

# Feed Grain Outlook

August 2, 2024

Volume 33, Number 45

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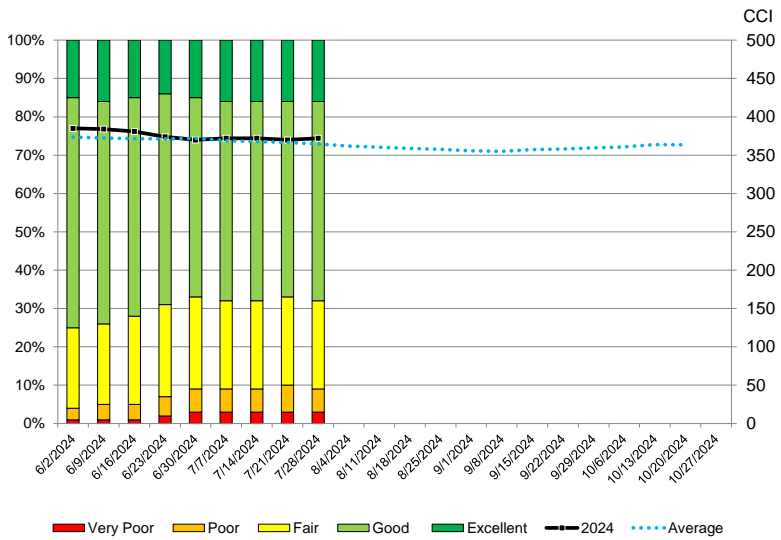
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## Market Situation

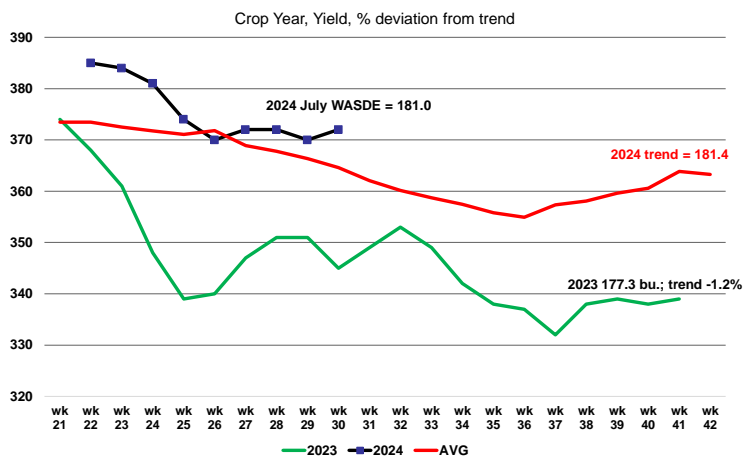
**Crop Progress and Condition.** Another week of mostly favorable corn conditions were reported this week by USDA. The corn crop condition index of 372 was up 2 points from the week before. Nationally, the share rated very poor and poor was down one to 9%; 68% is rated good and excellent. The average corn condition score for this week of the crop year is 365 and would normally drop another 10 points from now through September. Areas with high levels of corn rated very poor and poor include North Carolina at 63%, Texas 26%, Colorado 20%, Tennessee 19%, and Kansas 17%.

2024 U.S. Corn Crop Condition Ratings, July 28



Source: USDA Crop Progress, 7/29/2024

## Corn Crop Condition Index



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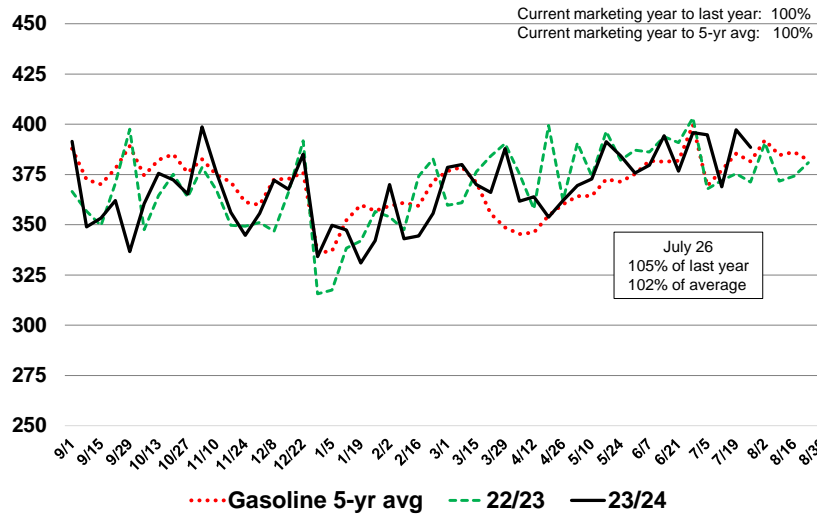
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**Grain Use.** Gasoline demand is closing out the 2023/2024 corn marketing year about the same level as the year before and right at the 5-year average. Ethanol production for the marketing year is up 3% and set an all-time weekly high last week at 46.578 million gallons per day. On a weekly basis, this is up 4.1 million gallons from the week before.

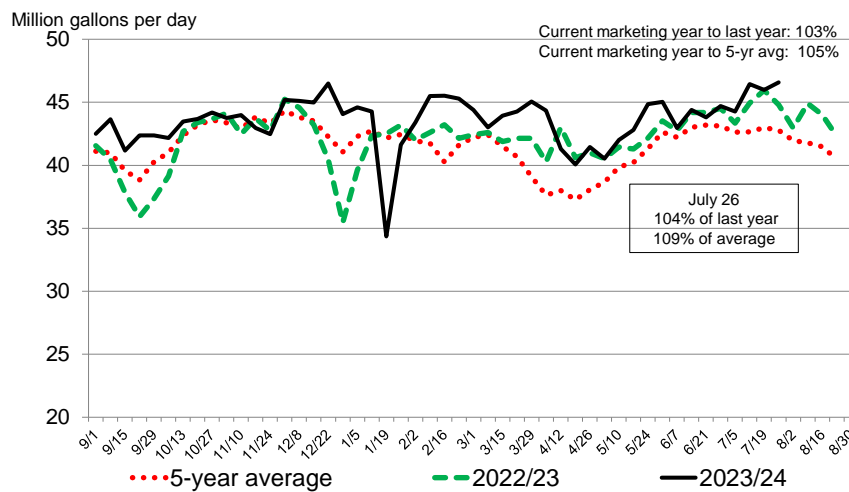
## 2023/24 Weekly U.S. Gasoline Demand, million gallons



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

## 2023/24 U.S. Ethanol Production

2023/24 daily average = 43.6 mil gal per day      5-year avg = 41.6 mil gal  
Implies use of 5,484 mil bu of grain (2.9 gal/bu)      2022/23 avg = 42.2 mil gal  
July USDA estimate = 5,475 (5,450 mil bu corn for fuel + 25 mil bu sorghum fsi)



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

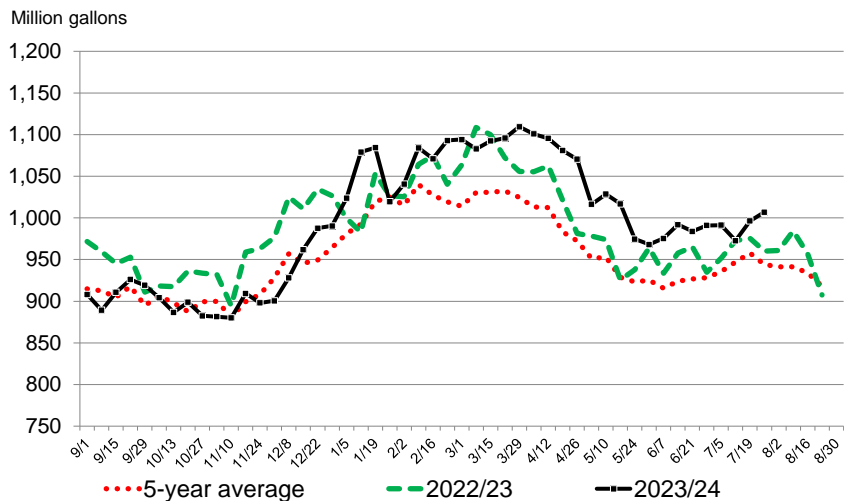
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But ethanol stocks were also higher last week, up 10.5 million gallons.

## 2023/24 U.S. Weekly Ending Ethanol Stocks



### Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
July 3	4.06	4.66	0.61	5.66	4.54
July 11	4.00	4.74	0.73	5.70	4.56
July 18	3.91	4.63	0.72	5.65	4.42
July 25	4.06	4.83	0.77	5.73	4.57
August 1	3.82	4.60	0.78	5.40	4.37
10-yr average			0.42		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
July 3	4.06	3.98	-0.08	4.88	
July 11	4.00	3.93	-0.07	4.93	
July 18	3.91	3.83	-0.09	4.84	
July 25	4.06	4.00	-0.06	4.99	
August 1	3.82	3.76	-0.06	4.75	
10-yr average			-0.08		

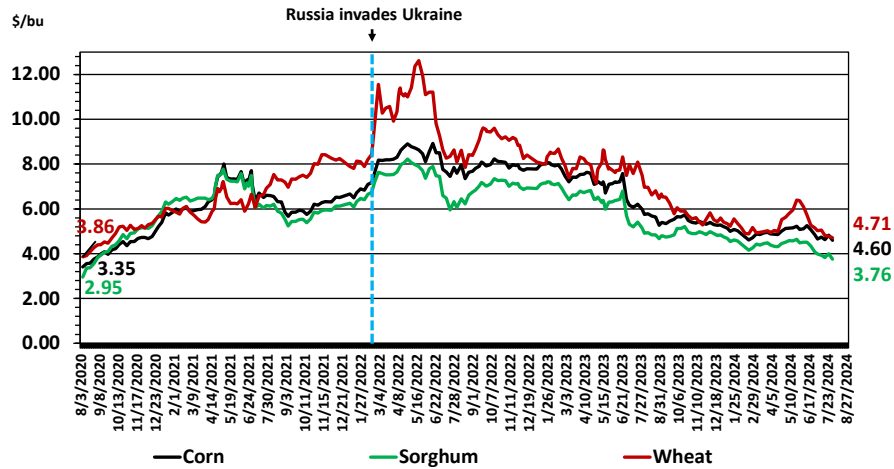
AMS Market News: TX cash = average (North, Central, and South Panhandle), Gulf sorghum: DTN

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## Texas Cash Grain Prices August 2020-August 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 first (advance) estimate of U.S. economic growth in the second quarter of 2024 shows GDP up 2.8%. That compares to 1.4% growth in the first quarter.

**News Release**

EMBARGOED UNTIL RELEASE AT 8:30 a.m. EDT, Thursday, July 25, 2024

BEA 24—33

### Gross Domestic Product, Second Quarter 2024 (Advance Estimate)

Real gross domestic product (GDP) increased at an annual rate of 2.8 percent in the second quarter of 2024 (table 1), according to the "advance" estimate released by the U.S. Bureau of Economic Analysis. In the first quarter, real GDP increased 1.4 percent.

The GDP estimate released today is based on source data that are incomplete or subject to further revision by the source agency (refer to "Source Data for the Advance Estimate" on page 3). The "second" estimate for the second quarter, based on more complete source data, will be released on August 29, 2024.

#### Real GDP: Percent change from preceding quarter

Year	Q1	Q2	Q3	Q4
2020	~34	~4	~5	~6
2021	~3	~4	~5	~6
2022	~1	~2	~3	~4
2023	~1	~2	~3	~4
2024	~1.4	~2.8	~3.5	~4.2

U.S. Bureau of Economic Analysis | Seasonally adjusted annual rates

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The Federal Open Market Committee (FOMC) of the Federal Reserve voted to leave the federal funds rate unchanged for now at 5-1/4 to 5-1/2%. Noting expanding economic activity and some progress in the fight against inflation, the Committee sees prices that are still elevated and job gains moderating (<https://www.federalreserve.gov/newsevents.htm>).

Today's July Employment Situation from the Bureau of Labor Statistics shows the unemployment rate up to 4.3%, the highest since October 2021. The economy added 114,000 jobs and the labor force participation rate was back up to 62.7%.

## NEWS RELEASE BUREAU OF LABOR STATISTICS U. S. DEPARTMENT OF LABOR



Transmission of material in this news release is embargoed until  
8:30 a.m. (ET) Friday, August 2, 2024

USDL-24-1571

### Technical information:

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

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

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

## THE EMPLOYMENT SITUATION — JULY 2024

The **unemployment rate** rose to 4.3 percent in July, and **nonfarm payroll employment** edged up by 114,000, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in health care, in construction, and in transportation and warehousing, while information lost jobs.

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

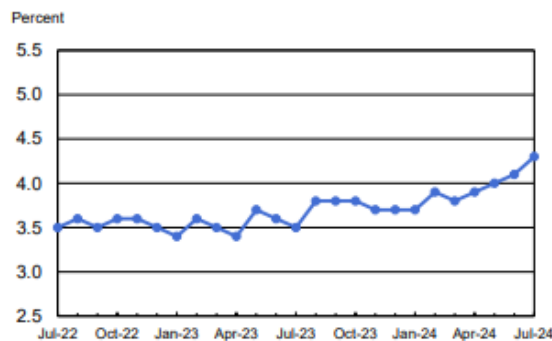
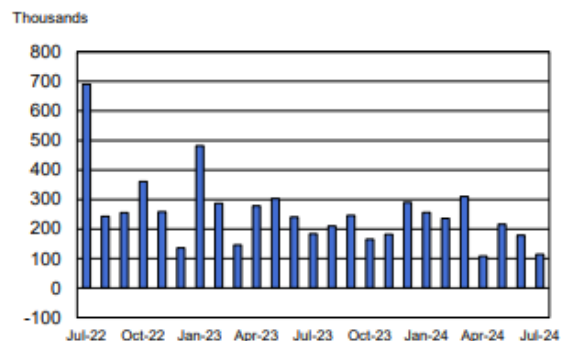


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, July 2022 – July 2024



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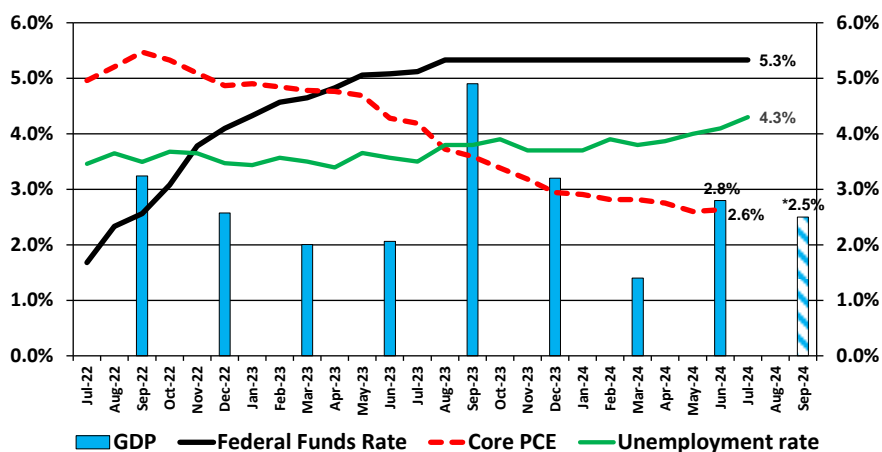
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	numbers in thousands				unemployment rate	change in	
	non-inst population	civilian labor force	employed	unemployed		non-farm payroll	labor force part. rate
Jan-24	267,540	167,276	161,152	6,124	3.7%	256	62.5%
Feb-24	267,711	167,426	160,968	6,458	3.9%	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%	216	62.5%
Jun-24	268,438	168,009	161,199	6,811	4.1%	179	62.6%
Jul-24	<u>268,644</u>	<u>168,429</u>	<u>161,266</u>	<u>7,163</u>	<u>4.3%</u>	<u>114</u>	<u>62.7%</u>
Change	206	420	67	352	0.2%	(65)	0.1%

## 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 August 2, 2024

The next meeting of the FOMC is September. At that time the Committee will assess whether the timing is right to provide some relief on interest rates:

*In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.*

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20240731a.htm>

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Prices about 1:30 pm CT August 2, 2024:

	III QTR	7/1/2024	8/2/2024	net change	% change
S&P 500	SPX:IN	5,475.09	5,316.99	(158.10)	-2.89%
10-yr T Note	Yield, %	4.36	4.09	(0.27)	-6.19%
CRB	CRY:IND	291.57	273.59	(17.98)	-6.17%
Dollar Index	September 2024	105.59	102.98	(2.61)	-2.47%
Crude Oil	September 2024	82.32	73.69	(8.63)	-10.48%
Copper	September 2024	4.42	4.12	(0.29)	-6.65%
Corn	September 2024	4.07	3.87	(0.21)	-5.04%
	December 2024	4.21	4.05	(0.16)	-3.75%
Soybeans	September 2024	11.08	10.18	(0.90)	-8.08%
	November 2024	11.11	10.27	(0.90)	-8.08%
SRW Wheat	September 2024	5.90	5.39	(0.51)	-8.68%
	December 2024	6.13	5.62	(0.50)	-8.20%

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, 7/1/2024-8/2/2024 (<https://www.barchart.com/>):

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

102.975 -1.230 (-1.18%) 13:32 CT [ICE/US]

102.975 x 82 102.980 x 4

INTERACTIVE CHART for Fri, Aug 2nd, 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)

73.69 -2.62 (-3.43%) 13:33 CT [NYMEX]

73.69 x 8 73.70 x 25

INTERACTIVE CHART for Fri, Aug 2nd, 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)

4.1240 +0.0415 (+1.02%) 13:34 CT [COMEX]

4.1235 x 8 4.1245 x 13

INTERACTIVE CHART for Fri, Aug 2nd, 2024

Notes My Charts Alerts Watch Help

HGU24 GO +Study Tools Settings Compare f(x) Grid View

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

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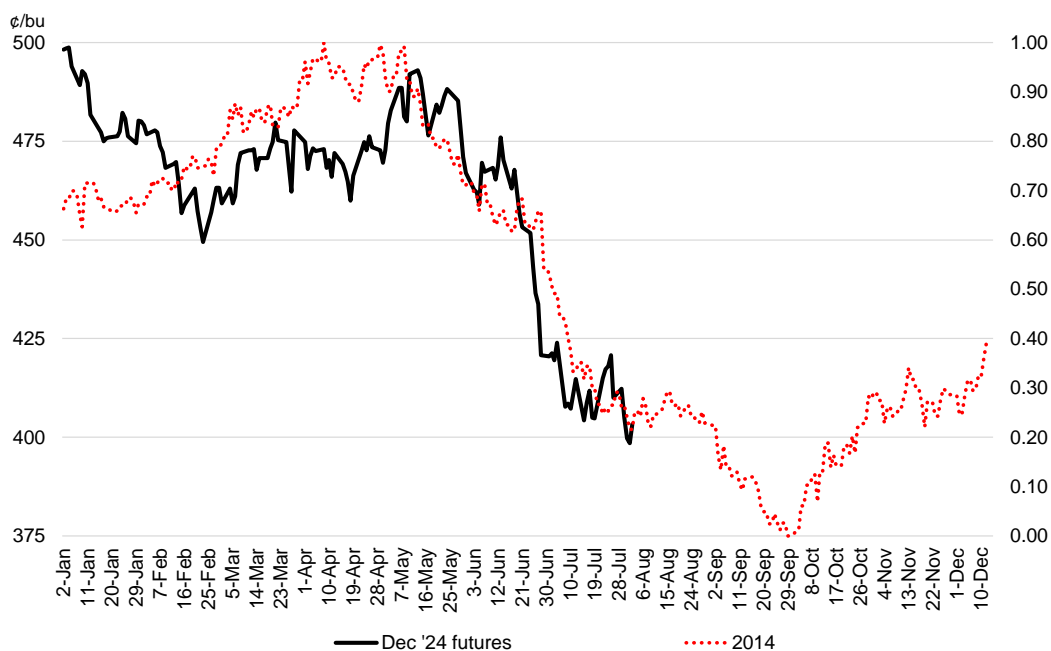
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## Marketing Strategies

**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.

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



**Feed Grain Marketing Plan.** I am 60% sold on the 2024 corn crop. My plan was to have 70% priced but the bounce we got was short of my price objective. I have also priced 20% of the 2025 crop.

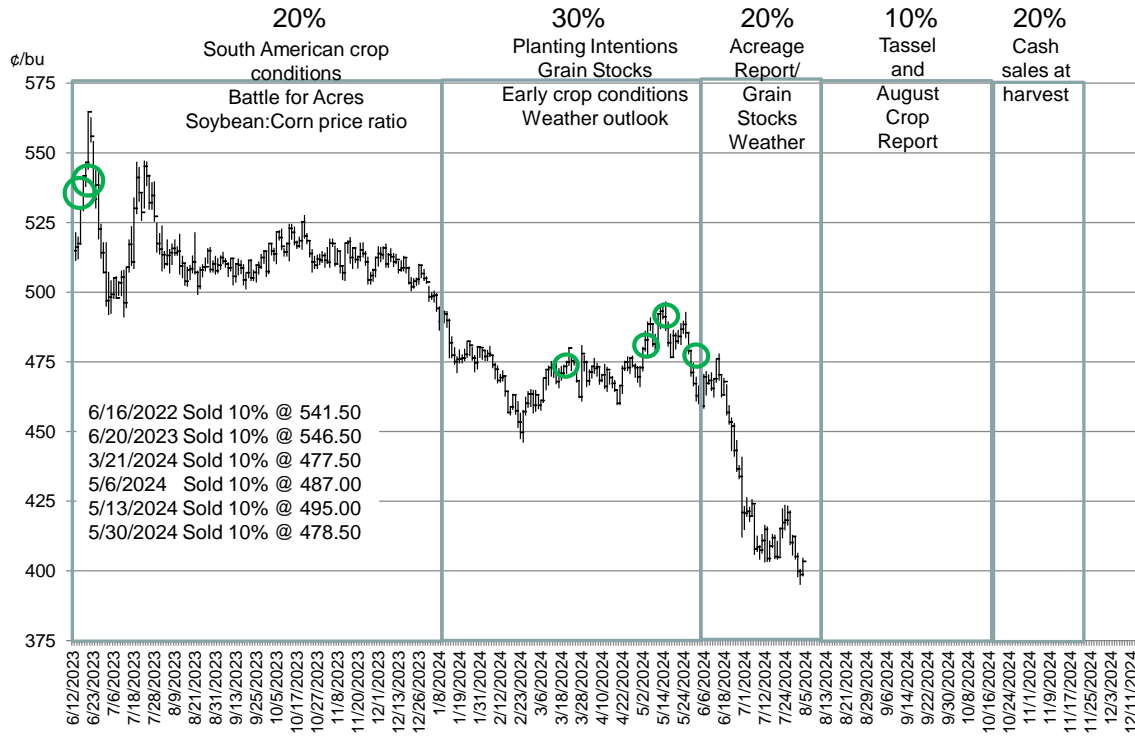
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## December Corn Futures and 2024 Marketing Plan



### Upcoming Reports/Events

August 6	Short-term Energy Outlook, Energy Information Administration
August 8	Wheatheart Conference, Perryton, Texas
August 12	Crop Production WASDE
August 14	Consumer Price Index, Bureau of Labor Statistics (BLS)
August 15	Big Country Wheat Conference, Abilene, Texas
August 23	Cattle on Feed
September 6	August Employment Situation, BLS
September 17-18	Federal Open Market Committee, Federal Reserve
October 1-2	Master Marketer Marketing Plan Workshop, El Campo, Texas
January 5-11	TEPAP, San Antonio, Texas

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