

Feed Grain Outlook

March 27, 2024

Volume 33, Number 15

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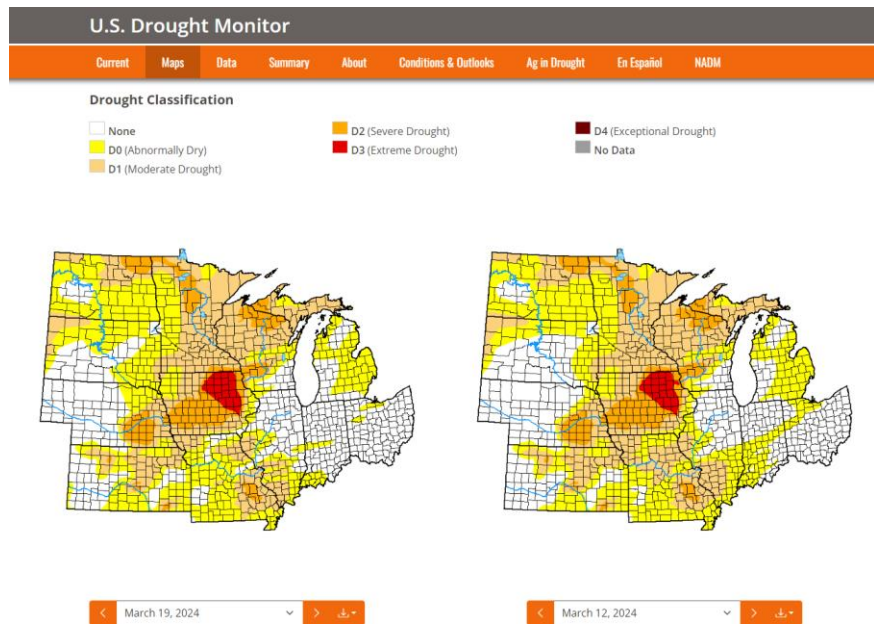
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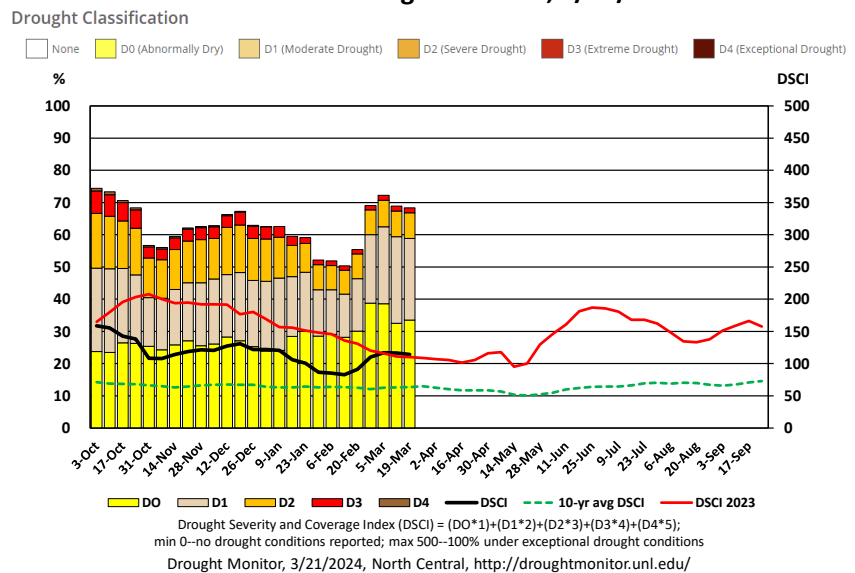


Market Situation

Crop Progress and Condition. The drought monitor for the North Central region shows about 68% of the area under some degree of drought and a drought severity index of 114. Last year at this time the drought index was 110 and the 10-year average is 63.



North Central Drought Monitor, 3/19/2024



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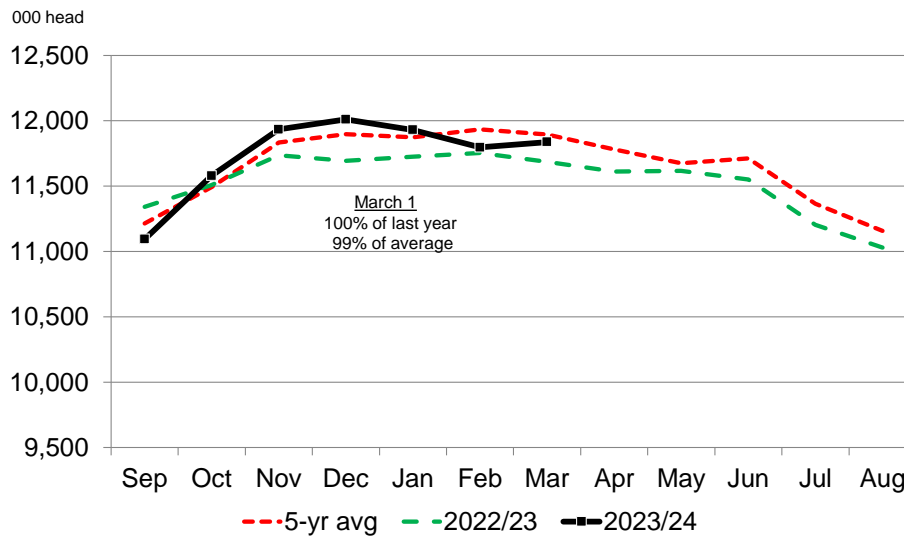
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Grain Use. Tomorrow's Grain Stocks report will contain insight into the rate of feed use in the current marketing year. Recent livestock and poultry inventory reports show strong feedlot placements (February placements were the highest since the series began in 1996) and mixed poultry numbers: layer inventory that is 1% higher than last year and broiler chick placements down 2%.

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

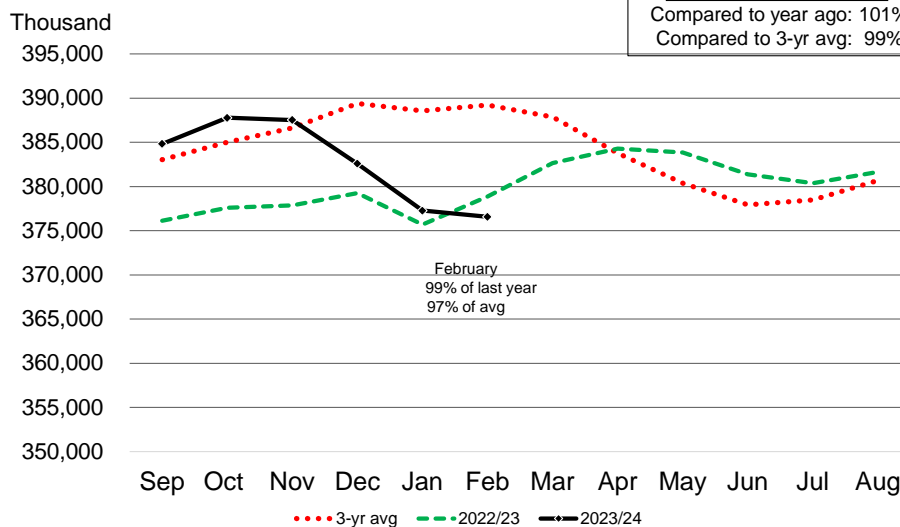
MY to date
Year ago: 101%
Average: 100%



Source: USDA/NASS, March 22, 2024

U.S. Chicken Layer Inventory monthly average

2023/24 MY Total to Date
Compared to year ago: 101%
Compared to 3-yr avg: 99%



Source: USDA/NASS, Chickens and Eggs, March 22, 2024

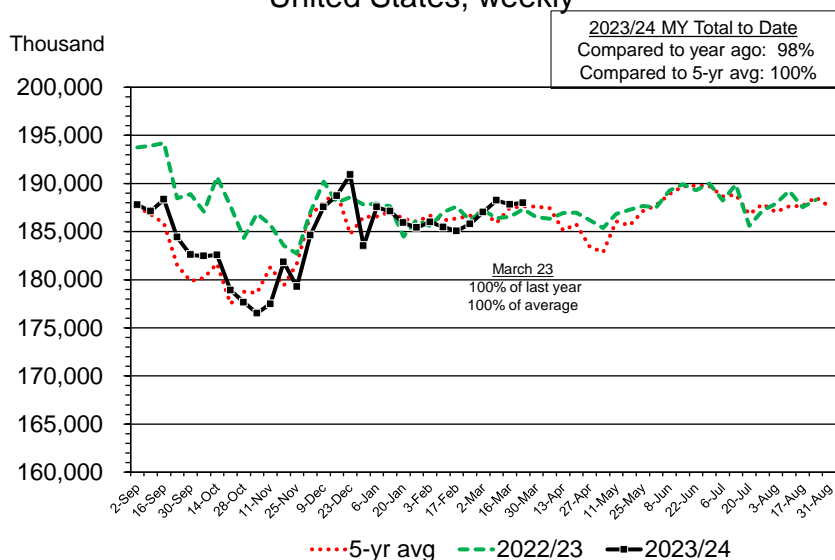
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2023/24 Broiler Chicks Placed United States, weekly



Source: USDA/NASS, Broiler Hatchery, March 27, 2024

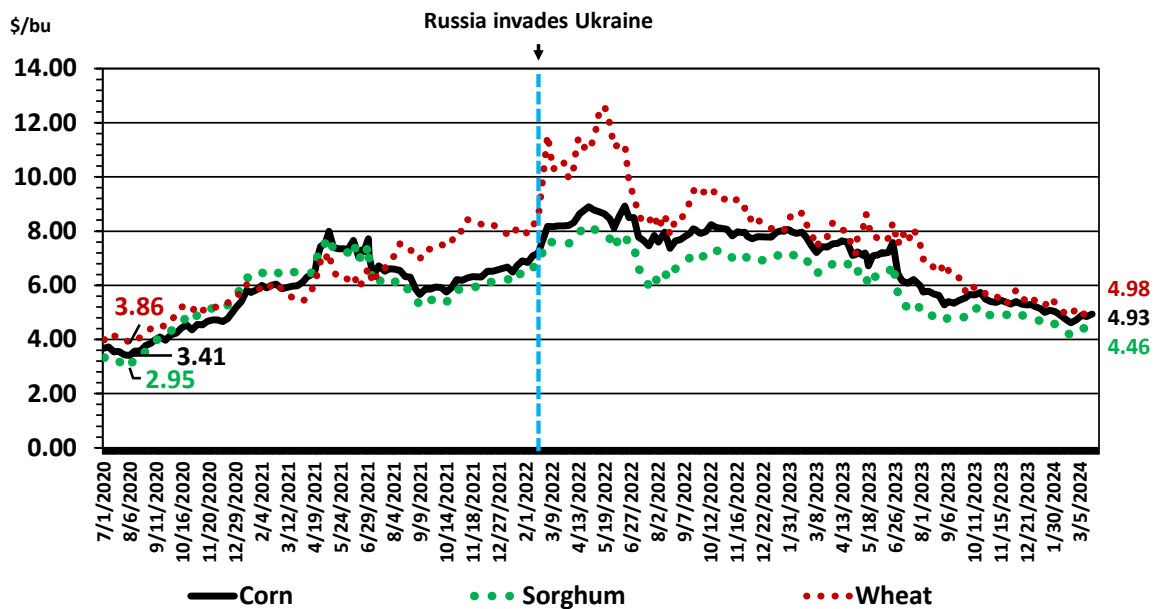
Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
February 22	4.06	4.62	0.56	5.46	4.63
February 29	4.16	4.72	0.56	5.56	4.73
March 7	4.38	4.89	0.51	5.83	4.86
March 14	4.34	4.85	0.51	5.99	4.82
March 21	4.41	4.93	0.53	5.98	4.89
10-yr average			0.14		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
February 22	4.06	4.16	0.10	4.74	5.22
February 29	4.16	4.26	0.10	4.83	5.30
March 7	4.38	4.43	0.05	5.06	5.41
March 14	4.34	4.38	0.04	5.01	5.34
March 21	4.41	4.46	0.06	5.08	
10-yr average			-0.25		

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

Texas Cash Grain Prices July 2020-March 2024



USDA, AMS, Market News: TX cash = average (area North of the Canadian River, Triangle Area from Plainview to Canyon to Farwell, area South of a Line from Plainview to Muleshoe)

Outside Markets. At its meeting last week, the Federal Open Market Committee of the Federal Reserve voted to leave the target range for federal funds at 5-1/4 to 5-1/2%. In the FOMC statement: “The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent” (<https://www.federalreserve.gov/newsevents/pressreleases/monetary20240320a.htm>).

As part of the March meeting, committee members were polled as to their expectations of GDP, unemployment, inflation, and appropriate monetary policy for 2024-2026 and the longer run. The median responses were for GDP growth of 2.1 to 2.0% over the next 3 years, 1.8% longer run. The unemployment rate is expected to hold around 4.1%. The inflation rate is expected to be around 2.4% in 2024, 2.2% in 2025, then 2.0% in 2026 and the long run. The majority of committee members think the federal funds rate will be between 4-1/2 and 5% by the end of 2024, between 3-1/2 and 4% at the end of 2025 and back around 3% to end 2026.

For release at 2:00 p.m., EDT, March 20, 2024

Summary of Economic Projections

In conjunction with the Federal Open Market Committee (FOMC) meeting held on March 19–20, 2024, meeting participants submitted their projections of the most likely outcomes for real gross domestic product (GDP) growth, the unemployment rate, and inflation for each year from 2024 to 2026 and over the longer run. Each participant’s projections were based on information available at the time of the meeting, together with her or his assessment of appropriate monetary policy—including a path for the federal funds rate and its longer-run value—and assumptions about other factors likely to affect economic outcomes. The longer-run projections represent each participant’s assessment of the value to which each variable would be expected to converge, over time, under appropriate monetary policy and in the absence of further shocks to the economy. “Appropriate monetary policy” is defined as the future path of policy that each participant deems most likely to foster outcomes for economic activity and inflation that best satisfy his or her individual interpretation of the statutory mandate to promote maximum employment and price stability.

<https://www.federalreserve.gov/monetarypolicy/files/fomcprojt20240320.pdf>

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2024

Percent

Variable	Median ¹				Central Tendency ²				Range ³			
	2024	2025	2026	Longer run	2024	2025	2026	Longer run	2024	2025	2026	Longer run
Change in real GDP	2.1	2.0	2.0	1.8	2.0–2.4	1.9–2.3	1.8–2.1	1.7–2.0	1.3–2.7	1.7–2.5	1.7–2.5	1.6–2.5
December projection	1.4	1.8	1.9	1.8	1.2–1.7	1.5–2.0	1.8–2.0	1.7–2.0	0.8–2.5	1.4–2.5	1.6–2.5	1.6–2.5
Unemployment rate	4.0	4.1	4.0	4.1	3.9–4.1	3.9–4.2	3.9–4.3	3.8–4.3	3.8–4.5	3.7–4.3	3.7–4.3	3.5–4.3
December projection	4.1	4.1	4.1	4.1	4.0–4.2	4.0–4.2	3.9–4.3	3.8–4.3	3.9–4.5	3.8–4.7	3.8–4.7	3.5–4.3
PCE inflation	2.4	2.2	2.0	2.0	2.3–2.7	2.1–2.2	2.0–2.1	2.0	2.2–2.9	2.0–2.5	2.0–2.3	2.0
December projection	2.4	2.1	2.0	2.0	2.2–2.5	2.0–2.2	2.0	2.0	2.1–2.7	2.0–2.5	2.0–2.3	2.0
Core PCE inflation ⁴	2.6	2.2	2.0		2.5–2.8	2.1–2.3	2.0–2.1		2.4–3.0	2.0–2.6	2.0–2.3	
December projection	2.4	2.2	2.0		2.4–2.7	2.0–2.2	2.0–2.1		2.3–3.0	2.0–2.6	2.0–2.3	
Memo: Projected appropriate policy path												
Federal funds rate	4.6	3.9	3.1	2.6	4.6–5.1	3.4–4.1	2.6–3.4	2.5–3.1	4.4–5.4	2.6–5.4	2.4–4.9	2.4–3.8
December projection	4.6	3.6	2.9	2.5	4.4–4.9	3.1–3.9	2.5–3.1	2.5–3.0	3.9–5.4	2.4–5.4	2.4–4.9	2.4–3.8

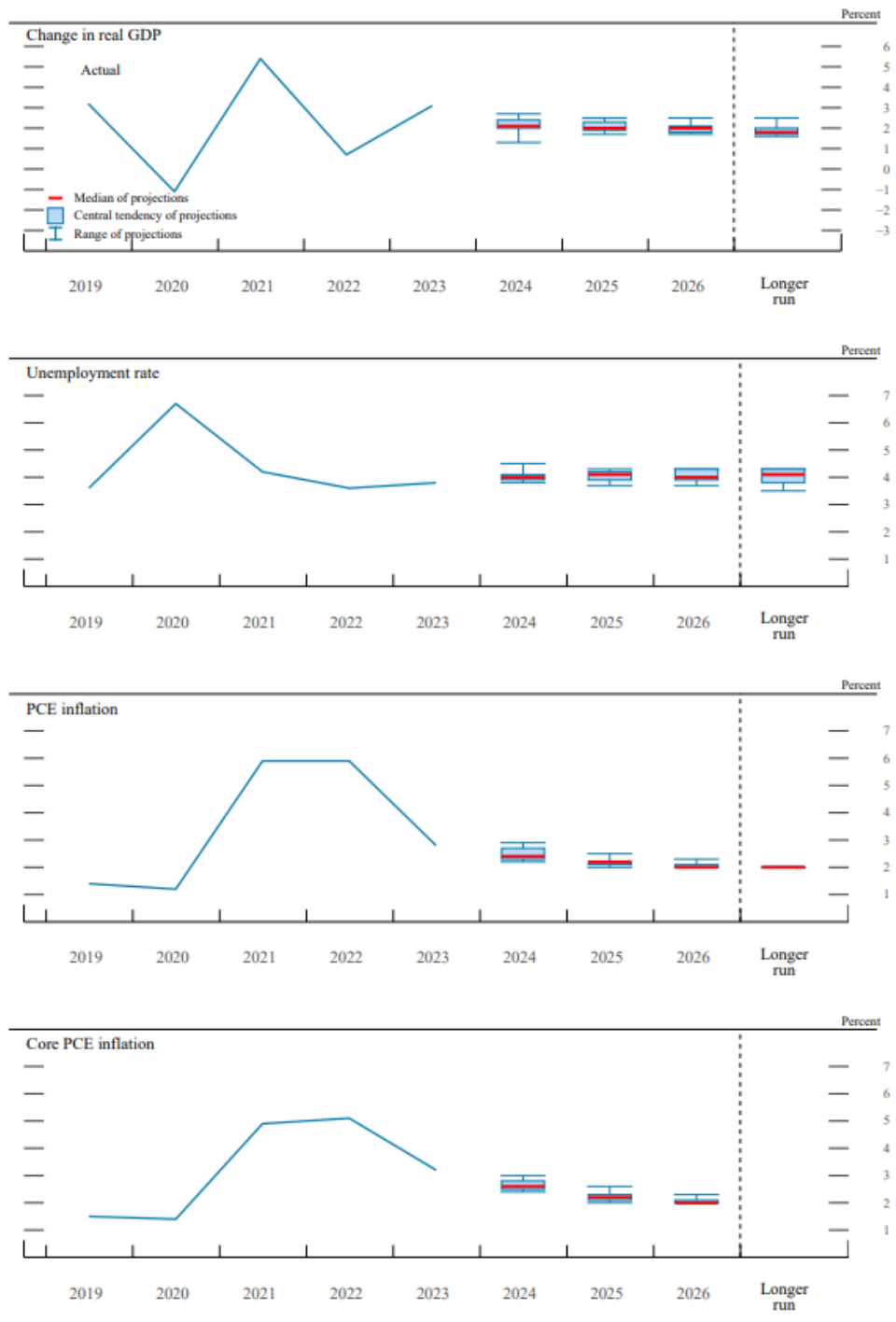
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Figure 1. Medians, central tendencies, and ranges of economic projections, 2024–26 and over the longer run

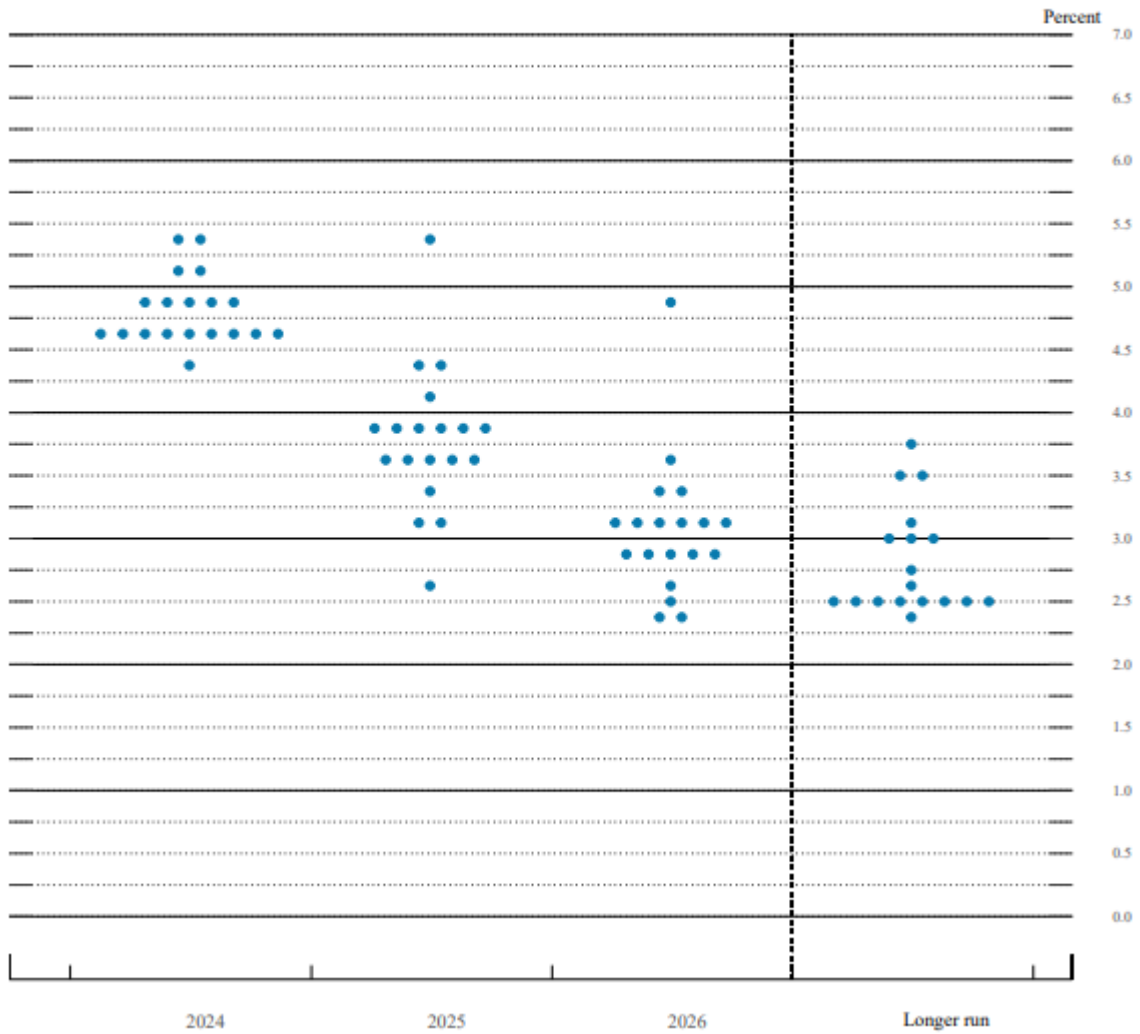


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Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



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Prices about 1:30 pm CT March 27, 2024:

QTR IV		1/2/2024	3/27/2024	net change	% change
S&P 500	SPX:IN	4,743.00	5,219.88	476.88	10.05%
10-yr T Note	Yield, %	3.95	4.25	0.30	7.59%
CRB	CRY:IND	262.63	287.82	25.19	9.59%
Dollar Index	June 2024	101.58	104.09	2.51	2.47%
Crude Oil	June 2024	71.04	80.72	9.68	13.63%
Copper	May 2024	3.90	4.01	0.11	2.85%
Corn	May 2024	4.77	4.27	(0.50)	-10.53%
	July 2024	4.88	4.39	(0.49)	-9.94%
Soybeans	May 2024	12.81	11.93	(0.89)	-6.91%
	July 2024	12.87	12.07	(0.80)	-6.22%
SRW Wheat	May 2024	6.19	5.48	(0.72)	-11.59%
	July 2024	6.26	5.63	(0.64)	-10.14%

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, 1/2/2024-3/27/2024 (<https://www.barchart.com/>):

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U.S. Dollar Index Jun '24 (DXM24)

104.085 +0.094 (+0.09%) 13:25 CT [ICE/US]

104.085 x 6 104.090 x 33

INTERACTIVE CHART for Wed, Mar 27th, 2024

Get more from your money. Open an account & invest @ E*TRADE

Notes My Charts Alerts Watch Help

DXM24 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



Crude Oil WTI Jun '24 (CLM24)

80.72 -0.32 (-0.39%) 13:25 CT [NYMEX]

80.71 x 11 80.73 x 25

INTERACTIVE CHART for Wed, Mar 27th, 2024

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Templates Print Clear

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

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High Grade Copper May '24 (HGK24)

4.0100 +0.0015 (+0.04%) 13:26 CT [COMEX]

4.0095 x 17 4.0100 x 9

INTERACTIVE CHART for Wed, Mar 27th, 2024

TradeStation TRADE NOW TradeStation

Notes My Charts Alerts Watch Help

HGK24 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

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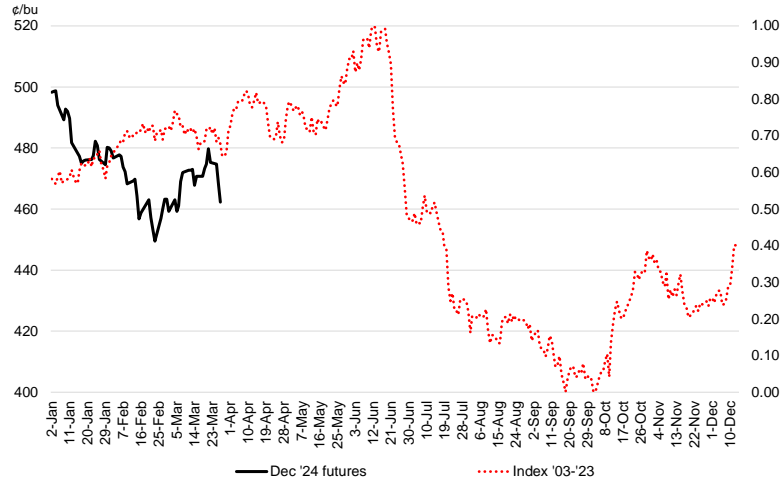
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Marketing Strategies

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 am 30% priced on 2024 corn. We are in the window of my marketing plan in which I look to add to sales. I did so when the December contract hit 477½, a key level of support/resistance based on recent chart indicators (38.2% retracement).



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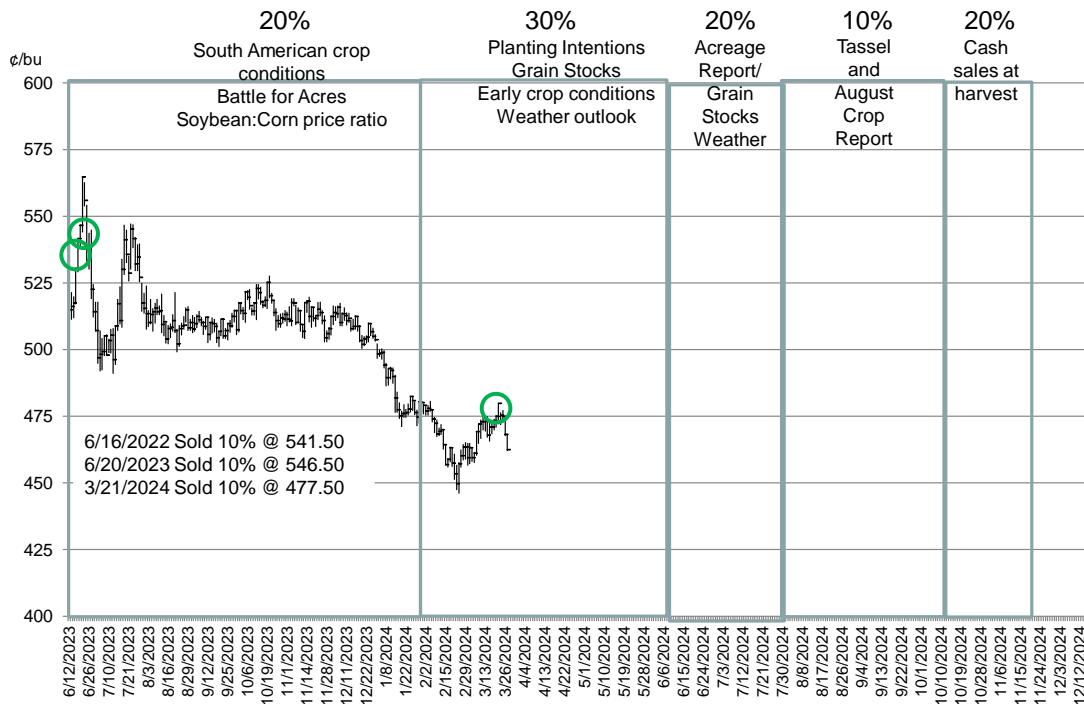
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Fundamental factors I am watching in anticipation of adding to this total: tomorrow's Prospective Plantings report and Grain Stocks, upcoming planting progress, and weather outlook.

December Corn Futures and 2024 Marketing Plan



Upcoming Reports/Events

March 28	Prospective Plantings Grain Stocks Hogs and Pigs
April 1	Crop Progress reports resume
April 5	Employment Situation--March 2024
April 10	Consumer Price Index
April 11	Crop Production World Agricultural Supply and Demand Estimates
April 30-May 1	Federal Open Market Committee, Federal Reserve

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