

AgCountry Farm Credit Services
FEBRUARY 2024 MARKET UPDATE
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The market throughout February has continued to be overwhelmed with bearish influences leaving it very difficult to create a bullish turnaround. The February USDA World Agricultural Supply and Demand Estimates (WASDE) report isn't known to be as impactful as the January report. This month all eyes were waiting on the updated South American production estimates. The report fooled us a little, bringing very little change to South American production while making large movements to U.S. supply.

Corn

Over the course of the month, old crop corn futures trading off the March 2024 contract traded in a \$0.24 range between \$4.53 and \$4.29, creating new contract lows. New crop corn trading off the December 2024 contract traded in a narrow \$0.16 range between \$4.84 and \$4.68—the lowest trading level since October 2021.

U.S. ending stocks are noteworthy. Ending stocks increased 10 million bushels to 2.172 billion bushels, above average trade estimate of 2.134 billion bushels. We are at the highest ending stocks in 5 years.

The USDA left Argentina's production unchanged from last month's estimate at 2.165 billion bushels. This number is slightly below the average trade estimate of 2.192 billion bushels. USDA lowered Brazil's production from January's estimate by 118 million bushels to 4.881 billion bushels, also slightly below the average estimate of 4.893 billion bushels.

Soybeans

Old crop soybeans trading off the March 2024 contract traded in a \$0.68 range between \$12.47 and \$11.79 futures throughout the month. New crop soybeans trading off the November 2024 contract traded in a \$0.49 range between \$12.11 and \$11.62. These are the lowest trading levels for both contracts since early June of 2023.

Looking at South America's estimates, Argentina's production was unchanged at 1.837 billion bushels, below the average trade estimate of 1.866 billion bushels. Brazil's production decreased 36 million bushels to 5.732 billion bushels, above the average trade estimate of 5.621 billion bushels.

The big question in soybeans is how big is Brazil's production? There are many different estimates within the trade, most of which are lower than USDA's current estimate.

U.S. ending stocks increased by 35 million bushels for a total of 315 million bushels. This is well above the average trade estimate of 282 million bushels, and now the highest ending stocks in four years.

Spring Wheat

The wheat market has again continued to descend throughout the month. Old crop spring wheat trading off the March 2024 contract traded in a \$0.33 range, between \$7.11 and \$6.78 futures. New crop spring wheat trading off the September 2024 contract traded in a \$0.37 range, between \$7.29 and \$6.92 futures. Contract lows were set across the board in spring wheat futures. U.S. ending stocks increased 10 million bushels from last month's report to 658 million bushels.

Sugarbeets

Due to a decrease in production of 23,392 short tons, raw value U.S. sugar supply decreased. Beet processors estimate a beet pile shrink of 79,297 short tons raw value, bringing total to 5.327 million short tons raw value.

Ethanol

The U.S. Energy Information Administration (EIA) reduced their production estimates from 1.02 million barrels per day to 1.01 million barrels per day for 2024. Production estimates for 2025 are currently at 1.02 million barrels per day.

Lean Hogs

Pork produced was cut due to a slower slaughter rate. However, export estimates rose with continued high demand since late 2023. Hog price estimates also rose for 2024 due to lower inventory and high demand.

Feeder/Live Cattle

Beef production increased month-over-month after a slower-than-expected rate of slaughter. Imports for 2024 also rose due to strong demand and a need of supply. The lowest cattle inventory in 73 years is driving cattle price estimates higher.

Dairy

Milk production estimates in 2024 dipped with lower-than-expected output per cow. Class III and Class IV milk prices are up for 2024 with strong domestic use and tight milk supply.