

Grain Market Outlook *2024/2025*

K-State Risk & Profit Conference

Manhattan, Kansas

August 16, 2024



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& GUY ALLEN – KSU INTERNATIONAL GRAINS PROGRAM (DISCUSSANT)

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics

Where 2024/25 Grain Markets Stand....

2

A. "Large Crop – Lower Price" Scenarios exist for U.S. crops

B. Still questions about 2024 Crop Yields – tbd by Nov-Jan

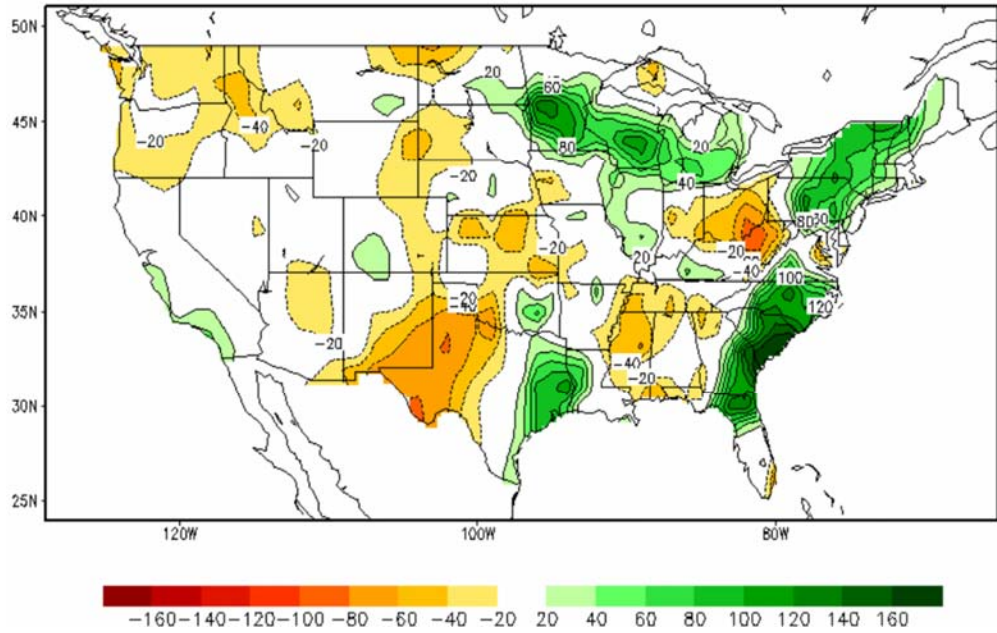
C. Low U.S. Crop prices in Fall-Winter 2024/25 likely to....

- Support U.S. grain usage & *perhaps* exports (?)
- Impact South American Crop Plantings in Oct²⁴-Jan²⁵....

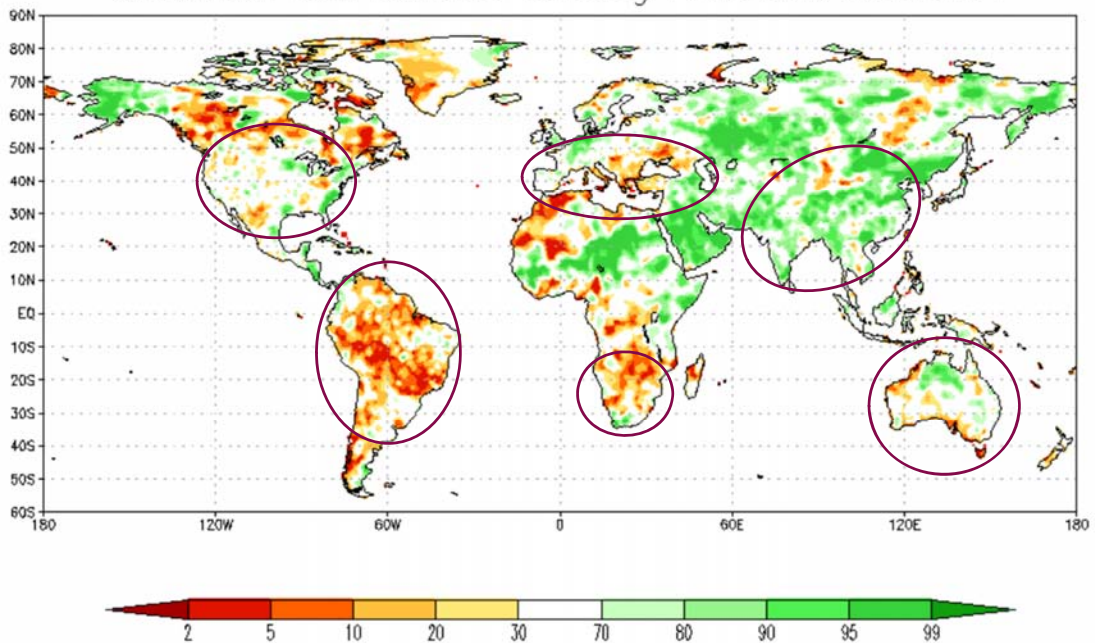
D. U.S. Ag Exports to China are down – what the future holds?

E. Trends in Usage, Weather & Geopolitical Risk *Challenges*

Predicted Soil Moisture Anomaly (mm)
(15Aug2024–22Aug2024)



Calculated Soil Moisture Ranking Percentile 20240814



Feedgrain Markets

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Monthly Commodity Futures Price Chart Corn (Globex) (CBOT)

<https://futures.tradingcharts.com>

6

ZC - Corn (Globex) - Monthly Chart

Change: -2.750

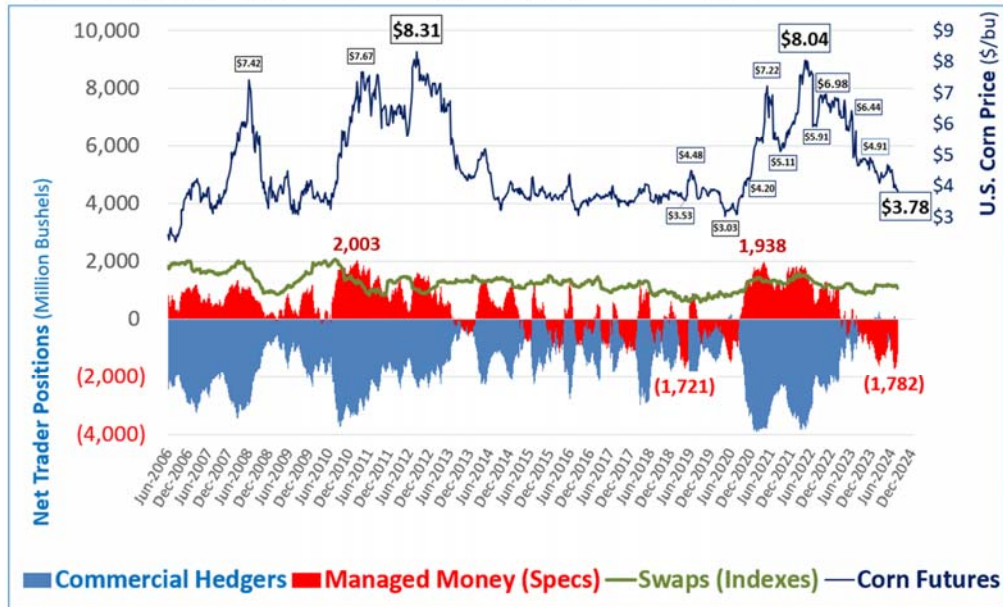
08/15/2024 O: 399.750 H: 409.000 L: 390.250 C: 397.000 Vol: 431763 OI: 1574502



Corn Futures-Net Position of Traders

7

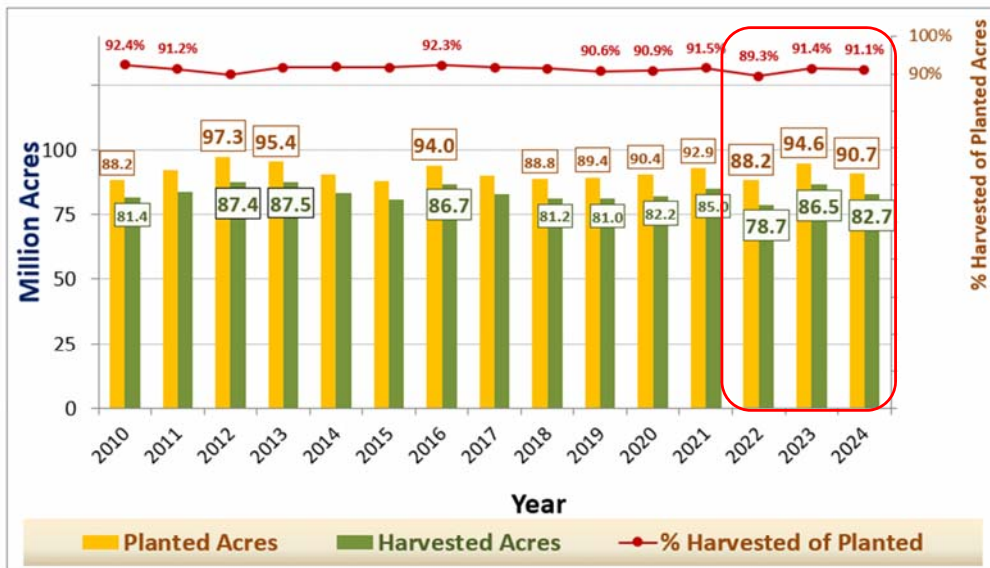
June 2006 through August 6, 2024 ^{CFTC Data} + August 13, 2024 SEPT²⁰²⁴ Corn Futures ^{Closes}



U.S. Corn Acres for 2010-2024

8

Source: USDA World Agricultural Supply & Demand Estimates (WASDE) Report ^{8/12/2024}

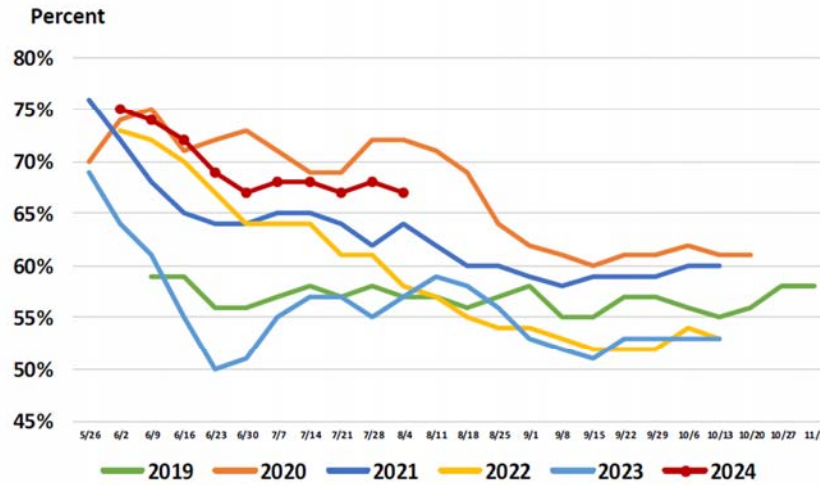




United States Corn Condition Percent Rated Good to Excellent



9



United States Department of Agriculture
National Agricultural Statistics Service

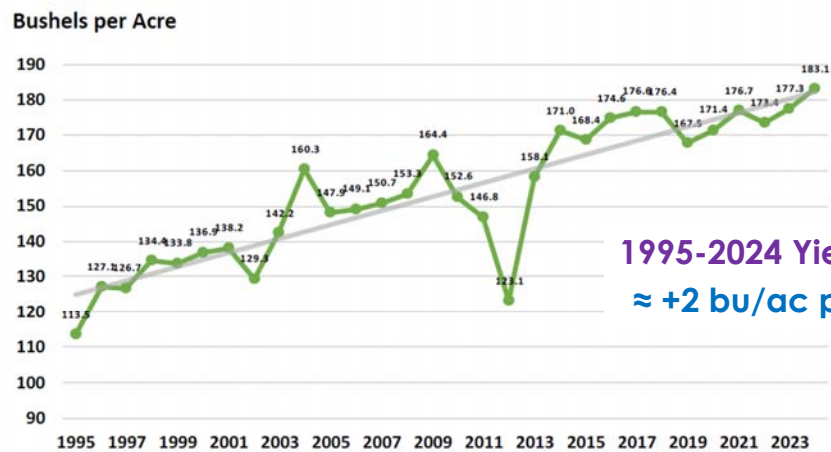
August 12, 2024



Corn Yield United States



10



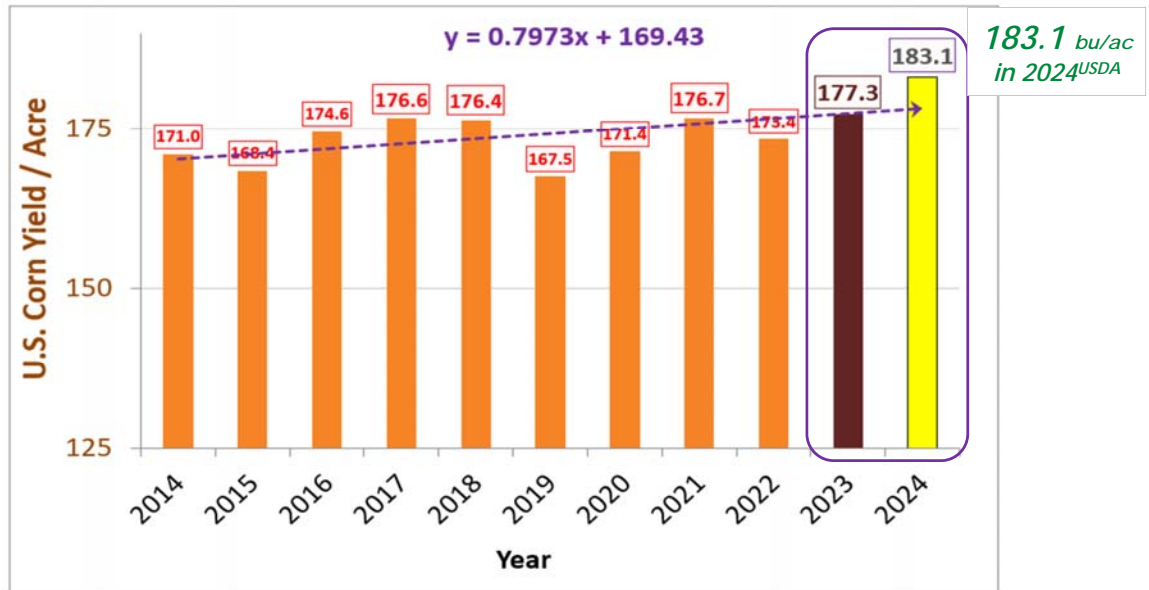
United States Department of Agriculture
National Agricultural Statistics Service

August 12, 2024

U.S. Corn Yields for 2014-2024

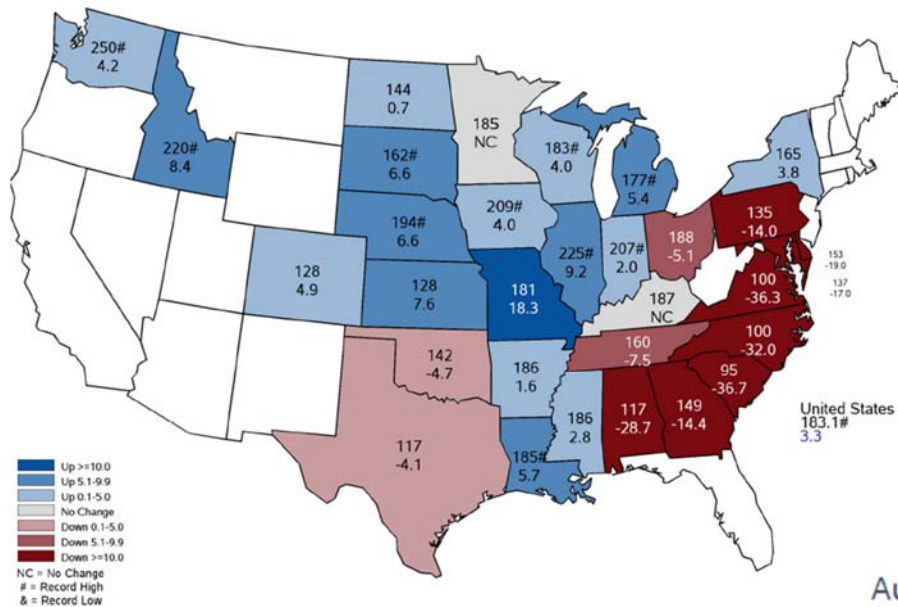
USDA World Agricultural Supply & Demand Estimates (WASDE) Report 8/12/2024

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August 2024 Corn Yield Bushels and Percent Change from Previous Year

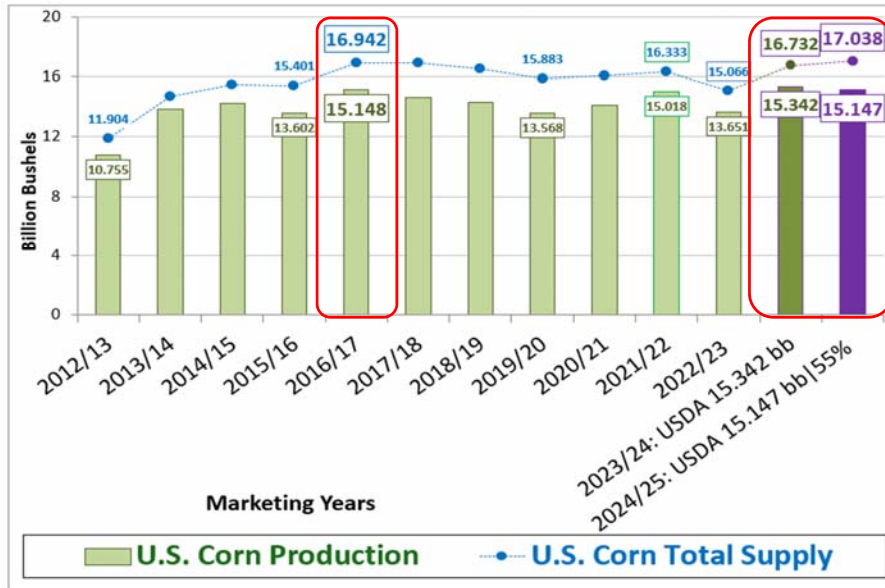
12



U.S. Corn Production & Supplies

13

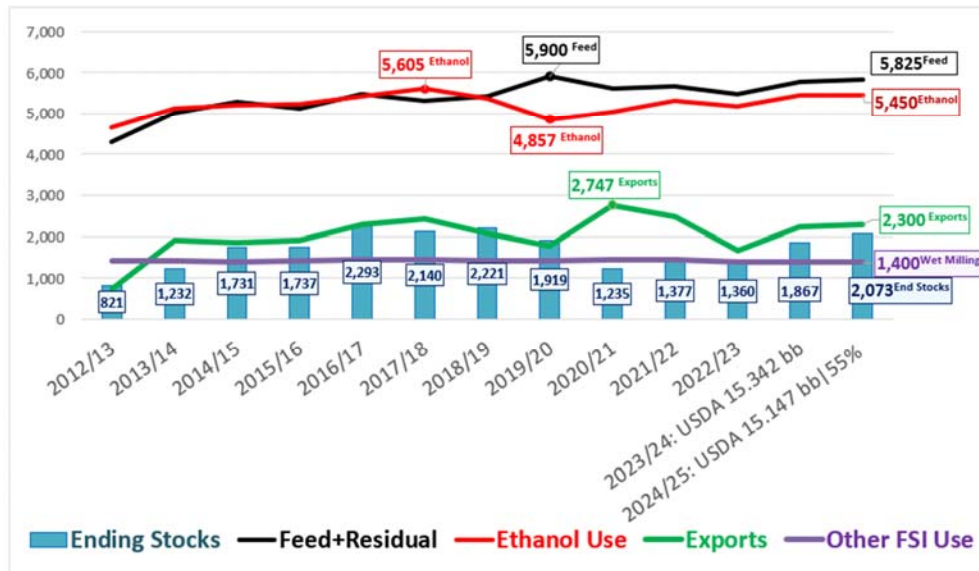
MY 2012/13 - "New" MY 2024/25: as of the 8/12/2024 WASDE Report + KSU estimates



U.S. Corn Use & Ending Stocks

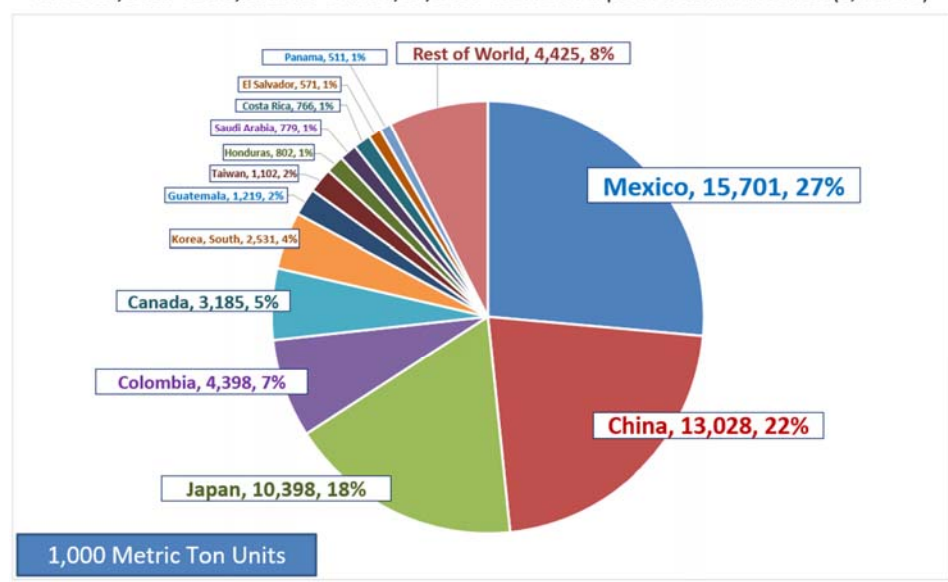
14

MY 2012/13 thru "New Crop" MY 2024/25 as of the 8/12/2024 WASDE Report + KSU estimates



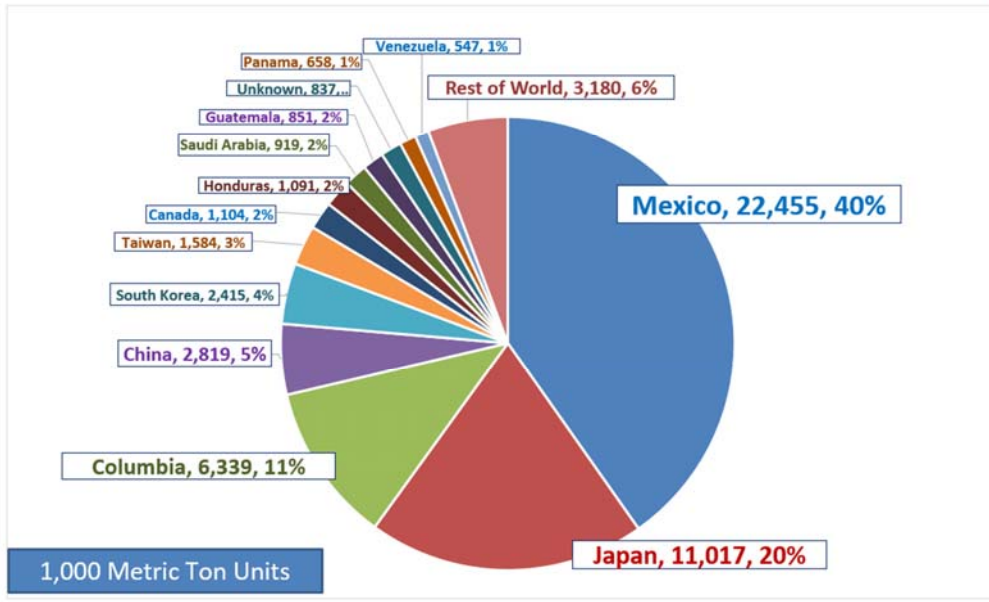
U.S. Corn Export Buyers *3 Year Average*

MY 2020/2021 – 2022/2023 as of the 8/31/2023 USDA U.S. Export Forward Purchases (1,000 mt)



U.S. Corn Export Outstanding Sales + Shipments

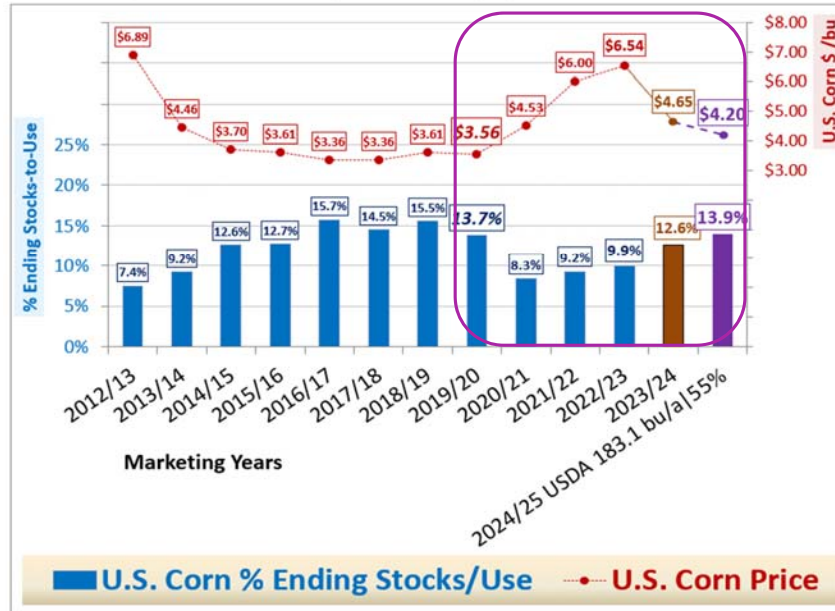
“Current” MY 2023/24 as of the 8/8/2024 USDA U.S. Export Forward Purchases (1,000 mt)



U.S. Corn % Stocks/Use vs Corn \$

17

MY 2012/13 – “New” MY 2024/25 as of the 8/12/2024 WASDE + KSU estimates



U.S. Corn Supply-Demand Balance Sheet

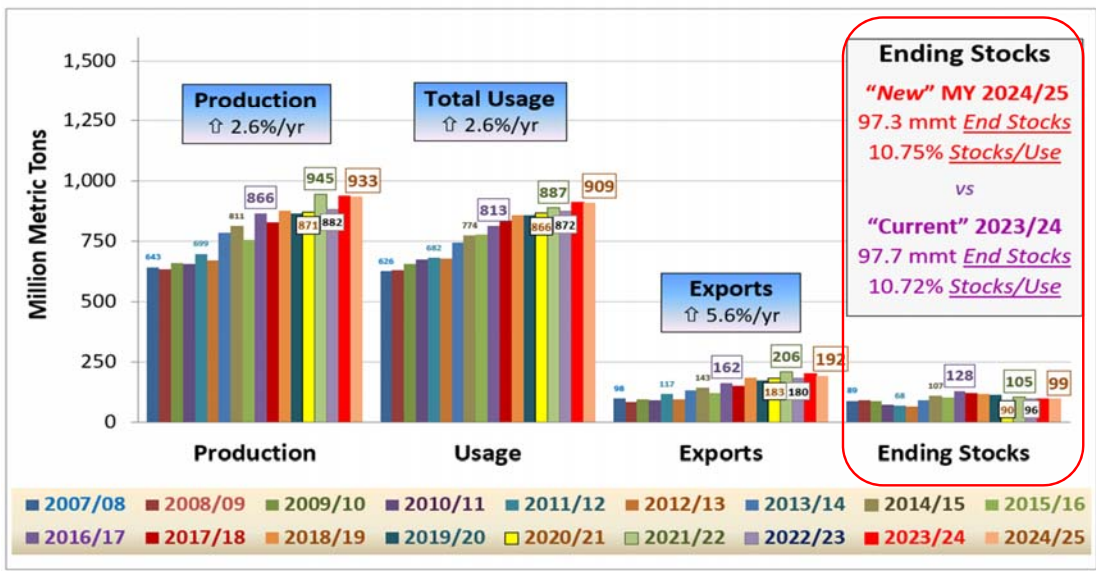
18

“New Crop” MY 2024/25 as of the 8/12/2024 WASDE + KSU Estimates

Item	A. USDA #1 “New Crop” MY 2024/25 = 183.1 bu/ac “Record – USDA Trend” 2.097 mb Ending Stocks	B. KSU #2 “New Crop” MY 2024/25 = 181.0 bu/ac “Record > 181.0 bu/ac” 1.957 mb Ending Stocks	C. USDA #3 “New Crop” MY 2024/25 = 179.3 bu/ac “Record High Yield” 1.791 mb Ending Stocks	D. KSU #4 “New Crop” MY 2024/25 = 177.3 bu/ac “Ties Record High Yield” 1.574 mb Ending Stocks
% Prob. of Occurring (KSU)	55%^{KSUest}	30%^{KSUest}	10%^{KSUest}	5%^{KSUest}
Planted Area (million acres)	90,748	90,748	90,748	90,748
Harvested Area (million acres)	82,710	82,710	82,710	82,710
Yield / harvested acre (bu/ac)	183.1	-2.1 bu/ac 181.0	-3.8 bu/ac 179.3	-5.8 bu/ac 177.3
Million Bushels				
Production (million bu.)	15,147	-176 mb 14,971	-317 mb 14,830	-483 mb 14,664
Total Supply (million bu.)	17,038	-175 mb 16,863	-316 mb 16,722	-482 mb 16,556
Ethanol for fuel Use (million bu.)	5,450	5,450	5,450	5,450
Food & Industrial Use (million bu.)	1,369	1,369	1,369	1,369
Exports (million bu.)	2,300	2,300	2,300	2,300
Feed & Residual Use (million bu.)	5,825	5,825	5,825	5,825
Total Use (million bu.)	14,965	14,965	14,965	14,965
Ending Stocks (million bu.)	2,073	-175 mb 1,898	-316 mb 1,757	-482 mb 1,591
% Ending Stocks-to-Use	13.85%	12.68%	11.74%	10.63%
U.S. Corn Average Farm Price (\$/bushel)	\$4.20^{USDA} \$4.25 ^{Futures 8/15/2024}	\$4.60^{KSU}	\$5.25^{USDA}	\$6.00^{KSU}

“World Less-China” Corn Supply-Demand

MY 2007/08 – “New” MY 2024/25 as of the August 12, 2024 USDA WASDE Report



World vs World Less-China Corn % Stocks-to-Use

MY 2007/08 thru “New Crop” 2024/25, as of the August 12, 2024 USDA WASDE report



Mexico Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2024/25, as of the August 12, 2024 USDA WASDE report



Brazil Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2024/25, as of the August 12, 2024 USDA WASDE report



South America Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2024/25, as of the August 12, 2024 USDA WASDE report



Ukraine Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2024/25, as of the August 12, 2024 USDA WASDE Report



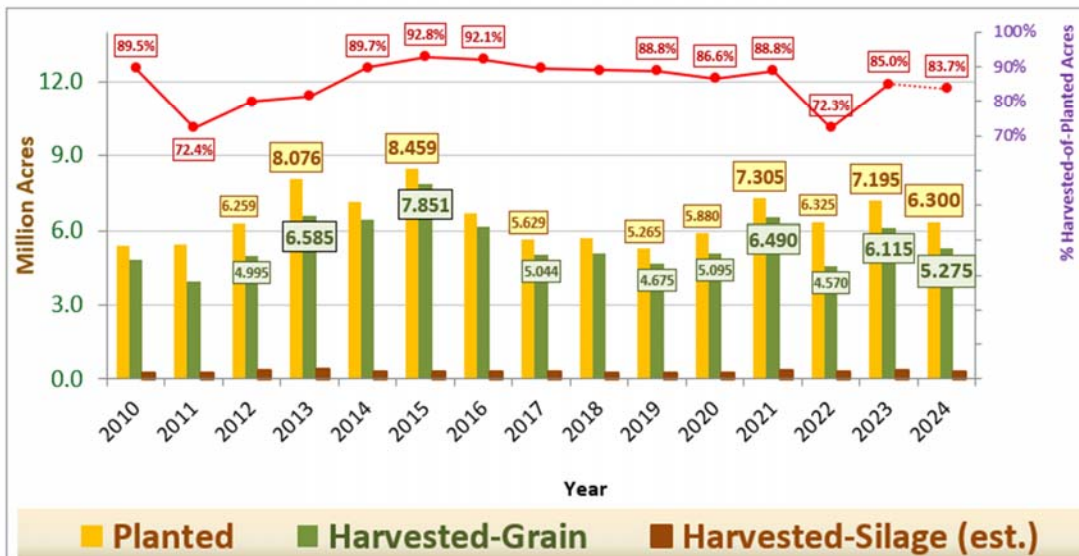
Russia Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2024/25, as of the August 12, 2024 USDA WASDE Report



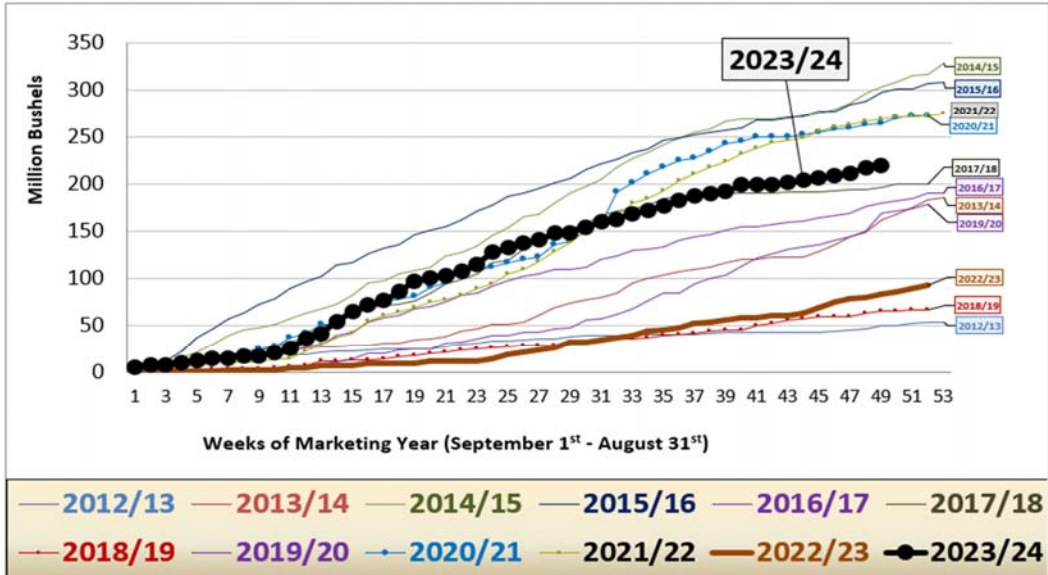
U.S. Sorghum Acres

Years 2010 – 2024 as of the USDA WASDE Report 8/12/2024



U.S. Grain Sorghum Exports

MY 2012/13 - "Current" MY 2023/24 as of August 8, 2024 - via USDA FAS



Wheat Markets



Monthly Commodity Futures Price Chart
Wheat (Kansas) (Electronic) (KCBT)

<https://futures.tradingcharts.com>

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KE - Wheat (Kansas) (Electronic) - Monthly Chart

Change: -10.250

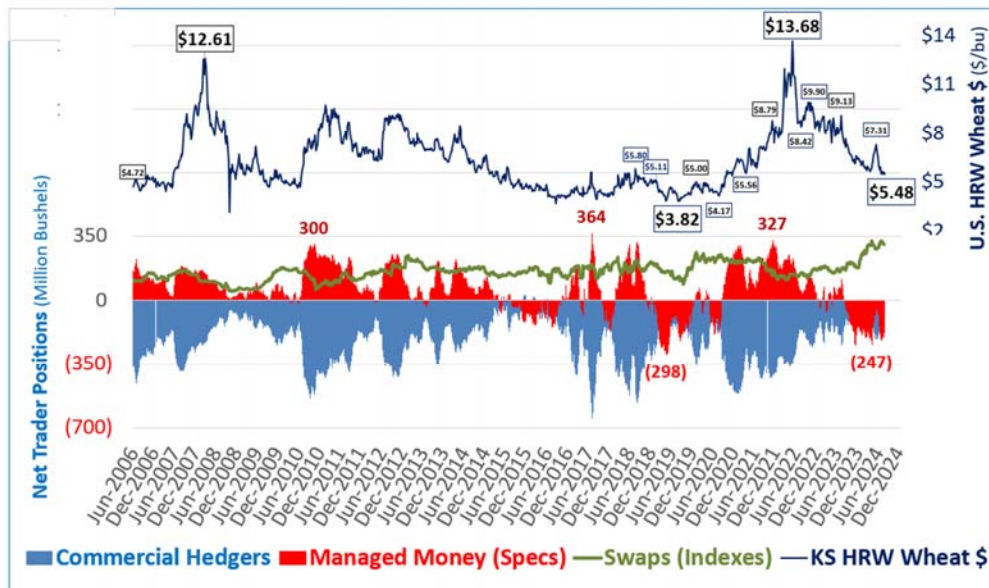
08/15/2024 O: 547.250 H: 567.500 L: 535.500 C: 537.000 Vol: 77896 OI: 258341



KS HRW Wheat ^{CME} - Net Position of Traders

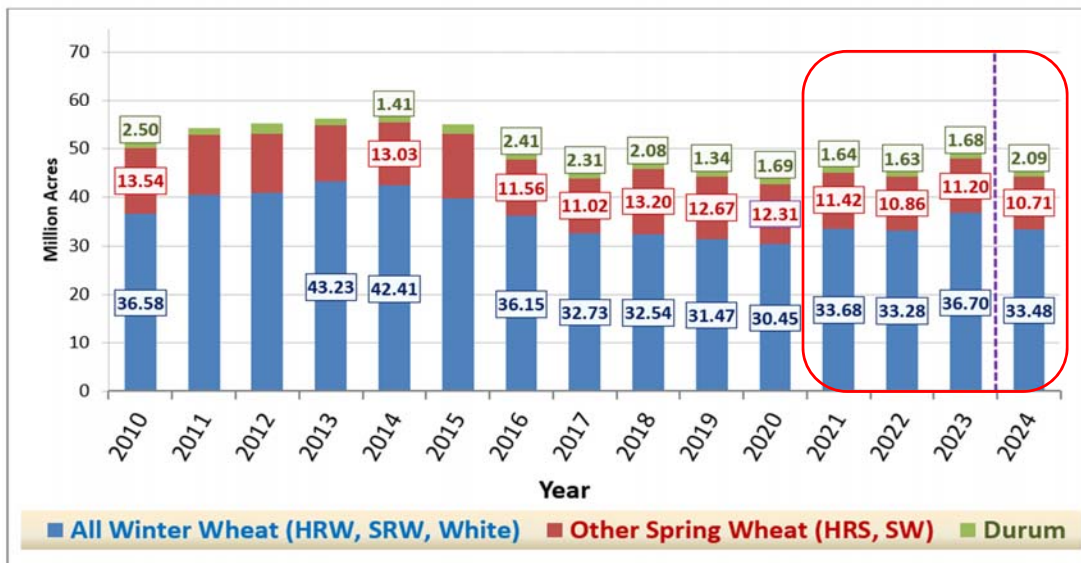
28

June 2006 thru 8/6/2024 (Weekly CFTC Data) with 8/13/2024 Futures Market Closes for CME SEPT 2024 Kansas HRW Wheat



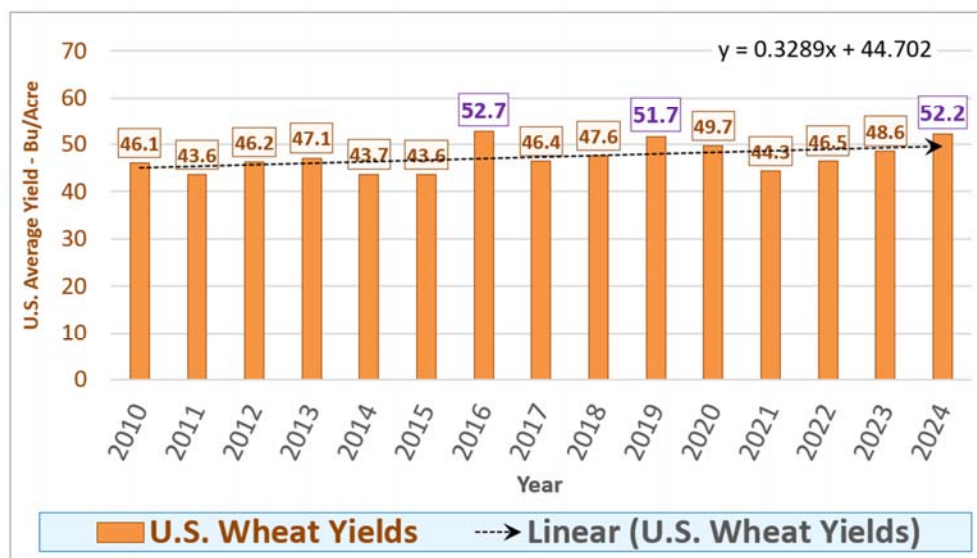
U.S. Wheat Planted Acreage 2010-2024

All Winter, Other Spring & Durum ⁽²⁰⁰⁰⁺⁾ – USDA NASS & WASDE Reports on 8/12/2024



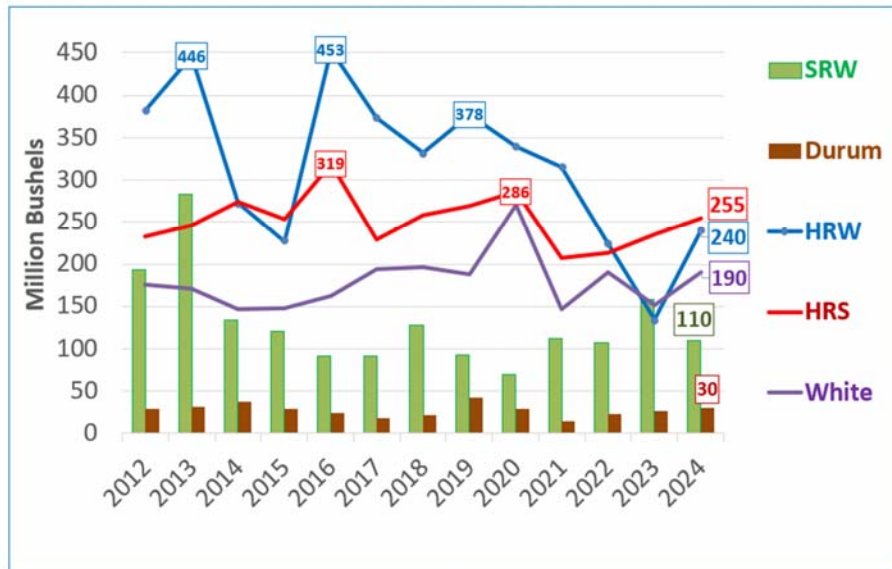
U.S. Wheat Yield 2000-2024

Source: USDA August 12, 2024 WASDE Report



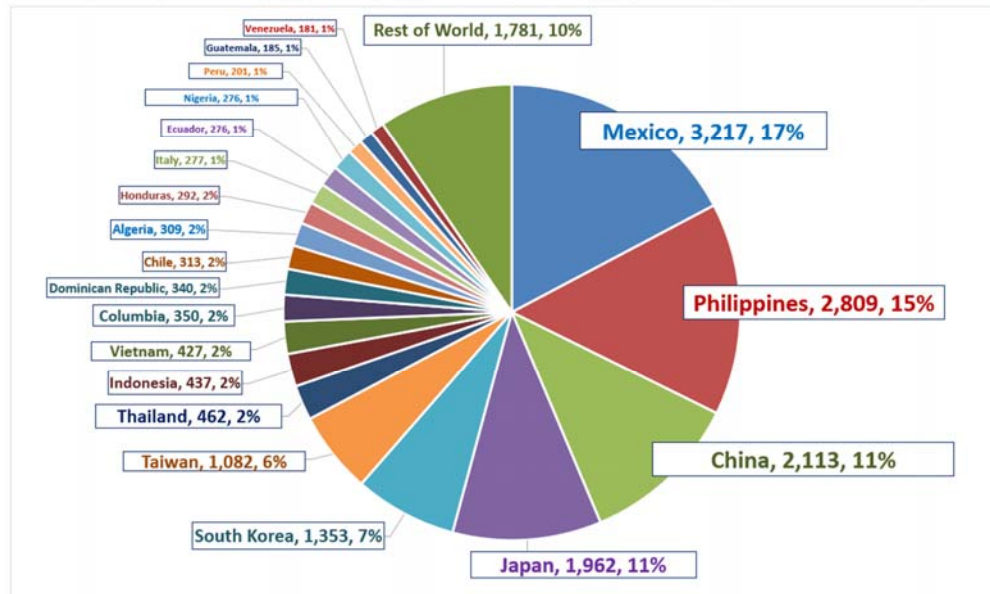
U.S. Wheat Exports by Class

Since Year 1990 as of the August 12, 2024 USDA WASDE Report



U.S. Wheat Export Buyers "Old Crop" MY 2023/24

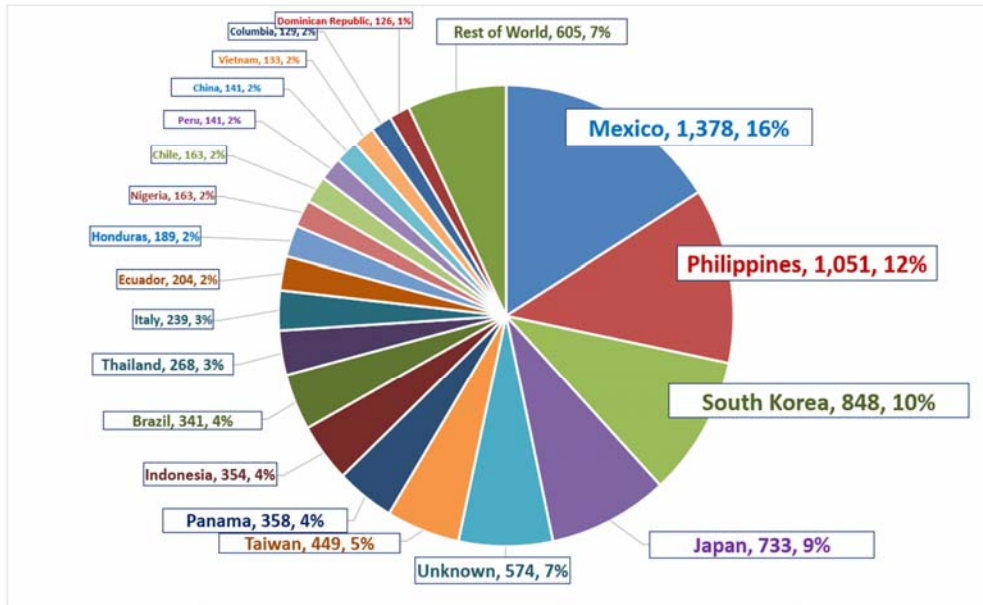
USDA U.S. Export Sales report (1,000 mt), with Marketing Year from May 30, 2024



U.S. Wheat Export Buyers "New Crop" MY 2024/25

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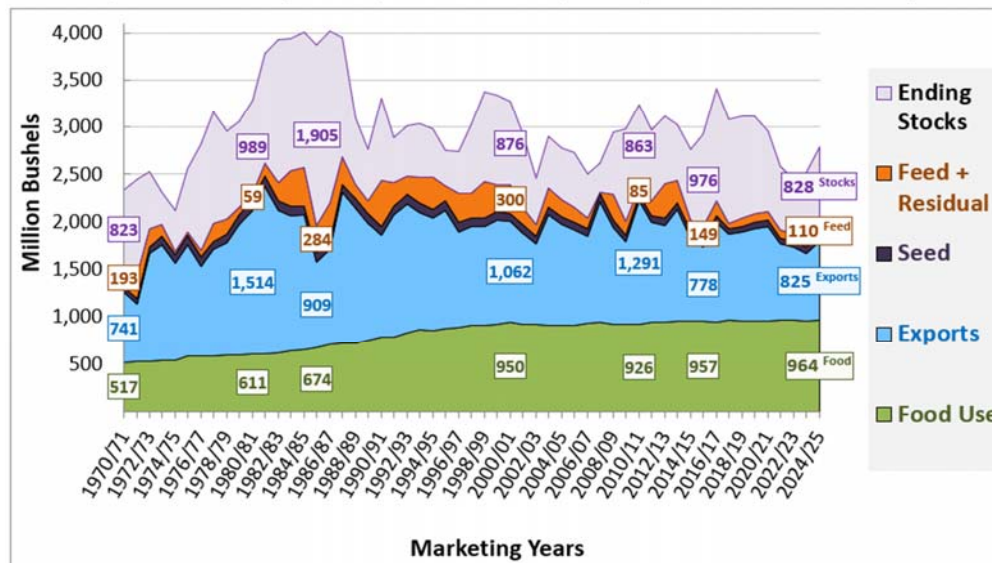
USDA U.S. Export Sales report (1,000 mt), with Marketing Year from August 1, 2024



U.S. Wheat Use & Ending Stocks

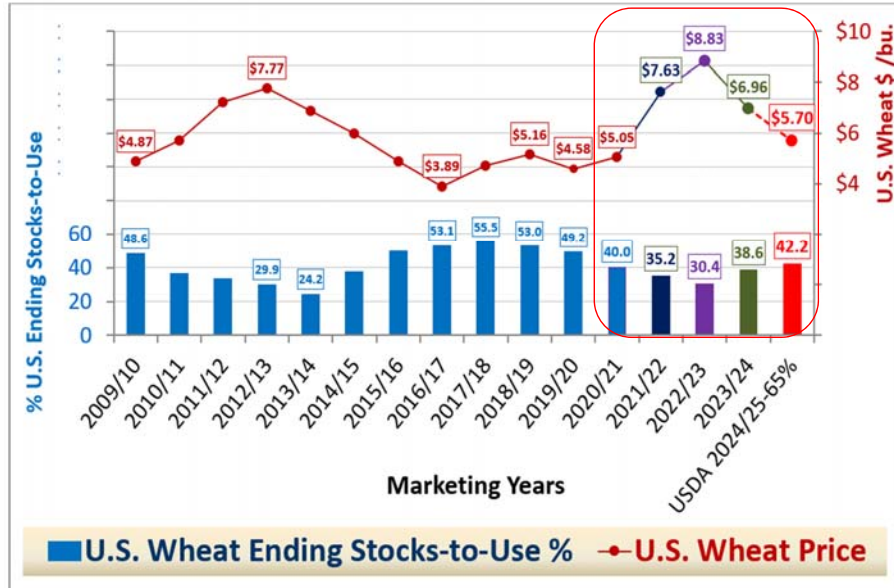
34

MY 1970/71 – "New Crop" 2024/25 as of the August 12, 2024 USDA WASDE Report



U.S. Wheat % Stocks/Use vs Cash \$'s

MY 2009/10 – “New” 2024/25 as of the August 12, 2024 USDA WASDE Report



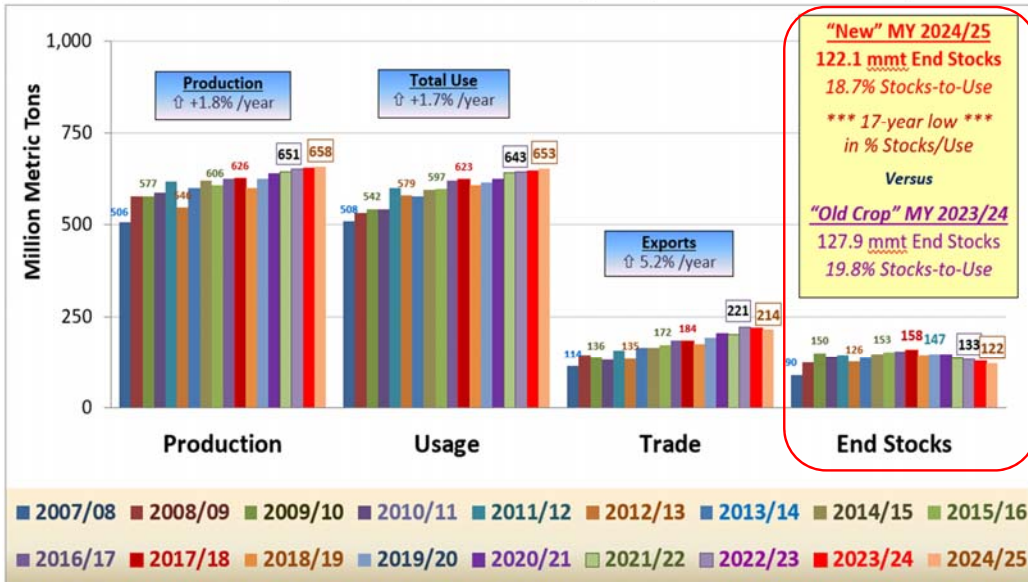
U.S. Wheat Market Outcomes “New Crop” MY 2024/25

USDA & KSU Proj. based on the 8/12/2024 WASDE + KSU Scenarios As of 8/15/2024

Item	USDA Scenario #1 “New” 2024/25 USDA WASDE August 12, 2024 42.2% Stocks/Use	KSU2 Scenario #2 “New” 2024/25 KSU: 775 mb Exports 45.9% Stocks/Use	KSU3 Scenario #3 “New” 2024/25 KSU: 875 mb Exports 38.7% Stocks/Use
% Probability of Happening <small>KSU est</small>	65% prob	20% prob	15% prob.
Planted Area (million acres)	46.270	46.270	46.270
Harvested Area (million acres)	37.940	37.940	37.940
Yield / harvested acre <small>(bu/ac)</small>	52.2	52.2	52.2
	Million		
Production	1,982	1,982	1,982
Total Supply (million bushels)	2,789	2,789	2,789
Food Use	964	964	964
Exports	825	-50 mb 775	+50 mb 875
Total Use (million bushels)	1,961	-50 mb 1,911	+50 mb 2,011
Ending Stocks (million bushels)	828	+50 mb 878	-50 mb 778
% Ending Stocks-to-Use	42.22%	45.94%	38.69%
U.S. Wheat Avg. Farm Price (\$/bushel)	\$5.70 <small>Vs \$5.25 /bu. 8/15/2024 KSU-HRW Futures</small>	\$5.25 <small>Vs \$5.25 /bu. 8/15/2024 KSU-HRW Futures</small>	\$6.95 <small>Vs \$5.25 /bu. 8/15/2024 KSU-HRW Futures</small>

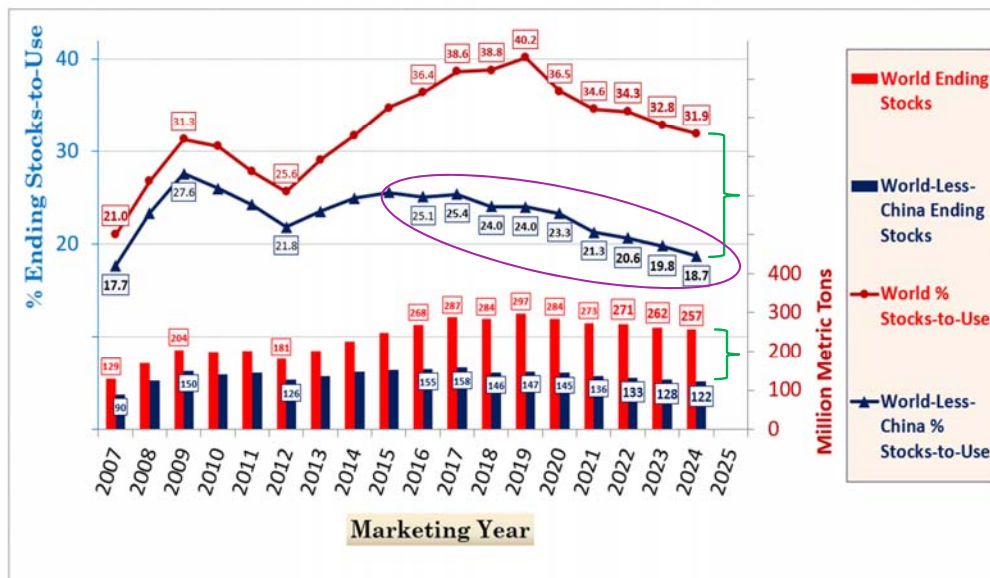
"World Less-China" Wheat Usage & End Stocks

MY 2007/08 - "New Crop" MY 2024/25 as of the August 12, 2024 USDA WASDE Report



World vs "World Less-China" Wheat Stocks & % S/U

MY 2007/08 - "New Crop" MY 2024/25 as of the August 12, 2024 USDA WASDE report



Russia Wheat Supply-Demand

MY 2013/14 – “New Crop” MY 2024/25 as of the August 12, 2024 USDA WASDE report



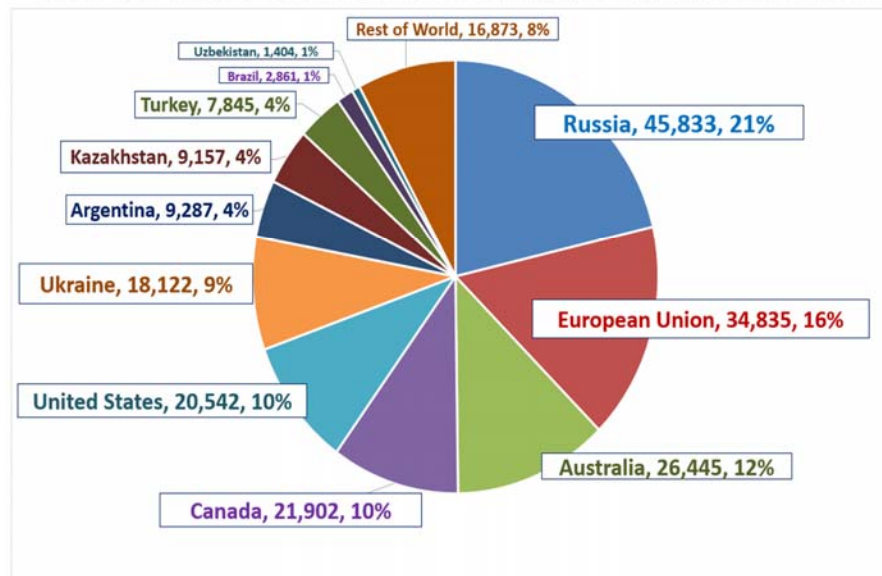
Ukraine Wheat Supply-Demand

MY 2013/14 – “New Crop” MY 2024/25 as of the August 12, 2024 USDA WASDE report



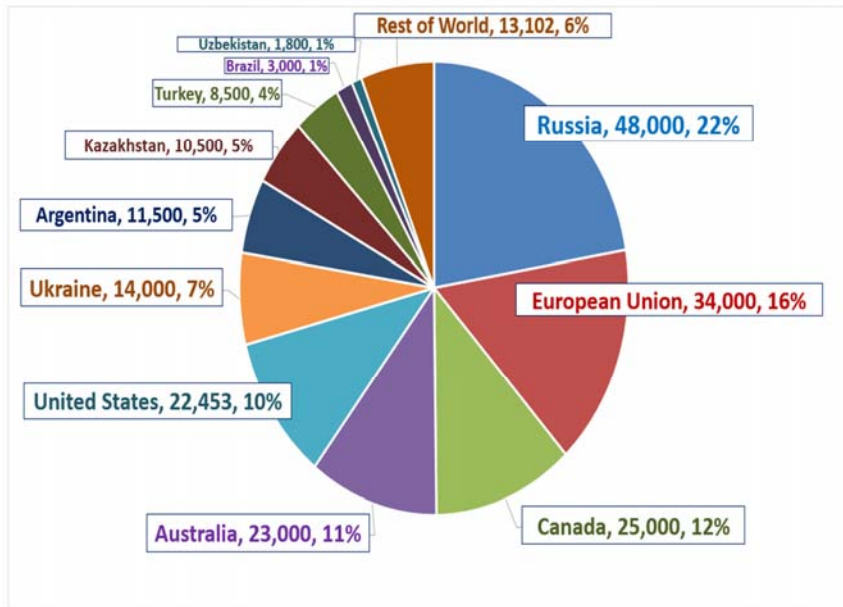
World Wheat Exporting Countries 3 Year Average

MY 2021/22 - 2023/24 Source: USDA FAS PSD-Online, (1,000 mt); August 12, 2024 WASDE

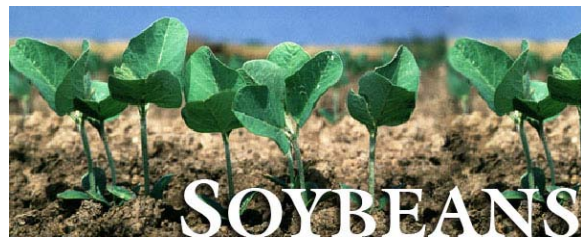


World Wheat Exporting Countries "New Crop" 2024/25

Source: USDA FAS PSD-Online, (1,000 mt); as of August 12, 2024



Soybean Markets



Monthly Commodity Futures Price Chart Soybeans (Globex) (CBOT)

<https://futures.tradingcharts.com>

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ZS - Soybeans (Globex) - Monthly Chart

Change: -54.500

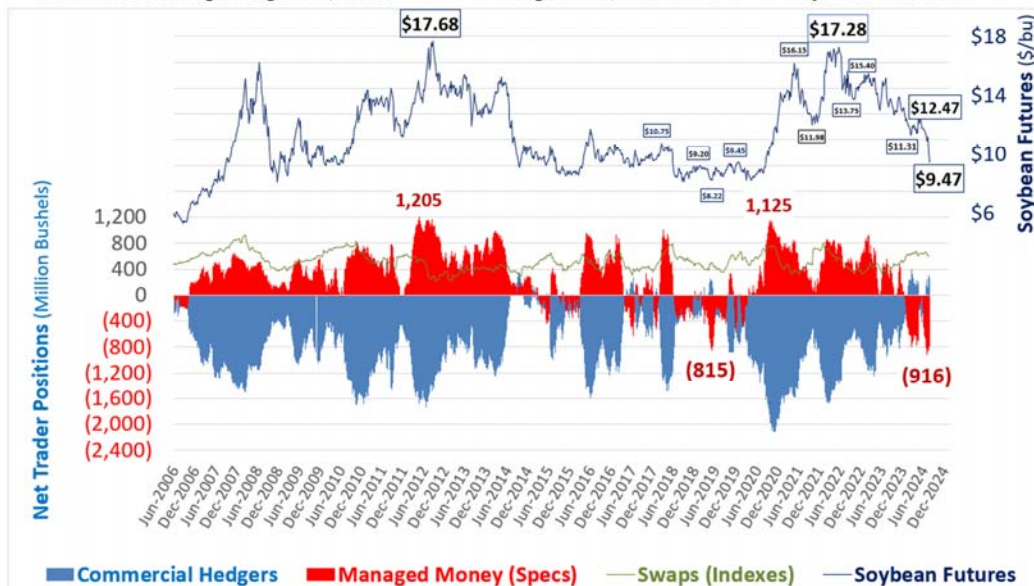
08/15/2024 O: 1023.000 H: 1042.000 L: 955.250 C: 968.500 Vol: 207477 OI: 794495



Soybean Futures-Net Position of Traders

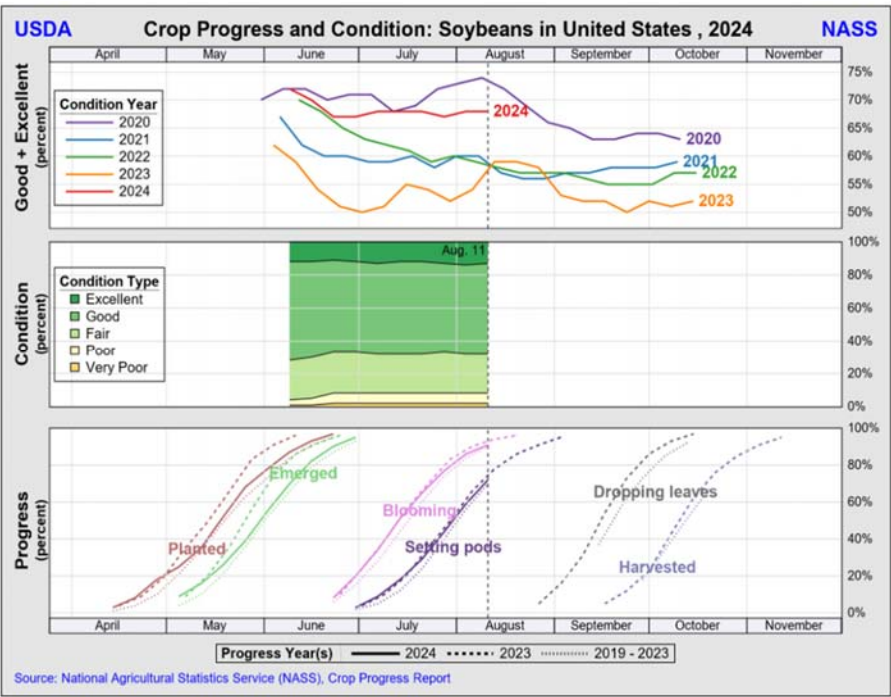
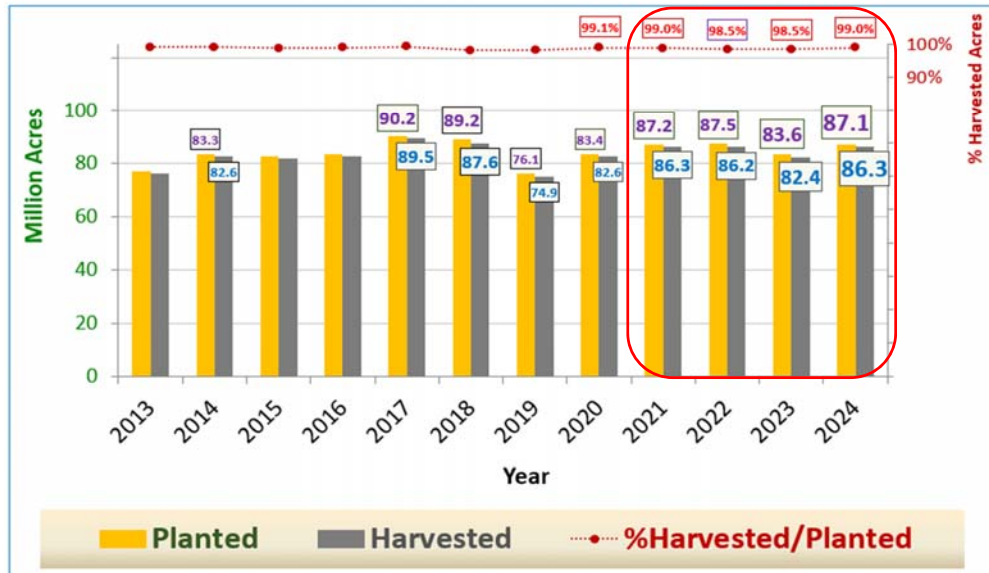
44

June 2006 through August 6, 2024 CFTC Data + August 13, 2024 SEPT²⁰²⁴ Soybean Futures



U.S. Soybean Acres for 2013-2024

Years 2013-2024, as of the USDA WASDE Report on 8/12/2024 WASDE Report

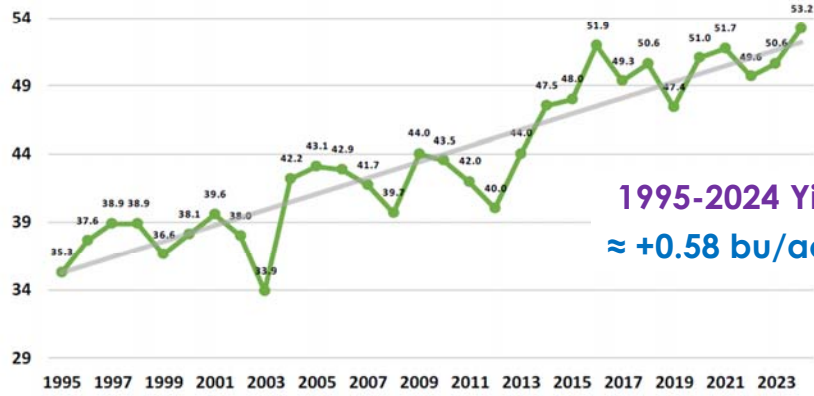




Soybean Yield United States



Bushels per Acre



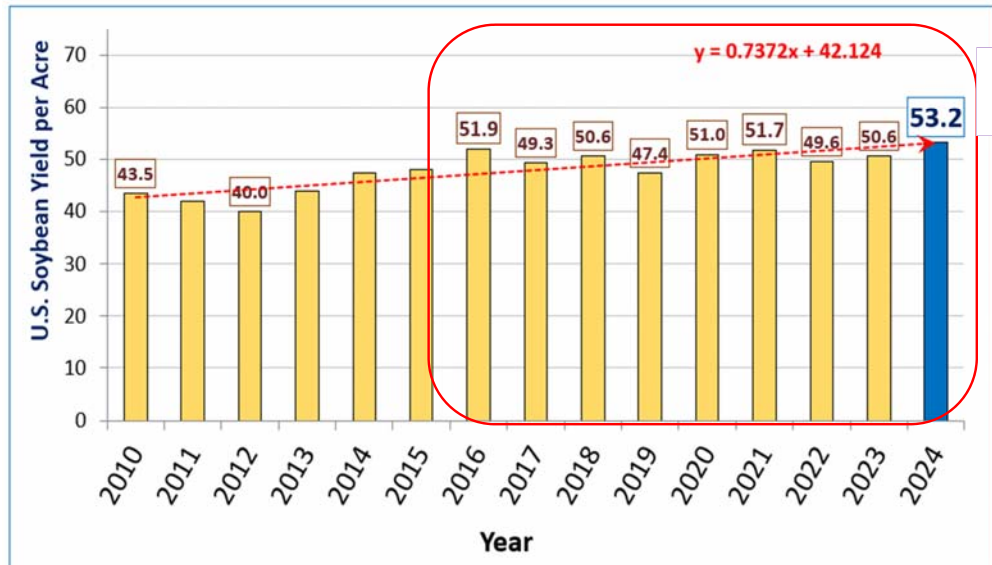
1995-2024 Yield Trend
≈ +0.58 bu/ac per year

United States Department of Agriculture
National Agricultural Statistics Service

August 12, 2024

U.S. Soybean Yields: 2010-2024

Years 2010-2024, as of the USDA WASDE Report on August 12, 2024



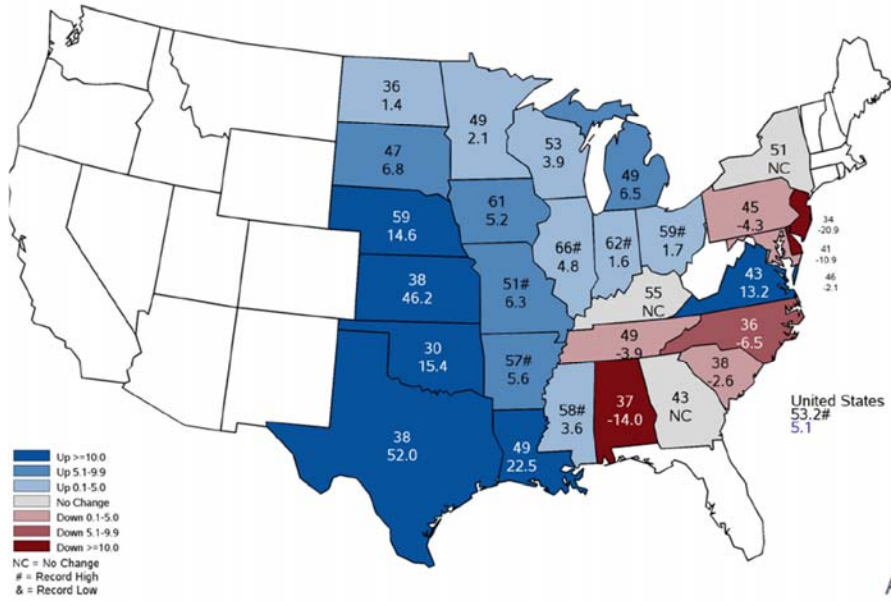
53.2 bu/ac
in 2024^{USDA}



August 2024 Soybean Yield

Bushels and Percent Change from Previous Year

49



August 12, 2024

U.S. Soybean Production & Supply

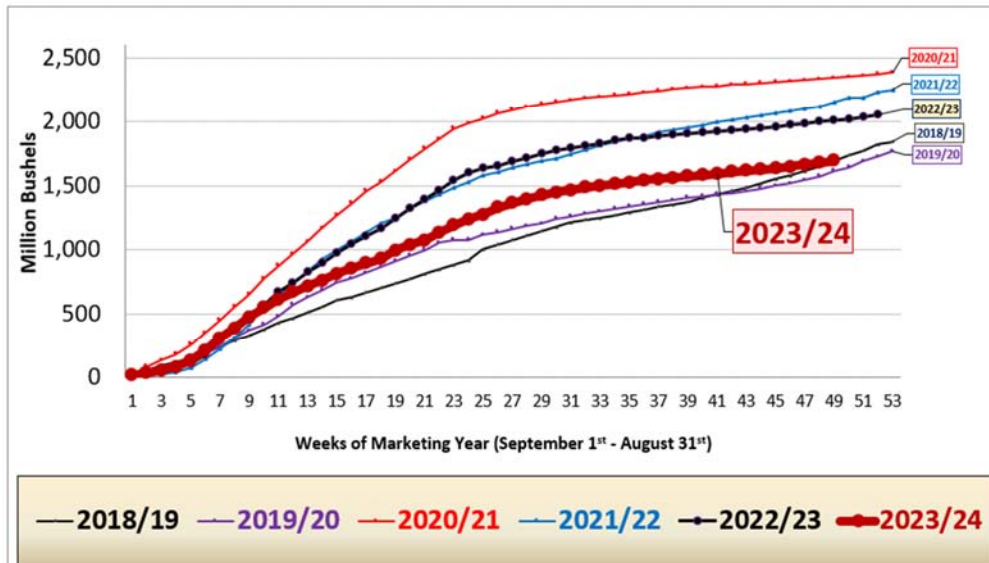
50

MY 2012/13 thru "New Crop" MY 2024/25 as of the August 12, 2024 WASDE Report



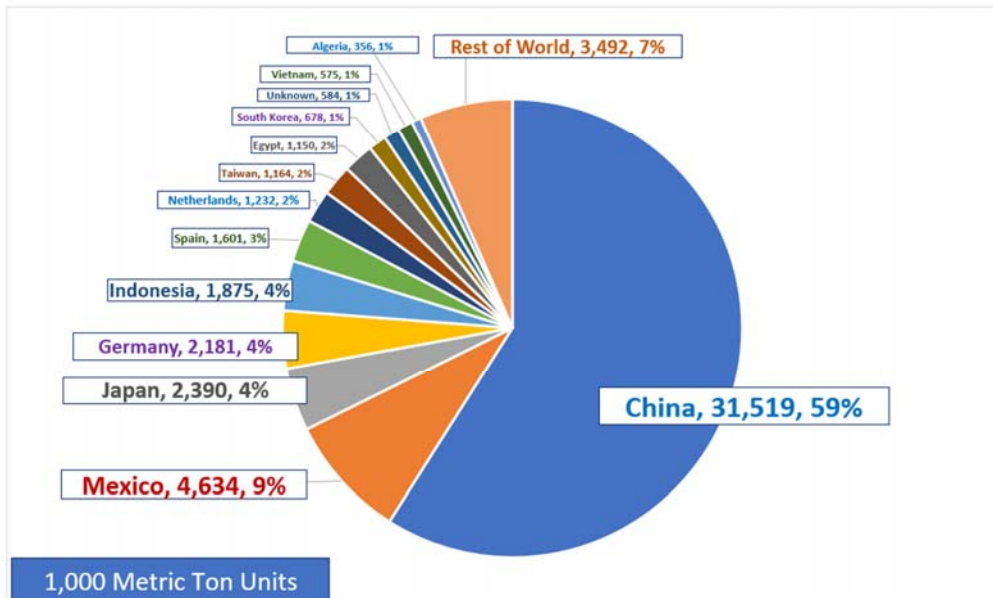
U.S. Soybean Exports

MY 2018/19 thru "Current" MY 2023/24, USDA FAS Weekly Export #s thru 8/8/2024



U.S. Soybean Export Outstanding Sales + Shipments

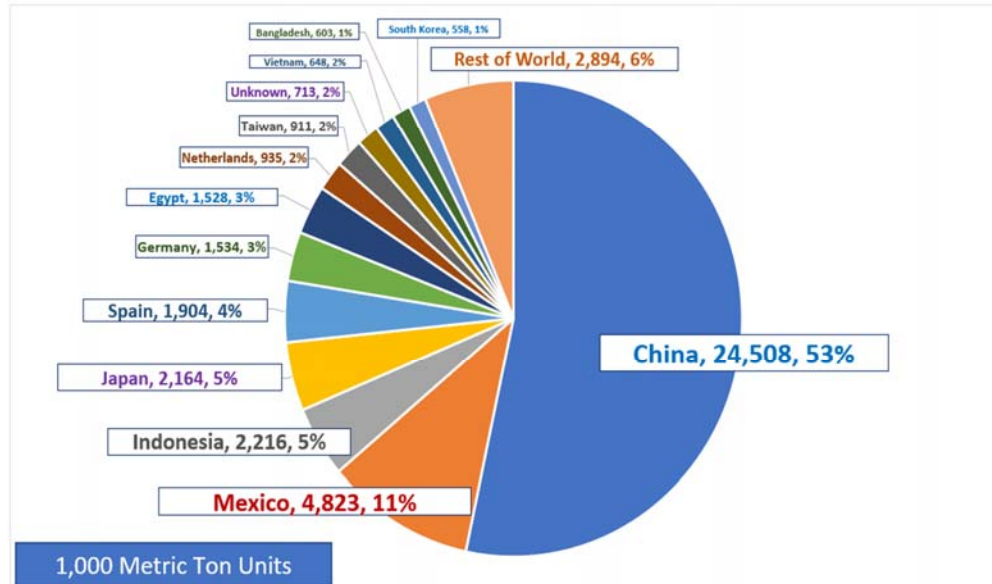
MY 2022/23 as of the 8/31/2023 USDA U.S. Export Forward Purchases (1,000 mt)



U.S. Soybean Exports: Outstanding Sales + Shipments

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"Current" MY 2023/24 as of the 8/8/2024 USDA U.S. Export Forward Purchases (1,000 mt)



U.S. Soybean Use & Ending Stocks

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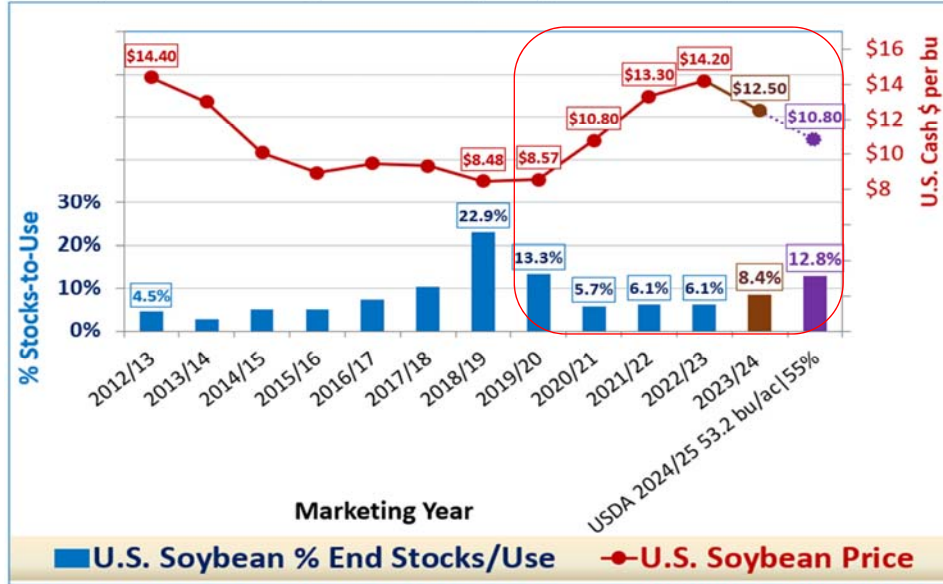
MY 2012/13 – "New" MY 2024/25 as of the USDA August 12, 2024 WASDE Report



U.S. Soybean % Stocks/Use vs Price\$

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MY 2012/13 thru "New" 2024/25 as of the August 12, 2024 WASDE Report + KSU Ests. ^{8/13/2024}



U.S. Soybean Projected S-D "New Crop" MY 2024/25

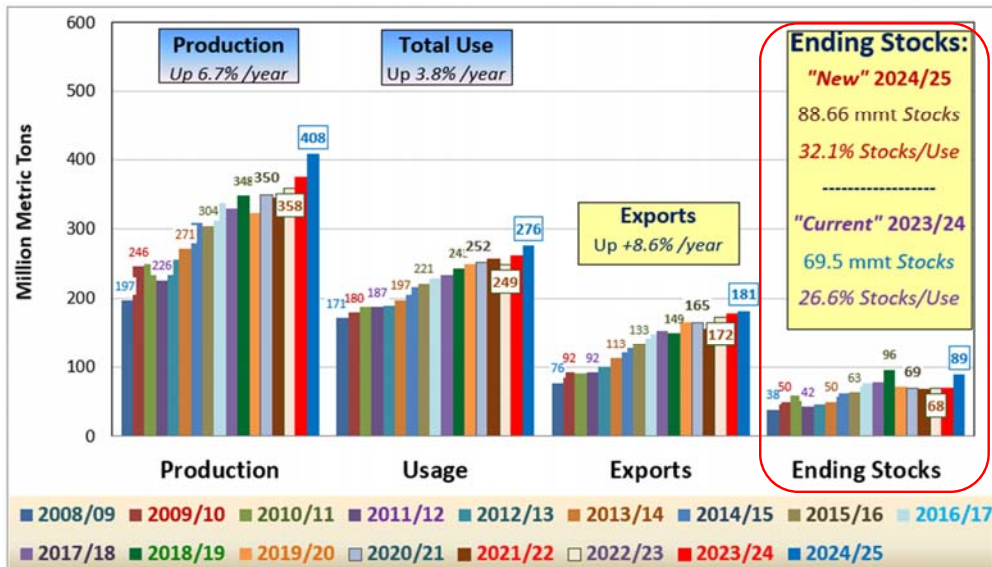
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"New Crop" MY 2024/25 sourced from the August 12, 2024 WASDE Report + KSU Estimates ^{8/13/2024}

	A. USDA Scenario #1	B. KSU Scenario #2	C. KSU Scenario #3	D. KSU Scenario #4
Item	"New" MY 2024/25 53.2 bu/ac Yield 560 mb End Stocks, 12.76% Stocks/Use	"New" MY 2024/25 52.0 bu/ac Yield 457 mb End Stocks, 10.41% Stocks/Use	"New" MY 2024/25 50.8 bu/ac Yield 374 mb End Stocks, 8.56% Stocks/Use	"New" MY 2024/25 49.6 bu/ac Yield 218 mb End Stocks, 5.05% Stocks/Use
% Prob. of Occurring (KSU)	55% ^{KSUest}	30% ^{KSUest}	10% ^{KSUest}	5% ^{KSUest}
Planted Area (million acres)	87.100	87.100	87.100	87.100
Harvested Area (million acres)	86.271	86.271	86.271	86.271
Yield / harvested acre (bu/ac)	53.2	-1.2 bu/ac 52.0	-2.4 bu/ac 50.8	-3.6 bu/ac 49.6
Production (million bu.)	4,589	-103 mb 4,486	-206 mb 4,383	-310 mb 4,279
Total Supply (million bu.)	4,949	-103 mb 4,846	-206 mb 4,743	-310 mb 4,639
Domestic Crushings	2,425	2,425	-10 mb 2,415	-20 mb 2,405
Exports	1,850	1,850	-10 mb 1,840	-20 mb 1,830
Total Use	4,389	4,389	-20 mb 4,369	-40 mb 4,349
Ending Stocks	560	-103 mb 457	-186 mb 374	-270 mb 290
% Ending Stocks-to-Use	12.76%	10.41%	8.56%	6.67%
U.S. Avg. Farm Price (\$/bu)	\$10.80 ^{USDA} \$10.00 ^{Futures 8/15/2024}	\$11.70 ^{KSU}	\$12.45 ^{KSU}	\$13.80 ^{KSU}

World *Less-China* Soybean Use & End Stocks

MY 2008/09 thru "New Crop" MY 2024/25 as of the 8/12/2024 WASDE Report



Brazil Soybean Supply-Demand

MY 2007/08 – "New Crop" MY 2024/25 as of the August 12, 2024 USDA WASDE Report



South America Soybean Supply-Demand

MY 2007/08 – "New Crop" MY 2024/25 as of the August 12, 2024 USDA WASDE Report



Marketing Perspectives

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Where 2024/25 Grain Markets Stand....

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A. Adopting "Large Crop – Lower Price" Marketing Strategies

B. Proactive Marketing for 2024 Crop Production Changes –

C. Low U.S. Crop prices in Fall-Winter 2024/25 likely to....

- Bring positive Supply-Demand Changes in WASDE reports
- *"Contrarian opportunism"* wrt So American Planting Issues

D. U.S. Ag Exports to China – Support U.S. domestic usage

E. Managing Systematic Risk – Re-calibrate risk management



TODAY'S PRIMARY DRIVERS OF
COMMODITY MARKETS...

GEO-POLITICAL ISSUES



TODAY'S PRIMARY DRIVERS OF
COMMODITY MARKETS...

MACRO ECONOMIC ISSUES

Current Market Overview, Outlook & Issues U.S. Dollar Index

Aug 2024 U.S. Dollar Index (DXY00) [ICE/US] O104.055 H104.447 L102.160 C102.579 8-1.517

Relevant Exchange Rates as of 13th August 2024

	TW	LW	LY	%Y/Y
Algeria	133.987	134.002	135.203	-1
Argentina (ARS)	939.000	935.5	287.3	+227
Australia (AUD)	1.513	1.534	1.541	-2
Brazil (BRL)	5.487	5.041	4.894	+12
Canada (CAD)	1.372	1.379	1.344	+2
China	7.156	7.156	7.237	-1
Egypt	49.340	49.15	30.85	+60
Euro (EUR)	0.913	0.915	0.913	-
India (INR)	83.895	83.905	82.870	+1
Indonesia (IDR) (.000)	15.830	16.160	15.210	+4
Japan	146.970	145.11	144.93	+1
Kuwait (KWD)	480.090	476.590	440.080	+8
Malaysia	13.050	13.319	16.995	+12
Poland (PLN)	39.996	38.470	39.246	-8
South Africa	17.02	18.47	18.924	-4
Turkey	36.351	33.72	27.045	+22
Ukraine (UAH)	41.25	46.900	16.901	+152

Source: International Group of Banks

barchart

Volume (Like/Main) 20,545 42,640



Source: Barchart - <https://www.barchart.com/futures/quotes/DXY00/interactive-chart>

Monthly Nearby

20 Year History

14th August 2024 = 102.579

September 2022 = 114.778

February 1985 = 164.720

June 2001 = \$121.020

Current Market Outlook & Issues U.S. FRB Interest Rates



US Interest Rate - percent

25 25 Year Chart



The Federal Reserve maintained the federal funds rate at a 23-year high of 5.25%-5.50% for the 8th consecutive meeting in July 2024, in line with expectations.

The benchmark interest rate in the United States was last recorded at 5.50 percent. Interest Rate in the United States is expected to be 5.00 percent by the end of this quarter, according to Trading Economics global macro models and analysts expectations.

In the long-term, the United States Fed Funds Interest Rate is projected to trend around 3.50 percent in 2025 and 3.25 percent in 2026, according to our econometric models.

Source: tradingeconomics.com | Federal Reserve

Source: U.S. Bureau of Labor Statistics. Trading View AUQZ3 - <https://tradingeconomics.com/united-states/currency>

Risks to U.S. Economy

Economic risks and significant headwinds for the U.S. economy:

- Continued tightening of US Monetary Policy, i.e.
 - Higher Interest Rates.
 - Strong U.S. Dollar, particularly against importers of U.S. Commodities
 - Slow economic growth in Europe and China,
 - Higher Energy Prices, driven by current administration policies and regulatory approach,
 - Increasing environmental regulations,
 - Persistent U.S. domestic tensions are not likely to wane,
-
- ❖ Move away from a globalized economy to regionalized relationships,
 - ❖ U.S. global hegemony under attack, as well as U.S. Dollar status as world's reserve currency.

All are having a significant impact on commodity prices...

BLUE WATER SHIPPING...

OCEAN FREIGHT

Ocean Freight Overview

Ocean Freight Baltic Exchange – Dry Index



published on TradingView.com, Aug 14, 2024 16:28 UTC
 BALTC DRY INDEX (DINDEX) 1,670 (+14.91%)
 Note: The data vendor doesn't provide volume data for this symbol.

Relevant Ocean Freight (US\$/mt) as of 13th August 2024

	TW	LW	LY	%YY
Argentina (Rosario) - EU (Rotterdam)	33	34	33	0
Australia (Kwinana) - China (Dalian)	22	22	18	22
Brazil (Santos) - China (Dalian)	53	54	46	15
Brazil (Santos) - EU (Rotterdam)	26	28	27	-4
EU (Rouen) - Algeria (Bejaia)	25	26	17	47
Russia (Novorossiysk) - Egypt (Alexandria)	19	20	14	36
USA (New Orleans) - EU (Rotterdam)	26	28	27	-4
USA (New Orleans) - Japan (Yokohama)	55	56	49	12
USA (New Orleans) - Mexico (Veracruz)	21	21	14	50

Source: International Grains Council



Dry Bulk Index – 1670

1st September 2023 - 1055
 8th October 2021 - 5650

TradingView

Source: TradingView - <https://www.tradingview.com/chart/?symbol=DINDEX%3ASDI>

Ocean Freight Overview

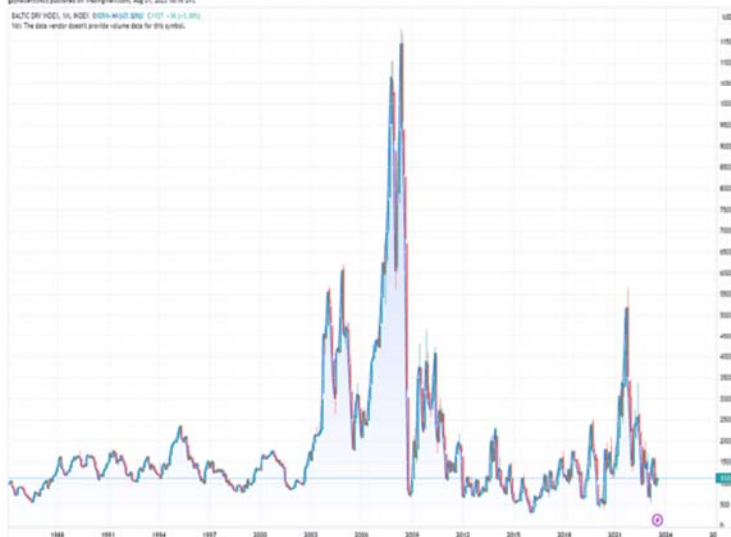
London Baltic Exchange – Dry Index



published on TradingView.com, Aug 21, 2023 08:16 UTC
 BALTC DRY INDEX (LINDEX) 1,151 (+13.13%)
 Note: The data vendor doesn't provide volume data for this symbol.

Dry Bulk Index – 1151

24th August 2023 - 1151
 8th October 2021 - 5650
 1st May 2008 - 11793



TradingView

Source: TradingView - <https://www.tradingview.com/chart/?symbol=LINDEX%3ASDI>

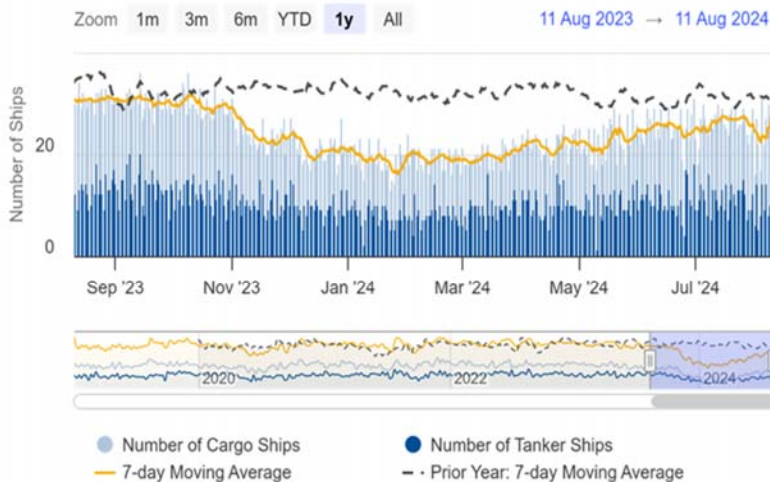
Ocean Freight Overview Panama Canal – Low Water



Source: Interlog USA <https://www.interlogusa.com/newsroom/blog/low-water-levels-in-the-panama-canal-what-you-should-know/>

Ocean Freight Overview Panama Canal

Panama Canal: Daily Transit Calls



Source: Trading View - <https://www.tradingview.com/chart/?symbol=INDEX%3A8DI>

❖ **Low water on the Panama Canal**

Back To "Normal"...

Low water levels driving weight restrictions and reductions in daily Panama Canal transits has created a backlog of about 150 ships waiting – some for more than a week – for passage.

Some shippers via the Panama Canal will likely experience delays in receiving shipments, but with excess capacity available in the market – and more coming soon – there should be enough slack and alternatives, if necessary, to keep rates from reaching extreme heights.



Questions?

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