



USDA Projects Soybean Stocks to Increase by 105 Million Bushels, Corn Stocks Projected to Increase by 80 Million Bushels

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Summary

- USDA projects 2024 soybean production to increase by 285 million bushels (7%) from 2023 due to increased harvested area and projected yield. Total soybean supply is projected to increase by 350 million bushels (7%) due to the larger crop and increased carry-in from 2023.
- USDA projects soybean ending stocks to increase to a 10.2% stocks-to-use ratio, with the average U.S. farm price lowered to \$11.20 per bushel.
- USDA corn stocks are projected to increase slightly (4%) due to a projected reduction in corn production, partially offsetting the larger carry-in from 2023.
- U.S. average farm price for corn is projected at \$4.40 per bushel, down \$0.25 from 2023.

The U.S. Department of Agriculture's (USDA) World Agriculture Supply and Demand Estimates (WASDE) for May gave the market the first estimate for corn and soybean production, ending stocks and price potential for the 2024 crops. USDA is projecting the 2024 corn crop to reach 14.86 billion bushels. If realized, the corn crop will be 3.1% smaller from 2023 due to a 5% reduction in planted area that offsets the 2.1% larger projected trend yield of 181.5 bushels per acre. Still, the 2024 corn crop could be the third largest crop on record due to USDA assuming a record corn yield. When including the larger projected carry-in from the 2023 corn crop, the corn supply is projected to increase by 1% from last year.

On the demand side of the balance sheet, USDA is projecting a 50 million-bushel increase in corn used in ethanol production and exports from the 2023 crop. Total corn demand is projected to increase by 100 million bushels from the current marketing year to 14.8 billion bushels.

The May report projects that the 2024 corn-ending stocks will increase by 80 million bushels from last year. This increase in ending stocks will put downward pressure on the

U.S. marketing year average farm price. USDA is projecting the average farm price to decrease by \$0.25 per bushel to \$4.40 from last year's average price.

For soybeans, USDA is projecting the 2024 crop to be the second largest on record at 4.45 billion bushels. This potential 7% increase in production is due to the 3.2 million-acre (4%) increase in harvested area from last year combined with the projected record trend yield of 52 bushels per acre (3%). If realized, the 2024 soybean crop would be 285 million bushels larger than last year's crop. USDA projects the 2024 soybean supply to increase by 351 million bushels (8%) because of the larger crop and larger soybean carry-in from 2023.

Fortunately, USDA is projecting soybean use to increase with 125 million bushel increases in crush demand (5%) and exports (7%) from the current marketing year. Unfortunately, the increase in projected use will not compensate for the increased supply. USDA projects 2024 soybean ending stocks to increase by 31% to 445 million bushels, a 10.2% stocks-to-use ratio. The increase in relative stocks will place downward pressure on price, with the 2024 U.S. average farm price projected to fall by \$1.35 per bushel to \$11.20.

Farmers should remember that these initial forecasts are what could happen with trend yields and no changes in projected harvested area. Mother nature always has the "final word" on the size of the 2024 corn and soybean crops. The futures markets are anticipatory, meaning that weather events in North and South America will impact the supply and use estimates. USDA is currently assuming weather that would produce record yields, so any weather event that reduces yield potential would reduce supply and potentially reduce ending stocks.

However, these initial price projections continue to tell a story of reduced profitability potential for both crops. The U.S. 2024 average corn and soybean prices are projected to be \$2.14 and \$3 per bushel, respectively, lower than the average prices for the 2022 crops. Farmers should continue to update their crop enterprise budgets to know the prices needed for the 2024 corn and soybean crops. In addition, weather uncertainty later this spring or summer may provide a pricing opportunity for those who monitor the markets and know a profitable price when it occurs.

The latest information incorporated into the supply and demand projections will be included in the June 28 acreage report. Stay tuned and good luck with your planting season.