**Staff Report No. 2024-55** **July 15, 2024**

# July 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. | $4.30 per bu. |
| Soybeans | $12.50 per bu. | $11.10 per bu. |
| Long Grain Rice | $16.00 per cwt. | $14.50 per cwt. |
| South. Med. Grain Rice | $17.70 per cwt. | $15.00 per cwt. |
| Upland Cotton Lint | $0.76 per lb. | $0.68 per lb. |
| Seed Cotton | $0.3910 per lb. | $0.3565 per lb. |

**WASDE Summary**

The **2024/25 U.S. corn outlook** indicates larger supplies, greater domestic use and exports, and slightly lower ending stocks. Beginning stocks for corn were lowered 145 million bushels largely upon greater use forecasted for 2023/24. Exports were raised by 75 million bushels based on current outstanding sales and shipments to date. Feed and residual use is up 75 million bushels based on indicated disappearance in the Grain Stocks report for June. Corn production for 2024/25 is forecast up 240 million bushels on greater planted and harvested area from June's Acreage report. Yield remains unchanged at 181.0 bushels per acre. Total use has been raised by 100 million bushels with increases in both feed and residual use and export segments based on larger supplies and lower expected prices. With use rising slightly more than supply, ending stocks are down 5 million bushels. The season-average farm price received by producers was lowered by 10 cents to $4.30 per bushel.

The **2024/25 outlook for U.S. soybeans** includes production is projected at 4.4 billion bushels, down 15 million on lower harvested area. Harvested area, forecast at 85.3 million acres in June's Acreage report, is down 0.3 million from last month. The forecast for soybean yield remains unchanged at 52.0 bushels per acre. With slightly lower beginning stocks, reduced production, and unchanged use, ending stocks for 2024/25 are projected at 435 million bushels, down 20 million from last month. The U.S. season-average

soybean price for 2024/25 is forecast at $11.10 per bushel, down $0.10 from last month. Soybean meal and oil prices are unchanged, at $330 per short ton and 42 cents per pound, respectively.

The **2024/25 outlook for U.S. rice** calls for increased supplies, unchanged domestic use, and larger exports and ending stocks. All rice supplies are raised 2.5 million cwt to 307.0 million on increased production and imports. All rice production is projected up slightly at 221.7 million cwt, on higher harvested area indicated in the NASS Acreage report issued June 28. The all rice yield is increased to 7,645 pounds per acre, up 10 pounds from last month, with the relatively higher yielding medium- and short-grain rice accounting for a larger share of total harvested area than previously forecast. Total imports are forecast up 1.0 million cwt to a record 45.5 million as current historically large imports of Asian aromatic long-grain rice are forecast to continue, primarily from Thailand. Total exports are projected higher at 101.0 million cwt on larger supplies. All rice endings stocks for 2024/25 are projected higher at 46.0 million cwt, up 16 percent from the prior year. No changes were made to the 2024/25 season-average farm prices.

The **U.S. cotton projections for 2024/25** show projections for 2024/25 show higher acreage, production, and beginning and ending stocks compared to last month. Projected domestic use and exports are unchanged. U.S. planted area is 1 million acres higher, as indicated in the June Acreage report, leading to a 1-million-bale increase in the crop projection to 17.0 million bales. Ending stocks are 1.2 million bales higher at 5.3 million, or 36 percent of use, primarily due to the larger projected crop. The 2024/25 season average upland farm price is reduced 2 cents from the June forecast to 68 cents per pound. Revisions to the 2023/24 U.S. cotton balance sheet include a 200,000bale reduction in exports to 11.6 million based on the slowing pace of export shipments and a corresponding 200,000-bale increase in ending stocks.

## Corn

Market experts were expecting increases in both old- and new-crop corn ending stock estimates, but they were in for a bit of surprise Friday. U.S. old-crop corn demand rose in both the feed and residual market and the export market by 75 million bushels. Lower beginning stocks for 2024-25 and the decision to increase exports in the new-crop year by 25 million bushels sent 2024-25 ending stocks down to 2.097 billion bushels, well below Dow Jones' pre-report survey average estimate of 2.272 billion bushels. Prior to the report, corn was trading sharply lower on expectations for a more bearish corn number, but by the close, ended up 4 cents higher to settle at $4.14 3/4, nearly 12 cents above the new contract low set before the report.

Updated USDA supply and demand estimates caused corn futures to surge, with market sentiment being both old-crop and new-crop endings stocks were tighter than expected. Ending stocks for 2023-24 totaled 1.877 billion bushels, down 145 million bushels from a month ago and 172 million bushels below the average pre-report estimate. Both exports and feed saw a 75 million bushel increase from the June estimate. We have reported that feed use was historically low, and an upward adjustment was likely to come at some point. Strong sales through June and robust export shipments led USDA to increase exports as well. Lower carry-in and increased expectations for both feed and exports led USDA to cut new-crop ending stocks 5 million bushels from a month ago to 2.097 billion bushels—shocking given the 240 million bushel increase in production. For market bulls, use increasing as corn prices fall is a good sign—signaling that prices have gotten cheap enough to potentially put in a floor. Bulls are seeking to build on that strength, ultimately seeking to overcome resistance at $4.25 to show an interim low could be in place.

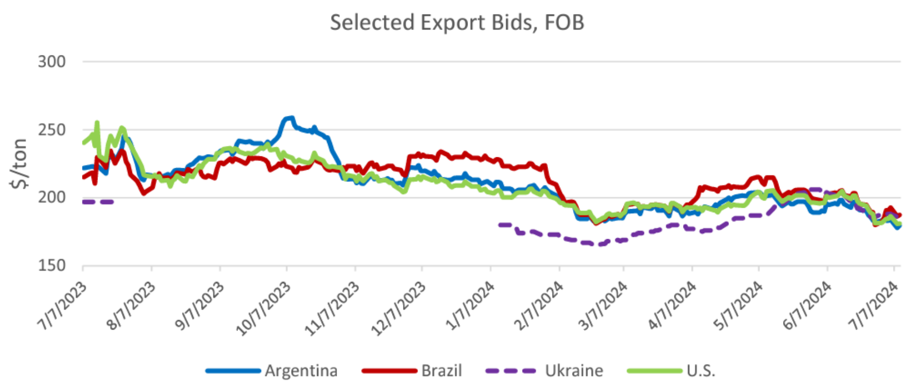
Funds hold a heavily, if not record, net short position in corn futures. Many are looking at 2014 for an analog study for corn prices, though funds were net long at this point a decade ago, which left plenty of room for falling prices. That key difference could spark additional buying efforts in the coming month. If

bulls can get funds to cover a portion of their position, it could lead to additional "snow balling" and further corrective buying. Weather over the coming month will play a role in price action as well. Favorable soil moisture is currently in place and a lack of widespread heat over the next ten days is likely to keep crop conditions favorable despite a drier weather pattern in the next few weeks, says World Weather Inc. Most of the Corn Belt is forecast to receive rain in the next week at some point, slowing drying and further boosting production potential.

Corn prices in the longer-term will, of course, be partially affected by production, but demand will come more into focus as production prospects are better realized. USDA is forecasting record use for 2024-25 with a large portion of that demand coming from export demand. The election is quickly coming into focus with both frontrunning candidates being tough on trade. Trade deals will continue to play an important role. China is one of the top importers of U.S. corn, though they have favored purchases of sorghum and South American corn the last few years. If the U.S. can keep China (and bloc partners) in the U.S. market, it could be supportive for prices, though if the election spurs additional trade tensions, it skew the balance sheet, weighing heavily on corn prices.

Global corn production for 2024/25 is forecast up this month as higher U.S. production more than offsets reductions for the European Union, Canada, and Russia. Global trade is forecast up slightly as higher U.S. exports for the United States more than offset cuts to Russia and the European Union. Global imports are also up slightly as raised forecasts for Canada and Mexico more than offset cuts to Iran and Bangladesh. The U.S. season-average farm price is down 10 cents to $4.30 per bushel.

Since June's WASDE, export bids for all major exporters have eased. U.S. bids were down $19/ton to $181, the largest drop among the four exporters. Despite wet weather in some parts of the United States, NASS estimates 68 percent of the corn crop to be in good-to-excellent condition as of the week ending July 7th, compared to 67 percent a week prior and 55 percent a year ago. Argentine bids were down $15/ton to $195. Brazilian bids were down $16/ton to $203. The safrinha harvest continues in Brazil, reaching 61.1 percent as of the week ending July 7 per Conab. Ukrainian bids were down $17/ton to $186.




Source: International Grains Council

| Export bids (fob, US$ per ton) | 9-Jul-24 | 7-Jun-24 | 7-Jul-23 | *% change, '23 - '24* |
|---|---|---|---|---|
| Argentina, Up River | 180 | 195 | 222 | -19% |
| Brazil, Paranaguá | 187 | 203 | 215 | -13% |
| Ukraine | 186 | 203 | 197 | -6% |
| U.S. #3 Yellow Corn, Gulf | 181 | 200 | 240 | -25% |

## Soybeans

Soybeans in July's WASDE only had a few changes of significance and could be thus viewed as neutral to supportive. Soybeans were down hard prior to the report on expectations for a jump in ending stocks, then rallied after the report, only to fall back again, with November finishing less than 6 cents above the new contract low, at $10.65 1/4.

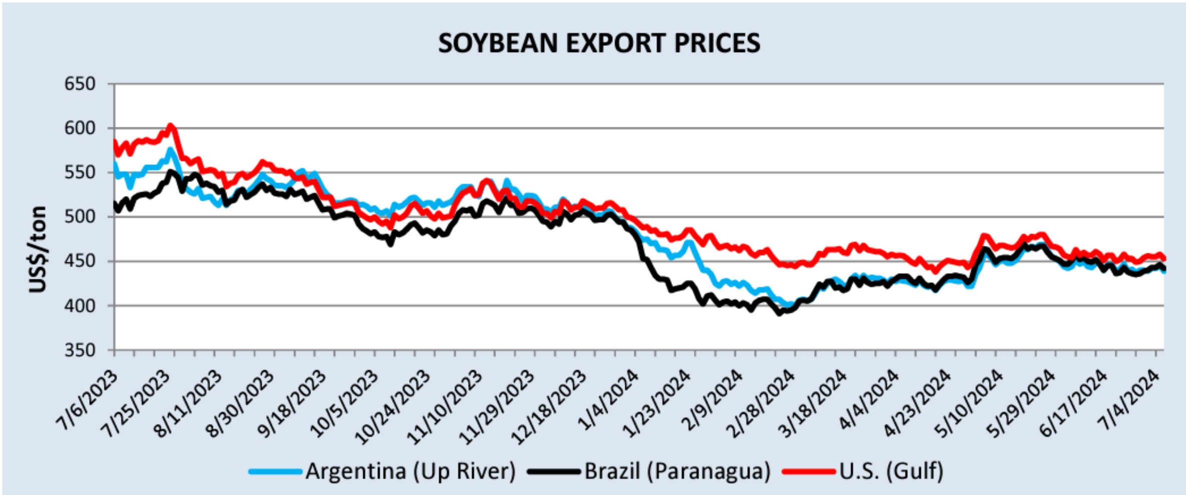
Soybean futures responded somewhat stoically to USDA's supply and demand updates, despite lower-than-expected old- and new-crop ending stocks figures, as selling in meal futures limited buying interest. USDA pegged old-crop ending stocks at 345 million bushels, down 5 million bushels from last month and 10 million bushels below average guesses pre-report. Old-crop supplies were trimmed 5 million bushels to 4.449 billion bushels amid a 5-million- bushel cut to estimated imports. Total old-crop use rose 1 million bushels from June. Meanwhile, 2024-25 ending stocks were lowered by 20 million bushels to 435 million bushels. Total supplies were trimmed 20 million bushels month-over-month amid lower beginning stocks and a 15 million bushel reduction to the 2024 soybean crop projection. Old-crop global soybean carryover rose 180,000 metric tons from June to 111.3 million metric tons, while new-crop global carryover fell 140,000 metric tons to 127.8 million metric tons.

Mother nature has proven quite volatile throughout the Corn Belt recently, though remnants of Hurricane Beryl ultimately provided moisture for some of the driest areas. Moreover, mild temperatures in much of Midwest have also proven favorable for growing crops in many areas, though World Weather Inc. reports a drier weather pattern is expected during the next two weeks that will leave many areas much drier than their current state.

U.S. soybean exports and crush will continue to be the long-term focus as the new marketing-year approaches. The marketplace will remain fixed on the Federal Reserve's inflation battle, which is seemingly proving effective given this week's Consumer Price Index reading for June. Rate cuts in September are becoming a more likely prospect following this week's data, pressuring the U.S. dollar. Meanwhile, U.S./China relations will certainly hold the marketplace's attention as Brazil begins to ramp up plantings, which will begin in September.

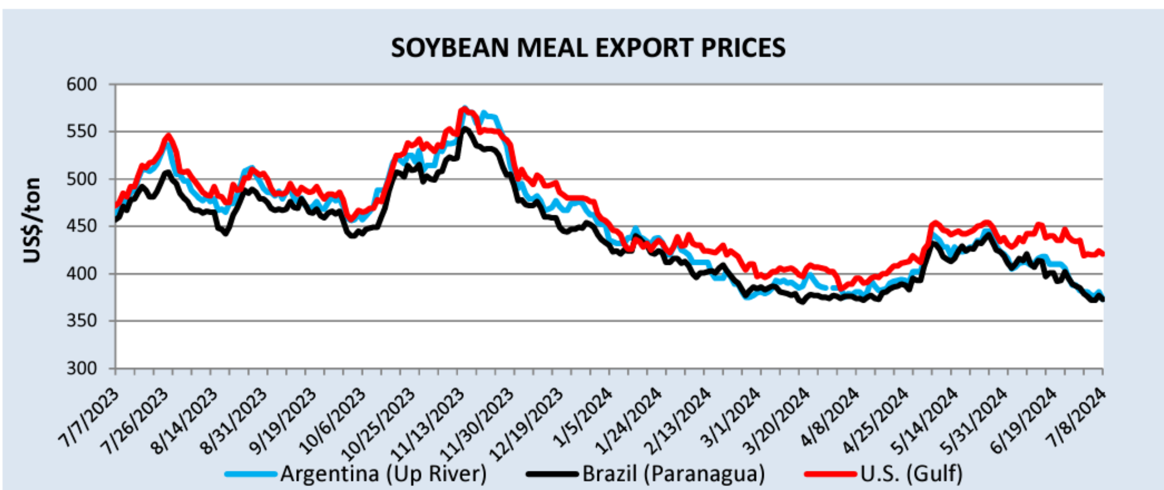
Global soybean beginning stocks for 2024/25 have been increased slightly, with higher stocks for China mainly offset by lower stocks for Argentina, Brazil, and Paraguay due to revisions for 2023/24. Argentina's soybean production for 2023/24 is revised down 0.5 million tons to 49.5 million guided by data from the Argentine Ministry of Agriculture, Livestock and Fisheries. Chinese soybean imports for 2023/24 are revised up 3.0 million tons to 108.0 million on larger-than-anticipated arrivals expected in the fourth quarter of the marketing year. Argentine, Brazilian, Paraguayan, Beninese, and Canadian exports were also raised for 2023/24. With slightly higher beginning stocks, lower global production, and relatively small changes to use in 2024/25, global soybean stocks are reduced 0.1 million tons to 127.8 million on lower stocks for Argentina, Brazil, Paraguay, Russia, the EU, and the United States, mostly offset by higher stocks for China.

In June, soybean prices were pressured as the U.S. crop progressed under favorable weather conditions. U.S. soybean meal prices declined in tandem with soybean prices. The combination of higher U.S. soybean oil exports in April and May, as well as a recent rally in palm oil prices in Malaysia, strengthened U.S. soybean oil prices. In Brazil, the decline of the real against the dollar, encouraged farmers to boost sales of soybeans. This led to an acceleration in China purchases and increased Brazilian exports in June. Although Brazilian and Argentine soybean prices followed U.S. declines, South America remained more competitive on the global market. A weaker real is likely to encourage more Brazilian exports and continue to put pressure on future U.S. sales.




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

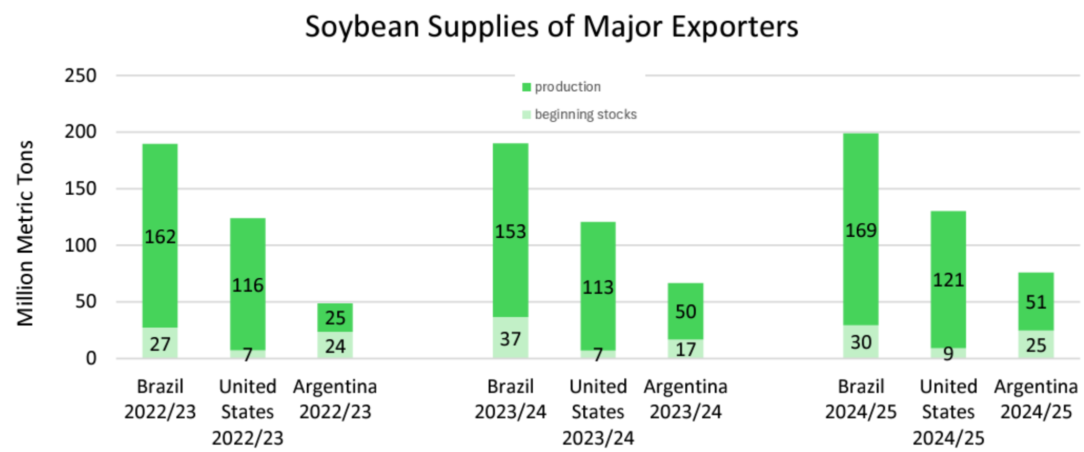
Soybean meal prices in South America followed soybeans' recent downtrend. Both Brazil and Argentina continue to supply significant amounts of meal to global markets as crush increased following the influx of harvested soybeans. Soybean oil prices in South America recorded a slight uptick in recent month, most likely following U.S. and Malaysian price hikes.




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

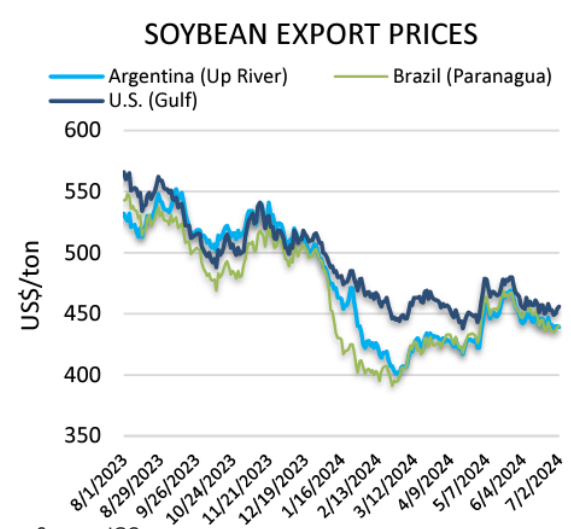
The USDA, this month, raised the 2023/24 Chinese soybean import forecast by 3 million tons to a record 108 million. This large import volume is driven by falling soybean export prices pressured by robust South American supplies. Due to the strong pace of exports to date, USDA also increased Brazilian and Argentine soybean export projections for the current marketing year running from October 2023 – September 2024 by 1 million tons each to 103 million and nearly 6 million tons, respectively. The local year exports for Brazil (local year 2023/24, January – December 2024) remain unchanged at 97 million tons.

## China Seizes Opportunity from Lower South America Soybean Prices

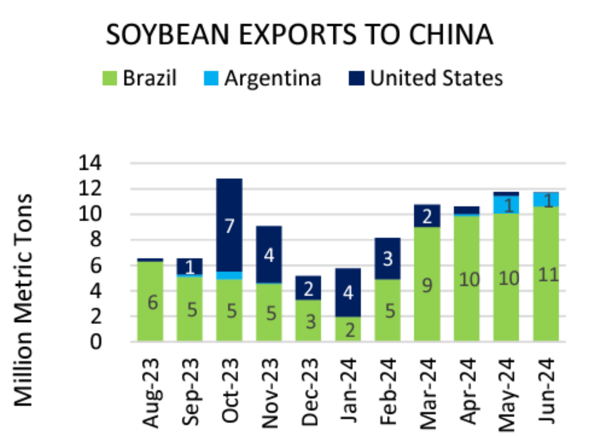



Larger 2023/24 carryin supplies in October 2023 allowed Brazil to continue exporting substantial volumes at highly competitive prices during the traditional U.S. shipping window last fall. With another large harvest ending in the Southern Hemisphere, as well as devaluation of the Brazilian real, soybean export prices are back on a downtrend which accelerated Chinese buying over the past two months. Combined Brazilian and Argentine soybean exports to China between August-June are estimated at 74 million tons. In contrast, U.S. exports to China during the same period dropped to nearly 25 million tons, more than a 20 percent decline compared to the prior year.

Over the next few months, the market's attention will shift away from South America towards U.S. harvest progress and crop size. With highly competitive Brazilian prices, another year of abundant Brazilian carryout, and new record production prospects for the Southern Hemisphere in 2024/25, U.S. soybean exports may continue to experience greater competition post harvest.



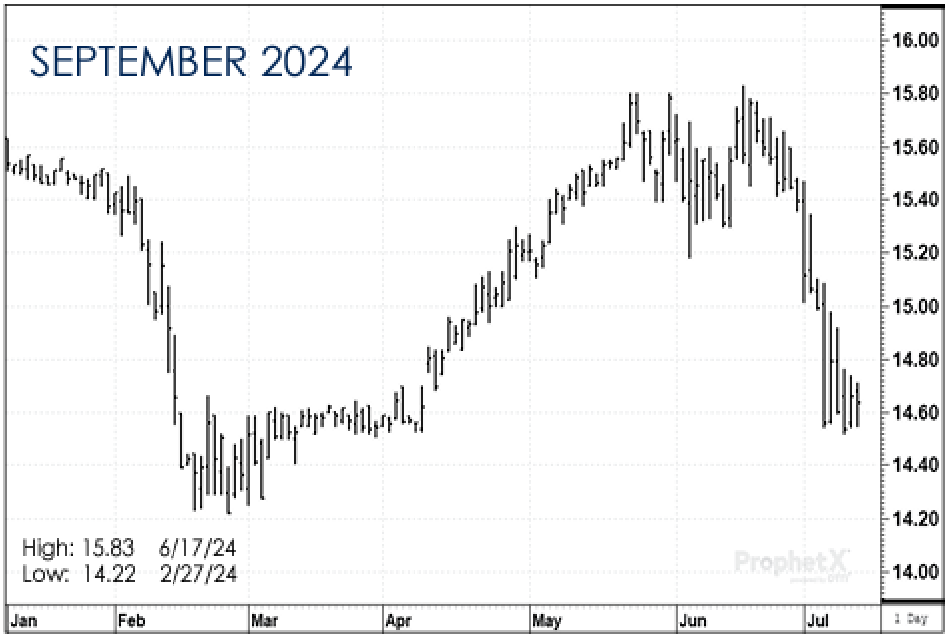

Source: IGC



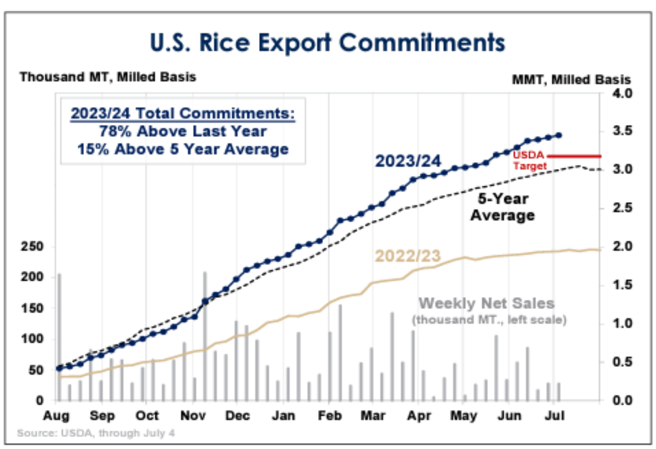

Source: Trade Data Monitor LLC, U.S. Census, Export Sales Reporting, NABSA

## Rice

Futures broke below $15 in the September contract just before July 4th and continued to plummet thereafter. Support was found around $14.52, however, an area that had been strong support in the spring. If the market breaks below that three-month low, bears will be targeting the contract low down at $14.22. This market has been pressured by very favorable crop conditions, with ratings hovering around 80% for most of the year thus far. Only Mississippi has seen significant problems this year. Any concern about emerging dryness in top producer, Arkansas, was likely wiped away by the remnants of Hurricane Beryl last week.



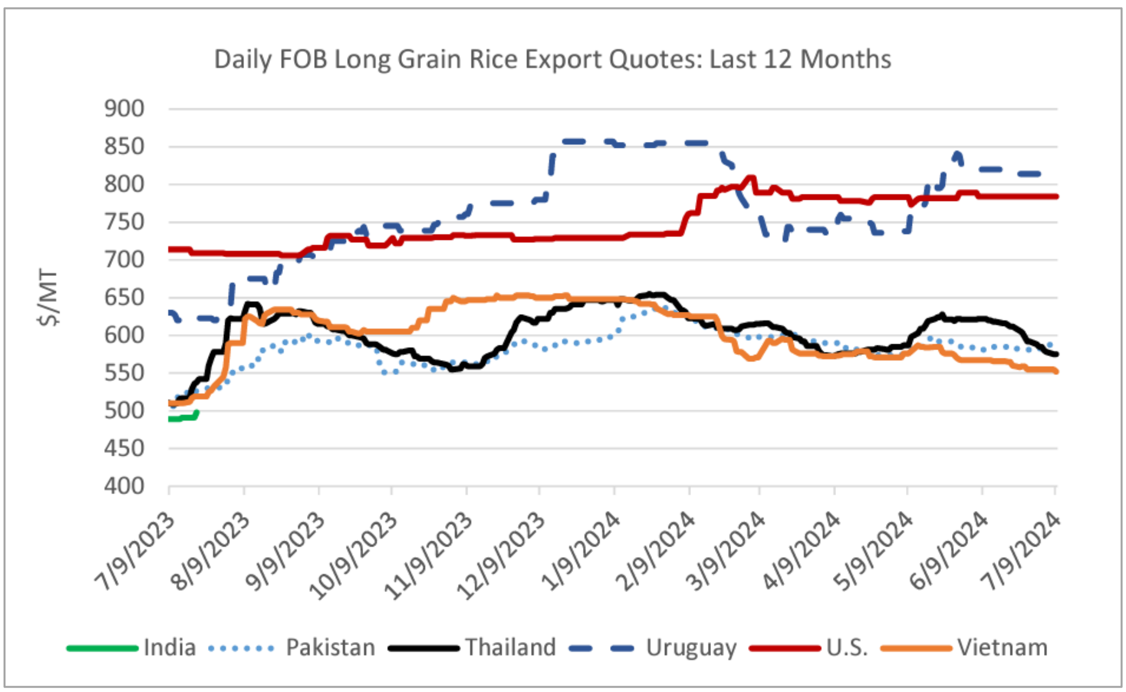

Export demand has been a negative factor recently. Rice net export sales came in at 27,900 metric tons for 2023-24 and 29,300 metric tons for 2024-25. Shipments were better at 72,400 metric tons, up 13% from the four-week average. The bullish story that had helped to drive old-crop futures —tight supplies in South America driving demand for U.S. rice — has faded from view. A generally favorable monsoon outlook in India is helping to add to the pressure globally.



The 2024/25 global rice outlook projects higher supplies, consumption, trade, and stocks. World supplies were increased by 0.9 million tons to 705.4 million, mostly on record forecasts for Pakistani production where yields have been boosted based on good planting conditions and water availability. Global rice consumption for 2024/25 and residual use is projected at a record 527.3 million tons, up 0.8 million from last month, with increases for both Pakistan and the Philippines. World trade is projected at 54.6 million tons, up 0.7 million mostly on higher exports from Pakistan. Projected 2024/25 world ending stocks are 178.1 million tons, up only slightly this month.

Global rice production, exports, and consumption for 2024/25 are forecast up this month driven by increased production for Pakistan. Imports are forecast higher, primarily for Malaysia and Cote d'Ivoire. Ending stocks are forecast higher with increases by Malaysia and Pakistan, more than offsetting decreases for South Korea and the Philippines.

Since the June WASDE, Pakistan quotes were up, while other major exporter quotes were down. In the past month, U.S. prices were unchanged at $784/ton with continued strong demand from Latin America. Uruguayan quotes decreased $13 to $807/ton with reduced purchases from Brazil. Asian quotes are being offered within a narrow range across the key suppliers. Vietnamese quotes declined $15 to $552/ton and Thai quotes fell $47 to $575/ton with limited demand from Indonesia. Pakistani quotes moved up $7 to $588/ton fueled by continued sales from Asia and Africa. Export quotes for India white rice have been unavailable since imposition of an export ban for milled white rice on July 20, 2023.




A lot is happening on the geopolitical front in the global marketplace for rice, but perhaps none more powerful than the continued strength of the U.S. dollar against other major currencies. Despite what feels like domestic volatility and upheaval, the dollar has been extremely resilient and remains strong globally. While this is great for the travel budget when vacationing in other countries, it does not bode well for U.S. exports.

With the largest crop in recent years coming along nicely, the dollar's value could significantly impact our ability to access key export markets like Haiti, Iraq, and Mexico, even if geopolitical tensions ease in the coming days. Iraq, for example, is increasing procurements from Thailand, which are taking the place of the extant MOU for U.S. rice that is now dead in the water because of banking restrictions. And even if Haiti can miraculously find peace and stability, a strong dollar may incentivize them to find rice alternative rice exporting countries like Pakistan. And even Brazil to everyone's surprise, in the face of catastrophic flooding and loss of rice, is exporting in the current market perhaps because of currency valuations although a limited volume. The case of Brazil continues to be an interesting case of rice politics as both the government as well as industry manage the supply/demand situation. New crop planting will begin in Mercosur in two months with a large crop anticipated.

This may become an extremely key factor, as rumblings of India making some sort of announcement on their export ban are beginning to surface. Some reports say they will hold their ban into 2025, while others are saying the ban will be relaxed. We know that India's releasing their stocks will hurt global pricing, even if they put a minimum export price in place. This will impact Pakistan, Vietnam, and Thailand more than the U.S., but will nonetheless indirectly move the needle for the entire rice basket.

**Cotton**

Cotton seemed relatively unphased by USDA's mostly bearish update today, as continued weakness in the U.S. dollar likely lent support. In its monthly supply and demand update, the government increased old-crop ending stocks 200,000 bales from last month, while supplies were unchanged at 16.32 million bales. Meanwhile, use was lowered 200,000 bales amid a decline in estimated exports. Meanwhile, 2024-25 carryover rose 1.2 million bales from June, due to a 200,000 increase in beginning stocks and 1-million-bale increase in the crop projection to 17 million. Total use was unchanged at 14.9 million bales. However, lending support the natural fiber, were larger than expected reduction in global carryover figures. Old-crop global carryover was reduced 1.66 million bales from last month to 79.31 million bales, while 2024-25 global carryover was pegged at 82.63 million bales, down from 83.49 million bales in June.

The marketplace will continue to monitor weather closely over the next month as the growing season progresses, especially given notable reductions in crop conditions, as evidenced by USDA's weekly condition rating. World Weather Inc. reports Western Texas and southwestern Oklahoma will be mostly dry during the next two weeks and stress to dryland cotton will increase in many areas, with showers Tuesday into Thursday temporarily easing crop stress in some areas and buying the crop more time before greater stress evolves. Meanwhile, the Coastal Bend and south Texas will see isolated showers through Saturday that will slow drying rates and keep conditions for cotton mostly favorable when drier weather occurs Sunday through July 26. The Blacklands will see infrequent showers through the next two weeks and stress to cotton should steadily increase and expand with one round of rain expected Thursday into Saturday, July 20, though drier weather is expected to return July 21-26.

U.S. cotton exports will continue to provide market direction as traders continue to monitor the U.S. dollar in the coming months. The greenback will take direction in the Federal Reserve's actions amid the persisting fight against inflation. However, this week's weaker-than-expected Consumer Price Index (CPI) reading increased sentiments of future rate cuts, which has sent the dollar to a more than one-month low.

Since June's WASDE, cotton futures on the Intercontinental Exchange (ICE) were down slightly and fell to their lowest level in nearly 4 years before settling at roughly 71 cents per pound. Higher-than-expected

U.S. planted acreage in the June Acreage report, slower-than-expected U.S. shipments, and lower commodity prices pressured the December 2024 contract.

The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position for both Non-Commercial and Index participants remaining mostly unchanged at around 35,000 contracts.

New-crop December is the main futures contract now, and the central question is whether the 70.00 level will hold. It did in June, with the market bouncing right off that level. U.S. crop expectations are the main bearish factor for this market, driven by last month's bearish acreage report and more recently by welcome rains in key cotton-growing areas, in Georgia, West Texas and in the Delta. With that being said, it should be pointed out that U.S. crop ratings did fall sharply in Texas in the most recent Crop Progress report.

Weekly cotton export sales were sluggish at a net 54,100 bales for 2023-24 and 69,500 bales for 2024-25. Shipments of 160,700 bales were down 8% from the four-week average. China was a minor buyer in this week's report.

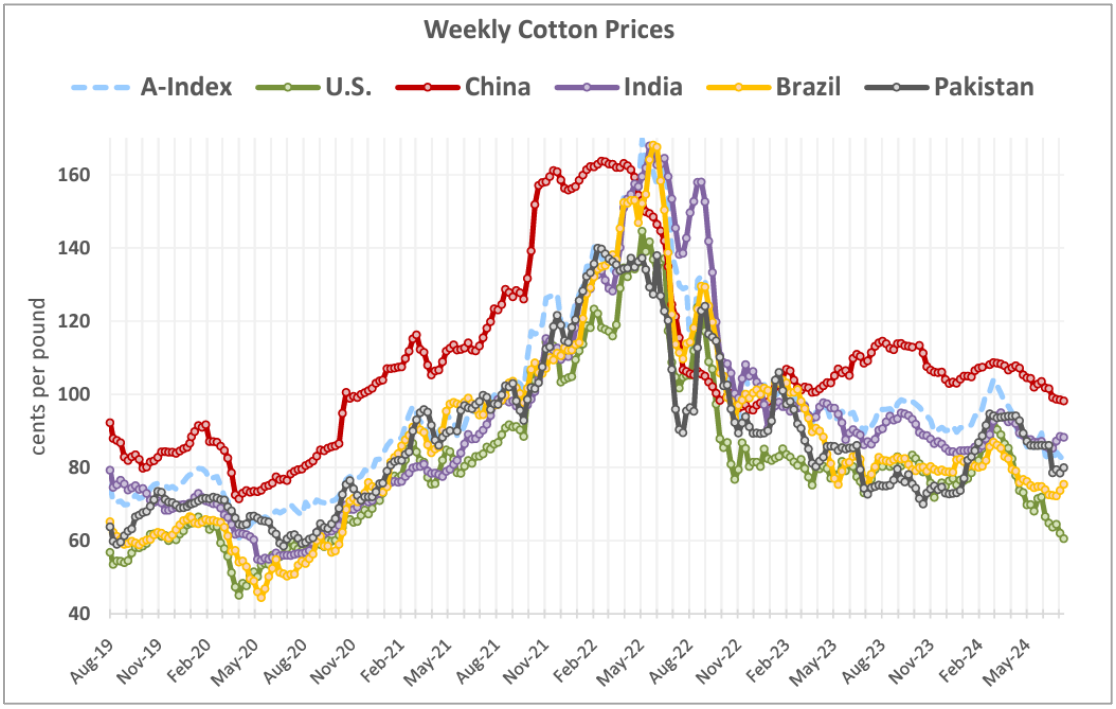
USDA recently released an extremely bearish world supply demand report. Thus, to ensure market participants kept focused, prices moved higher. Bearish fundamentals and higher prices were evidence that traders had completely faded the report. That is, the report was expected, and the changes had already been factored into prices. The market's belief that the changes were coming had previously driven prices below the 71-cent level. The higher trading level after the report suggests the market does not want to go any lower than the 68-70 cent level.

Bears will continue trying to depress prices. Bulls, while scarce and far between, will keep their hat in the ring based on the psychological thought that a bullish response to a bearish report tends to bring in speculative funds to the long side of the market. Nevertheless, July and August trading will likely range from the 68/69 cent level for the lows to the 74/75 cent level for the highs.

While the U.S. cotton forecast was very bearish, world carryover was lowered and that supports the idea that 70 cents, basis the December ICE futures contact, will provide strong price support. However, it is early in the northern hemisphere's growing season; thus, prices can still have considerable variability. The potential to move back to 75 cents exists and the vagaries of Nature can easily spur prices back to 80 cents. World supplies do remain very tight. The surplus of world supplies simply exists in the U.S. Unfortunately, the potential for higher prices rests with world production. Prices will move only to the 77/78 cent level in the absence of world production problems outside the U.S. While an excess of cotton is forecast in the U.S., countries that will likely need U.S. cotton are also forecast to have excellent crops. That is, unless there is an increase in U.S. exports, prices will find it difficult to move above 75 cents for any period.

The Australian and Brazilian crops will be the first to move in the export market and the U.S. will have to wait until much of that cotton is sold before its crop moves. Some pundits predict that the three months from September to November will see large shipments of U.S. cotton and that such movement will generate higher New York prices. Some in the trade do not see any reason to expect that three-month period will see any change in the current poor level of exports. Even if it does there is little reason to think it will be beneficial to ICE prices. Brazil will have a lock on those shipments. Traders are beginning to discuss the extremely unusual U.S. political scene. The potential for that concern could creep into trading activity. Such is unknown. Yet, without question, uncertainty does slow economic activity and causes a dramatic decrease in spending.

The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Ivory Coast, Burkina Faso, Memphis/Orleans/Texas, and Memphis/Eastern. Brazil is once again the lowest quoted origin at 79.00 cents per pound; Memphis/Eastern is the highest at 82.00 cents. The A-Index relative to ICE is roughly 11 cents higher and mostly unchanged from the previous year. (Note the A-Index includes the 5 cheapest origins of 'medium grade' cotton landed at a port in the Far East; quotations are compiled and published daily.)



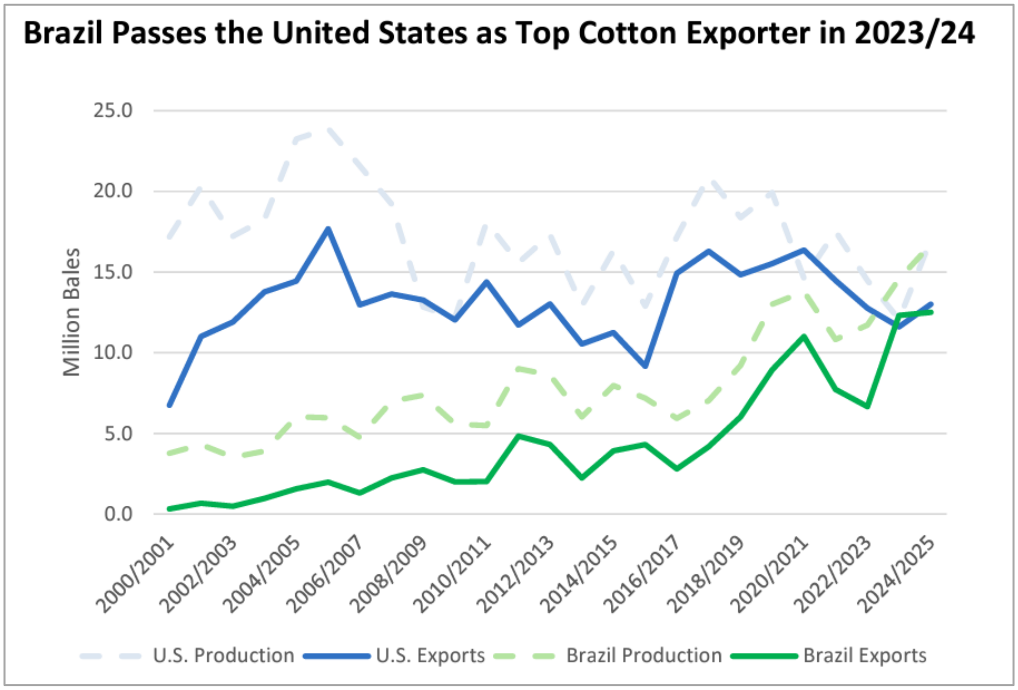

**Changes Since June *WASDE*** (cents per pound)

| | A-Index | U.S. | China | India | Brazil | Pakistan |
|---|---|---|---|---|---|---|
| 10-Jun | 83.7 | 64.3 | 102.0 | 85.5 | 73.6 | 86.1 |
| 10-Jul | 81.0 | 60.6 | 97.9 | 88.0 | 75.7 | 79.9 |
| **Change** | **-2.7** | **-3.7** | **-4.1** | **2.5** | **2.1** | **-6.2** |

U.S. spot prices are once again down to roughly 61 cents per pound, lower by nearly 30 cents as compared with prices in February. Basis is also down with Southeast at -450 basis points, North Delta decreasing to -550, and West Texas-Kansas-Oklahoma falling to -1,100. Despite a low basis, relative to recent history, the Agricultural Marketing Service only recorded around 1,000 bales of spot transactions since June's WASDE. This indicates a small volume trading at these lower levels.

For the global 2024/25 cotton balance sheet, production and consumption are increased, while beginning stocks and world trade are reduced. Beginning stocks are 1.7 million bales lower compared to June with India accounting for a large portion of the reduction. The forecast for global production is raised 1.1 million bales to 120.2 million, largely due to higher forecasted production for the United States. Consumption is 250,000 bales higher with increases in India and Malaysia offsetting reductions elsewhere. As a result, world ending stocks are reduced 860,000 bales from June to 82.6 million. Revisions to the 2023/24 world balance sheet include lower beginning stocks and higher consumption, resulting in a 1.7-million-bale reduction in ending stocks.

Brazil is projected to export 12.3 million bales in marketing year 2023/24, becoming the top global cotton exporter for the first time. Production has more than doubled in the last 7 years, reaching a record 14.6 million bales in 2023/24. In the last decade, yield has improved due to technological advancements including genetically engineered seeds, while harvested area has expanded drastically. Yield reached a record level this year due to these long-term trends combined with good weather conditions and stabilizing input prices.




Domestic use has not expanded to absorb larger supplies. Brazilian exports surged over the last 7 years, passing Australia, India, and now the United States, moving from fourth to top global exporter. Brazil provides counter-seasonal supplies to the global market as only 20 percent of cotton production occurs in the Southern Hemisphere, mostly in Brazil. Brazil has also benefited from a weak real, thus making its exports more affordable on the global market compared with other countries.

The United States has been the largest cotton exporter since 1993/94, before which it competed for the top spot with Uzbekistan or the Soviet Union. Since that time, U.S. cotton consumption has fallen from 10.3 million bales to 1.9 million in 2023/24, and the share of production that is exported rose from approximately 30 percent to 80 percent. As a result, the United States remained the largest exporter during this period despite being the second or third largest producer.

The magnitude of U.S. cotton exports is mainly determined by fluctuations in production. In 2023/24, production fell to its lowest level in 40 years due to drought causing greater abandonment in Texas, where more than half of U.S. cotton is planted. The current 2024/25 forecast assumes normal weather conditions, enabling U.S. cotton production to rebound and the United States to regain the top exporter position. However, as weather conditions in Texas continue to swing, Brazil could remain the largest exporter. Harvesting has begun on the 2024/25 crop in Brazil and is forecast to be another record year for production and area harvested.

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

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

| *Covered Commodity* | ***2023/24 MYA Price**** | *Effective Reference Price* | ***2023/24 PLC Payment Rate*** |
|---|---|---|---|
| Corn | $4.65 | $3.70 | -- |
| Grain Sorghum | $4.90 | $3.95 | -- |
| Long Grain Rice | $16.00 | $14.00 | -- |
| Medium Grain Rice | $17.70 | $14.00 | -- |
| Seed Cotton | $0.3910 | $0.3670 | -- |
| Soybeans | $12.50 | $8.40 | -- |
| Wheat | $6.96 | $5.50 | -- |

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

| *Covered Commodity* | ***2024/25 MYA Price**** | *Effective Reference Price* | ***2024/25 PLC Payment Rate*** |
|---|---|---|---|
| Corn | $4.30 | $4.01 | -- |
| Grain Sorghum | $4.30 | $4.06 | -- |
| Long Grain Rice | $14.50 | $14.00 | -- |
| Medium Grain Rice | $15.00 | $14.00 | -- |
| Seed Cotton | $0.3565 | $0.3670 | $0.0105 |
| Soybeans | $11.10 | $9.26 | -- |
| Wheat | $5.70 | $5.50 | -- |

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on July12, 2024.

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

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