



Grains & Oilseed Situation and Outlook

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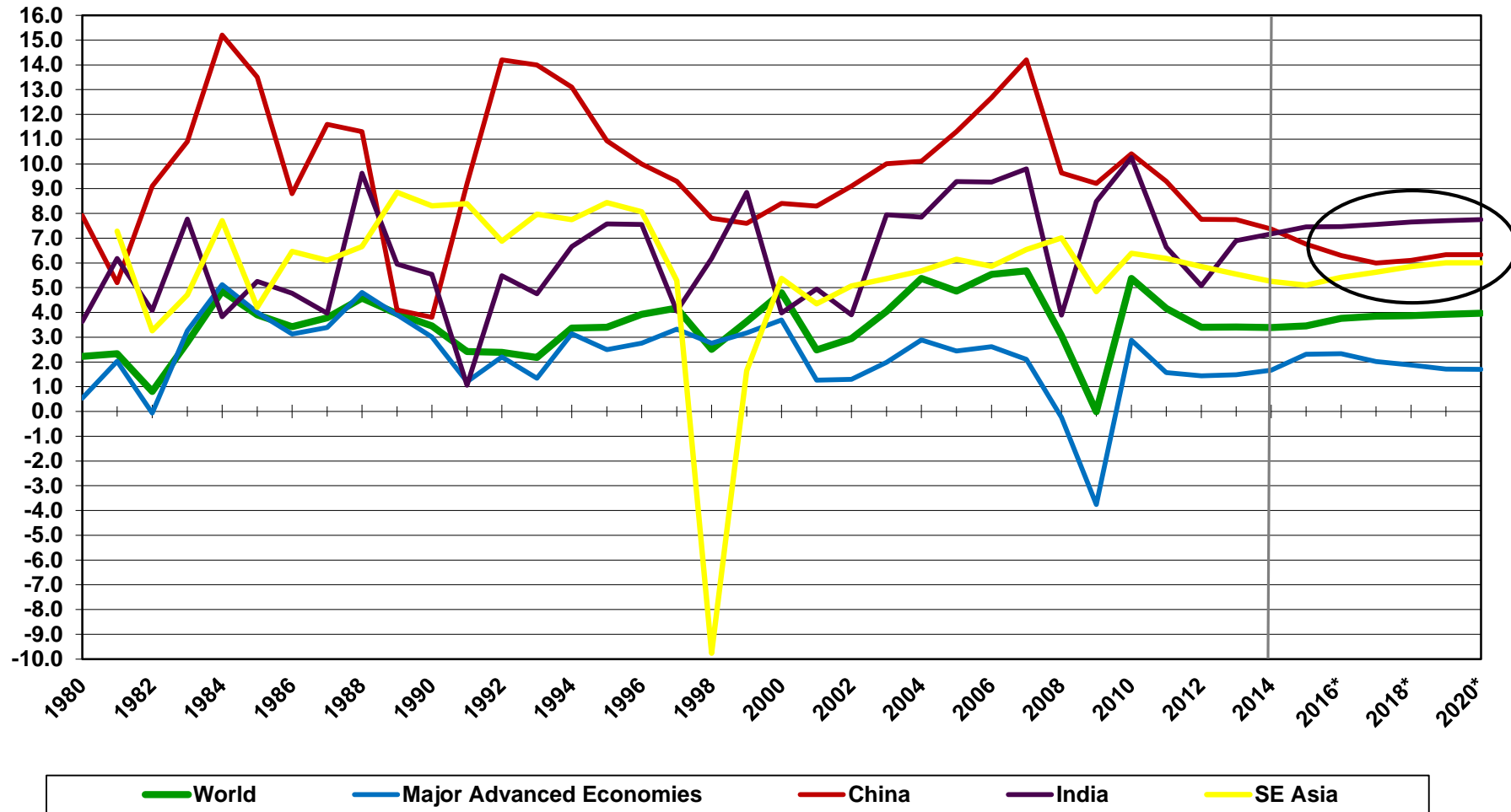
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The World Has Changed



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Selected Global Domestic Gross Product



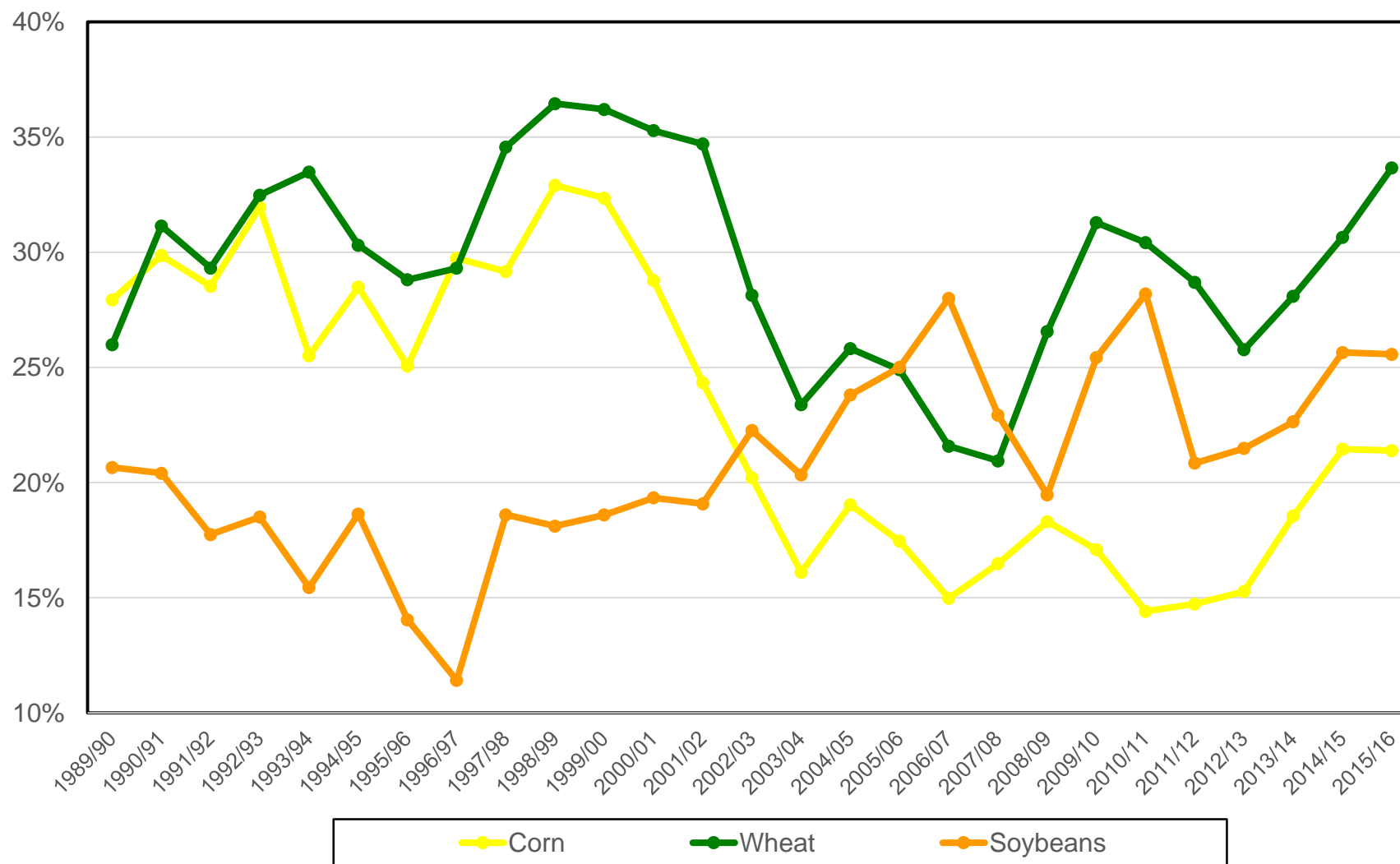
Source: IMF, October 2015
 SE Asia includes Cambodia, Indonesia, Malaysia, Philippines, Thailand & Vietnam
 * Projections

Declining Crude Oil Prices Have Pressured All Commodities Lower





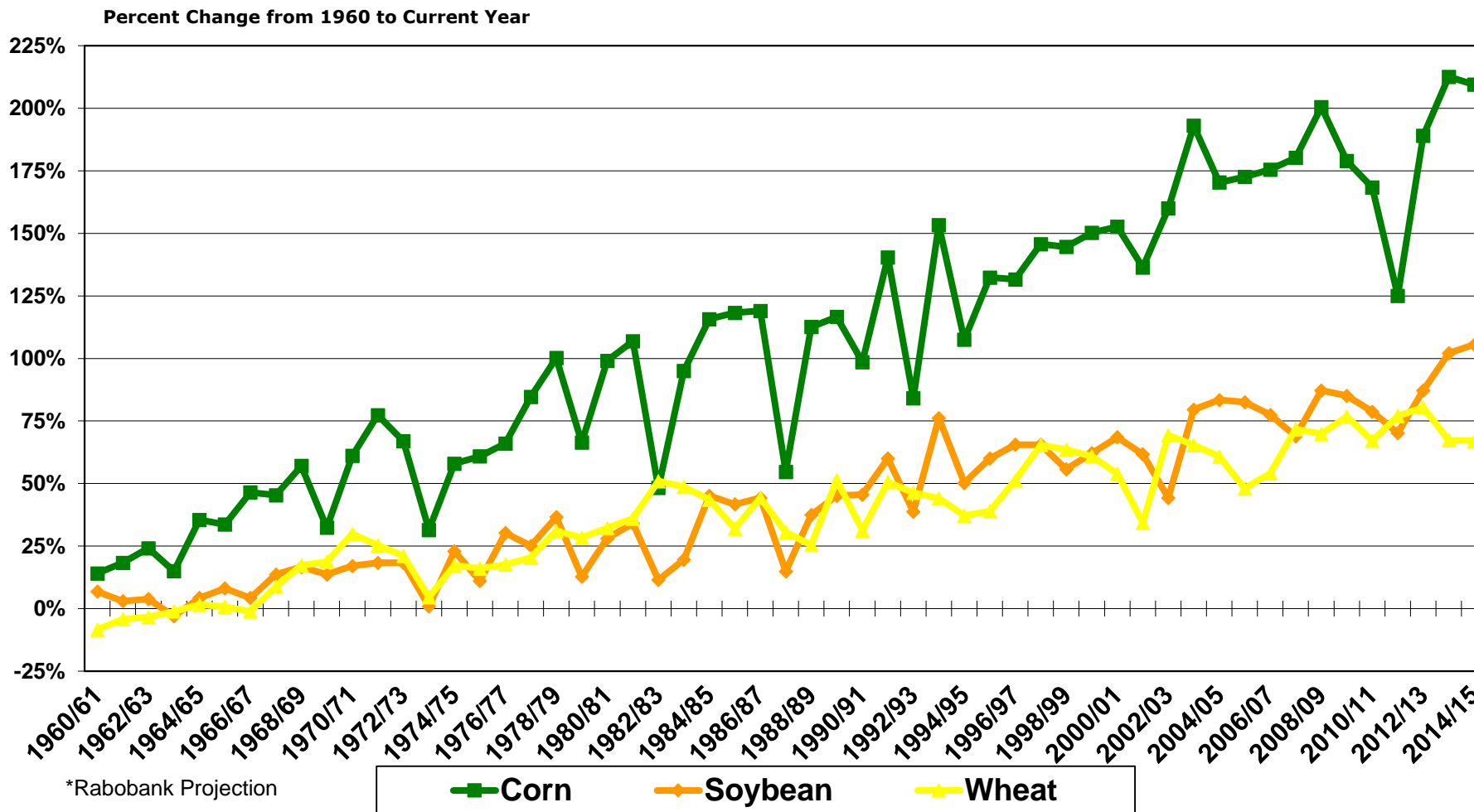
Global Stocks-to-Use Rebounding



Source: USDA, Rabobank 2016



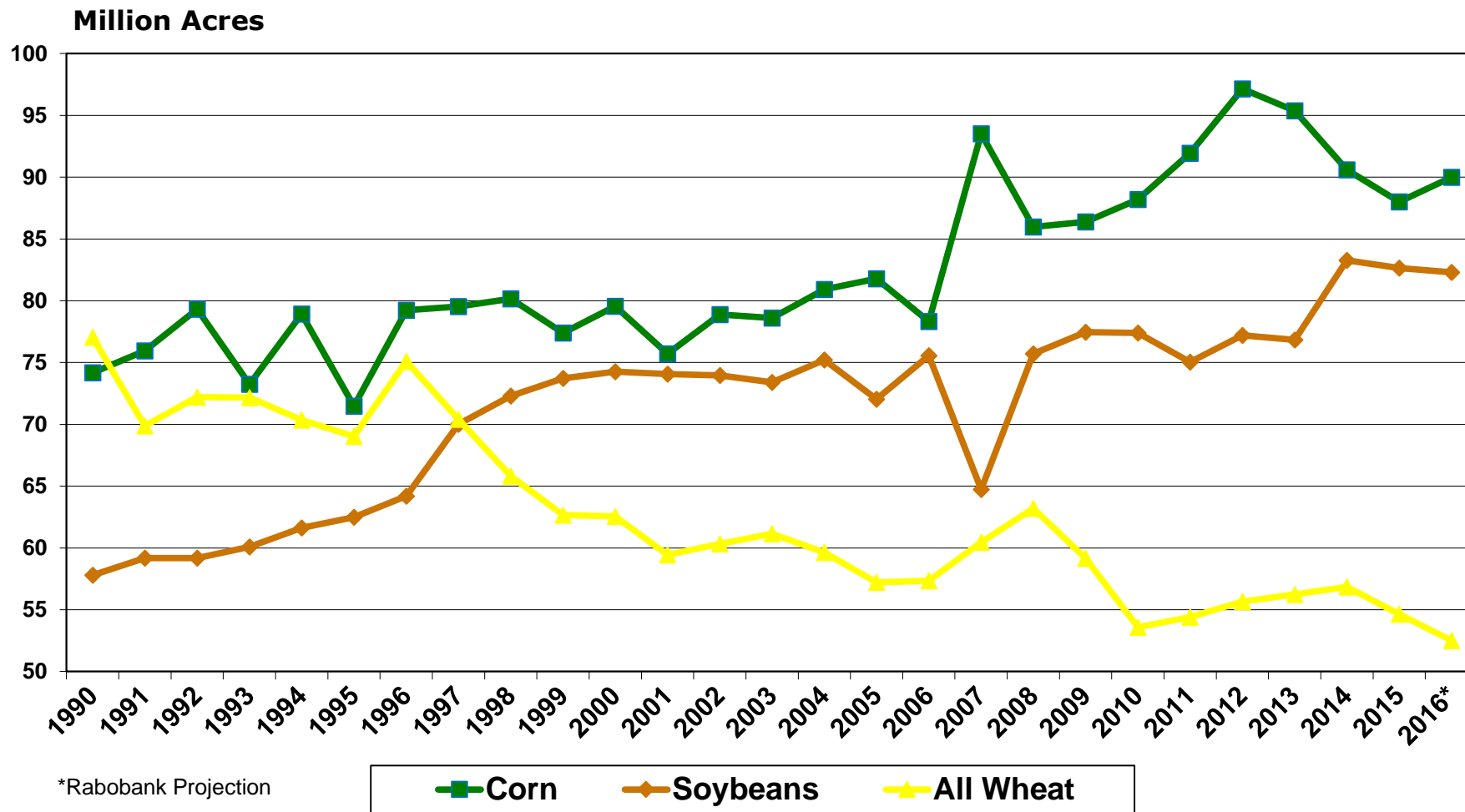
Corn Has Had A Clear Potential Yield Advantage



Source: USDA/Economic Research Service, Rabobank 2016



Major U.S. Row Crop Planted Acres---Few More Corn Acres



Source: USDA, Economic Research Service



II.

Currency Impacts



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The Strength of the U.S. Dollar Has Many Drivers

- U.S. economy continues to shows steady growth.
- U.S. is the only major economy in which a potential interest rate is likely.
 - In addition, expectations of widening interest rate differentials
- Many of the United States' major trading partners and global competitors economies have slowed.
 - i.e. Argentina, Brazil, China, Russia, etc.
- Comparable U.S. political and economic stability

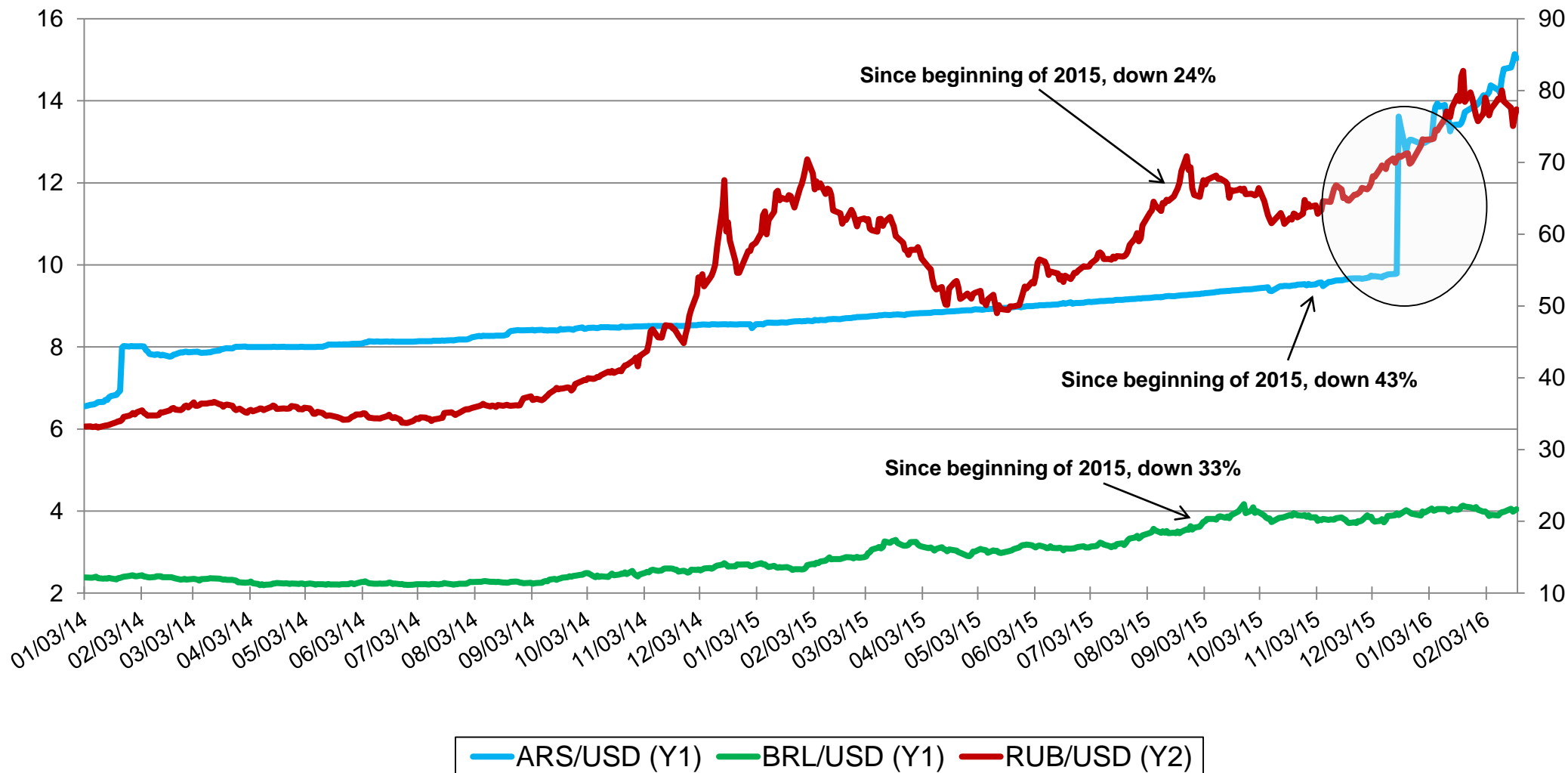


USD Is Trading a More "Normal" Level





Currency Wars with U.S. Ag Competitors



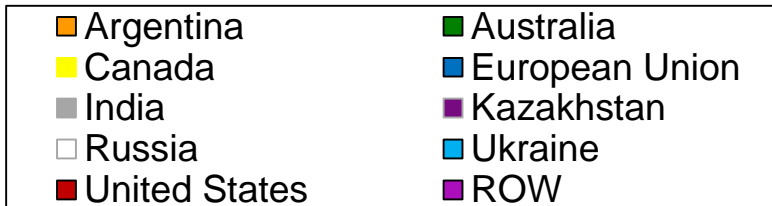
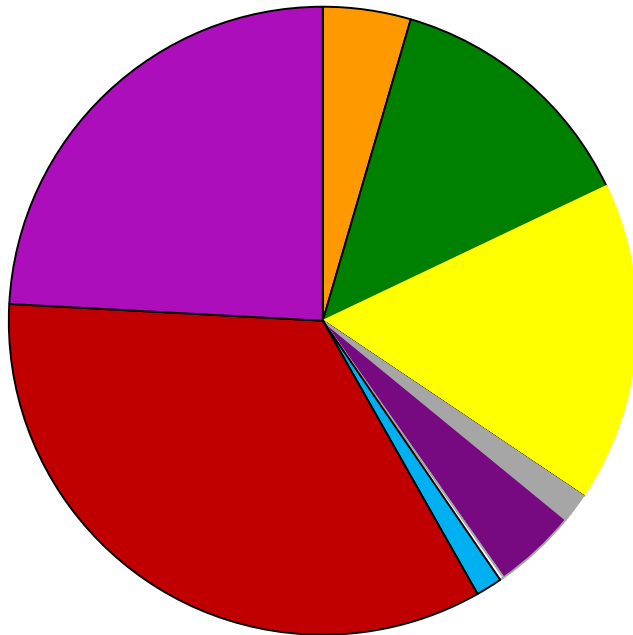
Source: Pacific Exchange Rate Service, Rabobank 2016

Change in Major Wheat Exporters Market Share of World Trade

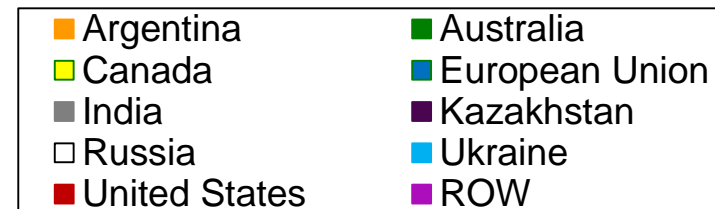
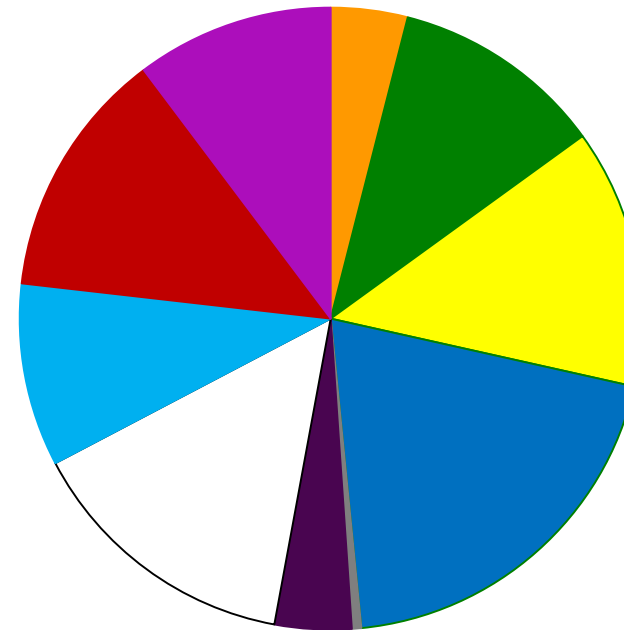
U.S. share has dropped from 34% to 13%.



1995/1996
Total Trade: 99.2 MMT



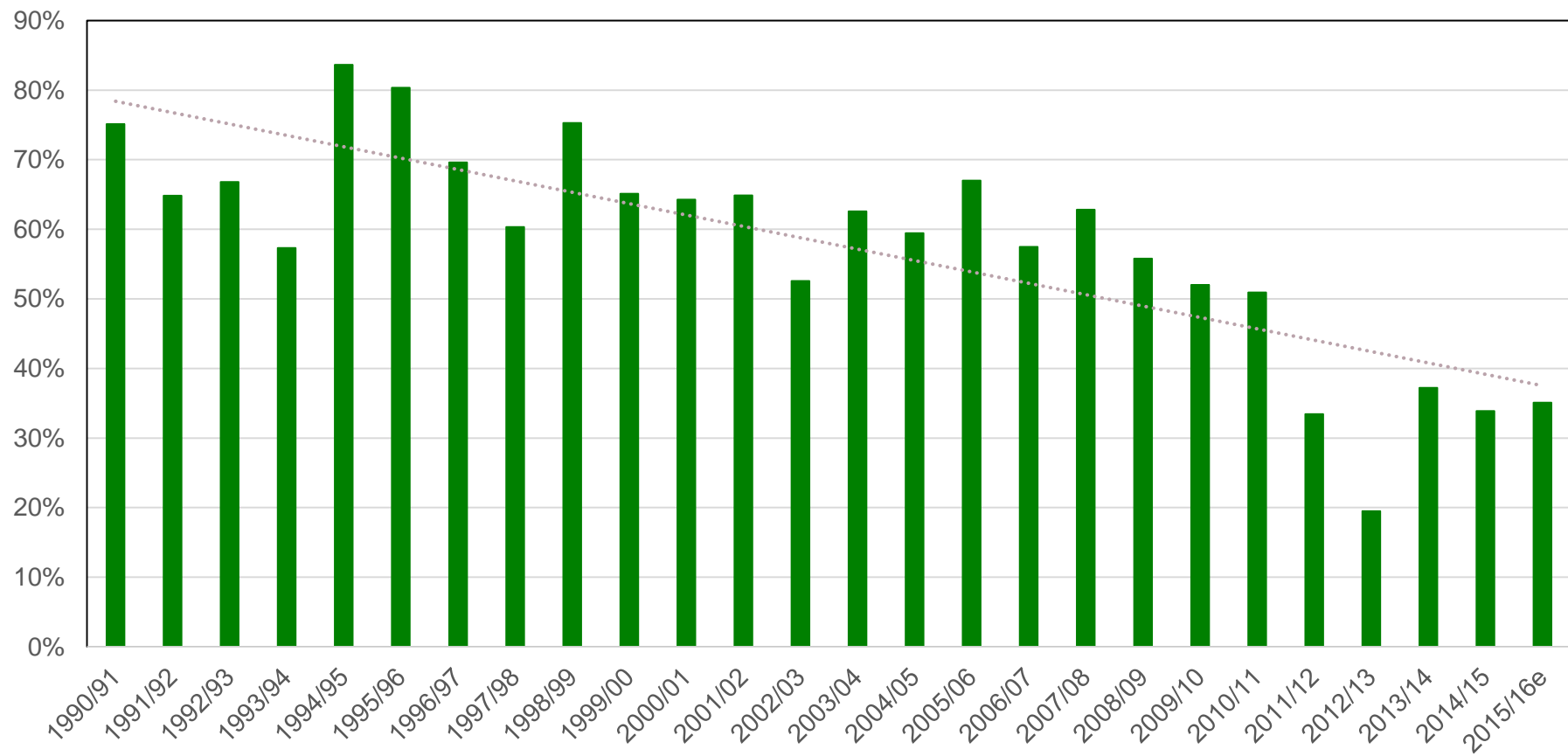
2015/16*
Total Trade: 163.1 MMT



*Projection



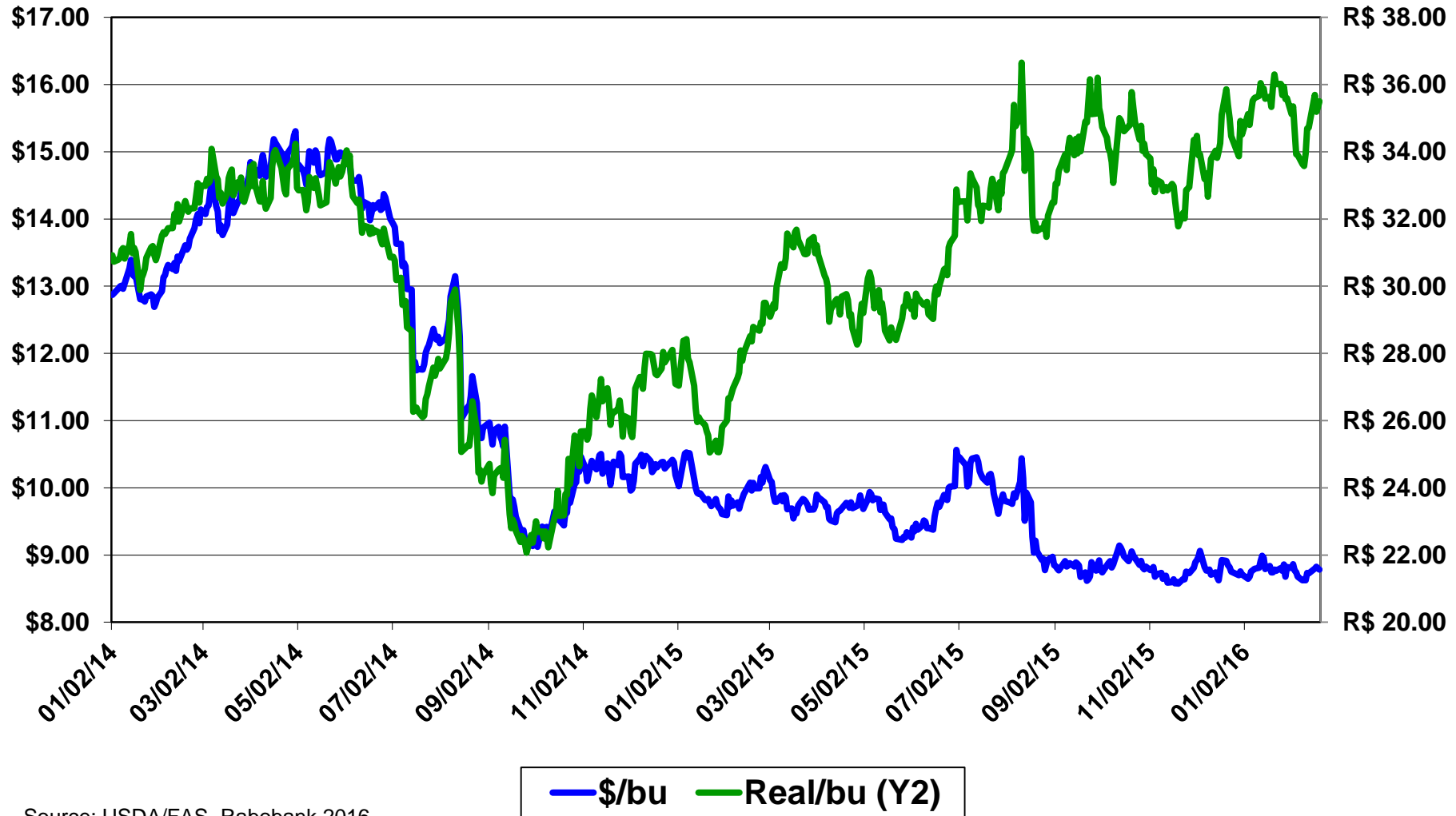
Long-Term Trend of U.S. Losing Share of Global Corn Exports



Source: USDA/FAS, Rabobank 2106

Value of Soybeans to Brazilian Producers is Increasing

Brazilian farmers have seen a 60.9% appreciation in soybean price vs U.S. farmers are seen a 3.5% decrease (based on futures prices)



Source: USDA/FAS, Rabobank 2016



Implications Beyond Just Production and Exports

- Devalued currencies encourage production despite underlying fundamentals.
- Producers in countries of devalued currencies become low-cost producer.
- Current currency situation reinforces trade flow from South American to Asia, also Black Sea.
- Assets in devalued currency countries become a more attractive investment.



III.

Corn



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Corn--Bulls and Bears



Bullish Factors

- *Farmers are holding corn*
- *Growing numbers of broilers, layers and hogs*

Bearish Factors

- Outlook for U.S. exports
- Projected building of stocks in 2015/16 & 2016/17 crop years
- Little growth in demand side of balance sheet
- Appreciation of U.S. Dollar
- Poor returns on ethanol
- Low crude oil prices
- Farmers are holding corn
- Chinese feed grains imports and policy

Swing Factors

- 2016 Planted Acres—current corn/soybean ratio favoring corn
- Ukraine and Brazil's corn crop
- Crude Oil
- Argentina

U.S. Corn Balance Sheet (million bushels)



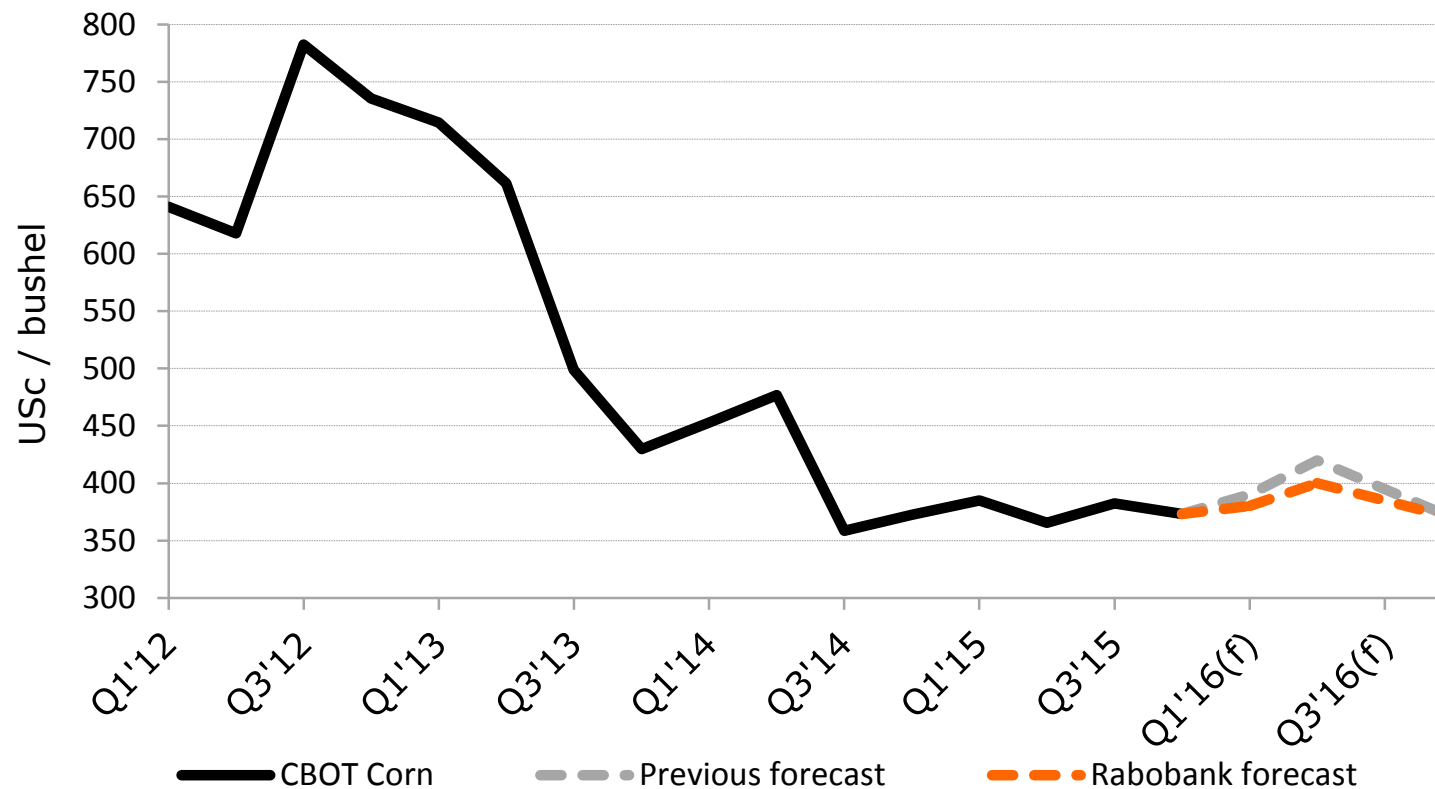
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	USDA 2015/16*	Rabo 2015/16*	Rabo 2016/17*
Planted Acres (mln)	86.0	86.4	88.2	91.9	97.3	95.4	90.6	88.0	88.0	90.0
Harvested Acres (mln)	78.6	79.5	81.4	84.0	87.4	87.5	83.1	80.7	80.7	82.3
Yield (bu./acre)	153.9	164.4	152.6	146.8	123.1	158.1	171.0	168.4	168.4	165.0
Supply										
Beginning Stocks (9/1)	1,624	1,673	1,709	1,127	989	821	1,231	1,730	1,730	1,872
Production	12,043	13,067	12,425	12,314	10,755	13,829	14,216	13,601	13,601	13,586
Total Supply	13,681	14,750	14,159	13,470	11,904	14,686	15,478	15,382	15,367	15,477
Disappearance										
Feed	5,133	5,101	4,777	4,519	4,315	5,040	5,315	5,300	5,275	5,300
Food, Seed & Industrial	5,025	5,961	6,426	6,424	6,038	6,494	6,568	6,595	6,620	6,585
<i>Ethanol of Fuel</i>	<i>3,709</i>	<i>4,594</i>	<i>5,019</i>	<i>5,000</i>	<i>4,641</i>	<i>5,124</i>	<i>5,209</i>	<i>5,225</i>	<i>5,250</i>	<i>5,225</i>
Exports	1,849	1,979	1,831	1,539	730	1,920	1,864	1,650	1,600	1,600
Total Disappearance	12,007	13,041	13,034	12,482	11,083	13,454	13,747	13,545	13,495	13,485
Ending Stocks	1,673	1,709	1,127	988	821	1,231	1,730	1,837	1,872	1,992
Stocks-to-Use Ratio (%)	13.9%	13.1%	8.6%	7.9%	7.4%	9.2%	12.6%	13.3%	13.9%	14.8%
Average Farm Price (\$/bu.)	\$4.06	\$3.55	\$5.18	\$6.22	\$6.89	\$4.46	\$3.70	\$3.60	\$3.55	\$3.50

*Projections



Price forecast: CBOT Corn

	unit	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16(f)	Q2'16(f)	Q3'16(f)	Q4'16(f)
Corn	USc/bu	385	365	382	373	380	400	385	370



Source: Bloomberg, Rabobank, 2016



Weekly Corn Futures—Settling into 2009/10 Trading Range

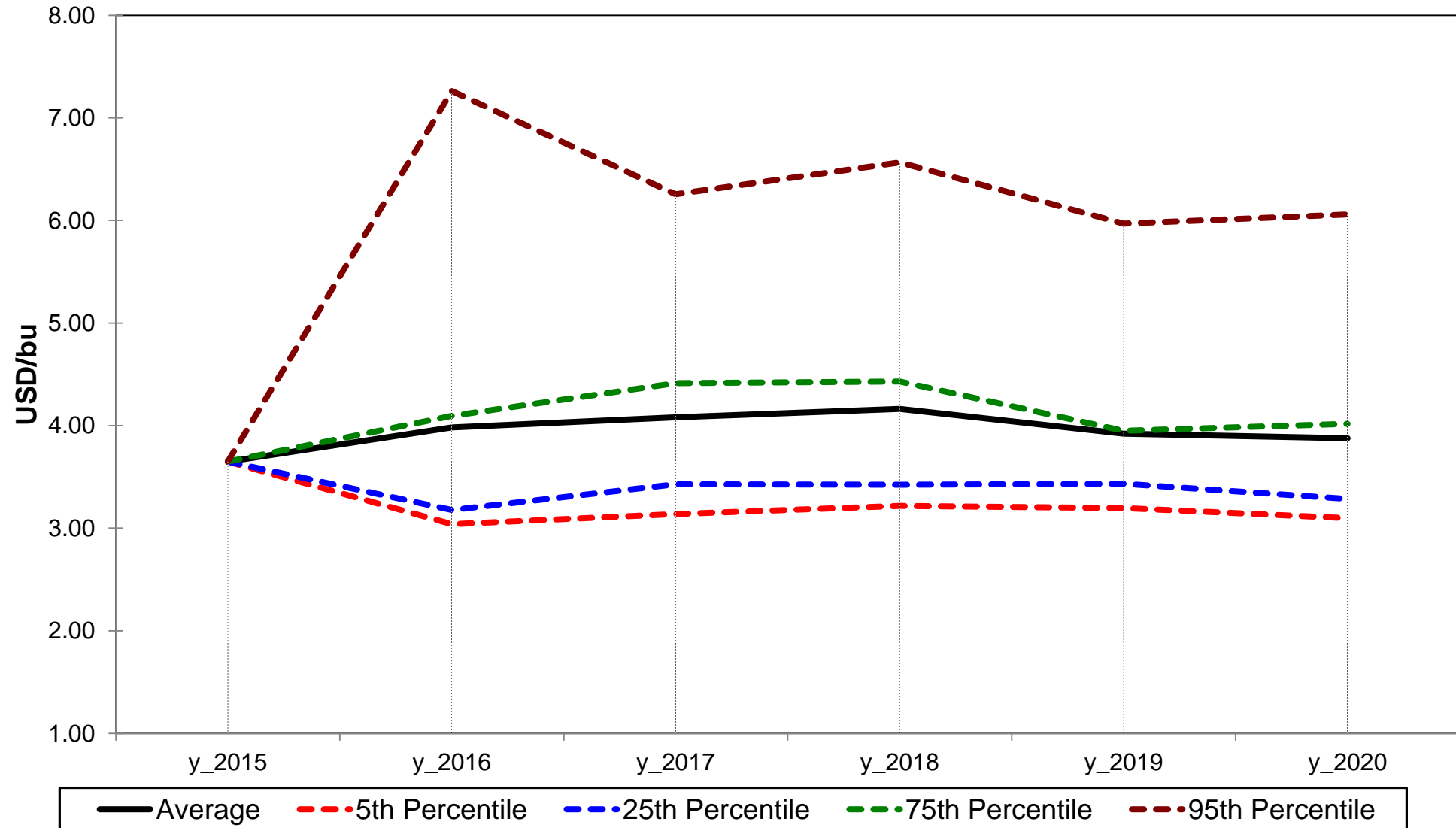


Corn Price Probabilities

Potential for price spikes/probability higher for breakeven to lower

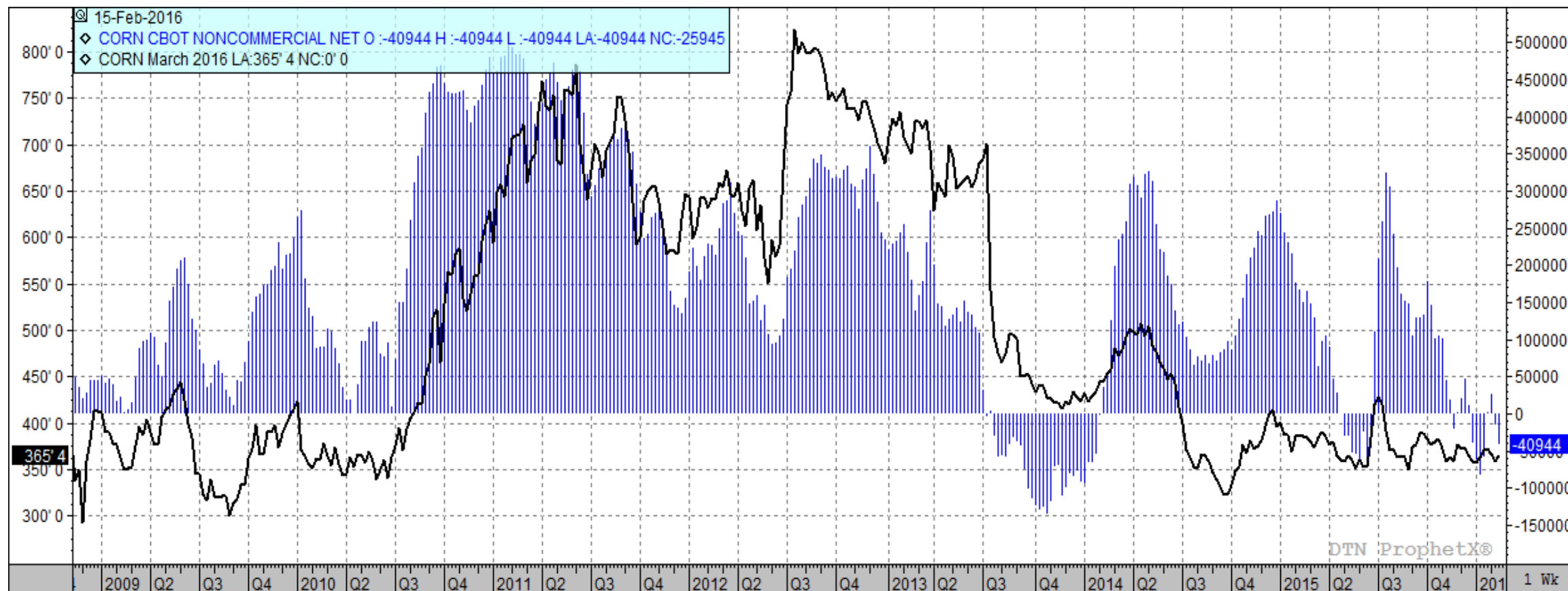


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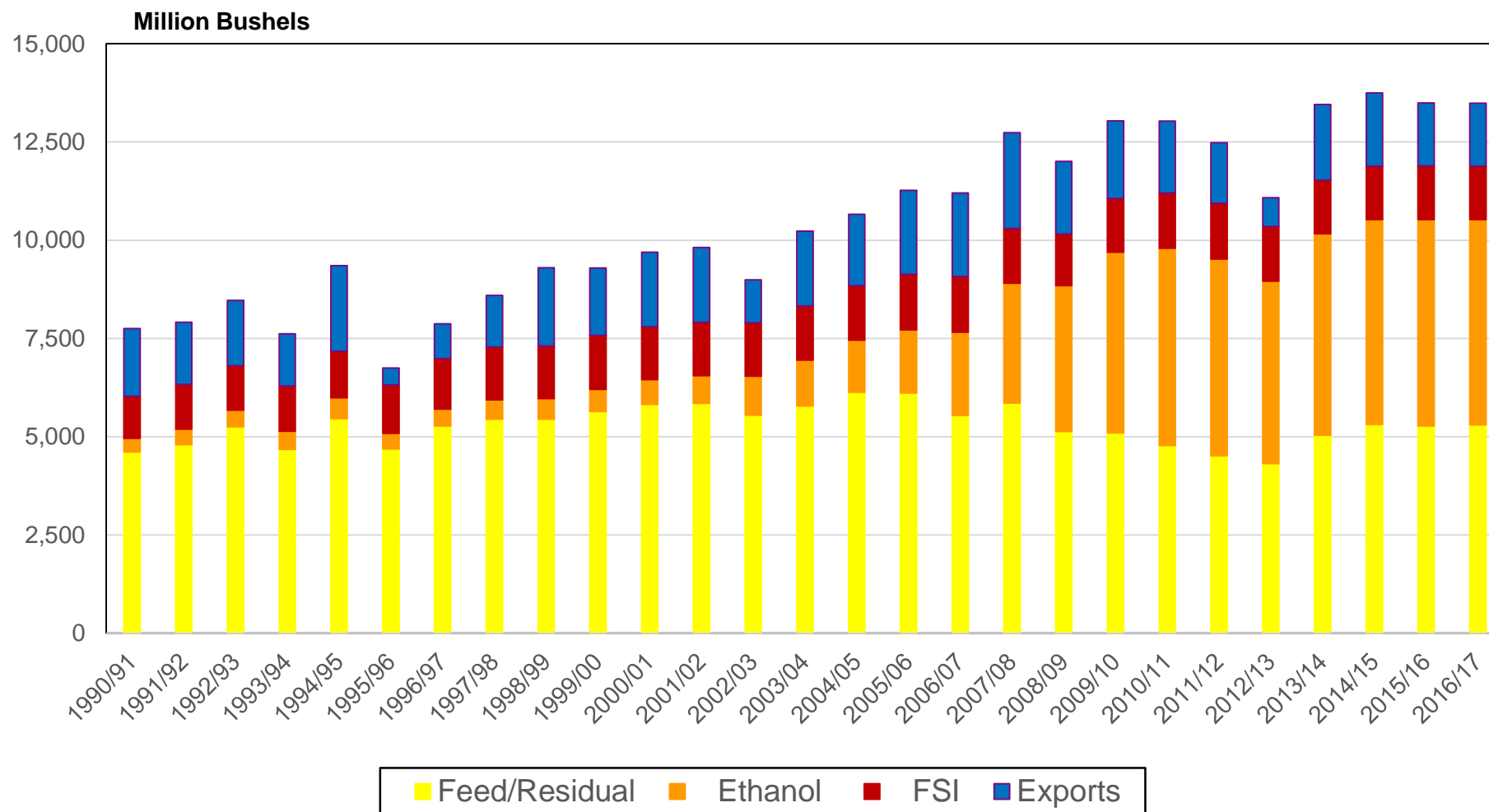


Funds Don't Have Much Money Invested in Corn Market





Total U.S. Corn Demand is Flat at Best



Source: USDA/ERS, Rabobank 2106

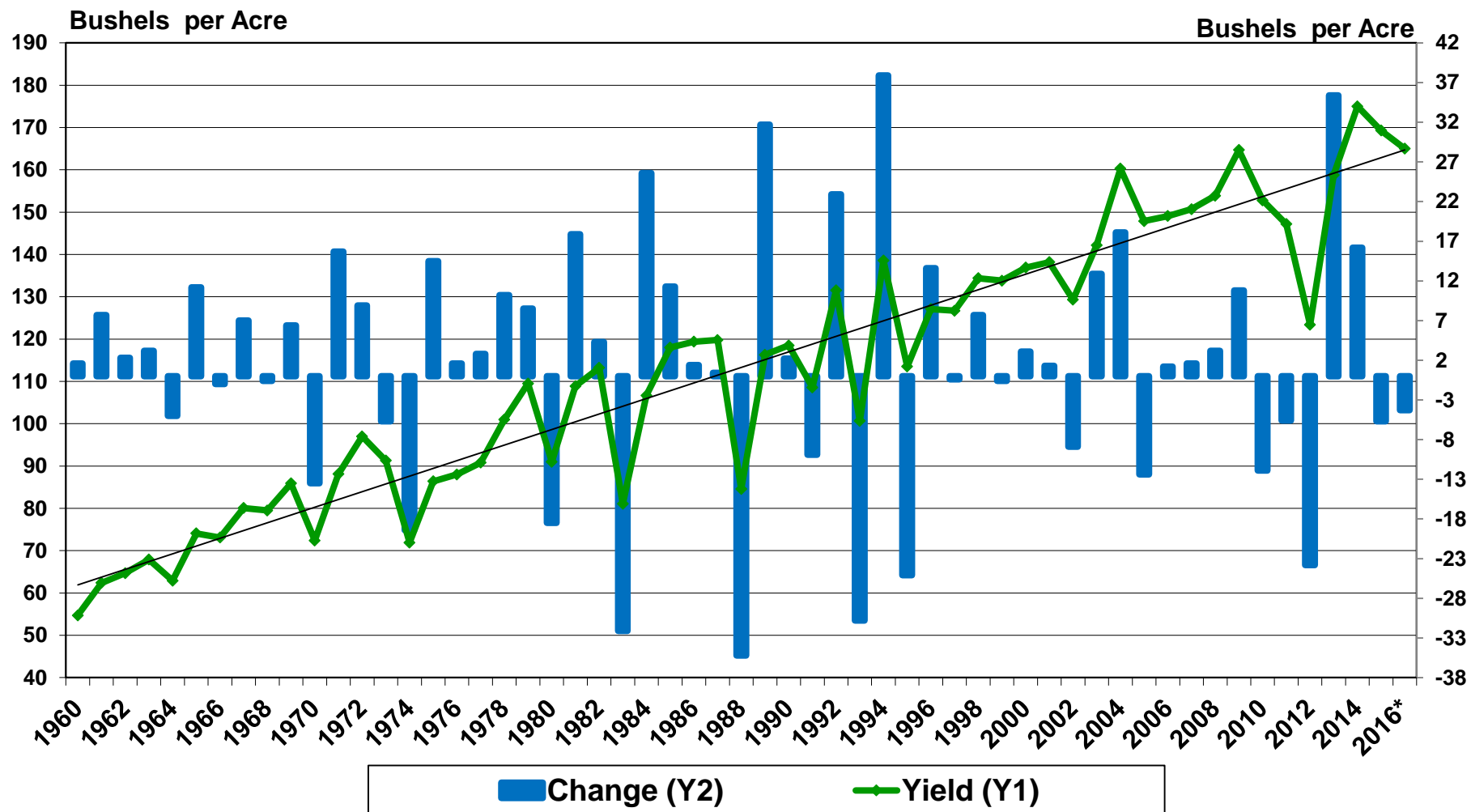
Estimated Net Corn Costs have Stabilized just under \$2.00 per bu.



Net Corn Costs = Cash Corn Price - CoProduct Revenue (Corn Oil, Corn Gluten Feed, Corn Gluten Meal)



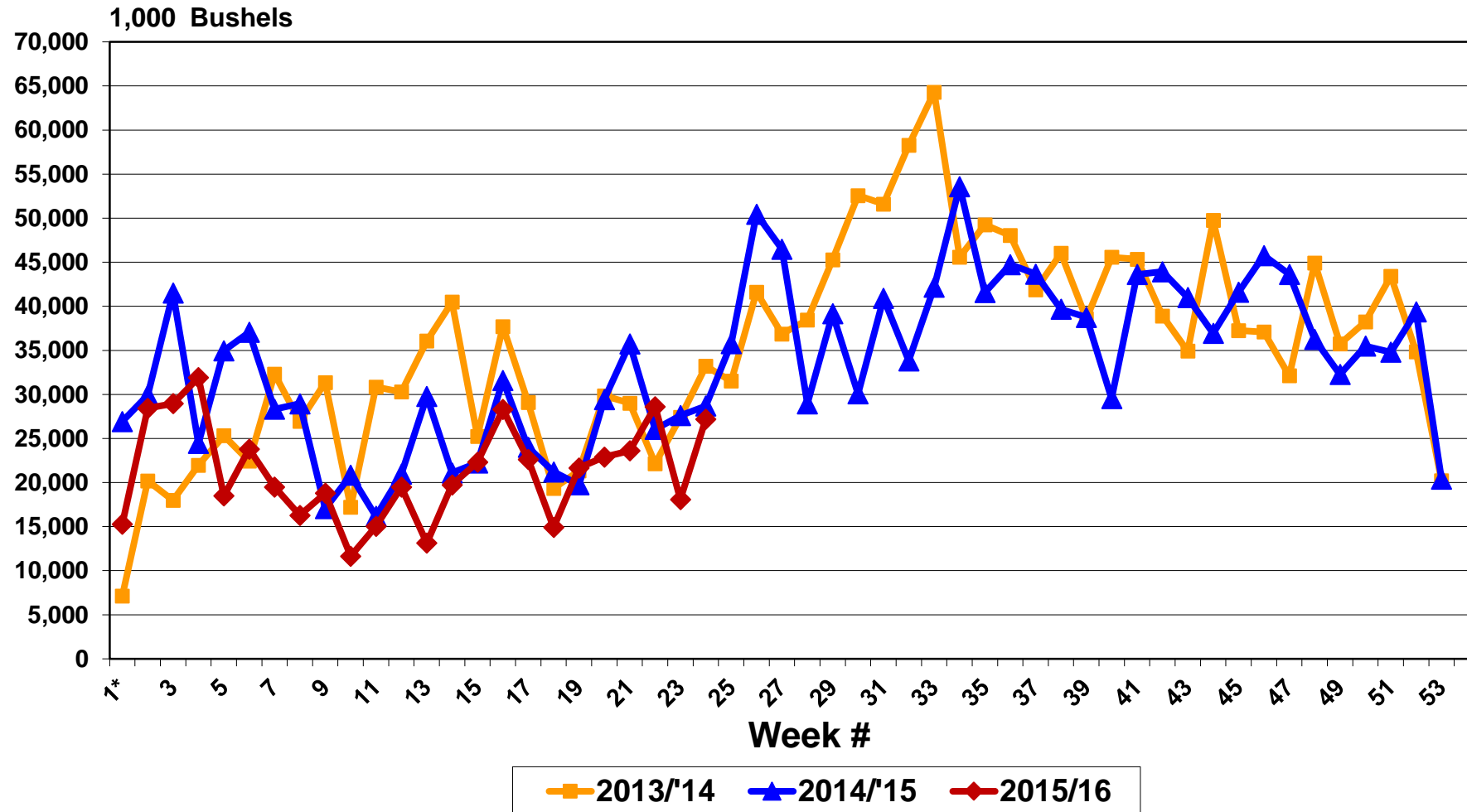
More Volatility in U.S. Corn Yields



U.S. Corn Export Inspections are Behind 20.7% vs. Previous Year's Pace



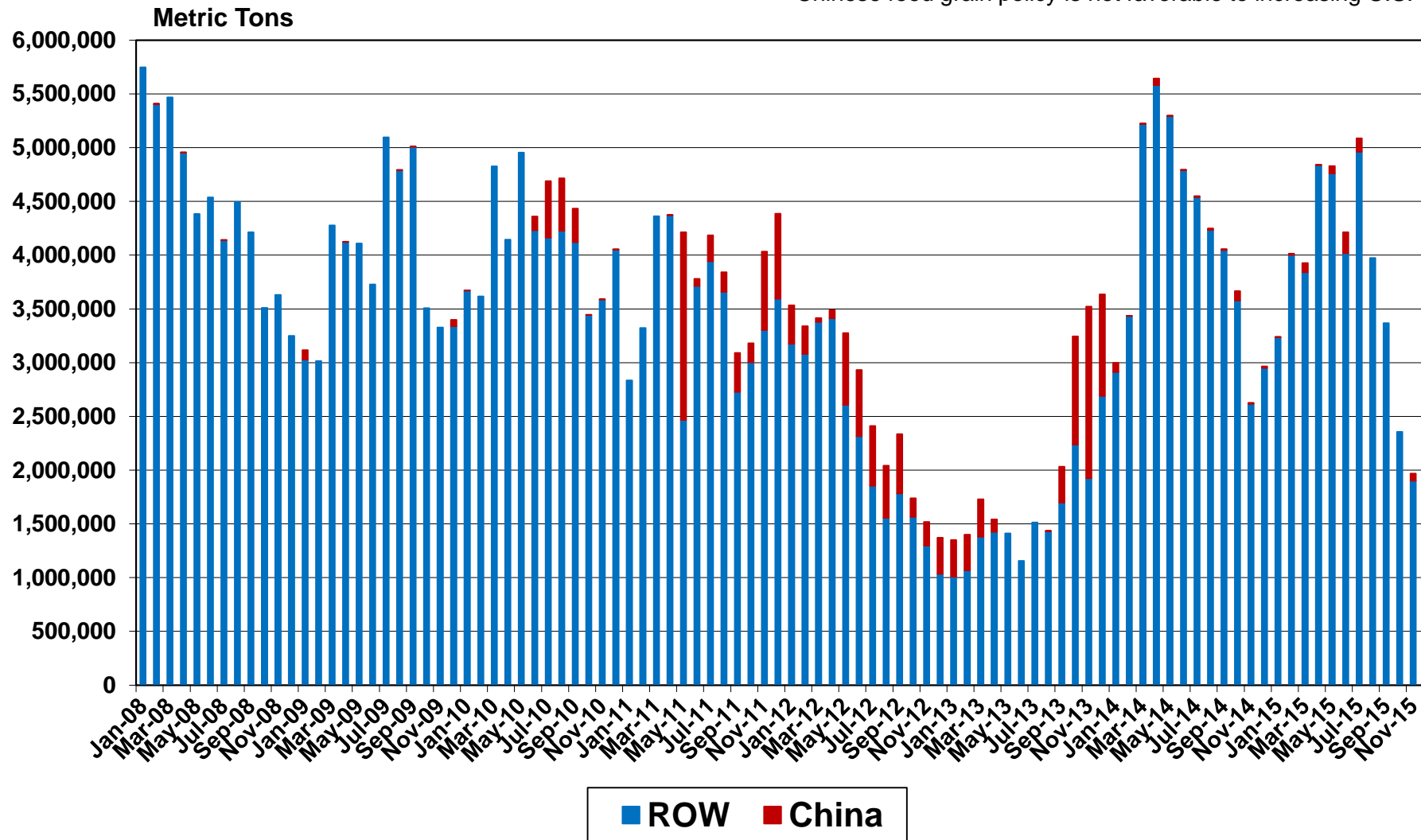
Current pace shows corn exports AT 1.3 bln bushels of 2015/16 crop year..



Source: USDA/AMS, Rabobank 2015

U.S. Monthly Corn Exports

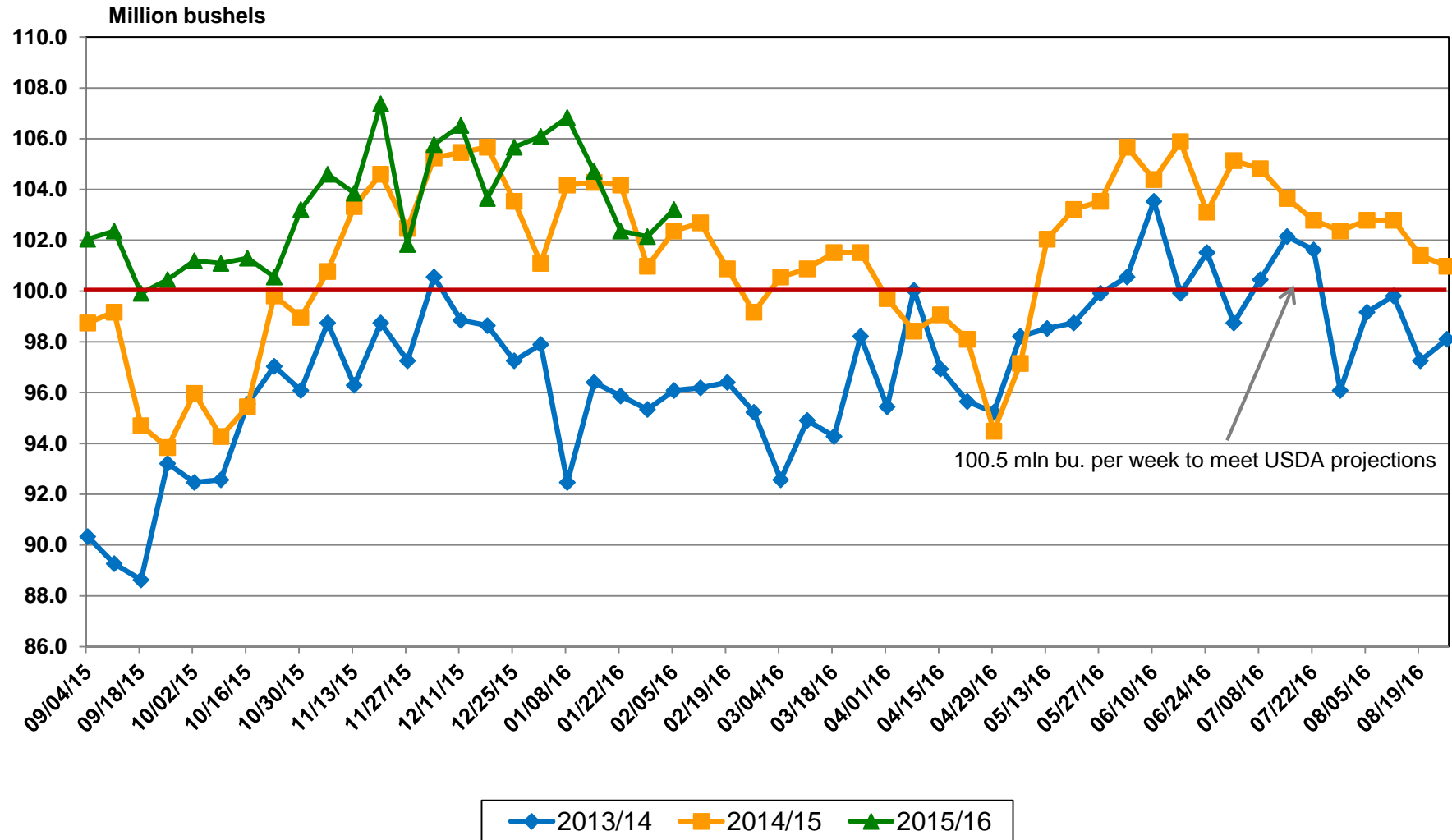
Chinese feed grain policy is not favorable to increasing U.S. corn exports to China.



Source: USDA/FAS & U.S. Census

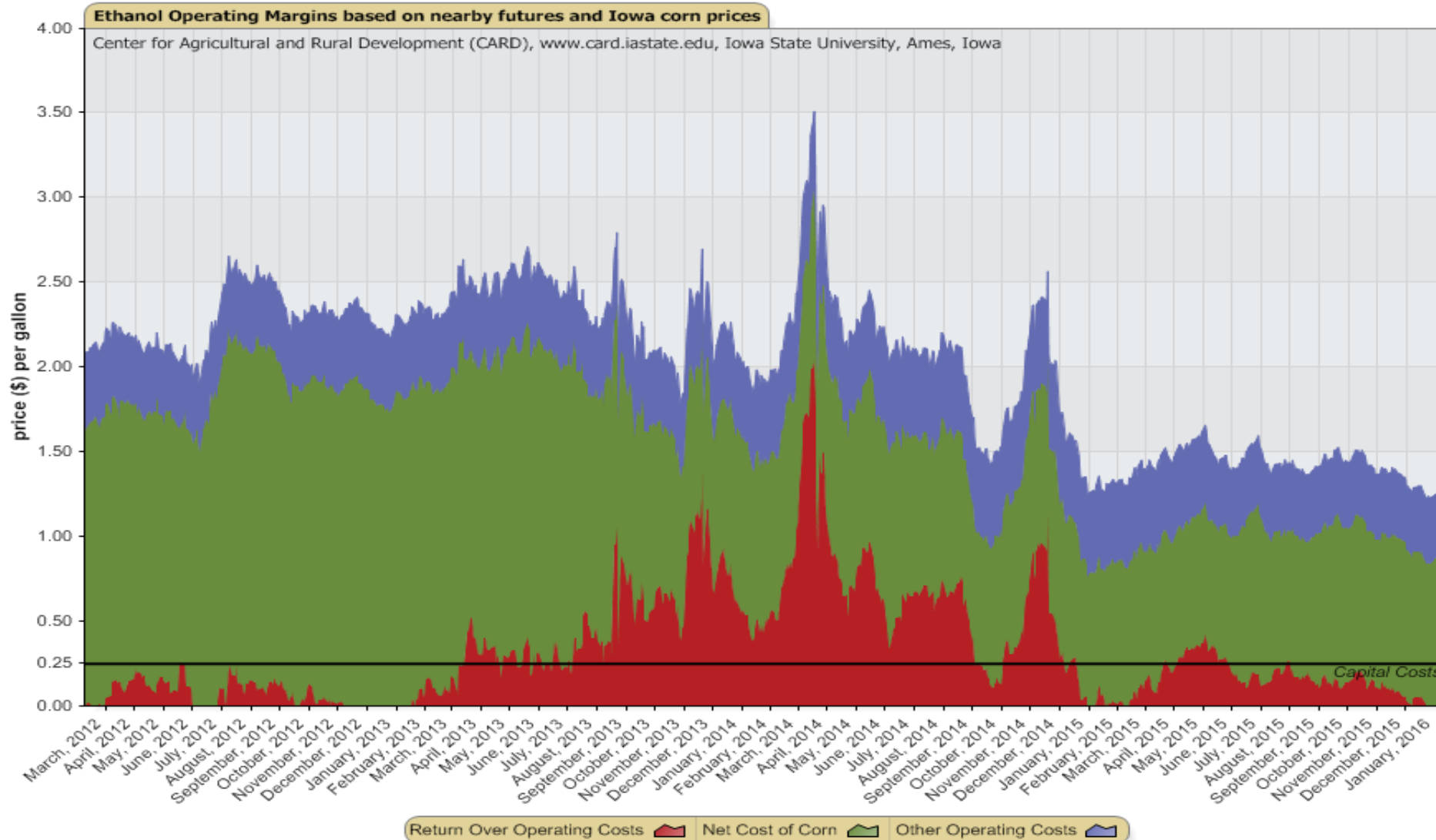
Weekly Corn Usage for Ethanol Production

(Average weekly usage = 103.4 mln bu.)

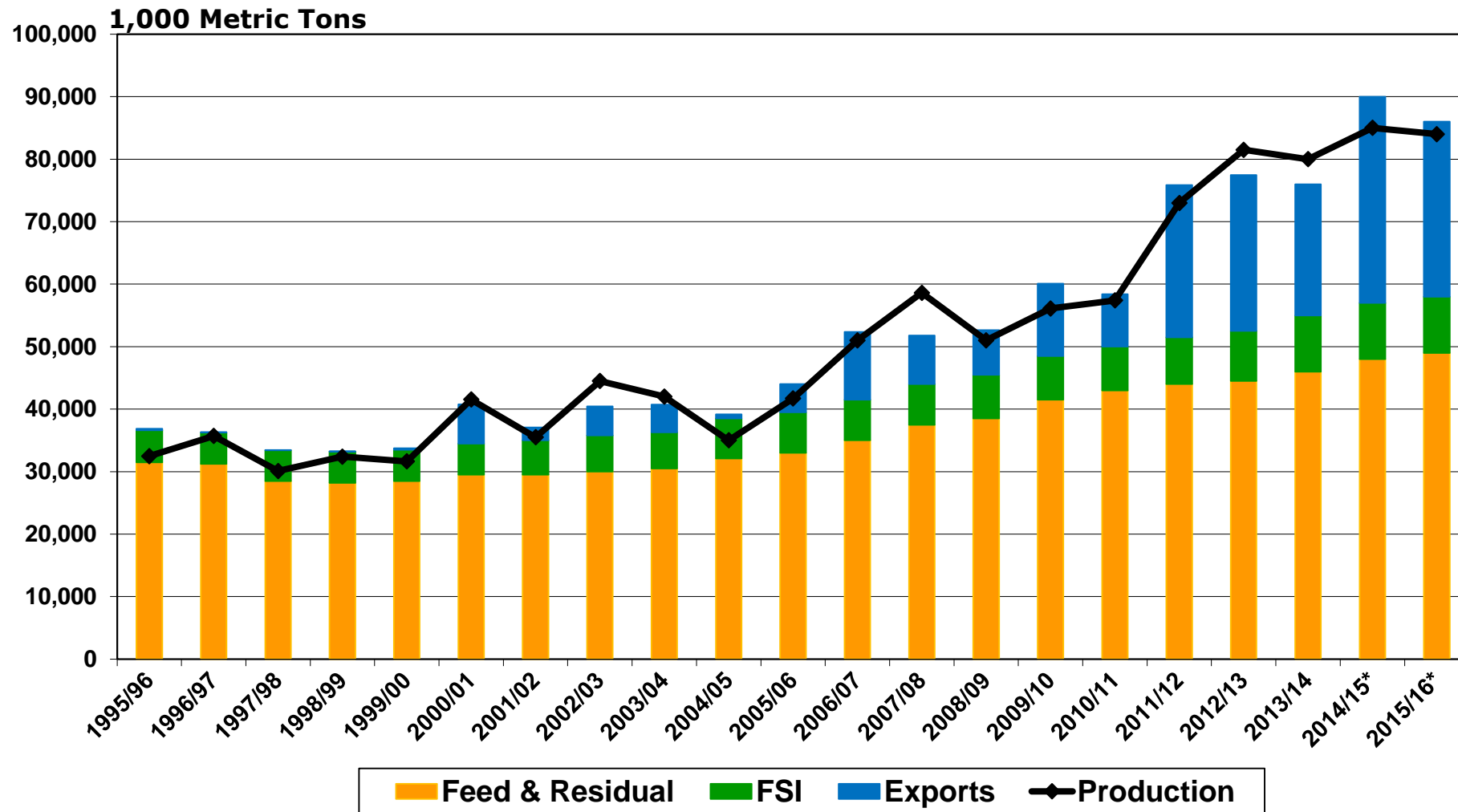


Source: Energy Information Agency

Ethanol Margins Remain Under Pressure



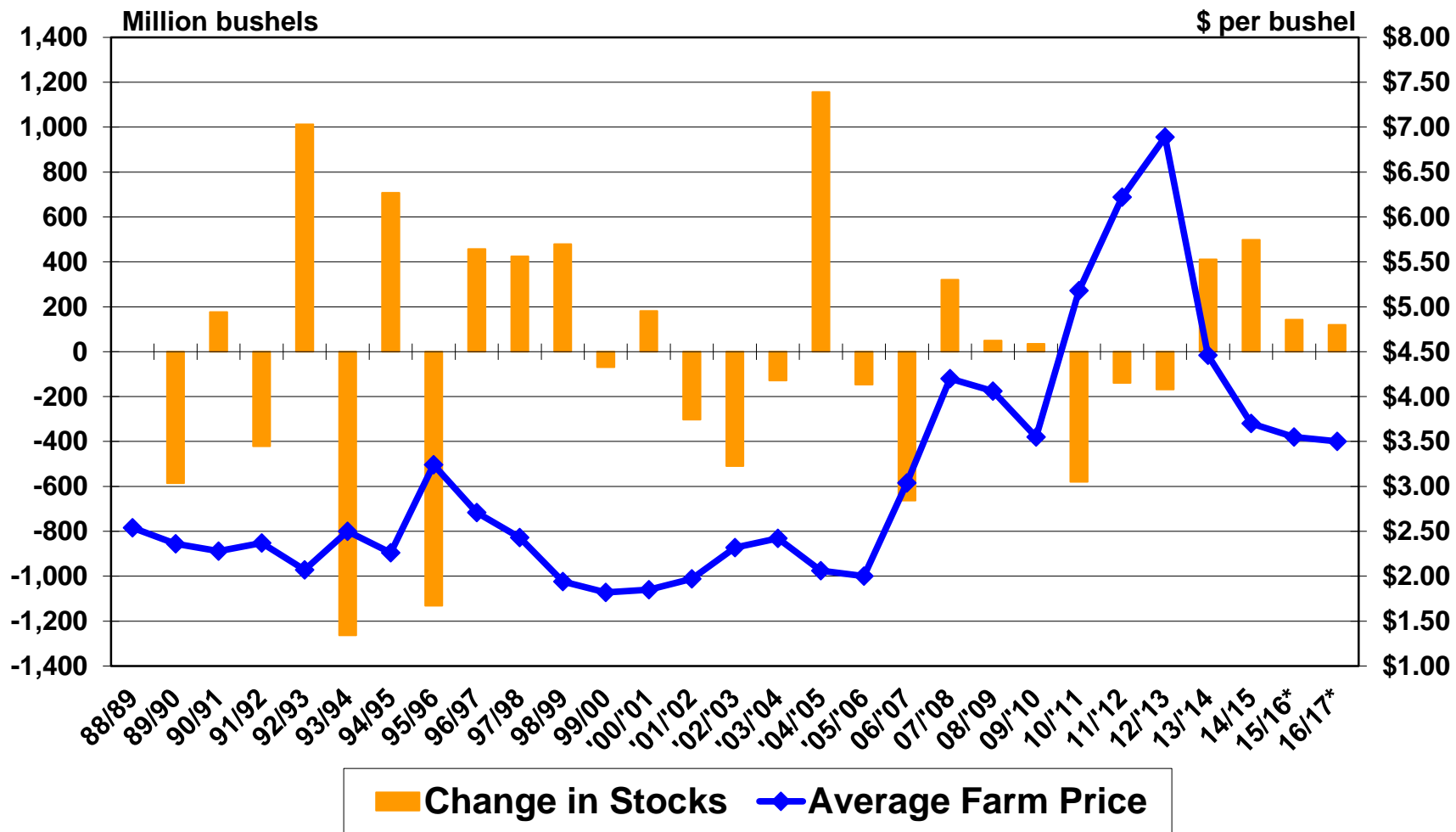
Brazilian Corn Production is a Global Player



Source: USDA/FAS, Rabobank 2015



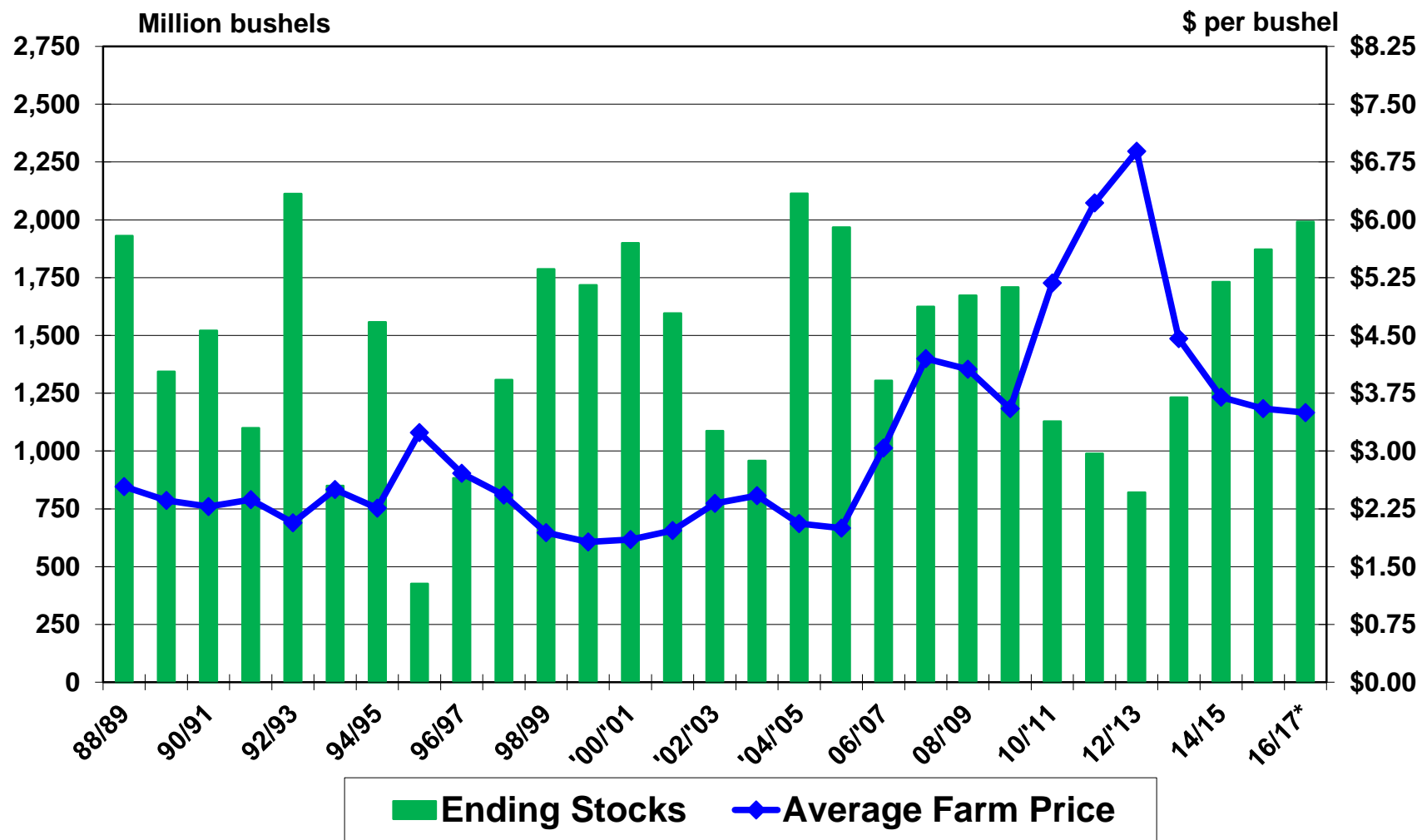
Prices Respond to Changes in Stock Levels



* Rabobank Projection



US Corn Ending Stocks--Building



* Rabobank Projection



IV.

Soybeans



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Soybean Complex--Bulls and Bears

Bullish Factors

- Poultry and pork expansion
- Export demand for U.S. soybean oil demand is running ahead of last year's pace

Bearish Factors

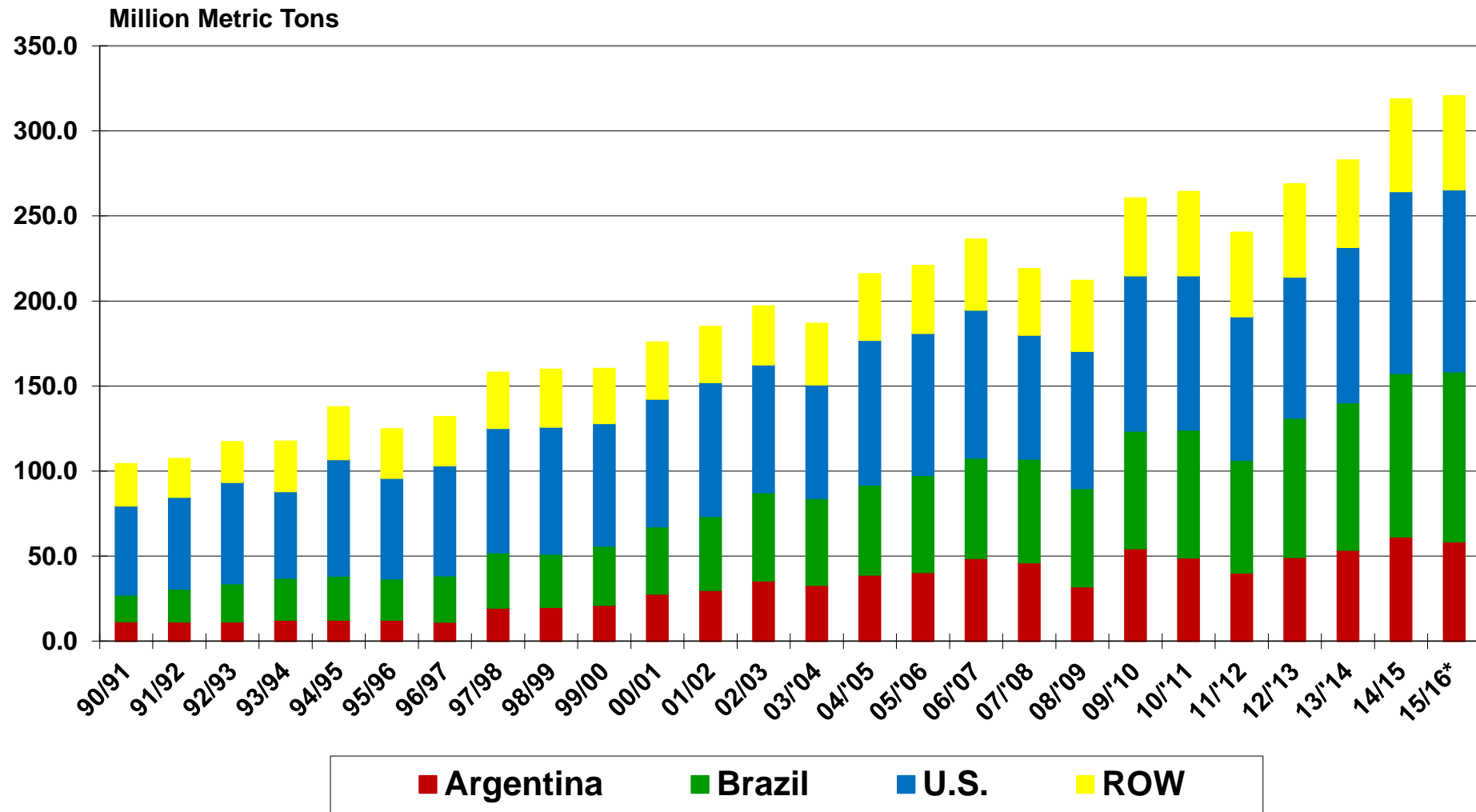
- Building of U.S. and global stocks
- Increased soybean production in South America
- Appreciation of U.S. dollar versus competitors
- U.S. soybean and soybean meal exports have dropped off.
- Declining crush margins

Swing Factors

- China
- Argentina---impacts of new government policies
- El Nino—Impact on palm oil production and soybean oil prices in 2016.



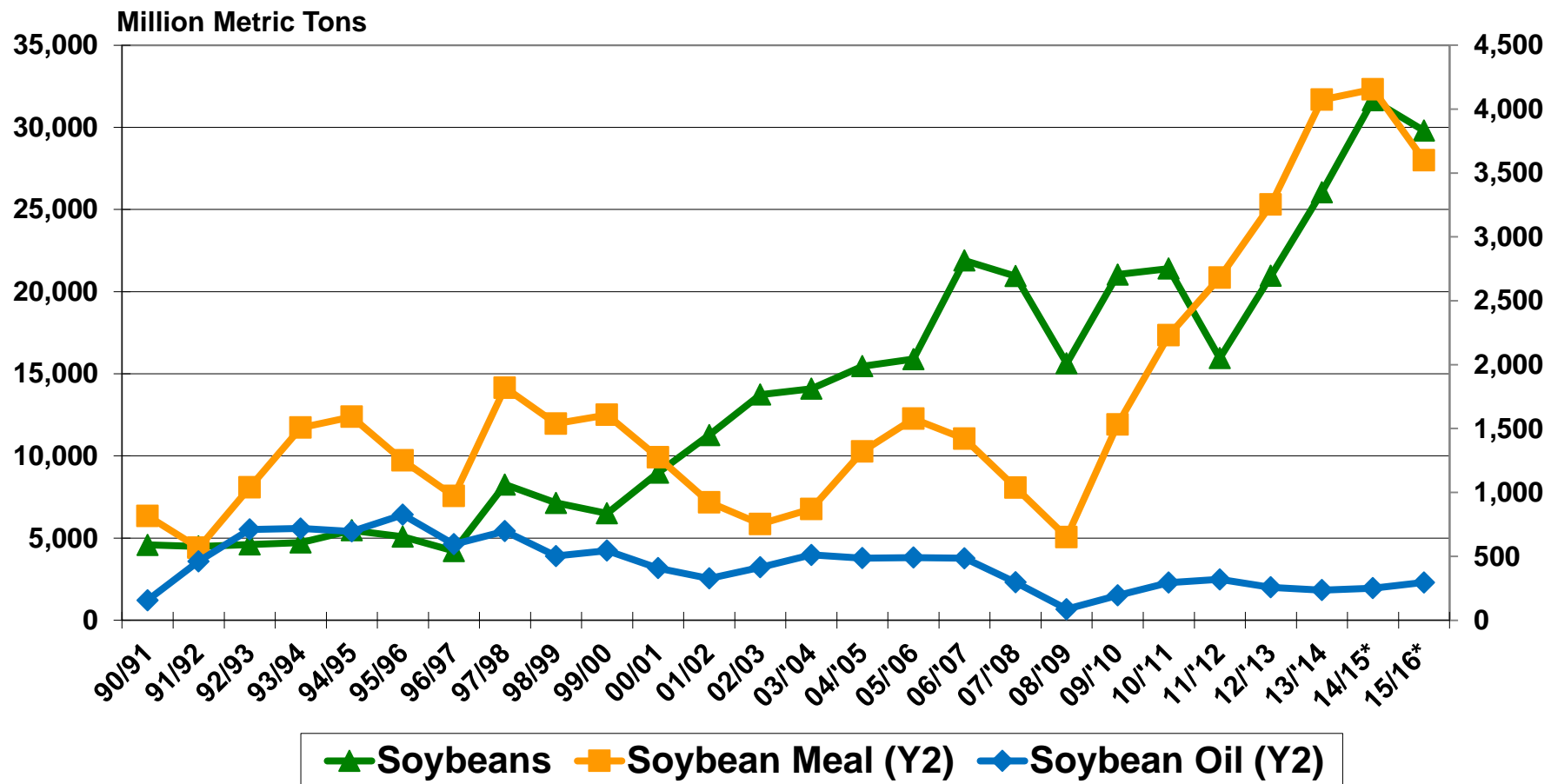
World Soybean Production—Will Argentina reemerge as a player?



* USDA, Rabobank Projection



Argentina Has Large Stocks to Move



* USDA, Rabobank Projection

U.S. Soybean Balance Sheet (million bushels)



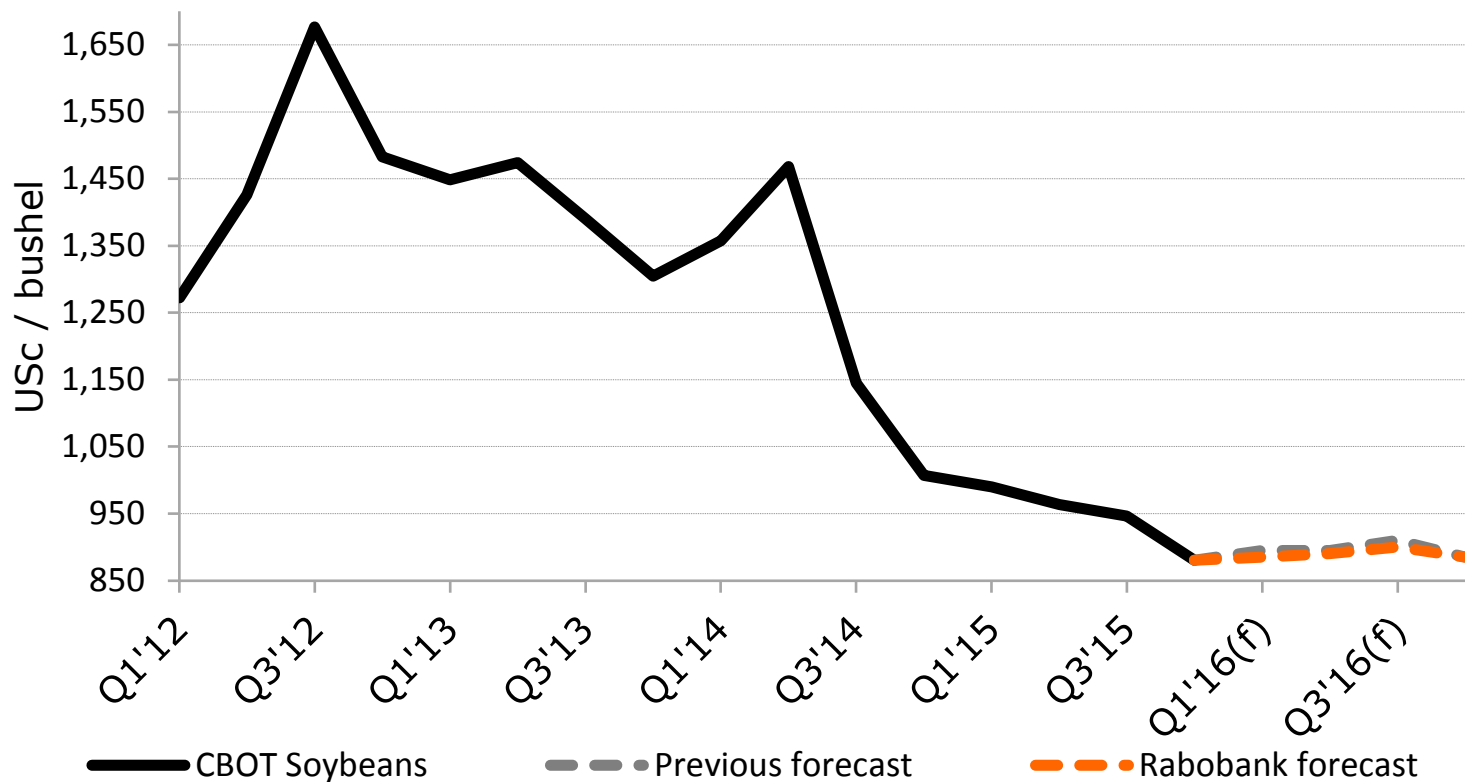
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15*	USDA 2015/16*	Rabo 2015/16*	Rabo 2016/17*
Planted Acres (mln)	75.7	77.5	77.4	75.0	77.2	76.8	83.3	82.7	82.7	82.3
Harvested Acres (mln)	74.7	76.4	76.6	73.8	76.1	76.3	82.6	81.9	81.9	81.6
Yield (bu./acre)	39.7	44.0	43.5	41.9	40.0	44.0	47.5	48.0	48.0	46.5
Supply										
Beginning Stocks (9/1)	205	138	151	215	169	141	92	191	191	495
Production	2,967	3,359	3,329	3,094	3,042	3,358	3,927	3,930	3,930	3,793
Imports	13	15	14	16	41	72	33	30	15	15
Total Supply	3,185	3,512	3,494	3,325	3,252	3,570	4,052	4,150	4,136	4,304
Disappearance										
Crush	1,662	1,752	1,648	1,703	1,689	1,734	1,873	1,880	1,850	1,890
Exports	1,279	1,499	1,501	1,365	1,317	1,638	1,843	1,690	1,675	1,710
Seed, Feed & Residual	106	110	130	88	105	107	145	131	115	106
Total Disappearance	3,047	3,361	3,279	3,155	3,111	3,478	3,862	3,701	3,640	3,706
Ending Stocks	138	151	215	169	141	92	191	450	495	598
Stocks-to-Use Ratio (%)	4.5%	4.5%	6.6%	5.3%	4.5%	2.6%	4.9%	12.1%	13.6%	16.1%
Average Farm Price (\$/bu.)	\$9.97	\$9.59	\$11.30	\$12.50	\$14.40	\$13.00	\$10.10	\$8.80	\$8.90	\$8.70

* Projections



Price forecast: CBOT Soybeans

	unit	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16(f)	Q2'16(f)	Q3'16(f)	Q4'16(f)
Soybeans	USc/bu	990	963	947	880	885	890	900	885



Source: Bloomberg, Rabobank, 2015

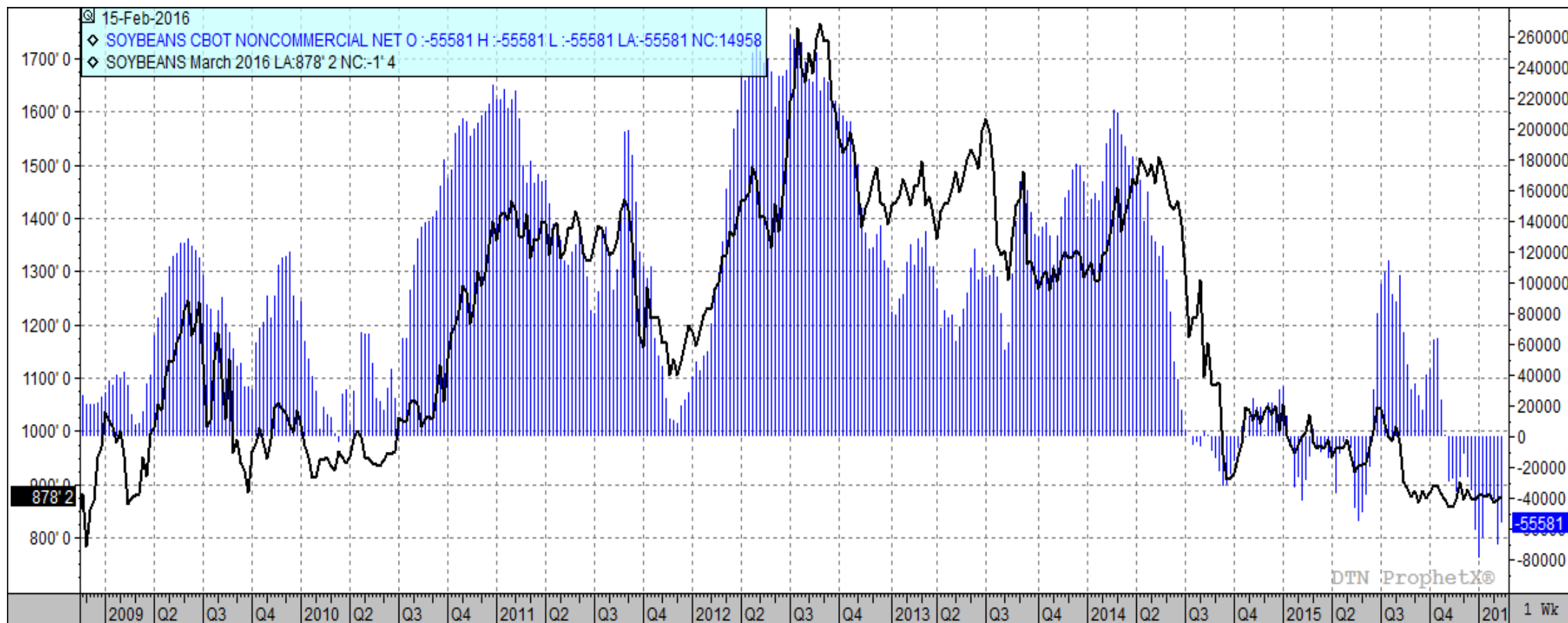


Weekly Soybean Futures—Locked in Tight Trading Range



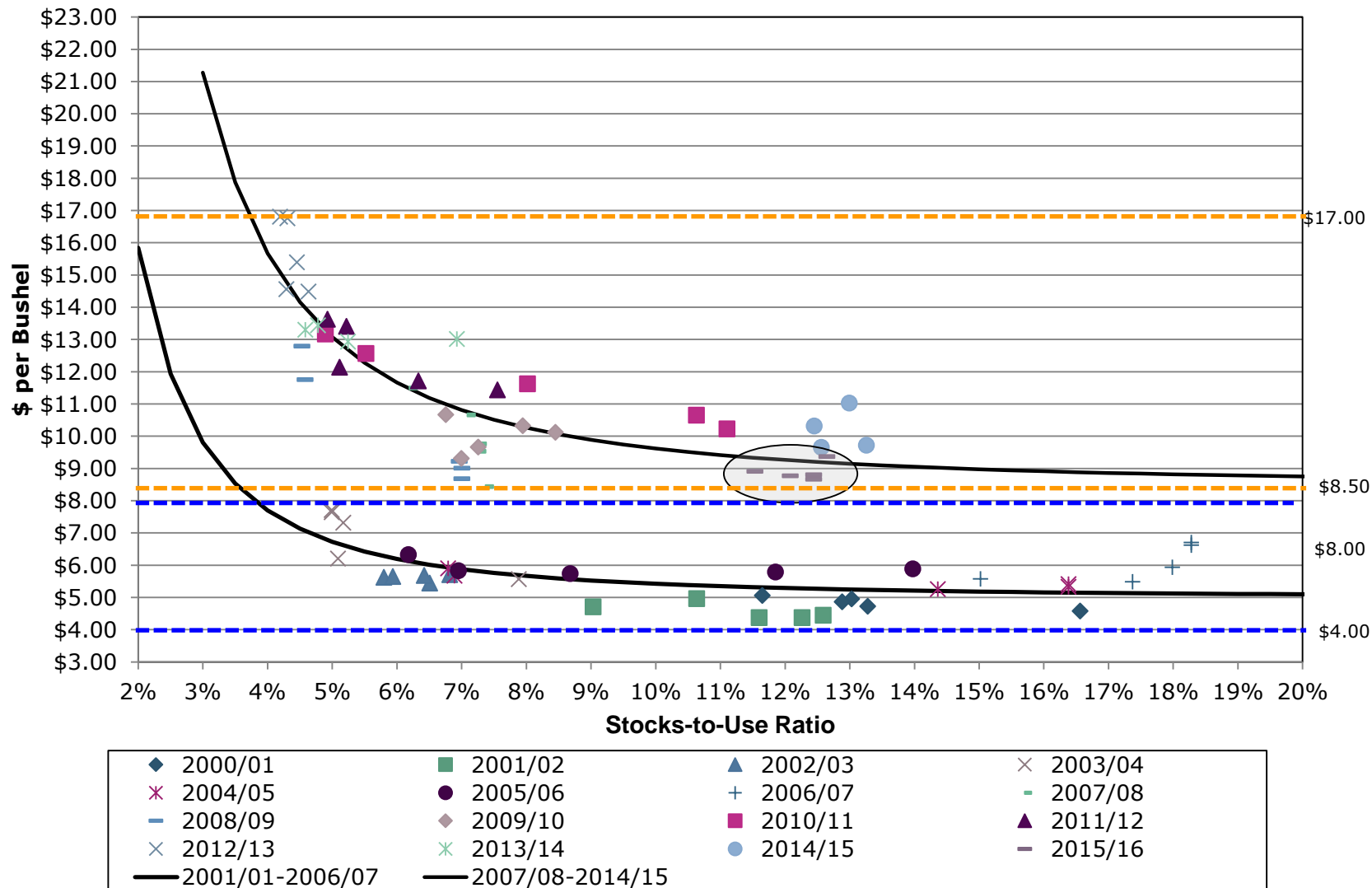


Funds Change in Position has had Little Price Impact



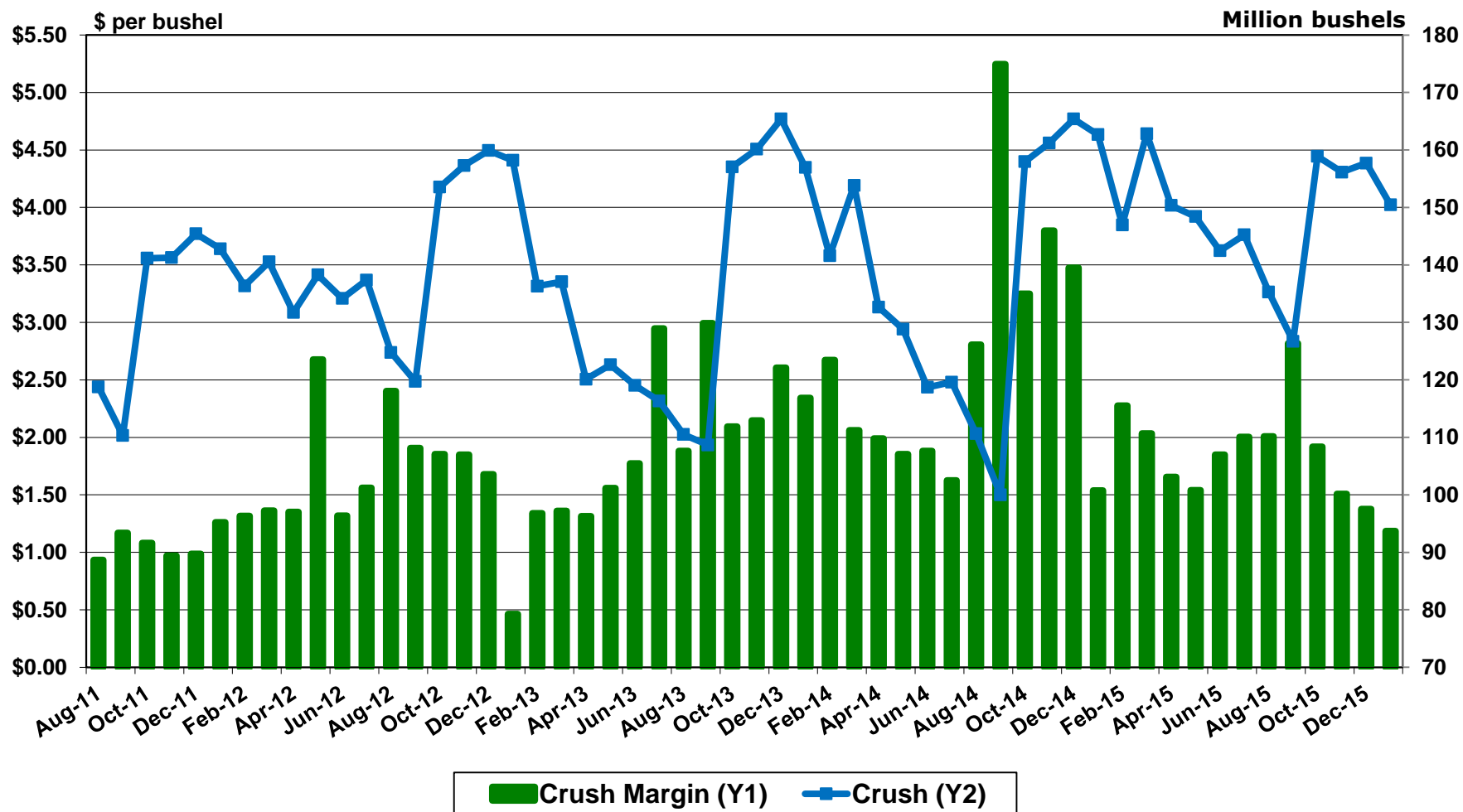


U.S. Soybean Demand Curve has Shifted to Right





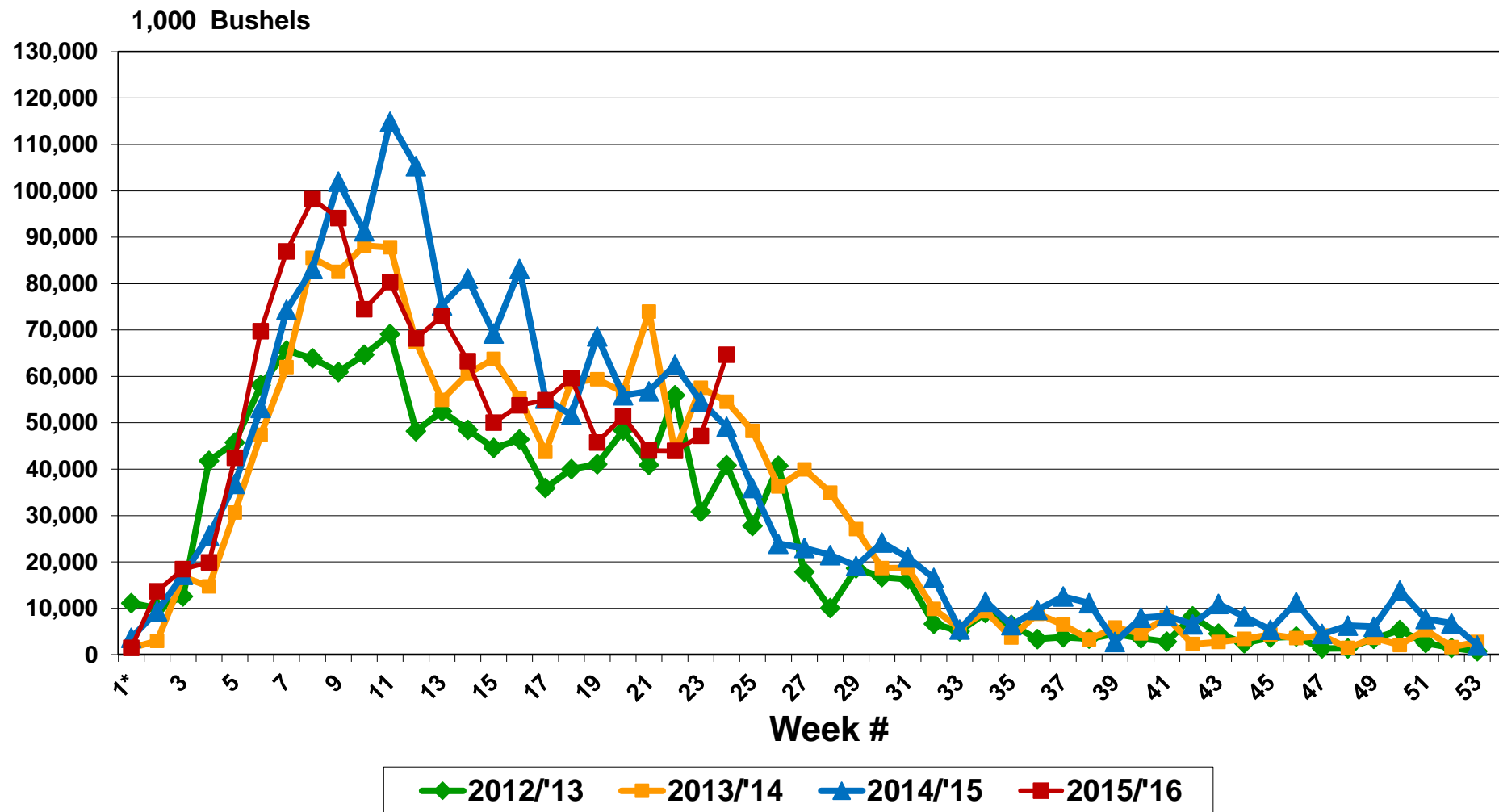
U.S. Crush Margins Beginning to Fall Off



Source: NOPA, Rabobank



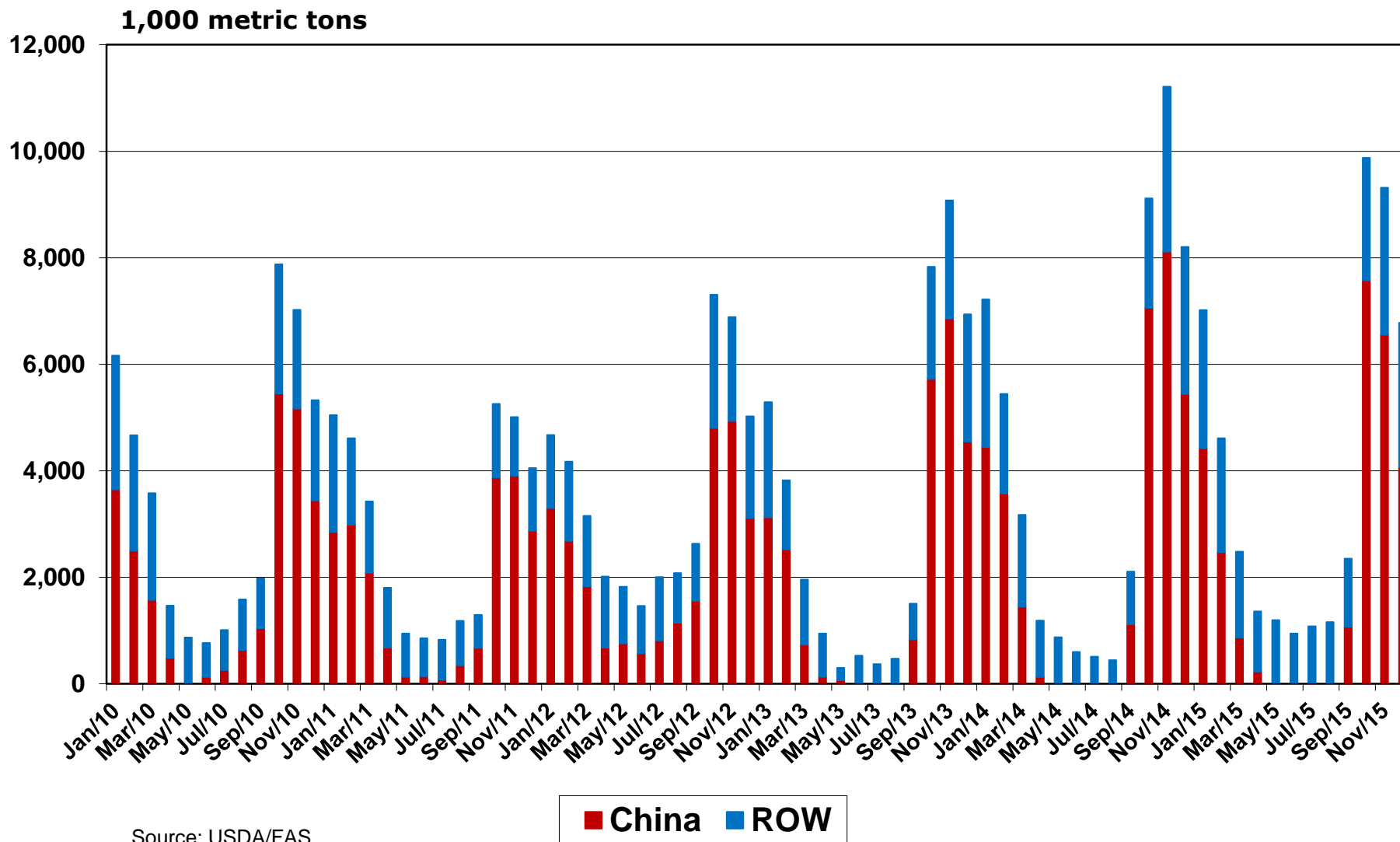
U.S. Soybean Export Inspections Now Lagging Last Year's Pace by 10.9%



Source: USDA/AMS

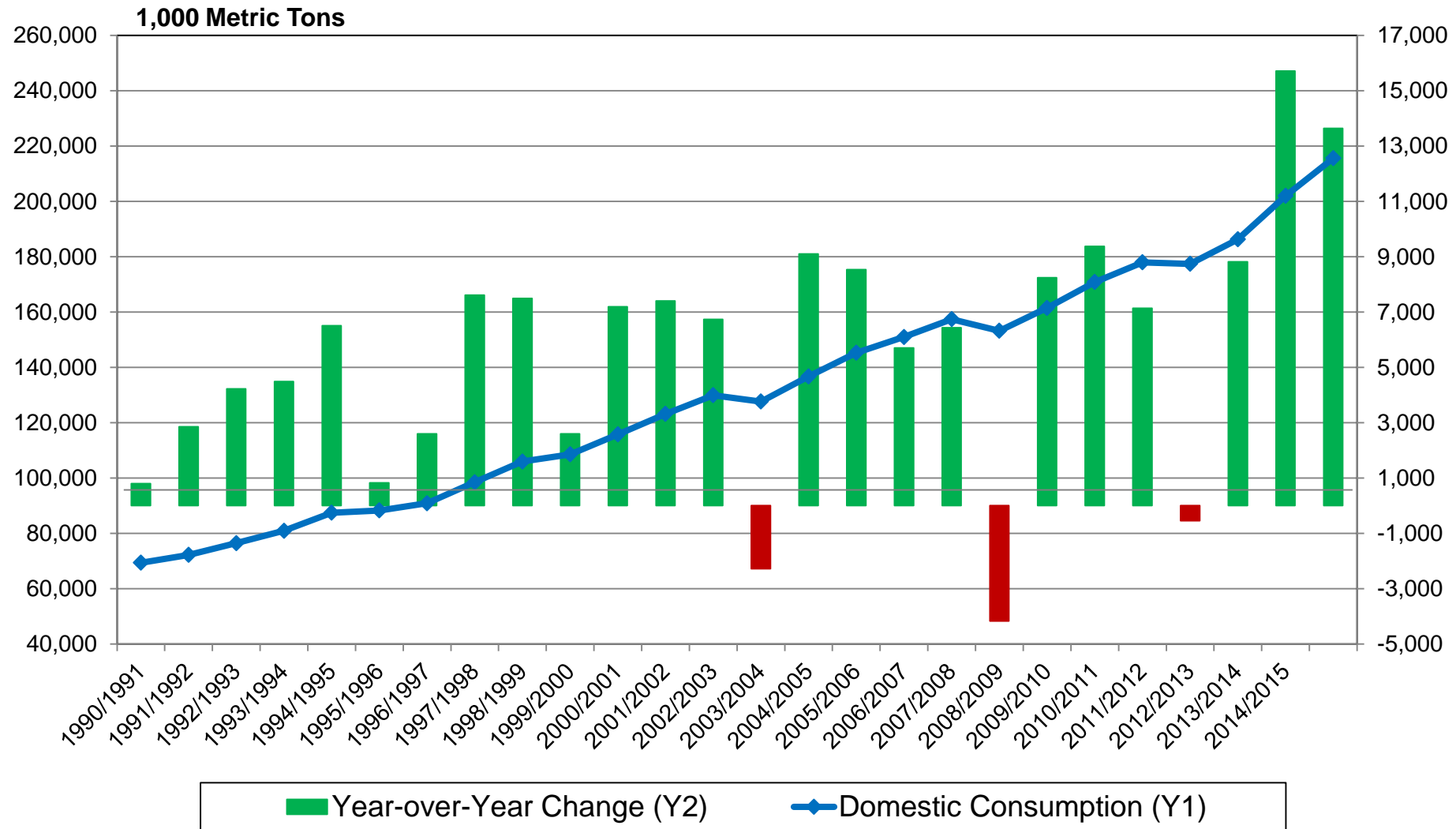


U.S. Monthly Soybean Exports—Losing Market Share?



Source: USDA/FAS

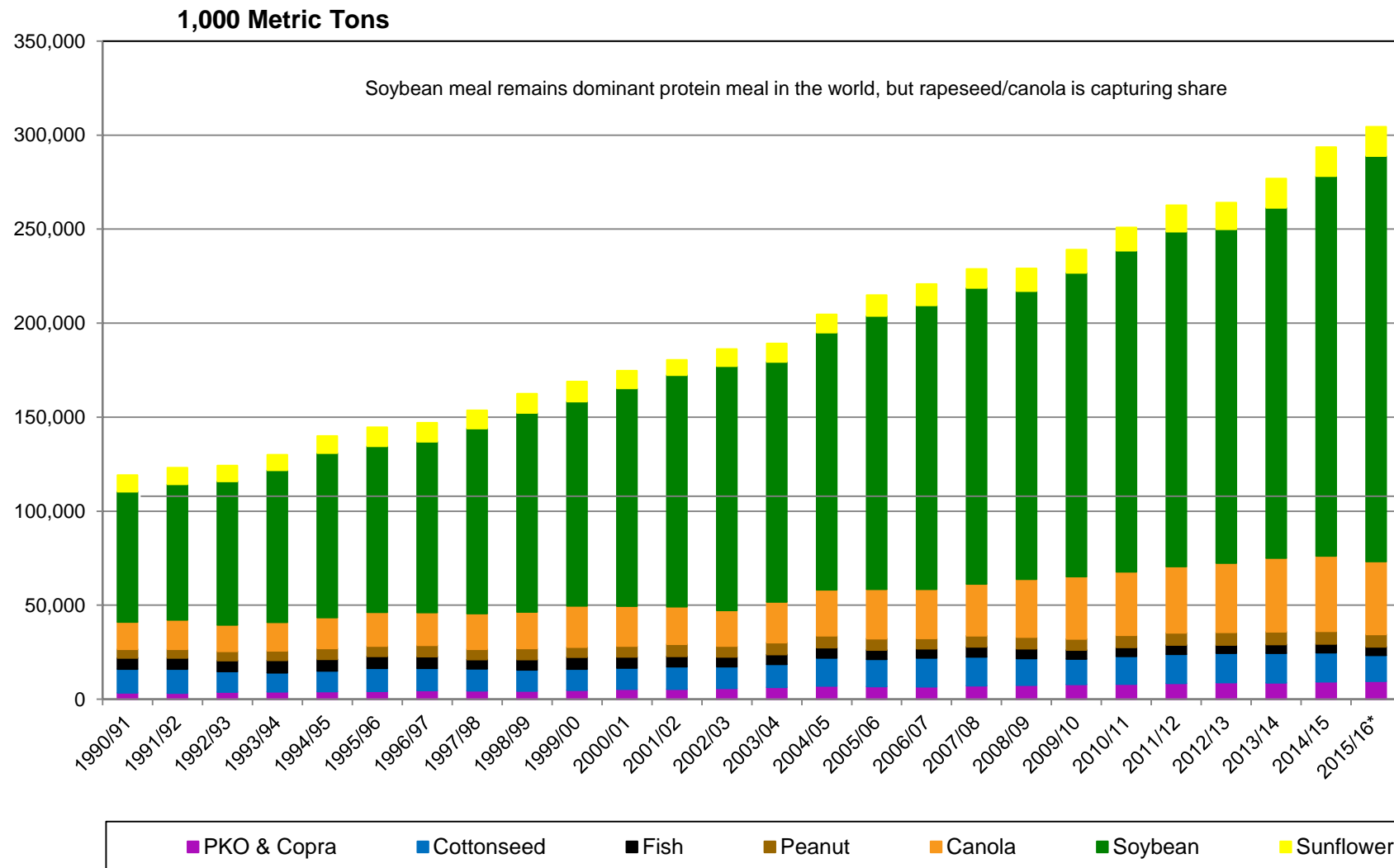
Global Soybean Meal Domestic Consumption Continues to Increase Despite Record Prices of last Three Years



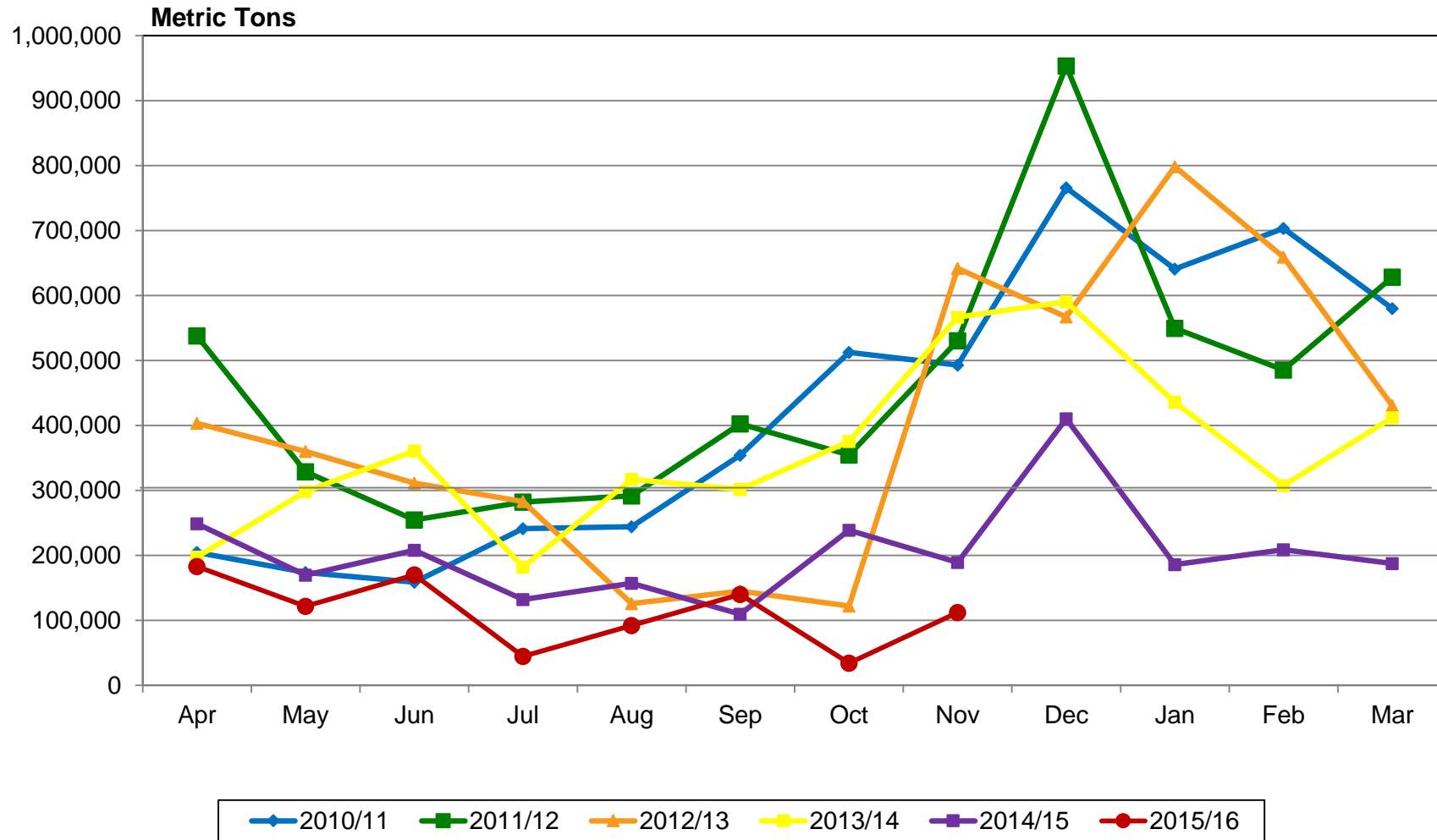
Source: USDA/FAS and Rabobank



Globally Domestic Consumption of Protein Meals Continues to Increase

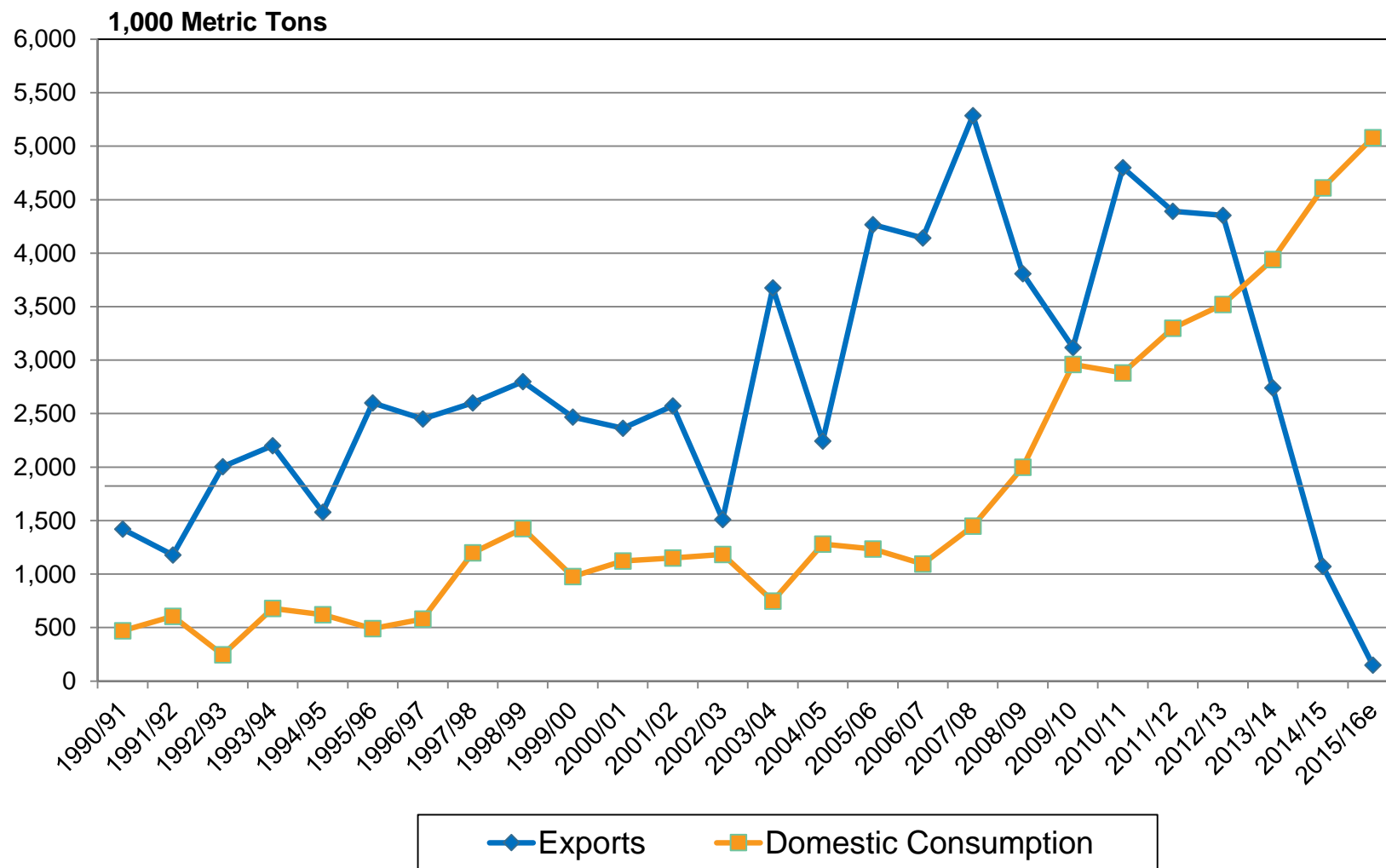


Monthly Indian Oilmeal Exports





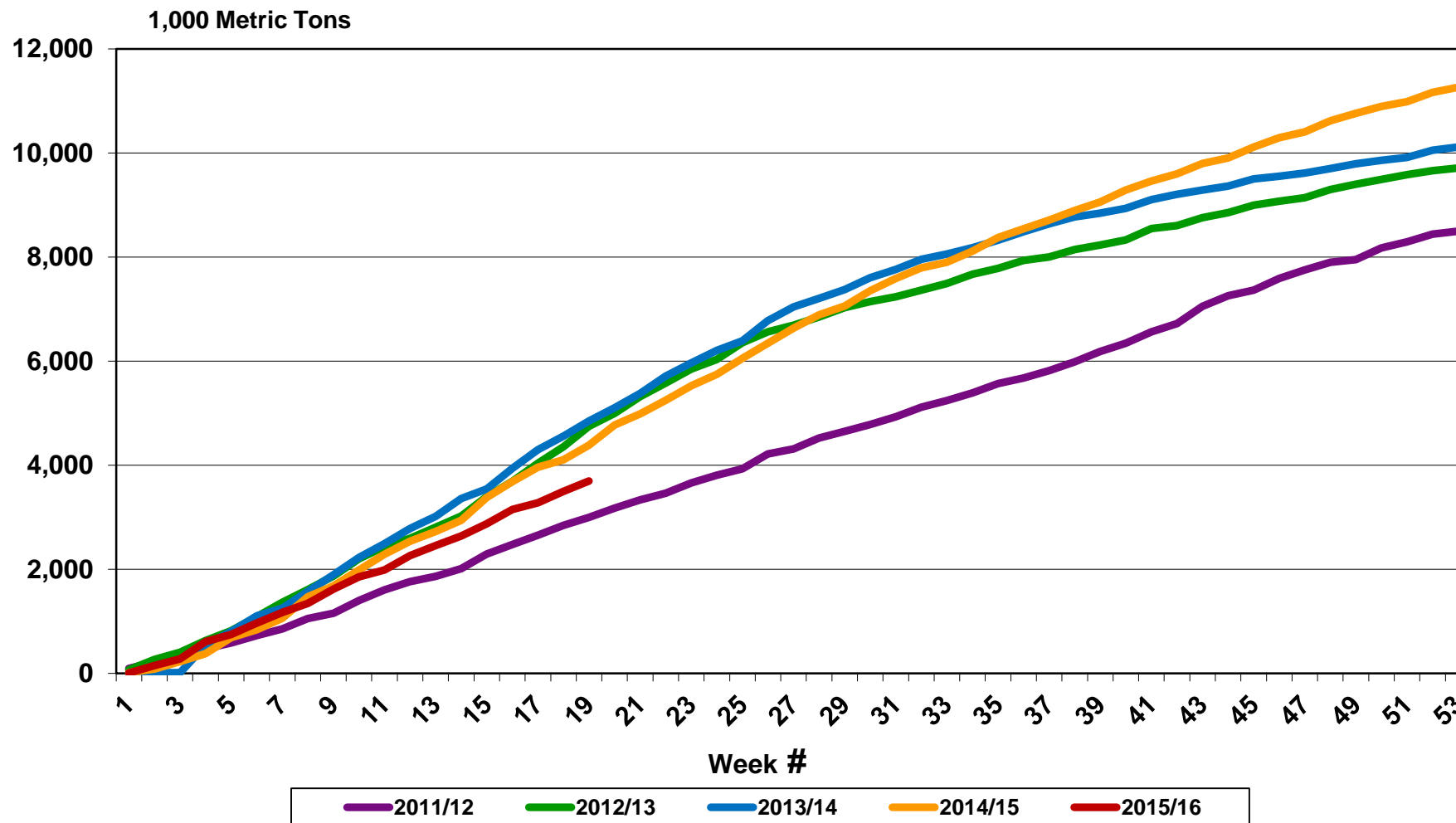
Indian Soybean Meal Exports---Who Fills the Export Void?





U.S. Soybean Meal Accumulative Shipments are lagging 2014/15, down 18%

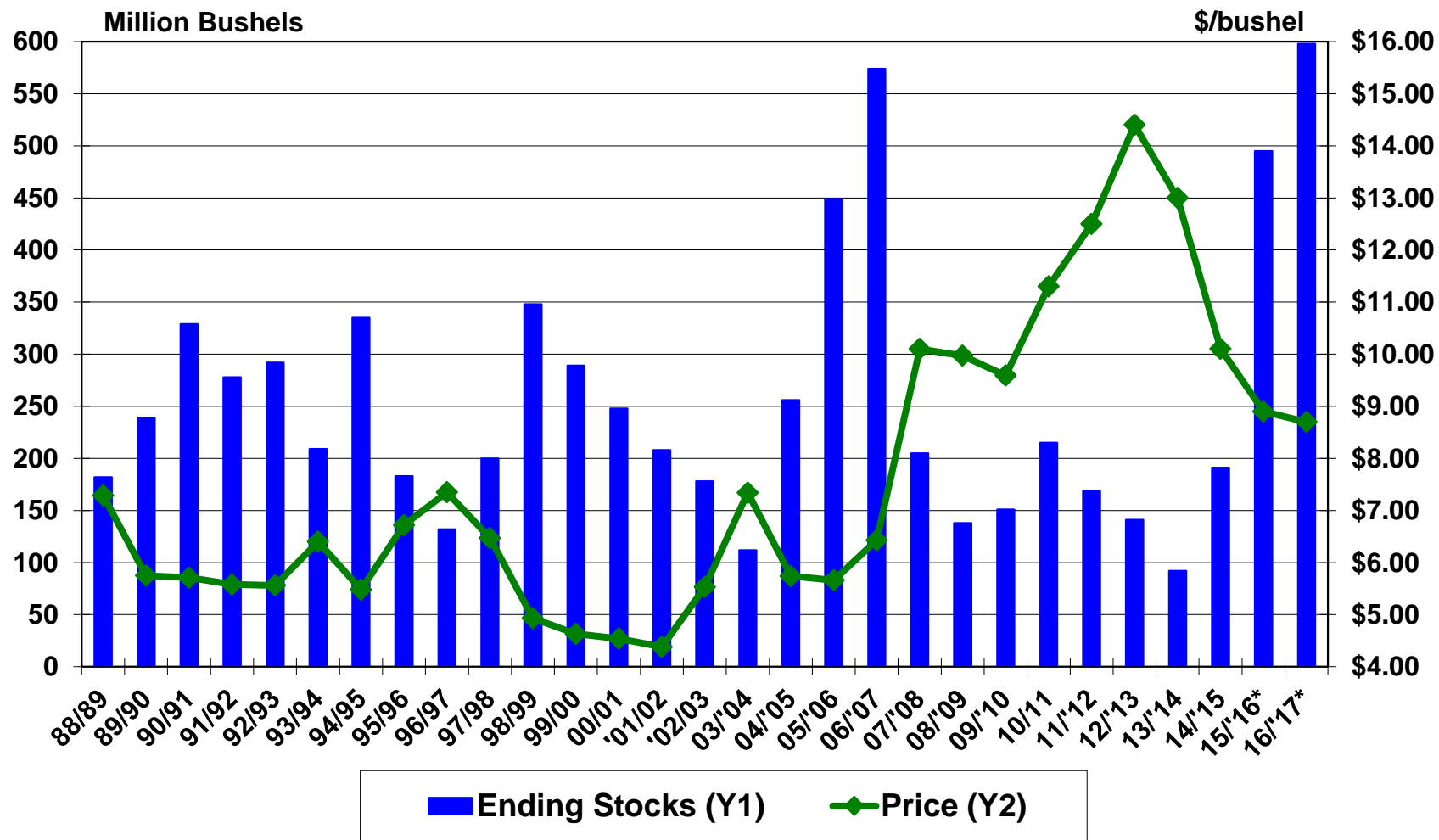
2015/16 outstanding exports sales are down 20.5% from last year.



Source: USDA/FAS



U.S. Soybean Ending Stocks



*Rabobank Projection



V.

Vegetable Oils



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Soybean Oil--Bulls and Bears

Bullish Factor

- U.S. soybean oil exports are strong
- Increased biodiesel mandate
- Forecast decrease in world vegetable oil stocks
- El Nino induced decline in palm oil production
- Bull spreading of soybean oil/meal
- Declining crush margins and therefore decreasing crush, tightening soybean oil supplies.

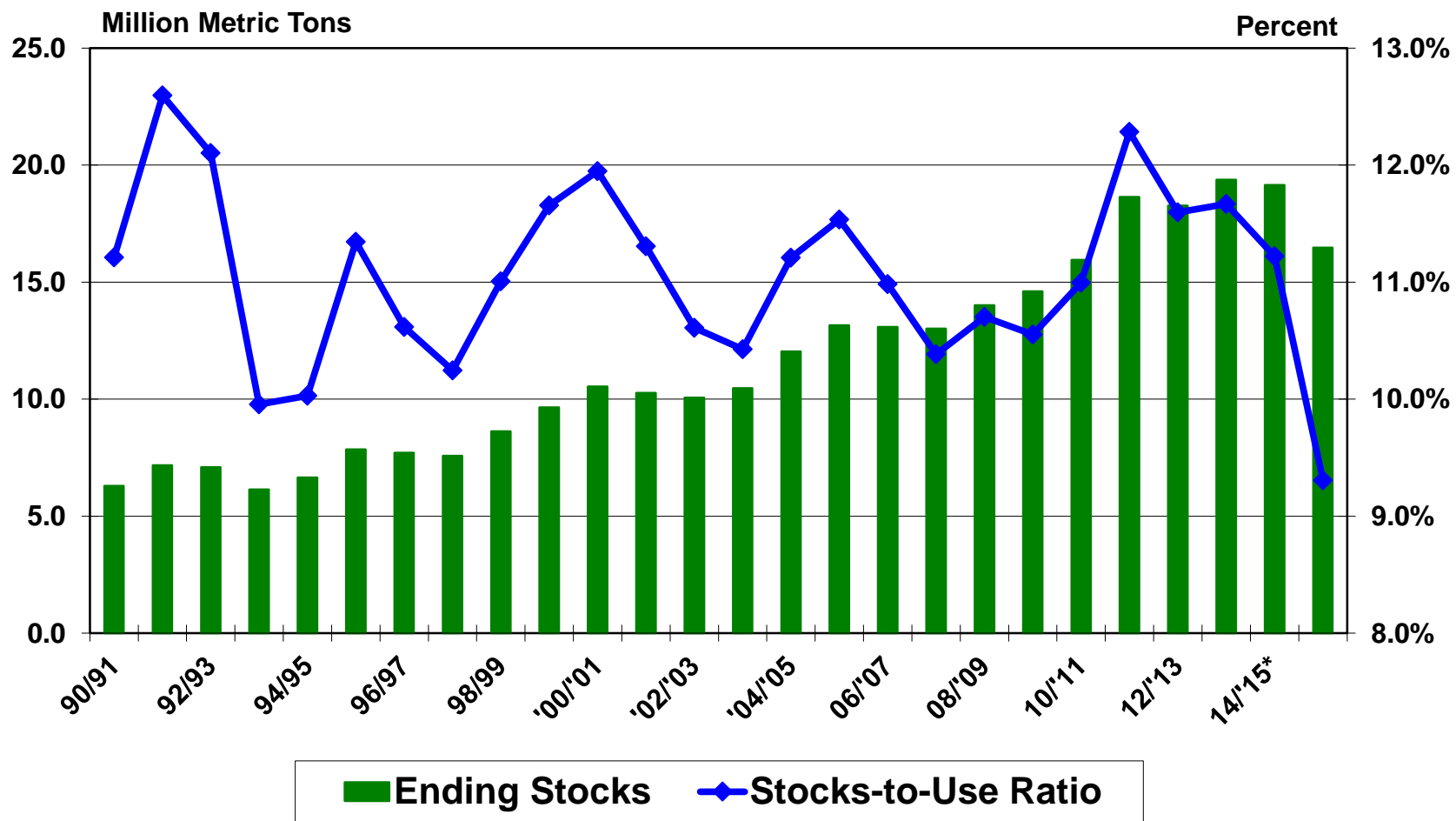
Bearish Factors

- Other vegetable oil prices are competitive, e.g. canola oil.
- USD value makes U.S. soybean oil exports more expensive versus foreign competitors, e.g. Argentina
- Depress crude oil prices

Swing Factors

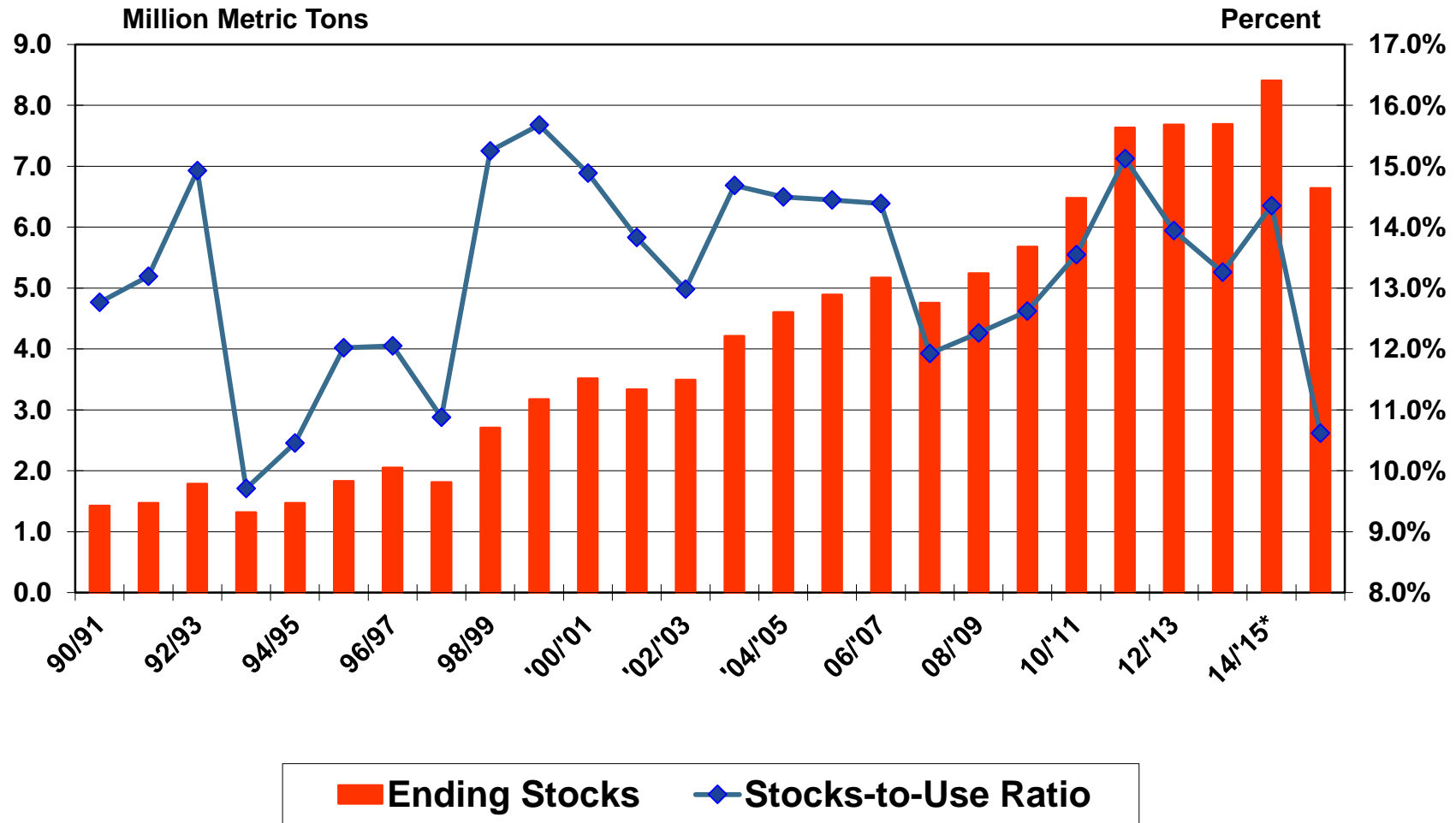


World Vegetable Oil Stocks



* Projection

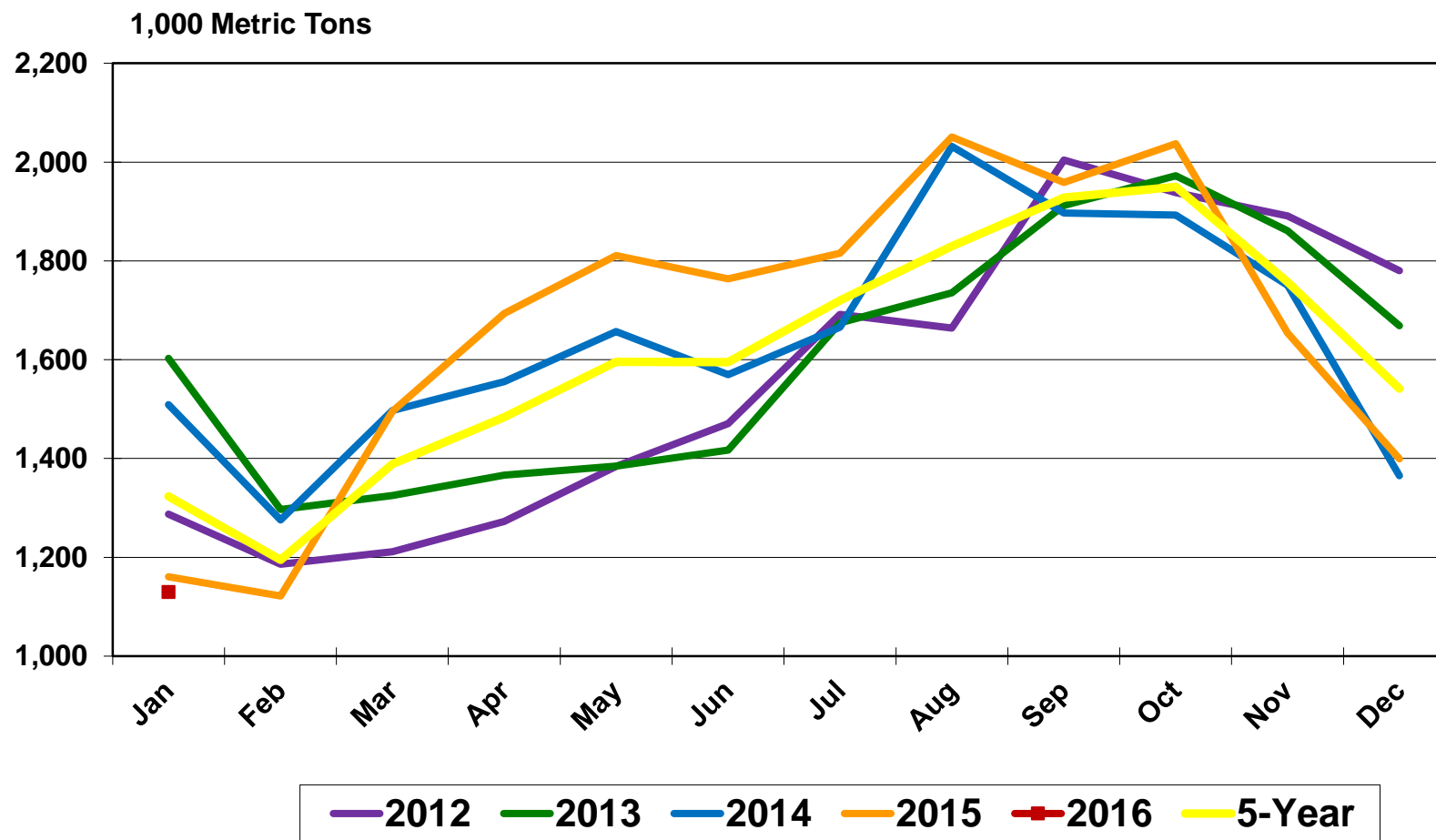
World Palm Oil Stocks



* Rabobank Projection



Malaysia Palm Oil Production—Next Two Months Production are Crucial



* Rabobank Projection



U.S. Soybean Oil Balance Sheet (million pounds)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	USDA 2015/16*	Rabo 2015/16*
Supply									
Beginning Stocks (10/1)	2,485	2,861	3,406	2,425	2,540	1,655	1,165	1,820	1,820
Production	18,745	19,615	18,888	19,740	19,820	20,130	21,399	21,845	21,460
Total Supply	21,320	22,578	22,453	22,314	22,555	21,950	22,828	23,965	23,455
Disappearance									
Domestic Use	16,265	15,814	16,795	18,310	18,687	18,908	18,994	19,600	19,350
<i>Biodiesel</i>	<i>2,021</i>	<i>1,680</i>	<i>2,737</i>	<i>4,874</i>	<i>4,689</i>	<i>5,010</i>	<i>5,037</i>	<i>5,500</i>	<i>5,400</i>
Exports	2,193	3,359	3,233	1,464	2,164	1,877	2,014	2,300	2,400
Total Disappearance	18,458	19,173	20,028	19,774	20,850	20,785	21,008	21,900	21,750
Ending Stocks	2,861	3,406	2,425	2,540	1,705	1,165	1,820	2,065	1,705
Stocks-to-Use Ratio (%)	15.5%	17.8%	12.1%	12.9%	8.2%	5.6%	8.6%	9.4%	7.8%
Price-Decatur (cents/lb.)	32.16	35.95	53.20	51.90	47.13	38.23	31.60	28.50- 31.50	29.25
Crush (mln bushels)	1,648	1,769	1,625	1,703	1,680	1,725	1,903	1,880	1,850
Yield (lbs. per bu.)	11.37	11.09	11.62	11.59	11.80	11.67	11.24	11.62	11.60

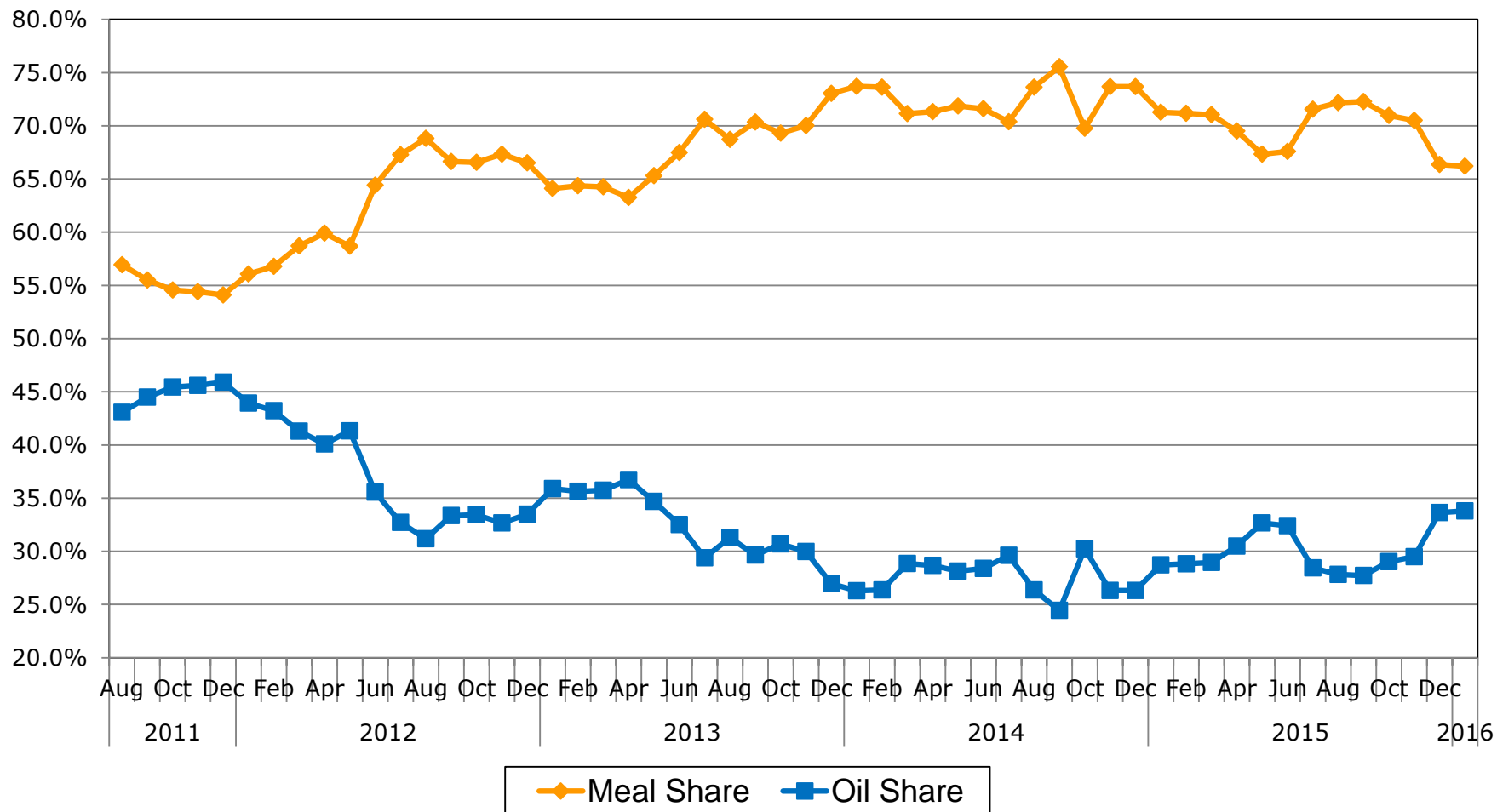


Weekly Soybean Oil Futures---Returning to \$0.30-\$0.35 range



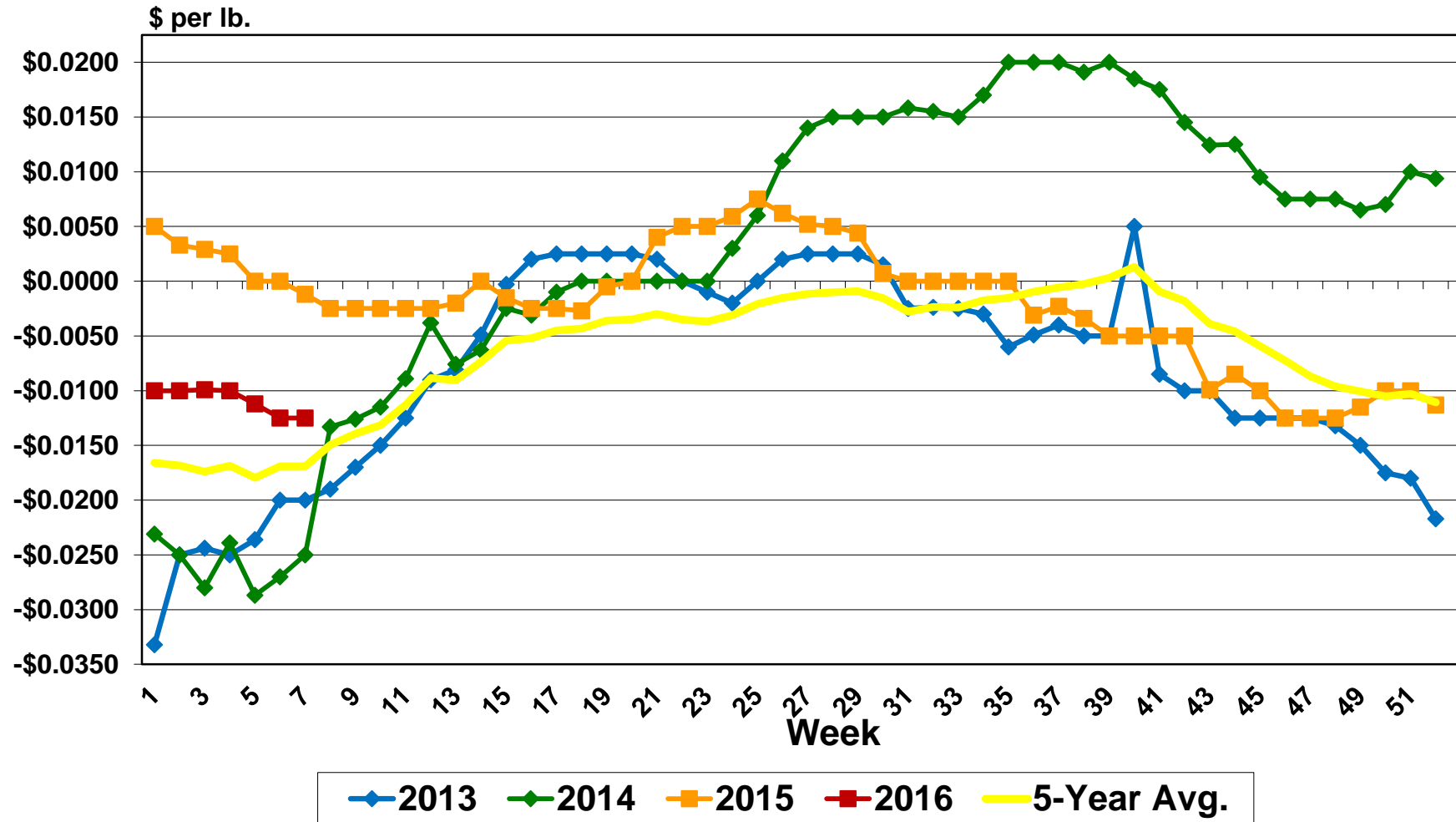


U.S. Soybean Crush Share—Oil Regaining Share



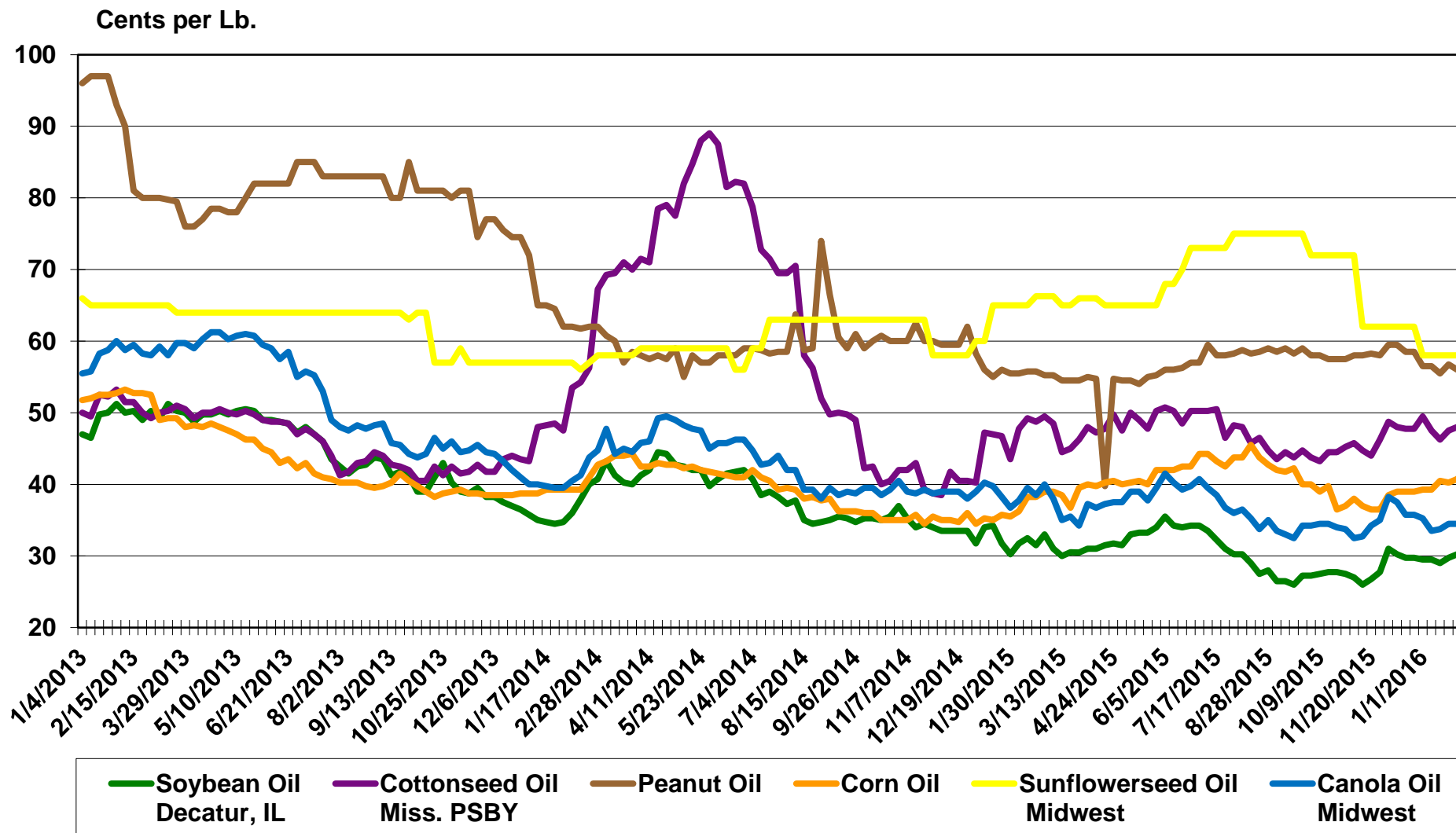
Source: NOPA, Rabobank

U.S. Soybean Oil Basis---Central Illinois



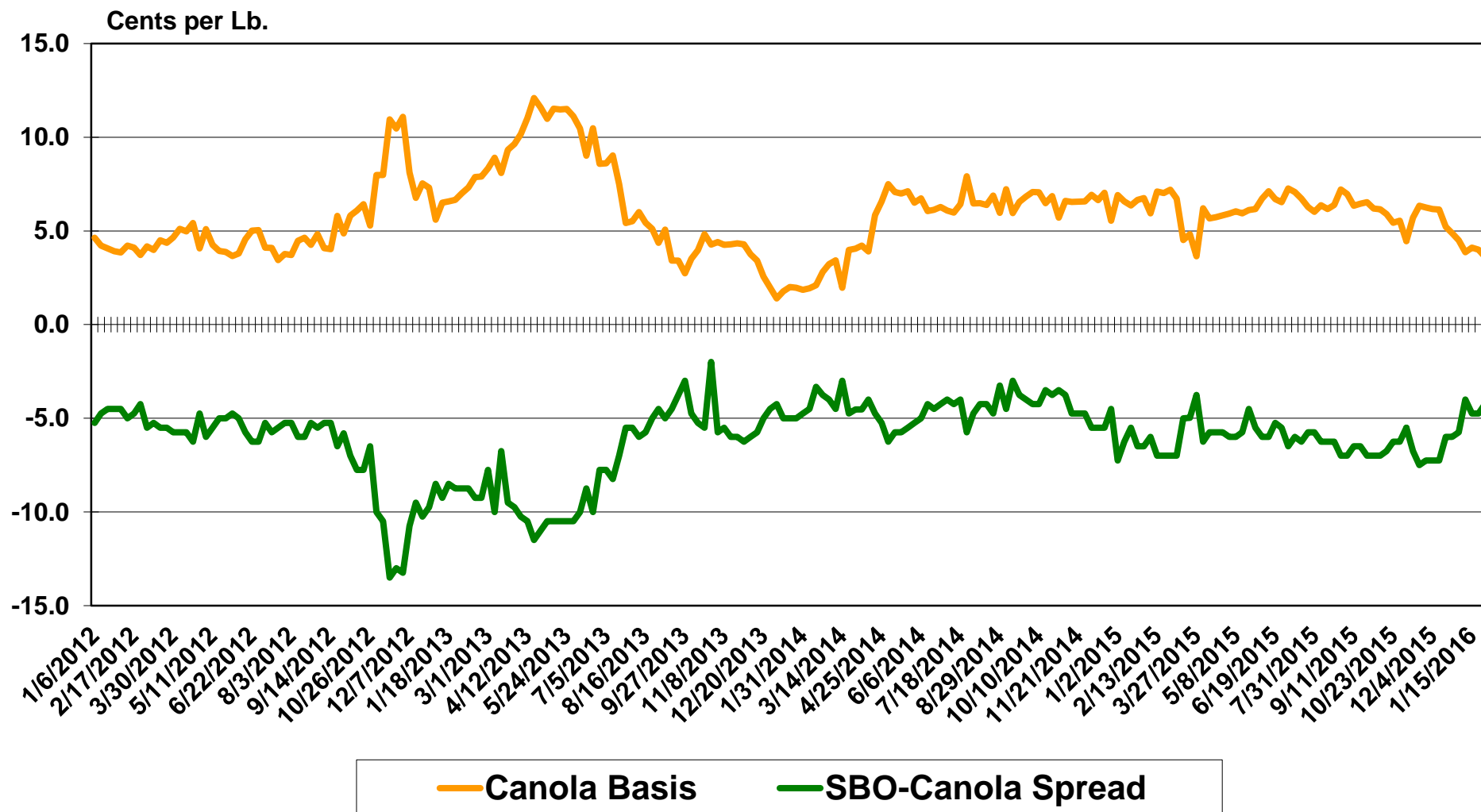


All Vegetable Oil Prices have Declined, except Sunflower Oil





Canola Oil Reaching Historical Low Basis Values & Premium to Soybean Oil



Funds' Net Position and Nearby Soybean Oil Futures Price

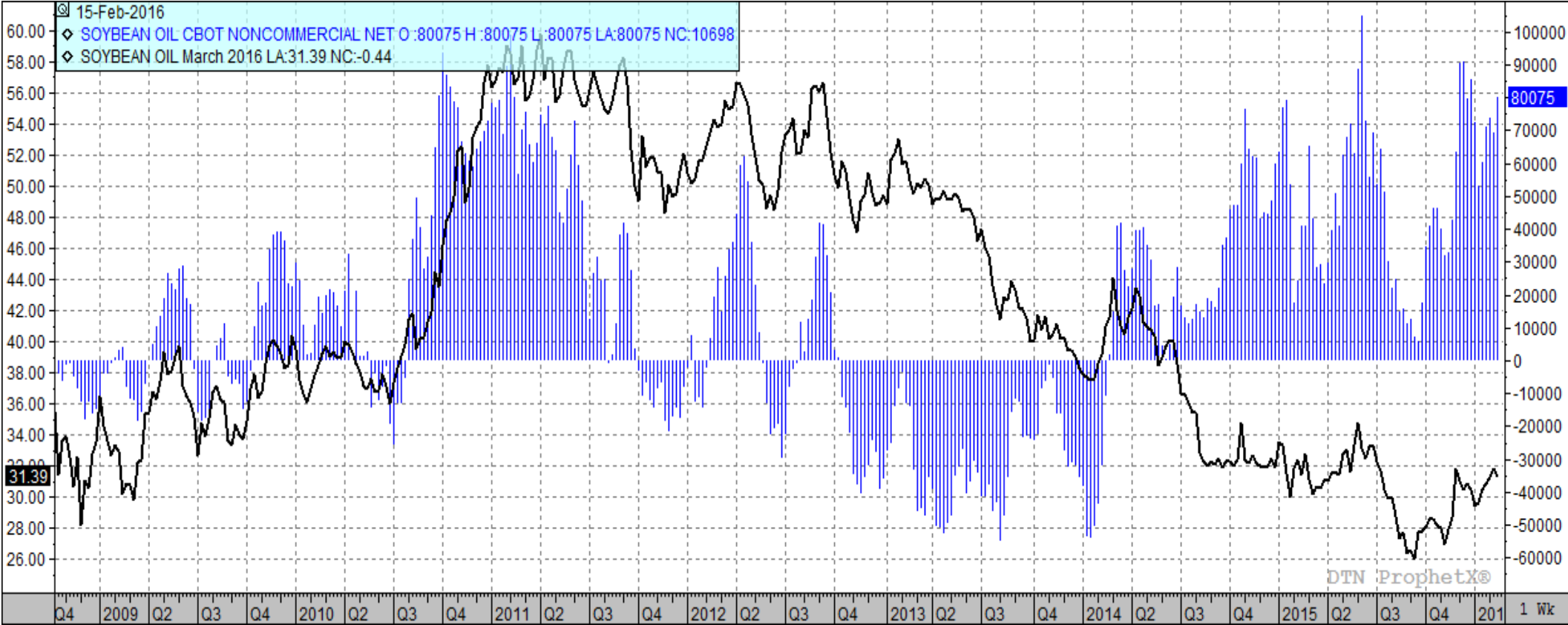
Funds have jumped on the Bandwagon



Rabobank

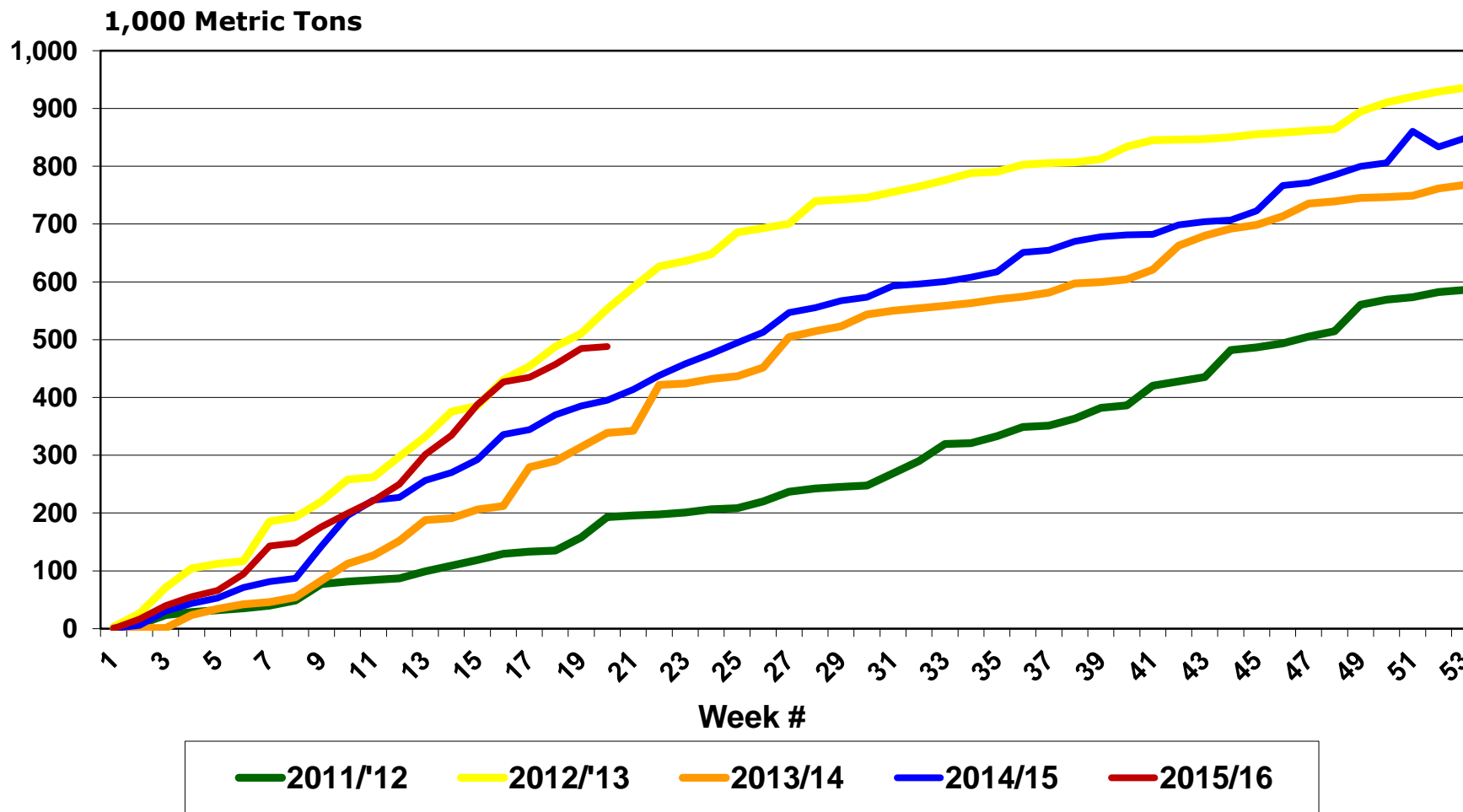
Cents per pound

of Contracts





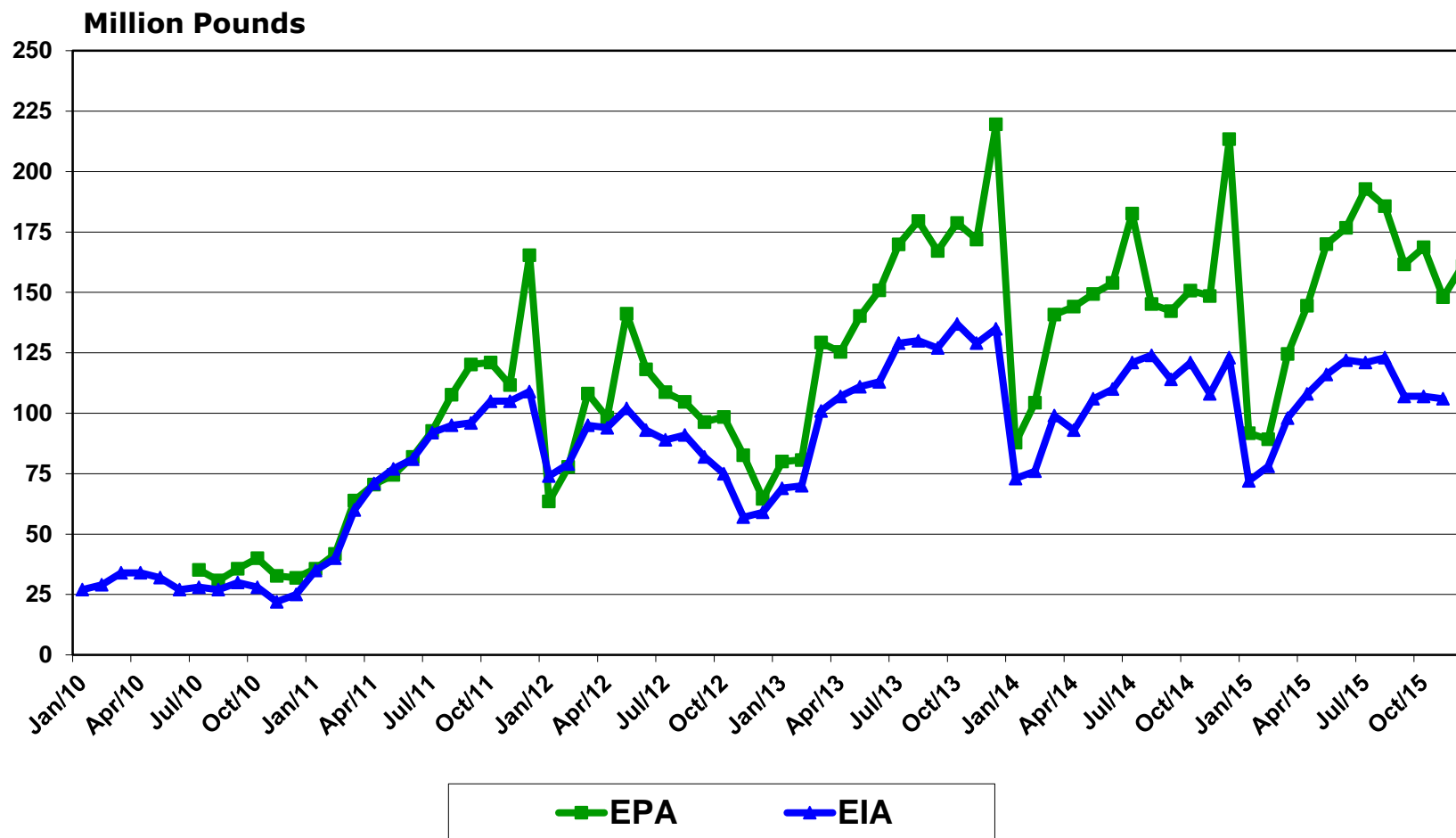
U.S. Soybean Oil Accumulative Export Shipments—up nearly 24% versus 2014/15



Source: USDA Export Sales Reports, Rabobank



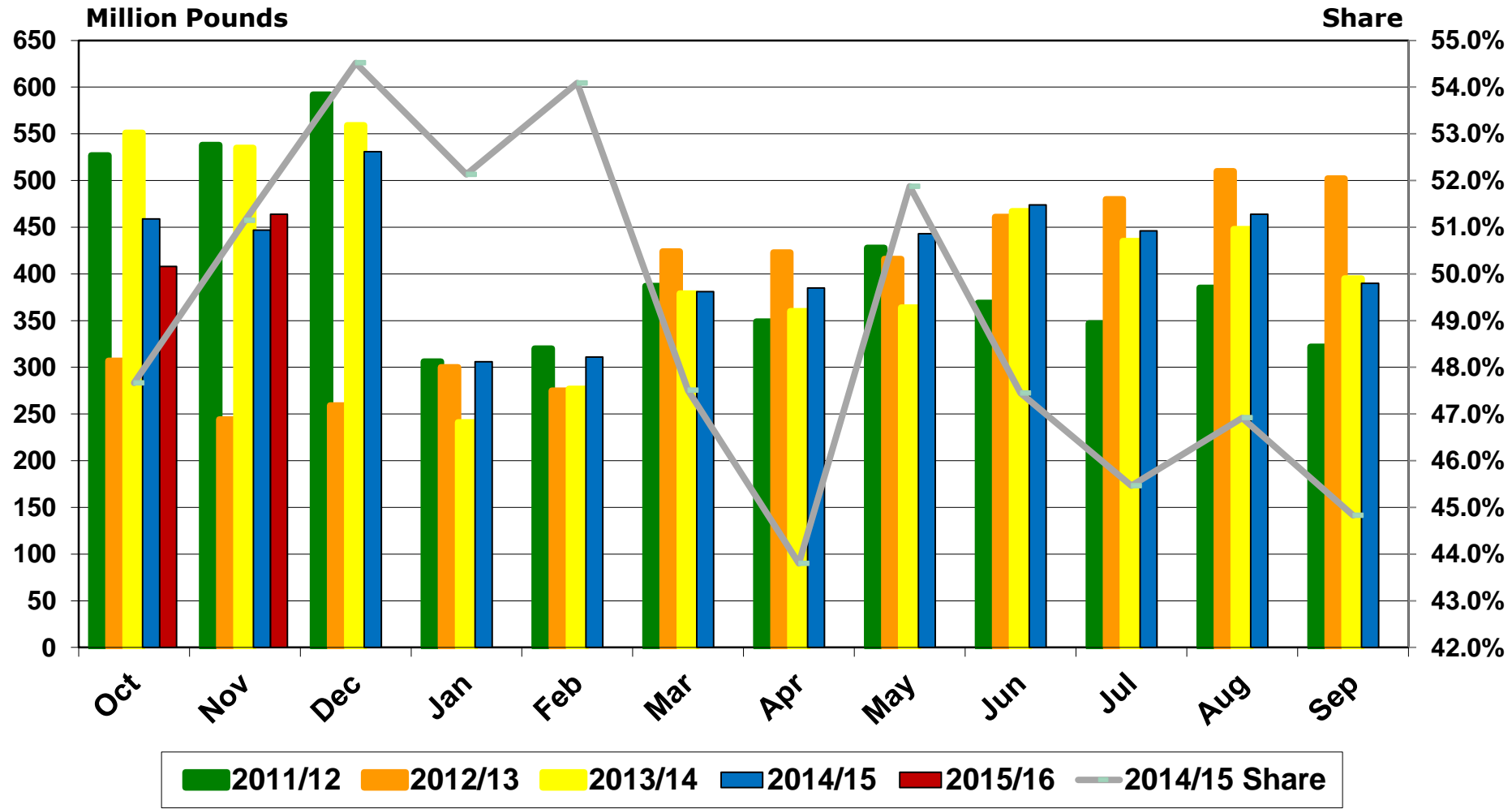
Monthly U.S. Biodiesel Production—EPA vs EIA data



Source: U.S. Energy Information Administration, Rabobank

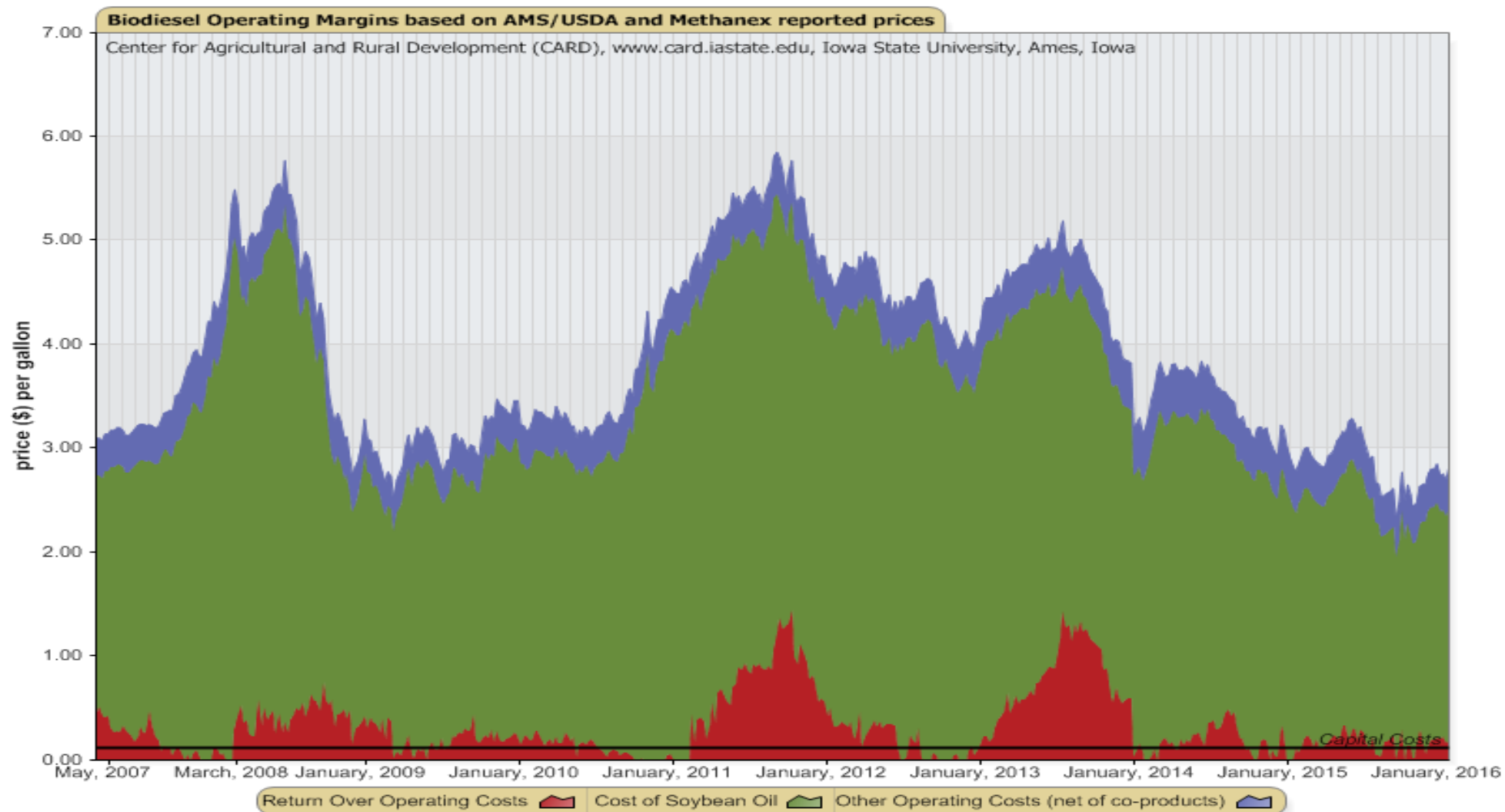
Monthly Soybean Oil Usage for Biodiesel Production

Soybean oil slowing losing share to other fats & oils



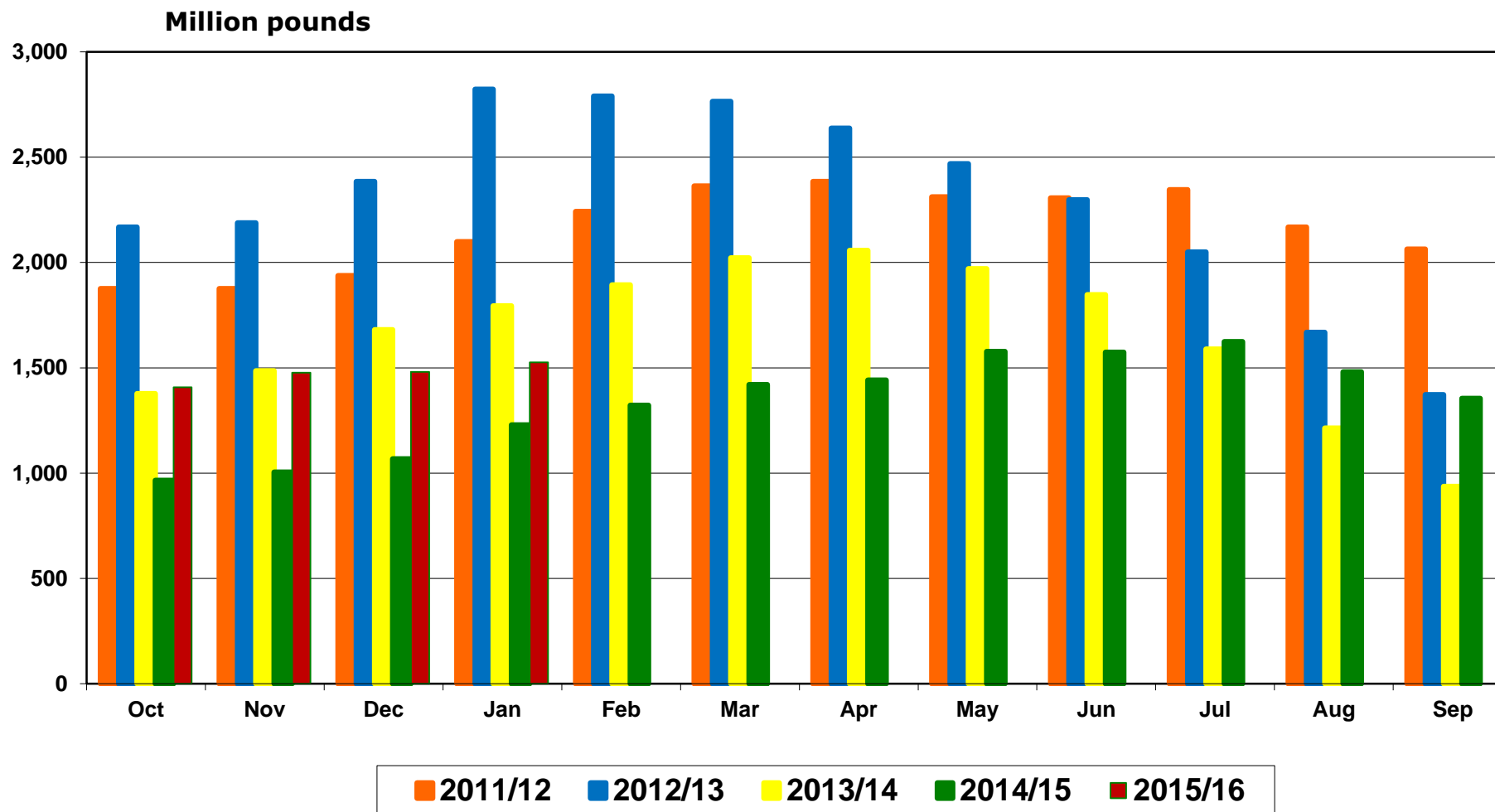


Biodiesel Production Returns are Just Covering Capital Costs



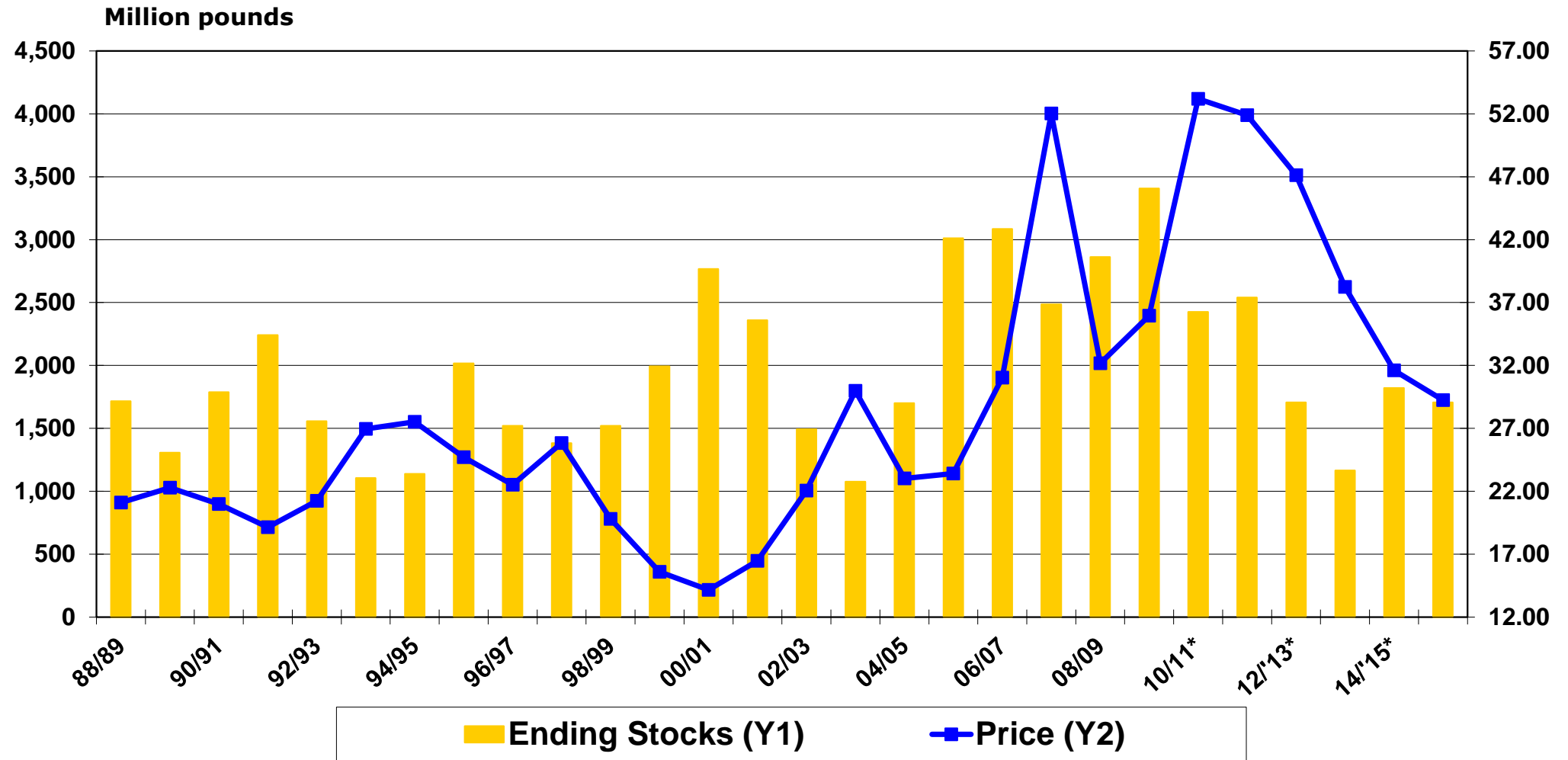


U.S. Soybean Oil Stocks Are Expected to Tighten



Source: NOPA

U.S. Soybean Oil Stocks vs Price



Source: USDA, Rabobank 2016



VI.

Wheat

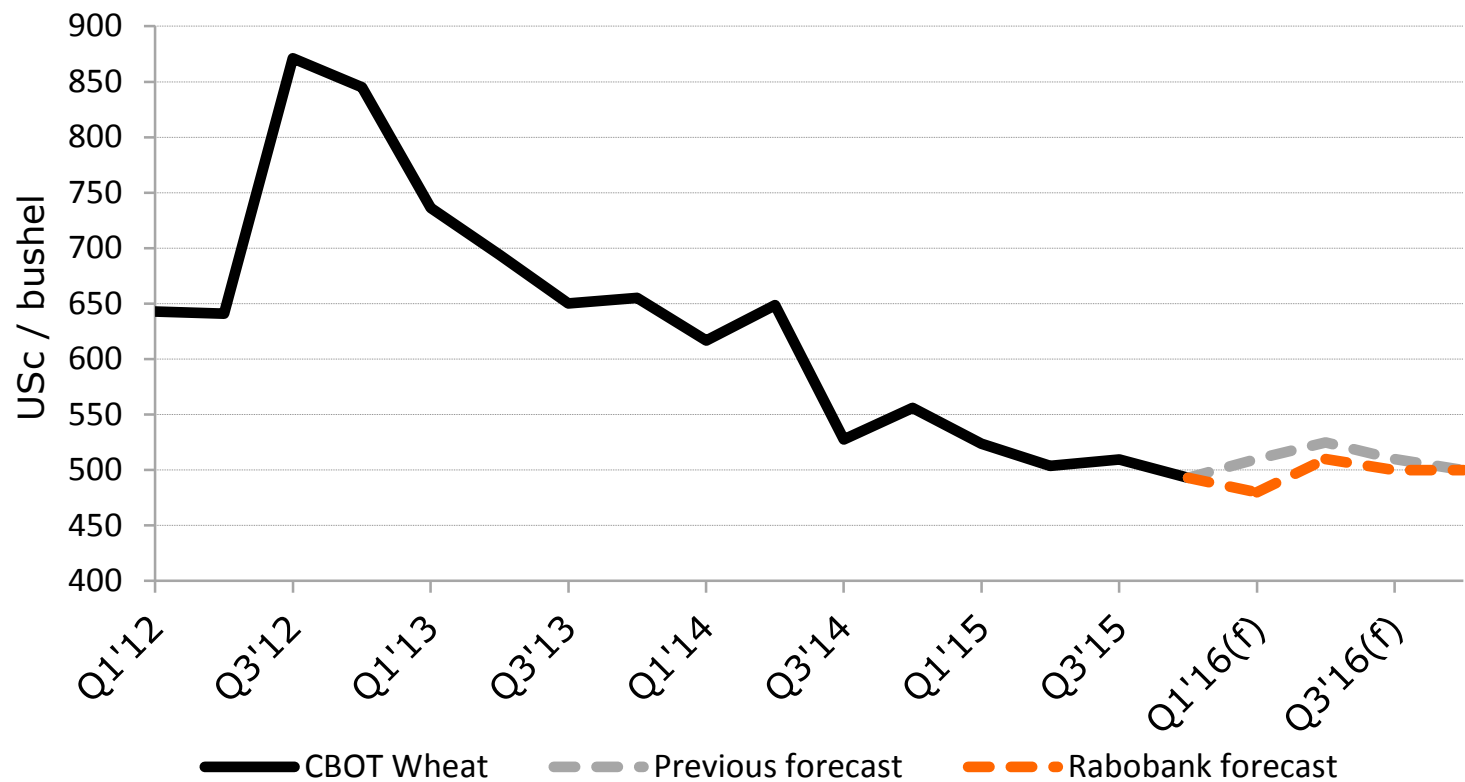


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Price forecast: Wheat

	unit	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16(f)	Q2'16(f)	Q3'16(f)	Q4'16(f)
CBOT	USc/bu	524	504	510	493	480	510	500	500
Matif	EUR/t	190	181	176	177	170	175	180	180



Source: Bloomberg, Rabobank, 2016

Wheat--Bulls and Bears

Bullish Factors

- Declining U.S. acres

Bearish Factors

- More than adequate world stocks
- Disappointing U.S. wheat exports
- U.S. continues to lose world trade market share
- Weakening corn prices
- Appreciation of U.S. Dollar

Swing Factors

- Ukraine and Russia?

U.S. All-Wheat Balance Sheet (million bushels)

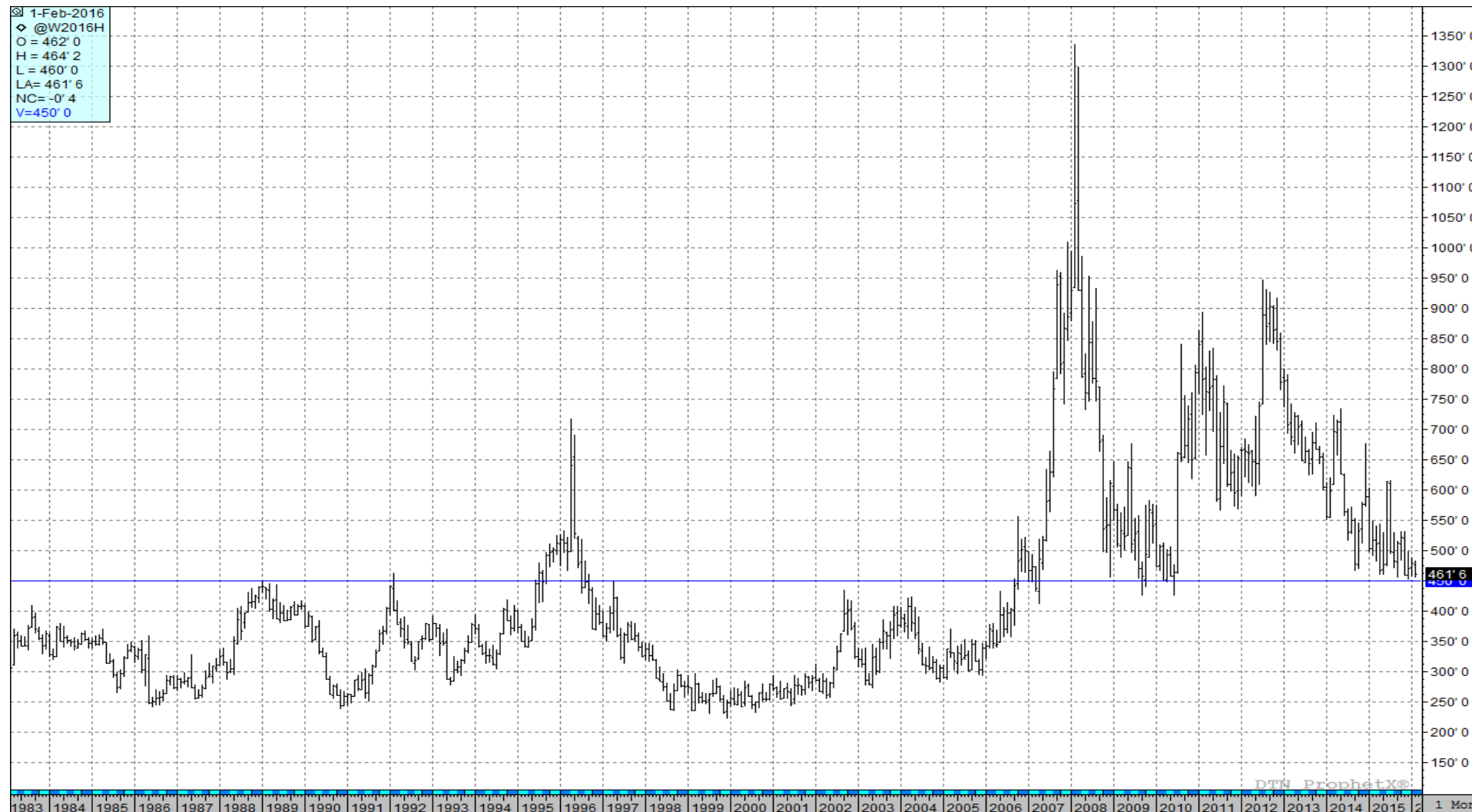


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15*	2015/16*
Planted Acres (mln)	63.2	59.2	53.6	54.3	55.3	56.2	56.8	54.6
Harvested Acres (mln)	55.7	49.9	47.6	45.7	48.8	45.3	46.4	47.1
Yield (bu./acre)	44.9	44.5	46.3	43.6	46.2	47.1	43.7	43.6
Supply								
Beginning Stocks (6/1)	306	657	976	863	743	718	590	752
Production	2,499	2,218	2,207	1,993	2,253	2,135	2,026	2,052
Imports	127	119	97	112	123	173	149	120
Total Supply	2,932	2,993	3,279	2,968	3,118	3,026	2,766	2,924
Disappearance								
Food	927	919	926	941	945	955	958	967
Exports	1,015	879	1,289	1,051	1,012	1,176	854	775
Seed, Feed & Residual	333	219	203	233	443	305	201	216
Total Disappearance	2,275	2,018	2,417	2,226	2,400	2,436	2,014	1,958
Ending Stocks	657	976	862	743	718	590	752	966
Stocks-to-Use Ratio (%)	28.9%	48.4%	35.7%	33.3%	29.9%	24.2%	37.3%	49.3%
Average Farm Price (\$/bu.)	\$6.78	\$4.87	\$5.70	\$7.24	\$7.77	\$6.87	\$5.99	\$5.00

* Projections

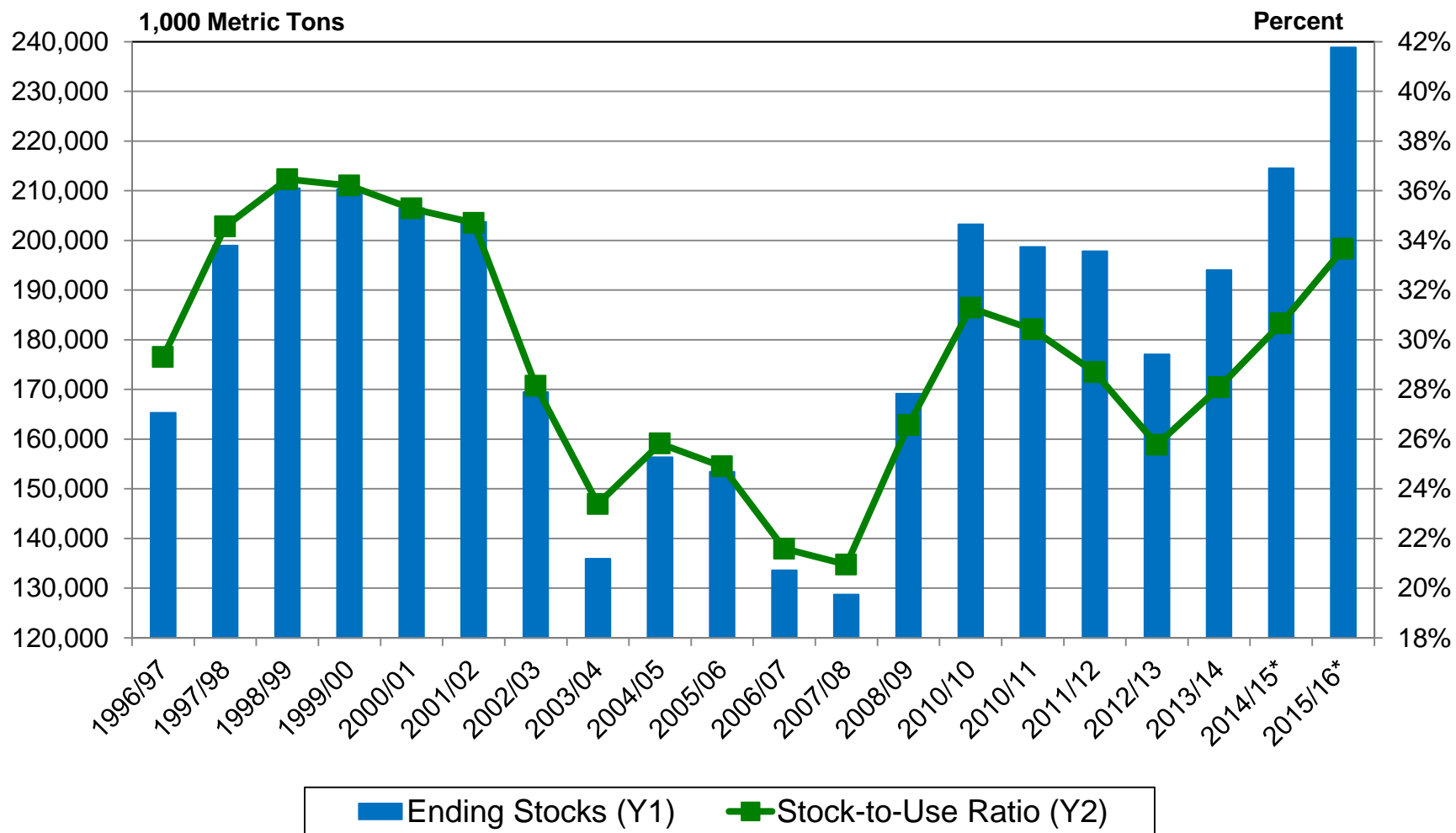


Monthly Chicago Wheat Futures—Finding Support in \$4.50 Area





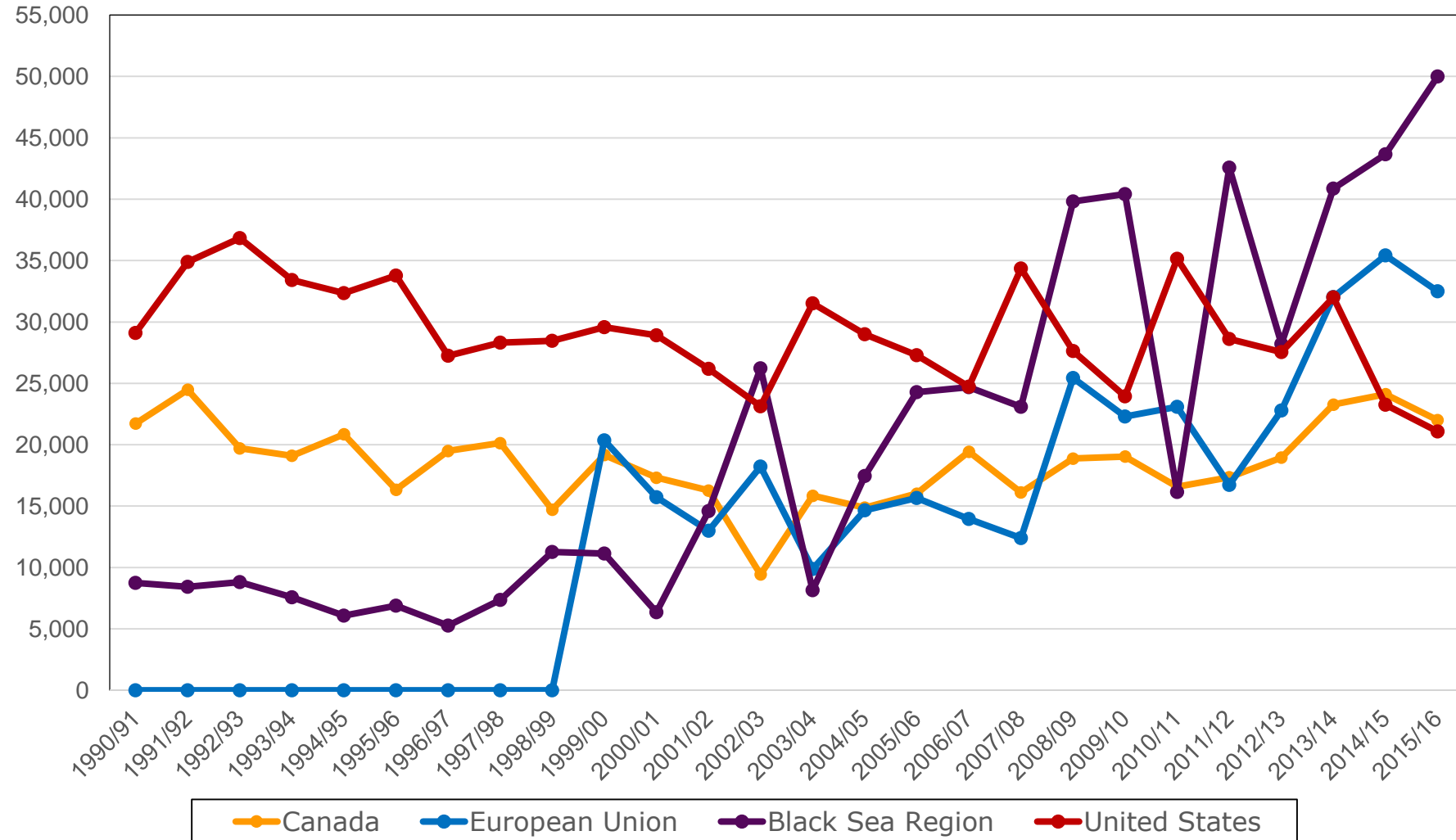
World Wheat Stocks are More Than Adequate



Source: USDA/FAS, Rabobank, 2016

Global Wheat Exports—U.S. Flat to Declining

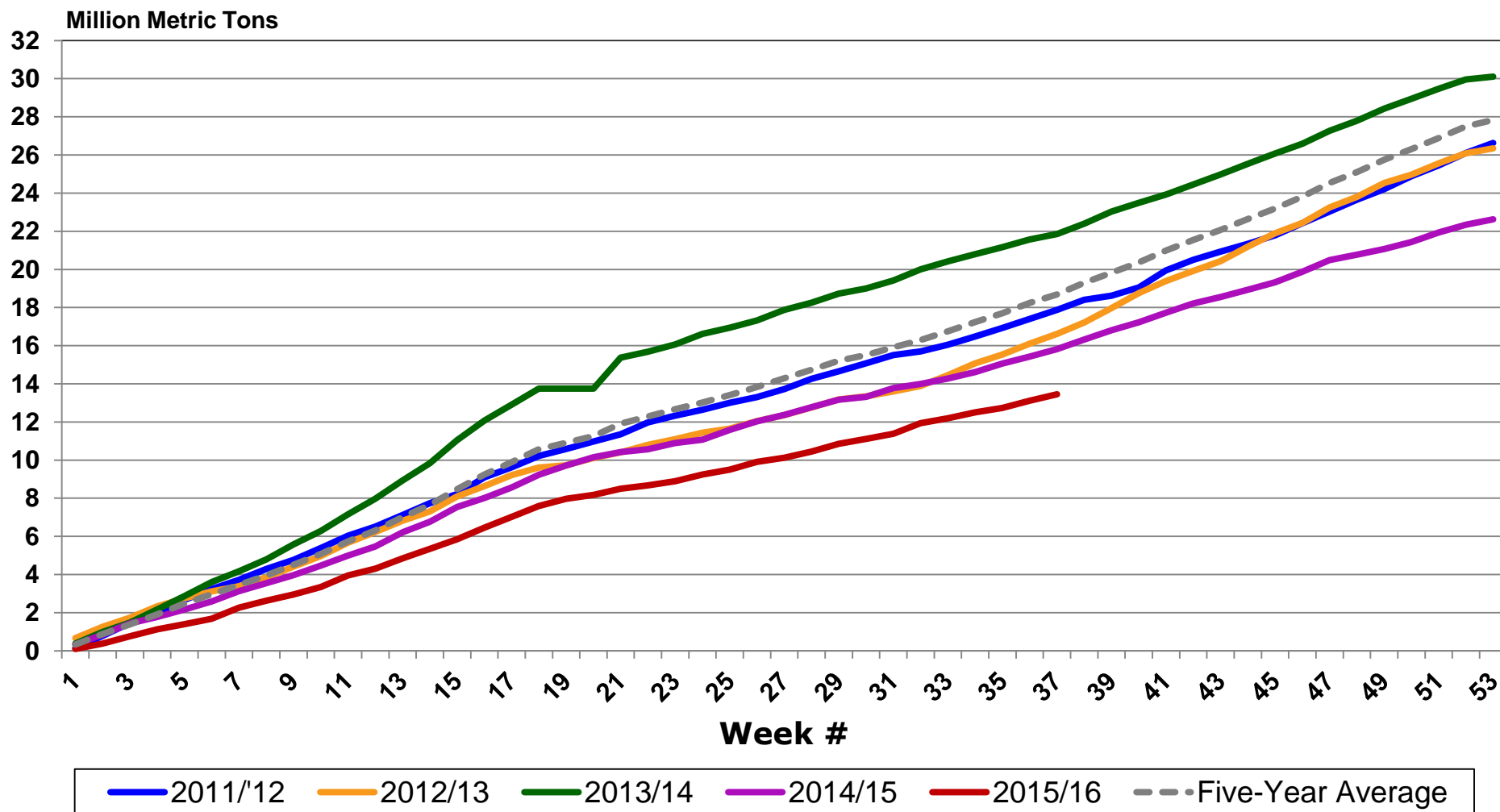
US exports have come under pressure as importers seek better priced cargoes from alternative origins.



Source: USDA/FAS, Rabobank, 2016

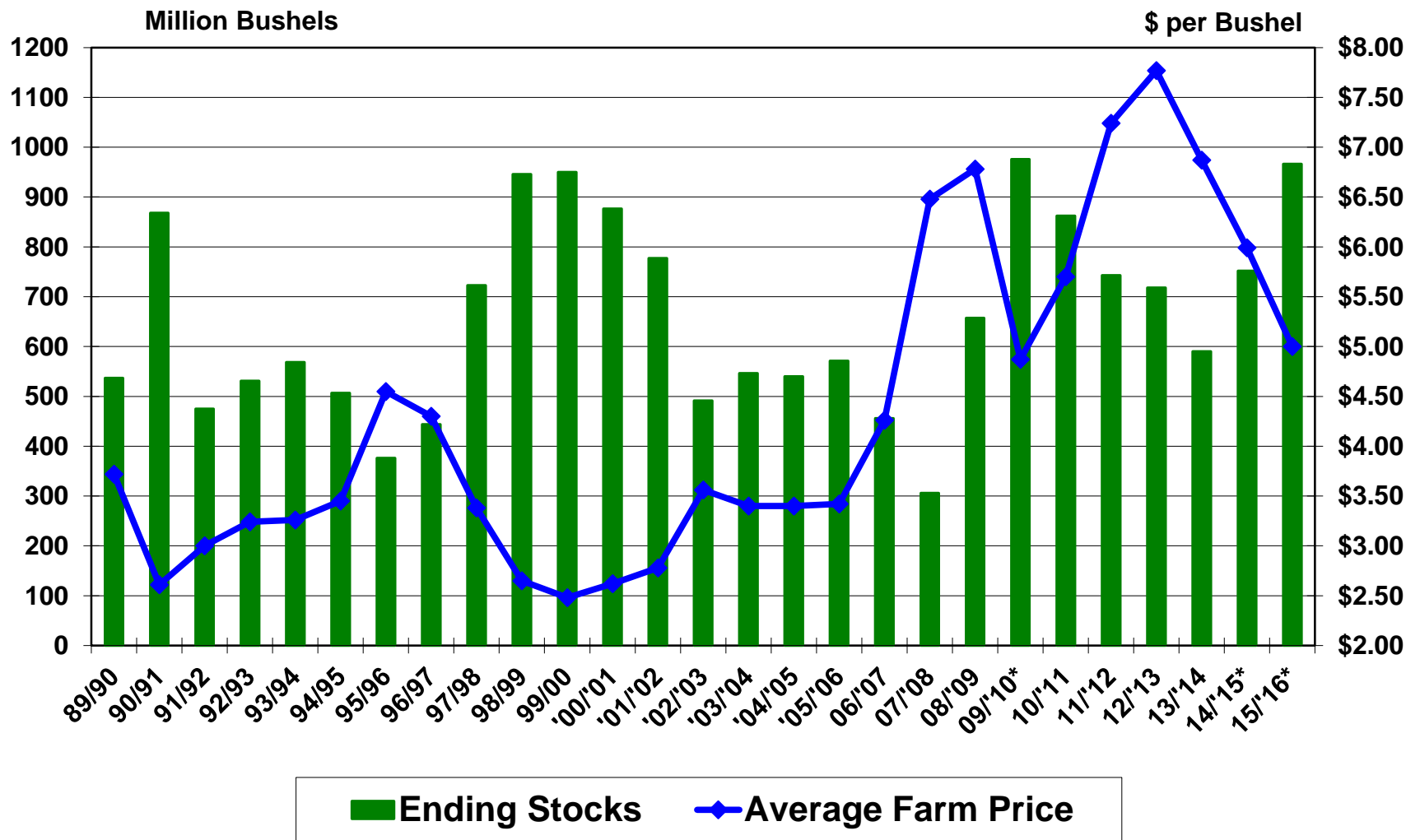


Accumulative U.S. Wheat Exports—Lagging 14.9%





U.S. Wheat Stocks



- Projection
- Source: USDA/WASDE, Rabobank 2016

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