

## February 8, 2019 - USDA World Supply and Demand Estimates

### Corn

**Market Reaction:** March 2019 corn futures closed down 2 ¼ cents at \$3.74 ¼ with a trading range for the day of \$3.74 to \$3.81 ¾. December 2019 corn futures closed down 1 cent at \$3.99 ¼ with a trading range for the day of \$3.98 ½ to \$4.04. Year-over-year reduction in domestic and foreign stocks continue to be a positive factor for prices. However, reduced ethanol use, greater planted acres in 2019, and continued trade uncertainty provide some degree of skepticism for price improvements.

**USDA Summary:** This month's 2018/19 U.S. corn outlook is for lower imports, production, food, seed, and industrial use (FSI), feed and residual use, and stocks. Corn production is estimated at 14.420 billion bushels, down 206 million on reduction in yield to 176.4 bushels per acre. Harvested area is down fractionally. Total corn use is down 165 million bushels to 14.865 billion. FSI use is lowered 40 million bushels, reflecting reductions to corn used for ethanol and other industrial use. For ethanol, the reduction is based on the most recent data from the Grain Crushings and Co-Products Production report and weekly ethanol production data as reported by the Energy Information Administration for the months of December and January. Other FSI use is lowered 15 million bushels with lower projections for high fructose corn syrup and glucose and dextrose. Feed and residual use is lowered 125 million bushels to 5.375 billion based on a smaller crop and indicated disappearance during September-November as reflected by the December 1 stocks. With supply falling more than use, corn stocks are lowered 46 million bushels. The season-average corn price received by producers is unchanged at a midpoint of \$3.60 per bushel.

Global coarse grain production for 2018/19 is forecast lower. This month's foreign coarse grain outlook is for increased production and consumption, and marginally lower trade. Foreign corn production is forecast higher with increases for Argentina, China, and Ukraine more than offsetting reductions for South Africa and Mexico. Argentina's corn production is up based on higher expected area and yield, with abundant rainfall and benign temperatures over the past two months boosting yield prospects. China and Ukraine are higher based on the latest official statistics. South Africa is lowered as heat and dryness during the month of January, particularly in the western producing areas, reduces yield prospects.

Major global trade changes for 2018/19 include increased corn exports for Argentina and Ukraine, partially offset by reductions for South Africa and Mexico. For 2017/18, Argentina's exports are reduced with a partially offsetting increase for Brazil based on observed shipments to date for the local marketing years that both started in March 2018. Imports are raised for South Africa for the marketing years that both started in May 2018. For 2018/19, imports are raised for

Chile but lowered for Venezuela. Foreign corn ending stocks are higher, mostly reflecting increases for Argentina and China. Global corn stocks, at 12.196 billion, are up 39 million.

	2014/15	2015/16	2016/17	2017/18 Est.	2018/19 Projected December	2018/19 Projected February	2018/19 Change From Previous Month	Change 2017/18 to 2018/19
<b>Planted and Harvested Acres &amp; Yield</b>								
Acres Planted (Million Acres)	90.6	88	94	90.2	89.1	89.1	0.0	-1.1
Acres Harvested (Million Acres)	83.1	80.8	86.7	82.7	81.8	81.7	-0.1	-1.0
U.S. Average Yield (Bu/Acre)	171.0	168.4	174.6	176.6	178.9	176.4	-2.5	-0.2
<b>Supply (Million Bushels)</b>								
Beg. Stocks	1,232	1,731	1,737	2,293	2,140	2,140	0	-153
Production	14,216	13,602	15,148	14,605	14,626	14,420	-206	-185
Imports	32	68	57	36	45	40	-5	4
Total Supply	15,479	15,401	16,942	16,939	16,811	16,600	-211	-339
<b>Use &amp; Ending Stocks (Million Bushels)</b>								
Feed and Residual	5,280	5,114	5,470	5,304	5,500	5,375	-125	71
Ethanol	5,200	5,224	5,432	5,605	5,600	5,575	-25	-30
Food, Seed & Industrial	1,401	1,424	1,453	1,451	1,480	1,465	-15	14
Exports	1,867	1,901	2,294	2,438	2,450	2,450	0	12
Total Use	13,748	13,664	14,649	14,799	15,030	14,865	-165	66
U.S. Ending Stocks	1,731	1,737	2,293	2,140	1,781	1,735	-46	-405
Foreign Stocks	9,260	10,523	11,495	11,277	10,376	10,460	84	-817
<b>Price and Stocks to Use Ratio</b>								
U.S. Avg. Season Price (\$/Bu)	\$3.70	\$3.61	\$3.36	\$3.36	\$3.25- \$3.95	\$3.35- \$3.85	\$0.00	\$0.24
U.S. Stocks/Use	12.59%	12.71%	15.65%	14.46%	11.85%	11.67%	-0.2%	-2.79%

Source: USDA-WASDE February 8, 2019

**World Corn Supply and Use (Million Bushels) 2018/19 (February)**

<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	13,417	43,289	6,287	27,481	44,511	6,589	12,195
US	2,140	14,420	40	5,375	12,415	2,450	1,735
Foreign	11,277	28,869	6,248	22,106	32,096	4,139	10,460
Argentina	153	1,811	0	382	543	1,142	279
Brazil	316	3,720	39	2,205	2,618	1,142	316
South Africa	115	453	4	228	461	63	48
Egypt	72	268	382	539	638	0	84
EU	388	2,390	827	2,527	3,275	59	271
Japan	55	0	610	468	610	0	55
Mexico	226	1,008	657	1,004	1,720	39	131
Southeast Asia	91	1,158	669	1,472	1,785	31	102
South Korea	74	3	402	315	405	0	73
Canada	93	547	47	335	547	63	78
China	8,761	10,131	197	7,677	10,905	2	8,181
Ukraine	58	1,398	1	217	272	1,122	63
ROW	876	5,983	2,411	4,737	8,316	476	781

**World Corn Supply and Use (Million Bushels) February-December 2018/19**

<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	24	-12	-1	-27	-26	35	39
US	-	-206	-5	-125	-165	-	-46
Foreign	24	194	4	98	139	35	84
Argentina	59	138	-	47	55	39	102
Brazil	-39	-	-	-	-	-	-39
South Africa	12	-20	4	-	-	-12	8
Egypt	-	-	-	-	-	-	-
EU	-	13	-	8	8	-	5
Japan	-	-	-	-	-	-	-
Mexico	-	-16	-	-	-	-12	-4
Southeast Asia	-	-	-	-	-	-	-
South Korea	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
China	-	52	-	39	39	-	13
Ukraine	2	20	-	-	-	20	2
ROW	-9	7	-	4	36	-	-2

Source: USDA-WASDE February 8, 2019

## **Cotton**

**Market Reaction:** March 2019 cotton futures closed down 0.26 cents at 72.55 with a trading range for the day of 72.45 to 73.01 cents. December 2019 cotton futures closed down 0.60 cents at 73.93 with a trading range for the day of 73.83 to 74.55 cents. Trade disruption with China and anticipated increased global and U.S. production will likely keep harvest futures trading in the current 72-75 cent band.

**USDA Summary:** This month's 2018/19 U.S. cotton forecasts include slightly lower production, mill use, and ending stocks. Production is reduced 200,000 bales due to small declines outside the Southeast. Ending stocks and mill use are reduced 100,000 bales each, while exports are unchanged. The forecast for the marketing-year average price received by producers is reduced 2 cents per pound, to a midpoint of 72 cents.

The world 2018/19 cotton supply and demand estimates include lower production and mill use but higher trade and stocks. Production is reduced nearly 300,000 bales, as smaller crops in Turkey, India, Burkina Faso and the United States offset increases in China, Brazil, Pakistan, and Australia. World trade is increased 600,000 bales as higher imports by China, Turkey, and Pakistan more than offset declines in Vietnam and Bangladesh. Exports rose for Brazil, Benin, and India, but fell for Turkey and Burkina Faso. Lower 2017/18 India mill use is largely responsible for a 600,000-bale increase in world 2018/19 beginning stocks. Projected 2018/19 consumption in India is reduced 500,000 bales since December, and is reduced 1 million bales for China. Global use is reduced 2 million bales, with smaller declines in Vietnam, Turkey, and the United States. World 2018/19 ending stocks are now 2.3 million bales above their previous estimate, with a 2.0-million-bale increase for China.

	2014/15	2015/16	2016/17	2017/18 Est.	2018/19 Projected December	2018/19 Projected February	2018/19 Change From Previous Month	Change 2017/18 to 2018/19
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	11.04	8.58	10.07	12.72	14.04	14.1	0.06	1.38
Acres Harvested (Million Acres)	9.35	8.07	9.51	11.1	10.37	10.53	0.16	-0.57
U.S. Average Yield (lbs/acre)	838	766	867	905	860	838	-22	-67

**Supply (Million Bales)**

Beg. Stocks	2.35	3.65	3.8	2.75	4.3	4.3	0	1.55
Production	16.32	12.89	17.17	20.92	18.59	18.39	-0.2	-2.53
Imports	0.01	0.03	0.01	0	0.01	0.01	0	0.01
Total Supply	18.68	16.57	20.98	23.68	22.89	22.7	-0.19	-0.98

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

Domestic	3.58	3.45	3.25	3.23	3.3	3.2	-0.1	-0.03
Exports	11.25	9.15	14.92	15.85	15	15	0	-0.85
Total Use	14.82	12.6	18.17	19.07	18.3	18.2	-0.1	-0.87
U.S. Ending Stocks	3.65	3.8	2.75	4.3	4.4	4.3	-0.1	0
Foreign Stocks	108.09	91.11	77.65	76.75	68.31	71.2	2.89	-5.55
Chinese Stocks	66.92	58.2	45.92	38.02	30.37	32.37	2	-5.65

**Price and Stocks to Use Ratio**

U.S. Avg. Season Price (\$/lb)	\$0.613	\$0.612	\$0.68	\$0.686	\$0.71- \$0.77	\$0.71- \$0.73	-\$0.020	\$0.034
U.S. Stocks/Use	25%	30%	15%	23%	24%	24%	-0.42%	1.08%
Chinese Stocks/Use	197%	166%	119%	93%	73%	80%	6.75%	- 12.81%

Source: USDA-WASDE February 8, 2019

**World Cotton Supply and Use (Million 480 lb Bales) 2018/19 (February)**

Country / Region	Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss	Ending Stocks
World	81.05	118.45	42.31	123.64	42.32	0.36	75.5
US	4.3	18.39	0.01	3.2	15	0.2	4.3
Foreign	76.75	100.06	42.3	120.44	27.32	0.16	71.2
Central Asia	2.72	5.59	0	3.61	2.26	0	2.44
Afr. Fr. Zone	1.83	5.58	0	0.14	5.47	0	1.8
Australia	2.94	2.6	0	0.04	3.6	0	1.9
Brazil	8.66	11.4	0.13	3.5	6.2	0	10.48
India	9.23	27	1.6	24.8	4.5	0	8.53
Mexico	0.66	1.73	0.85	1.95	0.6	0.03	0.66
China	38.02	27.5	7.5	40.5	0.15	0	32.37
EU	0.27	1.69	0.7	0.74	1.55	0.05	0.31
Turkey	1.88	3.7	3.2	6.8	0.3	0	1.68
Pakistan	2.83	7.5	3	10.6	0.13	0.03	2.58
Indonesia	0.62	0	3.65	3.6	0.01	0	0.66
Thailand	0.18	0	1.18	1.15	0	0.03	0.18
Bangladesh	1.86	0.14	8	8	0	0.01	1.98
Vietnam	1.19	0	7.4	7.3	0	0	1.29
ROW	3.86	5.63	5.09	7.71	2.55	0.01	4.34

**World Cotton Supply and Use (Million 480 lb Bales) February-December 2018/19**

Country / Region	Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss	Ending Stocks
World	0.6	-0.29	0.6	-1.99	0.59	0.01	2.31
US	-	-0.2	-	-0.1	-	0.01	-0.1
Foreign	0.6	-0.09	0.59	-1.89	0.59	-	2.41
Central Asia	-	0.12	-	-	0.05	-	0.07
Afr. Fr. Zone	0.03	-0.28	-	-	0.02	-	-0.27
Australia	-	0.1	-	-	-	-	0.09
Brazil	-	0.4	0.05	-	0.4	-	0.05
India	0.55	-0.5	-	-0.5	0.1	-	0.45
Mexico	-	-	-0.05	-	-	-	-0.05
China	-	0.5	0.5	-1	-	-	2
EU	-	0.03	-0.01	-0.01	0.02	-	-0.01
Turkey	-	-0.6	0.3	-0.2	-0.1	-	-
Pakistan	-	0.1	0.1	-	-0.02	-	0.22
Indonesia	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-
Bangladesh	-	-	-0.1	-	-	-	-0.1
Vietnam	-	-	-0.2	-0.2	-	-	-
ROW	0.02	0.04	0.01	0.02	0.12	-	-0.04

Source: USDA-WASDE February 8, 2019

## Soybeans

**Futures Market Reaction:** March 2019 soybean futures were up 1 ¼ cent at \$9.14 ½ with a trading range for the day of \$9.08 to \$9.18. November 2019 soybean futures closed up 1 ¼ cents at \$9.57 with a trading range for the day of \$9.51 ¼ to \$9.60. Yield and harvested acre reductions were anticipated due to the terrible harvest conditions in many regions in the U.S. Decreased South American production also provides support for prices. Without a resolution to the trade dispute with China prices are likely to languish at current levels for the next month. Volatility based on trade chatter should continue to be expected.

**USDA Summary:** U.S. oilseed production for 2018/19 is estimated down from the previous report. Smaller soybean, canola, peanut, and cottonseed crops are partly offset by an increase for sunflowerseed. Soybean production is estimated at 4.544 billion bushels, down 56 million. Harvested area is estimated at 88.1 million acres, down fractionally from the previous report. Yield is estimated at 51.6 bushels per acre, down 0.5 bushels, led by reductions for North Dakota, South Dakota, and Nebraska. The soybean crush forecast is raised 10 million bushels to 2,090 million. Soybean meal production is unchanged as the higher crush is offset by a lower extraction rate. Lower supplies and increased crush are partly offset with a 25-million-bushel reduction in exports. Ending stocks are projected at 910 million bushels, down 45 million from the previous forecast. The 2018/19 U.S. season-average farm price forecast for soybeans is projected at \$8.10 to \$9.10 per bushel, unchanged at the midpoint. The soybean meal price is forecast at \$295 to \$335 per short ton, up \$5.00 at the midpoint. The soybean oil price forecast of 28.5 to 31.5 cents per pound is unchanged at the midpoint.

The 2018/19 global soybean outlook includes lower production, exports, crush, and stocks. Global soybean production is lowered 301 million bushels to 13.264 billion with lower crops for Brazil, Argentina, Paraguay, Uruguay, and South Africa. Production for Brazil is lowered 184 million bushels to 4.299 billion due to dryness in parts of the South and Center-West regions. Production for Argentina is lowered 18 million bushels to 2.021 billion due to a reduction in harvested area that is partly offset by increased yields. Global soybean exports are reduced 62 million bushels to 5.673 billion. Lower exports for Brazil, Uruguay, and Paraguay are partly offset by higher exports for Argentina. Global imports are also reduced mainly on a 73-million-bushel reduction for China due to lower crush demand.

Global 2018/19 soybean marketing-year ending stocks are lowered 316 million bushels this month to 3.921 billion, which is a 316-million-bushel increase over the 2017/18 estimate. In addition to crop-related changes, this month's lower global ending stocks forecast reflects historical balance sheet revisions for Argentina (back to 2009/10) and Brazil (back to 1999/00). The revisions were motivated by supply and demand conditions indicating that beginning stock levels for the 2017/18 local year should be higher in Brazil and lower in Argentina than previously estimated. Additionally, these revisions are more in line with historical stocks

revisions made in late 2018 by Argentina's Ministry of Agriculture and Brazil's Association of Vegetable Oil Industries (ABIOVE).

With Argentina's 2018 crop falling 30 percent below initial projections due to the drought, soybean stocks are assumed to be lower than prior estimates. The post-drought stocks-to-use ratio had been projected at 38 percent for the 2017/18 local year (April 2018-March 2019). The USDA's estimates are guided by Argentina's official crush, trade, and production data. Projected stocks are reduced with upward revisions to residuals, which take into account supplies needed for reported use, statistical errors, and possible unreported demand during the past decade. While stocks are reduced for Argentina, Brazil's stocks are revised higher starting in 1999/00. Record exports during October 2018-January 2019, the end of Brazil's 2017/18 local year (February 2018-January 2019), motivated the revisions. Record late-season exports made it apparent that, in addition to a record crop, beginning stocks were higher than previously estimated. Brazil's ending stocks were revised over several years to increase supplies in order to meet reported use through 2017/18. For more information, read the USDA Foreign Agricultural Service's Oilseeds: World Markets and Trade and the Economic Research Service's Oil Crops Outlook February reports.



	2014/15	2015/16	2016/17	2017/18 Est.	2018/19 Projected December	2018/19 Projected February	2018/19 Change From Previous Month	Change 2017/18 to 2018/19
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	83.3	82.7	83.5	90.2	89.1	89.2	0.1	-1.0
Acres Harvested (Million Acres)	82.6	81.7	82.7	89.5	88.3	88.1	-0.2	-1.4
U.S. Average Yield (Bu/Acre)	47.5	48	51.9	49.3	52.1	51.6	-0.5	2.3

**Supply (Million Bushels)**

Beg. Stocks	92	191	197	302	438	438	0	136
Production	3,927	3,926	4,296	4,412	4,600	4,544	-56	132
Imports	33	24	22	22	25	20	-5	-2
Total Supply	4,052	4,140	4,516	4,735	5,063	5,002	-61	267

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

Crushing	1,873	1,886	1,901	2,055	2,080	2,090	10	35
Exports	1,842	1,942	2,166	2,129	1,900	1,875	-25	-254
Seed and Residual	146	115	147	113	128	127	-1	14
Total Use	3,862	3,944	4,214	4,297	4,107	4,092	-15	-205
U.S. Ending Stocks	191	197	302	438	955	910	-45	472
Foreign Stocks	2,658	2,687	3,217	3,166	3,283	3,011	-272	-155

**Price and Stocks to Use Ratio**

U.S. Average Season Price (\$/Bu)	\$10.10	\$8.95	\$9.47	\$9.33	\$7.85- \$9.35	\$8.10- \$9.10	\$0.00	-\$0.73
U.S. Stocks/Use	4.95%	4.99%	7.17%	10.19%	23.25%	22.24%	-1.01%	12.05%

Source: USDA-WASDE February 8, 2019

**World Soybean Supply and Use (Million Bushels) 2018/19 (February)**

<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	3,604	13,264	5,564	11,199	12,840	5,672	3,921
US	438	4,544	20	2,090	2,217	1,875	910
Foreign	3,166	8,720	5,544	9,109	10,623	3,797	3,011
Argentina	915	2,021	197	1,587	1,815	231	1,086
Brazil	1,159	4,299	9	1,569	1,655	2,921	890
Paraguay	10	349	0	143	146	206	8
China	864	584	3,233	3,270	3,899	4	780
EU	56	99	581	610	671	10	55
Japan	8	10	121	86	129	0	10
Mexico	7	12	185	195	196	0	8
ROW	147	1,346	1,218	1,649	2,111	424	176

**World Soybean Supply and Use (Million Bushels) February-December 2018/19**

<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	-118	-302	-38	-125	-77	-64	-316
US	-	-56	-5	10	10	-25	-46
Foreign	-118	-246	-33	-134	-86	-39	-272
Argentina	-353	-18	42	7	54	48	-432
Brazil	234	-184	2	-	2	-55	106
Paraguay	4	-11	-	-	-	-7	-
China	-1	-4	-73	-129	-129	-	51
EU	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-
ROW	-2	-29	-4	-13	-14	-24	4

Source: USDA-WASDE February 8, 2019

## **Wheat**

***Futures Market Reaction:*** March 2019 wheat futures closed up 4 cents at \$5.17 ¼ with a trading range for the day of \$5.13 ½ to \$5.22 ¼. July 2019 wheat futures closed up ½ cent at \$5.22 ½ with a trading range for the day of \$5.20 ¾ to \$5.27 ½. Limited changes were made to the wheat balance sheet. Overall, year-over-year reductions in domestic and foreign stocks provides support for prices.

***USDA Summary:*** Projected 2018/19 wheat ending stocks are raised 36 million bushels on reduced feed and residual use and lower seed use. Feed and residual use is lowered 30 million bushels on larger than expected second-quarter stocks reported in today's NASS Grain Stocks report. Seed use is down 6 million bushels reflecting 2019/20 winter wheat planted area released today in the NASS Winter Wheat and Canola Seedings report. Winter wheat planted area is lower than expected on excessive precipitation and cool temperatures during the planting window. Ending stocks are now projected at 1,010 million bushels. The season-average farm price is unchanged based on NASS prices reported to date and price expectations for the remainder of the marketing year.

World production for the 2018/19 market year is raised 48 million bushels, led by a 59-million-bushel increase for Russia, a 22-million-bushel increase for Brazil, and a 18-million-bushel increase for Paraguay. These changes are partly offset by a 40 million bushel decrease for China and an 11-million-bushel decrease for Argentina. All these production changes reflect updated government statistics and harvest results. Global exports are raised 48 million bushels led by a 26-million-bushel increase for Pakistan on reports of new export subsidies. Russian exports are raised 18 million bushels and Paraguay is raised 15 million bushels, both on larger exportable supplies. In contrast, Australia's exports are lowered 18 million bushels on a slow pace to date, and Argentina exports are down 7 million bushels reflecting the smaller crop. Global use for 2018/19 is raised 73 million bushels, primarily on a 73-million-bushel increase in China feed and residual use. With global use rising more than supplies, world ending stocks are lowered 22 million bushels to 9.829 billion.

	2014/15	2015/16	2016/17	2017/18 Est.	2018/19 Projected December	2018/19 Projected February	2018/19 Change From Previous Month	Change 2017/18 to 2018/19
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**Planted and Harvested Acres & Yield**

Acres Planted (Million Acres)	56.8	55	50.1	46.1	47.8	47.8	0	1.7
Acres Harvested (Million Acres)	46.4	47.3	43.8	37.6	39.6	39.6	0	2
U.S. Average Yield (Bu/Acre)	43.7	43.6	52.7	46.4	47.6	47.6	0	1.2

**Supply (Million Bushels)**

Beg. Stocks	590	752	976	1,181	1,099	1,099	0	-82
Production	2,026	2,062	2,309	1,741	1,884	1,884	0	143
Imports	151	113	118	157	140	140	0	-17
Total Supply	2,768	2,927	3,402	3,079	3,123	3,123	0	44

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

Food	958	957	949	964	970	970	0	6
Seed	79	67	61	63	69	63	-6	0
Feed	114	149	160	51	110	80	-30	29
Exports	864	778	1,051	901	1,000	1,000	0	99
Total Use	2,015	1,951	2,222	1,980	2,149	2,113	-36	133
U.S. Ending Stocks	752	976	1,181	1,099	974	1,010	36	-89
Foreign Stocks	7,243	7,944	8,411	9,190	8,877	8,820	-57	-370

**Price and Stocks to Use Ratio**

U.S. Avg. Season Price (\$/Bu)	\$5.99	\$4.89	\$3.89	\$4.72	\$5.05- \$5.25	\$5.05- \$5.25	\$0.00	\$0.43
U.S. Stocks/Use	37.32%	50.03%	53.15%	55.51%	45.32%	47.80%	2.48%	-7.71%

Source: USDA-WASDE February 8, 2019

**World Wheat Supply and Use (Million Bushels) 2018/19 (February)**

<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	10,289	26,997	6,476	5,261	27,456	6,565	9,830
US	1,099	1,885	140	80	1,113	1,000	1,010
Foreign	9,190	25,113	6,336	5,182	26,343	5,565	8,820
Argentina	35	705	0	2	208	514	18
Australia	216	625	6	202	331	367	148
Canada	227	1,168	17	158	342	882	188
EU	519	5,056	239	1,947	4,593	808	413
Brazil	48	200	276	18	445	18	60
China	4,823	4,829	129	735	4,593	44	5,144
Sel. Mideast	464	695	671	188	1,457	24	349
N. Africa	538	778	944	83	1,687	25	549
Pakistan	177	937	0	44	930	62	122
Southeast Asia	185	0	919	292	924	39	141
India	485	3,663	7	184	3,601	18	536
Russia	436	2,631	18	661	1,488	1,360	238
Kazakhstan	87	551	2	81	257	312	71
Ukraine	46	919	1	88	320	606	39
ROW	905	2,356	3,107	498	5,170	484	804

**World Wheat Supply and Use (Million Bushels) February-December 2018/19**

<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	3	49	17	45	73	48	-21
US	-	-	-	-30	-36	-	36
Foreign	3	49	17	75	109	48	-57
Argentina	-2	-11	-	-2	-6	-7	-
Australia	6	-	-	-	-	-18	25
Canada	-	-	-	-	-	-	-
EU	-	-	-	-	-	-	-
Brazil	-	23	-	-	-	7	16
China	-	-39	-18	73	73	-	-132
Sel. Mideast	-	2	17	4	13	-4	10
N. Africa	-	-	-	-	-	-	-
Pakistan	-	-	-	-	-	26	-26
Southeast Asia	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-
Russia	-	59	-	-	-	18	40
Kazakhstan	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-
ROW	-1	16	18	-	28	26	10

Source: USDA-WASDE February 8, 2019

## 2019 Estimated Returns – Non-Irrigated

The profitability outlook has been updated after the release of the February 8, 2019 USDA WASDE reports. Yields used for non-irrigated estimates are a 5 year Tennessee state average year plugging in the 2018 state average yield of 168 bushels per acre for corn, 46 bushels per acre for soybeans, 1055 pounds per acre cotton, and 63 bushels per acre wheat. Prices used for 2019 are estimates based on 2019 harvest futures prices. Based on these yields and prices, soybeans and corn are projected to have positive net returns over variable, land, and fixed costs. Cotton and wheat/soybeans are projected to have positive returns over variable and land costs but not able to cover the estimated fixed costs. Costs are based on the 2019 UT Extension Row Crop budgets with adjustments made where warranted. 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. 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 may be making some equipment changes may want to look at Net Returns. 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. I would like to point out the cotton price of 69 cents that is being used in the profitability outlook. The price of 69 cents is made up of a cash price of 67 cents and gin rebates (seed & hauling) of 2 cents. Gin rebates for seed and hauling are an estimate as those are generally not known until harvest time and could be in the range of 0 -5 cents. 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 2019 to be sustainable. These estimates do not consider any USDA or crop insurance payments from the new farm bill. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$ 109, Soybeans - \$51, Corn - \$155 (includes 180 units of N), and Wheat/Soybeans - \$104. These cost reflect a slight increase from 2018 to 2019. 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>Cotton</b>	<b>Soybeans</b>	<b>Corn</b>	<b>Wheat/Soybeans</b>
Yield	<b>1023 lbs.</b>	<b>47 bu.</b>	<b>164 bu.</b>	<b>68 bu./35 bu.</b>
Price (as of 2/8/19)	\$0.69 lb.	\$9.23 bu.	\$3.87 bu.	\$5.32 bu./\$9.23 bu.
Revenue	\$706	\$434	\$635	\$685
Variable Expenses	\$477	\$251	\$376	\$453
Returns Over Variable	<b>\$229</b>	<b>\$183</b>	<b>\$258</b>	<b>\$232</b>
Land Costs (25% of Revenue-25% crop insurance)	\$174	\$107	\$156	\$168
Returns Over Variable and Land Costs	<b>\$55</b>	<b>\$77</b>	<b>\$103</b>	<b>\$64</b>
Fixed Costs Depreciation & interest on machinery	\$110	\$65	\$64	\$114
Returns Over Specified Costs	-\$56	\$12	\$38	-\$49
Breakeven Price at Average Yield and Specified Cost	\$0.74	\$8.97	\$3.64	\$5.81/\$9.69

## 2019 Estimated Returns – Irrigated

Considering irrigation, Returns Over Variable, Land, and Fixed cost are positive for soybeans. Returns Over Variable and Land Costs are positive for cotton, corn, and wheat/soybeans, but not enough to cover fixed costs. An individual producer's machinery and equipment costs will have a strong influence on profitability. 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 2019 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 \$32 per acre for corn, \$27 per acre for cotton, and \$20 per acre for soybeans. Irrigation repairs and maintenance are estimated at \$16 per acre for corn, \$13 per acre for cotton, and \$10 per acre for soybeans. Fixed costs of \$86 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 - \$116, Soybeans - \$63, Corn - \$197 (includes 240 units of N), and Wheat/Soybeans - \$104. Cost of production will continue to be adjusted as information becomes available. Production costs are estimates based on the 2019 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.



	<b>Cotton</b>	<b>Soybeans</b>	<b>Corn</b>	<b>Wheat/Soybeans</b>
Yield	<b>1200 lbs.</b>	<b>60 bu.</b>	<b>210 bu.</b>	<b>68 bu./45 bu.</b>
Price (as of 2/8/19)	\$0.69 lb.	\$9.23 bu.	\$3.87 bu.	\$5.32 bu./\$9.23 bu.
Revenue	\$828	\$600	\$813	\$777
Variable Expenses( include energy cost)	\$526	\$294	\$488	\$484
Fixed Irrigation Costs per Acre	<b>\$86</b>	<b>\$86</b>	<b>\$86</b>	<b>\$86</b>
Returns Over Variable & Fixed IR Costs	<b>\$215</b>	<b>\$219</b>	<b>\$239</b>	<b>\$207</b>
Land Costs (25% of Revenue-25% crop insurance-25% fixed irrigation costs)	\$186	\$127	\$182	\$170
Returns Over Variable, IR Fixed Cost and Land Costs	<b>\$32</b>	<b>\$93</b>	<b>\$60</b>	<b>\$38</b>
Fixed Costs- management labor, depreciation & interest on machinery	\$125	\$81	\$84	\$129
Returns Over Specified Costs	-\$93	\$13	-\$24	-\$91
Breakeven Price at Average Yield and Specified Cost	\$0.77	\$9.04	\$3.99	\$5.81/\$10.67