



News this week...

- 2 – Corn and soybean planting intentions aren't enough.
- 3 – Rains improve far southern Brazil soybean crop.
- 4 – Quick spring planting followed by summer stress.

Bulls get needed boost – Corn and soybean futures surged limit-up in reaction to USDA's March planted acreage intentions, which came in well shy of what was expected — and quite frankly needed. New-crop corn and soybeans need to “buy” some extra acres this spring as focus shifts to weather. But old-crop soybeans failed to sustain buyer interest amid seasonally slowing export demand. Wheat futures followed corn and soybeans higher immediately after the reports, but with improved weather conditions in U.S. winter wheat areas and the Black Sea region, they also failed to find sustained buying. Deferred cattle futures pushed to new highs, while buying was more restricted in April cattle given their premium to the rising cash market. Hog futures pushed to new highs on huge weekly exports sales, led by Chinese purchases.

Shocking March acreage intentions

USDA estimates principal crop acreage will rise around 6 million to 316.2 million acres, which would be the highest since 2018. However, that's 4.3 million acres less than the average from 2014 to 2018 (2019 and 2020 were heavy prevent-plant years), despite strong new-crop prices and crop insurance levels. We expect total crop area to be 318.4 million acres. See [News page 2](#) for details on March planting intentions.

Our revised planted acreage forecasts

Based on state-level analysis of March intentions and historical revisions (assuming favorable weather and below-average prevent-plant acres), our acreage estimates are:

CORN: 92.25 million acres, up 1.12 million acres from March.

SOYBEANS: 88.5 million acres, up 900,000 acres.

OTHER SPRING WHEAT: 11.74 million acres, unchanged.

COTTON: 11.9 million acres, down 136,000 acres.

March 1 grain stocks implications

USDA's March 1 corn stocks estimate at 7.701 billion bu. was 66 million bu. lower than anticipated. USDA also revised down its Dec. 1 corn stocks by 28 million bushels. [We now estimate old-crop ending stocks will fall to 1.2 billion bushels.](#)

USDA's March 1 soybean stocks at 1.564 billion bu. were 30 million bu. higher than anticipated, suggesting the 2020 crop may have been underestimated. USDA also raised its Dec. 1 soybean stocks estimate 14 million bushels. [Our old-crop ending stocks forecast is 120 million bushels.](#)

March 1 wheat stocks at 1.314 billion bu. were 42 million bu. higher than expected and USDA raised its Dec. 1 wheat stocks estimate 29 million bushels. [Our old-crop wheat ending stocks forecast is 846 million bushels.](#)

Aussie scientists: La Niña is done

Australia's Bureau of Meteorology says La Niña has subsided and ENSO-neutral conditions will persist into at least the Northern Hemisphere summer. Even with neutral conditions, La Niña-like impacts could linger. We have the spring/summer weather outlooks from four meteorologists on [News page 4](#).

Biden unveils first infrastructure plan

President Joe Biden unveiled the first of his two-part infrastructure reform proposal that would spend \$2.25 trillion over eight years. Four Senators introduced the Sensible Taxation and Equity Promotion (STEP) Act that would tax any transfer of an asset that has a net gain. It doesn't have a chance at passing in its current form. As we noted on [News page 4](#) of your March 27 newsletter, stepped-up basis and capital gains tax increases will be part of the debate as lawmakers try to figure out how to pay for Biden's huge infrastructure, climate change and social policy proposals.

USDA sets WHIP+ closeout deadline

By April 16, USDA will finalize all Wildfire and Hurricane Indemnity Program-Plus (WHIP+) applications and approve them for payment. Sources say second-half 2019-crop WHIP+ payments will be made but additional program funding may be needed and payout timelines will likely vary. USDA says it must see how much Quality Loss Adjustment costs before committing to full second-half payments. Plus, some first-half WHIP+ payments not yet paid.

Could EVs generate RINs?

The White House has asked EPA whether the use of renewable fuels to power electric vehicle (EV) charging should generate Renewable Identification Numbers (RINs), *Reuters* reported. RINs could be generated from a renewable source such as methane. Expectations are that any such RINs generated would be categorized as DC “advanced” biofuel credits. However, there are questions on how to trace the biogas from its origin to the charging station and other issues.

Supply-chain issues remain

The lodged container ship was freed sooner than expected and ships are rapidly moving through the Suez Canal again. But vessels that were idling outside the canal are arriving nearly as fast as ships are passing through. This situation and a container ship bottleneck at West Coast ports highlight the fragile nature of ocean-borne supply chains at key choke points.

Corn + soybean acres are too light

USDA in its Prospective Plantings Report estimated producers intend to plant a combined 178.7 million acres to corn and soybeans. While that would be up 4.8 million acres from last year, it would be 1.6 million acres less than the record of 180.3 million acres from 2017 and 3.6 million acres less than our survey indicated. Given strong new-crop prices, we anticipate corn and soybean acres will increase from March intentions, especially if spring weather is favorable.

Corn intentions: 91.1 million acres

PLANTING INTENTIONS — CORN		
	Change vs. 2020	Million Acres
Illinois	-400,000	10.90
Indiana	-200,000	5.20
Iowa	-400,000	13.20
Kansas	-300,000	5.80
Michigan	-100,000	2.25
Minnesota	0	8.00
Missouri	-50,000	3.40
Nebraska	-300,000	9.90
N. Dakota	+1,350,000	3.30
Ohio	-150,000	3.40
S. Dakota	+650,000	5.60
Wisconsin	+150,000	4.15

March planting intentions for corn are up only 325,000 acres from last year and nearly 2.1 million acres less than the average pre-report estimate. Intended corn acres are around 2.3 million acres less than our early March survey indicated.

Corn plantings would be the highest since 2016, when

producers planted 94.0 million acres to corn but far less than 2012 and 2013 — the two biggest corn acreage years.

Soybean intentions: 87.6 million acres

PLANTING INTENTIONS — SOYBEANS		
	Change vs. 2020	Million Acres
Arkansas	+180,000	3.00
Illinois	+400,000	10.70
Indiana	+100,000	5.80
Iowa	+400,000	9.80
Kansas	-50,000	4.70
Michigan	+50,000	2.25
Minnesota	+400,000	7.80
Missouri	-50,000	5.80
Nebraska	+300,000	5.50
N. Dakota	+1,250,000	7.00
Ohio	+100,000	5.00
S. Dakota	+750,000	5.70
Wisconsin	+250,000	2.25

USDA's March planting intentions for soybeans are up 4.5 million acres from last year but 2.4 million acres lower than traders anticipated. Soybean acres are 1.3 million acres less than our survey indicated.

Soybean plantings would be the highest since 89.2 million acres in 2018 and the third highest on record.

There's no margin for error

Using USDA's March planting intentions, trendline yields, our old-crop ending stocks forecasts and USDA's Outlook Forum usage projections, new-crop ending stocks would:

- Tighten to around 50 million bu. for soybeans.
- Hold at a tight 1.2 billion bu. for corn.

Obviously, more acres and/or less use are needed. There's no margin for a production hiccup for beans and little for corn.

HRS intentions: 11.74 million acres

Farmers told USDA they intend to plant 510,000 fewer acres to other spring wheat this year, though that would be around 100,000 acres more than traders anticipated and our planting survey indicated.

Compared with last year, spring wheat acres are expected to decline in Minnesota (down 50,000 acres to 1.38 million acres), Montana (down 400,000 acres to 2.9 million acres), North Dakota (down 100,000 acres to 5.6 million acres) and South Dakota (down 20,000 acres to 750,000 acres). USDA estimates spring wheat acres will increase in Idaho (up 20,000 acres to 530,000 acres) and Washington (up 40,000 acres to 580,000 acres).

USDA estimated durum planting intentions at 1.54 million acres, which would be down 144,000 acres from last year and 100,000 acres less than traders anticipated. Intended durum acres are 260,000 acres less than our survey indicated.

Cotton intentions: 12.0 million acres

Cotton plantings are expected to be down just a tick from last year and 131,000 acres higher than pre-report expectations. Cotton acreage intentions came in 164,000 acres fewer than our survey indicated.

Cotton seedings are expected to drop 18,000 acres in Texas to 6.82 million acres. Cotton plantings are expected to rise 10,000 acres in Georgia to 1.2 million acres.

March intentions vs. final seedings

USDA's survey for March planting intentions was conducted the first two weeks of the month and are as of March 1. A lot can change, so these figures are just benchmarks until the June 30 Acreage Report. As always, weather, prices and other factors during spring will help determine actual planted acreage. Here's how USDA's March intentions have stacked up against final acres over the past 20 years.

CORN: March planting intentions have been too high 11 times and too low nine times. The average miss has been 1.3 million acres over the past 20 years. That would imply final acreage could climb to 92.4 million acres.

SOYBEANS: March planting intentions have been too high 11 times and too low nine times. The average miss has been 1.6 million acres. That would imply final acreage could rise to 89.2 million acres.

OTHER SPRING WHEAT + DURUM: March planting intentions have been too high eight times and too low 12 times. The average miss has been 556,000 acres. That would imply final acreage from 12.7 million acres to 13.8 million acres.

COTTON: March planting intentions have been too high nine times and too low 11 times. The average miss has been 671,000 acres. That would imply final acreage from 11.3 million acres to 12.7 million acres.



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Consultant raises Brazilian bean crop

Recent rains in the far southern state of Rio Grande do Sul, Brazil, should allow the soybean crop to finish strong. As a result, Crop Consultant Michael Cordonnier raised his Brazilian soybean crop estimate by 1 million metric tons (MMT) to 133 MMT.

After the slowest start in the past 10 years, Brazil's soybean harvest has caught up to the average pace thanks to recent drier conditions in central and northern areas. Because of the drier pattern and the very late planting of safrinha corn, Cordonnier kept his Brazilian corn crop estimate at 105 MMT.

Paraguay soybean crop forecast cut

Paraguay suffered from dryness through much of the growing season and then excessive rains hit as the soybean crop was ready to harvest. Cordonnier cut his Paraguay soybean crop peg by 1 MMT to 9.2 MMT.

Rains stabilize Argentine crops

Cordonnier kept his Argentine soybean and corn crop estimates at 46.0 MMT and 45.5 MMT, respectively, noting that recent rains were "enough to stabilize crops, at least for the time being." He says rains have been erratic through the growing season, so yields will likely be variable. Crops would also be vulnerable to additional losses if weather turns drier again ahead of harvest.

The Buenos Aires Grain Exchange continues to estimate Argentine production at 44 MMT for soybeans and 45 MMT for corn. It says the amount of soybean area with adequate soil moisture increased 13 points over the past week to 72%, while it's "good" to "excellent" ratings for the crop improved one point to 8%. The exchange says three-quarters of the Argentine corn crop has adequate soil moisture, up four points from the previous week, while crop ratings improved one point to 27% "good" to "excellent."

Ukrainian farmers will plant less corn

Ukraine's economic ministry expects spring grain sowings of around 7.5 million hectares (18.6 million acres), pushing total grain plantings including winter grains to 15.5 million hectares (38.3 million acres). The government believes good weather could help push grain production roughly 10 MMT higher this year to more than 75 MMT.

A survey by APK-Inform found 18% of producers in Ukraine plan to cut corn plantings after drought last season, while 13% of farmers plan to boost corn acreage. The survey found corn plantings could retreat 14% from last year, with areas impacted by drought last summer expected to see the biggest decline. The Ukrainian government expects the area sown to corn could total 5.3 million hectares (13.1 million acres) this year, which would be only a 1.9% decline.

WH Group to expand meat imports

China's largest hog processor WH Group says its pork production tumbled 46% in 2020 due to tight supplies caused in part by the use of illicit African swine fever vaccines. The company, which owns Smithfield Foods, imported 700,000 metric tons of meat in 2020, with 70% of it coming from the United States. While it expects China's hog production will increase this year, domestic pork prices will likely remain well above those of overseas markets, leading to expanded meat imports. WH Group's U.S. team is working to expand the volume and number of American products that can be exported to China.

Chinese PMI strengthens in March

China's official purchasing managers index (PMI) rose to 51.9 last month, the highest reading in three months and the 13th consecutive month of expansion. But a resurgence of Covid-19 outbreaks in Europe could constrain Chinese exports in the months ahead and slow factory activity.

China's services sector expanded even more in March as the non-manufacturing PMI jumped to 56.3. Construction activity also rose. Growth on those two fronts signals China's economy is rebalancing toward consumer spending.

China, Iran reach economic deal

China and Iran signed a 25-year security and economic cooperation agreement, a move that could give Iran some breathing room from international sanctions. The deal reportedly includes Chinese investments in Iran's nuclear energy and oil industries as well as port and rail infrastructure in return for Iranian oil. It also includes an agreement to set up an Iranian-Chinese bank, giving Tehran a financial foothold outside of the Western-dominated banking system.

U.S. consumer confidence surges

The Conference Board's index of U.S. consumer confidence surged from 90.4 in February to 109.7 last month, the highest level since the beginning of the pandemic. The Conference Board said, "Consumers' renewed optimism boosted their purchasing intentions for homes, autos and several big-ticket items. However, concerns of inflation in the short-term rose, most likely due to rising prices at the pump, and may temper spending intentions in the months ahead."

U.S. gasoline demand surging back

U.S. gasoline sales topped year-ago for the first time the week ended March 19. Gasoline demand again rose sharply the week ended March 26 and is now only 2.6% below pre-pandemic levels. Gasoline demand is sharply rebounding. Still, the Oil Price Information Service says it's too early to predict whether work, lifestyle and consumer habits will permanently change due to Covid and what "new normal means."

Quick spring planting followed by summer crop stress

By Sr. Market Analyst Jeff Wilson



With the flip of the calendar to April, corn and soybean markets' focus now turns to Brazilian safrinha corn weather, U.S. planting conditions and the summer outlook. Weather forecasters we talked with are in agreement, expecting elevated risks for drier, warmer weather in Brazil and the Midwest.

World Weather: Fast planting followed by dryness

The planting season will be fast for most growers aside from portions of the Delta, Ohio River Valley and Southeast. The lack of winter snowcover will limit planting delays across the Northern Plains and Midwest, while recent moisture was beneficial for top soil improvement.

There should be enough timely moisture across the drier areas of the Midwest and Plains this spring to support quick crop emergence with above-normal temps expected.

"It should be a pretty darn good planting season," said Drew Lerner, president of World Weather Inc.

However, the high pressure ridge that developed late last week over the Rocky Mountains may be a prelude to drier, warmer weather patterns this summer. There is a considerable worry in the U.S. and Canada's Prairies this year with the potential for drought that currently stretches from western areas of Mexico through western Canada to expand east. A warm spring with below-average precipitation would not be a good sign when there is evidence of additional drier and warmer weather later in the growing season, Lerner said.

There is also evidence that dryness could develop in the Southeast and eventually merge with drought across the western U.S. this summer. But that pattern will be dependent on whether colder Pacific Ocean temps continue to develop the next several months. Lerner is not predicting a major drought, but colder Pacific waters the last few weeks warn of bouts of drier- and warmer-than-normal summer weather.

Everstream Analytics: Normal planting, hotter summer

Planting will be early across the northern Midwest and Plains but wet soils will slow fieldwork for growers in the Delta, Ohio River Valley and Southeast, predicts Jon Davis, chief meteorologist at Everstream.

With no major issues for spring planting progress, the focus will shift to dryness in the western half of the U.S. becoming more severe and spreading. Soil moisture in that area is already the lowest in 21 years and that will be conducive for building heat and dryness across the Rockies.

That bubble of warmth could "build into something more dramatic and potentially migrate to the central Midwest," Davis said. The degree of warmth and dryness will depend on whether colder Pacific Ocean temps develop along the U.S. West Coast and the Equator the next few months.

CWG: Brazil safrinha risks rising; warmer U.S. summer

Brazil's safrinha corn crop is currently encountering moisture stress and that will be more important the next 60 days than U.S. weather, according to Commodity Weather Group Chief Operating Officer David Streit. After late planting, the dry forecast may lead to as much as 40% of the crop facing severe dryness stress and another 30% with moderate stress.

There is unlikely to be much early planting of U.S. corn in the southern areas, but much of the Midwest should be planted ahead of schedule. That means fewer bushels to harvest early this year, according to Streit.

March rains caused by an active jet stream pattern may begin to slow and lead to warmer, drier conditions redeveloping. Cool subsurface Pacific Ocean water will slow the move away from La Niña toward ENSO-neutral, adding to warmer, drier risks for the U.S. this summer.

The hottest temperatures will likely occur in August with the driest areas focused in Nebraska and Iowa and parts of the surrounding states. Widespread drought is unlikely unless Pacific Ocean waters cool further.

Maxar Weather: Good start but summer looks dry

The outlook for warmer and drier weather in April and warm temperatures and normal rains in May suggest a "good start" for U.S. corn and soybean planting this year, Maxar's Senior Meteorologist Kyle Tapley said.

Summer weather will be defined by above-normal temps and below-normal rainfall that will be centered on western Illinois and all of Iowa, Nebraska, Missouri and Kansas. June temperatures will be much above normal and that will promote strong early growth. July and August temperatures will be above normal with the driest weather in the western Midwest and most of the Plains.

Lingering influences of La Niña will lead to stagnation in the jet stream and some extended periods of dryness.

"It is not a screaming forecast for widespread drought, but there is heightened risk for crop stress," Tapley said.

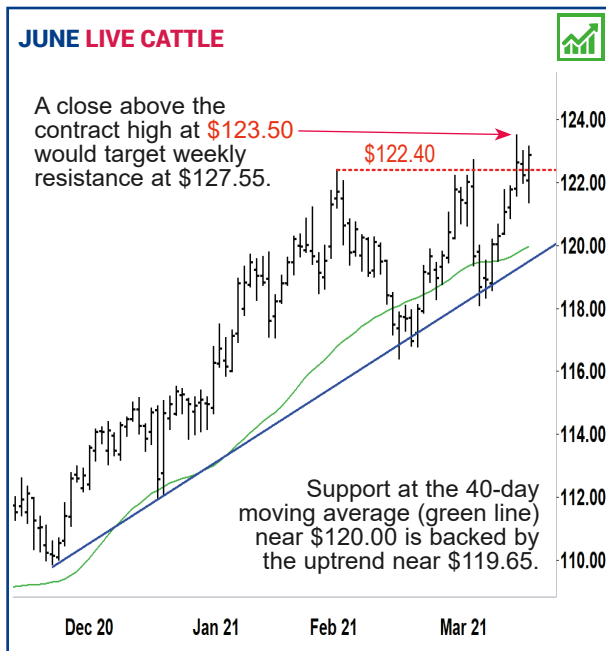
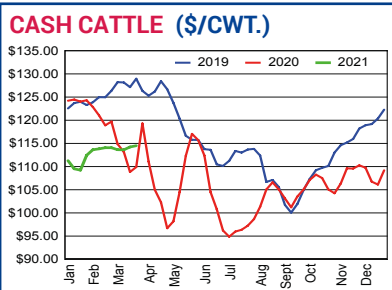
Tapley also sees growing risks to the Brazilian safrinha corn crop and dryness risks for corn in Russia and Ukraine.

CATTLE - Fundamental Analysis

The beef cutout price is outperforming expectations to the upside. The Choice cutout surged more than \$20 the past two weeks. The rally is occurring at least two weeks earlier than expected, with prices matching last fall's holiday highs, and demand shouldn't peak for another two months. USDA reported a surge in beef sales, including more forward sales. While beef production is set for a record in March, the supply has been quickly consumed by extraordinary demand. Exports are also strong and ahead of last year's pace, in part because of reduced supplies available from Argentina, Brazil and Australia.

Position Monitor

Game Plan:	Feds	Feeders
The cash market will need to sustain rallies given futures' premiums. Be prepared to place hedges on further price strength this month.	II'21 0%	0%
	III'21 0%	0%
	IV'21 0%	0%
	I'22 0%	0%

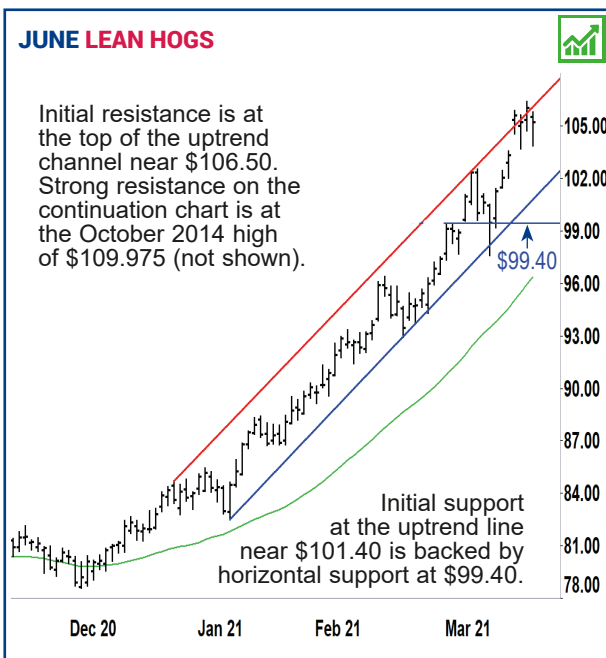
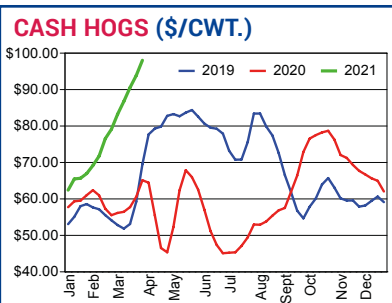


HOGS - Fundamental Analysis

Futures followed cash hogs to the highest levels since 2014, extending gains after USDA reported producers liquidated herds during the Covid-19 pandemic. Most of the hog marketings now were bred in May 2020 at the height of the lockdowns, and smaller slaughters should continue to provide underlying support. However, rising pork prices the past three months ran into some grocer resistance and much of the buying to refill restaurant supply chains may be completed. Export sales are behind last year's pace, but new African swine fever cases in China keep traders optimistic U.S. sales will expand.

Position Monitor

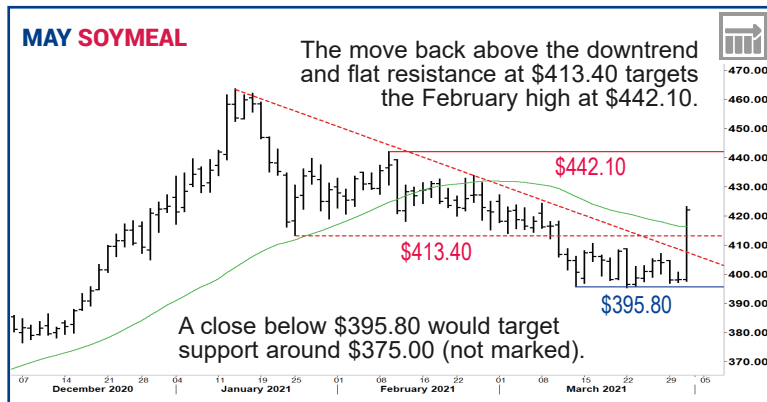
Game Plan:	Lean Hogs
Be prepared to lift or roll second-quarter hedges before April expires. Hold third-quarter hedges. Be prepared to add to hedges and place fourth-quarter hedges.	II'21 25%
	III'21 25%
	IV'21 0%
	I'22 0%



FEED

Feed Monitor

Corn		Corn Game Plan: You should have all corn-for-feed needs covered in the cash market through April. We will look for price weakness to add to forward coverage.
II'21	33%	
III'21	0%	
IV'21	0%	
I'22	0%	
Meal		Meal Game Plan: We have advised buying 100% of meal feed needs through April in the cash market and 50% of protein feed needs for May through August in the cash market.
II'21	67%	
III'21	33%	
IV'21	0%	
I'22	0%	



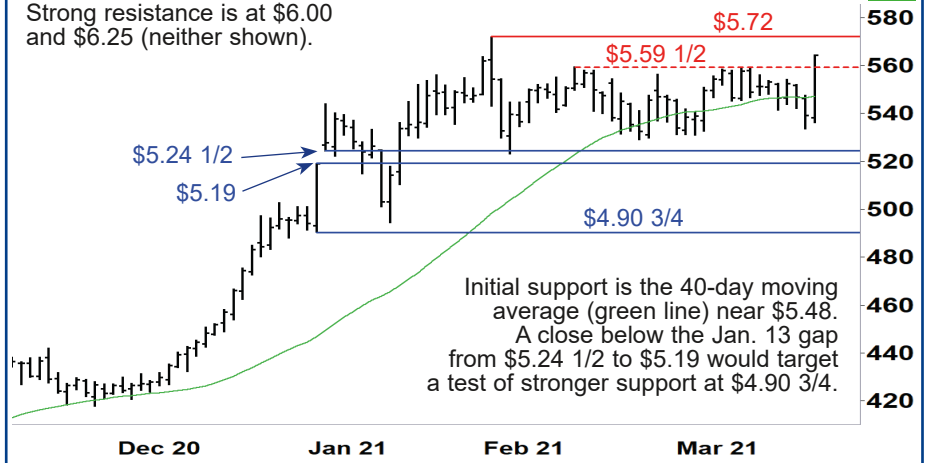
Position Monitor

	'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 prices should remain firm until this year's output becomes more clear. New contract highs last week argue for patience on additional sales. While final planted acreage may rise from last week's USDA estimates, that won't be known until USDA's June 30 Acreage Report.

MAY CORN

Strong resistance is at \$6.00 and \$6.25 (neither shown).



DAILY DECEMBER CORN

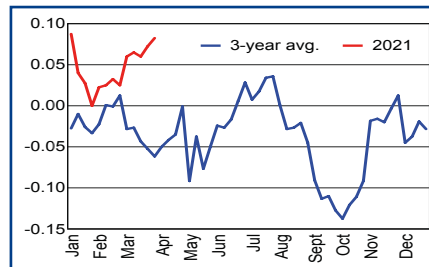
Initial resistance is at \$5.00, followed by \$5.17 and then \$5.50 (none shown).



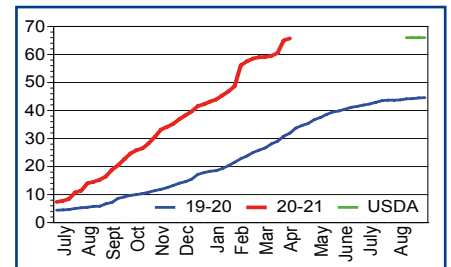
CORN - Fundamental Analysis

Farmers told USDA they intend to plant 91.14 million acres to corn this year, about 2 million acres less than expected. With March 1 inventories reported at a seven-year low, the market soared to its highest level since June 2013 to encourage more plantings. There is little room for even a slight production problem. Keep an eye on weekly U.S. corn shipments to China and overall basis levels for clues price strength may be ebbing. Weekly ethanol production jumped 4.7% to an annualized rate that would consume 5.1 billion bu. of corn, well above the 4.92-billion-bu.-pace so far this season. Blender demand surged 5%, taking it near pre-Covid-19 levels.

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%

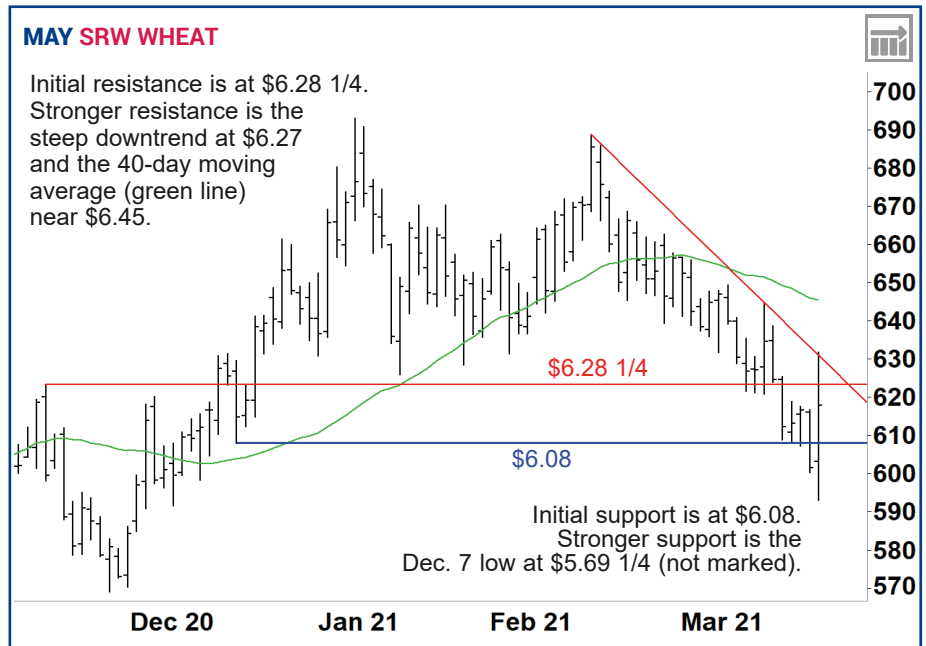
Game Plan: Wait for corrective price rallies to get current with advised sales recommendations. Hold off on additional new-crop sales until more is known about April and May weather across the Northern Hemisphere.

WHEAT - Fundamental Analysis

SRW – USDA acreage and March 1 stocks reports were neutral to slightly negative, but wheat followed corn higher on the outlook for rising use in global feed rations. Wheat lacks the bullish vigor of corn or soybeans given recently improved U.S. soil moisture and a lack of global weather threats.

MAY SRW WHEAT

Initial resistance is at \$6.28 1/4. Stronger resistance is the steep downtrend at \$6.27 and the 40-day moving average (green line) near \$6.45.



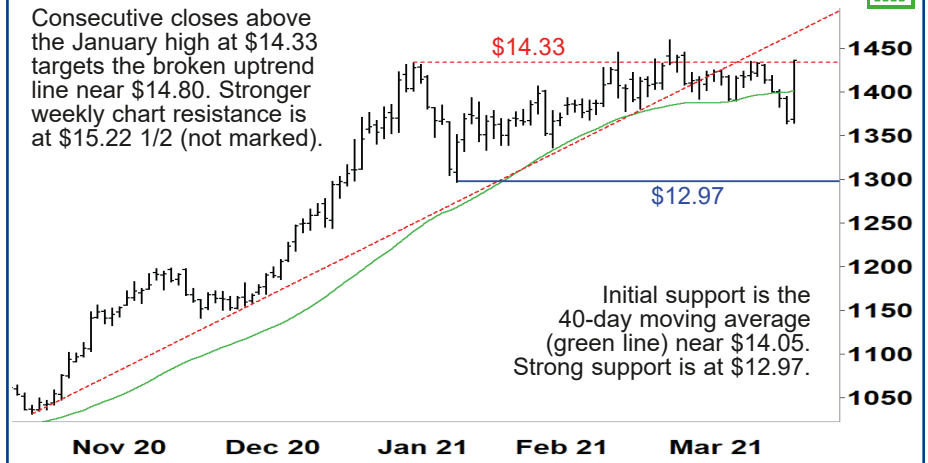
Position Monitor

	'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. USDA in its April 9 Supply & Demand Report may cut already tight old-crop carryover estimates based on record exports and crushings. The steep discount November futures hold to spot cash prices should encourage buying in new-crop futures on bullish news.

MAY SOYBEANS

Consecutive closes above the January high at \$14.33 targets the broken uptrend line near \$14.80. Stronger weekly chart resistance is at \$15.22 1/2 (not marked).



DAILY NOVEMBER SOYBEANS

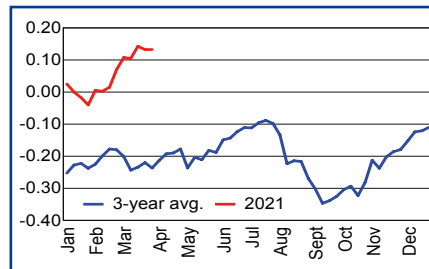
Initial resistance is at \$13.00, with stronger resistance at \$13.25 and then \$13.64 (not shown).



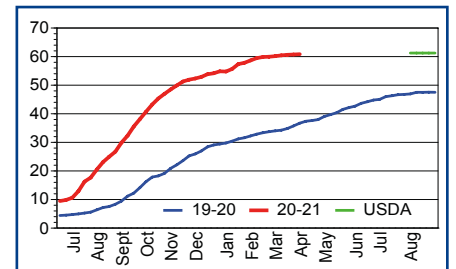
SOYBEANS - Fundamental Analysis

Prices quickly erased recent losses tied to long liquidation by funds ahead of USDA's Prospective Plantings Report. But last week's report showed farmers intend to plant about 2.4 million fewer soybean acres than traders expected. With USDA's March 1 soybean stocks coming in at a five-year low, the market jumped in an effort to bid for more acres. With U.S. weather looking a little warmer and drier this summer (see *News page 4*) and old-crop carryover as a percent of use projected to fall to a record, there is no room for a hiccup in production. Traders will be watching for China to start the new-crop U.S. soy purchase program on any price weakness.

AVERAGE SOYBEAN BASIS (MAY)

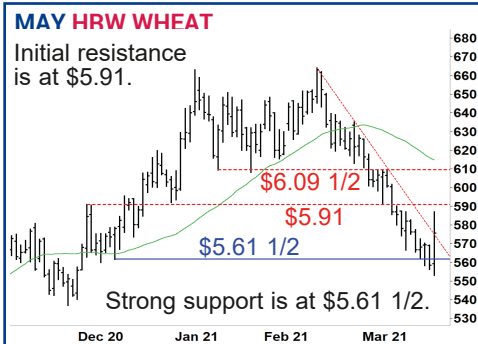


SOYBEAN EXPORT BOOKINGS (MMT)



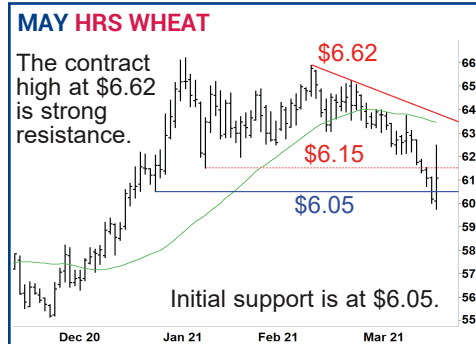
MAY HRW WHEAT

Initial resistance is at \$5.91.

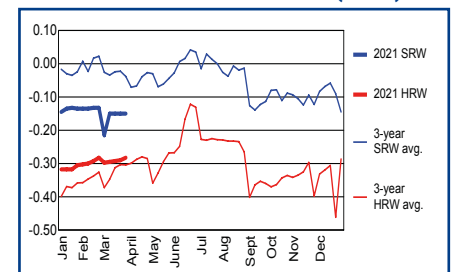


MAY HRS WHEAT

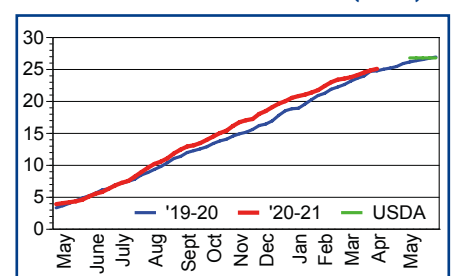
The contract high at \$6.62 is strong resistance.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Trader attention now switches to weather. Forecasts for warmer temperatures in April and May and sporadic showers could quickly reverse the recently improved crop outlook across the Southern Plains. Export demand is tepid, despite retreating world prices the past three weeks. While smaller, world supplies remain adequate.

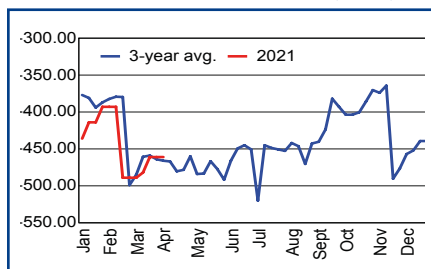
HRS — USDA's spring wheat acreage estimate was slightly higher than most expected but farmers' intentions may change as corn, barley, soybeans and sunflower prices rally. Spring futures may lead wheat higher if needed rains fail to materialize across the parched Northern Plains and Canadian Prairies the next 60 days.

Position Monitor

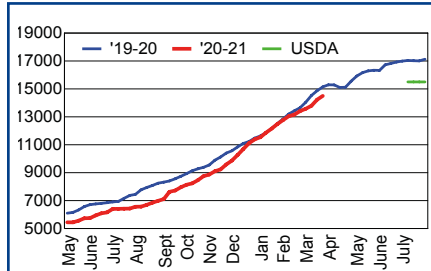
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

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)



MAY COTTON



COTTON - Fundamental Analysis

Futures are trying to stabilize after tumbling on news of China's boycott of Western apparel brands in retaliation over the Xinjiang forced labor allegations. World growth is accelerating, which is tightening supplies. That increases the importance of weather and planting progress.

GENERAL OUTLOOK

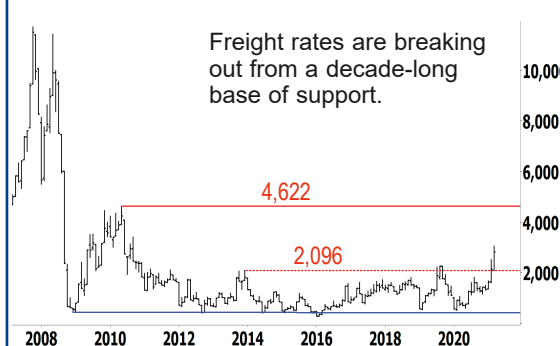
TRANSPORTATION: The Baltic Panamax Freight Index surged more than five-fold since the 2020 pandemic lows, touching the highest since August 2010.

Freight costs have accelerated higher the past three months amid record Chinese grain and soybean imports. Stronger global trade in dry bulk commodities adds to price strength. China accounts for about 40% of total dry sea-borne imports.

Average daily shipping costs for panamax, which carry coal or grain cargoes of about 60,000 to 70,000 metric tons, touched \$27,420 on March 22. They bottomed in February 2020 at \$4,681.

U.S. wheat exports are hurt more than corn or soybeans by rising freight costs. Russia and Europe already hold a cost advantage into most African and Middle East importing nations and Australia ships wheat cheaper into Asia.

MONTHLY BALTIC FREIGHT INDEX



FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

Hog futures and the CME Lean Hog Index surged to their highest points since late 2014 after USDA reported further liquidation in the U.S. herd.

Market hog inventories fell 0.8% from a year earlier, the first annual decline in seven years. Pork production will fall 1% to 2% this year and likely lead to tighter packer margins and sustained higher pork prices that may slow domestic demand.

The divergence between commercial short hedges and speculative long positions is the greatest since the 2017 peak in hog prices, data from the CFTC showed. Commercial net-short futures and options rose to 141,607 contracts, the most since June 2019. Funds held a net-long position of 76,095 contracts, the

most since November 2017.

The hog rally is probably running out of fuel, which showed up in pork prices stalling last week. Much of the food service business probably was already completed to refill restaurant coolers following vaccination distribution and accelerated reopenings. We don't anticipate a sharp break in hog futures the next several weeks, rather a period of sideways to lower consolidation.

Meanwhile, the latest CFTC data showed funds pared long positions and commercials cut short hedges in live cattle the past four weeks. That leaves room for funds to return to the buy side of the market, with net positions well below recent peaks and cash markets firming.

WATCH LIST

- 1 USDA Grain Inspections** **MON 4/5**
China corn shipments are in focus. 10:00 a.m. CT
- 2 USDA Crop Progress Report** **MON 4/5**
First winter wheat rating update. 3:00 p.m. CT
- 3 Census Trade Data** **WED 4/7**
February export, import updates. 7:30 a.m. CT
- 4 USDA Export Sales Report** **THUR 4/8**
Watching for a slowdown in sales. 7:30 a.m. CT
- 5 USDA Supply & Demand** **FRI 4/9**
Focus is on U.S. ending stocks. 11:00 a.m. CT

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