U.S. Commodities Markets

USDA's Prospective Plantings Report: A Corn Assessment For The Texas Cattle Feeder

- Corn data from the March 31, 2023, the USDA's Prospective Plantings and the Grains Stocks revealed two narratives that can influence the price path of market year (MY) 23/24 corn.
- The initial acres data shows contracting area in the high plains, precipitously higher acres in the Mississippi Delta and moderate growth in the key producing states.
- In the USDA's Prospective Plantings, the USDA estimates that acres are forecast to decline by -5% YoY in Texas, and -1% YoY in Nebraska. Adding Kansas corn acres forecasted at +2% YoY, the estimated net loss between the 3 central states is 100,000 acres.
- Severe drought can restrict corn plantings. Compared to 2022, an overwhelming majority of the 3-state's corn acres reside in areas that are experiencing structural drought.
- Total on and off farm stocks in Nebraska and Kansas are 921 mbu, -334 mbu, -27%, YoY. Total stocks for the two states are the lowest level since 2014 and the 5th lowest in 20 years.
- What does this mean for the Texas feedlots? For the near term we expect corn basis and corn futures volatility to remain elevated. While CME corn futures prices may decline, cash values in Texas, Kansas and Nebraska should remain firm.

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