

August 2023 Grain Marketing Outlook

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EXTENSION

Main Grain Market Headlines of 2023

- Extreme volatility in 2023 has presented its fair share of market challenges.
 - War
 - Weather
 - Import / Export Deals
 - Acreage Selections
- Fair to expect market volatility well into 2024.



Seasonality Trends in 2023

- Seasonality trends in the markets have for the most part stayed intact in 2023, but market price swings have been monumental.
 - Corn prices – Typically highest in the spring months (March-June)
 - Soybean prices – Typically highest during the early summer (June-July)
 - Wheat prices – Typically highest during the summer after seasons harvest (July-September)



Market Expectations Moving Into 2024

- Global inventories will remain tight.
- US inventories will also be tight.
- Weak demand for US corn.
 - Exports down.
 - Ethanol competing with gas with expensive corn and natural gas.
 - Price of inputs next year can hurt new crop considering prices.



Market Expectations Moving Into 2024

- Soybean demand is strong.
 - Brazil and Argentina
 - Renewable diesel / crush / vegetable oil
 - Planted acreage down in this production year.
- Winter wheat still up.
 - Market tied to the Ukraine.
 - Record crop locally this past year.
 - What will this look like next year?



Market Watch for Remainder of 2023

- Weather conditions across the corn belt in August.
 - Many midwestern states are in tasseling right now.
 - Much of the area has been designated a drought area already.
 - High heat temperatures stressed the crop at the end of July with little to no favorable weather conditions during the first half of August.
 - Will we see a third market reversal this year in prices?



Market Watch for Remainder of 2023

- Ukrainian conflict news.
 - News of renewed Russian aggression and market response.
- Be prepared to see markets move on August 11th when USDA releases the July World Agriculture Supply and Demand Estimate (WASDE Report).
 - A lot has happened since the June estimates.

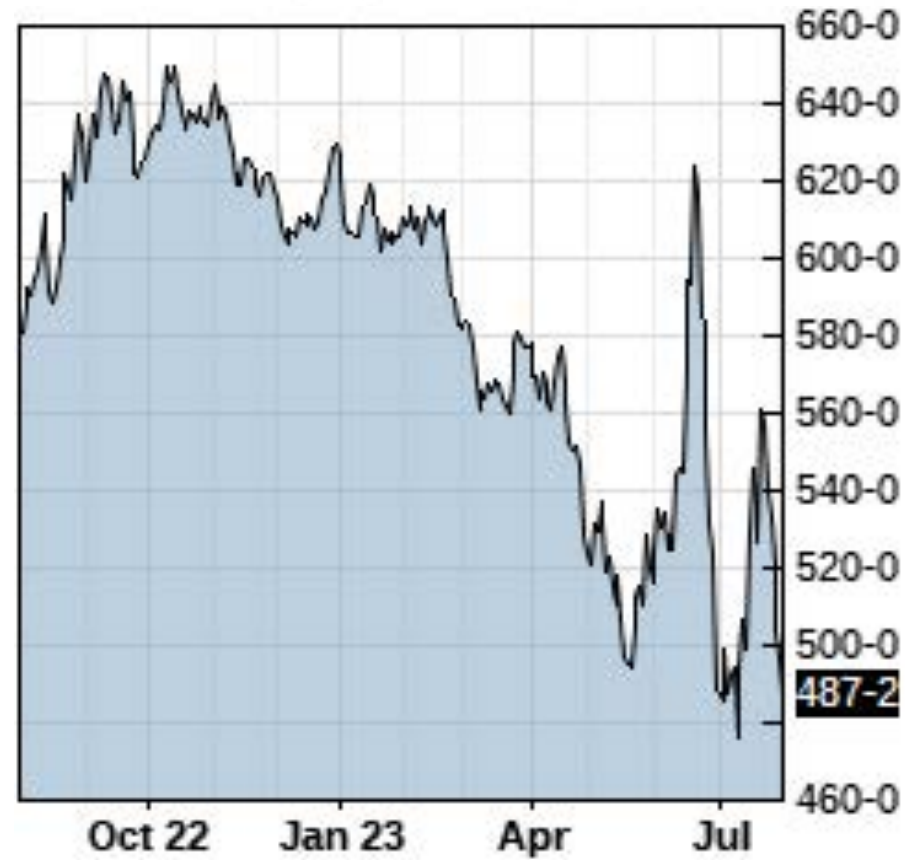


Corn Expectations Before the Next USDA WASDE Report (August 11th)

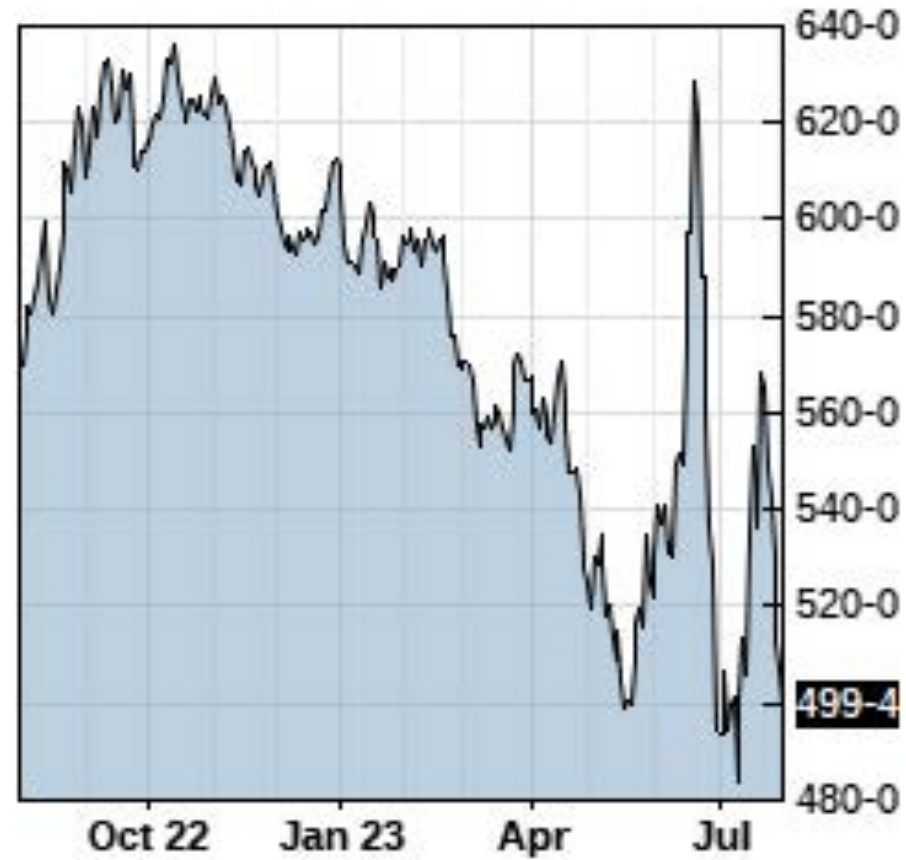
	Jul Proj.	Jun Proj.	Est.			
CORN (PAGE 12)	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20
Planted (Million acres)	94.1	92.0	88.6	93.3	90.7	89.7
Harvested (Million acres)	86.3	84.1	79.2	85.3	82.3	81.3
Bushel yield/harvested acre	177.5	181.5	173.3	176.7	171.4	167.5
Supply (Million Bushels)						
Beginning stocks	1,402	1,452	1,377	1,235	1,919	2,221
Production	15,320	15,265	13,730	15,074	14,111	13,620
Imports	25	25	25	24	24	42
Supply, total	16,747	16,742	15,132	16,333	16,055	15,883
Demand (Million Bushels)						
Feed and residual	5,650	5,650	5,425	5,721	5,602	5,900
Feed % of Production	36.9%	37.0%	39.5%	38.0%	39.7%	43.3%
Food, seed & industrial	6,735	6,735	6,655	6,764	6,472	6,286
Ethanol for fuel	5,300	5,300	5,225	5,326	5,033	4,857
Ethanol % of Production	34.6%	34.7%	38.1%	35.3%	35.7%	35.7%
Domestic, total	12,385	12,385	12,080	12,484	12,704	12,186
Exports	2,100	2,100	1,650	2,471	2,747	1,777
Use total	14,485	14,485	13,730	14,956	14,821	13,963
Ending stocks	2,262	2,257	1,402	1,377	1,235	1,919
Ending stocks to use ratio	15.6%	15.6%	10.2%	9.2%	8.3%	13.7%
Average farm price/bushel	\$4.80	\$4.80	\$6.60	\$6.00	\$4.53	\$3.56



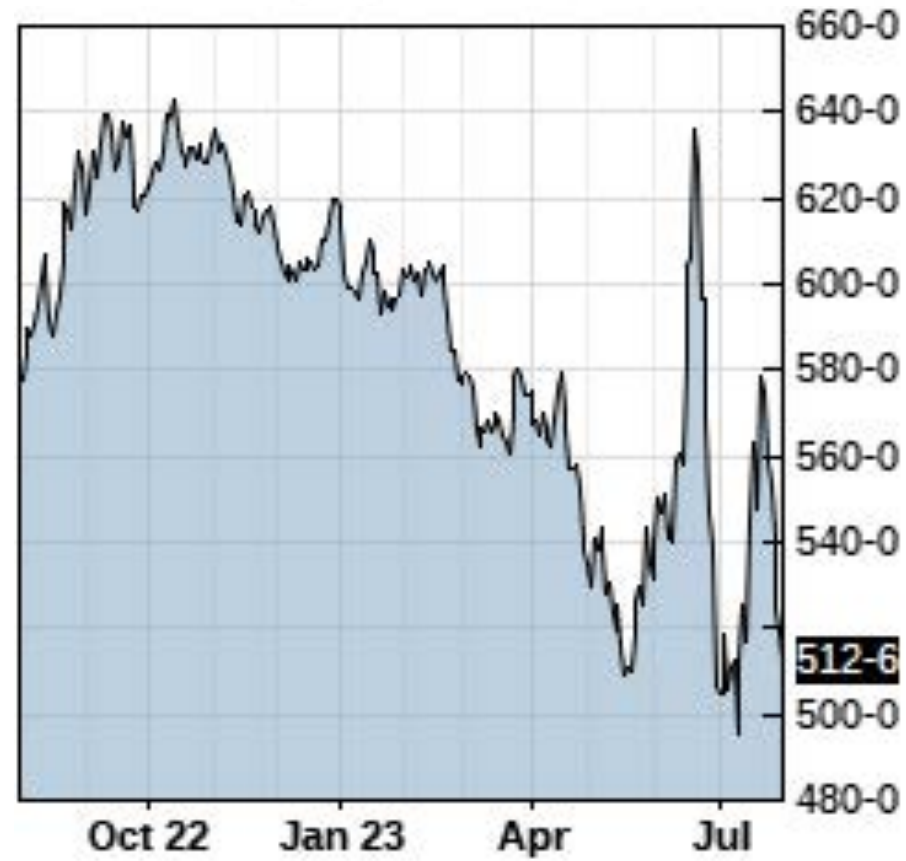
Corn – September 2023



Corn – December 2023



Corn – March 2024



Soybean Expectations Before the Next USDA WASDE Report (August 11th)

	Jul Proj.	Jun Proj.	Est.			
SOYBEANS (PAGE 15)	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20
Planted (Million acres)	83.5	87.5	87.5	87.2	83.4	76.1
Harvested (Million acres)	82.7	86.7	86.3	86.3	82.6	74.9
Bushel yield/harvested acre	52	52	49.5	51.7	51	47.4
Supply (Million Bushels)						
Beginning stocks	255	230	274	257	525	909
Production	4,300	4,510	4,276	4,465	4,216	3,552
Imports	20	20	25	16	20	15
Supply, total	4,575	4,760	4,576	4,738	4,761	4,476
Demand (Million Bushels)						
Crushings	2,300	2,310	2,220	2,204	2,141	2,165
Exports	1,850	1,975	1,980	2,158	2,261	1,682
Seed	101	101	97	102	101	96
Residual	25	25	23	1	(4)	9
Use, total	4,276	4,411	4,320	4,464	4,504	3,952
Ending stocks, total	300	350	255	274	257	525
Ending stocks to use ratio	7.0%	7.9%	5.9%	6.1%	5.7%	13.3%
Average farm price/bushel	\$12.40	\$12.10	\$14.20	\$13.30	\$10.80	\$8.57



Soybean – September 2023



Soybean – November 2023



Soybean – January 2024

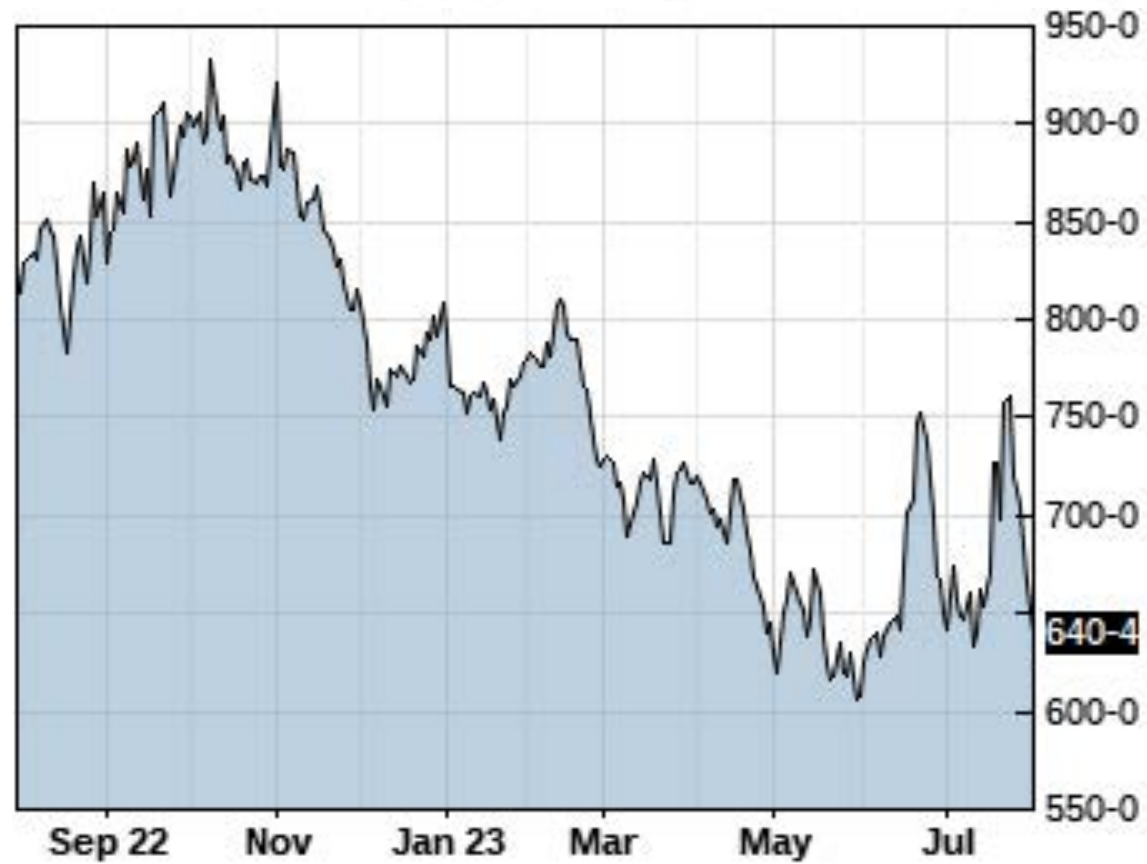


Wheat Expectations Before the Next USDA WASDE Report (August 11th)

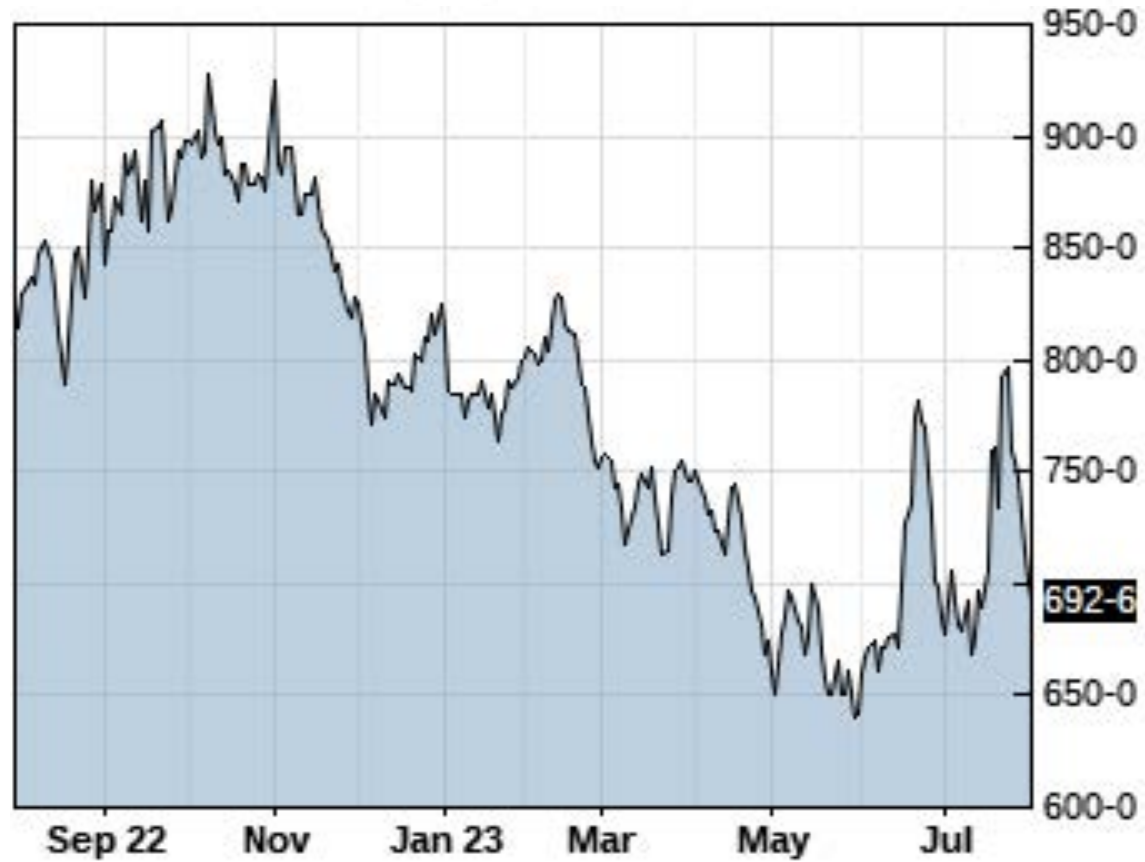
	Jul Proj.	Jun Proj.	Est.			
WHEAT (PAGE 11)	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20
Planted (Million acres)	49.6	49.9	45.7	46.7	44.5	45.5
Harvested (Million acres)	37.7	37.1	35.5	37.1	36.8	37.4
Bushel yield/harvested acre	46.1	44.9	46.5	44.3	49.7	51.7
Supply (Million Bushels)						
Beginning stocks	580	598	698	845	1028	1,080
Production	1739	1665	1650	1646	1828	1,932
Imports	130	135	122	95	100	105
Supply, total	2,449	2,399	2,170	2,587	2,957	3,117
Demand (Million Bushels)						
Food	977	977	975	972	961	962
Seed	65	65	70	58	64	60
Feed & Residual	90	70	86	59	93	102
Domestic, total	1,132	1,112	1,131	1,088	1,117	1,123
Exports	725	725	759	800	994	965
Use, total	1,857	1,837	1,890	1,888	2,111	2,089
Ending stocks, total	592	562	580	698	845	1,028
Ending stocks to use ratio	31.9%	30.6%	30.7%	37.0%	40.0%	49.2%
Average farm price/bushel	\$7.50	\$7.70	\$8.83	\$7.63	\$5.05	\$4.58



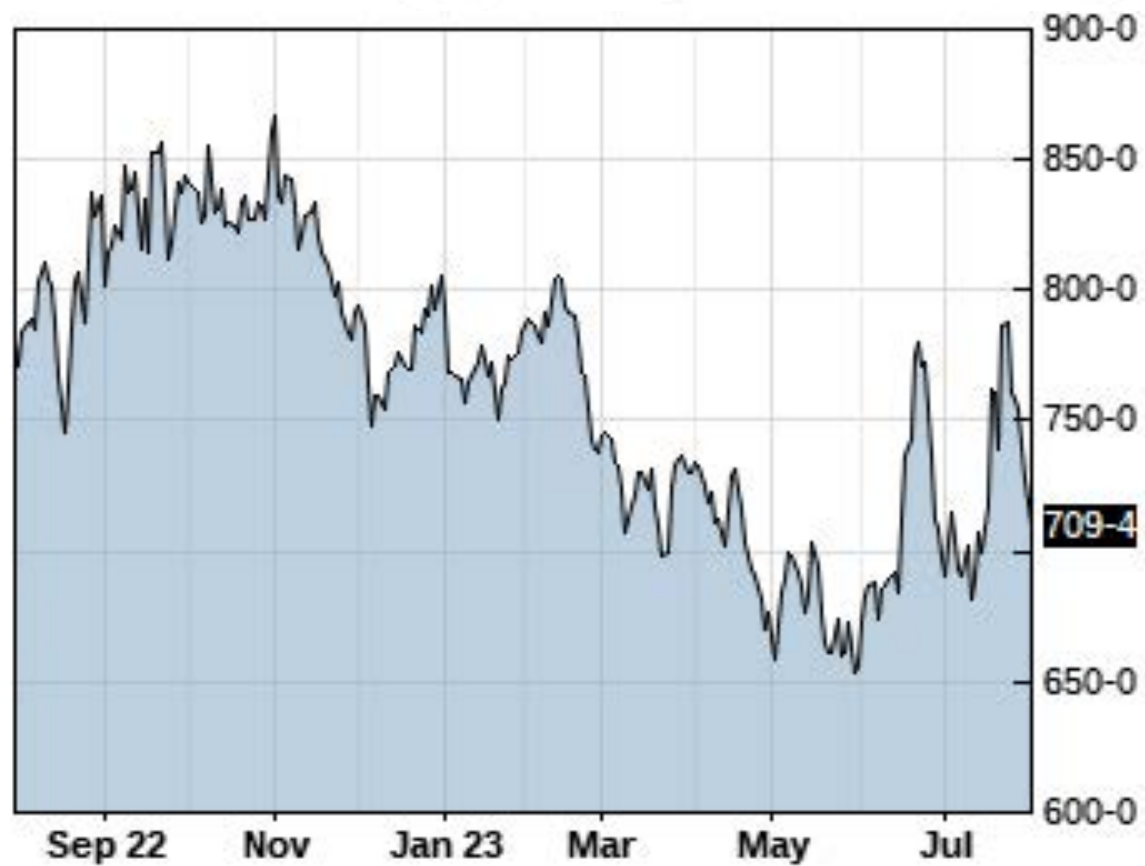
Wheat – September 2023



Wheat – March 2024



Wheat – July 2024



Marketing Tips During Volatility

- **Know your cost of production to determine the most profitable price.**
- Producing grain is not worth it if you are selling bushels below your breakeven price.
- Making sales at a farm price level that is profitable generates positive cash flows.
 - Often at times, it is okay to book grain when it is profitable for your operation.



Marketing Tips During Volatility

- At the same token, there is an opportunity cost when selling grain always at a profitable price level.
 - An opportunity cost the loss of potential revenue when you sell grain too early and the price of grain increases.
 - Two methods for evaluating opportunity cost:
 1. Opportunity Cost = Revenue – Economic Profit
 2. Opportunity Cost = What is Sacrificed / What is Gained
- Imperative to define your level of risk.
- Risk averse or risk neutral?



Marketing Tips During Volatility

- If you can increase every bushel sold by a dime, or two dimes, or three it can make a big difference in your bottom line.
- Determine the average farm bushel price sold during the season as a foundation to improve on from year to year.
- If you averaged \$5.50 / bu corn sold last season, what changes do you need to make in your marketing plan to reach \$5.75.20 / bu?
- It is important to take a Moneyball approach to grain marketing, or in this case, “Moneygrain.”



“Moneygrain”

- Hitting the “home run” grain sale every time is impossible.
 - Baseball and grain marketing have similarities.
 - Who was a better batter? Barry Bonds, or Ty Cobb
 - Barry Bonds Career Stats:
 - 762 Home Runs
 - Batting Average: .298
 - Runs Batted In: 1996
 - Ty Cobb Career Stats
 - 114 Home Runs
 - Batting Average: .366
 - Runs Batted In: 1938
- How important is consistency to you?
- Define your level of risk.



Conclusion

- Watch market news heavily the next few weeks.
- Expect market volatility to continue well into 2024.
- Have an effective grain marketing plan in place to mitigate price risks to your operation.
- Incorporate different marketing strategies to improve the farm bushel sales price (“Moneygrain”).
- Discuss markets and marketing strategies with others.



Questions / Discussion?



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