



News this week...

- 2 – Concerns rising with Brazil's safrinha corn crop.
- 3 – Strong Chinese soybean, feedgrain, meat imports.
- 4 – USDA addresses grain stocks, other topics.

Corn pokes above \$6 – Front-month corn futures briefly topped \$6 last week for the first time since July 2013. While it's the cash market's "job" to ration old-crop supplies, funds are still interested in the long side of the market. December corn futures also pushed to new highs amid building concerns about Brazil's safrinha crop. Soybeans followed the corn market higher, but November futures aren't keeping pace with December corn. Since USDA's planting intentions on March 31, the new-crop soybean/corn ratio has tightened from nearly 2.7 to 2.5. Wheat also followed corn higher, though there are concerns with dryness in HRW and HRS areas. Fund long liquidation hit both the cattle and hog markets last week, signaling traders may sense short-term tops are near for the cash and product markets.

Wheat cutting China's corn, meal use

Chinese livestock and poultry producers are using more wheat in feed rations amid tight corn supplies and near-record prices. USDA raised its 2020-21 Chinese feed wheat forecast by 5 million metric tons (MMT) to a record 40 MMT. But it is still projecting Chinese corn-for-feed use at 206 MMT, up from 193 MMT in 2019-20, despite tight domestic supplies. Others expect that figure to fall to around 185 MMT.

Wheat has more protein than corn so that also reduces demand for soymeal. The percentage of soymeal in Chinese feed rations has reportedly dropped between 13.0% and 37.5%.

Chinese corn imports still don't add up

USDA kept its 2020-21 Chinese corn import forecast at 24 MMT, despite Ukraine having already shipped 6 MMT to China and 23.3 MMT of U.S. corn commitments (exports + outstanding sales) on the books. That signals USDA thinks around 6 MMT (nearly 240 million bu.) of U.S. corn won't be shipped in the 2020-21 marketing year.

PERSPECTIVE: China still needs corn to restock depleted reserves. Commercial grain sources expect China will significantly accelerate shipments of U.S. corn from May to August. But increased use of wheat and other feedgrains in feed rations may reduce the immediate urgency to import corn.

Chinese pork production rising, but...

China's first-quarter pork production jumped 31.9% versus year-ago to 13.7 MMT, marking the highest quarterly volume in two years. But slaughter weights are down, signaling the rise in pork production was driven by herd liquidation amid new African swine fever outbreaks. Still, China's pig herd increased nearly 9.5 million head in the first quarter.

Chinese economic recovery expands

China's GDP rose a record 18.3% from year ago in the first quarter, though that wasn't as much as expected. Its retail sales jumped 34.2% in March and industrial output expanded 14.1% versus last year. China's economy is rebounding, but Covid flare-ups could still temper demand.

NOPA data signals slowing soy crush

The National Oilseed Processors Association (NOPA) crushed 178.0 million bu. of soybeans in March. While that was up sharply from February and the second most for the month, it was lighter than expected and down 3.4 million bu. (1.9%) from last year's record. Data the past two months signals a year-over-year slowing trend in crush. We now forecast crush 5 million bu. lower than USDA at 2.185 billion bushels.

Washington's split focus on trade

U.S. Trade Representative Katherine Tai and the ranking Republican on the House Ways and Means Committee Kevin Brady (Texas) have vastly different priorities for the U.S. trade agenda. Tai believes climate has to become a component in all trade policy. She plans to work with USDA Secretary Tom Vilsack to address climate in agriculture and trade to "help make these practices the new global standard." Brady, who will not seek re-election, believes the first step is to renew Trade Promotion Authority and complete bilateral trade negotiations started under the Trump administration with the U.K., Kenya and Japan.

President Joe Biden met with Japan's Prime Minister Yoshihide Suga on Friday. A focus for ag will be whether any positive news develops on beef trade.

Vilsack: CRP key to climate initiative

Vilsack says the administration is going to create "greater opportunities in CRP than before" as it strives to make U.S. ag the first to achieve net-zero emissions of greenhouse gases. Biden's 30x30 effort would make 30% of U.S. land (and waters) dedicated to some form of conservation by 2030. Vilsack also says carbon sequestration will provide an income source and more "flexibility" for farming operations.

Another hurdle for U.S. wheat exports

Nigeria will no longer provide foreign currency to import wheat and sugar, saying it must produce these items domestically to conserve dollars. Nigeria has been either the second or third largest importer of U.S. wheat since 2015-16.

Safrinha corn crop concerns rising

A lack of rainfall in south-central Brazil has farmers concerned about their safrinha corn production. South American Crop Consultant Dr. Michael Cordonnier estimates 40% to 45% of the country's safrinha crop is currently experiencing some level of moisture stress as the traditional start of the dry season draws closer. Since his 105-million-metric-ton (MMT) estimate for Brazilian corn production is at the lower end of most crop watchers' forecasts, he isn't ready to reduce it yet. But he warns that if beneficial rains don't develop over the next two weeks, his corn estimate will decline. Some crop watchers are starting to talk about a sub-100-MMT crop.

Cordonnier kept his Brazilian bean crop peg at 133 MMT.

Brazilian corn prices surging

Concerns over tight supplies continue to support domestic corn prices in Brazil. The average corn price in Mato Grosso last week was 72.36 reais per sack (around \$6.00 per bu.), according to the Mato Grosso Institute of Agricultural Economics. May futures on the B3 Exchange in Sao Paulo surged above 100 reais (around \$8.30 per bu.). The futures market is anticipating an even tighter corn supply due to anticipated production problems with the safrinha corn.

Brazil corn-based ethanol use jumps

Brazilian ethanol industry group Unica says plants produced 2.57 billion liters of corn-based ethanol in the year ended March 31, a 58% surge from the prior year. Analysts expect another 25% rise in the new marketing year, but tight supplies and high prices may limit corn-for-ethanol production.

Brazil cuts vegoil blends in biodiesel

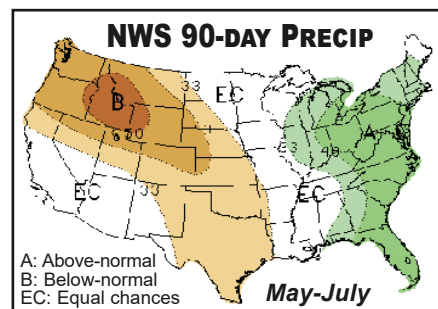
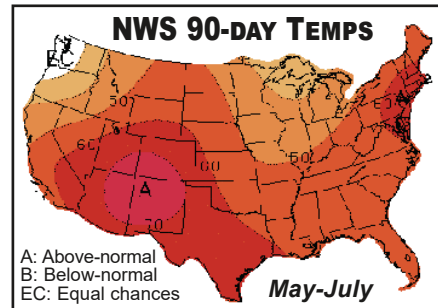
Brazil cut the percentage of the soyoil blended in biodiesel from 13% (B13) to 10% (B10). The Brazilian soy industry estimates this will reduce soyoil use by 650,000 metric tons (MT) per year and soybean crush by 3.25 MMT. The reduced crush would make more soybeans available for export and Brazil's soybean shipments could increase to as much as 88 MMT for 2020-21. But it would also reduce the amount of soymeal produced domestically and put even greater upward pressure on prices for livestock producers.

Consultant lowers Argy bean crop

Early soybean yields have been highly variable and generally disappointing in Argentina. Cordonnier lowered his Argentine soybean crop estimate by 1 MMT to 45 MMT. He kept his Argentine corn crop estimate at 45.5 MMT.

HRW areas warm, dry through harvest

The extended forecast from the National Weather Service (NWS) shows increased chances for above-normal temps across nearly the entire country in the May through July period, with the highest odds for hot temps over the Southwest. There are also elevated chances for below-normal precip over much of the western half of the country.



The NWS outlook suggests there will be limited relief for hard red winter (HRW) areas of the Southern and Central Plains, much of which is experiencing some form of dryness/drought. As of April 13, the U.S. Drought Monitor indicated all of Colorado, 92% of Texas, 53% of Oklahoma, 22% of Kansas (western areas) and 61% of

Nebraska (western areas) were experiencing dryness/drought.

The forecast would also be unforgiving for dry spring wheat areas in the Northern Plains. The Drought Monitor showed 75% of the hard red spring wheat belt and 91% of durum areas were experiencing drought as of April 13.

The forecast is a bit friendlier for corn and soybean areas, especially the eastern Corn Belt and Southeast, which have increased odds of above-normal precip along with warmer temps through July. The area to watch is the western Corn Belt, where soils are already dry, with warmer- and drier-than-normal conditions expected. NWS sees "equal chances" for normal, above- and below-normal rainfall for the central Corn Belt, Mid-South and the Delta through July.

SRW crop leads CCI ratings increases

USDA winter wheat crop ratings stayed at 53% "good" to "excellent" as of April 11, though there was a percentage point shift up in the top category. The amount of crop USDA rated "poor" to "very poor" edged a point higher to 17%.

When USDA's weekly 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 improved 1.8 points to a reading of 332.1 points, which is now just 0.3 point below the five-year average. The SRW crop improved 6.7 points on the week to 372.4 points, which is 14.0 points above the five-year average.



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China's soybean imports surge

China imported 7.8 MMT of soybeans during March, an 82% surge from year-ago. The sharp increase was in part driven by the clearance of Brazilian shipments after delays. For the first three months of the year, China imported 21.2 MMT of soybeans, a 3.4-MMT (19%) jump from the first quarter of 2020. Refinitiv trade flow data shows 18.1 MMT of China's first-quarter soybean imports came from the United States.

Soybean imports are expected to remain hefty in the months ahead as new-crop Brazilian shipments arrive at Chinese ports. Refinitiv data signals U.S. soybean exports to China will likely slow to 700,000 MT in April and 200,000 MT in May as new-crop Brazilian shipments pick up. But Chinese importers may delay shipments or even cancel some cargoes as crushers have slowed operations. Chinese soybean meal stocks have surged 67% since the end of January as demand has eased given the resurgence in African swine fever (ASF) outbreaks in the country.

China's feedgrain imports surge, too

China imported 6.7 MMT of corn during the first quarter of this year, a more than five-fold increase from the previous year. Its quarterly wheat imports more than doubled last year's tally at 2.9 MMT. While soybean meal stocks are building, feedgrain supplies are tight, prompting feedmakers to buy more state-owned reserves of wheat and rice recently.

Record Chinese meat imports

China imported just over 1.0 MMT of meat during March, a 101,000-MT (11%) increase from year ago. China started reporting combined monthly meat import data last year, but Pan Chenjun, senior analyst at Rabobank, says the tally was likely a record. Through the first quarter of this year, Chinese meat imports stand at 2.6 MMT, up 20.8% from the same period last year. While China's domestic pork prices have plunged more than 40% since the beginning of the year, imports are expected to remain high given cuts to pork production amid the ASF resurgence.

Robust Chinese exports, imports

China's exports rose sharply in March while imports surged to the highest since February 2017, the latest signal the world's second largest economy is gathering momentum after last year's Covid constraints. Chinese exports soared 30.6% in March compared with year-ago, though that was down from the 155% surge in February. Its imports jumped 38.1% last month, up from a 17.3% increase in February.

China posted a trade surplus of \$13.8 billion in March, down from \$37.9 billion the previous month. China's trade surplus with the U.S. slipped to \$21.4 billion in March from \$23.0 billion in February.

USDA hikes hog price forecast

USDA lowered its 2021 U.S. pork production forecast in the April Supply & Demand Report on an expected slower slaughter pace indicated in its March Hogs & Pigs Report. USDA now projects pork production will drop 0.9% versus last year. USDA also raised its pork export forecast "on continued firm global demand." It did not specifically mention China, but the recent surge in Chinese purchases of U.S. pork is likely behind the increase.

The combination of lower supplies and increased export demand caused USDA to jump its 2021 average cash hog price forecast by \$9.50 from last month to \$65.50. It now expects cash hog prices to surge \$22.32 from last year.

USDA raises cash cattle price, too

USDA raised its U.S. beef production forecast from last month, as slaughter during the second half of the year is expected to be higher than previously projected. But production gains are expected to be partially offset by lighter carcass weights. USDA lowered its beef import figure on fewer expected shipments from Australia. It kept its beef export projection unchanged this month, calling for a 6.4% year-over-year increase.

Despite the bigger supply forecast and unchanged exports, USDA raised its average cash cattle price for this year by \$1 from last month to \$116. USDA now projects the average cash cattle price will rise \$7.49 from last year.

Global oil demand forecasts raised

Global oil demand is expected to increase 5.7 million barrels per day (bpd) this year, the International Energy Agency (IEA) says, up 230,000 bpd from its prior outlook. However, demand is still expected to be shy of 2019 levels by about 3%. "The massive overhang in global oil inventories that built up during last year's Covid-19 demand shock is being worked off, vaccine campaigns are gathering pace and the global economy appears to be on a better footing," IEA said.

OPEC now forecasts global oil demand will grow 5.95 million bpd, as it raised its forecast for global economic growth by 0.3 percentage point to 5.4%.

Fed notes moderate economic growth

The Fed's Beige Book says economic activity "accelerated to a moderate pace" into early April, with consumer spending strengthening. Spring break, an easing of pandemic-related restrictions, increased vaccinations and stimulus payments helped boost demand for leisure activities and travel. It says wage growth accelerated slightly and a number of regional Fed banks noted mounting concerns with inflation. Economists tell us wage inflation is the trigger the Fed will watch most closely when determining when to raise interest rates.

NASS grain stocks data a hot topic, driven by revisions

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

USDA's Quarterly Grain Stocks Report was one of the dominant topics at the virtual two-day data users' meeting last week. Analysts and traders were surprised by recent revisions to past data, especially the major revision to June 1 corn stocks that was released in September.

Grain Stocks review underway

USDA's National Agricultural Statistics Service (NASS) says it has launched a "top-to-bottom" review of the Grain Stocks Report. That review encompasses surveys used to gather the data, the training of those gathering the numbers and the statistical work used to generate the eventual estimates.

The NASS review is scheduled to be completed by Sept. 30, with recommendations to be implemented after Oct. 1. Changes that are linked to manuals or training documents will be implemented immediately, while remaining suggestions will be analyzed.

What goes into the Grain Stocks Report

Farmers and commercial grain elevators are not required to report stocks data to NASS — it's strictly voluntary.

For on-farm stocks, survey respondents are asked about all whole grain stored on the farm regardless of ownership or intended use. It includes grain that is in permanent and temporary storage.

For off-farm stocks, NASS asks commercial firms for all whole grains and oilseeds on hand stored in a commercial facility off the farm, including processing plants, terminals and commercial elevators, regardless of ownership.

Neither on-farm or off-farm stocks include any grain or oilseeds that are in transit.

NASS then uses a balance sheet approach using the previous quarter's stocks, export data from the Commerce Department, a "variety of sources" for feed and industrial use, including NASS's monthly grain/soy crush data and grain consuming animal units from the Economic Research Service. Residual use is a "catch all" category.

Addressing the many revisions the past two years

One of the main driving factors for recent revisions to quarterly stocks is late reporting of data. NASS Crops Branch Chief Lance Honig says, "It can be a combination of reports that come in after the deadline for the previous quarter, or corrected reports from the previous quarter."

Another factor is that there is a degree of forecasting

involved in the report, Honig said. For example, March 1 stocks cover the December-February quarter. But in March, the Commerce Department has only released export data for December and January. The previous quarter is also always up for revision, Honig noted. And in January, all quarters in the previous marketing year are open to revision. Production is reviewed, as well.

Honig pointed out that NASS's measure of uncertainty on corn is plus or minus 200 million bushels. "That sounds like a big number, but there is about a 15-billion-bushel crop, so you are talking about a small range we have within those numbers," Honig said.

Honig said NASS has not made any "major shift" in how revisions are made.

BOTTOM LINE: NASS is aware of the questions with its Grain Stocks Report in particular. One of the biggest issues contributing to revisions comes down to something that is outside NASS's control — humans. As long as humans are involved, there will be errors.

Other topics discussed at the data users' confab

CASH CORN PRICE FORECAST: The World Board cash corn price of \$4.30 looks low to many, but it covers the entire crop year. Much of the 2020 crop was marketed earlier in the crop year, giving a higher weight to the lower prices.

MARCH PROSPECTIVE PLANTINGS: Surprisingly, there were no questions on corn and soybean planting intentions, which came in well below expectations.

CHINESE IMPORT FORECASTS: "We rely on the China import data as our official source and we check that with what is exported through the year," said World Board feedgrains analyst Mike Jewison. He noted the data used for trade varies by country and commodity.

QUANTIFYING CORN-FOR-FEED USE: For there to be a better method than it currently uses, USDA says it would need actual animal numbers, rates of gain, weather patterns, regional and seasonal feeding practices and updates for other technological advancements and genetic changes.

DOUBLE-CROP SOYBEAN FIGURES: NASS asks farmers in the first two weeks of March what their intentions are for soybean plantings, not what they intend to plant in spring versus what they intend to double-crop. There are too many variables in March to forecast double-crop acres.

GRAIN STORAGE CAPACITY BY COMMODITY: That data is not possible since the same structure can store multiple crops.

CATTLE - Fundamental Analysis

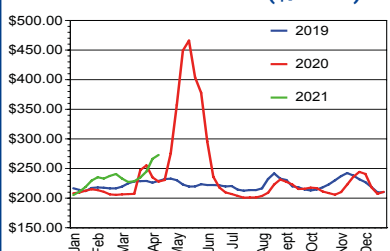
Cattle succumbed to technical selling and fund long liquidation, sustaining the biggest drop since early March. Seasonal trends point lower into the summer, but this year could be different amid rising consumer spending and new hiring. Choice boxed beef prices surged another \$6.60 over the past week to a new rally high of \$272.91 per cwt., up nearly 20% from last year. Average retail beef prices are 7% higher than last year and a record. But relative to rising pork and chicken prices, beef remains competitive at the meat case. Feeder cattle tumbled as corn prices rose to eight-year highs and fed cattle retreated.

Position Monitor

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

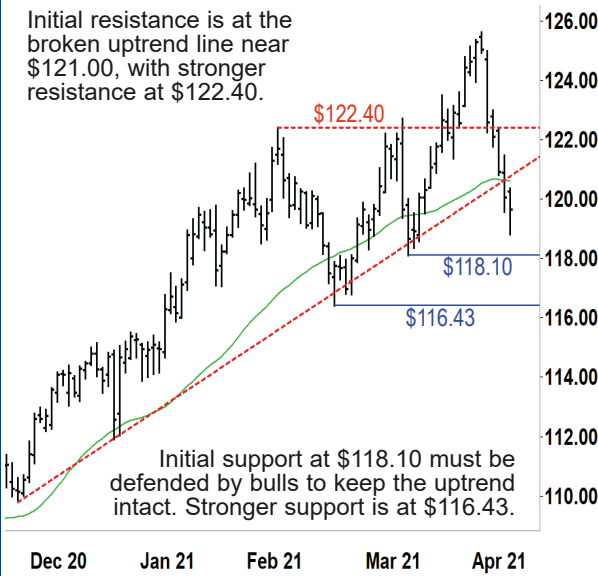
Be prepared to place hedges on renewed price strength this month.

CHOICE BEEF CUTOUT (\$/CWT.)



JUNE LIVE CATTLE

Initial resistance is at the broken uptrend line near \$121.00, with stronger resistance at \$122.40.



HOGS - Fundamental Analysis

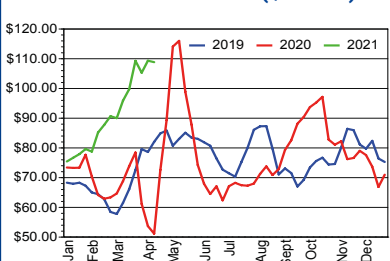
Futures rose to new highs to start last week and retreated, forming a key reversal down on April 12. The rally is overextended and funds were eager to take some profits on long positions. Weekly U.S. export sales tumbled 60% below the prior four-week average and no new sales were reported to China. Falling Chinese pork and hog prices confirm the recovery in the hog herd, despite new outbreaks of African swine fever. The pork cutout value retreated last week after nearing the record price hit during the pandemic last year. Seasonal studies point prices higher, but this rally has been unprecedented.

Position Monitor

Game Plan:	On	Lean Hogs
April 14, we exited	II'21	0%
the 25% second	III'21	25%
quarter hedge for a	IV'21	0%
loss of \$14.05, as cash surged \$22.53.	I'22	0%

Hold third-quarter hedges in July futures. Be prepared to add to coverage.

PORK CUTOUT VALUE (\$/CWT.)



JUNE LEAN HOGS

Look for strong resistance at the junction of the April 12 key reversal top at \$110.075 and the top of the uptrending channel.



FEED

Feed Monitor

Corn

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

Corn Game Plan: You should have all corn-for-feed needs covered in the cash market through June. Wait for any weakness before making catch-up purchases.

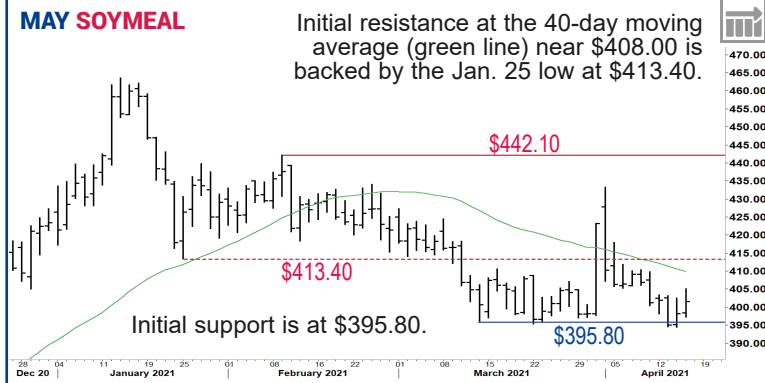
Meal

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

Meal Game Plan: Soybean meal buyers have covered all feed needs in the cash market through June. You should also have 50% of July through August meal bought in the cash market.

MAY SOYMEAL

Initial resistance at the 40-day moving average (green line) near \$408.00 is backed by the Jan. 25 low at \$413.40.



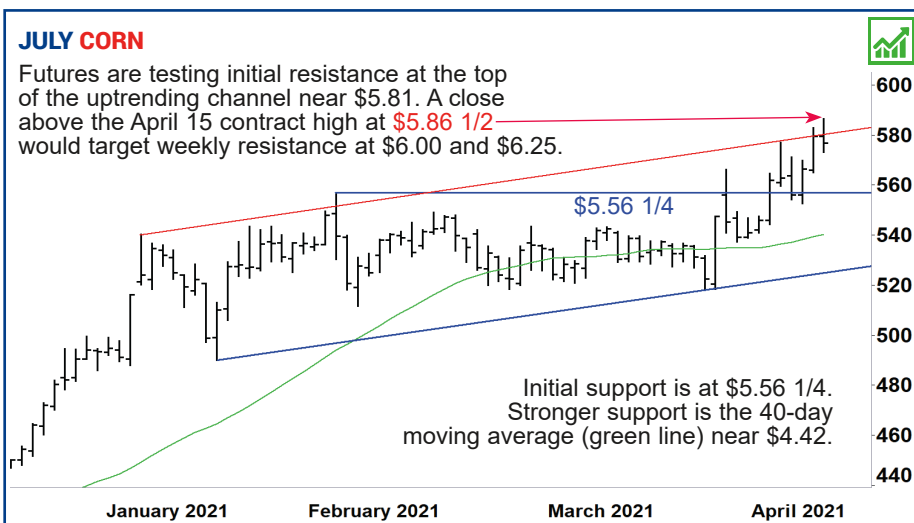
Position Monitor

	'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. New highs last week argue for patience on additional sales. USDA's tight supply outlook for 2021-22 signals that prices should remain firm until this year's output becomes more clear. While final planted acreage may rise from March intentions, that won't be known until USDA's June 30 Acreage Report.

JULY CORN

Futures are testing initial resistance at the top of the uptrending channel near \$5.81. A close above the April 15 contract high at **\$5.86 1/2** would target weekly resistance at \$6.00 and \$6.25.



DAILY DECEMBER CORN

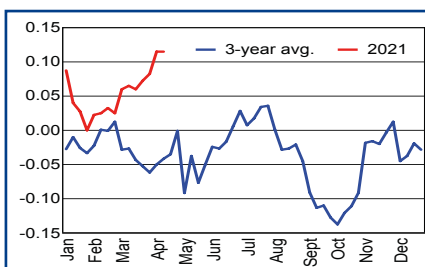
Initial resistance is at the contract high of **\$5.17**. Weekly chart resistance is at \$5.50 (not shown).



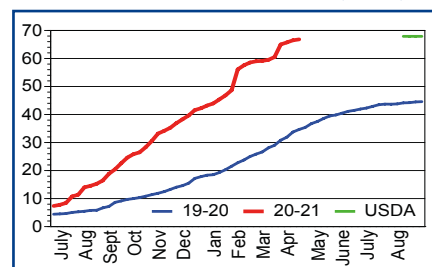
CORN - Fundamental Analysis

Corn remains the upside leader, touching the highest on the weekly chart since July 2013 on stronger cash markets. Increasing dryness concerns for the Brazilian safrinha crop supported fresh fund buying. Brazil doesn't sell much corn to China, but it is a major exporter to Asia. When valued in reais, Brazilian corn prices rose to a record, despite recent corn purchases from Argentina. Rising crop losses in Brazil will shift world demand to the U.S. supplies. U.S. ethanol inventories on April 9 fell to the lowest for the date since 2014. Travel is reopening, and that will boost ethanol and corn demand. December futures surged over \$5.00 on forecasts for a warm, dry U.S. summer.

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%

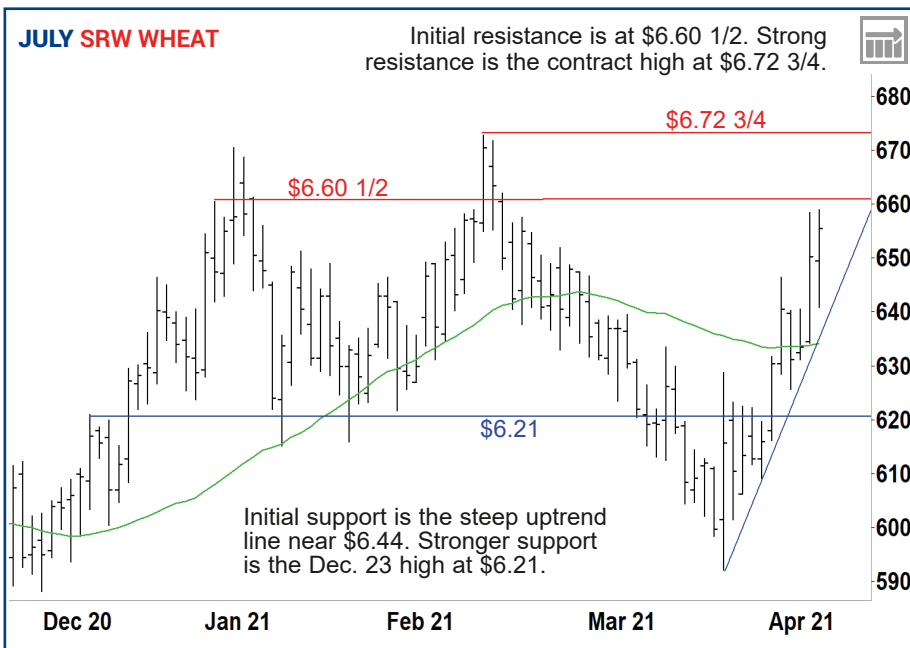
Game Plan: Wait for a further price rebound to get current with advised sales recommendations. Hold off on additional new-crop sales until more is known about April and May weather across the Northern Hemisphere.

WHEAT - Fundamental Analysis

SRW — Prices extended gains on weather concerns and firming world cash prices as funds were covering shorts and adding new long positions. Cold weather this week will be closely monitored for any potential damage. Dry forecasts into May for Europe add to supply uncertainties.

JULY SRW WHEAT

Initial resistance is at \$6.60 1/2. Strong resistance is the contract high at **\$6.72 3/4**.



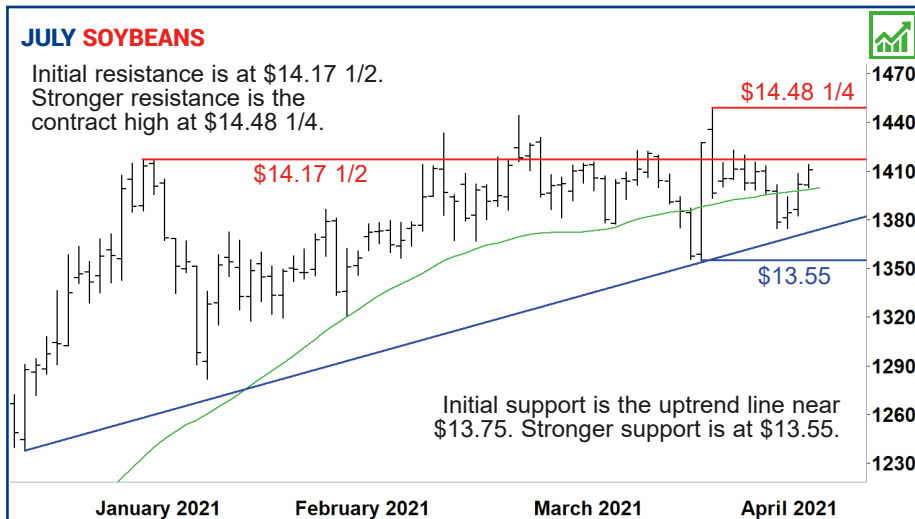
Position Monitor

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

Game Plan: Use 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-than-expected increase in U.S. planted acreage this year. On May 12, USDA will release its first 2021-22 supply and demand projections.

JULY SOYBEANS

Initial resistance is at \$14.17 1/2.
Stronger resistance is the contract high at \$14.48 1/4.



DAILY NOVEMBER SOYBEANS

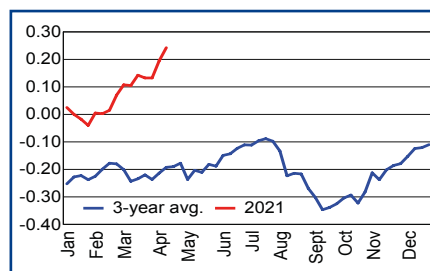
Initial resistance is the contract high at \$12.85.
Weekly chart resistance is at \$13.00 and \$13.25 (not shown).



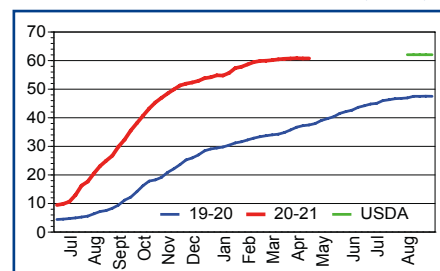
SOYBEANS - Fundamental Analysis

Prices moved up toward resistance as tightening domestic supplies lifted U.S. cash basis bids. Brazilian prices led the global market rally as exporters scrambled for immediate supplies to fill record Chinese import demand. China's imported soybean crush margin did improve slightly last week after the government said pork production jumped nearly 32% in the first quarter. Cold and dry weather across the northern U.S. and Canadian Prairies as farmers begin planting beans and canola added to market support. Canola rose to a record and cash soybean oil premiums are near all-time highs as rising biofuel demand tightens global supplies.

AVERAGE SOYBEAN BASIS (MAY)

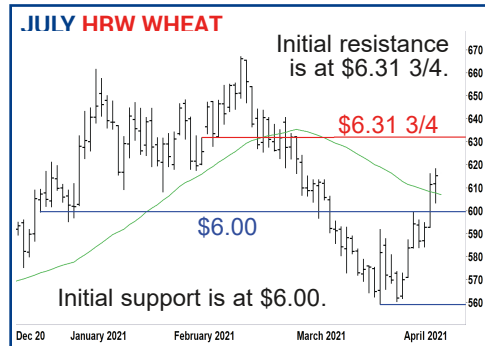


SOYBEAN EXPORT BOOKINGS (MMT)



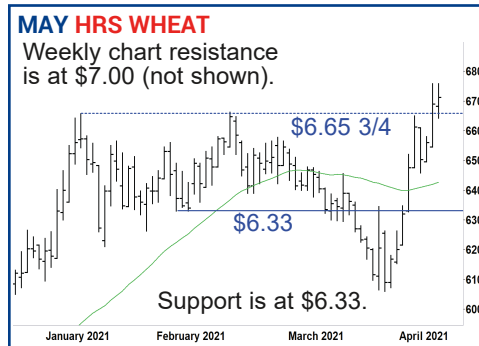
JULY HRW WHEAT

Initial resistance is at \$6.31 3/4.

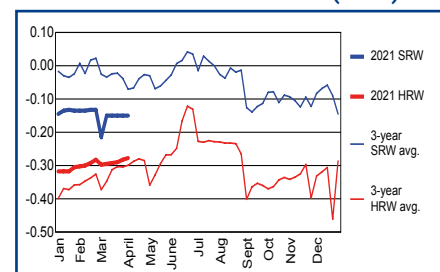


MAY HRS WHEAT

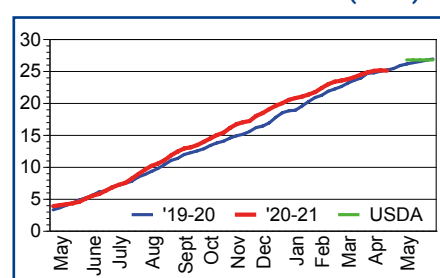
Weekly chart resistance is at \$7.00 (not shown).



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Prices rallied but trailed gains in SRW and spring wheat amid late-week beneficial rains in the Central Plains. HRW wheat is the cheapest feed source available and new highs in corn prices are supporting cash and futures. Russian exporters are quiet, waiting for the export duties to end on June 2 before selling stored supplies.

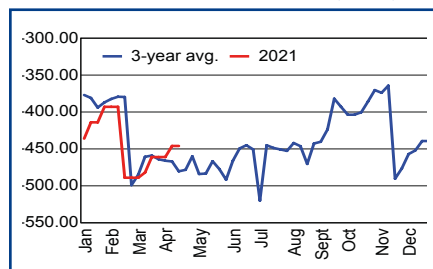
HRS — Spring wheat led the market rally last week amid cold weather and forecasts for little moisture relief across the Northern Plains and Canadian Prairies. One good rain event will quickly cap the rally. Nonetheless, rising global wheat feeding should maintain a premium for milling-quality spring wheat supplies into summer.

Position Monitor

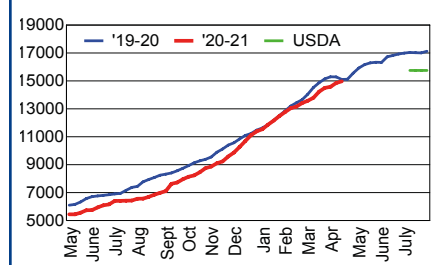
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

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

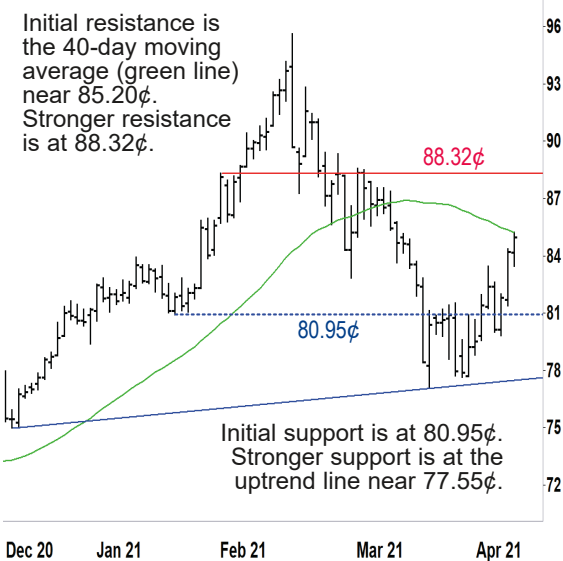
AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



MAY COTTON



COTTON - Fundamental Analysis

Futures extended gains on rising exports and tightening carryover. U.S. retail sales accelerated in March by the most in 10 months, a positive sign for stronger cotton demand. Texas dryness remains supportive for new-crop prices. However, rising geopolitical risks with China may cap gains.

GENERAL OUTLOOK

COMMODITIES: Lumber prices are up 38% this year, touching a record last week. That helped fuel the resurgence of money flows into commodities this year.

The housing market is going wild in the U.S. amid low interest rates. Prices are soaring and the frenzy to buy is so intense that half of the homes on the market are selling within a week, according to Redfin. Building more homes is a problem because there is a shortage of lumber.

While lumber itself is scarce and prices are four times higher than a year ago, actual timber is cheap after production rose to a 13-year high. The problem is there's a shortage of sawmills to turn those trees into usable wood. The 2007 housing crash led to a collapse in the number of sawmills. Mills underestimated the housing/renovation booms of the pandemic.

The lumber market strength highlights the rapid economic recovery.

MONTHLY LUMBER FUTURES



FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

Wheat rejoined the corn and soybean rallies last week as adverse weather made headlines. Only a few weeks ago, prices were heading lower amid forecasts for record Northern Hemisphere crops.

The weather situation has gone from favorable to one of increasing worries. That's almost an annual event, and historically, such crop concerns prove temporary. But this year, the crop concerns are more widespread and focused on the major exporting nations.

Dryness in the Canadian Prairies started the supply concerns and quickly shifted to the U.S. Northern Plains after winter precipitation across the region was the lightest in 40 years. Next, a hard freeze over parts of Europe was fol-

lowed by drier forecasts for the region into May. Cold invaded the central U.S. last week and more is forecast into early May. All these events came as funds went short SRW wheat and cut longs in HRW futures.

On April 14, July HRW futures were up almost 7% this month, the third biggest gain for the period since 2000.

The 20-year seasonal for July HRW futures shows prices on average moved less than 2% above or below the April 1 close before ending about 1% lower by the end of June. On average, the contract reached its spring peak on May 29 during the past 20 years. Weather-inspired rallies the next two months must be used as selling opportunities.

WATCH LIST

- 1 USDA Grain Inspections** **MON 4/19**
China corn shipping is the focus. 10:00 a.m. CT
- 2 USDA Crop Progress Report** **MON 4/19**
Watch corn sowing, HRW ratings. 3:00 p.m. CT
- 3 Fed Policy Announcement** **WED 4/21**
No changes expected in rates. 1:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 4/22**
Watching for new-crop business. 7:30 a.m. CT
- 5 USDA Cattle on Feed Report** **FRI 4/23**
March placements seen higher. 2:00 p.m. CT

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