



Monthly Commodity Futures Overview April 2024 Edition

Grain Market Outlook for the United States and South America by Mark Soderberg, Senior Grain Market Specialist, ADM Investor Services

*The following report is an overview of the US and South American economic, political and crop situations as of **May 16, 2024**. This report is intended to be informative and does not guarantee price direction.*

Corn

Forecasts for strong demand without aggressive cuts yet to South American production made the May USDA WASDE data supportive for corn. Old crop 23/24 ending stocks were down 100 mil. to 2.022 bil. at the very low end of expectations and 80 mil. below the average trade guess. No surprises on 2024 U.S. production at 14.860 bil. with yield a record 181 bpa. New crop stocks were projected at 2.10 bil., if realized would be the highest in six years, were almost 200 mil. below the average guess. Usage at 14.805 bil. was 100 mil. above Feb-24 Outlook Conference. Both crop years saw exports and usage for ethanol production up 50 mil. vs. the previous forecast. Production cuts to South America were modest with Argentina and Brazil both down 2 mmt.

The USDA forecast for Argentina at 53 mmt, was still well above most others at 47 mmt. Argentine exports were slashed 4 mmt. Brazil's forecast at 122 mmt, was still well above the updated Conab est. of 111.6 mmt. Ukraine's 23/24 production and exports were both raised 1.5 mmt. 2023/24 global stocks at 313 mmt, were down 5 mmt from April. 2024/25 stocks projected at 312 mmt, were well below expectations of 318 mmt. Chinese imports for 23/24 were left unchanged at 23 mmt, with the same figure being used for 24/25 MY. The upside objective for July-24 is at the 50% Fibonacci retracement of \$5.03. The upside target for Dec-24 is at \$5.50 ½.

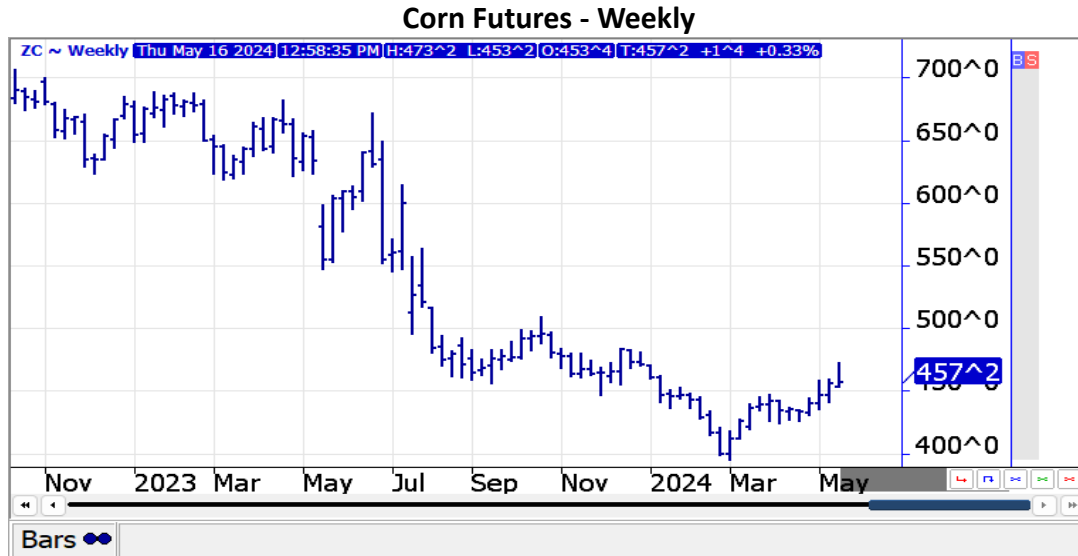


Chart from QST

Soybeans

There was no change to old crop soybean ending stocks at 340 mil. bu., which was in line with expectations. 2024 production in the U.S. was at 4.450 bil. with a record yield at 52 bpa. New crop stocks are forecast to grow to 445 mil. 15 mil., which is above the average guess. Usage at 4.360 bil. was down 40 mil. from the Feb-24 Outlook Conference. Exports were down 50 mil., seed/residual down 15 mil., while the crush was up 25. Argentine production was unchanged at 50 mmt, while Brazil was lowered only 1 mmt to 154 mmt.

Chinese imports held steady at 105 mmt, and projected to rise to 109 mmt in 24/25. 2023/24 global stocks fell 2.4 mmt to 111.8, which was slightly below expectations. New crop stocks are expected to surge to 128.5 mmt, above expectations. The much higher stocks for 24/25 are driven by expectations for record production in Brazil. I look for soybean prices to remain range bound. Expectations for further production cuts for Brazil's 23/24 crop will likely keep a floor under prices, while the lower than expected imports from China and stocks growth in 24/25 may keep rallies in check. The July futures are likely to trade in a range of \$11.75 - \$12.75.

Wheat

2023/24 wheat ending stocks fell 10 mil. bu. to 688 mil., which is slightly below the average trade guess. Higher exports accounted for the lower stocks. New crop ending stocks are expected to rise to 766 mil, however, down 20 mil. from expectations. All wheat production at 1.858 bil. was 30 mil. below expectations. Winter wheat production at 1.278 bil. was 30 mil. below expectations, yet within the range of estimates. Nearly 74% of the planted acres are forecast to be harvested for grain, which is well above the historical low of 67.3% a year ago. The average yield at 50.7 bpa is barely above 50.6 a year ago.

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HRW wheat production at 705 mil. was 10 mil. above expectations, SRW at 344 mil. were 60 mil. below forecasts, while white wheat production at 229 mil. was roughly 15 mil. above the average guess. 2023/24 global stocks were steady at 258 mmt, which is slightly above expectations. Russian exports were increased 1.5 mmt. I look for cuts in future reports. 2023/24 Ukrainian production was cut .4 mmt to 23 mmt. 2024/25 global stocks are expected to slip to 253.6 mmt, which is nearly 4 mmt below expectations. Russian production for 24/25 is forecast at 88 mmt with some private estimates as low as 80 mmt following recent frost damage.

**Livestock Outlook by Chris Lehner,
Senior Livestock Analyst, contracted by ADM Investor Services**

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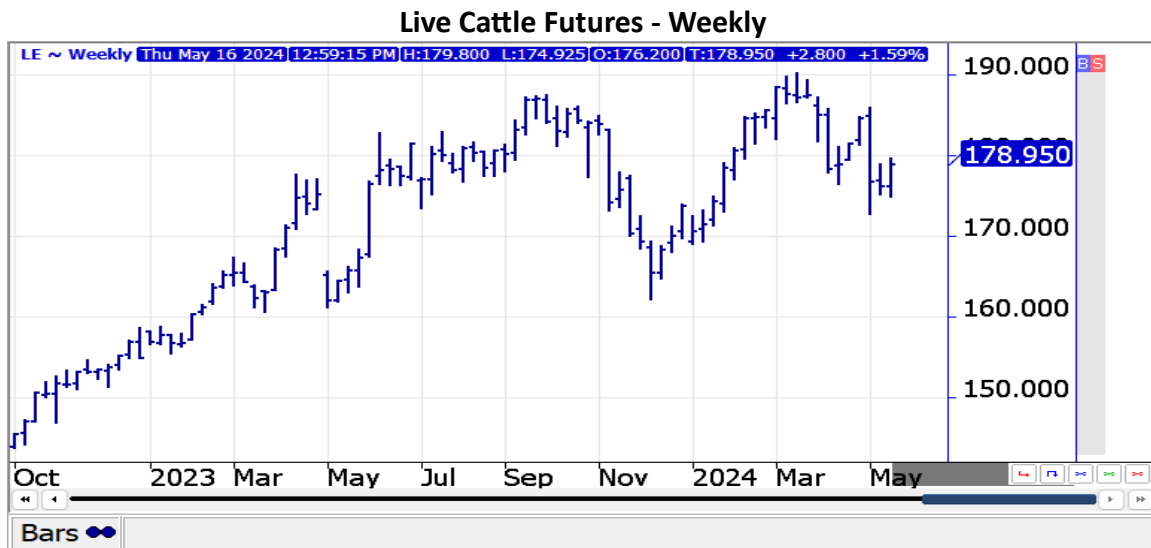
Live Cattle

Because COVID was a fast spreading pandemic, reports about viruses can frighten people and spook commodity markets. These fears influenced trading in the cattle markets in April. During the first week of April 2024 it was reported avian flu, H5N1, from migrating birds was detected in dairy cows in Texas and Kansas. Online agricultural websites to national and international newspapers reported there was cross contamination from birds to dairy cows and insinuated that H5N1 could spread to beef cattle, and eventually to people. By the end of April, avian flu was found in 9 states in 36 herds of dairy cows. The reports often referred to “cattle” and not dairy cows and live cattle and cash cattle prices dropped with the possibility that beef could carry the virus and it could infect people eating beef. The USDA and the Center for Disease Control the last week of April tested 32 samples of ground beef from store shelves in the U.S. for H5N1 and did not find the virus. The news seemed to placate reporters and the flood of negative news slowed as cattle markets moved into May.

During April, cash cattle prices started out in the Midwest at \$190.00 to \$191.00 and in the Southwest at \$186.00 to \$188.00. With increasing reports about avian flu by mid-month, cash cattle prices in the Midwest were down to \$184.00 and \$185.00 and in the Southwest \$181.00 to \$182.00. With the news that beef tested free of H5N1, prices slightly recovered into the end of April to average \$186.50 in the Midwest and \$184.00 in the Southwest.

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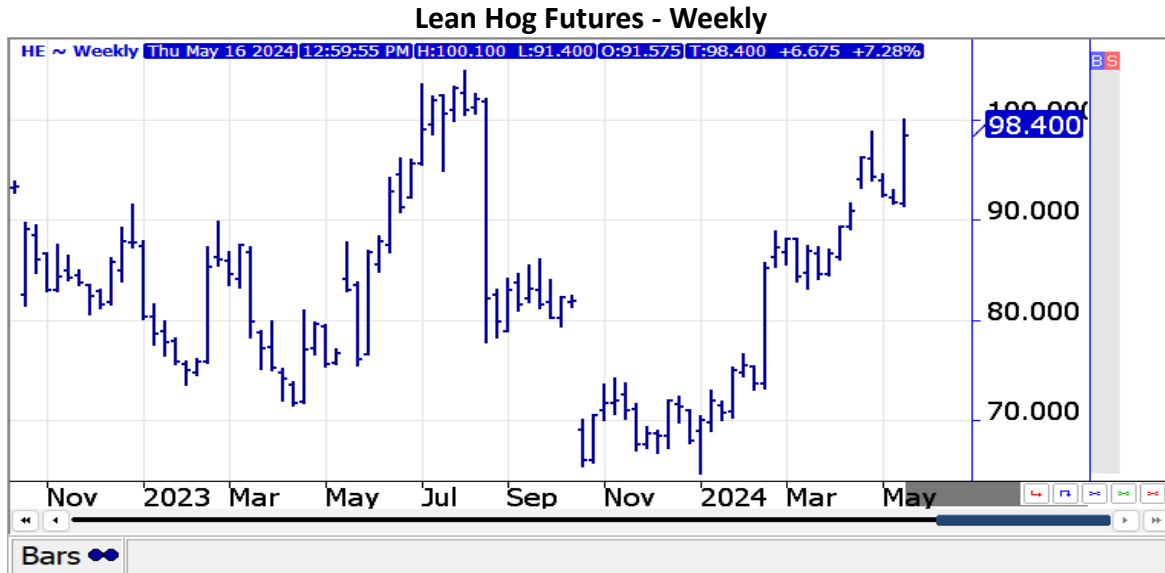
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Lean Hogs

Strong pork exports and cheap pork prices were price-positive for hogs in April. Beef prices were off the March highs in April but when compared to pork it was high priced, and pork supplies were readily available unlike beef where U.S. cattle slaughter was down. In the first quarter of 2024 total pork exports including variety meats were up 6.0%. Pork muscle cut exports were up 8.0% and that was on top of 2023 when pork exports were up 9.0% for two solid years of pork exports. The strong exports were additionally good since U.S. hog slaughter at the beginning of April 2024 was up more than 270,000 hogs.

Hog prices for April increased due to stronger demand, which benefited producers and packers. The CME lean hog index was \$84.92 on April 1. By April 15 it was \$90.98 and was mostly steady through the end of April at \$90.92. For the packer, profit margins were positive but fell as pork prices moved down in April. The CME pork cutout index began the month at \$94.83. On April 15 it was \$101.37 and moved down to end April at \$98.11, closing the month \$3.28 better than it began.



All Charts from QST

Stock Index, Currency, Crude Oil and Precious Metal Futures Market Outlook by Alan Bush, Senior Financial Economist, ADM Investor Services

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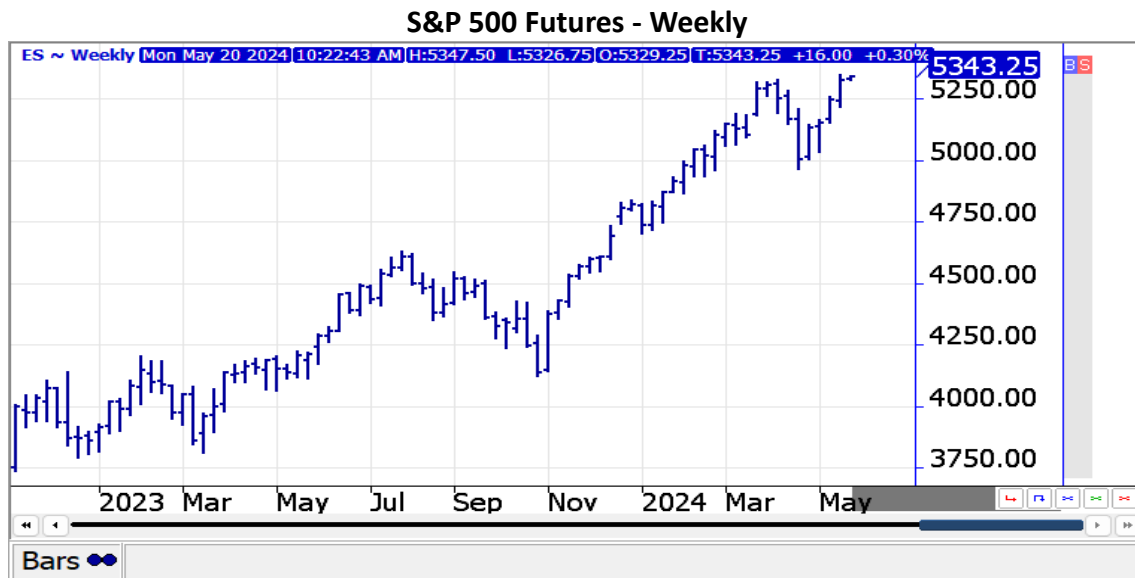
Stock Index Futures

Major stock index futures are closing in on record highs despite the mostly bearish producer price index and consumer price index reports for April. Producer prices increased much more than expected, at up 0.5% when a 0.3% increase was expected, while the consumer price index was close to expectations. Also, Fed Chair Powell's comments at the Meeting of the Foreign Bankers' Association did not offer any new clues. Powell said, "We did not expect this to be a smooth road. But these [PPI readings] were higher than I think anybody expected," Powell also said, "We will need to be patient and let restrictive policy do its work."

Many recent economic reports have come in weaker than anticipated including employment numbers, housing starts and building permits, and retail sales. It is looking more likely that the Federal Open Market committee will lower its fed funds rate by 25 basis points at its September 18 policy meeting. The fundamentals and technicals remain supportive.

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U.S. Dollar Index

The U.S. dollar index recently declined to a one-month low as mostly weaker than anticipated U.S. economic reports put pressure on the Federal Reserve to lower interest rates. There was only temporary strength when the larger than expected increase in the producer price index was reported.

Much of the support earlier this year the U.S. dollar was linked to interest rate differential expectation advantages that now no longer there, since it is likely that the Federal Reserve will pivot to accommodation at its September meeting, while other major central banks are also likely to lower interest rates this year. The fundamentals are now just neutral for the greenback.

Euro Currency

The euro currency advanced to its highest level in five weeks, as investors adjusted their expectations for interest rate cuts by major central banks. The European Central Bank is expected to cut rates at its meeting on June 6 with market forecasts suggesting a potential decrease of approximately 70 basis points over the year. Euro zone inflation slowed across the board last month, reinforcing expectations for easing conditions. Interest rate differentials appear to be only neutral now for the euro currency.

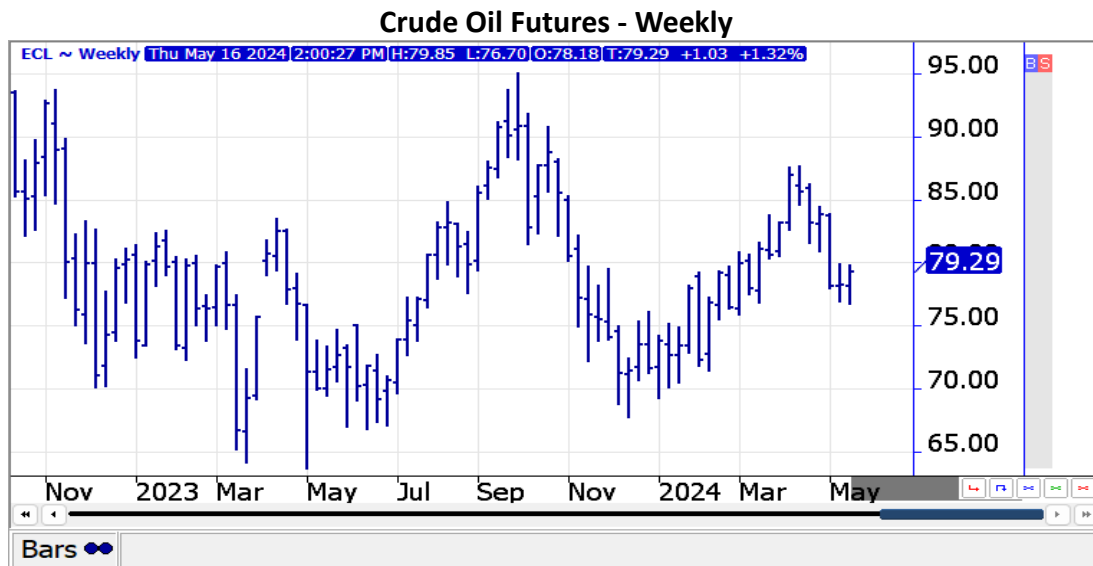
Crude Oil

Crude oil futures advanced to above the above \$79 per barrel on May 16, extending gains from the previous day as a larger-than-expected decline in weekly U.S. crude inventories supported oil prices. EIA data showed U.S. crude oil stockpiles declined by 2.508 million barrels, falling for the second consecutive week and exceeding forecasts for a 1.362 million barrel draw. Weaker U.S.

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economic reports bolstered beliefs that the Federal Reserve will start cutting interest rates in September, which is boosting the demand outlook. Meanwhile, the International Energy Agency reduced its global demand growth forecast for this year by 140,000 barrels per day to 1.1 million. The latest OPEC report indicated member countries exceeded their production cap by 568,000 barrels per day in April, but maintained its demand projections of 2.25 million barrels per day in 2024 and 1.85 million barrels per day in 2025.



Gold

Gold prices were only temporarily pressured by the larger than expected increase in the producer price index. Countering the influence of the bearish PPI report, many economic reports in the U.S. came in weaker than expected, including a series of weaker than anticipated employment reports, which analysts believe could put downward pressure on interest rates going forward. In addition, safe haven buying has provided underlying support for the yellow metal.

The fundamentals are aligned on the bullish side suggesting higher prices for gold futures.

Gold Futures - Weekly



All Charts from QST

Support and Resistance

Grains

July 24 Corn

Support 4.36 Resistance 5.03

August 24 Soybeans

Support 11.75 ½ Resistance 12.56 ½

July 24 Chicago Wheat

Support 6.25 Resistance 7.25

Livestock

June 24 Live Cattle

Support 169.00 Resistance 185.00

June 24 Lean Hogs

Support 91.00 Resistance 104.50

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Stock Index

June 24 S&P 500

Support	5250.00	Resistance	5425.00
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June 24 NASDAQ

Support	18450.00	Resistance	19200.00
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Energy

July 24 Crude Oil

Support	75.00	Resistance	82.50
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July 24 Natural Gas

Support	2.450	Resistance	2.970
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Metals

June 24 Gold

Support	2350.0	Resistance	2475.0
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July 24 Silver

Support	29.85	Resistance	33.55
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July 24 Copper

Support	4.7550	Resistance	5.2400
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Currencies

June 24 U.S. Dollar Index

Support	103.500	Resistance	105.200
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June 24 Euro Currency

Support	1.07800	Resistance	1.09500
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