

POET BIG Weekly Newsletter 4.26.24

US Market:

- *Weather:* The much-anticipated line of precipitation looks to be making its way through the central corn belt this morning. Some fairly heavy amounts are expected from this system that is supposed to last through the weekend, so while heavy planting activity was seen this week prior to the event, this likely knocks many out of the field for a week/10 days if the forecasted amounts are correct.
- *Planting:* Corn planting is seen at 12% complete as of Sunday, up 6 points vs last week and slightly ahead of the 5-year average which sits at 10%. Missouri continues at an incredible pace with nearly half the corn crop now in the ground, more than double the average pace for this time of year. The Eastern Corn belt is behind average and will likely continue to fall even further behind based on the saturated soils and 7-day forecast.
- *Exports:* Export sales came in strong at 51.2MM bushels, which is the highest we've seen in 10 weeks. Mexico was the largest buyer at 15.4MM bushels, taking their total for the crop year to 753MM bushels - 207MM more than last year. A variety of Asian countries were in for more purchases which is no surprise as Argentina corn offers have gotten more expensive in recent weeks due to concerns on crop disease and a slower harvest. The chart below shows landed costs of a bushel of corn originating from Argentina and the PNW for June delivery into Asia. The PNW currently has a cost advantage of nearly 50 cents over Argentina for June delivery so we should continue to see increased US exports until we see that spread narrow.
- Sec of State Anthony Blinken arrived in China Wednesday to discuss a number of issues ranging from Taiwan and the Russia-Ukraine war to human rights in the western region of Xinjiang. No real breakthrough is expected from the visit, but the market may look for any China ag purchases/announcements as a result of good relations between the two countries. China's outstanding corn balance remains at just 2MM bushels and total purchases for the crop year are down 255MM bushels from last year. Purchases of US sorghum is up 140MM bushels Y/Y, however, mostly due to increased US production.

South America:

- The forecast for Brazil continues to feature virtually no rain for the major Safrinha corn region (except the far northern half of Mato Grosso) - certainly not an ideal finish to the growing season. We'll likely see South American production estimates continue to retreat as damage from the leafhopper in Argentina continues to be assessed. Speaking of Argentina, the BA Exchange is estimating corn harvest at 19.8% complete, up just 2.6% vs last week and continues to be one of the major reasons why the US has remained competitive in the export market for much longer than originally anticipated.



Weekly Outlook: Not a bad week for the corn market as we gained a few cents on the May board and rightfully so. With the combination of South American struggles and a wet start to planting we are due for a rally. Argentina has had some insect and disease come through that has helped US exports tenfold. I am expecting a producer friendly report come May 10th. US usage has been very good from an export, feed, and ethanol grind standpoint. There is also a large gap for USDA South American production numbers and what South America is pegging their crop to be. At the end of the day, if the USDA is feeling generous, we should see a decrease to South American production and a decrease to US ending stocks!