

Wheat, Corn, and Soybean Price Outlook

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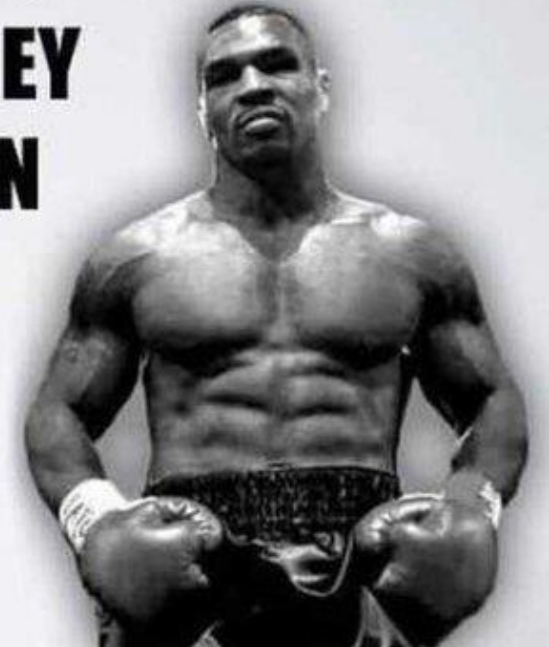
Web Page: <https://cropeconomics.tennessee.edu>

Overview

- General Economy
- Wheat, Corn, and Soybean Supply and Demand
- Prices
 - Past
 - Old crop
 - New crop

**“EVERYBODY HAS
A PLAN UNTIL THEY
GET PUNCHED IN
THE FACE”**

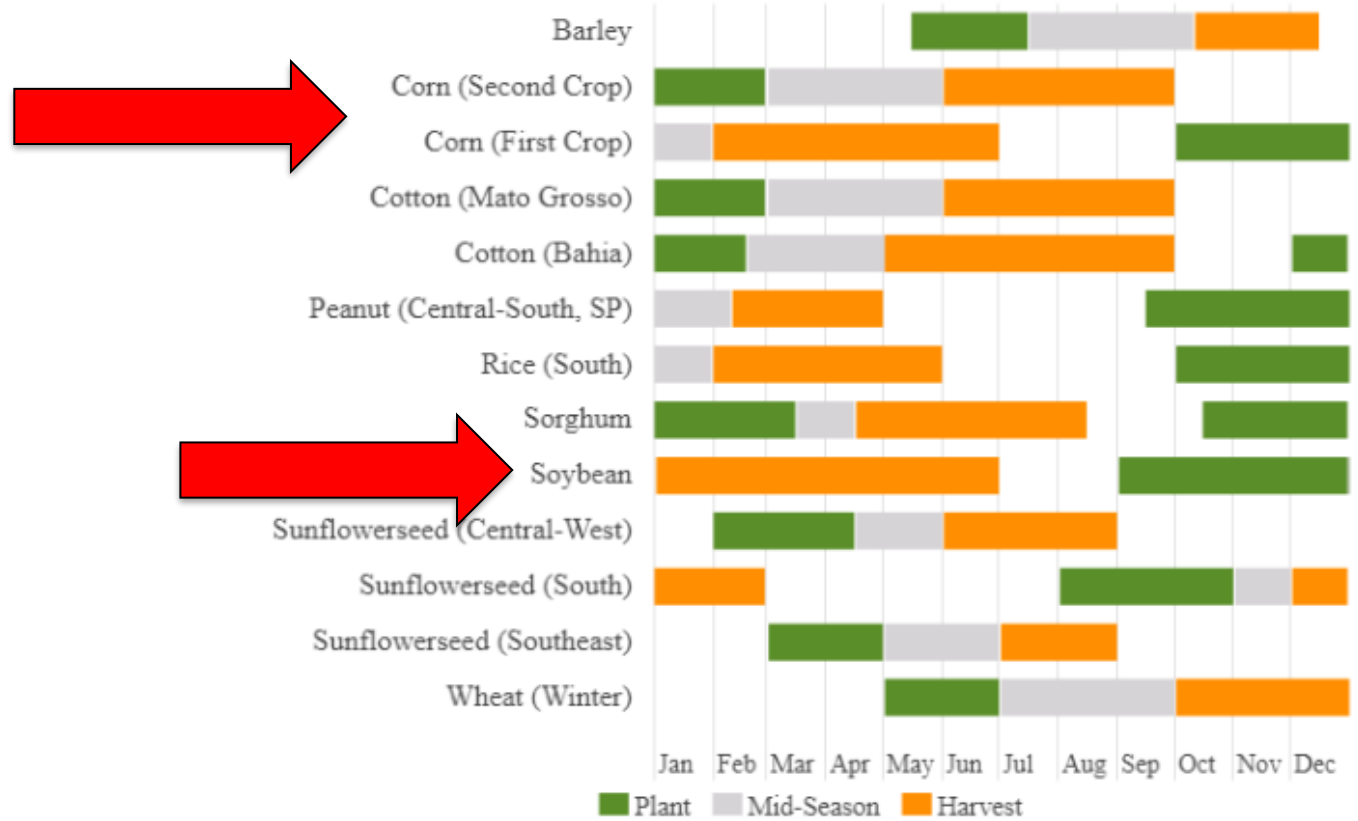
- MIKE TYSON



General Economy

- Inflation has subsided but remains above the fed target of 2%. April 3.36%.
- Interest rates have likely peaked (unless inflation flairs up) but will take longer to decline than expected.
 - Borrowing costs will remain higher than expected.
 - Interest rates remain inverted.
- Labor markets remain tight.
- US GDP growth peaked in the 3rd quarter at 4.9%; 1.6% Q1 2024.
- Government spending - projected near trillion-dollar deficits out to 2028.
- Consumer spending and debt are on unsustainable paths.
- Currency exchange rates are providing export headwinds.
- Politics are a mess that leads to an unpredictable policy environment.

Brazil



Supply, Demand, and Prices

WHEAT, CORN, AND SOYBEAN

This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB).

Agriculture in Drought*

	May 28	Previous		Change		
	2024	Week	Year	Week	Year	
Corn	5%	10%	34%	-5%	-29%	<i>(summer crops)</i>
Soybeans	3%	7%	28%	-4%	-25%	
Cotton	5%	6%	28%	-1%	-23%	
Peanuts	1%	1%	9%	0%	-8%	
Rice	7%	10%	0%	-3%	7%	
Sunflowers	5%	5%	9%	0%	-4%	
Barley	8%	7%	8%	1%	0%	
Sorghum	54%	52%	71%	2%	-17%	
Durum Wheat	5%	5%	4%	0%	1%	
Spring Wheat	3%	3%	6%	0%	-3%	
Winter Wheat	25%	25%	46%	0%	-21%	<i>(winter crop)</i>

Updated OFFICIAL 30-Day Forecasts

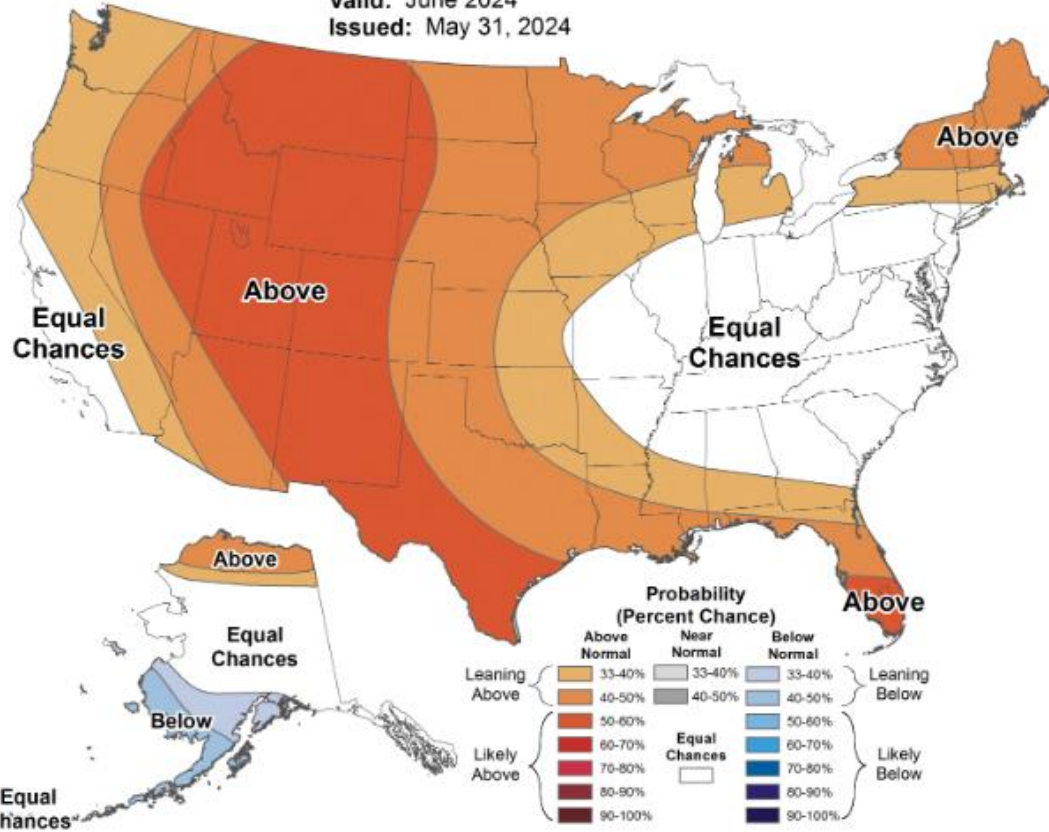
Issued: May 31, 2024



Monthly Temperature Outlook



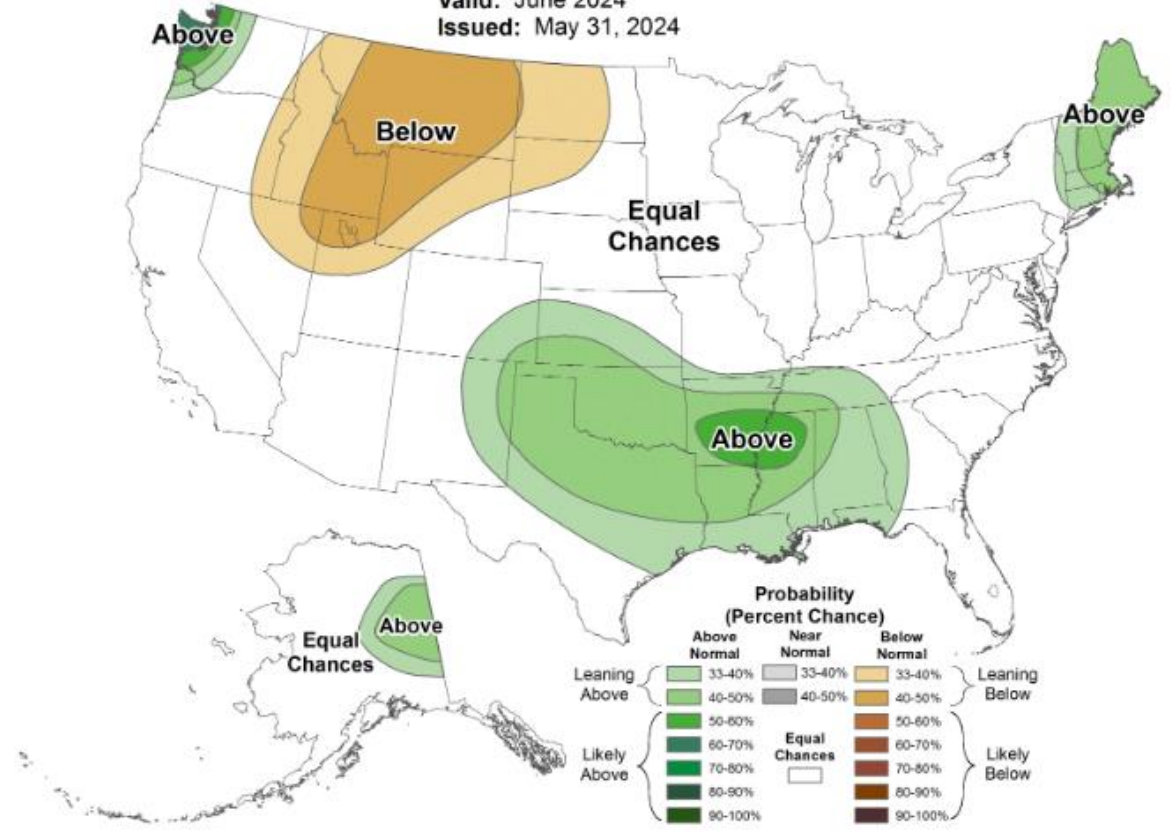
Valid: June 2024
Issued: May 31, 2024



Monthly Precipitation Outlook



Valid: June 2024
Issued: May 31, 2024



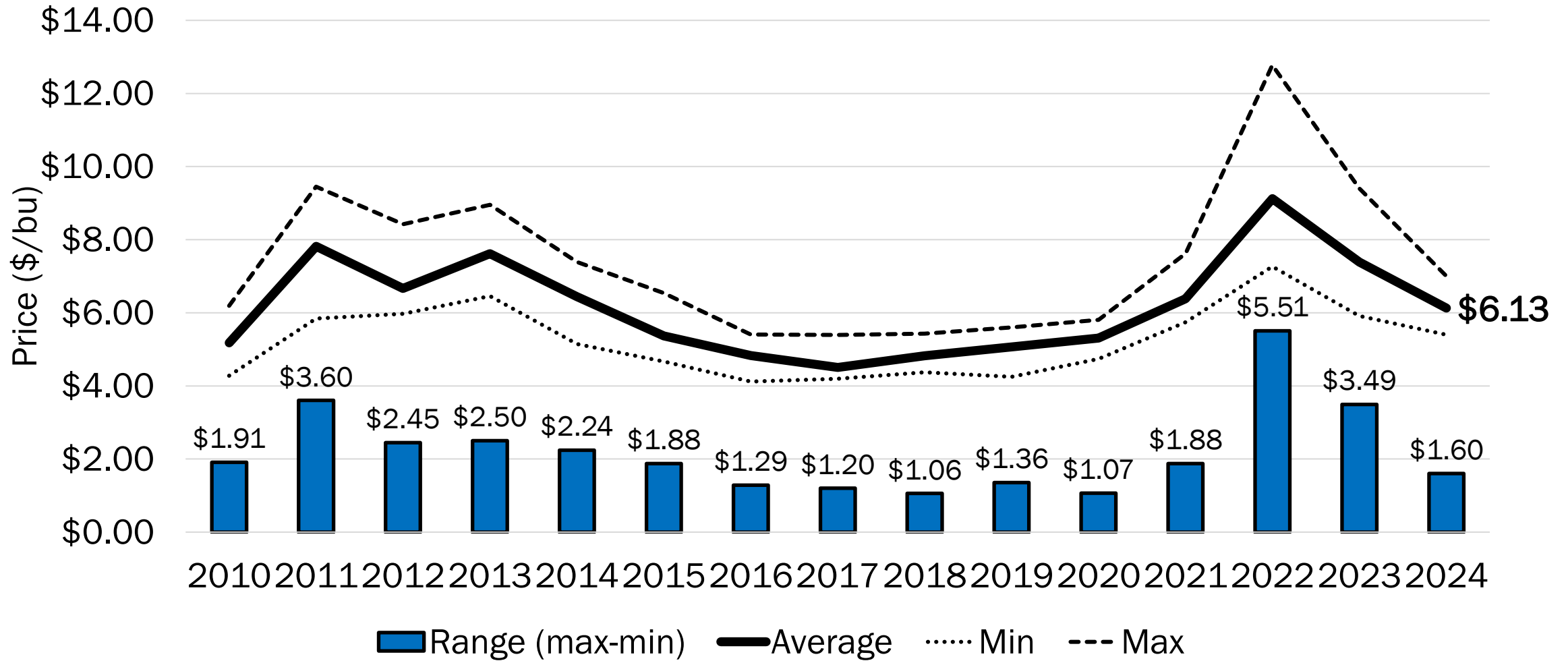


Don't have overtly high price expectations.

WHEAT

	2020/21	2021/22	2022/23	2023/24 Est. April	2023/24 Est. May	2024/25 Projected May	2023/24 Change from Previous Month	Change 2024/25- 2023/24
<u>Planted and Harvested Acres & Yield</u>								
Planted (Million)	44.5	46.7	45.8	49.6	49.6	47.5	0	-2.1
Harvested (Million)	36.8	37.1	35.5	37.3	37.3	38	0	0.7
U.S. Avg. Yield (Bu/Acre)	49.7	44.3	46.5	48.6	48.6	48.9	0	0.3
<u>Supply (Million Bushels)</u>								
Beg. Stocks	1,028	845	674	570	570	688	0	118
Production	1,828	1,646	1,650	1,812	1,812	1,858	0	46
Imports	100	96	122	140	140	120	0	-20
Total Supply	2,956	2,588	2,446	2,522	2,522	2,665	0	143
<u>Use & Ending Stocks (Million Bushels)</u>								
Food	961	971	973	960	960	962	0	2
Seed	64	58	68	64	64	62	0	-2
Feed	93	88	77	90	90	100	0	10
Exports	994	796	759	710	720	775	10	55
Total Use	2,111	1,913	1,876	1,824	1,834	1,899	10	65
U.S. Ending Stocks	845	674	570	698	688	766	-10	78
Foreign Stocks	9,676	9,345	9,388	8,792	8,785	8,552	-7	-233
<u>Price and Stocks to Use Ratio</u>								
U.S. Avg. Season Price (\$/Bu)	\$5.05	\$7.63	\$8.83	\$7.10	\$7.10	\$6.00	\$ -	\$ (1.10)
U.S. Stocks/Use	40.03%	35.23%	31.89%	38.27%	37.51%	40.34%	-0.75%	2.82%

Wheat Futures Prices October 1 to Contract Expiration, 2010-2024





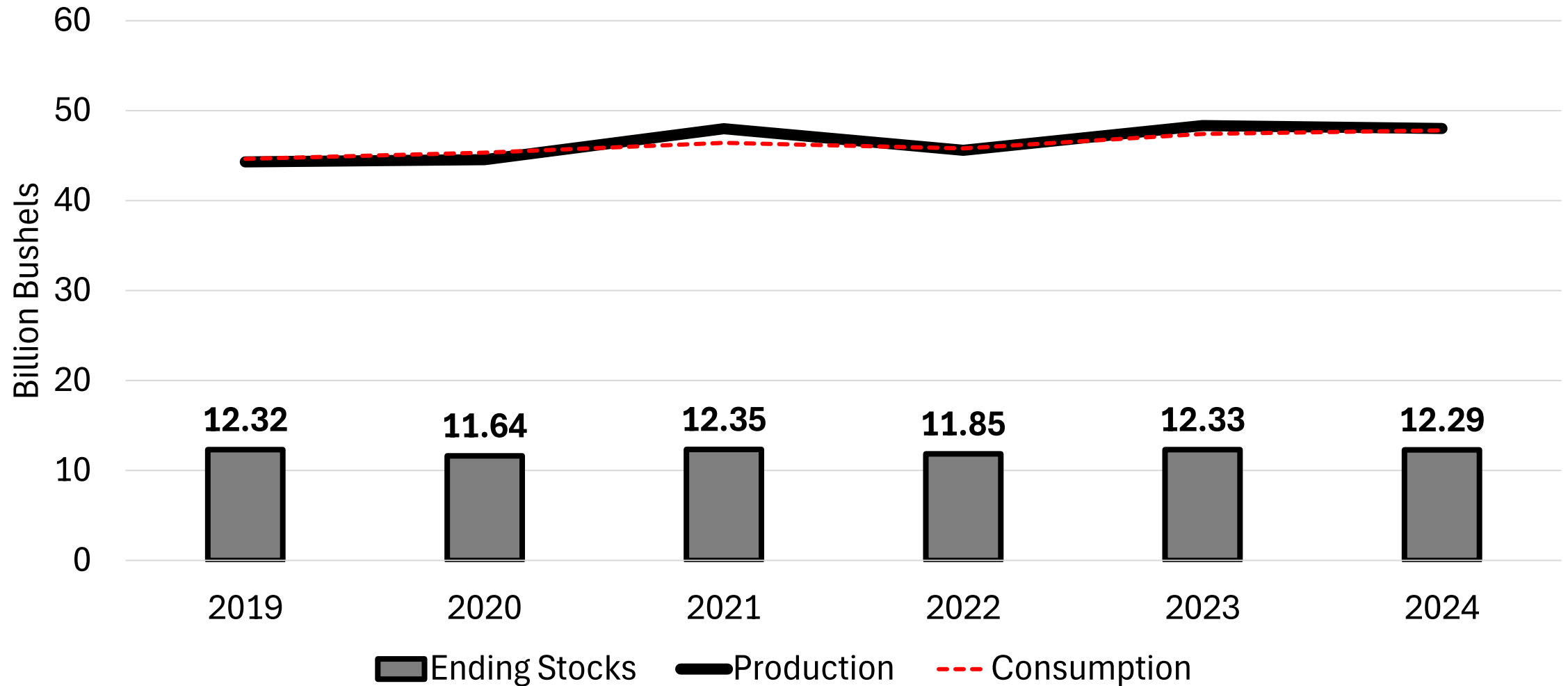
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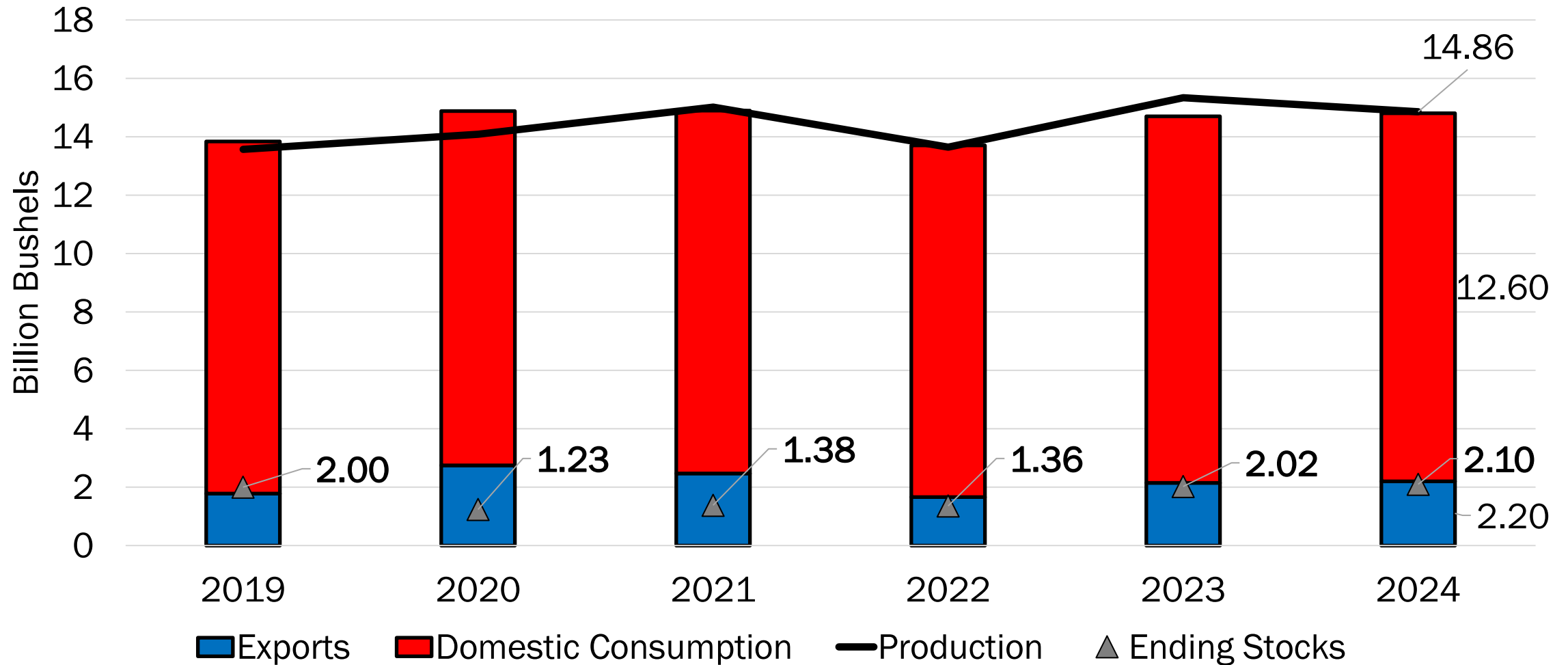
Protect against the downside.

CORN

World Corn Supply and Demand



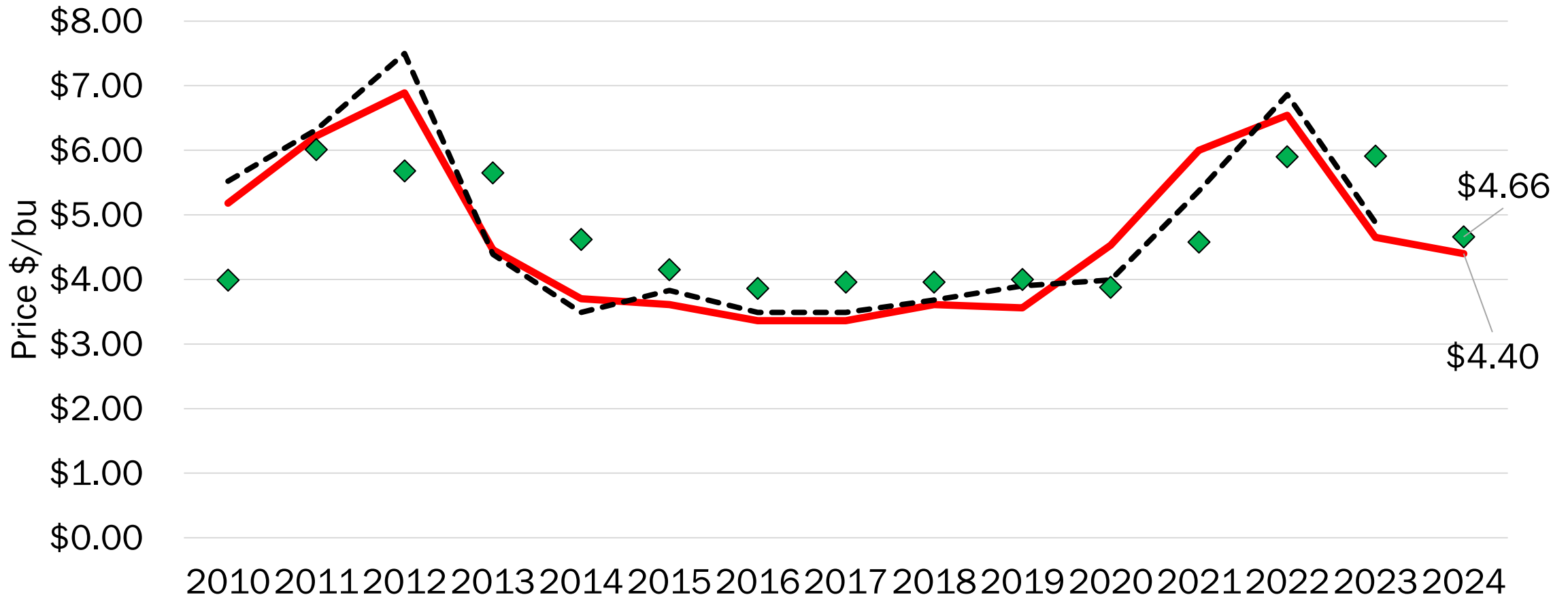
US Corn Supply and Demand



Corn Supply and Demand Overview

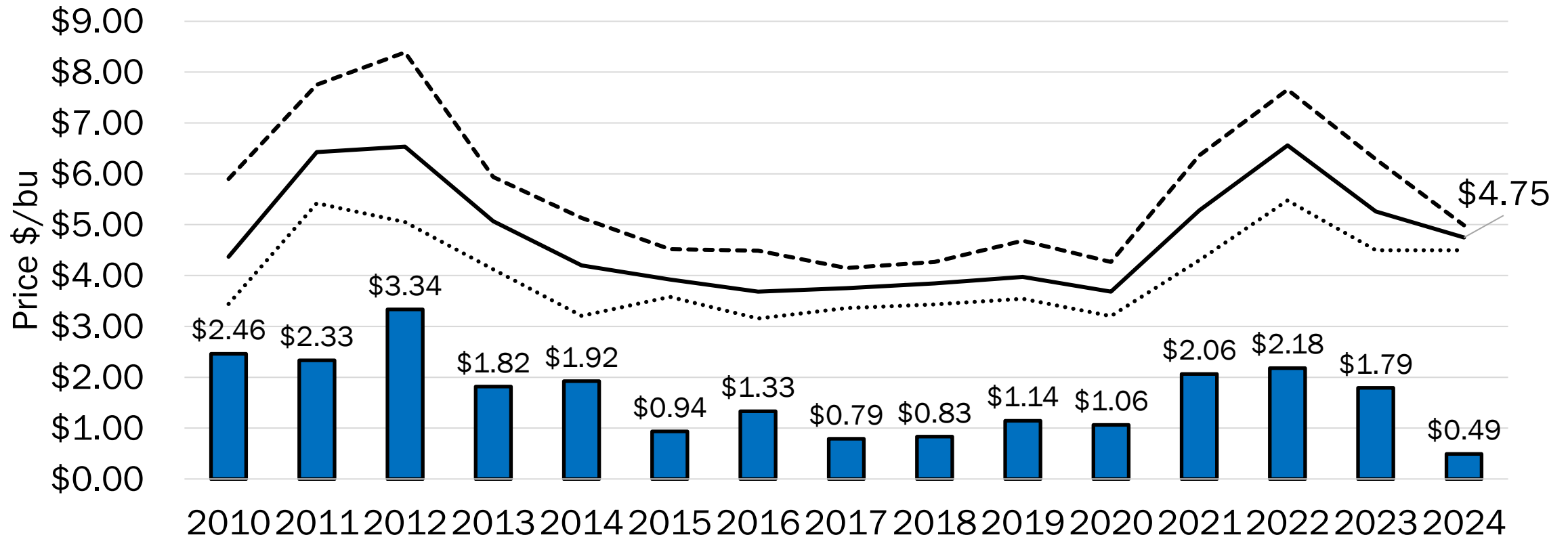
- US acreage estimated at 90 million acres on March 31; did acres get planted and will late planting affect yield?
- Sufficient to abundant moisture to start the season for most of the Corn Belt.
- Challenges with the Safrinha crop in Brazil (wet and dry).
- Global demand ~ lukewarm with projected adequate supplies.
- US needs to have export competitive prices.

Corn Crop Insurance and Marketing Year Average Price, 2010-2024



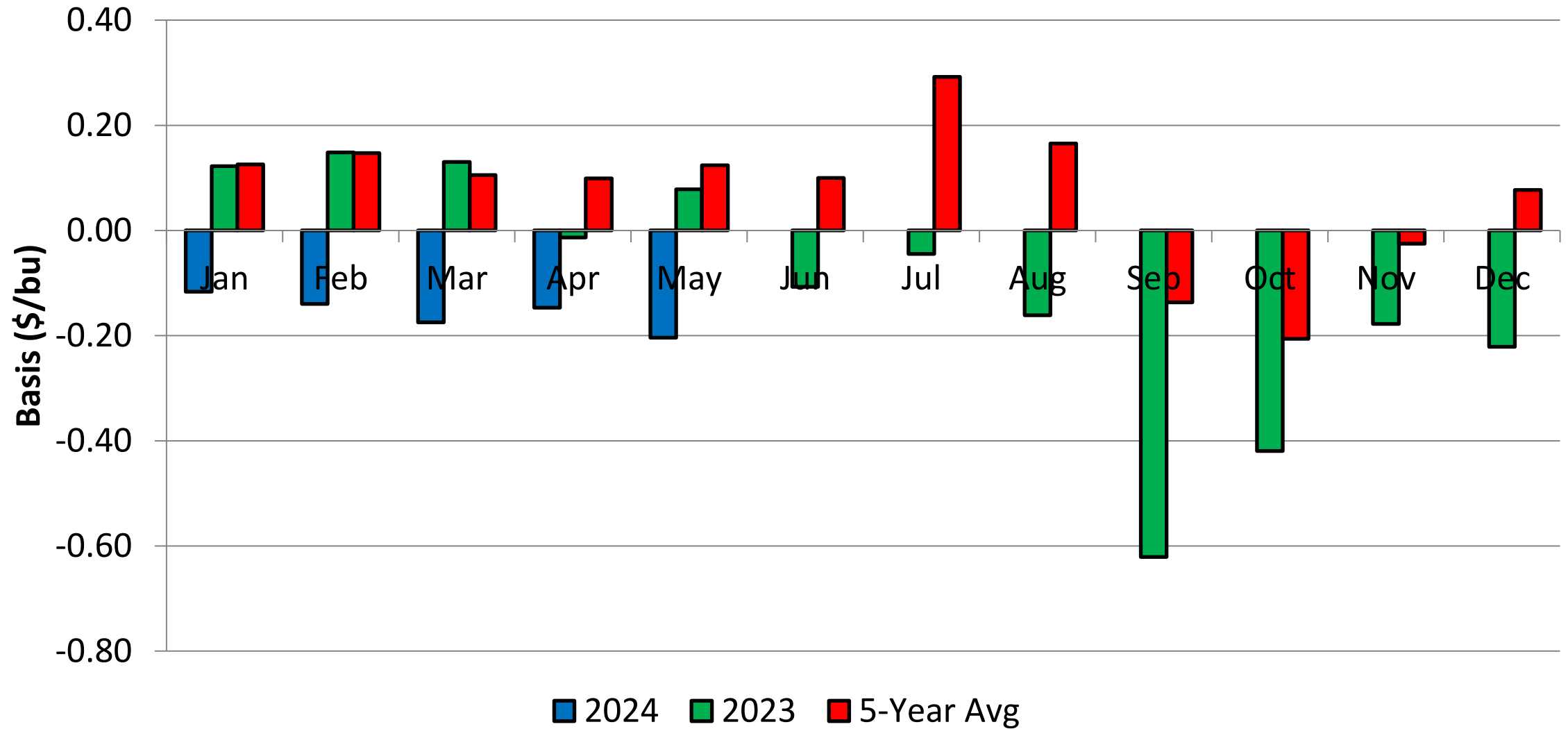
— MYA ◆ Projected Crop Insurance - - - Harvest

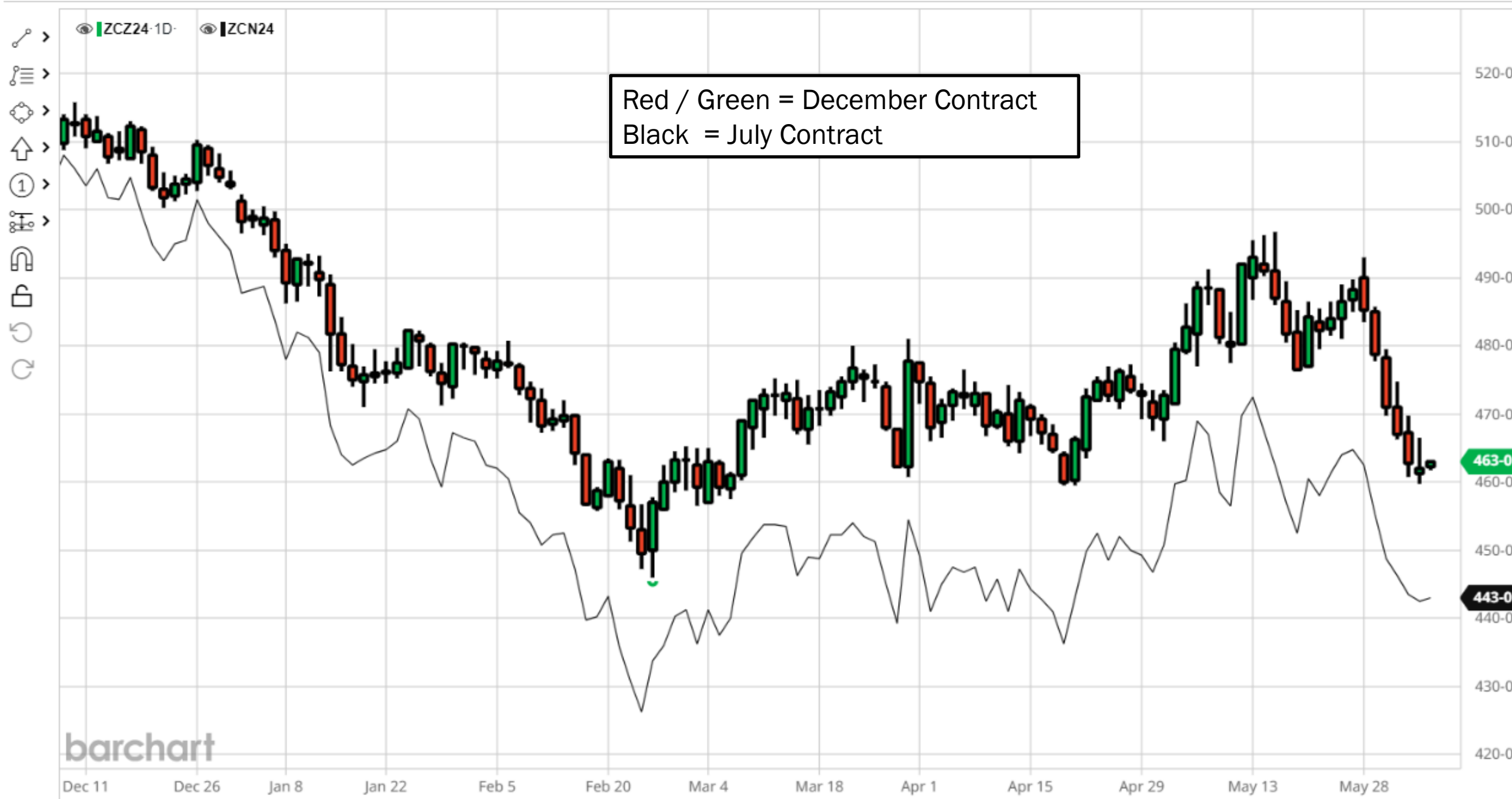
December Corn Futures Contract, Jan 1 to Expiration, 2010-2024



■ Range (max-min)
 — Average
 ⋯ Min
 - - - Max

Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 5-Year Average, 2023, and 2024





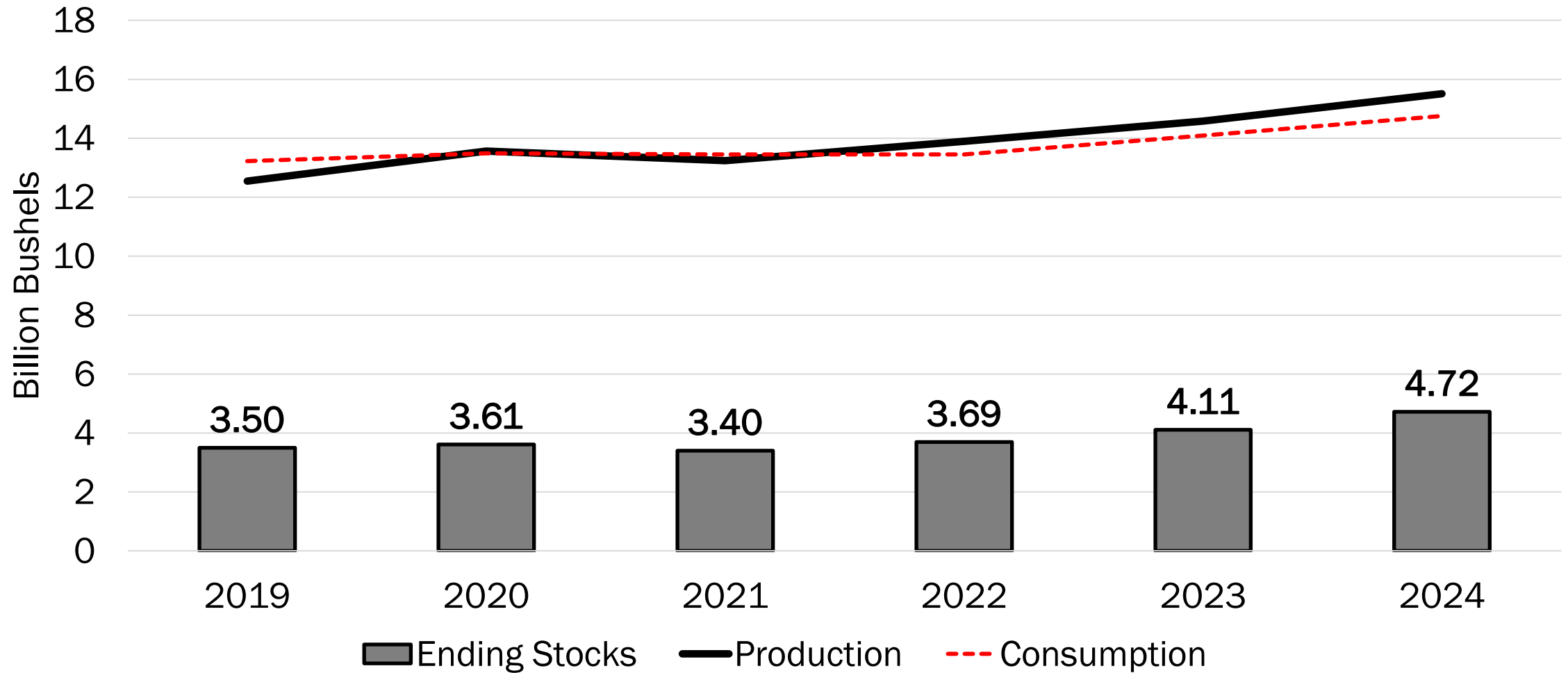
Red / Green = December Contract
Black = July Contract

Three-card-monte don't get trapped

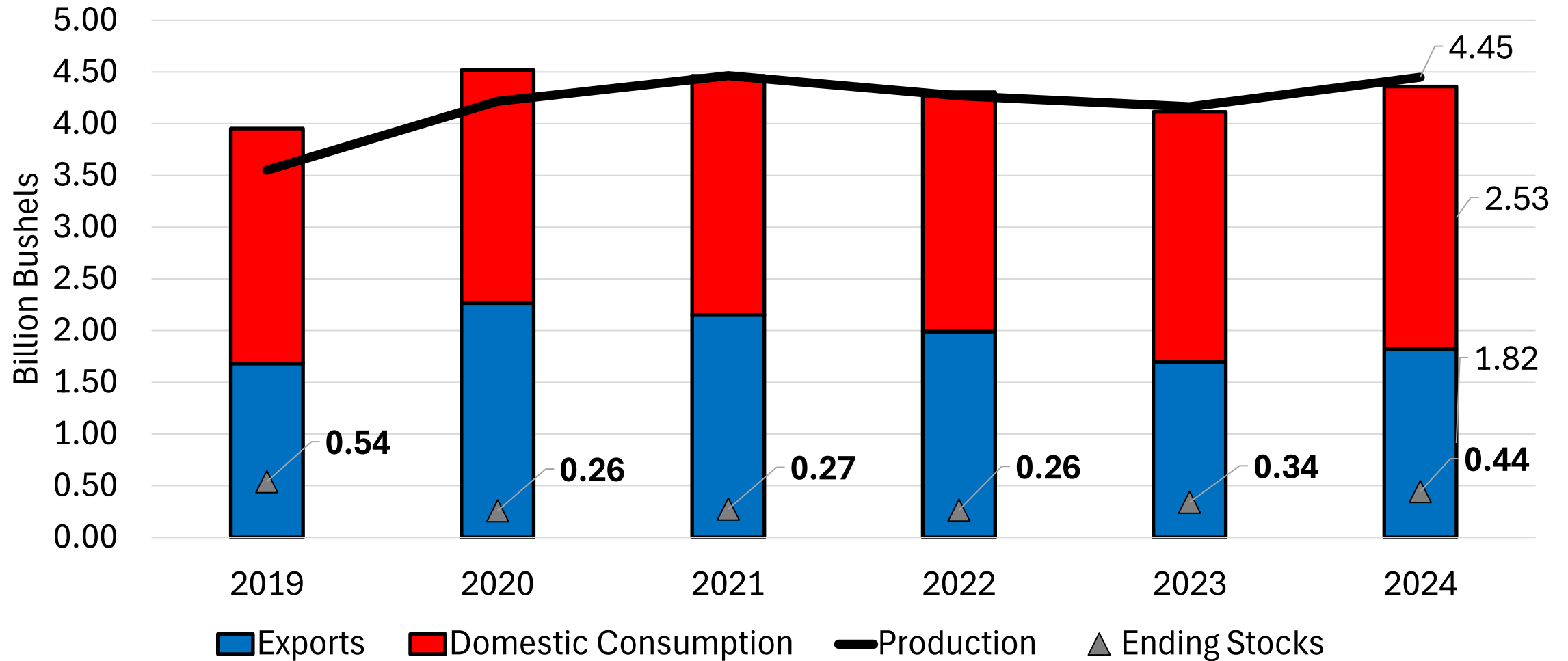
SOYBEAN



World Soybean Supply and Demand



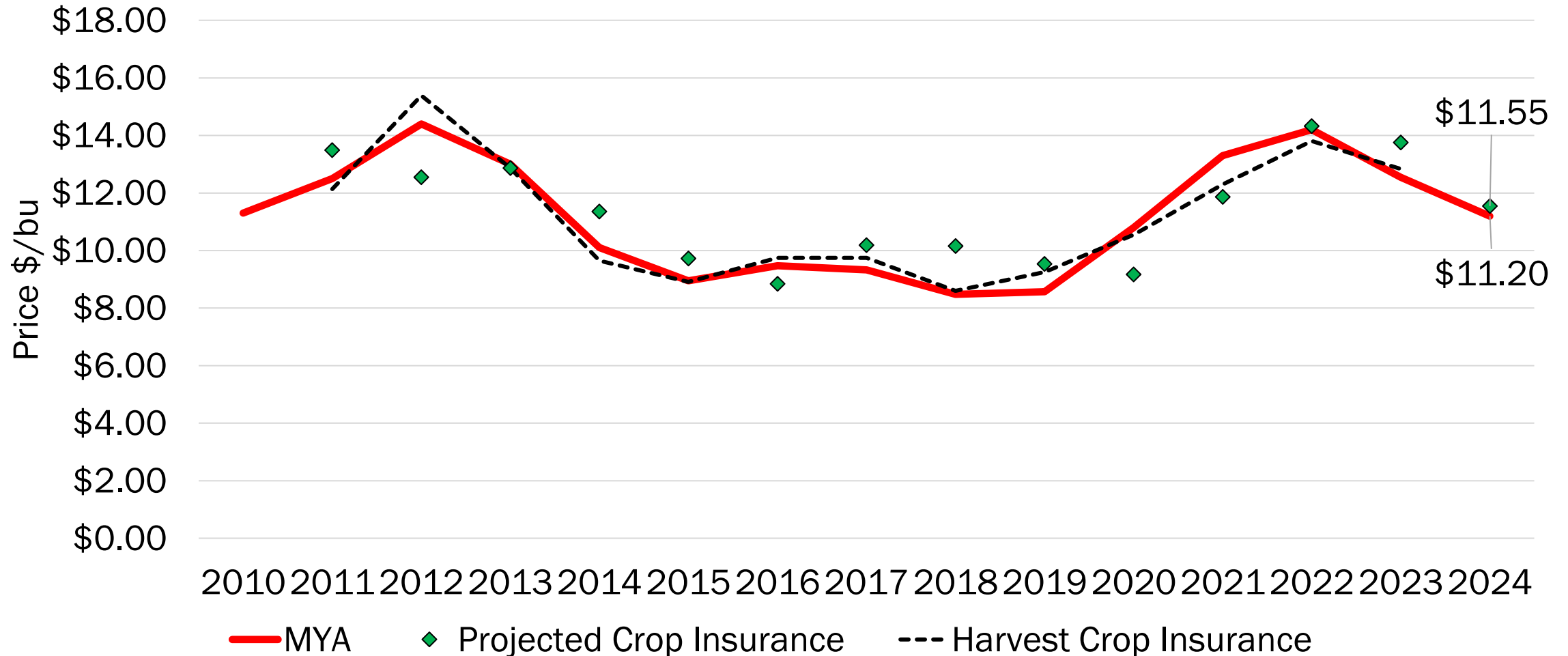
US Soybean Supply and Demand, 2019-2024



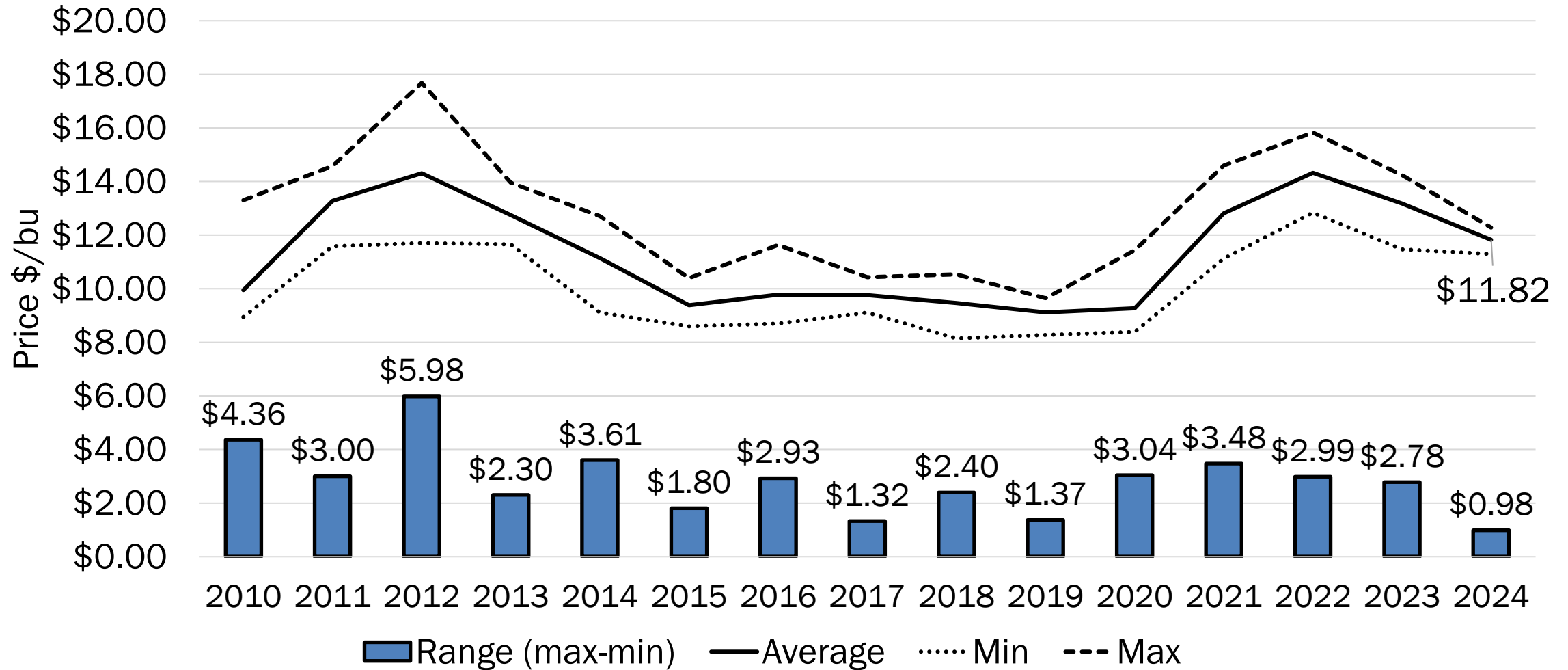
Soybean Supply and Demand Overview

- US acreage estimated at 86.5 million acres on March 31; up due to cotton and corn planting delays?
- Sufficient to abundant moisture to start the season for most of the Corn Belt and Mississippi Delta.
- South American production / expansion will continue to provide competition.
- US likely to lose export share.
- Biofuels and SAF provide potential long term price solutions.

Soybean Crop Insurance and Marketing Year Average Price, 2010-2024



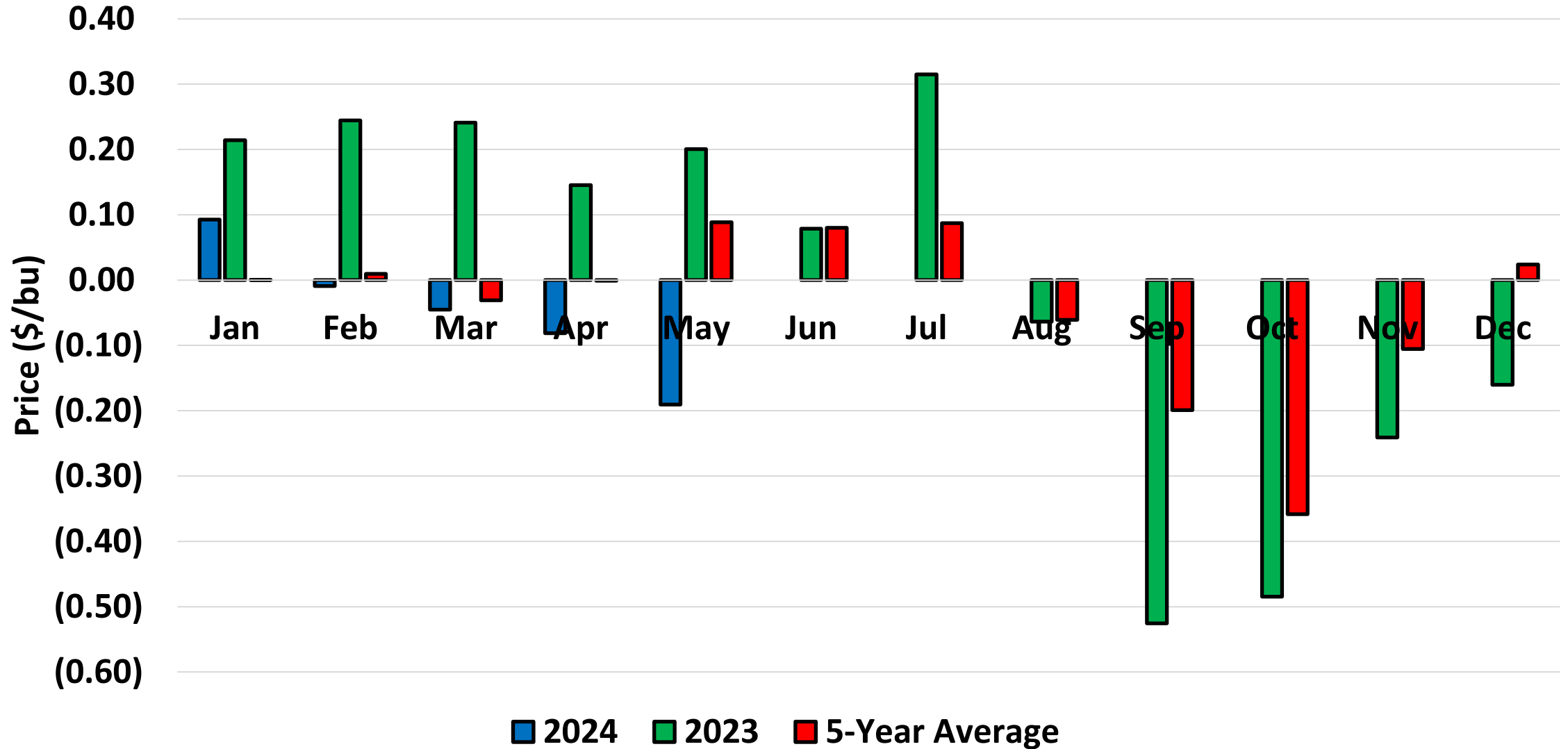
November Soybean Futures Contract, Jan 1 to Expiration, 2010-2024





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Tennessee Average Monthly Soybean Basis (Elevators and Barge Points), 5-Year Average, 2023, and 2024



Summary

- Disaggregate prices in corn, soybean, and wheat markets
 - Cash price = Futures + Basis
 - Evaluate storage alternatives
- Lower prices and lower volatility seem probable given current data.
- Profitability will be lower than the recent past and has the potential to further contract with the 2025 Crop.

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THANK YOU