

Feed Grain Outlook

March 1, 2024

Volume 33, Number 11

Today's Newsletter

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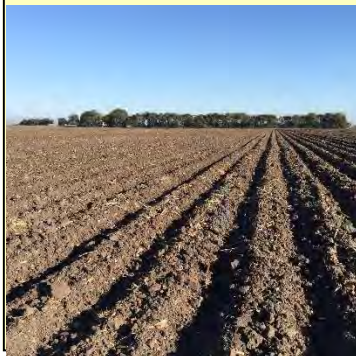
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Market Situation

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.

The 2024 base price for corn is \$4.66, \$4.67 grain sorghum, and \$11.55 soybeans. That is down from last year by \$1.25 per bushel for corn, \$1.17 for grain sorghum, and \$2.21 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	
\$4.66 per Bushel	0.18	Not Yet Available	
Status	Released	Released	Yet To Start
Start Date	2/1/2024	2/1/2024	N/A
End Date	2/29/2024	2/29/2024	N/A

Your Price Criteria			Select New Criteria
Commodity: Grain Sorghum State: Texas Sales Closing Date: March 15, 2024		Type: All Practice: Conventional Year: 2024	
Base Contract: CBOT December Corn 2024 (ZCZ24)			
Projected Price	Price Volatility	Harvest Price	
\$4.67 per Bushel	0.18	Not Yet Available	
Status	Released	Released	Yet To Start
Start Date	2/1/2024	2/1/2024	N/A
End Date	2/29/2024	2/29/2024	N/A
Factor	x 1.0020	N/A	N/A

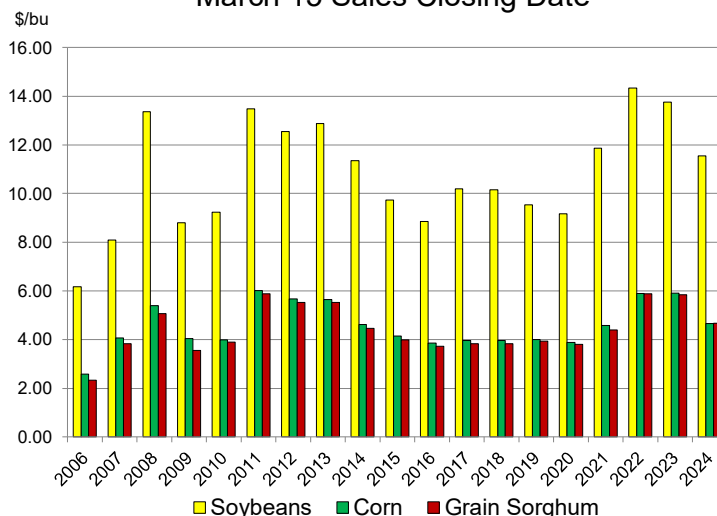
Your Price Criteria			Select New Criteria
Commodity: Soybeans State: Texas Sales Closing Date: March 15, 2024		Type: All Practice: Conventional Year: 2024	
Base Contract: CBOT November Soybeans 2024 (ZSX24)			
Projected Price	Price Volatility	Harvest Price	
\$11.55 per Bushel	0.15	Not Yet Available	
Status	Released	Released	Yet To Start
Start Date	2/1/2024	2/1/2024	N/A
End Date	2/29/2024	2/29/2024	N/A

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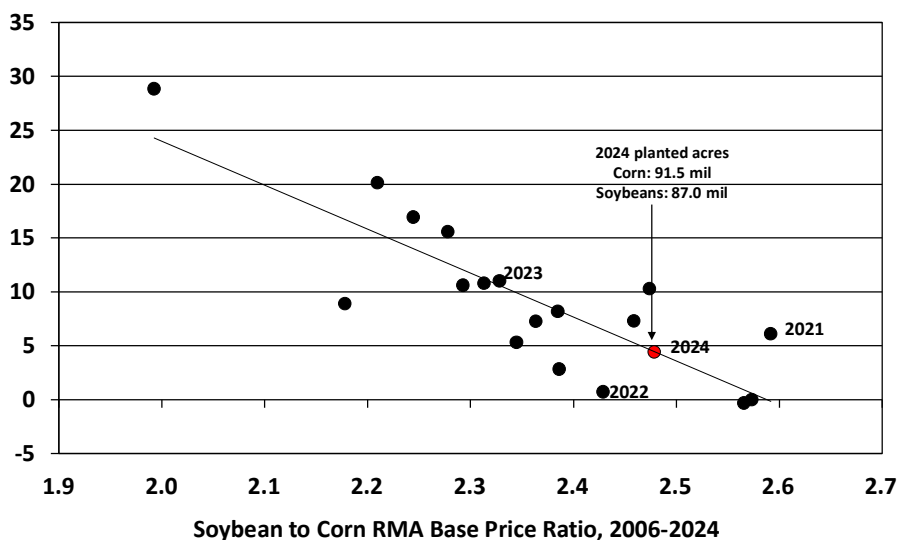
RMA Base Prices
March 15 Sales Closing Date



2024: corn and sorghum down about 20%; soybeans down 16%

The ratio of insurance base prices for soybeans and corn also provides insight into farmer's planting intentions. With a soybean to corn price ratio of 2.48, it is expected that corn acres will exceed soybean acres by about 4.4 million. Using combined corn and soybean acres from USDA's Ag Forum of 178.5 million, that results in about 91.5 million acres of corn and 87.0 million acres of soybeans planted in 2024.

Corn acres minus Soybean acres, mil
(2019 intended, all other actual) and
RMA Soybean to Corn Base Price Ratio



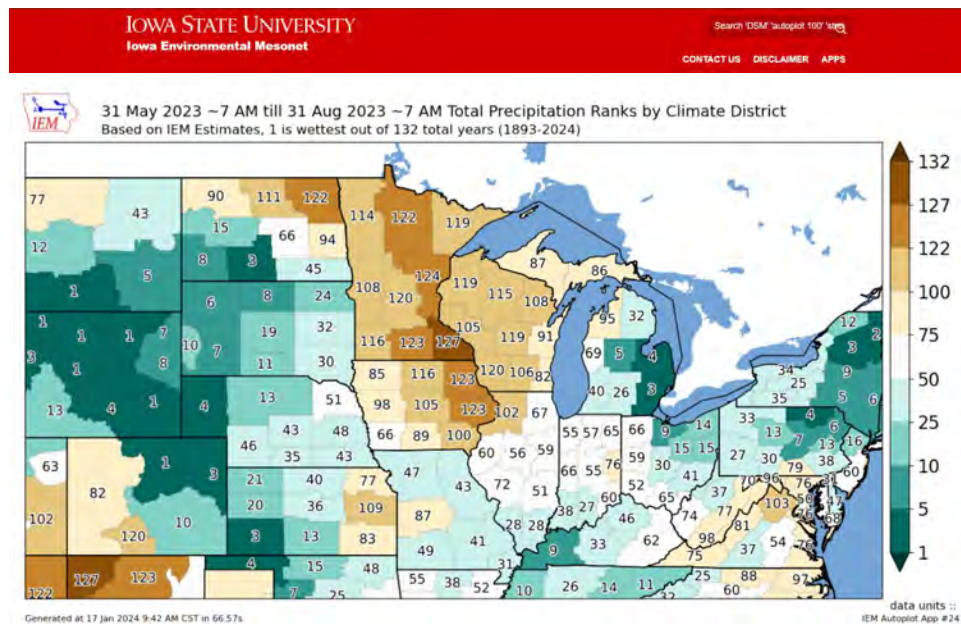
Updated 3/1/2024

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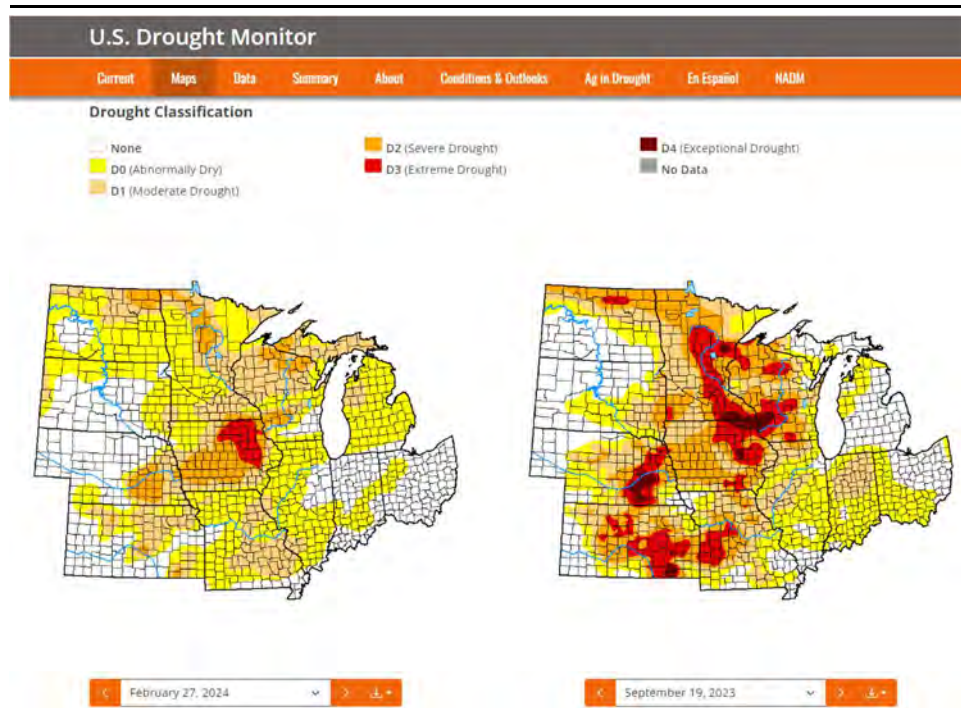
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Crop Progress. Despite severe drought conditions in key production areas at critical times in the growing season, the U.S. national corn yield was a record high 177.3 in 2023. The drought monitor shows much of northeast Iowa still under extreme drought, but conditions have improved compared to late September 2023.



<https://mesonet.agron.iastate.edu/>

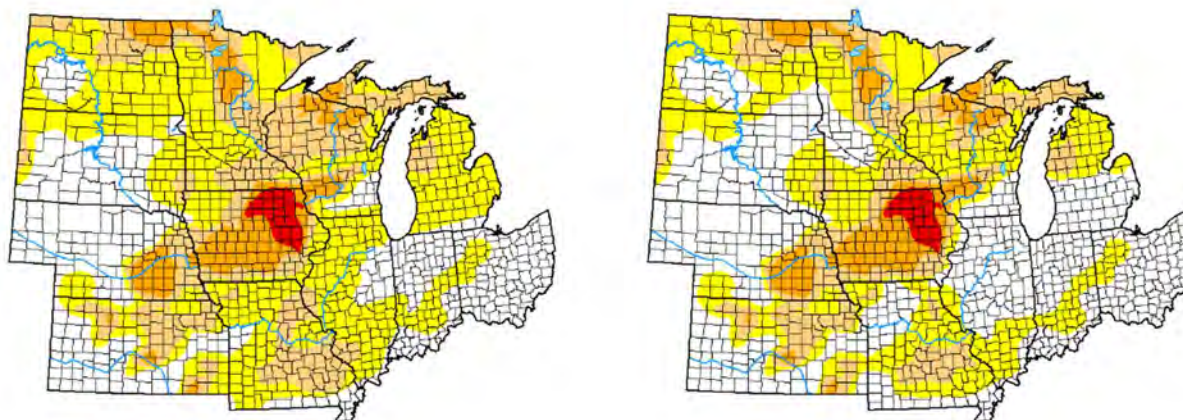


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However, drought in the North Central region worsened this week compared to last. Drought coverage increased notably from Missouri to Michigan. Area under drought was up 14%, back up to 69%. The drought severity index this week is 110, up 19 points. The index a year ago was 120 and the 10-year average is 61.



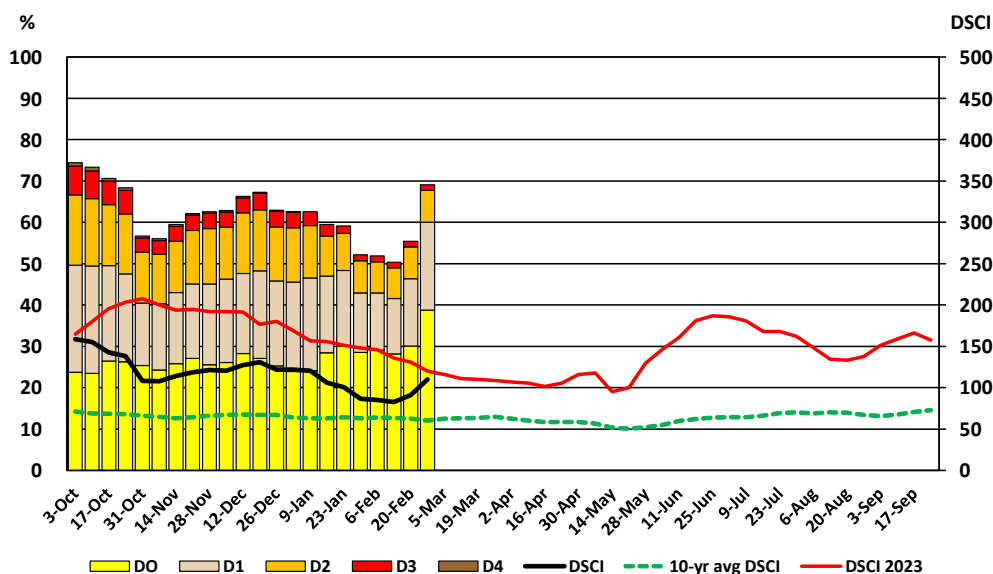
< February 27, 2024 >

< February 20, 2024 >

North Central Drought Monitor, 2/27/2024

Drought Classification

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



Drought Severity and Coverage Index (DSCI) = $(D0 \times 1) + (D1 \times 2) + (D2 \times 3) + (D3 \times 4) + (D4 \times 5)$;
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions
Drought Monitor, 2/29/2024, North Central, <http://droughtmonitor.unl.edu/>

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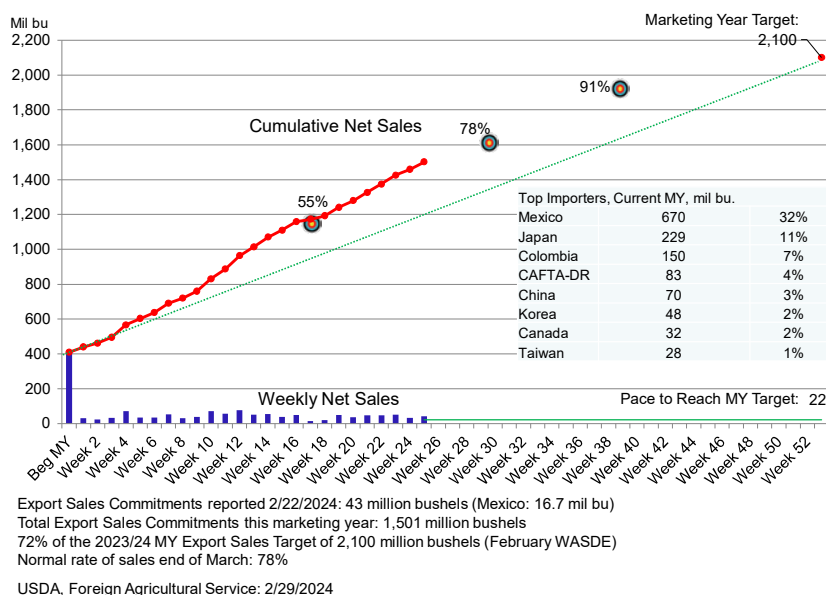
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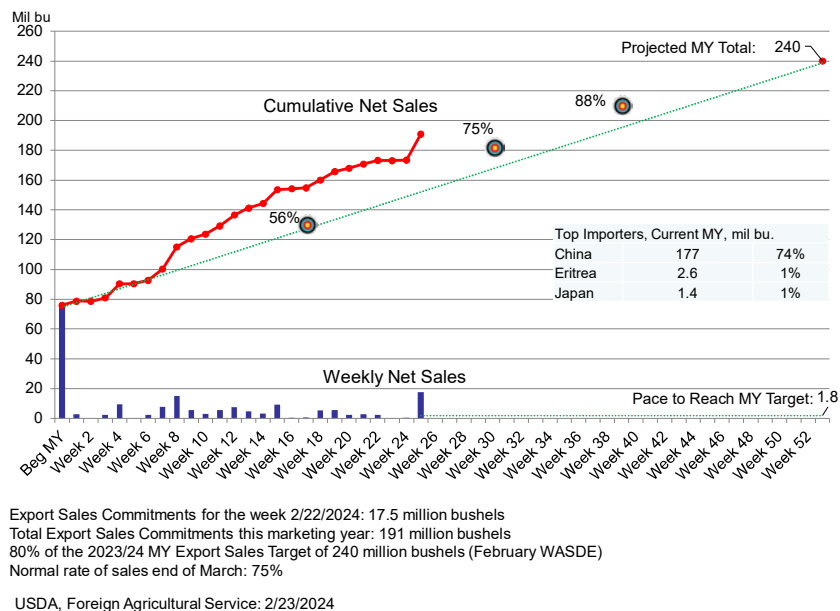
Grain Use. Corn export sales commitments for the week of February 22 were 43 million bushels. The big buyer for the week was Mexico with 13.7 million bushels. This brings the sales total for the marketing year to 1.501 billion bushels, 72% of the target set by USDA. Normally, about 78% of the marketing year total is on the books by the end of March.

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



Strong export sales for grain sorghum reported this week: 17.5 million bushels. This brings sales for the year to 191 million bushels, 80% of the 240 million bushel marketing year target.

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



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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
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	0.56	5.46	4.63
February 29	4.16	4.72	0.56	5.56	4.73
10-yr average			0.09		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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
February 29	4.16	4.26	0.10	4.83	5.30
10-yr average			-0.35		

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

Outside Markets. The inflation gauge preferred by the Federal Reserve, the Personal Consumption Expenditures Index (PCE), was updated this week by the Bureau of Economic Analysis.

Compared to a year ago, the all-price index in January was up 2.4%, down from 2.6% in December. Core PCE, which excludes food and energy, was 2.8%, down from 2.9%.

Though the 12-month change in the index was down, the monthly change in core PCE was +0.42%. That is the highest month to month change in the index since January 2023. This indicates underlying stubbornness in getting prices back to the Fed's 2% inflation goal.

The next meeting of the Federal Open Market Committee to discuss monetary policy and set interest rates is March 19-20.

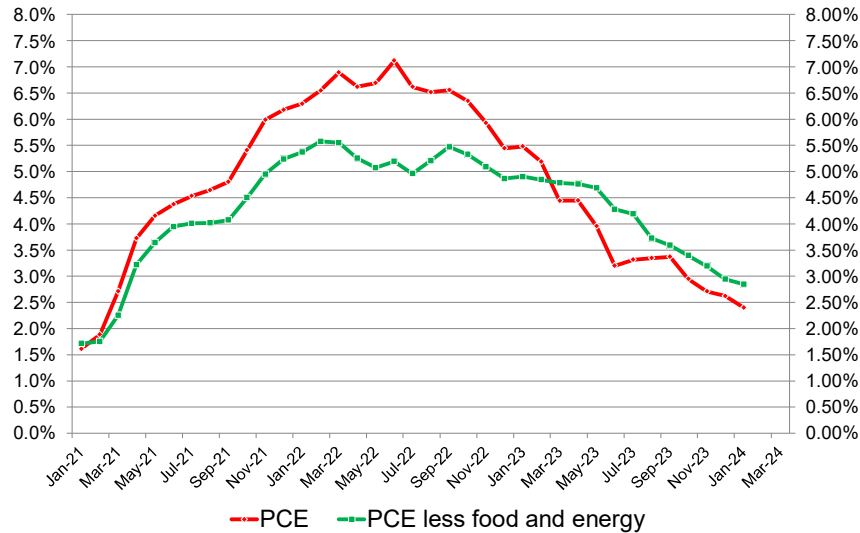
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U.S. Inflation: 12-month % change
PCE and PCE, less food and energy



Source: Personal Consumption Expenditures (PCE), U.S. Bureau of Economic Analysis, February 29, 2024

Prices about 11:00 am CT March 1, 2024:

QTR IV		1/2/2024	3/1/2024	net change	% change
S&P 500	SPX:IN	4,743.00	5,120.17	377.17	7.95%
10-yr T Note	Yield, %	3.95	4.27	0.32	8.10%
CRB	CRY:IND	262.63	275.08	12.45	4.74%
Dollar Index	June 2024	101.58	103.57	1.99	1.96%
Crude Oil	June 2024	71.04	78.91	7.87	11.08%
Copper	May 2024	3.90	3.86	(0.04)	-0.92%
Corn	May 2024	4.77	4.23	(0.54)	-11.27%
	July 2024	4.88	4.35	(0.53)	-10.87%
Soybeans	May 2024	12.81	11.47	(1.34)	-10.48%
	July 2024	12.87	11.56	(1.30)	-10.12%
SRW Wheat	May 2024	6.19	5.57	(0.62)	-10.01%
	July 2024	6.26	5.61	(0.66)	-10.46%

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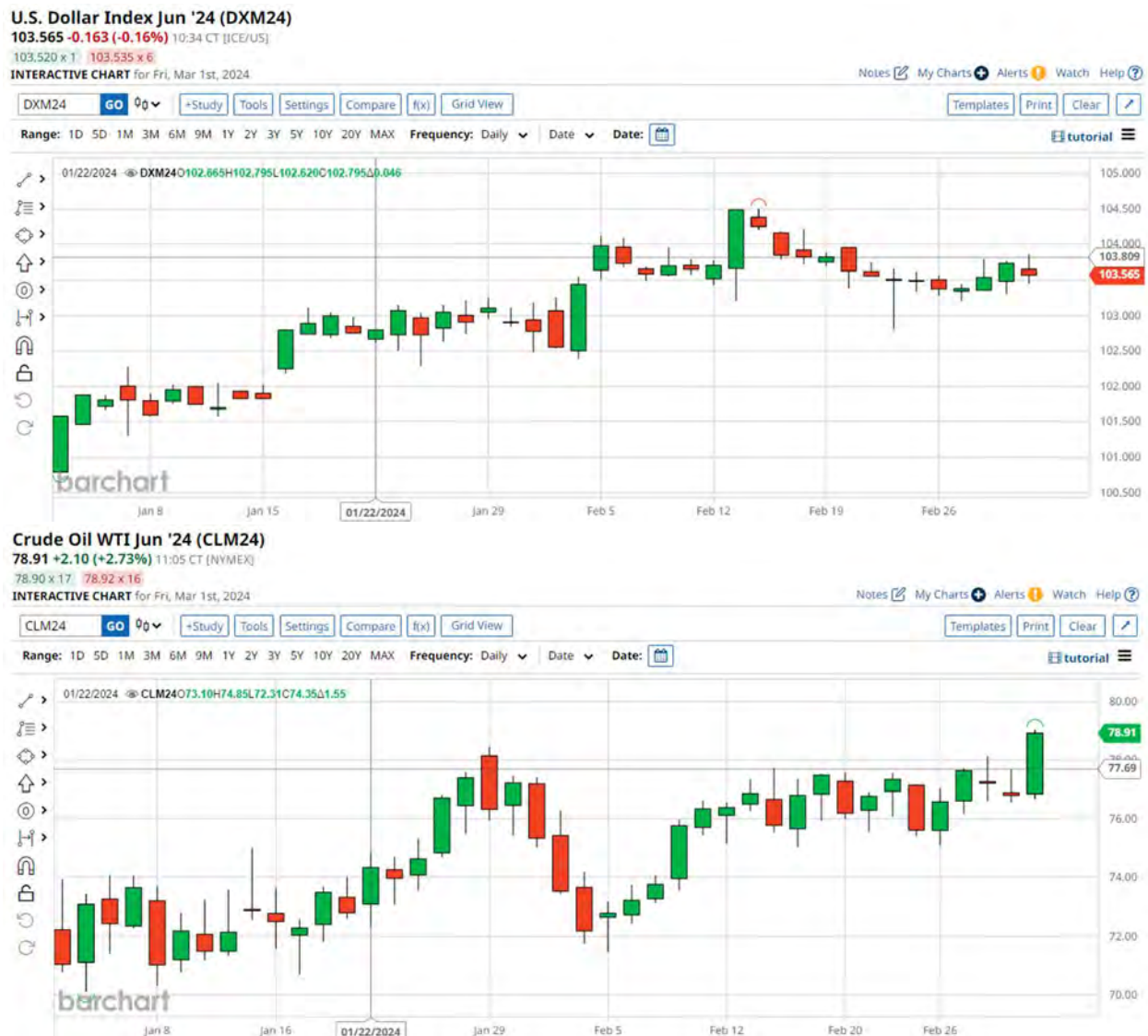
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Items in the table and reasoning for inclusion:

- 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, 1/2/2024-3/1/2024 (<https://www.barchart.com/>):



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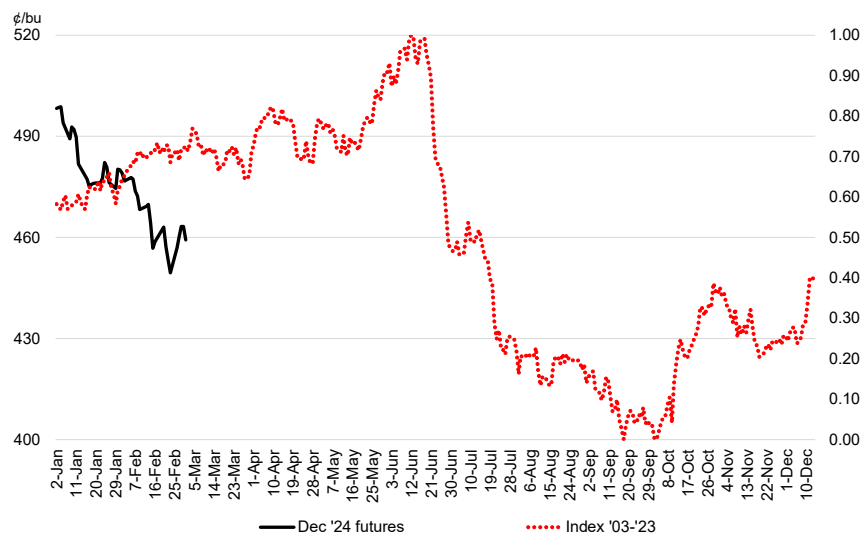
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Marketing Strategies

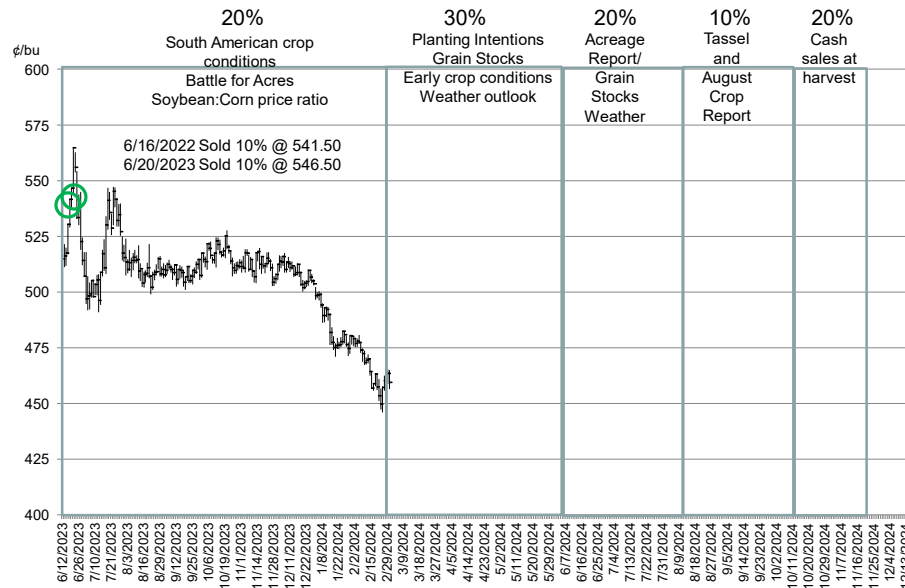
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October. Prices to this point have failed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

2024 December Corn Futures and 21-year Seasonal Index Pattern



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December Corn Futures and 2024 Marketing Plan



March 8	Crop Production World Agricultural Supply and Demand Estimates
March 12	Short-term Energy Outlook, EIA
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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