



### News this week...

- 2 – Brazil raises crop estimates despite weather struggles.
- 3 – African swine fever rearing up again in China.
- 4 – USDA punted with its March S&D Report.

**Buying wanes in grain, soybean markets** – *USDA's March 9 Supply & Demand Report failed to provide bulls with any fresh fuel for their fire (see [News](#) page 4). That resulted in weekly declines for corn, soybean and wheat futures as funds reduced their net long positions. Corn futures remained within their two-month sideways trading range. Soybeans rallied to new highs ahead of the reports and then faded back to their choppy range on rains forecast for Argentina and falling soybean meal prices. A significant precip event that's expected across the Plains and Midwest weighed on wheat. April live cattle futures consolidated as the cash market remained near steady, while deferred contracts rebounded. Hogs rallied to fresh highs on new African swine fever concerns in China.*

## Attention on needed Argentine rains

The U.S. weather model shows lighter and more scattered rains than the European model for Argentina early this week. Forecasters warn that amounts and coverage levels are difficult to predict because of the expected pop-up nature of the storms, though northern and western areas should receive the best rains.

Rains are forecast to continue across central Brazil, though amounts should be less than recent weeks. Far southern and northeastern areas of the country will trend drier.

## Major precip for U.S. winter wheat

The midsection of the U.S. is expected to receive one to three inches of precip, with and up to six inches possible for some areas through the middle of this week. Precip totals are expected to eliminate moisture deficits for most winter wheat areas. Rains will be lighter in southwestern areas of the Plains and provide only temporary relief.

## Massive Covid aid/stimulus passed

The massive \$1.9-trillion Covid-19 aid/stimulus measure contains \$22.7 billion in ag and nutrition aid. It includes \$3.6 billion for commodity purchases to "maintain and improve food and agricultural supply chain resiliency" and an estimated \$4 billion for qualifying minority farmers to pay off USDA direct and guaranteed loans. Farmers who are Black, Hispanic, Native American or Asian American will receive payments worth up to 120% of their indebtedness on USDA-approved loans. The bill does not include any new Coronavirus Food Assistance Program payments to farmers.

### Aid package will boost economic growth... and inflation

The Organization for Economic Cooperation and Development (OECD) now forecasts the global economy will expand 5.6% this year, a 1.4-point increase from its November outlook. OECD hiked its forecast for U.S. GDP this year from 3.2% previously to 6.5%. Economists polled by the *Wall Street Journal* expect the stimulus to push annual inflation up to 2.8% by midyear before it gradually eases.

## EPA may blend 2021, 2022 RFS levels

EPA is considering combining biofuel blending requirements for 2021 and 2022 into a single regulation, after rule-making for this year's Renewable Fuel Standard (RFS) volumes was delayed by the pandemic. The agency has previously combined RFS proposals for multiple years, most recently in 2015, when it issued the 2014, 2015 and 2016 levels.

## Warnings fired on climate change

Sen. John Boozman (R-Ark.), ranking member on the Senate ag panel, is worried Democrats will use the budget reconciliation process to pass a climate bill, bypassing Republicans. He says climate-change initiatives should not be mandatory, overly burdensome or cost prohibitive. Farmers also want a means to reward early adapters. The American Farm Bureau Federation warned it won't support a partisan climate bill.

## ITC sides with Mosaic on phosphate

The U.S. International Trade Commission approved duties on phosphate fertilizer imports from Morocco and Russia that have been in place since last July. Both countries may have enough raw material to still produce phosphate products for export at a profit. The bigger story: Russia is considering a price freeze to control domestic values. That may drive down global prices by fall, but they will remain elevated for now.

## Sysco files pork price-fixing suit

Wholesale food supplier Sysco filed a lawsuit against Smithfield, Tyson Foods, Hormel, JBS USA, Seaboard Foods, Clemens Food Group and Agri Stats claiming "their conspiracy to fix, raise, stabilize and maintain artificially inflated prices for pork sold in the United States." Sysco called the exchange of data through Agri Stats "a classic price-fixing scheme."

## USDA delays CRP Grasslands signup

USDA postponed signup for the CRP Grasslands program that was supposed to start mid-March. USDA also will allow those with CSP contracts expiring at year end to renew them for five years if they adopt additional conservation practices.

## Brazil raises soybean crop estimate

Brazil is expected to produce a record soybean crop of 135.1 million metric tons (MMT), according to its crop forecasting agency, up 1.3 MMT from last month. Conab mildly raised area and yields. Given the bigger crop estimate and strong Chinese demand, Conab raised its 2020-21 soybean export forecast by 500,000 metric tons (MT) to 86.1 MMT.

USDA raised its Brazilian bean crop figure by 1 MMT to 134 MMT. Its export projection remained at 85 MMT. Brazil-based AgRural forecasts the crop at 133 MMT. South American Consultant Dr. Michael Cordonnier kept his Brazilian bean crop forecast at 132 MMT, but he now has a neutral to lower bias. He says seed quality issues are "way worse than I previously thought and could impact 10% to 20% of the crop."

## Brazil raises corn crop forecast, too

Conab raised its corn crop forecast to 108.1 MMT, up 2.6 MMT from last month. It mildly reduced first-crop production, but hiked its safrinha crop outlook by 2.7 MMT. The safrinha crop, which is just past half planted, is expected to account for a little more than three-quarters of Brazil's total corn production. Conab continues to forecast 2020-21 Brazilian corn exports at 35 MMT.

USDA kept its Brazilian corn crop projection at 109 MMT and exports at 39 MMT. Cordonnier maintained his Brazilian corn crop forecast at 105 MMT, but now has a neutral to lower bias, saying safrinha acreage and yields could end up lower than currently anticipated.

### **Brazil to incentivize corn production**

Measures to incentivize Brazilian farmers to grow more corn in 2021-22 are not yet finalized but should be announced in May and might include offering farmers more credit, crop insurance or trade support mechanisms. The country will not extend corn import tariff exemptions past March 31.

## Exchanges slash Argy bean crop pegs

Dry weather is taking a bite out of Argentine production potential, especially the soybean crop. The Rosario Grain Exchange slashed its Argentine soybean crop estimate by 4 MMT to 45 MMT. The Buenos Aires Grain Exchange cut its soybean crop forecast by 2 MMT to 44 MMT. It also lowered its corn crop estimate by 1 MMT to 45 MMT. USDA pegs both the Argentine soybean and corn crops at 47.5 MMT, down 500,000 MT for soybeans. Cordonnier estimates the soybean and corn crops at 46 MMT and 45.5 MMT, respectively, with a neutral to lower bias for both.

## China's PPI fuels inflation worries

China's factory-gate prices increased at the fastest pace in more than two years in February. The producer price index (PPI) rose 1.7% from a year earlier, stronger than economists expected. Rising factory-gate prices signal Chinese factories will likely increase prices for the goods they produce.

While rising producer prices are a concern, China's consumer prices remain tame. The consumer price index dropped 0.2% in February. That was a modest uptick from a 0.3% drop in January but the second month in a row that consumer prices were under year-ago levels.

## Surge in Chinese exports, imports

China's exports surged 60.6% from year-ago levels in the first two months of this year, easily topping expectations. Its imports jumped 22.2%, which was also stronger than anticipated. For February alone, exports skyrocketed 154.9%, while imports gained 17.3%, the most since October 2018. A lot of the increases were due to last year's figure being hampered by Covid restrictions. But the statement accompanying the trade data also noted, "a majority of manufacturing employees chose to stay put over the Lunar New Year holidays. Our survey showed a lot of firms in export-oriented provinces stayed open, and orders that usually only get delivered after the new year had been delivered normally."

## China soy imports slow vs. year-ago

China imported 13.4 MMT of soybeans during the first two months of 2021, a 100,000-MT (0.8%) decline from last year's record arrivals during the period. The bulk of China's soybean imports in January and February came from the U.S., as Brazil's harvest was delayed.

China imported 2.0 MMT of edible vegetable oils the first two months of the year, a 48% surge from year-ago, amid strong demand and high domestic prices.

## More U.S. ethanol headed to China

Three ships carrying U.S. ethanol with capacity of around 30,000 MT (240,000 barrels) are en route to China, which reportedly has purchased roughly 200 million gallons (4.76 million barrels) of ethanol for the first half of 2021.

Census data showed the U.S. exported a record 152.1 million gallons (3.6 million barrels) of ethanol during January, with shipments to China the highest since February 2018.

## Ethanol back to pre-storm levels

U.S. ethanol production surged 89,000 barrels per day (bpd) to 938,000 bpd the week ended March 5. That was the highest output since Jan. 15 but still 8% below the five-year average for the first week of March. Gasoline demand jumped to a 17-week high but was also 8% below average.



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## Meat exports drop, but still strong

The U.S. exported 246.0 million lbs. of beef in January, which was down 39.8 million lbs. (13.9%) from December but up 947,000 lbs. (0.4%) from last year and a record for the month. Stronger shipments to South Korea and China more than offset declines to Japan and Mexico. January shipments of beef to China were up nearly 800% from last year.

U.S. pork exports totaled 606.0 million lbs., down 30.1 million lbs. (4.7%) from December and 57.2 million lbs. (8.6%) from the January 2020 record. While shipments of pork muscle cuts were down, exports of variety meats were up slightly.

U.S. Meat Export Federation labels international demand for U.S. red meat as “impressive and resilient.” But it cautions “a range of logistical challenges must be overcome in order to fully satisfy this demand, particularly the congestion and container shortages at our West Coast ports where shorthanded crews are handling record cargo volumes. Labor is also at a premium in processing plants.”

## Ag surplus despite record imports

U.S. ag exports totaled \$15.47 billion in January, the fourth straight month with U.S. ag exports above \$15 billion, something that had not been seen based on data back to the 1970s. Ag imports rose to a record \$12.83 billion. That left the U.S. with an ag trade surplus of \$2.65 billion for January.

So far in fiscal year (FY) 2021, the U.S. has a trade surplus of \$14.59 billion. USDA projects FY 2021 ag exports at \$157 billion and imports at a record \$137.5 billion, which would leave a trade surplus of \$19.5 billion. Strong exports reflect China's stepped-up purchases and shipments of U.S. ag goods. But the rise in imports came earlier than usual — they typically peak during the March-May timeframe. That suggests the gap between export and import values will narrow.

## Pork output cut, hog price raised

USDA trimmed its 2021 pork production forecast by 30 million lbs. as hog slaughter is running lower than anticipated, though higher carcass weights will temper the decline. It made no change to its pork export forecast calling for a 1.5% decline from last year's record. USDA raised its average cash hog price projection by \$5.50 from last month to \$56.00, which would be up \$12.82 from last year.

## Beef production raised, price steady

USDA raised its production outlook by 40 million lbs. from last month. A jump in cow slaughter during the first half of the year is expected to more than offset lower fed cattle kills during the first quarter. USDA maintained its beef export forecast calling for a 6.4% increase from last year. The average cash steer price projection of \$115.00 was unchanged and would be up \$6.49 from last year.

## ASF resurgence in China

Global Agri-Trends estimates China has lost between seven million and eight million sows over the past eight weeks in latest African swine fever (ASF) outbreaks. The disease is sweeping through the new industrial super complexes that replaced smaller family operations. Global Agri-Trends says, “These facilities were once thought to be bulletproof, disease protection wise. But this ‘solution’ has now become the problem. These large complexes each house an enormous number of animals, and have concentrated the disease spread problem. As a result, the disease has swept right through these large complexes.”

The consultant continued, “The end result is lower carcass weights and smaller litter sizes. In addition, the ASF disease has never stopped, and other diseases have also appeared, which continue to plague Chinese pork production. Add that to the new strains of ASF being seen, and it means Chinese hog rearing, as well as sows, is really problematic in China today.”

USDA's attaché in Beijing expects China's pork production to climb 14% from last year's record-low levels, but remain below pre-ASF levels. It projects China will import 4.5 MMT of pork this year, which would be down 13% from last year but an 84% surge from 2019. If the warnings from Global Agri-Trends are close to reality, China's rebound in pork production will take longer than anticipated and its pork imports this year will be stronger than most currently expect.

### *Tumbling meal prices signal ASF concerns*

Soymeal futures on China's Dalian Exchange posted the biggest daily decline in more than two years March 11 amid concerns the resurgence of ASF will slow feed demand. May meal futures are down around 16% from their contract high posted in January, when there were supply shortage concerns. Dalian May corn futures are down nearly 8% from their contract high.

## China cracks down on ASF vaccines

China said it will take tougher measures against the illegal production and sale of ASF vaccines, of which none have been approved. Besides fining companies for the production and distribution of ASF vaccines and farmers for transporting infected hogs, Beijing will offer a 30,000-yuan (\$4,600) reward to informants of illicit vaccine use.

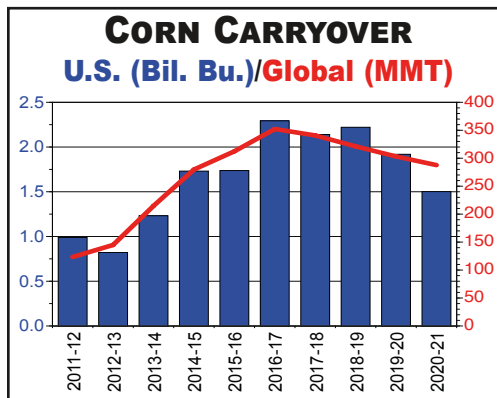
## China Jan.-Feb. meat imports surge

China imported 1.6 MMT of meat in the first two months of the year, up 27.6% from the same period in 2020. While Chinese consumer pork prices have been under year-earlier levels since October and were down nearly 15% in February, domestic wholesale prices are still nearly double those of imported pork.



# USDA punts ahead of key data at end of March

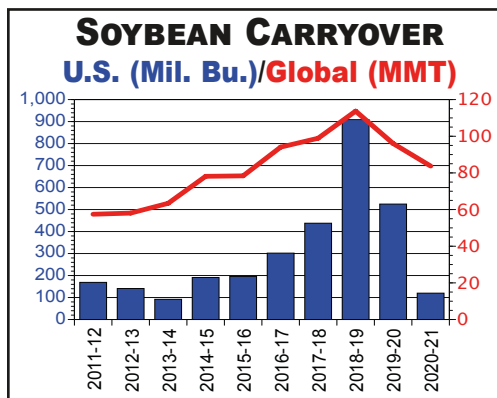
by Editor Brian Grete and Sr. Market Analyst Jeff Wilson



**CORN** — USDA left its old-crop corn ending stocks forecast unchanged from last month at 1.502 billion bushels. In fact, there were no line-item changes to the supply or the demand sides of the old-crop balance sheet this month. Our 2020-21 corn ending stocks forecast is 1.325 billion bushels.

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

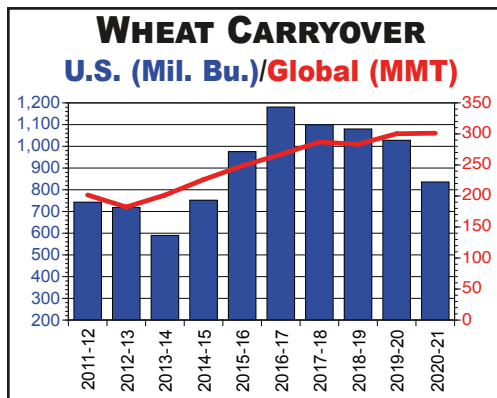
Global corn carryover for 2020-21 was projected at 287.7 million metric tons (MMT), up 1.1 MMT from February. USDA kept its 2020-21 Chinese corn import forecast at 24 MMT.



**SOYBEANS** — USDA kept its old-crop soybean ending stocks forecast unchanged from last month at 120 million bushels. There were no changes to the supply side of the balance sheet. On the demand side, USDA raised seed use by 1 million bu. and trimmed residual use by that amount — basically the same as making no changes. Our 2020-21 soybean ending stocks forecast is 110 million bushels.

- USDA 2020-21 price: \$11.15, unchanged from last month.

Global soybean carryover for 2020-21 at 83.7 MMT was up 380,000 metric tons from last month.

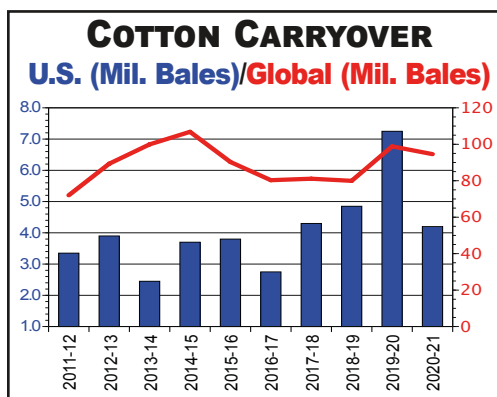


**WHEAT** — USDA left its wheat ending stocks projection unchanged from last month at 836 million bushels. It made no changes to the supply or demand sides of the old-crop balance sheet. Our 2020-21 wheat ending stocks forecast is 821 million bushels.

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

Global wheat carryover for 2020-21 at 301.2 MMT was down 3.0 MMT from last month. Global wheat ending stocks are now projected to rise just 900,000 MT from last year but would still be a record.

USDA raised its global wheat production forecast, mainly on a bigger Australian crop, which was hiked 3.0 MMT from last month to a record 33.0 MMT. The bigger production was more than offset by a 6.6-MMT increase to global feed and residual use that was led by a 5.0-MMT jump in China's feed use, which is projected at a record 35.0 MMT for 2020-21. USDA noted that Chinese domestic corn prices remain at a premium to wheat, prompting large wheat auction sales the past two months.



**COTTON** — USDA lowered its cotton ending stocks forecast by 100,000 bales from last month to 4.2 million bales. USDA cut the 2020 crop estimate by 250,000 bales, based on smaller cotton ginnings. USDA reduced its 2020 yield estimate by 14 lbs. per acre. It will publish final estimates for the 2020-crop area, yield and production in May. On the demand side of the balance sheet, USDA cut domestic use by 100,000 bales from last month. It also lowered unaccounted "use" by 60,000 bales to -50,000 bales. Our 2020-21 cotton ending stocks forecast is 4.1 million bales.

- USDA 2020-21 price: 69.0¢, up a penny from last month.

Global cotton carryover for 2020-21 was cut by 1.2 million bales from last month to 94.6 million bales.

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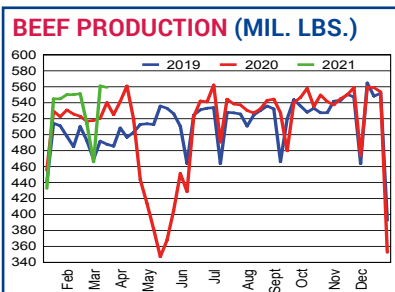
Farm Journal CEO, Andrew Weber

## CATTLE - Fundamental Analysis

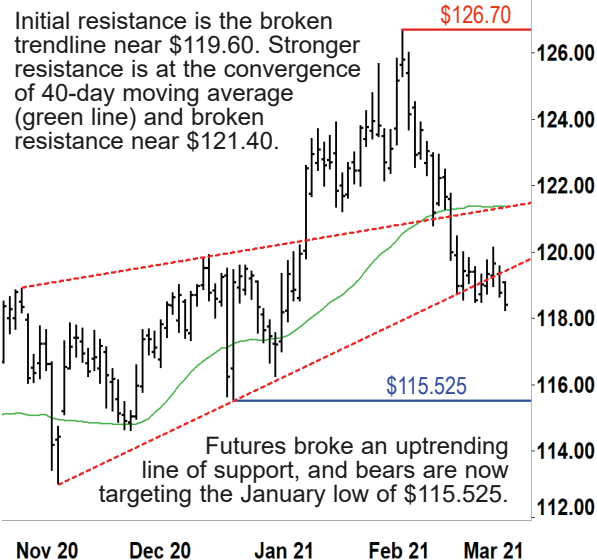
Cash cattle traded about steady for a sixth consecutive week. Cattle feeders are willing sellers to finish cleaning up showlists with negotiated trade volumes light as packers are relying on committed cattle to keep beef production at record levels. Supplies should begin to taper by April and that will provide fresh support to cash and futures. Packer margins remain near historical highs for March, despite the seasonal retreat in beef prices this month. Exports remain strong and should support a seasonal recovery in beef prices. USDA cut its beef import forecast last week and raised its annual production outlook.

### Position Monitor

Game Plan:	Feds	Feeders
Fed cattle	I'21 0%	0%
retreated but	II'21 0%	0%
the rally may	III'21 0%	0%
resume on strong beef demand. Be prepared to hedge on a retest of the February highs.	IV'21 0%	0%



### APRIL LIVE CATTLE

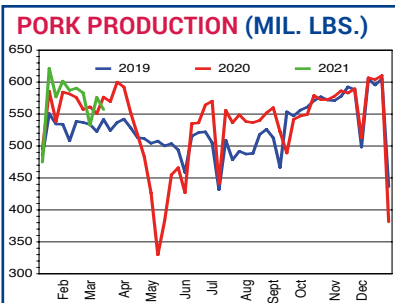


## HOGS - Fundamental Analysis

Most contracts rose to new highs last week on the contra-seasonal strength in cash hog markets. The CME Hog Index has climbed for 24 consecutive sessions as slaughter is down about 2% from levels implied in December's Hogs & Pigs Report. The next USDA update is March 25. Market hog weights are falling — a positive development. Widespread coverage of resurgent Chinese African swine fever outbreaks continues to attract new fund buying. Chinese purchases are behind last year's pace, but traders remain optimistic U.S. sales will improve. Packers slowed operations last week after their margins narrowed.

### Position Monitor

Game Plan:	Lean Hogs
Get current with second- and third-quarter hedge	I'21 0%
advice and be prepared to add to hedges on further strength. The rally is overextended.	II'21 25%
	III'21 25%
	IV'21 0%



### APRIL LEAN HOGS



## FEED

### Feed Monitor

#### Corn

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

**Corn Game Plan:** On March 10, we advised buying corn-for-feed needs in the cash market through April. We are targeting more purchases near \$5.00 in futures.

#### Meal

I'21	100%
II'21	67%
III'21	33%
IV'21	0%

**Meal Game Plan:** On March 10, we 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.

### MAY SOYMEAL



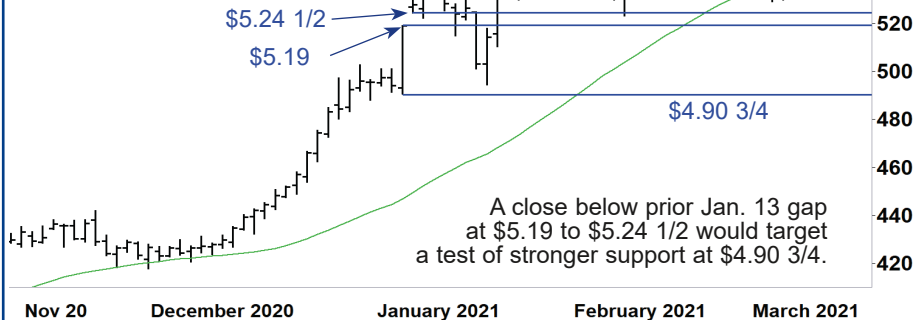
## Position Monitor

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

**Game Plan:** Everyone should get current with old- and new-crop sales advice. Seasonal studies suggest weakness this month. A close below the February lows in old-crop futures would be a warning the rally may have peaked. But, USDA's tight supply outlook for 2021-22 argues prices will remain supported. Stay patient on additional new-crop sales until this year's production potential becomes more clear.

## MAY CORN

After failing to hold gains back above the 40-day moving average (green line) near \$5.41, that is now initial resistance. Strong resistance is at the contract high of \$5.72.



## DAILY DECEMBER CORN

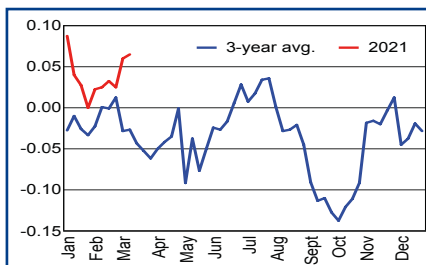
Initial resistance on the weekly continuation chart is at \$4.94 and \$5.17 (not marked).



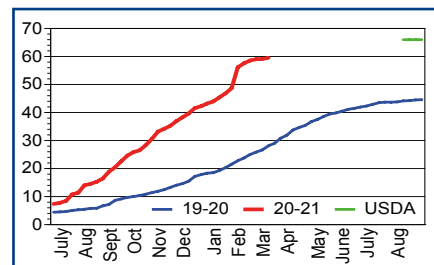
## CORN - Fundamental Analysis

Futures drifted lower after a firm start last week when USDA did not cut its U.S. carryover forecast and Chinese corn prices fell near a three-month low. Rising outbreaks of African swine fever may trim Chinese demand for feed, increasing risks some U.S. purchases may be rolled or cancelled. The cash markets are quiet, with some processors and exporters pushing basis to attract fresh sales. Speculative position limits are set to rise by 75% on March 15, and that may lead to elevated price volatility and increase the importance of chart signals. The market will have to wait until March 31 for USDA updates on planting intentions and March 1 inventories.

### 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:** Make sure to get current with advised sales recommendations on corrective rallies. Hold off on additional new-crop sales for now until damage from the February cold weather is fully assessed.

## WHEAT - Fundamental Analysis

**SRW** — Futures dropped to one-month lows as forecasts call for the best rains since crops were planted across the Southern Plains. If realized, that would bring timely drought relief. The improved precip outlook coincides with better weather across the Northern Hemisphere. Exports remain sluggish.

## MAY SRW WHEAT

Initial resistance is at the 40-day moving average (green line) near \$6.61. Strong resistance is the contract high at \$6.93.



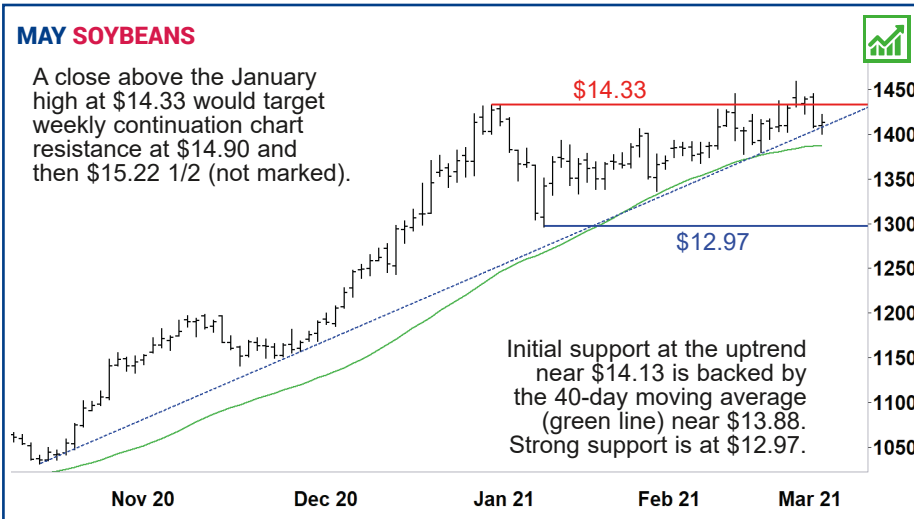
## Position Monitor

	'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. Attention remains focused on actual rainfall amounts in Argentina and the pace of delayed Brazilian soybean harvesting and exports. We want to be patient on advancing new-crop sales, with November trading sharply below May futures. That discount should encourage fund buying in new-crop futures.

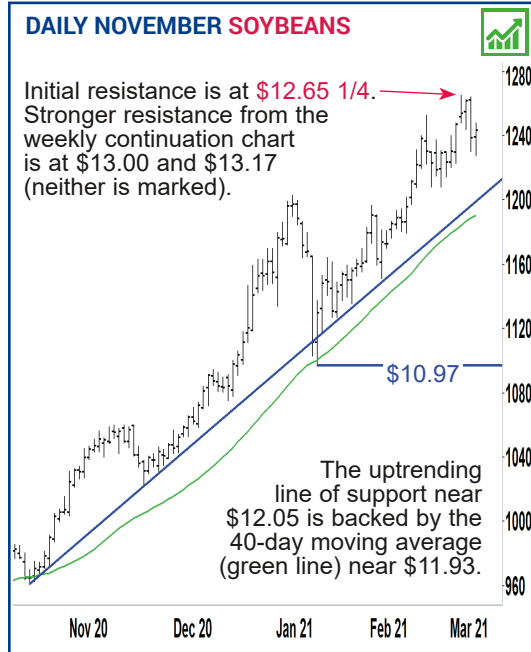
## MAY SOYBEANS

A close above the January high at \$14.33 would target weekly continuation chart resistance at \$14.90 and then \$15.22 1/2 (not marked).



## DAILY NOVEMBER SOYBEANS

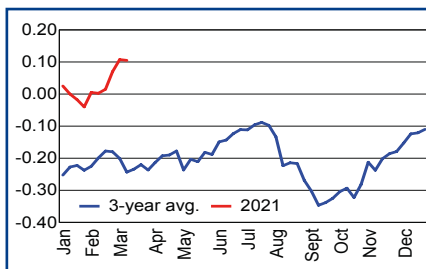
Initial resistance is at \$12.65 1/4. Stronger resistance from the weekly continuation chart is at \$13.00 and \$13.17 (neither is marked).



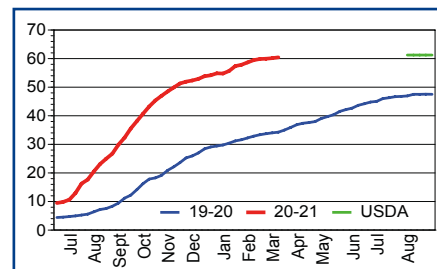
## SOYBEANS - Fundamental Analysis

Futures followed soy meal lower on worries Chinese feed demand may slow amid increasing outbreaks of African swine fever. Rains forecast for Argentina this week would aid late-planted crops, and crop estimates in Brazil are rising as rains helped yields more than they hurt quality. USDA did not reduce its carryover estimate, but stocks are still projected at the tightest as a percent of use and that should keep a firm tone under the market into the growing season. Starting this week, funds will be allowed to expand positions more than 83% but they have been reducing long bets the last two months so it will take a fresh fundamental trigger to energize new buying.

### AVERAGE SOYBEAN BASIS (MAY)



### SOYBEAN EXPORT BOOKINGS (MMT)



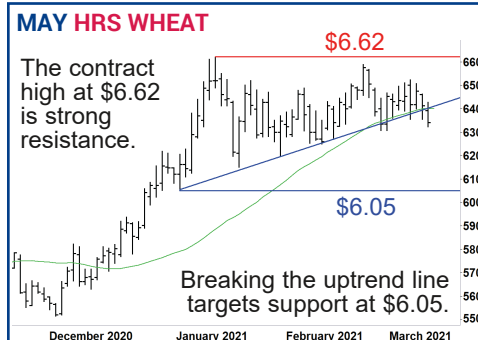
## MAY HRW WHEAT

Strong resistance remains at \$6.63.

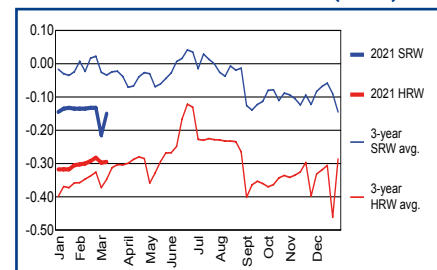


## MAY HRS WHEAT

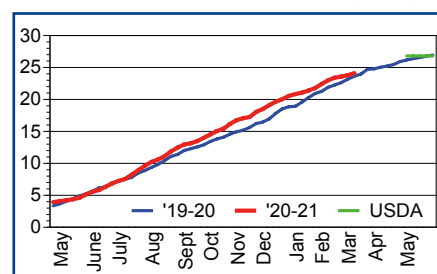
The contract high at \$6.62 is strong resistance.



### AVERAGE WHEAT BASIS (MAY)



### WHEAT EXPORT BOOKINGS (MMT)



**HRW** — Futures fell to eight-week lows on beneficial rain forecasts. An import tender by Egypt tempered supply concerns, as it showed a large number of offers, including some Russian wheat despite the new export tax. Russian wheat still is more competitive than U.S. wheat after lower freight is included. World supplies remain adequate to ample.

**HRS** — Spring futures continued to gain on winter wheat prices as the Northern Plains and Canadian Prairies remain dry and drought is expanding. Support also stems from speculation that HRS planted area will decline as farmers in both nations move to other crops with better returns. Export demand for white wheat remains strong.

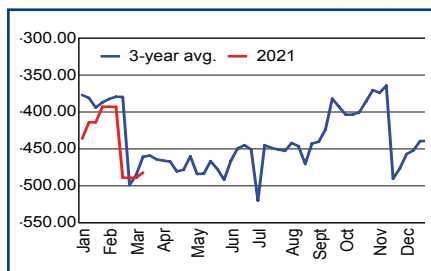


## Position Monitor

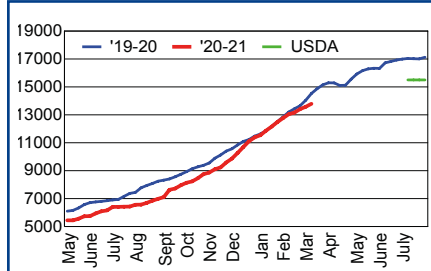
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

**Game Plan:** Use any rallies to get current with old-crop and new-crop sales. We plan to finish old-crop sales and add to new-crop forward sales on rebounds.

## AVERAGE COTTON BASIS (MAY)



## COTTON EXPORT BOOKINGS ('000 BALES)



## MAY COTTON



## COTTON - Fundamental Analysis

USDA cut its U.S. crop forecast, but the market fell on its reduced domestic demand on a lagging recovery. World mill use and trade were increased, and that helped to put a floor under prices. Traders' focus now turns to the container shortage to ship cotton and U.S. planting weather.

## GENERAL OUTLOOK

**CURRENCIES:** The Brazilian real is down about 8.8% against the dollar this year, leading losses among major currencies. Brazil's annual inflation jumped to 5%, past the government's 3.75% target.

Political rifts to pass an emergency stimulus bill and escalating inflation risks hamper the economic recovery. If the real continues to depreciate amid rising inflation that may force the central bank to raise interest rates, slowing the recovery.

During the rise of the Brazilian real from 2005 to 2011, the U.S. farmer became more competitive and profitable. Since then, the real has lost 75% of its value, boosting Brazilian farmers's profits and acreage. The rally in dollar-denominated grain and soybean prices since August pushed Brazilian prices to records.

The record prices have encouraged forward sales for 2022, keeping Brazil a strong competitor and acreage expanding.

## MONTHLY BRAZILIAN REAL



## FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

On March 10, we used price weakness to extend feed coverage. Livestock producers were advised to cover 100% of soybean meal and corn-for-feed needs through April. Given expectations for tight soybean supplies this summer, we also advised covering 50% of cash meal needs from May through August.

Soybean meal futures fell 12% from their January high to support near \$400. Meal has been the short leg of active spreading against long soybean. The oil share of the crush margin is over 41%, the highest since 2012 and another sign that meal is undervalued amid a tight soybean carryover.

Decatur, Illinois soybean meal prices are currently trading \$2 above May futures. The basis rose to a premium of

\$25 in the drought of 2012 and stayed elevated the next two years. The basis premium peaked in July 2013 at \$90 and soared to \$290 in September 2014.

Futures hedges would not have protected against cash market surges as crushers ran out supplies to make meal in 2014. That's why you should move aggressively and buy cash supplies with uncertainties about South American output, Chinese demand and dry Midwest soils already raising U.S. weather risks.

Corn supplies are not as tight as soybeans, but prices fell to support, triggering cash purchase advice. We plan to add to coverage if there are any bearish surprises in USDA's Grain Stocks and Prospective Plantings Reports on March 31.

## WATCH LIST

1	<b>USDA Grain Inspections</b> Focus is on corn shipping pace.	<b>MON 3/15</b> 10:00 a.m. CT
2	<b>NOPA Soy Crush Report</b> Look for record February crush.	<b>MON 3/15</b> 11:00 a.m. CT
3	<b>NWS Extended Weather</b> Forecasts for April through June.	<b>THUR 3/18</b> 7:30 a.m. CT
4	<b>USDA Weekly Export Sales</b> Sales may be sluggish after rallies.	<b>THUR 3/18</b> 7:30 a.m. CT
5	<b>USDA Cattle on Feed</b> February placements rose.	<b>FRI 3/19</b> 2:00 p.m. CT

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