April 2021

Mercaris Commodity Outlook

Table of Contents

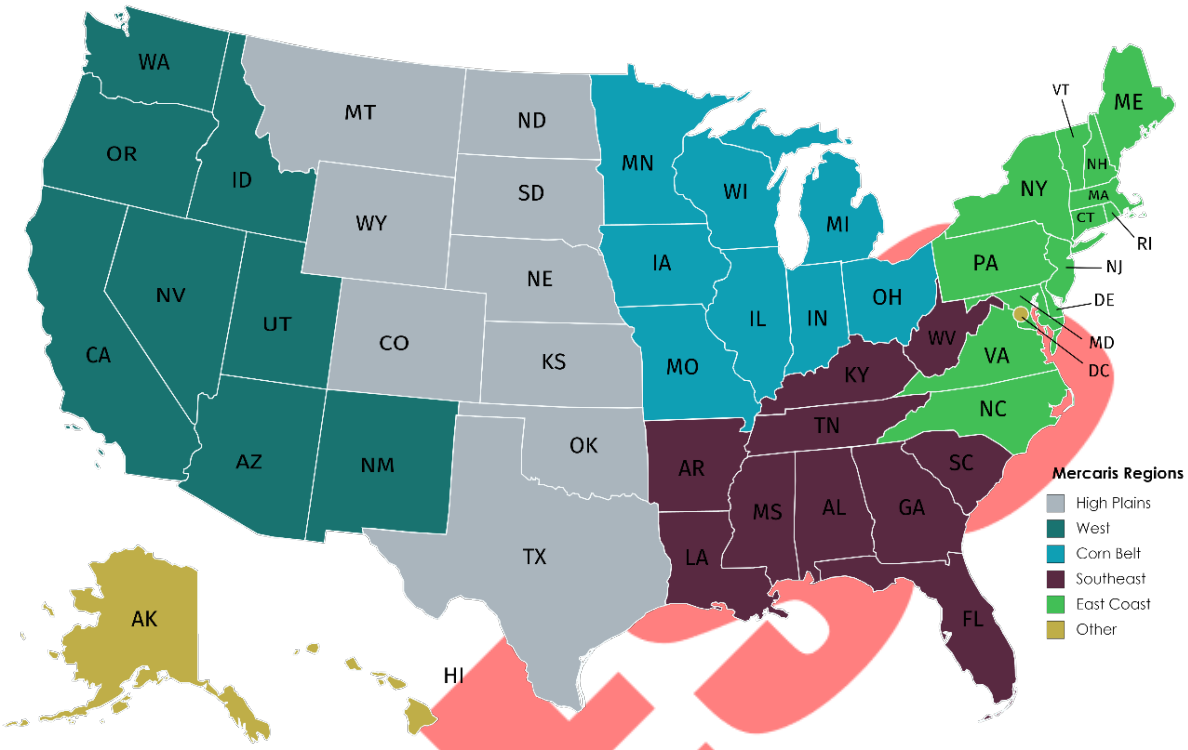
Table of Graphs

Table of Tables

Abbreviations and Acronyms

Acronym	Definition
ADEPA	Agricultural and Processed Food Products Export Development Authority (India)
AMS	Agricultural Marketing Service
bu	Bushel
covid-19	Coronavirus Disease-2019
FAS	Foreign Agricultural Service
GCAU	Grain-Consuming Animal Unit
GMO	Genetically Modified Organism
HPAU	High-Protein Animal Unit
HRS	Hard Red Spring
HRW	Hard Red Winter
HTS	Harmonized Tariff Schedule
MY	Marketing Year
NASS	National Agricultural Statistics Service
NOP	National Organic Program
ST	Short Ton
USDA	U.S. Department of Agriculture
Y/Y	Year-over-Year

Regional Map



Section 1: Key Findings

U.S. Organic Harvested Area

- Total U.S. organic area reached nearly 8.9 million acres, up 3% from the prior year, boosted by a 1% increase in the number of certified organic acres and a 6% increase in the number of acres harvested per operation.
- U.S. organic field crop area is expected to reach 3.4 million acres over 2020, up 3% y/y, despite a 4% reduction in the number of certified organic field crop operations, which are estimated to be 8,106 for the year.
- The decline in certified organic field crop operations appears to be the result of an increase in the number of operations with non-field crop acres, which increased 17% y/y to 9,459.

Organic Corn

- U.S. organic corn production reached an estimated 45.6 million bu for the 2020/21 MY, up 11% y/y
- U.S. organic corn production increased over 2020/21, supported by a 9% y/y increase in harvested area, and a 2% y/y increase in yields.
- Organic whole and cracked corn imports, combined, have fallen significantly over the MY's first half, and are projected to decline 25% y/y over 2020/21—their lowest since the 2014/15 MY.
- Organic corn animal feed demand is expected to increase by 4% y/y over the 2020/21 MY as organic poultry production continues to boost demand.

Organic Soybeans

- 2020/21 U.S. organic soybean production is estimated to be 8.2 million bu, up 9% y/y.
- Organic soybean yields increased 6% y/y over 2020/21, while harvested area increased 3% y/y.
- Following strong growth over the first half of the MY, U.S. organic soybean meal imports are expected increase 39% y/y over 2020/21.
- In January 2021, the USDA NOP ended its equivalency agreement with India's ADEPA, effectively ending the agreement under which more than 80% of U.S. organic soybean meal imports have been sourced. However, organic soymeal imports remained at record levels over the first three months of 2021.
- Organic whole soybean imports plummeted over the first half of 2020/21, down 38% y/y, following reduced imports from Argentina and Russia. In total, organic whole soybean imports are expected to decline 33% y/y over 2020/21.

Organic Wheat

- Mercaris estimates 2020/21 organic wheat production reached 20.5 million bu, up 3% y/y.
- Growth in U.S. organic wheat production is supported by a 7% increase in U.S. organic wheat harvested area, while yields are projected to decline 3% y/y.
- Mercaris estimates the 2020/21 supply of organic wheat for food use and residual will reach 12 million bu, up 1% y/y.

Section 2: Organic Executive Summary

Since the start of the 2020/21 MY, organic import trends have drastically shifted. Following reduced imports from the Black Sea region, organic corn imports had been in decline since 2017. This trend was expected to continue over 2020/21, however its sudden accelerated over the MY's first half was unexpected. Over the first six months of 2020/21 U.S. organic cracked corn and whole corn imports declined 27% y/y and 57% y/y, respectively. Given the 2020/21 MY's start, imports are expected to reach their lowest level since 2014/15—down 25% y/y—though there remains potential for organic corn imports from Argentina and the Black Sea region to increase over 2020/21's second half.

The shift in organic soy imports have been less straightforward. U.S. organic whole soybean imports sank over the first half of 2020/21—down 38% y/y—while organic soybean meal imports grew 81% y/y. Furthermore, in January 2021, the USDA NOP announced that it would end the organic equivalency agreement with India's ADEPA under which, historically, the U.S. has sourced more than 80% of U.S. organic soybean meal imports. If U.S. markets experience limits to organic soybean meal imports as a result, it's likely whole organic soybean imports will escalate, prompting an increase in U.S. organic soybean crush and meal production. Altogether, Mercaris looks for organic soybean meal imports to slow by the end of 2020/21, resulting in increased organic whole soybean imports. Over 2020/21, organic soybean meal imports are expected increase 39% y/y, while whole organic soybean imports will decline 33% y/y.

While trade patterns have shifted, Mercaris' U.S. production outlook remains comparatively unchanged. Following an increase in estimated harvested acres, U.S. organic corn production has been revised upward 5% from the September 2020 report to 45.6 million bu. U.S. organic soybean production has been revised downward 5% to 8.2 million bushels following a 5% reduction in estimated yields.

Total U.S. organic wheat production for the 2020/21 MY (revised downward from the September report) reached 20.4 million bu following a 4% reduction in yields. It is important to note that this minor change in total production understates the larger changes in area and yields seen in the underlying wheat classes. Organic winter wheat production has been revised downward 14% y/y, following a 14% cut in harvested acres. Similarly, organic durum production has been cut 28%, following a 34% decrease in harvested acres and a 9% increase in yields. Finally, organic other spring wheat production has been revised upward nearly 28% following a 35% increase in harvest area and a 6% reduction in organic yields.

Additional, Mercaris' feed demand estimates have been revised higher for several animal types; however, the largest increase is from organic dairy demand. U.S. organic dairy demand has been revised upward nearly 37% from the September report due to the incorporation of Mercaris' recently developed organic dairy herd inventory estimate.

Graph 2.1: Mercaris Estimated 2020 Total U.S. Organic Field Crop Acres Harvested