

### FEEDING QUALITY

FORUM



### KARA LEE

FEEDING QUALITY

**EMCEE** 







## DAN BASSE

FEEDING QUALITY

**GLOBAL MARKET OVERVIEW** 





#### Two Sides of the Fence in Agriculture

Daniel Basse, President AgResource Chicago IL

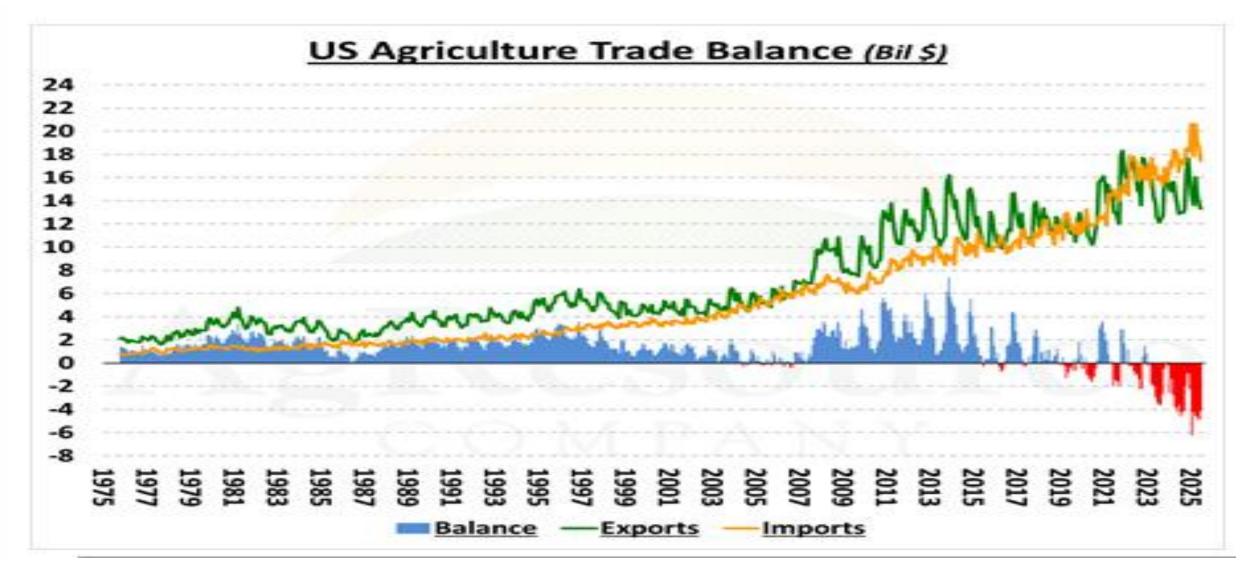
#### The Push for Protein; Two Sides of the Fence



- World Geopolitics are fast changing, with the power centers in Washington and Beijing. The world is now a duopoly of geopolitical/economic influence. The US is trying to realign world trade flows and assure itself of trade opportunities through tariffs. The question is: Can the US ensure improved ag exports through tariffs to battle cheaper grain/oilseeds from South America and the Black Sea?
- World Grain farmers are economically struggling as profit margins fall amid sinking grain prices while
  costs (seed/equipment/land cost) stay elevated. Northern Hemisphere farmers are beginning to harvest
  record-large crops, with fresh demand drivers needed to alter prevailing bearish trends. Unless the
  Trump Administration mandates E15, the struggle of grain farmers will persist. The year ahead will be
  difficult for the grain farmer/banker as financial stress builds.
- Protein Producers: Cattle, Pork and Dairy Industries benefit from near insatiable demand. Rapidly rising US disposable income combined with bans on feeder cattle imports from Mexico, and a 50% tariff on Brazilian beef have sent US cattle/feeder cattle to record prices. We all knew that cattle and feeders were a demand-driven bull market, but what we did not understand was that US beef demand was almost inelastic. The year ahead will produce considerable cattle/feeder volatility, but a longer term bear market is not foreseen until 2027. US beef cow herd expansion further reduces US beef supplies.

#### The Biggest Problem we face in Agriculture is TRADE!!

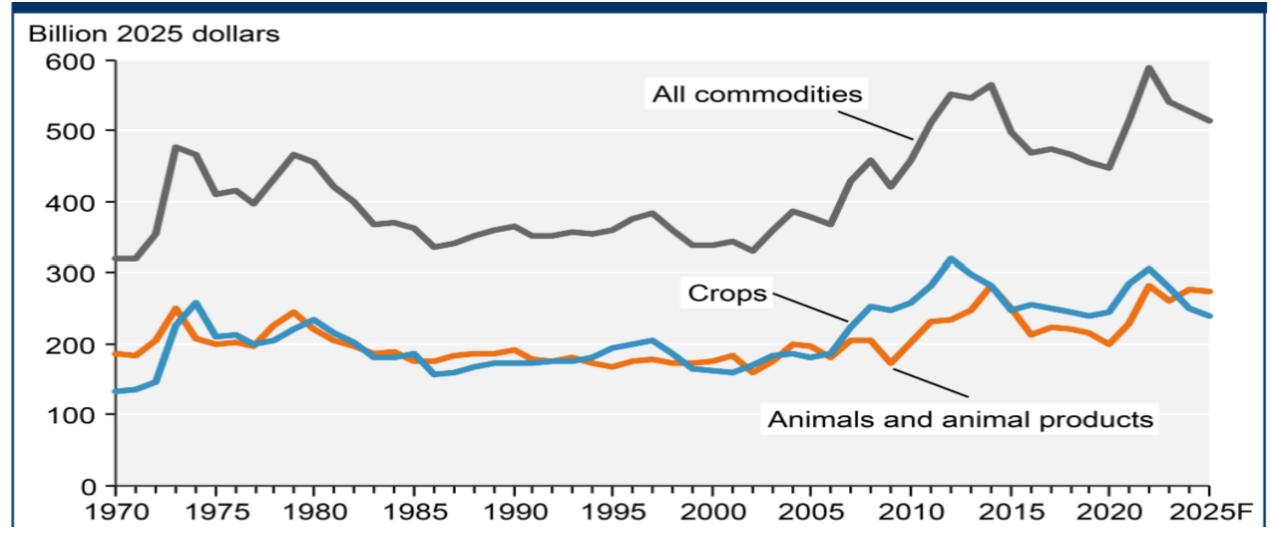




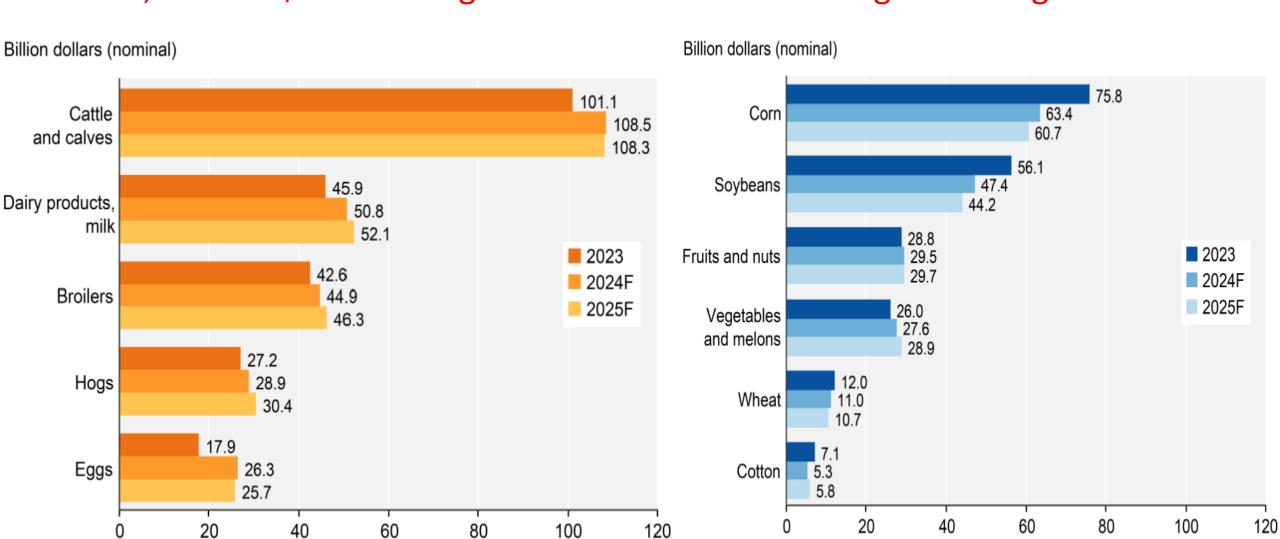
### US Farm Sector Cash Receipts; Livestock Surpass





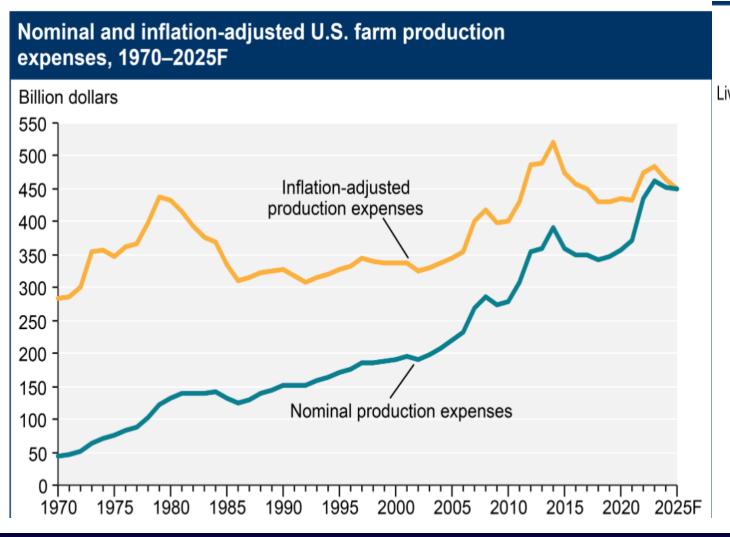


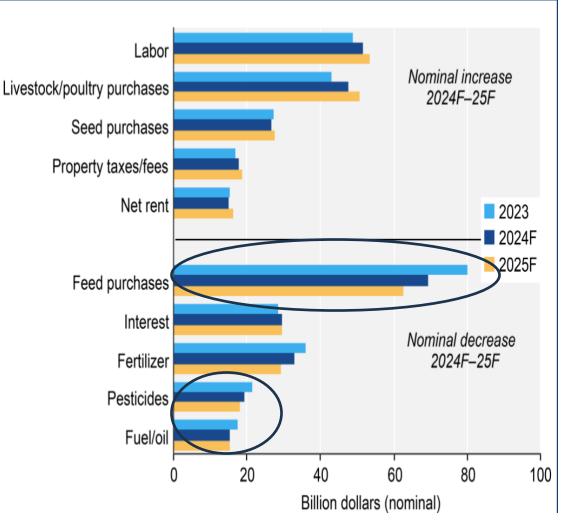
### Total 2025 Revenue for US Beef Industry estimated at \$113 Bil Dollars; Corn at \$57 Bil. US grain farmers- 3 Years of negative margins



### Rising Cost is the biggest Nemesis for American Agriculture as AgRes Nominal expenses reach inflation-adjusted expenses



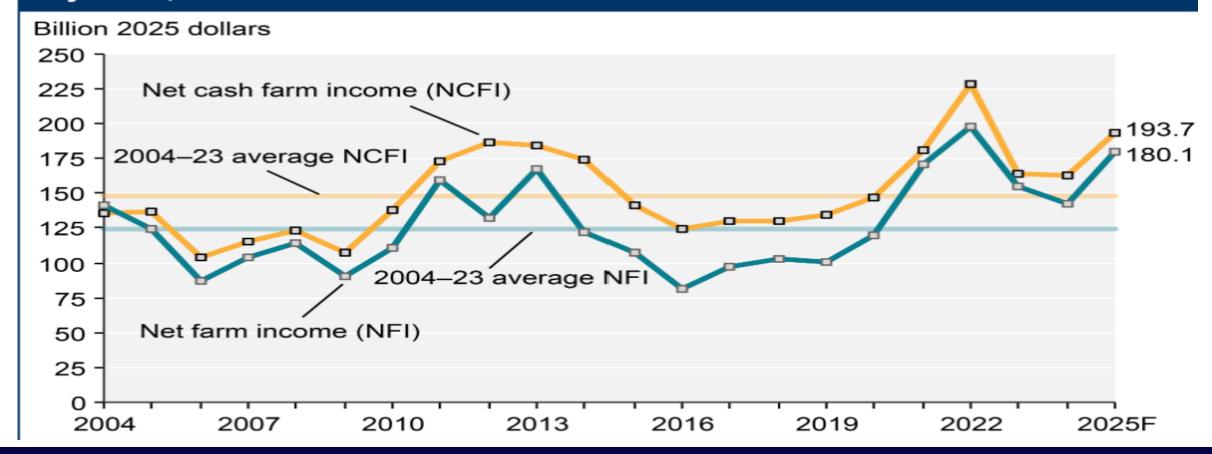




### 2025 US Farm Income Forecast at 180.1 Bil. The gain is related to \$31 Disaster Aide Assistance; 3<sup>rd</sup> Best on record!!

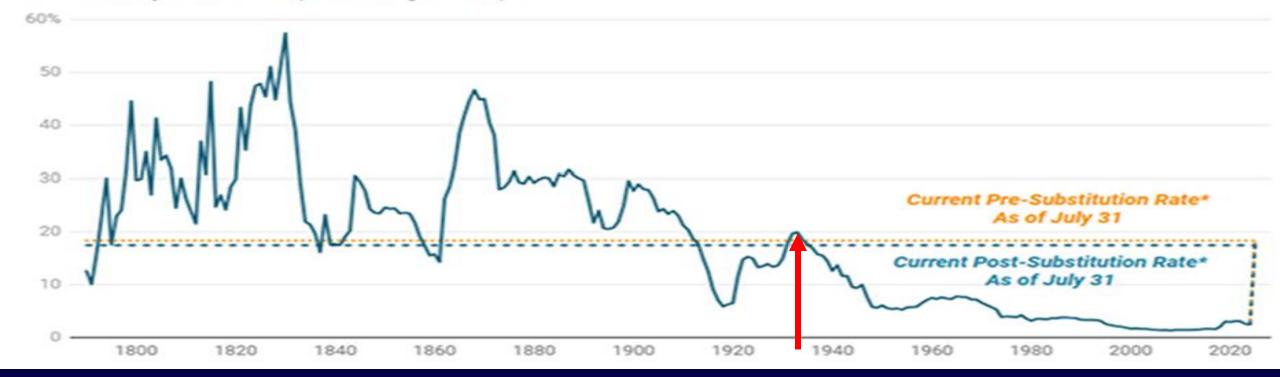


#### U.S. net farm income and net cash farm income, inflation adjusted, 2004–25F

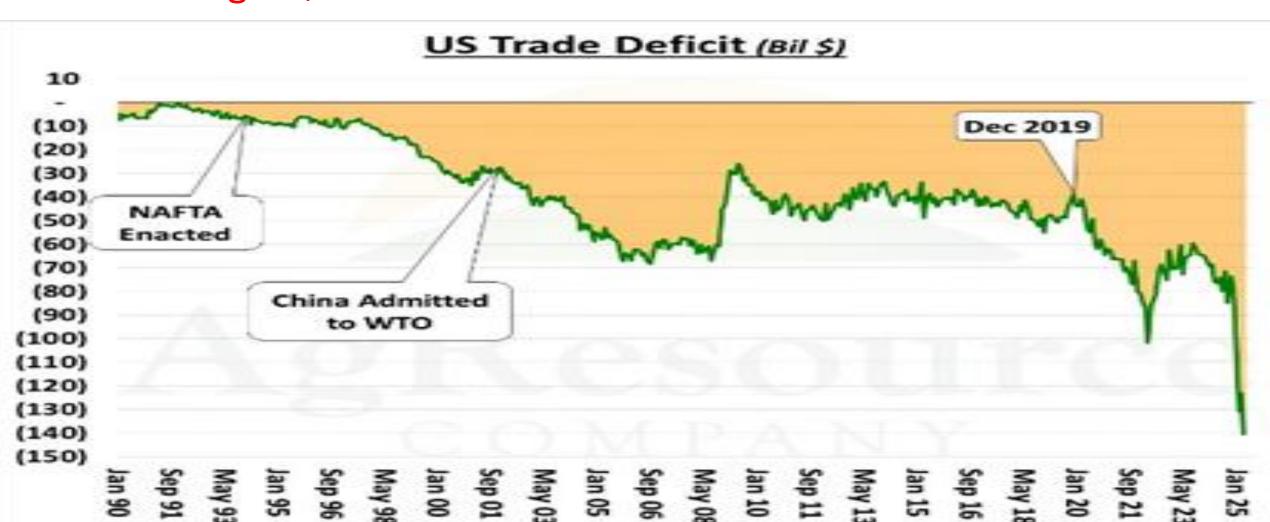




Customs duty revenue as a percent of goods imports

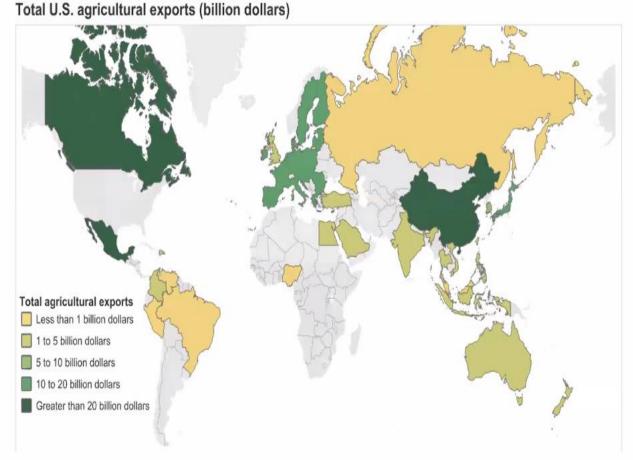


# US Annual Trade Deficit Soars to \$140 Bil, US now estimated $AgRescondent{Rescondent}$ to be taking in \$43-48 Bil each month on tariffs



# US Ag Exports and Imports by Region; Its Mexico, Canada and China!





Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Total U.S. agricultural imports (billion dollars)



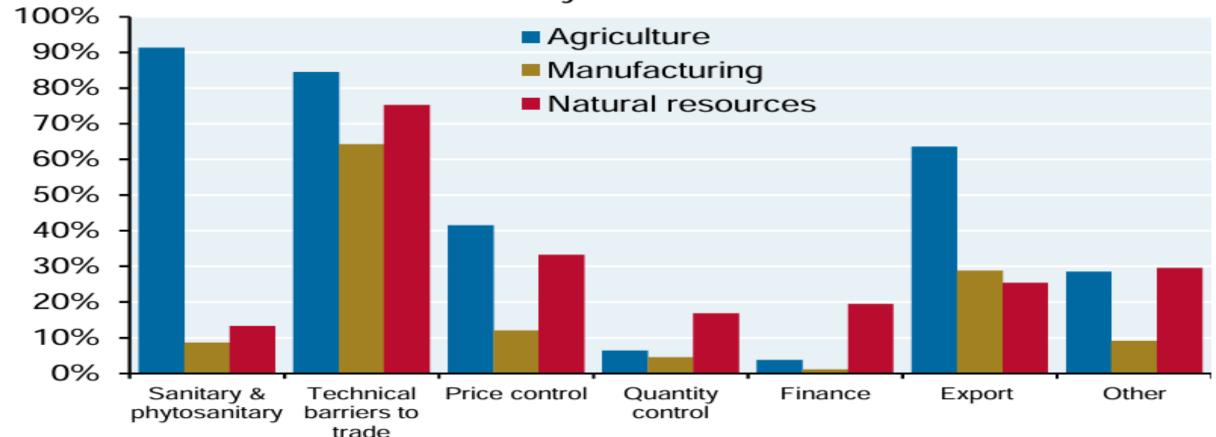
Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

#### Agriculture is the most impacted industry by Non-Tariff Barriers 2024



#### Non-tariff barriers in international trade

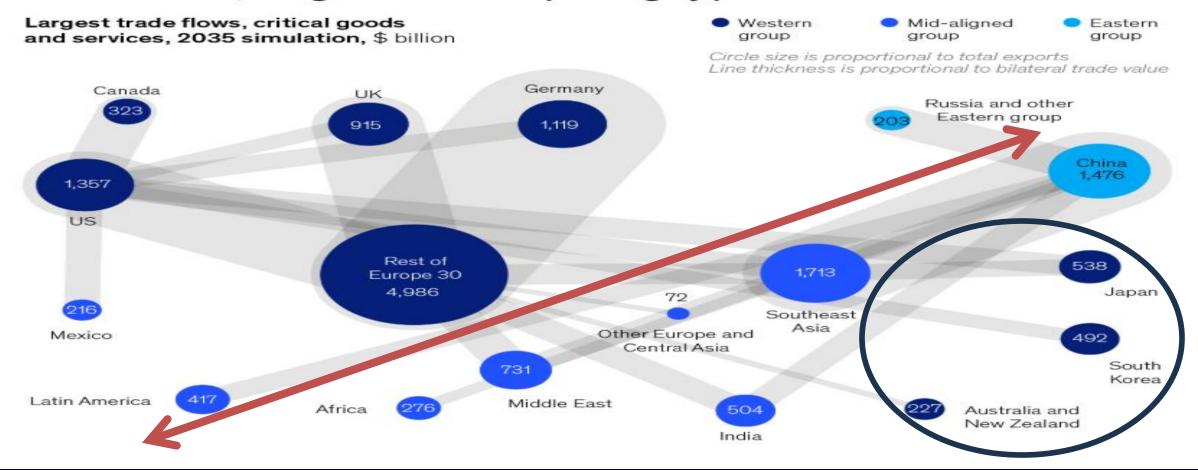
Percent of world trade affected by barrier







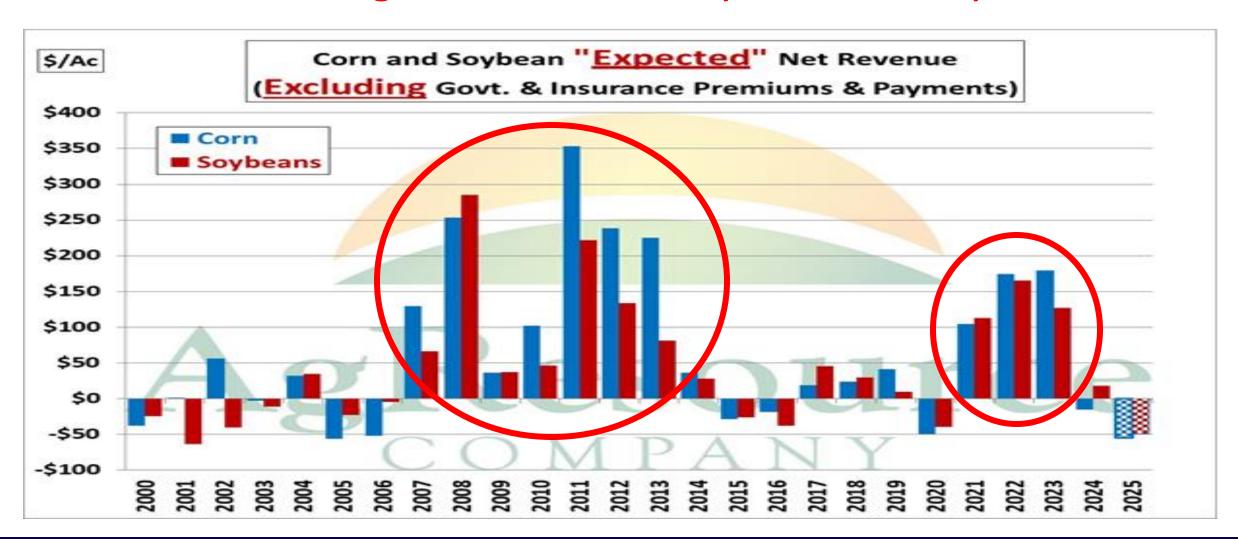
Trade reconfiguration is significant in a fragmented world, while in diversification, the global trade map is largely preserved.

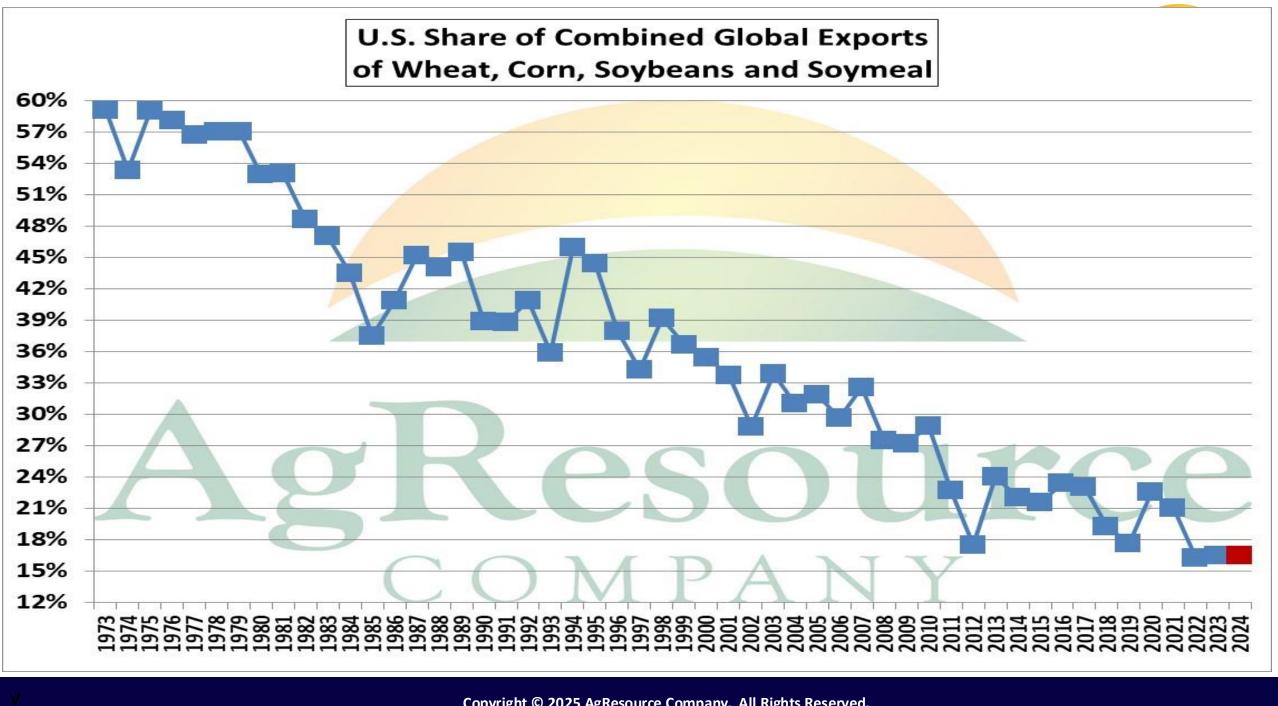






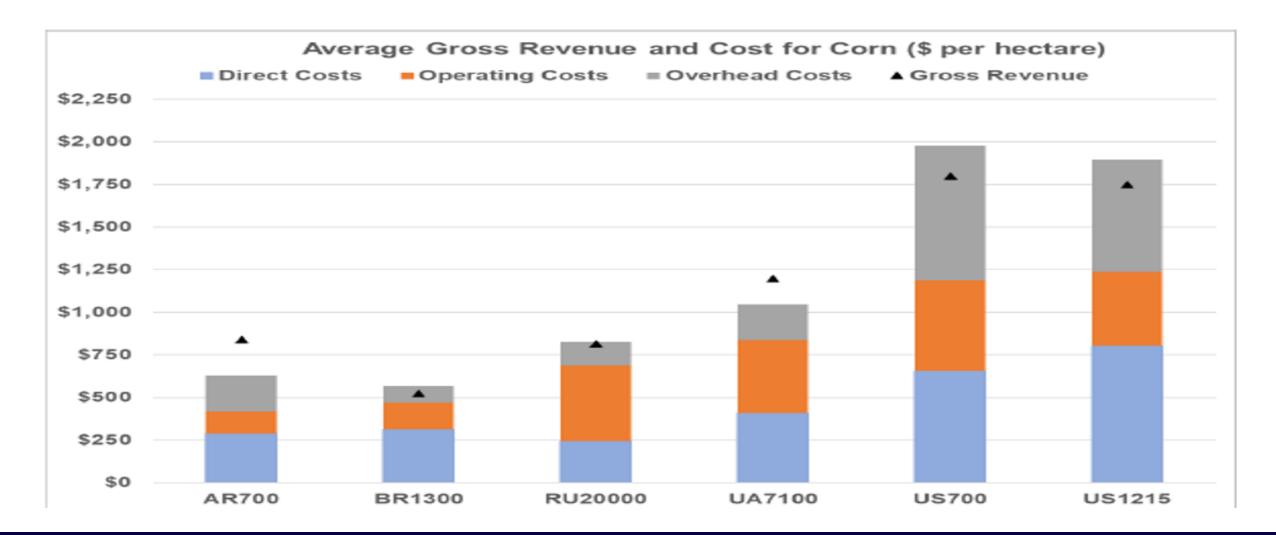
#### Demand Drivers Like 2006-2013 and 2020-2023 are AgResource needed for Lasting Farm Profitability – It is Policy!





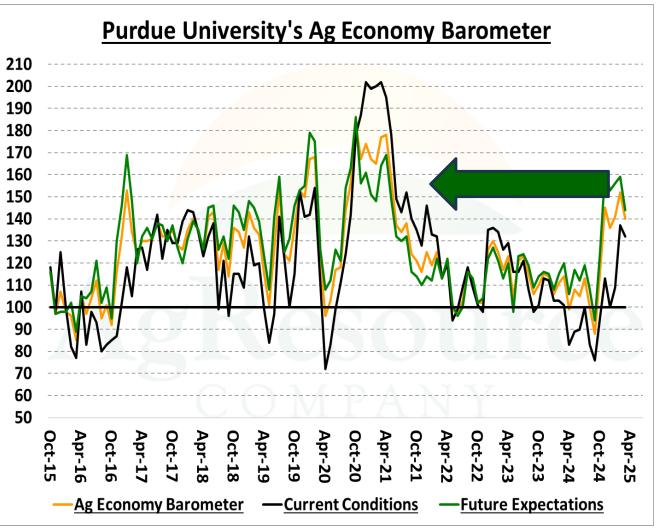


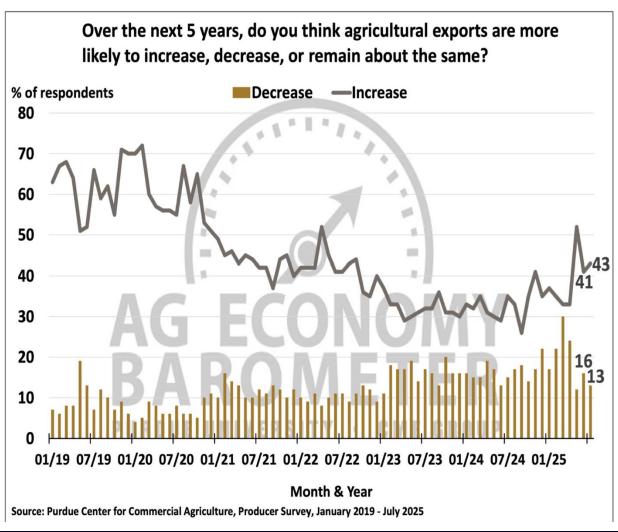




### AgResource

# US Farmers Most Optimism since the Pandemic Summer of 2020; Trade Policy Important in 5 Years

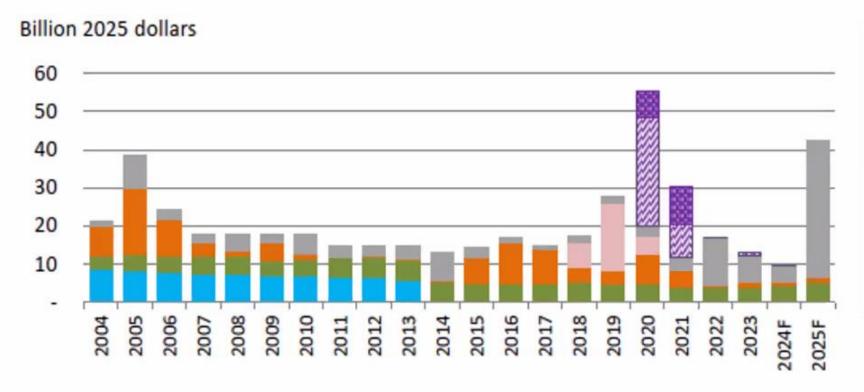


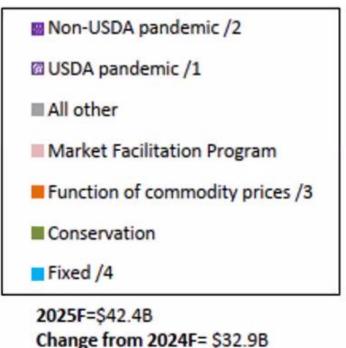




# Lowest US Direct Payments to US Farmers in 2024 $A_1$ since 1982 in Inflation Adjusted dollars; Changes Ahead







### The New Geopolitical Landscape



Post Cold War (1991-2018)

Today (2022 - ???)

 Unipolar world: USA sole superpower



Bipolar world: US-China Great-Power Competition

Economic Globalization



Geoeconomic Globalization



### China's dedication to the "Belt-and-Road" Paying dividends: Trump Tariffs are a Counter to the "Belt and Road"







Total value of investments and

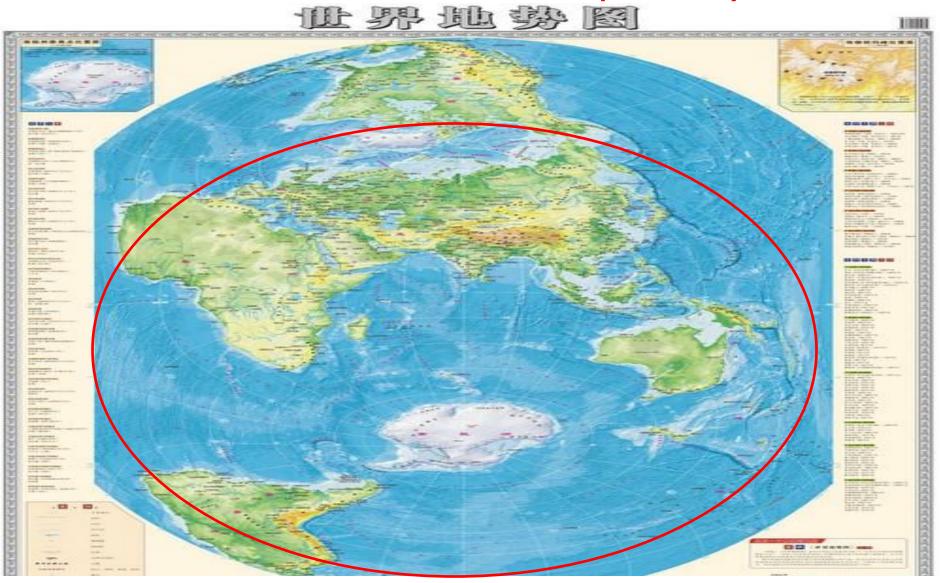
construction projects in BRI countries

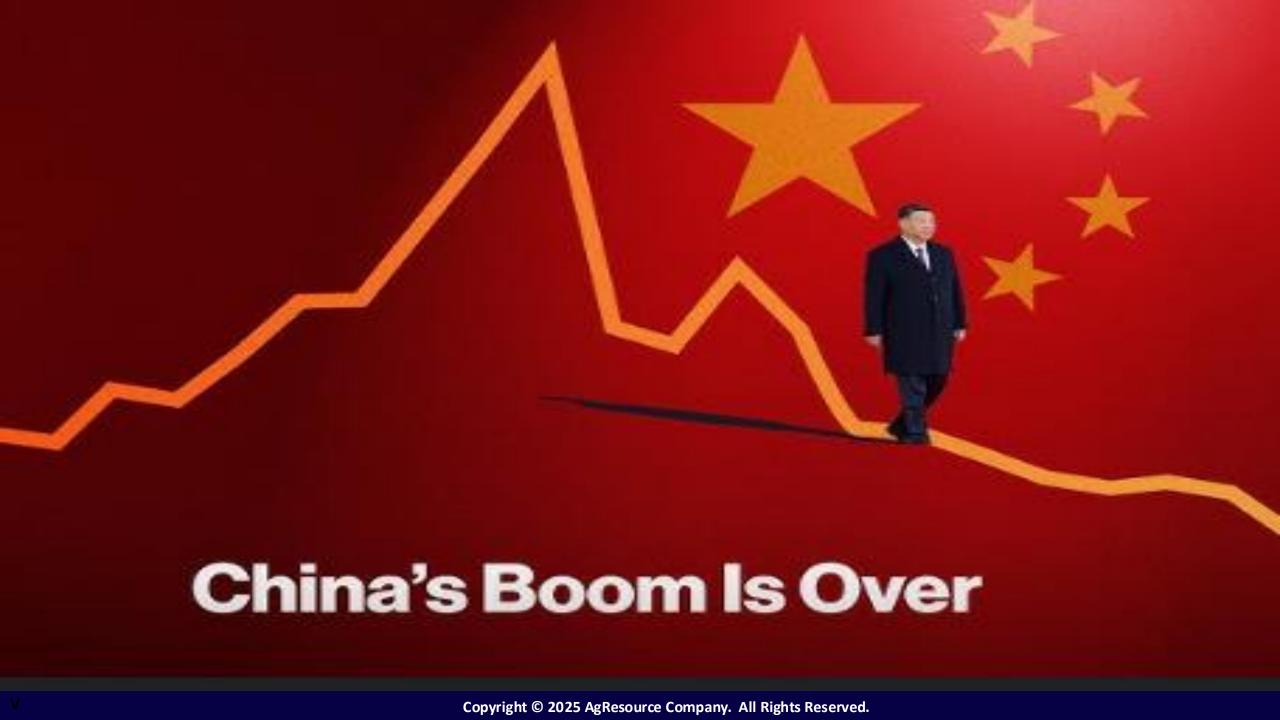
trillion
Trade between China and BRI

countries in 2021

### How Does China See the World Map Today?

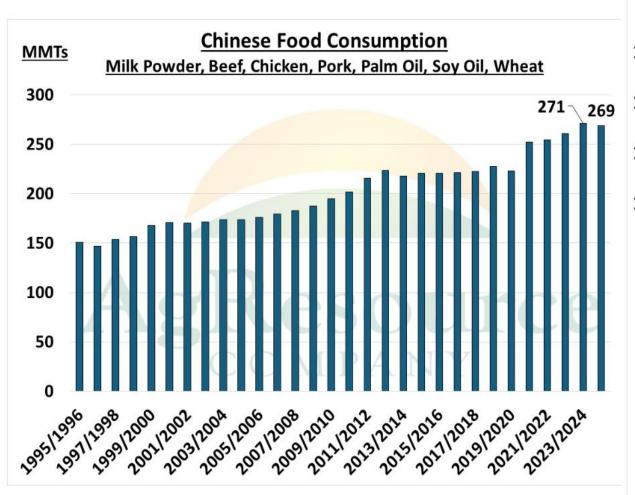


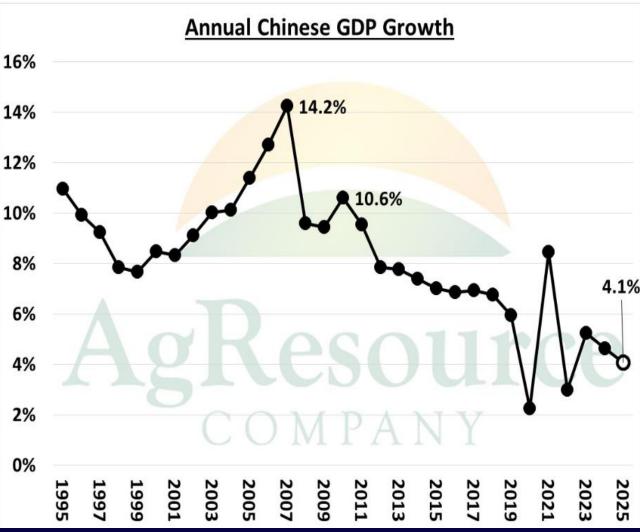








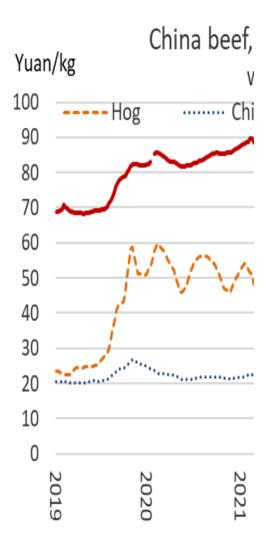


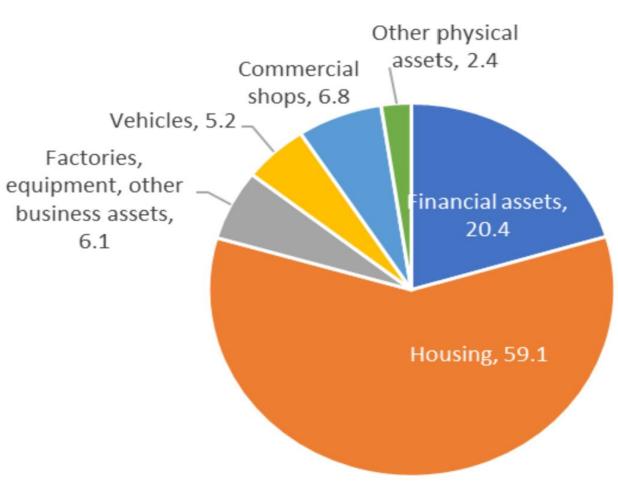


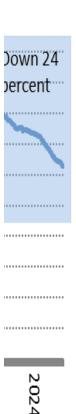
#### China Consumer Demand Growth Lacking



#### Composition of urban family assets in China

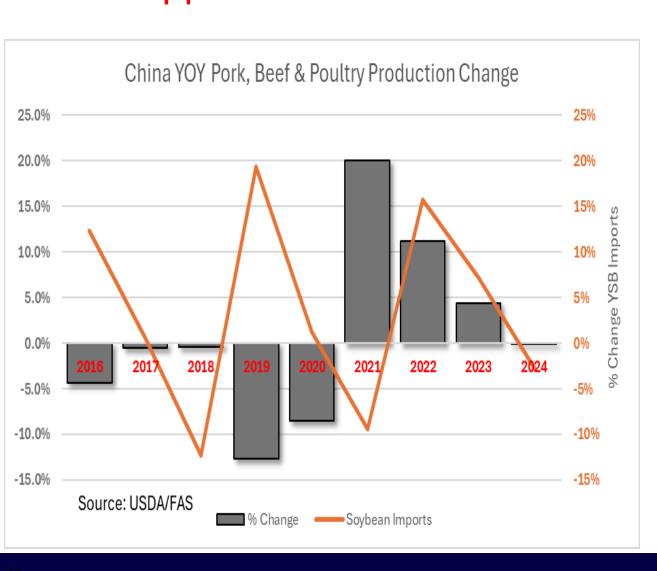


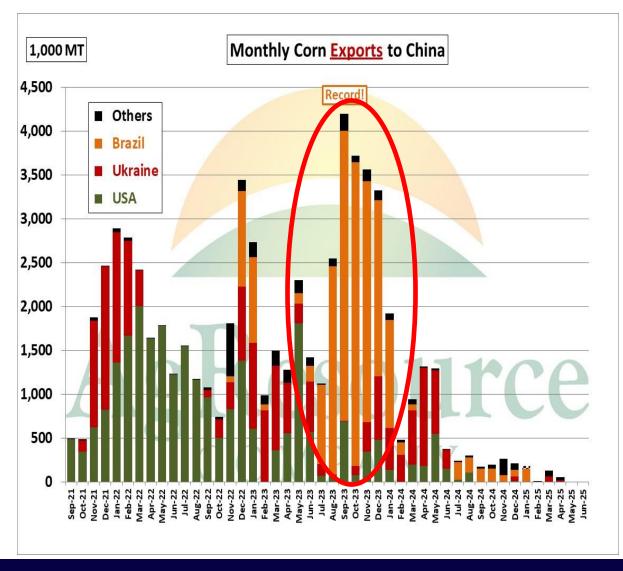




### China Dramatically Slows Corn Imports – US is Residual Corn Supplier Ahead

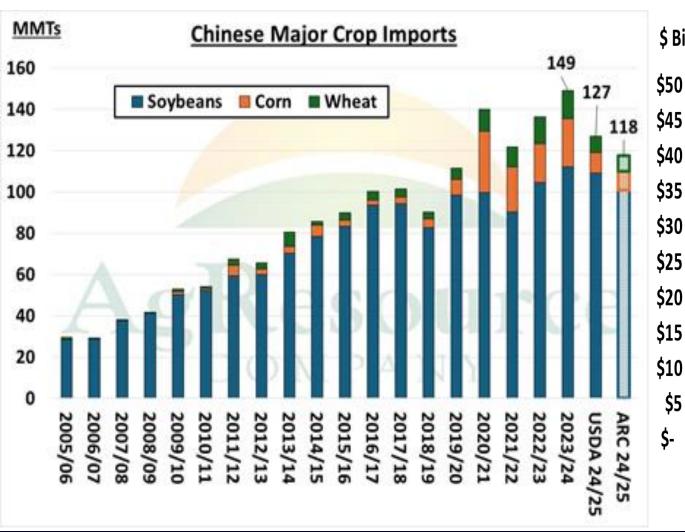


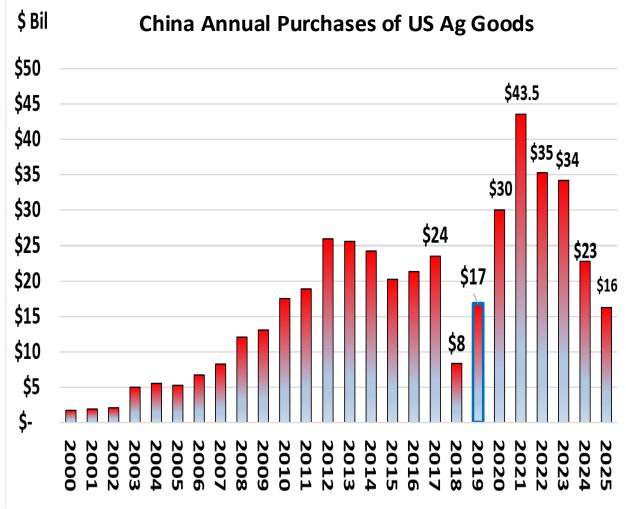




# Chinese Major Crop Imports Slow with US Ag exports Just \$16 Bil in 2025

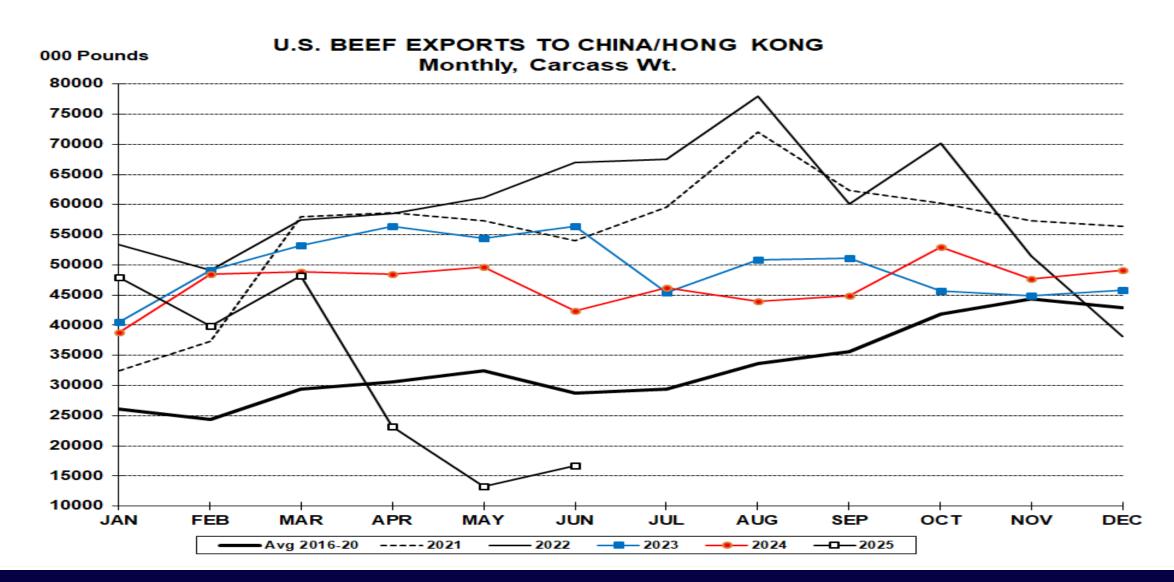






#### US Beef Exports to China; Down 42% vs 2024



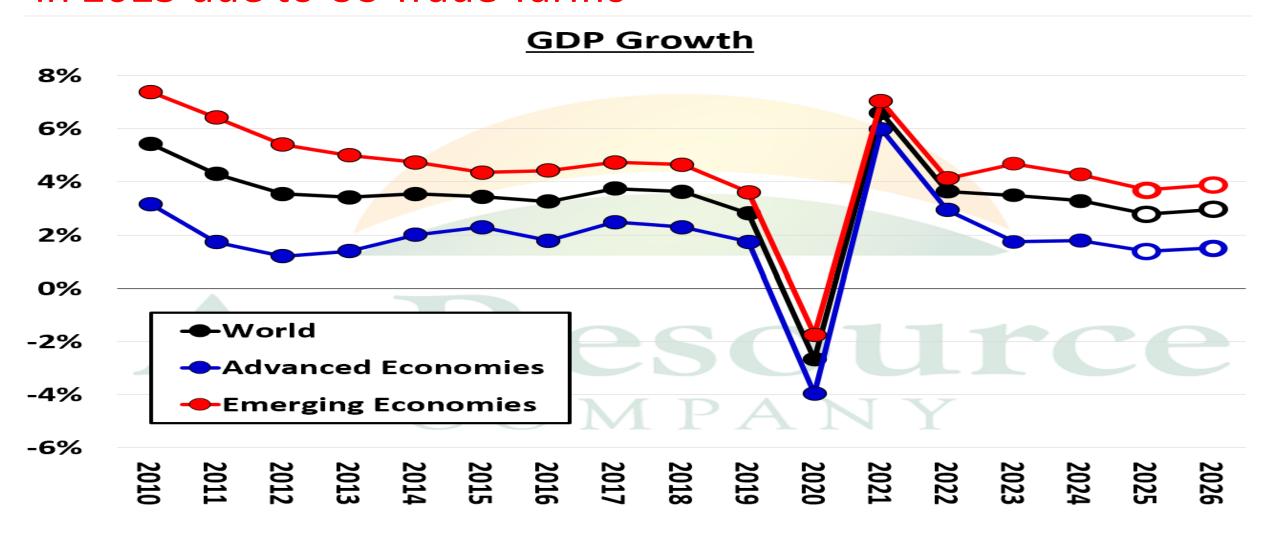




### IMF Outlook for the World Economy; Modest Slowing Agres

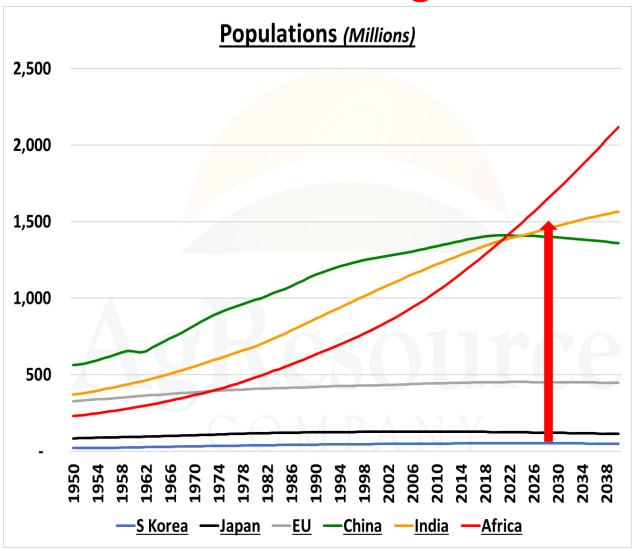


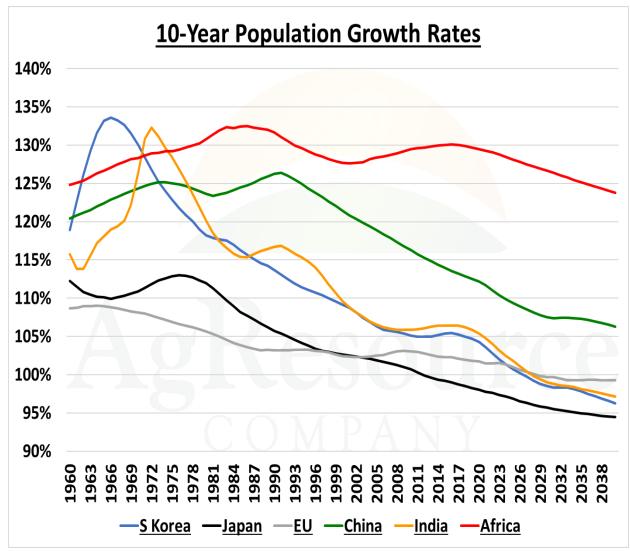
#### in 2025 due to US Trade Tariffs



# World Wheat Production Trends into 2033; Africa and India are future growth stories

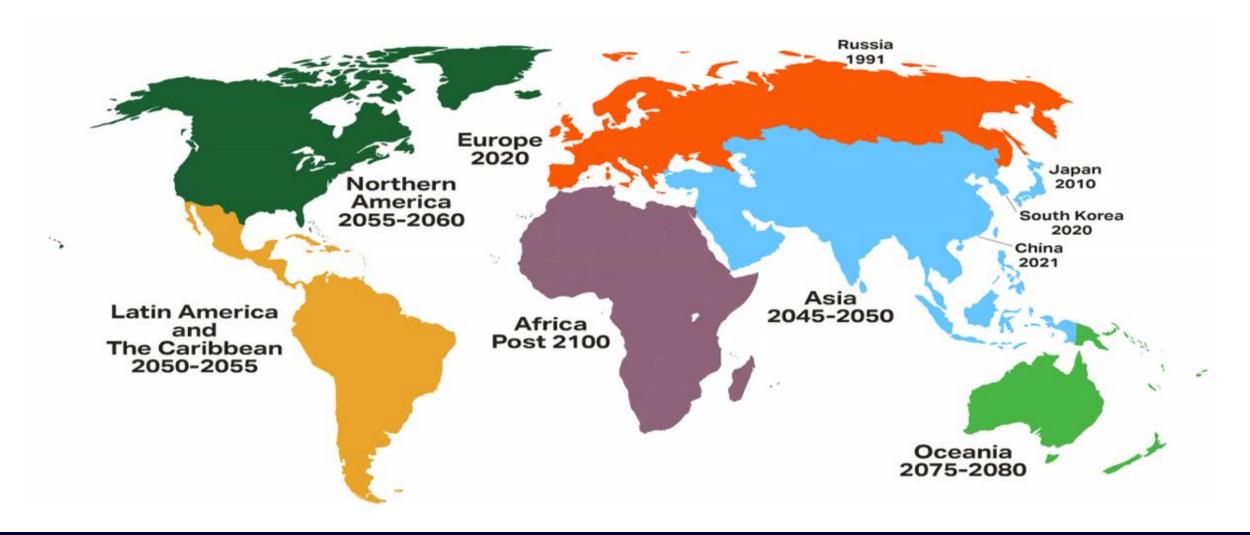












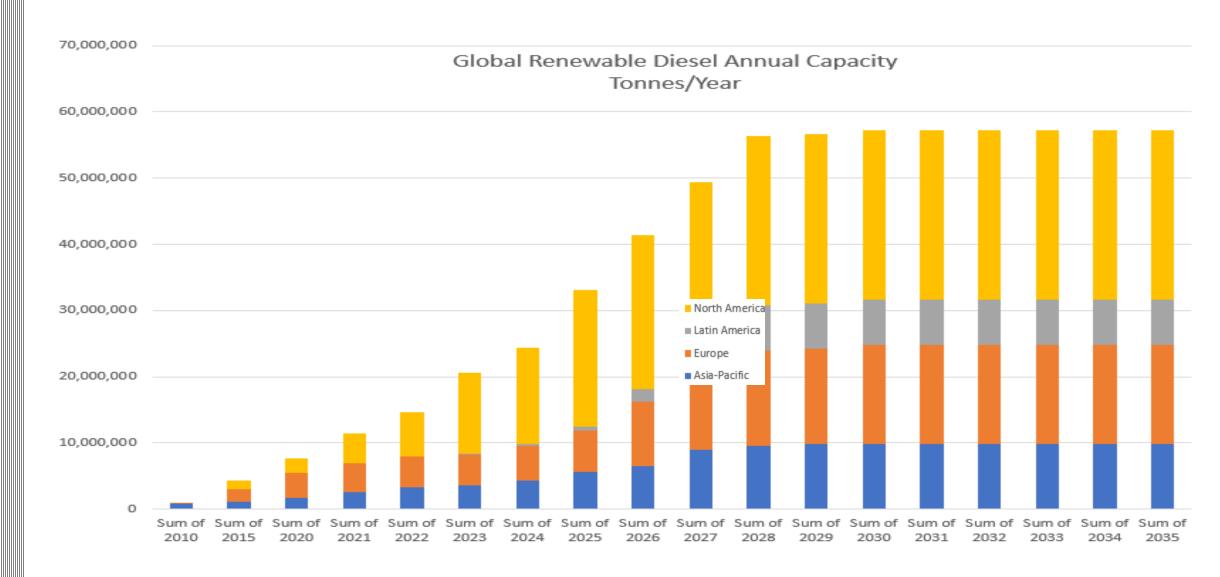
### The Need for Sound US Biofuel Policy into 2030







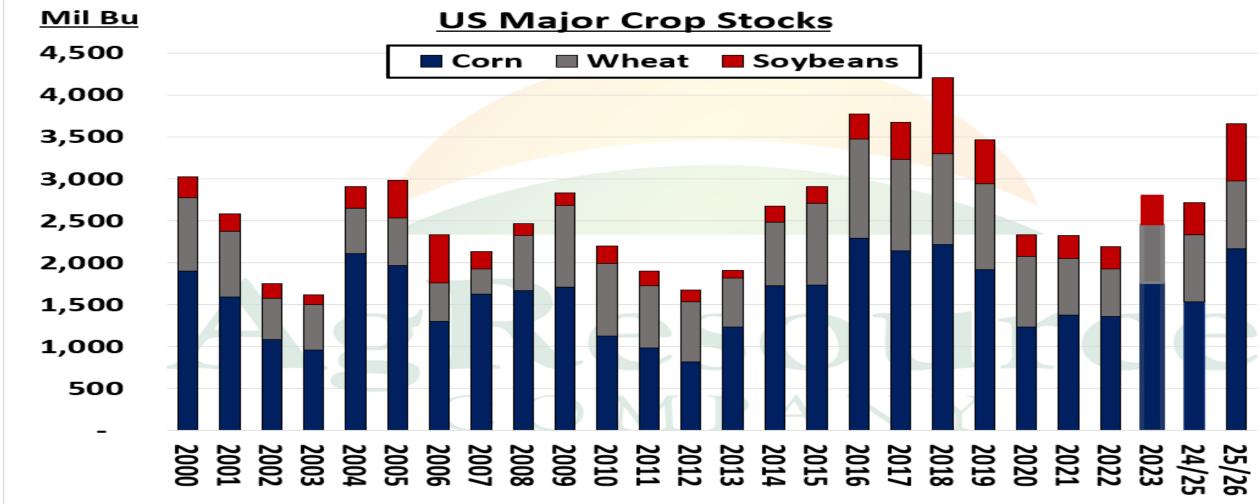
















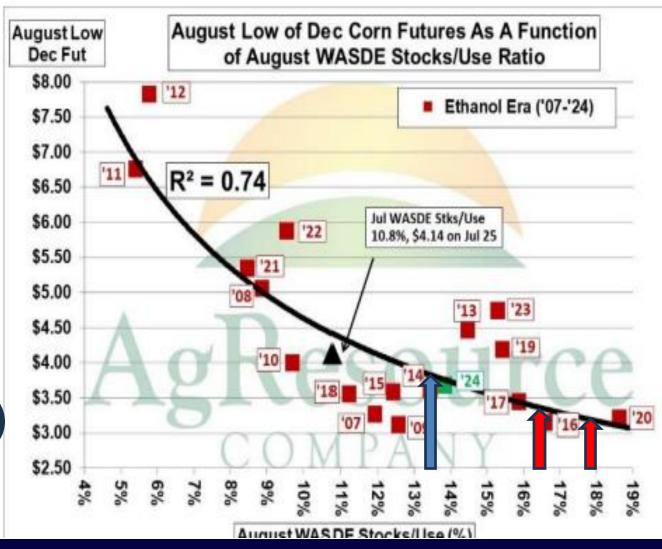
### May 1<sup>st</sup> to July 31<sup>st</sup> Rainfall Percentage



# US Corn Stocks/Use at 14.7-16.2% Projects \$3.40-3.75 Seasonal low in December corn futures

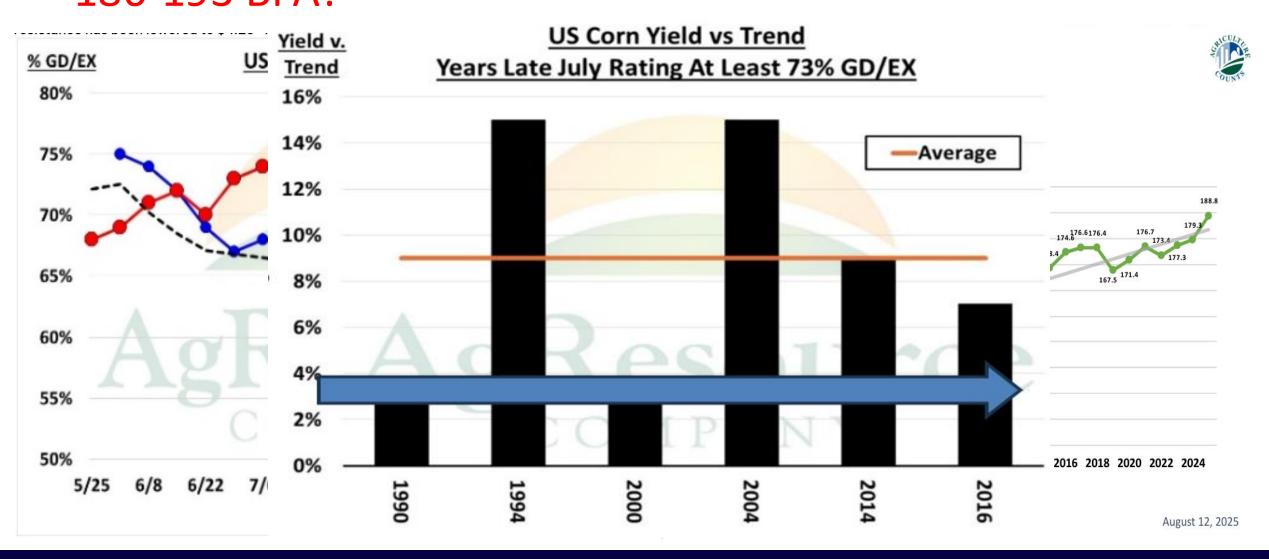


	2024/25	2024/25	2025/26	2025/26	2025/26	2025/26
CORN	USDA	ARC	USDA	USDA	ARC Sep	ARC Sep
	Aug	Sep	Jul	Aug	No China	China
MIn Acres or Bushels						
Area Planted	90.6	90.6	95.2	97.3	97.3	97.3
Abandonment	8.5%	8.5%	8.8%	8.8%	8.8%	8.8%
Area Harvested	82.9	82.9	86.8	88.7	87.4	88.7
Yield	179.3	179.3	181.0	188.8	188.8	188.8
Production	14,867	14,867	15,705	16,742	16,742	16,742
Beginning Stocks	1,763	1,763	1,340	1,305	1,340	1,340
Imports	25	25	25	25	25	25
Supply, Total	16,655	16,655	17,070	18,072	18,105	18,105
Feed and Residual	5,675	5,675	5,850	6,100	6,000	6,000
Food, Seed, Industrial	6,855	6,840	6,885	6,980	6,930	6,930
Ethanol and by-products 1/	5,500	5,450	5,500	5,600	5,550	5,550
Food, Other Industrial 2/	1,360	1,360	1,355	1,350	1,350	1,350
Seed	30	30	30	30	30	30
Domestic, Total	12,530	12,515	12,735	13,080	12,930	12,930
Exports	2,820	2,800	2,675	2,875	2, 100	2,600
Use, Total	15,350	15,315	15,410	15,955	15,380	15,530
Ending Stocks	1,305	1,340	1,660	2,117	2,725	2,575
Ending Stocks/Use (%)	8.5%	8.7%	10.8%	13.3%	17.7%	16.6%
Crop Insurance Price (\$/Bu)	4.66	4.66	4.70	4.70	1.70	4.70
Avg. Farm Price (\$/Bu) 3/	4.30	4.30	4.20	3.90	3.40	3.70
Fut-Based Forecast (\$/Bu) 4/		4.28				4.10
Price Ratio: Corn/Soy (%)	43%	43%	42%	46%	40%	38%



## Years Corn Ratings are this Good; Yields at 186-193 BPA?

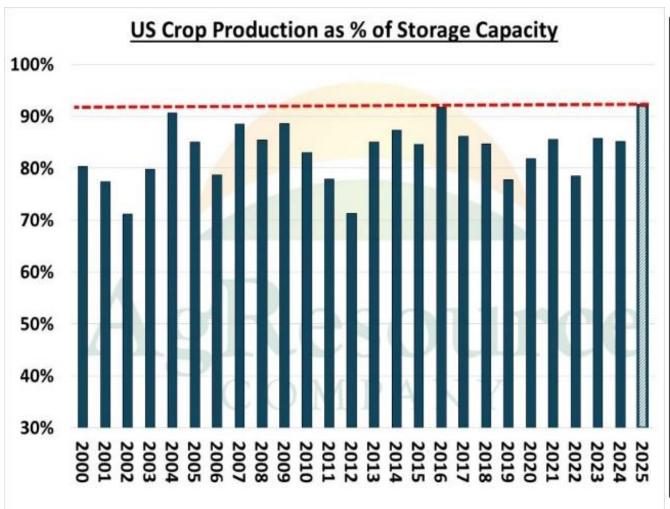


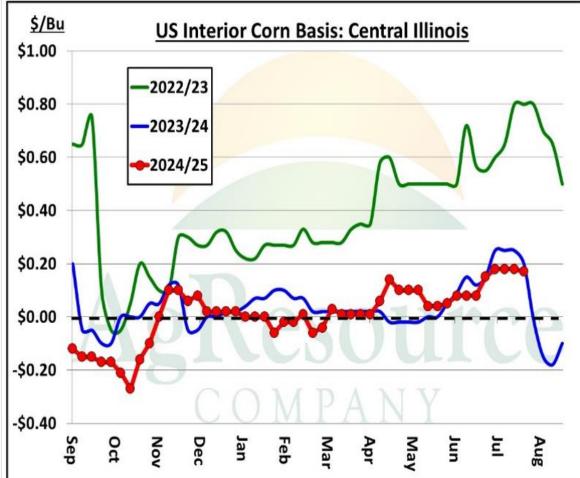


## US Storage Capacity to be Tested; Cash Basis Levels



### to Weaken into November

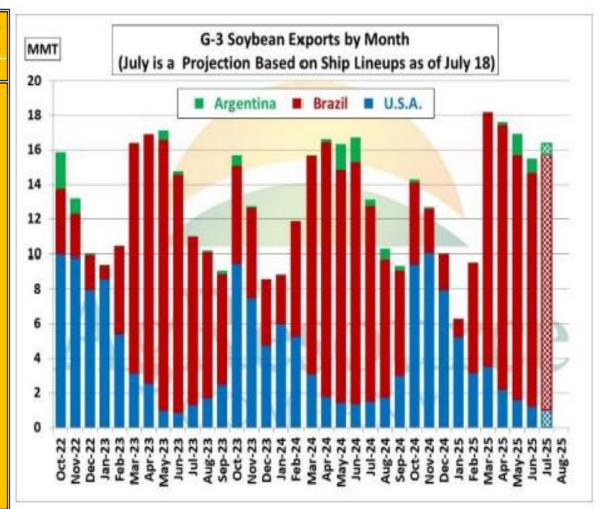






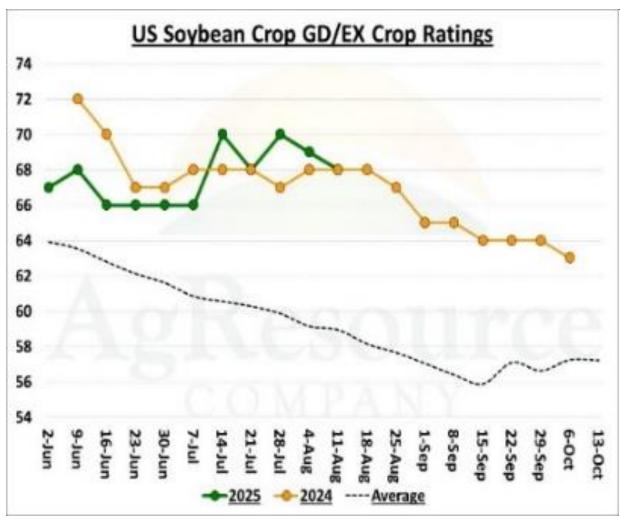
# US Soybean Stocks Growing Could reach 500 Mil Bu; China Takes Record South American Imports

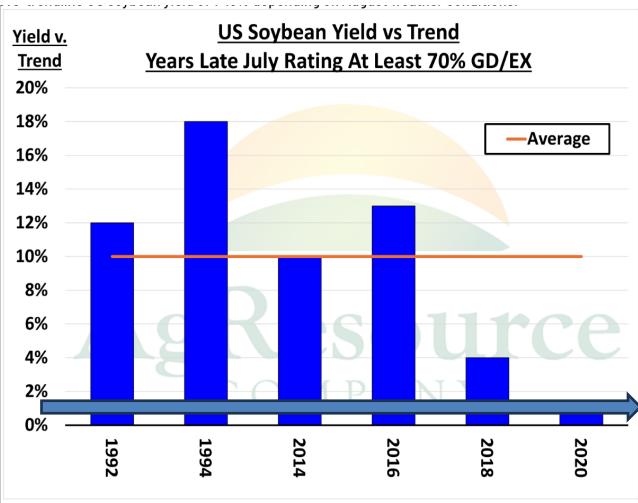
	2024/25	2024/25	2025/26	2025/26	2025/26	2025/26
COMBLANC						
SOYBEANS	USDA	ARC	USDA	USDA	ARC Sep	ARC Sep
	Aug	Sep	Jul	Aug	No China	China
MIn Acres or Bushels						
Area Planted	87.1	87.1	83.7	80.9	80.9	80.9
Abandonment (%)	1.1%	1.1%	1.4%	1.0%	1.0%	1.0%
Area Harvested	86.1	86.1	82.5	80.1	80.1	80.1
Yield	50.7	50.7	52.5	83.6	54.0	54.0
Production	4,366	4,366	4,335	4,292	4,325	4,325
Beginning Stocks	342	342	350	330	350	350
Imports	25	25	20	20	20	20
Supply, Total	4,734	4,734	4,705	4,642	4,695	4,695
Crushings	2,430	2,420	2,540	2,541	2,540	2,540
Exports	1,875	1,865	1,745	1,705	1,500	1,635
Seed	70	70	73	73	76	76
Residual	29	29	37	34	29	29
Use, Total	4,404	4,384	4,395	4,352	4,145	4,280
Ending Stocks	330	350	310	290	550	415
Ending Stocks/Use (%)	7.5%	8.0%	7.1%	6.7%	13.3%	9.7%
Crop Insurance Initial Price (\$/Bu)		11.55			10.54	10.54
Avg. Farm Price (\$/Bu) 1/	10.00	10.00	10.10	10.10	8.40	9.85
Futures-Based Forecast (\$/Bu) 2/		9.95				10.10
Price Ratio: Soy/Corn (%)	233%	233%	240%	259%	247%	266%



# Years that US Soybean Ratings are this good; 53-62 BPA?



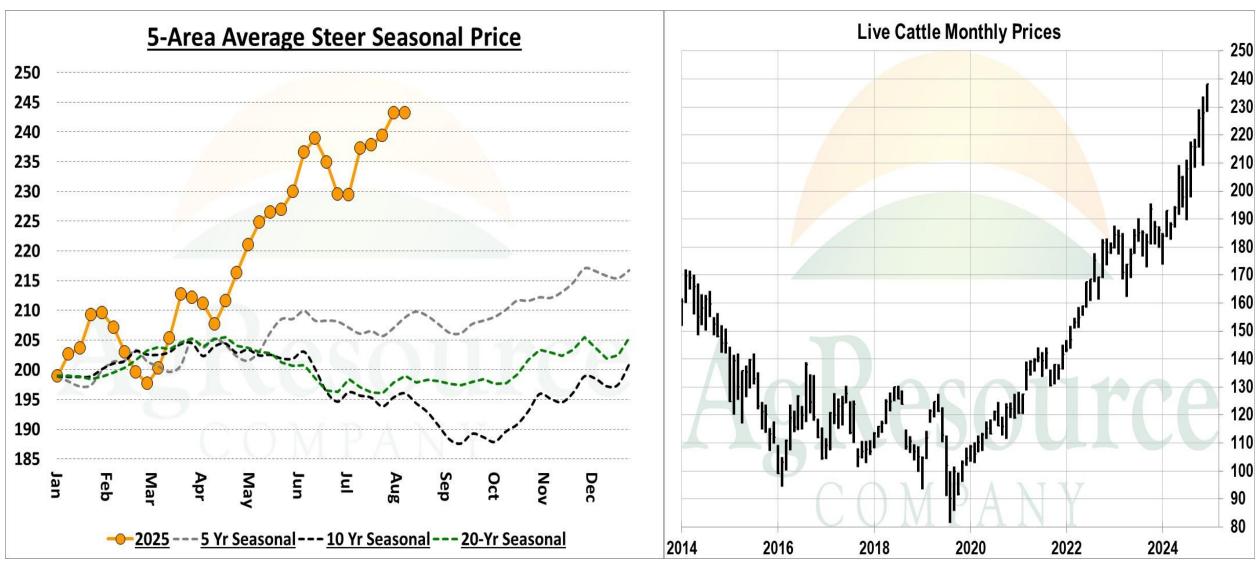




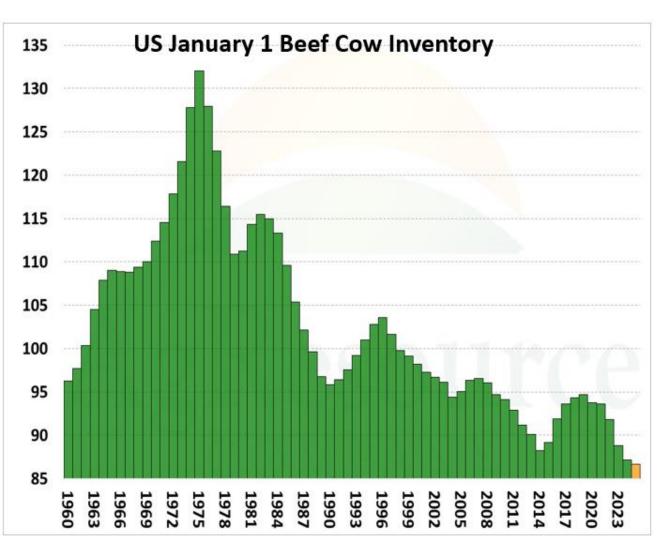


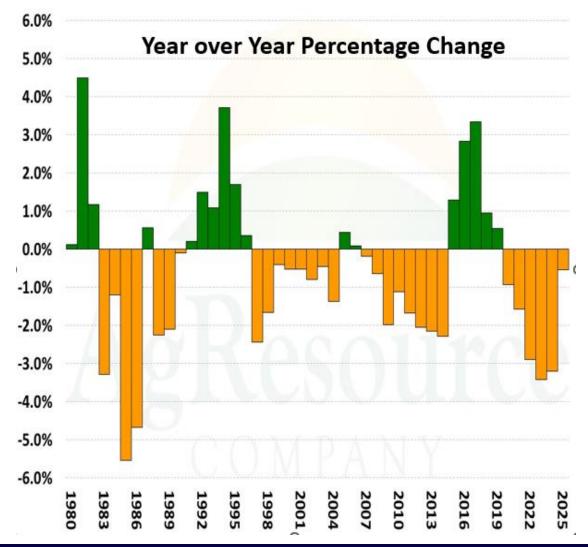
#### Cash Cattle Seasonal Price and Trends





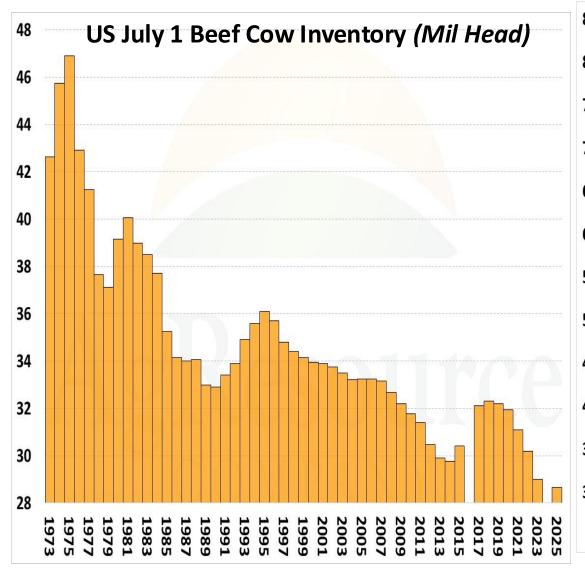


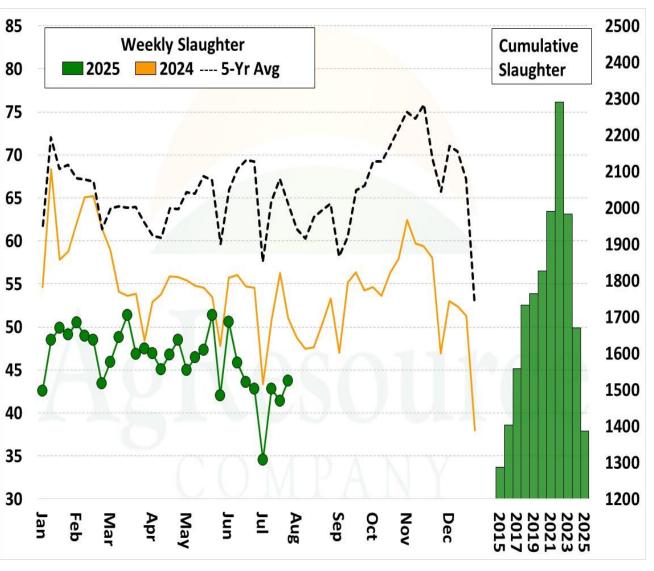




#### US Cow Herd Expansion is underway; Bullish next 2 Years

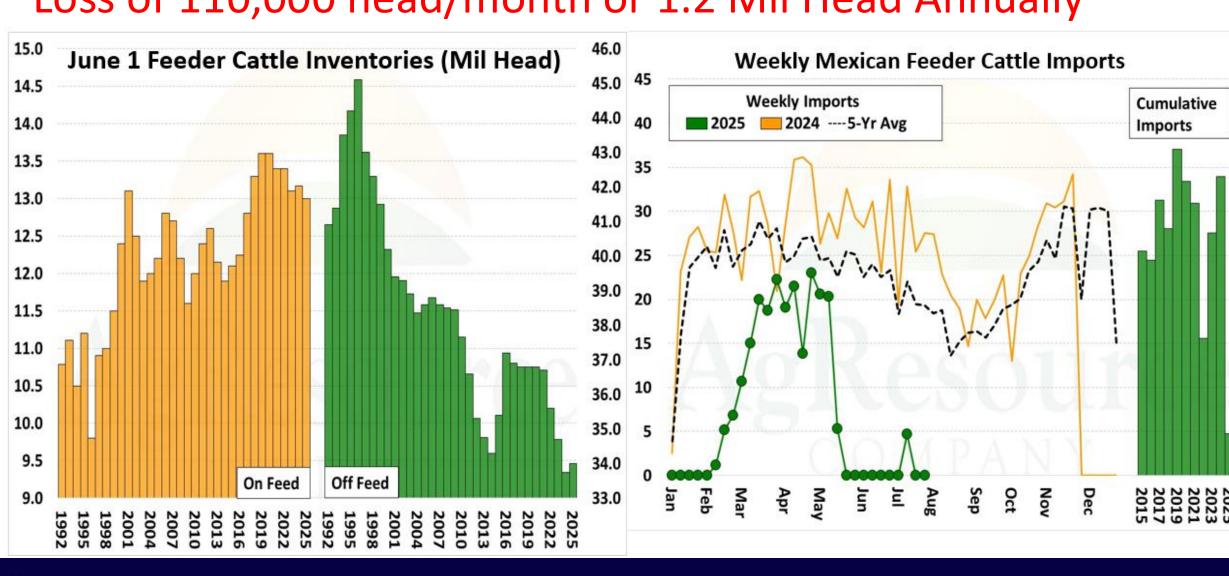






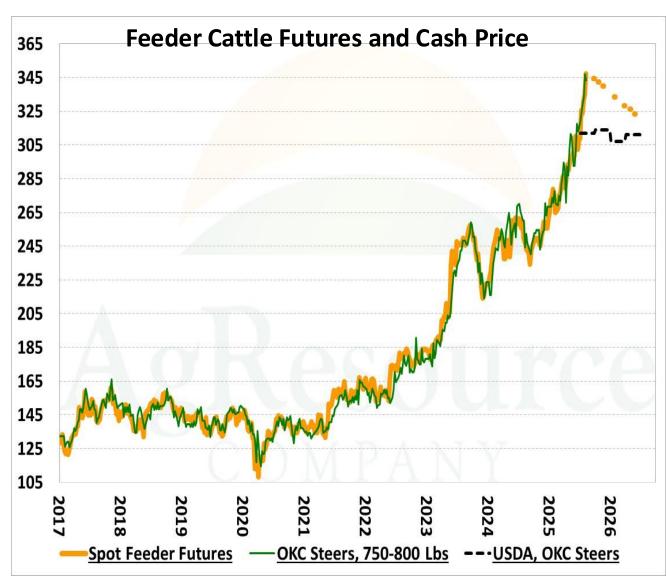
### June 1 Feeder Cattle Inventories and Mexican Imports AgResource Loss of 110,000 head/month or 1.2 Mil Head Annually

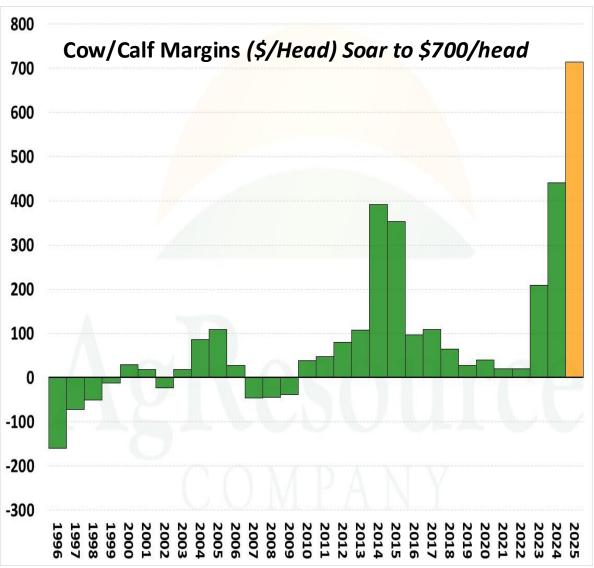




## Feeder Cattle Futures and Cow Calf Margins Soar to spur Industry Investment.

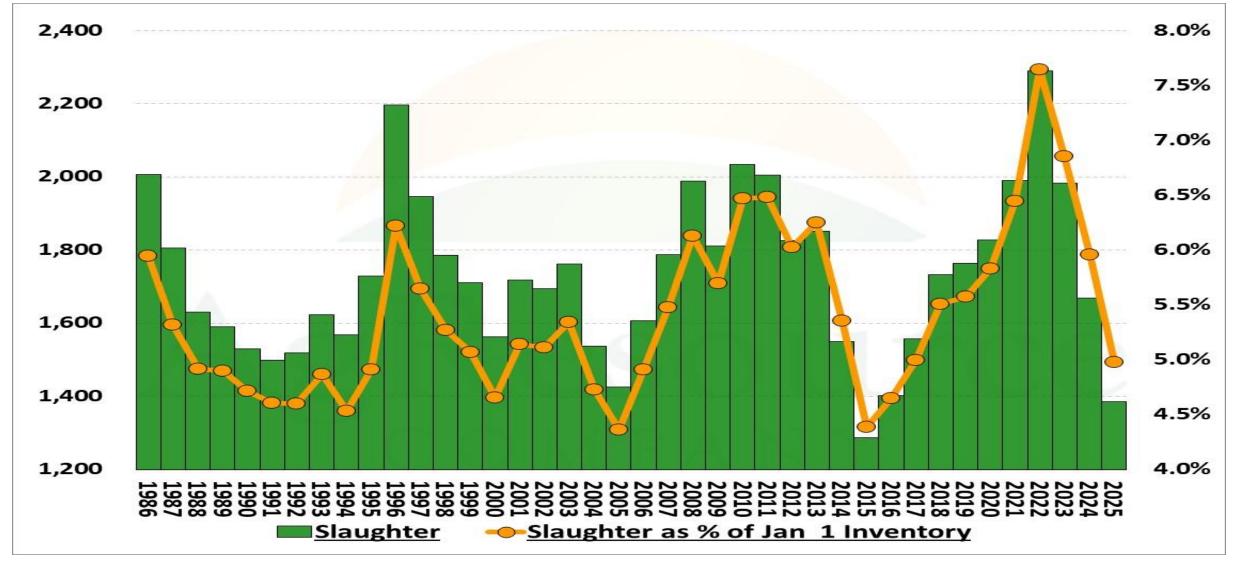






#### Beef Cow Slaughter (1,000 Head)- Expansion Underway

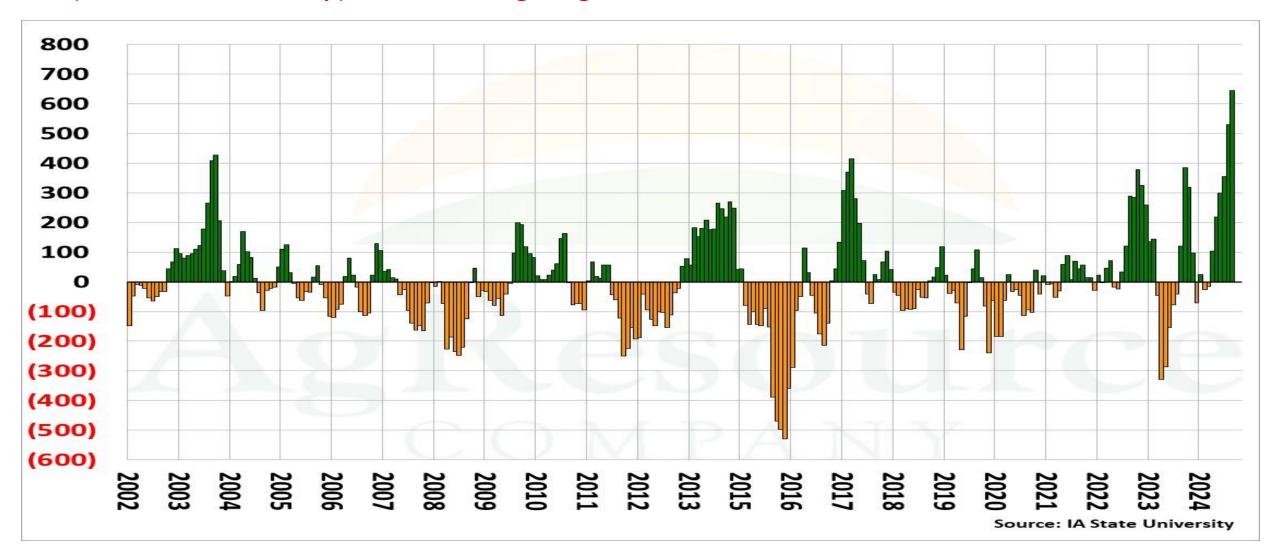




#### Estimated US Cattle Feeding Returns

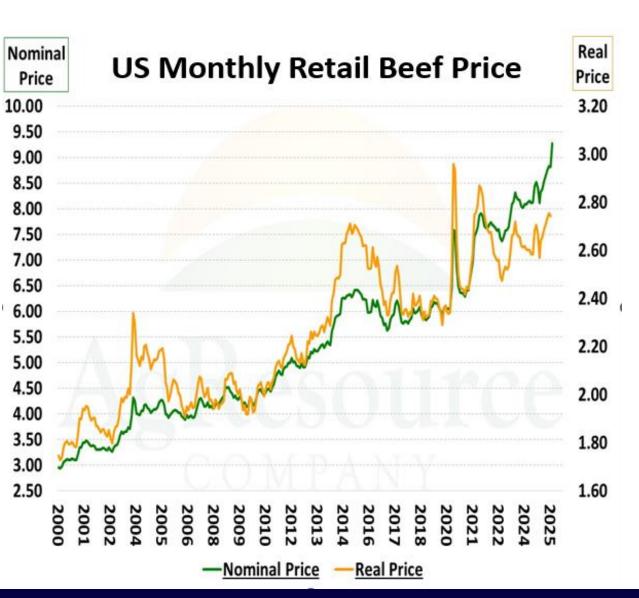


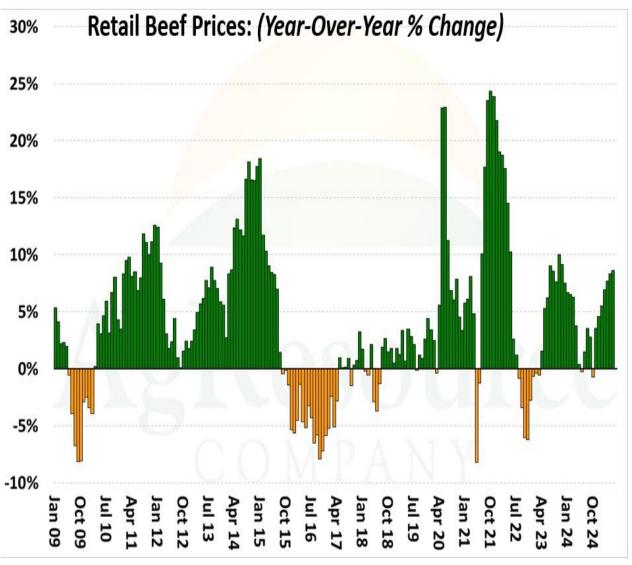
(IA State University) The record going back to 1992



#### US Monthly Retail Beef Price Reaches \$9.40



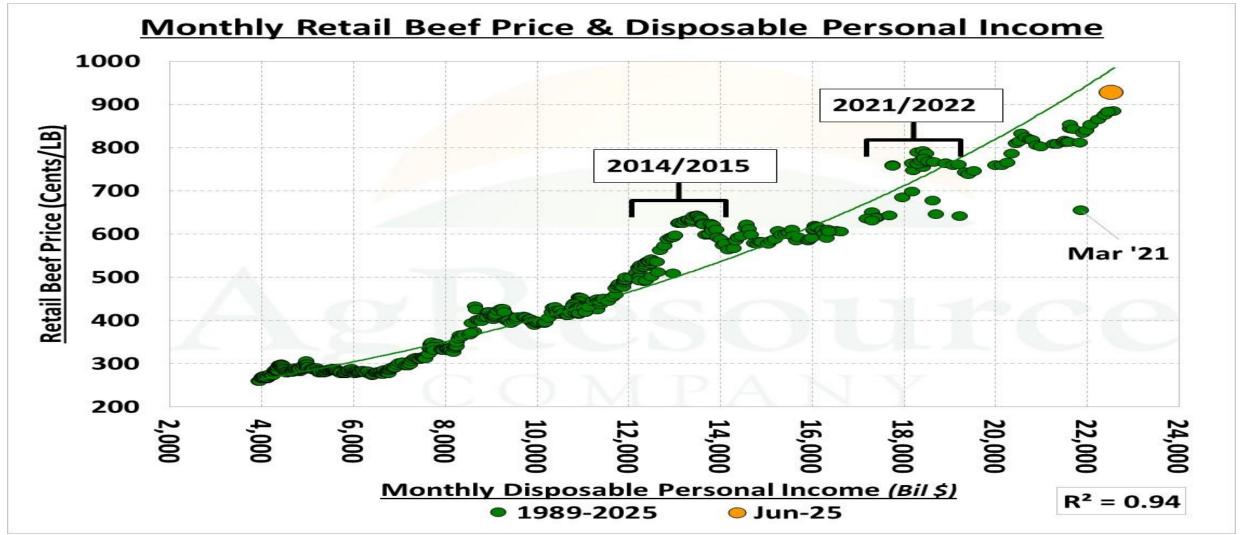




# Monthly Retail Beef Price and Disposable

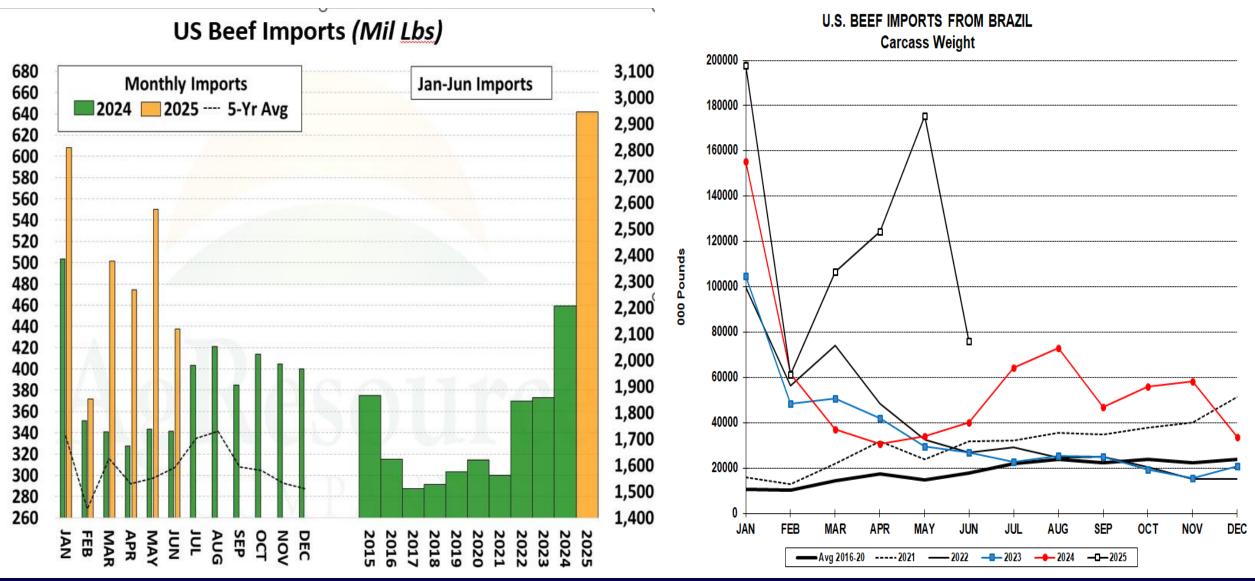


### Personal Income; Records for Both



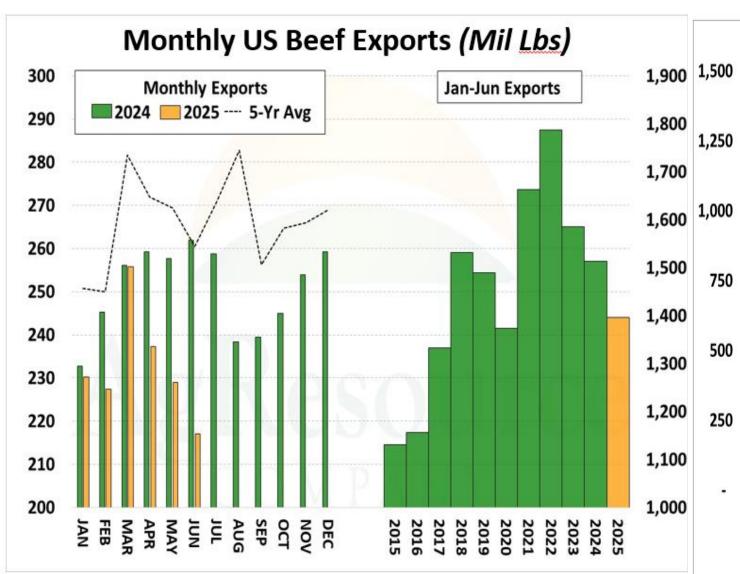
#### Chore of the market is to Spur Record US Beef Import AgResource

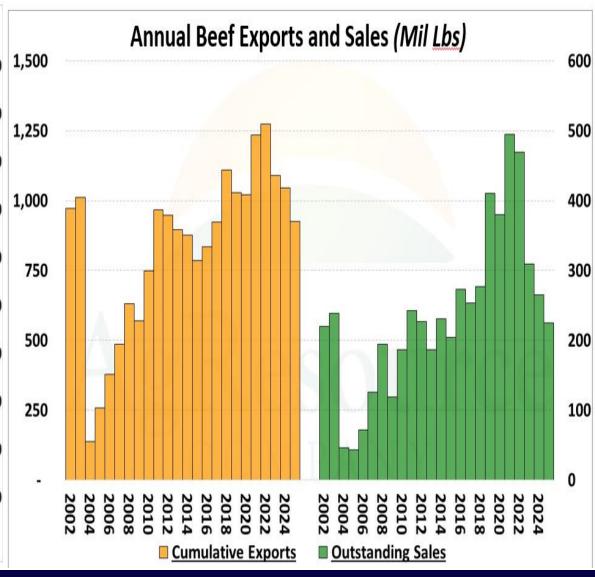




#### Monthly US Beef Exports To Decline Further

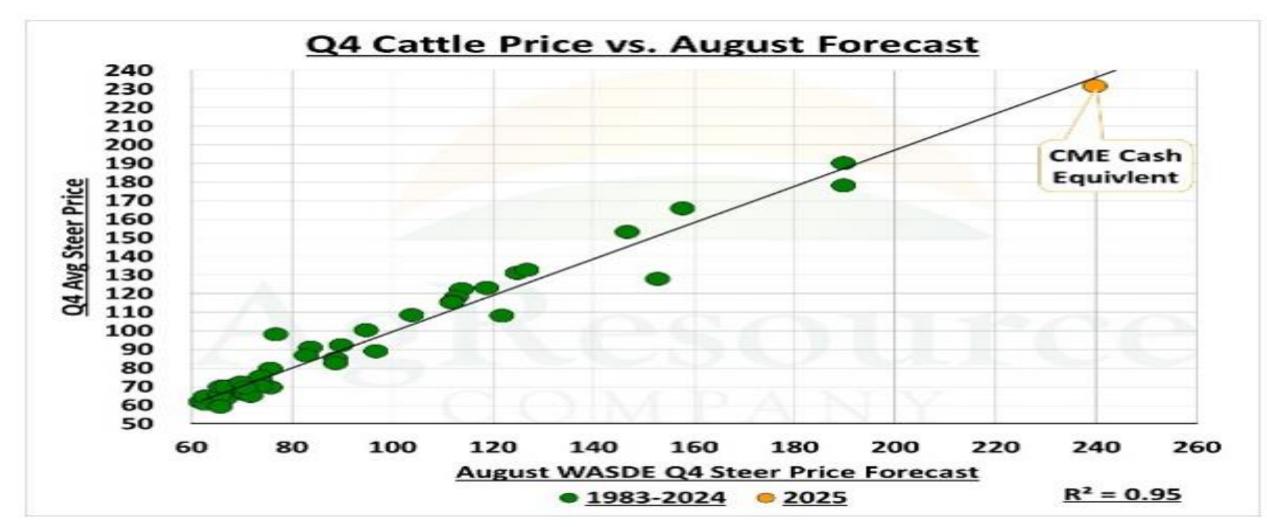






# \$240 Fed Cattle Cash Average Q4 in range of \$226-270 on Policy





#### 5-Area Average Weekly Steer Price Suggests Nearby top







It's not enough to know the news.

You need to trust the analysis.

## Thank You

