

**NASS Satellite Image of Historic Frequency of Soybean Planting (2008-2023)**  
 Highest frequency region in blue/purple – Medium frequency region in red – Low frequency region in yellow

# Thinking of Grain Market from Field: Updated 2024 Planting Estimates and Market Outlook

July 3, 2024

## Introduction

Summer is a busy season for grain producers, leaving little time to analyze the market and strategize sales plans. Nevertheless, the first week of July is a good time to take a “10,000-foot view” of the market, as the USDA releases several important reports by the end of June. In this article, we will discuss grain market outlook by reviewing the USDA new crop planting estimates, WASDE report, and grain stocks report.

## Highlights

- Despite relatively hot and dry conditions, new crop growth is plain sailing.
- Corn acreage is estimated to be larger than expected.
- US grain stocks for both corn and soybeans are the highest post-Covid.
- Ohio on-farm soybean stock is 64% higher than in 2023.

## National Crop Progress

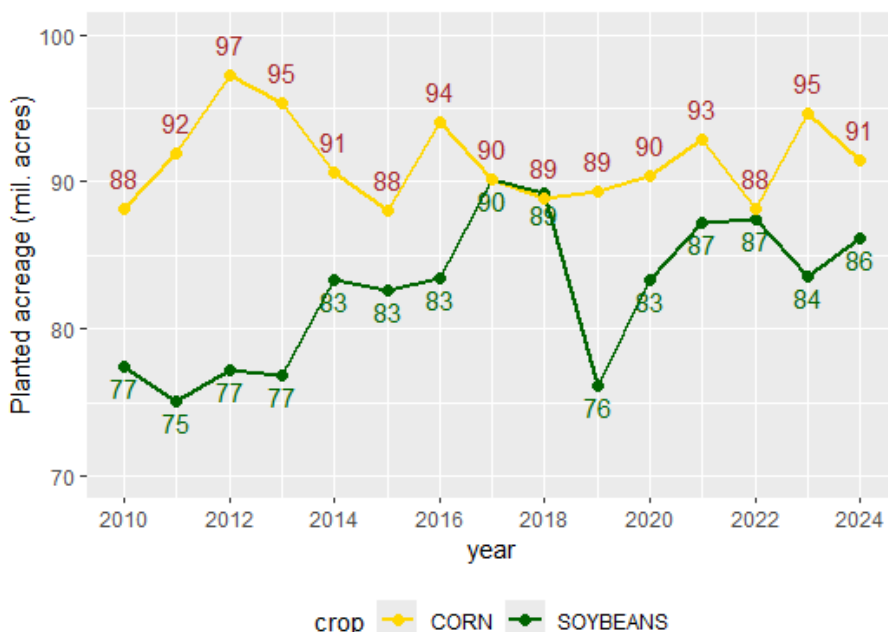
In the short run, weather will be the key of the 2024/25 market fundamentals. So, let us begin with checking the national crop conditions. According to the USDA’s Weekly National Agricultural Summary, released on July 2, 11% of US corn had reached the silking stage by June 30 and 20% of US soybean had reached the blooming stage. These progress rates are about 5% ahead of their historical averages. USDA also noted that 67% of the nation’s corn and soybean acreages are rated in good to excellent condition, which is more than 15% above the previous year. Thus far, many regions are experiencing a relatively good growing season. However, the eastern Corn Belt region, including Ohio and Indiana, has recently observed increased dryness, which requires close monitoring of potential drought.

**Table 1 June WASDE summary for corn and soybean**

Marketing Year (Sep-Aug)	Corn		Soybean	
	23/24	24/25	23/24	24/25
Area Planted (mil. acres)	94.6	91.5*	83.6	86.1*
Yield (bu/a)	177.3	181.0	50.6	52.0
Production	15,342	14,860	4,165	4,450
<b>Total Supply</b>	<b>16,727</b>	<b>16,907</b>	4,454	4,815
Feed & Residual	5,700	5,750		
Ethanol	5,450	5,450		
Crush			2,290	2,425
<u>Domestic Use</u>	<u>12,555</u>	<u>12,605</u>	<u>2,404</u>	<u>2,535</u>
Exports	2,150	2,200	1,700	1,825
<b>Total Use</b>	<b>14,705</b>	<b>14,805</b>	<b>4,104</b>	<b>4,360</b>
Ending Stocks	2,022	2,102	350	455
Price (\$/bu)	4.65	4.40	12.55	11.20

Note: Unless explicitly denoted, the default unit of all numbers is a million bushels. 24/25 Area Planted (asterisked) was updated based on the USDA Acreage report.

**Figure 1 Planted acreage update** (updated on June 28, 2024)



## No Excitement in June WASDE

As we approach the end of the 23/24 market year, the USDA did not make significant changes in its June WASDE report, at least for corn and soybeans. There was no change in corn numbers and only a minor adjustment in soybean use, with a decrease of 10 million bushels in the 23/24 crush use. Overall, the June WASDE report was quieter compared to other months. In contrast, the USDA acreage report offered surprises to the market.

## Corn Acreage Large than Expected

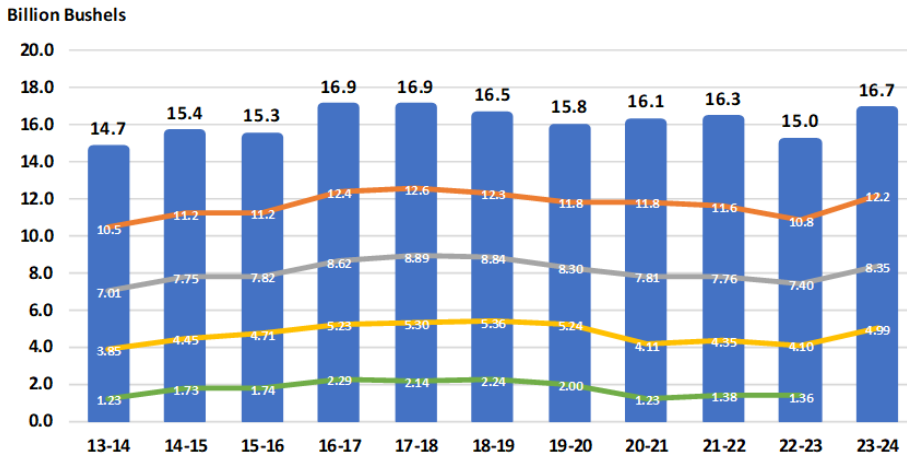
In the March Prospective Plantings report, the USDA projected a 5% decrease in corn acreage (90.0 mil. acres) and a 3% increase in soybean acreage (86.5 mil. acres) compared to 2023. These projections significantly influenced market expectations for price fundamentals over the past three months.

However, as shown in Figure 1, the corn acreage prediction was considerably revised on June 28, reporting only a 3% decrease from 2023 (91.5 mil. acres). This revision implies that approximately 271.5 million bushels of additional corn will be supplied in the fall, exceeding the market's expectations from March. In contrast, soybean acreage was slightly adjusted down but still remains 3% above 2023 levels (86.1 million acres), which might be bullish but not significantly so.

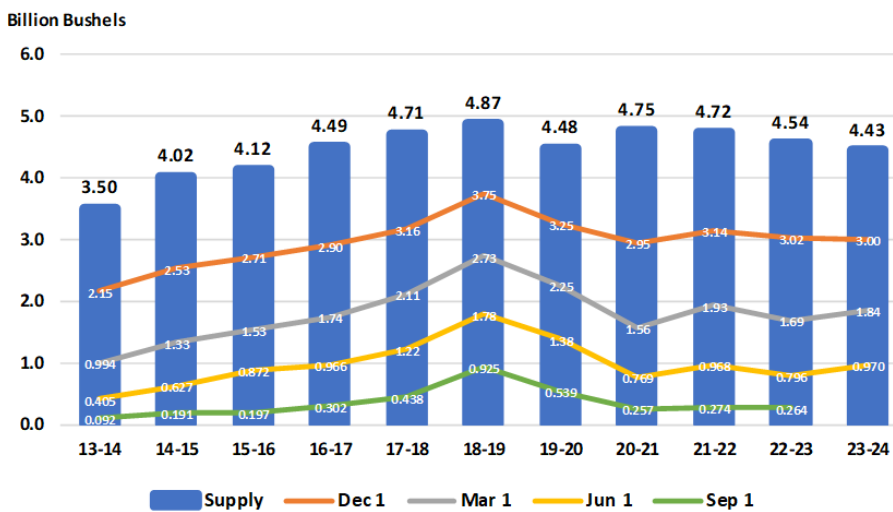


## Figure 2 Grain Stocks (updated on June 28, 2024)

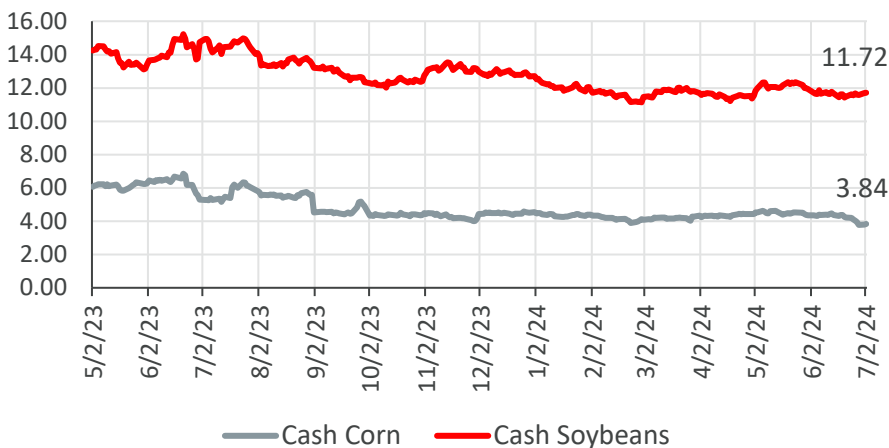
### Fig 2-A Corn Stocks



### Fig 2-A Soybeans Stocks



### Figure 3 Cash Prices in Allen County, OH



The market seems to be slowly reflecting these estimates, as 3.36 million of the 91.5 million acres of corn were still "to be planted" when the USDA conducted the survey. Therefore, there is room for additional revisions. Regardless, my opinion is that corn fundamentals will likely remain weak for the next few months due to the unusually high stocks carried over from the 23/24 market year.

### High Stocks Will Keep Challenging Farmers

On June 28, the USDA released the Grain Stocks report, providing another benchmark for assessing the supply-demand balance. The third quarter grain stocks for both corn and soybeans were the highest among the post-COVID years (see Figure 2). The high corn stock resulted from the large harvest in 2023, while the high soybean stock was partly due to sluggish exports. The 5-year average for soybean exports is about 2 billion bushels, whereas only 1.7 billion bushels were exported in 23/24. Consequently, on-farm storage for corn and soybeans is reported to be 37% and 44% higher, respectively, than in 2023. In Ohio, on-farm stocks for corn and soybeans are 21.7% and 62.5% higher, respectively, than in 2023.

Given the high stocks that are straining storage capacity, if the new crop is harvested without any issues, many farmers could face a slide in cash prices. Therefore, a proactive risk-management marketing strategy will be essential.

