

Why Russian/Ukraine War Is the Most Important Price Factor



Kim Anderson
Agricultural Economist



2023 Crop Price Forecasts

	Current	2023
Wheat	\$ 9.53	\$ 9.01
Corn	\$ 7.50	\$ 6.84
Soybeans	\$13.40	\$13.17
Cotton	\$ 0.80	\$ 0.71

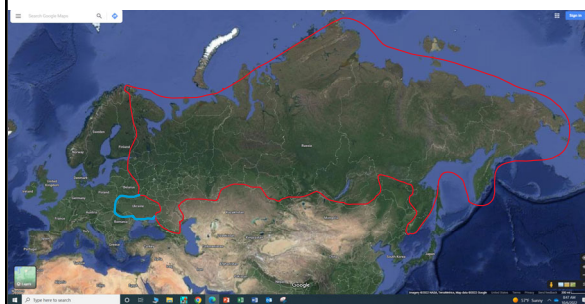


BRICS

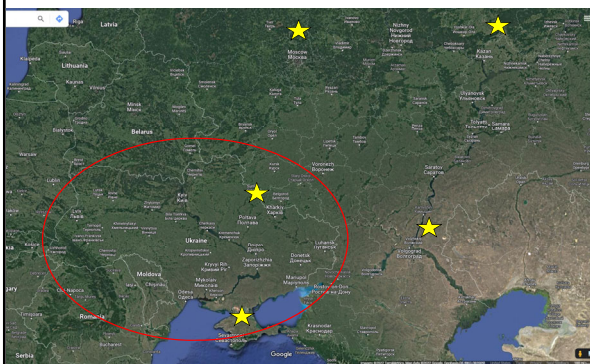
- Brazil, Russia, India, and China + S. Africa
- Bangladesh, United Arab Emirates (UAE) and Uruguay
- BRIC is an acronym for the developing nations of Brazil, Russia, India, and China. They are countries that some believe will be the dominant suppliers of manufactured goods, services, and raw materials by 2050.
- Shanghai is the headquarters of BRICS
- Replace the U.S. Dollar as international trade currency.



Russia



Russia - Ukraine



Russia

- | Exports | Oil and Gas |
|---|--|
| <ul style="list-style-type: none"> • 19% Wheat #1 • 13% oil #2 • 8% natural gas #4 • 19% P fertilizer • 15% N fertilizer • 14% K fertilizer | <ul style="list-style-type: none"> • 45% Federal Budget • Russia, Saudi Arabia, U.S. top three exporters • China largest importer • 2nd largest producer NG • Largest NG reserve |

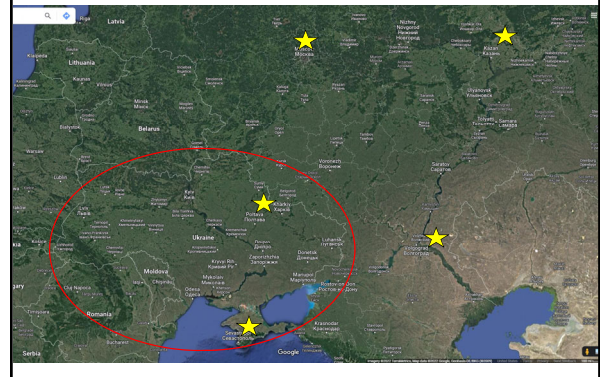


Ukraine Export Facts

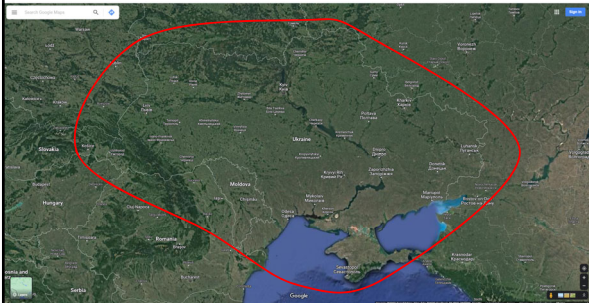
- 10% world's wheat #7
- 14% world's corn #6
- 31% Sunflowers #1
- 4% Rapeseed (Canola) #6
- 3% Iron & Steel #5



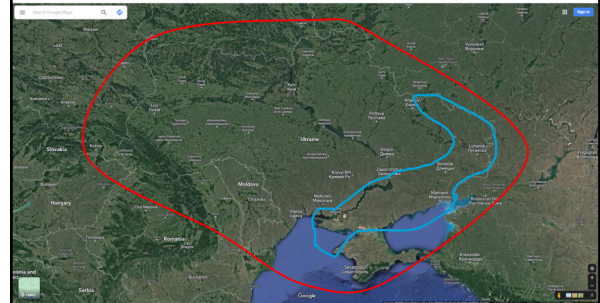
Russia - Ukraine



Ukraine



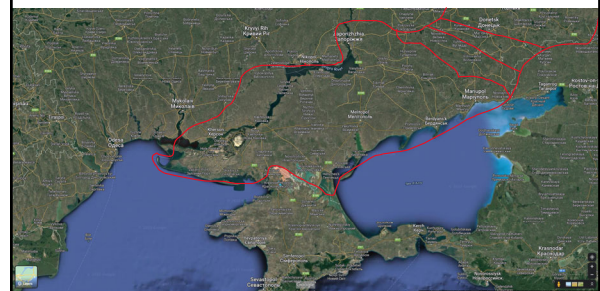
Ukraine



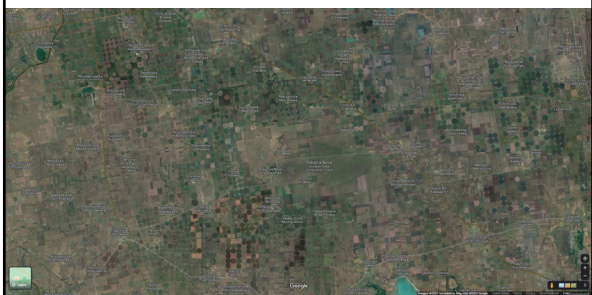
Russia – Ukraine War



Russia - Ukraine



Russia - Ukraine



Russia - Ukraine



Russia – Ukraine - BRICS

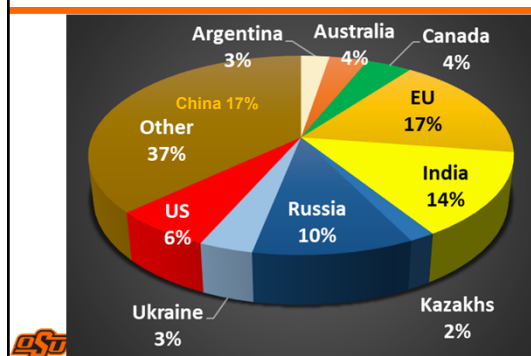
- Russia is gaining export facilities.
- Russia is gaining agricultural commodities to export.
- Russia is gaining political power.
- Caveat – Russia becomes a satellite of China. War is not just to gain territory.
- R/U war is “WWIII” and is an “Economic War.”
- The R/U war has impacted all aspects of commercial agriculture.

Impact on U.S.

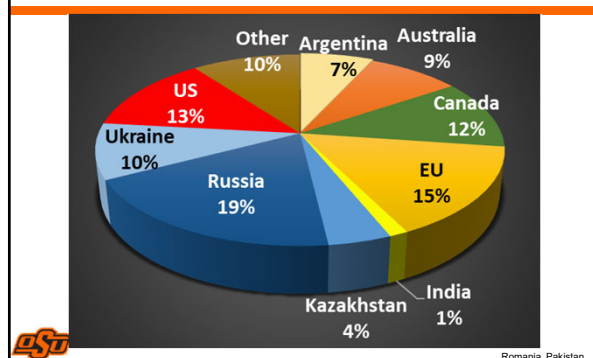
- Weakens U.S. Economy
- Drains U.S. Resources – oil, gas, etc.
- Makes U.S. dependent on imports of natural resources.
- Loses control of prices.

Wheat

Five-Year Average Wheat Production Percentages



Five-Year Average Wheat Export Percentages



Key Wheat Market Factors

- Record world production, 4th year in a row.
- Record world consumption, 4th year in a row.
- Declining world ending stocks, 4th year in a row.
- Very tight U.S. wheat stocks, especially HRW wheat.
- Value of U.S. dollar (95-January to 114 in September) +20%

Wheat Stocks-to-Use Ratios

	2017/18		2022/23	
	S-T-U	Price	S-T-U	Price
World	38.7%		34.0%	
U.S.*	55.8%	\$4.58	31.4%	\$9.00
HRW**	78.0%	\$3.98	38.0%	\$9.00

*U.S. Price is U.S. average annual price and estimated 2022/23 average annual price.

**HRW Price is Oklahoma average annual price and average June through September 2022 Medford Okla. average price.

2023 Crop Price Forecasts

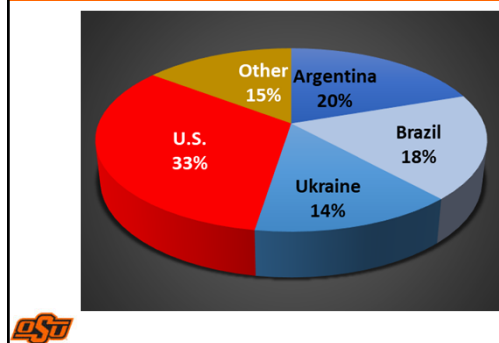
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Corn

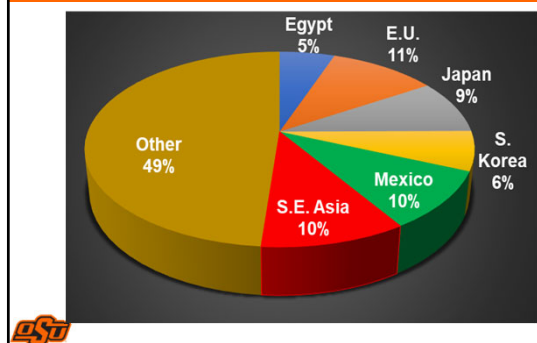
OSU
EXTENSION

Anderson/10/7/2022ppt

World Corn Export Percentages



World Corn Import Percentages



Key Corn Market Factors

- Near record world production: 46.2 Bb vs 48.0 Bb
- World corn production increased 3.6 Bb 2020-2021
- Near record world consumption: 46.5 Bb vs 47.3 Bb
- Near average world ending stocks
- Tight U.S. stocks → 1.2Bb vs 1.8 Bb → 5-year average

Corn Stocks-to-Use Ratios

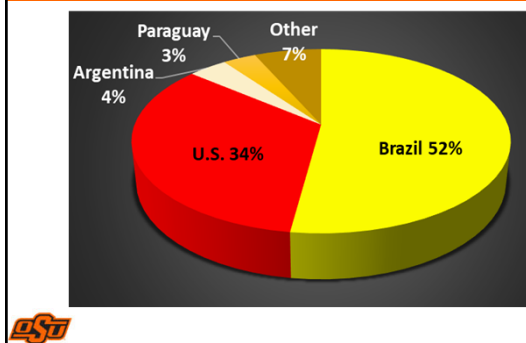
	5-Year Average		2022/23	
	S-T-U	Price	S-T-U	Price
World	25.8%		25.8%	
U.S.	12.5%	\$4.20	8.5%	\$6.75
Brazil	5.9%		6.4%	-13%
Argentina	4.8%		2.7%	-44%

2023 Crop Price Forecasts

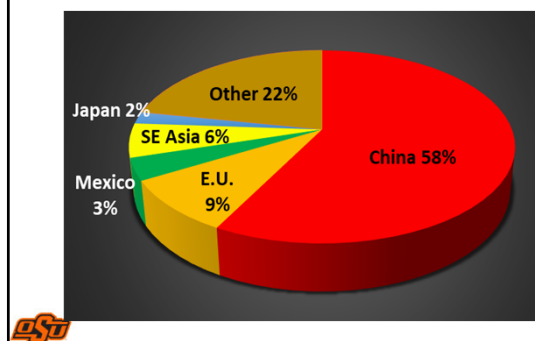
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Soybean

World Soybean Export Percentages



World Soybean Import Percentages

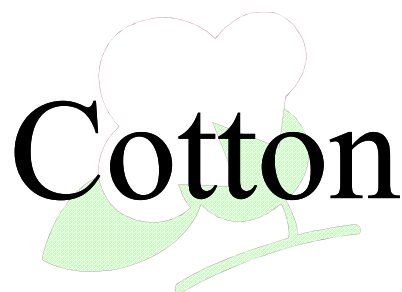


Key Soybean Market Factors

- Record world production: 14.3 Bb vs 13.5 Bb 2020 13.0 5-yr
- Record world consumption: 13.9 Bb vs 13.3 Bb 20&21
- Near average world ending stocks
- Tight U.S. stocks → 200 Mb vs 474 Mb 5-year average
- Brazil planting record soybean acres – 105.8 Ma (88Ma US)

Soybean Stocks-to-Use Ratios

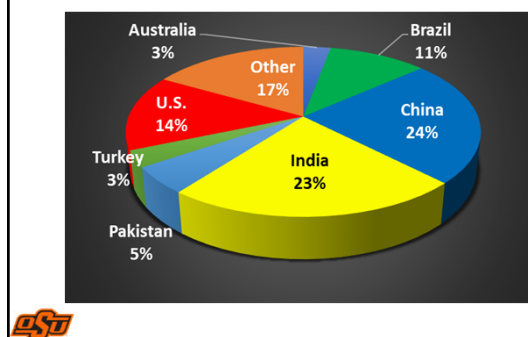
	5-Year Average		2022/23	
	S-T-U	Price	S-T-U	Price
World	28.4%		26.2%	
U.S.	11.5%	\$10.10	4.5%	\$14.35
Brazil	21.6%		20.6%	4.6%
Argentina	48.7%		48.0%	



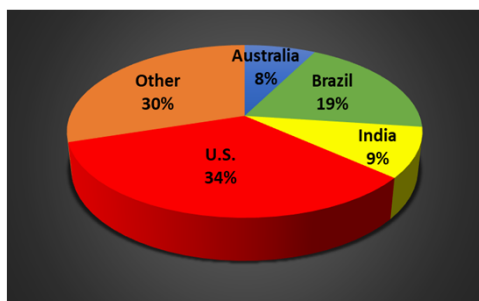
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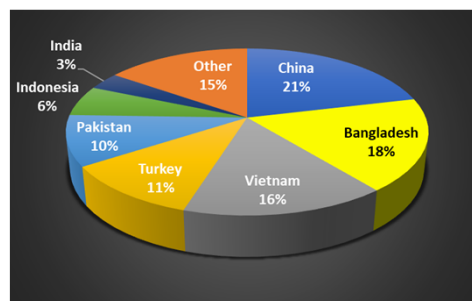
Cotton Production



Cotton Exports



Cotton Imports



Cotton Stocks-to-Use Ratios

	5-Year Average		2022/23	
	S-T-U	Price	S-T-U	Price
World	75.1%		71.5%	
U.S.	25.7%	\$0.71	18.1%	\$0.96
Brazil	110.8%		109.6%	13%
India	38.6%		31.2%	44%
Australia	100%		67.6%	



Your success and quality of life is directly related to your ability to raise and sell a quality product that someone wants to buy!



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Thank You!

