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Grains and Oilseeds Outlook

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GRAINS AND OILSEEDS OUTLOOK FOR 2019[1]
Prepared by Members of the
Wheat, Feed Grains, Rice, and Oilseeds Interagency Commodity Estimates Committees
U.S. Department of Agriculture

Planted Acreage Outlook for 2019 (Table 1)

This paper provides USDA's projections of 2019/20 U.S. supply, demand and prices for wheat, corn, rice, soybeans and soybean products. Projections presented in this paper include implications of the February 8 NASS *Winter Wheat and Canola Seedings* report, which estimated winter wheat area declined 4 percent to the lowest level since 1909. The projections assume normal weather conditions for spring planting and summer crop development, and the continuation of tariffs by China on a number of U.S. agricultural products. These forecasts will be updated in the May 10 *World Agricultural Supply and Demand Estimates* (WASDE) report. The May WASDE will incorporate farmers' 2019 planting intentions as indicated in the March 29 NASS *Prospective Plantings* report and survey-based forecasts for winter wheat production, as well as global, country-by-country supply and demand projections.

Among the 3 major crops, this year's outlook represents a dramatic change from prior years because of China's imposition of tariffs on U.S. soybeans. Relative to a year ago, soybean cash prices have declined, with pronounced weakness in the Northern Plains and Western Corn Belt, two areas that are particularly exposed to variations in the export market. In contrast, soybean cash prices have shown relative strength in the Eastern Corn Belt. Offsetting a forecast decline in soybean acres are increases in spring wheat, corn, and cotton acres. The total of 3-crop plantings, at 224 million acres, would be down 2.1 million from final plantings in 2018. This largely reflects expectations of a return to a more typical level of prevented plant acres. Season-average corn prices received by producers are expected to reach \$3.65 per bushel, up 5 cents from the 2018/19 forecast. Soybean prices are expected to rise to \$8.80 per bushel while wheat prices are up to \$5.20.

Wheat Supply, Demand, and Price Outlook for 2019/20 (Table 2)

The 2019/20 outlook for U.S. wheat is for reduced supplies, minimally lower use, and decreased ending stocks. U.S. wheat production is projected 1 percent higher from 2018/19 at 1,902 million bushels despite the NASS *Winter Wheat and Canola Seedings* report showing 2019 winter wheat planted area at the lowest level since 1909. Higher expected net returns for spring wheat compared to soybeans in the Northern Plains is anticipated to result in greater spring wheat plantings in 2019 with total wheat acreage projected at 47.0 million acres, down 2 percent from last year. The all-wheat yield for 2019/20 is projected slightly up from the previous year to 47.8 bushels per acre and is based on a linear trend. The higher yield coupled with increased harvested area at 39.8 million acres offsets reduced planted area to raise 2019/20 production from last year. Lower carryin stocks are still expected to result in reducing 2019/20 supplies by 2 percent to 3,052 million bushels.

[1]This paper incorporates contributions by analysts from the World Agricultural Outlook Board, the Economic Research Service, the FPAC-BC, and the Foreign Agricultural Service.

Projected 2019/20 total use is down only slightly from a year earlier. Domestic use is up 2 percent, primarily due to modest increases in both food and feed and residual use to 1,133 million bushels. The higher domestic use is more than offset by lower projected exports for 2019/20 to 975 million bushels. Greater export competition is seen from Australia and the EU in 2019/20 as both recover from last year's drought. Although 2019/20 total use falls slightly, reduced supplies will result in ending stocks declining by 7 percent to 944 million bushels. While stocks remain burdensome, stronger export competition is expected to result in a modestly higher season-average farm price (SAFP) at $5.20 per bushel, compared to the 2018/19 SAFP midpoint price of $5.15.

Corn Supply, Demand, and Price Outlook for 2019/20 (Table 3)

The U.S. corn outlook for 2019/20 is for increased production, domestic use, and exports, and lower stocks. The corn crop is projected at 14.9 billion bushels, 3 percent above a year ago as an increase in area more than offsets a lower yield. The yield projection of 176.0 bushels per acre is based on a weather-adjusted trend assuming normal planting progress and summer growing season weather.[2] Despite beginning stocks that are forecast down from a year ago, total corn supplies are up slightly on a larger crop.

Total U.S. corn use in 2019/20 is forecast to rise 1 percent from a year ago on increases to domestic use and exports. Food, seed, and industrial (FSI) use is projected unchanged at 7.0 billion bushels. Corn used for ethanol is unchanged from a year ago, based on expectations of flat motor gasoline consumption and a slight decline in ethanol's inclusion rate into gasoline that is essentially offset by continued growth in exports. Feed and residual use is up 125 million bushels to 5.5 billion, with a larger crop and continued growth in grain consuming animal units. Corn exports are up 25 million bushels to 2.5 billion, reflecting expectations of modest growth in global trade and a slight decline in U.S. market share with competition from other exporters. Ending stocks are projected at 1.7 billion bushels, down 5 percent from 2018/19, supporting a 5 cent per bushel increase from a year ago in the expected season-average farm price to $3.65 per bushel.

Rice Supply, Demand, and Price Outlook for 2019/20 (Tables 4 & 5)

The 2019/20 outlook for U.S. rice is for reduced production, increased use, and lower ending stocks. U.S. rice production is projected at 203 million cwt, down 9 percent from 2018/19. All of the production decrease is for long-grain as combined medium- and short-grain production increased nearly 2 million cwt. Rice planted area for 2019/20 totals 2.66 million acres, down 290,000 acres from the previous year. The long-grain area projection is down 300,000 acres but combined medium- short-grain rice is projected slightly higher. The all rice yield is projected up slightly from the previous year on by-class trend analysis. Imports are projected to increase 0.3 million cwt to another record; aromatics are expected to continue to account for the bulk of U.S. rice imports. led especially by aromatic rice imports from Asia. Total 2019/20 U.S. rice supplies are down 3.2 million cwt from the previous year to 278.9 million cwt.

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[2] For a more detailed explanation see Westcott and Jewison, *Weather Effects on Expected Corn and Soybean Yields*, USDA, Economic Research Service, July 2013, https://www.ers.usda.gov/webdocs/publications/36651/39297_fds-13g-01.pdf?v=0

Total 2019/20 use is up 2 million cwt to 237 million all on higher exports, which are now projected at 102 million cwt. Long-grain accounts for the entire year-over-year export increase. Ending stocks for 2019/20 are down 5.2 million cwt from the previous year and below the 5-year-average of 43.5 million cwt. The all rice season average farm price is up $0.10 per cwt from the midpoint of the previous year to $12.20.

Soybean Supply, Demand, and Price Outlook for 2019/20 (Tables 6, 7 & 8)

The 2019/20 outlook for U.S. soybeans is for record supplies, higher crush and exports, and lower ending stocks. Soybean supplies are projected at 5.1 billion bushels, up 2 percent from 2018/19 with higher beginning stocks more than offsetting lower production. Soybean production is projected at 4.2 billion bushels, 8 percent below last year on lower harvested area and trend yields. The national average soybean yield of 49.5 bushels per acre is 2.1 bushels below last year. The yield forecast is based on a weather-adjusted trend assuming normal growing season weather.

Soybean domestic use is projected at 2.2 billion bushels, up 1 percent on higher crush. Crush is projected at a record 2.1 billion bushels as higher domestic use of soybean meal more than offsets lower exports. Lower soybean product exports reflect a recovery of Argentina's crop after last year's drought. Soybean crush margins remain relatively strong with higher soybean prices mostly offset by small gains for soybean meal and soybean oil prices. Soybean meal prices are forecast at $320 per short ton. Domestic use of soybean oil is projected up 2 percent for 2019/20 on gains for edible oil and biodiesel consumption. With lower projected soybean oil exports, soybean oil ending stocks for 2019/20 are projected at 2.04 billion pounds, down 3 percent from 2018/19. Soybean oil prices are forecast at 30.5 cents per pound, up slightly from 2018/19.

Soybean exports for 2019/20 are projected at 2.03 billion bushels, up 150 million from the 2018/19 forecast. With rising global demand and reduced supplies in Brazil this fall, some recovery in U.S. exports is expected despite continued import duties assumed for U.S. soybeans in China.

Soybean ending stocks for 2019/20 are projected at 845 million bushels, historically high, but down 65 million from 2018/19. With a smaller harvest and a 4 percent increase in total soybean disappearance, the ending stocks-to-use ratio is projected at 19.8 percent, down from 22.2 percent in 2018/19. The soybean season-average farm price is projected at $8.80 per bushel, up 20 cents from 2018/19.

Table 1. Wheat, Corn, and Soybean Planted Acreage, 2012-2019

	2012	2013	2014	2015	2016	2017	2018	2019 1/
	- Million Acres -							
Wheat	55.3	56.2	56.8	55.0	50.1	46.1	47.8	47.0
Corn	97.3	95.4	90.6	88.0	94.0	90.2	89.1	92.0
Soybeans	77.2	76.8	83.3	82.7	83.5	90.2	89.2	85.0
Total	229.8	228.4	230.7	225.7	227.6	226.4	226.1	224.0

1/ Projection
Source: National Agricultural Statistics Service data 2012-2018.
Note: Totals may not add due to rounding.

Table 2. Wheat Supply, Demand, and Price, 2016/17-2019/20

	2016/17	2017/18	2018/19 1/	2019/20 2/
Area planted (mil. ac.)	50.1	46.1	47.8	47.0
Area harvested	43.8	37.6	39.6	39.8
Yield (bu./ac.)	52.7	46.4	47.6	47.8
Production (mil. bu.)	2,309	1,741	1,884	1,902
Beginning stocks	976	1,181	1,099	1,010
Imports	118	157	140	140
Supply	3,402	3,079	3,123	3,052
Feed & residual	160	51	80	90
Food & seed	1,010	1,028	1,033	1,043
Total domestic use	1,171	1,079	1,113	1,133
Exports	1,051	901	1,000	975
Total use	2,222	1,980	2,113	2,108
Ending stocks	1,181	1,099	1,010	944
Stocks/use (percent)	53.2	55.5	47.8	44.8
Season-avg. farm price ($/bu.)	3.89	4.72	5.15	5.20

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. The season-average price is the midpoint of the projected range from the same report.
2/ Projections based on analysis by USDA's Wheat Interagency Commodity Estimates Committee.
Note: Totals may not add due to rounding.

Table 3. Corn Supply, Demand, and Price, 2016/17-2019/20

	2016/17	2017/18	2018/19 1/	2019/20 2/
Area planted (mil. ac.)	94.0	90.2	89.1	92.0
Area harvested	86.7	82.7	81.7	84.6
Yield (bu./ac.)	174.6	176.6	176.4	176.0
Production (mil. bu.)	15,148	14,609	14,420	14,890
Beginning stocks	1,737	2,293	2,140	1,735
Imports	57	36	40	40
Supply	16,942	16,939	16,600	16,665
Feed & residual	5,470	5,304	5,375	5,500
Ethanol 3/	5,432	5,605	5,575	5,575
Food, seed & other industrial	1,453	1,451	1,465	1,465
Total food, seed & industrial	6,885	7,056	7,040	7,040
Total domestic use	12,355	12,360	12,415	12,540
Exports	2,294	2,438	2,450	2,475
Total use	14,649	14,799	14,865	15,015
Ending stocks	2,293	2,140	1,735	1,650
Stocks/use (percent)	15.7	14.5	11.7	11.0
Season-avg. farm price ($/bu.)	3.36	3.36	3.60	3.65

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. The season-average price is the midpoint of the projected range from the same report.
2/ Projections based on analysis by USDA's Feed Grains Interagency Commodity Estimates Committee.
3/ Corn used to produce ethanol and by-products including, distillers' grains, corn gluten feed, corn gluten meal, and corn oil.
Note: Totals may not add due to rounding.

Table 4. Rice Supply, Demand, and Price, 2016/17-2019/20

All Rice	2016/17	2017/18	2018/19 1/	2019/20 2/
Area planted (mil. ac.)	3.15	2.46	2.95	2.66
Area harvested	3.10	2.37	2.92	2.63
Yield (pounds/ac.)	7,237	7,507	7,692	7,725
Production (mil. cwt)	224.1	178.2	224.2	203.0
Beginning stocks	46.5	46.0	29.4	47.1
Imports	23.5	26.9	28.5	28.8
Supply	294.1	251.2	282.1	278.9
Total domestic & residual use	133.2	134.8	135.0	135.0
Exports	114.8	87.0	100.0	102.0
Total use	248.0	221.8	235.0	237.0
Ending stocks	46.0	29.4	47.1	41.9
Stocks/use (percent)	18.5	13.3	20.0	17.7
Season avg. farm price ($/cwt.)	10.40	12.70	12.10	12.20

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. The season-average farm price is the midpoint of the projected price range from the same report. 2/ Projections based on the analysis by USDA's Rice Interagency Commodity Estimates Committee.

Note: Totals may not add due to rounding.

Table 5. Rice-by Class Supply, Demand, and Price, 2016/17-2019/20

Rice-by-class	2016/17	2017/18	2018/19 1/	2019/20 2/
Long-grain				
Area planted (mil. ac.)	2.44	1.81	2.20	1.90
Area harvested	2.40	1.75	2.18	1.88
Yield (pounds/ac)	6,927	7,314	7,517	7,504
Production (mil. cwt)	166.5	127.9	164.0	141.0
Beginning stocks	22.7	31.0	20.3	34.8
Imports	20.3	23.3	23.5	23.8
Supply	209.4	182.2	207.8	199.6
Total domestic & residual use	101.8	98.6	105.0	103.0
Exports	76.6	63.3	68.0	70.0
Total use	178.4	161.9	173.0	173.0
Ending stocks	31.0	20.3	34.8	26.6
Stocks/use (percent)	17.4	12.5	20.1	15.4
Season avg. farm price ($/cwt.)	9.61	11.50	10.70	10.80
Medium- and short-grain				
Area planted (mil. ac)	0.71	0.65	0.75	0.76
Area harvested	0.69	0.63	0.73	0.75
Yield (pounds/ac)	8,311	8,048	8,209	8,278
Production (mil. cwt)	57.7	50.4	60.3	62.0
Beginning stocks	20.9	11.5	7.6	10.9
Imports	3.2	3.5	5.0	5.0
Supply	81.1	67.5	72.9	77.9
Total domestic & residual use	31.4	36.2	30.0	32.0
Exports	38.2	23.7	32.0	32.0
Total use	69.6	59.9	62.0	64.0
Ending stocks	11.5	7.6	10.9	13.9
Stocks/use (percent)	16.5	12.7	17.6	21.7
Season avg. farm price ($/cwt)	13.10	16.20	16.50	16.50
California	14.10	18.70	18.30	18.50
Other States	10.10	11.70	12.20	12.10

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. The season-average farm price is the midpoint of the projected price range From the same report. 2/Projections based on analysis by USDA's Rice Interagency Commodity Estimates Committee. Note: Totals may not add due to rounding.

Table 6. Soybean Supply, Demand, and Price, 2016/17-2019/20

	2016/17	2017/18	2018/19 1/	2019/20 2/
Area planted (mil. ac.)	83.5	90.2	89.2	85.0
Area harvested	82.7	89.5	88.1	84.3
Yield (bu./ac.)	51.9	49.3	51.6	49.5
Production (mil. bu.)	4,296	4,412	4,544	4,175
Beginning stocks	197	302	438	910
Imports	22	22	20	20
Supply	4,516	4,735	5,002	5,105
Crush	1,901	2,055	2,090	2,105
Seed and Residual	146	113	127	130
Total domestic use	2,047	2,168	2,217	2,235
Exports	2,166	2,129	1,875	2,025
Total use	4,214	4,297	4,092	4,260
Ending stocks	302	438	910	845
Stocks/use (percent)	7.2	10.2	22.2	19.8
Season-avg. farm price ($/bu.)	9.47	9.33	8.60	8.80

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, crush, exports, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates* report, February 8, 2019. The season-average price is the midpoint of the projected range from the same report. 2/ Projections based on analysis by the USDA's Oilseeds Interagency Commodity Estimates Committee.
Note: Totals may not add due to rounding.

Table 7. Soybean Meal Supply, Demand, and Price, 2016/17-2019/20

	2016/17	2017/18	2018/19 1/	2019/20 2/
Production (thou. short tons)	44,787	49,216	49,147	49,700
Beginning stocks	264	401	553	450
Imports	350	495	350	350
Supply	45,400	50,112	50,050	50,500
Domestic Use	33,420	34,733	35,850	36,500
Exports	11,580	14,826	13,750	13,600
Total use	45,000	49,559	49,600	50,100
Ending stocks	401	553	450	400
Avg. price ($/short ton) 3/	316.88	345.02	315.00	320.00

1/ Beginning stocks, production, imports, use, ending stocks, and average price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. Price is the midpoint of the projected range from the same report.
2/ Projections based on analysis by the USDA's Oilseeds Interagency Commodity Estimates Committee.
3/ The average price is for 48-percent protein meal at Decatur, Illinois.
Note: Totals may not add due to rounding.

Table 8. Soybean Oil Supply, Demand, and Price, 2016/17-2019/20

	2016/17	2017/18	2018/19 1/	2019/20 2/
Production (mil. lbs.)	22,123	23,767	24,455	24,315
Beginning stocks	1,687	1,711	1,990	2,095
Imports	319	335	300	300
Supply	24,129	25,814	26,745	26,710
Domestic Use	19,862	21,376	22,400	22,775
Biodiesel 3/	6,200	7,134	8,000	8,200
Food, Feed, Other Industrial	13,662	14,243	14,400	14,575
Exports	2,556	2,447	2,250	1,900
Total use	22,418	23,824	24,650	24,675
Ending stocks	1,711	1,990	2,095	2,035
Avg. price (cents/lb.) 4/	32.5	30.0	30.0	30.5

1/ Beginning stocks, production, imports, use, ending stocks, and average price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2019. Price is the midpoint of the projected range from the same report.
2/ Projections based on analysis by the USDA's Oilseeds Interagency Commodity Estimates Committee.
3/ Reflects only biodiesel made from methyl ester as reported by the U.S. Energy Information Administration.
4/ The average price is for crude soybean oil at Decatur, Illinois.
Note: Totals may not add due to rounding.