

2023 Wisconsin Ag Outlook Forum

January 23, 2023



**TOTAL FARM
MARKETING**

BY STEWART-PETERSON

2023 Grain Market Outlook

Focus on the Year Ahead for the Corn and Soybean Markets



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Market Advisor

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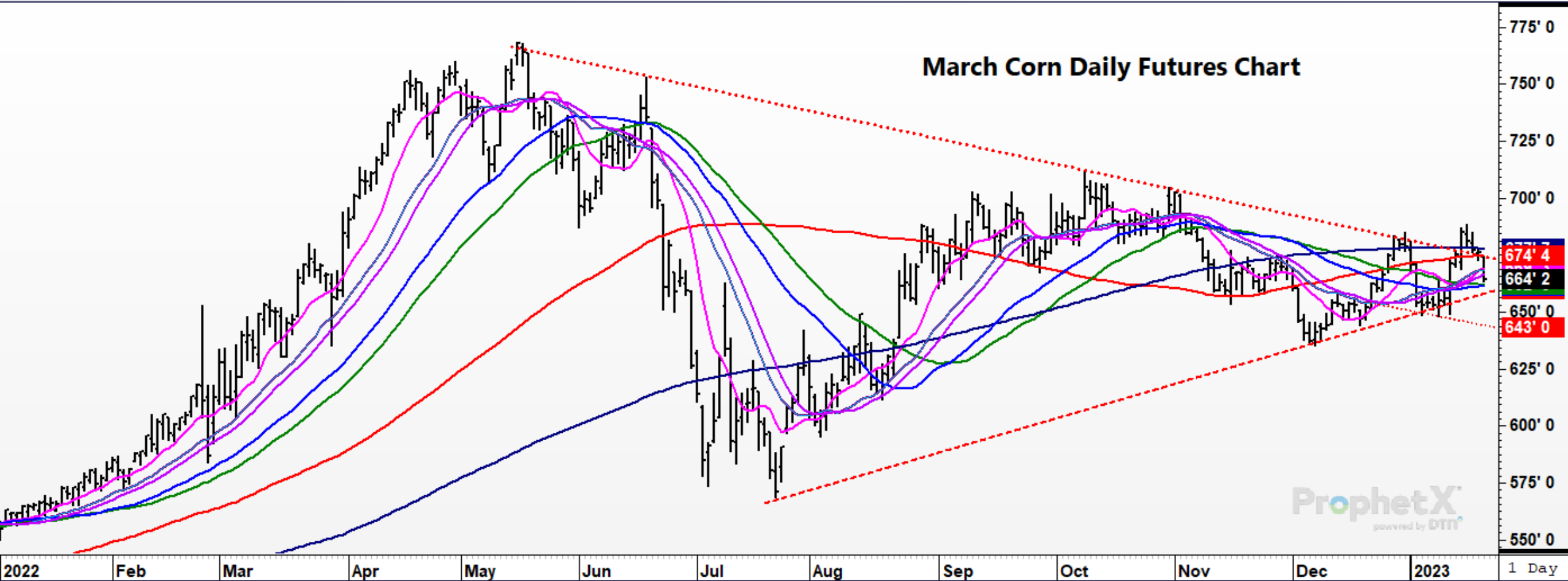


Immediate thoughts on the market

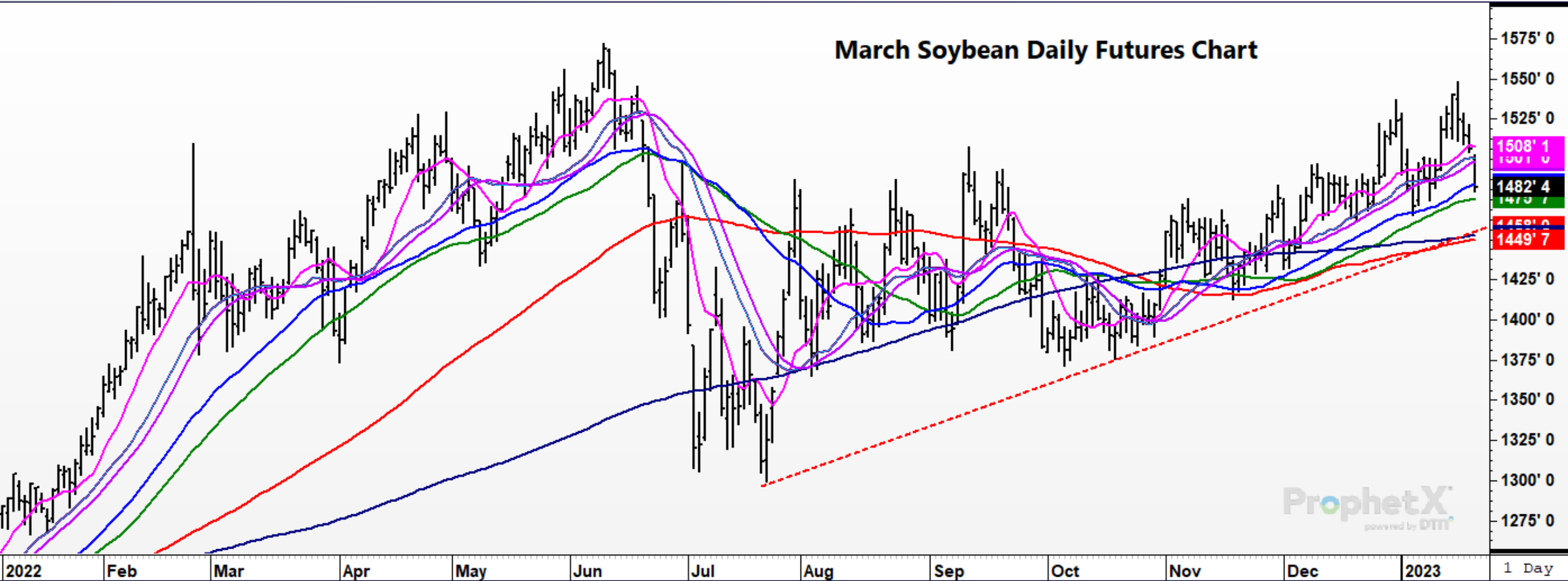
- Volatility is here to stay...
- Is there demand that the market needs?
- Corn and soybean supplies...enough or tight?
- What is going on with South American weather?
- The elephants in the room...China recession?
- What is going to happen in 2023?



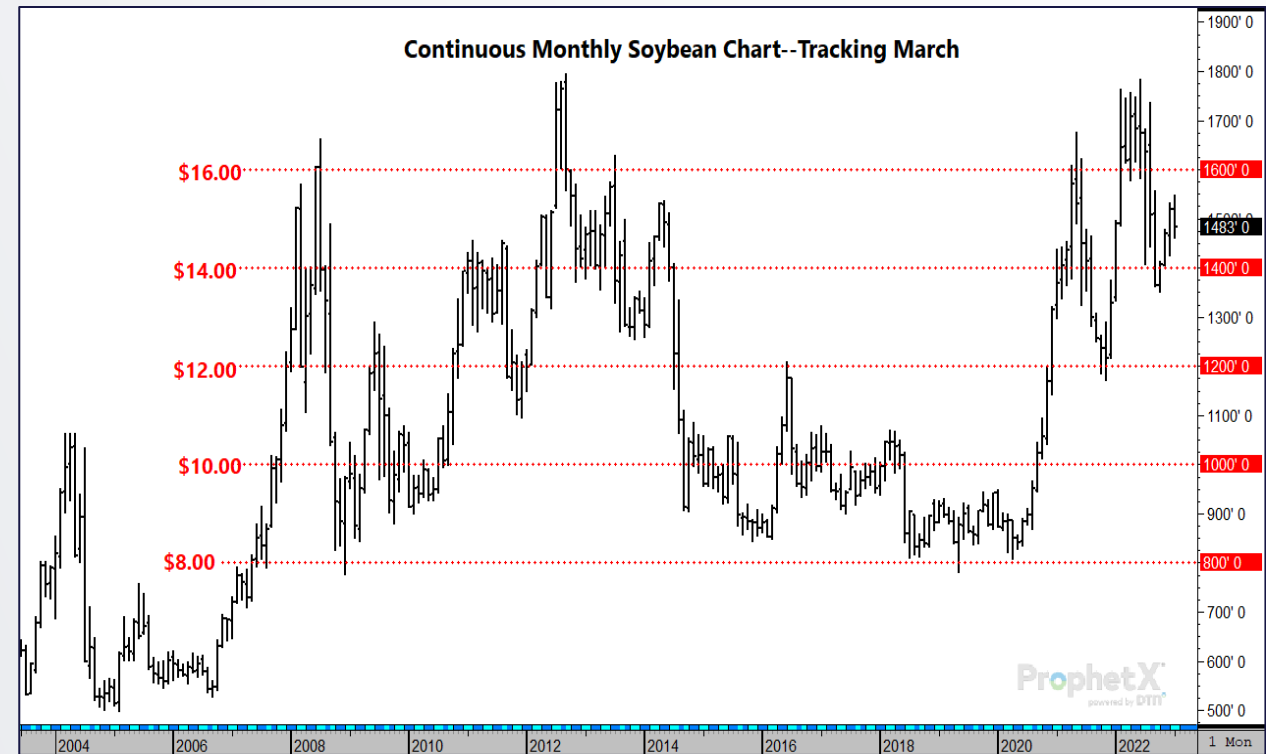
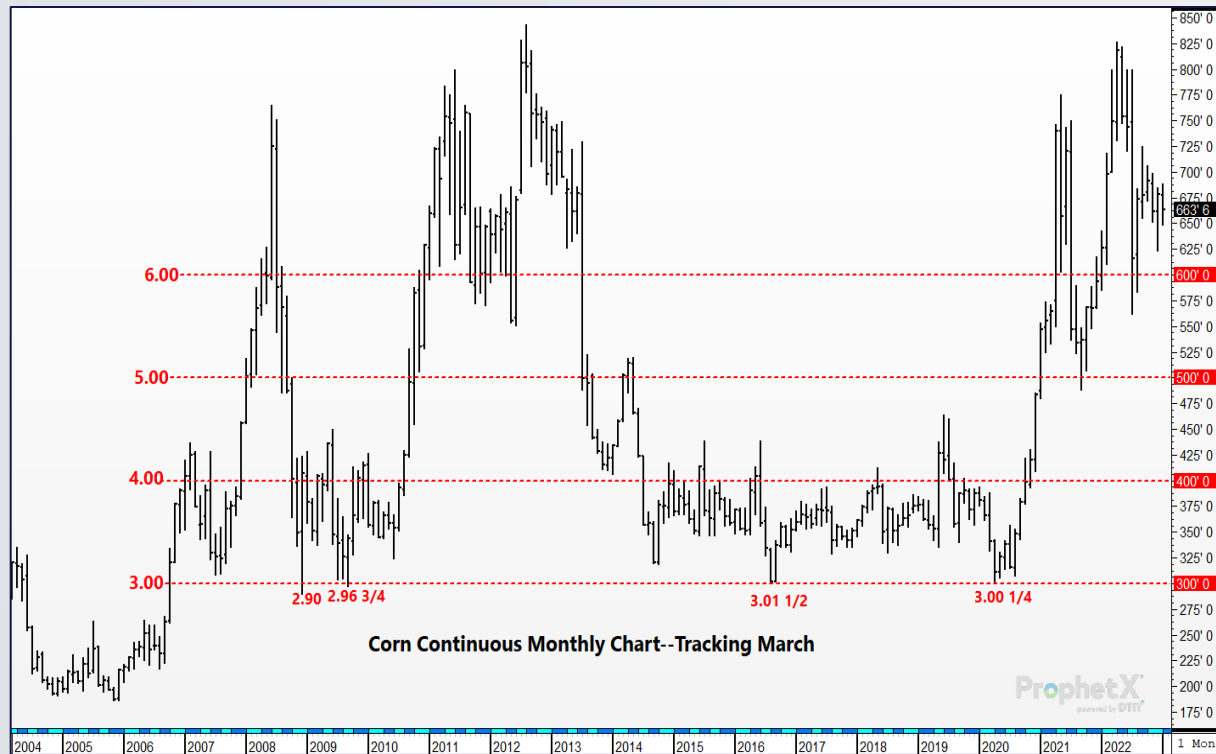
The last year has brought a lot of price volatility...



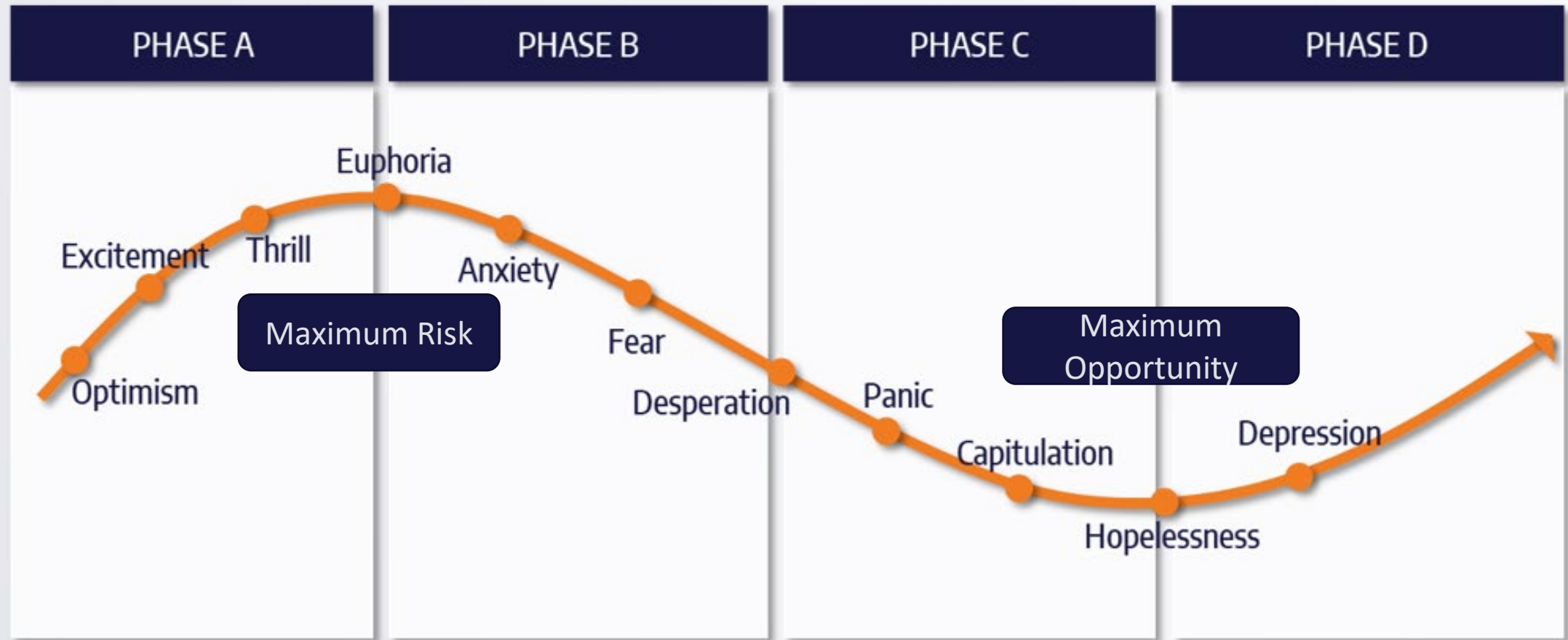
The last year has brought a lot of price volatility...



...and are trading at historically good value.



Well-supported prices also bring maximum risk.



Looking into 2023...

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

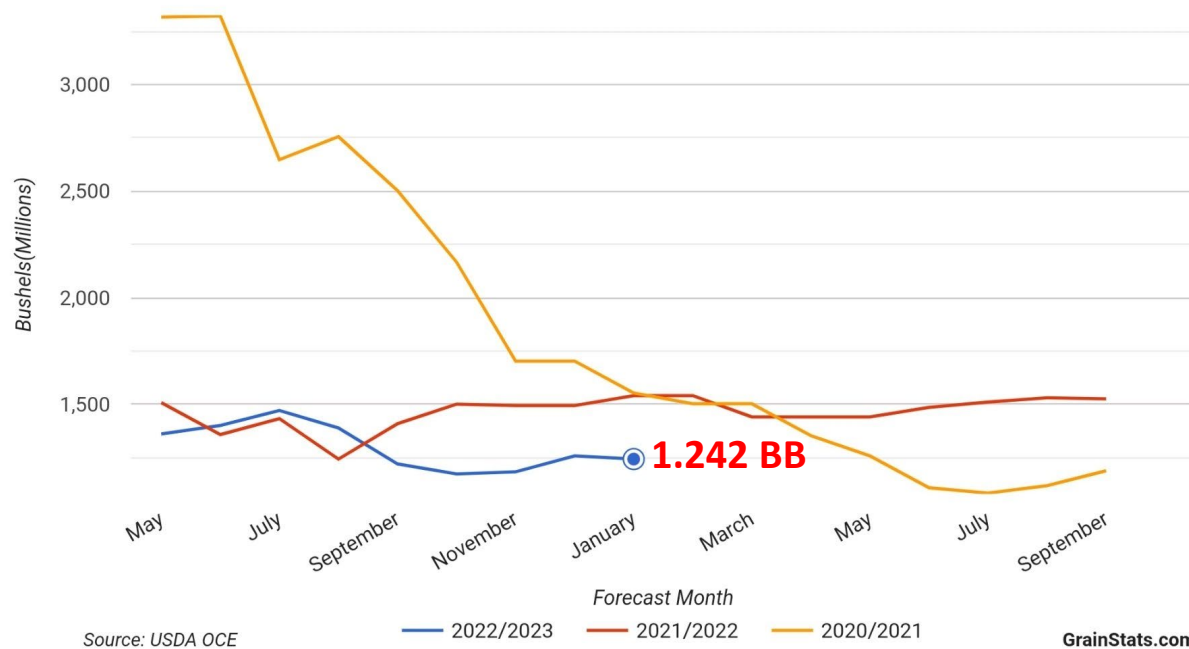
1. The Supply Picture and Demand Story
2. A Demand-Driven Market?
3. The Macro Economic Environment
4. The Weather for 2023
5. The Potential South American Crop



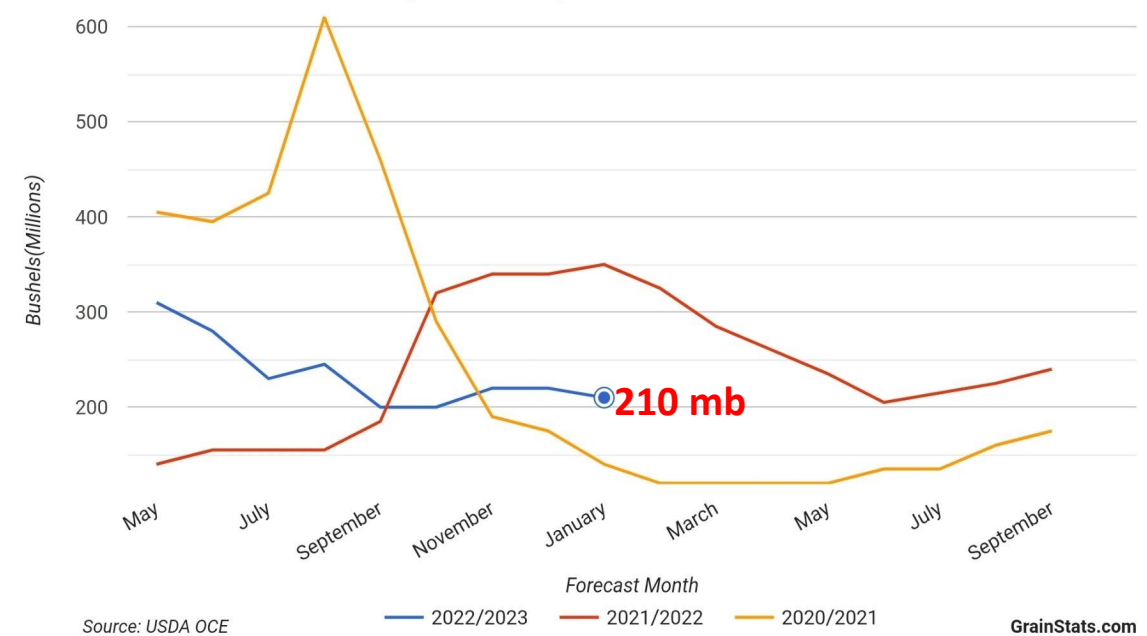
1. The Supply Picture

U.S. ending stocks still historically low

Corn Ending Stocks Forecast



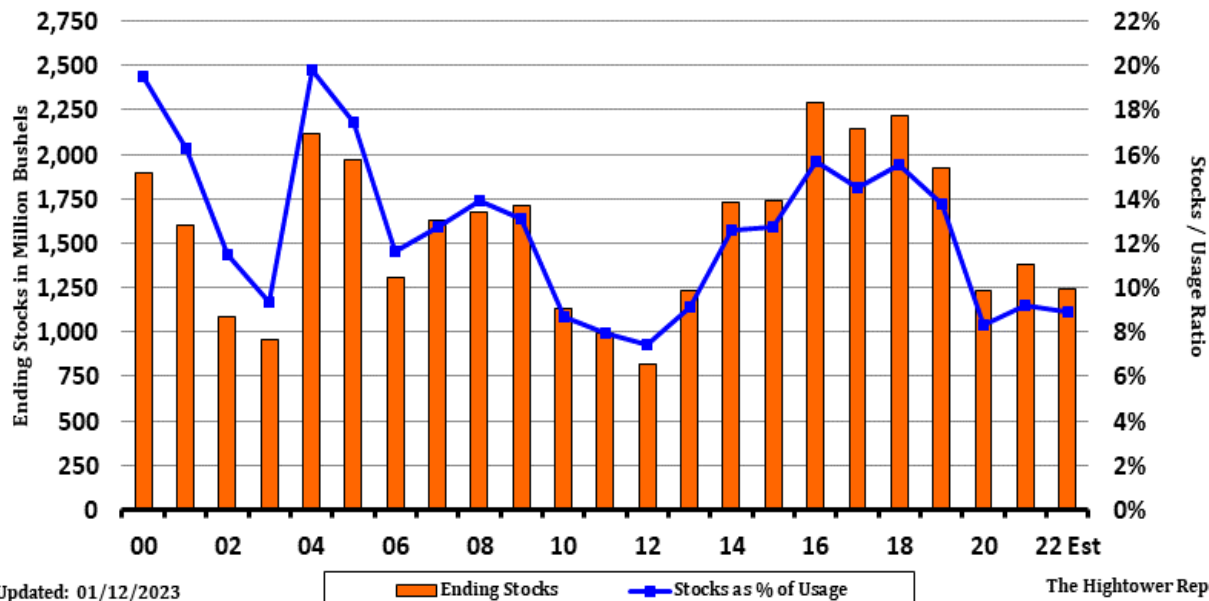
Soybeans Ending Stocks Forecast



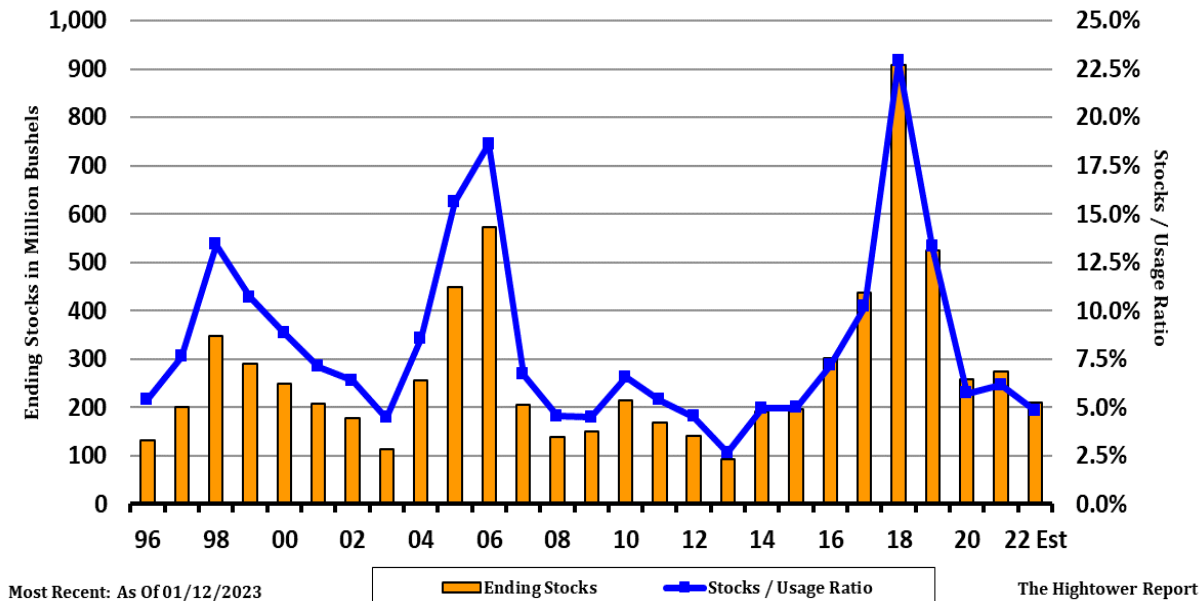
1. The Supply Picture

Tight stocks-to-use ratios

US Corn Ending Stocks vs
Stocks / Usage Ratio



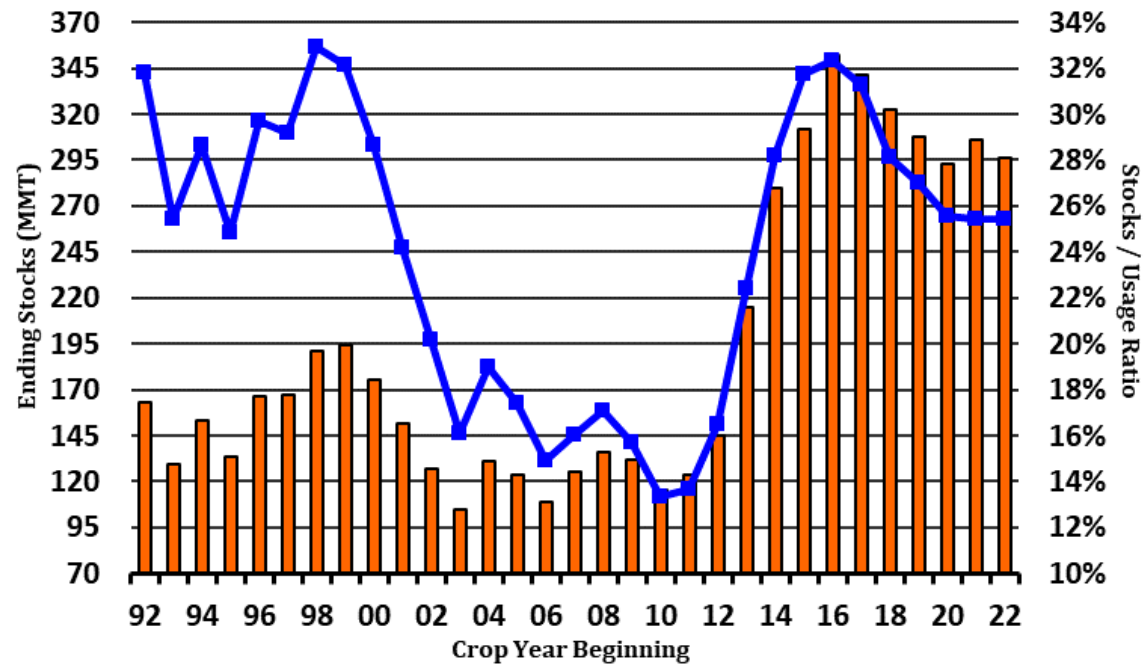
US Soybean Ending Stocks vs
Stocks / Usage Ratio



1. The Supply Picture

World Soybean Ending stock and Stocks/Use ratio

**World Corn - Ending Stocks vs.
Stocks / Usage Ratio**

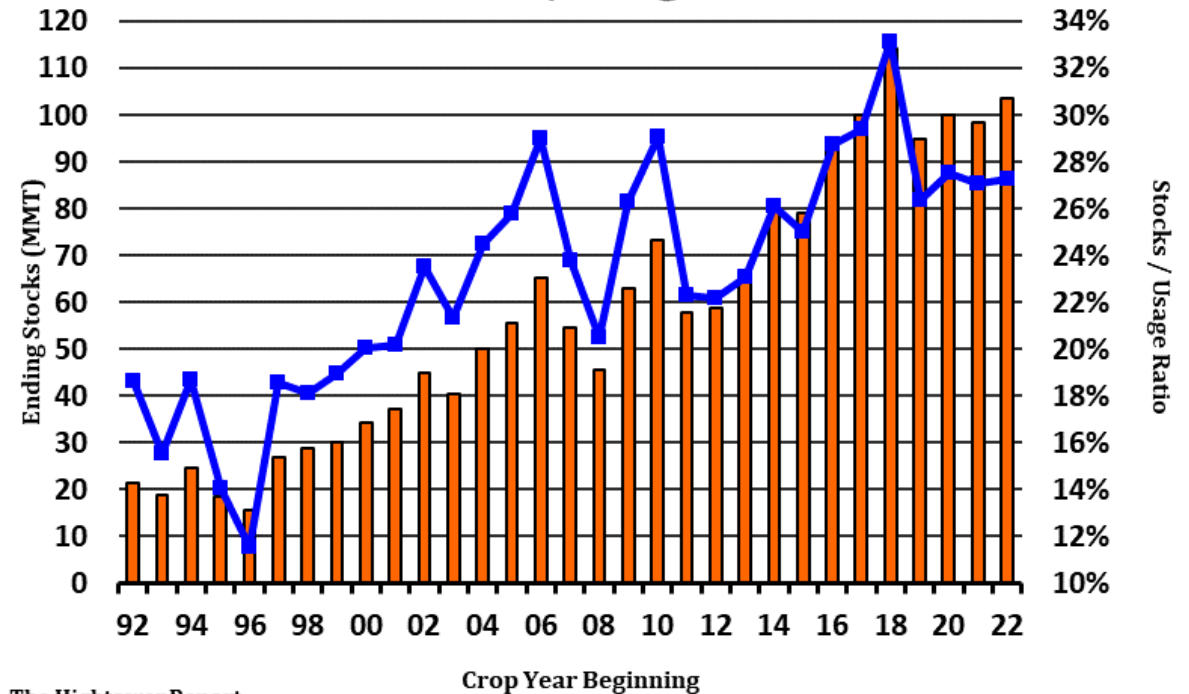


The Hightower Report | Source: USDA

Most Recent: As Of 01/12/2023

Ending Stocks Stocks / Usage Ratio

**World Soybeans - Ending Stocks vs.
Stocks / Usage Ratio**



The Hightower Report

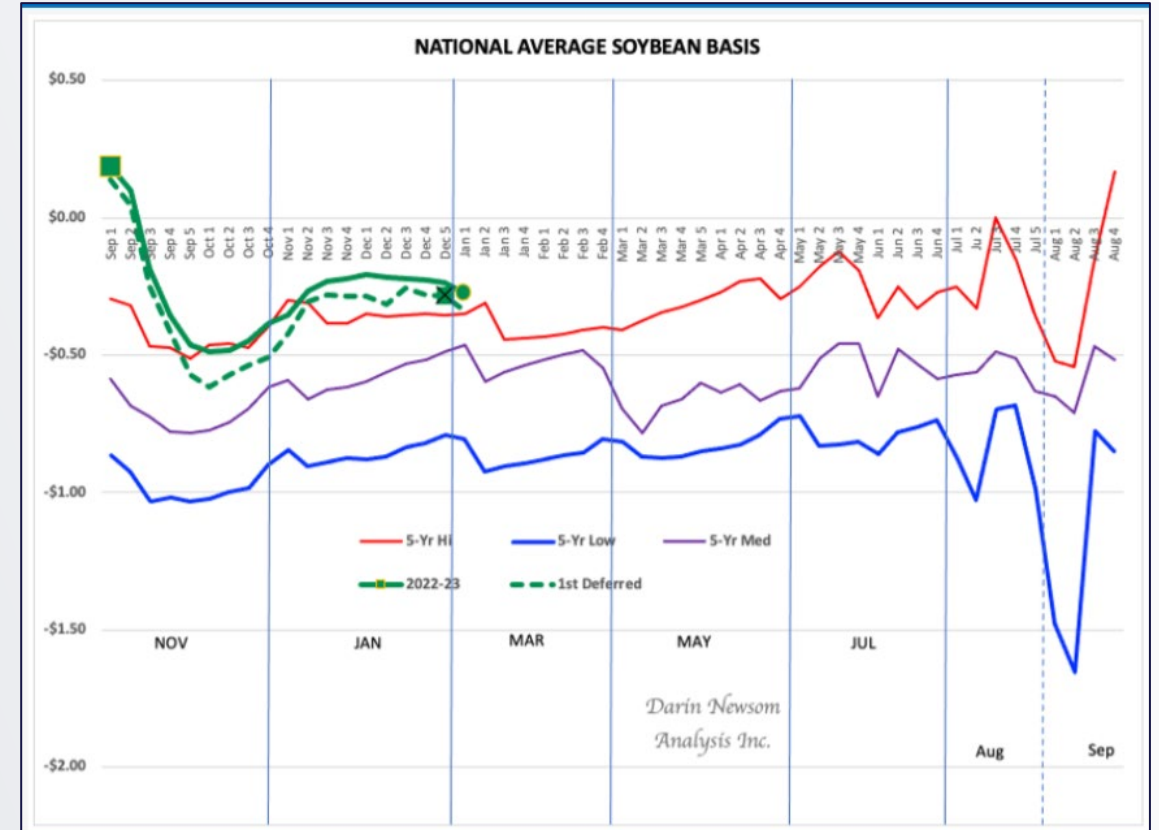
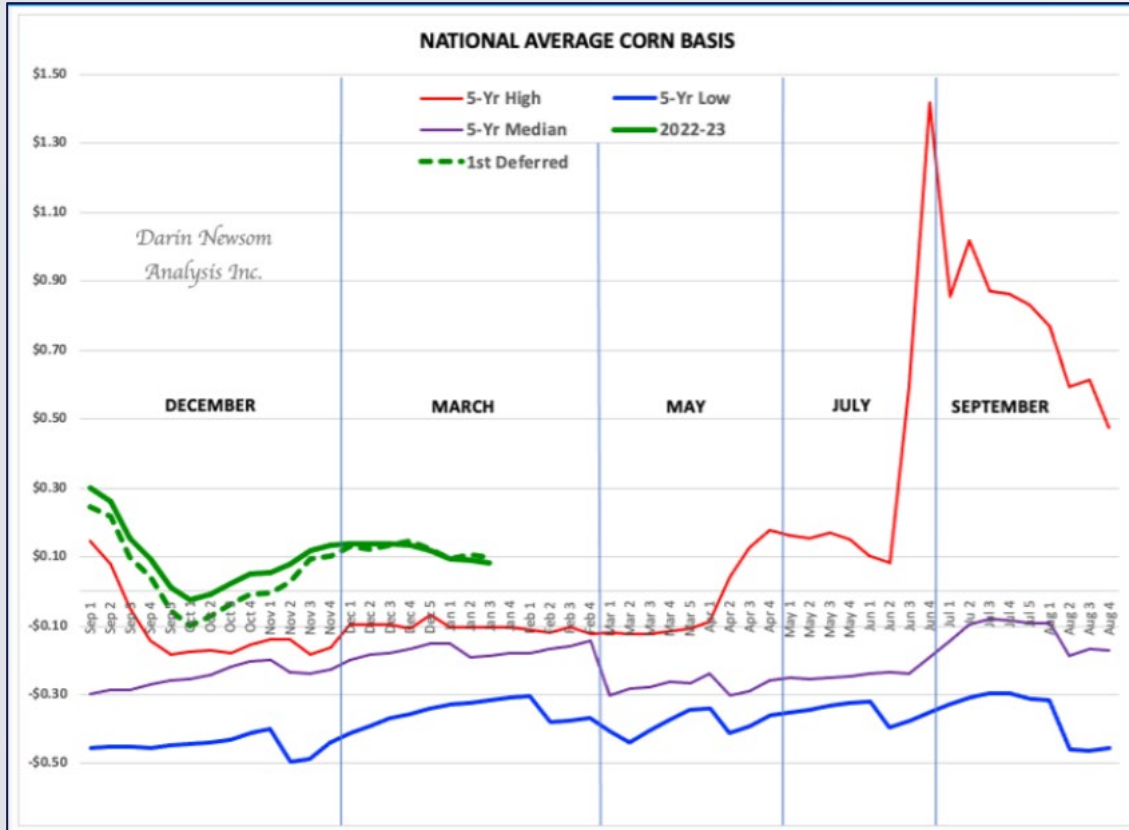
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Ending Stocks Stocks / Usage Ratio



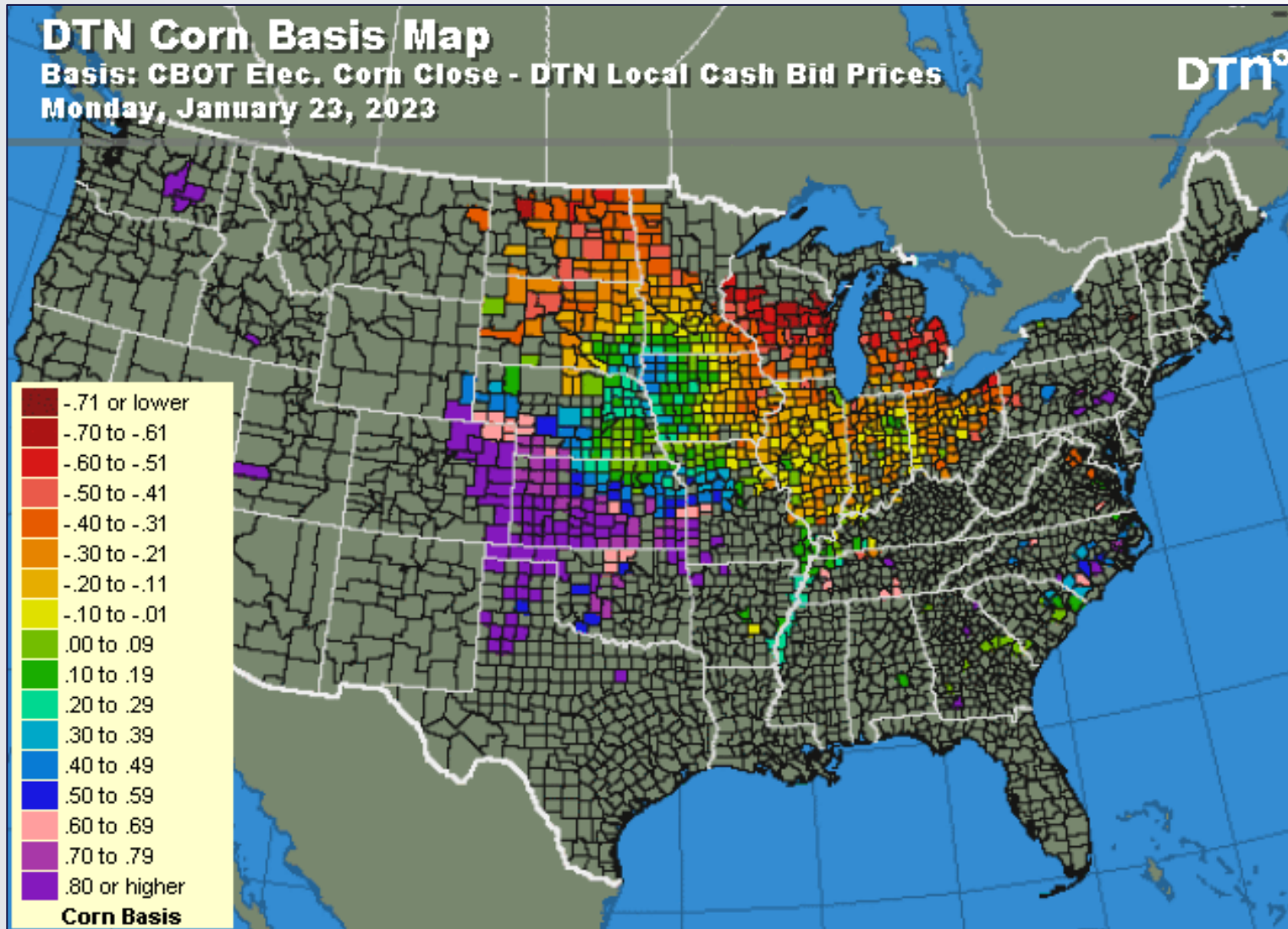
2. A Demand-Driven Market?

Cash market doing the lifting...



2. A Demand-Driven Market?

East vs West issue for Corn...

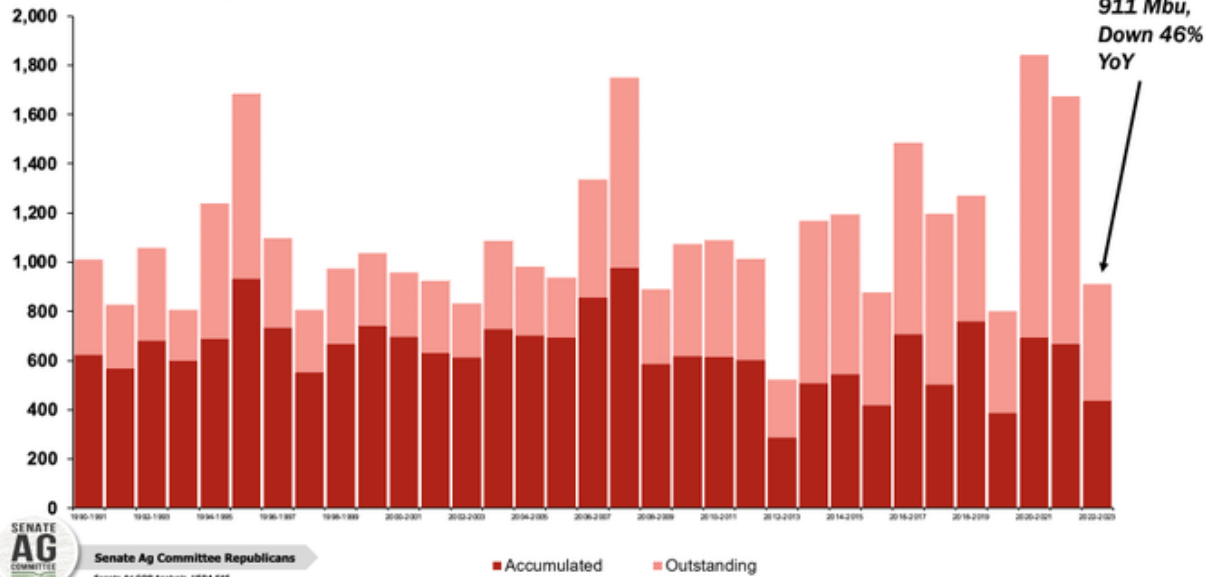


2. A Demand-Driven Market?

Percentage of USDA Export Targets

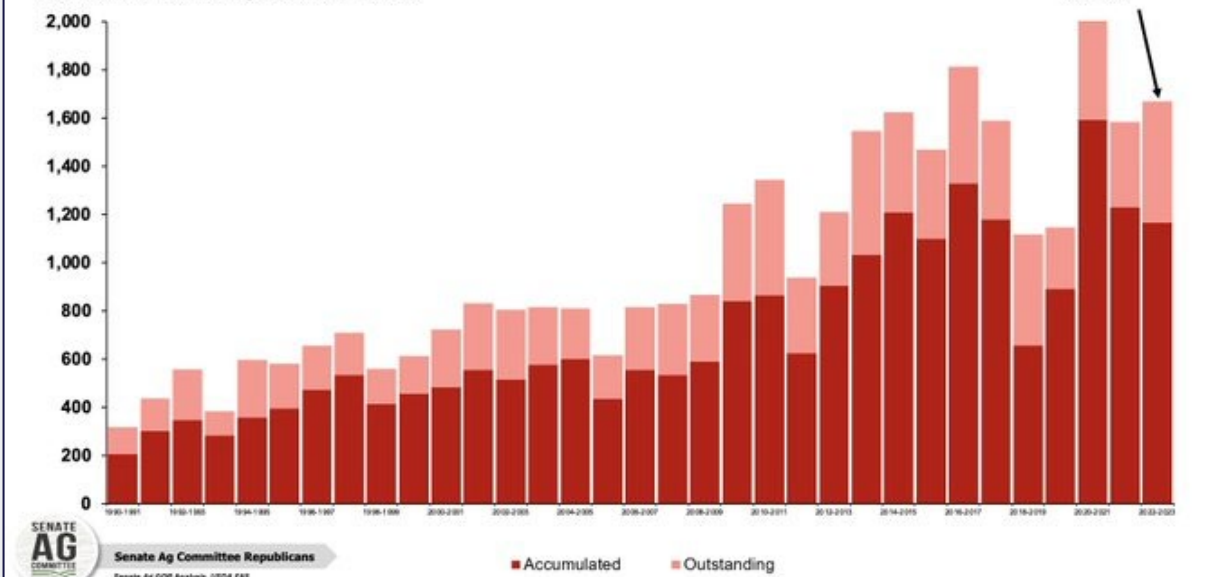
Corn Export Commitments

First 20 Weeks of Marketing Year, Million Bushels



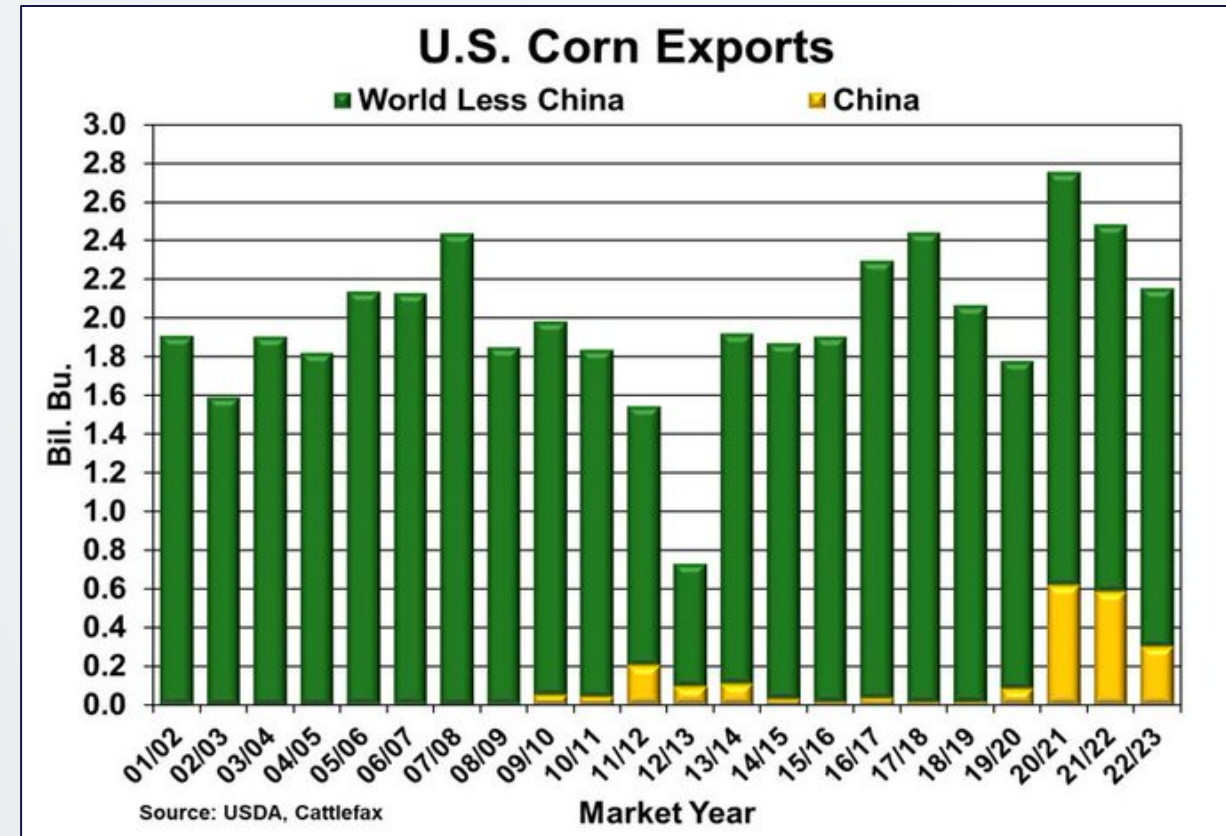
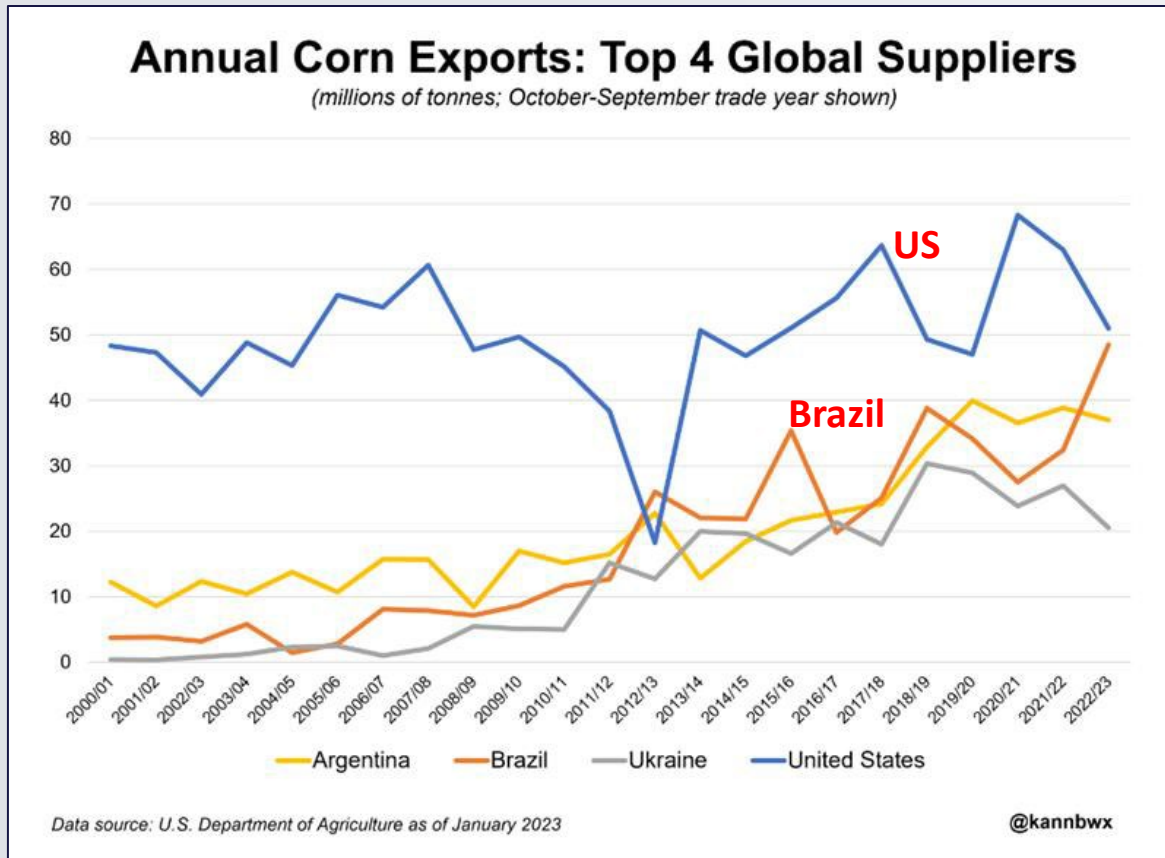
Soybean Export Commitments

First 20 Weeks of Marketing Year, Million Bushels



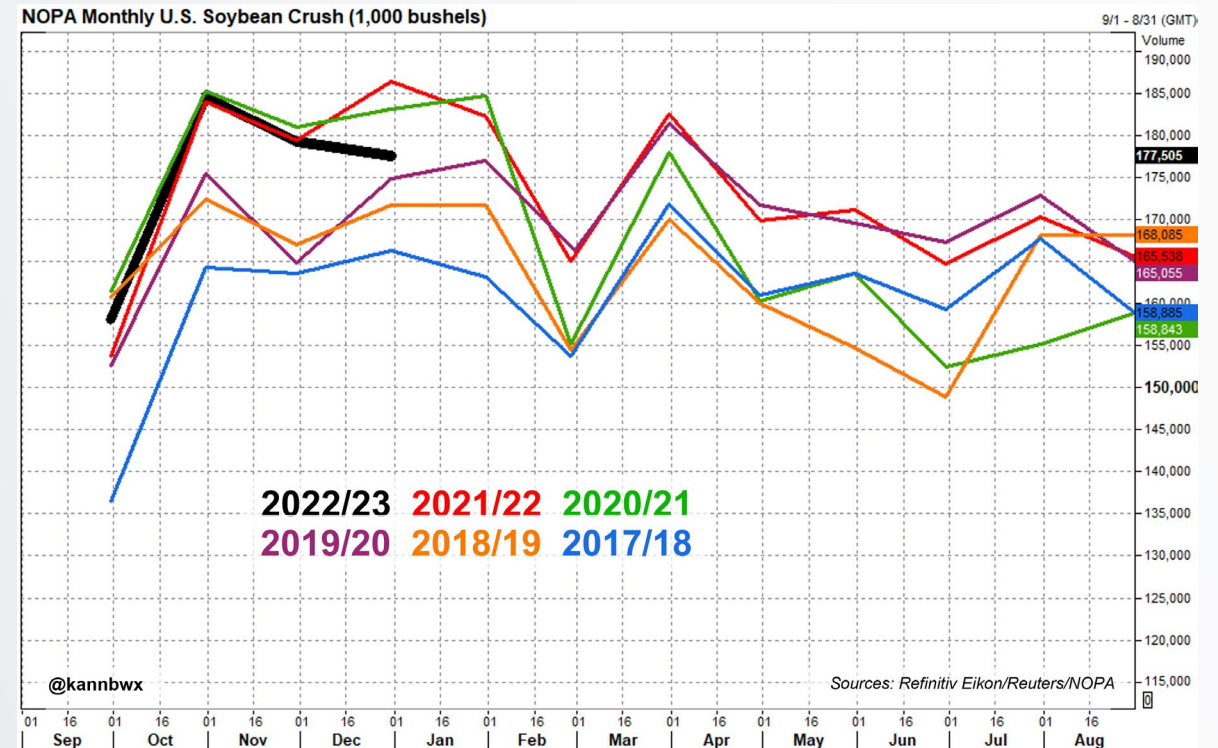
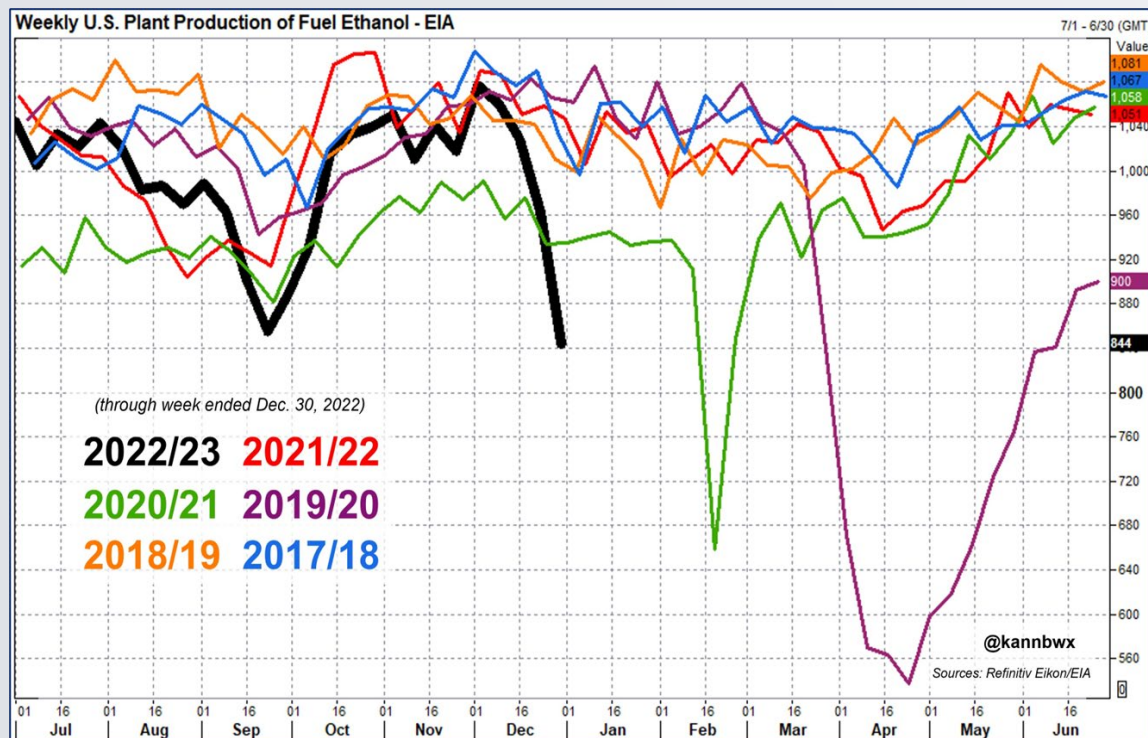
2. A Demand-Driven Market?

The Brazil and China Factor in Corn Demand...



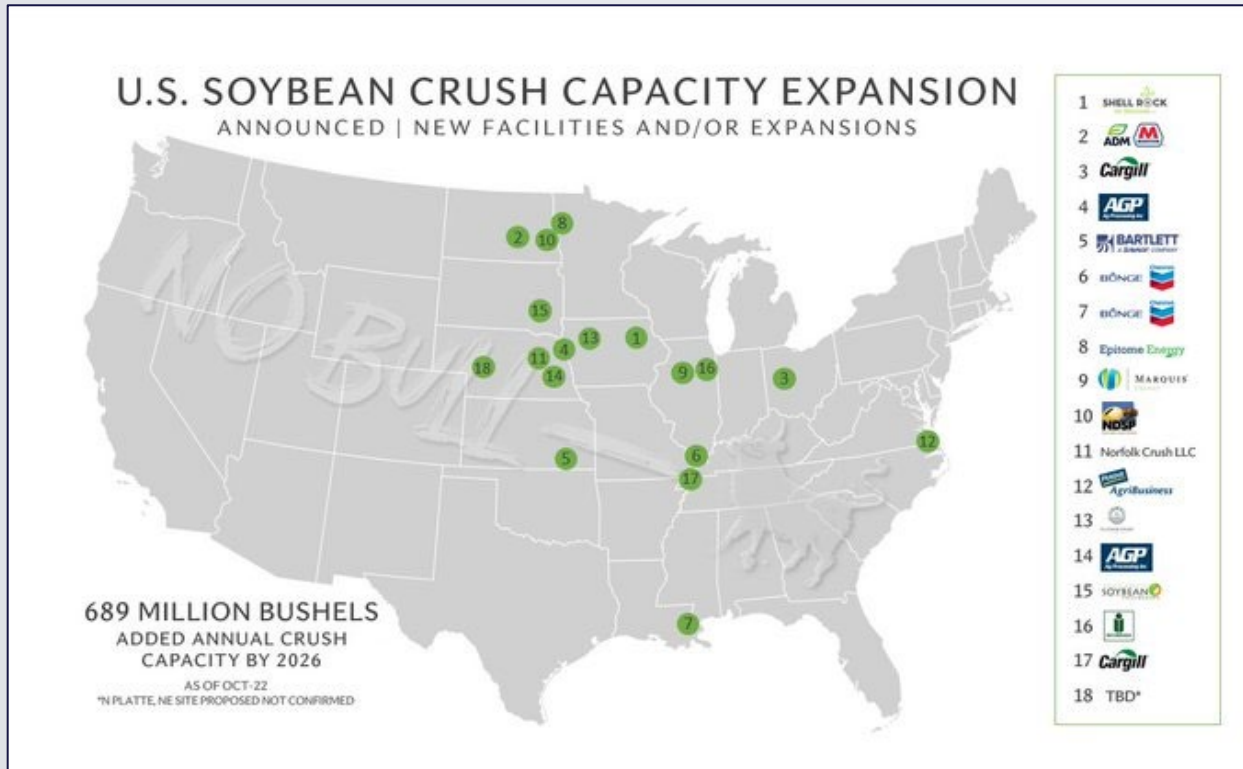
2. Is the Demand there...?

Ethanol production a concern, but soybean crush demand to the rescue

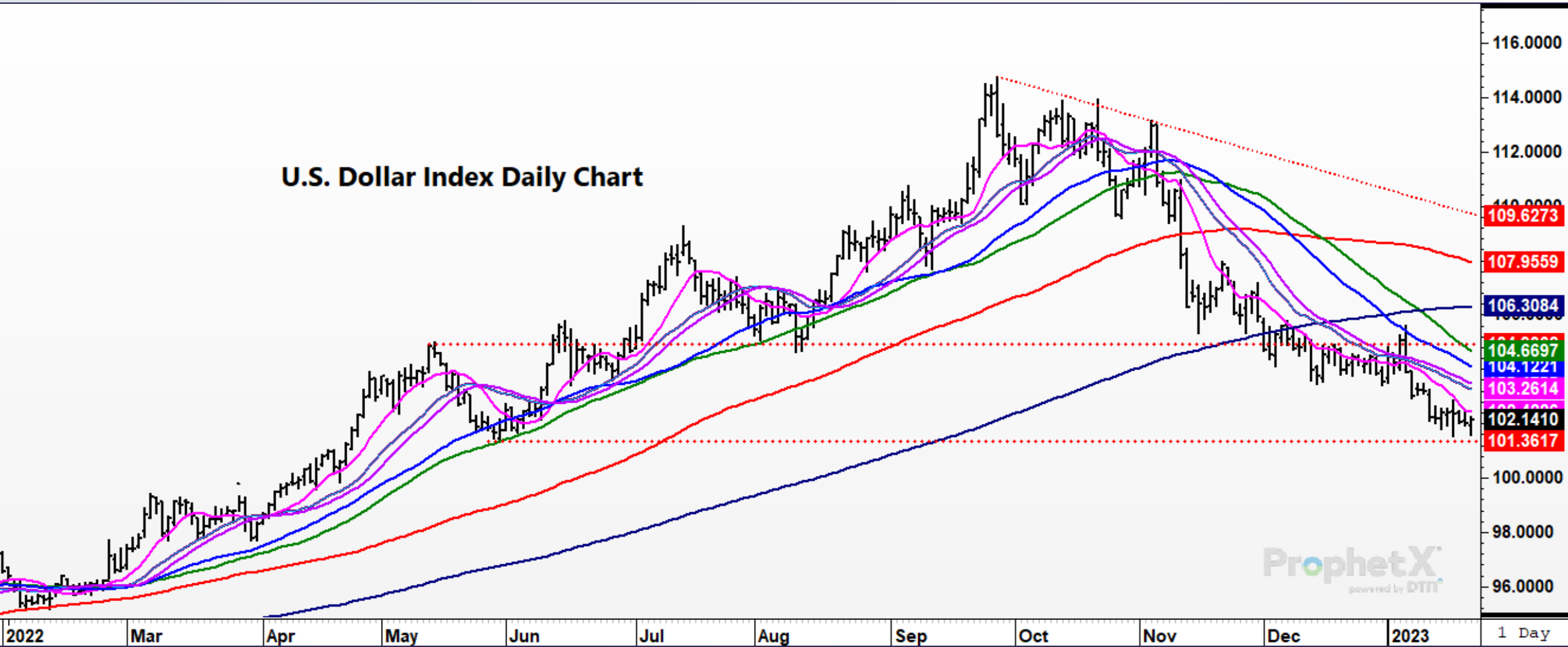


2. Is the Demand there...?

Proposed soybean crush capacity coming online...

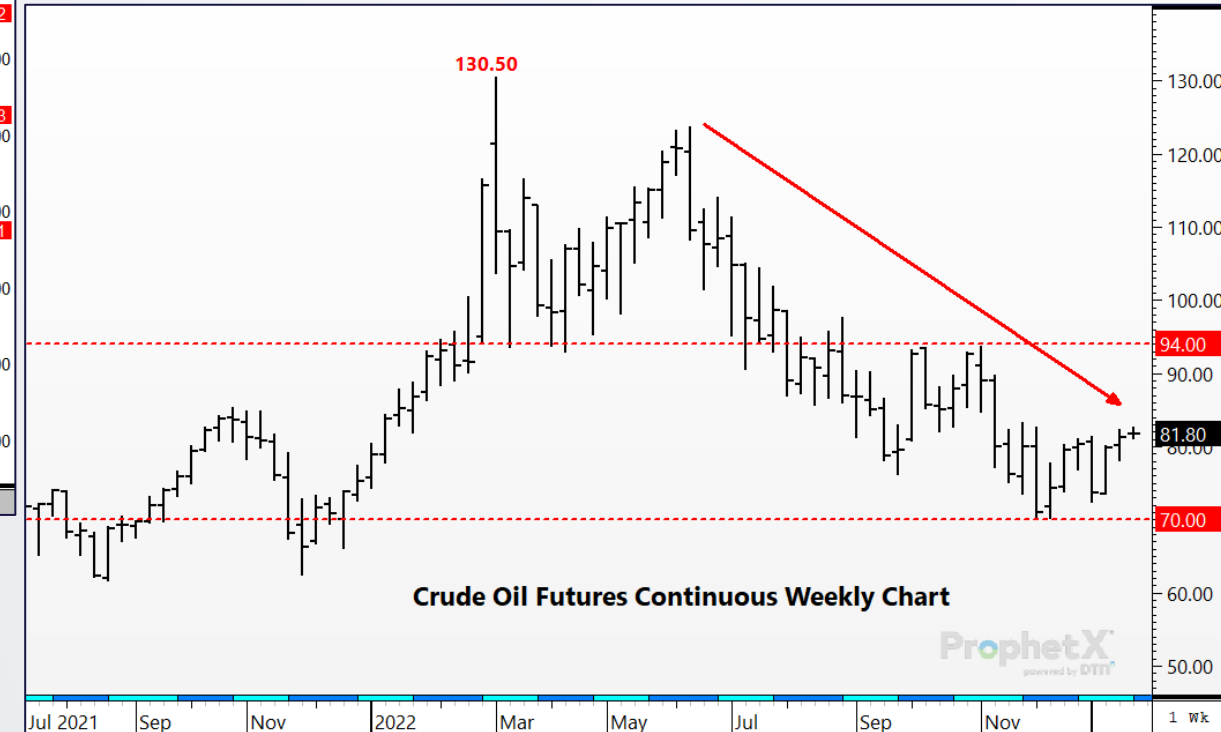
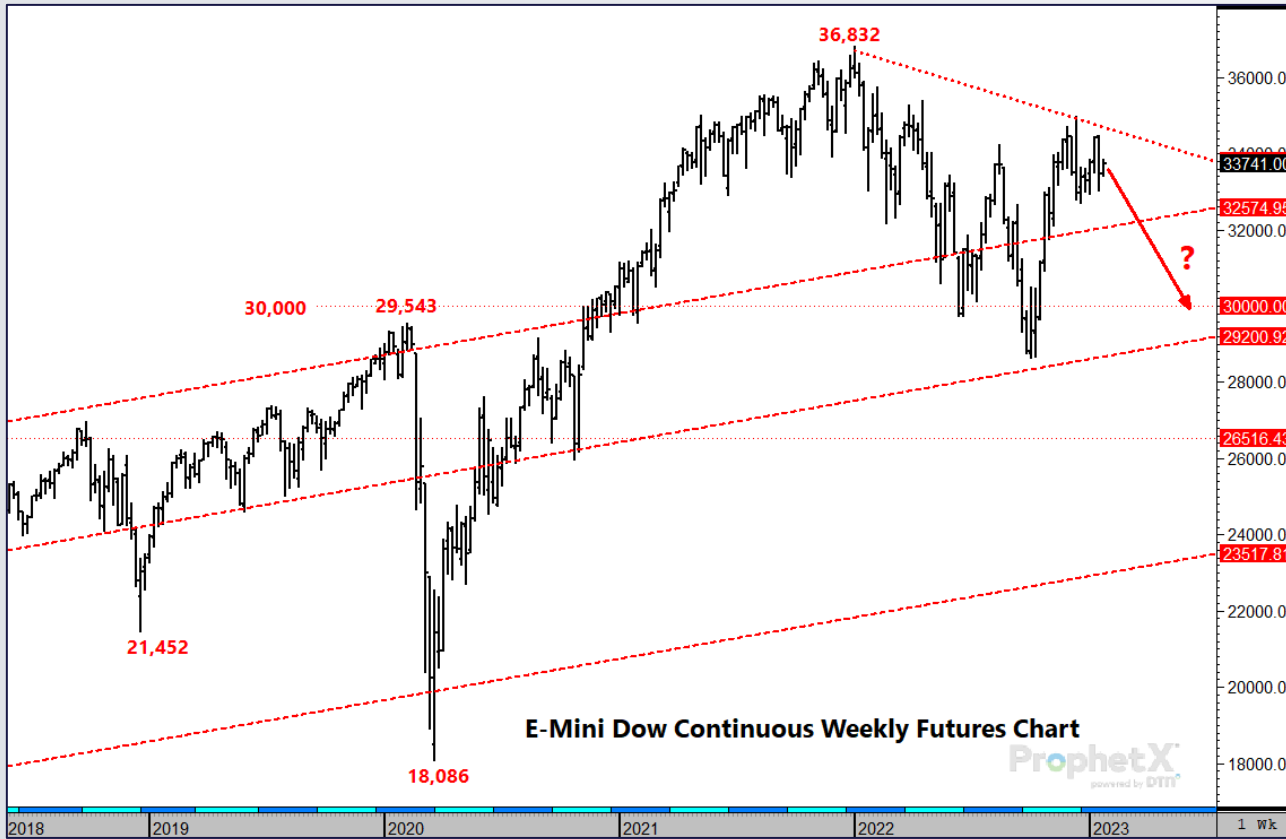


3. The Macro Economic Environment



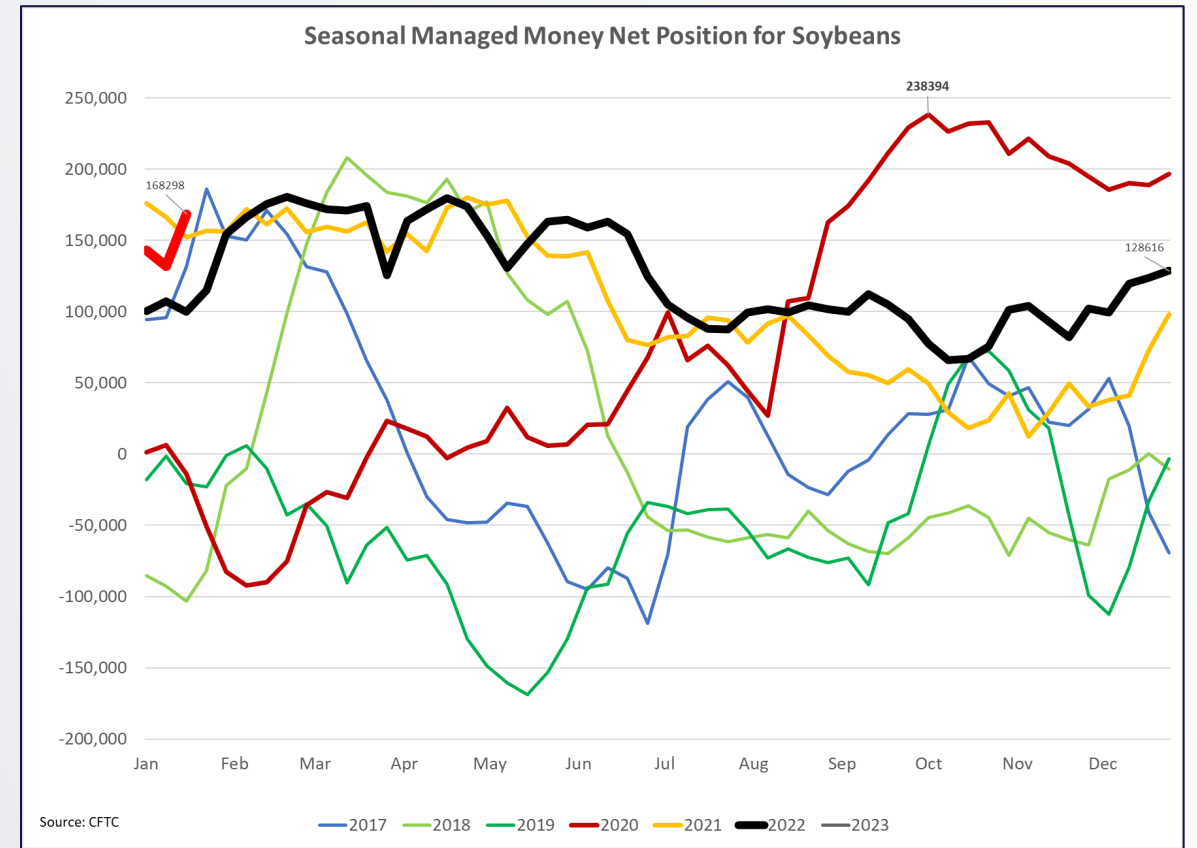
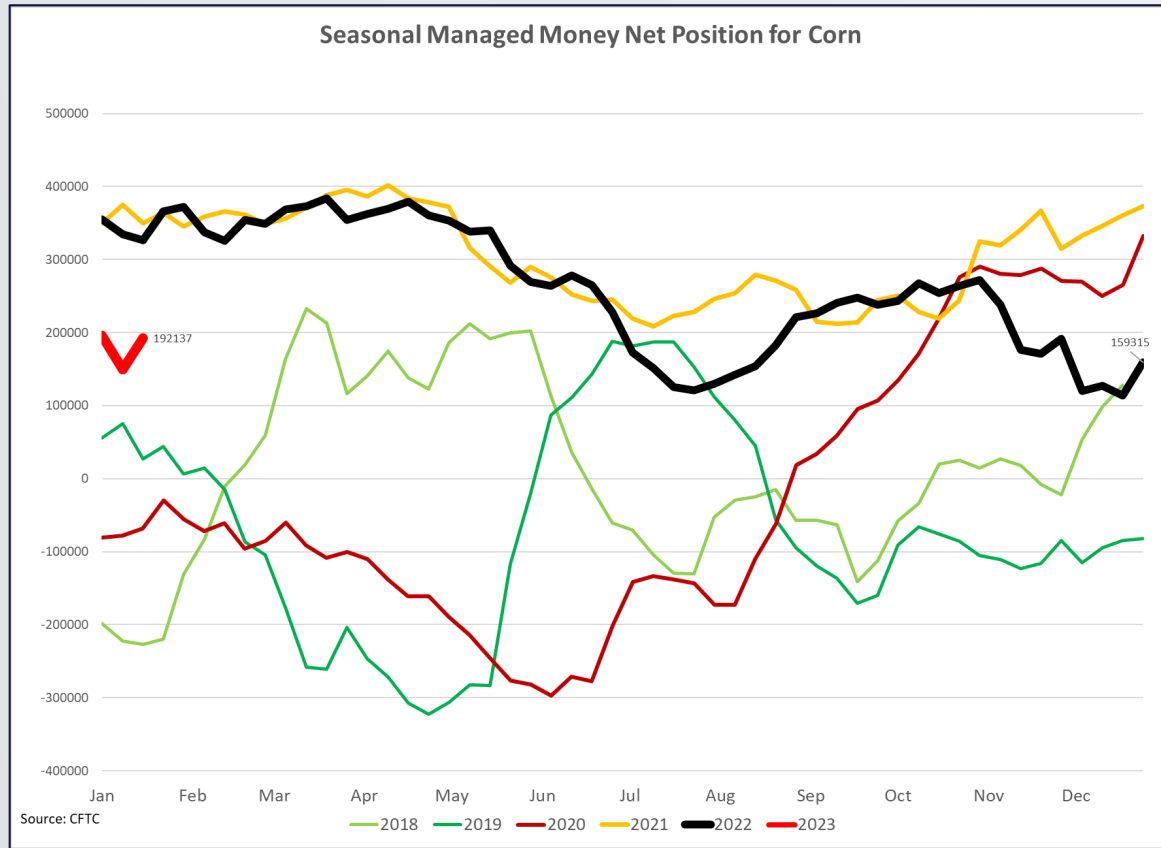
3. The Macro Economic Environment

Outside Markets impact...



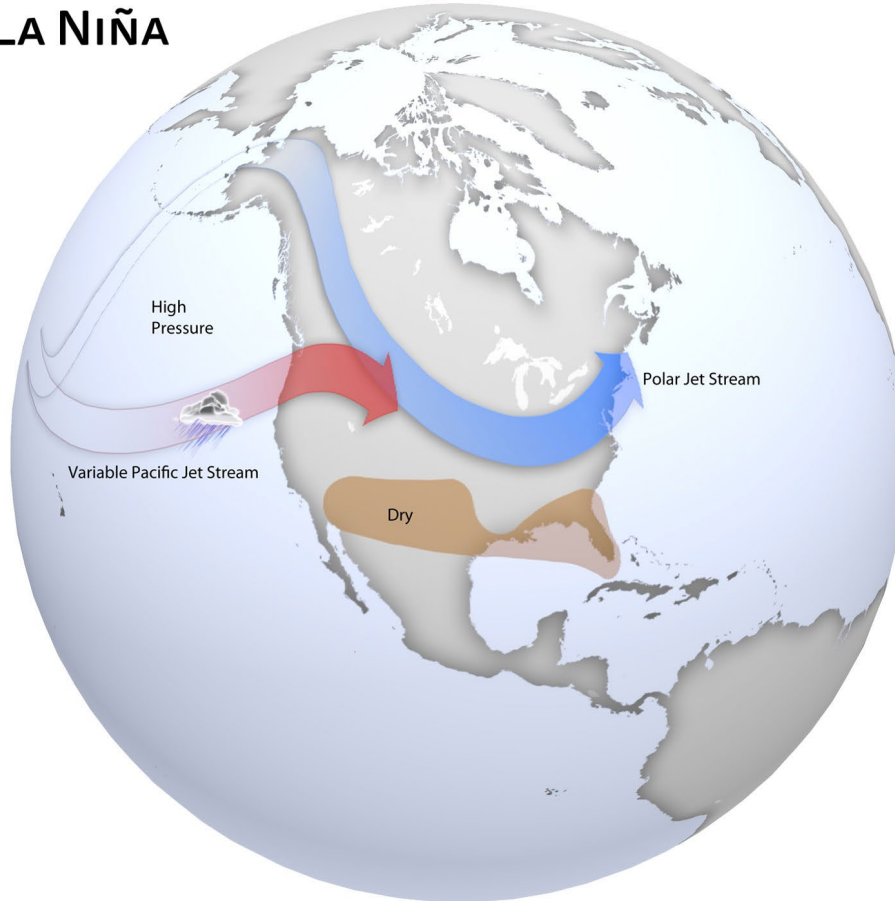
3. The Macro Economic Environment

The Flow of Money

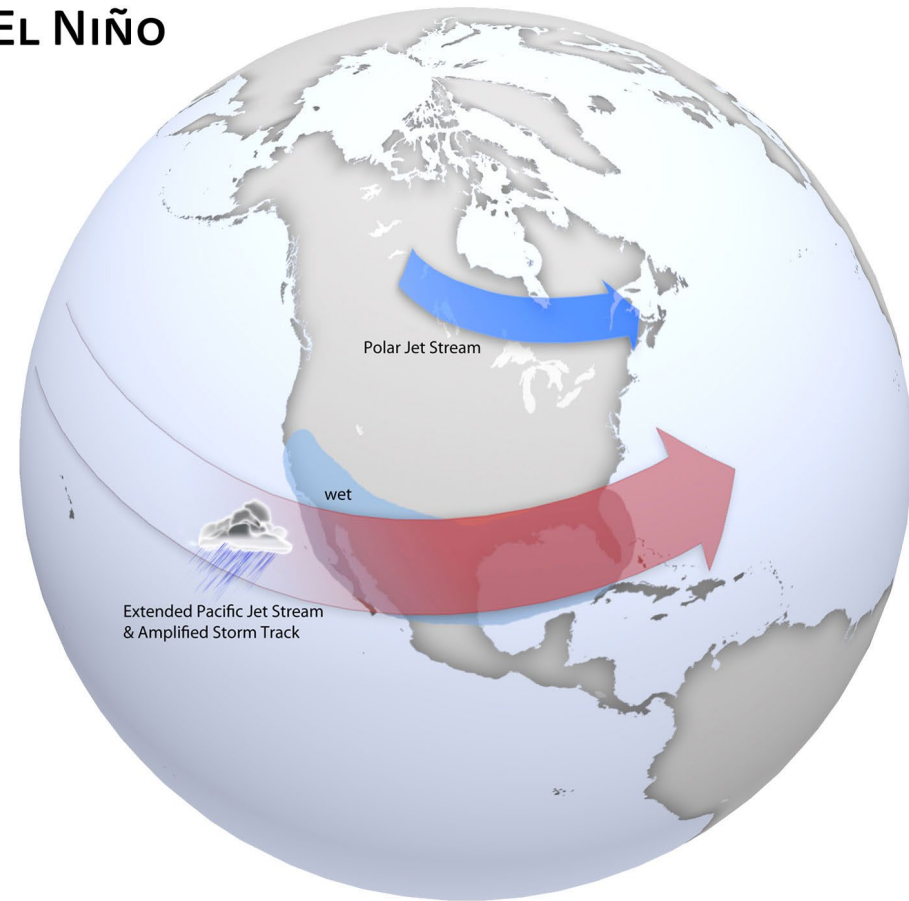


5. The Weather for 2023

LA NIÑA



EL NIÑO

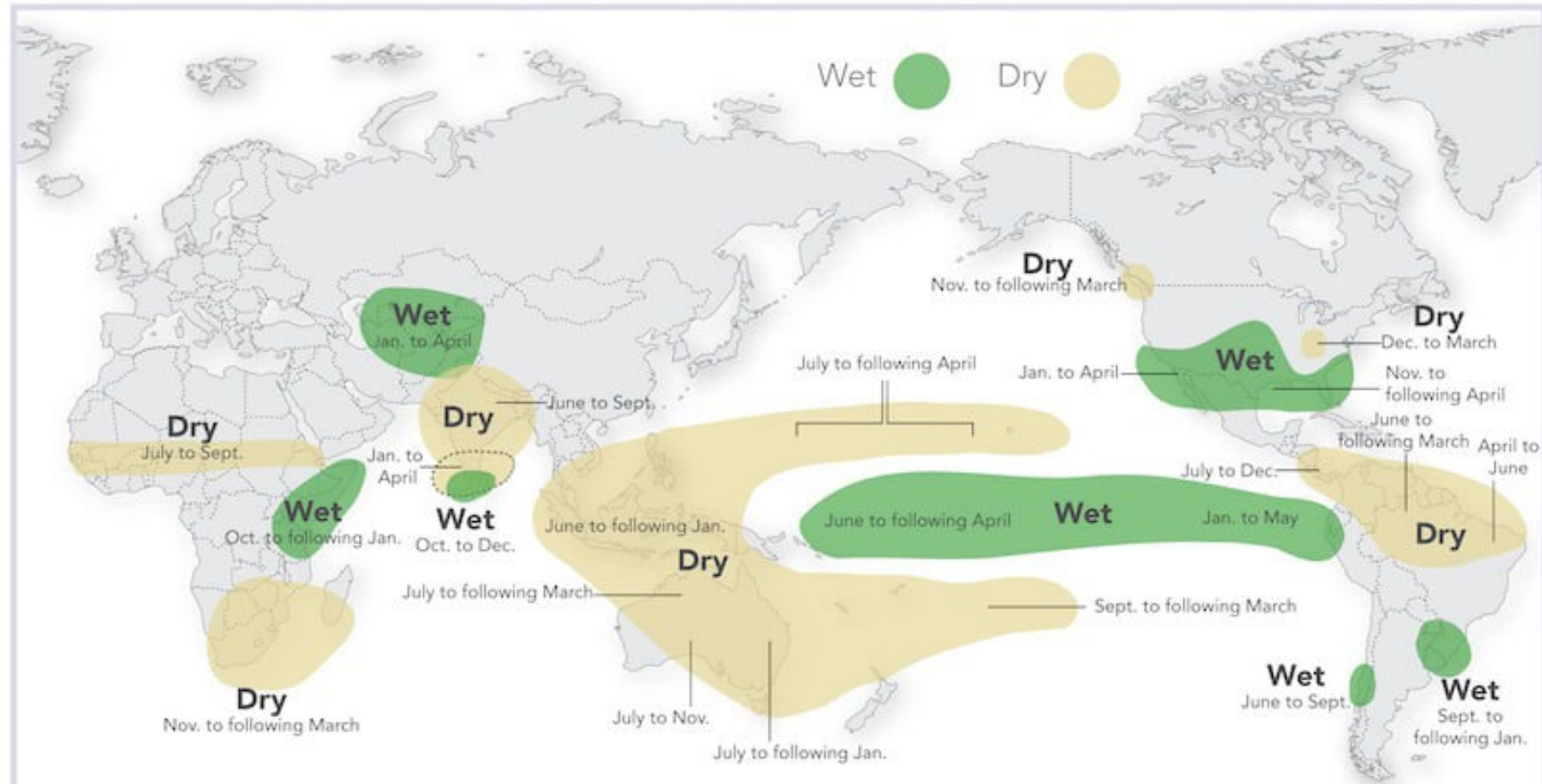


6. The Weather for 2023

Possible Weather Changes...

El Niño and Rainfall

El Niño conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one El Niño to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.



For more information on El Niño and La Niña, go to: <http://iri.columbia.edu/ensof/>

Sources:

1. Ropelewski, C. F., and M. S. Halpert, 1987: Global and regional scale precipitation patterns associated with the El Niño Southern Oscillation. *Mon. Wea. Rev.*, 115, 1606-1626;
2. Mason and Goddard, 2001. Probabilistic precipitation anomalies associated with ENSO. *Bull. Am. Meteorol. Soc.* 82, 619-638

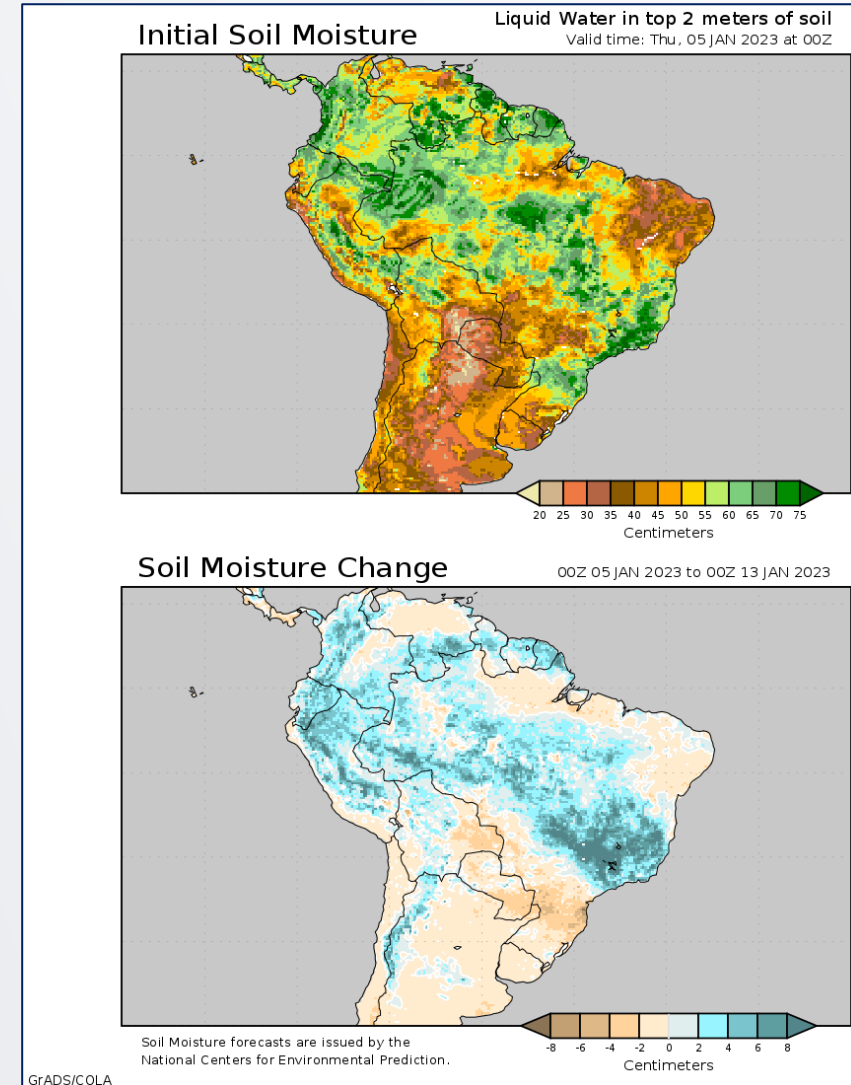
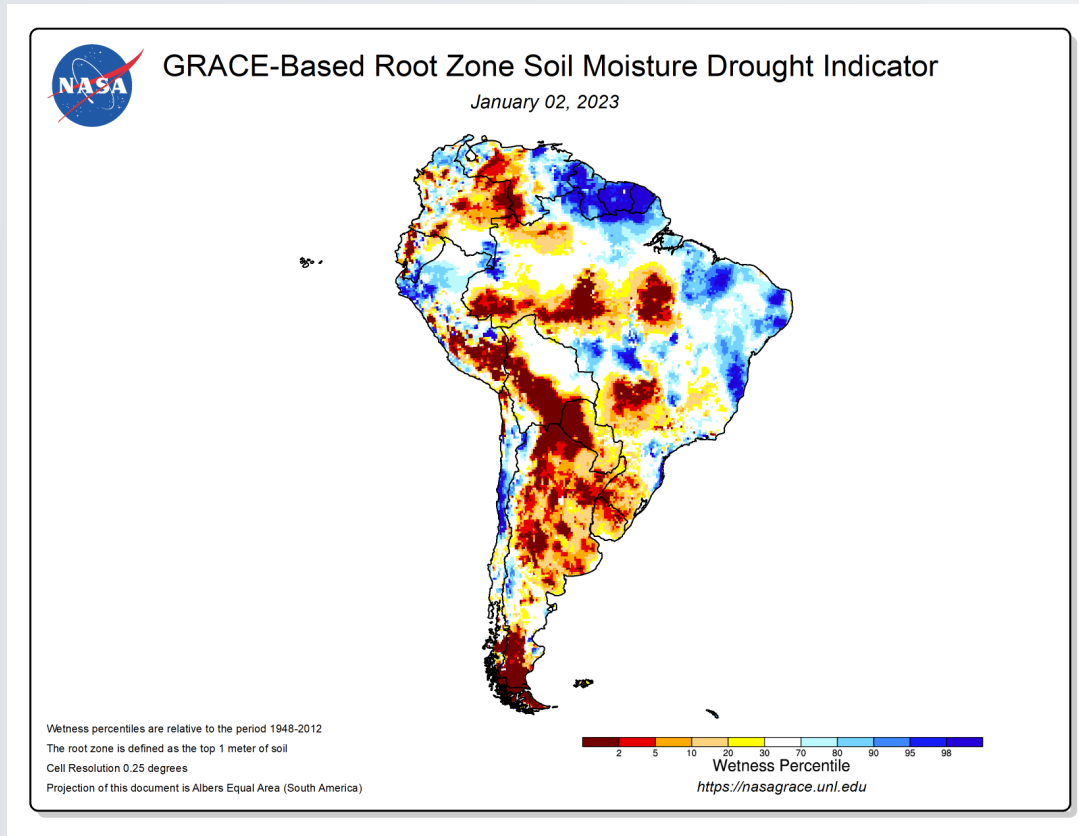


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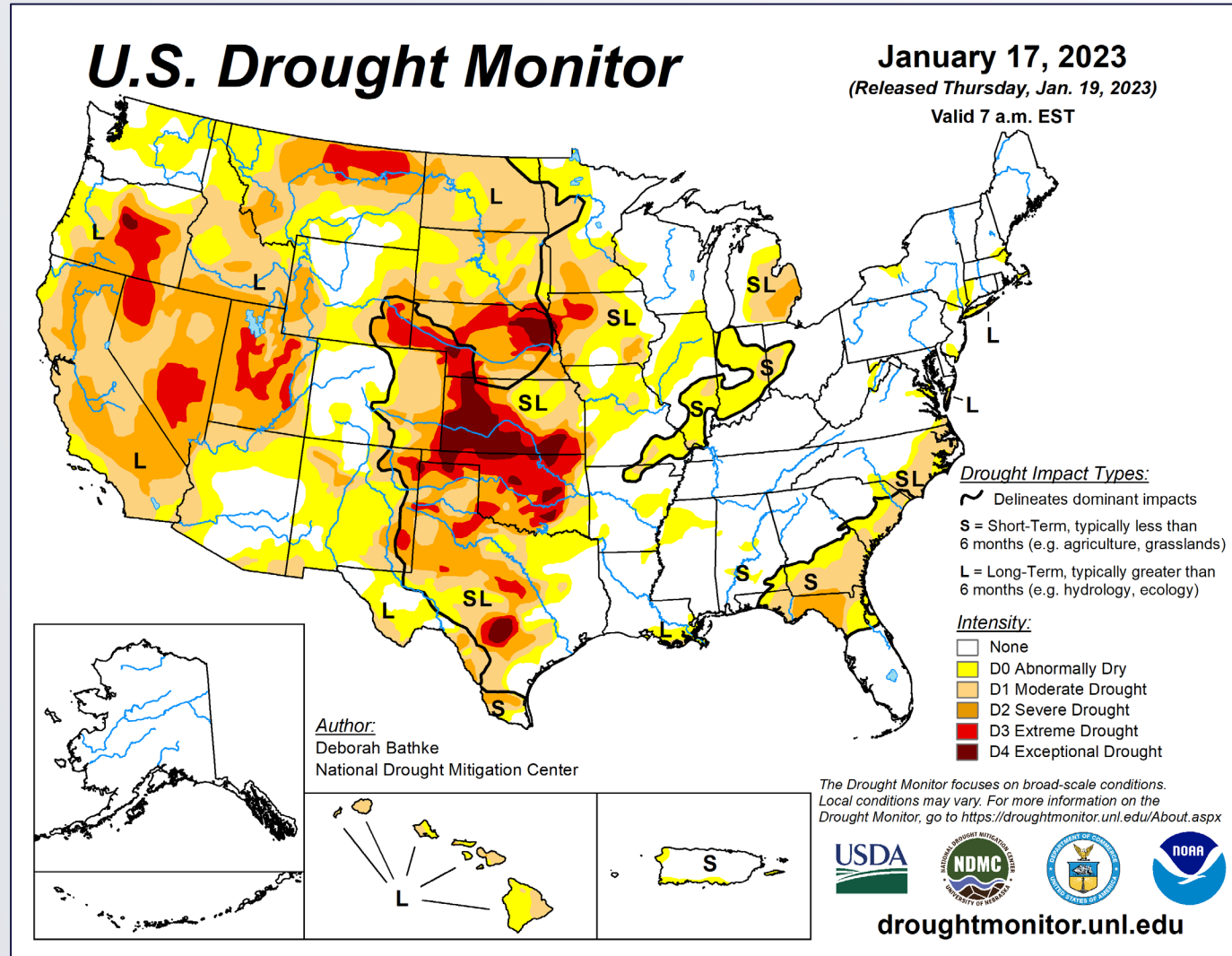
5. The Weather for 2023

South American impacts, but pattern may be changing...



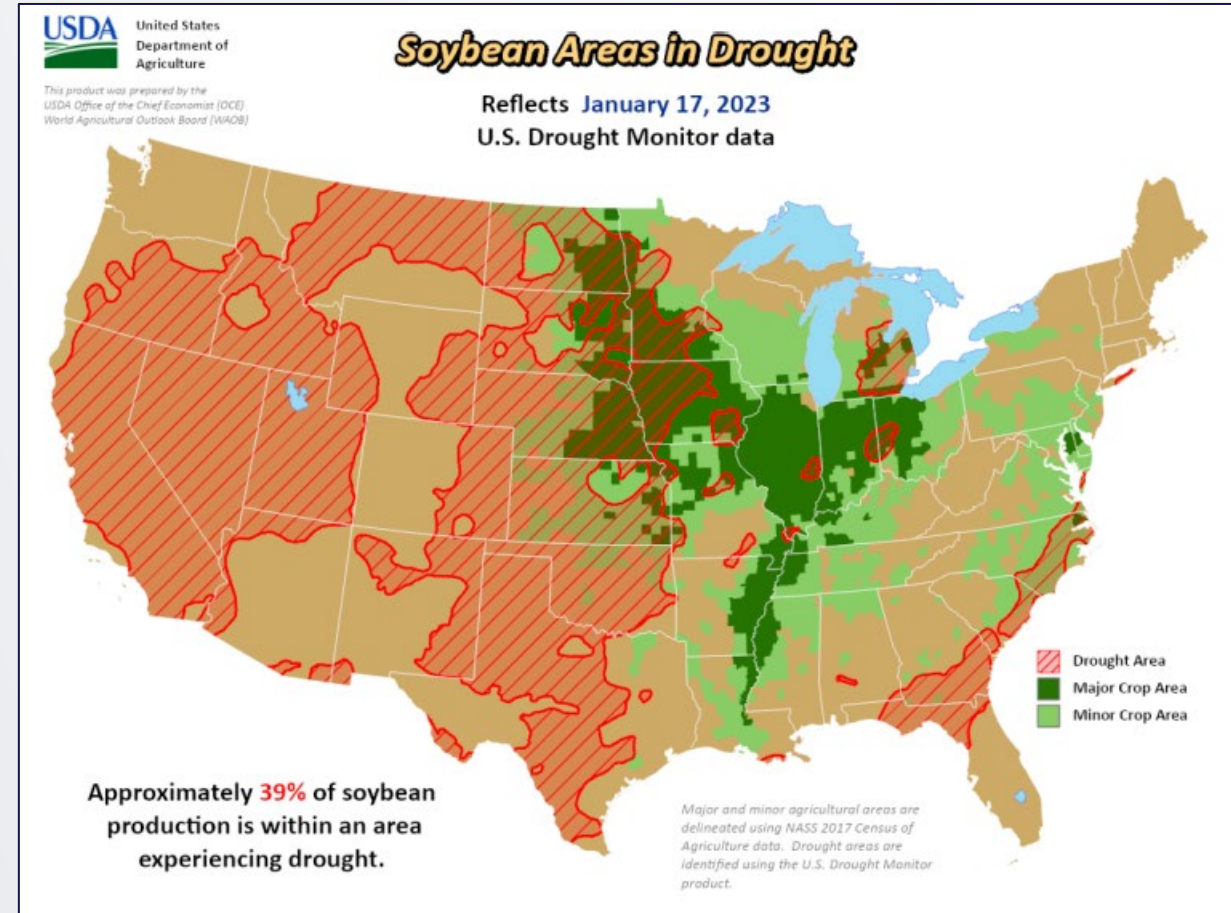
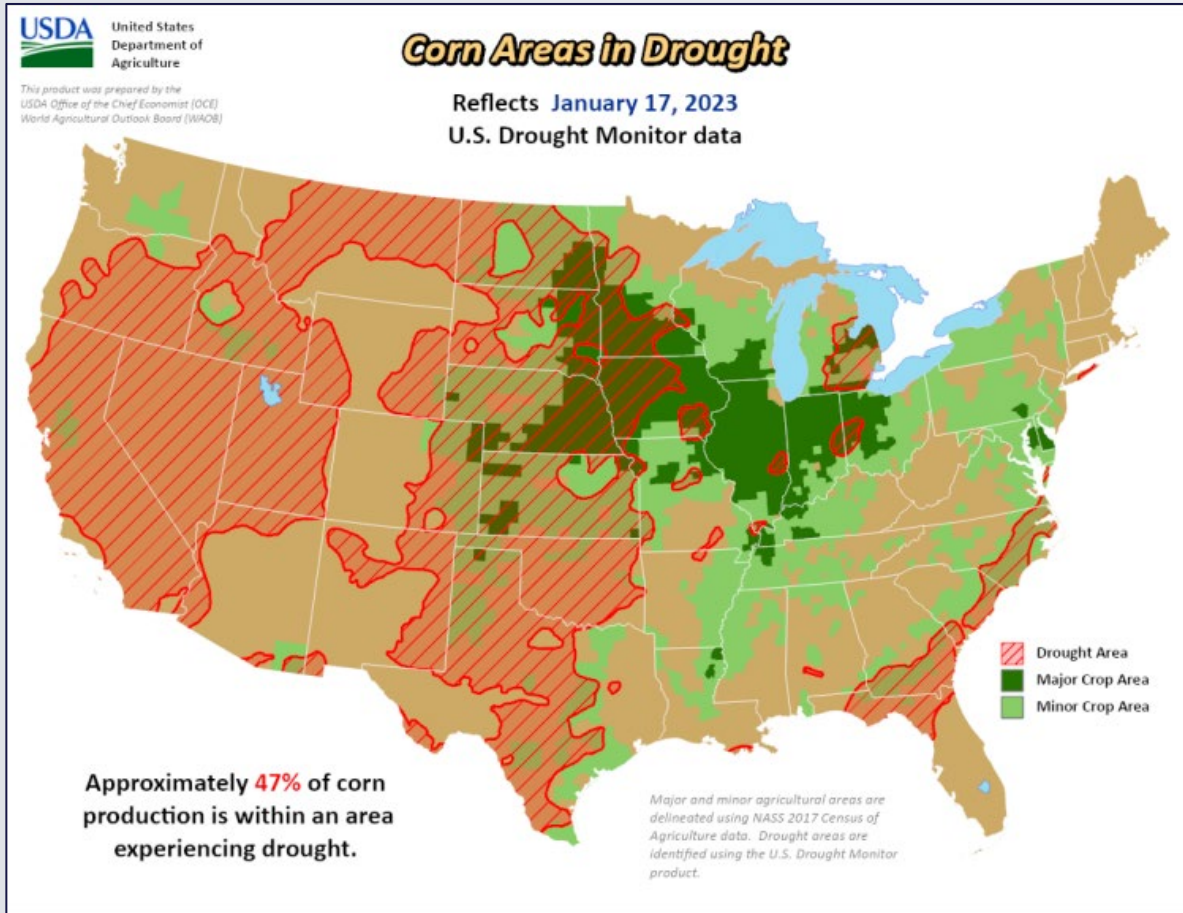
5. The Weather for 2023

Current U.S. Condition



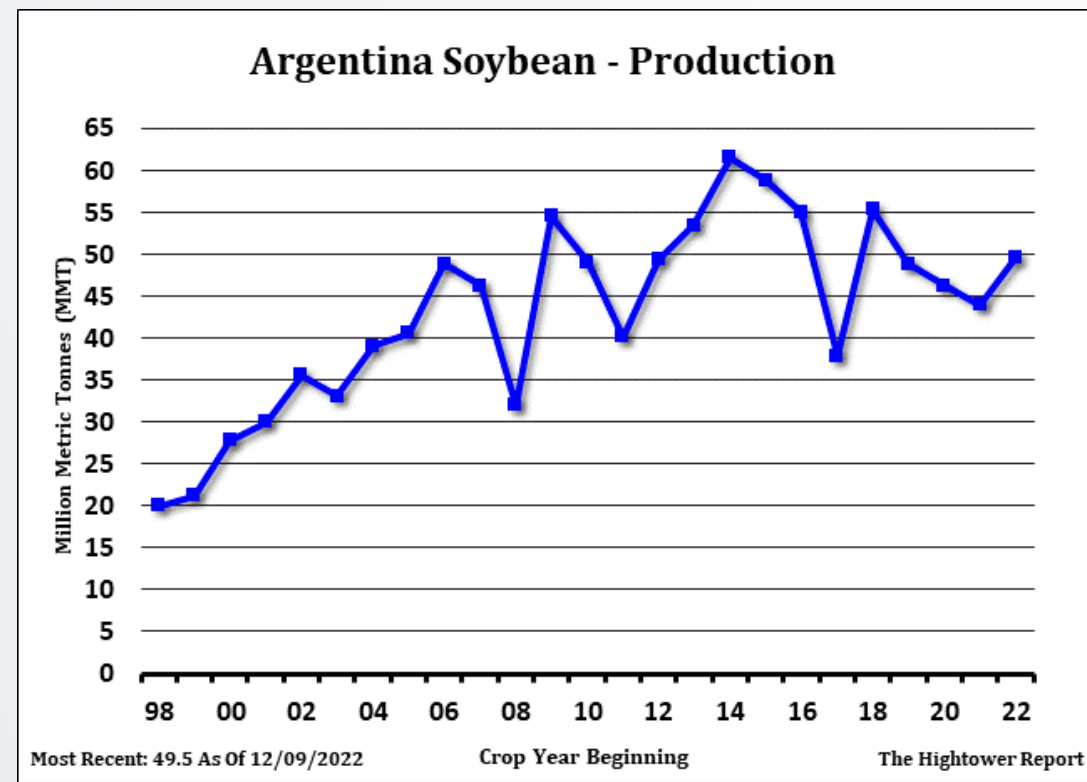
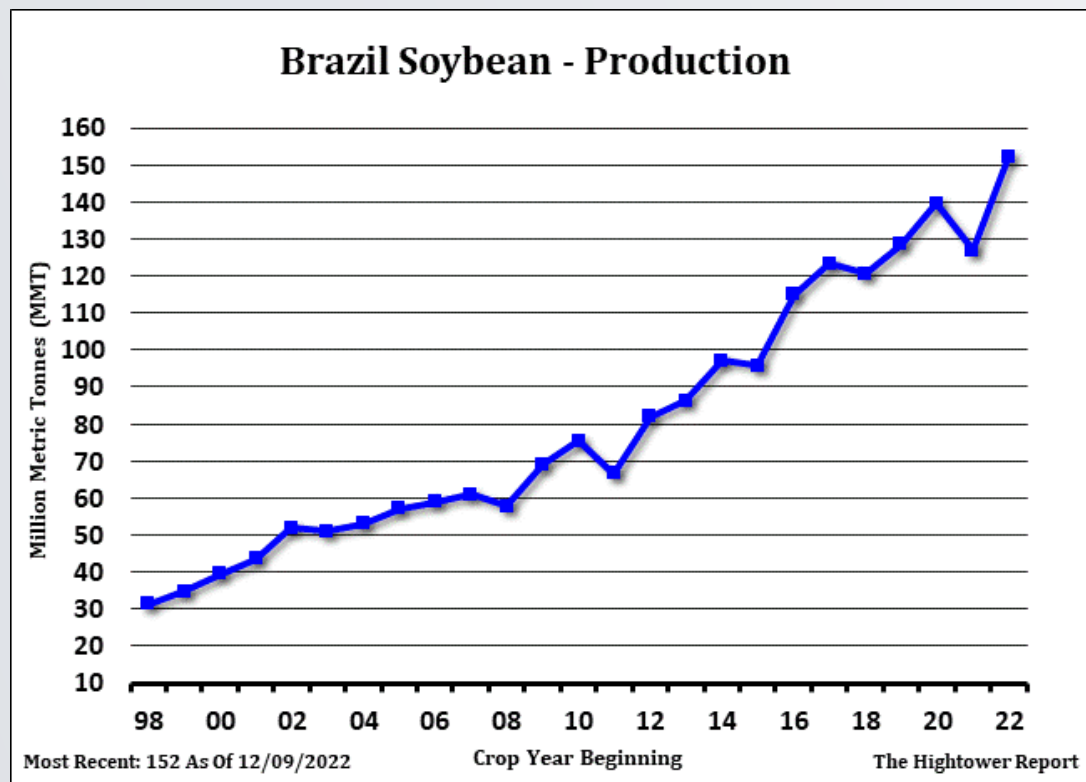
5. The Weather for 2023

Current U.S. Conditions



5. The South American Crop

Likely Record Soybean Production coming...



Marketing Keys for 2023

- Volatility will not be going away...Keep “Flexibility” in your marketing plan.
- 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.”
- Put strategies will be key to protect unpriced bushels.
- Producers need to measure the risks of “do nothing” vs the costs of using marketing tools and strategies.
- Don’t forget about 2024!



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Thank you for your time.