



Monthly Commodity Futures Overview September 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 **September 19, 2024**. This report is intended to be informative and does not guarantee price direction.*

Corn

Prices remain range bound between \$4.00 - \$4.15 for spot December 2024 futures. Strong demand and speculative buying are generating support. There has been a significant reduction of speculative shorts in the marketplace. Farmer selling and the outlook for record U.S. yields have limited the upside. U.S. production in September was increased 39 mil. bu. to 15.186 bil., 30 mil. above expectations. Record yields at 183.6 bpa, were up from 183.1 in August. Old crop ending stocks were trimmed 55 mil. bu. to 1.812 bil., roughly 40 mil. below expectations. Exports were raised 40 mil., while usage for ethanol was increased 15 mil. There were no changes to the new crop usage figures, leaving ending stocks at 2.057 bil., nearly 50 mil. above the average trade guess.

The USDA also lowered to the 2024/25 average U.S. farm price \$.10 to \$.10 bu. 2024/25 global stocks were cut 1.8 mmt to 308.4 mmt, slightly below expectations. Production was trimmed 1.5 mmt in the EU to 59 mmt and down .6 mmt in Russia to 13.5 mmt. With the USDA raising production in both August and September, history has shown production can move in either direction into the final estimate next January. Since 1990 August/September increases have happened 10 times. There were five times final production was above the September forecast with five times below. The market's attention will gradually shift to South American weather.

Corn Futures - Weekly



Charts from QST

Soybeans

November soybeans are grinding sideways in a \$9.95 - \$10.30 trading range. I would not expect this to last much longer. U.S. production was cut 3 mil. bu. in September to 4.586 bil., nearly 25 mil. below expectations. Record yields were left unchanged at 53.2 bpa. Old crop stocks were cut 5 mil. to 340 mil., which was in line with expectations as a result of the higher crush. New crop stocks were cut 10 mil. bu. to 550 mil., approximately 35 mil. below expectations. The USDA raised the amount of bean oil used in biofuel production by 100 mil. lbs. to 13.0 bil., which was back where it was in July. Global stocks were little changed at 134.6 mmt, which was in line with expectations.

Chinese imports were left at 111.5 mmt for 2023/24 and 109 mmt for 2024/25. With harvest still in a very early stage, market participants' attention will continue to focus on U.S. yields. The USDA raised production in August only to lower it in September for a total of four times since 1990. In three of these years final production was below the September forecast with only one year above. Gradually the market's attention will shift to South America weather where extremely dry conditions persist across the WC growing regions in Brazil. Significant rains will be needed by early to mid-October to restore soil moisture and enable timely plantings and early crop development.

Wheat

The USDA made no changes to the 24/25 balance sheet with ending stocks left at 828 mil. bu. We were expecting a 20 mil. bu. drop on higher exports. There will be no U.S. production changes until the end of September in the Small Grains Annual Summary. 2024/25 global stocks at 257.2 mmt were slightly above expectations. Production was cut 4 mmt in the EU to 124 mmt, which was offset by a 2 mmt increase in Australia and a .7 mmt increase in Ukraine. A recent Russian

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missile attack on a Ukrainian vessel carrying wheat to Egypt triggered a wheat rally at mid-month. Prices quickly fell back as tensions cooled. Headlines from the Ukraine/Russia war will continue to drive price volatility.

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

*The following report is an overview as of **September 18, 2024** and is intended to be informative and does not guarantee price direction.*

Live Cattle

Cattle trading slowed in August. It was the dog days of summer. Besides the heat when cooks do not want large roasts in hot oven, they are paying off the summer vacation credit card bills and the expenses of kids going back to school. Beef sales are slow and so is demand for cattle. Cattle prices peaked the last week of July and began to fall the first week of August.

The August 2024 live cattle contract on August 1 settled at \$184.80, moved down to \$181.55 on the 5, moved to \$184.05 on the 15, down to \$181.02 on the 20 and settled the month at \$185.85 for a small gain for the month of \$1.05. Boxed beef prices were in a limited range. The CME boxed beef index began the month at \$310.76, on August 5 it was \$310.48, moved slightly higher on August 15 to \$312.27 and closed the month at \$308.22.

Live Cattle Futures - Weekly

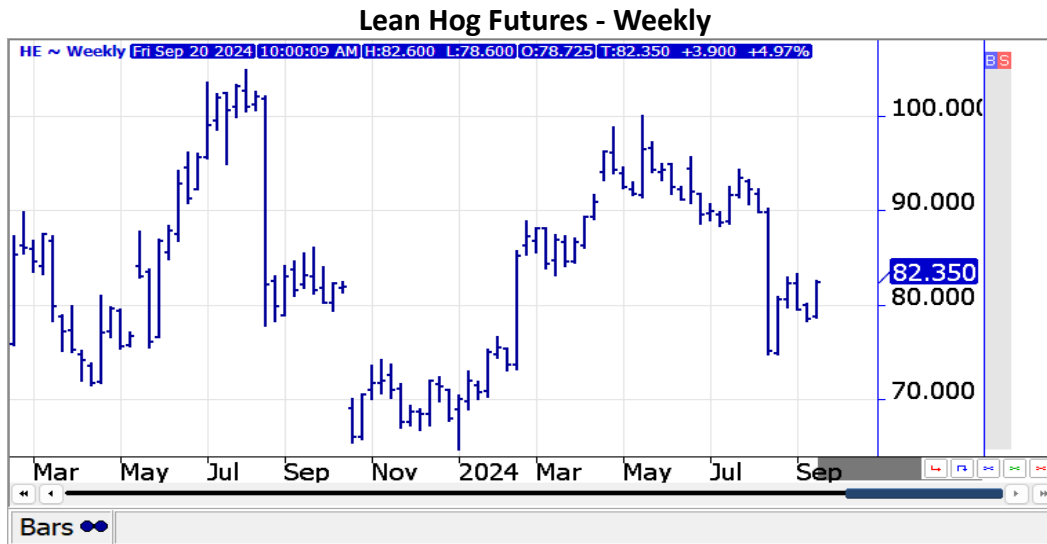


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Lean Hogs

Lean hog prices from April 2024 through the second week of July dropped close to \$20.00. There was a recovery in July of approximately \$10.00 but by August hog and pork prices began to drift lower. The main reason for the lower prices is the larger inventory of hogs in 2024 on top of increasing hog numbers in 2023. As of August 30, 2024, U.S. federal hog slaughter was 1,063,779 hogs more than the same time in 2023. However, slaughter in August 2023 was also higher by 1,132,000 hogs compared to 2022. On August 1, 2024 the CME hog index was \$93.64, by July 15 it was \$90.09, and by August 30 it was down to \$86.15.



All Charts from QST

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

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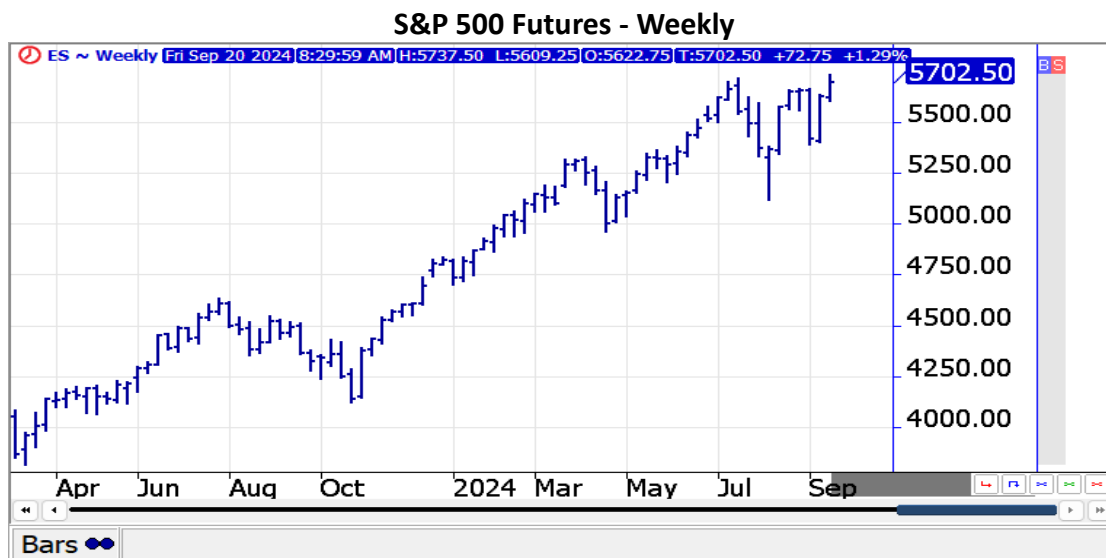
Stock Index Futures

S&P 500 and Dow Jones futures advanced to new record highs after the Federal Open Market Committee decided to lower its fed funds rate by 50 basis points to 4.75% - 5.00%. A majority of analysts expected the FOMC to lower its fed funds rate by a half-point, although there was a minority view that the FOMC could reduce its key interest rate by only 25 basis points.

The Federal Reserve's pivot to accommodation was the first rate cut since March 2020. Federal Reserve Chair Powell said the central bank is not in a rush to ease policy and that half-percentage point cuts are not the "new pace."

It is likely that there will be additional interest rate cuts at the November and December meetings, and easier credit conditions are likely from the Federal Reserve well into 2025.

Stock index futures are performing better than the news would suggest, indicating traders are looking beyond recent economic reports to some other bullish not yet obvious fundamental.



U.S. Dollar Index

The U.S. dollar index declined to its lowest level since December of 2023 after the FOMC reduced its key interest rate by 50 basis points. However, there has been a recovery on the belief that other central banks will be lowering their key rates as well, which tends to mitigate the bearish

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differential expectation that has undermined the dollar index since early July through mid-September.

Some of the recovery in the greenback can be linked to a flight to safety flow of funds in light of the escalating tensions in the Middle East.

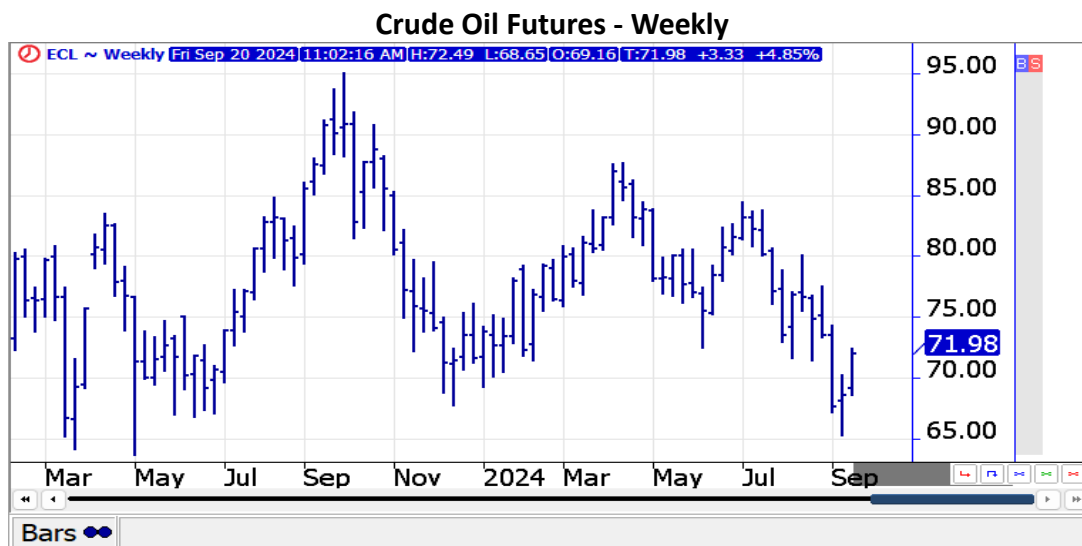
Euro Currency

The euro currency trended higher in August but has traded in a broad sideways trend in September. There has been overhead resistance for the euro after a recent report that showed a sharp drop in investor confidence in the euro zone and a surprising decline in industrial activity. Euro area gross domestic product increased 0.3% in the second quarter, which is unchanged from the previous quarter and matched preliminary estimates. The potential for an additional interest rate reduction from the European Central Bank may limit the upside for the currency of the euro zone.

Crude Oil

December crude oil futures trended higher in the last two weeks, driven by potential supply risks in light of rising Middle East tensions, which could disrupt crude supplies.

In addition, there has been support following the Federal Reserve's 50 basis-point reduction in its fed funds rate at its September 18 policy meeting, which could stimulate economic activity and improve the outlook for U.S. energy consumption. Also, crude oil has benefited from reduced Libyan production and exports, along with a larger-than-expected drawdown in U.S. crude inventories.



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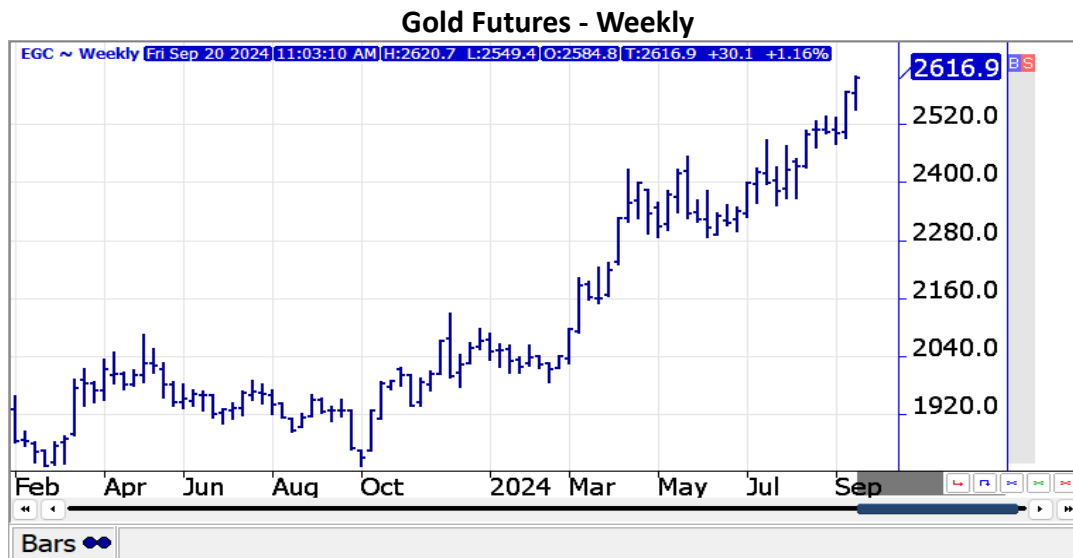
Gold

December gold futures advanced to new record highs after the Federal Open Market Committee announced it decided to lower its fed funds rate by 50 basis points to 4.75% - 5.00%. This is the first rate cut since March 2020.

The Federal Open Market Committee released its economic projections at its September 18 meeting. The unemployment rate projection for 2024 was increased from 4.0% to 4.4%. The PCE inflation projection was lowered from 2.6% to 2.3%, and the Core PCE inflation projection was reduced from 2.8% to 2.6%. The central bank believes the fed funds rate will decline to 4.4% by the end of 2024, which compares to the previous forecast of 5.1%. The forecast for 2025 was changed from 4.1% to 3.1%.

Recent weakness in the U.S. dollar has contributed to gains in precious metals. Additional supportive influences for gold are its safe-haven appeal and aggressive buying by central banks.

The main trend for gold futures is higher.



All Charts from QST

Support and Resistance

Grains

December 24 Corn

Support 3.85 Resistance 4.25

November 24 Soybeans

Support 9.55 Resistance 10.40

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December 24 Chicago Wheat

Support	5.40	Resistance	6.05
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Livestock

October 24 Live Cattle

Support	174.50	Resistance	184.50
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October 24 Lean Hogs

Support	72.50	Resistance	83.50
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Stock Index

December 24 S&P 500

Support	5660.00	Resistance	5855.00
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December 24 NASDAQ

Support	18800.00	Resistance	20300.00
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Energy

November 24 Crude Oil

Support	67.20	Resistance	72.80
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November 24 Natural Gas

Support	2.250	Resistance	2.980
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Metals

December 24 Gold

Support	2559.0	Resistance	2710.0
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December 24 Silver

Support	29.600	Resistance	32.700
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December 24 Copper

Support	4.2500	Resistance	4.5000
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Currencies

December 24 U.S. Dollar Index

Support 99.900 Resistance 101.700

December 24 Euro Currency

Support 1.10900 Resistance 1.12500

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