

**AgCountry Farm Credit Services**  
**DECEMBER 2023 MARKET UPDATE**  
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The December USDA World Agricultural Supply and Demand Estimates (WASDE) report usually isn't much of a market mover and this report was no different. The report portrayed corn, wheat, and soybeans as mostly neutral. There are, however, several numbers that catch your eye such as the higher corn and wheat exports, which lowered ending stocks. Throughout the month we have witnessed the market switching modes into focusing on South America weather where day-by-day forecasts can reflect substantial market movement.

**Corn**

Over the course of the month corn futures trading off March 2024 traded in a \$0.26 range between \$4.96 and \$4.70. This set new contract lows once again. The March 2024 contract is seeing resistance at the \$5.00 level and hasn't traded at or above \$5.00 futures since late October. New crop December 2024 futures contract traded in a narrow \$0.17 range between \$5.19 and \$5.02. The December 2024 contract is seeing resistance levels at \$5.20 and support levels at \$5.05.

The item of note is the corn export figure. USDA increased exports of 25 million bushels, which reflected directly back into ending stocks that dropped by 25 million bushels to 2.131 billion bushels. We are still well above last year's ending stocks of 1.361 billion bushels even after this month's drop.

The focus of this time of the year has turned to South America. Argentina's estimate was left unchanged from November's estimate at 55 million metric tons. This is well above last year's 34 million metric ton production. Brazil's corn estimate was also left unchanged from November's report at 129 million metric ton. This is lower compared to last year's production of 137 million metric tons.

**Soybeans**

Soybeans trading off the January 2024 contract traded in a \$1.06 range between \$13.98 and \$12.92. New crop November 2024 soybean futures traded in a \$0.59 range between \$13.17 and \$12.58 futures. Now is the time when South American weather begins to strongly impact the market. We have seen throughout the month that any favorable precipitation, even forecasted precipitation, lowers prices. We have also seen dry patterns in South America increase prices.

The report made no change to the supply and demand side of the balance sheet for soybeans, leaving ending stocks unchanged at 245 million bushels and well below last year's estimate at this time. Argentina production estimates were left unchanged from November's estimate of 48 metric tons. This is well above last year's production of 25 million metric tons. Brazil soybean production was lowered 2 million metric tons to 161 million metric tons and right in line with last year's production of 160 million metric tons.

### **Spring Wheat**

Old crop spring wheat trading off the March 2024 contract traded in a \$0.56 range between \$7.53 and \$6.97 futures. This set new contract lows along the way. The new crop September 2024 contract traded in a \$0.50 range between \$7.76 and \$7.26, setting new lows into place as well.

The wheat market saw the same interest as corn with an increase in exports of 25 million bushels reflecting a decrease in ending stocks of 25 million bushels. Ending stocks are now estimated at 659 million bushels, which is well above last year's estimate of 582 million bushels at this time.

### **Sugarbeets**

U.S. sugar supply increased by 119,852 short tons, raw value after imports increased. Production is unchanged, although exports increased 100,000 short tons, raw value, resulting in ending stocks of 1.624 million short tons, raw value.

### **Ethanol**

Ethanol production in the first week of December increased to 1.076 million barrels per day, marking a 19-week high, according to the Energy Information Administration (EIA). Ethanol stocks remain unchanged from last month, although 7.8% less than this same time last year.

### **Lean Hogs**

Pork production increased last month thanks to a higher slaughter rate. Future 2024 production was left unchanged but may see movement when the Quarterly Hogs and Pigs report is released on December 22, 2023. That report will bring a more advanced look into production for 2024. Prices were lowered for fourth quarter and into 2024.

### **Feeder/Live Cattle**

Production was left unchanged with lower-than-expected slaughter and higher dressed weights. Estimated beef production in 2024 was raised with higher slaughter and dressed weights expected. The cattle price forecast was lowered for the fourth quarter of 2023 and into 2024 as more placements are marketed in late 2023.

### **Dairy**

Milk production for 2023 is lowered because of slower-than-expected growth in milk per cow. Milk production in 2024 was also lowered due to a reduced number of milk cows and reduced milk per cow. Lower cheese and butter prices led to Class III and Class IV price forecasts being lowered.