



## Reports Continue to Support Corn and Soybean Prices

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March is one of four months that contain an unusually large number of reports that reflect supply and demand conditions for corn and soybeans. The number of reports is larger in January, March, June, and September when various quarterly USDA reports are released.

So far this month, information in the regular monthly reports has been generally supportive for corn and soybean prices. The Census Bureau report of January 2014 exports released on March 7 indicated that cumulative marketing year exports of both crops exceeded the cumulative USDA weekly export inspection estimates. Census Bureau corn export estimates from September 2013 through January 2014 exceeded the cumulative USDA inspection estimates by 29 million bushels. That margin is 10 million less than the average margin of the previous 9 years, but is the largest in four years. For soybeans, the cumulative Census Bureau export estimates through January exceeded the cumulative USDA weekly inspection estimates by 19 million bushels. That margin is nine million bushels larger than the average margin of the previous nine years and the largest in four years.

The USDA WASDE report released on March 10 contained smaller forecasts of the size of the current harvest of the soybean crops in both Brazil and Paraguay. That same report contained larger forecasts of U.S marketing year exports and smaller forecasts of year-ending stocks of both crops. The National Oilseed Processor Association (NOPA) estimate of the soybean crush by its members dropped below that of a year ago in January, but the estimate for February released on March 17 exceeded that of a year ago by about five million bushels. The cumulative soybean crush by NOPA members during the first seven months of the current marketing year also exceeded that of a year ago by nearly five million bushels. The USDA projection is for the marketing year crush to equal that of last year.

The USDA's monthly *Cattle on Feed* report released on March 21 indicated that feedlots with capacity of 1000 head or more placed 15 percent more cattle into feedlots during February 2014 than during February 2013. The total number of cattle on feed as of March 1 was only 0.5 percent less than on the same date last year. While the pace of February placements cannot be maintained into the future

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because of the limited number of feeder cattle, the larger than expected placements will support feed demand in the short run.

In addition to the support found in these monthly reports, weekly reports have also been generally supportive for corn and soybean prices. Weekly estimates from the U.S. Energy Information Administration (EIA) indicate that ethanol production in March 2014 is running about 10 percent above production in March 2013. Ethanol crush margins also reached record levels last week. Weekly export reports reveal a pace of new sales and shipments for both crops that exceed the pace required to meet the USDA projections for the year.

The most important reports for old and new crop corn and soybean price prospects are still to come. On March 28, the USDA will release the *Quarterly Hogs and Pigs* report. Among other things, this report will reveal the size of the pig crop during the previous quarter (December 2013-February 2014), the inventory of market hogs by weight group as of March 1, and farrowing intentions for the spring and summer months. The estimates will reveal the impact of the Porcine Epidemic Diarrhea Virus (PED-V) on the size of the winter pig crop and allow for a projection of pork production for the next year. The estimates will reveal if the recent dramatic increase in hog prices is fully justified and will provide insight into potential feed demand from the hog sector during the last half of the 2013-14 marketing year for corn and soybeans.

On March 31, the USDA will release the quarterly *Grain Stocks* report which will reveal the magnitude of stocks of corn and soybeans as of March 1. These reports were previewed in the [March 10](#) and [March 17 farmdoc daily](#) articles. The estimate of March 1 corn stocks, along with the estimate of the March 1 hog inventory, will be important for projecting feed and residual use of corn for the current marketing year.

Also on March 31, the USDA will release the annual *Prospective Plantings* report. Based on a farmer survey earlier this month, the report will reveal planting intentions for all major spring planted crops. Estimates of both total planted acreage and acreage of individual crops will be important. Large prevented planted acreage in 2013 is expected to result in total planting intentions that exceed last year's acreage. In addition, the generally favorable price of new crop soybeans relative to other crops, particularly corn, is expected to result in intentions to plant considerably more soybean acreage in 2014 than in 2013. Intentions for corn are expected to be less than last year's planted acreage. One of the major benefits of the information in this report is to allow producers to adjust their planting intentions to market signals. If soybean planting intentions are near the high end of expectations, new crop prices will likely have to adjust to encourage fewer acres of soybeans and more acres of other crops. The size of the price adjustment, if any, needed to alter intentions may also be influenced by spring weather conditions. Prospects for a late planting season, for example, might require a larger price adjustment to discourage soybean acreage and motivate more corn acres.

## References

Good, D. "[Anticipating the March 1 Soybean Stocks Estimate.](#)" *farmdoc daily* (4):49, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 17, 2014.

Good, D. "[Calculations for March 1 Corn Stocks Estimate.](#)" *farmdoc daily* (4):44, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 10, 2014.

Also available at:

<http://farmdoc.illinois.edu/marketing/weekly/html/032414.html>