

# Feed Grain Outlook

February 2, 2024

Volume 33, Number 5

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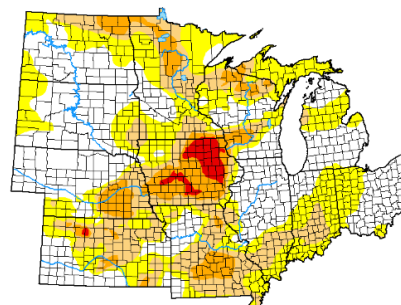
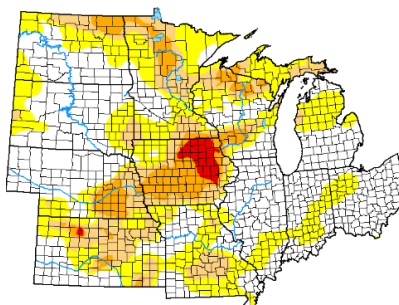
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## Market Situation

**Crop Progress and Condition.** The drought monitor for the North Central region continues to show improvement compared to the 2023 growing season. As of the end of January, 52% of the area was under drought, compared to 75% the first of October. The drought severity index this week is 87. That is still above the 10-year average of 63 but is better than the 148 at this time last year, or at any point in the 2023 crop year.

### Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought) No Data



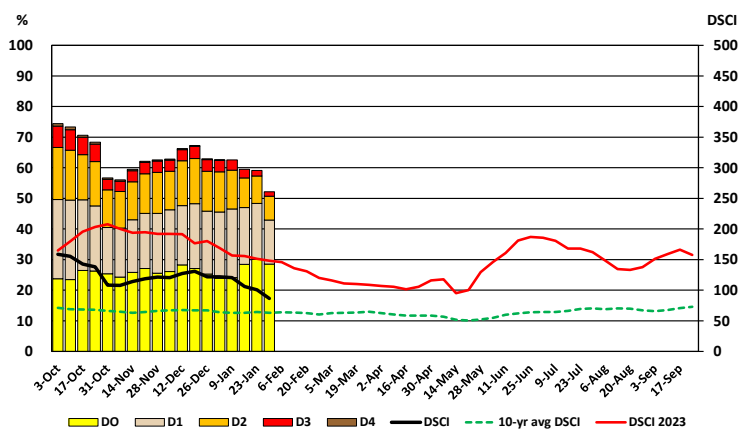
< January 30, 2024 > ↕

< January 23, 2024 > ↕

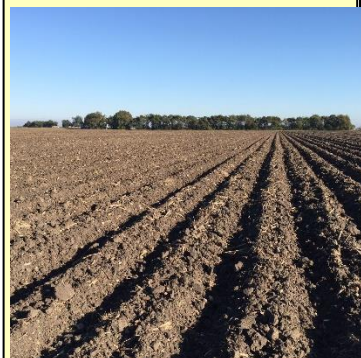
## North Central Drought Monitor, 1/30/2024

### Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)



Drought Severity and Coverage Index (DSCI) = (D0\*1)+(D1\*2)+(D2\*3)+(D3\*4)+(D4\*5);  
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions  
Drought Monitor, 2/1/2024, North Central, <http://droughtmonitor.unl.edu/>

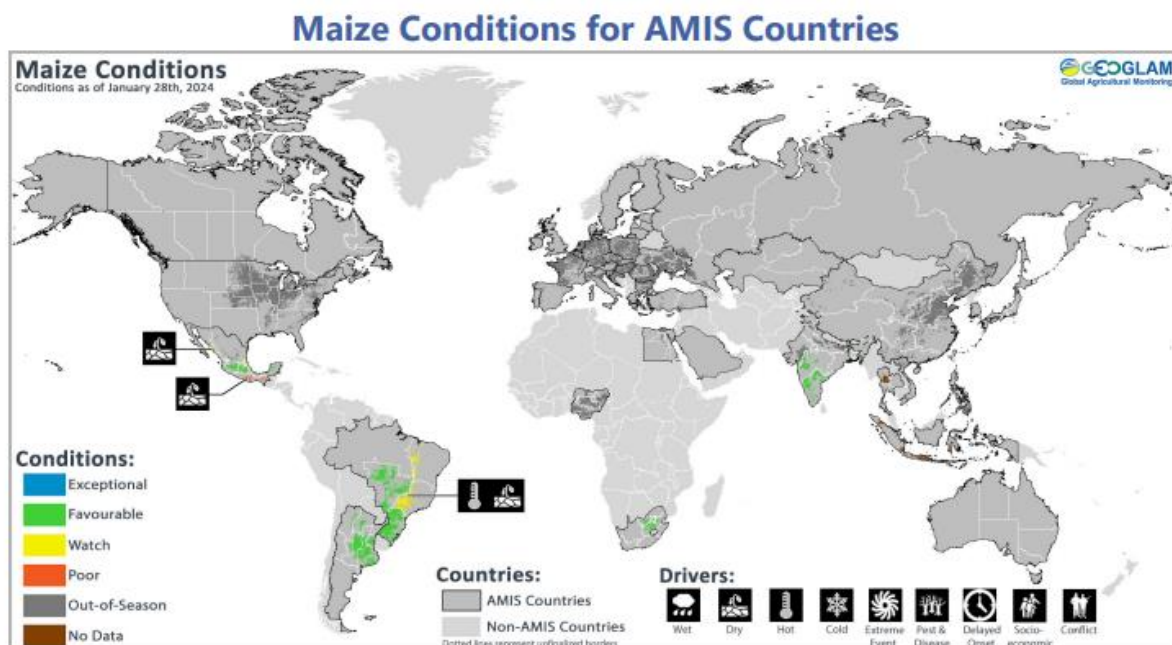


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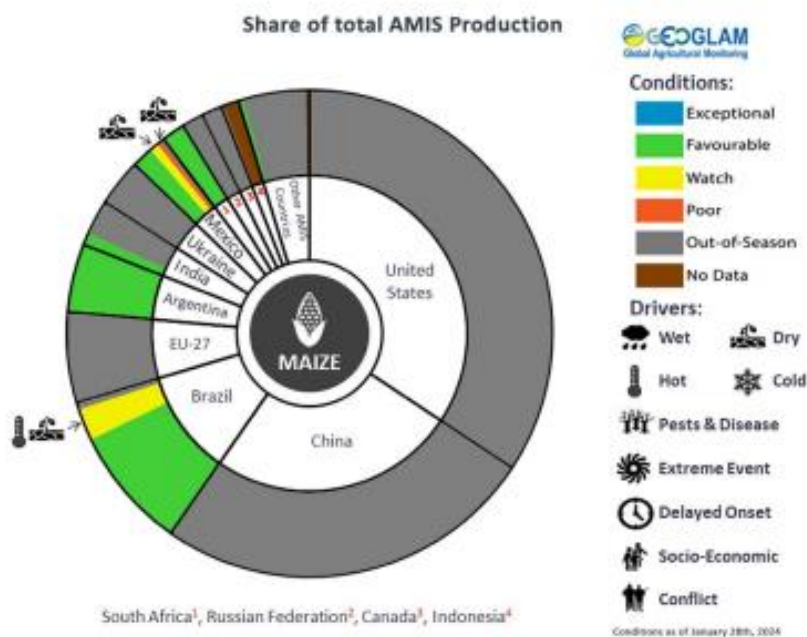
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The GEOGLAM Crop Monitor for January 28 shows mostly favorable conditions for corn. Noted is the impact of early season heat and drought on Brazil's first crop corn.



Maize crop conditions over main growing areas are based upon a combination of national and regional crop analyst inputs along with earth observation data. Crop condition information is based upon information as of January 28<sup>th</sup>. Where crops are in other than favourable conditions the climatic drivers responsible for those conditions are displayed. Crop Season Specific Maps can be found in Appendix 2.



GEOGLAM Crop Monitor, [cropmonitor@geoglam.org](mailto:cropmonitor@geoglam.org)

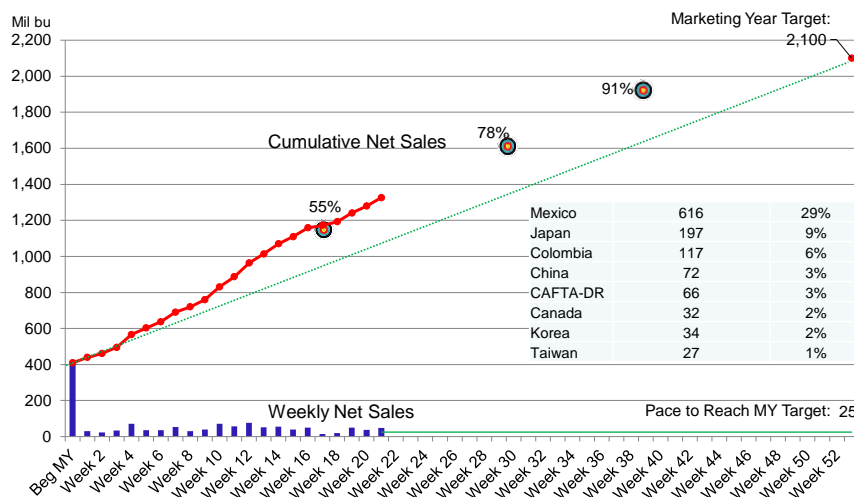
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**Grain Use.** Corn export sales for the week of January 25 were 48 million bushels, 19.8 million of that from Japan. The cumulative sales total for the marketing year is 1.326 billion bushels, about 63% of the marketing year's projected total. USDA raised the export sales forecast for sorghum in the January WASDE by 10 million bushels to 230 million bushels. Sales are well on track to hit that target with 171 million bushels now on the books, 74% of the marketing year total.

## U.S. Corn Export Sales Commitments, 2023/24 MY



Export Sales Commitments reported 1/25/2024: 48 million bushels (Japan: 19.8 mil bu)

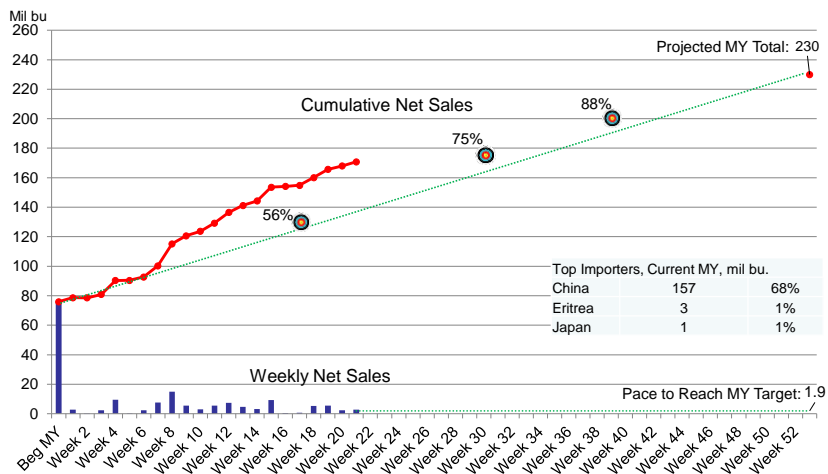
Total Export Sales Commitments this marketing year: 1,326 million bushels

63% of the 2023/24 MY Export Sales Target of 2,100 million bushels (January WASDE)

Normal rate of sales end of March: 78%

USDA, Foreign Agricultural Service: 2/1/2024

## U.S. Grain Sorghum Export Sales Commitments, 2023/24 MY



Export Sales Commitments for the week 1/25/2024: 2.8 million bushels

Total Export Sales Commitments this marketing year: 171 million bushels

74% of the 2023/24 MY Export Sales Target of 230 million bushels (January WASDE)

Normal rate of sales end of March: 75%

USDA, Foreign Agricultural Service: 2/1/2024

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## Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
January 4	4.67	5.21	0.55	5.97	5.11
January 11	4.58	5.14	0.56	5.88	5.02
January 18	4.44	5.00	0.56	5.74	4.96
January 25	4.52	5.08	0.56	5.90	5.03
February 1	4.47	5.03	0.56	5.89	5.05
10-yr average			0.09		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
January 4	4.67	4.76	0.09	5.37	
January 11	4.58	4.68	0.10	5.23	
January 18	4.44	4.54	0.10	5.09	
January 25	4.52	4.62	0.10	5.19	
February 1	4.47	4.57	0.10	5.15	5.62
10-yr average			-0.35		

AMS Market News: TX cash = average (North, Central, and South Panhandle), Gulf sorghum: DTN

**Outside Markets.** The Employment Situation report from the Bureau of Labor Statistics this morning shows the U.S. economy added 353,000 jobs last month and the unemployment rate holding steady at 3.7%. In addition to the jobs gained in January, employment payrolls were revised upwards for November and December by a combined 126,000. The unemployment rate has been below 4% since January 2022.

The Federal Open Market Committee of the Federal Reserve decided to hold the federal funds rate steady at 5-1/4 to 5-1/2 percent at its meeting this week. The FOMC statement notes that the Committee does not expect to reduce interest rates until "...it has gained greater confidence that inflation is moving sustainably toward 2 percent"

(<https://www.federalreserve.gov/newsevents/pressreleases/monetary20240131a.htm>).

As the Fed has raised interest rates to their highest levels since the early 2000s, core inflation has come down from just under 6% to 3%, the unemployment rate has stayed below 4%, and GDP has increased annually by about 2%. An early estimate of 2024 Q1 GDP from the Atlanta Federal Reserve, GDPNow, is 3%.

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## NEWS RELEASE

BUREAU OF LABOR STATISTICS  
U. S. DEPARTMENT OF LABOR



Transmission of material in this news release is embargoed until  
8:30 a.m. (ET) Friday, February 2, 2024

USDL-24-0148

### Technical information:

Household data: (202) 691-6378 • cpsinfo@bls.gov • www.bls.gov/cps

Establishment data: (202) 691-6555 • cesinfo@bls.gov • www.bls.gov/ces

Media contact: (202) 691-5902 • PressOffice@bls.gov

## THE EMPLOYMENT SITUATION — JANUARY 2024

Total **nonfarm payroll employment** rose by 353,000 in January, and the **unemployment rate** remained at 3.7 percent, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in professional and business services, health care, retail trade, and social assistance. Employment declined in the mining, quarrying, and oil and gas extraction industry.

Chart 1. Unemployment rate, seasonally adjusted,  
January 2022 – January 2024

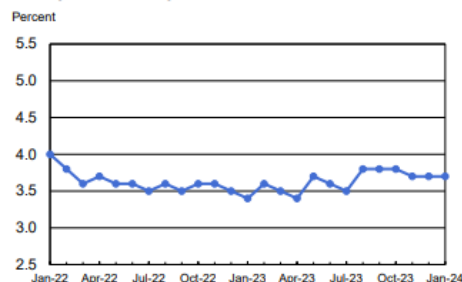
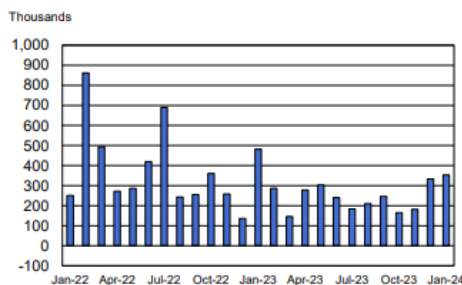
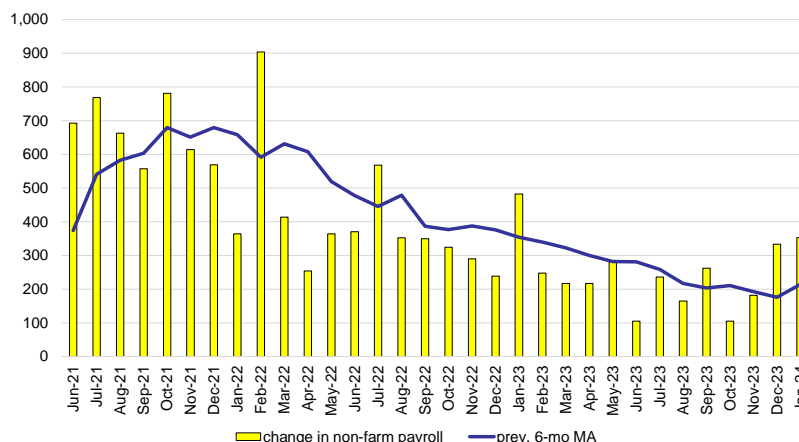


Chart 2. Nonfarm payroll employment over-the-month change,  
seasonally adjusted, January 2022 – January 2024



<https://www.bls.gov/news.release/pdf/empst.pdf>

## Change in non-farm payroll



U.S. Bureau of Labor Statistics, February 2, 2024

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## ★ Federal Funds Effective Rate (FEDFUNDS)

DOWNLOAD

Observation:  
Jan 2024: 5.33  
(+ more)  
Updated: 3:25 PM CST

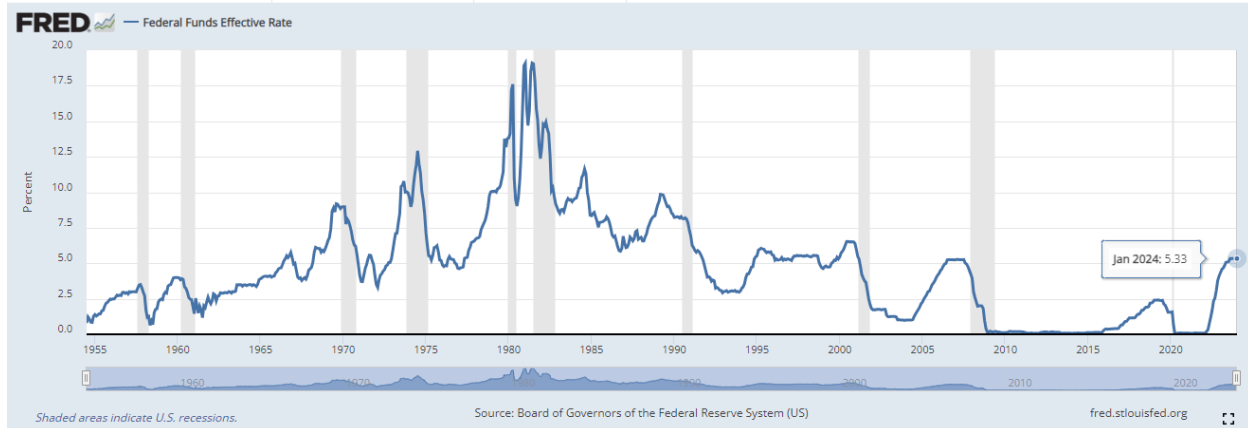
Units:  
Percent,  
Not Seasonally Adjusted

Frequency:  
Monthly

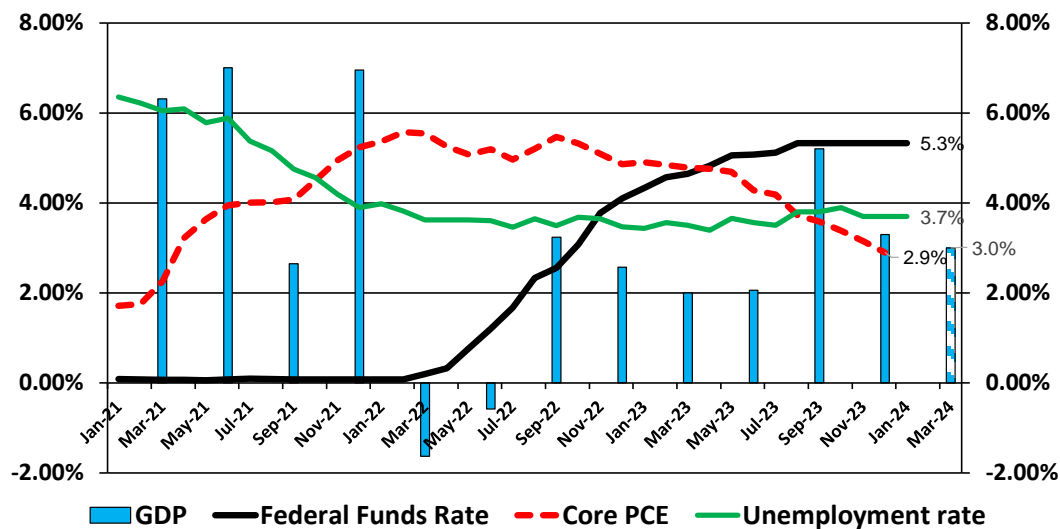
1Y | 5Y | 10Y | Max

1954-07-01 to 2024-01-01

EDIT GRAPH



## Interest Rates, Inflation, Unemployment, and Quarterly GDP



Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/>,

Federal Reserve Bank of Atlanta, GDPNow, <https://www.atlantafed.org/cqer/research/gdpnow>

Personal Consumption Expenditures Excluding Food and Energy, Federal Reserve Economic Data

Updated February 2, 2024



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Prices about 9:30 am CT February 2, 2024:

QTR IV		1/2/2024	2/2/2024	net change	% change
S&P 500	SPX:IN	4,743.00	4,922.83	179.83	3.79%
10-yr T Note	Yield, %	3.95	3.99	0.04	1.01%
CRB	CRY:IND	262.63	269.71	7.08	2.70%
Dollar Index	March 2024	101.89	103.80	1.91	1.87%
Crude Oil	March 2024	70.62	72.87	2.25	3.19%
Copper	March 2024	3.88	3.83	(0.05)	-1.40%
Corn	March 2024	4.64	4.45	(0.19)	-4.15%
	May 2024	4.77	4.55	(0.22)	-4.56%
Soybeans	January 2024	12.74	11.99	(0.75)	-5.89%
	March 2024	12.81	12.09	(0.73)	-5.66%
SRW Wheat	March 2024	6.07	6.02	(0.05)	-0.82%
	May 2024	6.19	6.10	(0.09)	-1.45%

Items in the table and reasoning for inclusion:

- S&P 500 Index—a reflection of market expectations of future earnings and economic growth;
- 10-year T-note: expectations of economic growth--rising yields suggest increases in economic growth and inflation;
- CRB Index—price direction of a representative indicator of global commodities;
- US dollar Index—impact on export prospects as a strong dollar makes our products relatively more expensive in the global marketplace;
- Crude Oil and Copper—barometers positively correlated to global economic activity.

Charts, 1/2/2024-2/2/2024 (<https://www.barchart.com/>):

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## U.S. Dollar Index Mar '24 (DXH24)

103.805 +0.933 (+0.91%) 09:30 CT [ICE/US]

103.805 x 7 103.810 x 11

INTERACTIVE CHART for Fri, Feb 2nd, 2024

Notes My Charts Alerts Watch Help



## Crude Oil WTI Mar '24 (CLH24)

72.87 -0.95 (-1.29%) 09:31 CT [NYMEX]

72.86 x 8 72.87 x 11

INTERACTIVE CHART for Fri, Feb 2nd, 2024

Notes My Charts Alerts Watch Help



## High Grade Copper Mar '24 (HGH24)

3.8260 -0.0275 (-0.71%) 09:32 CT [COMEX]

3.8250 x 36 3.8260 x 19

INTERACTIVE CHART for Fri, Feb 2nd, 2024

Notes My Charts Alerts Watch Help





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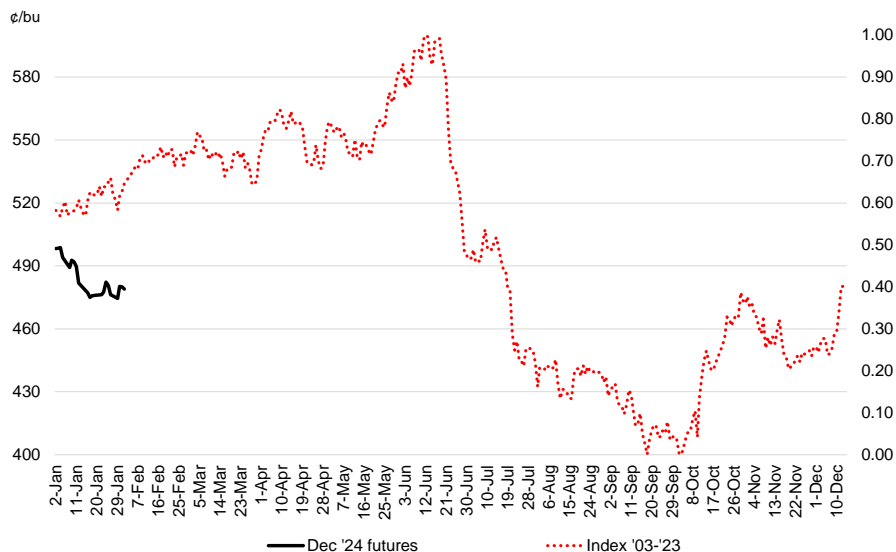
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## Marketing Strategies

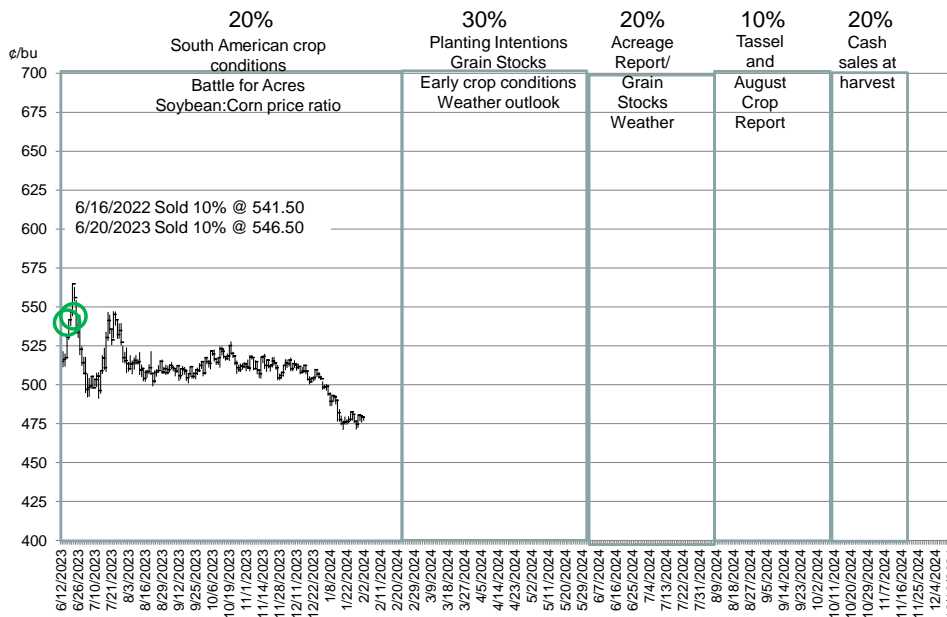
**Seasonality.** The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October.

2024 December Corn Futures and  
21-year Seasonal Index Pattern



**Feed Grain Marketing Plan.** I lifted all hedges and sold the last of the 2023 corn crop at harvest in late October. I have priced 20% of 2024 corn.

December Corn Futures and 2024 Marketing Plan



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## Upcoming Reports/Events

February 6	Short-term Energy Outlook
February 8	Crop Production WASDE
February 13	Consumer Price Index
February 15-16	USDA Agricultural Outlook Forum
February 23	Cattle on Feed
March 19-20	Federal Open Market Committee, Federal Reserve

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