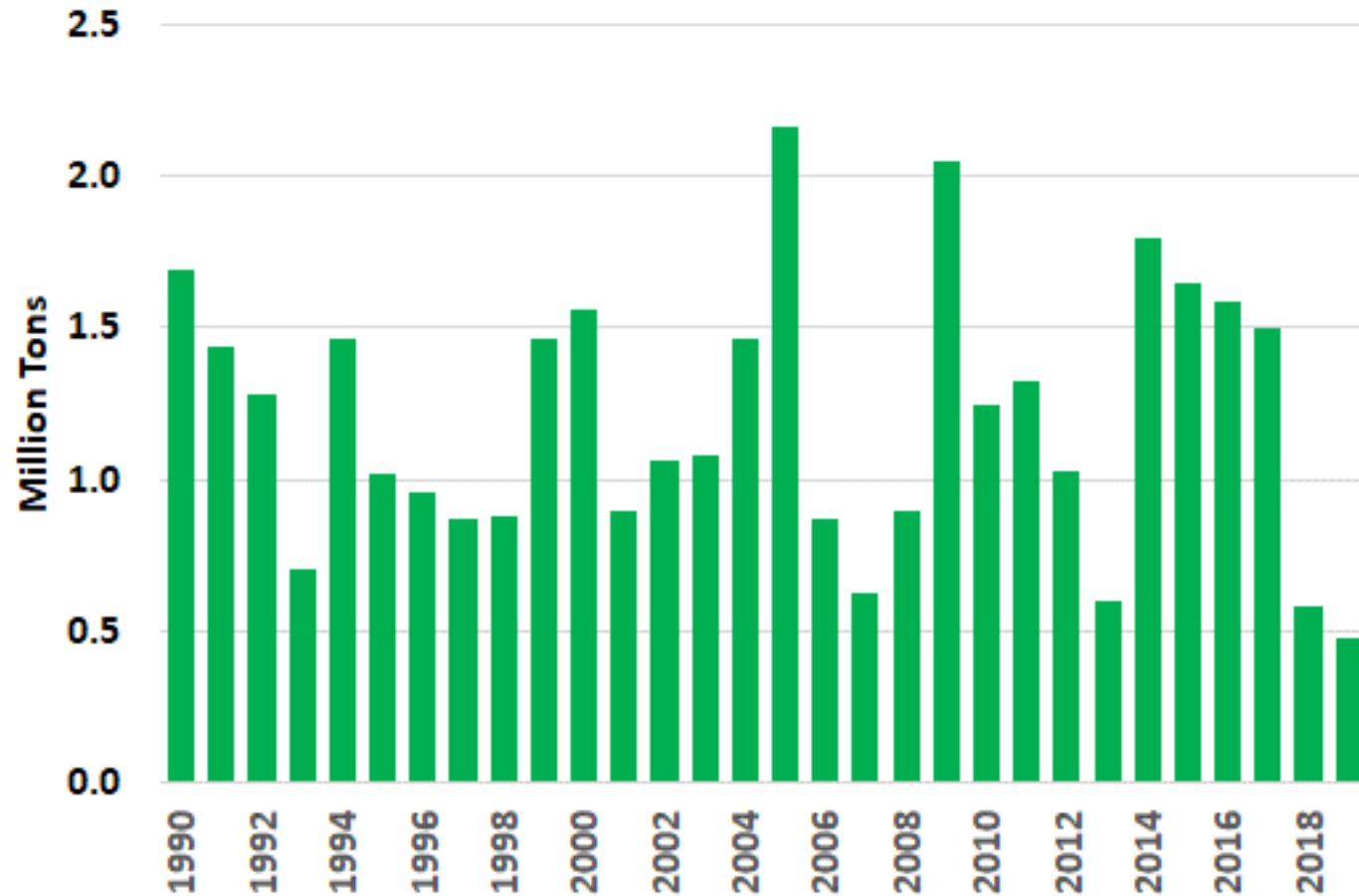


© Barchart.com

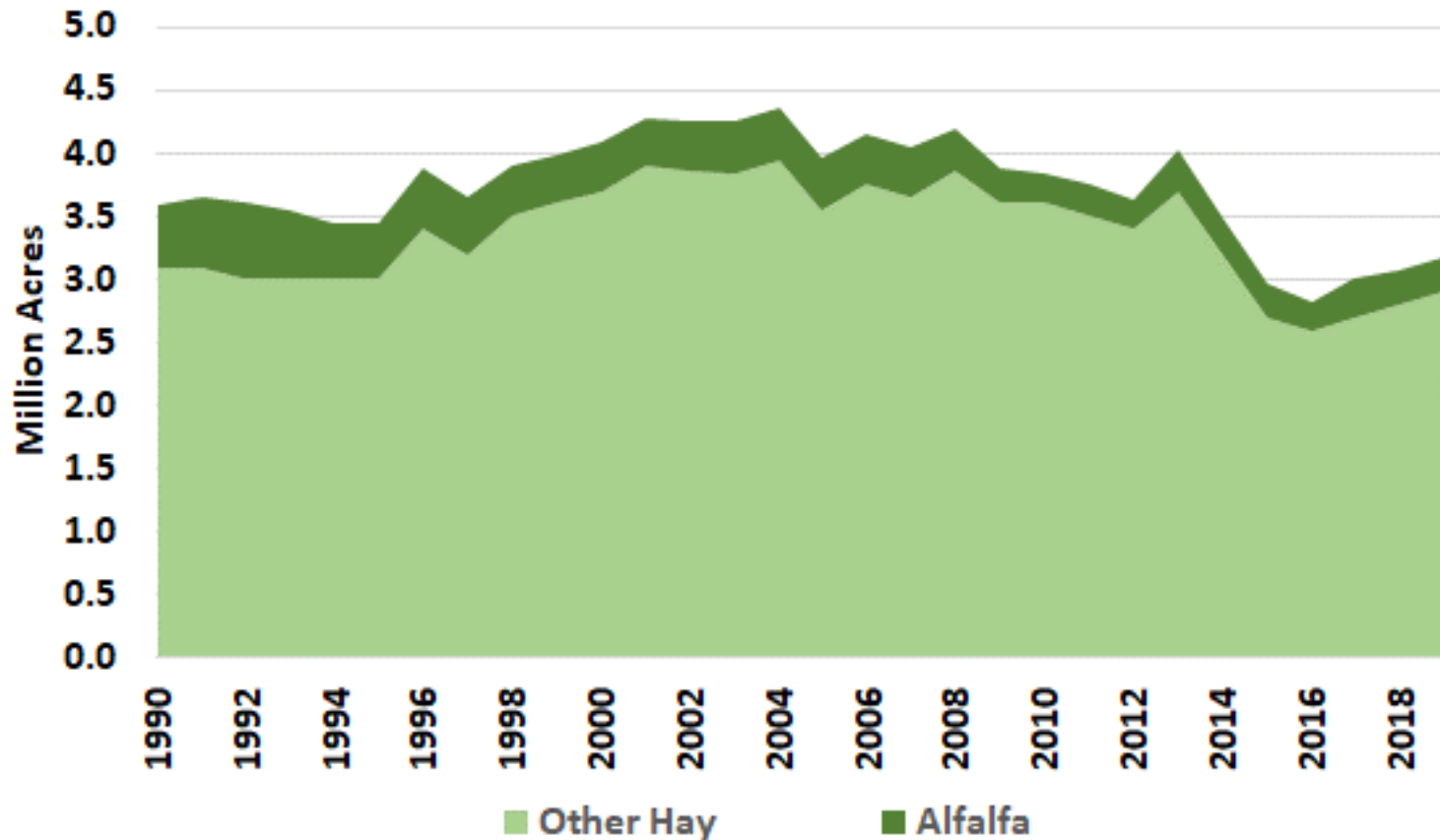
# HAY OUTLOOK



# Missouri May 1 All Hay Stocks

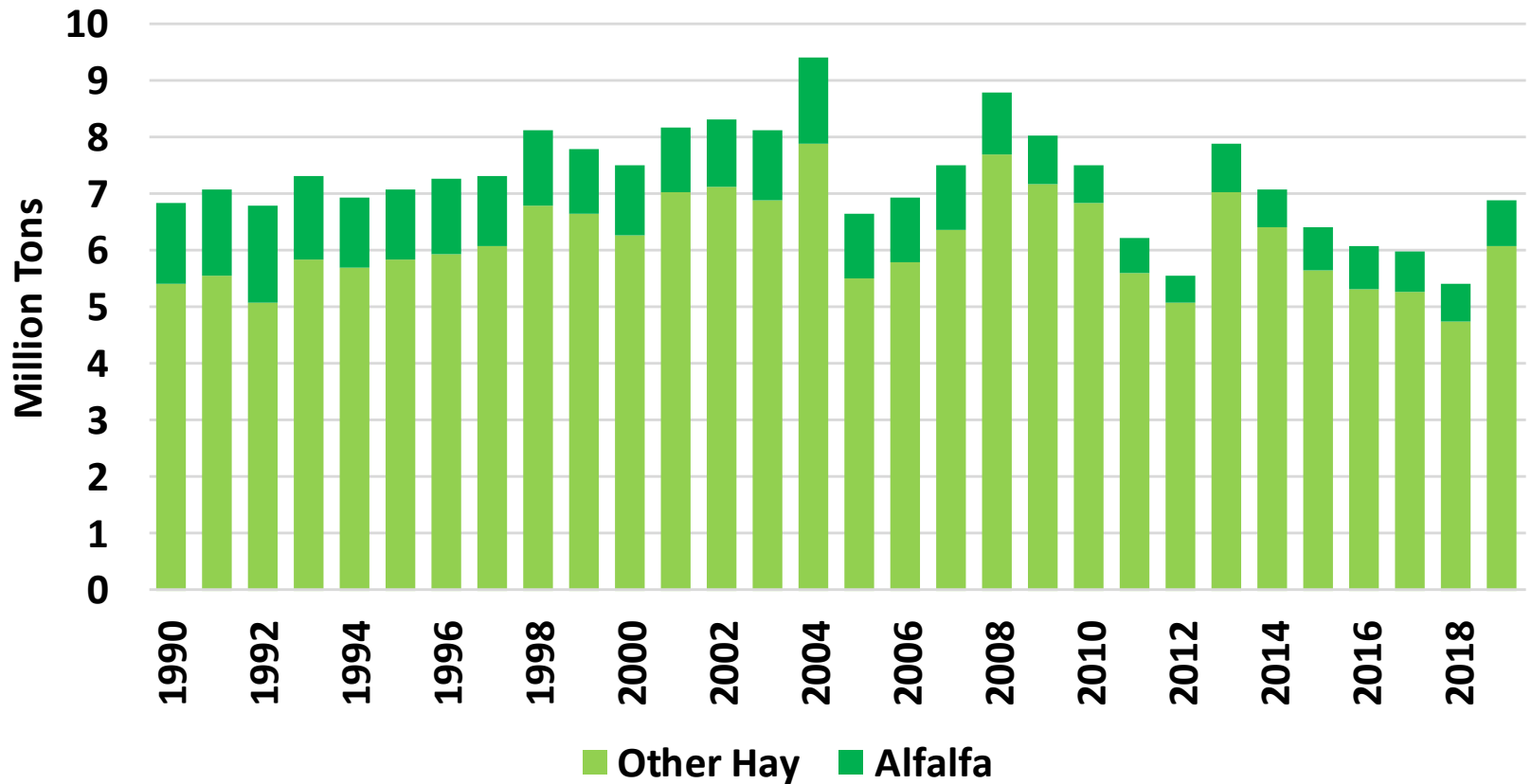


# Missouri Hay Harvested Acres



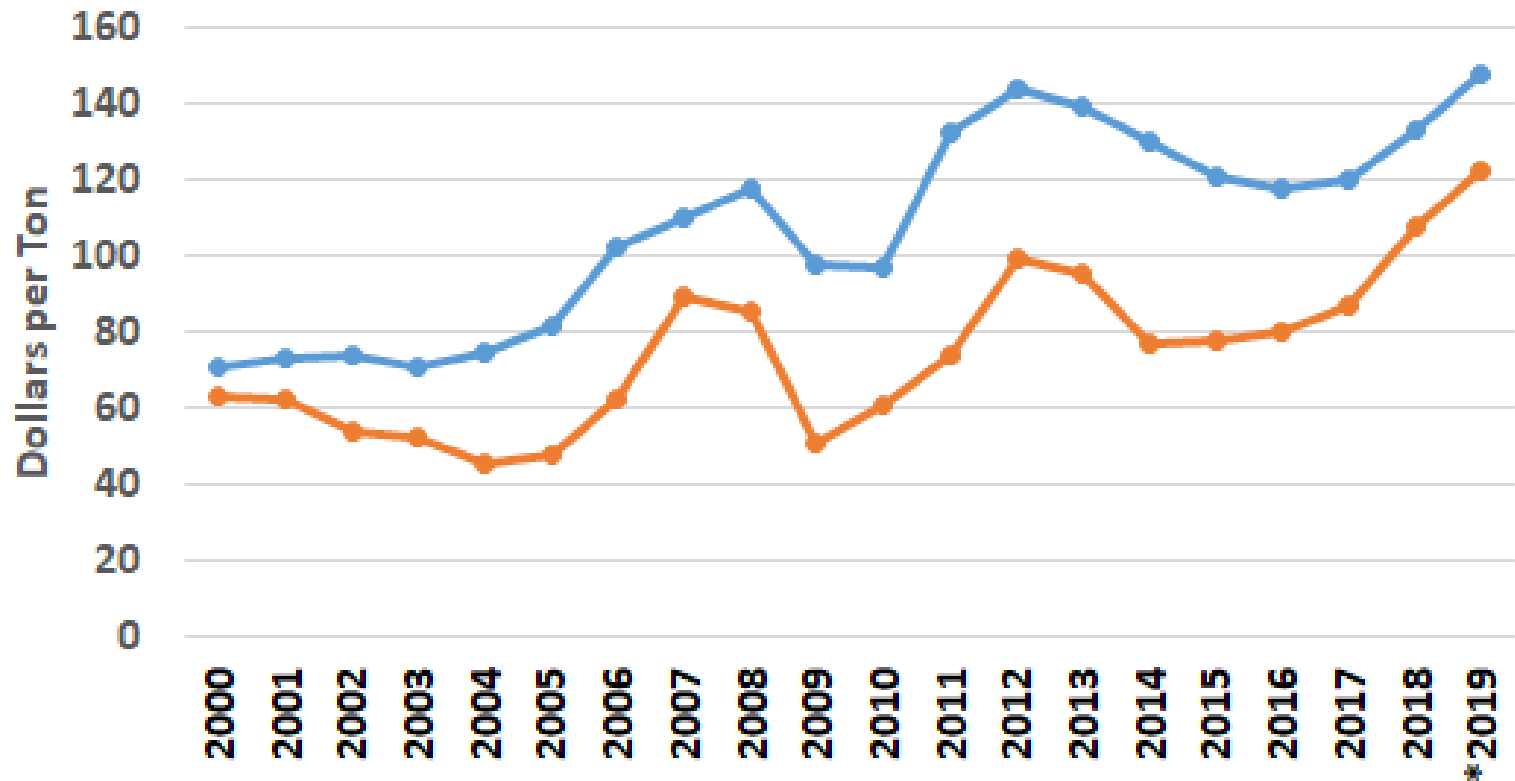


# Missouri Hay Production



# US and Missouri Annual Hay Price

Excluding Alfalfa



Source: USDA/NASS

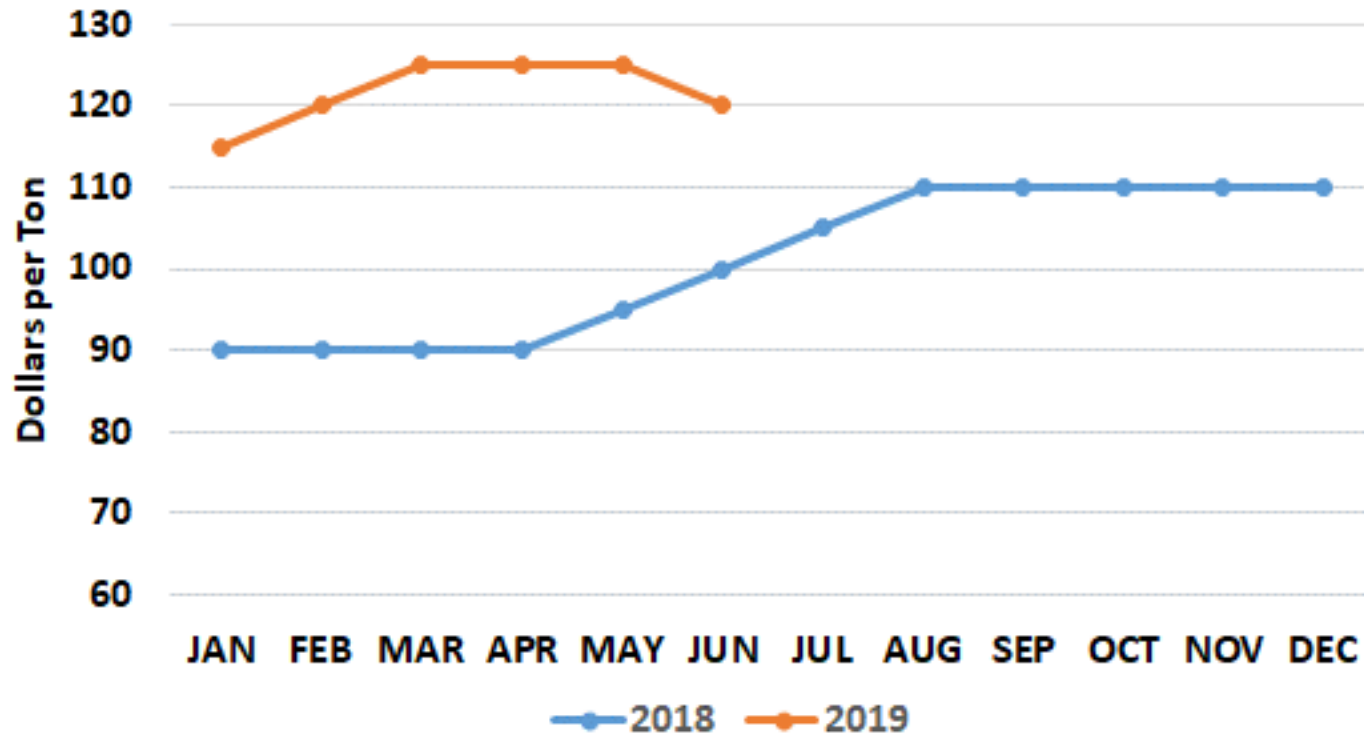
\* Avg. thru June

—●— U.S. —●— Missouri



# Missouri Monthly Hay Price

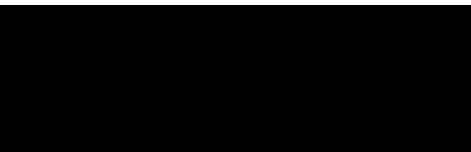
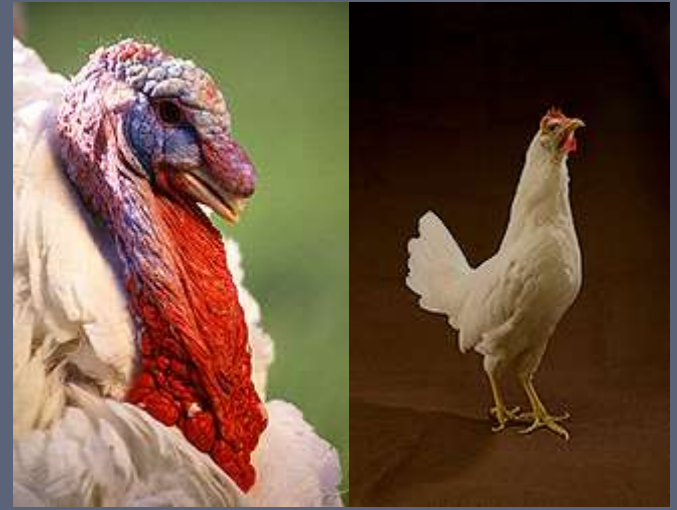
(average excludes alfalfa)



Source: USDA/NASS

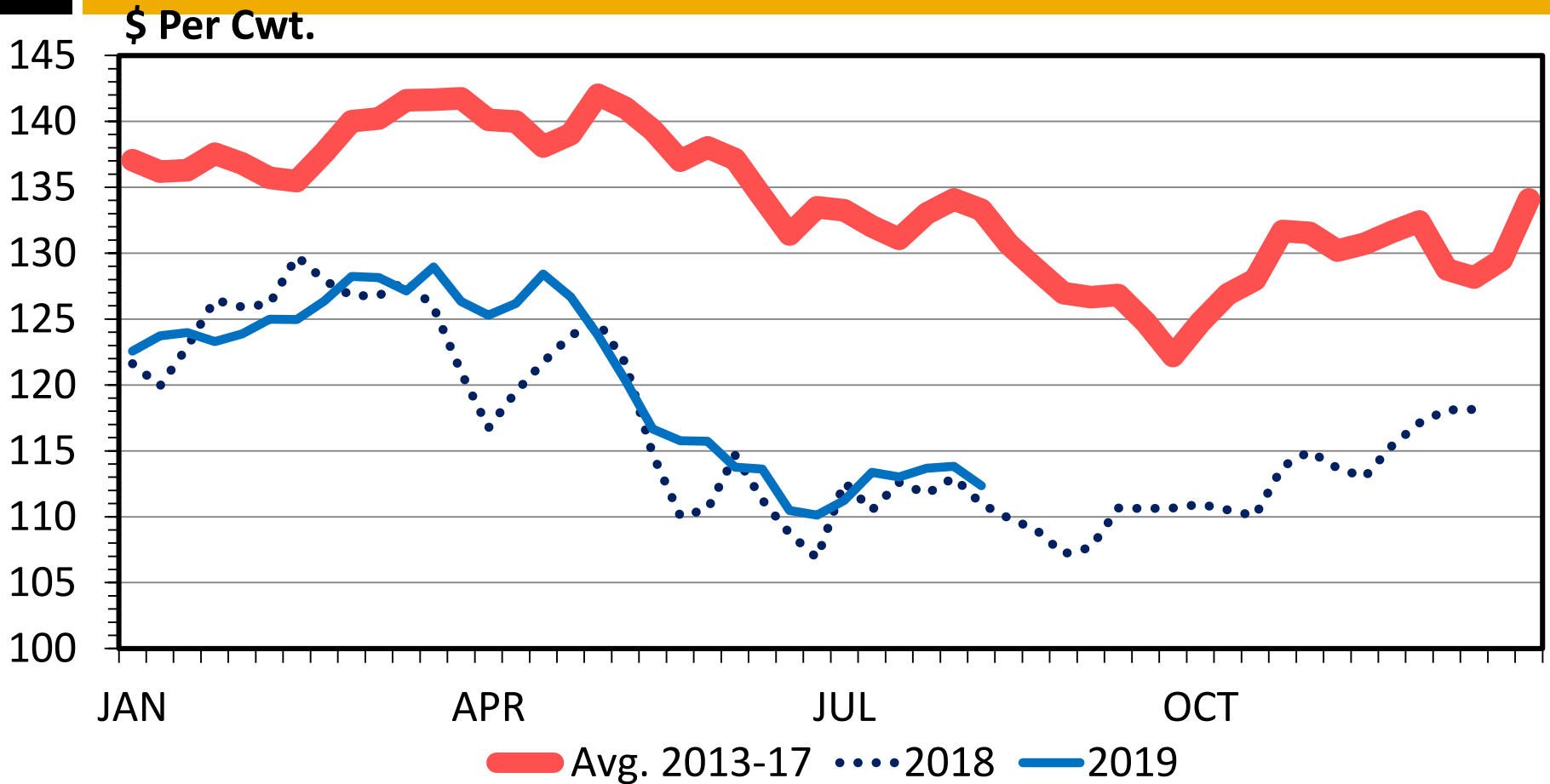


# LIVESTOCK OUTLOOK



# SLAUGHTER STEER PRICES

## 5 Market Weighted Average, Weekly

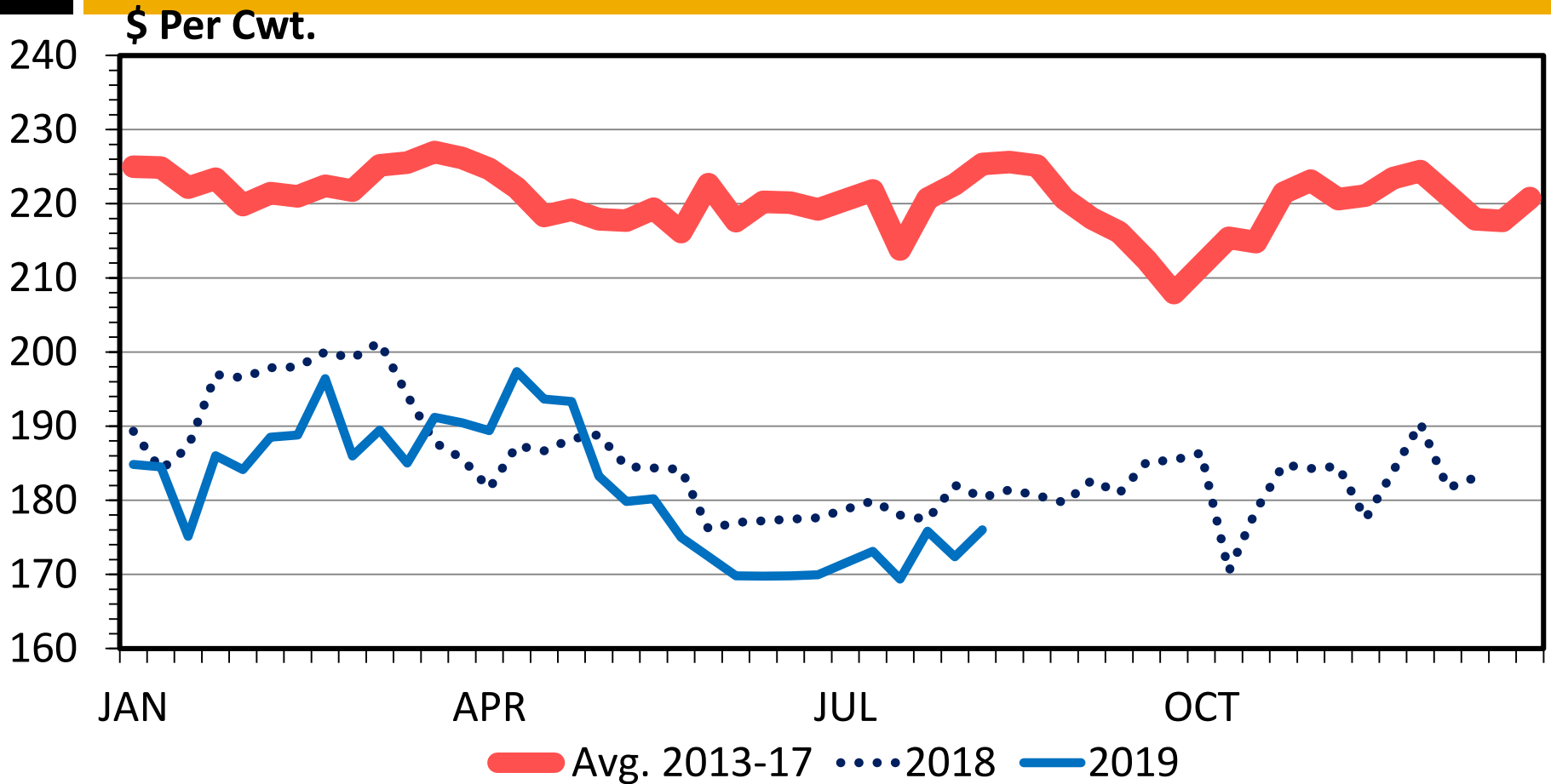


Data Source: USDA-AMS

Livestock Marketing Information Center

# MED. & LRG. #1 STEER CALF PRICES

## 400-500 Pounds, Southern Plains, Weekly

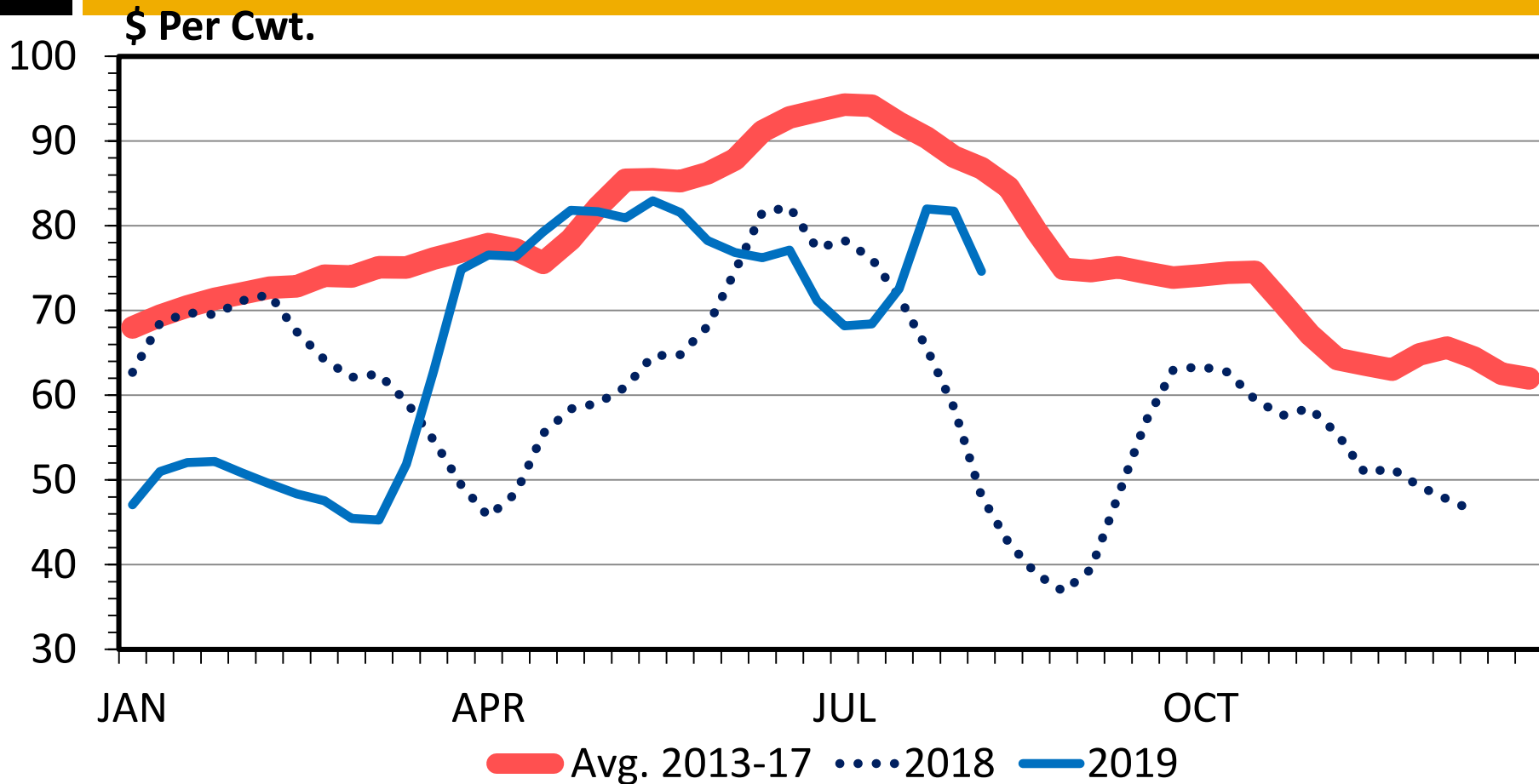


Data Source: USDA-AMS

Livestock Marketing Information Center

# BARROW AND GILT PRICES

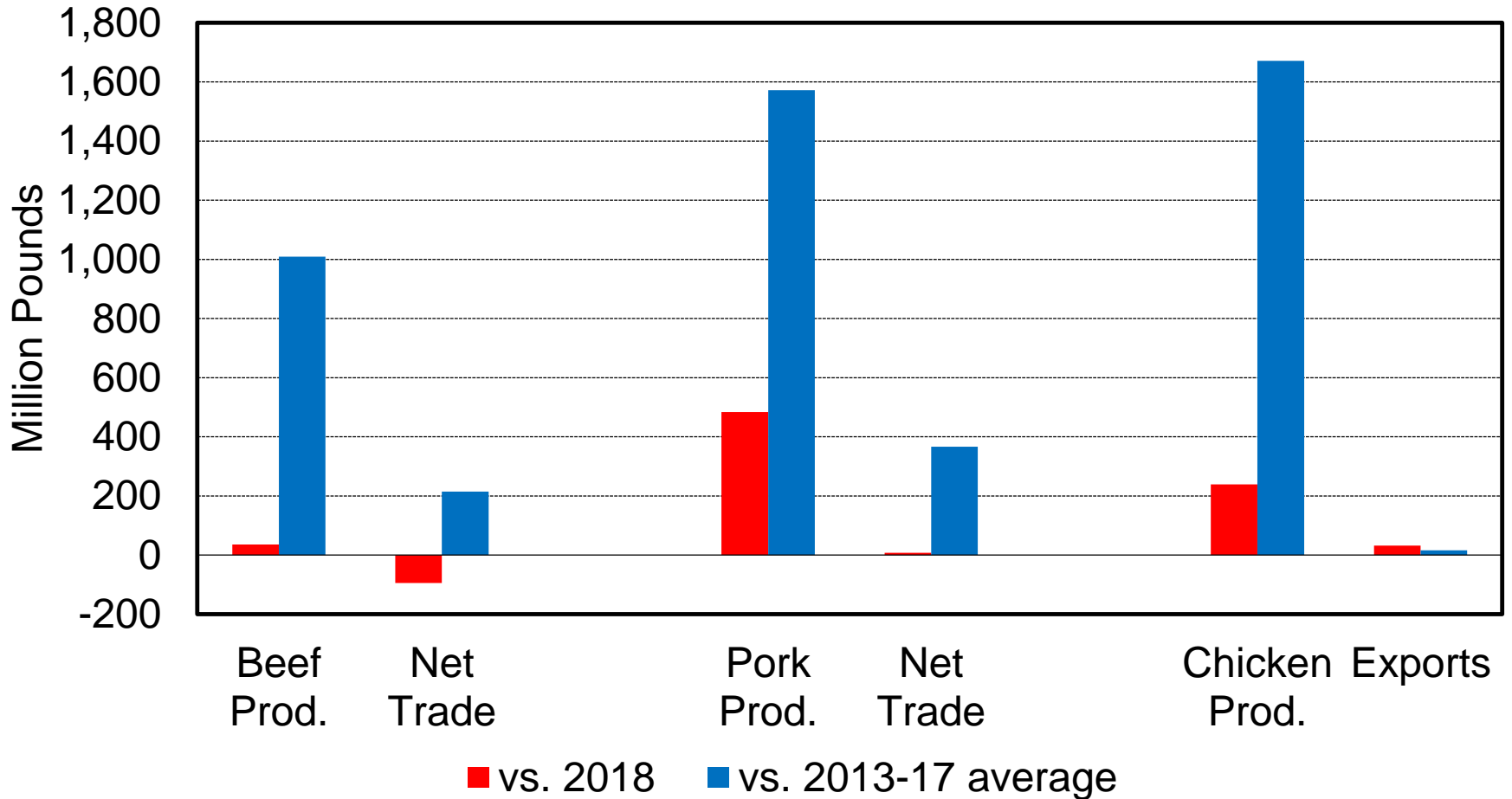
## Iowa – So. Minnesota, Carcass Base Price, Weekly



Data Source: USDA-AMS

Livestock Marketing Information Center

# Change in Production and Trade, YTD (Jan-Jun)





# Meat Production and Trade, Aug. WASDE

	2018	Projected	
		2019	2020
<b>Production (billion lbs.)</b>	<b>102.1</b>	<b>104.2</b>	<b>106.1</b>
Beef	26.9	27.1	27.6
Pork	26.3	27.6	28.4
Chicken	42.1	42.8	43.3
Other	6.8	6.7	6.8
<b>Exports (billion lbs.)</b>	<b>16.8</b>	<b>17.4</b>	<b>18.2</b>
Beef	3.2	3.2	3.2
Pork	5.9	6.5	6.9
Chicken	7.1	7.1	7.3
Other	0.6	0.6	0.8
<b>Imports (billion lbs.)</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>
Beef	3.0	3.0	3.0
Pork	1.0	1.0	0.9
Other	0.5	0.4	0.4

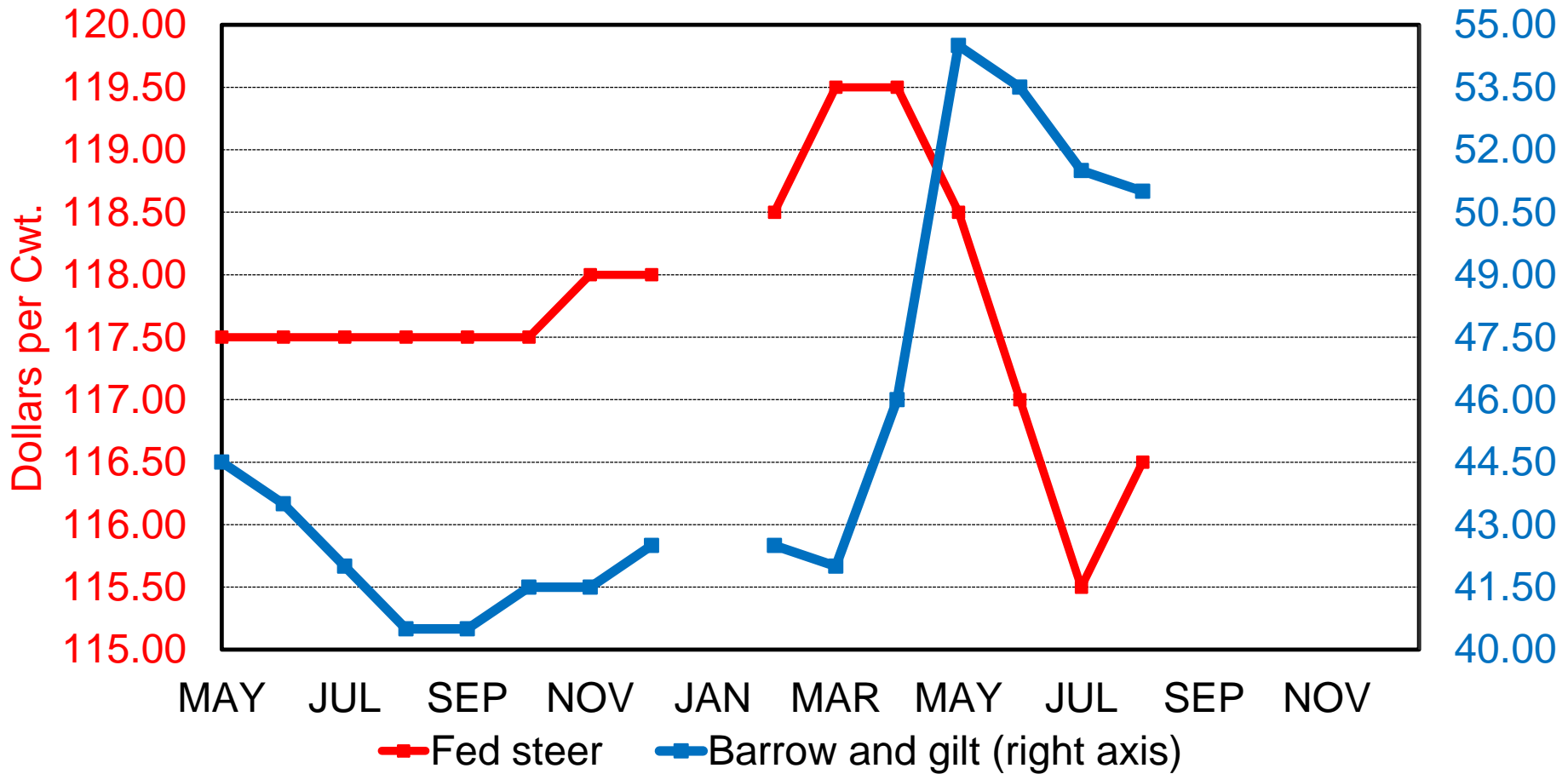


# Meat Availability and Prices, Aug. WASDE

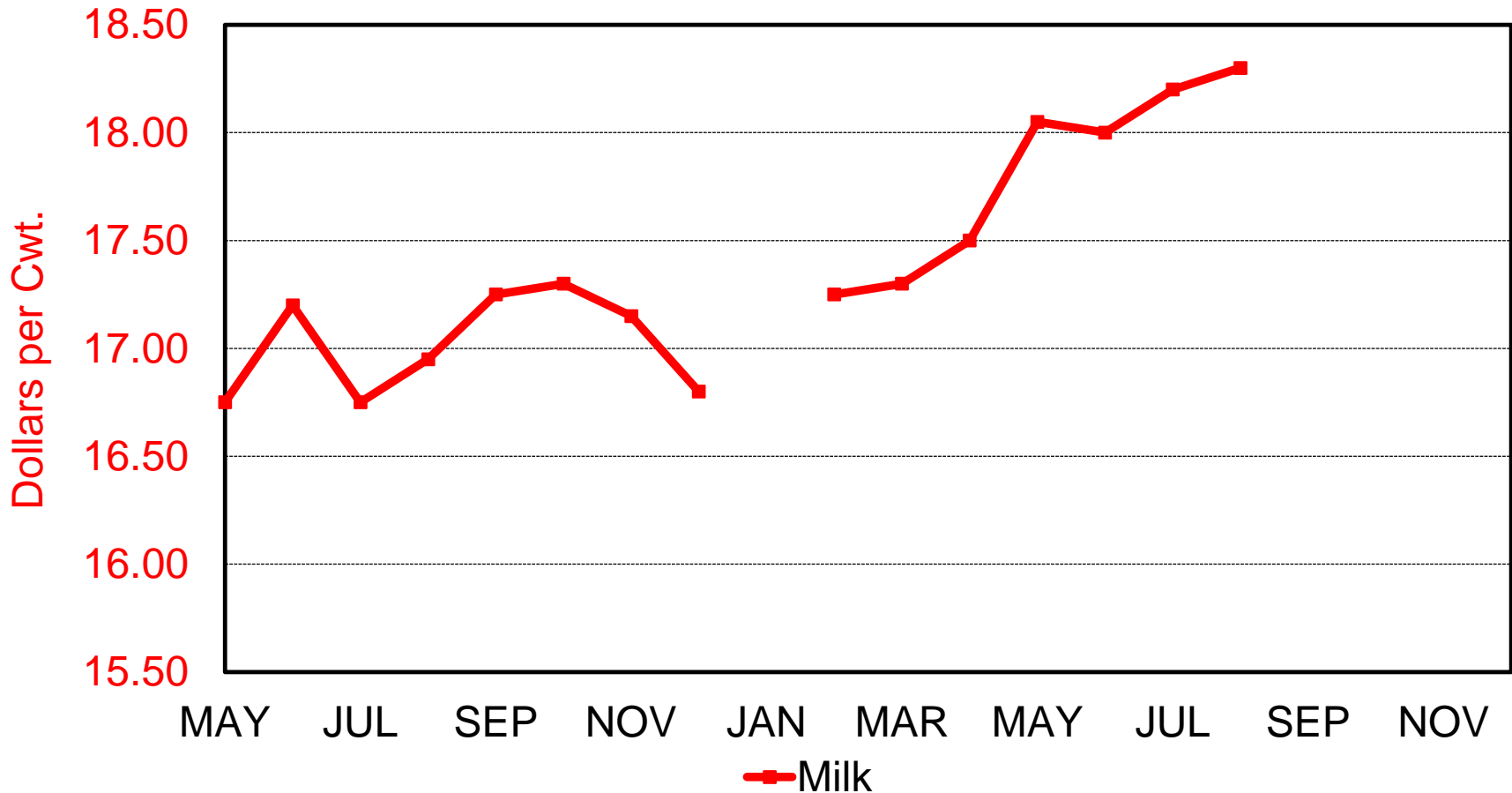
	2018	Projected	
		2019	2020
<b>Availability (lbs. / capita)</b>	<b>219.5</b>	<b>221.7</b>	<b>222.7</b>
Beef	57.2	57.4	57.8
Pork	50.9	52.1	52.3
Chicken	92.4	93.5	93.9
Other	19.0	18.7	18.7
<b>Prices (cents / lb.)</b>			
Fed steer	117.12	116.50	119.00
Barrow and gilt	45.93	51.00	59.00
Chicken	97.8	86.5	92.0
Turkey	80.2	88.5	90.0



# WASDE Price Projections for 2019



# WASDE Price Projections for 2019



# Tyson Beef Packing Plant Holcomb, Kansas

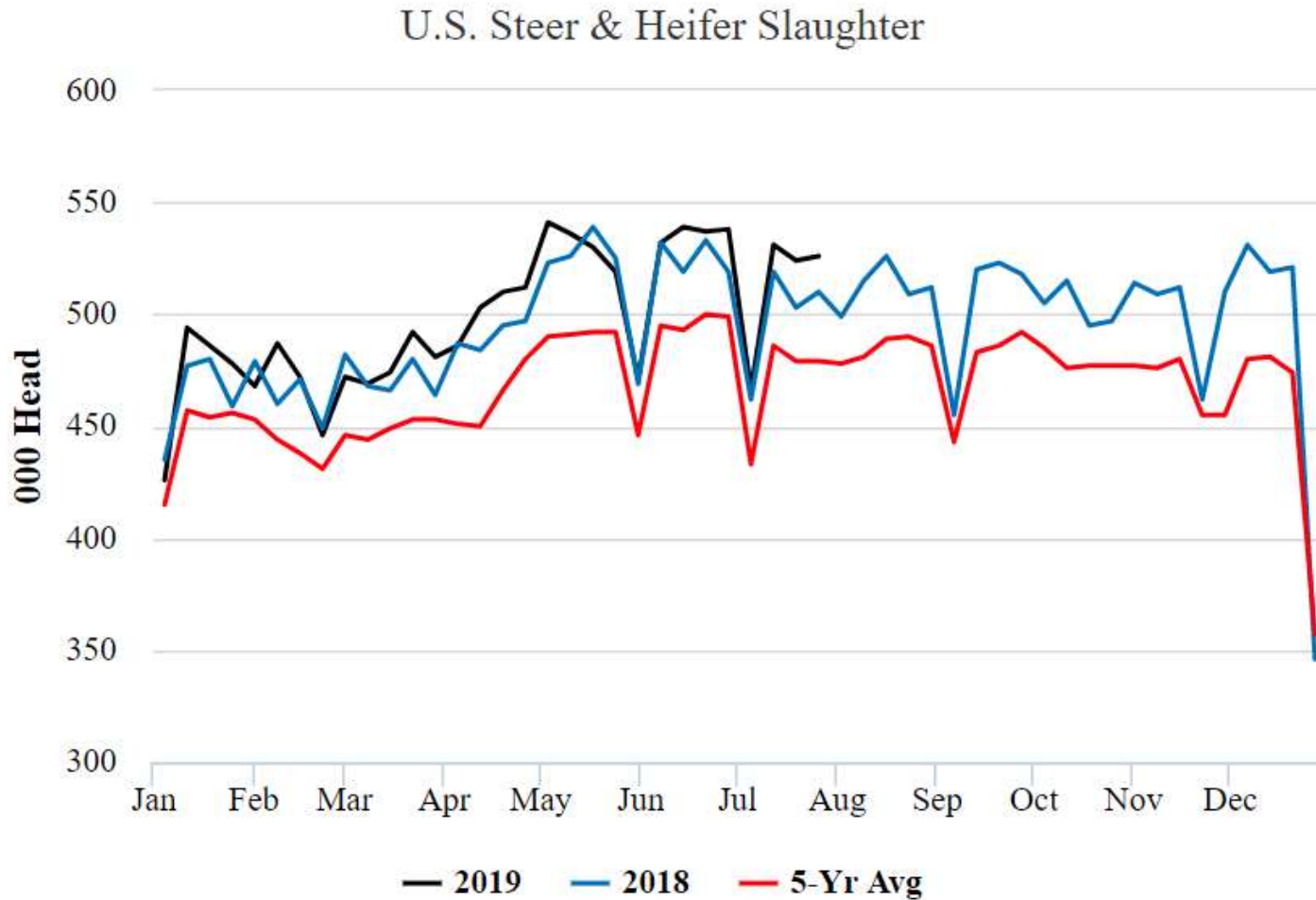


# Problem

- U.S. fed cattle slaughter capacity
  - ▣ 97,000 head/day
- Kansas fed cattle slaughter capacity
  - ▣ 25,500 head/day
    - 26% of U.S. total
- Holcomb, KS plant capacity
  - ▣ 6,000 head/day or 375 head/hour
    - 23.5% of Kansas capacity
    - 6% of total U.S. fed cattle slaughter capacity



# U.S. Steer & Heifer Slaughter



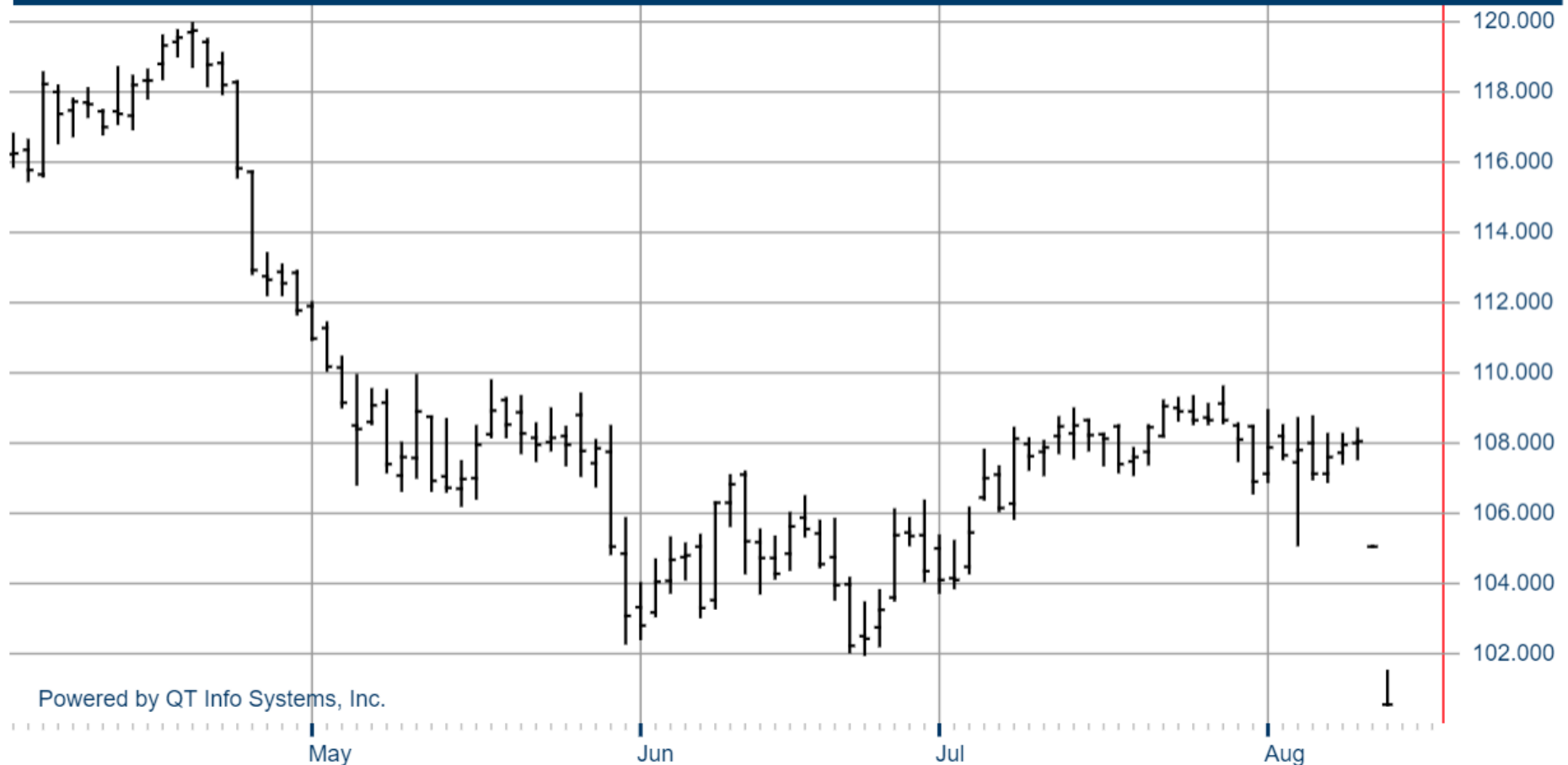
# Problem

- Fed cattle slaughter averaged 538,000 head/week over the last three months
  - ▣ August to December forecast average is 517,000 head/week
- July 1 Cattle on Feed Inventory (feedyards 1000+)
  - ▣ 11.5 million head
  - ▣ Kansas – 2.4 million (21% of U.S. total)



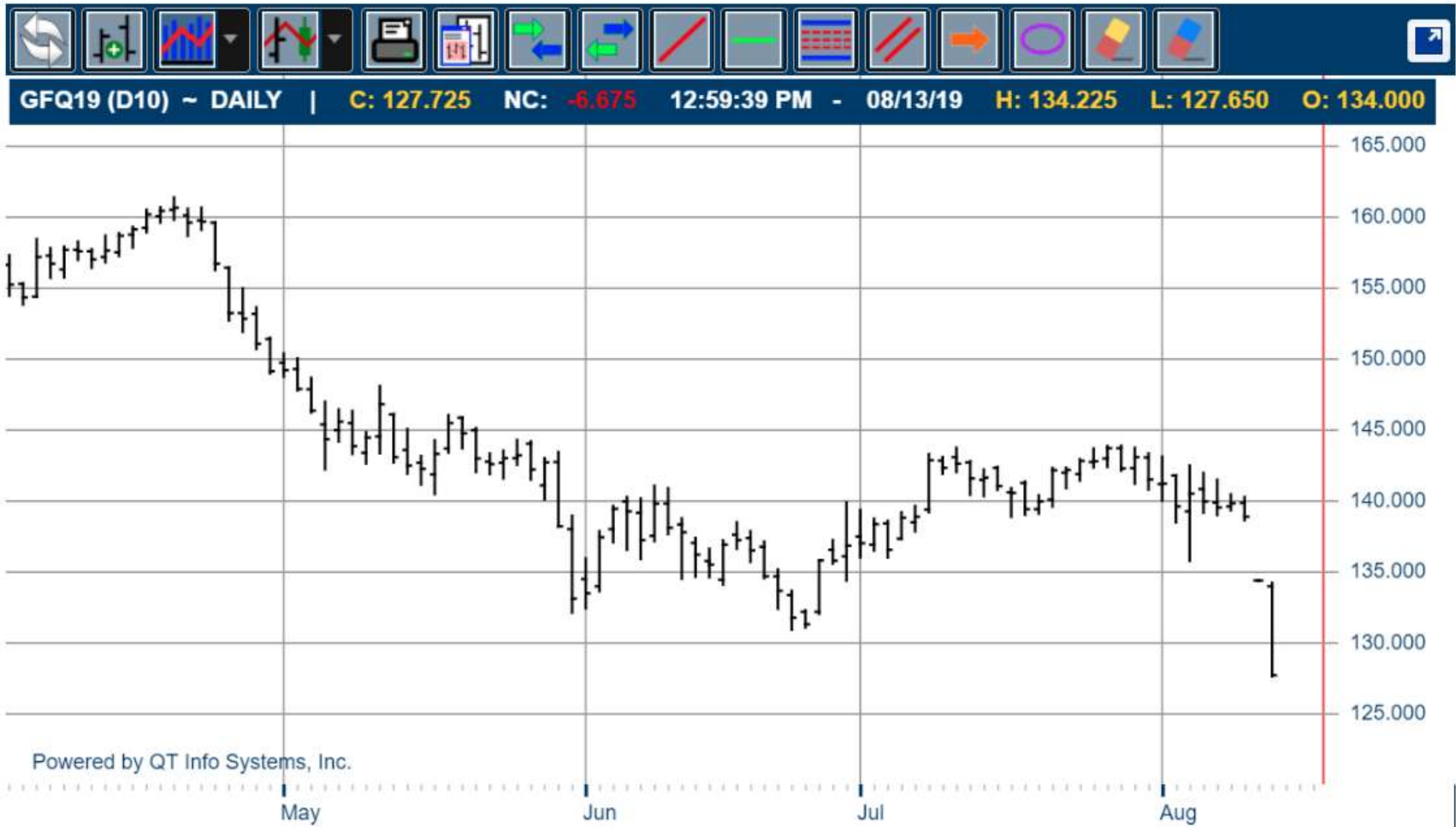
# August Live Cattle

LEQ19 (D10) ~ DAILY | C: 100.550 NC: -4.500 12:54:45 PM - 08/13/19 H: 101.500 L: 100.550 O: 100.550

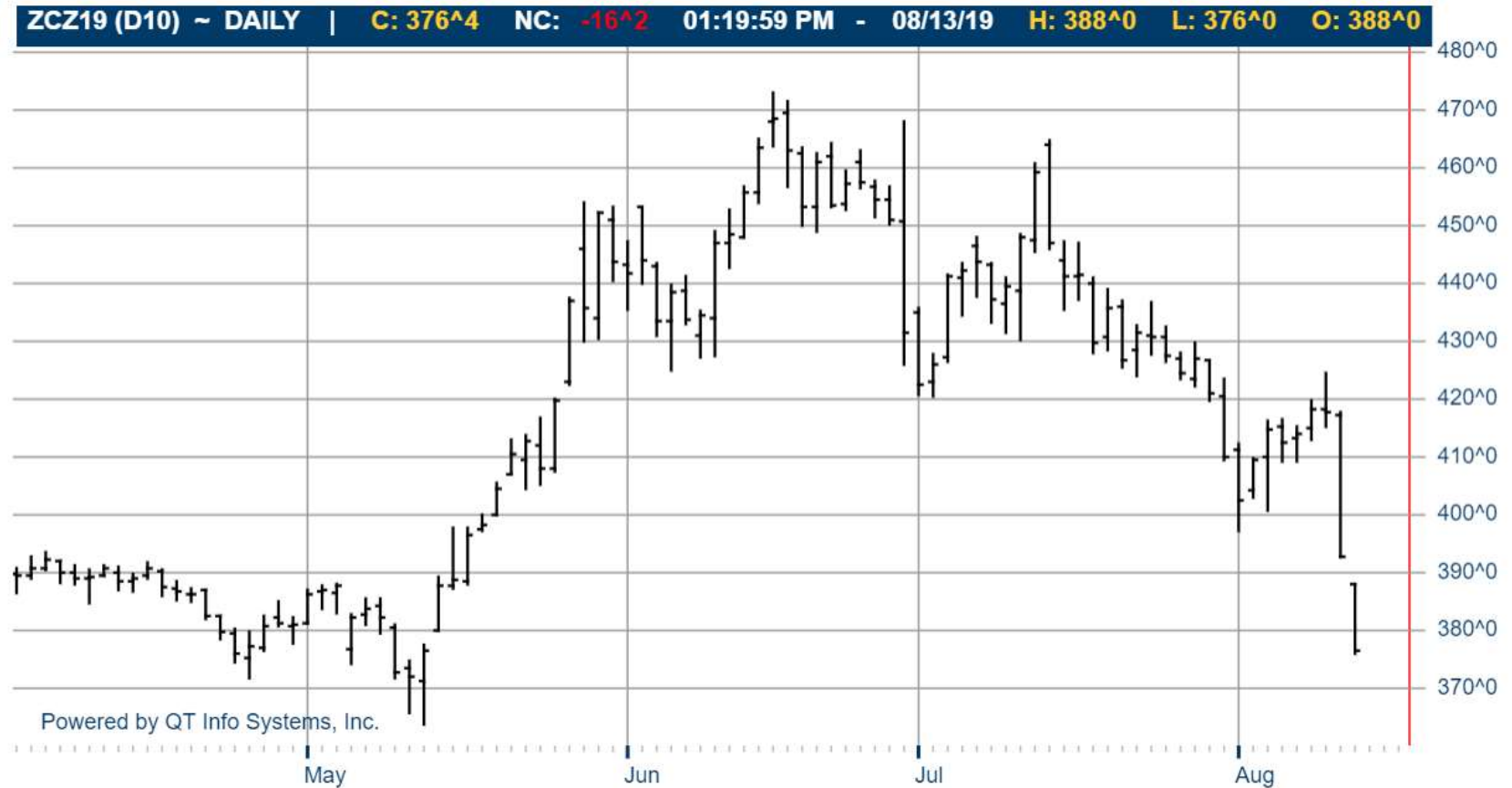


Powered by QT Info Systems, Inc.

# August Feeder Cattle



# December Corn



# THANKS!

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MU Extension - Ag Business and Policy

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Speakers:

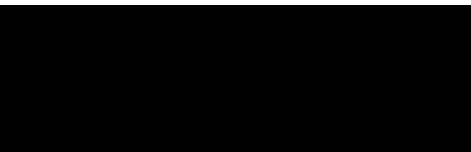
John Kruse      email: [krusej@ Missouri.edu](mailto:krusej@Missouri.edu)

Marty Foreman   email: [foremanm@Missouri.edu](mailto:foremanm@Missouri.edu)

David Reinbott   email: [reinbottd@Missouri.edu](mailto:reinbottd@Missouri.edu)

Wesley Tucker   email: [tuckerw@missouri.edu](mailto:tuckerw@missouri.edu)

EXTRA SLIDES



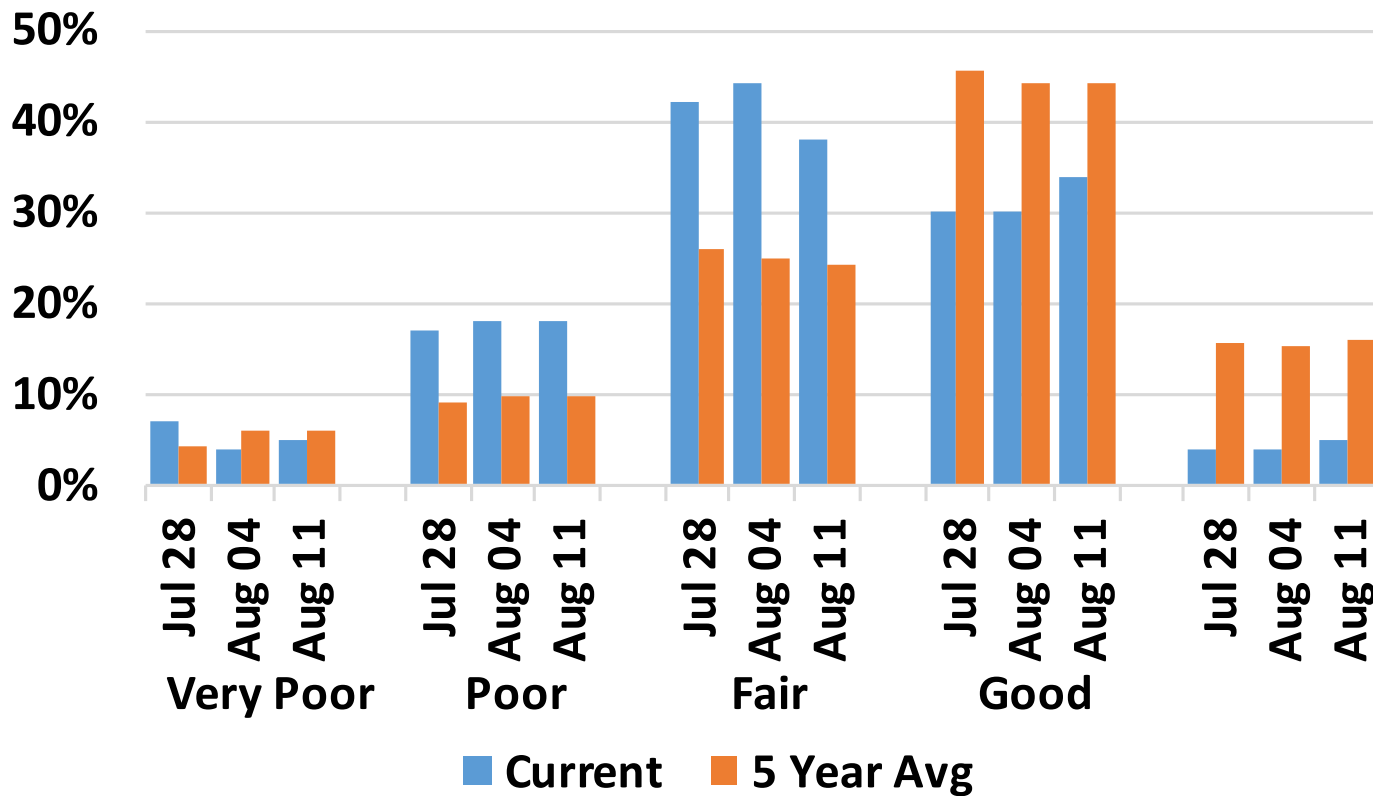
# FUTURE ZOOM CALLS

WASDE RELEASE DATE	ZOOM CALL DATE*
September 12, 2019	September 16, 2019
October 10, 2019	October 14, 2019
November 8, 2019	November 12, 2019
December 10, 2019	December 12, 2019

\*Subject to change due to scheduling

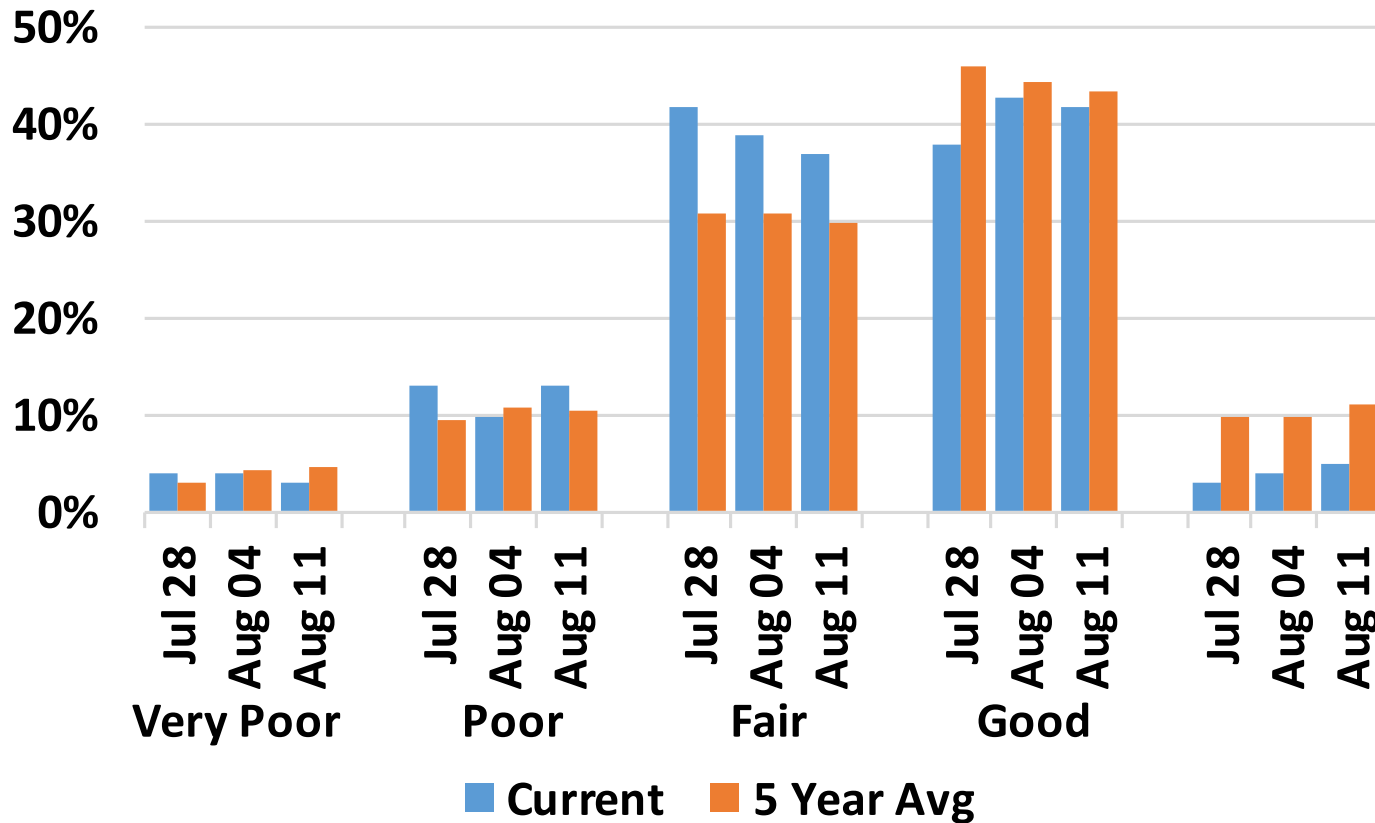
# Missouri Corn Conditions

Current vs 5-Year Average



# Missouri Soybean Conditions

Current vs 5-Year Average





# Corn Supply & Use in Russia & Ukraine

August 2019

	Units	Russia				Ukraine			
		2017/18	2018/19	2019/20		2017/18	2018/19	2019/20	
		PSD	PSD	PSD	% Δ from last year	PSD	PSD	PSD	% Δ from last year
Area Harvested	mil ac	6.66	5.86	6.05	3.2%	10.95	11.29	12.11	7.3%
Yield	bu/ac	78.1	76.6	84.5	10.3%	86.7	124.9	118.7	-5.0%
Beginning Stocks	mil bu	31	8	10	33.3%	61	58	63	9.9%
Production	mil bu	520	449	512	13.9%	949	1,410	1,437	1.9%
Imports	mil bu	2	2	2	-20.0%	2	2	1	-50.0%
<b>Total Supply</b>	mil bu	552	459	524	14.1%	1,012	1,469	1,501	2.2%
Feed and Residual	mil bu	291	295	295	0.0%	193	189	201	6.3%
Food, Seed, & Ind.	mil bu	35	35	35	0.0%	51	55	55	0.0%
<b>Total Domestic Use</b>	mil bu	327	331	331	0.0%	244	244	256	4.8%
Exports	mil bu	218	118	185	56.7%	710	1,161	1,181	1.7%
<b>Total Use</b>	mil bu	545	449	516	14.9%	954	1,405	1,437	2.2%
Ending Stocks	mil bu	8	10	8	-23.1%	58	63	64	1.2%

• Corn area planted estimates were revised 0.5 million acres higher and yields were increased 3.5 bushels/acre in Ukraine.

• Higher area and yield projections boosted Ukraine corn production by 98 million bushels.

• Ukraine exports were increased 79 million bushels due to higher production estimates.