

Feed Grain Outlook

March 21, 2025

Volume 34, Number 19

Today's Newsletter

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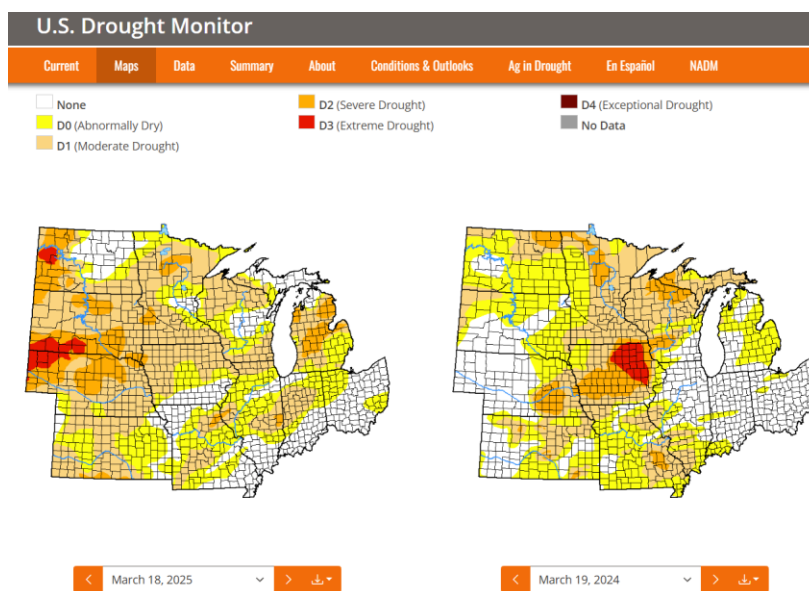
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Market Situation

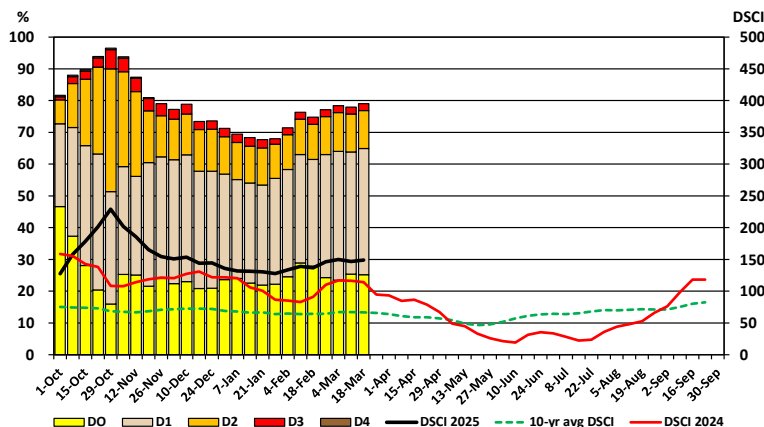
Crop Progress and Condition. With planting season just a few weeks away, the area of the North Central region under drought is 79% and the drought severity index stands at 149. That is worse than drought indicators last year at this time when the area impacted by drought was 68% and the index was 114. The difference this year is the hardest hit areas are now on the western edge of the region whereas last year the most severe and extreme conditions were in Iowa.



North Central Drought Monitor, 3/18/2025

Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)



Drought Severity and Coverage Index (DSI) = $(D0 \times 1) + (D1 \times 2) + (D2 \times 3) + (D3 \times 4) + (D4 \times 5)$
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions
Drought Monitor, 3/20/2025, North Central, <http://droughtmonitor.unl.edu/>



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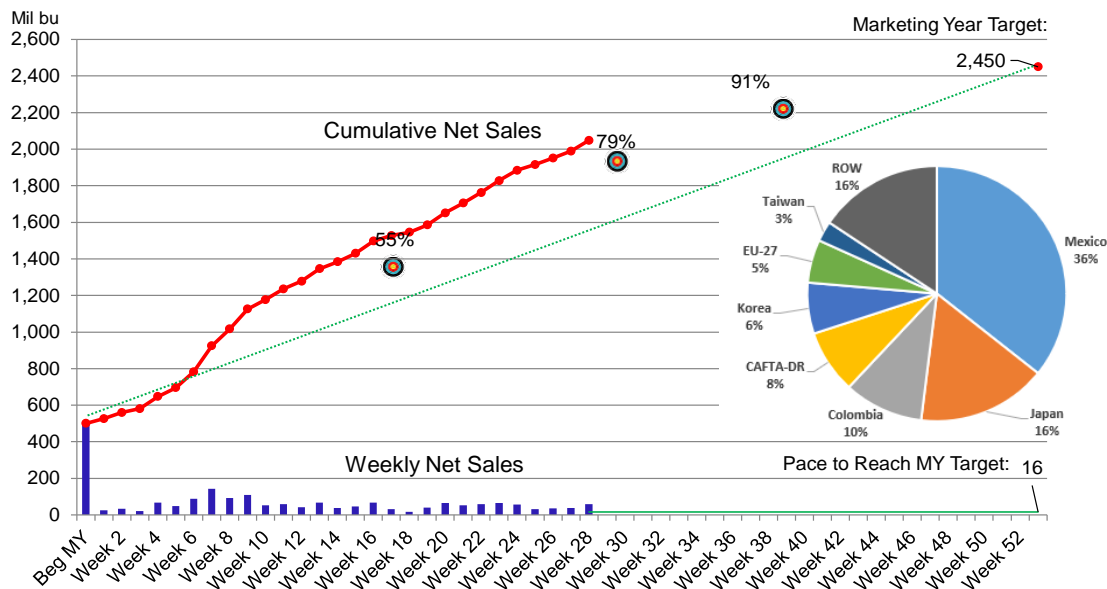
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Grain Use. This week's export sales reports continued generally strong levels of sales. Corn sales are now 84% of the 2.450 billion bushel target. Normally, 79% of sales are on the books by the end of March. Sorghum sales are behind normal but look to have improved, but much of that is due to USDA lowering the export target from 170 million bushels down to 100 million bushels. Soybean sales stand at 92% of its 1.8258 billion bushel marketing year projection. Export sales of ethanol are running 33% above year ago levels and 55% above average.

The next round of potential tariff impositions is just around the corner on April 2. Commodity and current export market share currently and potentially impacted by tariffs:

Corn 41%: Mexico 36%, EU 5%
Sorghum 92%: China 80%, Mexico 8%, EU 4%
Soybeans 65%: China 47%, EU 10%. Mexico 8%
Ethanol 48%: Canada 33%, EU 11%, Mexico 4%

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



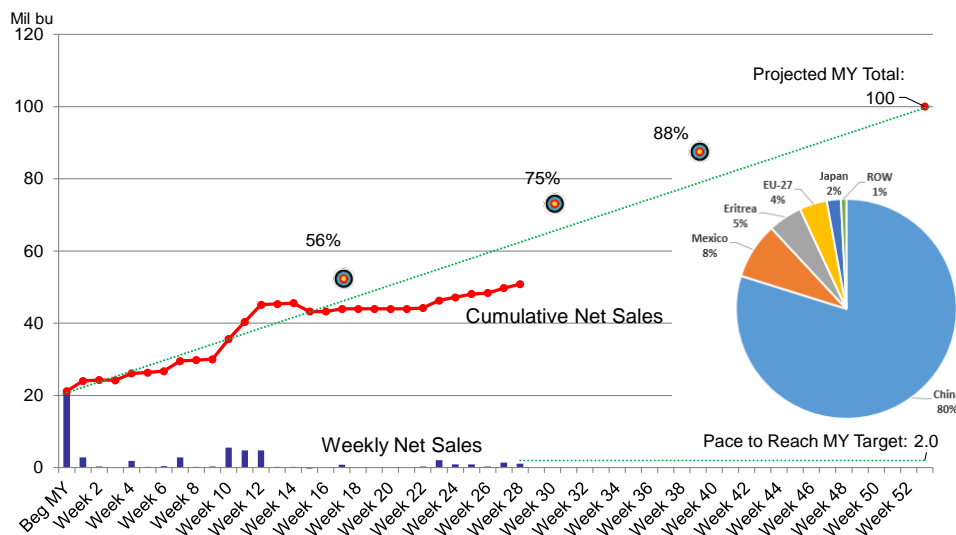
Export Sales Commitments reported 3/13/2025: 59 million bushels (Japan, 19.2 mil bu)
Total Export Sales Commitments this marketing year: 2,048 million bushels
84% of the 2024/25 MY Export Sales Target of 2,450 million bushels (March WASDE)
On average, 79% of the marketing year total is accounted for by the end of March
USDA, Foreign Agricultural Service: March 20, 2025

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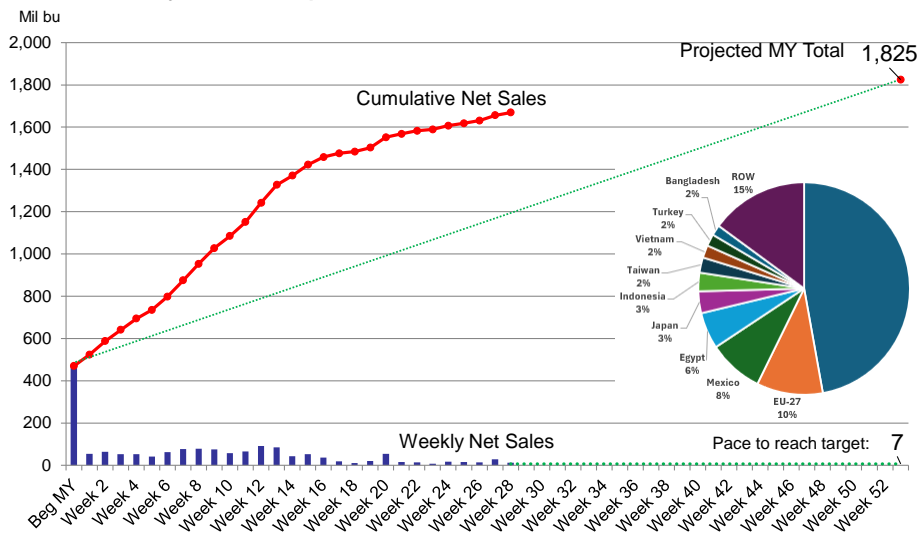
U.S. Grain Sorghum Export Sales Commitments, 2024/25 MY



Export Sales Commitments for the week 3/13/2025: 1.112 million bushels
Total Export Sales Commitments this marketing year: 51 million bushels
51% of the 2024/25 MY Export Sales Target of 100 million bushels (March WASDE)
On average, 75% of the marketing year total is accounted for by the end of March

USDA, Foreign Agricultural Service: March 20, 2025

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



Export Sales Commitments for the week 3/13/2025: 13 million bushels
Total Export Sales Commitments this marketing year: 1,686 million bushels
92% of the 2024/25 MY Export Sales Target of 1,825 million bushels (March WASDE)

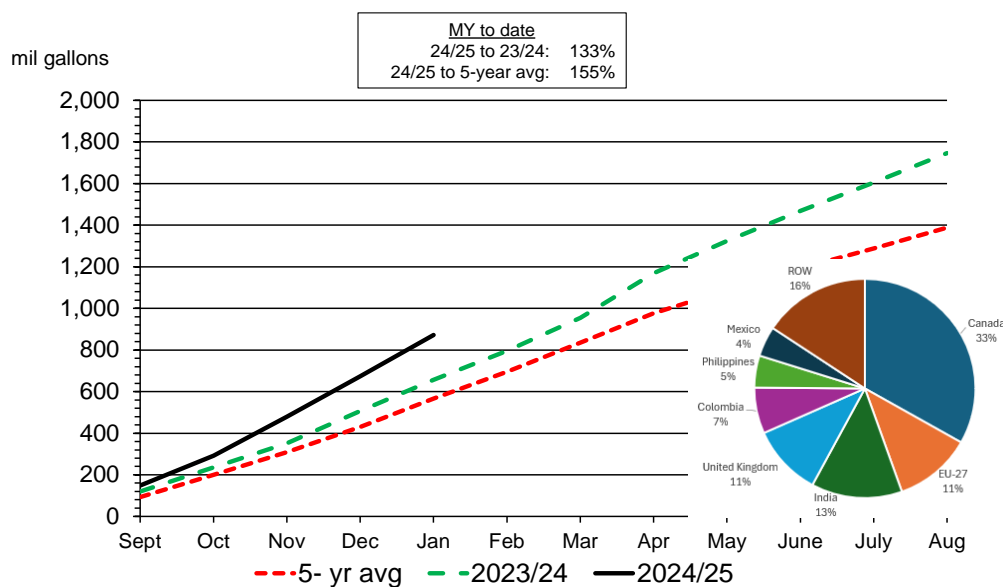
USDA, Foreign Agricultural Service: March 20, 2025

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U.S. Ethanol Exports



USDA, FAS, GATS As of March 20, 2025

Cash Feed Grain Prices, \$/bu.

	Nearby Corn Futures	TX Corn Avg Cash Elevator	TX Basis	TX Corn Feedlot	Corn LA Gulf Export bid
February 20	4.98	5.37	0.39	6.25	5.76
February 27	4.65	5.04	0.39	5.97	5.48
March 6	4.64	4.95	0.31	5.89	5.26
March 13	4.65	5.00	0.35	5.91	
March 20	4.69	5.00	0.31	5.95	5.37
10-yr average			0.41		

	Nearby Corn Futures	TX Sorghum Avg Cash Elevator	TX Basis	TX Sorghum Feedlot	Sorghum TX Gulf Export bid
February 20	4.98	4.78	-0.20	5.49	
February 27	4.65	4.44	-0.20	5.07	
March 6	4.64	4.31	-0.33	5.02	
March 13	4.65	4.36	-0.29	5.03	
March 20	4.69	4.40	-0.29	5.07	
10-yr average			0.02		

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

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Outside Markets. The Federal Open Market Committee of the Federal Reserve voted to leave the target range of the federal funds rate unchanged at its meeting this week. That range is 4-1/4 to 4-1/2 percent. The decision was based on the committee's assessment that economic activity in the U.S. continues to expand at a solid pace, the unemployment rate is stable and relatively low, but inflation remains, in the words of the press release, "somewhat elevated".

Also as part of this meeting were economic projections of the committee members around GDP growth, inflation, unemployment, and the appropriate monetary policy given that outlook. The median (middle of the range) projection for GDP changes little from 2025 through 2027, 1.7 to 1.8%. Unemployment too is steady, 4.4 to 4.2%. The rate of inflation is expected decline, from 2.7% in 2025 down to 2.0% (the Fed's target level) by 2027.

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, March 2025

Variable	Median ¹				Central Tendency ²				Range ³			
	2025	2026	2027	Longer run	2025	2026	2027	Longer run	2025	2026	2027	Longer run
Change in real GDP	1.7	1.8	1.8	1.8	1.5-1.9	1.6-1.9	1.6-2.0	1.7-2.0	1.0-2.4	0.6-2.5	0.6-2.5	1.5-2.5
December projection	2.1	2.0	1.9	1.8	1.8-2.2	1.9-2.1	1.8-2.0	1.7-2.0	1.6-2.5	1.4-2.5	1.5-2.5	1.7-2.5
Unemployment rate	4.4	4.3	4.3	4.2	4.3-4.4	4.2-4.5	4.1-4.4	3.9-4.3	4.1-4.6	4.1-4.7	3.9-4.7	3.5-4.5
December projection	4.3	4.3	4.3	4.2	4.2-4.5	4.1-4.4	4.0-4.4	3.9-4.3	4.2-4.5	3.9-4.6	3.8-4.5	3.5-4.5
PCE inflation	2.7	2.2	2.0	2.0	2.6-2.9	2.1-2.3	2.0-2.1	2.0	2.5-3.4	2.0-3.1	1.9-2.8	2.0
December projection	2.5	2.1	2.0	2.0	2.3-2.6	2.0-2.2	2.0	2.0	2.1-2.9	2.0-2.6	2.0-2.4	2.0
Core PCE inflation ⁴	2.8	2.2	2.0		2.7-3.0	2.1-2.4	2.0-2.1		2.5-3.5	2.1-3.2	2.0-2.9	
December projection	2.5	2.2	2.0		2.5-2.7	2.0-2.3	2.0		2.1-3.2	2.0-2.7	2.0-2.6	
Memo: Projected appropriate policy path												
Federal funds rate	3.9	3.4	3.1	3.0	3.9-4.4	3.1-3.9	2.9-3.6	2.6-3.6	3.6-4.4	2.9-4.1	2.6-3.9	2.5-3.9
December projection	3.9	3.4	3.1	3.0	3.6-4.1	3.1-3.6	2.9-3.6	2.8-3.6	3.1-4.4	2.4-3.9	2.4-3.9	2.4-3.9

Figure 1. Medians, central tendencies, and ranges of economic projections, 2025-27 and over the longer run



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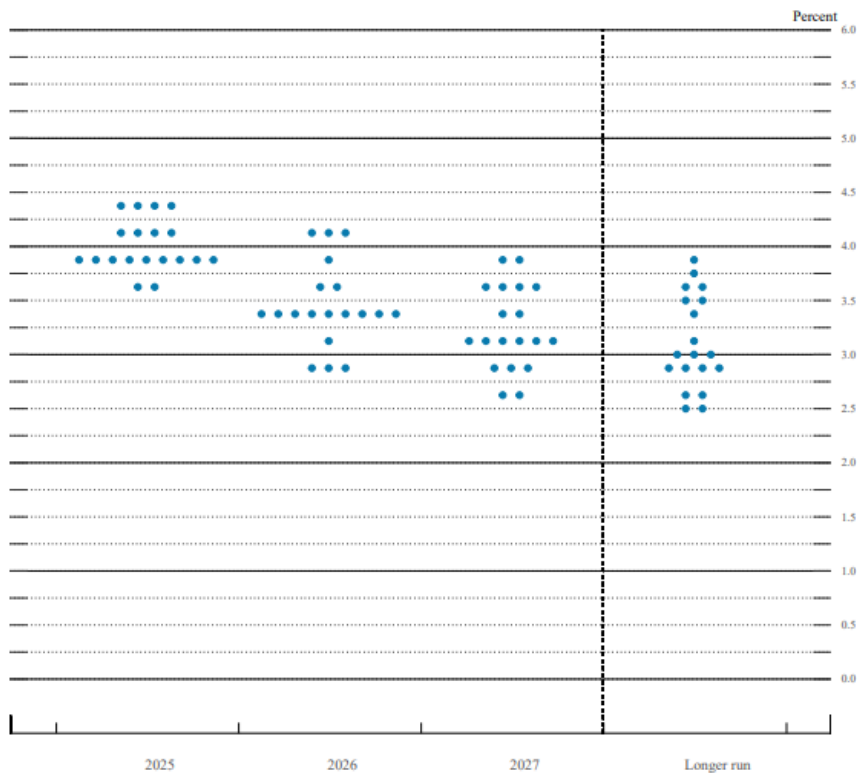
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The federal funds rate given these conditions is projected at 3.9% in 2025, 3.4% in 2026, 3.1% in 2027, and 3.0% longer term. However, the range of projections for interest rate policy by 2027 is still relatively wide, from a high of about 4% to a low around 2.5%

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



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☆ Federal Funds Effective Rate (FEDFUNDS)

Observations ▼

Feb 2025: **4.33**

Updated: Mar 3, 2025 3:17 PM CST

Next Release Date: Mar 4, 2025

Units:

Percent,

Not Seasonally Adjusted

Frequency:

Monthly

1Y

5Y

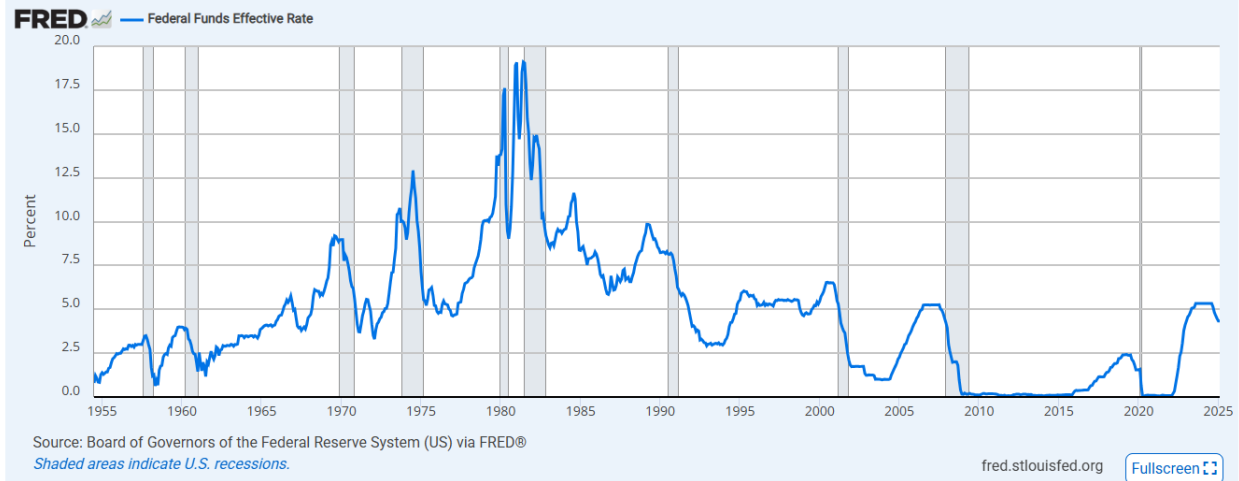
10Y

Max

Edit Graph

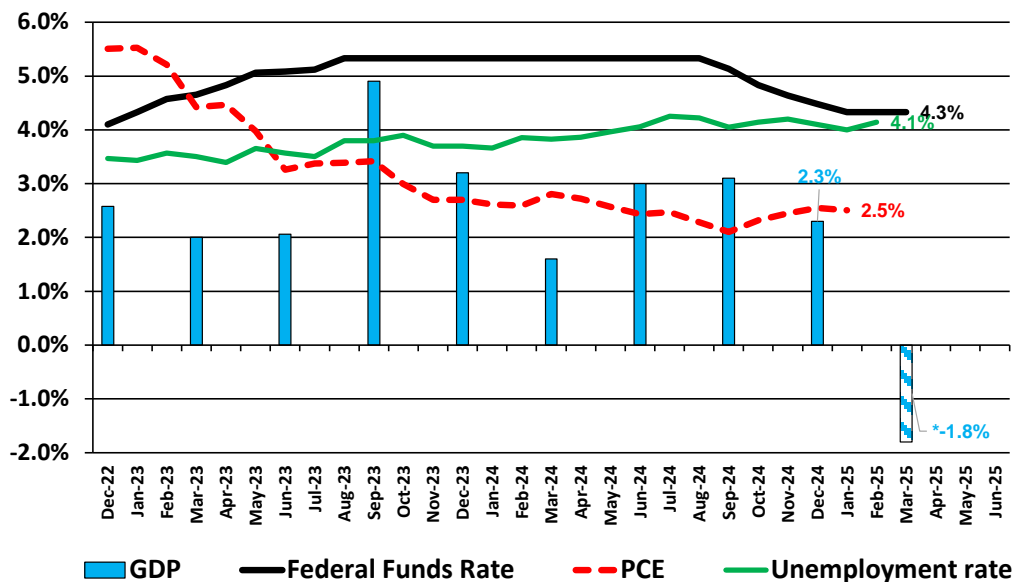
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1954-07-01 to 2025-02-01



The current forecast for U.S. GDP growth in the current first quarter of 2025 is -1.8%. The next meeting of the Federal Open Market Committee to evaluate monetary policy is May 6-7.

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

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Prices about 9:10 am CT March 21, 2025:

	I QTR	1/2/2025	3/21/2025	net change	% change
S&P 500	SPX:IN	5,868.55	5,612.41	(256.14)	-4.36%
10-yr T Note	Yield, %	4.57	4.25	(0.32)	-7.00%
CRB	CRY:IND	298.98	307.41	8.43	2.82%
Dollar Index	June 2025	108.85	103.63	(5.22)	-4.80%
Crude Oil	June 2025	71.21	67.67	(3.54)	-4.97%
Copper	June 2025	4.08	5.06	0.98	24.11%
Corn	May 2025	4.67	4.65	(0.02)	-0.48%
	July 2025	4.70	4.73	0.02	0.48%
Soybeans	May 2025	10.25	10.08	(0.17)	-1.66%
	July 2025	10.38	10.20	(0.17)	-1.69%
SRW Wheat	May 2025	5.58	5.58	0.01	0.13%
	July 2025	5.65	5.75	0.10	1.77%

Items in the table and reasoning for inclusion:

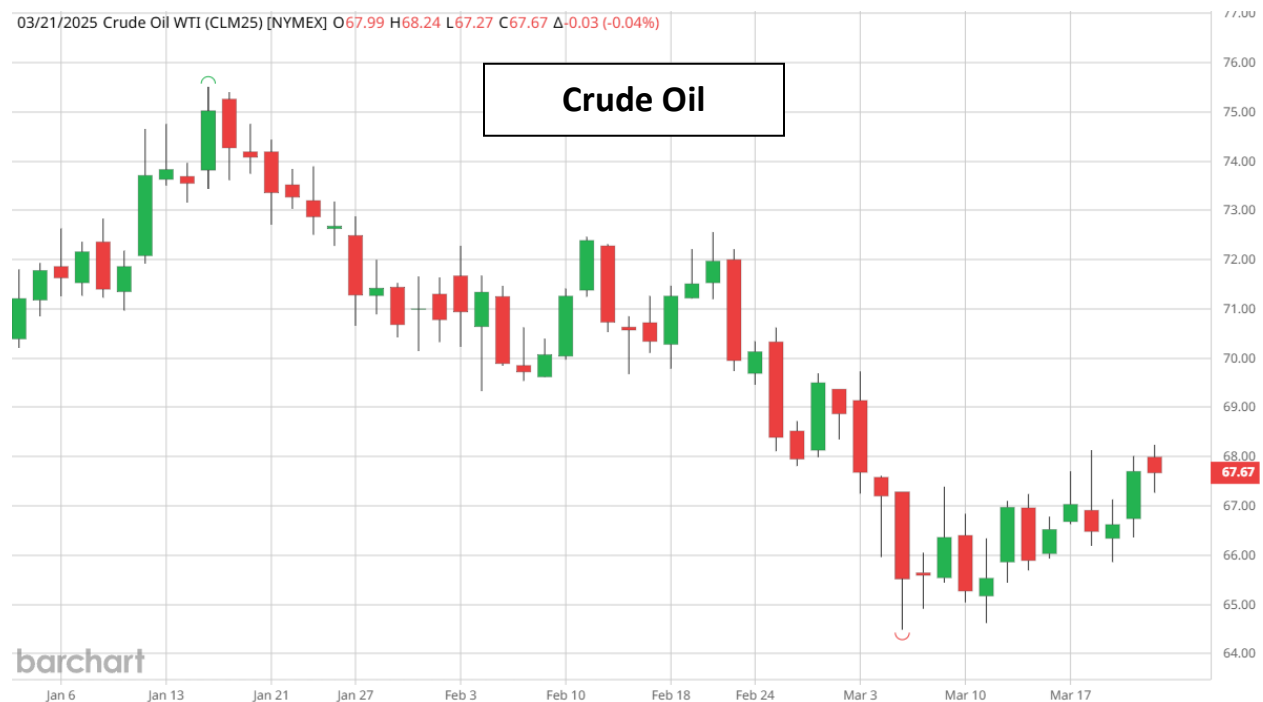
- S&P 500 Index—a reflection of market expectations of future earnings and economic growth;
- 10-year T-note: expectations of economic growth--rising yields suggest increases in economic growth and inflation;
- CRB Index—price direction of a representative indicator of global commodities;
- US dollar 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, 1/2/2025-3/21/2025 (<https://www.barchart.com/>):

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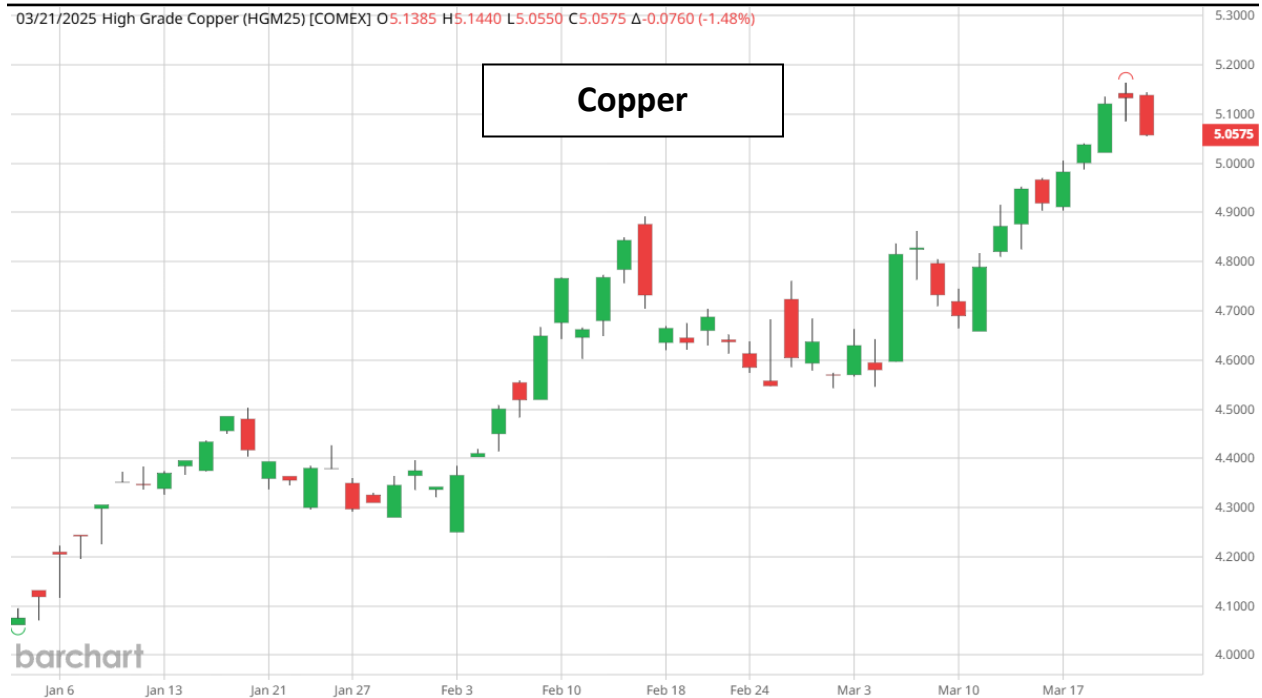
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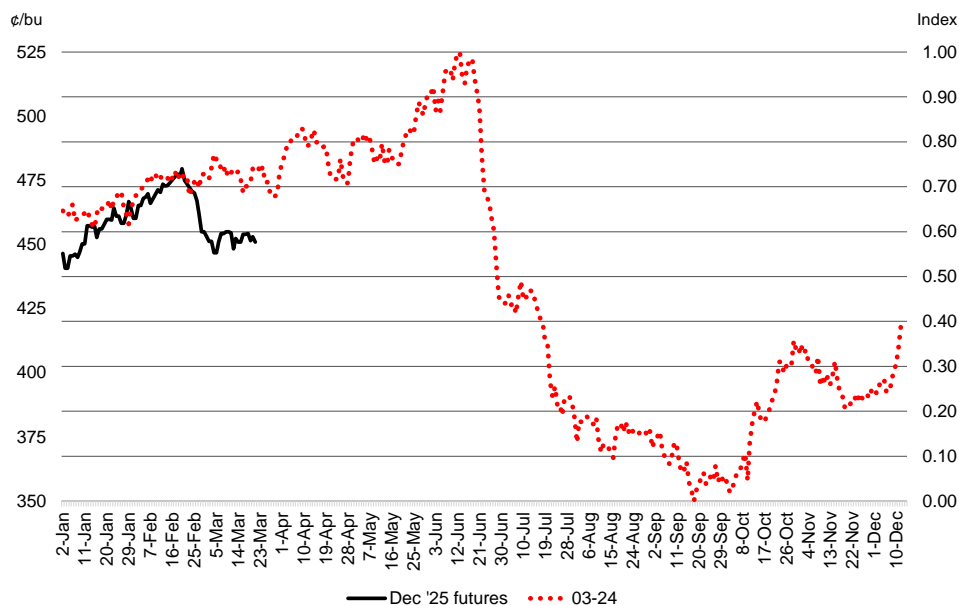
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Marketing Strategies

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

December 2025 Corn Futures and Seasonal Pattern 2003-2024



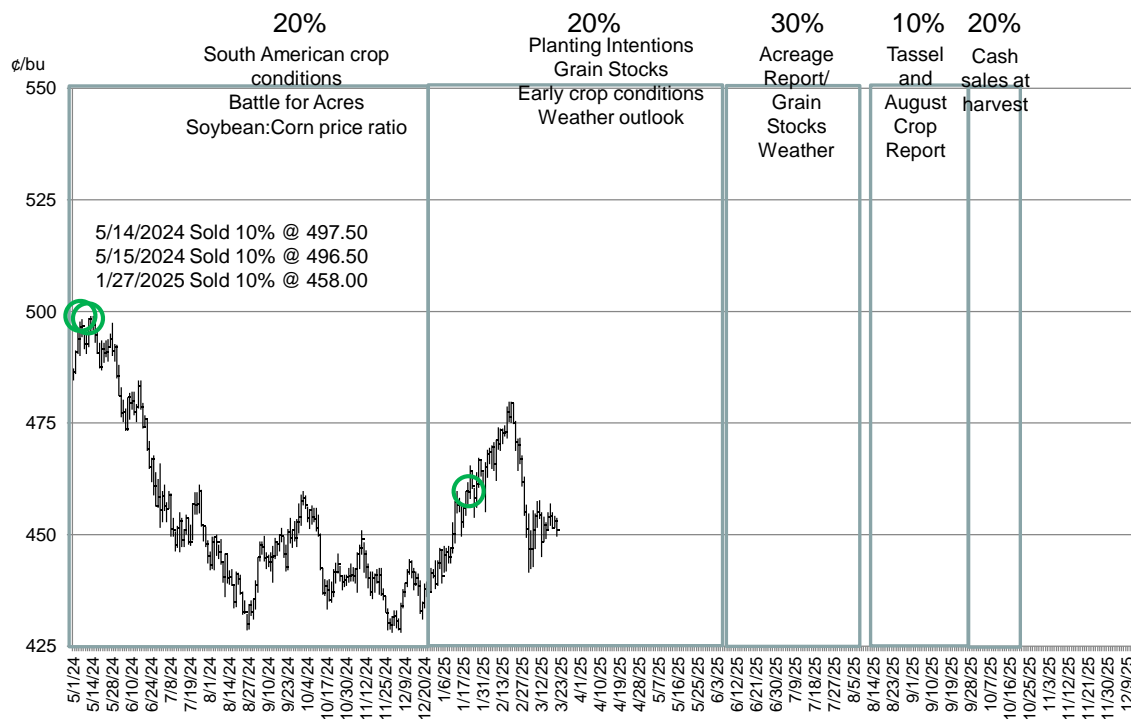
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Feed Grain Marketing Plan. I am 30% sold on the 2025 corn crop. My plan is to have 70% priced by July.

December Corn Futures and 2025 Marketing Plan



Current marketing plan performance:

	December 2025 corn futures	2025 Marketing Plan average price	% of 2025 crop priced	Marketing Plan advantage, %
January 2, 2025	446.50	456.60	20%	2.3%
February 3, 2025	465.25	470.88	30%	1.2%
March 3, 2025	451.25	461.08	30%	2.2%
March 21, 2025	451.00	460.90	30%	2.2%

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Upcoming Reports/Events

March 21	Cattle on Feed
March 25-26	Master Marketer: Building a Marketing Plan: Feed Grains, Waco
March 27	Hogs and Pigs
March 31	Prospective Plantings Grain Stocks
April 4	Employment Situation March 2025, Bureau of Labor Statistics
April 7	Crop Progress reports resume
April 8	Short-term Energy Outlook
April 10	Crop Production WASDE Consumer Price Index, Bureau of Labor Statistics
April 23-24	Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco

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