

Feed Grain Outlook

October 25, 2024

Volume 33, Number 63

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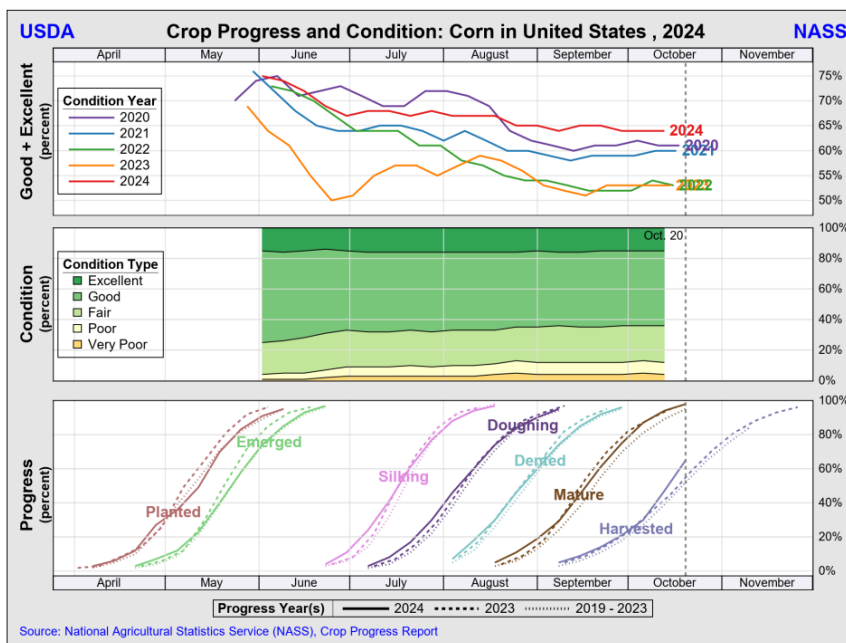
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Market Situation

Crop Progress. The share of the U.S. corn crop rated good and excellent in 2024 was one of the best of the last 5 years, leveling off at about 65%. Conditions were better in 2020 until the *derecho* wind event in August levelled corn fields from eastern Nebraska to Ohio.

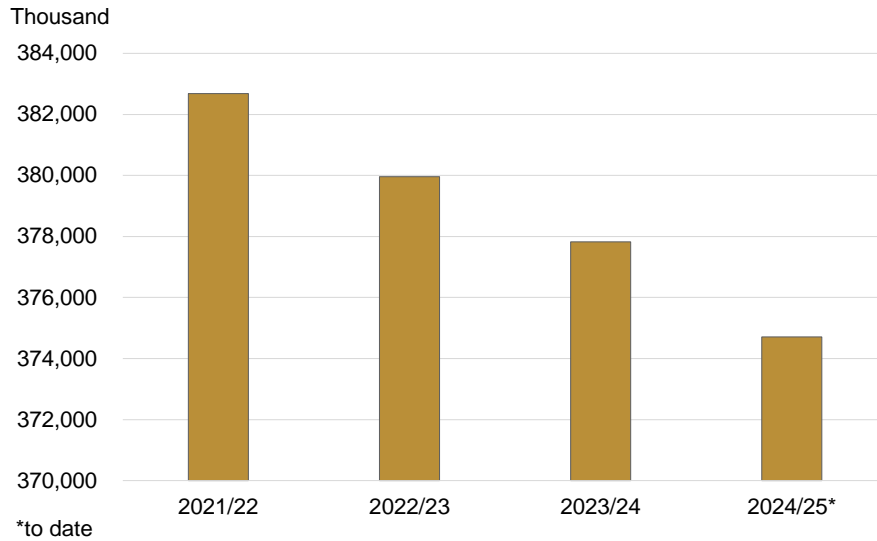
A notable difference in the 2024 crop is the rapid rate of harvest, 65% as of October 20 compared to the 52% average. Soybean harvest is 81% complete compared to a 67% average.



Grain Use. Livestock and poultry inventory reports released this week have implications for feed use, the number one consumption category for U.S. corn.

Monday's Chickens and Eggs reports shows the decline in U.S. chicken layer numbers the last several years. The September average was up 4 million from August (+1%) but down 10 million (-3%) from September a year ago and down 18 million (-5%) from February 2022 (in the 2021/22 corn marketing year; the date of the latest outbreak of avian influenza in a commercial poultry flock).

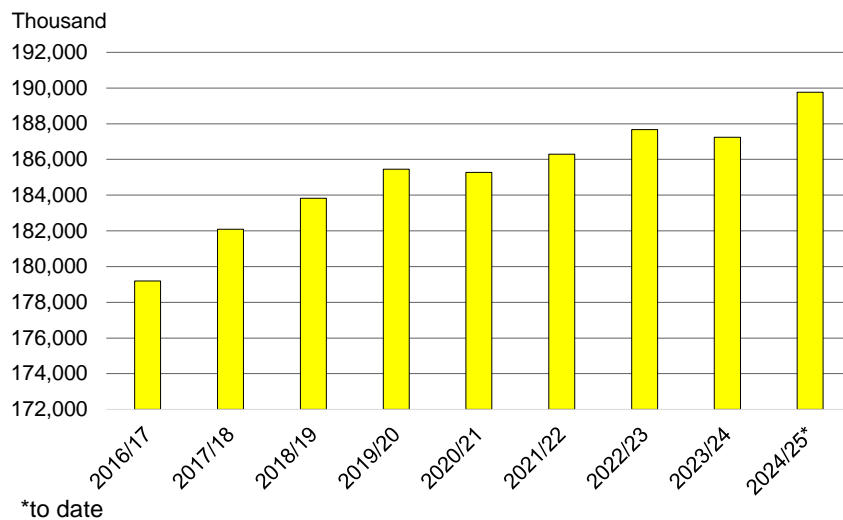
Average Monthly U.S. Chicken Layer Inventory by Corn Marketing Year



Source: USDA/NASS, Chickens and Eggs, October 21, 2024

On Wednesday, Broiler Chick Placement numbers were up. Placements this corn marketing year through October 19 are up +33 million (3%) compared to last year.

Average Weekly Broiler Chick Placements by Corn Marketing Year



Source: USDA/NASS, Broiler Hatchery, October 23, 2024

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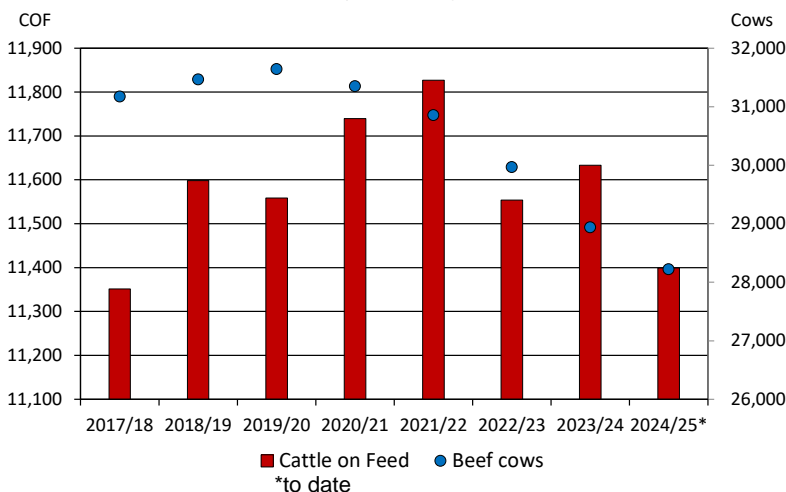
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Today's Cattle on Feed report shows 11.600 million head in lots with a minimum capacity of 1,000 head. That is about the same as the 11.604 million a year ago. Average monthly on feed inventory numbers have been on the decline the last several years, along with the smaller U.S. beef cattle herd.

Average Monthly Cattle on Feed by Corn Marketing Year and Beef Cows January 1 (000 head)



Source: USDA/NASS, September 20, 2024

Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
September 26	4.13	4.72	0.59	5.52	4.73
October 3	4.28	4.89	0.61	5.62	4.91
October 10	4.19	4.80	0.61	5.58	4.81
October 17	4.07	4.68	0.55	5.39	4.69
October 24	4.22	4.84	0.58	5.58	4.93
10-yr average			0.40		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
September 26	4.13	4.09	-0.04	4.73	
October 3	4.28	4.27	-0.01	4.88	
October 10	4.19	4.18	-0.01	4.79	
October 17	4.07	4.06	-0.01	4.67	
October 24	4.22	4.24	0.02	4.82	
10-yr average			-0.05		

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

Texas Cash Grain Prices October 2020-October 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. Global growth that is stable yet underwhelming was the theme of the World Economic Outlook from the International Monetary Fund in its October update:

Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, in particular, the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities—especially oil—conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa. These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth, a trend supported by substantial public investment in China and India. Five years from now, global growth should reach 3.1 percent—a mediocre performance compared with the prepandemic average.

<https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>

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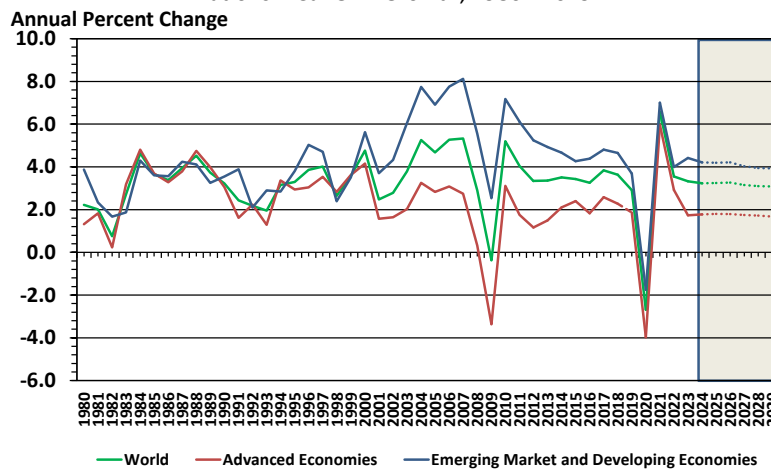
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Since the early 2000s, economic growth in developing and emerging economies has exceeded that of advanced economies. This is important for grain demand as this increase in economic activity in that part of the world has driven a strong increase in world per capita grain consumption. But that rate of growth is slowing in the current economic environment. In the 10 years prior to the pandemic, GDP grew by an average 5.0% in emerging and developing economies. Post-pandemic, since 2022, the rate of growth, including current projections out to 2029, is 4.1%.

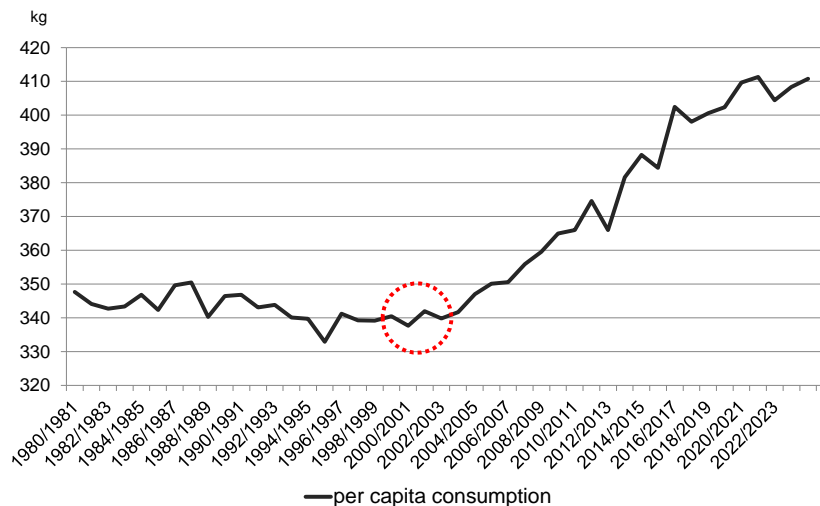
Global Economic Growth

Global economic growth is being driven by developing nations. Real GDP Growth, 1980 - 2029



World Economic, Outlook, October 2024 <http://www.imf.org>
http://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOORLD

World Per Capita Grain* Use Total Use = domestic use + (exports minus imports)



USDA, FAS, PSD 9/26/2024
 *barley, corn, millet, mixed grains, oats, rice, rye, sorghum, soybeans, and wheat

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Prices about 11:00 am CT October 25, 2024:

	IV QTR	10/1/2024	10/25/2024	net change	% change
S&P 500	SPX:IN	5,709.00	5,843.26	134.26	2.35%
10-yr T Note	Yield, %	3.74	4.24	0.50	13.37%
CRB	CRY:IND	286.37	282.38	(3.99)	-1.39%
Dollar Index	December 2024	100.93	104.06	3.12	3.10%
Crude Oil	December 2024	69.39	71.56	2.17	3.13%
Copper	December 2024	4.59	4.38	(0.21)	-4.55%
Corn	December 2024	4.29	4.16	(0.14)	-3.15%
	March 2025	4.47	4.30	(0.17)	-3.70%
Soybeans	November 2024	10.57	8.85	(1.72)	-16.27%
	January 2025	10.57	9.96	(0.61)	-5.79%
SRW Wheat	December 2024	5.99	5.67	(0.32)	-5.38%
	March 2025	6.20	5.87	(0.33)	-5.25%

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, 10/1/2024-10/25/2024 (<https://www.barchart.com/>):

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U.S. Dollar Index Dec '24 (DXZ24)

104.055 +0.136 (+0.13%) 11:02 CT [ICE/US]

104.050 x 25 104.055 x 1

INTERACTIVE CHART for Fri, Oct 25th, 2024

Notes My Charts Alerts Watch Help

DXZ24 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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Crude Oil WTI Dec '24 (CLZ24)

71.56 +1.37 (+1.95%) 11:03 CT [NYMEX]

71.56 x 13 71.57 x 4

INTERACTIVE CHART for Fri, Oct 25th, 2024

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CLZ24 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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High Grade Copper Dec '24 (HGZ24)

4.3800 +0.0285 (+0.65%) 11:04 CT [COMEX]

4.3795 x 15 4.3805 x 10

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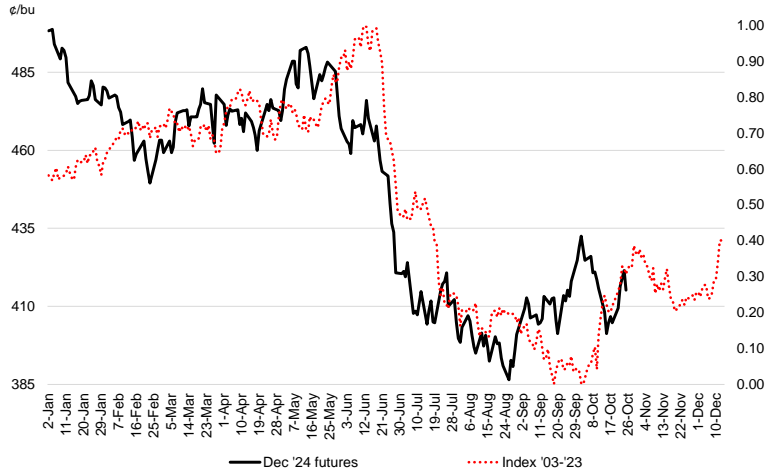
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Marketing Strategies

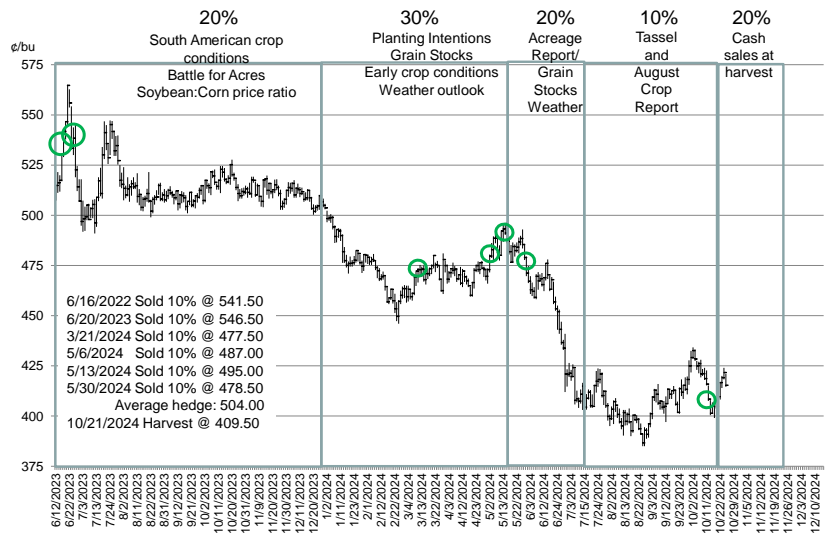
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in mid-July and then bottoming out late September/early October. This year the seasonal high occurred about a month earlier than the average index. It looks increasingly like the seasonal low have been set about month earlier too.

2024 December Corn Futures and 21-year Seasonal Index Pattern



Feed Grain Marketing Plan. Harvest was completed on October 21. I sold the remaining 40% of the 2024 crop at the futures price of 409.50 plus basis and got out of my hedges. My average hedged price was 504. My net harvest price was 466.40 plus basis, a +14% marketing plan advantage compared to just selling at harvest. I have also priced 20% of the 2025 crop.

December Corn Futures and 2024 Marketing Plan



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October 30	Gross Domestic Product, 3rd Quarter 2024 (Advance Estimate)
November 1	October Employment Situation, Bureau of Labor Statistics
November 6-7	Federal Open Market Committee, Federal Reserve
November 8	Crop Production WASDE
November 13	Short-term Energy Outlook, Energy Information Administration
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas

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