



# Ask the Experts: The 2013 USDA Prospective Plantings Report

March 27, 2013

# 2013 PROSPECTIVE PLANTINGS PREVIEW & MARKET OUTLOOK: A PAINFUL TRANSITION?

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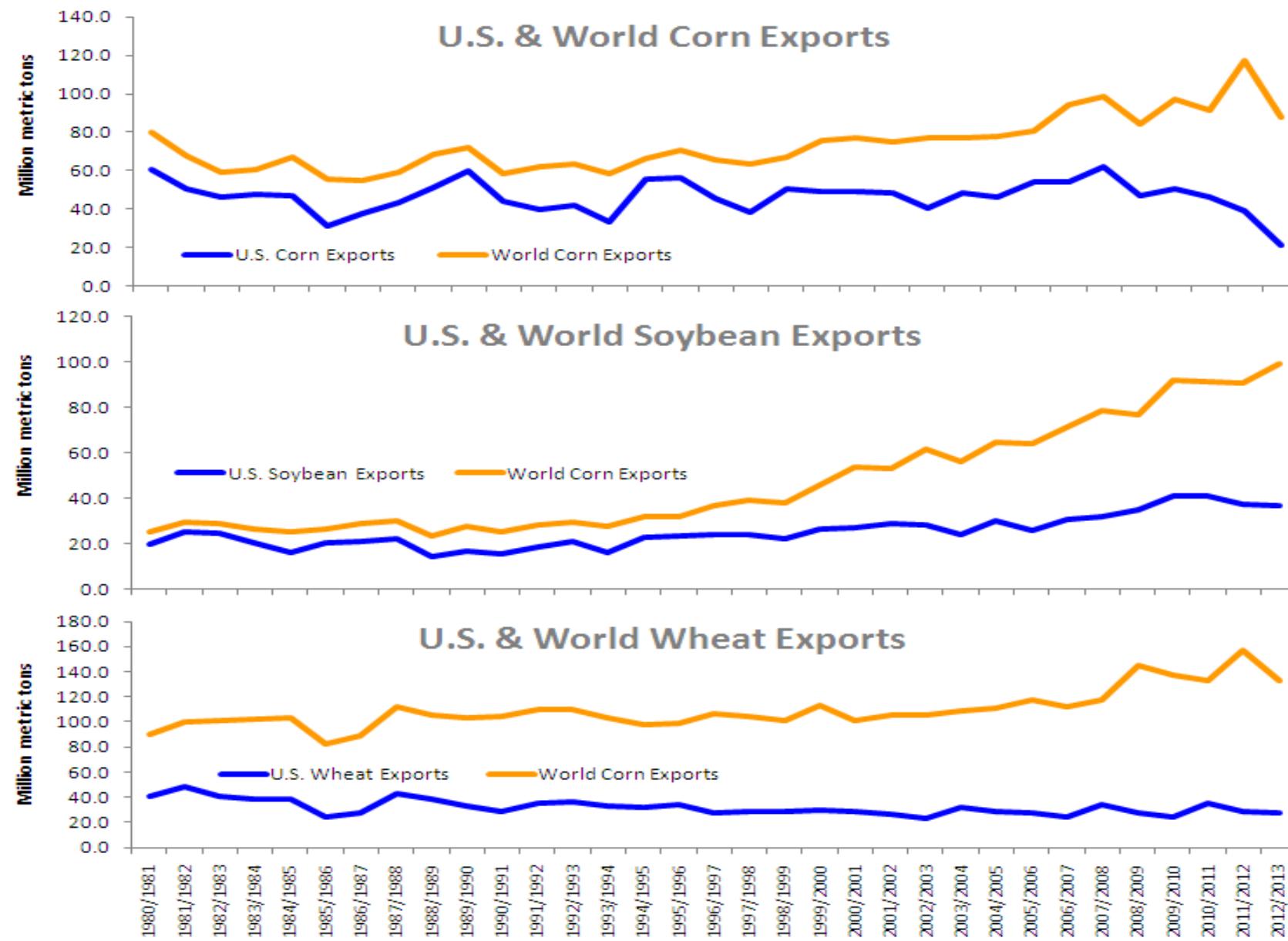
Presentation by:  
Gavin Maguire  
Agriculture Markets Columnist  
Thomson Reuters

- International Trade Overview
- U.S. Exports
- China Imports & Domestic Prices
- U.S. Basis Trends
- Spec & Hedge Positions
- U.S. & World Stocks/Use



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# Global Trade Outlook: U.S. Losing Share of Global Grain Trade



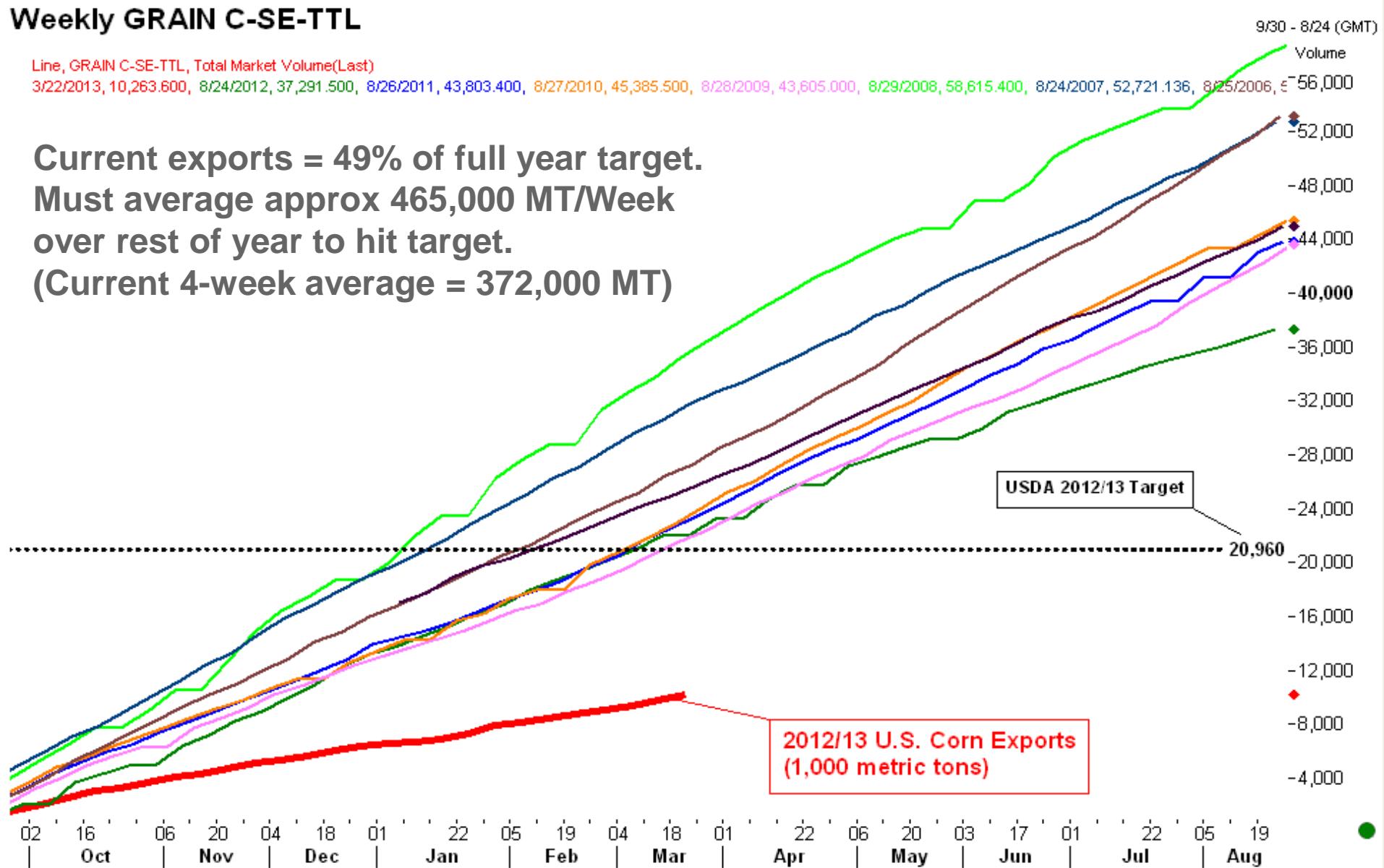
# U.S. Corn Exports: Continuing to disappoint

## Weekly GRAIN C-SE-TTL

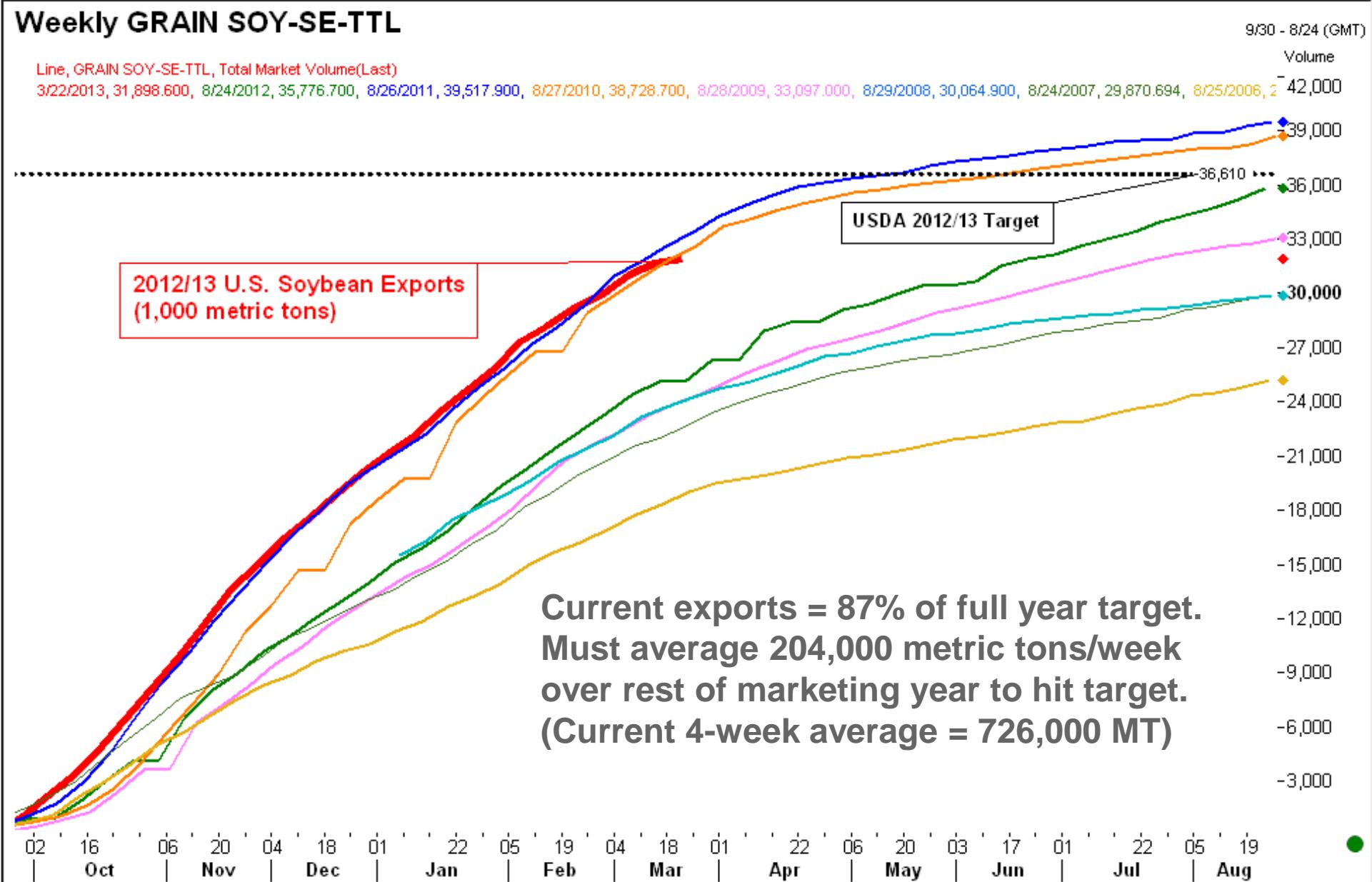
### Line, GRAIN C-SE-TTL, Total Market Volume(Last)

3/22/2013, 10,263,600, 8/24/2012, 37,291,500, 8/26/2011, 43,803,400, 8/27/2010, 45,385,500, 8/28/2009, 43,605,000, 8/29/2008, 58,615,400, 8/24/2007, 52,721,136, 8/25/2006, £756,000

**Current exports = 49% of full year target.  
Must average approx 465,000 MT/Week  
over rest of year to hit target.  
(Current 4-week average = 372,000 MT)**



# U.S. Soybean Exports: Almost at full-year target with 5 months to go



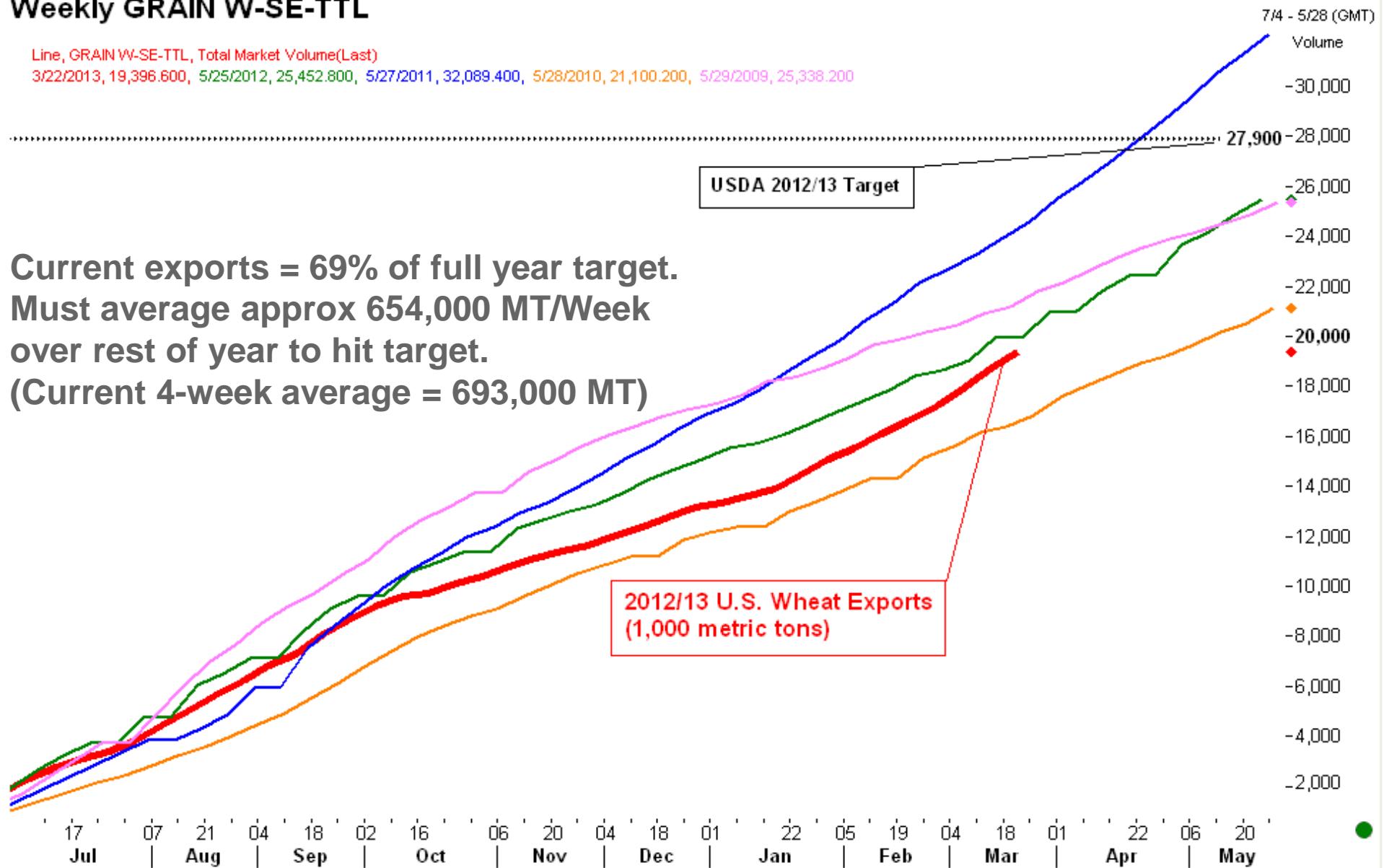
# U.S. Wheat Exports: Picking up pace

## Weekly GRAIN W-SE-TTL

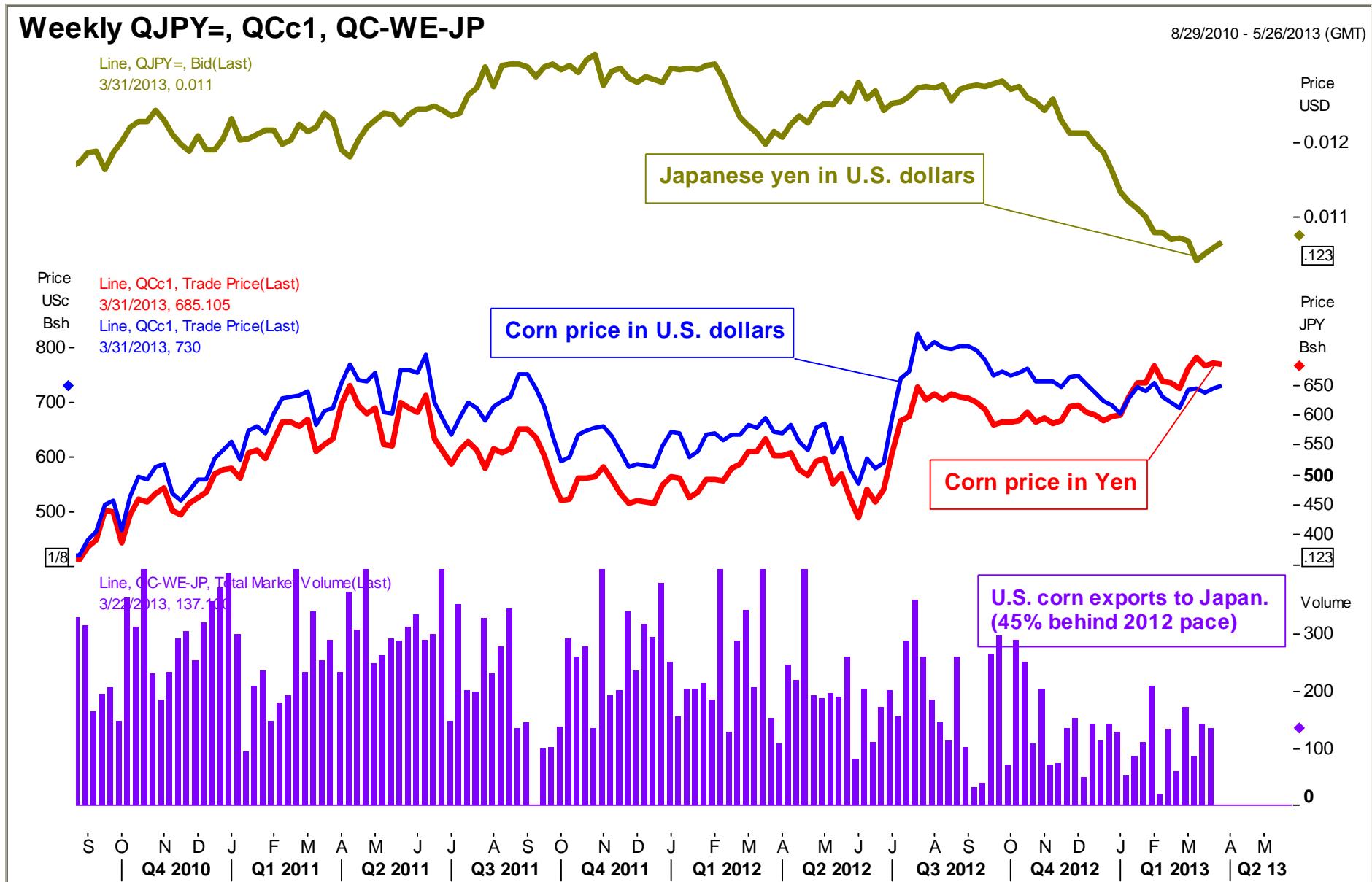
Line, GRAIN W-SE-TTL, Total Market Volume(Last)

3/22/2013, 19,396,600, 5/25/2012, 25,452,800, 5/27/2011, 32,089,400, 5/28/2010, 21,100,200, 5/29/2009, 25,338,200

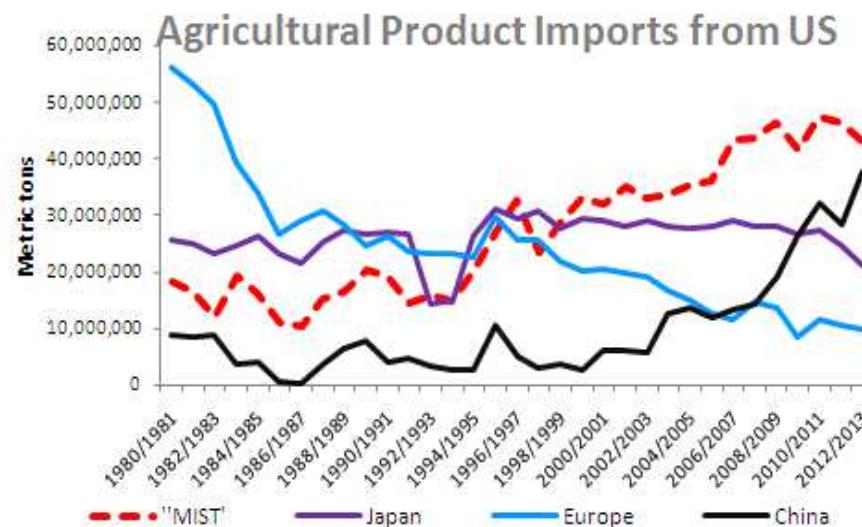
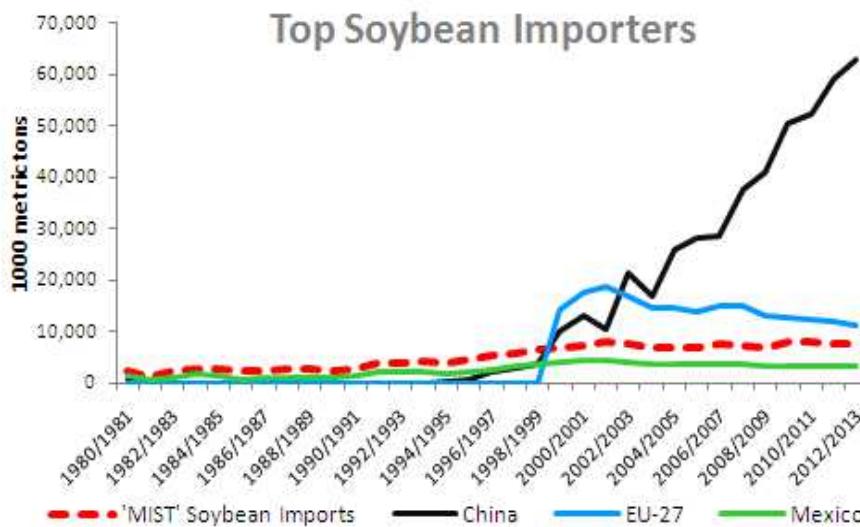
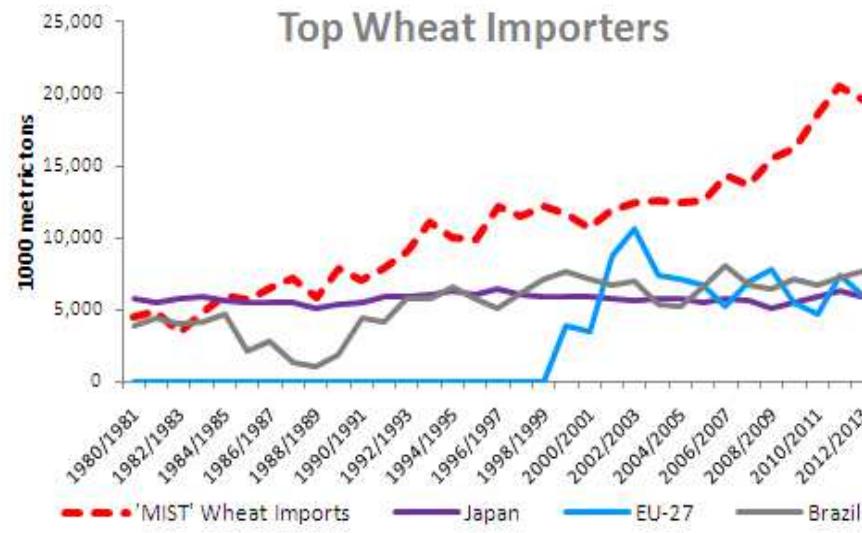
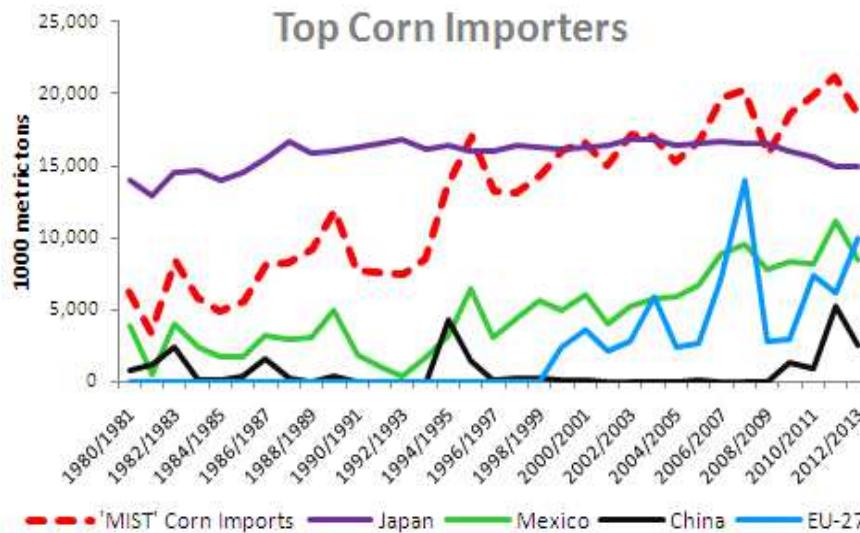
**Current exports = 69% of full year target.  
Must average approx 654,000 MT/Week  
over rest of year to hit target.  
(Current 4-week average = 693,000 MT)**



# Weakening yen hurting Japanese corn import demand



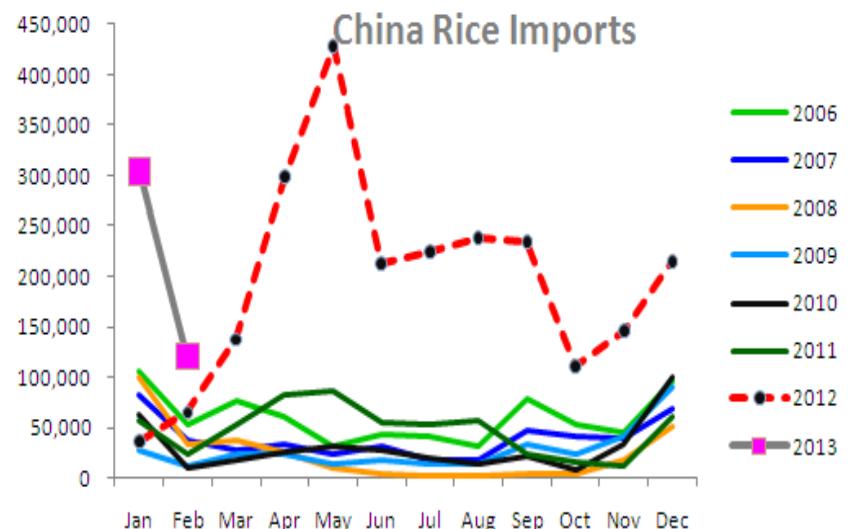
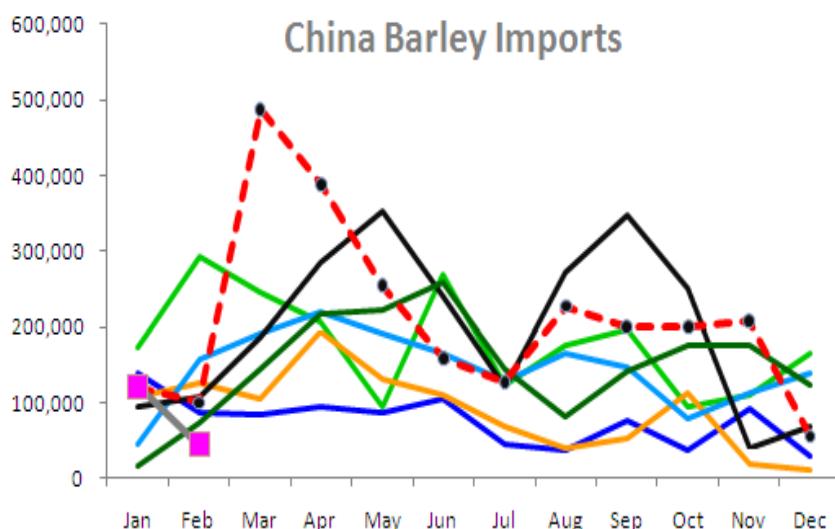
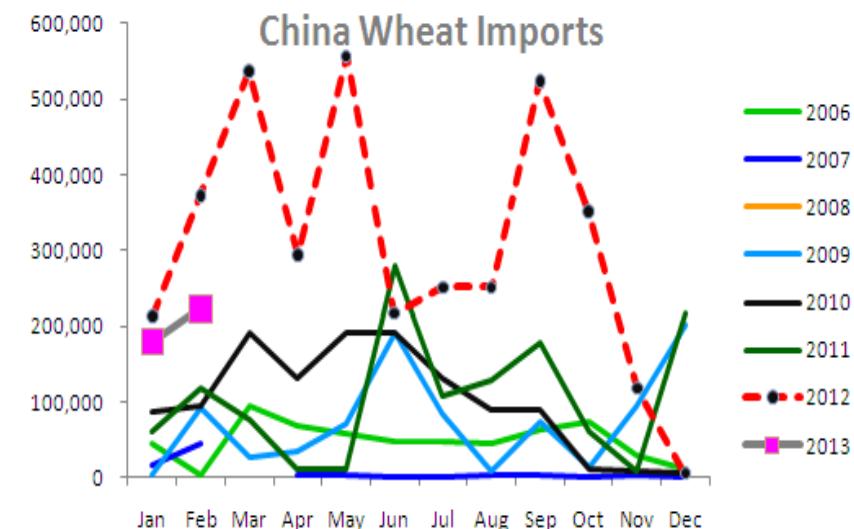
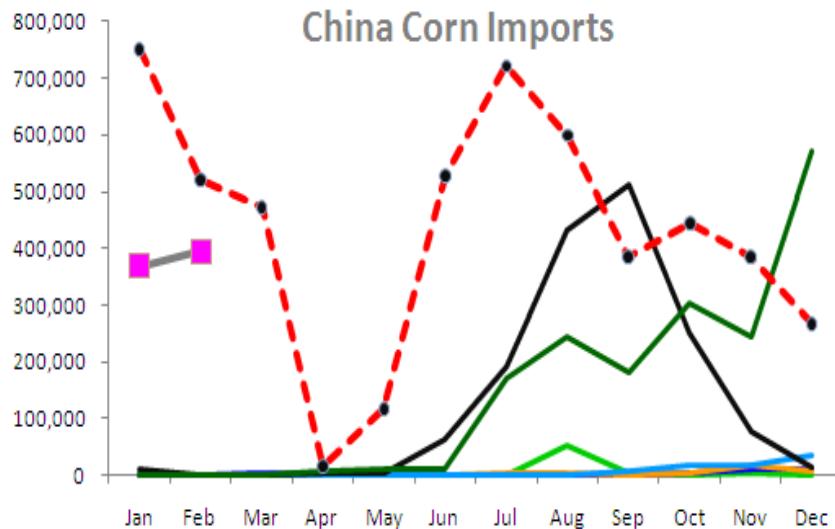
# 'MIST' Countries ramping up U.S. crop imports



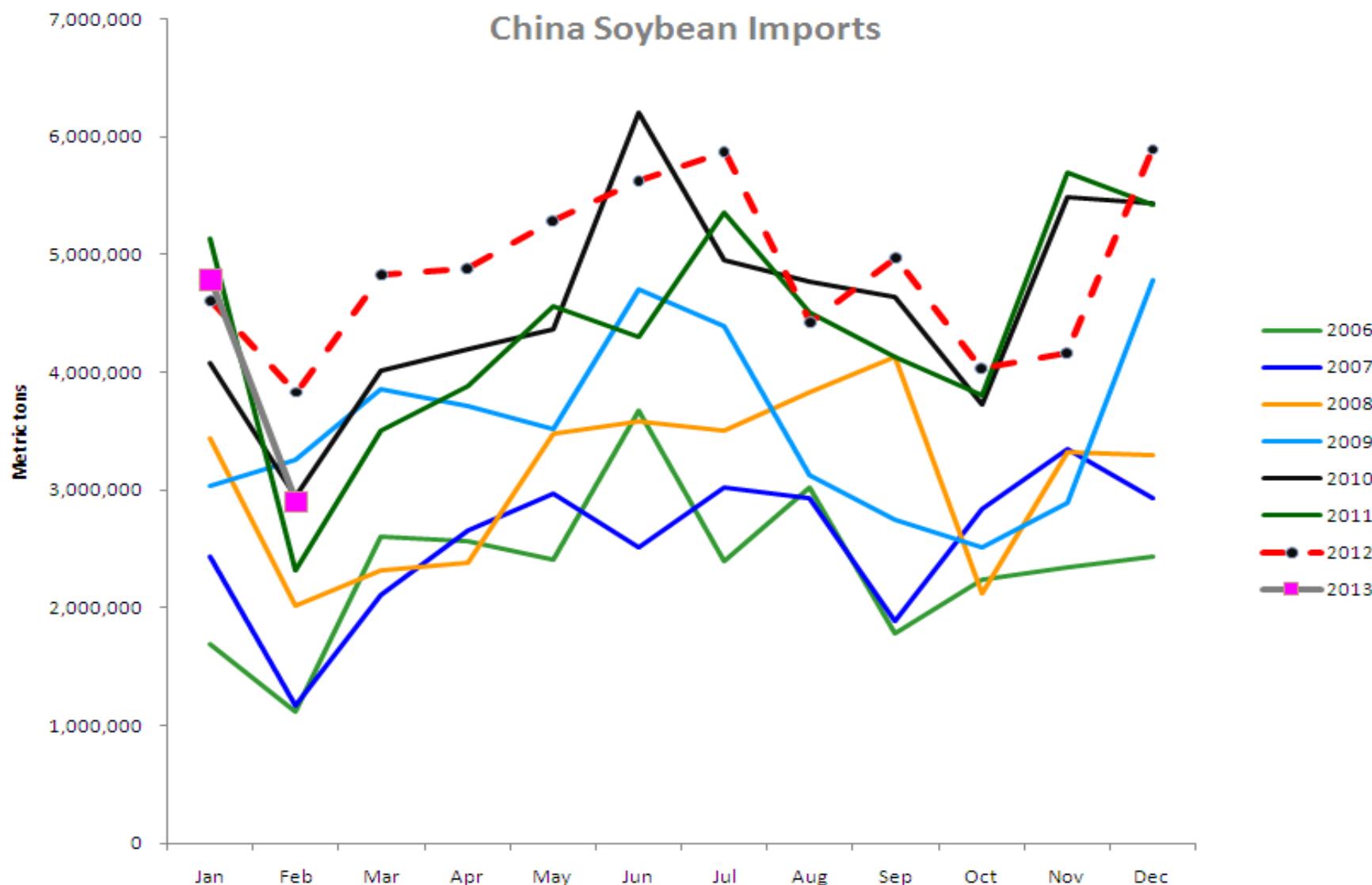
MIST countries = Mexico, Indonesia, South Korea & Turkey

Source: USDA FAS

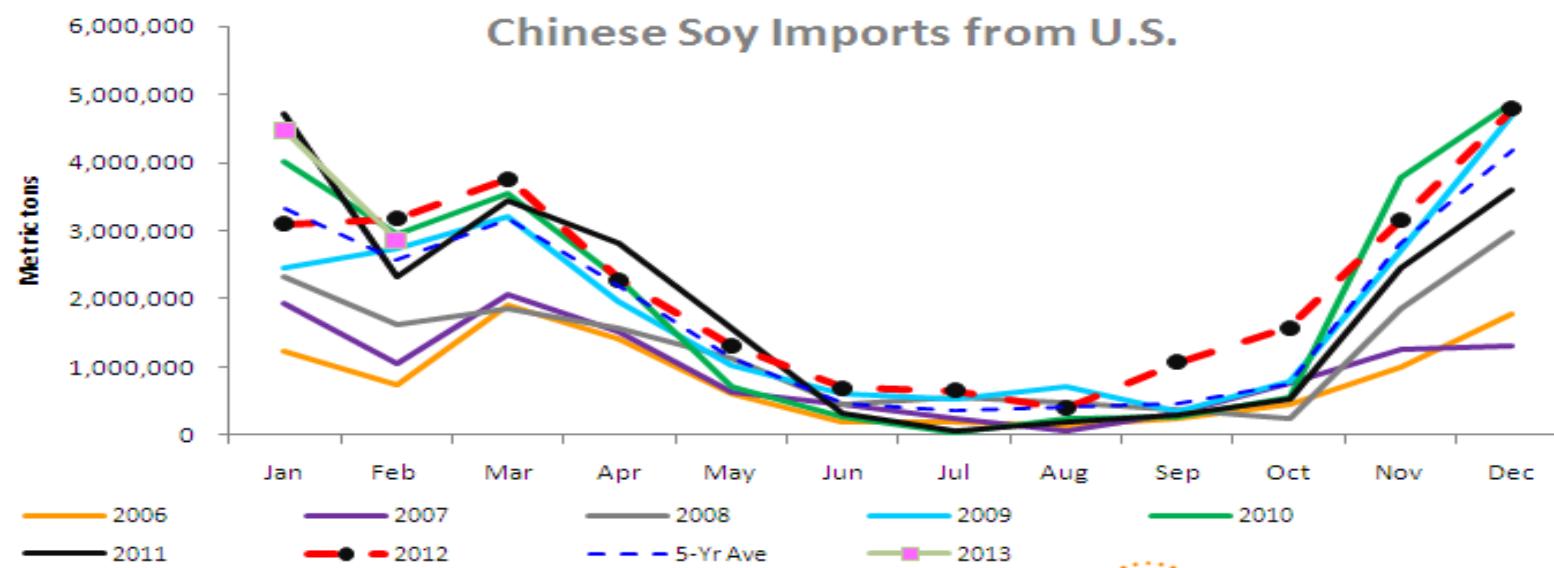
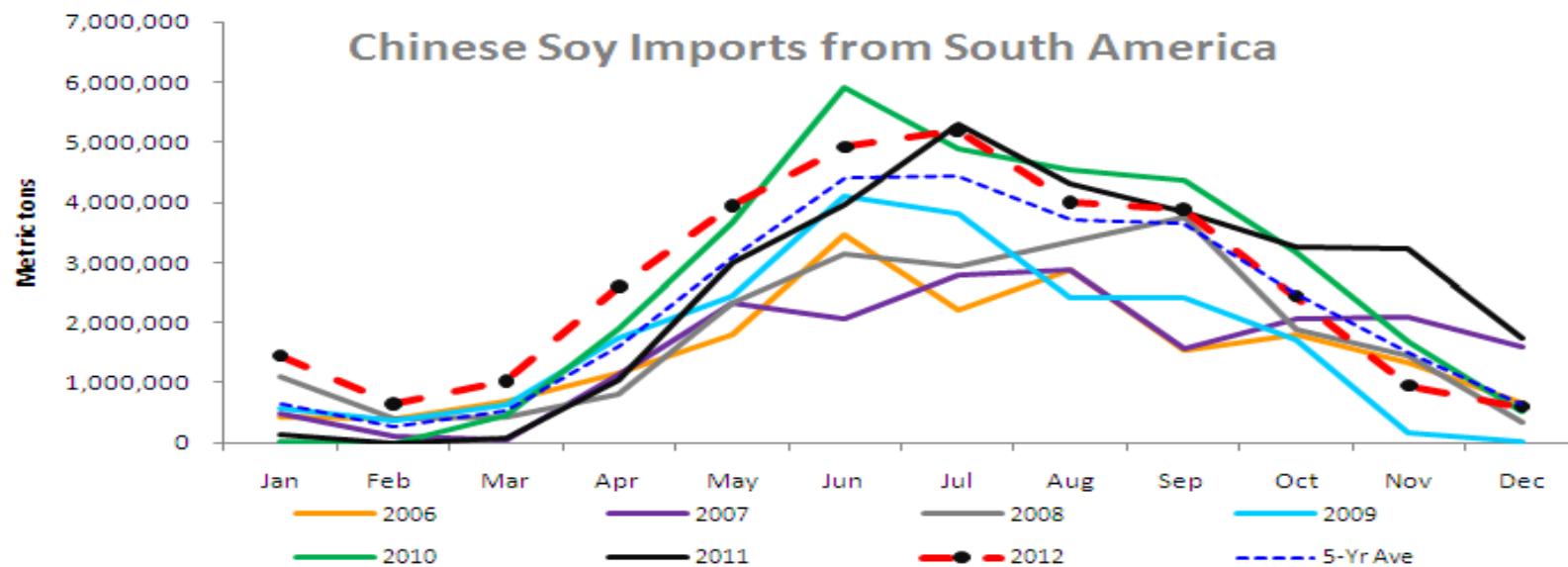
# China Grain Imports: Hard to match 2012 pace



# China Soybean Imports: Room for improvement ahead of seasonal peak



# Following a Pattern: Chinese Soy Purchases by Region

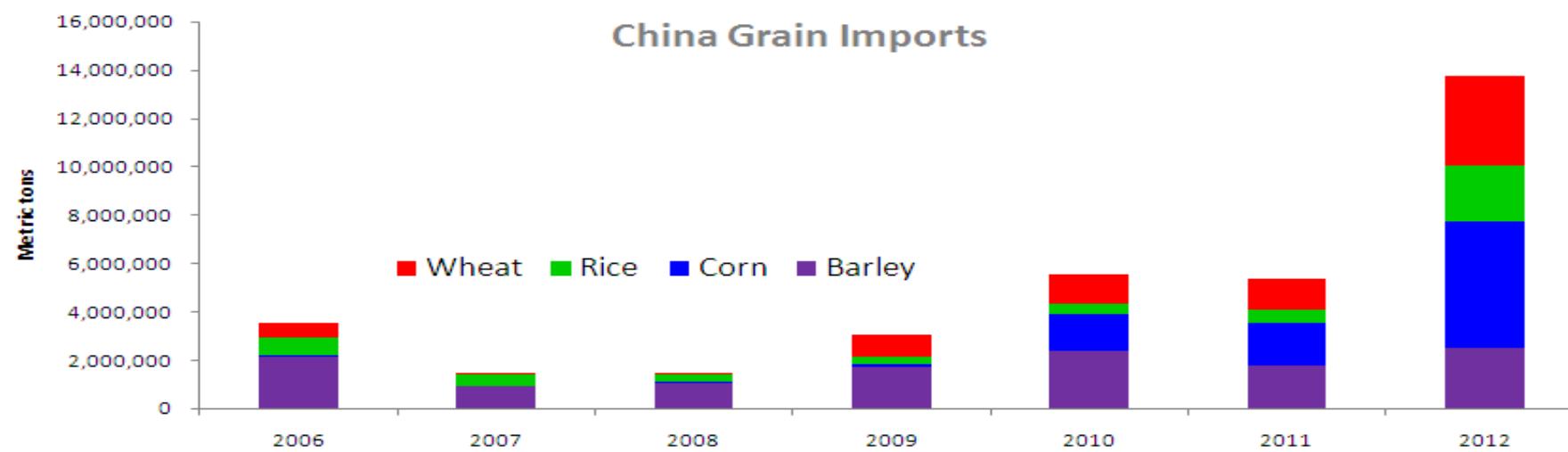
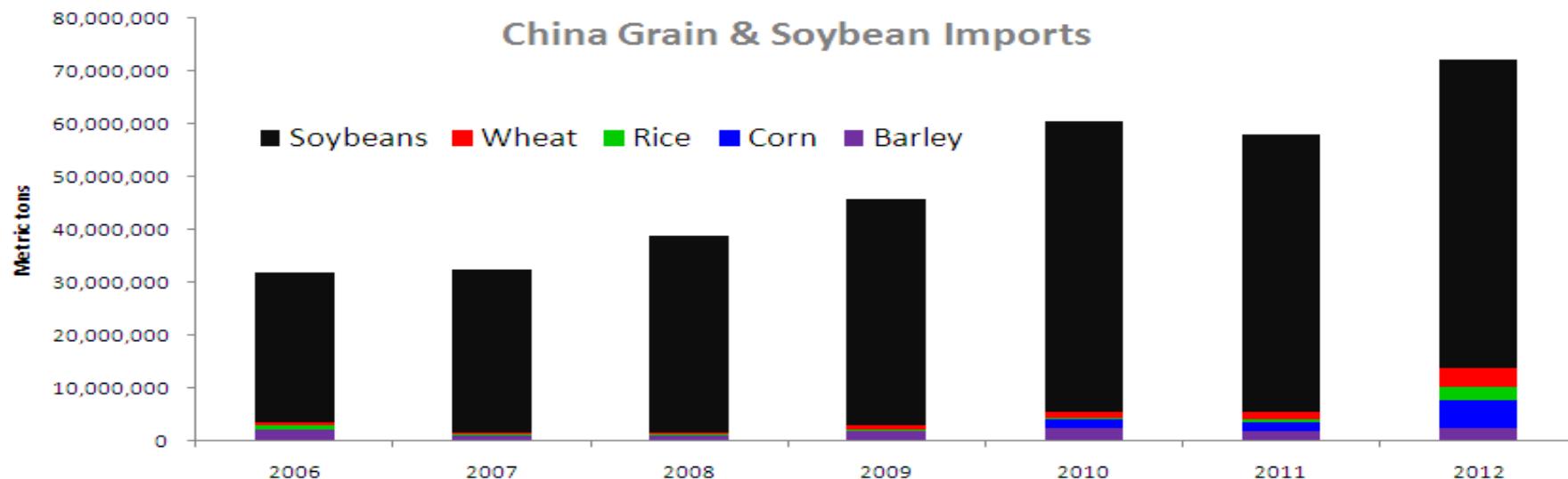


Source: Thomson Reuters Eikon, China Customs



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# Stocking Up: Chinese Grain & Oilseed Imports since 2006

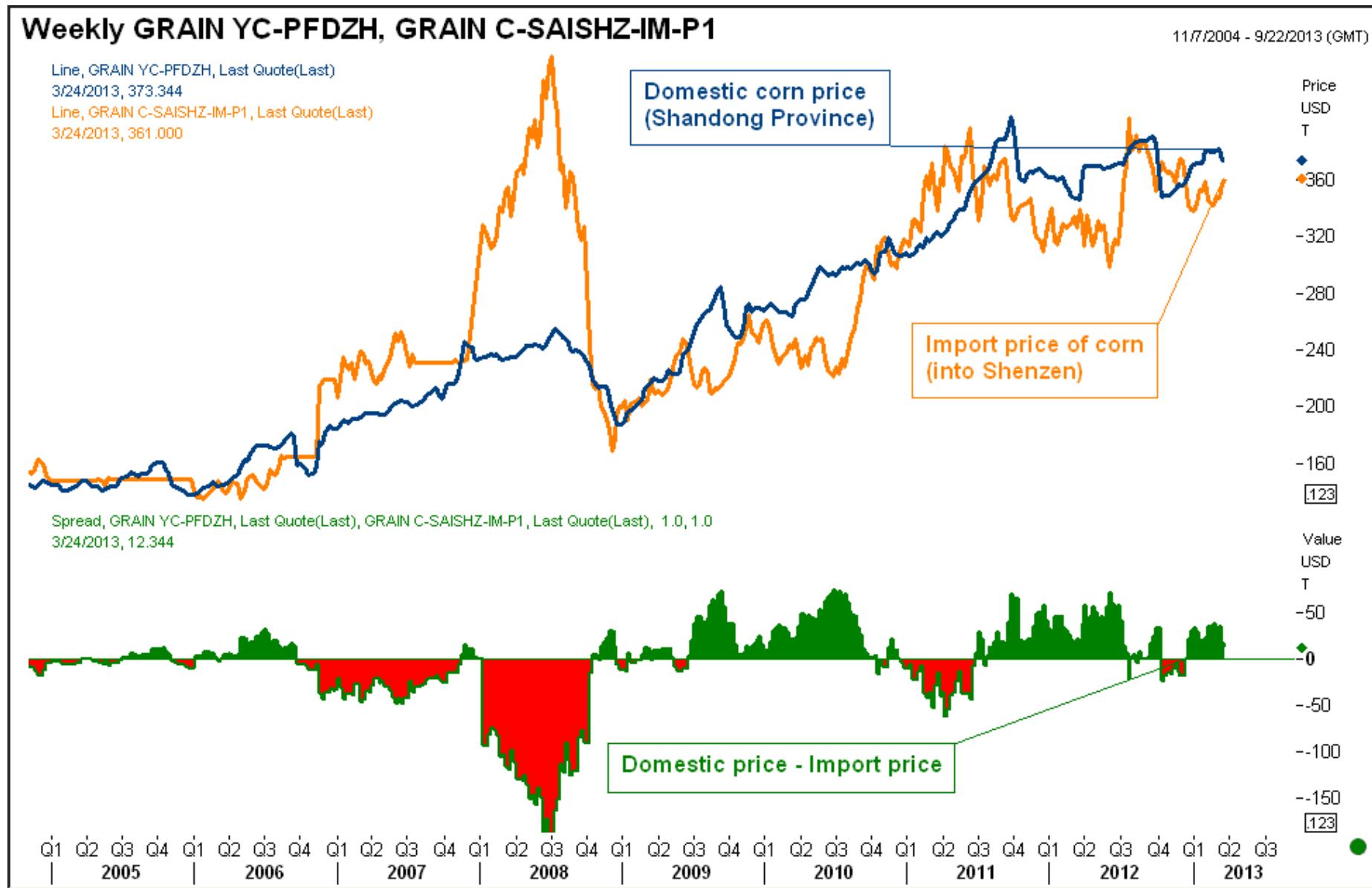


Source: Thomson Reuters Eikon, China Customs

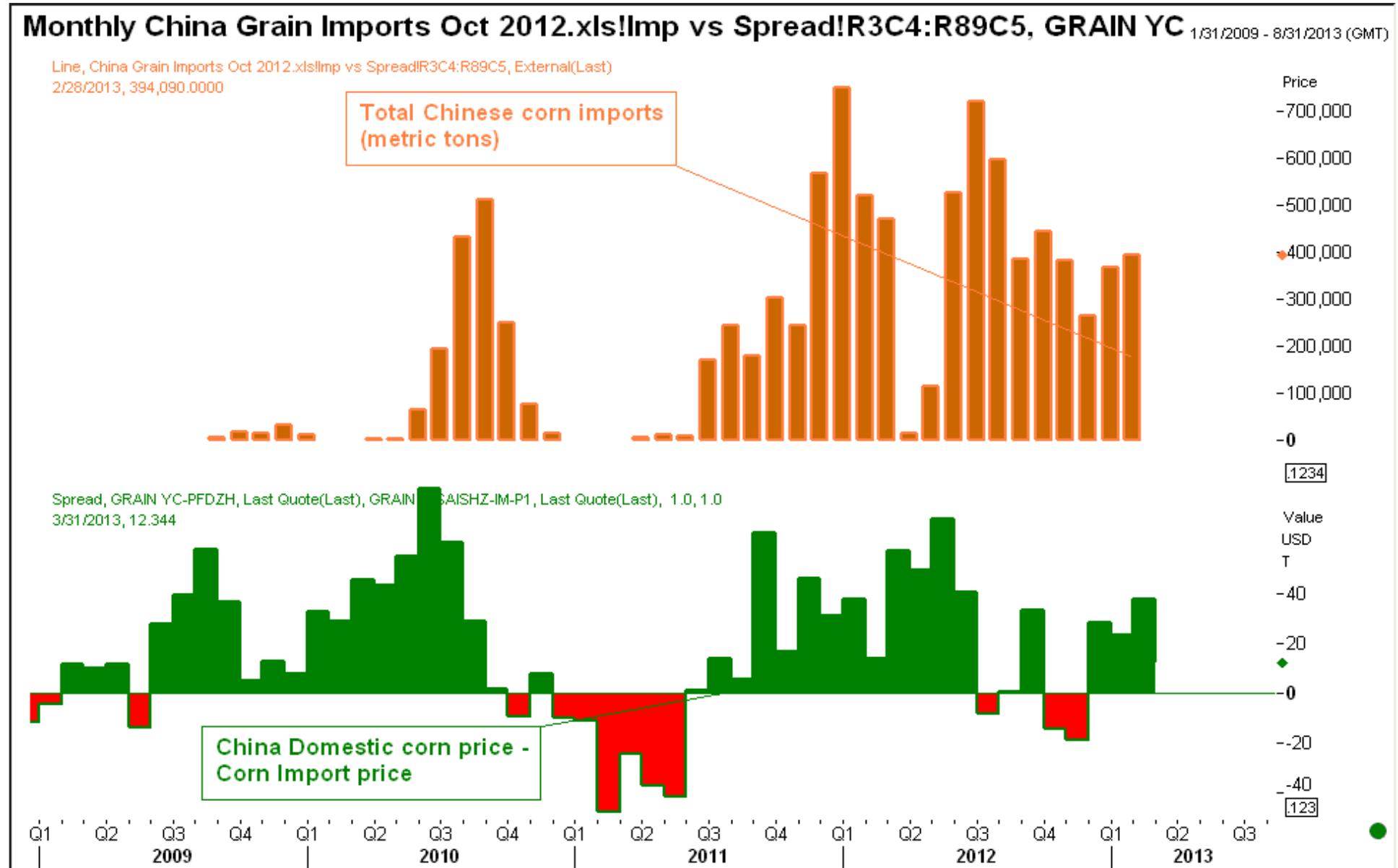


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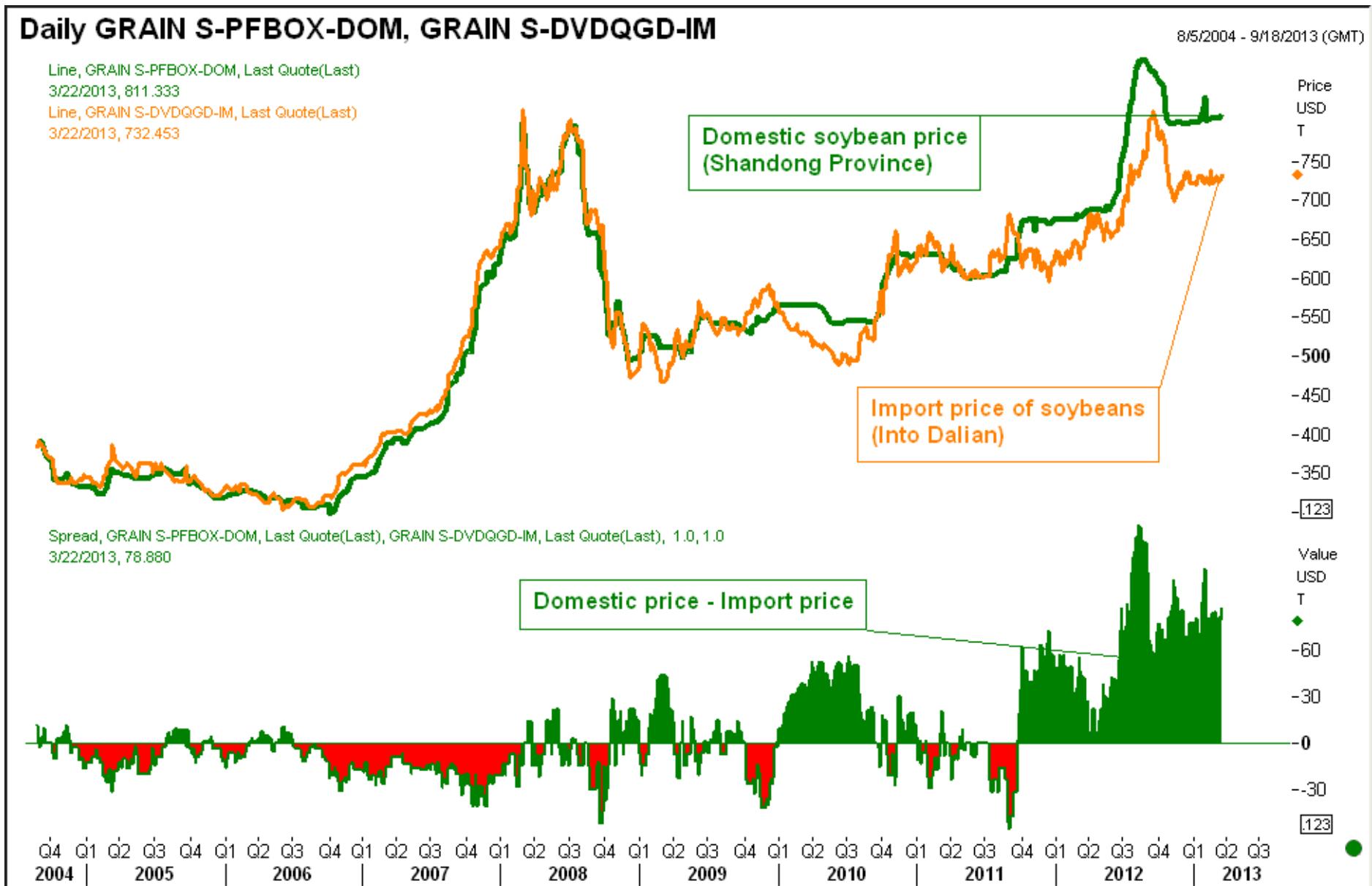
# China Corn Prices: Domestic values firming vs import prices



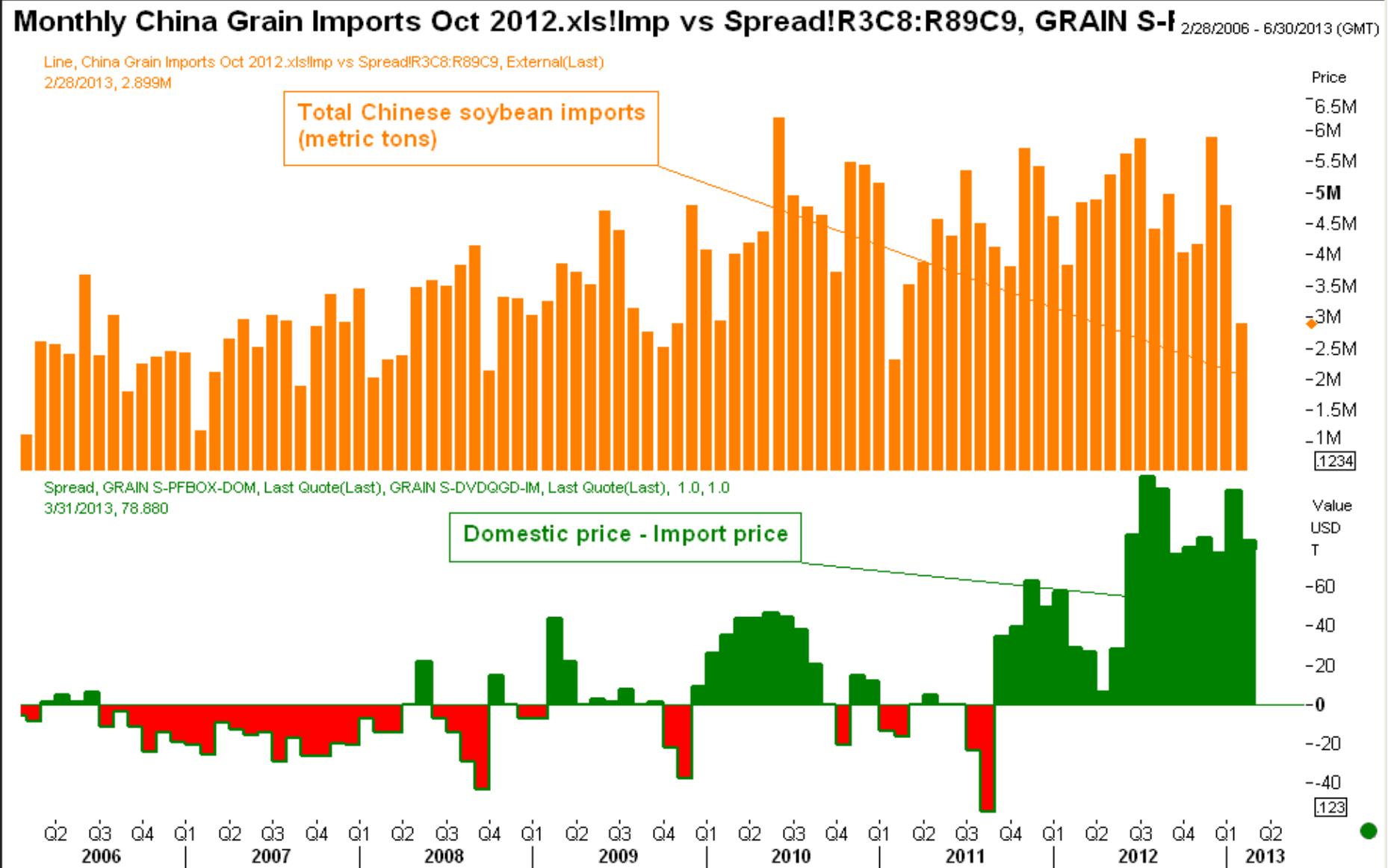
# China corn imports vs domestic/import price spread



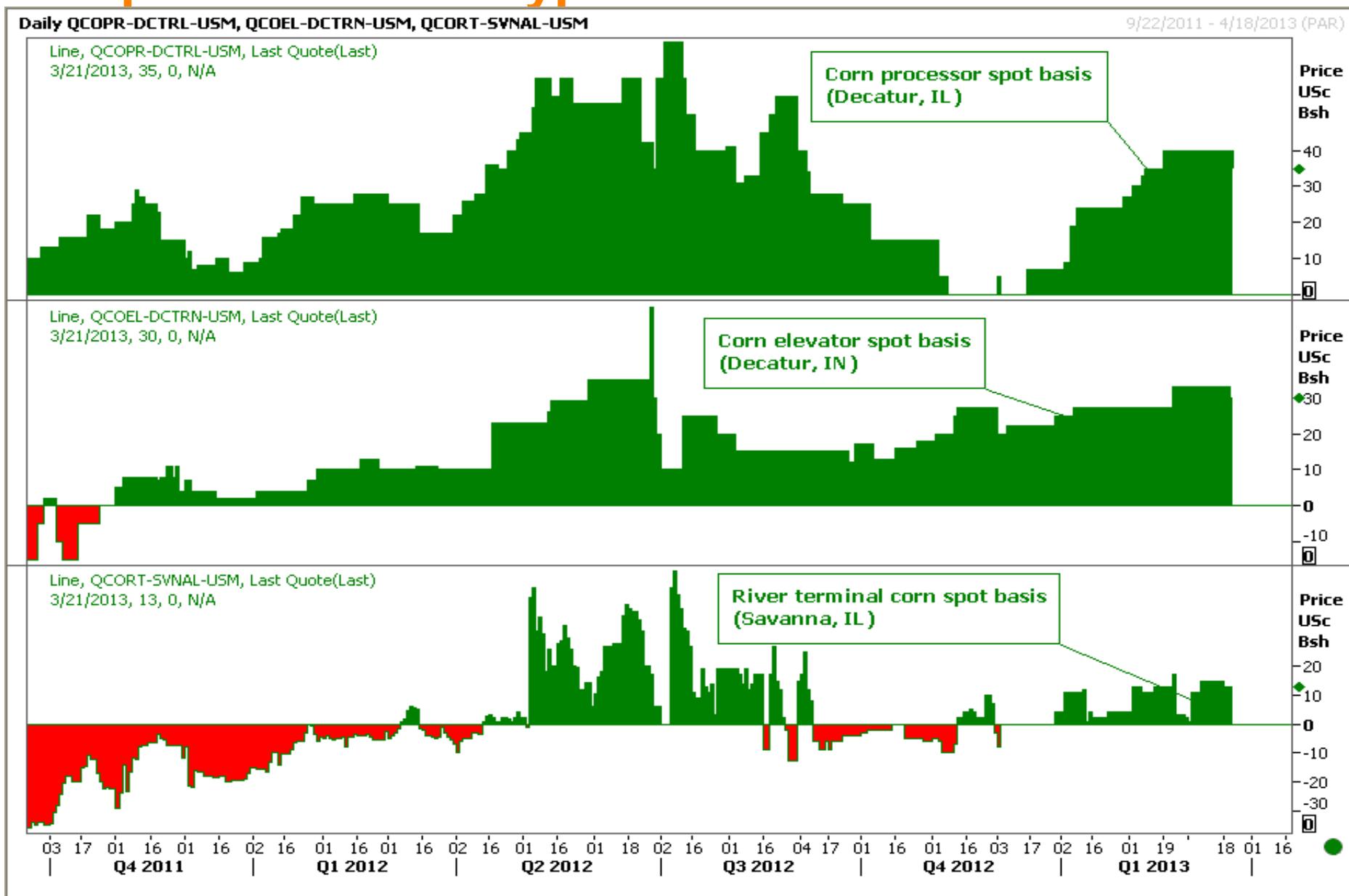
# Chinese Soybean Prices: Stubbornly strong vs Import prices



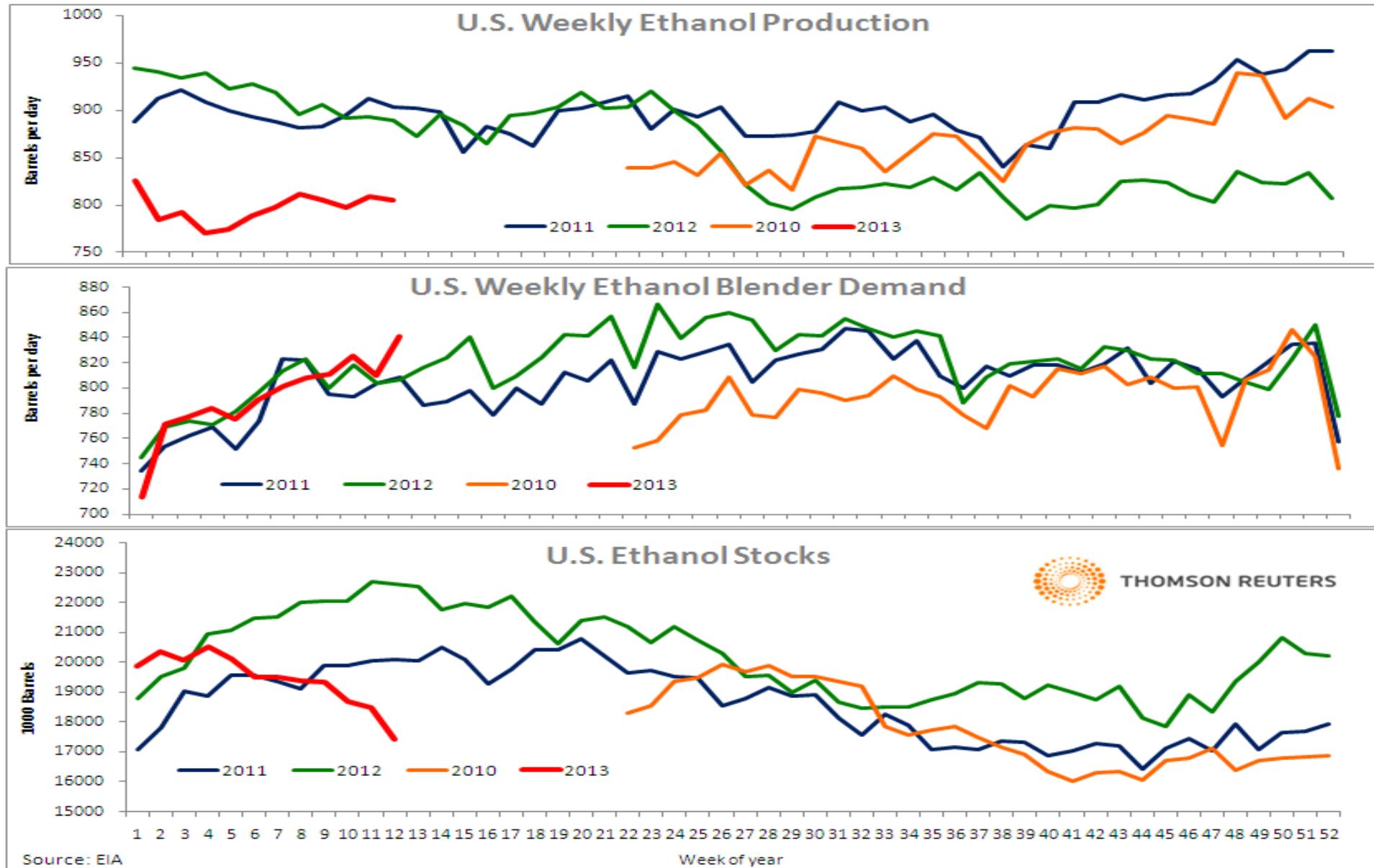
# Chinese soybean imports vs domestic/import price spread



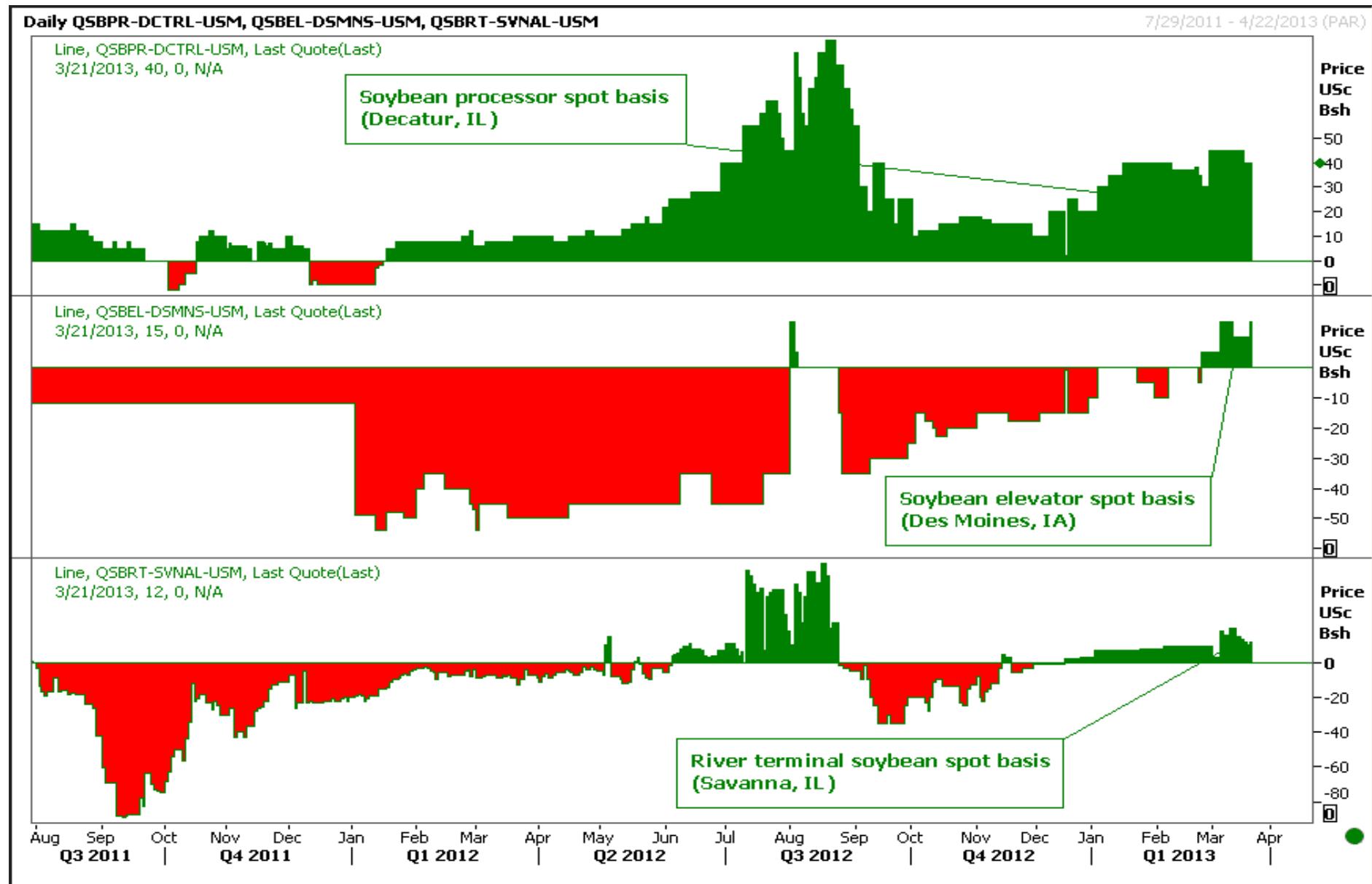
# U.S. Corn Basis Outlook: Depends on user type



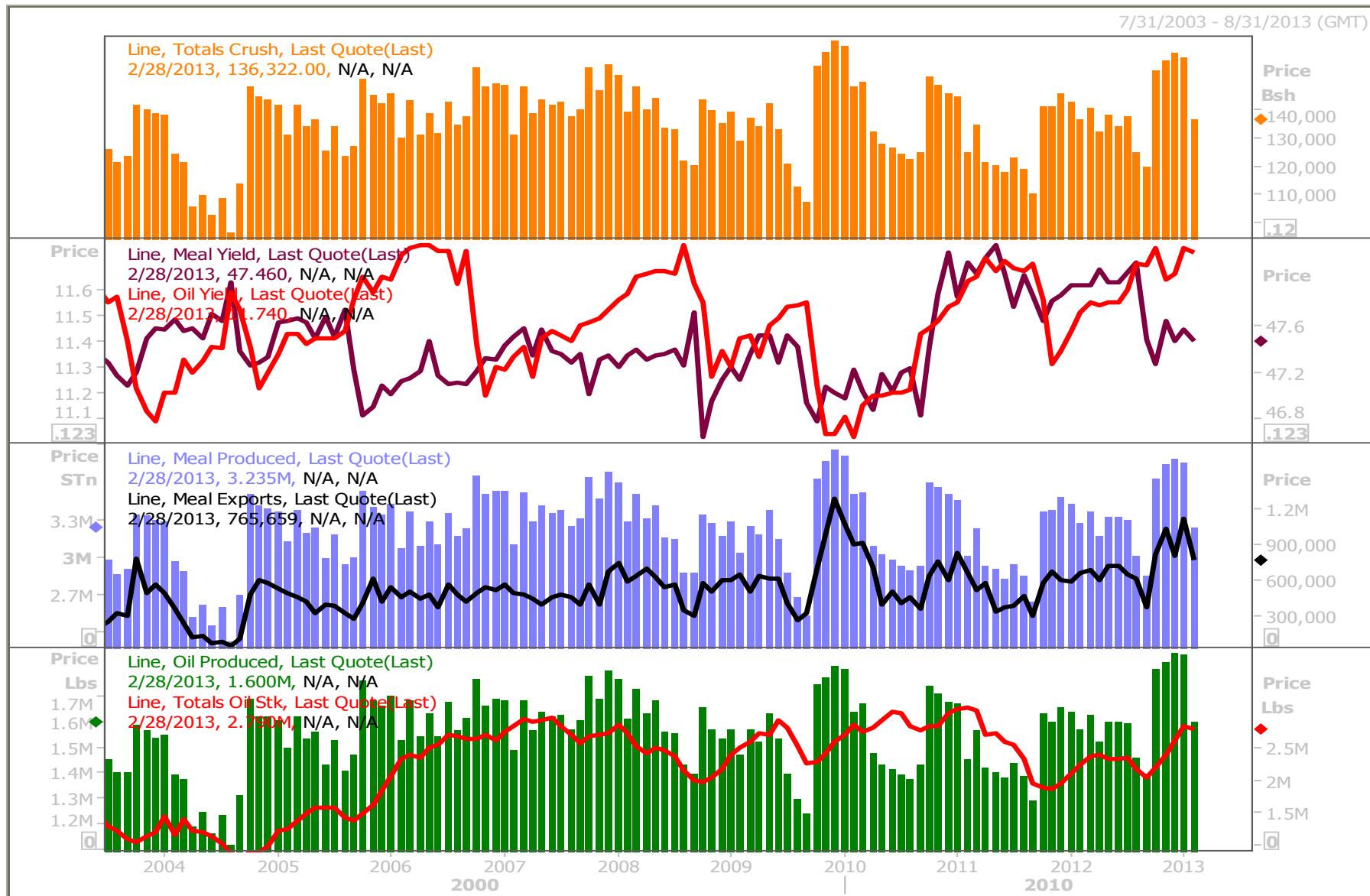
# U.S. ethanol production hanging in there, buoyed by tight stocks and firm blender demand



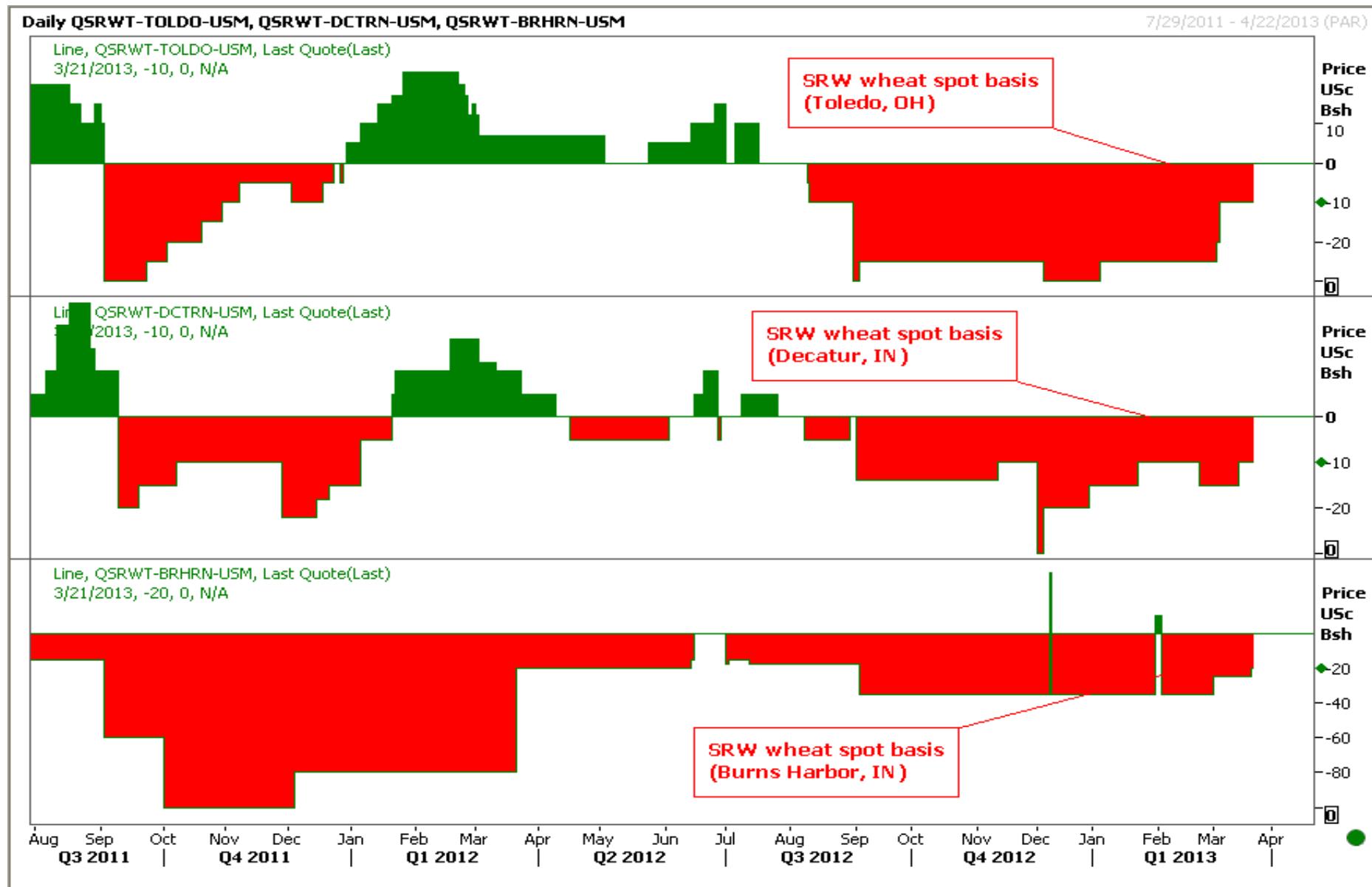
# U.S. Soybean Basis Outlook: Competition heating up



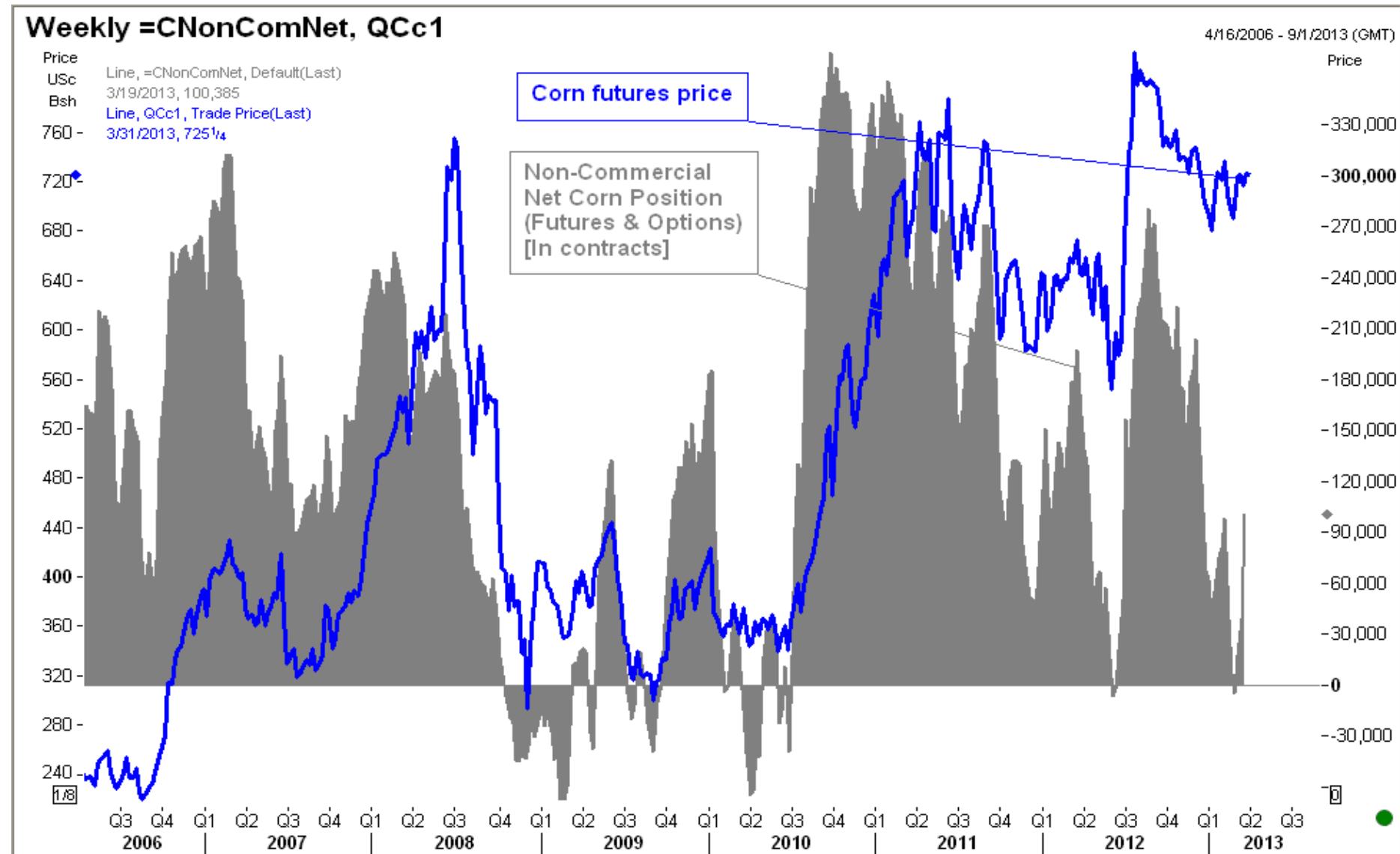
# U.S. soy crushers maintain brisk pace, but poor meal yields should keep meal output in check



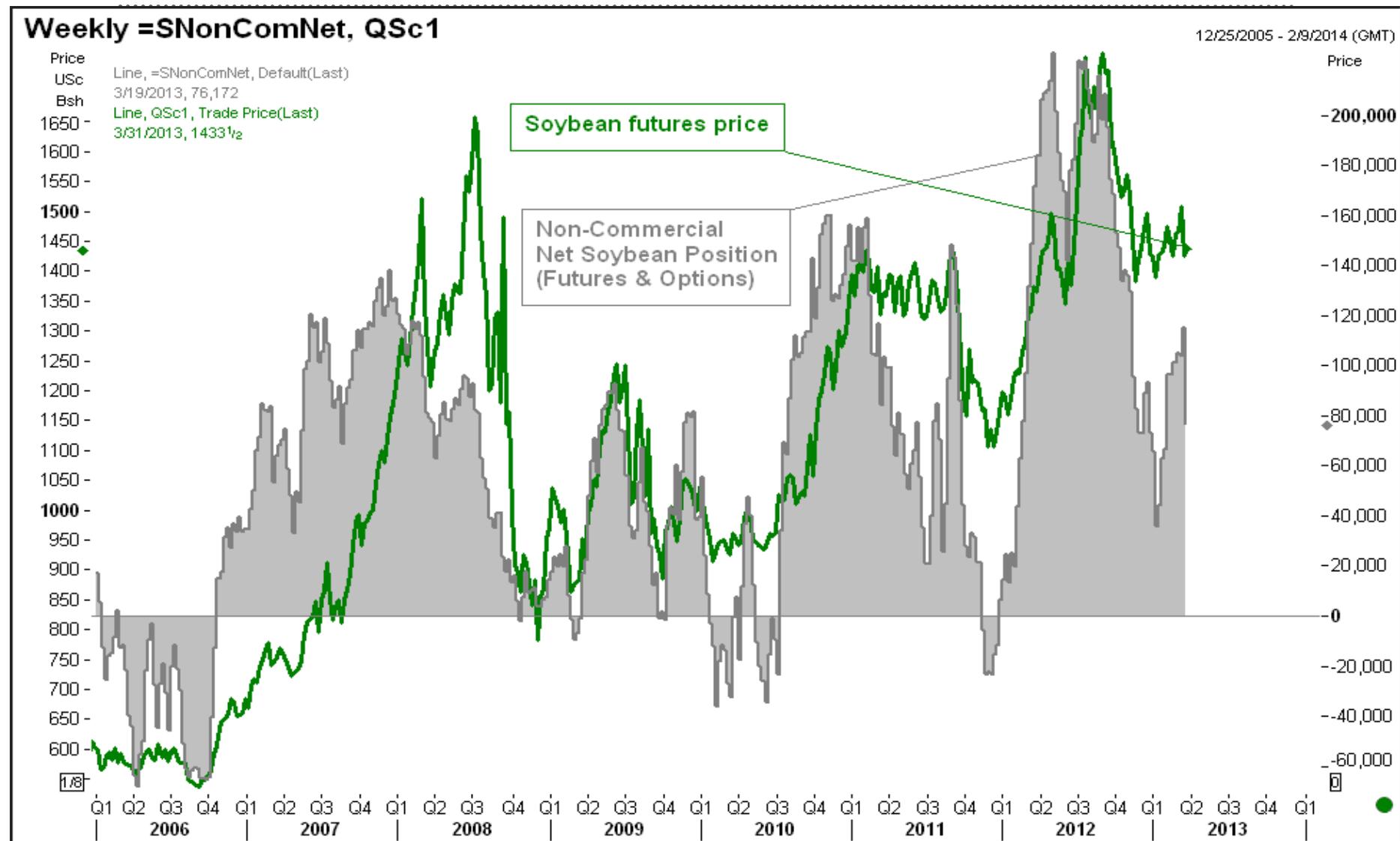
# U.S. Wheat Basis Outlook: SRW bids slowly improving...



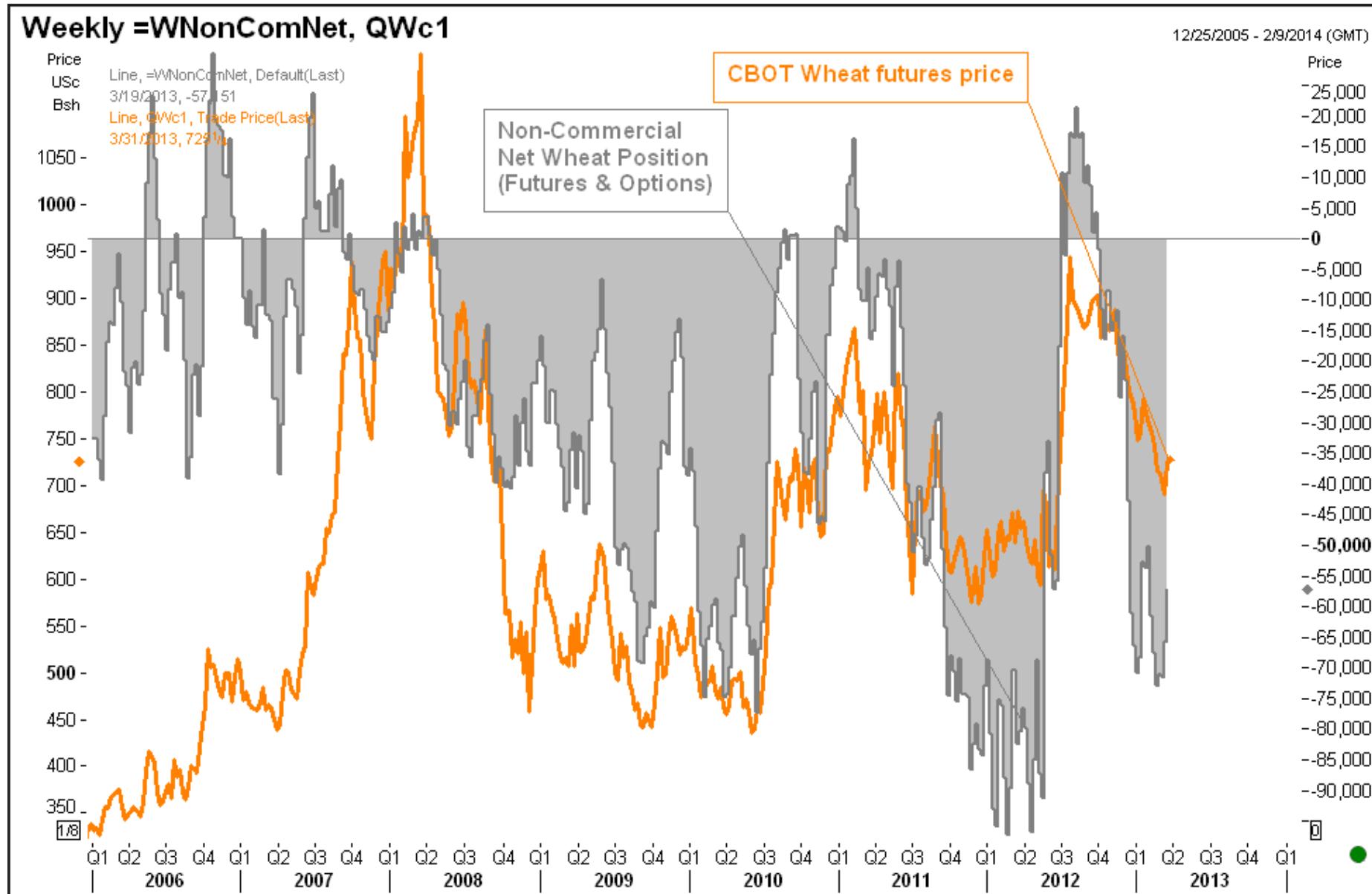
# Non-Commercial Corn Position: Roughly half of March 2012 position



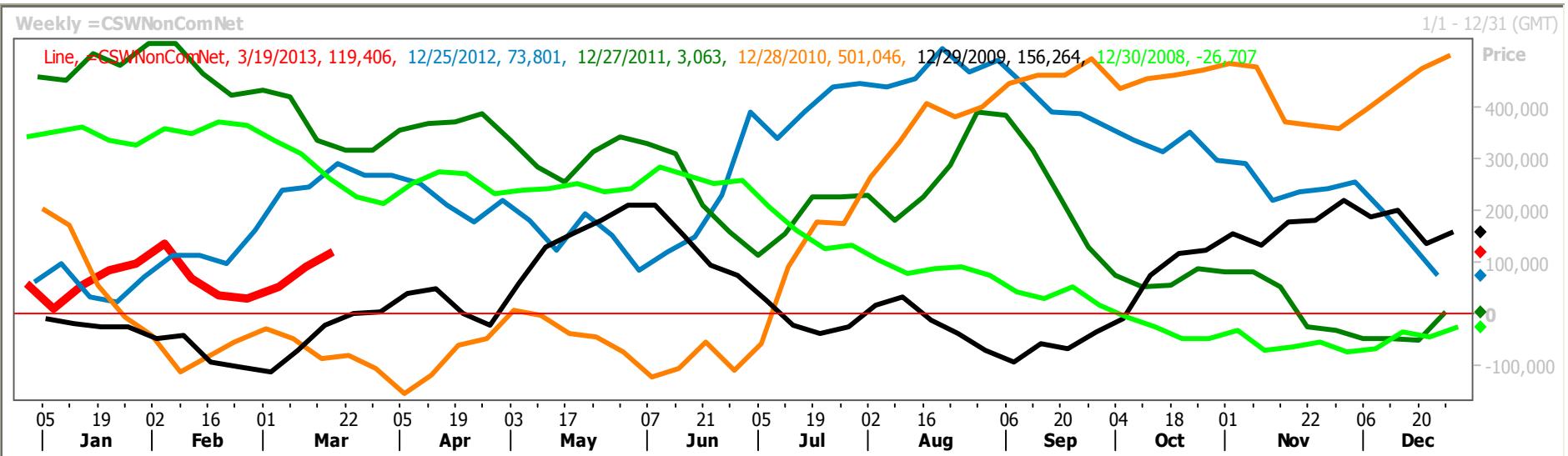
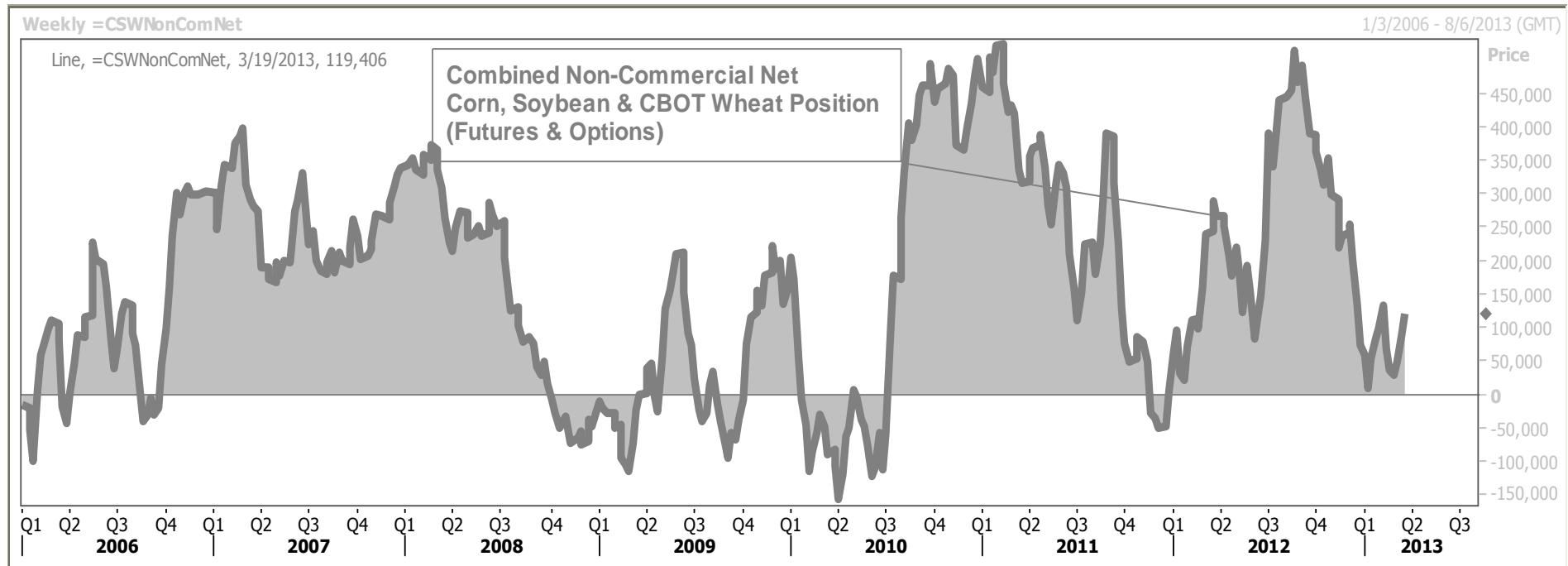
# Non-Commercial Soybean Position: Approx 530 Mln bushels smaller than a year ago



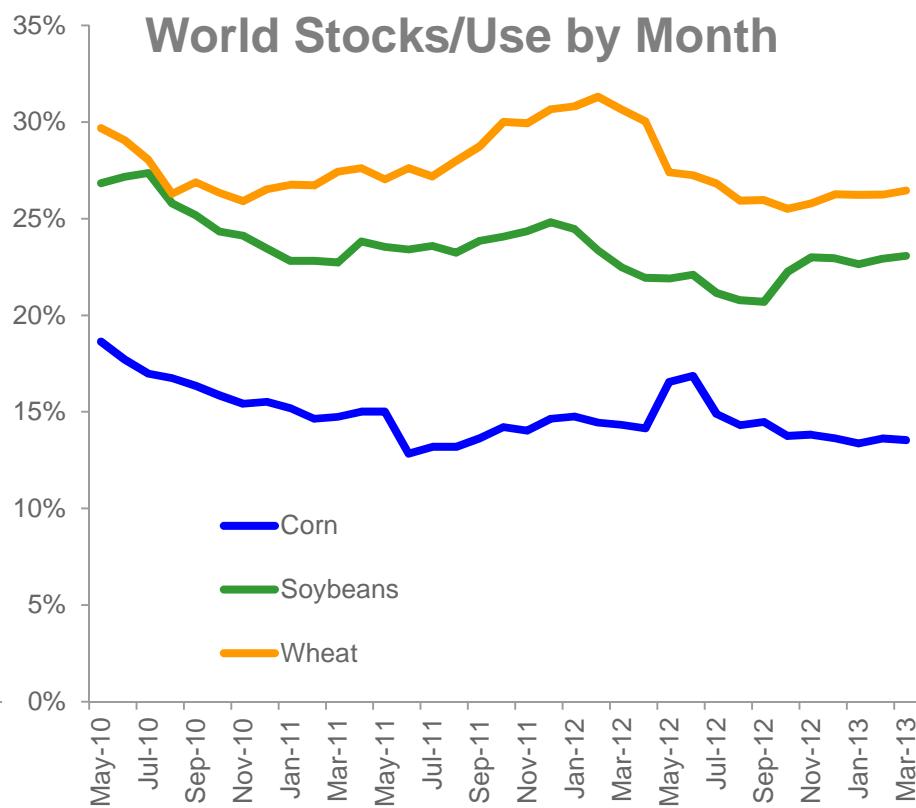
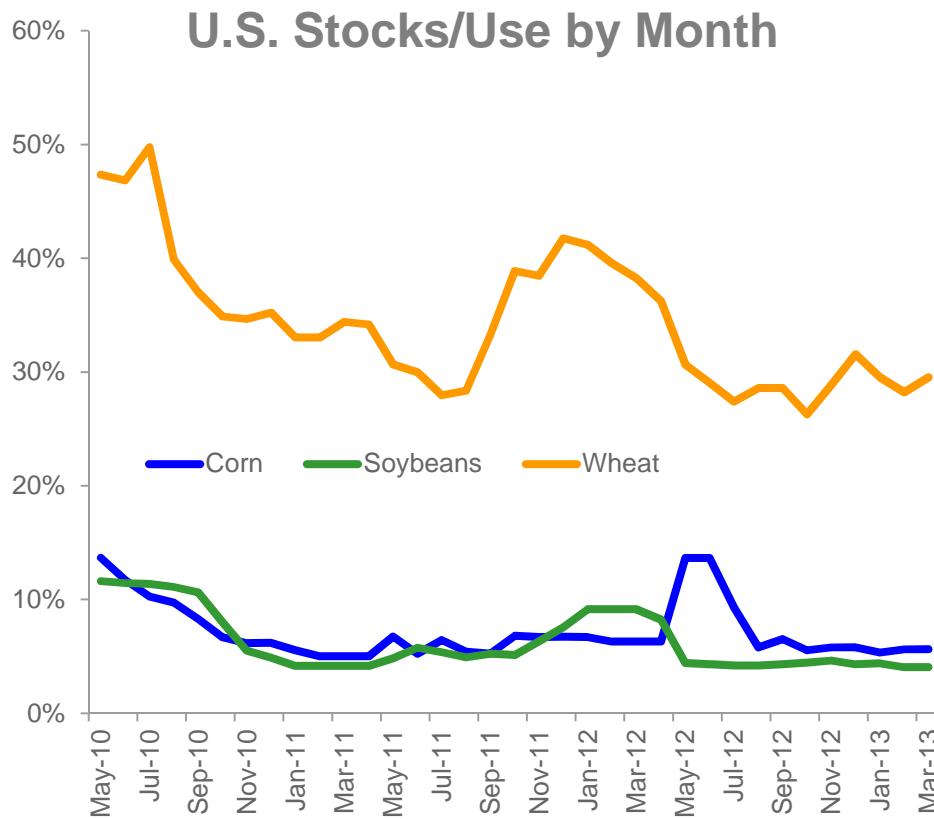
# Non-Commercial CBOT Wheat Position: Running the risk of short-covering rally



## Combined Net Non-Commercial Corn, Soybeans & CBOT Wheat Position has room to shrink or grow

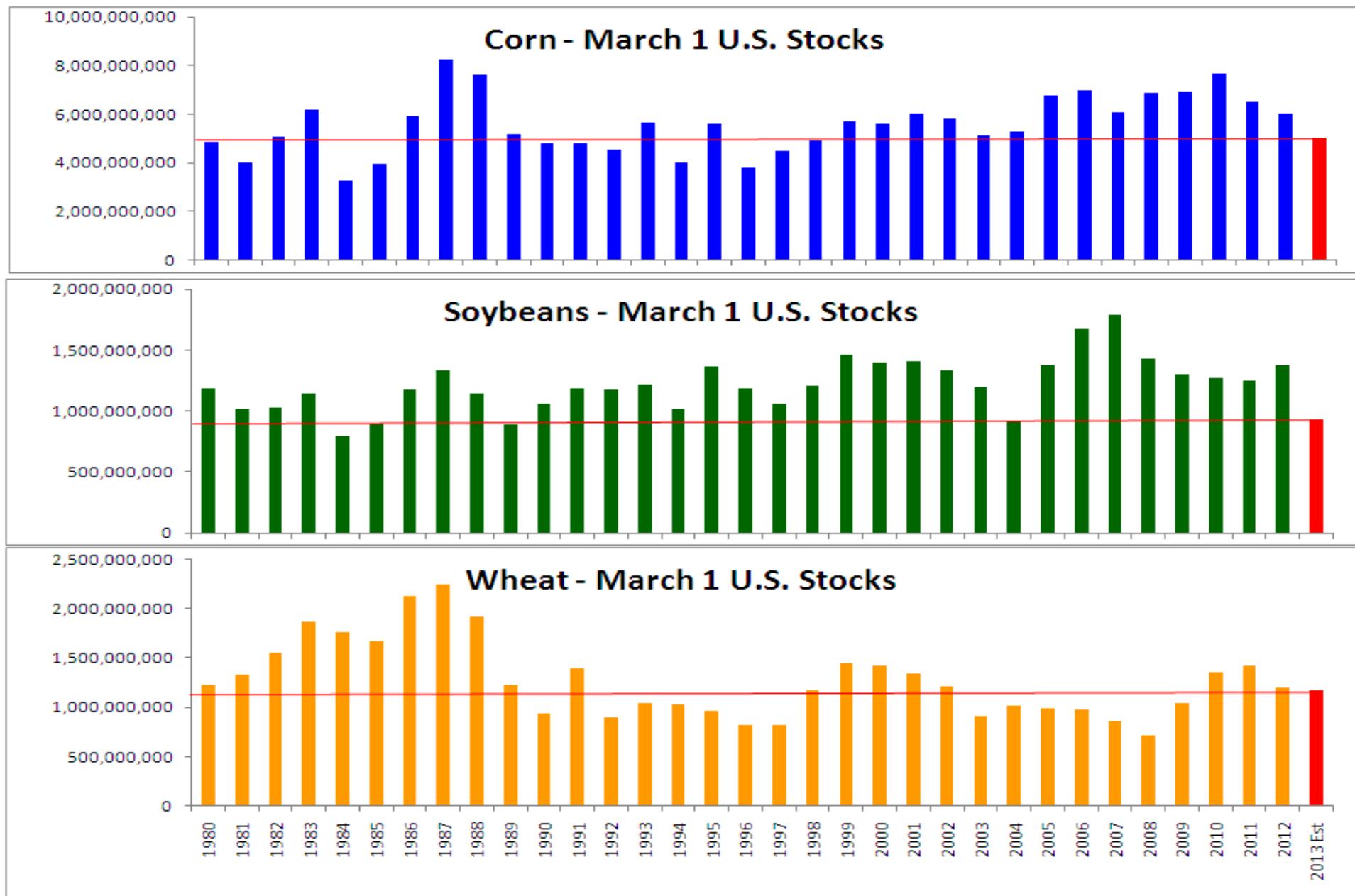


# U.S. vs World Crop Stocks/Use Ratios

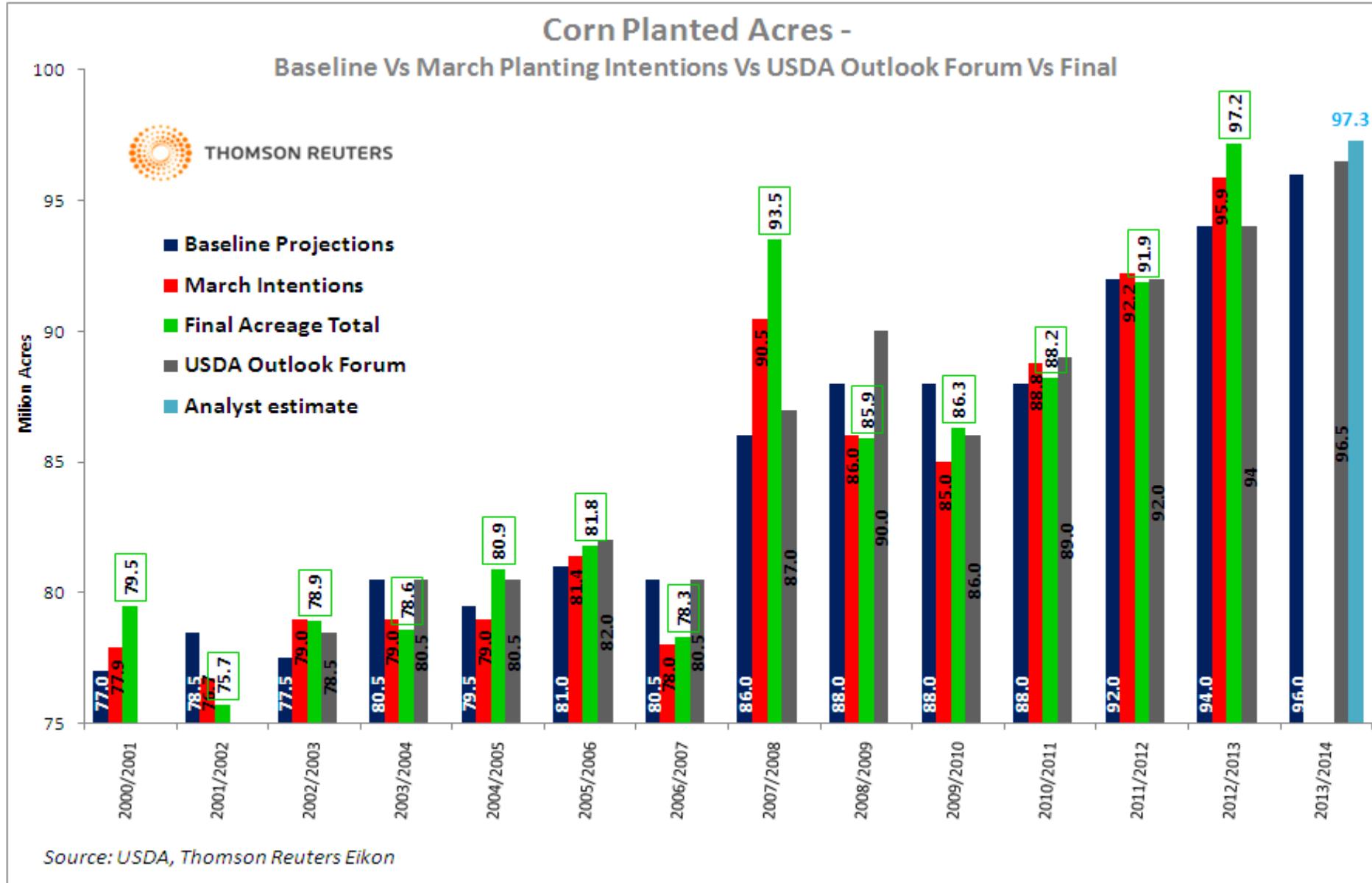


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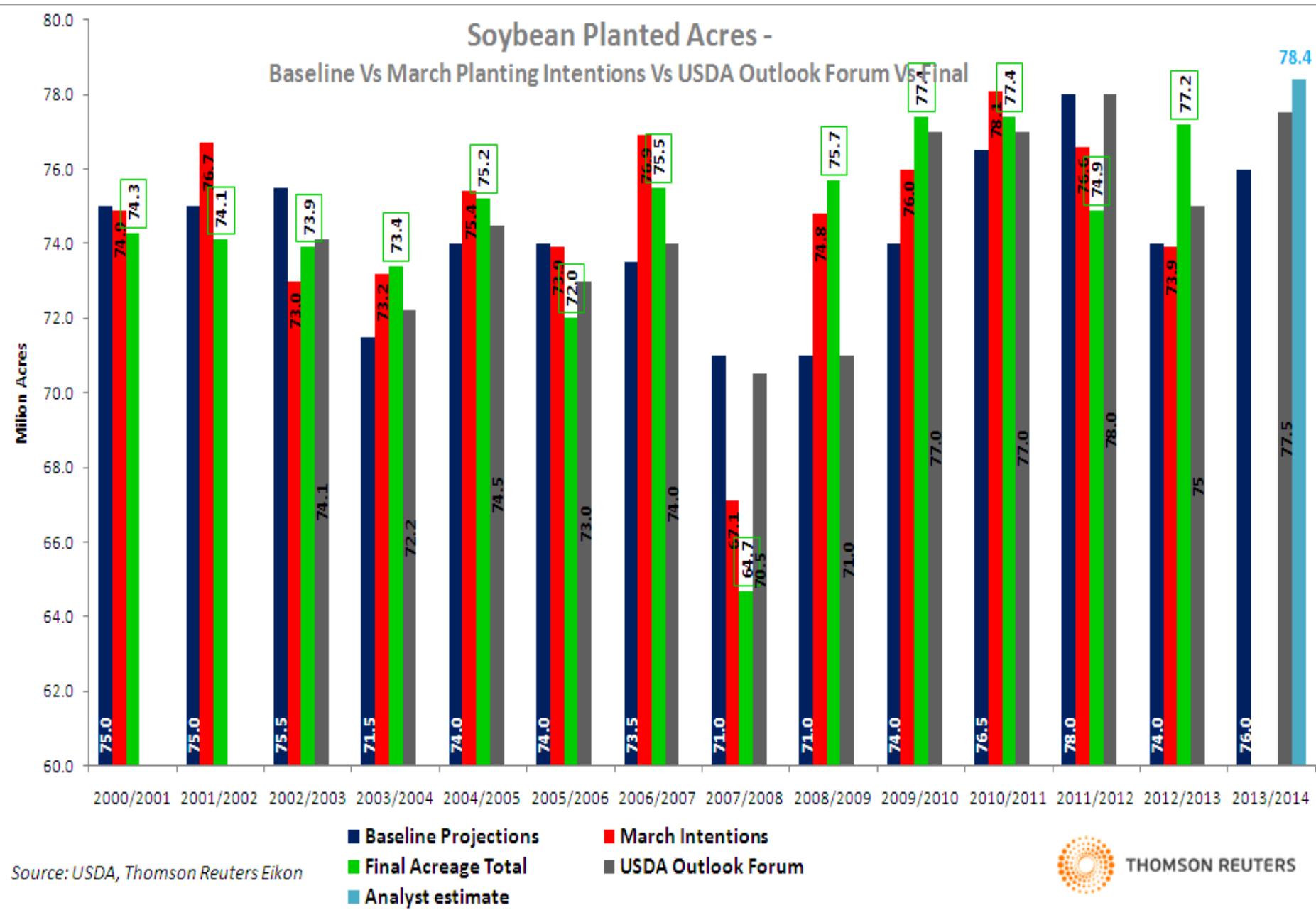
# U.S. Corn, Soybean Stocks Tightest in Years



# Corn Acreage Estimates Creeping Higher – but ‘final’ number usually different



# Soybean Planted Area To Set A Record?



# Thank You.

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# 2013 PROSPECTIVE PLANTINGS PREVIEW & MARKET OUTLOOK: SUPPLY FUNDAMENTALS

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Presentation by:  
Corey Cherr  
Product Manager, Agriculture Research  
Thomson Reuters Lanworth

- 2013/14 US Corn & Soybean Area
- South America: 2012/13 In Review
- 2013/14 US drought and weather outlook
- Global Long Term Production Trends



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# 2013/14 US Corn & Soybean Area

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US farmers could plant 177.8 million acres to corn and soybeans

- 3.8 million acres more than USDA anticipates

Soybeans: an historically high 81.3 [79.8–82.8] million acres

Corn: down 1% from last year to 96.5 [95.0–98.0] million acres

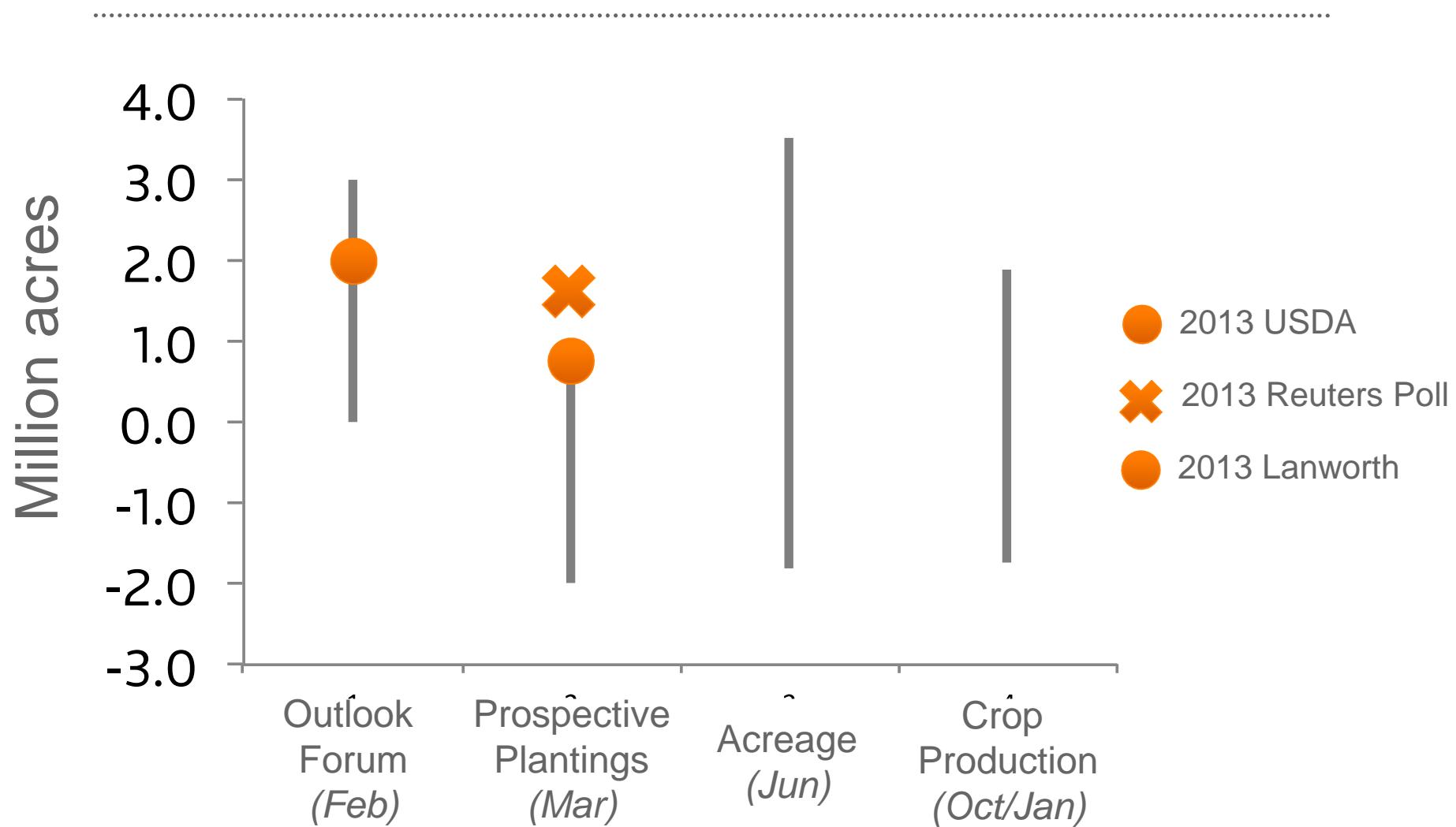
- Rotation practices
- Lack of increase in expected corn profitability from last year
- Slower corn planting pace than last year
- Gains in 2<sup>nd</sup> crop soybean area from last year

In *Prospective Plantings*, USDA will likely project

Soy: 79.1 [78.5–80.2] million acres (Reuters Poll=78.4 [77.0-79.7] ma)

Corn: 95.7 [94.6–96.3] million acres (Reuters Poll=97.3 [95.7-98.5] ma)

# Change In USDA's Corn+Soybean Combined Area Since 1997



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# 2013/14 US Corn & Soybean Area

Factors impacting corn & full season soy area	% of variance explained
Realized profitability of corn & soybeans in recent seasons	73.8%
Area planted to winter wheat	3.3%
Expected profitability of new crop corn & soybeans in <i>late autumn</i>	6.7%
Expected profitability of new crop corn & soybeans in <i>early spring</i>	2.4%
% of US corn planted by 25 April	7.4%



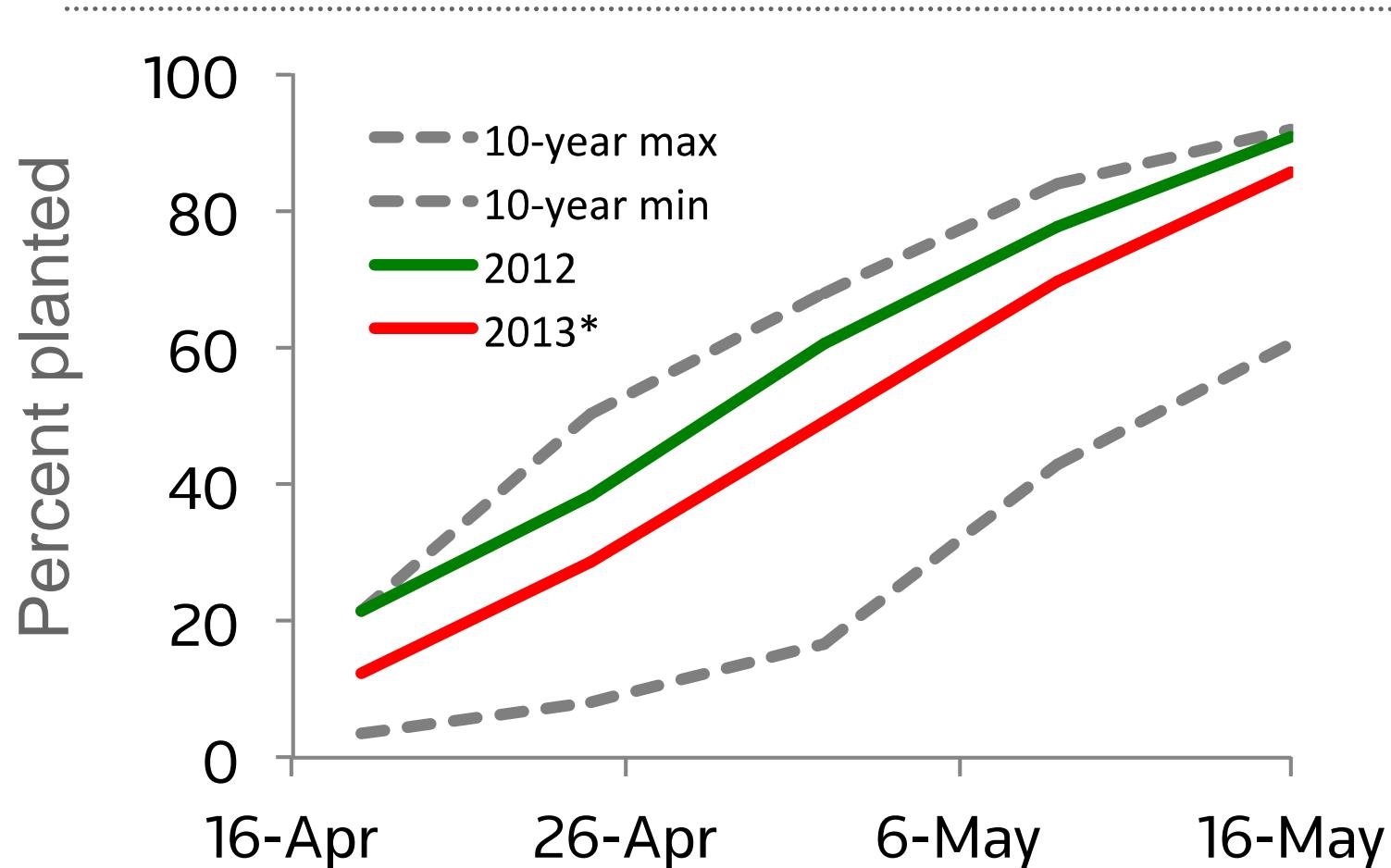
# 2013/14 US Corn & Soybean Area

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% of US corn planted by 25 April	7.4%



# 2013/14 US Corn Planting Pace



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\*Assumes normal weather after April 7

# 2013/14 US Corn vs Soybean Area

Factors changing the ratio of corn to full season soy	% of variance explained
Previous year's ratio of corn to full season soybeans	
Year-on-year change in expected profitability of corn, <i>as of late autumn</i>	74.2%
Year-on-year change in expected spread between corn and soybeans, <i>as of early spring</i>	3.9%
Year-on-year change in corn planting pace, as of 16 May	15.9%



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# If crop rotations were unchanged from 2012 to 2013...

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*US - States accounting for 96% of corn and soybean area*

	2012 acres	% rotated to 2013 corn	2013 corn acres	% rotated to 2013 soybeans	2013 soybean acres
corn	92,600	36%	33,250	51%	47,582
all soybeans	75,135	64%	48,444	20%	14,710
wheat (no 2nd crop)	45,387	16%	7,165	10%	4,651
other crops	34,406	11%	3,649	10%	3,269
forage/idle	119,354	3%	3,855	3%	3,787
2nd soybeans	5,262				6,200
<b>total</b>	<b>366,882</b>	<b>26%</b>	<b>96,362</b>	<b>22%</b>	<b>80,198</b>
<b><i>change</i></b>			<b>3,762</b>		<b>5,063</b>

*Units are thousand acres*



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# With likely changes in crop rotations...

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*US - States accounting for 96% of corn and soybean area*

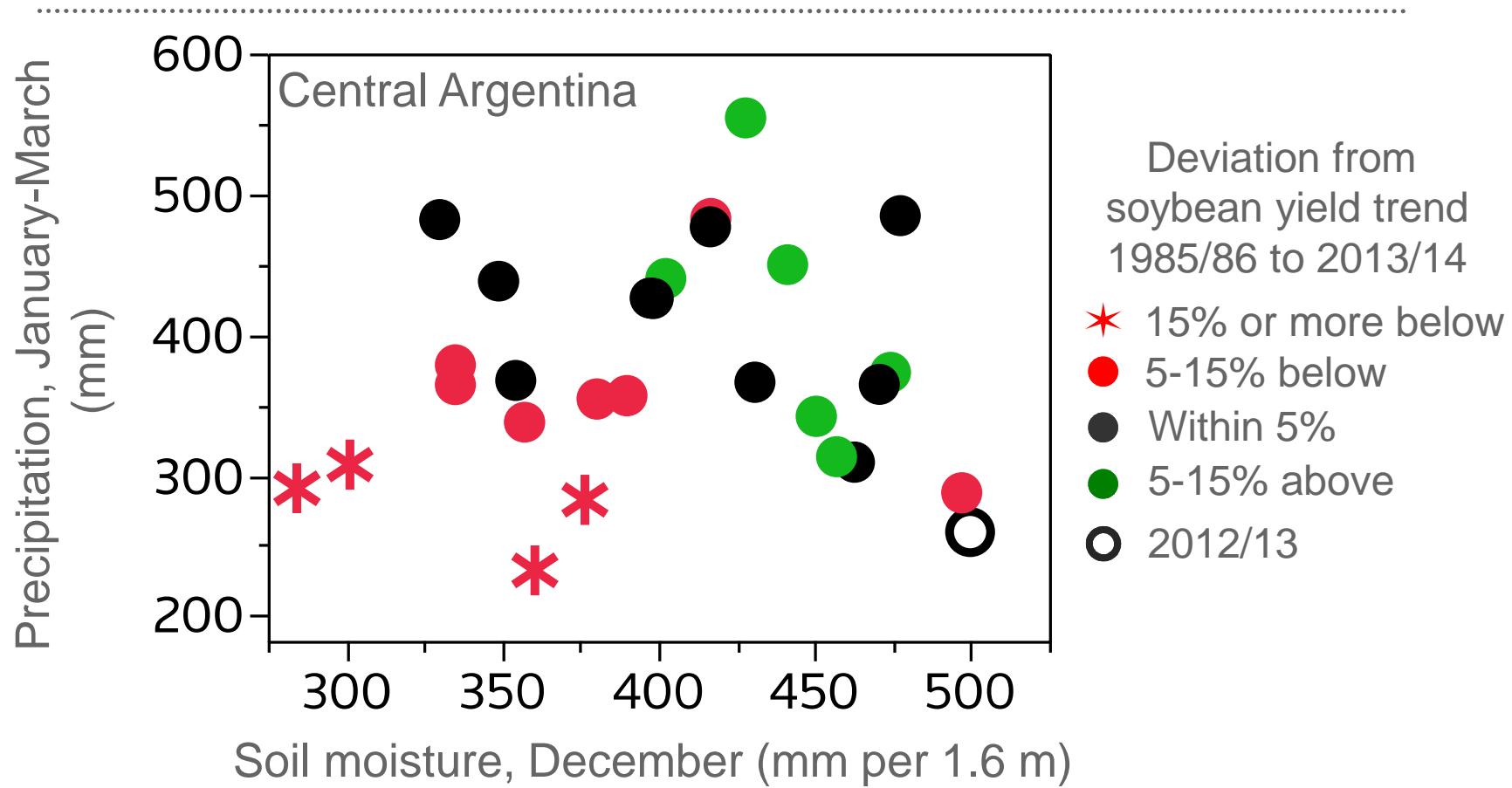
	2012 acres	% rotated to 2013 corn	2013 corn acres	% rotated to 2013 soybeans	2013 soybean acres
corn	92,600	34%	31,756	52%	48,201
all soybeans	75,135	63%	47,220	20%	14,874
wheat (no 2nd crop)	45,387	13%	6,103	10%	4,410
other crops	34,406	11%	3,790	10%	3,309
forage/idle	119,354	3%	3,811	2%	2,856
2nd soybeans	5,262				6,200
<b>total</b>	<b>366,882</b>	<b>25%</b>	<b>92,680</b>	<b>22%</b>	<b>79,849</b>
<b><i>change</i></b>			<b>80</b>		<b>4,714</b>

*Units are thousand acres*



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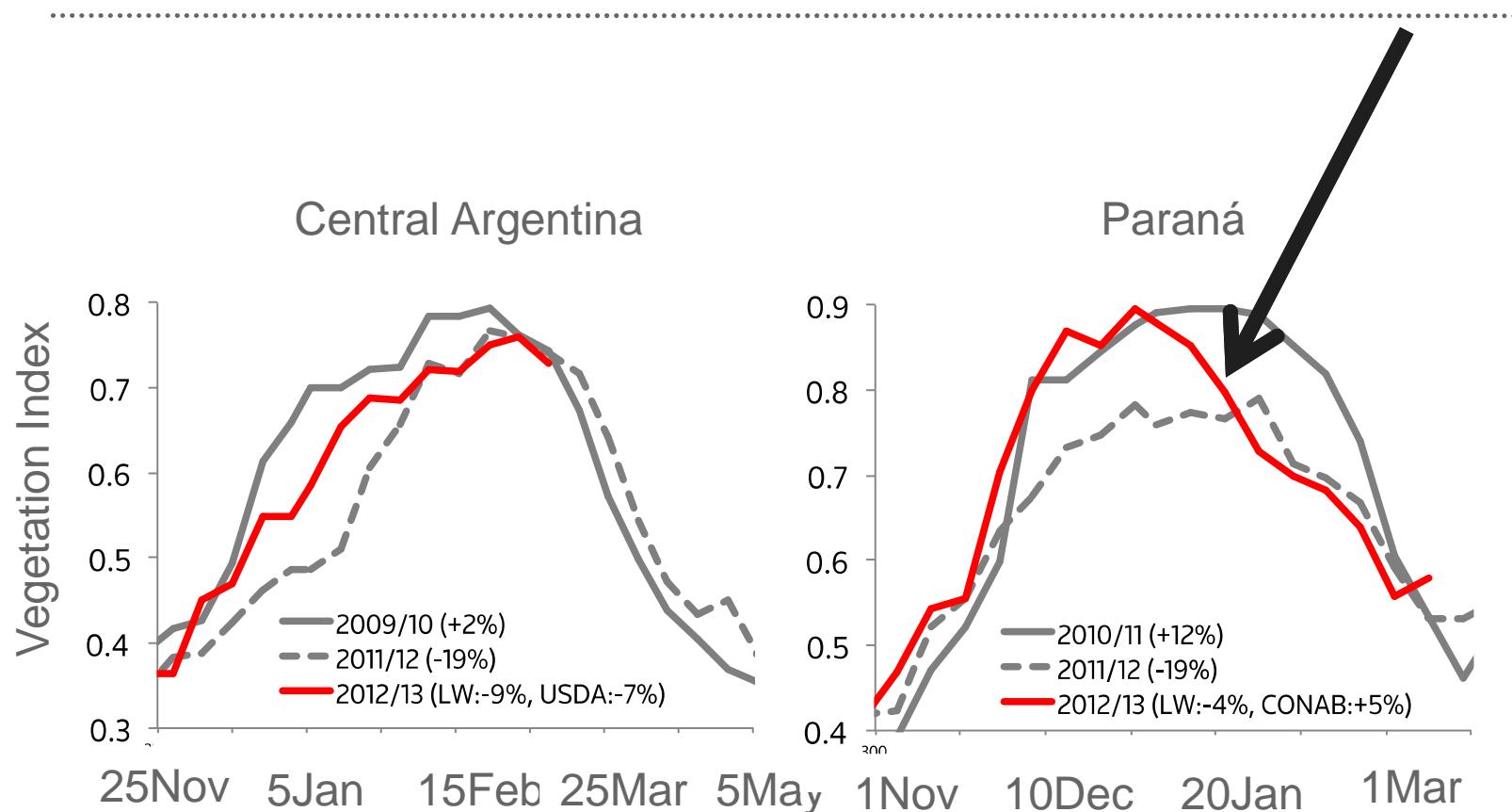
# South America: 2012/13 In Review



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Includes: Buenos Aires, Córdoba, Entre Ríos, La Pampa, Santa Fe

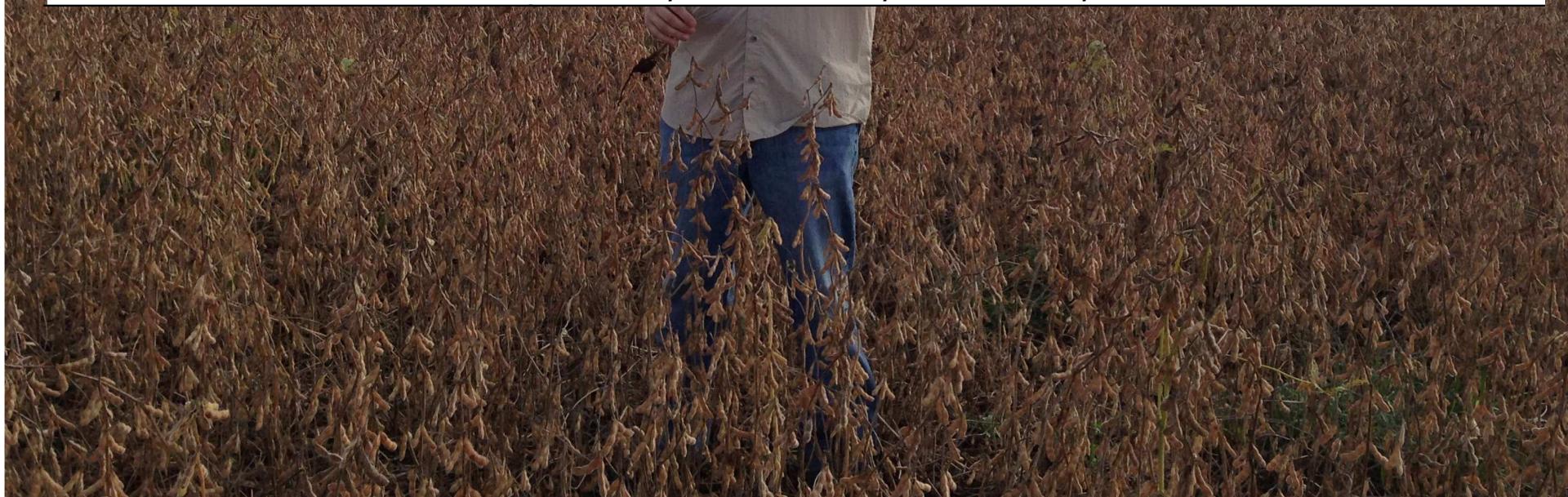
# South America Crop Vegetation Density Profiles



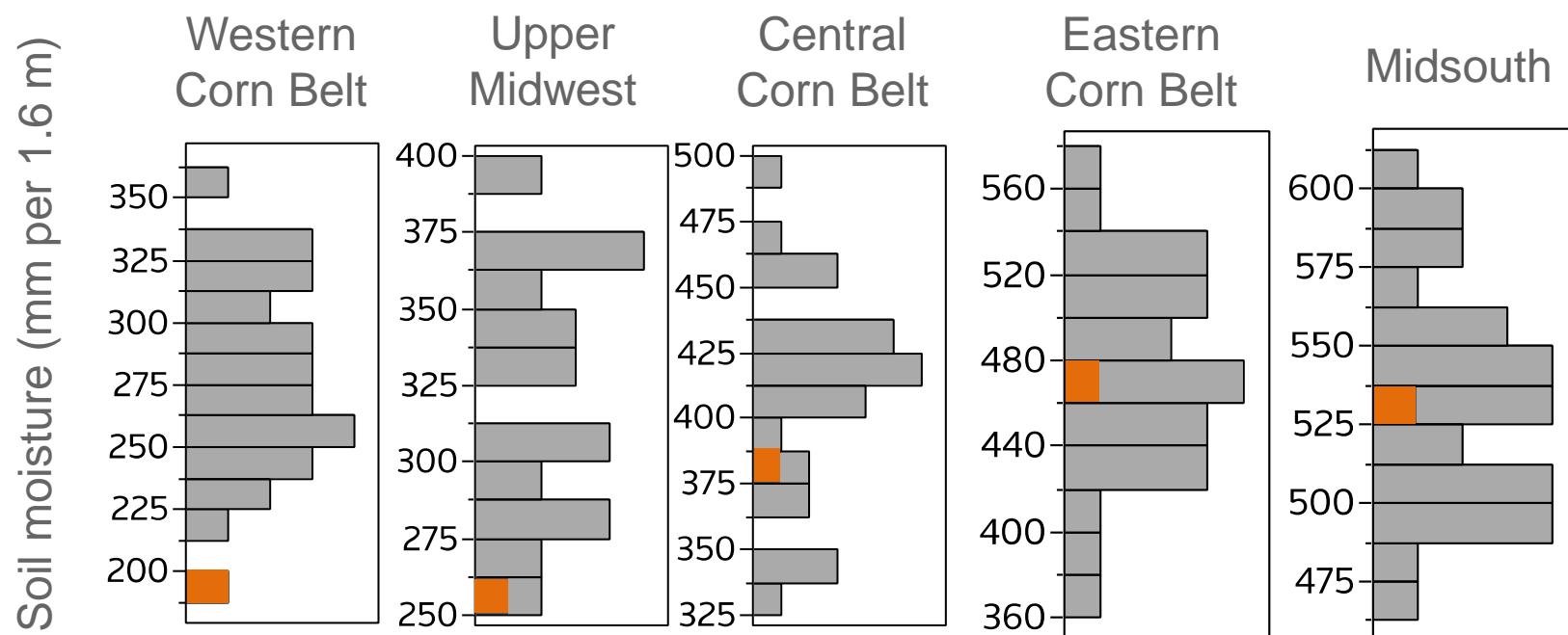
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# South America Field Observations

	Beans per square meter			
	2011	2012	2013	2013/2yr ave
Northern Buenos Aires	2,245	2,115	2,395	10%
Southern Córdoba	2,143	1,531	2,413	31%
Southern Santa Fe	2,651	1,909	2,724	19%
Total	2,315	1,861	2,486	19%



# 2013/14 US Drought And Weather Outlook

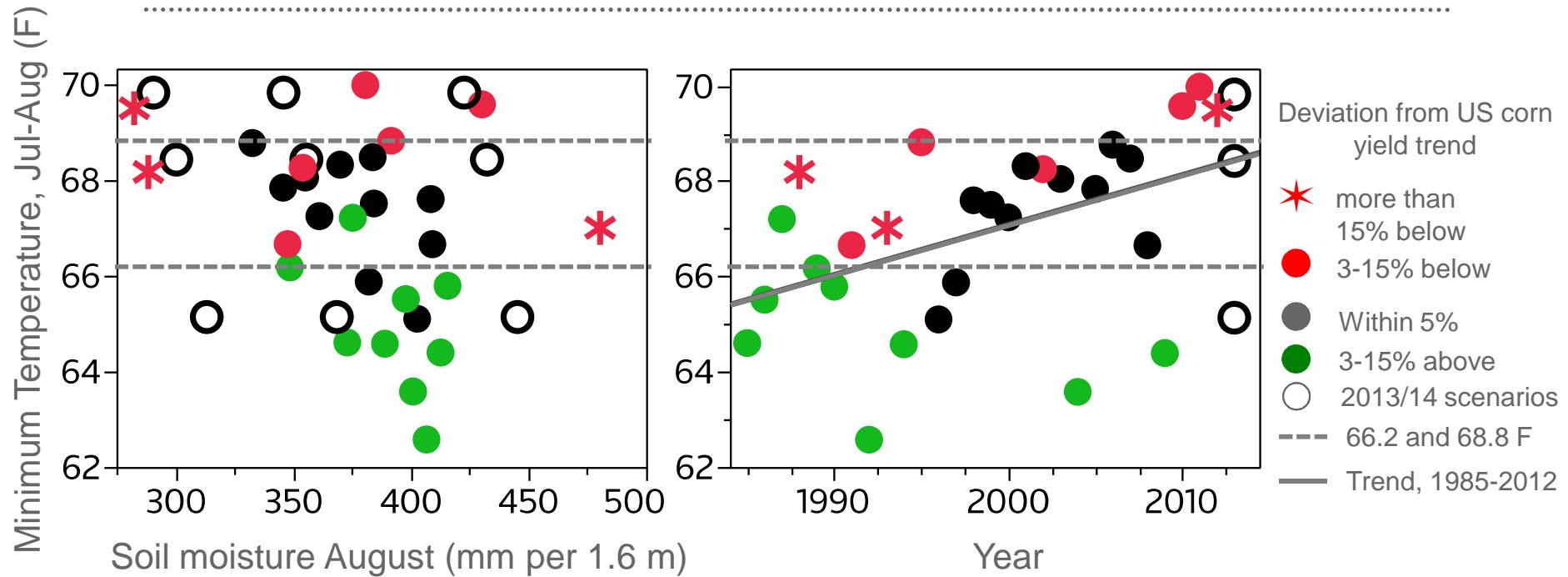


Regions account for 16%, 21%, 36%, 12% and 7% of potential US corn production



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# 2013/14 US Drought And Weather Outlook



## 2013/14 US yield outlooks

Corn: 155.7 [132.9-166.8] bpa

Soybeans: 43.0 [38.8-45.3] bpa

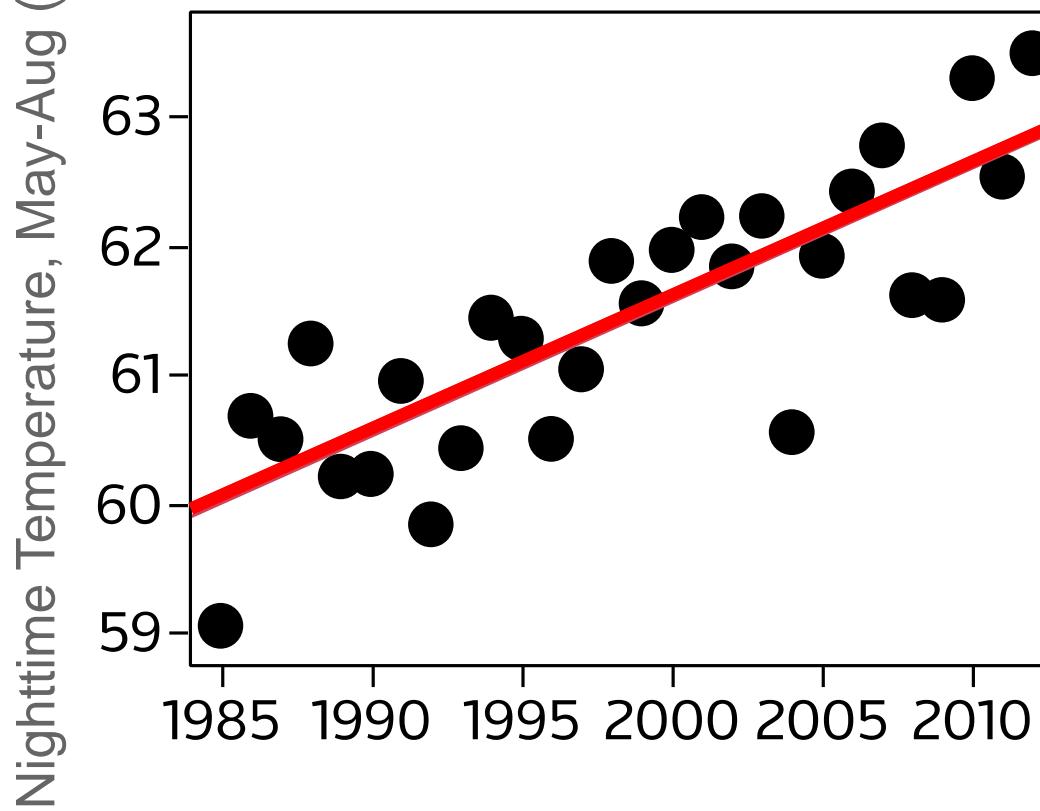


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# Global Long Term Production Trends

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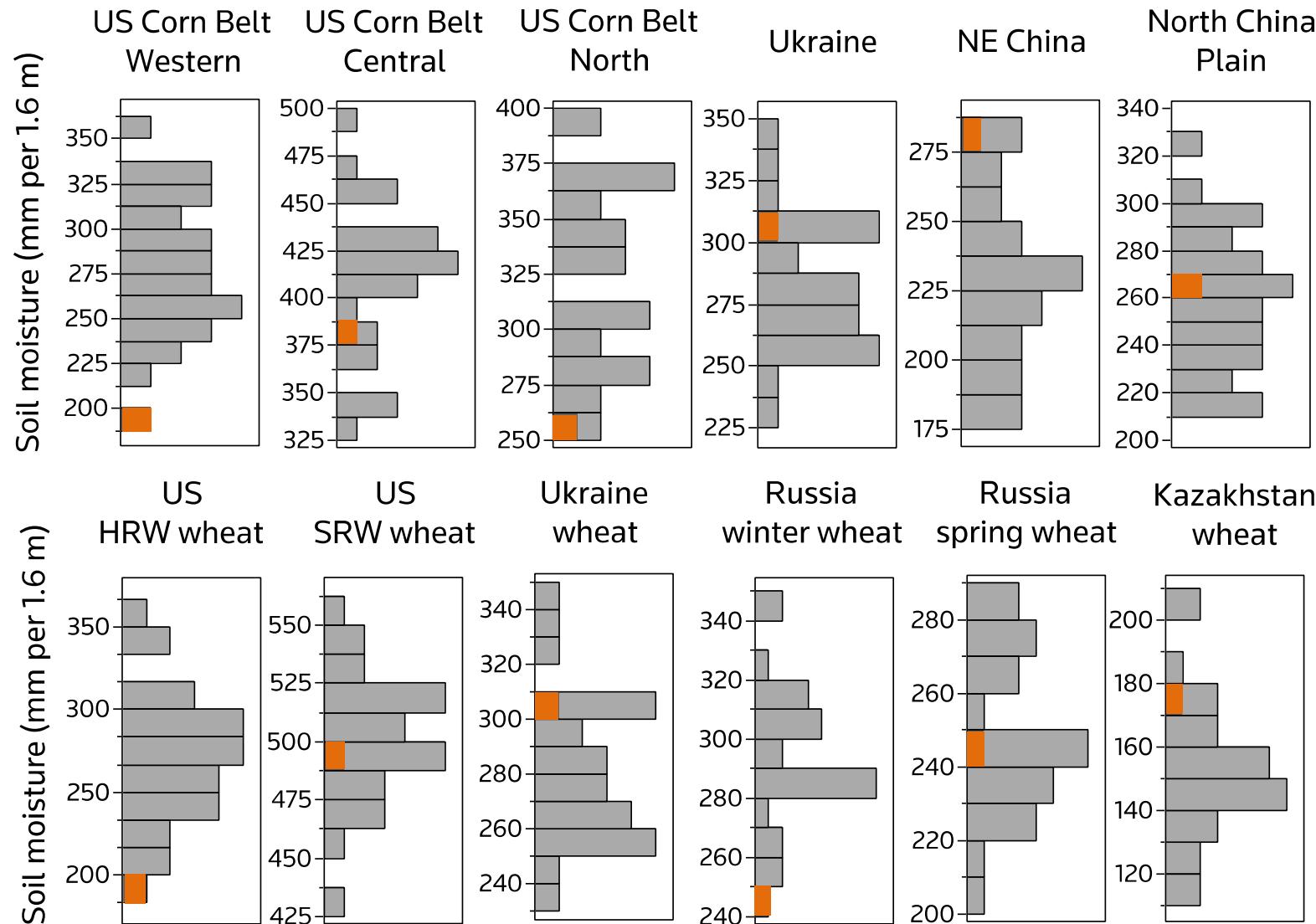
Northern Hemisphere: coarse grain production areas  
China + EU + FSU + US\*



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\* 65% of global production

# Global Long Term Production Trends



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# Thank You.

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