



News this week...

- 2 – Rains aid Brazil bean crop, but cause quality, export woes.
- 3 – Soybeans making a push for more acres this year.
- 4 – Are the many changes at USDA a concern?

Choppy trade in grains, soybeans continues – Soybean futures firmed last week amid ongoing harvest delays in Brazil and building crop stress in Argentina. But the market was unable to push above its late-February highs. Corn futures drifted lower but held within their extended sideways range. The winter wheat markets followed the corn market slightly lower, while spring wheat futures firmed amid spreading action. Grain and soybean futures likely need bullish data from USDA's March 9 Supply & Demand Report to push to new highs. Cattle futures continued to drift lower, though the market tried to stabilize late in the week. Cash cattle prices held around \$114 for a fifth consecutive week. The strong rally in lean hog futures paused last week as traders waited on the rising cash market to catch up.

Status quo for South America weather

Frequent rains are expected to continue across central Brazil, hampering soybean harvest and the planting of safrinha corn. Lighter and more scattered rains are expected in southern and northeastern areas of the country through mid-month. Forecast models signal southern Argentina could be in line for some needed rains this week, though central crop areas will be hot and dry. Crop stress will build in areas of Argentina that don't receive scattered rains.

Fine tuning expected March 9

After being disappointed in February, traders have reeled in their expectations and anticipate a modest 32-million-bu. cut to corn ending stocks this month. They expect a 3-million-bu. reduction to projected soybean carryover and an increase of that amount to wheat ending stocks.

Traders will monitor USDA's changes to South American crops, though only modest adjustments are likely.

Changing times at USDA

We were initially pleased when Tom Vilsack returned to lead USDA after how he finished his first term under the Obama administration. But it's clear things are going to be very different this time around. We highlight some of the key changes and focal points for Vilsack on [News page 4](#).

Sharp turnaround in ag conditions

"Dramatic improvements in crop prices drove the sharpest turnaround in agricultural lending conditions in more than a decade," according to Fed surveys of ag lenders. At the start of 2021, farm income was higher than a year ago in all districts and "the overall outlook for agricultural credit conditions was markedly more optimistic than recent years," the Fed said.

Keep the acreage responses coming

Thanks to those who completed our planting intentions survey. If you haven't completed our survey, check your email and please fill it out by the end of this week. We'll have analysis of your planting intentions in the March 20 newsletter.

Senate poised to pass Covid aid

Senate Democrats advanced an amended \$1.9-trillion Covid relief package Friday. After it is approved by the full chamber, the bill will head back to the House to reconcile the differences. Congress will pass the relief package before March 14 when some increased unemployment benefits expire.

Jobs data stokes inflation fire

The U.S. economy added 379,000 non-farm payrolls in February, nearly double what was expected. The unemployment rate ticked down to 6.2%.

U.S. 10-year Treasury yields jumped above 1.6% and the U.S. dollar rallied after the much-stronger-than-expected jobs data. Fed Chair Jerome Powell reiterated his intention to keep easy-money policies in place, but the bond market and the U.S. dollar signal traders don't believe the dovish stance.

China aims for higher food security

China will raise the minimum price used to purchase wheat and rice from producers and will increase corn area this year as it seeks to boost grain production. The increase in the wheat minimum purchase price is the first since 2014. China says it needs to expand domestic plant breeding, but gave no specific targets for commercialization of GMO crops. China's leaders also signal the country must rebuild and stabilize hog production, and expand the sheep and cattle sectors.

China targets GDP over 6% in 2021

China aims to expand its economy by 6% or more this year after the Covid pandemic limited growth to 2.3% last year. The country will seek to create more than 11 million new urban jobs and lower its deficit-to-GDP ratio to 3.2% from 3.6% last year. China also set a target for its consumer price index to increase around 3% this year. Chinese leaders scrapped a five-year GDP target, saying they plan to keep the economy expanding "within a reasonable range."

PERSPECTIVE: Unlike comments and policy actions in the U.S., Chinese rhetoric indicates more restrictive monetary and fiscal policies to prevent economic bubbles.

Brazilian bean crop pegs raised

Quality concerns with the Brazilian soybean crop continue to rise given persistent late-season rains across central and northern areas of the country. But the rains have boosted overall production prospects. Brazil-based AgRural told us, "We've seen lots of soybeans with up to 30% moisture, especially in central and northeastern states, and farmers have been facing discounts. But we don't see a significant impact on production yet."

AgRural raised its Brazilian soybean crop estimate by 1.3 million metric tons (MMT) to 133 MMT. South American Crop Consultant Dr. Michael Cordonnier increased his estimate by 2 MMT to 132 MMT. StoneX (formerly INTL FCStone) raised its crop peg by 700,000 metric tons to 133.5 MMT.

Cordonnier kept his Brazilian corn crop forecast at 105 MMT. He says nearly two-thirds of the second corn crop will be planted later than desired, increasing risks it will pollinate and fill after the wet season ends. StoneX lowered its Brazilian corn crop peg by 1.7 MMT to 108.5 MMT.

Long lineup of ships waiting on beans

The slowest harvest pace in the past 10 years has led to major backlogs at Brazilian ports. The capacity of ships waiting to load soybeans reached a record 19 MMT early last week, according to Brazilian shipping firm Patria Agronegocios. Cordonnier says it will likely take up to 45 days to clean up the backlog and get ports back to normal. But that will require drier weather and the arrival of better quality soybeans. Port loadings are suspended during rainy periods and there may be a shortage of high-quality soybeans needed to blend cargoes to reach export standards.

Lower-quality soybeans from Brazil would normally draw attention to the potential for Chinese rejections. But the country needs supplies. China's Dalian soybean futures surged to record levels last week amid low inventories and slow arrivals from Brazil. U.S. old-crop supplies are also tight, leaving Chinese importers with limited options.

Argentine crop conditions decline

Heat and moisture stress led to five-percentage-point drops in both Argentina's corn and soybean crop ratings over the past week. The Buenos Aires Grain Exchange rates 10% of the soybean crop and 25% of the corn as "good" to "excellent." It forecasts both crops at 46 MMT, though maintaining those levels will "depend on weather conditions in the coming weeks." Cordonnier kept his Argentine estimates at 46 MMT for soybeans and 45.5 MMT for corn.

Drought more damaging than freeze

Drought has worsened across much of Texas over the past four months. Nearly 81% of the state is dealing with abnormal dryness or drought, according to the U.S. Drought Monitor. Drought/dryness also covers all of Colorado, 57% of Kansas (from southwest to north-central), virtually all of Nebraska and nearly one-third of Oklahoma, including half of the Panhandle and southwestern areas.

"Coupled with the dryness, the recent cold snap also has impacted winter wheat, with the regional agronomist stating that the drought has probably caused more loss to winter wheat across the region than the recent weather events," Drought Monitor summary notes.

Big drop in Aussie wheat crop, exports

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) expects the 2021-22 Aussie wheat crop will plunge 25% from this year's record to 25 MMT as La Niña fades. ABARES forecasts the sharp reduction in crop size will shrink Australian wheat exports by 4.9 MMT (23%) to 16.4 MMT for 2021-22.

Big jump in Ukraine grain crop, exports

Most Ukrainian winter grain crops are in excellent condition thanks to favorable weather. As a result, Ukraine's deputy economic minister says the country could produce a record grain crop above 75 MMT this year, including 29 MMT to 30 MMT of wheat and 9.5 MMT of barley. The forecast assumes at least 34 MMT of corn production.

A sharp increase in production could allow the country to export 50 MMT to 53 MMT of grain in 2021-22, up from 45.3 MMT forecast this year. Ukraine's wheat exports are expected to rise to 21 MMT to 22 MMT, up from 17.5 MMT.

Mild winter improves Russian crops

Relatively mild temps and a pickup in precip the past two months across Russia have improved winter grain conditions for a crop that had dealt with dryness last fall, according to the state weather center. In December, 22% of Russia's winter grain crop was rated in poor condition, marking a seven-year high. But the weather center now says just 7% to 9% of the crop is in poor condition, though that's still up from 4% at this time last year.

FAO expects record world wheat crop

The Food and Agriculture Organization of the United Nations (FAO) projects the 2021 global wheat crop at a record 780 MMT. That would be up 6 MMT from 2020 and the third consecutive annual increase in wheat production. The bigger wheat crop is expected to drive a "small rise" in global cereal grain production.



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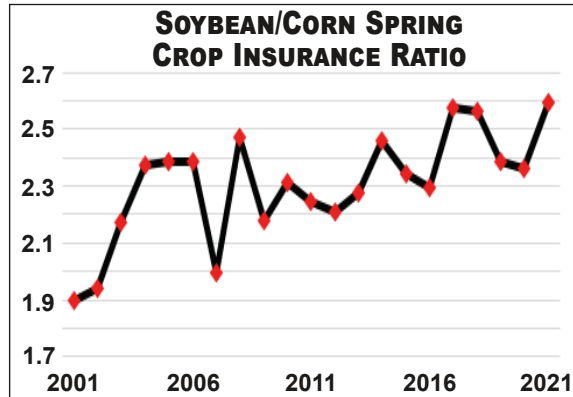
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Soybeans making a push for acres ahead of planting season

Spring crop insurance prices were set at \$11.87 for soybeans (up from \$9.17 last year) and \$4.58 for corn (up from \$3.88) based on the average closing prices of November soybean futures and December corn during February. Those were the highest price levels since 2014 for corn and 2013 for soybeans. The ratio of those average prices is 2.592, the highest ever, just eclipsing 2017 and 2018. For comparison, the 2011 to 2020 average was 2.372 and the 2001 through 2020 average was even lower at 2.291.



In 2017, when the ratio was 2.573, U.S. farmers planted a record 90.2 million acres to soybeans and 89.1 million acres to corn. In 2018, when the ratio was 2.566, producers planted 90.2 million acres to both crops. Both of those years had low number of prevent-plant acres.

This year's record spring crop insurance ratio makes a strong case for soybean acres to be near the level of corn plantings, if not slightly more. But there are other factors that come into play in determining the final acreage mix. There was a lot of anhydrous put on across the Corn Belt last fall that locks in those as corn acres. Also, if spring weather is favorable, farmers tend to favor corn over soybeans. History tells us if spring prices are going to influence acres, it's most likely to happen in the fringe states.

Record soy crush pace

The U.S. crushed 196.6 million bu. of soybeans during January, which was the second-largest crush on record, coming in just shy of the record from October 2020. The January crush was up 1.7% from December and 4.1% from year-ago.

Through the first five months of the 2020-21 marketing year, soybean crush totaled 948.3 million bu., up 5.6% from the same period last year. To hit USDA's 2020-21 projection of 2.2 billion bu., crush would have to total 1.252 billion bu. from February through August, down 1.2% from the same period last year. A lack of soybeans and plant maintenance will dramatically slow the crush pace this summer.

Ethanol use remains well under year-ago levels

The U.S. used 465.7 million bu. of corn for ethanol and other purposes during January, a 2.9% decline from December and a 10.3% drop from year-ago. That tally included 415.8 million bu. of corn used for ethanol, which was down 3.7% from December and 11.4% below year-ago levels.

During the first five months of 2020-21, corn-for-ethanol use totaled 2.116 billion bu., down 6.0% from the same period last year. To reach USDA's forecast of 4.95 billion bu., ethanol use would need to hold at about an average of 415 million bu. per month.



	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	April	April-June	July-Sept.
(Monthly & quarterly avg.)						
CORN						
Central Illinois, bushel	3.63	5.44	5.29	5.40	5.30	5.00
Omaha, NE, bushel	3.64	5.36	5.38	5.45	5.35	5.05
Dried Distillers Grain, IA, \$/ton	--	240.00	237.33	--	--	--
SOYBEANS						
Central Illinois, bushel	8.78	13.96	14.13	14.25	14.25	13.50
Memphis, TN, bushel	9.10	14.37	14.44	14.60	14.60	13.85
Soymeal, 48% Decatur, ton	299.80	425.00	420.70	425.00	420.00	400.00
WHEAT						
Kansas City, HRW, bushel	4.48	6.66	6.55	6.60	6.60	6.70
Minneapolis, 14% DNS, bushel	6.59	7.54	7.65	7.75	7.75	7.50
St. Louis, SRW, bushel	5.64	7.03	6.99	6.90	6.80	6.70
Portland, Soft White, bushel	6.15	7.30	7.35	7.45	7.40	7.00
Durum, NE MT HAD, 13%, bu.	6.18	6.05	6.07	6.25	6.30	6.30
SORGHUM , Kansas City, cwt.	6.50	11.54	11.31	11.50	11.50	10.90
COTTON , 11/16 SLM, 7 area, ¢/lb.	57.18	87.52	86.68	88.00	87.00	85.00
RICE , nearby futures, cwt.	13.42	12.89	13.06	13.30	13.25	13.10
BARLEY , MT, G.T., malting, cwt.	8.85	7.25	7.25	7.40	7.40	7.25
OATS , Minneapolis No. 2 heavy, bu.	3.33	3.79	3.82	3.75	3.85	3.75
ALFALFA , NW Iowa, lg. sq. prem., ton	152.50	160.00	--	165.00	165.00	160.00
SUNFLOWERS , Fargo, ND, cwt.	19.75	19.90	20.75	21.00	21.00	20.00
HOGS , Nat'l carcass 51%-52% cwt.	54.20	76.59	81.20	75.00	85.00	70.00
FEEDER PIGS , 40 lbs., Nat. avg. head	57.79	81.05	87.43	72.00	69.00	67.00
CHOICE STEERS , feedlots, cwt.	119.54	114.07	114.07	114.00	113.00	114.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	135.46	134.80	137.62	140.00	138.00	140.00
Steers, 500-550 pounds, cwt.	169.55	159.75	170.59	165.00	163.00	165.00
Heifers, 450-500 pounds, cwt.	152.32	149.62	150.92	151.00	149.00	150.00
COWS , utility, Sioux Falls, SD, cwt.	60.75	69.42	63.64	60.00	62.00	59.00
MILK , Class III, CME spot month, cwt.	16.99	15.61	16.12	17.00	17.50	17.75
LAMBS , Slg., San Angelo, TX, cwt.	--	--	182.00	--	--	--
ENERGY						
Ethanol, IA, gallon	1.25	1.63	1.67	--	--	--
Farm diesel, U.S., gallon	2.32	2.34	2.44	2.41	2.52	2.37

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

Vilsack: 'Going to be a very active and proactive USDA'

by Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

If you thought changes came rapidly during the Trump administration, the twists and turns of the Biden administration, including at USDA, have been an even wilder ride. USDA Secretary Tom Vilsack is part of the rapid process. He says a lot has changed since his first time leading USDA under the Obama administration, and so has he. In several speeches, Vilsack laid out the fast-track approach.

A focus on equity

Vilsack announced a commission to study equity and named advisers for racial issues and market reforms. The commission is to ensure “we’re treating all of our producers, especially socially disadvantaged producers, fairly,” Vilsack said. The panel will “begin the process of investigating all of the programs at USDA to make sure that we identify and root out any systemic racism that may exist in those programs... We’ve not only had discrimination in the past, but we’ve had the cumulative effect of that discrimination, which needs to be addressed.”

Big change... from food to nutrition security

It is as important to improve the way Americans eat as it is to make sure they have enough to eat, he said. “We are going to learn a lot more about our genetic makeups,” which should make it possible to develop specific diets for people with one condition or another. The Biden administration plans to restore the school meal nutrition standards implemented under the Obama administration but altered by the Trump team. School meal standards will come in line with the 2020 Dietary Guidelines, Vilsack said, stressing farm groups say they want rules to be based on sound science, so “nutrition at schools should be based on sound science.” He said “people of color” are more likely than the white population to eat poorly and said improving diets should be part of USDA’s focus on addressing racial discrimination.

Changes may be made to Food Box program

While he supports the initiative deployed by the Trump administration as part of the Coronavirus Food Assistance Program, Vilsack says there could be changes. He suggested one option could be to involve The Emergency Food Assistance Program (TEFAP) as that has an established distribution system.

Other issues Vilsack addressed

- **USMCA:** In talks with his counterparts in Canada and Mexico, Vilsack said he would hold them accountable to their trade promises. He specifically said Canada must comply with the dairy and wheat provisions.

- **CLIMATE CHANGE:** His vision is to create viable, voluntary, incentive-based carbon markets so farmers can get paid to store carbon. USDA will soon be asking farmers for input on how to create these markets so they will be “designed by farmers, for farmers” and not for the investor class, Vilsack stressed. He mentioned the potential expansion of several conservation programs to address climate. Vilsack predicted farms would provide “early wins” for the Biden administration’s efforts to counter climate change and will draw on the department’s Commodity Credit Corp. borrowing authority to fund initiatives.

- **BIOFUELS:** Vilsack wants to prioritize small refinery biofuel waivers and weed out larger companies that take unfair advantage of those waivers. “We’re not going to see the kind of liberal use of waivers that were granted in the previous administration,” Vilsack predicted.

- **MARKETS:** Vilsack will look into the re-establishment of a task force on concentration and fair markets established with the Justice Department in the Obama administration. It may be expanded to include the Federal Trade Commission and the Small Business Administration.

- **BROADBAND INTERNET ACCESS:** Vilsack is “skeptical” of the private sector’s ability to provide high-quality service in rural America because companies “can’t make the business case.” The government, he added, has to subsidize rural internet, noting he has spoken to Transportation Secretary Pete Buttigieg about using transportation rights-of-way to put in fiber optic cable. The climate agenda cannot be advanced without the data that would be obtained through rural broadband, he detailed.

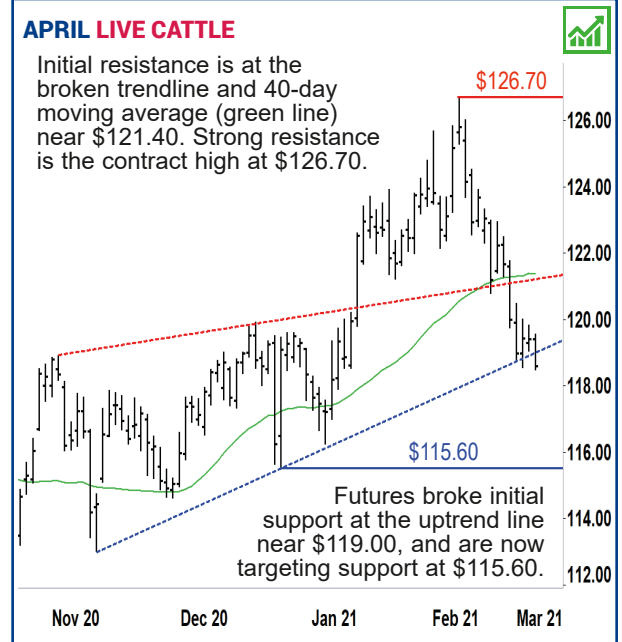
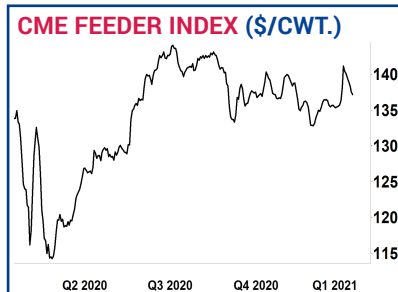
- **COVID AID:** USDA will “figure out who was left out, who wasn’t supported adequately last time” and prioritize those farmers and commodities this time around.

- **USDA PERSONNEL:** Vilsack said there were many jobs that went unfilled in the Trump administration. In the Obama administration, USDA was considered one of the best large federal agencies in which to work, he said, but “today it is at the bottom” of those lists. USDA offices cannot be opened completely, he added, until “we are on the other side” of the pandemic.

CATTLE - Fundamental Analysis

Live cattle futures are struggling after five consecutive weeks of cash trade around \$114. Cash supplies remain adequate and have limited firmer cash trade from developing, despite record packer margins. Boxed beef prices have retreated from their second highest February levels. Still, beef demand is excellent and as the U.S. reopens, food service buying will be supportive. Beef was a top feature in supermarket ads last week. Packers will need to replenish inventories after using formula and company-owned supplies to ramp up slaughter. March cattle placements will be large as high prices will restrict wheat grazing.

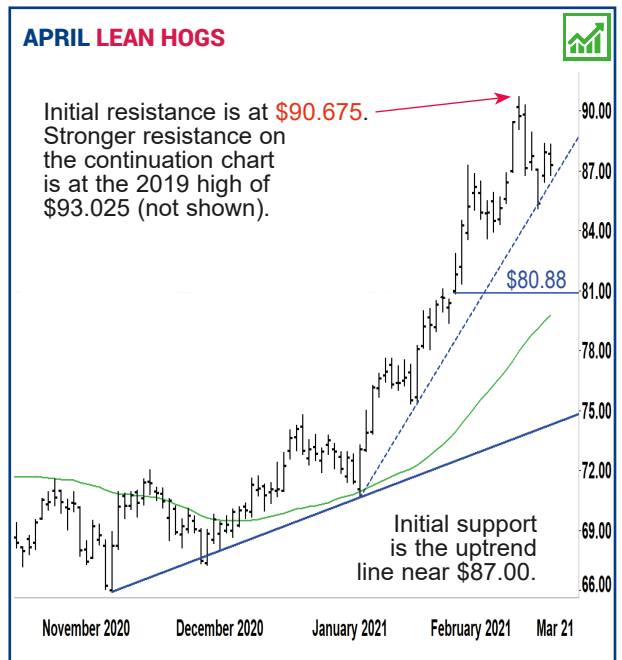
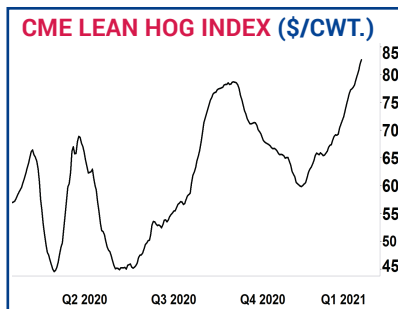
Position Monitor			
Game Plan:		Feds	Feeders
Fed cattle retreated but the rally may resume on strong beef demand. Be prepared to hedge on a retest of the February highs.	I'21	0%	0%
	II'21	0%	0%
	III'21	0%	0%
	IV'21	0%	0%



HOGS - Fundamental Analysis

Futures' premiums to the strengthening CME Lean Hog Index have turned speculative traders cautious and made them unwilling to add to net-long positions that have risen to the highest since November 2017. The market will remain well supported by reports of new variants and cases of African swine fever in China that may derail government efforts to rebuild its herd. Weekly export sales and shipments were strong and led by Chinese purchases. As cash hogs moved higher and the pork cutout fell, packer margins are quickly retreating close to breakeven, which could limit further cash market gains.

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



FEED

Feed Monitor			
Corn			
I'21	67%	Corn Game Plan: You should be hand-to-mouth on corn-for-feed needs. We are targeting new purchases below \$5.25 in the May corn futures.	
II'21	0%		
III'21	0%		
IV'21	0%		
Meal			
I'21	67%	Meal Game Plan: You should be hand-to-mouth buyers of soybean meal as cash purchases lapsed at the end of February. We are targeting \$420.00 to \$400.00 in May futures to extend cash coverage.	
II'21	0%		
III'21	0%		
IV'21	0%		



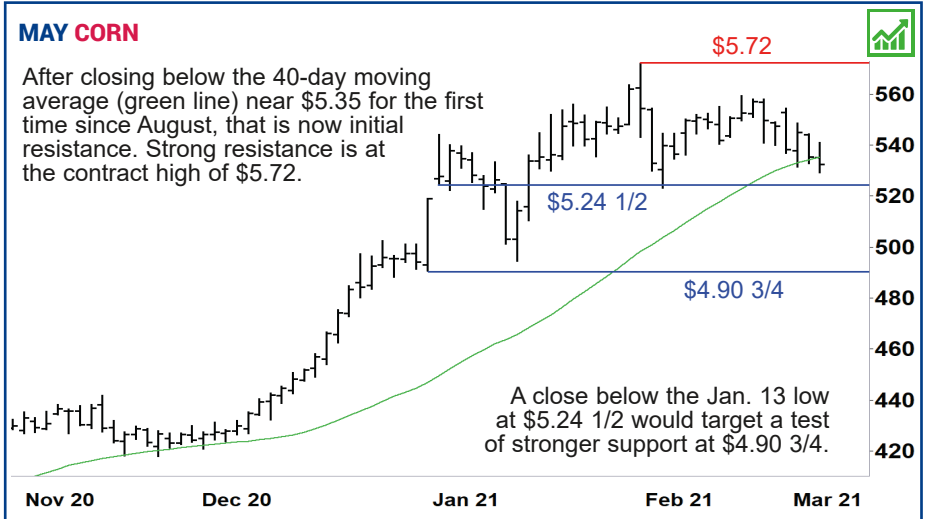
Position Monitor

	'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 last week's 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.

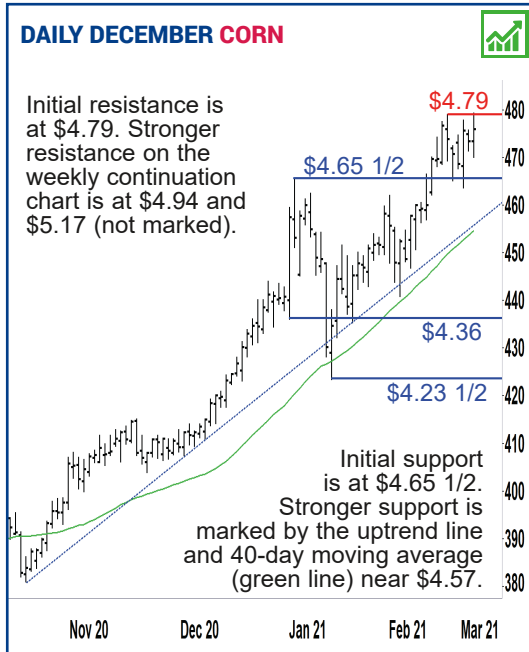
MAY CORN

After closing below the 40-day moving average (green line) near \$5.35 for the first time since August, that is now initial resistance. Strong resistance is at the contract high of \$5.72.



DAILY DECEMBER CORN

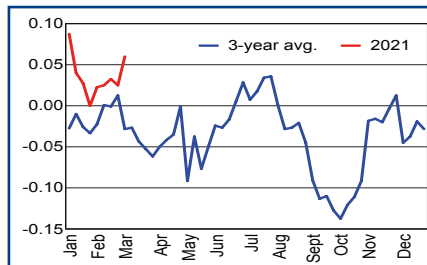
Initial resistance is at \$4.79. Stronger resistance on the weekly continuation chart is at \$4.94 and \$5.17 (not marked).



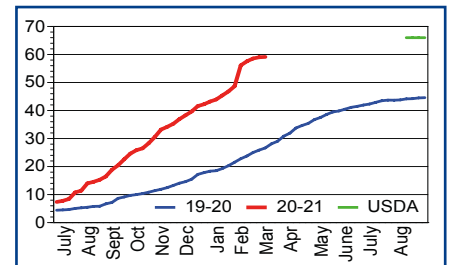
CORN - Fundamental Analysis

Old-crop futures drifted lower on fund long liquidation. Weekly export sales fell to a marketing-year low, however, shipments are surging, boosting cash basis at the Gulf. Outstanding sales yet to ship are 169% above last year and double the five-year average for the date. Strong weekly shipments are needed to reach USDA's forecast. On March 9, USDA is expected to trim its U.S. and world carryover projections. Warm, arid weather is increasing yield risks in Argentina, and delayed safrinha corn planting in Brazil maintains underlying support. The OPEC+ decision to keep output unchanged sent oil to a 23-month high and should aid the recovery in ethanol production.

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%

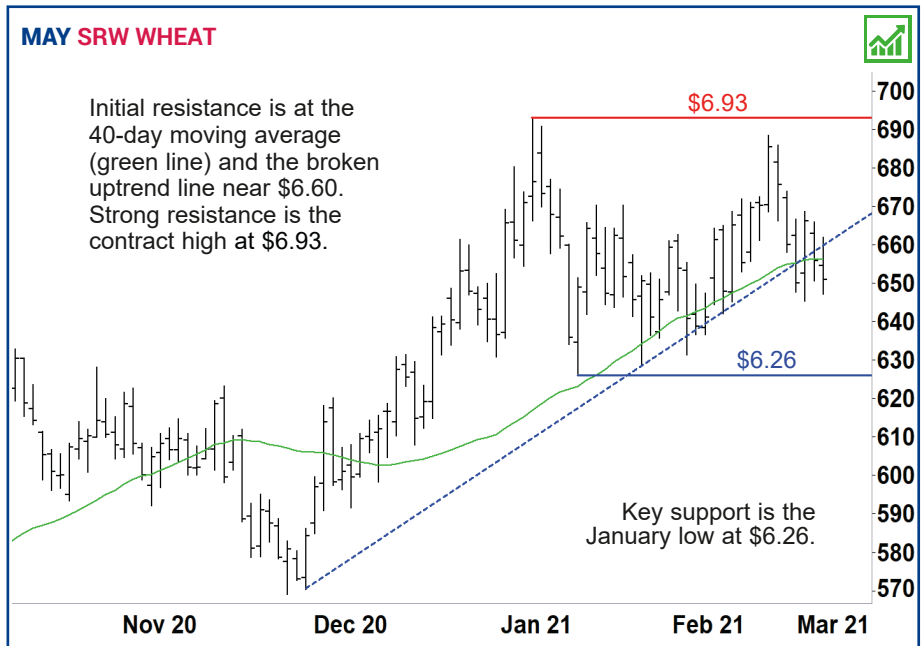
Game Plan: Make sure to get current with advised sales recommendations. Hold off on additional new-crop sales for now. Weather is the focus and U.S. yield risks are elevated but crops in the Black Sea region are doing better.

WHEAT - Fundamental Analysis

SRW – Futures moved lower as export demand remains anemic and Argentine wheat is the cheapest on world markets. State winter wheat crop ratings fell, but not as much as feared, after February's arctic blast. Late-week rains should aid Plains crops. Black Sea conditions have also improved.

MAY SRW WHEAT

Initial resistance is at the 40-day moving average (green line) and the broken uptrend line near \$6.60. Strong resistance is the contract high at \$6.93.



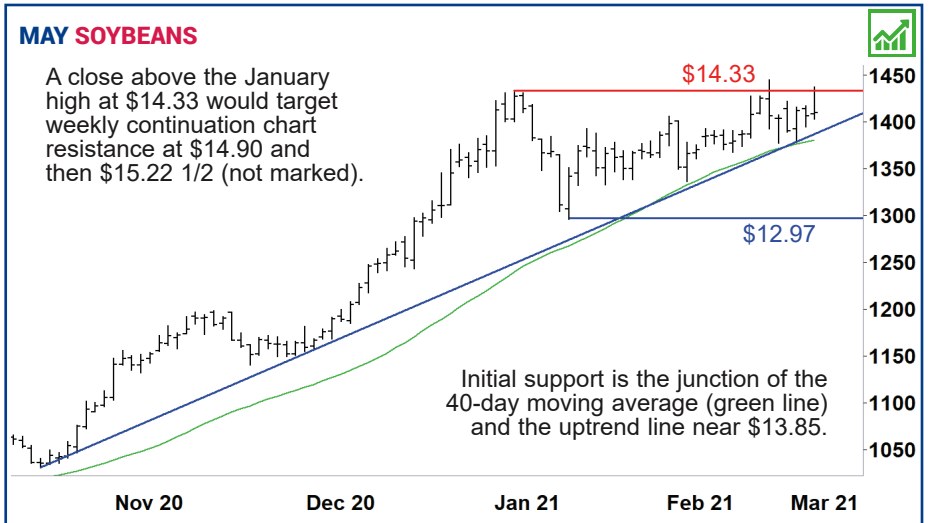
Position Monitor

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

Game Plan: Use renewed market strength to make catch up sales for both old- and new-crop. Attention will be 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 around \$1.85 below May futures. That discount should encourage fund buying in new-crop futures.

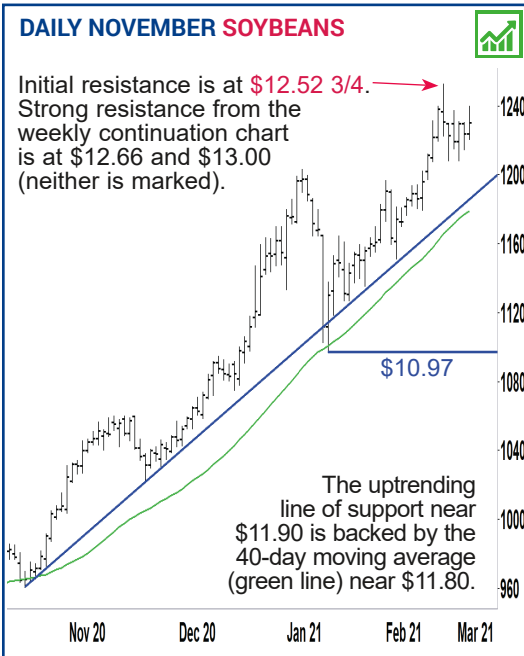
MAY SOYBEANS

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

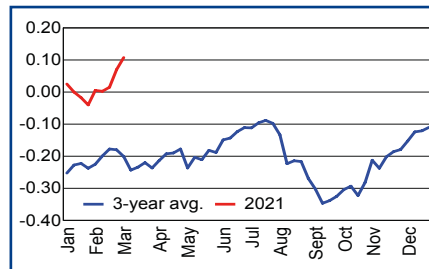
Initial resistance is at \$12.52 3/4. Strong resistance from the weekly continuation chart is at \$12.66 and \$13.00 (neither is marked).



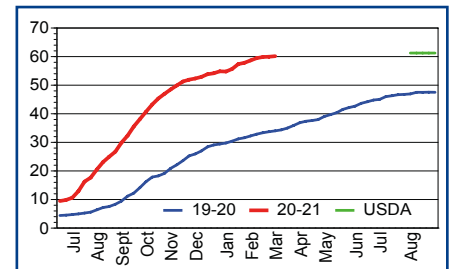
SOYBEANS - Fundamental Analysis

Futures were supported by warm, dry weather increasing crop stress in Argentina and persistent rain that continues to stall Brazilian harvesting. While Brazilian crop forecasts are holding near a record, soil moisture deficits in Argentina are curbing production outlooks. Traders will monitor weekly changes in the South American crop potential. On March 9, traders are looking for USDA to trim its U.S. and world carryover projections. Crush remains at a record pace and soybean exports are slowing seasonally, but commitments have already reached 98% of USDA's annual projection. Soybean surged to new contract highs on stronger food and fuel demand.

AVERAGE SOYBEAN BASIS (MAY)

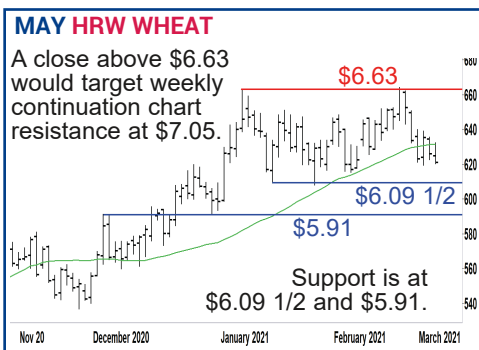


SOYBEAN EXPORT BOOKINGS (MMT)



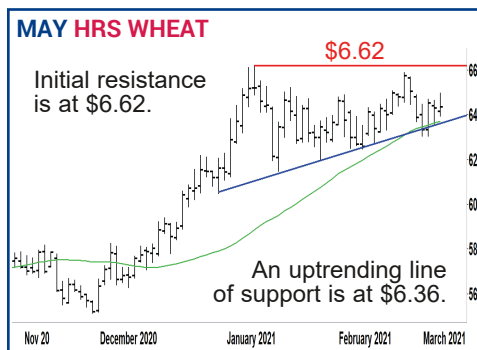
MAY HRW WHEAT

A close above \$6.63 would target weekly continuation chart resistance at \$7.05.

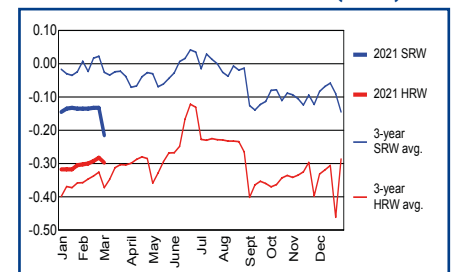


MAY HRS WHEAT

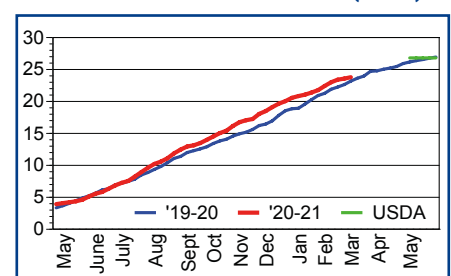
Initial resistance is at \$6.62.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – Futures are drifting lower as overseas buyers are willing to pause new purchases, with new-crop futures trading below old-crop. New export demand may be limited to fill-in buying rather than restocking inventories, but that will likely change depending on how weather develops the next three months after some scattered rains in the Plains.

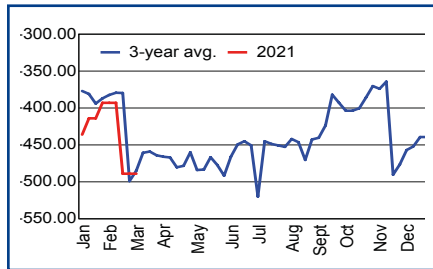
HRS – Spring futures are holding a firm tone compared to the other classes. Not only is more HRS wheat getting blended by flour mills, but the soil moisture deficits across the U.S. and Canadian production belts raise long-term output concerns. Talk that more growers are planning to sow more profitable crops than spring wheat remains supportive.

Position Monitor

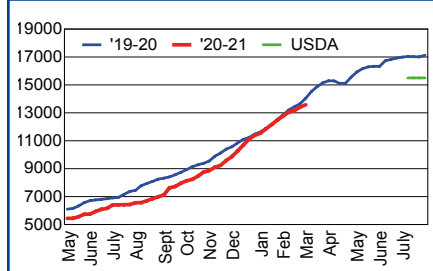
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: Make sure you are current with old-crop and new-crop sales. We plan to finish old-crop sales and add to new-crop forward sales on rallies.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Concerns are building the price runup will slow demand. While export sales have slowed, the pace of shipments remains robust and provides underlying support. Focus is shifting to U.S. planting with drought conditions expanding in Texas and soils remaining wet across the Southeast.

GENERAL OUTLOOK

INTEREST RATES: The yield on 10-year U.S. Treasury notes rose to the highest in a year, confirming the growing optimism for strong global growth in 2021.

The U.S. economy expanded modestly in the first two months of the year and sentiment among business owners is picking up as vaccinations bolstered prospects for economic growth, the Federal Reserve said last week. The Atlanta Fed predicts 10% growth in the first quarter.

However, the Covid-19 pandemic has added \$19.5 trillion to global debt. That may be cheap compared with the alternative of a deep and lasting depression. Nonetheless, surging growth and low interest rates are not compatible.

While long rates are rising, there is unlikely to be a sharp rise in short-term borrowing costs. The Fed's Open Market Committee is certain to keep interest rates near zero when it meets on March 16-17.

FROM THE BULLPEN By Sr. Market Analyst Jeff Wilson

Seasonal corn, soybean and wheat price trends are weak this month. Futures may trade steady to lower into the USDA's planting intentions and grain stocks reports on March 31.

May corn futures fell during March eight times in the past 10 years and in 14 of the past 20 years.

The market has stalled in about a 40¢ range the past two months. Bulls need to be fed and the record Chinese buying already sent prices to 7 1/2-year highs in February. Now those sales need to be shipped. Despite the much-discussed planting delays in Brazil and developing dryness in Argentina, crop estimates remain large enough to ease global supply concerns.

May soybean futures during March fell in six of the past 10 years and 12 of the last 20 years. The last time both corn and soybeans rallied during March was 2018, when drought damaged output in South America. The weather there is the focus until U.S. planting ramps up later this month.

There is still time for a dry, warm March to damage corn and soybean yields in Argentina. The soybean crop in Brazil is largely made and rain losses will be limited. Safrinha corn, which can be 75% of annual production, won't be decided until May and June.

May SRW wheat futures have declined 70% of the time in March both during the past 10- and 20-year periods.

MAY COTTON



WEEKLY 10-YEAR U.S. TREASURY NOTE YIELDS



WATCH LIST

- 1 USDA Grain Inspections** **MON 3/8**
Focus is on corn shipments pace. 10:00 a.m. CT
- 2 USDA Supply & Demand Rpt.** **TUES 3/9**
Small U.S. carryover cuts expected. 11:00 a.m. CT
- 3 U.S. Consumer Price Index** **WED 3/10**
Inflation likely tame in February. 7:30 a.m. CT
- 4 USDA Weekly Export Sales** **THUR 3/11**
Sales may be sluggish after rallies. 7:30 a.m. CT
- 5 Producer Price Index** **FRI 3/12**
February inflation gauge. 7:30 a.m. CT

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