



USDA Projects Record U.S. and Indiana Soybean Crops in October Reports

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Executive Summary

- USDA projects record 2024 U.S. corn and soybean yields of 183.8 and 53.1 bushels per acre, respectively.
- The 2024 U.S. and Indiana soybean crops would be records at 4.58 billion and 346.8 million bushels, respectively.
- USDA projected 2024 corn ending stocks 3% lower than the September projections and kept soybean stocks unchanged.
- USDA projects corn and soybean stocks to increase to the largest inventories relative to projected use since 2019.
- The increase in stocks will be a headwind on price potential. USDA projects the 2024 U.S. corn price at \$4.10 per bushel and the soybean price at \$10.80 per bushel. If realized, the 2024 average corn and soybean prices will be \$2.44 and \$3.40 per bushel, respectively, lower than the average price received in 2022.

USDA updated the projected size of the 2024 corn and soybean crops on Friday, Oct. 11, based on farmer surveys and measurements within the corn and soybean fields. Market analysts surveyed before the report's release expected USDA to trim the corn and soybean yields slightly from the September estimates, leading to marginally smaller corn and soybean crops. Instead, USDA increased the average U.S. corn yield by 0.2 bushels per acre but trimmed the average soybean yield by 0.1. The current USDA estimates peg the 2024 corn and soybean crops at 15.2 and 4.58 billion bushels, respectively. If the yield estimates are realized, the 2024 U.S. corn and soybean yields will be records. The 2024 corn yield at 183.8 bushels per acre would be 4% larger than 2023, while the U.S. soybean yield of 53.1 bushels per acre would be up 5% from last year. In addition, the 2024 U.S. soybean crop would be a record and 10% larger than last year's crop. The U.S. corn crop would be the second largest on record and about 1% smaller than in 2023.

USDA's October report reduced Indiana's corn and soybean average yields by eight and three bushels per acre to 202 and 60 bushels per acre, respectively. USDA is projecting the Indiana soybean crop to reach a record 346.8 million bushels.

The October World Agricultural Supply and Demand Estimates (*WASDE*) trimmed the projected corn supply and increased corn demand from the September estimates, a positive sign for the corn market. The net effect of these adjustments is a 3% reduction in 2024 ending corn stocks to a projected carry-out of 1.99 billion bushels. USDA kept the projected average 2024 U.S. farm price unchanged from the September projections, waiting for further signs of reduced supply or increased demand.

The story in the corn market is the continued rebuilding of inventory since the 2022 crop. Corn stocks are projected to increase by 640 million bushels from the 2022 crop. If realized, the 2024 corn ending stocks would be the largest since the 2019 marketing year. The larger corn inventory will limit price potential, with the U.S. average farm price projected at \$4.10 per bushel, a \$0.45-bushel reduction from the 2023 corn crop but \$2.44 per bushel below the average farm price for the 2022 crop.

USDA currently projects the 2024 soybean supply to increase by 11% from last year; however, total use is projected to increase by only 7%. USDA is projecting both crush demand and export demand to increase from last year but not at a pace that offsets the increase in supply.

Like corn, the soybean market has been blessed with large crops, which has allowed stocks to rebuild from 2022. USDA projects 2024's ending soybean stocks at 550 million bushels, which would be a 61% increase from 2023 and a 108% increase since 2022. The stock increase has lowered the projected U.S. soybean farm price to \$10.80 a bushel. If realized, this would be \$1.60 less than the average price in 2023 and \$3.40 per bushel below the 2022 average farm price.

USDA projects the soybean ending stock-to-use ratio at 12.5%, which is the largest relative soybean inventory to demand since 2019. This large relative inventory will be a headwind for higher soybean prices without an increase in domestic demand or the threat of reduced production from South America.

Take-Away Message

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.