CAMPAÑA GRUESA 2016-2017

1er CONGRESO DE PERSPECTIVAS AGRÍCOLAS DE LA BOLSA DE CEREALES
3ra CONFERENCIA INTERNACIONAL SOBRE PROYECCIONES AGROINDUSTRIALES DE LA FUNDACIÓN INAI

2016 AGRICULTURAL ECONOMIC AND INTERNATIONAL TRADE OUTLOOK

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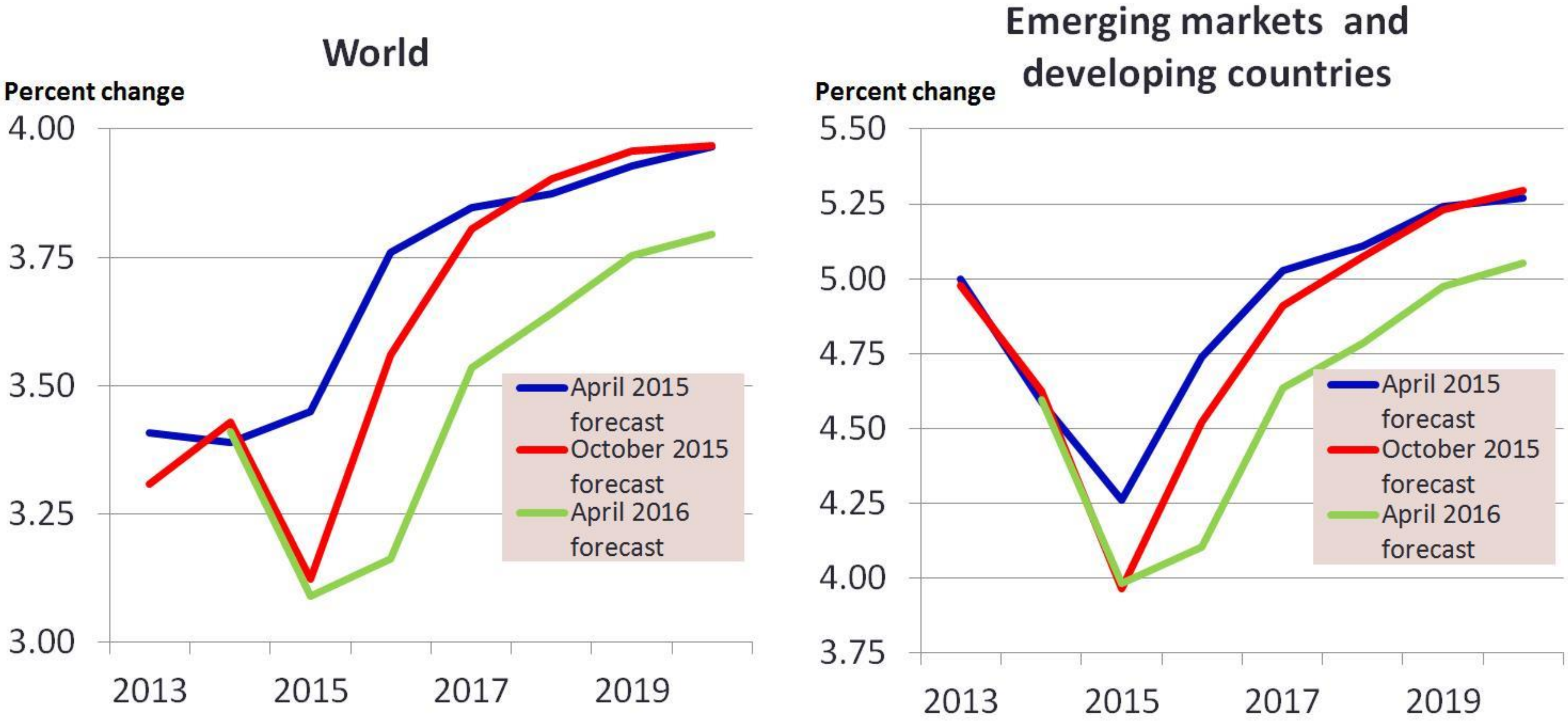
USDA United States Department of Agriculture

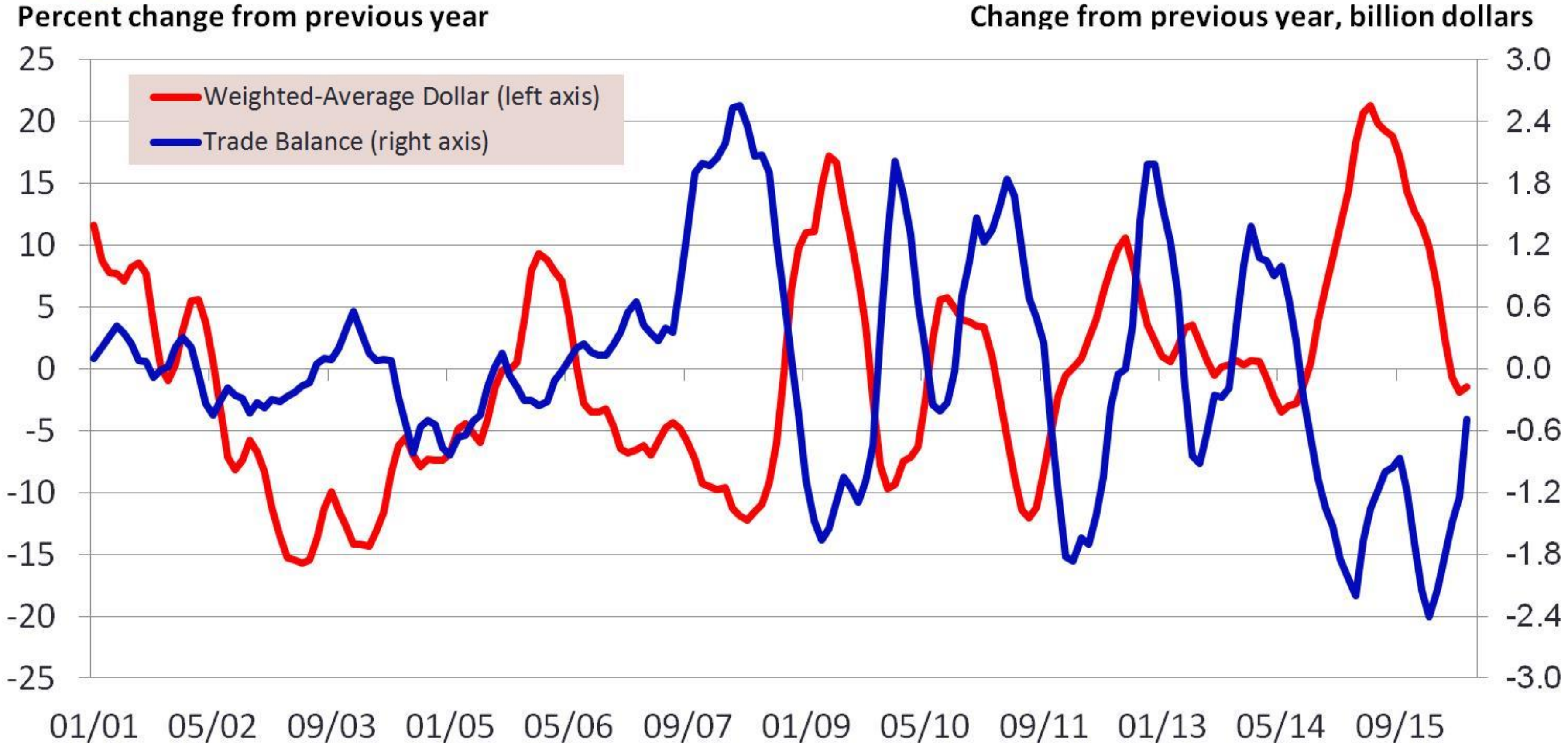
USDA United States Department of Agriculture

The IMF's downward forecasts of global growth



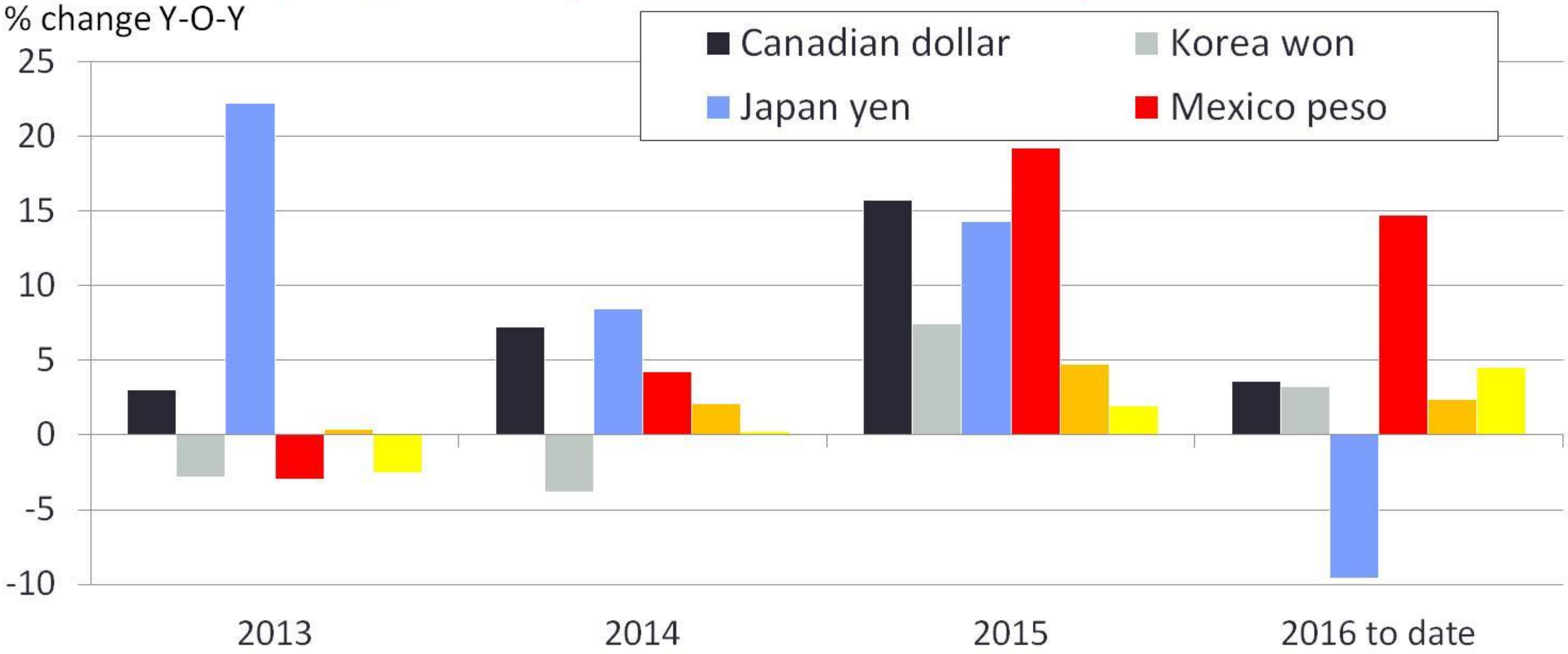
Source: IMF, *World Economic Outlook* forecast database.

Agricultural trade balance and the dollar



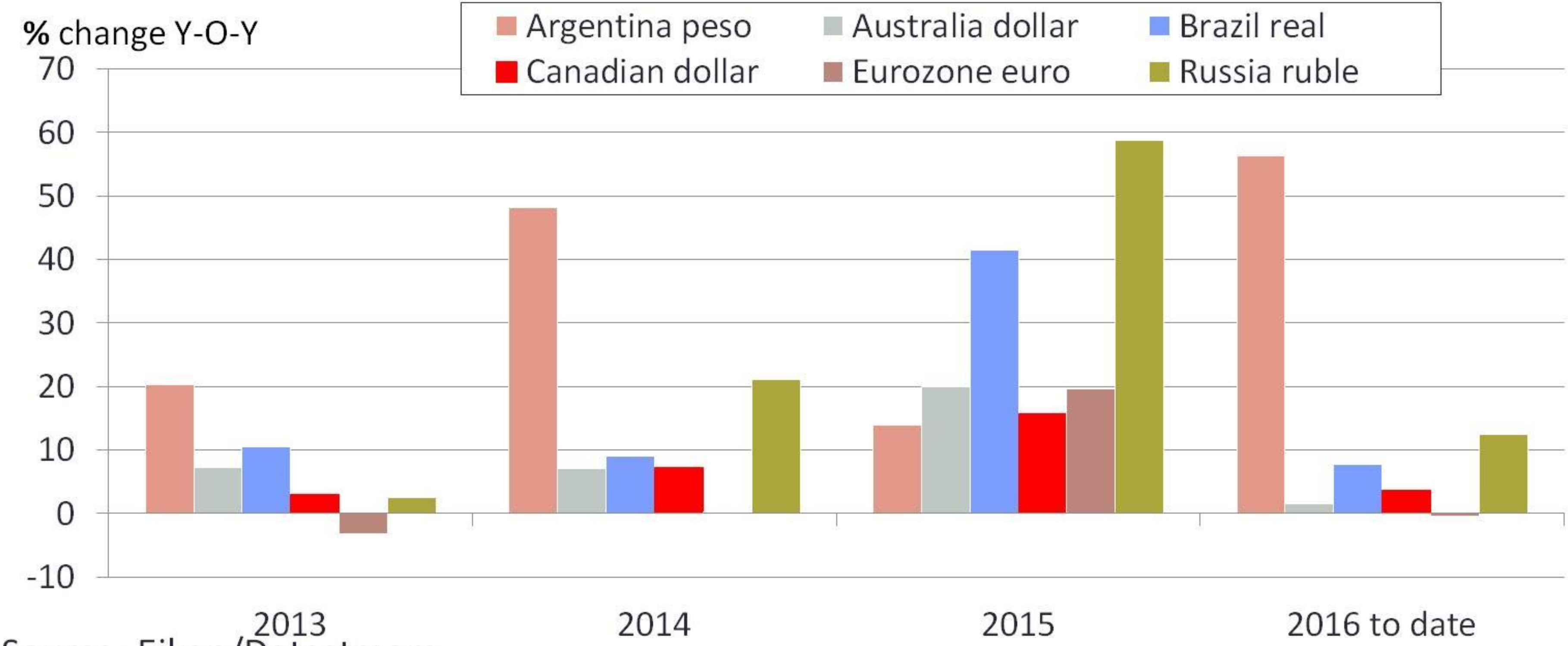
Source: USDA-ERS.

Dollar has appreciated against currencies of its customers, especially in 2015 and early 2016



Source: Eikon/Datastream.

Dollar has appreciated against competitor currencies, especially in 2014 and 2015

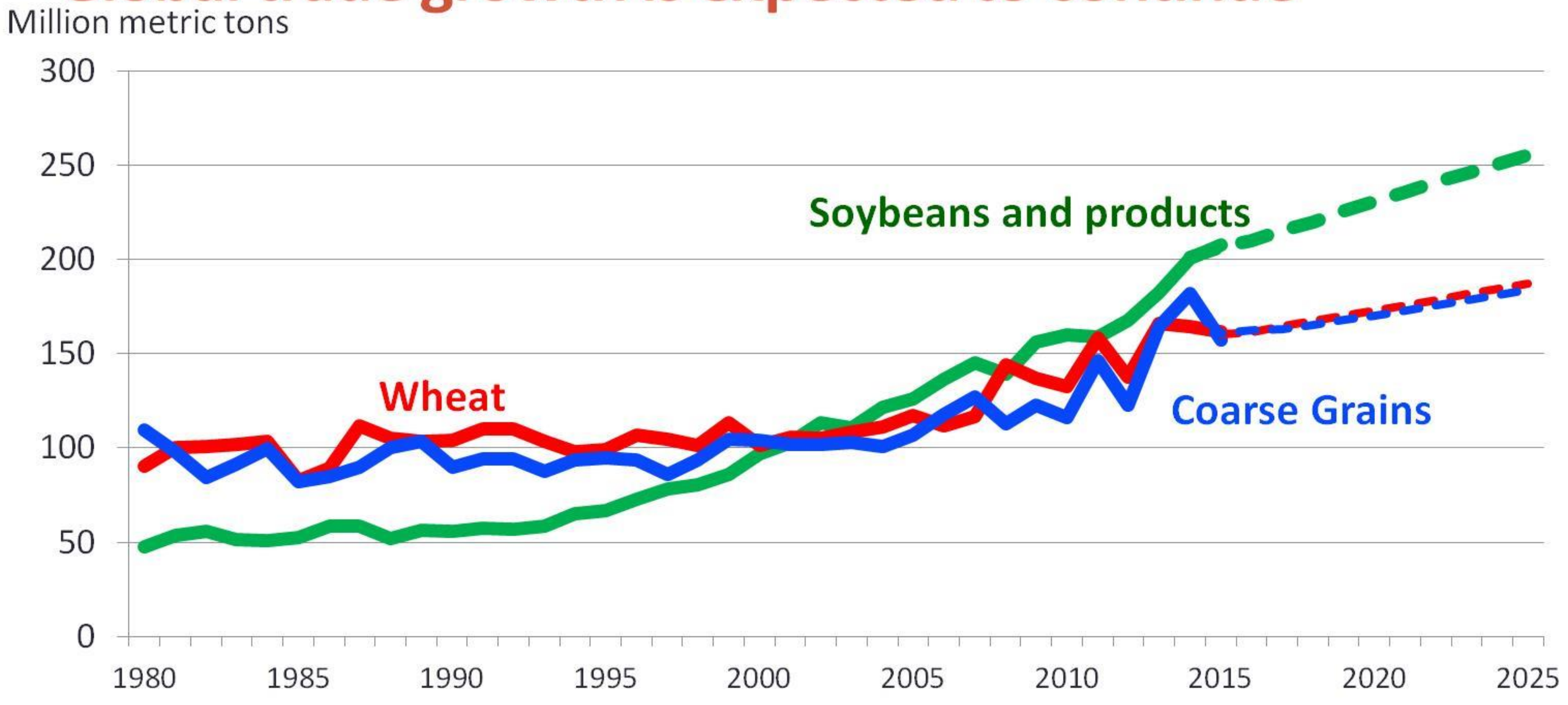


Source: Eikon/Datastream.

Rebound in agricultural exports expected in 2017 – China share bounces back

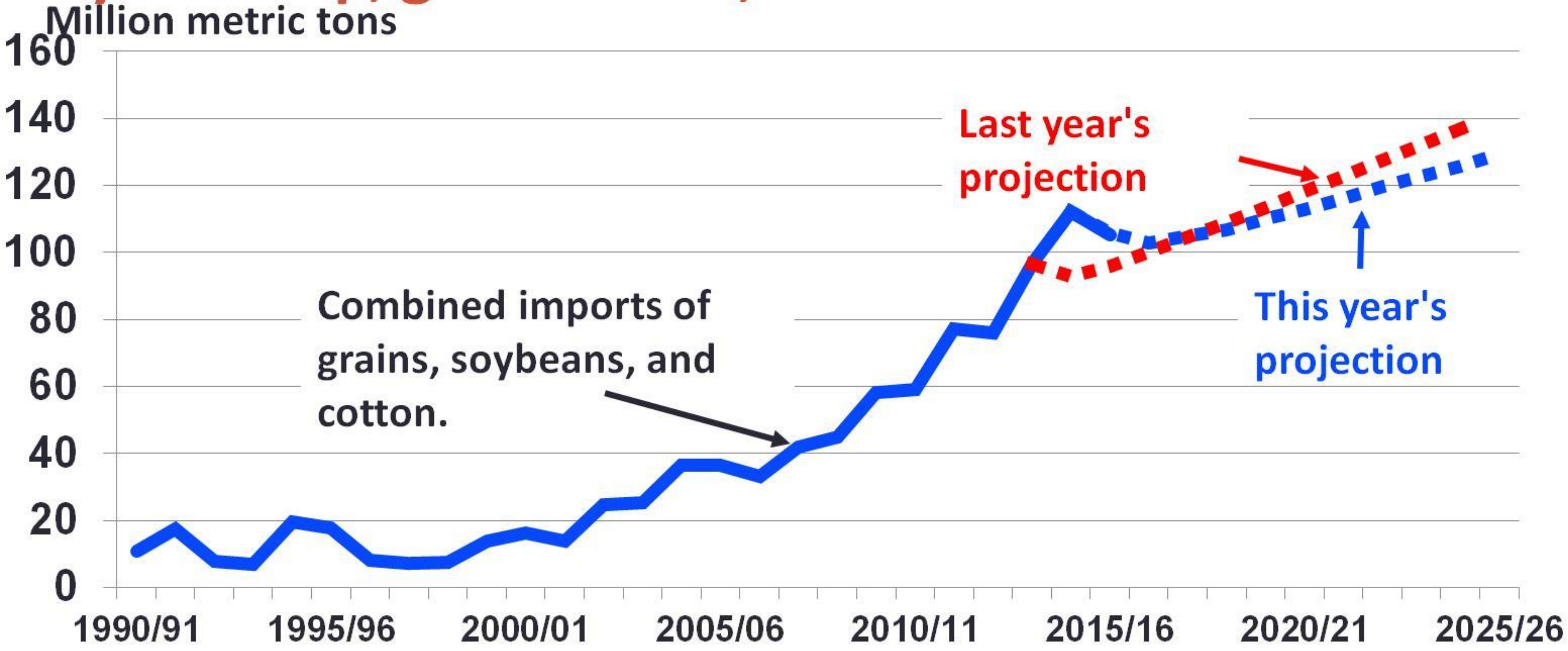
Source: USDA. Data are fiscal year.

Global trade growth is expected to continue



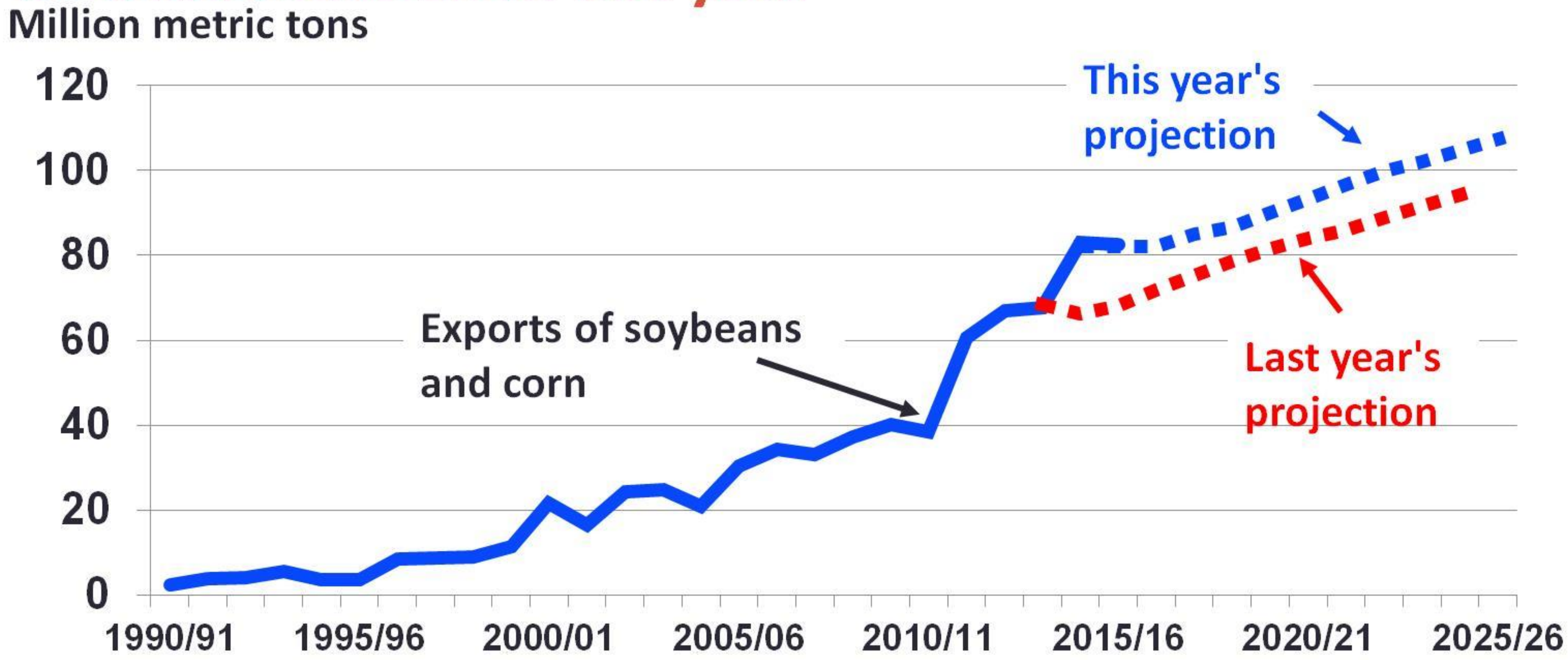
Source: USDA.

China imports to rise, but more slowly than last year: soybeans up, grains down, cotton down



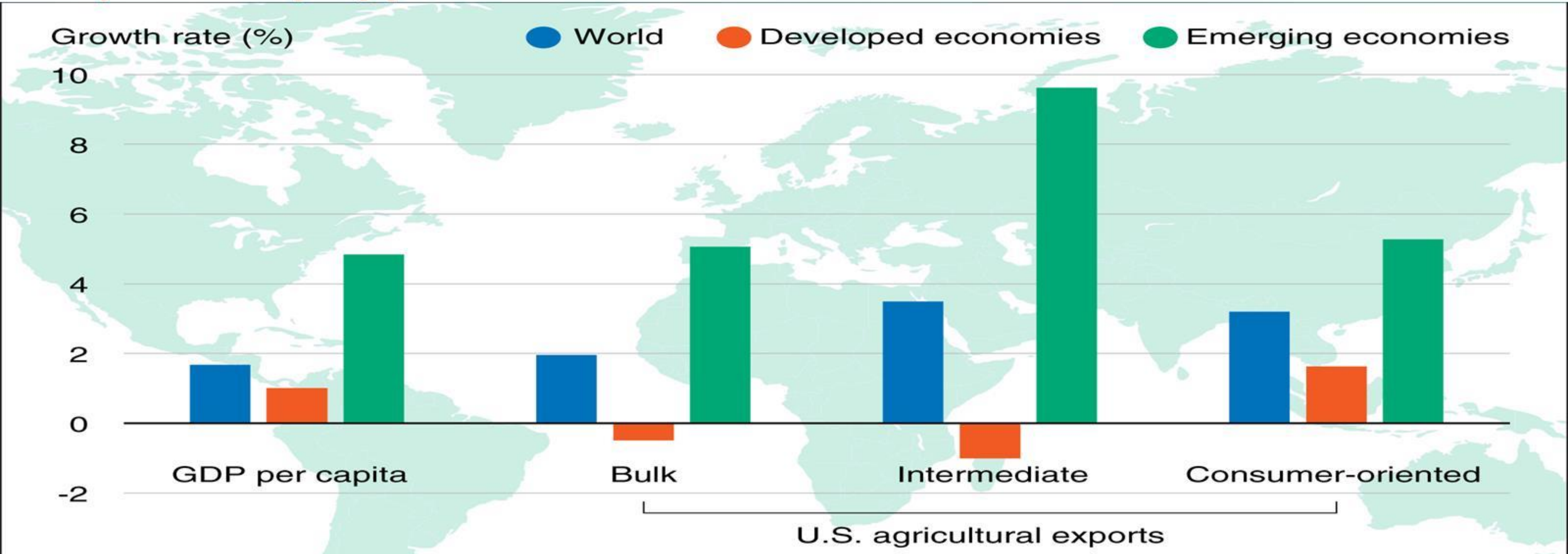
Source: USDA.

Projections for Brazil’s exports for corn and soybeans both increase from last year



Source: USDA.

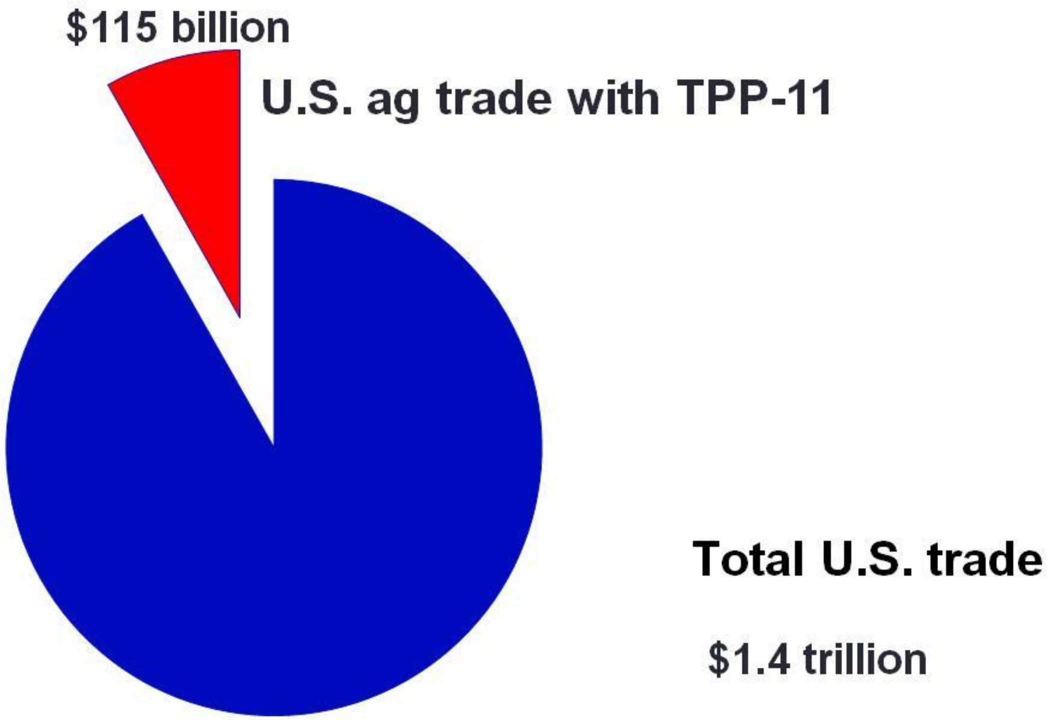
Growth in real per capita GDP and U.S. agricultural exports by type of market, 2000-15



Note: Bulk commodities include items such as unprocessed feedgrains and oilseeds. Intermediate commodities include items such as vegetable oils and livestock feed, hides, and skins. Consumer-oriented products include items such as meats, eggs, dairy products, and fresh and processed fruit. GDP = gross domestic product.
Source: USDA, Economic Research Service, International Macroeconomic Data Set; USDA, Foreign Agricultural Service, Global Agricultural Trade System database.

Expanding U.S. ag exports through regional trade agreements

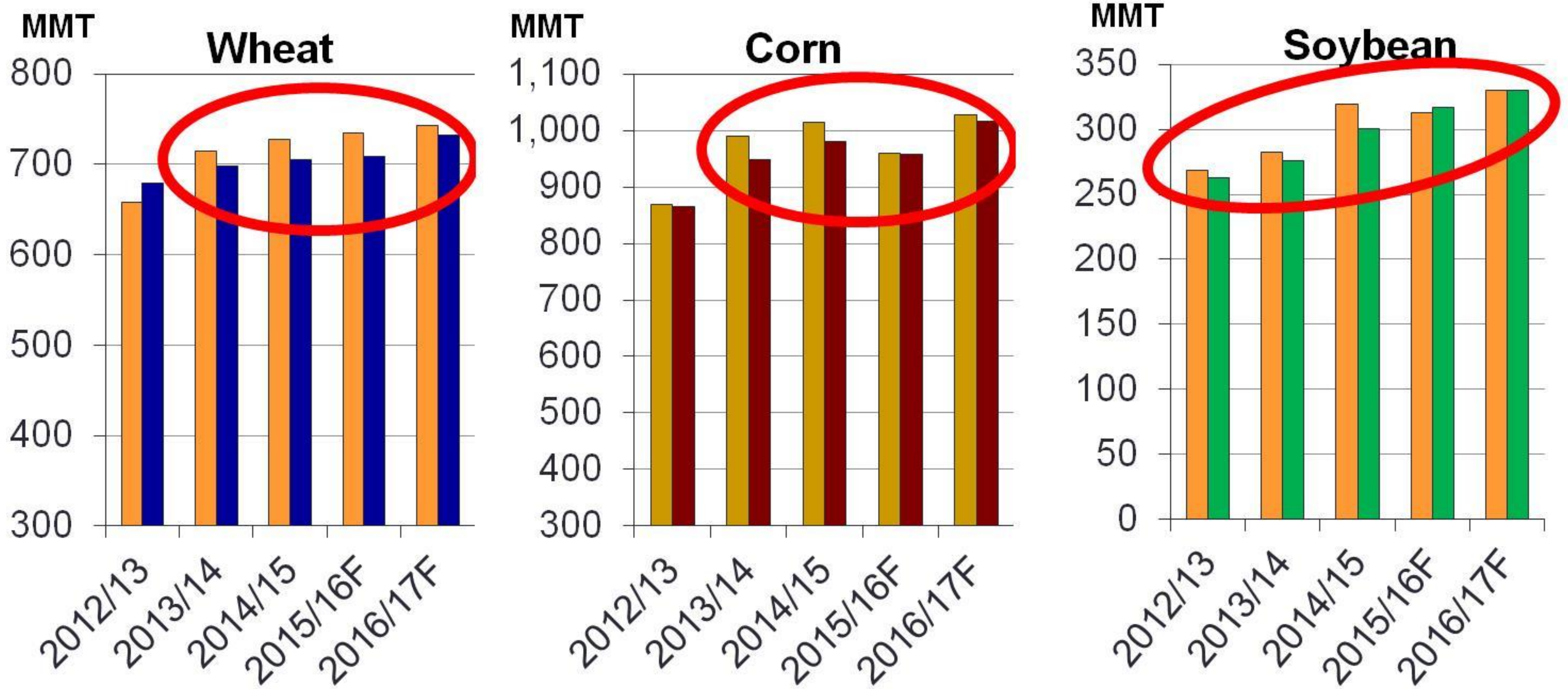
*TPP partners include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam



2015 trade (exports plus imports).
Source: U.S. Census Trade Data.

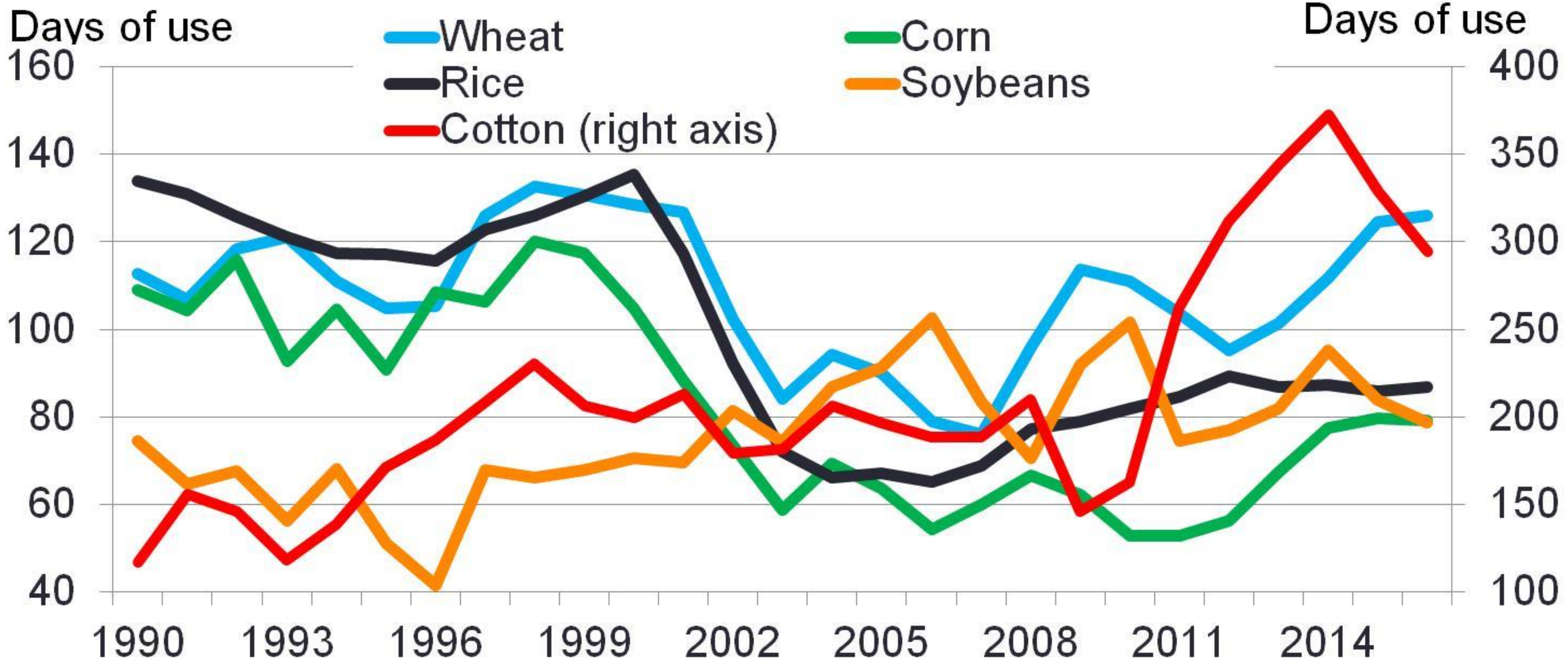
Outlook for Crops

Global production and consumption are record highs



Source: *World Agricultural Supply and Demand Estimates*, August 12, 2016.

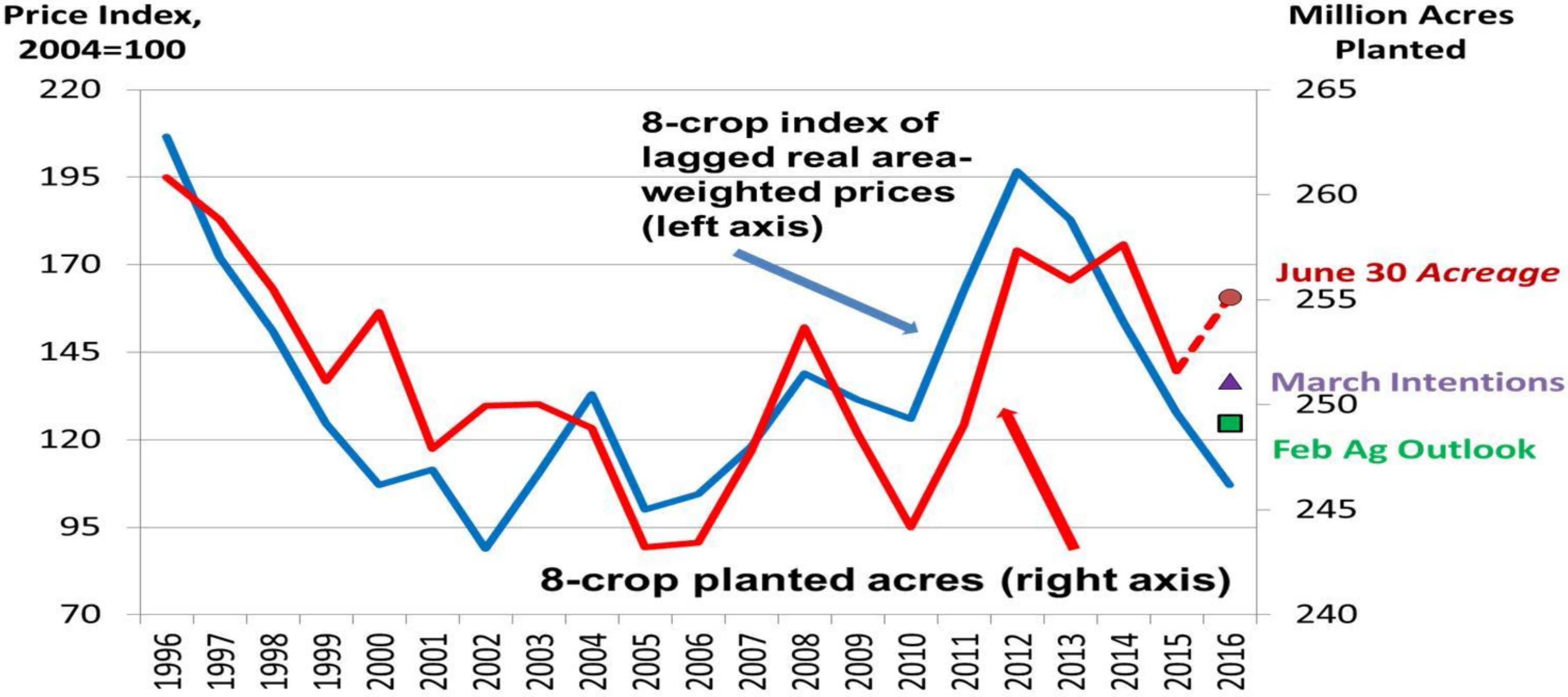
Supply relative to use trending up for most stocks



Source: *World Agricultural Supply and Demand Estimates*, August 12, 2016. Foreign Agricultural Service, PS&D database.

8-Crop planting area and lagged prices

February Ag Outlook Forum, March Intentions and June Acreage



Source: NASS

World wheat production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	Million Tons		*Percent*	*Percent*
World	734.8	744.9	**0.2**	**1.4**
United States	55.8	63.2	**0.0**	**13.1**
Foreign	679.0	681.7	**0.2**	**0.4**
Argentina	11.3	14.4	**0.0**	**27.4**
Canada	27.6	30.5	**1.7**	**10.5**
Australia	24.5	27.5	**3.8**	**12.2**
European Union	160.0	145.3	**-1.5**	**-9.2**
Russia	61.0	72.0	**0.0**	**17.9**
Ukraine	27.3	27.0	**0.0**	**-1.0**
Kazakhstan	13.7	16.5	**10.0**	**20.0**
China	130.2	128.0	**-1.5**	**-1.7**
India	86.5	90.0	**2.3**	**4.0**

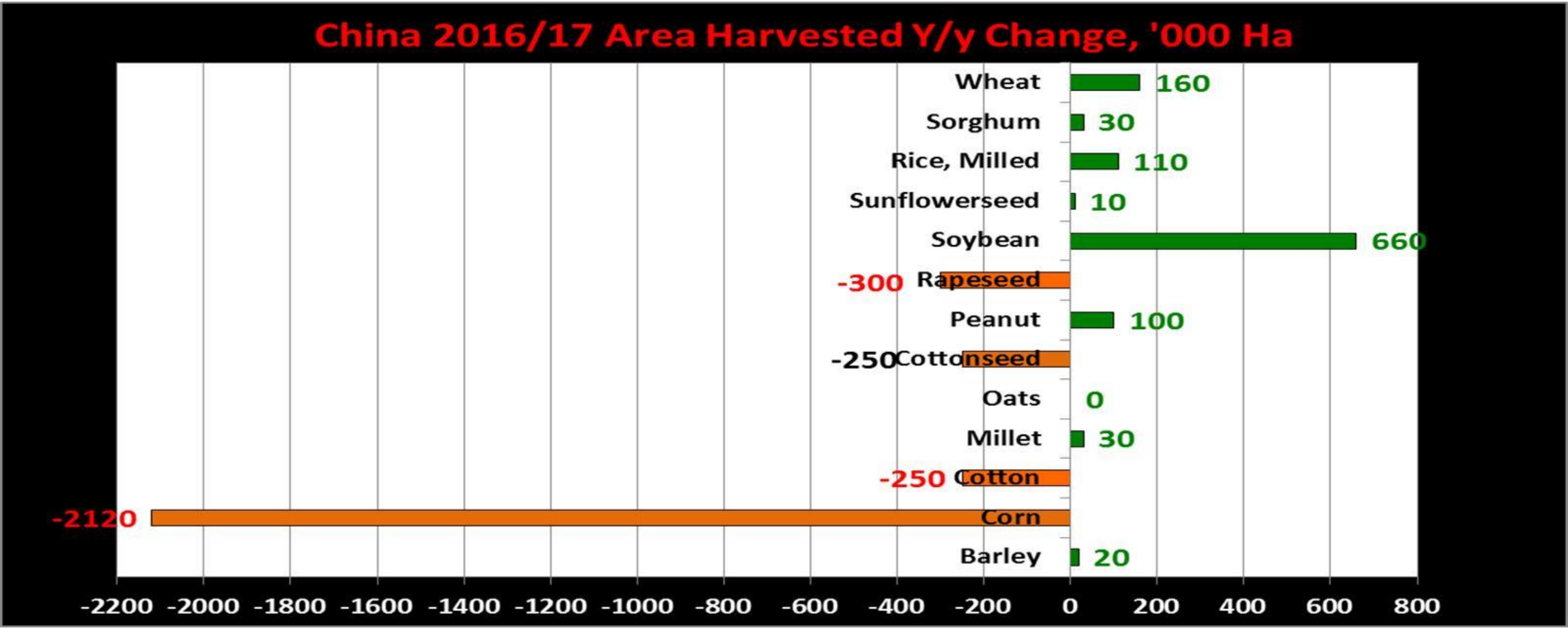
Source: *World Agricultural Supply and Demand Estimates*, Sept 12, 2016.

World corn production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	Million Tons		*Percent*	*Percent*
World	959.0	1,026.6	-0.2	7.0
United States	345.5	383.4	-0.4	11.0
Foreign	613.5	643.2	0.0	4.8
Argentina	28.0	36.5	0.0	30.4
Brazil	67.0	82.5	3.1	23.1
Mexico	25.8	24.5	0.0	-5.0
Canada	13.6	12.3	2.9	-9.2
European Union	59.1	61.1	-1.5	3.5
Serbia	6.0	7.0	0.0	16.7
FSU-12	40.4	44.1	-0.2	9.0
Ukraine	23.3	26.0	0.0	11.4
Russia	13.2	14.0	0.0	6.3
South Africa	7.0	13.0	0.0	85.7
China	224.6	216.0	-0.9	-3.8
India	21.0	24.5	0.0	16.7

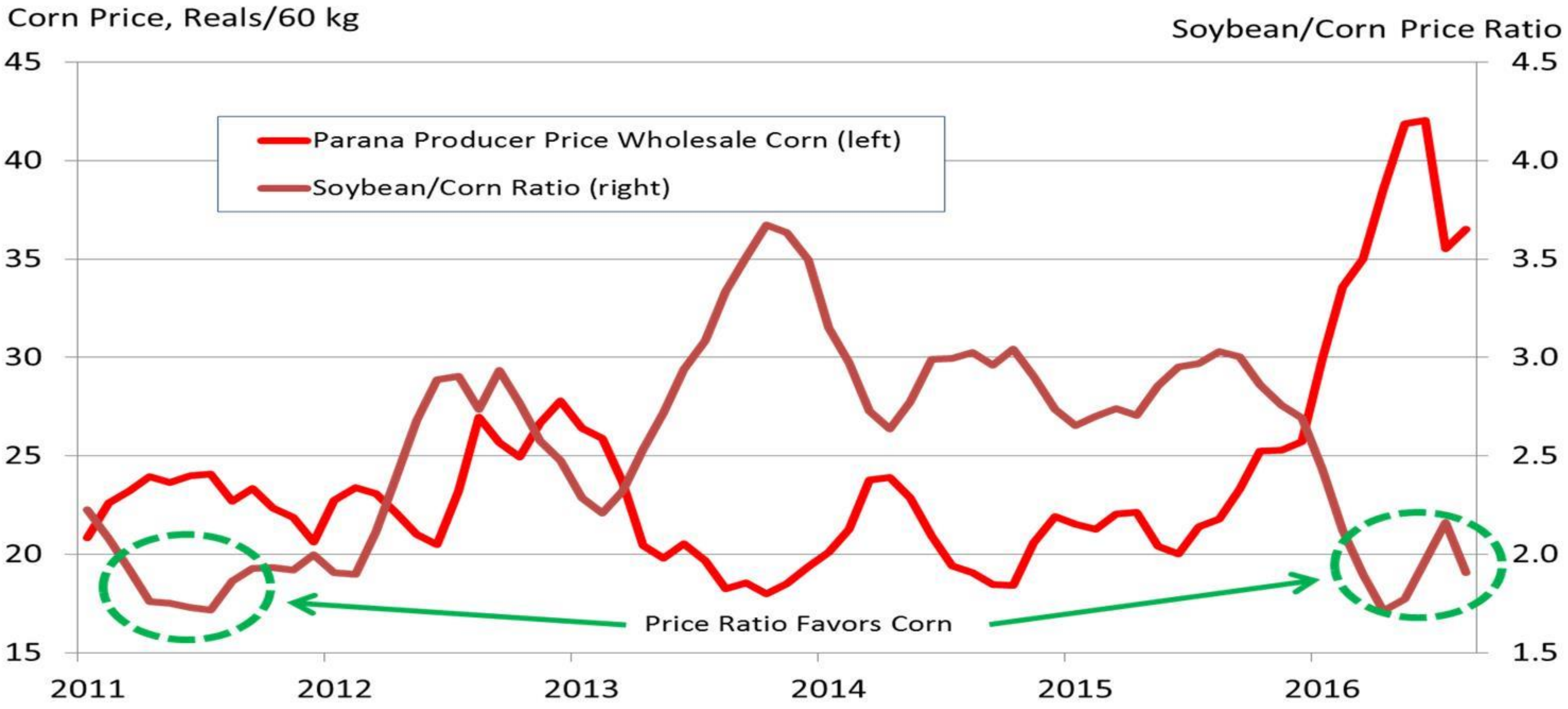
Source: *World Agricultural Supply and Demand Estimates*, Sept 12, 2016.

China 2016/17 impact of changes in agricultural policies



Source: *World Agricultural Supply and Demand Estimates*, Sept 12, 2016.

Parana producer wholesale corn prices and soybean/corn ratio



Source: Companhia Nacional de Abastecimento

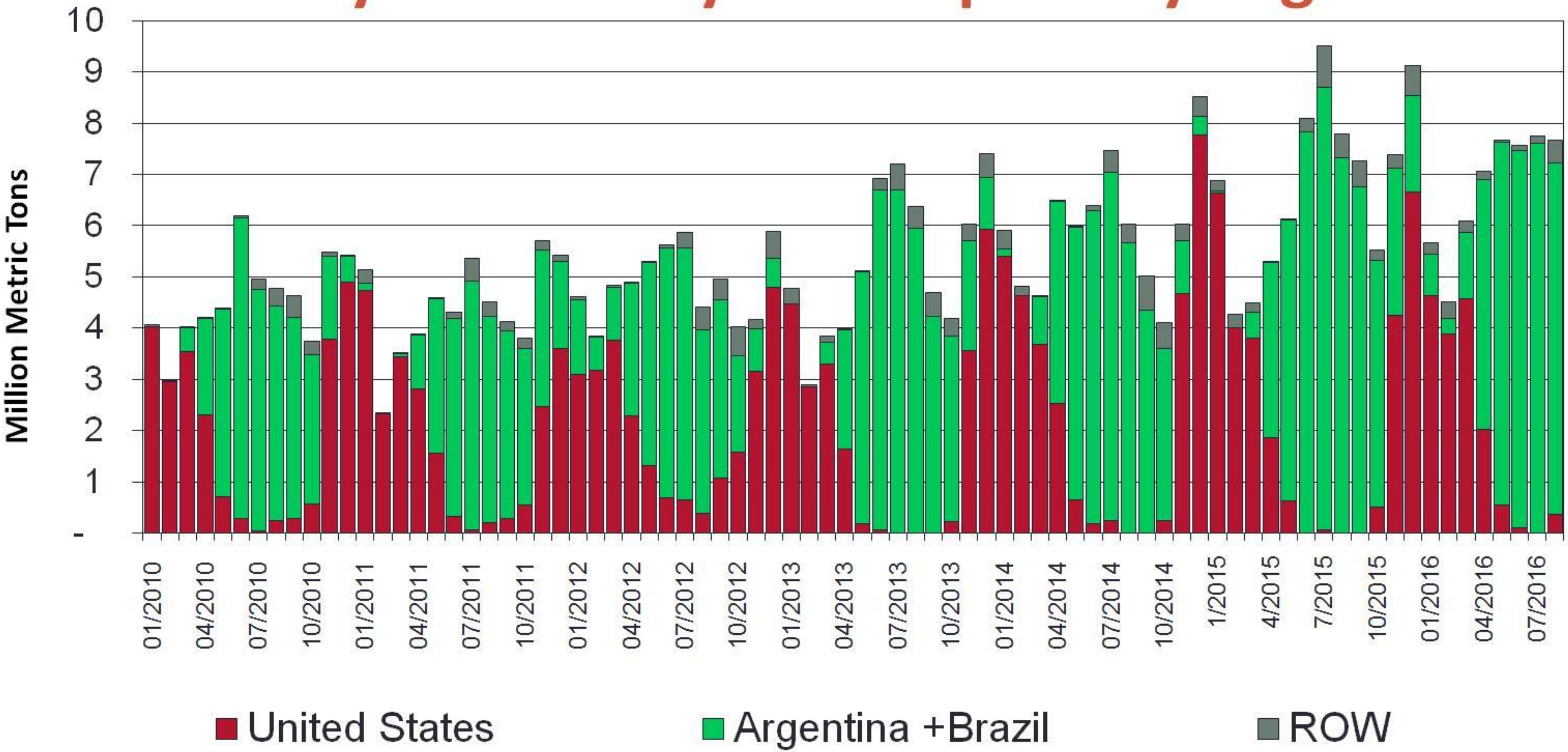
World soybean production

Country or Region	2015/16 estimate	2016/17 forecast	Change from August 12	Change from 2015/16
	Million Tons		*Percent*	*Percent*
World	313.0	330.4	**0.0**	**5.6**
United States	106.9	114.3	**3.5**	**6.9**
Foreign	206.0	216.1	**-1.7**	**4.9**
Argentina	56.8	57.0	**0.0**	**0.4**
Brazil	96.5	101.0	**-1.9**	**4.7**
Paraguay	9.0	9.2	**0.0**	**1.9**
Ukraine	3.9	4.0	**0.0**	**1.7**
India	7.0	9.7	**-14.9**	**38.6**
China	11.6	12.5	**2.5**	**7.8**

Source: *World Agricultural Supply and Demand Estimates*, Sept 12, 2016.

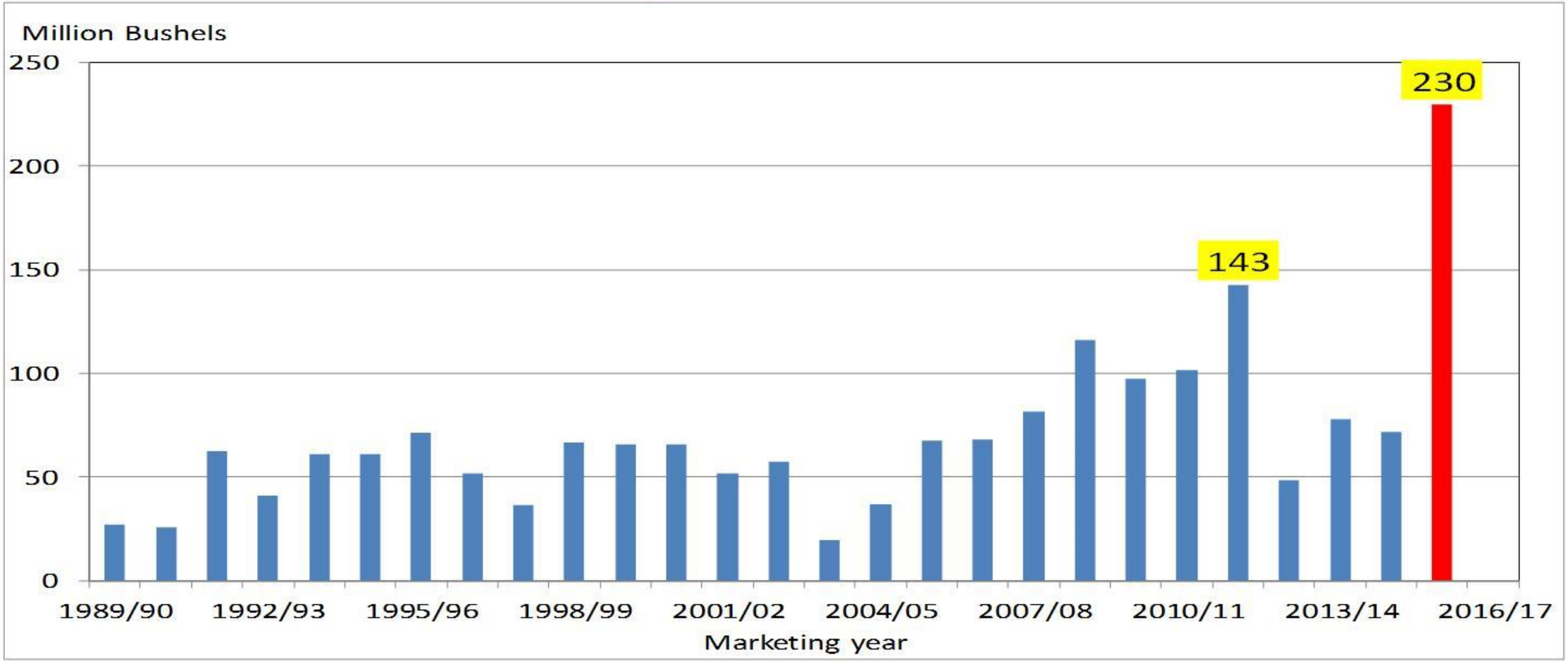
USDA United States Department of Agriculture

Monthly Chinese soybean imports by origin



Source: Global Trade Information Services (GTIS)

U.S. outstanding soybean export sales at the end of July reach record levels



Source: USDA FAS.

Prices soften, but still above 2000-2003 average

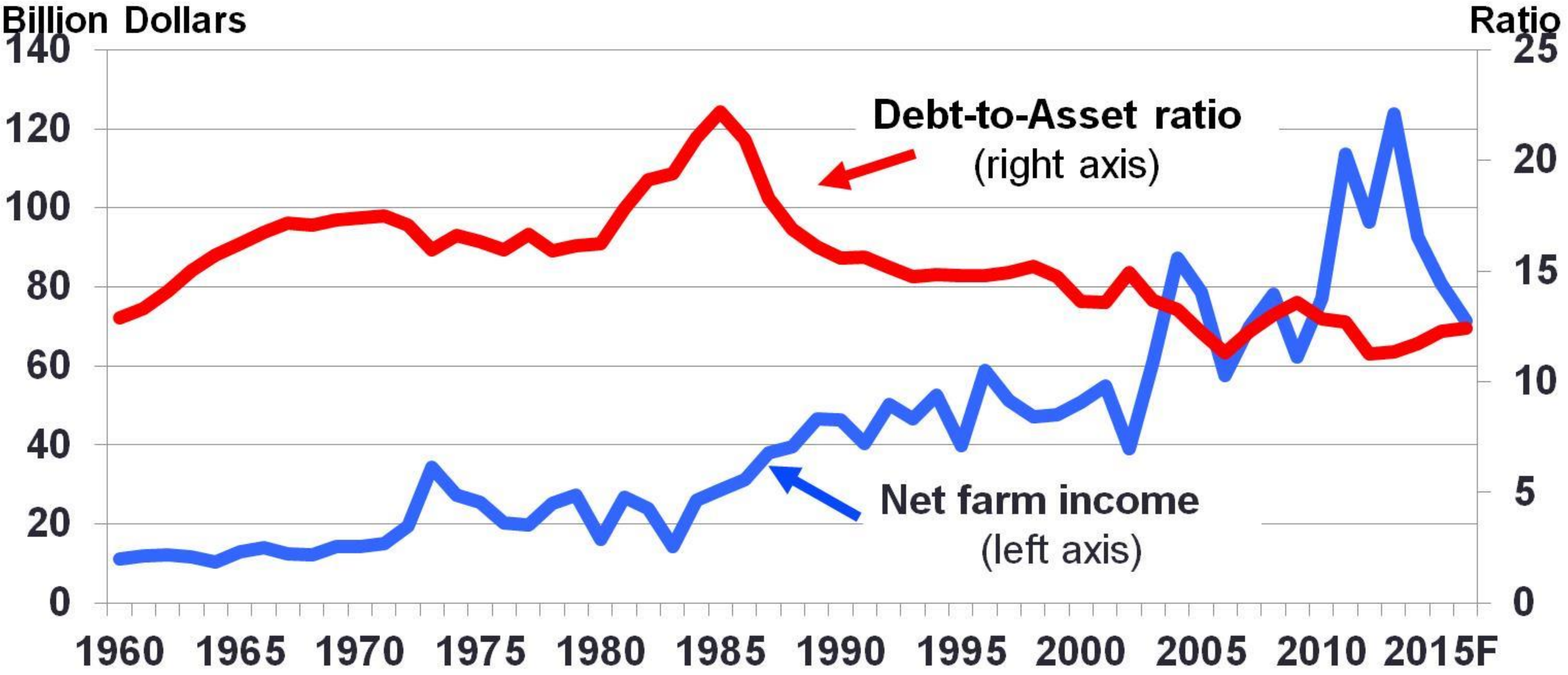
	Ave 2000-03	2011	2012	2013	2014	2015F	2016F
	$ per metric ton						
Wheat	113.5	266.0	285.5	252.4	220.1	179.7	134.1
Corn	84.2	244.9	271.2	175.6	145.7	141.7	126.0
Soybeans	200.2	459.3	529.1	477.7	371.1	328.9	332.5
Cotton	1,024.6	1,946.7	1,598.3	1,717.4	1,351.4	1,278.7	1,388.9
All Rice	123.6	319.7	332.9	359.4	295.4	271.2	235.9

Source: USDA-OCE, *World Agricultural Supply and Demand Estimates*, Sept 12, 2016.
Red denotes record high.

State of the U.S. farm sector

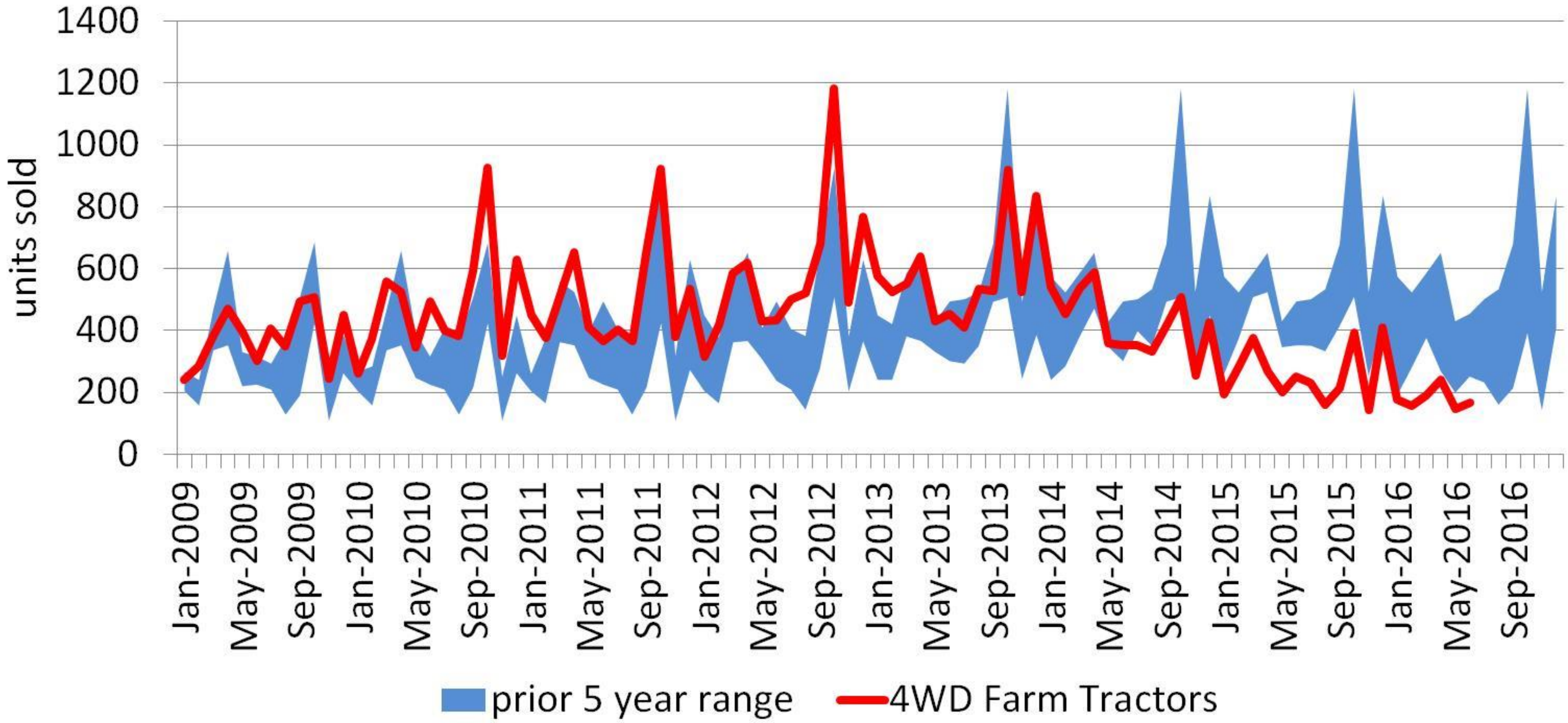
http://www.hoosieragtoday.com/indiana-cash-rent-up-3-per-acre-in-2014/

Net farm income is down, but debt-to-asset ratio remains low



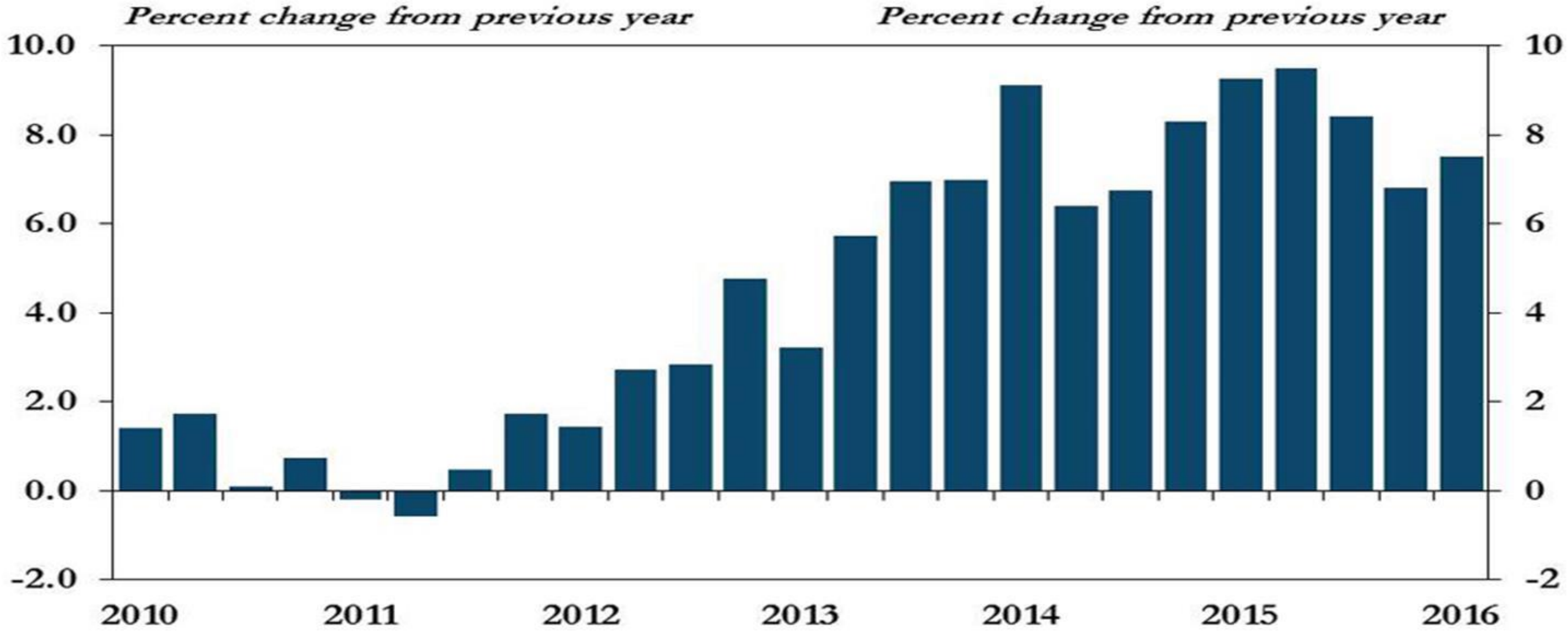
Data: USDA-ERS.

U.S. 4WD tractor sales



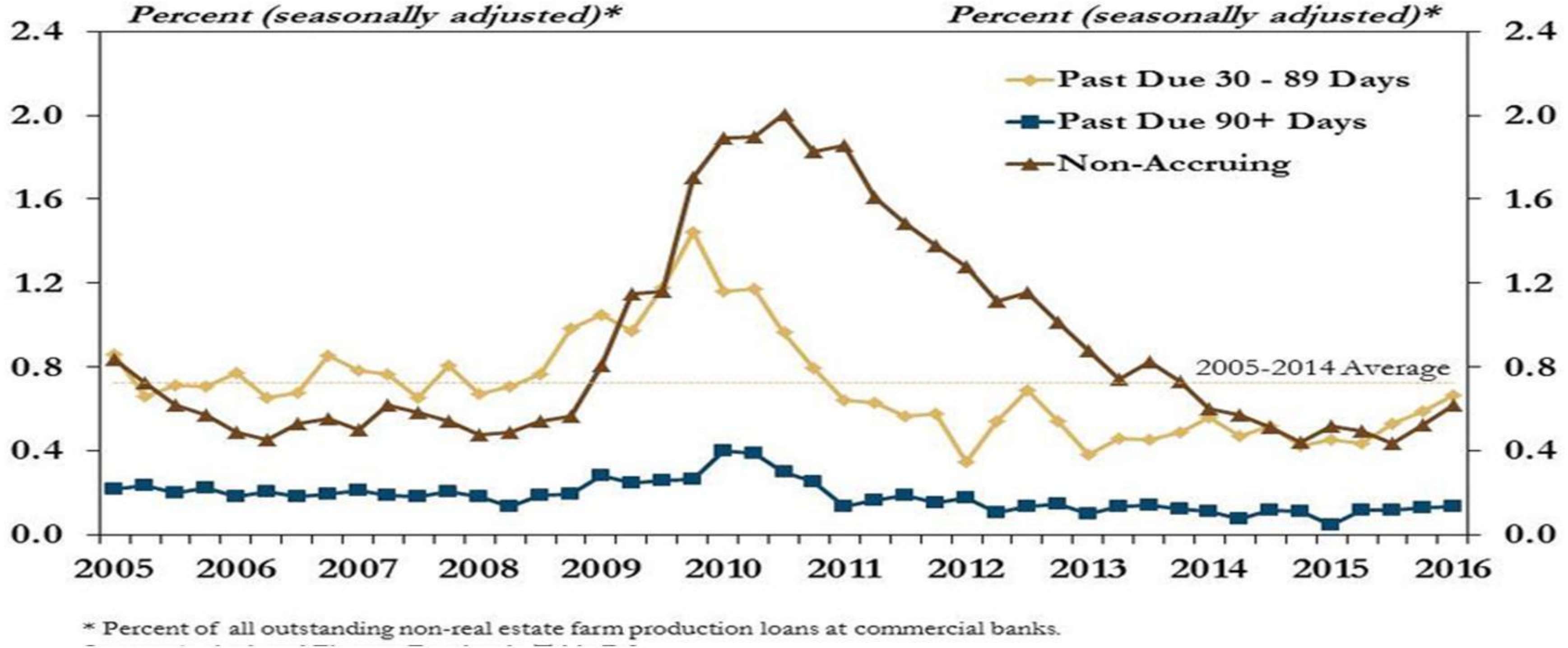
Source: American Equipment Manufacturers

Farm debt continues to increase at commercial banks



Source: Federal Reserve Bank of Kansas City, Agricultural Finance Databook.

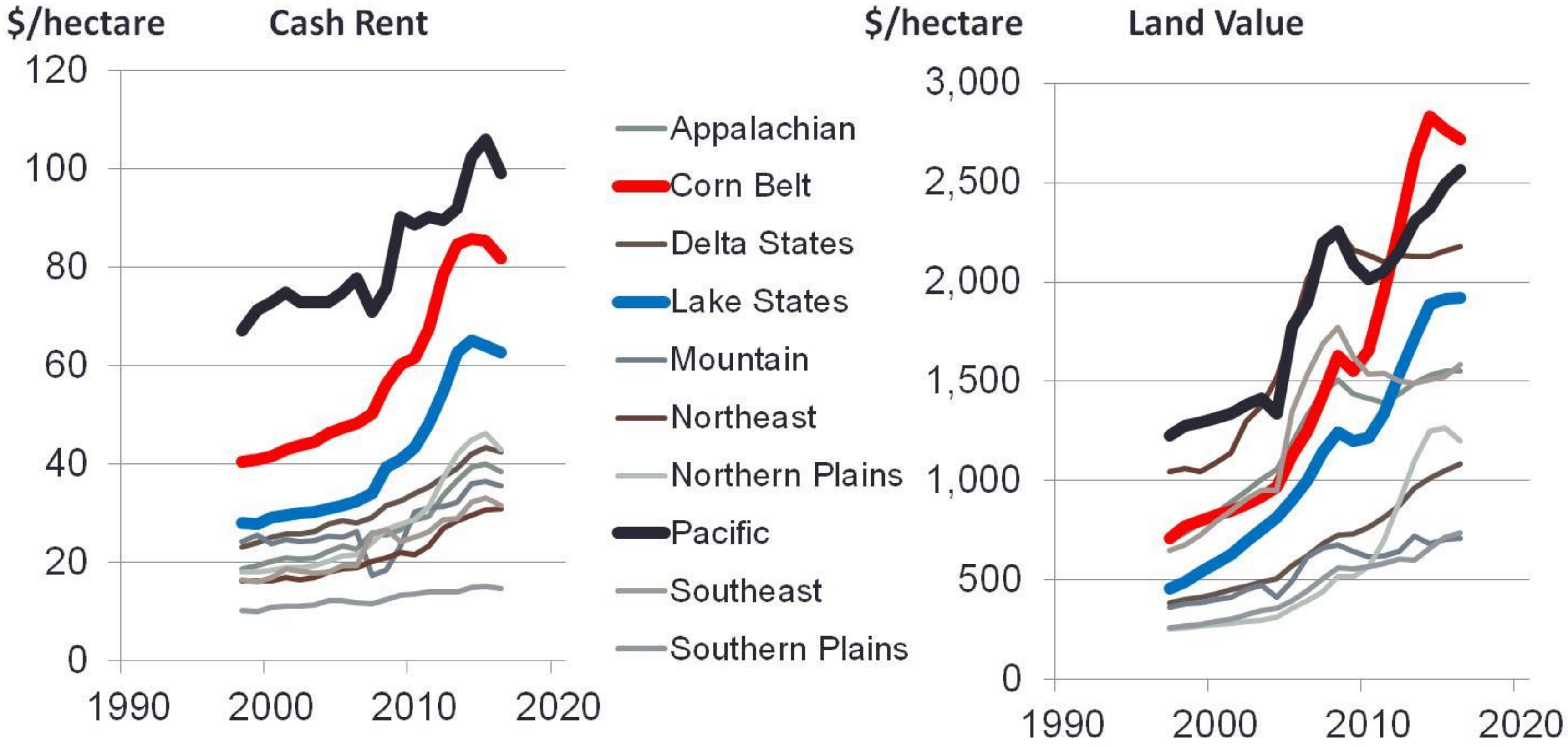
Delinquency rates on farm loans up slightly



Source: Kauffman and Clark (2016), Ag Finance Databook.

Data: Federal Reserve Board of Governors.

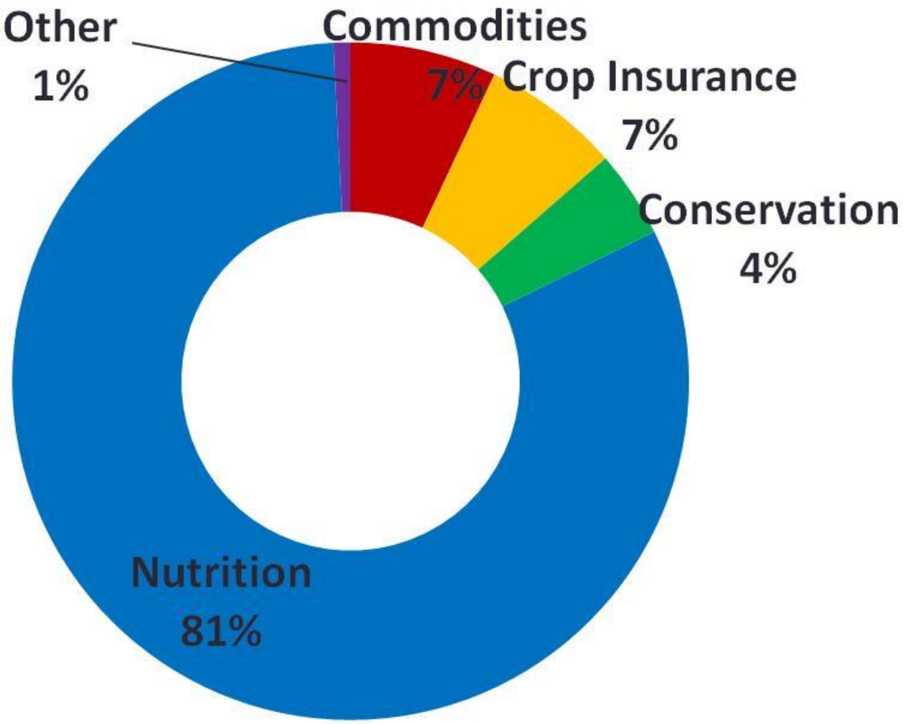
Falling rents ahead of land values



Source: USDA NASS.

2014 Farm Bill

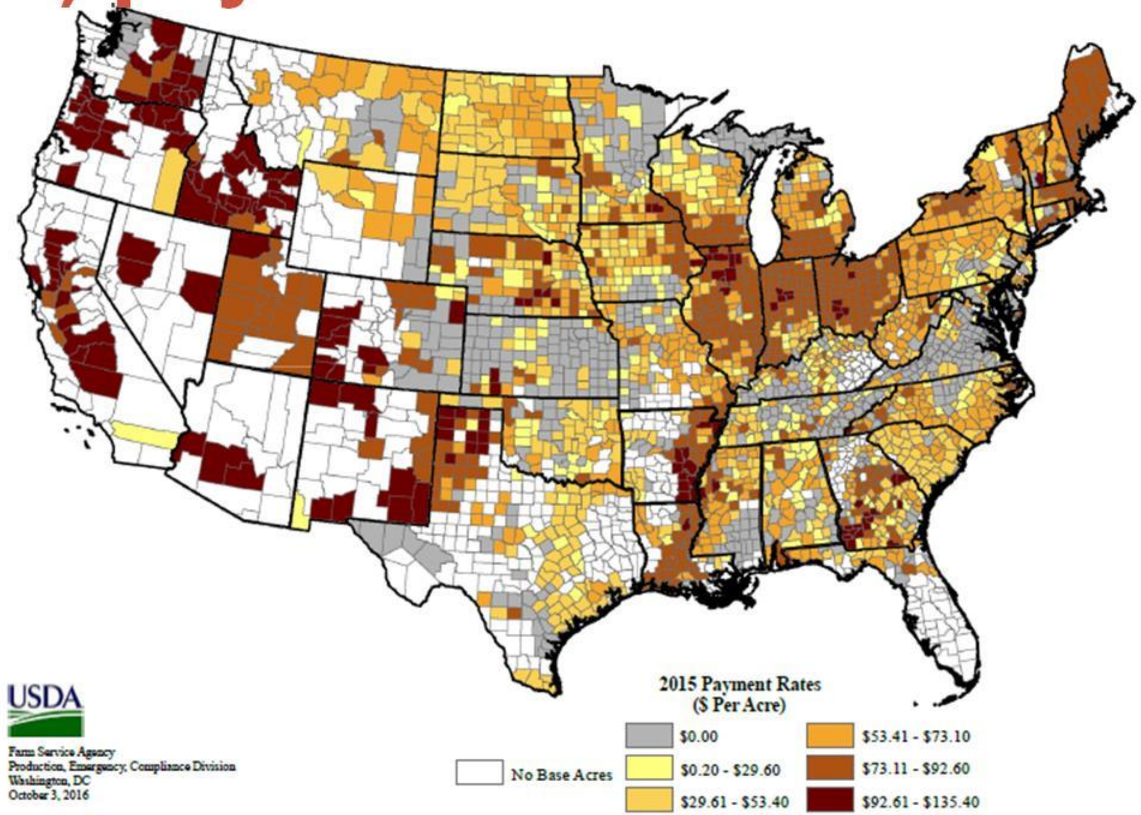
81 percent of U.S. Farm Bill expenditures fund domestic nutrition programs



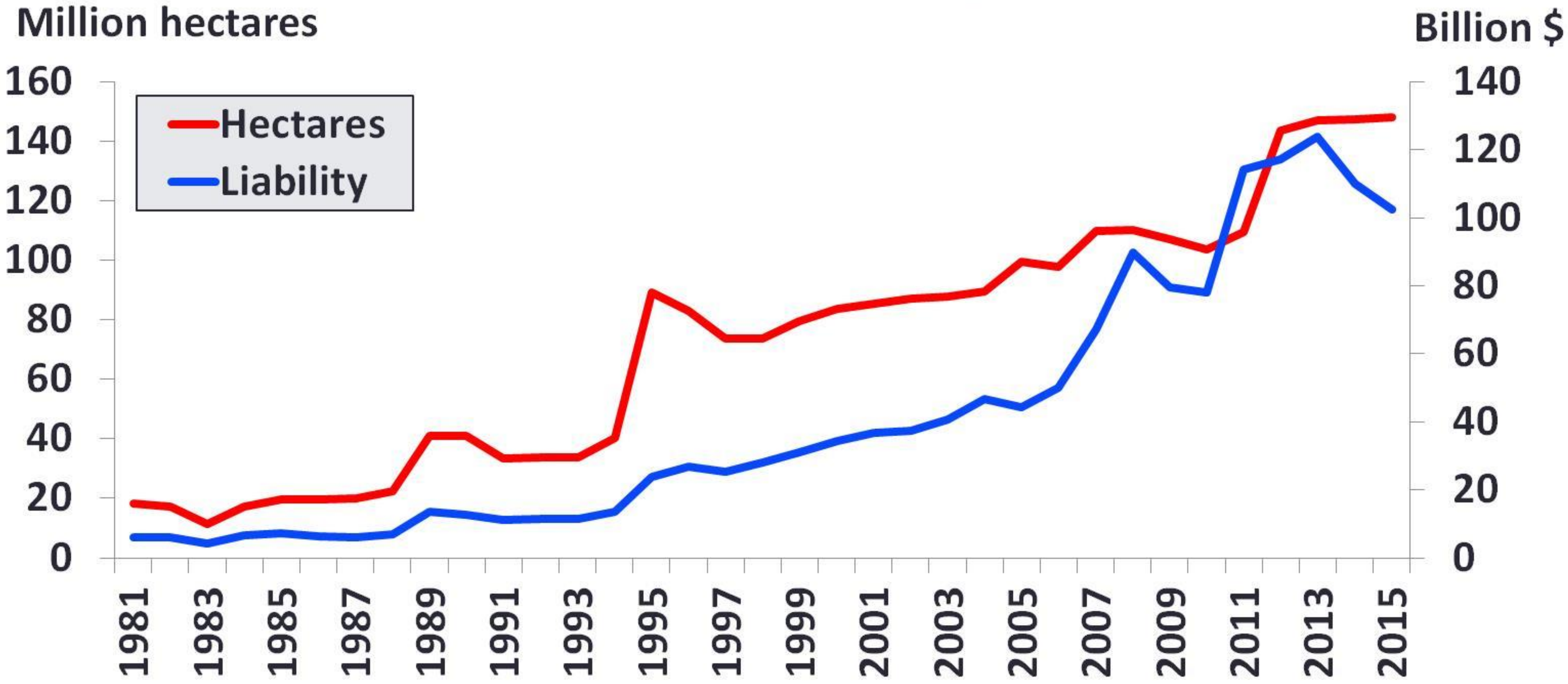
2014-2018

Source: CBO budget projections, March 2016.

2015 Agricultural Risk Coverage-County (ARC-CO) payment rates for corn

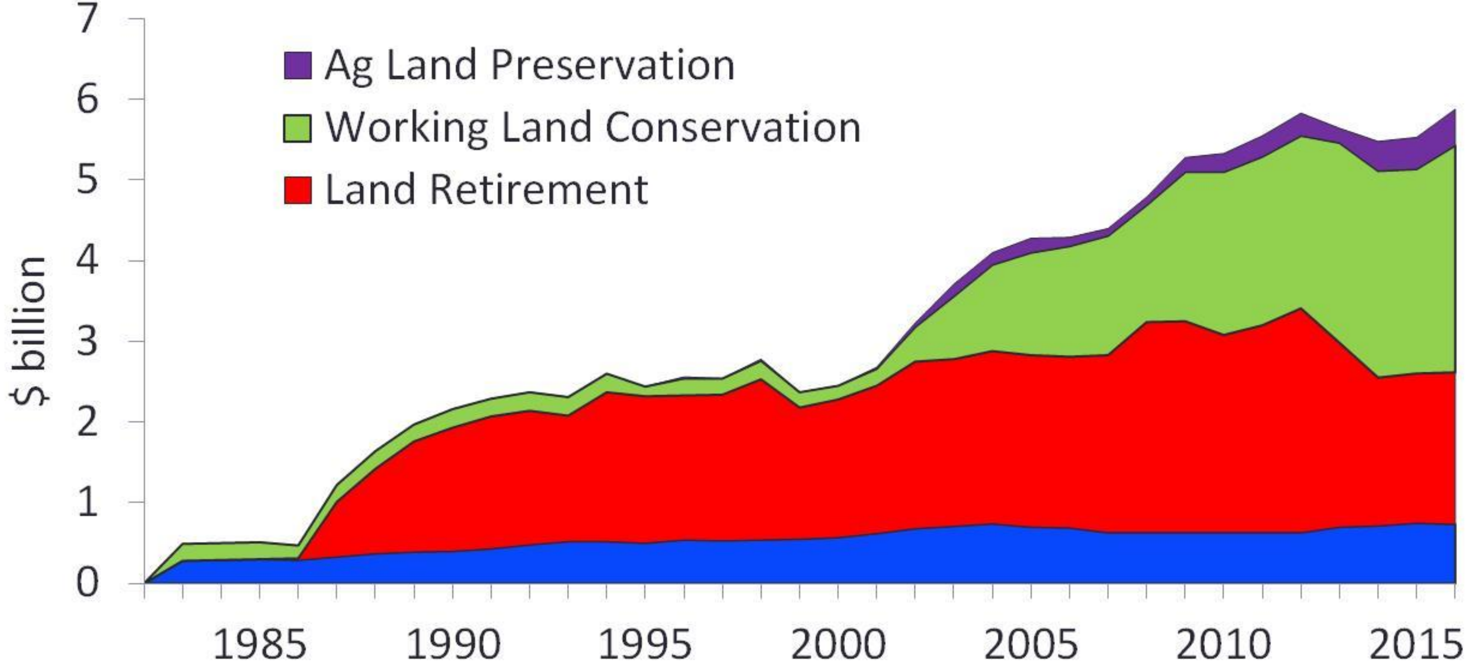


Growth in the US crop insurance program



Source: USDA Risk Management Agency Summary of Business.

Conservation spending has increased and shifted from land retirement to working lands



Note: 2015 and 2016 data reflect 2014 Farm Bill programs; 2015 budget authority estimated; 2016 budget authority proposed.

Conclusions

- Global trade will grow more slowly, with greatest increases in emerging markets and developing economies.
- The strong U.S. dollar continues to weigh on trade balance, but FTAs can help improve the export picture, for the U.S. and for trading partners.
- Strong global production has boosted stocks and pressured prices, affecting farm revenues, but some costs are falling and 2014 Farm Bill programs have helped.
- Farm income is falling and debt rising, but financial picture still strong for most as the broader economic recovery supports domestic demand and farm household incomes.

For more information:

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www.usda.gov/oce

http://www.usda.gov/oce/commodity/wasde/Secretary_Briefing.pdf

Upcoming reports

October 12 – WASDE, Crop Production