Volume VII, Issue 3

Agricultural Policy and Market Situation Newsletter

The Farm Bill Expires

After having been initially extended last year until the end of fiscal 2024, the 2018 Farm Bill has expired. Many are wondering what lies in store for both farm and nutrition programs?

A Farm Bill that expires is not quite the aberration some would take it to be. When the 2002 Farm Bill expired, portions of it were extended six times in the spring of 2008 for less than a year in total, according to the Congressional Research Service (CRS). When the 2008 Farm Bill expired in 2012, some Farm Bill programs ceased new operations after October 1, 2012, and others continued operating under various appropriations acts.

The federal crop insurance program is permanently authorized. It doesn't need to be reauthorized by a Farm Bill. The Supplemental Nutrition Assistance Program, which accounts for most of the spending in the farm bill, is reauthorized through appropriations bills and continuing resolutions. As of Tuesday, the government is operating under a continuing resolution through December 20th.

Continued page 3.

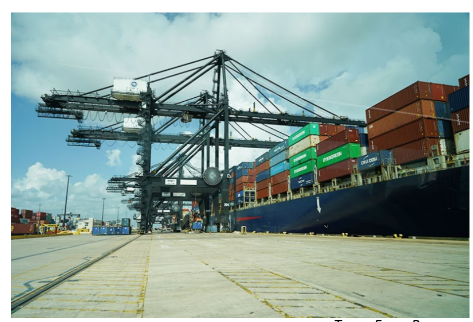
Iowa Public Radio.

What's inside this Issue?

LSU's 2025 Ag Forum, Farm Bill, Dockworker Strike, Presidential Politics, U.S. Export Competitiveness, Farmer Sentiment, Federal Reserve Actions, Ag Finance Update, and more!

Dockworker Strike and it Impact on Agriculture

Ports spanning from Maine to Texas have felt the brunt of dock workers striking due to unmet demands regarding a 77% increase in pay and to automation's future role in port freight handling activities. Roughly 25,000 workers associated with the International Longshoremen's Association (ILA) began their threatened strike (the last strike having occurred in 1977) on October 1st when representatives from the ILA and the coalition of port's representative authority-the United States Maritime Alliance (USMX) failed to come to terms, paralyzing ports where many containers containing agricultural items such poultry, soybeans, cotton, meat, bananas, animal feed were left sitting static, either on ships or on land, not being processed through relevant logistical distribution networks onward to their final destinations. The ports of Virginia, Houston, Savannah, New York, and New Jersey had all halted container-related operations by the end of the day on Monday, September 30th. In addition, two railroads — Norfolk Southern and CSX — have temporarily embargoed shipments to some East Coast ports.



Texas Farm Bureau.

East and Gulf Coast ports are critical export junctions for agricultural commodities such as: raw cotton, animal feed, soybeans and meats and imports of bananas, beverages, grocery items, fruit and wine. The American Farm Bureau Federation (AFBF) estimated that the strike could have a $1.4 billion impact on containerized agricultural exports and imports for each week it goes on. Agricultural groups and retailers, in letters, previously urged the Biden Administration to force both parties to return to the negotiating table to iron out an agreement, warning that a strike's impact on the supply chain "will quickly reverberate throughout the agricultural economy, shutting down operations and potentially lowering farm gate prices."

Even though the U.S. President has the power to halt the strike under the Taft-Hartley Act, President Biden has thus far refrained from action. Commenting that he believes collective bargaining was "the best way for workers to get the pay and benefits they deserve." Agriculture Secretary Tom Vilsack told reporters recently that the Biden administration has been urging the ILA and USMX to reach agreement. He added that he and other administration officials would "figure out ways in which we can be as helpful as we can" in the case of a strike.

It is important to note that in 2023, over 143 million metric tons of agricultural products, worth over $122 billion were transported through ocean ports, representing just over 70% of U.S. agricultural exports in value and 75% of volume. On the import side, U.S. ports received over 39.4 million metric tons in agricultural products, worth over $110 billion and accounting for 56% of imports by value.

Save The Date!

2nd Annual Louisiana Agricultural Outlook Forum

Tuesday, Jan. 14, 2025

State Evacuation Shelter
8125 U.S. HWY 71
Alexandria, La, 71301

2025 Market Outlooks

- Corn
- Sugar
- Cattle
- Timber
- Soybeans
- Cotton

Keynote Speakers

- Farm Economy Conditions
- Farm Bill Updates

For more information contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu or 225-578-7267 in the LSU Department of Agricultural Economics and Agribusiness

There is no fee to attend this event. However, to assist in meal planning, please preregister using the QR code.

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Farm Bill (cont.)

The Inflation Reduction Act (IRA) extended four major conservation programs along with their funding authority through fiscal 2031, the end of the IRA funding window: the Environmental Quality Incentives Program, Conservation Stewardship Program, Agricultural Conservation Easement Program and Regional Conservation Partnership Program.

The Conservation Reserve Program wasn't extended to 2031, so its authority expired on Monday, September 30th along with funding for other small programs such as the Healthy Forest Restoration Program and Watershed Rehabilitation Program.

The 2023 Farm Bill extension continued authorization for commodity programs through the 2024 crop year, and that time period is commodity specific. Dairy is the first commodity affected, because authority for the Dairy Margin Coverage program expires December 31st. The 2024 crop year for other commodities extends until the harvest season for 2025 crops.

Starting January 1st for dairy and with the end of the crop year for other commodities, price support programs revert to 1940s legislation (known as permanent law.) Permanent law provides support based on a parity price from the period 1910-1914 that does not recognize nor take into account gains in productivity and technological advances in agriculture or modern marketing and policy approaches, according to the USDA ERS. Upon a Farm Bill's expiration, the ensuing January 1st is commonly referred to as the "dairy cliff," because that's when permanent law kicks in for that commodity, requiring USDA to begin taking steps to push up milk prices.

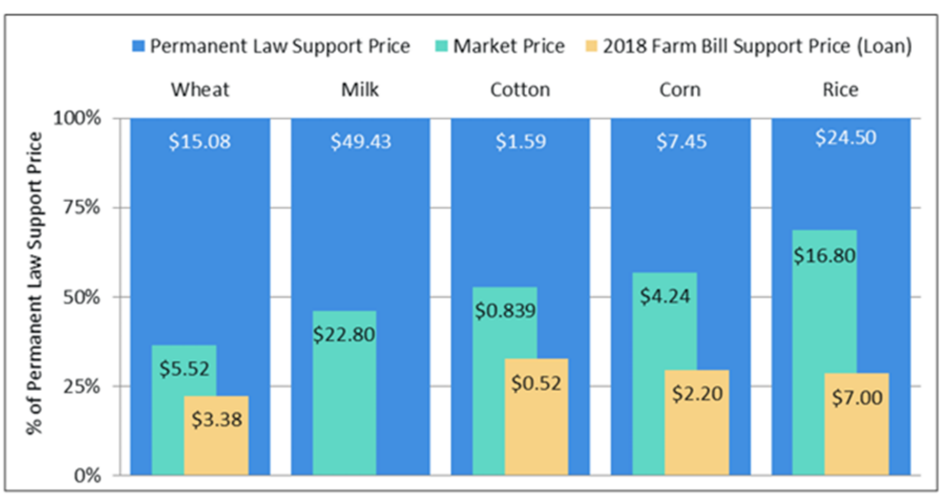
Table 1. Parity Prices and Permanent Law Support Prices

	Permanent Law Provisions				
Comodity[a]	Description	Parity Price (July 2024)	Permanent Law Support Price (minimum of statutory range)	2018 Farm Bill Support Price[b]	Farm Market Prices Received (July 2024)
All Milk, Cwt.	Purchase milk and butterfat products at 75%-90% of parity.	$65.90	75% of parity = $49.43	Margin-based[c]	$22.80
Wheat, Bu.	Nonrecourse loans and direct purchases. Acreage allotments.[d] If marketing quotas are approved, loan rate = 65%-90% of parity.[e] If quotas are not approved, loan rate = 50% parity. If quotas are not announced, loan = 75%-90% parity.	$20.10	75% of parity = $15.08	$3.38	$5.52
Upland cotton, Lb.	Nonrecourse loans and direct purchases. Acreage allotments. If quotas are approved, loan rate = 65%-90% of parity. If quotas are not approved, loan rate = 50% parity. If quotas are not announced, loan rate = 65%-90% of parity.	$2.45	65% of parity = $1.59	$0.52	$0.839
Rice, Cwt.	Permanent authority repealed by 1981 farm bill but restored by 1996 farm bill. Loan rate = 50%-90% of parity.	$49.00	50% of parity = $24.50	$7.00	$16.80
Corn, Bu.	Nonrecourse loans and direct purchases. Acreage allotments are not authorized. Loan rate = 50%-90% of parity.	$14.90	50% of parity = $7.45	$2.20	$4.24
Sorghum, Cwt.	Support for sorghum, barley, oats, and rye is set based on the feeding value of each in relation to corn.	$26.60	50% of parity = $13.30	$3.93[f]	$8.48
Barley, Bu.		$18.40	50% of parity = $9.20	$2.50	$6.19
Oats, Bu.		$11.10	50% of parity = $5.55	$2.00	$3.41
Rye, Bu.		$21.40	50% of parity = 10.70	none	$6.61[g]
Honey, Lb.	Purchases of honey at 60%-90% of parity.	$7.91	60% of parity = $4.75	$0.69	$2.53[h]

Permanent law requires USDA to set support prices for producers at between 50% and 90% of the parity price and potentially double government payments for some commodities. For example, the mandated purchase price for milk would be $49.43 per hundredweight (cwt, or per 100 pounds) based on August 2024 data, more than 2 times (or 117% higher than) the current market price of milk ($22.80/cwt for all milk, according to the CRS. Permanent law would also require USDA to announce acreage allotments and hold a referendum on marketing quotas – potentially requiring producers to cut back on production to receive payments.

Parity prices used in permanent law refer to the relationship between prices that farmers receive for their products and prices they paid for inputs during a benchmark period of 1910-1914. Permanent law requires USDA to set support prices that would guarantee producers between 50% and 90% of the parity price depending on the commodity.

What else could be affected by the expiration of a Farm Bill? Programs that rely on mandatory funding authorizations in the Farm Bill are the most affected, according to CRS. Those include programs in Farm Bill Titles III (Trade), VII (Research), IX (Energy), X (Horticulture), and XI (Miscellaneous). These programs represent about 1% of mandatory funding in the Farm Bill. Without reauthorization or an extension, these programs either may not have authority to operate or may not continue to receive new budget authority. The 2023 extension provided authority and new mandatory funding for 19 of 21 small programs in the 2018 Farm Bill that did not have a budget baseline. Members of Congress are continuing to talk about the need for a new Farm Bill with an eye toward possibly passing a bill after the November 5th elections.



CRS.

Tax and Budget Issues at Play in Presidential Election

Vice President Kamala Harris and former President Donald Trump are offering far different tax plans portending significantly different impacts on both agriculture and federal budget deficits, according to analysts. The next president will be confronted with a massive political challenge due to the looming expiration of key provisions in the Tax Cuts and Jobs Act (TCJA), signed into law by Trump in 2017. But the new president's ability to shape the outcome will be determined by which party wins control of the House and Senate, or if Congress remains divided.

Agri-Pulse.

If the White House and Congress are controlled by the same party, tax cuts and increases, or a simple extension of the TCJA provisions, could be enacted with simple majorities in both the House and Senate using the budget reconciliation process. If the government is divided, the president and lawmakers are going to have to find some kind of compromise on tax policy and the TCJA or else their constituents could face large tax increases. Trump wants to extend all TCJA provisions that expire at the end of 2025, including reduced tax rates; an increased standard deduction; the Section 199A, 20% deduction for small business income; and a doubling of the estate tax exemption.

"If the Trump tax cuts are allowed to expire, the vast majority of people are going to get a tax increase," said Roger McEowen, an agricultural law and tax expert at Washburn University in Kansas, referring to the TCJA. For example, married couples with incomes between $23,200 and $94,300 would see a 25% increase in taxes, just because of the restoration of pre-2018 tax rates, he said.

A study released earlier this year by the USDA Economic Research Service estimated that expiration of individual tax provisions alone would increase taxes by $4.5 billion on farm households, with the largest percentage increases falling on farms with sales of $150,000 to $350,000. ERS classifies farms of that size as "moderate sales." Expiration of the 20% deduction for business income would result in an average tax increase of $2,464 per farm household, but the cost would be far higher for larger operations. Farms with sales of $1 million to $5 million, which ERS classifies as large, would owe an average of $11,868 in additional taxes. Farms with sales of more than $5 million would owe an extra $87,219 on average.

Trump has gone beyond proposing to extend the TCJA provisions and also called for exempting tips and Social Security income from taxation, and he has proposed to offset at least some of the cost of his tax plan through increased tariffs, which economists say could raise consumer prices significantly. Trump has called for imposing across-the-board tariffs of up to 20% on imported products and raising tariffs on Chinese exports by as much as 60%. "Republicans will support baseline tariffs on foreign-made goods, pass the Trump Reciprocal Trade Act, and respond to unfair trading practices. As tariffs on foreign producers go up, taxes on American workers, families and businesses can come down," the Trump-directed GOP platform says.

Trump also has proposed to repeal President Joe Biden's green energy tax credits, enacted as part of the Inflation Reduction Act. (The IRA provisions include new tax incentives for biofuels.) The cost of Trump's plans could be steep. The Tax Foundation, a nonpartisan but center-right research and analysis group, estimates that Trump's tariffs could raise $3.9 trillion in revenue over 10 years to go with the $921 billion saved from repealing IRA incentives, but still fall $1.3 trillion short of offsetting the cost of extending the expiring TCJA provisions and on ending taxes on tips and Social Security.

The Tax Foundation also estimates that foreign retaliation against Trump's proposed tariffs would cost the economy 362,000 net jobs. Other analyses have determined U.S. agriculture would be especially hard hit by trade retaliation. For her part, Harris has made clear that her priority is lower-income families and middle-class taxpayers. Her economic plan calls for expanding the child tax credit to $6,000 for the first year of a child's life. At the same time she's proposed raising the corporate rate from 21% to 28%, reversing a major and permanent change made by the TCJA.

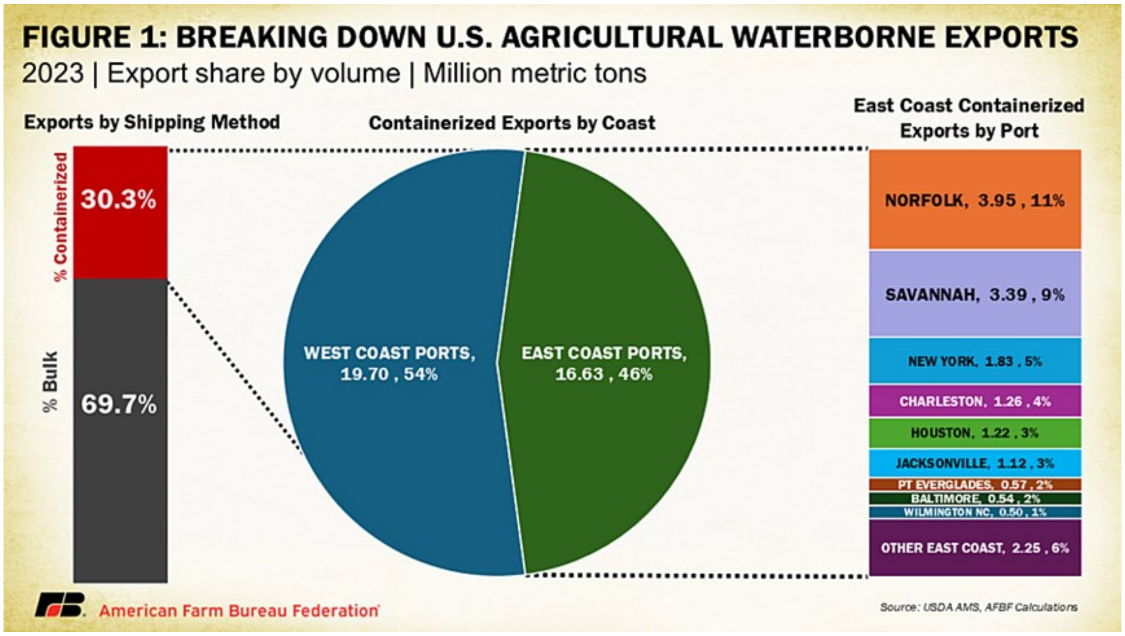
Harris hasn't released details of how she would address the expiring TCJA provisions that affect individuals and small businesses, although she has pledged that no one making less than $400,000 a year would see a tax increase. She hasn't specified how that threshold would affect specific provisions, including the 20% pass-through business income provision. Ag tax experts say the $400,000 threshold wouldn't account for annual variability in farm income. "It would help, but agricultural income is very cyclical, so you might have one year where you make higher than $400,000 and you might have another year where you have $100,000," said Kristine Tidgren, an agricultural law specialist at Iowa State.

A fixed cap such as Harris proposes "isn't necessarily a good way to go when it comes to agriculture and protecting them with respect to tax rates," Tidgren said on a recent edition of Agri-Pulse Newsmakers. Kristine Tidgren McEowen said that when Democrats propose the $400,000 threshold, they are probably only thinking of W-2 wage income, which doesn't fluctuate as much as small business income. "They're not thinking of small businesses. They're not thinking of farmers. They're just thinking wage earners," he said.

According to the Tax Foundation, extending the expiring TCJA provisions for people making under $400,000 would cost $2 trillion over 10 years. Harris has proposed $4.1 trillion in tax increases, including a top capital gains rate of 33%, to go with the expanded child tax credit, which costs an estimated $1.6 trillion over 10 years, and a few relatively small tax cuts. Another unanswered question is how Harris would approach the estate tax exemption, which was doubled by the TCJA and indexed to inflation. The exemption is $13.6 million this year for an individual. If the higher estate tax exemption expires, about 1% of farm estates would owe some tax, up from 0.3% under current law, according to the ERS study. About 7.3% of farms with $1 million to $5 million in sales would be affected, and about 8.5% of farms with more than $5 million in annual sales, according to ERS.

Dockworkers (cont.)

These figures highlight how crucial ports are in facilitating U.S. agricultural trade. Approximately 46% of containerized agricultural exports, or 16.6 million metric tons, depart from East Coast ports. Of these, nine major ports account for nearly 94% of all East Coast containerized agricultural exports, with Norfolk and Savannah in the top two spots. In total, approximately 14% of all U.S. waterborne agricultural exports, by volume, would be at risk in the event of an ILA strike. Over a one-week period, the potential value of disrupted containerized ag exports is estimated at $318 million.



Containerized products account for 73% of all waterborne agricultural imports. The East Coast is crucial for these imports, handling 72% (30 million metric tons) of containerized agricultural imports. The top ports for these imports include New York, Philadelphia and Houston, with 11 ports accounting for nearly 90% of all containerized agricultural imports. In total, 53% of U.S. waterborne agricultural imports, by volume, could be affected by an ILA strike, leading to a potential economic impact of over $1.1 billion per week. Collectively, the value of containerized agricultural products passing through ILA-controlled ports, including both imports and exports, exceeds $1.4 billion per week.

Nearly 80% of waterborne poultry exports would be jeopardized, lowering prices for poultry producers as they lose vital market access. Additionally, impacts to poultry production would create upstream effects for feed suppliers, especially those producing corn and soymeal, which are essential feed ingredients for broiler operations. The Port of Savannah is responsible for nearly 50% of East Coast containerized poultry exports.

While the bulk nature of grain shipping shields most grain exports from an ILA-related disruption, there are exceptions. Containerized agricultural exports account for just over 30% of U.S. waterborne agricultural exports by volume while the remaining 70% are raw, unprocessed commodities (i.e., grains, oilseeds, pulses, rice, and animal feed) transported typically on specialized bulk carriers loaded/unloaded at dedicated facilities by staff that are not affiliated with the ILA. Notably, 2.67 million metric tons of soybeans were exported through East Coast ports in containers in 2023, representing 6% of U.S. waterborne soybean exports, according to USDA- Agricultural Marketing Service data. AgWeb's Jim Wiesemeyer reported previously that the "dock workers' strike October 1st on the East Coast and Gulf Coast would not significantly impact grain export facilities." Wiesemeyer added "The strike would have limited impact on bulk grain exports, including corn and soybeans. Bulk grain export facilities would not be affected by the strike as these facilities typically operate with different labor arrangements, such as their own employees or different labor unions," Wiesemeyer reported. "…While bulk grain exports would be largely unaffected, the strike would impact containerized agricultural exports: Soybeans, soybean meal, and other agricultural products exported via containers would be affected."

"In 2023, container shipments of soybeans through East and Gulf Coast ports totaled around 100 million bushels, compared to nearly 1 billion bushels of bulk soybean exports from the Gulf," Wiesemeyer reported. Another item of note closer to home is 3.2 million American citizens in Puerto Rico could face significant challenges during a prolonged ILA strike, as over 85% of the island's food supply comes from the mainland U.S., with 90% of those shipments passing through ILA-staffed ports.

UPDATE: East Coast dockworkers ended their strike after reaching a "tentative agreement on wages" with the United States Maritime Alliance, the International Longshoremen's Association and USMX said in a joint statement Thursday. The two sides have extended their current contract and will keep negotiating until Jan. 15 to finalize a new one.
The Wall Street Journal, which first reported the news of the agreement, said the "breakthrough" came when USMX offered a 62% wage increase over six years. The two sides will still have to come to an agreement on difficult issues such as automation and container royalties. The ag and food industries were concerned over the impacts of a strike. About 40% of U.S. containerized agricultural exports move through East and Gulf Coast ports, agricultural groups told President Joe Biden in a letter last week.

"[If] containers are the majority of your export business and the majority of that's going through the East Coast, you're now in a really tough situation," National Grain and Feed Association President Mike Seyfert told Agri-Pulse on Monday. "Your supply chain's been shut down — the supply chain you built your operation around — and now you've got to try and find an alternative market. That's not always an easy thing to turn on a dime to do." Mike Steenhoek, the executive director of the Soy Transportation Coalition, welcomed news of the ports' reopening, noting it was a "particularly unfortunate" time for a strike due to the "nation's current economic challenges and the 'all hands-on deck' need to respond to the devastation of Hurricane Helene."

U.S. Agricultural Exports in 2023

The 2023 United States Agricultural Export Yearbook provides a statistical summary of the top 14 U.S. agricultural commodity exports to the world and features highlights from the top 16 export destinations during the 2023 calendar year. The Yearbook is produced by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) using trade data published by the U.S. Census Bureau of the U.S. Department of Commerce. Foreign country export data was sourced from the reporting countries' national statistical agencies, as reported through Trade Data Monitor. The 2023 U.S. Agricultural Export Yearbook consists of two sections: (1) top U.S. commodity exports, and (2) top destinations for U.S. exports.

In 2023, U.S. exports of farm and food products to the world totaled nearly $175 billion, down 11 percent from the 2022 record. Soybeans, corn, cotton, wheat, and other bulk commodities accounted for 34 percent of all U.S. agricultural exports in 2023. Intermediate products such as soybean meal and oil, ethanol, distillers grains, and others comprised 20 percent, while consumer-oriented products made up the remaining 46 percent. Nearly $12 billion of the $21 billion total decline was due to decreased exports of the top two commodities: soybeans and corn. More than 80 percent of the year-over-year decrease was due to lower bulk commodity exports, driven by increased competition, especially from Brazil, and lower commodity prices.

The top 10 export commodities in 2023 accounted for 58 percent of the total U.S. agricultural export value. Soybeans accounted for 30 percent of the overall decrease in U.S. export value, down $6.4 billion, or 19 percent, from 2022's record. While soybean prices decreased from 2022, the primary driver behind the contraction was the drop in export volume as Brazil harvested and exported a record crop. In 2023, the People's Republic of China (PRC), the United States' top soybean destination, sourced 29 percent more soybeans by volume from Brazil, and 11 percent less from the United States compared to 2022.

Corn was responsible for 26 percent of the U.S. export decrease, down $5.4 billion (29 percent) from 2022. A record Brazilian crop, combined with a newly signed deal with the PRC, enabled Brazil to surpass the United States as the largest corn exporter in the world. Wheat exports were down $2.2 billion due to increased competition from other major exporters. Cotton exports were down $2.9 billion, suffering from both reduced supplies and lower prices, as a slowing global economy hampered foreign demand. I

CORN

Top 10 Export Markets for U.S. Corn (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % Change	2019-2023 Average
Mexico	2,736	2,685	4,699	4,923	5,384	9%	4,085
Japan	2,011	1,856	3,189	2,995	2,082	-30%	2,427
China	55	1,240	5,057	5,211	1,655	-68%	2,644
Colombia	682	879	1,089	958	1,138	19%	949
Canada	349	272	663	1,337	670	-50%	658
South Korea	359	548	859	508	277	-45%	510
Guatemala	177	218	344	295	269	-9%	260
Taiwan	232	177	417	269	254	-6%	270
Honduras	123	130	204	294	227	-23%	196
Saudi Arabia	110	151	183	247	181	-27%	174
All Others	832	1087	1926	1533	1006	-34%	1,277
Total Exported	7,671	9,246	18,629	18,571	13,143	-29%	13,452

Source: U.S. Census Bureau Trade Data - BICO HS-10

COTTON

Top 10 Export Markets for U.S. Cotton (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % Change	2019-2023 Average
China	705	1,821	1,323	2,856	1,552	-46%	1,651
Pakistan	628	787	706	998	809	-19%	786
Vietnam	1,428	1,162	1,028	1,069	750	-30%	1,087
Turkey	648	574	555	1,004	674	-33%	691
Bangladesh	388	330	309	470	339	-28%	367
Mexico	288	178	407	528	249	-53%	330
India	586	147	211	492	231	-53%	333
Indonesia	417	254	215	233	195	-16%	263
Guatemala	87	43	68	127	93	-27%	84
Thailand	215	119	124	146	93	-37%	139
All Others	750	536	729	993	991	0%	800
Grand Total	6,140	5,949	5,675	8,917	5,976	-33%	6,531

Source: U.S. Census Bureau Trade Data - BICO HS-10

BEEF & BEEF PRODUCTS

Top 10 Export Markets for U.S. Beef (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % Change	2019-2023 Average
South Korea	1,843	1,714	2,354	2,719	2,130	-22%	2,152
Japan	1,950	1,941	2,355	2,335	1,809	-23%	2,078
China	86	310	1,590	2,142	1,606	-25%	1,147
Mexico	1,107	853	1,058	968	1,191	23%	1,035
Canada	654	727	773	836	877	5%	773
Taiwan	568	552	662	748	625	-16%	631
Hong Kong	746	666	497	392	415	6%	543
European Union	192	150	167	247	259	5%	203
Dominican Republic	66	34	79	98	107	10%	77
Philippines	88	62	73	161	84	-48%	94
All Others	794	630	905	1063	864	-19%	851
Total Exported	8,094	7,638	10,513	11,708	9,969	-15%	9,584

Source: U.S. Census Bureau Trade Data - BICO HS-10

In 2023, the value of U.S. cotton exports fell by more than 30 percent year-over-year to $6.0 billion due to lower production and prices. Despite decreasing in value by nearly half, the People's Republic of China (PRC) remained the largest export market for U.S. cotton. However, in 2023, the PRC accounted for one-quarter of total cotton export value compared with one-third the previous year. U.S. market share in the PRC also declined after reaching the highest in more than 20 years in 2022 but remained strong at 40 percent. Global demand for finished cotton products was down in 2023 as evidenced by the declining volume of U.S. cotton product imports which fell to its second-lowest level in more than 20 years.

Beef and beef product exports declined $1.7 billion (15 percent), largely due to a decrease in domestic production. Dairy exports declined $1.5 billion (16 percent), resulting from depressed global demand and weak prices. In contrast, pork and soybean meal both reached record levels in 2023. Pork and pork product exports grew 6 percent to reach $8.2 billion, buoyed by record sales to Mexico, Dominican Republic, Colombia, and Guatemala. Soybean meal rose $1.3 billion (21 percent) to $7.4 billion, mostly due to higher export volumes.

In 2023, U.S. rice exports were valued at $2.0 billion, up 18 percent from the prior year with larger volumes and unit values. The top three markets, accounting for 48 percent of exports, were Japan at $414 million, Mexico at $278 million, and Haiti at $264 million. half of the year spurred higher export values.

Fed Chair Highlights Inflation Progress, Data-driven Rate Decisions

Federal Reserve Chair Jerome Powell delivered remarks September 30th at the National Association for Business Economics Annual Meeting in Nashville, Tennessee. Some highlights from his speech:

Powell described the U.S. economy as "strong overall," noting significant progress over the past two years towards the Fed's dual mandate of maximum employment and price stability.

Capital Public Radio.

He emphasized that labor market conditions remain solid, though they have cooled from their previously overheated state. Powell pointed to recently published annual revisions to previous gross domestic product data, which boosted growth in both 2022 and 2023. The upward revision was driven by higher consumer income and spending, plus a modest increase in productivity. "When there's strength in the economy like that, it does that give you… more of a sense of security when you're seeing a cooling labor market," Powell said.

The Fed Chair expressed greater confidence that inflation is on a sustainable path to the 2% target. He cited recent data showing further progress, with headline and core inflation at 2.2% and 2.7% respectively over the most recent 12 months. "We do not believe that we need to see further cooling in labor market conditions to achieve 2% inflation," Powell said. If the past three months' rate of inflation continued for a year, the core PCE index would come in below the Fed's 2% annual target.

Powell explained the recent decision to reduce policy restraint by lowering the target range for the federal funds rate by a half percentage point. This move reflects growing confidence that with an appropriate recalibration of policy stance, labor market strength can be maintained alongside moderate growth and declining inflation.

Powell suggested that another half-point rate cut is unlikely this year. "This is not a committee that feels like it's in a hurry to cut rates quickly," he said. Powell indicated that if the economy evolves as expected, policy will move towards a more neutral stance over time. He sees two more interest rate cuts totaling 50 basis points this year as a baseline "if the economy performs as expected." However, he stressed that the Fed is not on any preset course, stating, "The risks are two-sided, and we will continue to make our decisions meeting by meeting."

After Powell's comments, odds for a half-point rate cut at the November policy meeting fell to 36%, from more than 53% before the speech, according to CME FedWatch. Futures pricing also implied significantly more easing in 2025 than most Fed officials predicted in their latest economic projections offered in September, which had the fed-funds rate ending next year at a target range of 3.25% to 3.5%.

The Fed Chair emphasized that future decisions will be made on a meeting-by-meeting basis, carefully assessing incoming data, the evolving outlook, and the balance of risks. He noted, "If the economy slows more than we expect, then we can cut faster. If it slows less than we expect, we can cut slower."

U.S. Seasonal Farm Price Outlook

The following table represents national seasonal average farm prices ($/unit), as per the USDA WASDE report.

Crop	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	*2024/25* October*
Corn	**$4.53**	**$6.00**	**$6.54**	**$4.55**	*$4.10*
Cotton	**$0.663**	**$0.914**	**$0.848**	**$0.761**	*$0.660*
Rice (Long Grain)	**$12.60**	**$13.60**	**$16.70**	**$15.90**	*$14.50*
Rice (Southern Medium Grain)	**$13.00**	**$13.90**	**$18.20**	**$17.50**	*$14.50*
Sorghum	**$5.04**	**$5.94**	**$6.38**	**$4.93**	*$4.10*
Soybeans	**$10.80**	**$13.30**	**$14.20**	**$12.40**	*$10.80*

U.S. Ag Exports (cont.)

U.S. rice production for 2023/24 was up 36 percent, most notably in California, where the majority of U.S. medium- and short-grain rice is produced. Robust prices and larger exportable supplies in the second half of the year spurred higher export values. Looking towards 2024, U.S. rice exports are expected to rise due to larger supplies/lower prices. U.S. rice will continue to face competition from South America in Mexico where duty free access will remain through 2024. However, there is a favorable outlook for stronger market presence in Latin America, especially with countries with free trade agreements. In addition, U.S. paddy rice exports are expected to continue to expand to Venezuela where sales remain strong. U.S. medium-grain rice exports are expected to continue to East Asian markets, with improved prices. U.S. prices remain above Asian prices, making it challenging to compete in price-sensitive markets including Africa and Southeast Asia. Overall global trade is forecast down with lower exports for top exporters Thailand, Vietnam, and India.

RICE

Top 10 Export Markets for U.S. Rice (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % change	2029-2023 Average
Japan	275	261	289	293	414	41%	306
Mexico	278	245	306	219	278	27%	265
Haiti	206	245	224	232	264	14%	234
Canada	194	194	199	228	202	-12%	203
Iraq	72	0	70	59	149	151%	70
Saudi Arabia	98	106	86	69	87	26%	89
South Korea	120	153	132	119	68	-43%	119
Honduras	47	46	53	45	60	35%	50
Colombia	51	65	6	71	57	-20%	50
Jordan	73	73	64	21	53	152%	57
All Others	437	478	509	340	367	8%	426
Total Exported	1,851	1,866	1,939	1,697	1,999	18%	1,870

Source: U.S. Census Bureau Trade Data - BICO HS-10

In 2023, the volume of U.S. soybean exports decreased 15 percent, and value decreased 19 percent from last year's record high to $27.9 billion. The People's Republic of China (PRC) remained the largest soybean destination for the United States accounting for 54 percent of the total value; however, U.S. soybean exports to the PRC in 2023 were at nearly 27.0 million tons, down 12 percent from the previous year. The EU became the second-largest destination, surpassing Mexico. Export value to the European Union rose to record highs, while volume reached second on record with notable increases to Italy (167 percent) and Germany (85 percent). Export value to Egypt decreased 75 percent to a level significantly below average. U.S. soybean exports are forecast to decline from the 2023 level on smaller production, growing domestic crush, and increased South American exportable supplies. Recovery in global supplies is expected to lead to lower soybean prices, spurring international demand, but the U.S. share of global exports is expected to remain below 30 percent. Moreover, strong production and demand for alternative oilseeds such as rapeseed and sunflower seed will further affect global demand for U.S. soybeans in 2024, especially in the EU. Additionally, competition from Ukraine discounted soybeans might further affect U.S. market share in countries like Egypt or Türkiye.

SOYBEANS

Top 10 Export Markets for U.S. Soybeans (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % Change	2019-2023 Average
China	8,005	14,066	14,116	17,927	15,163	-15%	13,855
European Union	1,853	1,911	2,278	2,743	3,614	32%	2,480
Mexico	1,878	1,880	2,622	3,642	2,782	-24%	2,561
Japan	971	1,070	1,353	1,825	1,359	-26%	1,316
Indonesia	868	887	1081	1244	1241	-<1%	1,064
Taiwan	691	602	730	1084	609	-44%	743
Egypt	995	1486	1429	1939	477	-75%	1,265
Vietnam	273	425	393	390	379	-3%	372
Bangladesh	388	484	449	383	323	-15%	405
South Korea	396	255	309	462	320	-31%	348
All Others	2,376	2,452	2,647	2,693	1,676	-31%	2,378
Total Exported	18,694	25,516	27,418	34,368	27,943	-19%	26,788

Source: U.S. Census Bureau Trade Data - BICO HS-10

As soybean crush capacity continues to expand in the United States, and South America soybean processing is also projected to grow, greater availability of soybean meal is expected, most likely leading to lower prices. Reduced prices are expected to make soybean meal a more competitive feed ingredient and spur global demand after several years of high prices. Increased trade in soybean meal is expected, while demand for U.S. soybeans slows down in various countries.

Outside of the top 10 commodities, some of the product categories that set export records included bakery goods ($4.3 billion), ethanol ($3.8 billion), processed vegetables ($3.2 billion), non-alcoholic beverages ($2.8 billion), and condiments ($2.3 billion).

U.S. agricultural exports to the world in 2023 were nearly $175 billion, $21 billion (11 percent) lower than the record set in 2022. The People's Republic of China (PRC) remained the top market for U.S. agricultural exports at $29.1 billion but was down $9.0 billion (24 percent) from the prior year's record. Soybeans, corn, cotton, and sorghum accounted for the largest reductions. Exports to Mexico, the second-largest export market, rose 1 percent to a record $28.6 billion, partly driven by higher sales of corn, pork, and animal feed preparations. Exports to Canada declined 2 percent to $28.2 billion, mainly due to lower corn shipments, which returned to trend after spiking in 2022.

COUNTRY OVERVIEW

Top U.S. Agricultural Export Markets (Values in millions of dollars)

Country	2019	2020	2021	2022	2023	2022-2023 % Change	2019-2023 Average
China	13,853	26,405	32,769	38,114	29,076	-24%	28,043
Mexico	19,399	18,343	25,449	28,451	28,640	1%	24,057
Canada	21,944	22,278	25,304	28,661	28,169	-2%	25,271
European Union	10,788	10,383	10,972	12,317	12,765	4%	11,445
Japan	12,000	11,729	14,186	14,681	11,910	-19%	12,901
South Korea	7,742	7,593	9,308	9,510	7,518	-21%	8,334
Colombia	2,781	2,862	3,368	3,673	3,711	1%	3,279
Taiwan	3,573	3,260	3,826	4,298	3,659	-15%	3,723
Philippines	2,996	3,200	3,552	4,101	3,617	-12%	3,493
Vietnam	3,543	3,363	3,464	3,477	3,137	-10%	3,397
Indonesia	2,859	2,821	2,904	3,270	3,025	-7%	2,976
Dominican Republic	1,363	1,428	1,757	2,064	2,034	-1%	1,729
India	2,127	1,744	1,750	2,221	1,935	-13%	1,955
United Kingdom	1,782	1,727	1,810	1,801	1,925	7%	1,809
Türkiye	1,296	1,189	1,407	1,865	1,727	-7%	1,497
Guatemala	1,288	1,284	1,649	1,809	1,647	-9%	1,535
All Others	31,749	30,061	33,134	35,542	30,377	-15%	32,172
World Total	141,082	149,672	176,609	195,856	174,872	-11%	167,618

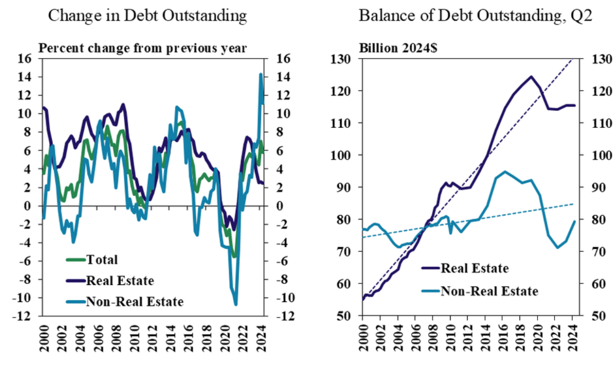
Source: U.S. Census Bureau Trade Data – BICO HS-10

Sales to the EU grew 4 percent to a record $12.8 billion, largely due to expanding exports of soybeans and soybean meal. Shipments to Japan slipped 19 percent to $11.9 billion. Rounding out the top 10 markets were South Korea ($7.5 billion), Colombia ($3.7 billion, a record), Taiwan ($3.7 billion), Philippines ($3.6 billion), and Vietnam ($3.1 billion). Overall, there were 24 markets where U.S. exports exceeded $1.0 billion, a decrease from 30 markets in 2022.

Farm Debt Continues to Rise, but Delinquencies Remain Low

(Kansas City Federal Reserve) Farm operating debt at commercial banks continued to increase at a rapid pace through mid-year. According to quarterly call reports, outstanding non-real estate farm debt at commercial banks grew about 10% from a year ago during the second quarter. The rise was even more substantial at agricultural banks where debt balances have rebounded to longer-term trends. A moderation in the agricultural economy and lower farm sector liquidity has spurred higher financing needs and credit conditions have also shown signs of tightening. However, despite inching slightly higher, delinquency rates on farm loans remained limited through mid-year.

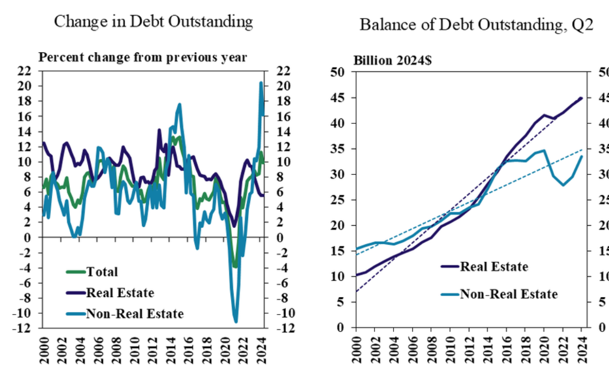
Chart 1: Farm Debt Outstanding at Commercial Banks



Sources: Reports of Condition and Income and Federal Reserve Board of Governors

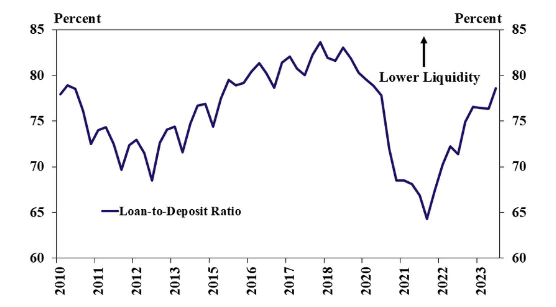
Growth in farm production loans stayed strong through mid-year as the agricultural economy continued to soften. The outstanding balance of real estate and non-real estate (operating) loans at commercial banks increased about 2% and 10% from a year ago, respectively (Chart 1). The rapid increase in non-real estate debt pushed balances nearer to, but still below the historical trend after adjusting for inflation. Growth in real estate debt, however, has remained subdued following a substantial retraction in 2021. The increase in farm debt was notably more pronounced among agricultural banks. The outstanding balance of real estate and non-real estate (operating) loans at commercial agricultural banks increased roughly 6% and 15% from a year ago, respectively (Chart 2). For those lenders, real estate and non-real estate debt balances were near the long-term trend.

Chart 2: Farm Debt Outstanding at Agricultural Banks



Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans. Figures above are calculated using the same 968 agricultural banks from Q2 2024 in every quarter.
Sources: Reports of Condition and Income and Federal Reserve Board of Governors

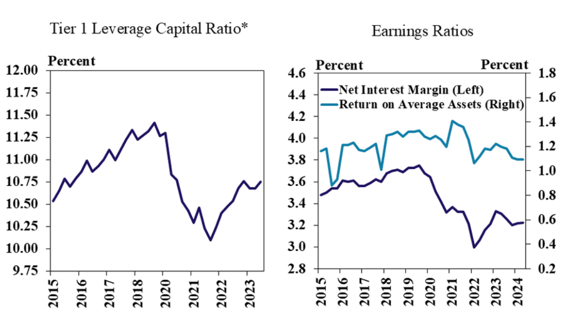
Chart 3: Liquidity at Agricultural Banks



Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans.
Source: Reports of Condition and Income and Federal Reserve Board of Governors

Liquidity for agricultural lenders has tightened alongside recent loan growth. The loan-to-deposit ratio among farm lenders increased to the highest level since 2020 (Chart 3). Agricultural bank liquidity has declined from record levels alongside strong loan growth and elevated competition for deposits that has led to increased use of alternative sources of funding at community banks.

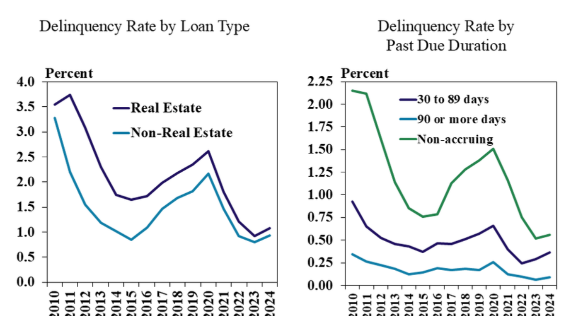
Chart 4: Capital and Earnings at Agricultural Banks



*This capital ratio excludes unrealized gains (losses) and is not reported in Ag Finance Update tables. Banks may elect to "opt-out" of including AOCI in the calculation of Tier 1 Leverage Capital utilized for regulatory purposes. However, these amounts are included in the calculation of the equity capital variable utilized in the Ag Finance Update – Commercial Bank Call Report data tables.
Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans.
Source: Reports of Condition and Income and Federal Reserve Board of Governors

Capital levels at agricultural banks improved slightly alongside steady earnings. The tier 1 leverage capital ratios increased modestly from the previous quarter, remaining solid but below the 10-year average (Chart 4, left panel). The net interest margin and return on assets at agricultural banks was mostly unchanged over the quarter as elevated funding costs kept margins tight (Chart 4, right panel).

Chart 5: Farm Loan Delinquency Rates at Commercial Banks, Q2



Sources: Reports of Condition and Income and Federal Reserve Board of Governors.

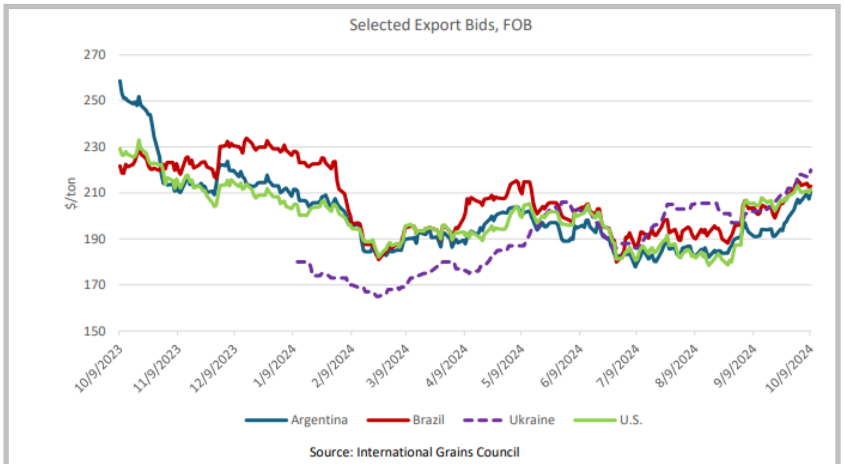
Credit conditions have tightened along with farm finances in recent months, but loan delinquency rates remained low. About 1% of real estate and non-real estate farm loans were past due at least 30 days in the second quarter, a slight increase from record low levels a year ago (Chart 5, left panel). Roughly half of the increase was attributed to newly delinquent loans past due 30 to 89 days (Chart 5, right panel).

Crop Market Situation for the Current Marketing Year

The information that is presented in this market update reflects current information as of October 11,2024.

Corn

This month's 2024/25 U.S. corn outlook is for smaller supplies, larger exports, and reduced ending stocks. Projected beginning stocks for 2024/25 are 52 million bushels lower based on the Grain Stocks report. Corn production is forecast at 15.2 billion bushels, up 17 million from last month on a 0.2-bushel increase in yield to 183.8 bushels per acre. Harvested area for grain is unchanged at 82.7 million acres. Total use is raised slightly to 15.0 billion bushels reflecting greater exports. With supply falling and use rising, ending stocks are cut 58 million bushels to 2.0 billion. The season-average corn price received by producers is unchanged at $4.10 per bushel.



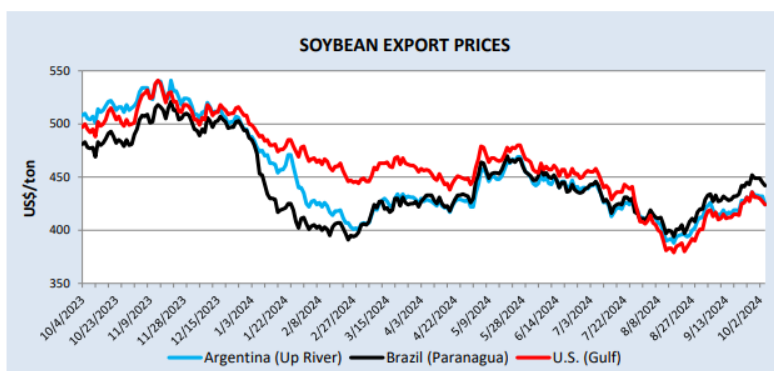
Export bids (fob, US$ per ton)	9-Oct-24	9-Sep-24	9-Oct-23	*% change, '23 - '24*
Argentina, Up River	220	191	259	-19%
Brazil, Paranaguá	213	204	222	-4%
Ukraine	220	202	N/A	N/A
U.S. #3 Yellow Corn, Gulf	211	206	229	-8%

Export inspections are running 22.2% ahead of a year ago, compared to 23.7% ahead last week. USDA projects exports in 2024-25 at 2.300 billion bu., 0.4% above the previous marketing year.

Since the September WASDE, export bids for all major origins rose as further declines in Black Sea supplies and dryness during planting in South America supported slimmer supply expectations. U.S. bids were up $6/ton to $211; pressure from the ongoing harvest continues to offset smaller supply expectations from the September 1 NASS Grain Stocks report. Brazil bids were up $9/ton to $213, while Argentina bids were up $20/ton to $211. Low water levels in the Amazon and Parana Rivers are reducing throughput, supporting higher export bids. Ukraine bids were up $18/ton to $220, as competition for diminished Ukraine supplies is supporting higher bids.

Soybeans

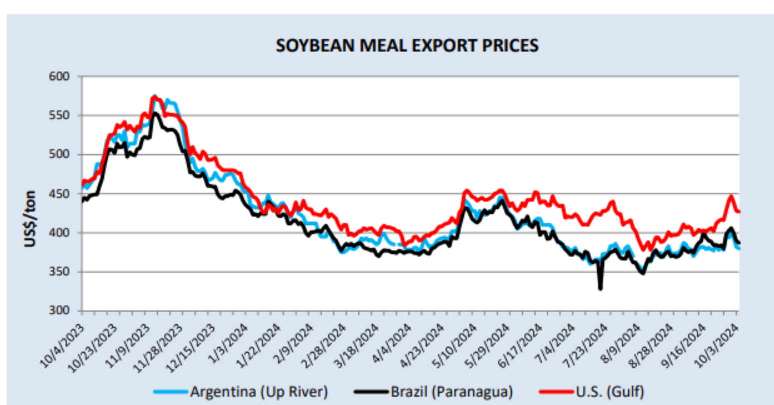
Soybean production is forecast at 4.6 billion bushels, down 4 million on lower yields. Harvested area is unchanged at 86.3 million acres. The soybean yield is projected at 53.1 bushels per acre, down 0.1 bushels from the September forecast. With lower production partly offset by slightly higher beginning stocks, supplies are lowered 2.0 million bushels to 4.9 billion. With a slightly lower residual and no change to exports and crush, ending stocks are unchanged from last month at 550 million bushels. The U.S. season-average soybean price for 2024/25 is unchanged at $10.80 per bushel. Soybean meal and oil prices are also unchanged at $320 per short ton and 42 cents per pound, respectively.



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

During the week ended Oct. 3, soybean inspections totaled a notable 1.431 MMT, jumping nearly 750,000 MT from the previous week and exceeding pre-report expectations. Inspections are running 1.0% behind a year ago, compared to 3.4% behind a year ago. USDA's 2024-25 export forecast of 1.850 billion bu., up 8.8% from 2023-24.

Soybean prices were up since the last WASDE report on poor weather conditions in South America at the beginning of planting season. In the last week, global soybean prices fell slightly following the arrival of rain in some growing regions of Brazil. Soybean meal prices largely moved in tandem with soybean prices. U.S. soybean oil prices rose through most of September, tracking with rising prices of other vegetable oils that were driven by lower supply expectations for palm, rapeseed, and sunflower oil.



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

Continued next page

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of October 11, 2024.

Rice

The outlook for 2024/25 U.S. rice is for slightly larger supplies, unchanged domestic use and exports, and slightly higher ending stocks. Supplies are raised on higher production as imports are unchanged. The NASS October Crop Production report raised 2024/25 production by 0.1 million cwt to 219.8 million, all on a higher yield. The average all rice yield is forecast at 7,590 pounds per acre, up 2 pounds from last month. Long-grain production is forecast at 166.8 million cwt and combined medium- and short-grain production at 53.0 million. Projected 2024/25 all rice ending stocks are raised by 0.1 million cwt to 45.7 million, up 16 percent from last year

The Indian government will resume non-basmati white rice exports with a minimum floor price of $490 per tonne, ending a ban that started in July 2023.

In July 2023, India banned the export of non-basmati white rice to ensure sufficient domestic supply citing repression of domestic rice prices as the reason for implementing the ban. Prior to the export ban last year, there were instances where India's non-basmati prices were as low as $350/MT, however, both the former and the now minimum floor prices in India contrast significantly with U.S. market-driven prices because of India's heavy subsidies and artificial market factors.

The last time such a ban was put in place was in 2007 and then again in 2008, contributing to skyrocketing world rice prices and further exacerbating food insecurity in countries reliant upon rice imports.

However, this move to reopen the export market will likely have a lesser impact than initially expected, because over the last year, the Indian government conducted dozens of government-to-government arrangements for exports to developing countries in the name of 'food security' and with zero price transparency. Such a move gave the Indian government the power to determine the fate of millions in developing countries and created a situation where those countries are likely beholden to many of India's demands moving forward.

This series of easing export-restrictive policies is designed to address India's surplus domestic stocks ahead of an expected record rice harvest. Earlier this summer, it was estimated that India's rice stocks were 50.5 million MT (MMT), nearly four times above the government's annual procurement requirement of 13.5 MMT for food security programs. In June, India's Ministry of Agriculture and Farmers Welfare released a third estimate for the 2023/2024 Indian Crop Year (July-June) for rice production at 136.7 MMT, while monsoon recovery during planting led the USDA Foreign Agricultural Service (FAS) New Delhi to estimate record production for MY2024/2025 at 138 MMT.

In the last several weeks, the government has gradually eased restrictions on premium, aromatic basmati and parboiled varieties. It eliminated the minimum floor price for basmati rice exports as well as the previous export tariff of 20% on non-basmati and basmati exports and the export tariff on parboiled rice was cut in half to 10%.

India's local rice supplies have increased since the export ban, and a record rice harvest is expected. Earlier this summer, rice stocks were estimated at 50.5 million tonnes, nearly four times above the government's annual procurement requirement, said USA Rice.

"Global rice prices soared to their highest level in more than 15 years following India's export ban last year as they cited concerns over domestic supplies despite tens of millions of tonnes in government stocks. We have been waiting for this announcement and have already seen global rice prices dip to stay competitive," said Bobby Hanks, Louisiana rice miller and chair of the USA Rice International Trade Policy Committee. "We've seen this before where similar action taken caused global prices to rocket up only to crash once India released its stocks. The world market is bracing for the cycle to once again repeat itself. While the cycle isn't new, India is now the largest global rice trader, so its affect will certainly be felt."

Prior to the export ban last year, there were instances where India's non-basmati prices were as low as $350 per tonne, however, both the former and the now minimum floor prices in India contrast significantly with US market-driven prices because of India's heavy subsidies and artificial market factors, USA Rice said.

This move to reopen the export market likely will have a lesser impact than initially expected, because over the last year, the Indian government conducted dozens of government-to-government arrangements for exports to developing countries in the name of "food security and with zero price transparency, USA Rice said.

"India continues to push for permanent protections for their public stockholding schemes in the name of food security to avoid a World Trade Organization dispute, including blocking meaningful progress to the agriculture text earlier this year," Hanks said. "This erratic behavior proves that their current scheme continues to promote the use of market-manipulating price support and contributes to global food insecurity for the most vulnerable. One sliver of hope is that the US government can use this data point to hold India accountable at the WTO."

Continued next page

USDA WASDE Report Release Dates for 2024

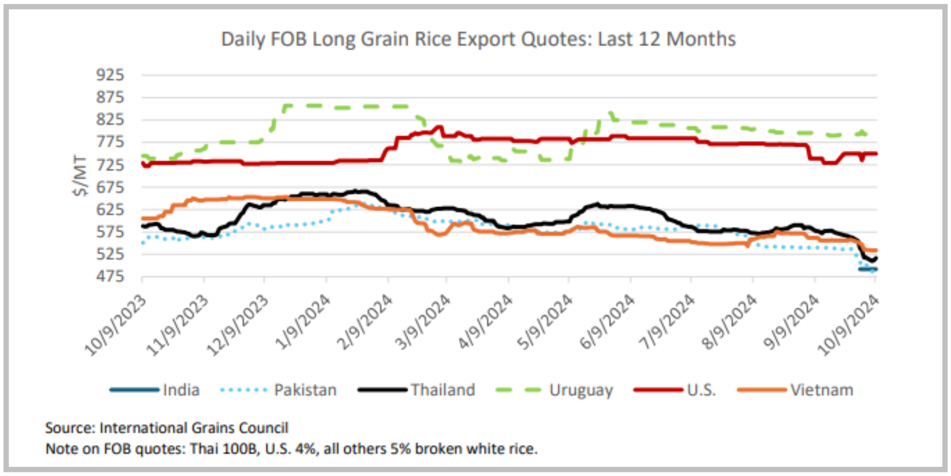
World Agricultural Supply and Demand Estimates (WASDE) Report: Jan. 12, Feb. 8, Mar. 8, Apr. 11, May 10, Jun. 12, Jul. 12, Aug. 12, Sep. 12, Oct. 11, Nov. 8, and Dec. 10.

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of October 11, 2024.

Rice (Cont'd)

Since the September WASDE, Asian export quotes declined significantly in response to India lifting its export ban on non-basmati white rice, which had been in place since July 2023. The Government of India set a Minimum Export Price (MEP) at $490/ton and the current export quote is $492/ton. Vietnam quotes decreased $28 to $534/ton, while Thailand declined $60 to $517/ton with increased pressure from India's return to the market. Pakistani quotes fell $53 to $487/ton, slightly below India's MEP. U.S. prices increased $11 to $750/ton with improved demand within the Western Hemisphere and slow farmer selling. Uruguayan quotes fell $10 to $786/ton and remained the highest among major exporters.

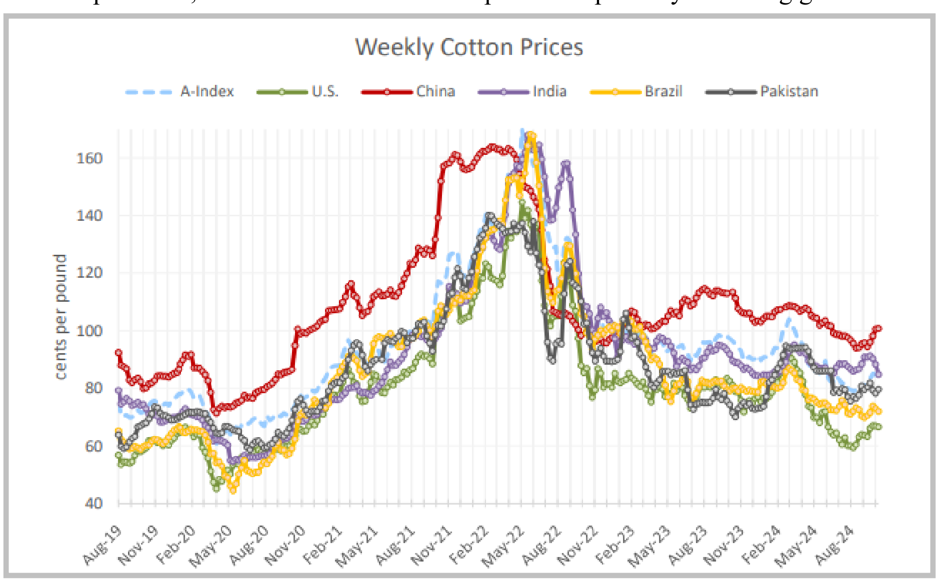


Cotton

Little has changed from both a technical and fundamental perspective for the past couple of months. The crop in the Southeast was hammered by the hurricane but appears to have mostly recovered. There was both quantity and quality damage, but both the Southwest crop and Midsouth crops are improved from prior estimates. U.S. exports remain weak and ending stocks are likely larger than the September USDA estimate. However, the market appears to have accounted for those expectations.

The 71.00 to 71.50 cent range continues to provide excellent price support and anything above 74 cents continues to restrain any attempt at a price rally. Mills are locked in to pricing up to the 73.50 cent level but consider that too high. They continue to feel they can buy cotton at the 69-72 cent level, basis the ICE December contract. Given the availability of various world cotton growths moving at prices below the New York ICE, they can easily afford to wait out the market and schedule their pricing decisions to fit their convenience. Too, given the slippage in the world demand for cotton there is little reason that cotton prices can move above the mid 70's.

Compared to last month, the U.S. cotton balance sheet for 2024/25 shows lower production, mill use, and exports. NASS reduced the estimate of U.S. all-cotton production by slightly over 300,000 bales to 14.2 million in its October Crop Production report, primarily reflecting the damage from Hurricane Helene. Georgia and North Carolina accounted for much of the reduction as high winds and heavy rain pummeled open bolls, while some other states experienced partially offsetting gains. Overall, the national all-cotton yield estimate is reduced 18 pounds from last month to 789 pounds per harvested acre. Domestic mill use is reduced 100,000 bales to 1.8 million due to the latest reported mill activity. Reflecting weaker global import demand and lower production for 2024/25, U.S. exports are reduced 300,000 bales to 11.5 million. Ending stocks are raised 100,000 bales to 4.1 million, for a stocks-to use ratio of slightly less than 31 percent. The 2024/25 season average upland farm price is unchanged at 66 cents per pound. There are no revisions to the 2023/24 U.S. cotton balance sheet.



In the global cotton balance sheet for 2024/25, world production is raised over 200,000 bales, with increases in China, Brazil, and Argentina more than offsetting reductions in the United States and Spain. World trade is lowered over 500,000 bales, mainly due to a reduction in China's imports. World ending stocks are reduced slightly from last month to 76.3 million bales. There were no significant revisions to the 2023/24 global balance sheet.

Continued next page

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of October 11, 2024.

Sugar

The U.S. sugar supply for 2023/24 is decreased by 47,192 short tons, raw value (STRV) to 14.894 million on production decreases only partially offset by an increase in imports. Beet sugar production is decreased by 41,743 STRV to 5.117 million on lower August and September production. Cane processors in Louisiana estimate their September production down by 26,078 STRV due to weather-related delays associated with Hurricane Francine. Net imports are up 20,629 STRV as increased high-tier tariff raw imports are only partially offset by lower TRQ entries and re-export imports. High-tier tariff raw sugar imports for the year are estimated at 886,539 STRV (up 62,159); high-tier refined at 289,483 STRV (same as last month); and sugar from imported molasses at 56,161 STRV (same as last month). Use is unchanged and ending stocks are at 2.231 million STRV for an ending stocks to-use ratio of 17.6 percent.

USDA/NASS in the October Crop Production increased national sugarbeet yield to 33.1 tons/acre. Sugarbeet production increases by 185,000 tons to 35.573 million. For 2024/25 net beet sugar production is up 36,283 STRV on increased sugarbeet production and on revisions made to August and September production for both 2024 and 2025. Although Louisiana production formerly expected in September is now expected to be produced after October 1, a downward adjustment to sugar expected in September 2025 based on recent historical data was made that more than offsets the increase. TRQ imports amounting to 10,100 STRV from Free Trade Agreements for sugar that did not enter as expected in the calendar third quarter are now expected to enter in the fourth quarter. High-tier/Other sugar is increased by 28,035 STRV on raw sugar that entered the United States in early October. Use is unchanged and ending stocks at 1.788 million STRV are up 11,746 over last month.

For 2023/24 Mexico supply has an increase in imports for consumption of 38,000 metric tons (MT) that is carried over to 2024/25 in beginning stocks. IMMEX deliveries for 2024/25 are decreased by 23,000 MT to 402,000 based on projections from the FAS Post in Mexico City. Ending stocks for 2024/25 are up by a small 4,828 MT and residually projected exports at 931,966 MT are up 64,961. Exports under license to the United States are unchanged from last month at 338,023 MT.

October 2024

WASDE - 653 - 16

U.S. Sugar Supply and Use 1/

	2022/23	2023/24 Est.	2024/25 Proj. Sep	2024/25 Proj. Oct
	1,000 Short Tons,Raw Value			
Beginning Stocks	1,820	1,843	2,278	2,231
Production 2/	9,250	9,197	9,474	9,495
Beet Sugar	5,187	5,117	5,311	5,347
Cane Sugar	4,063	4,080	4,163	4,148
Florida	1,985	2,077	2,053	2,053
Louisiana	2,001	1,963	2,111	2,095
Texas	76	40	0	0
Imports	3,614	3,854	2,530	2,568
TRQ 3/	1,862	1,788	1,618	1,628
Other Program 4/	141	313	200	200
Non-program	1,611	1,753	712	740
Mexico	1,156	521	395	395
High-tier tariff/other	455	1,232	317	345
Total Supply	14,685	14,894	14,282	14,293
Exports	82	225	100	100
Deliveries	12,589	12,438	12,405	12,405
Food	12,473	12,300	12,300	12,300
Other 5/	116	138	105	105
Miscellaneous	171	0	0	0
Total Use	12,843	12,663	12,505	12,505
Ending Stocks	1,843	2,231	1,777	1,788
Stocks to Use Ratio	14.3	17.6	14.2	14.3

1/ Fiscal years beginning Oct 1. Data and projections correspond to category components from "Sweetener Market Data" (SMD). 2/ Production projections for 2023/24 and 2024/25 are based on Crop Production and/or processor projections/industry data and/or sugar ICEC analysis where appropriate. 3/ For 2023/24, WTO raw sugar TRQ shortfall (69) and for 2024/25 (94). 4/ Composed of sugar under the re-export and polyhydric alcohol programs. 5/ Transfers accompanying deliveries for sugar-containing products to be exported (SCP) and polyhydric alcohol manufacture (POLY), and deliveries for livestock feed and ethanol. Total refiner license transfers for SCP and POLY inclusive of WASDE-reported deliveries: 2022/23 -- 304; estimated 2023/24 -- 291; projected 2024/25 -- NA.

Sugar Marketing Allotment, Cane Sugar and Beet Sugar Marketing Allotments, and Loan Rates for FY2025

The USDA in the September 30th Federal Register announced fiscal 2025 initial domestic beet and cane sugar marketing allotments and allocations and revised 2023-24 cane sugar marketing allotments and cane processor allocations.

The USDA established the 2024-25 Overall Allotment Quantity (OAQ) at 10,455,000 short tons, raw value, equal to 85% of the domestic human sugar consumption quantity estimated at 12,300,000 tons in the September World Agricultural Supply and Demand Estimates report and down 212,500 tons from the initial 2023-24 OAQ. Of the total, 45.65%, or 5,682,293 tons, was distributed among beet processors and 45.65%, or 4,772,708 tons, was distributed among cane processors in the two remaining sugar cane producing states, all according to statute set in the Agricultural Adjustment Act of 1938 as amended.

Beet sugar processors' marketing allocations for 2024-25 (fiscal 2025) included: Amalgamated Sugar Co., 1,216,622 tons; American Crystal Sugar Co., 2,089,791 tons; Michigan Sugar Co., 586,842 tons; Minn-Dak Farmers Co-op, 394,629 tons; Southern Minn Beet Sugar Co-op, 766,929 tons; Western Sugar Co., 579,901 tons; and Wyoming Sugar Co., LLC, 47,579 tons.

Cane sugar state allotments for 2024-25 were: Florida, 2,690,953 tons; and Louisiana, 2,081,755 tons. Texas no longer produces sugar cane, and its previous allotment of 222,999 tons was reallocated to Florida (125,732 tons) and Louisiana (97,267 tons), both reflected in the state allotments.

Table 1—FY 2024 Revised Beet and Cane Allotments and Allocations
[Short tons, raw value]

Distribution	Initial FY24 allotments & allocations	FY24 revisions 8/2/2024	Reassignments	Revised allotments & allocations
Beet Sugar	5,797,786	5,547,786	0	5,547,786
Cane Sugar	4,869,714	4,269,714	-40,000	4,229,714
Imports		850,000	40,000	890,000
Total OAQ	10,667,500	10,667,500	0	10,667,500
Beet Processors' Marketing Allocations				
Amalgamated Sugar Co	1,241,350	1,233,233	0	1,233,233
American Crystal Sugar Co	2,132,371	1,967,011	0	1,967,011
Michigan Sugar Co	598,769	686,251	0	686,251
Minn-Dak Farmers Co-op	402,650	373,315	0	373,315
So. Minn Beet Sugar Co-op	782,517	723,206	0	723,206
Western Sugar Co	591,583	514,739	0	514,739
Wyoming Sugar Company, LLC	48,546	50,031	0	50,031
Total Beet Sugar	5,797,786	5,547,786	0	5,547,786
State Cane Sugar Allotments				
Florida	2,617,360	2,147,104	-38,826	2,108,278
Louisiana	2,024,823	2,059,420	18,244	2,077,664
Texas	227,531	63,190	-19,418	43,772
Total Cane Sugar	4,869,714	4,269,714	-40,000	4,229,714
Cane Processors' Marketing Allocations				
Florida:				
Florida Crystals	1,077,635	725,204	-42,031	683,174
Growers Co-op. of FL	470,825	474,161	22,988	497,149
U.S. Sugar Corp	1,068,900	947,739	-19,784	927,955
Total Florida	2,617,360	2,147,104	-38,826	2,108,278
Louisiana:				
Sugar Growers and Refiners	1,405,697	1,425,961	18,244	1,444,205
M.A. Patout & Sons	619,126	633,459	0	633,459
Total Louisiana	2,024,823	2,059,420	18,244	2,077,664
Texas:				
Rio Grande Valley	227,531	63,190	-19,418	43,772

Table 2—FY 2025 Initial State Allotments and Beet and Cane Processor Allocations
[Short tons, raw value]

Distribution	Initial FY25 allotments & allocations
Beet Sugar	5,682,293
Cane Sugar	4,772,708
Total OAQ	10,455,000
Beet Processors Marketing Allocations	
Amalgamated Sugar Co	1,216,622
American Crystal Sugar Co	2,089,791
Michigan Sugar Co	586,842
Minn-Dak Farmers Co-op	394,629
So. Minn Beet Sugar Co-op	766,929
Western Sugar Co	579,901
Wyoming Sugar Company, LLC	47,579
Total Beet Sugar	5,682,293
State Cane Sugar Allotments	
Florida	2,690,953
Louisiana	2,081,755
Texas	0
Total Cane Sugar	4,772,708
Cane Processors' Marketing Allocations	
Florida:	
Florida Crystals	1,107,936
Growers Co-op. of FL	484,063
U.S. Sugar Corp	1,098,954
Total Florida	2,690,953
Louisiana:	
Sugar Growers and Refiners	1,445,222
M.A. Patout & Sons	636,533
Total Louisiana	2,081,755
Texas:	
Rio Grande Valley	0

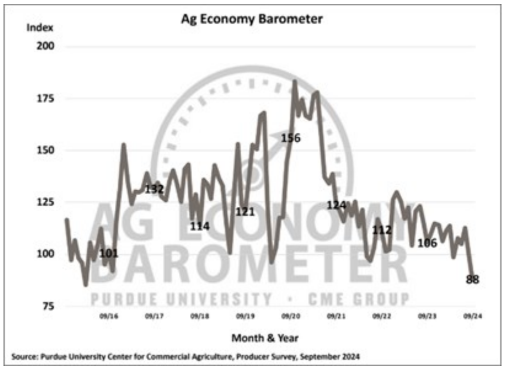
Cane sugar processors' marketing allocations for 2024-25 were: Florida — Florida Crystals, 1,107,936 tons; Growers Co-op of Florida, 484,063 tons; and US Sugar Corp., 1,098,954 tons; Louisiana — Sugar Growers and Refiners, 1,445,222 tons; and M.A. Patout & Sons, 636,533 tons.

The USDA's Commodity Credit Corporation (CCC) announced sugar loan rates for crop year 2024 (fiscal year 2025). The refined beet sugar processing regions and applicable 2024-crop (fiscal year 2025) loan rates in cents per pound of refined beet sugar are: Michigan and Ohio – 25.86, Minnesota and the eastern half of North Dakota – 25.18, Northeastern quarter of Colorado, Nebraska and the southeastern quarter of Wyoming – 25.18, Montana, northwestern quarter of Wyoming and the western half of North Dakota – 25.36, Idaho, Oregon and Washington – 25.57, and California – 27.12 cents.

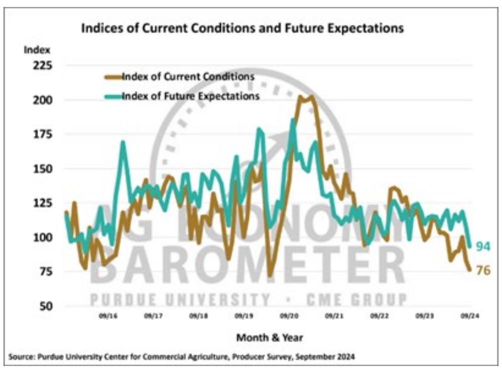
The 2024-crop (fiscal year 2025) raw cane sugar loan rates in cents per pound of cane sugar, raw value are: Florida – 18.53 and Louisiana – 20.97 cents.

Ag Barometer: Farmer Sentiment Research Lowest Levels Since 2016

Declining income expectations helped lower farmer sentiment again in September as the Purdue University-CME Group Ag Economy Barometer Index fell 12 points to 88. Both of the barometer's sub-indices, the Index of Current Conditions and the Index of Future Expectations, declined as well. The Current Conditions Index fell 7 points to 76, and the Future Expectations Index dropped 14 points to 94. These were the weakest barometer and future expectations readings since March 2016, when the farm economy was in the throes of an economic downturn. The current conditions assessment very nearly matched that of April 2020, when COVID concerns were top of mind for U.S. farmers. Weak output prices combined with high input costs were key problems cited by survey respondents in September. The September survey took place from September 9-13, 2024.

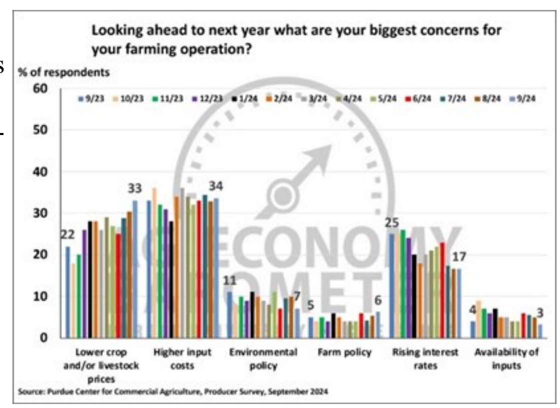


Farmers are concerned about commodity prices, input costs, the future of agricultural trade and how the upcoming election could affect their farm operations. When asked specifically about their biggest concerns for the upcoming year, low commodity prices and high input costs were locked in a virtual dead heat in September as the top 2 concerns for the upcoming year. Thirty-four percent of farmers in the survey chose input prices as a top concern, while 33% chose lower output prices as their biggest concern. Trailing output and input prices as a key concern among producers was interest rates, selected by 17% of respondents. Producers' concerns about commodity prices was backed up by their lack of confidence in the future of U.S. agricultural exports. This month, just 26% of respondents reported that they expect U.S. agricultural exports to rise over the next five years. Dating back to 2019, when this question was first posed, this was the least optimistic perspective offered by farmers regarding agricultural exports in a barometer survey. In a related question, 78% of producers in this month's survey also said they are concerned that following the fall 2024 elections, there will be government policy changes that affect their farms.



The Farm Financial Performance Index declined for the third month in a row, dipping to 68 in September, down from 72 in August. Farmers' financial expectations are markedly weaker than a year ago at this time as the index in September 2023 stood at 86, 18 points higher than this month. Although this month's Farm Capital Investment Index rose 4 points compared to August, the index at 35 remains in very weak territory as a large majority of producers continue to view this as a poor time to make sizable investments.

Concerns about low commodity prices coupled with high input costs leading to poor financial performance expectations weakened farmer sentiment for the second month in a row. This month's sentiment decline pushed the Ag Economy Barometer index below 100, indicating farmer sentiment is lower than during the barometer's base period of late 2015-early 2016 when farm incomes were very weak. Producers expect markedly worse financial performance for their farms in the upcoming year compared to their expectations at this time last year. Weak farm income expectations combined with lingering interest rate concerns and a pessimistic agricultural export outlook helped push the Short-Term Farmland Value Expectations Index below 100 for the first time since 2020.



Newsletter Information

A group of growers inquired about a quarterly newsletter being delivered to them containing relevant market news and agricultural policy events. As a result, this publication is delivered electronically per the release schedule. Please contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu to be added to the email distribution list. The subscription is free of charge.

QUARTER	Reporting Period	Release Date
1	January 1 through March 31	April 15
2	April 1 through June 30	July 15
3	July 1 through September 30	October 15
4	October 1 through December 31	January 15

Please direct questions and comments to Dr. Michael Deliberto, Department of Agricultural Economics and Agribusiness, LSU AgCenter. Mailing Address: 101 Martin D. Woodin Hall, LSU Campus, Baton Rouge, LA 70803.
Office Phone: 225-578-7267. Email: mdeliberto@agcenter.lsu.edu *Staff Report 2024-71. October 2024.*