A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **It will be Wednesday WASDE this week.** So, get a grip and manage your risk as USDA releases its June Supply and Demand Estimates on June 12. Prior to next Wednesday's WASDE report from USDA, analysts expect the agency to show 2024/25 corn ending stocks at 2.079 bil. bu., down from 2.102 bil. in May. Individual trade guesses ranged between 1.975 bil. and 2.102 bil. bu. Ahead of next Wednesday morning's WASDE report from USDA, analysts expect the agency to show 2024/25 soybean ending stocks at 448 mil. bu. Individual trade guesses ranged between 340 mil. and 492 mil. bu.

2024 JUNE USDA WASDE - U.S. CROP PRE-REPORT EST.

CROP (Bil Bu)		2024 JUNE TRADE EST.	USDA MAY WASDE
CORN	24/25 Yield	181.0	181.0
	24/25 Production	14.850	14.860
	24/25 Ending Stocks	2.090	2.102
	23/24 Ending Stocks	2.010	2.022
SOYBEANS	24/25 Yield	52.0	52.0
	24/25 Production	4.450	4.450
	24/25 Ending Stocks	0.460	0.445
	23/24 Ending Stocks	0.350	0.340
WHEAT	24/25 Ending Stocks	0.780	0.766
	23/24 Ending Stocks	0.690	0.688

SOURCE: USDA, QT

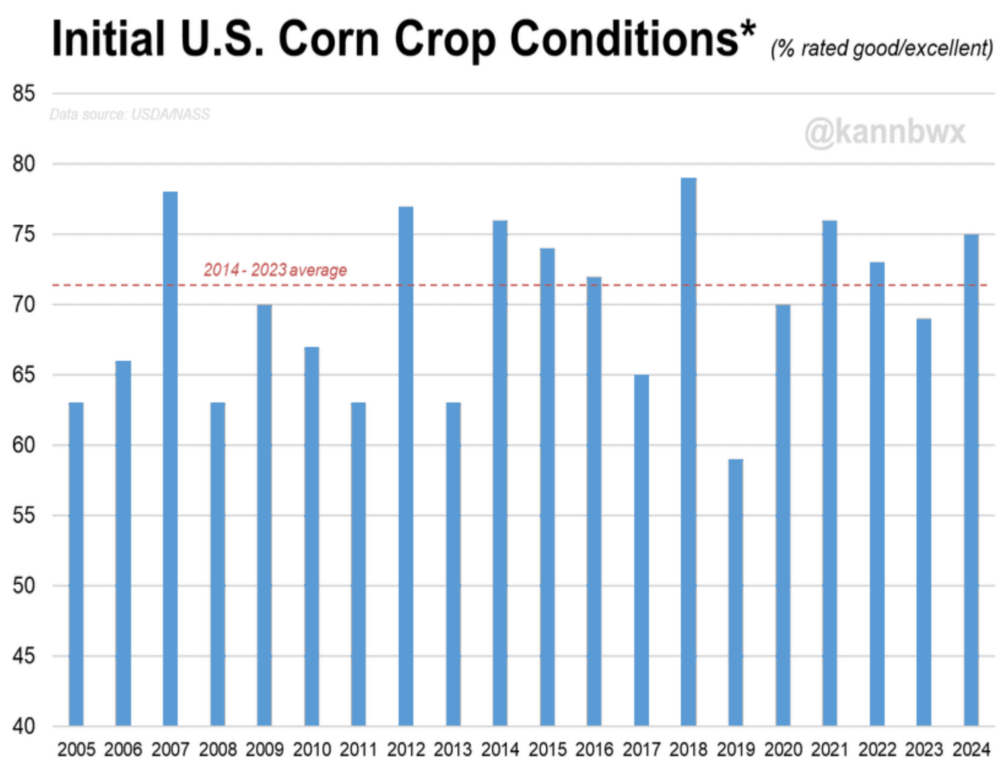
- **International exporters report:** Ukraine's 2023/24 grain exports have included corn sales totaling 1.067 bil. bu. and wheat sales totaling 650.4 mil. bu. through June 7, according to the country's agriculture ministry. Total sales are down 3.6% year-over-year so far. Ukraine is among the world's top exporters of both commodities. Brazil's corn exports in May reached 16.6 mil. bu. in May, which was a year-over-year increase of 9.5%, per the latest governmental data.

2024 JUNE USDA WASDE - GLOBAL CROP PRE-REPORT ESTIMATES

CROP (Bil Bu)		2024 JUNE TRADE EST.	USDA 2024 MAY WASDE
CORN	24/25 Ending Stocks	311.10	312.27
	23/24 Ending Stocks	211.20	313.08
SOYBEANS	24/25 Ending Stocks	127.80	128.50
	23/24 Ending Stocks	110.70	111.78
WHEAT	24/25 Ending Stocks	251.00	253.61
	23/24 Ending Stocks	256.90	257.80

SOURCE: USDA, QT

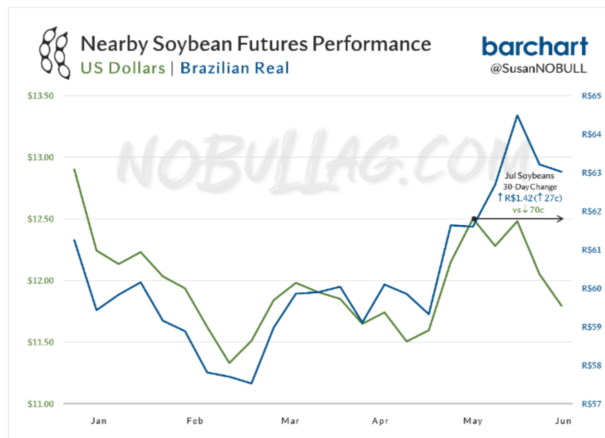
- **The USDA released its first crop condition ratings** of the year for corn last week and as expected the ratings were solid to start the season as most of the Cornbelt has adequate moisture to get the crop of to a good start. 75% was good to excellent, 11 points higher than 2023. Only 4% was in the poor category, So begins the weekly evaluation and certain overreaction to the condition data to start each week's trading in the grain markets. As suspected, there is little correlation from the start of the season to the end as well as to final yield as it is ultimately summer weather that will have the final say, according to ADM analysts. Keep in mind that 25% of the corn crop has yet to emerge, as of last Monday. That will be a key data point to watch in the June 10 NASS crop progress report. The anticipation of high ratings has led to pressure in the corn and soybean markets in recent trading sessions, pulling December corn $.30 from its recent highs while November soybeans have plunged over $.70. Through September 1st, 10 out of the last 10 years saw the summer highs made in June and July. Reduced competition from Brazil has US corn as the cheapest delivered into Asia through the month of August. Cash corn and soybean prices in Central IL have surged in recent days. Production issues in Russia and Ukraine continue to be a concern. Meanwhile Mexico is experiencing its worst drought in 50 years.



*Y-axis zoomed to show more detail. Initial conditions were released anywhere from mid-May to mid-June depending on emergence.

- **China's soybean imports** reached 375.5 mil. bu. in May, according to the latest customs data. The country's total soybean imports during the first five months of 2024 are trending 5.4% below last year's pace so far, with 1.373 bil. bu. China is by far the world's No. 1 soybean importer. Meantime, a shift in U.S. exports has been slowly unfolding in recent years. China is expected to fade below its current No. 1 status, with Mexico and Canada moving into the top two positions. Brazil's soybean exports totaled 494.2 mil. bu. in May, which was a year-over-year decrease of 13.7%, according to the latest governmental data.

- **The Brazilian grain market is topsy turvy.** A surprise tax change in agriculture powerhouse Brazil is disrupting business and drawing the ire of groups representing some of the world's top crop traders including Cargill Inc. and Bunge Global SA. Companies including Archer-Daniels-Midland Co. and others withdrew new offers for commodities such as soybeans and corn, according to people familiar with the matter, who asked not to be identified because the information is private. Traders were taken by surprise and need more clarity on the new policy, which limits the ability of some companies to monetize tax credits, the people said. The provisional measure, signed by President Luiz Inacio Lula da Silva on Tuesday, threatens to raise costs for commodity exporters and processors in the world's largest supplier of everything from soybeans to sugar and beef. If approved by Congress, it would be another blow for the troubled relationship between Lula and the agribusiness sector at a time when his approval rates are eroding. Brazilian soybean analyst Eduardo Vanin reports "the industry's lobbying efforts to overturn the decree have been intense. For now, crushers are the most impacted, taking $12 to $15 per ton away from their crush margin calculation – margins in Brazil were close to breakeven before the change, and now they seem terrible.
- **Could the Brazilian financial politics** be related to currency issues? Commodity analyst Susan Stroud at NoBullAg.com adds some pieces to the puzzle, saying the Brazilian *real* has dropped more than 5% in just a month. "In fact, Friday's low of 0.18709 is the lowest the Brazilian *real* has been versus the US dollar since January of 2023. As a result (even with a falling board), CBOT soybean prices paid to the Brazilian farmer have rallied to their highest levels of 2024. In one-months' time, July bean futures have lost ~70₵ but due to the *real's* depreciation versus the dollar, prices paid to Brazilian producers have actually rallied nearly 30₵. That is a big dollar's worth of difference all due to the currency relationship." Susan Stroud says, "Stronger prices encourage farmer crop sales, which increases more export availability, and that means cheaper export premiums." Stroud says those mean "tougher competition for US exports. Currency fluctuations provide quiet headwinds or tailwinds for exports. This one is no different except big drops in the *real* can often break the bean market for the reasons listed above."



- **The government policy change** comes at a time in Brazil when analysts are wrapping up their estimates of production losses from the flooding in Parana and Rio Grande do Sul earlier this year. Reuters reports, "Soybean losses related to recent floods in Brazil's southernmost state of Rio Grande do Sul were estimated at 100 mil. bu., crop agency Emater said on Tuesday, in line with private forecasts of 106 mil. bu. Emater said in a statement it expects Rio Grande do Sul's soybean crop to reach 717 mil. bu. this season, down from the 817 mi. bu. forecast previously. In rural areas, Emater said more than 206,000 properties were affected, with losses in production and damage to infrastructure, including roads and food storage.

- **While IL will plant more soybeans** than other states at 10.5 mil., and IA will be a close second at 10.2 mil., market analyst Naomi Blohm says, "The last of the beans in MN and ND are struggling to get planted, and the world does not understand how significant a potential problem this may be. MN is the 3rd largest, with 7.5 mil. acres expected to be planted this spring with ND coming in 4th with 6.9 mil. acres of soybeans expected to be planted. But the June 3rd USDA report indicated 20% of the soybeans in MN were not yet planted and 34% of the soybeans in ND were not yet planted." That is a total of 3.8 mil. acres. "With the final planting deadline for crop insurance coming up this week, plenty of producers are contemplating taking prevent plant, and NOT planting those final soybean acres," she says. Blohm says the soybeans in those 2 states typically are export out the Pacific northwest to oriental markets. "However, if those 4 mil. or so acres in MN and ND do not get planted, then U.S. ending stocks will likely go back below 300 mil. bu. for the 2024- '25 crop year, which would be supportive for prices. All eyes are on you, MN and ND farmers. The ball is in your court and Mother Nature is your opponent."
- **China says soybean acreage** will be dropping this year. Lower domestic prices, high carry-in stocks from the previous year and better margins for corn are expected to reduce soybean planted area in China for the 2024-25 marketing year, says USDA's Foreign Agriculture Service. China's soybean planted area is expected to decline by 240,000 acres in the coming marketing year. As a result, production is forecast to dip slightly by 40 mil. bu. In a related note, China's international trade agent COFCO, which is the largest buyer of Brazilian soybeans, says it has delivered a shipment of 1.8 mil. bu. of "deforestation-and conversion-free" soybeans from Brazil. "As a major exporter of Brazilian soy, COFCO International said it is taking steps to improve traceability, risk management and supplier performance. The company is collaborating through collective industry initiatives such as the Taskforce on Green Value Chains for China, the Soft Commodities Forum and the Agricultural Sector Roadmap to 1.5C. In this way, the business is making progress toward its goals to achieve a deforestation-free soy supply chain by 2025 and reducing emissions from land use change in alignment with its climate strategy." The Chinese policy is in line with the European policy of not accepting soybeans which have been produced on land cleared of timber in recent years. (Is there any US farmland being cleared of timber to produce soybeans?)
- **A recovering economy in Vietnam** will see the country boost its consumption of soybean meal for feed use to 5.85 mil. tons. during marketing year 2023-24, which would be 200,000 tons over the previous year, and up to a projected 6 mil. tons in 2024-25, according to a report from the Foreign Agricultural Service. The report forecast an increase in soybean imports in 2023-24 and 2024-25 for both crush and food use, while soybean meal imports are expected to dip to 4.7 mil. tons from 4.9 mil. due to higher domestic crush capacity in 2024-25. Soybean imports for 2023-24 are seen at 83 mil. bu. and 92 mil. bu. the following marketing year. This reflects the projected additional capacity from both the new crush facility in the south, and increased capacity at existing crushers in the south and the north. Total feed demand in 2023-24 is forecast to increase to 26.5 mil. tons due to a projected rebound in demand for aquafeed.

Farm Economics and Lending—

- **Federal Reserve Board Governors** meet again Tuesday, June 11, to review the economy and consider interest rates. Fed ag economists submitted their reports last week:

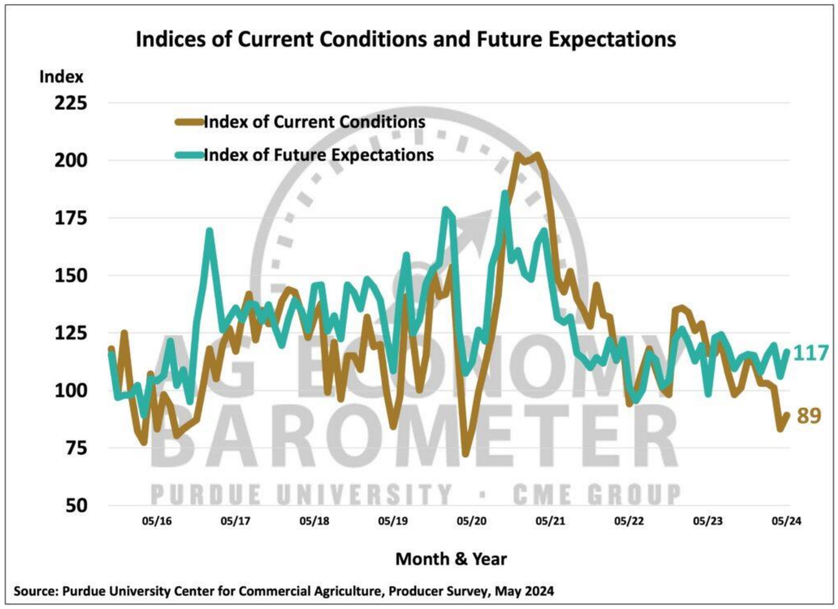
- ✓ **Chicago:** Income expectations for District farmers increased slightly during the reporting period, as prices increased for several agricultural products. Widespread precipitation reduced the intensity of drought in Iowa, but also delayed corn and soybean planting after an early start. Corn, soybean, and wheat prices moved higher. Most livestock prices were up, though egg prices were down. Continuing concerns about the financial impact of avian flu in cattle were offset by additional support from the federal government. Butter and cheese prices rose, with reports of stronger exports. Several contacts noted increased costs for repairs, machinery parts, and fuel. Demand for operating loans was up, in line with lower levels of working capital for farms.

- ✓ **St. Louis:** Agriculture conditions have declined slightly since our previous report, with most contacts describing conditions as falling below expectations. District contacts were mixed on inventory, sales, and capital expenditures and noted increased labor costs as an additional stressor. Elevated rainfall and extreme weather events such as tornados continued to disrupt the planting progress for soy, cotton, and corn across all District states. The most-active planting periods have either ended or will end in the next 2 weeks; however, soy, corn, and cotton were all around 50% planted as of mid-May, down from over 90% planted at the same time 1 year ago, and slightly below average over the past few years. District contacts were mixed on inventory, sales, and capital expenditures and noted increased labor costs as an additional stressor.

- ✓ **Minneapolis:** Agricultural conditions in the District remained weak amid some positive developments. Lenders responding to an agricultural credit conditions survey overwhelmingly reported decreased farm incomes in the first three months of 2024 relative to a year earlier, with expectations for further declines in the second quarter. However, contacts in the industry reported that some moderation in input costs was expected to benefit producer margins. Recent precipitation alleviated drought conditions in much of the region, and crop planting and progress was generally near average for early spring. However, poor snow cover over the winter negatively impacted the quality of the winter wheat crop in parts of the District.

- ✓ **Kansas City:** Conditions in the Tenth District agricultural economy softened through early May and farm finances tightened slightly. Corn, soybean, and wheat prices increased slightly since April, but remained weak, keeping profit opportunities narrow. Winter wheat conditions in CO and KS were particularly poor and raised concerns about reduced revenues while growing conditions in OK and NE were comparatively better. Corn and soybean planting was delayed in some areas of the region, which also raised concerns about future crop conditions. In the livestock sector, cattle prices remained strong and supported profit opportunities for cow/calf producers. District contacts mentioned that financial stress has remained modest, but concerns about further deterioration were growing.

- **Farmer sentiment recovered somewhat in May** following a sharp drop-off in April, according to the [Purdue University Ag Economy Barometer](#) came in at 108, up 9 points compared to April. Strengthening crop prices was a factor in this month's sentiment improvement. For example, Eastern Cornbelt cash corn prices in mid-May were 6% to 7% higher than when the April survey was conducted, while cash soybean prices improved by 2% to 3% over the same period. The improvement in prices coincided with good corn and soybean planting progress as USDA reported the planting pace in mid-May matched the 5-year average.



  - ✓ Despite this month's improvement in the financial performance index, it remained 15 points lower than at the end of last year indicating that producers still expect 2024 to be a more challenging year financially than 2023. Producers' outlook on capital investments improved in May, but producers maintained a cautious attitude towards investments as the *Farm Capital Investment Index*. 77% of respondents feel it's a bad time to make large investments. Interest rates and high farm machinery prices and new construction were the primary reasons.
  - ✓ Producers who expect farmland values to rise over the next year consistently point to non-farm investor demand and inflation as the top 2 reasons for their optimistic outlook on farmland. 12% of the bullish respondents pointed to energy production as a key reason for their outlook, up from 8% in the April survey.
  - ✓ 7% of respondents said they had been in contact about a carbon capture and storage project from an ethanol plant. Payment rates reported per acre varied widely, ranging from less than $26 per acre to, in some cases, more than $50 per acre.
  - ✓ In both the April and May surveys approximately 20% of survey respondents, up from just 12% in March, said they have discussed leasing farmland for solar energy production in the last 6 months. Like April's survey results, 55% of respondents said they were offered a long-term lease rate of $1,000 per acre or more, and 27% said they were offered more than $1,250 per acre. Approximately 30% of respondents who have discussed leasing with a company have signed a solar energy lease on farmland they control.

Transportation—

- **Barge shipments** down the Mississippi River increased to 604,000 tons in the week ending June 1 from 548,000 tons the previous week, according to the USDA's weekly grain transportation report. Barge shipments of corn rose 18.7% from the previous week. Soybean shipments up 5.6% week over week. St. Louis barge rates were $0.25 per bu., a decline of $0.01 from the previous week. And more ocean freighters are scheduled for loading. For the week ending May 30, 23 oceangoing grain vessels were loaded in the Gulf—5% more than the same period last year. Within the next 10 days (starting May 31), 39 vessels were expected to be loaded—5% more than the same period last year. As of May 30, the rate for shipping a bu. of soybeans from the U.S. Gulf to Japan was $1.67, down 2% from the previous week. The rate from the Pacific Northwest to Japan was $0.87 per bu., down 2% from the prior week.

- **When transpotation costs are compared,** does the US or Brazil have an advantage of delivering soybeans to Oriental or European ports. USDA's Agriculture Marketing Service quarterly calculates the comparison into Shanghai, China, and Hamburg, Germany. Numerous factors are considered, diesel fuel costs for trucks, trains, and barges, ice on rivers and highways, seasonal differences in speed of transportation, rail tariff rates, and many others. The latest USDA study compared the fall of 2023 to the winter of 2024.
  - ✓ "From fourth quarter 2023 to first quarter 2024 (quarter to quarter), costs rose for exporting soybeans from the U.S. Gulf to China and Germany but fell from the Pacific Northwest (PNW) to China. The rises in U.S. Gulf transportation costs owed to rising ocean freight rates, as well as additional wintertime costs of replacing barge with rail movements from the upper Mississippi River (UMR) to St. Louis. Parts of the UMR were impassable by barge because of ice."
  - ✓ "From first quarter 2023 to first quarter 2024 (year to year), except for shipments from Minneapolis, MN, to Hamburg, Germany, transportation costs rose in the United States, because of higher truck and ocean freight rates. Barge rates fell because of improved navigation conditions in the Mississippi River System and lower inspections at the U.S. Gulf than in first quarter 2023. In Brazil, transportation costs fell because of lower truck rates."
  - ✓ To Hamburg, Germany, from Santos, Brazil, soybeans were $12.89 per bu., with transportation being 26.25% of that. From Davenport, IA, soybeans were $14.68 per bu. and transportation was 18.29% of that. To Shanghai, China from Davenport, IA, soybeans were $15.48 per bu. and transportation costs were 22.49% of that. From Santos, Brazil, soybeans were $12.95 per bu., and transportation costs were 26.58% of that.

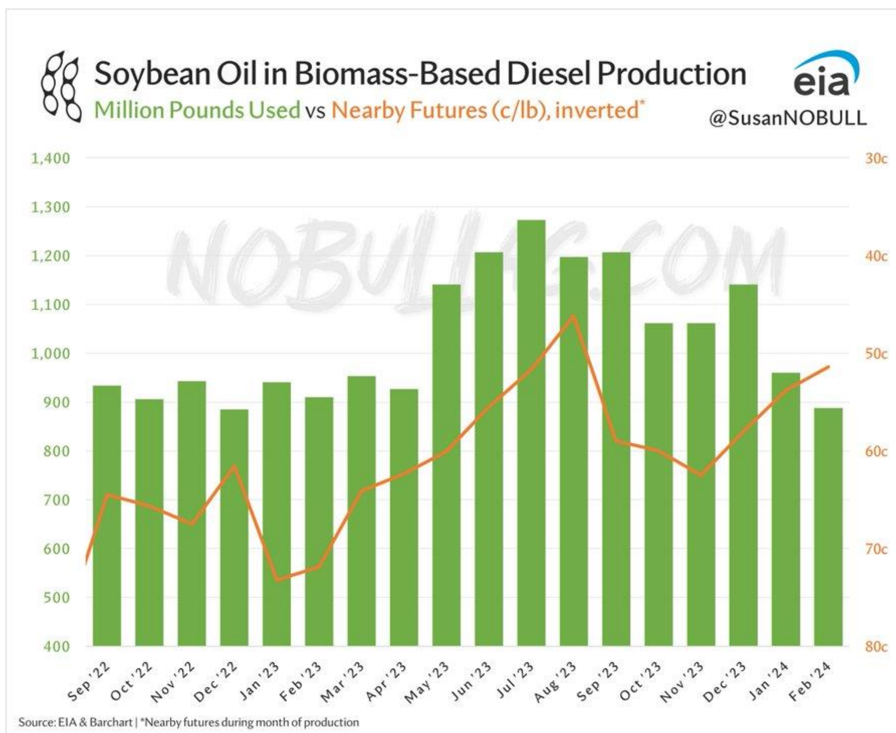
Trade and International Issues—

- **Mexico has a new president,** and that could have implications for U.S. farm trade with our number 1 foreign market. Claudia Sheinbaum (right) became the first woman and first Jewish person elected president of predominantly Catholic and patriarchal Mexico. But American Farm Bureau senior director of government affairs Dave Salmonsen says early indications are Sheinbaum will continue the status quo in farm trade, "Now, she has said, immediately after being elected, she wants to continue the U.S.-Mexico-Canada Agreement. Her number one priority is strong relations with the United States." But that will depend on many factors, including how Sheinbaum deals with U.S. trade irritants, "Maybe a little, we hope, at least on agricultural trade and some of the issues, thinking specifically of biotech corn, somewhat less confrontational there, while there is an ongoing case, which we think will be resolved in November." Almost $3 bil. a year on average, or a quarter of U.S. corn exports, went to Mexico in the last 10 years and almost $5 bil. in 2021. And Mexico is now tops for the U.S. in farm trade, "Mexico for 2024, will be the U.S.' number one export destination at about $28.7 bil." With Canada slightly behind, and China now number 3. (Berns Bureau) →

- **There may be some brakes applied** on how fast Mexican policy on US corn could change. The current President Lopez Obrador (AMLO) will remain in office until October 1, and former Ambassador Earl Anthony Wayne says, "AMLO has put forward a number of reforms which he will now try to put into the Constitution and into law before he leaves office," he explains. "And he hopes the ones he doesn't get done his successor, Claudia Sheinbaum, will do. I think the hope from the perspective of the United States is that the new president-elect is a scientist," he says. "But she is sensitive to the argument that this is a crop where there is a long history and tied to the culture in Mexico." He says following science-based and transparent procedures in trade is critical to the future relationship between the 2 countries.
- **U.S. Grains Council Chair Brent Boydston** (seated second from right) and Past Chair Josh Miller (seated second from left) went south of the border for meetings with major stakeholders in the U.S. and Mexico corn trade market. The goal was to maintain positive communications and relationships with one of U.S. agriculture's most valuable customers. "With the recent political obstacles and challenges to rail transport logistics affecting grain imports from Mexico, it's vital for the Council to work in tandem with the USDA's Foreign Agricultural Service in Mexico to keep shipments moving," Boydston says. "U.S. producers and Mexican importers and end-users alike need reassurance that trade will continue operating smoothly, and it's our duty to facilitate that goal."

Biofuels and Bioproducts—

- **Is that "used cooking oil from China"** really used cooking oil from China? More and more questions are being asked, and (what is) claimed-to-be-used cooking oil from China has lit a firestorm of controversy in the U.S. oilseeds and biofuels industries. The purported Chinese cooking oil is undercutting U.S. crops used for biofuels, and the National Oilseed Processors Association wants higher tariffs on the product—whatever it is. Sen. Chuck Grassley's, R-IA, staff has met with other Midwestern senators, "There is agreement that we should be following up to make sure that this is used, or otherwise, it can't come to our country. It can't be eligible for the tax credit." Grassley says it may be time to talk to Beijing, "Just some inquiries to China may do some good, because that's what Europe did, and Europe was getting a lot of this palm oil. And then, this, suddenly, stopped and then started coming into the United States." Spurring NOPA and its biggest soybean processor members Cargill, Bunge, and ADM to seek higher levies to level the field with other clean energy sources. Either way, Grassley says, "But we're intent on getting to the bottom of this." "Rumors abound that we may soon see levies against imported used cooking oil," Susan Stroud, a grain analyst for No Bull Ag in St. Louis, said Friday. "Soybean oil is hanging on to any glimmer of hope we can to slow the flow of cheap, less-carbon intensive feedstock imports." Bloomberg reports imports of Chinese processed animal and vegetable fats and oils reached more than $200 mil. in the first quarter of this year, versus $770 mil. in all last year. (Berns Bureau)
- **With a LOT of news about biofuels,** there obviously is a spillover into the marketplace and Susan Stroud of NoBullAg.com points to one of the downside factors of what is happening. With the recent announcement about the GREET formula and how fuel from US corn and soybeans would be treated, one of the negatives is that it will be replaced by competing fuels from abroad, such as used cooking oil imported from China. Stroud says, "The inverse relationship between the quantity of bean oil used in biomass-based diesel production and its price is apparent in this chart although record amounts of low-CI (carbon intensity) feedstock imports have skewed things in recent months.



- **Is biodiesel for US motor vehicle use** coming from US soybeans? Not much, if any. The Energy Information Agency reports "Annual U.S. biodiesel imports doubled from 2022 to 2023 to 33,000 barrels per day (b/d) and continued to rise in the first 2 months of 2024, according to the most recent data available. Much of the increase in biodiesel imports has come from Germany, and the remaining increase has come mostly from elsewhere in Europe, where a biodiesel surplus has lowered prices. In February 2024, the United States imported 54,000 b/d of biodiesel, the most for any month since June 2017. Biodiesel prices in Europe have been low because of policies related to the EU's Renewable Energy Directive, which drives renewable energy targets. Increased biodiesel imports into the EU from China, increased renewable diesel consumption in place of biodiesel to meet EU blending targets, and reduced biofuel targets have all contributed to lowering biodiesel prices in Europe. Although biodiesel imports from China (about 14,000 b/d in 2022 and 16,000 b/d in 2023) are not a large share of Europe's biodiesel consumption, they have an outsized impact because biodiesel from China is produced from used cooking oil, which makes the biodiesel eligible for double counting toward many EU member state targets. With more biodiesel double counting toward (environmental) targets, the total biodiesel volume needed to meet requirement decreases. The increased imports from China and their possible effects on biodiesel prices and blending margins in Europe have prompted an antidumping investigation."
- **Sustainable aviation fuel (SAF) production** is on track to triple in 2024, reaching 1.9 bil. liters (1.5 mil. tonnes), according to the International Air Transport Association (IATA). This will cover 0.53% of aviation's fuel needs for the year and marks a step towards net-zero carbon emissions by 2050, IATA said on Sunday, June 2. The organization said that renewable fuel production, including SAF, is expanding, with over 140 projects slated for operation by 2030. If fully realized, these projects could yield 51 mil. tonnes per year of renewable fuel by 2030. This will depend on sustained investor interest and successful project execution, according to IATA. Susan Stroud of NoBullAg.com converts liters and tonnes to more familiar quantities. She says, "Sustainable aviation fuel production is taking off, literally, with 18.7 mil. gals. of renewable jet fuel RINs generated in the first quarter of 2024, up 250% year-on-year. Better yet - production in the first 3 months of this year has nearly surpassed levels it took us 9 months to reach last year." And that is primarily because of your ethanol!