

# Corn & Soybeans

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**JULY 2016**



# CORN

## Estimate for 2016-17 Season

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- ▶ **Global Corn production** for 2016-17 (new marketing year starting September 1<sup>st</sup>) is projected at **1010.74 Mio t**, -0.1% from last month estimates.
- ▶ Corn production is lowered for **Brazil** (-2 Mio t) based on lowered yields expectations. Brazil corn production for 2015-16 is lowered 7.50 Mio t reflecting the adverse impact of this year's early end to the rainy season in much of central Brazil. An unusual early June freeze also adversely affected second-crop corn in Parana following what had been a generally favorable growing season.
- ▶ **Canada** Corn production is reduced 1.3 Mio t based on the latest area information from Statistics Canada and lower yield prospects following one of the driest Junes in over 30 years in Ontario.
- ▶ **U.S.** Corn **production** for 2016-17 is projected 2.79 Mio t higher reflecting the increased planted and harvested areas from the June 30 *Acreage* report. U.S. Corn **Exports** are projected 2.54 Mio t higher on reduced competition from Brazil. Corn ending stocks for 2016-17 are projected 1.85 Mio t higher.
- ▶ Larger global supplies of *feed-quality Wheat* are expected to undercut Corn in price sensitive markets in the EU and Asia. EU Corn imports are lowered for 2015/16 and 2016/17.
- ▶ Global 2016-17 Corn **ending stocks** are projected +3.27 Mio t mostly on a 2.1 Mio t increase for China. Outside of China, stocks are projected +1.2 Mio t with larger stocks for the U.S. and Indonesia.



# CORN – **Global** and **US** outlook: Estimate for the 2016-17 Season



	Million tons	From June 2016 (projections)
Beginning stocks	206.90	+0.2%
Production	<b>1010.74</b>	-0.1%
Total use	1009.25	-0.4%
Ending stocks	208.39	+1.6%



	Billion bushels	Million tons	From June 2016 (projections)
Beginning stocks	1.70	43.20	-0.4%
Production	14.54	<b>369.33</b>	+0.8%
Total use	12.15	308.62	-0.6%
Export	2.04	<b>52.07</b>	+5.1%
Ending stocks	2.08	52.85	+3.6%
<b>Price projection</b>	<b>3,40 \$/bushel</b>	<b>134 \$/ton</b>	<b>121 €/ton ↓</b>
1 month ago	3,50 \$/bushel	138 \$/ton	122 €/ton

CORN conversion factors  
1 bushel = 0.025 metric ton  
1 metric ton = 39.38 bushel



# SOYBEANS

## Estimate for 2016-17 Season

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- ▶ **Global Soybean production** for 2016-17 (new marketing year starting October 1<sup>st</sup>) is projected at 325.95 Mio t, +2.25 Mio t from June estimates.
- ▶ Soybean production is expected to increase for the United States (+2.18 Mio t), European Union (+0.05 Mio t) and Canada.
- ▶ **U.S.** Soybean production is projected higher at 105.60 Mio t, due to increased harvested area, which is forecast at a record 83.0 million acres (June 30 *Acreage* report), +1.6 million from the June forecast. With increased supplies, it is expected an increase in Soybean crush and exports (+1.04 Mio t).
- ▶ U.S. Soybean ending stocks are projected at 7.90 Mio t, +0.84 Mio t from last month.
- ▶ **Global Soybean ending stocks** for 2016-17 season are projected higher (+0.79 Mio t), reflecting the increase for the U.S. more than offsetting a decrease for Brazil (-0.1 Mio t).



# SOYBEANS – **Global** and **US** outlook: Estimate for the 2016-17 Season



	Million tons	From June 2016 (projections)
Beginning stocks	72.17	-0.2%
Production	<b>325.95</b>	+0.7%
Total use	328.78	+0.2%
Ending stocks	67.10	+1.2%



	Billion bushels	Million tons	From June 2016 (projections)
Beginning stocks	0.35	9.54	-5.3%
Production	3.88	<b>105.60</b>	+2.1%
Total use	2.05	55.79	+0.5%
Export	1.92	52.25	+1.0%
Ending stocks	0.29	7.90	+11.9%
<b>Price projection</b>	<b>9.50 \$/bushel</b>	<b>349 \$/ton</b>	<b>316 €/ton ↑</b>
1 month ago	9.50 \$/bushel	349 \$/ton	310 €/ton

**SOYBEANS conversion factors**  
1 bushel = 0.027 metric ton  
1 metric ton = 36.74 bushel



# Chicago Mercantile Exchange (CME)

## Corn prices

- ▶ Corn price trend as listed by the [CME of Chicago](#):

CBOT:ZCU2016, W 353'2 ▲ +1'0 (+0.28%) O:352'2 H:357'2 L:350'6 C:353'2

Month: Sep 2016



CME Group  
Powered by TradingView.com



# Chicago Mercantile Exchange (CME)

## Soybean prices

- ▶ Soybean price trend as listed by the [CME of Chicago](#):

CBOT:ZCU2016, W 353'2 ▲ +1'0 (+0.28%) O:352'2 H:357'2 L:350'6 C:353'2

Month: Aug 2016



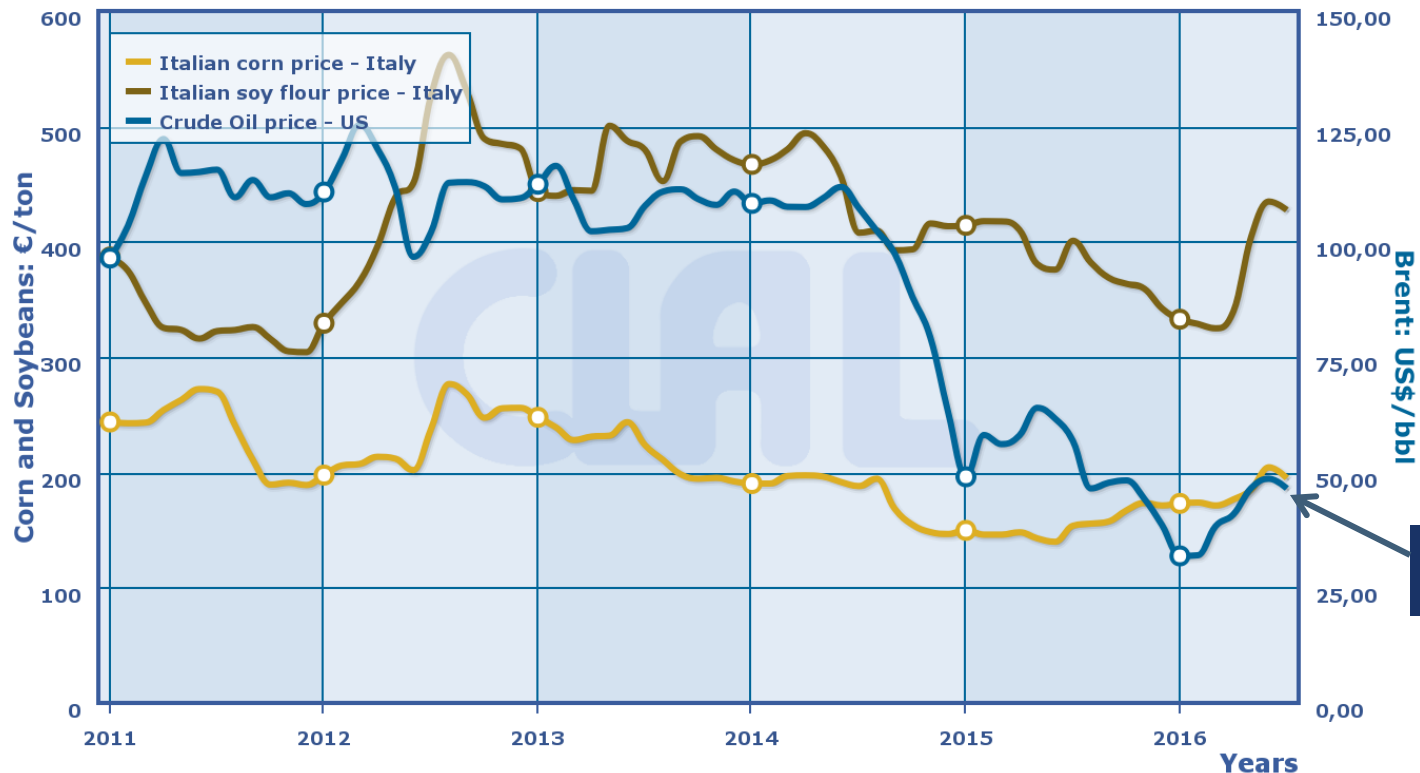
 **CME Group**  
Powered by TradingView.com

# Agricultural and Energy Inputs Correlations

- ▶ Price comparison: Corn (Italy), Soy flour (Italy) and Crude Oil (U.S.)

Historical comparative overview between Italian Corn and Soy Flour price with the Crude Oil price

Processed by CLAL



Crude Oil USA  
45.96 \$ / bbl

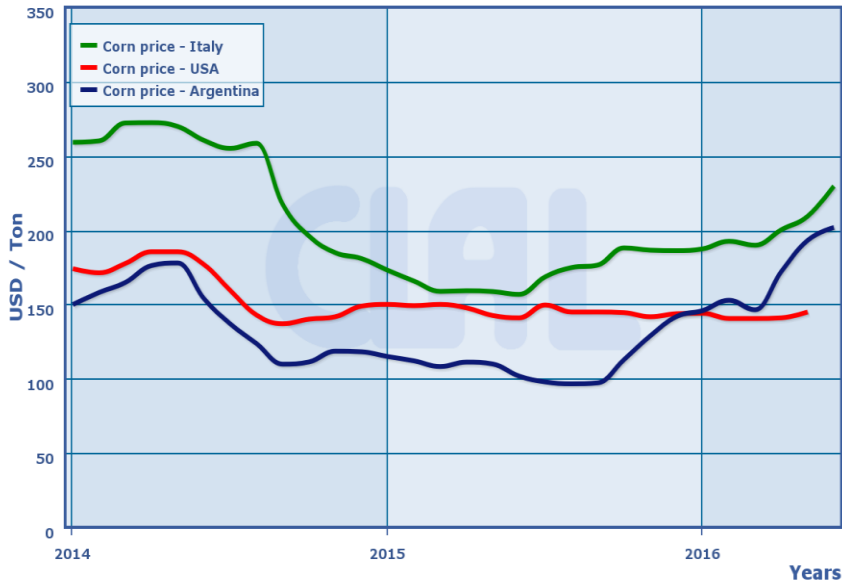


# Corn and Soybean price U.S., Argentina and Italy



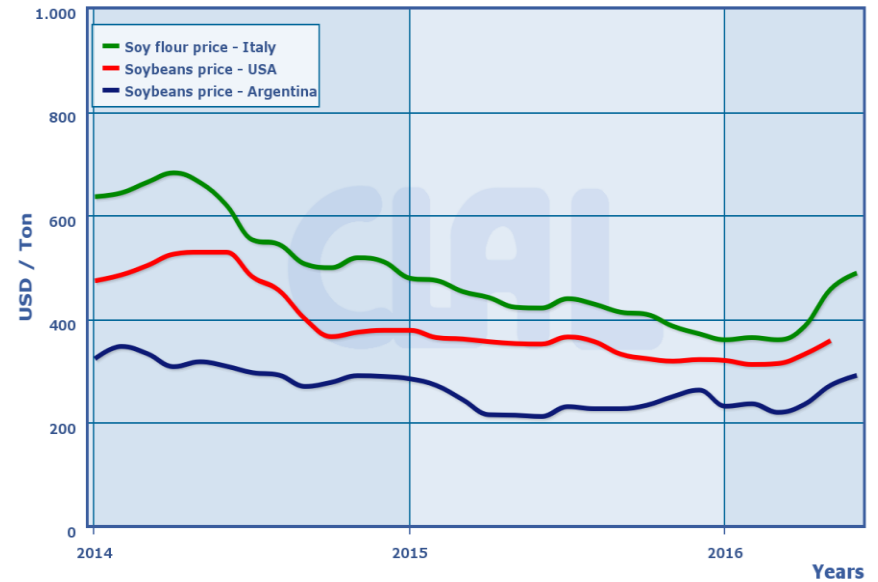
### Comparison of Corn prices in Italy, USA and Argentina

Processed by CLAL



### Comparison of Soybeans prices in Italy, USA and Argentina

Processed by CLAL



Source: USDA, Bolsa de Comercio de Rosario, CCIAA Milano

# Focus on **Italy**

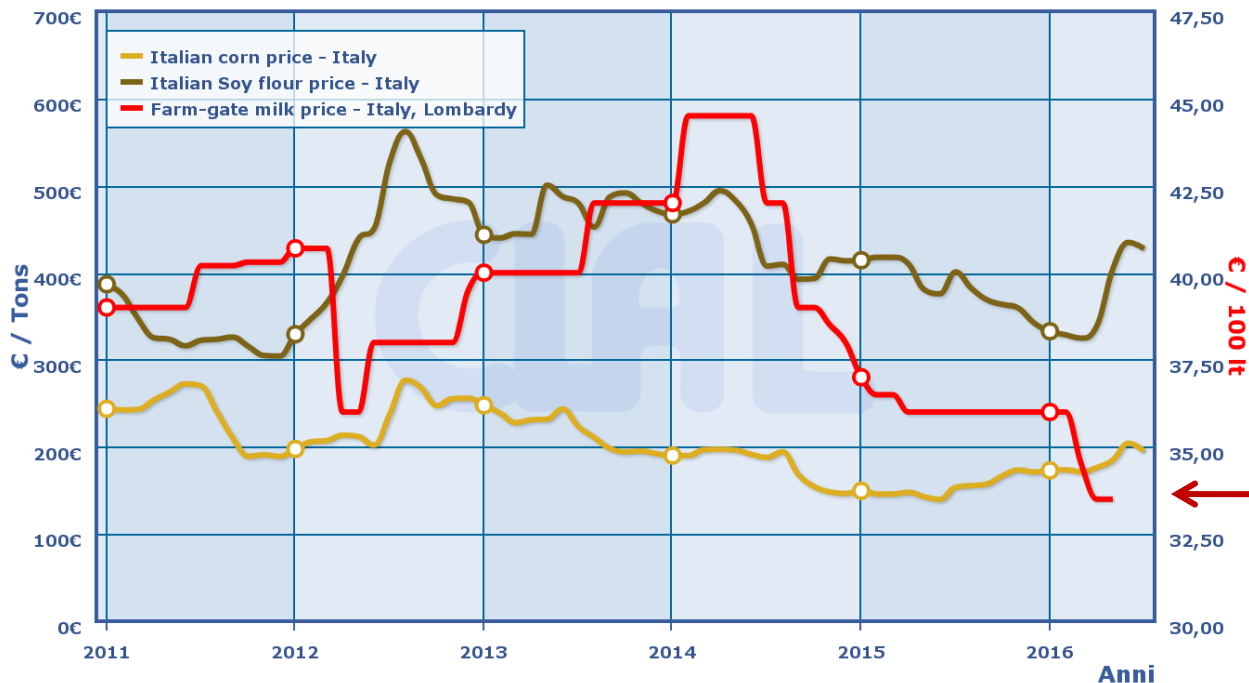
## Corn and Soy prices

▶ National Corn and Soy prices as listed by the Milan Chamber of Commerce, in comparison with the Farm-gate milk price:

- ▶ Italian Corn: 193 ÷ 194 €/ton (-6 € from last month)
- ▶ Italian Soybean meal: 422 ÷ 423 €/ton (-17 € from last month)

**Historical comparative overview between Italian Corn and Soy Flour price with the Farm-gate Milk price**

Processed by CLAL



Farm-gate milk  
Italy (Lombardy)  
May 2016  
33.50 € / 100 lt

# Focus on Italy

## The value of the Simulated Feed Ration

- The **Simulated Feed Ration** is a theoretical feed model exclusively based on the use of domestic corn and soybean extraction meal 44%; this has been taken as a model since the two constituent ingredients are the price drivers for all the raw materials available on the market.



**Simulated Feed Ration: value of 100kg**  
70kg of domestic corn meal + 30kg of soybean extraction meal 44% protein

Above the columns the % variation of the total cost  
Inside the columns the % weight of each component on the total cost and % variation versus the previous month  
Quotations of the Milan Chamber of Commerce - Processed by CLAL

Price % variation compared to the previous month

Weight of the price of the components

