

Feed Grain Outlook

December 20, 2024
Volume 33, Number 75

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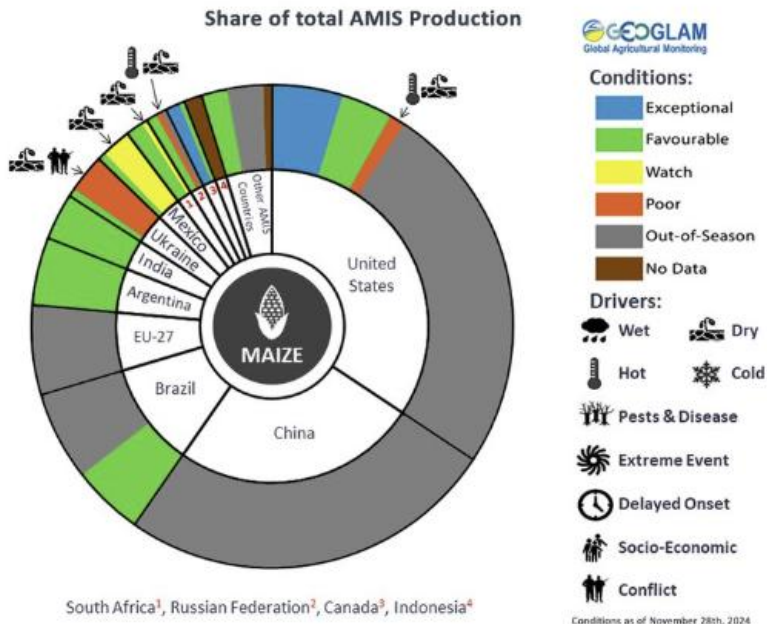
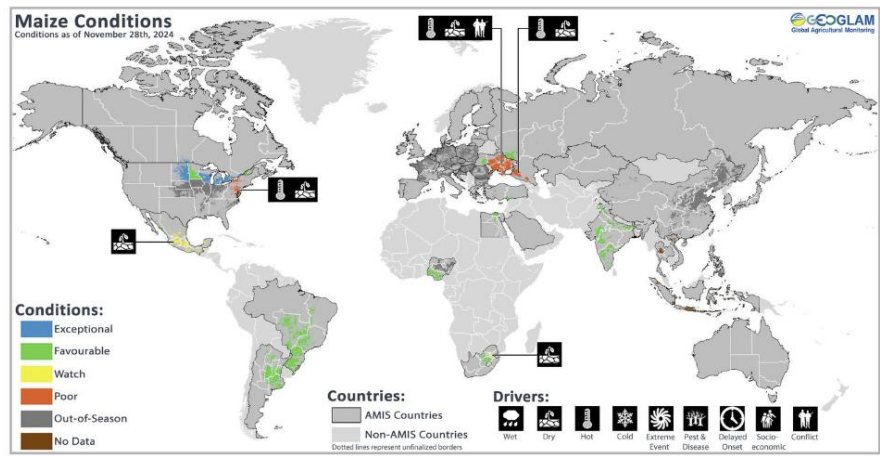
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Market Situation

Crop Progress and Condition. The GEOGLAM Crop Monitor for late-November shows mostly favorable crop conditions for in-season corn. The war and drought are impacting corn production in Ukraine and Southern Russia. In the southern hemisphere, Brazil, Argentina, and South Africa report good rainfall during planting and early crop development. Conditions are mixed for Mexico.



<https://www.cropmonitor.org/>

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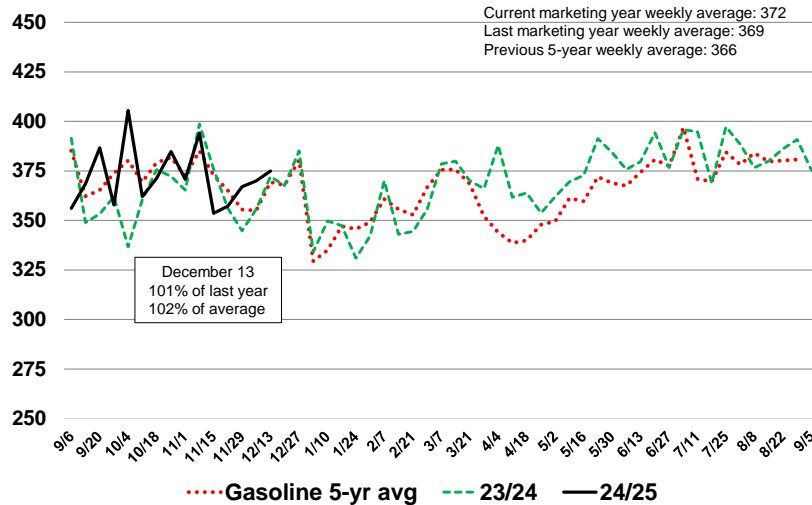
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Grain Use. Updated information from the Energy Information Administration related to corn for fuel shows weekly gasoline demand running just above year ago and 5-year average levels. Ethanol production is off to a strong start this corn marketing year, setting a new record high for production the week of November 22 of 46.998 million gallons per day.

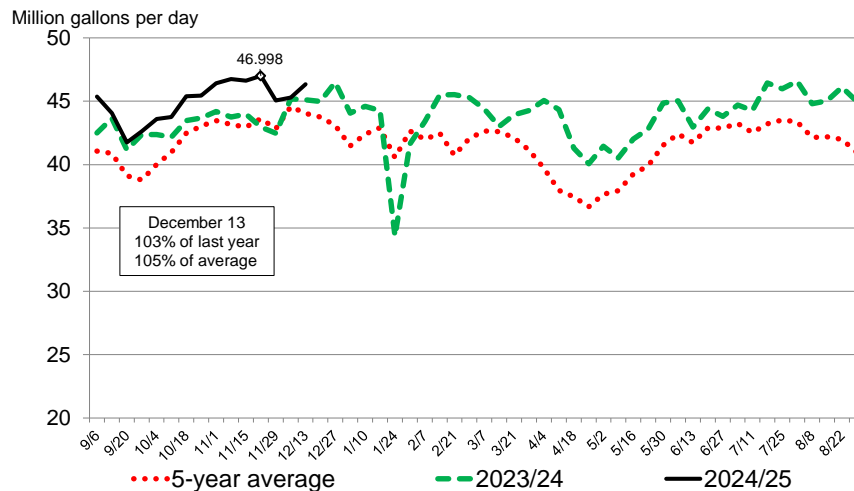
2024/25 Weekly U.S. Gasoline Demand, million gallons



Energy Information Administration, This Week in Petroleum, December 19, 2024

2024/25 U.S. Ethanol Production

2024/25 daily average = 45.0 mil gal per day 5-year daily avg = 41.6 mil gal
Implies use of 5,668 mil bu of grain (2.9 gal/bu) 2023/24 daily avg = 43.7 mil gal
December USDA estimate = 5,575 (5,500 mil bu corn for fuel + 25 mil bu sorghum fsi)



Energy Information Administration, Weekly Petroleum Status Report, December 19, 2024
Ethanol conversion rate, University of Illinois

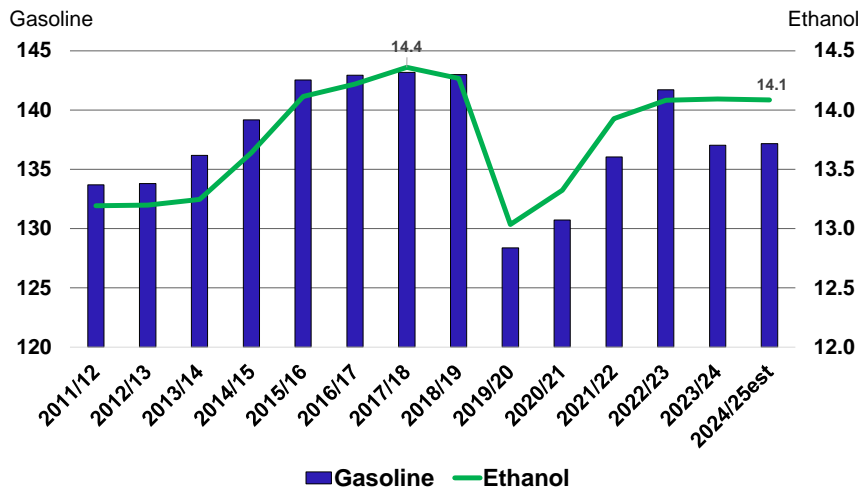
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In the December Short-term Energy Outlook, both gasoline and ethanol consumption are forecast to be about steady with 2023/2024. Ethanol consumption is currently 10.3% of gasoline.

U.S. Motor Gasoline and Ethanol Consumption by Corn Marketing Year, billion gallons



EIA, Short Term Energy Outlook, December 2024
<http://www.eia.gov/>

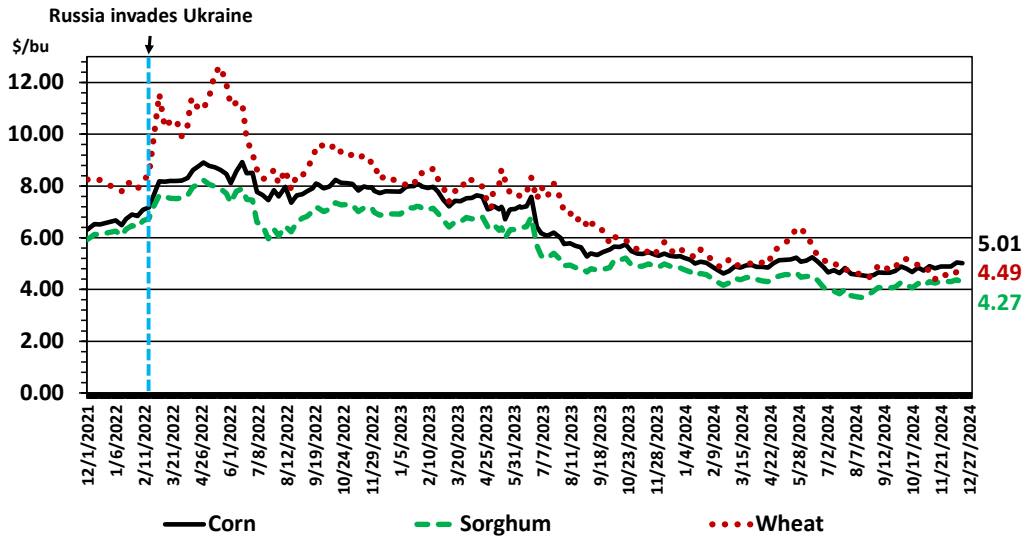
Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
November 14	4.19	4.82	0.63	5.69	5.08
November 21	4.27	4.89	0.63	5.75	5.11
December 5	4.35	4.89	0.54	5.71	5.12
December 12	4.44	5.04	0.61	5.78	5.07
December 19	4.41	5.01	0.60	5.68	5.09
10-yr average			0.46		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
November 14	4.19	4.24	0.05	4.84	
November 21	4.27	4.32	0.05	4.92	
December 5	4.35	4.31	-0.04	4.92	
December 12	4.44	4.38	-0.05	5.14	
December 19	4.41	4.27	-0.14	5.11	
10-yr average			0.02		

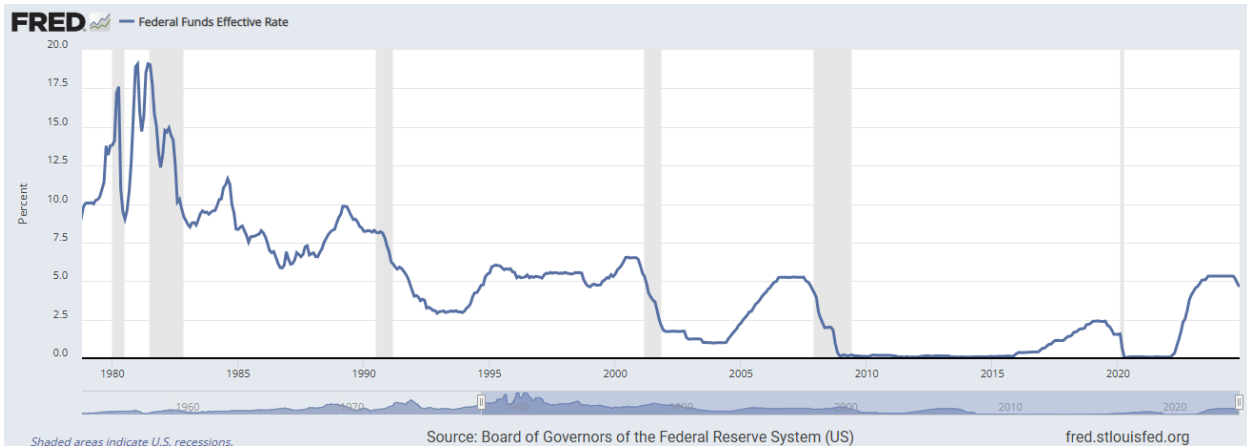
AMS Market News: TX cash = average (North, Central, and South Panhandle), Gulf sorghum: DTN

Texas Cash Grain Prices December 2021-December 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—labor market and inflation. The Federal Open Market Committee of the Federal Reserve voted to lower the target range for the federal funds rate by ¼ point in their meeting this week. That brings the range down to 4-1/4 to 4-1/2 percent. That is down 1% from the recent high of 5-1/4 to 5-1/2 percent from August 2023 to August 2024.



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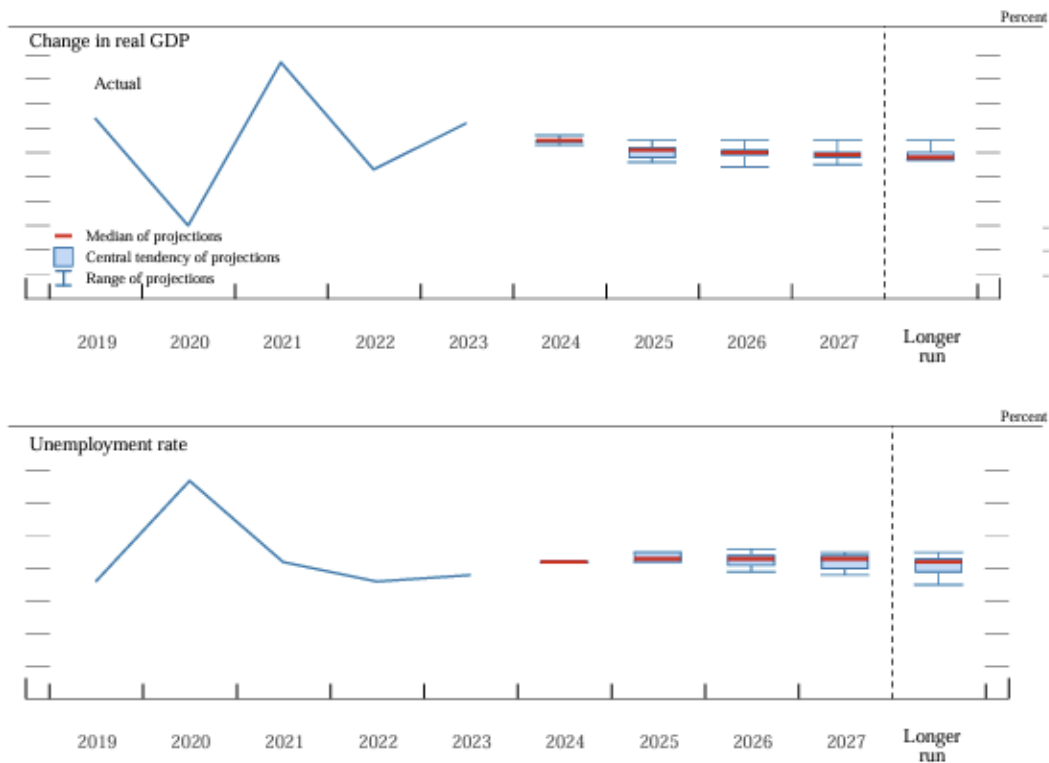


Also released following this meeting were member projections of economic indicators and appropriate monetary policy. The consensus of expectations is for GDP to run about 2% the next couple of years, an unemployment rate of 4.3%, and inflation moderating from 2.5% in 2025 to 2.0% by 2027. They foresee a federal funds rate of 3.9% in 2025, 3.4% in 2026, and 3.1% in 2027.

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2024

Variable	Median ¹					Central Tendency ²					Range ³				
	2024	2025	2026	2027	Longer run	2024	2025	2026	2027	Longer run	2024	2025	2026	2027	Longer run
	Change in real GDP	2.5	2.1	2.0	1.9	1.8	2.4-2.5	1.8-2.2	1.9-2.1	1.8-2.0	1.7-2.0	2.3-2.7	1.6-2.5	1.4-2.5	1.5-2.5
September projection	2.0	2.0	2.0	2.0	1.8	1.9-2.1	1.8-2.2	1.9-2.3	1.8-2.1	1.7-2.0	1.8-2.6	1.3-2.5	1.7-2.5	1.7-2.5	1.7-2.5
Unemployment rate	4.2	4.3	4.3	4.3	4.2	4.2	4.2-4.5	4.1-4.4	4.0-4.4	3.9-4.3	4.2	4.2-4.5	3.9-4.6	3.8-4.5	3.5-4.5
September projection	4.4	4.4	4.3	4.2	4.2	4.3-4.4	4.2-4.5	4.0-4.4	4.0-4.4	3.9-4.3	4.2-4.5	4.2-4.7	3.9-4.5	3.8-4.5	3.5-4.5
PCE inflation	2.4	2.5	2.1	2.0	2.0	2.4-2.5	2.3-2.6	2.0-2.2	2.0	2.0	2.4-2.7	2.1-2.9	2.0-2.6	2.0-2.4	2.0
September projection	2.3	2.1	2.0	2.0	2.0	2.2-2.4	2.1-2.2	2.0	2.0	2.0	2.1-2.7	2.1-2.4	2.0-2.2	2.0-2.1	2.0
Core PCE inflation ⁴	2.8	2.5	2.2	2.0		2.8-2.9	2.5-2.7	2.0-2.3	2.0		2.8-2.9	2.1-3.2	2.0-2.7	2.0-2.6	
September projection	2.6	2.2	2.0	2.0		2.6-2.7	2.1-2.3	2.0	2.0		2.4-2.9	2.1-2.5	2.0-2.2	2.0-2.2	
Memo: Projected appropriate policy path															
Federal funds rate	4.4	3.9	3.4	3.1	3.0	4.4-4.6	3.6-4.1	3.1-3.6	2.9-3.6	2.8-3.6	4.4-4.6	3.1-4.4	2.4-3.9	2.4-3.9	2.4-3.9
September projection	4.4	3.4	2.9	2.9	2.9	4.4-4.6	3.1-3.6	2.6-3.6	2.6-3.6	2.5-3.5	4.1-4.9	2.9-4.1	2.4-3.9	2.4-3.9	2.4-3.8

Figure 1. Medians, central tendencies, and ranges of economic projections, 2024-27 and over the longer run



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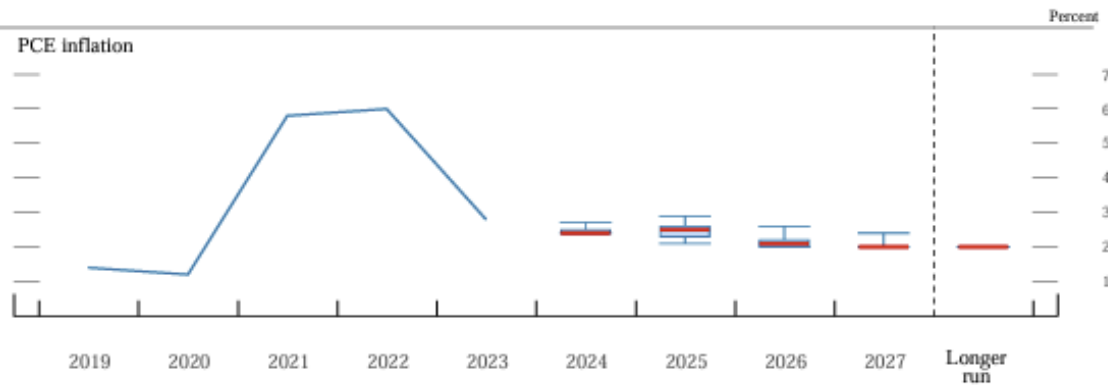
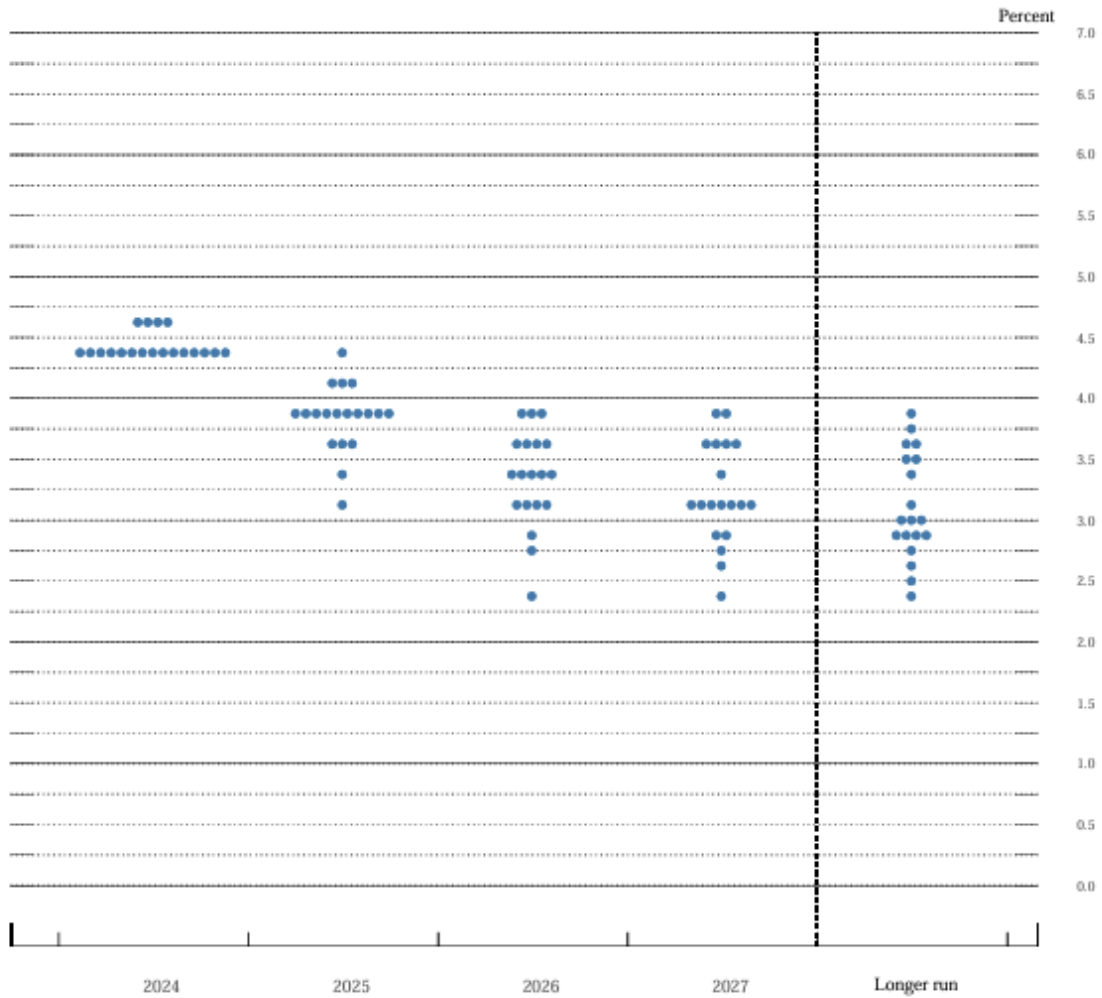


Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



<https://www.federalreserve.gov/>

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Prices about 10:00 am CT December 20, 2024:

	IV QTR	10/1/2024	12/20/2024	net change	% change
S&P 500	SPX:IN	5,709.00	5,908.11	199.11	3.49%
10-yr T Note	Yield, %	3.74	4.50	0.76	20.32%
CRB	CRY:IND	286.37	290.21	3.84	1.34%
Dollar Index	March 2025	100.67	107.75	7.08	7.03%
Crude Oil	March 2025	68.62	68.50	(0.12)	-0.17%
Copper	March 2025	4.62	4.09	(0.53)	-11.41%
Corn	March 2025	4.47	4.45	(0.01)	-0.34%
	May 2025	4.56	4.51	(0.05)	-1.10%
Soybeans	January 2025	10.57	9.74	(0.83)	-7.85%
	March 2025	10.90	9.78	(1.12)	-10.23%
SRW Wheat	March 2025	6.20	5.30	(0.89)	-14.41%
	May 2025	6.31	5.41	(0.91)	-14.38%

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, 10/1/2024-12/20/2024 (<https://www.barchart.com/>):

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U.S. Dollar Index Mar '25 (DXH25)

107.750 -0.402 (-0.37%) 09:50 CT [ICE/US]

107.745 x 58 107.750 x 10

CHART PANEL for Fri, Dec 20th, 2024

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



Crude Oil WTI Mar '25 (CLH25)

68.50 -0.45 (-0.65%) 09:51 CT [NYMEX]

68.49 x 17 68.50 x 1

CHART PANEL for Fri, Dec 20th, 2024

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



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High Grade Copper Mar '25 (HGH25)

4.0935 +0.0165 (+0.40%) 09:52 CT (COMEX)

4.0930 x 6 4.0935 x 1

CHART PANEL for Fri, Dec 20th, 2024

Full Screen Chart

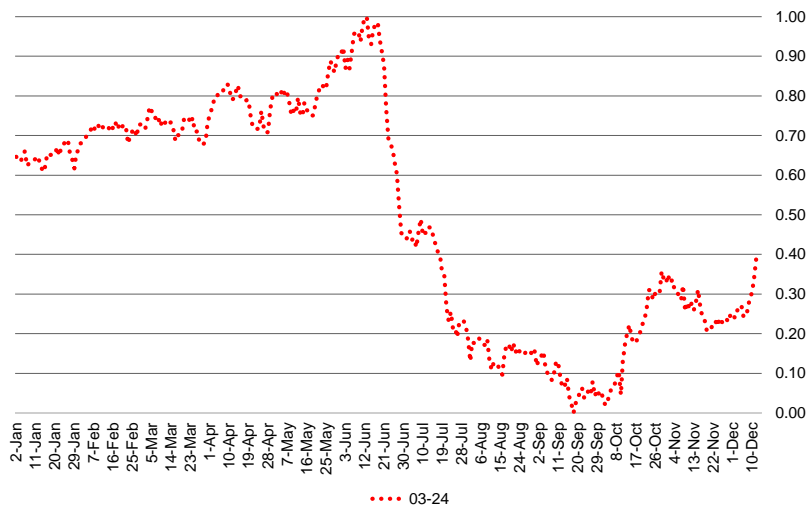
Notes My Charts Alerts Watch Actions Help



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 late-June/early July and then bottoming out late September/early October. This is the foundation of my marketing plan.

December Corn Futures Seasonal Pattern
2003-2024



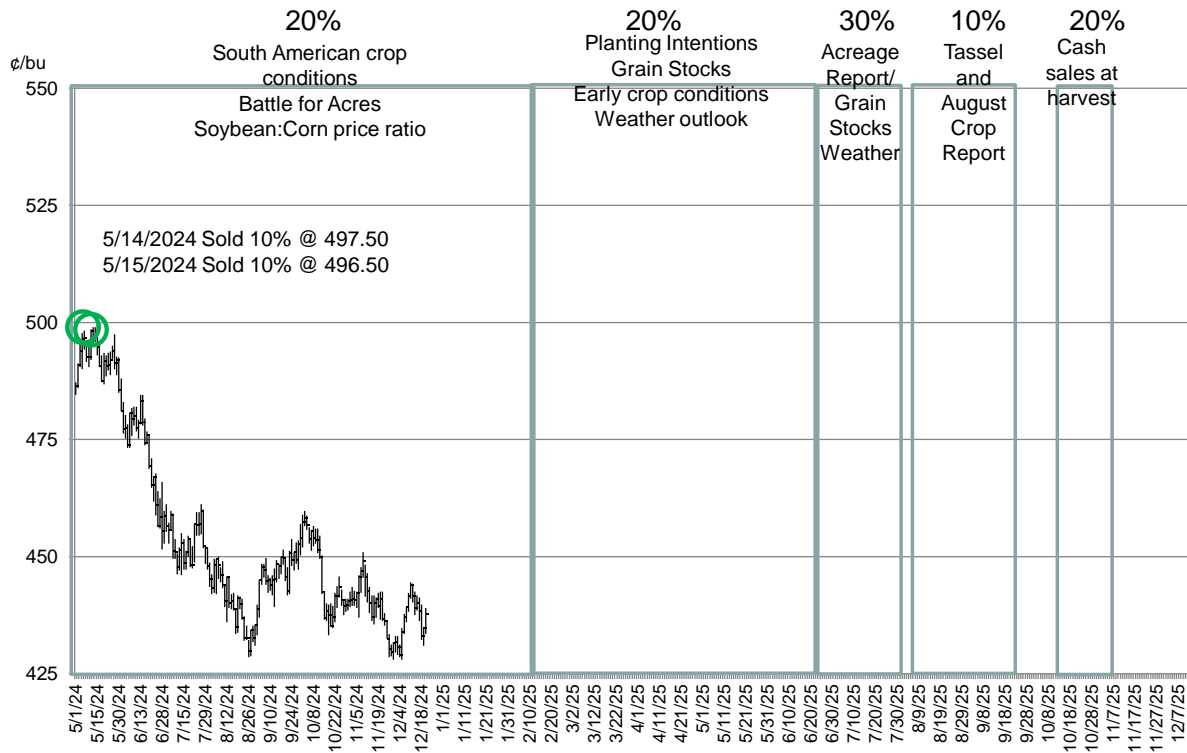
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Feed Grain Marketing Plan. I priced the first 20% of the 2025 corn crop back in May of 2024. My plan is to be 70% priced by the first of July.

December Corn Futures and 2025 Marketing Plan



Upcoming Reports/Events

December 20	Cattle on Feed Chickens and Eggs
December 23	Hogs and Pigs
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas
January 10	Crop Production WASDE Grain Stocks Winter Wheat/Canola Seedings December Employment Situation, Bureau of Labor Statistics
January 15	Consumer Price Index

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