

# Illinois Farm Economics Summit

## Grain Market Outlook

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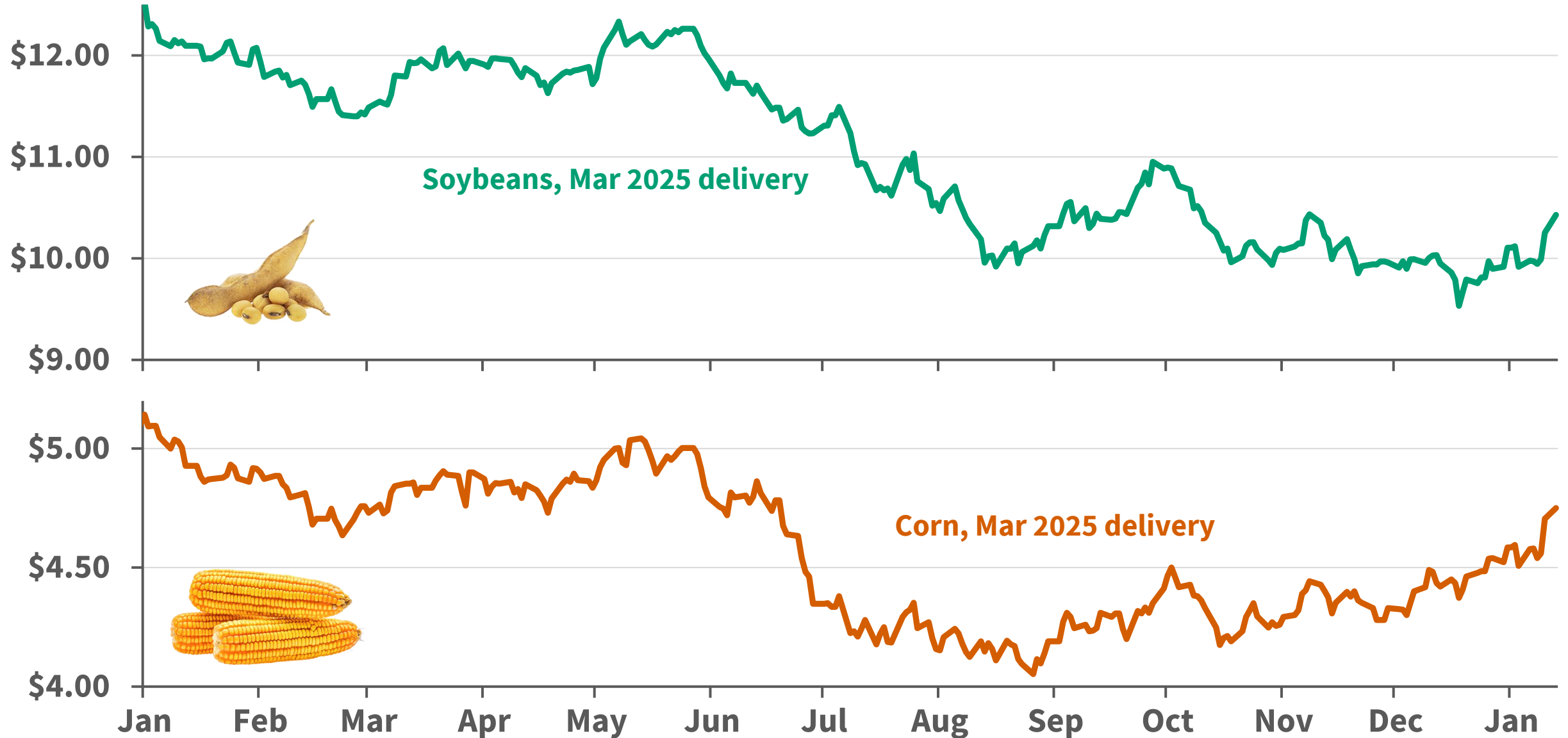
UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN

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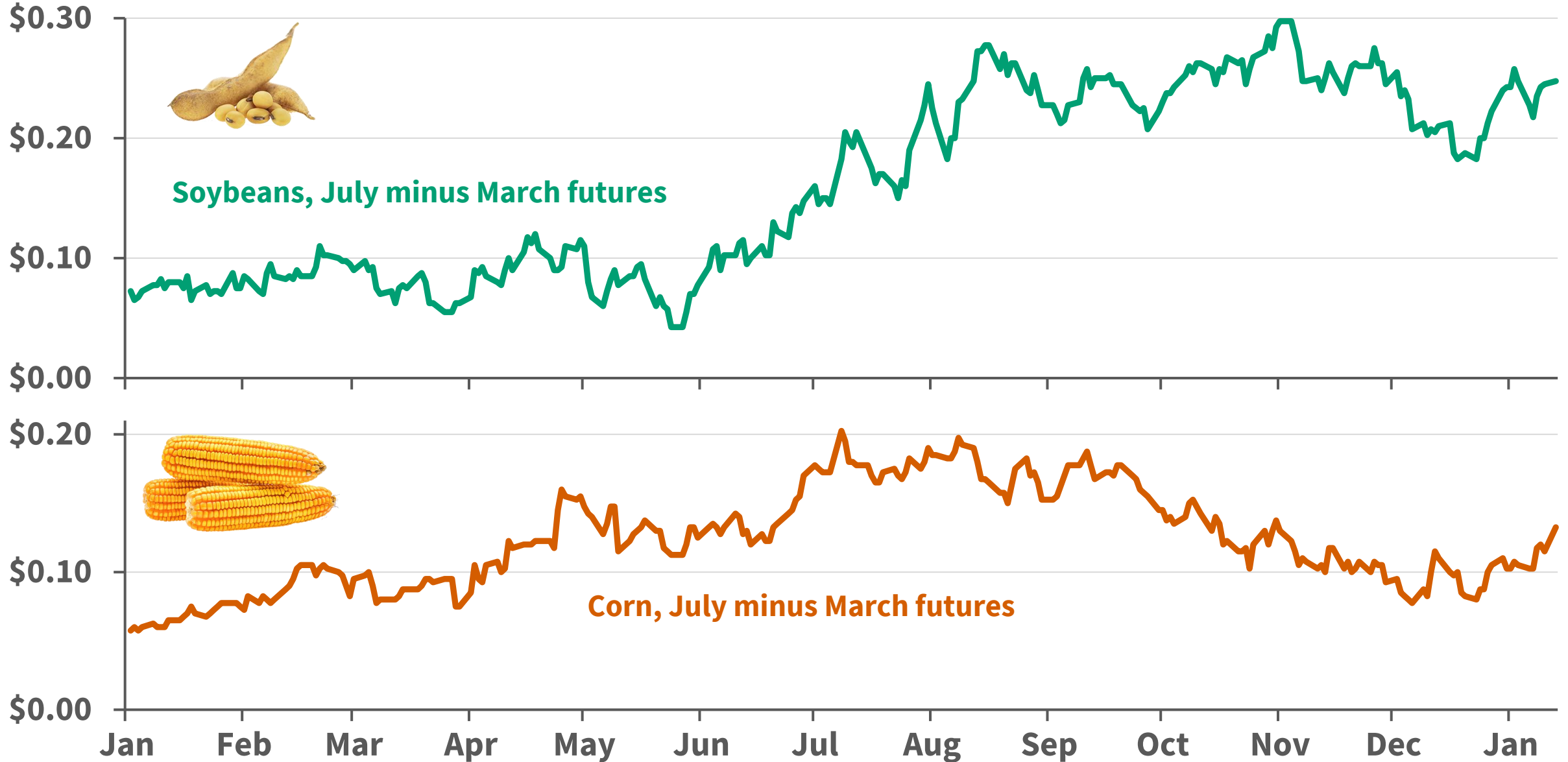
# Corn and Soybean Futures Prices,

in \$/bushel, daily, January 1, 2024 to January 13, 2025



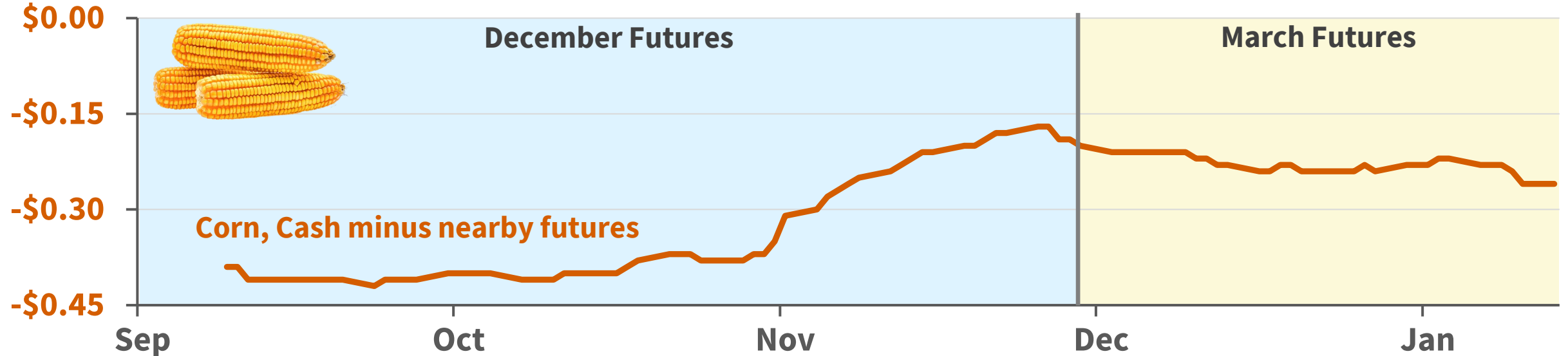
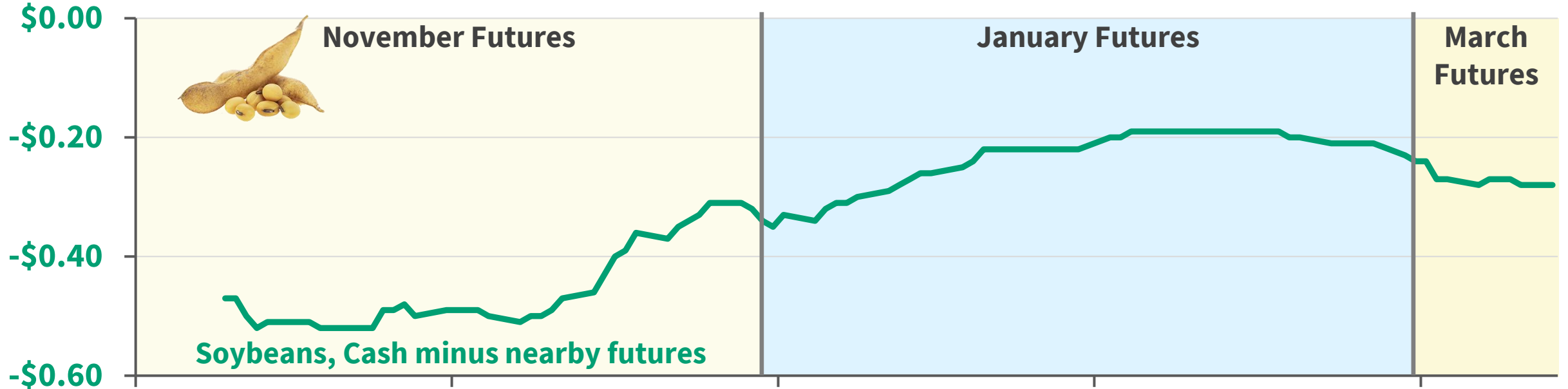
# Corn and Soybean Futures Carry,

Post-harvest calendar spread, in \$/bushel, daily, January 1, 2024 to January 13, 2025



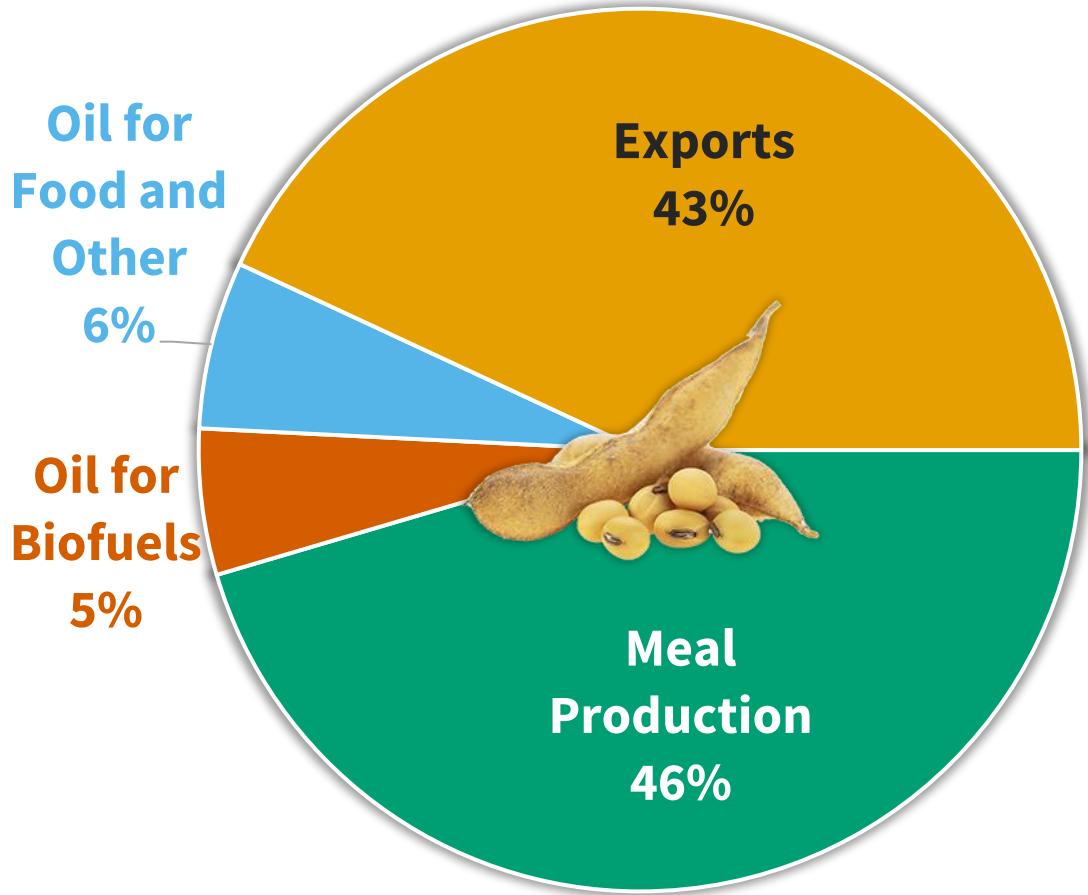
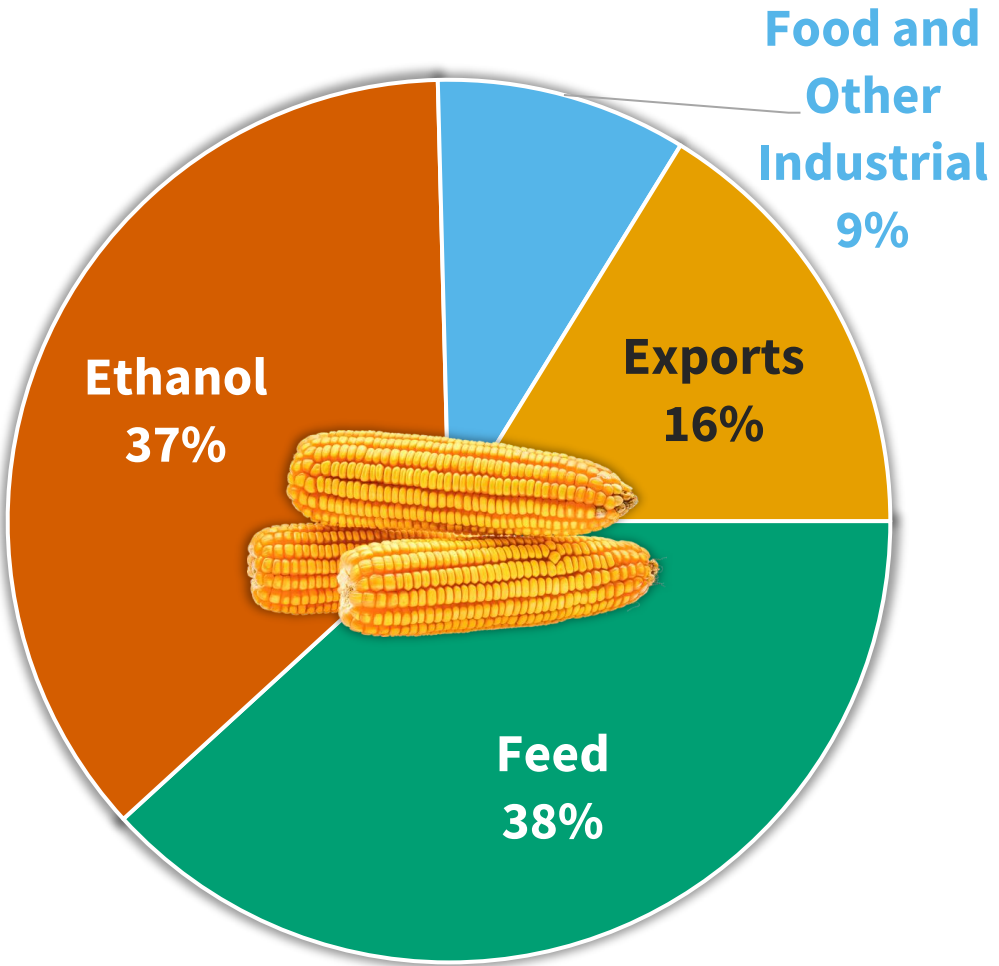
# Corn and Soybean Cash-Futures Basis,

Average value in Illinois, in \$/bushel, daily, September 9, 2024 to January 13, 2025



# 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 Jan WASDE	2024/25 USDA Jan WASDE
Supply	Area Planted (mil. acres)	88.2	94.6	90.6
	Area Harvested (mil. acres)	78.7	86.5	82.9
	Yield (bu./acre)	173.4	177.3	179.3
	Beginning Stocks	1,377	1,360	1,763
	Production	13,651	15,341	14,867
	Imports	39	28	25
	<b>Total Supply</b>	<b>15,066</b>	<b>16,729</b>	<b>16,655</b>
Use	Feed and Residual	5,486	5,804	5,775
	Food, Seed, and Industrial	6,558	6,869	6,890
	Ethanol	5,176	5,478	5,500
	Exports	1,662	2,292	2,450
	<b>Total Use</b>	<b>13,706</b>	<b>14,966</b>	<b>15,115</b>
	Ending Stocks	1,360	1,763	1,540
	<b>Stocks-to-Use (%)</b>	<b>9.9</b>	<b>11.8</b>	<b>10.2</b>
	Season Average Price (\$/bu.)	\$6.54	\$4.55	\$4.25

# US Soybean Supply and Demand Balance Sheet



		(mil. bushels unless noted)	2022/23	2023/24 USDA Jan WASDE	2024/25 USDA Jan WASDE
Supply	Area Planted (mil. acres)		87.5	83.6	87.1
	Area Harvested (mil. acres)		86.2	82.3	86.1
	Yield (bu./acre)		49.6	50.6	50.7
	Beginning Stocks		274	264	342
	Production		4,270	4,162	4,366
	Imports		25	21	20
<b>Total Supply</b>			<b>4,569</b>	<b>4,447</b>	<b>4,729</b>
Use	Crushings		2,212	2,287	2,410
	Exports		1,980	1,695	1,825
	Seed		75	78	78
	Residual		39	45	36
	<b>Total Use</b>		<b>4,305</b>	<b>4,105</b>	<b>4,349</b>
Ending Stocks			264	342	380
<b>Stocks-to-Use (%)</b>			<b>6.1</b>	<b>8.3</b>	<b>8.7</b>
Season Average Price (\$/bu.)			\$14.20	\$12.40	\$10.20



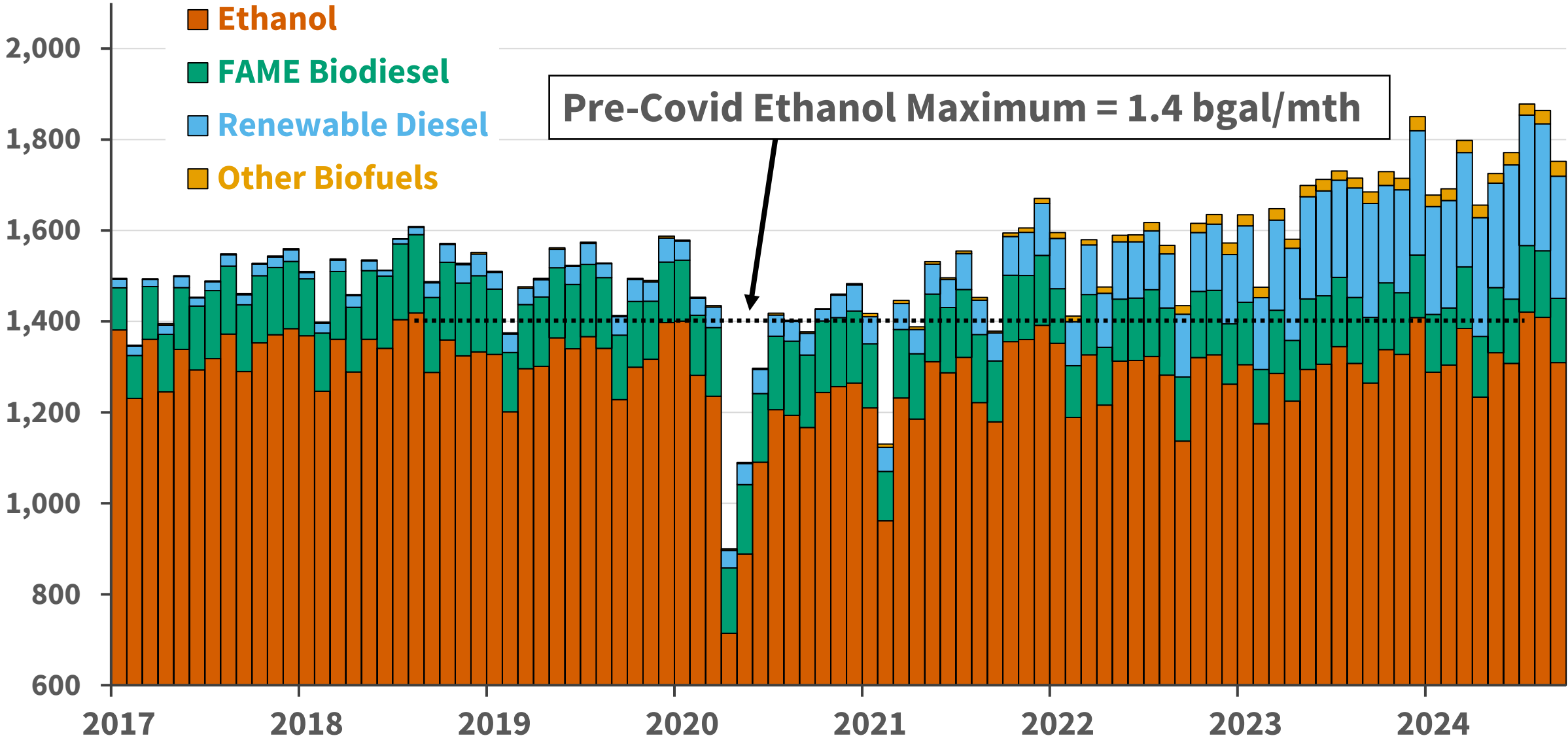
# Old-Crop Demand Prospects





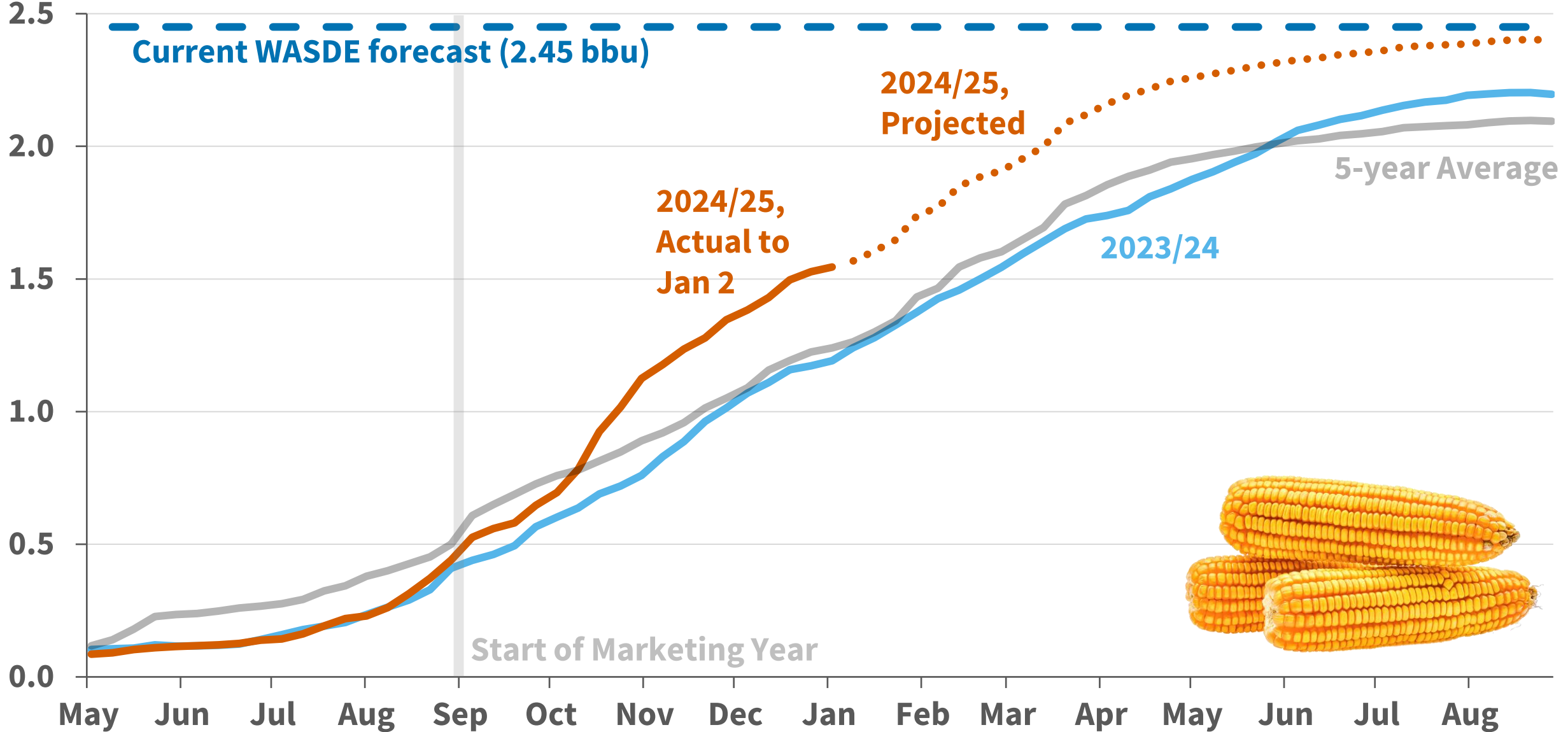
# US Biofuels Production

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



# US Corn Export Sales

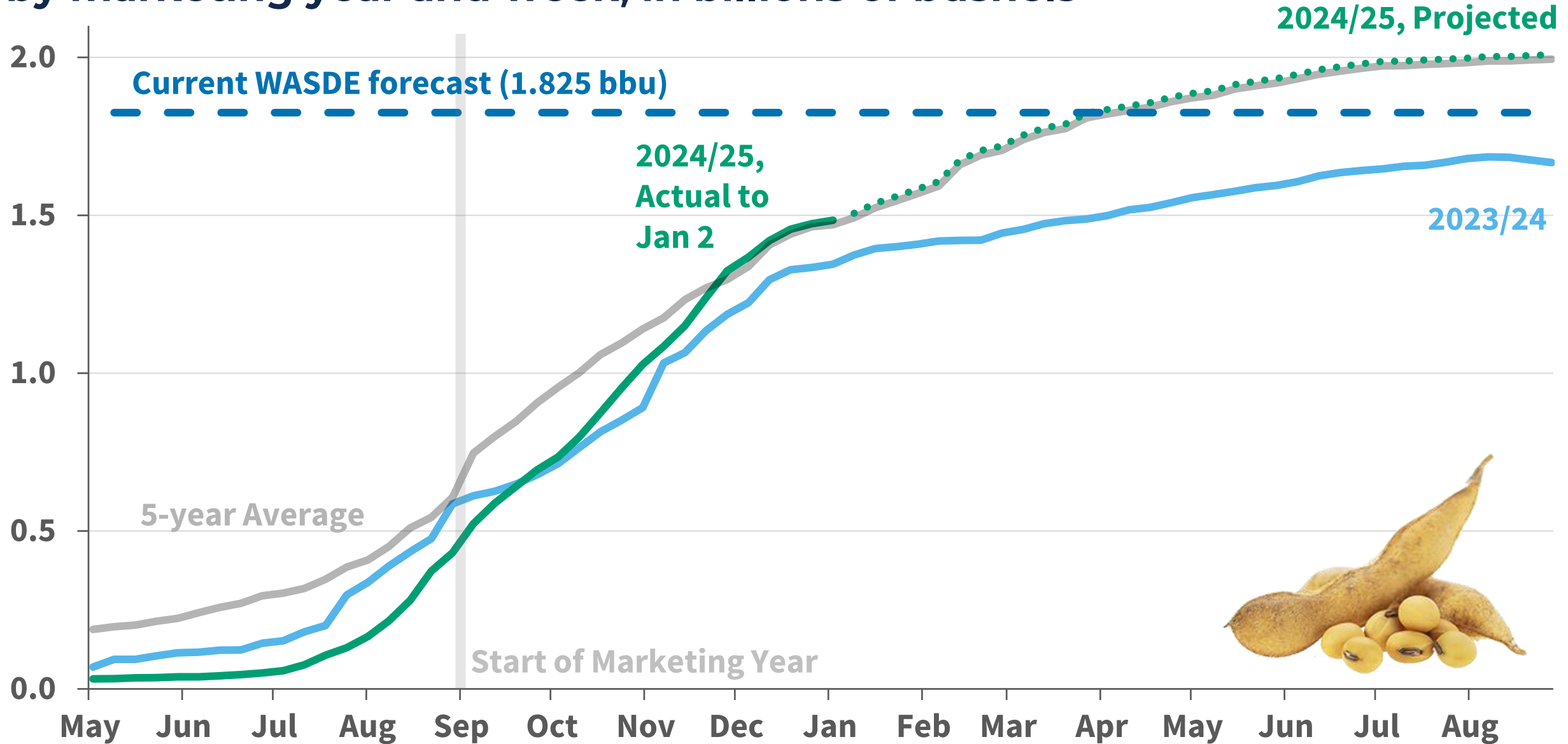
by marketing year and week, in billions of bushels





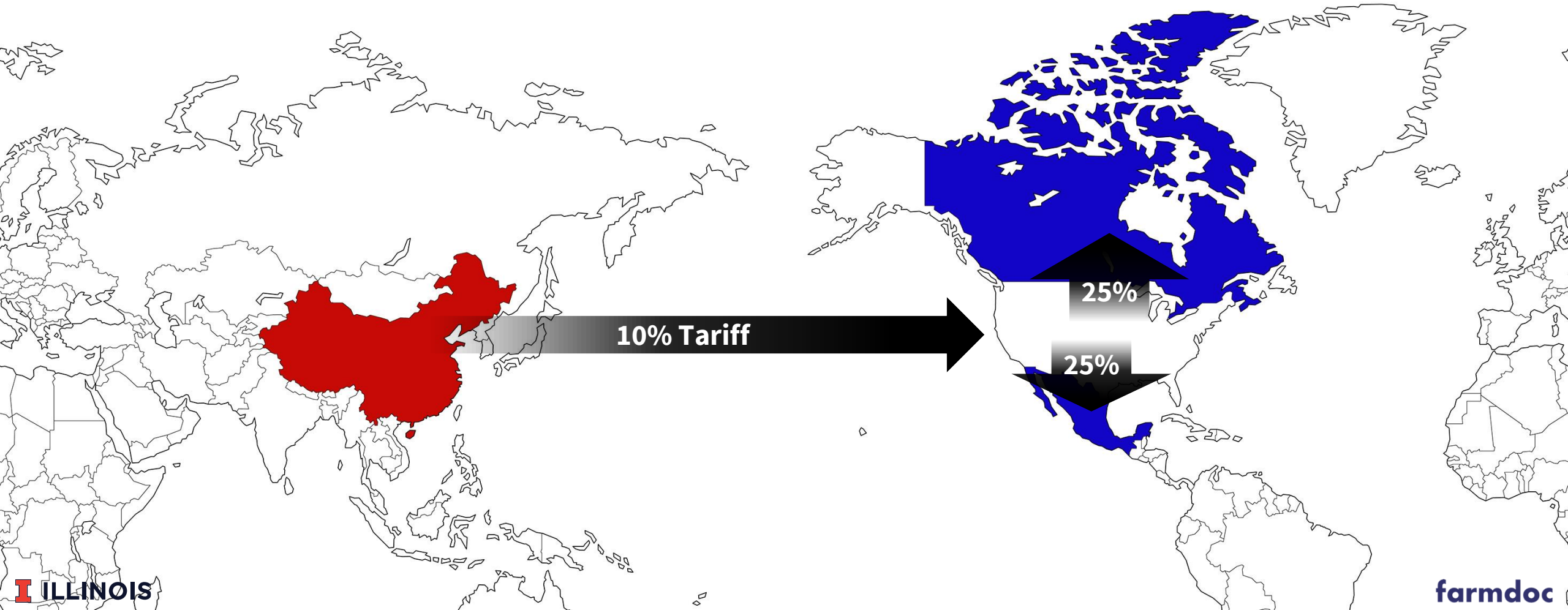
# US Soybean Export Sales

by marketing year and week, in billions of bushels



# The Next Trade War?




Trump proposed **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
 China	\$35.5B	23.1%	\$6.4B	1.2%
 Mexico	\$27.9B	8.6%	\$44.1B	9.7%
 Canada	\$33.5B	9.4%	\$41.5B	9.5%

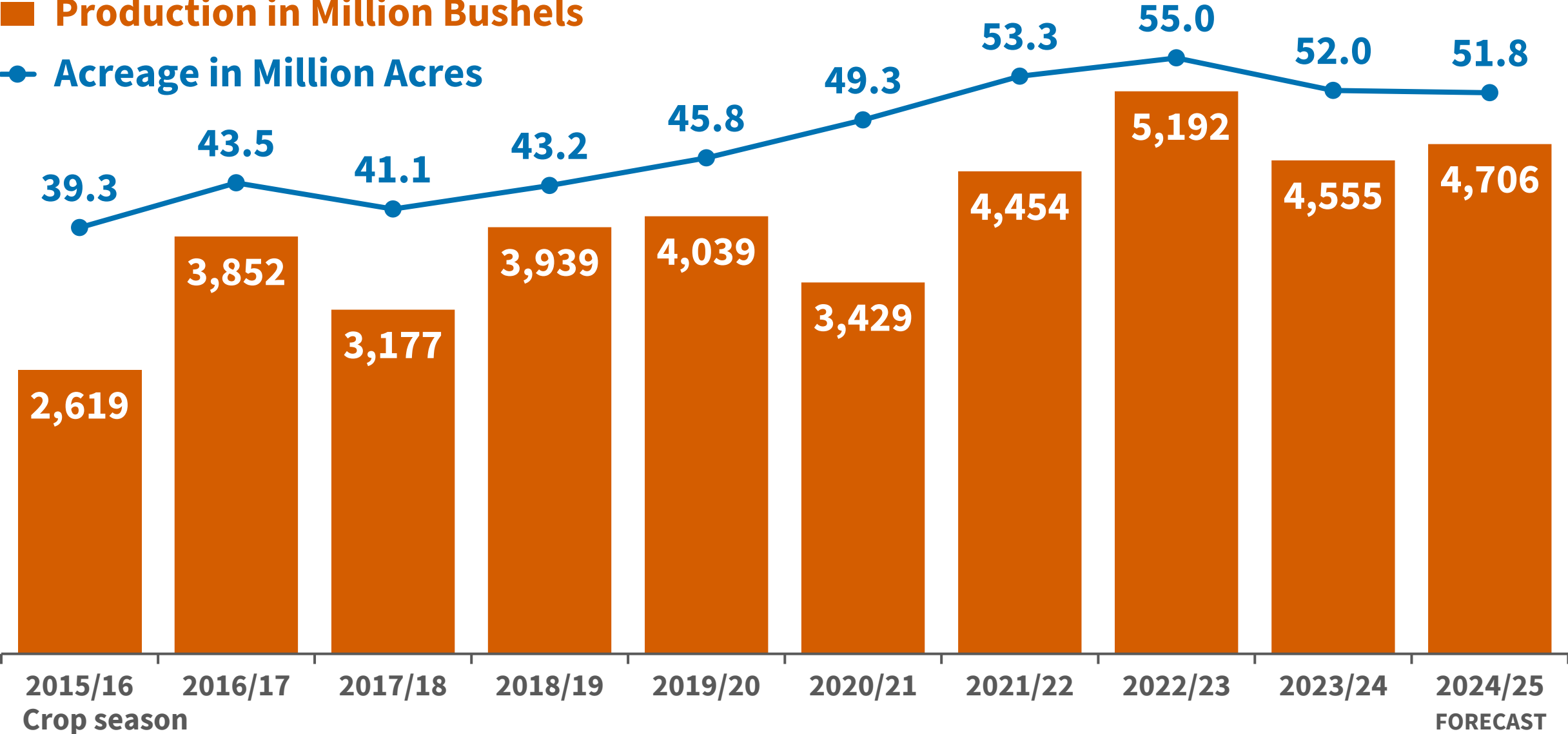
Note: 2022 calendar year values; Source: US Department of Commerce Bureau of Industry and Security

# Corn Acreage and Production in Brazil



■ Production in Million Bushels

● Acreage in Million Acres



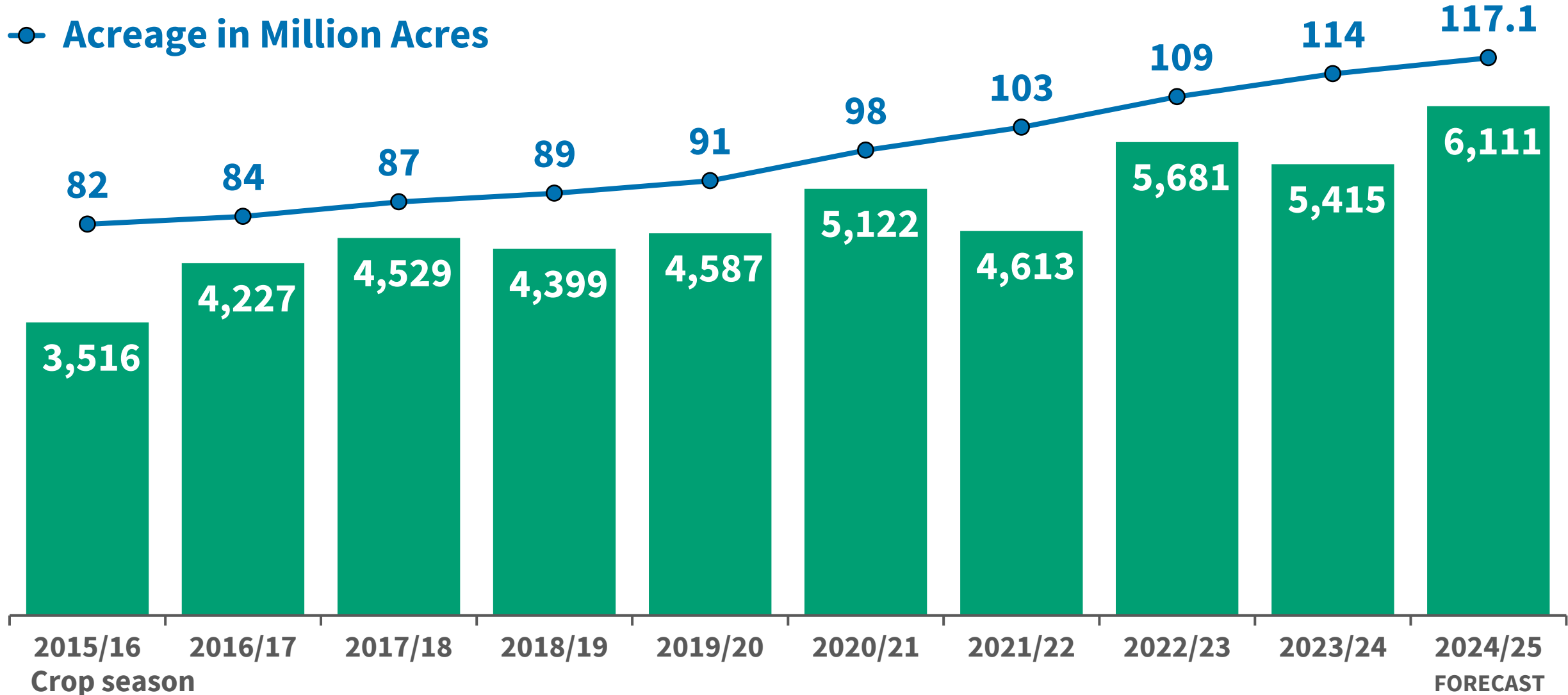


# Soybean Acreage and Production in Brazil



■ Production in Million Bushels

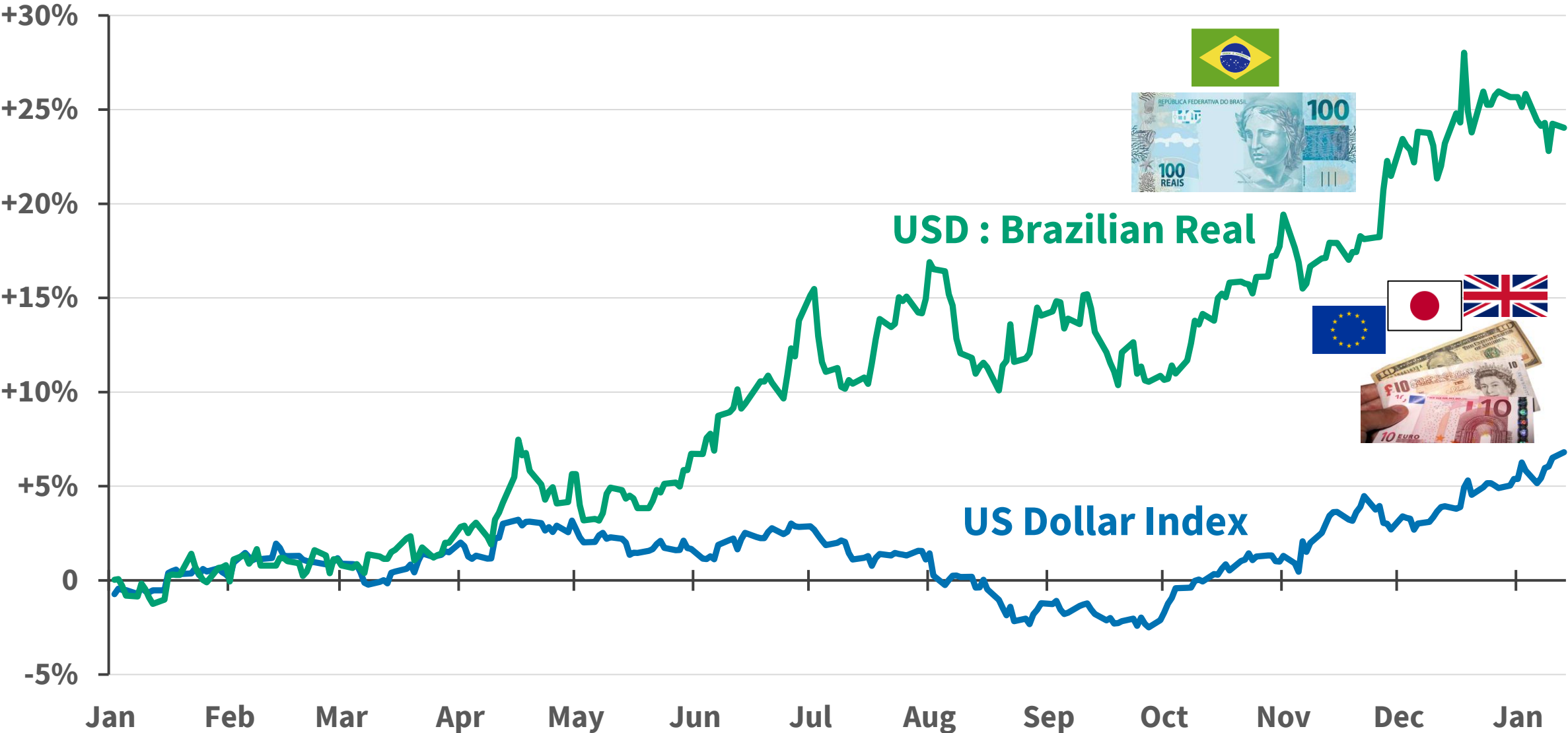
● Acreage in Million Acres



Source: National Supply Company (Conab), Brazil

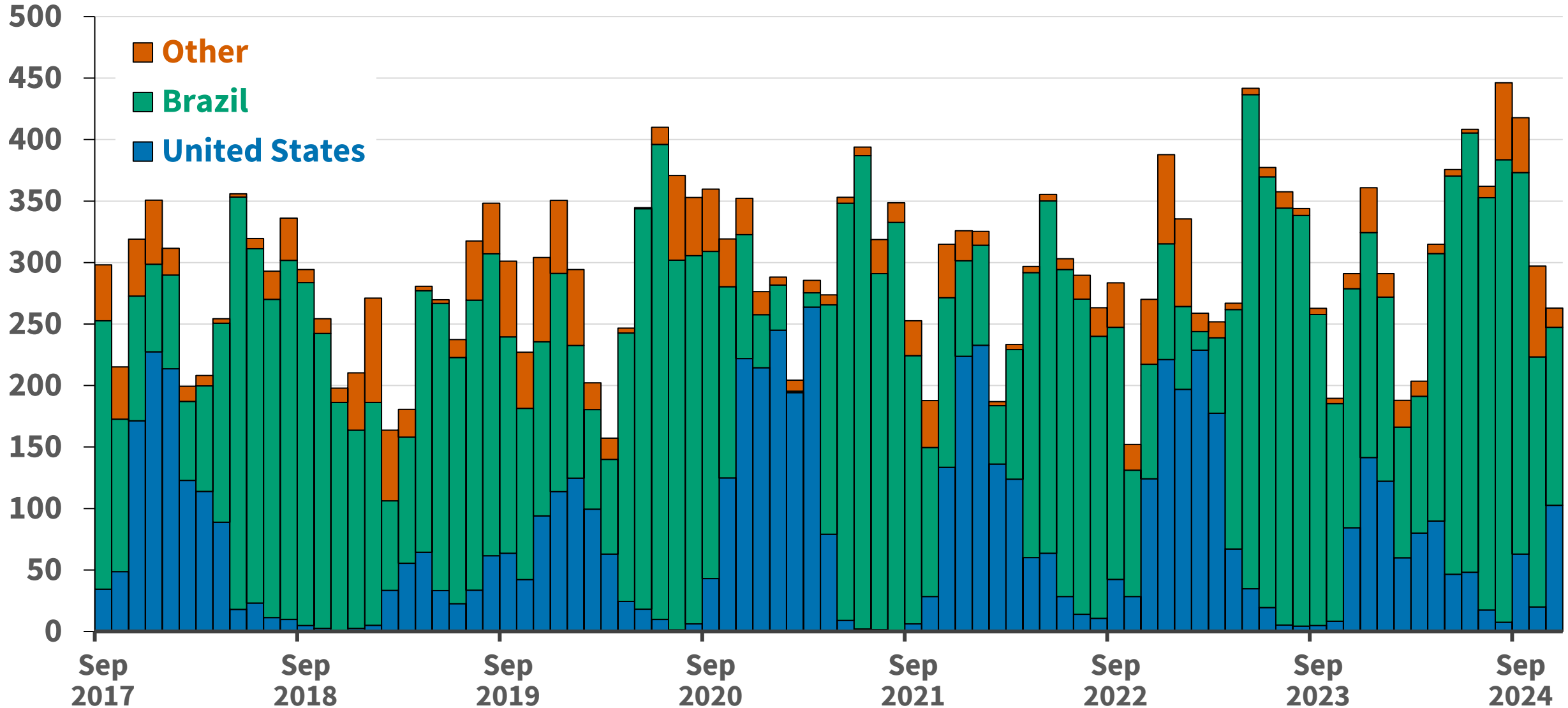
# US Dollar Exchange Rates,

Percentage change relative to January 2024, Jan 2024 to Jan 2025



# Soybean Imports in China,

in millions of bushels, by origin, monthly, Sep 2017 to Nov 2024

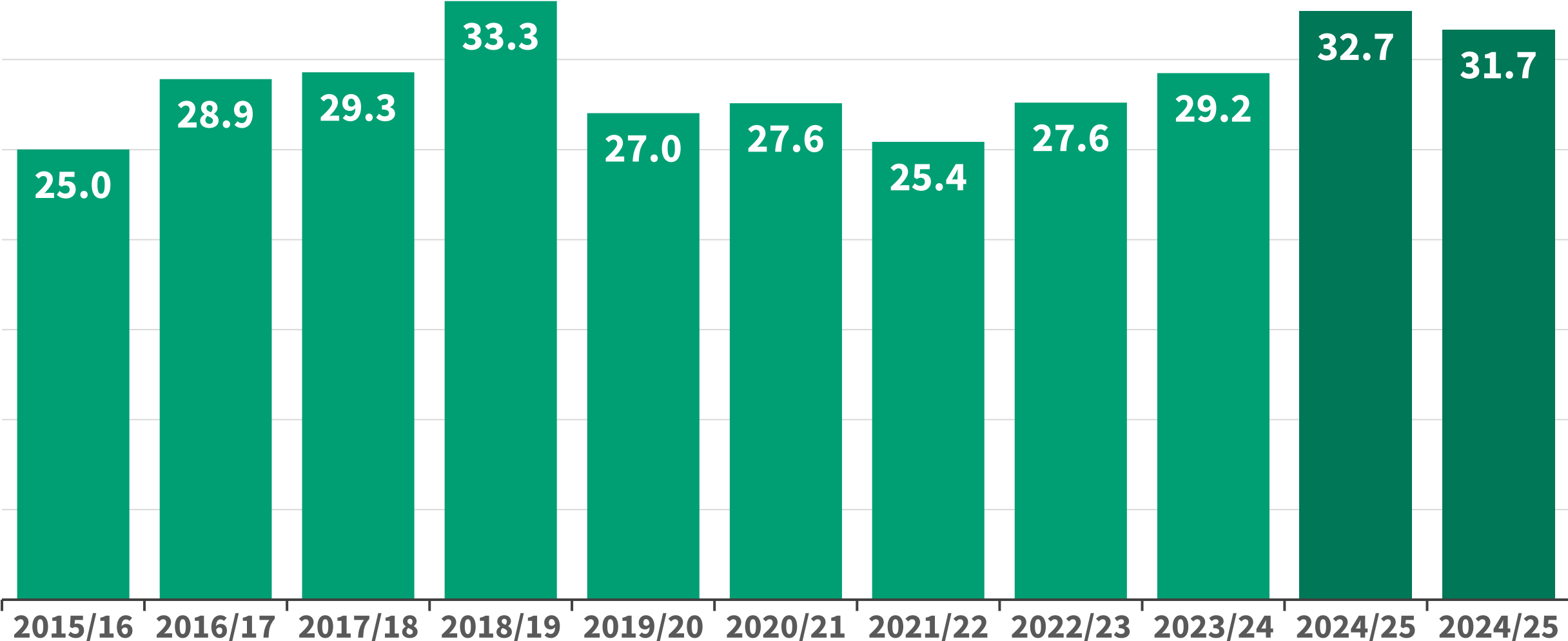


Source: General Administration of Customs China (GACC) via Bloomberg



# World Soybean Stocks-to-Use Ratio,

in percent, by marketing year, 2015/16 to 2024/25F



Note: 2024/25 values are forecasts as of the month given.

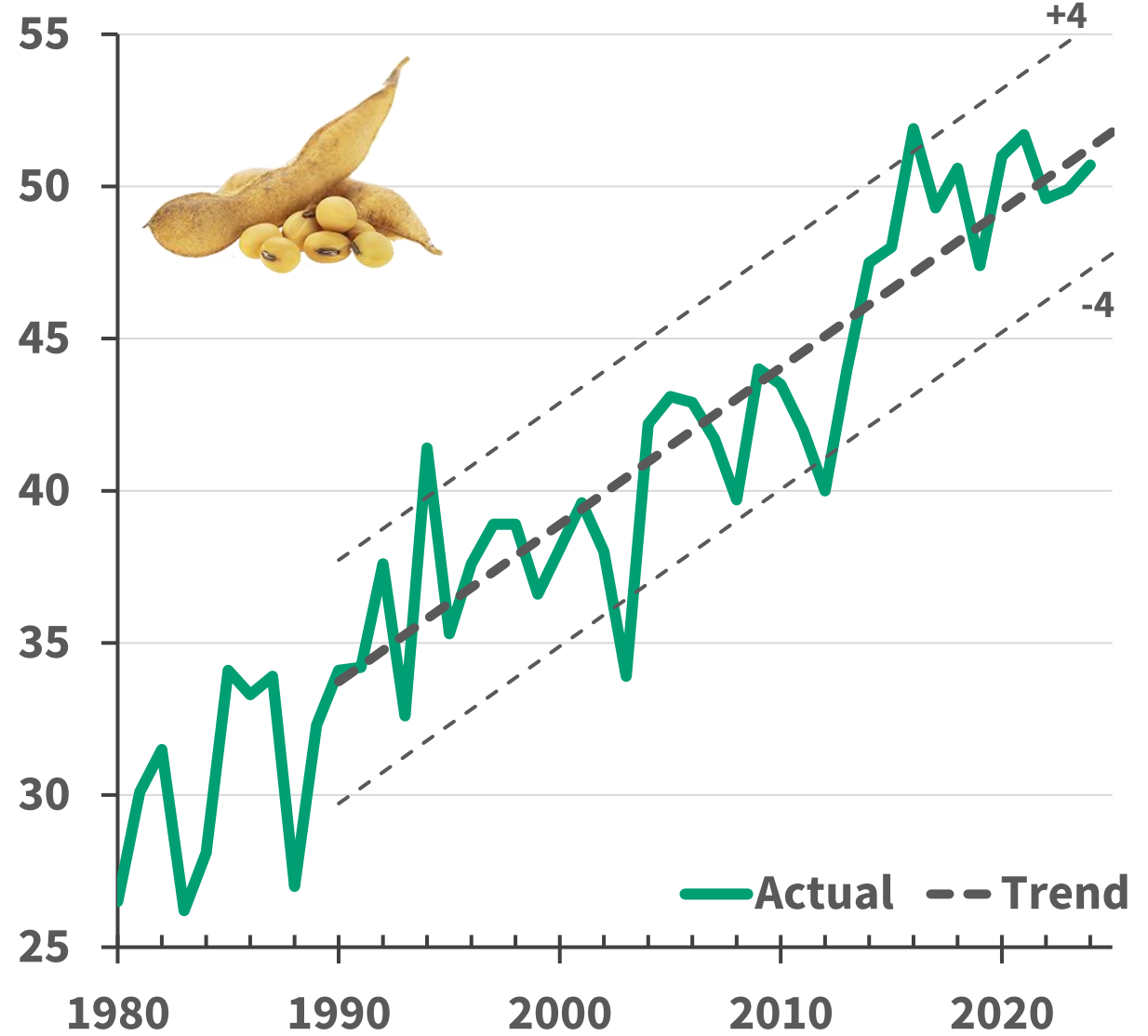
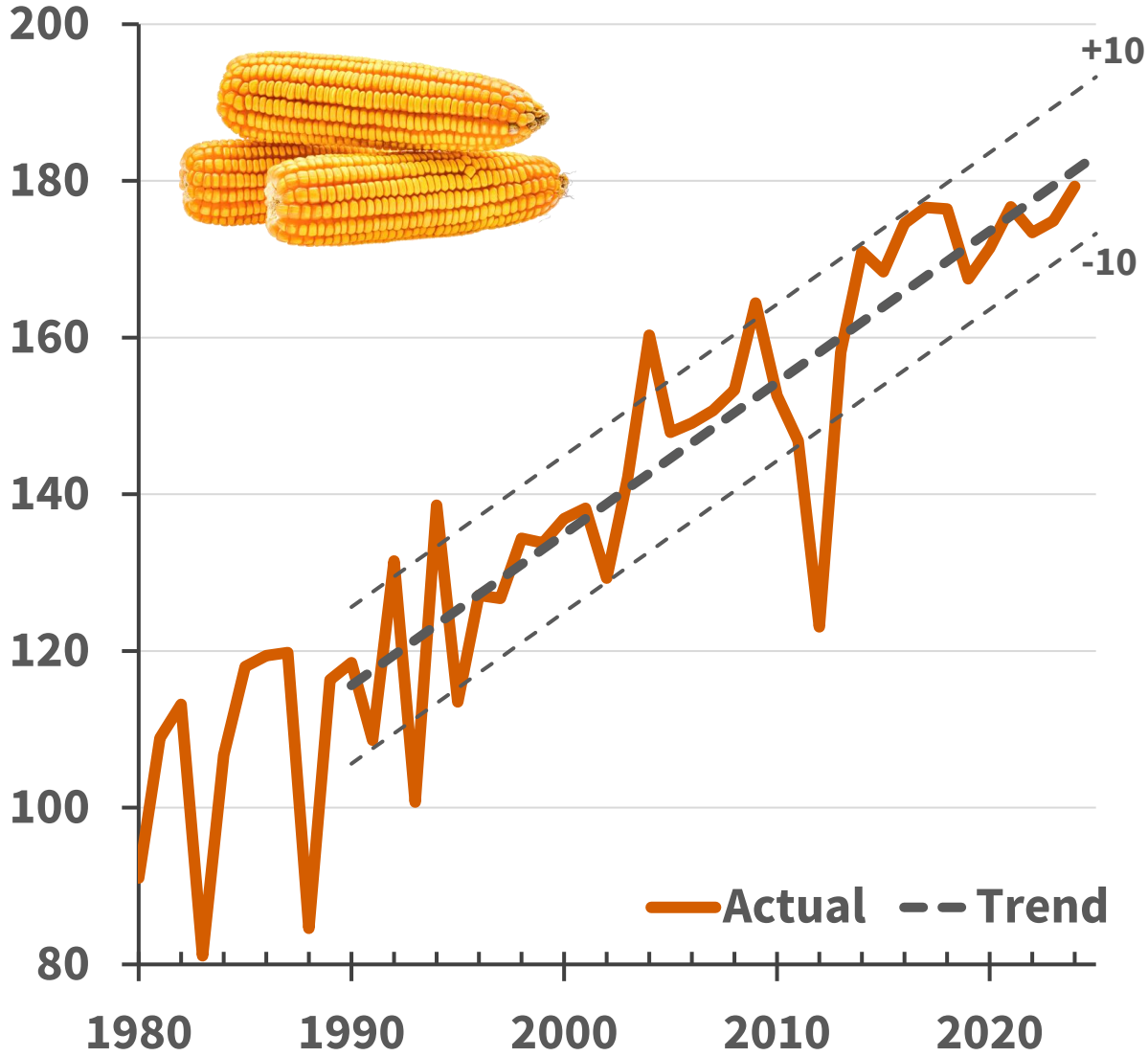
Source: USDA Office of the Chief Economist

A low-angle photograph of a cornfield. The foreground shows dark, rich soil with several young corn plants in the process of growing. The plants have vibrant green leaves and are spaced out in rows. The background is a vast, bright blue sky filled with large, white, fluffy cumulus clouds. The lighting is bright, suggesting a sunny day.

# Market Impacts of 2025 Crop Production



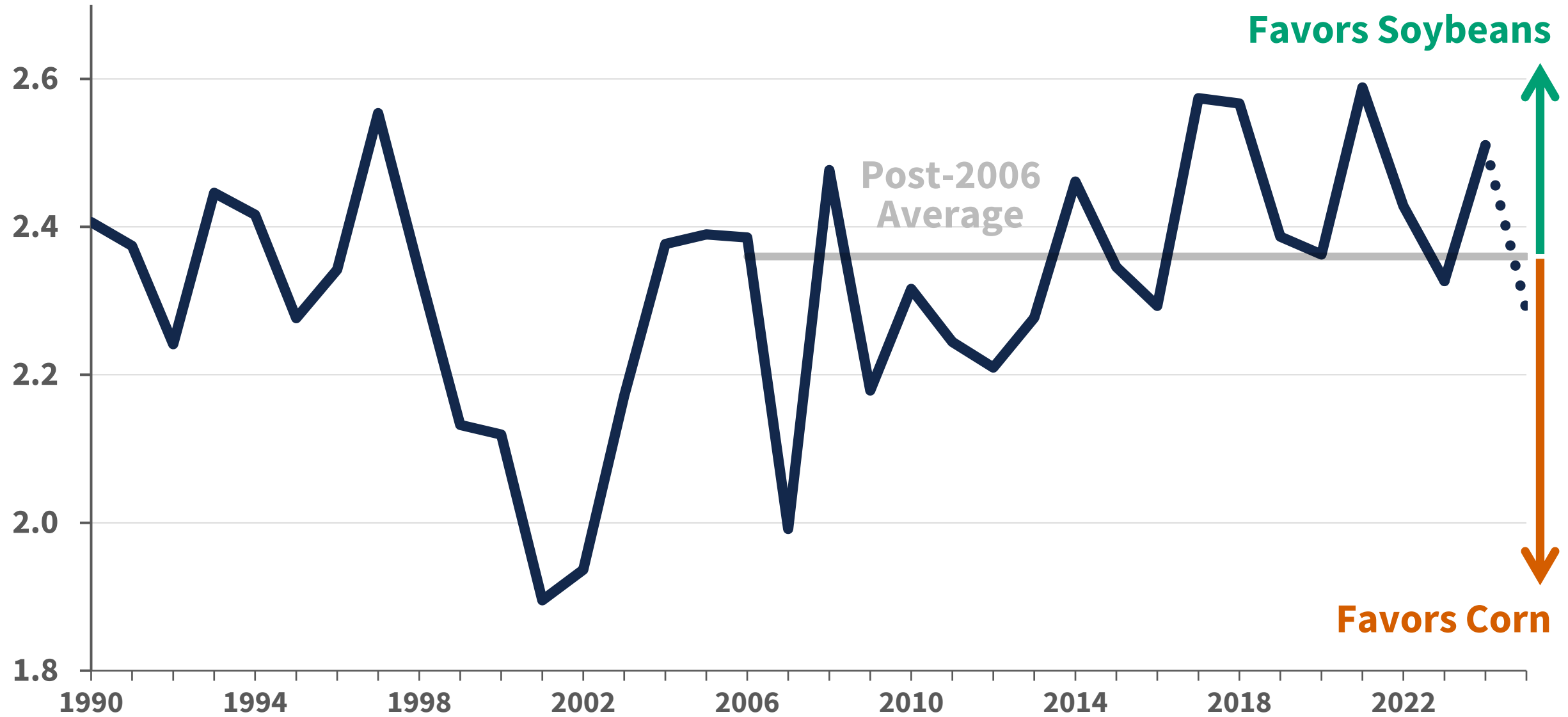
# US Corn and Soybean Yield, in bushels per acre, 1980-2024





# Soybean-Corn New-crop Futures Price Ratio

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



Note: Data for 2025F are new-crop futures values as of January 13; Source: Bloomberg

# US Corn Supply and Demand Balance Sheet

	(mil. bushels unless noted)	2023/24 USDA Jan WASDE	2024/25 USDA Jan WASDE	2025/26 USDA Oct Baseline	2025/26 <i>farmdoc</i> forecast
Supply	Area Planted (mil. acres)	94.6	90.6	92.0	94.0
	Area Harvested (mil. acres)	86.5	82.9	84.1	86.1
	Yield (bu./acre)	177.3	179.3	182.0	183.0
	Beginning Stocks	1,360	1,763	1,999	1,540
	Production	15,341	14,867	15,305	15,761
	Imports	28	25	25	25
	<b>Total Supply</b>	<b>16,729</b>	<b>16,655</b>	<b>17,329</b>	<b>17,326</b>
Use	Feed and Residual	5,804	5,775	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	2,450	2,275	2,200
	<b>Total Use</b>	<b>14,966</b>	<b>15,115</b>	<b>15,060</b>	<b>15,010</b>
Ending Stocks	1,763	1,540	2,269	2,316	
<b>Stocks-to-Use (%)</b>	<b>11.8</b>	<b>10.2</b>	<b>15.1</b>	<b>15.4</b>	
Season Average Price (\$/bu.)	\$4.55	\$4.25	\$3.90	\$4.00	

# US Soybean Supply and Demand Balance Sheet

	(mil. bushels unless noted)	2023/24 USDA Jan WASDE	2024/25 USDA Jan WASDE	2025/26 USDA Oct Baseline	2025/26 <i>farmdoc</i> forecast
Supply	Area Planted (mil. acres)	83.6	87.1	85.0	84.0
	Area Harvested (mil. acres)	82.3	86.1	84.2	83.2
	Yield (bu./acre)	50.6	50.7	52.5	52.5
	Beginning Stocks	264	342	550	380
	Production	4,162	4,366	4,420	4,368
	Imports	21	20	15	15
	<b>Total Supply</b>	<b>4,447</b>	<b>4,729</b>	<b>4,985</b>	<b>4,763</b>
Use	Crushings	2,287	2,410	2,475	2,475
	Exports	1,695	1,825	1,885	1,775
	Seed	78	78	80	80
	Residual	45	36	30	30
	<b>Total Use</b>	<b>4,105</b>	<b>4,349</b>	<b>4,470</b>	<b>4,360</b>
	Ending Stocks	342	380	515	403
	<b>Stocks-to-Use (%)</b>	<b>8.3</b>	<b>8.7</b>	<b>11.5</b>	<b>9.2</b>
	Season Average Price (\$/bu.)	\$12.40	\$10.20	\$10.80	\$10.40

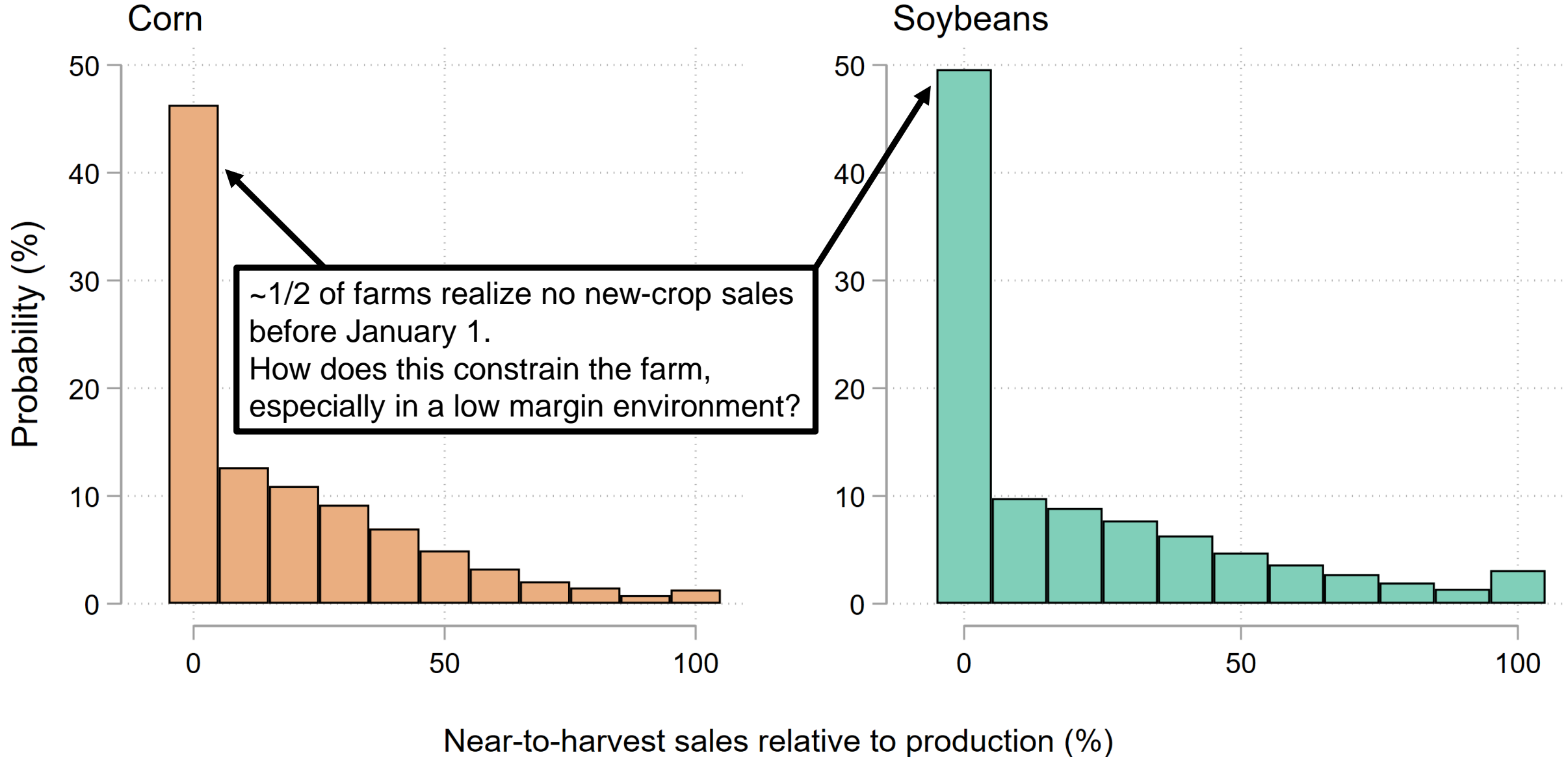


# Implications for Farm-level Marketing

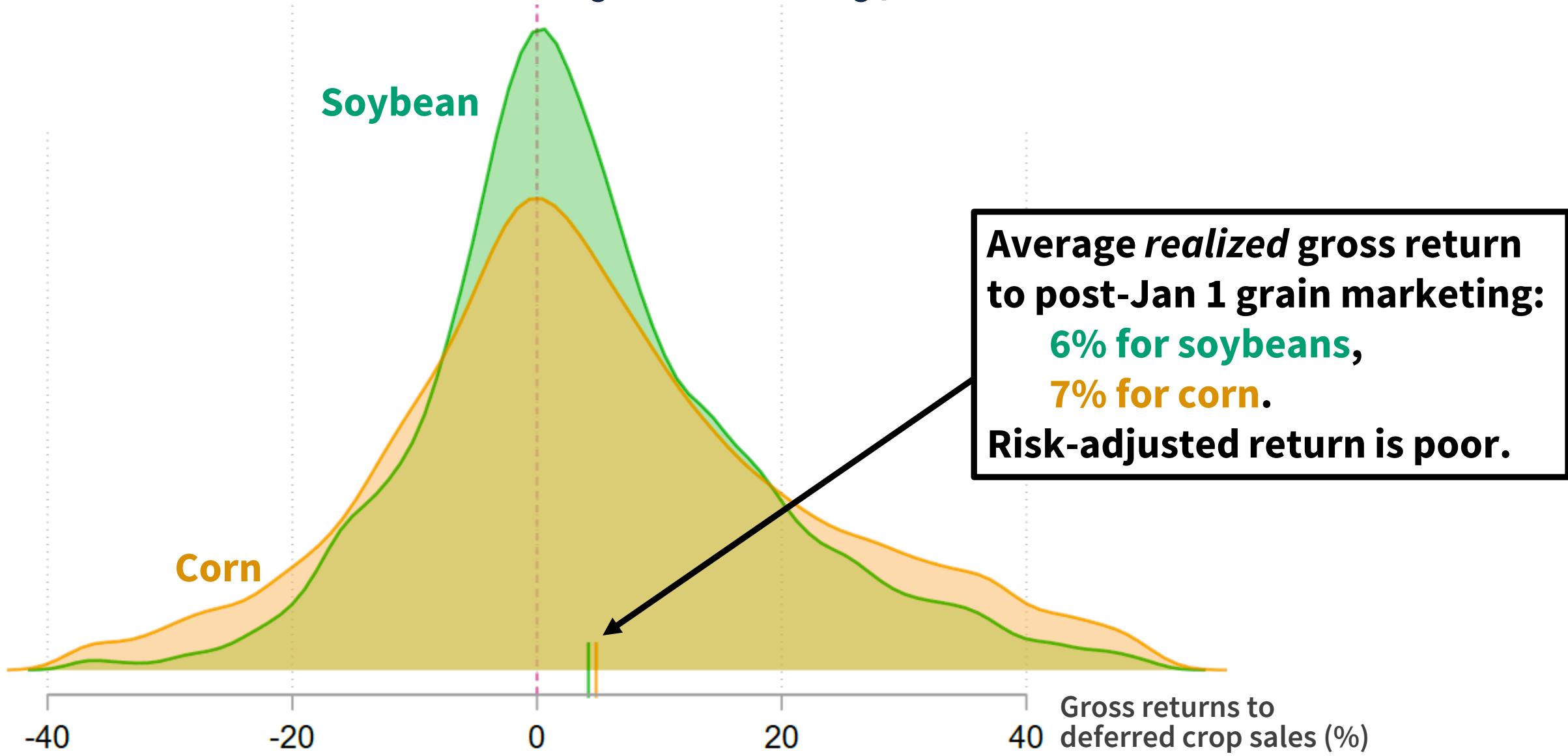


# Near-to-harvest grain sales

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

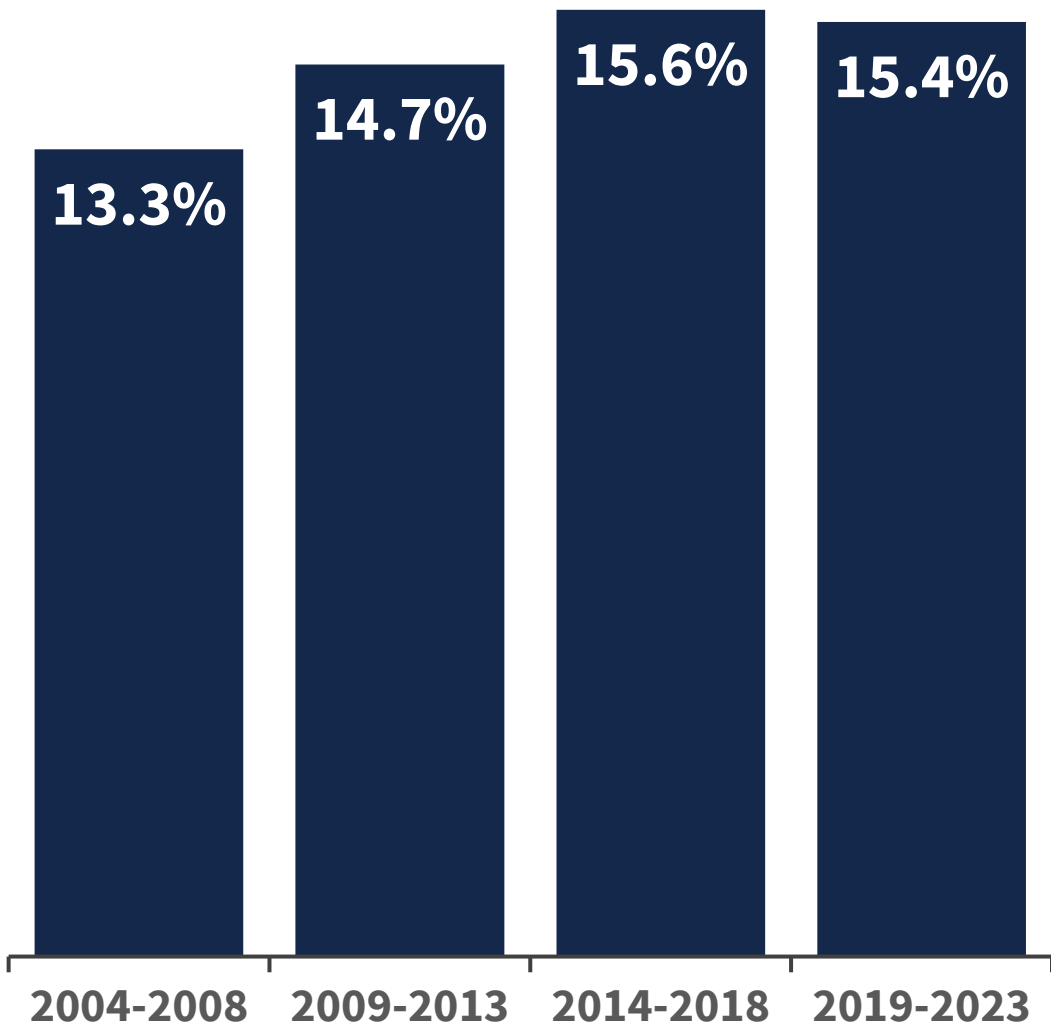


# Gross returns to post-harvest marketing, Distribution across farms by commodity, 2003-2019

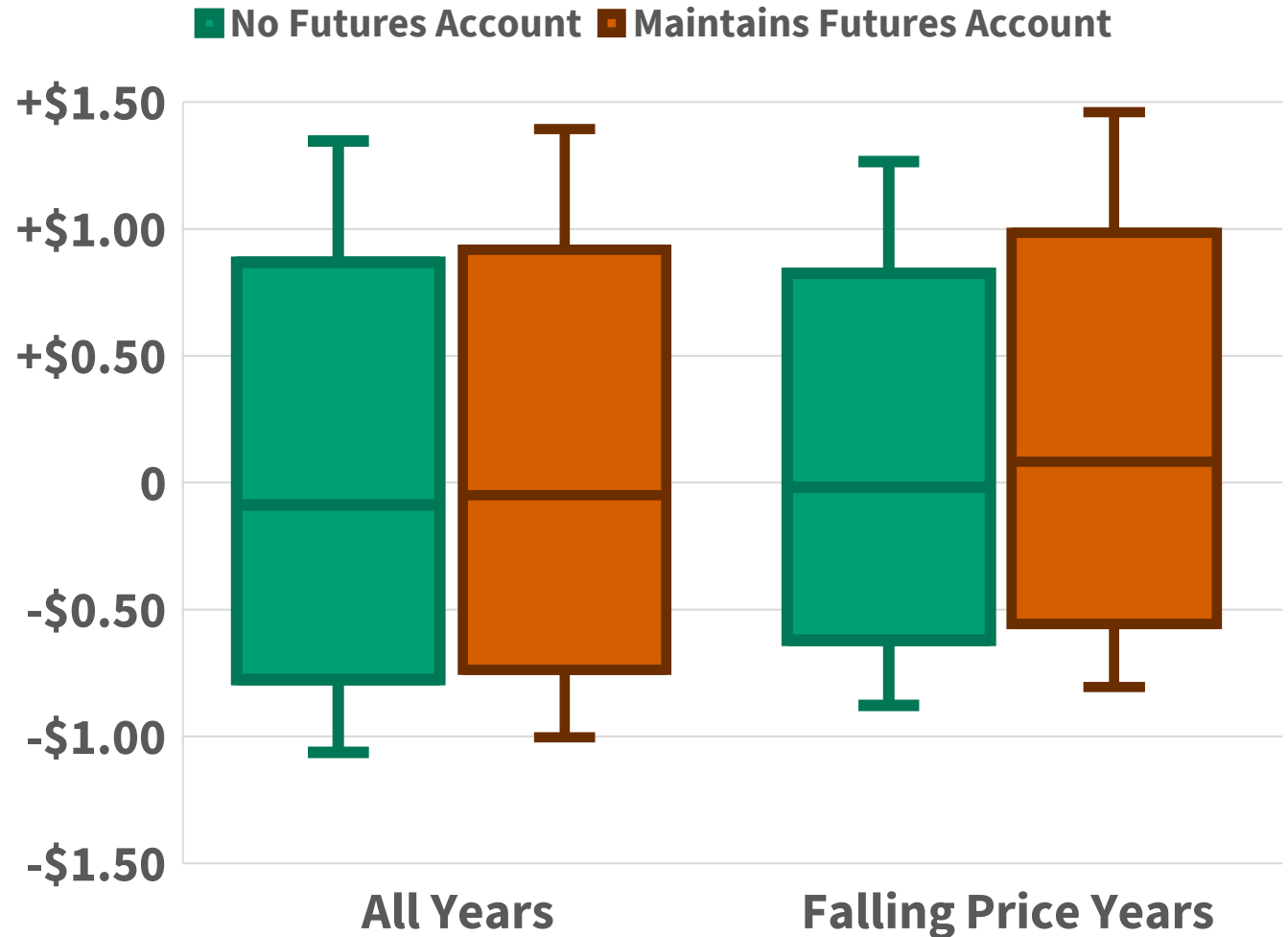


# Farmer Use of Futures and Options

Share of farms w/ futures account

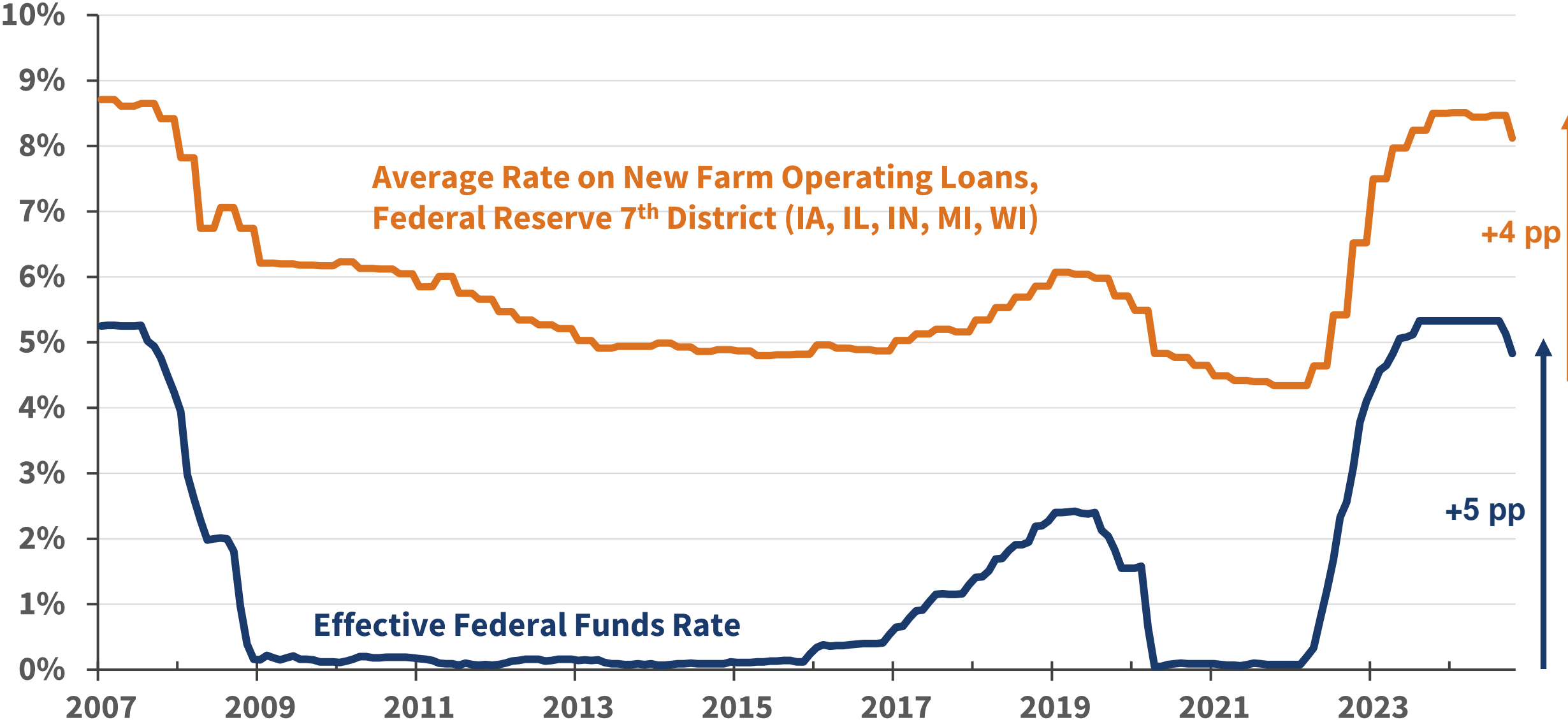


Soybean Marketing Performance  
(Relative to USDA Season Average Price)





# 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	
<b>Current Nearby Futures Price (March)</b>	<b>\$4.75/bu</b>		<b>\$10.53/bu</b>	
<b>Short-term Interest Rate (annualized %)</b>	<b>4.0%</b>	<b>8.0%</b>	<b>4.0%</b>	<b>8.0%</b>
<b>Opportunity Cost (\$/bu/mth)</b>	<b>0.016</b>	<b>0.032</b>	<b>0.035</b>	<b>0.070</b>
<b>Physical Cost (\$/bu/mth)</b>	<b>0.04</b>			
<b>Current Market Carry to July (\$/bu)</b>	<b>0.14</b>		<b>0.25</b>	
<b>Storage Period (in months)</b>	<b>4 (March to July)</b>			
<b>Storage Return (\$/bu)</b>	<b>+0.08</b>	<b>+0.01</b>	<b>+0.11</b>	<b>-0.03</b>

Note: Prices are current as of January 13, 2024

# Closing Thoughts

## **Crop prices have fallen to long-run average levels**

- Fall export demand strength + recent supply revisions have led to recent rally
- Bearish threats abound (esp. macro/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

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