



## **USDA Projects a Record Soybean Crop with Corn and Soybean Stocks to Increase to the Largest Levels Since 2019**

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### **Executive Summary**

- USDA projects record 2024 U.S. corn and soybean yields of 183.1 and 53.2 bushels per acre, respectively. Indiana yields are also projected at a record 207 and 62 bushels, respectively.
- USDA projects the corn supply to increase by 2%, with a larger carry-in offsetting a smaller crop. If realized, corn stocks would increase by 12% from last year to a 50-day supply in inventory.
- USDA projects the soybean supply to increase by 11%, but the total use is projected to increase by only 7% from last year. As a result, soybean stocks would increase by 62% to 560 million bushels, which would be a 46-day supply of inventory if realized.
- USDA projects the 2024 U.S. corn price at \$4.20 a bushel and the soybean price at \$10.80 per bushel. The average corn and soybean prices will be \$2.34 and \$3.40 a bushel, respectively, lower than the average price received in 2022.

The August set of U.S. Department of Agriculture (USDA) reports are the first yield projections based on a farmer survey. USDA surveyed about 14,100 producers from July 30 to August 6. Until this month, USDA used statistical models to project corn and soybean yields for the May through July World Agricultural Supply and Demand Estimates (WASDE) reports, so this farmer survey is the first look at how farmers view their 2024 corn and soybean crops.

Before the report's release, analysts expected the U.S. corn crop to be 15.1 billion bushels. The analysts were within rounding error of the August projected production of 15.146 billion bushels.

USDA projects the 2024 U.S. corn crop to yield a record 183.1 bushels per acre. If realized, the 2024 corn yield would be 5.8 bushels per acre (3%) larger than last year. However, USDA projects the 2024 U.S. corn crop to be slightly smaller than the previous year due to a 4% reduction in harvested area.

Indiana farmers expect an average corn yield of 207 bushels per acre, a 4-bushel (2%) increase from 2023. Despite the record yield, USDA projects the 2024 Indiana corn crop to be 3% smaller than 2023 due to a projected reduction in harvested area, which would offset the impact of a record yield.

The corn market faces a 306 million-bushel (2%) increase in supply from last year due to a projected 500 million-bushel (37%) increase in carry-in from the 2023 crop. USDA projects total demand to increase modestly from last year, with USDA increasing feed/residuals and exports by 50 million bushels each from last year. The projected increase in use will not compensate for the increase in supply.

USDA projects the 2024 corn stocks to increase to a little over 2 billion bushels, a 206 million-bushel (12%) increase from last year. If realized, the 2024 corn ending stocks would be the largest since the 2019 marketing year. Increased corn stocks will limit price potential, with the U.S. average farm price projected at \$4.20 per bushel, a \$ 0.45-bushel reduction from the 2023 corn crop, but \$2.34/bushel below the average farm price for the 2022 crop.

However, the headline for the August report is the projected record U.S. soybean crop of 4.59 billion bushels based on harvested area increasing by 3.9 million acres (4.7%) from last year combined with the record yield. If realized, the 2024 soybean crop would be 424 million bushels (10%) larger than last year with total soybean supplies increasing by a projected 500 million bushels (11%) from 2023.

Indiana farmers expect the 2024 soybean crop to yield a record 62 bushels per acre, a 1-bushel (2%) increase from last year. In addition, the 2024 Indiana soybean crop is currently expected to be about 7% larger than last year due to the projected 300,000-acre increase in harvested area.

USDA projects soybean crush demand to increase by 6% from 2023 to 2.4 billion bushels, with exports projected to increase by 150 million bushels (9%) to 1.85 billion bushels. USDA projects the total soybean demand to increase by 285 million bushels (7%) from last year. However, USDA projects that the increase in production and carry-in means that the 2024 soybean crop would increase ending stocks by 62% to a projected 560 million bushels. If realized, the ending stocks-to-total use ratio would increase to 12.8%, the largest relative inventory since the 2019 marketing year.

The large projected increase in ending soybean stocks will be a major headwind for price potential. The 2024 U.S. average farm price is projected at \$10.80 per bushel, a \$1.70 reduction from last year. USDA projects that the 2024 U.S. average soybean farm price will be \$3.40 per bushel below the average price received in 2022.

#### Take-Away Message

Growers should calculate the cost of storing corn and soybeans on their farms. One cost component to include is the opportunity cost of storage. This opportunity cost recognizes

that time is money, and holding inventory for an extended period incurs a cost. At higher interest rates, the cost of carrying grain has increased.

Farmers should also know how their local basis appreciates from harvest into spring to help plan risk management for stored grain. Understanding the typical basis appreciation will help managers gauge when the markets are signaling for grain to be sold from storage.

Profit margins continue to be squeezed, and farmers may need to use working capital or increase operating debt to meet liquidity problems. As farmers update their crop enterprise and cash flow budgets, it may be an excellent opportunity to talk with your lender about your profitability expectations for 2024 and your plans for managing any cash flow problems. If you typically combine your household finances with the farm business finances, including family members in this conversation may be beneficial.