

Market Update and Price Outlook

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Overview

- Economic indicators
- Drought
- Supply and Demand
- Prices
- Price Outlook



Indicator	Unit	Current Measure	Previous Reporting Period	Previous Year	Last Reported	Previous Reporting Time
GDP Growth Rate	%	2.8%	1.4%	2.1%	Q2 2024	Q
US Trade Deficit	Billion \$	75.1	74.5	66.1	May 2024	M
Government Expenditures	Billion \$	6,684	6,599	6,346	Q2 2024	Q
Inflation Rate	%	3.0%	3.3%	3.0%	June 2024	M
Bank Prime Rate	%	8.5%	8.5%	8.3%	July 25, 2024	M
Federal Funds Rate	%	5.3%	5.3%	5.1%	July 2024	M
Unemployment Rate	%	4.3%	4.1%	3.5%	July 2024	M
Labor Force Participation Rate	%	62.7%	62.6%	62.6%	July 2024	M
Unemployed Persons per Job Opening	Ratio	0.8	0.8	0.7	June 2024	M
USD Index	Index	102.6	104.5	103.0	August 5, 2024	M
DJIA	Index	38,975	39,376	35,473	August 5, 2024	M
S&P	Index	5,243	5,567	4,518	August 5, 2024	M
NASDAQ	Index	16,425	18,353	13,994	August 5, 2026	M
Personal Consumption Expenditures	Billion \$	19,444	19,386	18,408	June 2024	M
Retail Sales	% MoM	0.00%	0.30%	0.30%	June 2024	M
Existing Home Sales	Million	3.89	4.11	4.11	June 2024	M
Housing Starts	Million	1,353	1,314	1,415	June 2024	M
Credit Card Delinquency	%	10.7%	9.7%	8.2%	Q1 2024	Q
Auto Loan Delinquency	%	4.4%	4.2%	3.9%	Q1 2024	Q
Mortgage Delinquency	%	0.6%	0.6%	0.4%	Q1 2024	Q

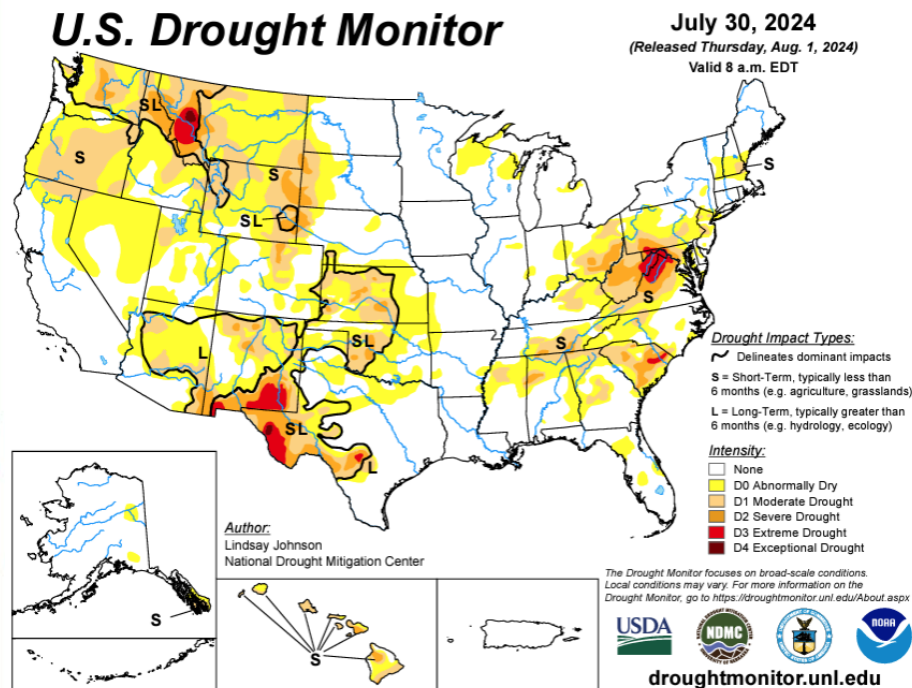
Commodity	Source	Current	Previous Month	Previous Year	% Change Month	% Change Year
Corn	Futures	3.87	4.24	4.95	-8.7%	-21.8%
Soybean	Futures	10.34	11.29	13.02	-8.4%	-20.6%
Wheat	Futures	5.34	5.9	6.57	-9.5%	-18.7%
Cotton	Futures	67.39	70.98	85.34	-5.1%	-21.0%
Soybean Meal	Futures	354.8	332.5	391.6	6.7%	-9.4%
Class III Milk	Futures	19.77	20.13	17.36	-1.8%	13.9%
Lean Hogs	Futures	75.325	89.175	84.825	-15.5%	-11.2%
Live Cattle	Futures	182.375	186.425	181.425	-2.2%	0.5%
Feeder Cattle	Futures	244.5	261.25	250.875	-6.4%	-2.5%
Whole Broiler*	LMIC	128.28	129.81	108.49	-1.2%	18.2%
USD Index	Futures	102.54	104.548	101.861	-1.9%	0.7%
Crude Oil	Futures	72.78	83.16	81.94	-12.5%	-11.2%
Natural Gas	Futures	1.948	2.35	2.725	-17.1%	-28.5%
Urea	DTN	504	506	581	-0.4%	-13.3%
UAN-32	DTN	377	389	442	-3.1%	-14.7%
Potash	DTN	502	506	594	-0.8%	-15.5%
DAP	DTN	745	760	795	-2.0%	-6.3%
Lumber	Futures	508	482	495.5	5.4%	2.5%
Copper	Futures	3.983	4.652	3.835	-14.4%	3.9%
Gold	Futures	2,401.1	2,397.7	1,970.0	0.1%	21.9%

*Week Change

Agriculture in Drought*

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

	Jul 30	Previous		Change		
	2024	Week	Year	Week	Year	
Corn	5%	4%	57%	1%	-52%	(summer crops)
Soybeans	5%	4%	51%	1%	-46%	
Cotton	11%	10%	20%	1%	-9%	
Peanuts	9%	11%	5%	-2%	4%	
Rice	1%	1%	24%	0%	-23%	
Sunflowers	3%	3%	11%	0%	-8%	
Barley	32%	31%	22%	1%	10%	
Sorghum	29%	19%	55%	10%	-26%	
Durum Wheat	25%	13%	18%	12%	7%	
Spring Wheat	16%	15%	44%	1%	-28%	
Winter Wheat	32%	24%	49%	8%	-17%	(winter crop)
Hay	20%	20%	30%	0%	-10%	(forage)
Alfalfa Hay	21%	18%	31%	3%	-10%	
Cattle	15%	14%	37%	1%	-22%	(livestock)
Milk Cows	10%	10%	29%	0%	-19%	
Hogs	2%	5%	56%	-3%	-54%	
Sheep	20%	20%	31%	0%	-11%	
Sugarbeets	5%	3%	26%	2%	-21%	(sugar)
Sugarcane	0%	0%	32%	0%	-32%	



	2020/21	2021/22	2022/23	2023/24 Est.	2024/25 Projected July	Change 2024/25- 2023/24
	Planted and Harvested Acres & Yield					
Planted (Million)	90.7	92.9	88.2	94.6	91.5	-3.1
Harvested (Million)	82.3	85	78.7	86.5	83.4	-3.1
U.S. Avg. Yield	171.4	176.7	173.4	177.3	181	3.7
	Supply (Million Bushels)					
Beg. Stocks	1,919	1,235	1,377	1,360	1,877	517
Production	14,111	15,018	13,651	15,342	15,100	-242
Imports	24	24	39	30	25	-5
Total Supply	16,055	16,277	15,066	16,732	17,002	270
	Use & Ending Stocks (Million Bushels)					
Feed and Residual	5,607	5,671	5,486	5,775	5,825	50
Ethanol	5,028	5,320	5,176	5,450	5,450	0
Food, Seed & Industrial	1,439	1,437	1,382	1,405	1,405	0
Exports	2,747	2,472	1,662	2,225	2,225	0
Total Use	14,821	14,900	13,706	14,855	14,905	50
U.S. Ending Stocks	1,235	1,377	1,360	1,877	2,097	220
Foreign Stocks	10,294	10,858	10,542	10,293	10,172	-121
	Price and Stocks to Use Ratio					
U.S. Avg. Season Price	\$4.53	\$6.00	\$6.54	\$4.65	\$4.30	-\$0.35
U.S. Stocks/Use	8.33%	9.24%	9.92%	12.64%	14.07%	1.43%

Corn Supply and Demand Summary

- US average yield is likely to be revised up.
- Carry over stocks and production will keep prices low.
- Export competition will continue to be robust.

	2020/21	2021/22	2022/23	2023/24 Est.	2024/25 Projected July	Change 2024/25- 2023/24
<u>Planted and Harvested Acres & Yield</u>						
Planted (Million)	83.4	87.2	87.5	83.6	86.1	2.5
Harvested (Million)	82.6	86.3	86.2	82.4	85.3	2.9
U.S. Avg. Yield	51.0	51.7	49.6	50.6	52	1.4
<u>Supply (Million Bushels)</u>						
Beg. Stocks	525	257	274	264	345	81
Production	4,216	4,464	4,270	4,165	4,435	270
Imports	20	16	25	20	15	-5
Total Supply	4,761	4,737	4,569	4,449	4,795	346
<u>Use & Ending Stocks (Million Bushels)</u>						
Crushing	2,141	2,204	2,212	2,290	2,425	135
Exports	2,266	2,152	1,980	1,700	1,825	125
Seed and Residual	97	107	114	114	110	-4
Total Use	4,504	4,463	4,305	4,103	4,360	257
U.S. Ending Stocks	257	274	264	345	435	90
Foreign Stocks	3,430	3,146	3,433	3,742	4,259	517
<u>Price and Stocks to Use Ratio</u>						
U.S. Average Season Price	\$10.80	\$13.30	\$14.20	\$12.50	\$11.10	-\$1.40
U.S. Stocks/Use	5.71%	6.14%	6.13%	8.41%	9.98%	1.57%

Soybean Supply and Demand Summary

- Record US average yield is likely.
- US and foreign stocks will provide export competition and keep prices low.
- Domestic crush forecast to remain strong.

	2020/21	2021/22	2022/23	2023/24 Est.	2024/25 Projected July	Change 2024/25- 2023/24
<u>Planted and Harvested Acres & Yield</u>						
Planted (Million)	12.09	11.21	13.75	10.23	11.67	1.44
Harvested (Million)	8.22	10.26	7.29	6.44	9.67	3.23
U.S. Average Yield	853	820	953	899	844	-55
<u>Supply (Million 480 Pound Bales)</u>						
Beg. Stocks	7.25	3.15	4.05	4.25	3.05	-1.2
Production	14.61	17.52	14.47	12.07	17	4.93
Imports	0	0.01	0	0.01	0.01	0
Total Supply	21.86	20.68	18.52	16.32	20.06	3.74
<u>Use and Stocks (Million 480 Pound Bales)</u>						
Domestic	2.4	2.55	2.05	1.85	1.9	0.05
Exports	16.35	14.48	12.77	11.6	13	1.4
Total Use	18.75	17.03	14.82	13.45	14.9	1.45
U.S. Ending Stocks	3.15	4.05	4.25	3.05	5.3	2.25
Foreign Stocks	83.15	72.27	75.23	76.26	77.33	1.07
Chinese Stocks	37.79	38.06	37.28	41.01	40.93	-0.08
<u>Price and Stocks to Use Ratio</u>						
U.S. Avg. Season Price	\$0.663	\$0.914	\$0.848	\$0.76	\$0.68	-\$0.08
U.S. Stocks/Use	16.8%	24%	29%	23%	36%	12.89%
Chinese Stocks/Use	95.7%	115.3%	99.4%	106.5%	104.9%	-1.57%

Cotton Supply and Demand Summary

- Increased US production driven by increased acres and lower abandonment.
- US stocks are at multi year highs.
- Weak global demand and global economic concerns will continue to provide headwinds into 2025.

Profitability Update

	Cotton	Soybeans	Corn	Wheat/Soybeans
Yield - Crop Production Report (Tennessee)	1,150	50	175	75/45
Current Price (as of 8/6/2024)	\$0.68	\$10.20	\$3.86	\$5.42/\$10.20
Revenue	\$776	\$510	\$676	\$866
Variable Expenses	\$570	\$290	\$520	\$590
Returns Over Variable	\$206	\$220	\$156	\$276
Land Costs (Cash Rent - NASS State Average)	\$113	\$113	\$113	\$113
Returns Over Variable and Land Costs	\$93	\$107	\$43	\$163
Fixed Costs (Capital Recovery and Management Labor)	\$210	\$160	\$173	\$280
Returns Over Specified Costs	(\$117)	(\$53)	(\$131)	(\$118)
Breakeven Price at Estimated Yield and Specified Cost	\$0.78	\$11.26	\$4.61	\$5.53/\$10.81

Cotton Futures



ZCU24 1D

December Corn



barchart

Feb 12

Feb 26

Mar 11

Mar 25

Apr 8

Apr 22

May 6

May 20

Jun 3

Jun 17

Jul 1

Jul 15

Jul 29

387-2

380-0

370-0

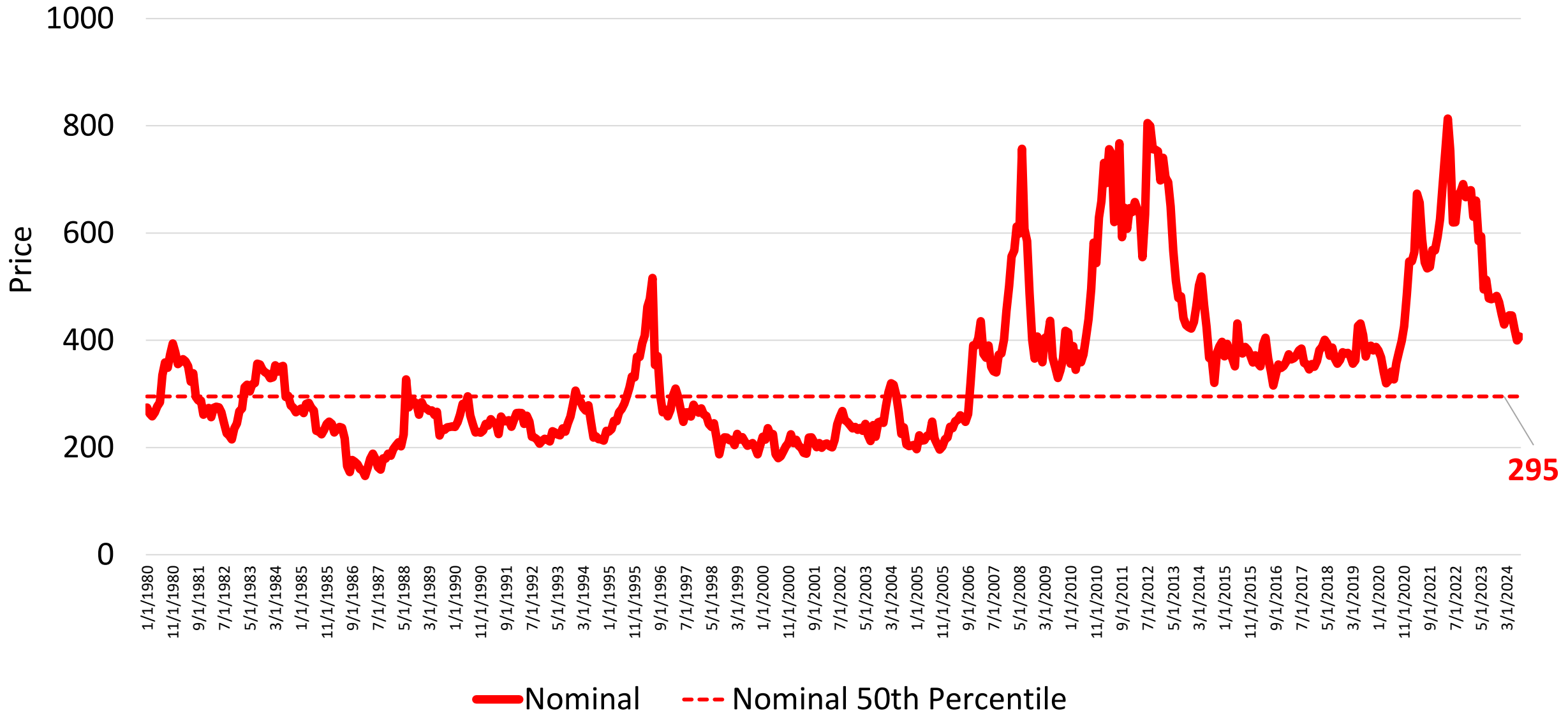
Futures Contracts Spread and Interest Cost

Contract	Months	Futures Price	Spread	Interest	Spread-Interest
Sep	-	\$3.87	-	-	-
Dec	3	\$4.04	\$0.17	\$0.08	\$0.09
Mar	6	\$4.21	\$0.34	\$0.15	\$0.19
May	8	\$4.32	\$0.45	\$0.21	\$0.24
Jun	10	\$4.39	\$0.52	\$0.26	\$0.26

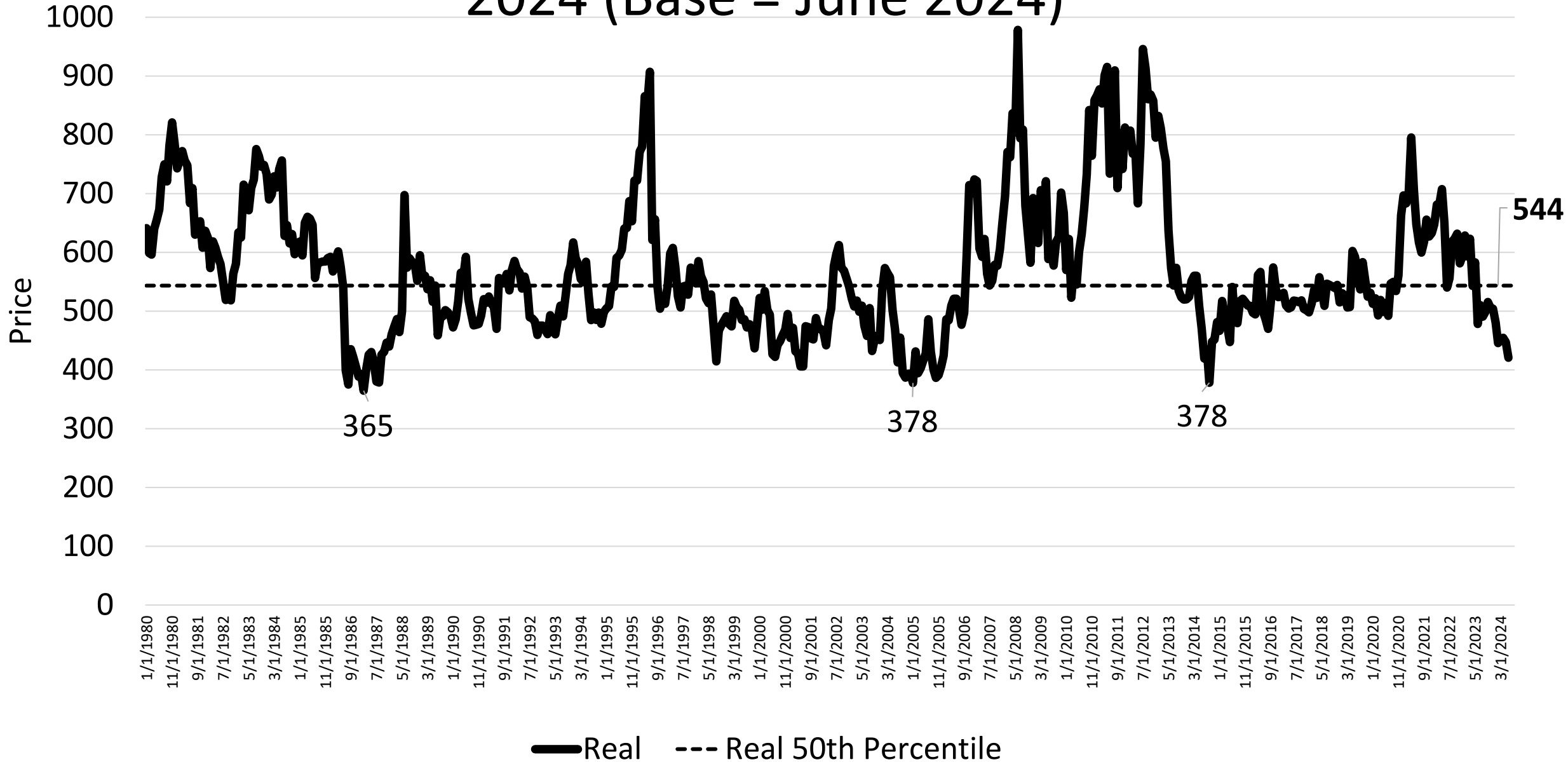
*Assumes an interest rate of 8%. Monthly interest cost of \$0.026 per bushel per month.

** Does not include basis improvements.

Monthly Nominal Nearby Corn Futures Prices, 1980-2024 (Base = June 2024)



Monthly Real Nearby Corn Futures Prices, 1980-2024 (Base = June 2024)



September Soybeans



Futures Contracts Spread and Interest Cost

Contract	Months	Futures Price	Spread	Interest	Spread-Interest
Sep	-	\$10.06	-	-	-
Nov	2	\$10.23	\$0.17	\$0.13	\$0.04
Jan	4	\$10.40	\$0.34	\$0.27	\$0.07
Mar	6	\$10.54	\$0.48	\$0.40	\$0.08
May	8	\$10.66	\$0.60	\$0.54	\$0.06
Jul	10	\$10.78	\$0.72	\$0.67	\$0.05

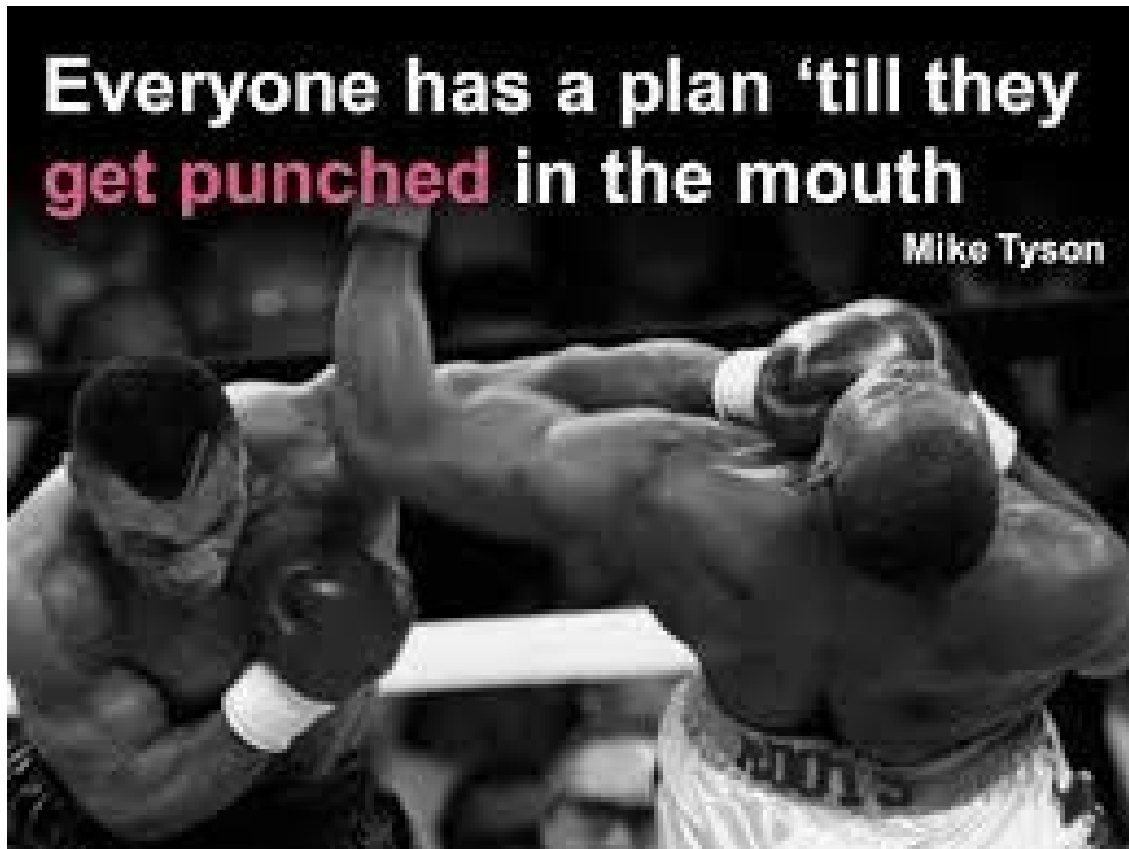
*Assumes an interest rate of 8%. Monthly interest cost of \$0.067 per bushel per month.

** Does not include basis improvements.

20 Year Nearby Soybean Futures



Summary



Prices are looking to establish a floor.

Substantial improvements in prices in the near term seem unlikely.

Basis will strongly be dictated by regional production differences.

Profitability will be illusive for many producers.

Increased financial stress is likely this winter.
No Farm Bill/Ad Hoc Payments

Futures Price Forecast

	Harvest	Q1
Corn	\$3.75 to \$4.20	\$3.90 to \$4.65
Cotton	\$0.65 to \$0.72	\$0.70 to \$0.77
Soybeans	\$9.80 to \$10.60	\$9.50 to \$11.00
Wheat	\$5.25 to \$5.85	\$5.75 to \$6.50

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THANK YOU