



## March 2024 Monthly Commentary

Corn and beans found support and staged short covering rallies in Mch. Lack of producer selling aided in the rally as did inflation talk, technical considerations, and positioning for the stocks and acreage report at the end of the month which historically has been quite unpredictable. Corn was up 12 cents for the month with beans up 50 cents. Meal gained \$9/ton and oil was up 291 points. Wheat was the weakest, following Russian FOB values lower, losing 16 cents in Chgo, 2 in KC, and 14 in Mpls. Wheat futures did turn more sideways after new lows early in the month.

Brazil crop ideas continued to work lower with CONAB publishing 146.9 while USDA lowered by 1 mmt but still well above CONAB at 155 mmt. Some commercial enterprises remain above USDA. Harvest is nearly 80% complete and there is a still a very wide discrepancy in crop size. But the market focus is shifting to US prod'n prospects and SAM exports. The USDA is likely way too high on Brazil exports at 103 mmt (95 last year). USDA prospective plantings came in at the average trade estimate of 86.5 mil, down from 87.0 from the Outlook Conf, but up from 83.6 last year. Stocks were slightly above trade ideas and without a yield problem, stocks should build to burdensome levels in 24/25. On report day, bullish surprises in corn spilled over to beans and provided support. Direction in corn may continue to drive overall sentiment with producers still behind on selling (although the rally in Mch helped a lot). Most think the acreage pie is too low overall so spring weather will help drive direction. We are likely in the realizing phase with US shipments not keeping up with the USDA export forecast and demand shifting to SAM. There is still likely considerable downside if us planting and growing weather cooperates. The crush will likely need to slow once Argentina comes on. This could tighten up the oil situation at some point. Last summer oil spreads had a big rally and we may be set up for similar move this year.

Corn stocks and acres came in well below trade ideas. Mch 1 stocks were reported at 8345 milbus, 100 milbus below trade ideas. Then acres were forecast at 90.0 mil, almost 2.0 mil below expectations and 4.6 mil below year ago. We had a high-volume, short covering rally on report day. There has not been follow through since however, as most in the trade feel the acreage "pie" is too low and that this will be lowest number we see all season. In add'n, a trend yield, even on 90 mil acres, can still maintain/build stocks. Direction going forward should depend on planting weather and producer marketing trends.

Wheat stocks came in 40 milbus above trade ideas, but rallied in sympathy with corn. Acres were in line overall, but a touch low on winter and higher than expected for spring. Black Sea FOB values may have finally stopped going down. Russian was quoted at \$196/ton FOB in mid-Mch. It hadn't been below \$200/ton since Jly 2020. Values have worked higher since, rallying about \$15/ton. There is some concern about dryness in eastern Ukraine/western Russia. Western Europe is still too wet and US HRW areas could use better moisture. US and major exporter balances are expected to expand further in 24/25, but the market has stabilized for the moment and is respecting current weather risks.

Regards,

Megan Bocken  
April 4, 2024

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