

Grain Market Outlook for 2023-24

Agricultural Economics 520, Fall 2023

Kansas State University

October 10, 2023

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EXTENSION AGRICULTURAL ECONOMIST

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Grain Market Perspective

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Grain Market Outlook MY 2023/24 & 2024/25

in Kansas, the U.S. & Globally

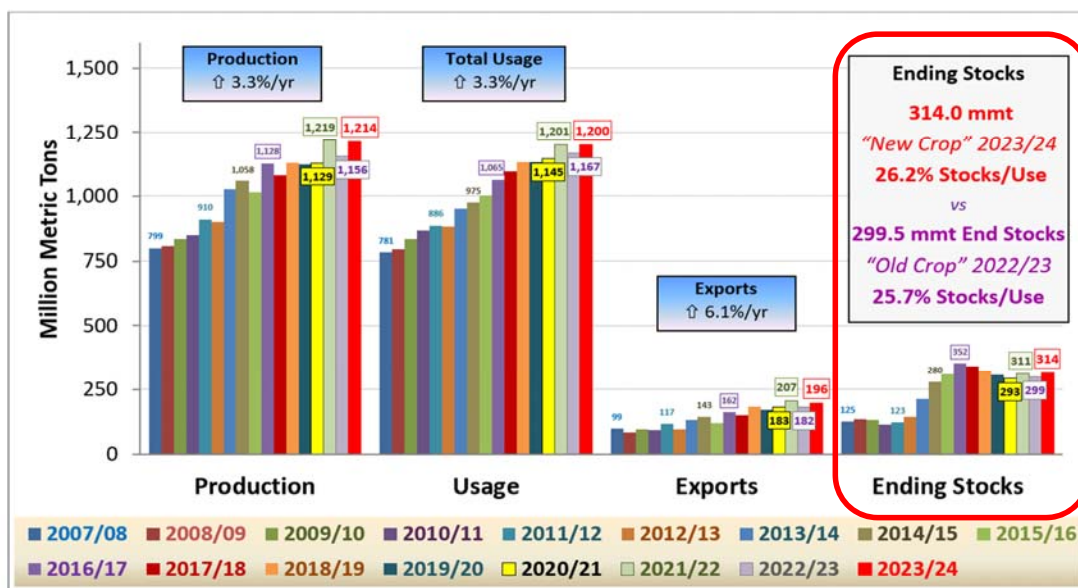
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1) “Focus on” Global Wheat, Feedgrains & Oilseed Stocks

- *The importance of South America’s 2024 corn & soybean crops!!*
- Occurring &/or Anticipated in 2024:
 - *El Nino Weather Impacts* in South America, Australia, U.S., etc.
 - *Geopolitical Conflicts* in the Black Sea region, Middle East, other

World Corn Supply-Demand

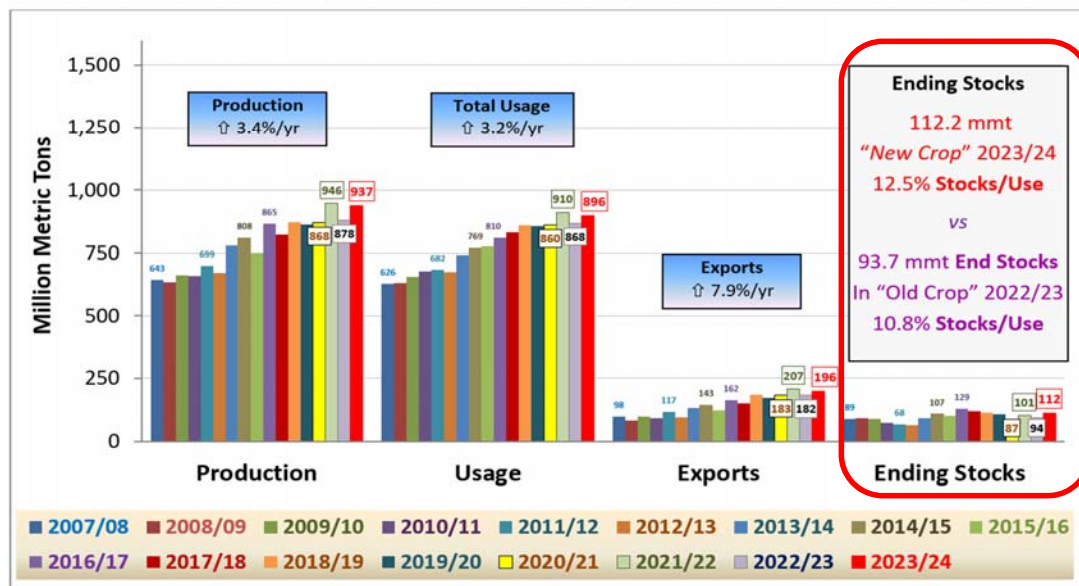
MY 2007/08 – “New Crop” MY 2023/24 as of the September 12, 2023 USDA WASDE Report



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***"World Less-China"* Corn Supply-Demand**

MY 2007/08 – "New Crop" MY 2023/24 as of the September 12, 2023 USDA WASDE Report



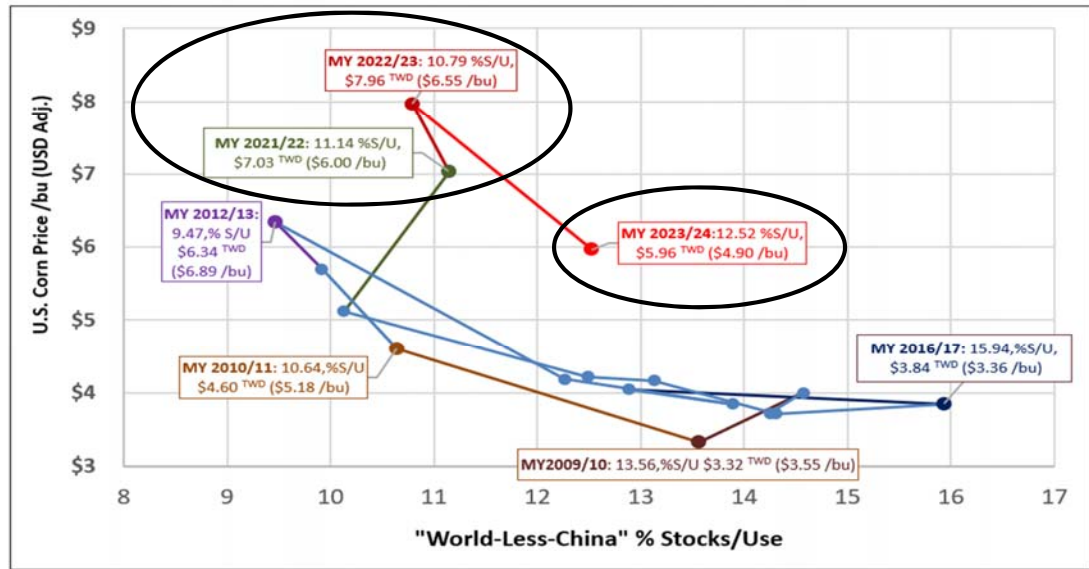
***World vs World Less-China* Corn % Stocks-to-Use**

MY 2007/08 through "Current" MY 2022/23, as of the September 12, 2023 USDA WASDE report.



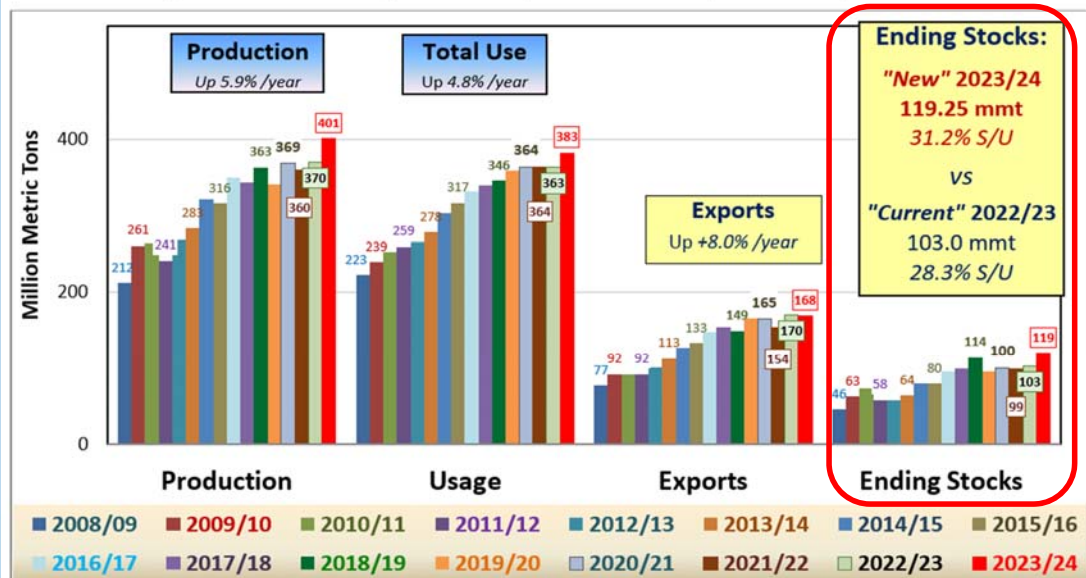
U.S. Corn $\$USD\$$ Adj. vs World Less-China % S/U

MY 2007/08 – "New Crop" MY 2023/24 as of the September 12, 2023 USDA WASDE



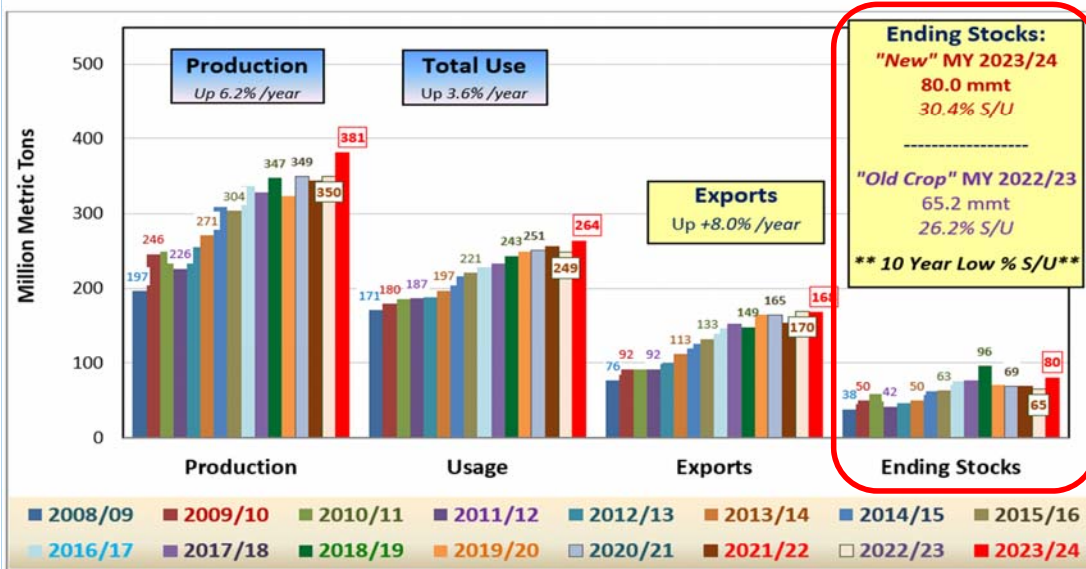
World Soybean Usage & End Stocks

MY 2008/09 thru "New Crop" MY 2023/24 as of the September 12, 2023 WASDE



World *Less-China* Soybean Use & End Stocks

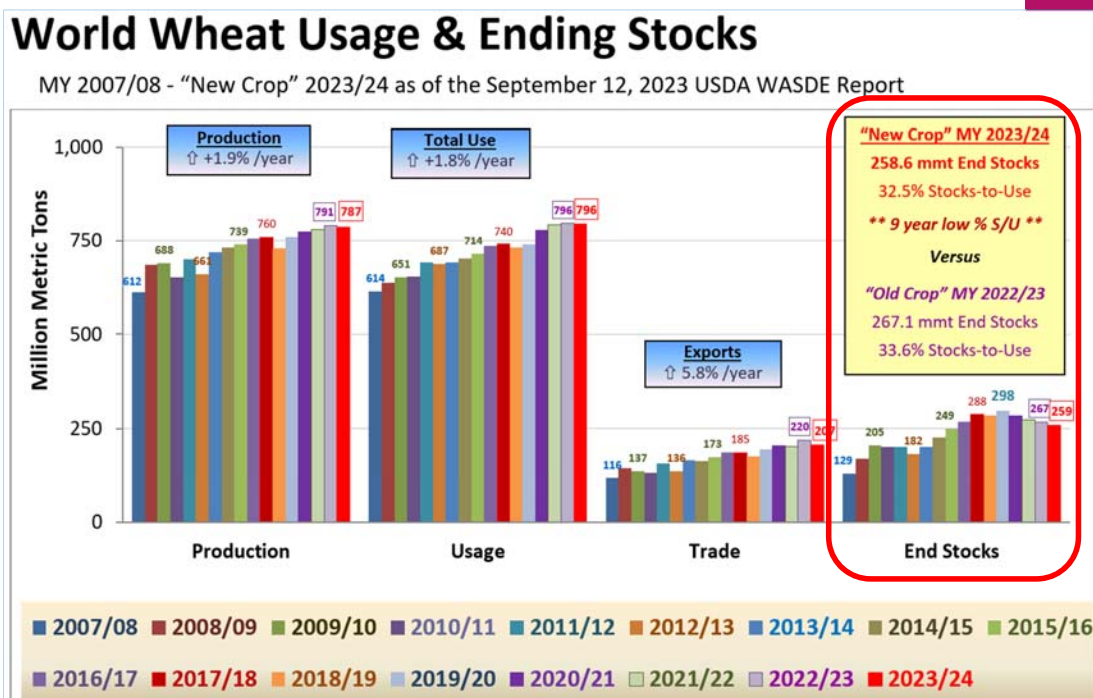
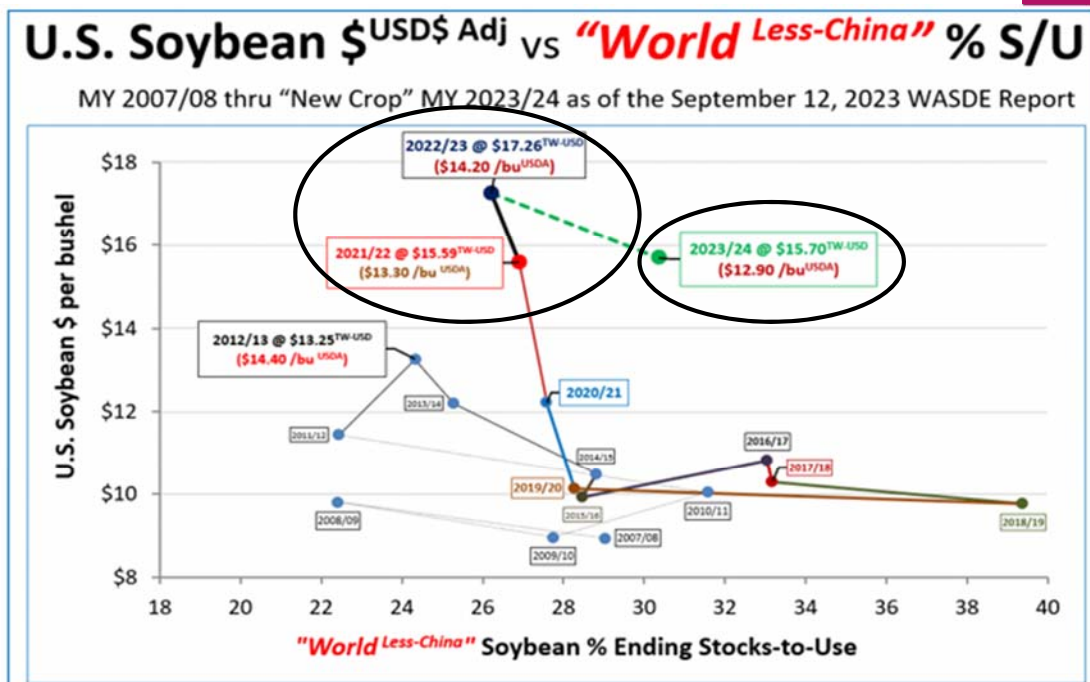
MY 2008/09 - "New Crop" MY 2023/24 as of the September 12, 2023 WASDE



World vs "World *Less-China*" Soybean % Stocks/Use

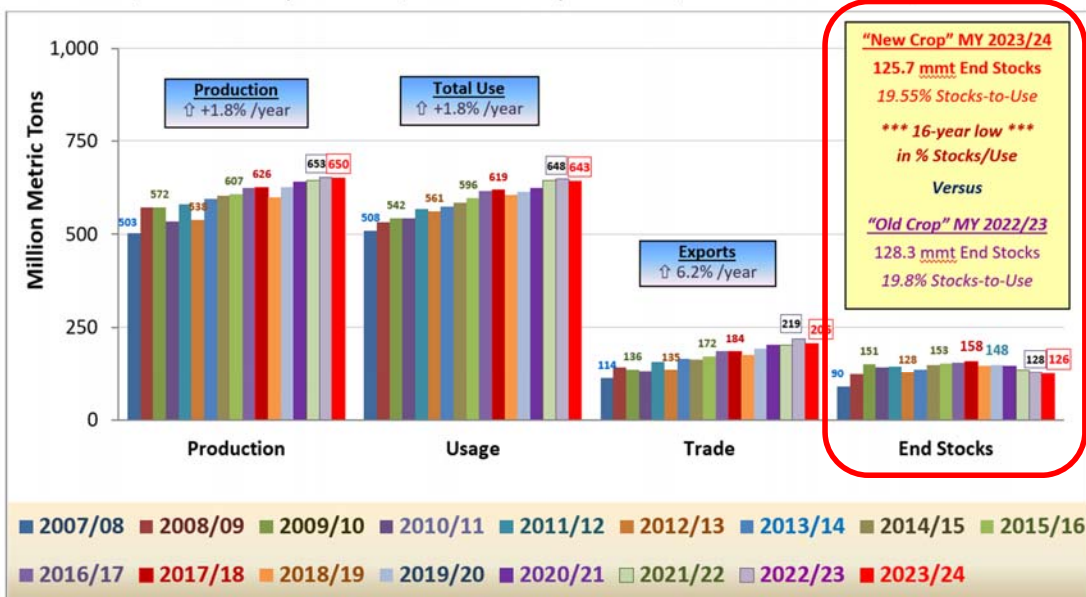
MY 2007/08 through "New Crop" MY 2023/24, as of the September 12, 2023 USDA WASDE report





"World Less-China" Wheat Usage & Ending Stocks

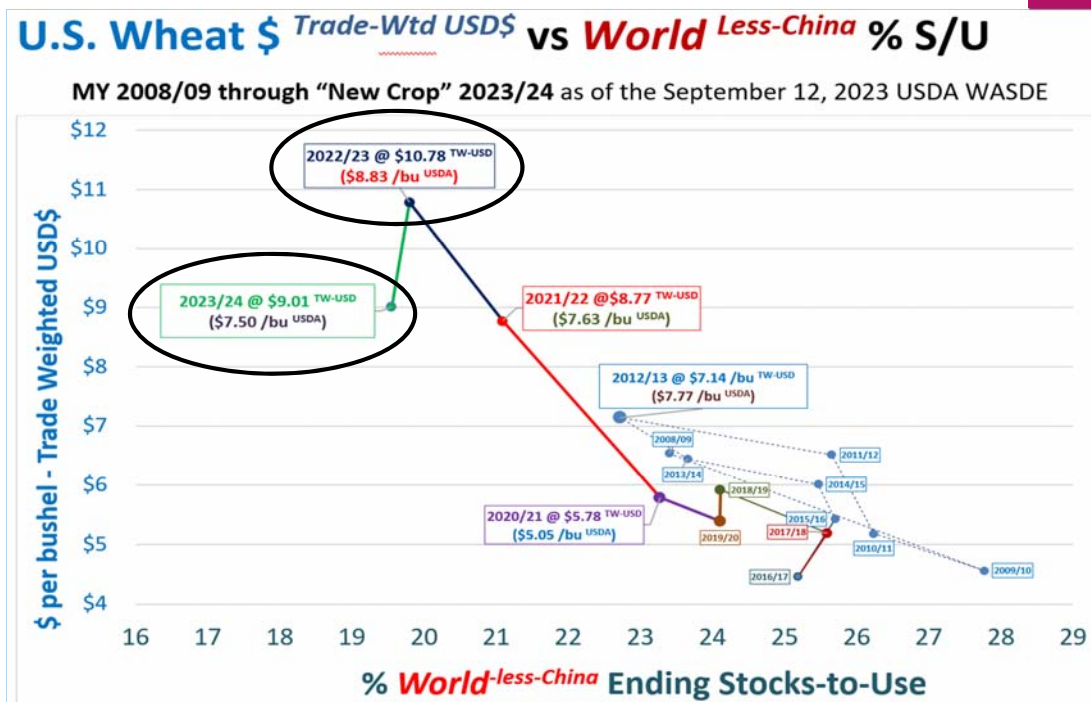
MY 2007/08 - "New Crop" MY 2023/24 as of the September 12, 2023 USDA WASDE Report



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

MY 2007/08 through "New Crop" MY 2023/24 as of the September 12, 2023 USDA WASDE report





Grain Market Outlook

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□ Impact of Ongoing & Possible Geopolitical Conflicts?? In 2023

- *Ukraine-Russia War ? – Prospects for de-escalation & grain trade?*
- *Israel-Hamas / Middle East Conflict ? – How broad & widespread?*
- *China-Taiwan???* - IF this occurs, it would impact the global economy along with U.S. grain trade
 - *Impacting U.S. soybeans, grain sorghum, likely all U.S. agricultural commodities – including U.S. corn*

2) Carryover impact of the Crop Production damage in the Western-Central Plains during 2022-2023 into 2024

- *Western Kansas / OK / TX / NE*

→ Seasonal grain BASIS throughout the U.S. Corn Belt

► Q? 2024 U.S. Corn, Soybean & Wheat Production?

→ *Seasonal risk in Spring-Summer 2024 – Dry subsoils in many areas*

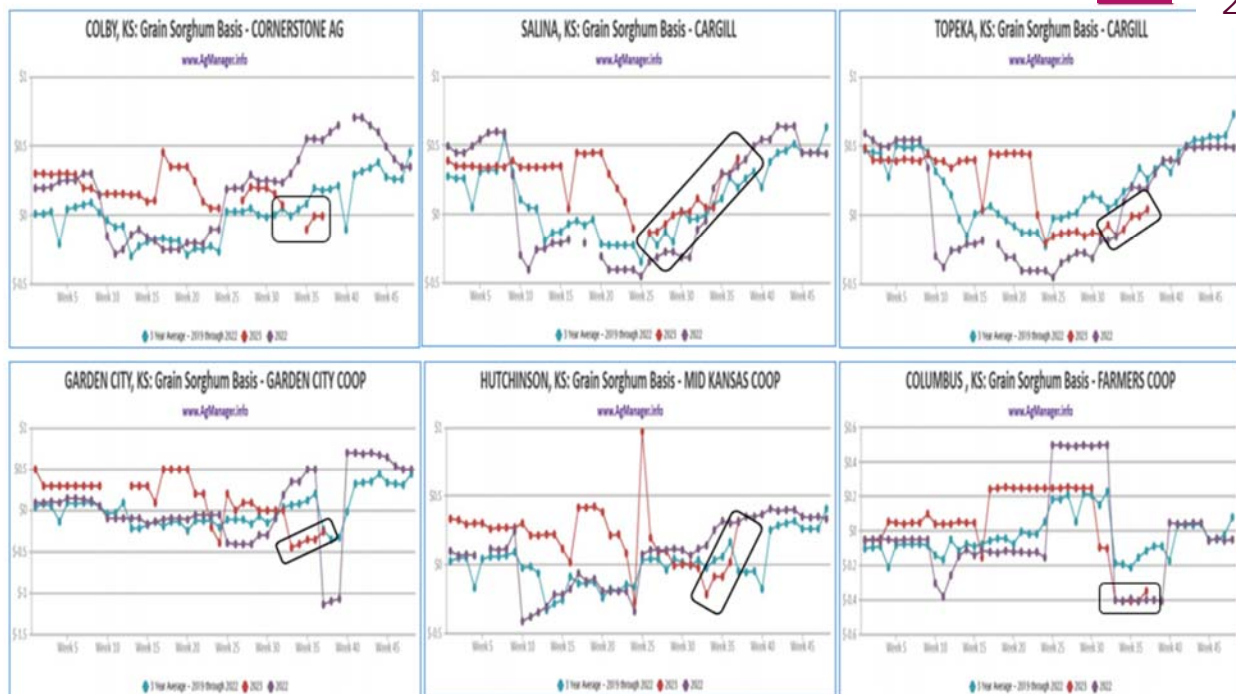
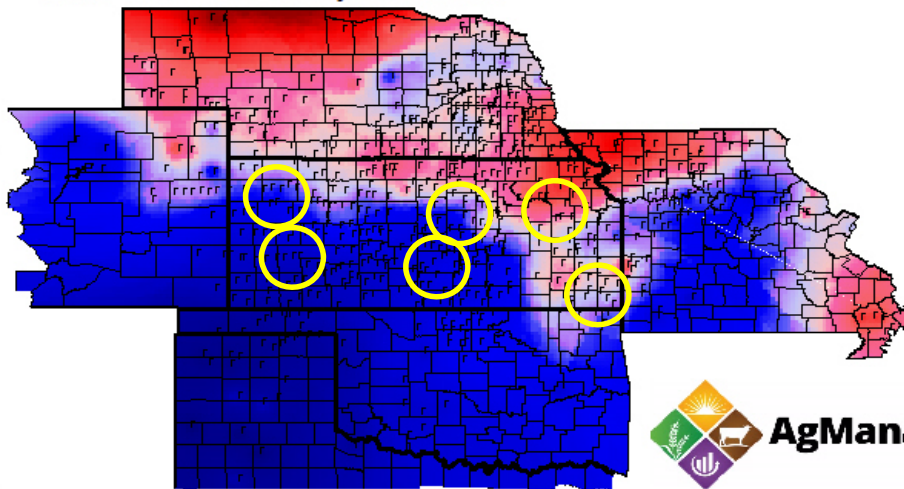
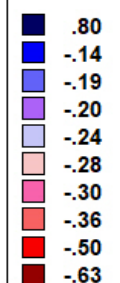


Corn Basis, 10-05-2023

Basis = Cash Price - Nearby Futures Price

CBT Dec
Futures
Price: \$4.98

\$/Bushel

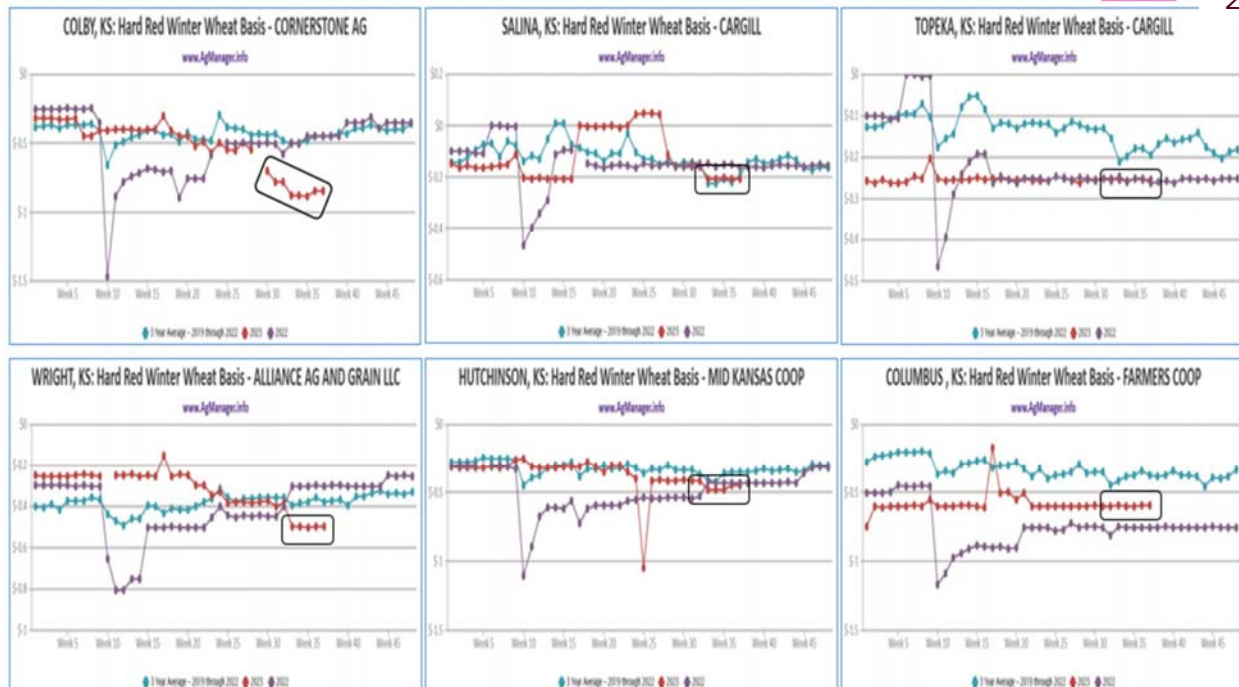
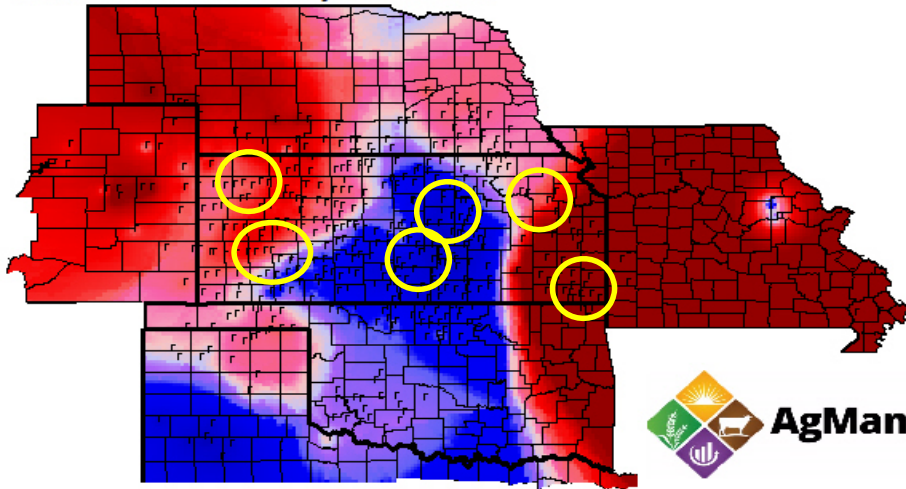
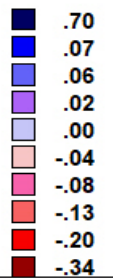


Grain Sorghum Basis, 10-05-2023

Basis = Cash Price - Nearby Futures Price

CBT Corn
Dec Futures
Price: \$4.98

\$/Bushel

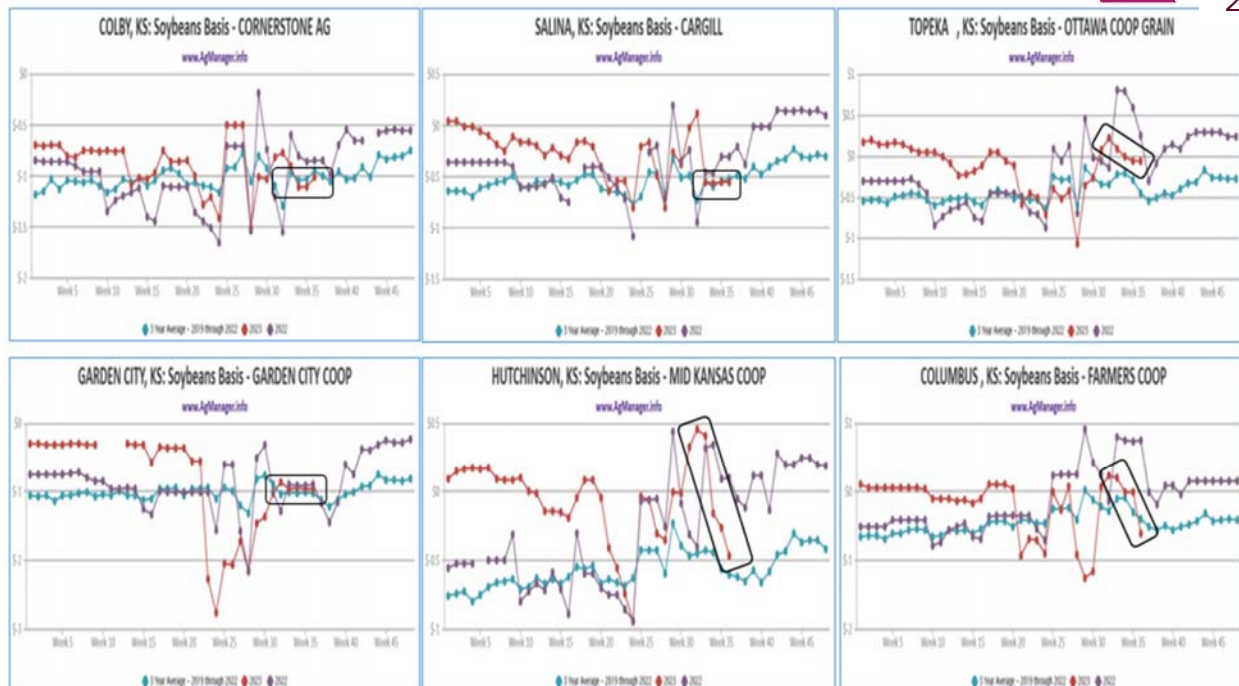
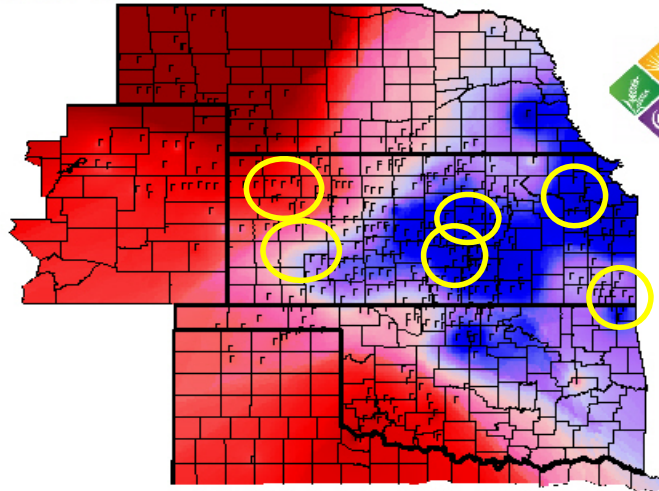
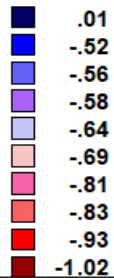


Wheat Basis, 10-05-2023

Basis = Cash Price - Nearby Futures Price

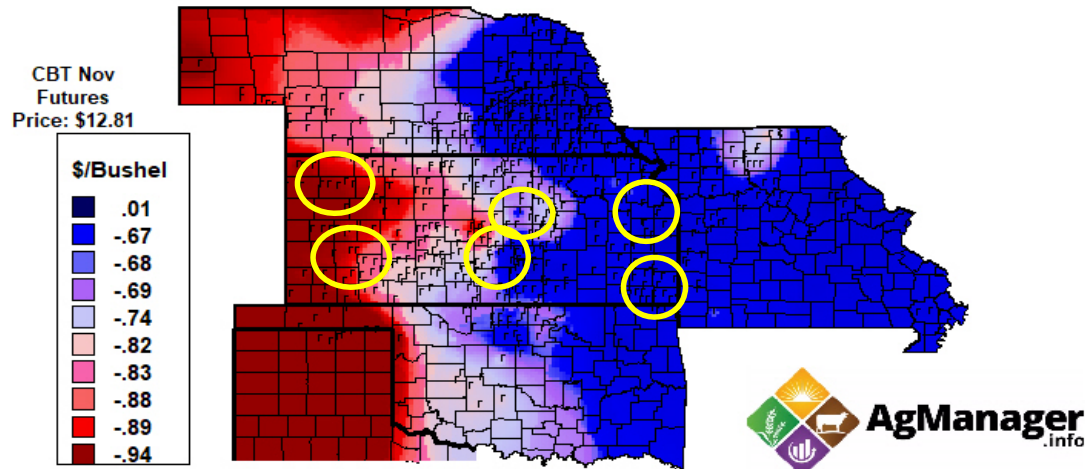
KCBT Dec
Futures
Price: \$6.91

\$/Bushel



Soybean Basis, 10-05-2023

Basis = Cash Price - Nearby Futures Price



Grain Market Outlook 2023

3) Continuance of El Nino Weather Pattern in 2024???

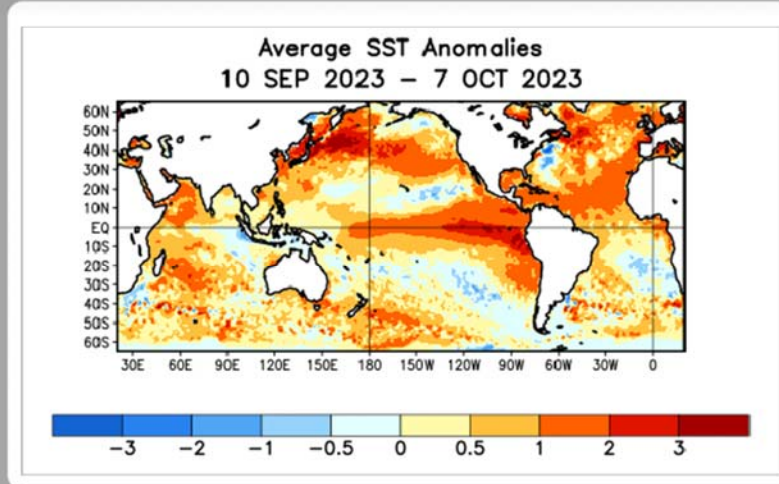
- **El Niño Watch** is currently in effect.
- Equatorial sea surface temperatures are near to above average across most of the Pacific Ocean.
- A transition from ENSO-neutral to El Niño is expected in the next couple of months, with a greater than 90% chance of El Niño persisting into the Northern Hemisphere winter of 2023-24.

○ Source: **National Weather Service**, October 10, 2023

<https://www.weather.gov/ict/enso>

Global SST Departures (°C) During the Last Four Weeks

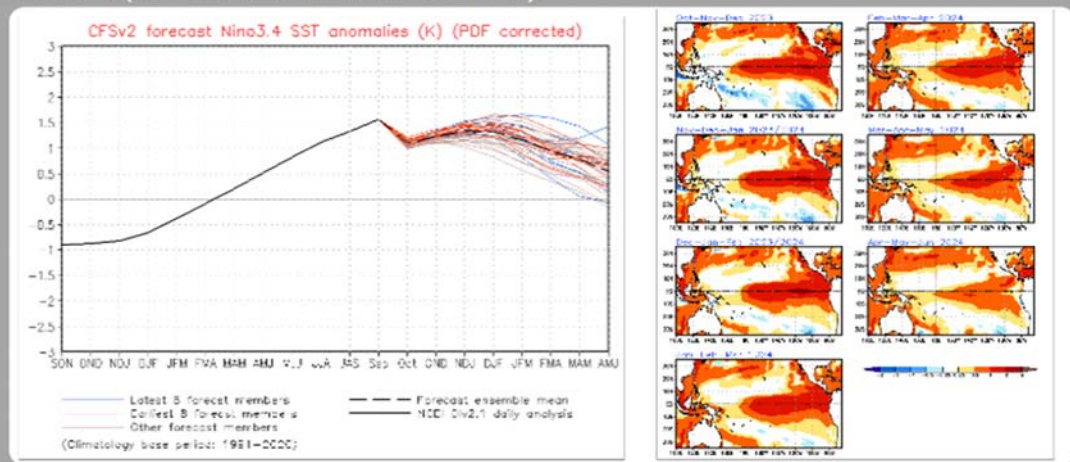
During the last four weeks, equatorial SSTs were above average across most of the Pacific Ocean, in the western Indian Ocean, and across much of the Atlantic Ocean. Equatorial SSTs were below average in the eastern Indian Ocean.

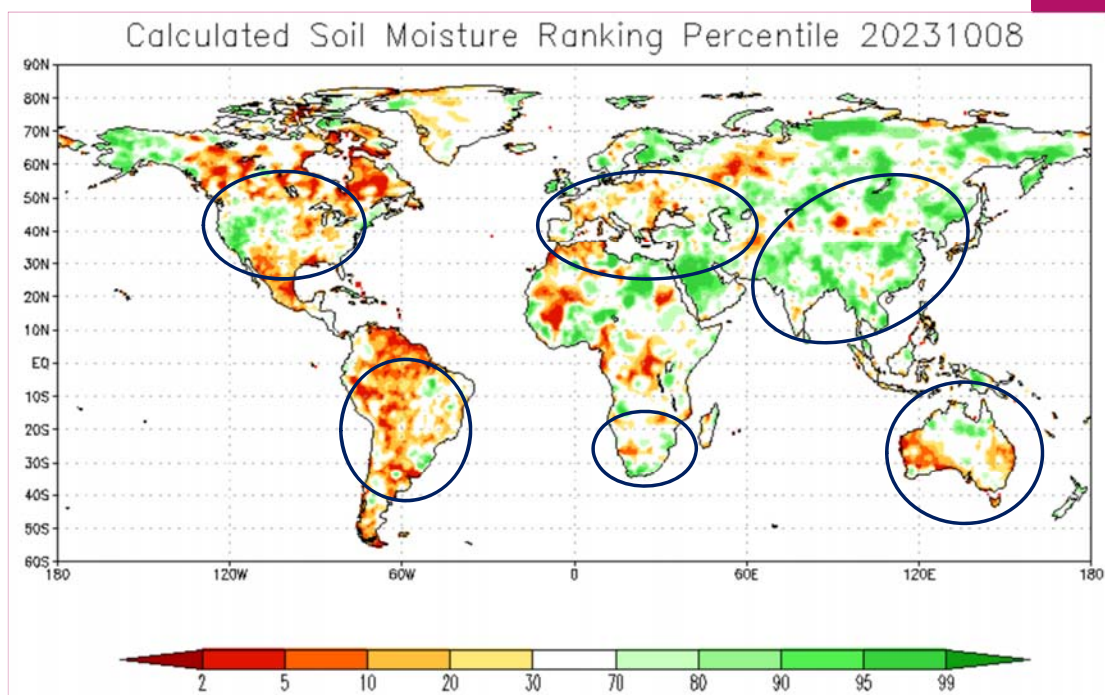
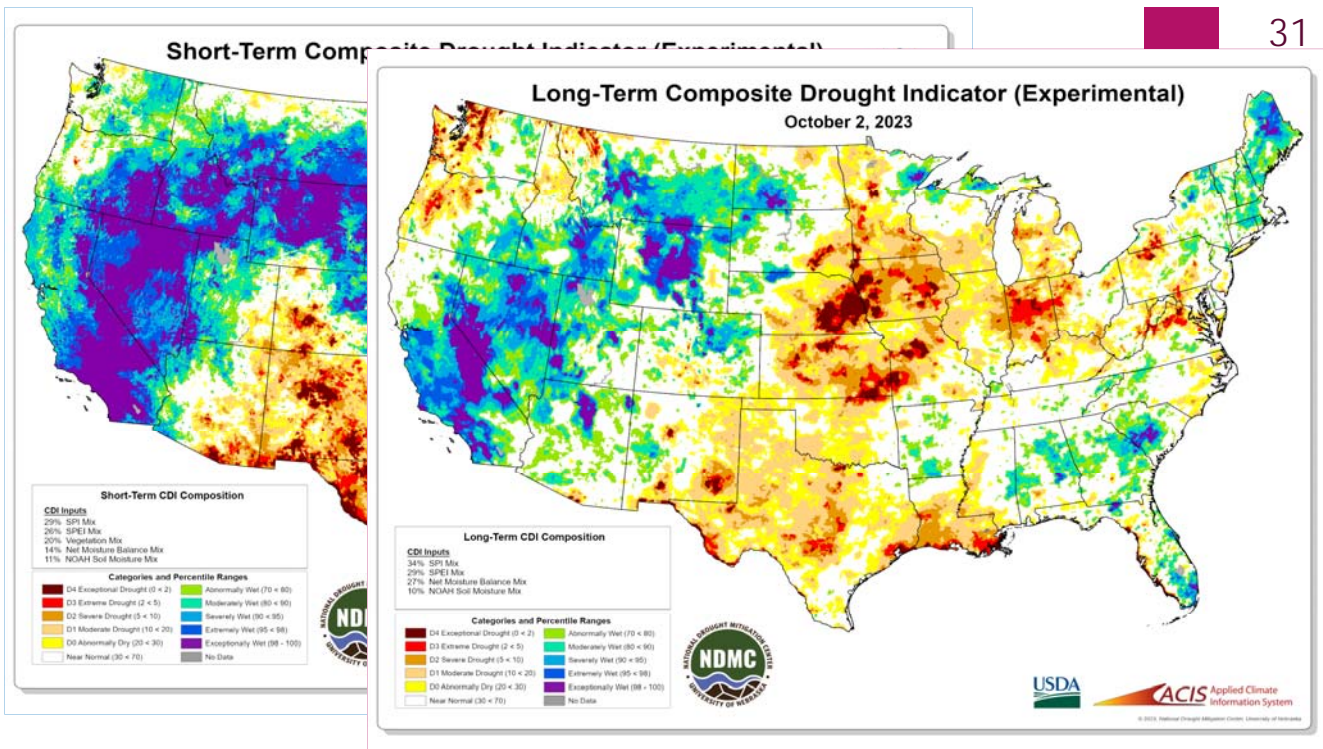


SST Outlook: NCEP CFS.v2 Forecast (PDF corrected)

Issued: 9 October 2023

The CFS.v2 ensemble mean (black dashed line) indicates El Niño will continue through the Northern Hemisphere Spring 2024. A moderate strength El Niño is favored (ONI between 1.0°C and 1.5°C).





South America Corn-Soybean Calendar

□ South America Planting Influences ⇒ “Acres Race!”

• Brazil & Argentina Corn & Soybean Crop Calendar

○ Brazil

- Corn: 1st crop *Planting* – October-December ⇒ Harvest: February-June
- Soybeans: *Planting* – October-December ⇒ Harvest: March-June
- Corn: 2nd crop *Planting* – January-February ⇒ Harvest: March-June

○ Argentina

- Corn: *Planting* – mid September-December ⇒ Harvest: mid March-early June
- Soybeans: 1st crop *Planting* – November-December ⇒ Harvest: Late March-early May
- Soybeans: 2nd crop *Planting* – December-early Jan. ⇒ Harvest: mid April – mid June

What to anticipate in Year 2024

□ 2024 Spring Planting of Feedgrains & Oilseeds

- With tight stocks across crops – any threats to planting 2023 U.S. corn or soybeans could cause **Moderately Volatile** prices

○ NOV²⁰²⁴ Soybean futures @ \$12.46 ³/₄ /bu ^{8/10/2023 a.m.}

○ DEC²⁰²⁴ Corn futures @ \$5.14 ¹/₂ /bu ^{8/10/2023 a.m.}

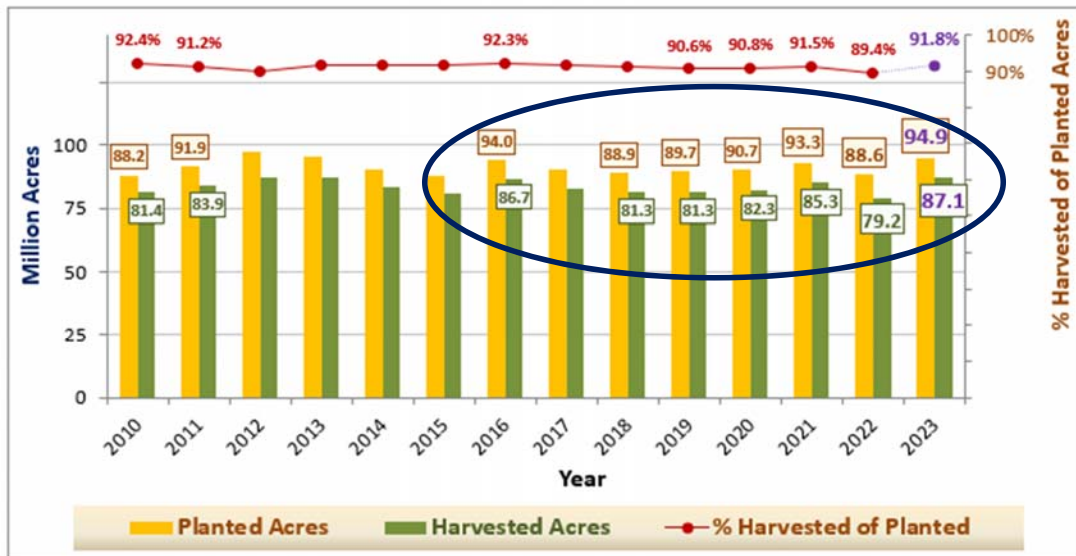
➤ 2024 “New” Soy/Corn \$ Ratio = \$12.46 ³/₄ ÷ \$5.14 ¹/₂ = **2.42** (vs 2.3 Neutral)

Small + Soybeans

- Strong “new crop” price competition likely for 2024 planted acres between Feedgrains & Oilseeds ⇒ *Likely in late March-May 2024*

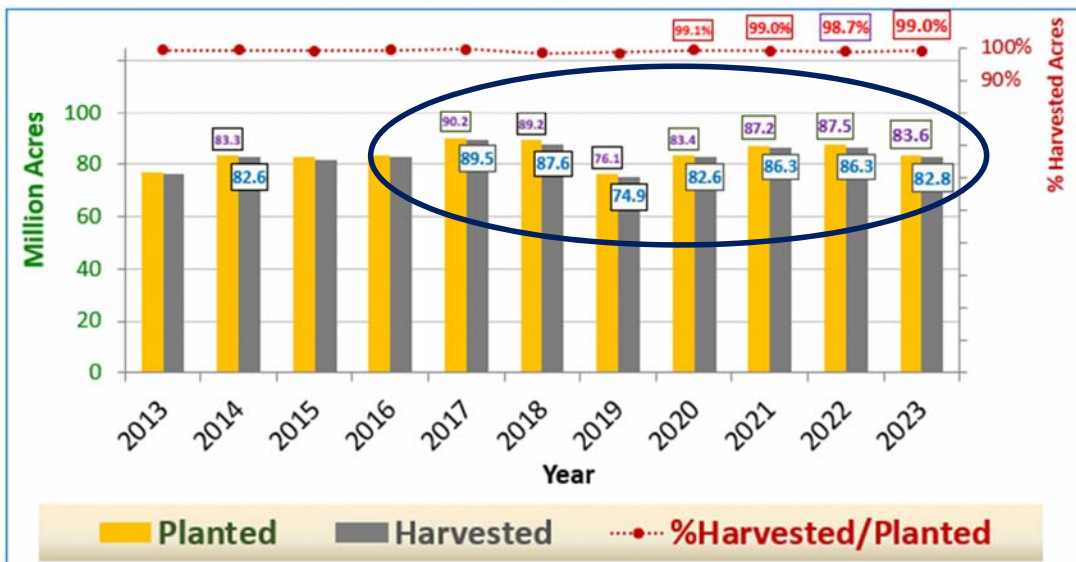
U.S. Corn Acreage for 2010-2023

Sources: USDA Crop Production & WASDE 9/12/2023 Reports



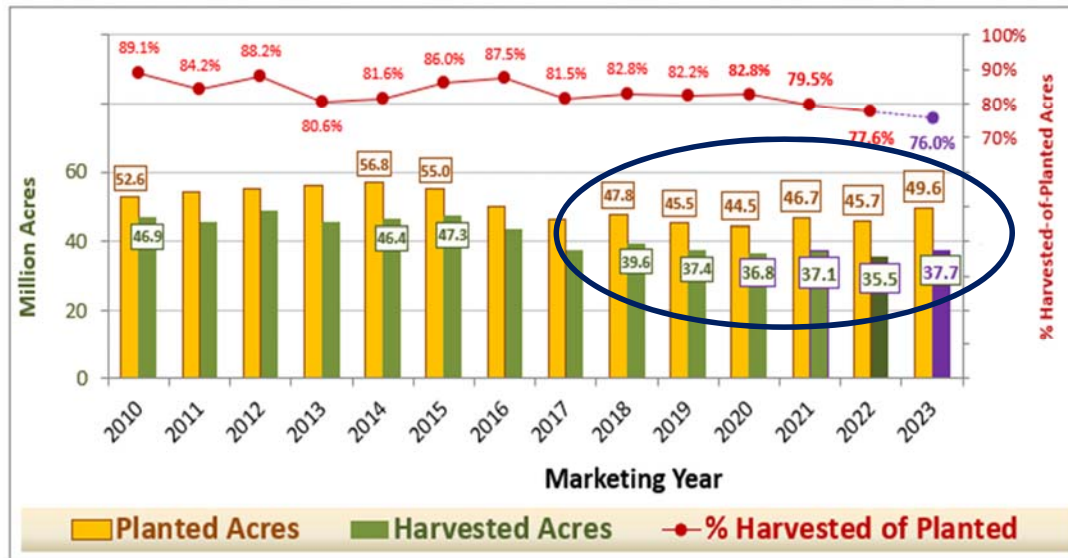
U.S. Soybean Acreage for 2013-2023

Years 2013-2023 as of the September 12, 2023 USDA Reports



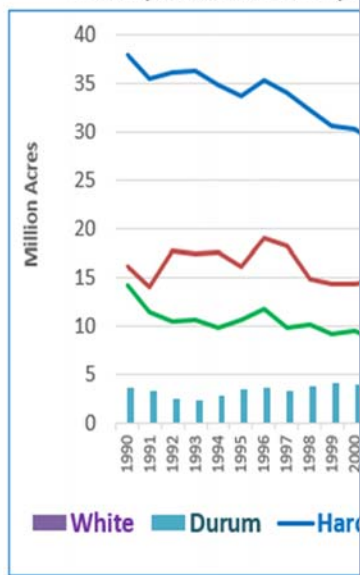
U.S. Wheat Planted & Harvested Acreage

(MY 2010/11 – “New Crop” 2023/24) as of September 12, 2023 USDA Reports



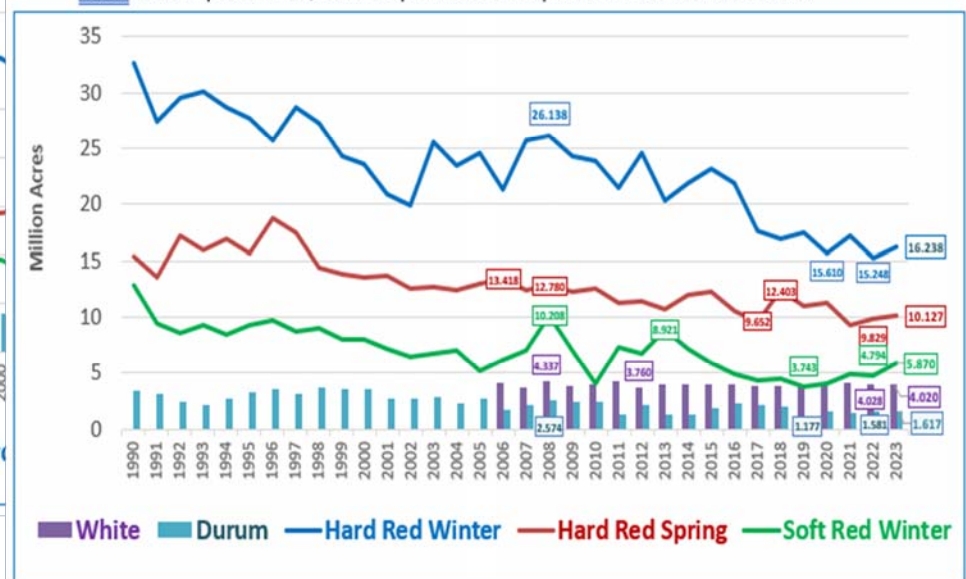
U.S. Wheat Planted Acres by Class: Since Year 1990 as of the USDA

NASS September 12, 2023 Crop Production Report



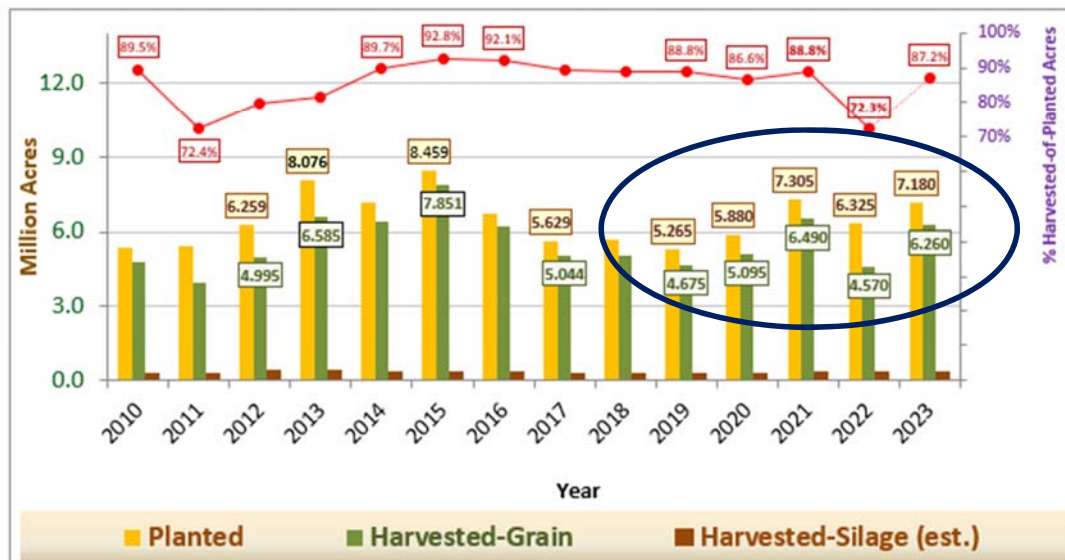
U.S. Wheat Harvested Acres by Class: Since Year 1990 as of the

USDA NASS September 12, 2023 Crop Production Report & Wheat Yearbook Tables



U.S. Sorghum Planted & Harvested Acres

Years 2010 – 2023 as of the September 12, 2023 USDA WASDE Report



Grain Market Outlook 2023

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7) Overall Prospects for 2023 Crop Markets???

- U.S. Crop Prices supported @ Moderate-to-High Levels – *until* someday grain markets are confident of larger crops & rebuilding of stocks
 - “2023/24 ‘New Crop’ Forward Bids” are vulnerable to moderate declines in late Spring – Summer²⁰²³ & on into Fall harvest²⁰²³
- Ukraine-Russia War Effect: *Smaller* Ukraine corn, wheat crops+exports
- South America Impact: **Brazil** (Positive++) & **Argentina** (Negative -) crop prospects will effect U.S. prices through at least August²⁰²³

What to anticipate: Year 2023

- ❑ USDA Reports ⇒ *A Key "driver" of grain market volatility*
 - WASDE: Upcoming October 12th, November 9th, & December 8th
 - Planted Area: Prospective Plantings – *March 31*, Acreage – *June 30*
- ❑ Demand-Pull for Feedgrains in the Western Corn Belt
 - Fall demand for "New Crop" supplies (i.e. *"Are supplies enough?"*)
 - *Possibility of "Inverted" futures & strong basis during Sep-Nov²⁰²³ Quarter* *IF a short crop surprise happens* ⇒ *What are the odds?*

A. POLL-Trade ests. for USDA October U.S. Corn, Soybean Production

06 Oct 2023

Oct 6 (Reuters) - The following are analysts' estimates ahead of the U.S. Department of Agriculture's October supply/demand and crop production reports, which will include figures for 2023-24 U.S. corn and soybean production. The USDA is scheduled to release the reports on Thursday Oct. 12 at 12 p.m. EDT (1600 GMT).

Reuters surveys analysts for their expectations of what the USDA will report and for the analysts' own estimates. Reuters publishes these sets of numbers separately. NOTE: Production figures are in billions of bushels and yield figures in bushels per acre:

PREDICTING USDA:

	Corn		Soybeans	
	Production	Yield	Production	Yield
<i>Average trade estimate</i>	<i>15.121</i>	<i>173.5</i>	<i>4.134</i>	<i>49.9</i>
<i>Highest trade estimate</i>	<i>15.515</i>	<i>175.5</i>	<i>4.175</i>	<i>50.4</i>
<i>Lowest trade estimate</i>	<i>14.950</i>	<i>172.4</i>	<i>4.100</i>	<i>49.5</i>
<i>USDA September</i>	<i>15.134</i>	<i>173.8</i>	<i>4.146</i>	<i>50.1</i>

B. POLL-Trade ests. for USDA October U.S. Grain End-Stocks

06 Oct 2023

Oct 6 (Reuters) - The following are analysts' estimates ahead of the October crop supply/demand report from the U.S. Department of Agriculture (USDA), which will estimate U.S. 2023-24 ending stocks for wheat, corn & soybeans. The USDA is scheduled to release the report on Thursday, Oct. 12, at 12 p.m. EDT (1600 GMT).

Reuters surveys analysts for their expectations of what the USDA will report, and for the analysts' own estimates. Reuters publishes these sets of numbers separately. The marketing year for wheat begins on June 1 and ends on May 31. For corn and soybeans, the marketing year begins on Sept. 1 & ends on Aug. 31.

NOTE: All figures listed in billions of bushels.

PREDICTING USDA:

	Wheat	Corn	Soybeans
<i>Average trade estimate</i>	<i>0.647</i>	<i>2.138</i>	<i>0.233</i>
<i>Highest trade estimate</i>	<i>0.693</i>	<i>2.389</i>	<i>0.271</i>
<i>Lowest trade estimate</i>	<i>0.584</i>	<i>1.946</i>	<i>0.206</i>
<i>USDA September</i>	<i>0.615</i>	<i>2.221</i>	<i>0.220</i>

C. POLL-Trade ests. for USDA October world crop end-stocks -

Reuters News 06 Oct 2023

Oct 6 (Reuters) - The following are analysts' estimates ahead of the October crop supply/demand report from the U.S. Department of Agriculture (USDA), which will estimate 2023-24 global ending stocks for wheat, corn & soybeans. The USDA is scheduled to release the report on Thursday, October 12, at 12 p.m. EDT (1600 GMT).

Reuters surveys analysts for their expectations of what the USDA will report, and for the analysts' own estimates. Reuters publishes these sets of numbers separately. The marketing year for wheat begins on June 1. For corn & soybeans, the marketing year begins on Sept. 1. NOTE: All figures are listed in millions of tonnes.

PREDICTING USDA:

	Wheat	Corn	Soybeans
<i>Average trade estimate</i>	<i>258.38</i>	<i>313.05</i>	<i>119.71</i>
<i>Highest trade estimate</i>	<i>261.00</i>	<i>318.40</i>	<i>122.00</i>
<i>Lowest trade estimate</i>	<i>255.00</i>	<i>310.40</i>	<i>118.50</i>
<i>USDA September</i>	<i>258.61</i>	<i>313.99</i>	<i>119.25</i>

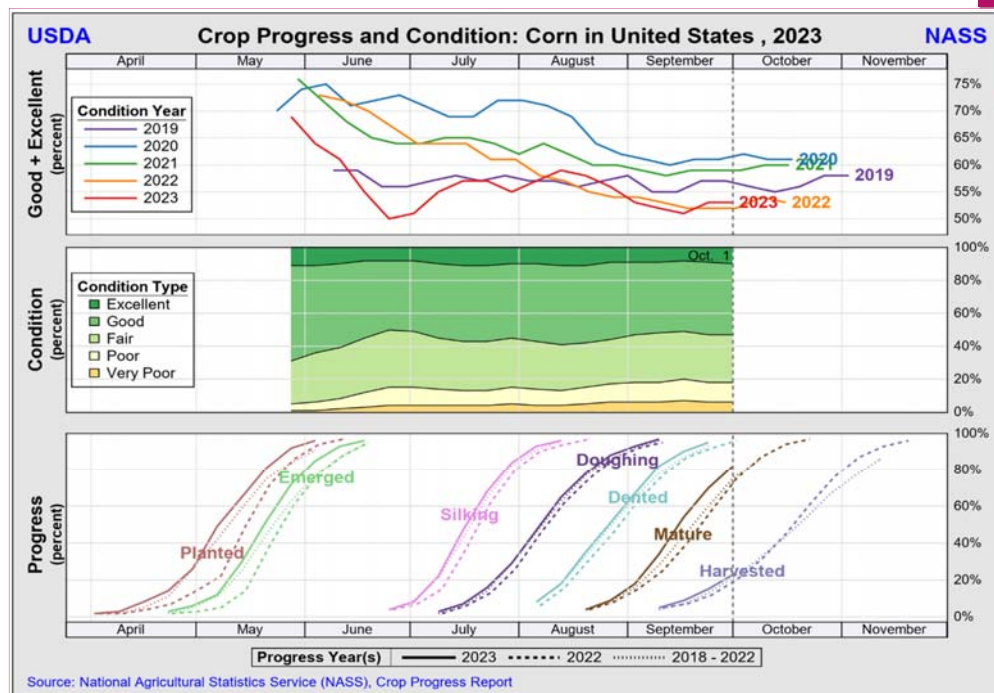
Corn Markets

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Kansas Cash & Futures Prices						
Date						
10/9/2023 Closes						
Grain Futures Contracts	Closing \$					
DEC 2023 Corn (2023 Lead Contract - September Delivery)	\$4.8825					
MAR 2024 Corn (2024 Post-Harvest Delivery)	\$5.0375					
10/9/2023 Closes	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	Representing the highest bids available at each location					
Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Corn Spot Cash\$	\$4.88	\$5.05	\$4.68	\$5.13	\$5.06	\$4.76
October Corn Harvest Cash Basis	(\$0.00)	\$0.17	(\$0.20)	\$0.25	\$0.18	(\$0.12)
Corn Post-Harvest FC\$: Fall ²⁰²³	\$4.63	Not Avail.	\$4.78	\$5.03	\$4.98	\$4.53
November Corn Post-Harvest FC\$ Basis	(\$0.41)	#VALUE!	(\$0.26)	(\$0.01)	(\$0.06)	(\$0.51)
Grain Sorghum Spot Cash\$	\$4.88	\$5.66	\$4.98	\$5.03	\$5.43	\$4.53
October Sorghum Spot Cash Basis	(\$0.00)	\$0.78	\$0.10	\$0.15	\$0.55	(\$0.35)
Grain Sorghum Post-Harvest FC\$: Fall ²⁰²¹	\$4.88	\$4.88	\$4.88	\$4.73	\$5.16	\$4.38
November Sorghum Post-Harvest FC\$ Basis	(\$0.16)	(\$0.16)	(\$0.16)	(\$0.31)	\$0.12	(\$0.66)

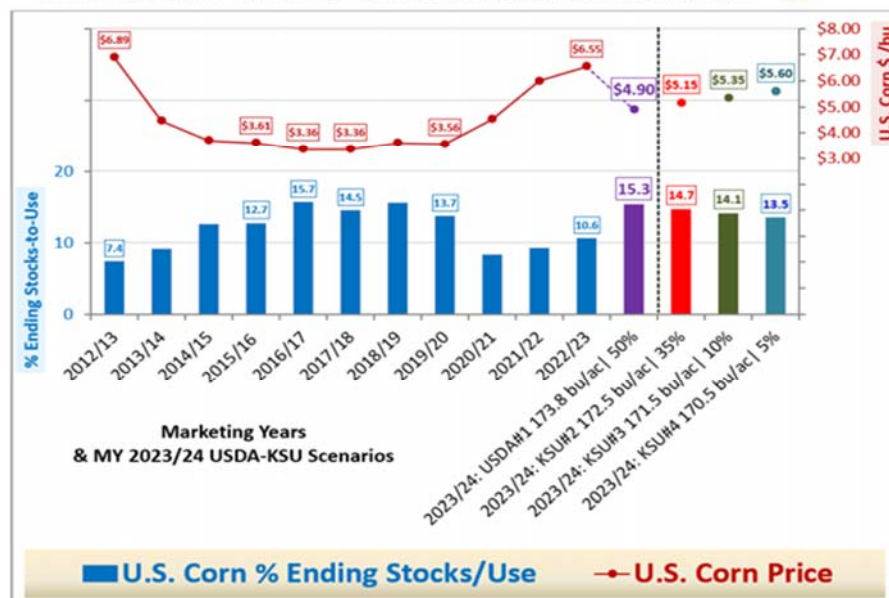
Daily CME DEC 2023 Corn Futures





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

MY 2012/13 thru "New Crop" MY 2023/24 as of the Sept. 12, 2023 USDA #s + KSU Ests. 9/23/2023



	Previous Estimates (Million Bushels)	September 30 Estimates (Million Bushels)	Change (Million Bushels)
Sept. 1, 2022 Beginning Stocks	1,377	1,377	NC
2022 Production	13,730	13,715	↓ 15
Imports	40 *	40 *	NC
Total Supply	15,147	15,132	↓ 15
Exports	1,665 *	1,665 *	NC
Food, Seed, and Industrial	6,605 *	6,605 *	NC
Measured Disappearance	8,270 *	8,270 *	NC
Ending Stocks	1,452 *	1,361	↓ 91
Residual	5,425 *	5,500	↑ 76

* WAOB Forecast - September WASDE Report

Note: Totals may not add due to rounding.

United States Department of Agriculture
National Agricultural Statistics Service

September 29, 2023

WASDE - 640 - 12

September 2023

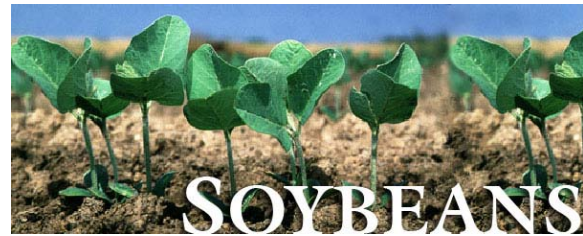
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U.S. Feed Grain and Corn Supply and Use 1/

Corn	2021/22	2022/23 Est.	2023/24 Proj. Aug	2023/24 Proj. Sep*
			Million Acres	
Area Planted	93.3	88.6	94.1	94.9
Area Harvested	85.3	79.2	86.3	87.1
			Bushels	
Yield per Harvested Acre	176.7	173.3	175.1	173.8
			Million Bushels	
Beginning Stocks	1,235	1,377	1,457	1,361
Production	15,074	13,715	15,111	15,134
Imports	24	40	25	25
Supply, Total	16,333	15,137	16,592	16,520
Feed and Residual	5,726	5,425	5,625	5,625
Food, Seed & Industrial 2/	6,758	6,605	6,715	6,715
Ethanol & by-products 3/	5,320	5,195	5,300	5,300
Domestic, Total	12,483	12,106	12,340	12,340
Exports	2,472	1,665	2,050	2,050
Use, Total	14,956	13,771	14,390	14,390
Ending Stocks	1,377	1,452	2,202	2,130
Avg. Farm Price (\$/bu) 4/	6.00	6.55	4.90	4.90

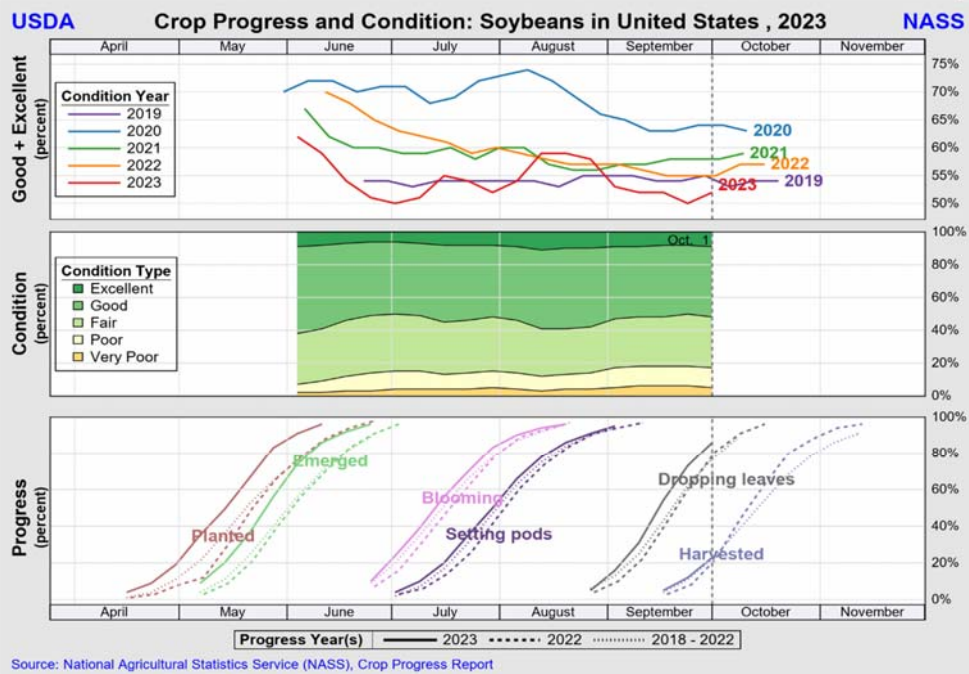
Soybean Markets

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Kansas Cash & Futures Prices						
Date						
10/9/2023 Closes						
Grain Futures Contracts	Closing \$					
NOV 2023 Soybeans (2023 Load Contract - September Delivery)	\$12.6425					
JAN 2024 Soybeans (2024 Post-Harvest Delivery)	\$12.8250					
10/9/2023 Closes	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	Representing the highest bids available at each location					
Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Soybean Spot Cash\$	\$11.69	\$12.19	\$12.09	\$11.74	\$12.29	\$12.06
October Soybean Spot Cash Basis	(\$0.95)	(\$0.45)	(\$0.55)	(\$0.90)	(\$0.35)	(\$0.58)
Soybean Post-Harvest FC\$; Fall 2023	Not Avail.	\$11.99	\$12.19	\$11.69	Not Avail.	\$12.04
November Soybean Post-Harvest FC\$ Basis	#VALUE!	(\$0.83)	(\$0.64)	(\$1.14)	#VALUE!	(\$0.79)

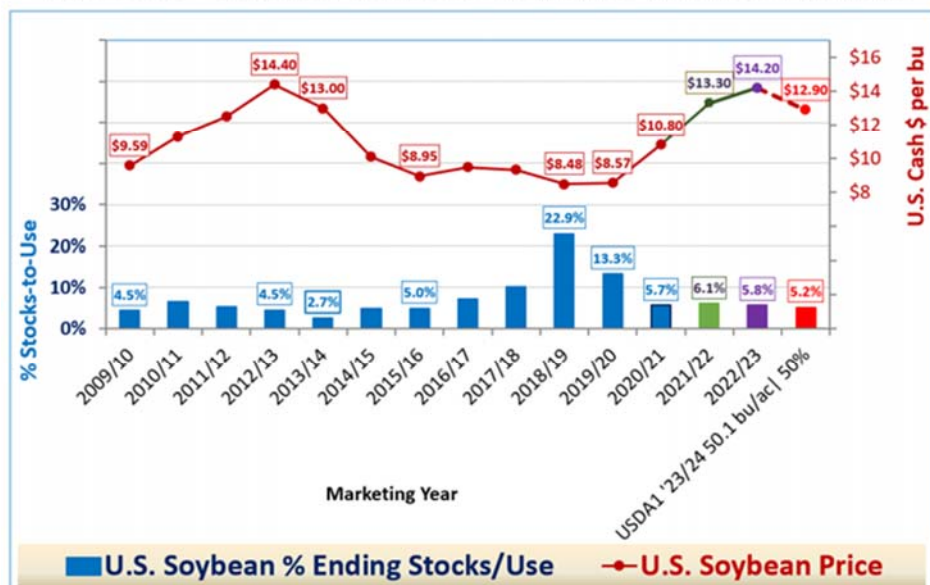
Daily NOV 2023 Soybean Futures





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

MY 2009/10 – "Next Crop" 2023/24 as of September 12, 2023 USDA Reports



Wheat Markets

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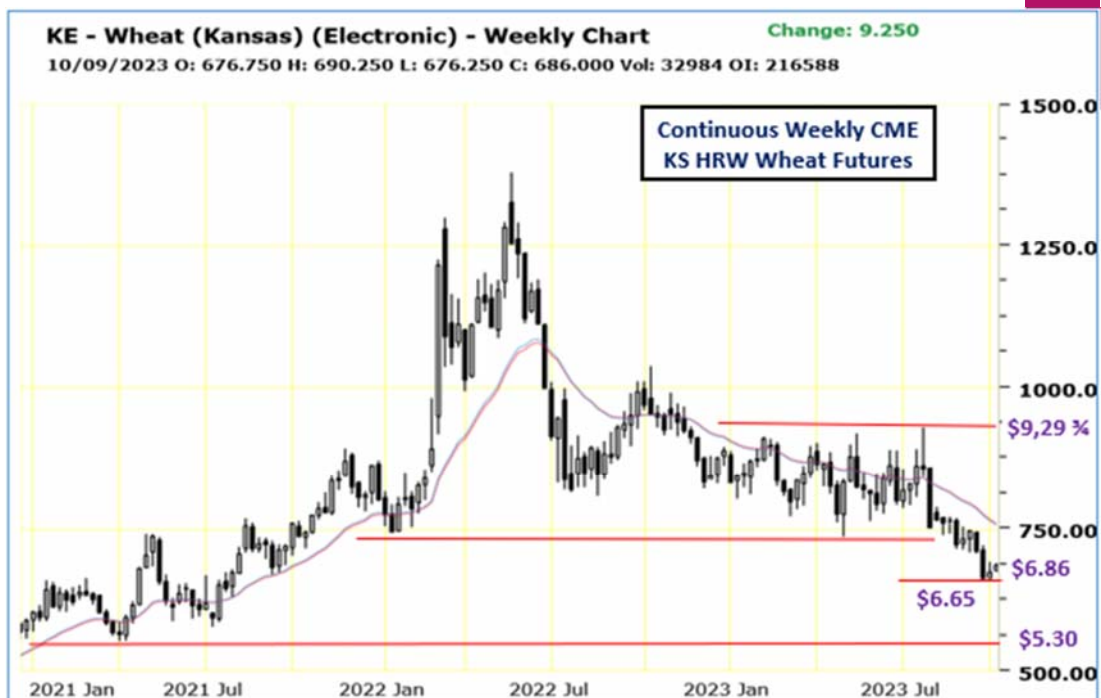
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10/9/2023 Closes						
Grain Futures Contracts	Closing \$					
DEC 2023 KC HRW Wheat <small>(2023 Load Contract)</small>	\$6.8600					
JULY 2024 KC HRW Wheat <small>(2024 Harvest Contract)</small>	\$7.1275					
10/9/2023 Closes	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	<i>Representing the highest bids available at each location</i>					
Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
KC HRW Wheat Harvest Spot Cash\$	\$6.01	\$6.65	\$6.60	\$6.26	\$6.65	\$6.26
HRW Wheat Pre-Harvest Spot Cash Basis	(\$0.85)	(\$0.21)	(\$0.26)	(\$0.60)	(\$0.21)	(\$0.60)
KC HRW Wheat FC\$ - Next Harvest ²⁰²⁴	\$6.44	\$6.69	\$6.74	\$6.16	\$6.31	\$6.48
HRW Wheat 2024 Harvest FC\$ Basis	(\$0.69)	(\$0.44)	(\$0.39)	(\$0.97)	(\$0.82)	(\$0.65)

Daily DEC 2023 KS HRW Wheat

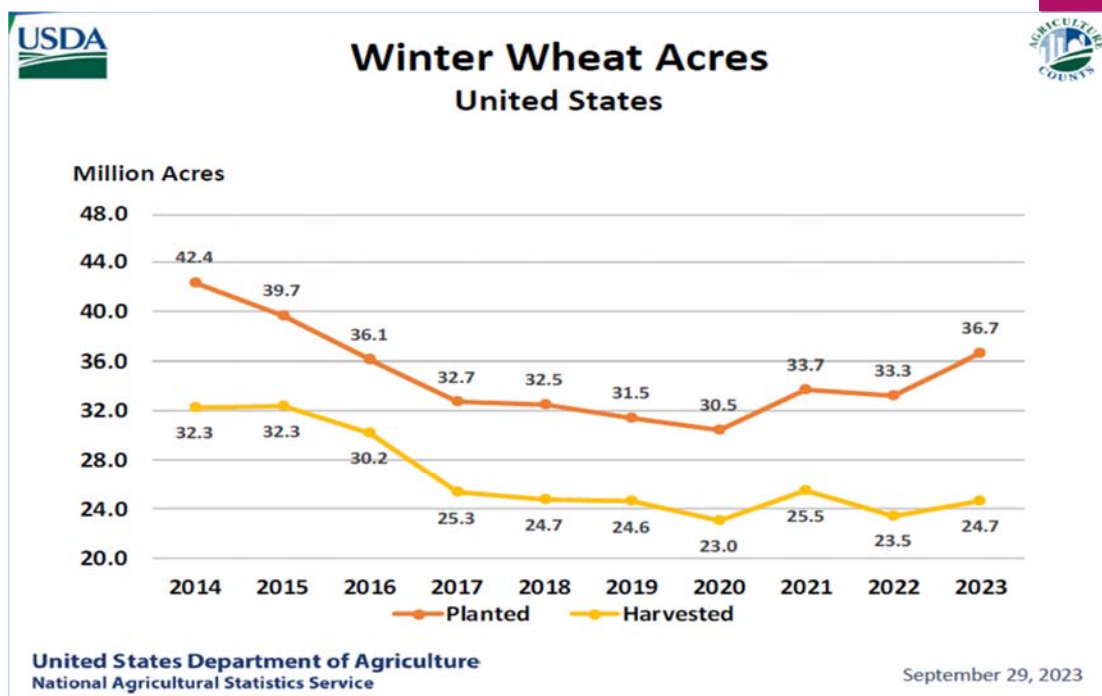
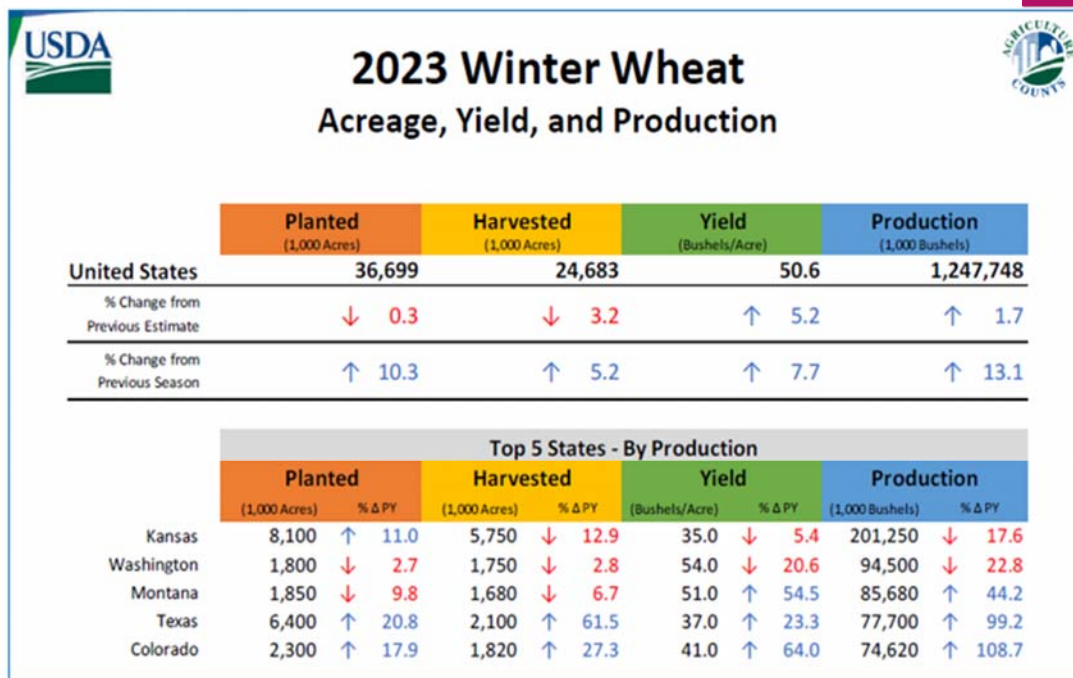
ELEC. HRW WHEAT (@KW2023Z)

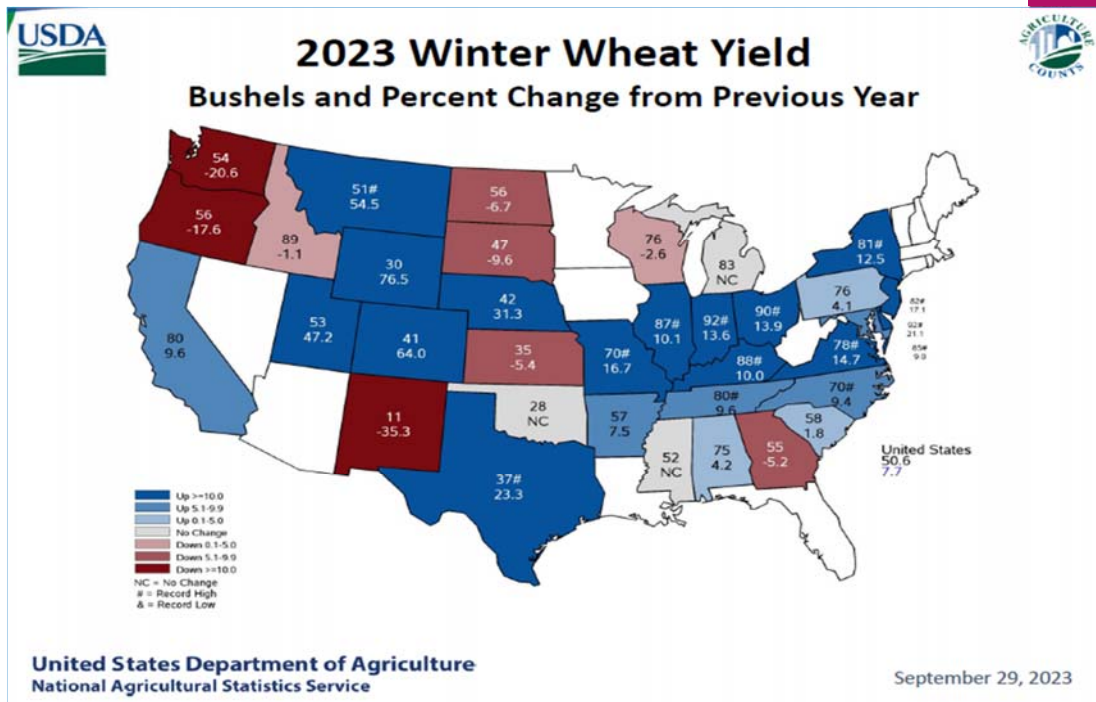


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U.S. Wheat % Stocks/Use vs Cash \$'s

MY 2009/10 thru "New Crop" MY 2023/24 – As of the September 12, 2023 USDA Reports



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Your Price Criteria

Commodity: Wheat
State: Kansas
Type: Winter
Practice: Conventional
Sales Closing Date: September 30, 2023

Base Contract: KCBT
Projected Price
\$8.79
per Bushel

Status	Released
Start Date	8/15/2022
End Date	9/14/2022

Your Price Criteria

Commodity: Wheat
State: Kansas
Type: Winter
Practice: Conventional
Sales Closing Date: September 30, 2023
Year: 2024

Base Contract: KCBT July HRW Wheat 2024 (KEN24)

Projected Price	Price Volatility	Harvest Price
\$7.34 per Bushel	0.21	Not Yet Available

Status	Released	Released	Yet To Start
Start Date	8/15/2023	8/15/2023	N/A
End Date	9/14/2023	9/14/2023	N/A

Questions?

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