

Crops Marketing and Management Update

Grains and Forage Center of Excellence

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Topic 1. *Prospective Plantings Report Surprises with Corn Acreage Potential*

Farmers surveyed in the first two weeks of March told USDA that they intended to plant 96.99 million acres of corn. If realized, the planted corn area will be the largest since the 2012 corn crop, which planted 97.29 million acres. Farmers intend to increase the corn area by 7.29 million acres from last year. Analysts surveyed before the report's release expected 2020 corn area closer to 94.1 million acres with the highest guess at 96.4 million acres.

Corn area is projected to increase by 6.35 million acres from 2019 in the Midwest states, with South Dakota projected to increase corn area by 1.65 million acres. Ohio, Illinois, and Indiana are expected to increase corn area by 900, 800, and 800 thousand acres, respectively, from last year. The 2019 prevented planted acres for these states were 928, 1145, and 710 thousand acres, apiece. The top five corn producing states of Illinois, Indiana, Iowa, Minnesota, and Nebraska are projected to increase corn area by 3.2 million acres from 2019. This increase is similar to the 2019 prevented planted area of 3.58 million acres for the five states. Only Kansas and North Dakota are projected to reduce corn planted area by 100 and 300 thousand acres from last year.

Southern farmers told USDA that they intended to increase corn planted area by 615 thousand from last year, with Texas and Louisiana leading the increase by 200 and 110 thousand acres, respectively. Kentucky is the only Southern state projected to reduce corn area in 2020 by 50 thousand acres to 1.5 million acres.

Analysts expected farmers to plant 85 million soybean acres in 2020. Farmers told USDA that they intend to plant 83.5 million acres this year, which would be 7.41 million acres additional acres planted from 2019. Soybean area is projected to increase in all of the Midwest states with South Dakota and North Dakota leading the increase by 1.9 and 1 million acres, respectively, from 2019. The only Midwest state not projected to increase the soybean area is Indiana, which is pegged to keep the soybean area unchanged from 2019. The total soybean area in the Midwest is projected at 69.45 million acres, which is a 6.59 million acre increase from 2019.

Table 1. 2020 Prospective Plantings and Change from 2019 for Corn, Soybeans, Wheat, and Cotton (1,000 Acres).

	Corn (1,000 Acres)		Soybeans (1,000 Acres)		Wheat (1,000 Acres)		Cotton (1,000 Acres)	
	Change from		Change from		Change from		Change from	
	2020	2019	2020	2019	2020	2019	2020	2019
Illinois	11,300	800	10,500	550	570	-80		
Indiana	5,800	800	5,400	0	340	10		
Iowa	14,100	600	9,300	100				
Kansas	6,300	-100	5,000	450	6,800	-100	200	25
Michigan	2,500	500	2,200	440	520	-20		
Minnesota	8,400	600	7,400	550	1,350	-100		
Missouri	3,600	400	5,800	700	480	-70	400	20
Nebraska	10,500	400	5,100	200	920	-150		
North Dakota	3,200	-300	6,600	1,000	6,800	-705		
Ohio	3,700	900	4,800	500	510	10		
South Dakota	6,000	1,650	5,400	1,900	1,500	0		
Wisconsin	3,900	100	1,950	200	160	-35		
Midwest Total	79,300	6,350	69,450	6,590	19,950	-1,240	600	45
Alabama	370	50	260	-5	150	20	530	-10
Arkansas	800	30	2,900	250	160	50	590	-30
Florida	100	10					120	8
Georgia	440	45	90	-10	190	40	1,300	-100
Kentucky	1,500	-50	1,800	100	540	80		
Louisiana	680	110	980	90			230	-50
Mississippi	710	50	1,850	190	45	0	660	-50
North Carolina	1,050	60	1,480	-60	480	190	500	-10
Oklahoma	400	30	550	85	4,300	100	680	40
South Carolina	390	10	320	-15	110	40	270	-30
Tennessee	1,040	70	1,500	100	310	30	360	-50
Texas	2,700	200	115	35	4,800	300	7,313	251
Virginia	540	0	600	30	260	80	95	-8
South Total	10,720	615	12,445	790	11,345	930	12,648	-39
United States	96,990	7,290	83,510	7,410	44,655	-503	13,703	-35

Southern farmers intend to increase the soybean area by 790 thousand acres from last year. Arkansas and Mississippi plan to increase soybean acres by 250 and 190 million acres from 2019. In contrast, North Carolina, South Carolina, Georgia, and Alabama intend to reduce the soybean area by a total of 90 million acres. Kentucky farmers plan to increase soybean area by 100 thousand acres over last year to 1.8 million soybean acres.

While the corn area is more substantial than expected and the soybean area is smaller than expected, the total area increase of 14.7 million acres is similar to the 2019 area of 15.89 million acres reported as prevented from planting to FSA. Similarly, North Dakota and South Dakota are projected to increase total corn and soybean area by 4.25 million acres from last year, which is similar to the combined 2019 prevented planting area in 2019 of 4.56 million acres.

USDA projects total wheat area to decline by 503 thousand acres to 44.65 million acres in 2020. The total wheat area has been falling since the 1996 Farm Bill allowed "Freedom to Farm" with acreage declining by 30.45 million acres

from 1996 to 2020. The most recent large wheat acreage occurred in 2008 at 63.6 million acres, which is 18.96 million acres above the projected area in 2020.

The Midwest plans to reduce the wheat area by 1.24 million acres from last year with North Dakota intended to reduce wheat acres by 705 thousand. Nebraska, Minnesota, and Kansas also plan to lower the wheat area by 150, 100, and 100 thousand acres, respectively.

The South plans to increase the wheat seeded area by 930 thousand acres with Texas providing the most substantial increase of 300 thousand acres over last year. North Carolina and Oklahoma farmers also intend to increase the wheat area by 190 and 100 thousand acres, respectively. Kentucky seeded area is projected at 540 thousand acres, an 80 thousand acre increase over last year if achieved.

Cotton is included in Table 1 to evaluate if Southern farmers reduced corn or soybean area to plant more cotton in 2020. The cotton area is projected to decrease throughout most of the Southern states, indicating that none of the four major crops is providing a clear profitability signal. Texas, the Number 1 cotton state, plans to increase its cotton area by 251 thousand acres over last year, which serves as the outlier for the cotton-producing states.

Topic 2. April WASDE: USDA Reacts to Changing Fundamentals

The April report typically does not provide market-moving information because the market waits for the first new-crop balance sheets released in the May WASDE. Analysts surveyed before the report expected 2019-20 corn stocks to increase by 98 million bushels because of the destruction of the ethanol market. The World Agricultural Outlook Board tends to make gradual adjustments to their forecasts, so the 200-bushel increase in stocks from the March report was higher than expected by the market but likely the first of further reductions.

Table 2. U.S. Corn Supply and Use.					
	2016-17	2017-18	2018-19 Estimated	2019-20 Projected	Change from 18-19
Planted Area (million)	94.0	90.2	88.9	89.7	+0.8
Harvested Area (million)	86.7	82.7	81.3	81.5	+0.2
Yield (bushels/acre)	174.6	176.6	176.4	168.0	-8.4
----- Million Bushels -----					
Beginning Stocks	1,737	2,293	2,140	2,221	+81
Production	15,148	14,609	14,340	13,692	-648
Imports	<u>57</u>	<u>36</u>	<u>28</u>	<u>45</u>	+17
Total Supply	16,942	16,939	16,509	15,957	-552
Feed and Residual	5,472	5,304	5,432	5,675	+243
Food, Seed & Industrial	6,883	7,056	6,791	6,465	-326
Ethanol and by-products	5,432	5,605	5,376	5,050	-326
Exports	<u>2,293</u>	<u>2,438</u>	<u>2,065</u>	<u>1,725</u>	-340
Total Use	14,649	14,799	14,288	13,865	-423
Ending Stocks	2,293	2,140	2,221	2,092	-129
Stocks/Use	15.7%	14.5%	15.5%	15.1%	-0.5%
Days of Stocks	57	53	57	55	-2
U.S. Marketing-Year Average Price (\$/bu)	\$3.36	\$3.36	\$3.61	\$3.60	-\$0.01

Source: April 2020 WASDE - USDA - WAOB.

USDA increased feed and residual use by 150 million bushels from last month's report. USDA also reduced ethanol use by 375 million bushels but increased the other components of industrial use by 20 million bushels for a net reduction in industrial use by 355 million bushels.

Total corn use was reduced by 205 million bushels, but imports were trimmed by 5 million bushels for a net increase in stocks by 200 million bushels. USDA also reduced the U.S. marketing year average (MYA) farm price by \$0.20/bushel from last month's estimate to an average price of \$3.60 per bushel.

USDA did not adjust the projected Argentina corn crop from the March estimate currently projected at 1.96 billion bushels. If realized, the 2019 Argentine corn crop would be 39.4 million bushels less than last year's crop. USDA also did not adjust the size of the Brazilian corn crop currently projected at 3.97 billion bushels, which would be the same production as last year if realized.

Analysts expected USDA to increase soybean stocks by 19 million bushels from the March report due to reduced export demand. Like corn, USDA made larger than expected adjustments that increased soybean stocks by 55 million bushels from the March report. USDA increased crushing use by 20 million bushels from the March report but reduced exports, seed, and residual use by 50, 2, and 24 million bushels, respectively, from the last release. The net impact increased stocks to 480 million bushels and reduced the U.S. MYA farm price by \$0.05/bushel to \$8.65/bushel. Analysts expected the April report to trim projected Argentina and Brazilian soybean production by 47.8 and 66.1 million bushels, respectively, from the last release. USDA did reduce the projected soybean crops by a more significant

than expected amount. USDA currently pegs the Argentina soybean crop at 1.9 billion bushels and the Brazilian soybean crop at 4.5 billion bushels.

	2016-17	2017-18	2018-19 Estimated	2019-20 Projected	Change from 18-19
Planted Area (million)	83.4	90.2	89.2	76.1	-13.1
Harvested Area (million)	82.7	89.5	87.6	75.0	-12.6
Yield (bushels/acre)	52	49.3	50.6	47.4	-3.2
----- Million Bushels -----					
Beginning Stocks	197	302	438	909	+471
Production	4,296	4,412	4,428	3,558	-870
Imports	<u>22</u>	<u>22</u>	<u>14</u>	<u>15</u>	<u>+1</u>
Total Supply	4,515	4,735	4,880	4,482	-398
Crushings	1,901	2,055	2,092	2,125	+33
Exports	2,174	2,129	1,748	1,775	+27
Seed	105	104	89	97	+8
Residual	<u>34</u>	<u>9</u>	<u>43</u>	<u>5</u>	<u>-38</u>
Total Use	4,213	4,297	3,971	4,002	+31
Ending Stocks	302	438	909	480	-429
Stocks/Use	7.2%	10.2%	22.9%	12.0%	-10.9%
Days of Stocks	26	37	84	44	-39.8
U.S. Marketing-Year Average Price (\$/bu)	\$9.47	\$9.33	\$8.48	\$8.65	+\$0.17

Source: April 2020 WASDE - USDA - WAOB.

	2016-17	2017-18	2018-19 Estimated	2019-20 Projected	Change from 18-19
Planted Acres (million)	50.1	46.1	47.8	45.2	-2.6
Harvested Acres (million)	43.9	37.6	39.6	37.2	-2.4
Yield (bushels/acre)	52.7	46.4	47.6	51.7	+4.1
----- Million Bushels -----					
Beginning Stocks	976	1,181	1,099	1,080	-19
Production	2,309	1,741	1,885	1,920	+35
Imports	<u>118</u>	<u>157</u>	<u>135</u>	<u>105</u>	<u>-30</u>
Total Supply	3,402	3,079	3,119	3,105	-14
Food	949	964	955	955	+0
Seed	61	63	59	60	+1
Feed and Residual	156	51	90	135	+45
Exports	<u>1,055</u>	<u>901</u>	<u>936</u>	<u>985</u>	<u>+49</u>
Total Use	2,222	1,980	2,039	2,135	+96
Ending Stocks	1,181	1,099	1,080	970	-110
Stocks/Use	53.2%	55.5%	53.0%	45.4%	-7.5%
Days of Stocks	194	203	193	166	-27
U.S. Marketing-Year Average Price (\$/bu)	\$3.89	\$4.72	\$5.16	\$4.60	-\$0.56

Source: April 2020 WASDE - USDA - WAOB.

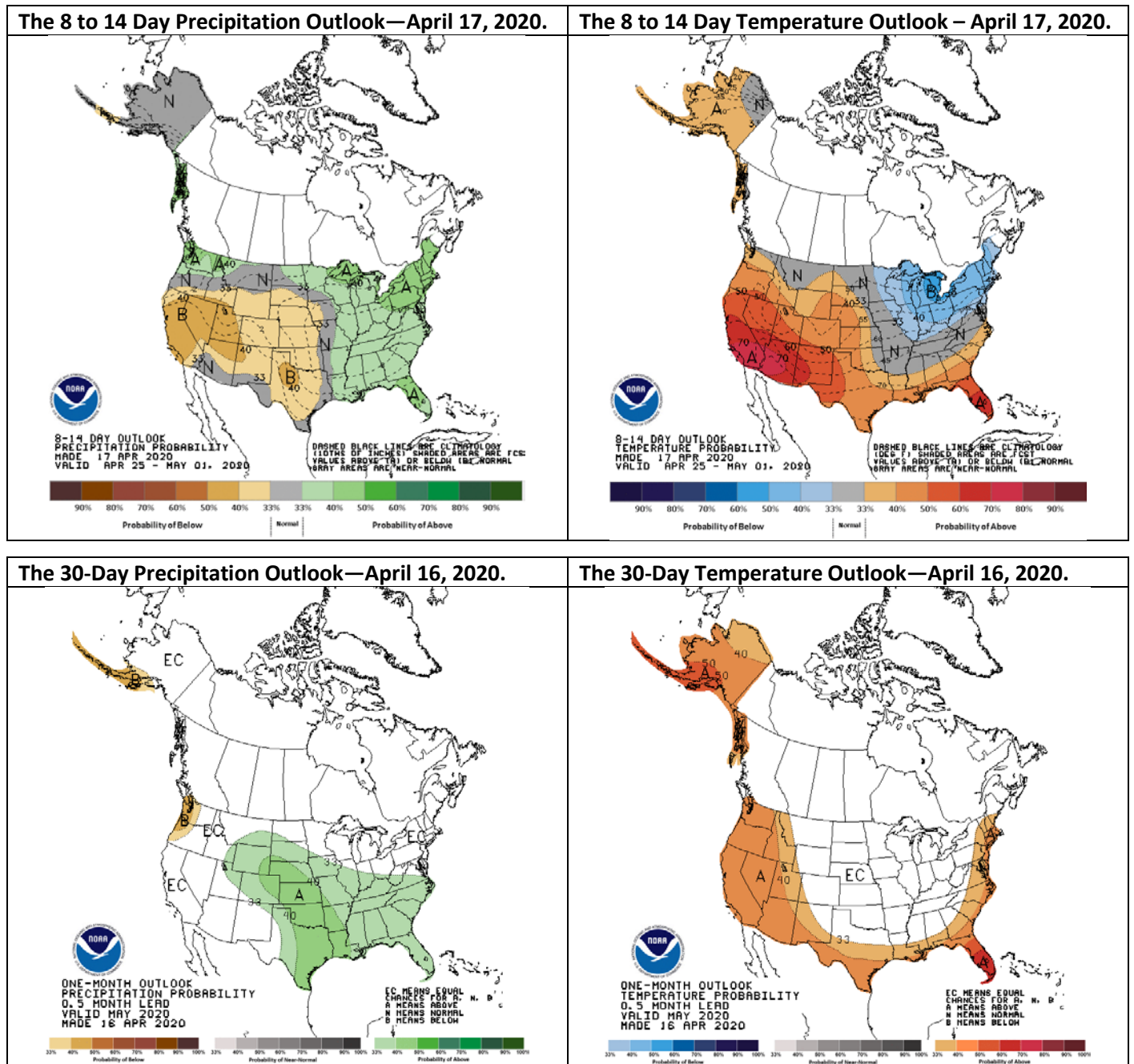
Analysts expected a 5 million bushel increase in wheat stocks from the march report. However, USDA increased wheat stocks by 30 million bushels. The increase in stocks is due to a 15 million bushel reduction in projected feed and residual use and a 15 million bushel reduction in exports. The positive news from the April report is an increase in the U.S. MYA price by \$0.05-bushel to \$4.60/bushel.

Topic 3. Short-Term Precipitation and Temperature Outlook

The 8 to 14-day precipitation (first set of maps below left) outlook suggests there is an above-average probability of rain for states east of the Mississippi River. In contrast, states west of the Missouri River have a below-average chance of precipitation.

The 8 to 14-day temperature outlook (first set of maps below right) forecasts below-normal temperatures for Illinois, Indiana, Ohio, Wisconsin, and Michigan. The Western Corn Belt is projected to have above-average temperatures for the next 8 to 14-day period.

The 30-day precipitation and temperature outlooks (the second set of maps left and right) suggests an above-average probability of rain during the heart of the planting season combined with an even chance of average temperatures.



Topic 4. 2019 Corn, Soybean and Wheat Basis vs. Previous Years

Figure 1, Figure 2, and Figure 3 show the monthly average corn, soybean, and wheat spot basis, respectively, for twelve Western Kentucky markets. For each figure, the red line is the basis for the 2016 crop. The green line is the 2017 basis, while the black line represents the 2018 basis. The blue triangles represent the 2019 basis.

The corn basis is \$0.13/bushel above the May corn contract, which is a \$0.16/bushel increase from the 2018 basis in April. Last year, the corn basis appreciated from October to April by \$0.21/bushel, which was \$0.03/bushel higher than the amount of appreciation in the basis for the 2017 corn crop from harvest to April. The current corn basis appreciation from October for the 2019 corn crop is \$0.23/bushel (Figure 1).

The average soybean basis, as of April 17, 2020, was \$0.07/bushel over the May 2020 soybean contract. The basis is \$0.42 per bushel narrower than the 2018 basis in April (Figure 2). Last year, the basis appreciated \$0.23/bushel from October to April, but the 2017 crop's basis appreciated \$0.18/bushel over the same period. For the 2019 crop, the appreciation from October is \$0.41 (Figure 2).

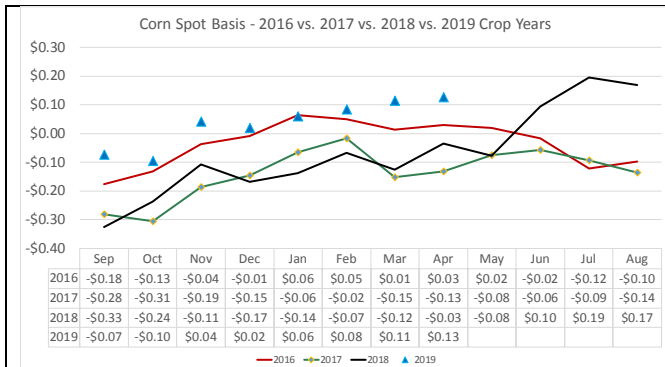


Figure 1. Western Kentucky Corn Spot Market Basis Appreciation from September to August for the 2016 to 2019 Crop Years.
Basis Calculated on April 17, 2020

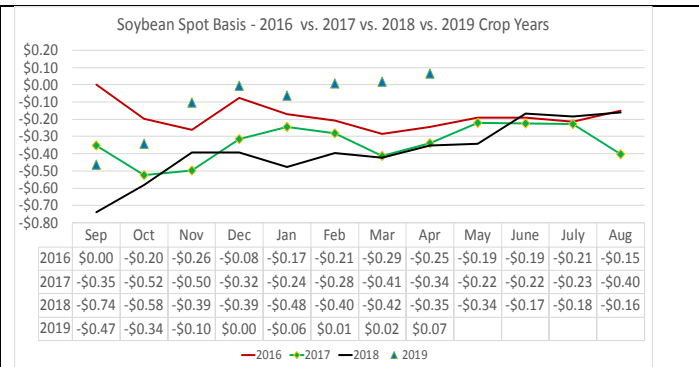


Figure 2. Western Kentucky Soybean Spot Market Basis Appreciation from September to August for the 2016 to 2019 Crop Years.
Basis Calculated on April 17, 2020

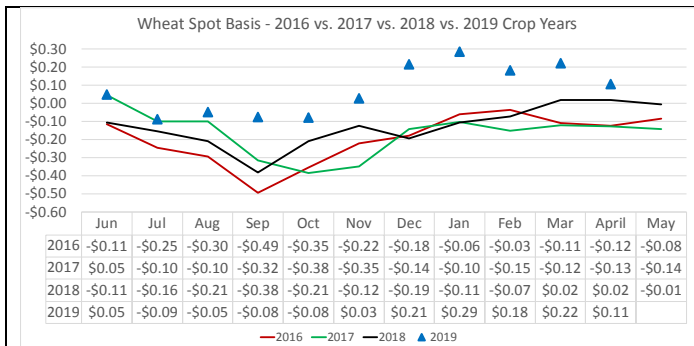


Figure 3. Western Kentucky Wheat Spot Market Basis Appreciation from June to May for the 2016 to 2019 Crop Years.
Basis Calculated on April 17, 2020

The average wheat spot basis has been strengthening since January 2019. The average basis for the 2018 crop (black line) has been narrower than the 2017 crop since March 2018 and is much stronger than the basis for the 2016 wheat crop.

The 2019 wheat basis is \$0.11/bushel above the May futures contract. The 2019-wheat basis is still narrower than the basis for 2018, 2017, and 2016 crops in April. Managers using HTA contracts for 2020 July wheat should monitor the basis for opportunities to fix the basis at stronger levels than previous crop year's basis.

Topic 5. Projected Corn, Soybean, and Wheat Futures Trading Ranges to Fall 2020

Figures 4–6 provide the projected futures price trading range by futures contract month, based on the contracts' volatility for the previous 21-day period for corn, soybeans, and wheat. The green lines represent the range that describes the 68% probability of the projected trading range with the red line representing a 95% likelihood of the expected trading range. The contracts that will expire later in 2020 have more time until the contract's expiration. Thus, there is a wider potential trading range for these deferred futures contracts.

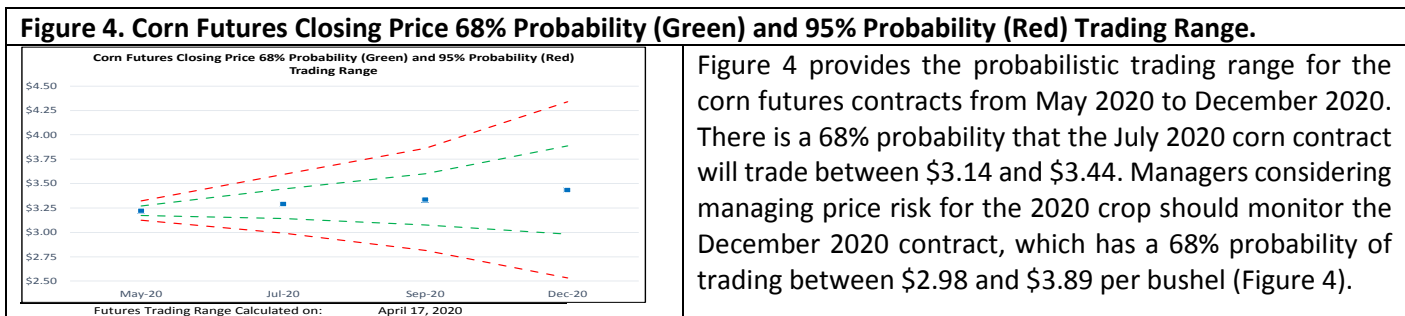


Figure 4. Corn Futures Closing Price 68% Probability (Green) and 95% Probability (Red) Trading Range.
Trading range calculated on April 17, 2020, using the average volatility of the previous 21-day period. The 68% probability range is the closing futures price on April 17, 2020, plus and minus one standard deviation. The 95% probability range is the closing price plus and minus two standard deviations.

Figure 5. Soybean Futures Closing Price 68% Probability (Green) and 95% Probability (Red) Trading Range.

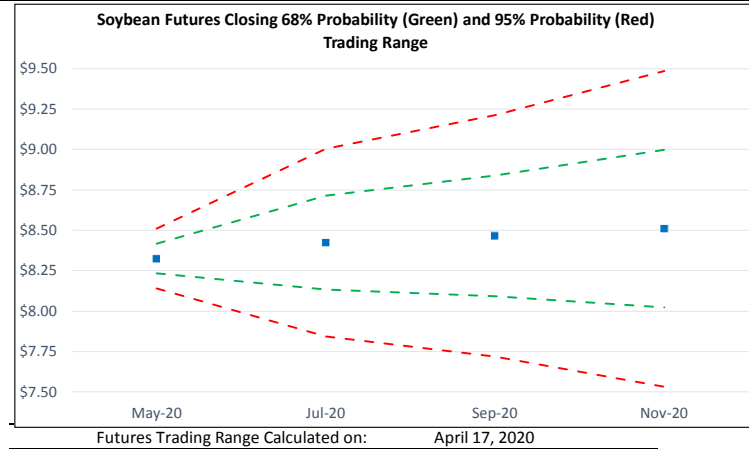


Figure 5 provides the probabilistic trading range for soybean futures contracts from May 2020 to November 2020. Managers planning to store soybeans into late spring should monitor the July 2020 soybean contract. The July 2020 contract has a 68% probability of trading between \$8.13 and \$8.71 per bushel. The November 2020 soybean contract has a 68% probability of trading between \$7.84 and \$9.00 per bushel (Figure 5).

Trading range calculated on April 17, 2020, using the average volatility of the previous 21-day period. The 68% probability range is the closing futures price on April 17, 2020, plus and minus one standard deviation. The 95% probability range is the closing price plus and minus two standard deviations.

Figure 6. Wheat Futures Closing Price 68% Probability (Green) and 95% Probability (Red) Trading Range.

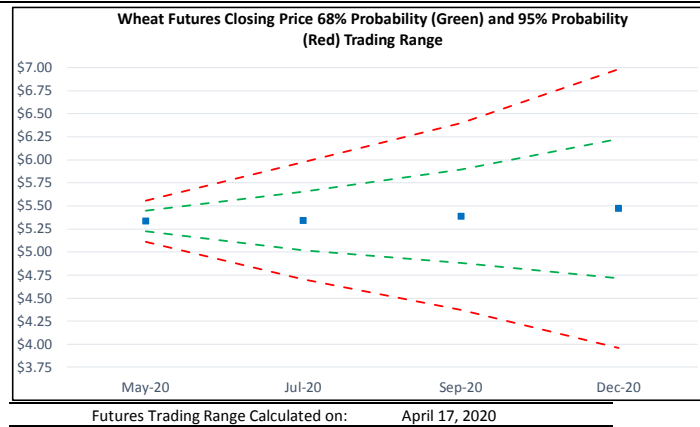


Figure 6 provides the probabilistic trading range for the wheat futures contract from May 2020 to December 2020 contracts. The July 2020 contract has a 68% chance of trading between \$5.02 and \$5.66/bushel. Managers planning to store wheat should monitor the deferred contracts. The December 2020 wheat contract has a 68% probability of trading between \$4.71 and \$6.23/bushel (Figure 6).

Trading range calculated on April 17, 2020, using the average volatility of the previous 21-day period. The 68% probability range is the closing futures price on April 17, 2020, plus and minus one standard deviation. The 95% probability range is the closing price plus and minus two standard deviations.

Topic 6. Pre-Harvest 2020 Corn, Soybean, Wheat and Double-Crop Soybean Risk Management Opportunities

Tables 5-8 analyze the effectiveness of using hedging with futures, forward contracts, and put options in protecting revenue that covers total input costs, cash rent, overhead, and family living for corn, soybeans, and double-crop soybeans in 2020. Managers should monitor the futures market for opportunities because sometimes the best pricing opportunities occur several weeks before planting. These examples are provided to help raise awareness of risk management opportunities available now for managers planning their 2020 production.

Table 5. Risk Management Alternatives for 2020 Western Kentucky Corn for Various Yield Objectives.

Yield	150	160	170	180	190	200
TVC+Rent+Overhead+Family Living (\$/acre)	\$714	\$714	\$714	\$714	\$714	\$714
TVC+Rent+Overhead+Family Living (\$/bu)	\$4.76	\$4.46	\$4.20	\$3.97	\$3.76	\$3.57
Hedge @ \$3.435+ -\$0.30 basis = \$3.135	-\$1.63	-\$1.33	-\$1.07	-\$0.83	-\$0.62	-\$0.44
Forward Contract at \$3.17	-\$1.58	-\$1.29	-\$1.02	-\$0.79	-\$0.58	-\$0.39
Put: \$3.40 strike @\$0.222 = \$2.88 floor	-\$1.88	-\$1.58	-\$1.32	-\$1.09	-\$0.88	-\$0.69
Strategies Evaluated on:	April 17, 2020					

Table 5 presents risk management alternatives for Western Kentucky corn production for 2020. Several yield projections are provided to show what yield is needed to find profitable pricing opportunities. Three risk management alternatives are compared. The first marketing alternative is to hedge with commodity futures, or HTA contracts, that

would lock in an expected cash price at \$3.13/bushel assuming a -\$0.30/bushel harvest-time basis. The second alternative is to lock in a cash price through a forward contract at \$3.17/bushel. The third alternative is to establish a price floor at \$2.88/bushel by buying a put option with a \$3.40 strike price that costs \$0.222 (Table 5).

The DEC 2020 corn futures contract maximum price since December 2, 2019, was \$4.04 ¾ reached on January 13, 2020. Since then, the contract has traded lower by \$0.63 ¾ /bushel to a closing price of \$3.41 on April 16, 2020. The prospect of 97 million planted acres coupled with deep cuts in projected ethanol use weighs heavily on the market. Profitable hedging opportunities available in January have evaporated. Given the costs assumed and the average forward contracting price, the harvested yield would have to be higher than 225-bushels to cover total budgeted expenses (Table 5).

Table 6 illustrates the risk management potential for full-season soybeans in 2020. Current prices are providing an opportunity to lock in a return over total economic costs plus family living for yields of 65 bushels/acre or higher. The NOV 2020 soybean futures contract maximum price since December 2, 2019, was \$9.80 ¾ on January 2, 2020. Since then, the contract traded lower to a minimum price of \$8.42 on March 18, 2020. As the market absorbed the *Prospective Plantings* report projection of 83.5 million soybean acres, the futures market has increased \$0.09 per bushel closing at \$8.51 on April 17, 2020. Farmers producing an average yield of 65-bushels can cover total budgeted costs at current prices.

Yield	<u>45</u>	<u>50</u>	<u>55</u>	<u>60</u>	<u>65</u>
TVC+Rent+Overhead+Family Living (\$/acre)	\$532	\$532	\$532	\$532	\$532
TVC+Rent+Overhead+Family Living (\$/bu)	\$11.82	\$10.64	\$9.67	\$8.87	\$8.18
Hedge @ \$8.51+ -\$0.30 basis = \$8.21	-\$3.61	-\$2.43	-\$1.46	-\$0.66	+\$0.03
Forward Contract at \$8.28	-\$3.54	-\$2.36	-\$1.39	-\$0.59	+\$0.10
Put: \$8.60 strike @ \$0.443 = \$7.86 floor	-\$3.97	-\$2.78	-\$1.82	-\$1.01	-\$0.33
Strategies Evaluated on:	April 17, 2020				

Yield	<u>80</u>	<u>85</u>	<u>90</u>	<u>95</u>	<u>100</u>
TVC+50% Rent+Overhead+Family Living (\$/acre)	\$470	\$470	\$470	\$470	\$470
TVC+50% Rent+Overhead+Family Living (\$/bu)	\$5.88	\$5.53	\$5.22	\$4.95	\$4.70
Hedge @ \$5.41 + \$0.05 basis = \$5.46	-\$0.42	-\$0.07	+\$0.23	+\$0.51	+\$0.76
Forward Contract at \$5.51	-\$0.36	-\$0.02	+\$0.29	+\$0.57	+\$0.81
Put: \$5.40 strike @ \$0.257 = \$5.19 floor	-\$0.68	-\$0.34	-\$0.03	+\$0.25	+\$0.49
Strategies Evaluated on:	April 15, 2020				

Table 7 illustrates the risk management potential for wheat in 2020. The costs in Table 7 assume that rent and family living expenses are split evenly between wheat and double-crop soybeans. Current prices are providing an opportunity to lock in a return over total economic costs plus family living for yields of 90 bushels/acre or larger. The JUL 2020 wheat futures contract maximum price since December 2, 2019, was \$5.80 ½ on January 21, 2020. The wheat contract was punished along with the corn and soybean futures contracts as the financial markets were inundated with fear of the economic chaos related to the China virus. The JUL 2020 wheat contract lost \$0.81/bushel from the maximum to the minimum price of \$4.99 ½. The JUL 2020 wheat futures contract has rallied \$0.34 ¼ per bushel to \$5.33 ¾ on April 17, 2020. Farmers harvesting an average wheat yield of 90-bushels can cover the projected wheat costs for the wheat/double-crop soybeans enterprise.

Table 8. Risk Management Alternatives for 2020 Western Kentucky Double-Crop Soybeans for Various Yield Objectives.

Yield	35	40	45	50	55	The market is providing an opportunity to protect double-crop soybean risk for those that typically harvest 50-bushel double-crop soybeans or better (Table 8).
TVC+Rent+Overhead+Family Living (\$/acre)	\$380	\$380	\$380	\$380	\$380	
TVC+Rent+Overhead+Family Living (\$/bu)	\$10.86	\$9.50	\$8.44	\$7.60	\$6.91	
Hedge @ \$8.60+ -\$0.30 basis = \$8.30	-\$2.56	-\$1.20	-\$0.15	+\$0.70	+\$1.39	
Forward Contract at \$8.37	-\$2.49	-\$1.13	-\$0.07	+\$0.77	+\$1.46	
Put: \$8.60 strike @\$0.391 = \$7.91 floor	-\$2.95	-\$1.59	-\$0.54	+\$0.31	+\$1.00	
Strategies Evaluated on:	April 15, 2020					

Topic 7. FAPRI Updates 2021 Grain Prices




The *Food and Agricultural Policy Research Institute (FAPRI)* at the University of Missouri provided a preliminary analysis of the impact of the quarantine and economic disruption caused by the Chinese virus. The FAPRI economists assume that consumers will reduce expenditures on food and beverages by 2.5%, and total consumer expenditures will be reduced by 5% in 2020. Gasoline and diesel use will be reduced by 10% and 5% respectively this year. Oil prices are assumed to decline by 15% due to this economic disruption.

The analysis does not provide a projected balance sheet that describes the impact of the disruption on demand. However, reduced consumption and gas use will curb domestic feed and biofuel demand. Global feed demand will likely be reduced, which will reduce projected exports for corn and soybeans.

The 2020-21 U.S. MYA farm price for corn, soybeans, and wheat are currently projected at \$3.35, \$8.27, and \$4.58 per bushel, respectively. FAPRI’s model differs from the models used by the World Agricultural Outlook Board, so do not expect the preliminary 2020 balance sheets to match FAPRI’s analysis. However, USDA will likely offer a bearish report in May given increased area and sluggish demand for corn and soybeans. Wheat may weather the storm the best due to rumored export control in the Black Sea region shifting export demand to the United States.

Topic 8. How Do I Get on the Email Distribution List to Receive this Newsletter?

The *Crops Marketing and Management Update* is published monthly, usually after the release of the USDA: WASDE report. You can find this issue and past issue on the U.K. Agricultural Economics Department’s website at <http://www.uky.edu/Ag/AgEcon/extcmu.php>. Email todd.davis@uky.edu to receive the newsletter by email.

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