

KFB Commodity Division Weekly Market Report

July 24, 2024

Macroeconomic

Headlining macroeconomic news as of late has been the announcement that U.S. president Joe Biden will not be seeking reelection in November. Vice president Kamala Harris has risen as the likely candidate for the democratic party. With a little over three months away from the 2024 presidential election, there will be increasing speculation as to who will become the next president. Given the current speculation, the difference between the role of the president and the role of the federal reserve, as it pertains to interest rates, should be discussed. The president does not make interest rate hike or cut decisions. That is the role of the federal reserve. Currently, the markets are pricing in a high likelihood of a 25-basis point cut at the September meeting, according to the CME FedWatch Tool. During times of increased political focus, it is important to understand that monitoring economic data points of interest (such as inflation or interest) are tasked to the federal reserve.

Grains and Oilseeds

We have seen a reversal in corn and soybean markets as of late. Prices rallied to start the week. There are a number of factors that go into commodity price fluctuations but one thing to keep in mind is the ongoing wrestling match in grains markets this time of year to try to predict crop yields. Large amounts of on farm storage and a positive yield expectation drove the market narrative to start July. As we approach August, yield expectations remain at the forefront of participants minds. Not only have we seen little to no drought across the most midwestern states, but we've also seen ample rains in many parts – even flooding. Additionally, significant drought has been seen in the South/Southeastern regions of the U.S. Simply put, is there more damage to crops than thought previously? It was just a week ago the markets were staring down the potential of December corn trading with a \$3 handle. Keep in mind, corn and soybean markets experience elevated volatility this time of year. While volatility certainly hurts farmers when prices move lower, there are also upside opportunities that appear as market participants internal narratives shift. Given the softer than hoped for close today – the weighted blanket effect (encouraging prices lower) appears to still be in play for the corn and soybean markets.

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December 2024 Corn



November 2024 Soybeans

