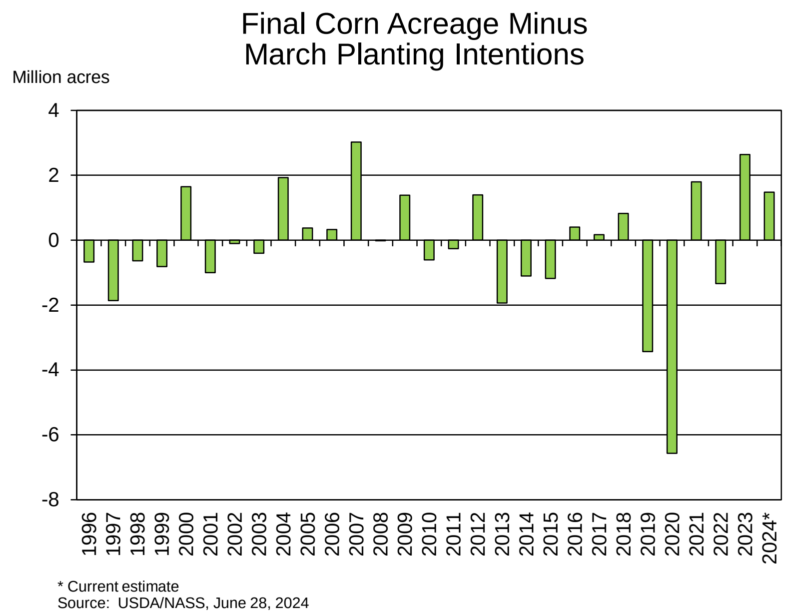
Feed Grain Outlook

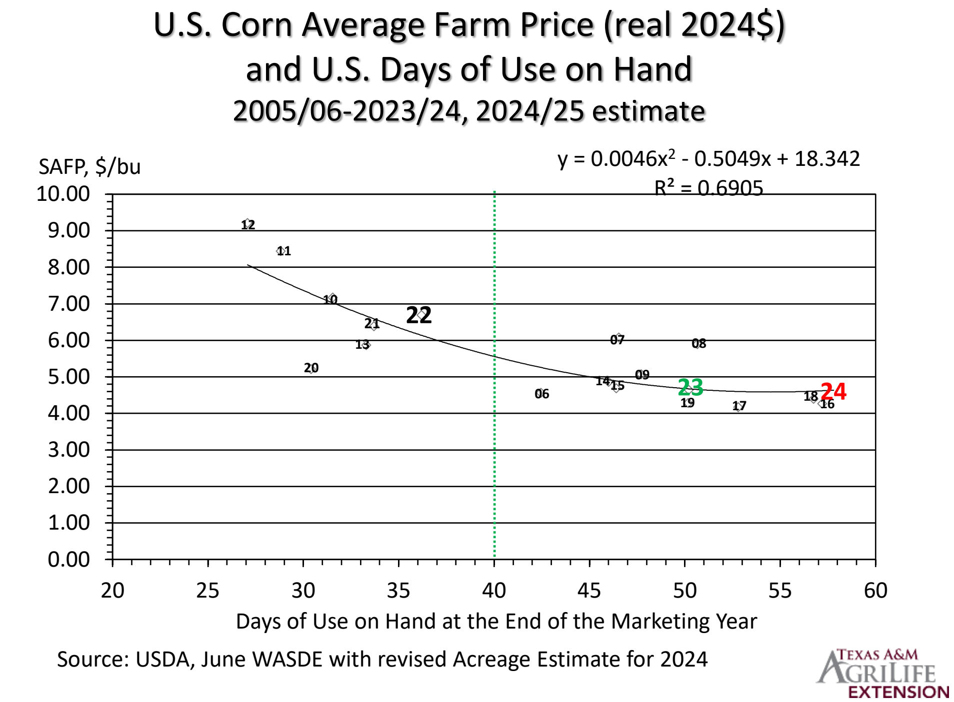
June 28, 2024
Volume 33, Number 39

Market Situation

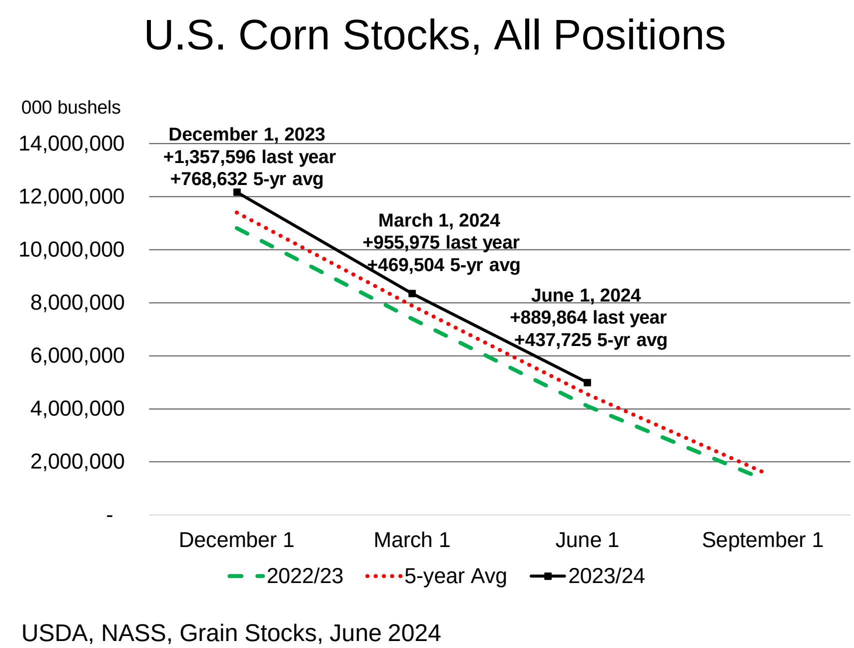
Acreage and Grain Stocks. The Acreage report released today raised corn planted acres from 90.0 million to 91.5 million. This increase, with % harvested and yield unchanged from the June WASDE, increases the corn supply by 244 million bushels. Leaving demand categories unchanged, estimated days of use on hand at the end of the marketing year increase by 6 to a 57.8-day supply. That is roughly the same stocks-to-use levels as the 2016 and 2018 crops.



US CORN SUPPLY AND USE			June			July		
			2024/25	May to June		2024/25	June to July	
AREA			6/12/2024	Net Δ	% Δ	6/28/2024	Net Δ	% Δ
	Planted	mil acres	90.0	0.0	0.0%	91.5	1.5	1.6%
	Harvested	mil acres	82.1	0.0	0.0%	83.4	1.3	1.6%
	% harvested		91.2%	0.0	0.0%	91.2%	0.0%	0.0%
YIELD	Harvested acre	bu/ac	181.0	0.0	0.0%	181.0	0.0	0.0%
SUPPLY								
	Beginning stocks	mil bu	2,022	0	0.0%	2,022	0	0.0%
	Production	mil bu	14,860	0	0.0%	15,104	244	1.6%
	Imports	mil bu	25	0	0.0%	25	0	0.0%
	Total Supply	mil bu	16,907	0	0.0%	17,151	244	1.4%
DEMAND								
	Feed and residual	mil bu	5,750	0	0.0%	5,750	0	0.0%
	Food, seed, and indus	mil bu	1,405	0	0.0%	1,405	0	0.0%
	Ethanol	mil bu	5,450	0	0.0%	5,450	0	0.0%
	Total Domestic Use	mil bu	12,605	0	0.0%	12,605	0	0.0%
	Exports	mil bu	2,200	0	0.0%	2,200	0	0.0%
	Total Use	mil bu	14,805	0	0.0%	14,805	0	0.0%
	Ending stocks	mil bu	2,102	0	0.0%	2,346	244	11.6%
	Stocks to Use ratio	percent	14.20%	0.00%	0.0%	15.84%	1.65%	11.6%
	Days of use on hand		51.8	0.0	0.0%	57.8	6.0	11.6%



The Grain Stocks report showed corn inventories continuing to run above last year and the most recent 5-year average. Corn in all positions on June 1 totaled 4.993 million bushels. That was higher than the average trade guess of 4.873 million bushels.



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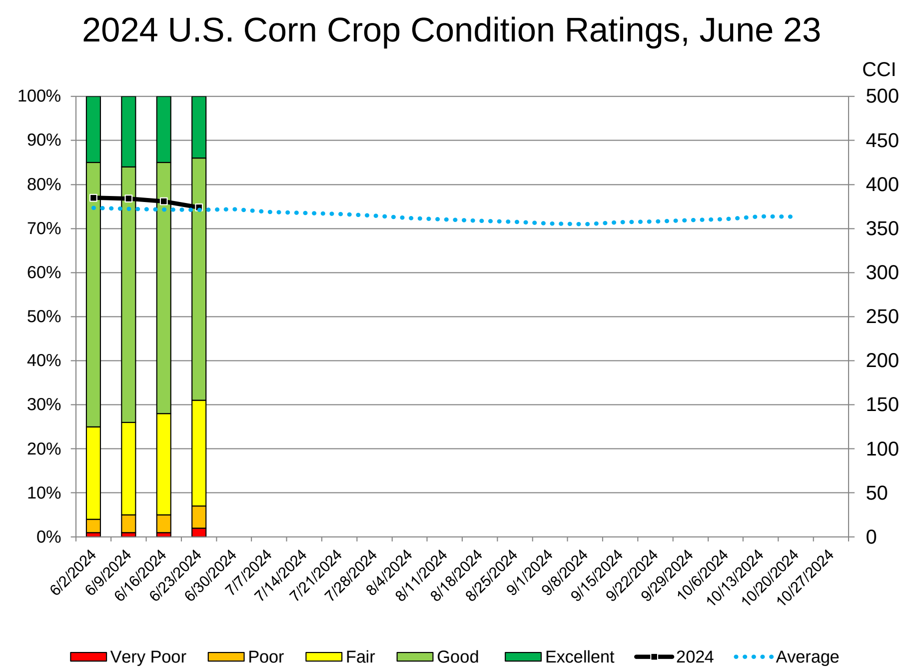
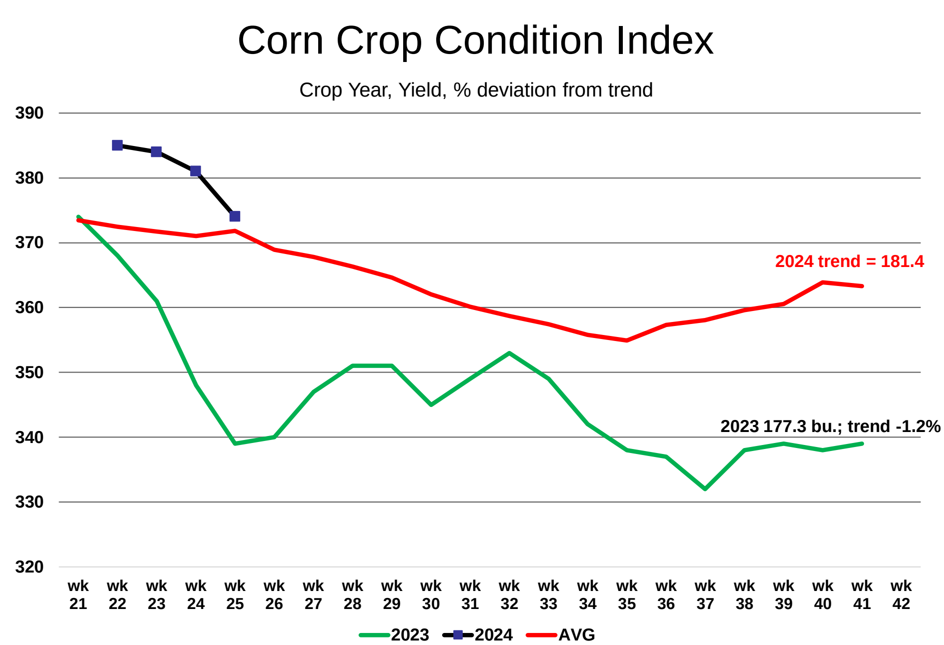
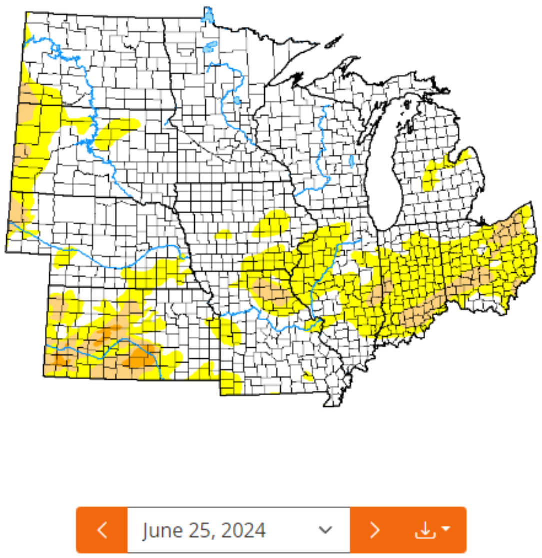
Crop Progress and Condition. The corn crop condition index this week of 374 is down 7 points from June 23. The share rated very poor and poor increased from 5% to 7%. Corn rated good and excellent declined from 74% to 69%. The average corn condition score for this week of the crop year is 371.

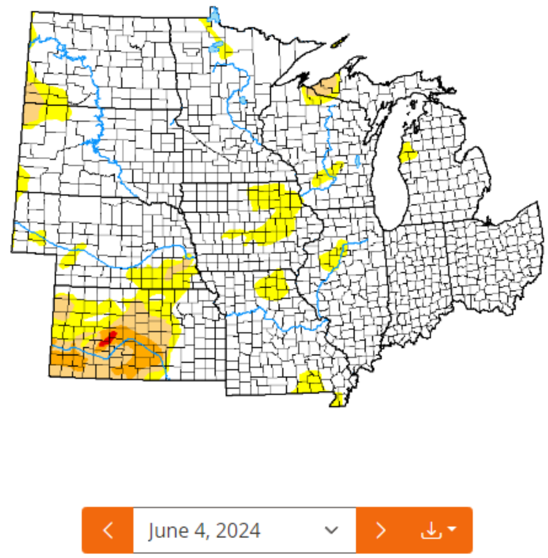


Source: USDA *Crop Progress*, 6/24/2024



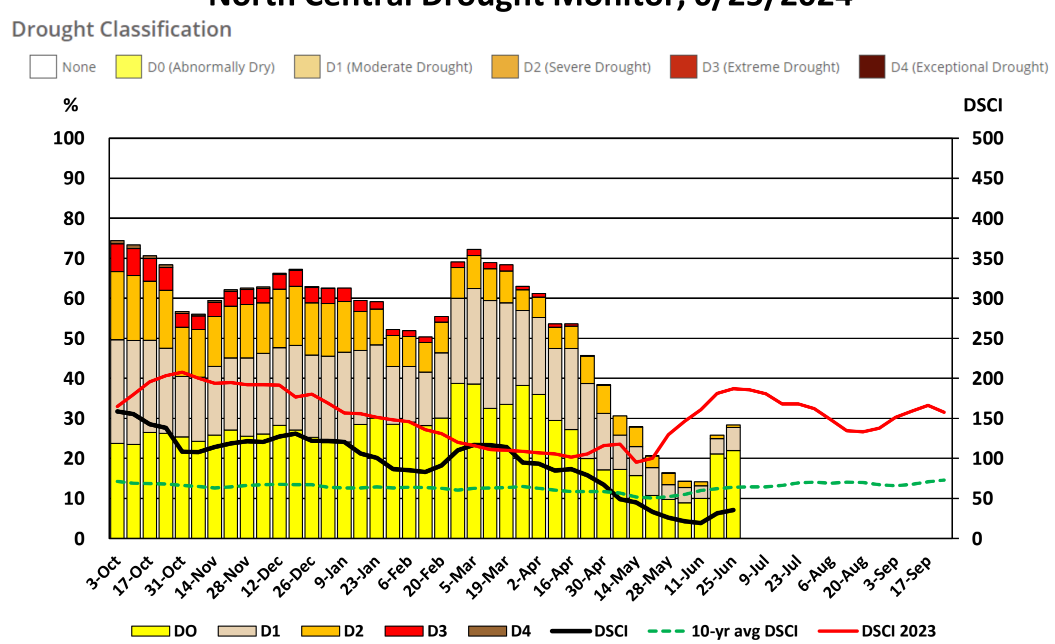
Since June 4, with over 90% of the 2024 corn crop in the ground, the drought monitor for the North Central region shows some improvement in the western Corn Belt but drier conditions expanding in the east. None of the region is currently designated as ‘exceptional’ or ‘extreme’.





The drought severity index for June 25 is 35. That is up from 19 on June 11 and compares to 187 at this time last year and a 64-point average.

North Central Drought Monitor, 6/25/2024

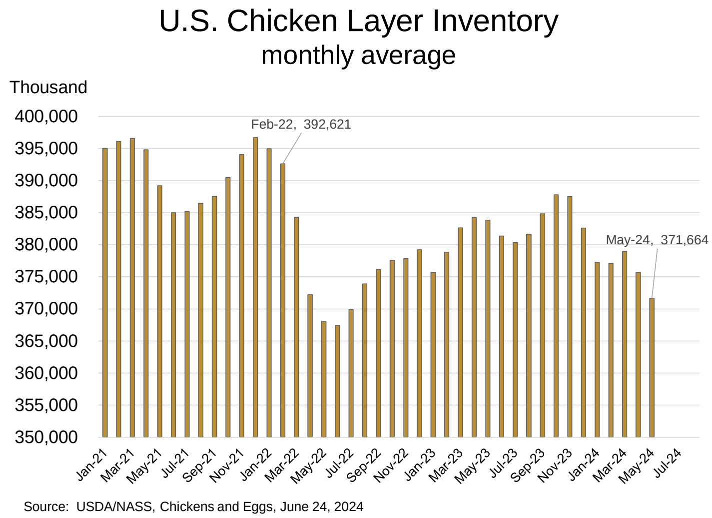


Drought Severity and Coverage Index (DSCI) = (DO*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

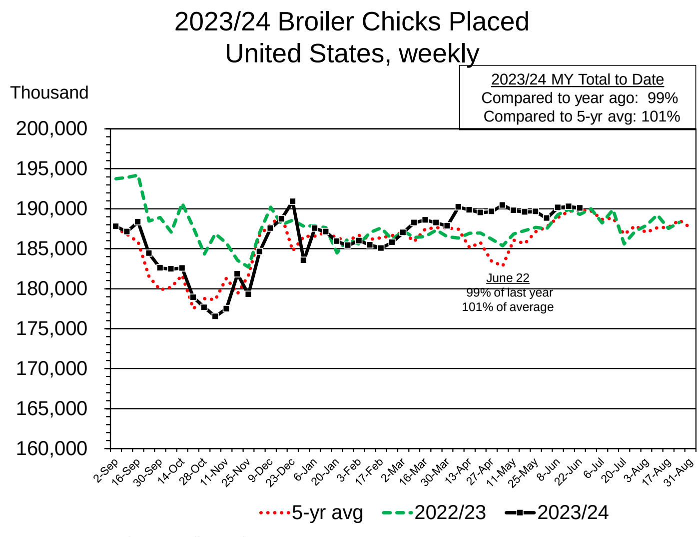
Drought Monitor, 6/27/2024, North Central, http://droughtmonitor.unl.edu/

Grain Use. Several reports issued recently have important implications for the feed use category in feed grain supply and demand tables.

The impact on the poultry industry from the latest outbreak of avian influenza (HPAI) can be seen in the U.S. chicken layer inventory. USDA identifies the start of this outbreak as February 2022. Since that time, the monthly average of layers is down about 5%, from 393 million to 372 million.

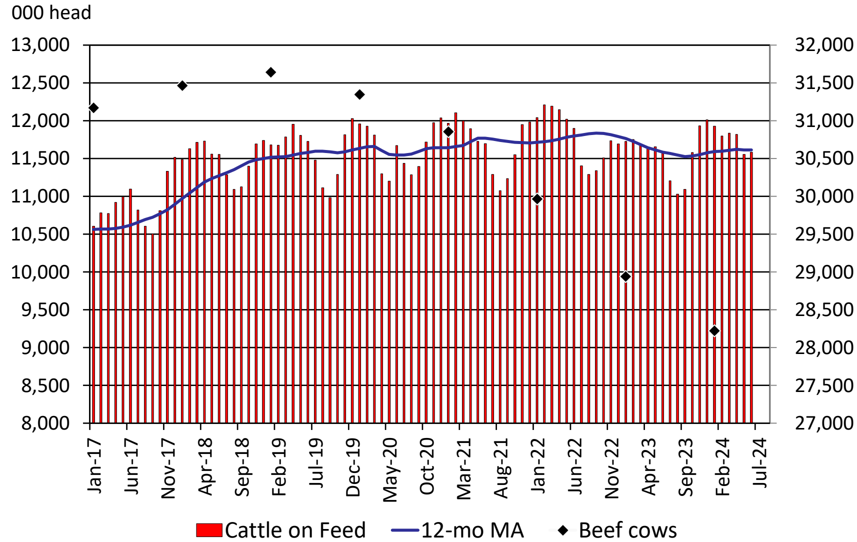


Broiler chick placements have been strong the last few months, consistently around 190 million. This compensates for lower placement levels relative to year ago back in September and October. For the current corn marketing year, placements are 1% below 2022/2023 and 1% above the most recent 5-year average.



Cattle on feed were up slightly on June 1, 11.583 million head compared to 11.554 million on May 1. Inventories peaked in February 2022 at 12.209 million. The 12-month average peaked in September 2022 at 11.836. It is currently 11.615 million. Cattle on feed numbers have held relatively strong despite the decline in the size of the U.S. beef cow herd. Beef cows that have calved are down 3.4 million head since January 2019, from 31.6 million to 28.2 million.

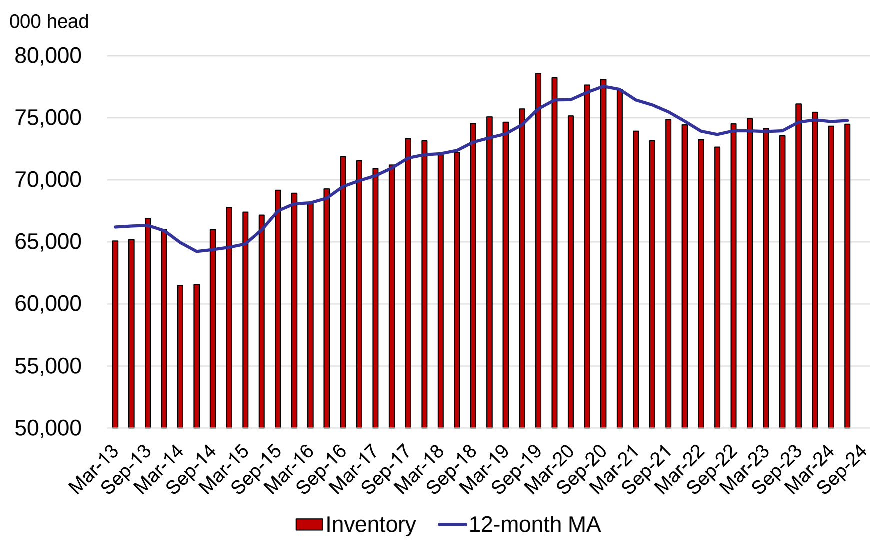
Cattle on Feed



Source: USDA/NASS, June 21, 2024

The June 1 Quarterly Hogs and Pigs Inventory showed 74.5 million head, up 165,000 head from March and up 935,000 from June a year ago. The 12-month moving average is up 70,000 this month and up 826,000 compared to June 2023.

U.S. All Hogs and Pigs Inventory



Source: *Quarterly Hogs and Pigs,* USDA/NASS, June 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
May 30	4.49	5.08	0.59	5.93	4.94
June 6	4.52	5.11	0.59	5.99	4.97
June 13	4.59	5.25	0.67	6.10	5.04
June 20	4.40	5.07	0.67	5.95	4.85
June 27	4.14	4.86	0.72	5.96	4.61
10-yr average			0.42		

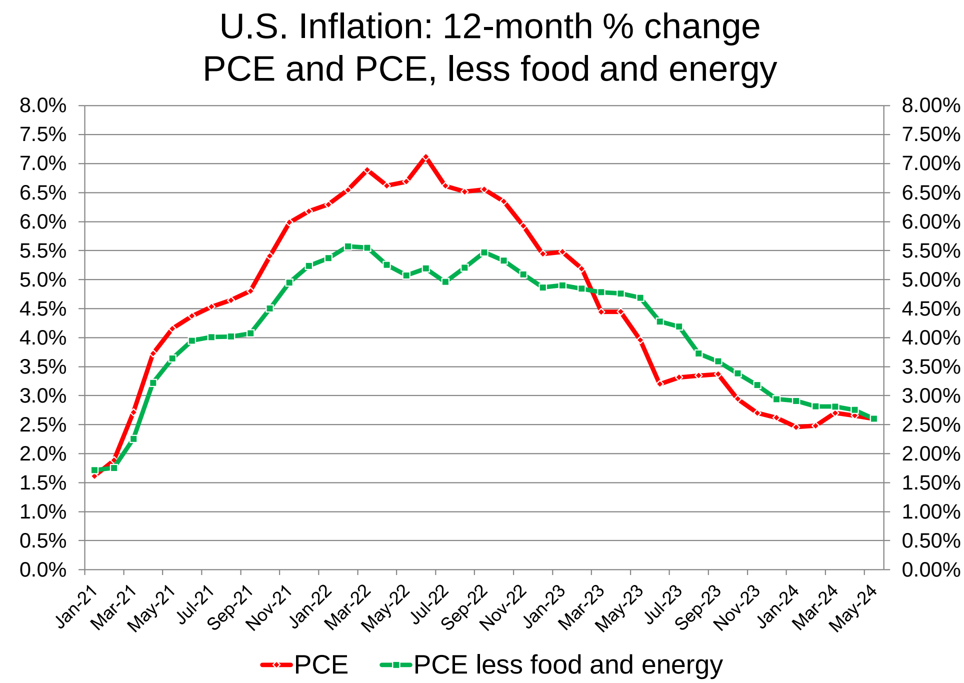
	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
May 30	4.49	4.48	-0.00	5.11	
June 6	4.52	4.51	-0.01	5.15	
June 13	4.59	4.52	-0.06	5.21	
June 20	4.40	4.34	-0.06	5.22	
June 27	4.14	4.08	-0.06	4.96	
10-yr average			-0.08		

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

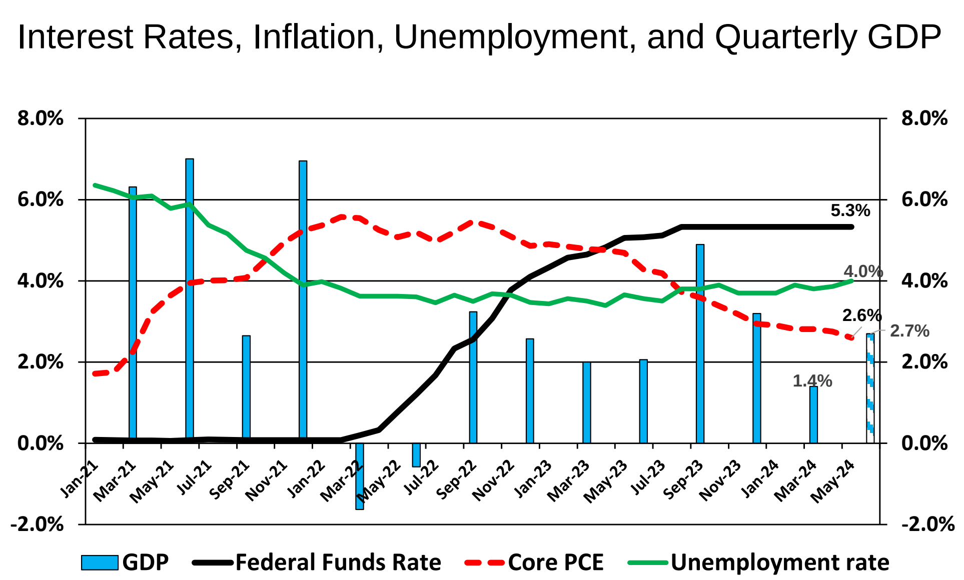
Outside Markets. Updated estimates for U.S. economic growth were provided by the Bureau of Economic Analysis this week. The third estimate of 1st quarter GDP showed a 0.1% increase to 1.4%. The forecast of second quarter GDP from the Atlanta Fed was also up 0.1% to 2.8%.

The inflation gauge preferred by the Fed in guiding monetary policy, the Personal Consumption Expenditures Index, was updated this morning by the Bureau of Economic Analysis. Month to month, the overall PCE index showed prices unchanged from April. Core PCE, excluding food and energy was +0.1%. That compares to a +0.3% change from March to April.

Year over year, inflation measured by the PCE was 2.6% in May down from 2.7% in April. Core PCE was 2.6%, down from 2.8%.



Source: Personal Consumption Expenditures (PCE), U.S. Bureau of Economic Analysis, June 28, 2024



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 June 28, 2024

Prices about 3:00 pm CT June 28, 2024:

	II QTR	4/1/2024	6/28/2024	net change	% change
S&P 500	SPX:IN	5,243.77	5,459.96	**216.19**	**4.12%**
10-yr T Note	Yield, %	4.33	4.32	**(0.01)**	**-0.23%**
CRB	CRY:IND	292.33	291.30	**(1.03)**	**-0.35%**
Dollar Index	September 2024	104.38	105.56	**1.18**	**1.13%**
Crude Oil	September 2024	80.26	80.58	**0.32**	**0.40%**
Copper	September 2024	4.10	4.37	**0.27**	**6.58%**
Corn	July 2024	4.49	3.97	**(0.52)**	**-11.57%**
	September 2024	4.61	4.08	**(0.53)**	**-11.56%**
Soybeans	July 2024	12.00	11.51	**(0.49)**	**-4.09%**
	August 2024	11.99	11.34	**(0.65)**	**-5.42%**
SRW Wheat	July 2024	5.73	5.54	**(0.19)**	**-3.36%**
	September 2024	5.89	5.74	**(0.15)**	**-2.59%**

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, 4/1/2024-6/28/2024 (https://www.barchart.com/):

U.S. Dollar Index Sep '24 (DXU24)

105.560 **-0.011 (-0.01%)** 14:50 CT [ICE/US]

105.560 x 26 105.565 x 6

INTERACTIVE CHART for Fri, Jun 28th, 2024

Crude Oil WTI Sep '24 (CLU24)

80.58 **-0.25 (-0.31%)** 14:50 CT [NYMEX]

80.56 x 9 80.57 x 11

INTERACTIVE CHART for Fri, Jun 28th, 2024

High Grade Copper Sep '24 (HGU24)

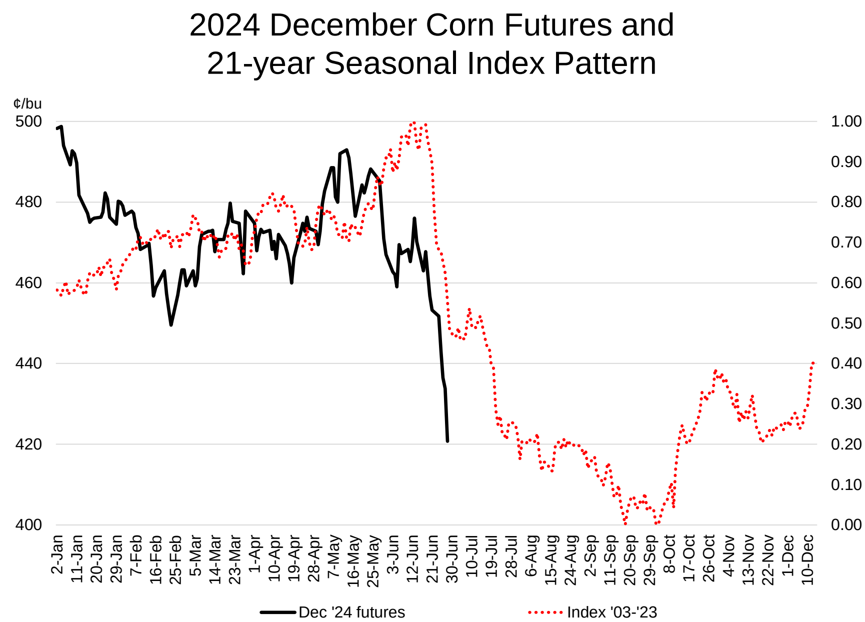
4.3740 **+0.0255 (+0.59%)** 14:53 CT [COMEX]

4.3740 x 16 4.3750 x 5

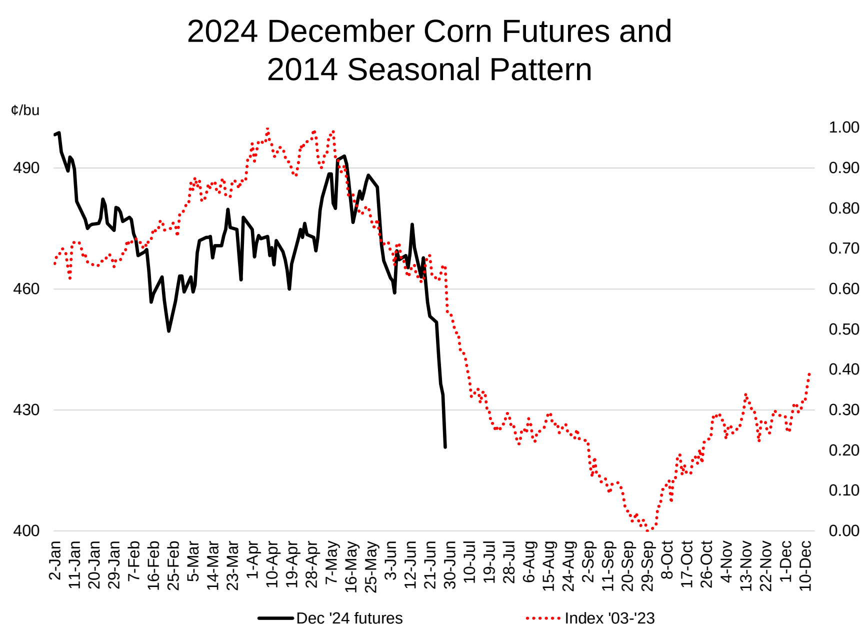
INTERACTIVE CHART for Fri, Jun 28th, 2024

Marketing Strategies

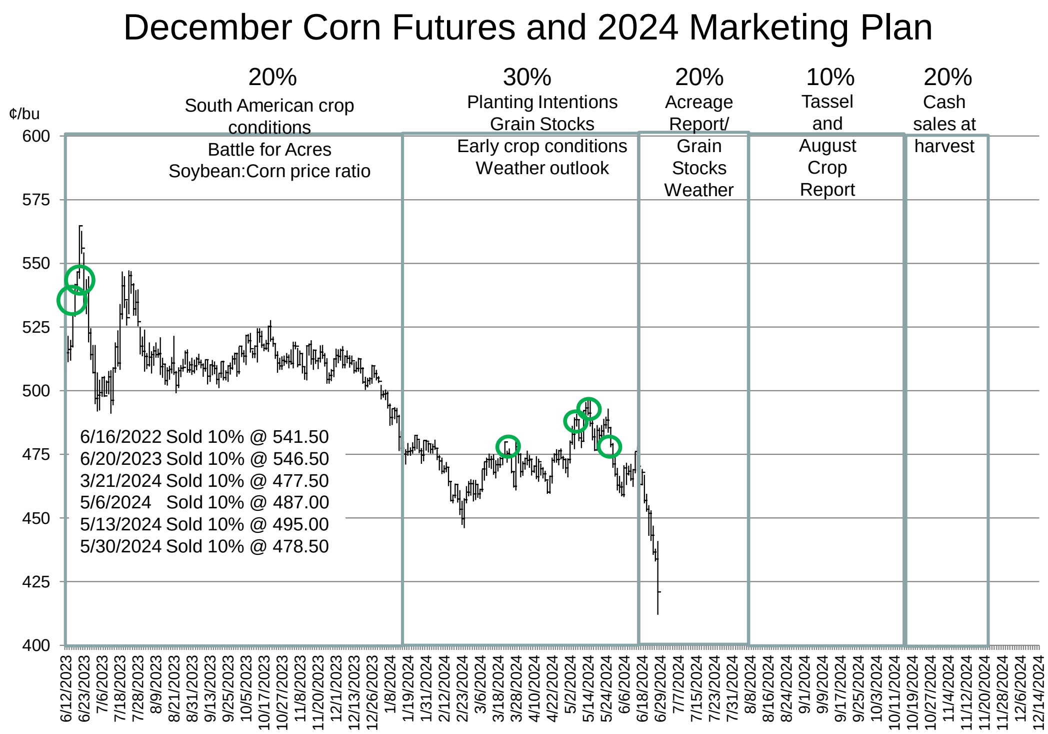
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October.



In 2014, prices followed the normal seasonal pattern except prices peaked earlier, April-May. Crop ratings for corn in 2014 were consistently high. The share rated good and excellent never fell below 72%.



Feed Grain Marketing Plan. I am 60% sold on the 2024 corn crop. My plan is to have 70% priced by mid-July. I have also priced 20% of the 2025 crop.



Upcoming Reports/Events

July 5	June Employment Situation, Bureau of Labor Statistics (BLS)
July 9	Short-term Energy Outlook, Energy Information Administration
July 11	Consumer Price Index, BLS
July 12	Crop Production WASDE
July 19	Cattle on Feed
July 23	Chickens and Eggs
July 25	GDP, 2nd Quarter 2024 (Advance Estimate), Bureau of Economic Analysis
July 30-31	Federal Open Market Committee, Federal Reserve

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