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## MERCARIS COMMODITY OUTLOOK 2020/2021

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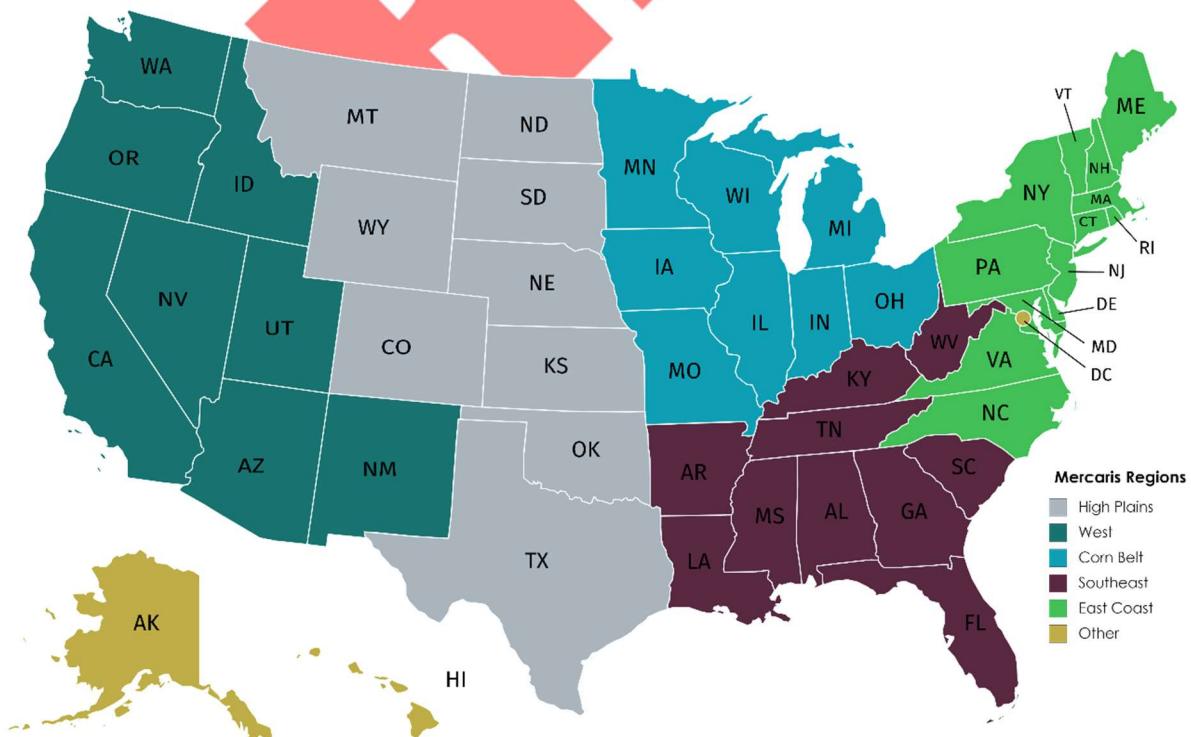
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# Abbreviations and Acronyms

Acronym	Definition
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. Organics Harvested Area

- U.S. total organic acreage is expected to grow 3% y/y to 8.5 million acres, as more land and operations convert to USDA certified organic production over 2020/21.
- For the 2020/21 MY, Mercaris estimates the number of certified organic operations in the U.S. will reach 19,888, a 4% increase y/y.
- U.S. organic field crop area is expected to reach 3.4 million acres, up 4% y/y, following an 11% y/y increase in the number of certified organic field crop operations.

## Organic Corn

- U.S. organic corn production is projected to reach 43.6 million bu over the 2020/21 MY, up 9% y/y.
- U.S. organic corn production is expected to expand as harvested area increases 3%, and yields increase 6% y/y over 2020/21.
- Organic corn livestock feed use is projected to increase 6% y/y over the 2020/21 MY as organic poultry production continues to boost demand for U.S. organic grain feed.

## Organic Soybeans

- U.S. organic soybean production is projected to reach a record-setting 8.6 million bu over 2020/21, up 12% y/y.
- U.S. organic soybean harvested area is expected to expand another 3% y/y while yields are on track to increase by 9% y/y.
- U.S. organic soybean crush is projected to increase 13% y/y over 2020/21 as organic soybean meal imports plateau, and livestock feed demand continues to expand.

## Organic Wheat

- Despite a slight decline in yields, Mercaris estimates 2020/21 organic wheat production will exceed 21.1 million bu, a new high record, and up 6% 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 1% y/y.
- With y/y growth in U.S. organic wheat production, the supply of organic wheat for food use and residual is expected to increase 7% y/y.

## U.S. Non-GMO Planted Area

- U.S. non-GMO soybean planted area expanded 19% y/y over 2020.
- Iowa resumed its position as the largest non-GMO soybean state, with a 19% expansion in planted acres compared to 2019.
- U.S. non-GMO corn planted area increased 8% y/y over 2020.
- Iowa remains the largest non-GMO corn state with 1.4 million acres planted, up 30% y/y.

## Section 2: Organic Executive Summary

At the start of the 2020 fall harvest, the key question facing organic markets is what factors will drive prices most over the year ahead. Will expanding acreage and rebounding yields create bearish supplies within the U.S.? Or, will growing U.S. consumer demand sustain organic livestock production levels, providing bullish support for prices that sagged over 2019/20?

As more land and operations convert to USDA certified organic production, organic acreage in the U.S. continues to grow. In total, Mercaris estimates U.S. harvested organic field crop area will exceed 3.4 million acres over the 2020/21 MY, up 4% y/y. In addition to more harvested acres, the 2020/21 yield outlook for many key U.S. organic crops is expected to rebound following 2019/20's dismal planting and harvest weather conditions.

Looking at organic corn, Mercaris estimates U.S. production will reach nearly 43.6 million bu, up 9% y/y. Likewise, U.S. organic soybean production is expected to increase a spectacular 12% y/y over 2020/21, reaching a record-setting 8.6 million bu. Both organic corn and soybeans are expected to see harvested area expand 3% y/y. In addition to increased area, yields for both organic corn and soybeans are projected to reach record highs. Organic corn yields are expected to increase 6% y/y, while organic soybean yields are expected to increase 9% y/y.

U.S. organic wheat production is also expected to increase over 2020/21, driven primarily by an increase in harvested area. Mercaris estimates U.S. wheat harvested area will reach nearly 657,000 acres over 2020/21, up 7% y/y. Most of this increase is expected to occur in Montana, which looks to expand harvested area 16% y/y. The U.S. organic wheat yield is expected to be 1% lower y/y on average, weighed down by a 2% drop in winter wheat yields. In total, Mercaris projects U.S. organic wheat production will reach 21.1 million bu over 2020/21, up 6% y/y.

With anticipated increases in organic corn, soybeans, and wheat production, growth in organic livestock production and feed demand will be critical over 2020/21. Following the rapid global spread of the novel coronavirus covid-19, supply chains, trade partners, and U.S. households found themselves in an unpredictable new world. In spite of this, U.S. organic consumer demand appears to have held up quite well over 2019/20, with both organic broiler and turkey meat production achieving y/y growth. Organic turkey production achieved particularly remarkable growth, with Mercaris' estimated number of head sold increased 106% y/y. Furthermore, Mercaris anticipates that U.S. consumer markets for organic protein will continue to expand in the 2020/21 MY, with organic broiler and turkey production increasing 2% and 39%, respectively. However, this outlook is largely dependent on the strength of the U.S. economy over the year to come, as well as the continued growth of consumer dietary preference for organic proteins.

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

