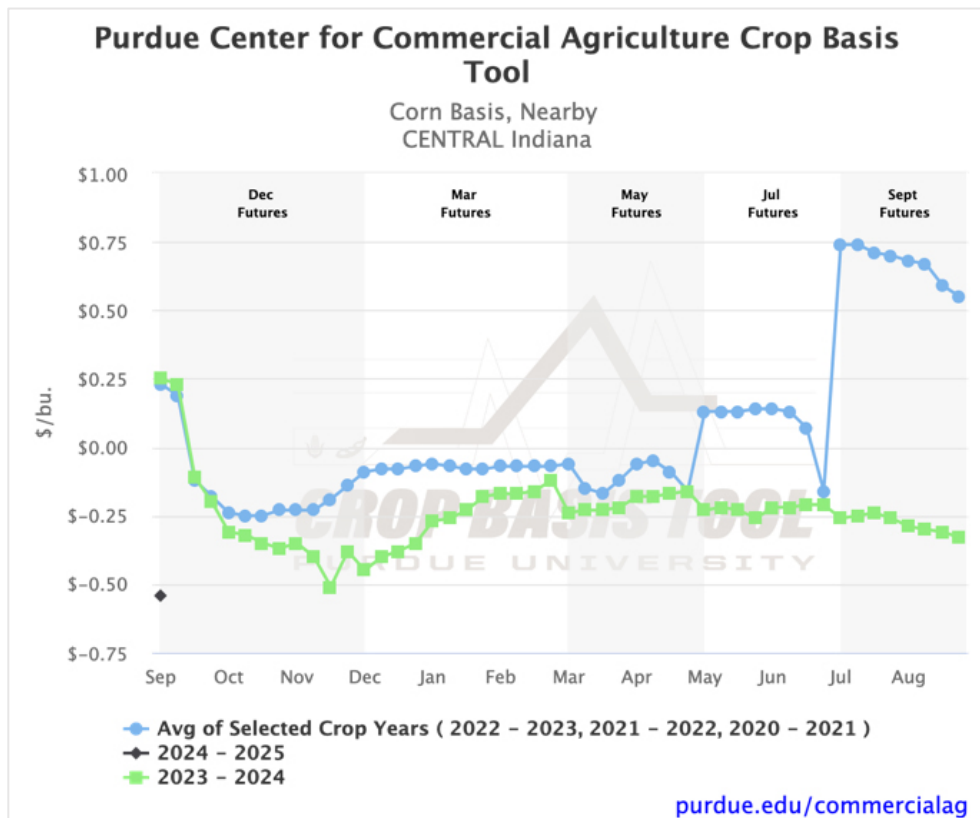


Crop Basis Levels Finish Weaker Than Recent Years

By Josh Strine

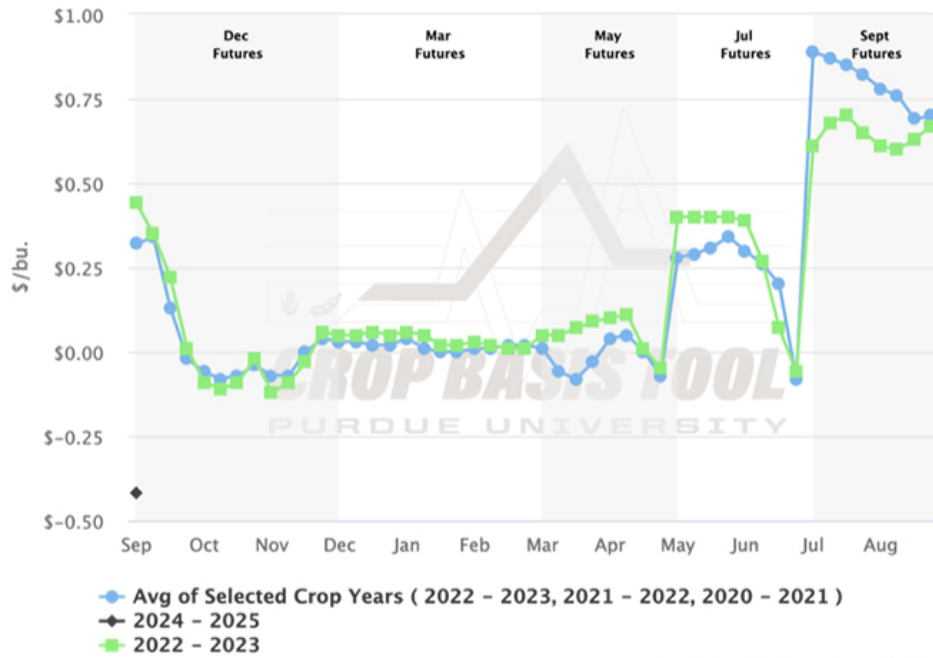
Looking back on the 2023-2024 marketing year, corn basis was consistently below the three-year historical average. For most of Indiana, the only time local corn cash prices were above the nearby futures prices was in September and early October of 2023 (figure 1). In the prior three years, a spike in nearby basis can be observed through the summer months, which reached as high as \$1.00/bu., in some regions. Many different factors may have led to the steady below-average corn basis. As a result of corn prices that have been decreasing since the middle of May, farmers have been holding large stockpiles of the crop, waiting for better prices. This increased supply of corn still on the farm and continued low prices created a holding pattern that lasted through the summer months, contributing to a consistently low basis.

While regional basis has been low across the state, Indiana’s ethanol basis has more closely followed the historical three-year average (figure 2). Throughout most of the marketing year, the average basis to nearby futures at Indiana ethanol plants was positive. Between May and August, the difference in basis between Indiana ethanol plants and central Indiana delivery locations was regularly over \$0.50/bu. As the marketing year continued, the benefit of being able to deliver to an ethanol plant grew substantially.



Purdue Center for Commercial Agriculture Crop Basis Tool

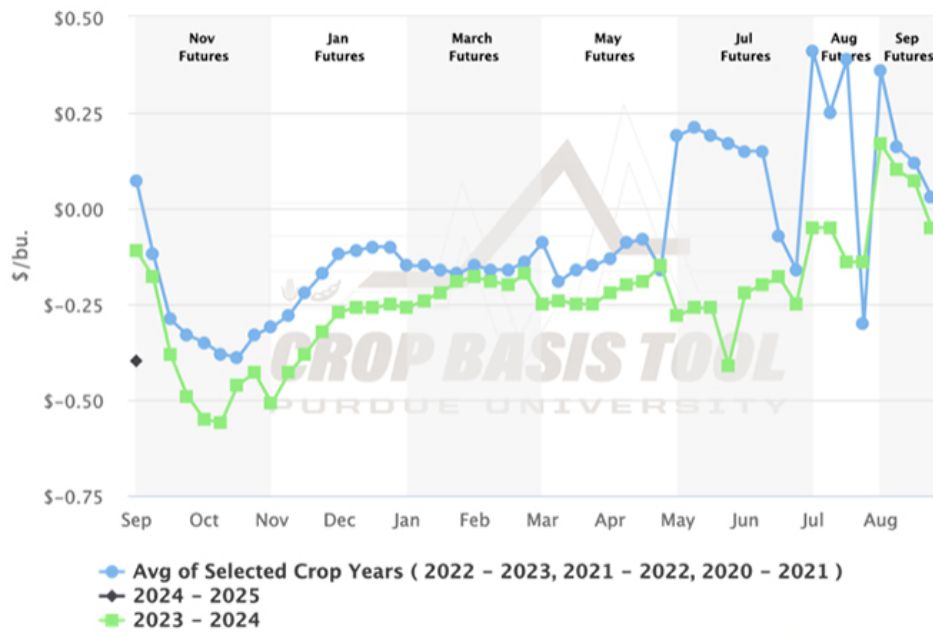
Indiana Ethanol Basis, Nearby



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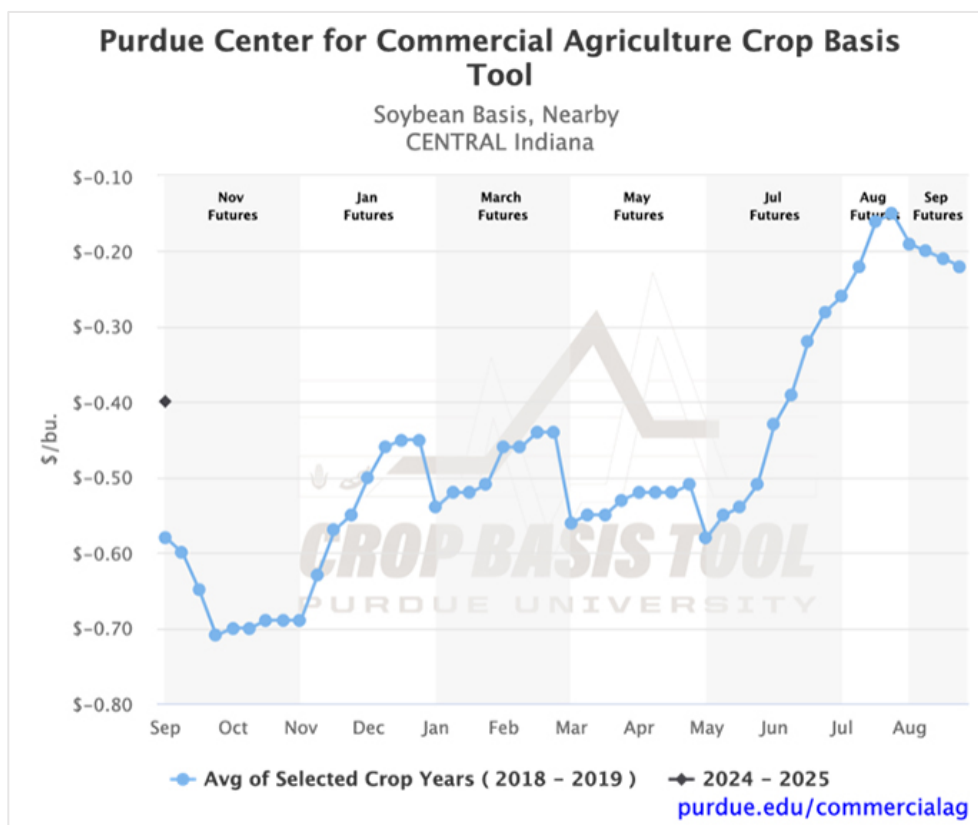
Soybean Basis, Nearby
CENTRAL Indiana



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Unlike corn, Soybean basis across Indiana did see an increase during early summer. Additionally, there was much greater volatility in basis levels from May through August. The basis levels to nearby futures for central Indiana during this past marketing year are shown in figure 3. There were opportunities to lock in or deliver on a positive basis during August in central Indiana. While the basis was highest during August, this is when the September futures price was the lowest for soybeans. Even with a positive basis later in the season, the local cash price may still have been lower than what would have been paid in May.

Looking back on last year, the importance of understanding how basis affects your marketing plan is evident. Basis levels for corn and soybeans peaked at different times during the 2023-2024 marketing year. Corn basis was relatively stable, while soybean basis demonstrated similar levels of volatility when compared to the three-year average. Soybean basis in central Indiana peaked when September's future prices were approaching their minimum. When executing your marketing strategy, it is important to collect as much current information regarding futures prices, local cash prices, and basis and understand how they play into any potential contract. Based on this past year, we can also see that historical basis levels may provide general insight into seasonal trends but cannot be trusted as a strong indicator of future basis levels for any given time.



Preparing for the Fall 2024 harvest, basis levels continue to be below the three-year trend. For central Indiana, the nearby corn basis for the first week of September was $-\$0.54/\text{bu.}$, which is the lowest basis level we have seen in the 20 years of data collected. Soybean basis, $-\$0.40/\text{bu.}$, is the lowest for the first week of September since the 2018-2019 marketing year (figure 4). Historic trends suggest basis may weaken through September. With the basis already well below average for this time of year, we will have to wait to see if basis levels converge to the historical

average or follow the downward trend. To check your up-to-date local basis levels throughout harvest this fall, visit [Purdue Center for Commercial Agriculture Crop Basis Tool](#).