

Crop and Livestock Market Outlook

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Wisconsin Ag Outlook

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GLOBAL. INNOVATIVE. EXCELLENT.

Key Points

Situation

- What happened in 2019?
 - Exports and trade policy
 - Weather

Outlook

- What will happen in 2020?
 - Soybeans
 - Corn
 - Cattle



Export and Trade Policies

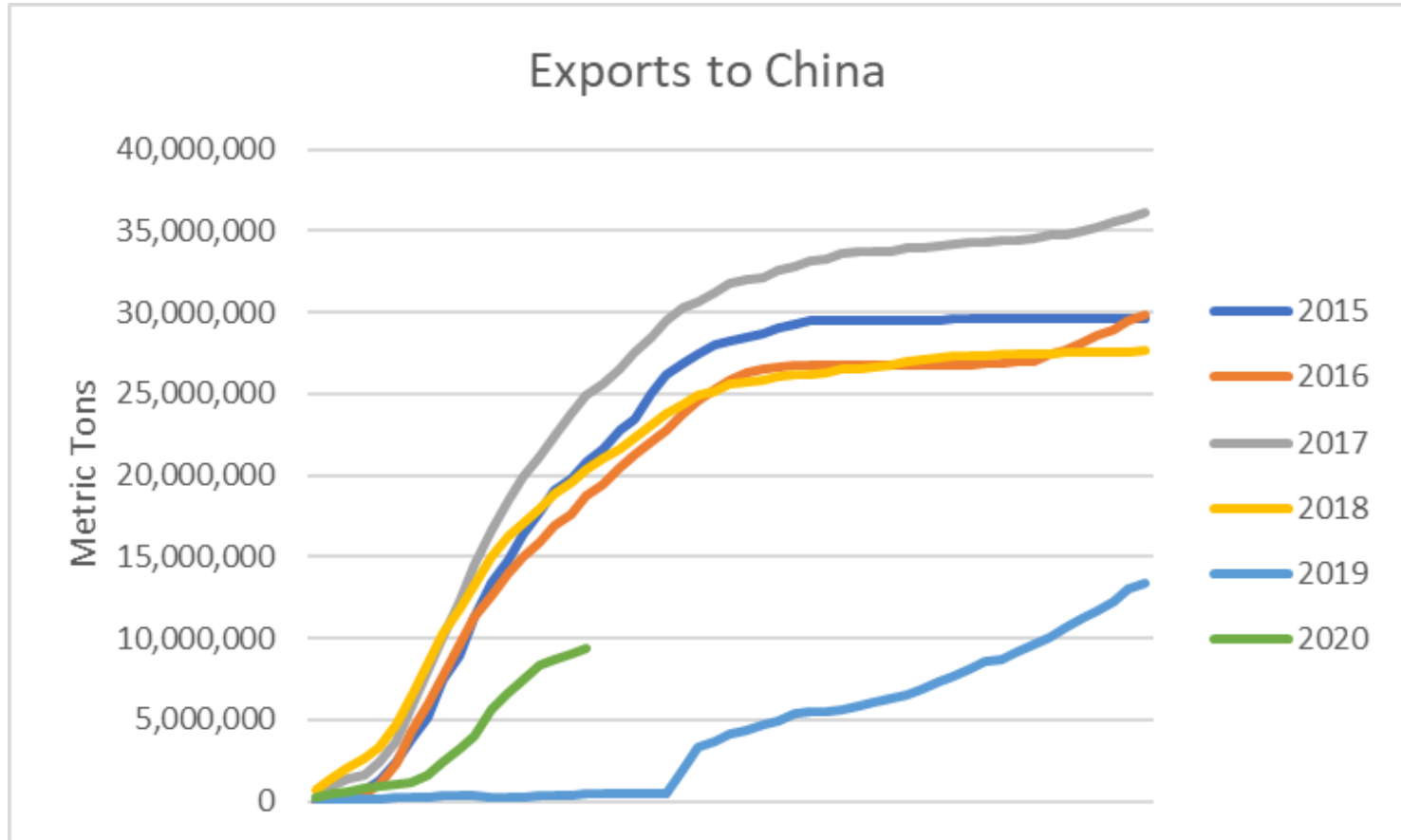
- USMCA
- US/Japan Accord
 - Decrease tariffs on ag products (beef, pork, wheat, cheese, almonds)
 - Lower beef tariff from 38.5% to 9%
- US/China Phase 1
 - Signed Jan 15
 - \$40 billion in ag goods

Commodity Specific Outlook

Soybeans



Soybean Exports



- 62% of Soybeans went to China in MY17, 49% in MY18, 28% in MY 19
- November usually sees US dominate soybean exports to China
 - 0 exports in November 2018 – 4.7 MMT in November 2017 – 3.2 MMT in Nov 2019

Bullish Factors

- Chinese Trade Deal
- Seasonal behavior until late Spring
- Election year is typically bullish for Soybeans

Bearish Factors

- Brazilian Record Production
- African Swine Fever
- No new Chinese commitments

Where will soybeans go in MY21?

- If have 83 Million acres planted (an increase of 6.9 million acres)
- Yield of 52 bu/acre (an increase of 4.6 bu/acre)
 - Production would be 4.3 billion bushels
- Exports of 2.1 BB (an increase of 325 MB)
- S/U would be 20% (up 8%)
- Average Price in MY21 >>> \$8.50 (down \$0.60)

Commodity Specific Outlook Corn



Bullish Factors

- Seasonality
- Improved trade with China
 - Spur corn, ethanol and DDG trade

Bearish Factors

- Exports are low with little signs of increase
- USDA likely to “find” some corn in next stocks report

Where will corn go in MY21?

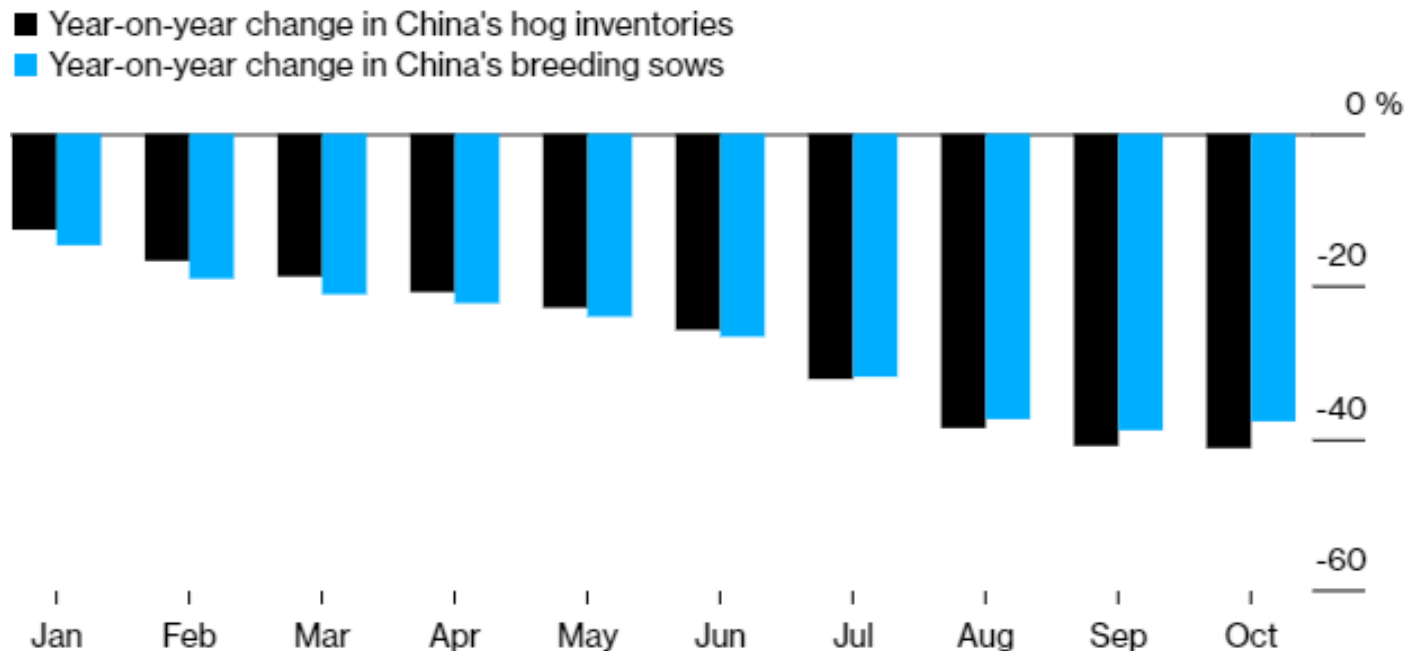
- If have 93 Million acres planted (an increase of 3.3 million acres)
- Yield of 176 bu/acre (an increase of 8 bu/acre)
 - Production would be 15 billion bushels
- Exports of 2.1 BB (an increase of 325 MB)
- S/U would be 20% (up 6%)
- Average Price in MY21 >>> 3.45 (down \$0.40)

Commodity Specific Outlook Cattle



African Swine Fever

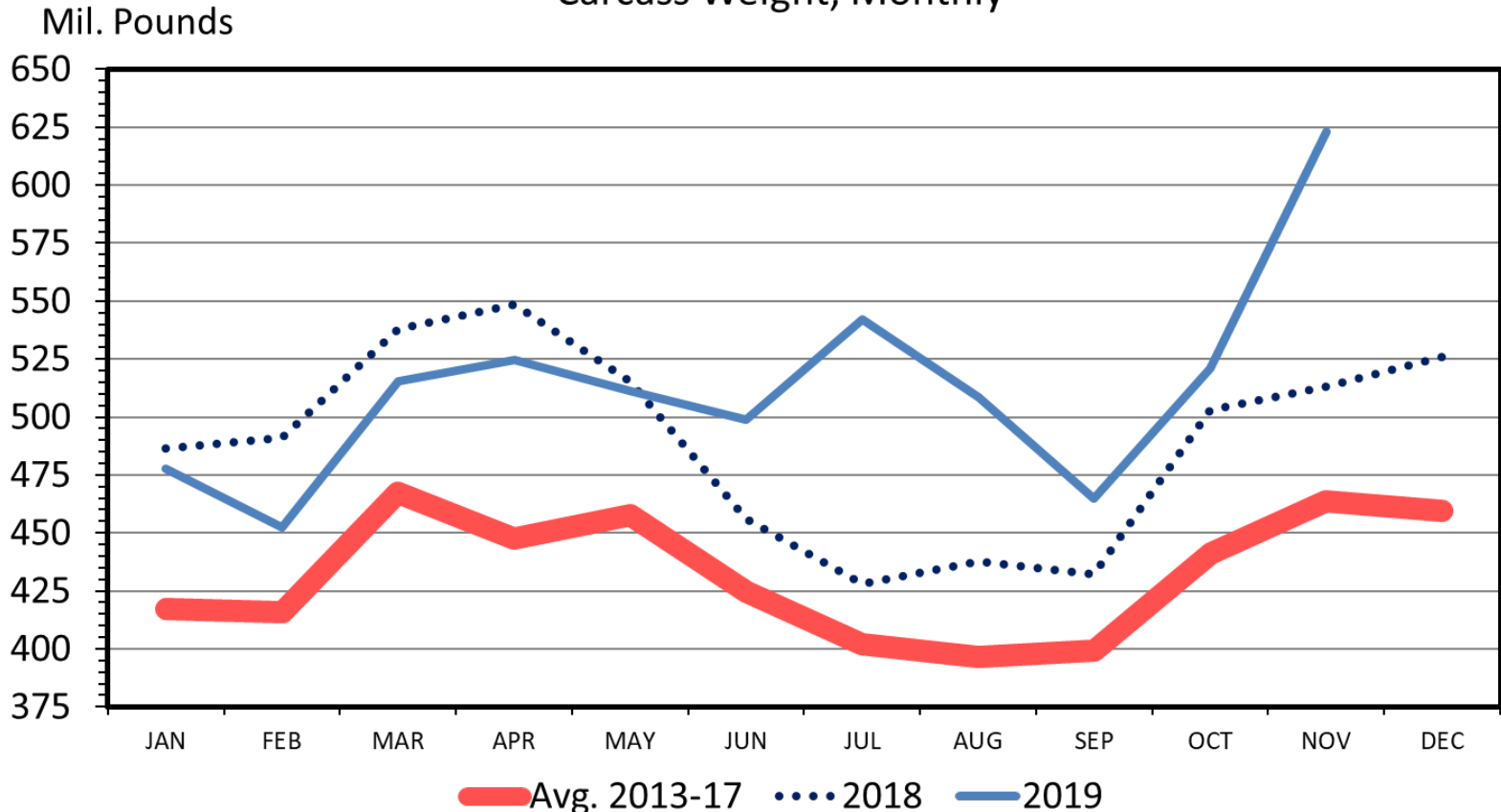
- Chinese hog inventories down 40%
- Chinese inventory 441 M head in 2018
 - EU inventory 150 M head - US 73 M head in 2018
- Continue to spread



Source: Ministry of Agriculture and Rural Affairs

Pork Exports higher

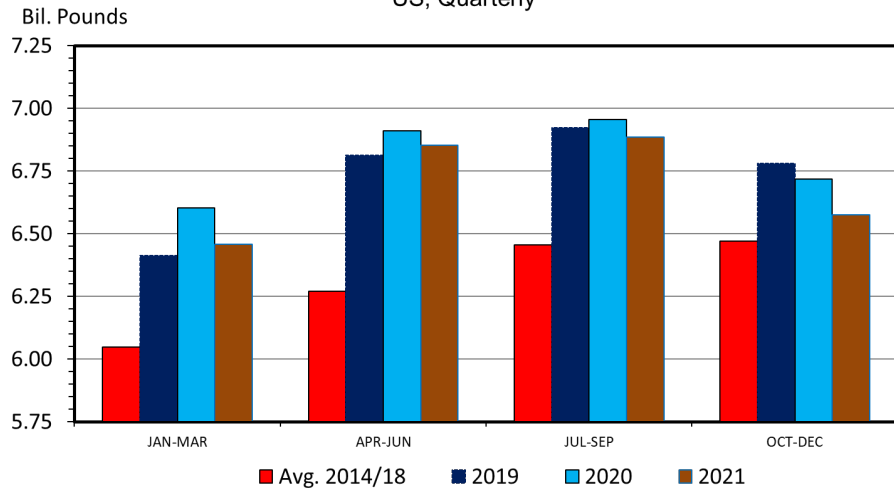
US PORK EXPORTS
Carcass Weight, Monthly



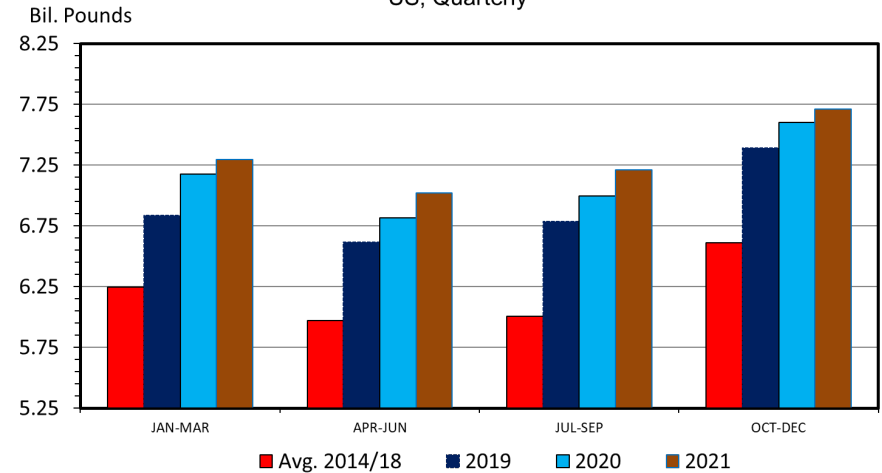
- Pork exports are up 3.8% over 2018
- Beef exports are down 4.2% from 2018

Beef and pork production

COMMERCIAL BEEF PRODUCTION
US, Quarterly



COMMERCIAL PORK PRODUCTION
US, Quarterly

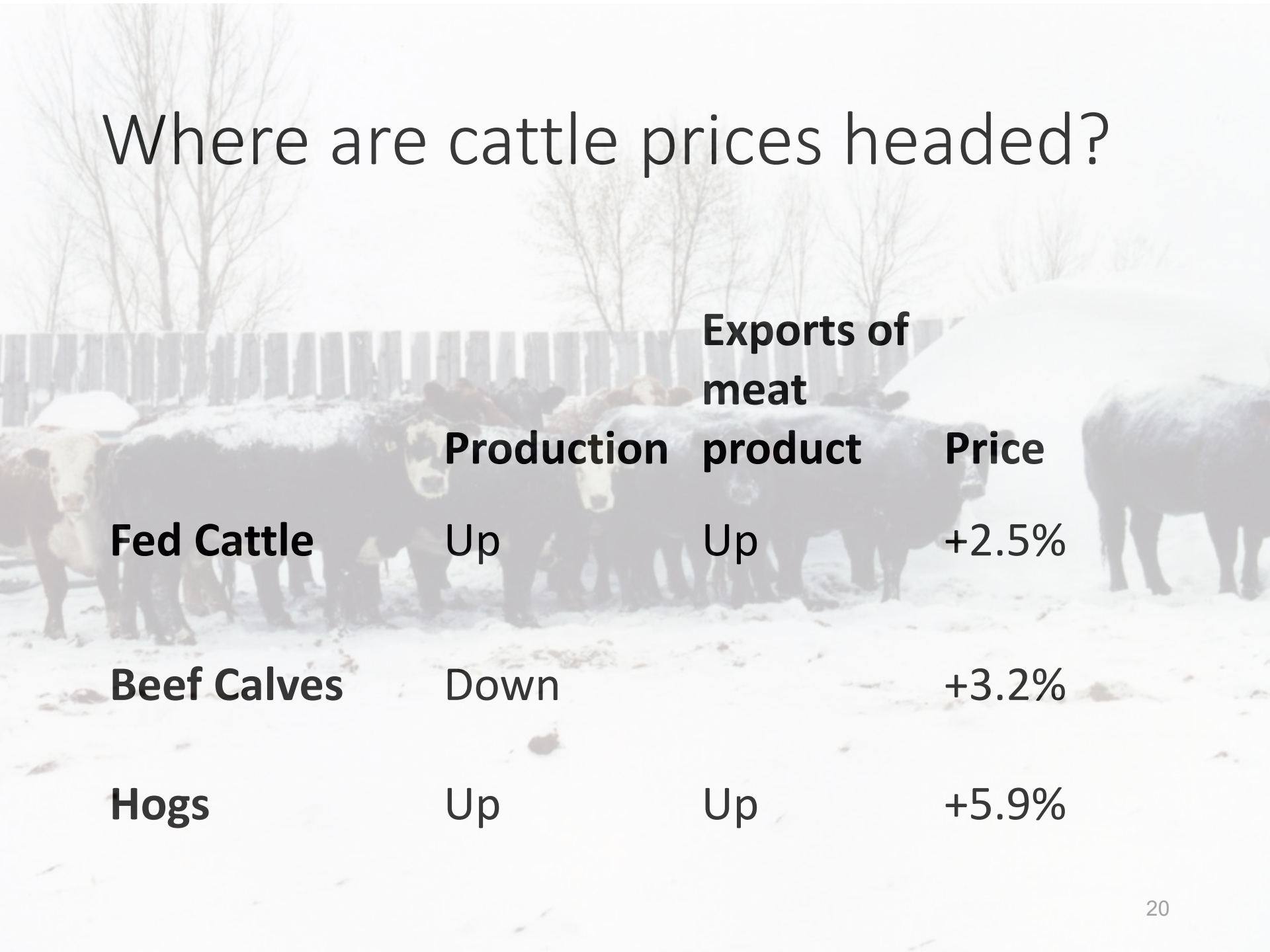


- 2020 beef production will be up 1% over 2019
- 2019 beef production up approximately 1% over 2018 – and up 15% over 2015
- Pork production will be up 3% in 2019
- 2019 up approximately 5% over 2018

WHERE ARE WE HEADED?

- Large production in all 3 major proteins
 - Record protein production of 104.3 B lbs
- Larger trade
 - Beef will benefit from US/Japan deal
 - Chinese ASF will likely impact for another year
 - Beef and pork will likely see increases in exports in 2020

Where are cattle prices headed?



	Production	Exports of meat product	Price
Fed Cattle	Up	Up	+2.5%
Beef Calves	Down		+3.2%
Hogs	Up	Up	+5.9%

FACTORS TO WATCH

- Trade
 - Will China buy \$40 B in ag products?
- Economy
 - Recession?
 - Election
 - GeoPolitical Environment

Questions or Comments?