

Weather

The western Corn Belt remains well-watered, with rain moving into the I-35 corridor of Minnesota and Iowa early Thursday. No dryness concerns are expected, with more significant rains forecast over the next 48 hours and another solid chance July 15–16.

The eastern Corn Belt still needs attention. Rain is possible today through the weekend, with Saturday offering the best coverage, but many areas may still end up disappointed. Rainfall looks more promising for July 16–17, supporting above-normal totals in the 6–10 day outlook and at least near-normal rain over the next 15 days.

Models continue to show a stable northwest flow aloft into Week Two, keeping high pressure confined to the Southwest. This pattern favors ongoing rain chances via ridge riders across the Corn Belt, although details will remain uncertain until closer to the period.

Some above-normal temperatures are expected today, tomorrow, and again on July 14–15, with highs reaching the low 90s in some areas. However, a cooler trend remains firmly in place for July 16–20, when temperatures are expected to run well below normal. While models suggest a warm-up later in the 11–15 day window, confidence is limited due to the MJO forecast moving into Phase 6, which typically results in a cool phase for this time of year.

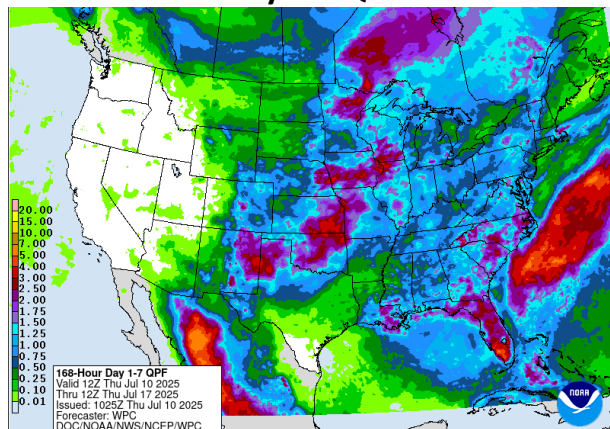
Grains

Let's take a look at some potential balance sheet adjustments ahead of Friday's July WASDE report, starting with corn. My balance sheet assumptions are detailed on the next page.

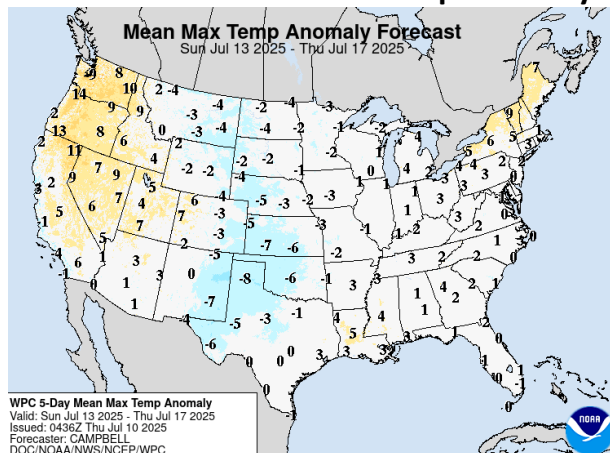
Old Crop

I anticipate some revisions to the old crop balance sheet. Beginning with feed & residual, I expect a 100-million-bushel reduction based on the June 1 stocks report. Additionally, exports are likely to be revised upward by 75–100 million bushels, supported by recent inspection and census data.

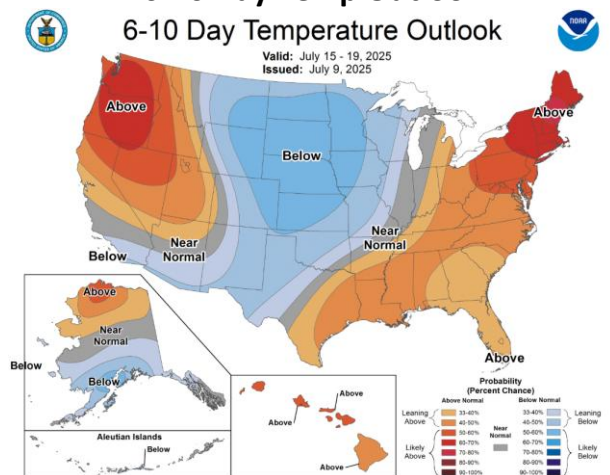
Day 1-7 QPF



Jul 13-Jul 17 Mean Max Temp Anomaly



6-10 Day Temp Outlook



I also flagged ethanol as a potential area of focus, though I don't anticipate any changes at this time. Through May, corn grind for 24/25 is up 0.3%, against a full-year forecast of 0.4%.

New Crop

As we discussed earlier this week, USDA is expected to leave yield estimates unchanged in this report. Despite strong crop conditions, the USDA typically waits until August, when it has more data, before making yield adjustments.

USDA will incorporate acreage changes from the June 30th report. I've also highlighted new crop exports as a key area to watch. While I believe exports eventually need to be reduced by roughly 300 million bushels, I expect the USDA to begin moving in that direction on Friday with an initial reduction of 75 million bushels.

This adjustment would likely reflect increased recognition of Brazil's large corn crop. USDA is currently estimating Brazil's production at 130 mmt, while private estimates range from 137–150 mmt. As Brazil's crop size becomes clearer, USDA is expected to shift export demand away from the U.S. and toward Brazil.

In terms of other world production updates, just looking at weather data, China seems to be in line for a big corn crop. This was supported by an attaché estimating their corn crop at 298 mmt, up from 295 mmt last year. The other areas to watch for in this report are the EU and potentially Ukraine's production.

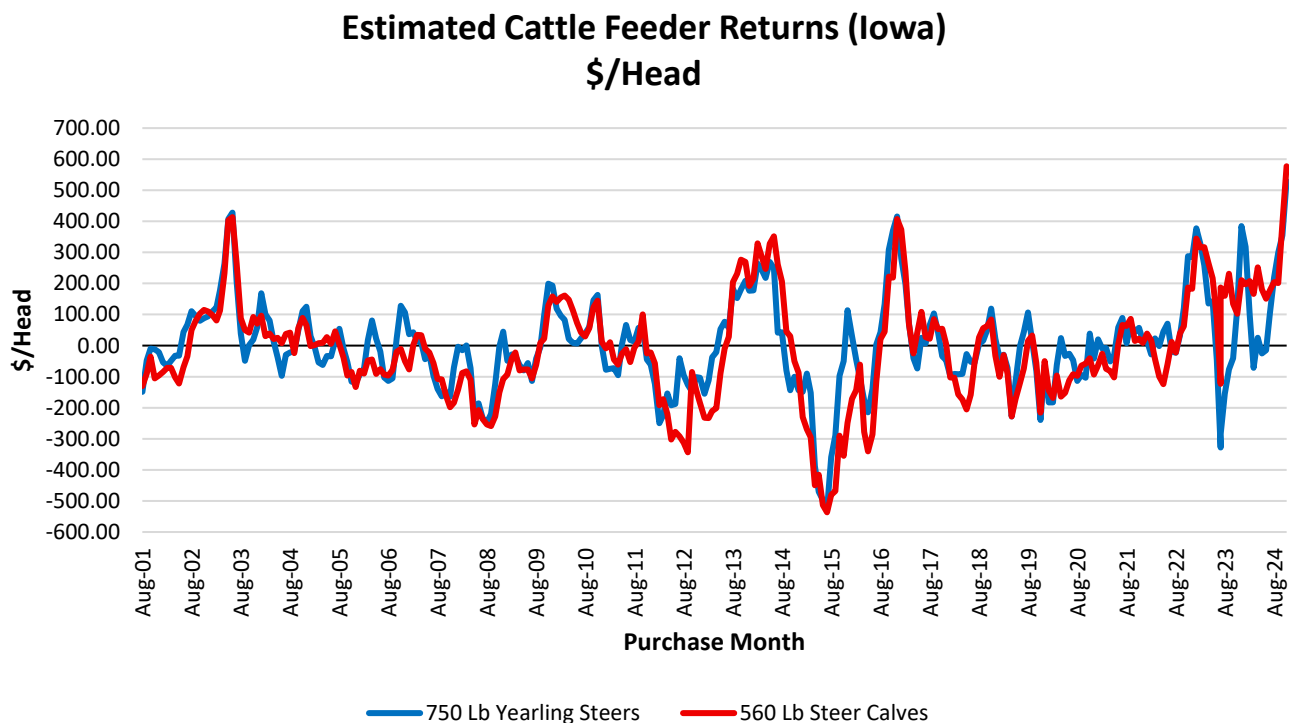
Thoughts appreciated if I missed anything.

U.S. Corn Supply and Demand Estimates (Million Bushels / Million Acres)						
	USDA 2022/23	USDA 2023/24	USDA 2024/25 June	EB 24/25 July	USDA May 25/26 June	EB 25/26 July
Area Planted	88.2	94.6	90.6	90.6	95.3	95.2
Area Harvested	78.7	86.5	82.9	82.9	87.4	86.8
Abandoned	9.5	8.1	7.7	7.7	7.9	8.4
Yield	173.4	177.3	179.3	179.3	181.0	181.0
Beginning Stocks (Sep 1)	1,377	1,360	1,763	1,763	1,365	1,390
Production	13,651	15,341	14,867	14,867	15,820	15,707
Imports	39	28	25	25	25	25
Total Supply	15,066	16,729	16,655	16,655	17,210	17,122
Feed and Residual	5,486	5,804	5,750	5,650	5,900	5,900
FSI	6,558	6,869	6,890	6,890	6,885	6,885
Ethanol	5,176	5,478	5,500	5,500	5,500	5,500
Total Domestic Use	12,044	12,673	12,640	12,540	12,785	12,785
Exports	1,662	2,292	2,650	2,725	2,675	2,600
Total Use	13,706	14,966	15,290	15,265	15,460	15,385
Ending Stocks (Aug 31)	1,360	1,763	1,365	1,390	1,750	1,737
Stocks/Use	9.9%	11.8%	8.9%	9.1%	11.3%	11.3%

Livestock

We received two major market-moving updates after the close yesterday. First, former President Trump announced a new 50% tariff on Brazilian products (which includes beef). As we discussed earlier this week, Brazil has become a significant exporter to the U.S., shipping nearly 180 million pounds of beef in May alone. Second, the Agriculture Secretary has ordered the closure of livestock trade at the southern border following the detection of a new screwworm outbreak. Both developments are expected to support a strong opening this morning.

Let's examine estimated cattle feeder returns in Iowa using a model from Iowa State University. The estimates assume a cash-based, hand-to-mouth approach with no risk management or forward pricing. The latest data shows record-high returns: \$577 per head for steer calves (purchased in July) and \$530 for yearlings (purchased in November). While costs have risen by about \$115–\$200 per head YoY, the surge in profits is driven by a \$600 YoY increase in sales value.



Financials

This morning, we're taking a look at Polymarket's recession odds. The white line in the chart on the next page tracks the probability of a U.S. recession in 2025, which has dropped sharply to just 18%, down from a peak of 65% earlier this spring. The blue line represents the Citi Economic Surprise Index (inverted axis), highlighting that as economic data has improved, recession expectations have eased, even though the index itself remains only modestly positive. With equities returning to record highs, market sentiment appears to have firmly shifted back into bullish territory.



Today's Calendar (all times Central)

- Jobless Claims – 7:30 am
- Export Sales – 7:30 am
- EIA Nat Gas Storage – 9:30 am

Thanks for reading.

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