

AgCountry Farm Credit Services
October 2024 MARKET UPDATE
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The corn and soybean markets have shown the strongest volatility in several months over the last trading month largely due to rising drought concerns in South America. The spring wheat market received much-needed bullish news of drought concerns from southern Russia and Eastern Ukraine along with continued war efforts between the two countries.

Corn

New crop corn trading off the December 2024 contract traded in a \$0.33 range, between \$4.34 and \$4.01 futures during the trading month. With harvest in full swing along with corn going in the bins, one must look at the deferred months as well. The March 2025 contract traded in a \$0.36 spread, between \$4.52 and \$4.16 futures. For both trading months, they traded at the highest level since late July.

USDA increased U.S. yield estimate by 0.2 bushels to an estimated 183.8 bushels per acre in this month's USDA World Agricultural Supply and Demand Estimates (WASDE) report. This would be a record U.S. yield if it occurs. Production increased 17 million bushels to an estimated 15.203 billion bushels. Ending stocks decreased 58 million bushels to 1.999 billion bushels due to lower beginning stocks.

Soybeans

New crop November 2024 soybeans traded in a \$0.70 range over the last month, between \$10.69 and \$9.99 futures. Soybeans trading off the March 2025 contract traded in a \$0.67 range, between \$10.9 and \$10.32 futures. Both contract months traded the highest since late July. USDA lowered the estimated yield by 0.1 bushels to 53.1 bushels per acre—which is still a record yield—in the latest WASDE. Production was lowered 4 million bushels to an estimated 4.582 billion bushels following the slight decrease in yield. This estimation is still a record yield. Ending stocks were left unchanged at 550 million bushels.

Market transitions will soon take place as U.S. farmers finish harvest and all eyes will be on South American weather.

Spring Wheat

Spring wheat trading off the December 2024 contract traded in a \$0.51 range, between \$6.55 and \$6.04 futures. Spring wheat trading off the March 2025 contract traded in a \$0.50 range, between \$6.76 and \$6.26. Both contracts traded at the highest levels since late June. The USDA's WASDE report lowered U.S. ending stocks by 16 million bushels to 812 million bushels from last month's report.

The market movers in spring wheat this month were from drought concerns in southern Russia and Eastern Ukraine. War efforts between those two countries also continue to play a role with Russia

striking a second grain ship in the Black Sea at the port of Odesa in Ukraine along with the other ships being struck near the port of Pivdennyi.

Sugarbeets

U.S. sugar supply for 2023/2024 was cut 47,192 short tons, raw value to 14.894 short tons, raw value. Sugarbeet production increased 185,000 tons to 35.573 million tons following a new increase to the estimated yield at 33.1 tons per acre.

Ethanol

Going into the final quarter of 2024, the U.S. Energy Information Administration (EIA) estimates that ethanol production will average 1.05 million barrels per day during the final quarter of 2024. The EIA estimates that ethanol production will average 1.04 million barrels per day during the first and second quarter, 1.02 million barrels per day in the third quarter, and then 1.05 million barrels per day in the final quarter of 2025.

Lean Hogs

Pork production estimates dropped along with lower slaughter rates and dressed weights. The Quarterly Hogs and Pigs report estimates pork production will rise in 2025 due to a larger hog supply based on farrowing intentions. Pork exports for 2024 were lowered but expected to increase in 2025. Price forecasts are estimated higher throughout the end of 2024 carrying into the first half of 2025 resulting from estimated demand.

Feeder/Live Cattle

Unlike the hog market, a higher slaughter rate along with heavier dressed weights result in an increase in beef production. Exports for 2024 are lowered and unchanged for 2025. Price estimates increased throughout 2024 and carried into the first quarter of 2025 due to continued demand.

Dairy

Lower growth in milk per cow led to lower milk production estimates for 2024. This will also carry into 2025's milk production estimates as well. Fat basis exports are unchanged for 2024 but increased for 2025 based on forecasting for higher butter shipments. Skim-solids exports rose for 2024 due to higher nonfat dry milk shipments. Exports for 2025 did fall, however. For both 2024 and 2025 Class III milk prices are estimated lower due to the decrease in cheese prices.