Corn & Soybeans

- **Corn** (source WASDE)
  - Estimate for the 2016-17 Season
  - Global and US outlook

- **Soybean** (source WASDE)
  - Estimate for the 2016-17 Season
  - Global and US outlook

- **Global ending stocks**
- **Corn and Soybeans prices** (Source CME)
- **Price connections** (Clal's processing)
- **Focus on Italy** (Milan Chamber of Commerce)
  - Simulated Feed Ration

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CORN
Estimate for 2016-17 Season

- **Global Corn production** for 2016-17 season is projected lower at **1026.61 Mio t** (-0.2% from last month). Higher forecasts for Brazil are partly offset by reductions for the U.S. (-1.54 Mio t), China (-2 Mio t) and the EU (-0.95 Mio t).

- **U.S. Corn production** is forecast at **383.38 Mio t** for 2016-17, -0.4% from August forecast. Feed and residual use is lowered 0.64 Mio t with a smaller crop and higher expected prices. Corn ending stocks are down from last month but, if realized, would still be the highest since 1987-88.

- Brazil Corn **production** is raised, as relatively favorable Corn prices in southern Brazil are expected to boost-first-crop planted area at the expense of Soybeans. Corn exports are raised for Brazil (+2.50 Mio t) with larger projected supplies for the local marketing year beginning in March 2017.

- **China** Corn production is lowered, based on drier-than-normal conditions during July and August in western Heilongjiang and eastern Inner Mongolia. Corn imports are raised for China, reflecting updated expectations of trade by non-state importers.

- **Global Corn stocks**, at **219.5 Mio t**, are down from last month but still projected to be **record** high.

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

	Million tons	From August 2016 (projections)
Beginning stocks	209.25	0.0%
Production	**1026.61**	-0.2%
Total use	1016.40	-0.1%
Ending stocks	219.46	-0.6%

	Billion bushels	Million tons	From August 2016 (projections)
Beginning stocks	1.72	43.58	+0.6%
Production	15.10	**383.38**	-0.4%
Total use	12.30	312.43	-0.2%
Export	2.18	**55.25**	0.0%
Ending stocks	2.38	60.55	-1.1%
Price projection	**3,20 $/bushel**	**126 $/ton**	**112 €/ton** ⇧
1 month ago	**3,15 $/bushel**	**124 $/ton**	**110 €/ton**

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

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SOYBEANS
Estimate for 2016-17 Season

- **Global Soybean production** for 2016-17 (new marketing year starting October 1st) is projected at **330.43 Mio t**, +0.02 Mio t from August estimates.

- Lower Soybean production forecasts for Brazil (-2 Mio t), India, and Canada are more than offset by higher production for the U.S. and China.

- **Brazil** Soybean production is reduced on lower area as relatively strong Corn prices in southern Brazil are expected to increase first-crop Corn planting.

- Projected soybean production is reduced also for **India** on lower area and yields, which reflect excessive rainfall throughout the major producing region for July and August.

- **U.S.** Soybean production is projected at a record **114.33 Mio t**, up 3.83 Mio t due to a higher yield forecast, more than offsetting lower beginning stocks.

- **China** Soybean production is raised (+0.30 Mio t) as a higher area forecast more than offsets a lower yield. China imports are reduced (-1 Mio t).

- **Global Soybean ending stocks** are projected higher at **72.17 Mio t** mainly reflecting increased Soybean stocks for the United States.

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

	Million tons	**From August 2016 (projections)**
Beginning stocks	72.90	**-0.1%**
Production	**330.43**	**0.0%**
Total use	328.67	**-0.3%**
Ending stocks	72.17	**+1.3%**

	Billion bushels	**Million tons**	**From August 2016 (projections)**
Beginning stocks	0.20	5.32	**-23.5%**
Production	4.20	**114.33**	**+3.5%**
Total use	2.08	56.5	**+0.5%**
Export	1.98	54.02	**+1.8%**
Ending stocks	0.37	9.95	**+10.9%**
Price projection	**9.05 $/bushel**	**332 $/ton**	**296 €/ton** ⇧
1 month ago	9.10 $/bushel	334 $/ton	295 €/ton

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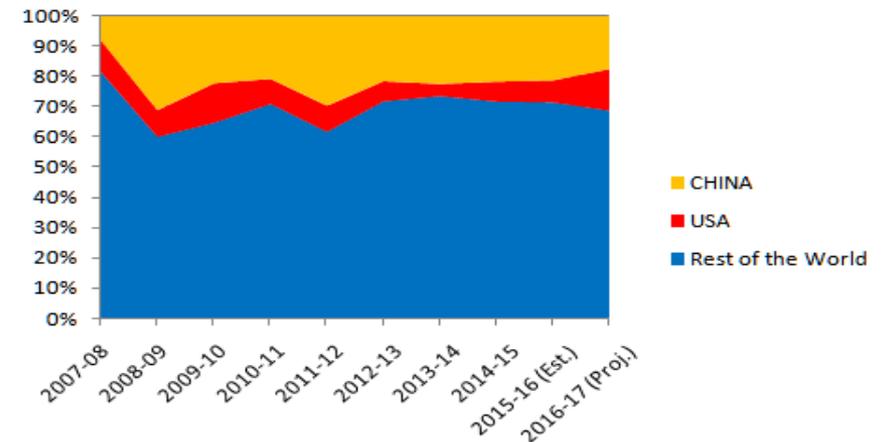1 bushel = 0.027 metric ton
1 metric ton = 36.74 bushel

Corn and Soybean **Ending Stocks** **with** FOCUS ON CHINA AND THE UNITED STATES
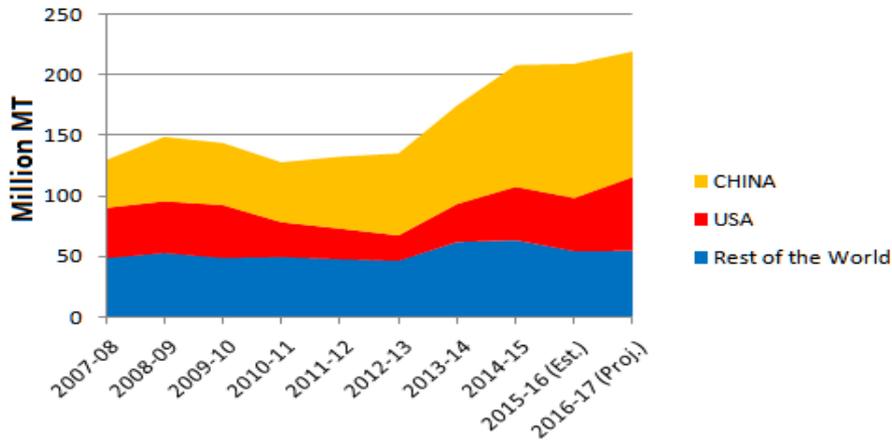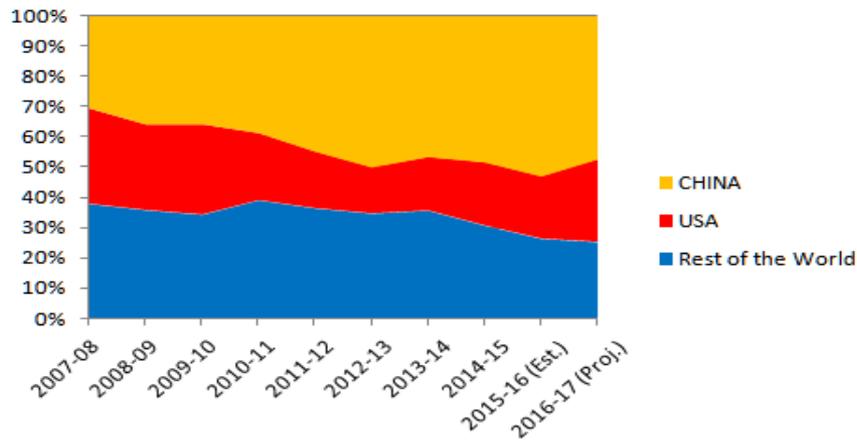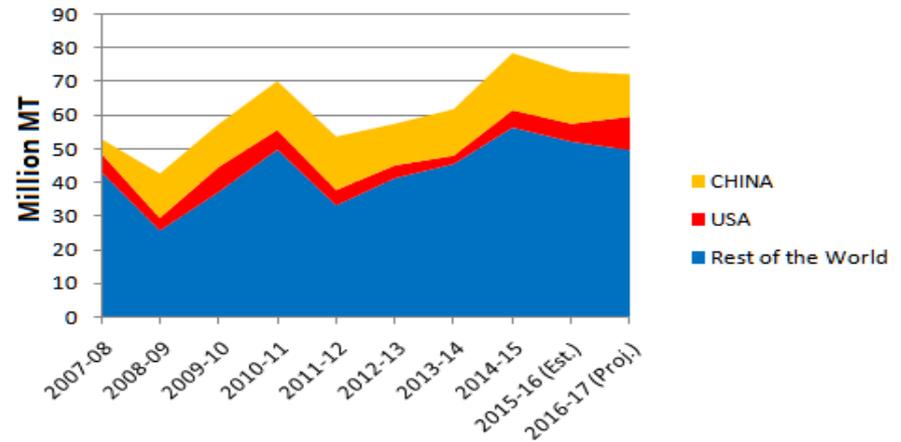
Chicago Mercantile Exchange (CME)
Corn prices

▸ Corn price trend as listed by the <u>CME of Chicago</u>:

CBOT:ZCU2016, W 319'2 ▼ −10'0 (−3.04%) O:329'2 H:330'2 L:319'2 C:319'2

CORN FUTURES - ECBT, W, CBOT
Vol (20)

$ / bushel

CME Group
Powered by TradingView.com

Chicago Mercantile Exchange (CME)
Soybean prices

▸ Soybean price trend as listed by the CME of Chicago:

Agricultural and Energy Inputs Correlations

▸ <u>Price comparison</u>: 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

Legend:
- Italian corn price – Italy
- Italian soy flour price – Italy
- Crude Oil price – US

Crude Oil USA
47.31 $ / bbl

Focus on **Italy**
Corn and Soy prices

▸ <u>National Corn</u> and <u>Soy</u> prices as listed by the Milan Chamber of Commerce, in comparison with the <u>Farm-gate milk price</u>:

▸ Italian Corn: 171 ÷ 172 €/ton (**-20 €** from last month)

▸ Italian Soybean meal: 354 ÷ 355 €/ton (**-23 €** from last month)

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

Processed by CLAL

Legend:
- Italian corn price - Italy
- Italian Soy flour price - Italy
- Farm-gate milk price - Italy, Lombardy

Farm-gate milk
Italy (Lombardy)
August 2016
33.50 € / 100 lt
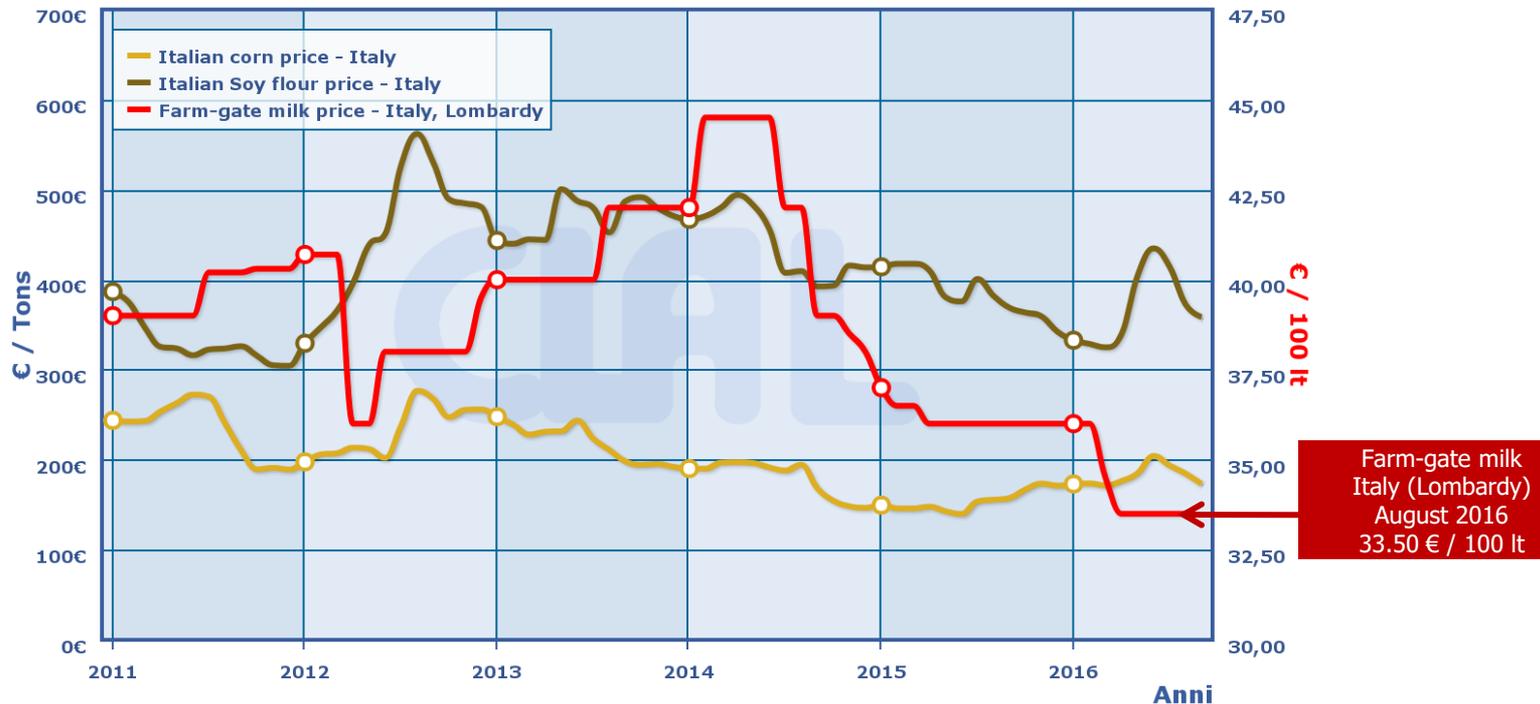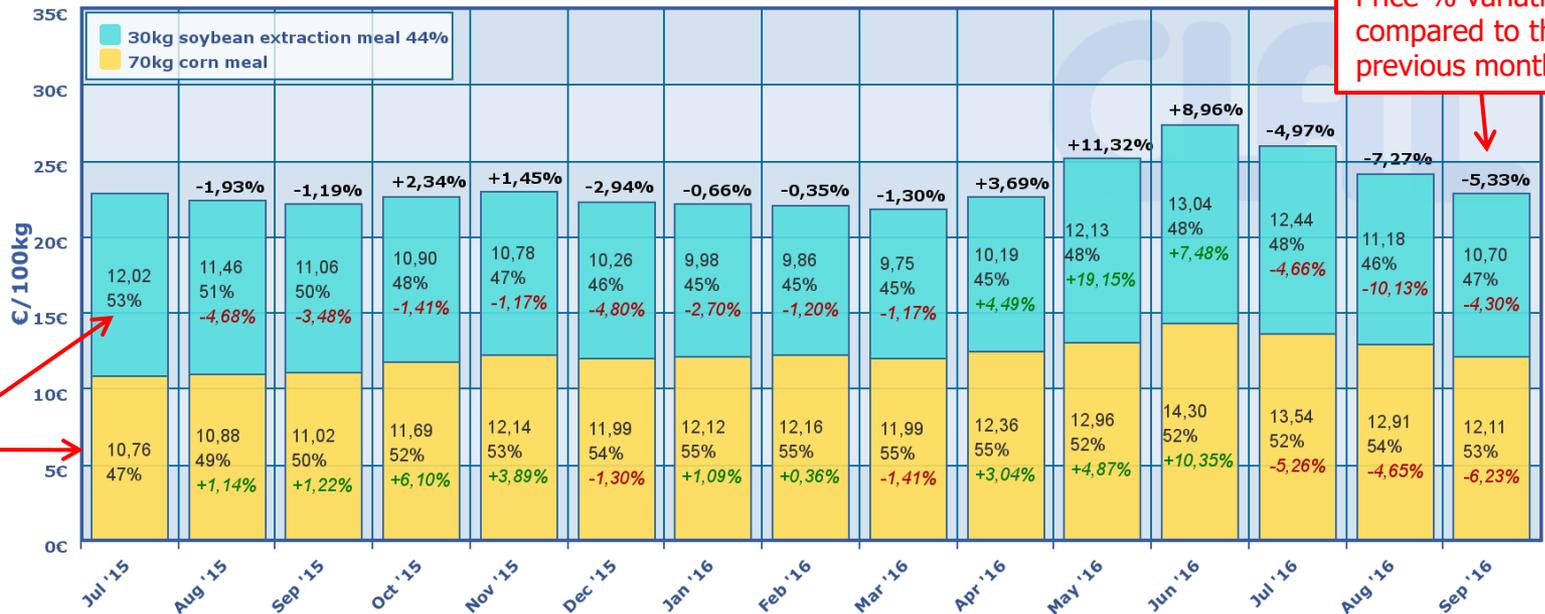
Focus on **Italy**
The value of the **Simulated Feed Ration**

> ▸ 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

Month	Total % var	Soybean (value / % / var)	Corn (value / % / var)
Jul '15		12,02 / 53%	10,76 / 47%
Aug '15	-1,93%	11,46 / 51% / -4,68%	10,88 / 49% / +1,14%
Sep '15	-1,19%	11,06 / 50% / -3,48%	11,02 / 50% / +1,22%
Oct '15	+2,34%	10,90 / 48% / -1,41%	11,69 / 52% / +6,10%
Nov '15	+1,45%	10,78 / 47% / -1,17%	12,14 / 53% / +3,89%
Dec '15	-2,94%	10,26 / 46% / -4,80%	11,99 / 54% / -1,30%
Jan '16	-0,66%	9,98 / 45% / -2,70%	12,12 / 55% / +1,09%
Feb '16	-0,35%	9,86 / 45% / -1,20%	12,16 / 55% / +0,36%
Mar '16	-1,30%	9,75 / 45% / -1,17%	11,99 / 55% / -1,41%
Apr '16	+3,69%	10,19 / 45% / +4,49%	12,36 / 55% / +3,04%
May '16	+11,32%	12,13 / 48% / +19,15%	12,96 / 52% / +4,87%
Jun '16	+8,96%	13,04 / 48% / +7,48%	14,30 / 52% / +10,35%
Jul '16	-4,97%	12,44 / 48% / -4,66%	13,54 / 52% / -5,26%
Aug '16	-7,27%	11,18 / 46% / -10,13%	12,91 / 54% / -4,65%
Sep '16	-5,33%	10,70 / 47% / -4,30%	12,11 / 53% / -6,23%

Legend: 30kg soybean extraction meal 44% ; 70kg corn meal — €/100kg