Staff Report No. 2024-74 **November 11, 2024**

November 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	$4.65 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	$17.20 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 lower production and ending stocks. Corn production is forecast at 15.1 billion bushels, down 60 million from last month on a 0.7-bushel reduction in yield to 183.1 bushels per acre. Harvested area for grain is unchanged at 82.7 million acres. Total use is unchanged at 15.0 billion bushels. With supply falling and no change to use, corn ending stocks are down to 1.9 billion bushels. The season-average corn price received by producers is unchanged at $4.10 per bushel.

The **2024/25 outlook for U.S. soybean** includes lower production, exports, crush, and ending stocks. Soybean production is forecast at 4.5 billion bushels, down 121 million on reduced yields. The largest production changes are for Iowa, Illinois, and Minnesota. Exports are lowered 25 million bushels to 1.8 billion on lower supplies and sales to date. Crush is lowered 15 million bushels to 2.4 billion, reflecting lower soybean meal domestic disappearance and exports. Soybean ending stocks are lowered 80 million bushels to 470 million bushels. The U.S. season-average soybean price for 2024/25 is forecast unchanged at $10.80 per bushel.

The **outlook for 2024/25 U.S. rice** this month is for unchanged supplies and domestic use, lower exports, and higher ending stocks. Exports of long-grain rice are reduced 2.0 million cwt to 74.0 million, on

weaker-than-expected shipments and sales to markets in Latin America. Medium- and short-grain exports are raised 1.0 million cwt to 26.0 million, however, on larger sales to East Asia and the Middle East. Combined, all rice exports are lowered 1.0 million cwt to 100.0 million. All rice ending stocks are increased 1.0 million cwt to 46.7 million, up 19 percent from last year. Season-average farm prices for all classes of rice in 2024/25 are unchanged this month with long grain prices at $14.50 and southern medium grain prices at $14.50 per cwt, respectively.

The **U.S. cotton estimates for 2024/25** shows marginally lower production, lower exports, and higher ending stocks. NASS revised its estimate for U.S. all-cotton production downward by 10,000 bales to just below 14.2 million in its November Crop Production report. The Georgia crop is raised about 200,000 bales offset by a similar reduction in the Texas crop with assorted small changes elsewhere. The national all-cotton yield estimate is unchanged from last month at 789 pounds per harvested acre. With global consumption and imports reduced, U.S. exports are reduced 200,000 bales to 11.3 million. Ending stocks are raised 200,000 bales to 4.3 million, for a stocks-to-use ratio of about 33 percent. The 2024/25 season average upland farm price is unchanged at 66 cents per pound.

Corn

Corn futures enjoyed a decent boost through the second half of October and thus far have managed to recover just over 50% of the value lost from the harvest selloff during the first half of October. Corn harvest is now seen at 91% complete for major producing U.S. states. In October, USDA estimated 2024 U.S. corn production at 15.203 billion bushels (bb), the second-largest production on record behind last fall. This is behind a record estimated yield of 183.8 bushels per acre (bpa). For this Friday's report, the 19 analysts surveyed by Dow Jones expect a slight cut in U.S. corn production on lower harvested acres and a slightly lower, but still record-high, yield. All told, the average analyst production estimate of 15.179 bb will still stand as the second highest on record.

Looking back at WASDE reports since 2004, the eight years when USDA raised production from September to October corresponded with four years of additional increases in the November report and four years of subsequent cuts in the November release. It is worth noting that the years of increases between October and November reports also corresponded with increasingly good crop condition ratings through September and October. In the two instances of declining or steady ratings, production estimates dropped. Crop conditions for this fall held steady from pre-September report levels through the final rating from USDA.

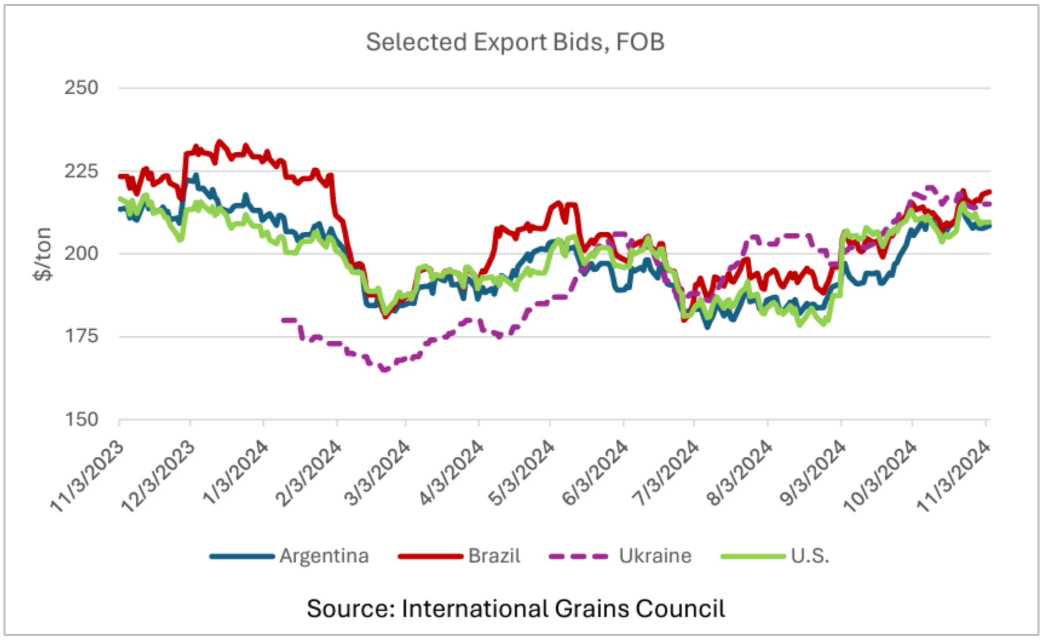
Where things get interesting is factoring in the extremely strong demand for corn that really solidified itself throughout October. Corn export commitments are now running 38% above USDA's estimated pace, and while any huge leaps in estimates from USDA are anticipated by industry experts, they do feel that some sort of acknowledgement of export performance in Friday's figures is in order. Dow Jones' surveyed analysts agree, with the average estimate for 2024-25 ending stocks coming in at 1.921 billion bushels, which would be down 78 million bushels from the October estimate. As for beginning stocks, analysts feel that there is room for reduction in 2023-24 carryout, particularly on higher demand for that season. It is probably not enough to significantly move the needle, but it is worth noting, nonetheless.

Corn production came in well below the average trade estimate, thus coming in as being supportive of corn prices. Traders anticipated little change in the corn balance sheet, projecting yield steady with a month ago at 183.8 bushels per acre. USDA cut their forecast yield by 0.7 bushels per acre to 183.1 bushels, just above analyst estimates of 182.9 bushels. That tightened the balance sheet to 1.938 billion bushels, in line with pre-report estimates. USDA made no changes to the demand side of the balance sheet despite cutting production. That exhibits more of a “wait and see” approach following the election. Exports have the greatest risk of volatility in the coming months as concerns over a trade war mount. The near-term momentum in corn futures certainly favors the bulls as December futures toppled the October high today. That momentum is likely to continue to carry corn futures higher over the coming week, though some profit-taking is possible as December futures have closed higher for six consecutive sessions.

December corn futures have begun to work higher contra-seasonally thus far in November. Demand has remained solid, as noted by a daily export sale announced by USDA this morning of 200,480 metric tons for delivery to unknown destinations during 2024-25. Export shipments should work higher over the coming month seasonally, which could be exasperated by countries booking shipments ahead of the upcoming change in administration. Producers went into the new-crop marketing year with a record quantity of old-crop in the bin. Demand is likely to play a key role in price action over the coming month, though some of that demand may not be noted outside of price ahead of the Quarterly Stocks Report in January.

World corn production is seen as falling just modestly from the 2023-24 record. Still, the world balance sheet is tightening year-over-year as feed use continues to ramp up. Argentina and Brazil and both seen as producing large amounts of corn, taking a significant share of exports that used to go to the U.S. How the crops in South America fare over the coming quarter are going to garner a lot of attention, especially in Brazil as they begin planting their safrinha corn crop. The recent catch-up in soybean planting will enable most of the safrinha corn crop to get planted in the ideal window, which could drive production higher, but the rains still need to occur to maximize production. The return of La Nina is a concern just over the horizon which could bring dryness back to Brazil, which riddled the nations crops in the early 2020’s. Trump will begin his second term in January as well, how aggressive he is on trade and if he cracks down on Mexico will play a large role in corn demand in the first quarter of 2025. If Mexico retaliates via limiting imports of U.S. corn, corn prices would likely falter.

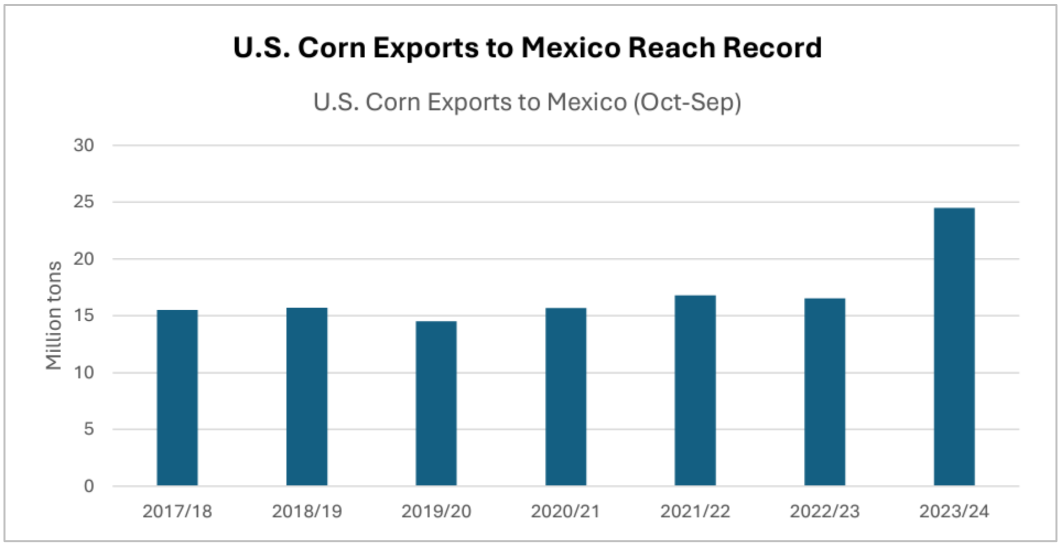
Since the October WASDE, export bids for all major origins except Brazil have decreased as seasonal pressure from Northern Hemisphere harvests bolster exportable supplies. U.S. bids decreased slightly by $1/ton to $210 as the 2024 harvest wraps up at a rapid pace, supporting plentiful U.S. supplies. Despite a smaller-than-expected crop this season, Ukraine bids are down $5/ton to $215 amid the ongoing harvest. Argentina bids are down $3/ton to $208, largely reflecting movements in other suppliers as exports decline seasonally. Conversely, Brazil bids are up $6/ton to $219 on tighter exportable supplies amid strong domestic demand for ethanol and feed.



Export bids (fob, US$ per ton)	4-Nov-24	9-Oct-24	3-Nov-23	*% change, '23 - '24*
Argentina, Up River	208	211	213	-2%
Brazil, Paranaguá	219	213	223	-2%
Ukraine	215	220	N/A	**N/A**
U.S. #3 Yellow Corn, Gulf	210	211	217	-3%

In 2023/24 (October-September), the United States exported a record 24.5 million tons of corn to Mexico, far exceeding the 16.8 million tons exported to Mexico just 2 years ago. Moreover, U.S. market share in Mexico reached 99 percent, the highest level in almost a decade. U.S. corn volume to Mexico in 2023/24 is the largest single-year trade volume to any destination in history and accounted for just over 40 percent of total U.S. corn exports.

Mexico experienced drought-related production difficulties in 2023/24, resulting in a crop several million tons below the recent average. In contrast, the United States harvested a record large crop in the same year, which helped ease global prices. These differing production situations, continued demand for livestock feed, and advantageous trade under the United States–Mexico–Canada Agreement (USMCA) spurred U.S. exports of corn to Mexico. U.S. corn exports are primarily yellow corn, whereas Mexico mainly produces white corn.



Looking forward, Mexican corn imports for 2024/25 are forecast at 24.0 million tons. Current-year production, while slightly improved from the previous year, remains below the recent average. USDA forecasts Mexico corn production at 24.5 million tons, down 500,000 tons from the previous month, reflecting a reduction in irrigated winter corn area expectations. Mexico is currently considering a constitutional amendment that would ban the use of genetically engineered (GE) corn for human consumption or cultivation and would require that GE corn kernels imported for other purposes, such as animal feed, first be "broken." Despite the uncertain legal environment, at present, demand for corn by Mexican end users is expected to remain robust.

Soybeans

USDA estimated 2024 U.S. soybean production in October at a record 4.582 billion bushels, stemming from a record yield of 53.1 bushels per acre. Dow Jones' survey shows analysts are slightly less confident of U.S. production with the average estimate calling for a 0.3-bpa cut in yield and a subsequent production cut to 4.553 billion bushels. Both estimates would still stand as records for the U.S. The U.S. soybean crop did experience some late growing season weather stress in the last part of August and September, but it remains to be seen how that translated to potential yield loss. All clues thus far point toward it having minor consequences. USDA did slightly trim good-to-excellent ratings for the crop through the month of September by 2 points total.

Looking at WASDE history, since 2004, USDA has cut production from September to October 10 times (not counting this year). Of those 10 years, USDA has subsequently raised production in November only three times. The instances of production increases also correlated slightly with steady to improving crop conditions through early fall.

The demand for soybeans is also strong, with exports now running slightly above USDA's pace after a good October allowed commitments to catch up. According to the Dow Jones survey, analysts expect a slight cut of 15 million bushels to U.S. ending stocks. Like corn, I also see room for increases in the old-crop 2023-24 demand figures, particularly regarding soybean crush, which would in turn lower the carry-in for 2024-25.

The soy complex faced a volatile week but ultimately exposed resounding optimism as the week progressed. A midweek rebound in the wake of heavy overnight selling as election results poured in certainly proved noteworthy, especially in the face of a soaring U.S. dollar. Moreover, today's production,

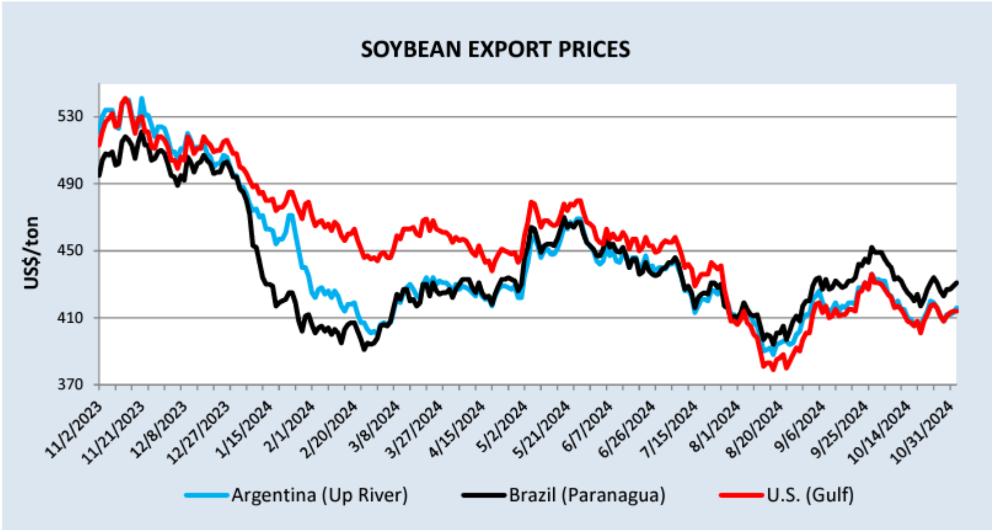
supply and demand updates from USDA confirmed recent musings of a smaller soybean crop as the government cut the national yield 1.4 bushels per acre to 51.7, while ending stocks declined 80 million bushels to 470 million from October. Both missed the analysts' average pre-report estimates. However, a 41 million bushel cut to use offset a portion of the supply reduction. USDA trimmed the estimated crush by 15 million bushels, exports by 25 million bushels and residual use by 1 million bushels. World ending stocks were also lower-than-expected at 131.74 million metric tons, down from 134.65 million last month and well below the pre-report estimate of 134.06 million metric tons.

South America will continue to be market-driver as soybean planting efforts gain speed in Argentina and producers ramp up plantings in Brazil. Despite unfavorable weather conditions for planting early on, Brazilian producers have gathered steam to notch the second fastest planting pace, amid improved soil moisture. In Argentina, soybean plantings were estimated to be 3.3% complete as of late last week. South American crop consultant Dr. Michael Cordonnier reported recent rainfall has been enough to sustain recently planted crops, but not enough to recharge soil moisture. Look for the marketplace to continue to monitor weather in South America as the planting and growing season progresses.

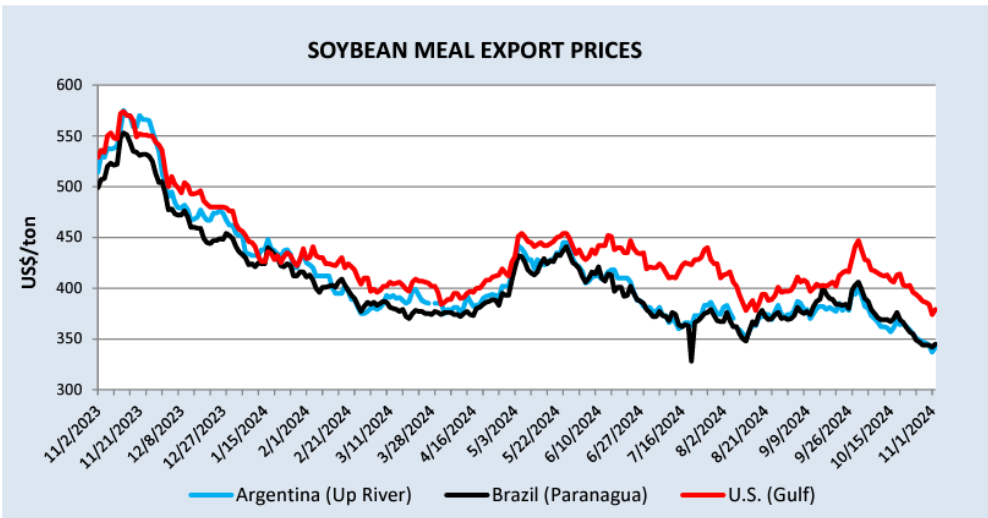
Soybean exports will continue to be closely monitored as the marketing year progresses, especially as traders gauge the incoming administration's trade policies. Global end-user demand for soybeans has been quite notable as of late, though uncertainty looms around economic conditions. Moreover, the direction of the U.S. dollar will also likely play a role in future export business, which could be impacted by the Fed's battle against inflation.

Since the last WASDE report, soybean prices fell on improved rainfall and planting progress in Brazil but rose in the last 2 weeks due to reduced exportable supplies in Brazil before next year's harvest. Brazilian soybeans have traded at a premium to U.S. and Argentine beans since early September as their exportable surplus seasonally declines, increasing demand for U.S. soybeans as the harvest starts to conclude.

Strong soybean crush in the United States and Argentina and the delayed implementation of the European Union Deforestation Regulation (EUDR) are contributing to falling prices for soybean meal. Tight supplies of palm oil and new government policies in Indonesia are contributing to higher palm prices. In October, the government of Indonesia announced plans to increase the current biodiesel mandate to B40, prompting importers to increase purchases in anticipation. Additionally, the government of Indonesia imposed a new tax on palm oil exports. This tax is contributing to the premium on Indonesia palm oil, currently higher relative to soybean oil. U.S. soybean oil is trading at a discount to South America soybean oil, prompting sales to price sensitive markets such as India.



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



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

Rice

This market is waiting for weather, politics, and crop results for clues as to what to do with this year's rice. From a technical perspective, the nearby took a big ride down this week. Given the action of the new crop futures, there is a quiet tone amongst farmers and traders at present. Growers' interest in selling at the current low prices indicated by the futures is somewhat lackluster. It will be interesting to see if this sentiment continues to hold over the next several weeks. What looks to us to be the apparent lack of long grain export demand – and perhaps even in some domestic markets – has caused prices to calm down just a bit. The ticking clock and calendar will make this change. Just how much change there will be and in what direction are the questions. The market looks a bit quiet at present, and unless something substantial and unexpected happens in the next few months, we could see a fall to lower price levels, since we do not see any big cash business or large shorts in this market at present.

It will be interesting to see what the rice futures do over the next month or so as the outcome of the current South American crop continues to be revealed. It will also be worth keeping an eye on how our

current new crop rice goes for long grain in the South. Demand looks rather quiet right now, but we continue to believe it will pick up a bit over the next few months

Meanwhile, US rice seems to be quiet in Arkansas and just about everywhere else in the South. We originally thought there was more demand for US long grain than we have seen since the new crop started coming in, but that does not seem to be the case. The low milling crop is going to end up forcing the use of more rice just to make minimum grades that export and domestic markets demand, and this will push up the cost of that milled long grain. We saw something about an Iraqi milled rice tender sometime early next year for 44,000 tons of US no.2, maximum 4% brokens. That will be welcome business. In the meantime, the milled long grain business seems to be quite slow. We need to find some large export markets for both mild and rough. What bidding we have heard about seems to be for domestic rice sales at even the Chicago futures delivered mill. Milling continues to report low whole-grain outturns, and this is going to cause both higher prices and the use of more inventory to make our regular US no.2 hard milled long grain domestic rice.

It seems that Mississippi is now finished with its rice harvest for this year. And we continue to hear that some of the later cut rice continues to be somewhat better than the earlier cut rice. We understand that buyers are currently interested in a price of even the Jan futures delivered rice loading facility. As the futures have fallen off quite a bit, though, little selling interest is being seen at the even futures levels. If the buyers have the business that will take the rice downriver at reasonable price levels, more selling should come into the market.

In south Louisiana, the bidding for long grain paddy is moving between $25.00 and $24.50 per barrel picked up at the farm basis a 55/70 per cwt milling outturn. The disappointing late first crop yields are being helped by some of the second crop figures. This is good news, along with reports of second crop rice appearance being good.

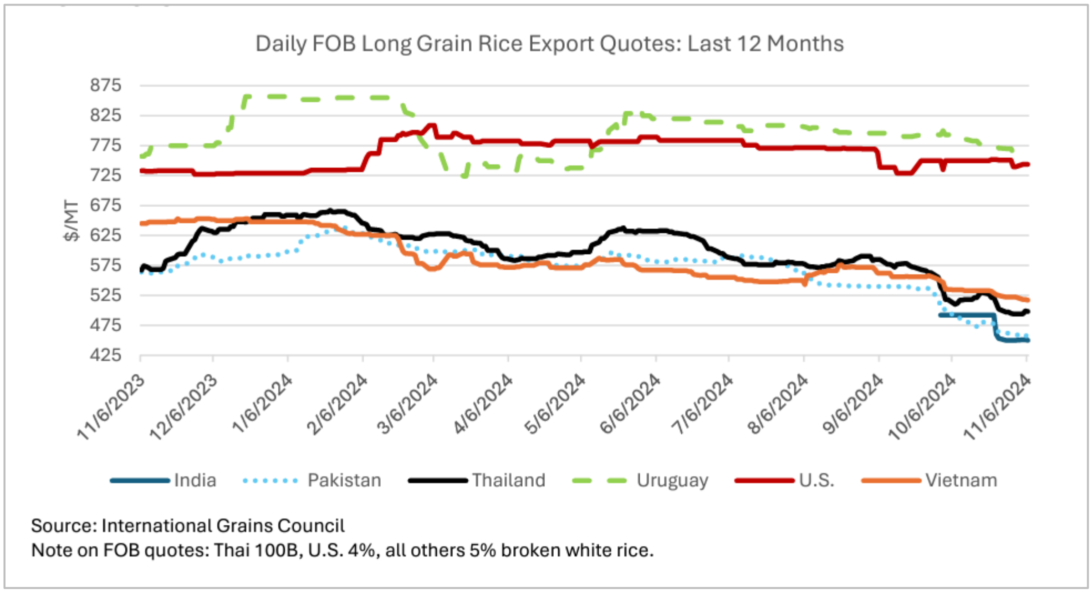
In California, there were a few reports of cash rice trading at $11-11.50 over loan. Buy interest is weak at anything over $10.50-11 and sell interest is weak at anything less than $12-12.50. Export demand continues to be strong, especially in the Middle East and North African markets. As for the traditional Asian demand, particularly to South Korea and Japan, demand also remains strong as the industry is seeing a larger volume of SBS business than normal. That said, export prices have been slow to climb, are largely considered flat over the past several weeks.

Milling yields are off this year, which means mills will have to utilize more rice to achieve the same outturn. While this is good for rice disappearance, it is not great for the market. Even if paddy prices remain flat, the cost to the consumer will have to increase as mills will need to churn through product to deliver same quality and quantity. Unfortunately, prices may rise some, but necessarily at the farm level, at least not immediately.

ADM Rice has finalized another sale of 44,000 metric tons of U.S. long grain rice to Iraq, with shipment expected in January 2025. This sale follows one from August, helping to bring certainty and predictability back into this market. The financial restrictions that were imposed on Iraqi banks at the beginning of the year remain, but viable solutions have been developed that enable the continued flow of U.S. rice to this top market. Iraq is the second largest long grain, milled export market for U.S. rice. The Iraqi government provides regular allotments of food items to their citizens, aiming to provide nearly 2,500 calories/day; rice is an essential part of that food basket.

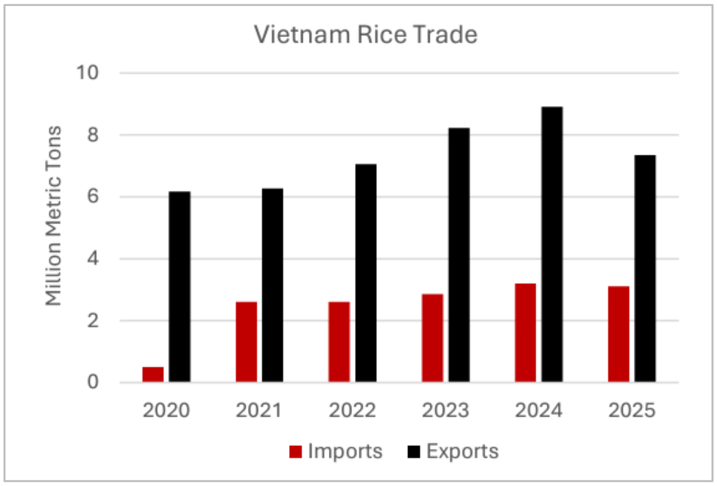
Since October's WASDE, global export quotes continued to decline significantly in response to India lifting its export ban on non-basmati white rice. The Government of India removed the Minimum Export

Price on October 23, and the current export quote is at $450/ton. Vietnamese quotes decreased $17 to $517/ton, while Thai quotes declined $19 to $498/ton with continued pressure from India's return to the market. Pakistani quotes fell $25 to $462/ton, remaining the most competitive following India. U.S. prices dropped $6 to $744/ton on weaker sales to Latin America. Uruguayan quotes fell $21 to $765/ton but remain the highest among major exporters.



Trade in the Western Hemisphere has been consistent without any extreme shocks to supply, demand, or expectations. Argentina, with planting underway, is expected to have a larger production because of sustained good pricing. Total acreage could decrease though if there is a dry cycle. Fortunately, our paddy shipments to Mexico have been consistent and a bright spot in the marketing cycle. Planting progress in general in the Mercosur countries continues and will certainly play a factor in prices beginning in early 2025.

A record 8.9 million tons of exports are expected from Vietnam in 2024, despite a decline in production. Expanded imports from neighboring Cambodia have allowed Vietnam to boost its exports to meet strong foreign demand. Since 2021, Vietnam has significantly increased rice imports, initially from India, but now primarily from Cambodia. Through a combination of financial and technical assistance provided by Vietnamese middlemen, Cambodian producers have shifted their plantings towards higher-yielding, short-season Vietnamese white rice varieties. With limited processing facilities in Cambodia, paddy rice is exported for processing in Vietnam. Imports of Cambodian paddy rice have bolstered Vietnamese supplies, enabling higher exports during India's absence from the global rice market.



Additional supplies from neighboring Cambodia have also helped Vietnam meet burgeoning demand from the Philippines, Indonesia, and Malaysia. The Philippines is importing record amounts due to a combination of population growth and reduced import tariffs. Thus far in 2024, the Philippines relied on Vietnam for more than 80 percent of imports. Indonesia also has strong import demand due to reduced production in 2024 amid a strong El Niño and a higher incidence of pest and disease.

Looking ahead, prices across Asian suppliers have been under pressure by India's market re-entry. Given renewed competition from India, Vietnam is forecast to export less in 2025. Furthermore, it is anticipated that Indonesia will reduce its imports of rice as the government increases its own domestic procurement. However, the Philippines is expected to remain a primary destination for Vietnamese exports due to a combination of logistical advantages, competitive prices, and rising consumer demand for high-quality rice.

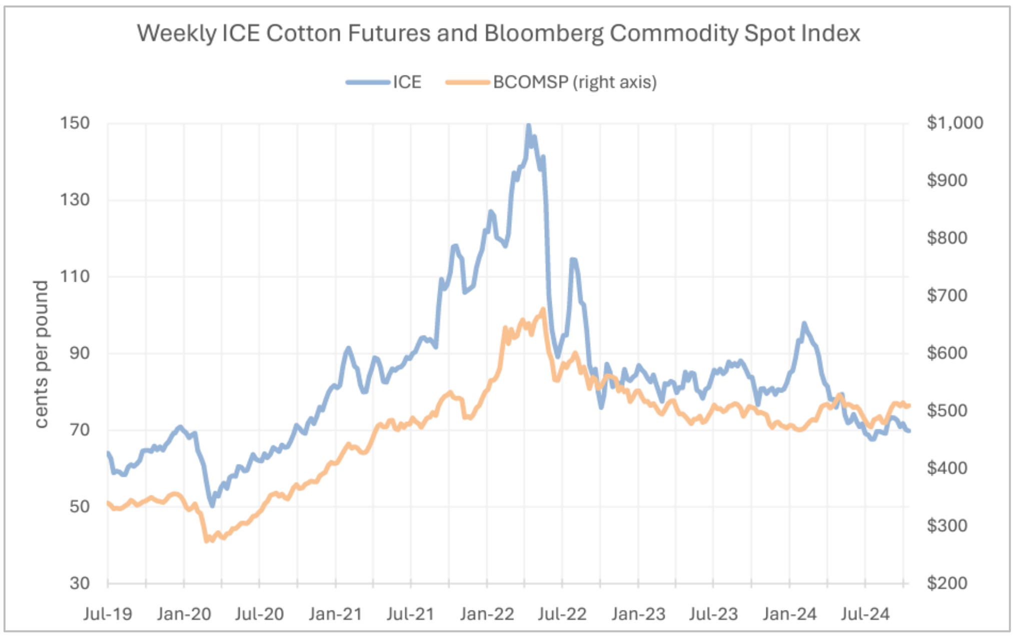
Cotton

Cotton futures have mainly been tepid amid mostly unsupportive outside markets and modest changes in USDA's production, supply, and demand update earlier today. USDA trimmed its cotton production estimate 10,000 bales from last month, leaving both yield and harvested area unchanged at 789 lbs. per acre and 8.635 million acres, respectively. On the supply side, total use was cut 200,000 bales amid a 200,000-bale cut to exports and a 10,000-bale cut to unaccounted use to -50,000 bales. Meanwhile, global carryover was pegged at 75.75 million bales for 2024-25, down from 76.33 million bales in October and 74.59 million bales in 2023-24.

USDA reported cotton harvest was 63% complete as of November 3rd. As harvest winds down, weather conditions over the next couple of weeks will continue to be critical for growers as they seek to wrap up harvest. World Weather Inc. reports additional rain in West Texas will increase some concern over fiber quality after significant rain fell this past weekend. Some parts of the Blacklands will also be impacted. However, drier weather is expected in both areas this weekend and next week which should improve fiber quality or at least end the declining conditions. Harvest in the Delta is winding down, but it too may have been hindered by recent rain and those coming this weekend. Torrential rain in parts of Georgia and South Carolina this week resulted in some significant flooding from south-central Georgia into western and central South Carolina, damaging some unharvested cotton. Slowly improving weather is expected, although additional showers are possible periodically, according to the forecaster.

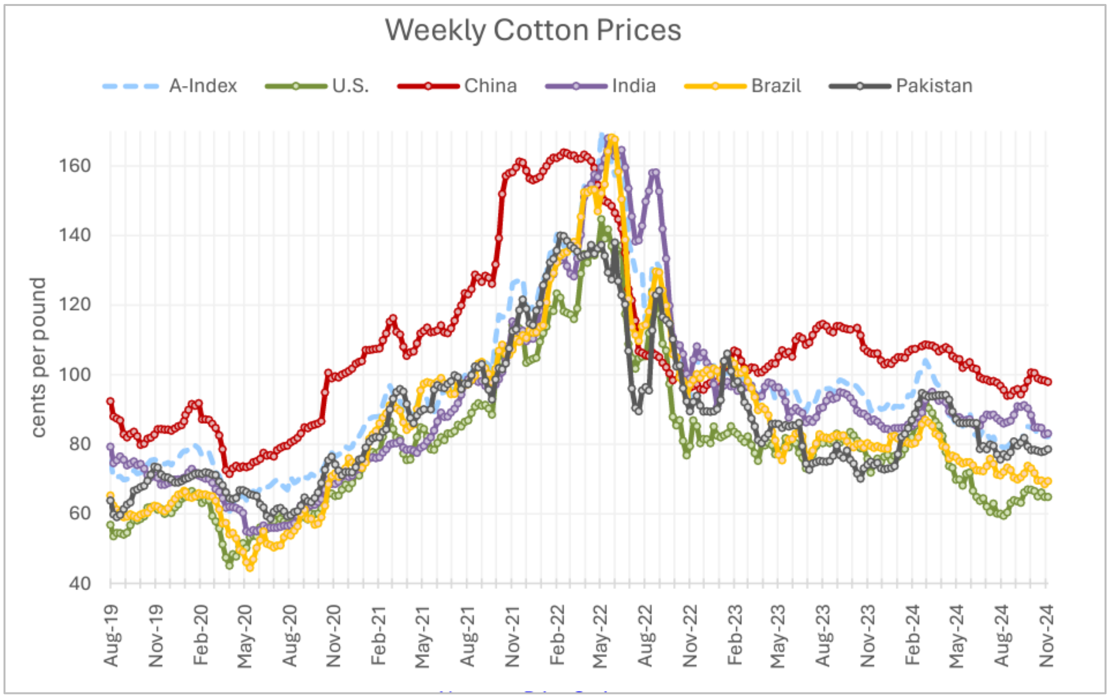
USDA's additional cut to U.S. cotton exports continues to send a bleak message regarding demand for domestic supplies as the marketing year advances. Traders will continue to monitor the direction of the U.S. dollar, as well as trade policies of the incoming administration. Moreover, traders will continue to monitor the government's production updates as the marketplace continues to determine the size of the crop and the extent of recent weather anomalies.

Since October's WASDE report, cotton futures on the Intercontinental Exchange (ICE) are mostly unchanged at around 70 cents. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position (as of October 29th) for both Non-Commercial and Index participants falling slightly to around 34,000 contracts. Commodity prices (represented by the Bloomberg Commodity Spot Index) were also mostly unchanged. This is despite prospects for future U.S. federal interest rates to remain higher than expected compared with projections last month.

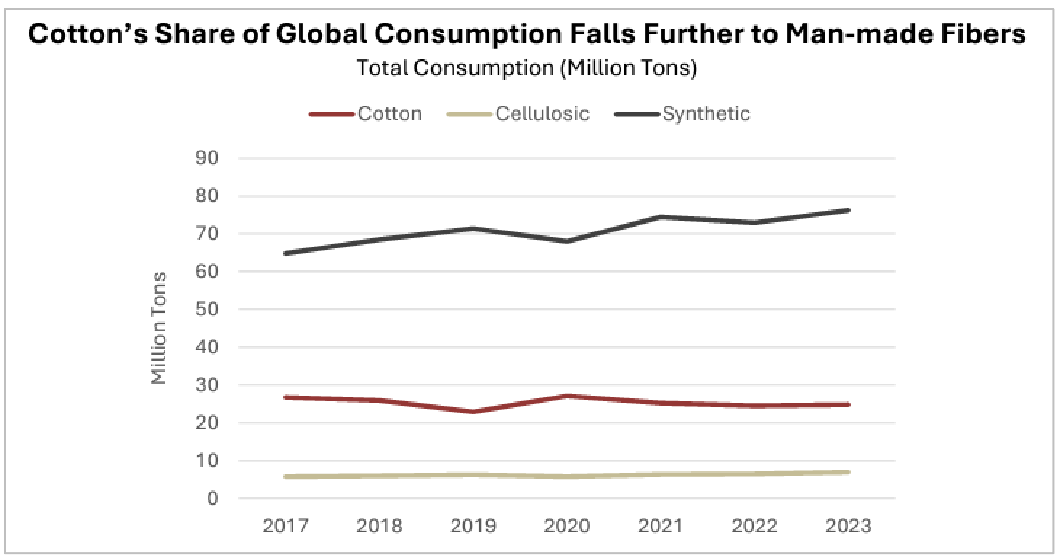


The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Memphis/Orleans/Texas, Ivory Coast, Burkina Faso, and Memphis/Eastern. Brazil is once again the lowest quoted origin at 78.50 cents per pound; Memphis/Eastern is the highest at 83.75 cents. The A-Index relative to ICE is roughly 12 cents higher and mostly 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.

U.S. spot prices are mostly unchanged at around 65 cents per pound. Southeast basis rose to -350 basis points while North and South Delta climbed to -425. West Texas-Kansas-Oklahoma increased to -550, and average basis across the United States was up roughly 100 points to around -500. Chinese prices are down 3 cents to 97 cents per pound as the nearby futures contract (January) on the Zhengzhou Commodity Exchange (ZCE) fell slightly to around 14,100 per metric ton. Basis (relative to ICE) was unchanged at around 2,800 points. Indian prices are mostly unchanged at around 83 cents per pound. Basis was unchanged at around 1,300 points and remains above last year. Brazilian prices were mostly unchanged at around 70 cents and basis is unchanged at around -100 points.

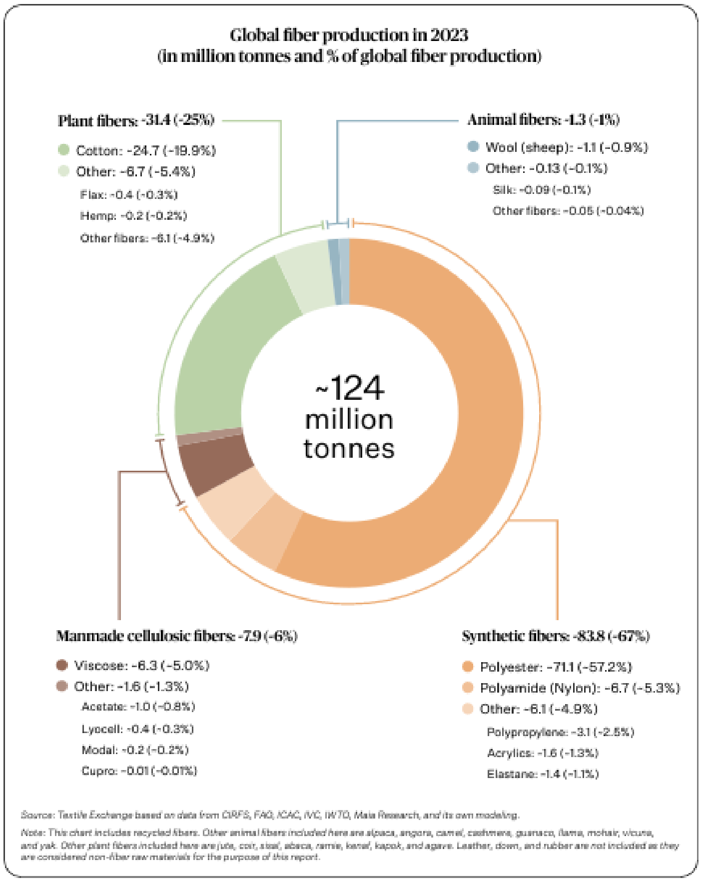


Cotton's share of global fiber consumption continues to decline, owing to substantial growth in the production and consumption of synthetic and cellulosic fibers (both also referred to as man-made fibers (MMFs)). Global cotton consumption in 2024/25 is forecast at 115.2 million bales, near the 10-year average and more than 9.0 million bales below the record level witnessed 4 years ago. This is despite record global fiber consumption in calendar year 2023 as synthetic fibers are meeting the world's growing demand. China has been the main supplier due to unprecedented capacity and competitive prices. Lastly, stagnant growth in cotton production has also pressured cotton consumption.



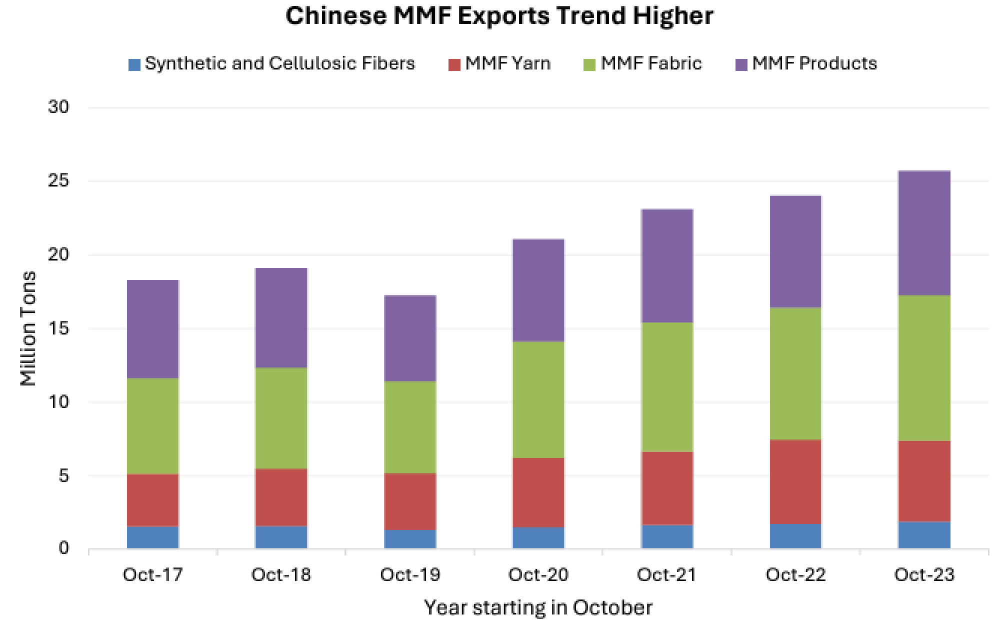
According to a report published by Textile Exchange last month, polyester has been the primary driver behind the growth in global synthetic fiber production. Production rose 8.0 million tons year-over-year (equivalent to nearly 37.0 million bales) to 71.0 million tons in 2023; annual production growth was roughly one-third of the world's annual cotton consumption. Total synthetic fiber production was

approximately 84.0 million tons (other fibers include nylon, polypropylene, acrylics, and elastane), showing that polyester makes up roughly 85 percent of synthetic fibers.



The global production of cellulosic fibers in 2023 grew 500,000 tons (equivalent to 2.3 million bales) to 7.9 million tons, with rayon (also referred to as viscose) accounting for the majority at 6.3 million. Last week, the International Cotton Advisory Committee (ICAC) published their annual World Textile Demand report that reflected similar statistics, showing 2023 production of cellulosic fibers was more than 15 percent higher compared with 5 years ago. The steady production and consumption growth of both synthetic and cellulosic fibers contrasts with the stagnant, and at times, falling consumption of cotton fiber.

China has been the main driver of growth in synthetic and cellulosic fibers, with ICAC reporting the country produced nearly 70 percent of the world's synthetic and cellulosic (i.e., MMF) supply in 2023. Expanded capacity and supply of polyester has boosted China's dominance of the global textile industry, especially given polyester's lower price relative to cotton. China's MMF exports – including fibers, yarn, fabric, and finished products – reflect substantial growth, with total volume growing over 40 percent over the past 5 years. From October 2023 to September 2024, Chinese MMF exports were nearly 26.0 million tons (equivalent to 118.0 million bales), a level that exceeds recent global cotton consumption.

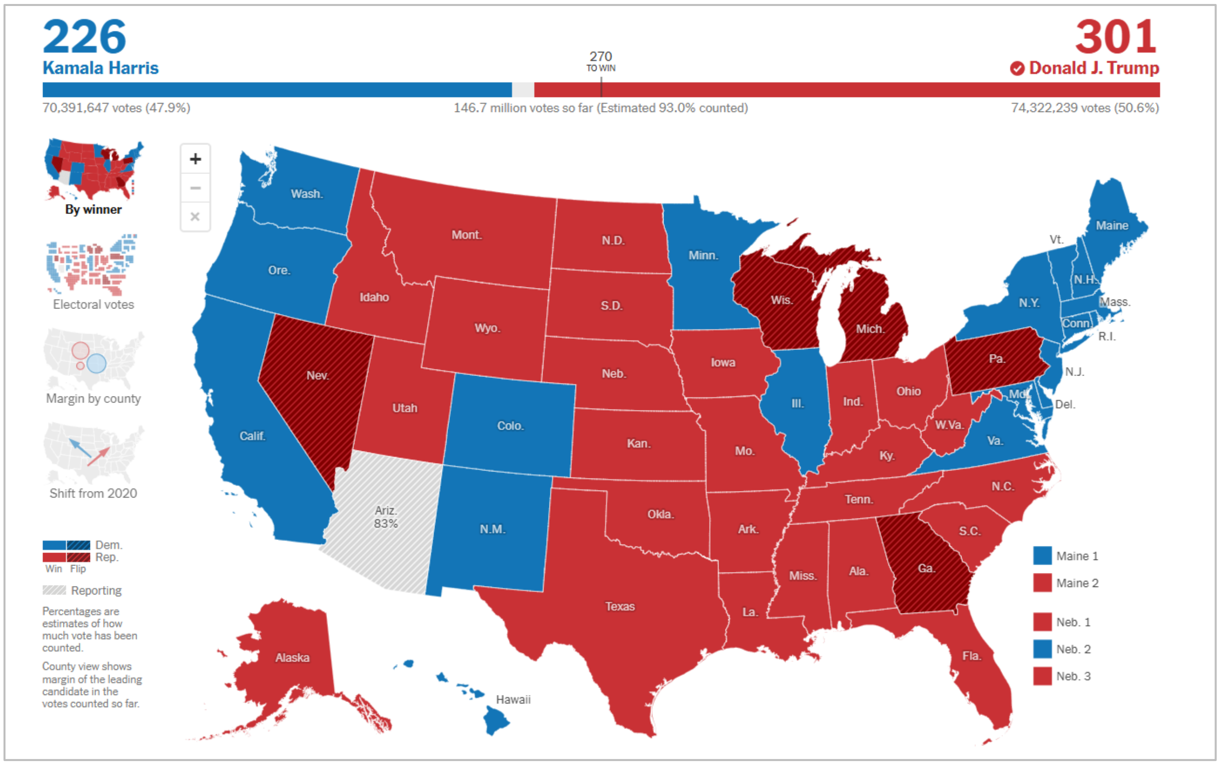


	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23
Synthetic and Cellulosic Fibers	1.6	1.6	1.3	1.5	1.6	1.7	1.9
MMF Yarn	3.6	3.9	3.9	4.7	5.0	5.7	5.5
MMF Fabric	6.5	6.8	6.2	7.9	8.8	9.0	9.9
MMF Products	6.7	6.7	5.8	6.9	7.7	7.6	8.4
TOTAL	18.3	19.1	17.2	21.1	23.1	24.0	25.7

Source: Trade Data Monitor, LLC.

What does a Trump Victory Mean for U.S. Agriculture?

Donald Trump stunned political observers on November 5th with an overwhelming victory. The former President reversed results from the 2020 election by winning all seven key battleground states, including the so-called "Blue Wall" of Wisconsin, Michigan, and Pennsylvania. While Kamala Harris underperformed with certain voter demographics, Trump expanded his overall support and is on track to win the popular vote by a significant margin.



Trump's election victory brings with it a great deal of agriculture trade uncertainty, as the president-elect has promised to expand on aggressive tariffs implemented during his first term. On the campaign trail Trump proposed tariffs of up to 20% on all foreign goods and 60% tariffs on all imports from China. Reigniting trade tensions with China is a primary concern for US agriculture markets, particularly for US soybean exports as China is the largest purchaser of US soybeans.

Market sentiment is not yet clear on the immediate impact of the election results. Some participants believe Trump's victory may increase the rate of US corn and soybean purchases ahead of Trump taking office in January, while others think buyers may take a step back and wait for prices to settle after the election. Some US buyers are also avoiding long term contracts to import soybean products due to the risk of future tariffs.

China's current marketing year purchase commitments for US soybeans total 11.13 million tons, down about 7% from the previous year's 12.02 million tons. Chinese purchases of 2024-25 crop soybeans from the US were behind pace earlier in the year, partially due to concerns about the election and US trade policy. China made its first purchase of 2024-25 crop soybeans in July but purchased US new crop soybeans as early as January during the 2023-24 marketing year.

China's purchases of US corn have also been slower than the previous year, at currently at 20,000t, down by nearly 98% from the year prior level of 910,000 tons.

Latin American countries may benefit from Trump's election, as the potential for hampered US exports to China would open leave an opening for Latin American imports. In the previous trade war, China placed retaliatory tariffs on the US and in return purchased less US soybeans, filling the gap primarily with Brazilian product.

Though China does not purchase as much US corn compared to soybeans, the potential for another trade war could leave a small gap for corn exports to China that Latin America could fill. In May, China

approved two varieties of genetically modified (GM) corn for import that are grown in Argentina, allowing the country to export corn more easily to China. Market participants in Argentina believe there may be an opportunity to increase exports if China limits US purchases.

This year, much of Brazil's corn has been sold domestically as demand has increased in Matto Grosso, but the country may also be of benefit from the US election if Chinese demand increases.

Trump has also made promises to appoint Robert F. Kennedy Jr to his administration, who has been outspoken against pesticide-intensive agriculture. Kennedy's views run counter to many of the policies enacted under Trump's first term, which included rolling back pesticide regulations. Notably, the EPA rejected a proposed ban of chlorpyrifos that are used in pesticides, which were later banned by the administration of President Joe Biden. Trump has not yet defined Kennedy's role in his administration, but market participants are concerned he could place restrictions on chemical inputs that help improve US crop yields.

In Congress, the Republicans took control of the Senate, and we are waiting to see if they retain control of the House of Representatives. In addition to potential focus on energy and immigration policy in the first 100 days, Congress will also be looking to address tax policy in 2025. As for prospects of the Farm Bill, we will need to watch who ends up with control of the House. Republicans controlling the White House and both chambers of Congress will change the calculation on Fam Bill negotiations and the likelihood of a clean extension for 1 or 2 years, or a bill with policy changes.

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	$17.20	$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 November 8, 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 November 8, 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), 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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