

# Tariffs and Market Outlook

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# Tariffs

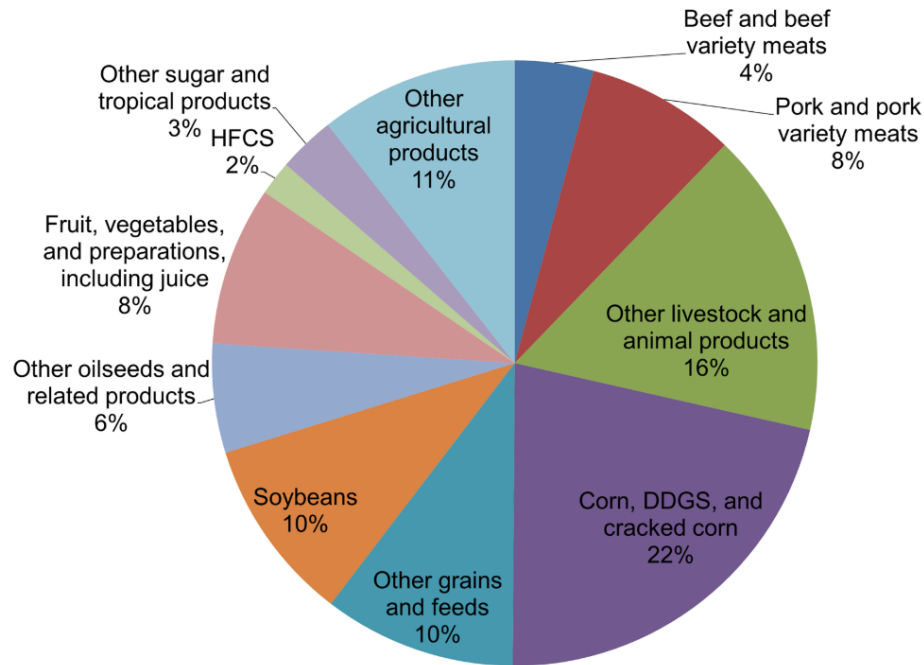
- U.S. increased China tariffs 10% in February and an additional 10% in March.
- U.S. implemented 25% (10% on Canadian Energy) tariff on imports from Canada and Mexico.
- China retaliatory tariffs on agricultural products.
  - 10% tariffs on sorghum, soybeans, pork, beef, seafood, fruit, vegetables, and dairy products.
  - 15% tariffs on chicken, wheat, corn, and cotton.
- Canada 25% reciprocal tariff that will be imposed on US\$107billion of American goods (several Ag categories).
- Mexican will respond with its own retaliatory tariffs. Products will be announced Sunday.



# US-Mexico Agricultural Trade, 2023

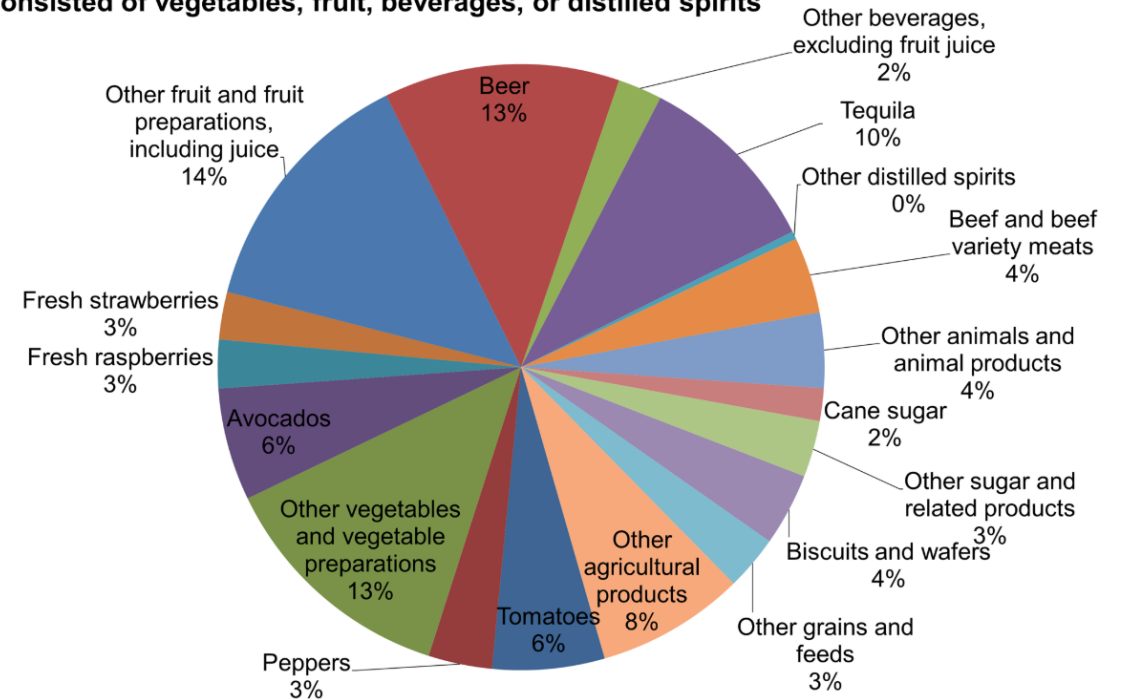
**US Ag Exports to Mexico=\$28.4 billion, 2023**

Grains, oilseeds, meat, and related products made up 76.0 percent of U.S. agricultural exports to Mexico in 2023



**US Ag Imports from Mexico=\$45.4 billion, 2023**

In 2023, 72.5 percent of U.S. agricultural imports from Mexico consisted of vegetables, fruit, beverages, or distilled spirits



Source: USDA ERS <https://www.ers.usda.gov/topics/international-markets-us-trade/countries-regions/usmca-canada-mexico/mexico-trade-fdi>

# Total U.S.-Canada Agriculture and Agri-food Trade (\$72.6B) 2023

**U.S. Agricultural Exports to Canada =  
US\$32 billion**

- Grain Alcohol: \$1.7 billion
- Food Preparations: \$1.5 billion
- Baked Goods: \$1.3 billion
- Dog or cat food: \$1.2 billion
- Corn: \$864 million

**U.S. Agricultural Imports from Canada =  
US\$40.5 billion Including:**

- Baked Goods: \$5.0 billion
- Canola Oil: \$4.8 billion
- Beef and Pork: \$3.6 billion
- Chocolate: \$2.0 billion
- Frozen fries and other prepared potatoes: \$1.7 billion

**Tennessee Ag Exports to Canada \$307 million; Imports  
\$475 million**

Source: AAFC <https://agriculture.canada.ca/en/international-trade/market-intelligence/us-and-mexico/canada-united-states-bilateral-trade/united-states-trade-canada-and-canadas-trade-united-states>

# Corn, Cotton, Soybeans, and Wheat

	Canada	Mexico	China	3 Country Total
Corn	5%	32%	17%	53%
Cotton	0%	5%	26%	31%
Soybeans	1%	10%	52%	62%
Wheat	0%	16%	7%	24%

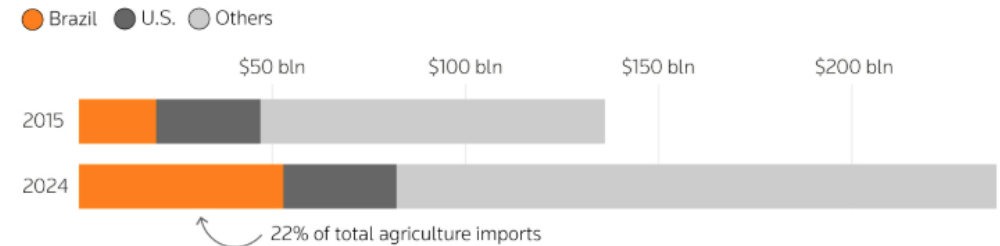
Percent of 2024 US Production Projected to be Exported all Countries:

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

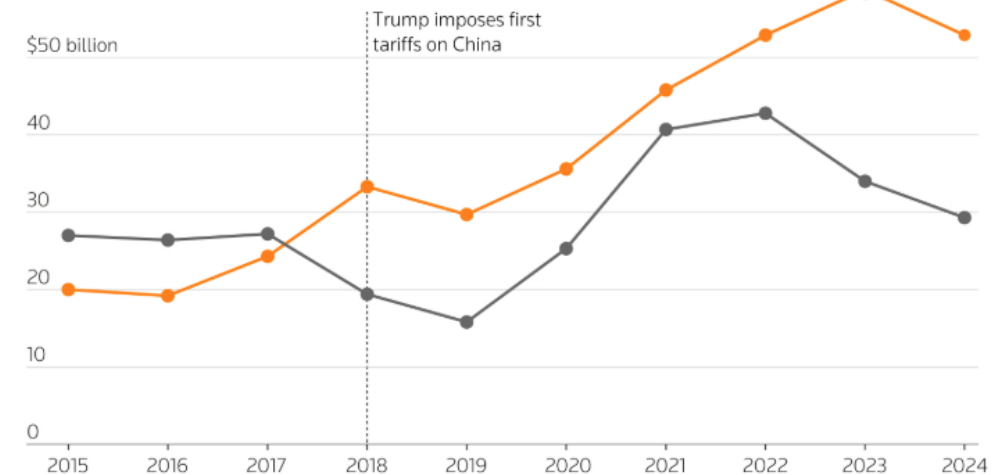
# Tariff Takeaways

- Lower prices for corn, soybeans, cotton, and wheat.
- Increased price volatility and uncertainty.
- Potentially elevated input prices (potash, oil & gas etc.).
- Increased costs to consumers.
- Potential supply chain shifts.
- Potential for further loss of market share to Brazil.

## CHINA'S AGRICULTURE IMPORTS



## AGRICULTURE IMPORTS FROM TOP TWO SUPPLIERS



Source: Trade Data Monitor

Kripa Jayaram • Jan. 27, 2025 | REUTERS

The chart has two sections, one bar chart showing the share of Brazil and the United States in China's total agriculture imports in 2015 and 2024, and another line chart showing the agricultural imports from Brazil and the U.S. between 2015 and 2024.



Corn, soybeans, wheat, and  
cotton

# MARKET OUTLOOK

# Futures and Basis

- Disaggregate Cash Price
  - Cash Price = Futures Price + **Basis**
  - Ex. \$10.55 = \$10.00 + \$0.55
- 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



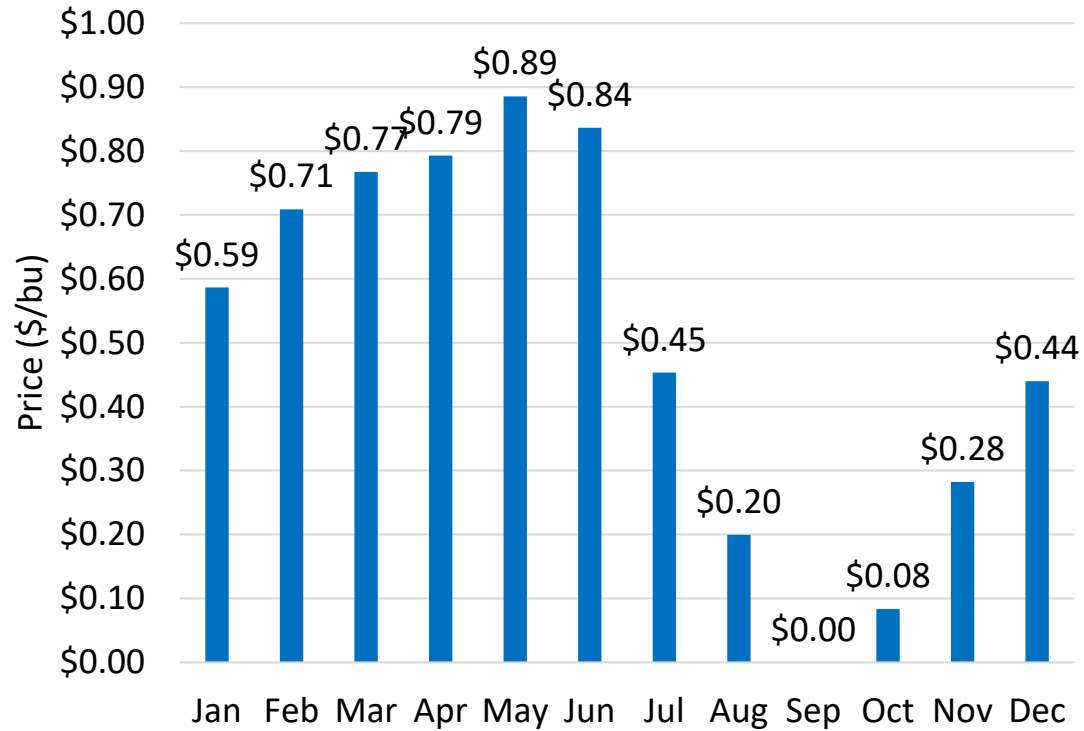
# Basis Opportunities

- Production
- Storage Capacity
- Transportation
- Market Access

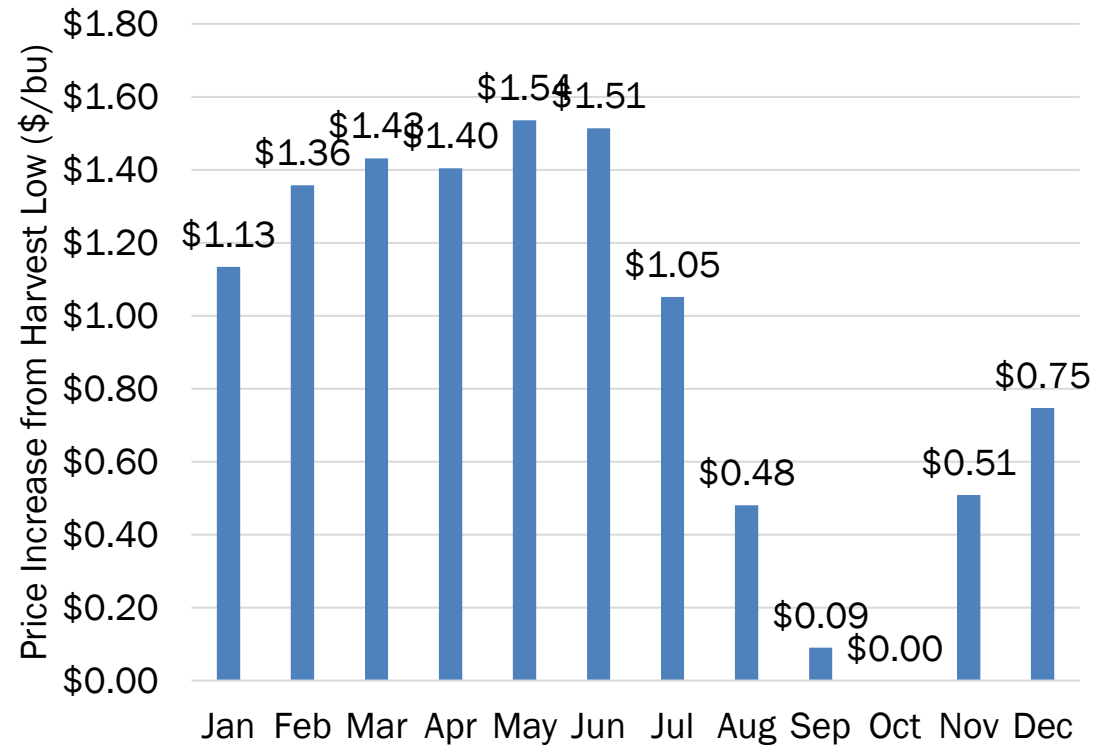


# Storage

**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**



# What are futures markets telling us?

How long are you willing to store old crop?

Contract	Price
May	\$4.51
Jul	\$4.59
<b>Sep</b>	<b>\$4.41</b>
<b>Dec</b>	<b>\$4.46</b>

Contract	Price
May	\$9.99
Jul	\$10.13
Aug	\$10.11
Sep	\$9.99
<b>Nov</b>	<b>\$10.03</b>

Contract	Price
May	63.24
Jul	64.52
Oct	66.62
<b>Dec</b>	<b>66.52</b>

Contract	Price
May	\$5.36
<b>Jul</b>	<b>\$5.51</b>
Sep	\$5.67
Dec	\$5.90



Opportunity Missed?

# OLD CROP PRICES

# Crop Insurance and ARC/PLC Elections

- 2025 Crop Insurance Projected Price
  - Corn: \$4.70/bu
  - Cotton: \$0.69/bu
  - Soybeans: \$10.54/bu
- ARC/PLC Enrollment Deadline March 15 (2025 crop)
  - Payments made on base not planted acres

Corn (ZCK25) O:456-0 H:459-2 L:442-4 C:451-4s ^ -4-6 (-1.04%) 03/04/25 DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ ⌵ ▾ Indicators Compare f(x) 1x1 ▾

Templates ⚙ ⬆ 🌙



# May 2025 Corn Futures

barchart

1D 5D 1M 2M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y Max 📅

⌵ % log

Data Source: Barchart

Soybean (ZSK25) O:1010-6 H:1013-0 L:991-0 C:999-0s ^ -12-4 (-1.24%) 03/04/25 DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ ⌵ ▾ Indicators Compare f(x) 1x1 ▾

Templates ⚙ ⬆ 🌙

ZSK25 · 1D ·

# May 2025 Soybean Futures



barchart

1D 5D 1M 2M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y Max 📅

⌵ % log

Data Source: Barchart

Wheat (ZWK25) O:547-6 H:551-6 L:530-0 C:536-6s ^ -11-0 (-2.01%) 03/04/25 DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ ⏏ ▾ Indicators Compare f(x) 1x1 ▾

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barchart

Data Source: Barchart



Cotton #2 (CTK25) O:65.51 H:65.51 L:62.54 C:63.24s ^ -2.27 (-3.47%) 03/04/25 DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ ⌵ ▾ Indicators Compare f(x) 1x1 ▾

Templates ⚙ ⬆ 🌙

CTK25 · 1D

# May 2025 Cotton Futures



barchart

1D 5D 1M 2M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y Max 📅

⌵ % log

Data Source: Barchart



Prices and strategies

# NEW CROP

# 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%

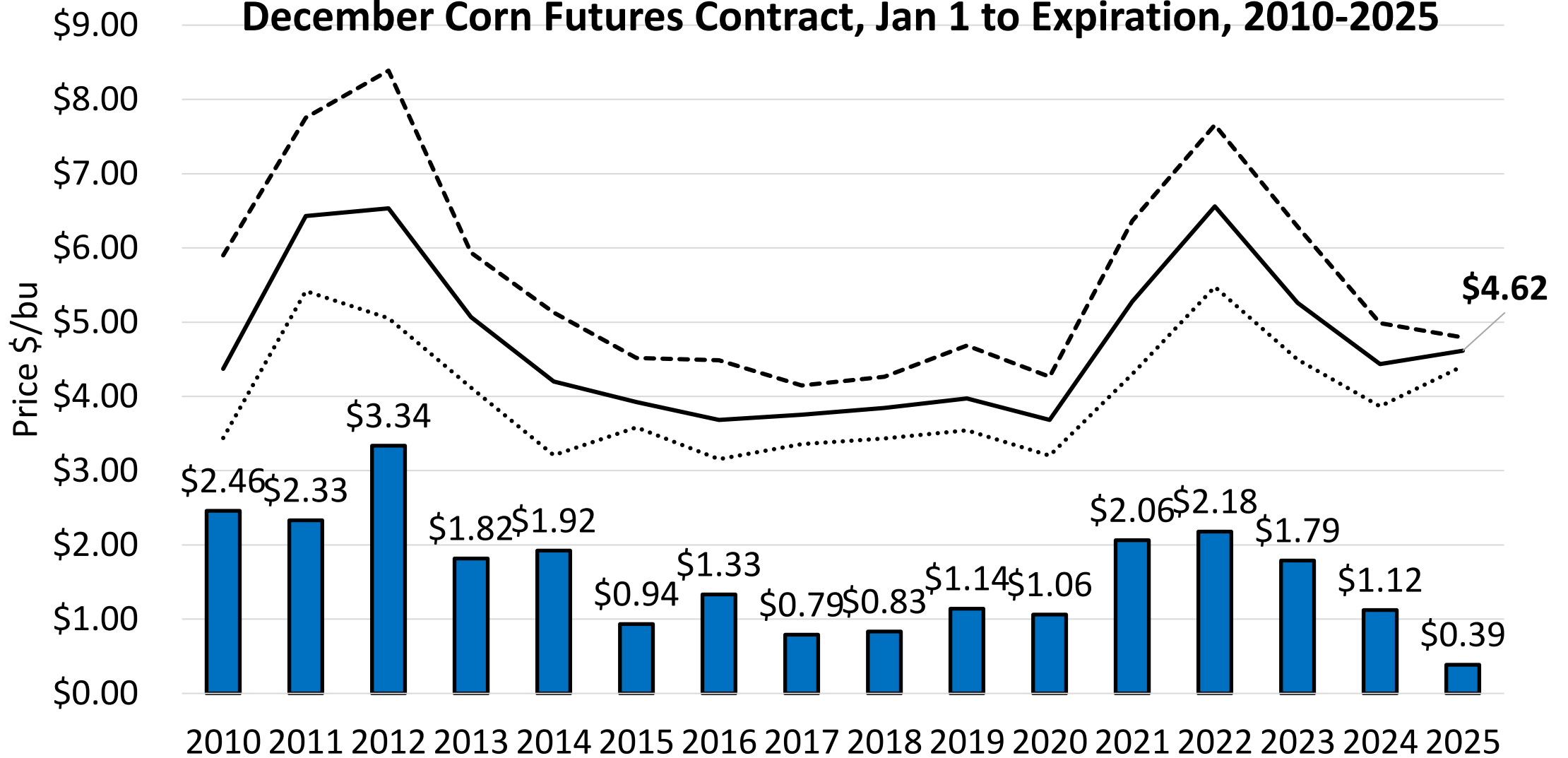
## Storage

- 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)

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

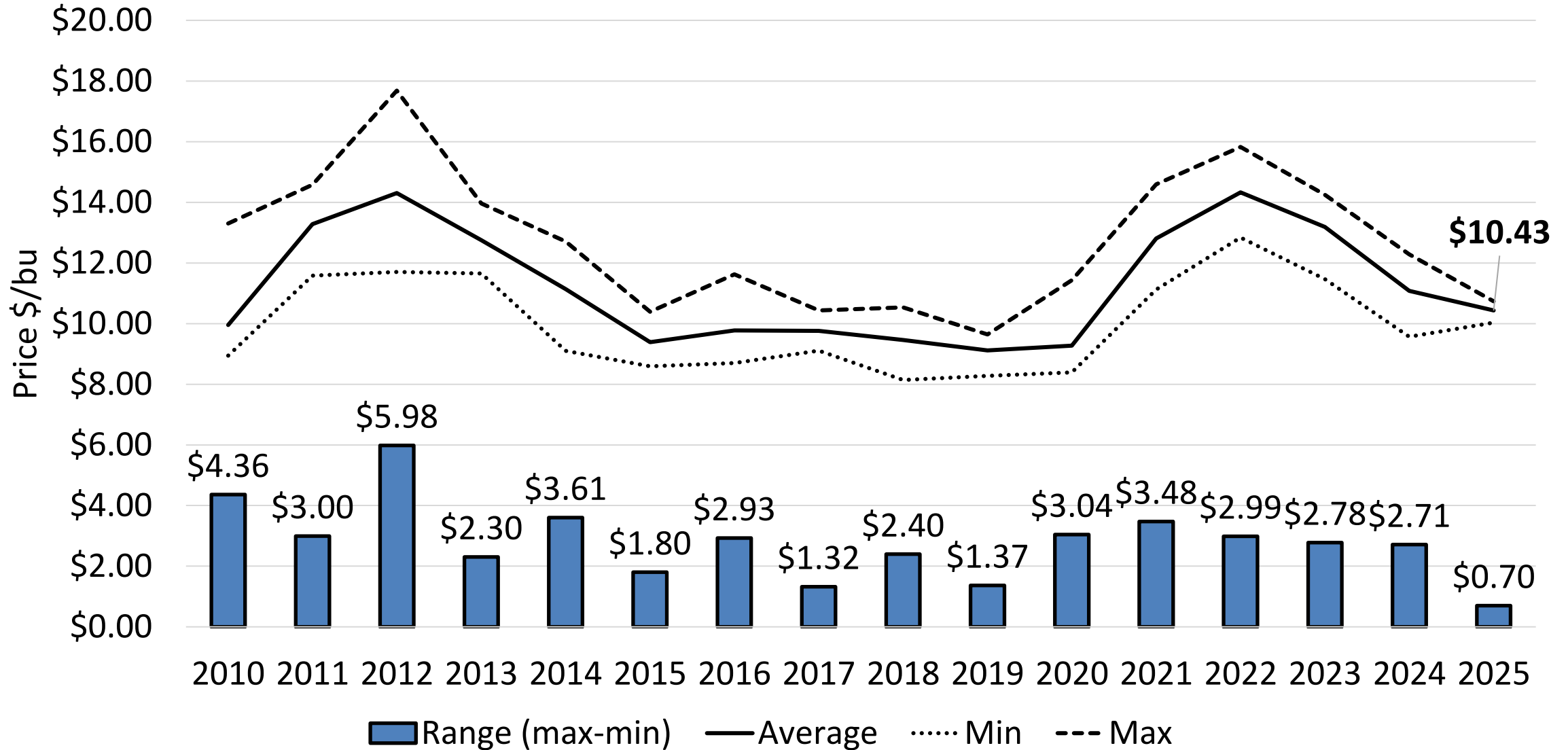


■ Range (max-min)   
 — Average   
 ⋯ Min   
 --- Max

Data Source: Barchart

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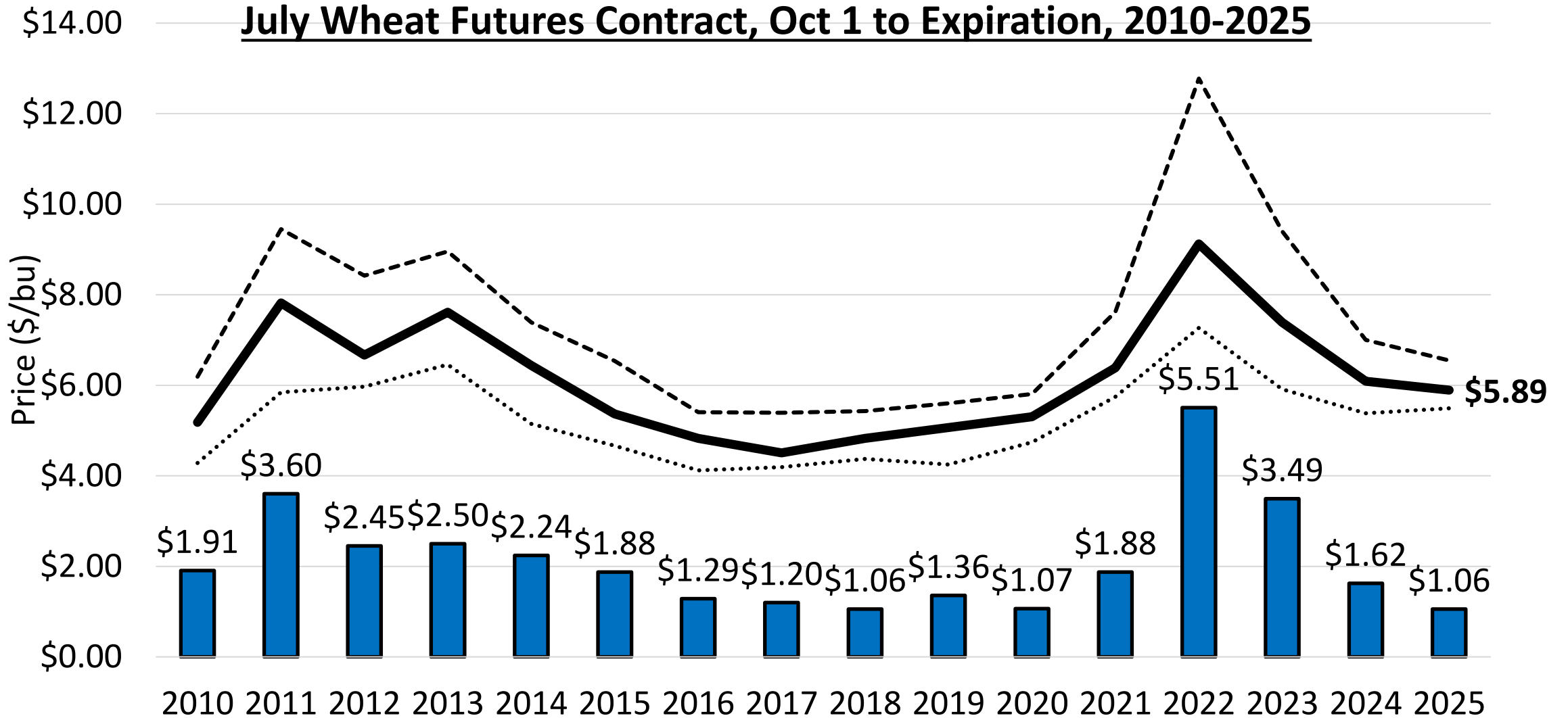
# November Soybean Futures Contract, Jan 1 to Expiration, 2010-2025



Data Source: Barchart

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# July Wheat Futures Contract, Oct 1 to Expiration, 2010-2025

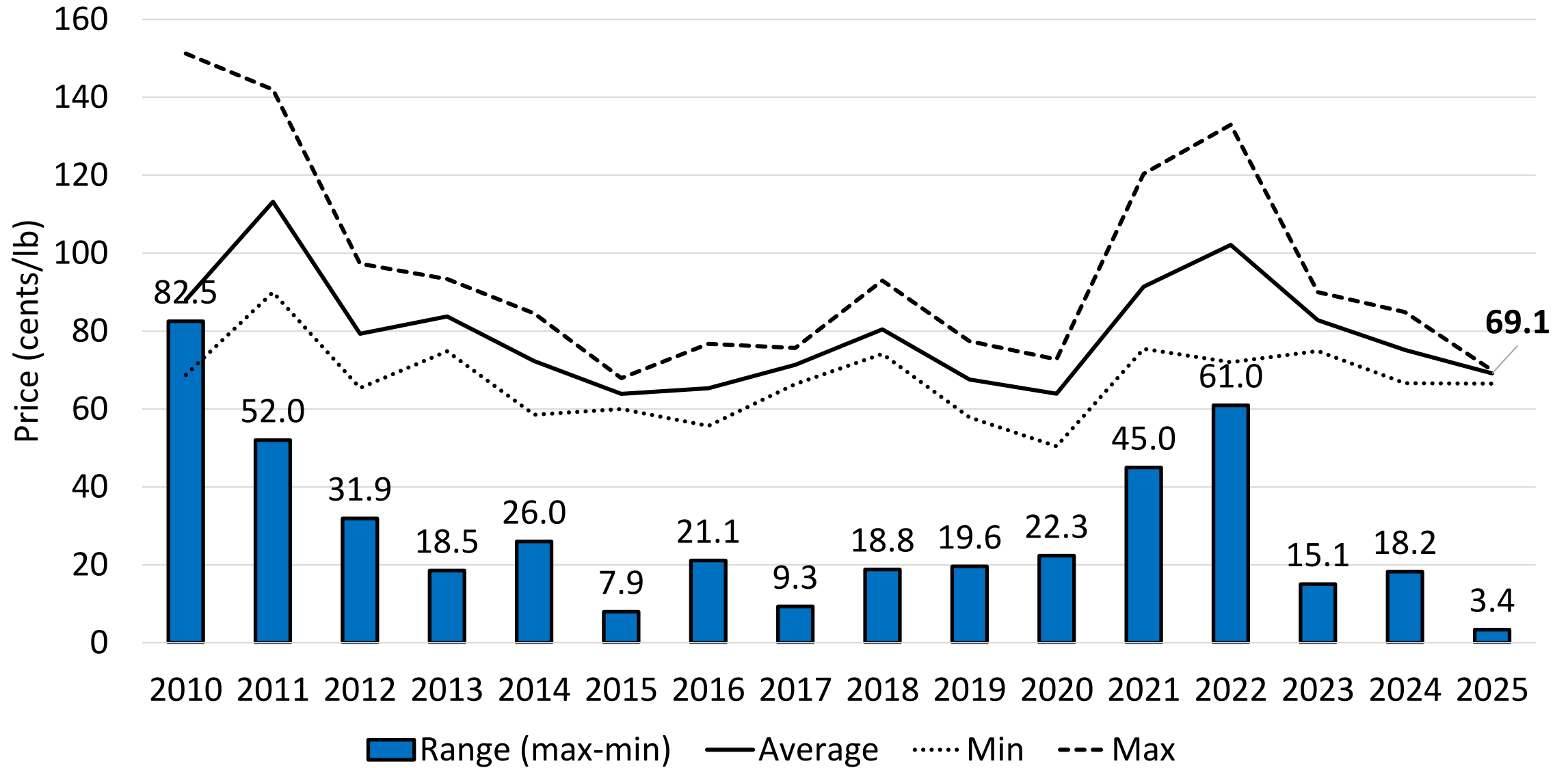


■ Range (max-min)  
 — Average  
 ⋯ Min  
 --- Max

Data Source: Barchart

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# December Cotton Futures Contract, Jan 1 to Expiration, 2010-2025



# 2025 Futures Price Ranges

	Old Crop	New Crop
Corn	\$4.20-\$5.00	\$3.85-\$6.10
Soybean	\$9.60-\$10.60	\$9.25-\$12.00
Cotton	\$0.61-\$0.69	\$0.64-\$0.77
Wheat	\$5.00-\$5.80	\$5.00-\$6.25



# Execute and Evaluate

- Make all decisions based on well thought analysis and risk preferences.
  - Wishing and hoping ruin good marketing and risk management plans.
- Execute the strategy – be comfortable with the potential range of outcomes.
- Examine successes and failures from the strategy employed
  - Was the result what you expected?
  - Why or why not?

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# THANK YOU

