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Analysis of the U.S. agricultural commodity market for the 2024/25 marketing year

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Highlights

- An unusually large drop in the U.S. corn yield in the January WASDE surprised the market.
- Market fundamentals have improved for both corn and soybeans in the past three months.
- So far, U.S. grain has made promising export progress. The rest of the marketing year will heavily depend on South American crop production and global trade circumstances.

Overview of the US Commodity Market

One of the best indicators of the commodity markets in the U.S. comes from the World Agricultural Supply and Demand Estimates (WASDE) monthly reports. Table 1 shows the 2024/25 US balance sheets for corn, soybeans, and wheat. The overall supply and demand situation for corn and soybeans changed significantly in January. Compared to December, the stocks-to-use ratio declined from 11.4% to 10.2% for corn and from 10.8% to 8.8% for soybeans.

Corn production estimate is updated at 14.9 billion bushels and yield is forecast at 179.3 bushels per acre in the 2024/2025 marketing year. The supply of corn is expected to exceed the demand for corn by 1.54 billion bushels. The U.S. is projected to export 2.450 billion bushels of corn and import 25 million bushels. The stock-to-use ratio for corn is 10.2%, which is 1.6 percentage points lower than in 2023/24. The US corn stocks-to-use has been below 10% in only six years since 1990 (Janzen, June 2022), with the 2024/25 stock-to-use only marginally exceeding this threshold. The season-average corn price received by producers has decreased to $4.25 per bushel.

Soybean production is forecast at 4.4 billion bushels in the 2024/2025 marketing year, with 50.7 million bushels per harvested acre. Soybeans are projected to have 1.825 billion bushels of exports and 20 million bushels of imports. The anticipated supply and demand for soybeans are, respectively, 4.729 billion bushels and 4.349 billion bushels, which leads to 380 million bushels in expected ending stocks. The stock-to-use ratio is projected to remain low at 8.7%, however the projection marks the third consecutive annual increase in the stock-to-use ratio for soybeans, suggesting an increase in stock pressure. The U.S. season-average soybean price for 2024/25 is forecast at $10.2 per bushel.

Total domestic use of wheat is projected at 2 billion bushels, which is 798 million bushels less than the expected supply. Wheat exports are expected to be 850 million. The projected ending stocks for wheat for 2024/25 are 798 million, which is an increase from the ending stocks for 2023/24 of 696 million bushels. The current wheat stocks-to-use ratio projection of 39.9% is slightly below the 15-year average of 40.3%, and the projected 2024/25 season-average farm price for wheat is $5.55 per bushel.

Table 1. 2024/25 US Balance Sheet for Commodities

	Corn	Soybeans	Wheat
Million Acres			
Area Planted	90.6	87.1	46.1
Area Harvested	82.9	86.1	38.5
Yield (bu/acre)	179.3	50.7	51.2
Million Bushels			
Beginning Stocks	1763	342	696
Production	14,867	4,366	1,971
Imports	25	20	130
Total Supply	16,655	4,729	2,798
Exports	2450	1825	850
Total Use	15115	4349	2000
Ending Stocks	1540	380	798
Stocks-to-Use Ratio	10.2%	8.8%	39.9%
Average Price ($/bu)	4.25	10.2	5.55

Source: USDA January 2025 WASDE Report

In short, while the 2024/25 marketing year began on a bearish note due to a large old crop carryout and high yields, the January WASDE report signaled a shift in the USDA's market outlook. Two key factors driving this change are (1) strong domestic and foreign demand and (2) a lower corn production estimate. Specifically, the downward revision of national corn yield by more than 3 bushels per acre reduced total supply by approximately 270 million bushels. As a result, market sentiment has turned slightly more optimistic, leading to a more than 20-cent increase in the March 2025 corn futures contract. Looking ahead, a key uncertainty in the USDA's forecast is trade, influenced by the South American harvest, trade policies, and monetary factors such as a strong dollar.

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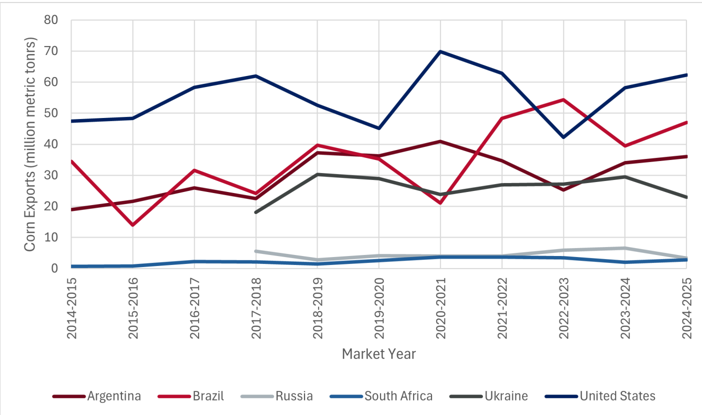
Overview of the Global Commodity Market

Figure 1 presents the major worldwide corn exporters between 2014 and 2025, with the United States exporting the largest quantity of corn for all years except for 2023. In 2025, the US is followed by Brazil, Argentina, Ukraine, Russia, and South Africa in descending order of millions of metric tons of bushels exported (January 2025 WASDE Report). Once the corn harvest in Argentina and Brazil is complete, we will have a clearer sense of the likelihood of current export projections. Notably, the recent drought in Argentina and southern Brazil could significantly impact these export figures.

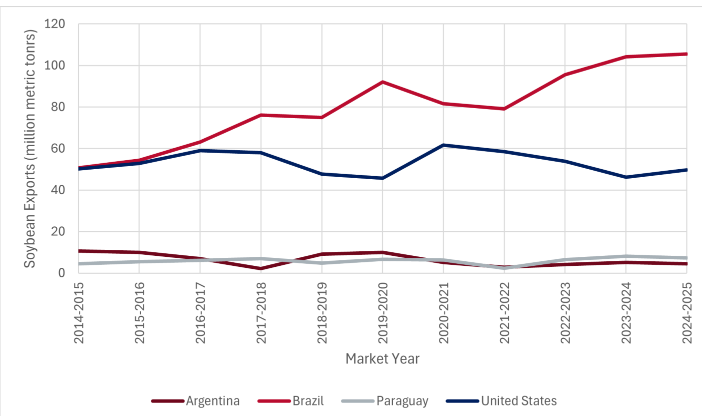
Figure 1: Major Corn Exporters, 2014-2025



Source: USDA WASDE Reports

Figure 2 demonstrates the consistent and growing dominance Brazil has held on the soybean export market, which exported nearly double the metric tons of soybeans that the United States did in 2025. Far behind both countries are Paraguay and Argentina, each projected to export less than 10 million metric tons this year. The annual exports of the U.S. remain relatively stable, staying within approximately 40 to 60 million metric tons from 2014 to 2025. Clearly, the weather during the current growing season in Brazil is the key determinant of the 2025 soybean export estimates. A favorable shower has occurred in the Central-West region of Brazil, the major soybean-producing area. Given the current planting progress, we assess that the chance of consistently high Brazilian soybean exports remains strong.

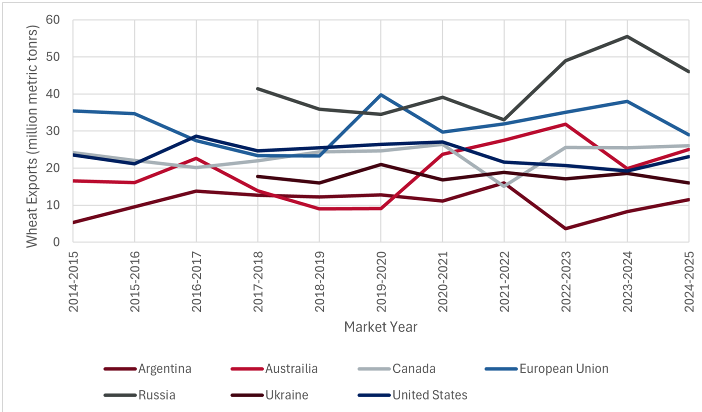
Figure 2: Major Soybean Exporters, 2014-2025



Source: USDA WASDE Reports

In Figure 3, both the European Union and Russia show a decrease in total wheat exports in 2025. Particularly, Russia's projected exports are lower by 17.1%, while the European Union's exports dropped by 23.6% from last year. The sharp decline in EU wheat exports is attributed to a reduced wheat harvest in 2024, down more than 10% from 2023. Additionally, the USDA rationalized its forecast by citing river transportation issues in Russia and depleted milling supplies in Ukraine (Austin et al., 2025). Given supply challenges in several major wheat exporters, U.S. wheat exports are expected to be higher than last year.

Figure 3: Major Wheat Exporters, 2014-2025



Source: USDA WASDE Reports

Conclusion

In conclusion, we see cautious optimism across the board—solid domestic grain use, relatively good export progress, and lower-than-expected January stock levels. As a result, most grain prices have rebounded over the past few weeks. However, we do not believe this market rally will persist through the end of this marketing year. Therefore, we emphasize four factors that could significantly alter the market situation over the next 3-4 months.

First, as mentioned earlier, the Latin American new crop supply will be influential. Fortunately, we now have a clearer sense of its potential impact. While the market will react sensitively to Brazilian crop progress, we do not expect it to be a black-swan-type shock. Second, China continues to reduce its imports of U.S. corn and soybeans. We have observed that the bi-weekly export flow to China is slower than historical levels, which could ultimately damage the U.S. supply-demand balance—note that China is still the largest soybean buyer for the U.S. Third, U.S. farmers' planting decisions for the 2025/26 marketing year will affect the relative valuation of corn and soybeans. The USDA's Prospective Plantings report, to be released in March, will serve as a useful reference. Last but not least, trade policy uncertainty and the potential for trade disputes—where agriculture has often been a pawn—could dramatically shift market conditions.

Reference

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