July Crop Basis Movement Varies Significantly by Region as Marketing Year Nears End

By Josh Strine

SUB-HEADING

Through July, we have seen a wide variation in the movement of both corn and soybean basis across Indiana. In East Central Indiana, corn basis has stayed within a $0.04/bu. range over the last four weeks and is currently $0.01/bu. lower than during the first week of July (figure 1). Contrarily, South Central Indiana corn basis has weakened by $0.27/bu. since the first week of July (figure 2). Within the last month, the basis had been as high as -$0.20/bu. and as low as -$0.50/bu. in South Central Indiana. Basis movement for Indiana ethanol plants has been moderate, weakening by $0.06/bu. over the past four weeks.

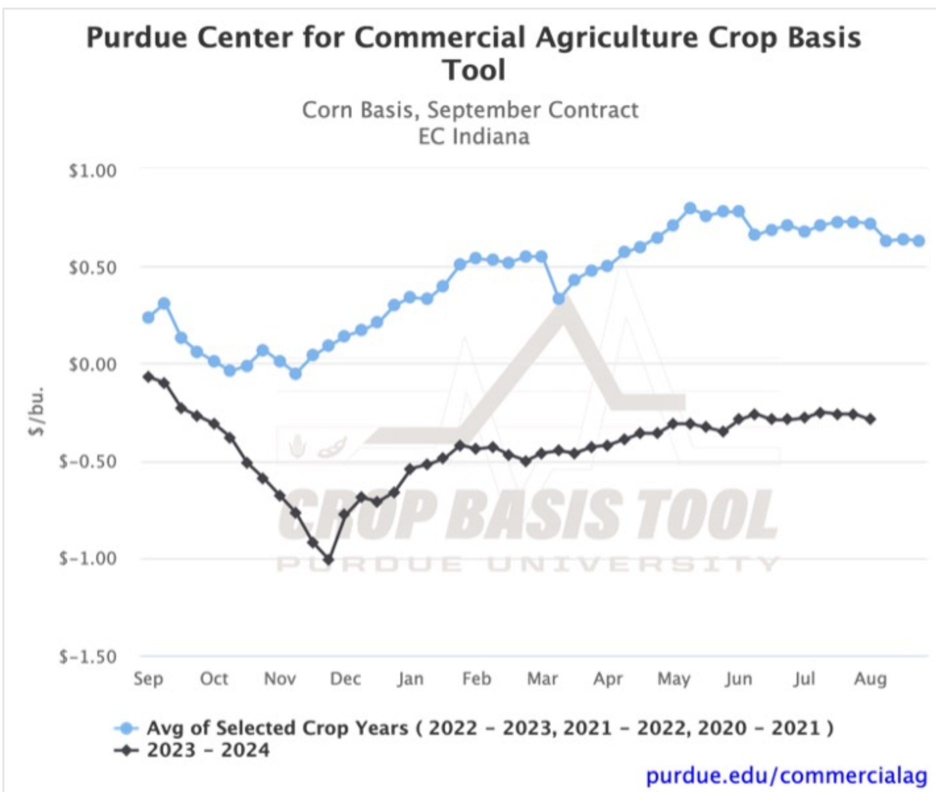

Figure 1. Corn Basis, September Contract for East Central Indiana

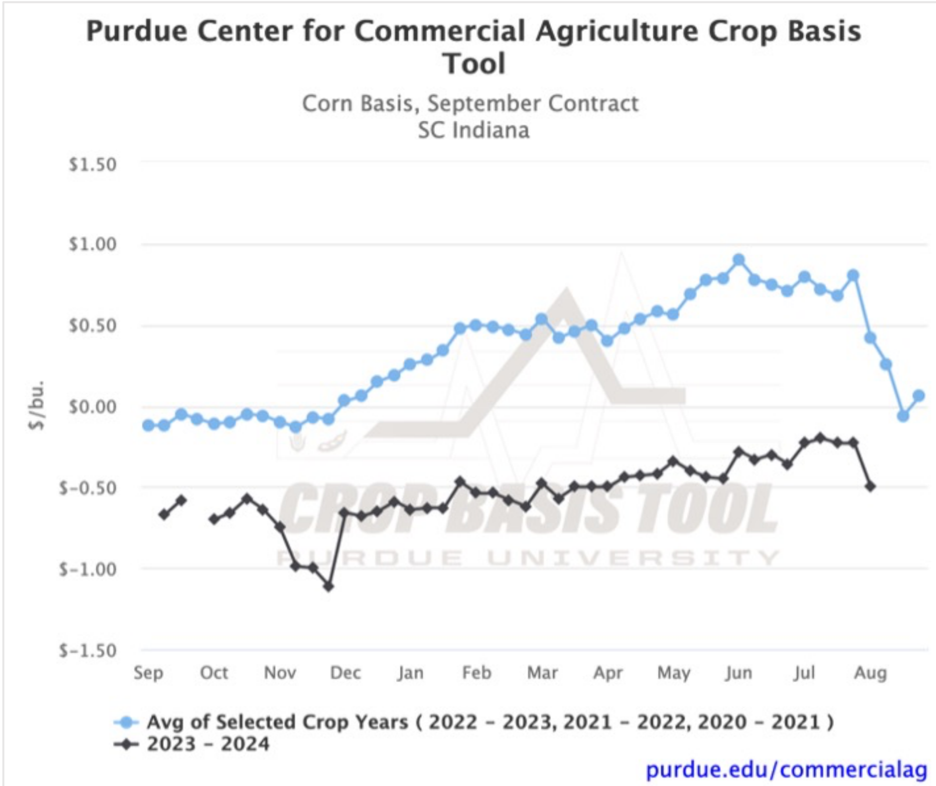

Figure 2. Corn Basis, September Contract for South Central Indiana

Soybean basis levels across Indiana have been even more volatile than corn since the beginning of July. Just two weeks ago, Southeast Indiana soybean basis was $0.79/bu., but has since fallen to $0.04/bu. (figure 3). Southwest Indiana has also seen the basis weaken by $0.71/bu. in the past two weeks. Looking at the basis of Indiana soybean processors we see similar volatility (figure 4). The basis level has fallen from $0.84/bu. in the second week of July to $0.22/bu. in the first week of August.

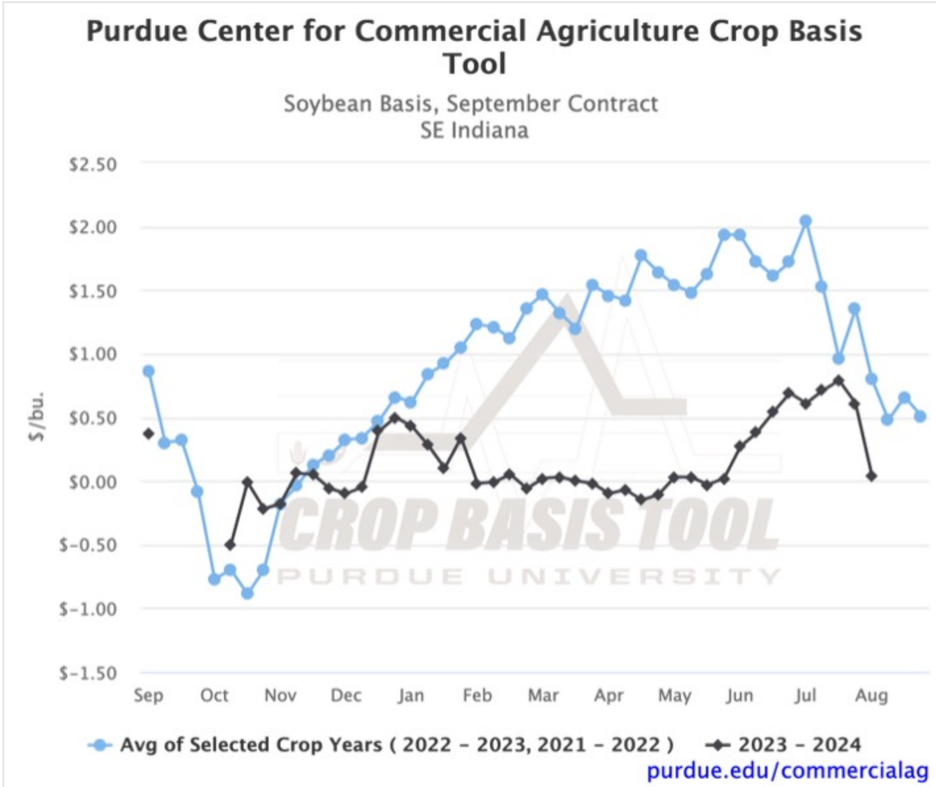

Figure 3. Soybean Basis, September Contract for South East Indiana

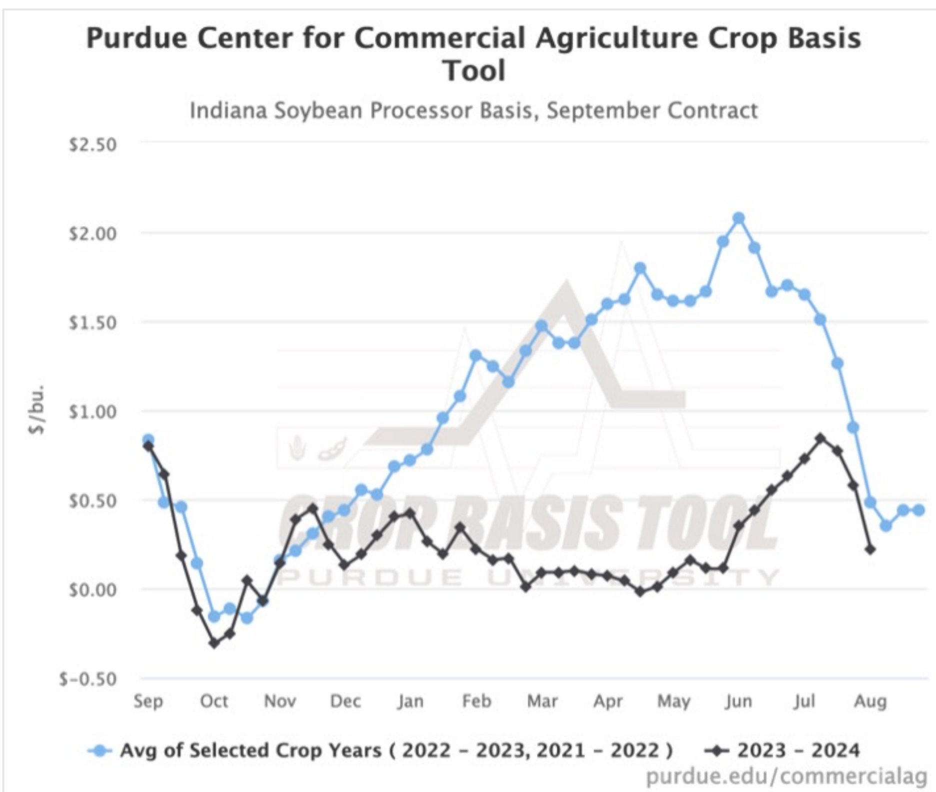

Figure 4. Indiana Soybean Processor Basis, September Contract

While the level of basis volatility has varied between corn and soybeans and across geographical regions, a few trends can be found. First, regardless of crop and location, the basis is generally weaker in the first week of August than it was in the first week of July. Additionally, we have seen the gap between the three-year average and the 2024 basis close over the past month. Neither of these trends are particularly surprising, as the historical average indicates a weakening in crop basis from Summer through the end of the marketing year. The 2024 basis was already significantly lower than the 3-year average in some regions, so the basis weakening being less pronounced over the past month also makes sense. To get a current look at your local basis and see how it compares with these trends, visit the Purdue Center for Commercial Agriculture Crop Basis Tool.