

Feed Grain Outlook

September 12, 2017

Volume 26, Number 57

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Market Situation

WASDE. The surprising feature in the U.S. corn numbers in today's *World Agricultural Supply and Demand Estimates* was an increase to the average yield. USDA lowered the yield number in August from 170.7 bushels per acre to 169.5 then today raised it to 169.9. This raised the production estimate for 2017 by 31 million bushels, which was mostly offset by a 20 million bushel decrease in beginning stocks.

Corn use numbers for the 2017/18 marketing year were reduced 50 million bushels with feed use up 25 million and food, seed, and industrial down 75 million. Ending stocks increased by 62 million bushels and the stocks to use ratio went from 15.9% in August to 16.4%. The season average farm price estimate declined 10 cents to \$3.20 per bushel.

US CORN SUPPLY AND USE			September		
			2017/18 9/12/2017	Net Change Aug to Sep	% Change Aug to Sep
AREA					
	Planted	mil acres	90.9	0	0.00%
	Harvested	mil acres	83.5	0	0.00%
	% harvested				
YIELD	Harvested acre	bu/ac	169.9	0.4	0.24%
SUPPLY					
	Beginning stocks	mil bu	2,350	(20)	-0.84%
	Production	mil bu	14,184	31	0.22%
	Imports	mil bu	50	0	0.00%
	Total Supply	mil bu	16,585	12	0.07%
DEMAND					
	Feed and residual	mil bu	5,475	25	0.46%
	Food, seed, and industrial	mil bu	1,450	(50)	-3.33%
	Ethanol	mil bu	5,475	(25)	-0.45%
	Total Domestic Use	mil bu	12,400	(50)	-0.40%
	Exports	mil bu	1,850	0	0.00%
	Total Use	mil bu	14,250	(50)	-0.35%
	Ending stocks	mil bu	2,335	62	2.73%
	Stocks to Use ratio	percent	16.39%	0.49%	3.09%
	Days of use on hand		59.81	1.79	3.09%
PRICE					
	Average farm price	\$/bu	2.80-3.60		
			3.20	(0.10)	-3.03%
	Reference Price	\$/bu	3.70	0.00	0.00%
	PLC Payment	\$/bu	0.50	0.10	25.00%

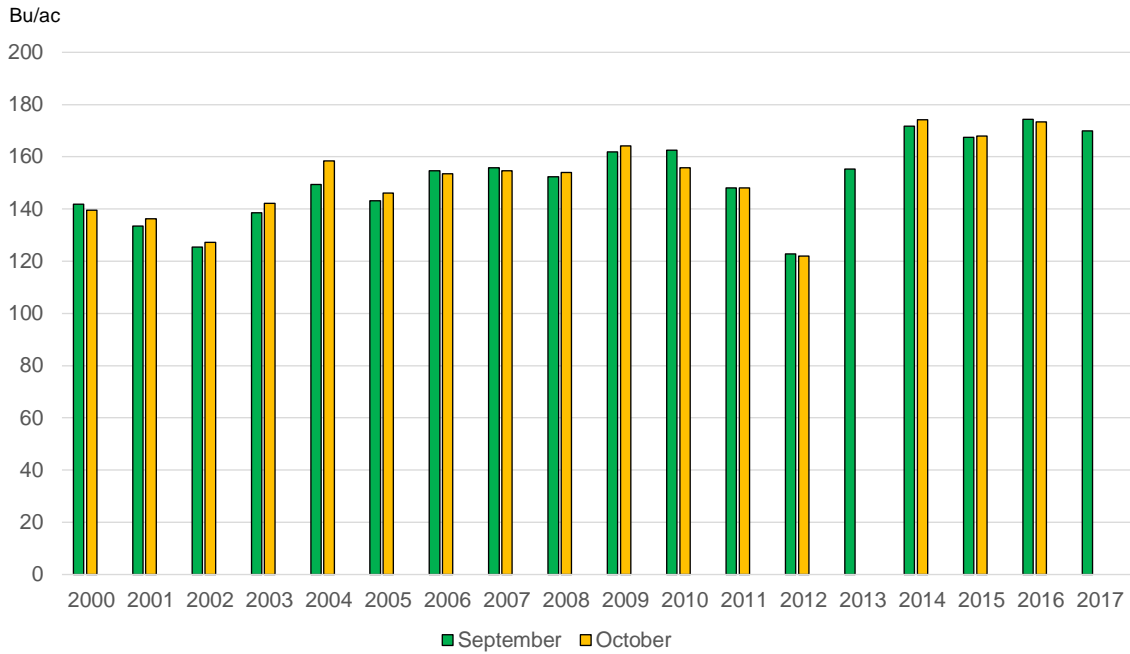
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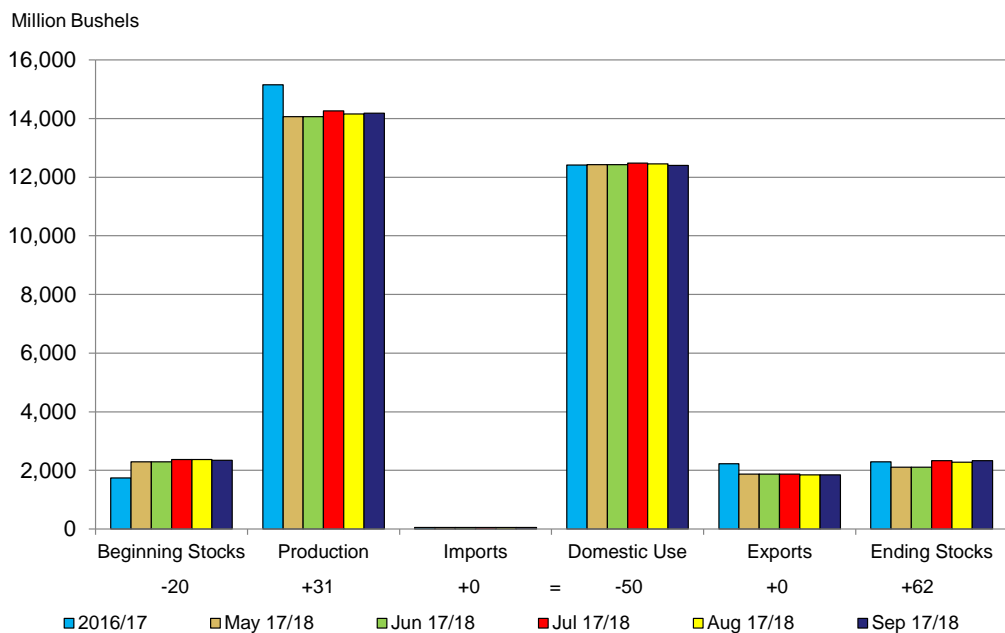


Today's yield estimate is not the final word on the 2017 corn crop. Since 2000, the U.S. average corn yield estimate has increased 9 times from September to October and decreased 6 times. The average change is a 0.9 bushel increase.

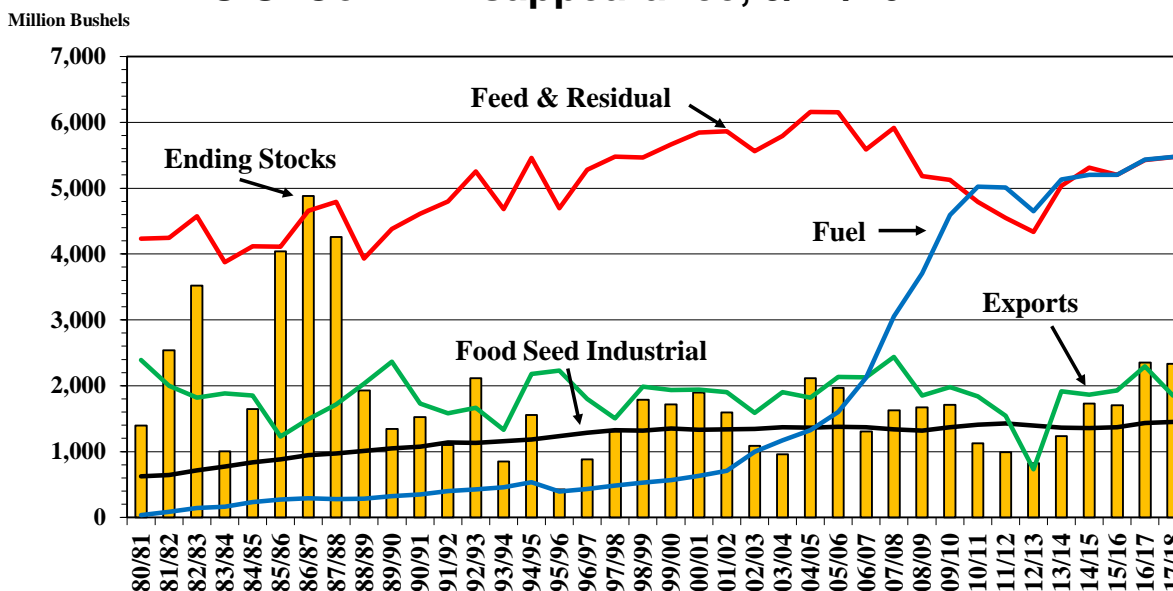
U.S. Corn Yield Estimates: September and October



U.S. Corn Supply and Demand, 9/12/2017



U.S. Corn: Disappearance, 9/12/2017



Source: USDA WASDE, 9/12/2017

World corn supplies were lower this month by 2.5 mmt on a lower level of beginning stocks and slightly lower production. Small production increases in the U.S., Argentina, and Mexico were offset by production cuts in Europe and the FSU-12. World corn use was down 4.1 mmt which caused ending stocks to increase 1.6 mmt. Estimated days of use on hand at the end of the marketing year increased from 69.1 in August to 69.9, down from a 77.6 day supply last year.

WORLD	CORN (MMT)	Beginning Stocks	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on Hand
2005/06		131.28	700.70	80.13	479.10	706.70	80.90	124.50	0.1762	64.30
2006/07		124.50	716.62	90.16	479.94	726.65	93.91	110.72	0.1524	55.62
2007/08		110.72	795.53	98.32	499.23	774.20	98.61	131.71	0.1701	62.09
2008/09		131.71	800.98	78.27	482.88	783.32	79.47	147.46	0.1882	68.71
2009/10		147.46	825.62	89.76	491.68	826.47	96.82	146.61	0.1774	64.75
2010/11		146.61	835.95	92.62	503.47	852.45	91.46	130.11	0.1526	55.71
2011/12		130.11	889.33	98.34	508.39	884.82	108.11	134.63	0.1522	55.54
2012/13		134.43	868.00	99.42	517.67	864.49	95.16	137.94	0.1596	58.24
2013/14		132.90	991.44	123.97	570.34	949.43	131.10	174.91	0.1842	67.24
2014/15		175.74	1,013.46	124.92	585.71	980.79	141.67	208.41	0.2125	77.56
2015/16		209.41	968.06	140.56	603.00	965.10	119.95	212.37	0.2200	80.32
2016/17		212.37	1,065.11	137.93	633.94	1,053.59	158.58	223.90	0.2125	77.57
2017/18	May	223.90	1,033.66	144.79	650.86	1,062.30	151.91	195.27	0.1838	67.09
2017/18	June	224.59	1,031.86	145.79	650.36	1,062.12	152.91	194.33	0.1830	66.78
2017/18	July	227.51	1,036.90	145.80	652.15	1,063.60	152.46	200.81	0.1888	68.91
2017/18	August	228.61	1,033.47	147.21	651.32	1,061.22	152.03	200.87	0.1893	69.09
2017/18	September	226.96	1,032.63	147.31	650.28	1,057.13	150.58	202.47	0.1915	69.91
	net change	-1.65	-0.84	0.10	-1.04	-4.09	-1.45	1.60	0.00	0.82
	percentage change	-0.72%	-0.08%	0.07%	-0.16%	-0.39%	-0.95%	0.80%	1.19%	1.19%

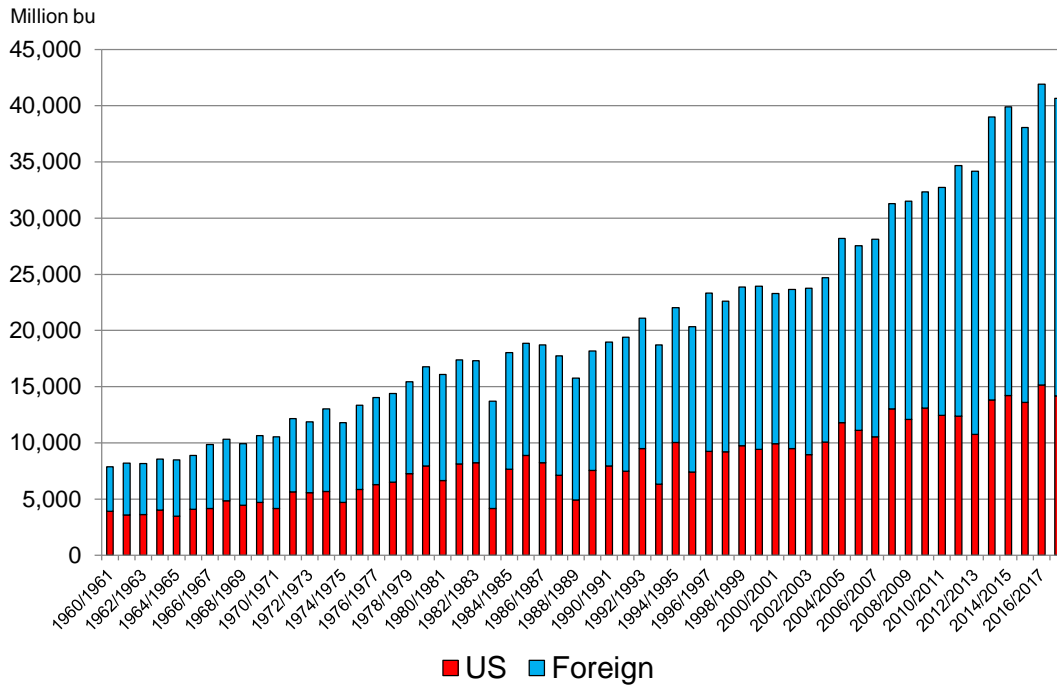
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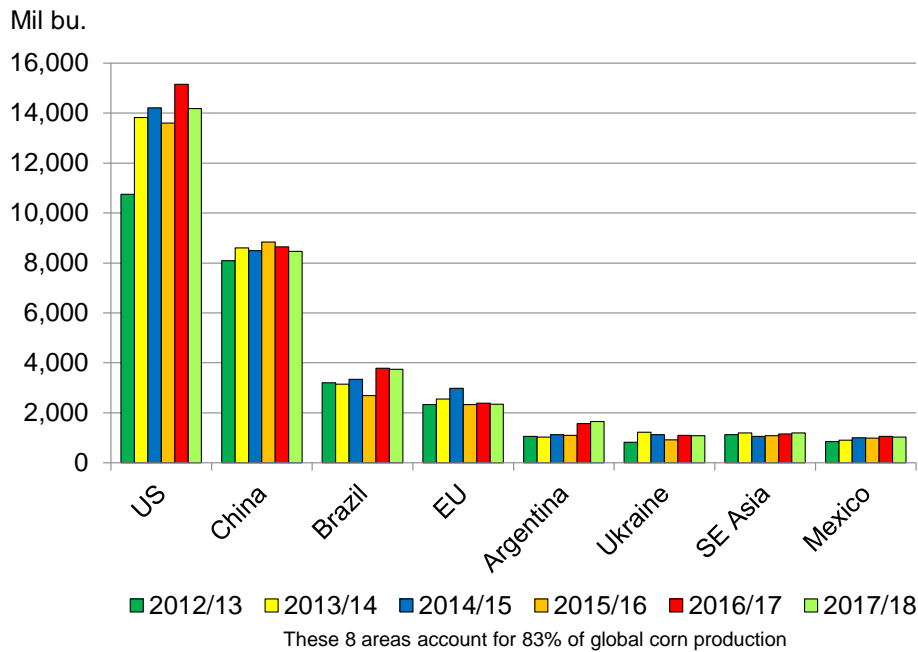


Corn Production



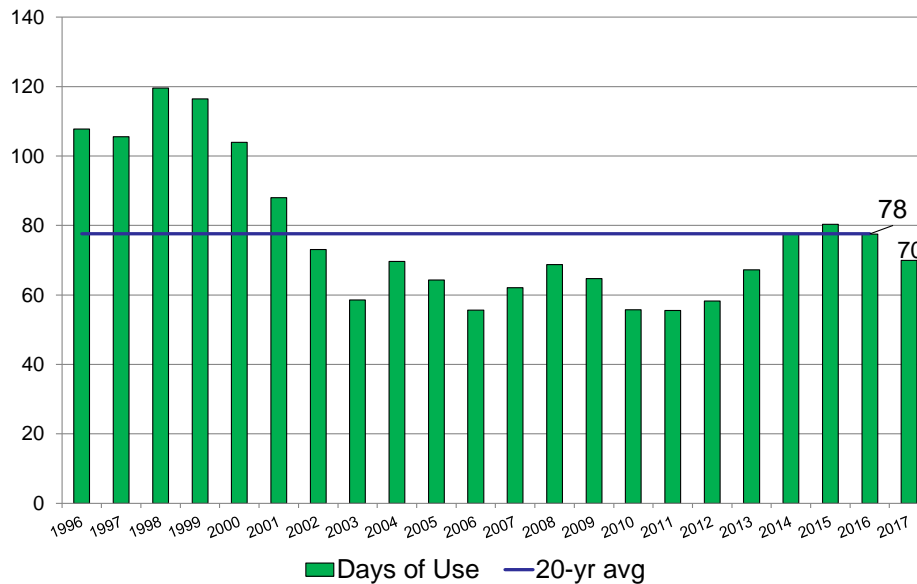
WASDE 9/12/2017

World Corn Production



USDA, WASDE, 9/12/2017

World Corn: Days of Use on Hand



USDA, WASDE, 9/12/2017

Crop Progress. The crop condition index for U.S. corn was unchanged this week at 357. There were no changes in any of the rating categories. The average crop index for this week of the growing season is 356.

The list of major corn producing states with double digit ratings of poor and very poor decreased from 11 to 10 this week (% change from last week): Colorado, 14% (+1%), Illinois, 12% (-2%), Indiana, 17% (-2%); Iowa, 13% (+1%), Kansas, 18% (+2%), Michigan, 19% (+5%), Nebraska, 12% (-1%); North Dakota, 20% (+0%), South Dakota, 26% (+0%), and Wisconsin, 10% (+0%).

Outside Markets. U.S. stock market indices hit record high levels the last several days in what is described as a “relief rally”. Destruction totals from Hurricane Irma, though massive, will likely come in below forecasts and North Korea celebrated a national holiday without launching additional missile tests.

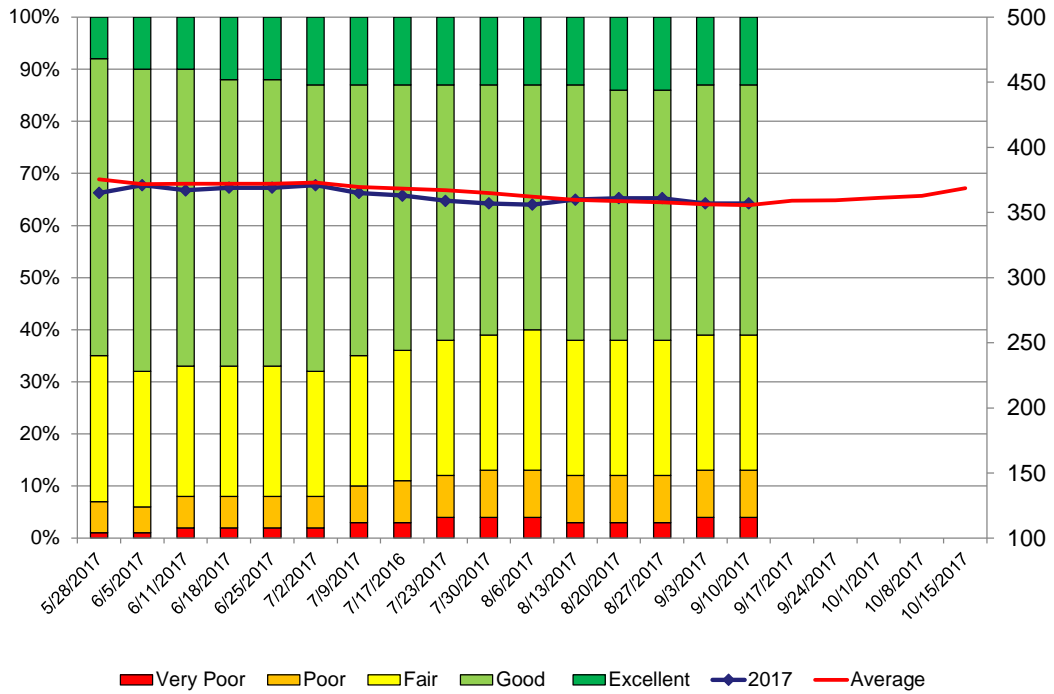
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2017 U.S. Corn Crop Condition Ratings



USDA August WASDE 169.5; Trend:167.9; CCI model: 168.5

Source: Crop Progress, USDA

Prices as of 2:15 pm CDT:

III QTR 2017	3-Jul	12-Sep	net change	% change
S&P 500 Index	2429.01	2493.38	64.37	2.65%
CRB Commodity Index	176.16	181.41	5.26	2.98%
DEC '17 Crude Oil	48.01	49.15	1.14	2.37%
DEC '17 Copper	2.71	3.04	0.33	12.06%
DEC '17 Dollar Index	95.76	91.67	(4.10)	-4.28%
DEC '17 Corn	3.99	3.52	(0.4775)	-11.96%
MAR '18 Corn	4.08	3.64	(0.4450)	-10.90%
DEC '18 Corn	4.17	3.94	(0.2325)	-5.58%

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3 month charts, 6/13-9/12/17:

U.S. Dollar Index Dec '17 (DXZ17)

91.665 +0.047 (+0.05%) 14:12 CT [ICEUS]

91.660 x 18 91.670 x 63

INTERACTIVE CHART for Tue, Sep 12th, 2017

Set Alerts Watchlist Share Chart

Symbol: DXZ17 f(x) a/b Tools +Study

Save Chart Clear Download Print

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 3M



High Grade Copper Dec '17 (HGZ17)

3.0375 -0.0285 (-0.93%) 14:18 CT [COMEX]

3.0370 x 14 3.0375 x 18

INTERACTIVE CHART for Tue, Sep 12th, 2017

Set Alerts Watchlist Share Chart

Symbol: HGZ17 f(x) a/b Tools +Study

Save Chart Clear Download Print

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 3M



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Crude Oil WTI Dec '17 (CLZ17)

49.16 +0.09 (+0.18%) 14:15 CT [NYMEX]

49.15 x 10 49.16 x 47

INTERACTIVE CHART for Tue, Sep 12th, 2017

Set Alerts Watchlist Share Chart

Symbol: CLZ17 f(x) a/b Tools +Study

Save Chart Clear Download Print

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 3M



Ethanol Futures Dec '17 (ZKZ17)

1.468s -0.006 (-0.41%) 09/12/17 [CBOT]

1.460 x 5 1.465 x 5

INTERACTIVE CHART for Tue, Sep 12th, 2017

Set Alerts Watchlist Share Chart

Symbol: ZKZ17 f(x) a/b Tools +Study

Save Chart Clear Download Print

Quick Chart: 1D 5D 1M 3M 6M 1Y 5Y 20Y

Daily 3M

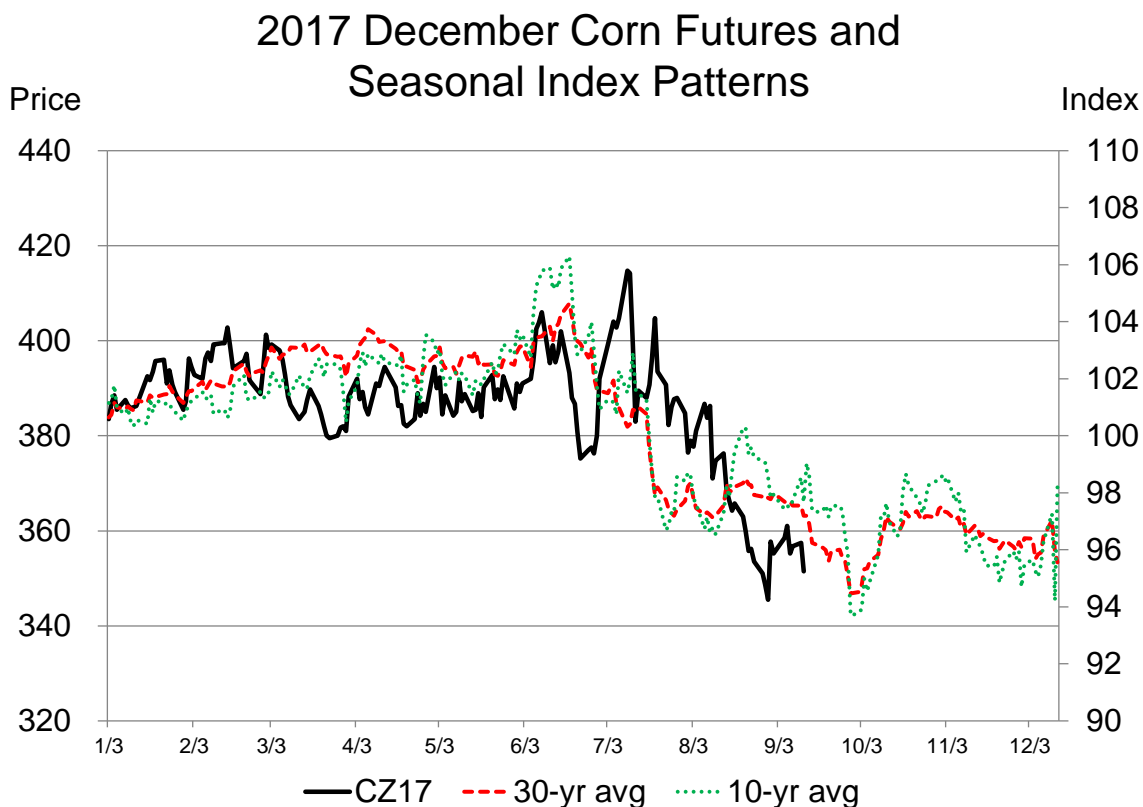


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Marketing Strategies

Seasonality. The seasonal price pattern for the December corn contract shows that prices tend to fall off after we know more about acres (June 30 Acreage report) and weather during the precipitation and temperature sensitive silking and tasseling stages (July). With dry conditions impacting major corn growing areas, yield concerns have propped up prices more so than we would see in a normal year, compounded by significantly fewer corn acres this year. The corn production estimate came in slightly higher than expected in the September WASDE which may test whether we have seen the seasonal low a few weeks early.



2017 Feed Grain Marketing Plan. I am 80% sold on the 2017 corn crop and will price the remaining 20% at harvest. I am turning my attention to the December 2018 contract and am prepared to make sales against next year's crop if we get a significant late season rally.

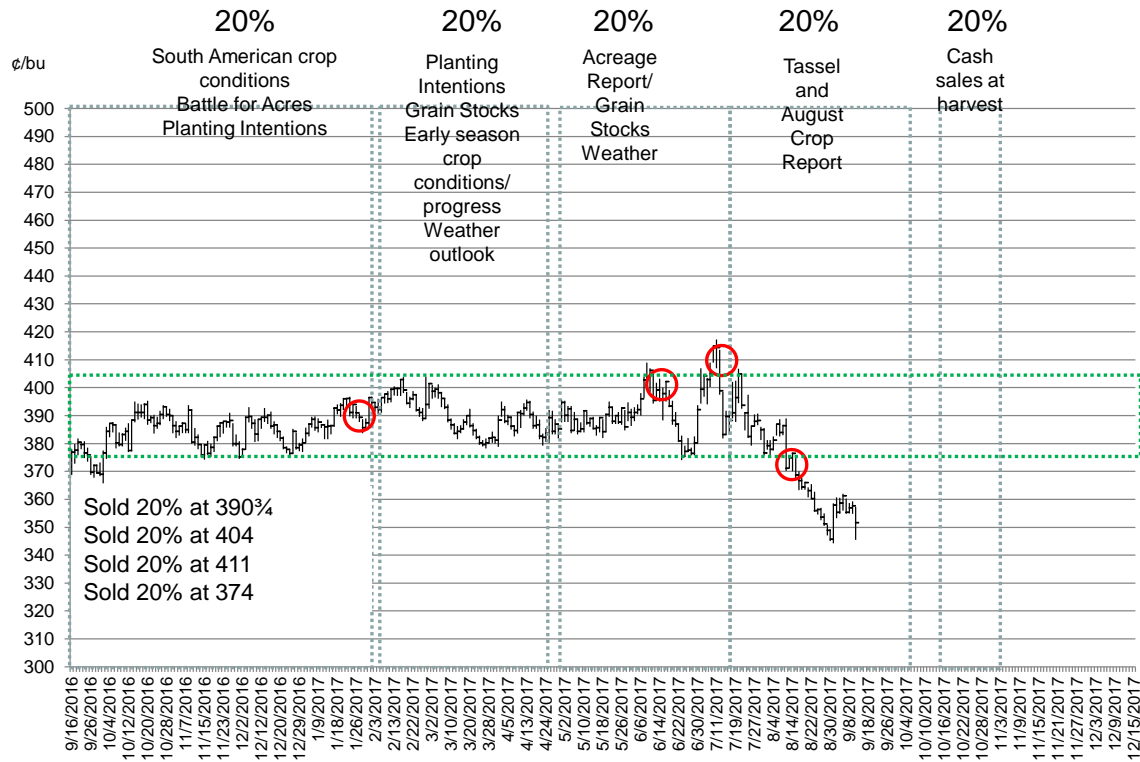
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December Corn Futures and 2017 Marketing Plan



Upcoming Reports/Events.

Registration now open for TEPAP, brochure available at:

<http://tepap.tamu.edu/>

September 22	Cattle on Feed
September 29	Grain Stocks Small Grains Summary
October 12	Crop Production and WASDE

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