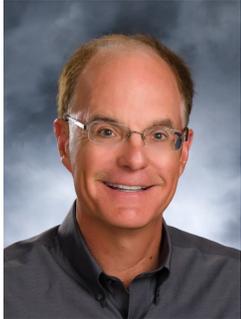


LOWER 2019 PRODUCTION AND EXPORT UNCERTAINTY



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Corn Supply/Demand

USDA Figures	17-18	18-19	19-20
Harvested (mil ac)	82.7	81.3	81.5
Yield (bu/acre)	176.6	176.4	168.0

—million bushels—

Beginning Stocks	2,293	2,140	2,221
Production	14,609	14,340	13,692
Imports	37	29	49
Total Supply	16,939	16,509	15,962
Feed/Residual	5,304	5,432	5,525
Food/Seed	1,452	1,415	1,395
Ethanol	5,605	5,376	5,375
Exports	2,438	2,065	1,775
Total Use	14,799	14,288	14,070
Ending Stocks	2,140	2,221	1,892
Stocks / Use	14.5%	11.8%	13.4%

Decatur Area Elevator Bids 12/31/19

Corn

Cash	\$3.88
Fall 2020	\$3.76

Soybeans

Cash	\$9.39
Fall 2020	\$9.38

Soybean Supply/Demand

USDA Figures	17-18	18-19	19-20
Harvested (mil ac)	89.5	87.6	75.0
Yield (bu/acre)	49.3	50.6	47.4

—million bushels—

Carry In	302	438	909
Production	4,412	4,428	3,558
Imports	21	14	15
Total Supply	4,735	4,880	4,482
Crush	2,055	2,092	2,105
Exports	2,134	1,748	1,775
Seed & Residual	108	131	127
Total Use	4,297	3,971	4,007
Carryout	438	909	475
Stocks / Use	10.2%	23.3%	11.9%

Corn

Supply

USDA has estimated 2019 U.S. corn production at 13.69 billion bushels, 648 million bushels less than last year and the lowest since 2015. This year's yield of 168.0 bushels per acre is 8.4 bushels per acre less than last year, and the lowest since 2013. U.S. harvested corn acreage is 81.5 million acres, the lowest since 2015. Wet weather resulted in 19.2 million prevent plant acres, twice as much as ever before.

Demand

USDA has estimated 2019 U.S. corn use to be 14.07 billion bushels, 218 million bushels less than last year, and the lowest since 2015-16. Domestic usage at 12.30 billion bushel is 72 million bushels more than last year. Feed for livestock at 5.53 billion bushels is the highest since 2017-18. Ethanol at 5.38 billion bushels is the same as last year. Exports are at 1.78 billion bushels and continuing their decline that began in 2017-18. We are hoping successful trade negotiations with Mexico, Canada and a lesser extent China will reverse this trend of lower exports.

Carryover

USDA has estimated 2019 corn carryover to be 1.89 billion bushels, a 329 million bushel decrease from last year, and is the lowest since 2015-16. The reduction in carryover unfortunately resulted from lower production.

Soybeans

Supply

U.S.D.A. has estimated 2019 U.S. soybean production at 3.56 billion bushels, 870 million bushels less than last year, and the lowest since 2013. This year's yield of 47.4 bushels per acre is 3.2 bushels per acre less than last year, and the lowest since 2013. U.S. harvested soybean acreage is 75.0 million acres, 12.6 million acres less than last year, and the lowest since 2011.

Demand

USDA has estimated 2019 U.S. soybean usage to be 4.01 billion bushels, 36 million bushels more than last year. Crush (the process of production of meal for livestock and oil) is projected to be 2.11 billion bushels, 13 million bushels more than last year. Exports are projected to be 1.78 billion bushels, 27 million bushels more than last year, but 359 million bushels less than the peak year of 2017-18. Should the Chinese trade deal get worked out at levels the U.S. is claiming, exports would greatly increase.

Carryover

USDA has estimated 2019 soybean carryover to be 475 million bushels, 434 million bushels less than last year. This large reduction in carryover is due to the large drop in production.

Looking Ahead

Everyone in Agriculture is hopeful the reported \$40 billion of U.S. Ag Exports to China in the upcoming year will become a reality. There have been rumors of agreements in the past, but with the January 15, 2020 Chinese agreement we have it in writing. The U.S. Congress should soon pass the new trade agreement with Mexico and Canada. We will need these agreements signed and follow through by importing countries for a rebound in U.S. exports.

Overall, supplies of U.S. corn and soybeans were kept in check by poor growing conditions in 2019. Should the U.S. weather turn favorable in 2020, production will rebound, resulting in a need for increased usage to support grain prices.



Ten Year Production

Yields are only one component in the profitability of farming. Price is equally as important. The top five production years for corn yielded an average 173.4 bushels per acre with an average price of \$3.54 per bushel, this provides a gross income of \$614 per acre. In comparison, the lowest five production years (of the past ten years) for corn has an average yield of 149.7 bushels per acre combined with an average price of \$5.32 per bushel or gross income of \$796 per acre.

Soybeans, however, do not show as great a variability in profitability. The top five production years of soybeans yielded 49.5 per bushel per acre at an average price of \$9.25 per bushel or a gross income of \$458 per acre. While the lowest five production years of the past ten years for soybeans has an average yield of 43.4 bushels per acre with an average price of \$12.04 or gross income of \$523 per acre.

During 2018 and 2019, grain prices were under pressure due to tariffs and trade negotiations. The U.S. government made Market Facilitation Program payments to producers of 2018 and 2019 crops. We are hopeful these government payments will not be needed, and producers can get returns from the market.

CORN	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*	Avg.
Yield	152.6	146.8	123.1	158.1	171.0	168.4	174.6	176.6	176.4	168.0	161.6
Avg. Price	\$5.18	\$6.22	\$6.89	\$4.46	\$3.75	\$3.61	\$3.35	\$3.36	\$3.61	\$3.85	\$4.43
Gross Rev.	\$790	\$913	\$848	\$705	\$641	\$608	\$585	\$593	\$637	\$647	\$716

SOYBEANS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*	Avg.
Yield	43.5	42.0	40.0	44.0	47.5	48.0	52.0	49.3	50.6	47.4	46.4
Avg. Price	\$11.30	\$12.50	\$14.40	\$13.00	\$10.00	\$8.95	\$9.47	\$9.33	\$8.48	\$9.00	\$10.64
Gross Rev.	\$492	\$525	\$576	\$572	\$475	\$430	\$492	\$460	\$429	\$427	\$494

* 2019 Estimate

Enhancing Farmland Ownership

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