

Navigating 2025 Corn and Soybean Markets

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Middle TN Grain Conference

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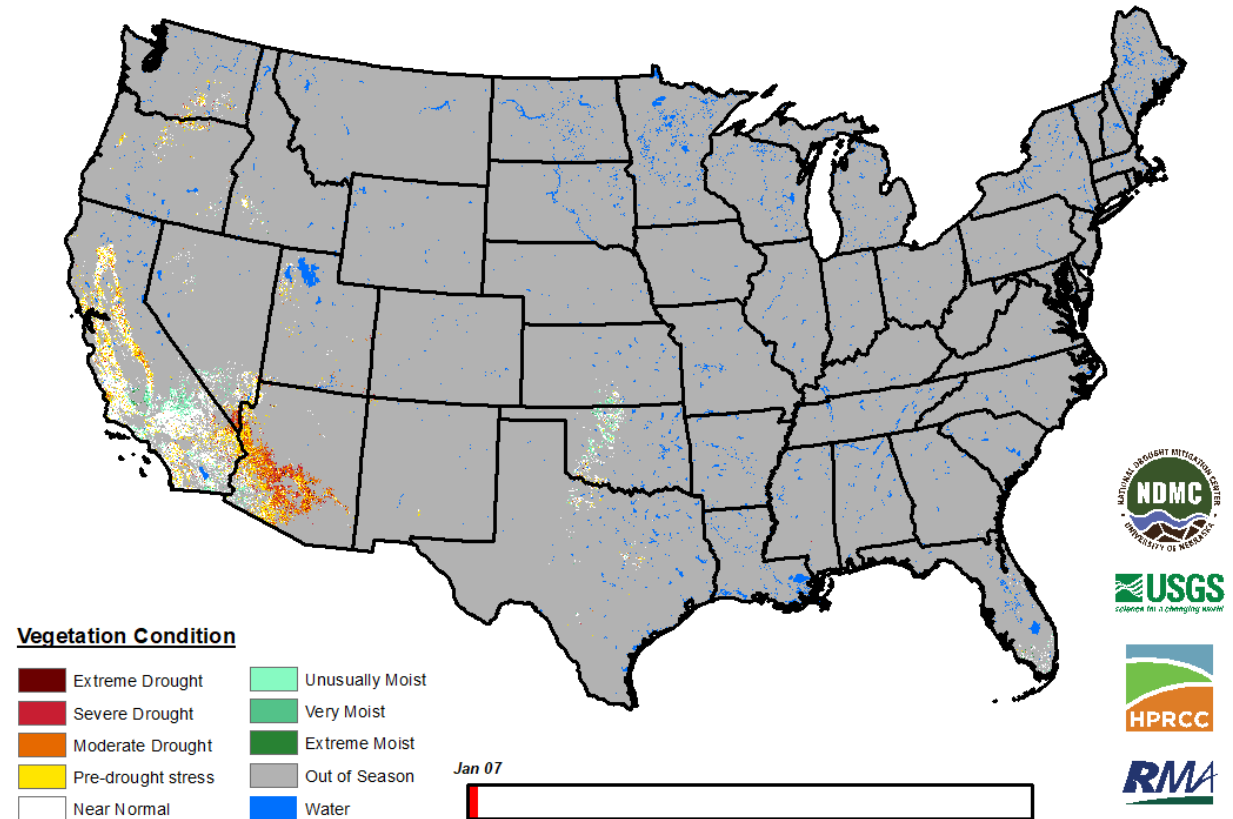
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Overview

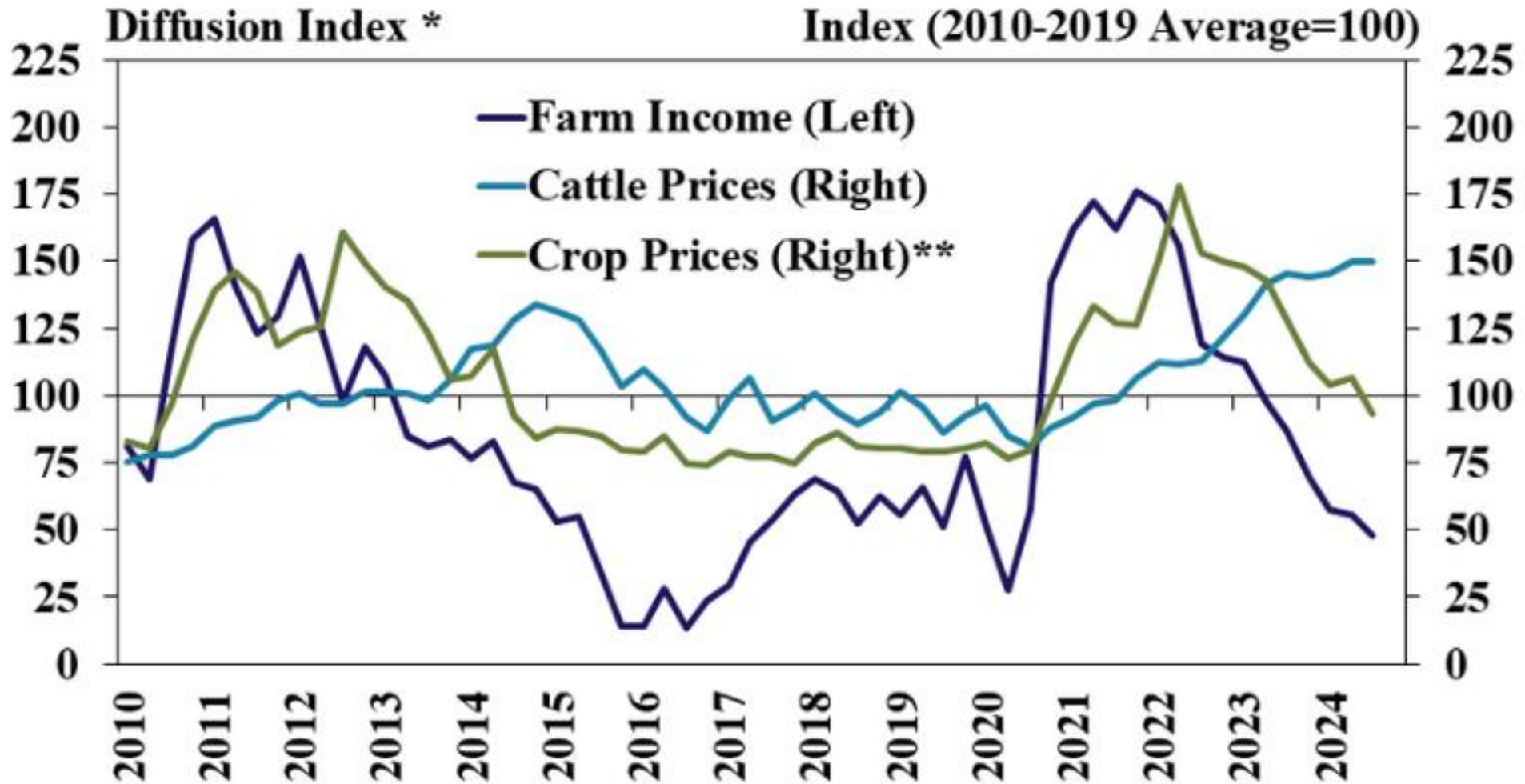
- General Economy, Ag Commodity, and Input Prices
- 2024 Tennessee Profitability
- Policy and Trade
- Corn and Soybean Supply and Demand
- Prices / 2025 Profitability
- Risk Management and Marketing

2024 Vegetation Drought Response Index (VegDRI)



Indicator	Unit	Current Measure	Previous Reporting	Previous Year	Last Reported	Previous Reporting	
			Period			Time	
GDP Growth Rate	%	3.1%	3.0%	4.4%	Q3 2024	Q	
US Trade Deficit	Billion \$	74.2	73.6	64.8	Nov-24	M	
Government Expenditures	Billion \$	7,053	6,865	6,527	Q3 2024	Q	
Inflation Rate	%	2.9%	2.8%	3.1%	Dec-24	M	
Bank Prime Rate	%	7.50%	7.8%	8.5%	Jan-25	M	
Federal Funds Rate	%	4.5%	4.6%	5.3%	Dec-24	M	
Unemployment Rate	%	4.1%	4.2%	3.8%	Dec-24	M	
Labor Force Participation Rate	%	62.5%	62.5%	62.5%	Dec-24	M	
Unemployed Persons per Job Opening	Ratio	0.9	0.9	0.7	Nov-24	M	Negative
USD Index	Index	107.6	107.8	103.2	January 27, 2025	M	Positive
DJIA	Index	44,713	42,992	38,333	January 27, 2025	M	No Change
S&P	Index	6,012	5,970	4,927	January 27, 2025	M	
NASDAQ	Index	19,342	19,722	15,628	January 27, 2025	M	
Personal Consumption Expenditures	Billion \$	20,196	20,114	19,151	Nov-24	M	
Retail Sales	% MoM	0.40%	0.80%	0.40%	Dec-24	M	
Existing Home Sales	Million	4.24	4.15	3.88	Dec-24	M	
Housing Starts	Million	1,499	1,294	1,568	Dec-24	M	
Credit Card Delinquency	%	11.1%	10.9%	9.4%	Q3 2024	Q	
Auto Loan Delinquency	%	4.6%	4.4%	3.9%	Q3 2024	Q	
Mortgage Delinquency	%	0.7%	0.6%	0.5%	Q3 2024	Q	
Federal Deficit	Brillion \$	624	284	381	Nov-24	M	
Federal Debt	Trillion \$	36.17	36.17	34.02	Jan-25	M	

Farm Income and Commodity Prices- Kansas City Federal Reserve Bank



Source: Kansas City Federal Reserve Bank - <https://www.kansascityfed.org/agriculture/ag-credit-survey/credit-conditions-tighten-gradually/>

Commodity	Source	Current	Previous Month	Previous Year	% Change	
					Month	% Change Year
Corn	Futures	4.82	4.54	4.42	6.2%	9.0%
Soybean	Futures	10.46	9.89	11.78	5.8%	-11.2%
Wheat	Futures	5.36	5.46	5.99	-1.8%	-10.5%
Cotton	Futures	67.27	68.89	87.11	-2.4%	-22.8%
Soybean Meal	Futures	300	311	357	-3.5%	-16.0%
Class III Milk	Futures	19.89	20.12	16.27	-1.1%	22.2%
Lean Hogs	Futures	89.87	84.15	83.82	6.8%	7.2%
Live Cattle	Futures	203.8	190.6	183.7	6.9%	10.9%
Feeder Cattle	Futures	275.2	260.5	244.8	5.6%	12.4%
Whole Broiler*	LMIC	133.72	133.01	127.88	0.5%	4.6%
Crude Oil	Futures	73.17	70.6	72.28	3.6%	1.2%
Natural Gas	Futures	3.24	3.38	2.07	-4.1%	56.5%
Urea	DTN	489	498	536	-1.8%	-8.8%
UAN-32	DTN	364	364	394	0.0%	-7.6%
Potash	DTN	444	443	514	0.2%	-13.6%
DAP	DTN	739	740	721	-0.1%	2.5%

Up
Down

Tennessee Corn

	Yield (bu/acre)	Price (\$/bu)	Gross Revenue (\$/acre)	Acres Harvested (acres)	Tennessee Cash Receipts (\$)
2023	173	\$5.68	\$982.64	890,000	874,549,600
2024*	152	\$4.21	\$607.41	660,000	400,890,600
% Change	-12.1%	-25.9%	-34.9%	-25.8%	-51.7%

* Estimated as of January 2025

Tennessee Soybean

	Yield (bu/acre)	Price (\$/bu)	Gross Revenue (\$/acre)	Acres Harvested (acres)	Tennessee Cash Receipts (\$)
2023	51	\$14.39	\$733.89	1,570,000	1,152,207,300
2024*	42	\$9.97	\$418.74	1,800,000	753,732,000
% Change	-17.7%	-30.7%	-42.9%	+14.7%	-34.6%

* Estimated as of January 2025

Tennessee Cotton

	Yield (lb/acre)	Price (\$/lb)	Gross Revenue (\$/acre)	Acres Harvested (acres)	Tennessee Cash Receipts (\$)
2023	1,250	\$0.828	\$1,035	260,000	\$269,100,000
2024*	1,066	\$0.666	\$710	250,000	\$177,489,000
% Change	-14.7%	-19.6%	-31.4%	-3.8%	-34.0%

* Estimated as of January 2025

Tennessee Wheat

	Yield (bu/acre)	Price (\$/bu)	Gross Revenue (\$/acre)	Acres Harvested (acres)	Tennessee Cash Receipts (\$)
2023	80	\$6.75	\$540	390,000	\$210,600,000
2024*	75	\$5.19	\$389	320,000	\$124,560,000
% Change	-6.3%	-23.1%	-27.9%	-17.9%	-40.9%

* Estimated as of January 2025

2024 Tennessee Corn, Soybean, Cotton, and Wheat Summary

- Prices are down substantially from last year and even more compared to 2022/2023. (follows national trend).
- Tennessee yields are down 6-18% compared to last year. Most states will have yield increases compared to last year.
- **Tennessee Net Cash Receipts for corn, cotton, soybeans, and wheat will be down 41% (~\$1.05 billion) compared to last year.**

Estimates of the Economic Assistance for Producers Contained in the American Relief Act of 2025

Commodity	Payment (\$/acre)	Projected Tennessee Payments
Corn	\$42.51	\$30M
Cotton	\$87.26	\$25M
Soybeans	\$29.50	\$53M
Wheat	\$30.69	\$10M

*FAPRI estimated payment amounts per planted acre

*50% of prevented planted acres in 2024 eligible for payments

*Payments to be received by March 21.

2024 Tennessee Crop Insurance Summary

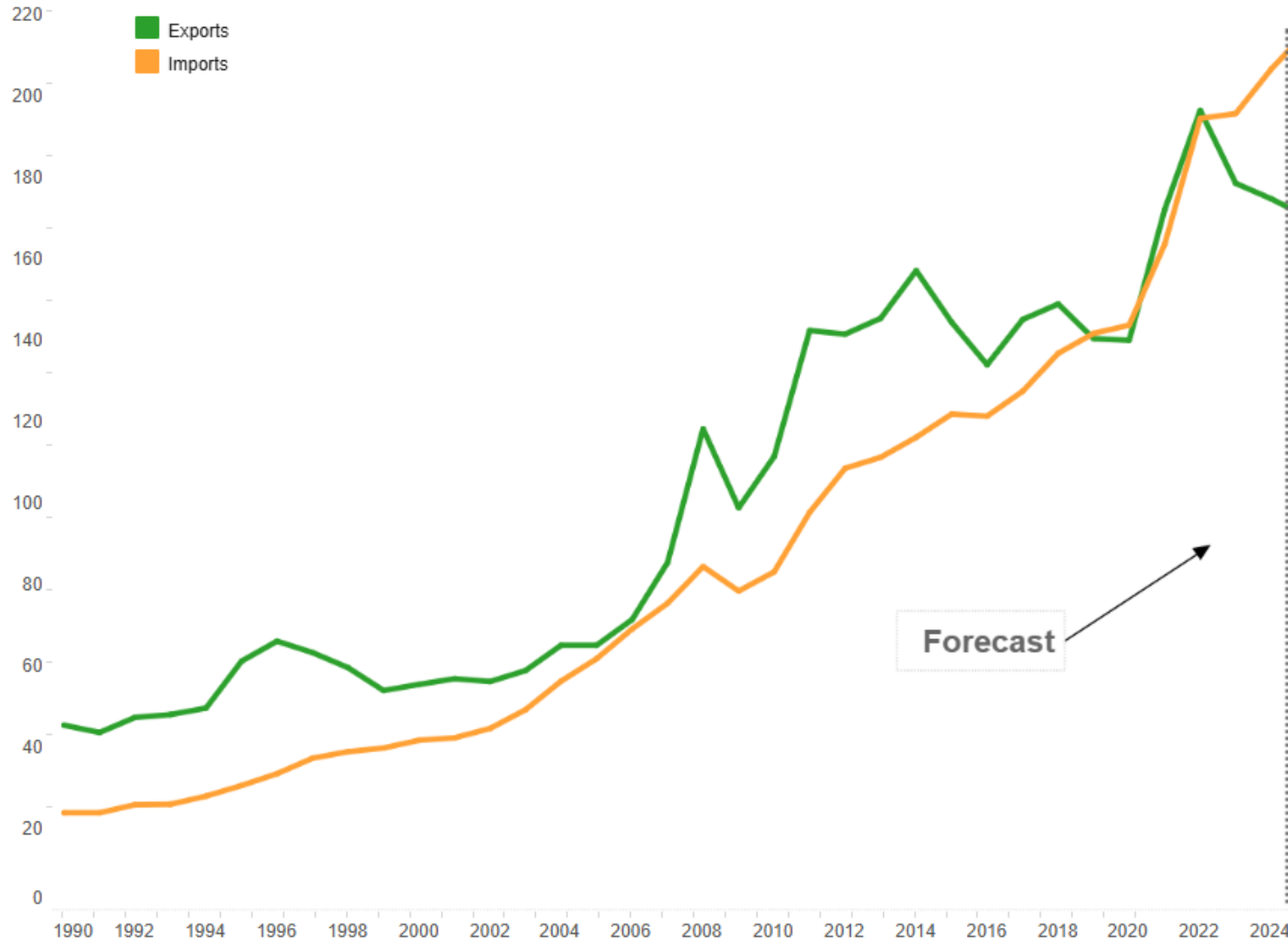
Commodity	Acres Insured	Companion /Endorsed acres	Liabilities Million \$	Premium Million \$	Subsidy Million \$	Indemnity Million \$	Loss Ratio	Prod. Loss Ratio
Corn	667,001	63,258	\$370.32	\$32.93	\$21.82	\$44.84	1.36	4.04
Cotton	278,357	11,286	\$156.48	\$11.88	\$8.77	\$9.83	0.83	3.17
Soybean	1,583,420	165,006	\$647.71	\$48.08	\$32.21	\$49.06	1.02	3.09
Wheat	278,369	17,870	\$91.50	\$9.35	\$6.68	\$4.14	0.44	1.55
Total	2,807,147	257,420	\$1,266.02	\$102.23	\$69.48	\$107.87	1.06	3.29

*as at January 13, 2025

ARC and PLC payments could result in another 80-120 million for Tennessee.

U.S. agricultural trade

Value, billion dollars



Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Percent of 2024 Production Projected to be Exported

- **Corn – 16.4%**
- **Soybean – 41.8%**
- **Wheat – 43.1%**
- **Cotton – 76.3%**

More than 80% of the U.S. supply of potash comes from Canada.

Policy Uncertainty

- Trade Policy, Tariffs, and Retaliatory Tariffs
- Farm Bill versus Ad Hoc payments
- Crop Insurance
- Conservation and Environmental Policy

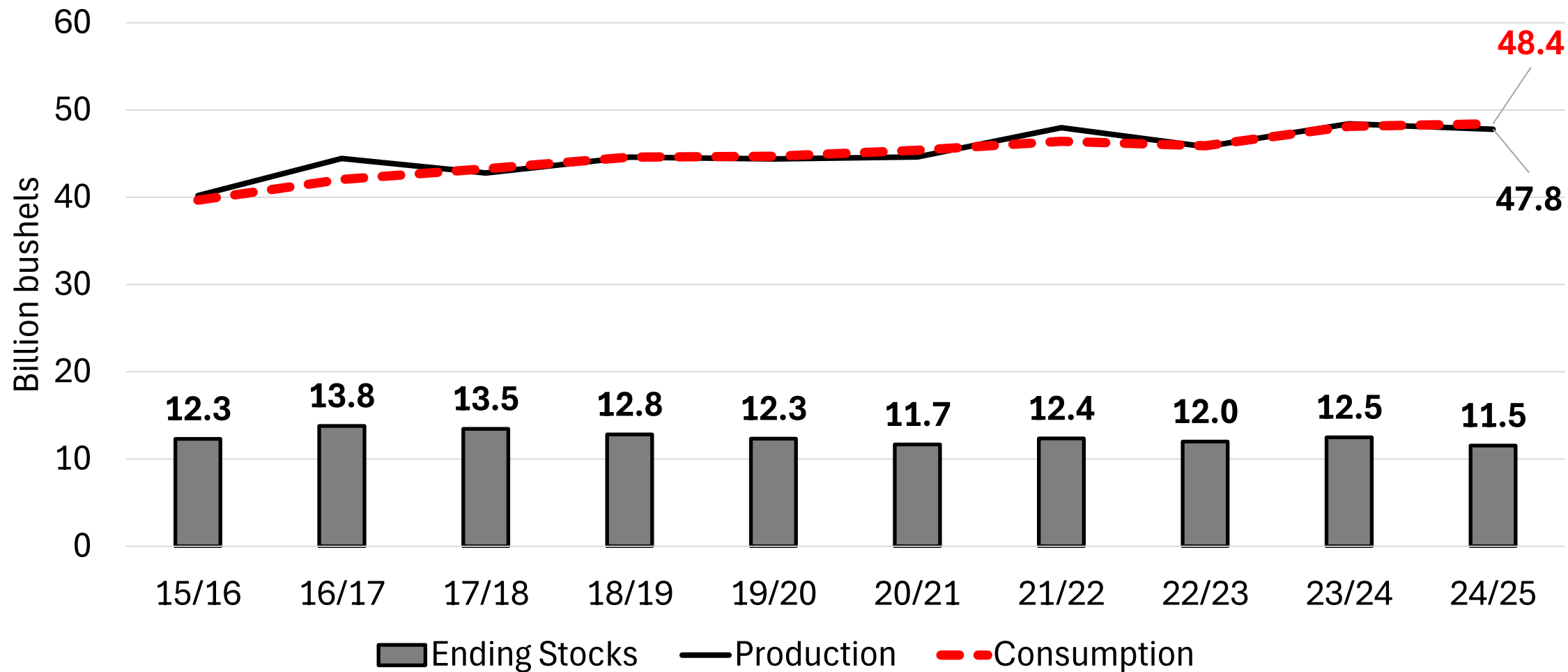


Supply and Demand

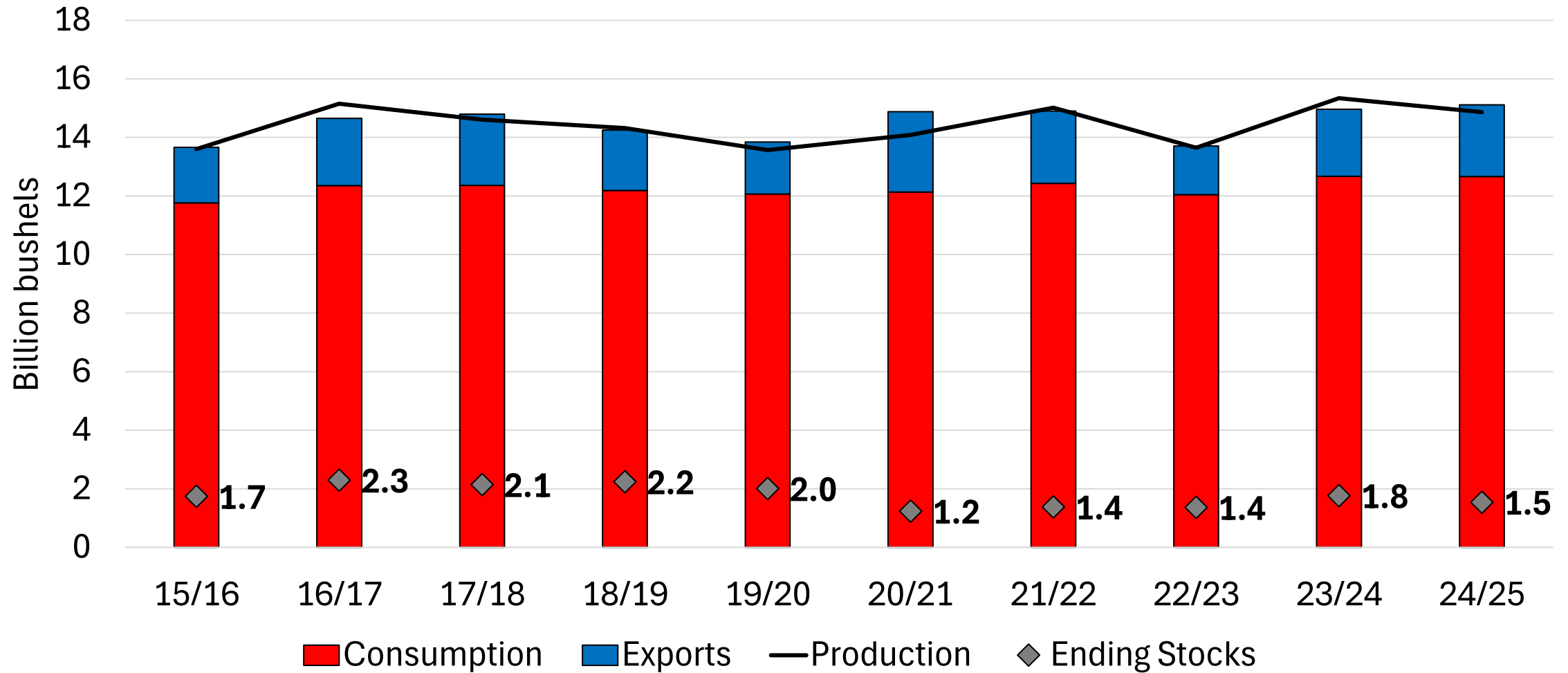
CORN



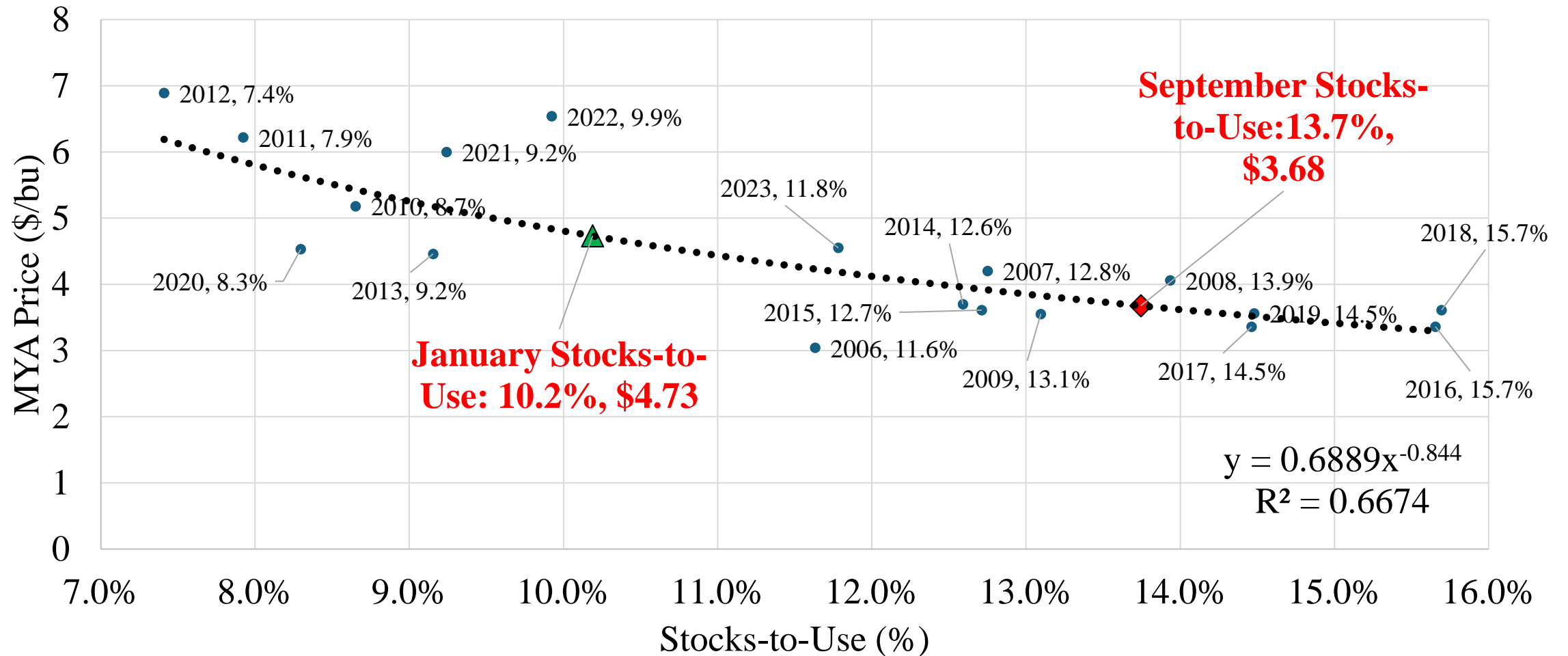
World Corn Production, Consumption, and Ending Stocks, 2015-2024



U.S. Corn Production, Consumption, Exports, and Ending Stocks, 2015-2024



Corn Stocks-to-Use and MYA Price Relationship, 2006-2024

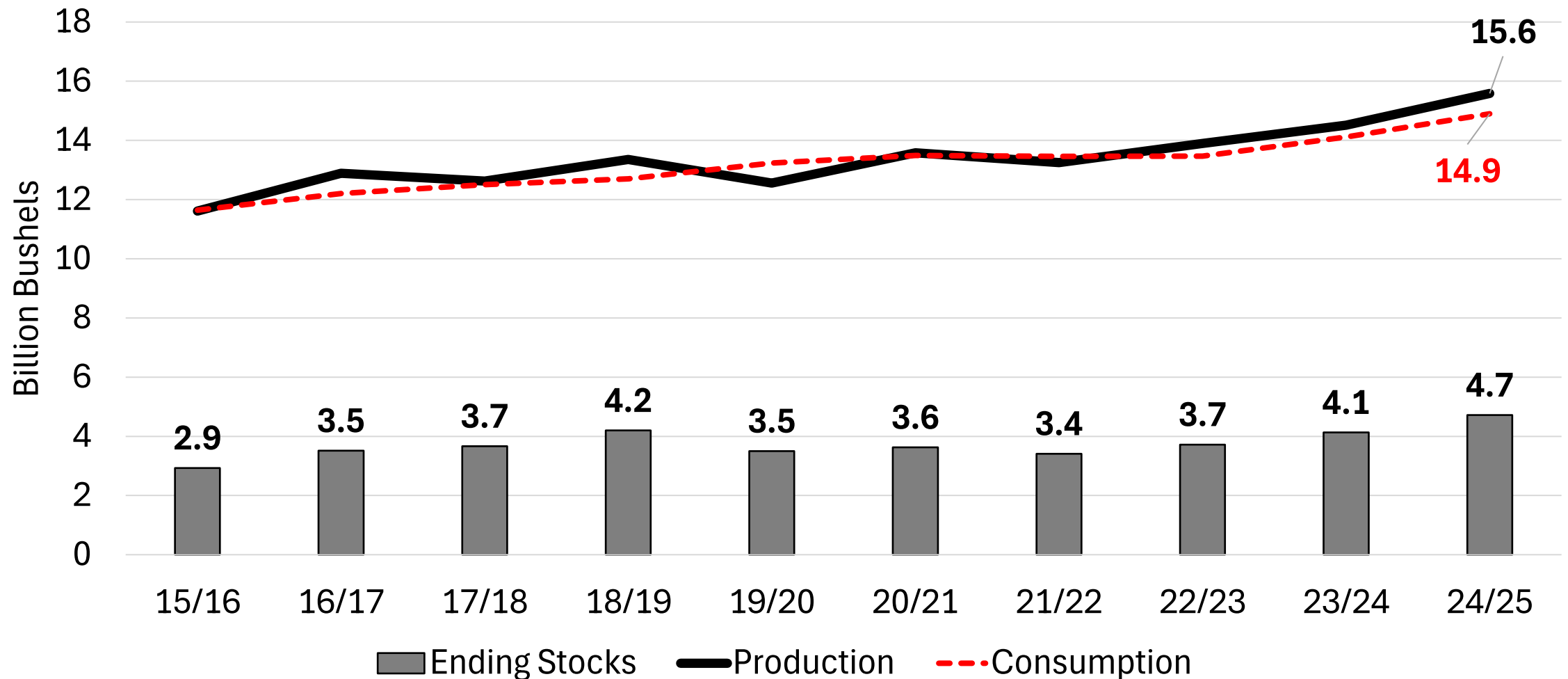




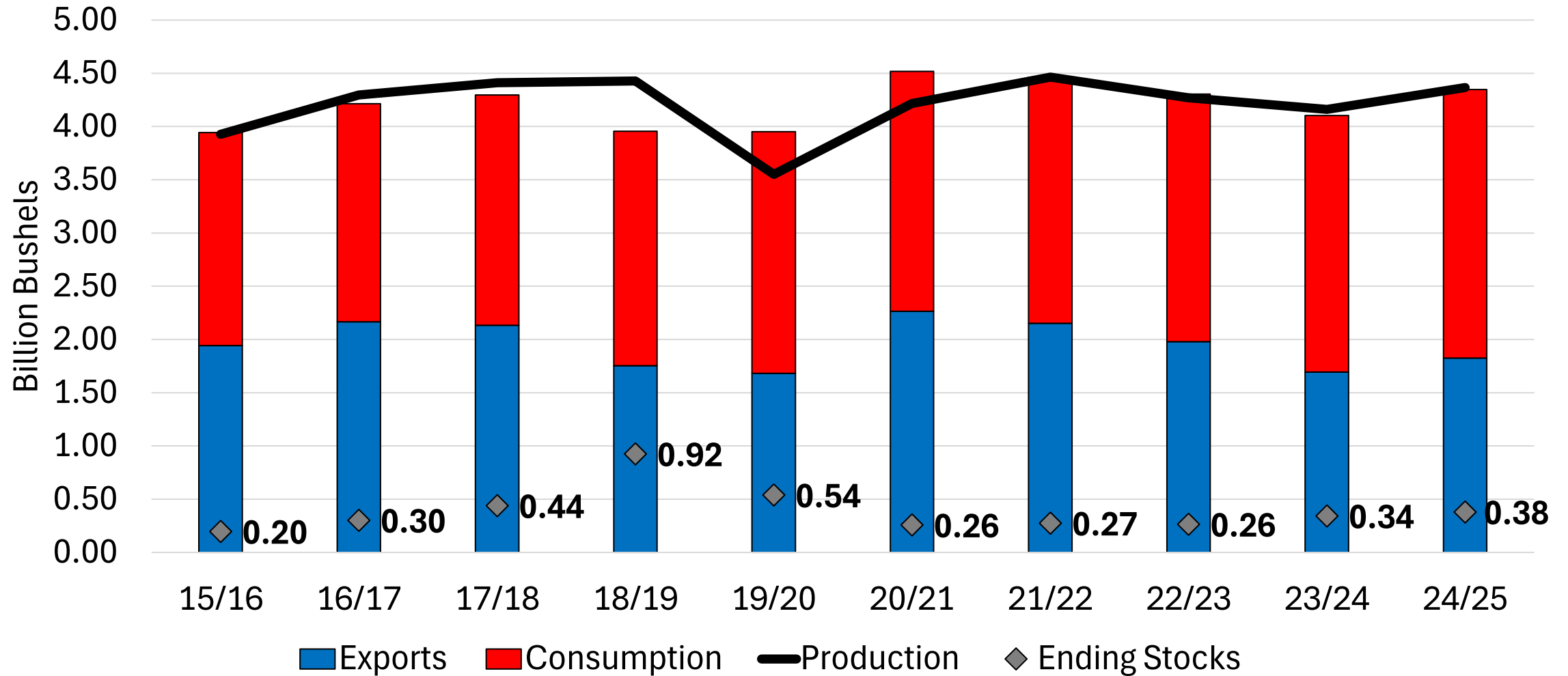
Supply and demand

SOYBEAN

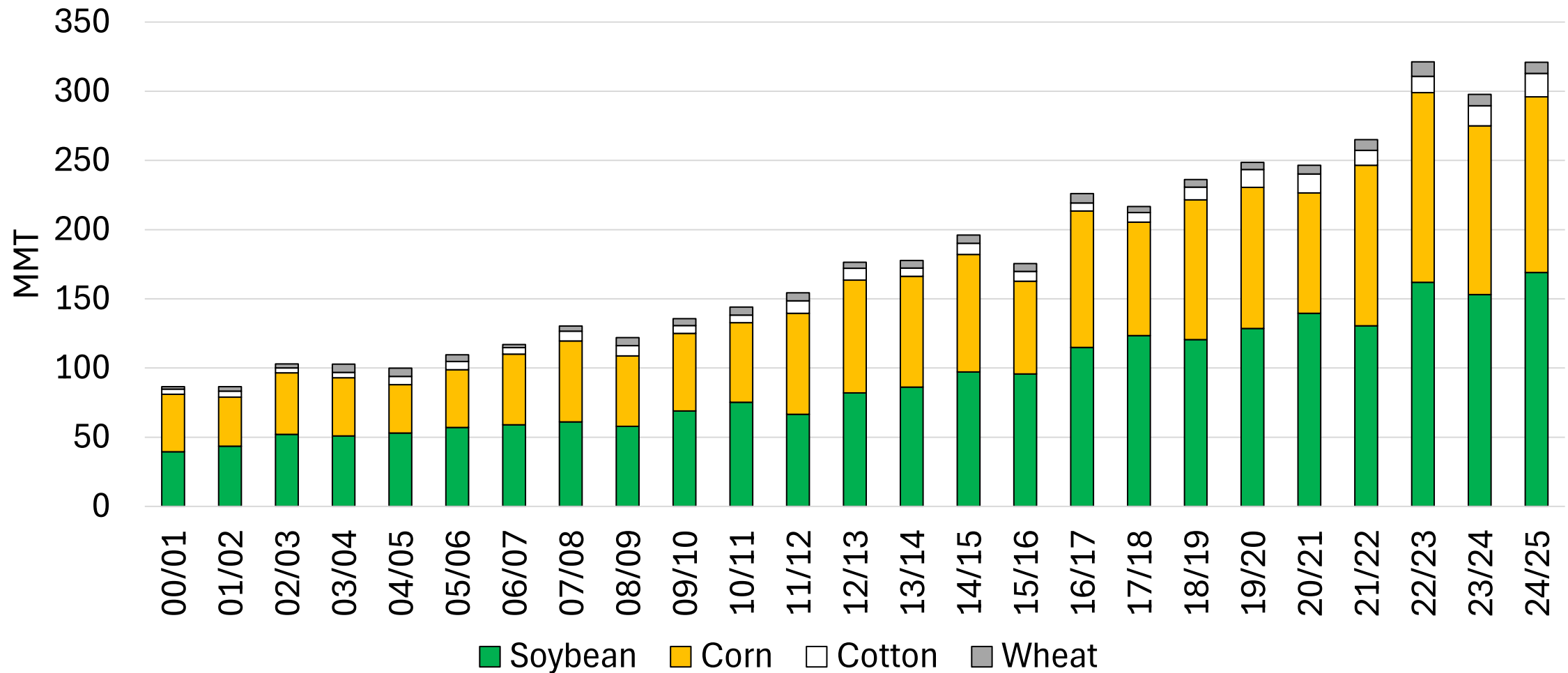
World Soybean Production, Consumption, and Ending Stocks, 2015-2024



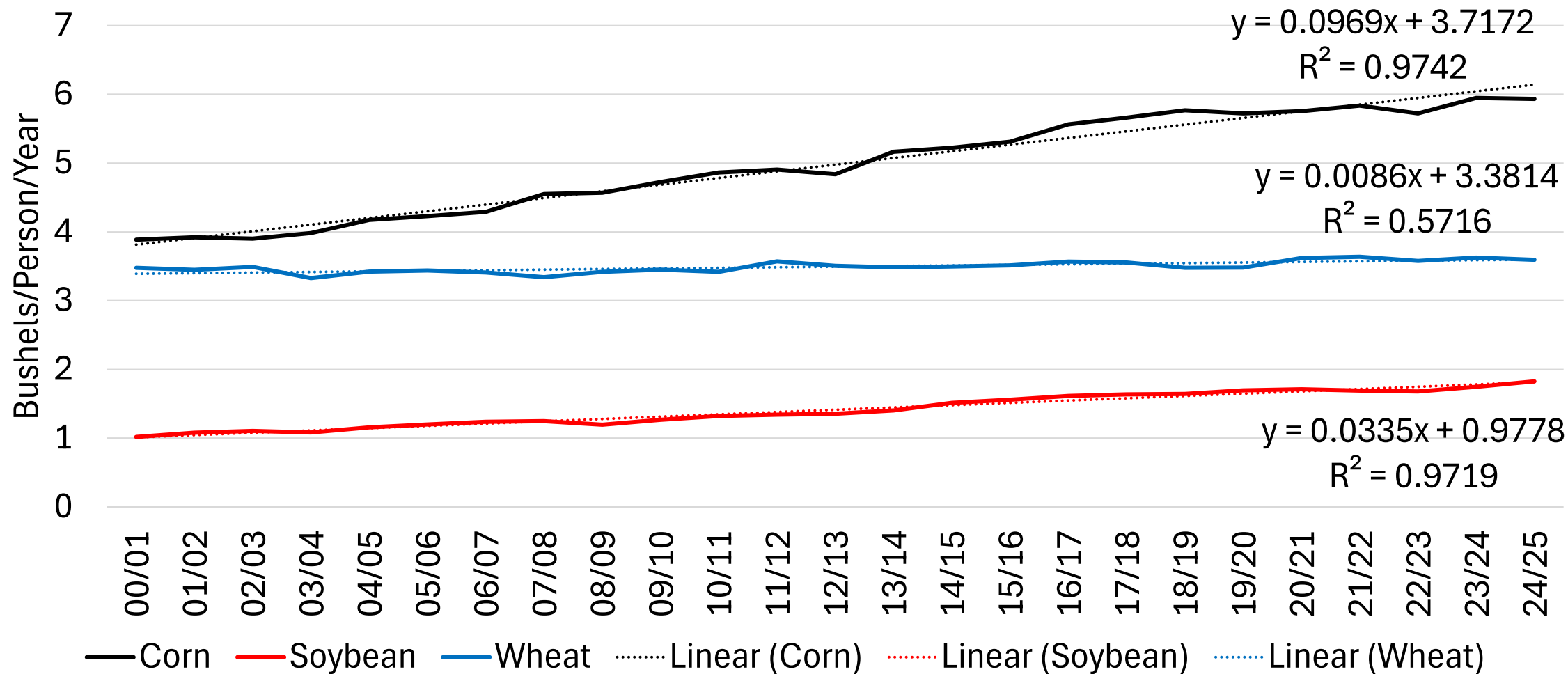
U.S. Soybean Production, Consumption, Exports, and Ending Stocks, 2015-2024



Brazil Production Soybean, Corn, Cotton, and Wheat, 2000-2024



World per Capita Consumption of Corn, Soybeans, and Wheat, 2000-2024



Corn Supply and Demand Summary

- US estimated corn ending stocks for the 2024/25 marketing year have been decreased for over 2 billion to 1.5 billion from September to January.
- Argentina cut its corn planting by 20% because of disease issues (corn stunt disease).
- South America production will be key for price direction in soybeans and corn.
- What will use planted acreage allocation be?
 - 2024 – 90.6 million acres of corn; 87.1 million acres of soybeans; Jan-Mar Futures Price Ratio was 2.49
 - 2025 price ratio = 2.28



Old Crop, New Crop, Basis

CORN AND SOYBEAN PRICES

Corn Nearby Daily Futures Price, Jan 2021-Jan 2025

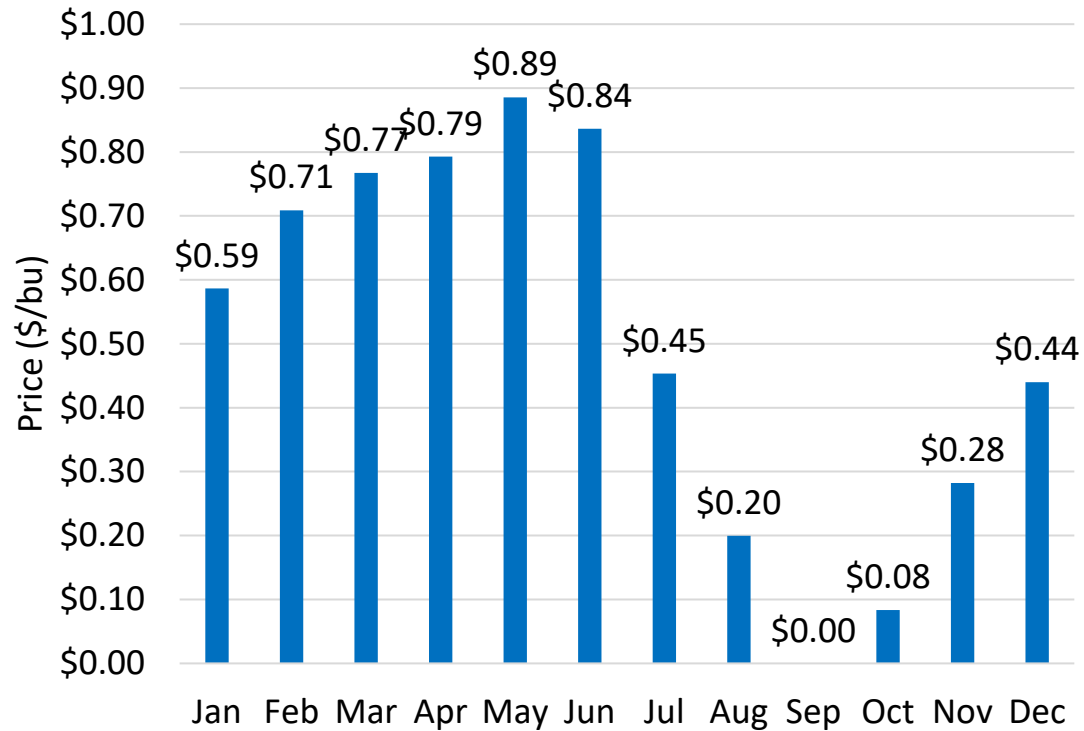


Soybean Nearby Daily Futures Price, Jan 2021-Jan 2025

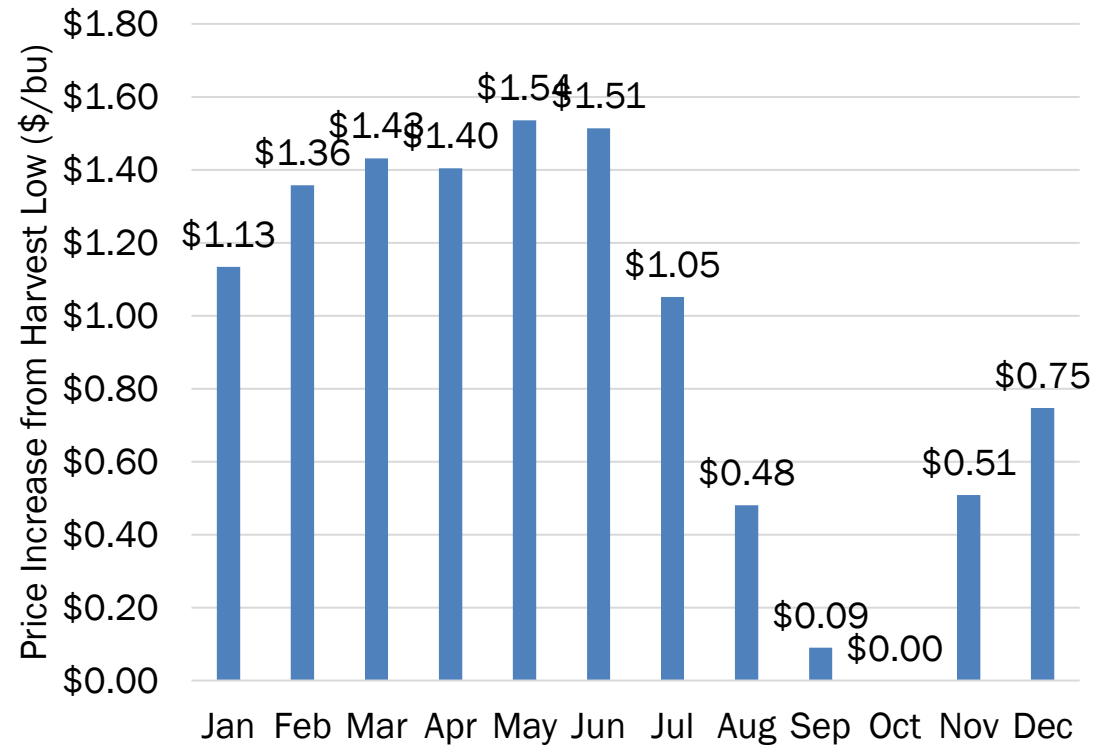


Storage

Tennessee Corn - 10 Year Average Cash Price Improvement from the September Low, 2013/14 to 2023/24



Tennessee Soybean - 10 Year Average Cash Price Increase from the October Low, 2013/14 to 2023/24

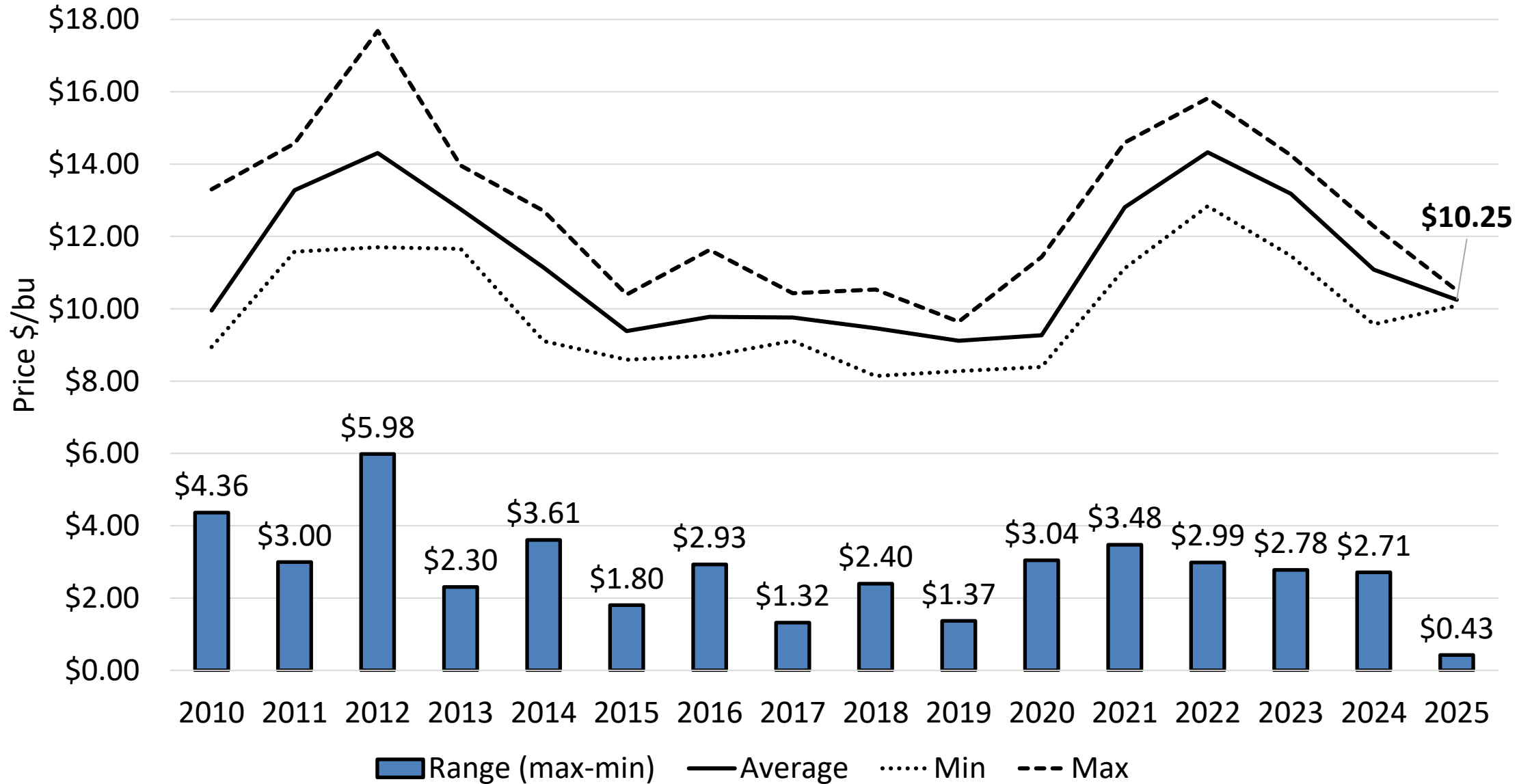


Basis Opportunities

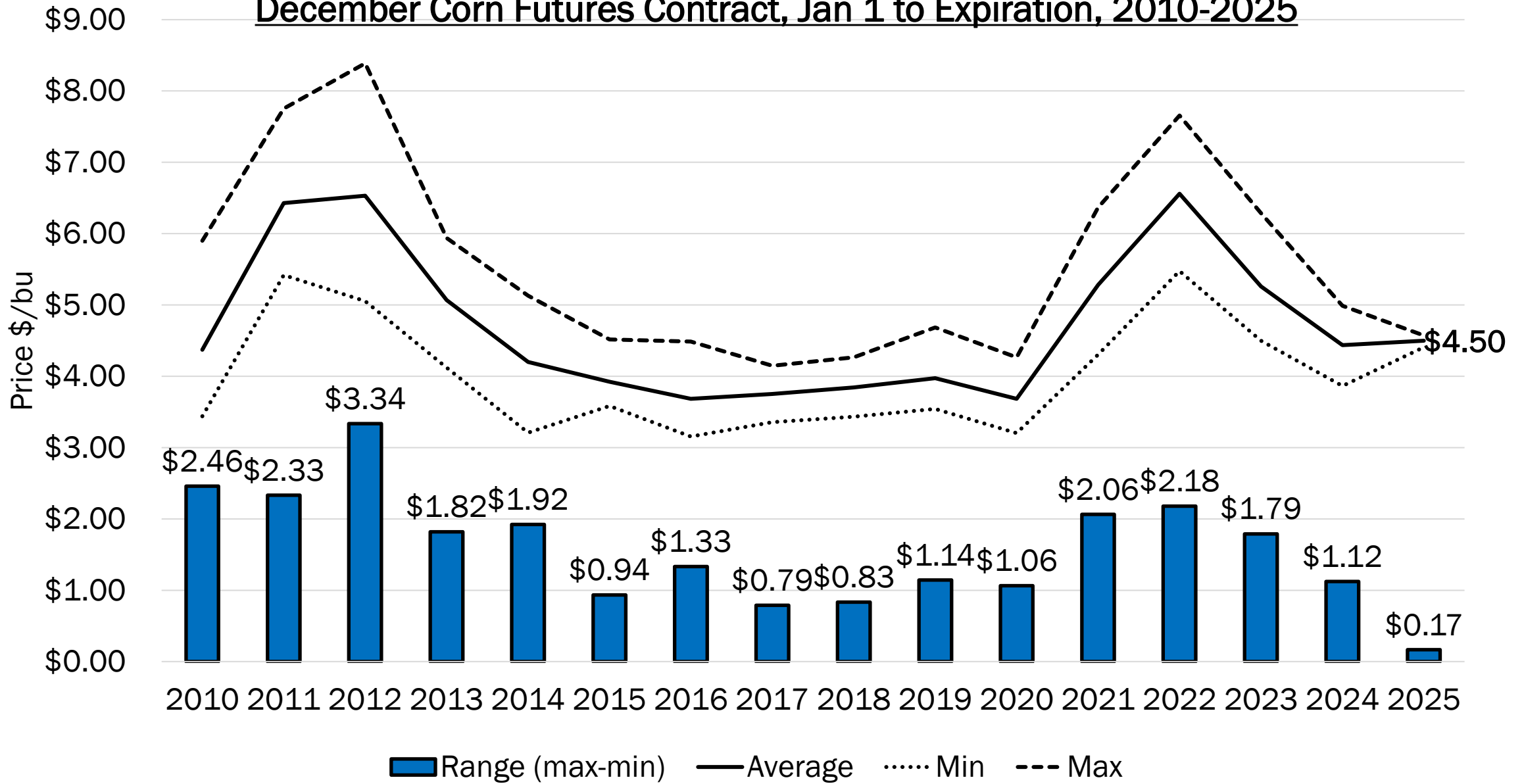
- Production
- Storage capacity
- Transportation
- Market Access



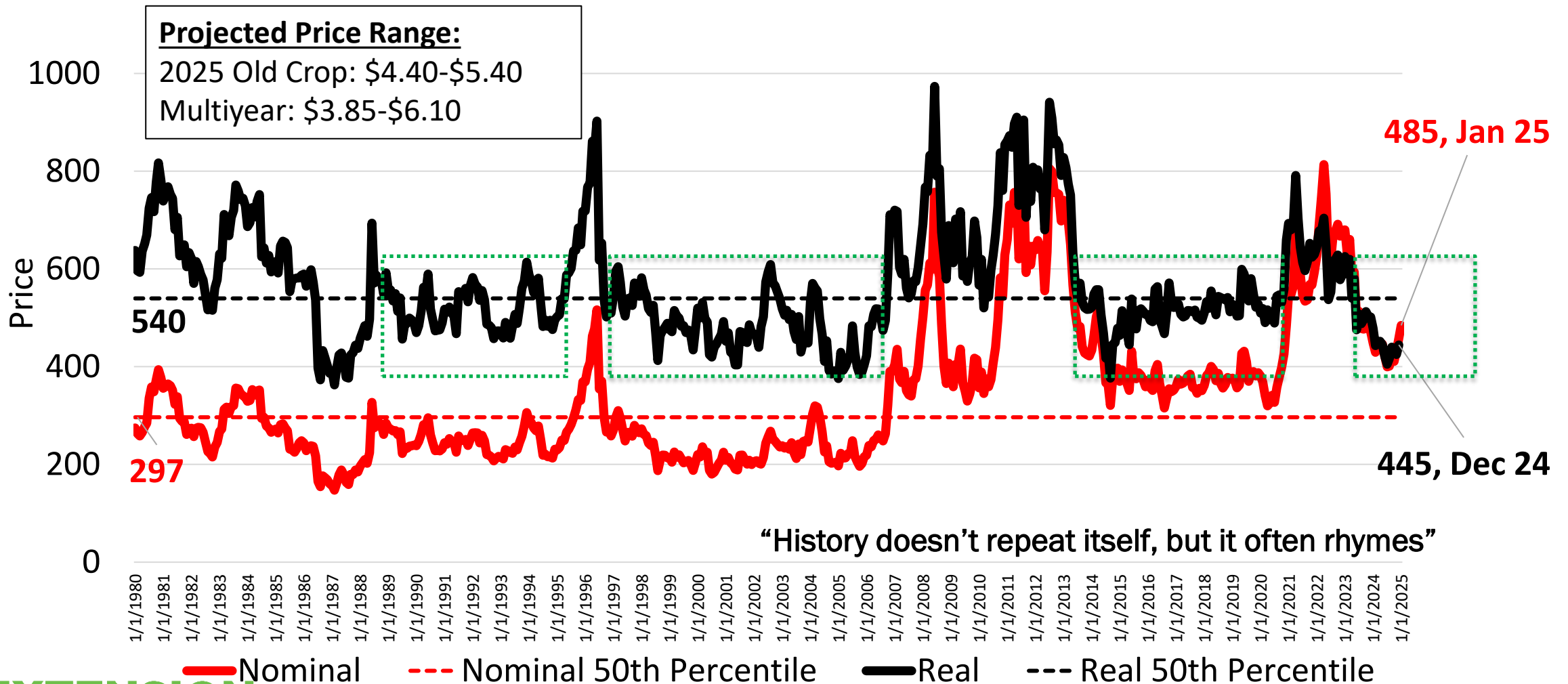
November Soybean Futures Contract, Jan 1 to Expiration, 2010-2025



December Corn Futures Contract, Jan 1 to Expiration, 2010-2025



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

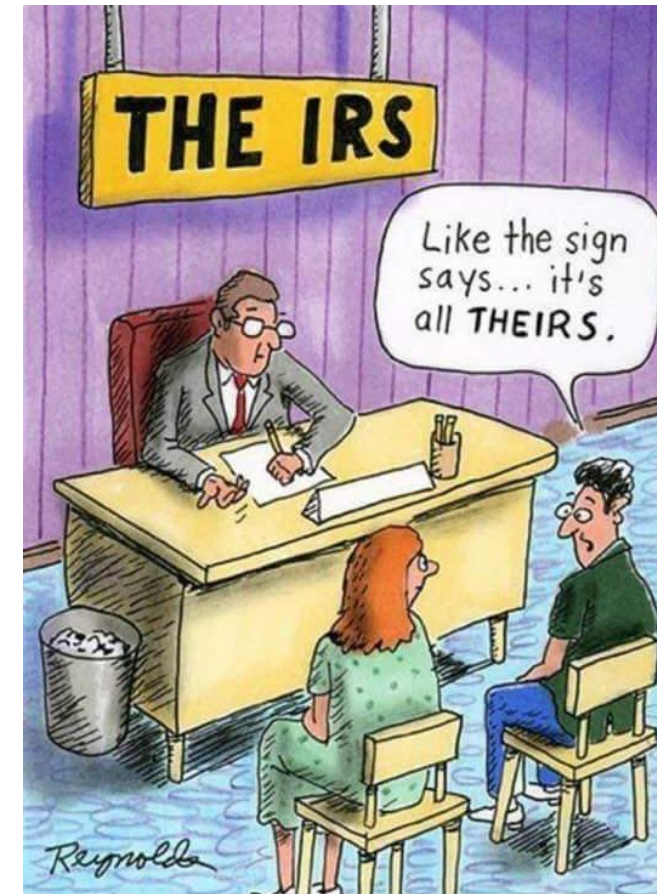


2025 Futures Price Projections

	Old Crop	New Crop
Corn	\$4.40-\$5.40	\$3.85-\$6.10
Soybean	\$9.75-\$11.50	\$9.25-\$12.00
Cotton	\$0.65-\$0.73	\$0.65-\$0.77
Wheat	\$5.25-\$6.25	\$5.30-\$6.20

Who's in Your Support Network?

- Lawyer
- Accountant
- Crop Insurance Agent
- **Agricultural Lender**
- Broker / Marketer
- Consultant / Agronomist / Vet
- Extension Agent / Specialist



Marketing Plan

- Understand your market
- Determine cost of production
- Identify risks and timing
- Identify available tools
- Develop a plan
- Execute and evaluate



2025 Corn, Non-Irrigated Budget

	<u>Unit</u>	<u>Quantity</u>	<u>Price</u>	<u>Total</u>	<u>Your Farm</u>
Revenue					
Corn	Bu/acre	175	\$4.60	\$805.00	_____
Variable Expenses					
Seed	Thous.	32	\$3.88	\$124.16	_____
Fertilizer & Lime	Acre	1	\$208.15	\$208.15	_____
Chemical	Acre	1	\$72.27	\$72.27	_____
Crop Scout or Consultant	Acre	1	\$10.00	\$10.00	_____
Repair & Maintenance	Acre	1	\$45.98	\$45.98	_____
Fuel, Oil & Filter	Acre	1	\$22.09	\$22.09	_____
Operator Labor	Acre	1	\$13.98	\$13.98	_____
Crop Insurance	Acre	1	\$16.66	\$16.66	_____
Operating Interest	%	\$513.28	8.00%	\$20.53	_____
Total Variable Expenses				\$533.81	_____
Return Above Variable Expenses				\$271.19	_____
Fixed Expenses					
Machinery Capital Recovery	Acre	1	\$121.63	\$121.63	_____
Overhead	Acre	1	\$20.00	\$20.00	_____
Cash Rent	Acre	1	\$117.00	\$117.00	_____
Management Labor	Acre	1	\$25.00	\$25.00	_____
Total Fixed Expenses				\$283.63	_____
Total Expenses				\$817.45	_____
Return Above Specified Expenses				-\$12.45	_____
Cash Cost per Bushel				\$3.83	_____
Economic Cost per Bushel				\$4.67	_____

Develop a budget for the commodities produced on your farm.

- Estimate the cost for the production cycle
 - Cash expenses
 - Non-cash expenses
- Sensitivity to changes in cost categories
- Determine breakeven
- Identify price points

2025 Tennessee Crop Budget Summary

Commodity & Production Process	Revenue (\$/Acre)	Variable Expenses (\$/Acre)	Fixed Expenses (\$/Acre)	Returns Over Specified Costs	Cash Cost per Bushel	Economic Cost per Bushel
Corn (175 bu)	\$805	\$534	\$284	(\$12)	\$3.83	\$4.67
Soybeans (50 bu)	\$520	\$315	\$271	(\$67)	\$9.04	\$11.73
Wheat (80 bu)	\$468	\$310	\$264	(\$106)	\$5.59	\$7.17
Cotton (1,150 lb)	\$828	\$598	\$334	(\$104)	\$0.64	\$0.81

Corn - Net Return Table (\$/acre): \$817 COP

		<u>Yield (bu/acre)</u>										
		130	140	150	160	170	180	190	200	210	220	230
<u>Price</u> (\$/bu)	3.00	(427)	(397)	(367)	(337)	(307)	(277)	(247)	(217)	(187)	(157)	(127)
	3.25	(395)	(362)	(330)	(297)	(265)	(232)	(200)	(167)	(135)	(102)	(70)
	3.50	(362)	(327)	(292)	(257)	(222)	(187)	(152)	(117)	(82)	(47)	(12)
	3.75	(330)	(292)	(255)	(217)	(180)	(142)	(105)	(67)	(30)	8	45
	4.00	(297)	(257)	(217)	(177)	(137)	(97)	(57)	(17)	23	63	103
	4.25	(265)	(222)	(180)	(137)	(95)	(52)	(10)	33	75	118	160
	4.50	(232)	(187)	(142)	(97)	(52)	(7)	38	83	128	173	218
	4.75	(200)	(152)	(105)	(57)	(10)	38	85	133	180	228	275
	5.00	(167)	(117)	(67)	(17)	33	83	133	183	233	283	333
	5.25	(135)	(82)	(30)	23	75	128	180	233	285	338	390
	5.50	(102)	(47)	8	63	118	173	228	283	338	393	448
	5.75	(70)	(12)	45	103	160	218	275	333	390	448	505
	6.00	(37)	23	83	143	203	263	323	383	443	503	563
	6.25	(5)	58	120	183	245	308	370	433	495	558	620
	6.50	28	93	158	223	288	353	418	483	548	613	678
6.75	60	128	195	263	330	398	465	533	600	668	735	

Identifying Risk and Timing

- When does production risk occur?
- When does risk decrease?
- When are prices typically highest?
- Are markets near the top of the cycle or bottom?

What are futures markets telling us?

- Corn: \$4.40 to \$5.40
- Soybean: \$9.75 to \$11.50
- Wheat: \$5.25 to \$6.20
- Cotton: \$0.65 to \$0.73

How long are you willing to store old crop?

Contract	Price
Mar	\$4.97
May	\$5.07
Jul	\$5.09
Sep	\$4.70
Dec	\$4.66

Contract	Price
Mar	\$10.60
May	\$10.75
Jul	\$10.88
Aug	\$10.82
Sep	\$10.62
Nov	\$10.63

Contract	Price
Mar	66.66
May	67.80
Jul	68.96
Oct	69.23
Dec	68.92

Contract	Price
Mar	\$5.62
May	\$5.76
Jul	\$5.88
Sep	\$6.01
Dec	\$6.20

Percent of projected production priced at different times of the year?

No Storage

- Pre-planting: 10-25%
- March–July: 25-75%
- August-Harvest: 75% - 100%

Storage

- Pre-planting: 0%-25%
- March–July: 0%-50%
- August-Harvest: 25-75%
- Post harvest: 25%-100%

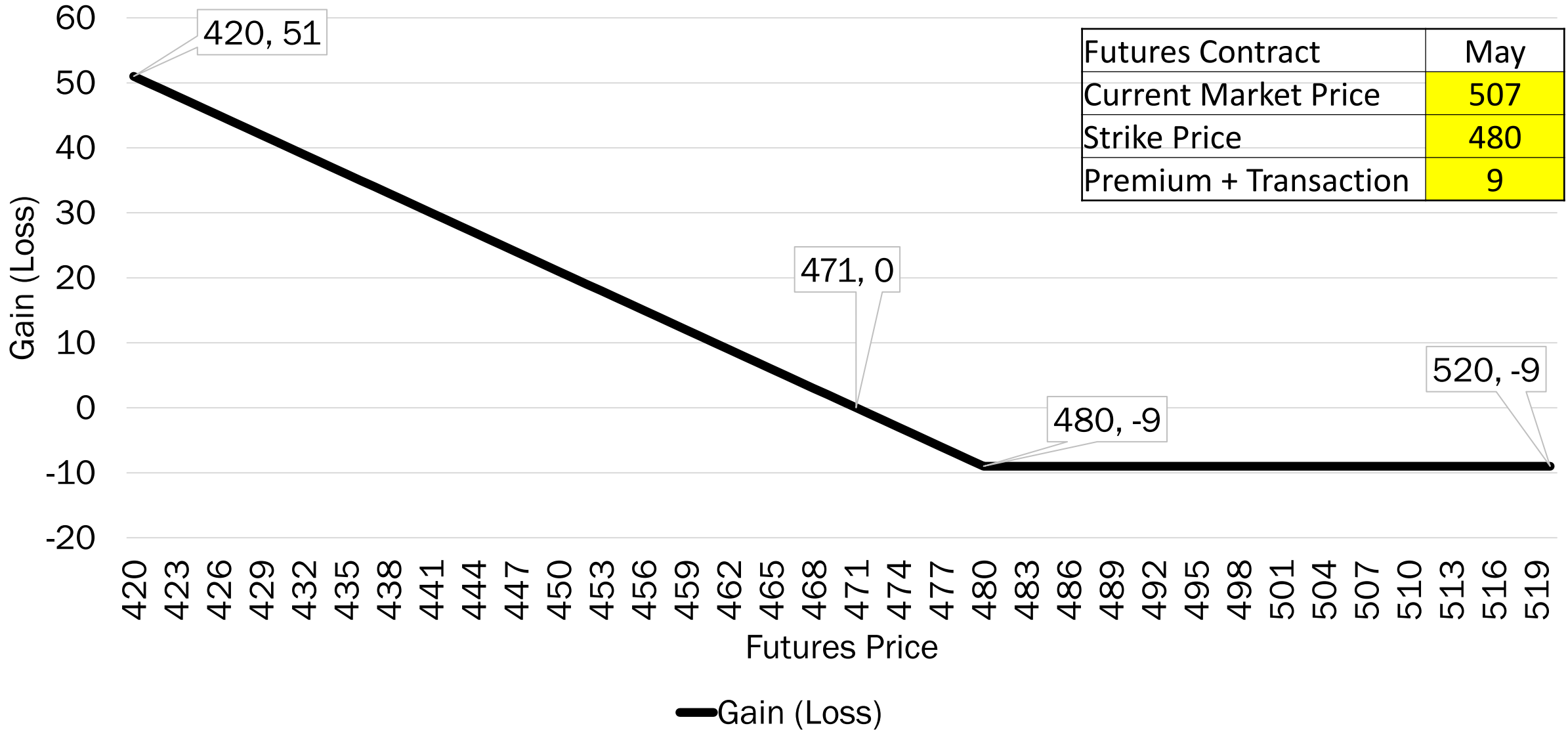
Pricing into market rallies

- Price incrementally (5-10% of production for each 25-cent increase in the market)
- Adhere to limits (don't over price relative to expected production for the time of year)

Futures and Basis

- Disaggregate Cash Price
 - Cash Price = Futures Price + **Basis**
 - Ex. \$5.17 = \$4.97 + \$0.20
- Futures ~ 80-95% of price risk
- Basis ~ 5-20% of price risk
- Futures are reflective of national/global supply and demand
- Basis is reflective of local supply and demand

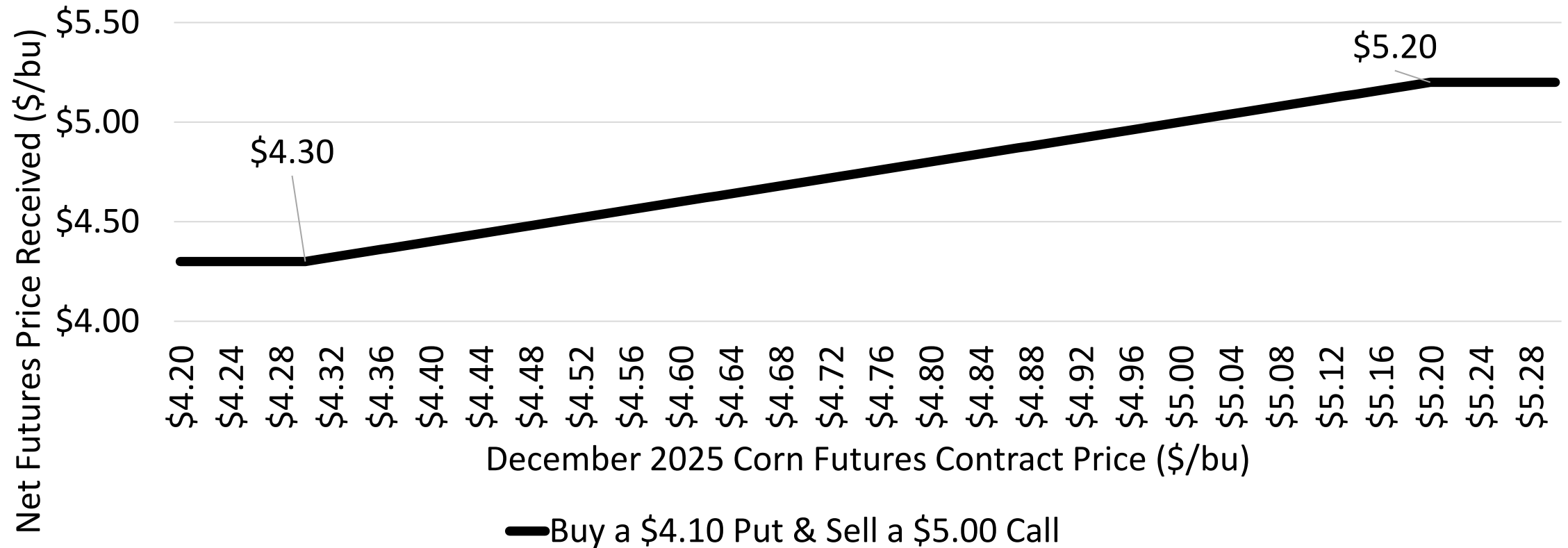
Buy a May Corn Put Option - Net Gain (Loss)



Futures Contract	May
Current Market Price	507
Strike Price	480
Premium + Transaction	9

Option Fence

December Corn: Buy a \$4.30 Put & Sell a \$5.20 Call; Premium Washed Out



— Buy a \$4.10 Put & Sell a \$5.00 Call

Take Home Message

- 2024 was a challenging production year for many Tennessee row crop farmers
- Prices have increased from recent lows. 2025 prices are uncertain but will likely be in a lower price environment than 2022/2023.
- Managing profit margin, not price is essential
- Utilize risk management and marketing tools

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THANK YOU

