

2014

Agricultural Outlook

Chris Hurt

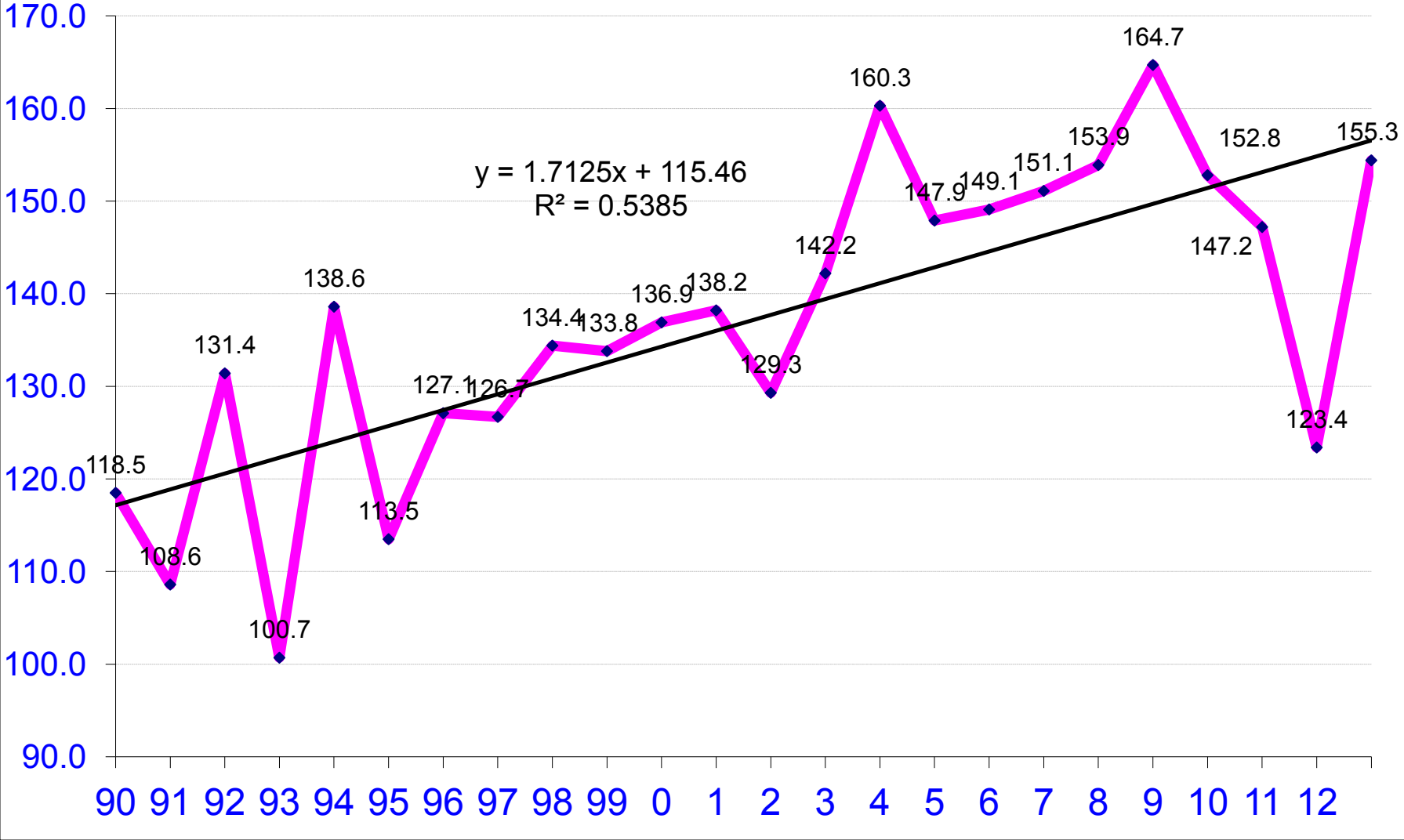
Purdue Extension Service



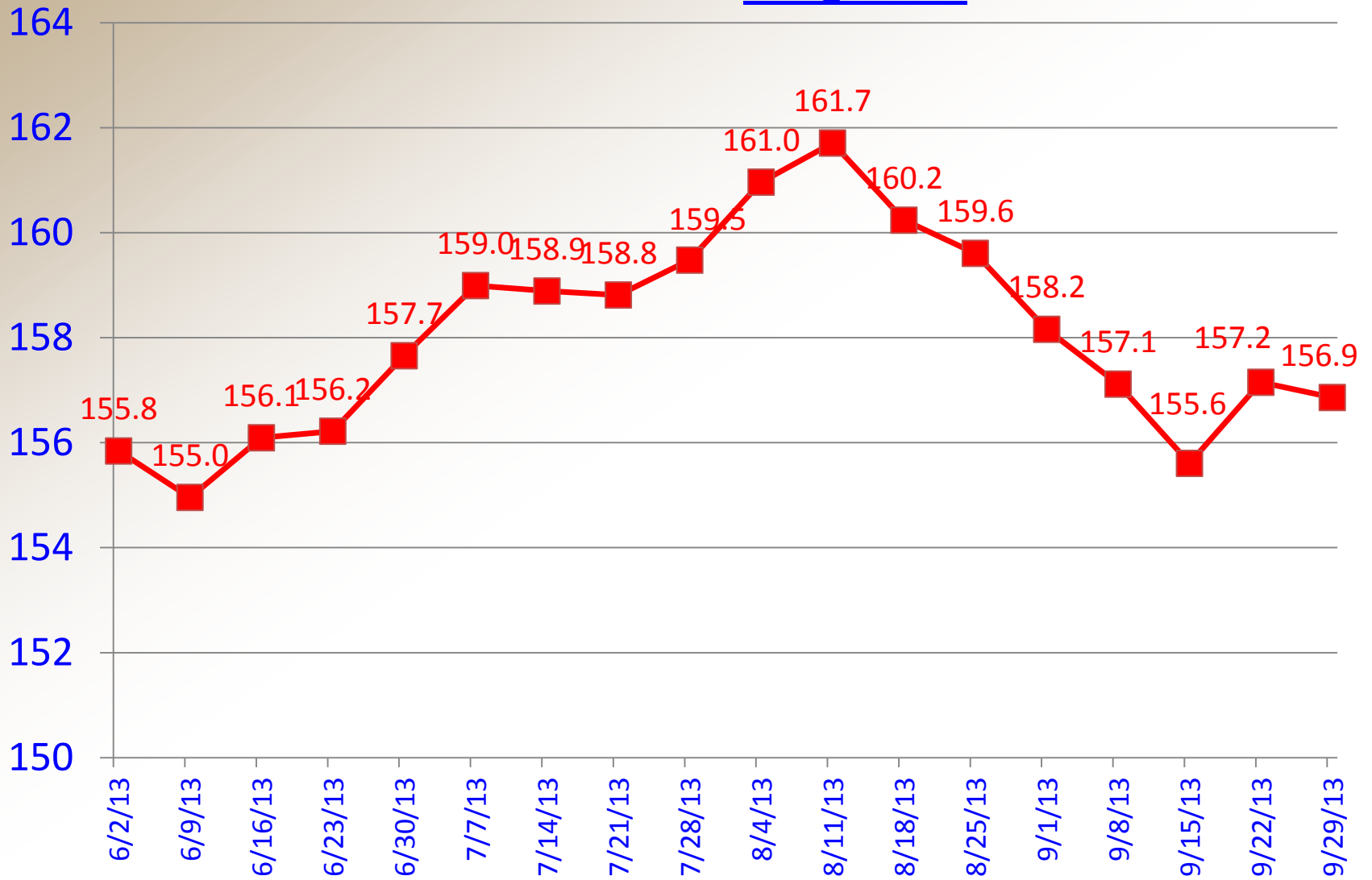
ZC - Corn - Monthly Nearest OHLC Chart



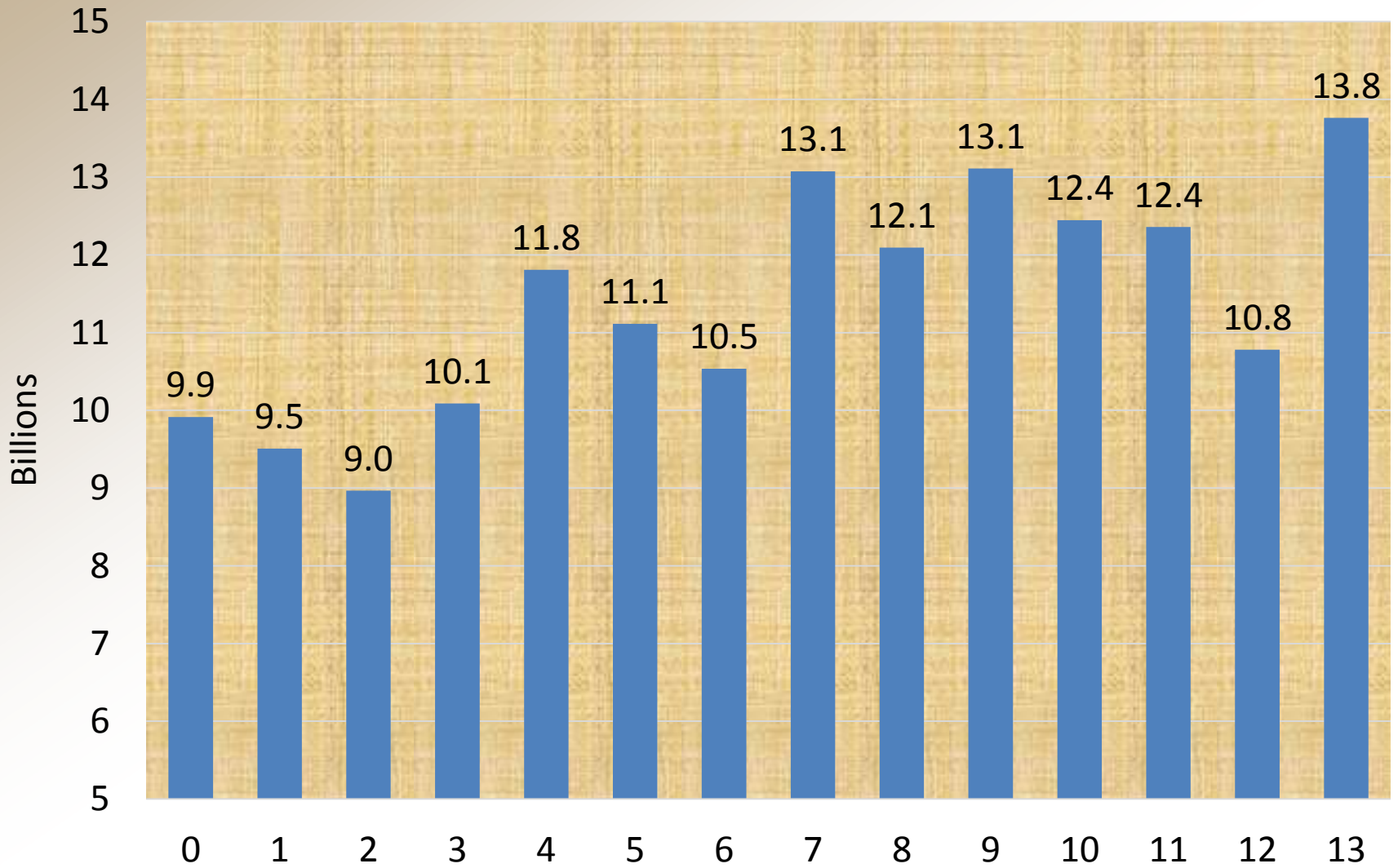
Corn Yield: 1990-2013



Estimated U.S. Corn Yields: [Hurt@Purdue](#)



Corn Production



Corn: USDA

9/12/13

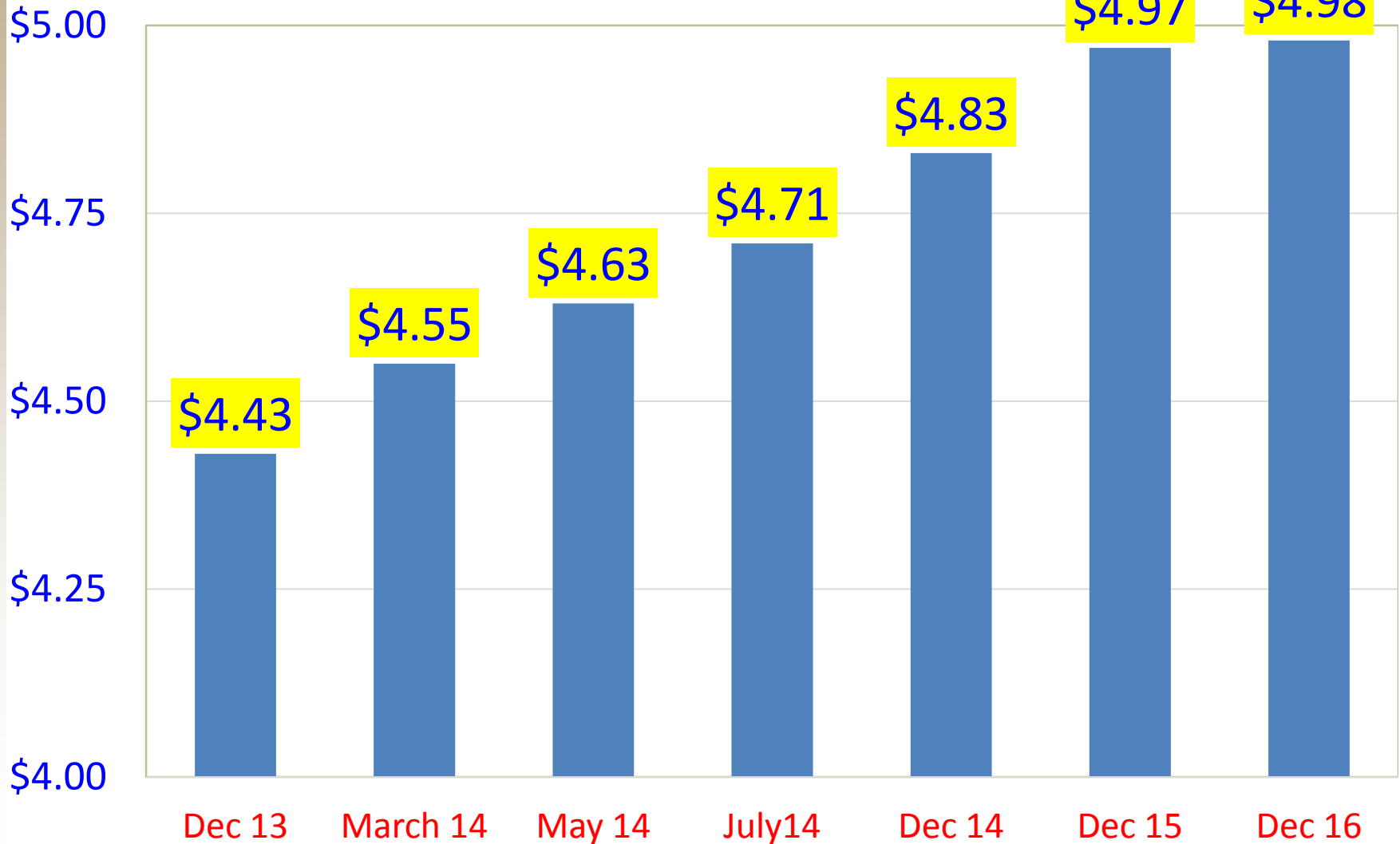
09/10	10/11	11/12	12/13	13/14
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Million Bushels

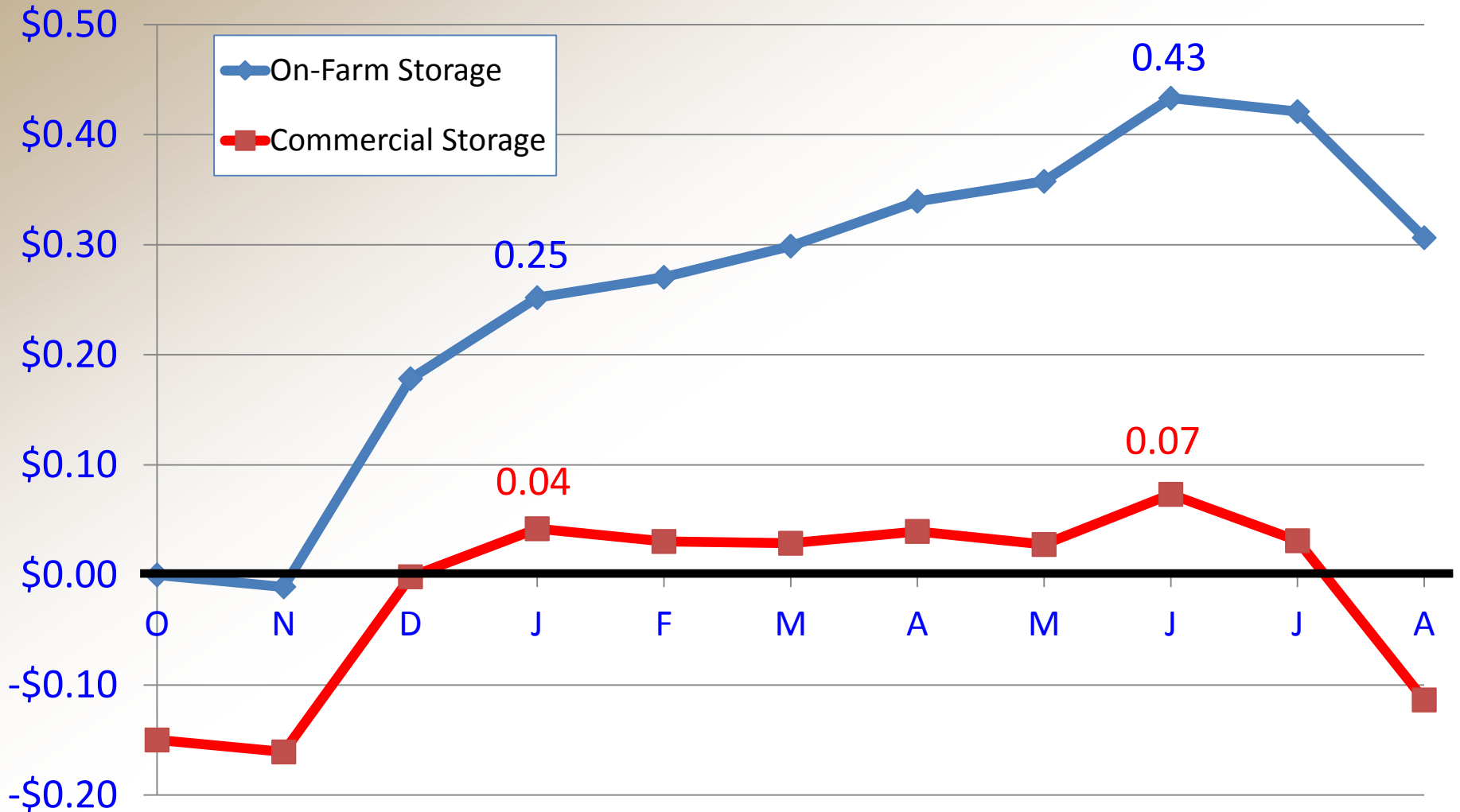
Carry in	1,673	1,708	1,128	989	661
Production	13,110	12,447	12,358	10,780	13,843
Total Supply	14,791	14,182	13,514	11,931	14,530
Feed & Residual	5,166	4,792	4,547	4,475	5,100
FSI Non-Fuel	1,370	1,406	1,426	1,395	1,450
FSI Fuel (Ethanol)	4,560	5,021	5,011	4,665	4,900
Export	1,987	1,835	1,541	735	1,225
Total Use	13,083	13,054	12,525	11,270	12,675
Ending Stocks	1,708	1,128	989	661	1,855
US Farm Price	\$3.55	\$5.18	\$6.22	\$6.90	\$4.80

\$4.40 -
\$5.20

Corn Futures: Oct 15



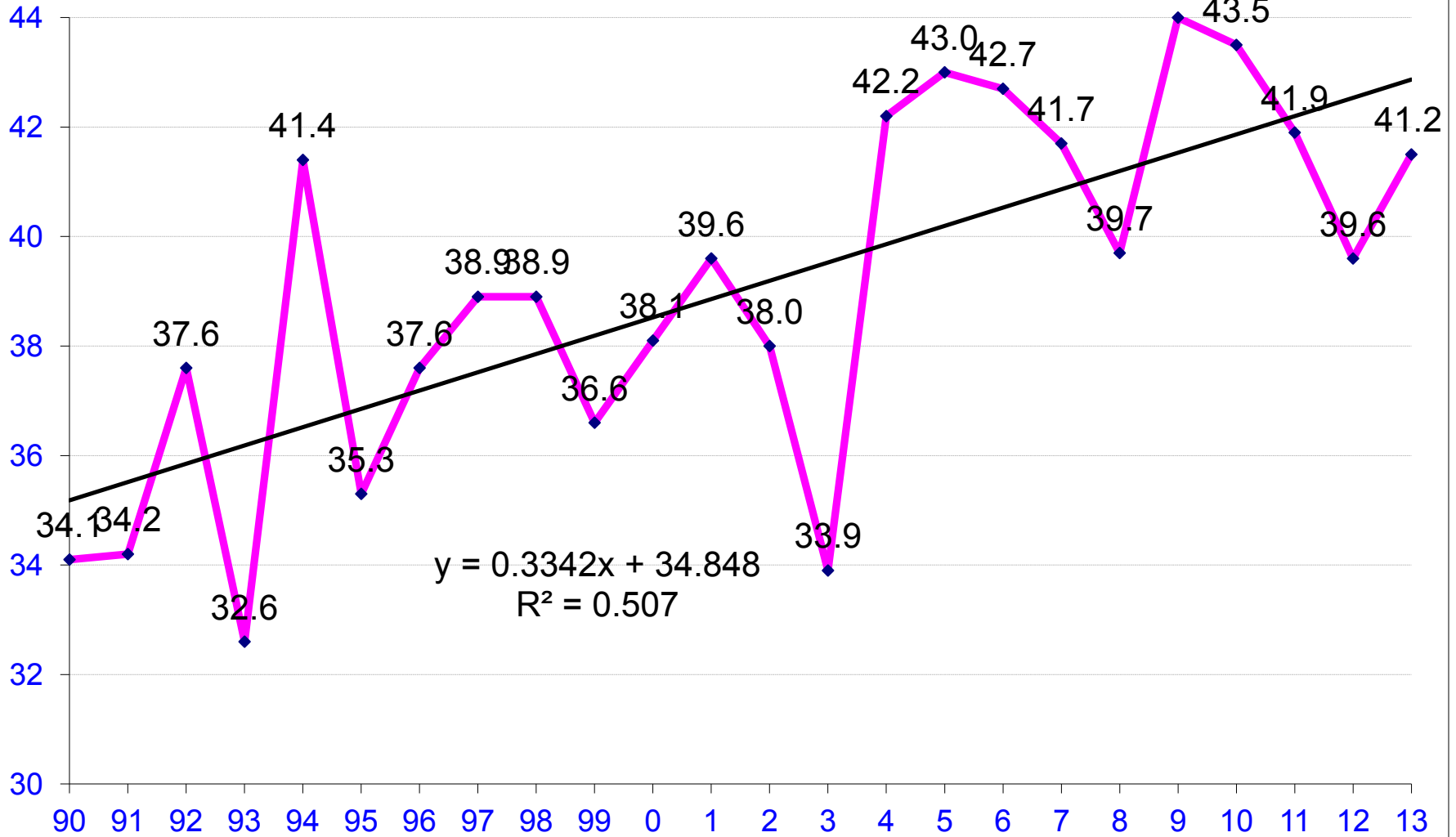
Estimated Corn Storage Returns: September 23, 2013



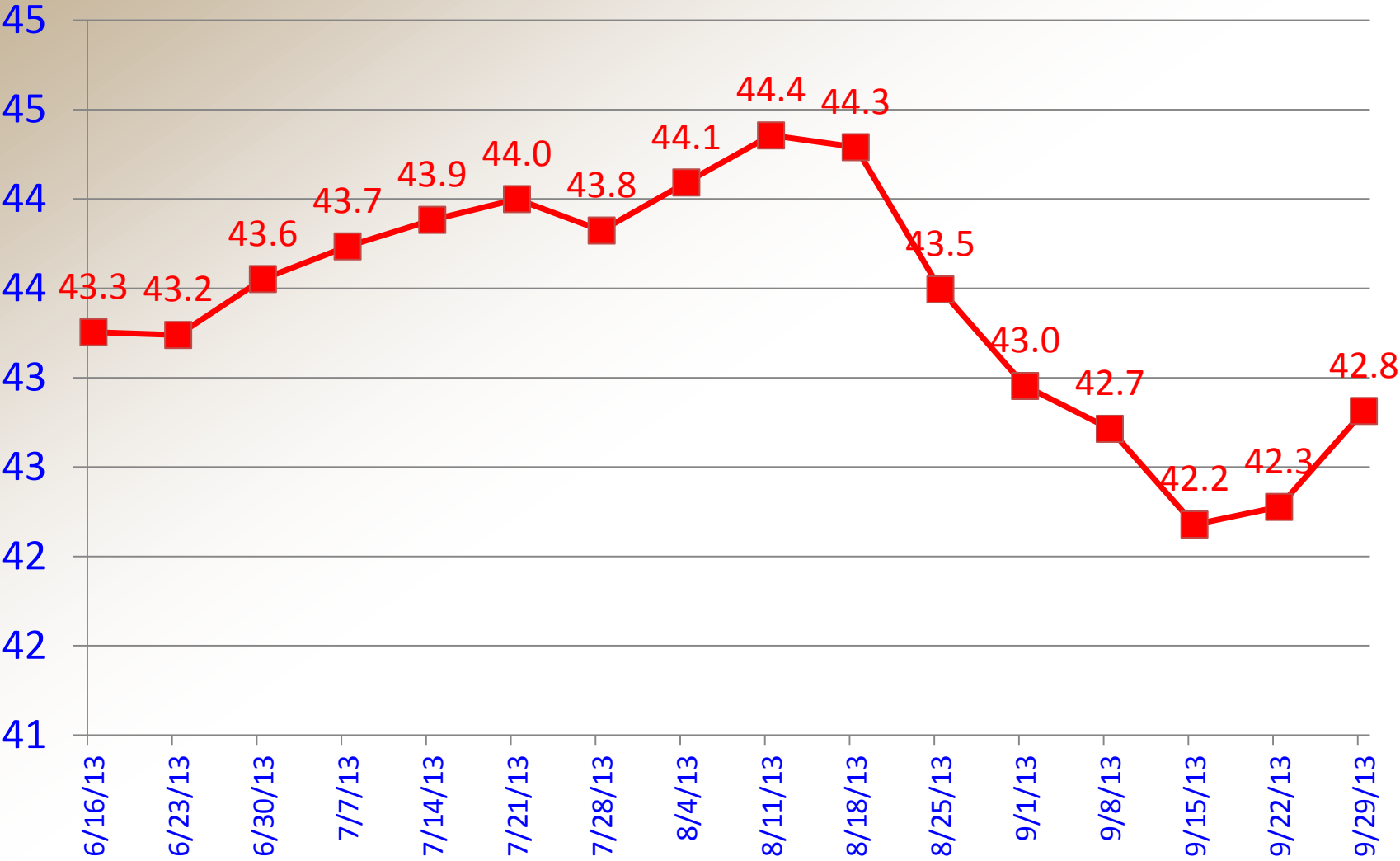


Soybeans and Protein Meals

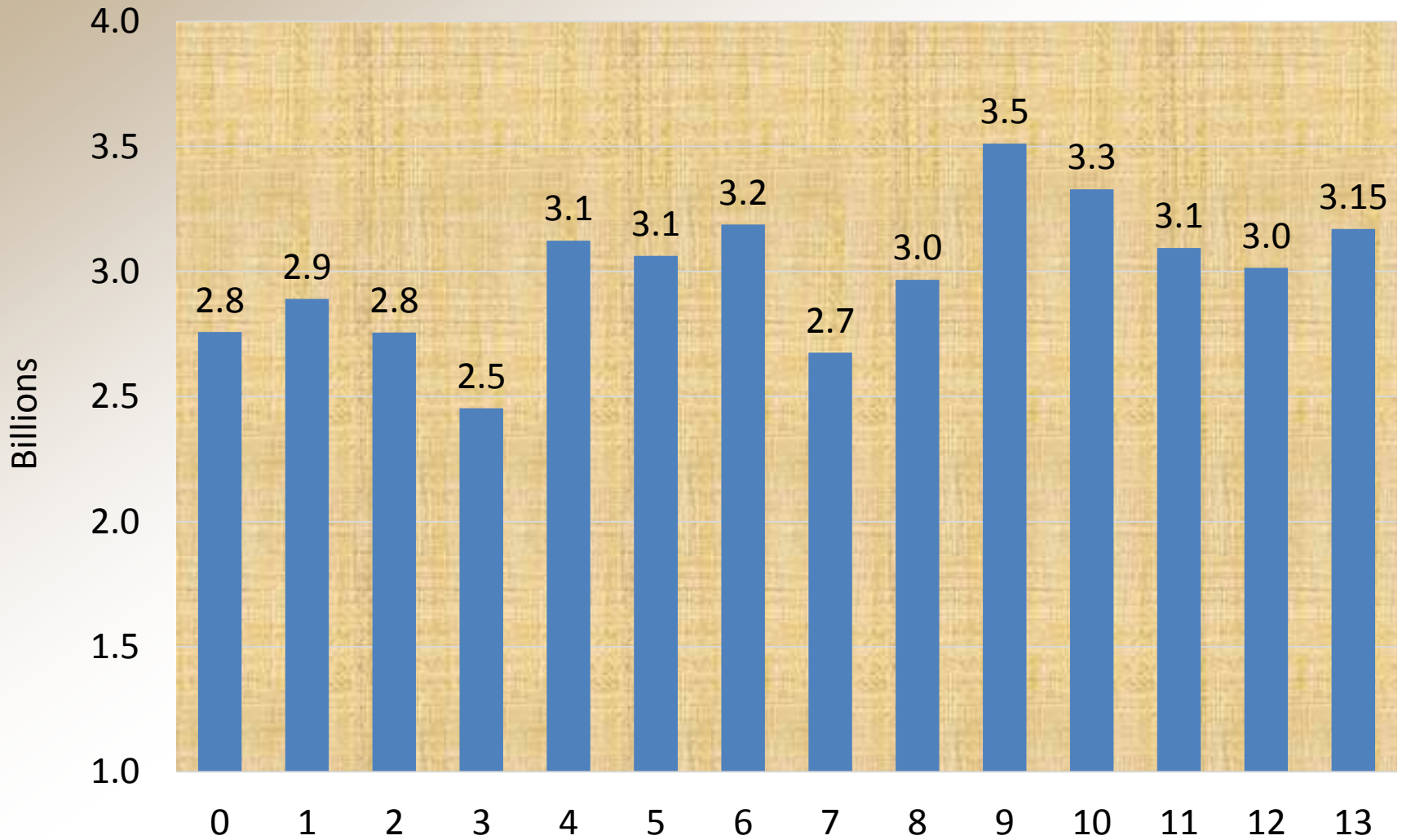
Bean Yield 1990-2013



Estimated Soybean Yields: [Hurt@Purdue](#)



Soybean Production



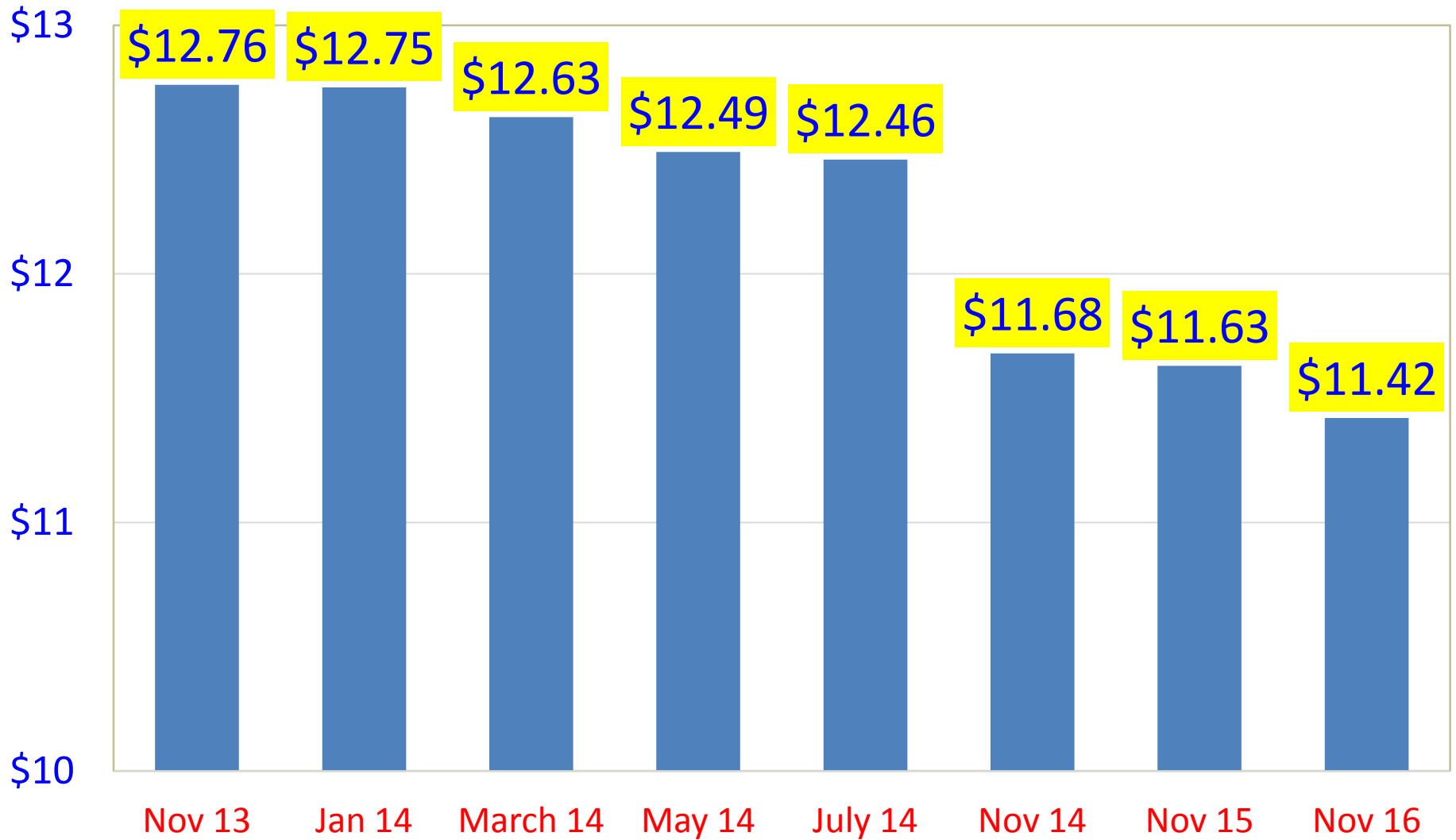
Soybeans: USDA

9/12/13

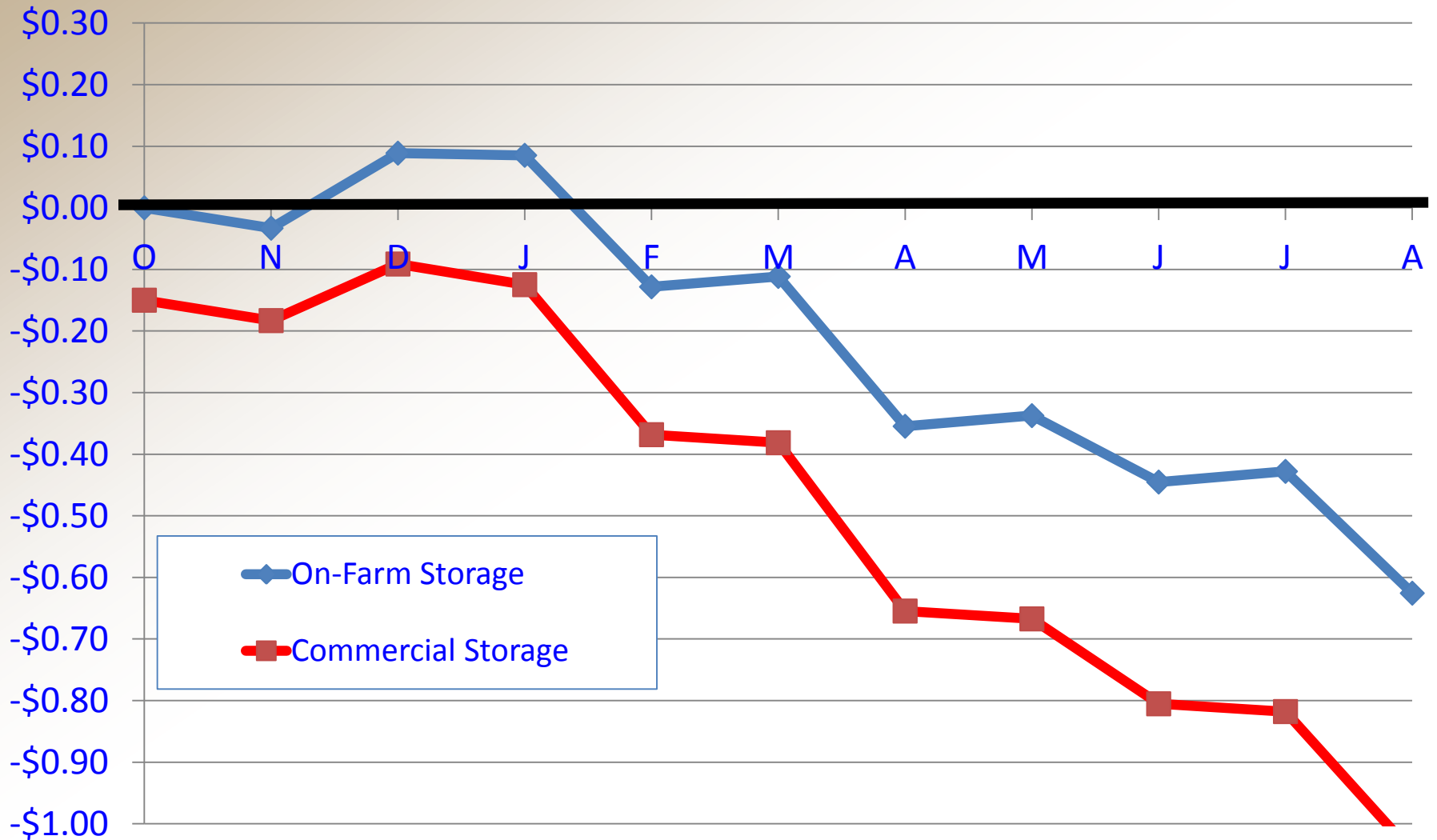
	09/10	10/11	11/12	12/13	13/14
	<i>Million Bushels</i>				
Carryin	138	151	215	169	125
Production	3,359	3,329	3,094	3,015	3,149
Total Supply	3,512	3,495	3,325	3,219	3,289
Seed & Residual	108	132	88	95	115
Crush	1,752	1,648	1,703	1,690	1,655
Exports	1,501	1,500	1,365	1,315	1,370
Total Use	3,361	3,280	3,156	3,099	3,140
Ending Stock	151	215	169	125	150
Farm Price	\$9.59	\$11.30	\$12.50	\$14.40	\$12.50

\$11.50-
\$13.50

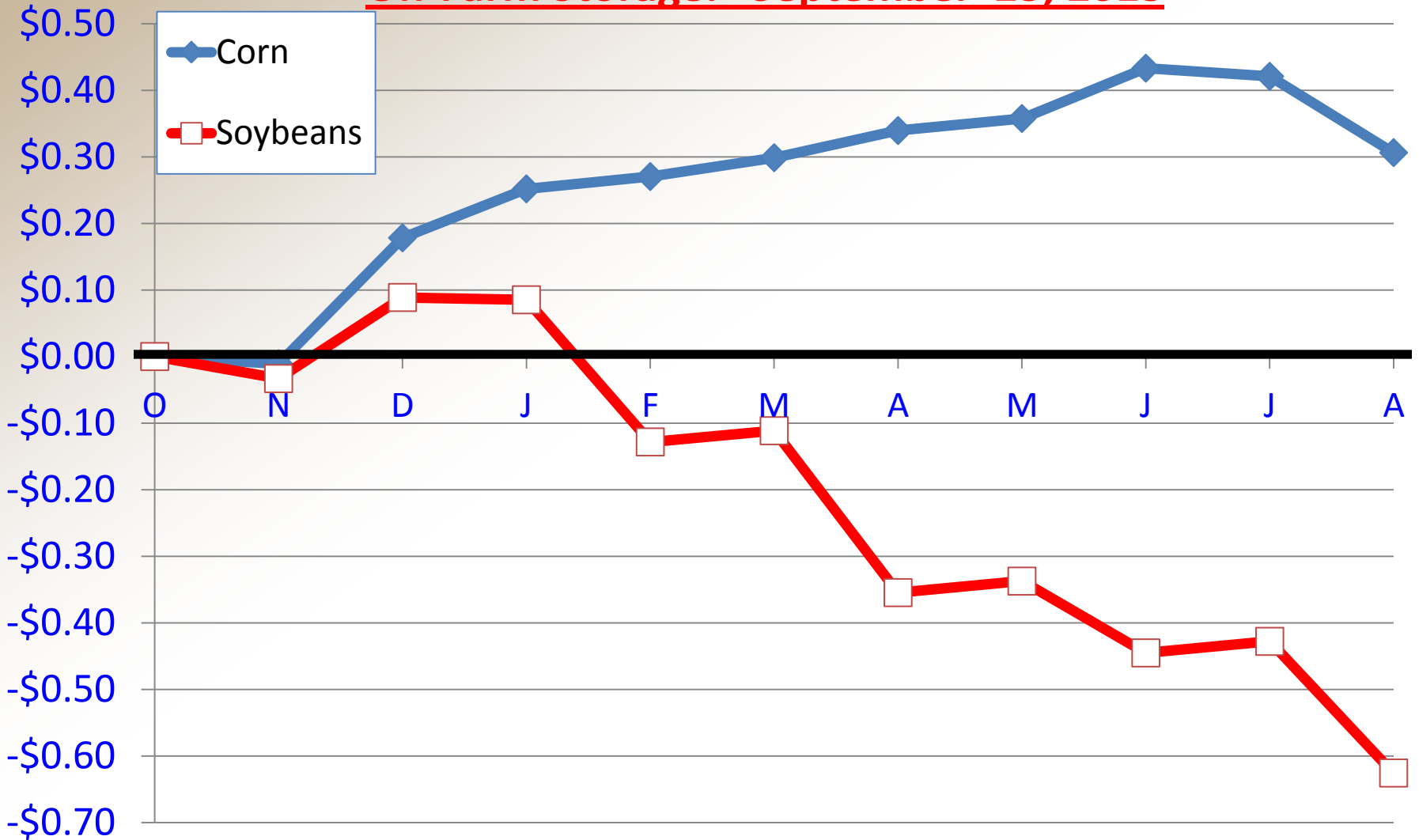
Soybean Futures: Oct 15



Soybean Storage Returns: September 23, 2013



Estimated Corn versus Bean Storage Returns:
On-Farm Storage: September 23, 2013



CORN Variable Costs Per Acre for Average Quality Land in a corn/soybean rotation (165 bu./ac in 2013)

	Fertilizer	Seed	Pesticides	Fuel	Machinery repairs	Hauling	Interest	Insurance & Misc	Total Var. Costs
2005	\$66	\$34	\$19	\$29	\$10	\$9	\$6	\$11	\$184
2006	\$86	\$35	\$20	\$42	\$10	\$9	\$9	\$11	\$222
2007	\$79	\$43	\$30	\$38	\$10	\$13	\$11	\$15	\$239
2008	\$141	\$79	\$39	\$52	\$11	\$13	\$18	\$27	\$380
2009	\$180	\$89	\$41	\$42	\$12	\$17	\$17	\$27	\$425
2010	\$104	\$94	\$37	\$44	\$14	\$14	\$9	\$26	\$342
2011	\$151	\$99	\$35	\$49	\$14	\$15	\$11	\$23	\$397
2012	\$175	\$107	\$38	\$59	\$21	\$15	\$13	\$33	\$461
2013	\$176	\$115	\$38	\$49	\$22	\$16	\$13	\$33	\$462
2014	\$138	\$122	\$38	\$50	\$22	\$16	\$12	\$33	\$431
2014 % of 13	78%	106%	100%	102%	100%	100%	92%	100%	93%

SOYBEAN Variable Costs Per Acre for Average Quality Land in a corn/soybean rotation (49.5 bu./acre in 2014)

	Fertilizer	Seed	Pesticides	Fuel	Machinery repairs	Hauling	Interest	Insurance & Misc	Total Var. Costs
2005	\$26	\$36	\$14	\$13	\$10	\$3	\$4	\$8	\$114
2006	\$32	\$37	\$12	\$18	\$10	\$3	\$5	\$8	\$125
2007	\$34	\$39	\$12	\$7	\$6	\$4	\$6	\$12	\$120
2008	\$61	\$48	\$19	\$11	\$8	\$4	\$9	\$22	\$182
2009	\$89	\$52	\$29	\$8	\$9	\$5	\$9	\$22	\$223
2010	\$53	\$52	\$29	\$9	\$10	\$4	\$5	\$21	\$183
2011	\$62	\$59	\$29	\$9	\$10	\$5	\$6	\$14	\$194
2012	\$83	\$62	\$29	\$16	\$18	\$5	\$7	\$23	\$243
2013	\$77	\$69	\$24	\$16	\$18	\$5	\$7	\$23	\$239
2014	\$62	\$73	\$25	\$16	\$18	\$5	\$7	\$23	\$229
2014 % of 13	81%	106%	104%	100%	100%	100%	100%	100%	96%

2014 Estimated Crop Budget:

Indiana: October 15, 2013

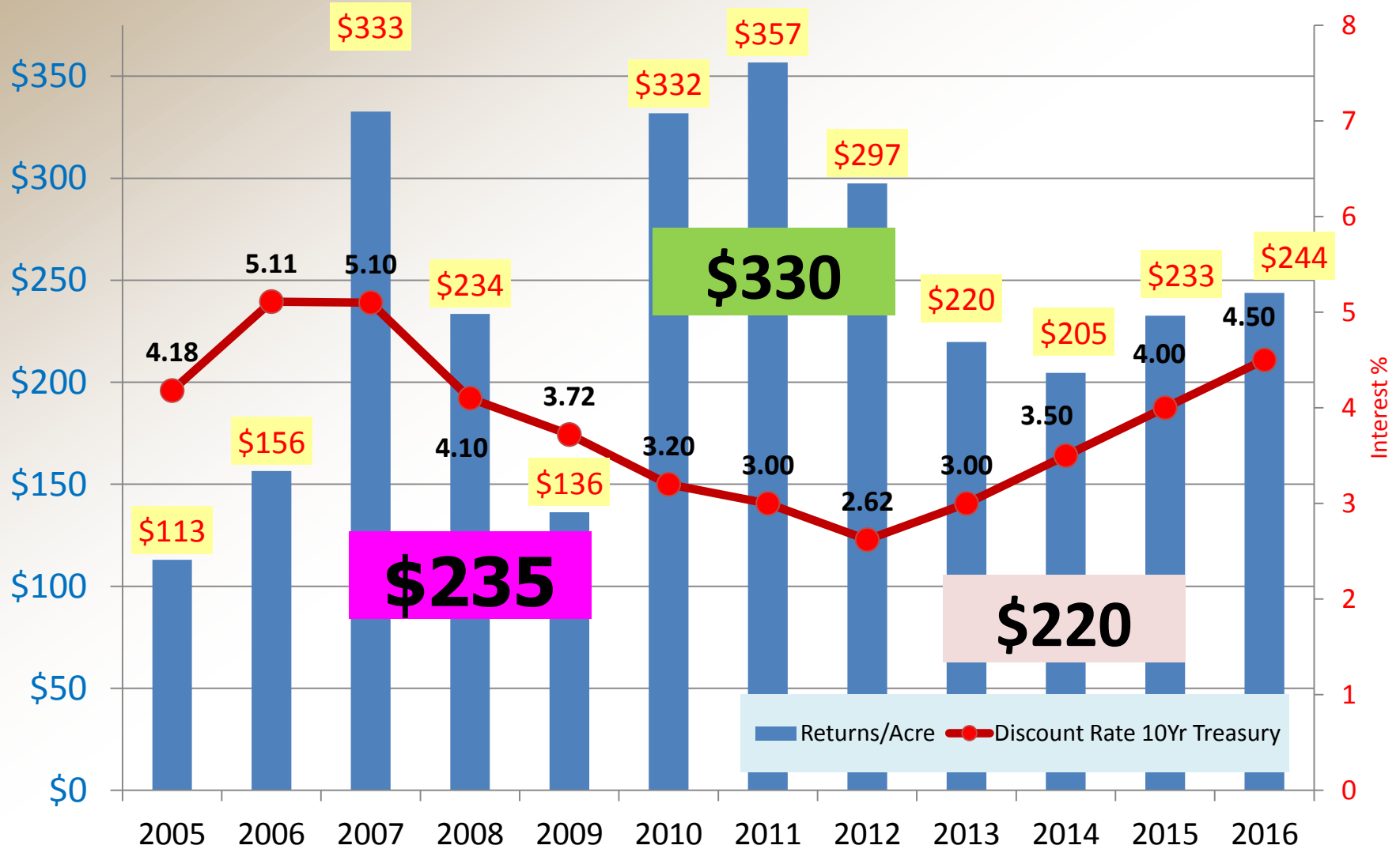
Prices		<u>Corn</u>	<u>Beans</u>	<u>Wheat</u>
Harvest Futures 2014		\$4.83	\$11.68	\$6.83
Expected Basis		<u>-0.20</u>	<u>-0.25</u>	<u>-0.35</u>
Expected Cash Price		\$4.63	\$11.43	\$6.48

Estimated Yield/Acre and Returns/Acre Above Variable Costs

<u>Land Quality</u>	Continuous Corn		Rotation Corn		Rotation Soybeans		Single-Crop Wheat		Wheat/DC Bns
	<u>bu./acre</u>	<u>\$/acre</u>	<u>bu./acre</u>	<u>\$/acre</u>	<u>bu./acre</u>	<u>\$/acre</u>	<u>bu./acre</u>	<u>\$/acre</u>	<u>\$/acre</u>
Low	122	\$156	130	\$212	40	\$241	56	\$199	\$332
Average	153	\$258	163	\$324	50	\$343	70	\$268	\$471
High	184	\$390	196	\$463	60	\$444	84	\$338	\$623

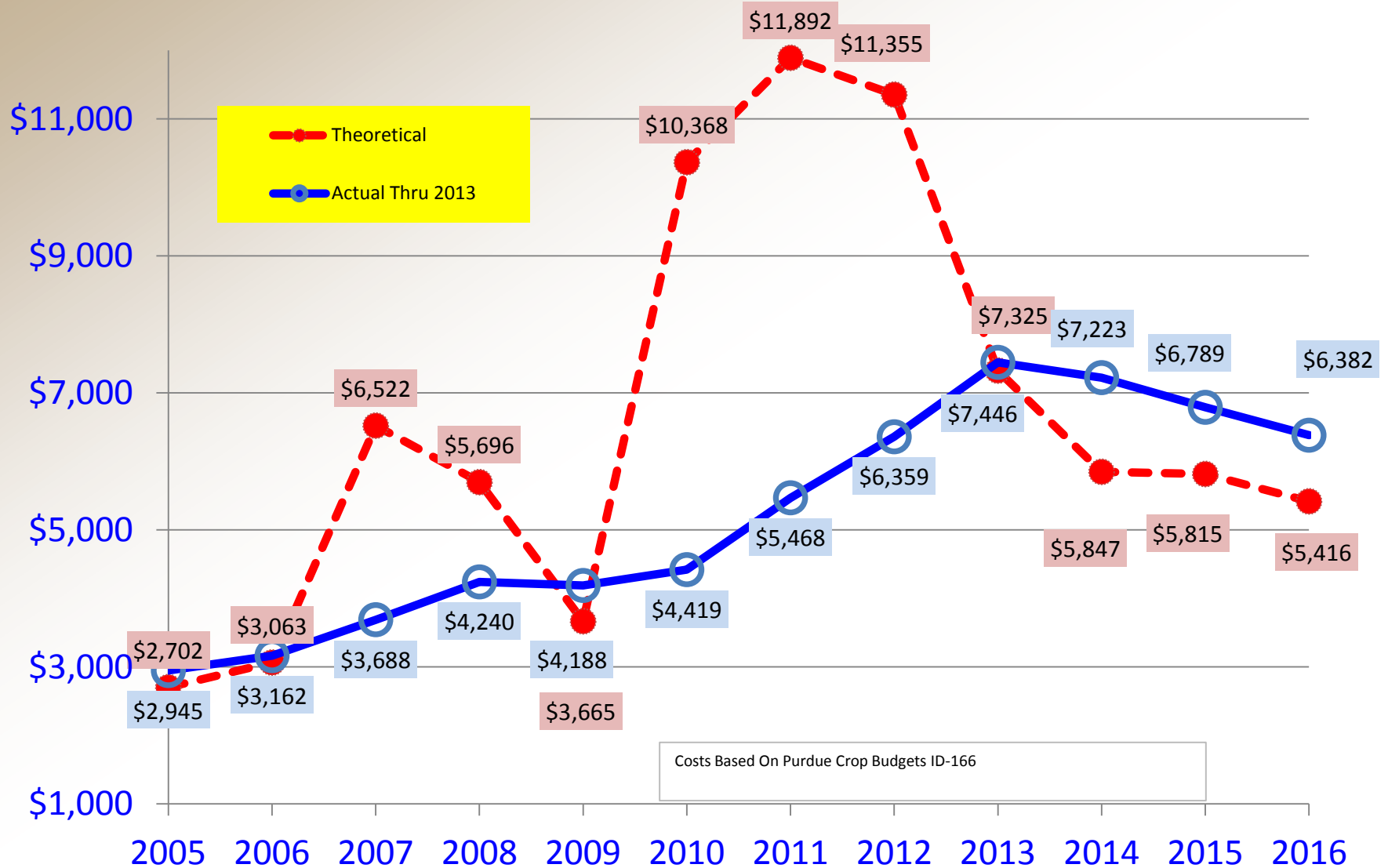
Budget: Purdue ID-166 (August 2013)

Estimated Ownership Returns/Acre to Average Quality Indiana Land, October 15, 2013



Observed Average Indiana Land Values and Theoretical Values Based on Returns to Land Divided by 10 Year

Treasury Interest Rate: 50/50 Corn/Beans: Oct 15, 2013



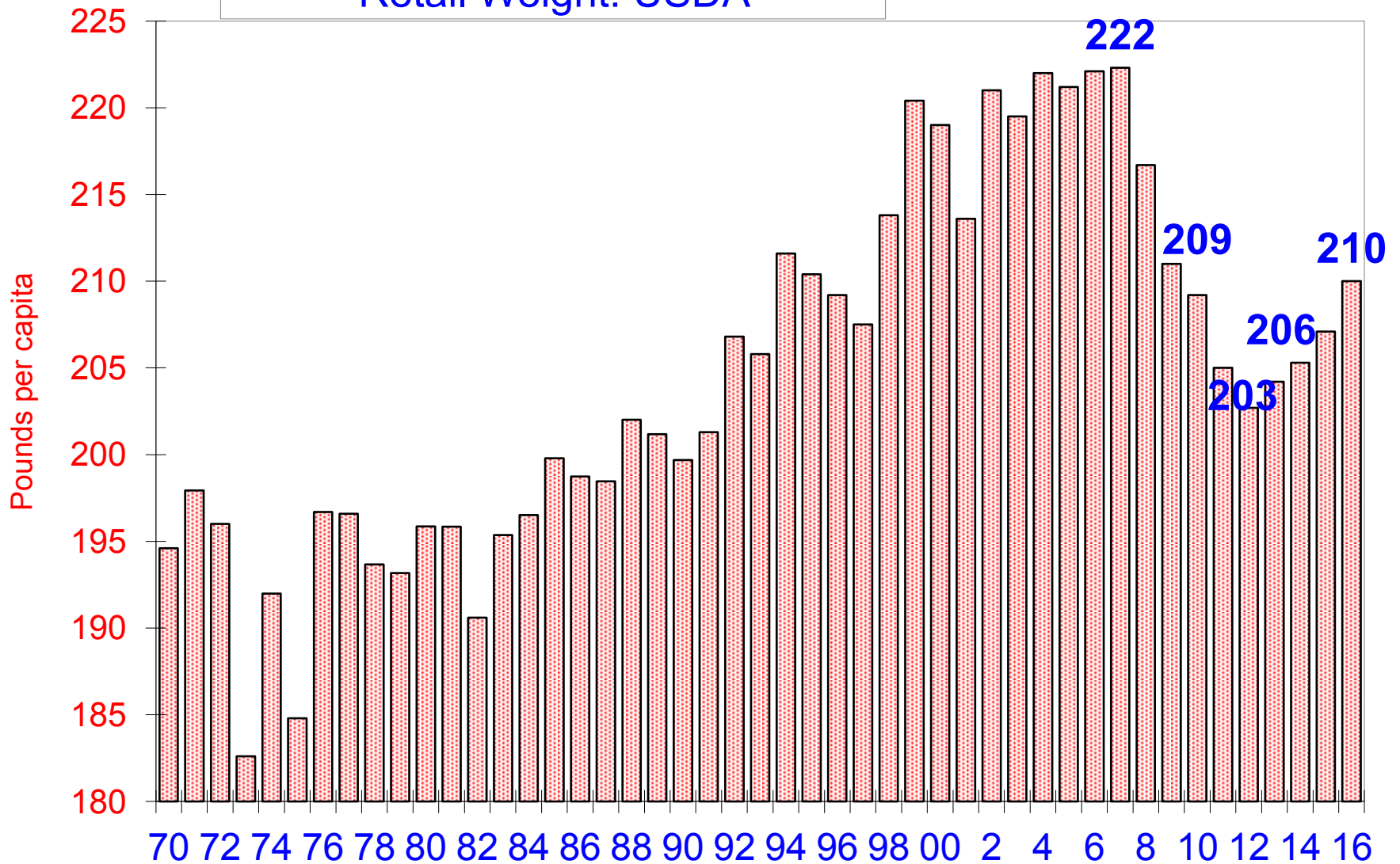
2014 Meat Animal Outlook



High Anxiety: Feed Prices!



Per Capita Total Meats and Poultry Retail Weight: USDA

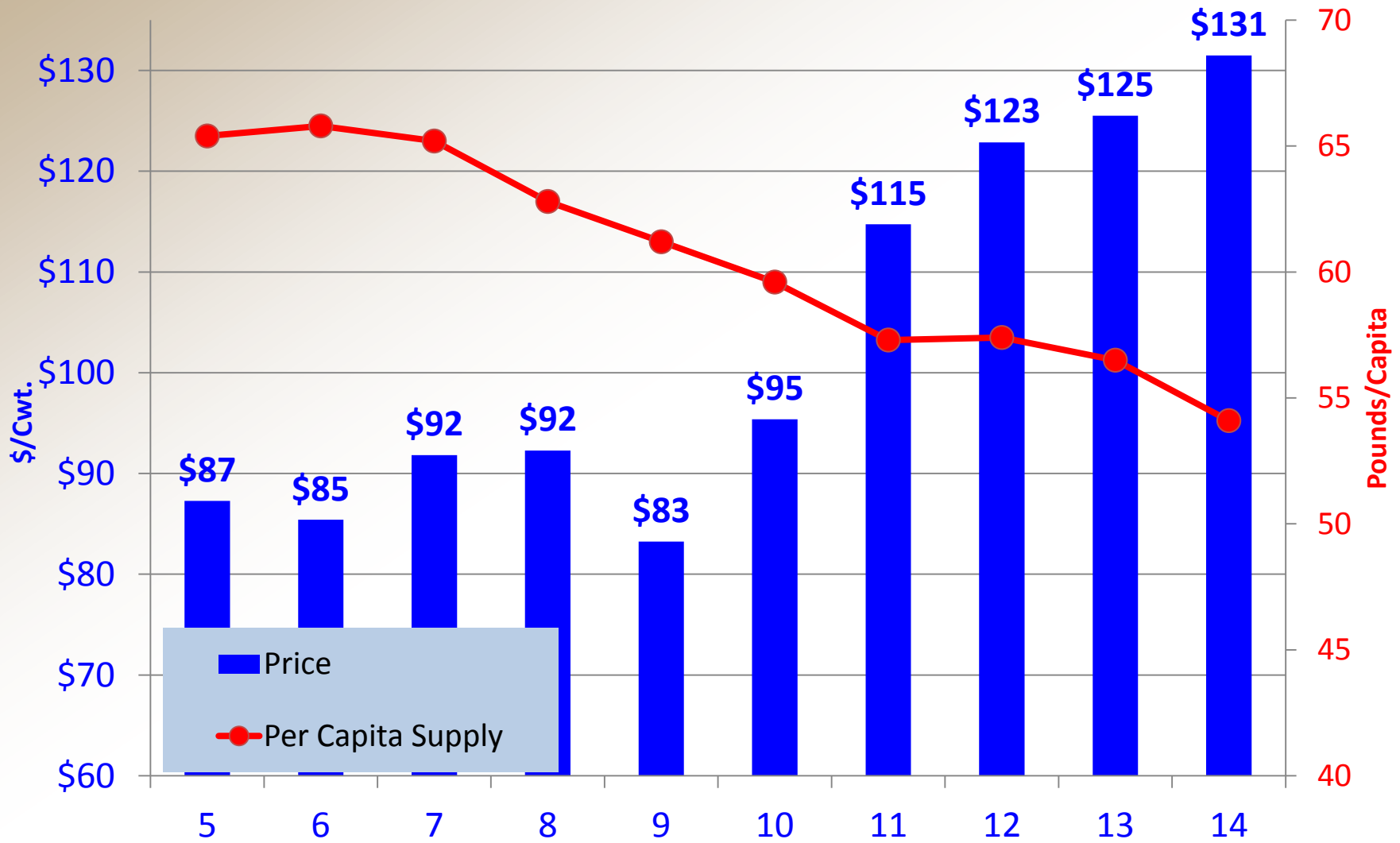


Lower Feed Prices!

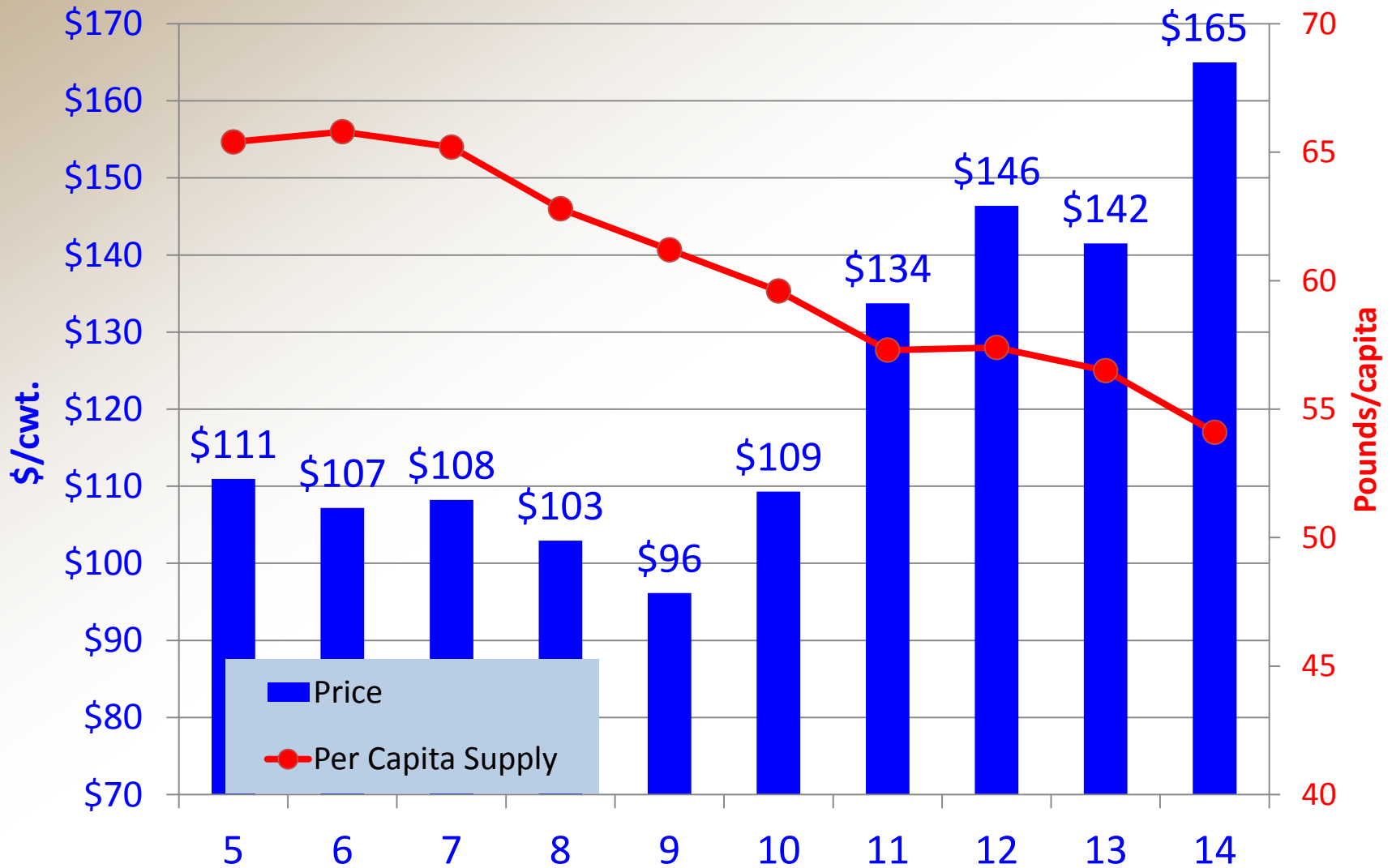
Time to get back in

Beef	0%	0%
Pork	+1%	+3%
Chicken	+2%	+3%
<u>Turkey</u>	<u>-1%</u>	<u>+3%</u>
Total \$ Meats	0%	+1%
Eggs	+1%	+1%

Choice Steer per Capita Supplies and Prices



750-800 Oklahoma City Feeder Steer Prices and per Capita Supplies





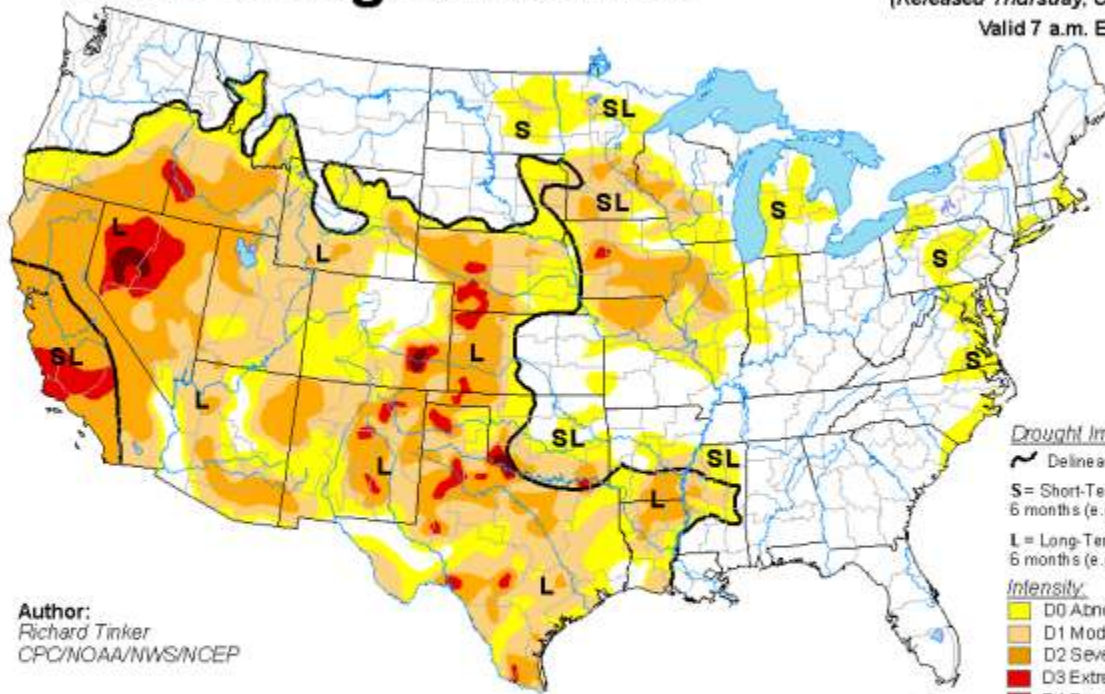
Beef Cow Expansion Requires:

- 1. Improved Pasture**
- 2. Calf Prices of \$1.75+**

Pasture Recovery???????

U.S. Drought Monitor

October 8, 2013
 (Released Thursday, Oct. 10, 2013)
 Valid 7 a.m. EDT



Author:
 Richard Tinker
 CPC/NOAA/NWS/NCEP

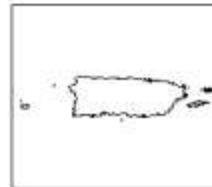
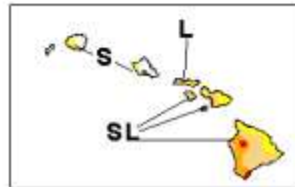
Drought Impact Types

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

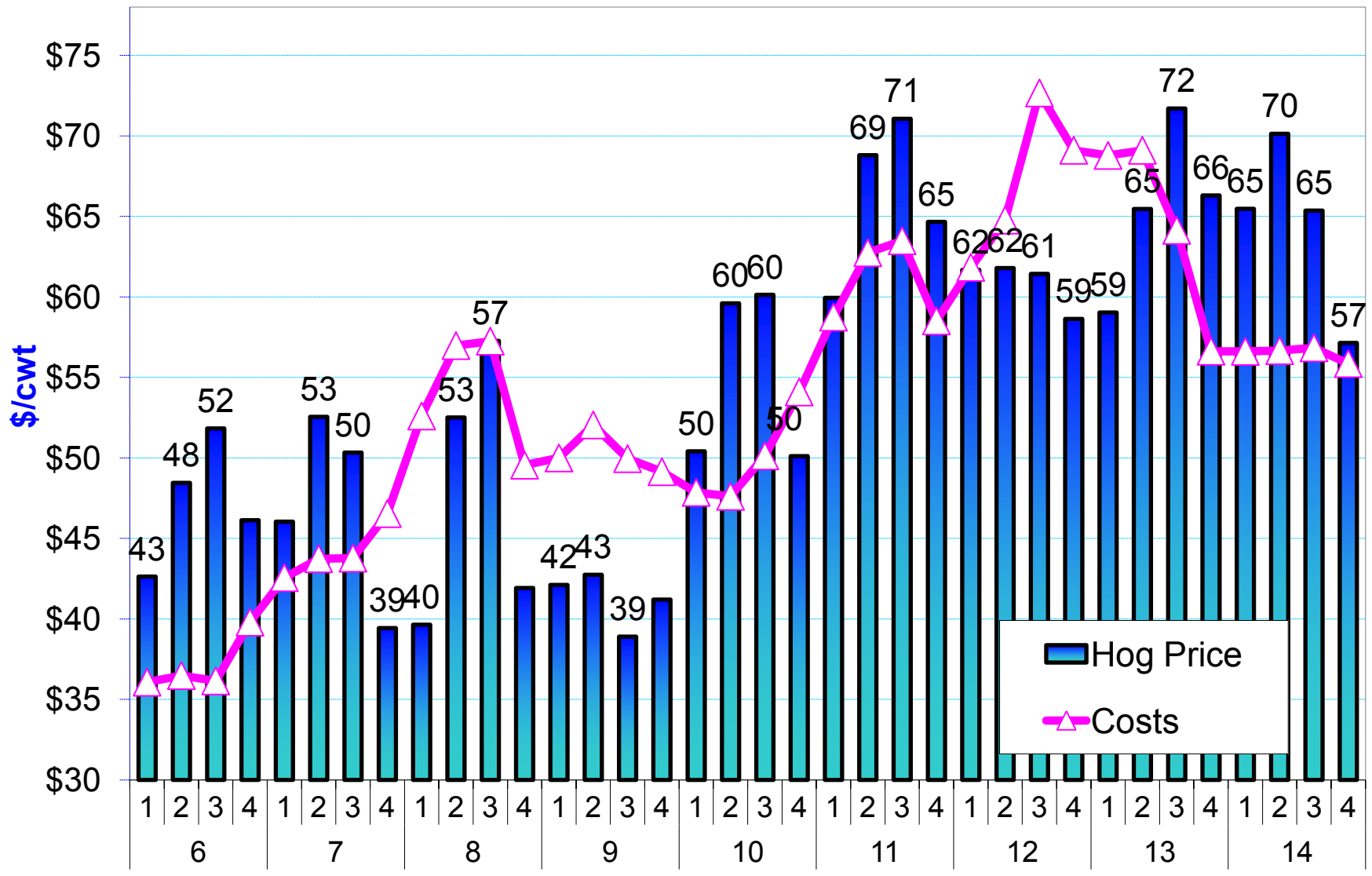
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



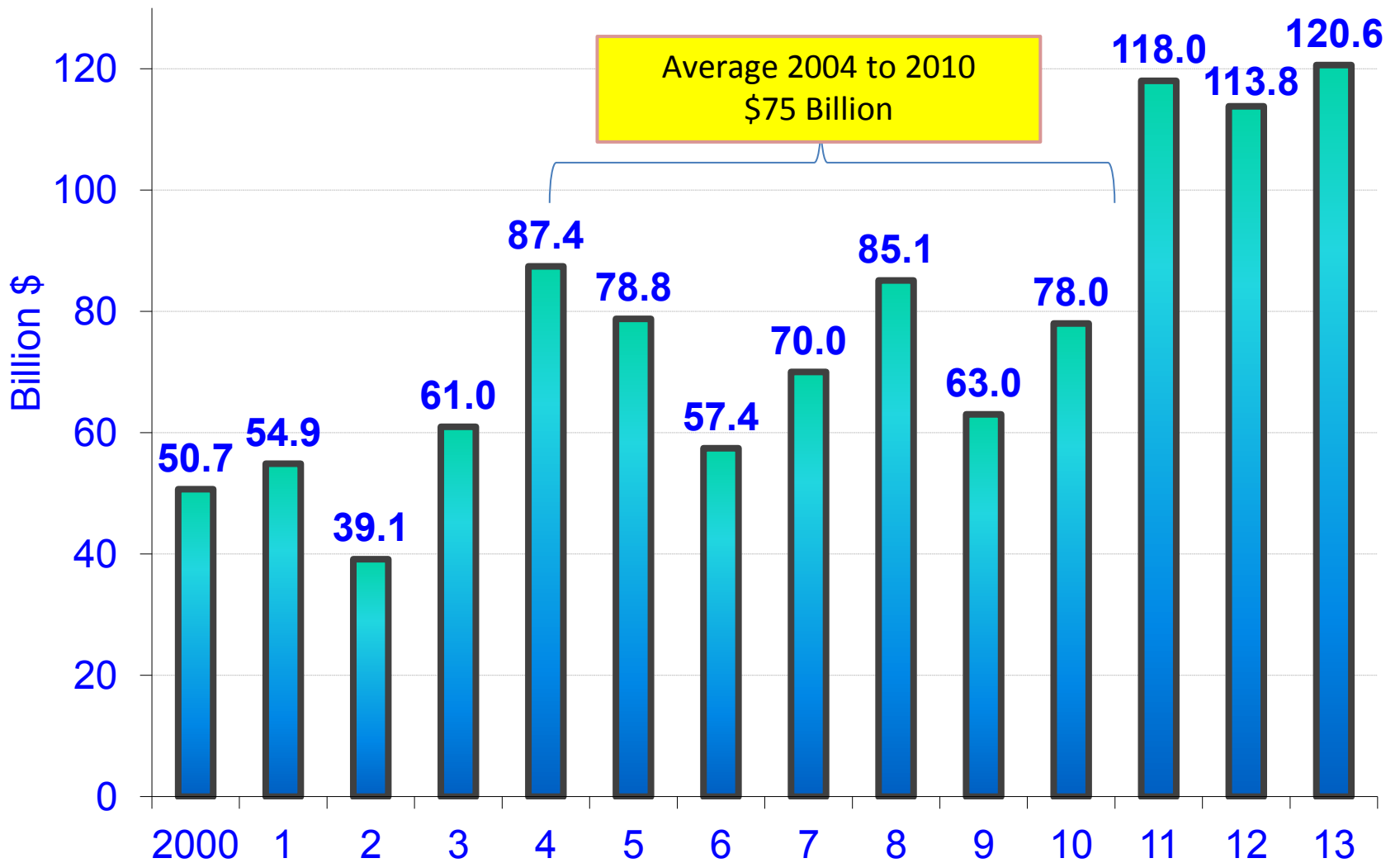
<http://droughtmonitor.unl.edu/>

	12	13	14
Milk	18.53	19.80	19.85
Eggs	117	120	112
Broilers	86.6	99	93
Turkey	105.6	103	98.5

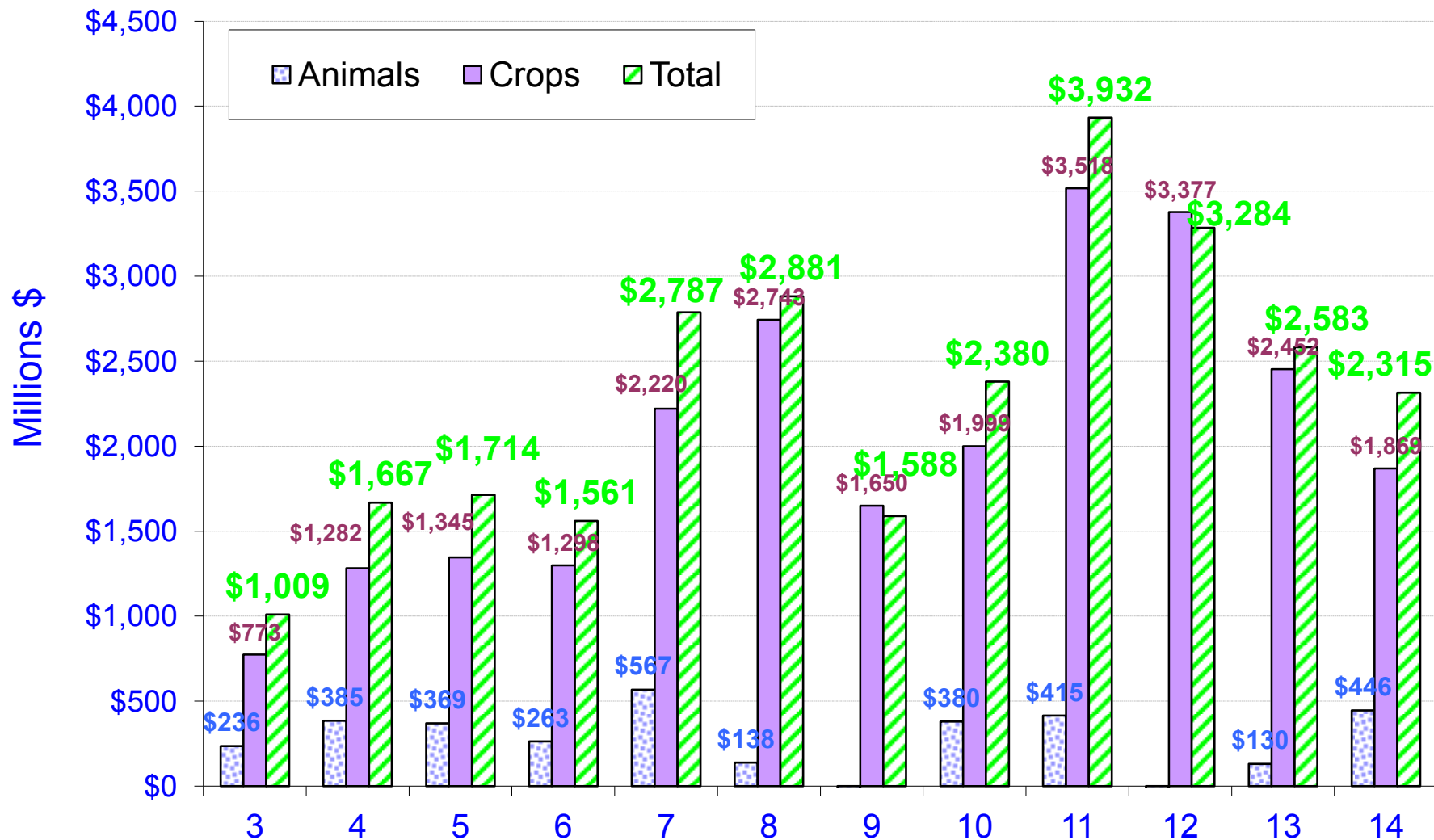
Purdue Estimated Hog Prices and Costs Per Live Hundredweight:



U.S. Net Farm Income : 2000-2013 USDA Billion \$



Indiana Net Farm Income Estimates



Purdue Estimates

Tea Leaves 2013-2016 Moderation-with a Downward Slope??

Next 4 Years:

**Time to be cautious for some and
aggressive for others?**

Weaker tone for Crop Producers

Who's Vulnerable?

- High % of Hi cash rent
- Weak financial position
- High costs for whatever reason
- Recent large land purchases?

Strategies:

- Turn more cautious
- Focus on driving costs down
- Delay pricing inputs
- No multiple year locking in inputs
- Forward price product more aggressively
- Earn storage returns

Weaker tone for Input Suppliers

- Lower fertilizer prices/volume
- Lower seed prices & more competition
- Lower cash rents
- Lower machinery demand
- Lenders: Declining loan volumes in \$

- Reduce inventories
- Caution about ordering
- No new capital investments
- Collect accounts payable

Improved tone: Margins and Volume

- Grain Handlers
- Grain & Soybean Processors
- Animal product producers & suppliers
- Food consumers: Slower food price inflation
- Foreign buyers

- Rejoice!
- Improve financial position
- Become more aggressive
- Consider expansion