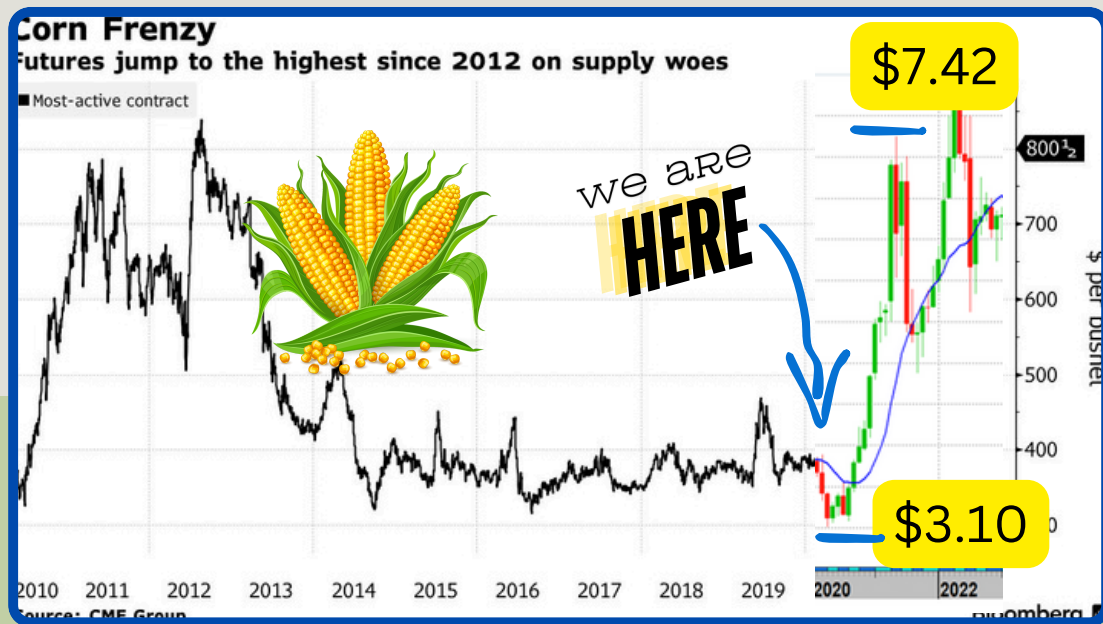




CORN MARKET OUTLOOK 2024

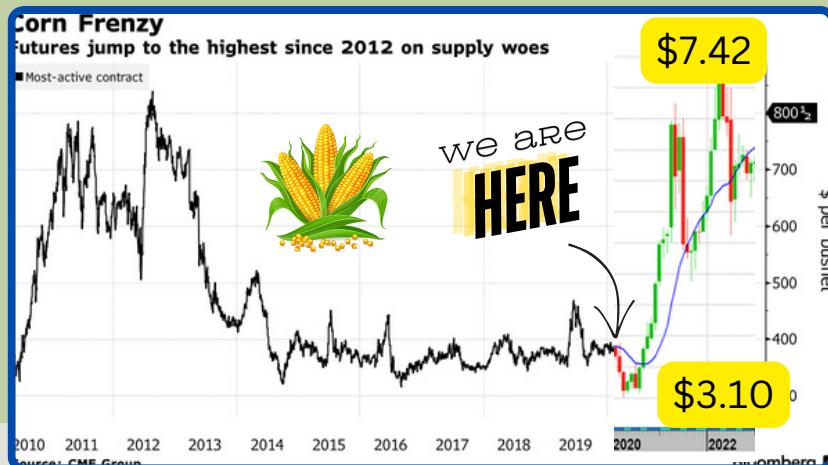
This Happened to Corn in 2020... We Might
Be on Track to Do It Again.



*Similar conditions are emerging
that could lead to **another
significant rally** in 2024.*

WHY CORN PRICES ARE VERY LIKELY TO RISE

"History Doesn't Repeat
Itself, but It Often Rhymes"
– Mark Twain.



I've been doing this for 34 years. And I'm going to tell you right now, **the USDA will do it again.**

Why Corn Prices Are Likely to Rise in 2024

As we analyze the current state of the corn market, several very compelling factors indicate that prices are poised for an upward trend.

Historically, the USDA has consistently underestimated export figures, and this year appears to be no different.

Coupled with significant crop failures in Argentina and ongoing conflict and the current drought in Ukraine – both of which have drastically reduced global corn supplies – **the stage is set for increased demand for US corn.**

Furthermore, recent adjustments in USDA reports have already hinted at lower-than-expected carryout figures, and potential yield improvements could further tighten the supply.

These elements, combined with potential shifts in US-China trade relations, suggest a bullish outlook for corn prices as we head into winter.

The stage is set for history to potentially repeat itself. Maybe not as dynamic as the 2020 failure of the USDA. I'm not saying we are going to do an exact replica of this.

What I am suggesting is the USDA is wrong on its exports, and we have very good prospects of doing something similar to 2020 that can surprise everybody going into the end of the year.

Especially if China is scared of the Trump presidency. And if it is, and if you look at the chart above. This is where we are right now.





EXPORTS IN THE US ARE GOING UP THIS YEAR

Let me show you a few things to back up what I am telling you. This is why corn prices will be bottoming soon and ultimately producing a winter rally.

THE USDA IS MISSING THE MARK

It seems the USDA is poised to repeat its past errors in export estimations.

This report goes into the recurring inaccuracies in USDA's reports and their implications on the corn market.

Eugene Graner
Heartland Investor Services

CROP FAILURES ALL ACROSS THE WORLD

Argentina's second crop has been devastated by disease, resulting in a significant shortfall in corn production.

Brazil
Tight supply conditions.

Ukraine
Conditions expected to reduce corn supplies by at least 30% this year.

China's fear of a Trump presidency. Buy or be punished by tariffs.




July 12th USDA Report Insights:

Let's take a look at what the USDA actually said

The USDA's July 12 report caught the market by surprise with a notable increase in export and feed use estimates, each up by 75 million bushels. This adjustment has brought total projections below 2 billion bushels, reflecting a trend of gradual upward revisions as the season progresses.

Such adjustments underscore the importance of scrutinizing USDA reports with a critical eye, recognizing the potential for significant market impacts.

WASDE Report - July 12, 2024
Ending Stocks
Billions of Bushels

	2023/24 (Old Crop)			2024/25 (New Crop)		
	USDA July	Average Trade Estimate	USDA June	USDA July	Average Trade Estimate	USDA June
 CORN	1.877	2.049	2.022	2.097	2.312	2.102
 SOYBEANS	0.345	0.355	0.350	0.435	0.449	0.455
 WHEAT	0.702	—	0.702	0.856	0.788	0.758

They pulled new crop estimates down by virtue of last year's exports being more than expected.

The USDA's yield estimates, based on an average of 181 bushels per acre, are a critical factor in their projections.

Should yields increase to 183 or 184 bushels per acre, and with 80 million acres harvested, production could surpass 2.2 billion bushels.

However, despite these optimistic projections, the market can still see figures well below 2 billion bushels. **This potential shortfall supports the expectation of a price rally towards \$5 as winter approaches**, presenting significant opportunities for traders.

“We expect a price rally towards \$5 as winter approaches”

**The USDA gets exports WRONG consistently every year --
It's a mathematical probability, not an opinion.**

USDA EXPORT INACCURACIES:

The USDA has a well-documented history of underestimating export figures, a trend that can be attributed more to mathematical probabilities than mere opinion.

Every year, the USDA's export projections fall short, leading to significant market adjustments as actual figures emerge.

This consistent underestimation has far-reaching implications, particularly as it influences market expectations and trading strategies. Understanding this pattern is crucial for anyone involved in commodity trading.

If you do a google search of "what do we know about the accuracy and impact of USDA reports in the Corn Market". The first thing that will show up is this report from Scott Irwin, he's out of the University of Illinois, he does some really good work on this.



Virginia Tech Department of Agricultural and Applied Economics
<https://aaec.vt.edu> › USDAreports

What Do We Know About the Accuracy and Impact of USDA ...

This study reviewed over 80 previous studies that evaluated the accuracy and market impact of USDA reports relevant to the corn markets.

What Do We Know About the Accuracy and Impact of USDA Reports in the Corn Market?

by
Olga Isengildina Massa, |
Berna Karali
Scott H. Irwin¹

Numerous studies highlight the
USDA's consistent forecasting errors:

These errors are not isolated incidents but
part of a larger trend of inaccurate reporting
affecting market expectations.

**Some things that really
stand out in the report.**

"Errors in supply, and use forecasts
contributed to ending stock
forecasting errors. The error stock
forecasts were inefficient. With the
proper predictability and revisions
consistent with smoothing,"

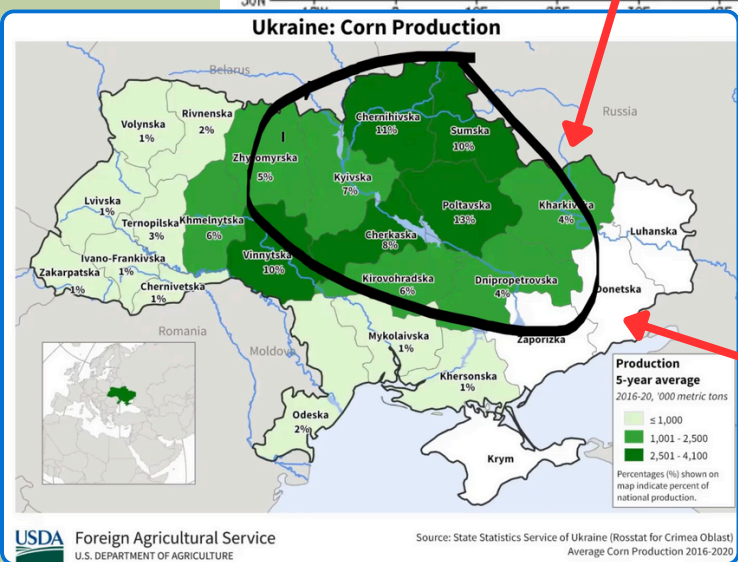
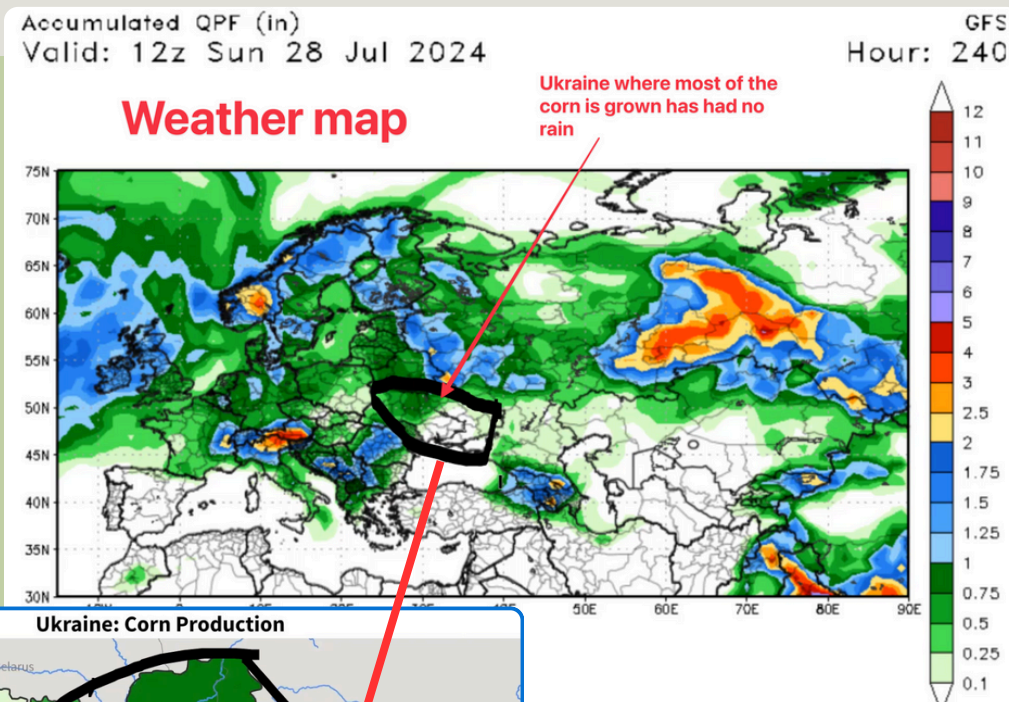
Meaning, they get it wrong!
**We constantly see our exports
increase as we go forward.**



UKRAINE IS BURNING UP

To top off the USDA estimates, we now have Ukraine burning up. This is a weather map around Europe with the country of Ukraine circled to help you see the current situation. (The white area is NO rain)

*“Already anticipated the corn supplies **will be off 30%**, if not more”*



Circled on the map on the left is where all the corn is grown in the Ukraine. Literally in the center portion of the country. And the rains forecasted as of late is for the western part of the area.

This range of corn has been suffering all through pollination in 95 to 100 degree temperatures. They've already anticipated the corn supplies will be off 30%, if not more

And let's hope they have soldiers that can come home from the front who have been conscripted to harvest this crop.

That's the sad part, how much of it is gonna get harvested because of the death loss continuing to the people of Ukraine, fighting Russia in the Donbass region.

So again, exports from the US are going up this year.



CURRENT MARKET CONDITIONS:

The USDA does not have our exports plugged in as high as they could be. (and probably will be if based on current market conditions) There's a crop failure in Argentina, their second crop was so bad due to stunt disease that you can't even get a bid for corn out of Argentina beyond October 2nd.

Brazilian corn is trading premium to US Gulf corn. The same thing is happening as well in soybeans.

So here's a quick recap of the

Current Market Conditions:

Corn Market:

The USDA's recent reduction in carryout estimates has provided some encouragement. However, their export projections remain conservative, potentially overlooking significant factors that could impact the market.

Like:

Argentina's Situation:

Argentina's second crop has been devastated by disease, resulting in a significant shortfall in corn production. The severity of the situation is such that it is impossible to secure bids for corn beyond October 2. Consequently, Brazilian corn is now trading at a premium, highlighting their tight supply conditions.

Ukraine's Situation:

Ukraine, a major global corn producer, is grappling with severe drought and ongoing conflict. These adverse **conditions are expected to reduce corn supplies by at least 30%**.

The conflict exacerbates the situation, making it uncertain how much of the crop will be harvested due to the lack of available labor, as many workers are conscripted into the military.

And then there is China.





CHINA THE ACE IN THE HOLE

As we consider the future of the corn market, one major factor looms large: the potential return of Donald Trump to the presidency. The implications of a Trump presidency are far-reaching, particularly concerning trade relations with China.

Understanding how these dynamics could influence corn prices is essential.

In light of these potential scenarios, it is crucial for those in the corn market to stay informed and adaptable

China is scared of the Trump presidency. They are about to start buying our supplies... here's why

President Trump is likely to put MORE tariffs on China. Which are still on, by the way.

President Biden left them on. The problem is president **Biden didn't enforce the buying portion of the deal.**

That's why we are at where we are at.

Anticipating a tougher stance from Trump, China is very likely to accelerate its purchases of U.S. corn in the short term to build reserves.

This could lead to a temporary spike in corn prices as demand surges.

Which sets the stage of doing something similar to 2020 that can surprise everybody going into the end of the year.

CURRENT CORN PRICES

Now currently, corn has been declining. The dark line is a break that we had from last fall into February into the "February lows" which we had projected here. We thought we could get a rally there, and we got the rally.



Measure theory shows corn should have found it's legs around the blue box area of the chart below. But it's slipped lower. Which gives the opinion it wants to go a little lower yet. We've been projecting a bottom in the area of \$3.85.





This is what happened in 2020 — We think we're going to see a repeat of something similar in 2024



MOVING FORWARD WE THINK WE ARE GOING TO SEE A REPEAT

We think we're going to see a repeat of something similar to 2020. Maybe not as dynamic as the 2020 failure of the USDA. At that time we had corn at \$3.10 at the end of July, early August, just to watch exports pick up and this crop price went from \$3.10, and in seven months, we were at \$7.42.

Now I'm NOT saying "we're going to do an exact replica" of this.

But what I am suggesting is the USDA is wrong on exports.

And we have the world stage set of doing something similar this year that could surprise everybody going into the end of the year / first of the year, especially if China is scared of a Trump presidency.

They might start cracking and buying our supplies as the President Trump will likely put more tariffs on top of them.

WANT MORE?

I hope you found this report informative. We put things out like this everyday. Helping you stay ahead in the commodity markets. Gain valuable insights and make informed decisions during this critical period.

[Learn More here →](#)