

Feed Grain Outlook

May 31, 2024

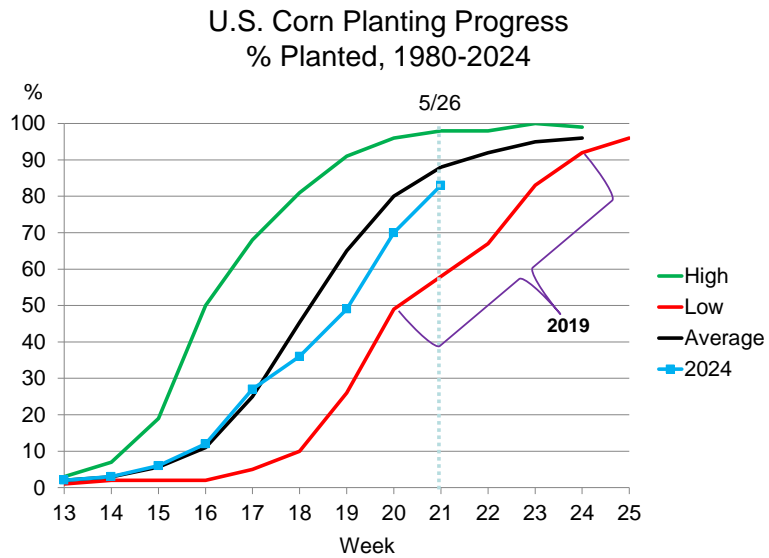
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Market Situation

Crop Progress and Condition. U.S. corn planting progress reached 83% as of May 26. For week 21, 92% was planted last year. The long-term average is 88%. The record high is 98% planted in 1994. This week continues the string of record low corn plantings from week 20 through week 24 set in 2019 (58%).



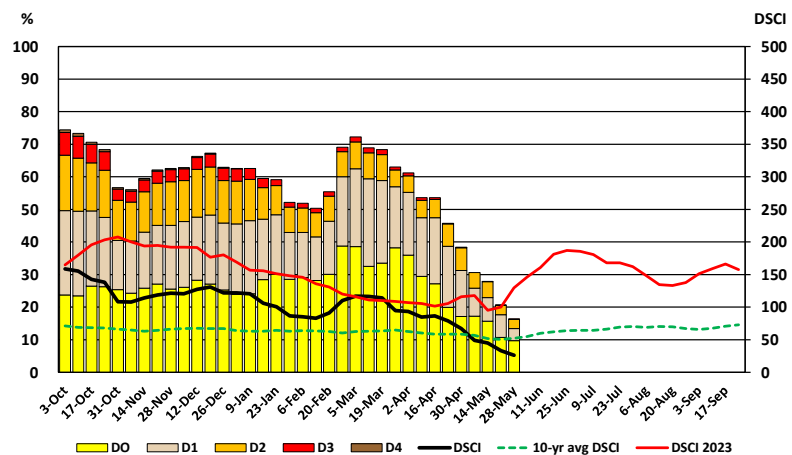
USDA Crop Progress, May 28, 2024

The area under drought in the North Central region this week is down another 4 points to 16%. The drought severity index of 26 is down 7 points. The last time the index was this low was May 12, 2020 at 23.

North Central Drought Monitor, 5/28/2024

Drought Classification

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



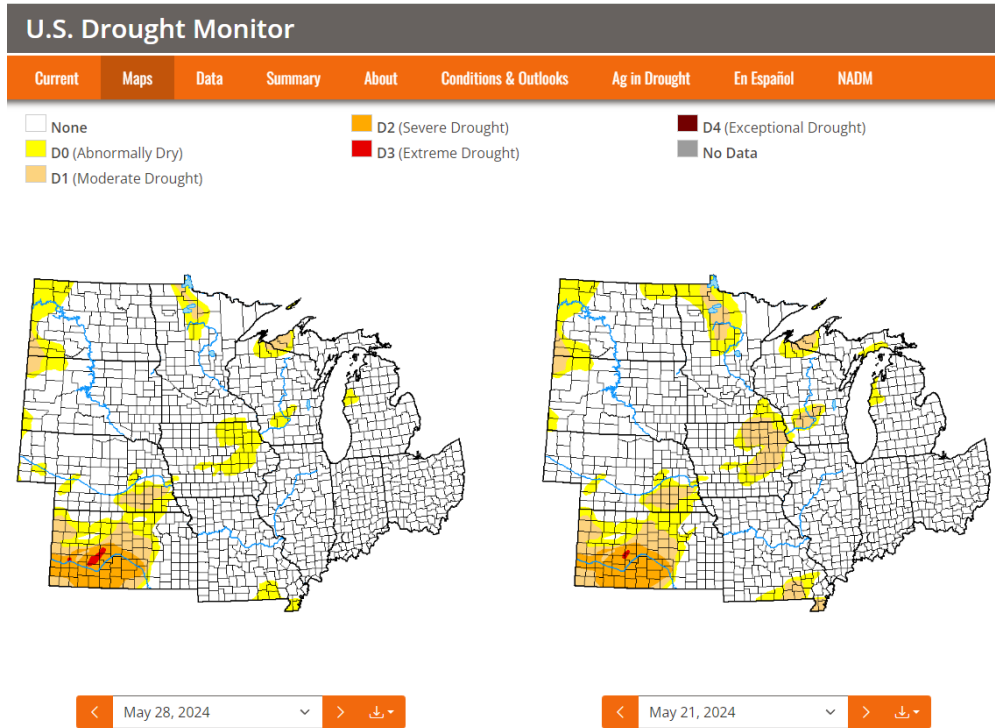
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0=no drought conditions reported; max 500=100% under exceptional drought conditions
Drought Monitor, 5/30/2024, North Central, <http://droughtmonitor.unl.edu/>

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The only area in 'extreme' or 'exceptional' drought conditions are a few counties in central Kansas, 0.15% of the total North Central region.



From the Iowa Environmental Mesonet (<https://mesonet.agron.iastate.edu/>):

The Iowa Environmental Mesonet (IEM) collects environmental data from cooperating members with observing networks. The data are stored and made available on this website.

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Goodbye D1 Drought
 Posted: 30 May 2024 08:19 AM, Views: 130
 The featured graphic is courtesy of the excellent [US Drought Monitor website](https://droughtmonitor.unl.edu/). The weekly update was just released and all of the D1 drought classification has been removed from Iowa! This is the first Iowa has been free of D1 since summer of 2020. The remaining abnormally dry areas are denoting the very significant long term departures that accumulated last year. Needless to say, significant drought busting has occurred during April and May with precipitation totals at record high value for many parts of the state.

U.S. Drought Monitor
Iowa

May 28, 2024
(Released Thursday, May 30, 2024)
Valid 8 a.m. EDT

	Drought Conditions (Percent Area)					
	None	D0-D1	D1-D2	D2-D3	D3-D4	D4
Current	75.73	24.27	0.00	0.00	0.00	0.00
Last Week 05-21-2024	66.42	33.58	20.91	0.00	0.00	0.00
3 Months Ago 02-27-2024	0.78	99.22	79.04	56.37	18.58	0.00
Start of Calendar Year 01-02-2024	2.77	97.23	83.41	65.09	35.18	0.00
Start of Water Year 09-26-2023	0.01	99.99	95.65	67.41	25.00	1.17
One Year Ago 05-09-2023	7.40	92.51	39.27	4.86	0.65	0.00

Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

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NCEI/NOAA

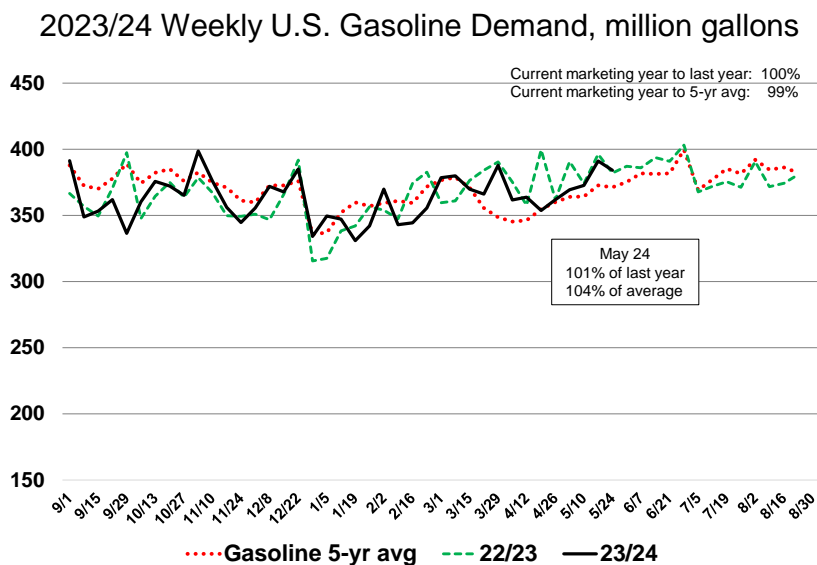
droughtmonitor.unl.edu

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Grain Use. Gasoline demand for the week of May 24 was just ahead of last year and 4% better than the 5-year average. For the 2023/24 corn marketing year, demand is running about the same as last year and just below average.



Energy Information Administration, This Week in Petroleum, May 31, 2024

Ethanol production has been on a good run. For May 24, production was 44.9 million gallons per day. That is up 6% compared to last year and 9% above the 5-year average. For the corn marketing year, production is up 4% over last year and 5% above average.

The current marketing year average is 43.3 million gallons per day. That is just behind 2018/19 when production averaged 43.5 million gallons. The record high for ethanol production was 2017/18 at 44.1 million gallons per day.

Current estimates from USDA for 2023/24 call for 5.450 billion bushels of corn for fuel and 25 million bushels of sorghum for food, seed, and industrial use for a total of 5.475 billion bushels. In 2018/19, corn for fuel was 5.378 billion bushels and sorghum 104 million bushels for a total of 5.482 billion bushels. Record corn for fuel was 2017/18 at 5.605 billion bushels.

Marketing Year	Corn for fuel Mil bu	Sorghum FSI Mil bu	Total Mil bu	Ethanol prod., avg per day Mil gal
2017/18	5,605	50	5,650	44.1
2018/19	5,378	104	5,482	43.5
2023/24	5,450	25	5,475	43.3 to date

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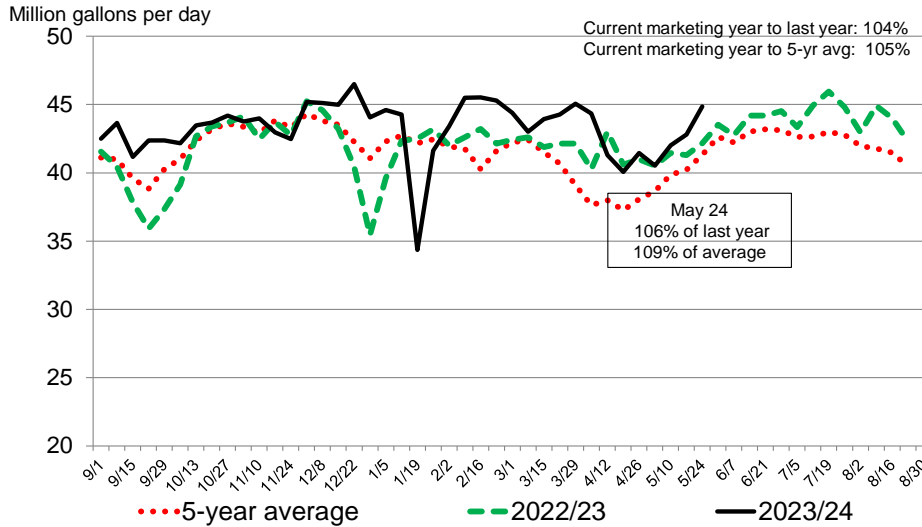
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2023/24 U.S. Ethanol Production

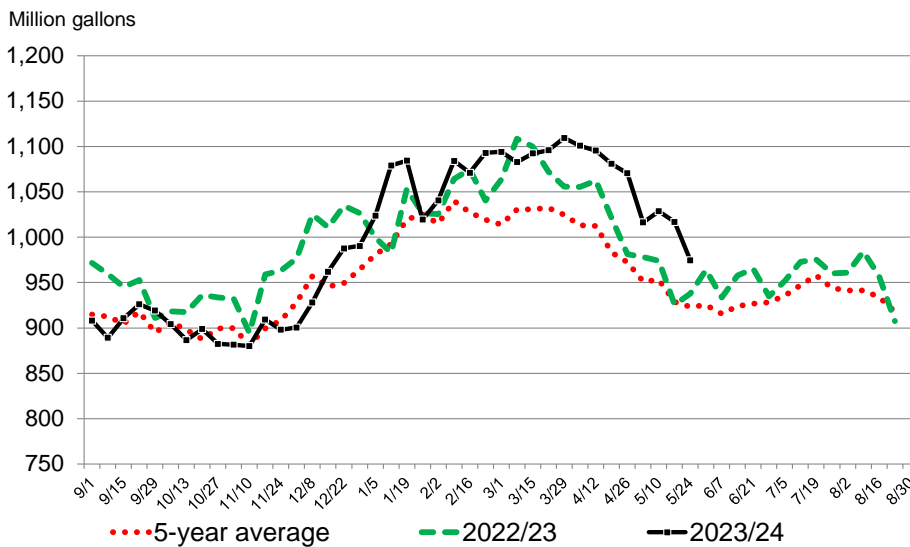
2023/24 daily average = 43.3 mil gal per day 5-year avg = 41.6 mil gal
 Implies use of 5,445 mil bu of grain (2.9 gal/bu) 2022/23 avg = 42.2 mil gal
 May USDA estimate = 5,475 (5,450 mil bu corn for fuel + 25 mil bu sorghum fsi)



Energy Information Administration, Weekly Petroleum Status Report, May 31, 2024
 Ethanol conversion rate, University of Illinois

Ethanol stocks are following along normal seasonal patterns but have been running about 5% above last year since the latter part of March.

2023/24 U.S. Weekly Ending Ethanol Stocks



Energy Information Administration, Weekly Petroleum Status Report, May 31, 2024

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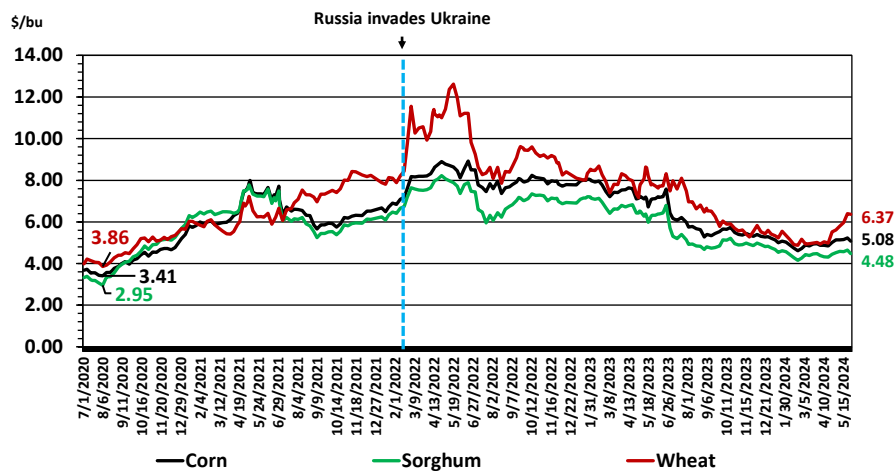
Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
May 2	4.60	5.13	0.53	5.92	5.03
May 9	4.57	5.14	0.57	5.97	4.94
May 16	4.57	5.16	0.59	5.98	4.99
May 23	4.64	5.23	0.59	6.08	5.06
May 30	4.49	5.08	0.59	5.93	4.94
10-yr average			0.42		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
May 2	4.60	4.52	-0.08	5.15	
May 9	4.57	4.58	0.01	5.19	
May 16	4.57	4.57	-0.00	5.20	
May 23	4.64	4.64	-0.00	5.27	
May 30	4.49	4.48	-0.00	5.11	
10-yr average			-0.08		

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

Texas Cash Grain Prices July 2020-May 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. The updated estimate of U.S. GDP in the first quarter shows a slower rate of growth than last month's 'advance' estimate. The economy grew by 1.3% in the first quarter, down from the previous estimate of 1.6%. Consumer spending was lower than first estimated.

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EMBARGOED UNTIL RELEASE AT 8:30 a.m. EDT, Thursday, May 30, 2024

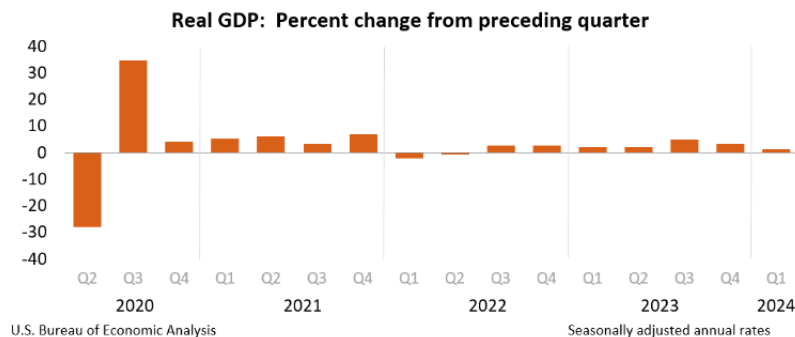
BEA 24-19

Gross Domestic Product, First Quarter 2024 (Second Estimate) and Corporate Profits (Preliminary)

Real gross domestic product (GDP) increased at an annual rate of 1.3 percent in the first quarter of 2024 (table 1), according to the "second" estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2023, real GDP increased 3.4 percent.

The GDP estimate released today is based on more complete source data than were available for the "advance" estimate issued last month. In the advance estimate, the increase in real GDP was 1.6 percent. The update primarily reflected a downward revision to consumer spending (refer to "Updates to GDP").

The increase in real GDP primarily reflected increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased (table 2).

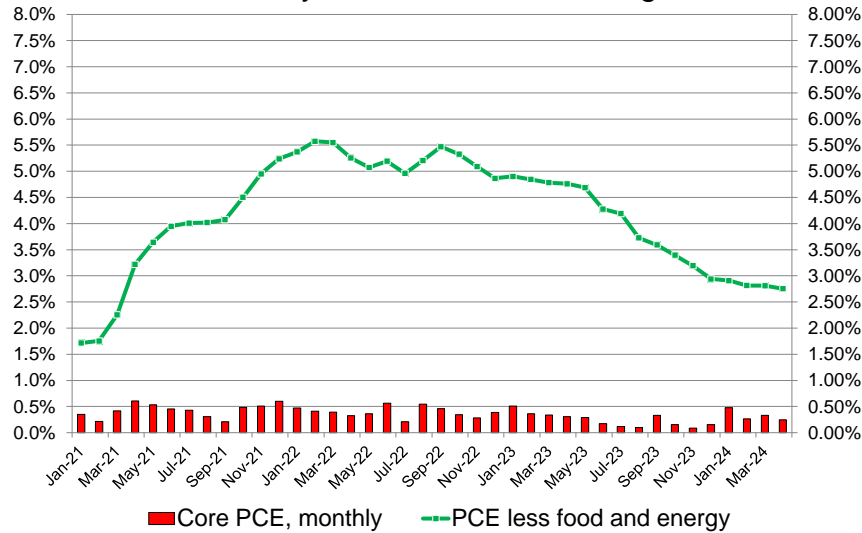


Compared to the fourth quarter, the deceleration in real GDP in the first quarter primarily reflected decelerations in consumer spending, exports, and state and local government spending and a downturn in federal government spending. These movements were partly offset by an acceleration in residential fixed investment. Imports accelerated.

Inflation was lower in April compared to March. The Personal Consumption Expenditures Index (PCE), the inflation gauge preferred by the Fed, showed prices higher by 2.65% compared to April a year ago, down from 2.70 % in March.

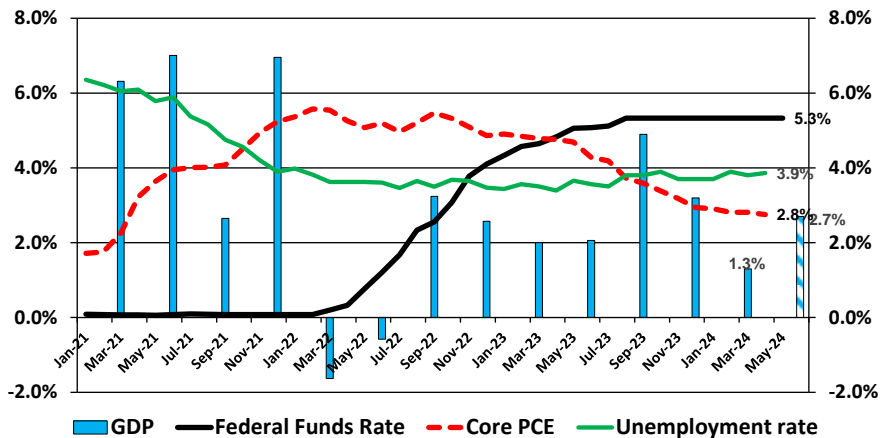
Year on year, Core PCE, PCE less food and energy, was 2.75% in April, down from 2.81% in March. Month to month, Core PCE in April was up 0.25% compared to March, the lowest monthly change since January (+0.48%).

U.S. Inflation: Core PCE Monthly and 12-month % change



Source: Personal Consumption Expenditures (PCE), U.S. Bureau of Economic Analysis, May 31, 2024

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 May 31, 2024

The latest estimate of 2nd quarter GDP from the Atlanta Fed is 2.7%. Updated labor market conditions will be available next Friday with the release of the May Employment Situation from the Bureau of Labor Statistics.

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Prices about 11:00 am CT May 31, 2024:

	II QTR	4/1/2024	5/31/2024	net change	% change
S&P 500	SPX:IN	5,243.77	5,207.52	(36.25)	-0.69%
10-yr T Note	Yield, %	4.33	4.61	0.28	6.47%
CRB	CRY:IND	292.33	293.00	0.67	0.23%
Dollar Index	June 2024	104.76	104.57	(0.20)	-0.19%
Crude Oil	July 2024	81.98	76.85	(5.13)	-6.26%
Copper	July 2024	4.08	4.59	0.51	12.46%
Corn	July 2024	4.49	4.49	(0.00)	-0.06%
	September 2024	4.61	4.57	(0.04)	-0.92%
Soybeans	July 2024	12.00	12.08	0.08	0.67%
	August 2024	11.99	12.06	0.08	0.65%
SRW Wheat	July 2024	5.73	6.77	1.04	18.16%
	September 2024	5.89	6.98	1.10	18.60%

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, 4/1/2024-5/31/2024 (<https://www.barchart.com/>):

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

104.565 -0.093 (-0.09%) 10:54 CT [ICE/US]

104.560 x 24 104.565 x 6

INTERACTIVE CHART for Fri, May 31st, 2024

Notes My Charts Alerts Watch Help

DXM24 GO 0g +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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Crude Oil WTI Jul '24 (CLN24)

76.85 -1.06 (-1.36%) 10:55 CT [NYMEX]

76.85 x 12 76.86 x 23

INTERACTIVE CHART for Fri, May 31st, 2024

Notes My Charts Alerts Watch Help

CLN24 GO 0g +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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High Grade Copper Jul '24 (HGN24)

4.5880 -0.0705 (-1.51%) 10:56 CT [COMEX]

4.5875 x 2 4.5880 x 1

INTERACTIVE CHART for Fri, May 31st, 2024

Notes My Charts Alerts Watch Help

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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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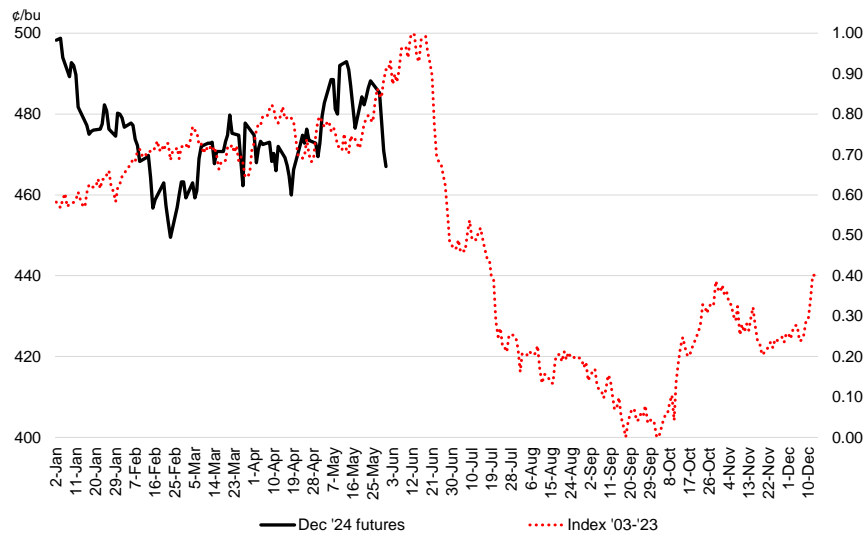
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Marketing Strategies

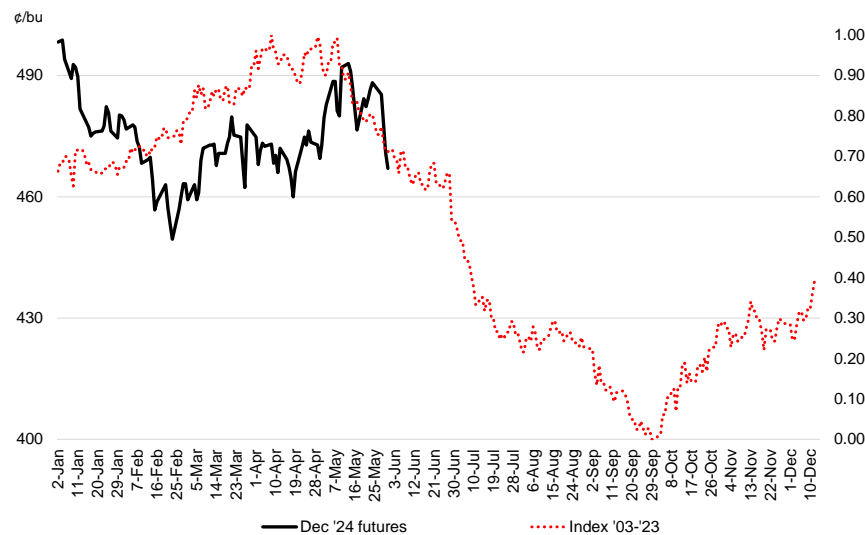
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October.

2024 December Corn Futures and 21-year Seasonal Index Pattern



In 2014, prices followed the normal seasonal pattern except prices peaked earlier, April-May.

2024 December Corn Futures and 2014 Seasonal Pattern



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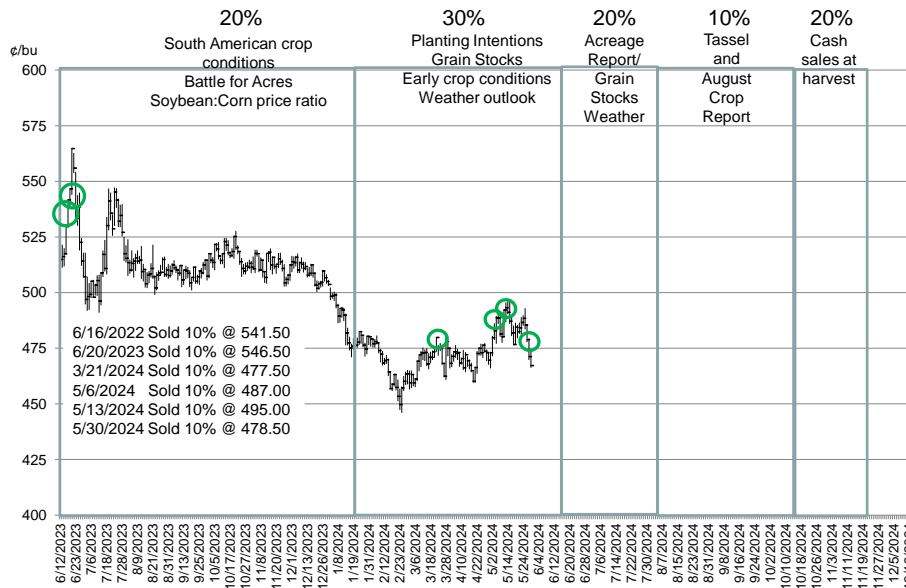
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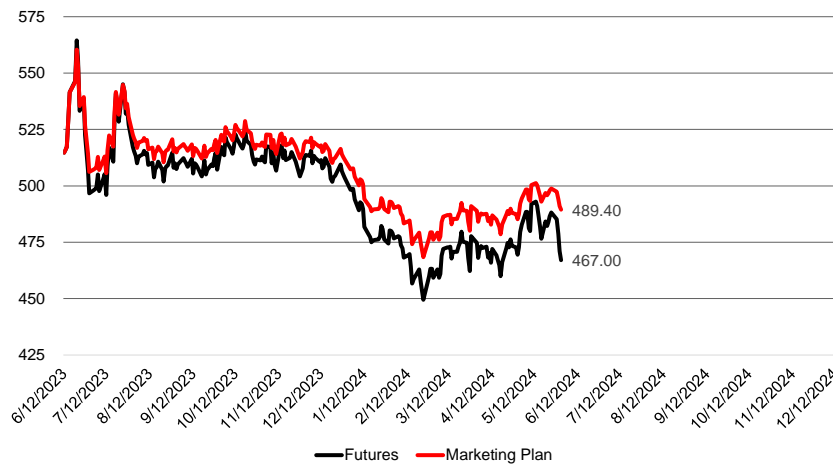


Feed Grain Marketing Plan. I added another 10% to my 2024 sales this week after the closing price of the December contract broke below the 10-day moving average. That brings me to 60% sold on the 2024 corn crop. As of the close today (467.00), my net marketing plan price (60% sold, 40% open) is 489.40. My plan is to be 70% priced by mid-July. I have also priced 20% of the 2025 crop.

December Corn Futures and 2024 Marketing Plan



2024 December Corn Closing Futures Price and Current Marketing Plan Price



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Upcoming Reports/Events

June 7	May Employment Situation
June 11	Short-term Energy Outlook
June 11-12	Federal Open Market Committee, Federal Reserve
June 12	Crop Production WASDE
June 27	Hogs and Pigs
June 28	Acreage Grain Stocks

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