

# 2020 Illinois Farm Economics Summit

Tuesday  
December 1<sup>st</sup>

**2021 Market  
Outlook for Corn  
and Soybeans**

Friday  
December 4<sup>th</sup>

**2020 and 2021  
Grain Farm Income  
Outlook with Risk  
and Rental  
Implications**

Tuesday  
December 8<sup>th</sup>

**Farm Program and  
Crop Insurance  
Decisions for 2021**

Friday  
December 11<sup>th</sup>

**Straining the  
alphabet soup:  
Post-election farm  
policy outlook after  
three years of ad  
hoc farm payments**

Tuesday  
December 15<sup>th</sup>

**Farmland Markets  
and Macro Markets**

**I**  
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# 2021 Market Outlook for Corn and Soybeans



**Scott Irwin and Joe Janzen**

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Department of Agricultural and Consumer Economics  
University of Illinois

**I** ILLINOIS

# March 2021 Corn Futures Prices

ELEC. CORN (@CH1)



Symbol:   [Future Symbol Search](#)

Last: 433'6 | Chg: +6'2 | Open: 428'0s | High: 435'4 | Low: 425'6

Current Month:



@CH1

# March 2021 Soybean Futures Prices

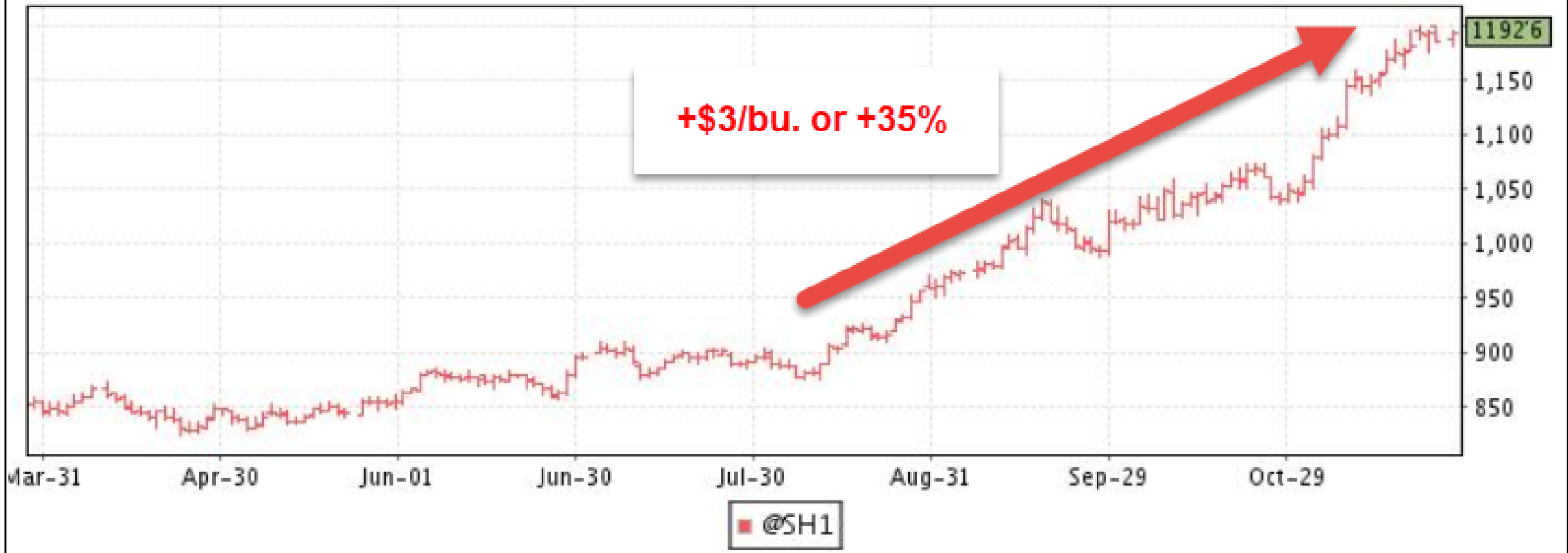
ELEC. SOYBEANS (@SH1)



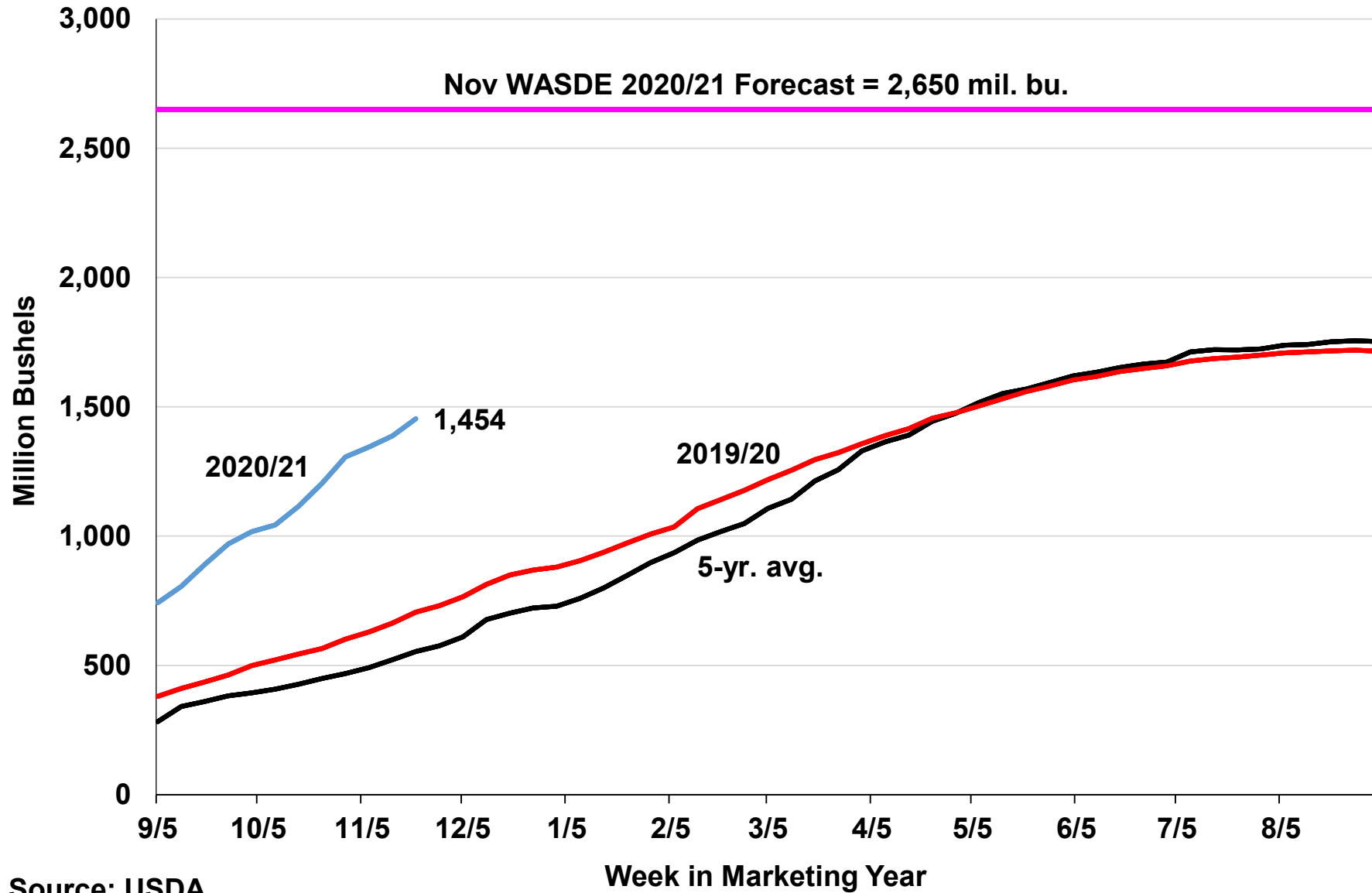
Symbol:   [Future Symbol Search](#)

Last: 1192'6 | Chg: +7'0 | Open: 1187'4s | High: 1195'0 | Low: 1181'0

Current Month:

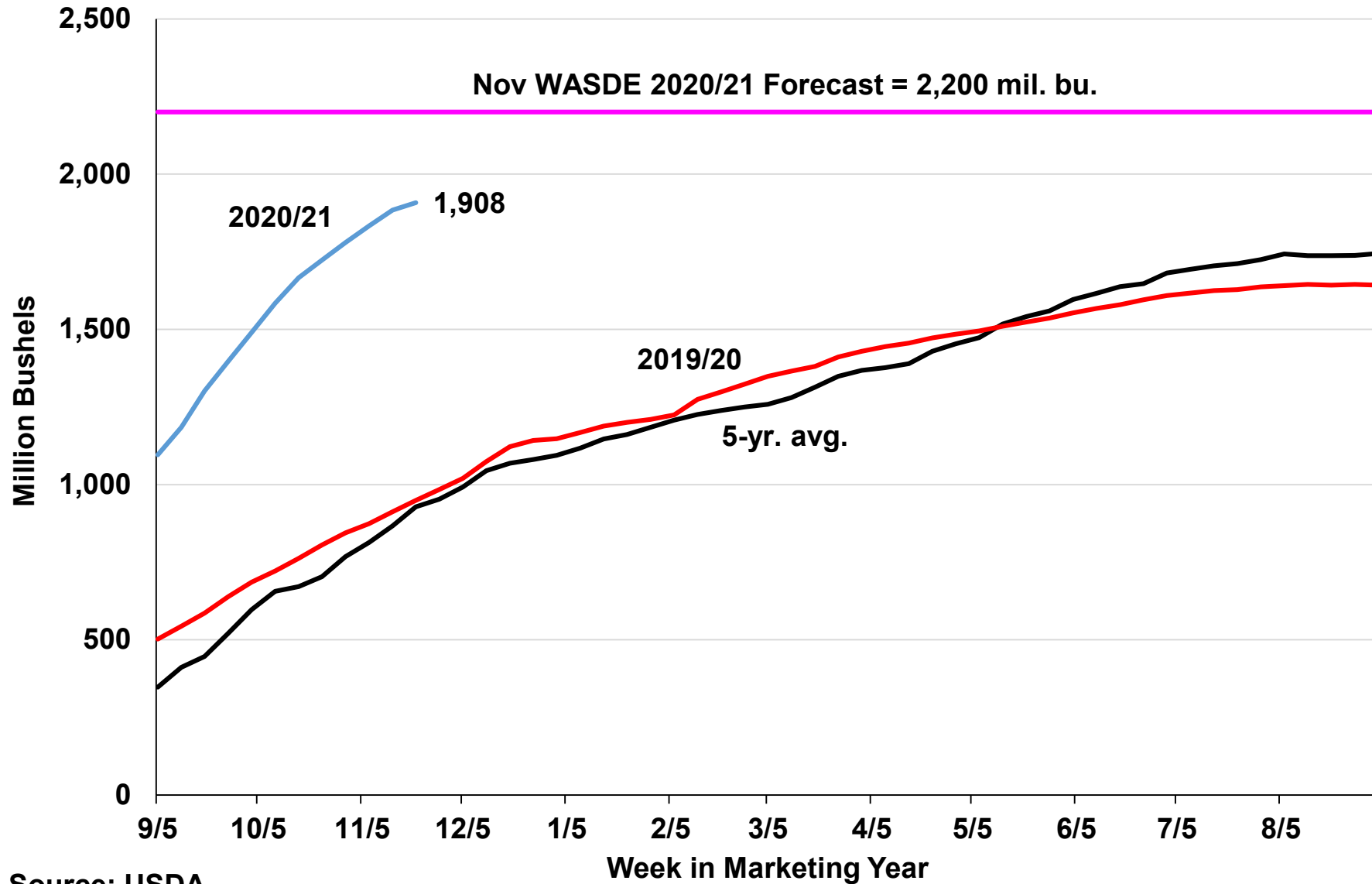


# Total Export Commitments for Corn (Exports + Outstanding Sales) by Week of the 2020/21 Marketing Year



Source: USDA

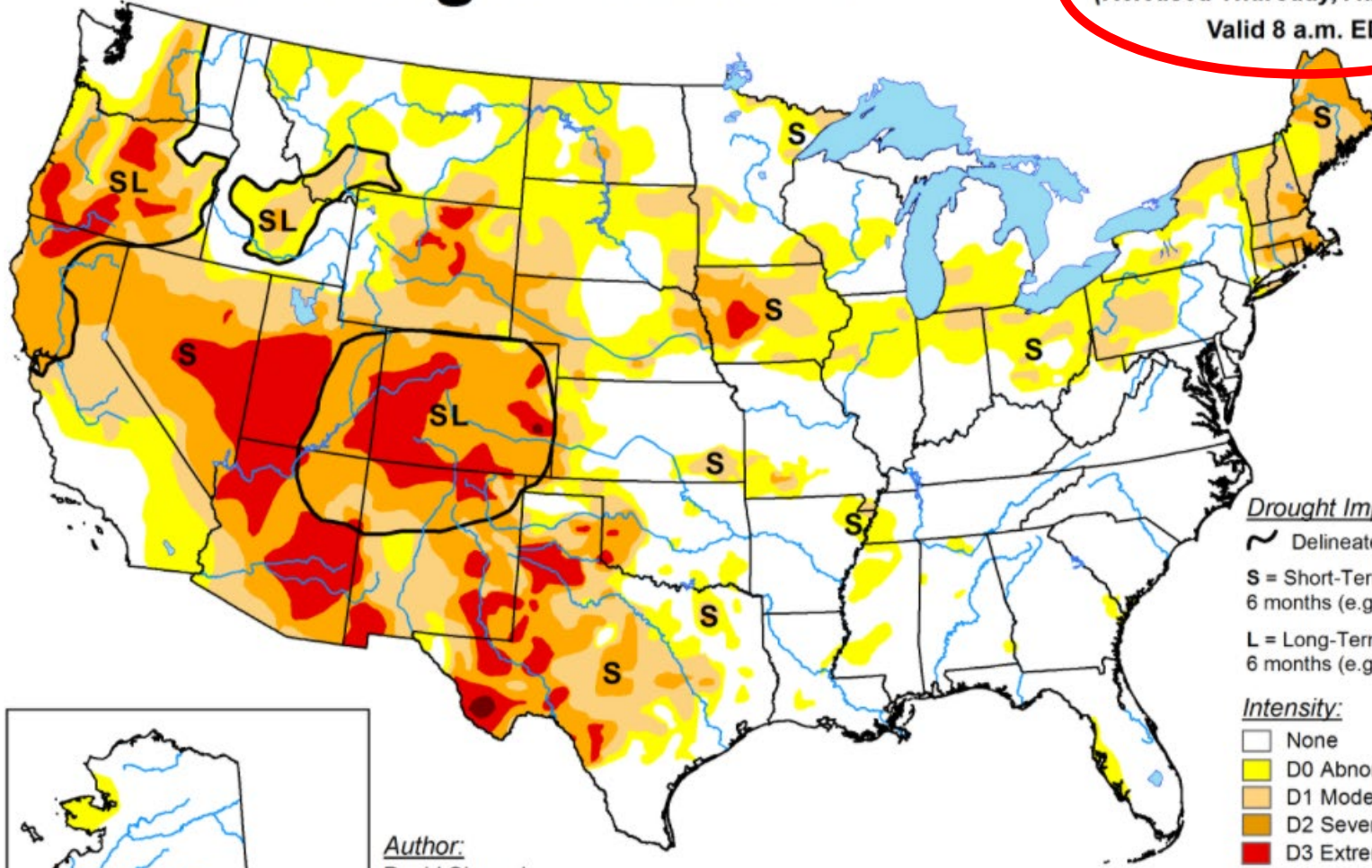
# Total Export Commitments for Soybeans (Exports + Outstanding Sales) by Week of the 2020/21 Marketing Year



Source: USDA

# U.S. Drought Monitor

**August 25, 2020**  
(Released Thursday, Aug. 27, 2020)  
Valid 8 a.m. EDT

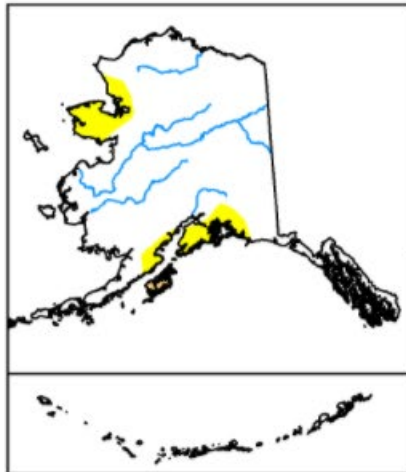


### Drought Impact Types:

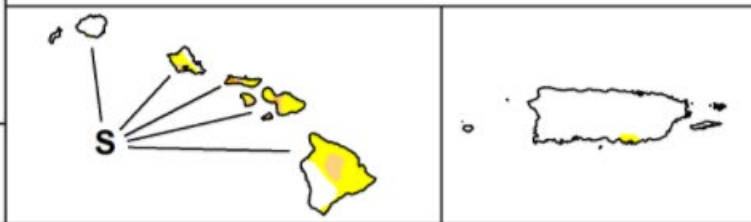
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

### Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:  
David Simeral  
Western Regional Climate Center



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

**farmdoc**

# Derecho!

A derecho is a widespread, long-lived, straight-line wind storm that is associated with a fast-moving group of severe thunderstorms known as a mesoscale convective system.

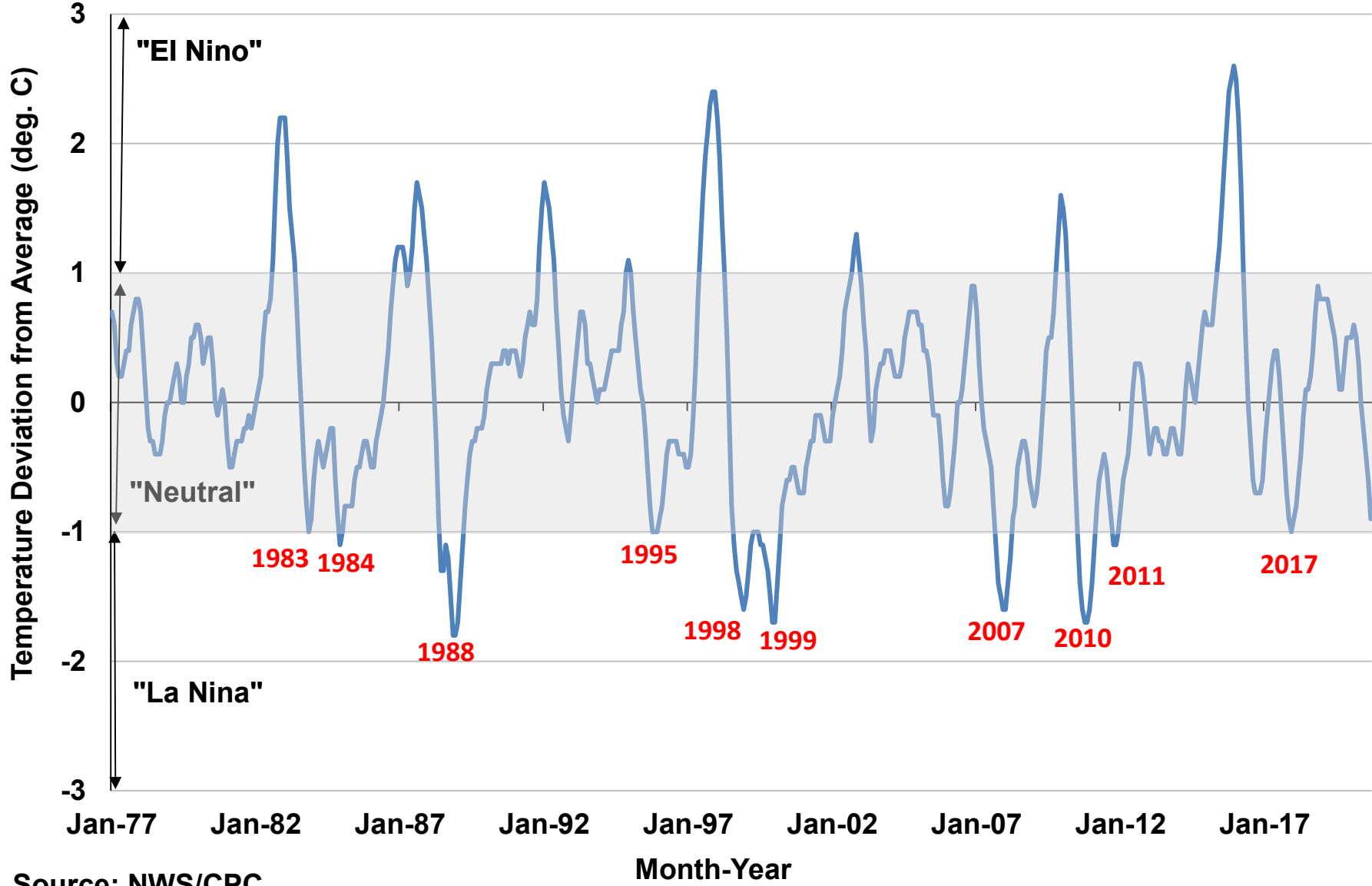
Derechos can cause hurricane-force winds, tornadoes, heavy rains, and flash floods.

[en.wikipedia.org/wiki/Derecho](https://en.wikipedia.org/wiki/Derecho)





# Monthly Pacific Oceanic Niño Index (ONI), January 1977- September 2020

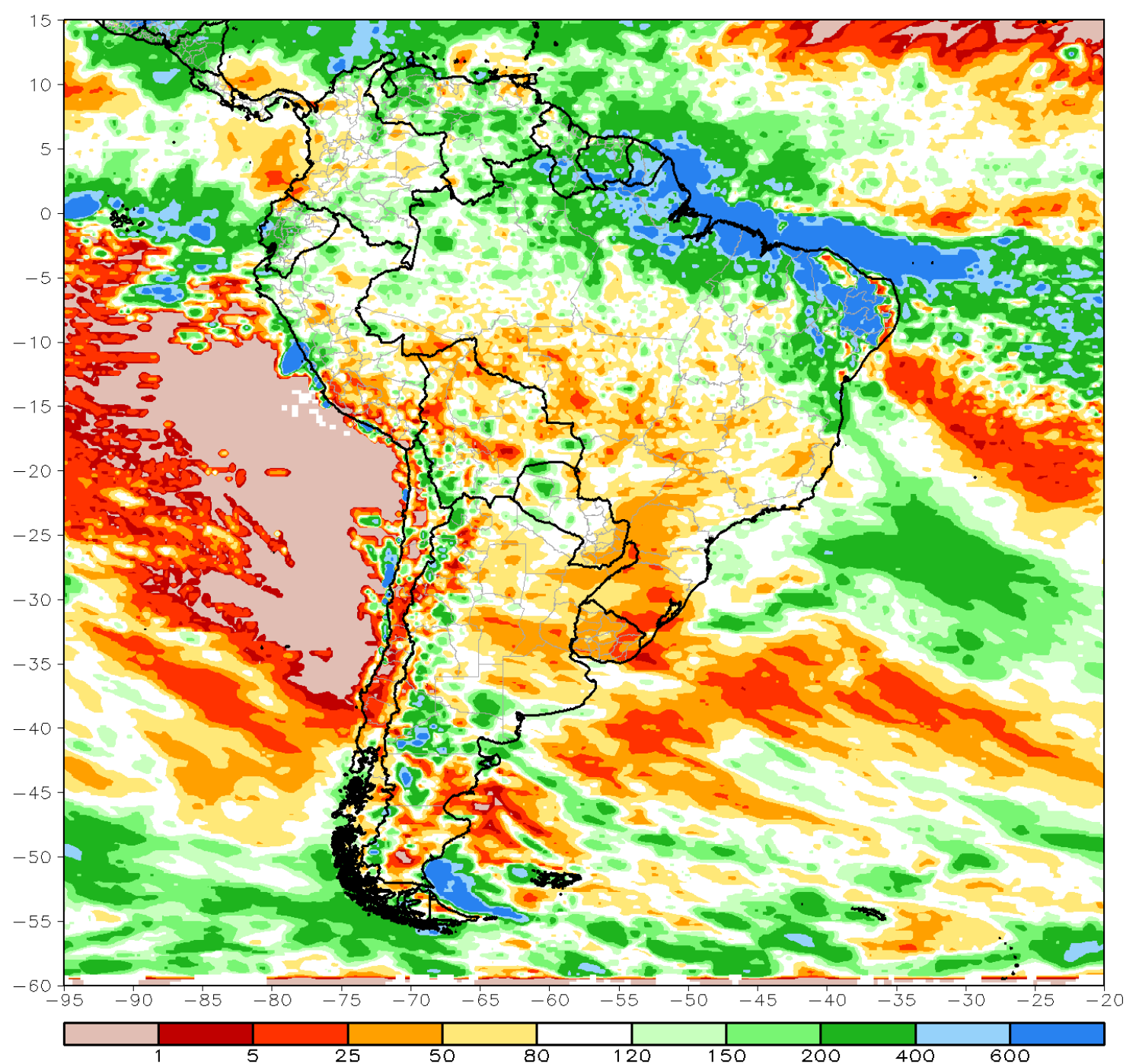


Source: NWS/CPC

<http://www.farmdoc.illinois.edu>  
<http://farmdocdaily.illinois.edu>

# CMORPH 30-Day Percent of Normal Rain (%)

Period 29 Oct to 27 Nov 2020



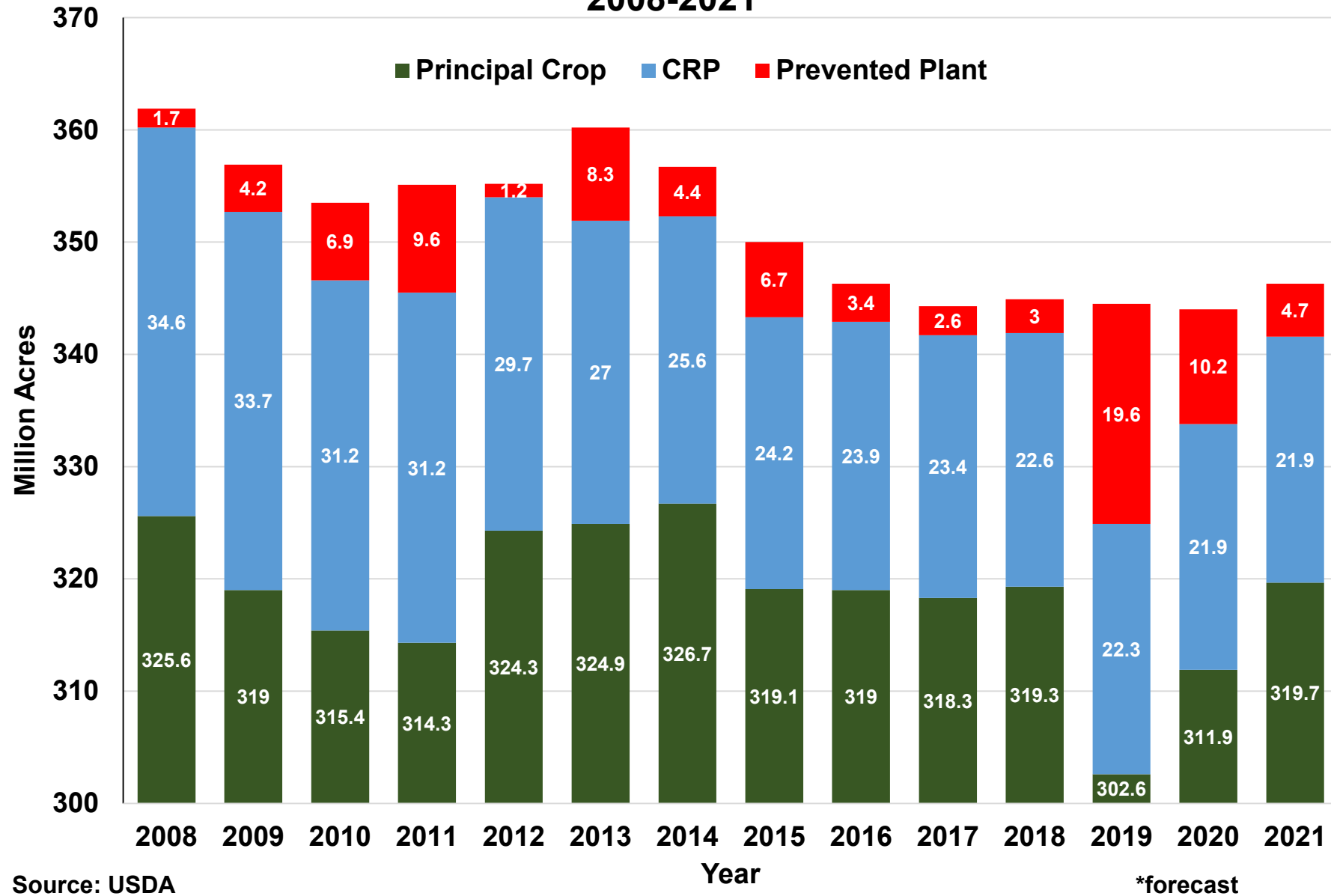
# U.S. Corn Supply and Use

	2018/19	2019/20	2020/21 USDA May WASDE	2020/21 USDA Nov WASDE	2020/21 Forecast
Area Planted (mil. acres)	88.9	89.7	97.0	91.0	91.0
Area Harvested (mil. acres)	81.3	81.3	89.6	82.5	82.5
Yield (bu./acre)	176.4	167.5	178.5	175.8	175.8
Beginning Stocks (mil. bu.)	2,140	2,221	2,098	1,995	1,995
Production (mil. bu.)	14,340	13,620	15,995	14,507	14,507
Imports (mil. bu.)	28	42	25	25	25
Total Supply (mil. bu.)	16,509	15,883	18,118	16,527	16,527
Feed and Residual (mil. bu.)	5,429	5,827	6,050	5,700	5,650
Food, Seed, and Industrial (mil. bu.)	6,793	6,282	6,600	6,475	6,555
Ethanol (mil. bu.)	5,378	4,852	5,200	5,050	5,130
Exports (mil. bu.)	2,066	1,778	2,150	2,650	2,650
Total Use (mil. bu.)	14,288	13,887	14,800	14,825	14,855
<b>Ending Stocks (mil. bu.)</b>	<b>2,221</b>	<b>1,995</b>	<b>3,318</b>	<b>1,702</b>	<b>1,672</b>
Stocks/Use (%)	15.5	14.4	22.4	11.5	11.3
Season Average Price (\$/bu.)	\$3.61	\$3.56	\$3.20	\$4.00	\$4.00

# U.S. Soybean Supply and Use

	2018/19	2019/20	2020/21 USDA May WASDE	2020/21 USDA Nov WASDE	2020/21 Forecast
Area Planted (mil. acres)	89.2	76.1	83.5	83.1	83.1
Area Harvested (mil. Acres)	87.6	74.9	82.8	82.3	82.3
Yield (bu./acre)	50.6	47.4	49.8	50.7	50.7
Beginning Stocks (mil. bu.)	438	909	580	523	523
Production (mil. bu.)	4,428	3,552	4,125	4,170	4,170
Imports (mil. bu.)	14	15	15	15	15
Total Supply (mil. bu.)	4,880	4,476	4,720	4,709	4,709
Crush (mil. bu.)	2,092	2,165	2,130	2,180	2,180
Exports (mil. bu.)	1,752	1,676	2,050	2,200	2,200
Seed (mil. bu.)	88	96	100	103	103
Residual (mil. bu.)	39	16	35	35	35
Total Use (mil. bu.)	3,971	3,953	4,315	4,519	4,519
<b>Ending Stocks (mil. bu.)</b>	<b>909</b>	<b>523</b>	<b>405</b>	<b>190</b>	<b>190</b>
Stocks/Use (%)	22.9	13.2	9.4	4.2	4.2
Season Average Price (\$/bu.)	\$8.48	\$8.57	\$8.20	\$10.40	\$10.90

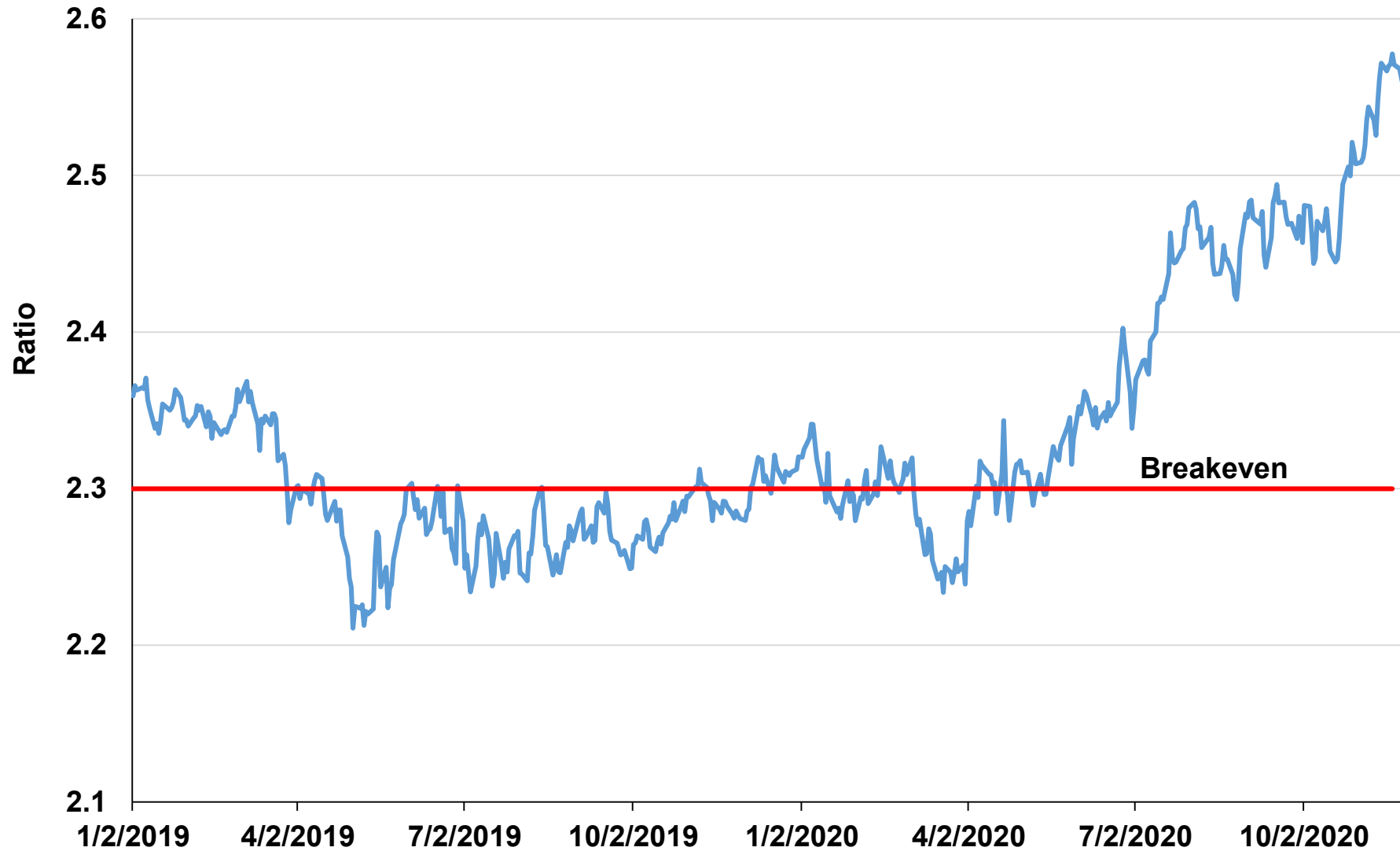
## Composition of Total Crop Acreage in the U.S., 2008-2021\*



Source: USDA

\*forecast

# Daily Ratio of November 2021 Soybean Futures Price and December 2021 Corn Futures Price, January 2, 2019 - November 27, 2020



# U.S. Corn and Soybean Planted Acreage, 2016-2021

Crop/Category	2016	2017	2018	2019	2020	2021*	
---million acres---							
<b>Corn and Soybeans</b>							
Total	178.7	181.7	179.2	183.0	182.8	184.0	1.2
Prevented Plant	1.3	1.4	1.2	15.9	7.7	2.3	-5.4
Planted	177.5	180.3	178.0	167.1	175.1	181.8	6.6
<b>Corn</b>							
Total	95.1	91.1	89.8	102.4	98.2	92.4	
Prevented Plant	1.1	1.0	0.9	11.4	6.2	1.5	
Planted	94.0	90.2	88.9	91.0	92.0	90.9	-1.1
<b>Soybeans</b>							
Total	83.7	90.6	89.4	80.6	84.6	91.6	
Prevented Plant	0.2	0.4	0.3	4.5	1.5	0.8	
Planted	83.5	90.2	89.2	76.1	83.1	90.8	7.7

\* = forecast

# First Look at 2021/22 U.S. Corn Supply and Use

	2018/19	2019/20	2020/21 USDA Nov WASDE	2020/21 Forecast	2021/22 Forecast
Area Planted (mil. acres)	88.9	89.7	91.0	91.0	90.9
Area Harvested (mil. acres)	81.3	81.3	82.5	82.5	83.7
Yield (bu./acre)	176.4	167.5	175.8	175.8	179.0
Beginning Stocks (mil. bu.)	2,140	2,221	1,995	1,995	1,672
Production (mil. bu.)	14,340	13,620	14,507	14,507	14,982
Imports (mil. bu.)	28	42	25	25	25
Total Supply (mil. bu.)	16,509	15,883	16,527	16,527	16,679
Feed and Residual (mil. bu.)	5,429	5,827	5,700	5,650	
Food, Seed, and Industrial (mil. bu.)	6,793	6,282	6,475	6,555	
Ethanol (mil. bu.)	5,378	4,852	5,050	5,130	
Exports (mil. bu.)	2,066	1,778	2,650	2,650	
Total Use (mil. bu.)	14,288	13,887	14,825	14,855	
<b>Ending Stocks (mil. bu.)</b>	<b>2,221</b>	<b>1,995</b>	<b>1,702</b>	<b>1,672</b>	
Stocks/Use (%)	15.5	14.4	11.5	11.3	
Season Average Price (\$/bu.)	\$3.61	\$3.56	\$4.00	\$4.00	



# First Look at 2021/22 U.S. Soybean Supply and Use

	2018/19	2019/20	2020/21 USDA Nov WASDE	2020/21 Forecast	2021/22 Forecast
Area Planted (mil. acres)	89.2	76.1	83.1	83.1	90.8
Area Harvested (mil. Acres)	87.6	74.9	82.3	82.3	89.9
Yield (bu./acre)	50.6	47.4	50.7	50.7	50.5
Beginning Stocks (mil. bu.)	438	909	523	523	190
Production (mil. bu.)	4,428	3,552	4,170	4,170	4,540
Imports (mil. bu.)	14	15	15	15	15
Total Supply (mil. bu.)	4,880	4,476	4,709	4,709	4,745
Crush (mil. bu.)	2,092	2,165	2,180	2,180	
Exports (mil. bu.)	1,752	1,676	2,200	2,200	
Seed (mil. bu.)	88	96	103	103	
Residual (mil. bu.)	39	16	35	35	
Total Use (mil. bu.)	3,971	3,953	4,519	4,519	
Ending Stocks (mil. bu.)	909	523	190	190	
Stocks/Use (%)	22.9	13.2	4.2	4.2	
Season Average Price (\$/bu.)	\$8.48	\$8.57	\$10.40	\$10.90	

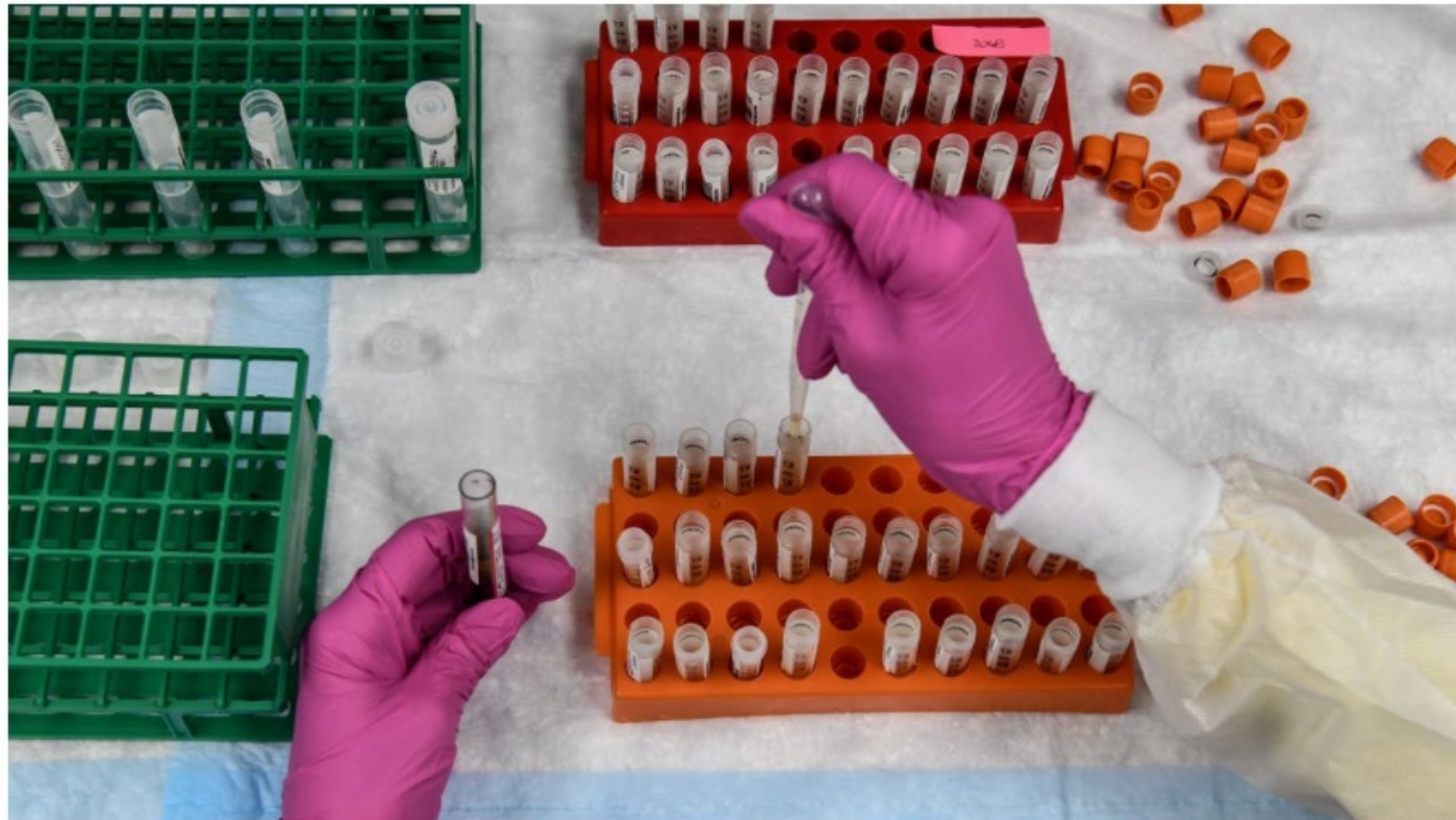
# Pfizer's COVID-19 vaccine 95% effective in final results, company to seek approval within days

Published: Nov. 18, 2020 at 7:24 a.m. ET

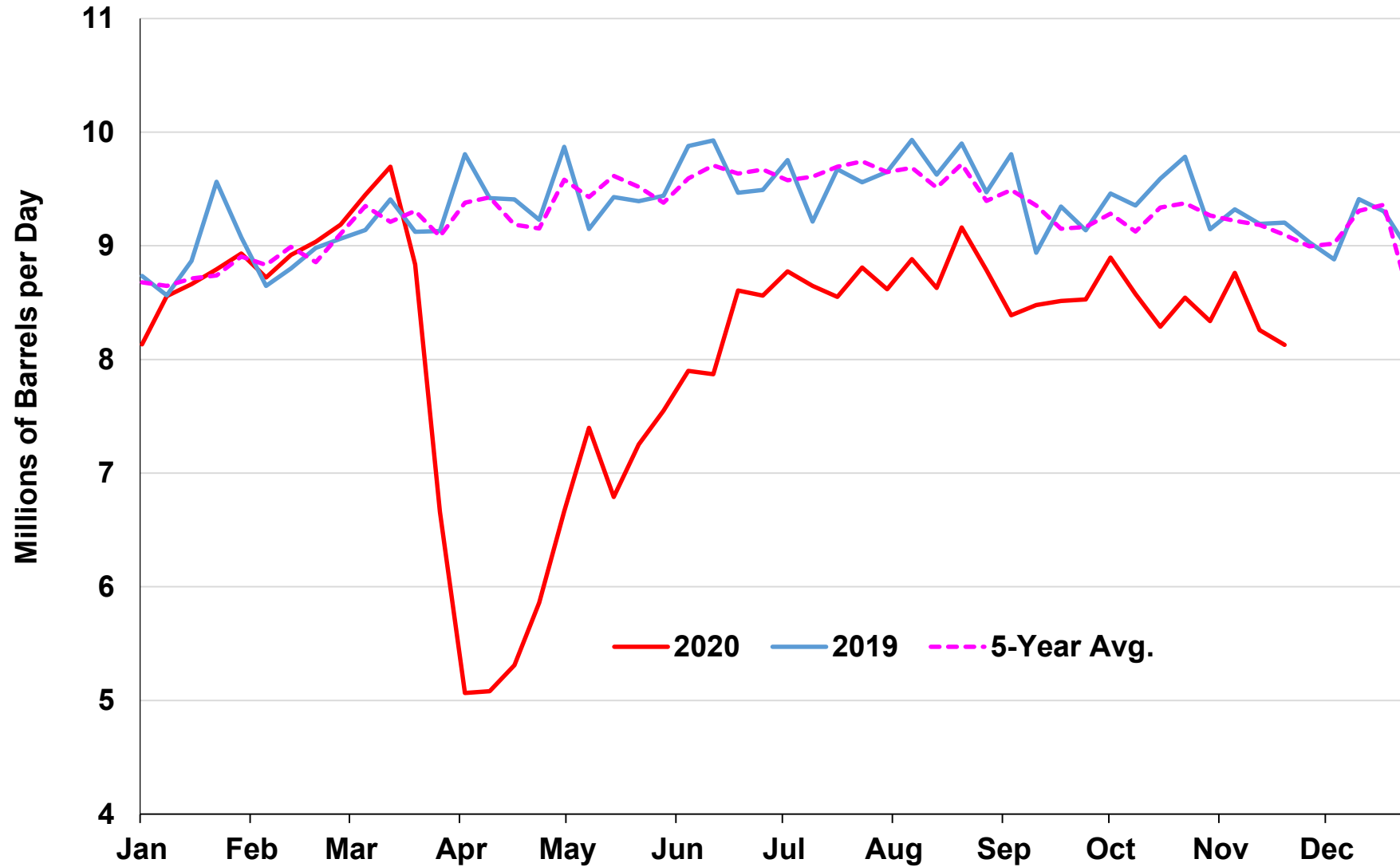
By Jared S. Hopkins

12

The vaccine's performance is testing on par with the vaccines for measles and shingles



# Implied Weekly Usage of Gasoline in the U.S., 01/04/2019 - 11/20/2020



Source: EIA

# First Look at 2021/22 U.S. Corn Supply and Use

	2018/19	2019/20	2020/21 USDA Nov WASDE	2020/21 Forecast	2021/22 Forecast
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Imports (mil. bu.)	28	42	25	25	25
Total Supply (mil. bu.)	16,509	15,883	16,527	16,527	16,679
Feed and Residual (mil. bu.)	5,429	5,827	5,700	5,650	5,750
Food, Seed, and Industrial (mil. bu.)	6,793	6,282	6,475	6,555	6,850
Ethanol (mil. bu.)	5,378	4,852	5,050	5,130	5,400
Exports (mil. bu.)	2,066	1,778	2,650	2,650	2,400
Total Use (mil. bu.)	14,288	13,887	14,825	14,855	15,000
<b>Ending Stocks (mil. bu.)</b>	<b>2,221</b>	<b>1,995</b>	<b>1,702</b>	<b>1,672</b>	<b>1,679</b>
Stocks/Use (%)	15.5	14.4	11.5	11.3	11.2
Season Average Price (\$/bu.)	\$3.61	\$3.56	\$4.00	\$4.00	\$3.80

# First Look at 2021/22 U.S. Soybean Supply and Use

	2018/19	2019/20	2020/21 USDA Nov WASDE	2020/21 Forecast	2021/22 Forecast
Area Planted (mil. acres)	89.2	76.1	83.1	83.1	90.8
Area Harvested (mil. Acres)	87.6	74.9	82.3	82.3	89.9
Yield (bu./acre)	50.6	47.4	50.7	50.7	50.5
Beginning Stocks (mil. bu.)	438	909	523	523	190
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Imports (mil. bu.)	14	15	15	15	15
Total Supply (mil. bu.)	4,880	4,476	4,709	4,709	4,745
Crush (mil. bu.)	2,092	2,165	2,180	2,180	2,165
Exports (mil. bu.)	1,752	1,676	2,200	2,200	2,150
Seed (mil. bu.)	88	96	103	103	113
Residual (mil. bu.)	39	16	35	35	35
Total Use (mil. bu.)	3,971	3,953	4,519	4,519	4,463
<b>Ending Stocks (mil. bu.)</b>	<b>909</b>	<b>523</b>	<b>190</b>	<b>190</b>	<b>282</b>
Stocks/Use (%)	22.9	13.2	4.2	4.2	6.3
Season Average Price (\$/bu.)	\$8.48	\$8.57	\$10.40	\$10.90	\$10.00

# China corn import projections: To the moon?

Similar forecasts from 2020...



ENERGY & ENVIRONMENT OCTOBER 23, 2020 / 2:46 AM / UPDATED A MONTH AGO

## Exclusive: China eyes more corn imports as shipments surge, set to become top buyer

By Naveen Thukral, Hallie Gu

6 MIN READ



Voluntary Report – Voluntary - Public Distribution

Date: November 04, 2020

Report Number: CH2020-0145

**Report Name:** China's Corn Imports Estimated to Hit 22 Million Metric Tons

**Country:** China - Peoples Republic of

**Post:** Beijing

**Report Category:** Grain and Feed

**Report Highlights:**

The forecast for China's corn imports for Marketing Year (MY) 2020/2021 is increased from 7 million metric tons (MMT) to 22 MMT. The jump is attributed to depleted stocks and high domestic prices.

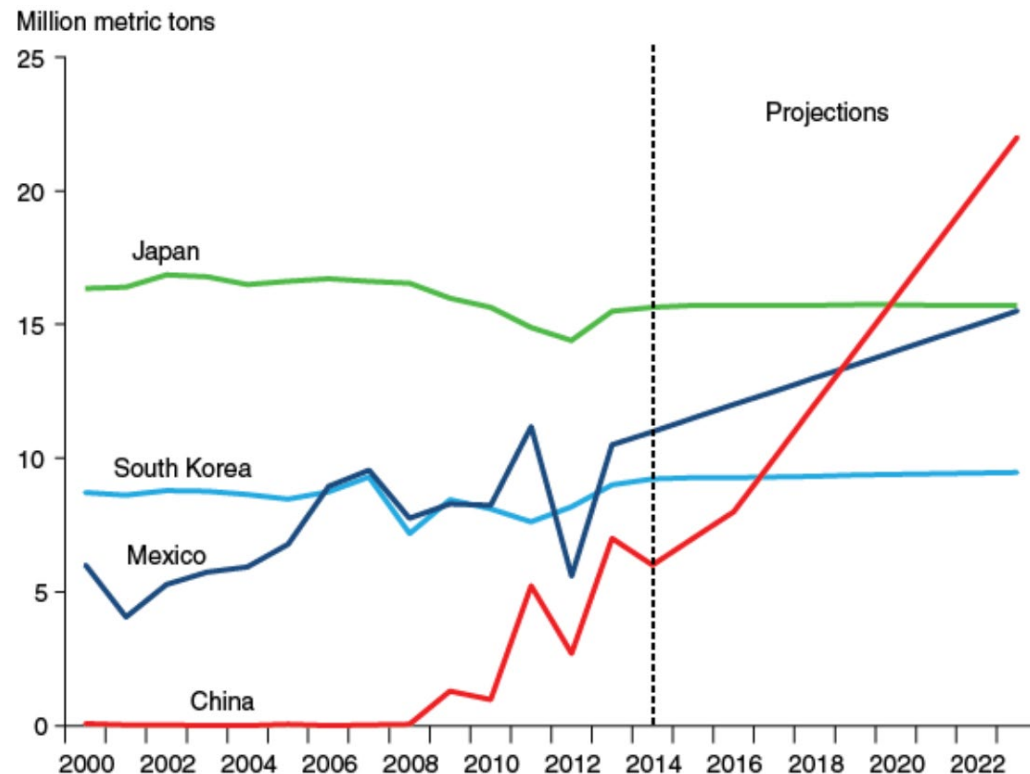
THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

...and 2014



## USDA Agricultural Projections to 2023

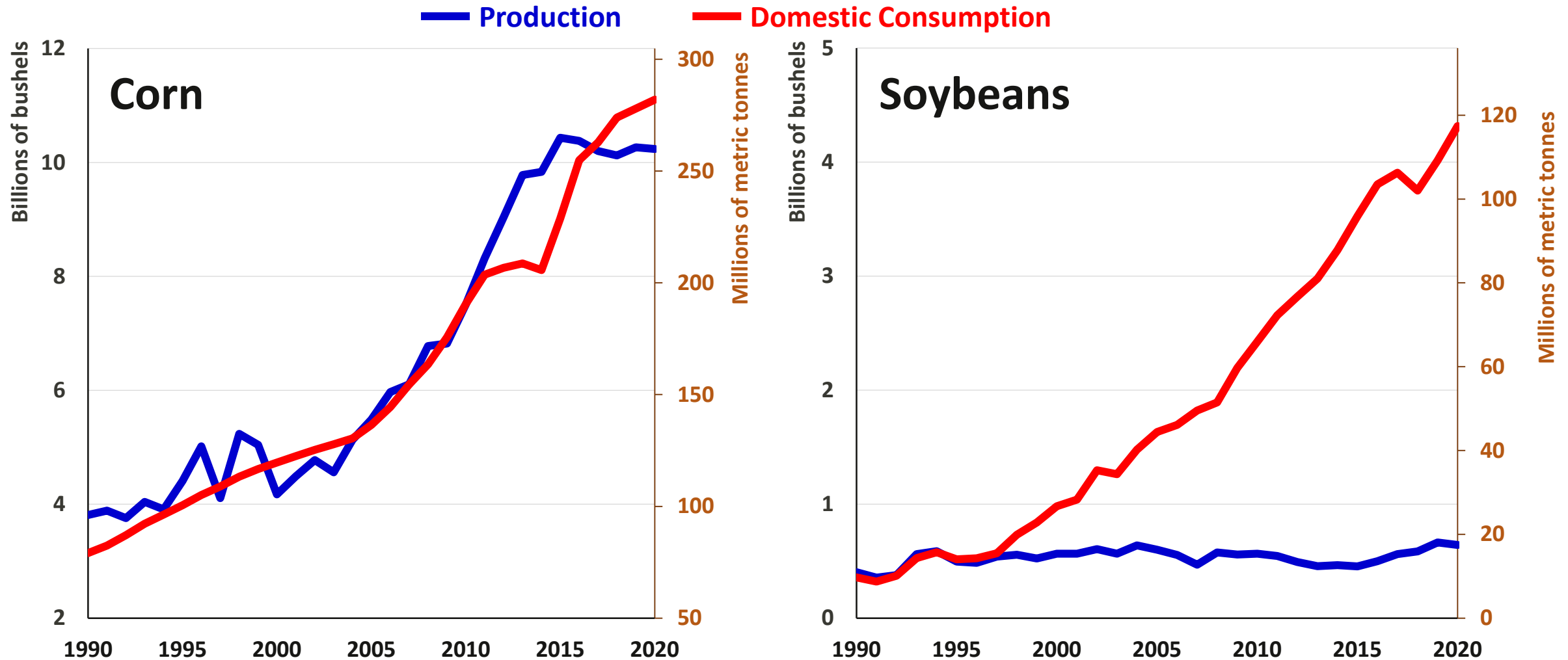
China expected to become largest global corn importer



Source: USDA Production, Supply and Distribution database and projections.

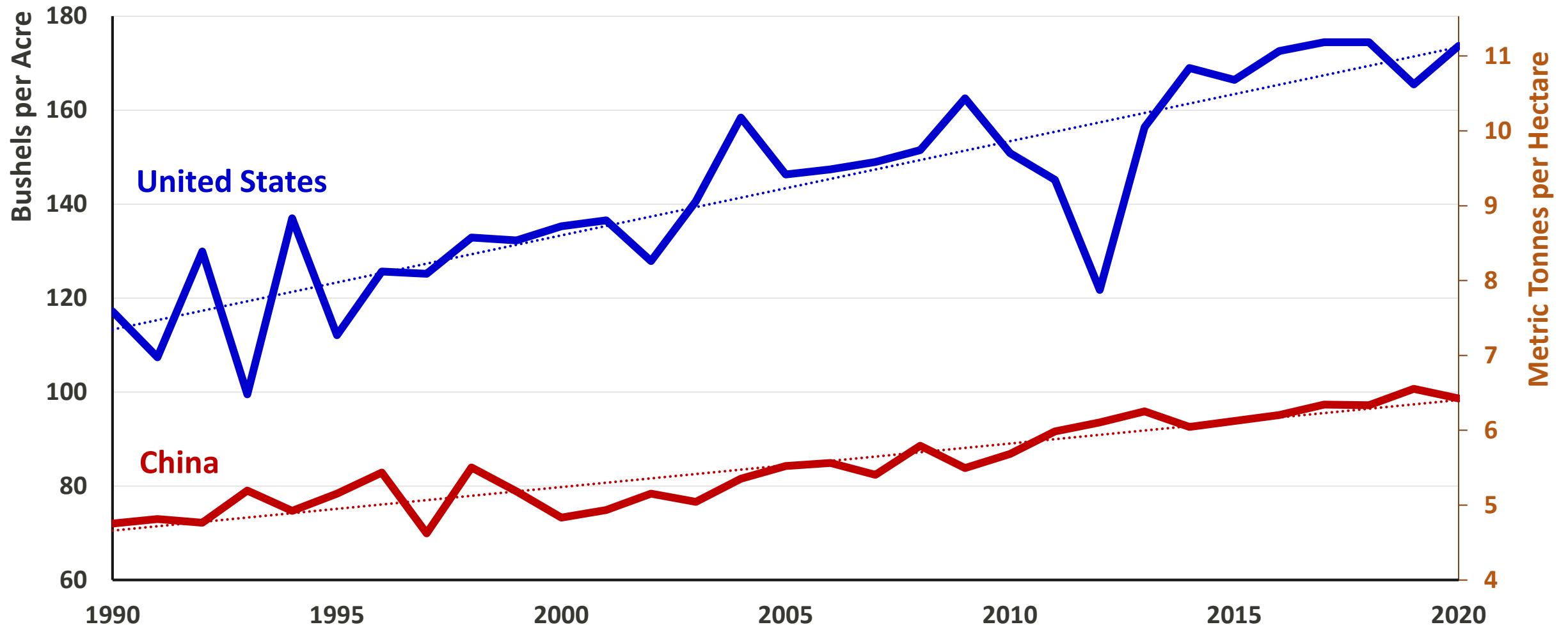
# China's domestic deficits differ by commodity

China domestic production and consumption by marketing year, 1990/91 to 2020/21



# Corn yield growth in China has lagged US

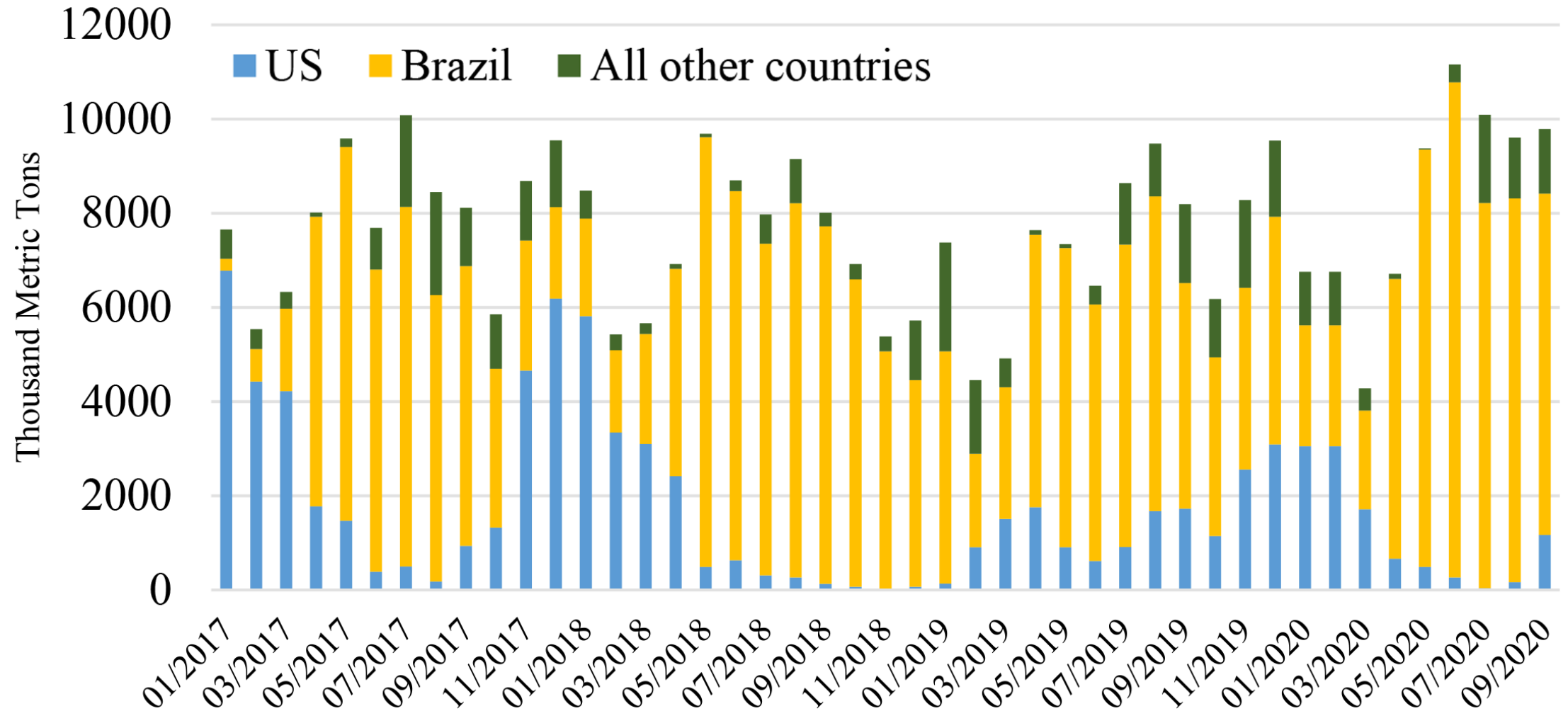
## Corn Yields by Year, 1990-2020





# China soy deficit filled by S. Am. + US imports

China's Monthly Soybean Imports by Origin, January 2017 to September 2020

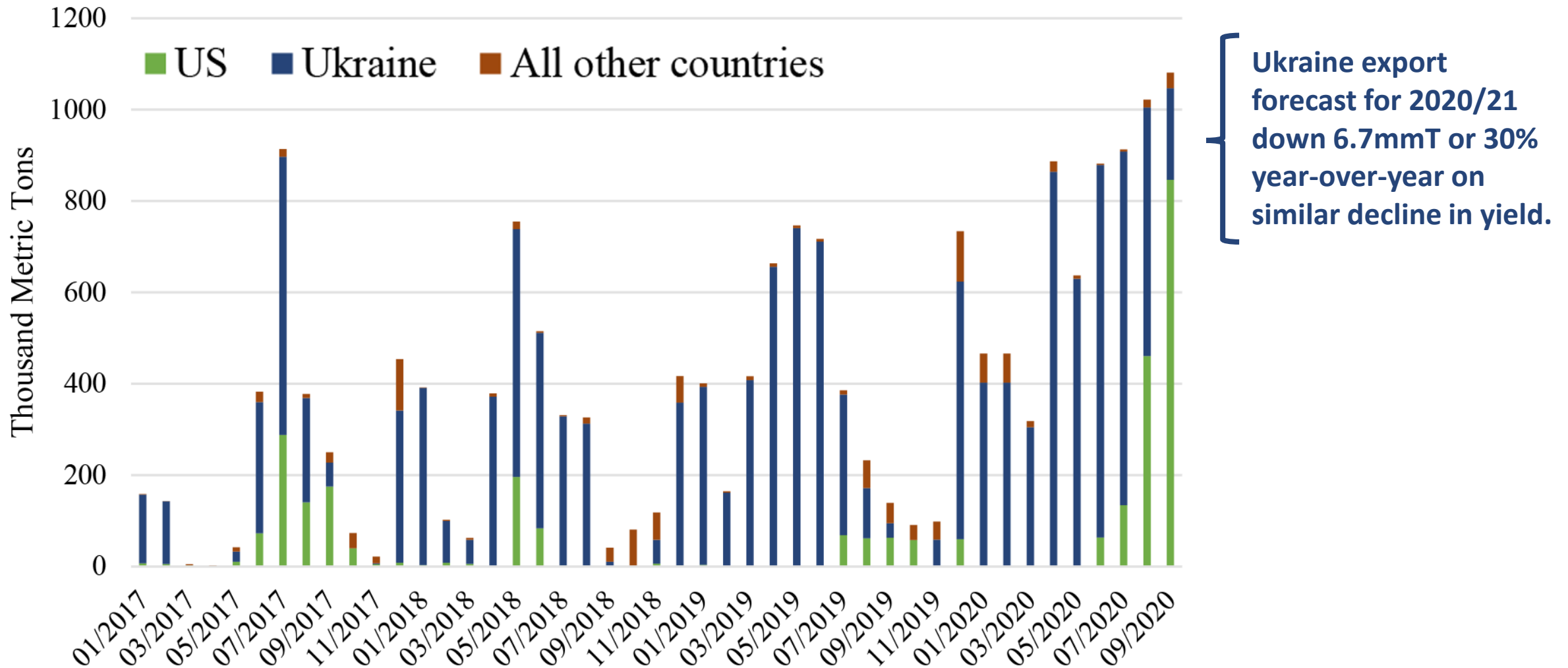


Source: He, Hayes, and Zhang (2020) using General Administration of Customs of China (GACC) data

<https://www.card.iastate.edu/products/publications/pdf/20pb29.pdf>

# China corn deficit filled by Ukraine + US imports

China's Monthly Corn Imports by Origin, January 2017 to September 2020



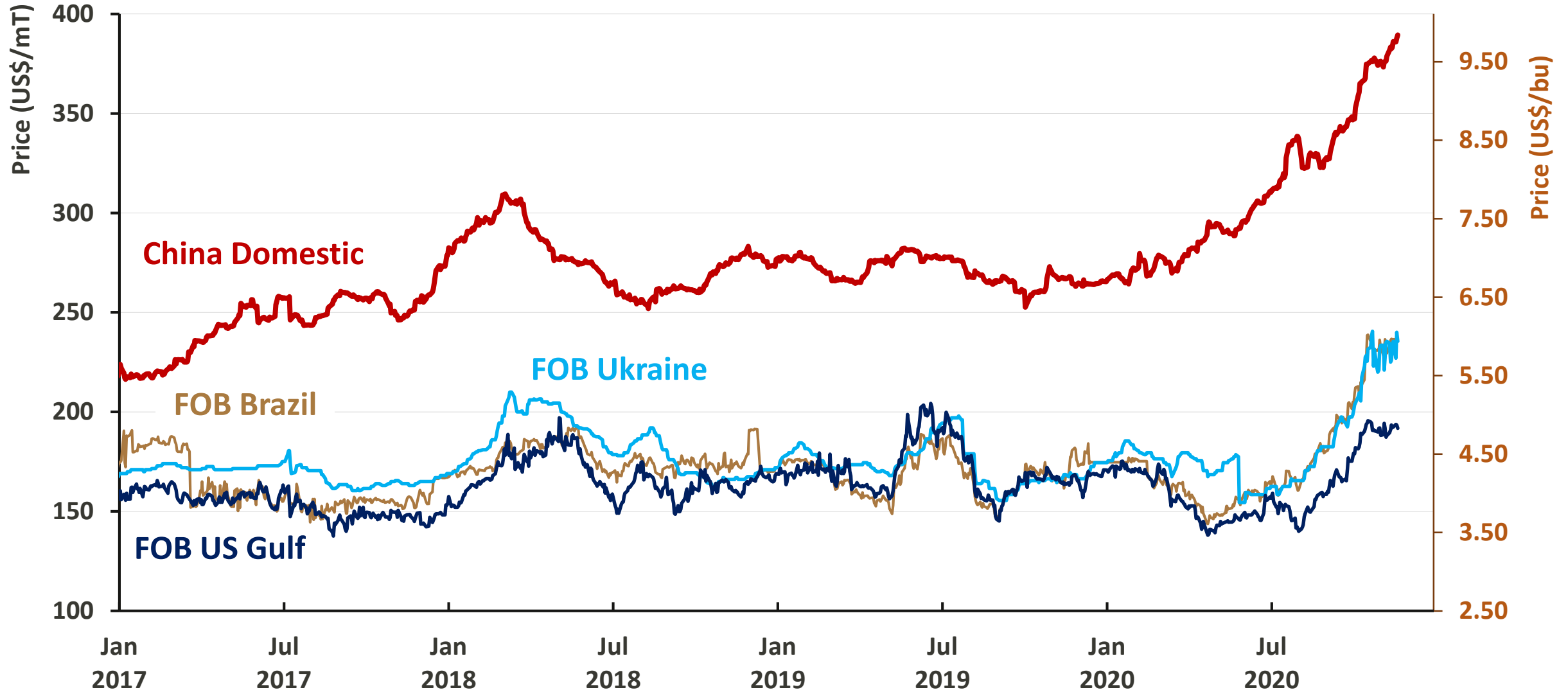
Source: He, Hayes, and Zhang (2020) using General Administration of Customs of China (GACC) data

<https://www.card.iastate.edu/products/publications/pdf/20pb29.pdf>

# Administrative barriers to US-China trade

- Corn Tariff Rate Quota
  - Allocation/expansion of 7.2mmT (283m bu) quota
- Retaliatory tariffs
  - Remain in-place, waived since March 2020
- Mediation by State-owned Enterprises
  - E.g. ABCD+COFCO agreements with Sinograin
- Non-tariff barriers: Pesticide limits, GMO approvals

# Daily export and domestic China prices, January 2017 to present



# Pro forma China Corn Balance Sheet

	2018/19	2019/20	2020/21 Forecast	2021/22 Projection	Projection Method
Area Harvested (mil. ha)	42.1	41.3	42.0	41.8	2018-2020 avg
Yield (mT/ha)	6.1	6.3	6.2	6.4	20-yr linear trend
Production (mmT)	257.2	260.8	260.0	268.2	
Total Consumption (mmT)	274.0	278.0	282.0	286.0	3-yr trend
<b>Domestic Deficit (mmT)</b>	16.8	17.2	22.0	17.8	
Imports (mmT)	4.5	7.6	13.0	10.5	
Implied Stocks Reduction (mmT)	12.3	9.6	9.0	7.3	Constant % of deficit

Source: USDA Foreign Agricultural Service PS&D Online with author calculations for 2021/22

- China will meet corn demand first with domestic production.
- Economic motives (price differences) matter more than Phase I trade targets
- Other exporters are likely to play a prominent role in meeting China import demand beyond 2020/21

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# Upcoming IFES Webinars

## **2020 and 2021 Grain Farm Income Outlook with Risk and Rental Implications** **11 to Noon CT, Friday December 4<sup>th</sup>**

Grain farm incomes in 2020 were supported by above-trend yields, higher prices than expected, and several forms of Federal payments. These 2020 incomes serve as a backdrop for 2021 income projections. Sufficient 2021 incomes will be dependent on a combination of above-trend yields and continued Federal payments. Risk management will be critical, and several new tools are available this year. Levels of cash rental likely will depend on continued Federal payments.

## **Farm Program and Crop Insurance Decisions for 2021** **11:00 to noon CT, Friday December 8<sup>th</sup>**

The election and enrollment period for the ARC and PLC programs for the 2021 crop year is now open, and decisions must be made by March 15th. A new crop insurance program, the Enhanced Coverage Option (ECO), will also be available for crops produced throughout the Midwest. ECO is a county-based program, similar to the Supplemental Coverage Option (SCO) that can be used to supplement underlying multi-peril coverage for eligible crops. This session will address these decisions, and provide some examples and recommendations for typical Illinois farm situations.

# Thank You for joining us!

## Please submit your questions



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Latest Article

**Reduce Your Disease Risk with Hybrid/Cultivar Selection**  
November 30, 2020  
Nathan Kleczewski  
Now that nearly all fields in the state have been harvested it is time for us to start turning our attention to the 2021 season. Nobody knows what next year's growing season will bring. One thing we all want is...

[Read the Article](#)

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<b>Changes in US Grain Storage Capacity</b> November 25, 2020 Ioe Janzen and Bryn Swearingen	<b>Gardner Policy Series</b> <b>The New Enhanced Coverage Option (ECO) Crop Insurance Program</b>	<b>Review of ARC-IC Farm Program Decision</b> November 23, 2020
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