Staff Report No. 2024-38 **May 13, 2024**

May 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.	$4.40 per bu.
Soybeans	$12.55 per bu.	$11.20 per bu.
Long Grain Rice	$16.10 per cwt.	$14.50 per cwt.
South. Med. Grain Rice	$17.90 per cwt.	$15.00 per cwt.
Upland Cotton Lint	$0.76 per lb.	$0.74 per lb.
Seed Cotton	$0.3854 per lb.	*(not yet released)*

WASDE Summary

The **2024/25 U.S. corn outlook** is for larger supplies, greater domestic use and exports, and higher ending stocks. The corn crop is projected at 14.9 billion bushels, 3 percent down from last year's record as increases in yield helped partially offset decreased area. The yield projection of 181.0 bushels per acre is based on a weather-adjusted trend assuming normal planting progress and summer growing season weather, estimated using the 1988-2023 period. With higher beginning stocks, total corn supplies are forecast at 16.9 billion bushels, their highest since 2017/18. Total U.S. corn use for 2024/25 is forecast to rise just under 1 percent relative to a year ago on higher exports and domestic use. Food, seed, and industrial use is forecast at 6.9 billion bushels. Corn used for ethanol is unchanged relative to a year ago, based on expectations of essentially flat motor gasoline consumption. Feed and residual use is projected higher on larger supplies and lower expected prices. U.S. corn exports for 2024/25 are forecast to rise 50 million bushels to 2.2 billion, supported by a combined 5.4-million-ton reduction in exports for Argentina, Brazil, Russia, and Ukraine. The United States is projected to be the world's largest corn exporter for the second consecutive year, with an expected increase in global market share. With total U.S. corn supply rising more than use, 2024/25 ending stocks are up 80 million bushels from last year and, if realized, would be the highest in absolute terms since 2018/19. Stocks would represent 14.2

percent of use, up from 13.7 percent the prior year and the highest since 2019/20. The season-average farm price is projected at $4.40 per bushel, down 25 cents from 2023/24.

The **2024/25 outlook for U.S. soybeans** is for higher supplies, crush, exports, and ending stocks compared with 2023/24. The soybean crop is projected at 4.45 billion bushels, up 285 million on higher area and trend yield. With higher beginning stocks and production, soybean supplies are forecast at 4.8 billion bushels, up 8 percent from 2023/24. U.S. soybean crush for 2024/25 is projected at 2.43 billion bushels, up 125 million from the 2023/24 forecast on higher demand for soybean oil as a biofuel feedstock, projected to increase 1.0 billion pounds to 14.0 billion. Domestic soybean meal disappearance is forecast to increase 3 percent from 2023/24 on increased pork and poultry production. U.S. soybean meal exports are forecast at 17.3 million short tons, indicating a 21 percent share of global trade, compared to the prior 5-year average of 19 percent. U.S. soybean exports are forecast at 1.83 billion bushels, up 125 million from 2023/24 with higher exports this fall due to a lower Brazilian 2024 harvest. With strong seasonal exports after harvest followed by pressure from larger South American production in 2025, the U.S. share of global exports is forecast at 28 percent, down from the prior 5-year average of 32 percent. U.S. ending stocks for 2024/25 are projected at 445 million bushels, up 105 million from last year. The 2024/25 U.S. season-average soybean price is forecast at $11.20 per bushel compared with $12.55 per bushel in 2023/24.

The **2024/25 outlook for U.S. rice** is for larger supplies, exports, domestic use, and ending stocks. Total supplies are projected at 305.5 million cwt, up 5 percent from 2023/24 on higher production, beginning stocks, and imports. All rice production is projected at 220.2 million cwt, up 1 percent from the previous year on increased harvested area and slightly lower expected yields. The projected all rice yield is 7,635 pounds per acre, down 14 pounds from last year. Total imports are forecast at a record 44.5 million cwt, up 1.2 million from last year. Total domestic and residual use is projected higher at 160.0 million cwt, reflecting greater supplies, and would be the largest on record. Total exports are projected at 100.0 million cwt, up 6.0 million cwt from 2023/24 on larger supplies and reduced U.S. prices. All rice 2024/25 ending stocks are projected at 45.5 million cwt, up 12 percent from 2023/24. The 2024/25 U.S. season-average long grain rice price is forecast at $14.50 per cwt. The 2024/25 U.S. season-average for southern medium grain rice price is forecast at $15.500 per cwt.

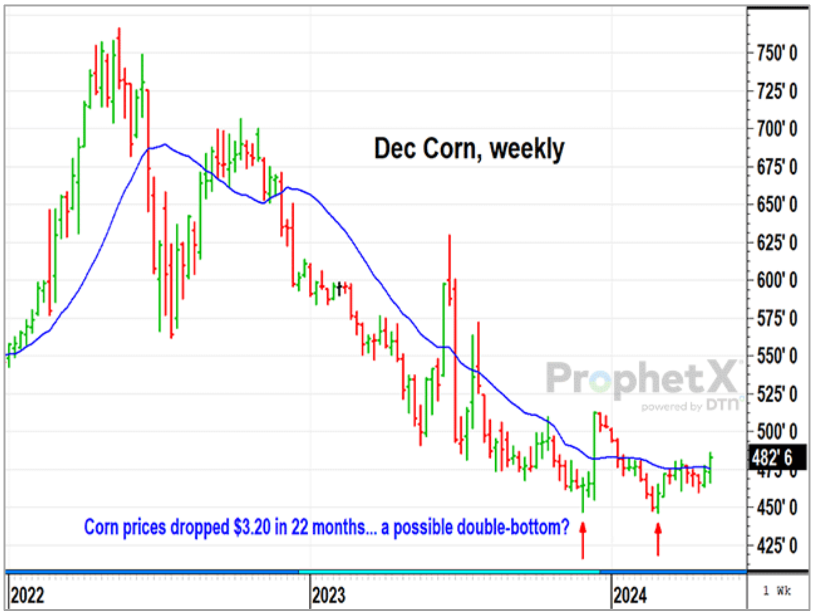
U.S. cotton projections for 2024/25 include a larger crop as planted area is slightly higher and abandonment is projected at less than half the rate realized in 2023/24. Production is forecast at 16.0 million bales, based on 10.67 million planted acres as indicated in the March Prospective Plantings report, with harvested area expected to rise 2.7 million acres year-over-year to 9.1 million. U.S. abandonment is projected below the 10-year average reflecting moisture conditions to date in the Southwest. Despite a lower national yield, production is forecast nearly 4 million bales larger. Although beginning stocks are lower, 2024/25 total supplies are projected 12 percent higher. Exports are expected to rise 700,000 bales due to increased supplies and higher world trade, while U.S. mill use is expected to rise 100,000 bales. At 3.7 million bales, 2024/25 U.S. ending stocks are projected 1.3 million bales above the relatively low 2023/24 level. The marketing year average upland farm price is projected at 74 cents per pound, 2 cents below the previous year.

Corn

Back on March 18th, market analysts at DTN asked the question, “Is New-Crop Corn Finding Long-Term Support?” Since that time, December corn encountered selling in April, but could get no lower than $4.59 1/2, staying well above the February 26 low of $4.46. On Friday, May 3, December corn ended the week

up 9 1/4 cents at $4.82 3/4, the highest close in over three months and back above the 100-day average for the first time since December.

Fundamentally, corn prices are currently being helped by wet conditions in the U.S., interrupting planting progress with more rain expected in the near term. At the same time, Brazil's safrinha corn crop is enduring hot and dry conditions that are not expected to change anytime soon and the Buenos Aires Grain Exchange recently dropped its production estimate for Argentina to 46.5 million metric tons (1.83 billion bushels), on account of wet conditions and leafhoppers.



According to USDA, the new U.S. corn crop was 36% planted as of Sunday, May 5th, but markets are already a little nervous about this year's wet conditions and slowdown in planting activity. Knowing USDA estimated 90.0 million acres of corn plantings in March and using a yield estimate of 181.0 bushels per acre at February's USDA Outlook Forum, a production estimate near 14.876 billion bushels seems likely for 2024-25 in May WASDE report, down from last year's record of 15.342 billion bushels.

Dow Jones' survey expects USDA to estimate new-crop U.S. ending corn stocks somewhere between 2.032 billion and 2.513 billion, a wide range. The survey's average estimate of 2.256 billion bushels will be the highest in eight years, if true. Old-crop ending corn stocks are expected to be trimmed 24 million bushels to 2.098 billion, possibly due to a small increase in the corn export estimate.

In the May WASDE report, USDA cut old-crop corn carryover 100 million bushels from last month. That's 78 million below the average pre-report trade estimate. USDA made no change on the supply-side of the 2023-24 corn balance sheet. On the demand side, USDA left feed & residual use at 5.7 billion bushels; added 50 million bushels to food, seed & industrial use (to 6.855 billion, with all of the increase in corn-for-ethanol demand, which now stands at 5.45 billion); and added 50 million bushels to estimated corn exports. USDA puts the national average on-farm cash corn price for 2023-24 at $4.65, down a nickel from last month.

For 2024-25 corn, USDA projects carryover of 2.102 billion bu., up 80 million bu. from this year but 182 million bu. below the average pre-report trade estimate. USDA puts total supply for 2024-25 at 16.907 billion bushels, up 180 million from this year. Total use is projected at 14.805 billion, up 100 million bushels from this year. Corn feed & residual use is projected at 5.75 billion, up 50 million. from this year

and corn exports are put at 2.2 billion bushels, up 50 million from 2023-24. USDA projects a national average on-farm cash corn price for 2024-25 at $4.40, down 25 cents from this year.

Following the May WASDE, corn futures rose in impressive fashion following not only a lower-than-expected carryout for old crop but also for the 2024-25 crop year. Using the 90 million planted acres, corn production was pegged at 14.9 billion bushels as acres were down, but a lofty and record yield estimate of 181 bushels per acre was used. Ending stocks for 2023-24 were expected to fall to 2.098 billion bushels, but instead came in lower at 2.022 billion on higher domestic usage, and exports were boosted by 50 million bushels. For 2024-25, USDA moved food, seed and industrial up 50 million and exports up 50 million to 2.2 billion bushels, with no change in corn for ethanol. The export increase was in response to the combined drop of over 5 million metric tons of corn exports for Argentina, Brazil, Russia, and Ukraine.

The chart below shows daily new-crop December corn prices rising sharply to their highest level since early January on lower stocks and higher demand than what the trade had anticipated (DTN ProphetX). he WASDE report was deemed bullish for corn with lower stocks than expected for both the U.S. and the world. The jury is surely still out on Brazil corn production with flooding in the south and hot and dry weather in the central and northern safrinha corn areas of Brazil likely hurting prospects there. Closing prices for corn Friday were July corn $4.69 3/4 up 13 1/4 cents and December corn $4.92, up 12 cents.

USDA provided the corn market rally with some needed fresh fuel, although its WASDE report was hardly bullish - just less bearish than traders had feared going in. The futures charts are looking good again, but the market will need more bullish news to sustain its rally for more than a short period. July futures gained 9 1/2 cents for the week and posted their highest weekly close since early January. The market needs to close above resistance at $4.72-$4.73 to open the door for a test of $5.00. December futures also gained 9 1/4 cents on the week, finishing only about 2 cents beneath their 200-day moving average.

CFTC Supplemental Commitments of Traders data shows large speculators (non-commercials) were active net buyers of more than 91,000 contracts of corn futures/options during the week ended Tuesday,

covering more than 66,000 short positions. The large specs were still net short about 141,000 contracts at Tuesday's close, although that short position has likely now shrunk a good deal further. Commercial traders were heavy net sellers of more than 111,000 contracts on the week, putting them net short more than 154,000 contracts.

Weekly U.S. corn exports of 1,231,200 metric tons were down 11 percent from the previous week and 21 percent from the prior 4-week average. The destinations were primarily to Mexico (415,600 metric tons), Japan (336,900 metric tons), Saudi Arabia (118,500 metric tons), Colombia (114,900 metric tons), and China (82,000 metric tons). U.S. export commitments are 24.0% ahead of a year-ago, compared to 22.6% ahead last week. USDA projects exports in 2023-24 at 2.100 billion bu., 26.4% above the previous marketing year.

Continued rain in the forecast and wet fields have farmers and traders alike concerned over late planting. While planting started off at a rapid pace this spring, it has slowed in recent weeks. Corn acres were already expected to fall sharply year-on-year, and continued delays could point acres even lower. Traders will keep a close eye on planting progress released Monday afternoon, though current delays and precipitation still appear to matter little in the longer-term outlook and can even be harmful in price as increased soil moisture could lead to a boost in yields. Historically, the month of June sees a lot of tops in corn, which could give good opportunities to sell into as prices are currently trending higher. Planting delays, technical buying and seasonal tendencies point prices higher in the coming month, though heavy on-farm inventories and a fruitful growing season could make those gains short-lived.

Weather will continue to dictate price action into the summer months. As the growing season progresses, there will be more clarity on how the crop is growing and where final planted acres will end up. USDA was more optimistic than most analysts expected on the new crop balance sheet. Traders expected ending stocks totaling 2,284 million bushels according to a Reuters poll. USDA released their initial ending stocks forecast at 2,102 million bushels. A portion of that difference can be attributed to lower carry-in. Production for the 2024-25 marketing year came in just above analyst’s expectations as well, though the bulk of the difference came from robust demand estimates from USDA. USDA expects ethanol crushings to continue at a strong pace and exports to continue to rebound. That led new-crop ending stocks of 2,102 million bushels, which would be up 80 million bushels from their 2023-24 estimate, though well under the trade average. The balance sheet is turning more bullish than previously thought, which makes growing season weather all that more important, leading to a potentially volatile summer.

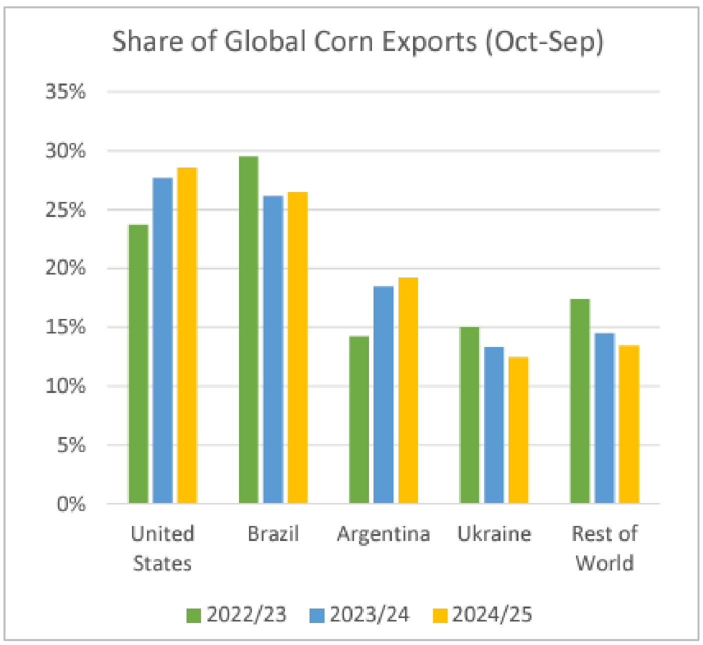
USDA has been reluctant to bring down its high corn production estimates for Brazil and Argentina, but Dow Jones' survey anticipates small reductions this month. The survey expects USDA to lower its 2023-24 corn production estimate for Brazil from 124.0 million metric tons to 122.5 million, or 4.82 billion bushels.

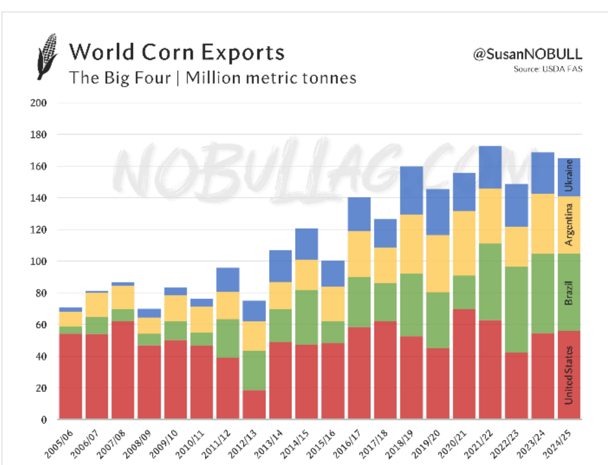
For Argentina, USDA's corn production estimate is expected to be reduced from 55.0 million metric tons to 52.0 million metric tons, or 2.05 billion bushels, still well above the 46.5 million metric tons (1.83 billion bushels) estimate from the Buenos Aires Grain Exchange. Dow Jones expects USDA to lower its estimate of 2023-24 world ending corn stocks from 318.3 million metric tons to 315.3 million metric tons, or 12.41 billion bushels, the most in five years, if true. World ending corn stocks in the new 2024-25 season are expected to climb to 317.4 million metric tons, or 12.50 billion bushels, an extremely early projection.

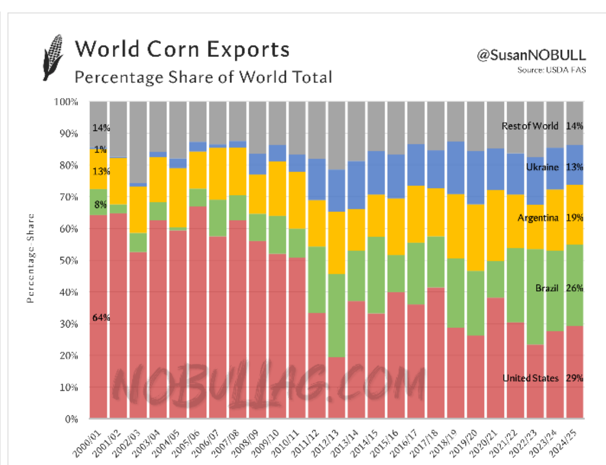
On the world front, both old- and new-crop ending stocks fell, with 2023-24 falling over 5 million metric tons to 313.08 million metric tons (12.3 billion bushels). The ending stocks for 2024-25, with the average estimate expecting 317.4 million metric tons, instead fell to just 312.3 million metric tons (12.29 billion

bushels), mostly as the result of lower stocks in both Brazil and Ukraine. Brazil's corn crop was cut by 3 million metric tons to 122 million metric tons (4.8 billion bushels) -- a bit higher than expected, but still miles above CONAB's corn estimate of 112 million metric tons (4.41 billion bushels). Argentina's corn crop was dropped just 2 million metric tons to 53 million metric tons (2.08 billion bushels), while traders were looking for 52 million metric tons. The extent of the leafhopper damage is still to be determined.

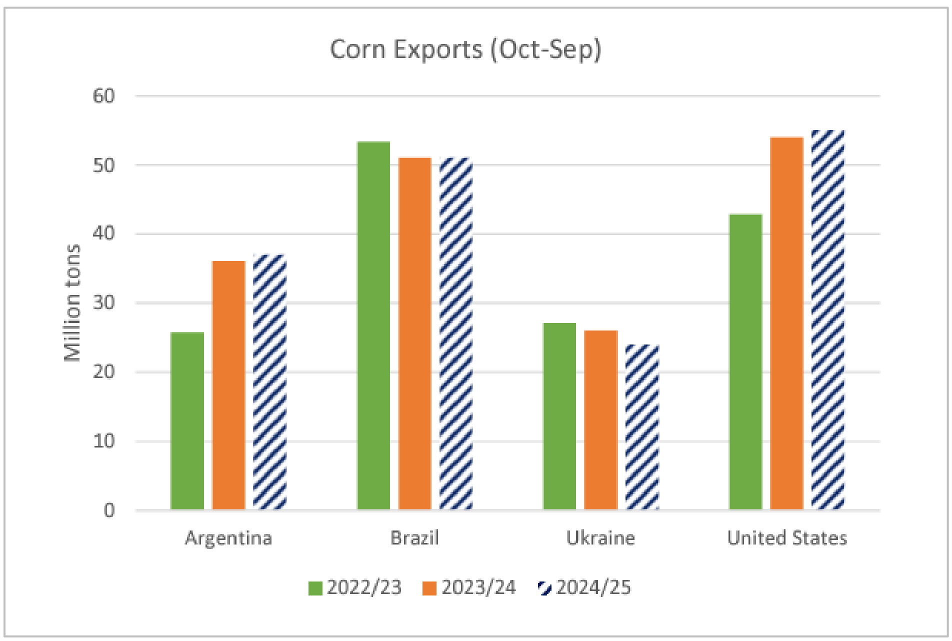
The global corn outlook is for lower production and trade but higher consumption. After reaching a record in 2023/24, U.S. production is expected to decline year over year on reduced area. Brazil corn production is projected up whereas Argentina and Ukraine are both forecast down. Severely dry conditions will negatively impact production across a swath of Sub-Saharan Africa. Despite the overall decline, global production is still forecast at the second-highest level on record at 1.22 billion tons. Global trade is expected to contract on reduced exportable supplies from some exporters, but global consumption is forecast up with continued demand for animal feed. Ending stocks are virtually unchanged with larger stocks in the United States and China, Ukraine falling to a more normal level, and tighter carryout in Brazil and India from strong domestic use.



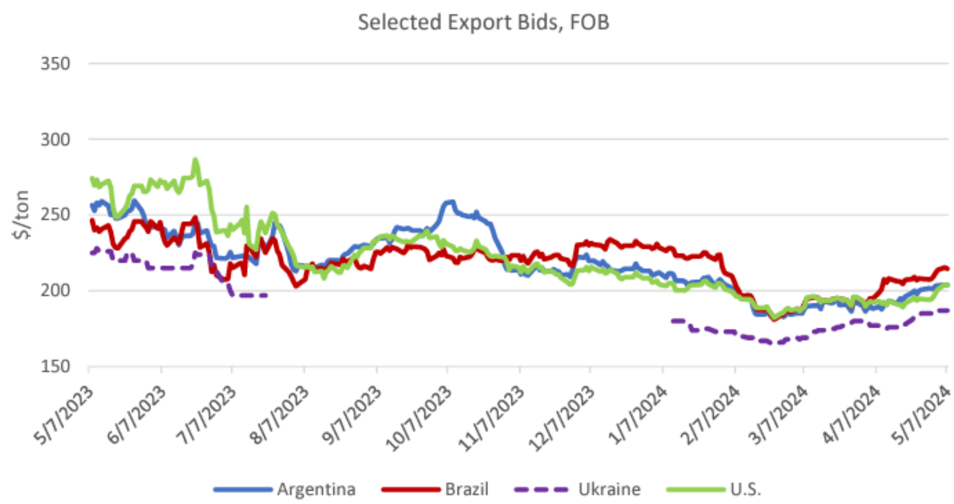




U.S. corn is up 1.0 million tons to 55.0 million on somewhat reduced global competition and the expectation of lower prices. U.S. corn has continued to compete with Brazilian and Ukrainian corn in China. However, if strong China-Brazil trade is realized again in 2024/25, U.S. corn will likely be able to maintain or increase market share in other parts of the world as it has this year. Sorghum is forecast up 100,000 tons to 6.3 million. Despite improved U.S. sorghum production, supplies from competitors Argentina and Australia are expected to be modestly higher. Brazil corn is unchanged at 51.0 million tons. While domestic production is forecast to increase from 2023/24, beginning stocks for 2024/25 are expected to be much lower. Demand in the domestic market is also forecast to be stronger. In addition to modest growth in feed and residual use, FSI consumption is also revised higher on increased corn use for ethanol production. Argentina corn is forecast at 37.0 million tons, up 1.0 million from the revised 2023/24 forecast. After the withering drought of the 2022/23 marketing year, production in 2023/24 (March 2024 – February 2025) is forecast to recover and some of these supplies will be exported at the beginning of 2024/25 (October 2024 – September 2025). Production in 2024/25 is forecast to decline year over year on lower area as farmers are expected to expand soybean area. Barley and sorghum exports are both forecast up modestly on higher production. Ukrainian corn is down 2.0 million tons from the revised 2023/24 estimate to 24.0 million. Production is forecast down on reduced area and yields, and large beginning stocks are expected to be drawn down. Establishment of Ukraine's own maritime export corridor has substantially improved its capacity to ship grain after Russia's withdrawal from the Black Sea Grain Initiative, which lasted from July 2022 to July 2023. Increased utilization of Ukrainian Black Sea ports is expected to allow access to a wider range of export destinations in 2024/25 as EU demand is likely to fall.



Since April's WASDE, export bids for all major exporters rose. Argentine bids were up $14/ton to $204 as pest pressures cut the production forecast on reduced yields. Brazilian bids were up $16/ton to $215 as expectations for Brazil's safrinha harvest are reassessed amidst reductions in harvested area. U.S. bids were also up $11/ton to $204 on strong export sales data and U.S. planting weather uncertainty. Ukrainian bids were up $10/ton to $187 on strong demand from the prior month, edging prices higher. Ukrainian bids remain the most competitive of the four major exporters.



Source: International Grains Council

Export bids (fob, US$ per ton)	7-May-24	8-Apr-24	8-May-23	*% change, '23 - '24*
Argentina, Up River	204	190	256	-21%
Brazil, Paranaguá	215	199	247	-13%
Ukraine	187	177	225	-17%
U.S. #3 Yellow Corn, Gulf	204	193	274	-26%

Soybeans

Based on USDA's Prospective Planting estimate of 86.5 million soybean acres and February's yield estimate of 52.0 bushels per acre, U.S. soybean production in 2024-25 will likely have an early estimate of 4.441 billion bushels on Friday, the highest in three years and up from last year's 4.165 billion.

Dow Jones' survey expects USDA will peg U.S. ending soybean stocks somewhere between 315 million bushels and 552 million bushels for 2024-25 with an average guess of 432 million for the new 2024-25 season. If true, it would be the highest U.S. ending stocks in five years. Old-crop ending stocks are expected to be tweaked from 340 million to 341 million with no significant demand changes needed.

In May's WASDE, USDA held old-crop soybean carryover at 340 million bushels. That is 1 million bushels above the average pre-report trade estimate. USDA cut 23 million bushels from estimated old-crop seed use and added 24 million bushels to estimated residual use. After some rounding, old-crop carryover is unchanged from last month. USDA puts the national average on-farm cash bean price for 2023-24 at $12.55, unchanged from last month.

For 2024-25 soybeans, USDA projects carryover of 445 million bushels, up 105 million from the current marketing year and 14 million above average pre-report trade estimates. Total supplies of 4.805 billion would be up 351 million from this year. Total use is projected at 4.36 billion bushels, up 246 million from this year. Soybean crush for 2024-25 is projected at 2.425 billion bushels, up 125 million from this year. Exports in 2024-25 are expected to reach 1.825 billion bushels, up 125 million from this year. USDA puts the national average on-farm cash soybean price for 2024-25 at $11.20 per bushel, down $1.35 from this year.

USDA is forecasting U.S. soybean export sales will rebound by 7.4% to 1.825 billion bushels next year, no doubt driven by lower prices. However, export competition is expected to remain stiff with Brazil's production forecast to rise to a record 169 million metric tons and its exports seen rising by 3 million metric tons to 105 million metric tons. USDA forecasts China's 2024-25 imports at 109.0 million metric tons, up 4.0 million metric tons from this year, but the Chinese Ministry of Agriculture has forecast imports at only 94.0 million metric tons, which is bound to cause some demand uncertainty in the market.

Soybean futures posted gains ranging from 4 1/4 cents to 12 1/4 cents, shaking off pressure from strong 2024 crop prospects and an a larger-than-expected USDA estimate of 2024-25 U.S. ending stocks with help from strong gains in corn and wheat futures and soyoil prices. Concerns about U.S. planting delays also likely spurred pre-weekend short covering. Soy product prices tumbled with soybeans. Most-active July soybeans rose 10 1/2 cents to $12.19, while Aug. futures rose 10 1/4 cents to $12.20 1/2 and Nov. futures rose 5 1/4 cents to $12.06 1/4. July soyoil futures rose 180 points to 44.44 cents, while July soymeal futures fell $1.00 to $371.90.

With today's bounce, most-active July soybean futures managed to close 4 cents higher for the week and post their highest weekly close in 15 weeks, even though they finished 37 1/2 cents off their Tuesday high. July has established nearby chart support at $12.04 1/2 and has nearby resistance at $12.22 1/2 and $12.36 3/4, with key resistance at Tuesday's high of $12.56 1/2.

November soybeans this morning fell back to $11.93 3/4 but held at their 10-day moving avg. and finished the week above $12.00, posting their highest weekly close since early January even though they finished 24 3/4 cents off their Tuesday high. Nov. has nearby resistance at $12.09, with key resistance from this week's high at $12.30 1/2.

Soybean futures open interest fell by 8,426 contracts on recent selling, indicating long liquidation was the main driver, not fresh selling. Recently, large speculators were heavy net buyers of more than 82,000 contracts of soybean futures/options, covering more than 60,000 shorts. The large specs were still net short 80,000 contracts though, indicating further potential for short covering on renewed technical strength. Commercial traders, meanwhile, were even heavier net sellers of nearly 98,000 contracts and were net short more than 46,000 contracts recently.

U.S. weekly soybean exports of 304,500 MT were up 13 percent from the previous week, but down 27 percent from the prior 4-week average. The destinations were primarily to China (91,500 metric tons), Egypt (84,800 metric tons), Mexico (50,200 metric tons), Indonesia (23,400 metric tons), and Japan (14,800 metric tons). Export commitments are running 16.7% behind a year ago, compared to 17.3% behind last week. USDA projects exports in 2023-24 at 1.700 billion bu., down 14.7% from the previous marketing year.

Traders will continue to closely monitor production updates from southern Brazil in the wake of flooding in the state of Rio Grande do Sul. Conab reported harvest had reached 75% as of May 5, with early estimates indicated losses could be as much as 10-15%, though the extent of the damage will take time to evaluate. In the U.S. traders will continue to closely monitor planting delays, which will ultimately affect planted acreage. World Weather Inc. reports planting delays or at least a slower pace will continue for the next ten days.

USDA’s early projections indicate U.S. crush activity and exports will each increase 125 million bu. in 2024-25, though both will be closely monitored as a stable U.S. dollar amid persisting inflation could continue to dampen both into the new marketing-year. Meanwhile, traders will keep close tabs on the U.S. and global economies, which will drive inflation and the direction of the dollar.

It will be interesting to see if USDA lowers its 155.0 million metric ton soybean production estimate for Brazil on Friday. But keep in mind it is too early to have a good assessment yet of how much production has been lost to flooding in southern Brazil, an event that is not over yet. Dow Jones' survey expects USDA to lower its soybean production estimate to 152.5 million metric tons, or 5.61 billion bushels, while Conab's current estimate is at 146.5 million metric tons, or 5.38 billion bushels.

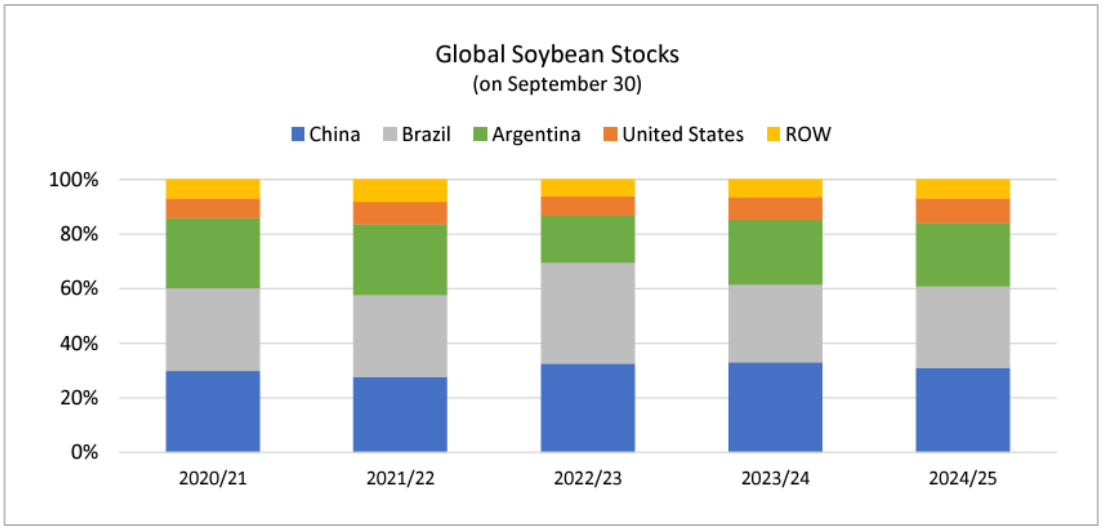
For Argentina, Dow Jones' survey of analysts expects USDA to slightly lower its production estimate from 50.0 million metric tons to 49.5 million metric tons, or 1.82 billion bushels. The Buenos Aires Grain Exchange is estimating 51.0 million metric tons of soybean production for Argentina. For world soybean stocks, Dow Jones expects USDA to reduce its 114.2 million metric tons estimate to 112.4 million metric tons, or 4.13 billion bushels, the most in five years, if true. World soybean stocks in the new 2024-25 season are expected to increase to a record-high 120.0 million metric tons, an assertion that has a long time to be challenged.

On the world side, traders were anxious to see USDA revisions to South American production following heavy rain and flooding in southern Brazil. Once again, USDA remained conservative in making changes, with Brazil's soy crop dropped by just 1 million metric tons to 154 million metric tons (5.66 billion bushels). That is still some 7.5 million metric tons (276 million bushels) higher than CONAB's last estimate, which will likely be revised on Tuesday, May 14th. The estimate for the Brazilian 2024-25 soy crop rose to a record-by-far 169 million metric tons (6.2 billion bushels). Argentine soybean production was estimated to be 51 million metric tons (1.87 billion bushels) -- slightly higher than traders expected. Chinese soy imports for 2024-25 were increased by 4 million metric tons to a record-large 109 million metric tons (4.0 billion bushels). World ending stocks for 2023-24 were reduced slightly to 111.8 million metric tons (4.1 billion bushels) from 114.2 million metric tons (4.2 billion bushels) in April. For 2024-25, world ending stocks rose well above the average trade estimate of 120 million metric tons (4.4 billion bushels) to a record-large 128.5 million metric tons (4.72 billion bushels), mostly as the result of lofty new-crop Brazilian estimates.

Global soybean production in 2024/25 is forecast at a record 422 million tons, up over 6 percent from 2023/24. If realized, soybean production will expand by the largest annual percentage in over a decade, predominantly on area expansion in Brazil and raised plantings in the United States.

Growth in soybean import demand continues to be led by China, as crush has recovered on strong feed and vegetable oil consumption demand. A slight recovery in imports is projected in Pakistan, Egypt, and Bangladesh, where economic difficulties and restrictive trade policies for Pakistan, have reduced soybean imports significantly in the last 2 years. EU soybean imports are unchanged as growth in feed demand is mostly satisfied through higher imports of rapeseed, soybean meal, and sunflower seed meal. Argentina is expected to import fewer soybeans in 2024/25 on continuing production recovery. However, strong global demand for soybean meal and oil will support crush in Argentina and steady imports of soybeans from Paraguay.

Global soybean stocks are expected to rise by nearly 17 million tons, with the majority of that growth in major exporting countries – Brazil, the United States, and Argentina. However, China is also projected to build stocks to 39 million tons, accounting for nearly 31 percent of global soybean stocks at the end of the marketing year. With global and exporter stocks rising, global soybean prices are expected to soften in 2024/25.



U.S. soybean exports are projected up to nearly 50 million tons, with higher exports at the beginning of the marketing year due to lower Brazilian supplies from the drought-impacted 2024 harvest. U.S. exports are likely to be pressured after South America starts harvest in early 2025. Soybean crush is forecast at a record high driven by strong domestic demand for soybean oil supporting biofuel production. Soybean stocks are forecast up to the highest level in 4 years on larger supplies and increased export competition. Soybean meal exports are forecast at a record, but strong domestic demand for soybean oil as a renewable diesel feedstock will keep U.S. prices at a premium and continue to limit soybean oil exports.

Argentine soybean production is projected to rise to 51 million tons. Trade is expected to partially rebound from the current year with exports, mostly to China, and imports, primarily from Paraguay. Strong global demand for meal and oil and larger soybean supplies will boost crush. Product exports as well as end-of-September stocks are expected to rebound.

Brazil soybean production is forecast to surge by 15 million tons to a new record of 169 million. Exports are projected to rise while crush remain unchanged. September 30 stocks are forecast up by nearly 6 million tons on larger supplies and will increase competition for the United States. Exports of soybean meal are expected to contract following strong domestic disappearance. Soybean oil exports are also projected to decline due to strong domestic demand for biodiesel and for food consumption.

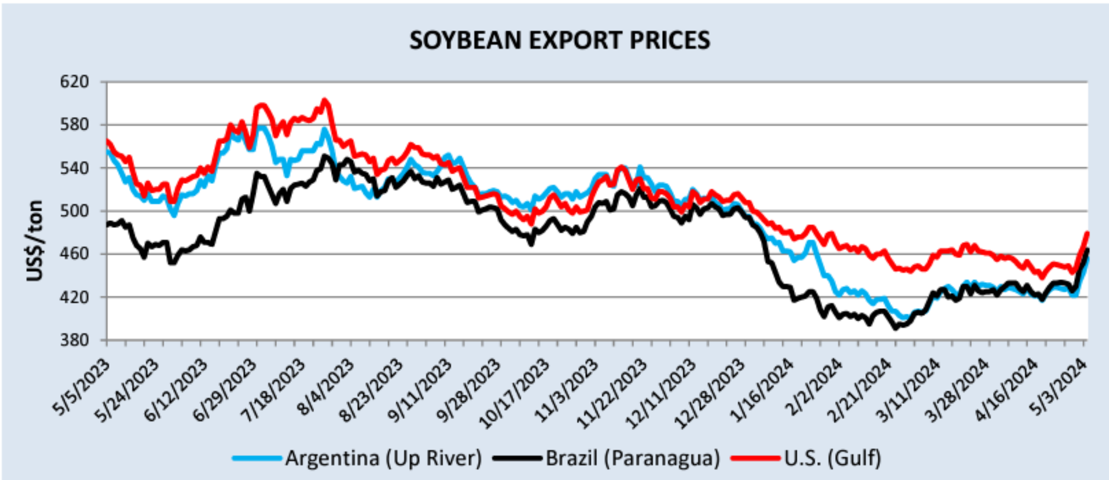
Chinese soybean imports are projected at 109 million on recovering crush and strong demand for vegetable oil consumption. Crush is expected to continue to grow, and stocks are projected to reach a new record of 39 million.

Soybean prices reversed their decline in the past month and gained strength since the April WASDE. Sharp price increases at the beginning of May were due to flooding in Rio Grande Do Sul, threatening Brazil's crop. Soybean meal prices followed the trend of soybeans with a greater magnitude, bouncing back to January levels. Vegetable oil prices decreased on lower energy prices and reduced demand for biodiesel use. Soybean oil prices in the United States declined on record imports of vegetable oil, used cooking oil and fats as well as higher-than-expected oil stocks reported by the National Oilseed Processors Association in mid-April. Palm oil prices dropped, shrinking the price gap, and increasing competitiveness with other vegetable oils as production seasonally accelerates.

Soybean Export Prices (U.S. dollars per metric ton)

	U.S. Gulf	Argentina	Brazil
April 5	$457	$429	$433
May 6	$479	$456	$464
Change	+$22	+$27	+$31

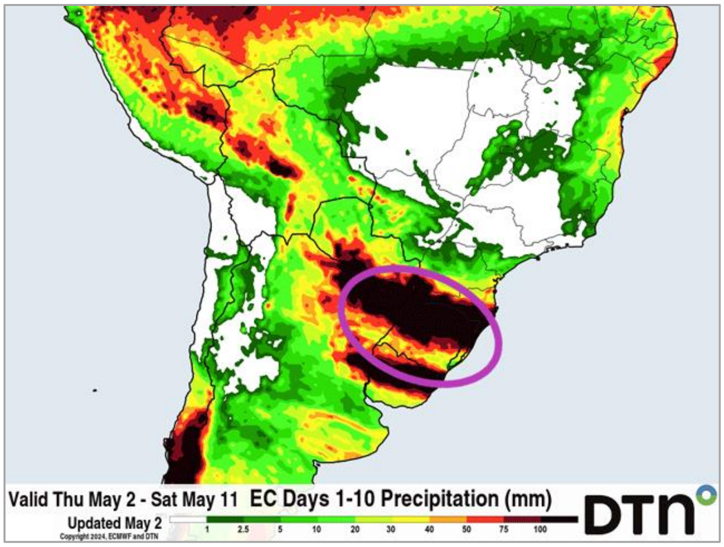
Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.



Rice

The US Rice Producers Association (USRPA) identified some potential risks for the rice market. First is the geopolitical risk of Haiti and Iraq, two of the top-milled rice markets for the U.S. Haiti has remained surprisingly consistent in recent weeks despite its political upheaval and increased gang activities. There is concern that shipments could slow or stop completely if things get worse and rice cannot get discharged from the port or distributed in-country upon its arrival. The second is Iraq, where they are willing to fill their MOU with the U.S., but because of fraudulent activities and terror ties to Iran from the bank utilized to purchase rice from the U.S., the Fed has frozen transactions. There is a workout plan being developed, but it cannot come soon enough to see more milled rice exports hit the books. Of course, a myriad of other issues could crop up, but these are the two primary risk factors that could slow the positive momentum the long grain market is seeing right now.

In South America, flooding in the key rice-producing state of Rio Grande do Sul, Brazil is making headlines where nearly 20% of the rice crop is still in the field. In some areas, the damage is more concentrated than in others. In the worst zones there has been loss of life and numerous people unaccounted for as reports indicate this is the worst flooding in recorded history. And it keeps raining, some sources in Brazil feel the remaining harvest will be abandoned causing already uncertain market conditions that will alter the dynamics of the Western Hemisphere rice trade.



Reports from Paraguay, Uruguay, and Argentina have not been stellar upon completion of their harvests, and with a shaky finish in Brazil, it is become clear that the U.S. will remain the dominant origin and exporter in the Western Hemisphere for the coming year. U.S. long grain prices remain at $800 per metric ton, while Uruguay is at $750, Brazil at $735, and Argentina at $670. It has been normal for prices to soften on the South American harvest each year simply because of increased supply; however, that might not be the case this year, and any potential softening will come from the geopolitical risk on the demand side of the equation.

Following the release of the USDA's May WASDE report, rice futures soared higher, dragging new crop slightly higher. Both May and July settled up 57 cents, with most-active July settling at $19.36 ½ after trading a range of $18.73 to $19.48 ½. July is creeping up back toward its contract high of $19.61, while September broke out to a four-month high.

Rice futures received mixed news from USDA as it cut its old-crop U.S. carryout forecast to 40.8 million cwt from the April estimate of 43.5 million cwt. However, USDA forecast the carryout will rise to 45.5 million cwt. in 2024-25. World rice ending stocks are expected to rise slightly to 176.1 million metric tons in 2024/25 vs. 174.9 million this year.

Market reports from Arkansas indicate that export business is a bit slower than expected- possibly from some post-harvest South American rice finding its way into Mexico and Central America but evidence is scant. As far as Arkansas new crop rice is concerned, the earlier planted acreage is looking exceptionally good. The long grain crop is expected to be early and quite large. As far as any new crop bidding is concerned, it ranges from 20 cents per cwt under to even various new crop delivery months. USDA noted in its weekly report this week that Arkansas is 90% planted on its rice, compared to 76% at the same time last year and a 59% five-year average. Emergence was reported at 71% this week, compared to 50% at the same time last year and a 35% five-year average. Condition was noted as 21% fair, 59% good, and 20% excellent.

New crop in Louisiana is well ahead of years past for the same period, and it is expected to outturn both good quality and good quantity of long grain when harvest time arrives. The harvest should be just about on schedule with past crops, some also look for a slightly earlier start to cutting. USDA's weekly report noted the Louisiana is 95% planted on rice, compared to 93% at the same time last year and an 88% five-year average. Rice emerged was recently noted by USDA as being at 87%, compared to last year's 87%

emerged percentile at the same time and an 82% five-year average. Condition was noted as 20% fair, 72% good, and 8% excellent.

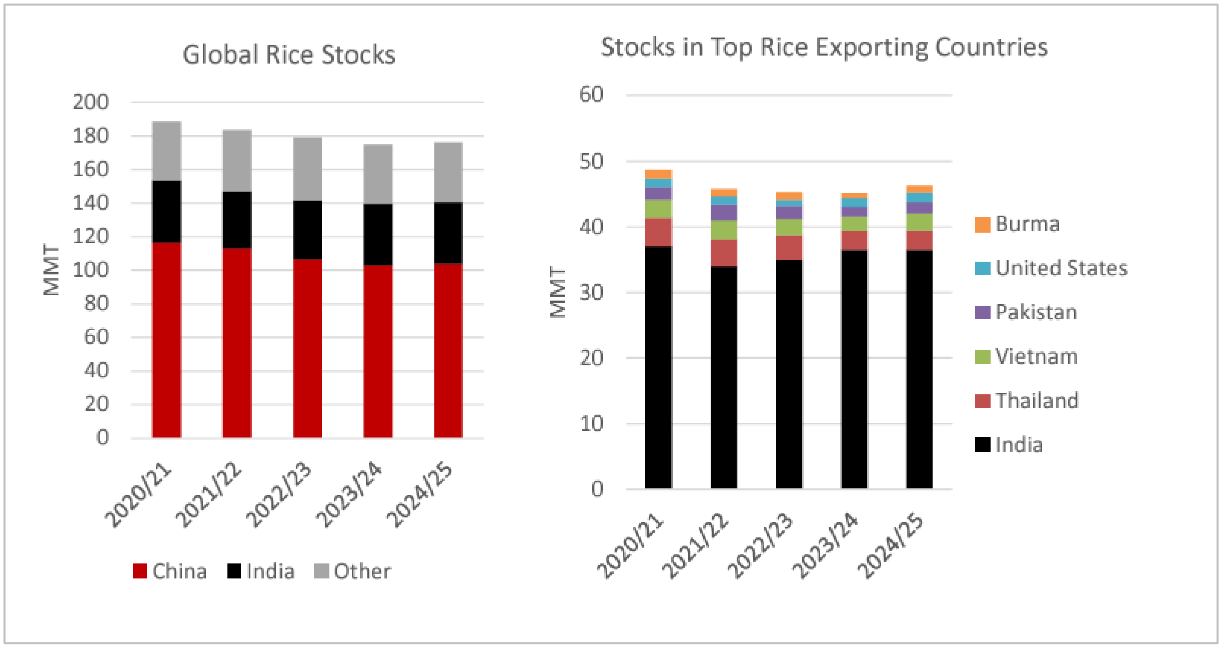
Rice Planted - Selected States
[These 6 States planted 100% of the 2023 rice acreage]

State	Week ending			2019-2023 Average
	May 5, 2023	April 28, 2024	May 5, 2024	
	(percent)	(percent)	(percent)	(percent)
Arkansas	76	83	90	59
California	12	15	20	29
Louisiana	93	92	95	88
Mississippi	62	45	62	56
Missouri	82	68	77	52
Texas	87	86	90	88
6 States	69	72	78	60

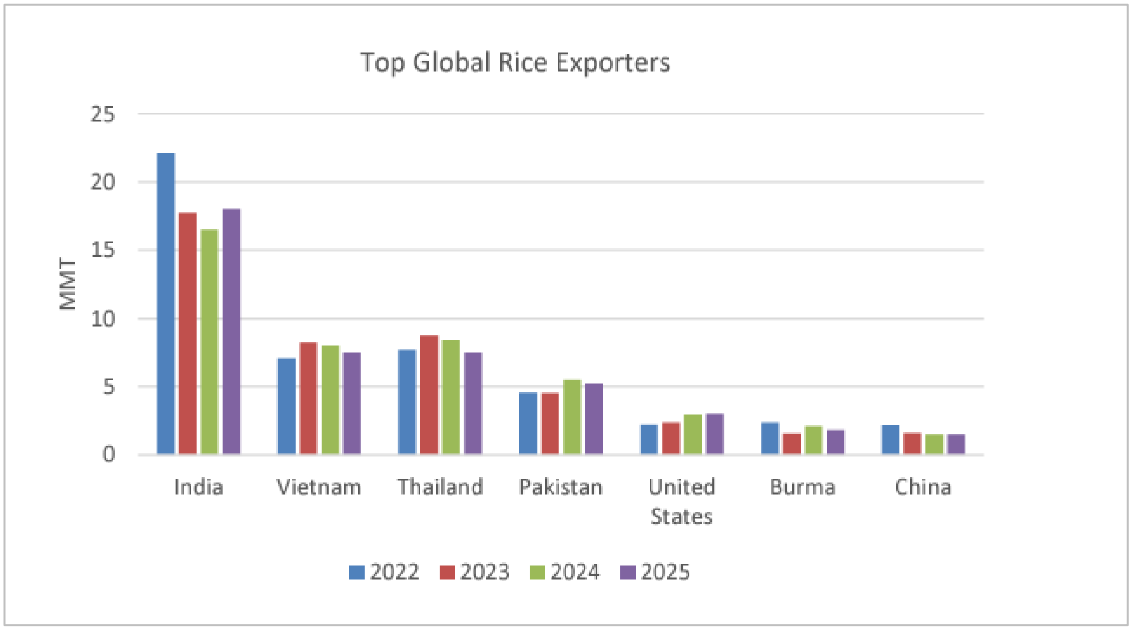
Rice Emerged - Selected States
[These 6 States planted 100% of the 2023 rice acreage]

State	Week ending			2019-2023 Average
	May 5, 2023	April 28, 2024	May 5, 2024	
	(percent)	(percent)	(percent)	(percent)
Arkansas	50	54	71	35
California	1	-	-	2
Louisiana	87	82	87	82
Mississippi	41	25	42	35
Missouri	52	24	41	30
Texas	76	72	78	76
6 States	50	48	60	39

Global rice stocks are forecast up by 1.2 million tons to 176.1 million. China (59 percent) and India (21 percent) together account for 80 percent of global stocks. The governments in both countries maintain public stockholding programs. Ending stocks for the United States are forecast up 12 percent, due to large carryin stocks and record imports. Overall, stocks in major rice exporting countries are forecast to rebound.

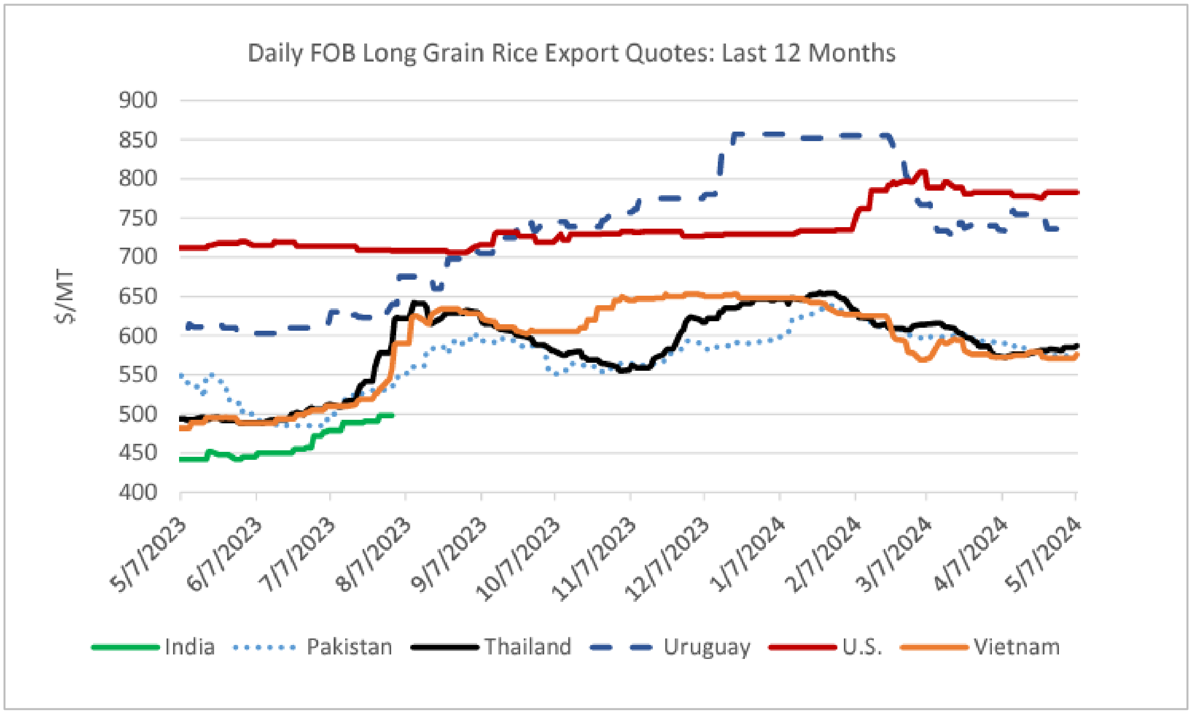


Rebounding Indian exports are expected to partly offset declines from other major Asian exporters (e.g., Vietnam, Thailand, Pakistan, and Burma). Together, these four Asian exporters are forecast down 1.9 million tons, mainly on increased competition from India and reduced Indonesian demand. India is forecast to remain the largest rice exporter in 2025 with exports projected at 18.0 million tons, up 1.5 million tons from the previous year and accounting for over a third of global rice trade. Exports are expected to increase driven by a larger crop and ample stocks. Despite trade-restrictive measures for a portion of rice exports, volumes are set to remain robust. Vietnamese exports are forecast at 7.5 million tons, down 500,000 tons from the prior year, primarily due to sharply lower demand from Indonesia. The Philippines and China, together accounting for over 50 percent of Vietnamese exports, are expected to continue purchasing large amounts of rice. Demand for Vietnamese rice in Sub-Saharan Africa remains steady, led by Côte d'Ivoire and Ghana.



Thai rice exports are forecast at 7.5 million tons, down 900,000 tons from the prior year. Lower demand is expected from Southeast Asia, particularly from Indonesia. Pakistani exports are down 300,000 tons to 5.2 million tons mainly due to lower demand from Indonesia and expected increased competition from India. The 2024/25 production is forecast at a record high, which will keep Pakistani export prices competitive. Cambodian exports are projected at 2.9 million tons, reflecting continued strong exports of paddy rice to Vietnam, in addition to growing milled rice exports. Strong import demand from rice mills in Vietnam has resulted in sustained large volumes of cross-border trade. Burmese exports are forecast at 1.8 million tons, down 200,000 tons, as Indonesia and China demand less rice from Burma. South American rice exports are forecast higher, driven by larger production and higher carryin stocks from top suppliers: Brazil, Uruguay, Paraguay, and Argentina. Overall, exports from these four suppliers are forecast 425,000 tons higher than the previous year. Strong demand from Western Hemisphere importers and the EU is a key component behind South America's growing rice exports. Brazil's export growth represents the largest increase with a forecast at 1.3 million tons, up 200,000 tons from the previous year. U.S. rice exports are forecast to rise modestly with a larger crop and lower prices. Long-grain exports will benefit from tariff-rate quotas and duty-free access to several Western Hemisphere countries, while available supplies at the beginning of the 2024/25 marketing year will improve export prospects to East Asia compared with the year before.

Since April's WASDE, Uruguayan quotes are up, while other major exporter quotes are down. In the past month, U.S. quotes remained relatively flat at $783/ton on rapid planting progress and favorable crop conditions. Uruguay quotes were volatile throughout the month and settled at $738/ton. Vietnamese and Thai quotes rose to $576/ton and $587/ton respectively with continued demand from Southeast Asia. Pakistan quotes dipped slightly to $576/ton with plentiful supplies. Export quotes for Indian white rice have been unavailable since imposition of an export ban for milled white rice on July 20, 2023.



Cotton

In May's WASDE, USDA cut estimated old-crop cotton carryover 100,000 bales from last month. USDA cut total supplies 40,000 bales due to adjustments to the 2023 cotton crop. Total use at 14.9 million bales is up 95,000 bales from last month with total domestic use up 50,000 bales to 1.8 million; total exports unchanged at 12.3 million bales; and unaccounted use up 20,000 bales to -180,000 bales. USDA puts the national average on-farm cotton price for 2023-24 at 76 cents, unchanged from last month.

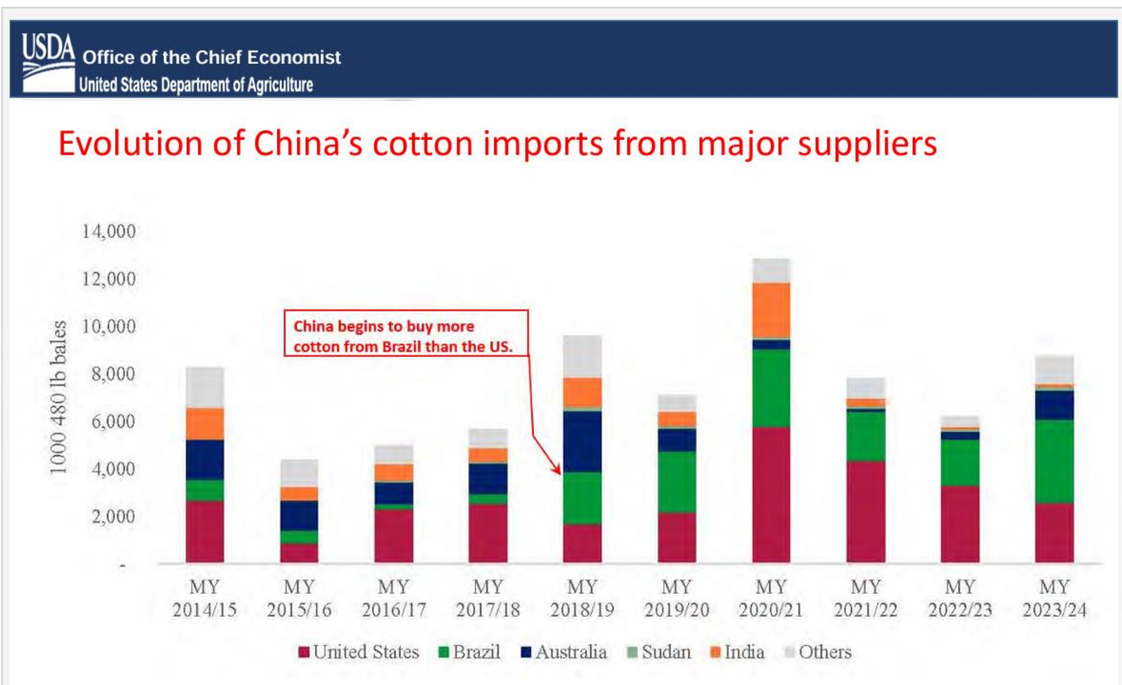
For 2024-25, USDA projects cotton carryover at 3.7 million bales, up 1.3 million bales from this year and about 200,000 bales more than traders expected. Expected total supplies are up more than 2 million bales from year-ago with total use up 800,000 bales. USDA projects the national average on-farm cash cotton price for 2024-25 at 74 cents, down 2 cents from this year.

The cotton market reacted bearishly to the USDA report. Cotton futures ended lower, sinking on a negative USDA report and technical selling. July cotton was down 1.29 cents to 77.31, after trading a range of $76.65 to 78.58. December cotton was down 1.33 cents to $75.13.

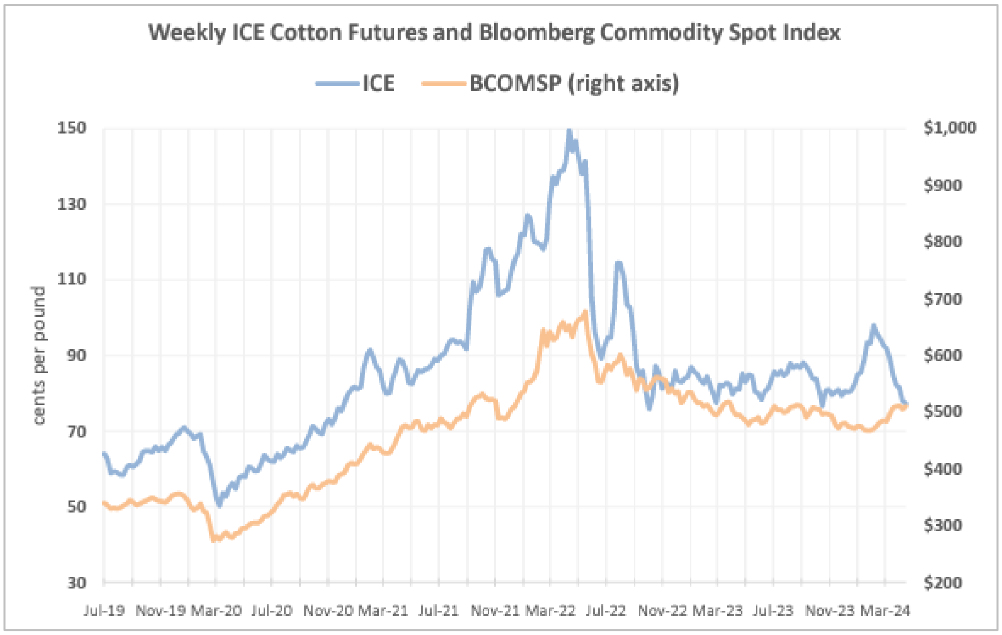
Exports are expected to rise by 700,000 next year to 13.0 million bales. Traders may be skeptical of that with China today forecasting a drop its 2024-25 imports will be down nearly 29%. USDA forecast the avg. on-farm price of cotton at 74 cents per pound, down from 76 cents this year. The world cotton carryout is expected to rise by about 2.5 million bales to 83 million in 2024-25.

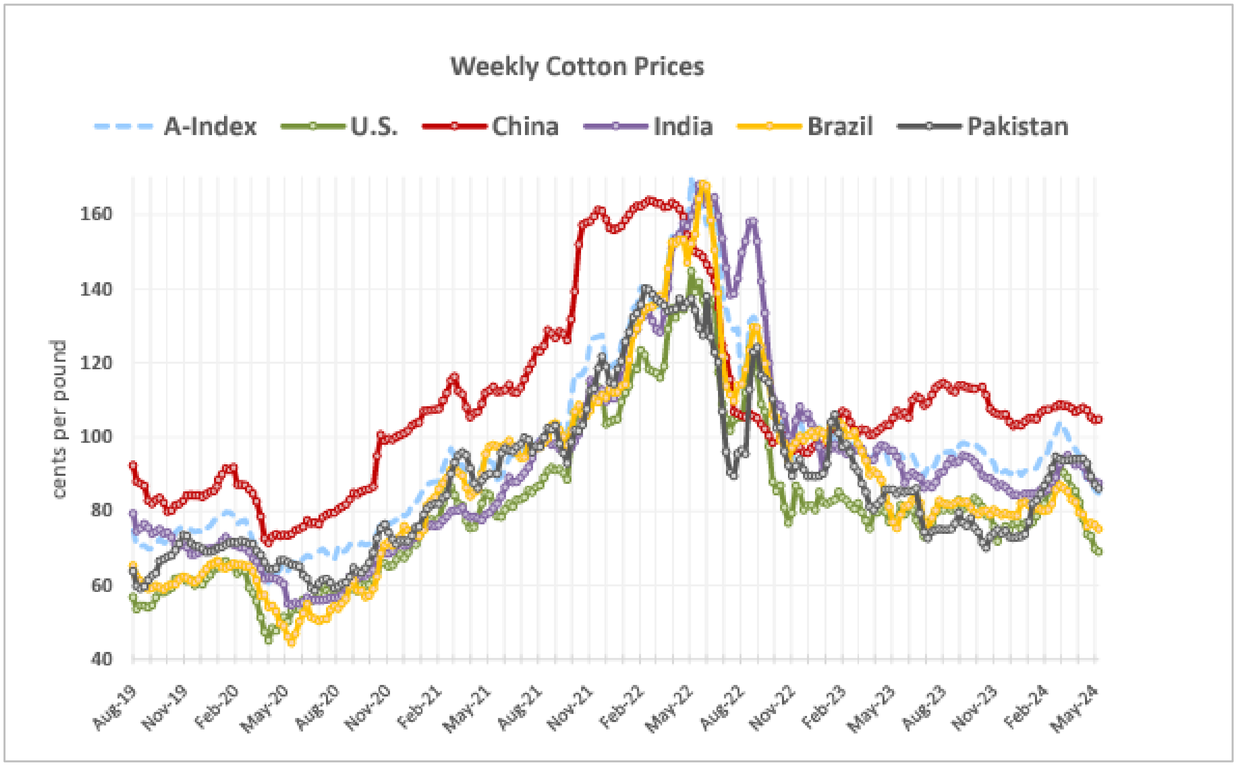
Expectations for a large U.S. crop are getting a boost from generally favorable soil moisture conditions in West Texas. It only takes a little rain to make the crop, particularly in irrigated areas, and as of now, drought concerns for the region are down. Conditions in the South are also mostly favorable, although there could be some lost acreage there. Technically, the question for cotton is whether the recent 18-month lows hold, at 74.93 in the July and 74.02 in the December.

U.S. weekly cotton exports of 249,600 RB were up 39 percent from the previous week and 2 percent from the prior 4-week average. The destinations were primarily to China (102,300 RB), Turkey (50,900 RB), Pakistan (20,400 RB), Bangladesh (18,100 RB), and Vietnam (13,300 RB). Net sales of Pima totaling 5,600 RB for 2023/2024 were up 22 percent from the previous week, but down 19 percent from the prior 4-week average. Increases primarily for India (2,100 RB), Peru (1,700 RB), China (900 RB), Thailand (400 RB), and Vietnam (400 RB), were offset by reductions for Guatemala (100 RB). Exports of 8,200 RB were up 80 percent from the previous week, but down 10 percent from the prior 4-week average. The destinations were primarily to China (4,000 RB), India (1,800 RB), Vietnam (1,300 RB), Turkey (500 RB), and Pakistan (300 RB). Upland cotton export commitments are running 6.8% behind a year ago, compared to 7.0% behind last week. USDA forecasts total cotton exports will fall 7.7% from a year ago to 12.30 million bales in 2023-24.



Since April's WASDE, cotton futures on the Intercontinental Exchange (ICE) fell to their lowest level since last November before recovering to roughly 80 cents per pound. Speculative participants continued to liquidate and sell greater volumes of cotton futures as certified stocks and U.S. interest rate prospects trended higher. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position for both Non-Commercial and Index falling to roughly 60,000 contracts compared with over 140,000 contracts this past March (one contract is roughly 100 bales). Certificated stocks on the ICE exchange rose to the highest level since the summer of 2017 at more than 180,000 bales, further pressuring old crop contracts (i.e., May and July).

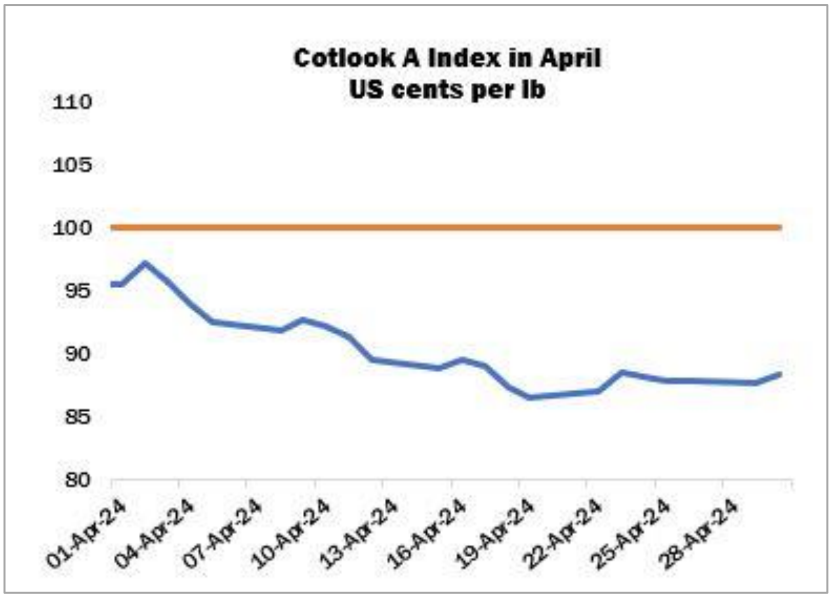




Changes Since April *WASDE* (cents per pound)

	A-Index	U.S.	China	India	Brazil	Pakistan
9-Apr	92.7	79.2	107.7	92.2	79.3	94.1
8-May	85.4	71.8	104.1	87.7	74.7	86.0
Change	-7.3	-7.4	-3.6	-4.5	-4.6	-8.1

New York futures again moved lower on balance during April. The July contract registered an even steeper monthly loss than that observed during March, at 1,045 cent points, to close at 81.52 cents per lb. The July/December spread narrowed further, to 160 cent points (July premium) by April 30th, compared with 332 points at the end of the previous month and over 1,500 in late February. Turnover and open interest declined overall; particularly as speculative investors closed out their long positions in the expiring May contract. Certificated stocks meanwhile continued to rise. International offering rates, as measured by the Cotlook A Index, followed a similar trend to ICE, but fell by a smaller margin of 730 cent points over the month to end at 88.30 cents per lb.



The resultant increase in the premium of the A Index relative to ICE is explained by the recovery of basis levels offered by merchants, following their significant erosion (particularly for non-US growths) in March. Additional mill buying and fixations against on-call purchases were observed in a broad range of import markets, particularly for Brazilian and West African lots. However, the volatility of New York encouraged a cautious approach to fresh purchases, and weaker yarn prices in some markets likely discouraged spinners from extending their cotton coverage further. The realignment between local prices in India and international offering rates triggered some import demand from that market. Spinners' buying interest was focused largely on African origins, many of which benefit from a partial reduction of import duty.

In China, Zhengzhou cotton futures ended the month lower too, closing at 15,700 yuan per tonne, down by 515 yuan from the end of April, a fraction of the decline in New York. Buyers in China were therefore active in the import market earlier in the month despite abundant local supplies as international cotton prices moved to a discount vis-à-vis the China Cotton Index, but the flurry of business slowed somewhat as the month progressed. Nonetheless, USDA export reports revealed that 252,500 running bales of net new sales were registered for China during the month in view, representing around half of the total for all destinations, while 389,300 bales were shipped to that destination. The Department increased its forecast of China's cotton imports in 2023/24 from 12.9 million bales to 14.2 million in its April supply and demand estimates.

Meanwhile, planting of the 2024/25 crop expanded in Xinjiang to almost 90 percent complete by the end of April, although progress was delayed slightly in northern parts by persistent bad weather. Replanting, though, was not extensive and germination and early development were favorable.

In the U.S., sowing expanded at about the same pace as recent averages. Texas was the recipient of beneficial rainfall, improving soil moisture and water reserves which may offer some cautious optimism regarding the new crop's prospects at this early stage.

Elsewhere, the government of Pakistan set a domestic production target for 2024/25 of 10.85 million local-sized bales, which would represent a significant increase from the output achieved during the season now ended. By the end of the month, around 20 percent of the target area (2.3 million hectares) had been sown, including 13 percent in Punjab and 38 percent in Sindh, and young plants progressed well under largely favorable conditions. In India, the first long-range forecast for this year's Monsoon season was released, predicting above-average rainfall. The rainy season, including its timing and distribution, is decisive for cotton output in the country. Seed cotton arrivals from the current crop meanwhile continued to wind down, and the Cotton Corporation of India placed the total for the season by April 16th at 27.5 million lint equivalent bales.

Planting of shorter staple varieties began in southern growing regions of Egypt during the month in view. The area sown to cotton could increase by perhaps 25 percent according to some local observers. Sowing also progressed well in Greece, where area is expected to decline from that initially planted last year. Output, however, is hoped to be greater given that significant proportions were damaged by floods in 2023.

Meanwhile in the Southern Hemisphere, sentiment for the Brazilian cotton crop remained largely positive. The official CONAB forecast was again increased, to 3.6 million tonnes, which would be a new record by some margin, while ABRAPA (the national cotton producers' association) placed output at 3.5 million. Some market participants, though, anticipate an even higher figure. Argentine rains disrupted the early stages of picking, but the moisture was beneficial to plants still in the ground. Australia also experienced some harvest delays due to heavy rainfall, raising concerns mainly on the grade composition of the crop.

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	$4.70	$3.70	--
Grain Sorghum	$4.85	$3.95	--
Long Grain Rice	$16.10	$14.00	--
Medium Grain Rice	$18.00	$14.00	--
Seed Cotton	$0.3854	$0.3670	--
Soybeans	$12.55	$8.40	--
Wheat	$7.10	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on May 10, 2024.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.40	$4.01	--
Grain Sorghum	$4.40	$4.06	--
Long Grain Rice	$14.50	$14.00	--
Medium Grain Rice	$15.00	$14.00	--
Seed Cotton	--	$0.3670	--
Soybeans	$11.20	$9.26	--
Wheat	$6.00	$5.50	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on May 10, 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 Bul, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), Total Farm Marketing, University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

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