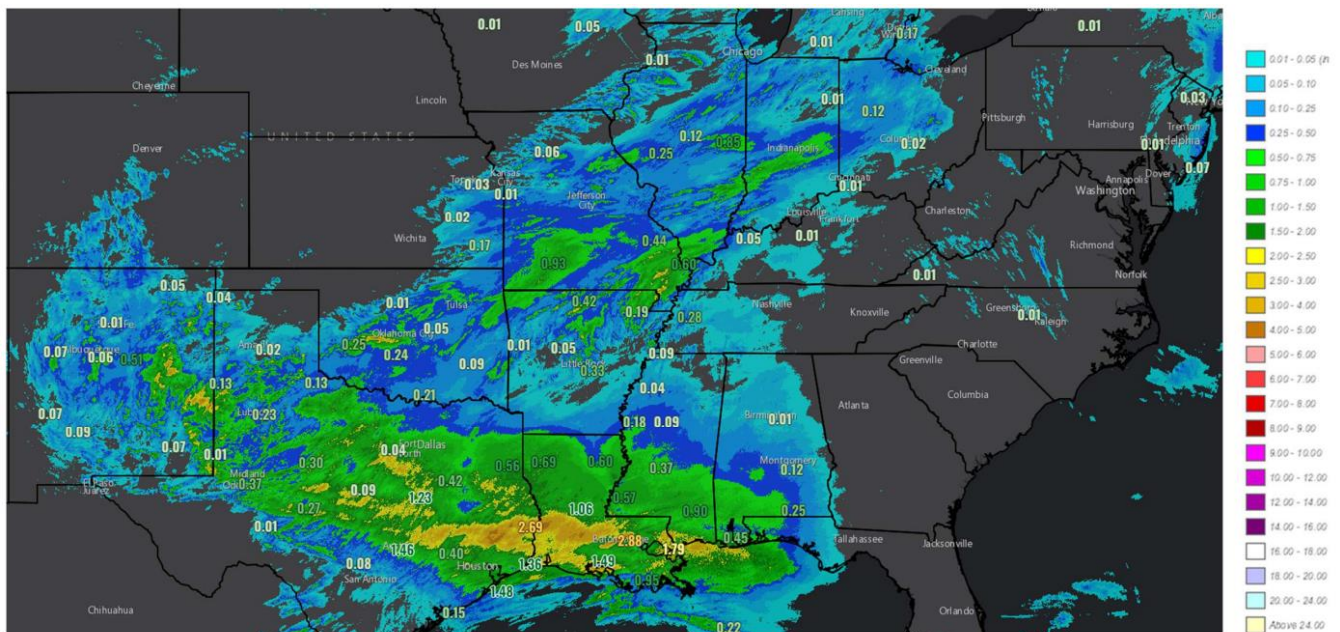


Weather

There is considerable fieldwork getting done right now in northern Kansas, Nebraska, southeastern South Dakota, Minnesota, Iowa, Wisconsin, far northern Illinois, and central/northern Michigan. Look for fieldwork activity in those areas to only increase in the near term, as that entire area is dry through at least tomorrow with more eastern parts of the area in question staying dry through Monday. The rest of the Corn Belt (covering roughly the southeastern half of the region) is likely still at a standstill right now with regards to any fieldwork. However, there is not a lot in the forecast in that area through Tuesday so eventually we can probably see a little start getting done. The overall pattern for the Corn Belt still looks “active”, featuring near to above-normal rainfall over the next 15 days and (probably most importantly) no suggestions of anything close to a lengthy period of widespread dry weather. Later Sunday into Tuesday will feature two notable rain events in the region (with severe weather and locally heavy rains a good bet), and it appears that a week from today will be the starting point of another especially wet period of weather for the region.

Rainfall chances over the next week appear to be minimal and that would be especially the case in the southern/southwestern half of the main growing area where rainfall can run quite easily below-normal. There are better odds for rainfall in Week Two where rainfall could run above-normal for the 11-15 day time frame.



24-hour radar-estimated rainfall/24-hour rainfall totals through around 4 AM CDT today

Grains

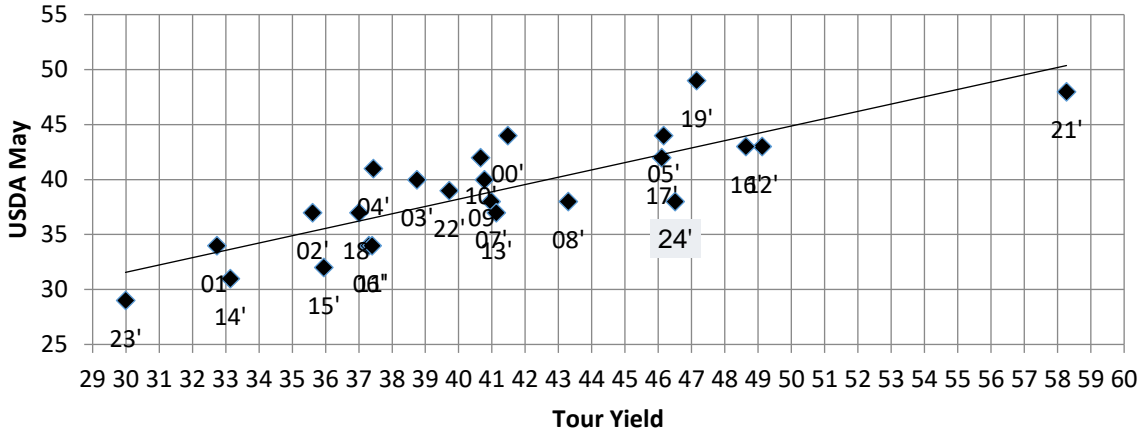
Wheat yield potential in Kansas was estimated at 46.5 bu/acre which was the highest yield since 2021. USDA estimated Kansas wheat production at 267.9 million bushels or 38.0 bu /ac. If we look at Wheat Quality Council’s (“WQC”) estimate vs. the USDA numbers, it shows that there is good correlation between the tour’s yield estimate vs. the USDA’s May yield figure.

Kansas Wheat Tour Yield vs May USDA Yield

Estimate

$$y = 0.6652x + 11.609$$

$$R^2 = 0.6877$$

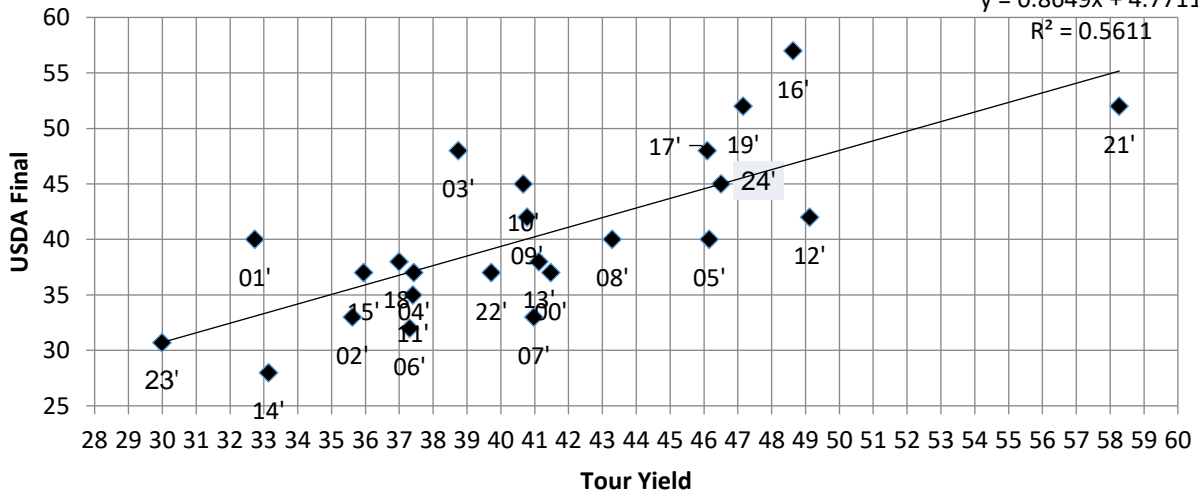


The second chart looks at the WQC's tour result vs the NASS final production total. The correlation here is less, for obvious reasons.

Kansas Wheat Tour Yield vs USDA Final Yield

$$y = 0.8649x + 4.7711$$

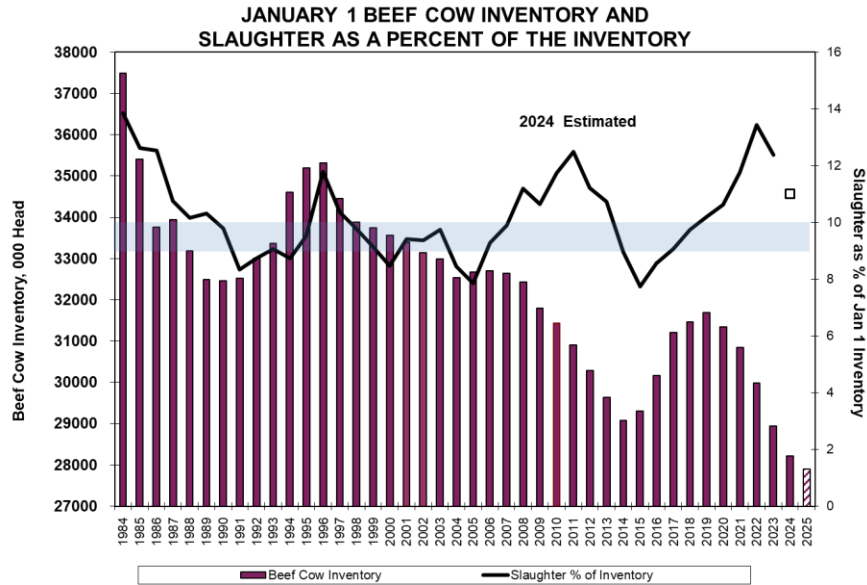
$$R^2 = 0.5611$$



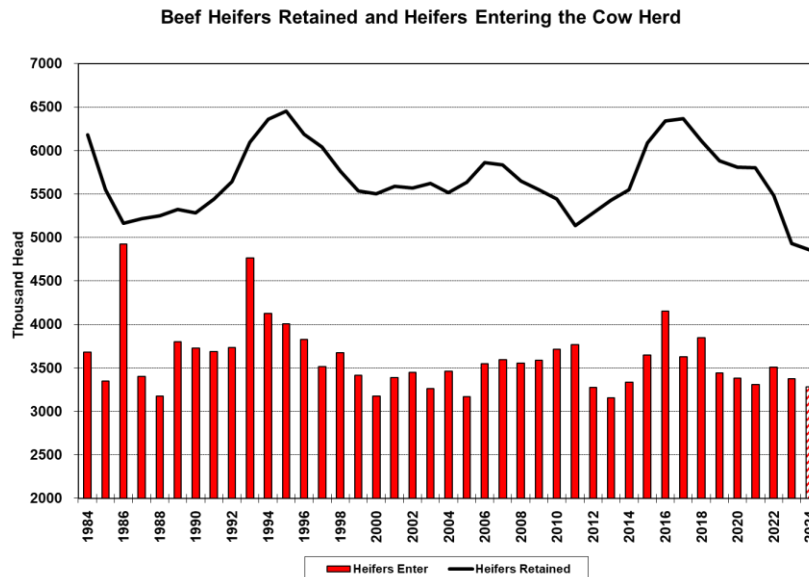
Livestock

Through the first four months of the year, beef cow slaughter is about 13% below last year and follows an 11% YoY decline in 2023. Despite the smaller kill in 2023, the culling rate—slaughter as a percent of the Jan 1 cow herd—remained historically high at more than 12%. Presuming the YoY slaughter decline remains around 13% for the year, the culling rate would still be near 11%. Historically, culling rates in the 9-10% range are associated with herd growth. How much would beef cow slaughter need to decline in 2024 to reach a 10% culling rate?

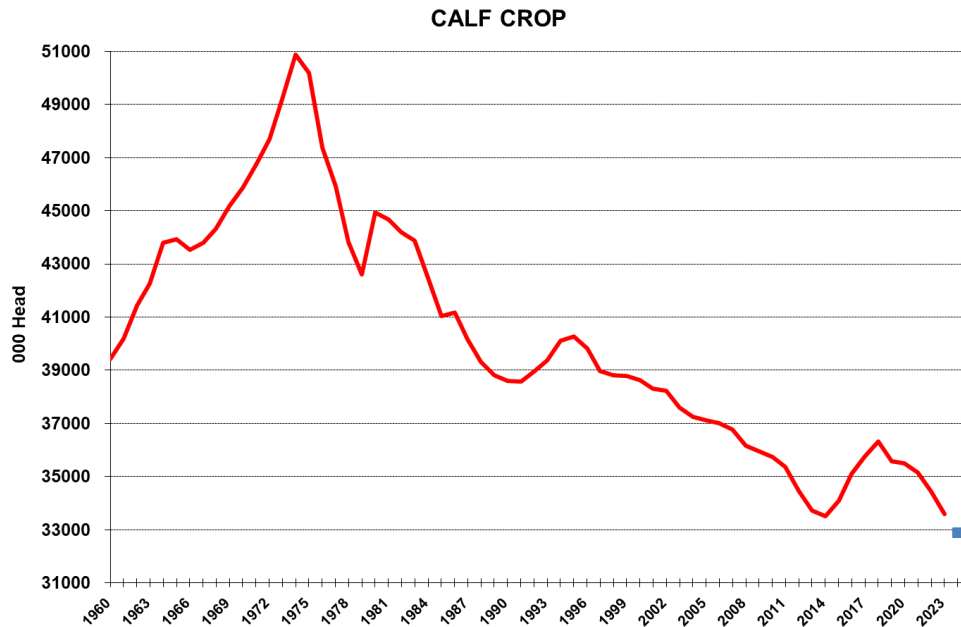
Near 21%. Not an impossible number, but seems highly unlikely. The elevated culling rate coupled with relatively few new heifers entering the cow herd points a smaller beef cow herd at the beginning of 2025—near 27.9 mil head, about 300-350,000 head smaller than a year earlier.



Besides the elevated culling rate, the number of heifers retained as replacements has been historically small—around 4.9 mil head the past two years. That low retention rate points to relatively few new heifers entering the herd and contributes to the prospect of a smaller cow herd on January 1. At the other end of the spectrum, the number of heifers retained in 2016/17 was near 6.4 mil head, suggesting over a few years more than 1.5 mil heifers were diverted from the breeding channel to the slaughter channel, adding to feeder cattle supplies and ultimately to fed beef production. As heifer retention rebounds over the next few years feeder cattle supplies will decline even more than suggested by the smaller calf crops.



The smaller cow herd at the beginning of the year, coupled with likely fewer new heifers entering the cow herd, the 2024 calf crop is projected near 32.9 mil head, down about 600,000 head from last year and historically small.



Today's Calendar (all times Central)

- Various Fed speakers

Thanks for reading.

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