

Grain Markets, Foreign Trade & Policy

“Financial Management on the Farm”

Thomas County Extension

Monday, February 10, 2025

DANIEL O'BRIEN - EXTENSION AGRICULTURAL ECONOMIST

KANSAS STATE
UNIVERSITY

Department of Agricultural Economics



Q? What impact could Trade actions by President Trump have on U.S. Grain Exports?

2

- The proposed tariffs on imports from China, Mexico, Canada & others ****could**** lead to **retaliatory measures**, making U.S. grain exports *more expensive & less competitive* globally
 - ⤴ **Farm Machinery & other costs**– due to higher steel, aluminum, other input \$'s
 - ⤵ **Grain Export Sales** - due to retaliatory import tariff's on U.S. grain
 - ⤴ **Grain Market Instability & Uncertainty** – trade tensions driving away buyers
- ❑ The U.S. has stated intentions to place **25% Tariffs on imported goods from Canada & Mexico** (*originally on February 1st, but delayed 1 month for each country*)

Other U.S. Trade Considerations....

3

- ❑ Tariffs are part of a broader strategy to address **U.S. global trade imbalances**
 - particularly with **China**, which has long been a major trading partner for U.S. grain exports – especially for soybeans, corn, wheat & sorghum

- ❑ U.S. agriculture was seriously hurt during the previous **U.S.-China trade war**
 - with the U.S. Government paying farmers **\$23.2 billion** due to *trade war losses* during 2018-2023 via the **Market Facilitation Program (MFP)**
 - **Non-specialty crops** paid **\$21.9 billion** – focused on **soybeans, corn & wheat**
 - **3 “tranches” of payments** – 1st covering 50% of the est. payment, ≈ \$15 /ac.

Trade Study: How Potential New Tariffs Could Impact U.S. Soybeans and Corn

Oct 15, 2024



Krista Swanson, NCGA Lead Economist
Scott Gerlt, PhD, ASA Chief Economist
Jacquie Holland, ASA Economist

4

Chinese Tariffs on U.S. Corn, Soybeans, & Products

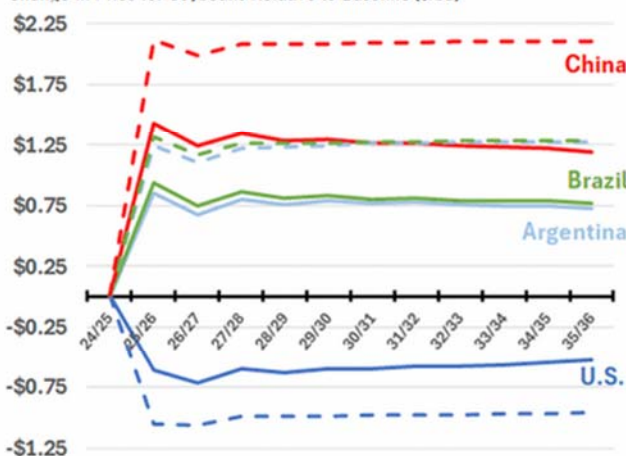
	Most Favored Nation	Round 1 301 Retaliatory Tariffs	Round 2 301 Retaliatory Tariffs	Reduction of Round 2 Tariffs by 50%	Total Tariff that Could be Applied	Tariffs with Waiver
Yellow soybeans, other	3.0%	25.0%	5.0%	2.5%	30.5%	3.0%
Soybean meal, other	5.0%	25.0%	0.0%	0.0%	30.0%	5.0%
Crude soybean oil	9.0%	25.0%	0.0%	0.0%	34.0%	9.0%
Other soybean oil	9.0%	25.0%	0.0%	0.0%	34.0%	9.0%
Corn (Maize) Excl. Seed, In-Quota	1.0%	25.0%	0.0%	0.0%	26.0%	1.0%
Corn (Maize) Excl. Seed, Out-of-Quota*	65.0%	25.0%	0.0%	0.0%	90.0%	65.0%
Corn Tariff Rate Quota	7.2 MMT					

* Import quantities suggest the over quota tariff rate is not being applied

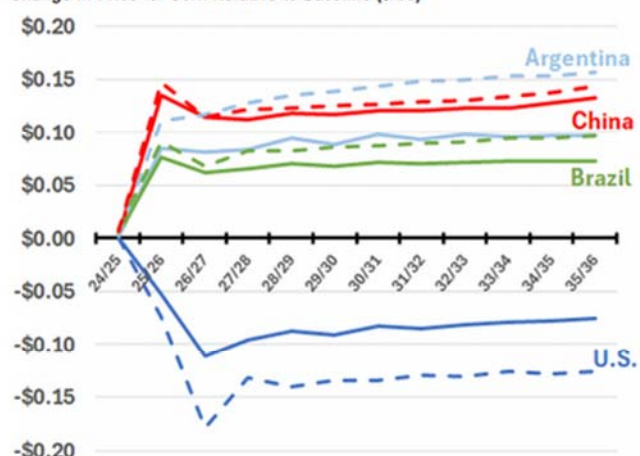
Source: WAEES

Projected Change in Soybean and Corn Prices Under Tariff Scenarios

Change in Price for Soybeans Relative to Baseline (\$/bu)



Change in Price for Corn Relative to Baseline (\$/bu)

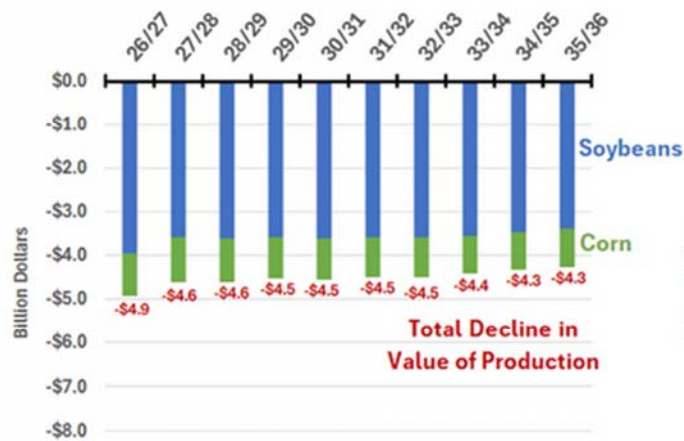


Solid Line = Scenario: China Removes Existing Waivers on Soybeans & Corn
 Dashed Line = Scenario: China Implements 60% Tariff on Soybeans & Corn
 Data Source: WAEES

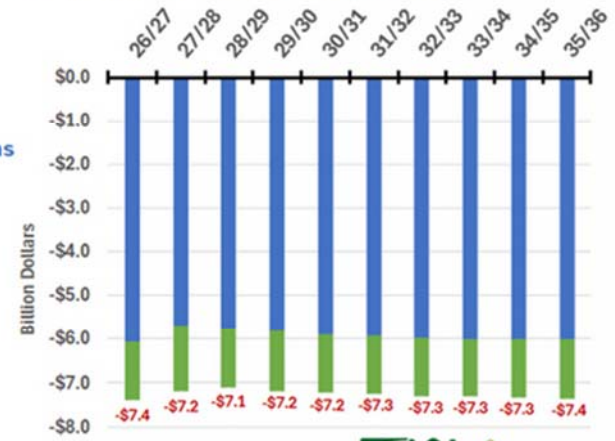


Projected Change in Total Soybean Plus Corn Value of Production Under Tariff Scenarios

Scenario: China Removes Existing Waivers on Soybeans & Corn



Scenario: China Implements 60% Tariff on Soybeans & Corn



Data Source: WAEES



Other New U.S. Ag-Energy & Environmental Policies

i. Expansion of U.S. Domestic Energy Production

- Impact on U.S. Ethanol & Biodiesel/Renewable Diesel Production?

ii. Development of new U.S. “45Z” Bioenergy Rules

- Is this an opportunity for renewable energy credits \$\$\$ at the farm level?
- **Question?** How much may farm level practices be impacted via “demand-pull” market forces & farmer incentives to provide **Sustainable Aviation Fuels (SAF)** to meet **EU-servicing Airline requirements?**

□ What direction will U.S. Ag Energy-Environmental policy take?

Feedgrain Markets

9



Key Feedgrain Market Issues 2/10/2025

10

- 1) **“Current” MY 2024/25:** With ↓ U.S. End Stocks *1.540 bb* & Stocks/Use *10.2%* the Corn market is “tight” & @Risk to 2025 U.S. crop-weather issues *May-September 2025*
- 2) **Emerging crop risks in Argentina** *Drought* & **Brazil** *Late 2nd crop planting* may impact 2025 South American Crops & Exports *(+ U.S. Exports)*
- 3) **Lagging U.S. Grain Sorghum exports** – mainly to China
- 4) **U.S. Trade & Tariffs Policy** *China, Mexico, Canada, Columbia, the EU & others*

More Feedgrain Market Issues 2/10/2025

11

5) “Weak” Corn-Sorghum basis in parts of KS since Fall 2024

Why? What is the outlook for Feedgrain basis in Spring-Summer 2025?

6) Higher U.S. Corn Plantings likely in 2025 Rising Corn vs Soybean \$'s

7) Ethanol Regulatory Policy & Trade issues likely to be impacted by actions of the Trump Administration (45Z? E-10 vs E-15? Waivers? etc.)

8) Watching for Corn-Sorghum market seasonality Spring-Summer 2025

CME Corn Futures Closes, Changes & Market Carry

2

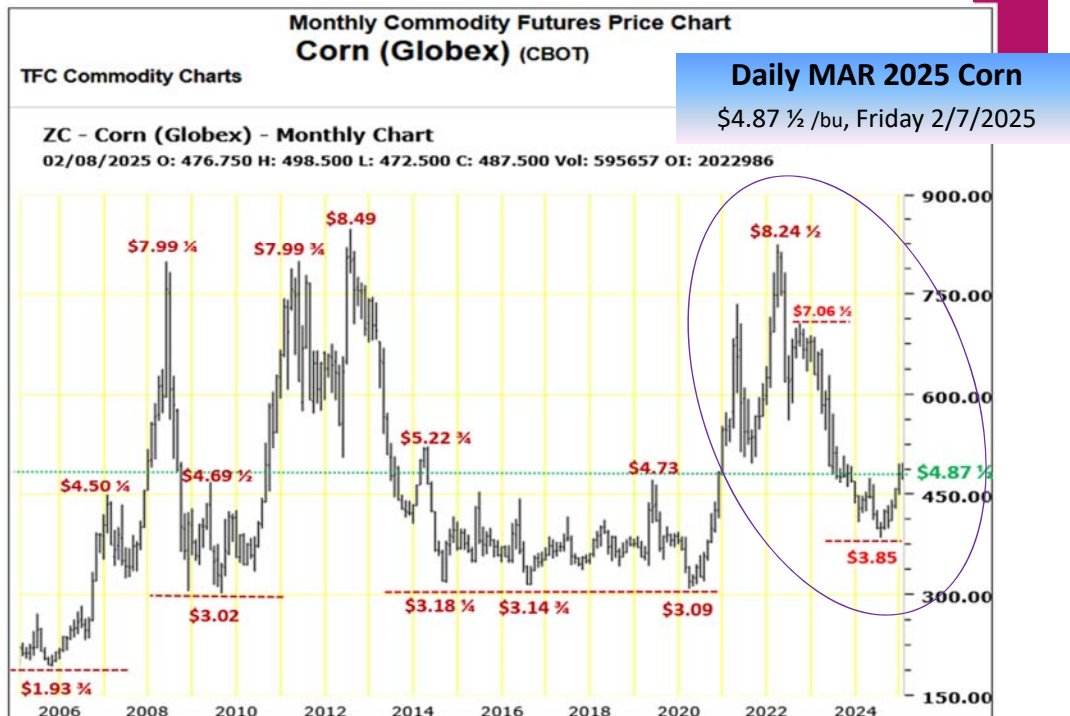
as of Friday, February 7, 2025

CME Corn Futures <small>2/7/2025 – Closes</small>			
Month	Close	Change	Carry /mo
Mar 25 <small>Lead</small>	\$4.87 ½	↓ \$0.07 ¾	---
May 25	\$5.00 ½	↓ \$0.07	+\$0.06 ⁵⁰
July 25	\$5.04 ½	↓ \$0.06 ½	+\$0.02
Sept 25	\$4.67	↓ \$0.05	-\$0.18 ⁷⁵
Dec 25 <small>Harvest</small>	\$4.66	↓ \$0.03 ¾	-\$0.00 ³³³
Mar 26	\$4.76 ¾	↓ \$0.03 ¾	+\$0.03 ⁵⁸³
May 26	\$4.82 ¾	↓ \$0.04 ¼	+\$0.03
July 26	\$4.85 ¼	↓ \$0.04	+\$0.01 ²⁵

Daily CME MARCH 2025 Corn Futures



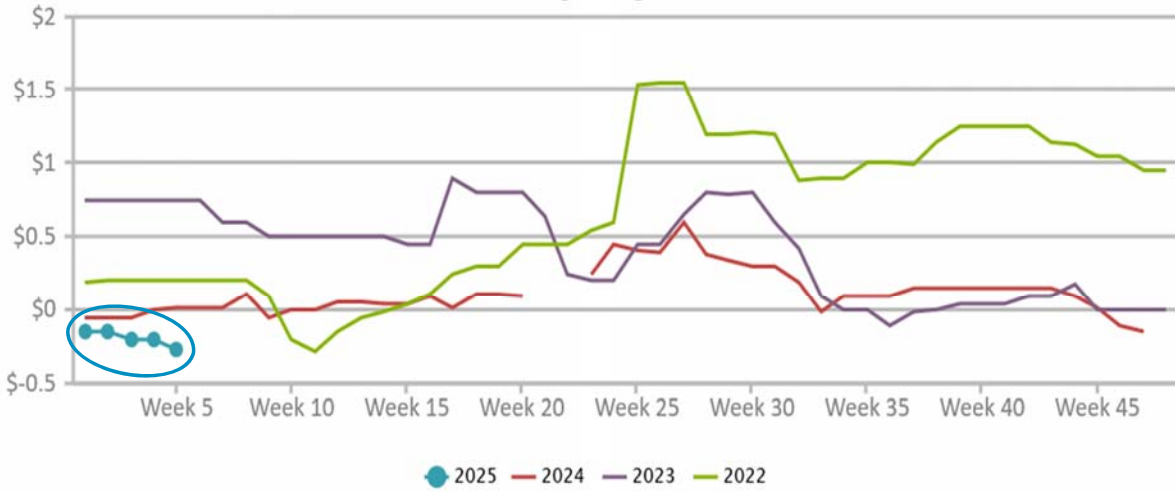
Daily MAR 2025 Corn
 \$4.87 1/2 /bu, Friday 2/7/2025



Kansas Cash & Futures Prices						
Date						
2/7/2025 - Closes						
Grain Futures Contracts	Closing \$					
MAR 2025 Corn ^{"New" MY 2024/25 Post-Harvest Futures}	\$4.8750					
DEC 2025 Corn ^{"Next" MY 2025/26 Harvest Futures}	\$4.6600					
2/7/2025 - Closes						
Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators						
Cash Market Spot & FC Bids	<small>Representing the highest bids available at each location</small>					
	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Pittsburg ^{Area}
	NW KS	NC KS	NE KS	SW KS	SC KS	SE KS
Corn Spot Cash\$: Fall ²⁰²⁴	\$4.67	\$4.65	\$4.62	\$5.03	\$4.70	\$4.77
2024 Harvest Cash Market Basis	(\$0.21)	(\$0.23)	(\$0.26)	\$0.16	(\$0.18)	(\$0.11)
Corn Harvest FC\$: Fall ²⁰²⁵	\$4.63	\$4.31	\$4.21	\$4.76	\$4.46	\$4.51
"Next Crop" MY 2025/26 Harvest Frwd Contract	(\$0.03)	(\$0.35)	(\$0.45)	\$0.10	(\$0.20)	(\$0.15)
2024 "Spot Cash" Soybean vs Corn \$ Ratio	2.02	2.12	2.14	1.91	2.05	2.07
2025 "New Crop" Soybean vs Corn \$ Ratio	2.05	2.30	2.35	2.03	2.19	2.22
"Spot Cash" HRW Wheat vs Corn \$ Ratio	1.13	1.23	1.24	1.06	1.24	1.15

COLBY, KS: Corn Basis - CORNERSTONE AG

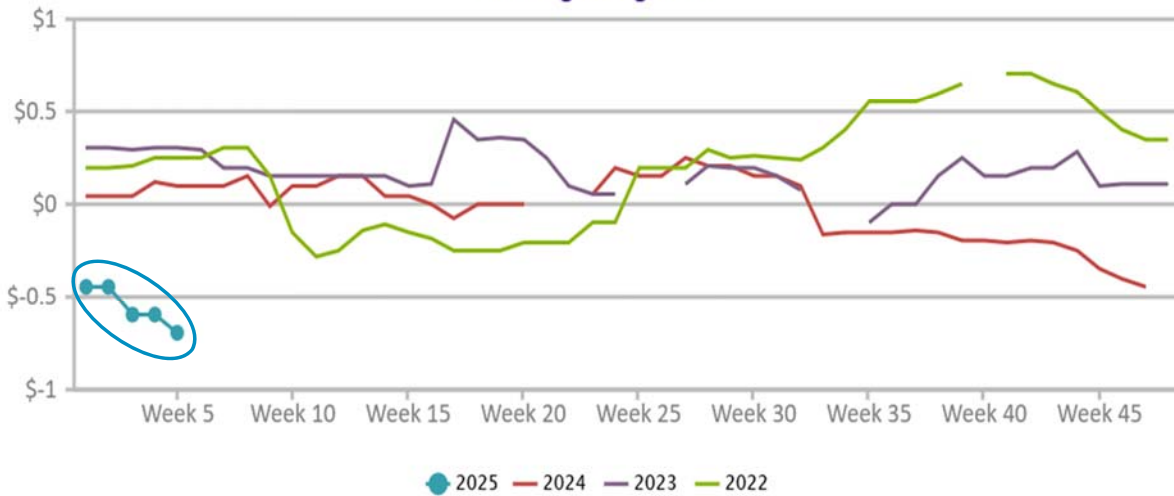
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Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Pittsburg ^{Area}
	NW KS	NC KS	NE KS	SW KS	SC KS	SE KS
Grain Sorghum Spot Cash\$: Fall ²⁰²⁴	\$4.28	\$4.27	\$4.37	\$4.17	\$4.28	\$4.24
2024 Harvest Cash Market Basis	(\$0.60)	(\$0.61)	(\$0.51)	(\$0.71)	(\$0.60)	(\$0.64)
Grain Sorghum Harvest FC\$: Fall ²⁰²⁵	\$4.03	\$4.21	\$4.03	\$4.31	\$4.06	\$4.04
"Next Crop" MY 2025/26 Harvest Frwd Contract	(\$0.63)	(\$0.45)	(\$0.63)	(\$0.35)	(\$0.60)	(\$0.62)

COLBY, KS: Grain Sorghum Basis - CORNERSTONE AG

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Wheat Markets

19



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Key Wheat Market Issues 2/10/2025

20

- 1) **“Current” MY 2024/25:** with *growing* **U.S. End Stocks** ^{798 mb} & **Stocks/Use** ^{39.9%} the Wheat market is *“over-supplied”* **BUT** still **@Risk** to **2025 U.S. crop-weather issues** *March-May 2025*
- 2) **Drought risks in Ukraine & Russia** may impact **2025 Black Sea Wheat Crops & Exports** (+ *U.S. Exports*)
- 3) **Lagging U.S. Wheat exports** *To all major buyers, especially U.S. HRW Wheat*
- 4) **U.S. Trade & Tariffs Policy** may impact U.S. Wheat markets (?)

More Wheat Market Issues 1/27/2025

21

5) “Weak” Wheat basis in KS since Fall 2024

- Primarily caused by *poor* U.S. Hard Red Winter (HRW) Wheat Exports
 - Due to the high value of the U.S. dollar & aggressive competitive export sales by Russia & Ukraine

6) Watching for market seasonality in April-May 2025

(ahead of 2025 HRW harvest in late June-July)

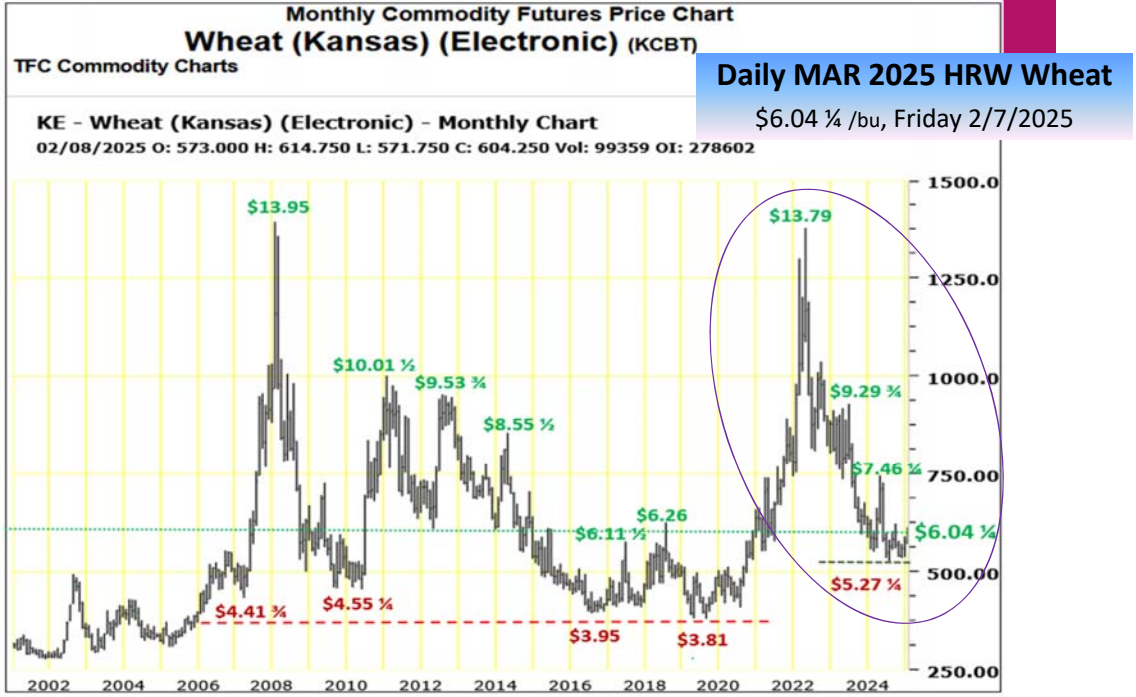
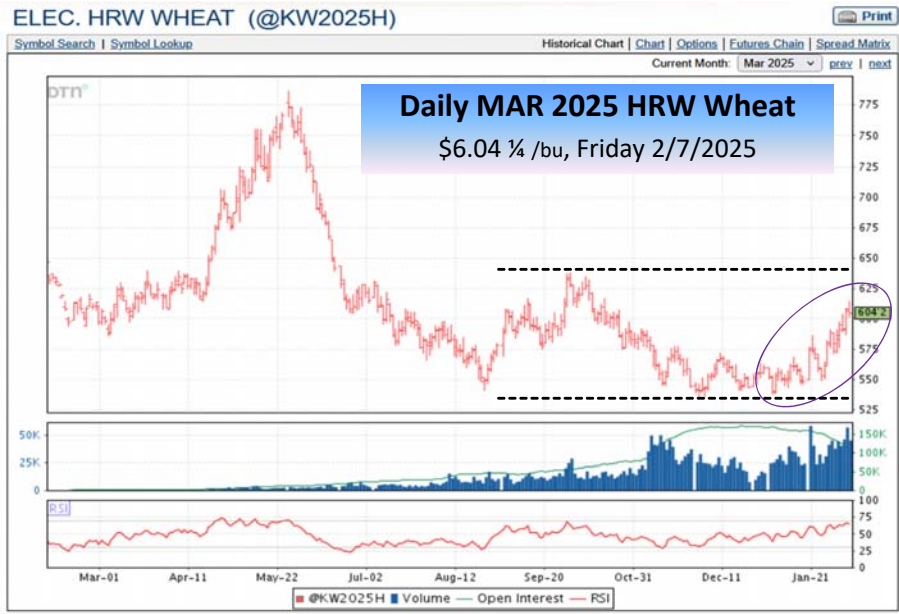
CME Kansas HRW Wheat Closes, Changes & Carry

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as of Friday, February 7, 2025

CME Kansas HRW Wheat ^{2/7/2025} – Closes			
Month	Close	Change	Carry /mo
Mar 25 ^{Lead}	\$6.04 ¼	↓ \$0.03 ¼	---
May 25	\$6.13 ¾	↓ \$0.02 ½	+\$0.04 ⁵⁰
July 25 ^{Harvest}	\$6.23	↓ \$0.02	+\$0.04 ⁶²⁵
Sept 25	\$6.35 ½	↓ \$0.02	+\$0.06 ²⁵
Dec 25	\$6.52 ½	↓ \$0.01 ½	+\$0.05 ⁶⁶⁷
Mar 26	\$6.65 ¾	↓ \$0.01 ¼	+\$0.04 ⁴¹⁷
May 26	\$6.71 ½	↓ \$0.00 ¼	+\$0.04 ⁸⁷⁵
July 26 ^{Harvest}	\$6.58 ¼	↑ \$0.02	-\$0.06 ⁶²⁵

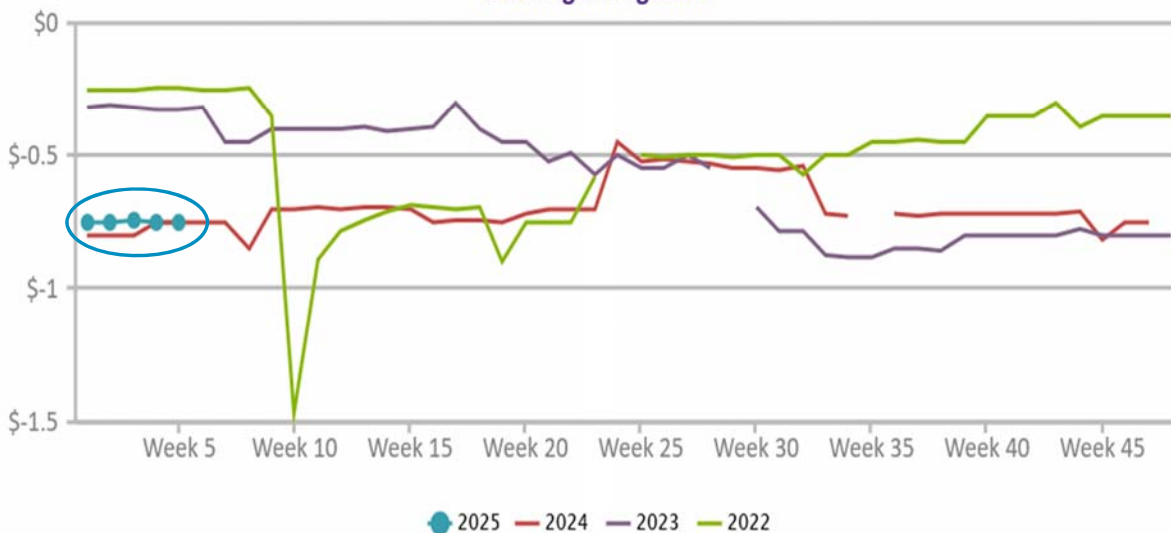
Daily CME MARCH 2025 HRW Wheat



Kansas Cash & Futures Prices						
Date						
2/7/2025 - Closes						
Grain Futures Contracts	Closing \$					
MAR 2025 KC HRW Wheat ^{"Current" MY 2024/25 Futures}	\$6.0425					
JULY 2025 KC HRW Wheat ^{"Next" MY 2025/26 Harvest Futures}	\$6.2300					
2/7/2025 - Closes						
Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators						
Cash Market Spot & FC Bids	Representing the highest bids available at each location					
	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Pittsburg ^{Area}
	NW KS	NC KS	NE KS	SW KS	SC KS	SE KS
KC HRW Wheat Harvest Spot Cash\$	\$5.29	\$5.74	\$5.74	\$5.34	\$5.84	\$5.49
"New Crop" MY 2024/25 HRW Wheat Spot Basis	(\$0.75)	(\$0.30)	(\$0.30)	(\$0.70)	(\$0.20)	(\$0.55)
KC HRW Wheat FC\$ ^{2025 Harvest Futures}	\$5.38	\$5.83	\$5.78	\$5.63	\$5.85	\$5.68
"Next Crop" MY 2025/26 HRW Hvst FC\$ Basis	(\$0.85)	(\$0.40)	(\$0.45)	(\$0.60)	(\$0.38)	(\$0.55)
"Spot Cash" HRW Wheat vs Corn \$ Ratio	1.13	1.23	1.24	1.06	1.24	1.15

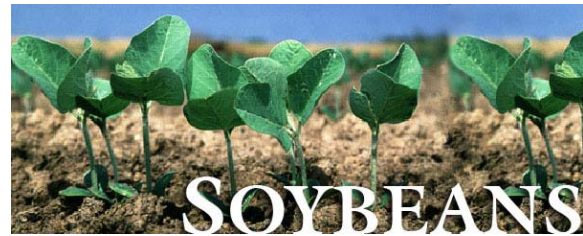
COLBY, KS: Hard Red Winter Wheat Basis - CORNERSTONE AG

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Soybean Markets

27



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Key Soybean Market Issues 2/10/2025

28

- 1) **“Current” MY 2024/25:** *With moderate U.S. Ending Stocks* ^{380 mb} & **Stocks/Use** ^{8.7%} the Soybean market is not “tight” **BUT** still @Risk to **2025 U.S. crop-weather issues** May-September 2025
- 2) **Emerging crop risk in Argentina** *Drought may impact 2025 South American Crops & Exports* (+ U.S. Exports)
- 3) **Strong U.S. Soybean Exports** *to date* – mainly to **China**
- 4) **U.S. Trade & Tariffs Policy** may impact Soybean \$’s (China, others)

More Soybean Market Issues ^{2/10/2025}

29

- 5) Strong Exports of U.S. Soybean Oil & moderately strong SBMeal
- 6) **“Mostly Weak” Soybean basis** in KS since Fall 2024
- 7) *Unchanged-to-Lower U.S. Soybean Plantings* likely in 2025
- 8) **Biodiesel Regulatory Policy & Trade** issues likely to be impacted by the Trump Administration Renewable Diesel – Other issues
- 9) **Watching for market seasonality** March-September 2025, U.S. & South America

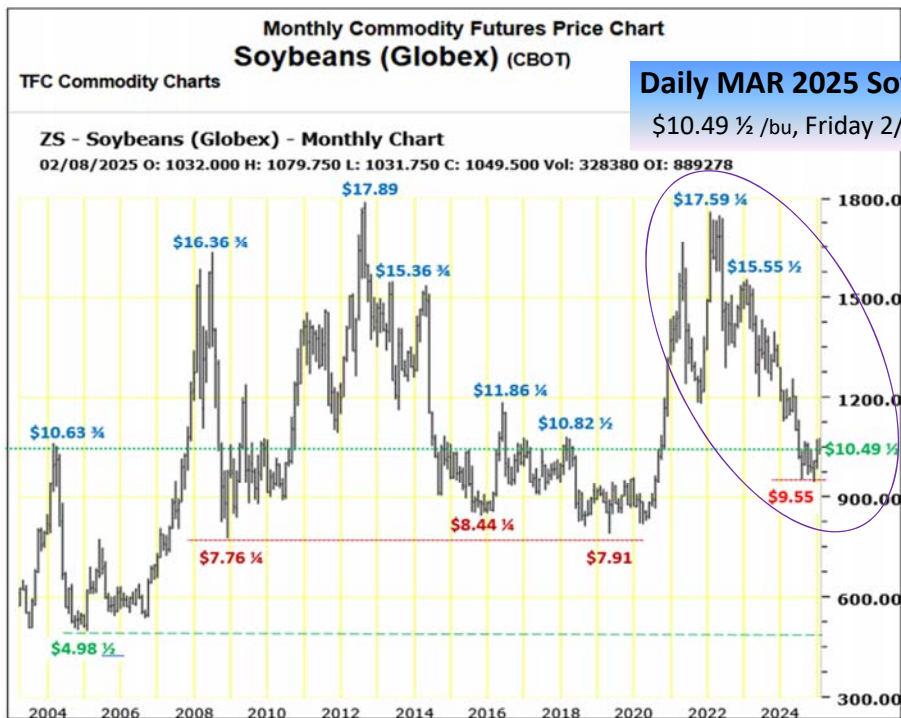
CME Soybean Futures Closes, Changes & Carry

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as of Friday, February 7, 2025

CME Soybean Futures ^{2/7/2025 – Closes}			
Month	Close	Change	Carry / <u>mo</u>
Mar 25 ^{Lead}	\$10.49 ½	↓ \$0.11	---
May 25	\$10.65 ½	↓ \$0.10 ¼	+\$0.08
July 25	\$10.81	↓ \$0.09	+\$0.07 ⁷⁵
Aug 25	\$10.76 ¼	↓ \$0.08	-\$0.04 ⁷⁵
Sep 25	\$10.57 ½	↓ \$0.08 ½	-\$0.18 ⁷⁵
Nov 25 ^{Harvest}	\$10.57 ½	↓ \$0.08 ½	No Carry
Jan 26	\$10.66 ¼	↓ \$0.08	+\$0.04 ³⁷⁵
Mar 26	\$10.64	↓ \$0.07 ¼	-\$0.01 ¹²⁵

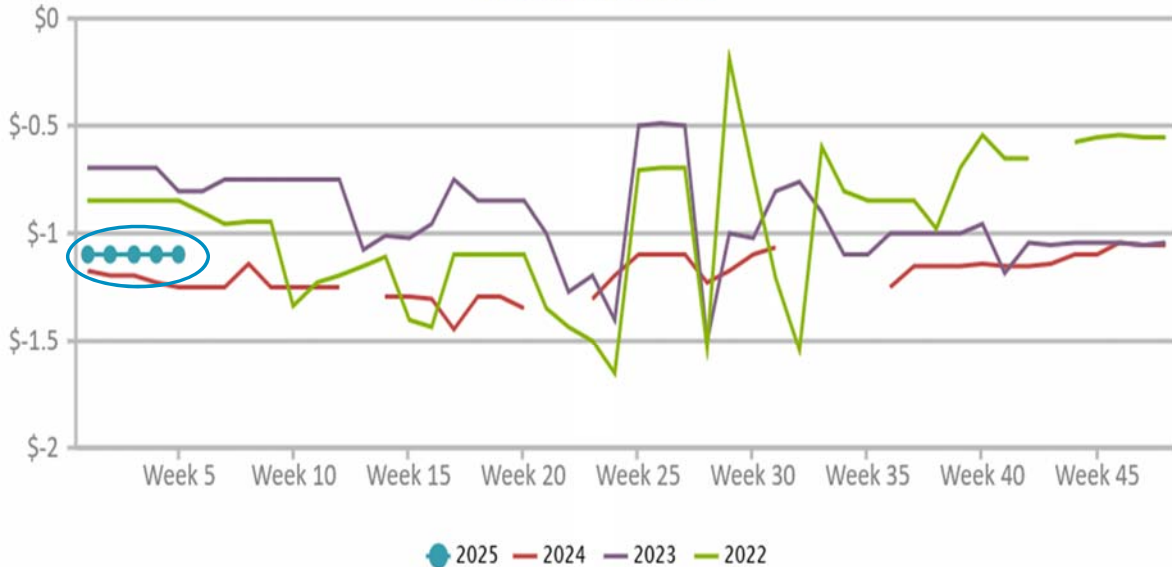
Daily CME MARCH 2025 Soybeans



Kansas Cash & Futures Prices						
Date						
2/7/2025 - Closes						
Grain Futures Contracts		Closing \$				
MAR 2025 Soybean	<small>"New" MY 2024/25 Post-Harvest Futures</small>	\$10.4950				
NOV 2025 Soybeans	<small>"Next" MY 2025/26 Harvest Futures</small>	\$10.5750				
2/7/2025 - Closes		Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators				
<small>Representing the highest bids available at each location</small>						
Cash Market Spot & FC Bids	Colby <small>Area</small>	Salina <small>Area</small>	Topeka <small>Area</small>	Garden City <small>Area</small>	Hutchinson <small>Area</small>	Pittsburg <small>Area</small>
	NW KS	NC KS	NE KS	SW KS	SC KS	SE KS
Soybean Spot Cash\$: Fall ²⁰²⁴	\$9.45	\$9.84	\$9.89	\$9.59	\$9.64	\$9.89
2024 Harvest Cash Market Basis	(\$1.05)	(\$0.65)	(\$0.60)	(\$0.90)	(\$0.85)	(\$0.60)
Soybean Harvest FC\$: Fall ²⁰²⁵	\$9.47	\$9.92	\$9.88	\$9.67	\$9.77	\$10.02
"Next Crop" MY 2025/26 Harvest Frwd Contract	(\$1.11)	(\$0.65)	(\$0.69)	(\$0.90)	(\$0.81)	(\$0.56)
2024 "Spot Cash" Soybean vs Corn \$ Ratio	2.02	2.12	2.14	1.91	2.05	2.07
2025 "New Crop" Soybean vs Corn \$ Ratio	2.05	2.30	2.35	2.03	2.19	2.22

COLBY, KS: Soybeans Basis - CORNERSTONE AG

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U.S. & Global Weather

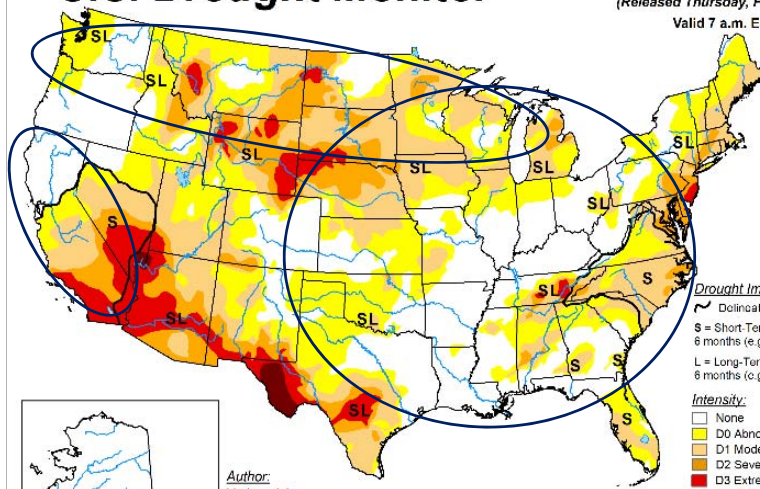
35



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U.S. Drought Monitor

February 4, 2025
(Released Thursday, Feb. 6, 2025)
Valid 7 a.m. EST



Drought Impact Types:
 ~ Delineates dominant impacts
 S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
 L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:
 None
 D0 Abnormally Dry
 D1 Moderate Drought
 D2 Severe Drought
 D3 Extreme Drought
 D4 Exceptional Drought

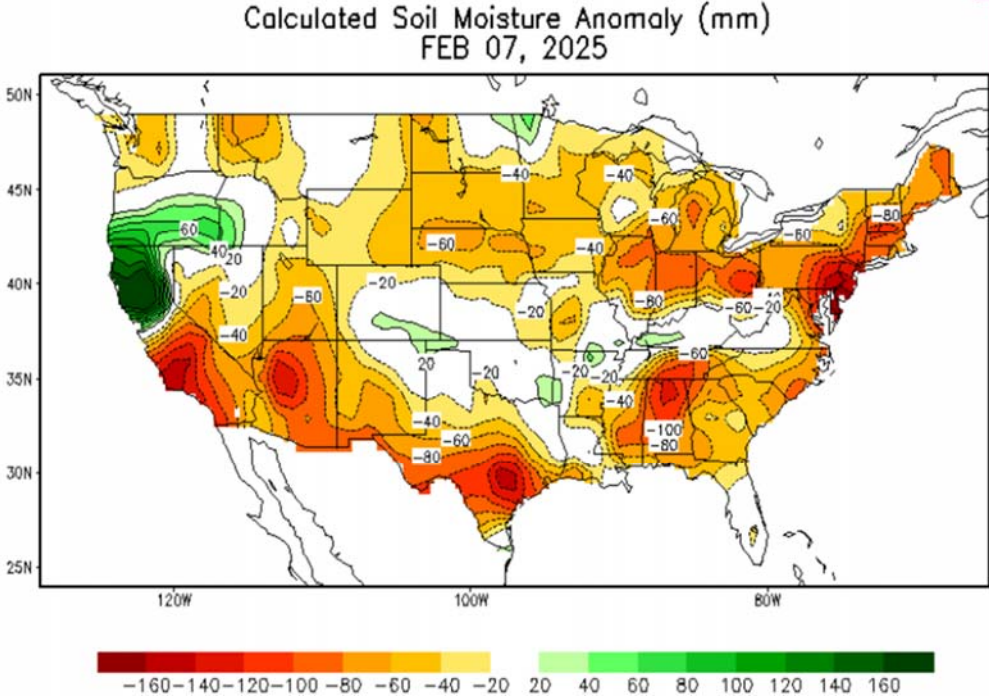
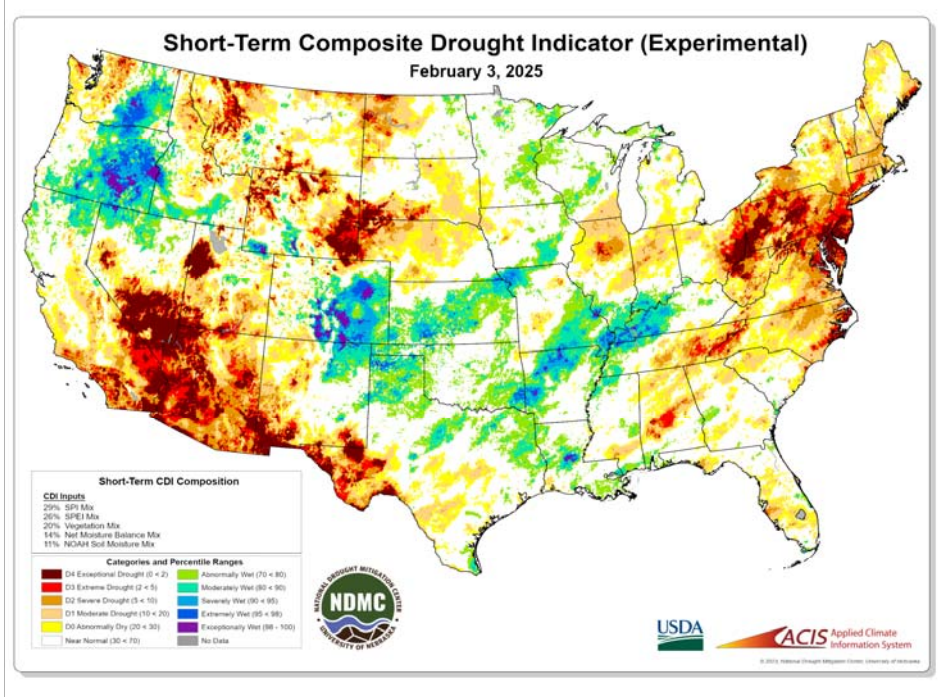
Author:
Lindsay Johnson
National Drought Mitigation Center

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.uspx>

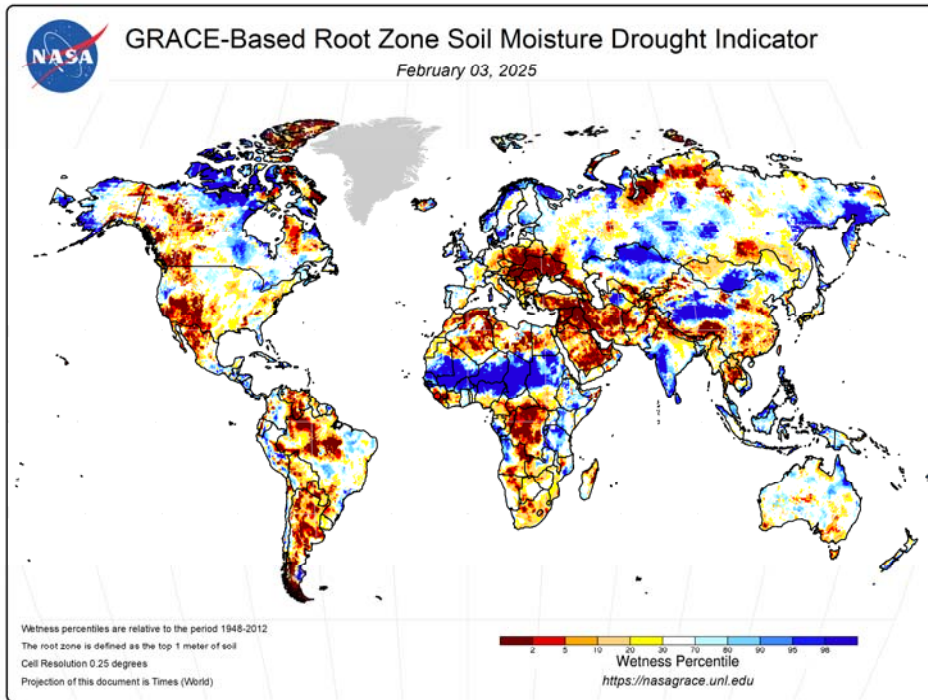
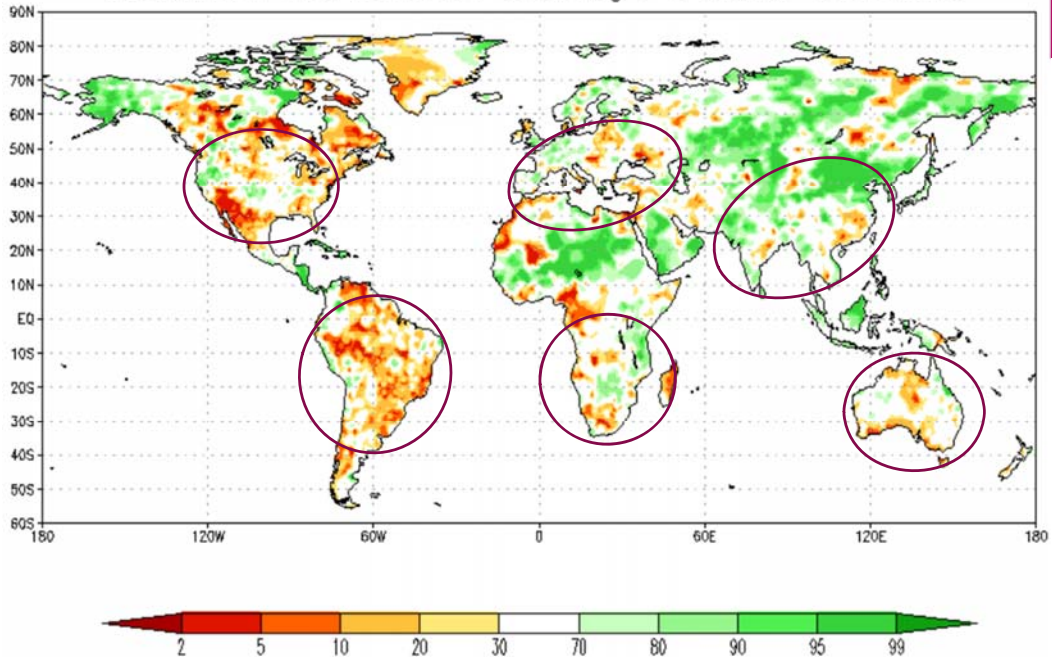


droughtmonitor.unl.edu

36



Calculated Soil Moisture Ranking Percentile 20250207



Closing Perspectives

41



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Questions?

Daniel O'Brien – Extension Ag Economist

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