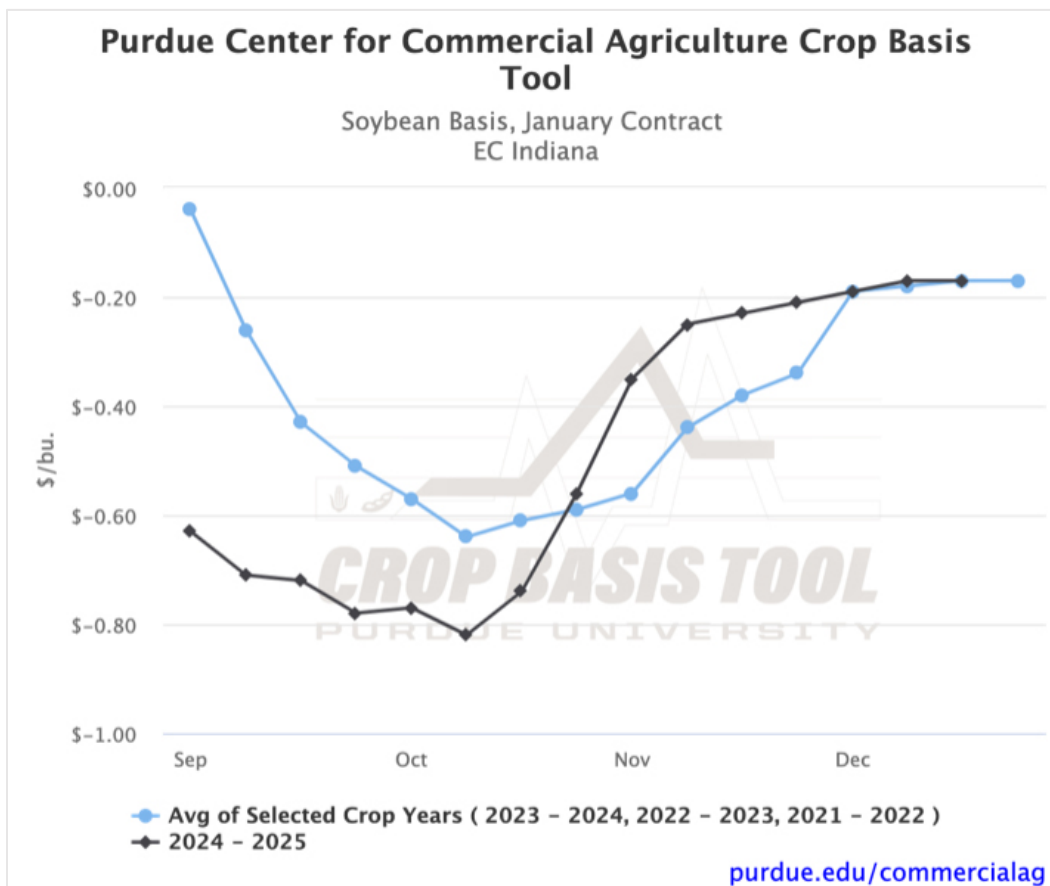


# Indiana basis strengthening slows to end 2024

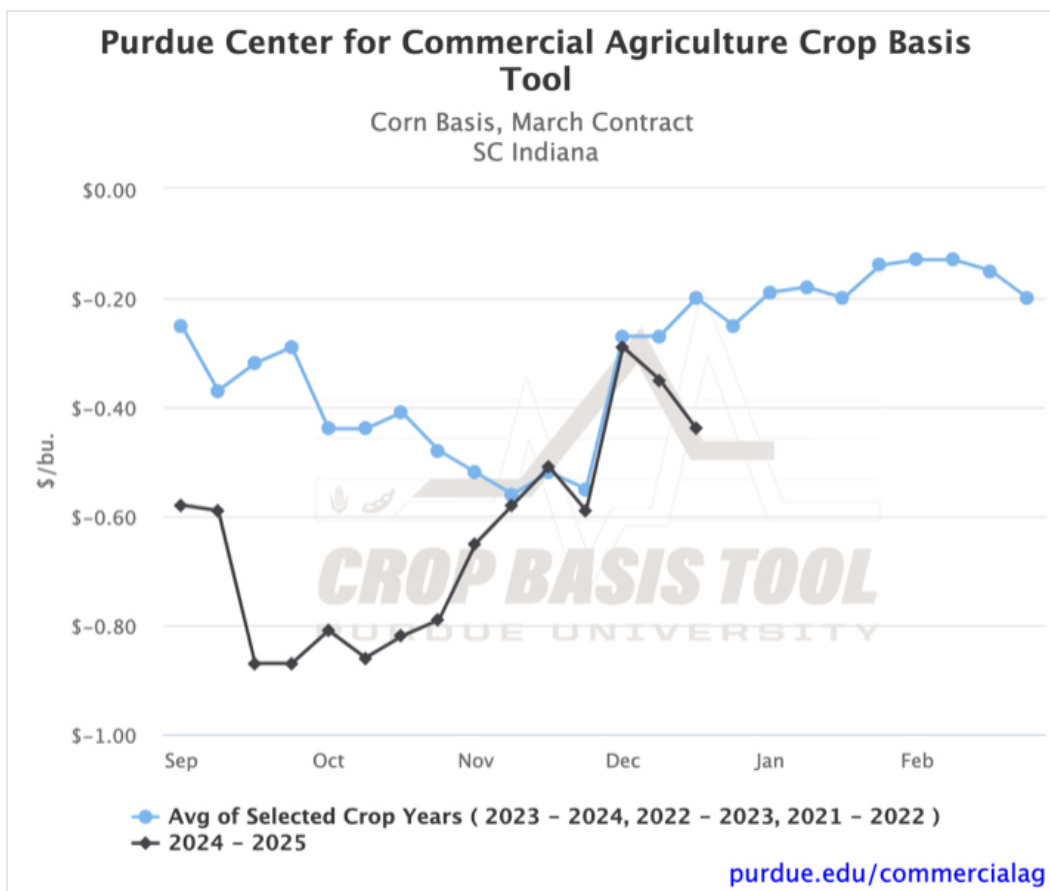
By Josh Strine

It has been six weeks since the November Crop Basis Update was released. In that window, harvest has wrapped up across Indiana, and corn and soybean basis levels have been relatively stable compared to September and October. In all parts of the state, crop basis levels were higher on December 18th than they were on November 6th. This includes basis levels for Ohio River delivery points, ethanol plants, and soybean processors.

In general, using the three-year average as a forecast for crop basis over the past six weeks would have yielded accurate predictions. In all cases, the 2024-2025 basis moved in the same direction as the historical average would suggest. Additionally, most regions within the state have basis levels that have converged to the three-year average within the same six-week window. Figure 1 shows the soybean basis for January futures in East-Central Indiana. On November 6th, this year's basis was  $-\$0.35/\text{bu.}$ , and the historical average was  $-\$0.56/\text{bu.}$  As of December 18th, the current and historical basis levels were  $-\$0.17/\text{bu.}$  Strengthening occurred in both cases but was much more modest this year.



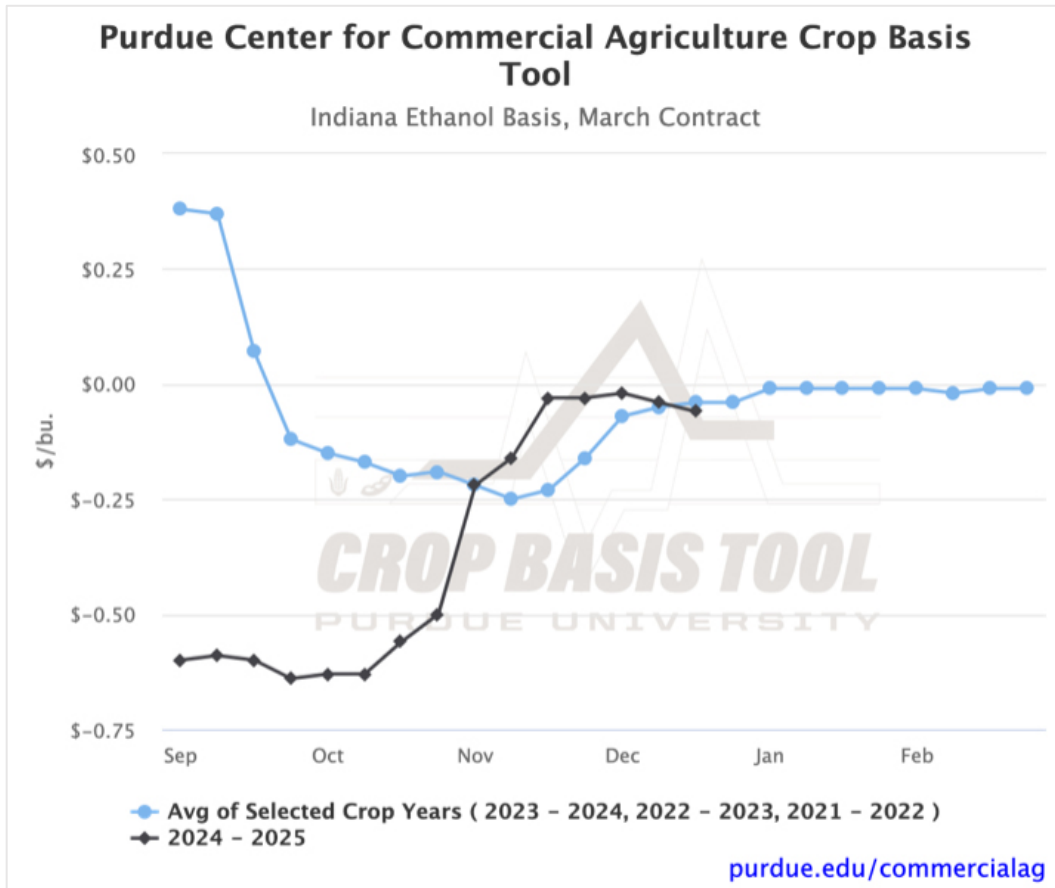
As with any forecast, there is a margin of error when using previous basis levels to project this year's basis. South-Central Indiana corn basis to March futures is shown in Figure 2 and demonstrates the caution that must be used when projecting basis movement. From the first week of November through the first week of December, the basis followed what the historical average would project. This includes a precise projection of a one-week basis weakening to end November. Over the past two weeks, the forecast and realized basis levels diverged. The forecast projected moderate strengthening of the basis. In hindsight, the basis weakened by \$0.15/bu. over the past two weeks. A positive outlook is the basis is still stronger than at any point before the last two weeks.

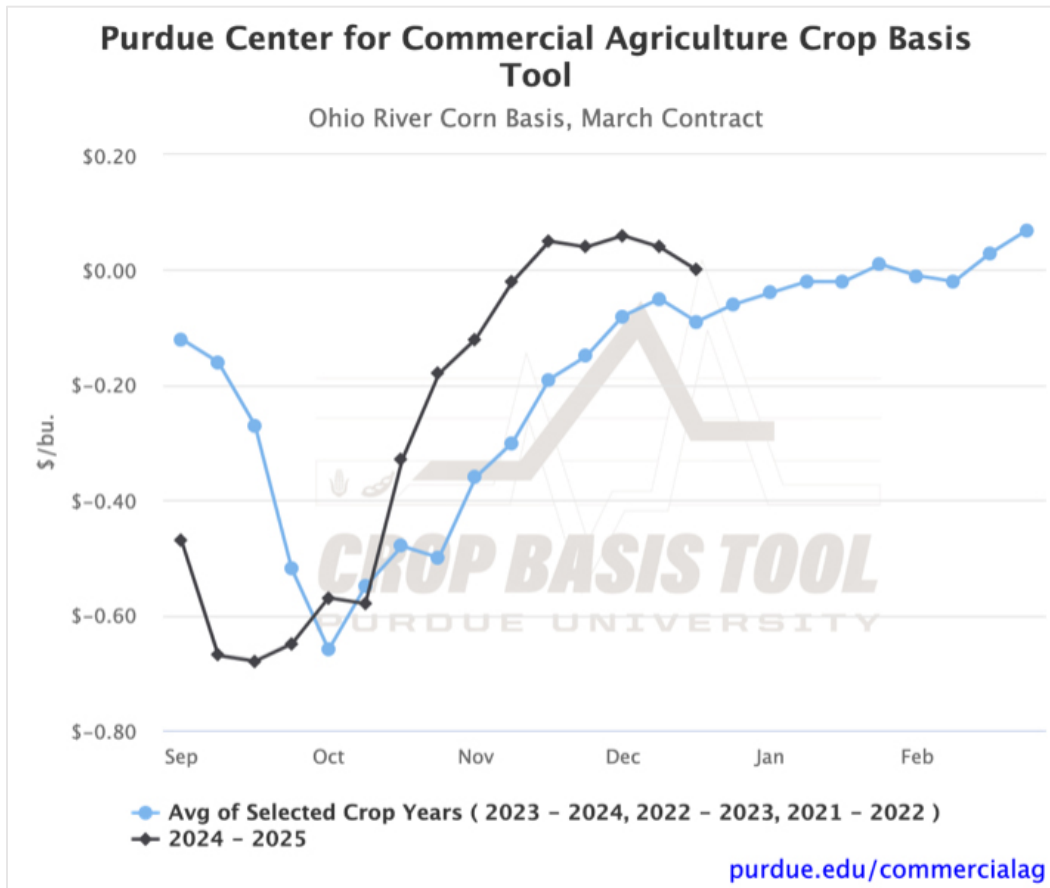


Across the state of Indiana, ethanol basis and soybean processor basis levels are stronger than regional corn and soybean basis, respectively. Additionally, the Ohio River basis levels for corn and soybeans are greater than any regional basis in Indiana for each crop. It is important to note that the river basis levels include delivery points outside Indiana. These trends are not surprising as the basis along the river and at end-users are generally stronger than other delivery points. Compared to the last couple of years, we see some differences in the relationship between ethanol and Ohio River corn basis levels for the 2024-2025 marketing year.

Over the past two years, ethanol plant basis levels have generally been stronger than corn delivery points on the Ohio River. Since October, corn basis along the Ohio River has been greater than ethanol basis levels. Figures 3 and 4 show Indiana ethanol and Ohio River corn basis levels for March contracts. The Ohio River basis level has been positive for over a month, while the ethanol basis has sat just below \$0.00/bu. An implication is that there may be

opportunities for a stronger basis in Southern Indiana than in the rest of the state. Ohio River basis may not completely represent Indiana if there is a significant difference in basis between delivery points in and out of Indiana on the river.





The historical-average basis levels project stability or slight strengthening in the coming months. Additionally, we generally see a strengthening of Ohio River corn basis and stability in Indiana ethanol basis. The difference between the two basis levels is something to watch. To see how accurate of a forecast the three-year average basis levels are in your area, visit the [Purdue Center for Commercial Agriculture Crop Basis Tool](http://Purdue Center for Commercial Agriculture Crop Basis Tool).