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USDA Cuts U.S. and Indiana 2024 Average Corn and Soybean Yields and Ending Stocks

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Executive Summary

- USDA reduces U.S. and Indiana corn yields by 3.8 and 11 bushels, respectively, from November estimates.
- From the November estimates, U.S. and Indiana soybean yields were cut by 1 and 3 bushels, respectively.
- Estimated ending stocks for corn and soybeans are lowered from the December report but ending stocks relative to use remain above the 2020-2022 levels.
- USDA projects the 2024 U.S. corn price at $4.25 per bushel and the soybean price at $10.20 per bushel. If realized, the 2024 average corn and soybean prices will be $2.29 and $4.00 per bushel, respectively, lower than the average price received in 2022.

The U.S. Department of Agriculture (USDA) updated the projected size of the 2024 corn and soybean crops on Friday, January 10, 2025, based on farmer surveys for the final corn and soybean yield estimates. Market analysts surveyed before the report's release expected USDA to trim the corn and soybean yields slightly from the December report. USDA surprised the market by cutting the corn and soybean yields by an amount that was larger than expected by the analysts. USDA reduced the corn yield by 3.8 bushels and soybean yield by 1 bushel. USDA estimates the 2024 U.S. average corn and soybean yields at 179.3 and 51.6 bushels. The Indiana average corn and soybean yields were also reduced by 11 and 3 bushels, respectively, to 198 and 59 bushels per acre. The late-season heat and drought trimmed the state's yields, which were not captured by surveys until after harvest.

The current USDA estimates peg the 2024 corn and soybean crops at 15.1 and 4.45 billion bushels, respectively. The U.S. crop is estimated to be 3% smaller than last year, while the soybean crop is about 5% larger due to the increased harvested area.

The January report raised the corn harvested area by 0.2 million acres from the December report, but the lower estimated yield offset the acreage increase. The 2024 corn crop is projected at 14.9 billion bushels, a 3.1% reduction from last year's harvest. The total corn supply is about the same as last year because of the 30% increase in corn carry-in from the 2023 crop.

USDA made minor adjustments to the corn use projected in the December report. USDA pegs the projected corn exports at 2.45 billion bushels, which would be 7% larger than last year's exports. The other use categories are practically unchanged from last year, with total domestic use projected at only 8 million bushels lower than in 2023.

The January report adjusted the corn market narrative from a market with a slight increase in ending stocks to a market with corn stocks declining by 13% (223 million bushels) from last year. The report also adjusted the carry-out from a 42-day inventory to a 37-day inventory, which was viewed positively by the market.

While USDA has reduced the relative amount of the estimated corn surplus available at the end of the marketing year, USDA still projects the 2024-25 U.S. marketing year average price to be lower than last year. The 2024 price of $4.25 per bushel is a $0.30 decline from 2023 (-7%) and a total of $2.29 a bushel (35%) below the 2022 price.

USDA also trimmed the 2024 soybean crop by 95 million bushels from the December report. USDA estimates the 2024 soybean crop to be about 5% larger (204 million bushels) than last year's crop because of the 3.8 million increases in harvested area. The 2024 soybean supply is estimated at 4.7 billion bushels, a 282 million bushel (6.3%) increase from last year. The soybean supply is increasing because of the combination of a larger crop and a larger carry-in from 2023.

USDA is projecting soybean use to increase by 6% (244 million bushels) from 2023. The increase in use is due to an estimated 5% increase in soybean crush and an 8% increase in exports.

USDA projects soybean stocks to increase by 11% from last year to an estimated level of 380 million bushels. The ending stocks-to-use ratio, at 8.7%, is about a 32-day inventory of soybeans available at the end of the marketing year. The December report pegged the carry-out at about a 40-day inventory, so this reduction in stocks is positive for the market.

USDA did not adjust the December report's projected soybean marketing year average price. If realized, the price of $10.20 per bushel would be $2.20 less than last year (an 18% decline) and $4 below the 2022 price (a 72% decline).

Take-Away Message

While the January reports provided a more positive outlook for corn and soybeans through slightly smaller estimated carry-outs, the price squeeze continues. Farmers should have known pricing objectives to take advantage of any price rallies.

The potential for a soybean rally could be limited as South America is expected to produce a record soybean crop. USDA is projecting record world-ending soybean stocks, which would dampen price potential. Any weather threat in Argentina or Brazil may provide a brief weather premium in the soybean market until the South American harvest.

The new administration also brings some "known unknowns" about policy that would impact corn and soybean fundamentals. The incoming administration has campaigned using tariffs as policy levers, with China, Mexico and Canada listed as potential targets. Mexico and Canada may not get engaged in a tariff war, but soybean farmers should expect a repeat of a tariff dispute with China. China has been shifting soybean imports from the U.S. to Brazil. Still, China remains a valuable soybean customer. Reduced exports to China would increase ending stocks and reduce price potential.

The other unknown policy involves how the incoming administration will view the tax credits for sustainable aviation fuel (SAF) and renewable diesel. Both renewable fuels would increase domestic demand for corn and soybeans, reduce stocks and improve prices.

Corn and soybean profit margins continue to be squeezed, and farmers may need to use working capital or increase operating debt to meet liquidity problems. Pricing opportunities may arise for the 2024 crop as well as for the 2025 crops. Farmers should know their costs and establish pricing targets now, as the rest of the year may be very volatile.