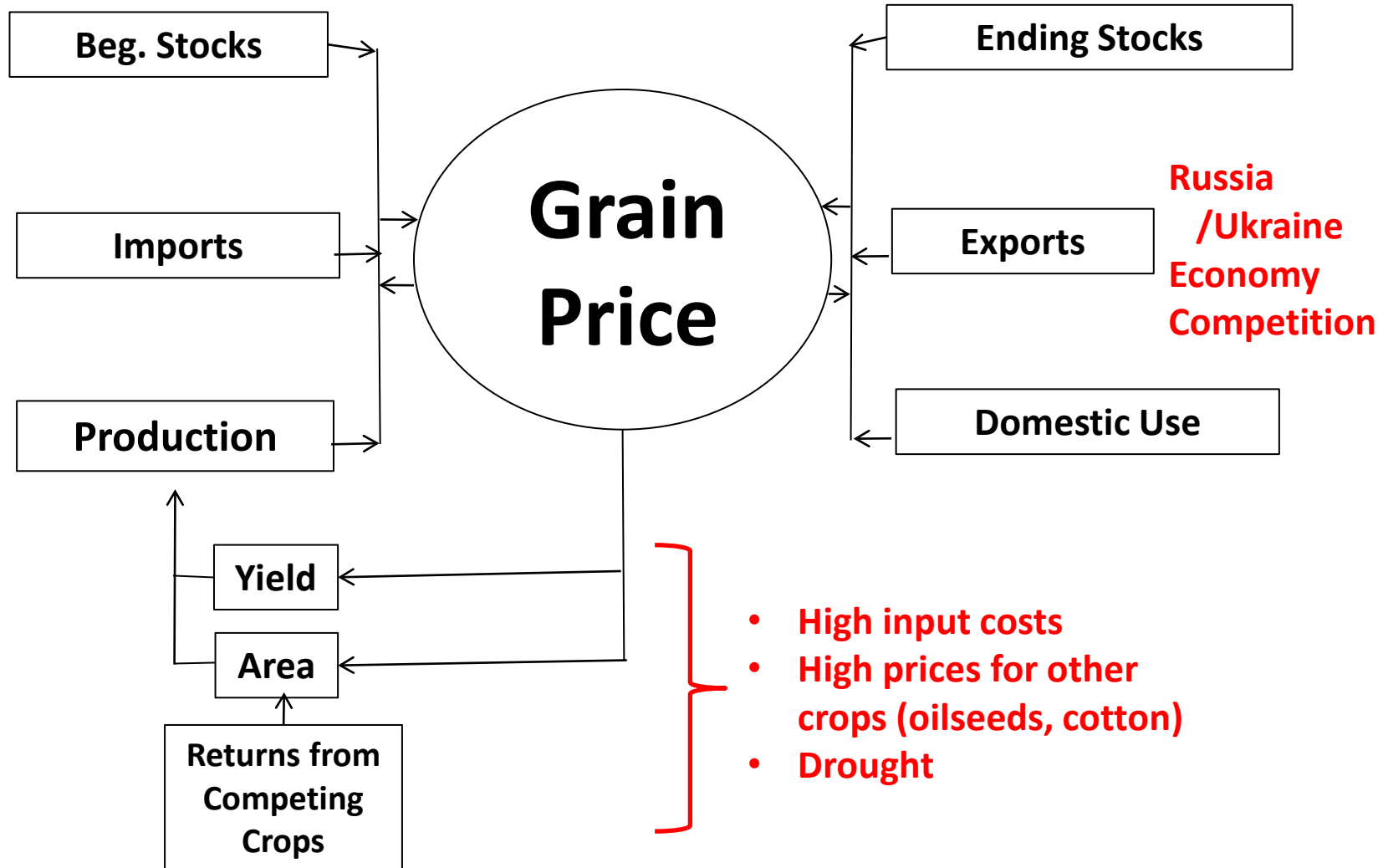


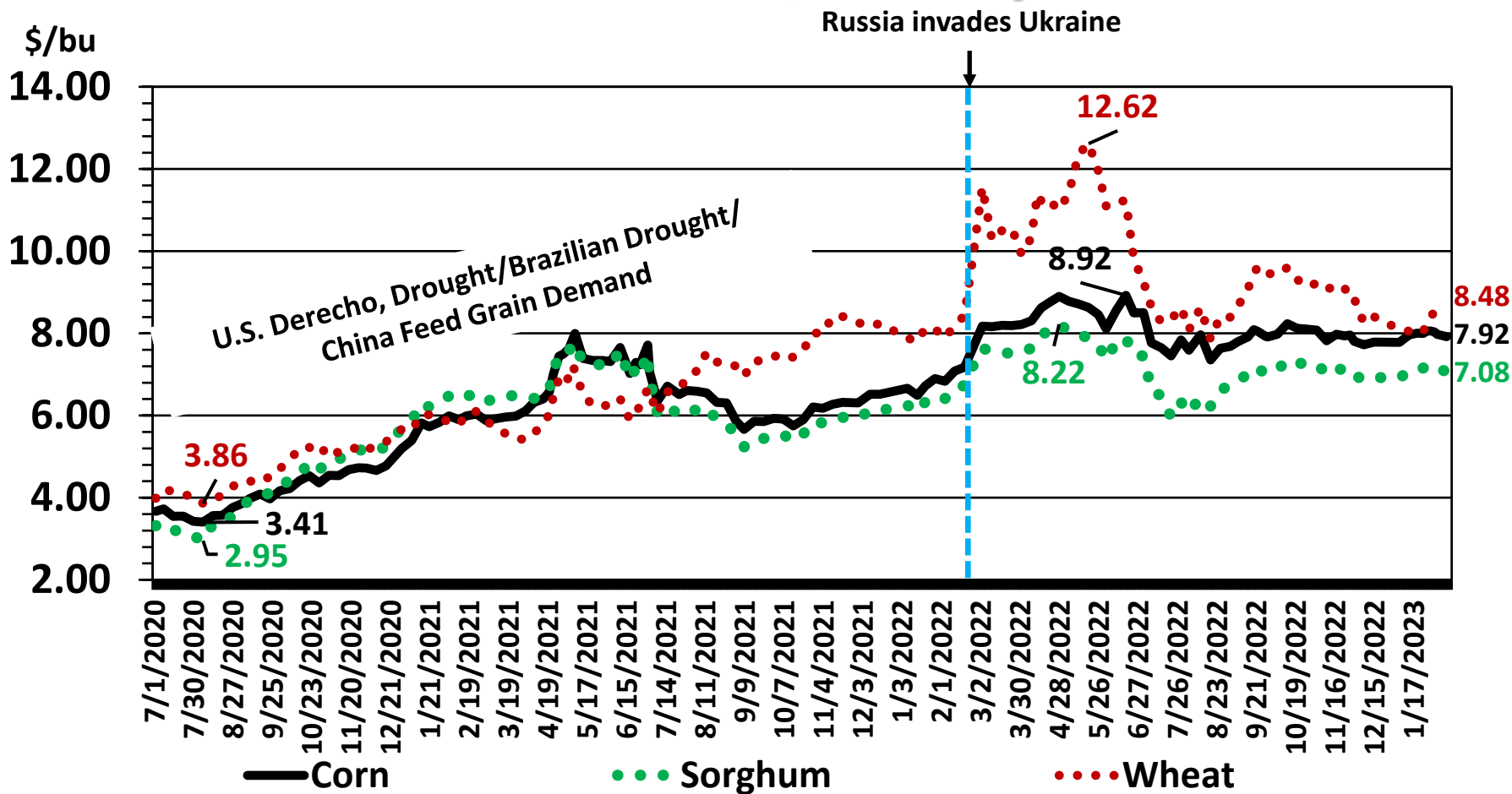
# Schematic Representation of the U.S. Grain Market

Factors of Supply = Factors of Demand



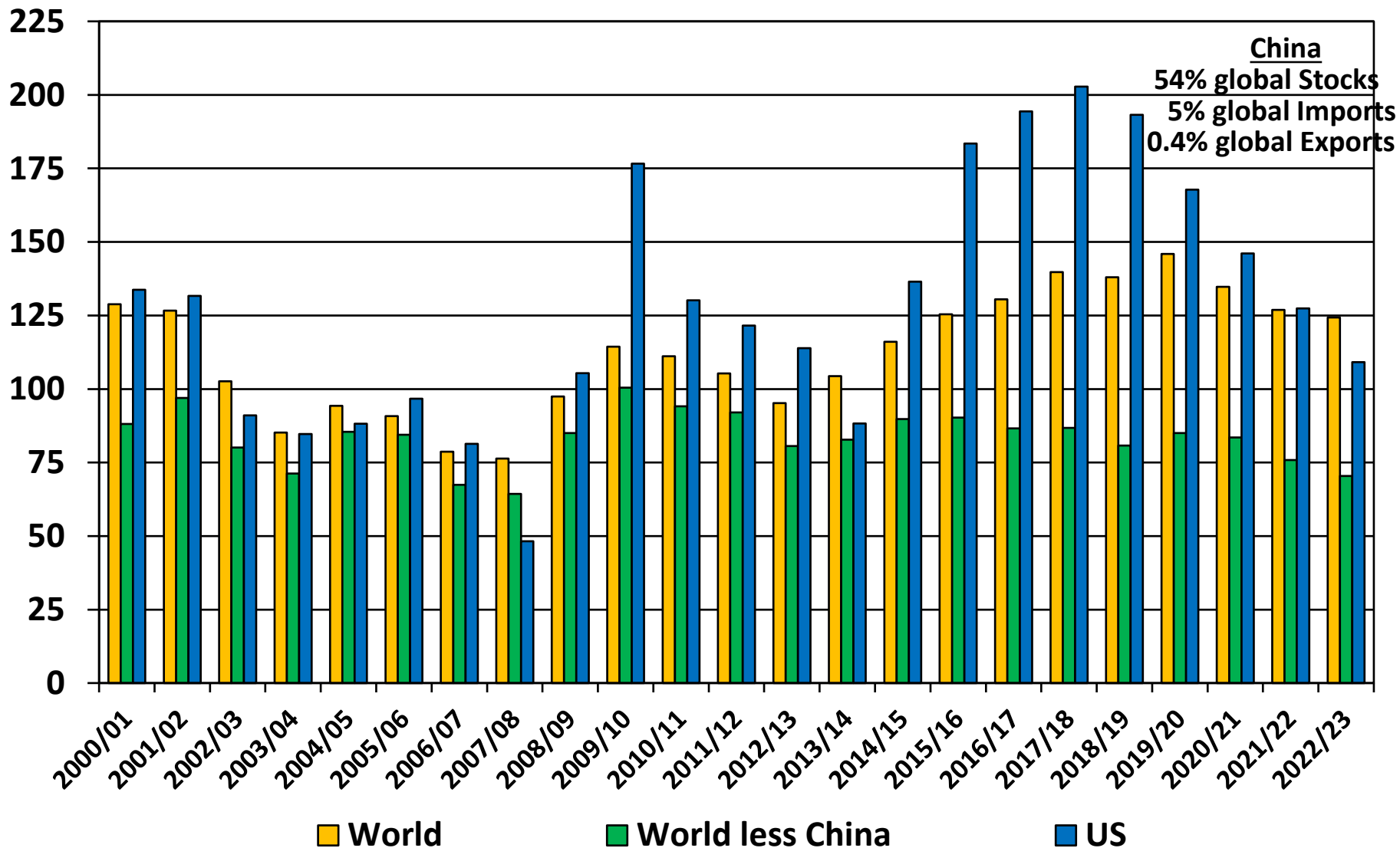
Price = f(ending stocks relative to use)

# How did we get here? Where are we going? Texas Cash Corn, Cash Sorghum, Cash Wheat, weekly

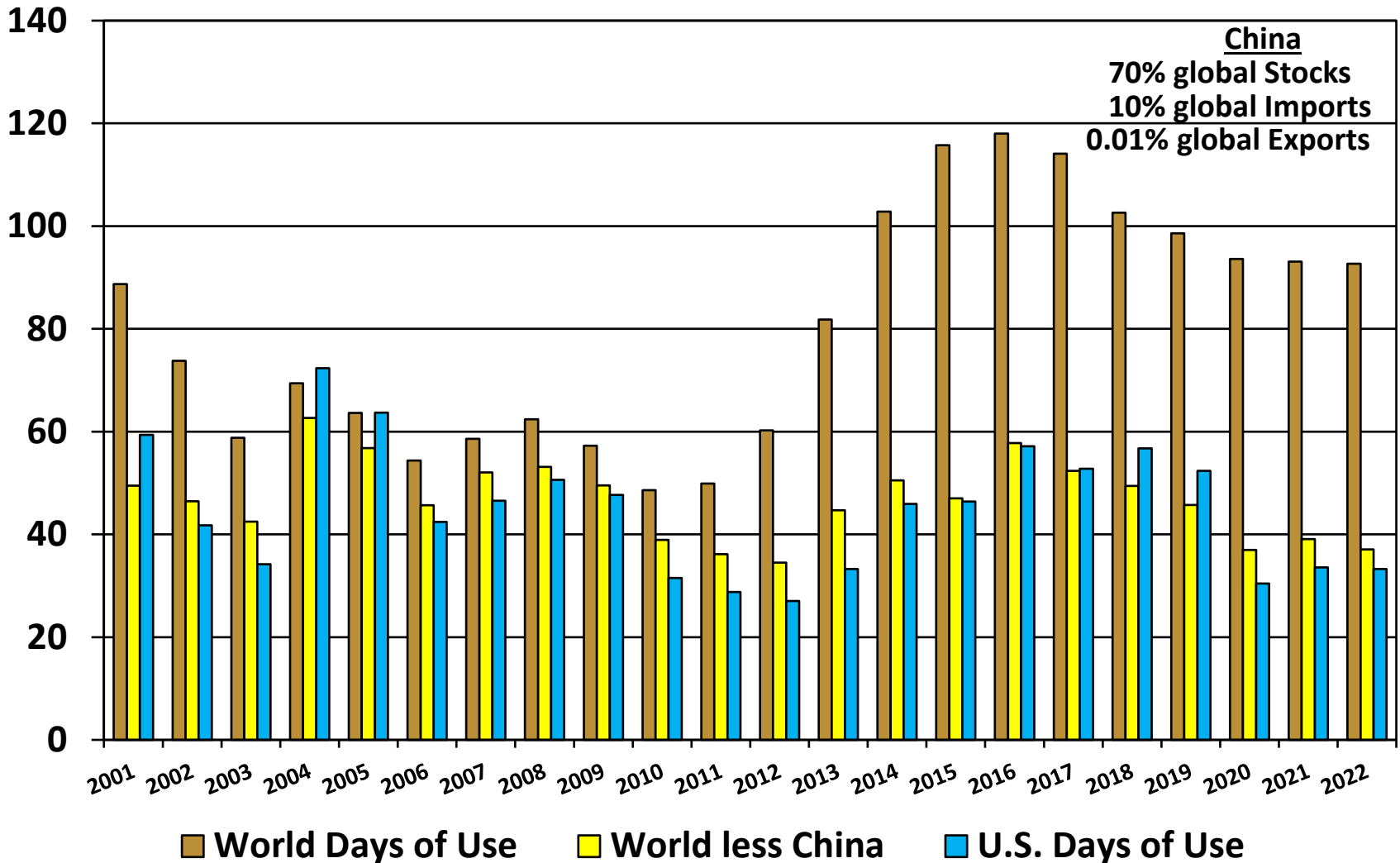


USDA, AMS, Market News: TX cash = average (area North of the Canadian River, Triangle Area from Plainview to Canyon to Farwell, area South of a Line from Plainview to Muleshoe)

# Days of Use on Hand at the End of the Marketing Year: World, World less China, and US Wheat



# Days of Use on Hand at the End of the Marketing Year: World, World less China, and US Corn



# World Area Harvested million acres

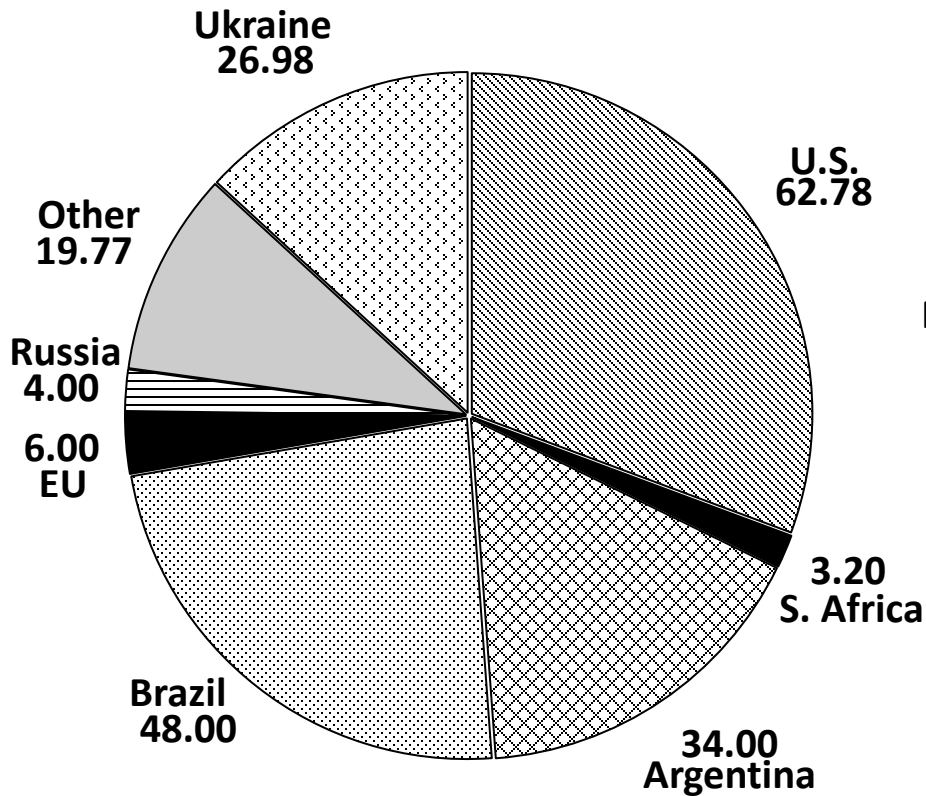
	Coarse Grain	Food Grain	Oilseed	Total
2019/20	829	932	369	2,130
2020/21	851	953	385	2,189
2021/22	853	959	395	2,207
2022/23	834	948	403	2,185
Change since 2019/20	+5	+16	+35	+55

Coarse grain (barley, corn, millet, mixed grain, oats, rye, sorghum)  
Food grain (rice, wheat)  
Oilseed (soybeans and sunflowers)

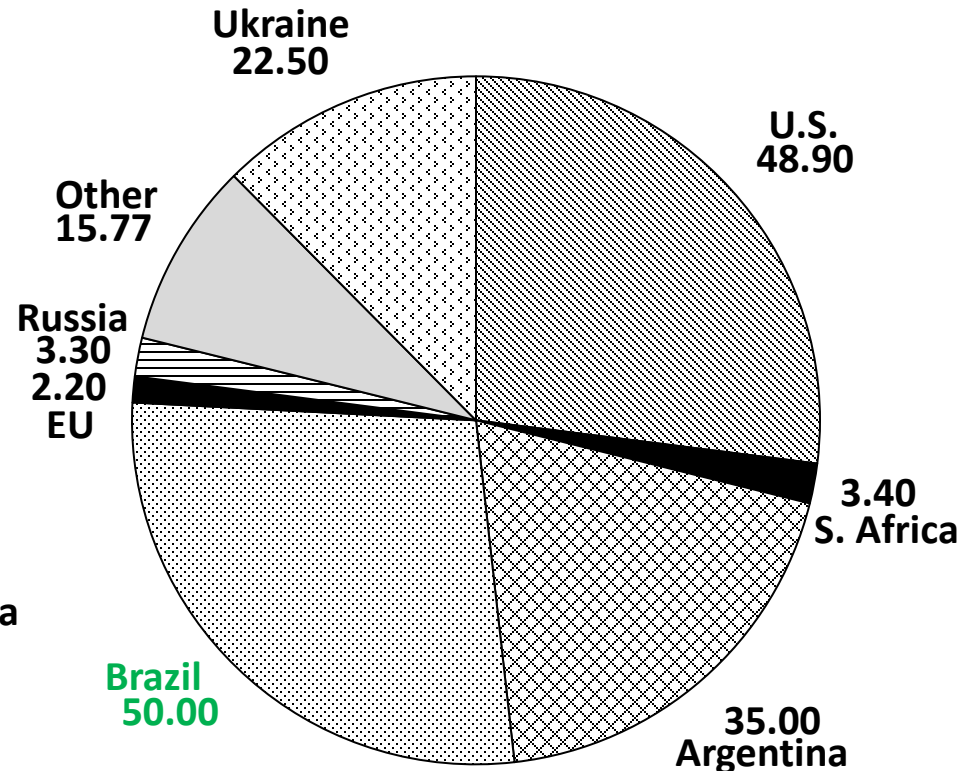
**Law of Supply:**  
Other things equal, the quantity supplied of a good rises when the price of the good rises.

--Mankiw

# Corn: Major Exporters 2021/22 and 2022/23 (million metric tons)

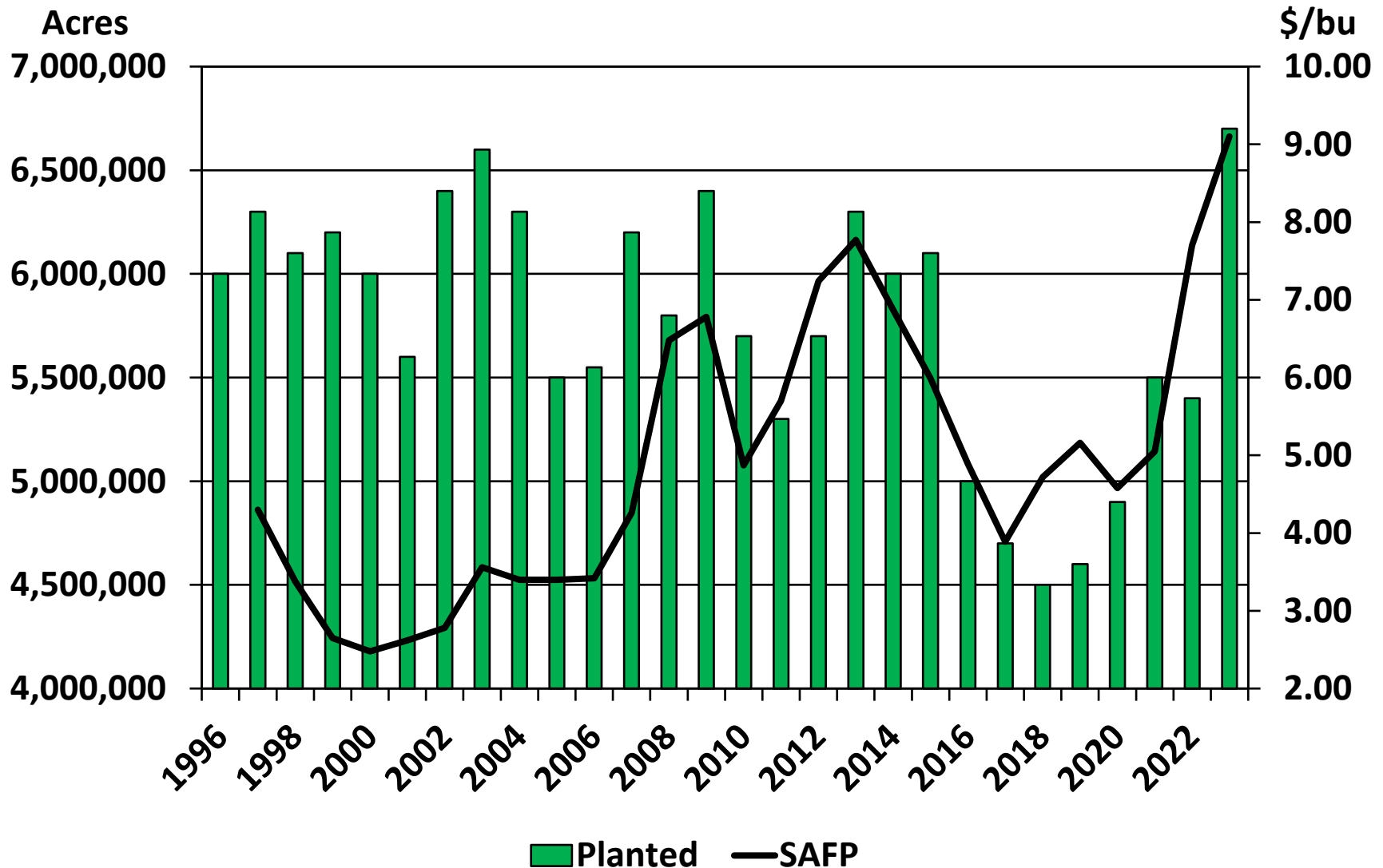


2021/22 (estimated)  
Total = 204.73

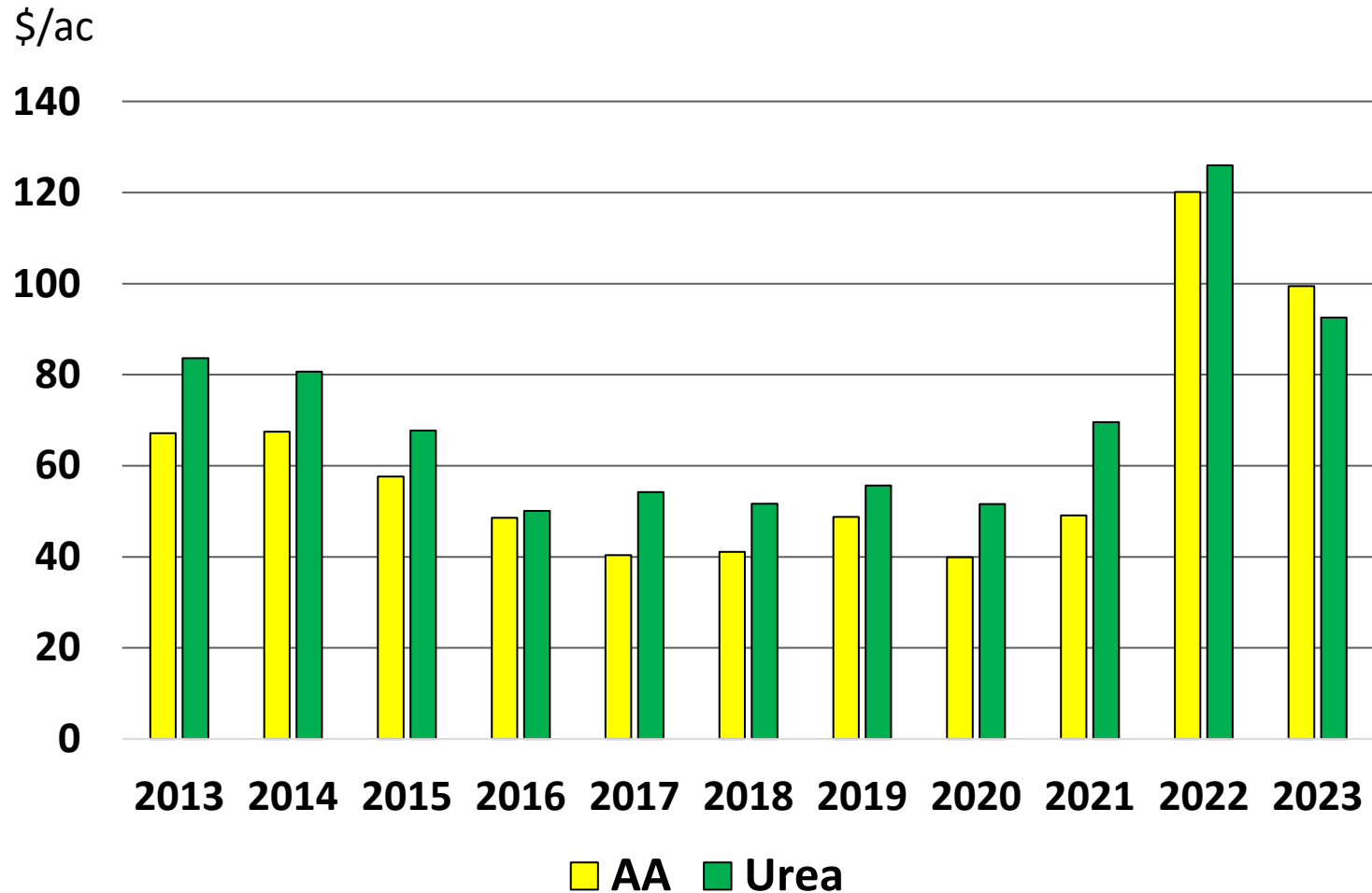


2022/23 (projected)  
Total = 181.07

# Texas Wheat Acres and SAFP, t-1



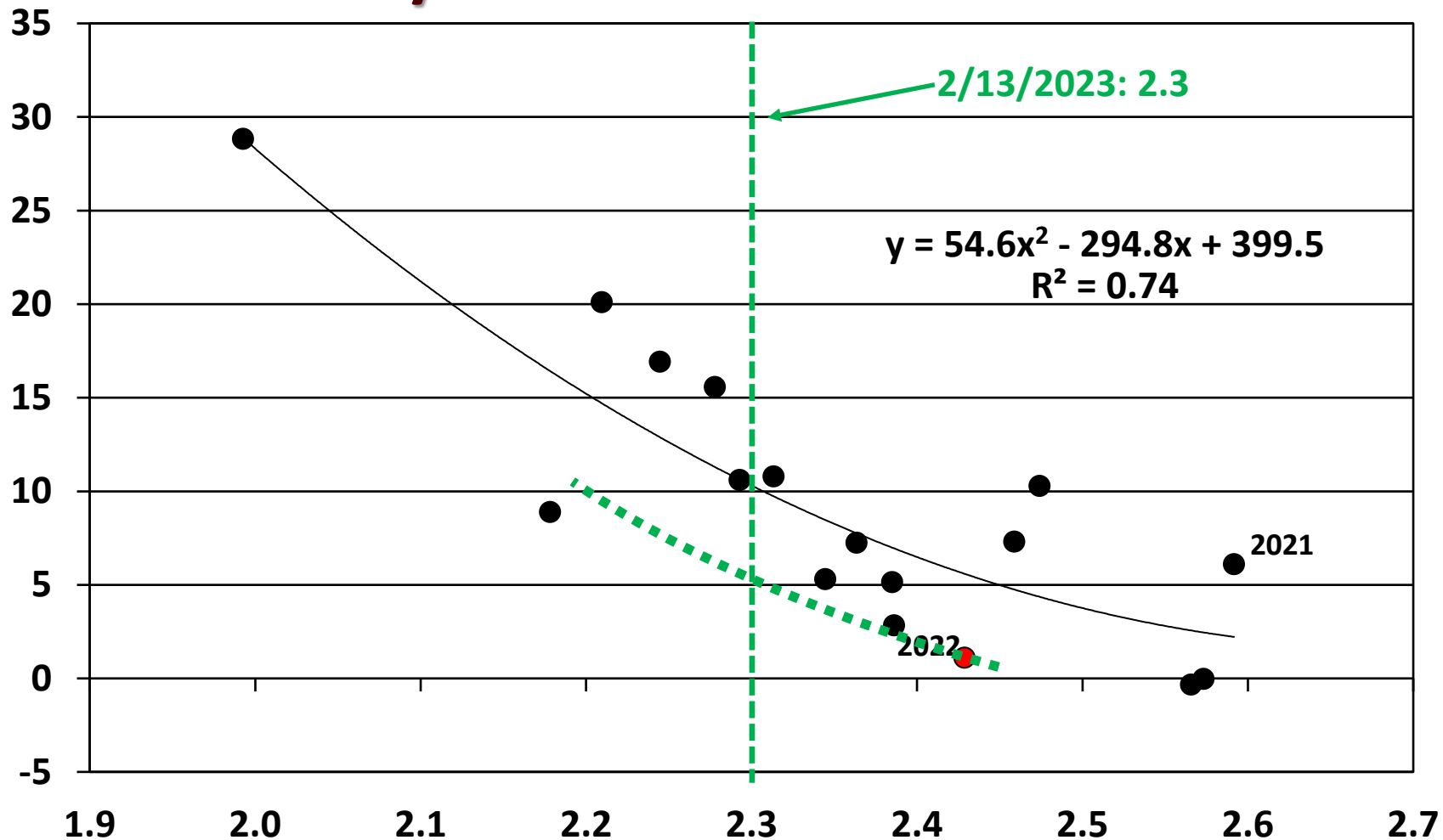
# 130 lbs of N



USDA, NASS, March prices  
2023: February price



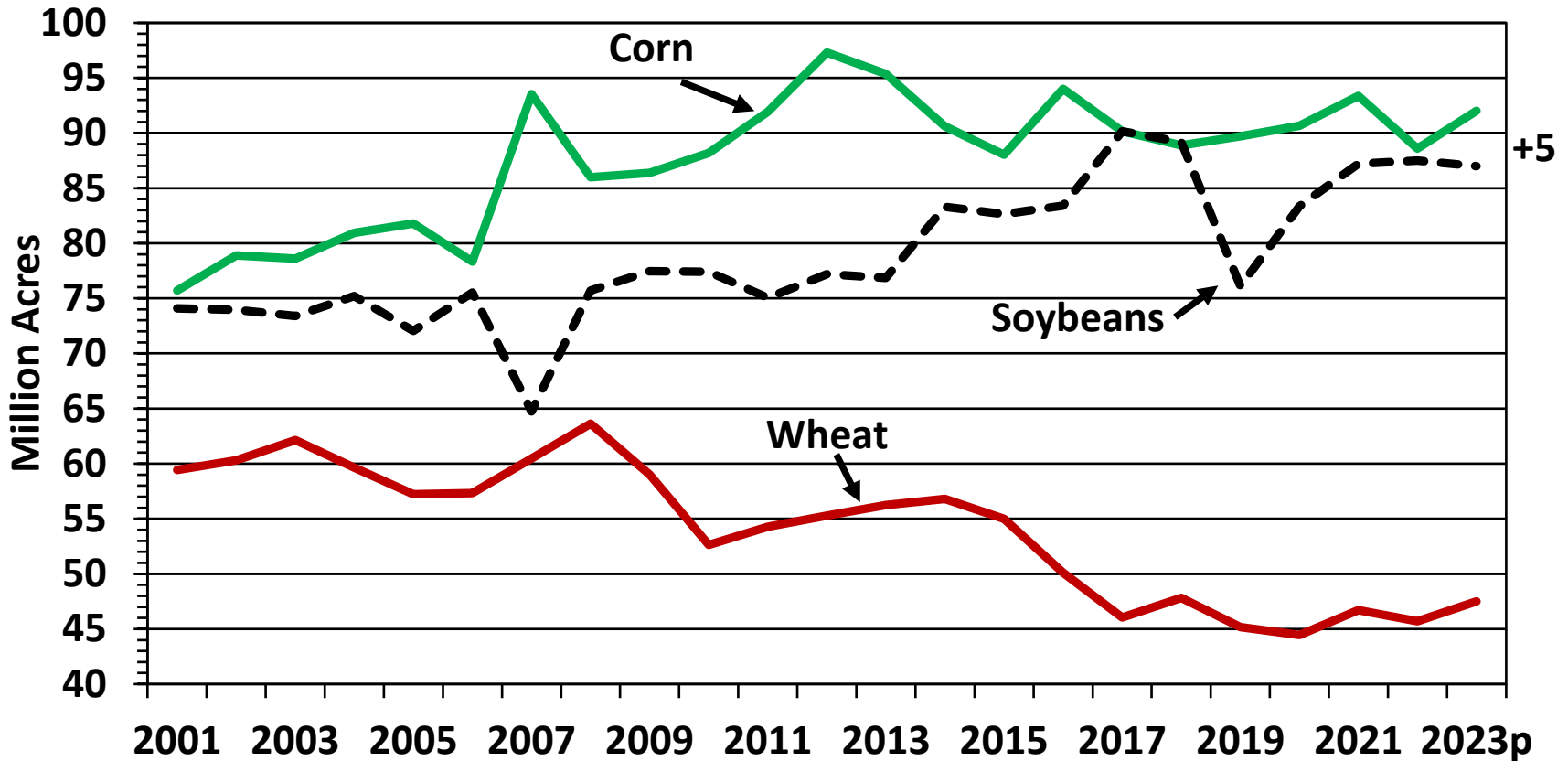
# Corn acres minus Soybean acres, mil (2019 intended, all other actual) and RMA Soybean to Corn Base Price Ratio



Soybean to Corn RMA Base Price Ratio, 2006-2022

Updated 2/13/2023

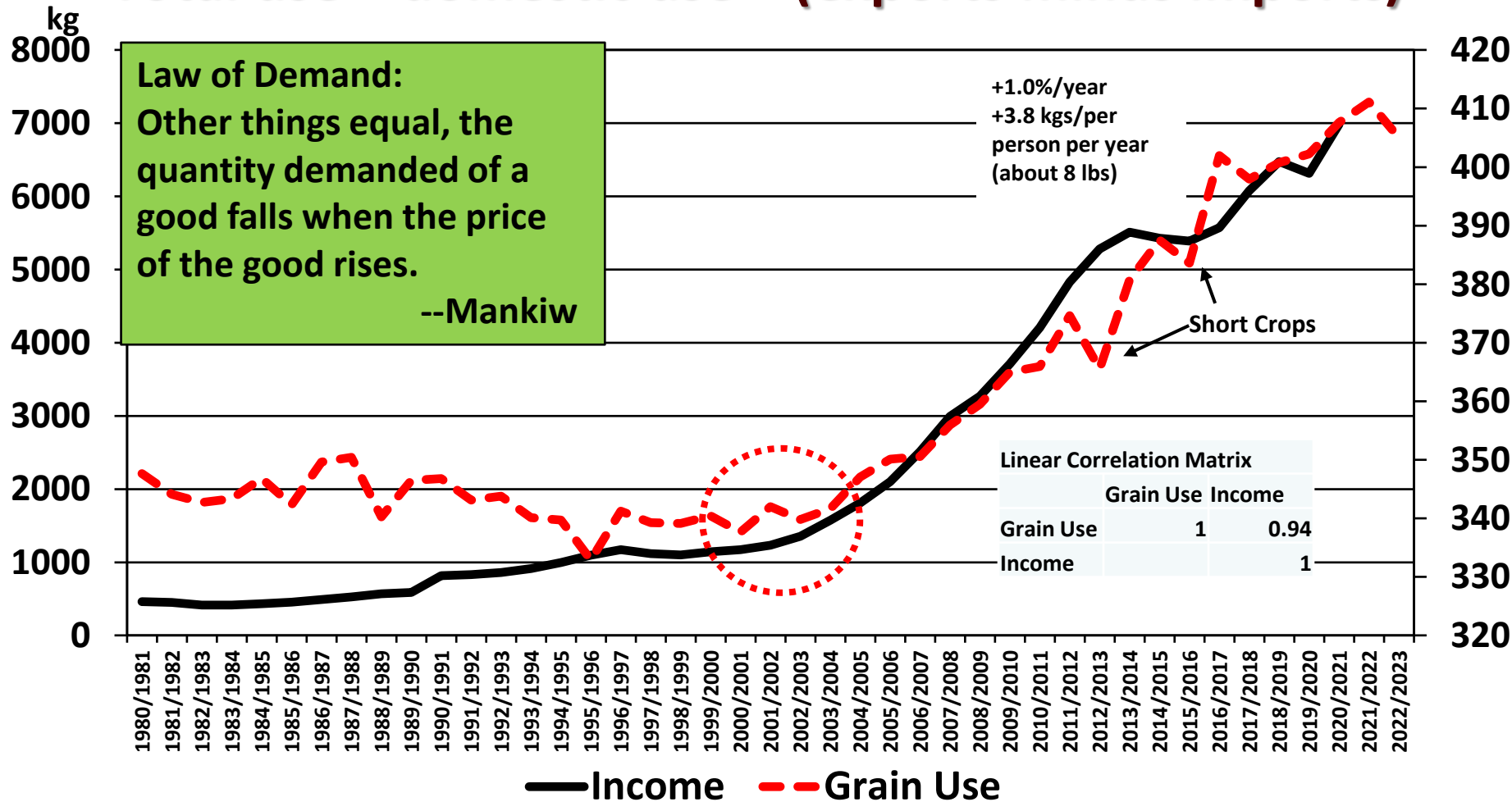
# Planted Acreage of U.S. Crops



Source: USDA, Long-term Projections, November 2023

# Emerging Economies\* Weighted Average Income and World Per Capita Grain Use

Total use = domestic use + (exports minus imports)



\*Brazil, Russia, India, China, Mexico and Other Southeast Asia: Indonesia, Vietnam, Philippines, Thailand, Malaysia

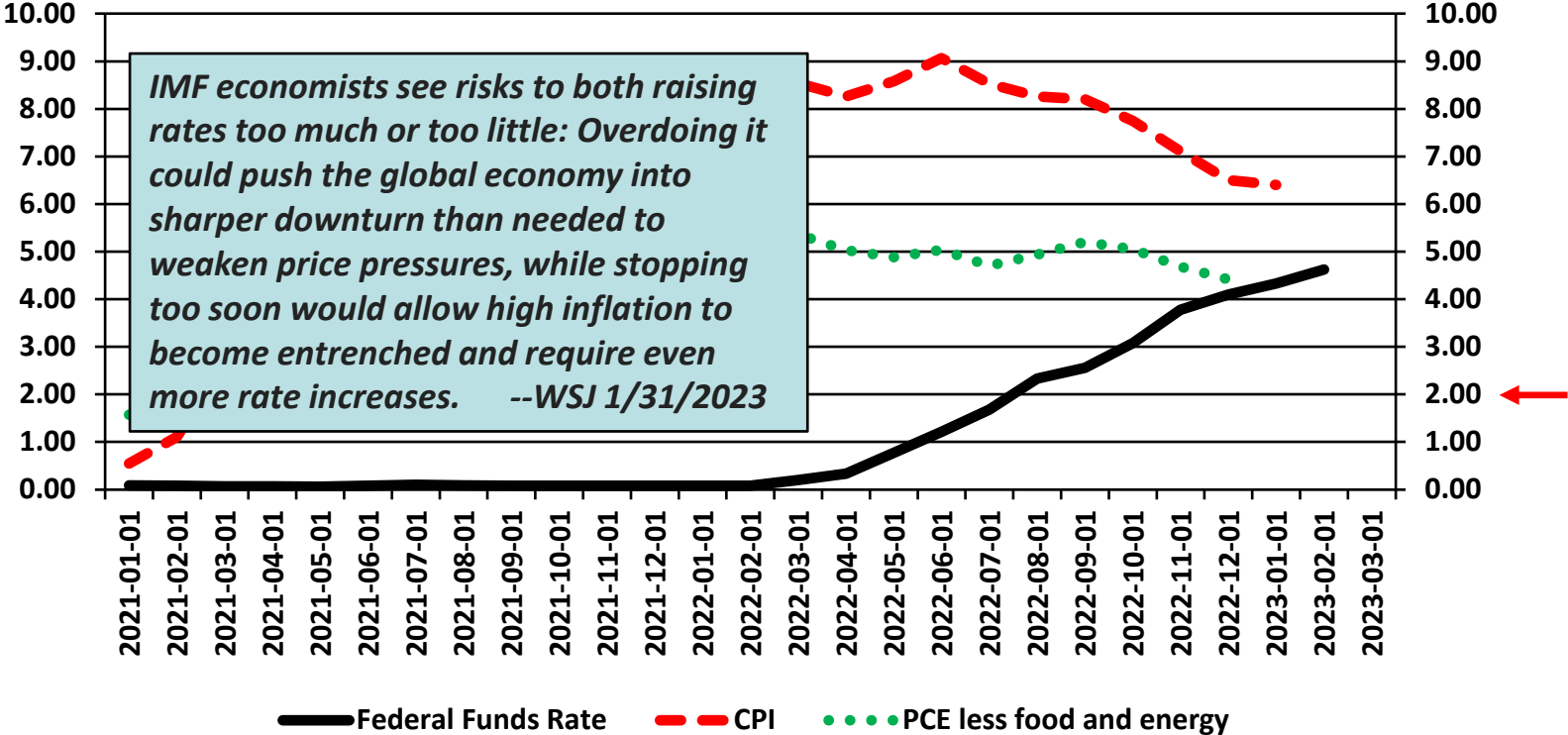
World Bank, GNI per capita, 9/16/2022

Grain Use USDA, FAS, PSD 2/8/2023: barley, corn, millet, mixed grains, oats, rice, rye, sorghum, soybeans, and wheat

The global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 in China weighed on global economic activity in 2022, and the first two factors will continue to do so in 2023.

--International Monetary Fund, January 31, 2023

# Interest Rates and Inflation



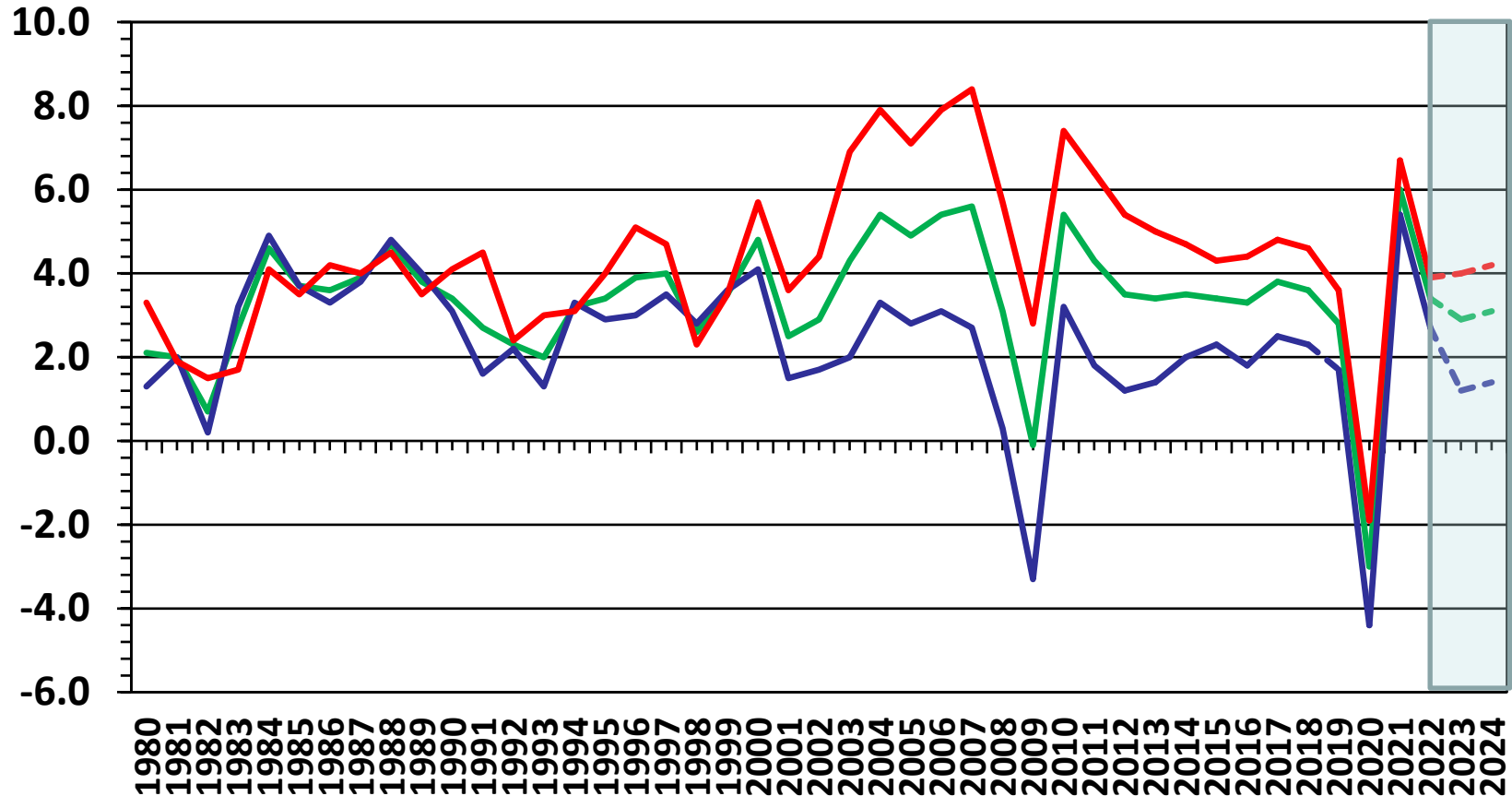
The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. In support of these goals, the Committee decided to raise the target range for the federal funds rate to 4-1/2 to 4-3/4 percent.

--Federal Reserve, Federal Open Market Committee statement, February 1, 2023

# Global Economic Growth

Real GDP Growth, 1980 - 2024

Annual Percent Change



— World

— Advanced Economies

— Emerging Market and Developing Economies

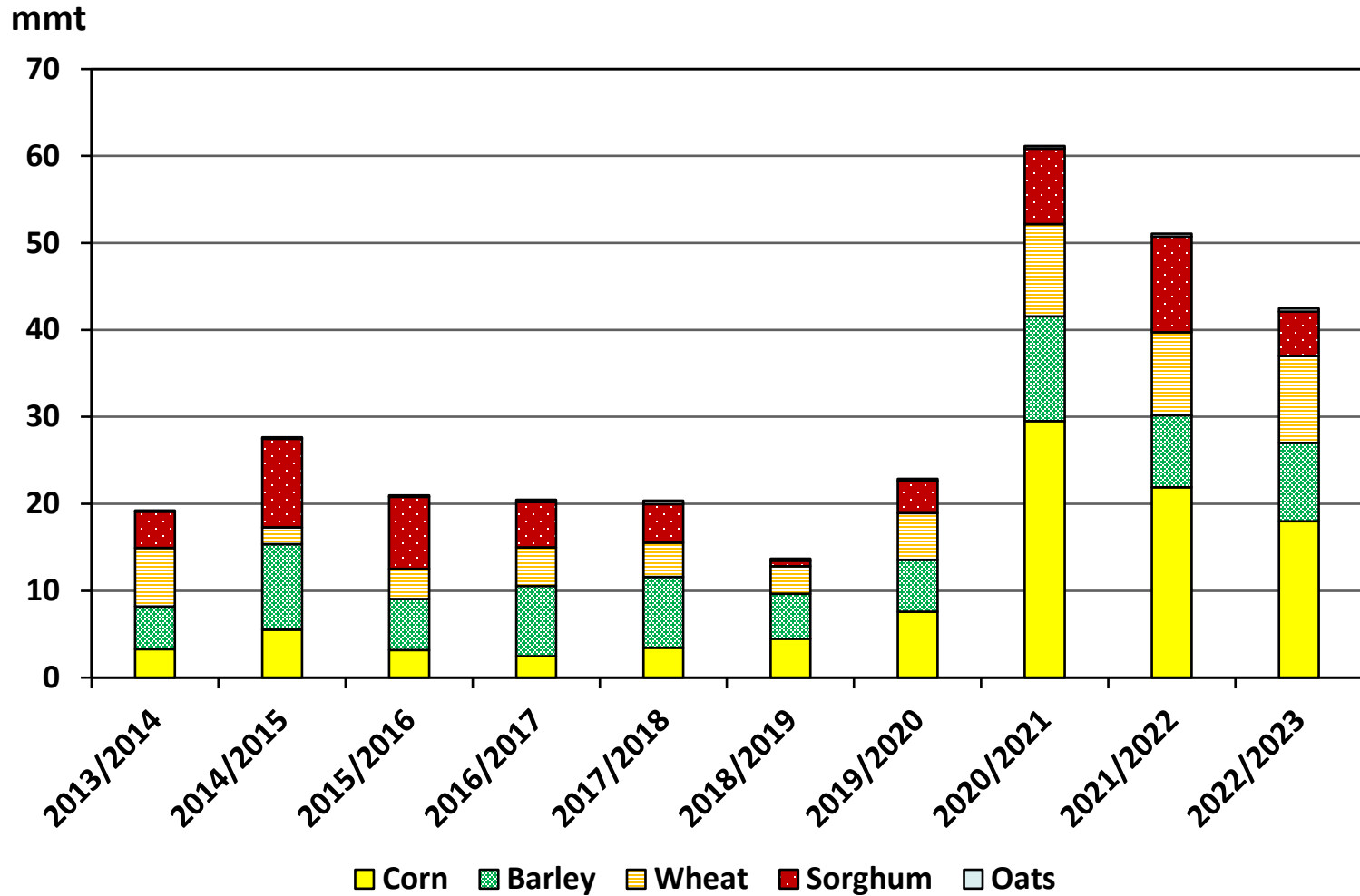
World Economic Outlook, January 2023 <http://www.imf.org>

[http://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOWORLD](http://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD)

Avg since 1999: 5.1%

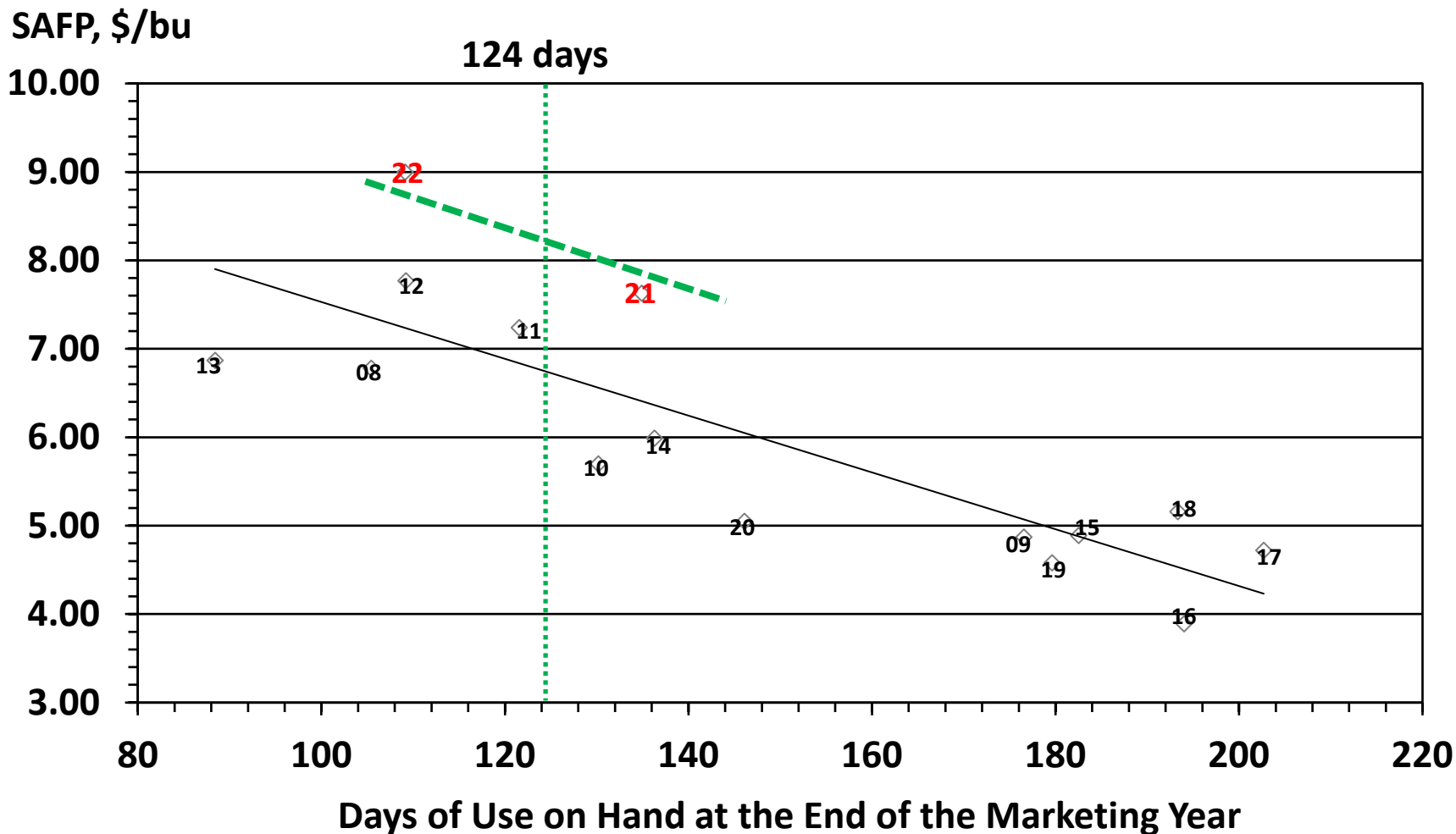
Est for 2023: 4.0%

# China Feed Grain Imports



# U.S. Wheat Average Farm Price and Days of Use on Hand

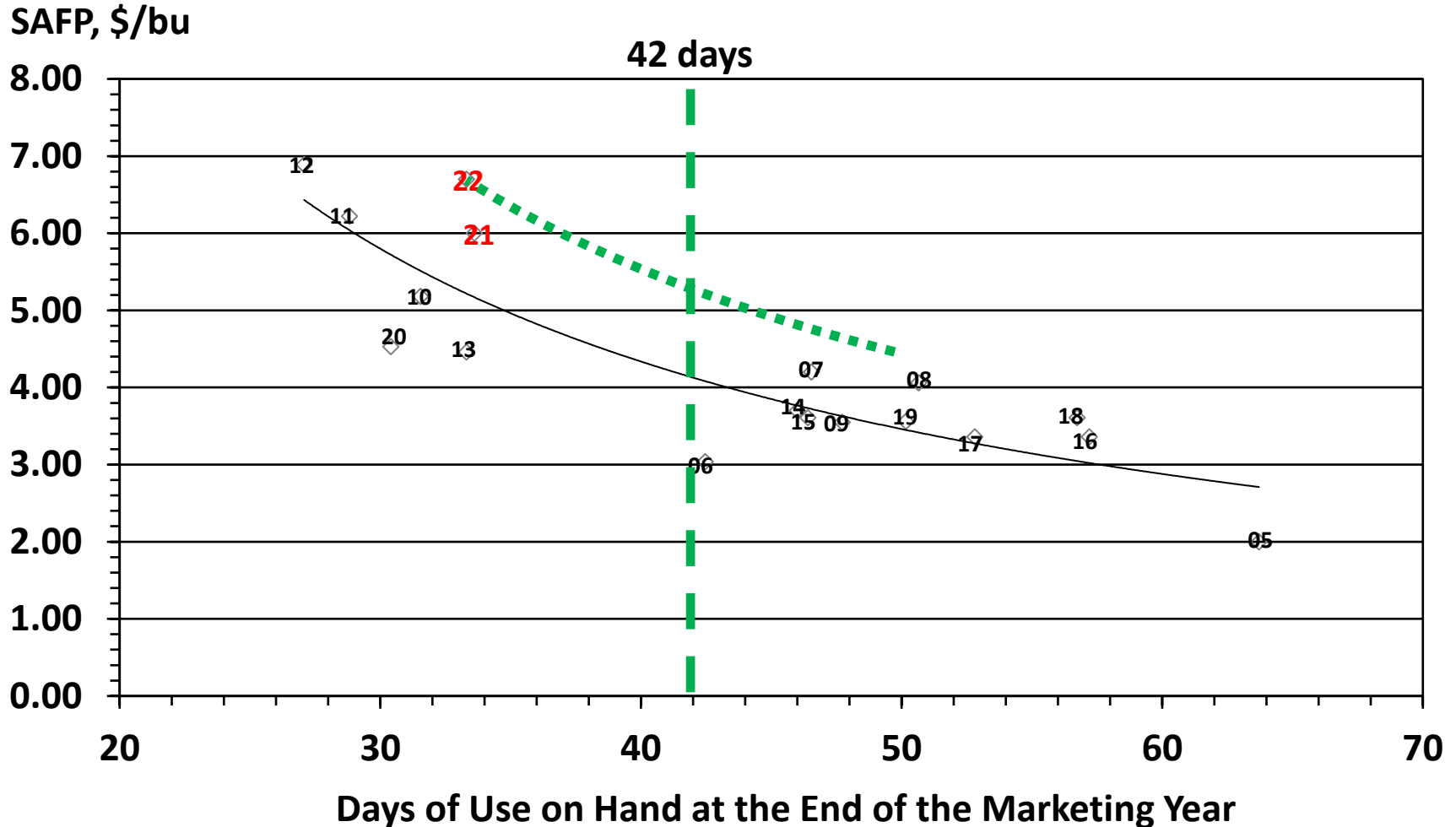
## 2008/09-2020/21, 2021/22 estimate, 2022/23 projection



Source: USDA, Long-term Projections and February WASDE 2023

# U.S. Corn Average Farm Price and Days of Use on Hand

2005/06-2020/21, 2021/22 estimate, 2022/23 projection



Source: USDA, Long-term Projections and February WASDE 2023



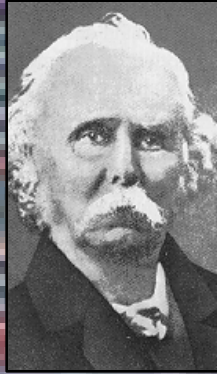
# Grain Market Factors for 2023

- High prices—High input costs —Tight margins
- Corn and wheat: acres up, yields higher
- U.S. stocks to use increase for corn and wheat
- Prices moderately lower: Texas cash
  - \$5.50 to \$6.00 corn
  - \$5.30 to \$5.80 sorghum (\$9.50 to \$10.50/cwt)
  - \$8.00 to \$8.50 wheat
- Global Economy and Global Trade—recession impacts, disputes, disruptions, uncertainty
- Weather

# Where Do Prices Go From Here?

## 1. Be the low cost /high quality producer

- Input Use Efficiency
  - Crop Rotations
  - Hybrids/ Variety
  - Conservation Tillage
  - Soil and Plant Testing
  - Precision Application



## 2. Lock in profitable prices

- Financial Management
  - Budget/ BE analysis
  - Cash Flow Projections
  - Crop Insurance
  - Price Safety Net
  - Marketing Plan

**5% Rule**

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***Prices will fall back to the cost of production***

***--Principles of Economics, Sir Alfred Marshall (1890)***