

AgCountry Farm Credit Services
JULY 2024 MARKET UPDATE
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The market focus over the past month was weather as the peak growing season is upon us. We have also witnessed speculators impacting the market. Corn and spring wheat both suffered tough trading months.

Corn

It was a tough month for corn as old crop and new crop corn hit new contract lows throughout the trading month. Old crop corn trading off the September 2024 contract traded in a \$0.66 range, between \$4.56 and \$3.90 futures. USDA increased corn acres by 1.5 million acres to 91.5 million acres in the latest World Agricultural Supply and Demand Estimates (WASDE) report, resulting in production to increase 240 million bushels to 15.1 billion bushels. New crop 2024-2025 exports increased 25 million bushels while old crop 2023-2024 exports increased 75 million bushels.

U.S. ending stocks were lowered 5 million bushels to 2.097 billion bushels. This is the highest ending stock figure since 2018 despite the estimate being well below the average pre-report estimates of 2.272 billion bushels.

USDA left Brazil's corn production estimate unchanged from June's estimate at 4.803 billion bushels while decreasing Argentina's corn production estimate 39 million bushels to 2.047 billion bushels.

Soybeans

Old crop soybeans trading off the August 2024 contract traded in a \$0.77 range, between \$11.79 and \$11.02. New crop soybeans trading off the November 2024 contract traded in a \$1.02 range, between \$11.61 and \$10.59.

The USDA WASDE report estimates soybean acres at 86.1 million acres creating a 4.435-billion-bushel production, which is 15 million bushels less than June's estimate. With the decrease in production as well as a 5 million bushel decrease in beginning stocks, U.S. ending stocks are estimated at 20 million bushels lower than June's estimate at 435 million bushels.

USDA left Brazil's production unchanged from June's estimate at 5.622 billion bushels while decreasing Argentina's production 18.37 million bushels to 1.819 billion bushels.

Spring Wheat

Corn wasn't the only commodity that had a tough trading month. New crop spring wheat futures traded in a \$0.93 range, between \$6.89 and \$5.96 creating new contract lows.

Several factors are creating this selloff. First, Russia is the world's largest wheat exporter and are once again expecting a large production. Another factor is that the USDA raised ending stocks 98 million bushels to 856 million bushels; that is up 22% from last year's ending stocks and the largest in five years.

Sugar Beets

An increase in production and imports led to the U.S. sugar supply rising 304,831 short tons, raw value to 14.682 million short tons, raw value. Beet production is estimated at 5.179 short tons, raw value due to a decrease in beet sugar from desugared molasses.

Ethanol

Ethanol production over the month averaged 1.067 million barrels per day, which is 19,000 barrels per day more than over the same month last year. The Energy Information Administration (EIA) reduced the overall 2024 ethanol production estimate to 1.03 million barrels per day, which is down from last month's estimate of 1.04 million barrels per day. The EIA reduced the overall 2025 ethanol production estimate to 1.02 million barrels per day. This is down from last month's estimate of 1.03 million barrels per day.

Lean Hogs

Increased weights for the second half of the year are forecasted from the June Quarterly Hogs and Pigs report. Farrowing intentions for the second half of the year led to increased pork production. Pork exports were lowered in 2024 and unchanged for 2025. Pork prices are lowered in 2024 and are forecasted to carry those prices into 2025 as well due to lower exports.

Feeder/Live Cattle

Increased steer and heifer slaughter led beef production to rise. Continued strong demand also pushed export expectations to rise. The 2024 cattle price estimates rose based on tight supplies and forecasted continued demand.

Dairy

Slower growth in milk per cow caused milk production to lower in 2024 and into 2025 as milk production offsets the cow inventory. An increase in exports in 2024 are expected due to strong butter and cheese exports. Export estimates for 2025 are lower on both fat basis and skim-solids basis. Decreased milk supplies are reflecting on stronger price estimates for cheese, butter, nonfat dry milk, whey as well as Class III and Class IV milk prices. The increased price estimates in 2024 are expected to carry into 2025 as well.