

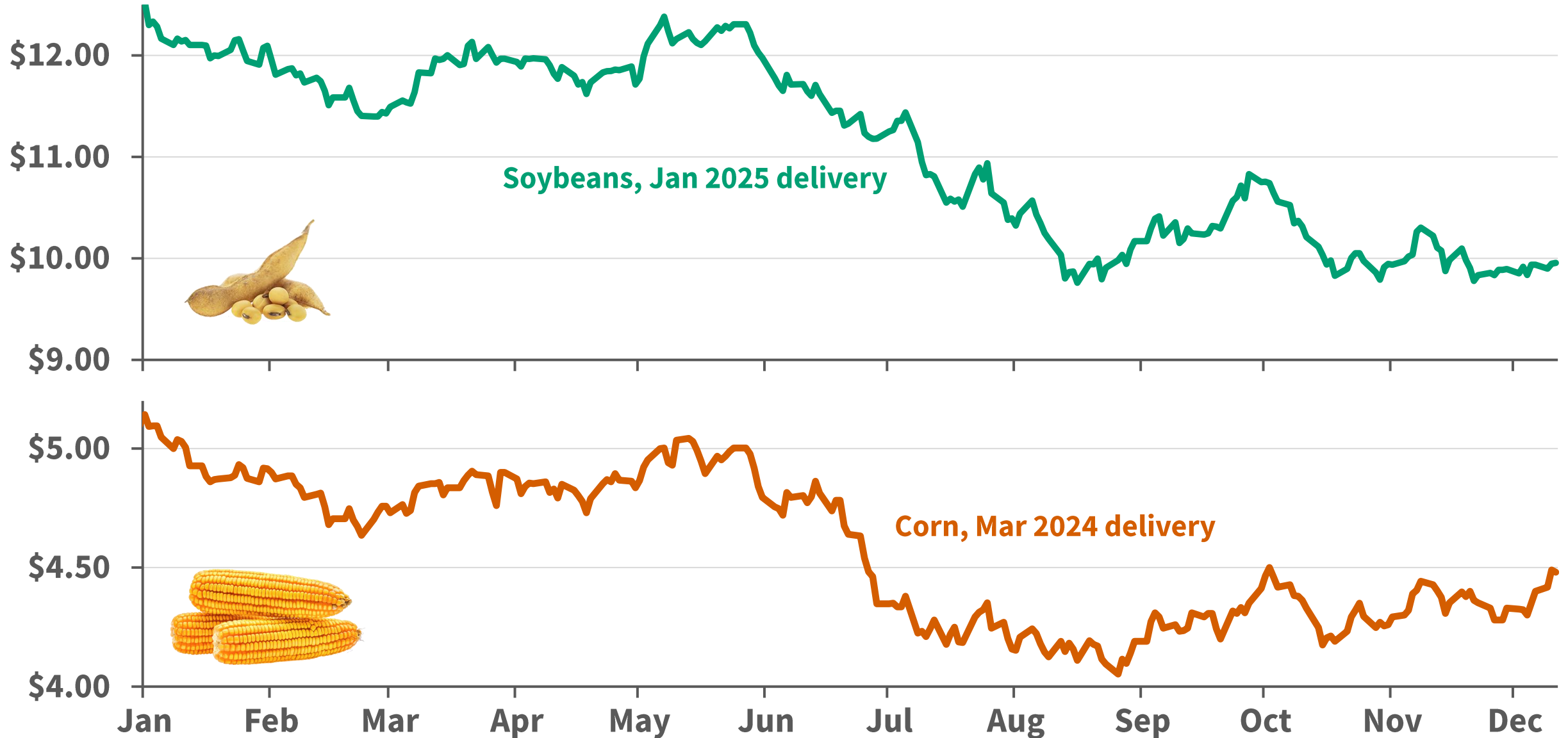
2024 Illinois Farm Economics Summit

Grain Market Outlook

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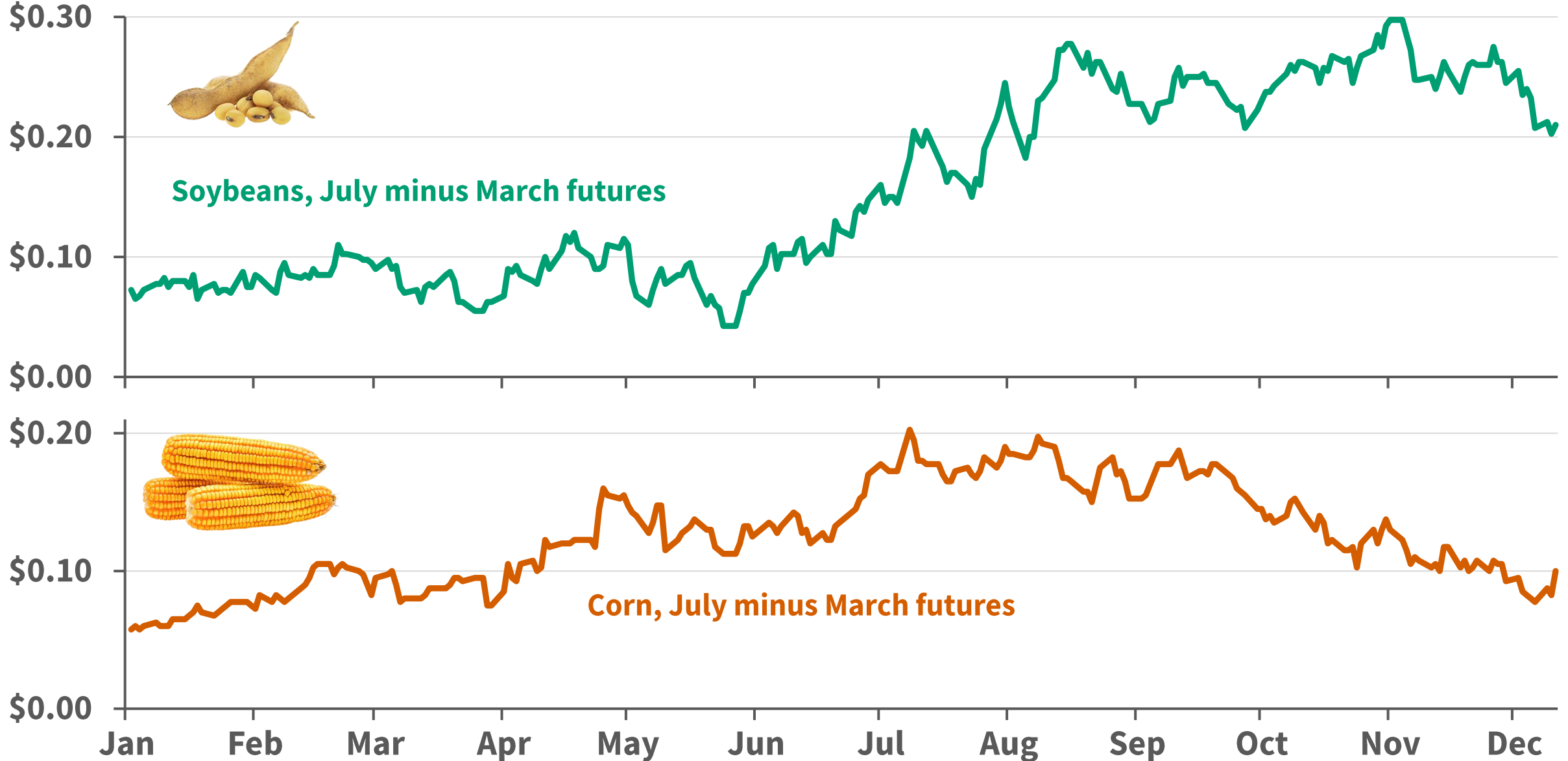
Corn and Soybean Futures Prices,

in \$/bushel, daily, January 1, 2024 to December 11, 2024



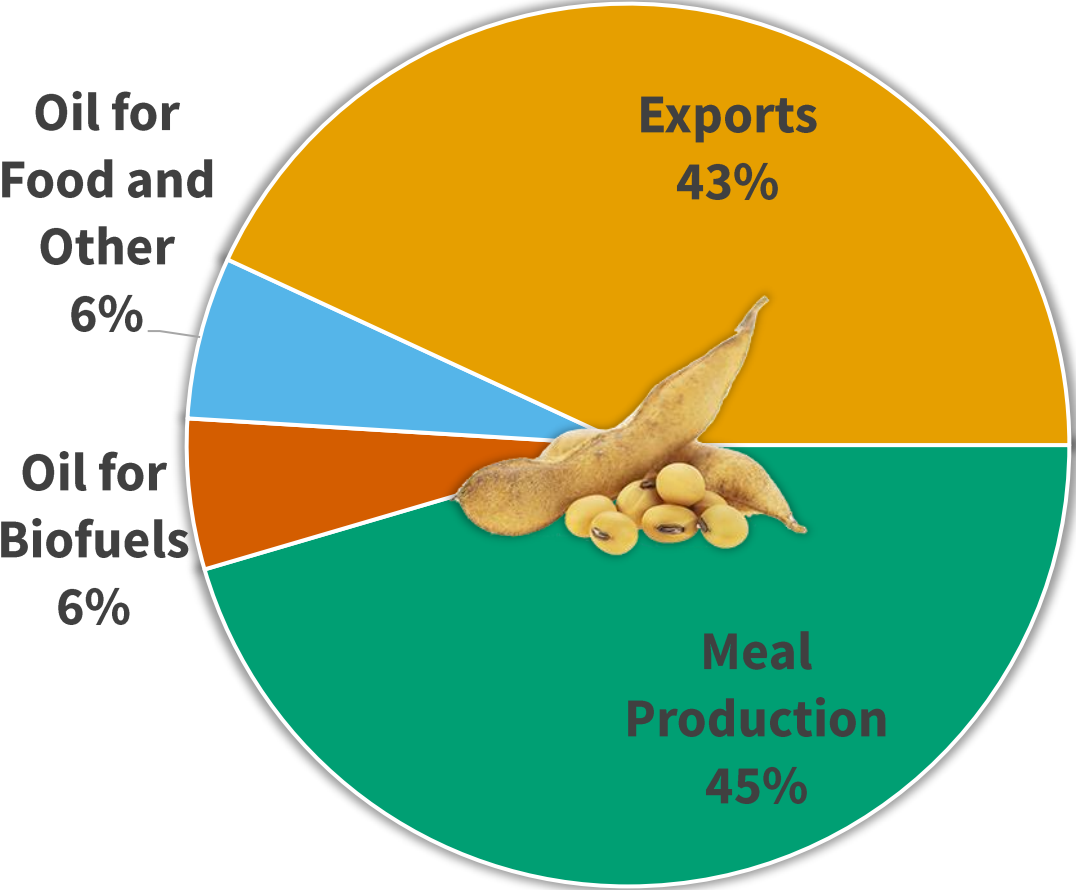
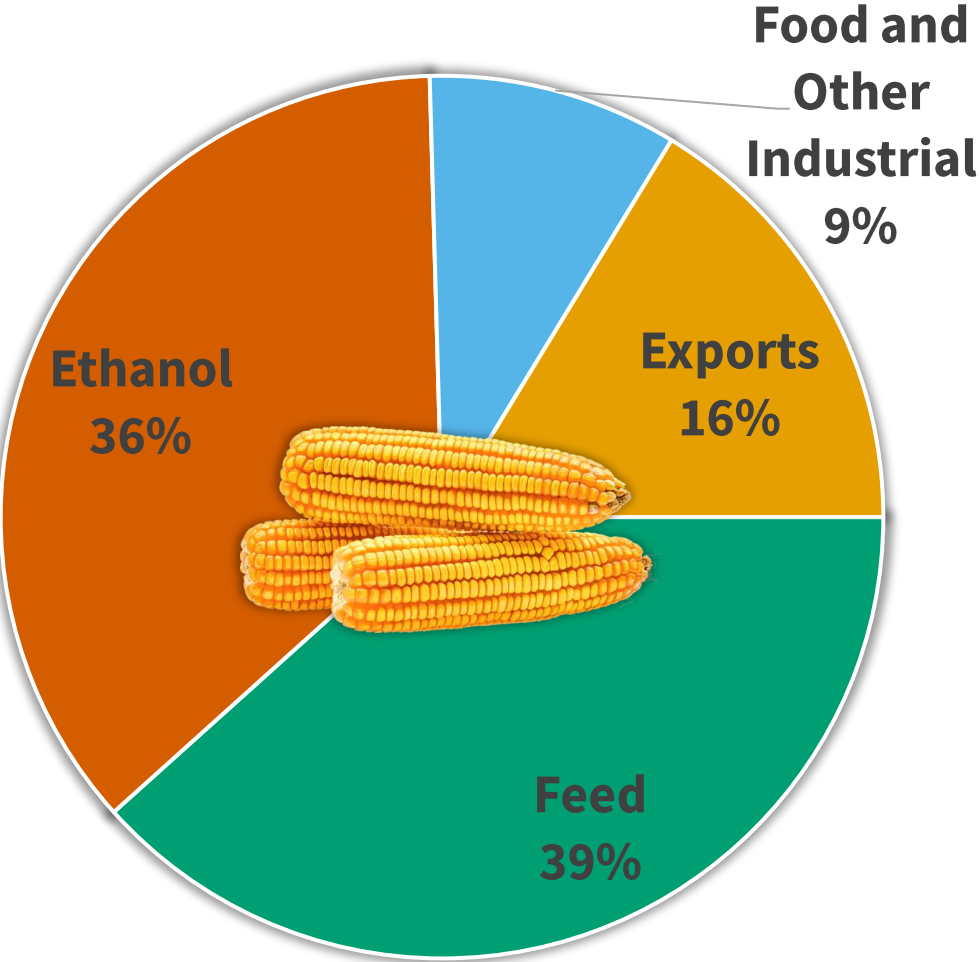
Corn and Soybean Futures Carry,

Post-harvest calendar spread, in \$/bushel, daily, January 1, 2024 to December 2, 2024



Composition of US Corn and Soybean Use

as percentage of total, estimates for 2024/25 marketing year



US Corn Supply and Demand Balance Sheet



	(mil. bushels unless noted)	2022/23	2023/24 USDA Dec WASDE	2024/25 USDA Dec WASDE
Supply	Area Planted (mil. acres)	88.2	94.6	90.7
	Area Harvested (mil. acres)	78.7	86.5	82.7
	Yield (bu./acre)	173.4	177.3	183.1
	Beginning Stocks	1,377	1,360	1,760
	Production	13,651	15,341	15,143
	Imports	39	28	25
	Total Supply	15,066	16,729	16,928
Use	Feed and Residual	5,486	5,807	5,825
	Food, Seed, and Industrial	6,558	6,869	6,890
	Ethanol	5,176	5,478	5,500
	Exports	1,662	2,292	2,475
	Total Use	13,706	14,969	15,190
Ending Stocks	1,360	1,760	1,738	
Stocks-to-Use (%)	9.9	11.8	11.4	
Season Average Price (\$/bu.)	\$6.54	\$4.55	\$4.10	

US Soybean Supply and Demand Balance Sheet



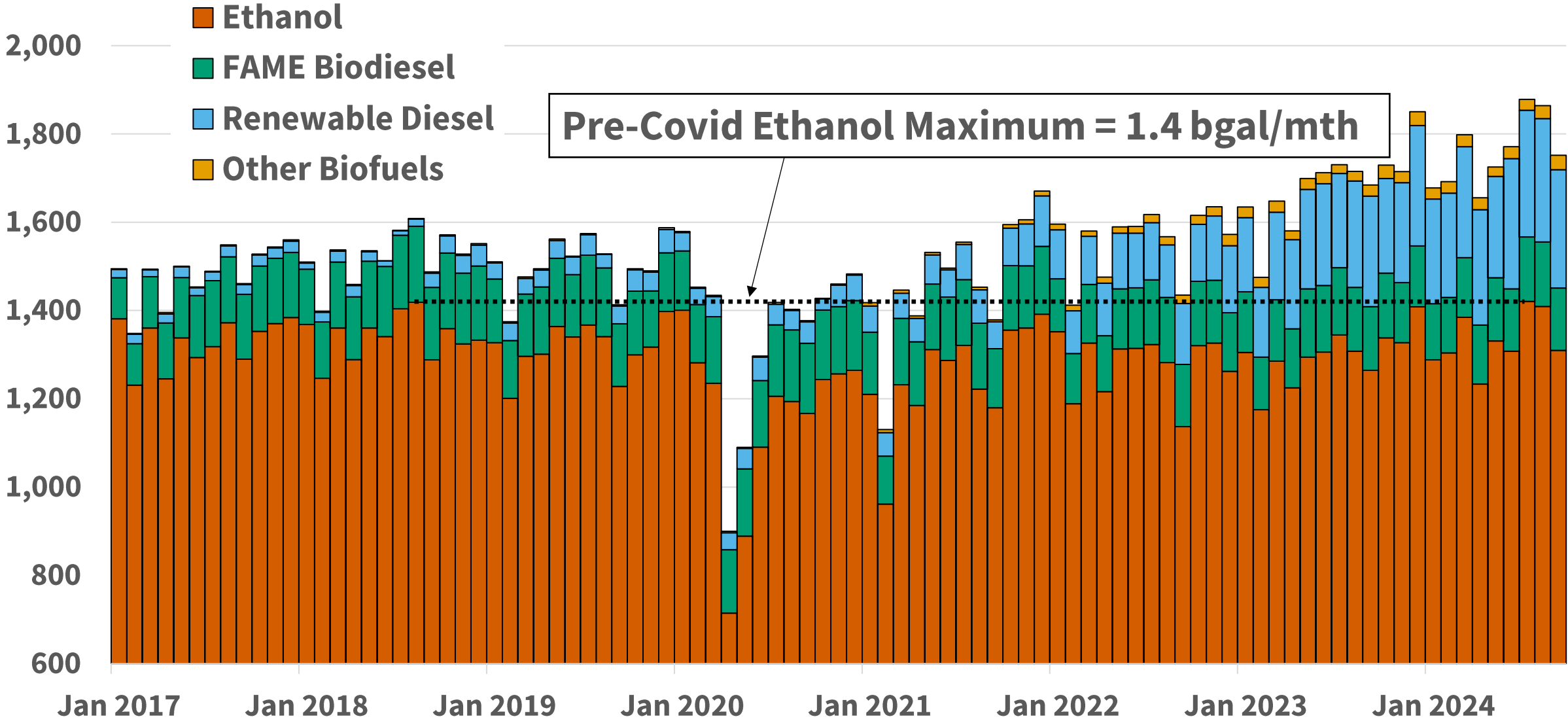
	(mil. bushels unless noted)	2022/23	2023/24 USDA Dec WASDE	2024/25 USDA Dec WASDE
Supply	Area Planted (mil. acres)	87.5	83.6	87.1
	Area Harvested (mil. acres)	86.2	82.3	86.3
	Yield (bu./acre)	49.6	50.6	51.7
	Beginning Stocks	274	264	342
	Production	4,270	4,162	4,461
	Imports	25	21	15
	Total Supply	4,569	4,447	4,818
Use	Crushings	2,212	2,287	2,410
	Exports	1,980	1,695	1,825
	Seed	75	78	78
	Residual	39	45	35
	Total Use	4,305	4,105	4,348
	Ending Stocks	264	342	470
	Stocks-to-Use (%)	6.1	8.3	10.8
	Season Average Price (\$/bu.)	\$14.20	\$12.40	\$10.80

Old-Crop Demand Prospects



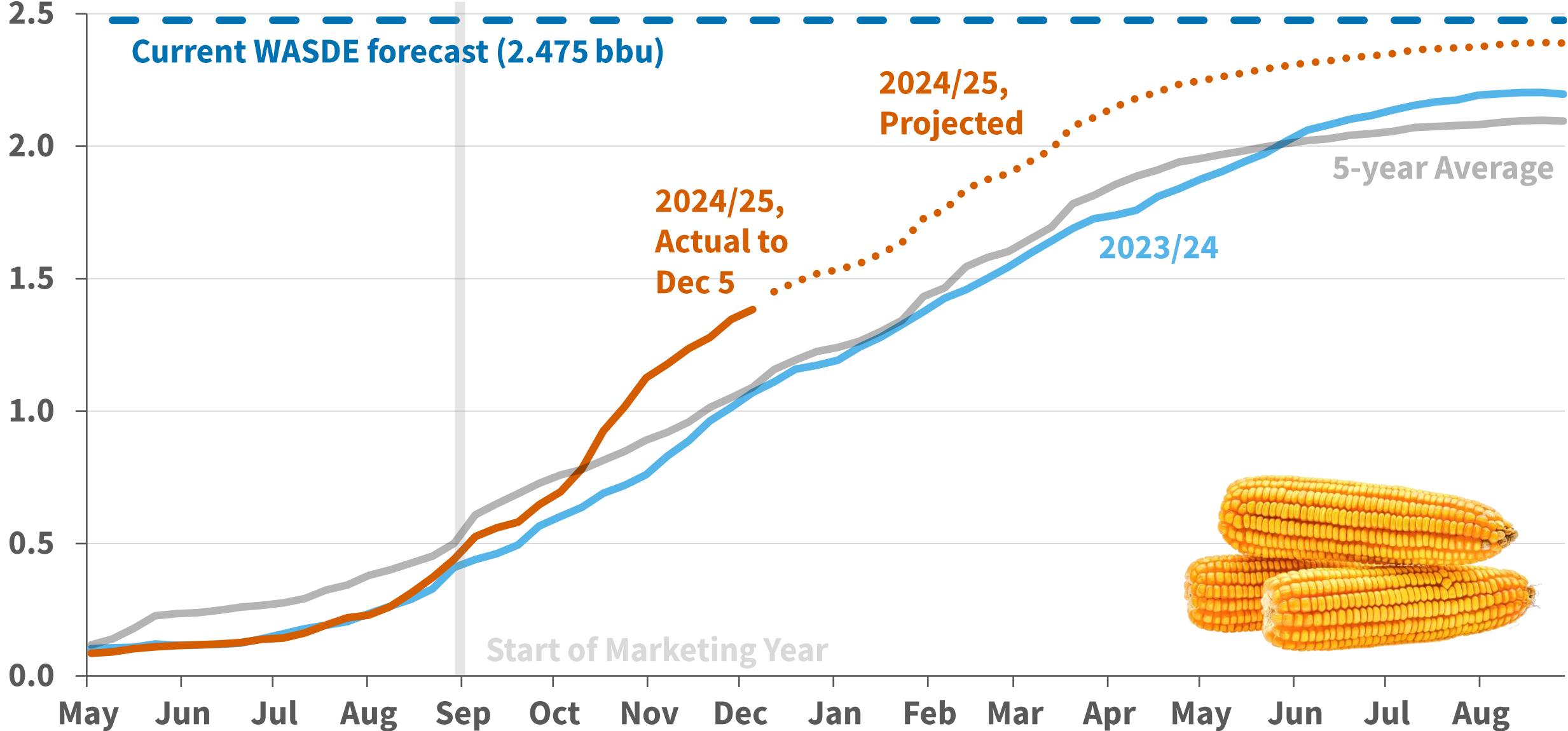
US Biofuels Production

in millions of gallons, by type, monthly, Jan 2017-Sep 2024



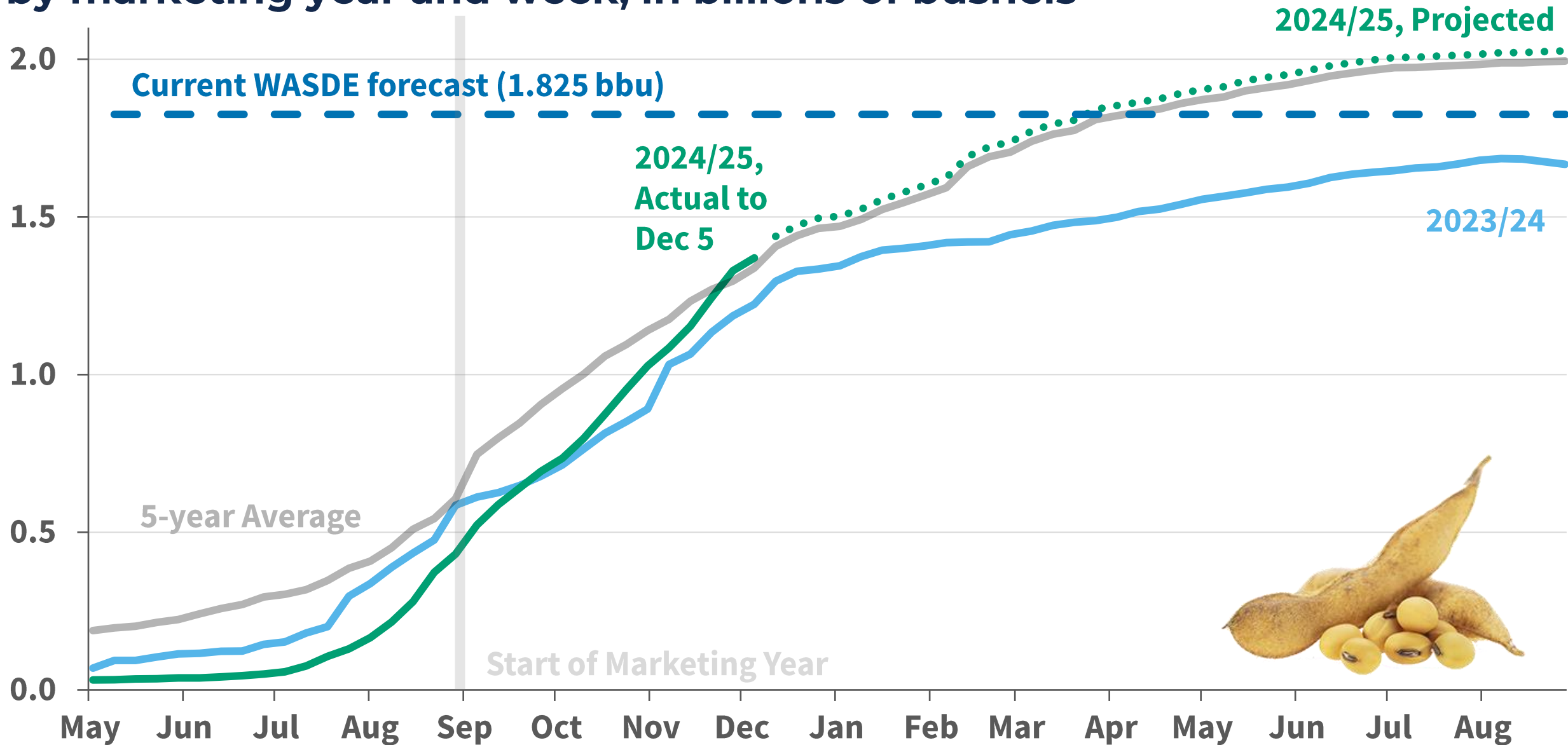
US Corn Export Sales

by marketing year and week, in billions of bushels



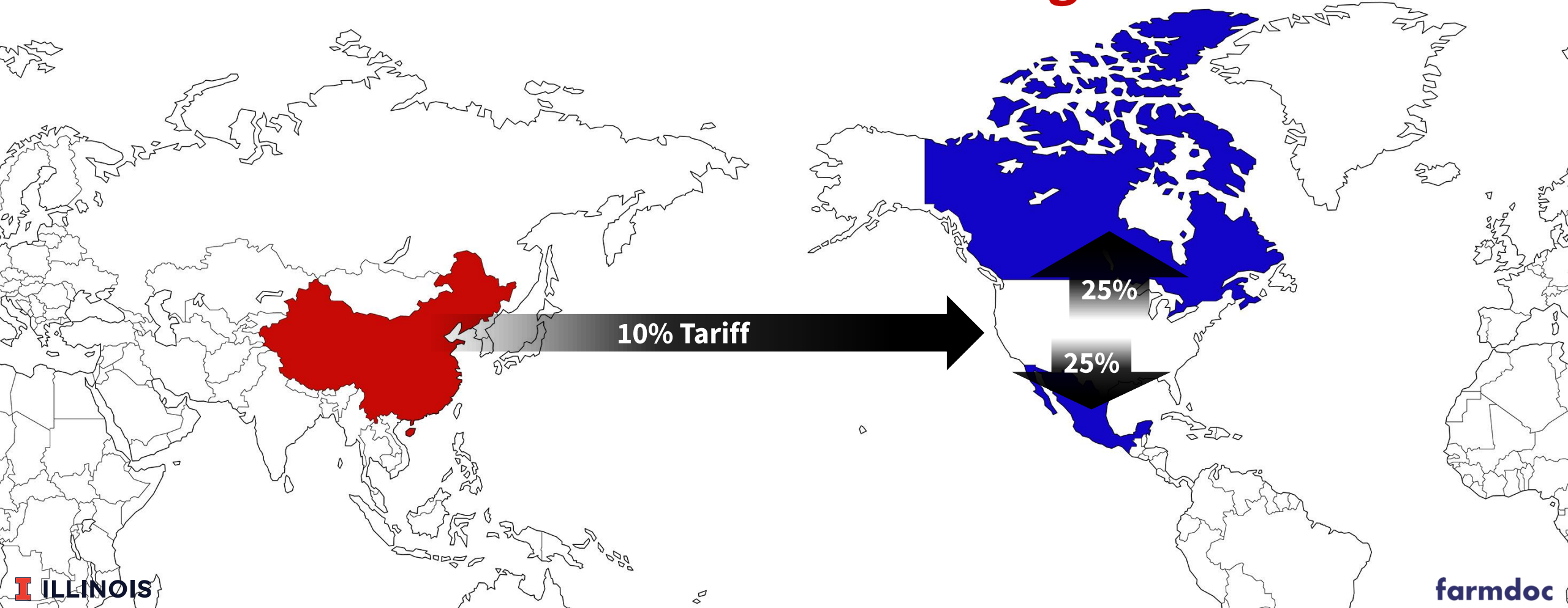
US Soybean Export Sales

by marketing year and week, in billions of bushels






The Next Trade War?

Latest Trump proposal is **25% tariffs on Canada and Mexico** and an additional **10% tariff on goods from China**



US Bilateral Agricultural Trade Flows

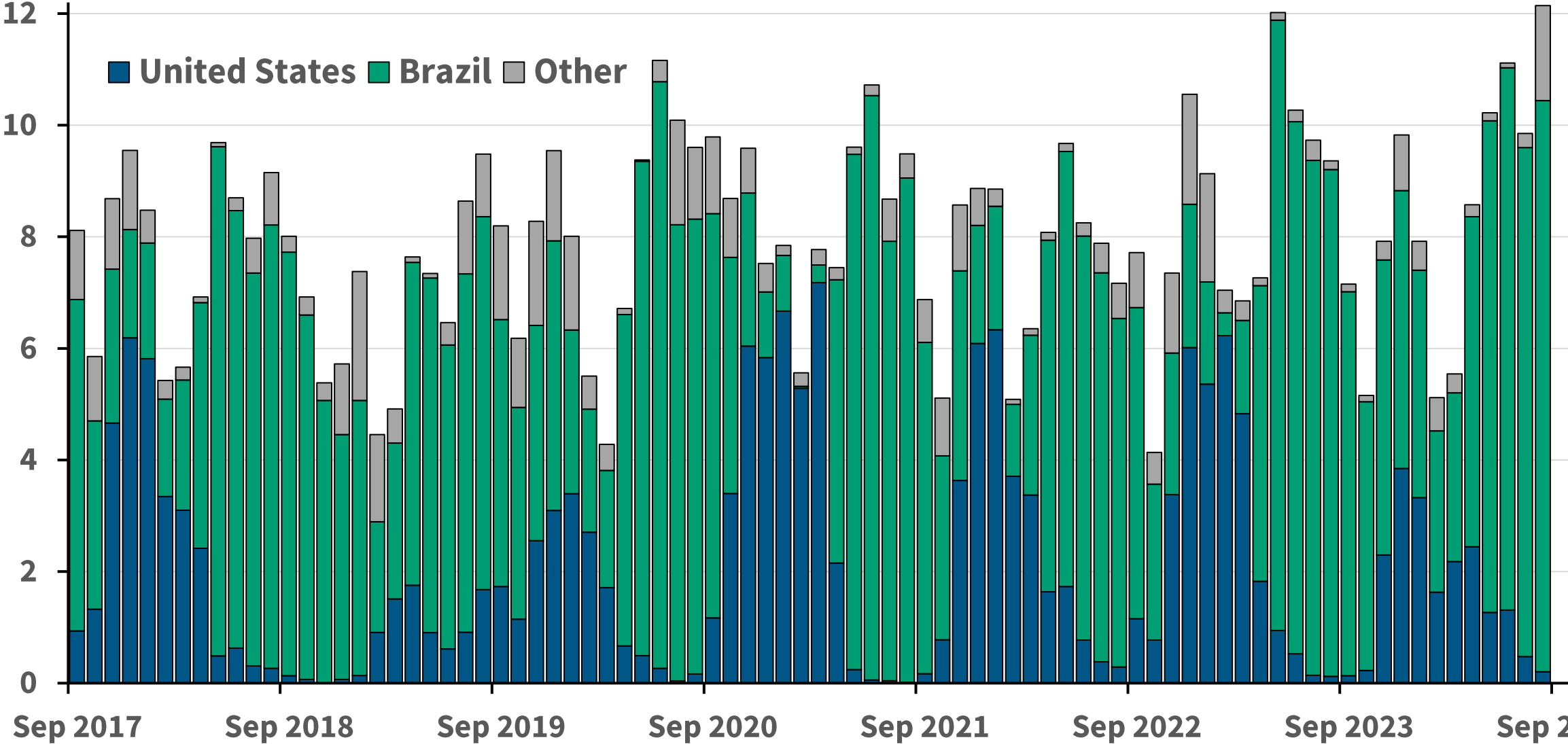
Value and share of all goods trade, by country, CY2022

	US Ag Exports		US Ag Imports	
To/from:	Value	Share of Goods Trade	Value	Share of Goods Trade
	\$35.5B	23.1%	\$6.4B	1.2%
	\$27.9B	8.6%	\$44.1B	9.7%
	\$33.5B	9.4%	\$41.5B	9.5%

Note: 2022 calendar year values; Source: US Department of Commerce Bureau of Industry and Security

Soybean Imports in China,

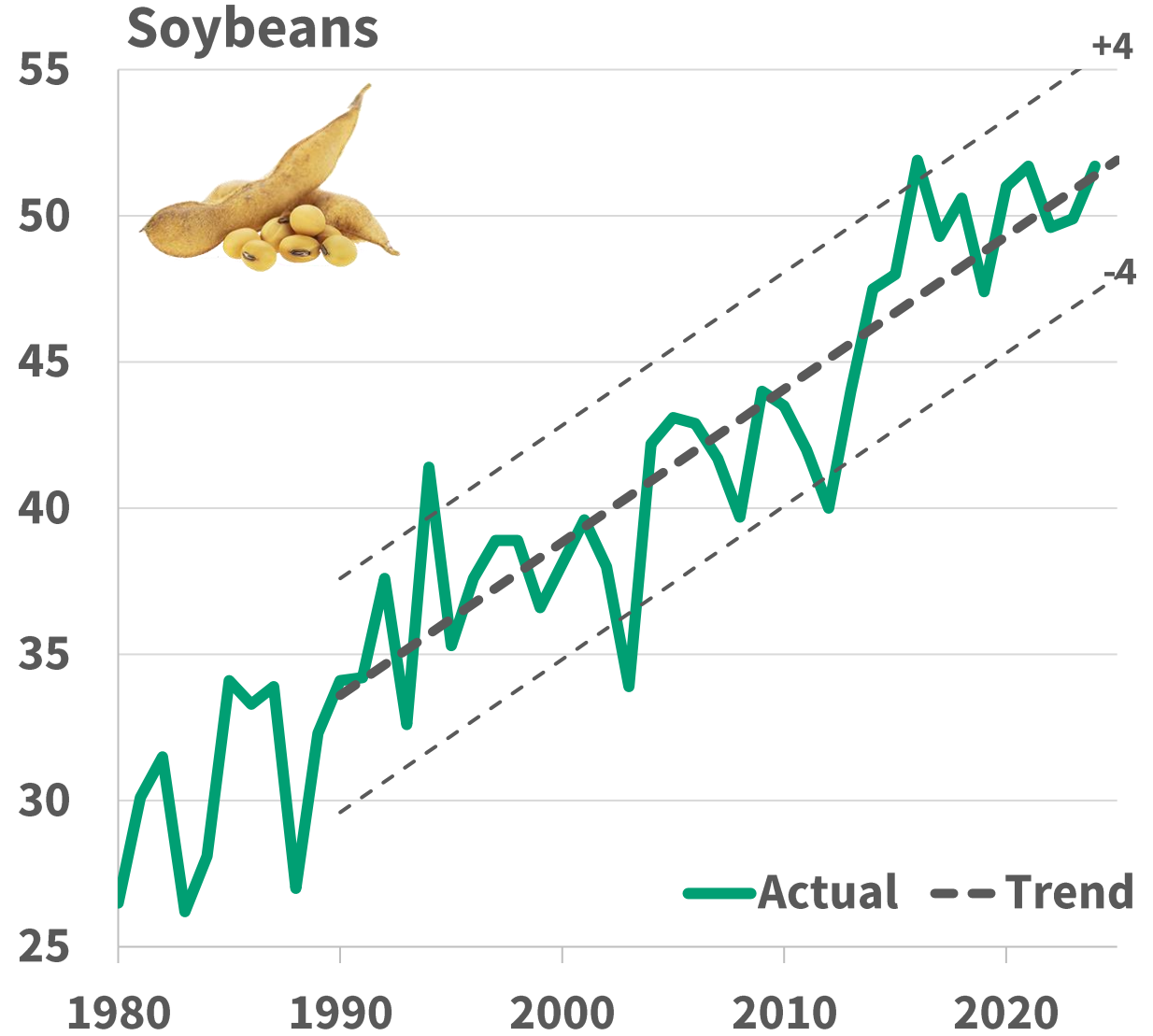
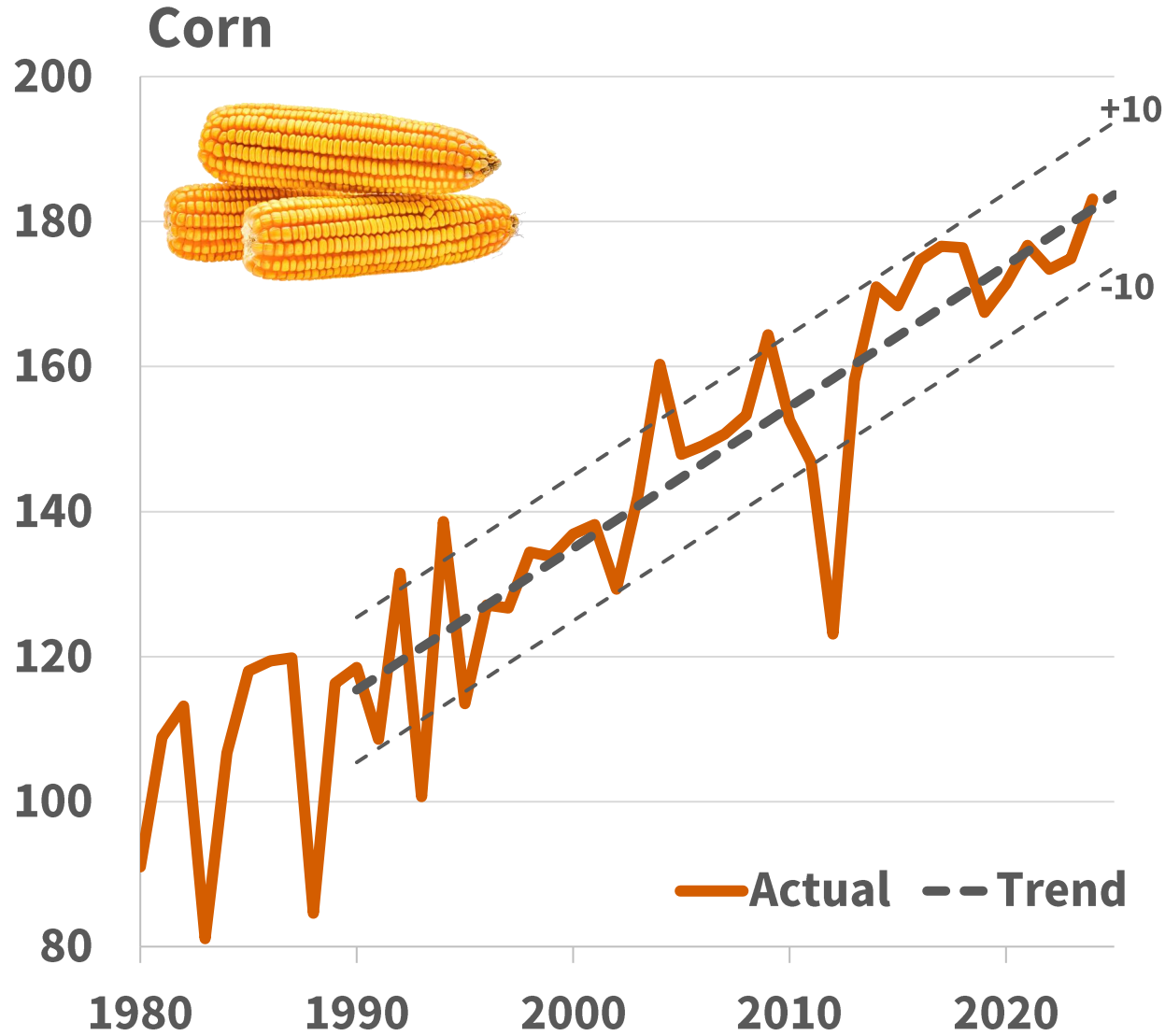
in millions of metric tons, by origin, monthly, Sep 2017 to Aug 2024



A low-angle photograph of a cornfield. The foreground shows dark, rich soil with several young corn plants in the early stages of growth. The plants are arranged in rows that recede into the distance. The sky is a vibrant blue, filled with large, white, puffy cumulus clouds. The lighting is bright, suggesting a clear day with some cloud cover.

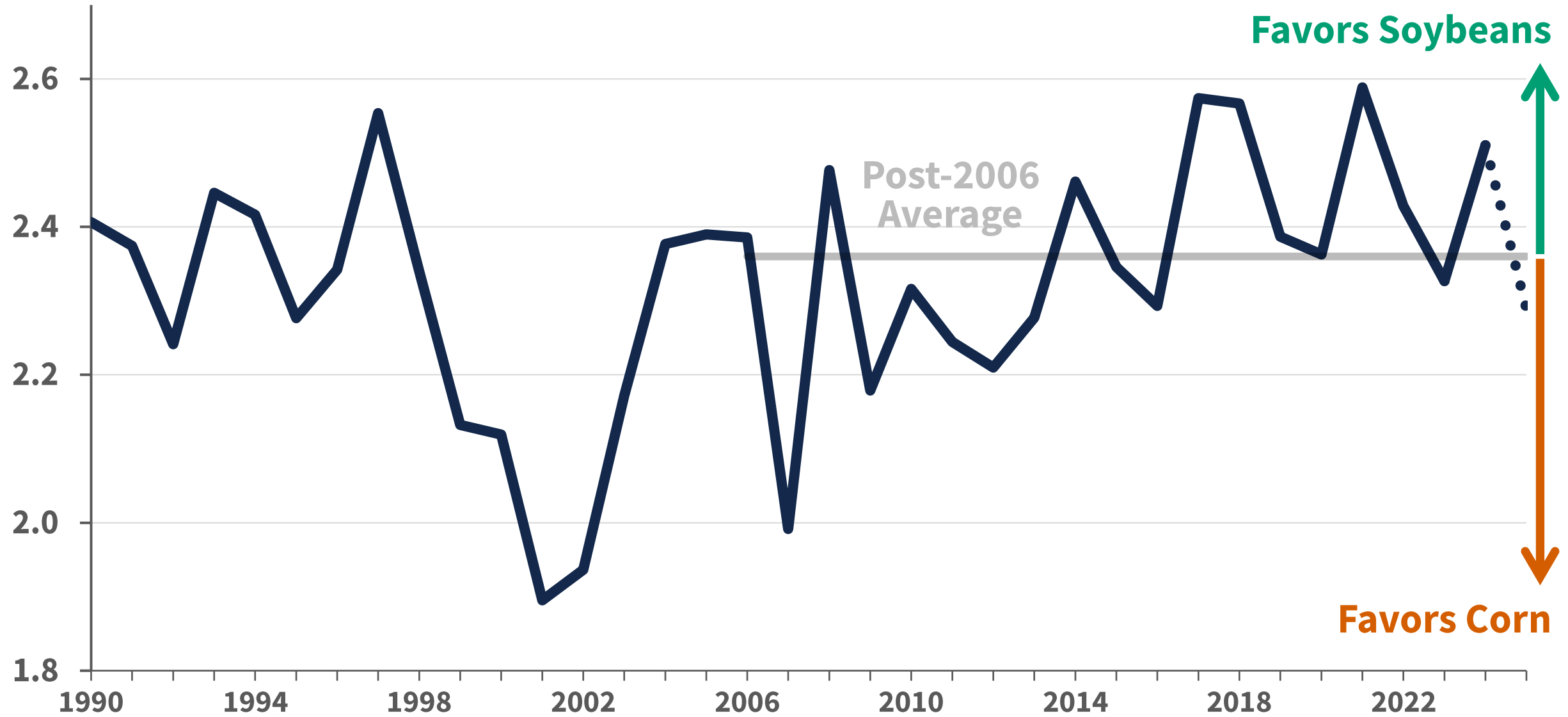
Market Impacts of 2025 Crop Production

US Corn and Soybean Yield, in bushels per acre, 1980-2024



Soybean-Corn New-crop Futures Price Ratio

Planting-time (February) average, 1990-2025F



Note: Data for 2025F are new-crop futures values as of December 11; Source: Bloomberg

US Corn Supply and Demand Balance Sheet

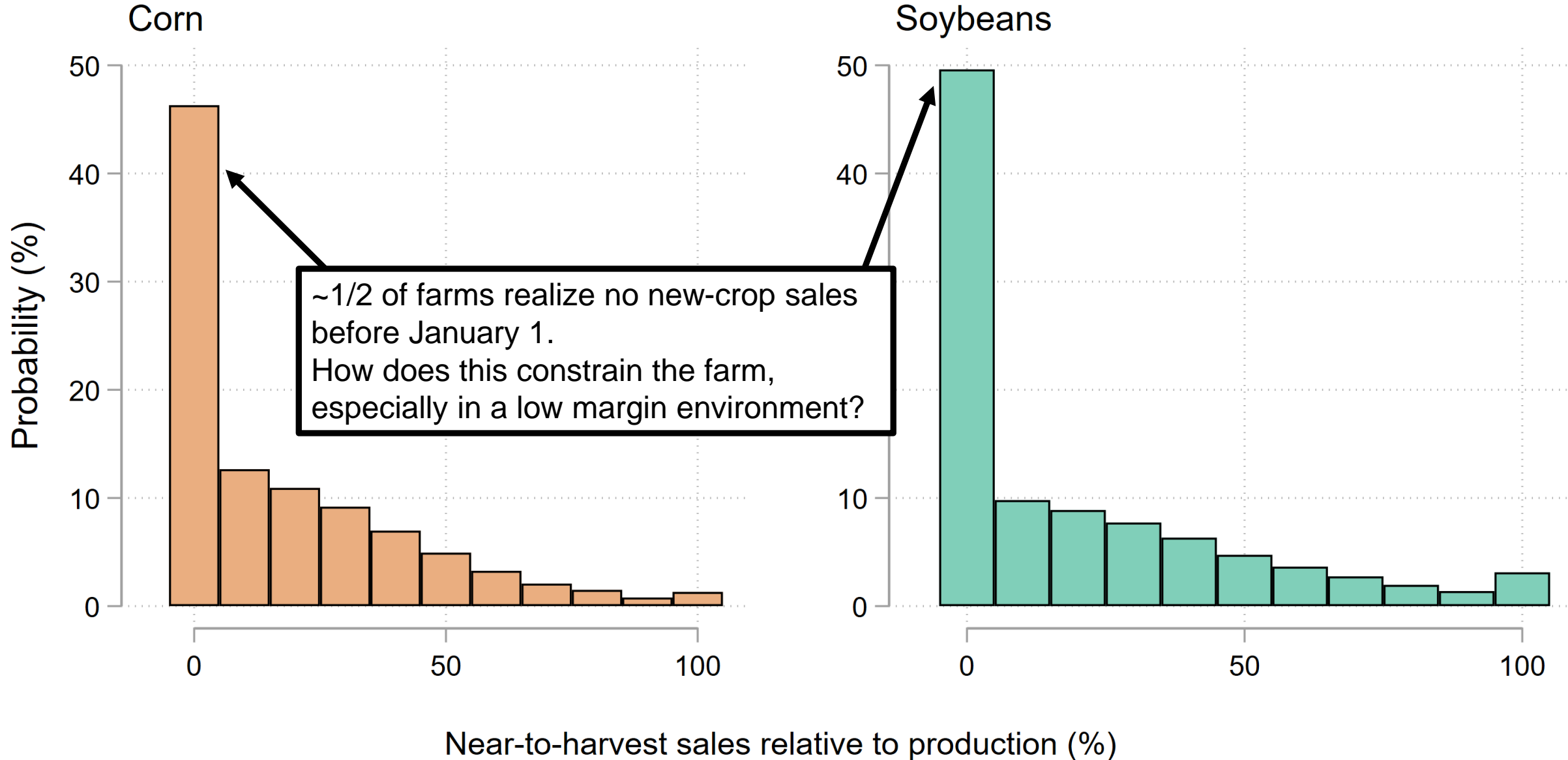
	(mil. bushels unless noted)	2023/24 USDA Dec WASDE	2024/25 USDA Dec WASDE	2025/26 USDA Oct Baseline	2025/26 <i>farmdoc</i> forecast
Supply	Area Planted (mil. acres)	94.6	90.7	92.0	93.0
	Area Harvested (mil. acres)	86.5	82.7	84.1	85.1
	Yield (bu./acre)	177.3	183.1	182.0	183.0
	Beginning Stocks	1,360	1,760	1,999	1,738
	Production	15,341	15,143	15,305	15,578
	Imports	28	25	25	25
	Total Supply	16,729	16,928	17,329	17,341
Use	Feed and Residual	5,807	5,825	5,925	5,925
	Food, Seed, and Industrial	6,869	6,890	6,860	6,885
	Ethanol	5,478	5,500	5,475	5,500
	Exports	2,292	2,475	2,275	2,225
	Total Use	14,969	15,190	15,060	15,035
	Ending Stocks	1,760	1,738	2,269	2,306
	Stocks-to-Use (%)	11.8	11.4	15.1	15.3
	Season Average Price (\$/bu.)	\$4.55	\$4.10	\$3.90	\$3.90

Implications for Farm-level Marketing



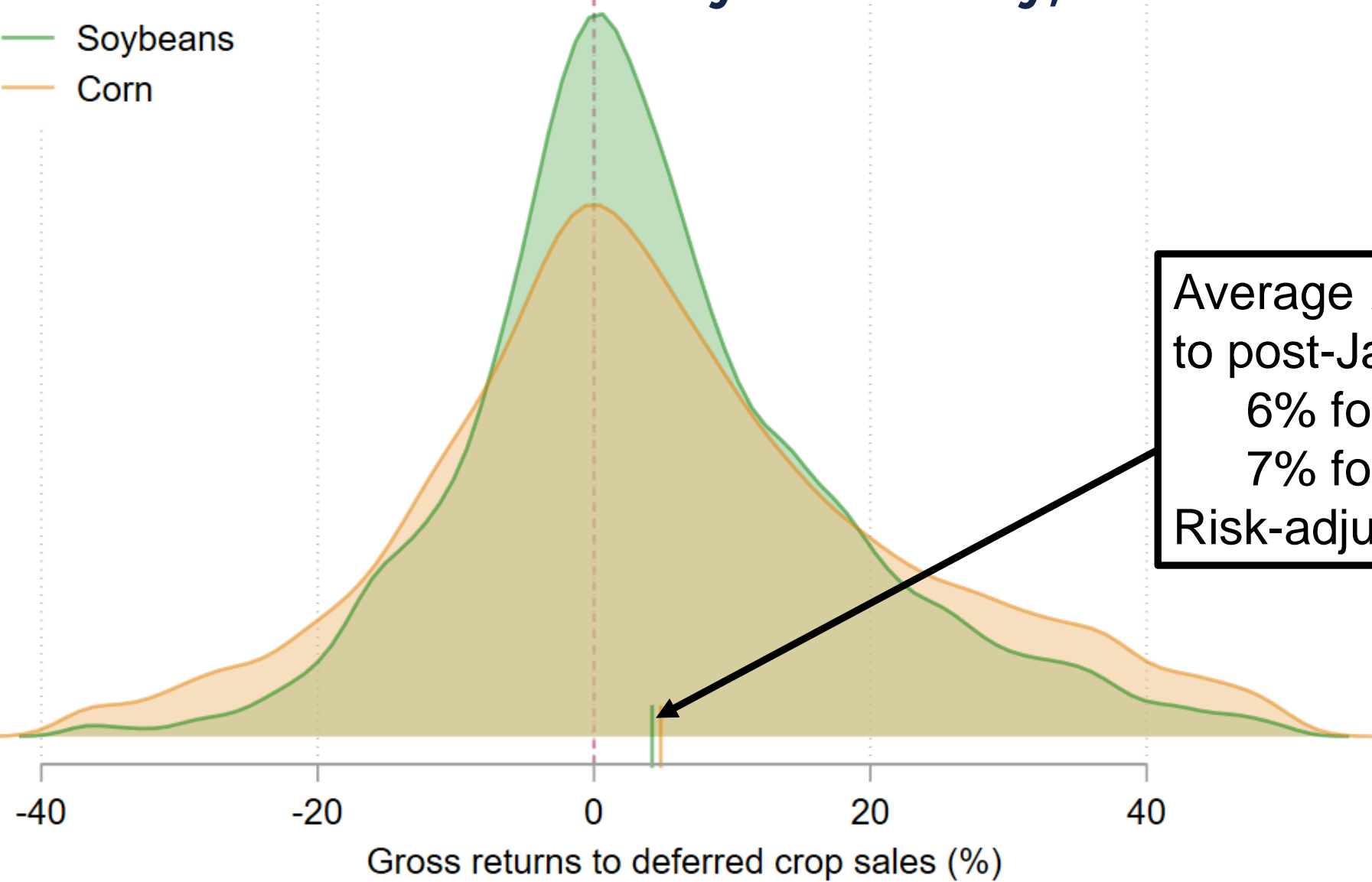
Near-to-harvest grain sales

Share of farms by pre-Jan 1 new-crop sales % of production, 2003-2019



Gross returns to post-harvest marketing, Distribution across farms by commodity, 2003-2019

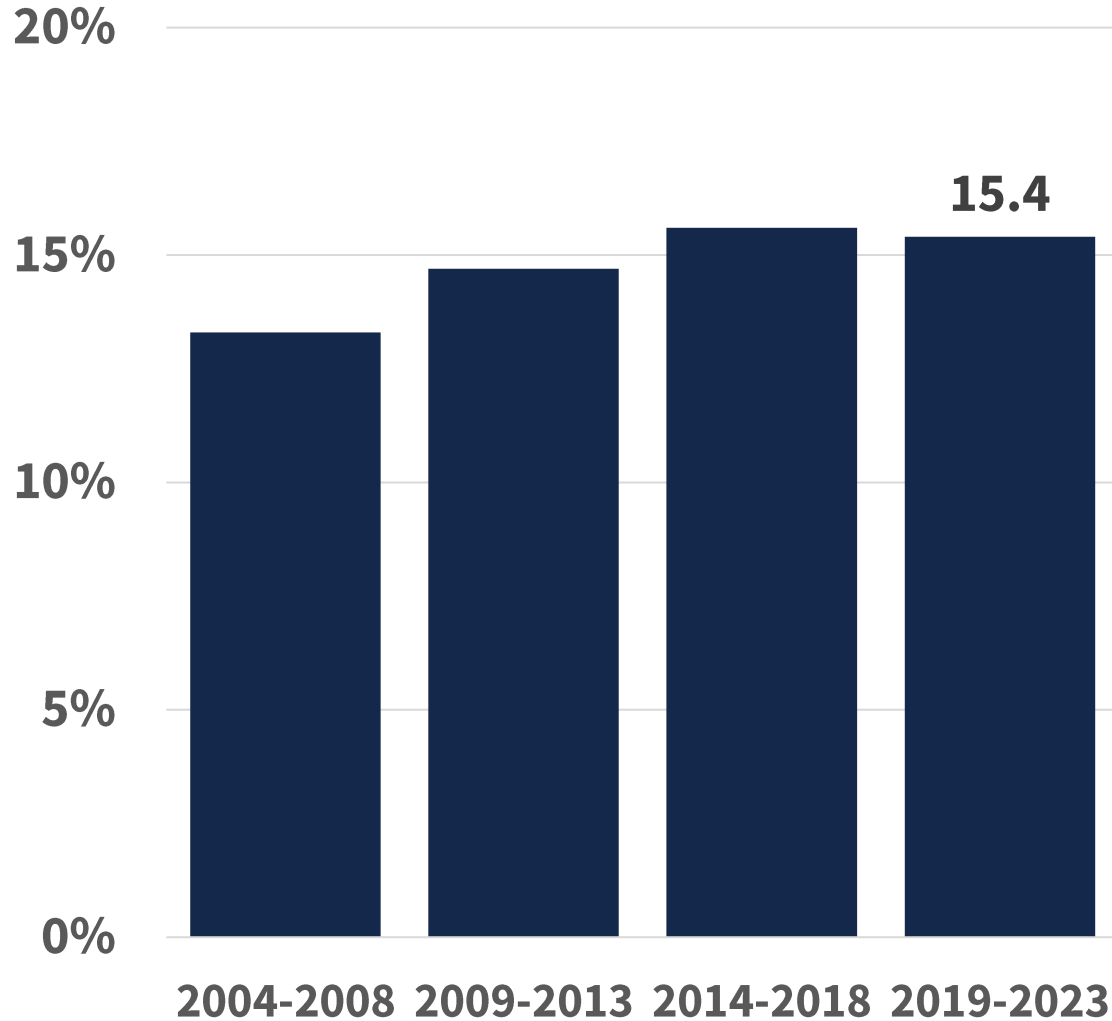
— Soybeans
— Corn



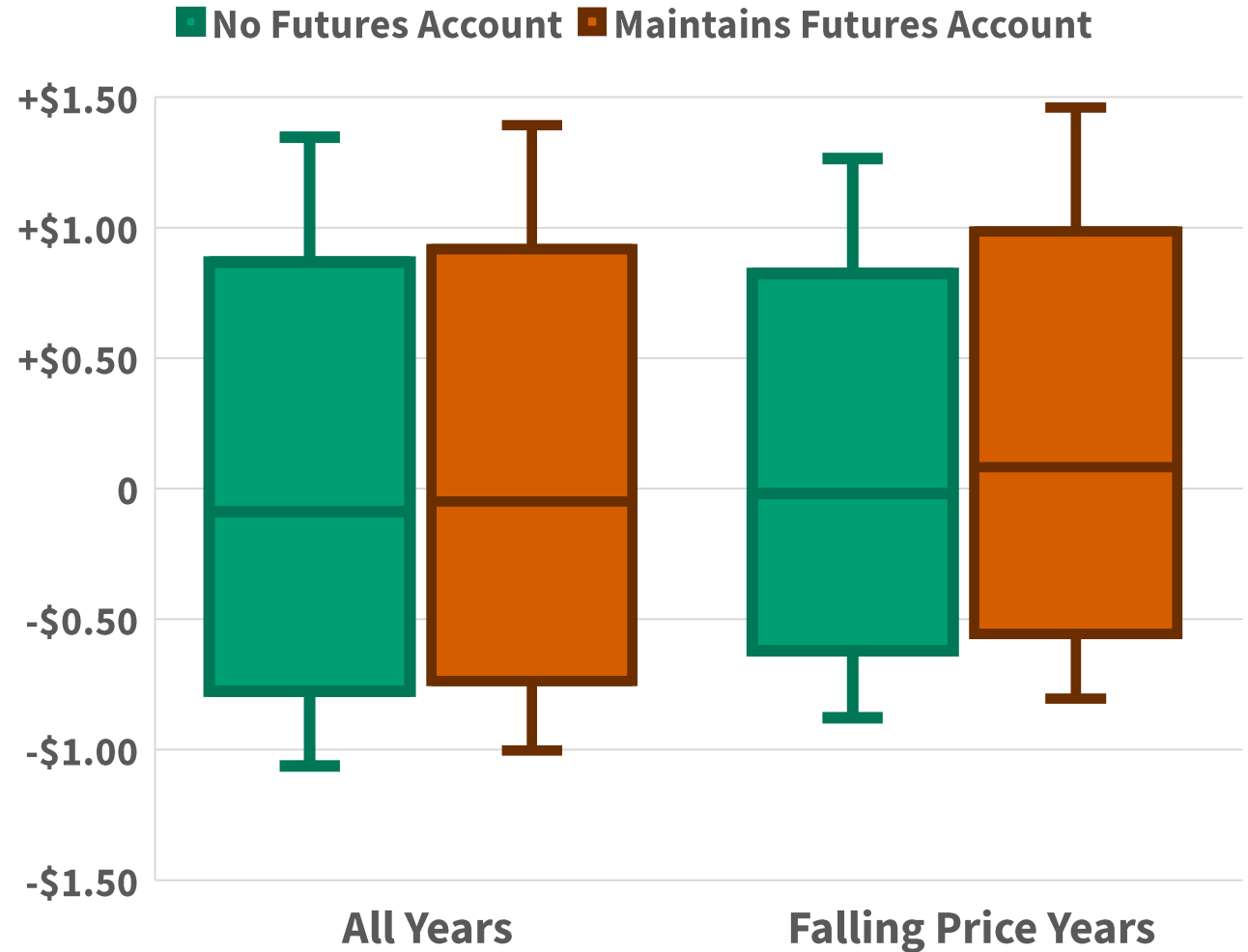
Average *realized* gross return to post-Jan 1 grain marketing: 6% for soybeans, 7% for corn. Risk-adjusted return is poor.

Farmer Use of Futures and Options

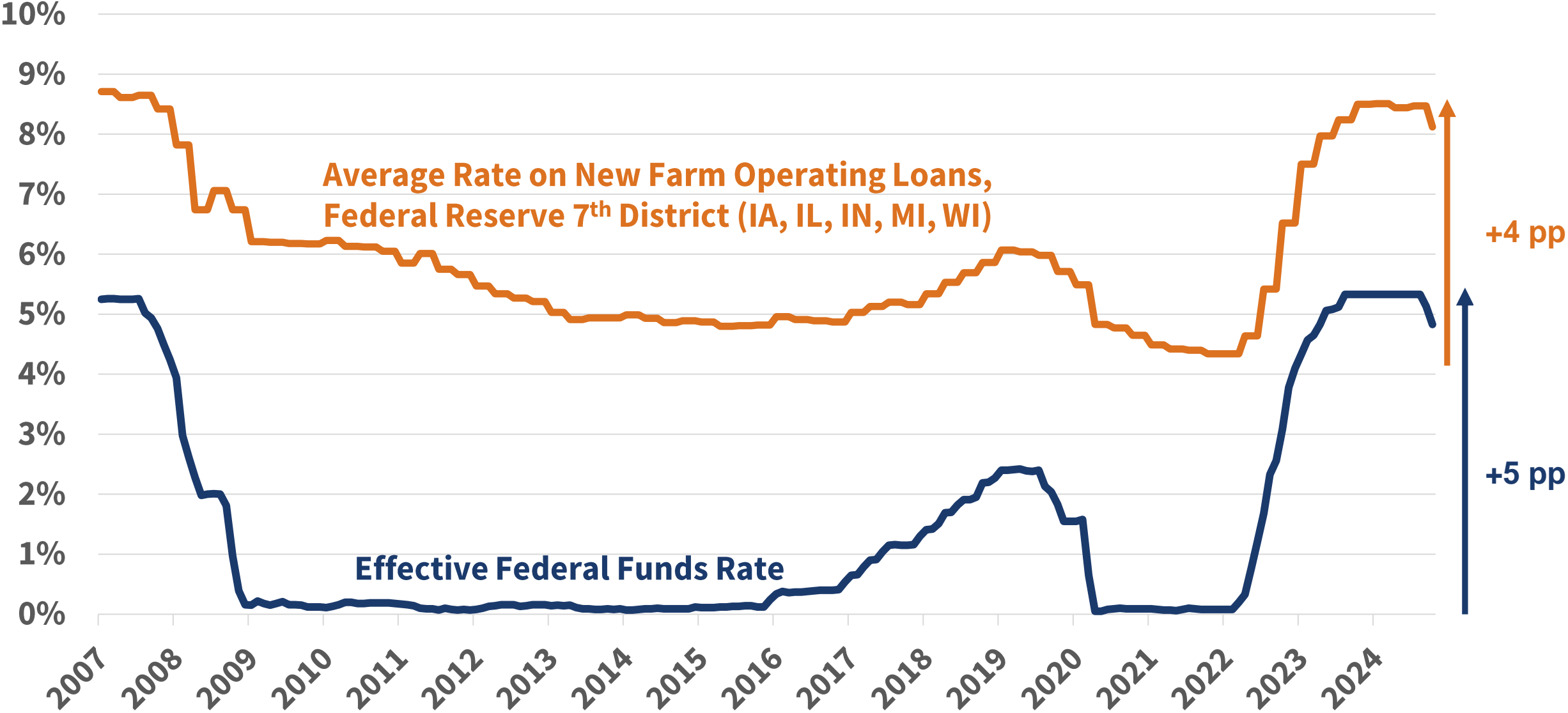
Share of farms w/ futures account



Soybean Marketing Performance
(Relative to USDA Season Average Price)



Benchmark and Farm-Specific Interest Rates, by month or quarter, 2007-2024



Returns to New-Crop Corn and Soybean Storage Under Varying Interest Rates

	Corn		Soybeans	
Current Nearby Futures Price (\$/bu)	4.48 (Mar)		10.02 (Mar)	
Short-term Interest Rate (annualized %)	4.0	8.0	4.0	8.0
Opportunity Cost (\$/bu/mth)	0.015	0.030	0.033	0.067
Physical Cost (\$/bu/mth)	0.04			
Current Market Carry to July (\$/bu)	0.10		0.21	
Storage Period (in months)	4 (March to July)			
Storage Return (\$/bu)	+0.04	-0.02	+0.08	-0.06

Closing Thoughts

- **Crop prices have fallen to long-run average levels**
 - Recent demand strength
 - Bearish threats abound (esp. geopolitical)
- **Crop marketing is a difficult game to win consistently**
 - Have a marketing plan that commits you to consistent action
 - Wins are now small, e.g. \$0.25-0.50/bushel
 - ‘Sophisticated’ marketing tools aren’t always better
 - All gains and losses must be calculated net of full cost

2024 Illinois Farm Economics Summit

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