

# Crop Outlook

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Okoboji, Iowa

# Historical Corn Prices



Source: CBOT

# Historical Soybean Prices



Source: CBOT

# Factors to Follow

- Crop progress
- Macroeconomic conditions
- Energy prices/Biofuel development
- Export picture/Dollar movements
- Livestock adjustments
- South American policies and acreage response

# Crop Progress

**Corn: Crop Condition by Percent,  
Selected States,  
Week Ending Jul 13, 2008**

| State   | VP             | P              | F              | G              | EX             |
|---------|----------------|----------------|----------------|----------------|----------------|
|         | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
| CO      | 6              | 10             | 31             | 34             | 19             |
| IL      | 2              | 7              | 26             | 49             | 16             |
| IN      | 3              | 9              | 25             | 47             | 16             |
| IA      | 3              | 9              | 30             | 45             | 13             |
| KS      | 1              | 8              | 31             | 51             | 9              |
| KY      | 1              | 2              | 14             | 48             | 35             |
| MI      | 1              | 3              | 14             | 53             | 29             |
| MN      | 2              | 4              | 23             | 58             | 13             |
| MO      | 4              | 12             | 37             | 39             | 8              |
| NE      | 2              | 4              | 21             | 54             | 19             |
| NC      | 18             | 24             | 38             | 19             | 1              |
| ND      | 1              | 4              | 31             | 53             | 11             |
| OH      | 4              | 9              | 29             | 41             | 17             |
| PA      | 0              | 5              | 19             | 53             | 23             |
| SD      | 1              | 3              | 22             | 59             | 15             |
| TN      | 2              | 6              | 27             | 51             | 14             |
| TX      | 13             | 15             | 32             | 33             | 7              |
| WI      | 3              | 6              | 21             | 53             | 17             |
| 18 Sts  | 3              | 7              | 26             | 49             | 15             |
| Prev Wk | 3              | 8              | 27             | 48             | 14             |
| Prev Yr | 4              | 8              | 24             | 46             | 18             |

**Soybeans: Crop Condition by Percent,  
Selected States,  
Week Ending Jul 13, 2008**

| State   | VP             | P              | F              | G              | EX             |
|---------|----------------|----------------|----------------|----------------|----------------|
|         | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
| AR      | 2              | 10             | 36             | 39             | 13             |
| IL      | 2              | 7              | 32             | 50             | 9              |
| IN      | 4              | 9              | 28             | 46             | 13             |
| IA      | 3              | 8              | 31             | 45             | 13             |
| KS      | 1              | 7              | 26             | 58             | 8              |
| KY      | 1              | 7              | 23             | 46             | 23             |
| LA      | 1              | 8              | 35             | 48             | 8              |
| MI      | 2              | 9              | 31             | 44             | 14             |
| MN      | 2              | 4              | 25             | 58             | 11             |
| MS      | 4              | 12             | 26             | 44             | 14             |
| MO      | 4              | 13             | 42             | 36             | 5              |
| NE      | 2              | 4              | 21             | 61             | 12             |
| NC      | 7              | 14             | 42             | 34             | 3              |
| ND      | 1              | 2              | 21             | 67             | 9              |
| OH      | 5              | 11             | 31             | 42             | 11             |
| SD      | 1              | 3              | 23             | 60             | 13             |
| TN      | 2              | 7              | 25             | 53             | 13             |
| WI      | 2              | 5              | 32             | 51             | 10             |
| 18 Sts  | 3              | 8              | 30             | 48             | 11             |
| Prev Wk | 3              | 8              | 30             | 49             | 10             |
| Prev Yr | 3              | 8              | 27             | 49             | 13             |

Source: USDA, Crop Progress report, July 2008

# U.S. Corn Supply and Use

## U.S. Feed Grain and Corn Supply and Use 1/

| Item                       | 2008/09 Projections |                 |            |            |            |
|----------------------------|---------------------|-----------------|------------|------------|------------|
|                            | 2006/07             | 2007/08         |            |            |            |
|                            |                     | Est.            | June       | July       |            |
| =====                      |                     |                 |            |            |            |
| CORN                       | :                   |                 |            |            |            |
| Area                       | :                   | Million acres   |            |            |            |
| Planted                    | :                   | 78.3            | 93.6       | 86.0 *     | 87.3 *     |
| Harvested                  | :                   | 70.6            | 86.5       | 78.8 *     | 78.9 *     |
| Yield per harvested        | :                   | Bushels         |            |            |            |
| acre                       | :                   | 149.1           | 151.1      | 148.9 *    | 148.4 *    |
|                            | :                   | Million bushels |            |            |            |
| Beginning stocks           | :                   | 1,967           | 1,304      | 1,433      | 1,598      |
| Production                 | :                   | 10,535          | 13,074     | 11,735     | 11,715     |
| Imports                    | :                   | 12              | 15         | 15         | 15         |
| Supply, total              | :                   | 12,514          | 14,393     | 13,183     | 13,328     |
| Feed and residual          | :                   | 5,598           | 6,050      | 5,150      | 5,200      |
| Food, seed & industrial    | :                   | 3,488           | 4,295      | 5,360      | 5,295      |
| Ethanol for fuel 2/        | :                   | 2,117           | 2,950      | 4,000      | 3,950      |
| Domestic, total            | :                   | 9,086           | 10,345     | 10,510     | 10,495     |
| Exports                    | :                   | 2,125           | 2,450      | 2,000      | 2,000      |
| Use, total                 | :                   | 11,210          | 12,795     | 12,510     | 12,495     |
| Ending stocks, total       | :                   | 1,304           | 1,598      | 673        | 833        |
| CCC inventory              | :                   | 0               | 0          |            |            |
| Free stocks                | :                   | 1,304           | 1,598      |            |            |
| Outstanding loans          | :                   | 116             | 160        |            |            |
| Avg. farm price (\$/bu) 3/ | :                   | 3.04            | 4.25- 4.45 | 5.30- 6.30 | 5.50- 6.50 |
| =====                      |                     |                 |            |            |            |

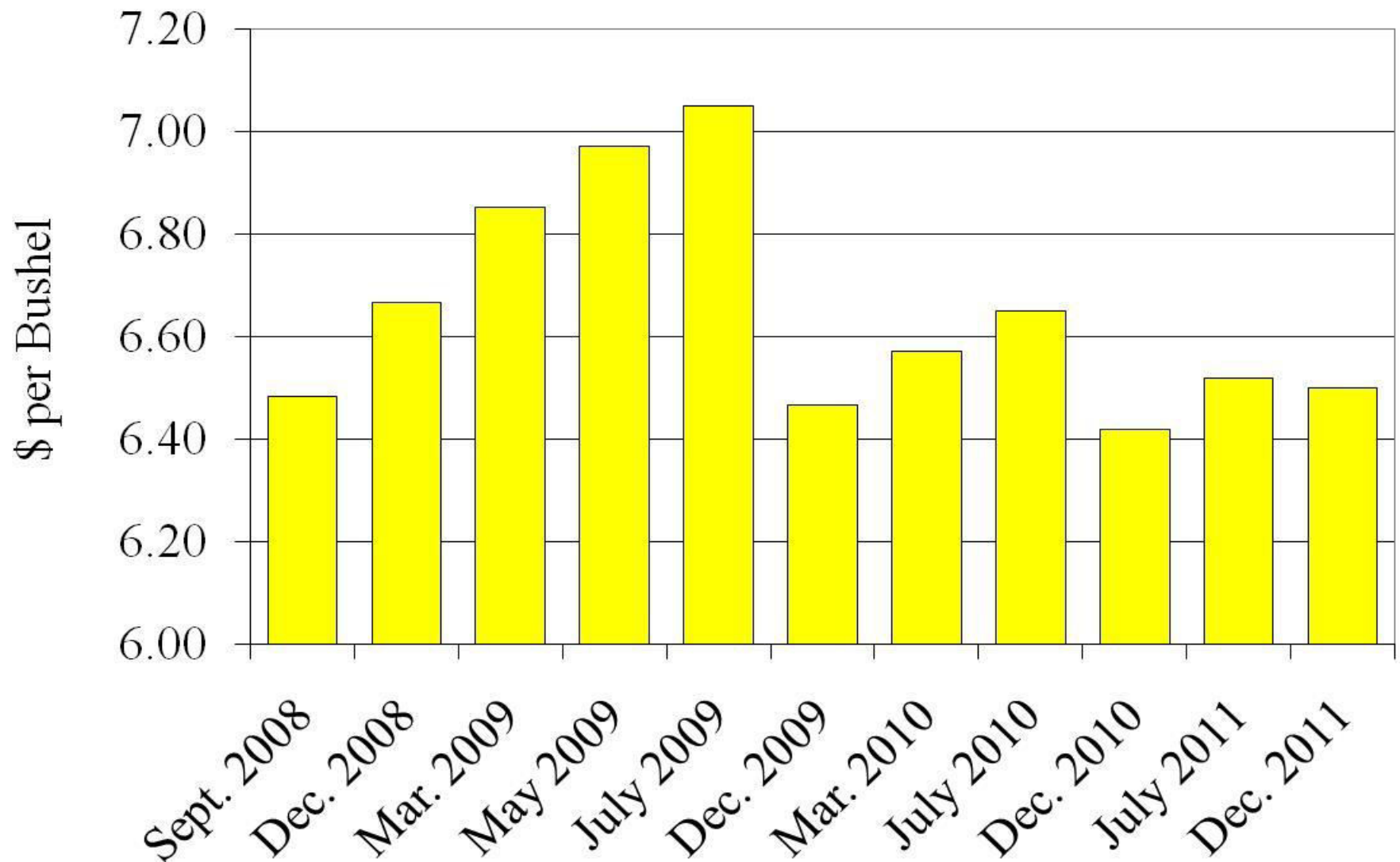
Source: USDA, WASDE report, July 2008

# U.S. Soybean Supply and Use

| U.S. Soybeans and Products Supply and Use (Domestic Measure) 1/ |   |         |                 |                          |
|---|---|---------|-----------------|--------------------------|
| Item  | : | :       | :               | 2008/09 Projections      |
|   | : | 2006/07 | 2007/08         | :                        |
|   | : | :       | Est.            | :                        |
|   | : |         |                 | June July                |
| =====   |   |         |                 |                          |
| SOYBEANS:   | : |         | Million acres   |                          |
| Area  | : |         |                 |                          |
| Planted   | : | 75.5    | 63.6            | 74.8 * 74.5 **           |
| Harvested   | : | 74.6    | 62.8            | 73.8 * 72.1 **           |
|   | : |         |                 |                          |
|   | : |         | Bushels         |                          |
| Yield per harvested   | : |         |                 |                          |
| acre  | : | 42.7    | 41.2            | 42.1 * 41.6 **           |
|   | : |         |                 |                          |
|   | : |         | Million bushels |                          |
|   | : |         |                 |                          |
| Beginning stocks  | : | 449     | 574             | 125 125                  |
| Production  | : | 3,188   | 2,585           | 3,105 3,000              |
| Imports   | : | 9       | 10              | 8 10                     |
| Supply, total   | : | 3,647   | 3,169           | 3,238 3,135              |
| Crushings   | : | 1,808   | 1,840           | 1,840 1,830              |
| Exports   | : | 1,118   | 1,145           | 1,050 1,000              |
| Seed  | : | 78      | 94              | 90 90                    |
| Residual  | : | 69      | -35 3/          | 82 76                    |
| Use, total  | : | 3,073   | 3,044           | 3,063 2,996              |
| Ending stocks   | : | 574     | 125             | 175 140                  |
| Avg. farm price (\$/bu) 2/                                      | : | 6.43    | 10.15           | 11.00-12.50 12.00 -13.50 |

Source: USDA, WASDE report, July 2008

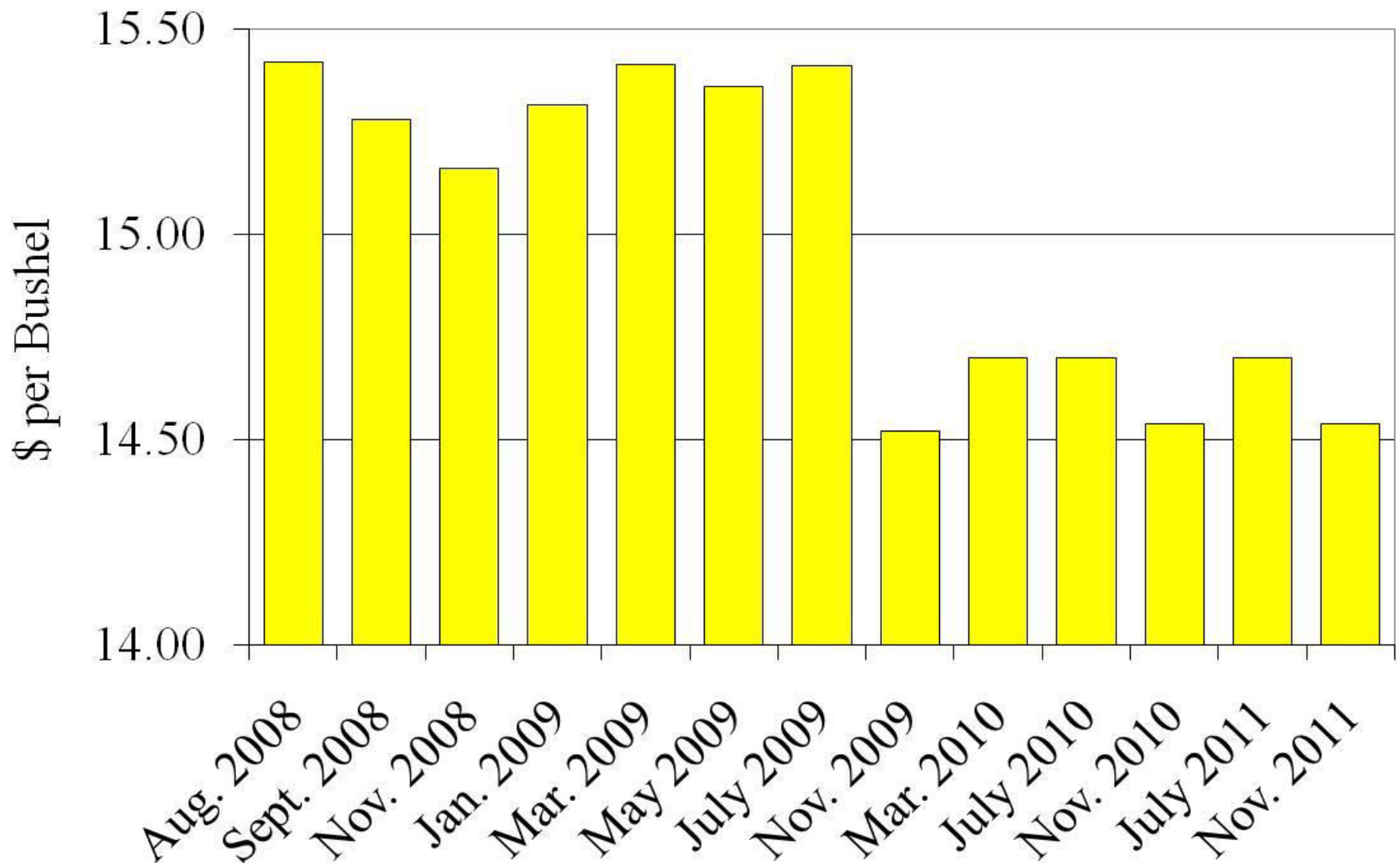
# Corn Futures Prices



Source: CBOT, 7/15/2008

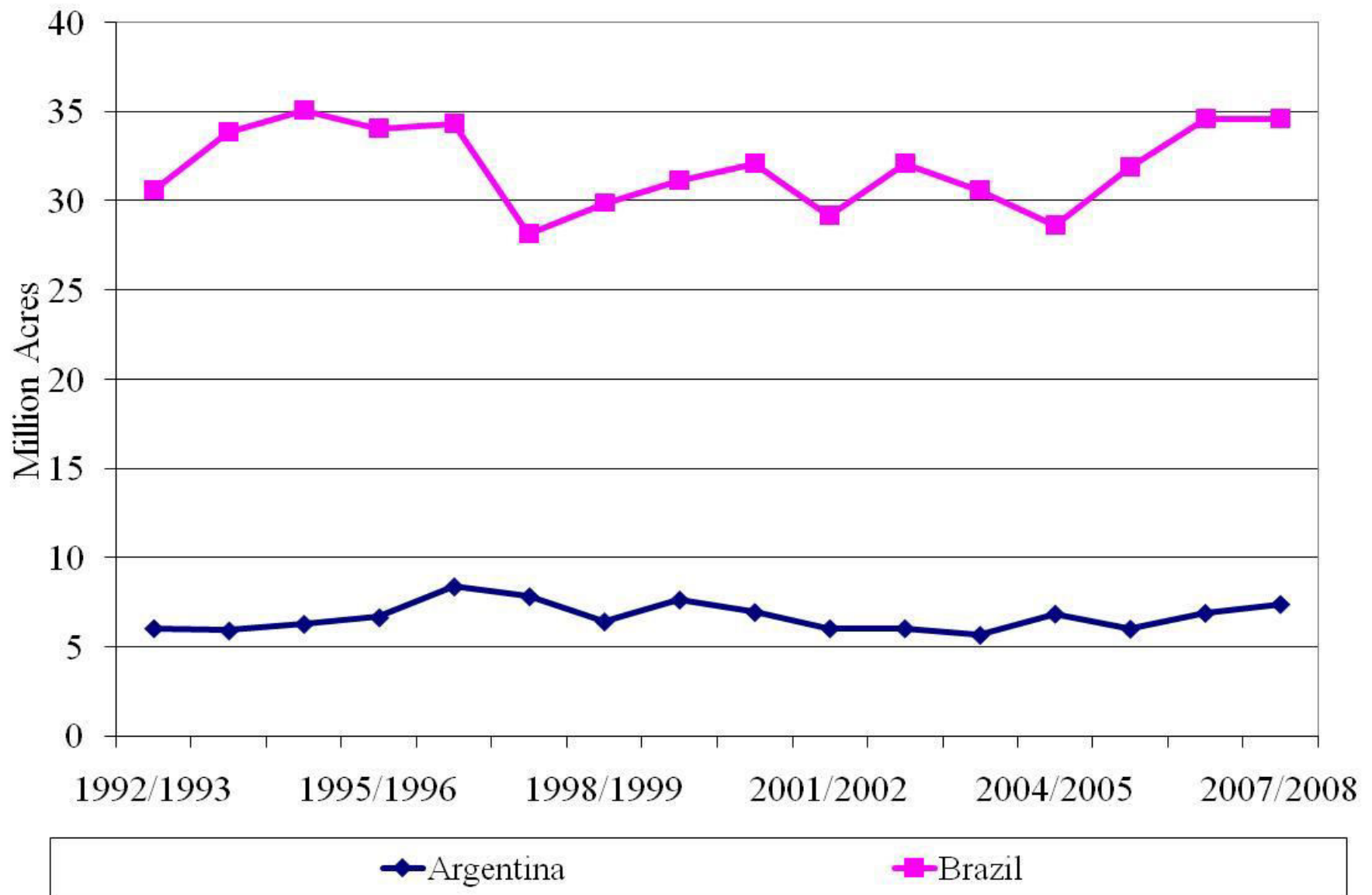


# Soybean Futures Prices



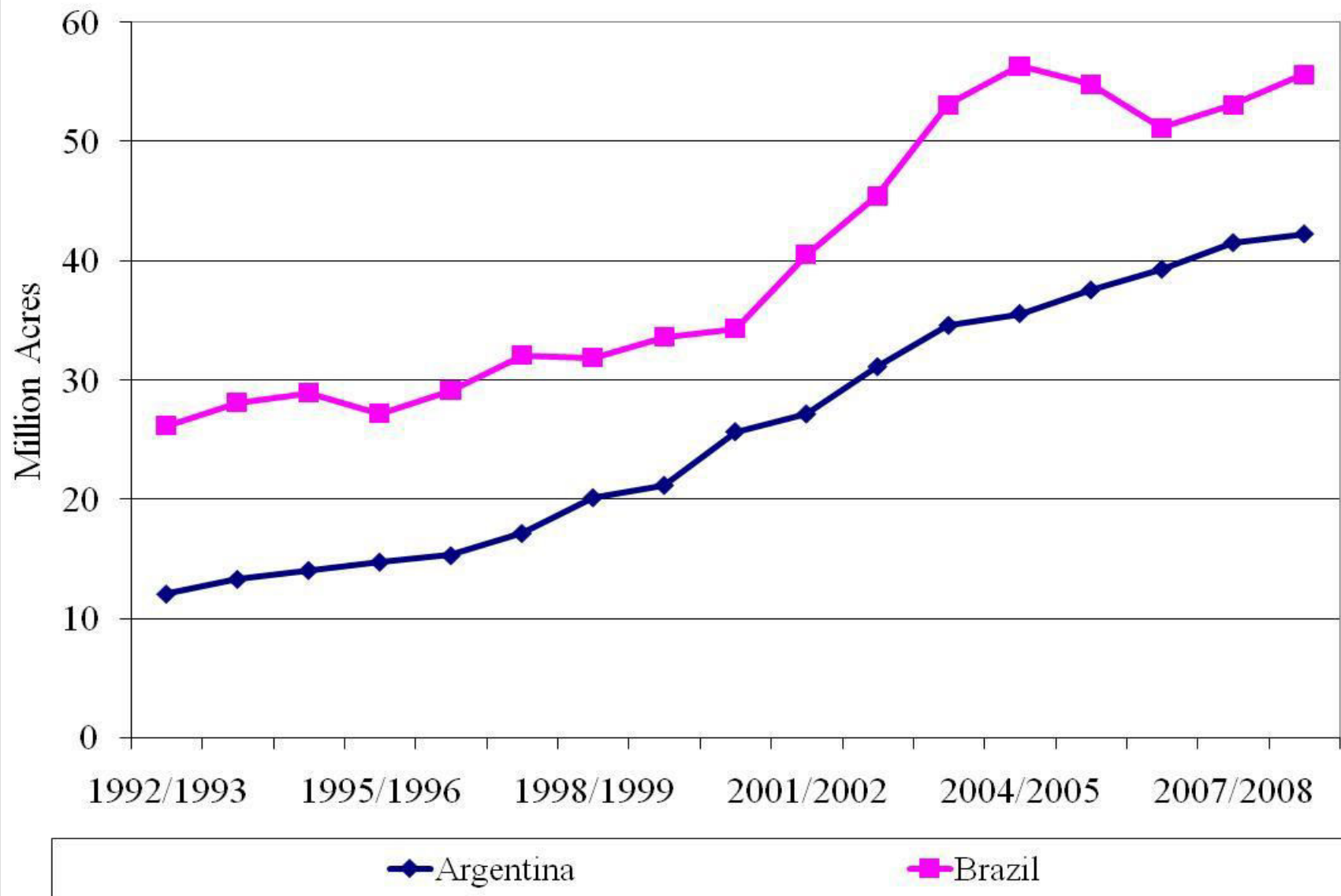
Source: CBOT, 7/15/2008

# South American Corn Area



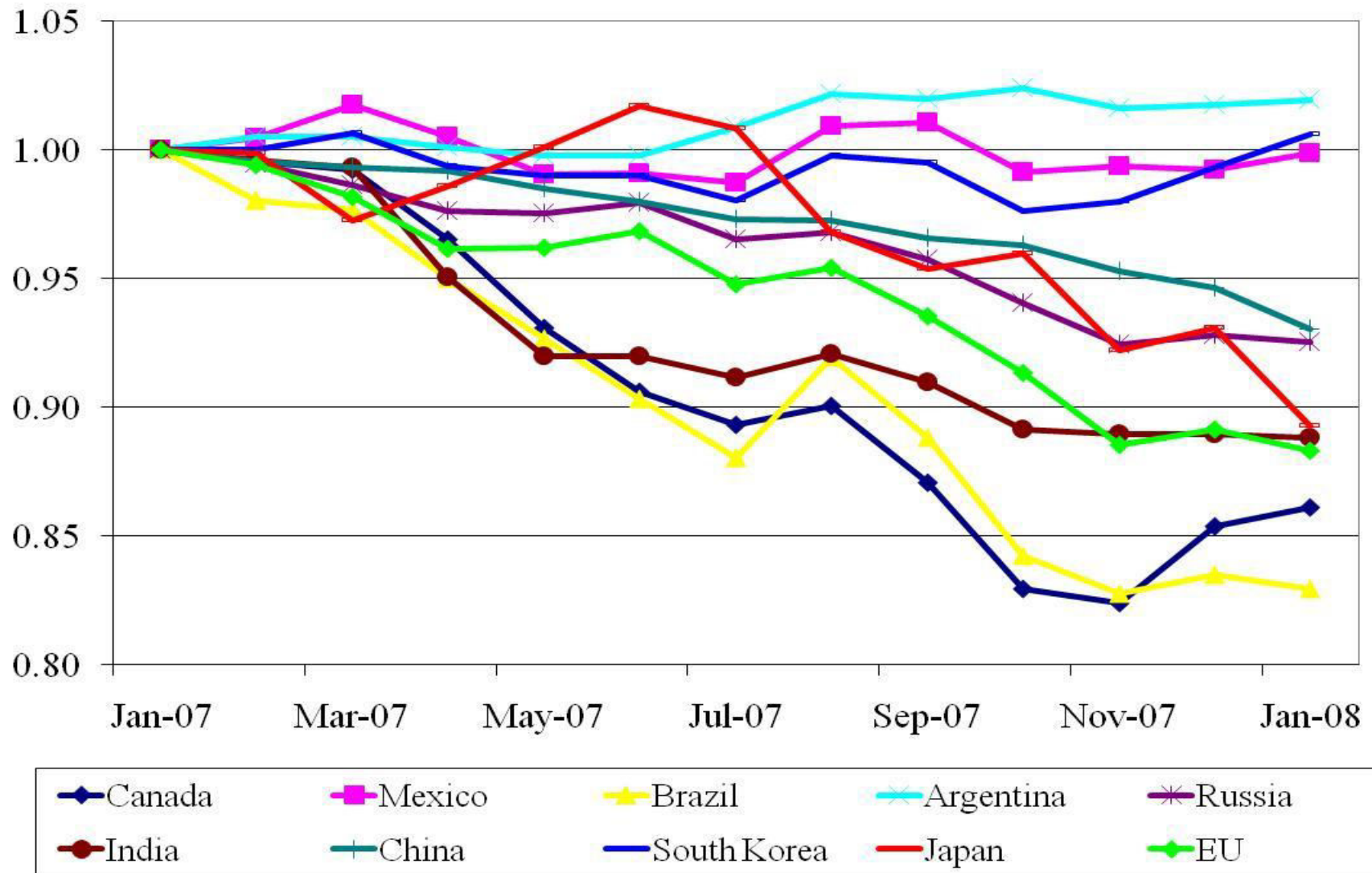
Source: USDA

# South American Soybean Area



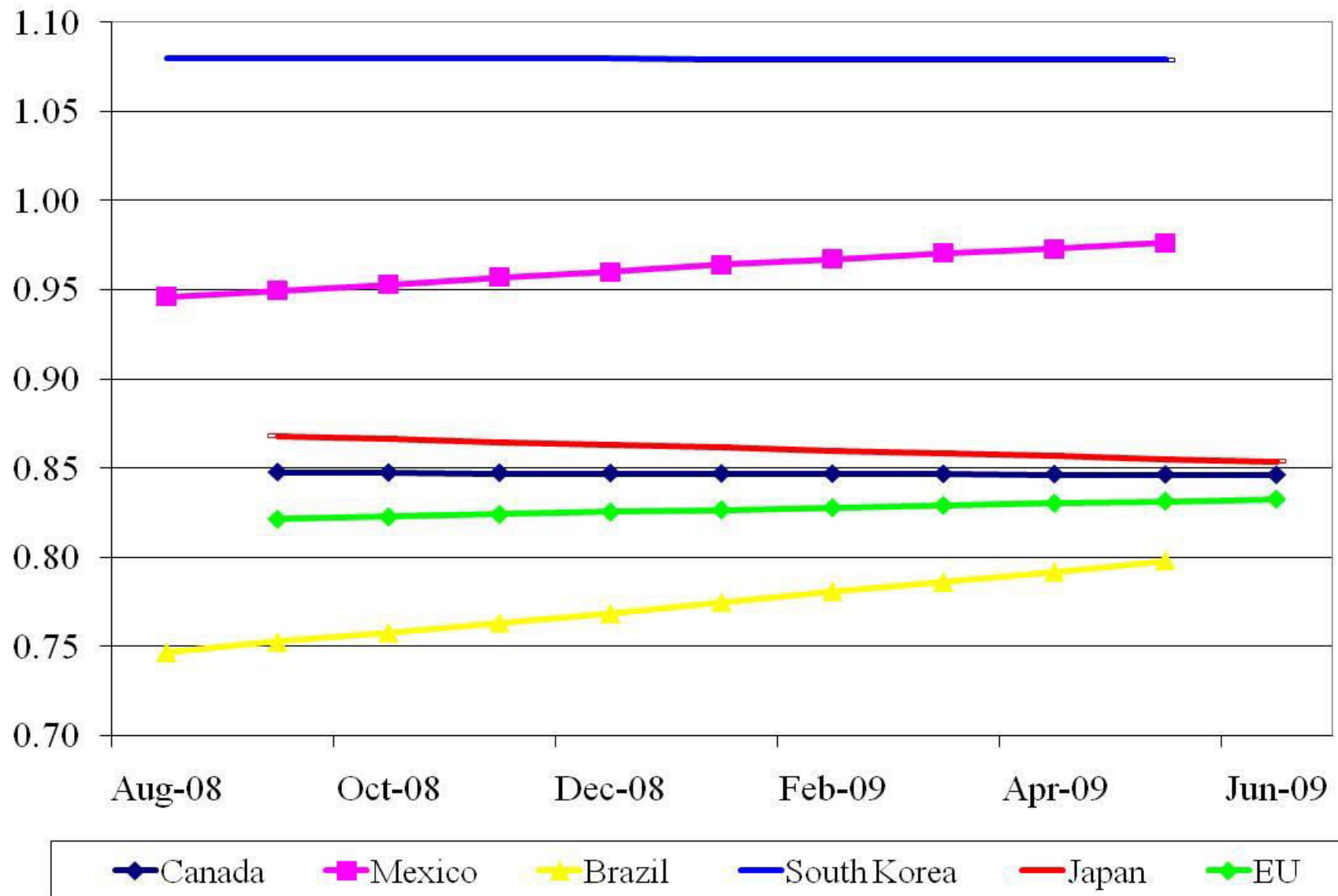
Source: USDA

# Exchange Rate Ratios Since 2007



Source: USDA, ERS

# Exchange Rate Futures Ratios



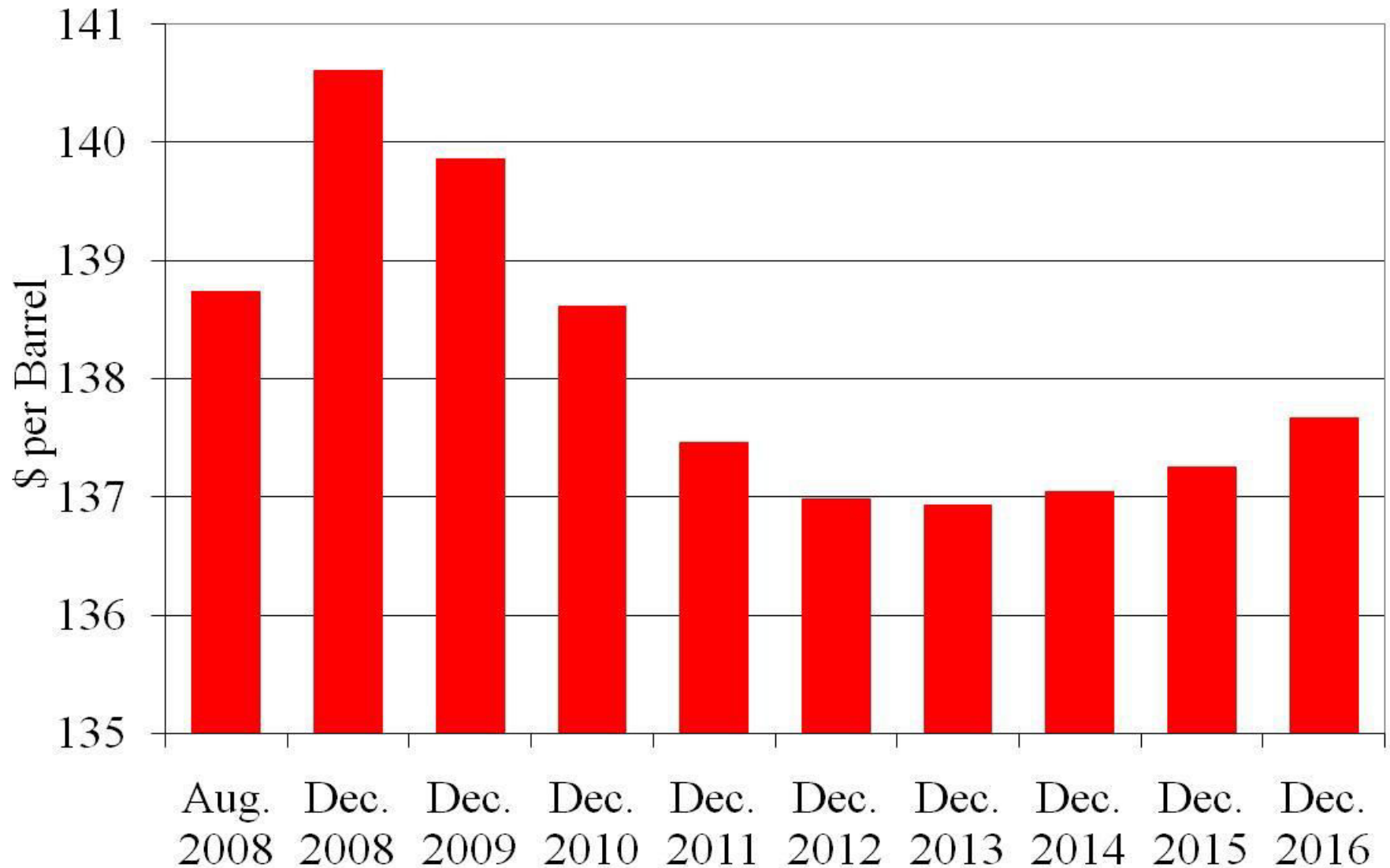
Source: CME, 7/15/2008

# Historical Crude Oil Prices



Source: U.S. Department of Energy, Energy Information Administration

# Crude Oil Futures Prices



Source: NYMEX, 7/15/2008

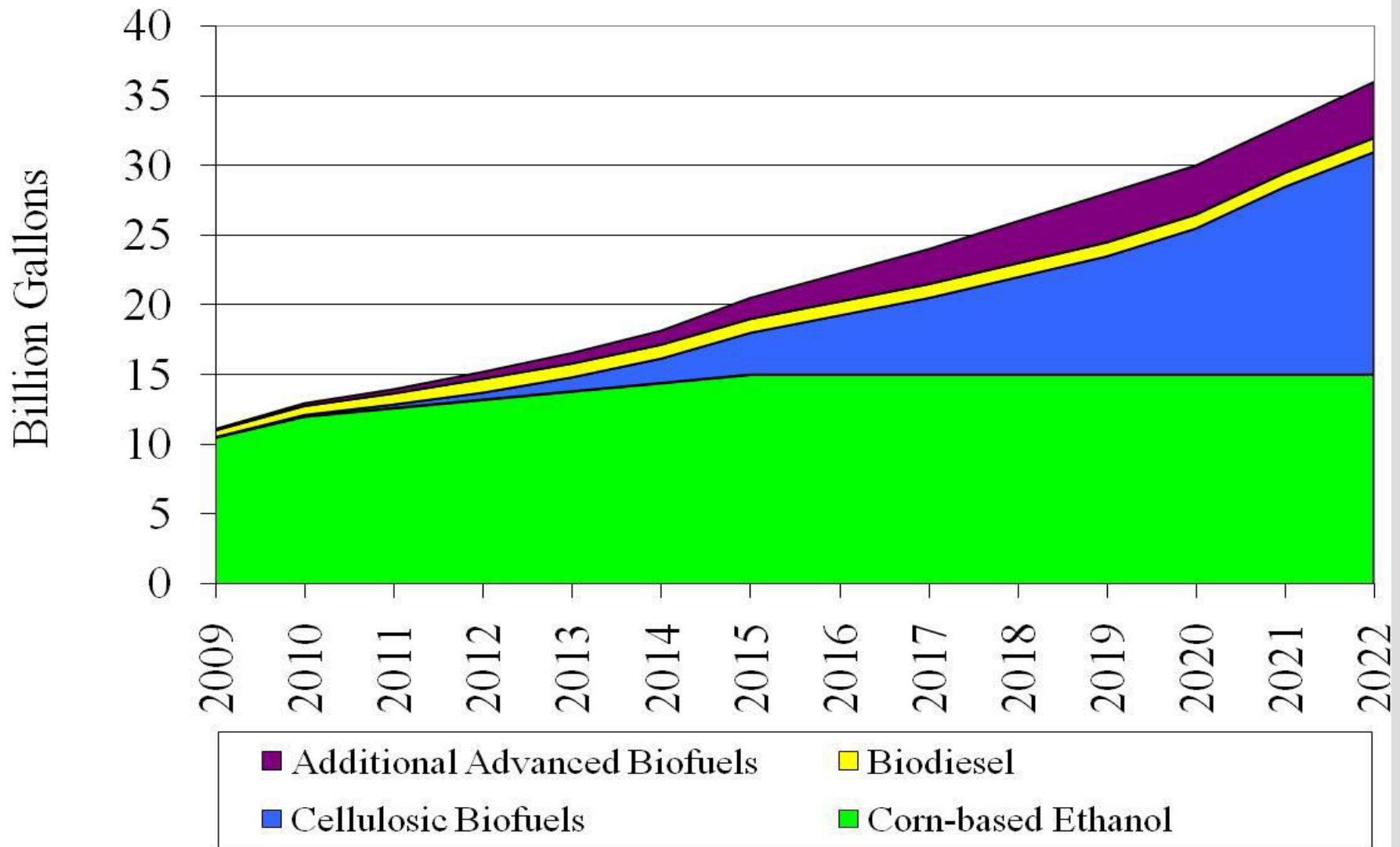
# Liquid Fuel Usage

|                           | 2004   | 2010                    | 2015 | 2020 | 2025 | 2030 |
|---------------------------|--|-------------------------|------|------|------|------|
|                           | (Million Barrels Oil<br>Equivalent per<br>Day) | (Percent of 2004 Value) |      |      |      |      |
| United States             | 20.7   | 103%                    | 109% | 115% | 121% | 129% |
| Canada                    | 2.3  | 100%                    | 100% | 104% | 104% | 104% |
| Mexico                    | 2.0  | 110%                    | 115% | 130% | 135% | 145% |
| Europe                    | 15.6   | 99%                     | 99%  | 100% | 101% | 101% |
| Japan                     | 5.4  | 96%                     | 96%  | 96%  | 96%  | 96%  |
| China                     | 6.4  | 147%                    | 164% | 186% | 213% | 245% |
| India                     | 2.5  | 108%                    | 128% | 144% | 160% | 176% |
| Africa                    | 2.8  | 118%                    | 139% | 154% | 164% | 175% |
| Central and South America | 5.4  | 120%                    | 137% | 152% | 167% | 180% |
| World                     | 82.5   | 110%                    | 118% | 126% | 134% | 143% |

Source: U.S. Dept. of Energy, Energy Information Administration

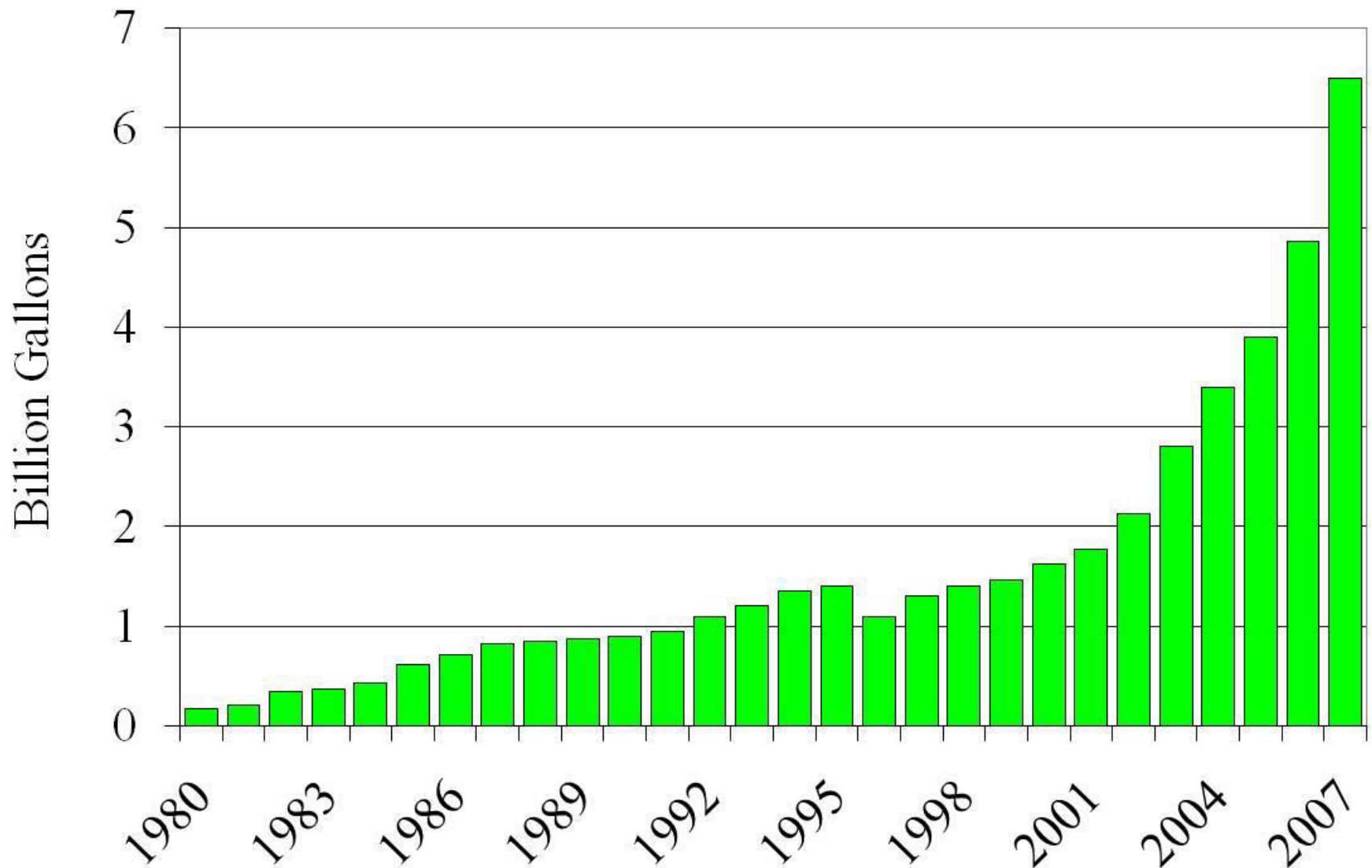


# Renewable Fuels Standard



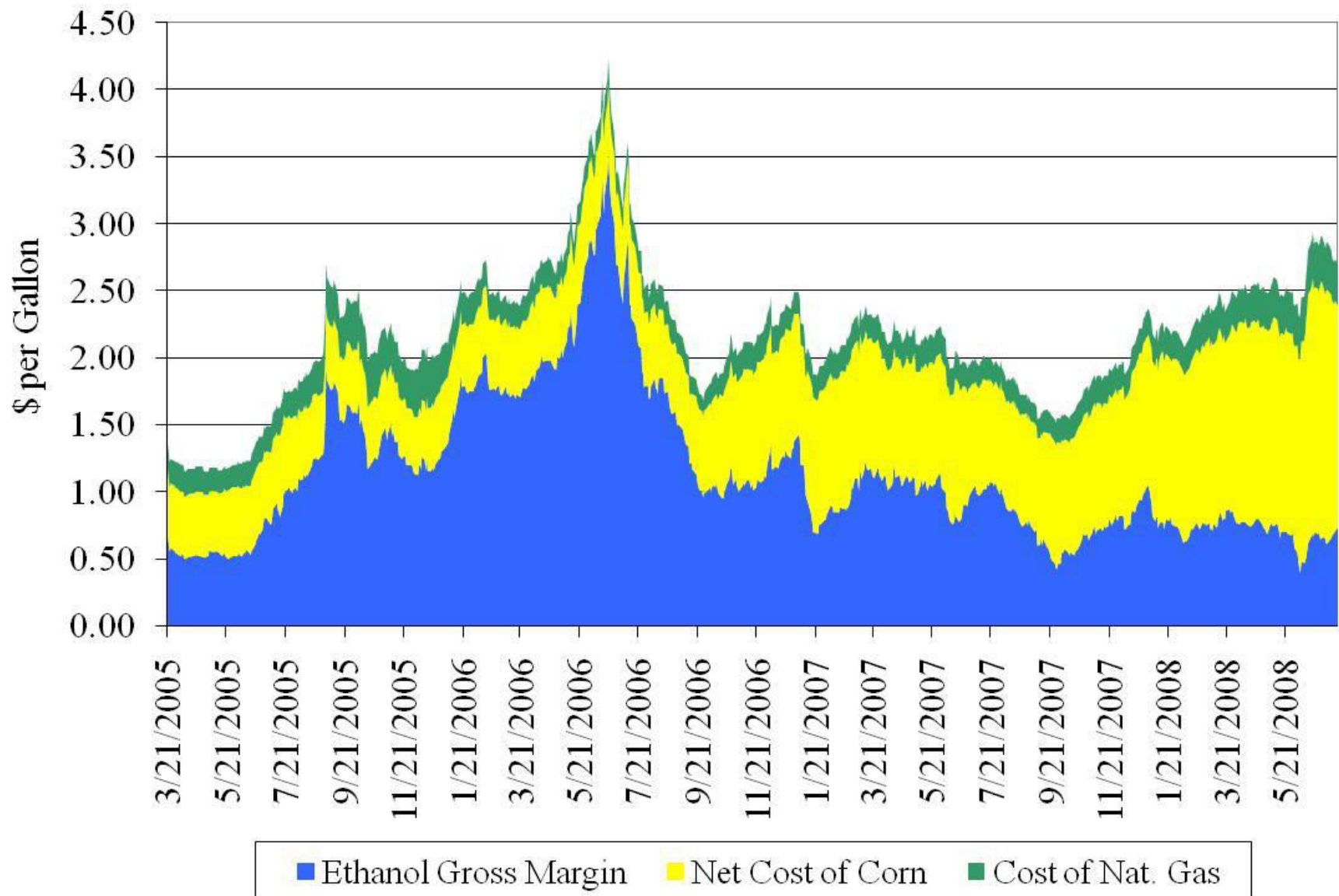
Source: Renewable Fuels Association

# Ethanol Production

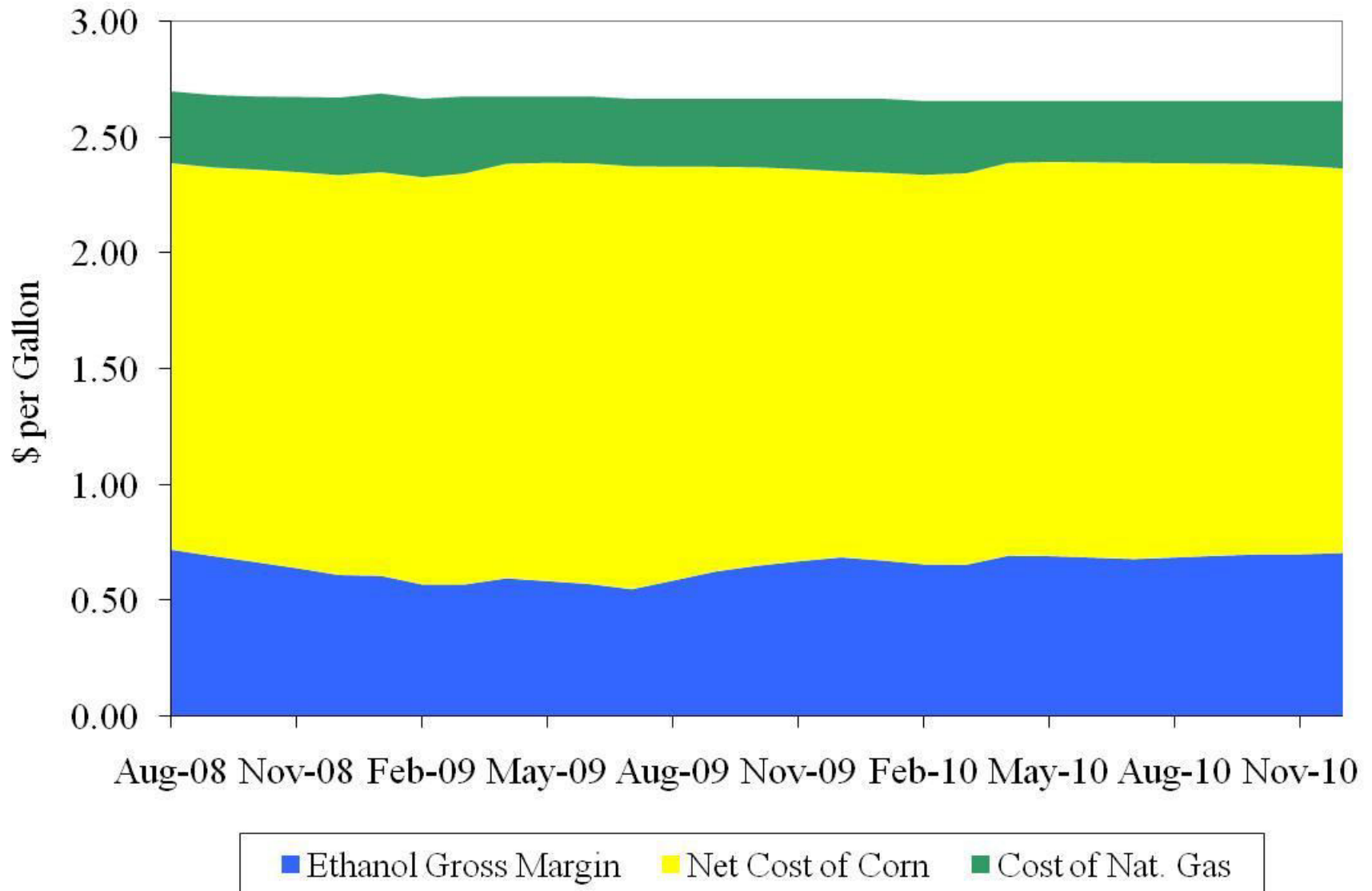


Source: Renewable Fuels Association

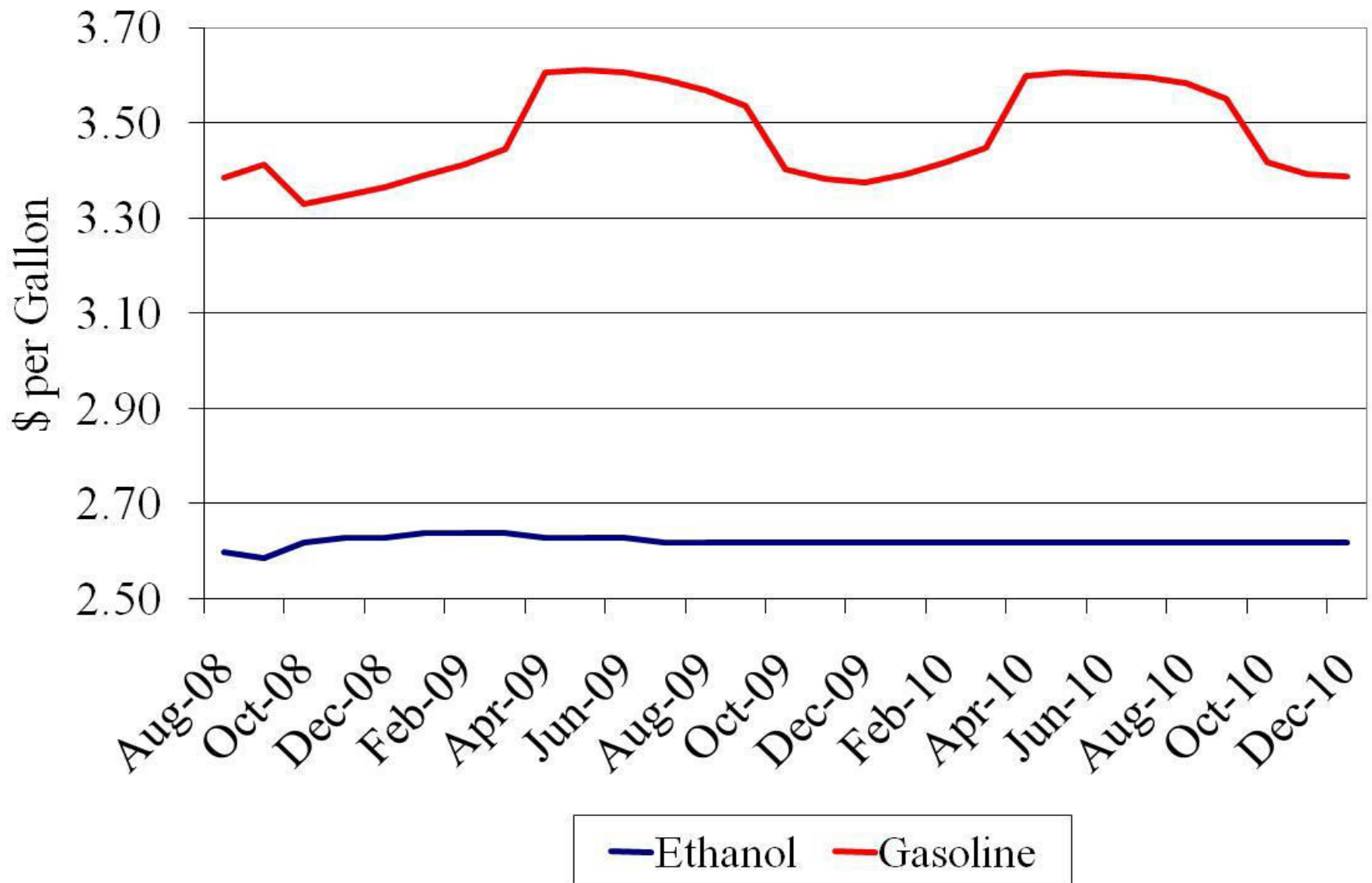
# Historical Ethanol Gross Margins



# Projected Ethanol Gross Margins

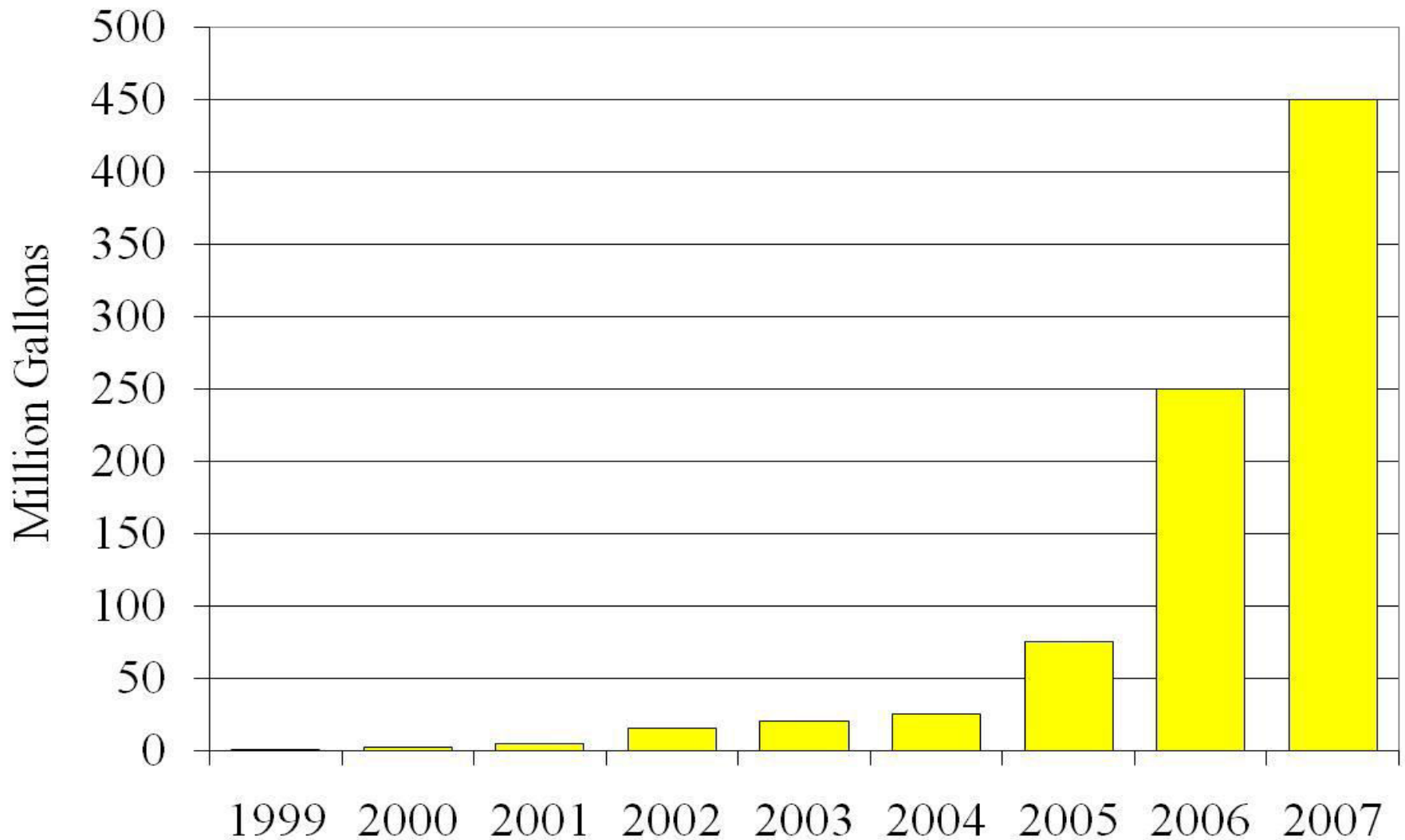


# Ethanol vs. Gasoline



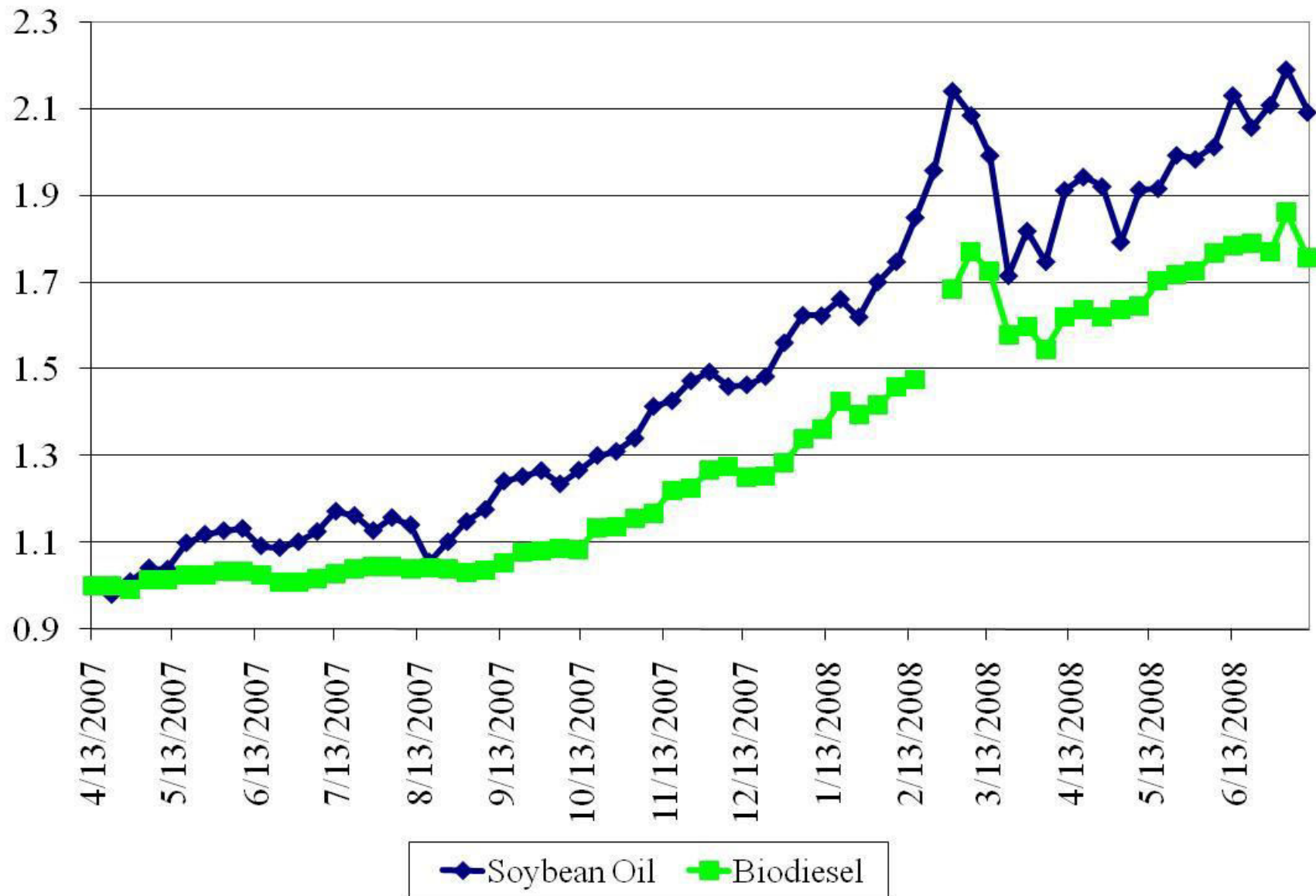
Source: CBOT and NYMEX, 7/15/2008

# Biodiesel Sales



Source: National Biodiesel Board

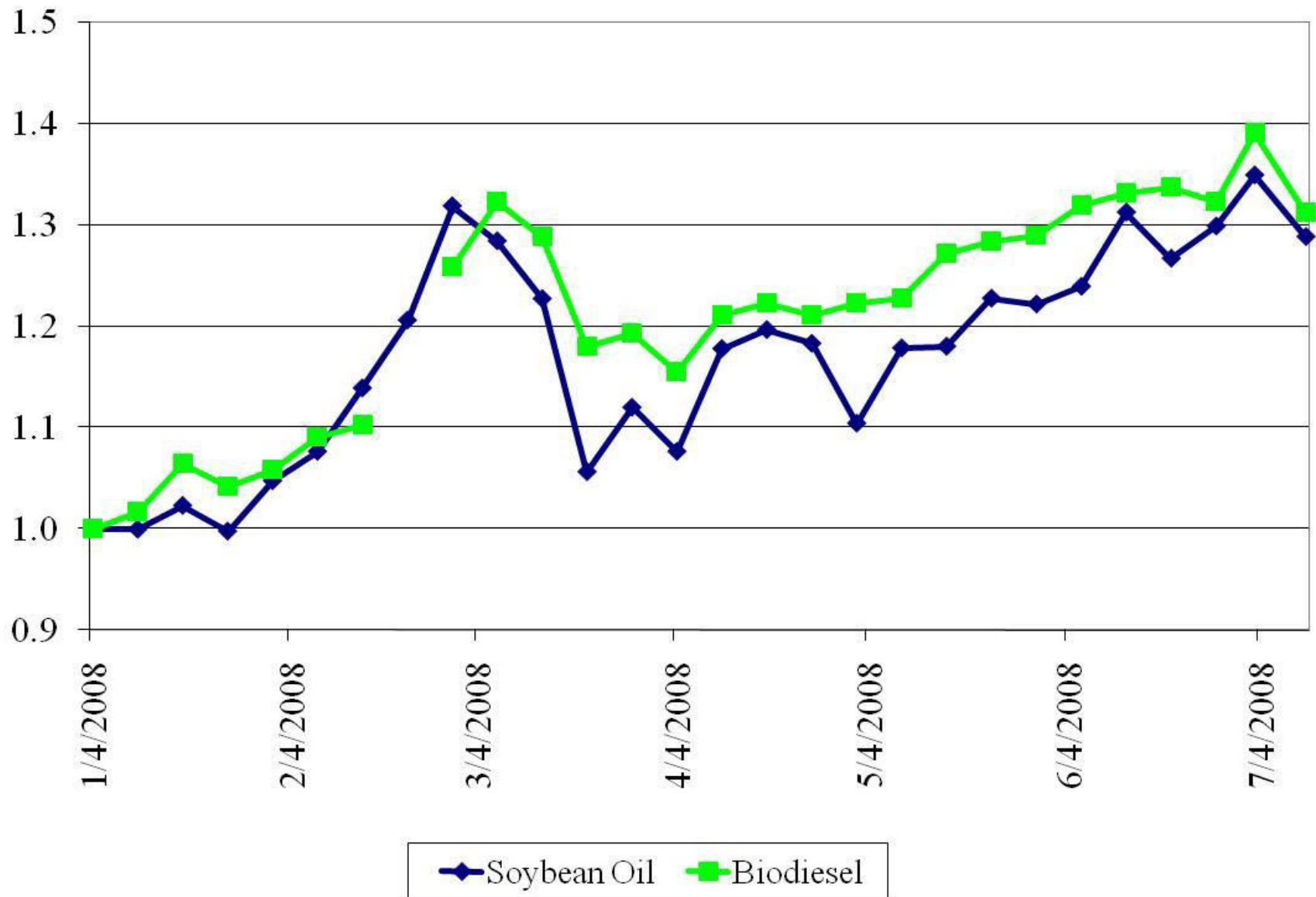
# Iowa Price Ratios Since 2007



Source: U.S. Department of Agriculture, Agricultural Marketing Service



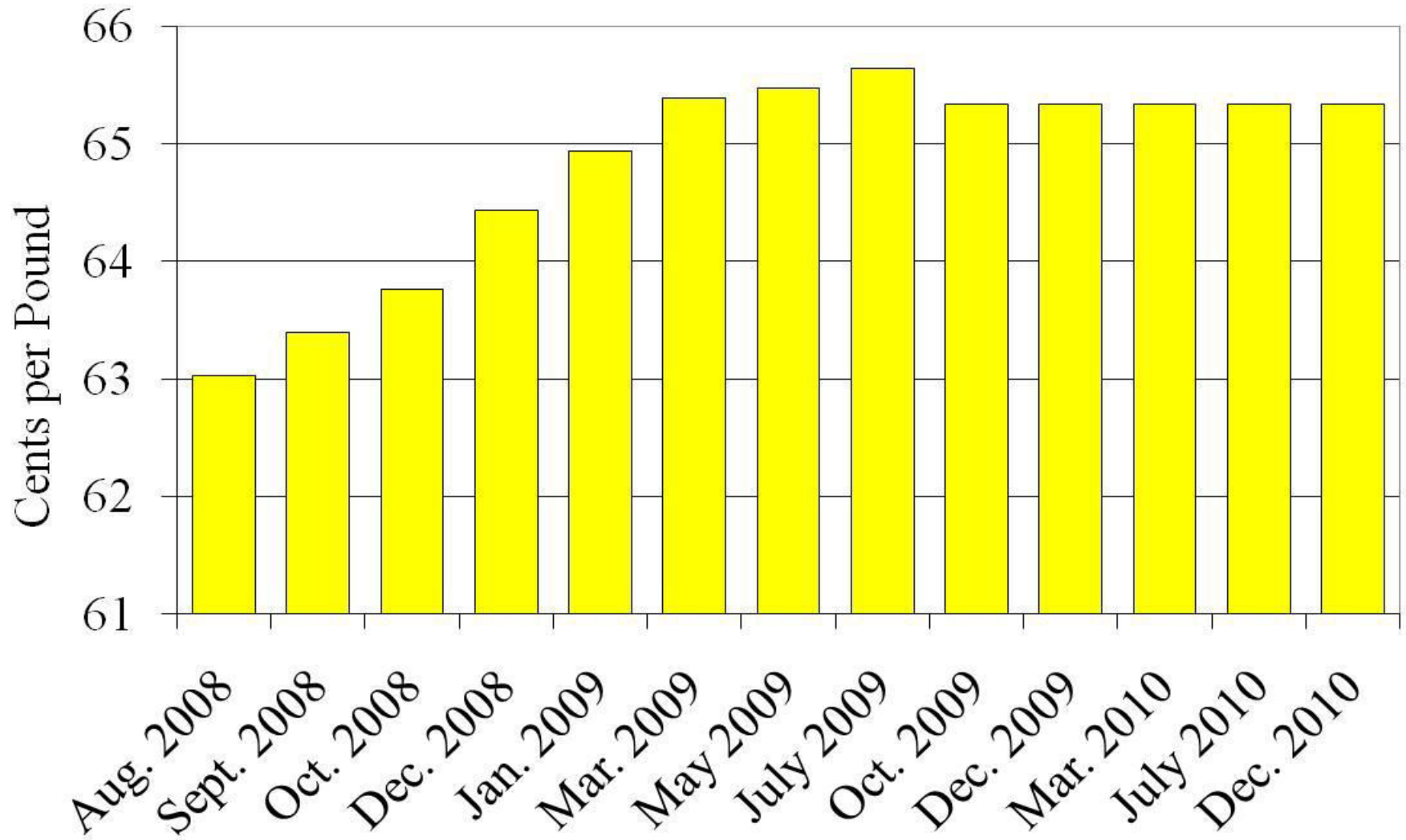
# Iowa Price Ratios for 2008



Source: U.S. Department of Agriculture, Agricultural Marketing Service



# Soybean Oil Futures



Source: CBOT, 7/15/2008

# Ending Thoughts

- Macroeconomic conditions and energy prices are key factors for US agriculture
- Tight stock situation combined with crop/weather concerns makes for an active market
- Watch demand as livestock and biofuel producers react to price movements
- Export outlook tied to dollar movements and South American policy shifts

Thanks for your time!

Any questions?