


# MESSENGER-INQUIRER

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## Farm Update

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AGRICULTURE & NATURAL RESOURCES  
EDUCATION

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### What would it take to get to \$6.00 corn and \$14.00 soybeans?

Extension Grain Marketing Specialist, Dr. Grant Gardner, wrote the following article from information provided at the recent USDA Ag Outlook Forum about why grain prices have fallen so far and what would be required to see \$6.00 corn and \$14.00 soybeans this year.

The first projections for the 2024/25 crop year were released on February 15th during the Ag Outlook Forum (AOF). These estimates indicate a more bearish situation in the 2024/25 marketing year than we are currently experiencing in 2023/24. As we came out of COVID/Russia-Ukraine-induced highs, prices have fallen rapidly. The season average price for corn in 2022/23 was \$6.54/bu and is projected to decrease to \$4.80 in 2023/24 and \$4.40 in 2024/25. Similarly, soybeans, which still had high futures prices at harvest, fell from a season average price of \$14.30 in 2022/23 to a projected season average of \$12.65 in 2023/24 and are projected to decline further to a season average of \$11.20 in 2024/25. Farmers will likely experience lower commodity prices until another economic shake-up or drought-induced supply shock occurs. Prices returning to \$6.00/bu for corn and \$14.00/bu for soybeans seem unrealistic in the current environment.

Large corn production in 2021/22 was offset by abnormally high export numbers, reducing supply going into the 2022/23 marketing year. This resulted in a low stocks-to-use

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(stocks/use) ratio and strong prices. A similar story can be told for soybeans. Since then, production has increased, demand has fallen, ending stocks have grown, and prices have declined.

The stock/use ratio is likely the most important number in the crop balance sheet and can be calculated by dividing the ending stocks by the total use. In both the case of soybeans and corn, we can see that higher prices occurred when the ratio was closer to zero. The ratio is projected to increase in both 2023/24 and 2024/25, indicating a bearish market. The stocks/use ratio provides a simple but accurate way to predict price environments. This ration can be used to estimate how large of a shock would need to occur in supply or demand to induce prices near \$6.00/bu in corn and \$14.00/bu in soybeans in 2024/25.

On the supply side, if we held all else constant, corn supply would have to fall by 5.87 million acres or 12.79 bu/acre to near \$6.00/bu. Soybean supply would have to drop by 3.25 million acres or 1.95 bu/acre to near \$14.00/bu. On the demand side, total use (exports and domestic use) would have to increase by nearly 950 million bushels in corn and 159 million bushels in soybeans, respectively. Changes for upside potential seem more realistic in beans; however, beans are typically the hardier crop, and yield changes are less probable.

The sad fact is that corn and soybean prices are likely to remain depressed for the foreseeable future, at least until a large supply or demand shock occurs. The push for renewable/sustainable energy in both crops shows some promise and could have long-term upside potential; however, large changes are unlikely to happen in the short term. Returns to expansion in biodiesel and ethanol/sustainable aviation fuel are further on the horizon. Until

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these changes occur, producers should think about how to sustain their operations in lower-price environments.

Given the details discussed above there is certain to be additional soybean acres planted in Daviess County and across the country this year. Soybeans cost less to grow and have less risk of significant yield losses than corn. As we get closer to planting season, UK online crop budget tools are available at <https://agecon.ca.uky.edu/budgets>. Budgets are excel based allowing you to include your own numbers for input costs and anticipated yield of corn and soybeans. There will certainly be corn grown this year, but landowners need to expect a potential crop rotation of two year soybeans followed by corn until these markets return to profitable levels.

For land that will be planted in corn, spending on excess crop inputs in an effort to yield your way to prosperity is never a good plan. This is a year to only implement proven practices needed to achieve adequate corn yields. While fuel and nitrogen are much less expensive than the past couple of years, eliminate unnecessary field passes, time nitrogen for optimum efficiency and cut out spending on inputs which you are unsure of the results.

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