

2022 Wisconsin Ag Outlook Forum

January 25, 2022



**TOTAL FARM
MARKETING**

BY STEWART-PETERSON

2022 Grain Market Outlook

Focus on the Year Ahead for the Corn and Soybean Markets



John Heinberg

Market Advisor

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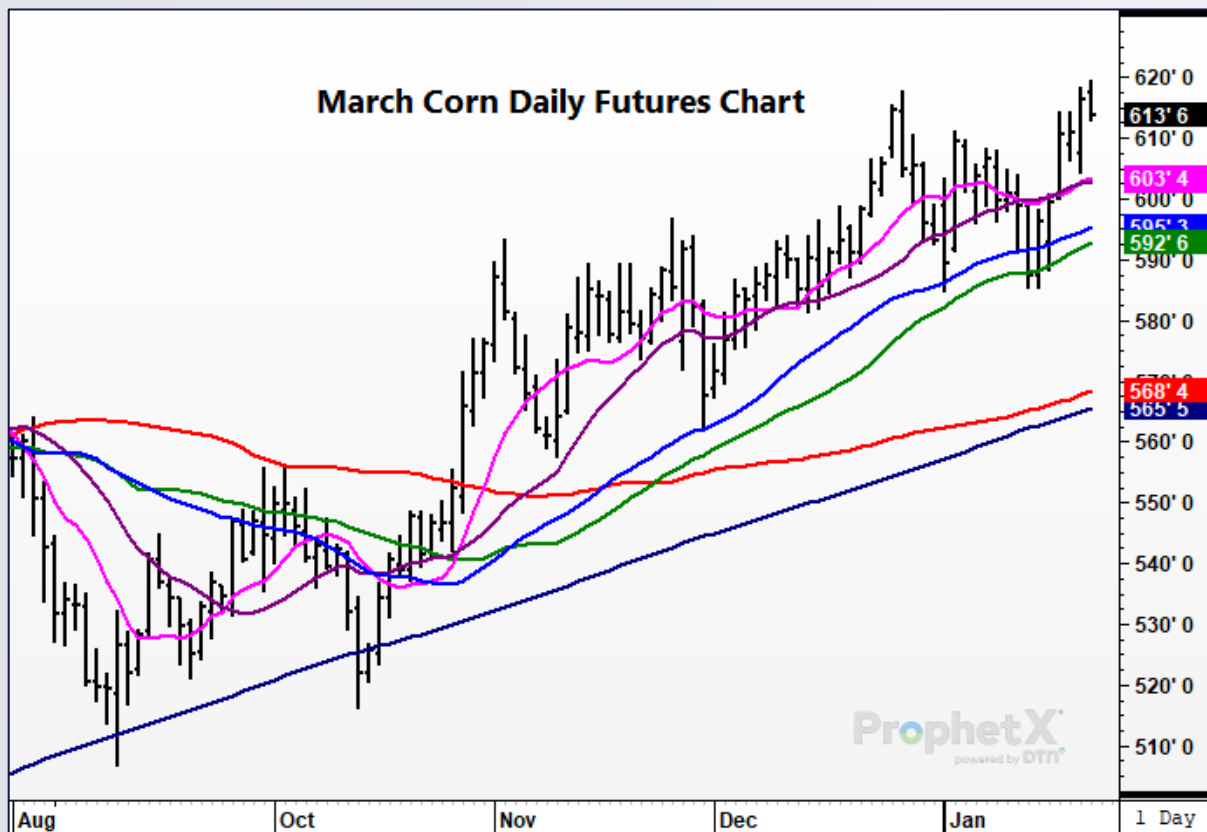


Immediate thoughts on the market

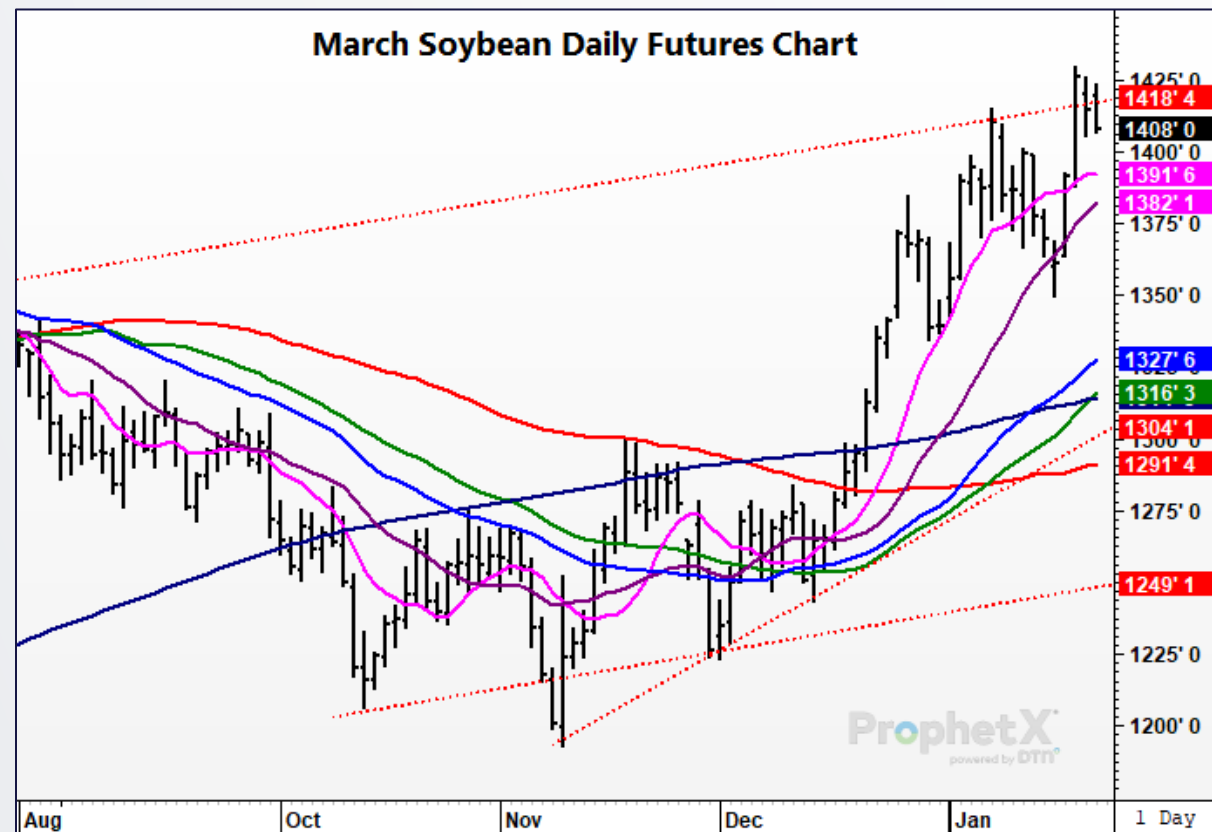
- Volatility is here to stay...
- Is there demand that the market needs?
- Corn and soybean supplies...enough or tight?
- What is going on with South American weather?
- The elephant in the room...China?
- What is going to happen in 2022?



Grain prices have been well-supported since harvest...



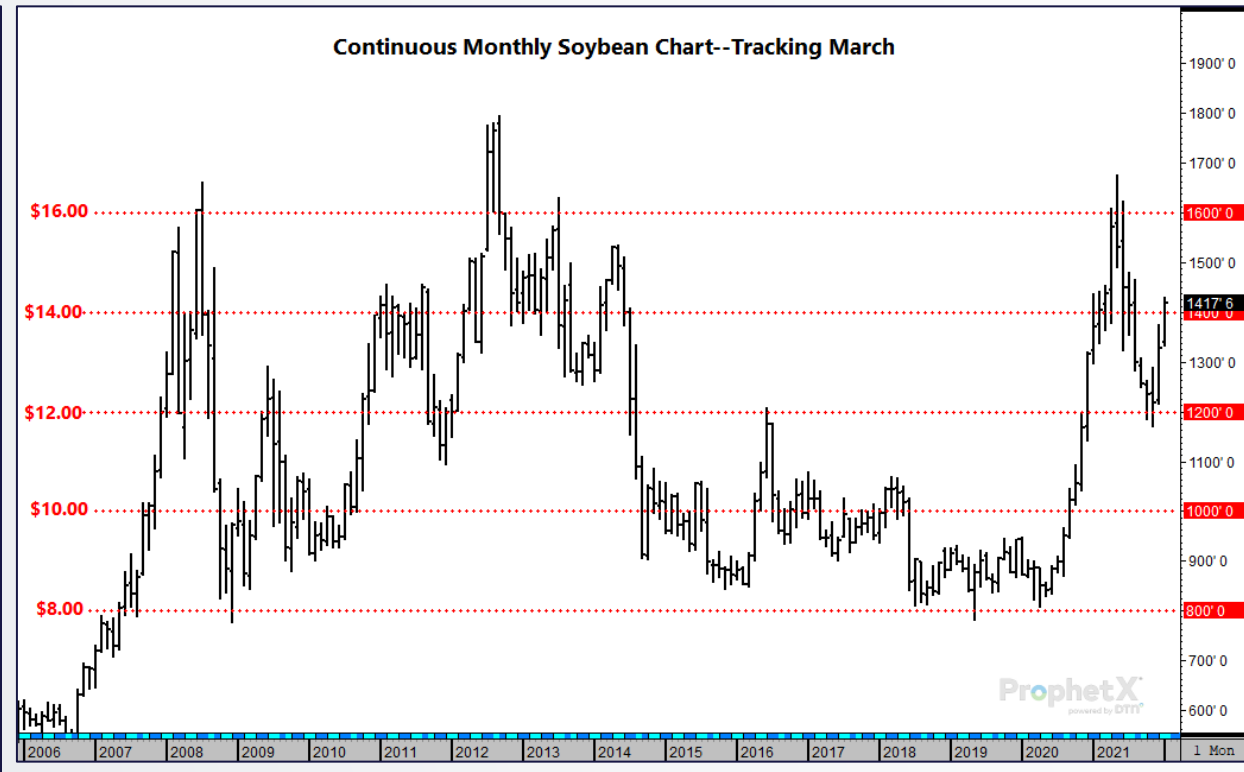
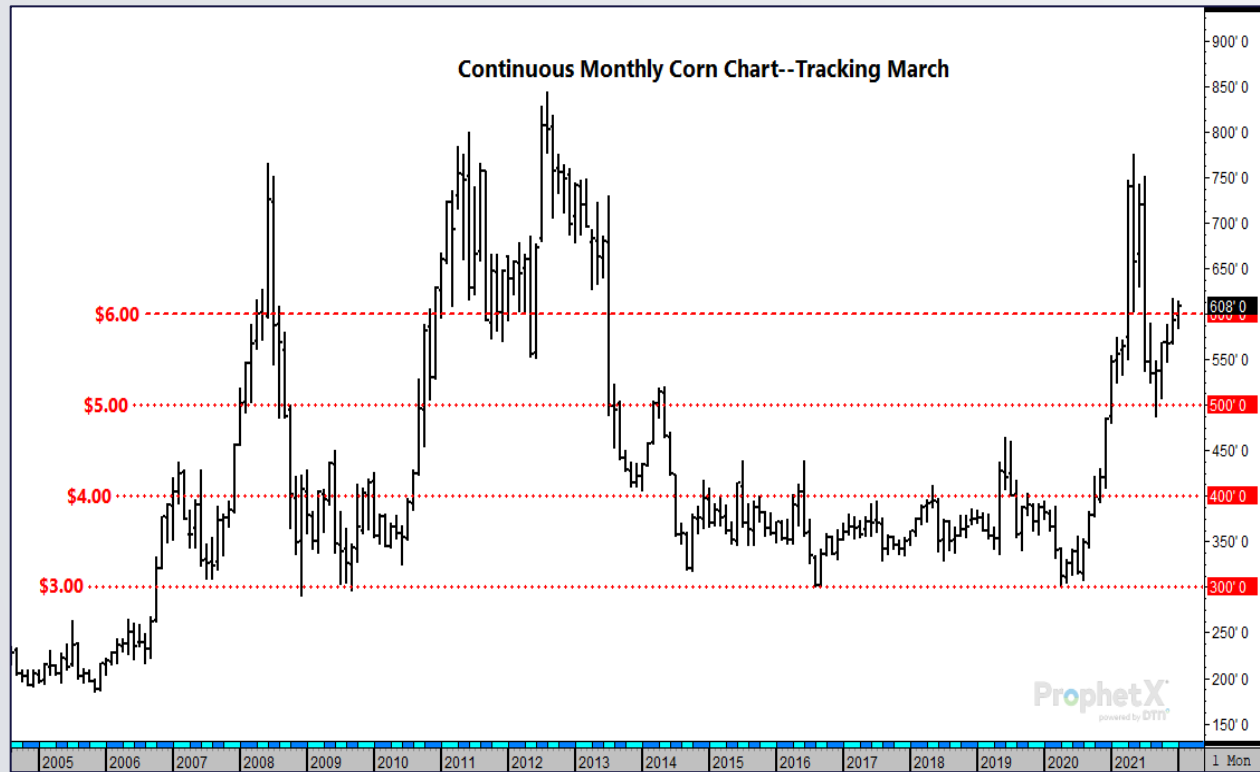
March Corn Futures:
\$1.11 rally since Sept 9 low



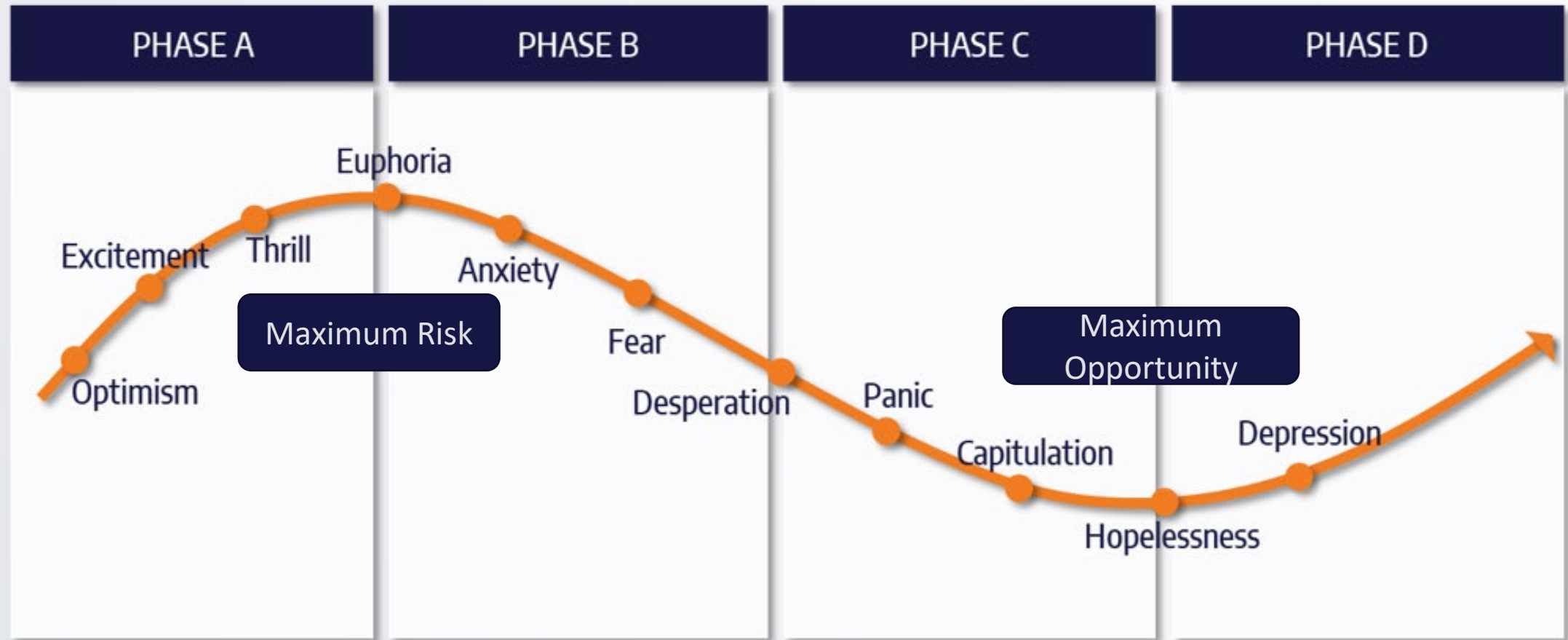
March Soybean Futures:
\$2.22 rally since Nov 9 low



...and are trading at historically good value.



Well-supported prices also bring maximum risk.



Looking into 2022....

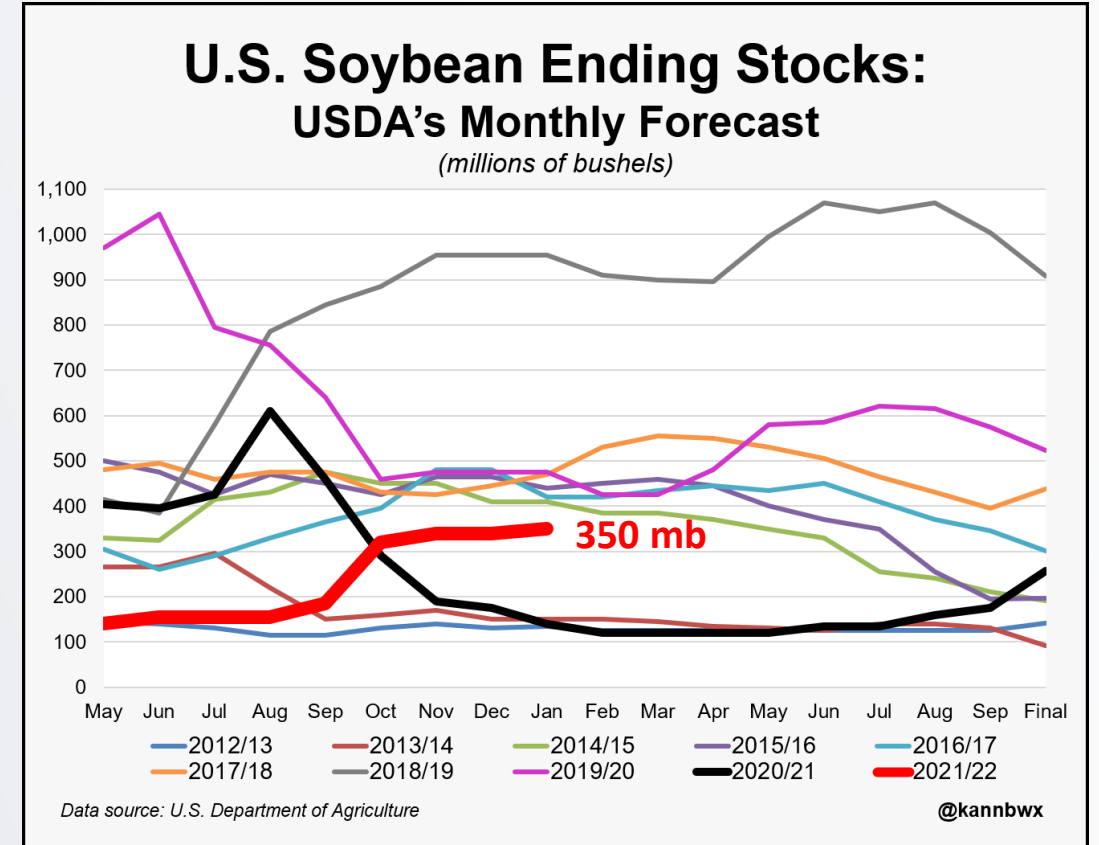
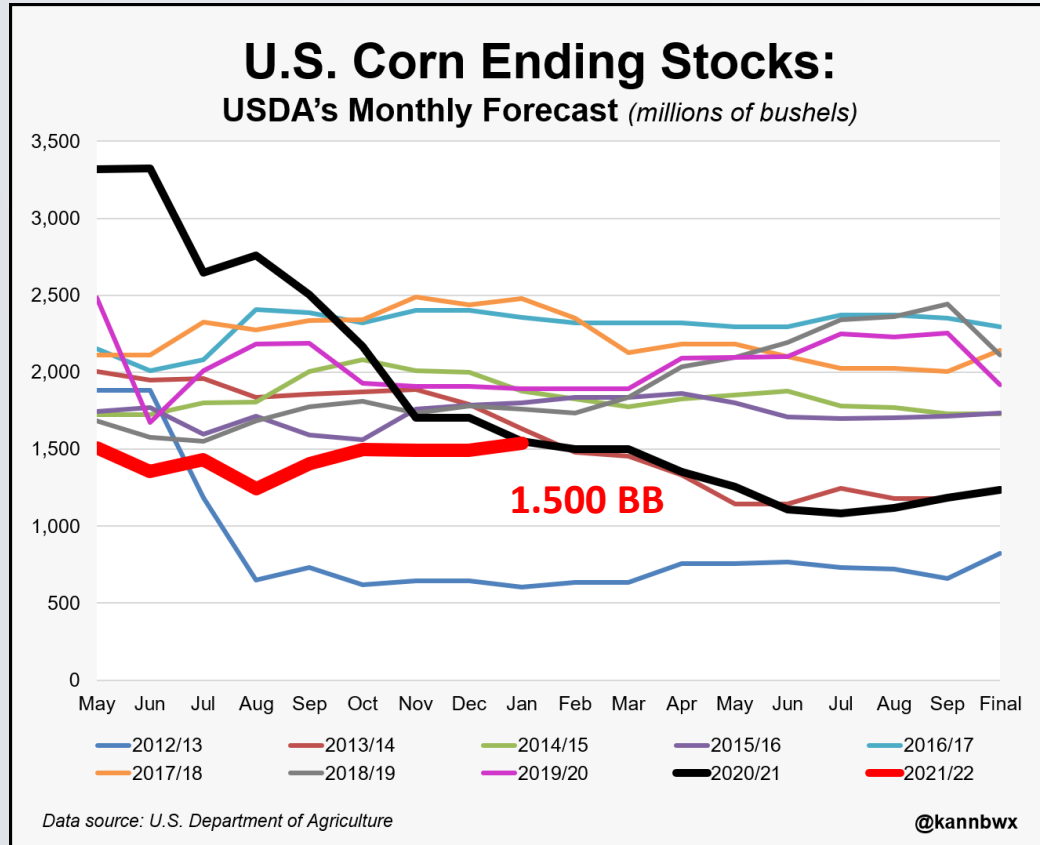
What are the Big Things to Watch in the Grain Markets?

1. The Supply Picture
2. A Demand-Driven Market
3. Commodity Super Cycle
4. The Pending Acre Battle
5. The Flow of Money
6. The Weather for 2022



1. The Supply Picture

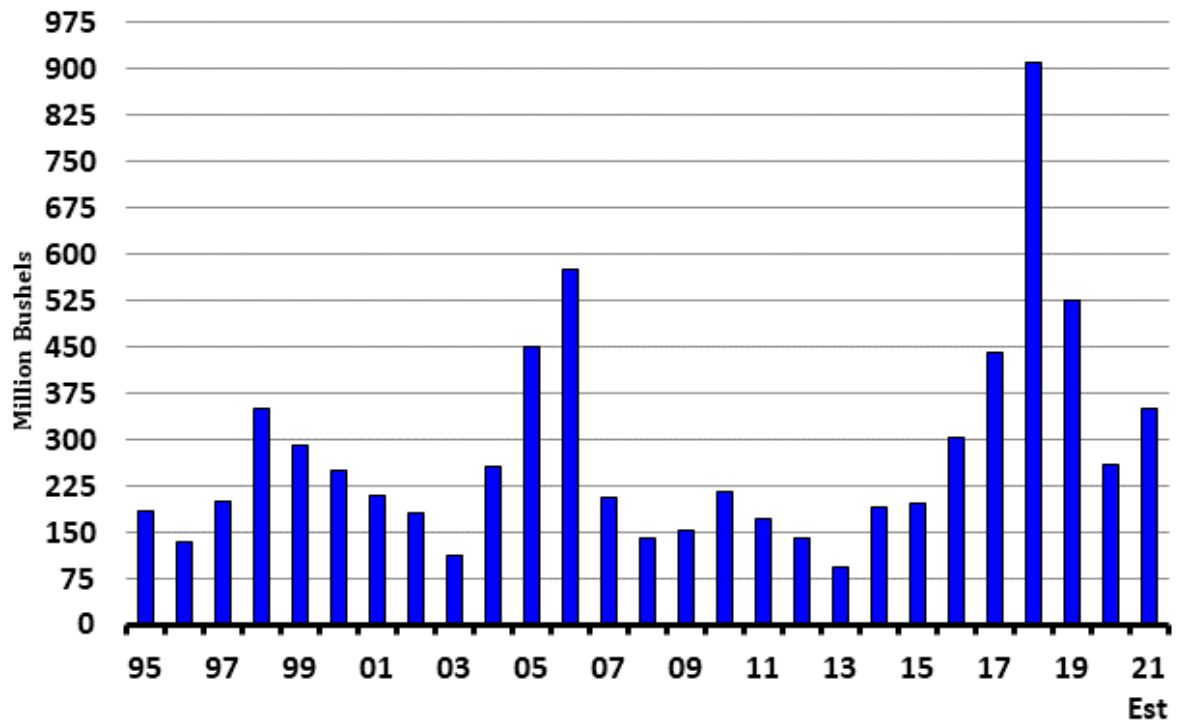
U.S. ending stocks still historically low



1. The Supply Picture

U.S. ending stocks still historically low

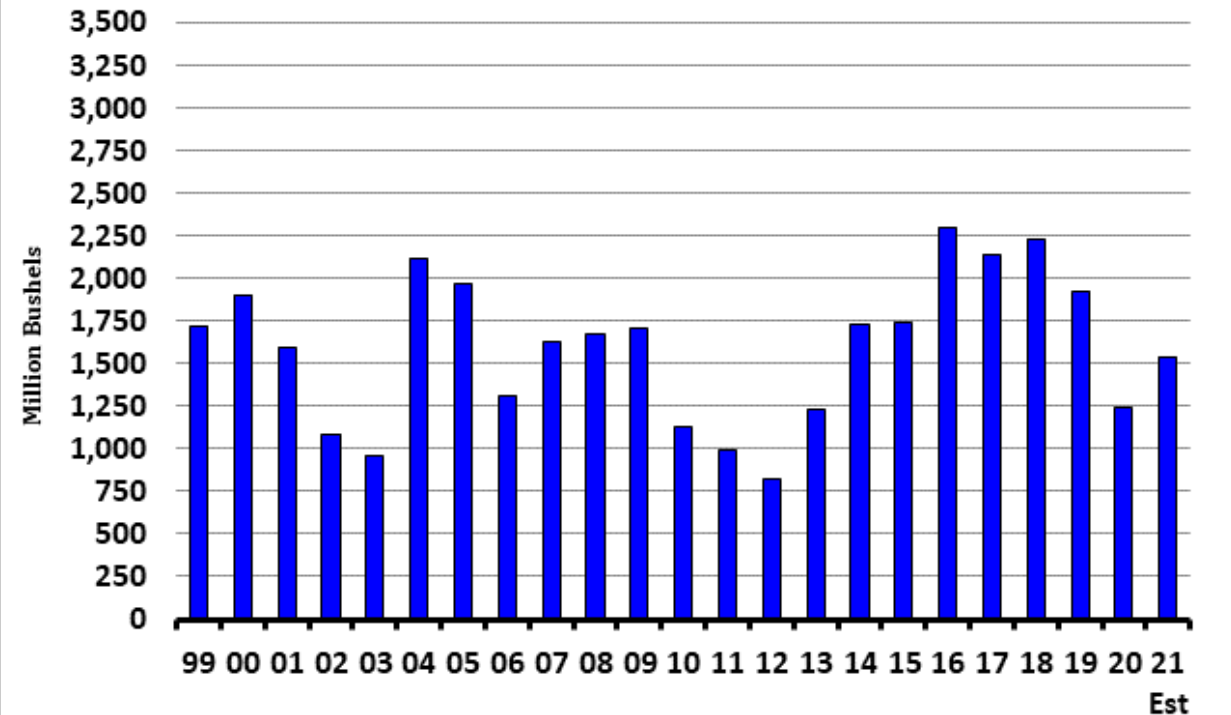
US Soybean Ending Stocks



Most Recent: 350 As Of 01/12/2022

The Hightower Report

US Corn Ending Stocks



Most Recent: 1,540 As Of 01/09/2022

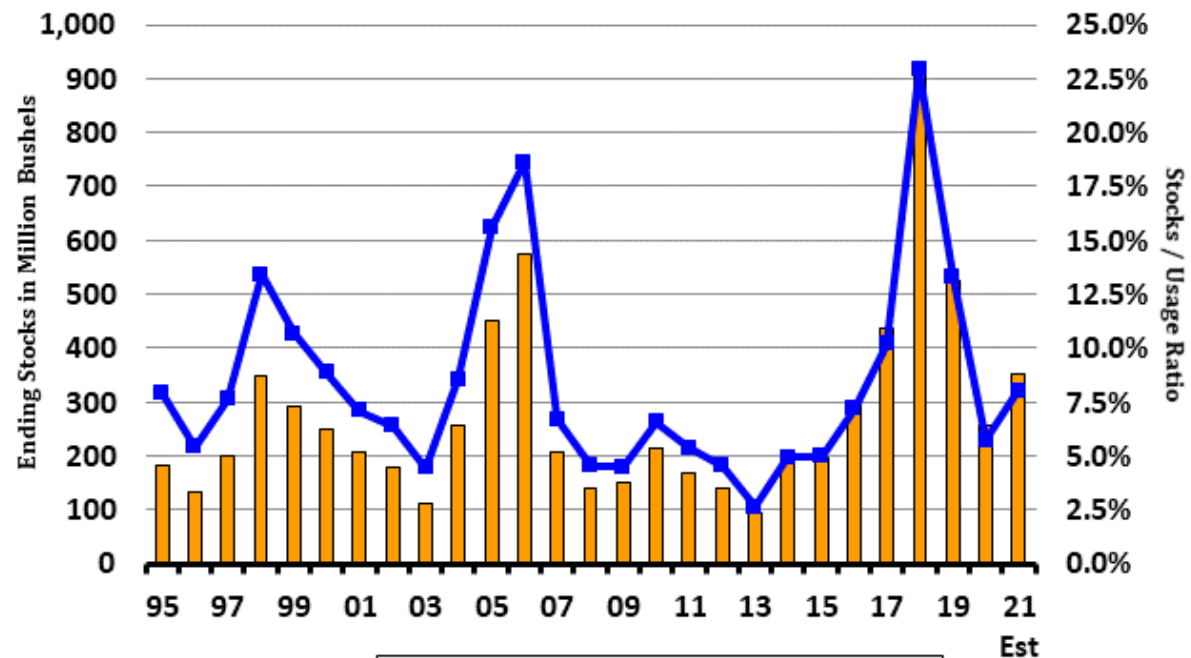
The Hightower Report



1. The Supply Picture

Tight stocks-to-use ratios

US Soybean Ending Stocks vs
Stocks / Usage Ratio

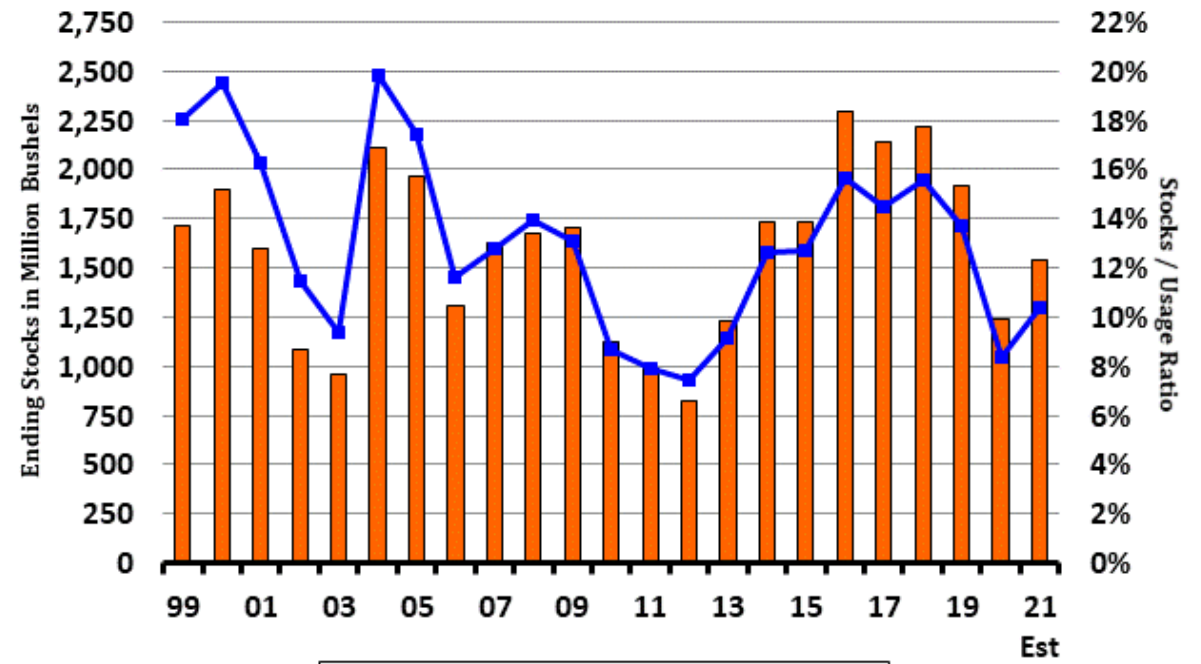


Most Recent: As Of 01/12/2022

Ending Stocks Stocks / Usage Ratio

The Hightower Report

US Corn Ending Stocks vs
Stocks / Usage Ratio



Updated: 01/09/2022

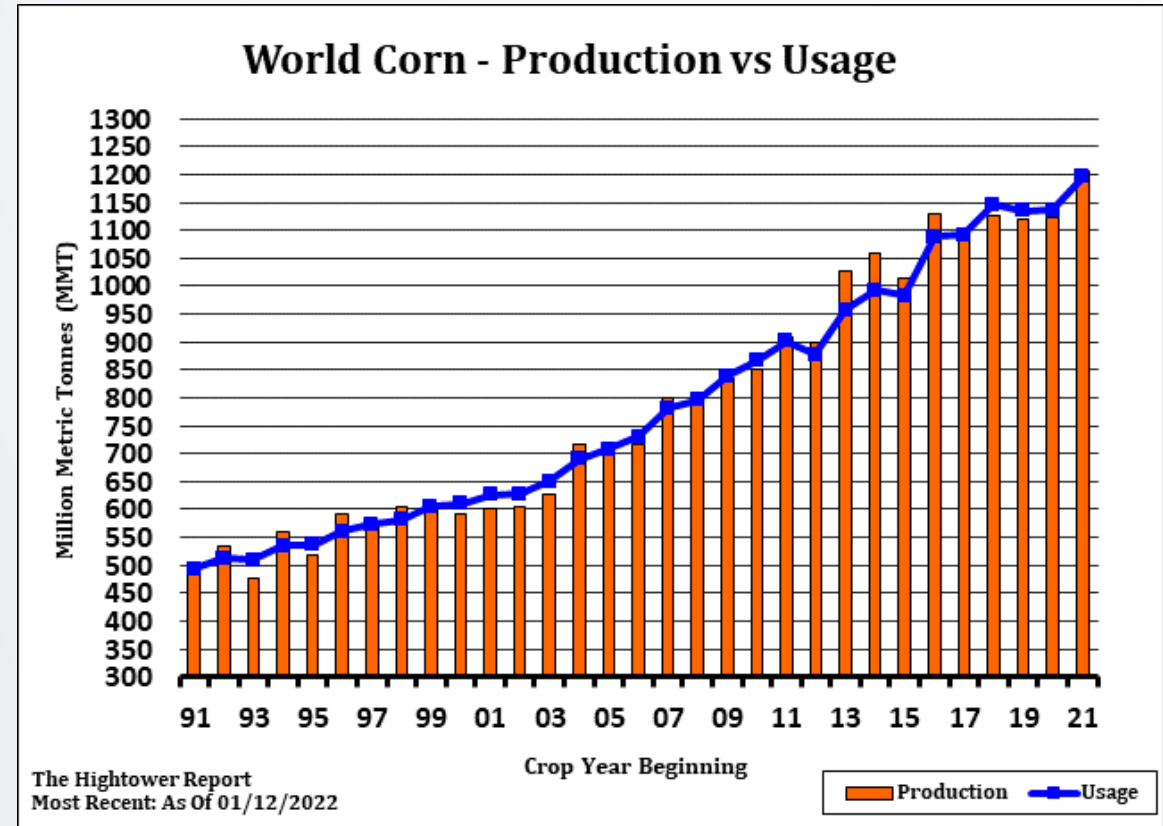
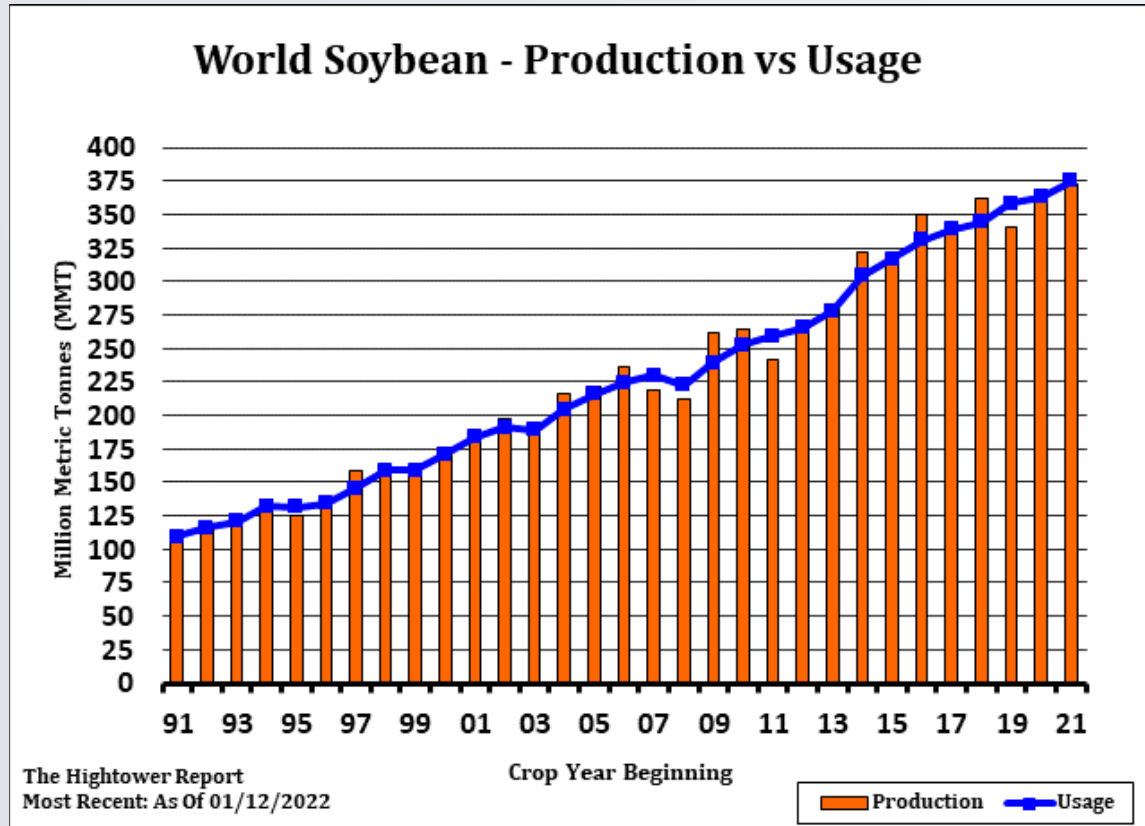
Ending Stocks Stocks as % of Usage

The Hightower Report



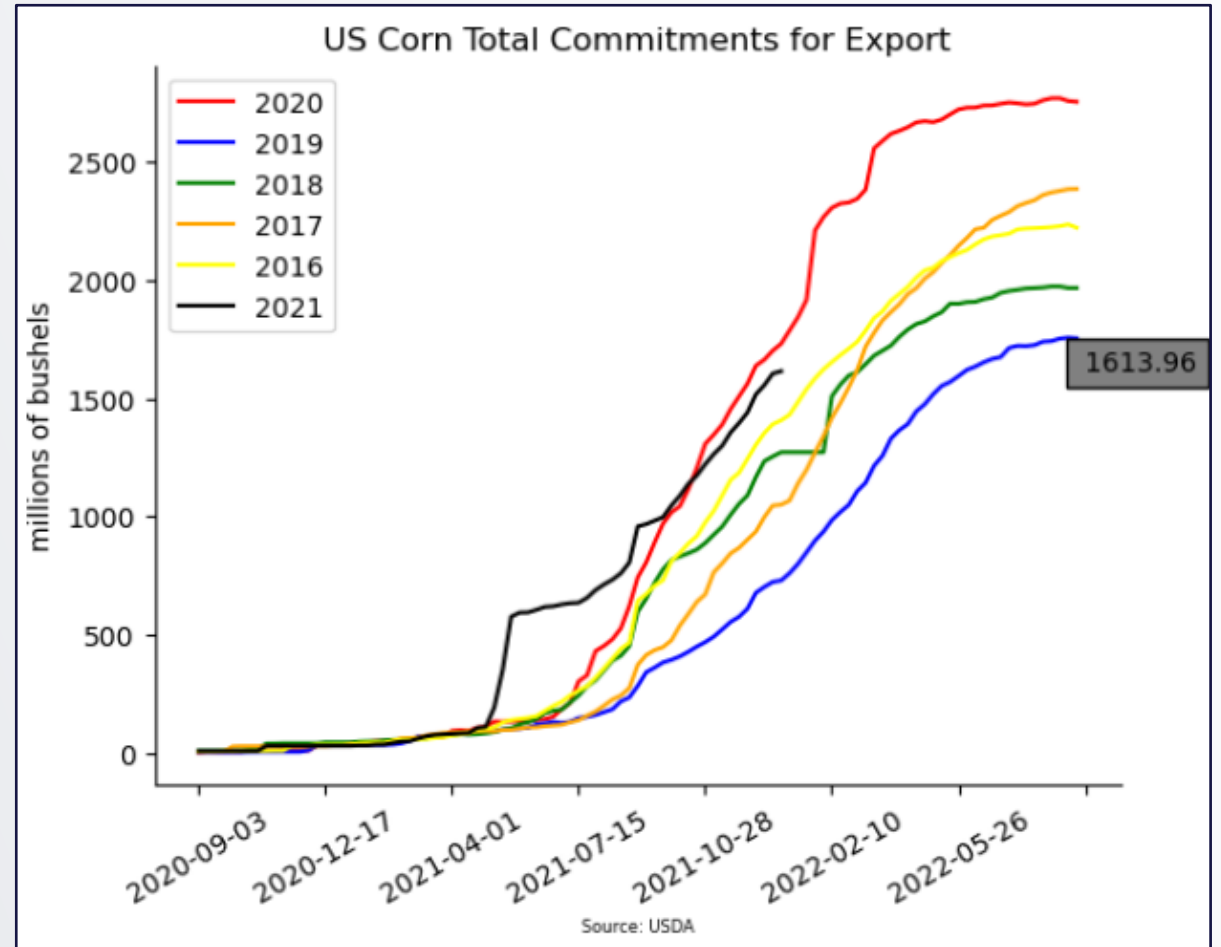
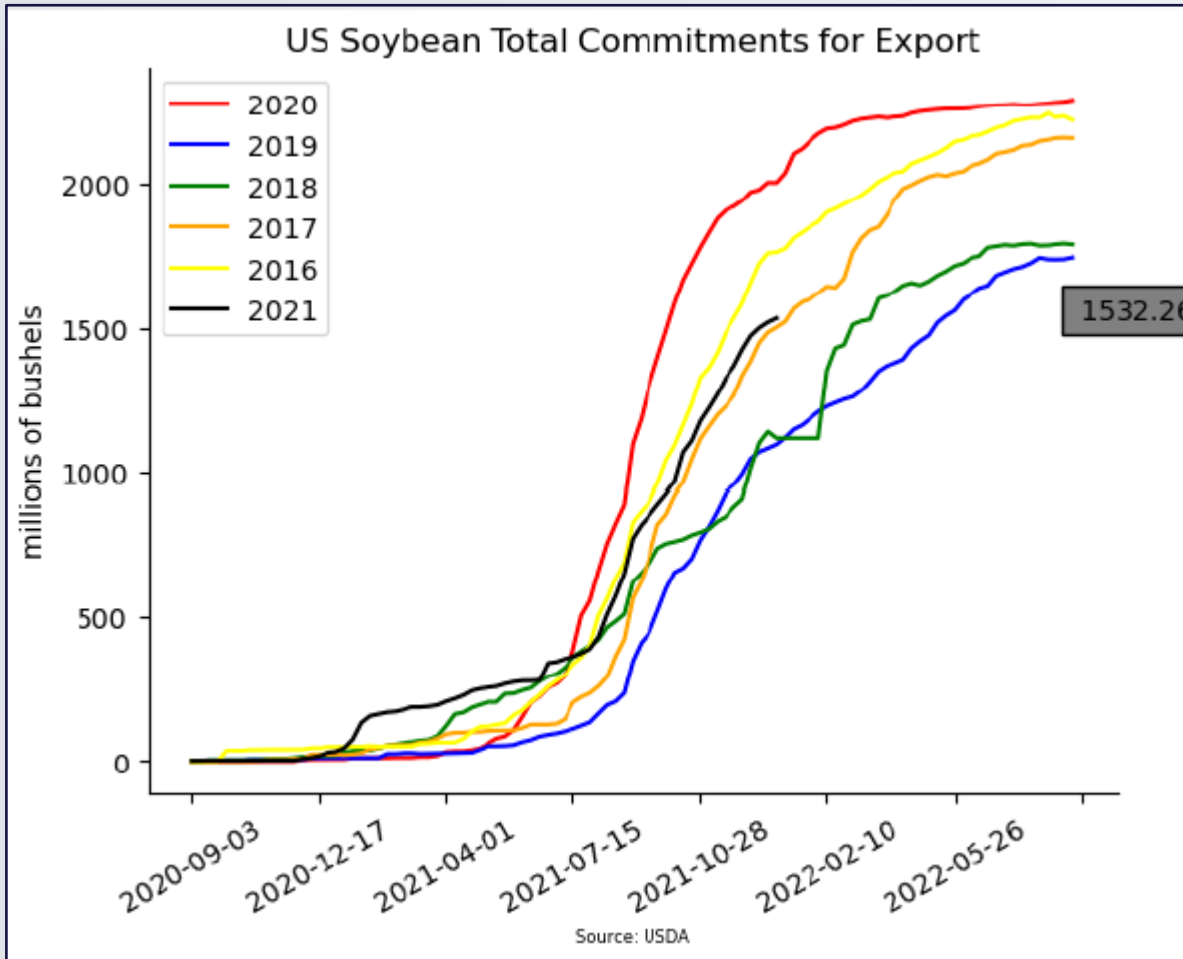
1. The Supply Picture

World production vs usage

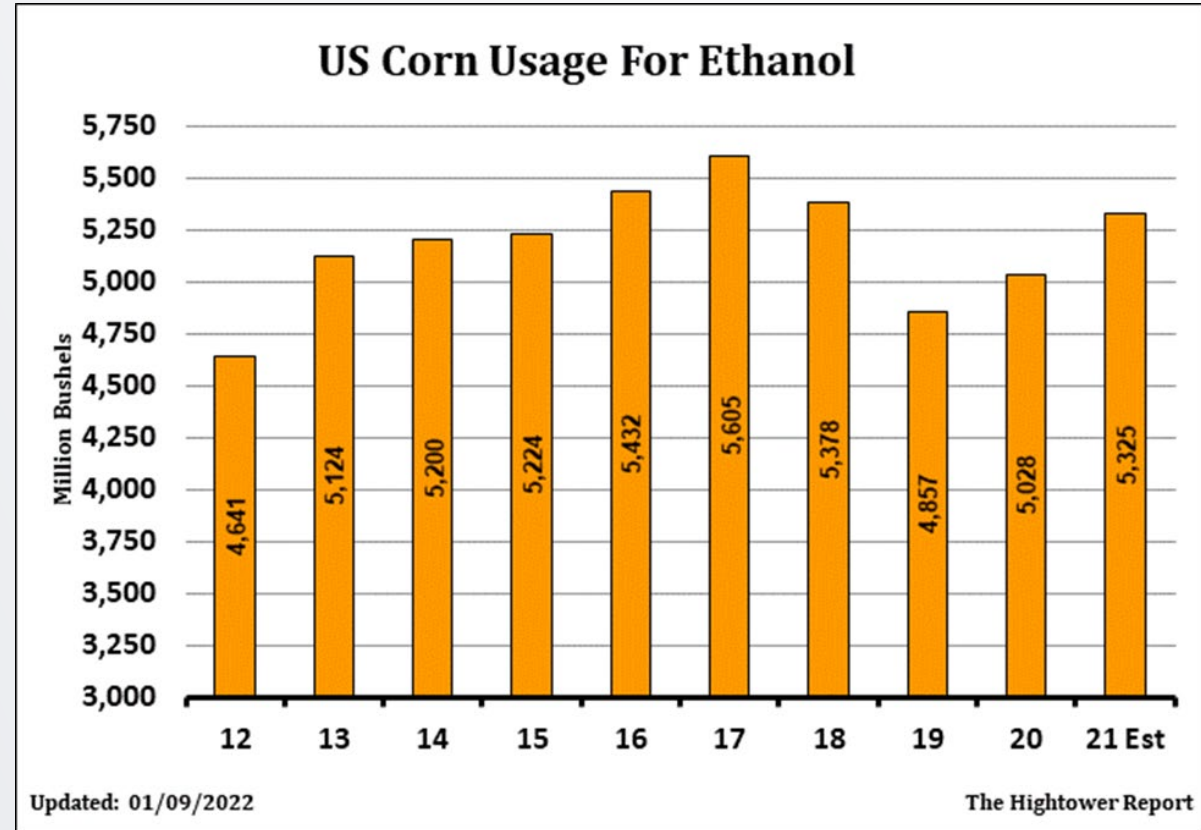


2. Is the Demand there...?

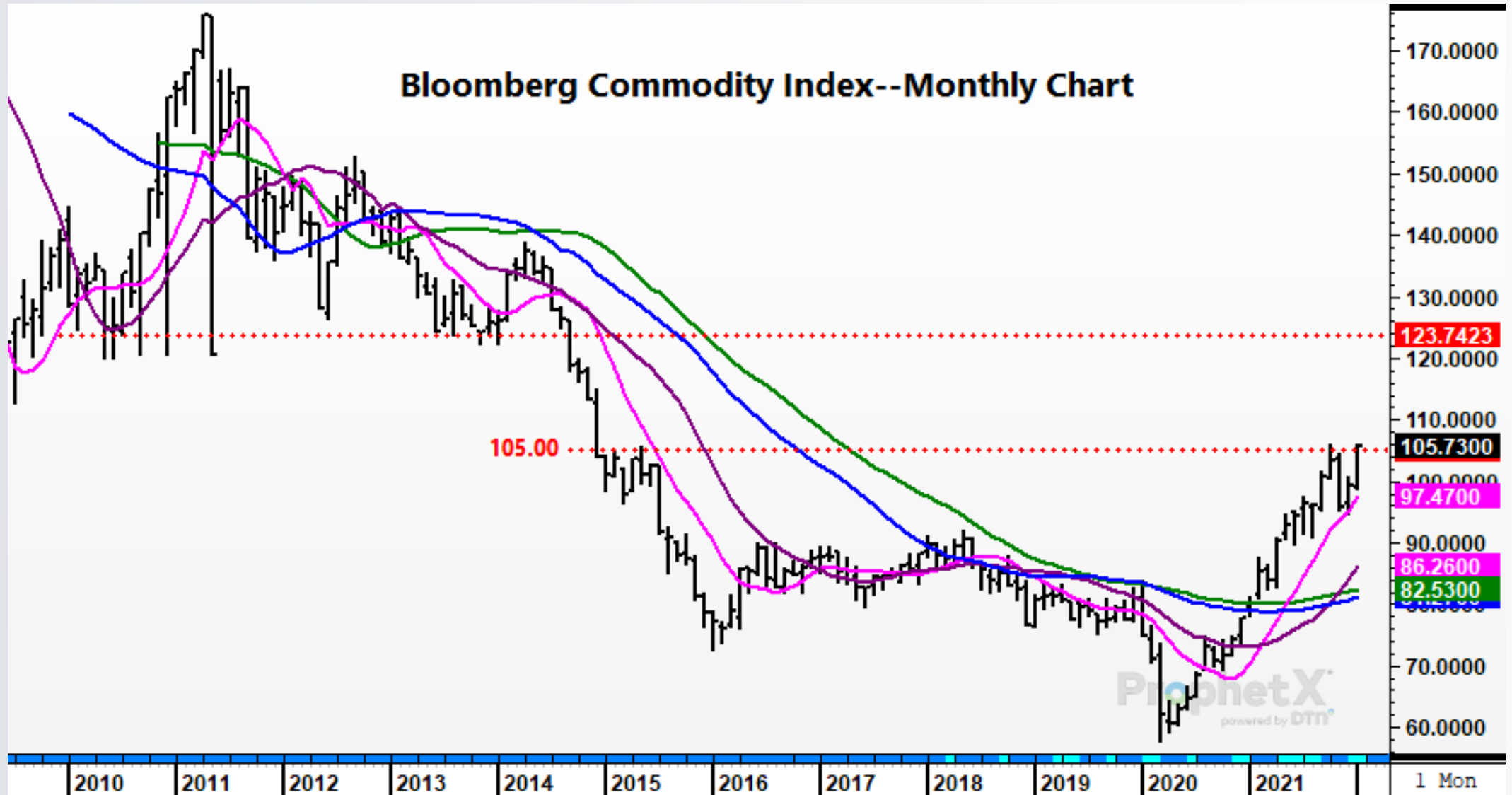
Export sales on the books are lagging



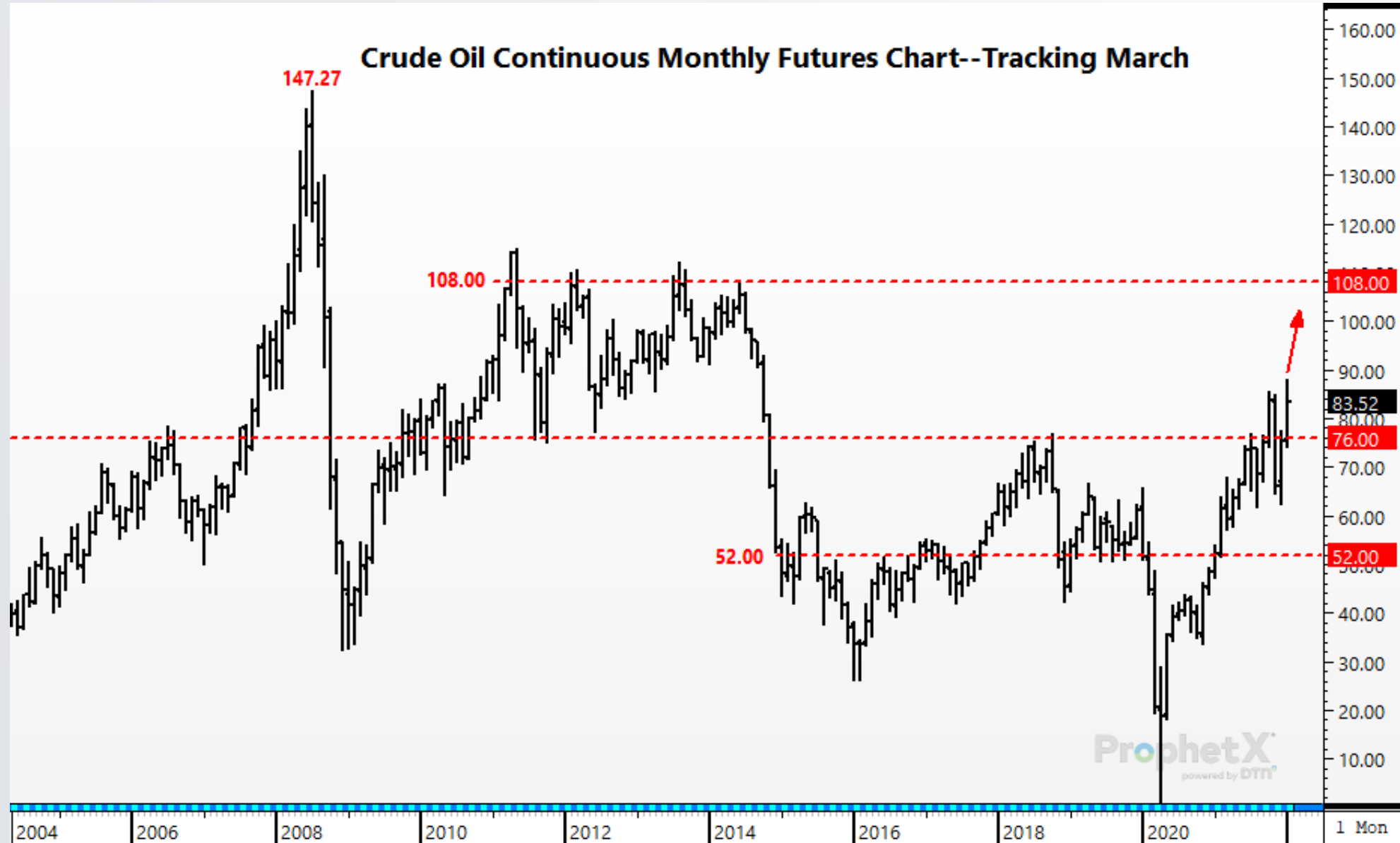
Ethanol and soybean crush demand to the rescue



3. Commodity Super Cycle



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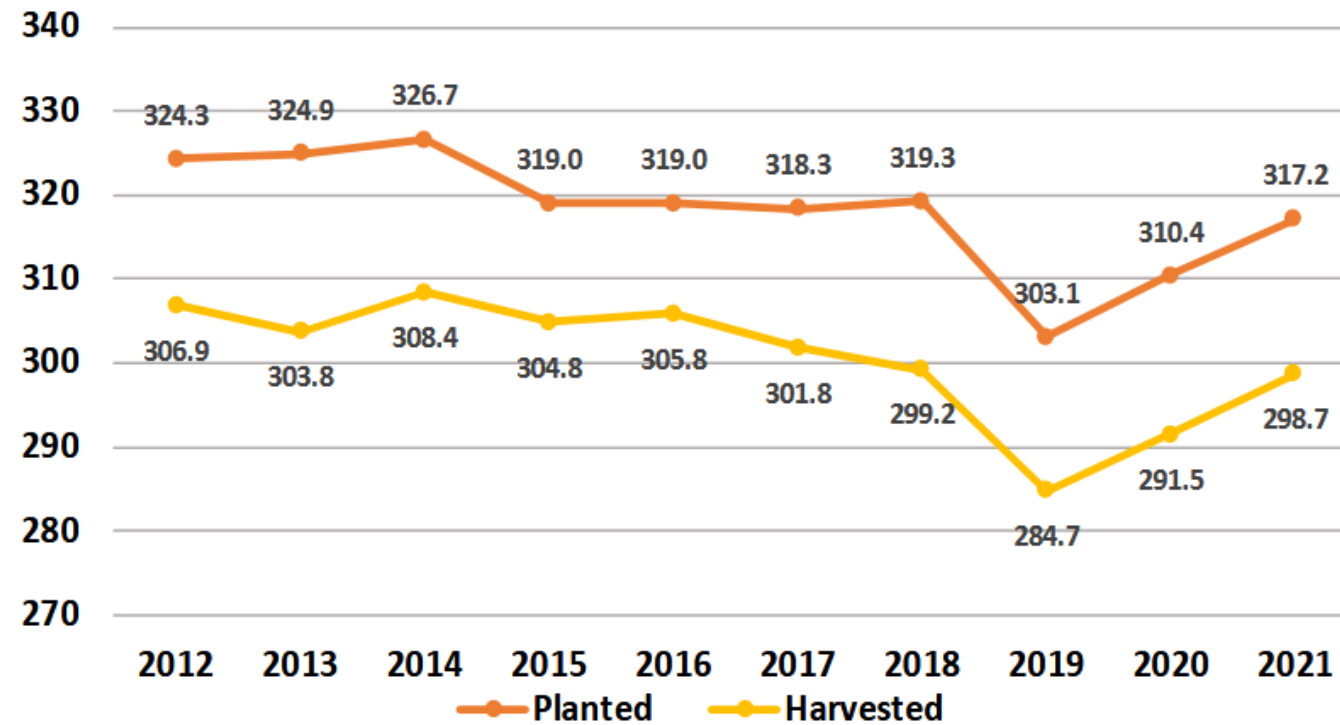


4. The Pending Acre Battle



Principal Crop Acres United States

Million Acres



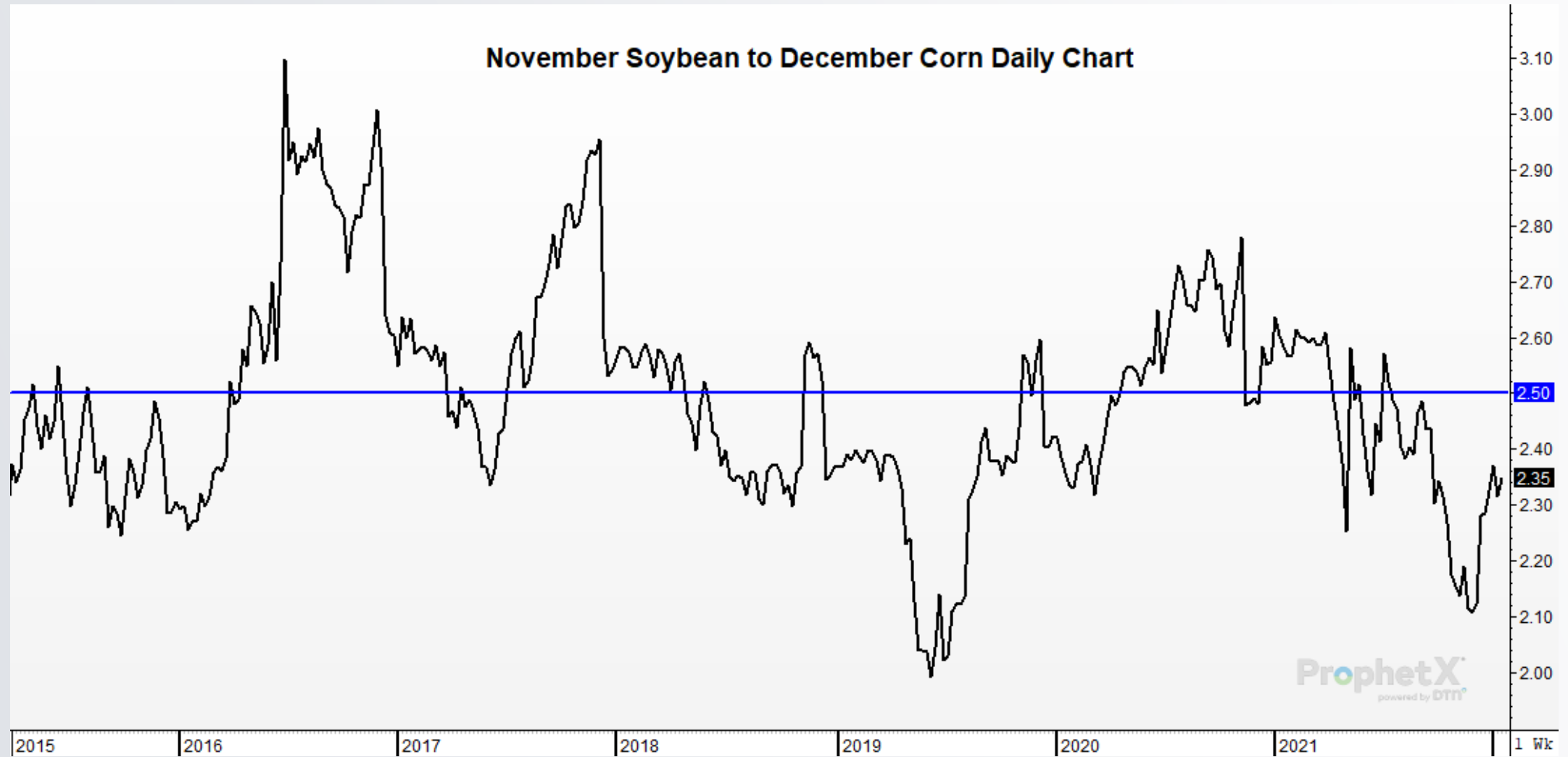
United States Department of Agriculture
National Agricultural Statistics Service

January 12, 2022



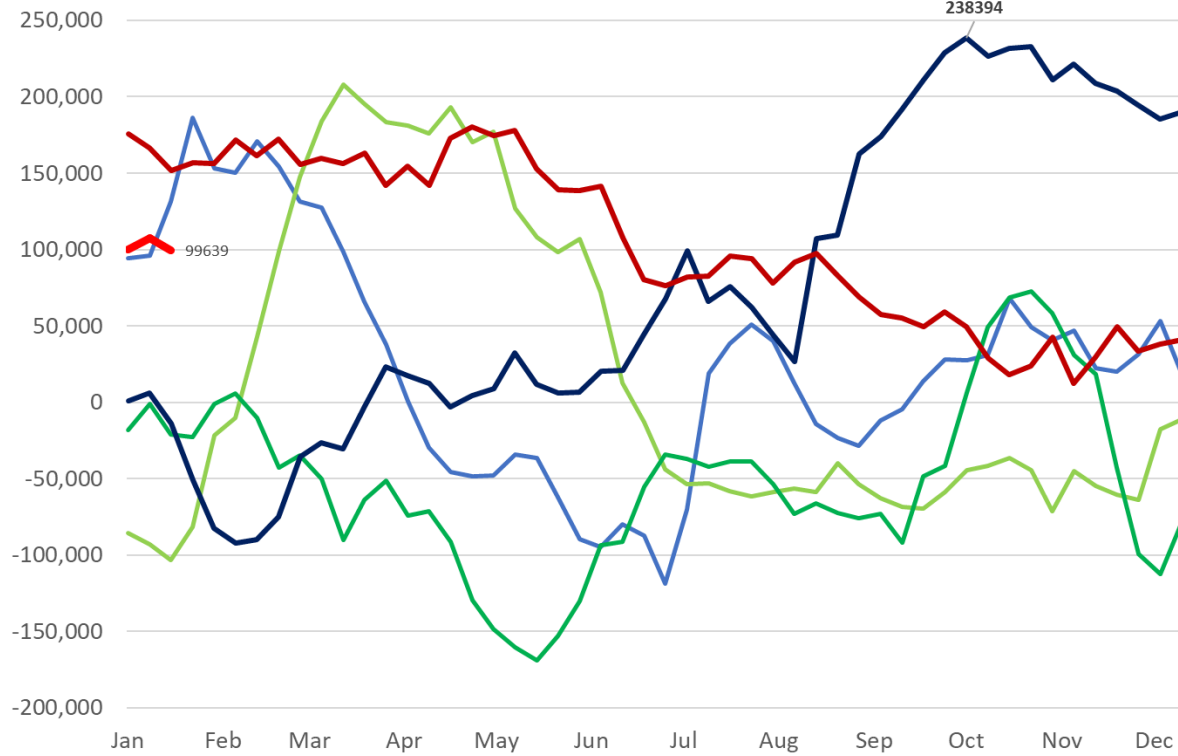
4. The Pending Acre Battle

Soybean: corn ratio



5. The Flow of Money

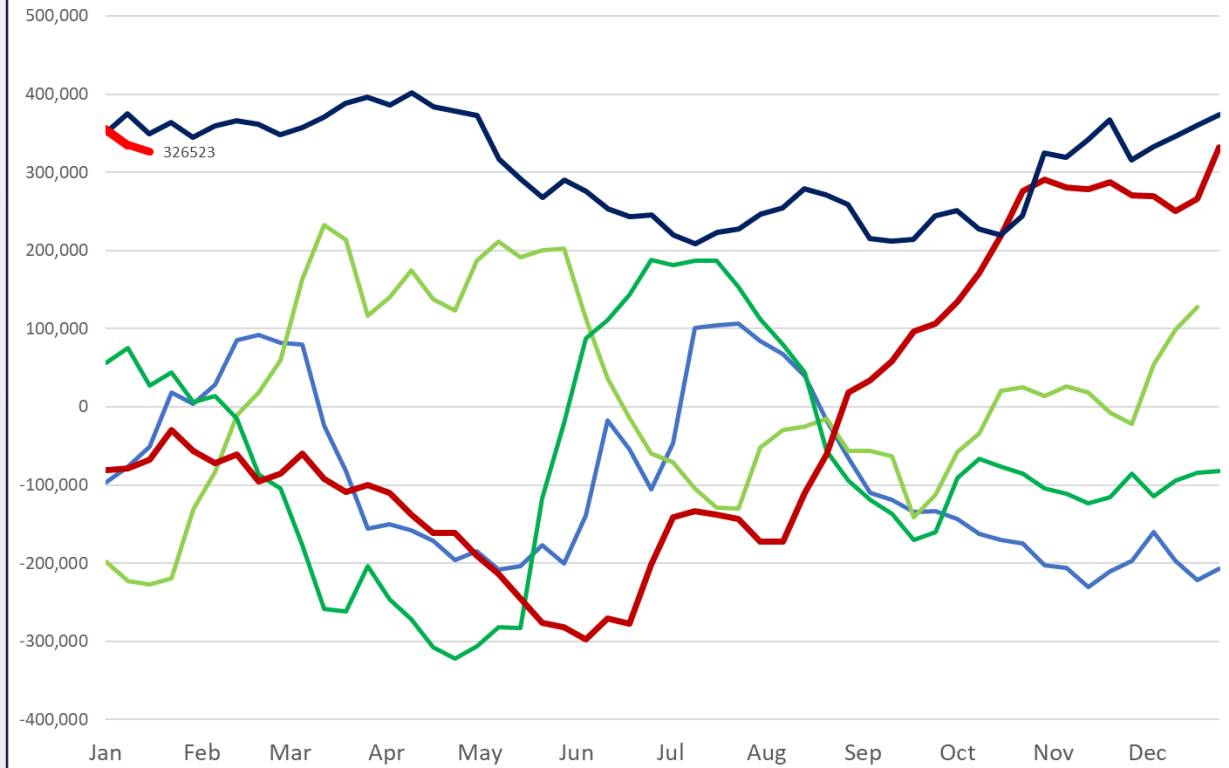
Seasonal Managed Money Net Position for Soybeans



Source: CFTC

— 2017 — 2018 — 2019 — 2020 — 2021 — 2022

Seasonal Managed Money Net Position for Corn

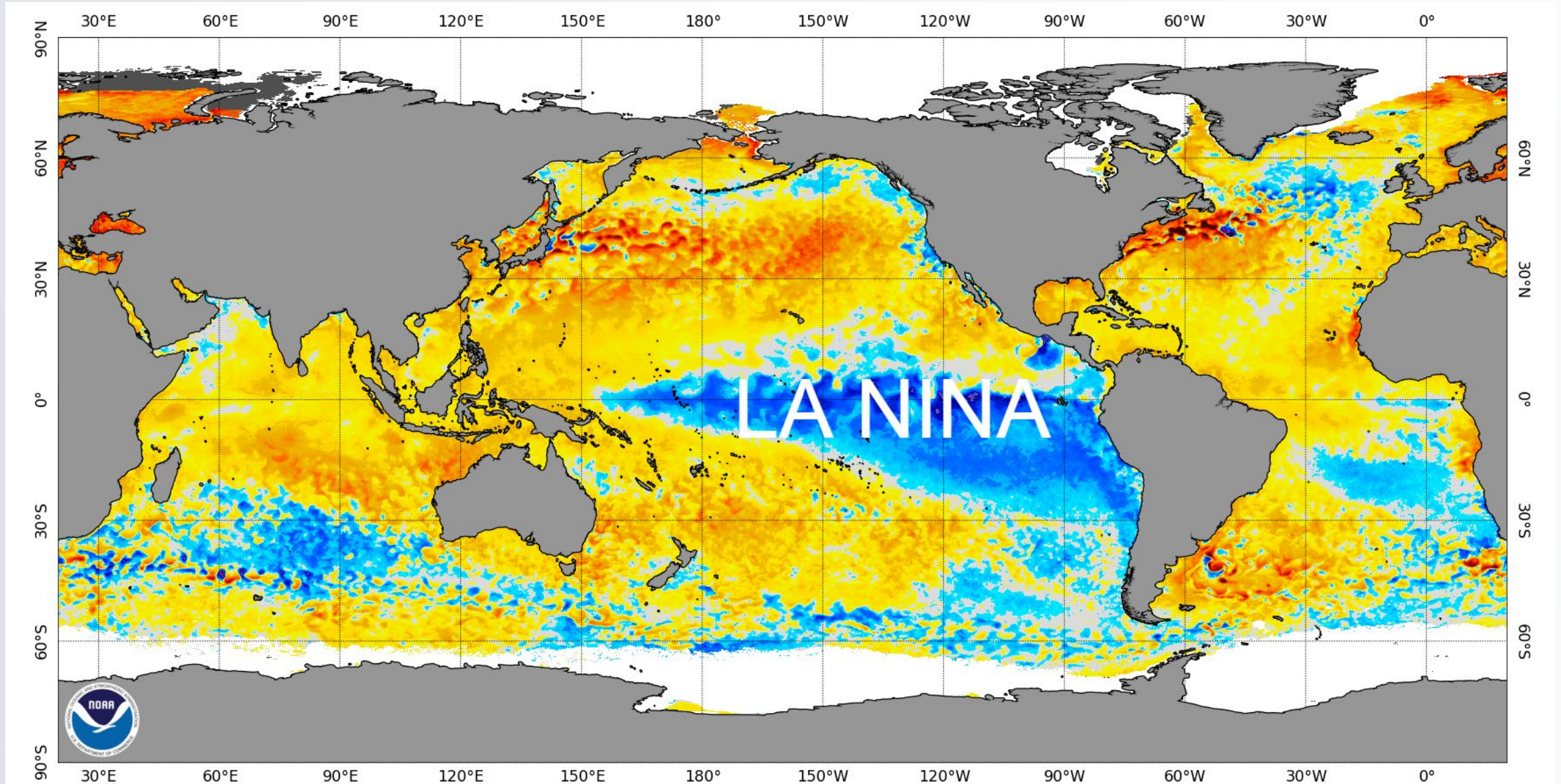


Source: CFTC

— 2017 — 2018 — 2019 — 2020 — 2021 — 2022



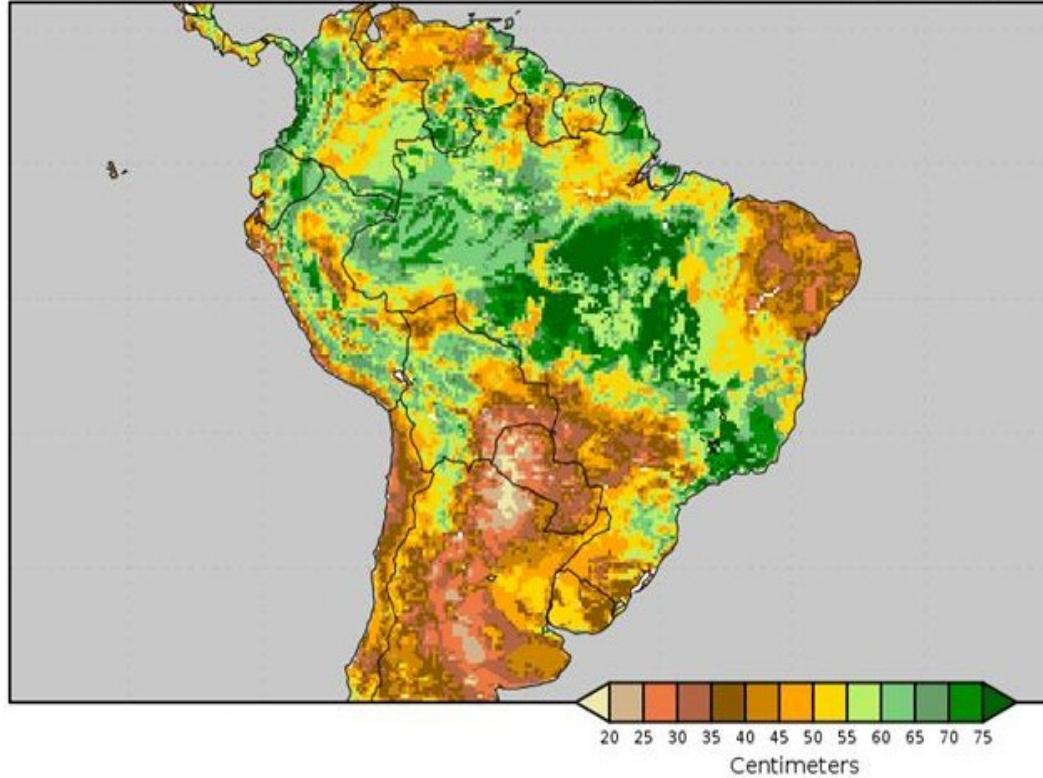
6. The Weather for 2022



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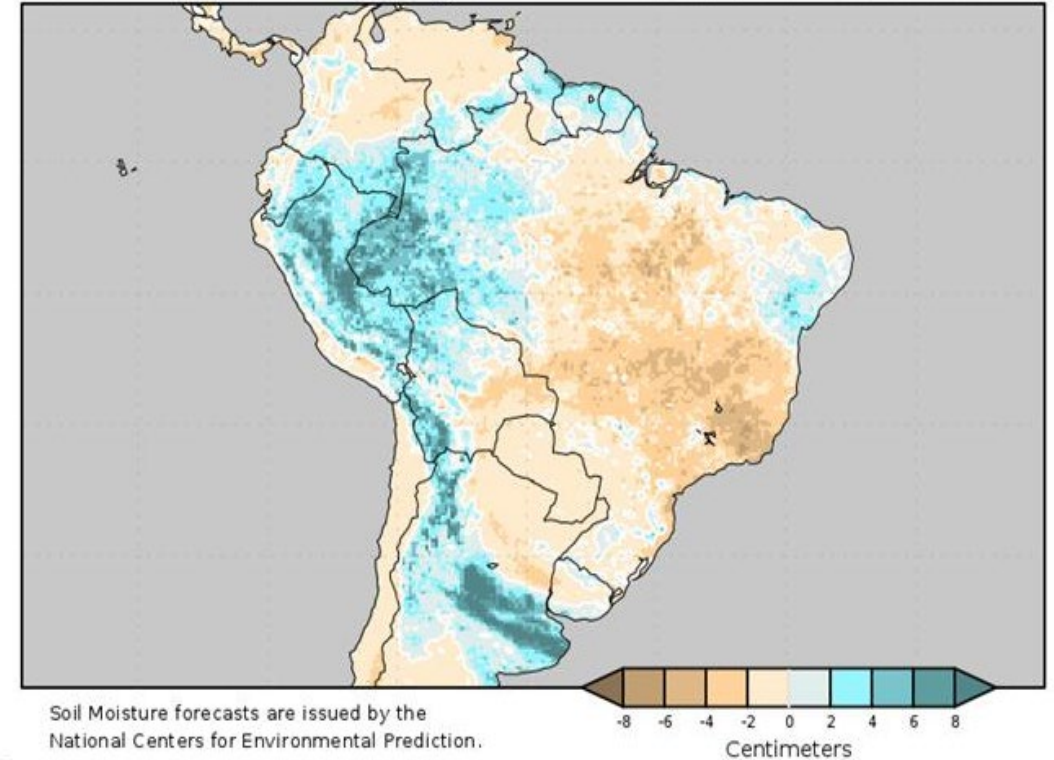
Initial Soil Moisture

Liquid Water in top 2 meters of soil
Valid time: Wed, 19 JAN 2022 at 00Z



Soil Moisture Change

00Z 19 JAN 2022 to 00Z 27 JAN 2022

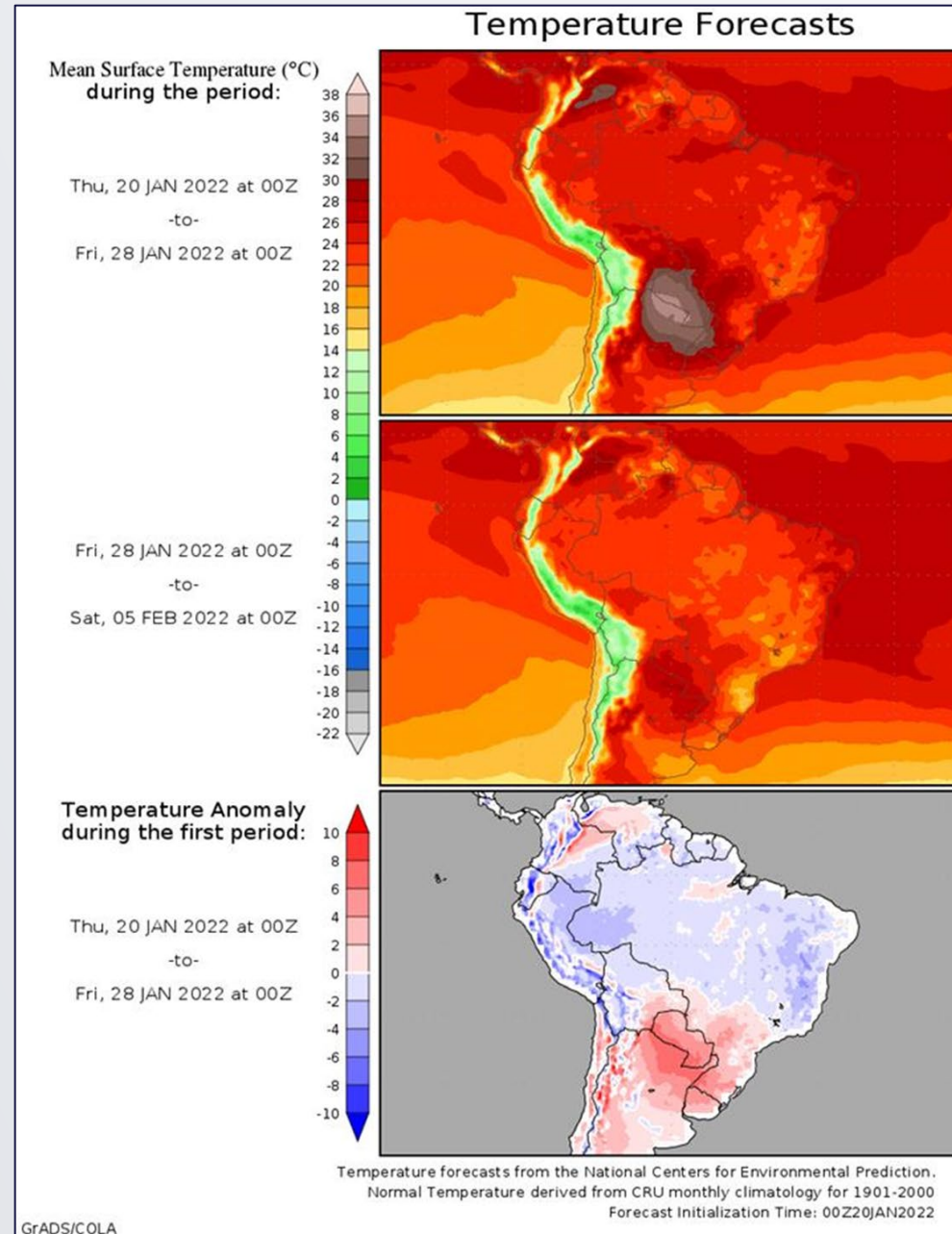


Soil Moisture forecasts are issued by the
National Centers for Environmental Prediction.

GrADS/COLA



6. The Weather for 2022

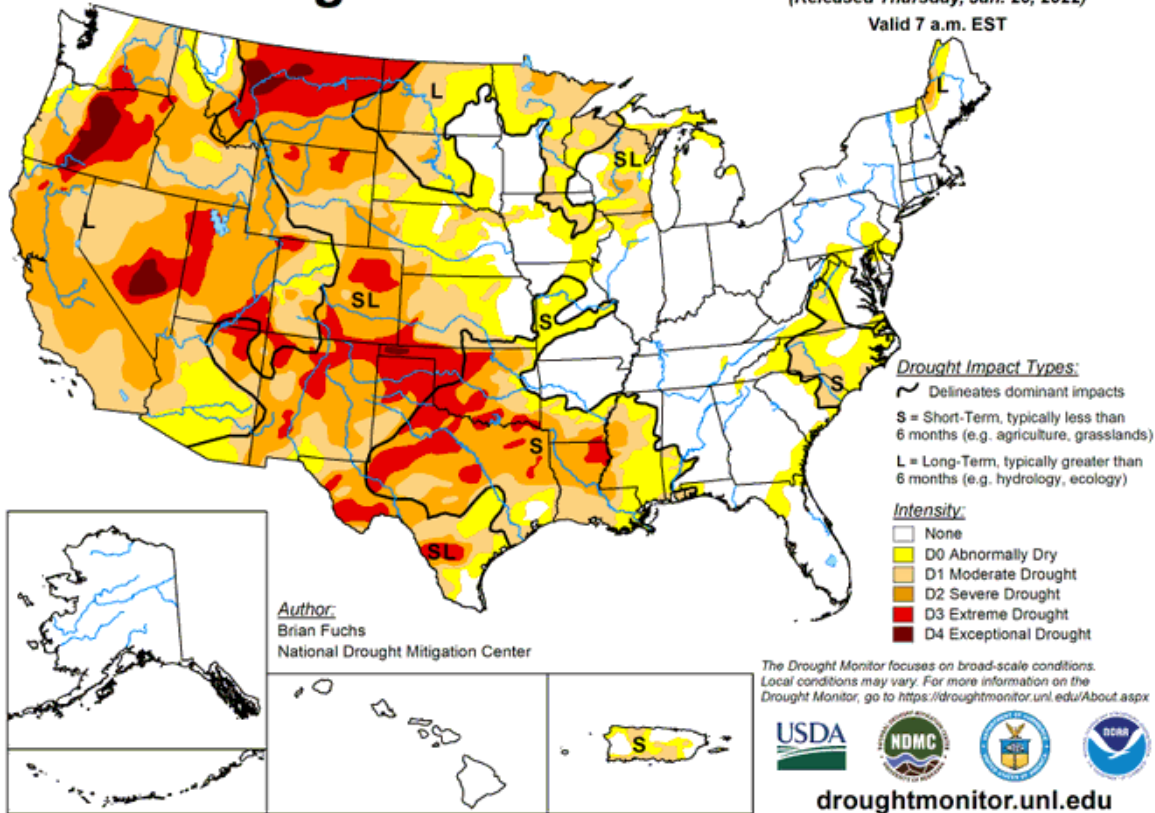


6. The Weather for 2022

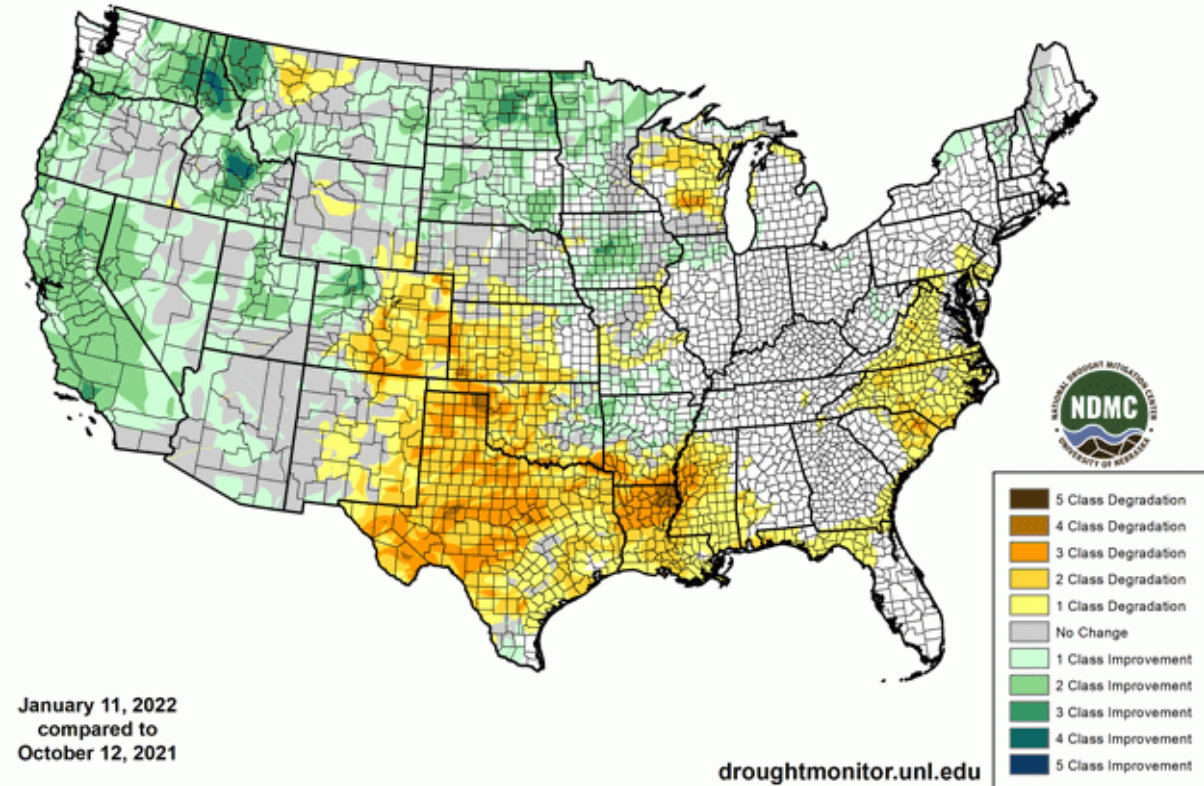
U.S. weather will still be closely watched for 2022

U.S. Drought Monitor

January 18, 2022
(Released Thursday, Jan. 20, 2022)
Valid 7 a.m. EST



U.S. Drought Monitor Class Change - Contiguous U.S. (CONUS) 13 Week



Marketing Keys for 2022

- Volatility will not be going away...
- The key will be “flexibility”...
- Instead of worrying about how “high” prices can go, take advantage of the opportunity and manage the risk.
- Stay disciplined to targets; build the “base” through cash sales and defensive strategies.
- Market the opportunity, and “own the potential.”
- Producers need to measure the risks of “doing nothing” vs the costs of using marketing tools and strategies.
- Don’t forget about 2023!



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Thank you for your time.