

2024 Wisconsin Ag Outlook Forum

January 23, 2024



**TOTAL FARM
MARKETING**

BY STEWART-PETERSON

2024 Grain Market Outlook

Focus on the Year Ahead for the Corn and Soybean Markets



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Market Advisor

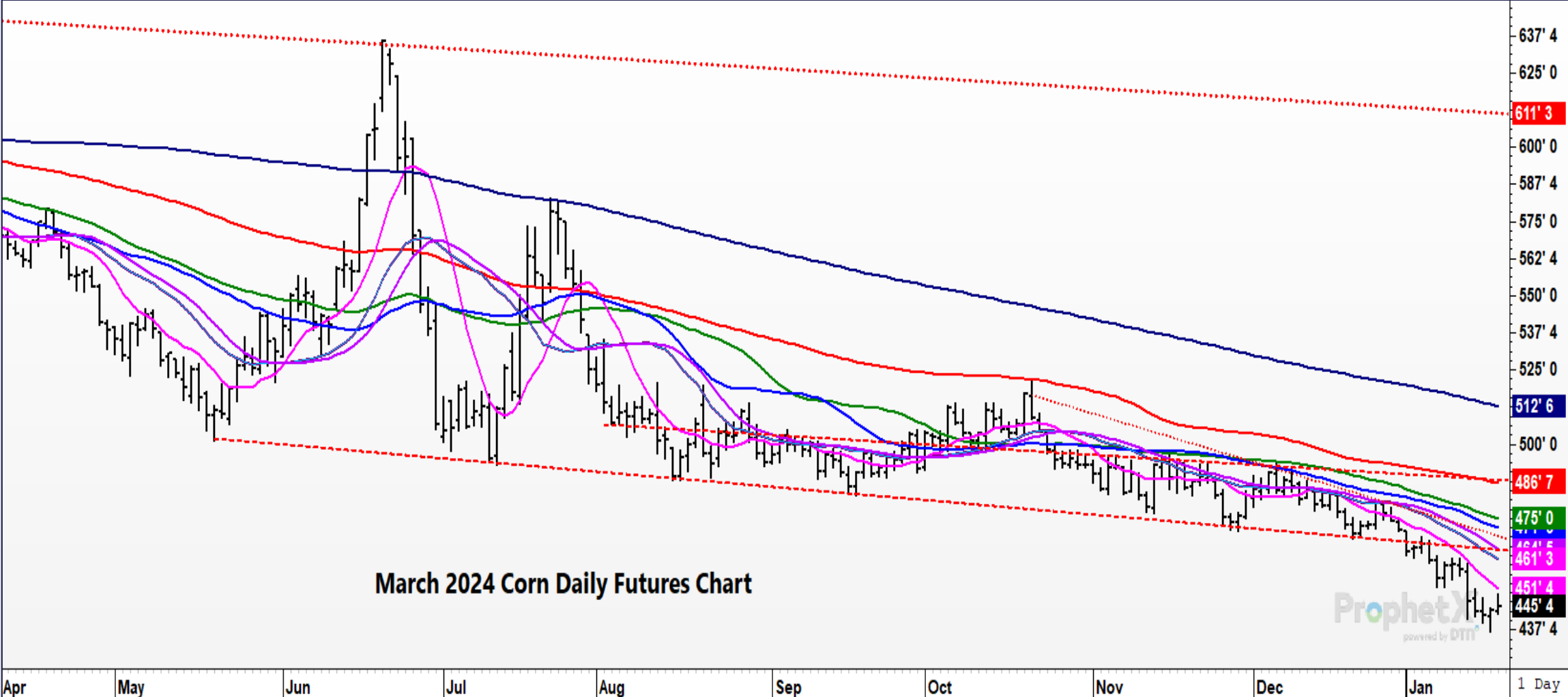
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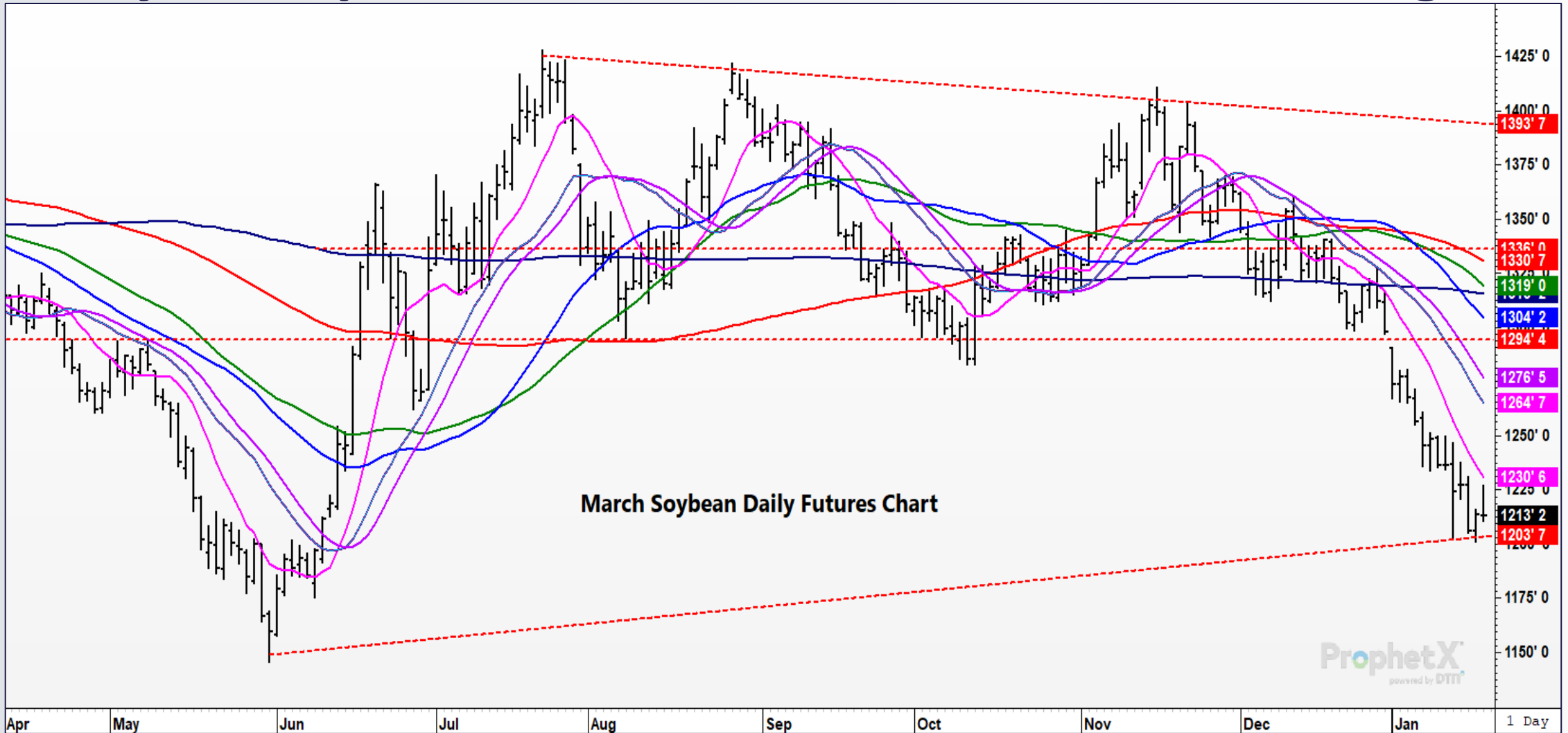
Corn prices have been on a slippery slope...



as supplies have been growing.



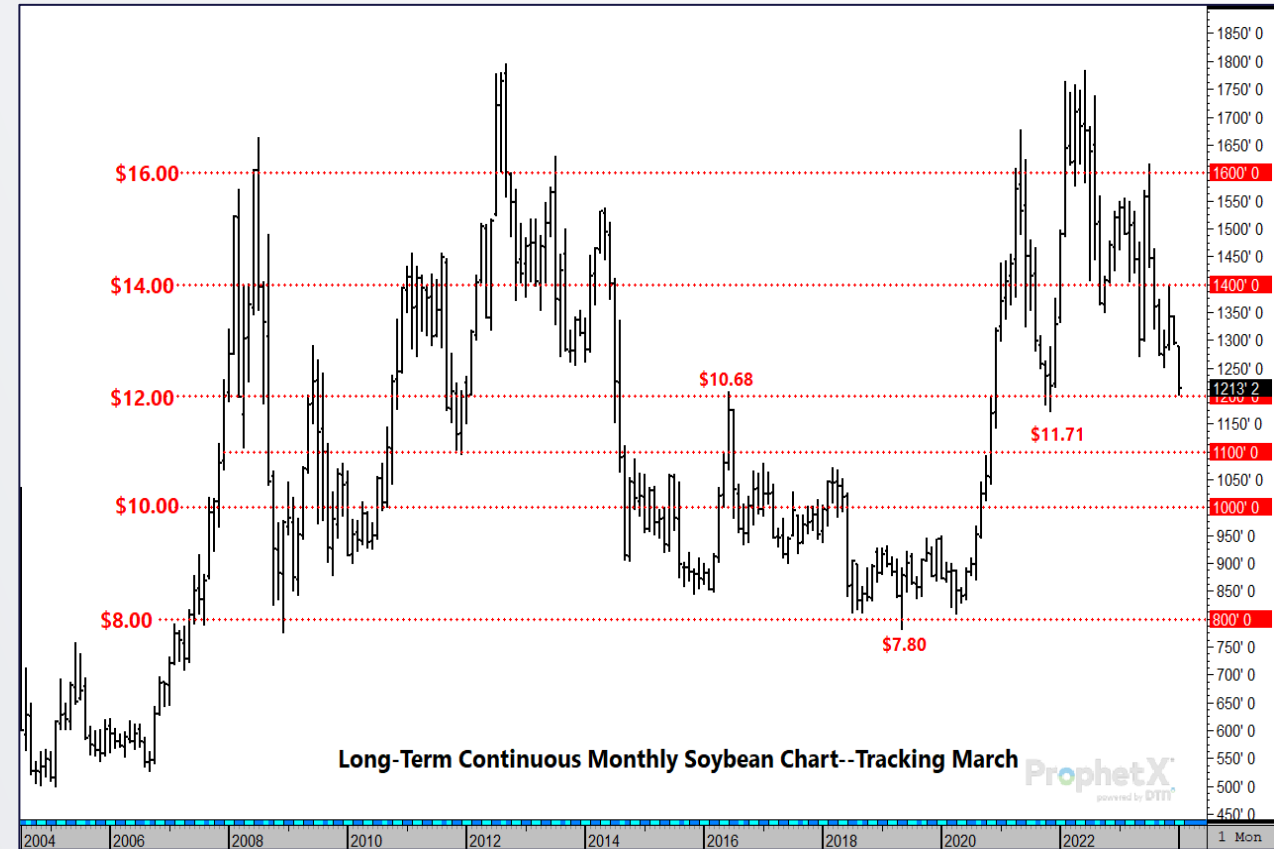
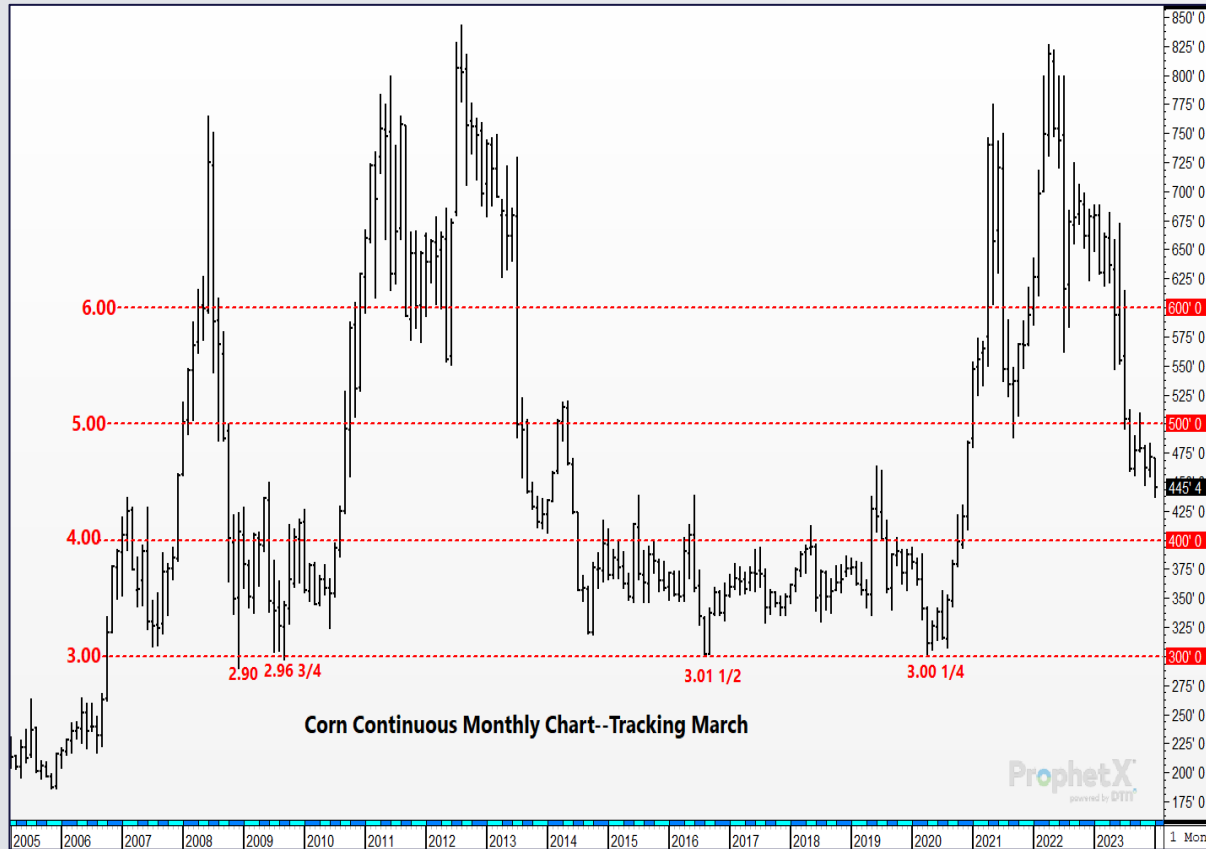
Soybean prices have seen more recent selling...



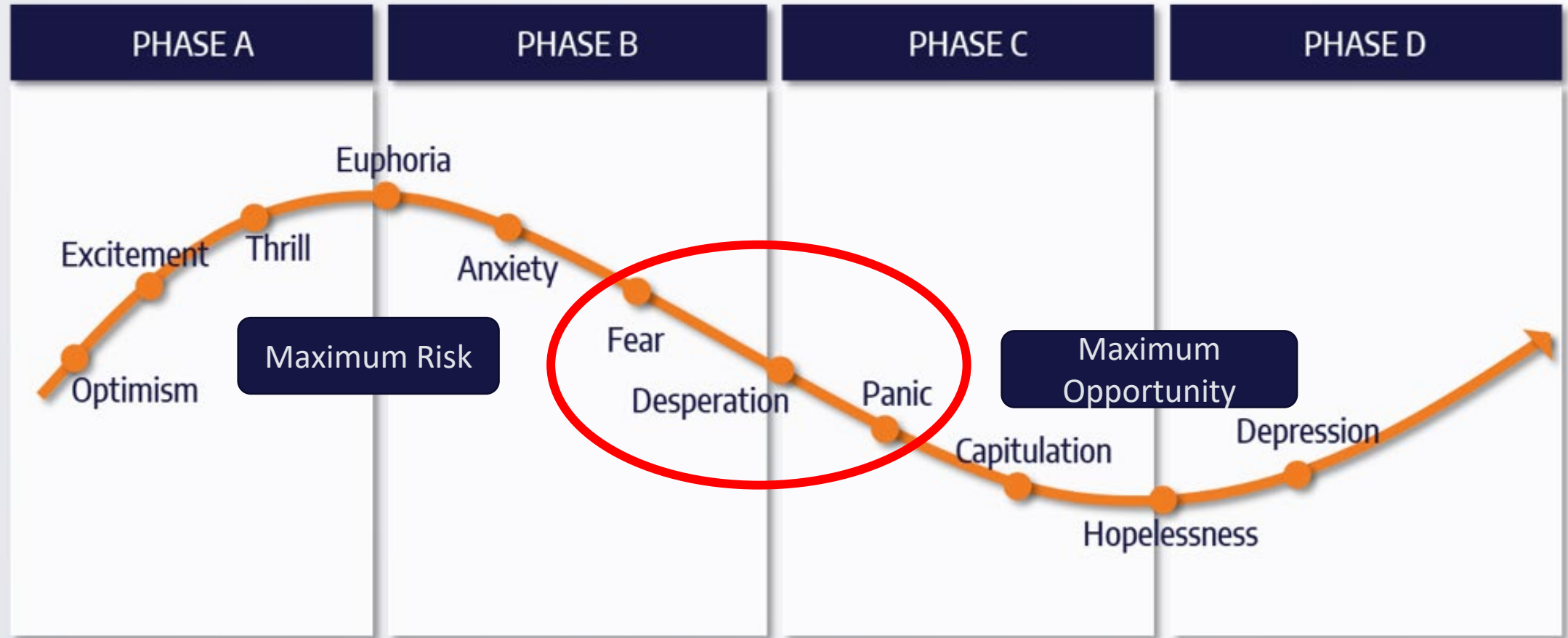
with South American weather and U.S. supplies, but...



...prices are reflecting current market conditions.



Producers are anxious about current market values



Looking into 2024....

What are the big things to watch in the grain markets?

1. The supply picture ~~is~~ growing overall supplies
2. Where is the demand?
3. The macro economic environment ~~and~~ the flow of money
4. The potential South American crop
5. The weather for 2024

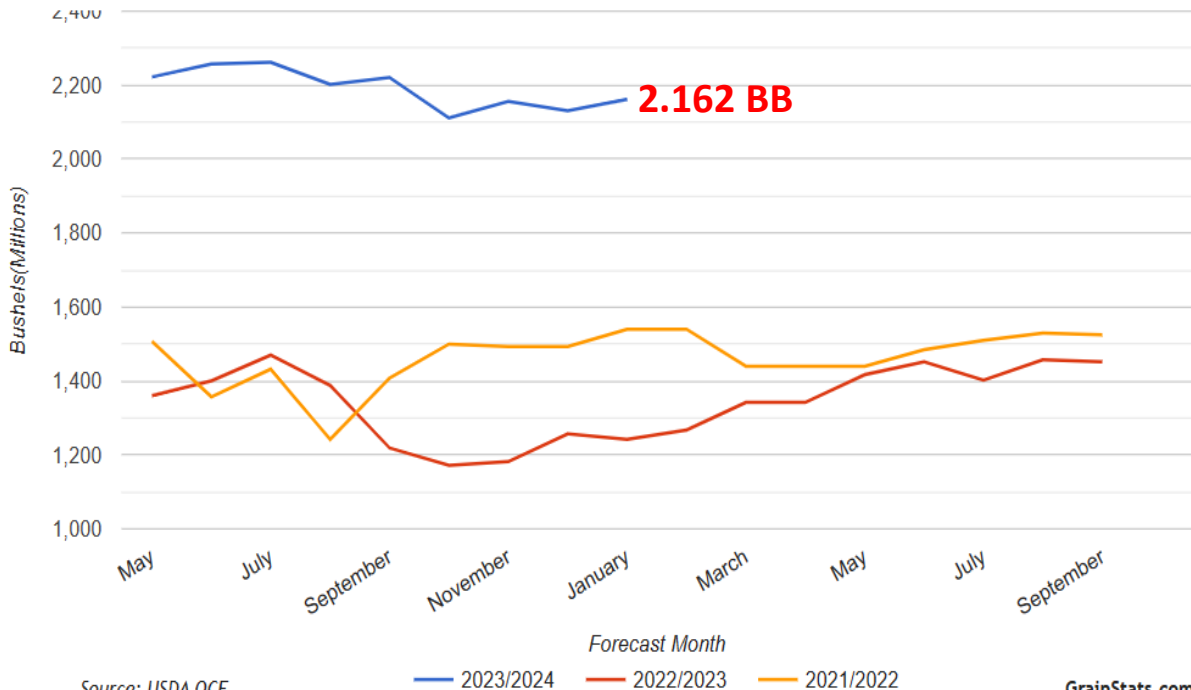


1. The Supply Picture

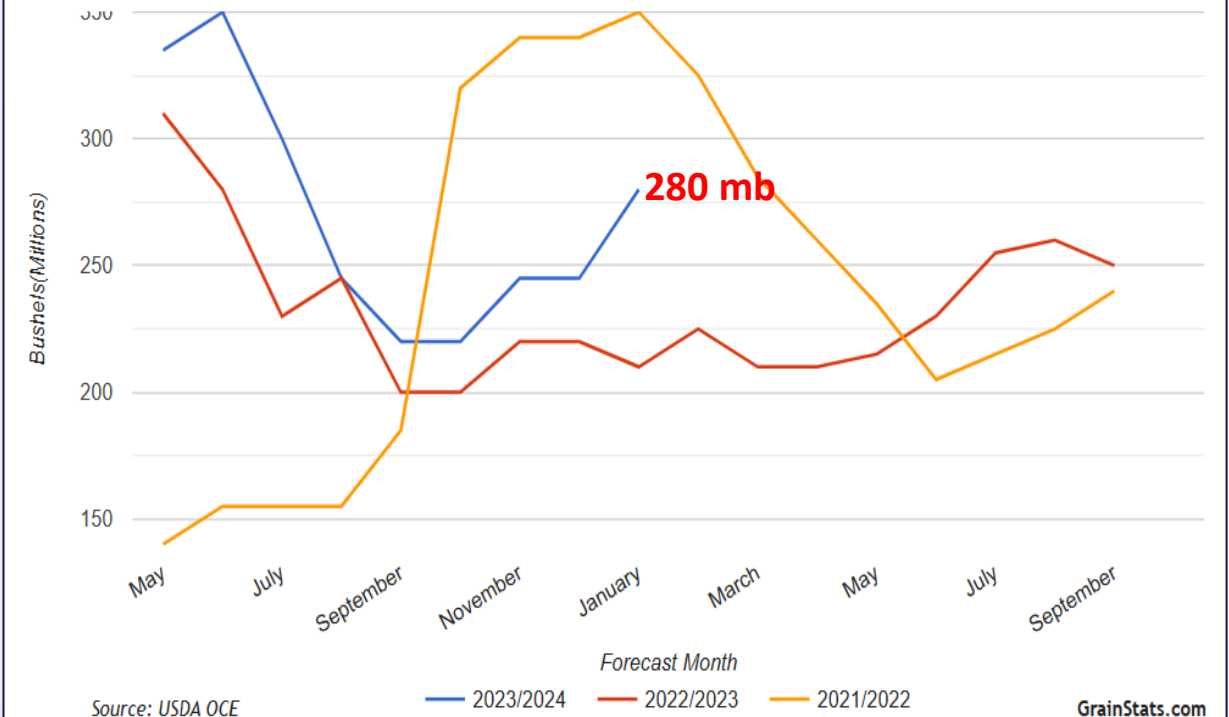
U.S. corn ending stocks surge

U.S. soybean ending stocks relatively tight

Corn Ending Stocks Forecast



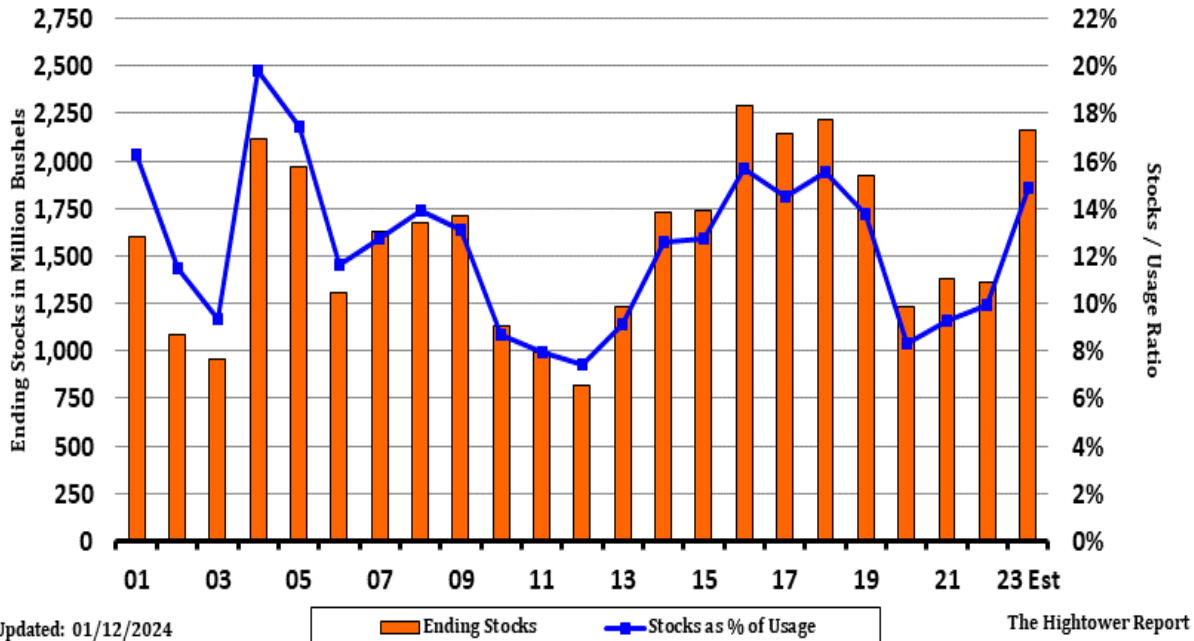
Soybeans Ending Stocks Forecast



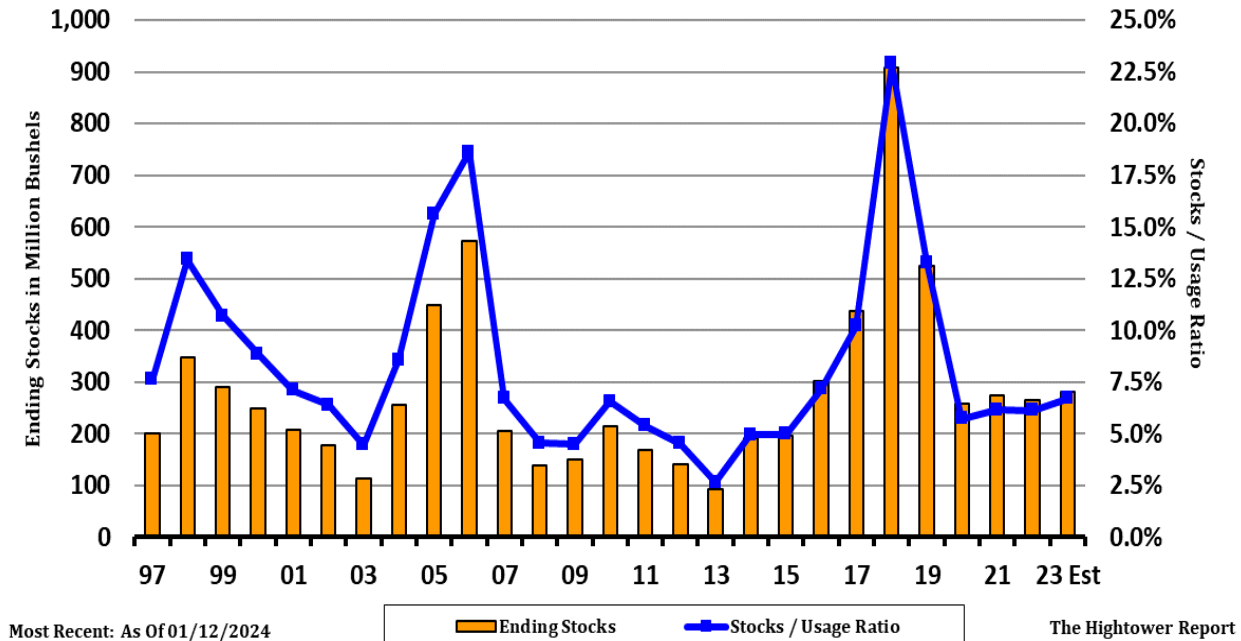
1. The Supply Picture

Stocks-to-use ratios reflect that supply picture.

US Corn Ending Stocks vs Stocks / Usage Ratio



US Soybean Ending Stocks vs Stocks / Usage Ratio

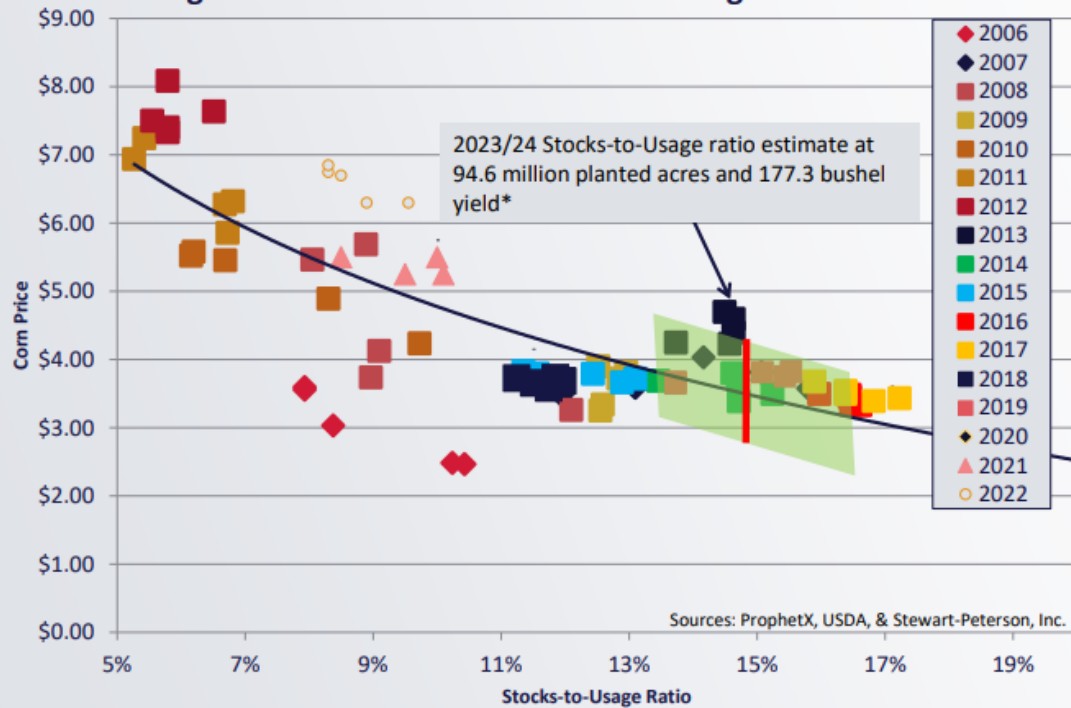


1. The Supply Picture

Stocks-to-use ratios reflect that supply picture.

2022/2023 Corn Stocks-to-Usage Ratio Scenarios

August to December Corn Stocks-to-Usage Ratio vs Price



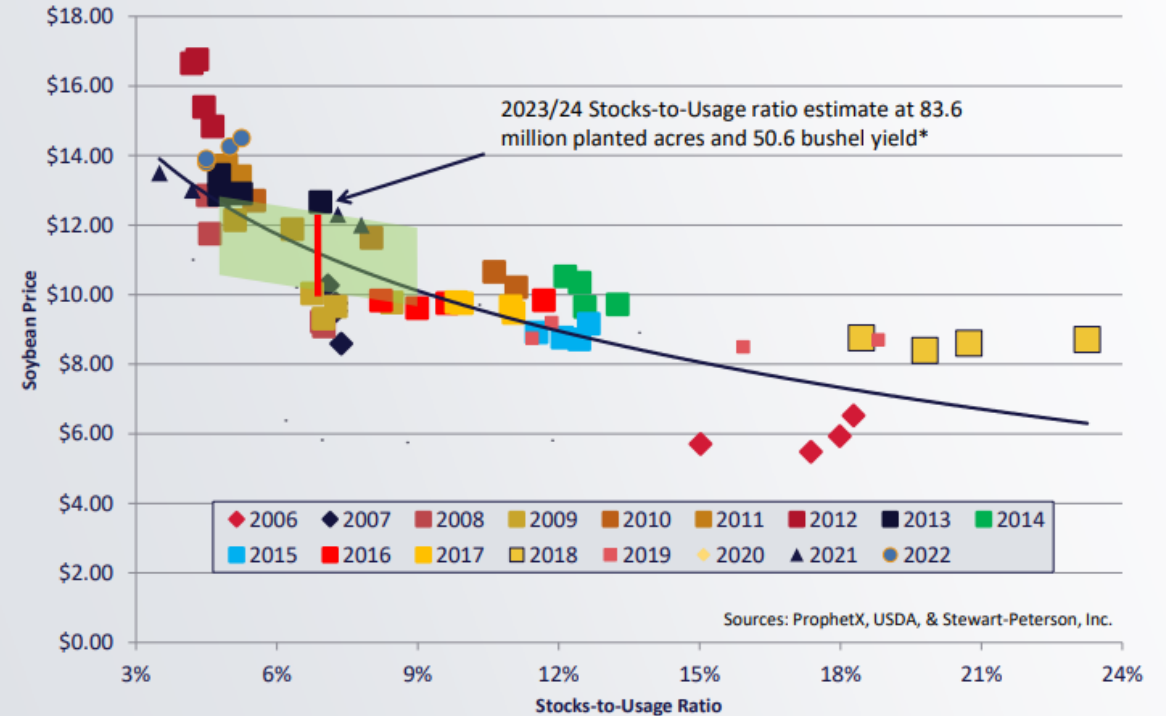
Source: ProphetX, USDA, & TFM analytics team

*See Previous Slide



2022/23 Soybean Stocks-to-Usage Ratio Scenarios

August to November Soybean Stocks-to-Usage Ratio vs Price



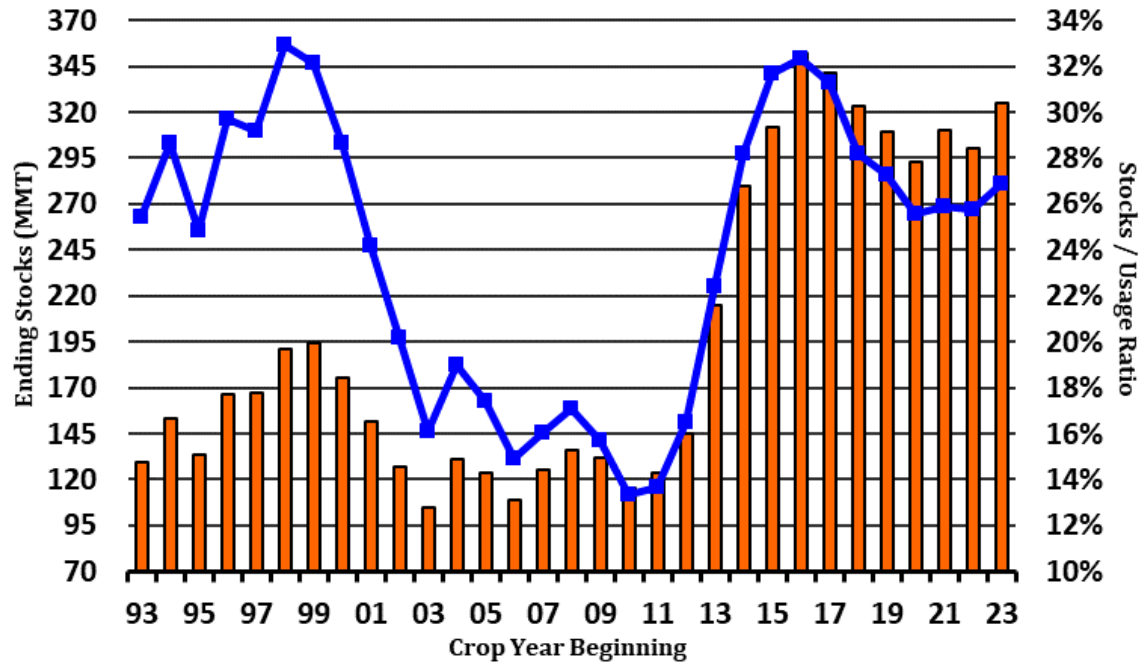
Source: ProphetX, USDA, & TFM analytics team



1. The Supply Picture

World Soybean Ending stock and Stocks/Use ratio

World Corn - Ending Stocks vs. Stocks / Usage Ratio

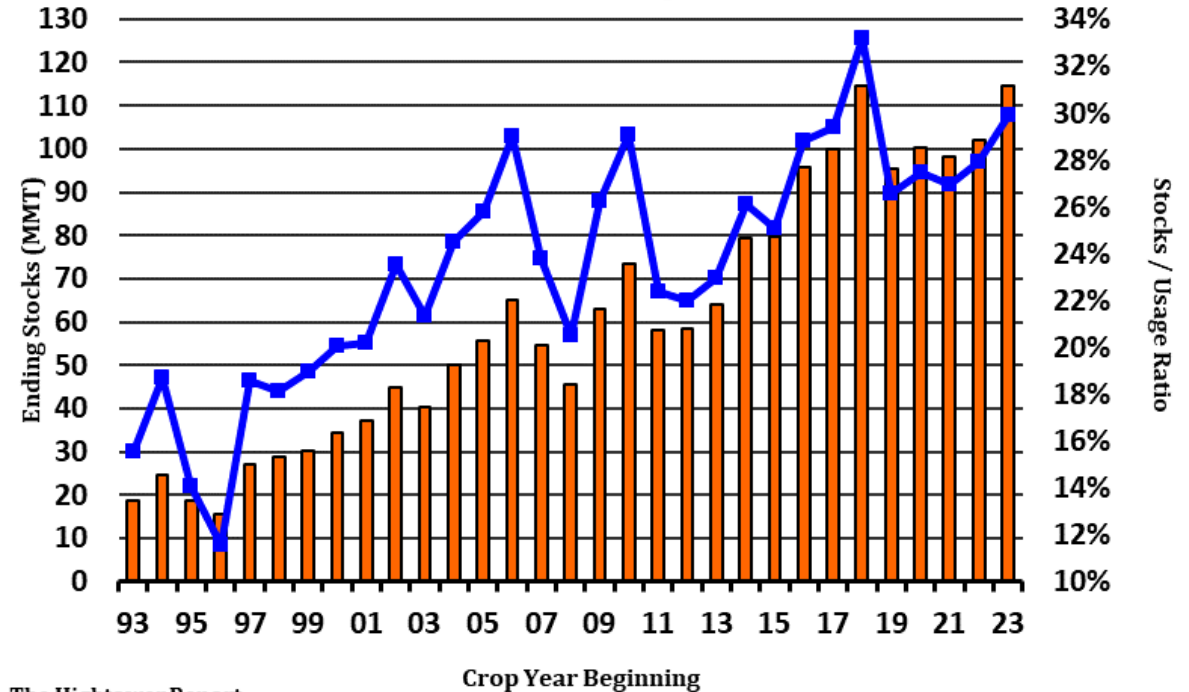


The Hightower Report | Source: USDA

Most Recent: As Of 01/12/2024

Ending Stocks Stocks / Usage Ratio

World Soybeans - Ending Stocks vs. Stocks / Usage Ratio



The Hightower Report

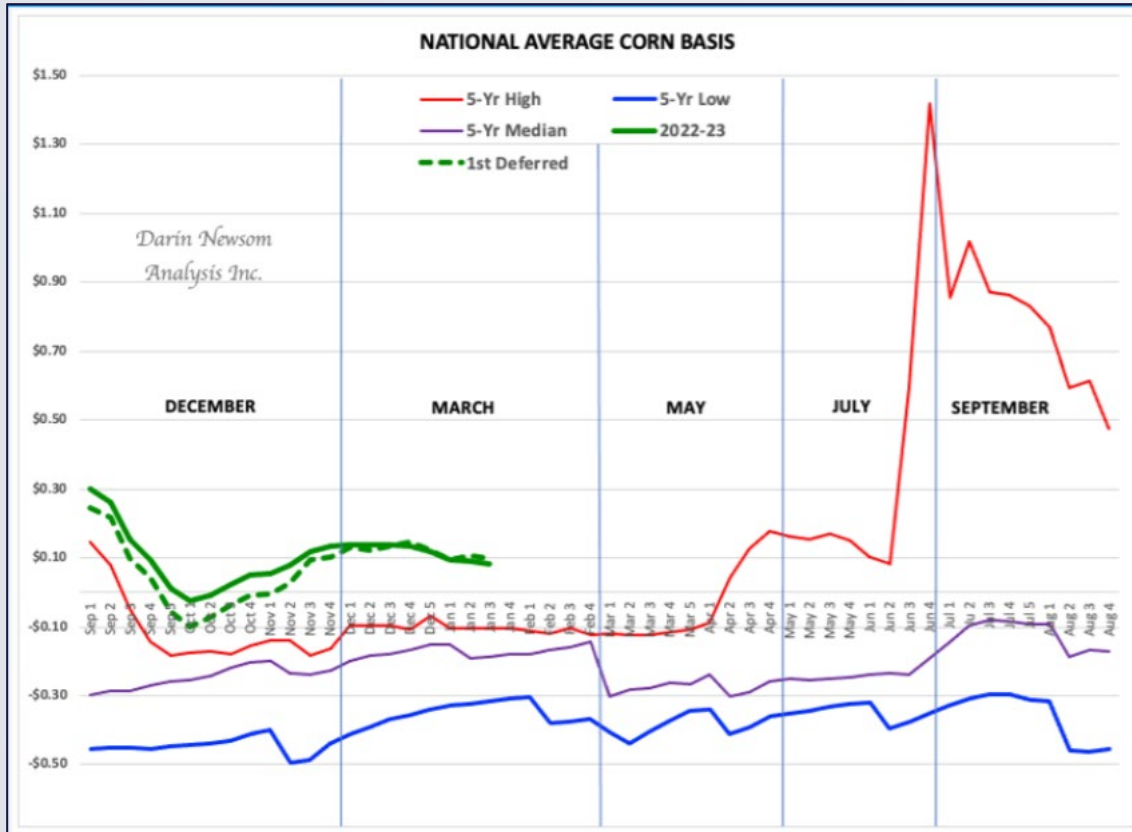
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Ending Stocks Stocks / Usage Ratio

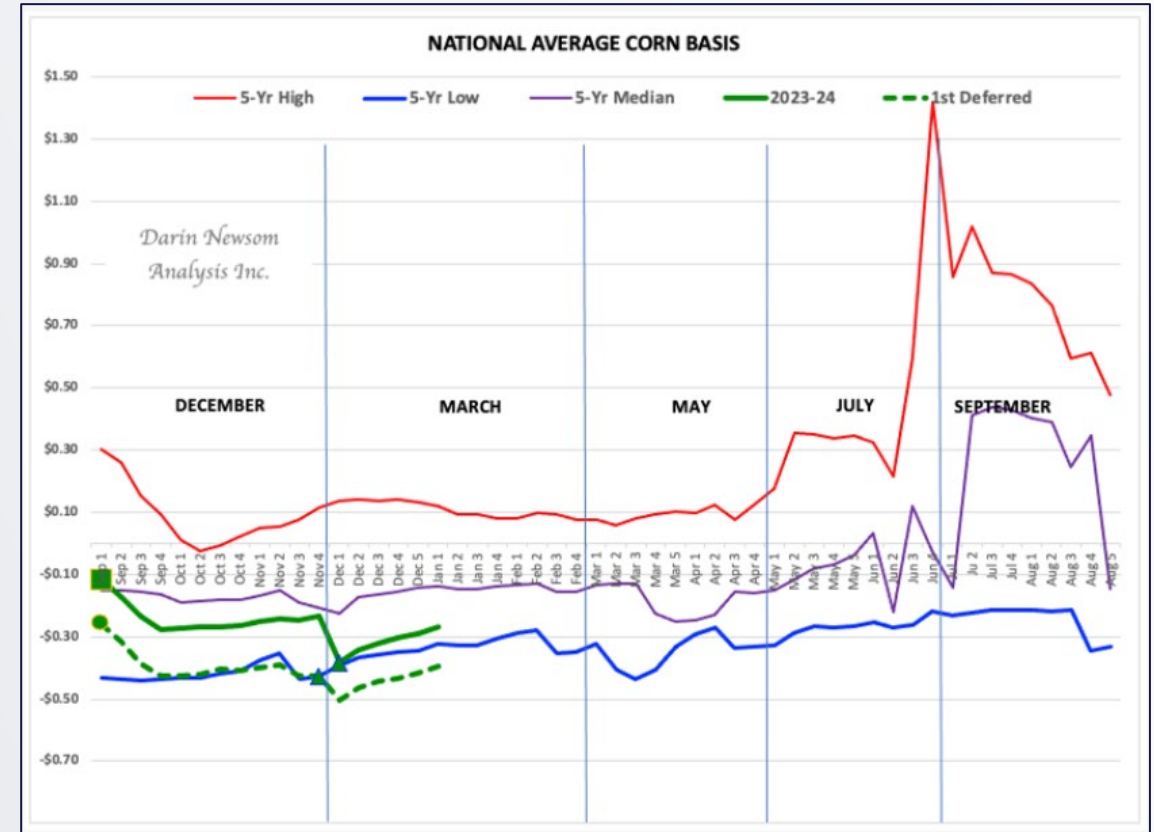


2. Is There Enough Demand?

Cash market reflecting larger corn supply



Last year

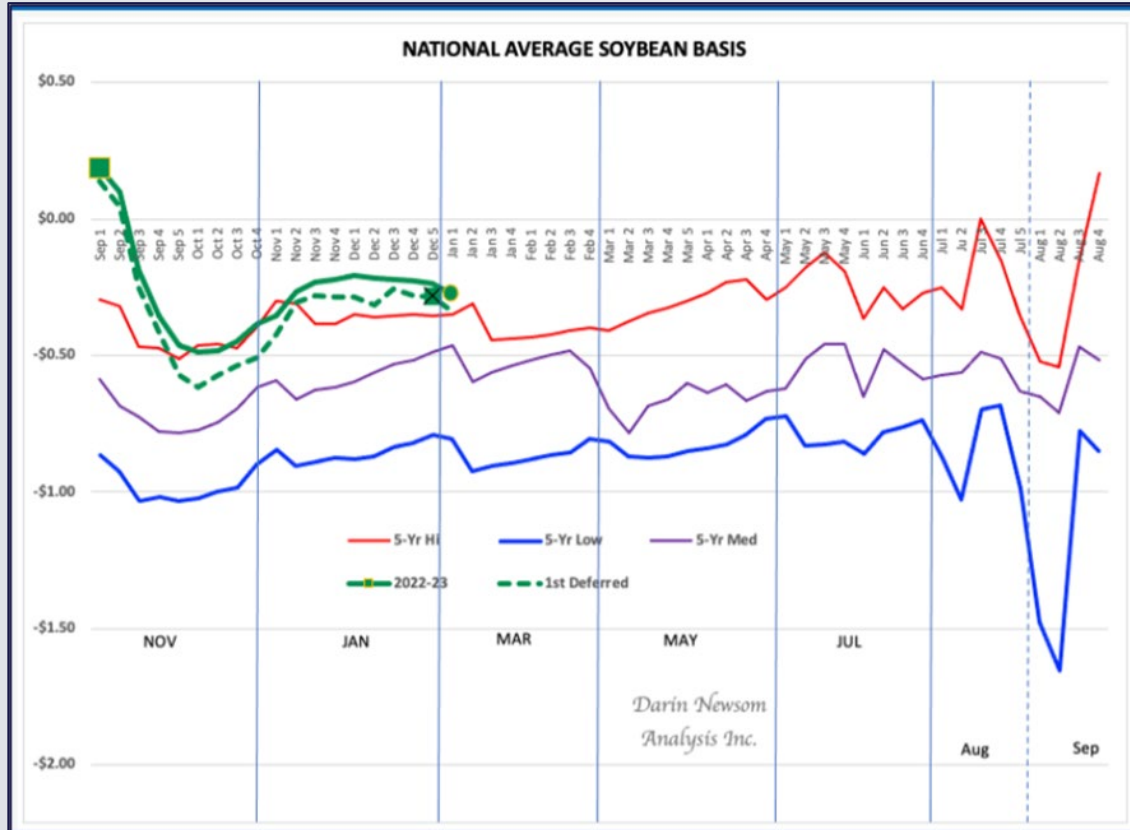


This year

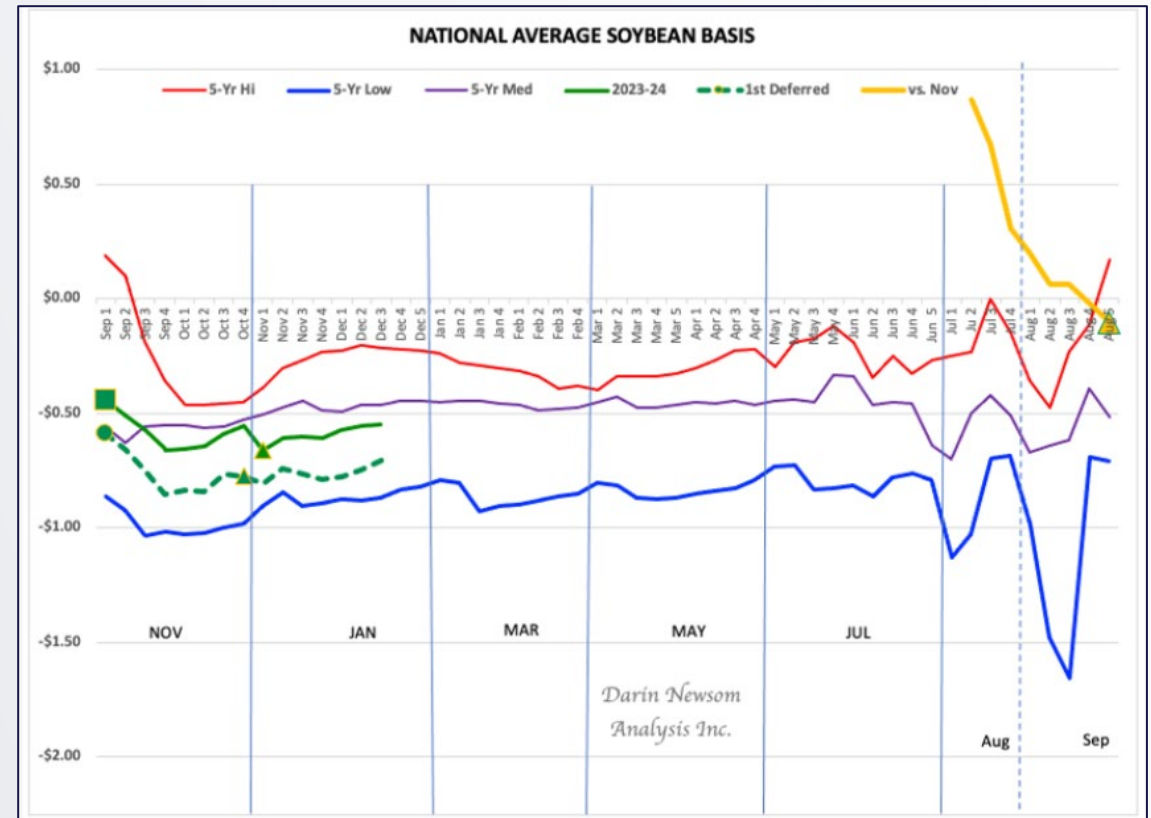


2. Is There Enough Demand?

Soybeans reflecting a larger supply and export demand concerns



Last year

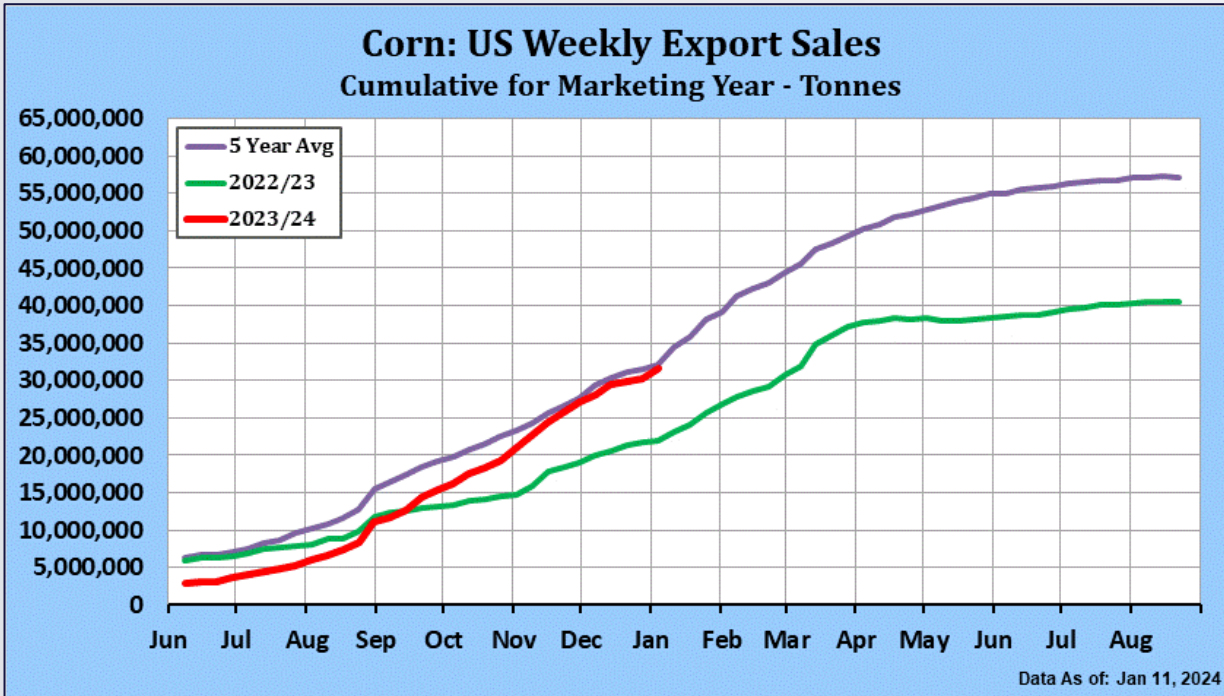


This year

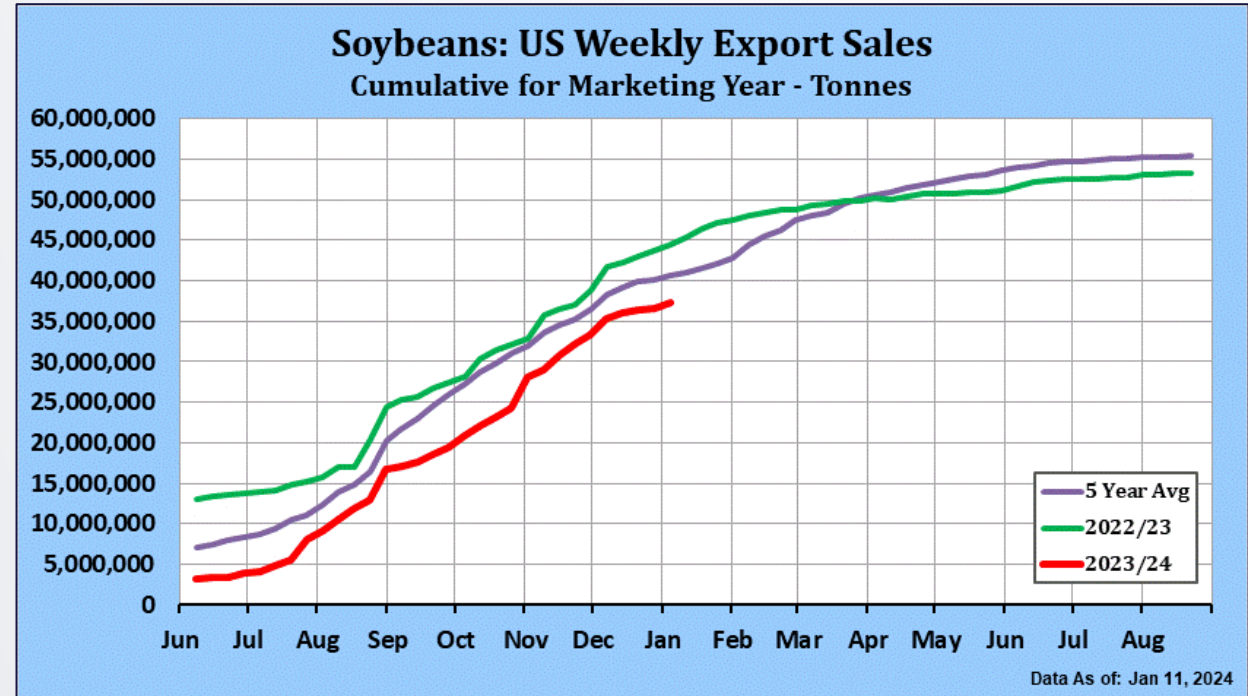


2. Is There Enough Demand?

Percentage of USDA Export Targets



- **USDA's export target is 2.100 bb in 2023-24. (1.661 bb last Year)**
- **Current corn export sales at 1.241 bb in 2023-24**
- **Up 36% from last year**

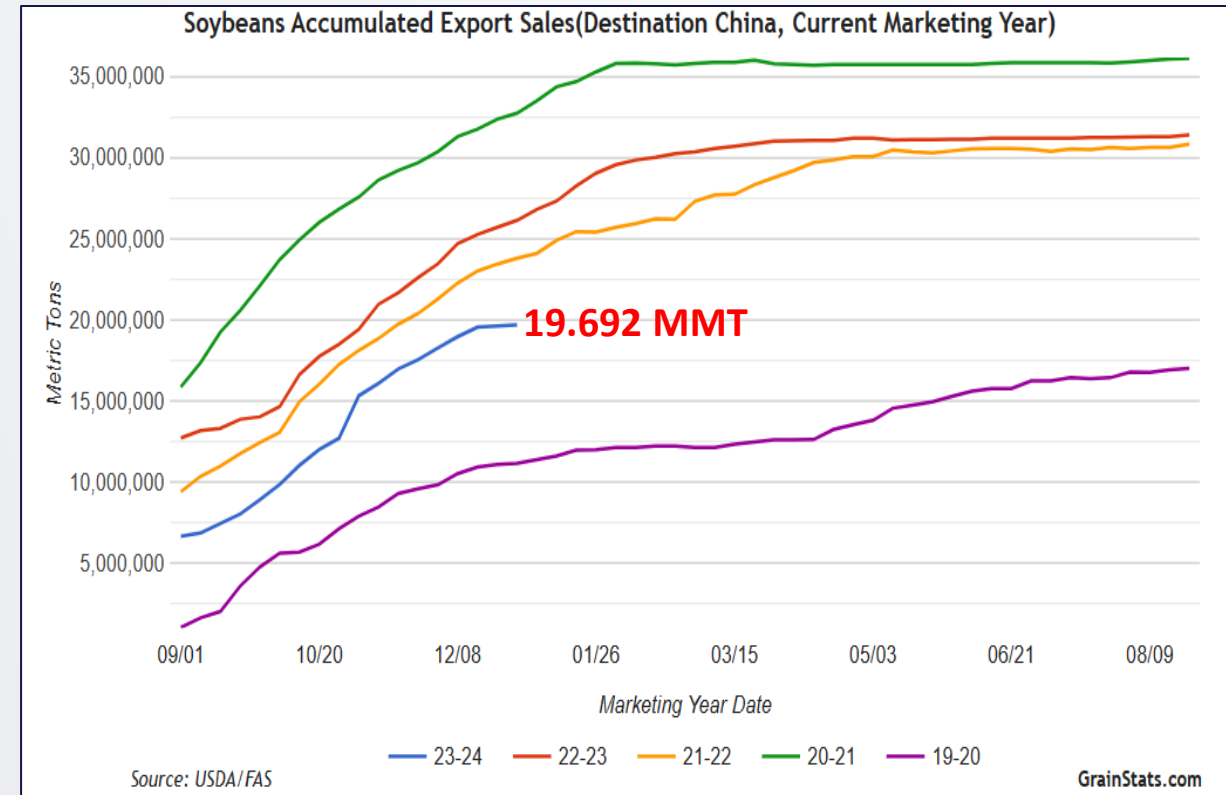
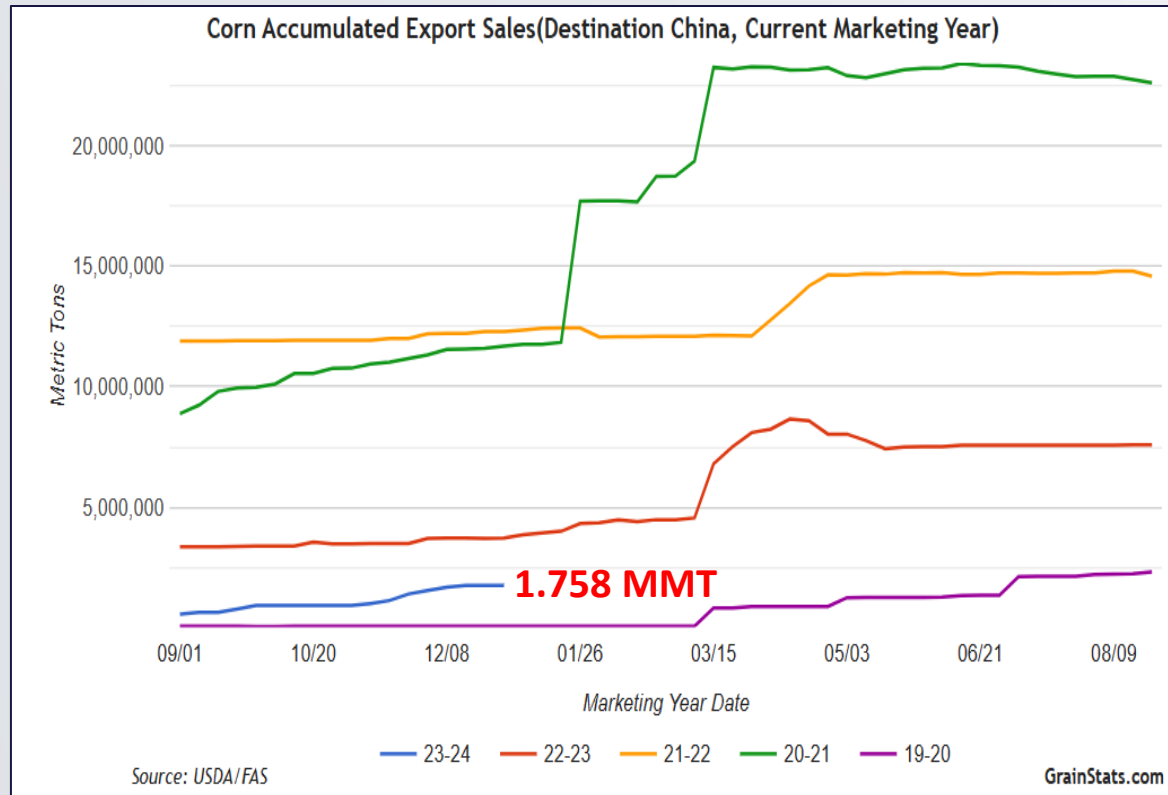


- **USDA's export target is 1.755 bb in 2023-24. (1.992 bb last year)**
- **Current soybean exports sales at 1.374 bb in 2023-24**
- **Down 18% from last year**



2. Is There Enough Demand?

The China factor in corn and soybean demand...

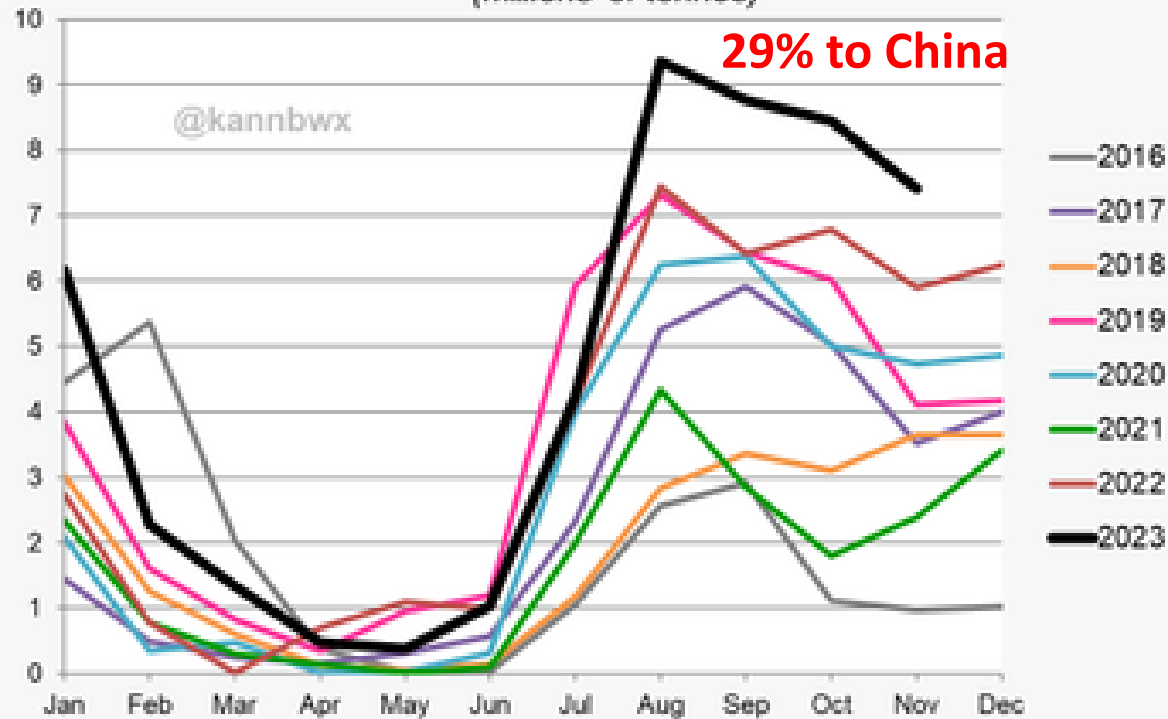


2. Is There Enough Demand?

The Brazil impact in corn and soybean exports...

Monthly Brazil Corn Exports

(millions of tonnes)

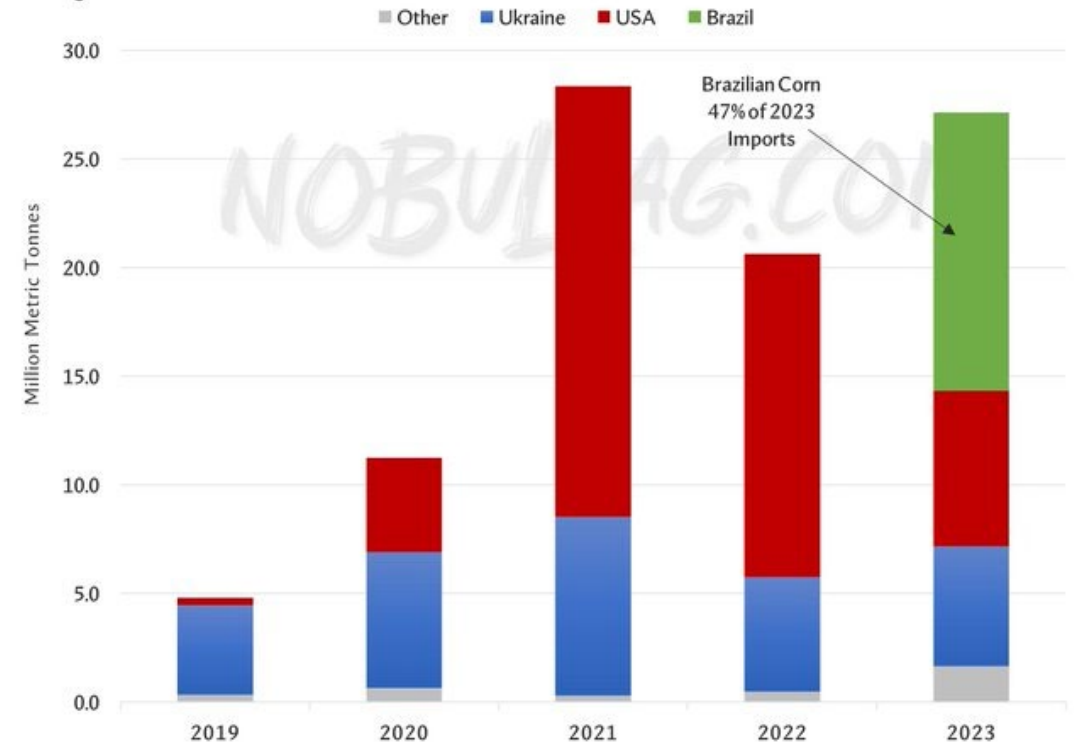


Note: Data for most recent months may still be preliminary
Data sources: Brazil Ag Ministry/Comexstat; Reuters



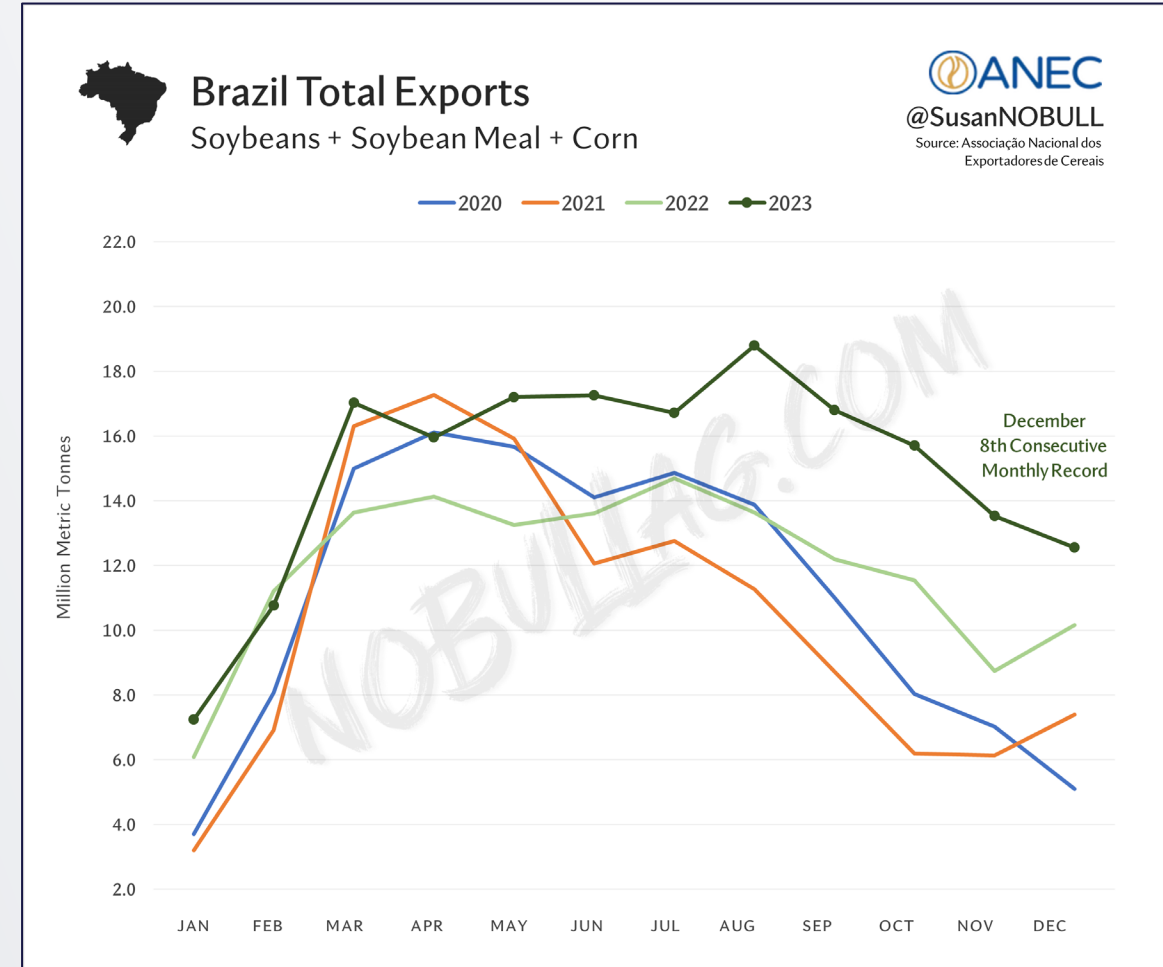
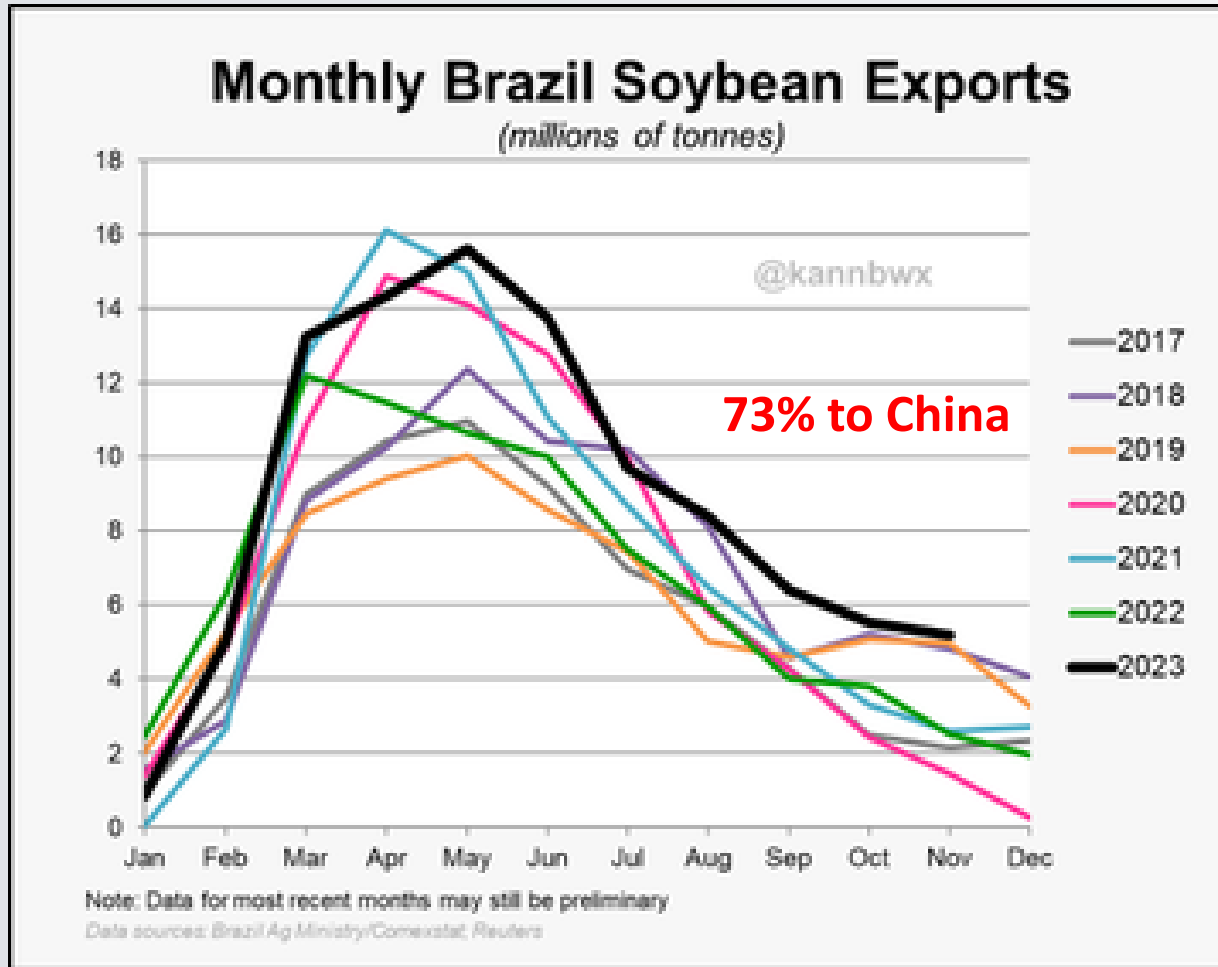
Annual China Corn Imports By Origin | Million Metric Tonnes

@SusanNOBULL
Source: General Administration of
Customs of China



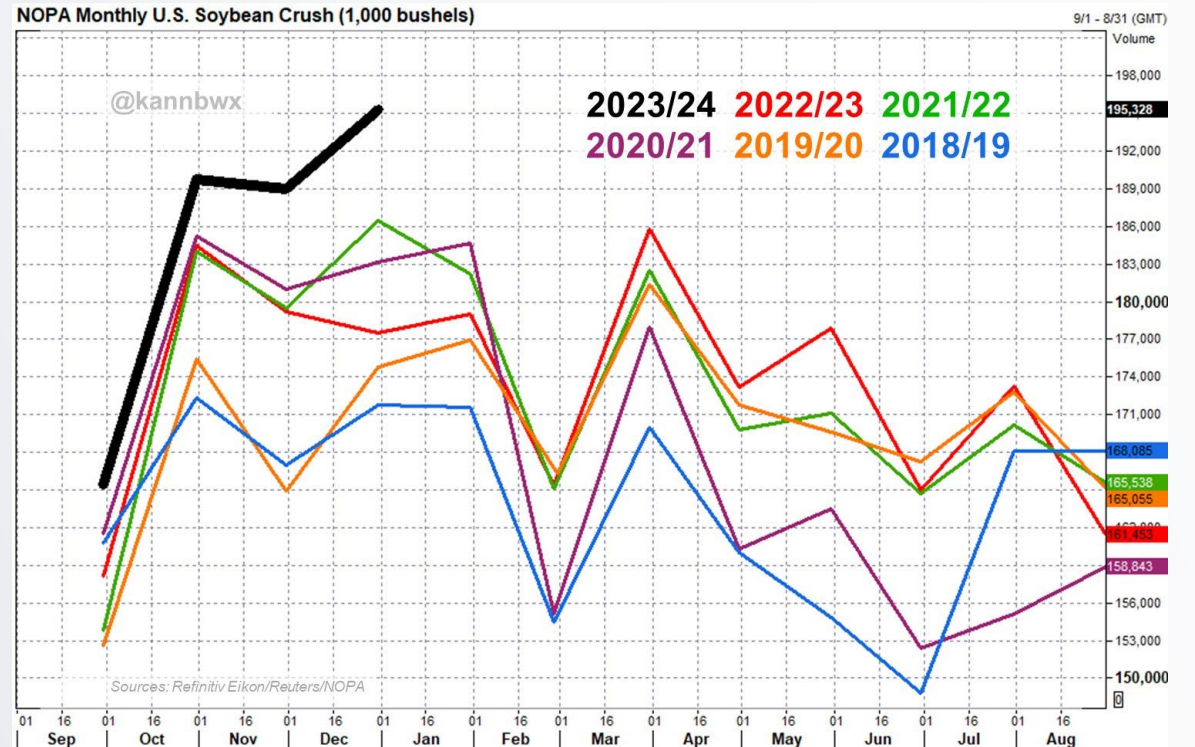
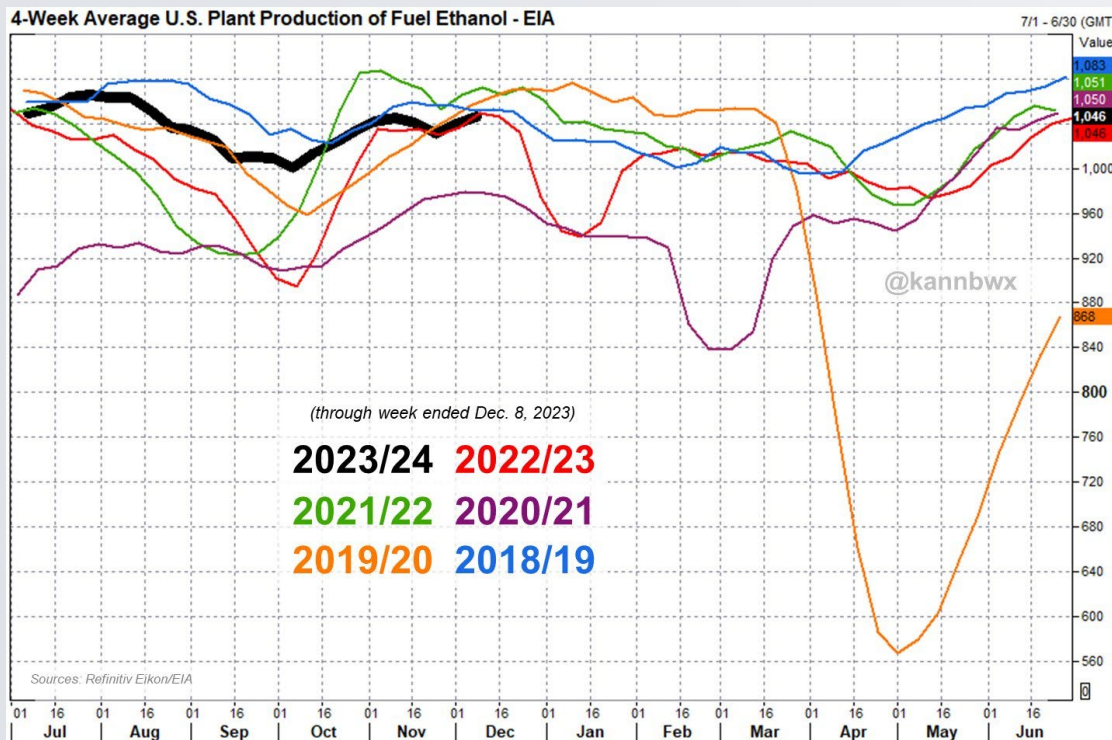
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The Brazil impact in corn and soybean exports...



2. Is There Enough Demand?

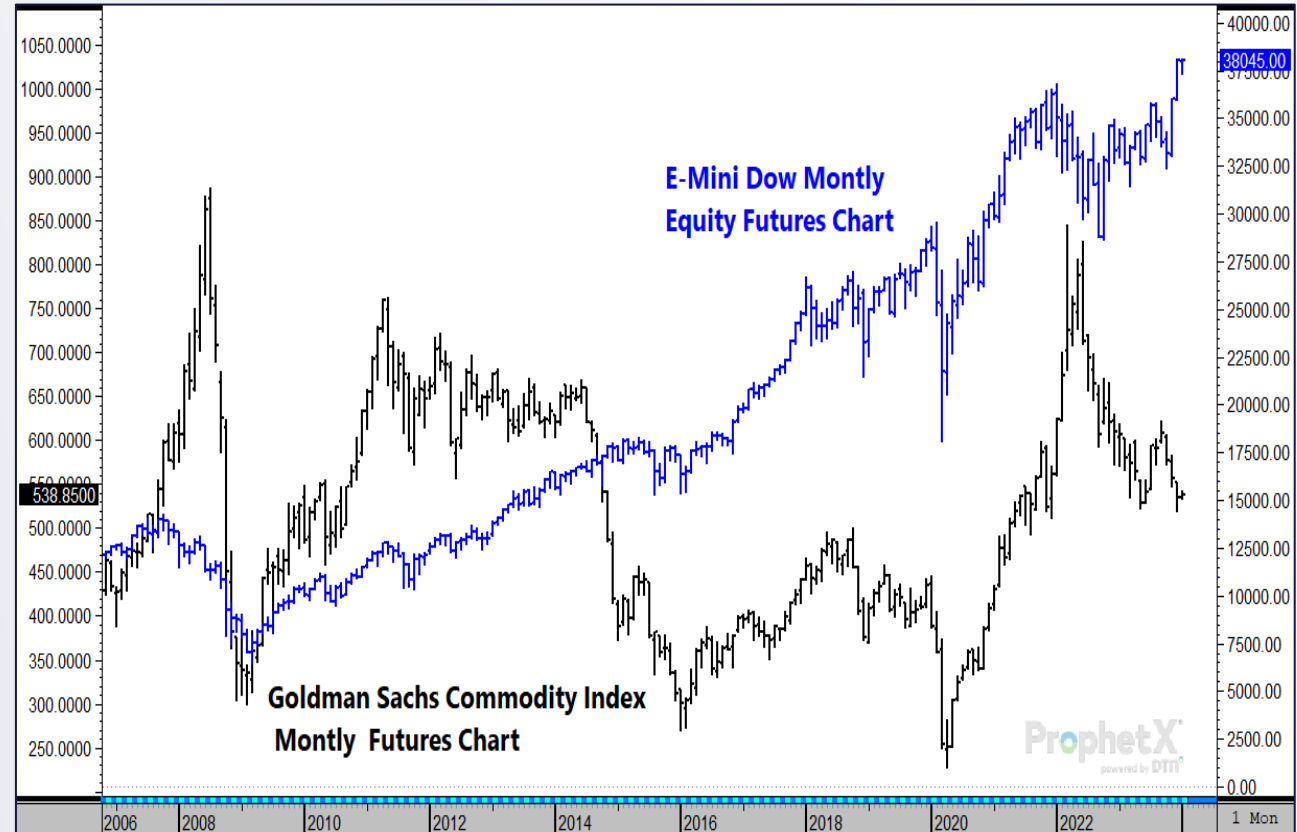
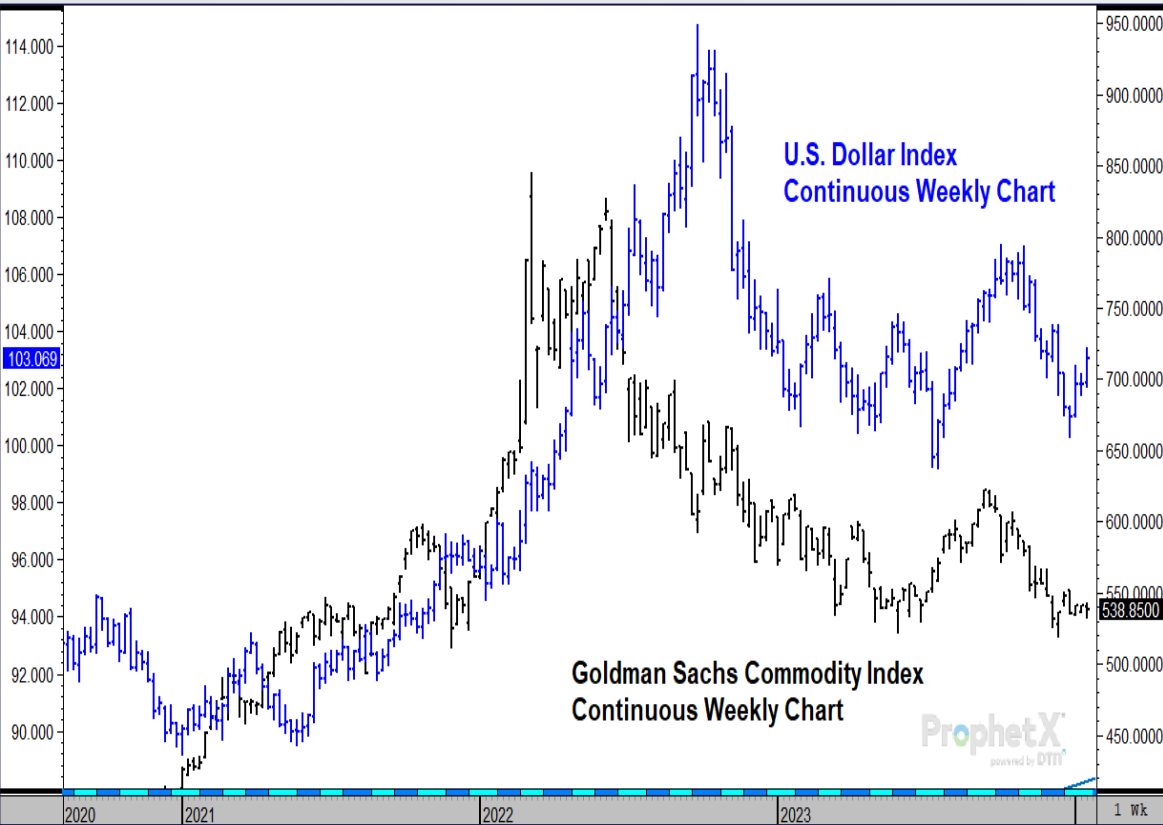
Ethanol production and soybean crush demand to the rescue?



3. The Macro Economic Environment

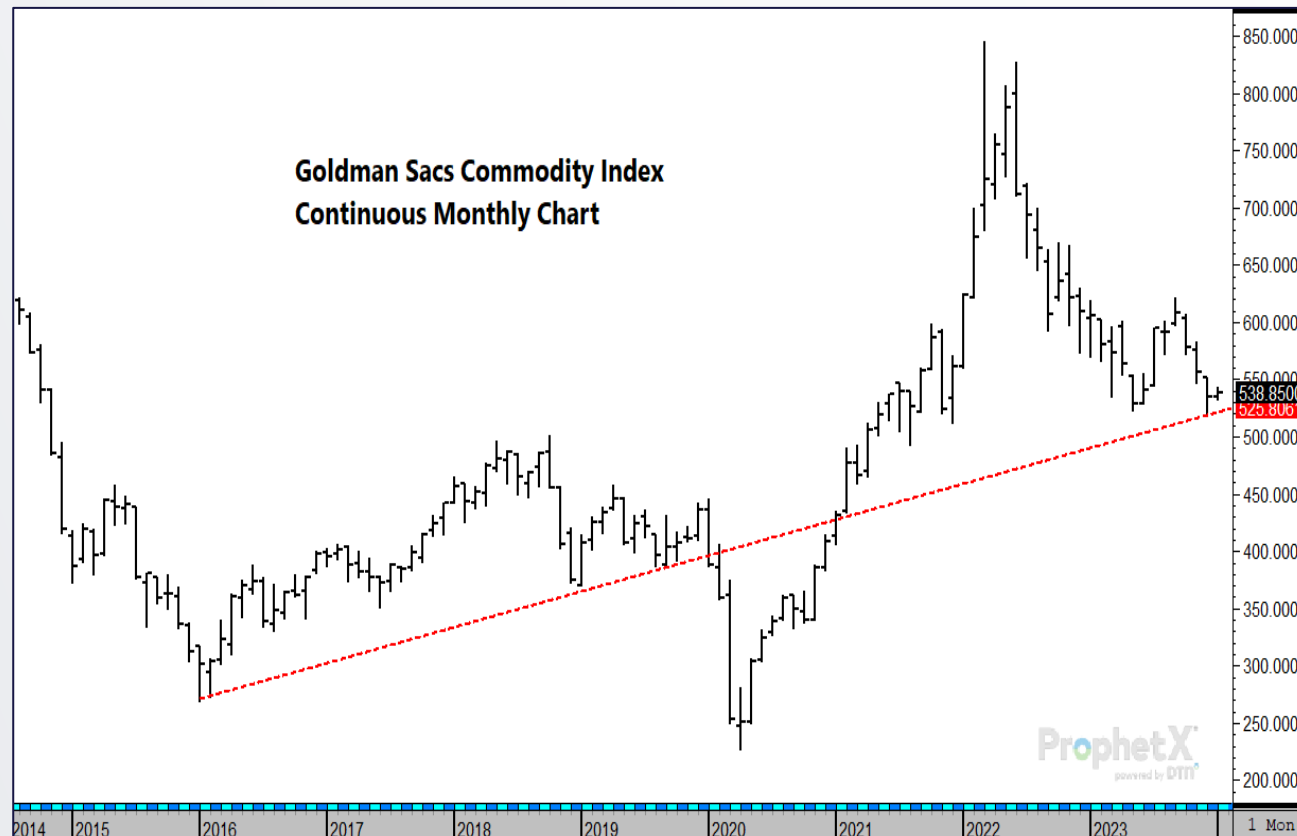
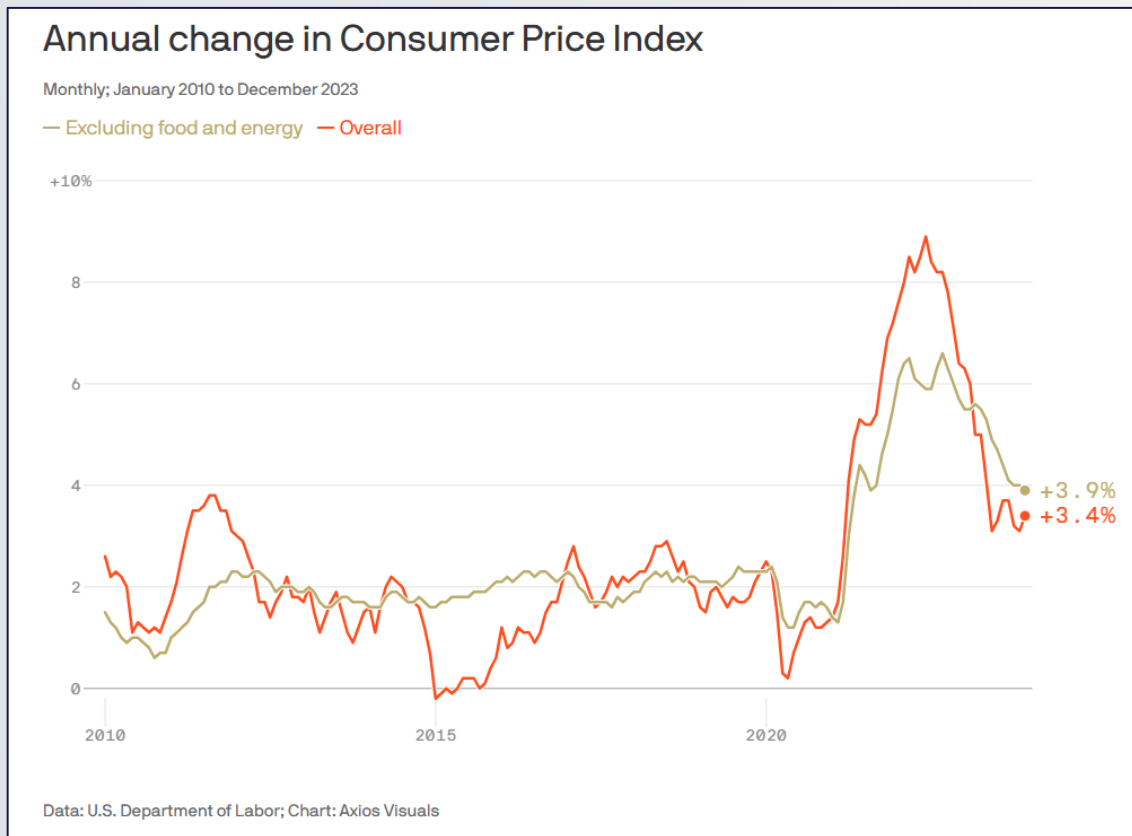
The U.S. Dollar and commodities relationship

Are commodities undervalued compared to equities?



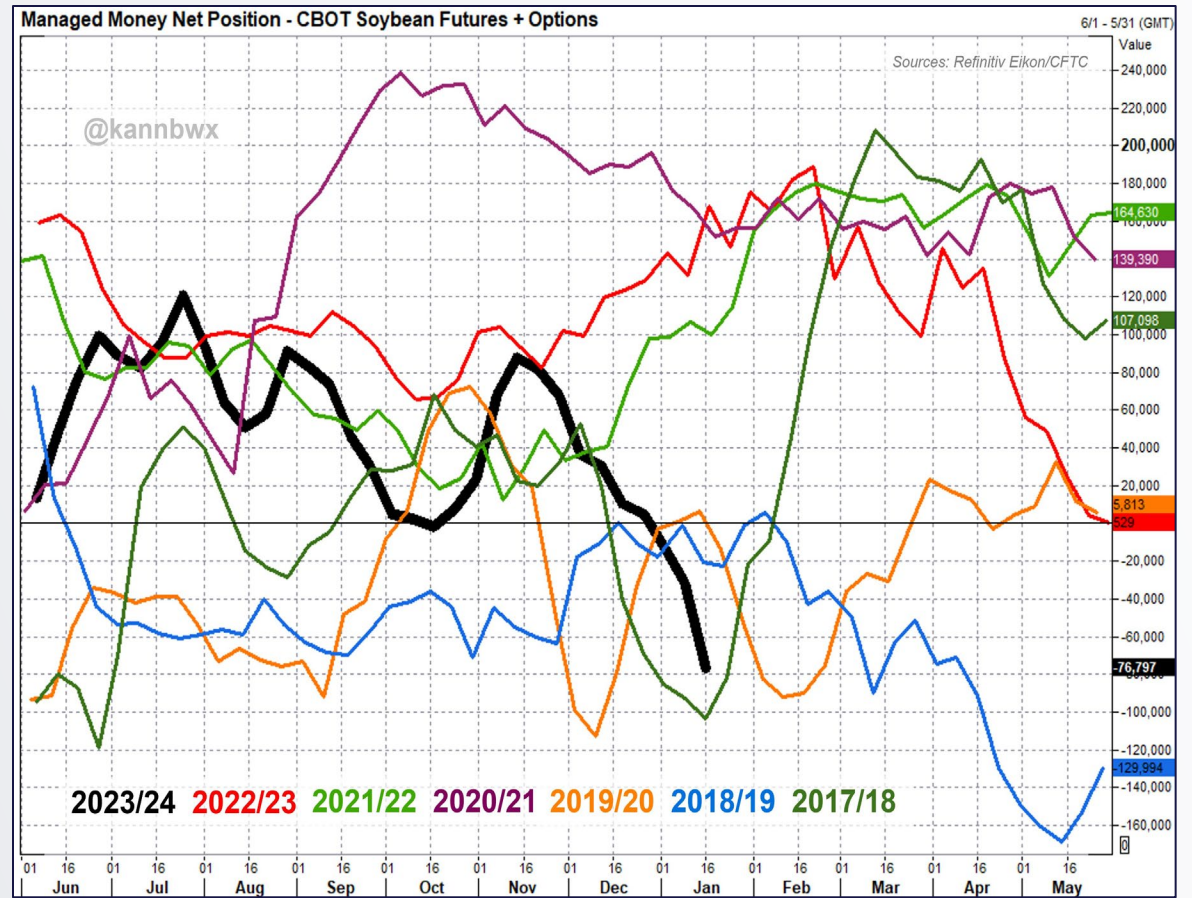
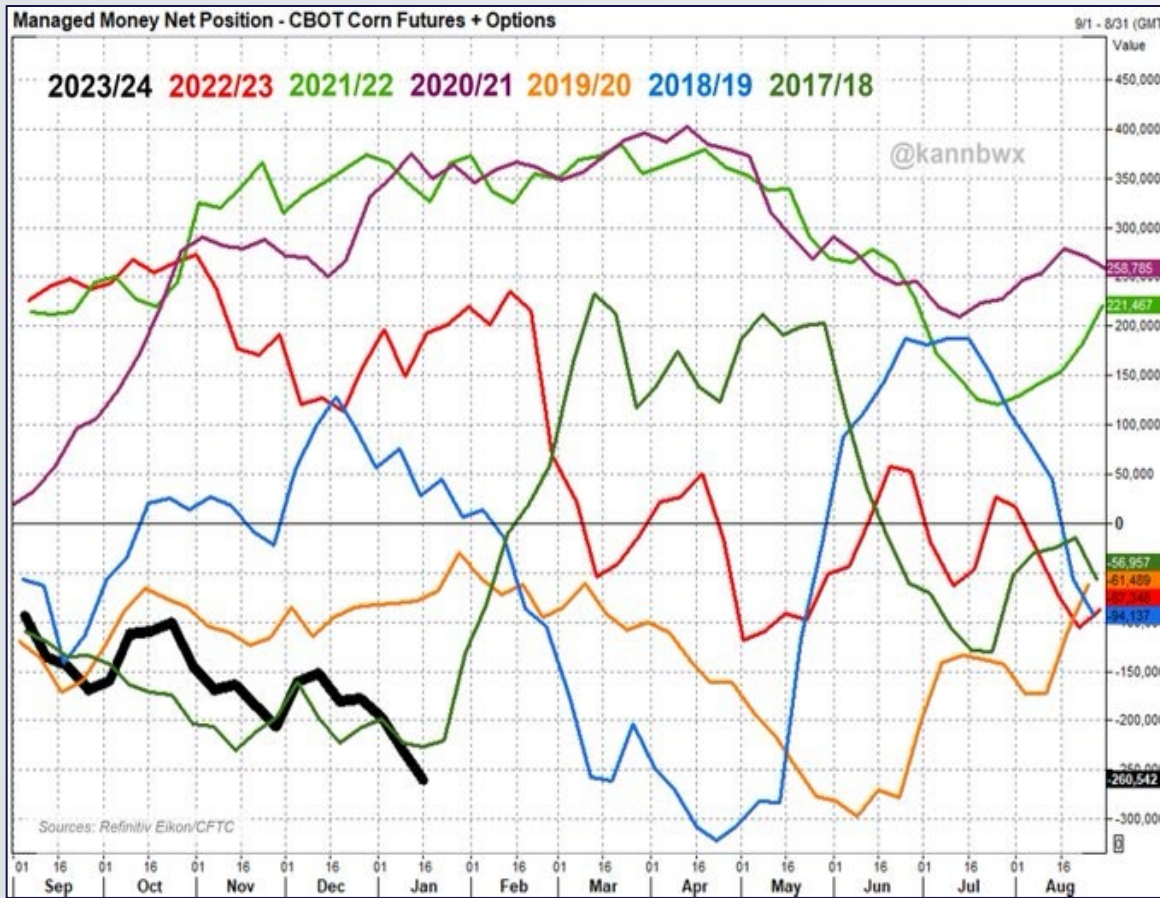
3. The Macro Economic Environment

Commodities under pressure with anti-inflation environment



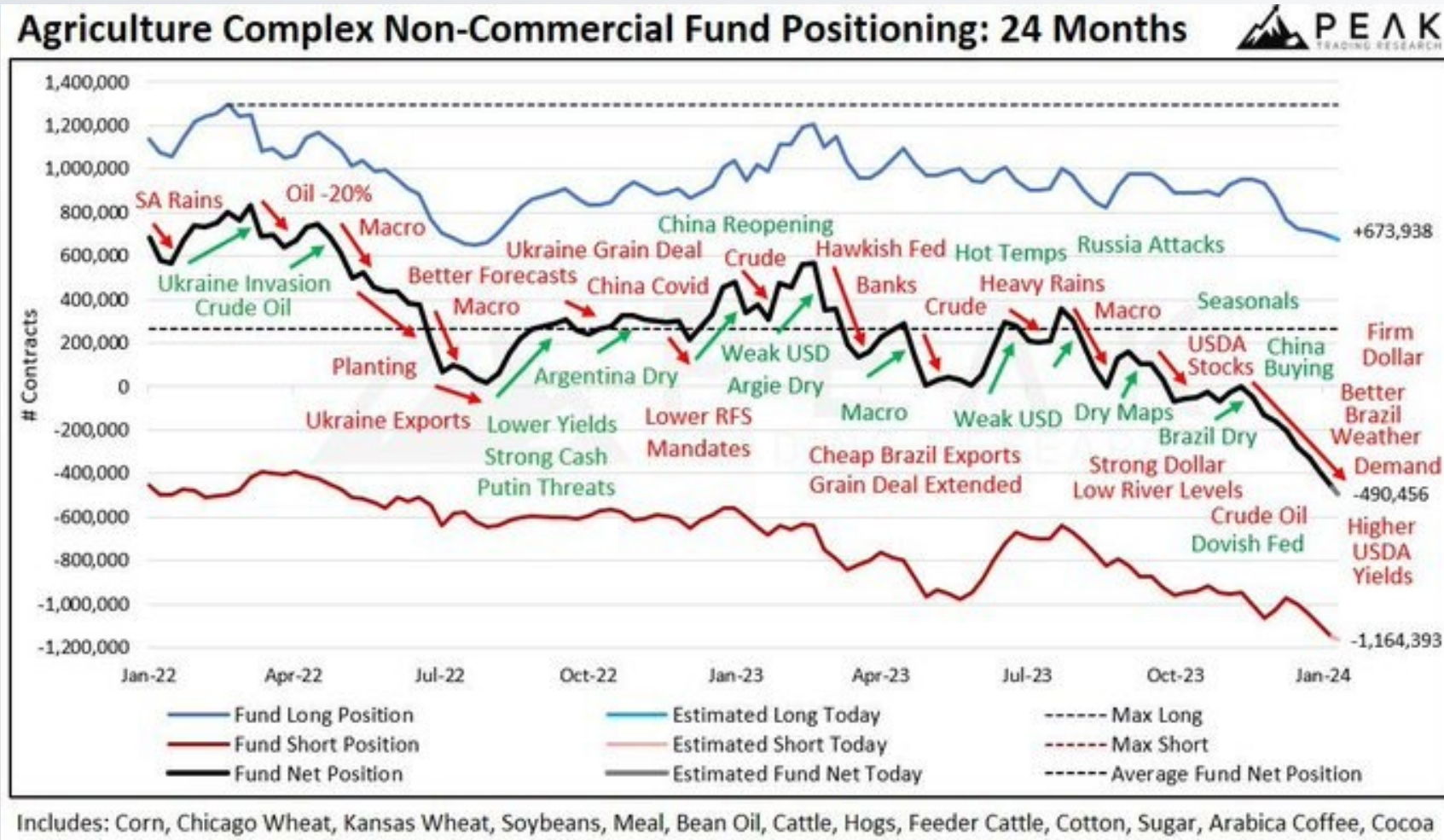
3. The Macro Economic Environment

The flow of money



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The flow of money

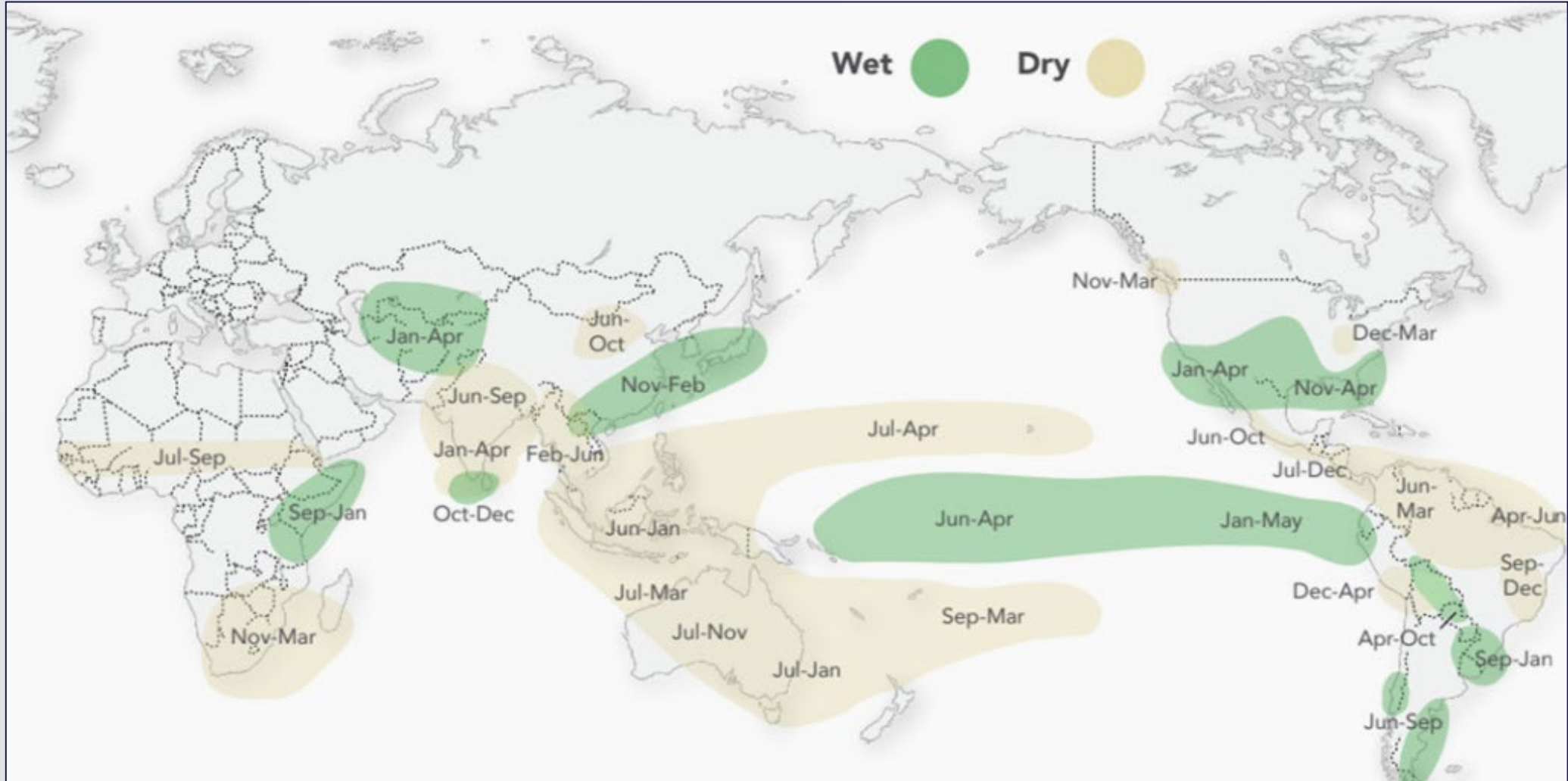


- Hedge funds are 490k contracts net SHORT across the agriculture complex
- Matching the MAX bearishness from the Covid-19 macro washout in the summer of 2020.



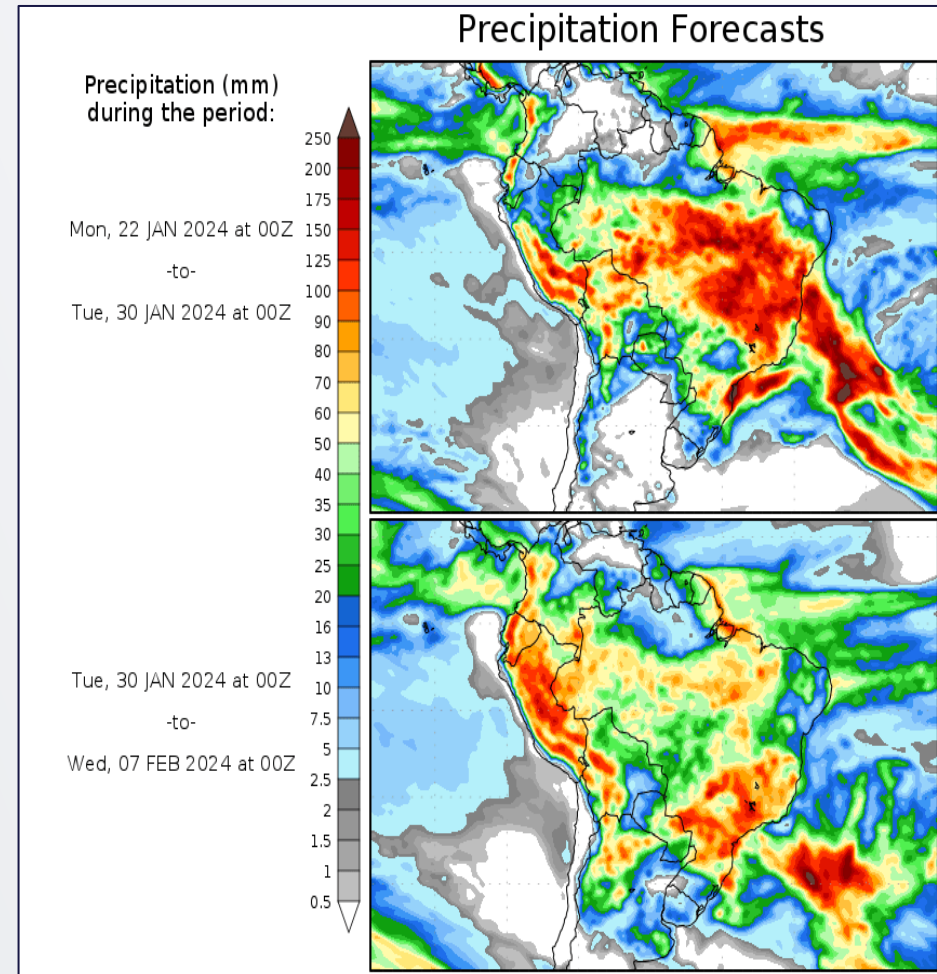
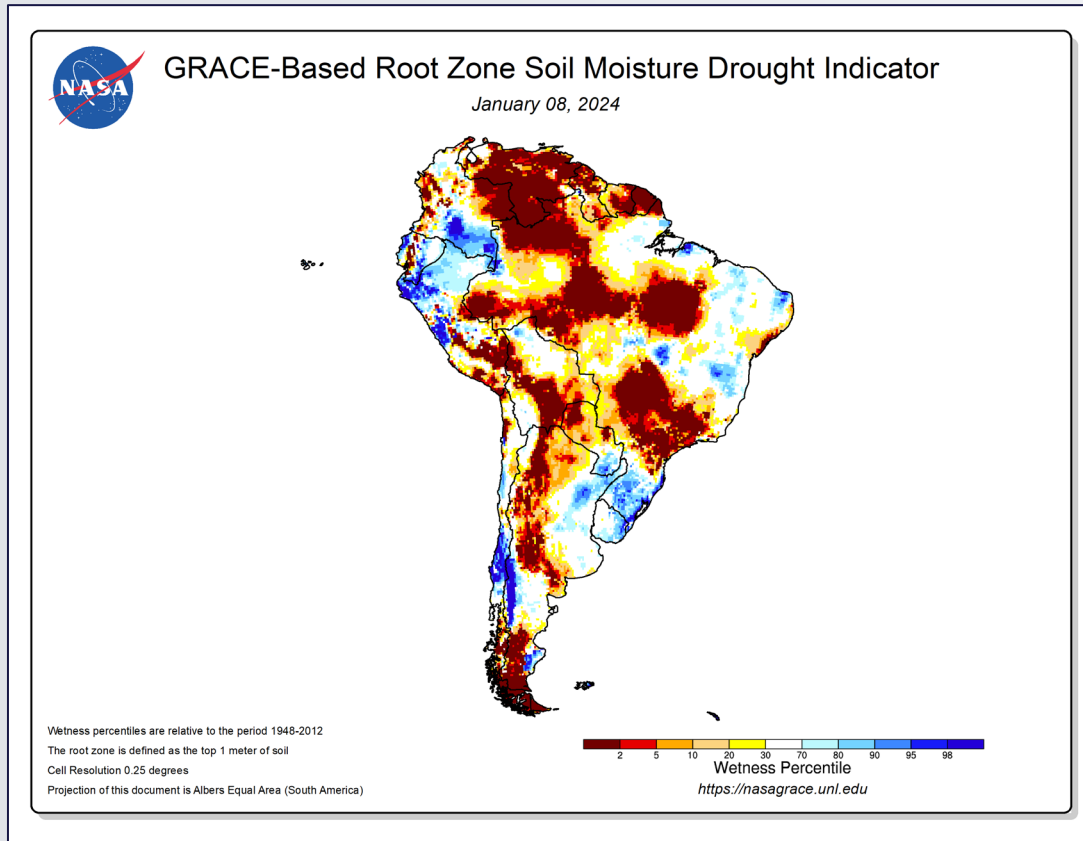
4. The Weather for 2024

Possible weather changes...El Nino leaving?



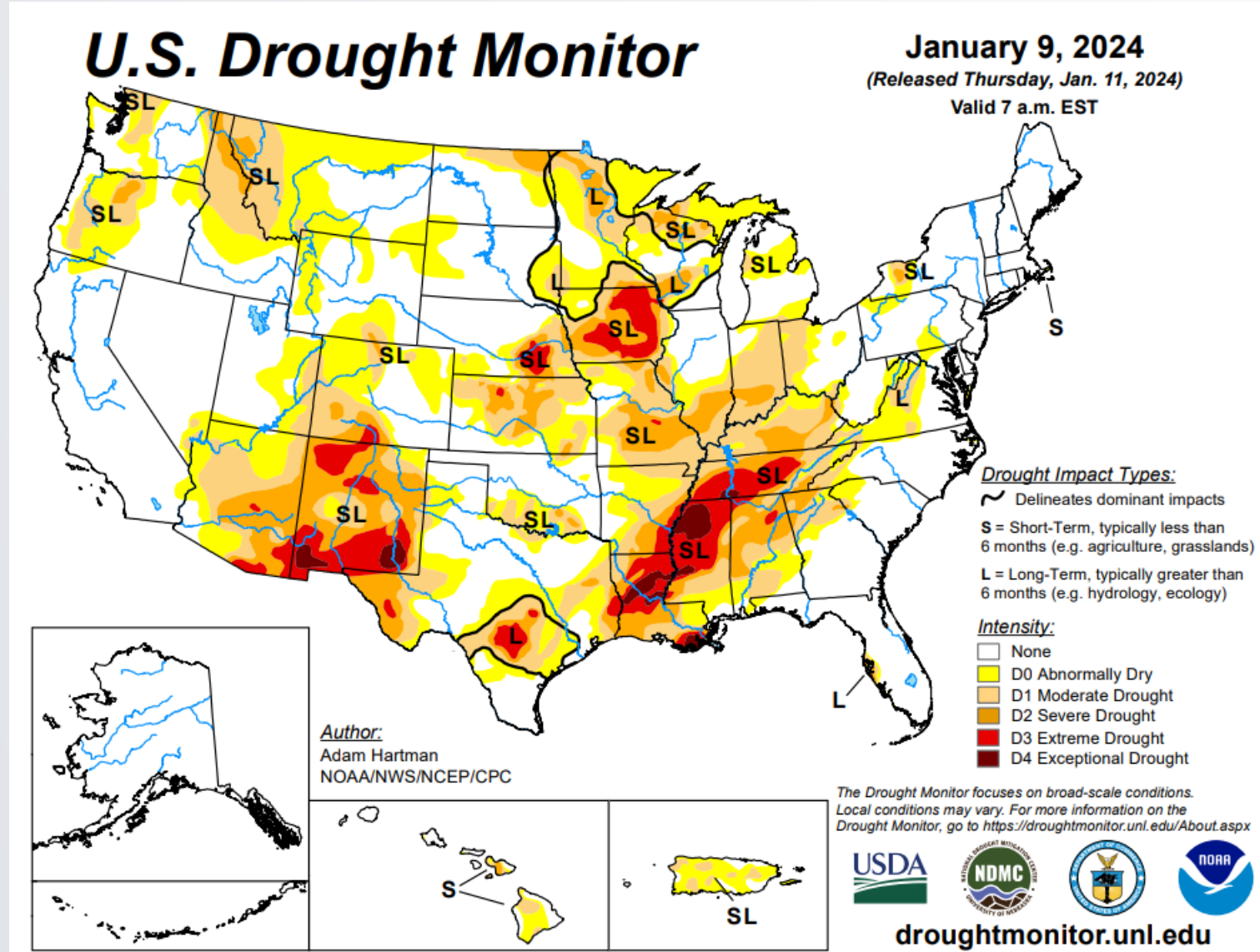
4. The Weather for 2024

South American impacts; pattern may be changing...



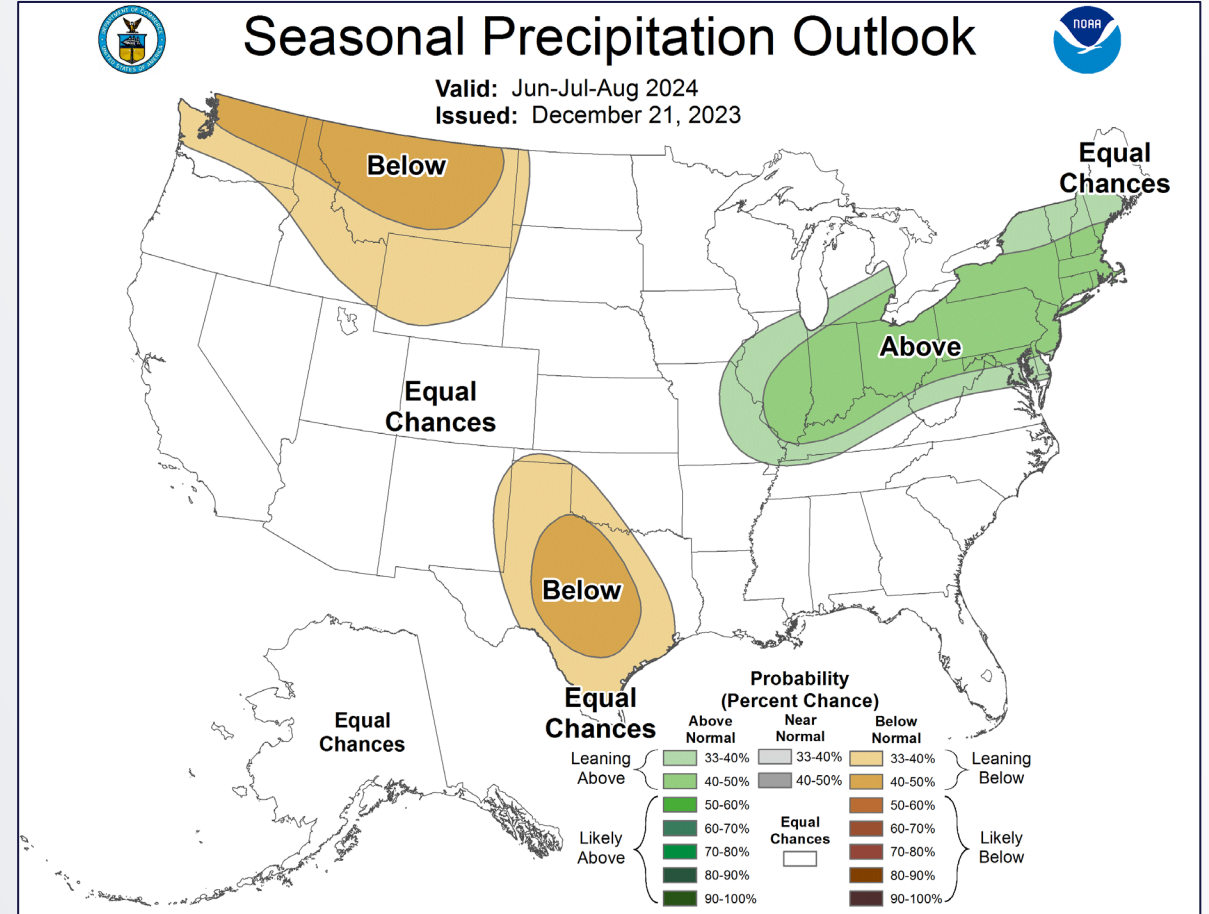
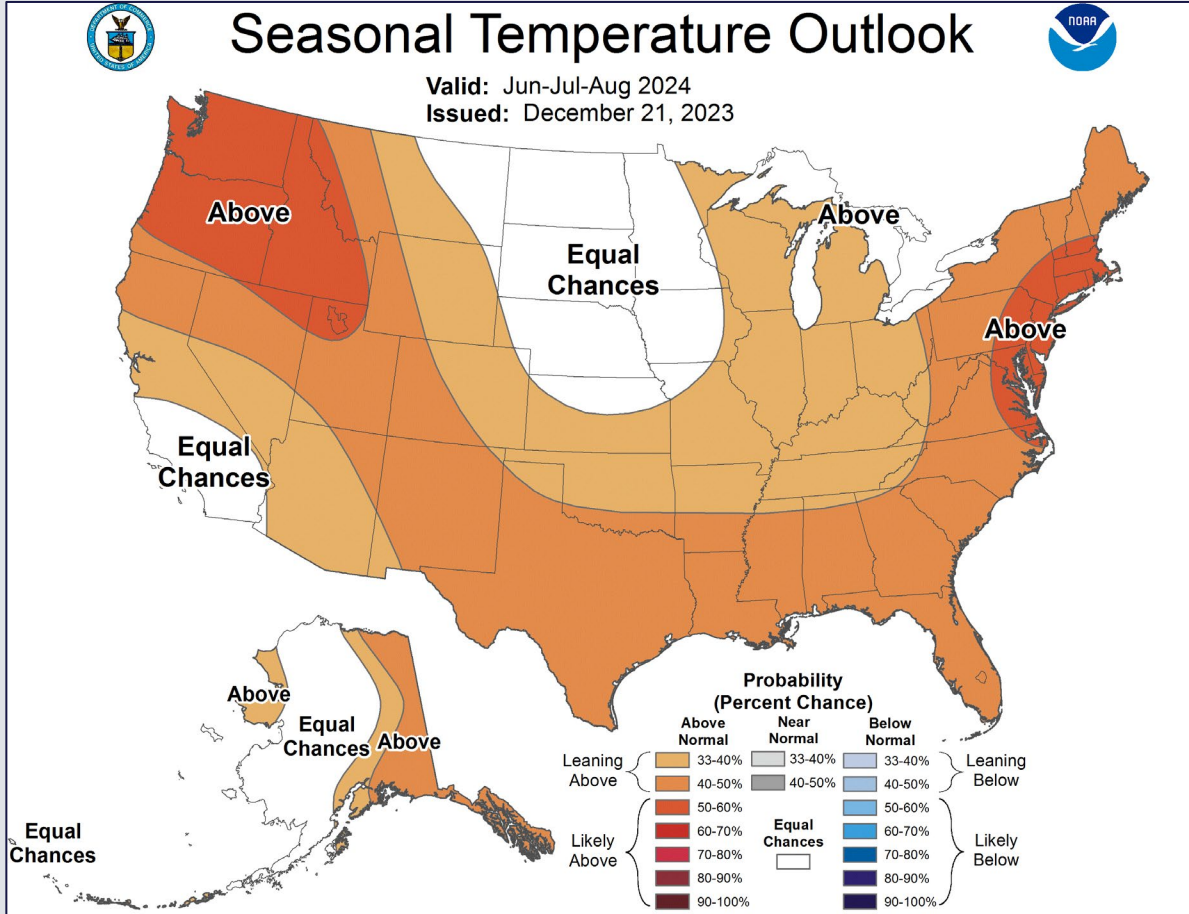
5. The Weather for 2024

Current U.S. condition



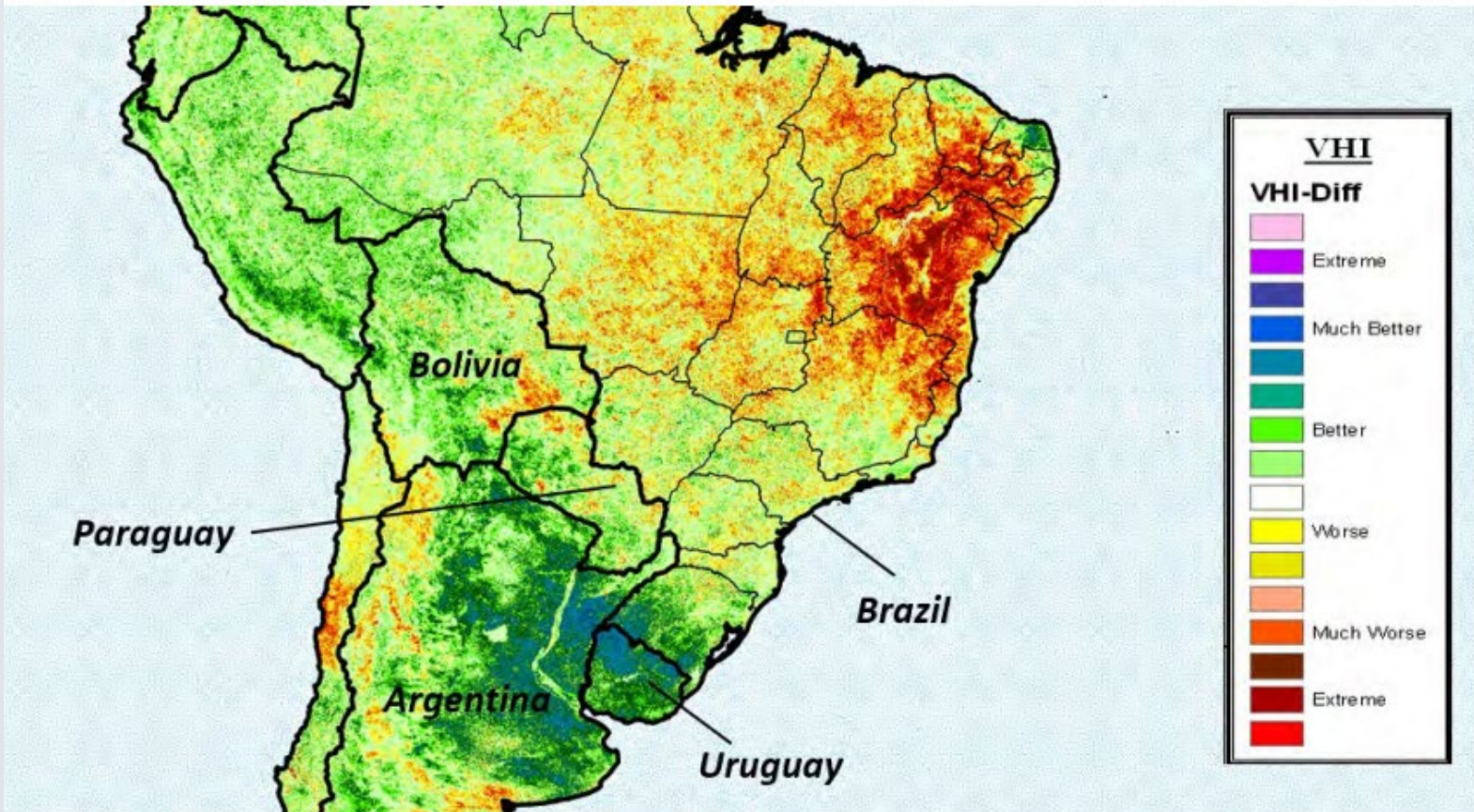
5. The Weather for 2024

CPC summer long-range outlook



5. The South American Crop

Vegetative Health Index: Week 52 Difference 2023 versus 2022



4. The South American Crop

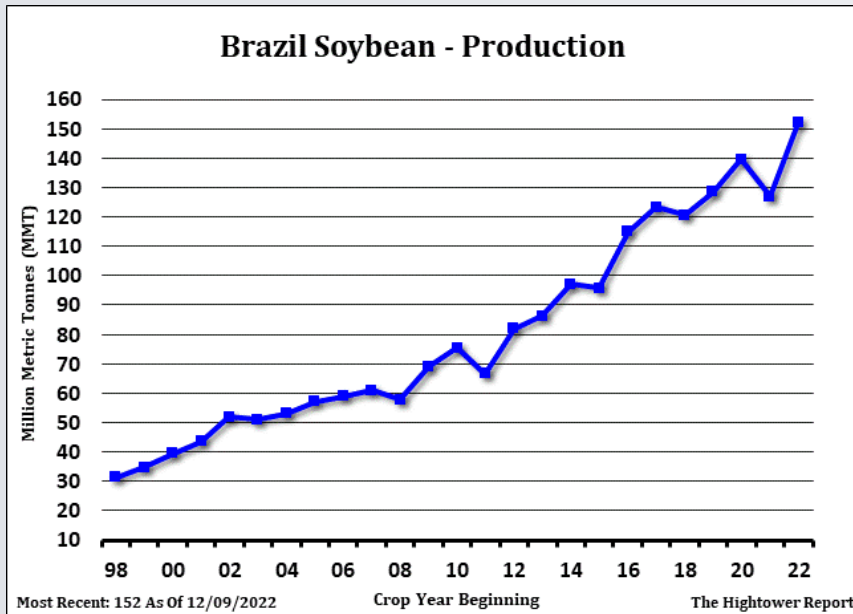
Still potential record corn and soybean production coming...

2023/24 South American Crop Production
(millions of tonnes)

@kannbwx
Data sources: USDA, Reuters

	CORN		SOYBEANS	
	Argentina	Brazil	Argentina	Brazil
USDA Jan	55.0	127.0	50.0	157.0
Trade average	54.78	125.33	48.87	156.26
USDA Dec	55.0	129.0	48.0	161.0
USDA 2022/23	34.0	137.0	25.0	160.0

(MMT)	Corn	Soybeans
Brazil	127.0	157.0
Argentina	55.0	50.0
Total	182.0	207.0
Last year	171.0	185.0
Difference	+11.0 MMT (430 mb)	+22.0 MMT (808 mb)



Marketing Keys for 2024

- Current situation looks to be difficult for producers with potential growing supplies and a softer demand tone.
- Keep “balance” in your marketing plan.
- Get control of at-risk bushels. Put strategies will be key to protect unpriced bushels.
- Stay disciplined to targets; build the “base” through cash sales and defensive strategies (puts).
- Look at historical value, use call strategies if the market gives opportunity.
- Producers need to measure the risks of “doing nothing” vs the cost of using marketing tools and strategies.
- Don't forget about 2025! Market typically gives an opportunity; produce and sell.



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