



CENTER FOR AGRICULTURAL PROFITABILITY

Institute of Agriculture and Natural Resources

Grain Marketing for 2025

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Grain Marketing Schedule

- ➔ Five meetings, every two weeks, all with a different focus
 - Today's focus is the WASDE report
 - Seasonality of price patterns
 - Crop Insurance – focusing on SCO/ECO
 - Cost of production
 - What are you trying to do? building wealth or min tax?
- ➔ We want to interact with the audience – we will ask questions. Tell us what you want us to dig into!



Why? World Agriculture Supply & Demand Estimates Report (WASDE)

- ➔ Began in 1973, Released Monthly (8th-12th)
- ➔ Aimed to improve market information
 - Alternative – private companies gather information
 - Sell it?
 - Use it to their advantage?
 - Free to access



WASDE exists to:

- ➔ Provide accurate and reliable
 - Ok to criticize but show me a better alternative
 - No information appears to be a move in the wrong direction
- ➔ Improves market transparency
- ➔ Helps with policy and planning
- ➔ Economic forecasting
- ➔ Improve trade and production decisions
- ➔ Improve risk management decisions



WASDE impacts:

➔ Market efficiency

- Accurate and timely data
 - Available to everyone
 - Reduce information asymmetry
 - Promotes informed decision-making

➔ Resource allocation

- Guides efficient and effective use of resources

➔ Policy development

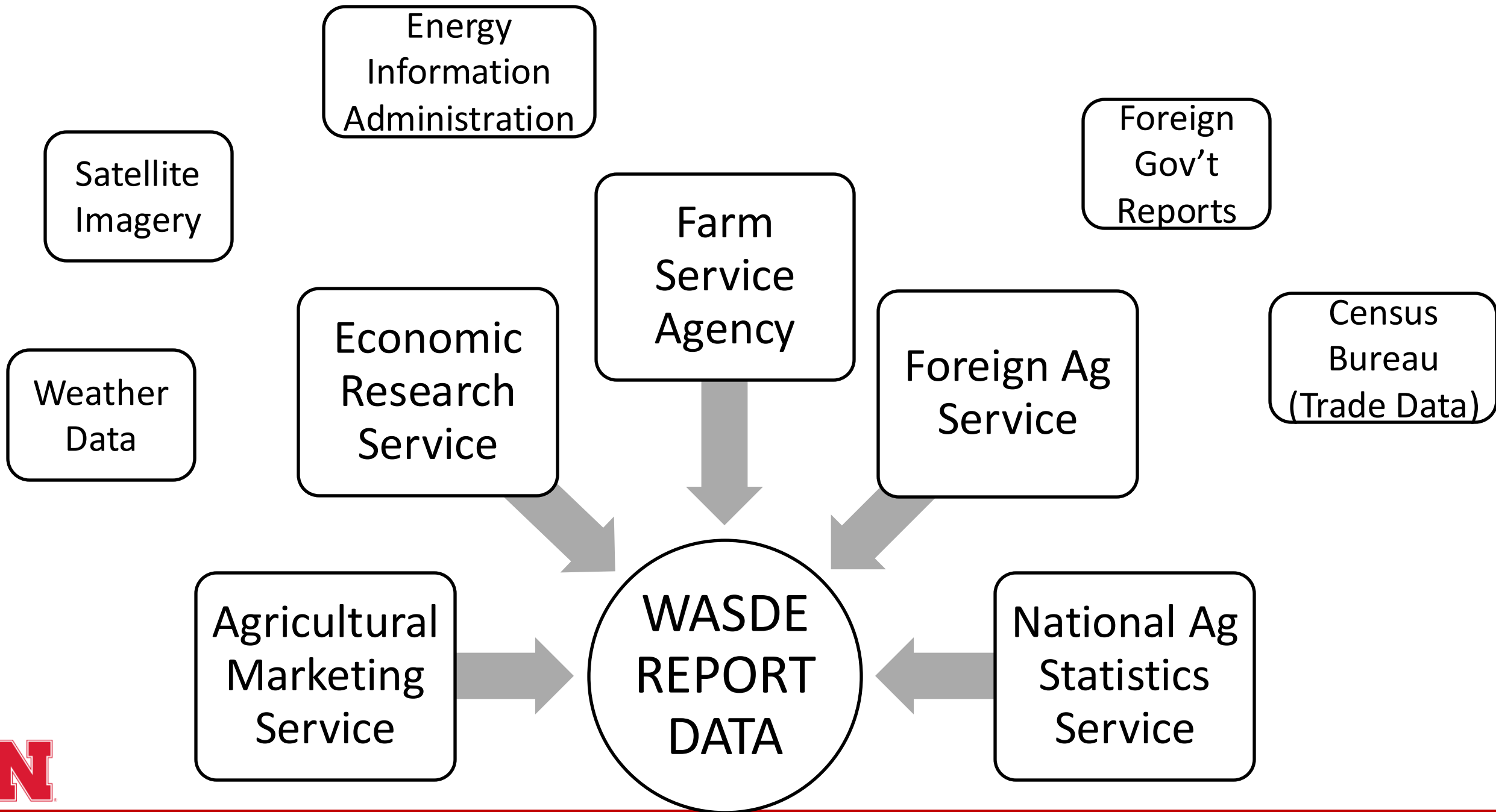
- Policymakers use the data to make policies



World Agriculture Supply & Demand Estimates Report

- ➔ Led by World Agricultural Outlook Board, prepared by 9 Interagency Commodity Estimates Committees – one for each commodity
- ➔ Provides global “**balance sheet**” of supply and demand, forecasts average farm prices
- ➔ National average price weighted by the quantity of that season’s production sold each month





WASDE Report

➔ Assumptions

➔ Yields – “When forecasting crop yields, NASS does not attempt to predict future weather conditions. Long-range weather forecasts are not used in any forecast models.”



What to watch for...

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Grain Stocks	✓		✓			✓			✓			
Planting Intentions			✓									
Actual Plantings						✓						
Corn and soy: First Yield Forecast								✓				
Winter Wheat: Estimated Production					✓							



➔ The question is
NOT: *“Is the WASDE
report correct?”*

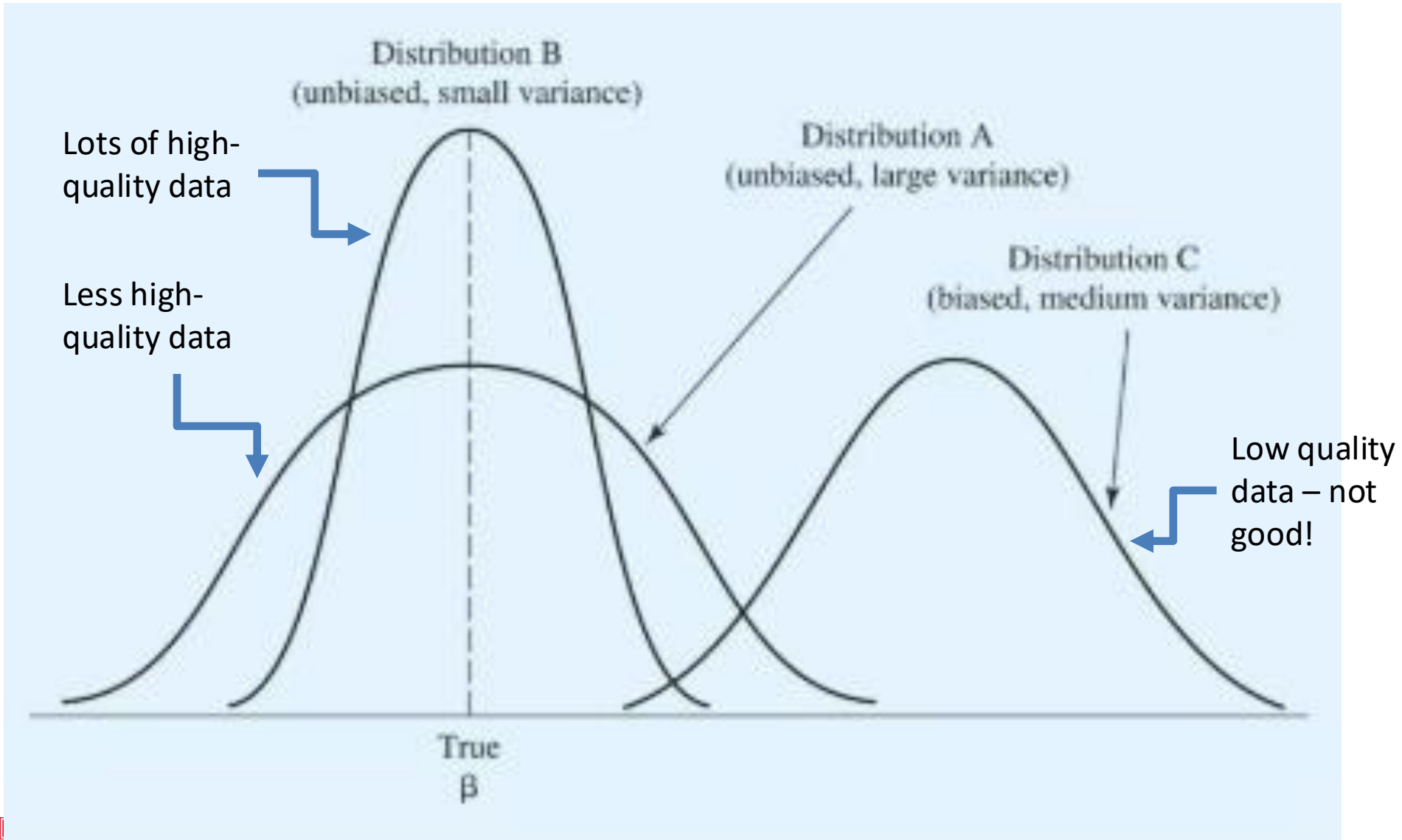
➔ The question IS:
*“What are you
going to do about
it?”*



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The estimate, data and statistics

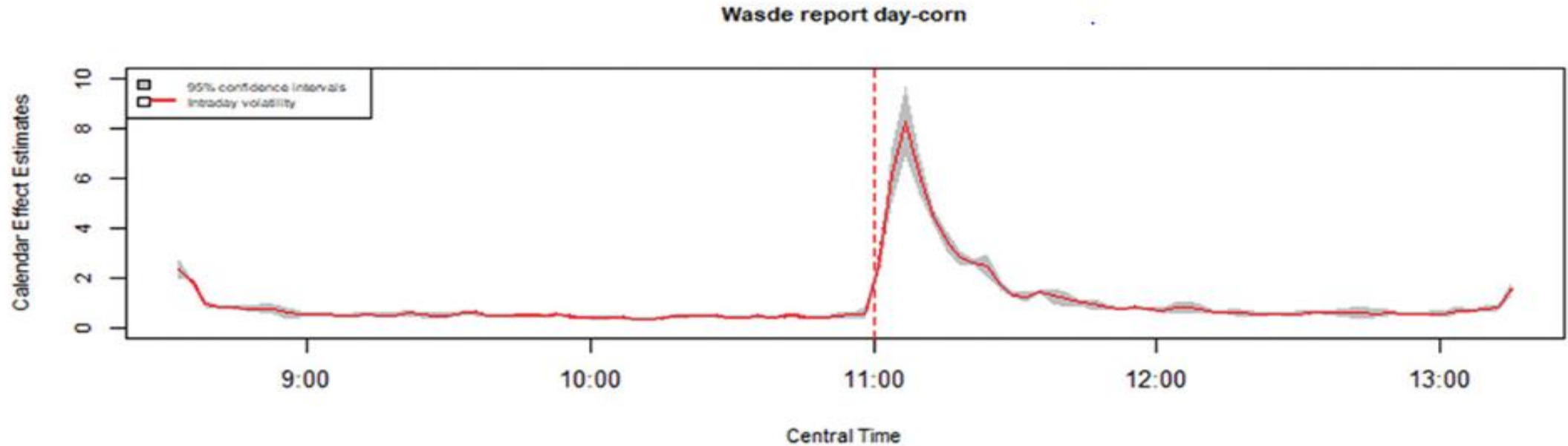


Quantifying the WASDE Announcement Effect (Adjemian, 2012)

- ➔ Results in this article show that the WASDE announcement effect persists across contract positions, is not limited to months that include NASS crop survey data, is amplified during low carryover periods for soybeans and wheat and is rapidly incorporated into futures prices.



Impact of WASDE releases on grain futures market volatility (Lee and Park, 2024)



- ➔ Findings confirm the presence of unique daily volatility patterns on WASDE release days, significantly diverging from non-release days.

What if I were to trade the report before it was released? Would I make a ton of \$?

- ➔ Milaeck and Brorsen, 2017 investigate this question
- ➔ Benchmark model for firms engaged in forecasting and estimates of potential per contract returns for firms considering investment in endeavors to predict crop reports
- ➔ Forecasts have errors. This work gives upper bound on what could be earned.



What has the literature found?

- ➔ Price movements are larger following USDA reports (Isengildin, Irwin and Good, 2006b)
 - Even after private businesses already released their prediction
- ➔ Reports released in the Aug, Sep, and Oct cause a greater change in market prices than other reports (Sumner and Mueller, 1989)
- ➔ USDA reports matter



What did the paper find?

- ➔ Increased returns in summer and fall months
 - Summer, Critical growth stage influencing yield
 - Fall, information about yields becoming available
- ➔ Returns from trading WASDE are noisy - losses and gains. So positive returns are not guaranteed. Plus, other information causing the market to move.



WASDE Research

- ➔ Investigated lots of different ways
- ➔ Report is clearly important and respected by market participants
- ➔ USDA forecasts can improve with better information (i.e., additional high quality survey responses)



Latest Report: Jan. 10

➔ [wasde0125.pdf](#)

- Page 11 – Wheat
- Page 12 – Corn
- Page 15 Soybeans



- ➔ Estimates – Current Crop Marketing Year
- ➔ Projections – Upcoming Crop Year



Operator Reported Surveys	December Ag Survey	Sample Size = 73,269	November 29 - December 18
	Off-Farm Grain Stocks	~7,900 Facilities	November 30 - December 19
	Cotton Ginnings	457 Gins	January 2-6

Field Surveys	Objective Yield Corn, Soybeans	Sample Size = 3,090	Prior to Harvest
	Objective Measurement Florida Citrus	1,546 Groves	December 11-20

FSA Certified Acres	Farm Service Agency policy requires that producers participating in several programs submit an annual report regarding all cropland use on their farms.
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FSA and RMA Failed Acres	Acres reported as "failed" to either the Farm Service Agency (FSA) or the Risk Management Agency (RMA) are considered minimum levels of abandonment.
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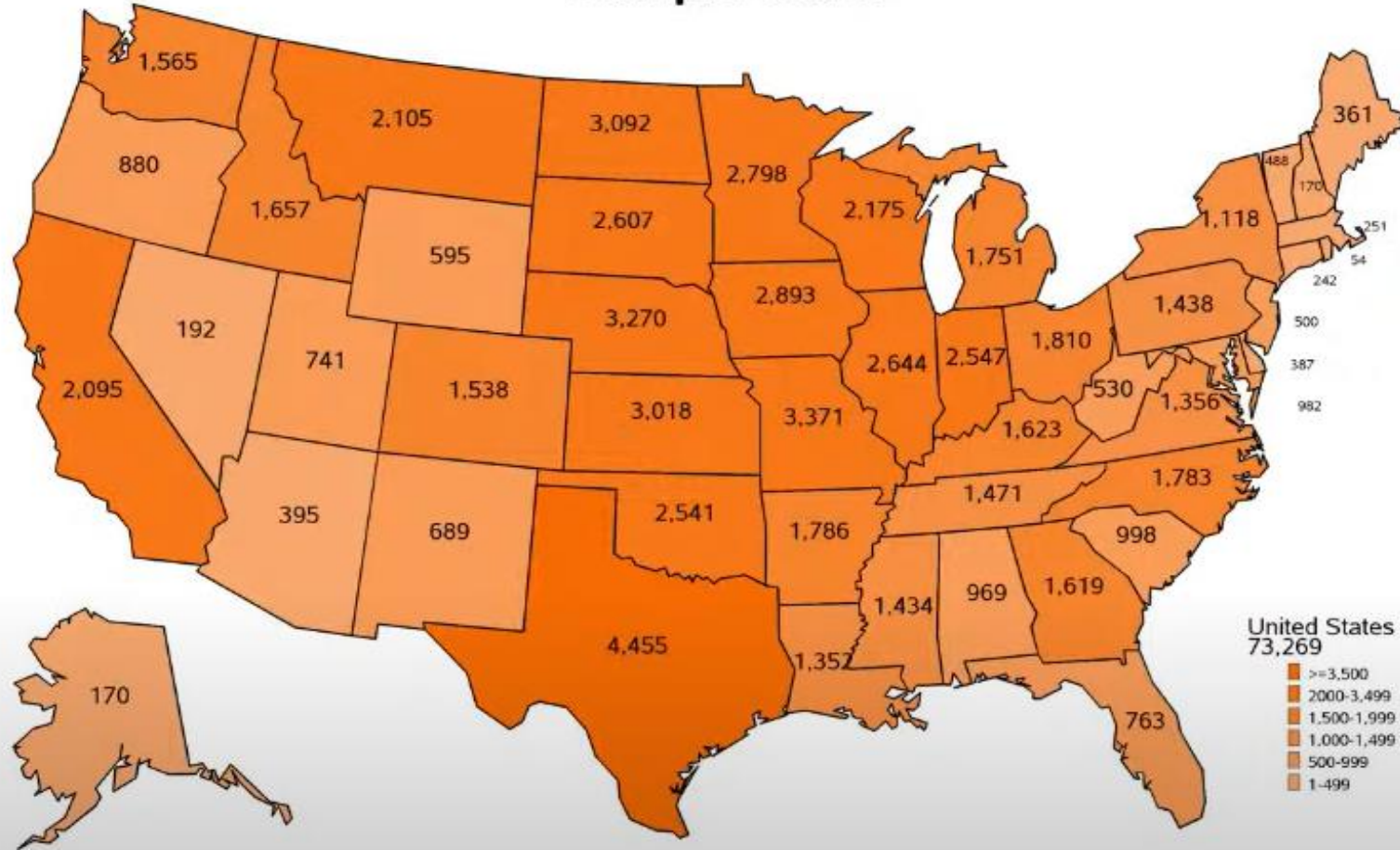




December 2024 Agricultural Survey

Sample Sizes

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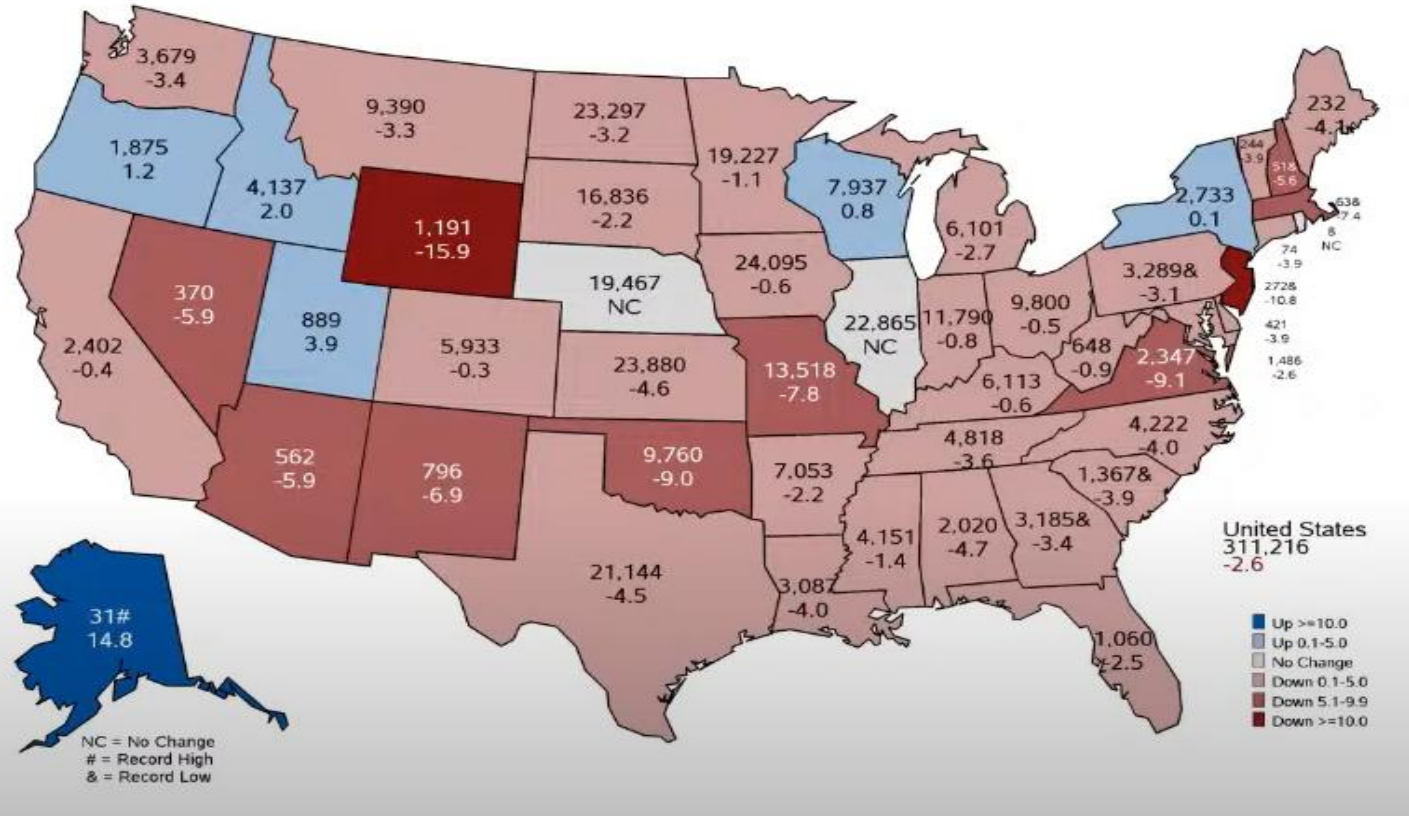


Planted acres are used for corn, sorghum, oats, barley, rye, winter wheat, Durum wheat, other spring wheat, rice, soybeans, peanuts, sunflower, cotton, dry edible beans, chickpeas, potatoes, sugarbeets, canola, and proso millet. Harvested acreage is used for all hay, tobacco, and sugarcane in computing total area planted.



2024 Principal Crops Planted

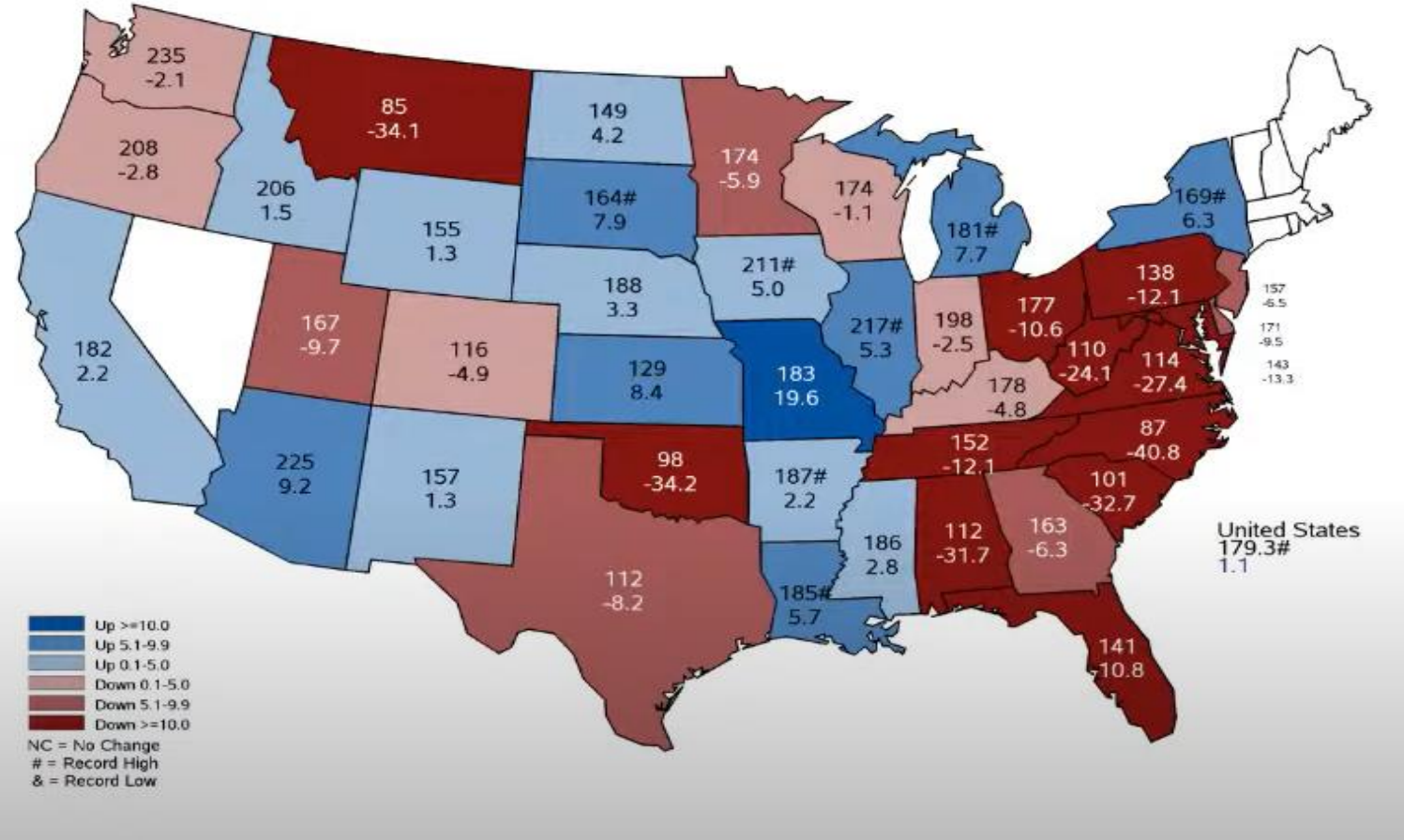
Thousand Acres and Percent Change from Previous Year





2024 Corn Yield

Bushels and Percent Change from Previous Year

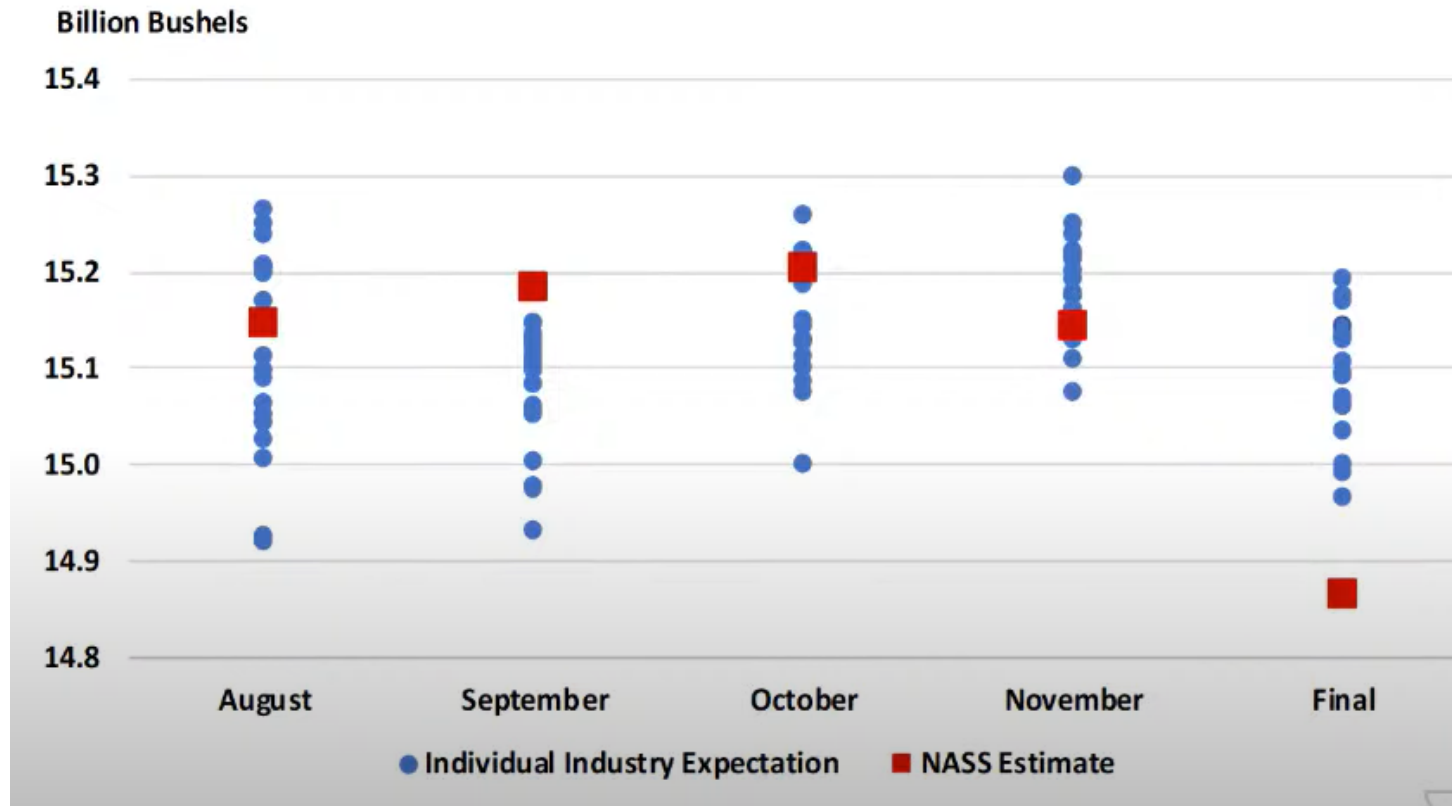




2024 U.S. Corn Production

Industry Expectations vs NASS

AG 24



U.S. Corn Supply and Demand

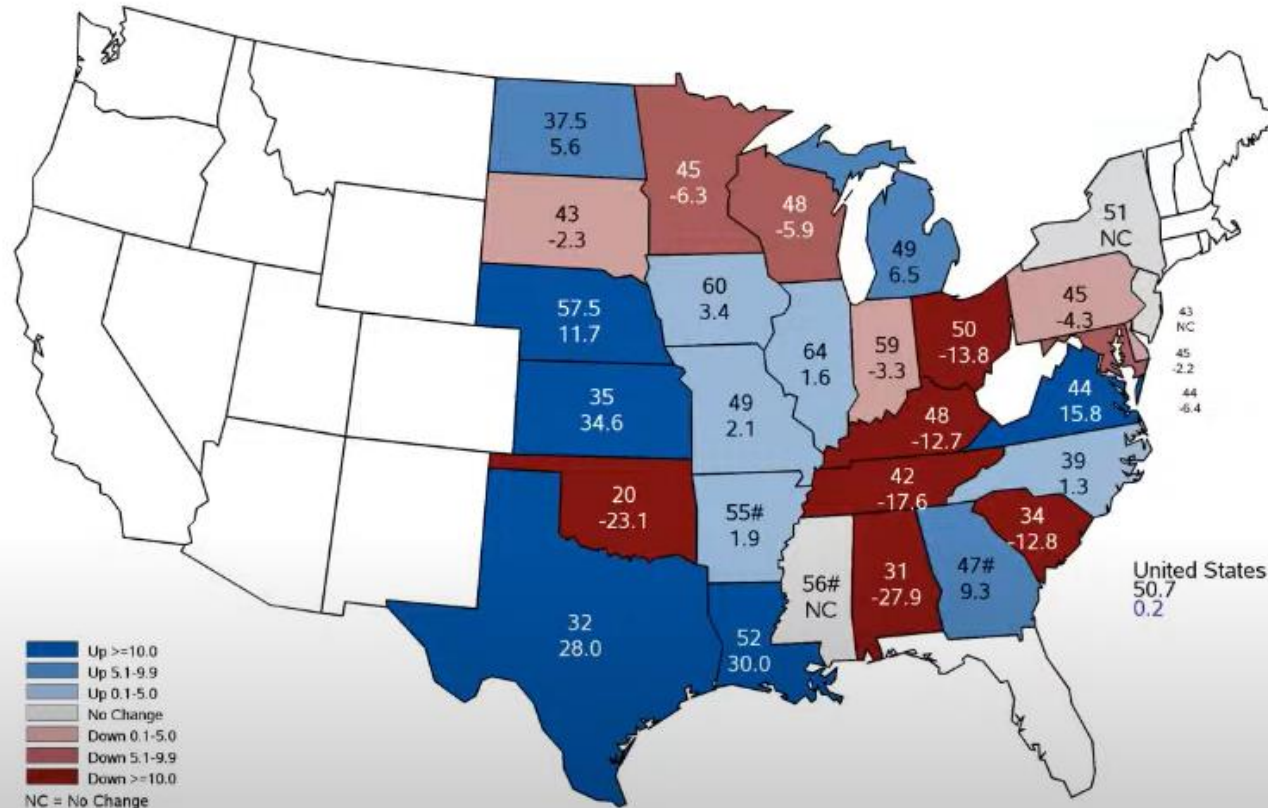
Item	2023/2024 estimate	2024/2025 forecast	Change from December 10	Change from 2023/2024
Planted area (million acres)	94.6	90.6	-0.2	-4.0
Harvested area (million acres)	86.5	82.9	0.2	-3.6
Yield (bushels per acre)	177.3	179.3	-3.8	2.0
<i>----- Million bushels -----</i>				
Beginning stocks	1,360	1,763	3	403
Production	15,341	14,867	-276	-474
Imports	28	25	--	-3
Total supply	16,729	16,655	-273	-74
Feed and residual	5,804	5,775	-50	-29
Food, seed, and industrial	6,869	6,890	--	21
Ethanol	5,478	5,500	--	22
Domestic use	12,673	12,665	-50	-8
Exports	2,292	2,450	-25	158
Total use	14,966	15,115	-75	149
Ending stocks	1,763	1,540	-198	-223
<i>----- Percent -----</i>				
Stocks to use ratio	11.8	10.2	-1.3	-1.6
<i>----- Dollars per bushel -----</i>				
Average market price	4.55	4.25	0.15	-0.30





2024 Soybean Yield

Bushels and Percent Change from Previous Year



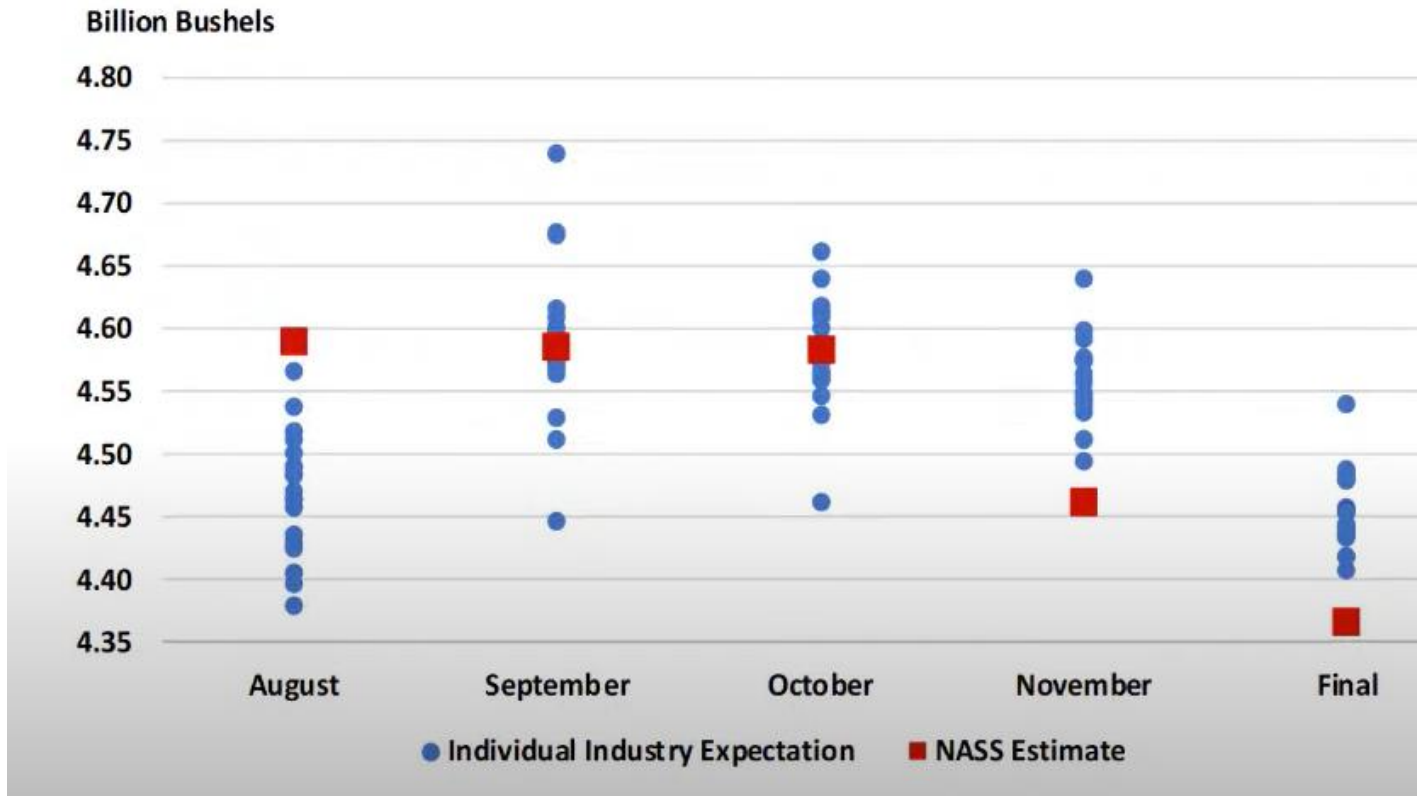
■ Up >=10.0
■ Up 5.1-9.9
■ Up 0.1-5.0
■ No Change
■ Down 0.1-5.0
■ Down 5.1-9.9
■ Down >=10.0
NC = No Change
= Record High
& = Record Low





2024 U.S. Soybean Production

Industry Expectations vs NASS



U.S. Soybeans Supply and Demand

Item	2023/2024 estimate	2024/2025 forecast	Change from December 10	Change from 2023/2024
Planted area (million acres)	83.6	87.1	**	3.5
Harvested area (million acres)	82.3	86.1	-0.2	3.8
Yield (bushels per acre)	50.6	50.7	-1.0	0.2
----- Million bushels -----				
Beginning stocks	264	342	**	78
Production	4,162	4,366	-95	204
Imports	21	20	5	-1
Total supply	4,447	4,729	-89	282
Crush	2,287	2,410	--	123
Seed and Residual	123	114	1	-9
Domestic use	2,410	2,524	1	114
Exports	1,695	1,825	--	130
Total use	4,105	4,349	1	244
Ending stocks	342	380	-90	37
----- Percent -----				
Stocks to use ratio	8.3	8.7	-2.1	0.4
----- Dollars per bushel -----				
Average market price	12.40	10.20	--	-2.20



RESOURCES

- Watch USDA WASDE briefings – In YouTube – search “Agricultural Statistics Board Briefing”
- For more information on WASDE – see [FAQs and Resources | Home](#) or www.usda.gov/oce/commodity-markets/wasde/faqs
- Economic Research Service (ERS) – reports (that use WASDE data) - [Publications | Economic Research Service](#)
 - Interesting publications – US Ag policy review, price of ethanol blends at the pump in short vs long term, economics of cellular agriculture, feed outlook (Dec 24), oil crops outlook (Dec 24), etc...



CONCLUSIONS

- WASDE is important as it influences your markets.
- What would a world with less transparency look like?
- Manage what you can manage
 - Be strategic in how you position yourself before/after WASDE
 - Embrace the uncertainty
 - Even pre-report industry cannot center on the same number WASDE presents (who have more data)
- Easy to give WASDE a hard time, harder to help them improve.
 - Again, focus on what you can manage – your position
- If folks think the WASDE is wrong, then futures markets, who reflect active traders, should adjust, so ask them what their position is. No position – only an opinion.

