

Feed Grain Outlook

July 5, 2024

Volume 33, Number 41

Today's Newsletter

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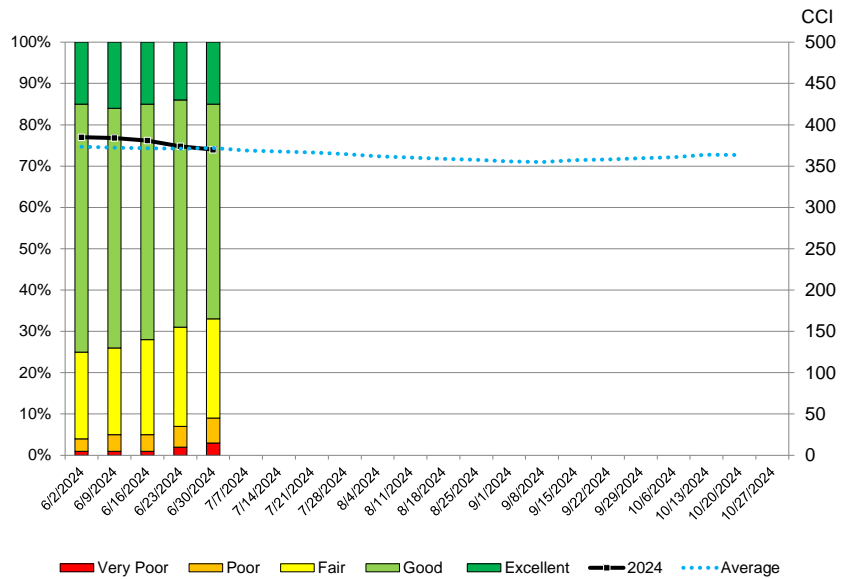
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Market Situation

Crop Progress and Condition. The corn crop condition index this week of 370 is down 4 points from June 23. The share rated very poor and poor increased from 7% to 9%. Corn rated good and excellent declined from 69% to 67%. The average corn condition score for this week of the crop year is 372.

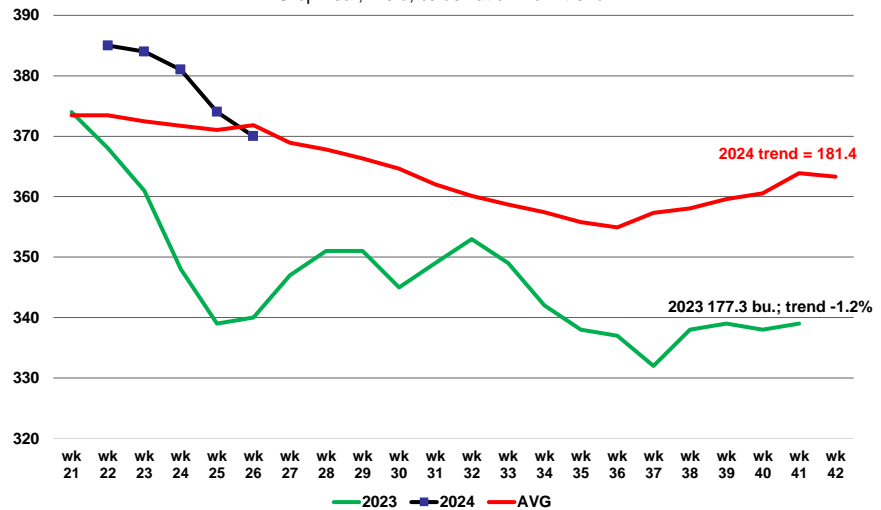
2024 U.S. Corn Crop Condition Ratings, June 30



Source: USDA Crop Progress, 7/1/2024

Corn Crop Condition Index

Crop Year, Yield, % deviation from trend



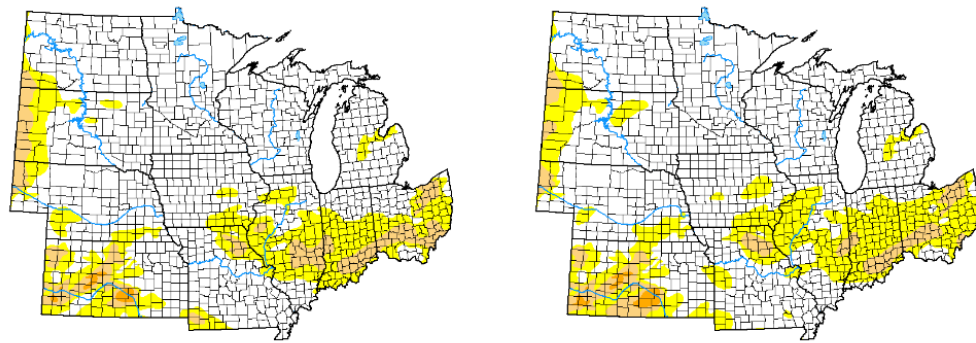
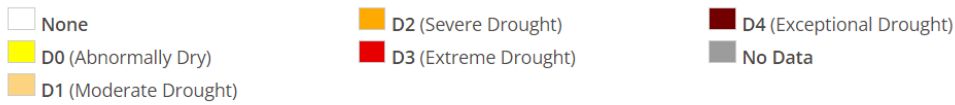
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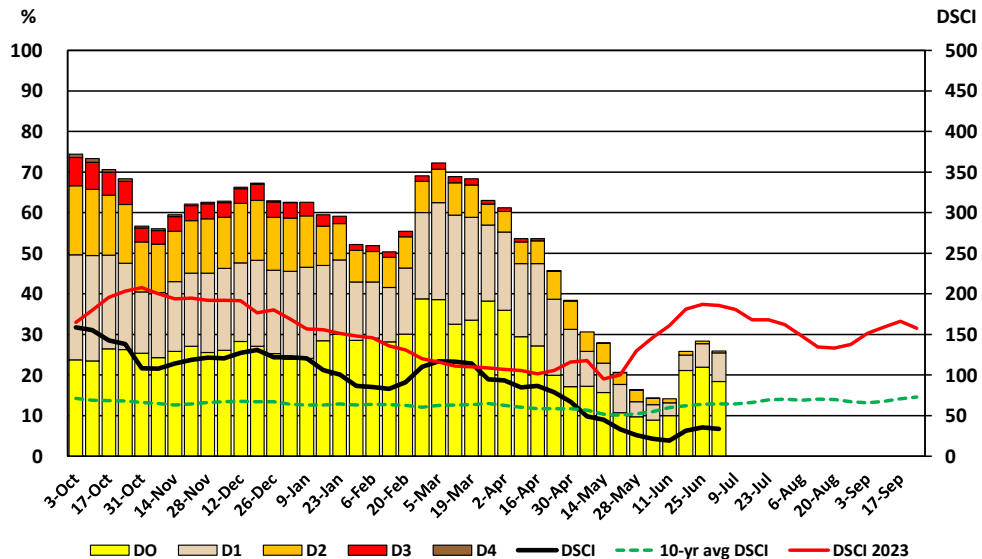
The drought monitor for the North Central region showed slight improvement this week with the coverage level dropping by 2 points to 26% and the severity index down 2 points to 34. Area rated 'extreme' or 'exceptional' (D3 and D4) has been below 1% since late-March.

Drought Classification



North Central Drought Monitor, 7/2/2024

Drought Classification

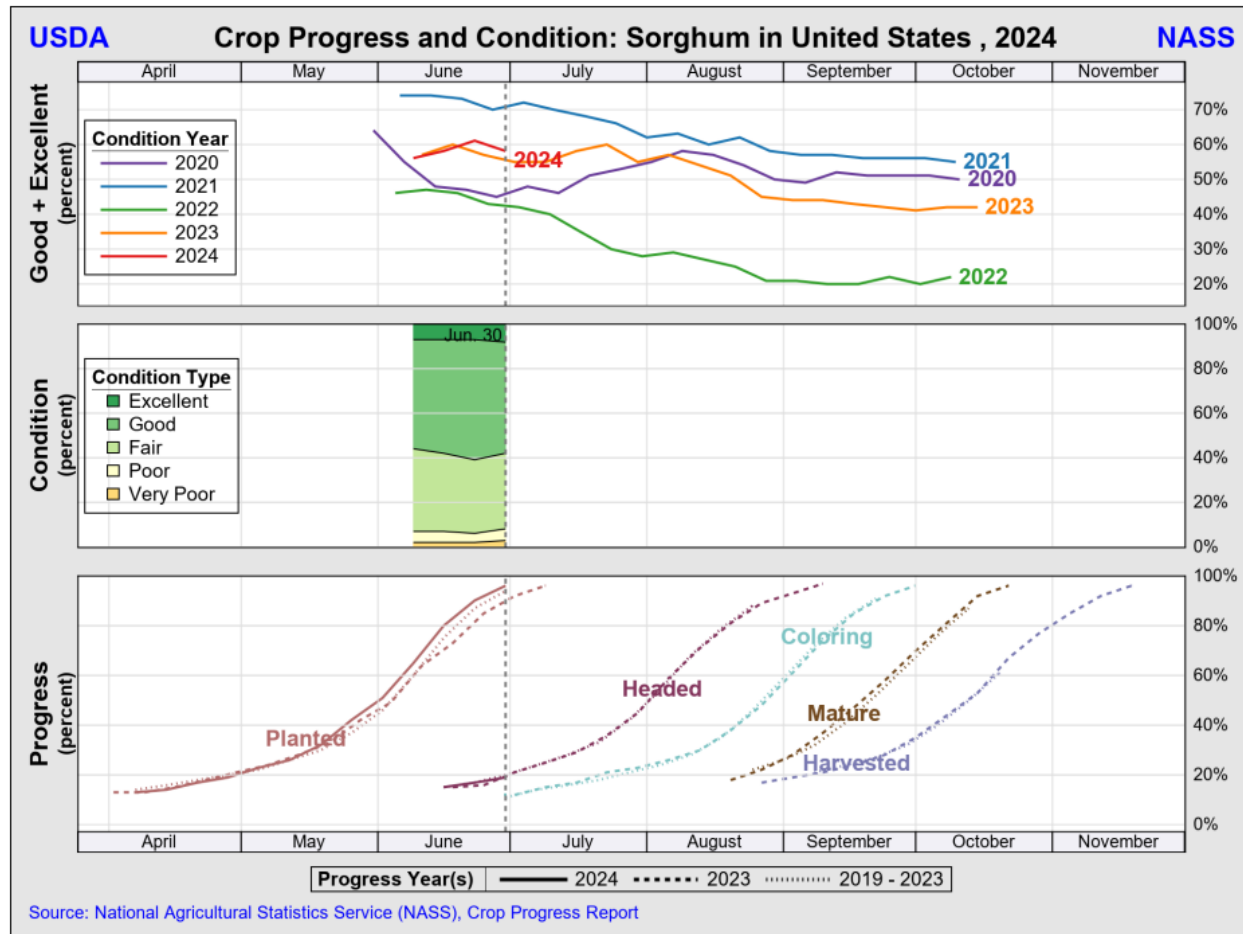


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Grain sorghum crop condition ratings are mostly favorable, better than the last two years. For the week ending June 30, sorghum harvest in Texas reached 27%. The last 5 years had no sorghum harvested this early.



Grain Use. In last week’s newsletter, the grain use focus was on feed, the largest consumption category for U.S. corn. Today, we look at the grain for fuel, the second largest use category for corn.

Gasoline demand for the week of June 28 was 396 million gallons. Cumulative demand aligned with the corn marketing year is about the same as last year and just below the 5-year average.

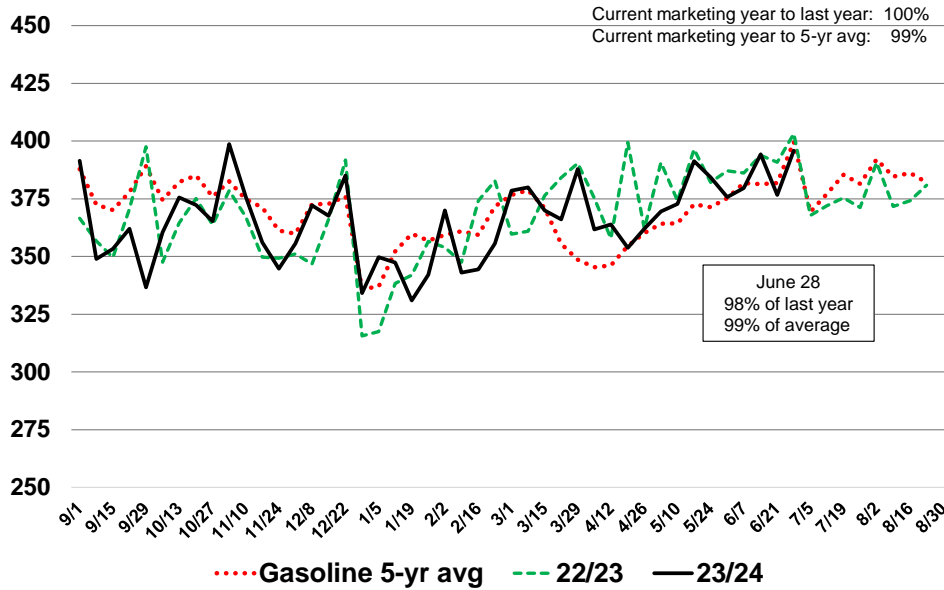
Ethanol production of 44.7 million gallons per day was about the same as last year at this time. For the corn marketing year, production is up about 4%.

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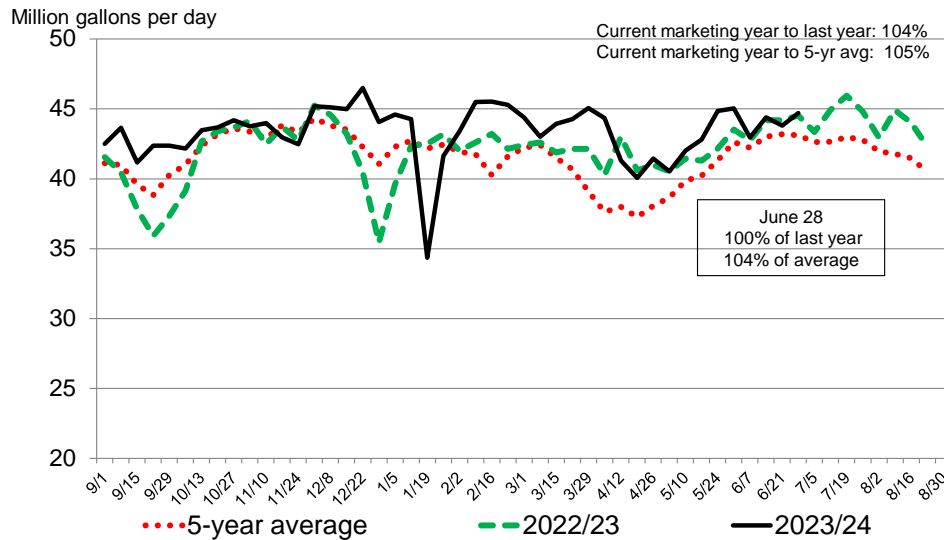
2023/24 Weekly U.S. Gasoline Demand, million gallons



Energy Information Administration, This Week in Petroleum, July 3, 2024

2023/24 U.S. Ethanol Production

2023/24 daily average = 43.4 mil gal per day 5-year avg = 41.6 mil gal
Implies use of 5,458 mil bu of grain (2.9 gal/bu) 2022/23 avg = 42.2 mil gal
June USDA estimate = 5,475 (5,450 mil bu corn for fuel + 25 mil bu sorghum fsi)



Energy Information Administration, Weekly Petroleum Status Report, July 3, 2024
Ethanol conversion rate, University of Illinois

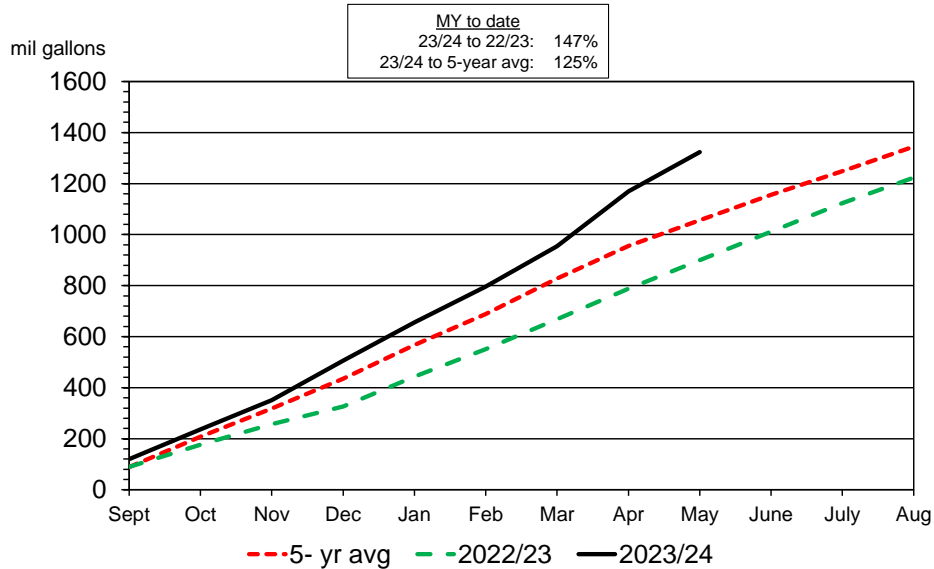
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Contributing to ethanol use in the current marketing year are strong exports, running almost 50% higher than last year and 25% above average.

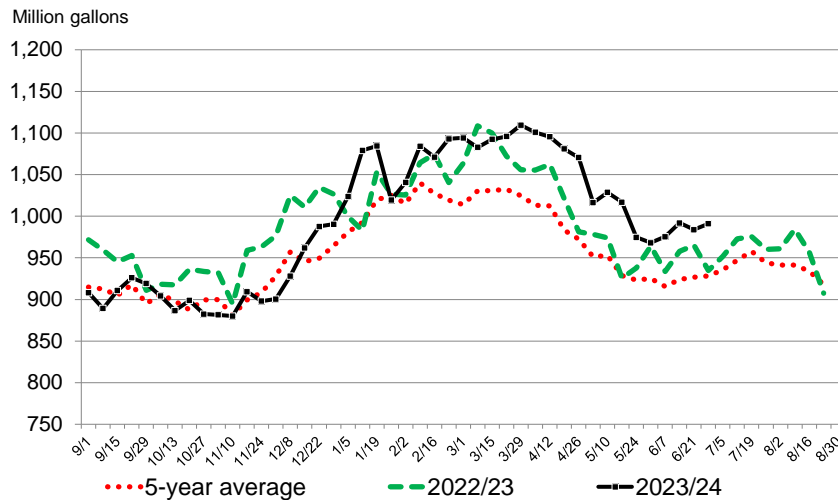
U.S. Ethanol Exports



USDA, FAS, GATS As of July 3, 2024

Ethanol stock levels are following seasonal pattern, but up about 5%.

2023/24 U.S. Weekly Ending Ethanol Stocks



Energy Information Administration, Weekly Petroleum Status Report, July 3, 2024

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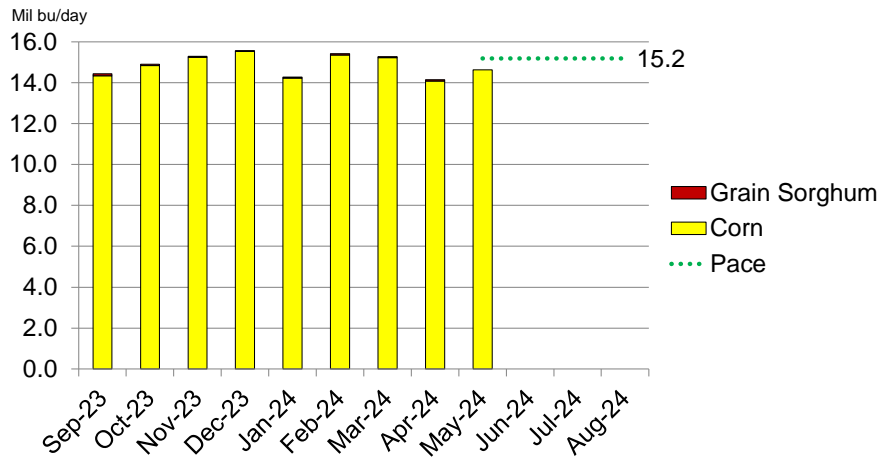
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Grain for ethanol is up compared to the last couple of years, currently running at 14.9 million bushels per day. However, to reach the higher corn and sorghum for fuel total by the end of August, that grind needs to average 15.2 million bushels.

Corn and Grain Sorghum Consumed for Fuel Alcohol 2023/24 Marketing Year: million bushels per day

*2023/24 MY: 5,450 mil bu corn for fuel and 25 mil bu sorghum fsi = 5,475 mil bu
 2022/23 MY: 5,179 mil bu corn for fuel and 58 mil bu sorghum fsi = 5,237 mil bu (14.4/day)
 2021/22 MY: 5,337 mil bu corn for fuel and 44 mil bu sorghum fsi = 5,381 mil bu (14.7/day)



USDA, NASS, Grain Crushings and Co-Products Production, July 1, 2024
 EIA, Monthly Biofuels Capacity and Feedstocks, June 28, 2024
 *current WASDE estimate

Cash Feed Grain Prices, \$/bu.

Texas Cash Grain Prices July 2020-July 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)

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	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
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
July 3	4.06	4.66	0.61	5.66	4.54
10-yr average			0.42		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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	
July 3	4.06	3.98	-0.08	4.88	
10-yr average			-0.08		

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

Outside Markets. The June Employment Situation from the Bureau of Labor Statistics (BLS) shows the U.S. economy added 206,000 new jobs in May, just below the average jobs increase over the previous 6 months of 236,000. Payroll numbers for April and May were revised lower by a combined 110,000 than previously reported.

The U.S. unemployment rate edged higher to 4.1%. This is the highest since 4.2% in November 2021. In May the labor force grew by 277,000 with a 116,000 increase in employment and a 162,000 increase in the number unemployed. The labor force participation rate is back up to 62.6%.

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NEWS RELEASE

BUREAU OF LABOR STATISTICS
U. S. D E P A R T M E N T O F L A B O R



Transmission of material in this news release is embargoed until
8:30 a.m. (ET) Friday, July 5, 2024

USDL-24-1270

Technical information:

Household data: (202) 691-6378 • cpsinfo@bls.gov • www.bls.gov/cps

Establishment data: (202) 691-6555 • cesinfo@bls.gov • www.bls.gov/ces

Media contact: (202) 691-5902 • PressOffice@bls.gov

THE EMPLOYMENT SITUATION — JUNE 2024

Total **nonfarm payroll employment** increased by 206,000 in June, and the **unemployment rate** changed little at 4.1 percent, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in government, health care, social assistance, and construction.

Chart 1. Unemployment rate, seasonally adjusted, June 2022 – June 2024

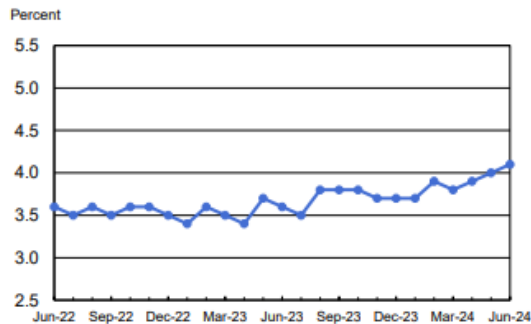
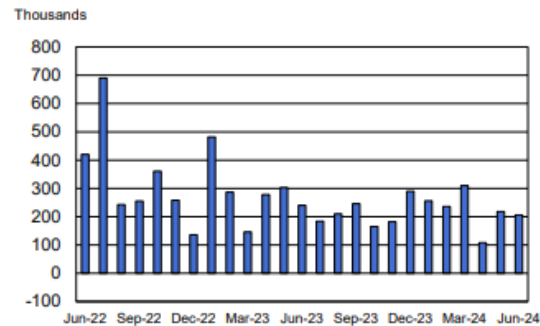
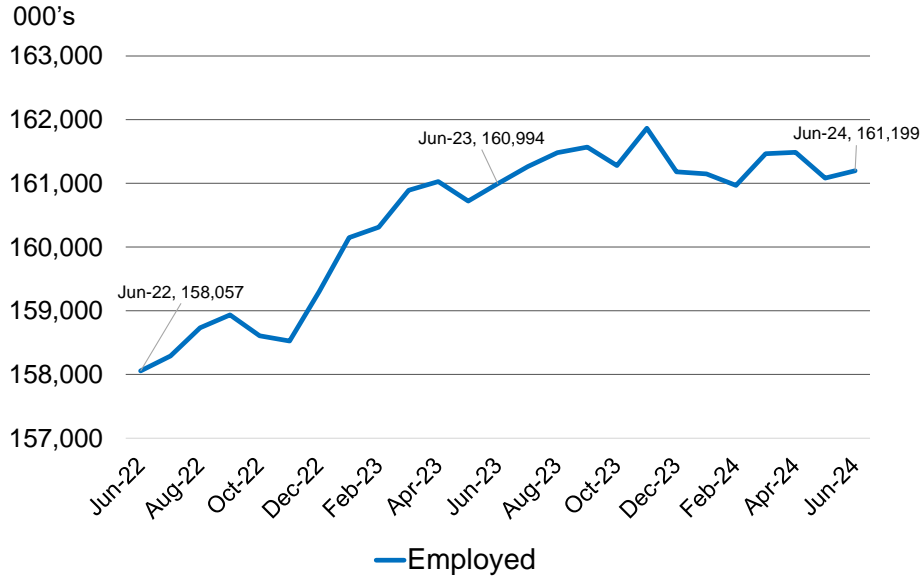


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, June 2022 – June 2024



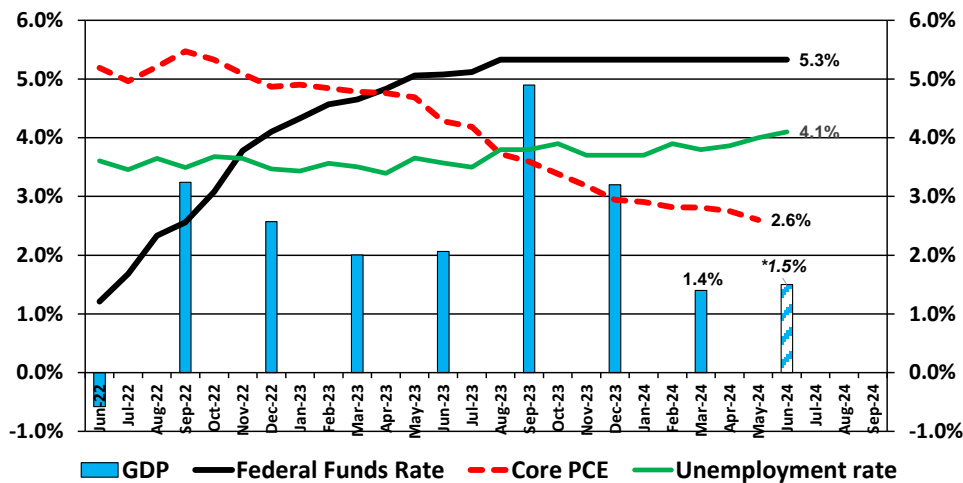
	numbers in thousands				unemployment rate	change in non-farm payroll	labor force part. rate
	non-inst population	civilian labor force	employed	unemployed			
Dec-23	267,991	167,451	161,183	6,268	3.7%	290	62.5%
Jan-24	267,540	167,276	161,152	6,124	3.7%	256	62.5%
Feb-24	267,711	167,426	160,968	6,458	3.9%	236	62.5%
Mar-24	267,884	167,895	161,466	6,429	3.8%	310	62.7%
Apr-24	268,066	167,982	161,491	6,492	3.9%	108	62.7%
May-24	268,248	167,732	161,083	6,649	4.0%	218	62.5%
Jun-24	268,438	168,009	161,199	6,811	4.1%	206	62.6%
Change	190	277	116	162	0.1%	(12)	0.1%

U.S. Non-farm Employment



U.S. Bureau of Labor Statistics, July 5, 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 July 5, 2024

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Prices about 11:00 am CT July 5, 2024:

	III QTR	7/1/2024	7/5/2024	net change	% change
S&P 500	SPX:IN	5,475.09	5,551.29	76.20	1.39%
10-yr T Note	Yield, %	4.36	4.43	0.07	1.61%
CRB	CRY:IND	291.57	294.02	2.45	0.84%
Dollar Index	September 2024	105.59	104.64	(0.95)	-0.90%
Crude Oil	September 2024	82.32	83.32	1.00	1.21%
Copper	September 2024	4.42	4.64	0.22	4.99%
Corn	September 2024	4.07	4.11	0.04	0.86%
	December 2024	4.21	4.24	0.04	0.89%
Soybeans	August 2024	11.46	11.67	0.21	1.81%
	September 2024	11.08	11.27	0.19	1.72%
SRW Wheat	September 2024	5.90	5.89	(0.01)	-0.21%
	December 2024	6.13	6.12	(0.00)	-0.04%

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, 7/1/2024-7/5/2024 (<https://www.barchart.com/>):

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

104.635 **-0.442 (-0.42%)** 10:48 CT [ICE/US]

104.635 x 19 104.640 x 25

INTERACTIVE CHART for Fri, Jul 5th, 2024

Notes My Charts Alerts Watch Help

DXU24 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 Sep '24 (CLU24)

83.32 **+0.30 (+0.36%)** 10:50 CT [NYMEX]

83.32 x 5 83.33 x 19

INTERACTIVE CHART for Fri, Jul 5th, 2024

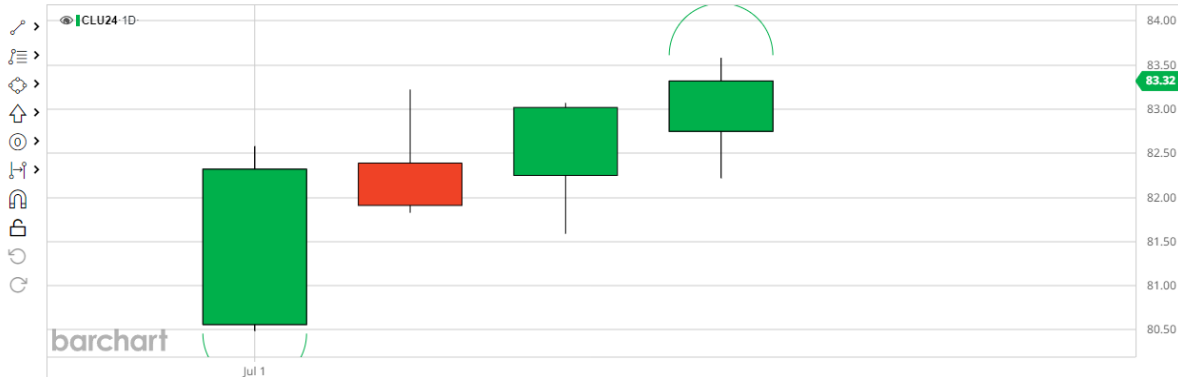
Notes My Charts Alerts Watch Help

CLU24 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



High Grade Copper Sep '24 (HGU24)

4.6385 **+0.1050 (+2.32%)** 10:52 CT [COMEX]

4.6385 x 1 4.6390 x 2

INTERACTIVE CHART for Fri, Jul 5th, 2024

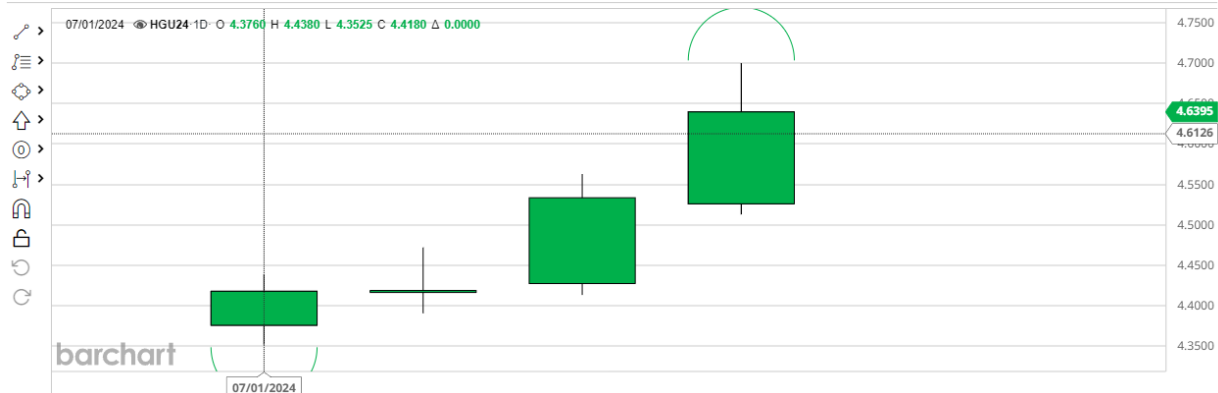
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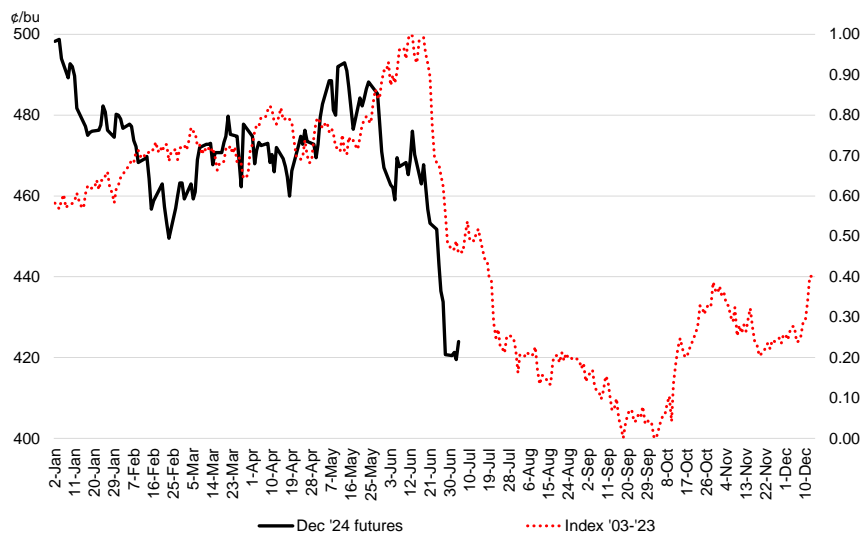
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Marketing Strategies

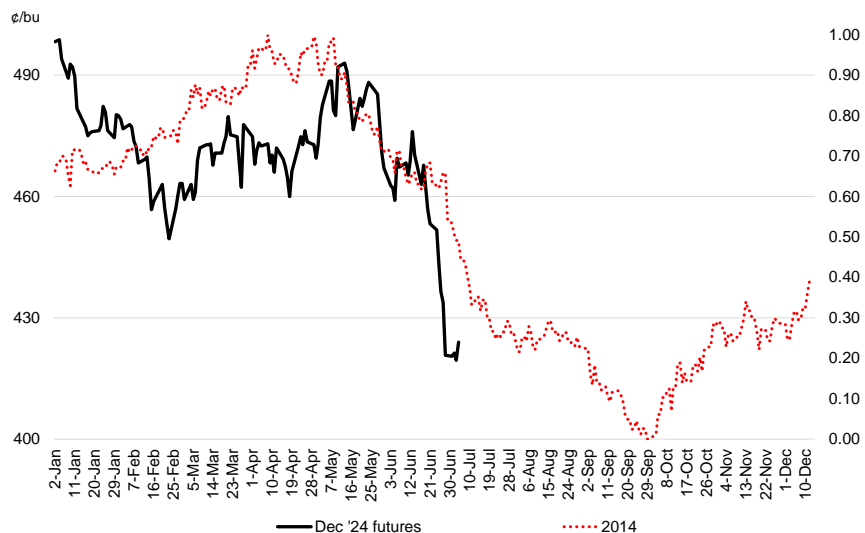
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October.

2024 December Corn Futures and 21-year Seasonal Index Pattern



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

2024 December Corn Futures and 2014 Seasonal Pattern



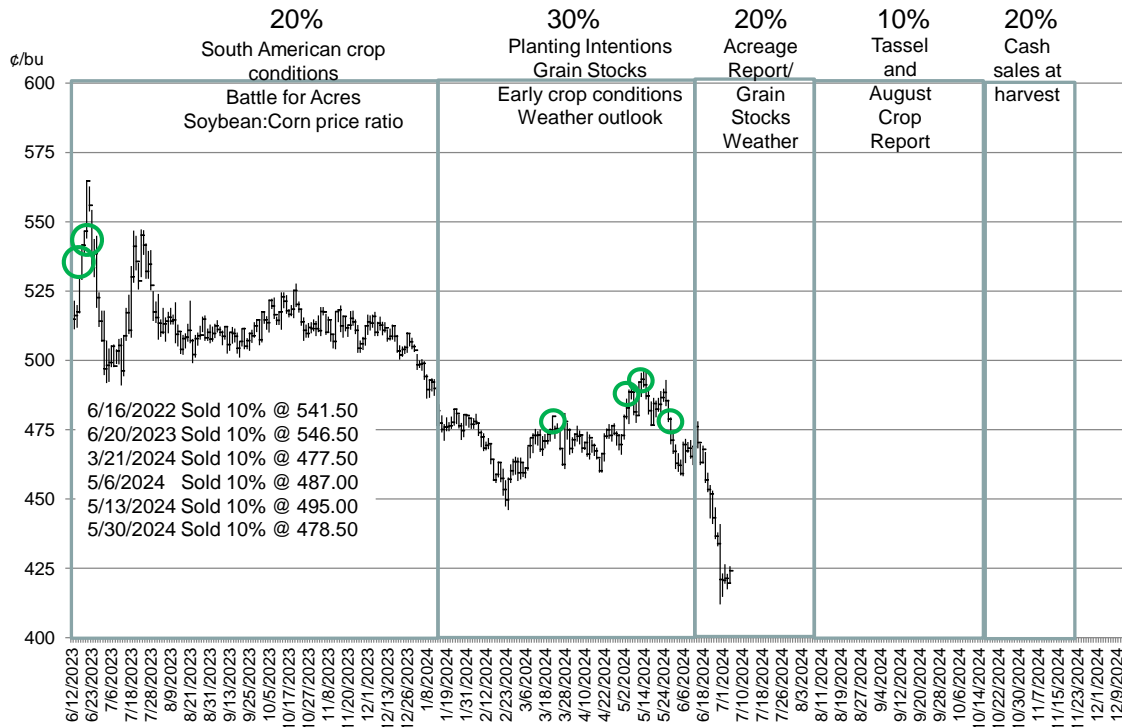
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Feed Grain Marketing Plan. I am 60% sold on the 2024 corn crop. My plan is to have 70% priced by mid-July. I have also priced 20% of the 2025 crop.

December Corn Futures and 2024 Marketing Plan



Upcoming Reports/Events

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, 2 nd Quarter 2024 (Advance Estimate), Bureau of Economic Analysis
July 30-31	Federal Open Market Committee, Federal Reserve

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