

AgCountry Farm Credit Services
MAY 2024 MARKET UPDATE
Cody Didier, Marketing Education Specialist

Grain markets are seeing some bullishness after recent events. Changing seasons, U.S. planting, and surprises in South America have generated a buzz for grains. Reports were mixed for cattle, hogs, and dairy.

Corn

Old and new crop corn encountered more volatility than in quite some time throughout the trading month. Old crop corn trading off the July 2024 contract traded between \$4.35 and \$4.72, in a \$0.37 trading range. New crop corn trading off the December 2024 futures traded between \$4.59 and \$4.92, spanning \$0.33. This is the highest we have seen the old crop July 2024 and new crop December 2024 contracts trade since January 12, 2024. Markets are volatile right now as U.S. planting is in full swing and the threat of storms can send markets in either direction.

This month's World Agricultural Supply and Demand Estimates (WASDE) report was overall slightly bullish for corn. Total production is estimated at 14.86 billion bushels. Ending stocks are estimated at 2.022 billion bushels, down 100 million bushels from April's report as a result of a higher forecasted use of ethanol and higher exports.

News out of South America has helped prices. The Buenos Aires Exchange lowered their production estimate to 1.791 billion bushels on reports that Argentinian farmers are battling an insect disease. This estimate is well below the 2.087-billion-bushel figure that USDA estimates. Brazil's production is estimated at 4.803 billion bushels, down 79 million bushels from April's report of 4.882 billion bushels.

Soybeans

Soybean futures also brought excitement by traded through volatility. Old crop soybeans trading off the July 2024 contract traded in a \$1.11 range, between \$11.45 and \$12.56 futures. This was the contracts first time trading above \$12.50 since January 25, 2024. New crop soybeans trading off the November 2024 contract traded in an \$0.84 range, between \$11.46 and \$12.30. Following suit with the old crop soybeans, this was the first time the November 2024 contract traded at \$12.30 since January 2, 2024.

The major news in soybean markets is excess moisture in Brazil. Heavy rains have led to flooding concerns with a potential of a one-quarter of the crop stranded in the fields in some areas. Brazil crop scouts are estimating a potential loss of 73 to 147 million bushels with additional quality issues on production as well.

This month's WASDE report was overall neutral for soybeans. Total production for soybeans is estimated at 4.450 billion bushels—20 million bushels above the average trade estimate. U.S. ending stocks are estimated at 445 million bushels above the average trade estimate of 432 million bushels.

Argentina's production is estimated at 1.837 billion bushels, which is unchanged from last month's report. Brazil's production is estimated at 5.659 billion bushels which, or 36 million bushels lower than April's report.

Spring Wheat

Spring wheat futures have had an incredible month. Old crop spring wheat trading off the July 2024 contract traded in \$0.92 range, between \$6.39 and \$7.31. This is the first-time trading at the \$7.30 level in the July 2024 contract since January 9, 2024. New crop spring wheat had an amazing month as well, trading between \$6.49 and \$7.35 in a \$0.86 range. That's the highest trading level since January 16, 2024.

The all wheat production estimate is at 1.858 billion bushels. This estimate is 31 million bushels below the average trade estimate. The all wheat ending stocks are estimated at 766 million bushels—20 million bushels below the average trade estimate.

Sugar Beets

Continued beet pile shrinkage lowered U.S. beet sugar production for 2023/2024 by 49,102 short tons, raw value to a total of 5.095 million short tons, raw value. Sugar beet production for 2024/2025 is estimated slightly higher at 5.111 million short tons, raw value.

Ethanol

Flat gasoline consumption estimates left corn used for ethanol estimates unchanged compared to last year. The U.S. Energy Information Administration left their estimates unchanged for both 2024 and 2025. They predict ethanol production will average 1.03 million barrels per day, which is up from 1.02 million barrels per day in 2023.

Lean Hogs

Growth in pigs per litter is estimated to increase pork production. Exports in 2024 were lowered due to a reduction in recent demand. High pork exports are expected in 2025 with a bump in forecasted demand.

Feeder/Live Cattle

Second half estimates got a boost from heavier weights and increased slaughter production. Exports also rose month over month. This news didn't help cattle price estimates, which was lowered due to increased selling pressure.

Exports for 2025 were lowered due to a tighter U.S. supply. This did, however, result in 2025 price estimates to be above 2024.

Dairy

An increase in dairy cows and rapid growth in output per cow sent 2024 milk production higher. Exports were lowered on both fat and skim-solids basis. Class III milk prices forecasted higher with higher estimated cheese prices. Milk supplies are estimated higher resulting in prices for cheese, butter, nonfat dry milk, and Class III milk to forecasted lower than 2024.