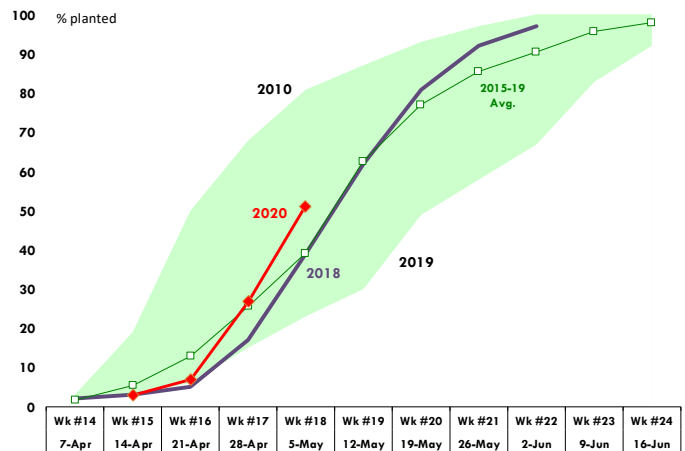


The situation in the meat complex remains top of the mind for many. Yesterday we highlighted the sharp decline in hog slaughter last week and **continued liquidation of the sow breeding herd**. The rest of this week we will dive a bit deeper on trends in both beef and pork prices, both at wholesale and retail. However, today we thought we'd change gears and talk a bit about feed supply outlook and prices. While COVID-19 tends to dominate everything these days, livestock and poultry producers still are in the business of converting feedstuffs into meat protein and providing key nutrients to US and global consumers. The feed component may have receded in the background but it remains a critical factor for livestock and poultry producers and ultimately meat production.

According to the latest USDA crop progress report, corn farmers have taken full advantage of good planting weather and, as of last week, **over half of the corn crop (51%) is now in the ground**. This compares to 27% last week, 21% for the same week a year ago and 39% for the last five years. All key producing states are well ahead of normal for this time of year but **Iowa appears to be well ahead of the pack. As of last week, 78% of the Iowa corn crop had been planted**. Last year corn planting in Iowa during the comparable week was 32% and the five year average was 46%. While there is not a very strong relationship between time of planting and final crop yields, it sure helps to get the corn planted during the recommended window. Last year the corn crop was planted exceptionally late (see bottom range in the graph) and corn yields were below trend, albeit not as bad as some feared. Corn yields for the 2019-20 marketing year were last estimated by USDA at 168 bushels per acre, 5% lower than the previous year. This despite the fact that a third of the corn crop last year was planted after June 1. **Reports are for open weather in the next few days and expectations are for good planting progress**. There are few signs of drought pressure at this time but it is still quite early in the season. The drought monitor map released by NOAA for the last week of April shows some dry conditions in the Dakotas and parts of Kansas. Other than that there are few problem spots across the Corn Belt at this time. **The big unknown for market participants at this time is the number of acres that will be planted with corn this spring**. In the survey that USDA did back in March, farmers said they would plant 97 million acres with corn, 7.3 million acres or 8.1% more than a year ago. We tried to put this number in a potential balance sheet for next year. Please remember that USDA will publish on May 12 its next WASDE report, which will contain the first supply/demand projections for the 2020-21 marketing year. Planting 97 million corn acres and assuming trend yields could result in a corn crop of 15.8 billion bushels, 2.14 billion bushels or 16% higher than a year ago. New crop corn futures are still holding above \$3 per bushel but that's probably because a) traders don't think we will plant this much corn and b) we still have summer weather risk ahead of us. At this time feed price inflation risk appears to be limited. Corn farmers could be bringing a record supply to market at a time that livestock feed demand will be waning and ethanol demand is facing significant headwinds due to the slowdown in economic activity.

CORN PLANTING PROGRESS: PERCENT PLANTED

Corn Crop Planted in 18 Major Production States. Source: USDA-Nass. Prepared by Steiner Consulting



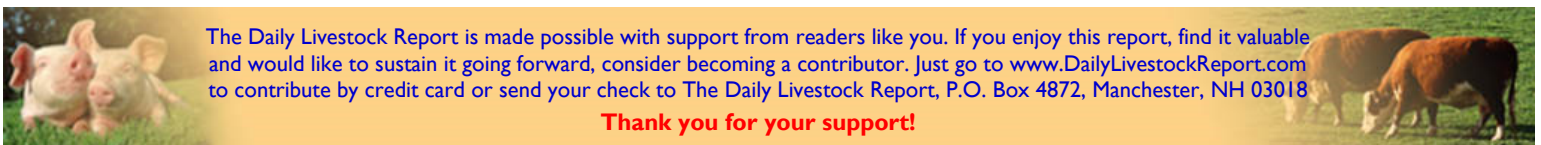
Corn Supply/Demand Balance Sheet

Source: USDA + Projections based on Planting Survey and Trends

	2017/18	2018/19	2019/20		% Change		2020-21 Steiner Estimate
	USDA Actual	USDA Est	USDA Mar Est	USDA Apr Est	2017/18	2018/19	
Planted	90.2	88.9	89.7	89.7	-0.6%	0.9%	97.0
Harvested	82.7	81.3	81.5	81.5	-1.5%	0.2%	88.9
Yield per harvested acre	176.6	176.4	168.0	168.0	-4.9%	-4.8%	178.0
Beginning stocks	2,293	2,140	2,221	2,221	-3.1%	3.8%	2,092
Production	14,609	14,340	13,692	13,692	-6.3%	-4.5%	15,833
Imports	36	28	50	45	25.0%	60.7%	50
Supply, total	16,939	16,509	15,962	15,957	-5.8%	-3.3%	17,975
Feed and residual	5,304	5,430	5,525	5,675	7.0%	4.5%	5,550
Ethanol for fuel	5,605	5,378	5,425	5,050	-9.9%	-6.1%	5,250
Food, seed and residual	1,452	1,415	1,395	1,415	-2.5%	0.0%	1,450
Domestic use, total	12,361	12,223	12,345	12,140	-1.8%	-0.7%	12,250
Exports	2,438	2,065	1,725	1,725	-29.2%	-16.5%	2,200
Use, total	14,798	14,288	14,070	13,865	-6.3%	-3.0%	14,450
Ending stocks	2,140	2,221	1,892	2,092	-2.2%	-5.8%	3,525
Avg. farm price (\$/bu)	3.36	3.61	3.80	3.60	7.1%	5.9%	24.4%
Ending Stocks/Use	14.5%	15.5%	13.4%	15.1%			

Source: USDA Monthly WASDE Report.

** Corn crop marketing year starts September 1.



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