



News this week...

- 2 – HRW wheat crop improves from last fall, but needs rain.
- 3 – Ag products remain a beacon for U.S. trade.
- 4 – Highlights from USDA's April Supply & Demand Report.

Corn pushes to new highs – Old- and new-crop corn futures posted new highs last week. Old-crop contracts attempted to break out above the months-long sideways range Friday after USDA cut ending stocks more than anticipated (see [News](#) page 4). Soybean futures remained within their three-month sideways trading range. Wheat futures firmed amid building concerns with dryness in the Plains as the HRW crop develops and planting of the spring wheat crop begins. Live cattle futures extended recent gains amid surging wholesale beef and cash cattle prices. Deferred contracts rallied to new highs. Lean hog futures continued their price surge amid rising cash prices. The CME lean hog index pushed above \$100 for the second time ever, though prices are still well under the 2014 record.

Cold, but no wheat damage likely

Frosts and freezes are expected during the weekend into early next week across HRW wheat areas of the Central and Southern Plains. Another cold front is expected across the central U.S. from April 13-19. Forecast models aren't signaling temps will get cold enough to do permanent damage to the winter wheat crop, though wheat may be singed in some areas. Heat and dryness is expected following the cold fronts.

Areas of the U.S. Northern Plains and Canadian Prairies will get some temporary relief from dryness, but rains won't be enough to fix moisture deficits in these areas.

Dry in Brazil, rains in Argentina

Brazil is expected to be dry, with only isolated light showers through April 19. World Weather Inc. says that would deplete topsoil moisture and subsoil reserves are likely to become short, increasing concerns with the safrinha corn crop.

Widespread rains fell across Argentina last week and a wetter pattern is likely to persist this month. But World Weather doesn't anticipate the type of soybean harvest delays due to excessive wetness that central Brazil experienced.

China hikes corn import forecast

China's ag ministry hiked its 2020-21 corn import forecast from 10 million metric tons (MMT) to 22 MMT, a long overdue increase considering its purchases and imports to date. But that's still shy of USDA's 24-MMT import forecast and some private market watchers that expect China to bring in up to 30 MMT of corn in 2020-21.

China also raised its 2020-21 import forecasts for cotton by 200,000 metric tons (MT) to 2.4 MMT and for edible oils by 880,000 MT to 9.33 MMT.

China sells rice to feedmakers

China last week sold about 70% of the 2 MMT of state-owned rice reserves it put up for sale to feed producers. China typically doesn't sell much rice into the feed market, but more sales to feedmakers are expected until its domestic corn prices ease.

STEP Act a threat to farmers

The Sensible Taxation and Equity Promotion (STEP) Act could result in a massive tax burden on farmers. The act proposes taxing any transfer of assets that has an associated net gain. At death, there would be an exclusion for the first \$1 million of gain. Any transfer during a lifetime to an individual other than a spouse beyond \$100,000 of cumulative gain would be subject to a transfer tax.

Paul Neiffer, a principal with CliftonLarsonAllen, says: "If I have to pay an immediate tax to get a step-up in basis, that's not a good provision." He warns an even "nastier" STEP Act 2 will be coming that deals with the estate tax and gift tax.

Ending stepped-up basis and changes to taxes on capital gains and estates will face stiff bipartisan opposition.

U.S. trade deficit slumps to a record

The gap in trade of U.S. goods and services increased to a record \$71.1 billion in February. Total imports decreased 0.7% to \$258.3 billion, while exports fell 2.6% to \$187.3 billion. The trade deficit in goods with China rose \$3.1 billion to \$30.3 billion. While the overall U.S. trade deficit is a record, ag trade is strong, with the fiscal year surplus running 2.8% ahead of year-ago through February (see [News](#) page 3).

Chinese data raises inflation watch

China's producer price index (PPI) climbed in March by the most since July 2018, rising 4.4% compared with year-ago. Economists will focus on how actively Chinese factories pass on rising prices to domestic and overseas consumers. Any problem with global inflation is likely to start in China.

China's consumer price index (CPI) increased 0.4% last month, though food prices dropped 0.7% on an 18.4% year-over-year plunge in pork prices.

U.S. inflation warning signs rising, too

U.S. PPI rose a notable 1% in March versus year-ago, double what was expected. That puts a greater spotlight on prospects for inflation, though Fed Chair Jerome Powell continues to say upward price pressure is transitory.

HRW crop improves, SRW declines

USDA in its initial winter wheat condition ratings of the spring rated 53% of the crop “good” to “excellent,” which was a seven-point improvement versus the last update on Nov. 30. When USDA’s crop condition ratings are plugged into the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop started spring 14.3 points higher than last fall at 330.3 points, though that was 25.3 points below the five-year average. The SRW crop fell 8.7 points from last fall to a 365.7 CCI rating; that was 12.8 points above average.

HRW areas are dry, HRS is worse

As of April 6, approximately 27% of U.S. winter wheat areas were covered by drought, including 100% of Colorado, 67% of Nebraska, 65% of Texas, 21% of Oklahoma and 12% of Kansas, according to U.S. Drought Monitor data. A slight weekly improvement in conditions was noted in the Texas Panhandle and western Oklahoma. Around 80% of spring wheat area was covered by drought, including all of North Dakota, 87% of Minnesota, 74% of South Dakota and 65% of Montana. As of April 4, USDA reported 92% of North Dakota’s topsoil and 68% of South Dakota’s topsoil were rated “short” to “very short.”

Mixed bag for Russian wheat crop

The condition of the winter wheat crop in Russia’s southern region, the country’s top wheat producing area, has been improved by recent rains and warmer temps, according to SovEcon. But waterlogging and ice crust have left 40% to 55% of the wheat crop in Russia’s Black Earth region, the country’s No. 2 producing area, in poor shape — “a record high for recent years.” SovEcon raised its Russian wheat crop estimate by 1.4 MMT to 80.7 MMT.

Russia’s floating wheat tax confusing

Russia’s wheat tax system that will start June 2 is “unpredictable and not transparent,” according to SovEcon. It says it creates “big risks and additional costs for all market participants.” Current export prices around \$282 per metric ton (MT) would equate to a theoretical tax of \$57.40 per MT.

However, SovEcon says if export prices hold around recent levels or decline, it could encourage shipments at the end of 2020-21 and beginning of the new-crop marketing year, as the new floating tax would be less than the current fixed rate of 50 euros (\$59.30) per MT.

Brazil raises bean, corn crop pegs

Brazil is expected to produce a record soybean crop of 135.54 million metric tons (MMT), according to Conab, up 408,000 MT from last month. Despite the bigger production forecast, Conab lowered its 2020-21 Brazilian soybean export forecast by 500,000 MT from last month to 85.6 MMT.

Conab raised its corn crop estimate by 897,000 MT to 108.97 MMT. The agency kept its 2020-21 Brazilian corn export forecast at 35 MMT.

Crop Consultant Dr. Michael Cordonnier pegs Brazilian production at 133 MMT for soybeans and 105 MMT for corn.

After a crop tour through the country’s main production areas, Agroconsult raised its Brazilian soybean crop forecast by 3.1 MMT to 137.1 MMT. But it says safrinha corn yields could fall by 3.6% due to late plantings.

Big Brazil soy exports in March

Brazil exported 13.5 MMT of soybeans in March, up 2.6 MMT (24.2%) from last year, despite harvest delays. Corn exports totaled 294,495 MT, down 37.7% from March 2020.

The Brazilian grain exporters association ANEC says April soybean shipments could reach 16.3 MMT, barring any delays at ports, compared with 14.3 MMT last year. It expects corn shipments to slow to just 22,000 MT this month, though the country exported no corn in April 2020.

Exchange lowers Argy bean crop peg

The Buenos Aires Grain Exchange lowered its Argentine soybean production estimate by 1 MMT to 43 MMT. The exchange said lower-than-expected yields due to dryness during February and March sparked the cut. It kept its Argentine corn crop forecast at 45 MMT.

February crush lower than expected

U.S. processors crushed 164.3 million bu. of soybeans during February, down 16.4% from January and 6.2% under year-ago levels. For the first half of 2020-21, soy crush totaled 1.113 billion bu., up 3.7% from the same period last year. Soyoil stocks totaled 2.306 billion lbs., which were above expectations, implying less disappearance than expected.

Ethanol use down sharply but building

U.S. corn-for-ethanol use totaled 332.8 million bu. in February, down 19.8% from the previous month and 23.3% under year-ago. While weekly ethanol production was still 3.3% under year-ago in March, the sector is recovering, driven by improving demand for gasoline as Covid restrictions are eased or lifted. Gasoline demand is still down 5% from pre-Covid levels but it has surged 73% from last year. That has pushed ethanol stocks 12% under their five-year average, which should help encourage more production.



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U.S. records an ag trade surplus in February, though trade flow slows

The U.S. exported \$13.9 billion in ag goods during February. That broke a record string of four months in which ag exports topped \$15 billion. Ag imports totaled \$11.9 billion in February, down from the January record of \$12.8 billion. That left the U.S. with a surplus of just over \$2 billion for the month. So far in fiscal year (FY) 2021, ag exports stand at \$77.1 billion, up from \$61.4 billion for the same period last year, while imports are \$62.3 billion, up from \$47.0 billion last year. The fiscal year-to-date surplus stood at \$14.8 billion, up from \$14.4 billion through February last year. USDA projects FY 2020 ag exports at \$157 billion and imports at a record \$137.5 billion, which would leave a trade surplus of \$19.5 billion.

U.S. beef exports improve in February, pork shipments slow

The U.S. exported 250.4 million lbs. of beef during February, up 4.3 million lbs. (1.8%) from January but down 6.7 million lbs. (2.6%) from last year. Beef shipments for the first two months of 2021 at 496.4 million lbs. dropped 5.7 million lbs. (1.1%) from the same period last year. Of the traditional top six export destinations for U.S. beef, only South Korea has imported more product than year-ago. However, China has emerged as a strong market for U.S. beef, with shipments through February about the same as to Canada.

U.S. pork exports totaled 591.9 million lbs. in February, down 14.1 million lbs. (2.3%) from January and 66.2 million lbs. (10.1%) less than year-ago. Through the first two months of the year, pork exports were down 123.5 million lbs. (9.3%) from last year, led by a 109.2-million-lb. (28.0%) decline in shipments to China.

IMF lifts world GDP outlook

The International Monetary Fund (IMF) raised its projections for global economic growth for this year, citing aggressive stimulus spending by the U.S. and other rich nations and the accelerating rollout of Covid-19 vaccines. IMF expects the world economy to grow 6% this year, compared with the 5.5% expansion forecast in January. For 2022, growth is projected to slow to 4.4%, though that's up from IMF's January forecast for 4.2% expansion.

The U.S. economy is projected to expand 6.4% after a contraction of 3.5% in 2020. China's economy is projected to expand 8.4% after growing 2.3% last year.

PERSPECTIVE: The U.S. is likely to be the only advanced economy to emerge richer than pre-pandemic levels. China and India, which are forecast to see stronger growth than the U.S., are labeled as emerging markets by IMF.

Farmer sentiment rising

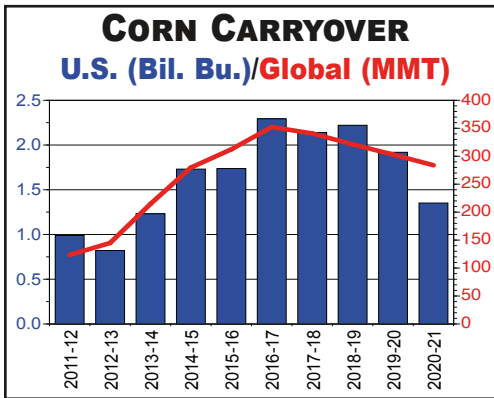
The Purdue University/CME Group Ag Economy Barometer climbed in March to its highest level since last October's record. The increase was almost entirely driven by producers' more optimistic view toward the future. Ag remains supported by "strong ag commodity prices and improved farm financial conditions," the report noted.

Market Watch®	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	May	June	July-Sept.
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	3.19	5.59	5.50	5.75	5.80	5.50
Omaha, NE, bushel	3.13	5.58	5.54	5.80	5.85	5.55
Dried Distillers Grain, IA, \$/ton	197.00	203.21	197.33	--	--	--
SOYBEANS						
Central Illinois, bushel	8.51	14.29	14.14	14.25	14.35	13.75
Memphis, TN, bushel	8.81	14.59	14.40	14.60	14.70	14.10
Soymeal, 48% Decatur, ton	316.40	398.70	398.70	420	420	410
WHEAT						
Kansas City, HRW, bushel	4.85	6.06	5.86	6.10	6.00	6.10
Minneapolis, 14% DNS, bushel	6.40	7.31	7.31	7.50	7.55	7.50
St. Louis, SRW, bushel	5.65	6.46	6.43	6.50	6.40	6.60
Portland, Soft White, bushel	6.10	7.58	6.70	7.25	7.20	7.00
Durum, NE MT HAD, 13%, bu.	5.83	6.38	6.33	6.25	6.30	6.30
SORGHUM , Kansas City, cwt.	5.98	10.83	9.90	10.50	10.50	10.00
COTTON , 11/16 SLM, 7 area, ¢/lb.	43.23	76.27	74.61	78.00	79.00	76.00
RICE , nearby futures, cwt.	14.04	13.27	13.13	13.40	13.45	13.10
BARLEY , MT, G.T., malting, cwt.	7.50	7.25	7.25	7.40	7.40	7.25
OATS , Minneapolis No. 2 heavy, bu.	2.95	3.94	3.88	3.90	3.95	3.75
ALFALFA , NW Iowa, lg. sq. prem., ton	130.00	--	180.00	220	220	220
SUNFLOWERS , Fargo, ND, cwt.	20.30	21.60	22.70	22.85	22.15	22.15
HOGS , Nat'l carcass 51%-52% cwt.	57.88	95.70	97.92	100.00	97.00	75.00
FEEDER PIGS , 40 lbs., Nat. avg. head	46.36	97.44	100.96	73.00	69.00	59.00
CHOICE STEERS , feedlots, cwt.	112.00	115.59	118.08	119.00	117.00	114.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	127.82	137.50	142.57	142.00	139.00	140.00
Steers, 500-550 pounds, cwt.	160.23	169.50	175.08	167.00	164.00	165.00
Heifers, 450-500 pounds, cwt.	143.62	152.38	149.66	153.00	150.00	151.00
COWS , utility, Sioux Falls, SD, cwt.	55.13	64.69	68.72	69.00	65.00	62.00
MILK , Class III, CME spot month, cwt.	14.45	17.14	17.61	18.00	18.50	18.00
LAMBS , Slg., San Angelo, TX, cwt.	--	159.00	158.00	--	--	--
ENERGY						
Ethanol, IA, gallon	0.73	1.77	1.83	--	--	--
Farm diesel, U.S., gallon	2.16	2.53	2.51	2.58	2.65	2.62

*Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions. Diesel prices are from Inputs Monitor.

Old-crop corn ending stocks continue to tighten

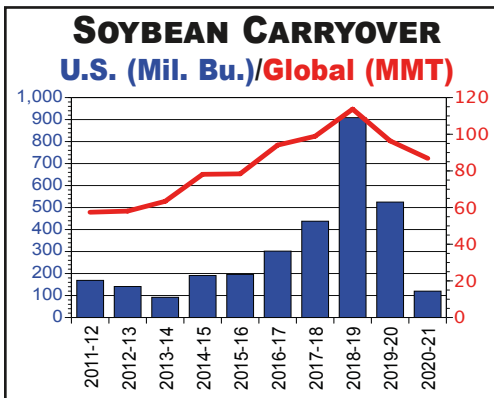
by Editor Brian Grete and Sr. Market Analyst Jeff Wilson



CORN — USDA cut its old-crop corn ending stocks forecast by 150 million bu. from last month to 1.352 billion bu., which was 44 million bu. lower than the average pre-report trade estimate. USDA raised feed and residual use by 50 million bu. (to 5.7 billion bu.), food, seed and industrial use by 25 million bu. (to 6.4 billion bu.), with all of that change via bigger corn-for-ethanol use, and exports by 75 million bushels (to 2.675 billion bu.). Our 2020-21 corn ending stocks forecast is 1.200 billion bushels.

- **USDA 2020-21 price: \$4.30, unchanged from March.**

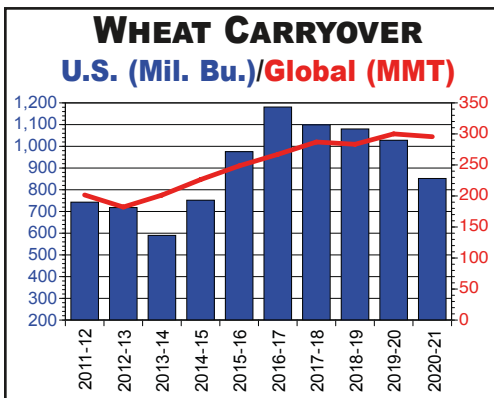
Global corn carryover for 2020-21 was projected at 283.9 million metric tons (MMT), down 3.8 MMT from last month. Global ending stocks are projected down 19.1 MMT from 2019-20. USDA trimmed its corn crop estimate for Argentina by 500,000 metric tons from last month to 47 MMT. It left its Brazilian corn crop peg at 109 MMT.



SOYBEANS — USDA kept its old-crop soybean ending stocks forecast at 120 million bu. this month. It raised projected exports by 30 million bushels (to 2.28 billion bu.). That was offset by a 10-million-bu. cut to crush (to 2.19 billion bu.), a 17-million-bu. reduction to residual use (to 4 million bu.) and a 2-million-bu. drop in seed use (to 102 million bu.). Our 2020-21 soybean ending stocks forecast is 120 million bushels.

- **USDA 2020-21 price: \$11.25, up a dime from last month.**

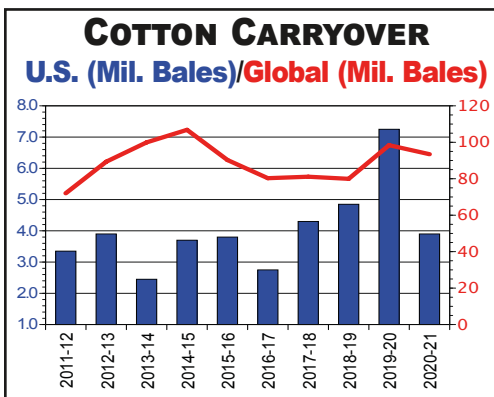
Global soybean carryover for 2020-21 at 86.9 MMT was up 3.1 MMT from last month. Global stocks are still projected to decline 9.5 MMT year-over-year. USDA raised its Brazil soybean crop forecast by 2 MMT from last month to 136 MMT. It kept its Argentine soybean crop peg at 47.5 MMT.



WHEAT — USDA raised wheat ending stocks by 16 million bu. from last month to 852 million bu., which was 5 million bu. higher than anticipated. On the supply side of the balance sheet, USDA cut imports by 10 million bu. from last month (to 110 million bu.). That was more than offset by a 25-million-bu. cut to wheat feed and residual use, which USDA now projects at 100 million bushels. Our 2020-21 wheat ending stocks forecast is 846 million bushels.

- **USDA 2020-21 price: \$5.00, unchanged from March.**

Global wheat carryover for 2020-21 at 295.5 MMT was cut 5.7 MMT from last month and is now projected to decline 4.5 MMT year-over-year. USDA raised its Chinese feed wheat forecast another 5 MMT to a record 40 MMT.



COTTON — USDA cut its old-crop cotton ending stocks forecast by 300,000 bales from last month to 3.9 million bales, which was 210,000 bales less than traders expected. It raised exports by 250,000 bales (to 15.75 million bales) and cut unaccounted use by 50,000 bales (from -50,000 bales in March to zero). Our 2020-21 cotton ending stocks forecast is 3.7 million bales.

- **USDA 2020-21 price: 68¢, down a penny from last month.**

Global cotton carryover for 2020-21 at 93.5 million bales was down 1.1 million bales from last month. World cotton stocks are now projected to decline nearly 5 million bales from 2019-20.

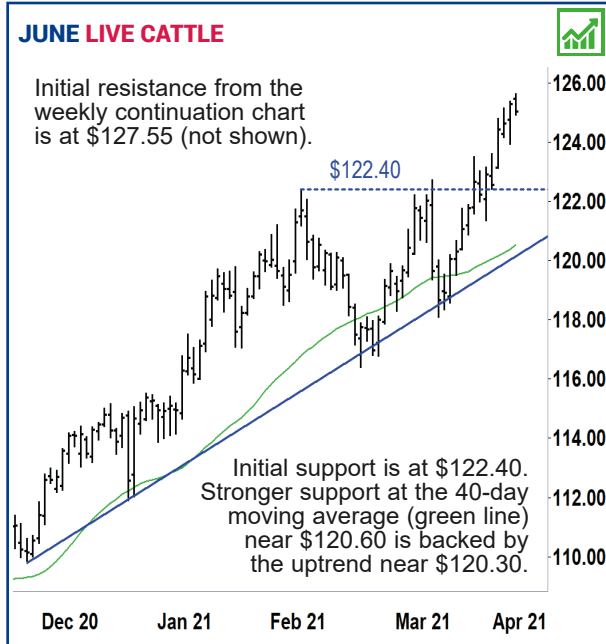
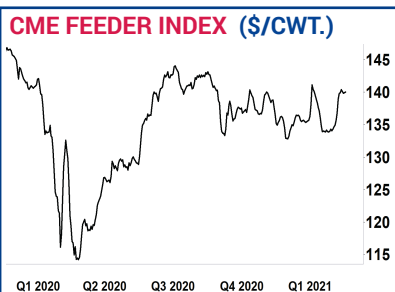
CATTLE - Fundamental Analysis

Wholesale beef prices have been surging since early March on strong consumer and food service demand heading into its peak beef consumption period. Meanwhile, export sales are 19% ahead of last year and becoming a new growth outlet for U.S. products. Cash cattle traded \$121 to \$123, up more than \$7 in three weeks and the highest negotiated fed cattle prices since February 2020. Demand for live animals should continue to improve with much of the beef being produced already spoken for via formula sales. Rising fed cattle prices are supporting stronger feeder cattle demand and cash prices.

Position Monitor

Game Plan:		Feds		Feeders	
Carry	all	II'21	0%	0%	0%
risk in the		III'21	0%	0%	0%
cash mar-		IV'21	0%	0%	0%
ket for now.		I'22	0%	0%	0%

Be prepared to place hedges on further price strength this month.



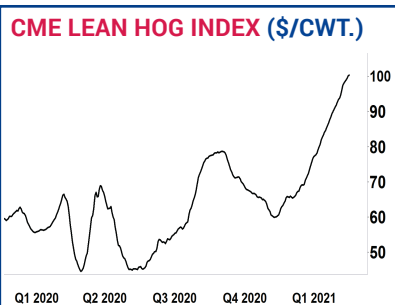
HOGS - Fundamental Analysis

Futures pushed to fresh contract highs on rising pork and cash hog bids. The CME Lean Hog Index topped \$100 last week, but momentum appears to be slowing. Pork cutout values rose above \$110, the highest since 2014, when last year's pandemic rally is excluded. It will take further gains above this level to sustain cash and futures strength. There is reason for caution the rally will be sustained with some sausage makers already substituting beef for pork because of the high prices. With funds heavily long hog futures, a turn in the cash market could produce a sharp correction in prices.

Position Monitor

Game Plan:		Lean Hogs	
Be prepared to lift or		II'21	25%
let hedges settle		III'21	25%
against the April		IV'21	0%
contract on April 15.		I'22	0%

Hold third-quarter hedges. Be prepared to add to hedges on a sign of major top.



FEED

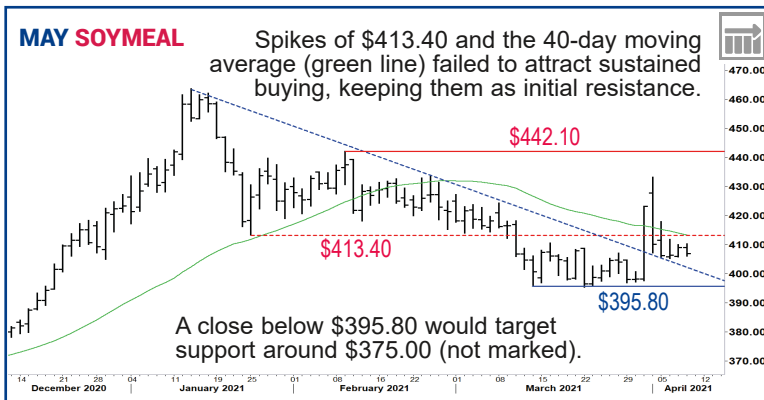
Feed Monitor

Corn	
II'21	100%
III'21	0%
IV'21	0%
I'22	0%

Meal	
II'21	100%
III'21	33%
IV'21	0%
I'22	0%

Corn Game Plan: On April 7, we advised covering all corn-for-feed needs in the cash market for May and June. April needs were previously covered in the cash market.

Meal Game Plan: On April 7, we advised buying the remaining 50% of soybean meal needs for May and June in the cash market. You should also have 50% of July through August meal bought in the cash market.



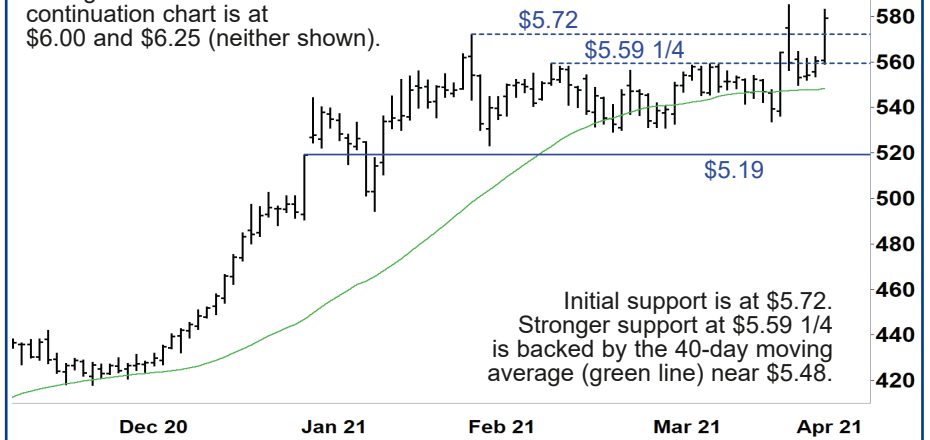
Position Monitor

	'20 crop	'21 crop
Cash-only:	80%	20%
Hedgers (cash sales):	80%	20%
Futures/Options	0%	0%

Game Plan: All producers should get current with old- and new-crop sales advice. USDA's tight supply outlook for 2021-22 argues that prices should remain firm until this year's output becomes more clear. December's contract highs last week argue for patience on additional sales. While final planted acreage may rise from March intentions, that won't be known until USDA's June 30 Acreage Report.

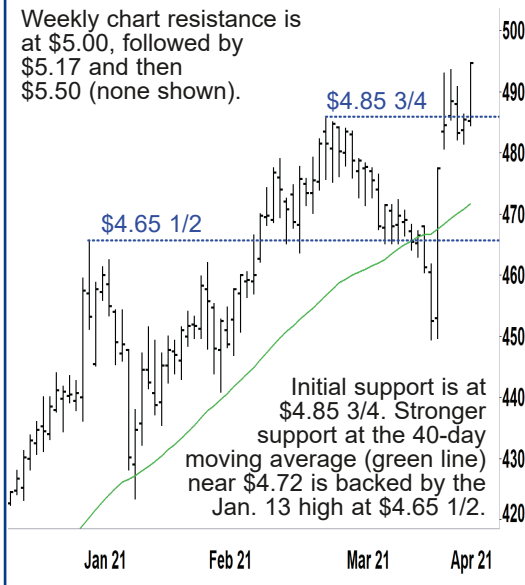
MAY CORN

Strong resistance on the continuation chart is at \$6.00 and \$6.25 (neither shown).



DAILY DECEMBER CORN

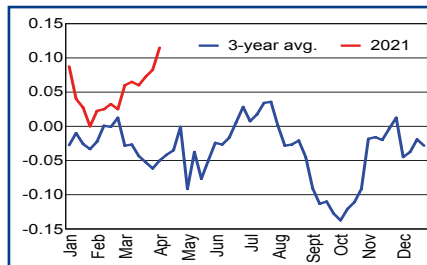
Weekly chart resistance is at \$5.00, followed by \$5.17 and then \$5.50 (none shown).



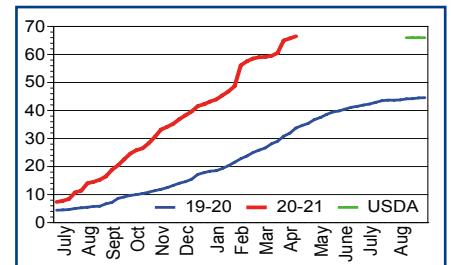
CORN - Fundamental Analysis

The leadership baton has passed to new-crop, with December rising to new highs last week. Large unshipped old-crop U.S. sales on the books mean traders will be focused on sustained weekly export inspections to confirm the tightening supply story. Better feed and fuel demand add support. Brazil's safrinha corn weather pattern is trending drier and warmer. With soil moisture already running low, the late-planted crop will need moisture before the typical dry season begins in May. Brazil's corn shortage is intensifying with prices at record levels, increasing the outlook for large imports from Argentina. That would also support a stronger U.S. export outlook.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

	'20 crop	'21 crop
Cash-only:	85%	30%
Hedgers (cash sales):	95%	30%
Futures/Options	0%	0%

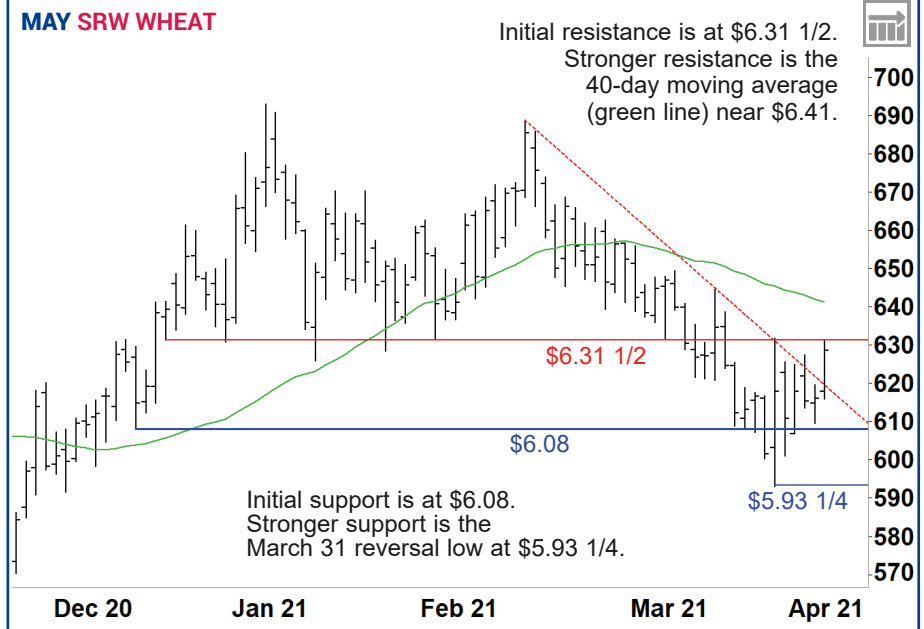
Game Plan: Wait for a further price rebound to get current with advised sales recommendations. Hold off on additional new-crop sales until more is known about April and May weather across the Northern Hemisphere.

WHEAT - Fundamental Analysis

SRW – The combination of new U.S. wheat sales to China and intensifying dryness in the Plains and Canadian Prairies helped prices move higher. Price direction will be determined by spring weather across North America, Ukraine and Russia. Wheat feeding will be strong through summer.

MAY SRW WHEAT

Initial resistance is at \$6.31 1/2. Stronger resistance is the 40-day moving average (green line) near \$6.41.



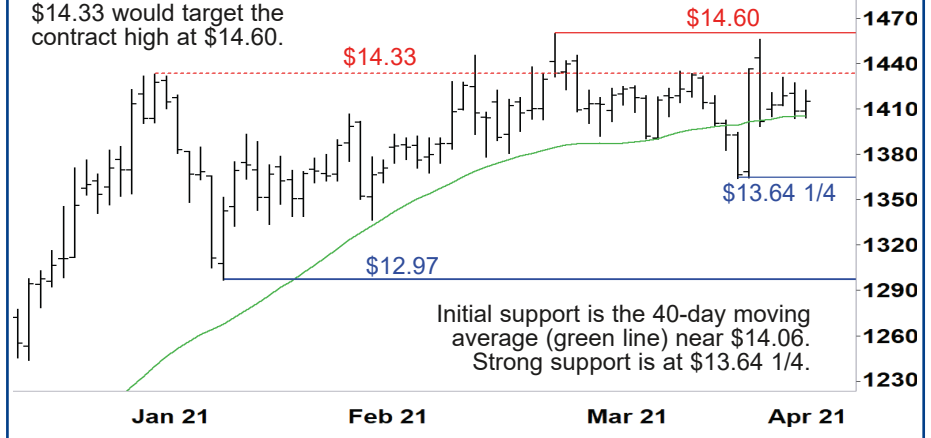
Position Monitor

	'20 crop	'21 crop
Cash-only:	90%	20%
Hedgers (cash sales):	90%	20%
Futures/Options	0%	0%

Game Plan: Use current market strength to make catch up sales for both old- and new-crop supplies. We want to be patient on advancing new-crop sales. The steep discount November futures hold to spot cash prices should encourage fund buying in new-crop futures after USDA estimated a smaller increase in U.S. planted acreage this year. On May 12, USDA is scheduled to release its first 2021-22 supply and demand projections.

MAY SOYBEANS

Consecutive closes above \$14.33 would target the contract high at \$14.60.



DAILY NOVEMBER SOYBEANS

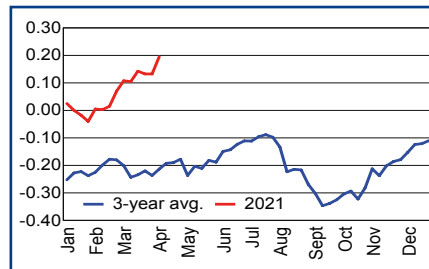
Initial resistance is at \$13.00, with stronger resistance at \$13.25 and then \$13.64 (not shown).



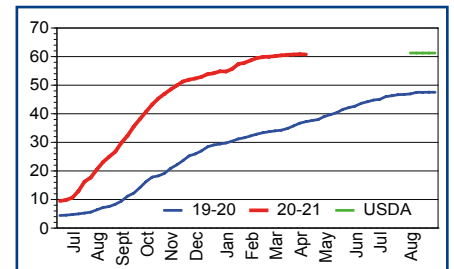
SOYBEANS - Fundamental Analysis

Weekly soybean export sales showed a net reduction led by China, which is not unusual. The export focus into August will be on shipments to other importers. Weakening Brazilian export prices amid rising crop forecasts have kept a lid on old-crop soybeans. China's demand for Brazilian beans remains strong, with traders watching for confirmation of a low in China's crush margins. U.S. soymeal exports in February were the second highest in a decade as shipments from Brazil and Argentina slowed. Soyoil prices have paused after soaring to the highest since October 2011. The market will remain well supported from rising fuel and food demand into 2022.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



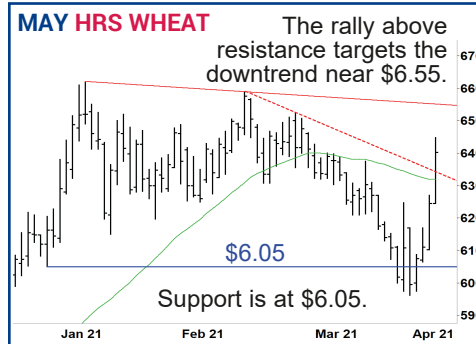
MAY HRW WHEAT

Initial resistance is at \$5.91.

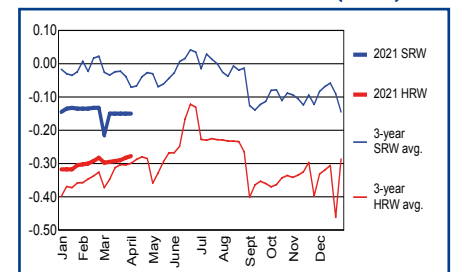


MAY HRS WHEAT

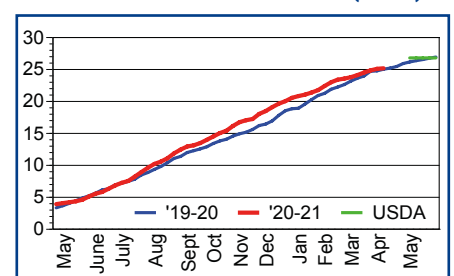
The rally above resistance targets the downtrend near \$6.55.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Selling interest diminished after cold weather hit Europe and forecasts called for frost and freezes this week in the U.S. Plains. Prices initially fell on better U.S. winter wheat crop ratings, but drier forecasts the next two months remain supportive. Egypt bought Russian new-crop wheat, suggesting its new tax policies may not restrict exports.

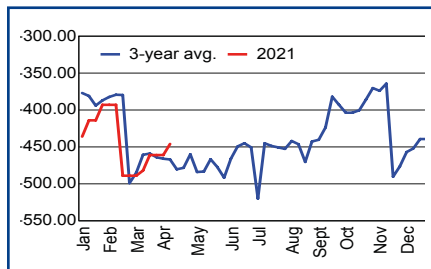
HRS — Much of the U.S. and Canadian spring wheat growing regions during the past 90 days were the driest in 40 years. Rains will be needed soon. While one rain will not erase crop concerns, market volatility is likely to increase on daily changes to weather forecasts. India's harvest is moving forward and China's crop potential is on the rise.

Position Monitor

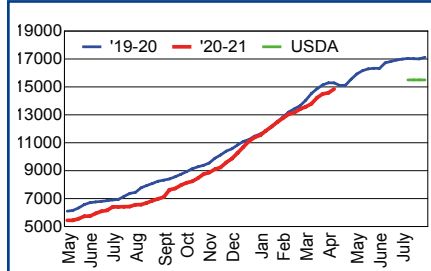
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: Wait to get current with sales advice. Be prepared to finish old-crop sales and add to new-crop forward sales on price rebounds.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Futures have stabilized the past two weeks as the drop to three-month lows boosted merchant demand for U.S. cotton. Export demand also improved from Vietnam, Pakistan and China as global yarn prices are rising as the recovery from the pandemic gains momentum.

GENERAL OUTLOOK

ECONOMY: U.S. non-farm payrolls rose by a whopping 916,000 in March and the unemployment rate dropped to 6%. But growth is far below levels where the Fed will curb its easy money policy.

The employment-to-population ratio, at 57.8%, is nearly seven percentage points below its peak at 64.7% in April 2000 and more than three points below where it was before the Covid-19 pandemic, representing 8 million adults without jobs.

After a fierce rally driven by strong economic data, record government spending and a loose monetary policy by the Federal Reserve, the stock market may be entering a wait-and-see mode for the next catalyst.

But supply shortages and transportation delays have led to the steepest rise in inflation since 2011. Higher costs could derail widespread earnings gains when companies report first quarter results.

FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

On April 7, we advised corn and soybean meal buyers to extend cash market purchases amid growing upside price risks ahead of a warmer, drier summer outlook (see "Feed Game Plan" on [Analysis page 1](#)).

Cash markets already show a tightening old-crop supply situation. That's a signal that even if futures don't resume strong rallies, cash traders are anxious about tighter supply this summer.

The national average corn basis firmed 3¢ last week to 11 1/2¢ above May futures, the highest for this time since 2013. The three-year average is 5¢ under futures.

The U.S. average soybean basis firmed 6 1/4¢ last week 19 1/2¢ above May futures, also the highest since 2013.

The three-year average is 21 1/4¢ under futures. Decatur, Illinois soybean basis rose above St. Louis bids, reflecting a shift from an export-focused cash market to one now dominated by domestic meal and oil demand.

The resurgence of Chinese buying of U.S. corn and soybeans that began last year should continue as Beijing wants to make good on its trade deal. Chinese purchases mean the U.S. share of combined global corn, soybean and wheat trade rose for the first time in 15 years.

CFTC raised speculative corn position limits 75% and soybean limits nearly tripled. Commodities are still "cheap" relative to stocks, and money managers are looking for new investments.

MAY COTTON



MONTHLY RUSSELL 2000 STOCK INDEX



WATCH LIST

- 1 USDA Grain Inspections** **MON 4/12**
Watching China corn shipments. 10:00 a.m. CT
- 2 USDA Crop Progress Report** **MON 4/12**
Focus is on corn, cotton planting. 3:00 p.m. CT
- 3 Fed Beige Book** **WED 4/14**
Economic data from 12 districts. 1:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 4/15**
Watching for a slowdown in sales. 7:30 a.m. CT
- 5 NOPA Soybean Crush Report** **THUR 4/15**
March crush expected near record. 11:00 a.m. CT

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