Staff Report No. 2024-66 **September 13, 2024**

September Market Update
Corn, Soybeans, Rice, and Cotton

Dr. Michael Deliberto
Louisiana State University Agricultural Center
Department of Agricultural Economics & Agribusiness

Prices at a Glance

Crop	2023/24 U.S. MYA Price Projection	2024/25 U.S. MYA Price Projection
Corn	$4.65 per bu.	$4.10 per bu.
Soybeans	$12.50 per bu.	$10.80 per bu.
Long Grain Rice	$15.90 per cwt.	$14.50 per cwt.
South. Med. Grain Rice	$17.50 per cwt.	$14.50 per cwt.
Upland Cotton Lint	$0.76 per lb.	$0.66 per lb.
Seed Cotton	$0.3910 per lb.	$0.3430 per lb.

WASDE Summary

The **2024/25 U.S. corn outlook** calls for smaller supplies and a modest decline in ending stocks. Projected beginning stocks for 2024/25 are 55 million bushels lower based on increases in exports and corn used for ethanol for 2023/24. Corn production for 2024/25 is forecast at 15.2 billion bushels, this estimate is a 39 million bushel increase from last month's projections. This production increase was the result of a 0.5-bushel increase in yield from previous estimates to 183.6 bushels per acre. Harvested area for grain is unchanged at 82.7 million. Total U.S. corn use remains unchanged at 15.0 billion bushels. With falling supply and use remaining unchanged, ending stocks have been reduced 16 million bushels to 2.1 billion. The season-average corn price received by producers was lowered 10 cents to $4.10 per bushel.

The **2024/25 outlook for U.S. soybeans** includes lower beginning stocks, production, and ending stocks. Lower beginning stocks reflect a slight increase to crush for 2023/24. Soybean production for 2024/25 is projected down 3 million bushels to 4.6 billion. With 2024/25 soybean crush and exports unchanged, ending stocks are projected at 550 million bushels, down 10 million from last month. The U.S. season-average soybean price is forecast unchanged at $10.80 per bushel.

The **outlook for 2024/25 U.S. rice** this month projects slightly larger supplies, unchanged exports, reduced domestic use, and higher ending stocks. Supplies are increased as higher beginning stocks and imports more than offset lower production. Beginning stocks are raised 1.1 million cwt to 39.4 million on the NASS Rice Stocks report, released August 21st. All rice production was lowered by 1.1 million cwt to 219.7 million, on news of unchanged harvested area and a lower yield, as indicated by NASS's September Crop Production report. Yields were revised significantly lower in Texas but were raised in Missouri. The average all rice yield was revised downward 35 pounds per acre to 7,588 pounds. All rice imports are raised 1.0 million cwt (all long-grain) to 46.5 million as the growth in consumption of Asian aromatics is expected to continue. Total domestic and residual use is projected at 159.0 million cwt, down 1.0 million from last month's forecast but still a record. All rice 2024/25 ending stocks are projected 2.0 million cwt higher at 45.6 million. The 2024/25 long grain rice season-average farm price is unchanged at $14.50 per cwt. The southern medium grain rice price is also unchanged at $14.50 per cwt.

The **U.S. cotton estimates for 2024/25** shows lower production, exports, and ending stocks compared to last month. Beginning stocks and domestic use are unchanged. The September NASS forecast of U.S. production is 14.5 million bales, down about 600,000 bales from August, mainly due to news indicating reduced yields for upland cotton in the Southwest. The all-cotton yield forecast of 807 pounds per acre is 33 pounds lower than last month. With lower production for 2024/25, exports are reduced 200,000 bales to 11.8 million, and ending stocks are decreased 500,000 bales to 4.0 million, or 29 percent of projected use. The 2024/25 season-average upland farm price is unchanged at 66 cents per pound.

Corn

USDA's crop production estimates will include objective yield data from the fields for the first time in September's Crop Production and World Agricultural Supply and Demand Estimates (WASDE) report and will get traders' attention, at least for a day. Analysts are expecting modest changes in the numbers, but there is still room for surprises in 2024.

After a summer of falling corn prices, December corn finally found a pocket of support last week, climbing back 22 cents by September 9th from an August 26th low of $3.85. Relying largely on 14,200 producer surveys in August, August's WASDE report estimated a 15.147-billion-bushel corn crop, based on a record yield of 183.1 bushels per acre. USDA's 90% confidence interval for August estimates pegged the crop somewhere between 14.1 and 16.2 billion bushels, highlighting how loose production estimates this early in the season can be.

The expected margin of error for USDA's September estimate narrows a little, but the estimate doesn't have much practical use until October, the same time prices typically make their harvest lows. The September estimate primarily gets attention because it includes yield data from field plots for the first time of the season. The other lingering issue is that there still is no adequate assessment of how many crops were damaged by numerous bouts of severe weather earlier this season. Attention to USDA's harvested corn acres estimate will likely continue into the January report.

Dow Jones' survey of analysts expects USDA to estimate a 15.154-billion-bushel corn crop in 2024, based on a record yield of 182.7 bushels per acre, down from last year's record crop of 15.342 billion bushels. U.S. ending corn stocks in 2024-25 are expected to be cut from 2.073 to 2.009 billion bushels, still the highest in six years, if true. It is reasonable to believe demand for cheap, old-crop corn has been strong in the past two months. Dow Jones expects USDA to lower its estimate of world ending corn stocks in 2024-25 from 310.17 million metric tons to 309.00 million, not much different from the previous three years. There is a chance USDA may lower its 51.0-mmt corn production estimate for Argentina, as farmers continue to have concerns about leafhoppers in the new season.

Corn futures gave up earlier gains immediately after USDA's late-morning data release, which included a 0.5 bushel per acre yield increase, but decided strength in soybeans and crude oil ultimately lifted corn from session lows.

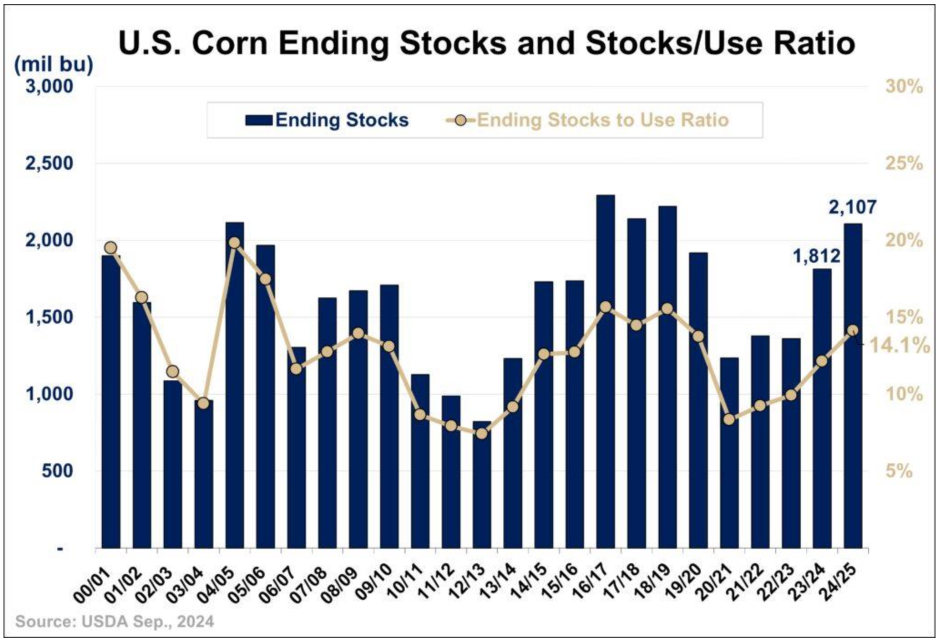
USDA now projects the new-crop production of 15.186 billion bushels, up 39 million bushels from August, using a yield of 183.6 bushels per acre and harvested acres of 82.710, unchanged from last month. However, projected ending stocks were lowered 55 million bushels amid increases in exports (40 million bushels) and corn used for ethanol (15 million bushels) for 2023-24, which resulted in a modest decline in new-crop ending stocks to 2.057 billion, while old-crop ending stocks were lowered to 1.812 billion bushels. Meanwhile, old-crop ending stocks rose 1.1 million metric tons from August to 309.6 million metric tons, while 2024-25 world ending stocks were pegged at 308.4 million metric tons, down from 310.2 million metric tons in August and below the average trade estimate.

New-crop corn demand continues to prove tepid, though USDA did report a daily sale of 118,626 metric tons to unknown destinations for 2024-25 first thing this morning, which was the first flash sale in over a week. Moreover, weekly sales data released this morning for the week ended September 5th totaled 666,500 metric tons, missing pre-report range estimates from 700,000 metric tons to 1.6 million metric tons. While the marketing year began on September 1st, new-crop export sales continue to run well behind the same time a year ago and will remain a trade focus.

While Ukraine has steadily supplied corn to world markets, production woes could provide the U.S. greater opportunities in the coming months. The Ukrainian Agrarian Council says Ukraine's corn production could be lower than the ag ministry forecasts. The head of the farmers union said production could be as much as 8 to 9 million metric tons below last year's crop of more than 31 million metric tons, which would be well below the ag ministry's forecast of no less than 25 million metric tons. The expected drop is due to extremely elevated temperatures enveloping Ukraine since pollination.

December corn was able to recover as the session progressed, ultimately holding a close above the 10-day moving average of $4.05 3/4 after trading the lowest intraday level since August 30th. Support at the 40- and 20-day moving averages of $4.02 3/4 and $3.99 3/4 ultimately held, though resistance will continue to serve at $4.07 3/4, with backing from $4.10 3/4 and $4.14, though a close above $4.23 3/4 will be required for bulls to regain the technical advantage. Meanwhile, bears will continue to focus on the August low of $3.85.

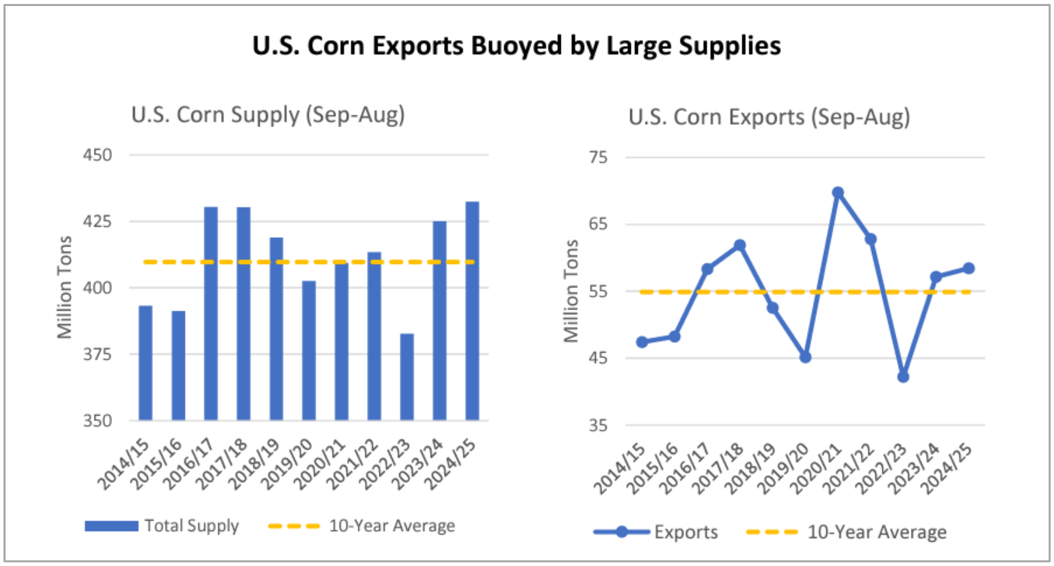
With USDA's crop report not holding bearish news, odds for a further near-term rally in corn futures look fairly good, although the market will need to see better weekly export totals than it saw today to move higher. USDA reported U.S. corn export sales of 83.5 million bushel for week ending September 5th, but that included only 26.2 million bushels of new sales, with the rest being a carryover of sales commitments from 2023-24. The fresh sales total was below the range of trade expectations. USDA's U.S. stocks/use ratio still looks comfortable at 13.7% and we are projecting a 2024-25 U.S. corn ending stocks/use ratio of 14.1%, a 6-year high.



True to history, USDA yields came out well above the average guess, but increases in old crop demand kept ending stocks down from last month. Prices have pulled back slightly on the December corn post–report but not dramatically. If the market can climb back toward unchanged or even higher at the close today, that would be additional evidence that prices made an important low in August. Today's low so far at 397 is right on the .618% retracement of the recent 31 cent rally. The weekly chart reversal from 2 weeks ago was bullish remains in control of the technical picture. A move above 410 would point to a run to resistance at 424 and possibly retracement resistance at 427 1/2.

For marketing year 2024/25 (September-August), U.S. corn exports are forecast at 58.4 million metric tons (tons), the highest volume since 2021/22. Large corn supplies are enhancing U.S. competitiveness, while reduced exportable supplies in other major producers is expected to hamper their outlook. If realized, U.S. exports would be the fourth highest on record.

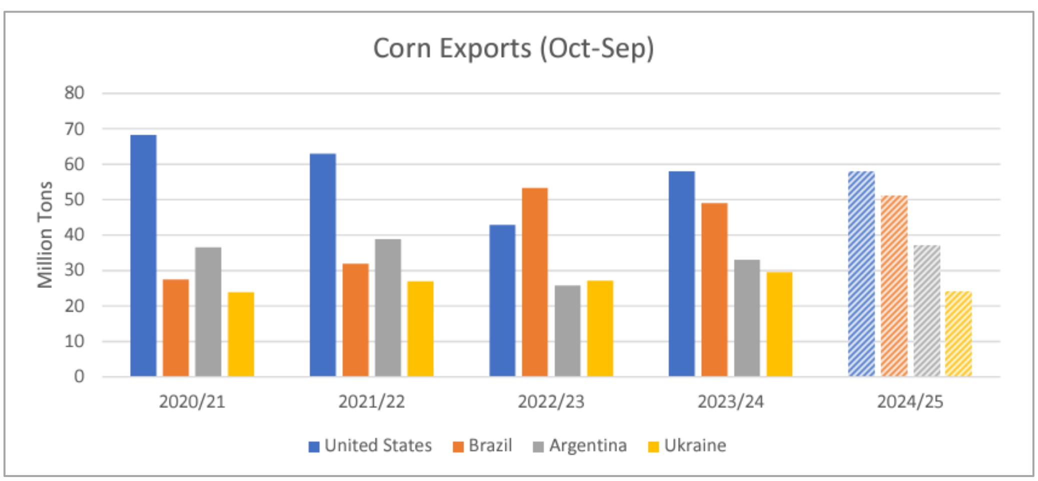
NASS projects the 2024 U.S. corn crop at 385.7 million tons, the second largest on record. A record yield of 11.5 tons/hectare is partially offsetting a decline in harvested area. The bumper 2024 crop is hot on the heels of another record crop in 2023, which left an excess of corn available to the market. Ending stocks for 2023/24 are estimated at 46.0 million tons. Due to this significant carryin, despite a 4-million ton decrease in production for 2024/25, total supplies are forecast at 432.0 million tons in 2024/25, the largest ever and the highest volume since 2017/18.



Large supplies have weighed on U.S. corn prices since June 30th. Expectations of a large U.S. crop have had an outsized pressure on price. In addition, the Grain Stocks report reflected expectations for the largest carryin in several years adding to the pressure. NASS reports prices received by farmers at just $4.24/bushel in July 2024, the lowest since January 2021. With prices at multi-year lows, bargain buying encouraged some slight increases in domestic use. The NASS Grain Crushings report showed 3 percent growth in corn milling, and EIA data during August suggests a rise in corn use for ethanol relative to last year. However, the biggest surge has been in exports. U.S. Census data for June and July and export inspections data for August imply the largest fourth quarter corn exports in 6 years.

Export Sales Reporting (ESR) and bids for U.S. corn in export positions at the U.S. Gulf reflect that this rise in demand is being sustained at the outset of the 2024/25 harvest.

Export bids at the U.S. Gulf were at $207/ton as of September 6th, $10 higher than the week prior, rising to become the most expensive origin in just under a week. ESR showed 1.8 million tons in new crop corn sales for the week of August 29th alone, well above industry expectations. Overall, new crop sales totaled 11.2 million tons as of August 29th, 8 percent higher than the same point in 2023.

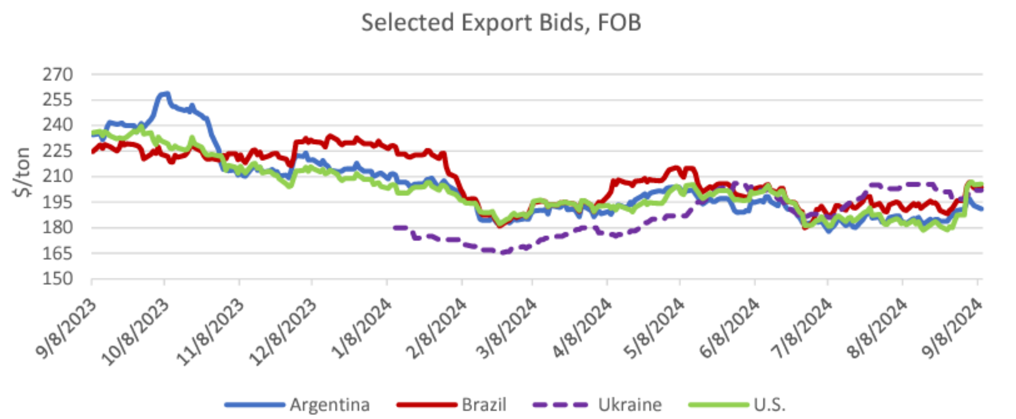


Mexico, Japan, and Colombia have been the largest buyers to date – with Mexico accounting for almost two thirds of purchases. Mexico demand rose substantially in 2023/24 (October-September) owing partially to a poor domestic crop, pushing imports to a record 23.5 million tons. Japanese buying of U.S. corn is also rising, supported by an improved outlook for U.S. ocean freight. The Panama Canal Authority expected to return to 36 daily bulk vessel transits in September 2024, versus an average of 22 for much of 2024. However, China is notably absent from buying, with zero sales to date versus almost 400,000 tons in 2023/24 and more than 3.0 million tons in 2022/23. Chinese demand for corn has slowed in recent months with no purchases from the United States, and relatively limited quantities shipped from Brazil.

Lastly, shortfalls in competitors' exportable supplies are further supporting U.S. prospects. 2023/24 (March-February) Brazilian exports are forecast at 48.0 million tons, down 6.0 million from 2022/23. Exports from Brazil's second crop harvest in 2023/24 are lower compared to last year, on higher domestic corn use in ethanol production and potential internal logistical disruptions because of low river levels. Additionally, Ukraine corn production expectations are lower than in 2023/24 due to weather impacts to the crop. Export prices for its 2024/25 crop increased by nearly $20 to $200/ton since July – almost at parity with the United States, after presenting a significant discount in the past 2 seasons. In Argentina, the impact of spiroplasma crop diseases on the 2023/24 harvest has lowered export expectations and impacted assessments of crop quality.

U.S. exports are poised for a strong beginning in 2024/25 – while much will depend on the 2025 Southern Hemisphere crops, the United States is likely to remain the world's largest exporter of corn in 2024/25.

Since August's WASDE, export bids for all major origins except for Ukraine have increased. U.S. bids rose sharply, up $24/ton to $206, to become the most expensive origin. Robust demand for large supplies of U.S. corn and higher barge rates to Gulf ports supported higher bids. Ukraine bids were down $3/ton to $202. Lower bids reflected light harvest pressure amid muted supply expectations for the 2024/25 crop. Brazil bids were up $12/ton to $204 and Argentine bids were up $7/ton to $184. With harvest largely complete in both countries, rises mostly reflected movements in Northern Hemisphere crops.



Source: International Grains Council

Export bids (fob, US$ per ton)	9-Sep-24	7-Aug-24	8-Sep-23	*% change, '23 - '24*
Argentina, Up River	191	184	235	**-19%**
Brazil, Paranaguá	204	192	225	**-9%**
Ukraine	202	205	N/A	**N/A**
U.S. #3 Yellow Corn, Gulf	206	182	236	**-13%**

Soybeans

Like corn, November soybean prices have also been on a downhill slide this summer, encouraged by USDA's August estimate of a record-high 4.589-billion-bushel soybean crop and record yields of 53.2-bushels per acre. Crop conditions have turned drier lately, but August temperatures were surprisingly mild as La Nina delayed its long-expected arrival. Analysts in Dow Jones' survey expect USDA to increase its soybean crop estimate from 4.589 to 4.609 billion bushels with a record yield of 53.4 bushels per acre. USDA's 90% confidence interval for soybean production estimates is not particularly good in August or even September at ±8.8%. Historically, USDA projections for soybean estimates in October have been historically better, showing a 90% confidence interval of ±4.2%. With increased production expected, Dow Jones expects USDA's estimate of U.S. ending soybean stocks to be raised from 560 million to 584 million bushels, still their highest in six years.

In addition to the possibility of a record U.S. soybean crop in 2024, another bearish shadow looming over prices is the possibility of a record soybean crop in Brazil in early 2025. After several months spent in its dry season, Brazil is currently too dry for soybean planting to commence, and producers are watching for the arrival of the wet season. But this year's start may be later than usual. USDA currently estimates Brazil's new soybean crop at 169.0 million metric tons, or 6.21 billion bushels, a big pile of competition for the U.S., if weather eventually cooperates. Dow Jones expects USDA to slightly trim its estimate of world soybean stocks in 2024-25 from a record-high 134.30 million to 134.20 million metric tons, or 4.93 billion bushels, a new season that looks initially bearish and has a long way to go.

November soybeans climbed 10 1/4 cents to $10.10 3/4 and settled nearer today’s highs. October meal futures closed $2.90 higher to $318.90, near session highs. October bean oil futures rallied 55 points to 40.33 cents.

USDA trimmed the old-crop balance sheet by 5 million bushels to 340 million on a 5 million bushel increase to estimated use for crushing, leaving all other categories unchanged. The new-crop balance sheet was lowered by 10 million to 550 million bushels. Lower carry-in and minor adjustments to production led total supplies down 8 million bushels. The only change on the demand side of the new-crop balance sheet was a 2-million-bushel adjustment to residual use, essential just to end new-crop ending stocks with a zero. Adjustments to the world balance sheets were slight as well, with USDA modestly trimming both old- and new-crop world balance sheets. New-crop ending stocks are still seen as rising to the highest mark on record, along with the stocks-to-use ratio.

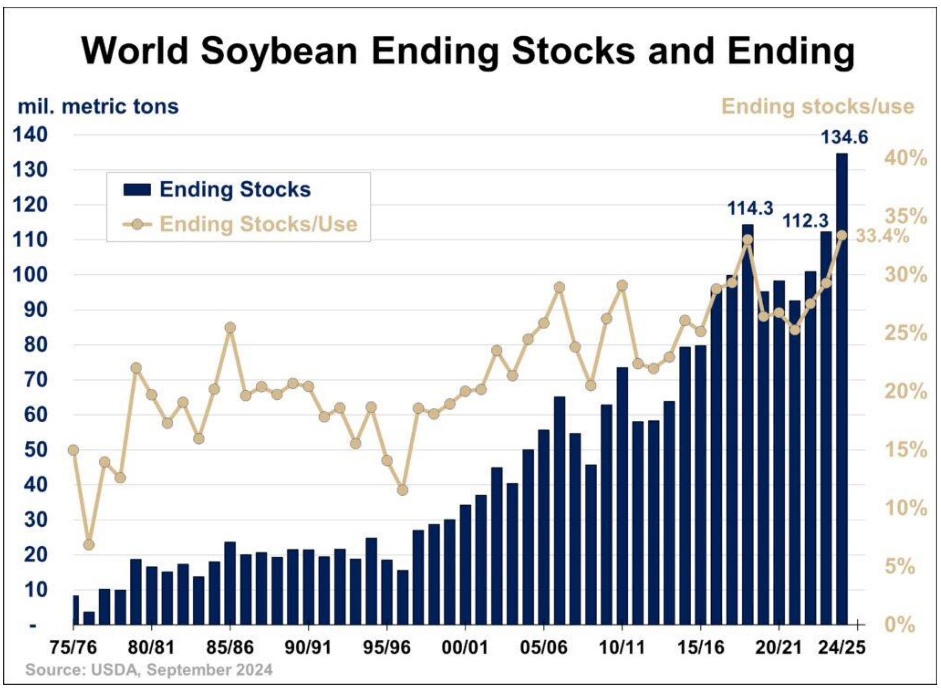
Soybeans continue to show strength despite the continued growth in the balance sheet and a seeming abundance of supplies. Rebounding export demand plays a role in that strength. USDA reported soybean export sales of 1.47 million metric tons during the week ended September 5th, with the new marketing year beginning September 1st. Net sales were near the upper end of the pre-report range from 900,000 metric tons to 1.6 million. While outstanding sales are at the lowest mark since 2019 for the first week of the marketing year, sales for the 2024/25 crop continue to come in near the top or above expectations week after week. That underlying demand has helped soybeans put in a bottom and has encouraged funds to cover at least a portion of their short position.

Aside from some report driven selling, November soybeans continue to be resilient as bulls continue to hold the near-term technical advantage. Downtrend resistance from the early-September highs, the upper end of the bull flag technical pattern, continues to limit gains at $10.15. Further strength would have bulls eyeing the Sept. 6 high of $10.31 1/4. Continued consolidation would find support at $10.04 1/4, which is reinforced by the psychological $10.00 mark, then $9.95 1/2.

September's WASDE contained few changes to the balance sheet and most importantly, yield was left unchanged. This reduces worries that the Pro Farmer tour results meant the crop yield could be significantly raised in this report. With those fears gone, prices are holding slightly higher post-report. November beans rallied $0.76 from the August low to the early September highs, and this report does little to provide further price direction. U.S. harvest is on the doorstep, and rallies will be opportunities for hedgers to sell bushels. Today's new crop ending stocks are still burdensome, well above last year's, and harvest hedge pressure will limit the extent of rallies until the bulk of the harvest is over. Look for strong resistance if prices test the 1030 level on November beans.

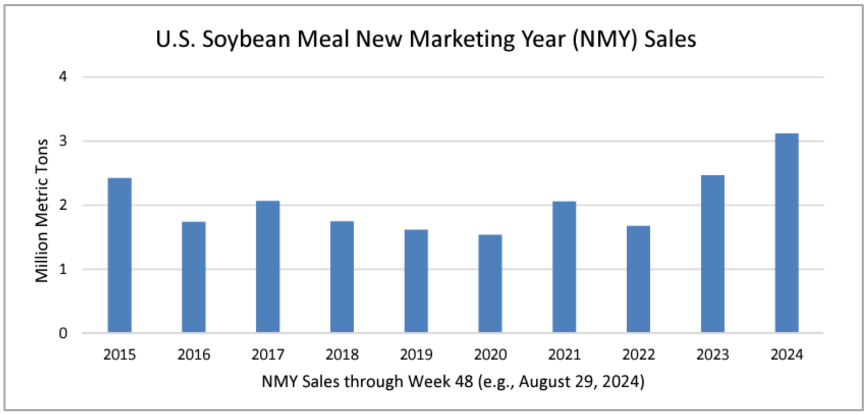
USDA had nothing new to tell the soybean market today as it pegged U.S. production at 4.586 billion bushels, just 3 million below August estimates, leaving U.S. yield estimate unchanged at 53.2 million bushels. The old-crop carryout was marginally lowered 5 million bushels on higher old-crop crush, while the new-crop carryout fell 10 million to 550 million bushels. Soybean futures remain uncertain right now. November soybeans exhibit nearby support at $9.95 1/2-$9.97 1/4 and have nearby resistance at $10.17 1/4-$10.20 1/4. November must still close above $10.31 1/4 to invalidate recent bearish reversals and indicate a possible upside objective of $10.72. A close below $9.95 1/4 could set up a test of the contract low at $9.55.

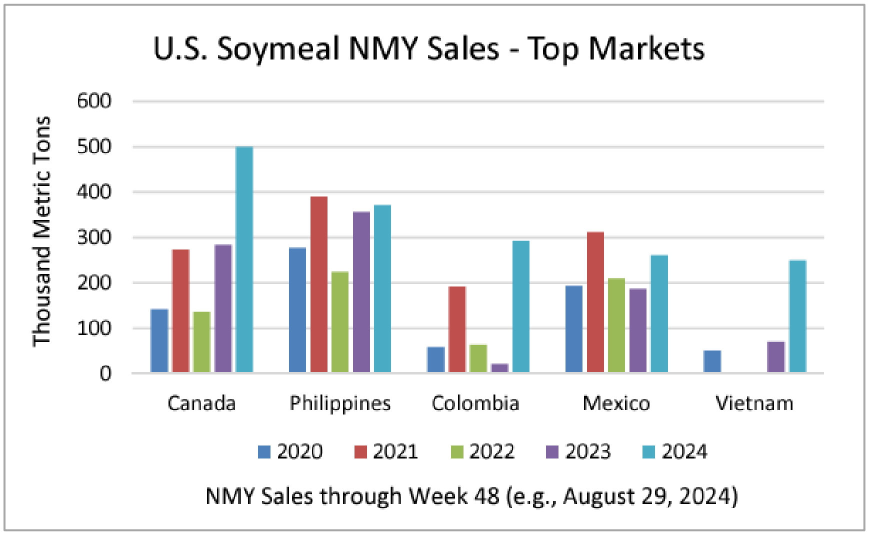
Large soybean supplies have already been built into the market and we could see further speculative short covering in the near term. However, large supplies of soybeans will soon be hitting the market, which will need to see continued strong demand news to offset supply pressure. There is no getting around the fact that U.S. and world soybean supplies are expected to be ample in 2024-25, with the world stocks/use ratio expected to hit a record high.

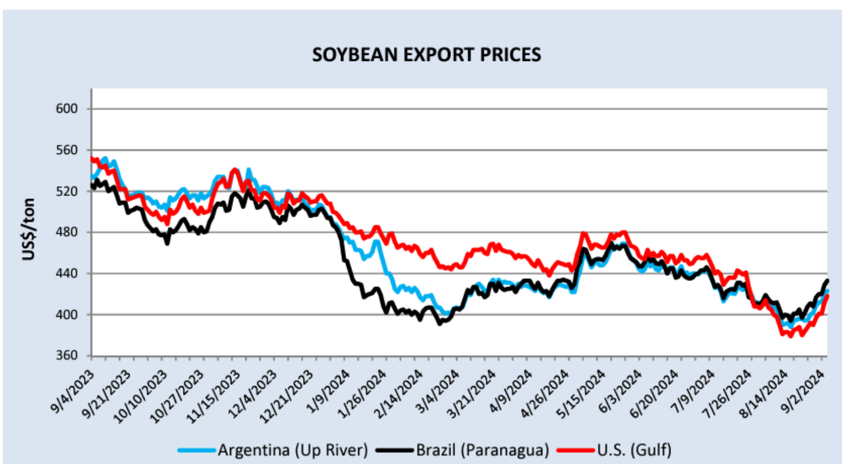


2024/25 U.S. soybean meal exports are projected at a record of nearly 16.0 million tons driven by record crush. Higher supplies and competitive prices are further driving the volume of export sales for the new m

arketing year. As of August 29, 2024, U.S. soybean meal sales for marketing year 2024/25 (October-September) have reached a 10-year high compared to the same period in previous years.







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

Rice

Rice futures recently ended higher with September rice up 14 cents to $15.49 1/2, and most-active November rice was up 14 cents to $15.24 1/2, after trading a range of $15.09 1/2 to $15.38 1/2. The market may have garnered support from uncertainty about the impact of Hurricane Francine on crops in eastern Arkansas and Mississippi.

USDA recently slightly lowered its forecast for 2024 U.S. all-rice production to 219.7 million cwt, but raised its 2024-25 all-rice carryout projection by 2.0 million cwt. to 45.6 million on slightly lower usage and a larger old-crop carry-in. USDA left its 2024-25 on-farm avg. price forecast unchanged at $15.60 per cwt. For long-grain rice specifically, USDA raised its carryout estimate to 27.1 million from 23.2 million last month, and 19.3 million a year ago. But the season-average long-grain price stayed at $14.50.

U.S. rice sales to Iraq have resumed after recent delays due to newly placed financial restrictions imposed by the U.S. government on Iraqi banks that would normally provide dollars for U.S. rice shipments to the country. Archer Daniels Midland's Rice Division completed a sale of 80,000 tons of U.S. rice in the 2023/2024 marketing year. Another 40,000 tons were sold in August by ADM for 2024/2025, according to the USA Rice Federation.

Iraq became the second largest market for U.S. milled long grain rice after USA Rice signed a 2021 Memorandum of Understanding (MOU) with Al Awees, the organization that buys rice on behalf of the Government of Iraq, for the sale of 200,000 metric tons of rice per year.

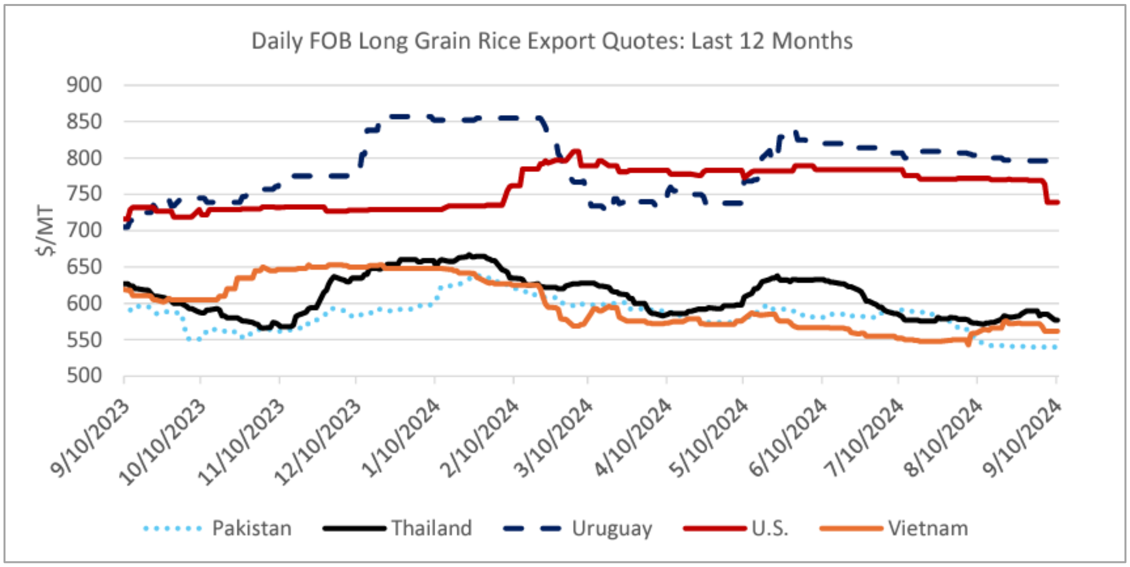
Sales were halted in April when the U.S. Treasury Department's Office of Foreign Assets Control banned eight commercial banks in Baghdad from buying U.S. dollars as part of a crackdown on currency smuggling, according to Reuters. The ban, in effect, limited the amount of dollars Al Awees can use to buy U.S. rice.

Rice mills are busy milling on the sale to Iraq which will wind down towards the end of September. Mills are hoping there will be a follow up piece of business. The series of sales last year (culminating in the first quarter 2024), consisted of 40,000 metric ton lots shipped every two months.

Elsewhere, Haitian shipments have been mostly restricted to Cap Haitien, given the chaos on the ground in Port au Prince. The supposed "help coming" from Kenyan forces, alongside the local troops and a light US presence have been ineffectual thus far. Suffice it to say, the gangs are still in control of the country.

Of particular note is Hurricane Francine in the Gulf of Mexico which made landfall in southern Louisiana on Wednesday, September 11, 2024. Fortunately, most of the rice in the area has already been harvested. Bids for long grain are ranging $24.00-24.60 per barrel FOB farm. In the Mid-South region harvesting continues. USDA reports more than half the crop has been cut. Field yields have been good, but milling yields are only average at best. Futures' prices were down this week (down $0.150 - $0.395). The cash paddy market for barges is bid around even to 15 over the CME basis delivered barge loading facility.

Since the August WASDE, U.S. prices decreased by $33 to $739/ton amid plentiful supplies expected from the ongoing harvest. Uruguayan quotes fell $7 to $796/ton but remained the highest among major exporters. Vietnamese quotes increased $3 to $562/ton, while Thai quotes jumped by $4 to $577/ton with ongoing demand from Southeast Asia. Pakistani quotes fell $15 to $540/ton due to slowing demand from key importers.

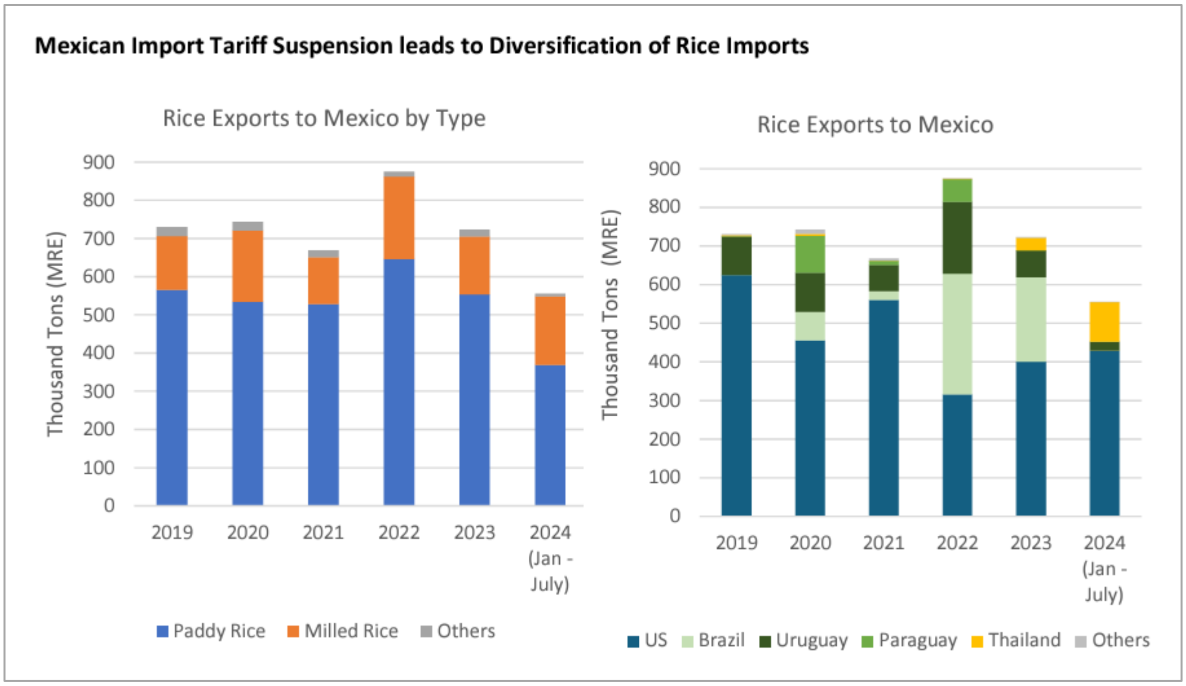


Mexican rice imports are forecast higher in MY 2023/24 (October – September) to meet sustained growth in consumer demand amid stable domestic production. The anti-inflation decrees implemented by the Mexican government have resulted in diversification of rice suppliers, initially including paddy rice imports, and later expanding to include imported milled rice. While paddy rice imports continue to grow slowly, imports of milled white rice jumped this year, with record amounts arriving from Thailand.

The initial anti-inflation policy implemented in May 2022 included a 1-year suspension of import tariffs for paddy rice imports, granting all countries duty-free access. Historically, the United States has been the top supplier of paddy rice to Mexico, supplementing domestic production for domestic milling. As a result of the policy announcement, U.S. rice began to compete directly with paddy rice from Uruguay and other Western Hemisphere exporters, especially Brazil and Paraguay.

In January 2023, the suspension of import tariffs was broadened to include milled rice imports. Prior, milled rice typically accounted for less than a quarter of total rice imports (milled equivalent basis), with the United States and Uruguay the predominant suppliers. In the first 7 months of the year, shipments of milled rice from Thailand more than tripled compared to the same period the previous year. This is a consequential reallocation of supply as milled rice now accounts for a third of all rice imported (on a milled rice equivalent basis). Fundamental to this change has been the lower price of Thai rice. Import unit values for Thai milled rice averaged $747/ton in 2024, compared to $888/ton for U.S. milled rice.

U.S. shipments and sales to Mexico in 2024/25 are up slightly year to year with Mexico's larger imports overall, but the growth of milled rice imports is beginning to supplant paddy rice imports. With continuation of the Presidential Anti-Inflation Decree, U.S. paddy rice exporters will face dual challenges of pricing pressure from Mercosur paddy rice producers, while defending market share against an increasing volume of milled rice imports from Uruguay and now Thailand.



Cotton

December cotton rose 77 cents to 70.38 cents, ending nearer the session high. Cotton futures extended gains for a third straight session amid an improving technical posture combined with bullish production data in USDA's monthly update and outside market support. December cotton ended up 77 points to 70.38, after trading a range of 69.30 to 70.59. March was up 64 points to 71.81. Our morning recommendation to exit the short Dec. hedge position was not triggered today.

USDA cut its U.S. crop estimate to 14.51 mil. bales from its August estimate of 15.11 million bales. The estimate was 800,000 bales below the average of trade estimates at 15.31 million. As a result, USDA lowered its forecast for the 2024-25 U.S. cotton carryout to 4.0 mil. bales from 4.5 million. USDA lowered its world cotton carryout forecast by slightly more than 1 mil. bales to 76.49 million.

On the negative side, USDA lowered projected U.S. exports by another 200,000 bales to 11.8 million and left its forecast for the 2024-25 on-farm average cotton price unchanged at 66.00 cents per pound. The other negative today was export sales, which remained poor. USDA reported net weekly sales of 116,000 bales. China remains on the sidelines and was not a buyer. Cotton export shipments were also lousy at 119,000 bales.

Technically, this market is looking rather good and is on the verge of breaking through trend line resistance. Recently it broke above both its 18-day and 40-day moving averages and held above those averages. As with the grains, we think this market has made a bottom. Export demand should pick up as this realization hits other countries.

USDA trimmed production by 596,000 bales from last month, using an average yield of 807 lbs. per acre, down 33 lbs. from August. Harvested area was unchanged at 8.635 million acres. Texas and Georgia received the largest yield cuts, down 53 lbs. and 44 lbs., respectively. Meanwhile, old-crop ending stocks were unchanged at 3.15 million bales, but adjustments were made to prior years' exports and residual use from census revisions, increasing old-crop carry-in by 400,000 bales, though that was offset by a cut in imports and an increase in unaccounted use. Projected new-crop ending stocks were lowered by 500,0000

bales to 4.0 million amid a 600,000- bale decline in supply due to the smaller crop estimate. However, exports were lowered 200,000 bales to 11.8 million bales while unaccounted use was upped 110,000 bales to -30,000 bales. Moreover, old-crop world ending stocks were lowered to 75.61 million bales, down from 75.78 million in August, while 2024-25 ending stocks were pegged at 76.49 million bales, down 1.12 million bales from last month.

USDA very recently released its weekly export sales data for week ending September 5th, which showed net sales of 116,100 RB for the week. Net sales were down 44% from the previous week and 15% from the four-week average. Top purchasers included Vietnam, Pakistan, and Bangladesh. Exports for the week totaled 119,100 RB, down 27% from the previous week and 22% from the four-week average.

Cotton futures ended the session above initial resistance of 70.27 cents, a level that has been difficult to overcome since July. First resistance will now serve at 70.93 cents, then at 72.04 cents, which is backed by the 100-day moving average of 72.24 cents. Conversely, solid support will continue to serve at 10-, 20- and 40-day moving averages of 69.35 cents, 69.27 cents and 69.00 cents, which are backed by 68.50 cents, 67.39 cents and the August low of 66.26 cents.

Since the last WASDE report, cotton futures on the Intercontinental Exchange (ICE) were mostly unchanged at 68 cents per pound despite deteriorating crop conditions as witnessed in the most recent Crop Progress report. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position for both Non-Commercial and Index participants fell once again to roughly 6,000 contracts. This is significantly lower than the level last year at over 105,000 contracts and suggests a considerable number of short positions held by participants outside the commercial category.

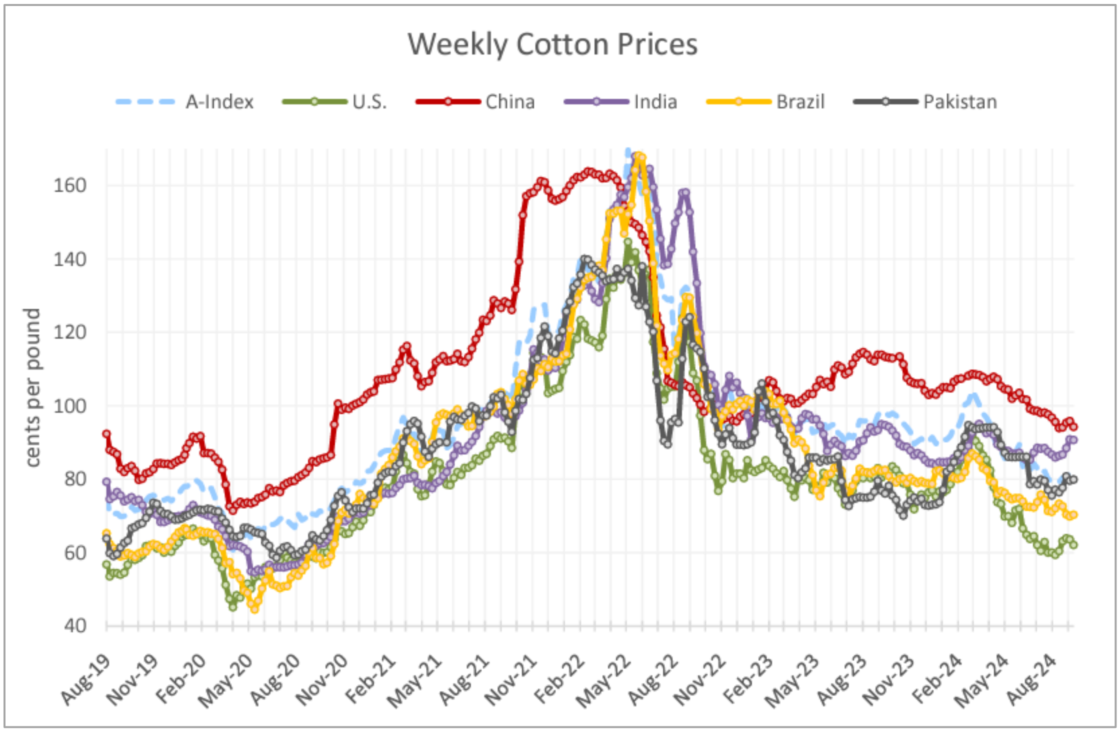
U.S. spot prices are up slightly to around 62 cents per pound on a stronger basis since ICE futures were mostly unchanged. Southeast basis rose slightly to -300 basis points while North and South Delta were unchanged at -450. West Texas-Kansas-Oklahoma witnessed a significant rise to -675, and average basis across the United States rose roughly 200 points to around -600.

Chinese prices are unchanged at 94 cents per pound as the nearby futures contract (January) on the Zhengzhou Commodity Exchange (ZCE) was also unchanged at 13,400. Basis (relative to ICE) was down to around 2,600 points, the same level as last year. Indian prices are up 5 cents this month to 91 cents per pound. This is in part due to lower crop prospects as 2024/25 production is down 500,000 bales this month to 24.0 million. Basis is up for the fourth consecutive month to around 2,300 points, well above the level of -600 witnessed in February.

Brazilian prices are the only origin witnessing a decline this month, falling around 2 cents to 70 cents. Basis is down 200 points this month but above last year's level of -500 points.

Pakistani prices are up 4 cents per pound to 80 cents per pound. This is in part due to lower crop prospects as 2024/25 production is down 300,000 bales this month to 5.7 million. Basis is up slightly to around 1,200 points, dramatically higher than last year's level of -1,100 points.

The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Ivory Coast, Greece, Memphis/Orleans/Texas, and Burkina Faso. Brazil is once again the lowest quoted origin at 76.26 cents per pound; Burkina Faso is the highest at 80.50 cents. The A-Index relative to ICE is roughly 11 cents higher and slightly above 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	$4.65	$3.70	--
Grain Sorghum	$4.90	$3.95	--
Long Grain Rice	$15.90	$14.00	--
Medium Grain Rice	$17.50	$14.00	--
Seed Cotton	$0.3910	$0.3670	--
Soybeans	$12.50	$8.40	--
Wheat	$6.96	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on September 12, 2024.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.10	$4.01	--
Grain Sorghum	$4.10	$4.06	--
Long Grain Rice	$14.50	$14.00	--
Medium Grain Rice	$14.50	$14.00	--
Seed Cotton	$0.3430	$0.3670	$0.0240
Soybeans	$10.80	$9.26	--
Wheat	$5.70	$5.50	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on September 12, 2024.

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), 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.

Contact Dr. Michael Deliberto at 225-567-7267 or by email mdeliberto@agcenter.lsu.edu
Department of Agricultural Economics and Agribusiness, 101 Martin D. Woodin Hall,
Louisiana State University Agricultural Center, Baton Rouge, LA, 70803