

# Feed Grain Outlook

February 8, 2024

Volume 33, Number 7

## Today's Newsletter

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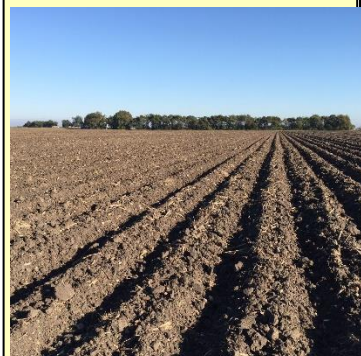
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## Market Situation

**WASDE.** U.S. corn ending stocks were up slightly in the revised estimates of supply and demand in the February WASDE. No changes were made to the supply side of the balance sheet, but food was reduced by 10 million bushels on the use side of the ledger. The resulting increase in ending stocks raised estimated days of use on hand at the end of the marketing year from a 54.2-day supply last month to 54.5 days. The estimated season average farm price was unchanged at \$4.80.

US CORN SUPPLY AND USE			February		
AREA			2023/24	Jan to Feb	
			2/8/2024	Net Δ	% Δ
	Planted	mil acres	94.6	0.0	0.00%
	Harvested	mil acres	86.5	0.0	0.00%
	% harvested		91.4%	0.0	0.00%
YIELD	Harvested acre	bu/ac	177.3	0.0	0.00%
SUPPLY					
	Beginning stocks	mil bu	1,360	0.0	0.00%
	Production	mil bu	15,342	0.0	0.00%
	Imports	mil bu	25	0.0	0.00%
	Total Supply	mil bu	16,727	0.0	0.00%
DEMAND					
	Feed and residual	mil bu	5,675	0.0	0.00%
	Food, seed, and indust	mil bu	1,405	-10.0	-0.71%
	Ethanol	mil bu	5,375	0.0	0.00%
	Total Domestic Use	mil bu	12,455	-10.0	-0.08%
	Exports	mil bu	2,100	0.0	0.00%
	Total Use	mil bu	14,555	-10.0	-0.07%
	Ending stocks	mil bu	2,172	10.0	0.46%
	Stocks to Use ratio	percent	14.9%	0.1%	0.53%
	Days of use on hand		54.5	0.3	0.53%
PRICE					
	Average farm price	\$/bu	\$ 4.80	0.00	0.00%
	Reference Price	\$/bu	\$ 3.70	0.00	0.00%
	PLC Payment	\$/bu	\$ -	0.00	

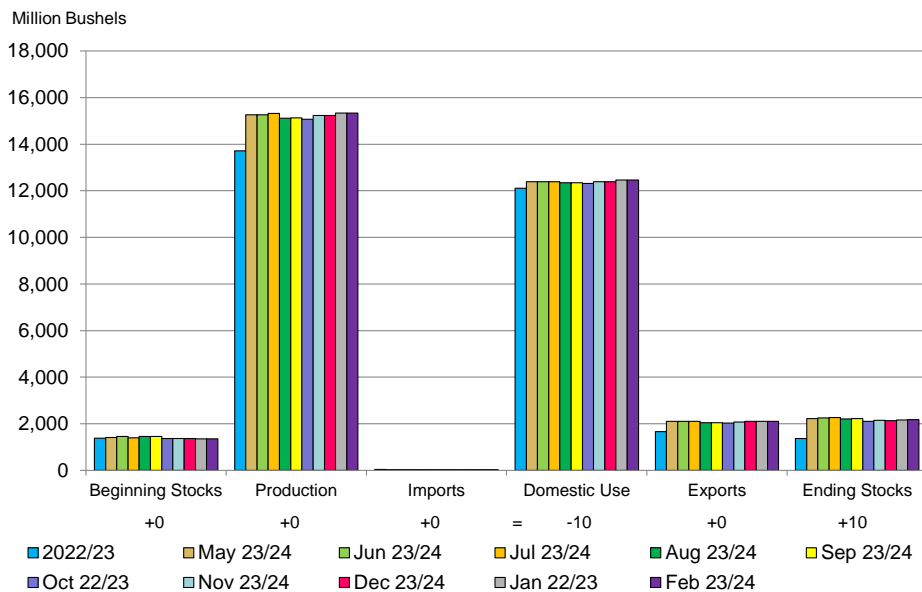
World corn ending stocks were down this month. A smaller crop in Brazil lowered world corn production (still a record for both the U.S. and foreign producers). Use was little changed. Days on hand went down by about a day, from 98.0 last month to 97.1.

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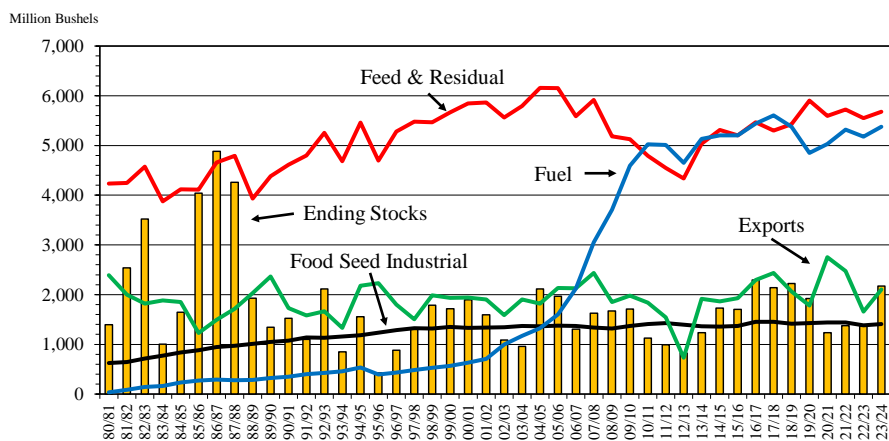
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## U.S. Corn Supply and Demand, February 2024



## U.S. Corn Use February WASDE



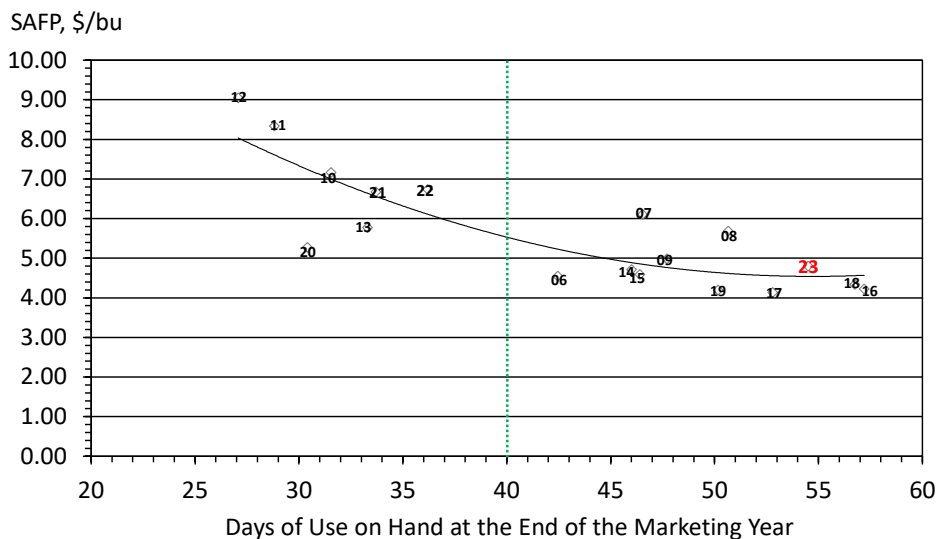
Source: USDA WASDE, 2/8/2024

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## U.S. Corn Average Farm Price (real 2023\$) and U.S. Days of Use on Hand 2005/06-2022/23, 2023/24 estimate



Source: USDA, WASDE 2/8/2024

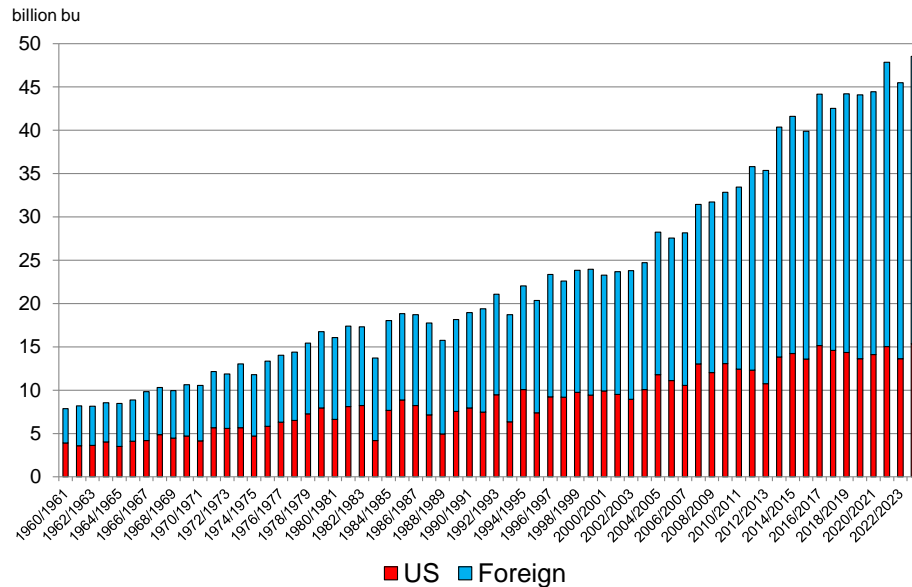
WORLD CORN (MMT)	Beginning Stocks	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on Hand
2013/14	144.85	1,027.39	124.74	576.32	957.53	131.46	214.70	0.2242	81.8
2014/15	214.70	1,057.80	124.91	591.64	992.80	142.62	279.71	0.2817	102.8
2015/16	279.71	1,014.98	140.12	613.87	982.94	120.80	311.74	0.3172	115.8
2016/17	311.74	1,128.48	138.44	659.01	1,088.34	162.08	351.88	0.3233	118.0
2017/18	351.88	1,081.90	153.10	673.59	1,092.26	149.78	341.52	0.3127	114.1
2018/19	341.52	1,128.74	166.66	705.18	1,147.61	182.63	322.66	0.2812	102.6
2019/20	322.66	1,122.74	167.66	716.33	1,137.93	172.25	307.46	0.2702	98.6
2020/21	307.41	1,129.39	184.94	723.88	1,143.97	182.70	292.83	0.2560	93.4
2021/22	292.95	1,217.27	184.45	744.55	1,199.70	206.59	310.51	0.2588	94.5
2022/23	310.51	1,157.24	172.14	729.99	1,167.66	180.98	300.10	0.2570	93.8
2023/24 May	297.41	1,219.63	184.50	758.63	1,204.14	195.26	312.90	0.2599	94.8
2023/24 June	297.55	1,222.77	187.00	760.79	1,206.35	197.76	313.98	0.2603	95.0
2023/24 July	296.30	1,224.47	188.40	762.09	1,206.65	198.26	314.12	0.2603	95.0
2023/24 August	297.92	1,213.50	187.11	756.69	1,200.37	196.19	311.05	0.2591	94.6
2023/24 September	299.47	1,214.29	187.12	756.10	1,199.77	196.19	313.99	0.2617	95.5
2023/24 October	298.13	1,214.47	186.92	756.27	1,200.20	196.25	312.40	0.2603	95.0
2023/24 November	299.22	1,220.79	189.87	759.78	1,205.03	199.62	314.99	0.2614	95.4
2023/24 December	300.10	1,222.07	191.53	761.30	1,206.95	201.46	315.22	0.2612	95.3
2023/24 January	300.56	1,235.73	190.76	763.73	1,211.07	200.89	325.22	0.2685	98.0
2023/24 February	300.25	1,232.57	189.82	761.75	1,210.76	200.82	322.06	0.2660	97.1
net change	(0.31)	(3.16)	(0.94)	(1.98)	(0.31)	(0.07)	(3.16)	(0.0025)	(0.93)
% change	-0.10%	-0.26%	-0.49%	-0.26%	-0.03%	-0.03%	-0.97%	-0.95%	-0.95%

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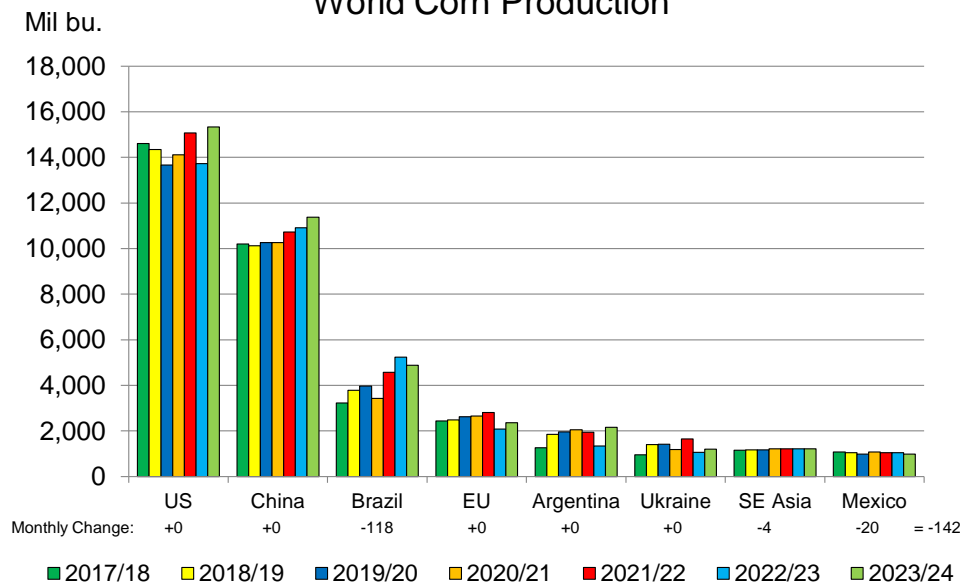
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## Corn Production



USDA, WASDE February 2024

## World Corn Production



These 8 areas account for 81% of global corn production

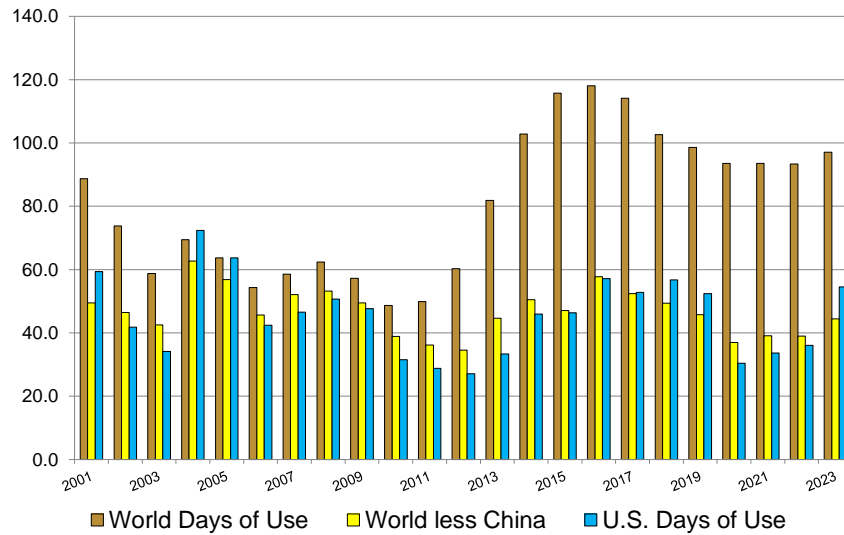
USDA, WASDE, February 2024

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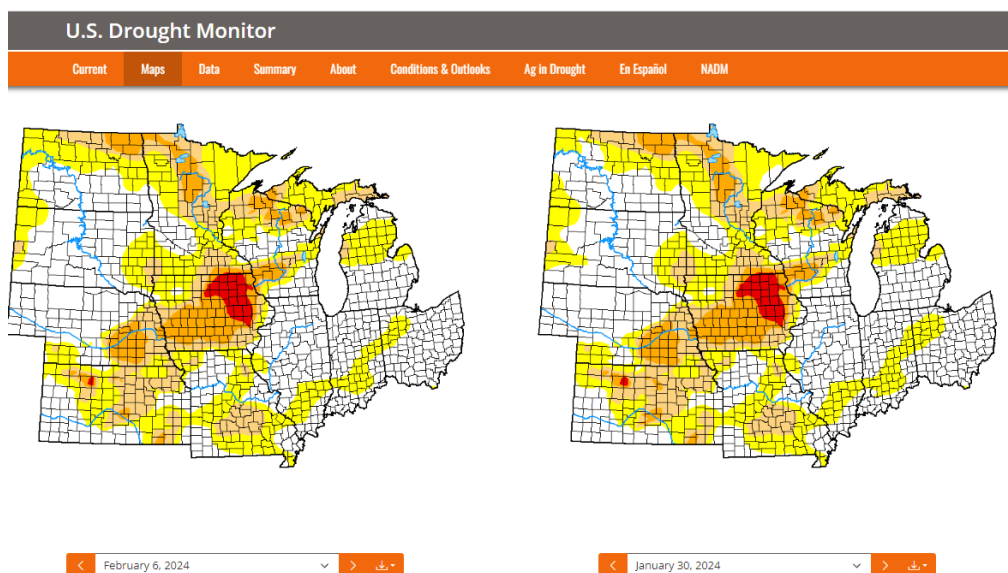
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Days of Use on Hand at the End of the Marketing Year:  
World, World less China, and US Corn



USDA, WASDE, 2/8/2024

**Crop Progress and Condition.** The drought monitor for the North Central region continues to show improvement compared to the 2023 growing season. For February 6, the area under drought held about steady at 52% but the drought severity index fell 2 points to 85. That is still above the 10-year average of 64 but is better than the 146 at this time last year, or at any point in the 2023 crop year.



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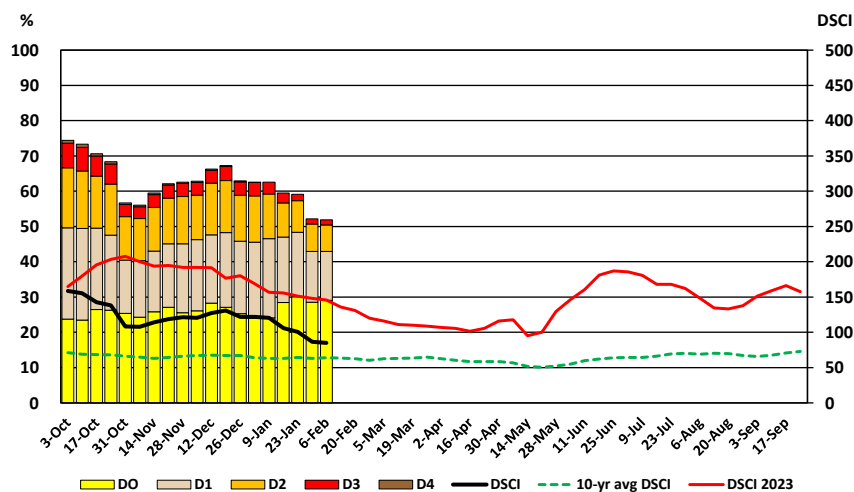
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## North Central Drought Monitor, 2/6/2024

Drought Classification

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



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

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
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
February 8	4.33	4.89	0.56	5.73	4.92
10-yr average			0.09		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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
February 8	4.33	4.43	0.10	5.01	5.48
10-yr average			-0.35		

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

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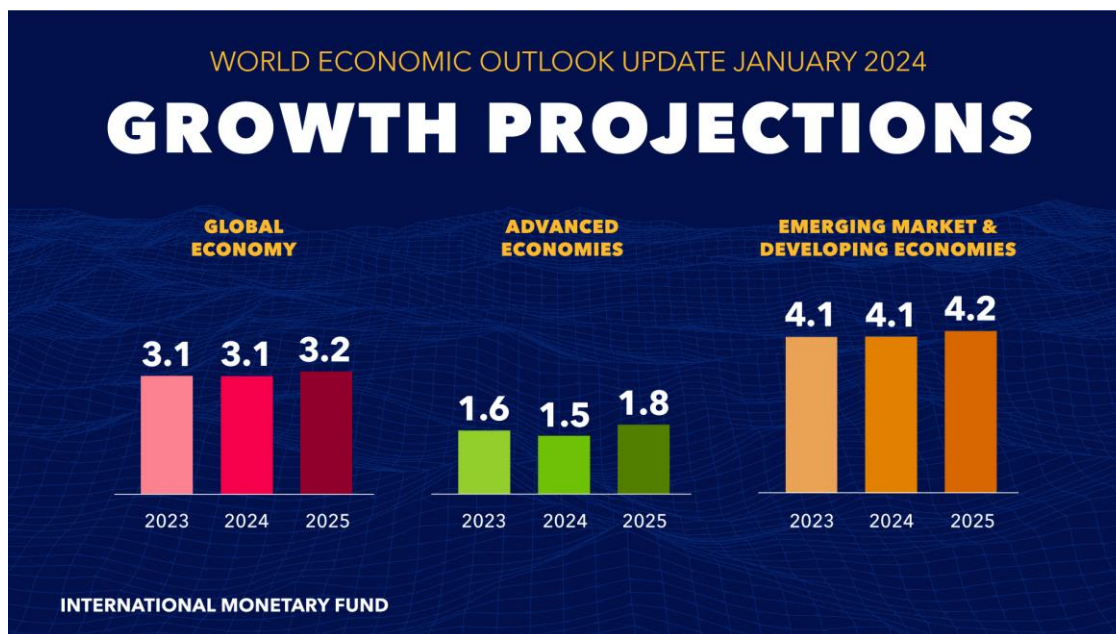
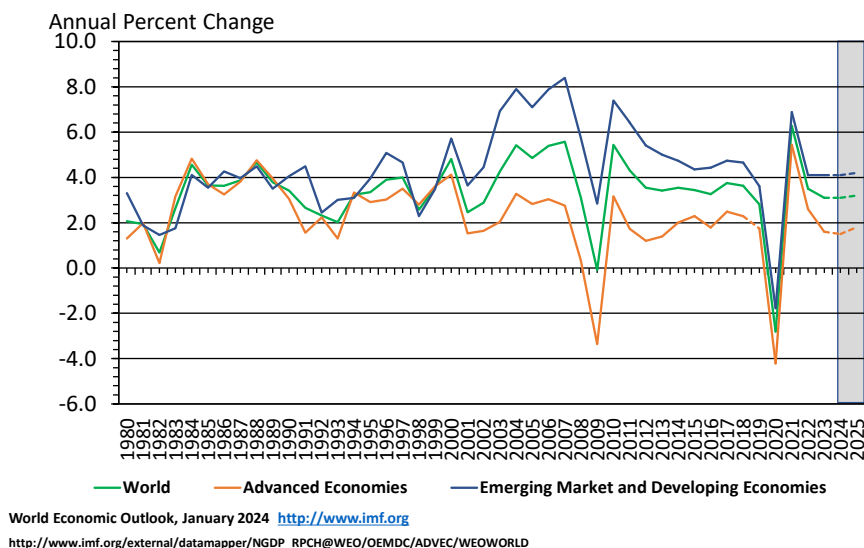
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**Outside Markets.** The International Monetary Fund has updated its estimates of world economic growth. World GDP is projected to increase by 3.1% in 2024 and 3.2% in 2025. While growth is up slightly from the projections last October, the current forecast is still below the average from 2000-2019 of 3.8%. Noted threats to economic growth were shipping attacks in the Red Sea and economic conditions in China.

## Global Economic Growth

Real GDP Growth, 1980 – 2025





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Prices about 4:30 pm CT February 8, 2024:

QTR IV		1/2/2024	2/8/2024	net change	% change
S&P 500	SPX:IN	4,743.00	4,997.91	254.91	5.37%
10-yr T Note	Yield, %	3.95	4.09	0.14	3.54%
CRB	CRY:IND	262.63	273.57	10.94	4.17%
Dollar Index	March 2024	101.89	104.04	2.15	2.11%
Crude Oil	March 2024	70.62	76.22	5.60	7.93%
Copper	March 2024	3.88	3.70	(0.18)	-4.60%
Corn	March 2024	4.64	4.33	(0.31)	-6.58%
	May 2024	4.77	4.45	(0.32)	-6.71%
Soybeans	January 2024	12.74	11.94	(0.80)	-6.28%
	March 2024	12.81	12.00	(0.81)	-6.34%
SRW Wheat	March 2024	6.07	5.88	(0.18)	-3.02%
	May 2024	6.19	5.94	(0.25)	-4.08%

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, 1/2/2024-2/8/2024 (<https://www.barchart.com/>):



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

104.037s +0.120 (+0.12%) 02/08/24 [ICE/US]

INTERACTIVE CHART for Thu, Feb 8th, 2024



## Crude Oil WTI Mar '24 (CLH24)

76.22s +2.36 (+3.20%) 02/08/24 [NYMEX]

INTERACTIVE CHART for Thu, Feb 8th, 2024



## High Grade Copper Mar '24 (HGH24)

3.7020s -0.0335 (-0.90%) 02/08/24 [COMEX]

INTERACTIVE CHART for Thu, Feb 8th, 2024



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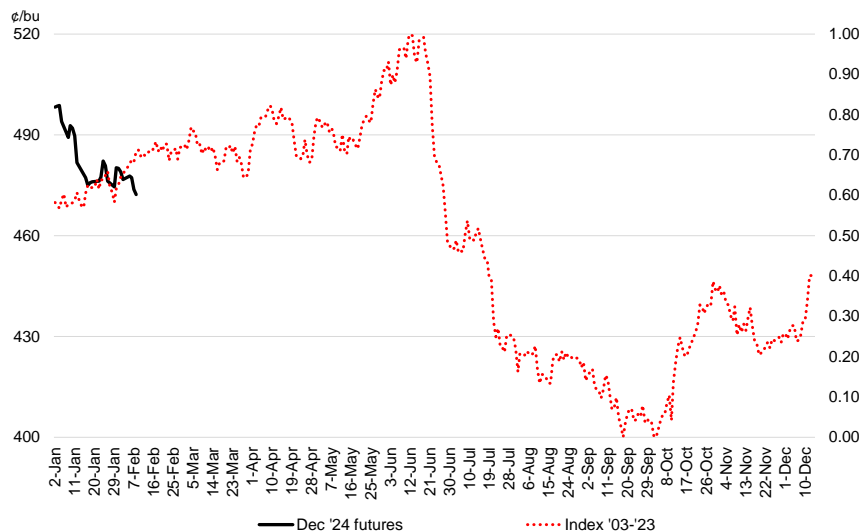
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## Marketing Strategies

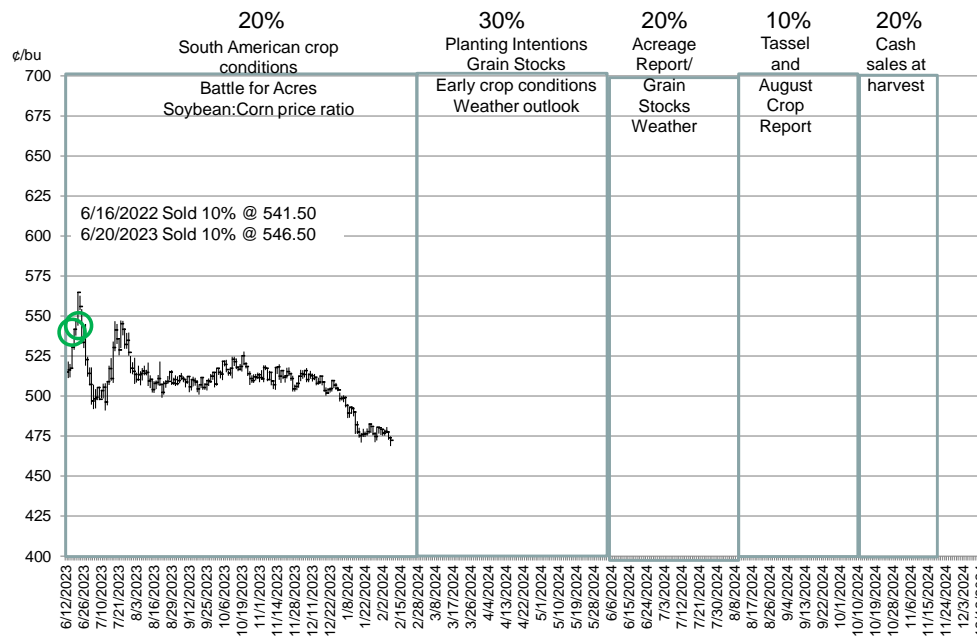
**Seasonality.** The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October.

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 13	Consumer Price Index
February 15-16	USDA Agricultural Outlook Forum
February 23	Cattle on Feed
March 8	Crop Production World Agricultural Supply and Demand Estimates
March 19-20	Federal Open Market Committee, Federal Reserve
March 28	Prospective Plantings Grain Stocks

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