

June 9, 2017 - USDA World Supply and Demand Estimates

Corn

Market Reaction: July 2017 corn futures closed up 2 cents at \$3.87 ³/₄ with a trading range for the day of \$3.80 ³/₄ to \$3.89 ¹/₂. December 2017 corn futures closed up 2 ¹/₄ cents at \$4.06 with a trading range for the day of \$3.98 ¹/₂ to \$4.07. USDA is currently projecting global corn ending stocks to contract over 1 billion bushels from 2016/17 to 2017/18. This is positive to long term price prospects; however US growing conditions and production will be important if this reduction is to materialize.

USDA Summary: The 2017/18 outlook for U.S. feed grain supplies is virtually unchanged this month. Projected corn production for 2017/18 is unchanged at 14,065 million bushels. USDA will release the Acreage report on June 30, providing a survey-based estimate of corn area planted and a forecast of area harvested for grain. The season-average corn price received by producers is unchanged from last month at \$3.00 to \$3.80 per bushel.

This month's 2017/18 foreign coarse grain outlook is for lower production, increased trade and reduced stocks relative to last month. EU corn production is down based on government data indicating lower-than-expected area in France and Germany. Canada corn production is lowered on reductions to both area and yield, as wetter-than-normal conditions in Ontario and Quebec during May delayed plantings and are expected to reduce yield prospects. Ukraine corn production is raised based on reported planting progress to date indicating a level of planted area above previous expectations. For 2016/17, Brazil corn production is raised as above-normal rainfall in the Center-West during May boosts yield prospects. South Africa corn production is higher reflecting the latest production estimate from the government. Major global trade changes for 2017/18 include higher projected corn exports for Ukraine and Russia, with increased corn imports for the EU. Foreign corn ending stocks are lowered from last month, with reductions for Canada, the EU and Russia more than offsetting increases for South Africa and Ukraine.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected May	2017/18 Projected June	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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Planted and Harvested Acres & Yield

Acres Planted (Million Acres)	95.4	90.6	88	94	90	90	0.0	-4.0
Acres Harvested (Million Acres)	87.5	83.1	80.8	86.7	82.4	82.4	0.0	-4.3
U.S. Average Yield (Bu/Acre)	158.1	171.0	168.4	174.6	170.7	170.7	0.0	-3.9

Supply (Million Bushels)

Beg. Stocks	821	1,232	1,731	1,737	2,295	2,295	0	558
Production	13,829	14,216	13,602	15,148	14,065	14,065	0	-1,083
Imports	36	32	67	55	50	50	0	-5
Total Supply	14,686	15,479	15,401	16,940	16,410	16,410	0	-530

Use & Ending Stocks (Million Bushels)

Feed and Residual	5,040	5,280	5,123	5,500	5,425	5,425	0	-75
Ethanol	5,124	5,200	5,224	5,450	5,500	5,500	0	50
Food, Seed & Industrial	1,369	1,401	1,470	1,470	1,500	1,500	0	30
Exports	1,920	1,867	1,898	2,225	1,875	1,875	0	-350
Total Use	13,454	13,748	13,664	14,645	14,300	14,300	0	-345
U.S. Ending Stocks	1,232	1,731	1,737	2,295	2,110	2,110	0	-185
Foreign Stocks	5,653	6,529	6,626	6,547	5,577	5,540	-37	-1,007

Price and Stocks to Use Ratio

U.S. Avg. Season Price (\$/Bu)	\$4.46	\$3.70	\$3.61	\$3.25- \$3.45	\$3.00- \$3.80	\$3.00- \$3.80	\$0.00	\$0.05
U.S. Stocks/Use	9.16%	12.59%	12.71%	15.87%	14.76%	14.76%	0.0%	-1.11%

Source: USDA-WASDE June 9, 2017

World Corn Supply and Use (Million Bushels) 2017/18 (June)

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	8,842	40,622	5,739	25,603	41,814	6,020	7,650
US	2,295	14,065	50	5,425	12,425	1,875	2,110
Foreign	6,547	26,558	5,689	20,178	29,389	4,145	5,540
Argentina	113	1,575	0	295	445	1,122	121
Brazil	385	3,740	12	2,047	2,421	1,339	377
South Africa	116	492	4	228	461	67	85
Egypt	83	236	394	528	626	0	87
EU	236	2,441	591	2,205	2,941	98	228
Japan	49	0	591	453	594	0	45
Mexico	252	984	610	894	1,602	28	217
Southeast Asia	127	1,166	594	1,443	1,750	28	109
South Korea	75	3	402	315	405	0	74
Canada	95	567	31	335	555	59	80
China	3,988	8,464	118	6,535	9,370	1	3,200
Ukraine	49	1,122	1	272	327	807	38
ROW	978	5,767	2,342	4,630	7,892	596	881

World Corn Supply and Use (Million Bushels) 2017/18 June-May

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	27	-71	39	-20	-7	39	-37
US	-	-	-	-	-	-	-
Foreign	27	-71	39	-20	-7	39	-37
Argentina	-	-	-	-	-	-	-
Brazil	20	-	-	-	20	-	-
South Africa	7	-	-	-	-	-	7
Egypt	-	-	-	-	-	-	-
EU	-	-59	39	-4	-12	-	-8
Japan	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-
Southeast Asia	-	-	-	-	-	-	-
South Korea	-	-	-	-	-	-	-
Canada	-	-31	-	-	-	-	-31
China	-	-	-	-	-	-	-
Ukraine	-	20	-	-4	-4	20	4
ROW	0	0	0	-12	-11	20	-9

Source: USDA-WASDE June 9, 2017

Cotton

Market Reaction: July 2017 cotton futures closed down 0.86 cents at 75.69 with a trading range for the day of 75.55 to 76.49 cents. December 2017 cotton futures closed down 0.61 cents at 72.49 with a trading range for the day of 72.26 to 73.19 cents. Price direction will now be dictated from crop progress, acreage abandonment, and final yields/quality.

USDA Summary: The U.S. cotton projections for 2017/18 show a reduction of 500,000 bales in exports from last month to 13.5 million, as higher anticipated foreign production is expected to reduce global import demand. Beginning stocks, production and domestic mill use are unchanged. Accordingly, ending stocks are now projected at 5.5 million bales which, if realized, would be a 9-year high. The projected range for the 2017/18 marketing year average farm price of 54 to 74 cents per pound is unchanged from last month, while the price estimate for 2016/17 is reduced marginally to 68.5 cents.

The 2017/18 world cotton projections include increases in global production, consumption, and ending stocks, while trade is reduced 2 percent. Production is raised for Pakistan, China, and Mexico based on higher estimated planted area. Higher global consumption reflects increases for China, India, and Pakistan which are largely due to higher domestic supplies. China's consumption is raised in both 2016/17 and 2017/18, as sales from the national reserve and steady imports suggest that consumption there is stronger than previously estimated. A reduction of nearly 800,000 bales in world imports results primarily from lower expected demand by Pakistan and Mexico. Exports are lowered for the United States, India, Brazil and others. World ending stocks are now projected at 87.7 million bales, the lowest since 2011/12.

	2013/14	2014/15	2015/16	2016/17 Est	2017/18 Projected May	2017/18 Projected June	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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Planted and Harvested Acres & Yield

Acres Planted (Million Acres)	10.41	11.04	8.58	10.07	12.23	12.23	0	2.16
Acres Harvested (Million Acres)	7.54	9.35	8.07	9.51	11.38	11.38	0	1.87
U.S. Average Yield (lbs/acre)	821	838	766	867	810	810	0	-57

Supply (Million Bales)

Beg. Stocks	3.8	2.35	3.65	3.8	3.2	3.2	0	-0.6
Production	12.91	16.32	12.89	17.17	19.2	19.2	0	2.03
Imports	0.01	0.01	0.03	0.01	0.01	0.01	0	0
Total Supply	16.72	18.68	16.57	20.98	22.41	22.41	0	1.43

Use & Ending Stocks (Million Bales)

Domestic	3.55	3.58	3.45	3.3	3.4	3.4	0	0.1
Exports	10.53	11.25	9.15	14.5	14	13.5	-0.5	-1
Total Use	14.08	14.82	12.6	17.8	17.4	16.9	-0.5	-0.9
U.S. Ending Stocks	2.35	3.65	3.8	3.2	5	5.5	0.5	2.3
Foreign Stocks	100.63	108.09	93.37	86.14	82.14	82.21	0.07	-3.93
Chinese Stocks	62.71	66.92	58.2	48.4	39.65	39.35	-0.3	-9.05

Price and Stocks to Use Ratio

U.S. Avg. Season Price (\$/lb)	\$0.779	\$0.613	\$0.612	\$0.69	\$0.54- \$0.74	\$0.54- \$0.74	\$0.000	-\$0.045
U.S. Stocks/Use	17%	25%	30%	27%	29%	33%	3.81%	5.27%
Chinese Stocks/Use	182%	197%	166%	135%	106%	104%	-2.18%	-31.34%

Source: USDA-WASDE June 9, 2017

World Cotton Supply and Use (Million 480 lb Bales) 2017/18 (June)

Country / Region	Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss	Ending Stocks
World	89.34	114.73	36.85	116.51	36.84	-0.15	87.71
US	3.2	19.2	0.01	3.4	13.5	0.01	5.5
Foreign	86.14	95.53	36.84	113.11	23.34	-0.16	82.21
Central Asia	2.42	6.25	0	2.65	3.1	0	2.92
Afr. Fr. Zone	1.69	5.16	0	0.12	4.64	0	2.09
Australia	2.65	4.8	0	0.04	4.25	-0.15	3.31
Brazil	7.36	7	0.1	3.3	3.1	-0.15	8.21
India	11.99	28	1.75	24.2	4.2	0	13.34
Mexico	0.47	1.25	0.85	1.8	0.15	0.03	0.59
China	48.4	24	5	38	0.05	0	39.35
EU	0.21	1.38	0.72	0.74	1.26	0.03	0.28
Turkey	1.36	3.7	3.4	6.55	0.28	0	1.63
Pakistan	2.39	9.3	2	10.6	0.45	0.03	2.62
Indonesia	0.63	0	3.2	3.2	0.01	0	0.63
Thailand	0.2	0	1.28	1.25	0	0.03	0.2
Bangladesh	1.41	0.13	7.1	6.9	0	0.01	1.72
Vietnam	0.88	0	6.2	5.9	0	0	1.19
ROW	4.08	4.56	5.24	7.86	1.85	0.01	4.13

World Cotton Supply and Use (Million 480 lb Bales) 2017/18 June-May

Country / Region	Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss	Ending Stocks
World	-0.18	1.51	-0.78	0.76	-0.79	0	0.57
US	-	-	-	-	-0.5	-	0.5
Foreign	-0.18	1.51	-0.78	0.76	-0.29	-	0.07
Central Asia	0.02	0.06	-	-	-	-	0.07
Afr. Fr. Zone	0.13	-	-	-	0.02	-	0.11
Australia	-	-	-	-	-0.05	-	0.05
Brazil	0.03	-	-	-	-0.1	-	0.13
India	-	-	-	0.2	-0.3	-	0.1
Mexico	-	0.15	-0.13	0	0.02	-	-0.01
China	-0.3	0.5	-	0.5	-	-	-0.3
EU	-0.03	-	-	-	-	-	-0.03
Turkey	-	-	-	-	-	-	-
Pakistan	-0.1	0.8	-0.6	0.2	0.1	-	-0.2
Indonesia	-	-	-	-	-	-	0
Thailand	-	-	-0.08	-0.08	-	-	-0.01
Bangladesh	-	-	0.1	-	-	-	0.1
Vietnam	-	-	-	-	-	-	-
ROW	0.07	0	-0.07	-0.06	0.02	0	0.06

Source: USDA-WASDE June 9, 2017

Soybeans

Futures Market Reaction: July 2017 soybean futures were up 3 ½ cents to \$9.41 ½ with a trading range for the day of \$9.32 ¾ to \$9.44. November 2017 soybean futures closed up 4 ½ cents at \$9.48 ¼ with a trading range for the day of \$9.38 ½ to \$9.48 ¾. Minor adjustments to Brazil, Argentina, and the US for the 2016/17 marketing year caused increased global stocks for the 2017/18 marketing year; however the report contained no major surprises. The key for improvements in soybean prices will be continued growth in global demand, as stocks and production continue to be projected near record large.

USDA Summary: This month's U.S. soybean supply and use projections for 2017/18 are little changed from last month. Higher beginning stocks reflect a lower crush projection for 2016/17. Soybean crush for 2016/17 is reduced 15 million bushels to 1,910 million mainly reflecting reduced domestic soybean meal disappearance. Soybean ending stocks for 2016/17 are projected at 450 million bushels, up 15 million from last month. Ending stocks for 2017/18 are also raised 15 million bushels to 495 million. Price forecasts for 2017/18 are unchanged this month. The 2017/18 season-average price for soybeans is forecast at \$8.30 to \$10.30 per bushel; soybean meal and oil prices are projected at \$295 to \$335 per short ton and 30 to 34 cents per pound, respectively.

The 2017/18 global oilseed supply and demand forecasts include higher production and stocks compared to last month. Global oilseed production changes for 2016/17 include higher soybean production in Brazil and Argentina and higher peanut production in India. Global soybean production is raised 121 million bushels to 12.908 billion bushels. The Brazil soybean crop is projected up 88 million bushels to 4.189 billion reflecting increased yields in more recently harvested areas, particularly Rio Grande do Sul. With higher global production in 2016/17, the beginning stocks for 2017/18 are raised 114 million bushels to 3.425 billion. The larger beginning stocks combined with an 18-million-bushel reduction to Argentina soybean exports in 2017/18 results in a 125-million-bushel increase to 3.388 billion to global soybean stocks at the end of the 2017/18 marketing year.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected May	2017/18 Projected June	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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Planted and Harvested Acres & Yield

Acres Planted (Million Acres)	76.8	83.3	82.7	83.4	89.5	89.5	0.0	6.1
Acres Harvested (Million Acres)	76.3	82.6	81.7	82.7	88.6	88.6	0.0	5.9
U.S. Average Yield (Bu/Acre)	44.0	47.5	48	52.1	48	48	0.0	-4.1

Supply (Million Bushels)

Beg. Stocks	141	92	191	197	435	450	15	253
Production	3,358	3,927	3,926	4,307	4,255	4,255	0	-52
Imports	72	33	24	25	25	25	0	0
Total Supply	3,570	4,052	4,140	4,528	4,715	4,730	15	202

Use & Ending Stocks (Million Bushels)

Crushing	1,734	1,873	1,886	1,910	1,950	1,950	0	40
Exports	1,638	1,842	1,936	2,050	2,150	2,150	0	100
Seed and Residual	107	146	122	118	135	135	0	17
Total Use	3,478	3,862	3,944	4,078	4,235	4,235	0	157
U.S. Ending Stocks	92	191	197	450	480	495	15	45
Foreign Stocks	2,211	2,658	2,637	2,974	2,783	2,893	110	-81

Price and Stocks to Use Ratio

U.S. Average Season Price (\$/Bu)	\$13.00	\$10.10	\$8.95	\$9.55	\$8.30- \$10.30	\$8.30- \$10.30	\$0.00	-\$0.25
U.S. Stocks/Use	2.65%	4.95%	4.99%	10.87%	11.33%	11.69%	0.35%	0.82%

Source: USDA-WASDE June 9, 2017

World Soybean Supply and Use (Million Bushels) 2017/18 (June)

Country / Region	Beginning Stocks	Production	Imports	Domestic Crush	Domestic Total	Exports	Ending Stocks
World	3,425	12,664	5,424	11,079	12,648	5,477	3,389
US	450	4,255	25	1,950	2,085	2,150	495
Foreign	2,974	8,410	5,399	9,129	10,563	3,327	2,893
Argentina	1,203	2,094	44	1,672	1,837	312	1,192
Brazil	919	3,932	9	1,543	1,679	2,333	847
Paraguay	12	345	0	145	147	202	9
China	645	507	3,417	3,362	3,924	6	640
EU	37	90	551	573	633	7	38
Japan	9	10	121	86	129	0	11
Mexico	4	15	158	173	175	0	3
ROW	144	1,416	1,098	1,574	2,037	467	154

World Soybean Supply and Use (Million Bushels) 2017/18 June-May

Country / Region	Beginning Stocks	Production	Imports	Domestic Crush	Domestic Total	Exports	Ending Stocks
World	113	0	-6	0	0	-18	125
US	15	-	-	-	-	0	15
Foreign	98	-	-6	-	-	-18	111
Argentina	40	-	-	-	-	-18	59
Brazil	66	-	-6	-	-	-	61
Paraguay	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-
EU	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-
ROW	-9	0	0	0	0	0	-9

Source: USDA-WASDE June 9, 2017

Wheat

Futures Market Reaction: July 2017 wheat futures closed down 3 ½ cents at \$4.45 ¾ with a trading range for the day of \$4.43 ¾ to \$4.54 ½. September 2017 wheat futures closed down 3 ¼ cents at \$4.60 with a trading range for the day of \$4.68 to \$4.57 ¾. Reduced domestic production was not enough to decrease global projected stocks. Until global stocks are reduced improved price prospects will remain elusive.

USDA Summary: Projected U.S. wheat supplies for 2017/18 are higher this month on increased beginning stocks, production, and imports. Projected 2017/18 U.S. wheat production is slightly increased by 3.8 million bushels to 1,824 million. The NASS June Crop Production report indicates higher Hard Red Winter and Soft Red Winter wheat production forecasts, which more than offset a reduced White Winter wheat crop. All of the wheat use categories are unchanged this month. The net supply increase raises projected 2017/18 ending stocks by 10.8 million bushels to 924.3 million. Carryout remains 20 percent below last year. The 2017/18 season-average farm price is projected at \$3.90 to \$4.70 per bushel, up 5 cents on both ends of the range. The mid-point of this range is up \$0.40 from 2016/17. High-protein wheat supplies are expected to remain constrained in 2017/18, resulting in relatively higher prices for this wheat.

Global wheat supplies for 2017/18 are raised 103 million bushels, primarily on higher forecast wheat production for Russia, which is up 73 million bushels to 2.535 billion. Conditions continue to be favorable for winter wheat in most areas since the crop emerged from dormancy. Turkey's wheat production is also forecast higher, up 18 million bushels to 661 million on improved crop conditions this spring. India's wheat production forecast is reduced 37 million bushels to 3.527 billion but is still record large and 331 million bushels above 2016/17. European Union wheat production is forecast modestly lower at 5.541 billion bushels on a smaller expected crop in Germany but still 4 percent above last year.

Foreign exports for 2017/18 are fractionally higher this month with increases in Argentina and Iran more than offsetting a reduction for the EU. Imports are projected higher for Brazil, Chile, and South Africa but down for Iran. Total world consumption is marginally lower, as a 37-million-bushel reduction in India is only partially offset by increases in Russia, Brazil, and Chile. Global ending stocks are projected at a record 9.597 billion bushels, up 107 million from last month.

	2013/14	2014/15	2015/16	2016/17 Est.	2017/18 Projected May	2017/18 Projected June	2017/18 Change From Previous Month	Change 2016/17 to 2017/18
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Planted and Harvested Acres & Yield

Acres Planted (Million Acres)	56.2	56.8	55	50.2	46.1	46.1	0	-4.1
Acres Harvested (Million Acres)	45.3	46.4	47.3	43.9	38.5	38.5	0	-5.4
U.S. Average Yield (Bu/Acre)	47.1	43.7	43.6	52.6	47.2	47.3	0.1	-5.3

Supply (Million Bushels)

Beg. Stocks	718	590	752	976	1,159	1,161	2	185
Production	2,135	2,026	2,062	2,310	1,820	1,824	4	-486
Imports	173	151	113	117	125	130	5	13
Total Supply	3,026	2,768	2,927	3,402	3,105	3,115	10	-287

Use & Ending Stocks (Million Bushels)

Food	955	958	957	955	955	955	0	0
Seed	77	79	67	61	66	66	0	5
Feed	228	114	152	190	170	170	0	-20
Exports	1,176	864	775	1,035	1,000	1,000	0	-35
Total Use	2,436	2,015	1,952	2,241	2,191	2,191	0	-50
U.S. Ending Stocks	590	752	976	1,161	914	924	10	-237
Foreign Stocks	6,524	7,243	7,937	8,261	8,577	8,673	96	412

Price and Stocks to Use Ratio

U.S. Avg. Season Price (\$/Bu)	\$6.87	\$5.99	\$4.89	\$3.90	\$3.85- \$4.65	\$3.90- \$4.70	\$0.05	\$0.45
U.S. Stocks/Use	24.22%	37.32%	50.26%	50.15%	41.72%	42.17%	0.46%	-7.98%

Source: USDA-WASDE June 9, 2017

World Wheat Supply and Use (Million Bushels) 2017/18 (June)

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	9,422	27,173	6,567	5,112	26,998	6,561	9,597
US	1,161	1,824	130	170	1,191	1,000	924
Foreign	8,261	25,349	6,437	4,942	25,807	5,560	8,673
Argentina	19	643	0	4	220	423	19
Australia	324	919	6	165	294	698	256
Canada	263	1,042	17	129	323	808	190
EU	405	5,539	239	2,039	4,676	1,121	387
Brazil	78	206	257	18	430	37	75
China	4,071	4,813	110	478	4,262	29	4,703
Sel. Mideast	454	716	688	181	1,469	27	362
N. Africa	499	654	1,042	80	1,664	25	506
Pakistan	156	963	1	33	933	22	165
Southeast Asia	172	0	909	261	858	38	186
India	351	3,527	147	184	3,638	18	369
Russia	409	2,535	18	625	1,470	1,066	427
Kazakhstan	144	478	2	77	254	257	113
Ukraine	76	919	1	143	389	533	74
ROW	839	2,396	3,000	525	4,928	458	841

World Wheat Supply and Use (Million Bushels) 2017/18 June-May

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	40	62	7	21	-4	7	107
US	2	4	5	-	-	-	11
Foreign	37	59	3	21	-5	7	96
Argentina	-	18	-	-	-	18	-
Australia	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
EU	-	-9	-	-	-	-18	9
Brazil	4	-	4	-	4	-	4
China	-	-	-	-	-	-	-
Sel. Mideast	-2	-	-19	-	-	7	-28
N. Africa	1	-	-	-	-	-	1
Pakistan	-	-	-	-	-	-	-
Southeast Asia	-1	-	-	-	-	-	-1
India	-4	-37	-	-	-37	-	-4
Russia	18	73	-	18	18	-	73
Kazakhstan	7	-	-	-	-	-	7
Ukraine	-	-	-	-	-	-	-
ROW	15	13	17	3	11	0	34

Source: USDA-WASDE June 9, 2017

2017 Estimated Returns – Non-Irrigated

The profitability outlook has been updated after the release of the June 9, USDA WASDE report. Yields used for non-irrigated estimates are a 5 year Tennessee state average year plugging in the 2016 state average projection of 151 bushels per acre for corn, 45 bushels per acre for soybeans, and 1104 pounds per acre cotton. A wheat yield of 73 bushels per acre is currently projected as the Tennessee 2017 state average is in used in this profitability update. Costs are based on the 2017 UT Extension Row Crop budgets with adjustments made based on current input prices. Prices used for 2017 are incorporating forward 2017 harvest prices. Milo prices are an estimate as very few quotes are available. Prices have varied since the May 10 WASDE Report with Corn up 14 cents, Soybeans down 19 cents, Wheat up 24 cents and Cotton around even. Soybeans and Corn still are showing a profitable Net Return as is wheat and double crop soybeans. It depends on a producer's situation on what is showing to be the most profitable crop. Producers with cash rent or owned ground will want to look at Returns Over Variable Expenses as their land cost will be fixed and if their machinery cost are truly fixed and no equipment changes will be made. Producers with share rent will want to plug in their appropriate share rent if their equipment cost are fixed. Producers who may be making some equipment changes may want to look at Net Returns. This may be an opportunity to review marketing plans and decide whether to lock in a percentage of forward harvest prices. Visit with your supplier on input cost expectations. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. I would like to point out the cotton price of 71 cents that is being used in the profitability outlook. The price of 71 cents is made up of a cash price of 66 cents and gin rebates (seed & hauling) of 5 cents. The cash price of 66 cents is composed of a loan rate of 49.49 cents and a 16.5 cent equity from the buyer. Note - When prices are low, cotton is redeemed out of the marketing loan program at the Adjusted World Price (AWP). This is effect helps create the loan option or equity price that producers receive. Currently, this price is in 16 -17 cent range. Basically, this is a result of the way the cotton marketing loan program works. My observations and discussions with cotton buyers would indicate that when futures move above 70-73 cents, then the prices to the producers would start to move up penny for penny. Producers should look at these returns as what could be if no adjustments are made in their operation and consider it a warning sign that adjustments will need to be made in 2017 to be sustainable. These estimates do not consider any USDA or crop insurance payments from the new farm bill. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. Cotton prices include revenue for cottonseed and hauling. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$ 97, Soybeans - \$38, Corn - \$121 (includes 170 units of N), Milo - \$87, and Wheat/Soybeans - \$93. Cost of

production will continue to be adjusted as information becomes available. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2017 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable as a guide in decision making. Producers with share rent ground should use Returns Over Variable and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2017 Estimated Returns – Non-Irrigated					
	Cotton	Soybeans	Corn	Milo	Wheat/Soybeans
Yield	962 lbs.	44 bu.	144 bu.	90 bu.	73 bu./32 bu.
Price (as of 6/9/17)	\$0.71 lb.	\$9.51 bu.	\$3.88 bu.	\$3.58 bu.	\$4.70 bu./\$9.51 bu.
Revenue	\$683	\$418	\$559	\$322	\$647
Variable Expenses	\$403	\$216	\$308	\$229	\$374
Returns Over Variable	\$280	\$202	\$251	\$93	\$273
Land Costs (25% of Revenue-25% crop insurance)	\$168	\$103	\$136	\$78	\$158
Returns Over Variable and Land Costs	\$112	\$99	\$114	\$16	\$115
Fixed Costs Depreciation & interest on machinery	\$130	\$62	\$56	\$62	\$99
Returns Over Specified Costs	-\$19	\$37	\$58	-\$47	\$16
Breakeven Price at Average Yield and Specified Cost	\$0.73	\$ 8.67	\$3.48	\$4.10	\$4.83/8.75

2017 Estimated Returns – Irrigation

Considering irrigation, profitability is positive for soybeans and corn considering variable, land and fixed cost. Returns Over Variable and Land Costs are positive for cotton, and wheat-soybeans. Producers should look at these returns as what could be if no adjustments are made in their operation and consider that adjustments may need to be made in 2017 to be sustainable. The table below is an estimate of returns for crops under irrigation. Since irrigated yields are not as of yet kept separate in Tennessee, yields below are an estimate of irrigated yields. Irrigation fixed costs and energy costs will vary greatly among producers and systems. These projections include in variable expenses energy costs for irrigation of \$28 per acre for corn, \$24 per acre for cotton, and \$18 per acre for soybeans and \$15 per acre of irrigation repairs and maintenance. Fixed costs of \$85 per acre for irrigation equipment are used. Please contact your local County Extension office or Area Specialist – Farm Management for assistance in developing your own budget or farm financial plan. This table below should be used as a guide as yields, prices, and expenses will vary among producers and locations. Expenses will vary among producers and production systems. For reference, in variable expenses below, fertilizer expense per acre is estimated as follows: Cotton - \$101, Soybeans - \$37, Corn - \$159 (includes 240 units of N), Milo - \$103, and Wheat/Soybeans - \$93. Cost of production will continue to be adjusted as information becomes available. Hopefully, we will see costs reduced or possibly suitable generic products available. Weed control costs with resistant weeds have also been difficult to estimate. These costs will vary greatly among producers and individual fields. Production costs are estimates based on the 2017 University of Tennessee Crop Budgets with adjustments made where needed. Please visit with your farm supplier on estimated cost in your area. Producers with owned land and or cash rent can use Returns Over Variable and Fixed IR Costs as a guide in decision making. Producers with share rent ground should use Returns Over Variable, Fixed IR Costs and Land Costs as a guide with their appropriate share rent calculated. A land cost of 25% of revenue minus 25% of crop insurance cost minus 25% of the irrigation equipment fixed cost is used in the table as a guide or method of comparison and should not be construed as the appropriate rent for a particular area. A management cost of \$30 per acre is included in Fixed Costs – management labor, depreciation & interest on machinery. This is an additional \$15 above the dryland crop management labor. Producers who are not making major equipment changes can use UT budgets and this table as a guide in developing their own cropping decision budgets. If equipment changes are being made, then a whole farm financial plan would be better suited as a decision aid.

2017 Estimated Returns – Irrigation

	Cotton	Soybeans	Corn	Milo	Wheat/Soybeans
Yield	1100 lbs.	60 bu.	190 bu.	130 bu.	73 bu./45 bu.
Price (as of 6/9/17)	\$0.71 lb.	\$9.51 bu.	\$3.88 bu.	\$3.58 bu.	\$4.70 bu./\$9.51 bu.
Revenue	\$781	\$571	\$737	\$465	\$771
Variable Expenses(include energy cost)	\$450	\$250	\$402	\$291	\$409
Fixed Irrigation Costs per Acre	\$85	\$85	\$85	\$85	\$85
Returns Over Variable & Fixed IR Costs	\$246	\$235	\$250	\$90	\$277
Land Costs (25% of Revenue-25% crop insurance-25% fixed irrigation costs)	\$172	\$119	\$160	\$92	\$168
Returns Over Variable, IR Fixed Cost and Land Costs	\$74	\$116	\$90	-\$3	\$110
Fixed Costs- management labor, depreciation & interest on machinery	\$145	\$77	\$71	\$77	\$114
Returns Over Specified Costs	-\$71	\$39	\$19	-\$80	-\$4
Breakeven Price at Average Yield and Specified Cost	\$0.77	\$8.91	\$3.78	\$4.20	\$4.83/\$9.60