Farm Journal
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News this week...

2 – Details on the next round of farmer Covid aid.
3 – U.S. hog herd contracting and likely to get smaller.
4 – Biden's infrastructure plan comes with a big price tag.

Grains sideways to lower, livestock futures rise – *Corn drifted down and soybeans were choppy to lower ahead of key USDA data this week (see below). Both markets remain hemmed within their extended sideways patterns while maintaining long-term uptrends. Winter wheat futures fell to new lows for the year as recent precip improved soil moisture for the crop. With the U.S. dollar index at its highest level since November, there are also concerns about export demand. Selling in spring wheat futures wasn't as heavy given concerns with drought in the Northern Plains. Cattle futures firmed as cash prices pushed above $115 for the first time since May 2020. Front-month hogs surged to their highest level since 2014 on rising cash hog and pork prices. A bullish Hogs & Pigs Report (see* News *page 3) added support.*

March 31 reports could be volatile

It's widely "known" both corn and soybean acreage will be up sharply from year-ago in USDA's March 31 Prospective Plantings Report, though "how much" is the key. March 1 grain stocks are likely to be the data that could really impact prices. Analysts have widely missed forecasts of quarterly corn stocks for years, and USDA has made major revisions to previous quarters the past two reports (see "From the Bullpen" on *Analysis page 4*). The range of estimates for March 1 stocks is over 400 million bu. for corn and nearly that wide for soybeans. Someone is going to be surprised.

Next farmer aid checks coming

USDA's Pandemic Assistance for Producers (PAP) program will distribute more than $12 billion in additional farmer aid. Sign-up will not be necessary for those who previously submitted Coronavirus Food Assistance (CFAP) applications. The funding includes $6 billion to develop new programs or modify existing proposals using remaining discretionary funding. Another $5.6 billion will be directed to formula payments to cattle producers and eligible flat-rate or price trigger crops. See *News page 2* for additional details on PAP.

Focus shifts to drying in Brazil

Frequent rains have been replaced with warmer and drier weather in central and northern Brazil. Focus will now be on whether this is a temporary shift or pattern change that marks the end of Brazil's wet season. Recent rains and cooler temps in Argentina should allow for a favorable finish to the growing season in most areas, though some yield potential was lost due to extended moisture stress.

EIA expands biofuels report data

The U.S. Energy Information Administration (EIA) will expand coverage of production capacities for biodiesel, ethanol and other renewable fuels in its monthly report. EIA will also increase data of feedstocks used to produce renewable fuels. USDA reportedly will begin including soyoil use for renewable diesel in its balance sheet in May.

Impacts of Suez Canal blockage

One of the world's largest container ships ran aground in the Suez Canal, blocking the pathway for about 10% of all global trade. Between 7% and 10% of global crude oil, liquefied natural gas, gasoline and other refined products flow through the canal per day. Impacts to U.S. trade flows should be limited, though it will prevent empty shipping containers from being returned to Asia, adding to a container shortage. Impacts to the U.S. and global economies are likely to be limited unless the ship remains lodged for weeks.

Inflation is key as economy rebounds

Treasury Secretary Janet Yellen and Fed Chair Jerome Powell say the U.S. economic recovery is evolving faster than expected. Powell continued to downplay inflation concerns, saying they are transitory.

Dr. Vince Malanga, president of LaSalle Economics, says: "If wage pressures remain dormant, inflation may be transient. But with unions beginning to flex their muscle, wage imbalances and pressures could surely arise. This would be bad for productivity, inflation and economic growth. We see this as a major risk for 2022 and one which bond investors may already be anticipating — even if the Fed does not."

Food inflation outlook unchanged

U.S. food price inflation in 2021 overall is seen at 2% to 3%. Food away from home (restaurant) prices are expected to rise 2% to 3%, while food at home (grocery store) prices are forecast to increase 1% to 2%. Those estimates were unchanged from last month. But beef and veal prices are now predicted to decrease between 1% and 2% compared with declines of 2.5% to 1.5% forecast one month ago.

A win for the U.S. banking sector

The Federal Reserve will end its temporary restrictions on most banks paying dividends and buying back shares after June 30. The Fed also announced the temporary change to its supplementary leverage ratio rule, which was implemented during the pandemic, will expire at the end of March.

EPA extends RFS compliance dates

EPA finalized a rule to extend the Renewable Fuel Standard (RFS) program's compliance deadlines for 2019 and 2020. Under the extended deadlines, obligated parties must submit 2020 compliance documentation by Jan. 31, 2022, and the associated attest engagement reports by June 1, 2022. EPA also extended the deadline for obligated parties to submit attest engagement reports for the 2021 compliance year to Sept. 1, 2022. The deadline for obligated parties to submit compliance documentation for 2021 is unchanged.

EPA also extended the deadlines for small refineries to comply with 2019 volume standards. Under the extended deadlines, small refineries must submit 2019 compliance documents by Nov. 30, 2021, and the associated attest engagement reports by June 1, 2022.

Perspective: The changes for the 2019 and 2020 compliance years were the same as those proposed in January by the Trump administration. The shift for the 2021 compliance year reporting is new action by the Biden administration.

DOJ hopes SRE ruling is upheld

The Department of Justice (DOJ) said the U.S. Supreme Court should uphold the decision by the 10th Circuit Court of Appeals that said EPA overstepped its authority when it granted small refinery exemptions (SREs) to three refiners for the 2016 compliance year. "By providing an initial, 'temporary' exemption that can be extended only under specified circumstances, Congress struck a sensible balance, giving small refineries time to develop compliance strategies while maintaining the ultimate goal of universal compliance," the filing from the DOJ and EPA said. The Supreme Court will hear arguments in the case April 27.

Canadian Pacific buys KC Southern

Canadian Pacific's $25 billion cash-and-stock deal for Kansas City Southern would create the first freight-rail network linking Mexico, the U.S. and Canada. This marks the third major U.S. railroad that the Canadian company has targeted in its quest to create a transcontinental network. Canadian Pacific's CEO says the lack of rail-line duplication between the two companies will minimize regulatory concerns. The combined railway could reduce the need for trucks to link production sites and allow cargo to avoid congested California ports. The transaction will need approval from the U.S. Surface Transportation Board, which is expected to be completed by the middle of 2022.

Details of USDA's new PAP aid

An additional $20 per acre for price trigger and flat rate crop producers will be paid beginning in April. FSA will automatically send the payments based on eligible acres under CFAP 2.

Cattle producers who applied for CFAP 1 will automatically receive additional payments based on the inventory between April 16, 2020, and May 14, 2020. Those payments will be $7 per head for feeder cattle less than 600 lbs.; $25.50 per head for feeder cattle 600 lbs. or more; $63 per head for fed cattle; $14.75 per head for mature cattle; and $17.25 per head for all other cattle.

USDA did not adjust payment limitations. Some producers may be squeezed by USDA's decision to put the above payments under the same pay limits covering CFAP 1 and 2.

Payments will be made to domestic users of upland and extra long staple cotton between March 1, 2020, and Dec. 31, 2020. The payment rate is calculated by multiplying 6¢ per lb. by the average monthly consumption of the domestic user from Jan. 1, 2017, to Dec. 31, 2019, then multiplying it by 10.

USDA will finalize "routine decisions" and "minor formula adjustments" on applications and begin processing payment for certain applications filed as part of the CFAP Additional Assistance (CFAP-AA) program — the program the Trump administration announced on Jan. 15, which the Biden administration froze for review. That includes:

- Row crop producers with a non-APH insurance policy will use 100% of the 2019 ARC-CO benchmark yield in calculating payments.
- Producers of sales commodities will use crop insurance, NAP and WHIP-Plus payments to calculate receipts, as required under the law.

Additional payments to swine and contract producers under CFAP-AA remain on hold and are likely to require modification, though FSA will continue to accept applications.

USDA will provide $6 billion in additional assistance to the following, though additional rulemaking is required:

- Dairy farmers via the dairy donation program or other means. There could also be further expansions or corrections to previous CFAP payments.
- Livestock and poultry producers for herd depopulation.
- Biofuels producers.
- Specialty crops, beginning farmers, local, urban, and organic farms (including costs of organic certification).
- PPE for food and farm workers and specialty crop and seafood producers, processors, and distributors.
- Improving the food supply chain, including meat and poultry operations to facilitate interstate shipment.
- Infrastructure for donation/distribution of perishables.

USDA will also reopen CFAP 2 for 60 days beginning April 5 to expand outreach to socially disadvantaged farmers.

Hog herd contraction underway

USDA in its Hogs & Pigs Report estimated the U.S. hog herd at 74.8 million head as of March 1, down 1.4 million head (1.8%) from last year's record and 1.5 million head less than the average pre-report estimate implied. That's the first time the hog inventory has been under year-ago since 2014, after the herd was decimated by PEDV. The market hog inventory at 68.6 million head was down 1.2 million head (1.8%) from last year. The breeding herd at 6.2 million head was down 160,000 head (2.5%) from year-ago levels.

Hogs & Pigs Report	USDA actual	Trade expected
	(% of year-ago)	
Inventory —		
All Hogs/Pigs	98.2	100.1
Breeding	97.5	98.7
Marketing	98.2	100.2
Pig Crop —		
Dec.-Feb.	98.6	100.7
Pigs/litter	99.5	100.0
Farrowings —		
Dec.-Feb.	99.1	100.7
Mar.-May Ints.	97.5	99.2
June-Aug. Ints.	95.8	99.7
Market Hog Inventory —		
Under 50 lbs.	98.7	100.7
50-119 lbs.	98.8	100.7
120-179 lbs.	97.5	100.9
180 lbs. plus	97.5	98.7

Through February, hog kills were 3.8% under year-ago and preliminary weekly data signals they have been 3.5% below last year to date this month. USDA's market hog inventories signal hog slaughter should run around 2.5% under year-ago levels into early summer and then about 1.2% to 1.3% below last year into early fall.

The winter pig crop at 33.3 million head was down 475,000 head (1.4%) from last year's record and the number of pigs saved per litter dropped 0.5%. Producers told USDA they intend to farrow far fewer sows during the spring (down 2.5%) and summer (down 4.2%) compared with year-ago levels. Combined with the smaller breeding herd, the contraction phase of the U.S. hog herd will continue well into 2022. But if prices continue to rally, we suspect actual spring and summer farrowings will be heavier than indicated.

Major revisions to past data

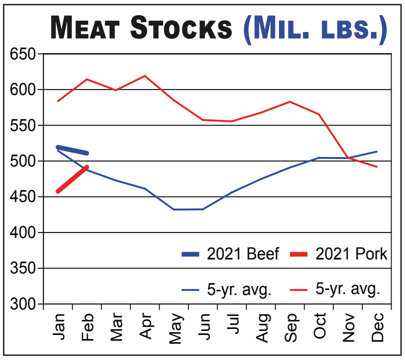
USDA revised all of its inventory numbers for 2020. Those revisions resulted in cuts of 1.5 million head (1.9%) for March, 2.3 million head (2.9%) for June, 665,000 head (0.9%) for September and 190,000 head (0.2%) for December.

Vilsack comments on China's ASF

USDA Secretary Tom Vilsack said he received assurances from his Chinese counterpart the country has the spread of African swine fever (ASF) "under control." But Vilsack said the situation is likely not that upbeat or simple. He commented, "They don't have it totally under control, but I don't think it's anywhere near as devastating as it was six or nine months ago."

Record February frozen beef stocks

USDA in its Cold Storage Report said there were 510.9 million lbs. of beef in the nation's freezers as of Feb. 28, a record for the month. While beef stocks dropped 8.5 million-lbs. (1.6%) from January, that was less than the five-year-average decline of 27.2 million lbs. for the month and inventories were up 16.3 million lbs. (3.3%) from year-ago. Given that beef production was down 1.2% from year-ago during February, the smaller-than-normal decline in beef stocks for the month suggests demand is waning. But the disparity may be tied to a lack of refrigerated container ships on the West Coast and at the Gulf. Beef stocks at those two regions rose a combined 3.9 million lbs. (1.3%) during February, while inventories declined in the Mid-Atlantic, New England and East North-Central regions.



Pork stocks jumped 34.0 million lbs. (7.4%) during February to 491.5 million lbs., which was a bit more of a rise than the five-year average build of 30.6 million lbs. for the month. But pork inventories were down 24.3% from last year.

USDA reported 769.2 million lbs. of chicken were in storage as of Feb. 28, down 48.1 million lbs. (5.9%) from January and 155.2 million lbs. (16.8%) under last year's record.

Feedlot inventories rise 1.6%

USDA reports there were 12.0 million head of cattle in large feedlots (1,000-plus head) as of March 1, which was up 1.6% from year-ago and just 24,000 head higher than the average pre-report estimate implied. Placements came in 0.5 percentage points higher than expected at 98.1% of year-ago, while marketings at 97.6% of year ago fell 0.5 points short of expectations.

Cattle on Feed Report	USDA actual	Average estimate
	(% of year-ago)	
On Feed March 1	101.6	101.4
Placed in Feb.	98.1	97.6
Mkted in Feb.	97.6	98.1

The drop in placements during February followed consecutive months in which the movement of cattle into feedlots topped year-ago levels by a combined 76,000 head. Feedlots cut placements by a combined 40,000 head versus year-ago levels in Kansas (-15,000 head), Texas (-10,000 head) and Nebraska (-15,000 head).

USDA pursues new rule on RFID tags

USDA will not finalize a plan by the Trump administration to approve Radio Frequency Identification (RFID) tags as the official eartag for interstate movement of cattle. All current approved ID methods can be used until further notice.

Biden's hefty infrastructure proposal faces high hurdles

by Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

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The Biden administration unveiled a two-part, $3 trillion to $4 trillion infrastructure plan linked with climate change and social program initiatives. Tax hikes would be needed to offset some of the costs.

Part 1 — Infrastructure reform

This portion of the measure would include:

• Nearly $1 trillion to repair the nation's roads, bridges, waterways, ports and rails. The plan would retrofit buildings, make safety improvements and provide funding for school infrastructure, as well as low-income and tribal groups.

• $400 billion in spending to combat climate change, including $60 billion for infrastructure related to green transit and $46 billion for climate-related research and development. Biden's plan would fund 550,000 electric vehicle charging stations across the country.

• $200 billion for housing infrastructure, including $100 billion to expand housing for low-income Americans.

• Hefty spending on infrastructure improvements, clean energy deployment and development of other "high-growth industries of the future" like 5G telecommunications.

• Funding for rural broadband, advanced training for millions of workers and 1 million affordable and energy-efficient housing units.

Part 2 — 'Human infrastructure'

This portion of the plan would include:

• Universal pre-kindergarten, free community college tuition, a huge spending increase on childcare and a national paid leave program. The measure would extend for several years the expansion of the Child Tax Credit recently signed into law for just one year as part of the $1.9-trillion stimulus plan.

• Extending subsidies for the Affordable Care Act, and providing free and reduced tuition at historically Black colleges and universities.

• Significant spending on education and on programs to increase the participation of women in the labor force by helping them balance work and caregiving.

• Expanded subsidies for low- and middle-income Americans to buy health insurance and tax credits aimed at cutting poverty, particularly for children.

Tax options to fund the initiative are still under review

Potential changes to tax policy include:

• Raising the corporate tax rate from 21% to 28%.

• Increasing taxes on the wealthy to 39.6% from 37%.

• Raising the global minimum tax from about 13% to 21%.

• Ending federal subsidies for fossil fuel companies.

• Forcing multinational corporations to pay the U.S. tax rate rather than lower rates paid by their foreign subsidiaries.

• Limiting deductions wealthy taxpayers can claim annually, among other measures.

Financing options could reduce federal spending by up to $700 billion over a decade (e.g., allowing Medicare to negotiate prescription drug costs with pharmaceutical companies).

Would tax changes impact the ag sector?

They are coming but have not been detailed. We will know more March 31 after President Joe Biden gives an update on tax reform in Pittsburgh. Some possibilities include a big boost in capital gains taxes (based on marginal annual tax rates), ending stepped-up basis and a big reduction in the current estate tax emption.

Is there any chance Congress will pass the measure?

It's unclear whether enough Republican support can be found, especially in the Senate. That will largely depend on how the package is funded. Senate Minority Leader Mitch McConnell (R-Ky.) says the administration's infrastructure plan would be a "Trojan horse" for tax increases.

Biden and Democratic congressional leaders could again use a special parliamentary tactic, budget reconciliation, to bypass Republicans. But moderate Democrats in the Senate have insisted the president engage Republicans on the next wave of economic legislation and insisted the new spending be offset by tax increases. Republicans are united in opposition to most of the tax increases Biden has proposed and business groups have warned that corporate tax increases would scuttle their support for an infrastructure plan. There's only one more opportunity to use reconciliation this year, so the White House will need a 60-vote strategy for any pieces that move through the Senate outside of reconciliation.

Why are Biden and Democrats moving so fast?

Recent history suggests an administration only has about a year to push major legislation through Congress before attention turns to the midterm elections, and those rarely go well for the party in power. Any bill not at the very top of the president's list is unlikely to happen.

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Farm Journal CEO, Andrew Weber

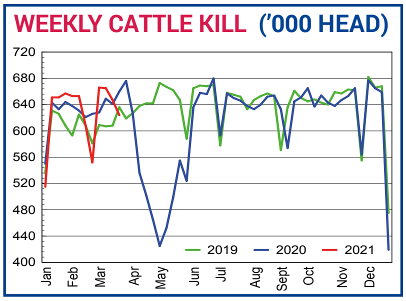
CATTLE - Fundamental Analysis

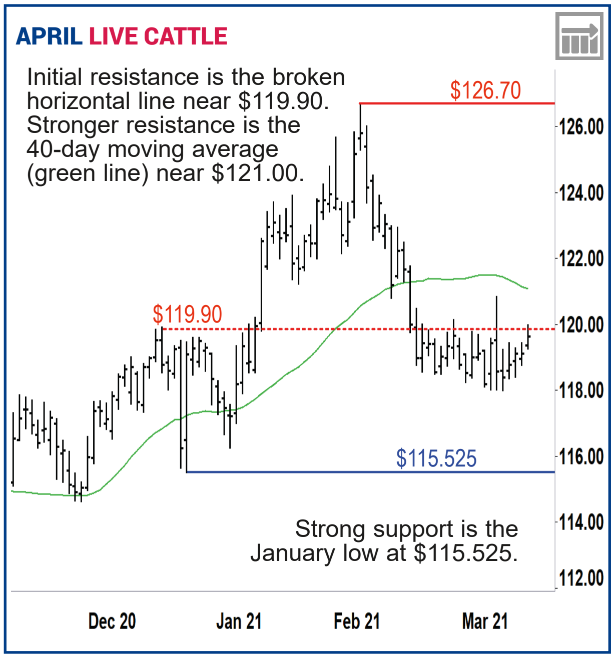
After seven weeks, the cash cattle market moved away from the $114 level, posting gains of $1 to $2 last week. Boxed beef prices also rallied, cementing a seasonal low a couple of weeks earlier than expected. Packers are closing out the month with record first-quarter profits and may be more generous bidding for animals as supplies are poised to begin tapering in April. Domestic beef demand is strong and should remain so with emergency stimulus checks hitting mailboxes and Covid restrictions easing. Export sales through March 18 are 20% ahead of last year's pace. Sales gains to China are leading the advance.

Position Monitor

Game Plan: The cash market will need to sustain rallies given futures' premiums. Be prepared to place hedges on further price strength into April.

	Feds	Feeders
I'21	0%	0%
II'21	0%	0%
III'21	0%	0%
IV'21	0%	0%





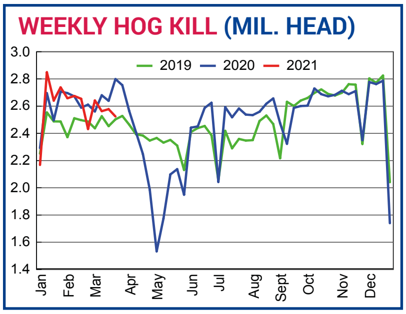
HOGS - Fundamental Analysis

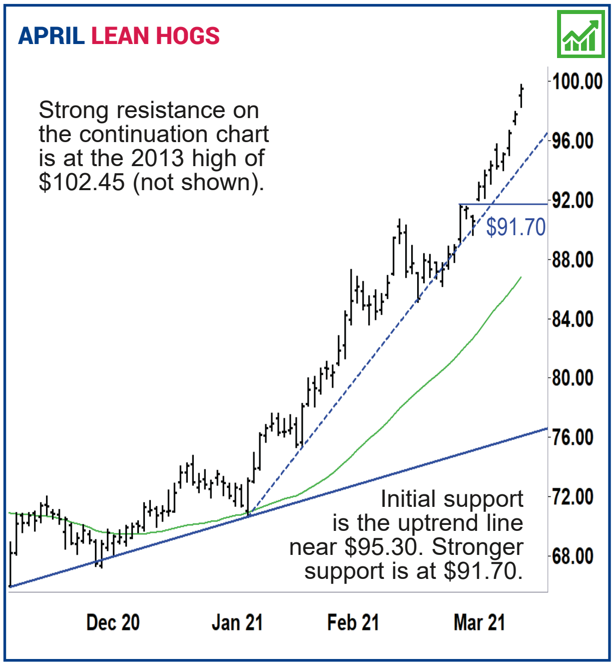
Futures rose to new contract highs on strength in cash hogs and rising pork cutout values. Cumulative pork export sales and shipments this year are still down 4.2% from last year as of March 18. Sales to China are down 30% from last year's record pace. Futures' premiums to current cash bids are tied to speculation China's African swine fever outbreak may be worse than officially announced and will lead to stronger imports the remainder of 2021. Price trends will depend on USDA estimates of breeding herd supplies and the size of the pig crop last quarter (*see* *News page 3*).

Position Monitor

Game Plan: Get current with second- and third-quarter hedge advice. The vertical price trajectory warns the rally may be climaxing. Be prepared to add to hedges.

	Lean Hogs
I'21	0%
II'21	25%
III'21	25%
IV'21	0%





FEED

Feed Monitor

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

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

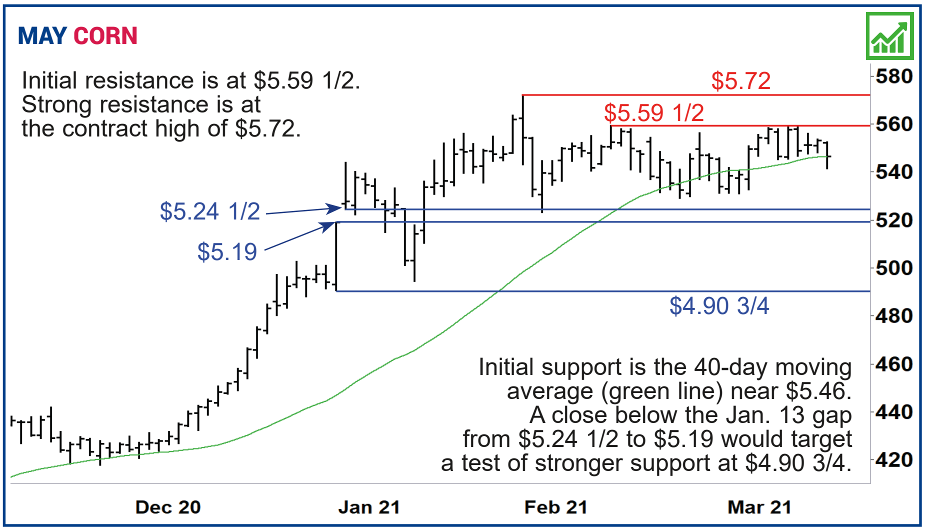
Corn Game Plan: You should have all corn-for-feed needs covered in the cash market through April. We are targeting more purchases below $5.20 in May futures.

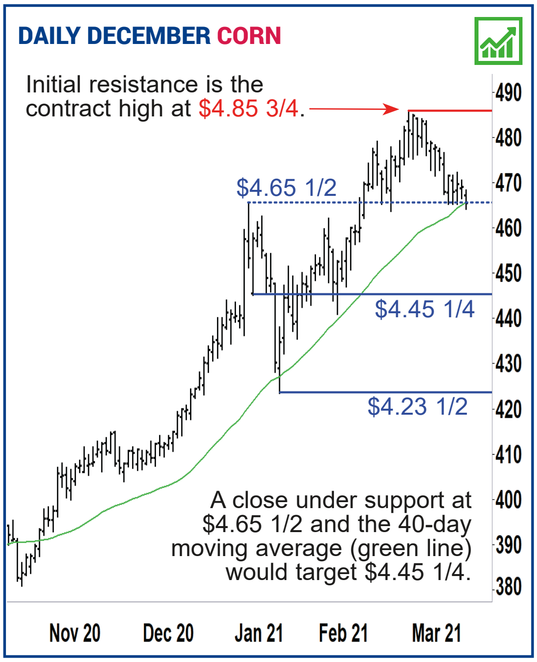
Meal Game Plan: We have advised buying 100% of meal feed needs through April in the cash market and 50% of protein feed needs for May through August in the cash market.

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 find support until this year's output becomes more clear. Prices are following normally weak seasonal trends. A close below the Jan. 13 gap in May futures would be a warning that the rally may have peaked. Stay patient on additional new-crop sales.

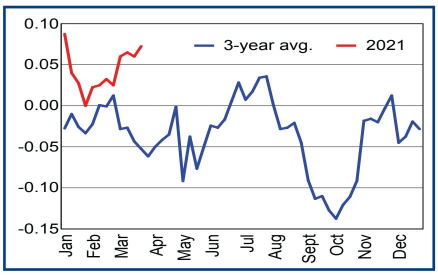




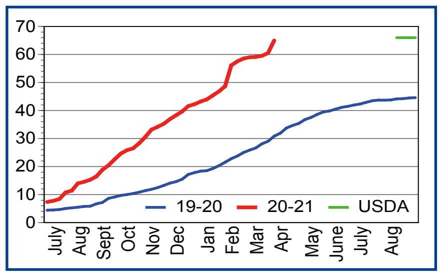
CORN - Fundamental Analysis

Futures fell to test support amid fund liquidation across commodities. The stronger U.S. dollar and increased moisture across parts of the Midwest curbed risk appetite. Trade direction will pivot on USDA's March 31 planted acreage and March 1 stocks estimates. The history of both bullish and bearish surprises in the stocks data encouraged funds to pare large long positions. Export sales reached 98% of USDA's forecast, so shipping those sales will be the focus through summer. China is buying all the corn it can from multiple sources, boosting speculation strong demand for U.S. corn will continue despite rising U.S./Sino tensions and African swine fever outbreaks.

AVERAGE CORN BASIS (MAY)



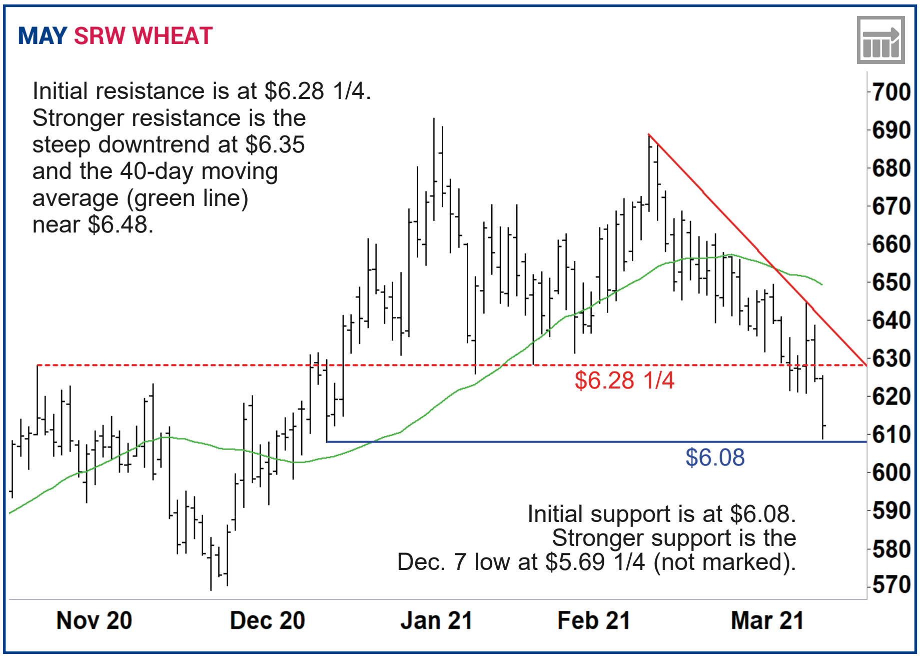
CORN EXPORT BOOKINGS (MMT)



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 until more is known about April and May weather across the Northern Hemisphere.



WHEAT - Fundamental Analysis

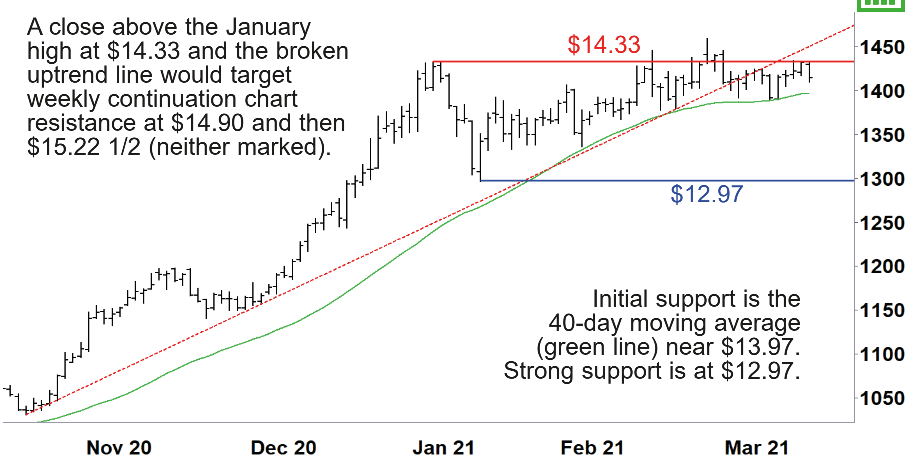
SRW — Futures slumped on improving U.S. crop conditions, falling Russian and European prices, and chart-based selling. Global crop estimates are rising but demand is also improving. Focus now turns to export demand after the break in prices, with some talking about new Chinese purchases.

Position Monitor

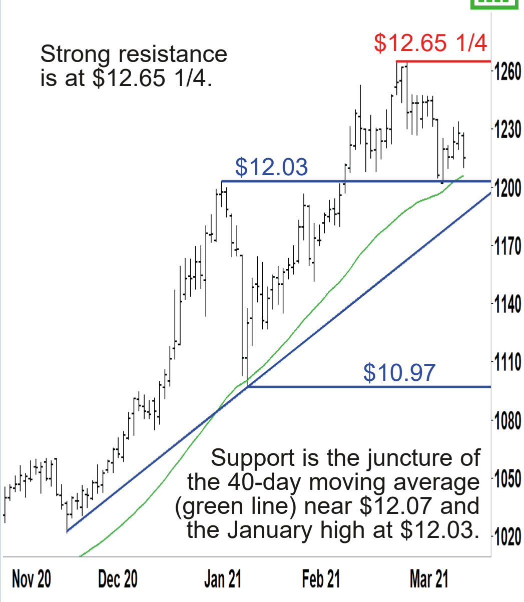
	'20 crop	'21 crop
Cash-only:	90%	20%
Hedgers (cash sales):	90%	20%
Futures/Options	0%	0%

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 until after USDA's acreage and stocks report March 31. The record export and crush pace may lead to USDA cutting its carryover estimate on April 9. The steep discount November futures hold to spot cash prices should encourage buying in new-crop futures on bullish news.

MAY SOYBEANS



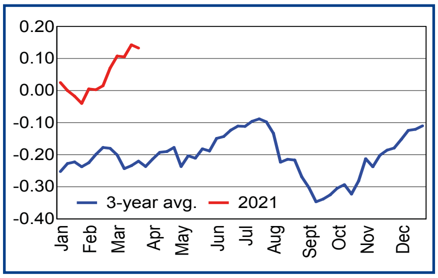
DAILY NOVEMBER SOYBEANS



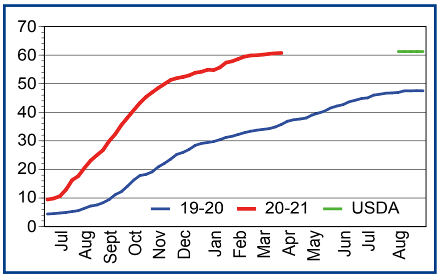
SOYBEANS - Fundamental Analysis

Futures continued to meander inside of their five-week trading range, waiting for USDA's updates on planting intentions and March 1 inventories on March 31. The potential for either bullish or bearish fireworks has curtailed trading interest. Beneficial rains in Argentina and accelerating Brazilian exports helped limit buying. Rising U.S./China tensions added to bullish caution. Wide swings in soyoil after surging to contract highs may be warning of a top. However, biodiesel and food demand continue to improve with the global recovery. Trade will be watching for confirmation of rumors of imports of South America refined soybean oil and soybeans.

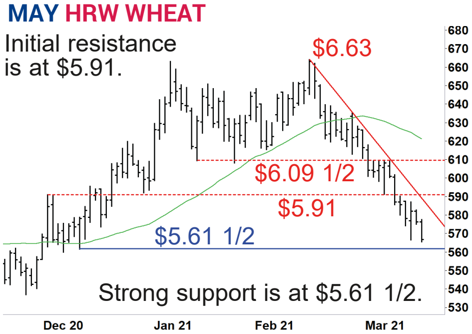
AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)

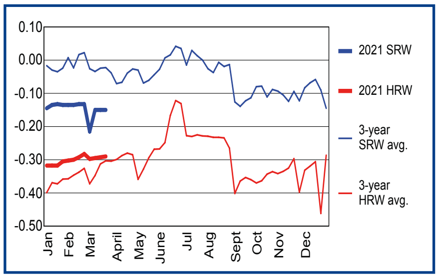


MAY HRW WHEAT

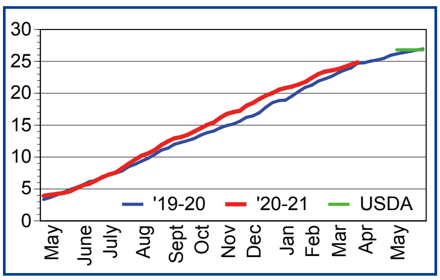


MAY HRS WHEAT

AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



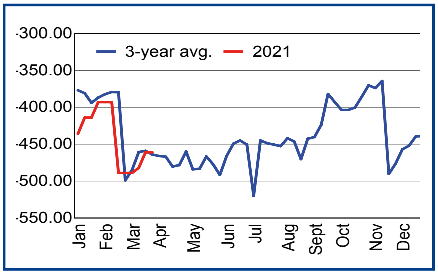
HRW — The drop to four-month lows will boost feed demand across the Plains during the April to August timeframe and should help the market stabilize after rains boosted new-crop potential. More moisture will be needed in April and May. Global buyers have been quiet on price breaks as soaring ocean freight costs curbed demand.

HRS — Spring futures continue to build premiums relative to winter wheat heading into the USDA planting intentions report. Traders are looking for a drop in acreage from 2020. Acute dryness in the Northern Plains and Canadian Prairies is also providing support. Increased HRW feed use boosted miller demand for HRS supplies.

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.

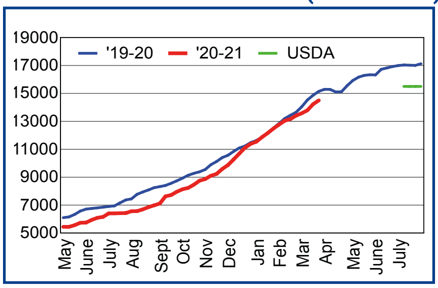
AVERAGE COTTON BASIS (MAY)



COTTON - Fundamental Analysis

Futures tumbled as lower oil prices and a firming U.S. dollar triggered fund sales. While accumulated exports are already ahead of the USDA's forecast, rising tensions with China have raised concerns that some outstanding sales may not get shipped. Texas drought remains a threat.

COTTON EXPORT BOOKINGS ('000 BALES)



MAY COTTON

GENERAL OUTLOOK

Crude oil: Oil prices touched a 29-month high near $68 earlier this month before retreating the last two weeks on dimming prospects of a steady recovery in demand after new Covid restrictions were imposed in some countries.

Prices also pared gains as spending in U.S. oil fields is soaring this year as the industry recovers from last year's pandemic-driven oil price crash, according to the Federal Reserve Bank of Dallas.

While improved oil prices have boosted expectations for 2021, the potential for the Biden administration to push for greener fuel policies and the threat OPEC and its partners could easily boost production after the 40% price jump this year also capped the rally.

A weak close to finish March could quell speculative buying in other commodities on ideas the reinflation story is also ending.

MONTHLY U.S. CRUDE OIL FUTURES

FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

After all the errors USDA had counting corn inventories last year, traders are on edge heading into the Quarterly Grains Stocks Report on March 31.

Last September, USDA estimated corn inventories 255 million bu. lower than trade expectations and 619 million bu. lower in January. March 1 inventories a year ago were 175 million bu. below trade estimates. But the March estimates were 269 million bu. above trade expectations in 2019 and 175 million bu. in 2018.

In the past 20 years, March industry estimates were too high 11 times by an average of 90 million bu. and too low eight years by an average of 158 million bushels.

The Dec. 1 inventory report released in January showed record first-quarter feed use. Based on already reported exports and ethanol production and assuming USDA is correct on its annual feed-use forecast, then second-quarter corn use may fall to 1.210 billion bu., down from 1.318 billion a year earlier. That would suggest March 1 corn stocks at 7.933 billion bu., down from 7.952 billion a year earlier. However, market bulls are forecasting stronger feed use, implying tighter U.S. ending stocks in the April 9 supply and demand update.

Traders have estimated March 1 soybean stocks above USDA 10 times in the past 20 years by an average of 21 million bushels. The nine times the trade was too low, the average miss was 43 million bushels.

WATCH LIST

1. **USDA Grain Inspections** — **MON 3/29** 10:00 a.m. CT
   Corn shipments stay strong.
2. **USDA Grains Stocks Report** — **WED 3/31** 11:00 a.m. CT
   Corn stockpiles are key.
3. **USDA Prospective Plantings** — **WED 3/31** 11:00 a.m. CT
   Larger corn, soy acres expected.
4. **USDA Soybean, Ethanol Crush** — **THUR 4/1** 2:00 p.m. CT
   Record soy use seen in February.
5. **U.S. Employment Report** — **FRI 4/2** 7:30 a.m. CT
   Focus is on jobs creation in March.

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