Staff Report No. 2025-11 **January 18, 2025**

January Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2023/24 U.S. MYA Price Projection	2024/25 U.S. MYA Price Projection
Corn	$4.55 per bu.	$4.25 per bu.
Soybeans	$12.40 per bu.	$10.20 per bu.
Long Grain Rice	$15.90 per cwt.	$14.30 per cwt.
South. Med. Grain Rice	$17.20 per cwt.	$14.80 per cwt.
Upland Cotton Lint	$0.76 per lb.	$0.65 per lb.
Seed Cotton	$0.3949 per lb.	$0.3443 per lb.

WASDE Summary

The **2024/25 U.S. corn outlook** calls for lower production, feed and residual use, exports, and ending stocks. Corn production has been revised downward by some 276 million bushels to an estimated 14.9 billion bushels, mainly due to a 3.8-bushel per acre cut in yield to 179.3 bushels which was partially offset by a 0.2-million acre increase in harvested area. Total corn use is down 75 million bushels to 15.1 billion. Feed and residual use is reduced 50 million bushels to 5.8 billion, based on indicated disappearance during the September-November quarter as reflected by the Grain Stocks report. Exports are cut 25 million bushels to 2.5 billion reflecting lower supplies. With supply falling more than use, corn stocks are lowered 198 million bushels. The season-average corn price received by producers is raised 15 cents to $4.25 per bushel.

The **2024/25 outlook for U.S. soybean** production is estimated at 4.4 billion bushels, down 95 million led by decreases for Indiana, Kansas, South Dakota, Illinois, Iowa, and Ohio. Harvested area is estimated at 86.1 million acres, down 0.2 million. Yield is estimated at 50.7 bushels per acre, down 1.0 bushel. With lower production, slightly higher imports, and unchanged exports and crush, soybean ending stocks are projected at 380 million bushels, down 90 million. The soybean oil balance sheet adjustments include

increased exports and lower soybean oil used for biofuel. The U.S. season-average soybean price for 2024/25 is projected at $10.20 per bushel, unchanged from last month.

The **outlook for 2024/25 U.S. rice** is for higher supplies, larger domestic use, unchanged exports, and smaller ending stocks. The NASS Crop Production Annual Summary estimated all rice production at 222.1 million cwt, up 2.3 million from the previous estimate with the largest increases for Texas and Missouri. The all-rice average yield is estimated at a record 7,748 pounds per acre, up 158 pounds from the prior estimate on a record long-grain yield. Domestic and residual use is increased 6.0 million cwt to 165.0 million, based on implied August through November use in today's Rice Stocks report. Projected ending stocks are lowered 3.2 million cwt to 43.5 million but are still 9 percent higher than the previous year. Several changes were made to 2024/25 season-average farm price forecasts. The Other State medium- and short-grain price is raised $0.30 per cwt to $14.80, the long-grain price is lowered $0.20 per cwt to $14.30, and the all-rice price is unchanged at $15.60 per cwt.

For the **2024/25 U.S. cotton** balance sheet, production and ending stocks were increased while exports were reduced. Domestic use and beginning stocks remain unchanged. U.S. all-cotton production is revised upward 159,000 bales to 14.4 million as the national all-cotton yield estimate is raised 44 pounds to 836 pounds per harvested acre, reflecting a larger crop and lower harvested area. A majority of the reduction in harvested area occurred in the Southwest while yields in numerous Southeast, Delta, and Southwest States are expected to be higher. Projected exports are lowered 300,000 bales to 11.0 million. Ending stocks are raised to 4.8 million bales for a stocks-to-use ratio of about 38 percent. The 2024/25 season average upland farm price is reduced to 65 cents per pound.

Corn

USDA cut the national average corn yield by 3.8 bushels per acre in the January WASDE report. The 2024-25 national yield per acre now stands at 179.3 bushels per acre. It increased harvested acres modestly, resulting in a 276-million-bushel cut to production. At 14.867 billion bushels, total U.S. corn production came in well below pre-report expectations. When compared to the last time corn yields were updated in November, the sharpest declines at the state level were in Kansas (-6.5%), Indiana (-5.3%) and Minnesota (-4.9%).

For demand, projected total Feed and Residual use is 5.775 billion bushels, down 50 million bushels from last month. Ethanol use is forecast at 5.5 billion bushels. Total domestic use is forecast at 12.665 billion bushels, down 50 mb. Corn exports are pegged at 2.45 billion bushels, down 25 million bushels from December. Ending stocks for the 2024-25 crop were 1.54 billion bushels, down 198 million bushels, and below the pre-report average. The farmgate price for 2024-25 was $4.25 a bushel, up 15 cents.

The quarterly Grain Stocks report for corn showed stocks in all positions on December 1, 2024, totaled 12.1 billion bushels, down 1% from a year ago and just below the pre-report average. Of total stocks, 7.66 billion bushels were stored on farms, down 2% from a year ago. Off-farm stocks were 4.41 billion bushels, up 2% from a year ago. Usage for the quarter from September-November came in at 4.56 billion bushels, compared to 4.53 billion bushels for the same quarter last year.

Corn futures surged higher on WASDE report driven strength, closing at the highest level in over seven months on the continuation chart. March corn futures surged 14 1/2 cents to $4.70 1/2 and closed near session highs, marking a nearly 8-month high close. March corn prices have rallied nearly $0.70 from their August lows, and managed money has amassed a significant long position recently, which may mitigate some of the bullishness in the recent report. However, the tightening ending stocks, now well below last year's numbers, will support pullbacks. March prices have moved above retracement resistance

at 468 and may move up to the major 50% retracement from the highs in the summer of 2023 to 2024 lows in August at 487.

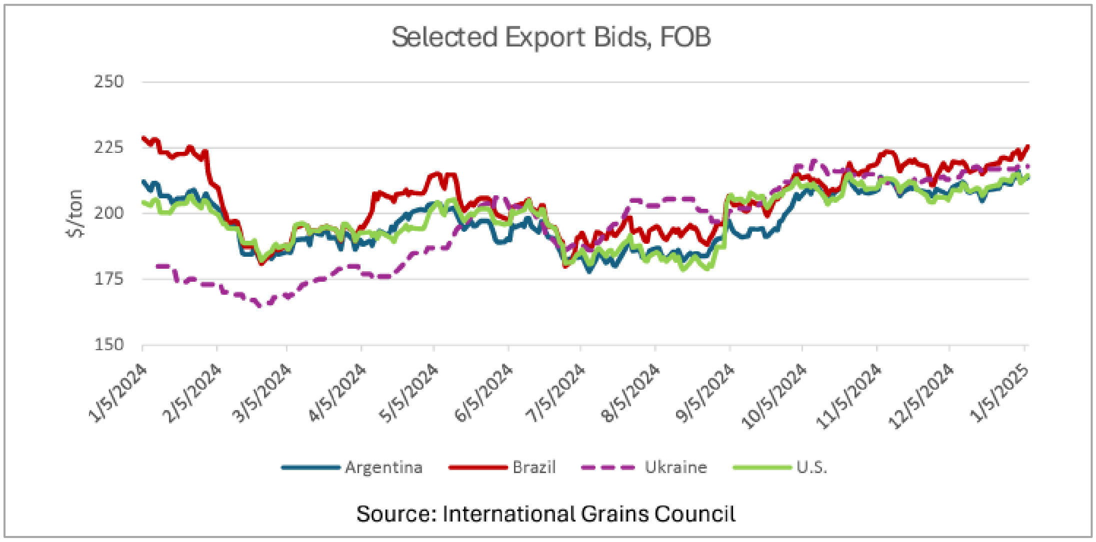
A 276-million-bushel (3.8 bu. per acre) production cut was far more than expected and one of the biggest yield misses in recent memory. Cuts to yield in Indiana, Minnesota, Ohio, and Kansas led to reductions in the corn crop. USDA lowered their ending stocks forecast 198 million bushels, led by lower production. USDA cut 50 million bushels from their feed & residual use, largely due to the cut to supply. The balance sheet is nearing “tight” levels which helped drive prices higher. If bulls can continue to push prices higher, or even maintain recent strength, it would be impressive. Weight continues to be a laggard and could weigh on prices as spreaders look to sell relatively expensive corn and buy relatively cheap wheat.

Globally, 2024-25 corn beginning stocks came in at 317.46 million metric tons, up 1.24 mmt from last month. Global ending stocks were pegged at 293.34 million metric tons, down 3.1 million. USDA held pat on 2024-25 Brazilian corn production at 127 million metric tons but lowered exports 1 million metric tons to 47 million. Argentina is pegged at 51 million metric tons production with 36 million metric tons being ascribed to exports.

The attention of the marketplace will quickly return to South America once the dust settles following the USDA reports. La Niña could bring drier conditions to Brazil as soybeans continue to be harvested and safrinha corn is being planted. While some rains are expected from January 17th-23rd in drier areas, some crop stress could persist. If crops continue to face stress over the coming month, strength could persist in the corn market as importers look to the U.S.

Considering recent news out of China regarding reductions to their corn import projections by 4 million metric tons to 9 million metric tons, down 14.41 million metric tons (61.6%) from last year, that could drive exports lower still. While China has been purchasing much of their corn from Brazil in the past couple of years, lack of buying would lead to more Brazilian corn on the world market, competing with U.S. supplies. Export sales reports showed corn export sales of 445,000 metric tons for the week ending January 2nd, a marketing-year low and down 43% from the previous week and 61% from the four-week average. Net sales were well below the pre-report range of 700,000 metric tons to 1.4 million metric tons. While disappointing sales are not surprising given the reporting period ended at the tail end of two holiday weeks, the low sales number did little to encourage buyers as exports look to take up a significant portion of 2024-25 supplies.

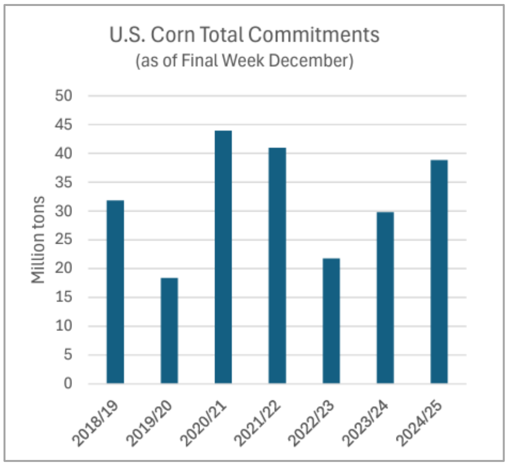
Since the December WASDE, exports bids for all major origins increased. U.S. bids were up $9/ton to $214 reflecting robust demand for U.S. supplies in the first quarter of the marketing year. Argentine export bids were up $7/ton to $214 reflecting potential impacts of dry conditions on new crop supplies. Brazil bids rose $8/ton to $225 as season-end supplies face strong domestic demand for ethanol production. Ukraine bids rose $5/ton to $218, buoyed by bullish movements in other exporters.

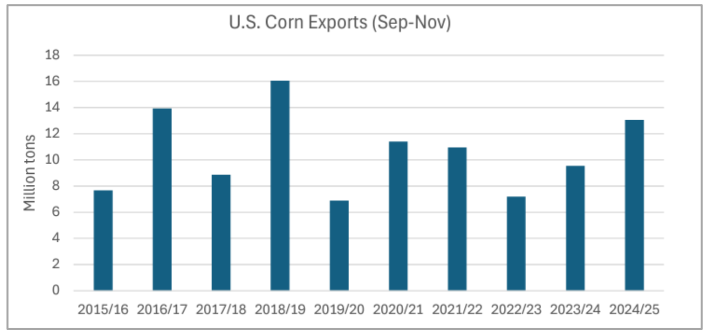


Export bids (US$ per metric ton)	6-Jan-25	4-Dec-24	5-Jan-24	*% change, '24 - '25*
Argentina, Up River	214	207	212	1%
Brazil, Paranaguá	225	217	229	-1%
Ukraine	218	213	N/A	N/A
U.S. #3 Yellow Corn, Gulf	214	205	205	5%

Totaling 13.0 million tons, first quarter U.S. corn exports in MY 2024/25 (September 2024 – August 2025) are the highest they have been since 2018/19 (16.1 million tons). In recent years, first quarter U.S. corn exports have faced strong competition from Brazil's safrinha exports. However, with uncharacteristically weak volumes from Brazil and another strong year of U.S. production, U.S. exports have seen a promising start.

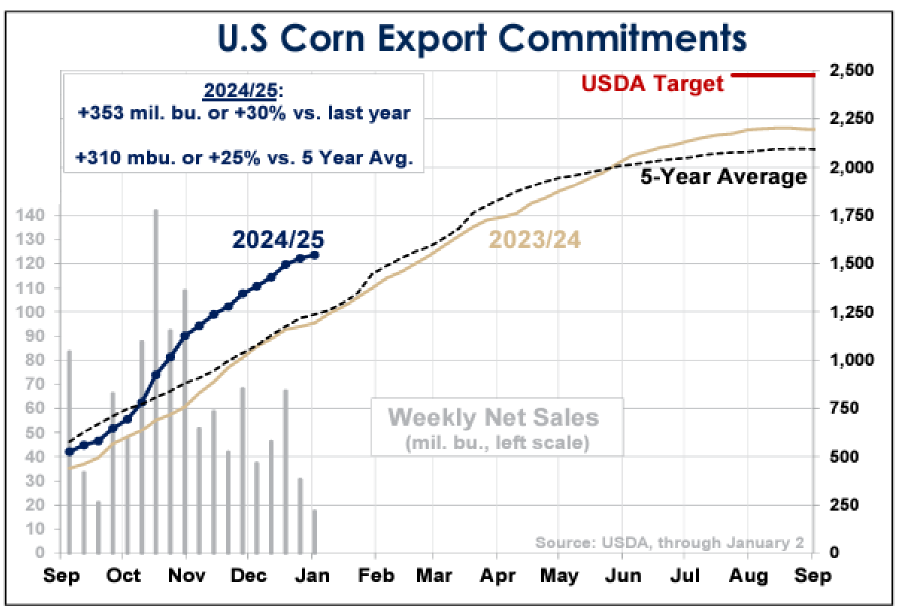
2024/25 U.S. production is estimated to be the fourth highest on record at 377.6 million tons, down 7.0 million from last month on lower yields. However, with plentiful old-crop stocks, supply in the first quarter was relatively abundant. Export Sales Reporting data as of December 26 indicate that U.S. marketing year-to-date total commitments are strong at nearly 39.0 million tons, particularly to Mexico. Mexico was the United States' largest destination for corn in 2023/24 as it faced a smaller crop due to drought. The forecast for Mexico's 2024/25 production is little improved as dryness persists, and Mexico is forecast to import a similar volume of corn as its record-setting amount last year. Competitive U.S. prices have also spurred commitments from Colombia, currently at 3.6 million tons, the highest level in history for this point in the year.





In contrast, Brazil, the United States' primary competitor in the world corn market, exported uncharacteristically low volumes after its safrinha harvest. Safrinha exports begin in July and continue for around 6 months. Brazilian corn exports for the September-November 2024 period were the smallest in three years. One factor at play is growth in Brazil's corn ethanol production. Ethanol production data tracked by UNICA, the Brazilian sugarcane industry association, indicates that corn ethanol production is up by 30 percent from the prior season. Brazil has also contended with muted demand from China. In September-November 2023, Brazil exported 9.5 million tons to China, whereas this year that volume has cratered to under 400,000 tons. Notably, monthly China imports have been under half a million tons from August 2024 onwards, the lowest monthly volumes since March 2020, due to weak domestic corn prices and ample supplies.

The U.S. is forecast to export 62.2 million tons of corn in 2024/25, down about 700,000 tons from last month on lower supplies. If realized, this would still be the third-highest volume of exports on record. While development of the South American crop may impact sales later this marketing year, under current market conditions, the United States is off to a strong start for 2024/25 exports.



Brazilian and Argentine 2024/25 corn and other coarse grains output prospects remain unchanged this month. Plantings have been timely and are finishing up for Brazil's first corn crop (which accounts for just over a quarter of Brazil's total corn production). Brazil's Agriculture National Supply Company (CONAB) reported that 77.9 percent of the first corn crop was planted, as of December 22, 2024. This estimate places planting progress 2.4 percentage points ahead of last year's progress. Thus far, corn growing conditions for Brazil's first corn crop have generally been favorable. Brazil's second (and largest) corn crop (Safrinha) is usually planted following the soybean harvest in January-March and is expected to be planted on time. Summer rains across central Brazil (particularly for Mato Grosso), as well as stronger domestic corn prices since last year's Safrinha (June-September harvest), have been supportive for a strong second corn planting. In Argentina, corn plantings have progressed despite early-season delays in soybean plantings. As of December 26th, the Bolsa de Cereales Buenos Aires estimated that 80.9 percent of Argentina's corn crop had been planted, more than 10 percentage points above a year ago. Moisture levels during early corn planting were adequate, favorable for early corn planting, emergence, and establishment. As the weather turned dryer towards the end of December, the return of rainfall will be pivotal as the corn crop enters critical stages of its development.

Soybeans

In its January WASDE report, USDA trimmed 2024 soybean yield by 1 bushel per acre to 50.7. It also lowered harvested acreage from 86.3 million to 86.1 million acres, resulting in total production of 4.366 billion bushels. That's 95 million bushels less than November's forecast and below the range of pre-report expectations. The production cut was the largest contributor to USDA's lower ending stocks forecast for the 2024-25 marketing year, which was 90 million bushels less than last month at 380 million. USDA forecasts 5 million bushels more for imports and 1 million bushels in increased residual use. The national average farm gate price was left unchanged at $10.20 per bushel.

U.S. soybean crush for September–November 2024 totaled 612.3 million bushels, surpassing last year's first quarter by 36.1 million bushels, or a 6-percent increase. In November, U.S. soybean processors reached a record-high daily crush volume of 7.0 million bushels per day and monthly crush volume of 210.0 million bushels. In addition to higher crushing rate, U.S. processors this year are extracting more soybean meal and soybean oil from one bushel of soybeans. As a result, the extraction rate for soybean oil and soybean meal are raised this month resulting in higher soybean meal and soybean oil production forecasts.

In its quarterly Grain Stocks report, USDA pegged soybean supplies on hand at 3.1 billion bushels, up 3% from 2023. Stocks stored on-farms totaled 1.54 billion bushels, up 6% from a year ago. Off-farm stocks stood at 1.56 billion bushels, up 1% from last year. The quarterly report indicated usage totaled 1.61 billion bushels, up 13% from the same time period in 2023.

Soybeans ended the week on a positive note, extending to a near one-month following the government's release of its Annual Production and Quarterly Grain Stocks Reports. March soybeans rallied 26 1/4 cents to $10.25 1/4, notching a 33 1/2-cent weekly gain. The friendly numbers have pushed soybean prices up nearly $0.30 post-report today on March futures, and if the market can close over 1018, further gains may be expected, at least up to retracement resistance at 1041 1/2. Funds were a significant net short coming into the report and today's upside push may trigger managed money short covering.

Traditionally, soybean meal demand has driven the crush volume, but in recent years, demand for soybean oil as a feedstock for biomass-based diesel production supported crush margins and expansion in the soybean crush industry. In MY 2023/24, U.S. soybean crush reached a record-high level of 2.29 billion bushels, up 75 million bushels from MY 2022/23 and 6 percent above the 5-year average. This crush expansion pushed soybean meal production to a record high 49.1 million metric tons in MY 2023/24.

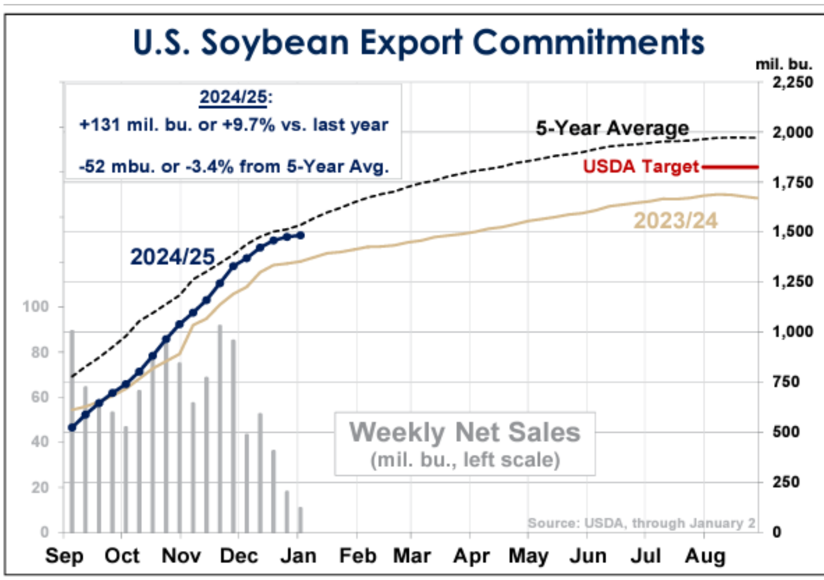
U.S. domestic meal consumption is the largest demand driver of U.S. soybean meal production, historically accounting for 74 percent of U.S. soybean meal production. This share declined in MY 2023/24 to 71 percent as export demand picked up after Argentina, the largest soybean meal exporter, experienced drought and lower supplies. U.S. soybean meal domestic demand was steady in MY 2023/24 impacted by slower livestock growth and relatively high prices. For MY 2024/25, U.S. livestock (i.e., hogs and poultry) is expected to grow as feed prices are projected to be lower than in MY 2023/24. With ample supplies, soybean meal is likely to be the most competitive protein source against other mid-protein feed ingredients (e.g., dried distillers’ grain and other meals) and feed grains (e.g., corn and feed wheat). U.S. domestic soybean meal consumption is expected to increase by 4 percent to 36.5 million metric tons.

In MY 2024/25, global soybean meal equivalent consumption growth is forecast at 3.9 percent with soybean meal consumption growing even more as a result of smaller rapeseed meal, sunflower seed meal, fish meal, and copra meal supplies. Global soybean supplies are forecast to reach a record-high level placing downward pressure on soybean prices. The lower soybean prices are likely to contribute to processing margins that incentivize strong crush. U.S. soybean crush capacity is forecast to continue expanding in MY 2024/25, which is supported by soybean oil demand. Furthermore, South American soybean crush is also projected to grow, which is supported by soybean oil and meal demand. Greater soybean meal availability is expected to lead to lower prices and spur global soybean meal consumption and trade. Further incentivizing global meal consumption, soybean meal prices are competitive against corn and other feed ingredients. In addition, soybean meal stocks are expected to rebound after being depleted due to record-high prices. With the high supply of soybean meal on the global market, foreign buyers will have choices to make, and the quality of soybean meal and prices will likely be a factor. U.S. soybean meal is known for high quality protein and some buyers will likely pay a premium to buy U.S. soybean meal. As global soybean meal consumption is projected to increase in MY 2024/25, the United States is projected to fill some of the additional demand. The U.S soybean meal export share in MY 2024/25 is expected to increase to 20.9 percent from 19.6 percent in MY 2023/24. U.S. shipments to

Central America and South America countries are likely to expand. Furthermore, exports to Asia—especially Vietnam, Sri Lanka, Burma, Malaysia, Taiwan—are expected to continue growing. As a result, the United States is expected to compete for global market share and remain the third largest exporter of soybean meal in MY 2024/25 at 15.8 million metric tons.

USDA left its Brazilian and Argentine soybean crop estimates unchanged at 169 million metric tons and 52 million metric tons, respectively, though lingering weather concerns could affect those figures in the coming weeks. World Weather Inc. notes weather in Brazil will remain mostly good for full season and late planted crops, however, there is a need for drier weather in some center west and center south crop areas to improve soil conditions and the environment for early soybean maturation and harvest progress. In Argentina, temperatures are expected to soar over the next seven days, which will accelerate drying and crop moisture stress, affecting all agricultural areas of the country. However, there is potential for rain January 17-23, and if it occurs, will bring some temporary relief. Though the forecaster states follow up rain will be "absolutely necessary."

Strengthening of the U.S. dollar has undeniably hovered over commodities throughout the past several months, though recent short-covering despite a strong greenback could indicate traders are less concerned about its direction. Nonetheless, exports will continue to be a focus, although a seasonal dip is imminent as harvest in Brazil ramps up. Earlier today, USDA reported weekly export sales of 288,700 metric tons for week ending January 2nd, which were a marketing-year low, down 40% from the previous week and 72% from the four- week average. Net sales missed pre-report estimates, though with the New Year holiday included in the period, it is not entirely unusual for such to happen.



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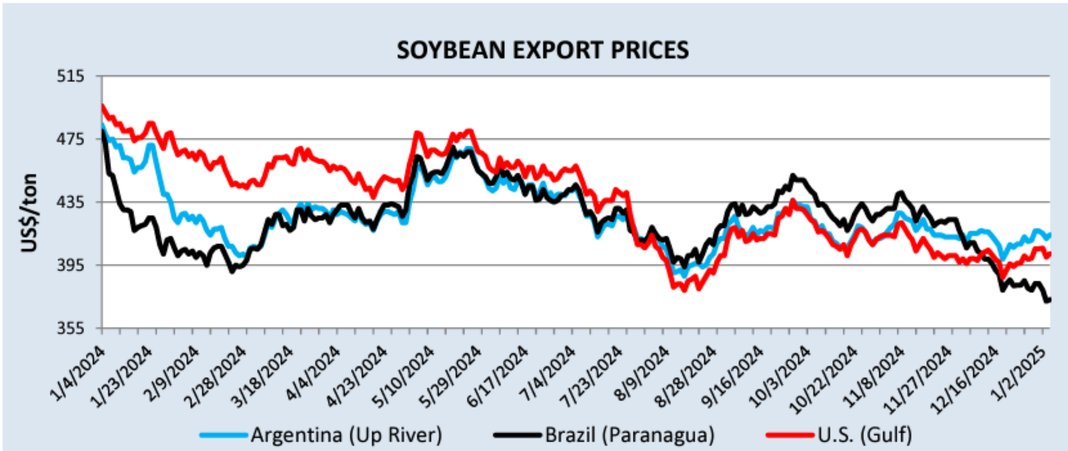
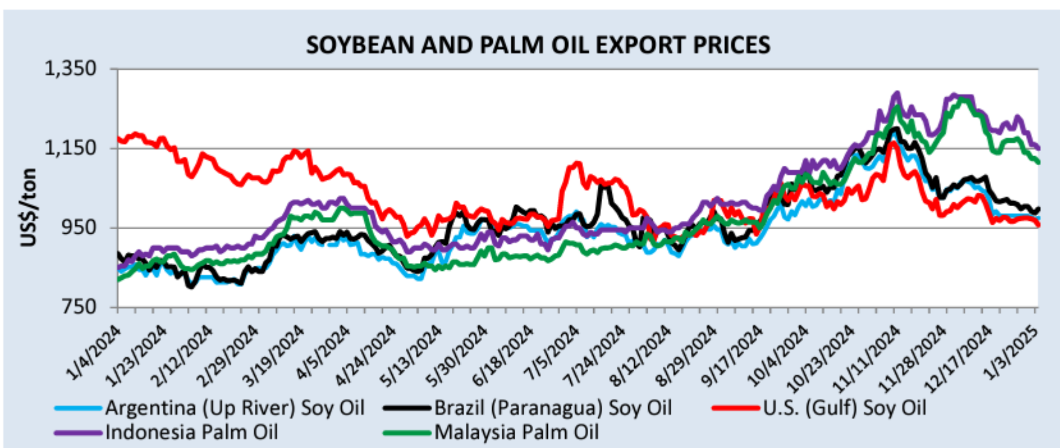
Since the December WASDE, soybean export prices from Argentina and the U.S. increased, while Brazilian soybean prices fell. Brazilian soybean prices diverged from competitors on favorable rains and a weakening exchange rate that pressured prices in the last weeks of 2024, and are below U.S. prices for the first time since July 2024. Soybean meal prices from major origins rose on concerns about current dry weather in Argentina.



Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

Soybean oil prices also declined since the last WASDE report, in part due to a record U.S. daily crush rate in November and uncertainty about the 45Z Clean Fuel Production Credit, which was scheduled to be implemented January 1, as guidance has yet to be released from the Treasury Department. These factors helped U.S. soybean oil maintain its status as the global discount oil and boosted export sales. Palm oil prices also retreated during the last month on weakened demand. Indonesia's recent announcement to increase biofuel allocations allayed uncertainty surrounding palm oil availability, also causing prices to tick down.



Source: International Grains Council

Rice

There are several revisions this month to the 2024/25 U.S. rice balance sheet. On the supply side, carryin was raised 0.5 million hundredweight (cwt) to 39.8 million, with medium- and short grain rice accounting for all of the increase. The upward revision is based on data reported in the USDA NASS December Rice Stocks. Production was raised by 2.3 million cwt to 222.1 million, primarily due to a higher yield. The revision is based on data reported in the USDA, NASS Crop Production 2024 Summary. On the 2024/25 use side, total domestic and residual use is raised 6.0 million cwt to a record 165.0 million, largely based on record implied use for August–November as indicated by the USDA, NASS December 1 stocks. These supply and use revisions result in a 3.2-million-cwt reduction in the 2024/25 ending stocks forecast to 43.5 million cwt, still 9 percent above a year earlier.

By class, long-grain 2024/25 production is estimated at 172.0 million cwt, 5.2 million above the previous forecast and 12 percent larger than a year earlier. The substantial year-to-year production increase is due to a 10-percent expansion in harvested area to 2.26 million acres, the highest since 2020/21, as well as a higher yield. The long-grain area expansion was driven by higher expected returns for rice than alternative crops, primarily corn and soybeans, a return of more normal weather in the Delta and a shift to long-grain from medium-grain plantings in Arkansas, Louisiana, and Texas. Virtually all of the long-grain crop is produced in the South. The U.S. long-grain average yield of 7,625 pounds per acre is up 1.4 percent from a year earlier and the highest on record.

This month, the 2024/25 U.S. total domestic and residual use forecast is raised 4 percent to a record 165.0 million cwt, up 6.5 percent from a year earlier, with long-grain accounting for all of the upward revision and most of the year-to-year increase. Upward revisions are based on larger-than-expected implied use for August–November and expectations regarding domestic and residual use for December–July.

The 2024/25 U.S. rice export forecasts are unchanged this month, with U.S. rice exports projected at 100.0 million cwt, 2 percent larger than a year earlier and the highest since 2016/17. U.S. long-grain exports remain projected at 72.0 million cwt, almost 4 percent below a year earlier. Through January 2nd, the pace of U.S. commercial long-grain shipments and sales was behind the pace needed to achieve the current market year forecast.

Several factors support a stronger pace of long-grain exports for January–July. First, through early January, announced food aid levels were the highest in more than a decade, with over 110,000 tons announced for donation in 2024/25. Only a small share of this total was reported shipped by the Census Bureau through November, the latest month of available data. Bangladesh, Sudan, and Ethiopia are the major recipients of the announced food aid to-date. Long-grain milled rice accounts for all of the announced donations.

Second, while the Government of Mexico announced on December 31st the extension of its anti-inflationary tariff exemptions through 2025, long-grain milled rice is exempt from the tariff exemption. Thus, the import tariff on long-grain rice returns to 20 percent, with the United States exempt due to the United States-Mexico-Canada-Agreement (USMCA). Thailand and Uruguay are the main competitors with the United States in the long-grain milled-rice import market in Mexico. However, the bulk of U.S. sales to Mexico are rough rice, and the tariff exemption remains for rough rice. Brazil is the major U.S. competitor for rough-rice sales to Mexico.

Third, as of January 2nd, there were 88,000 tons of long-grain rice reported sold to Iraq but not yet shipped. Finally, reported monthly cash prices for U.S. long-grain rough rice have declined since the start of the 2024/25 market year, making the United States a more competitive supplier.

Combined medium- and short-grain exports in 2024/25 remain projected at 28.0 million cwt, 20 percent larger than a year earlier. The increase is based on expectations of larger shipments to Japan, South Korea, and the Middle East in 2024/25. Through January 2nd, combined sales and shipments to Japan, South Korea, and Jordan were well ahead of a year earlier. East Asia (Japan, South Korea, and Taiwan) remains the largest export market for U.S. medium- and short-grain rice, accounting for more than two-thirds of total sales. For each of the three East Asian countries, all rice imports are purchased under WTO agreements. The Middle East, Canada, and Mexico account for the remaining U.S. medium- and short-grain exports. The expected year-to-year export increase is based on substantially lower U.S. prices.

This month, season-average farm prices (SAFPs) for 2024/25 have been lowered for long-grain rice, raised for southern medium- and short-grain rice, and raised for U.S. medium- and short-grain rice. The

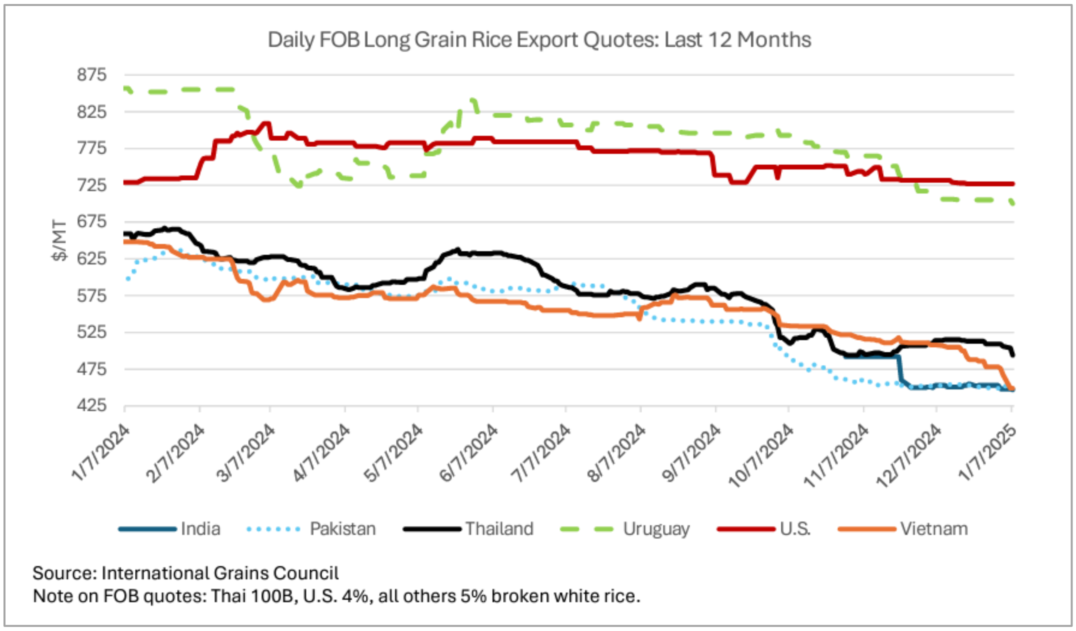
long-grain SAFP was lowered by 20 cents to $14.30 per cwt and the southern medium- and short-grain price was raised by 30 cents to $14.80 per cwt. Both revisions are based on USDA, NASS-reported monthly cash prices and marketings and expectations regarding prices and marketings for the remainder of the market year. The U.S. medium- and short-grain SAFP was raised 70 cents to $20.30 per cwt, a result of both a higher southern medium- and short-grain SAFP and a substantial increase in the marketing weight of the higher priced California medium- and short-grain rice. U.S. all rice 2024/25 SAFP remains forecast at $15.60 per cwt.

In the U.S., prices on the ground have remained consistent and milled prices hold steady at around $800 pmt. There seems to be a bit of downward price pressure, but it has not materialized yet. Long grain paddy prices FOB New Orleans have dropped below $370/ton as the low milling yields continue to complicate export business. The Mercosur harvest began about 10 days ago in Paraguay and the U.S. can expect stiff competition in Mexico, Central America, and other Western Hemisphere countries during 2025.

In Asia, prices have softened and are well below the $500pmt barrier to start the new year. Thailand is reported as low as $485 pmt, and Vietnam is cratered down to $425 pmt. India is resting at $445 pmt, while everyone is scrambling for business. The lowest of the lows will likely be seen in West Africa, while competition will remain fierce in other areas as well. Vietnam had a bumper crop, and there was only one way to liquidate those supplies, and it was not by increasing prices. Even though the market did not have wildly significant developments over the holidays, a fresh perspective always comes with January. Global markets remain soft because of India's supply and a bumper harvest in Vietnam. Domestic prices remain firm in the face of this.

A significant update on the political trade front is that after 25 years of negotiation, the EU and Mercosur countries (Brazil, Argentina, Uruguay, and Paraguay) signed an FTA in December. Significantly for rice, the EU agreed to a 60,000 metric ton quote for Mercosur rice imports with a gradual tariff reduction over five years to eventually be entirely duty-free. While this is "big news" this week, there isn't any action being taken because it still needs to be ratified and implemented on both sides of the equation. It is an uphill battle for the EU alone but still will be a market factor in the coming days.

Since the December WASDE, global export quotes, aside from Pakistan, continued to decline. Pakistani quotes remain unchanged at $452/ton despite large sales to Indonesia. Indian quotes fell slightly, dropping $4 to $444/ton. Vietnamese quotes decreased $59 to $449/ton reflecting weaker demand from its core market, the Philippines. Thai quotes dropped $20 to $494/ton with lower demand from traditional markets awaiting the new crop. U.S. prices dropped $5 to $727/ton and Uruguayan quotes fell $8 to $700/ton on weaker sales to Latin America.



Cotton

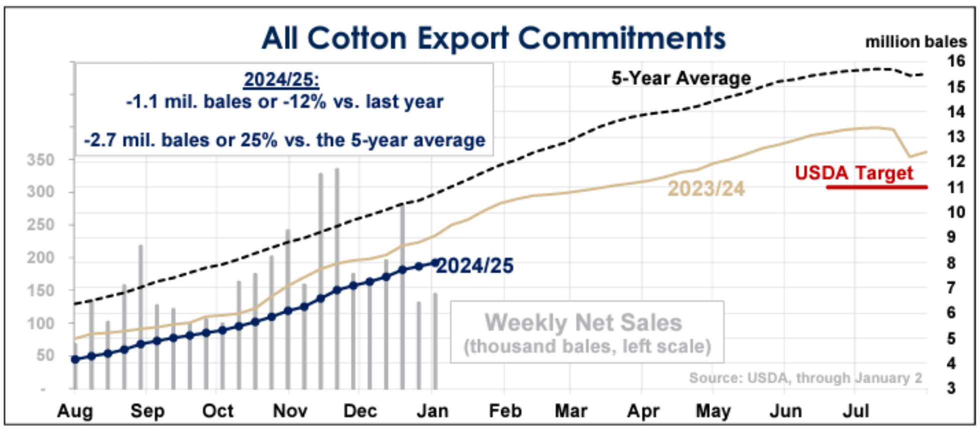
The January WASDE report did not contain good news for cotton producers. A slight increase in estimated production projections due to increased yields combined with a decline in exports of 30 million 480-pound bales (2.7%) caused ending stocks to increase by 9%. Notably, the decline in U.S. exports of 30 million bales perfectly matched an increase of Brazilian cotton exports, highlighting that the 2024 crop year will be the second where Brazil has displaced the U.S. as the world's top cotton exporter.

Basically, production bounced back this year, in large part due to better growing conditions in Texas, but demand has fallen. This led to a nearly 15% decrease in price since last year, and a further projected 1.5% decrease in price since December's report.

March cotton fell 149 points to 67.01 cents, finishing the week down 65 points. Notable selling was featured in cotton futures following bearish data from USDA in recent trading. USDA raised its U.S. cotton crop estimate 159,000 bales from December and bumped yield by 44 lbs. to 836 lbs. per acre, though harvested area was reduced by 364,000 acres to 8.271 million acres. The increase in supplies upped carryover by 400,000 bales from a month ago to 4.8 million bales. Total use was slashed 300,000 bales and exports were lowered 300,000 bales to 11 million. Unaccounted use increased from 60,000 bales to 30,000 bales. Global carryover was pegged at 77.91 million bales for 2024-25. USDA's production estimate, U.S and world ending stocks figures were all well above average pre-report estimates, which will likely continue to weigh on the natural fiber into next week.

With comfortable global supplies presently hindering buyer interest in cotton, traders will continue to monitor weather in South America. World Weather Inc. notes northern Argentina cotton areas may dry down for a while, though subsoil moisture should support most crop needs for a while. Nonetheless, rain will be needed soon in most areas. Meanwhile, planting has advanced in areas of Brazil, with conditions in Goias, Minas Gerais and Mato Grosso do Sul all favoring a wetter bias in the next couple of weeks, slowing additional fieldwork. Planting has begun in Mato Grosso though soybean harvest must occur first before aggressive cotton planting can occur.

Global economic conditions will continue to be in the forefront of traders' minds as the new calendar year progresses, with special attention on President-elect Trump's policies. Moreover, persisting strength in the U.S. dollar could continue to affect the natural fiber's competitiveness on the global market. Earlier today, USDA reported net cotton sales of 137,400 RB for the week ended Jan. 2, which were up 2% from the previous week, but down 27% from the four-week average. However, exports did notch a marketing-year high of 191,700 RB.

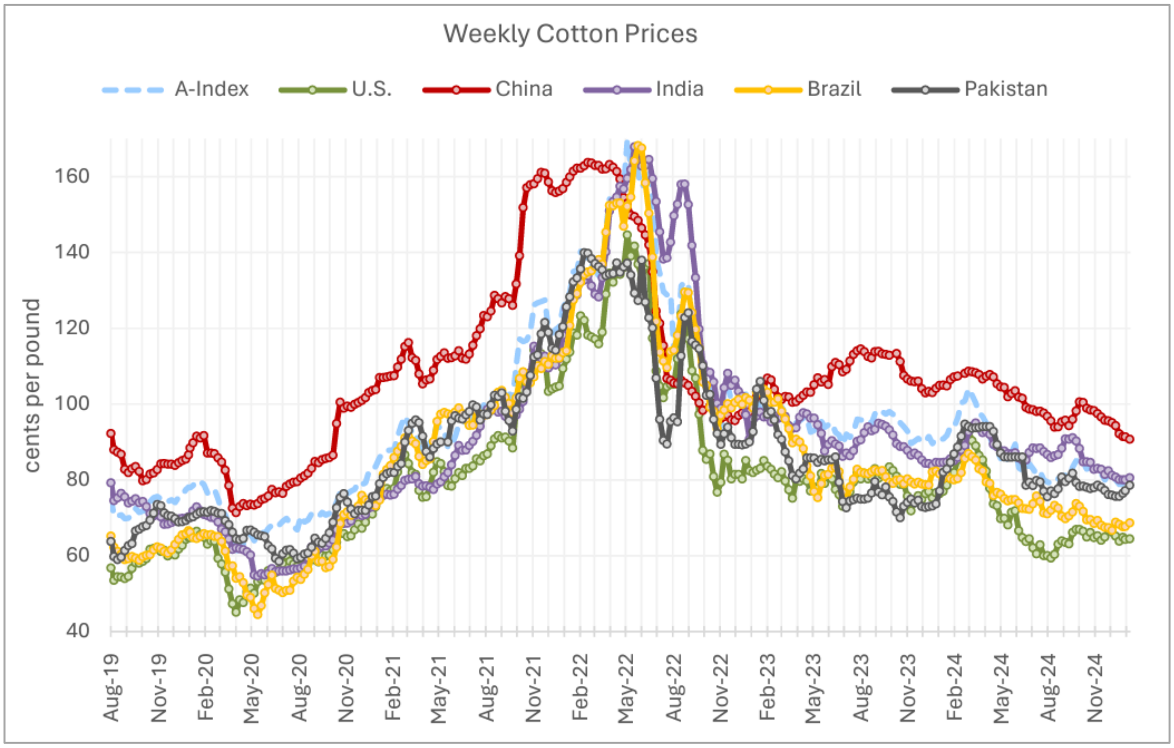


Since the December WASDE, cotton futures on the Intercontinental Exchange (ICE) have fallen 2 cents to 68 cents per pound. Since the start of the marketing year, futures are rangebound with the highest level reaching 74 cents and the lowest 67 cents. Prices are nearly 13 cents lower compared with last year and mostly due to larger global production coupled with lower import demand. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position (as of December 31, 2024) for both Noncommercial and Index participants falling to around 6,000 contracts, the lowest net long position in 4 months. This decline suggests a greater number of speculators expect cotton prices to fall from current levels. Commodity prices (represented by the Bloomberg Commodity Spot Index) were once again mostly unchanged.

U.S. spot prices remain mostly unchanged at around 64 cents per pound. Southeast basis rose to -125 basis points while North and South Delta climbed to -250. West Texas-Kansas-Oklahoma increased to -475, and average basis across the United States was up roughly 100 points to around -400. Average U.S. basis is unchanged from the previous year. Chinese prices are down 4 cents to 91 cents per pound as the nearby futures contract (May) on the Zhengzhou Commodity Exchange (ZCE) fell to around 13,400 per metric ton compared with 13,900 last month. Both larger production prospects and a weaker currency pressured prices. Basis (relative to ICE) was down 200 points compared with last month and the previous year to 2,200 points. Brazil prices are up 1 cent to around 69 cents per pound, and basis is up more than 400 points this month to 0, or equal to current ICE futures. Basis is mostly unchanged from the previous year. Pakistan prices are up 3 cents to roughly 79 cents per pound. Basis increased 500 points this month

to around 1,000 points, significantly higher than last year's level of around 100 points. Significantly lower production has supported a higher basis.

The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Ivory Coast, Memphis/Orleans/Texas, Burkina Faso, and Memphis/Eastern. Brazil is once again the lowest quoted origin at 76.50 cents per pound; Memphis/Eastern is the highest at 80.25 cents. The A-Index relative to ICE is roughly 10 cents higher and unchanged from the previous year. Note the A-index includes the 5 cheapest origins of 'medium grade' cotton landed at a port in the Far East; quotations are compiled and published daily.



PLC Farm Program Payment Projections – 2023/24 CY and 2024/25 CY

The table below projects the national marketing year average prices for purposes of the Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

Covered Commodity	***2023/24 MYA Price****	*Effective Reference Price*	***2023/24 PLC Payment Rate***
Corn	$4.55	$3.70	--
Grain Sorghum	$4.93	$3.95	--
Long Grain Rice	$15.90	$14.00	--
Medium Grain Rice	$17.20	$14.00	--
Seed Cotton	$0.3949	$0.3670	--
Soybeans	$12.40	$8.40	--
Wheat	$6.96	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on January 10, 2025.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.25	$4.01	--
Grain Sorghum	$4.25	$4.06	--
Long Grain Rice	$14.30	$14.00	--
Medium Grain Rice	$14.80	$14.00	--
Seed Cotton	$0.3443	$0.3670	$0.0227
Soybeans	$10.20	$9.26	--
Wheat	$5.55	$5.50	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on January 10, 2025.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, No Bull, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), Textile Exchange, Total Farm Marketing, University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

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