

Feed Grain Outlook

January 3, 2025
Volume 34, Number 1

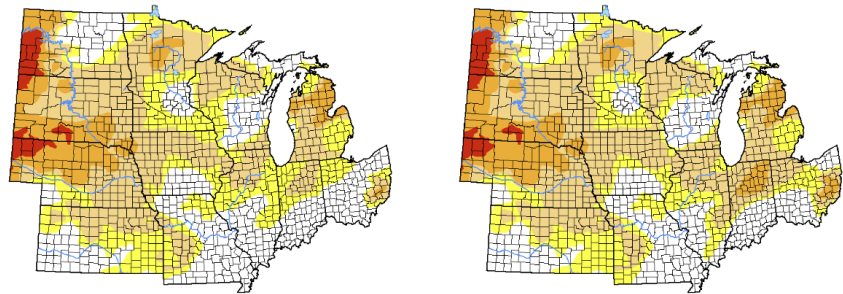
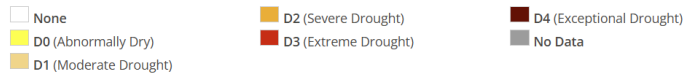
Today's Newsletter

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Market Situation

Crop Progress and Condition. The drought severity index for the North Plains region at the start of 2025 is about where it was at the start of 2024, 136 to 122. Both of these readings are above the 10-year average of 69. Extreme conditions are confined to western areas of North Dakota, South Dakota, and Nebraska.

Drought Classification

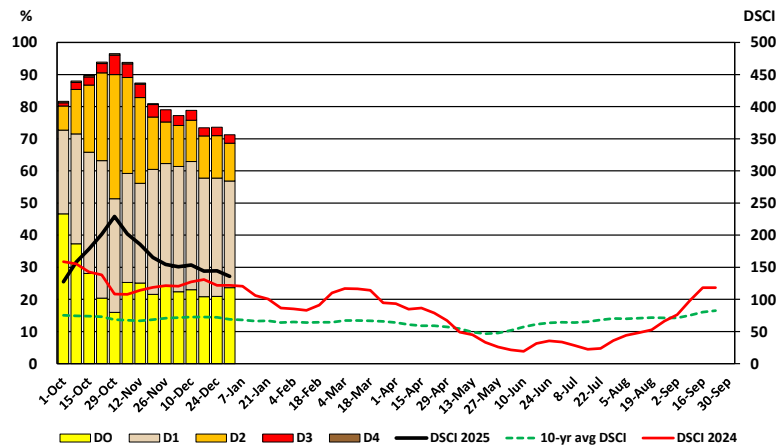


< December 31, 2024 > ⌵

< December 24, 2024 > ⌵

North Central Drought Monitor, 12/31/2024

Drought Classification



Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions
Drought Monitor, 1/2/2025, North Central, <http://droughtmonitor.unl.edu/>

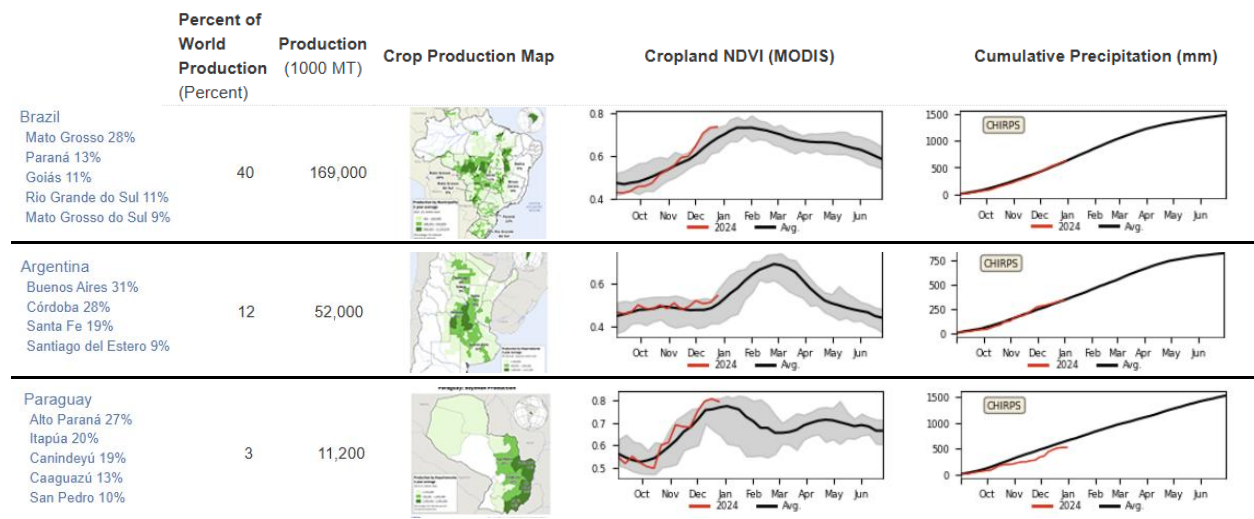


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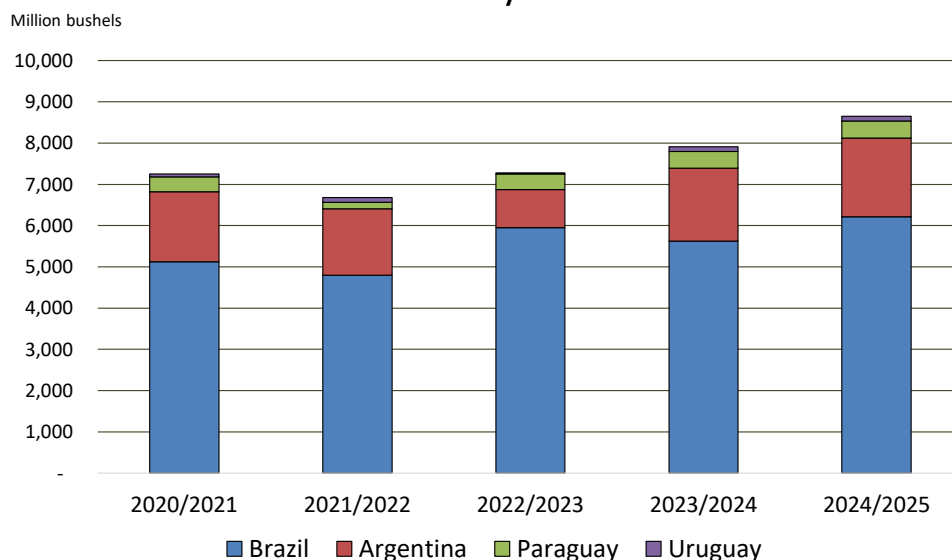
Contributing to downward pressure on prices of late are favorable growing conditions in South America, particularly for the soybean crop. Primary export competition for U.S. corn comes from the corn crop planted behind soybeans in Brazil (February to March).

The Cropland NDVI, Normalized Difference Vegetation Index, a measure of vegetation vigor, is running above average in Brazil, Argentina, and Paraguay. Cumulative precipitation is about normal in Brazil and Argentina, slightly below normal in Paraguay.



<https://ipad.fas.usda.gov/cropexplorer/>

South American Soybean Production



Source: USDA, FAS, PSD, 1/3/2025

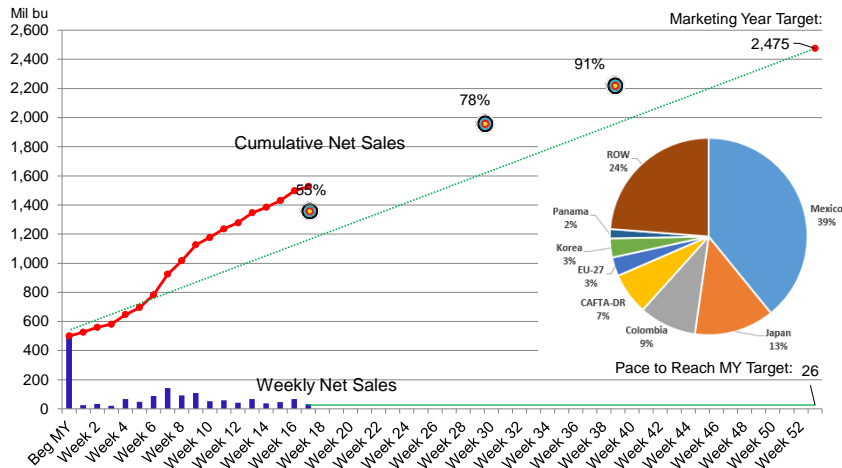
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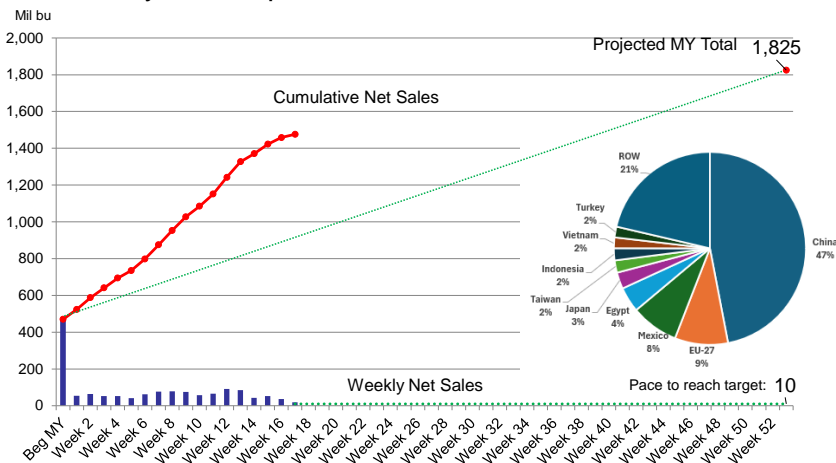
Grain Use. A major shift in corn fundamentals in the December WASDE was in increase in exports, +150 million bushels. In addition, soybean sales have been strong so far this marketing year. Currently soybean sales on the books are just over 80% of the projected marketing year total. Sorghum export sales have yet to take off.

U.S. Corn Export Sales Commitments, 2024/25 MY



Export Sales Commitments reported 12/26/2024: 31 million bushels (Mexico, 12 mil bu)
 Total Export Sales Commitments this marketing year: 1,528 million bushels
 62% of the 2024/25 MY Export Sales Target of 2,475 million bushels (December WASDE)
 On average, 55% of the marketing year total is accounted for by the end of December
 USDA, Foreign Agricultural Service: January 3, 2025

U.S. Soybean Export Sales Commitments, 2024/25 MY



Export Sales Commitments for the week 12/26/2024: 18 million bushels
 Total Export Sales Commitments this marketing year: 1,476 million bushels
 81% of the 2024/25 MY Export Sales Target of 1,825 million bushels (December WASDE)
 USDA, Foreign Agricultural Service: January 3, 2025

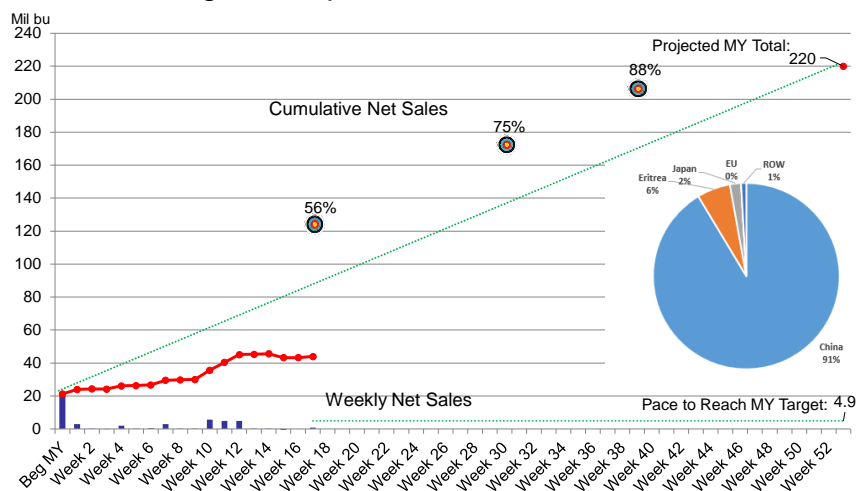
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U.S. Grain Sorghum Export Sales Commitments, 2024/25 MY



Export Sales Commitments for the week 12/26/2024: 743,000 bushels
Total Export Sales Commitments this marketing year: 44 million bushels
20% of the 2024/25 MY Export Sales Target of 220 million bushels (December WASDE)
On average, 56% of the marketing year total is accounted for by the end of December

USDA, Foreign Agricultural Service: January 3, 2025

Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
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
December 26	4.54	5.14	0.60	5.81	5.22
January 2	4.60	5.17	0.58	5.87	5.28
10-yr average			0.46		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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	
December 26	4.54	4.40	-0.14	5.24	
January 2	4.60	4.45	-0.15	5.30	
10-yr average			0.02		

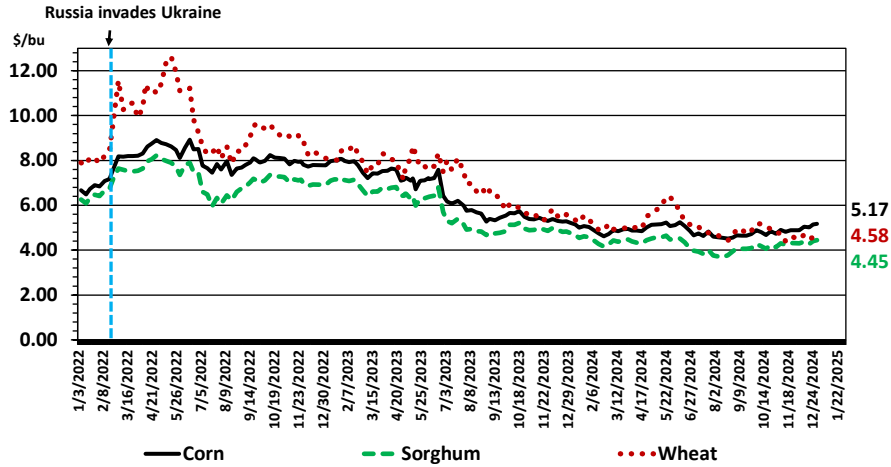
AMS Market News: TX cash = average (North, Central, and South Panhandle), Gulf sorghum: DTN

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Texas Cash Grain Prices January 2022-January 2025

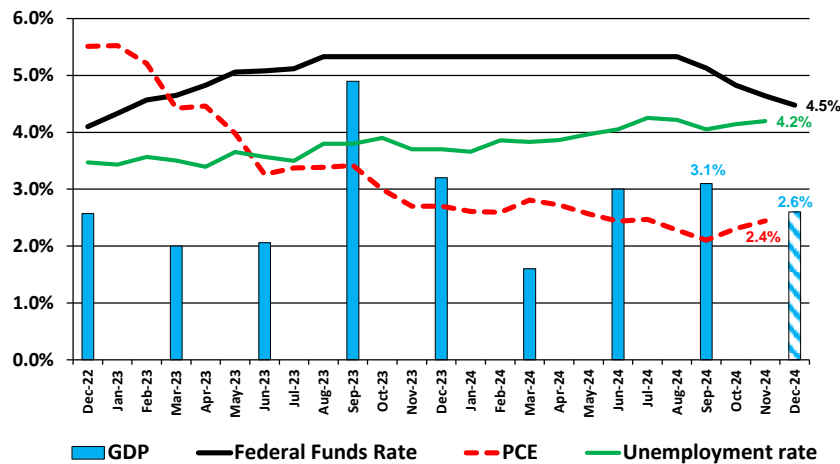


USDA, AMS, Market News: TX cash = average (North Panhandle, Central Panhandle, South Panhandle)

Outside Markets. The economic backdrop of the Fed’s decision to lower the federal funds rate in December is an unemployment rate of 4.2%, inflation running between 2 and 2-1/2%, and GDP growth in the third quarter (June-August) of 3.1%.

Labor market conditions will be updated next Friday (January 10) in the December Employment Situation from the Bureau of Labor Statistics. The current estimate of GDP growth in the 4th quarter of 2024 from the Atlanta Federal Reserve is 2.6%.

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 Index, Federal Reserve Economic Data
 Updated January 3, 2025

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Prices about 11:45 am CT January 3, 2025:

	IV QTR	10/1/2024	1/3/2025	net change	% change
S&P 500	SPX:IN	5,709.00	5,931.73	222.73	3.90%
10-yr T Note	Yield, %	3.74	4.58	0.84	22.46%
CRB	CRY:IND	286.37	298.98	12.61	4.40%
Dollar Index	March 2025	100.67	108.79	8.11	8.06%
Crude Oil	March 2025	68.62	73.38	4.76	6.94%
Copper	March 2025	4.62	4.07	(0.55)	-11.83%
Corn	March 2025	4.47	4.50	0.04	0.84%
	May 2025	4.56	4.58	0.02	0.49%
Soybeans	March 2025	10.90	9.89	(1.00)	-9.20%
	May 2025	11.03	10.01	(1.02)	-9.23%
SRW Wheat	March 2025	6.20	5.29	(0.90)	-14.57%
	May 2025	6.31	5.41	(0.90)	-14.26%

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, 10/1/2024-1/3/2025 (<https://www.barchart.com/>):

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

108.785 -0.424 (-0.39%) 11:41 CT [ICE/US]

108.780 x 20 108.785 x 2

CHART PANEL for Fri, Jan 3rd, 2025

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



Crude Oil WTI Mar '25 (CLH25)

73.38 +0.88 (+1.21%) 11:43 CT [NYMEX]

73.37 x 28 73.38 x 3

CHART PANEL for Fri, Jan 3rd, 2025

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



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High Grade Copper Mar '25 (HGH25)

4.0740 +0.0480 (+1.19%) 11:43 CT [COMEX]

4.0740 x3 4.0745 x9

CHART PANEL for Fri, Jan 3rd, 2025

Full Screen Chart

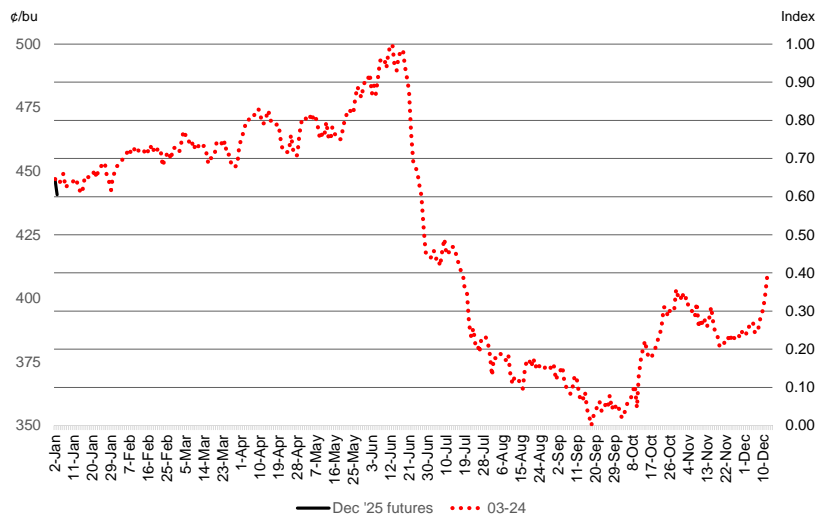
Notes My Charts Alerts Watch Actions Help



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 2025 Corn Futures Seasonal Pattern
2003-2024



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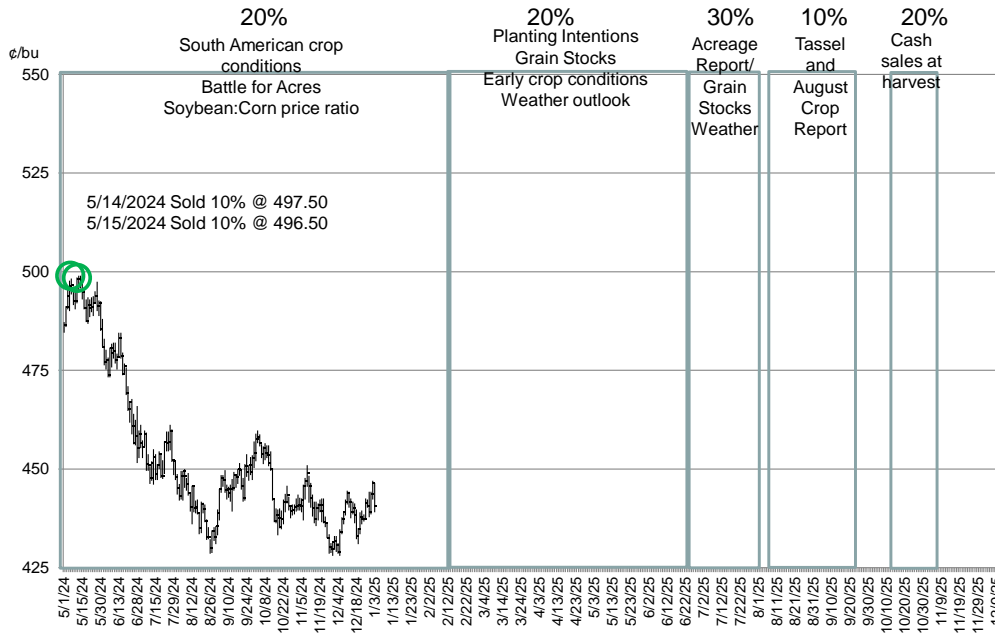
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Feed Grain Marketing Plan. I priced the first 20% of the 2025 corn crop back in May of 2024. My plan is to be 70% priced by the first of July.

December Corn Futures and 2025 Marketing Plan



Upcoming Reports/Events

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
February 12-13	Master Marketer: Building a Marketing Plan: Feed Grains, Amarillo
February 27-28	Master Marketer: Building a Marketing Plan: Cotton, Lubbock
March 25-26	Master Marketer: Building a Marketing Plan: Grain, Waco
April 23-24	Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco

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