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# September Market Update
## *Corn, Soybeans, Rice, and Cotton*

Dr. Michael Deliberto
*Louisiana State University Agricultural Center*
*Department of Agricultural Economics & Agribusiness*

U.S. Marketing Year Average (MYA) Prices at a Glance for 2023/24 .... pg. 1
WASDE Summary .... pg. 1
Corn .... pg. 2
Soybeans .... pg. 5
Rice .... pg. 8
Cotton .... pg. 12
Mississippi River Water Levels .... pg. 15
USDA NASS Crop Production Report (Louisiana and the U.S.) .... pg. 16
Projected PLC Farm Program Payment Rates .... pg. 17

## Prices at a Glance

| Crop | 2023/24 U.S. MYA Price Projection |
|---|---|
| Corn | $4.90 per bu. |
| Soybeans | $12.90 per bu. |
| Long Grain Rice | $15.00 per cwt. |
| Southern Medium Grain Rice | $15.50 per cwt. |
| Upland Cotton Lint | $0.80 per lb. |
| Seed Cotton | $0.4320 per lb. |

## WASDE Summary

This month's 2023/24 U.S. corn outlook projects slightly larger supplies and ending stocks. Projected beginning stocks for 2023/24 have been lowered by 5 million bushels mostly due to offsetting trade and corn used for ethanol changes for 2022/23. Corn production for 2023/24 is forecast at 15.1 billion bushels, this a 23-million-bushel increase from last month's estimates as greater harvested area more than offsets reductions in yield. The national average yield is forecast at 173.8 bushels per acre, slightly reduced from last month's estimates by about 1.3 bushels. The harvested area for grain is forecast at 87.1 million acres, up 0.8 million. Total U.S. corn use remains unchanged at 14.4 billion. With supply rising slightly and use unchanged, ending stocks are up by 19 million bushels to 2.2 billion. The season-average corn price received by producers is unchanged at $4.90 per bushel.

U.S. soybean supply and use changes for 2023/24 include lower beginning stocks, production, crush, exports, and ending stocks. Lower beginning stocks reflect an increase for exports in 2022/23. Soybean production is projected at 4.1 billion bushels, down 59 million with higher harvested area offset by a lower yield. Harvested area is raised 0.1 million acres from the August forecast. The soybean yield of

50.1 bushels per acre is down 0.8 bushels from last month. Forecasted soybean crush is reduced by 10 million bushels and the export forecast is reduced by 35 million bushels on lower supplies. Ending stocks are projected at 220 million bushels, down 25 million from last month. The U.S. season-average soybean price is forecast at $12.90 per bushel, up $0.20 from last month.

The outlook for 2023/24 U.S. rice this month is for larger supplies, exports, domestic use, and ending stocks. Supplies are increased on higher beginning stocks, production, and imports. Beginning stocks estimates have been raised by 5.7 million cwt to 30.3 million based on news contained within NASS' August Rice Stocks report. The 2023/24 all rice production forecast is raised by 17.3 million cwt to 220.9 million, on higher harvested area and yields, as indicated by the NASS September Crop Production report. Average all rice yield is up 52 pounds per acre to a record 7,751 pounds. All rice imports are raised 1.0 million cwt to 39.0 million as the growth in consumption of Asian aromatics is expected to continue despite significantly larger U.S. supplies. Total domestic and residual usage is projected higher at a record 162.0 million cwt with greater supplies. Total exports are also projected higher at 85.0 million cwt on larger supplies and more competitive U.S. prices. All rice 2023/24 ending stocks are projected 12.0 million cwt higher at 43.2 million. The 2023/24 long grain rice season-average farm price (SAFP) is projected at $15.00 per cwt. The 2023/24 Southern medium grain rice season-average farm price (SAFP) is projected at $15.50 per cwt.

Projections for 2023/24 U.S. cotton include higher beginning stocks but lower production, exports, and ending stocks. Beginning stocks are increased 550,000 bales, largely reflecting ending stocks data for the previous year from the Agricultural Marketing Service and the NASS Cotton System Consumption and Stocks report. Beginning stocks were also increased for 2022/23 as unexpectedly large warehouse stocks reported for July 31, 2023, indicated stocks in-transit as of July 31, 2022, were higher than previously estimated. The 2023/24 U.S. production forecast is 860,000 bales lower this month, with the Southeast and Southwest leading the decline. Projected consumption remains unchanged from August projections, but exports are down 200,000 bales and ending stocks are 100,000 bales lower. The season-average price for upland cotton projected for 2023/24 is 80 cents per pound, up 1 cent from the previous month.

## Corn

After hot and dry starts and finishes to the U.S. corn and soybean seasons of 2023, USDA will offer its first estimates of crop yields with input from field data sourced from the September WASDE. There is also a chance corn and soybean acre estimates could be adjusted.

Ahead of September's WASDE, Dow Jones' survey of 18 analysts as to average soybean yield has a range of guesses from 171.0 to 175.0 bushels per acre. The average estimate is for a 14.994-billion-bushel crop, based on a yield of 173.3 bushels per acre. The same group estimated USDA will lower its estimate of U.S. ending new-crop corn stocks from 2.202 billion bushels to 2.127 billion, which would still come in as the largest surplus in five years if true. The recently released export sales report plus Census Bureau data showed old-crop corn exports totaled 1.659 billion bushels, 34 million bushels above USDA's export estimate. Dow Jones expects old-crop ending corn stocks to be estimated at 1.459 billion bushels, but a recent report makes an argument for a lower estimate of 1.423 billion bushels, which will also be carried into 2023-24.

Corn futures pushed to small gains ranging from 2 to 3 1/2 cents on support from pre-USDA report position evening in choppy rangebound trade amid expectations for USDA to lower its U.S. crop estimate. Improved weekly export inspections were lightly supportive for prices, but overall slow export demand for U.S. corn remained a negative market factor. Concerns about low water levels on the

Mississippi river also likely kept demand concerns high. Corn futures continue to consolidate in narrow ranges just above their August price lows as the market awaits more info this year's crop size.

In its first estimate of U.S. corn harvest progress, USDA said that approximately 5% of the crop had been harvested by September 11th compared with 5% a year earlier and the 5-yr. average of 4%. The estimate was on par with the average of trade expectations. USDA estimated 34% of the crop was mature compared with 18% a week earlier and the 5-yr. average of 28%. USDA rated U.S. corn conditions as 52% good/excellent, down from 53% a week earlier but on par with the average of trade expectations.

**Corn Crop Conditions**

| GoodExcellent | 9/10 | 9/3 | Change | Last Yr | 10 Yr | High (Year) | Low(Year) | Yield Last | Area |
|---|---|---|---|---|---|---|---|---|---|
| Select States | 52% | 53% | -1% | 53% | 63% | 85% (1986) | 19% (1988) | 175.1 | 94.096 |
| Iowa | 46% | 49% | -3% | 63% | 64% | 96% (1986) | 9% (1988) | 203.0 | 13.400 |
| Illinois | 58% | 57% | +1% | 71% | 66% | 91% (1992) | 2% (1988) | 201.0 | 11.500 |
| Nebraska | 51% | 51% | 0% | 42% | 67% | 94% (1986) | 31% (2012) | 184.0 | 9.500 |
| Minnesota | 39% | 39% | 0% | 62% | 69% | 90% (2010) | 4% (1988) | 183.0 | 8.400 |
| Indiana | 65% | 66% | -1% | 54% | 60% | 87% (1987) | 4% (1988) | 195.0 | 5.500 |
| | | | | | | | | | |
| PoorVeryPoor | 9/10 | 9/3 | Change | Last Yr | 10 Yr | High (Year) | Low(Year) | Yield Last | Area |
| Select States | 18% | 18% | 0% | 20% | 13% | 52% (2012) | 2% (1994) | 175.1 | 94.096 |
| Iowa | 16% | 16% | 0% | 9% | 12% | 56% (1988) | 0% (1994) | 203.0 | 13.400 |
| Illinois | 16% | 15% | +1% | 9% | 10% | 75% (2012) | 0% (1992) | 201.0 | 11.500 |
| Nebraska | 27% | 25% | +2% | 34% | 12% | 43% (2012) | 1% (1994) | 184.0 | 9.500 |
| Minnesota | 24% | 25% | -1% | 9% | 9% | 60% (1988) | 2% (2015) | 183.0 | 8.400 |
| Indiana | 10% | 10% | 0% | 13% | 14% | 70% (2012) | 0% (1990) | 195.0 | 5.500 |

The September 11th lower U.S. crop ratings were well anticipated and have had little apparent impact on futures prices with traders focusing on the September WASDE as well as the start of the Midwest harvest season. Corn futures trade has remained very flat amid a high degree of uncertainty about what the latest WASDE will show. Corn futures have traded in a narrow range of 3 cents ahead of the report's release.

USDA is estimating 2023 corn yield to be 173.8 bushels per acre to produce 15.134 billion bushels. Last month's projections were 175.1 bushels per acre and 15.111 billion bushels. The trade was expecting a corn yield of 173.4 bushels per acre and a total production number of 14.986 billion bushels. Estimated planted acres were increased from 94.1 million in August to 94.9. Harvested acres were estimated at 87.1 million, up from last month's estimate of 86.3. USDA made no changes to the demand side of the 2023-24 balance sheet.

Compared to last month, USDA lowered yields in Illinois (down 3 bushels to 198 bushels per acre), Indiana (down 1 bushel to 194 bushels), Iowa (down 3 bushels to 200 bushels), Minnesota (down 3 bushels to 180 bushels), Nebraska (down 7 bushels to 177 bushels) and Wisconsin (down 1 bushel to 165 bushels). USDA raised yields in Kansas (up 3 bushels to 127 bushels), Michigan (up 3 bushels to 173 bushels), Missouri (up 2 bushels to 145 bushels), North Dakota (up 8 bushels to 138 bushels), Ohio (up 4 bushels to 195 bushels) and South Dakota (up 1 bushel to 146 bushels).

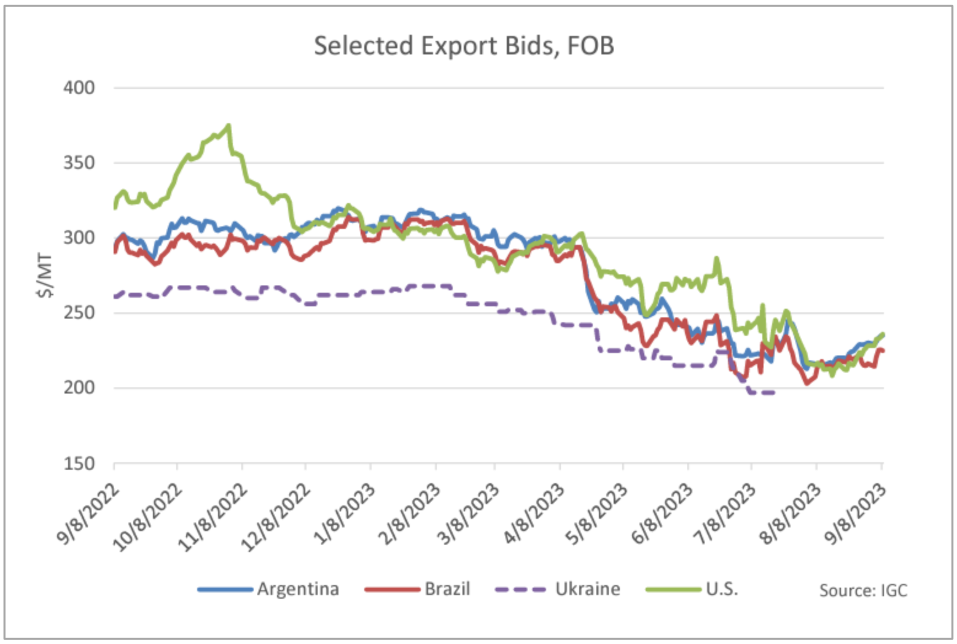
Corn got the expected yield cut in the monthly WASDE report, but with an increase in harvested acreage and production, offsetting that, futures dropped double digits immediately after the report's release at 11:00am on September 12th. December is trading 11 ½ cents in the red so far and is near the low for the day. The cash average price for new-crop remains unchanged at $4.90/bushel. There was nothing bullish in this report. The main bearish factor was US harvested area being up 700,000 acres. Increases in South American production pushed world production above estimates. There were no major changes to exports or other usage factors.

Recently, December corn futures fell 9 1/4 cents to $4.76 1/2. The corn market was hit by a batch of bearish USDA data. December corn futures finished a modest 7 1/2 cents lower on the week, remaining stuck inside of the narrow sideways trading range between $4.73 1/2 and $5.07 1/2 that they have occupied since early August. However, Dec futures did post their lowest weekly close in two years and the lowest close on the most-active futures weekly continuation chart since late 2020.

While the short-term technical outlook can go either way, prices are likely to face selling pressure over the coming month as harvest selling ramps up. River levels have not improved despite recent rains and barge traffic is restricted on major rivers in the Midwest. Bulls are looking for production estimates to fall, so far, the data does not point to a meaningful drop in production. The balance sheet was seen as expanding this week even with a cut in yield due to an increase in planted acres. Ending stocks are seen as rising over 50% from 2022-23. This gluttony of supply and logistical issues in getting grain moved will keep pressure on prices over the coming month.

Brazil has taken over as the world largest corn exporter and are seen as maintaining that crown for several years. China has created ties with countries in South America and the effect on corn exports can already be seen, as outstanding sales for 2023-24 are at the lowest level since 2019-20, when the trade war had a large negative influence on China's willingness to buy U.S. corn. The logistical issues of moving grain are unlikely to resolve into the winter as meaningful precipitation remains sparse and river levels continue to fall. USDA sees exports as rising nearly 400 million bushels from 2022-23, the current pace of sales does not warrant such demand, which will likely continue to weigh on prices into December.

Since the August WASDE, bids rose for all major exporters. U.S. bids were $236/ton, up $19 from last month. Low water levels on the Mississippi river system are impacting barge freight costs, supporting higher U.S. export prices. Brazil bids were $225/ton, up $10 from last month. Strong demand for Brazil supplies, as evidenced by large shipments to China, are supporting higher prices. Argentine bids were $235/ton, up $19 from last month. With harvest of the 2022/23 crop complete, prices largely reflect global sentiment. Ukrainian bids have not been published since July 21st.



## Soybeans

For soybeans, the Dow Jones' survey expected USDA to reduce its crop estimate from 4.205 billion bushels to 4.139, based on a national yield of 50.0 bushels per acre in September's WASDE. The estimated yield range is relatively narrow, between 49.0 and 51.0 bushels per acre. Along with a smaller crop estimate, the survey expected USDA to lower its estimate of U.S. ending soybean stocks for 2023-24 from 245 million bushels to 213 million bushels, the lowest in eight years, if true. USDA's old-crop ending stocks estimate of 260 million bushels is expected to be trimmed to 256 million bushels, but final stocks may eventually go even lower. The recently released export sales report plus Census Bureau data showed 1.992 billion bushels of old-crop exports, 12 million bushels more than USDA's 1.980-billion-bushel estimate. The report suggests an old-crop ending stocks estimate of 248 million bushels.

Soybean futures bounced another 6 to 7 3/4 cents on support from pre-USDA report position evening amid expectations for USDA to cut its U.S. crop production and ending stocks estimates. Support for prices also came from a fresh U.S. soymeal export sale and a weaker dollar. Gains were capped by mounting harvest pressure and continued stiff export competition from Brazil. November futures rose 6 cents to $13.69, while January beans rose 6 cents to $13.84. December soyoil futures held steady at 60.50 cents, while December soymeal rose $3.50 to $404.90. November soybean futures remain in an upward trading trend, but time will only tell whether it will continue to do so.

USDA rated U.S. soybean conditions 52% good/excellent, down 1 point from a week earlier and down 4 points from a year earlier, but on par with average industry expectations. USDA estimated 31% of the crop was dropping leaves, up from 16% a week earlier and the 5-yr. average of 25%. The ratings may offer mild support for prices ahead of tomorrow's crop report, largely because the good/excellent rating for the Iowa crop slid another 5 points to just 44%. The Illinois crop rating was steady at 58% good/excellent.

**Soybean Crop Conditions**

| GoodExcellent | 9/10 | 9/3 | Change | Last Yr | 10 Yr | High (Year) | Low(Year) | Yield Last | Area |
|---|---|---|---|---|---|---|---|---|---|
| Select States | 52% | 53% | -1% | 56% | 62% | 74% (1994) | 20% (1988) | 50.9 | 83.505 |
| Illinois | 58% | 58% | 0% | 67% | 63% | 84% (1992) | 11% (1988) | 62.0 | 10.000 |
| Iowa | 44% | 49% | -5% | 63% | 63% | 95% (1994) | 9% (1988) | 58.0 | 9.700 |
| Minnesota | 45% | 47% | -2% | 65% | 66% | 88% (2010) | 7% (1993) | 49.0 | 7.500 |
| Indiana | 65% | 66% | -1% | 56% | 59% | 85% (1993) | 10% (1988) | 60.0 | 5.500 |
| Nebraska | 46% | 47% | -1% | 43% | 68% | 96% (1986) | 13% (1991) | 58.0 | 5.500 |
| | | | | | | | | | |
| **PoorVeryPoor** | **9/10** | **9/3** | **Change** | **Last Yr** | **10 Yr** | **High (Year)** | **Low(Year)** | **Yield Last** | **Area** |
| Select States | 18% | 17% | +1% | 15% | 12% | 36% (2012) | 3% (1994) | 50.9 | 83.505 |
| Illinois | 17% | 16% | +1% | 10% | 11% | 42% (2012) | 0% (1993) | 62.0 | 10.000 |
| Iowa | 15% | 15% | 0% | 9% | 11% | 39% (1988) | 0% (1994) | 58.0 | 9.700 |
| Minnesota | 18% | 18% | 0% | 7% | 9% | 49% (1993) | 0% (1987) | 49.0 | 7.500 |
| Indiana | 11% | 10% | +1% | 12% | 13% | 42% (2012) | 0% (1990) | 60.0 | 5.500 |
| Nebraska | 29% | 26% | +3% | 30% | 11% | 53% (2000) | 0% (1993) | 58.0 | 5.500 |

Soybean yield is pegged at 50.1 bushels per acre to produce 4.146 billion bushels. Last month's estimates were for 50.9 bushels per acre and 4.205 billion bushels. The trade was expecting a yield of 50.1 bushels per acre and a total production number of 4.152 billion bushels. Acres planted were estimated at 83.6, up slightly from 83.5 in August. The estimate for acres harvested was upped from 82.7 to 82.8. USDA's monthly WASDE report had soybean yield 8/10ths lower, matching the average pre-report estimate, at 50.1 bushels per acre. NASS had state cuts of over 5 bushels per acre for DE, KS, LA, and OK. Iowa's yield was UNCH at 58, and IL was cut 1 bushel per acre to 61. The monthly supply side update also added 100,000 acres to both planted and harvested for a net production reduction of 59 million bushels vs. August. New-crop ending stocks were trimmed by 25 million bushels from August to 220 million bushels, following a 70-million-bushel reduction on smaller beginning stocks and crop estimate. On the demand side of the balance sheet, USDA slashed total use by 45 million bushels, with crush down 10 million bushels, while exports were lowered 35 million bushels from August.

Immediately following the release of the September WASDE report, front month soy futures dropped sharply after seeing the updated USDA WASDE figures. Beans fell by 20 cents. The report was bearish to soybean prices given the downside extension below key support at $13.50 in the wake of numbers that were not conclusively bearish. US data were generally supportive with global data for the 2023/24 crop taking a slightly bearish tinge. Given the chart failure, the lack of a clearly bullish catalyst from the report and diminished weather influences, the path of least resistance is down, with targeting of $13.32. To end the session, November soybeans fell 22 1/2 cents to $13.46 1/2, ending the session below the 20- and 40-day moving averages and marking the lowest close since August 22.

Despite these adjustments, futures markets responded negatively with the November contract closing at $13.46 per bushel on the day of the release, or down 22 cents. This may be in response to the fact that Brazil, the biggest competitor to U.S. soy production, is expected to have another monster corn and soybean crop coming down the pipe.

Soybean futures slid 18 to 20 1/4 cents to end the week under pressure from mounting U.S. harvest activity and fresh demand concerns spurred by a smaller-than-expected National Oilseed Processors Association August soybean crush. Soymeal market weakness also weighed on soybean prices. Losses were limited by uncertainty about U.S. production and strength in soyoil and crude oil prices. November soybean futures fell 20 1/4 cents to $13.40 1/4, while January beans fell 20 cents to $13.55 3/4.

NOPA report only added to the demand concerns in the soybean market, however, low soyoil stocks should underpin soyoil prices and crush margins with demand for renewable diesel and aviation fuel continuing to rise. The bigger worry by far is still export demand, with U.S. export sales off to a sluggish start amid continued competition from Brazil's 2022-23 crop and the presence of El Niño favoring another record large crop in Brazil and record large production in South America overall. Producers in Brazil's largest soybean state of Mato Grosso have planted 0.45% of their 2023-24 soybean crop compared with a 5-yr. avg. of 0.06%, the state agricultural institute, IMEA, said today in its first planting update of the season.

This week’s much-anticipated WASDE left farmers somewhat perplexed as to what marketing approach they should execute in the soybean market. On the one hand, projected carryout did drop 25 million bushels to a snug 220 million. On the other hand, bullish traders were expecting more of a decline in carryout. This was reflected in the market when November futures closed 20 cents lower. As expected, yield did decline from 50.9 bushels per acre to 50.1 bushels per acre. However, a cut of 45 million bushels from projected exports allowed for carryout to remain above 200 million bushels. Many believe the final yield is subject to a further downgrade due to hot and dry conditions the last several weeks during the key pod-filling window. Additional production cuts could suggest a carryout number closer to 150 million. If that is the case, November soybean futures near $13.50 are likely too low, and demand may have to be rationed. On the other hand, the harvest is gearing up, and typical price pressure during the next 30 days could suggest a drop to under $13.00.

South American weather will become increasingly important as spring planting efforts increase. World Weather Inc. reports that Brazilian and Argentine weather patterns are following typical El Niño biases which should support a relatively normal start to the planting season in Brazil with Rio Grande do Sul, Paraguay, and areas north into southwestern Parana being a little too wet at times. Brazilian producers were eligible to plant soybeans beginning September 11th in Parana, while Mato Grosso, Mato Grosso Do Sul, and Sao Paulo will begin on September 16th. Meanwhile, Rio Grande do Sul, Minas Gerais and Bahia will be eligible to plant soybeans on October 1st.

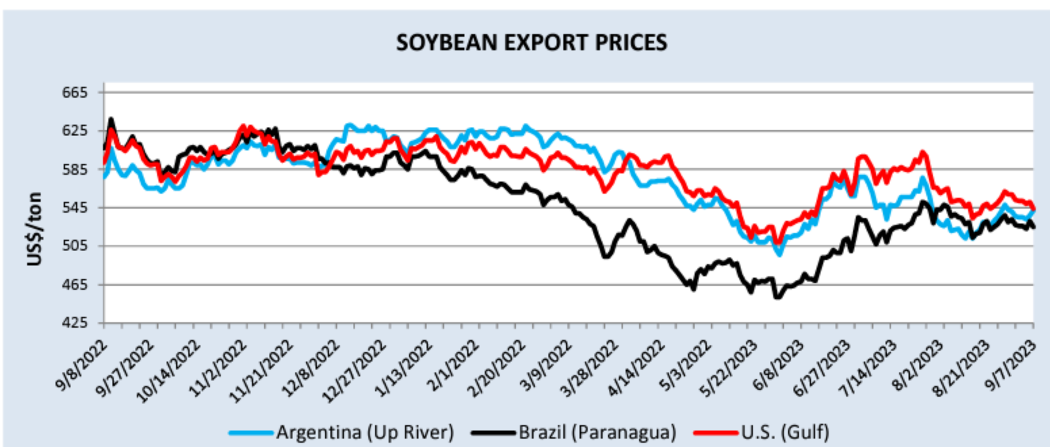
As the year progresses, traders will keep a close eye on U.S. export sales, U.S. production and the global economy. While China's downtrodden economy has recently caused widespread concern across commodities, looming U.S. supply uncertainties in the wake of hot, dry weather through much of the Midwest during August could potentially offset demand woes amid lingering tight supplies. This week, USDA reported weekly sales of 703,900 metric tons for 2023-24, which were down notably from the previous week and 34.2% behind a year-ago. Primary purchasers for the week included China, unknown destinations, and the Netherlands.

The price differential between the United States and Brazil narrowed in August amid renewed confidence in U.S. soybean crop conditions in key growing regions coupled with minor support to Brazil prices on strong exports to China. However, by the end of the month, concerns about hot and dry conditions in the United States returned and soybean export prices regained some strength. Meal export prices were down slightly for all major exporters as growth in crush, especially in Brazil, continues to outpace global protein meal demand. Soybean oil pricing fundamentals followed the ups and downs in both crude oil and weather concerns for soybeans but averaged lower on the month.

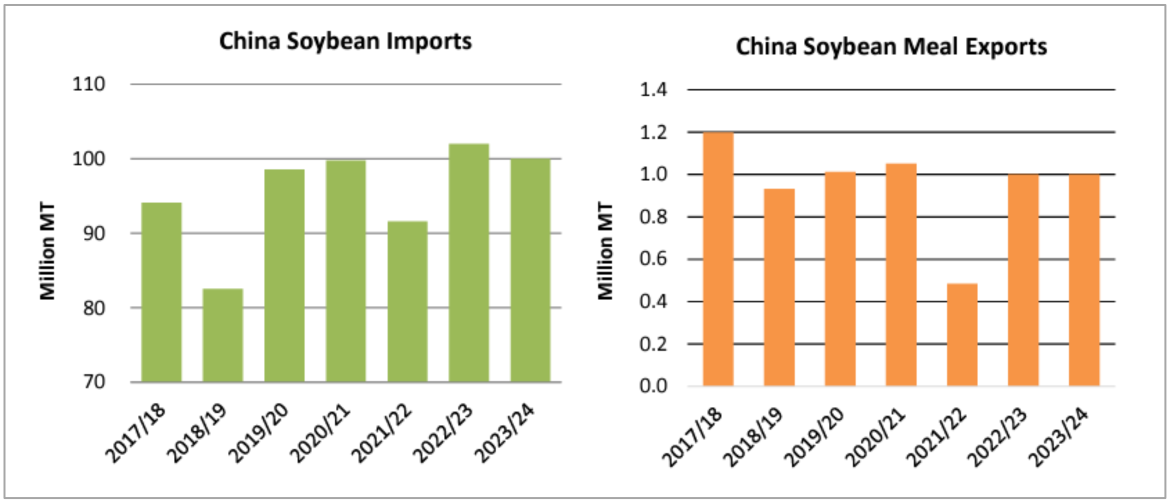
**August 2023 Soybean Export Prices**

| | U.S. Gulf FOB | Argentina Up River FOB | Brazil Paranagua FOB |
|---|---|---|---|
| August Avg Price | $552/ton | $528/ton | $532/ton |
| Change vs July | - $34/ton | - $28/ton | + $4/ton |

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.




This month, USDA raised 2022/23 China soybean imports (October-September) by 2.0 million tons to a new record of 102.0 million tons on strong end-of-year shipments, primarily from Brazil. Soybean crush is also raised to 93.0 million tons on improved domestic margins, stronger demand for feed and vegetable oils, and a recovery in meal exports in the last quarter of the marketing year. Soybean meal exports are raised this month by 200,000 tons to 1.0 million on higher supplies and demand from neighboring countries. In line with current marketing year changes, 2023/24 soybean imports and crush are each raised by 1.0 million tons, while soybean meal exports are lifted 500,000 tons.




## Rice

Rice futures sold off sharply, falling 27.0 to 28.5 cents under apparent pressure from declining concerns about world supplies and pre-USDA report position evening. USDA rated U.S. crop conditions 71% good/excellent up from 70% a week earlier. USDA pegged rice harvest progress at 45%, up from 34% a week earlier and the 5-year average of 35%.

Rice production is seen at 220.907 million hundredweight, up 17.267 million on the month, with the USDA increasing acreage totals and anticipating a record national yield of 7,751 pounds per acre. This year, the USDA has planted area at 2.897 million acres and harvested area of 2.85 million. A year ago, rice production was 160.368 million hundredweight with an average yield of 7,383 pounds per acre on planted area of 2.222 million acres and harvested area of 2.172 million acres. New crop ending stocks were sharply higher at 43.2 million hundredweight on that bigger production guess and larger old crop stocks, which canceled out a larger export estimate.

Creed Rice reports that the harvesting of the new crop is almost completed. There has been no change in the bid prices for new crop long grain: Still $26 per barrel for 55/70 yield and $27 per barrel for 62/70. In Arkansas, harvest activity was interrupted last week by rainstorms and wind resulting in lodged rice. CME rough rice futures were down sharply since our last report. Contract prices were down 0.735 - 0.985. The cash paddy market is 20 cents under the board basis delivered mill/river. With CME prices being lower, the long grain paddy market is now quoted at $400 per metric ton FOB vessel NOLA.

Domestically, U.S. rice is now projected to have a record yield during the 2023/24 season, increasing 52 pounds per acre to 7,751 pounds per acre from the August report. Like corn and soybeans, rice acres were also increased from previous reports, jumping 210,000 acres, or 7.8%, to 2.9 million. That substantial increase is indicative of a strong recovery from the water supply issues that plagued the 2022/23 season and resulted in historically low acreage last year. The current year-over-year forecast shows this trend continuing, with an increase of 30.6% (680,000 acres) anticipated. If record yields come to fruition, they will lead to the eighth-largest rice crop since 1983, at 220.9 million hundredweight.

Rice futures ended near unchanged. November rice was up 1 cent to $16.21 ½, after trading a range of $16.14 to $16.29. January rice was down ½ cent to $16.47 ½. November rice gained 18 cents on the week. Futures found support around $15.60 this week before rebounding. Worries about Asian supplies and prices remain a key theme, and bulls are worked up over the prospect of the U.S. being much more competitive for exports. But government officials in Asia insist that there is no shortage of rice despite recent crop troubles, and prices in Asia have backed off recently. Futures seemed relatively unfazed by Tuesday's USDA report, which was on its face quite bearish.

The global rice outlook from the WASDE calls for reduced supplies, consumption, trade, and stocks based on detrimental weather patterns and trade policies that are restricting exports. Despite this, global supplies only dropped 4.4 million tons, but the real news is the reduced global trade. This month, the expectation is a reduction to 52.2 million tons, down only 1.5%. Expect to see this number increase as the fullness of the export ban is realized in the coming weeks and months.

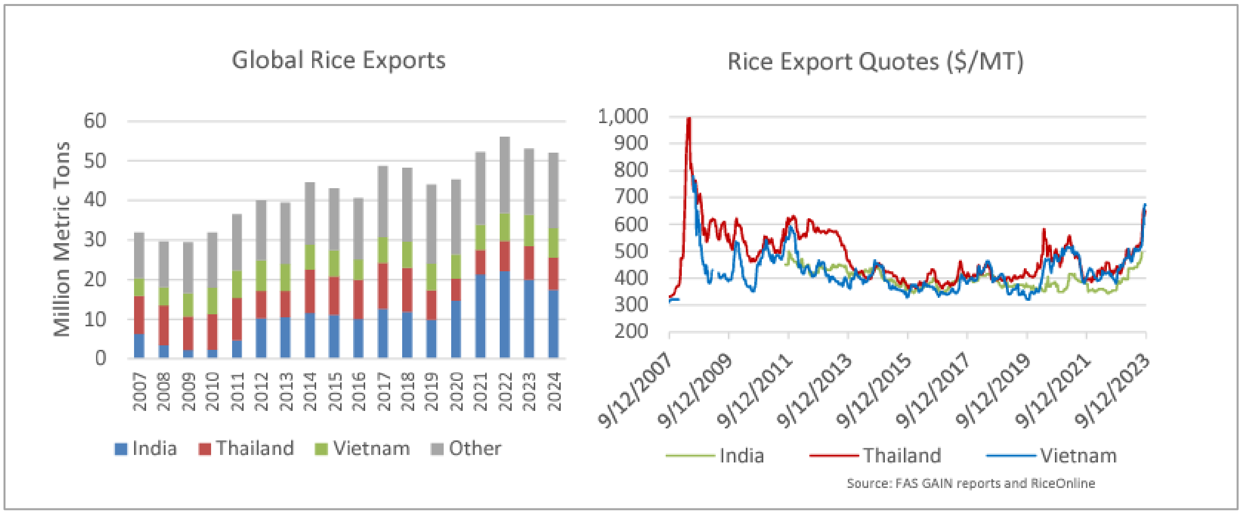
The September FAO Rice Price update unsurprisingly jumped 9.8% in August, reaching 142.4 points, or 31.4% higher than last year. Prices have not been this high since the 2008 food crisis, which also was predicated by an Indian white rice export ban. But as more news comes out about climate risk, drought, and production problems, the export ban seems to be more of just the first domino to fall. Thailand has suffered poor rains that have impacted rice production, the Philippines have renewed imports after a multi-year hiatus, and several other countries are left scrambling to secure supplies moving into the fourth quarter of the year.

While not garnering close attention in the global market, the 10-12% price jump in South America has been a markedly positive development for our market. Earlier in the year, price convergence of U.S. to South American prices was to mean that the U.S. long grain price would fall; global events now declare otherwise. The chart graphically illustrates that convergence in the current climate means that Argentina, Brazil, and Uruguay have all shot up to nearly $700 per metric ton to meet the U.S. export price, which is excellent news as harvest is underway.

Iraq, quickly becoming one of our most important customers, has renewed restrictions on their rice production due to water shortages. Harvested area is expected to be only 20,000 acres; the rest is being imported. The price chaos in India, Thailand, and Vietnam has sent them straight back the U.S., where we are excited to field the business and compete on the world stage again.

Top rice exporter India has sent shockwaves through the global rice market since its July export ban on milled white rice and subsequent August export tax on parboiled rice and minimum export price for basmati1. Global importers have shifted to the next largest suppliers, Thailand, and Vietnam, sending their export quotes surging to the highest levels since 2008.

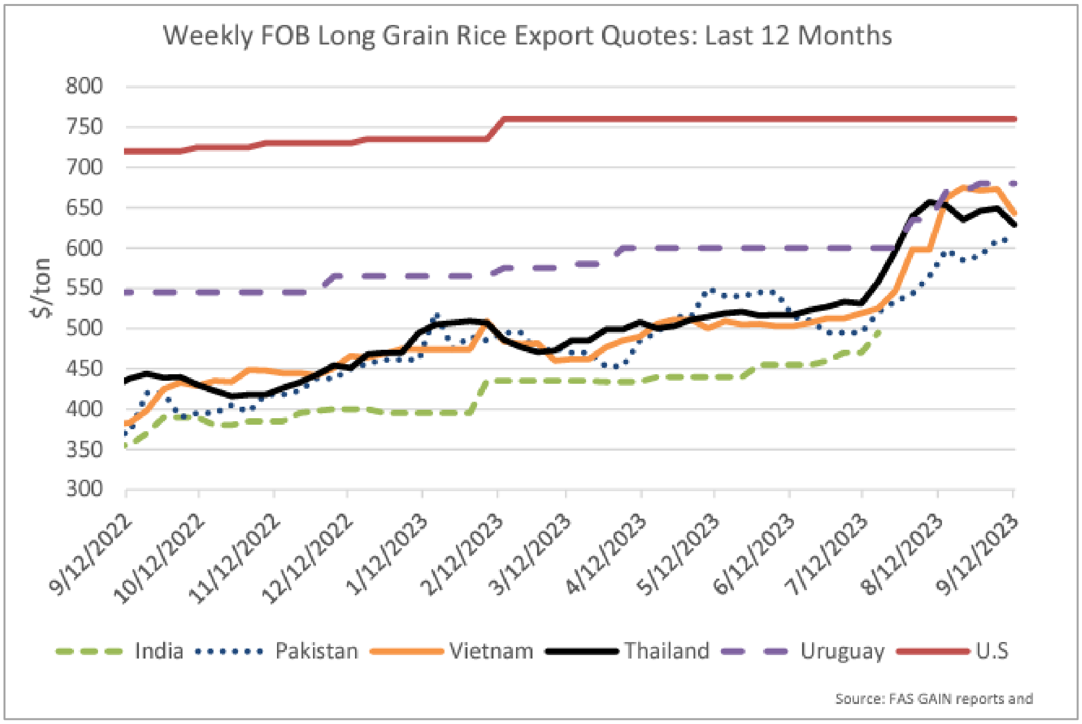
The absence of Indian white rice from the global market is far more significant now than it was 15 years ago. In 2008, prices spiked after India (then the second-largest exporter) placed a ban on non-basmati milled rice exports. After removing the ban in 2011, India expanded shipments and became the largest exporter the following year, a position it has since maintained. In 2022, India exported slightly more than the next four exporters combined, accounting for approximately 40 percent of global trade. India has consistently been the lowest-priced white rice supplier since 2020, particularly to Sub-Saharan Africa. Sharply higher rice prices are expected to adversely impact this import-dependent region.




Before the Indian ban, global prices had been steadily rising due to strong importer demand and lower production in several exporting countries. Indonesia has been a minor importer these past few years but is set to more than double its imports in 2023 as the government has authorized 2 million tons of imports. Thailand and Vietnam are the primary suppliers to that market, so their exports were already in high demand. Exportable supplies from Thailand and Vietnam are limited, with stocks forecast at the lowest level in several years. Neighboring Pakistan and Burma had lower production in 2022/23.

Despite strong increases in export quotes, prices have not hit 2008 records for a variety of reasons. In 2008, India banned exports of both white and parboiled rice; it currently permits parboiled rice exports, albeit with a 20 percent tax. India has made some small government-to-government exceptions to the white rice ban thus far. In 2008, the third-largest exporter Vietnam also temporarily banned new sales which was seen as the major reason for further elevation in Thai prices; this year, Vietnam has continued exporting. In 2008, top importer the Philippines continuously bought larger volumes as prices escalated; this year, it is delaying purchases, awaiting lower prices. In the past week, prices started to decline from their peaks.

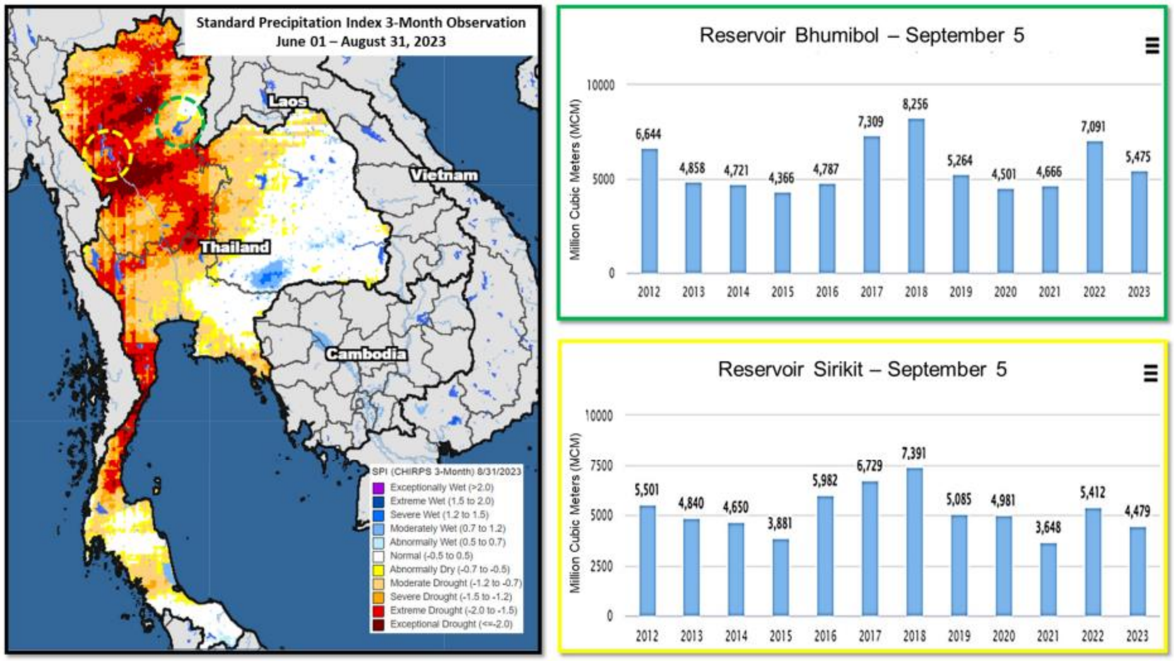
In the past month, U.S. export quotes remained at $760/ton, while Uruguayan quotes rose $45 to $680/ton on strong demand and tightening supplies. Thai quotes edged lower by $13 to $643/ton as traditional buyers hold off purchases, awaiting lower prices. Vietnamese quotes rose $31 to $643/ton and Pakistani quotes jumped $45 to $610/ton due to strong demand following India's export restrictions. Export quotes for Indian white rice have been unavailable since its imposition of an export ban on July 20th.




USDA forecasts Indian rice production for marketing year 2023/24 at 132.0 million metric tons (milled basis), down 1 percent from last month and nearly 3 percent from last year. Harvested area is forecast at 47.0 million hectares, unchanged from last month and down 1 percent from last year. Yield (rough basis) is expected to reach 4.21 tons per hectare, down 1 percent from last month and last year.

The 2023 southwest monsoon is poised to be the lowest in 8 years. For the entire country, the rainfall deficit was at least 8 percent below the long-term average, as of September 1st. Although the southwest monsoon started on time, rainfall has been uneven for much of the season, with August being one of the driest on record. The two areas of concern include the Indo Gangetic Plain in the east, which consist of Uttar Pradesh, Bihar, Jharkhand, West Bengal, and Odisha, and the northwest states of Punjab and Haryana. The Indo Gangetic Plain, which comprises about 30 percent of the total kharif crop, experienced below-normal rainfall as the crop entered the vegetative stage in August. However, in the northwest (Punjab and Haryana), farmers experienced too much rainfall and had to replant in late July. In late-August, FAS-Washington and FAS-New Delhi staff travelled in northwest India visiting rice fields and discussing current crop conditions with farmers and industry sources. Currently, the crop is at vegetative stage and in good condition in northwest India. The southwest monsoon withdrawal typically will start around mid-September and farmers are hoping for improved rainfall.

USDA estimates Thai rice production for marketing year 2023/24 at 19.5 million metric tons (milled basis), down 1 percent from last month and down 7 percent from last year. Harvested area is estimated at 10.6 million hectares, unchanged from last month but down 4 percent last year. Yield (rough basis) is estimated at 2.79 tons per hectare, down 1 percent from last month and 3 percent from last year.




Sources: USCB CHIRPS; Thailand Royal Irrigation Department (RID)

Thai rice is cultivated in two seasons. The first or main season rice begins in May and is harvested in November and the second season begins in December and is harvested in March. Main season rice development is contingent on seasonal rainfall and is predominantly cultivated in the Northeast region. After a stint of early dryness to begin the main rice season crop, which led to a decline in cultivated area, rice progressed under ideal conditions throughout the rest of the growing cycle. Second season rice is predominantly irrigated and draws its water supply resources from the main two reservoirs, Sirikit and Bhumibol located in Thailand's North region. Sirikit and Bhumibol reservoirs provide roughly 80 percent of the second rice season crop's water supply. Seasonal rainfall in the North region underperformed, which has depleted reservoir water levels. According to Thailand's Royal Irrigation Department as of September 5, 2023, both Sirikit and Bhumibol reservoirs are down 17 percent and 23 percent year-to-year, respectively. The Thai government has advised farmers to limit rice cultivation to conserve water resources for other uses.

## Cotton

Cotton futures rebounded from 151 to 187 points on support from pre-USDA report position evening and a weaker dollar. USDA is expected to lower its estimate of U.S. production and ending stocks further. December futures rose 186 points to 87.95. December cotton posted its highest close in 4 sessions and has nearby resistance at 88.44 with key resistance at 90.00. USDA rated U.S. cotton conditions just 29% good/excellent, down from 31% a week earlier. The crop rating for Texas fell to just 9% good/excellent from 11%. USDA estimated U.S. cotton harvest progress at 8% versus the 5-year average of 7% and estimated that 43% of the U.S. crop was opening bolls versus the average pace of 42%.

| Cotton Crop Conditions | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| GoodExcellent | 9/10 | 9/3 | Change | Last Yr | 10 Yr | High (Year) | Low(Year) | Yield Last | Area |
| Select States | 29% | 31% | -2% | 33% | 48% | 76% (1987) | 28% (2011) | 947.0 | 11.087 |
| Texas | 9% | 11% | -2% | 15% | 36% | 77% (1987) | 12% (2011) | 796.0 | 6.117 |
| Georgia | 55% | 59% | -4% | 62% | 61% | 84% (1994) | 8% (1988) | 975.0 | 1.200 |
| Arkansas | 69% | 67% | +2% | 68% | 77% | 98% (1994) | 26% (1989) | 1,196.0 | 0.480 |
| Mississippi | 50% | 54% | -4% | 57% | 64% | 87% (2002) | 11% (1986) | 1,079.0 | 0.380 |
| North Carolina | 49% | 48% | +1% | 69% | 60% | 95% (1994) | 9% (1993) | 1,043.0 | 0.380 |
| | | | | | | | | | |
| PoorVeryPoor | 9/10 | 9/3 | Change | Last Yr | 10 Yr | High (Year) | Low(Year) | Yield Last | Area |
| Select States | 41% | 41% | 0% | 37% | 20% | 44% (2011) | 2% (1991) | 947.0 | 11.087 |
| Texas | 61% | 61% | 0% | 52% | 29% | 64% (2011) | 1% (1991) | 796.0 | 6.117 |
| Georgia | 10% | 7% | +3% | 8% | 10% | 57% (1990) | 0% (1994) | 975.0 | 1.200 |
| Arkansas | 8% | 11% | -3% | 14% | 7% | 19% (2000) | 0% (1994) | 1,196.0 | 0.480 |
| Mississippi | 12% | 10% | +2% | 11% | 7% | 34% (2006) | 0% (1991) | 1,079.0 | 0.380 |
| North Carolina | 14% | 14% | 0% | 7% | 12% | 50% (2007) | 0% (1994) | 1,043.0 | 0.380 |

In September's WASDE, USDA cut its cotton crop estimate 860,000 bales from last month, which was more than double the decline traders anticipated. The national average yield increased 7 lbs. to 786 lbs. per acre. But USDA cut harvested acreage by 603,000 acres, including 340,000 acres in Texas and 80,000 acres in Georgia. New crop ending stocks were lowered 100 million bales, with larger beginning stocks more than offset by the reduced crop estimate, lowering total supply 310,000 bales. The demand side of the balance sheet realized a 200,000-bale cut in exports and a 10,000-bale reduction in unaccounted use.

Immediately after the report's release, cotton futures prices were 29 to 40 points in the black. The December contract is off its high by 50 points. USDA raised the cash average price by a penny 80 cents/lb. The monthly WASDE update showed lower harvested acreage, but a stronger yield to offset. On net production was cut by 860,000 bales to 13.13 million. Demand changes saw a 200,000-bale loss for exports at 12.3 million and a 100,000 bale tighter carryout of 3 million – its tightest since 2016/17. To end the session, December cotton rose 52 points to 88.30 cents, ending near the session high and marking the highest close since September 5th. Cotton futures found a bid following the release of USDA's September crop reports, which featured notable reductions in anticipated production.

The 2023/24 U.S. cotton projections include higher beginning stocks but lower production, exports, and ending stocks. Beginning stocks are increased 550,000 bales, largely reflecting ending stocks data for the previous year from the Agricultural Marketing Service and the NASS Cotton System Consumption and Stocks report. Beginning stocks were also increased for 2022/23 as unexpectedly large warehouse stocks reported for July 31, 2023, indicated stocks in-transit as of July 31, 2022, were higher than previously estimated. The 2023/24 U.S. production forecast is 860,000 bales lower this month, with the Southeast and Southwest leading the decline. Projected consumption is unchanged from August, but exports are down 200,000 bales and ending stocks are 100,000 bales lower. The season-average price for upland cotton projected for 2023/24 is 80 cents per pound, up 1 cent from the previous month.

Cotton was the only one with a decrease in projected acreage, dropping 854,500 acres (7.7%) from previous reports to 10.2 million planted acres. Because of the decline in acre estimates, production was also revised down 6.1% to 13.1 million 480-lb bales. If these trends continue, both yield and production will be the lowest since 2015.

The drop in production is mostly offset by an unexpected increase in both the 2022 and 2023 beginning stock estimates, putting 2023/24 estimated ending stocks down -0.3% to 3 million bales. Subsequently, season-average prices for upland cotton increased by 1 cent above the August report to 80 cents per pound.

Thursday's Weekly Export Sales report showed net sales of 67,400 RB for 2023/2024, down 21 percent from the previous week and 27 percent from the prior 4-week average and net sales of 25,300 RB for 2024/2025 were reported. Exports of 118,200 RB were down 33 percent from the previous week and 41 percent from the prior 4-week average.

As noted, December cotton spent the week trading within last week's range. Solid prices support comes in at the 83.50-84 cent area while resistance comes in at 88.50-89 cents and further at 1-year highs of 90 cents scored on 9/1/2023. December cotton is trading well over the 200-Day Moving Average of 82.60. As of September 12th, C-O-T showed managed money reducing their length at the ICE exchange by 5,159 contracts, bringing their net long position to +46,317 contracts.

With a fresh WASDE in hand, traders now have new data to trade on in the coming weeks. Attention will shift back to the usual weekly Crop Progress and Condition report and Export Sales Report. Now that South Texas has wrapped up harvest, focus will shift to ginning and weekly classing reports. All eyes will be on whether the Fed will pause interest rates at the FOMC meeting next week.

Weather will continue to be an important factor as harvest progresses in cotton-growing regions. World Weather Inc. notes showers and thunderstorms will continue today in western Texas and southwestern Oklahoma inducing further improvements in conditions for irrigated cotton while some dryland cotton should benefit from the rain as well with the rain coming too late to improve yields for much of the dryland crop. The forecaster indicates Delta crop conditions remain mostly good as are those in far western states.

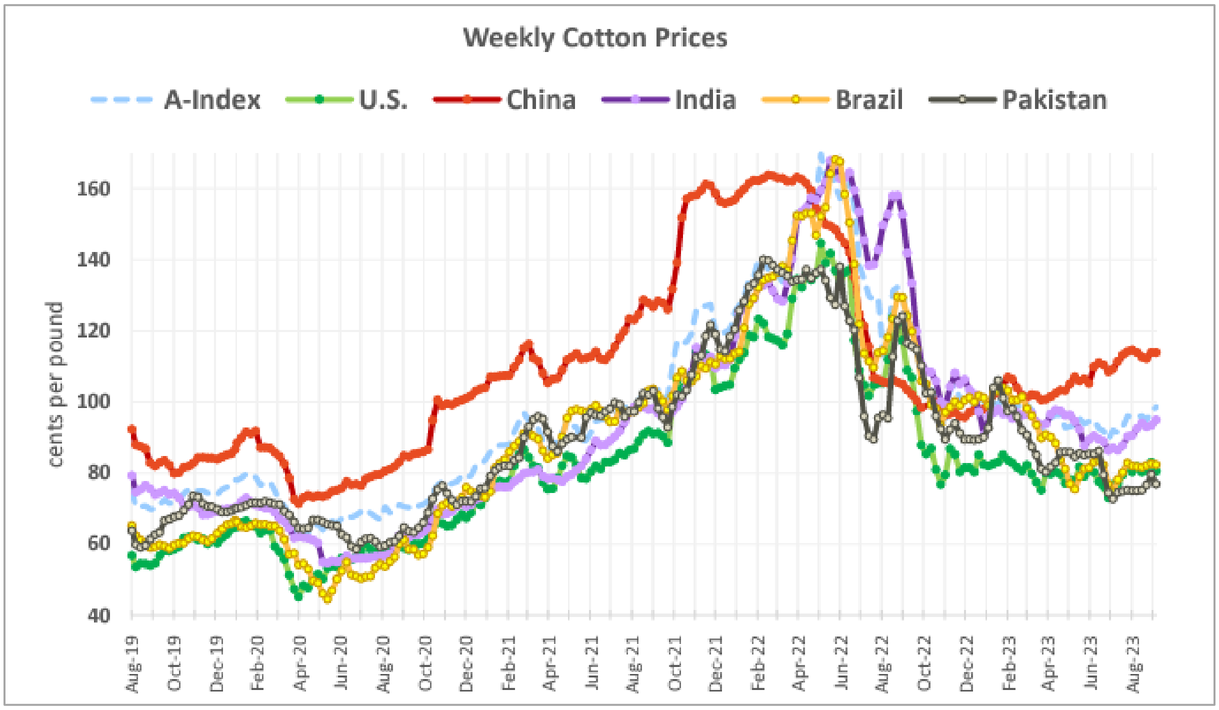
U.S. export sales will continue to be a long-term focus, as traders look to the weekly data for global demand insight, with a particular focus remaining on purchases from top importer, China. On Thursday, USDA reported weekly sales of 67,400 RB for 2023-24, which were down 21% from the previous week and 27% from the four-week average. Top purchasers for the week included Vietnam, Mexico, and China. Meanwhile, shipments for the week totaled 118,200 RB, which were down 33% from the previous week and 41% from the four-week average. China, Bangladesh, and Vietnam were the top destinations.

So where does this leave us? The US crop has shrunk. World production is also reduced from last month's projection and well below last year. Use/demand is reduced from last month's projection but is still well above last year and 3 ½ million bales more than this year's production. There remains uncertainty about both the US crop and foreign crop. This month's adjustments in the acreage numbers should now more solidify that number but there will remain uncertainty in harvest acreage and yield. I am told there are unknowns about the crops in India, China, and Australia. This market has made runs at 90 cents. Growers want 90 cents or better. More runs at 90 cents are possible but the market has not been able to stay there. To stay there, the market will need to get over its jitters about the demand side. Right now, it is the demand side that seems to be holding things back. Weekly export sales will be watched closely.

Since the low in the 77-78 cents area back in June, prices (December futures) have made 3 runs at the 89-90 cents area. Each time, prices retreated a bit—failing to sustain that level.

Cotton futures remain mostly unchanged from last month's WASDE with prices on the Intercontinental Exchange (ICE) settling at roughly 85 cents per pound. U.S. cotton crop conditions continued to deteriorate and raise concerns regarding U.S. supply. ICE prices settled at their highest level in nearly a year at 90 cents before falling roughly 5 cents amid a stronger U.S. dollar and weakening global consumption prospects. Global spot prices were mostly unchanged except for Pakistan, where a depreciating currency pressures domestic supplies priced in U.S. dollars. Deteriorating crop conditions in

Texas failed to lift U.S. spot prices dramatically higher. Chinese prices were slightly down as recent reserve auctions added supplies to uncertain demand prospects.

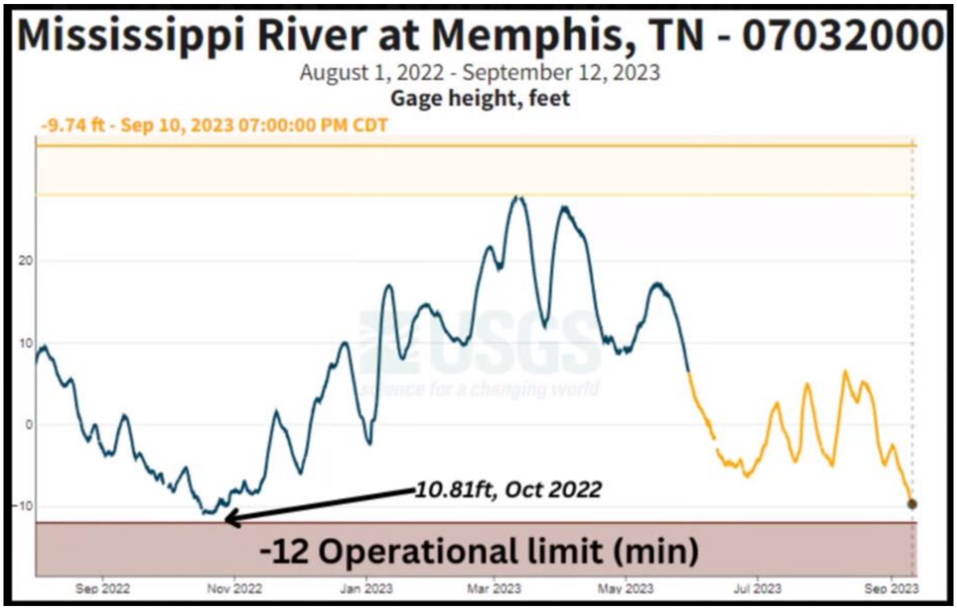



**Changes Since August *WASDE*** (cents per pound)

| | A-Index | U.S. | China | India | Brazil | Pakistan |
|---|---|---|---|---|---|---|
| 8-Aug | 96.1 | 80.9 | 113.9 | 92.3 | 81.1 | 74.7 |
| 8-Sep | 95.9 | 79.4 | 112.6 | 94.0 | 82.9 | 71.3 |
| **Change** | -0.2 | -1.5 | -1.3 | 1.7 | 1.8 | -3.4 |

## Mississippi River Water Levels

Water levels on the Mississippi River continue to fall, as of September 12th, the water level of the river at Memphis was 9.2 feet below normal. Water levels for the Mississippi River are approaching last year's record low-level of 10.81 feet below normal. This has caused draft and load restrictions to be introduced in some areas, with more likely to follow. Barge rates are up significantly from normal and may move higher as crop harvests begin. The forecast offers little rain for key areas of the Mississippi River Valley, meaning that is will be a factor in the cash market for corn and soybeans.




## USDA NASS Crop Production Report for Louisiana and the U.S. for Selected Crops

The following table was obtained from the USDA NASS Louisiana Crop Production Report (released September 12th) and contains the results from the 2023 September Ag Yield Survey.

**Area Harvested, Yield, and Production - Louisiana and United States: 2022 and Forecasted September 1, 2023**

| Crop | Unit | Area harvested 2022 | Area harvested 2023 | Yield 2022 | Yield 2023 August 1 | Yield 2023 September 1 | Production 2022 | Production 2023 |
|---|---|---|---|---|---|---|---|---|
| **Louisiana** | | (1,000 acres) | (1,000 acres) | (per acre) | (per acre) | (per acre) | (1,000 units) | (1,000 units) |
| Corn, for grain | bushels | 435.0 | 680.0 | 170.0 | 169.0 | 175.0 | 73,950 | 119,000 |
| Cotton, upland | 1 | 190.0 | 115.0 | 904.0 | 960.0 | 856.0 | 358 | 205 |
| Rice, all | 2 | 415.0 | 463.0 | 6,660.0 | 6,750.0 | 6,750.0 | 27,649 | 31,253 |
| Soybeans, for beans | bushels | 1,210.0 | 1,000.0 | 47.0 | 49.0 | 43.0 | 56,870 | 43,000 |
| Sugarcane, for sugar and seed | net tons | 497.1 | 510.0 | 32.3 | 31.4 | 27.2 | 16,035 | 13,872 |
| **United States** | | (1,000 acres) | (1,000 acres) | (per acre) | (per acre) | (per acre) | (1,000 units) | (1,000 units) |
| Corn, for grain | bushels | 79,207.0 | 87,096.0 | 173.3 | 175.1 | 173.8 | 13,729,719 | 15,133,911 |
| Cotton, upland | 1 | 7,131.5 | 7,879.8 | 942.0 | 773.0 | 778.0 | 13,998 | 12,776 |
| Rice, all | 2 | 2,172.0 | 2,850.0 | 7,383.0 | 7,699.0 | 7,751.0 | 160,368 | 220,907 |
| Soybeans, for beans | bushels | 86,336.0 | 82,791.0 | 49.5 | 50.9 | 50.1 | 4,276,123 | 4,146,036 |
| Sugarcane, for sugar and seed | net tons | 930.2 | 927.0 | 37.3 | 37.7 | 34.9 | 34,671 | 32,386 |

[1] Cotton yield in pounds per acre, production in 480 pound bales.
[2] Rice yield in pounds per acre, production in hundredweight (cwt).

## PLC Farm Program Payment Projections – 2023/24 CY

The table below projects the national marketing year average prices for purposes of the Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

| *Covered Commodity* | ***2023/24 MYA Price**** | *Effective Reference Price* | ***2023/24 PLC Payment Rate*** |
|---|---|---|---|
| Corn | $4.90 | $3.70 | -- |
| Grain Sorghum | $4.90 | $3.95 | -- |
| Long Grain Rice | $15.00 | $14.00 | -- |
| Medium Grain Rice | $15.50 | $14.00 | -- |
| Seed Cotton | $0.4320 | $0.3670 | -- |
| Soybeans | $12.90 | $8.40 | -- |
| Wheat | $7.50 | $5.50 | -- |

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on September 12, 2023.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, NOAA, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

Contact Dr. Michael Deliberto at 225-567-7267 or by email mdeliberto@agcenter.lsu.edu
Department of Agricultural Economics and Agribusiness, 101 Martin D. Woodin Hall, Louisiana State University Agricultural Center, Baton Rouge, LA, 70803