

# 2024 Illinois Farm Economics Summit

## Grain Market Outlook

### Price Prospects for 2024



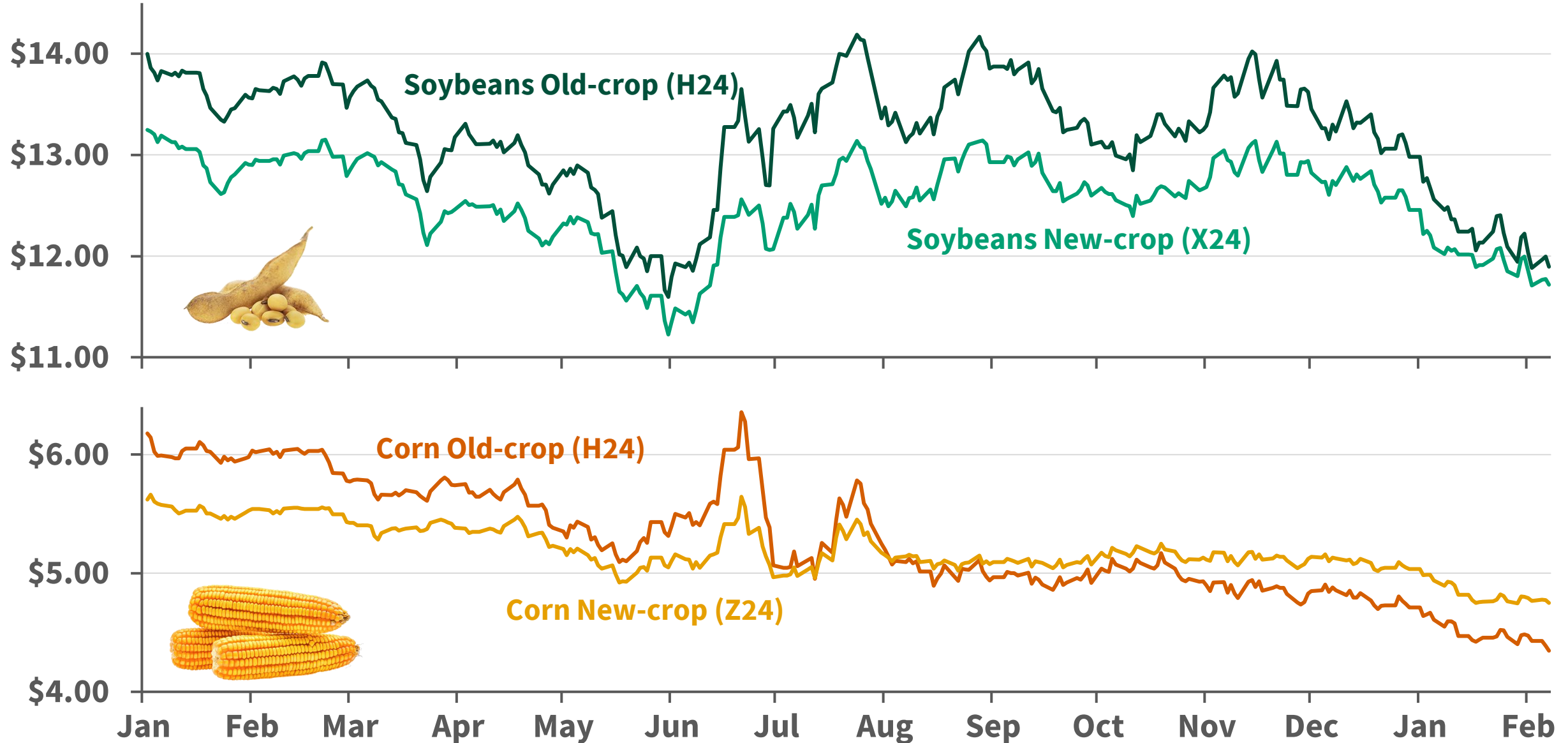
Scott Irwin

**farmdoc**



Joe Janzen

# Corn and soybean futures prices, in \$/bushel, January 1, 2023 to February 7, 2024



# Feb 8 USDA Report Results, Corn



Quantity	USDA January 12	Average Analyst Est.	USDA February 8	Change
<b>United States, in million bushels</b>				
<b>Exports</b>	<b>2,100</b>	<b>2,108</b>	<b>2,100</b>	<b>-</b>
<b>End Stocks</b>	<b>2,162</b>	<b>2,149</b>	<b>2,172</b>	<b>+10</b>
<b>South American Production, in million metric tons</b>				
<b>Brazil</b>	<b>127.0</b>	<b>124.8</b>	<b>124.0</b>	<b>-3.0</b>
<b>Argentina</b>	<b>55.0</b>	<b>55.8</b>	<b>55.0</b>	<b>-</b>

# Feb 8 USDA Report Results, Soybeans



Quantity	USDA January 12	Average Analyst Est.	USDA February 8	Change
<b>United States, in million bushels</b>				
<b>Exports</b>	<b>1,755</b>	<b>1,742</b>	<b>1,720</b>	<b>-25</b>
<b>End Stocks</b>	<b>280</b>	<b>285</b>	<b>315</b>	<b>+45</b>
<b>South American Production, in million metric tons</b>				
<b>Brazil</b>	<b>157.0</b>	<b>153.7</b>	<b>156.0</b>	<b>-1.0</b>
<b>Argentina</b>	<b>50.0</b>	<b>50.8</b>	<b>50.0</b>	<b>-</b>

# Market Reaction to Report Release, February 8

 CORN FUTURES (MAR 2024) · 30 · CBOT ● D

O432'2 H432'4 L432'2 C432'4 +0'2 (+0.06%)

Vol 104



 CME Group  
powered by TradingView

**farmdoc**

 SOYBEAN FUTURES (MAR 2024) · 30 · CBOT ● D

O1180'6 H1182'2 L1180'6 C1181'6 +0'6 (+0.06%)

Vol 270



 CME Group  
powered by TradingView

Source: CME Group

**ILLINOIS**

# Old-crop US corn balance sheet



	(mil. bushels unless noted)	2022/23	2023/24 USDA Feb WASDE	2023/24 farmdoc Forecast
Supply	Area Planted (mil. acres)	88.6	94.6	94.6
	Area Harvested (mil. acres)	79.1	86.5	86.5
	Yield (bu./acre)	173.4	177.3	177.3
	Beginning Stocks	1,377	1,360	1,360
	Production	13,651	15,342	15,342
	Imports	39	25	25
<b>Total Supply</b>		<b>15,066</b>	<b>16,727</b>	<b>16,727</b>
Use	Feed and Residual	5,486	5,675	5,675
	Food, Seed, and Industrial	6,559	6,780	6,755
	Ethanol	5,176	5,375	5,350
	Exports	1,661	2,100	2,050
<b>Total Use</b>		<b>13,706</b>	<b>14,455</b>	<b>14,480</b>
	Ending Stocks	1,360	2,172	2,272
	<b>Stocks-to-Use (%)</b>	<b>9.9</b>	<b>14.9</b>	<b>15.5</b>
	Season Average Price (\$/bu.)	\$6.54	\$4.80	\$4.65

# Old-crop US soybean balance sheet



	(mil. bushels unless noted)	2022/23	2023/24 USDA Feb WASDE	2023/24 farmdoc Forecast
Supply	Area Planted (mil. acres)	87.5	83.6	83.6
	Area Harvested (mil. acres)	86.2	82.4	82.4
	Yield (bu./acre)	49.6	50.6	50.6
	Beginning Stocks	274	264	264
	Production	4,270	4,165	4,165
	Imports	25	30	30
<b>Total Supply</b>		<b>4,569</b>	<b>4,459</b>	<b>4,459</b>
Use	Crushings	2,212	2,300	2,275
	Exports	1,992	1,720	1,775
	Seed	97	102	102
	Residual	4	22	22
<b>Total Use</b>		<b>4,305</b>	<b>4,144</b>	<b>4,174</b>
	Ending Stocks	264	315	285
	<b>Stocks-to-Use (%)</b>	<b>6.1</b>	<b>7.6</b>	<b>6.8</b>
	Season Average Price (\$/bu.)	\$14.20	\$12.65	\$12.65

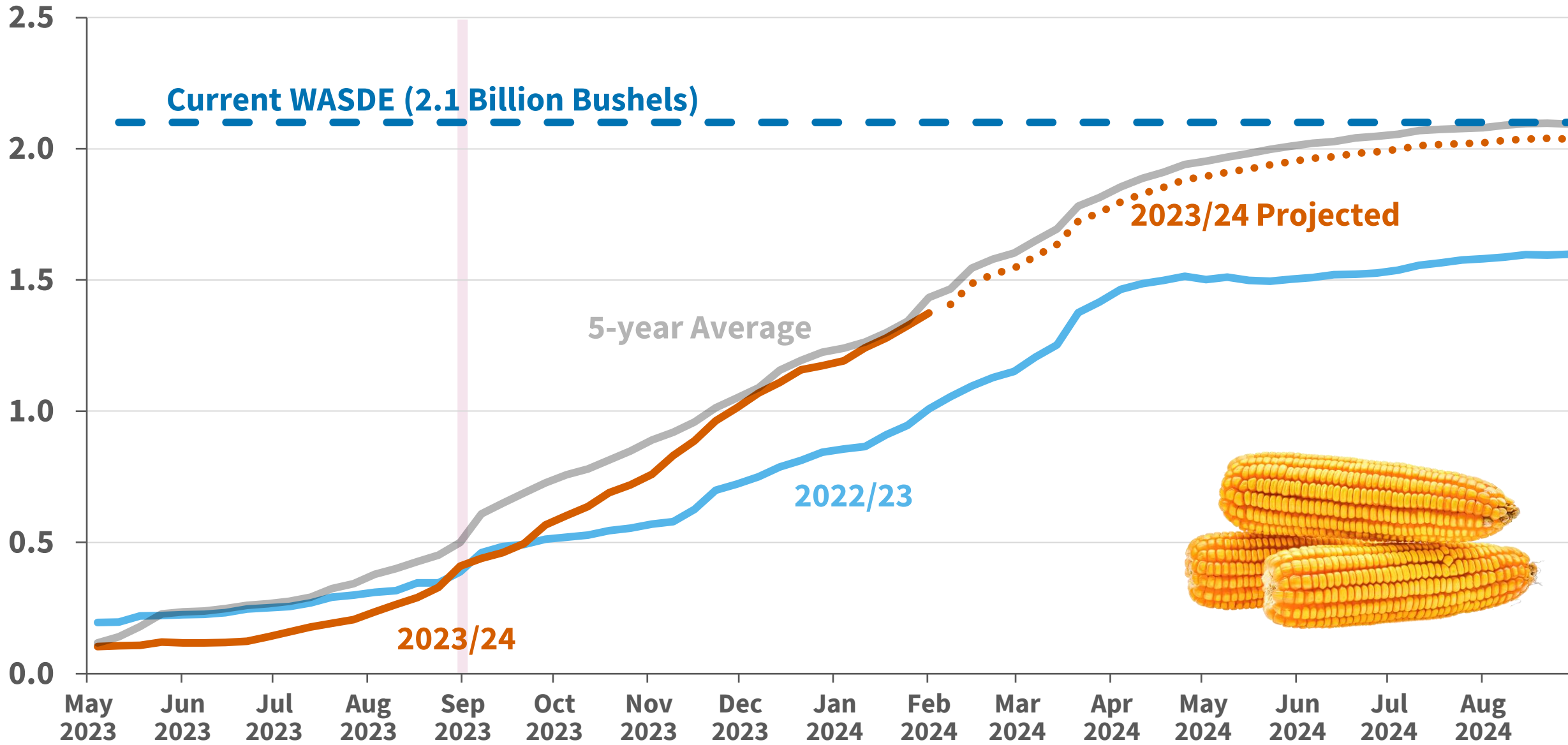


# Global markets and export sales pace



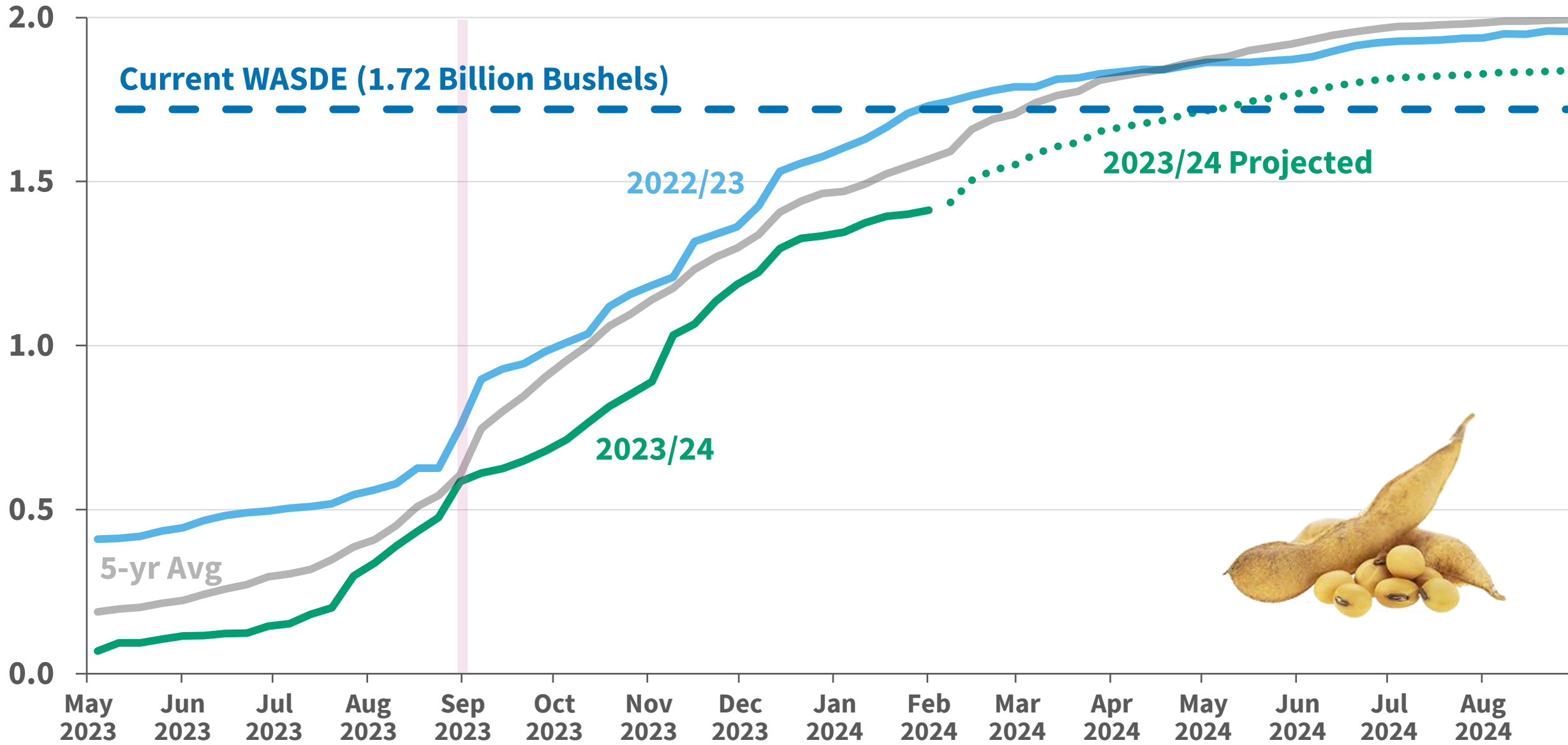
# US Corn Export Sales Pace

by marketing year and week, in billions of bushels to Feb 1, 2023



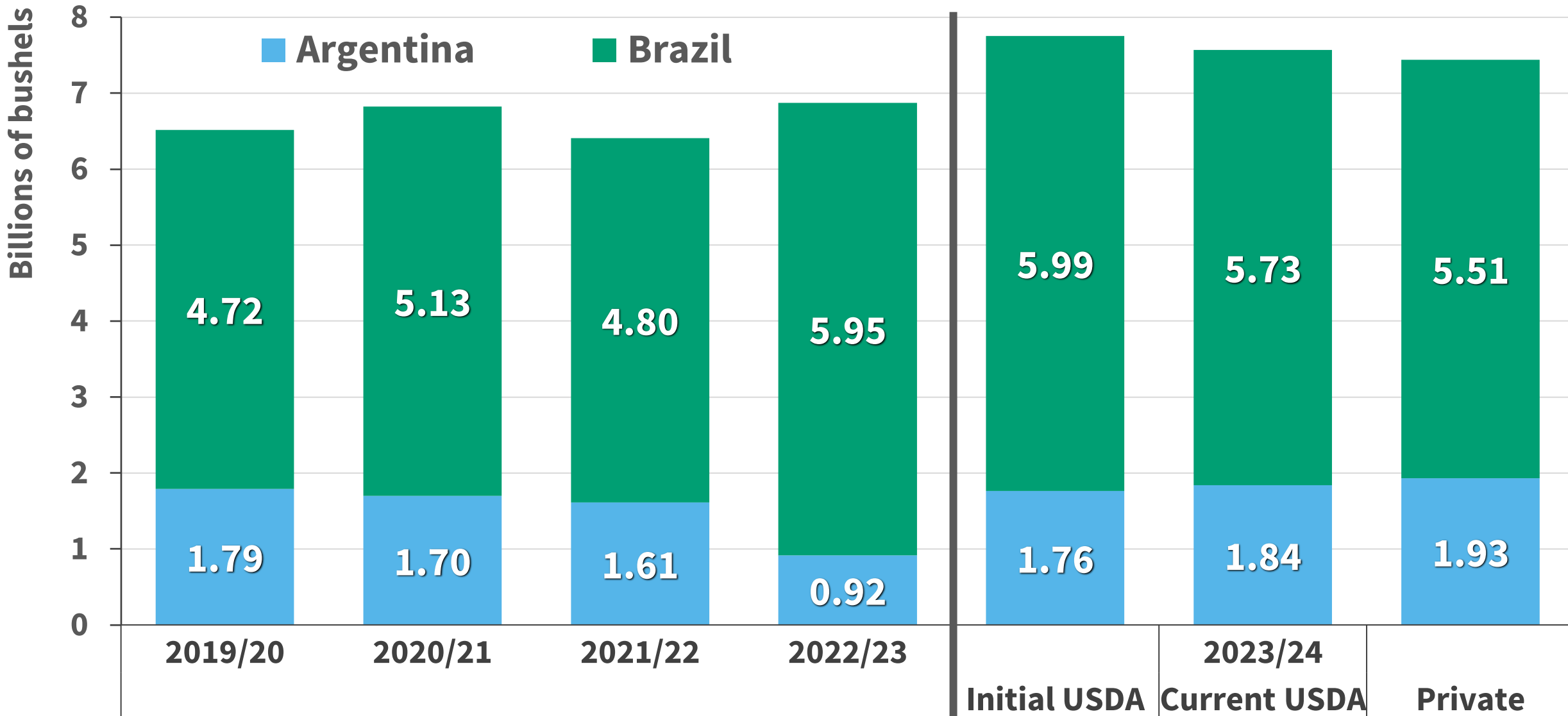
# US Soybean Export Sales Pace

by marketing year and week, in billions of bushels to Feb 1, 2023



# Soybean production in South America

by marketing year, 2019/20 to 2023/24P

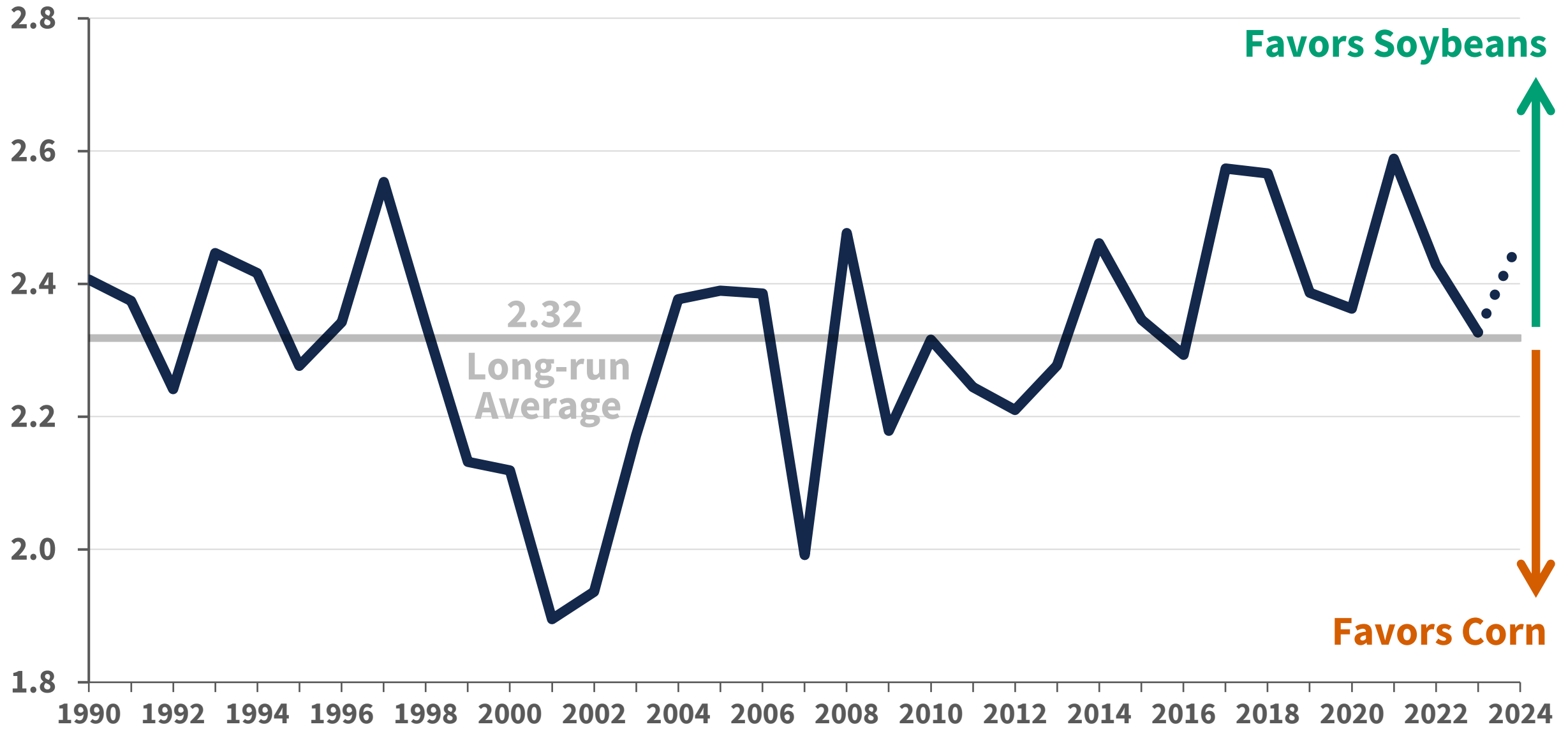




# Trends in acres, yield, and usage

# Soybean-Corn new-crop futures price ratio

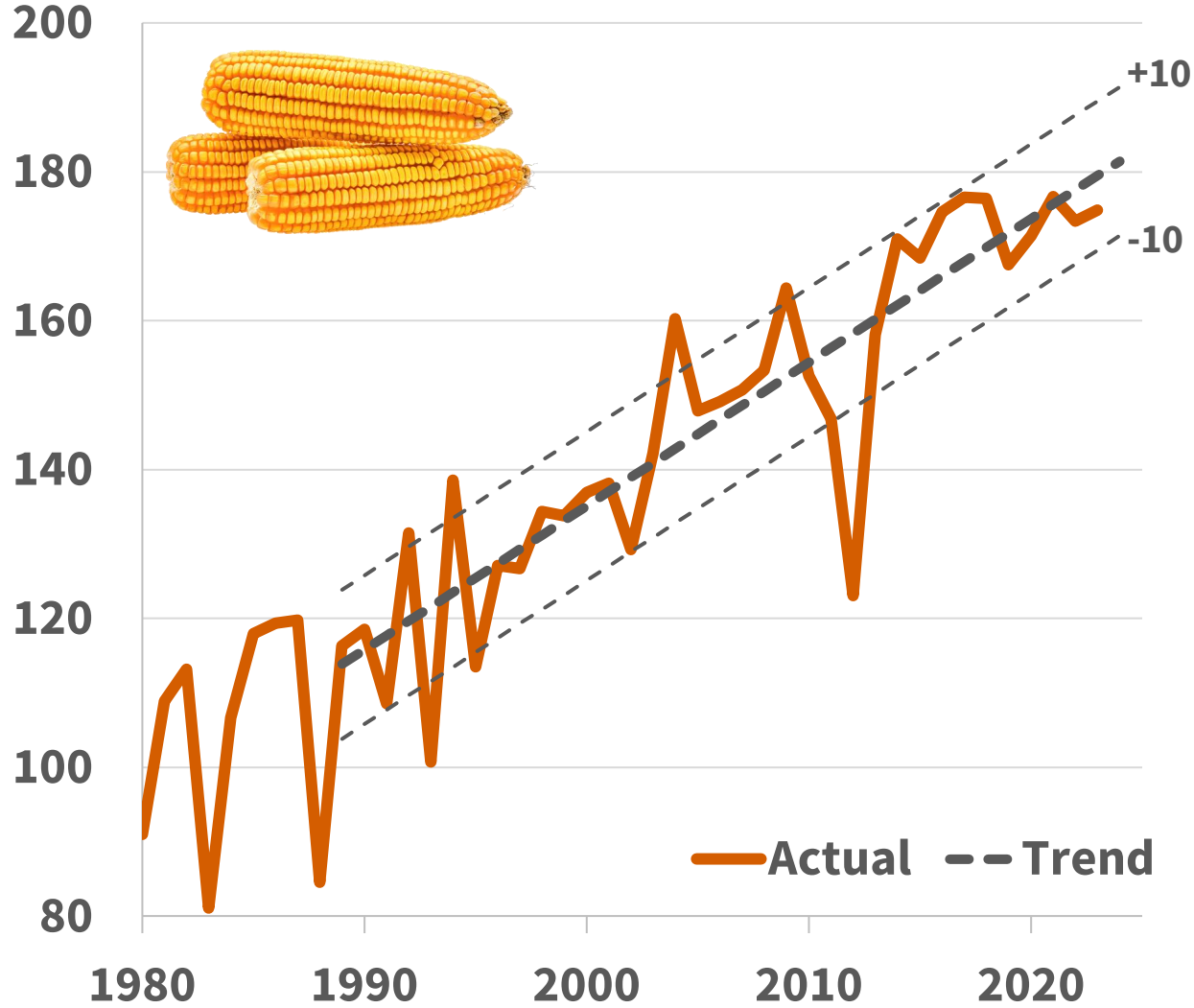
Planting-time (February) average, 1990-2024P



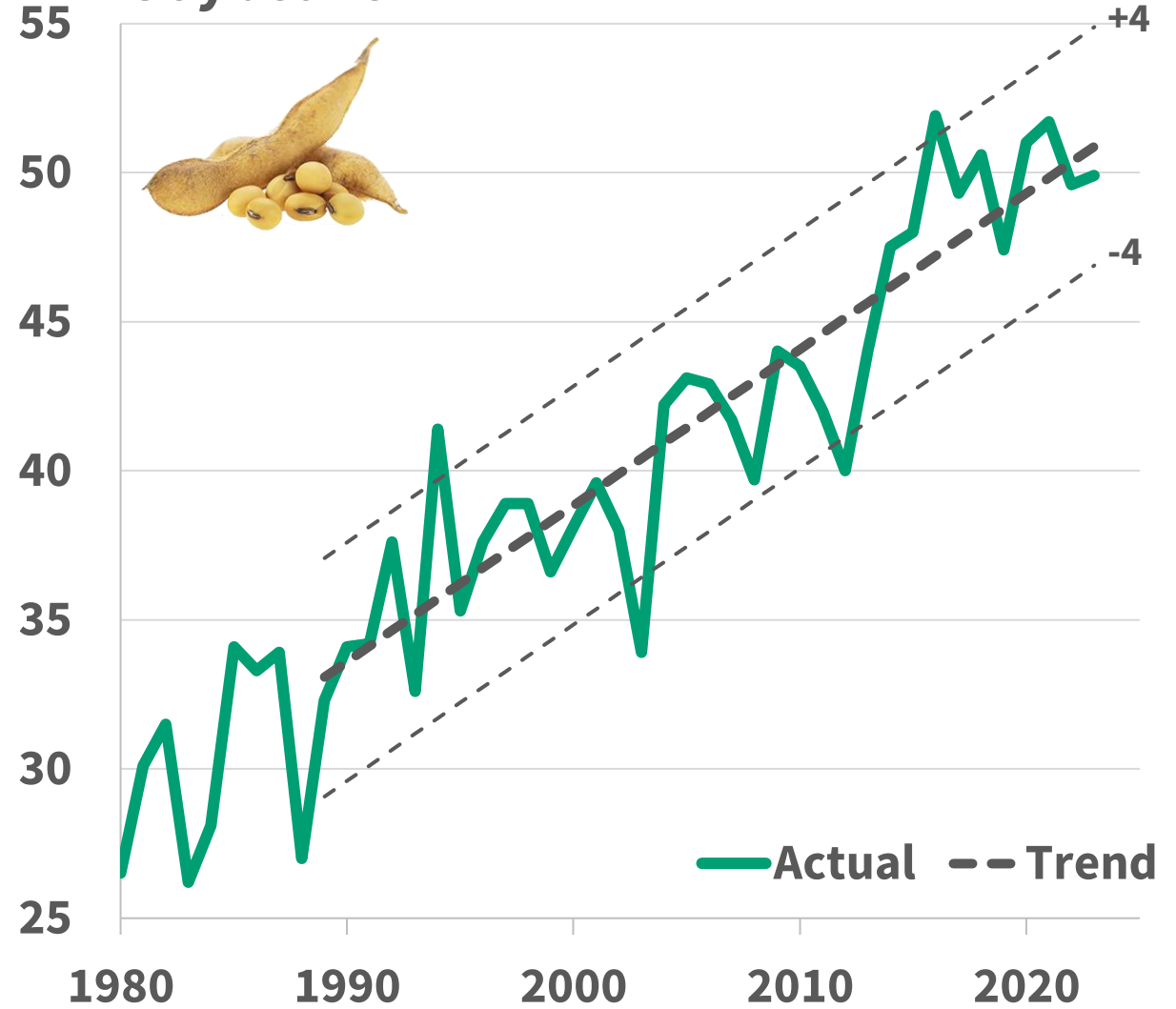
# US corn and soybean yield trends

by year, in bushels per acre, 1980-2023P

## Corn

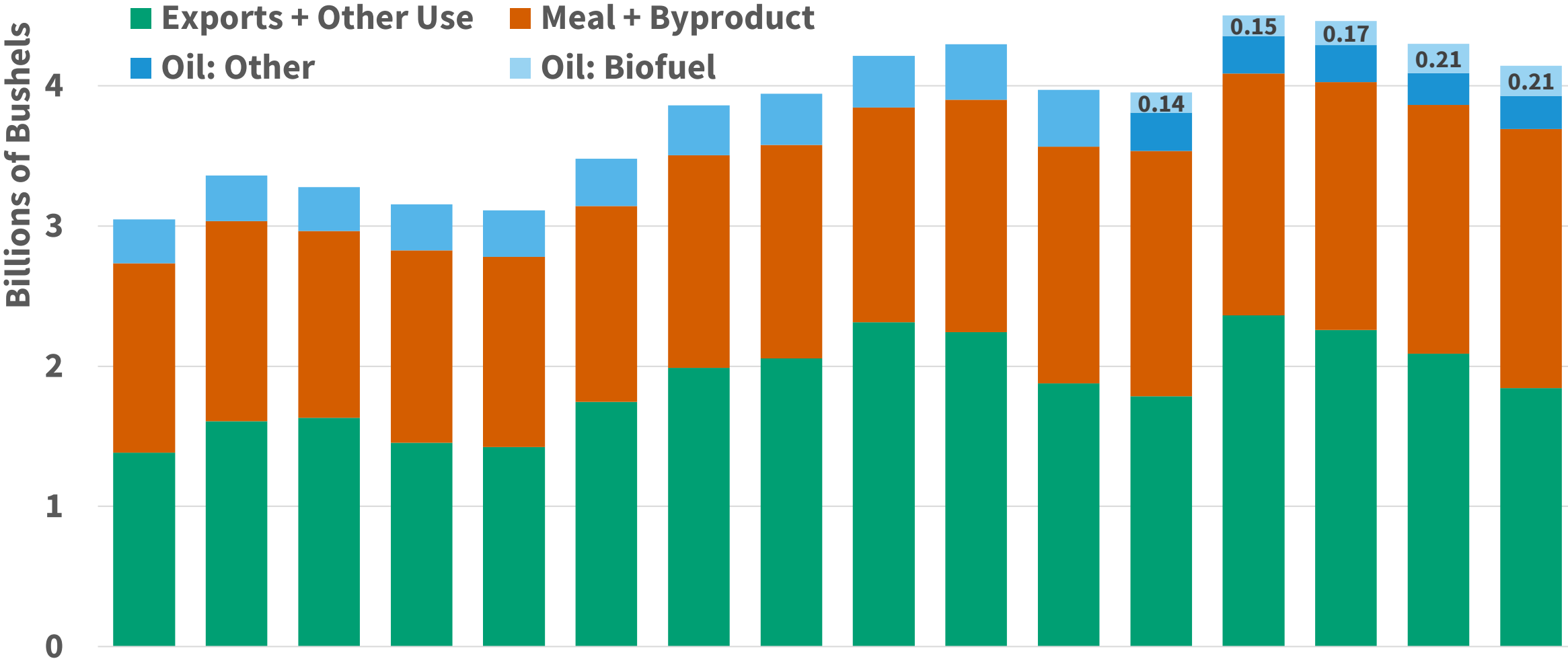


## Soybeans



# Composition of US soybean use

## by marketing year, 2008/09-2023/24P



# New-crop US corn balance sheet



	(mil. bushels unless noted)	2022/23	2023/24 USDA Feb WASDE	2024/25 USDA Nov Baseline	2024/25 farmdoc Forecast
Supply	Area Planted (mil. acres)	88.6	94.9	91.0	91.5
	Area Harvested (mil. acres)	79.1	87.1	83.1	83.6
	Yield (bu./acre)	173.4	174.9	181.0	181.0
	Beginning Stocks	1,377	1,361	2,111	2,247
	Production	13,715	15,234	15,040	15,134
	Imports	39	25	25	25
<b>Total Supply</b>		<b>15,130</b>	<b>16,621</b>	<b>17,176</b>	<b>17,406</b>
Use	Feed and Residual	5,549	5,650	5,800	5,800
	Food, Seed, and Industrial	6,558	6,740	6,710	6,710
	Ethanol	5,176	5,325	5,300	5,300
	Exports	1,661	2,100	2,050	2,100
	<b>Total Use</b>	<b>13,769</b>	<b>14,490</b>	<b>14,560</b>	<b>14,610</b>
Ending Stocks		1,361	2,131	2,616	2,796
<b>Stocks-to-Use (%)</b>		<b>9.9</b>	<b>14.7</b>	<b>18.0</b>	<b>19.1</b>
Season Average Price (\$/bu.)		\$7.00	\$4.85	\$4.50	\$4.40



# New-crop US soybean balance sheet



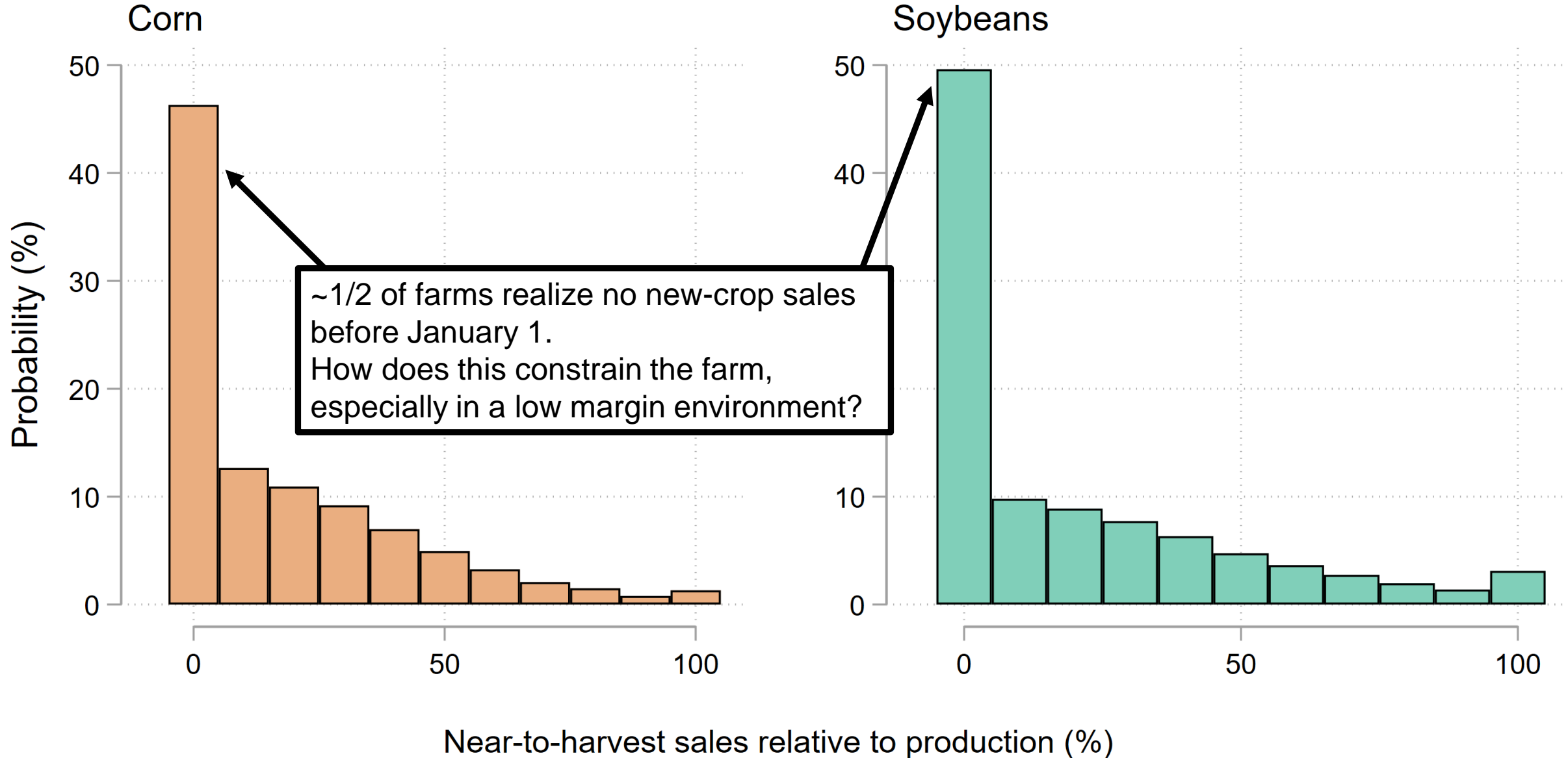
	(mil. bushels unless noted)	2022/23	2023/24 USDA Feb WASDE	2024/25 USDA Nov Baseline	2024/25 farmdoc Forecast
Supply	Area Planted (mil. acres)	87.5	83.6	87.0	88.0
	Area Harvested (mil. acres)	86.2	82.4	86.1	87.1
	Yield (bu./acre)	49.6	50.6	52.0	52.0
	Beginning Stocks	274	264	220	285
	Production	4,270	4,165	4,475	4,527
	Imports	25	30	15	15
<b>Total Supply</b>		<b>4,569</b>	<b>4,459</b>	<b>4,710</b>	<b>4,828</b>
Use	Crushings	2,212	2,300	2,375	2,400
	Exports	1,992	1,720	1,925	1,850
	Seed	97	102	123	123
	Residual	4	22	0	0
	<b>Total Use</b>	<b>4,305</b>	<b>4,144</b>	<b>4,423</b>	<b>4,373</b>
	Ending Stocks	264	315	286	455
	<b>Stocks-to-Use (%)</b>	<b>6.1</b>	<b>7.6</b>	<b>6.5</b>	<b>10.4</b>
	Season Average Price (\$/bu.)	\$14.20	\$12.65	\$11.30	\$11.30

# Pre- and post-harvest grain marketing



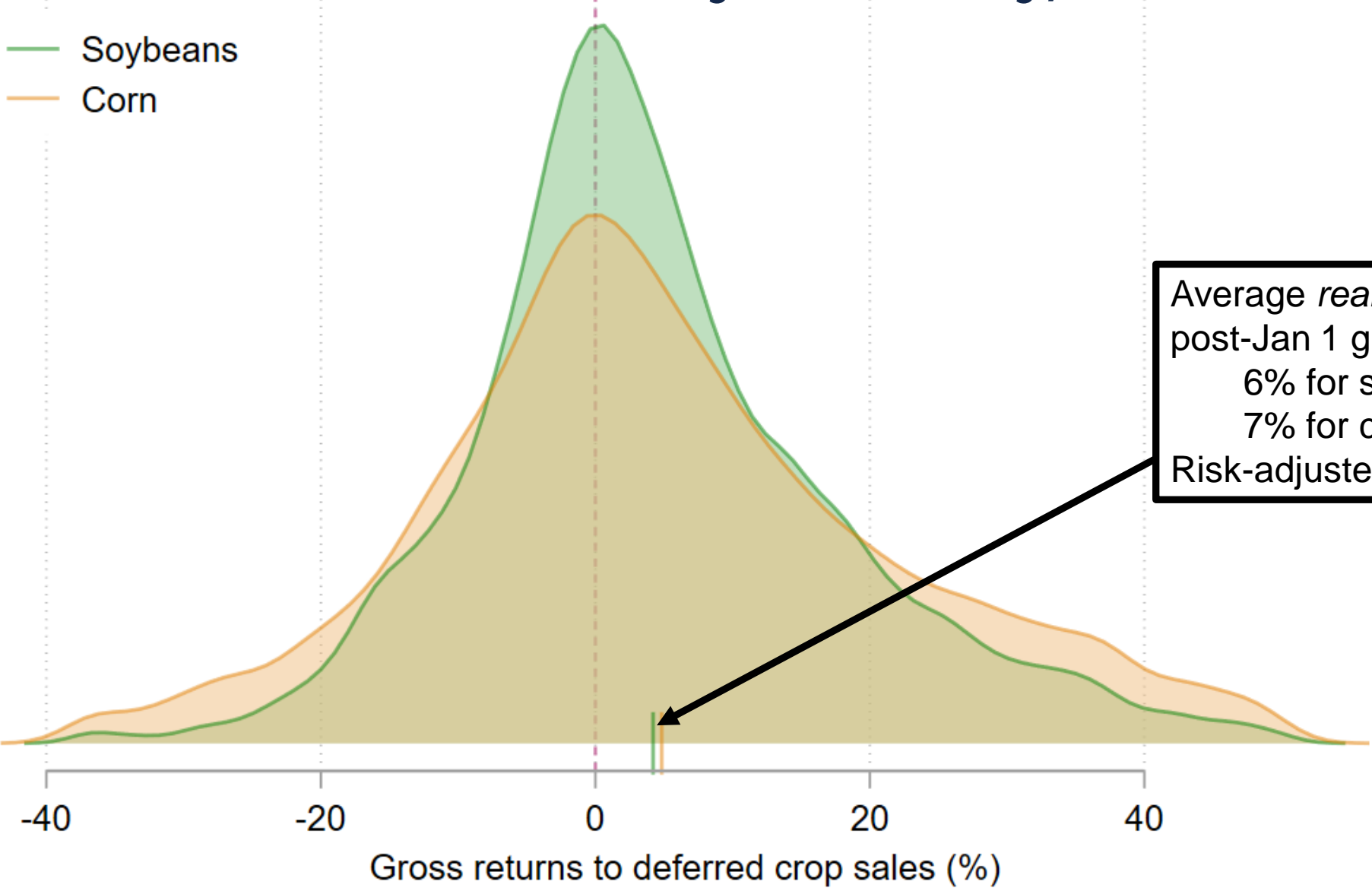
# Near-to-harvest grain sales

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

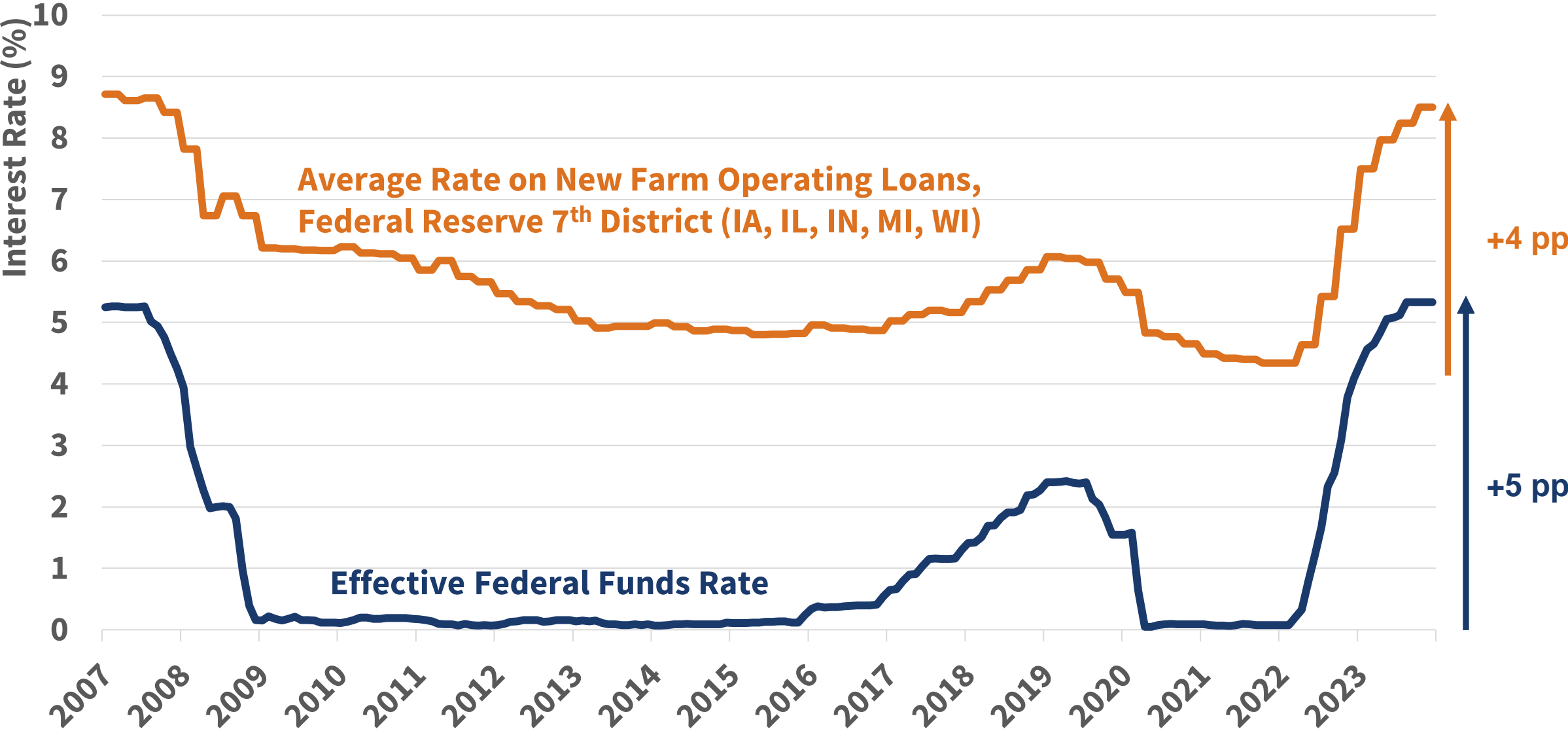
— Soybeans  
— Corn



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

Gross returns to deferred crop sales (%)

# Benchmark and Farm-Specific Interest Rates, by month/quarter, 2007-2023



# Takeaways

- **Old-crop prices:**

- Corn: High stocks = low volatility, ltd. opportunity to capture carry
- Soy: US stocks still tight, but uncompetitive with S.A., flat carry structure

- **New-crop prices:**

- Most fundamental factors point to low prices for longer
- Market moving to neutral corn-soy price signal

- **Marketing strategy:**

- Have one! (Combination of forward sales and target orders)
- 'Store and ignore' is an expensive strategy at 8.5% interest

# Upcoming 2024 IFES Webinars

**February 15**

**Farm Policy: Current State & A Look Ahead**

*by Jonathan Coppess*

**February 22**

**The Renewable Diesel Boom: What Does the Future Look Like?**

*by Scott Irwin*

# Crop Risk Management for 2024 Webinar Series

**Monday February 19**

**Gary Schnitkey and Nick Paulson**

**Monday March 4**

**Bruce Sherrick and Nick Paulson**

This two-part webinar series will provide an in-depth analysis of risk management decisions and strategies for the 2024 crop year. Lower commodity prices are expected for the 2024 crop and marketing years compared to the past 3 years, resulting in a much tighter margin environment and increased importance of risk management decisions



[go.illinois.edu/CropRisk2024](https://go.illinois.edu/CropRisk2024)





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