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February 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	$4.55 per bu.	$4.35 per bu.
Soybeans	$12.40 per bu.	$10.10 per bu.
Long Grain Rice	$15.90 per cwt.	$14.00 per cwt.
South. Med. Grain Rice	$17.20 per cwt.	$14.80 per cwt.
Upland Cotton Lint	$0.76 per lb.	$0.635 per lb.
Seed Cotton	$0.3949 per lb.	$0.3368 per lb.

WASDE Summary

This month's **2024/25 U.S. corn supply and use outlook** remains unchanged from January. The projected season-average farm price has been raised by 10 cents to $4.35 per bushel.

U.S. 2024/25 soybean supply and use projections also remain unchanged this month. The season-average soybean price is projected at $10.10 per bushel, 10 cents lower than last month. Soybean meal and oil prices remain unchanged at $310 per short ton and 43 cents per pound, respectively.

The outlook for **2024/25 U.S. rice** this month calls for slightly higher supplies, increased domestic use, lower exports, and higher ending stocks. Supplies are raised, all on imports, as an increase in long-grain supplies more than offsets a reduction in medium- and short-grain. Long grain imports are higher on a recent increase in imports for Thai aromatics, while medium- and short-grain are lower on the expectation of reduced shipments from China to Puerto Rico. Domestic use and residual was raised by 1.0 million cwt to a record 166.0 million on increased imported long grain consumption. All rice exports were reduced by 4.0 million cwt to 96.0 million (all long-grain) on continued slow sales and shipments of rough rice to Western Hemisphere markets. All rice ending stocks were raised 3.5 million cwt to 47.0 million, up 18 percent from last year resulting in the highest stock levels in ten years. The 2024/25 long grain rice

season-average farm price was lowered $0.30 per cwt to $14.00. The season-average southern medium grain rice price remains unchanged from last month at $14.80 per cwt.

Changes to this month's **2024/25 U.S. cotton** balance sheet were minimal with domestic mill use being reduced 100,000 bales and ending stocks being raised by the equivalent amount for an ending stocks-to-use ratio of 39 percent. Production, beginning stocks, and exports remain unchanged. The 2024/25 season average upland farm price projection was reduced down to 63.5 cents per pound.

Corn

Corn futures have extended their late-fall rally into the New Year since USDA surprised the market on January 10th with a sizeable cut to its 2024 U.S. corn production estimates, as well as cutting U.S. ending stocks to 1.540 billion bushels. If there was a source of frustration in the January figures, it was that USDA decided to pencil in some early demand destruction as a result of lesser supply. It cut total demand by 75 million bushels between reduced feed usage and exports, although total demand remains estimated to be at record levels. The cut to exports was particularly interesting to analysts considering the current pace of USDA exports compared to both last year and the previous five years. Since January, the U.S. corn export book has gone on to post one of the more impressive Januarys in recent memory. Total corn sales over the month were the largest since the record export year of 2020-21, with shipments over the month running neck and neck with that season as well. As of Thursday, January 30th, corn commitments were running 28% above 2023-24 levels with the USDA estimate only calling for an increase of 7% year over year. The average estimate for U.S. corn ending stocks comes in at 1.537 billion bushels according to the Dow Jones pre-report survey of analysts. If correct and should USDA elect to reduce ending stocks, some in the trade see increased corn exports to accomplish this.

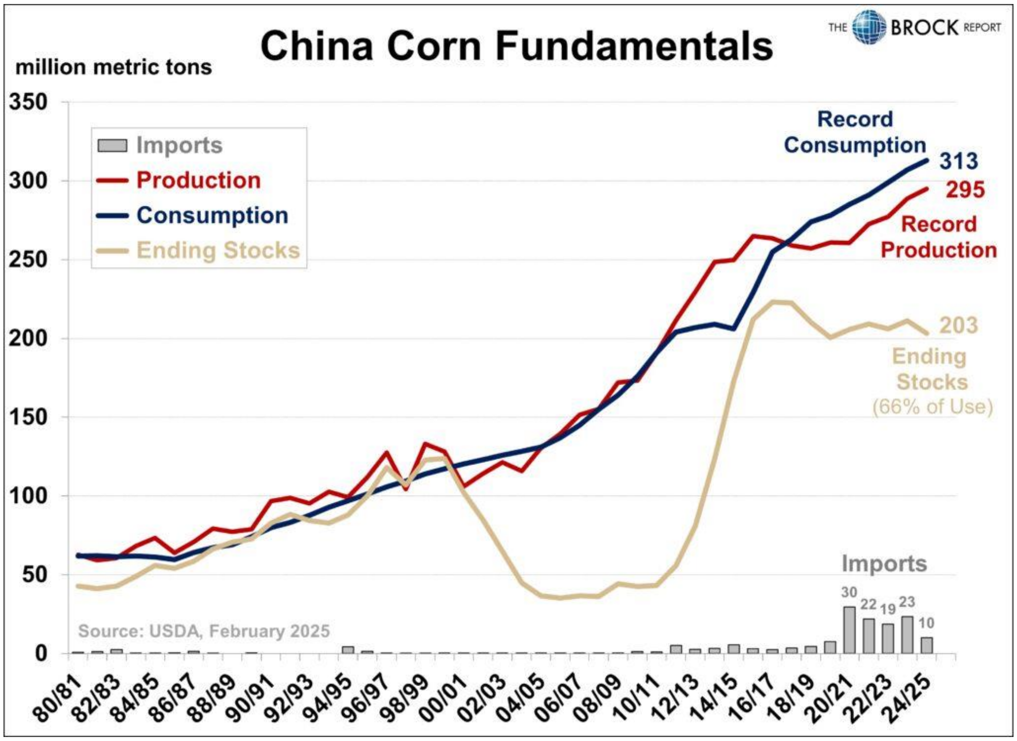
What may be of more interest to many traders this time around for the WASDE is how will USDA gauge South American production. For this time in February, the more accurate estimate is likely to come out of Argentina, as the Brazilian safrinha crop, which accounts for > 75% of total Brazilian corn production, is in the initial stages of planting. In fact, the slow start to the planting season could prove problematic down the road, but the trade does not see USDA taking that into account just yet. Analysts surveyed by Dow Jones agree, calling for Brazilian corn production, on average, to hold steady at 127 million metric tons (mmt). It is worth noting that this estimate is running 7 million metric tons ahead of Brazilian agency CONAB's 119.7 mmt estimate. For Argentina, things may be more interesting, as a very dry and hot last part of December and first half of January likely did some damage to its corn crop, which is roughly 50% pollinated. Average analysts' estimates are calling for Argentine corn production at 49.6 million metric tons, down from the current USDA estimate of 51 million metric tons. All told, the expectation is for another slight reduction in world corn ending stocks to 293.1 million metric tons, which would still stand as the tightest world stocks in a decade for corn.

Corn futures slid anywhere from 3/4 of a cent to 7 1/2 cents with old-crop contracts selling off after USDA left its U.S. carryout estimate unchanged in its latest Supply/Demand report. A lower world corn carryout forecast, and a lower crop estimate for Argentina failed to support prices. Losses were limited in 2025-crop contracts by bull spread unwinding. March corn futures fell 7 1/2 cents to $4.84, while May futures fell 6 1/2 cents to $4.98 and July futures fell 6 1/4 cents to $5.01 1/4.

Recent action does not look good on the corn futures charts, with old-crop futures falling just below their recent highs and finishing nearly at their session lows. March futures finished 13 cents off of a 4-session high they charted immediately after the release of the USDA report and posted their lowest close in 7 sessions. March has nearby chart support at $4.82 1/4 with support from week's low at $4.72 1/2. A March close below $4.80 would be very concerning technically. December corn hit a new 7-month-plus

high of $4.74 recently but finished that particular session at $4.70 1/4 just off its session low. December has key nearby support at its recent low of $4.62.

An unchanged U.S. corn balance sheet was clearly a bit disappointing for market bulls, who were looking for a further cut to the U.S. carryout estimate due to strong export sales. And USDA lowered its forecast for China's 2024-25 corn imports by 3 million metric tons to 10 million metric tons, deflating hopes for China's return to the U.S. corn market sometime this spring. While USDA pegged world corn stocks below the low end of the range of trade expectations, the cut came in China, which is still sitting on huge stocks. With China expected to import less corn, projected ending stocks in the world outside of China were virtually unchanged from January despite a cut of 1 million metric tons to Argentina's expected crop.



With the USDA report out of the way, corn traders would be inclined again to focus their attention on trade issues and S. American weather. Strong U.S. export sales should be viewed as market supportive, but retaliatory threats from Mexico, Canada and the European Union regarding U.S. steel and aluminum tariffs will be a negative concern for the market. It is important to note, however, that those tariffs are not set to take effect until March 12th, allowing time for negotiation.

Argentina's improved rain frequency over the next 7 days will offer relief to dry soil and stressed crops. The change does not look like a permanent fix and some drying will resume in late February and March. However, enough rain may occur in the coming week to stop the decline in crop conditions and production potential that has been supporting market trade in recent weeks. Far southern Argentina will remain drier than usual and will only get some limited relief in the next couple of weeks.

Safrinha corn planting should advance faster in Brazil's center-south growing belt as more soybeans come off the fields. Timely rain will be needed from late February through April to support second-season crops. Center-west Brazil Safrinha corn planting may improve around scattered showers and

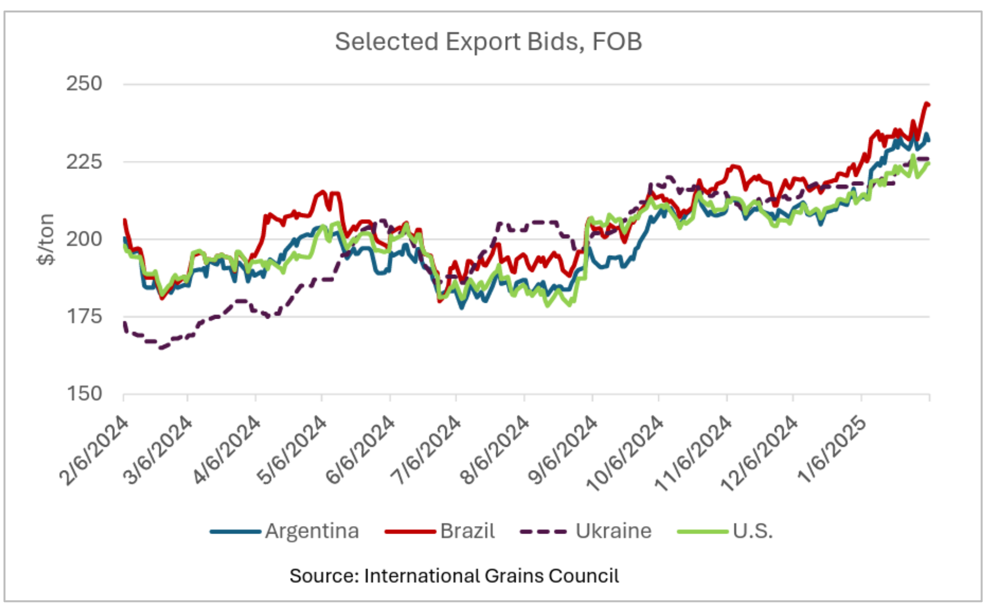
thunderstorms, but the field progress rate may remain a little slow because of the moisture and some wet fields.

Corn futures managed to claw back a portion of recent losses despite lacking outside market support and a fading soy complex. Recent price action was seemingly a reflection of teetering global corn supply as uncertainties loom amid a sluggish safrinha planting pace in Mato Grosso, Brazil, while global soybean supply leans bearish as South American producers look to harvest a record crop. Meanwhile, export demand was displayed through a daily sale from USDA, which totaled 130,320 metric tons for delivery to unknown destinations during 2024-25. However, ethanol production has recently stalled, with weekly production averaging 1.082 million barrels per day (week ending February 7th), down 30,000 barrels per day (2.7%) from the previous week and 1,000 barrels per day below the same week last year. That was the first time weekly production has been below year-ago since the week ended November 29, 2024. Moreover, ethanol stocks dropped 72,000 barrels to 25.692 million barrels.

The marketplace will continue to focus on South American weather as the optimal window for planting second crop safrinha corn is nearing completion. World Weather Inc. reports, though, that the weather will improve additionally over the next two weeks, further noting there is a good chance that the bulk of safrinha planting will be done by the end of this month. Regardless, late-season monsoonal rain will have to be routine to ensure the best development potential through mid-April.

March corn bulls managed to show their dominance through a close back above the 20- and 10-day moving averages of $4.87 1/2 and $4.89 3/4, which will once again serve as initial support. However, resistance will continue to serve at $4.92 3/4, which is backed by the February 5th high of $4.98 1/2 and psychological resistance at $5.00. Conversely, an additional breach of the 10- and 20-day moving averages will face additional support at $4.79 1/4, $4.74 1/4 and the 40-day moving average of $4.70 3/4.

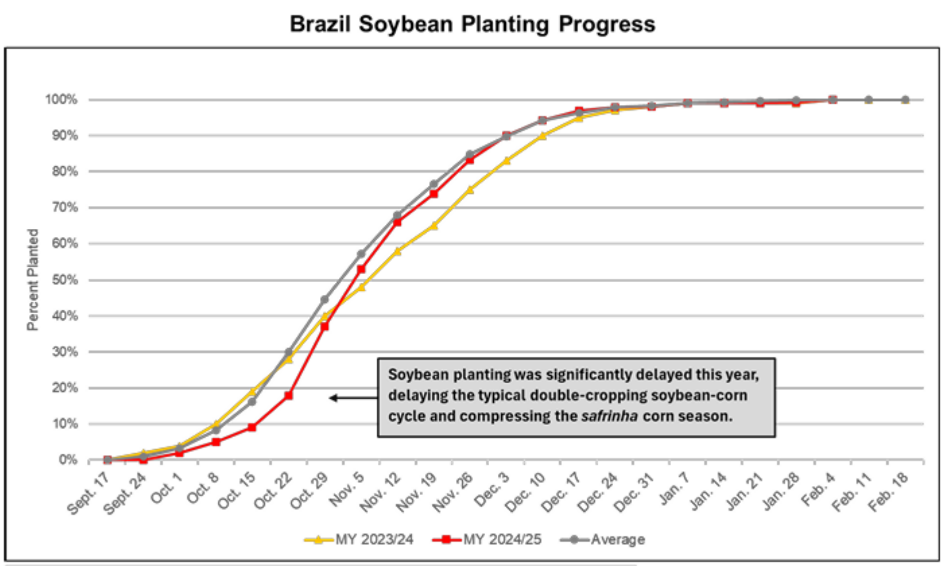
Since January's WASDE, export bids for all major origins rose. U.S. bids were up $11/ton to $226. The January WASDE report estimated tighter-than-expected corn production amid strong export and domestic demand, lifting prices higher. Argentine export bids were up $18/ton to $232, while Brazilian bids also rose $18/ton to $244. Forecasts for reduced production in both countries are supporting higher bids. Ukrainian export bids rose $9/ton to $227, as exportable supplies from a smaller crop continue to decline.



Export bids (US$ per metric ton)	6-Feb-25	6-Jan-25	6-Feb-24	*% change, '24 - '25*
Argentina, Up River	232	214	200	**16%**
Brazil, Paranaguá	244	225	206	**18%**
Ukraine	227	218	173	**31%**
U.S. #3 Yellow Corn, Gulf	226	214	198	**14%**

USDA estimates Brazilian corn production for the 2024/25 marketing year (MY) at 126.0 million metric tons, down 1 percent from last month, but up 3 percent from last year and 12 percent above the 5-year average. Harvested area is estimated at 22.3 million hectares, unchanged from last month, but up 4 percent from last year and 7 percent above the 5-year average. Yield is estimated at 5.65 tons per hectare, down 1 percent from last month and slightly below last year, but 5 percent above the 5-year average.

USDA has lowered its corn production estimate due to delays in the early portion of the annual double-cropping cycle of soybeans and corn. As stated previously, Brazilian soybean farmers typically follow harvest with a second (safrinha) crop, most commonly corn, but alternatively it could be cotton. The safrinha corn season accounts for ~76 percent of Brazil's annual corn production. The start of the soybean season is restricted in Brazil as to control for soybean rust and includes a moratorium during the winter months (June-August) where soybean planting is prohibited. Soybean planting optimally begins in the early part of September, with the onset of the rainy season, which aids in crop establishment, and begins the double-cropping cycle. The beginning of the rainy season in September 2024 was delayed, which in turn, delayed the onset of soybean planting until later that month, and even into October and November. Farmers rushed to plant soybeans in October and November, which compressed the harvest season. Soybean harvest begins in January, but this year, will extend into the early part of February 2025.



Source: Companhia Nacional de Abastecimento (CONAB)

The delayed and compressed timing of the soybean harvest has delayed safrinha corn planting in the primary corn producing region of the Center-West of Brazil. This has reduced the optimal window for the safrinha season, which relies on adequate rainfall through the month of April, provided the corn crop has time to fully develop. Seasonal rains typically end in late April, followed by a significant dry season.

Despite the delayed soybean planting window and potentially shortened growing season for safrinha corn, expectations for the MY 2024/25 corn crop remain positive. Prices have incentivized corn planting among farmers and seed sales were reportedly very high. Planted corn area is expected to increase, which should offset much of the yield losses due to the shortened season.

Soybeans

A month ago, the January WASDE served as a catalyst for soybean futures, which have since rallied over 50 cents because of the 90-mb cut in U.S. ending stocks estimated by USDA in that report. This time around, analysts expect a much more subdued report on the U.S. side of things. Analysts surveyed by Dow Jones were largely mixed on expectations for corn ending stocks, but the average estimate called for a 2-million bushel increase in ending stocks to 382 million bushels. Many analysts in the trade feel that this is a fair assessment as soybean crush demand remains brisk, setting two separate monthly records throughout the marketing year thus far, USDA is already estimating 2024-25 crush at a record and a 5.4% increase of 2023-24. The current pace (~6.3% above 2023-24 levels) may not be a large enough gap at this point to warrant stretching the record estimate further. Meanwhile, the pace of soybean exports has slipped over the past month or so. It is still trending slightly ahead of USDA's expected improvement in Y-O-Y exports, but that gap has narrowed. Increasing exports on Tuesday may prove difficult given the uncertainty surrounding the U.S. trading relationship with China ahead of what could still be record-setting soybean production in South America.

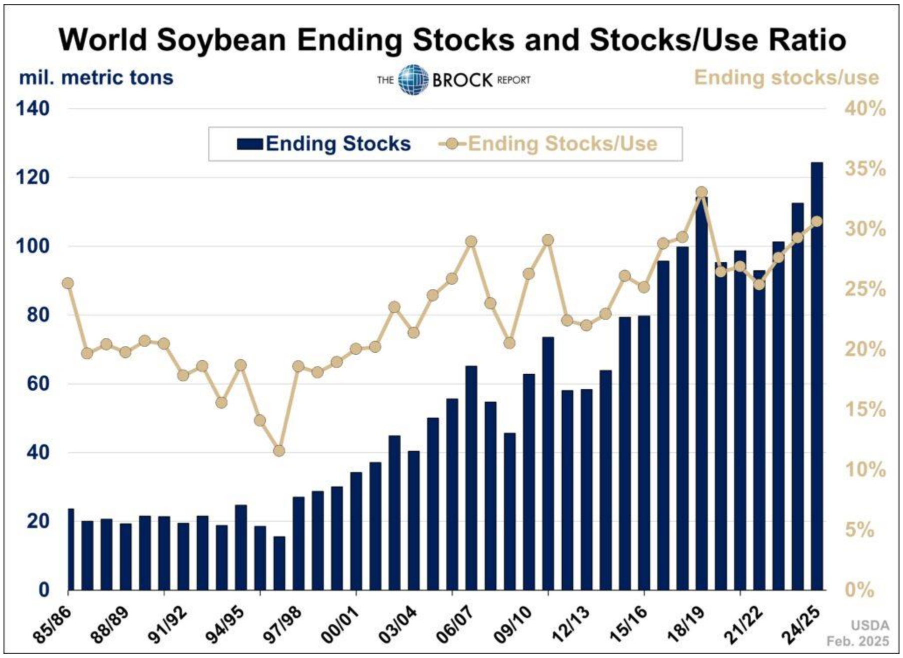
Looking to South American soybean production, analysts surveyed by Dow Jones expect a cut to Argentine soybean production of 1.4 mmt, down to 50.6 mmt, due to the very dry January likely causing yield loss among early pod-setting soybeans there. However, analysts are calling, on average, for a 0.9-million metric ton increase in Brazilian soybean production to offset at least part of the cuts predicted for Argentina. The net result should lead to a fairly static world ending stocks estimate for soybeans, estimated on average at 128.5 million metric tons, still record large by a wide margin, with China making up a very large share of those stocks.

Soybean futures posted modest losses ranging from 1 1/2 to 6 cents under pressure from Brazil’s big harvest, improved rainfall in Argentina, corn market weakness and the lack of any positive news in USDA’s U.S. soybean supply/demand forecast. Tariff concerns may also have weighed on futures. Prices fell even though USDA cut its estimates of the Argentine crop and the 2024-25 world soybean carryout more than expected, as the projected carryout remains historically large. Mar. soybean futures fell 6 cents to $10.43 1/2 and May soybeans fell 5 1/4 cents to $10.60 1/4, while July soybeans fell 4 1/2 cents to $10.76. March soyoil futures fell 40 points to 46.13 cents, while March soymeal futures fell $3.90 to $296.60.

Although soybean futures suffered modest losses recently, the technical action was not good as March, May and July futures all charted bearish outside trading days, with March and May futures recently closing below their short-term uptrend lines. Nearby support for March soybeans is now down at their February 3rd reversal low of $10.31 3/4 and a close below that could set up a drop back to $10.00 in the near term. November futures finished near their session low and 10 cents off their high. November has nearby support at $10.52, with nearby resistance at $10.65 1/2.

While USDA cut its forecast for Argentina’s crop by 3.0 million metric tons to 49.0 million metric tons and lowered its world carryout forecast by nearly 4.0 million metric tons, the new world carryout projection of 124.34 million metric tons remains record large and the projected world stocks/use ratio remains very comfortable at 30.6%. And while USDA left its forecast for the Brazilian crop unchanged at 169 million metric tons, there is still the possibility that crop may be larger, although one Brazilian

analyst, Patria Agronegocios, recently lowered their crop estimate down to 165.87 million metric tons (prev. 167.94 million metric tons). That is the lowest estimate of Brazilian production we have seen, with most private crop estimates above 170 million metric tons.

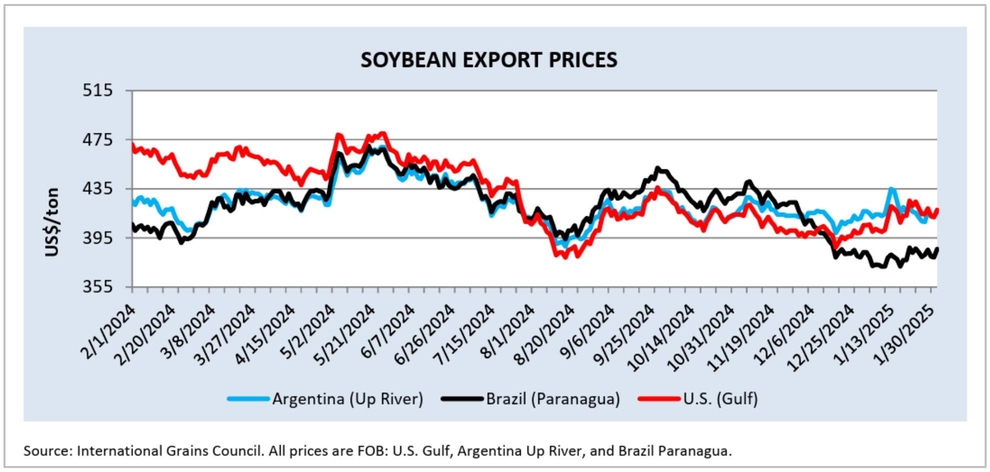


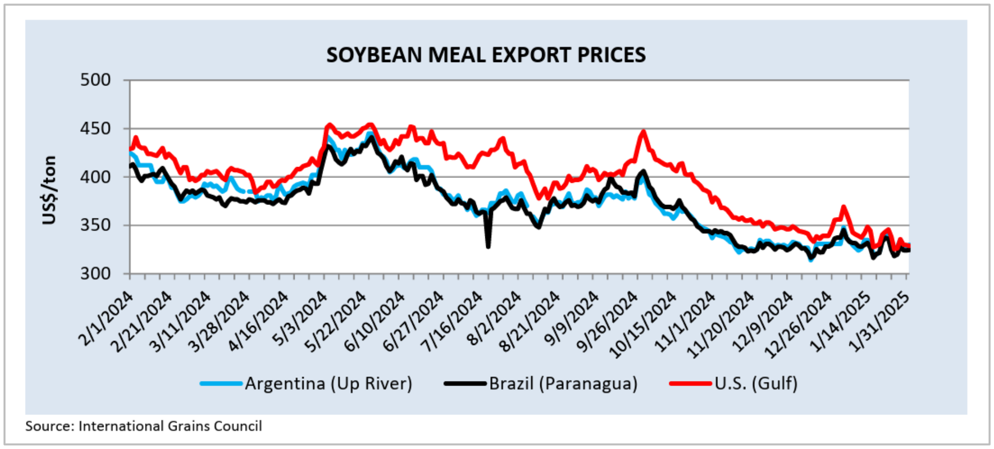
Rainfall expectations for Argentina are improved, while Brazil's center-south will dry out allowing increased soybean harvesting. Harvest is likely to pick up in Brazil's center-west growing belt as well, although it should remain on the slow side there due to continued wet soils and scattered showers.

World Weather Inc. today said central and northeastern Argentina, Uruguay, southwestern Paraguay, and southern Brazil will all receive significant rain in the coming 10 days, "bolstering soil moisture after a period of stress in recent weeks. Some of the precipitation falls a little late for saving yields and production in early season crops." However, late season crops will benefit. Meantime, less rain, and greater sunshine in center-south Brazil will be great for soybean harvesting. Mato Grosso, Brazil, however, will remain a little wet at times keeping field progress sluggish, said World Weather.

The soybean bulls have lost their overall near-term technical advantage. A six-week-old uptrend on the daily bar chart has been negated. The next near-term upside technical objective for the soybean bulls is closing March prices above solid resistance at the February high of $10.79 3/4. The next downside price objective for the bears is closing prices below solid technical support at $10.00. First resistance is seen at $10.40 and then at $10.50. First support is seen at today's low of $10.24 1/2 and then at $10.18 1/2.

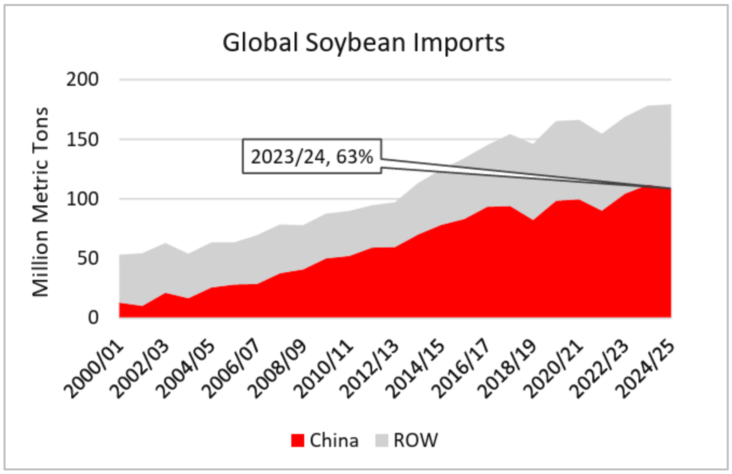
Since the January WASDE, soybean export prices for the United States, Brazil, and Argentina increased amid a lower global production outlook. Argentine soybean prices topped the market in mid-January as dry weather conditions lowered production expectations, but ended just below the United States as Argentina announced a reduced export tax on soybeans and products. Brazilian soybeans maintain a discount during its record crop year, even amidst harvest delays.





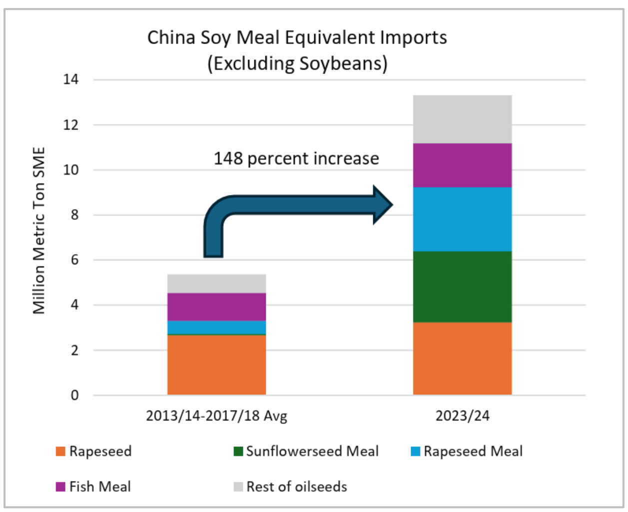
Soybean meal prices declined in major markets as record crushing continues to meet increased demand for soybean oil. Soybean oil prices strengthened globally throughout January. Strength in U.S. soybean oil prices drove convergence with Malaysian palm oil this month as soybean oil exports meet increased demand for palm oil substitutes. Argentine soybean oil emerged as the world's discount oil this month fueled by record crush and export tax cuts. Malaysian and Indonesian palm oil prices decreased on continued weak demand though remain high on decreased production in Malaysia and increased domestic stocks in Indonesia.

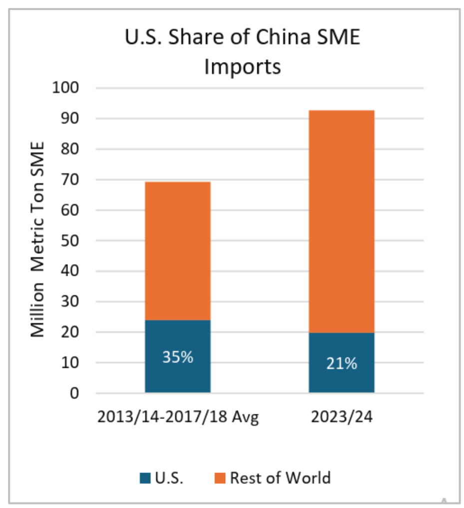
For over 2 decades, China has been the primary destination for exported soybeans, accounting for over 60 percent of global imports in recent years. These imports are utilized by the largest crushing industry in the world to produce soybean meal for the world's largest swine herd (~1/2 world swine stocks) and one of the world's largest poultry flocks. In recent years, China has aimed to diversify its supplier base and ensure a stable food supply for its population. However, despite efforts to diversify suppliers, China soybean imports have remained concentrated between the 3 major suppliers. Imports of alternative protein meals have increased but are still low compared to soybeans.



Soybean meal is the largest source of protein for feed rations in China, but feeding of mid-protein meal is on the rise. From 2013/14-2017/18, meal from imported soybeans averaged 93 percent of total imported soy meal equivalent (SME).1 Increased utilization of other protein meals pushed meal from imported soybeans down to 87 percent in 2023/24. Imports of other protein meals on a SME basis more than doubled over this period, driven by import growth of sunflower seed and rapeseed meal.

China started to import significant quantities of sunflowerseed meal in 2018/19, primarily from Ukraine, after a new protocol was established in late 2017. Significant amounts have also come from Russia since 2022. Similarly, rapeseed meal, primarily from Canada, has reached prominent levels in recent years.



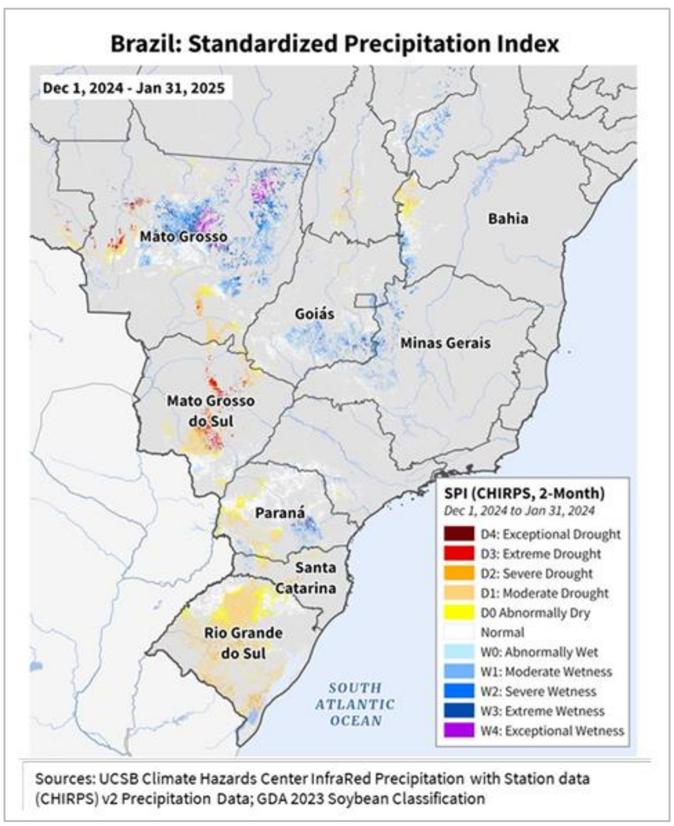


In the last 5 years, China has shifted away from U.S-sourced soybeans, both as a percentage of total SME and in absolute tonnage. The increased importation of other feedstuffs like rapeseed and sunflowerseed meal may have contributed to this change, as higher global production led to more competitive prices over time. However, this trend pales in comparison to the increased utilization of soybeans from Brazil. The share of Chinese soybean imports sourced from Brazil rose from 62 percent in 2017/18 to 71 percent in 2023/24, while U.S. share declined from 30 percent to 22 percent. This shift was in part driven by lower prices for Brazilian soybeans resulting from increasing Brazilian production and a weak Real (cf. U.S. dollar). From 2013/14-2017/18, unit values for China imports of U.S. soybeans were approximately 2 percent greater than those for Brazilian beans. In 2023/24, Chinese importers paid an average 13 percent more for U.S. soybeans than Brazilian, according to import unit values (China Customs Statistics).

Volumetrically, Chinese reliance on imported soybeans continues to grow. A moderate shift towards other protein sources such as rapeseed and sunflowerseed meal has hardly dented an increasing reliance on soybeans from Brazil, while imports of U.S. soybeans continue to decline. Based on the most recent FAS export sales reporting data, soybean commitments to China are at a 5-year low and Brazilian soybeans are trading at a significant discount to U.S. origin.

USDA estimates Brazilian soybean production for MY 2024/25 at a record 169.0 million metric tons, unchanged from last month, but 10 percent up from last year and 18 percent above the 5-year average. Harvested area is estimated at a record 47.4 million hectares, up slightly from last month, 3 percent higher than last year and 13 percent above the 5-year average. Yield is estimated at 3.57 tons per hectare, statistically unchanged from last month, but up 7 percent from last year and 5 percent above the 5-year average.

The soybean harvest has commenced, with industry sources reporting that 15.1 percent of the crop being harvested as of February 7th. That is only slightly behind average (18.4 percent). Overall, expectations for yields are positive. USDA staff conducted crop travel to Brazil during the second half of January, meeting with representatives from government and industry, as well as soybean farmers from southern Mato Grosso and northern Mato Grosso do Sul. The consensus outlook was very positive for soybean yields, as weather and crop conditions have been positive throughout the growing season in much of the Center-West of the country, where approximately 44 percent of the soybean crop is grown.



Top-end yield potential, however, has been tempered due to heat and dryness in southern portions of the country, including Rio Grande do Sul and portions of Paraná. Rio Grande do Sul has received beneficial rainfall more recently, which has reportedly alleviated some crop stress. Given that soybean planting in the state extends later into the season, there is more time for improved rainfall and potential for some

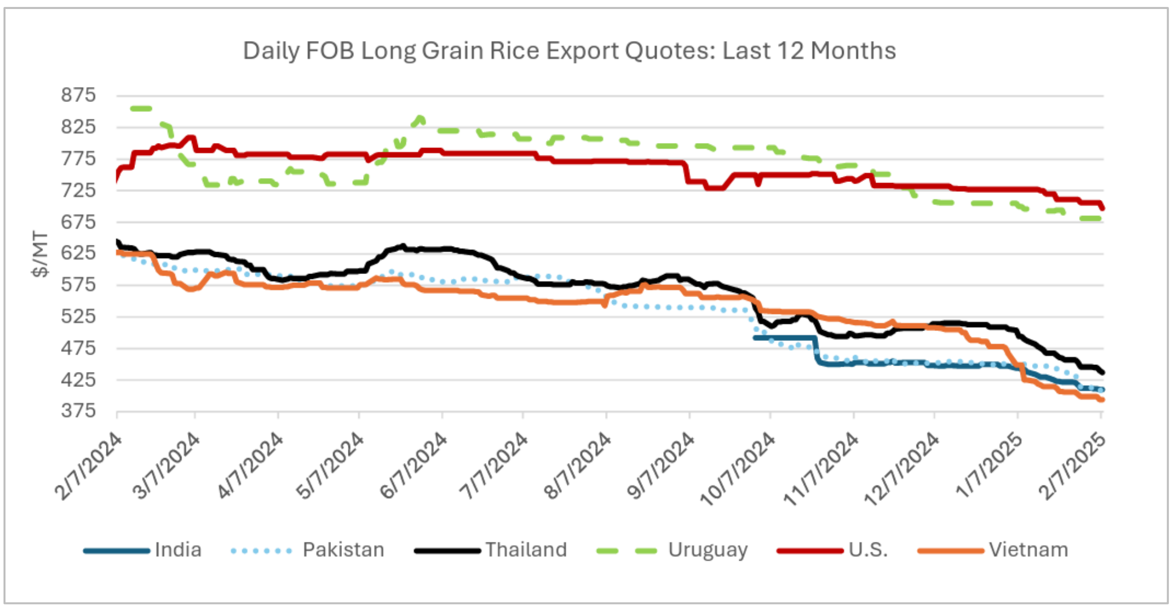
yield recovery. Farmers and representatives from the Mato Grosso do Sul soybean growers' association, Aprosoja-MS, also reported diminished crops in southern portions of that state, which have also experienced below-average rainfall. USDA continues to hold an expectation for above-average soybean yields in Brazil and has left its production estimate unchanged.

Rice

Rice futures ended slightly higher. March rice settled up 4 ½ cents to $13.97 ½, after trading a range of $13.77 to $14.14 ½. May rice was up 3 cents to $14.08. September rice was up 3 cents to $14.94.

The February USDA Supply and Demand report hiked the long-grain rice carryout by four million cwt., to 34.3 million. This is due mainly to a reduction in exports, particularly to Western Hemisphere destinations. While domestic use was raised by 1 million cwt., that was offset by an increase of 1 million cwt. in imports. The season-average price for long-grain rice was cut to $14.00, from $14.30 last month.

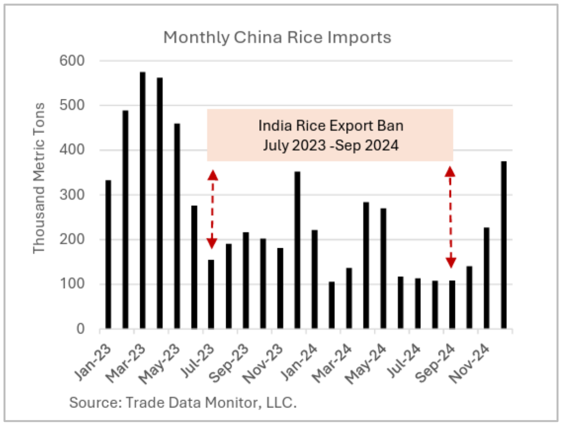
Since the January WASDE, global export quotes declined sharply. Pakistani quotes decreased $52 to $400/ton and Indian quotes fell $34 to $410/ton as India's return to the export market continues to create downward pressure on global prices. Vietnamese quotes decreased $55 to $394/ton and Thai quotes dropped $57 to $437/ton with fewer sales to Indonesia. U.S. prices dropped $30 to $697/ton on weaker sales to Latin America. Uruguayan quotes fell $32 to $668/ton as buyers wait for the harvest of the new crop.

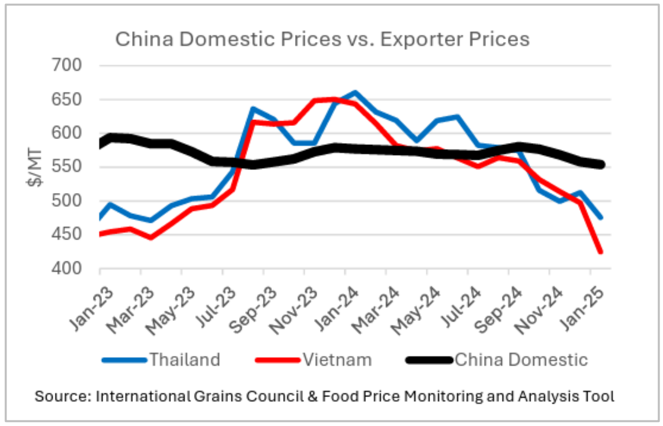


2025 Chinese rice imports were revised up 200,000 tons this month to 2.2 million tons as exporter quotes slide below domestic prices. India's return to the export market continues to create downward pressure on global prices, spurring an acceleration of China's overall rice imports in the final quarter of 2024. Major suppliers Thailand and Vietnam are expected to have increased sales to China this year.

China imported just over 1.6 million tons of rice in 2024, 1.0 million tons less than the year before and the lowest since 2011. Demand for foreign rice declined sharply in July 2023 after India placed numerous trade restrictions on milled rice exports. As global prices shot sharply higher, imported prices became uncompetitive relative to domestic rice, and Chinese buyers were noticeably absent from the market.

After India lifted its restrictions in September 2024, all major Asian exporter prices declined, and China's imports grew exponentially.





Despite India being the largest global exporter and lifting its milled rice export ban, it has remained relatively absent from the Chinese market since that time. As recently as 2022, India was China's top supplier, shipping over 2.0 million tons of broken rice as an alternative feed ingredient. In September 2022, India introduced a ban on broken rice exports which remains in place, despite India lifting its ban on white rice exports in September 2024. In addition, Chinese feed import demand is lower in 2024/25.

Cotton

Cotton futures ended higher, with nearby months leading the way. March cotton settled up 86 points to 67.40, after trading a range of 66.57 to 67.63. May cotton was up 74 points to 68.45, and December was up 52 points to 69.89.

USDA's recent Supply and Demand report was mostly uneventful for cotton, slightly raising U.S. carryout to 4.9 million bales, from 4.8 million last month. Exports were left unchanged, but domestic use was lowered slightly. The season-average price for cotton was lowered to 63.5 cents, from 65.0 last month. That would indicate that despite the steep recent losses in the cotton market, this is not an overpriced market. The trade now awaits weekly export sales, and then the National Cotton Council's annual meeting and acreage projections afterwards.

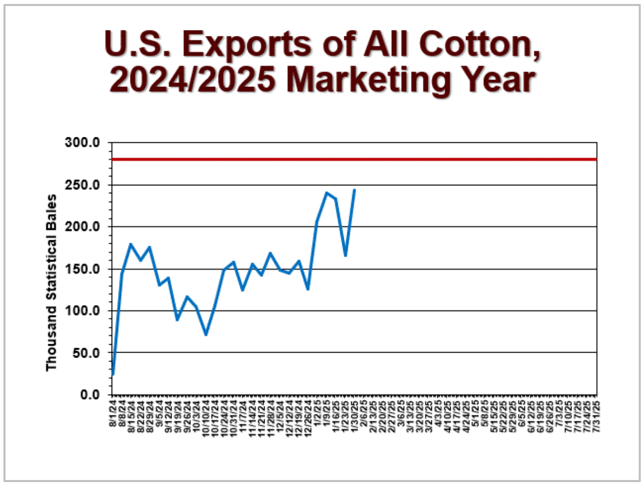
The cotton market saw a pause and some chart consolidation after making decent price gains this week. The key outside markets were neutral for the cotton market today as the U.S. dollar index was lower but so were crude oil prices. The U.S. stock indexes were also mixed today following a hotter-than-expected U.S. consumer price index report.

World Weather Inc. recently said that rain will be needed during the second half of winter and early spring in the U.S. southwestern desert region, southern California and both south and west Texas "to ensure favorable soil moisture for spring planting." A few areas in the southeastern U.S. are still drier than usual and need rain as well. The U.S. Delta will be wettest for a while along with "portions" of the interior southeast. West Texas precipitation in the coming week "will be too light to have a lasting impact, although a little snow and rain may briefly fall," said World Weather.

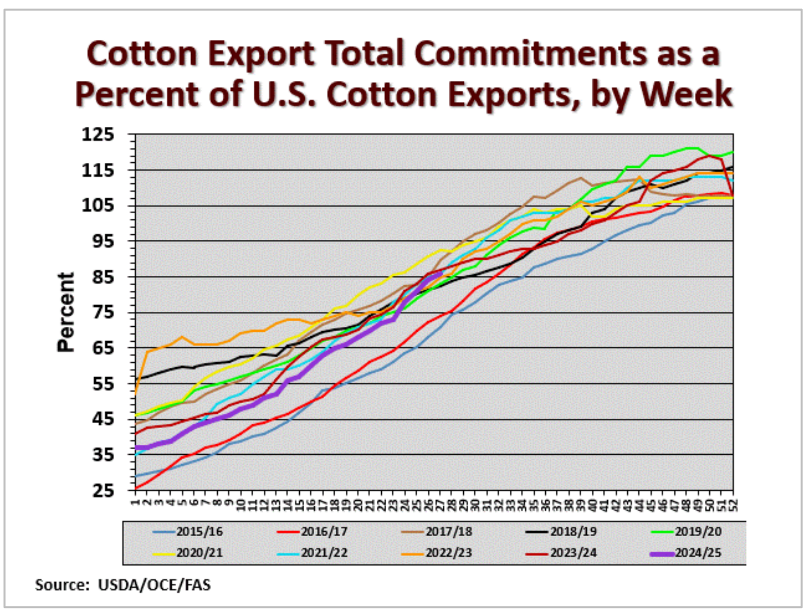
The cotton futures bears have the firm overall near-term technical advantage. Prices are still in a 4.5-month-old downtrend on the daily bar chart. The next upside price objective for the cotton bulls is to produce a close in March futures above technical resistance at 69.00 cents. The next downside price

objective for the cotton bears is to close prices below solid technical support at the contract low of 65.01 cents. First resistance is seen at today's high of 67.97 cents and then at 69.00 cents. First support is seen at 67.00 cents and then at 66.50 cents.

The blue line in the chart below shows actual weekly export shipments for the 2024/25 marketing year (converted from running bales into 480 lb. statistical bales, using USDA's conversion factor of 1.03). The week ending January 30th saw export shipments below the weekly average pace needed to reach USDA's 11.3 million bale target.



Another indicator of export demand is the percent of U.S. export total commitments to USDA's forecast export target of 11.3 million bales. Total commitments of all cotton as of January 30, 2025, included 3,886,679 bales worth of accumulated exports of all cotton, i.e., pima and upland sold and actually shipped since August 1st. It also includes another 5,268,553 running bales of pima and upland sold but not yet shipped ("outstanding sales"). The total of accumulated exports and outstanding sales is 9,155,232 running bales of total commitments which, after converting to statistical bales, is 86% of USDA's 11.3 million bale target for 2024/25 U.S. exports. This is in the lower third of the historical seasonal patterns of export sales as a percent of total forecasted exports (see below).



While growers are searching for alternative crops to plant in 2025, the prices for other crops are likewise very bearish ($4.50-$4.90 for corn and $10.25-$10.50 for soybeans), leaving growers scrambling to manage input costs – something they do every year. The bear has taken such a huge bite out of the market that we can only cry a bit.

It is past time to suggest that cotton is undervalued, and typically we would. But the absence of demand continues to thwart any price movement to higher prices. Too, export demand continues to add misery and leaves the market scrambling to make lemonade out of lemons. One must respect the 65-cent low and fear the market is trying to work its way down near the 63-cent level, essentially placing little value on world cotton supplies in what is the most bearish market of our time.

Cotton prices and the cotton market will be revived, but not with respect to the old crop 2024 production and not on the front end of the 2025 crop. We will have to look to the back end of the 2025 market to find reprieve.

While U.S. plantings will be down 8-10%, a 5-7% world reduction in planted area would serve as the stimulus to bring prices back to the mid- to upper 70s. Too, world carryover at 77-78 million bales is low enough that a third consecutive year of reduced production would be enough to stimulate prices back toward the upper 70s. While that does offer positive market enthusiasm, the cotton industry must again gain the confidence of the U.S. consumer to rebuild its customer base. Until demand can be reinvigorated, cotton prices will cling to prices below 80 cents.

The oft-mentioned CFTC cotton on-call report remains extremely bearish – more so than I ever recall – and suggests little hope, if any, for any improvement in old crop prices. Those hoping for higher prices have pinned their hope on the export market. However, extremely poor demand prospects suggest little help from the demand side of the price equation for the coming nine months.

There is hope that China will make additional purchases of U.S. cotton. However, Chinese stocks are extremely robust, suggesting little need of cotton at the present. Yet, with world cotton prices nearly 50% below the Chinese cost of production, one can argue that Chinese sales could increase. However, the Chinese suggest they have six to eight more months to make that purchase decision.

Production is forecast up more than 1.0 million bales to 120.4 million mainly on a 1.0 million-bale increase in China. China production is projected at 31.0 million bales, the largest crop since 2013/14. Global consumption is forecast up less than 100,000 bales to 115.9 million as higher use in Bangladesh, Pakistan, and Vietnam more than offsets a 500,000-bale reduction in India and a 100,000-bale reduction in the United States.

Global trade remains roughly unchanged at 42.5 million bales. Higher import forecasts for Bangladesh, Pakistan, and Vietnam more than offset a 700,000-bale reduction in Chinese imports. Global beginning stocks decreased more than 400,000 bales to 73.7 million on an upward revision to China consumption in 2023/24. Global ending stocks are projected up more than 500,000 bales to 78.4 million on lower India and U.S. consumption, a larger Brazilian crop, and higher Pakistani imports.

The U.S. season-average farm price for 2024/25 is forecast down 1.5 cents to 63.5 cents per pound. Since the last WASDE report, cotton futures on the Intercontinental Exchange (ICE) are down 2 cents to 66 cents per pound. Cotton futures reached their lowest level since September 2020 and are nearly 25 cents lower compared with last year. This is mostly owed to larger global production coupled with lower import demand.

The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long (buy) position (as February 4, 2025) for both NonCommercial and Index participants, falling to nearly -10,000 contracts compared with over 100,000 contracts last year. This dramatic reversal suggests speculators continue selling cotton futures contracts with the prediction that prices will fall further.

U.S. spot prices are down roughly 2 cents to around 62 cents per pound. Southeast basis was unchanged at -125 basis points and North and South Delta was also unchanged at-250. West Texas-Kansas-Oklahoma increased slightly to -450, and average basis across the United States was mostly unchanged at around -400. Average U.S. basis is unchanged from the previous year.

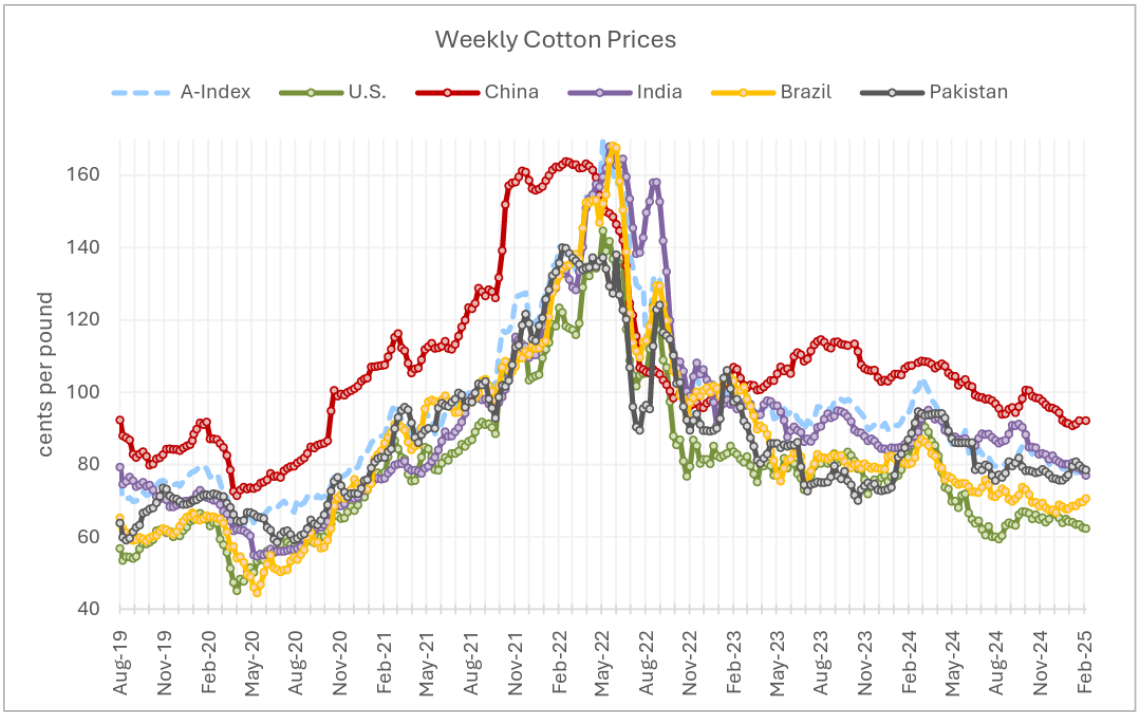
Chinese prices are up 1 cent to 92 cents per pound as the nearby futures contract (May) on the Zhengzhou Commodity Exchange (ZCE) rose to around 13,600 per metric ton compared with 13,400 last month. Basis (relative to ICE) was up more than 300 points compared with last month to 2,600 points.

Indian prices are down 4 cents to 77 cents per pound. Basis is down roughly 100 points to 1,100 but remains significantly higher compared with last year's level of around -300 points.

Brazilian prices are up 2 cents to around 71 cents per pound, and basis is up more than 400 points for the second consecutive month to roughly 400 points, significantly higher compared with last year's level of -800.

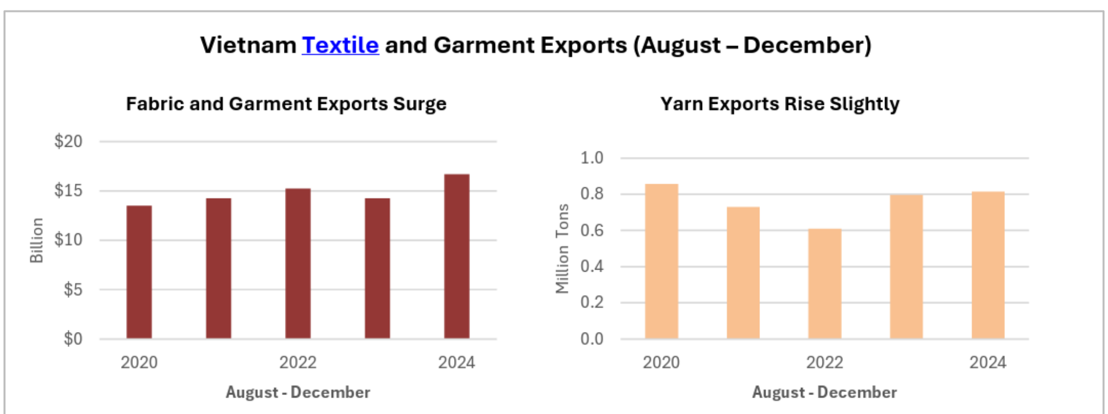
Pakistani prices are unchanged at around 79 cents per pound. Basis increased 100 points this month to around 1,200 points.

The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Memphis/Orleans/Texas, Memphis/Eastern, Côte d'Ivoire, and Burkina Faso. Brazil is once again the lowest quoted origin at 75.50 cents per pound; Burkina Faso is the highest at 79.50 cents. The A Index relative to ICE is roughly 11 cents higher and notably higher compared with 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.



Vietnamese 2024/25 (Aug. – Jul.) cotton imports and consumption are projected at a record 7.4 million bales and are expected to surpass previous year levels by more than 10 percent. Imports account for practically all cotton consumed domestically. Several factors are expected to drive record demand, including a record pace of garment exports and an increasing pace of foreign-direct investment (FDI).

Vietnamese fabric and garment exports are a pivotal engine for economic growth and typically account for ~10 percent of annual export values. From August to December 2024, fabric and garment exports totaled a record $16.7 billion, >17 percent above the previous year. Yarn exports (mostly cotton fiber) were slightly above the previous year and are further supporting greater cotton demand. As mentioned in FAS Hanoi's most recent Cotton and Products update, U.S. and EU retailers have increased apparel orders from Vietnam in lieu of China and Bangladesh. The United States remained Vietnam's largest destination for fabric and garment exports in the last calendar year.



Source: Vietnam Customs Statistics. Note: Data is for the 5-month period August – December, for example, 2024 represents exports from August 2024 – December 2024.

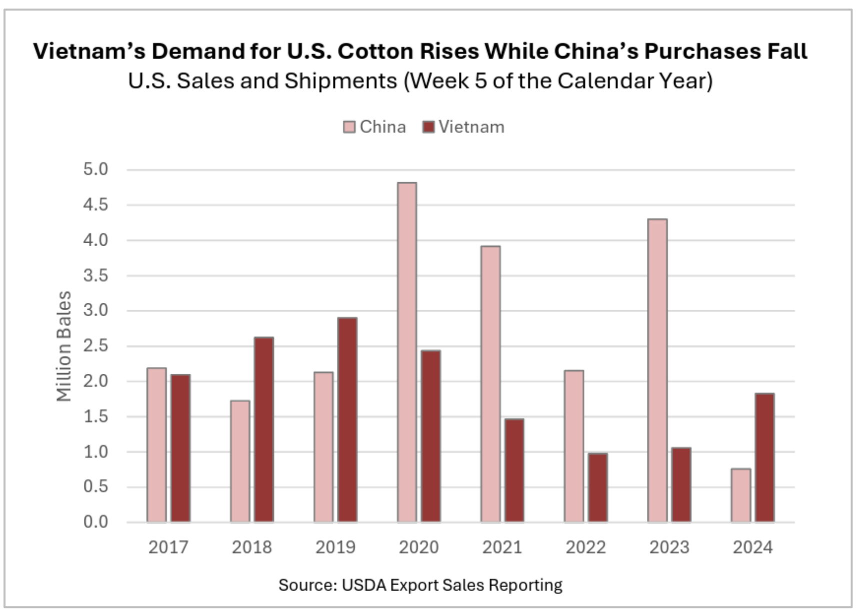
In the 2024 U.S. Fashion Industry Benchmarking Study, respondents (i.e., U.S. importers of apparel) were asked where their imports are sourced from and what percentage a particular country comprised of their imports. Vietnam was the second largest supplier behind China; however, China scored lowest on the ranking for "Geopolitical risk" lending credence to the notion that U.S. importers are shifting away from China, traditionally the United States' largest supplier of apparel.

Greater FDI is also spurring Vietnamese cotton demand, with 2024 investments up more than 9 percent to over $25.0 billion. These investments include new and future industrial parks for manufacturing textiles, with some parks housing multiple segments of the supply chain. Last year, Vietnam's FDI-affiliated companies accounted for roughly 60 percent of the country's fabric and garment exports and nearly 70 percent of yarn exports.

Vietnam sources current and future FDI in textiles from a vast array of countries including China, Singapore, Japan, South Korea, and Taiwan. Vietnam's competitive advantages relative to competitors include: a skilled and low-cost labor force, proximity to China and global shipping routes, a relatively large volume of free trade agreements (FTAs), and an increasingly integrated textile supply chain.

Chinese companies account for more than half of the FDI related to textiles in Vietnam and around one-third of the country's spinning capacity. Chinese companies are shifting greater volumes of U.S. cotton to their Vietnamese mills while forward buying of U.S. cotton from mills located in China has stalled.3 In addition to these political uncertainties, Vietnam is a more favorable destination due to zero import duties and no tariff-rate quota (TRQ) on cotton lint.

Lastly, the Uyghur Forced Labor Prevention Act (UFLPA) has incentivized Chinese firms to continue outsourcing additional textile production to Vietnam. Although Vietnamese apparel exports to the United States have been seized by U.S. Customs and Border Protection (CBP) in suspicion of violating UFLPA, documentation showing cotton yarn was manufactured in Vietnam gives U.S. importers better assurance that CBP will release such seizures. Vietnam does not import cotton fiber from Xinjiang, hence, Vietnamese yarn (fiber being the feedstock) is not as susceptible to violating the law. In contrast, documentation showing yarn produced in China may draw increased scrutiny from CBP.



Increasing vertical integration in Vietnam's textile supply chain gives U.S. apparel importers better assurance in complying with the UFLPA due to less exposure to Xinjiang cotton fiber. These factors are not only shifting more U.S. cotton fiber to Vietnam but also improving demand for Vietnamese apparel. Prospects for future investments in fabric and garment facilities, both domestic companies and FDI, are expected to support record 2024/25 cotton consumption and beyond.

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	$4.55	$3.70	--
Grain Sorghum	$4.93	$3.95	--
Long Grain Rice	$15.90	$14.00	--
Medium Grain Rice	$17.20	$14.00	--
Seed Cotton	$0.3949	$0.3670	--
Soybeans	$12.40	$8.40	--
Wheat	$6.96	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on February 11, 2025.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.35	$4.25	$0.10
Grain Sorghum	$4.25	$4.51	$0.26
Long Grain Rice	$14.00	$14.00	--
Medium Grain Rice	$14.80	$14.00	--
Seed Cotton	$0.3368	$0.3670	$0.0302
Soybeans	$10.10	$9.66	--
Wheat	$5.55	$5.56	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on February 11, 2025.

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

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