

# Feed Grain Outlook

February 23, 2024

Volume 33, Number 9

## Today's Newsletter

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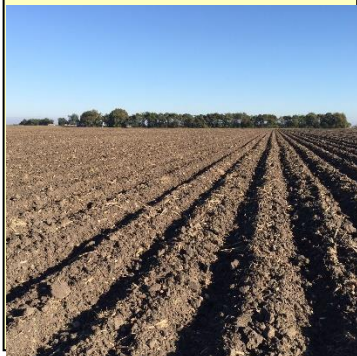
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## Market Situation

**USDA Outlook Forum.** The “Grains and Oilseeds Outlook” presented at last week’s Agricultural Outlook Forum confirmed expectations for 2024 grain supplies to increase more than increases in use, a recipe for lower prices.

Following record high corn yields and corn production totals, ending stocks for the 2023/24 marketing year are projected back above 2 billion bushels for the first time since 2018/19. Even with a 3.6 million decrease in planted acres in 2024, a 181-bushel projected yield and 2-billion-bushel carry in results in a total corn supply in 2024/25 of over 17 billion bushels, up 3%, an all-time high.

Domestic use of 12.555 billion bushels in the new marketing year is a record high, but with only a moderate increase in exports, total use is up only 1%. That combination pushes the ending stock number higher and the price projection for the 2024 corn crop lower. Projected days of use on hand at the end of the marketing year of 62.8 is the highest of the biofuel era.

U.S. Corn	2022/23	2023/24	2024/25	
Planted Acreage (Mil. Acs.)	88.6	94.6	91.0	
Harvested Acreage (Mil. Acs.)	79.1	86.5	83.1	
Yield (Bushels)	173.4	177.3*	181.0*	
Supply	--- Million Bushels ---			
Beginning Stocks	1,377	1,360	2,172	
Production	13,715	15,342*	15,040	
Imports	39	25	25	
Total Supply	15,130	16,727	17,237*	+3%
Disappearance				
Domestic Use	12,108	12,455	12,555*	
Exports	1,661	2,100	2,150	
Total Use	13,769	14,555	14,705	+1%
Ending Stocks	1,361	2,172	2,532	
Carryover/Use (days on hand)	36.1	54.2	62.8	
Average Farm Price (\$/Bu.)	6.54	4.80	4.40	-8%

\*record high

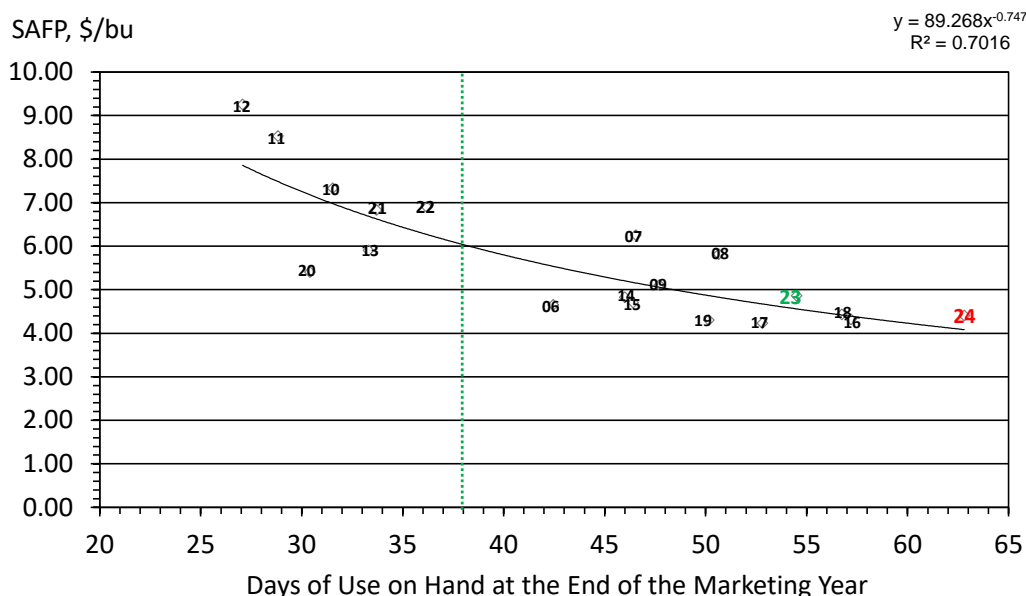
Source: USDA World Agricultural Supply and Demand Estimates  
USDA Ag Outlook Forum, February 2024

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## U.S. Corn Average Farm Price (real 2024\$) and U.S. Days of Use on Hand 2005/06-2022/23, 2023/24 estimate, 2024/25 projection



Source: USDA, February 2024 WASDE and 2024 Ag Outlook Forum

**Crop Insurance Price Discovery.** For the sales closing date of March 15, the average closing price of the December corn futures contract and the November soybean contract in the month of February sets the base price for crop insurance purposes. Current projections are for \$4.68 corn, \$4.69 grain sorghum, and \$11.62 soybeans. That is down from last year by \$1.23 per bushel for corn, \$1.15 for grain sorghum, and \$2.14 for soybeans.

Your Price Criteria

Select New Criteria

Commodity: Corn

State: Texas

Sales Closing Date: March 15, 2024

Type: All (Non-High Amylose)

Practice: Conventional

Year: 2024

Base Contract: CBOT December Corn 2024 (ZCZ24)

Projected Price

Price Volatility

Harvest Price

\$4.68  
per Bushel

0.18

Not Yet Available

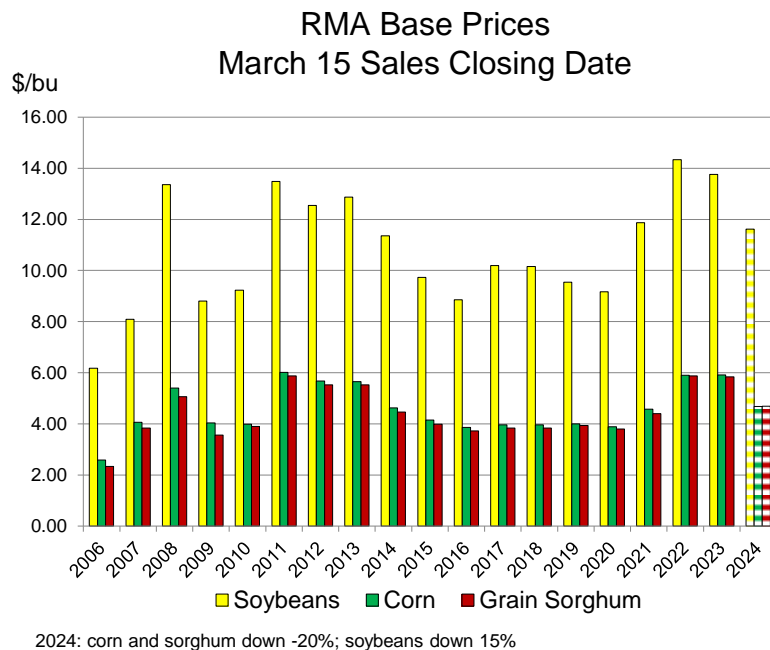
Status	In Discovery	In Discovery	Yet To Start
Start Date	2/1/2024	2/1/2024	N/A
End Date	2/29/2024	2/29/2024	N/A

Projected Daily Prices

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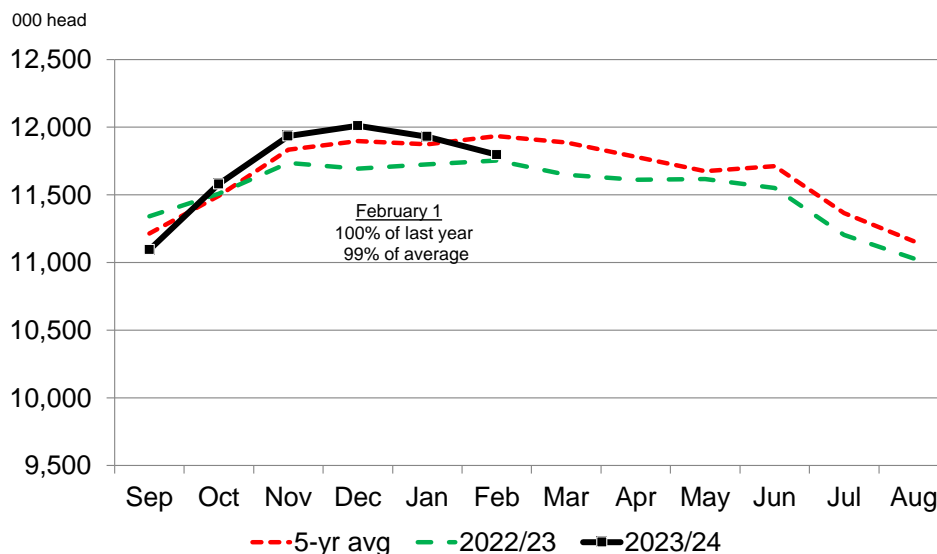
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**Grain Use.** Today's Cattle on Feed Report shows 11.797 million head in lots with a capacity of at least 1,000 on February 1. That is down 133,000 head from January 1, on par with last year, and down 1% from the 5-year average.

## 2023/24 Cattle on Feed 1,000+ capacity feedlots

MY to date  
Year ago: 101%  
Average: 100%



Source: USDA/NASS, February 23, 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 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
February 15	4.18	4.74	0.55	5.58	4.74
February 22	4.06	4.62	0.55	5.46	4.63
10-yr average			0.09		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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
February 15	4.18	4.28	0.10	4.85	
February 22	4.06	4.16	0.10	4.74	5.22
10-yr average			-0.35		

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

**Outside Markets.** As to how soon and by how much the Federal Reserve will move to lower interest rates in 2024, notes from the meetings of the Federal Open Market Committee emphasize much of that depends on getting inflation back down to the goal of 2% (<https://www.federalreserve.gov/newsevents/pressreleases/monetary20240131a.htm>).

Inflation numbers from last week show success in that effort but still a ways to go. The Consumer Price Index is down from an increase of 9% in June of 2022 but has leveled off at just over 3% for the last 8 months. The Producer Price Index, inflation at the wholesale level and a precursor to changes in the CPI, was down slightly in January to 0.85% from 0.94% in December. But the month-to-month percentage change was +0.33%, the highest since last August.

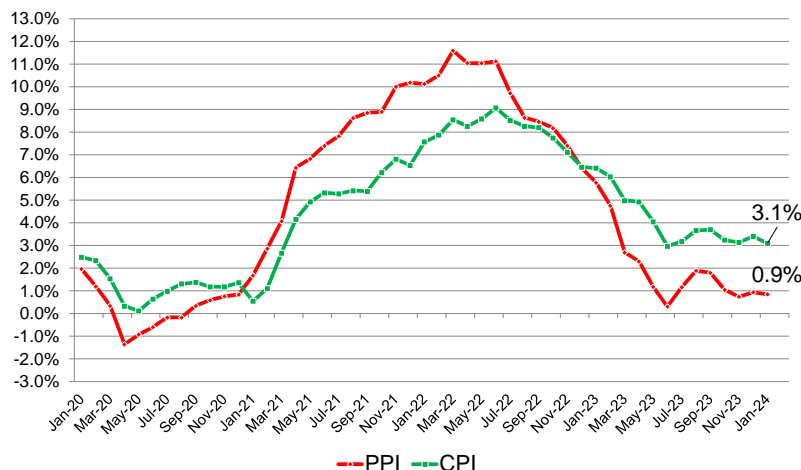
The preferred inflation measure used by the Fed to monitor inflation, the Personal Consumption Expenditures Index, will be updated February 29.

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U.S. Inflation  
Producer Price Index and Consumer Price Index  
12-month percentage change



Source: Consumer Price Index (CPI) U.S. Bureau of Labor Statistics, February 13, 2024  
Producer Price Index (PPI), St. Louis Fed, February 16, 2024

Prices about 10:30 am CT February 23, 2024:

QTR IV		1/2/2024	2/23/2024	net change	% change
S&P 500	SPX:IN	4,743.00	5,085.21	342.21	7.22%
10-yr T Note	Yield, %	3.95	4.32	0.37	9.37%
CRB	CRY:IND	262.63	274.11	11.48	4.37%
Dollar Index	March 2024	101.89	103.90	2.00	1.97%
Crude Oil	May 2024	70.99	76.68	5.69	8.02%
Copper	March 2024	3.88	3.87	(0.01)	-0.24%
Corn	March 2024	4.64	4.07	(0.57)	-12.18%
	May 2024	4.77	4.21	(0.56)	-11.79%
Soybeans	January 2024	12.74	11.44	(1.29)	-10.15%
	March 2024	12.81	11.49	(1.32)	-10.28%
SRW Wheat	March 2024	6.07	5.90	(0.17)	-2.80%
	May 2024	6.19	5.84	(0.35)	-5.65%

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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, 1/2/2024-2/23/2024 (<https://www.barchart.com/>):



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## High Grade Copper Mar '24 (HGH24)

3.8710 -0.0260 (-0.67%) 10:29 CT [COMEX]

3.8710 x 4 3.8715 x 7

INTERACTIVE CHART for Fri, Feb 23rd, 2024

Notes My Charts Alerts Watch Help

HGH24 GO +Study Tools Settings Compare f(x) Grid View

Templates Print Clear

Range: 1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX Frequency: Daily Date Date:

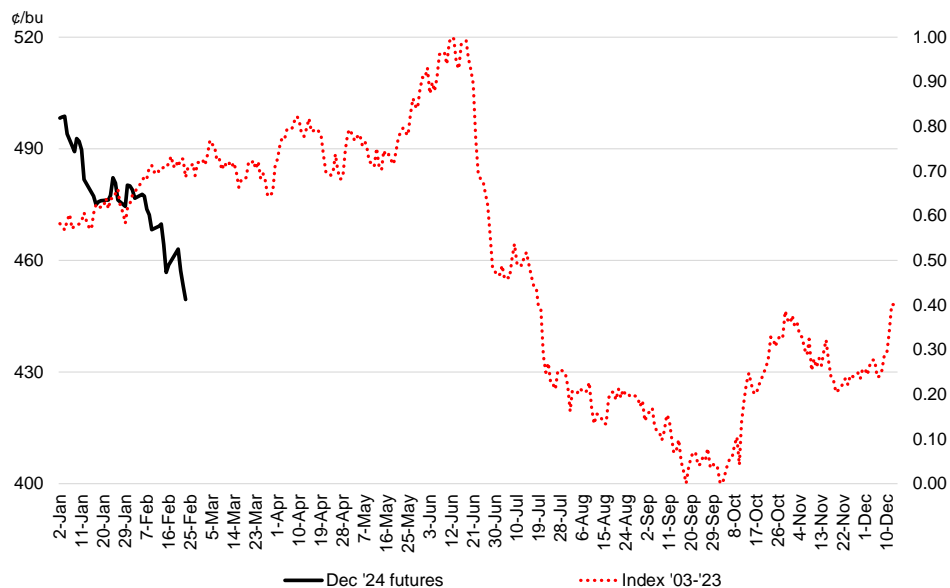
tutorial



## 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. Prices to this point have failed to follow seasonal tendencies.

## 2024 December Corn Futures and 21-year Seasonal Index Pattern



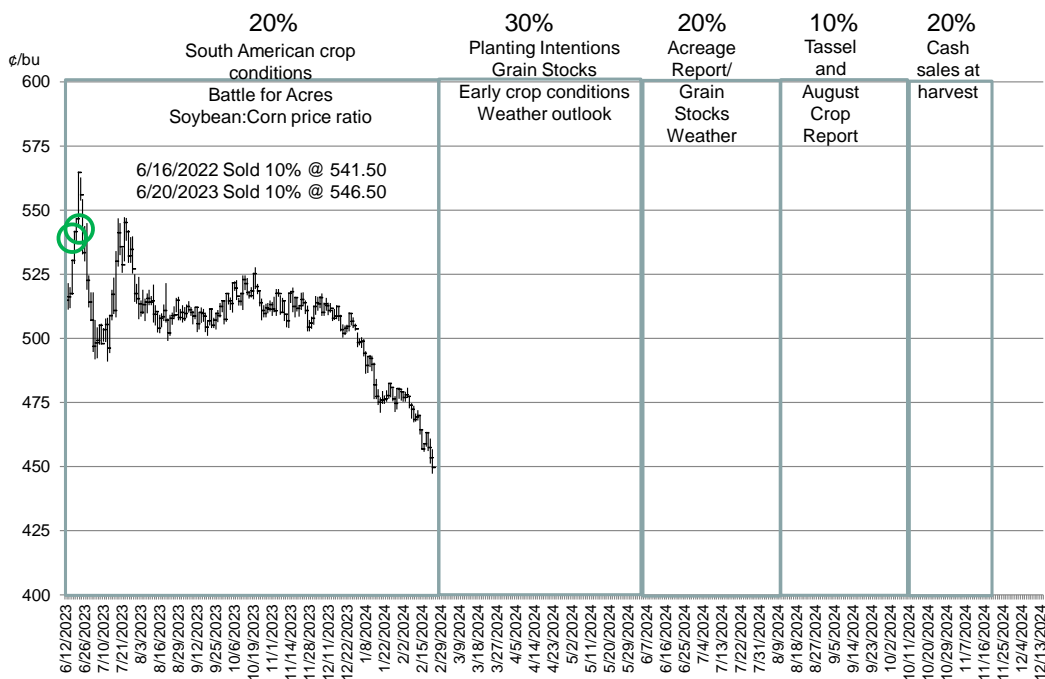
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**Feed Grain Marketing Plan.** I lifted all hedges and sold the last of the 2023 corn crop at harvest in late October. I have priced 20% of 2024 corn.

## December Corn Futures and 2024 Marketing Plan



### Upcoming Reports/Events

February 29	Personal Consumption Expenditures Index (PCE)
March 8	Crop Production World Agricultural Supply and Demand Estimates
March 19-20	Federal Open Market Committee, Federal Reserve
March 22	Cattle on Feed
March 28	Prospective Plantings Grain Stocks Hogs and Pigs
April 1	Crop Progress reports resume



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