

## July 12, 2017 - USDA World Supply and Demand Estimates

### Corn

**Market Reaction:** September 2017 corn futures closed down 16 ¼ cents at \$3.85 ½ with a trading range for the day of \$3.84 ½ to \$4.00 ¾. December 2017 corn futures closed down 15 ½ cents at \$3.98 ¾ with a trading range for the day of \$3.97 ½ to \$4.13 ½. Today's report provided a bearish reaction for corn futures. Increased stocks and production from last month facilitated the decline in futures prices. Moving forward it will be interesting to see if prices are able to move past the report and continue the rally sparked by the drought conditions in the Northern Plains (with expansion into the Western Corn Belt).

**USDA Summary:** This month's 2017/18 U.S. corn outlook is for larger supplies, greater feed and residual use, and higher ending stocks. Corn beginning stocks are raised 75 million bushels reflecting lower feed and residual use in 2016/17 based on indicated disappearance during the first three quarters of the marketing year in the June 30 Grain Stocks report. Corn production for 2017/18 is projected 190 million bushels higher based on increased planted and harvested areas from the June 30 Acreage report. The national average corn yield is unchanged at 170.7 bushels per acre. During June, harvested-area weighted precipitation for the major corn producing states was below normal but did not represent an extreme deviation from average (See Westcott and Jewison, Weather Effects on Expected Corn and Soybean Yields, USDA-ERS, FDS-13g-01, July 2013). For much of the crop the critical pollination period will be during middle and late July.

Projected feed and residual use for 2017/18 is raised 50 million bushels on a larger crop and lower expected prices. With other use categories unchanged, corn ending stocks are raised 215 million bushels from last month. Small revisions are made to historical trade and utilization estimates based on the 13th month trade data revisions from the Census Bureau. The season-average corn price received by producers is lowered 10 cents at the midpoint for a range of \$2.90 to \$3.70 per bushel with the larger carryout.

This month's 2017/18 foreign coarse grain outlook is for higher production, reduced trade and increased stocks relative to last month. EU corn production is down reflecting a lower projection for Spain, where heat and dryness during grain fill hurt yield prospects. Historical revisions are made to Kenya's corn production estimates to better reflect statistics published by the government. For 2016/17, Argentina corn production is raised based on the latest information indicating a higher-than-expected level of area. Major global trade changes for 2017/18 include reduced corn exports for the EU and Tanzania. Foreign corn ending stocks are raised from last month, with the largest increases primarily for Vietnam, Mexico, and Argentina.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected June	2017/18 Projected July	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	95.4	90.6	88	94	90	90.9	0.9	-3.1
Acres Harvested (Million Acres)	87.5	83.1	80.8	86.7	82.4	83.5	1.1	-3.2
U.S. Average Yield (Bu/Acre)	158.1	171.0	168.4	174.6	170.7	170.7	0.0	-3.9

**Supply (Million Bushels)**

Beg. Stocks	821	1,232	1,731	1,737	2,295	2,370	75	633
Production	13,829	14,216	13,602	15,148	14,065	14,255	190	-893
Imports	36	32	68	55	50	50	0	-5
Total Supply	14,686	15,479	15,401	16,940	16,410	16,675	265	-265

**Use & Ending Stocks (Million Bushels)**

Feed and Residual	5,040	5,280	5,113	5,425	5,425	5,475	50	50
Ethanol	5,124	5,200	5,224	5,450	5,500	5,500	0	50
Food, Seed & Industrial	1,369	1,401	1,426	1,470	1,500	1,500	0	30
Exports	1,920	1,867	1,901	2,225	1,875	1,875	0	-350
Total Use	13,454	13,748	13,664	14,570	14,300	14,350	50	-220
U.S. Ending Stocks	1,232	1,731	1,737	2,370	2,110	2,325	215	-45
Foreign Stocks	5,653	6,529	6,639	6,587	5,540	5,580	40	-1,007

**Price and Stocks to Use Ratio**

U.S. Avg. Season Price (\$/Bu)	\$4.46	\$3.70	\$3.61	\$3.25- \$3.45	\$3.00- \$3.80	\$2.90- \$3.70	-\$0.10	-\$0.05
U.S. Stocks/Use	9.16%	12.59%	12.71%	16.27%	14.76%	16.20%	1.4%	-0.06%

Source: USDA-WASDE July 12, 2017

**World Corn Supply and Use (Million Bushels) 2017/18 (July)**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Feed</b>	<b>Domestic Total</b>	<b>Exports</b>	<b>Ending Stocks</b>
World	8,957	40,821	5,740	25,674	41,872	6,002	7,905
US	2,370	14,255	50	5,475	12,475	1,875	2,325
Foreign	6,587	26,566	5,690	20,199	29,397	4,127	5,580
Argentina	141	1,575	0	315	465	1,122	129
Brazil	385	3,740	12	2,047	2,421	1,339	377
South Africa	116	492	4	228	461	67	85
Egypt	83	236	394	528	626	0	87
EU	236	2,425	591	2,205	2,941	91	220
Japan	49	0	591	453	594	0	45
Mexico	266	984	610	894	1,602	28	231
Southeast Asia	145	1,189	594	1,470	1,777	28	123
South Korea	75	3	402	315	405	0	74
Canada	95	567	31	335	555	59	80
China	3,988	8,464	118	6,535	9,370	1	3,200
Ukraine	41	1,122	1	256	311	807	46
ROW	967	5,768	2,342	4,619	7,868	586	885

**World Corn Supply and Use (Million Bushels) 2017/18 July-June**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Feed</b>	<b>Domestic Total</b>	<b>Exports</b>	<b>Ending Stocks</b>
World	115	198	-	70	58	-18	255
US	75	190	-	50	50	-	215
Foreign	40	8	-	20	8	-18	40
Argentina	28	-	-	20	20	-	8
Brazil	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-
EU	-	-16	-	-	-	-8	-8
Japan	-	-	-	-	-	-	-
Mexico	14	-	-	-	-	-	14
Southeast Asia	19	24	-	28	28	-	15
South Korea	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-
Ukraine	-8	-	-	-16	-16	-	8
ROW	-11	1	0	-11	-23	-10	4

Source: USDA-WASDE July 12, 2017

## **Cotton**

**Market Reaction:** December 2017 cotton futures closed down 0.40 cents at 67.27 with a trading range for the day of 66.96 to 67.95 cents. March 2018 cotton futures closed down 0.33 cents at 66.94 with a trading range for the day of 66.55 to 67.27 cents. It was a good news-bad news report for cotton. Year-over-year global cotton stocks are projected to shrink. However, global stocks estimates were increased 1.02 million bales from last month's estimates.

**USDA Summary:** The U.S. 2017/18 cotton projections show production is 200,000 bales lower than last month. With no change in domestic use or exports, ending stocks are also revised down 200,000 bales. The decrease in the crop projection is attributed mainly to lower planted area as indicated in the June 30 Acreage report, combined with slightly less favorable assumptions about abandonment based on current conditions. The projected range of 54 to 68 cents per pound for the marketing year average price received by producers is unchanged on the lower end and reduced 6 cents on the upper end; the midpoint of 61 cents is reduced 3 cents from last month.

Higher production is increasing this month's global cotton stocks forecasts for both 2016/17 and 2017/18. The world carry-in for 2017/18 is increased 934,000 bales owing in large part to an upward revision of 500,000 bales for India's estimated 2016/17 crop. World 2017/18 production is increased 636,000 bales, despite the lower expected U.S. crop, mainly on increased area expectations for India. Production is also raised for Turkey, but is lowered for Pakistan and Mexico. World consumption is also forecast higher in both 2016/17—up nearly 200,000 bales—and 2017/18—up more than 500,000 bales. World 2017/18 ending stocks are now projected at 88.7 million bales, an increase of 1.0 million from the June forecast.

	2013/14	2014/15	2015/16	2016/17 Est	2017/18 Projected June	2017/18 Projected July	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	10.41	11.04	8.58	10.07	12.23	12.06	-0.17	1.99
Acres Harvested (Million Acres)	7.54	9.35	8.07	9.51	11.38	11.18	-0.2	1.67
U.S. Average Yield (lbs/acre)	821	838	766	867	810	816	6	-51

**Supply (Million Bales)**

Beg. Stocks	3.8	2.35	3.65	3.8	3.2	3.2	0	-0.6
Production	12.91	16.32	12.89	17.17	19.2	19	-0.2	1.83
Imports	0.01	0.01	0.03	0.01	0.01	0.01	0	0
Total Supply	16.72	18.68	16.57	20.98	22.41	22.21	-0.2	1.23

**Use & Ending Stocks (Million Bales)**

Domestic	3.55	3.58	3.45	3.3	3.4	3.4	0	0.1
Exports	10.53	11.25	9.15	14.5	13.5	13.5	0	-1
Total Use	14.08	14.82	12.6	17.8	16.9	16.9	0	-0.9
U.S. Ending Stocks	2.35	3.65	3.8	3.2	5.5	5.3	-0.2	2.1
Foreign Stocks	100.63	108.09	93.37	87.07	82.21	83.43	1.22	-3.64
Chinese Stocks	62.71	66.92	58.2	48.4	39.35	39.35	0	-9.05

**Price and Stocks to Use Ratio**

U.S. Avg. Season Price (\$/lb)	\$0.779	\$0.613	\$0.612	\$0.68	\$0.54- \$0.74	\$0.54- \$0.68	-\$0.030	-\$0.070
U.S. Stocks/Use	17%	25%	30%	18%	33%	31%	-1.18%	13.38%
Chinese Stocks/Use	182%	197%	166%	129%	104%	104%	0.00%	-25.51%

Source: USDA-WASDE July 12, 2017

**World Cotton Supply and Use (Million 480 lb Bales) 2017/18 (July)**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Use</b>	<b>Exports</b>	<b>Loss</b>	<b>Ending Stocks</b>
World	90.27	115.36	36.77	117.03	36.81	-0.16	88.73
US	3.2	19	0.01	3.4	13.5	0.01	5.3
Foreign	87.07	96.36	36.76	113.63	23.31	-0.17	83.43
Central Asia	2.47	6.19	0	2.65	3.05	0	2.96
Afr. Fr. Zone	1.7	5.16	0	0.12	4.63	0	2.11
Australia	3.05	4.8	0	0.04	4.25	-0.15	3.71
Brazil	7.4	7	0.1	3.3	3.1	-0.15	8.25
India	12.24	29	1.4	24.75	4.2	0	13.69
Mexico	0.44	1.15	0.93	1.8	0.15	0.03	0.54
China	48.4	24	5	38	0.05	0	39.35
EU	0.2	1.36	0.72	0.74	1.24	0.03	0.27
Turkey	1.45	3.8	3.4	6.55	0.35	0	1.75
Pakistan	2.39	9.15	2.2	10.6	0.4	0.03	2.72
Indonesia	0.63	0	3.2	3.2	0.01	0	0.63
Thailand	0.2	0	1.3	1.25	0	0.03	0.23
Bangladesh	1.41	0.13	7.1	6.9	0	0.01	1.72
Vietnam	0.98	0	6.1	5.9	0	0	1.19
ROW	4.11	4.62	5.31	7.83	1.88	0.00	4.31

**World Cotton Supply and Use (Million 480 lb Bales) 2017/18 July-June**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Use</b>	<b>Exports</b>	<b>Loss</b>	<b>Ending Stocks</b>
World	0.93	0.63	-0.08	0.52	-0.03	-0.01	1.02
US	-	-0.2	-	-	-	-	-0.2
Foreign	0.93	0.83	-0.08	0.52	-0.03	-0.01	1.22
Central Asia	0.05	-0.06	-	-	-0.05	-	0.04
Afr. Fr. Zone	0.01	-	-	-	-0.01	-	0.02
Australia	0.4	-	-	-	-	-	0.4
Brazil	0.04	-	-	-	-	-	0.04
India	0.25	1	-0.35	0.55	-	-	0.35
Mexico	-0.03	-0.1	0.08	-	-	-	-0.05
China	-	-	-	-	-	-	-
EU	-0.01	-0.02	-	-	-0.02	-	-0.01
Turkey	0.09	0.1	-	-	0.07	-	0.12
Pakistan	-	-0.15	0.2	-	-0.05	-	0.1
Indonesia	-	-	-	-	-	-	-
Thailand	-	-	0.02	-	-	-	0.03
Bangladesh	-	-	-	-	-	-	-
Vietnam	0.1	-	-0.1	-	-	-	-
ROW	0.03	0.06	0.07	-0.03	0.03	-0.01	0.18

Source: USDA-WASDE July 12, 2017

## Soybeans

**Futures Market Reaction:** August 2017 soybean futures were down 8 ½ cents to \$10.20 ¾ with a trading range for the day of \$10.10 ¾ to \$10.31. November 2017 soybean futures closed down 9 ¼ cents at \$10.34 with a trading range for the day of \$10.23 ¾ to \$10.44 ¾. Soybeans were pulled lower by grains. No major adjustments were made to soybean projections.

**USDA Summary:** U.S. oilseed production for 2017/18 is projected up from last month, with increases for soybeans, canola, and peanuts only partly offset with a lower forecast for sunflowerseed and cottonseed. Soybean production is projected at 4,260 million bushels, up 5 million on increased harvested area. Harvested area, estimated at 88.7 million acres in the June 30 Acreage report, is up 0.1 million from last month. The soybean yield forecast is unchanged at 48.0 bushels per acre. Despite slightly higher production, 2017/18 soybean supplies are reduced 35 million bushels on lower beginning stocks. With projections for exports and crush unchanged, 2017/18 soybean ending stocks are reduced 35 million bushels to 465 million.

Soybean exports for 2016/17 are projected at 2,100 million bushels, up 50 million, reflecting shipments and outstanding sales through early July. Soybean crush is reduced 10 million bushels to 1,900 million on lower projected soybean meal exports and domestic use. Soybean ending stocks for 2016/17 are projected at 410 million bushels, down 40 million from last month. The U.S. season-average soybean price is forecast at \$8.40 to \$10.40 per bushel, up \$0.10 at the midpoint. Soybean meal prices are forecast at \$300 to \$340 per short ton, up \$5.00 at the midpoint. The soybean oil price forecast is unchanged at 30 to 34 cents per pound.

The 2017/18 global oilseed supply and demand forecasts include higher production, exports, and stocks compared to last month. Soybean production is raised for China due to increased harvested area. Global oilseed exports for 2017/18 are projected at up, mainly reflecting increased soybean exports for Brazil and Ukraine. Soybean exports are also raised for 2016/17 as higher exports for the United States and Paraguay are partly offset by lower exports for Brazil and Argentina. Global soybean imports are forecast higher principally for China where imports are projected up 73 million bushels to 3.344 billion in 2016/17 and 37 million bushels to 3.454 billion in 2017/18. Global oilseed ending stocks for 2017/18 are up mostly on higher soybean stocks in China and South America.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected June	2017/18 Projected July	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	76.8	83.3	82.7	83.4	89.5	89.5	0.0	6.1
Acres Harvested (Million Acres)	76.3	82.6	81.7	82.7	88.6	88.7	0.1	6.0
U.S. Average Yield (Bu/Acre)	44.0	47.5	48	52.1	48	48	0.0	-4.1

**Supply (Million Bushels)**

Beg. Stocks	141	92	191	197	450	410	-40	213
Production	3,358	3,927	3,926	4,307	4,255	4,260	5	-47
Imports	72	33	24	25	25	25	0	0
Total Supply	3,570	4,052	4,140	4,528	4,730	4,695	-35	167

**Use & Ending Stocks (Million Bushels)**

Crushing	1,734	1,873	1,886	1,900	1,950	1,950	0	50
Exports	1,638	1,842	1,942	2,100	2,150	2,150	0	50
Seed and Residual	107	146	115	118	135	135	0	17
Total Use	3,478	3,862	3,944	4,118	4,235	4,235	0	117
U.S. Ending Stocks	92	191	197	410	495	460	-35	50
Foreign Stocks	2,211	2,658	2,634	3,072	2,893	2,976	83	-96

**Price and Stocks to Use Ratio**

U.S. Average Season Price (\$/Bu)	\$13.00	\$10.10	\$8.95	\$9.50	\$8.30- \$10.30	\$8.40- \$10.40	\$0.00	-\$0.25
U.S. Stocks/Use	2.65%	4.95%	4.99%	9.96%	11.69%	10.86%	-0.83%	0.91%

Source: USDA-WASDE July 12, 2017



**World Soybean Supply and Use (Million Bushels) 2017/18 (July)**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Crush</b>	<b>Domestic Total</b>	<b>Exports</b>	<b>Ending Stocks</b>
World	3,483	12,680	5,460	11,105	12,686	5,499	3,437
US	410	4,260	25	1,950	2,085	2,150	460
Foreign	3,072	8,420	5,435	9,155	10,602	3,349	2,976
Argentina	1,216	2,094	55	1,672	1,837	312	1,216
Brazil	949	3,932	7	1,543	1,679	2,352	857
Paraguay	14	345	0	145	147	202	10
China	704	514	3,454	3,399	3,972	6	695
EU	30	90	544	566	626	7	30
Japan	9	10	121	86	129	0	11
Mexico	4	15	158	173	175	0	3
ROW	147	1,419	1,095	1,570	2,036	470	154

**World Soybean Supply and Use (Million Bushels) 2017/18 July-June**

<b>Country / Region</b>	<b>Beginning Stocks</b>	<b>Production</b>	<b>Imports</b>	<b>Domestic Crush</b>	<b>Domestic Total</b>	<b>Exports</b>	<b>Ending Stocks</b>
World	58	15	36	26	39	22	48
US	-40	5	-	-	-	-	-35
Foreign	98	10	36	26	39	22	83
Argentina	13	-	11	-	-	-	24
Brazil	30	-	-2	-	-	18	10
Paraguay	1	-	-	-	-	-	1
China	59	7	37	37	48	-	55
EU	-8	-	-7	-7	-7	-	-8
Japan	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-
ROW	3	3	-2	-4	-1	4	0

Source: USDA-WASDE July 12, 2017

## **Wheat**

***Futures Market Reaction:*** September 2018 wheat futures closed down 16 cents at \$5.37 with a trading range for the day of \$5.34 <sup>3</sup>/<sub>4</sub> to \$5.52 <sup>1</sup>/<sub>4</sub>. July 2018 wheat futures closed down 14 <sup>1</sup>/<sub>2</sub> cents at \$5.90 <sup>3</sup>/<sub>4</sub> with a trading range for the day of \$5.87 <sup>1</sup>/<sub>4</sub> to \$6.03 <sup>1</sup>/<sub>2</sub>. The drought fueled futures market rally of the past two weeks received a dose of cold water from the WASDE report, as abundant global and domestic stocks persist. Moving forward intensification (or easing) of the Northern Plains (and Western Corn Belt) will dictate price direction.

***USDA Summary:*** Projected 2017/18 U.S. wheat supplies are lowered this month on reduced U.S. wheat production more than offsetting higher beginning stocks and imports. Forecast 2017/18 U.S. wheat production is lowered 64 million bushels to 1,760 million. The NASS July Crop Production report provides survey-based production forecasts for all wheat classes for the first time in the 2017/18 crop year. The production forecasts for durum and other spring wheat indicated a significant decline compared to last year for these two classes primarily due to severe drought conditions affecting the Northern Plains. Partially offsetting this decrease is higher winter wheat production on both higher harvested acreage and yield. Projected exports and feed and residual usage are lowered to 975 and 150 million bushels, respectively, largely on the reduction in durum and other spring wheat supplies. Projected 2017/18 ending stocks are raised 14 million bushels to 938 million this month, but are 21 percent lower than last year's revised stocks. The 2017/18 season-average farm price is raised \$0.50 per bushel at the midpoint to a projected range of \$4.40 to \$5.20.

Global 2017/18 wheat supplies are decreased fractionally on lower production forecasts for the U.S., Australia, China, and the EU, which are partially offset by higher production expected for Russia and Turkey. Russia's wheat production is increased by 110 million bushels to 2.646 billion as growing conditions to date are similar to last year when Russia achieved record yields. Turkey's wheat production is up 55 million bushels to 717 million on favorable crop conditions. European Union wheat production is down 29 million bushels to 5.512 billion on smaller expected crops in Spain and France. Australia's 2017/18 production is reduced 55 million bushels to 863 million on dry conditions.

Foreign 2017/18 exports are increased on higher exports for Russia and Turkey more than offsetting reductions for the EU, Paraguay, and Ukraine. Imports are projected lower for several countries with Turkey showing the largest reduction on a significantly larger crop. Total world consumption is projected higher, primarily on greater use by Russia on increased supplies. Global ending stocks are projected lower at 9.575 billion bushels, down marginally from last month.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected June	2017/18 Projected July	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	56.2	56.8	55	50.2	46.1	45.7	-0.4	-4.5
Acres Harvested (Million Acres)	45.3	46.4	47.3	43.9	38.5	38.1	-0.4	-5.8
U.S. Average Yield (Bu/Acre)	47.1	43.7	43.6	52.6	47.3	46.2	-1.1	-6.4

**Supply (Million Bushels)**

Beg. Stocks	718	590	752	976	1,161	1,184	23	208
Production	2,135	2,026	2,062	2,310	1,824	1,760	-64	-550
Imports	173	151	113	118	130	140	10	22
Total Supply	3,026	2,768	2,927	3,403	3,115	3,084	-31	-319

**Use & Ending Stocks (Million Bushels)**

Food	955	958	957	955	955	955	0	0
Seed	77	79	67	61	66	66	0	5
Feed	228	114	149	148	170	150	-20	2
Exports	1,176	864	778	1,055	1,000	975	-25	-80
Total Use	2,436	2,015	1,951	2,219	2,191	2,146	-45	-73
U.S. Ending Stocks	590	752	976	1,184	924	938	14	-246
Foreign Stocks	6,524	7,243	7,947	8,297	8,673	8,637	-36	340

**Price and Stocks to Use Ratio**

U.S. Avg. Season Price (\$/Bu)	\$6.87	\$5.99	\$4.89	\$3.89	\$3.90- \$4.70	\$4.40- \$5.20	\$0.50	\$0.95
U.S. Stocks/Use	24.22%	37.32%	50.03%	53.36%	42.17%	43.71%	1.54%	-9.65%

Source: USDA-WASDE July 12, 2017

**World Wheat Supply and Use (Million Bushels) 2017/18 (July)**

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	9,482	27,111	6,541	5,119	27,017	6,556	9,575
US	1,184	1,760	140	150	1,171	975	938
Foreign	8,297	25,351	6,401	4,969	25,846	5,581	8,637
Argentina	19	643	0	4	220	423	19
Australia	328	863	6	165	294	698	205
Canada	263	1,042	17	129	323	808	190
EU	398	5,512	239	2,039	4,676	1,102	370
Brazil	82	206	257	18	430	37	78
China	4,078	4,777	110	478	4,262	29	4,673
Sel. Mideast	470	716	676	181	1,464	27	370
N. Africa	501	654	1,034	80	1,664	25	501
Pakistan	160	963	1	33	933	22	168
Southeast Asia	196	0	909	261	854	38	213
India	351	3,527	147	184	3,638	18	369
Russia	398	2,646	18	661	1,506	1,121	435
Kazakhstan	146	478	2	77	254	257	115
Ukraine	69	882	1	132	375	514	63
ROW	838	2,444	2,983	527	4,953	460	867

**World Wheat Supply and Use (Million Bushels) 2017/18 July-June**

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	60	-62	-26	7	19	-5	-22
US	23	-64	10	-20	-20	-25	14
Foreign	37	2	-36	27	39	21	-36
Argentina	-	-	-	-	-	-	-
Australia	4	-55	-	-	-	-	-51
Canada	-	-	-	-	-	-	-
EU	-7	-28	-	-	-	-18	-17
Brazil	4	-	-	-	-	-	4
China	7	-37	-	-	-	-	-29
Sel. Mideast	16	-	-12	-	-5	-	8
N. Africa	2	-	-7	-	-	-	-5
Pakistan	4	-	-	-	-	-	4
Southeast Asia	24	-	-	-	-4	-	28
India	0	-	-	-	-	-	-
Russia	-11	110	-	37	37	55	8
Kazakhstan	1	-	-	-	-	-	1
Ukraine	-7	-37	-	-11	-15	-18	-11
ROW	0	48	-17	1	25	2	25

Source: USDA-WASDE July 12, 2017

## **2017 Estimated Returns – Non-Irrigated**

The profitability outlook has been updated after the release of the June 12, USDA WASDE reports. Yields used for non-irrigated estimates are a 5 year Tennessee state average year plugging in the 2016 state average projection of 151 bushels per acre for corn, 45 bushels per acre for soybeans, and 1104 pounds per acre cotton. A wheat yield of 72 bushels per acre is currently projected as the Tennessee 2017 state average and is used in this profitability update. Costs are based on the 2017 UT Extension Row Crop budgets with adjustments made based on current input prices. Prices used for 2017 are incorporating forward 2017 harvest prices. Milo prices are an estimate as very few quotes are available. Prices have been fairly flat since the June 30th USDA Report with the exception of soybeans that are up 74 cents. Soybean prices more so than corn are reflecting weather concerns for the growing season. Since wheat has been harvested and probably priced, I am using \$4.70 bushel as more of an average price. Soybeans, corn, and wheat-soybeans are showing a profitable Net Return. It depends on a producer's situation on what is showing to be the most profitable crop. Producers with cash rent or owned ground will want to look at Returns Over Variable Expenses as their land cost will be fixed and if their machinery cost are truly fixed and no equipment changes will be made. Producers with share rent will want to plug in their appropriate share rent if their equipment cost are fixed. Producers who may be making some equipment changes may want to look at Net Returns. This may be an opportunity to review marketing plans and decide whether to lock in a percentage of forward harvest prices. Visit with your supplier on input cost expectations. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. I would like to point out the cotton price of 66.5 cents that is being used in the profitability outlook. The price of 65.74 cents is made up of a cash price of 60.74 cents and gin rebates (seed & hauling) of 5 cents. The cash price of 60.74 cents is composed of a loan rate of 49.49 cents and a 11.25 cent equity from the buyer. Note - When prices are low, cotton is redeemed out of the marketing loan program at the Adjusted World Price (AWP). This is effect helps create the loan option or equity price that producers receive. Currently, this price is in 11 cent range. Basically, this is a result of the way the cotton marketing loan program works. My observations and discussions with cotton buyers would indicate that when futures move above 70-73 cents, then the prices to the producers would start to move up penny for penny. Producers should look at these returns as what could be if no adjustments are made in their operation and consider it a warning sign that adjustments will need to be made in 2017 to be sustainable. These estimates do not consider any USDA or crop insurance payments from the new farm bill. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$ 97, Soybeans - \$38, Corn - \$121 (includes 170 units of N), Milo - \$87, and Wheat/Soybeans - \$93. Cost of production will continue to be adjusted as information becomes available. Weed control costs with resistant weeds have also

been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2017 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable as a guide in decision making. Producers with share rent ground should use Returns Over Variable and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

<b>2017 Estimated Returns – Non-Irrigated</b>					
	<b>Cotton</b>	<b>Soybeans</b>	<b>Corn</b>	<b>Milo</b>	<b>Wheat/Soybeans</b>
Yield	<b>962 lbs.</b>	<b>44 bu.</b>	<b>144 bu.</b>	<b>90 bu.</b>	<b>72 bu./32 bu.</b>
Price (as of 7/12/17)	\$0.665 lb.	\$10.25 bu.	\$3.69 bu.	\$3.39 bu.	\$4.70 bu./\$10.25 bu.
Revenue	\$632	\$451	\$531	\$305	\$666
Variable Expenses	\$403	\$216	\$308	\$229	\$374
Returns Over Variable	<b>\$230</b>	<b>\$235</b>	<b>\$223</b>	<b>\$76</b>	<b>\$292</b>
Land Costs (25% of Revenue-25% crop insurance)	\$156	\$111	\$130	\$73	\$163
Returns Over Variable and Land Costs	<b>\$74</b>	<b>\$124</b>	<b>\$94</b>	<b>\$3</b>	<b>\$129</b>
Fixed Costs Depreciation & interest on machinery	\$130	\$62	\$56	\$62	\$99
Returns Over Specified Costs	-\$57	\$62	\$38	-\$60	\$30
Breakeven Price at Average Yield and Specified Cost	\$0.72	\$ 8.85	\$3.43	\$4.05	\$4.88/8.94

## **2017 Estimated Returns - Irrigation**

Considering irrigation, profitability is positive for soybeans and wheat-soybeans considering variable, land and fixed cost. Returns Over Variable and Land Costs are positive for corn, cotton, and wheat-soybeans. Producers should look at these returns as what could be if no adjustments are made in their operation and consider that adjustments may need to be made in 2017 to be sustainable. The table below is an estimate of returns for crops under irrigation. Since irrigated yields are not as of yet kept separate in Tennessee, yields below are an estimate of irrigated yields. Irrigation fixed costs and energy costs will vary greatly among producers and systems. These projections include in variable expenses energy costs for irrigation of \$28 per acre for corn, \$24 per acre for cotton, and \$18 per acre for soybeans and \$15 per acre of irrigation repairs and maintenance. Fixed costs of \$85 per acre for irrigation equipment are used. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$101, Soybeans - \$37, Corn - \$159 (includes 240 units of N), Milo - \$103, and Wheat/Soybeans - \$93. Cost of production will continue to be adjusted as information becomes available. Hopefully, we will see costs reduced or possibly suitable generic products available. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2017 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable and Fixed IR Costs as a guide in decision making. Producers with share rent ground should use Returns Over Variable, Fixed IR Costs and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost minus 25% of the irrigation equipment fixed cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. A management cost of \$30 per acre is included in Fixed Costs – management labor, depreciation & interest on machinery. This is an additional \$15 above the dryland crop management labor. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

## 2017 Estimated Returns – Irrigation

	<b>Cotton</b>	<b>Soybeans</b>	<b>Corn</b>	<b>Milo</b>	<b>Wheat/Soybeans</b>
Yield	<b>1100 lbs.</b>	<b>60 bu.</b>	<b>190 bu.</b>	<b>130 bu.</b>	<b>72 bu./45 bu.</b>
Price (as of 7/12/17)	\$0.6574 lb.	\$10.25 bu.	\$3.69 bu.	\$3.39 bu.	\$4.70 bu./\$10.25 bu.
Revenue	\$723	\$615	\$701	\$441	\$800
Variable Expenses( include energy cost)	\$450	\$250	\$402	\$291	\$409
Fixed Irrigation Costs per Acre	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>	<b>\$85</b>
Returns Over Variable & Fixed IR Costs	<b>\$188</b>	<b>\$280</b>	<b>\$214</b>	<b>\$65</b>	<b>\$306</b>
Land Costs (25% of Revenue-25% crop insurance-25% fixed irrigation costs)	\$157	\$130	\$151	\$86	\$175
Returns Over Variable, IR Fixed Cost and Land Costs	<b>\$31</b>	<b>\$149</b>	<b>\$63</b>	<b>-\$21</b>	<b>\$131</b>
Fixed Costs- management labor, depreciation & interest on machinery	\$145	\$77	\$71	\$77	\$114
Returns Over Specified Costs	-\$115	\$72	-\$8	-\$98	\$17
Breakeven Price at Average Yield and Specified Cost	\$0.76	\$9.05	\$3.73	\$4.15	\$4.88/\$9.78