

Feed Grain Outlook

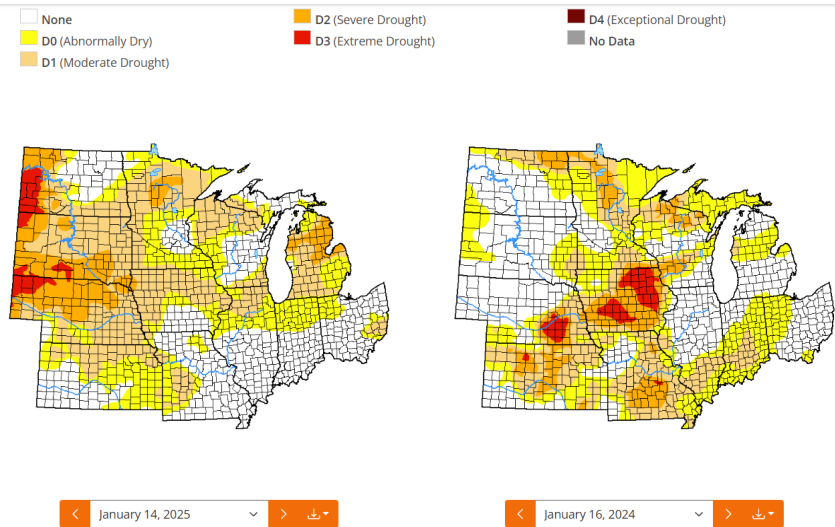
January 17, 2025
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Today's Newsletter

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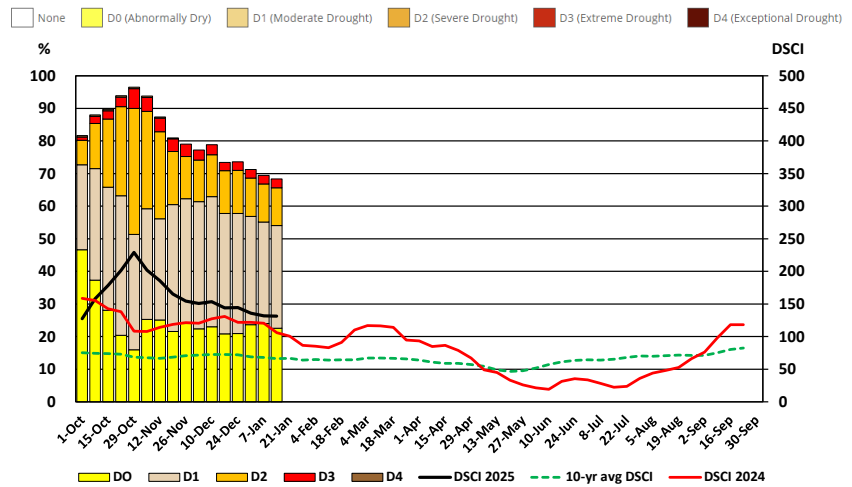
Market Situation

Crop Progress and Condition. The drought severity index for the North Plains region January 14 was 131. This compares to a 66-point 10-year average and the reading last year of 106. Extreme conditions are confined to western areas of North Dakota, South Dakota, and Nebraska. Last year extreme conditions were reported from southeast Nebraska to northeast Iowa.



North Central Drought Monitor, 1/14/2025

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, 1/16/2025, North Central, <http://droughtmonitor.unl.edu/>

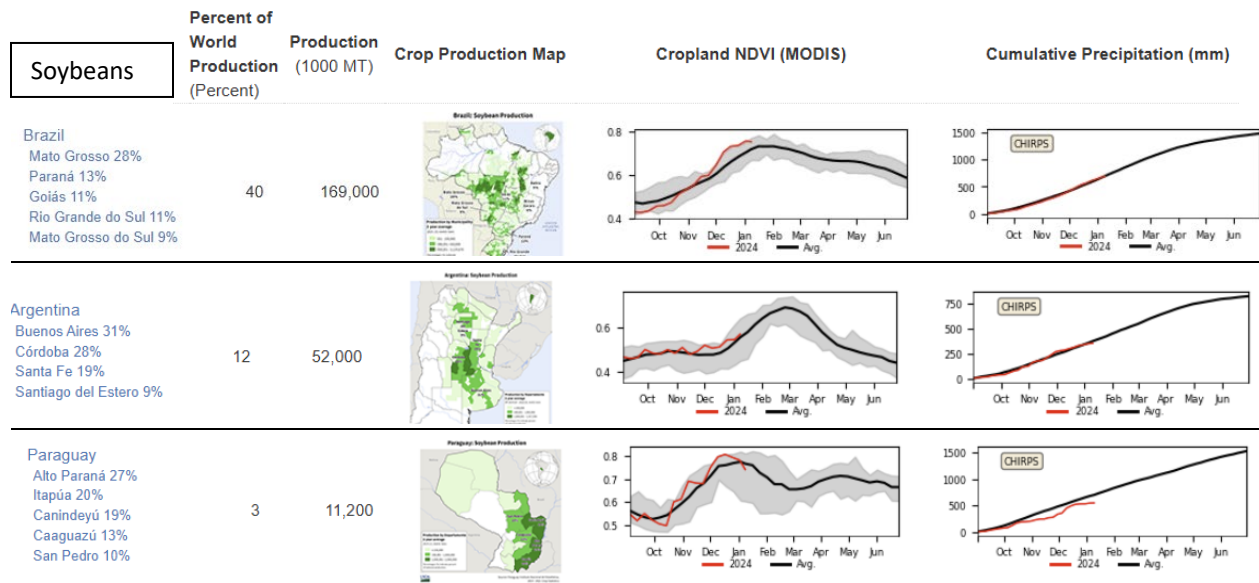


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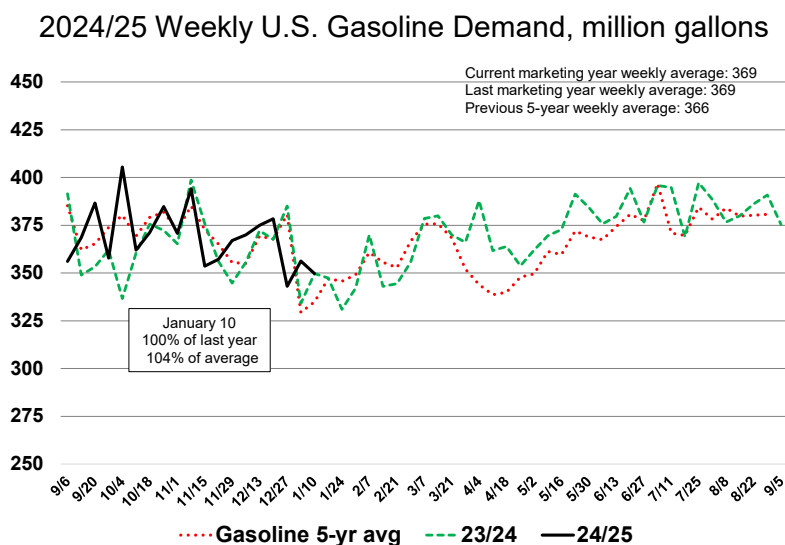
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Updated Cropland NDVI measures (Normalized Difference Vegetation Index, a measure of vegetation vigor), are running above average in Brazil, about average in Argentina, but slipping below average in Paraguay . Cumulative precipitation is about normal in Brazil and Argentina, slightly below normal in Paraguay.



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

Grain Use. Gasoline demand this corn marketing year is running about on par with last year, an average of 369 million gallons per week.



Energy Information Administration, This Week in Petroleum, January 15, 2025

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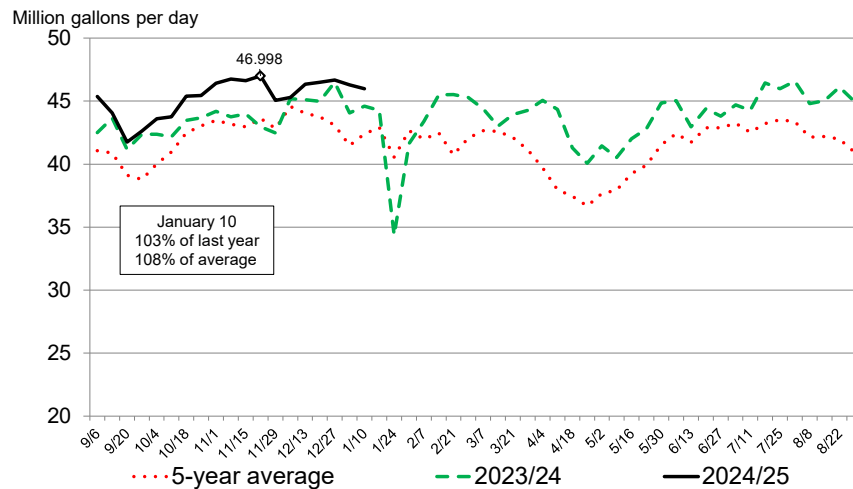
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Ethanol production is ahead of a year ago at 45.3 million gallons per day compared to 43.7.

2024/25 U.S. Ethanol Production

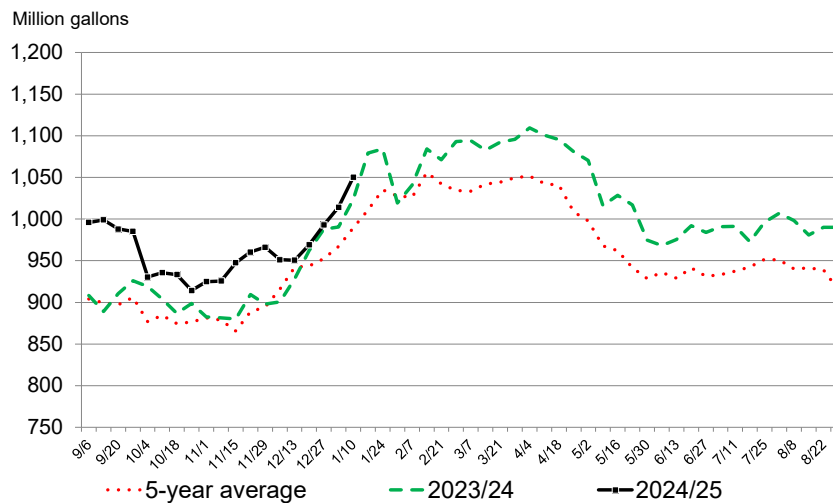
2024/25 daily average = 45.3 mil gal per day 5-year daily avg = 41.6 mil gal
 Implies use of 5,703 mil bu of grain (2.9 gal/bu) 2023/24 daily avg = 43.7 mil gal
 January USDA estimate = 5,545 (5,500 mil bu corn for fuel + 45 mil bu sorghum fsi)



Energy Information Administration, Weekly Petroleum Status Report, January 15, 2025
 Ethanol conversion rate, University of Illinois

Ethanol stocks are climbing, following along seasonal trends.

2024/25 U.S. Weekly Ending Ethanol Stocks



Energy Information Administration, Weekly Petroleum Status Report, January 15, 2025

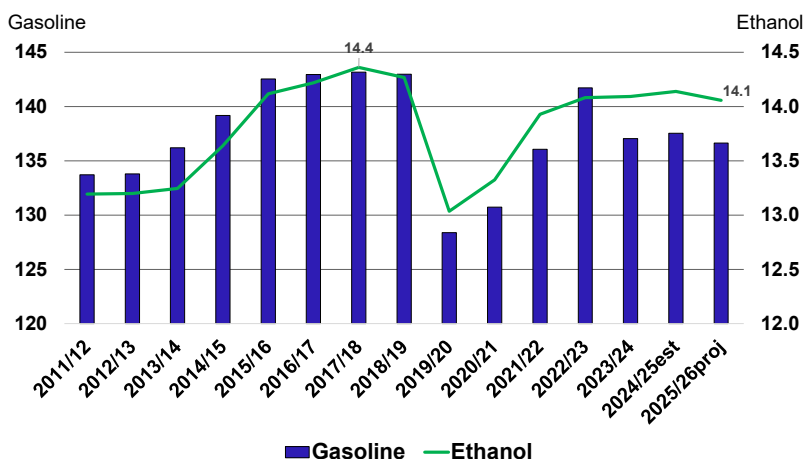
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In the January update, the Energy Information Administration’s Short-term Energy Outlook projects both gasoline and ethanol consumption up slightly in 2024/25 before a slight decline in 2025/26, neither back up to pre-pandemic levels.

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



EIA, Short Term Energy Outlook, January 2025
<http://www.eia.gov/>

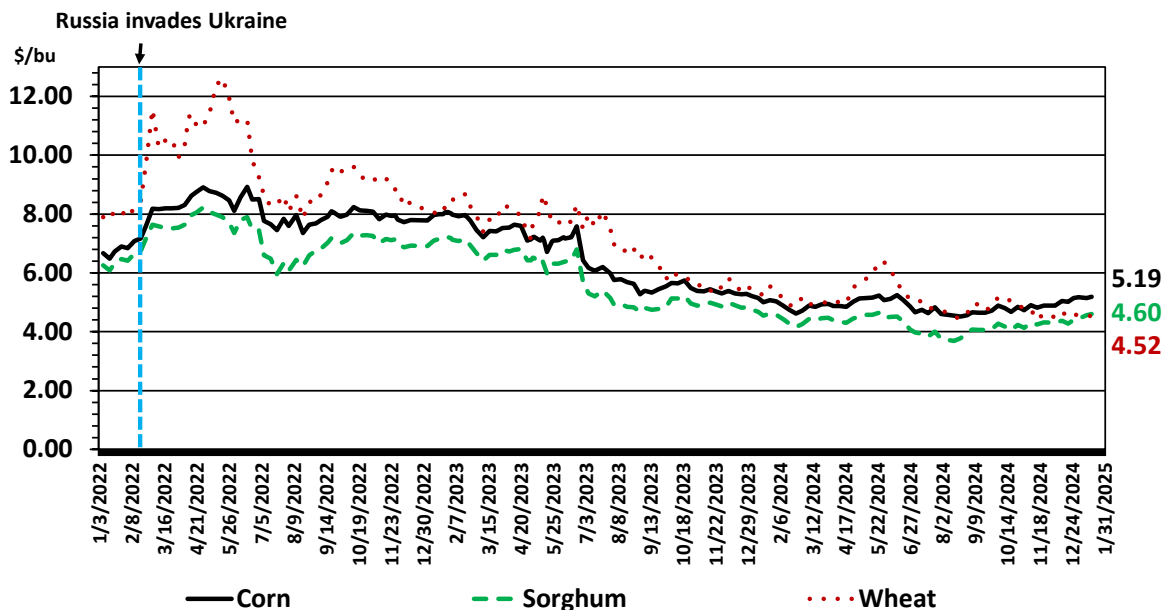
Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
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
January 10	4.71	5.15	0.45	6.02	5.38
January 16	4.75	5.19	0.45	6.02	5.41
10-yr average			0.46		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
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	
January 10	4.71	4.56	-0.15	5.41	
January 16	4.75	4.60	-0.15	5.40	
10-yr average			0.02		

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

Texas Cash Grain Prices January 2022-January 2025



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

Outside Markets. The December Consumer Price Index released by the Bureau of Labor Statistics Wednesday showed inflation month to month the highest since last March (+0.4%). On an annual basis, inflation in December was 2.9%, up from 2.7% last month.

Items continuing to pressure prices higher are shelter and service-related expenditures: transportation services, medical services, and food away from home.

The producer price index, often a precursor of inflation at the consumer level, was up 3.3%, up from 3.0% in November.

With a relatively stable labor market, positive forecast for GDP, and inflation stubbornly above their 2% long-term target, it seems unlikely the Fed will reduce interest rates at the upcoming meeting of the Federal Open Market Committee January 28-29.

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



**Transmission of material in this release is embargoed until
8:30 a.m. (ET) Wednesday, January 15, 2025**

USDL-25-0021

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CONSUMER PRICE INDEX – DECEMBER 2024

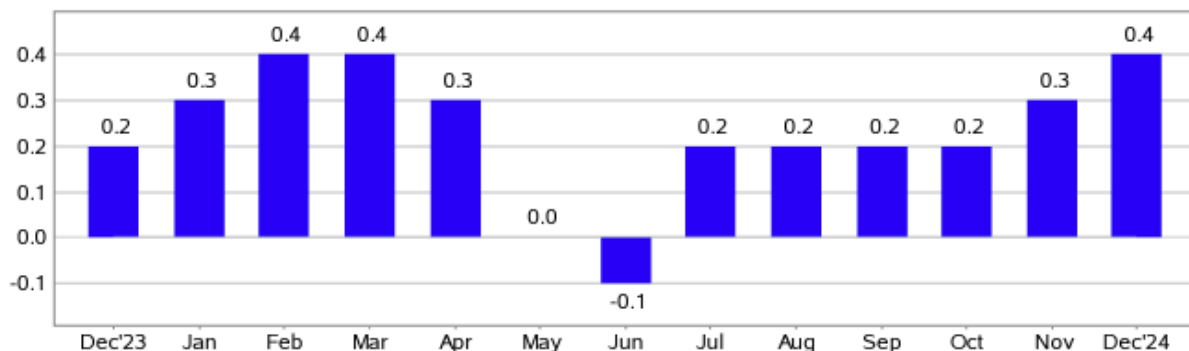
The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent on a seasonally adjusted basis in December, after rising 0.3 percent in November, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 2.9 percent before seasonal adjustment.

The index for energy rose 2.6 percent in December, accounting for over forty percent of the monthly all items increase. The gasoline index increased 4.4 percent over the month. The index for food also increased in December, rising 0.3 percent as both the index for food at home and the index for food away from home increased 0.3 percent each.

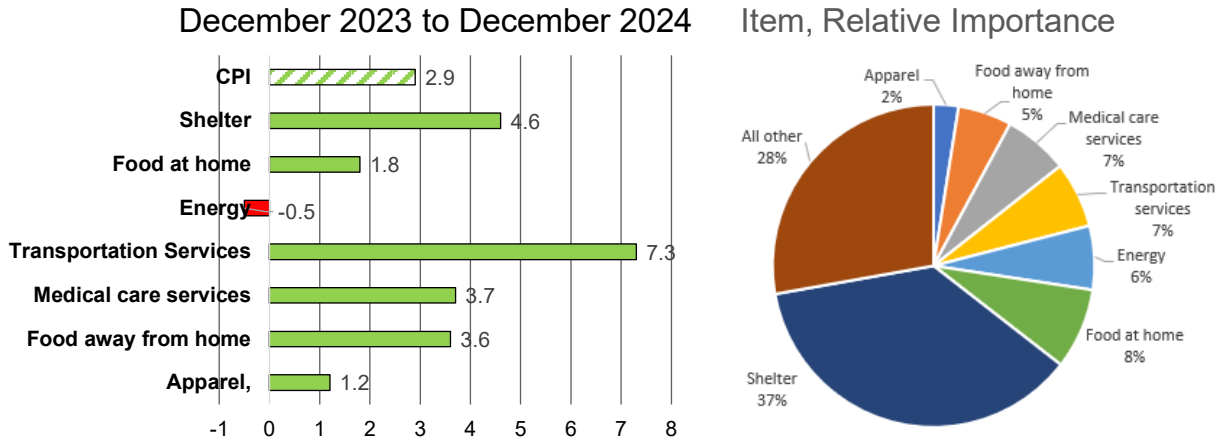
The index for all items less food and energy rose 0.2 percent in December, after increasing 0.3 percent in each of the previous 4 months. Indexes that increased in December include shelter, airline fares, used cars and trucks, new vehicles, motor vehicle insurance, and medical care. The indexes for personal care, communication, and alcoholic beverages were among the few major indexes that decreased over the month.

The all items index rose 2.9 percent for the 12 months ending December, after rising 2.7 percent over the 12 months ending November. The all items less food and energy index rose 3.2 percent over the last 12 months. The energy index decreased 0.5 percent for the 12 months ending December. The food index increased 2.5 percent over the last year.

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Dec. 2023 - Dec. 2024
Percent change

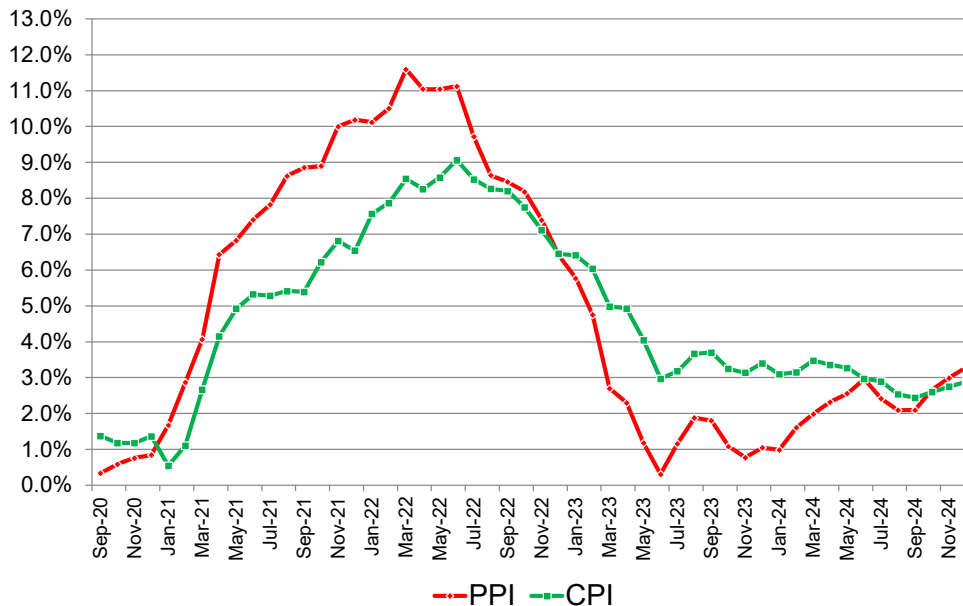


Percent Change, CPI, year over year



Source: Consumer Price Index (CPI) U.S. Bureau of Labor Statistics, January 15, 2025

U.S. Inflation Producer Price Index and Consumer Price Index 12-month percentage change



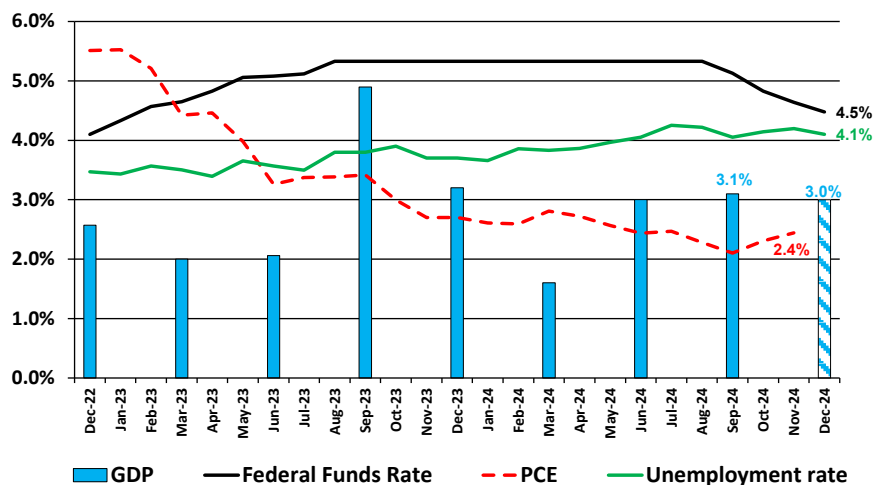
Source: Consumer Price Index (CPI) U.S. Bureau of Labor Statistics, January 15, 2025
 Producer Price Index (PPI), St. Louis Fed, January 14, 2025

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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 17, 2025

Prices about 10:00 am CT January 17, 2025:

	I QTR	1/2/2025	1/17/2025	net change	% change
S&P 500	SPX:IN	5,868.55	6,000.45	131.90	2.25%
10-yr T Note	Yield, %	4.57	4.66	0.09	1.97%
CRB	CRY:IND	298.98	311.35	12.37	4.14%
Dollar Index	March 2025	109.21	108.99	(0.22)	-0.20%
Crude Oil	March 2025	72.50	77.19	4.69	6.47%
Copper	March 2025	4.03	4.36	0.34	8.35%
Corn	March 2025	4.60	4.82	0.22	4.84%
	May 2025	4.67	4.91	0.23	4.98%
Soybeans	March 2025	10.12	10.35	0.23	2.25%
	May 2025	10.25	10.45	0.20	1.95%
SRW Wheat	March 2025	5.46	5.40	(0.06)	-1.15%
	May 2025	5.58	5.52	(0.06)	-1.08%

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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, 1/2/2025-1/17/2025 (<https://www.barchart.com/>):



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Crude Oil WTI Mar '25 (CLH25)

77.19 -0.66 (-0.85%) 10:05 CT [NYMEX]

77.19 x 1 77.20 x 28

CHART PANEL for Fri, Jan 17th, 2025

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



High Grade Copper Mar '25 (HGH25)

4.3620 -0.0790 (-1.78%) 10:06 CT [COMEX]

4.3615 x 5 4.3620 x 1

CHART PANEL for Fri, Jan 17th, 2025

Full Screen Chart

Notes My Charts Alerts Watch Actions Help



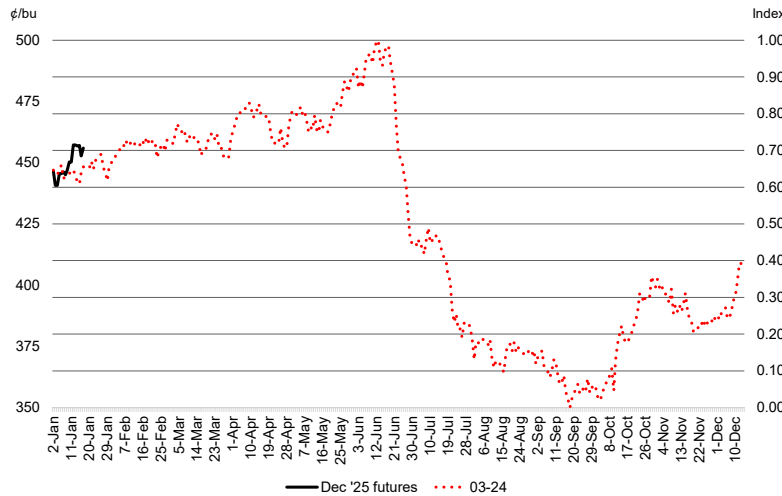
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Marketing Strategies

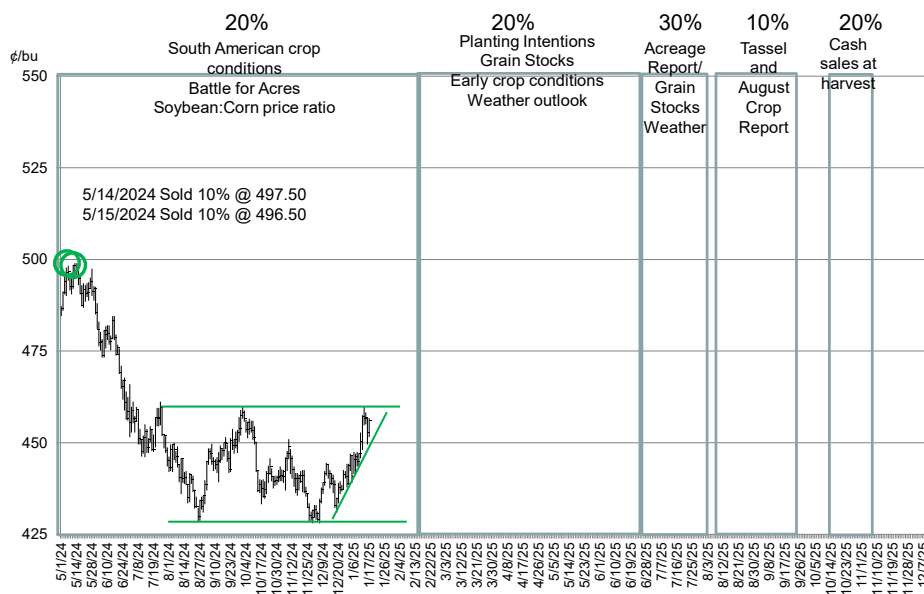
Seasonality. The seasonal price pattern for the December corn contract shows the best pricing prospects in the first half of the year (peaking in June) with prices falling below average (0.50 on the index) in late-June/early July and then bottoming out late September/early October. This is the foundation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

December 2025 Corn Futures Seasonal Pattern
2003-2024



Feed Grain Marketing Plan. I priced the first 20% of the 2025 corn crop back in May of 2024. I am watching this price move following the January WASDE to add to sales. My plan is to have 70% of the 2025 crop priced by July.

December Corn Futures and 2025 Marketing Plan



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Upcoming Reports/Events

January 24	Cattle on Feed
January 28-29	Federal Open Market Committee, Federal Reserve
January 31	Cattle Personal Consumption Expenditures Index (PCE)
February 11	WASDE Crop Production
February 12-13	Master Marketer: Building a Marketing Plan: Feed Grains, Amarillo
February 27-28	USDA Ag Outlook Forum Master Marketer: Building a Marketing Plan: Cotton, Lubbock
March 25-26	Master Marketer: Building a Marketing Plan: Feed Grains, Waco
April 23-24	Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco

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