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Corn, beans reach highest prices since summer — *Front-month futures rallied to the highest levels on the continuation charts since mid-July for corn and August for soybeans as dryness concerns intensified in South America. But rains late last week triggered a pullback from those levels. While there could be more near-term upside potential in both markets if South American weather concerns persist in the new year, current prices presented an opportunity to advance both 2021- and 2022-crop sales (see "From the Bullpen" on* Analysis *page 4). Winter wheat futures reached their highest levels since late November on spillover support and winterkill concerns with the U.S. crop. Cattle futures challenged their contract highs and hog futures returned to their November highs on strength in the respective cash markets.*

Relief rains fall in Brazil, Argentina

Timely rains fell on southern Brazil and east-central Argentina Dec. 29-30, but they didn't reach all of the dry areas. There's a better chance for more widespread rains across southern Brazil and Argentina this week, though relief from dryness likely will be temporary. Meanwhile, rains remain too heavy in parts of central and northeastern Brazil, especially in areas where soybeans are mature.

Soybean harvest underway in Mato Grosso, Brazil

Early soybean yields should be strong as growing conditions were near ideal in the largest producing state in Brazil. The earlier-than-normal start to harvest should mean soybean exports hit the global market about a month earlier than last year and will also allow farmers to plant safrinha corn within the ideal window.

S. American weather to stay the same

The La Niña pattern has likely peaked and will gradually weaken in early 2022. But the weakening won't be enough to change the weather pattern, according to World Weather Inc. It says, "Until La Niña begins a more significant weakening trend, status quo is going to be the best forecast for South America." That means rainfall will remain below average from eastern and northern Argentina through southern Brazil, Uruguay and Paraguay. World Weather says, "February will be the first month for possible change [in weather pattern]."

Inputs a major concern for 2022

Steve Verett, former head of Plains Cotton Growers, sent us the following message, which highlights concerns of many farmers: "I'm just trying to figure out how we get through 2022 without spending all we made in 2021. Never thought I would see the day that I would not be able to buy any crop inputs that I might want no matter the price. But it looks like that may well be the case with some herbicides. Not worrying about that now, just trying to relax and enjoy our blessings."

Prices and availability of inputs is one of the items we have identified as key for ag markets in the new year. See *News page 4* for the other key factors in the year ahead.

Anxiety on Russia/Ukraine tensions

President Joe Biden spoke with Russian President Vladimir Putin last week at the Kremlin's request. Moscow demanded assurances Ukraine would never join NATO and the alliance would not place offensive arms in the former Soviet state. The White House said "de-escalation…will be required" for progress. On Jan. 10-13, representatives from the two countries will meet in Geneva for more talks.

Rebekah Koffler, a former Defense Intelligence Agency officer and currently a strategic intelligence analyst with The Lindsey Group, says: "There is more than a 50% chance Putin will attack Ukraine, regardless of the outcome of another round talks scheduled for Jan. 10-13 in Geneva."

China may hoard 'strategic' goods

Beijing has identified securing supplies of primary goods such as ag products as one of its top five strategies. Tensions with the U.S. and its allies such as Australia could prod the country to dramatically raise food reserves.

One China watcher notes China began hoarding computer chips in 2019 when the Trump administration imposed sanctions on telecom giant Huawei. Fearing they could be next, Chinese companies purchased a large number of chips — enough to cover their needs for the next few years — resulting in the global supply shortage.

As the leader in electric vehicle (EV) manufacturing, China is also aggressively sourcing cobalt, a key metal in making EV batteries. China also has locked up production and/or supplies of lithium and liquid natural gas for years.

USDA recalcs DMC payment formula

USDA has recalculated the Dairy Margin Coverage (DMC) feed cost back to January 2020 to base it on premium alfalfa versus blended alfalfa. Based on the recalculation, it appears most DMC payments would increase by around $0.20 per cwt. per month. The recalculation in some cases triggered a DMC payment for a new margin trigger level. Producers will receive any additional payment based on covered production history and the margin level selected for 2020 and 2021.

Consultant slashes S. American crops

Hot and dry conditions have eroded yield potential in southern Brazil, Argentina and Paraguay, while rains have been too abundant in some areas of central and northeastern Brazil. As a result, Crop Consultant Dr. Michael Cordonnier broadly cut his South American crop estimates over the past two weeks.

Brazil soybeans: 140 million metric tons (MMT), down 4 MMT from mid-December, but still 2 MMT above the 2020-21 record.

Brazil corn: 114 MMT, down 2 MMT, but still 12 MMT above the 2019-20 record.

Argentina soybeans: 48 MMT, down 2 MMT.

Argentina corn: 52 MMT, down 1 MMT, but still 1 MMT above the record.

Paraguay soybeans: 8 MMT, down 1.5 MMT.

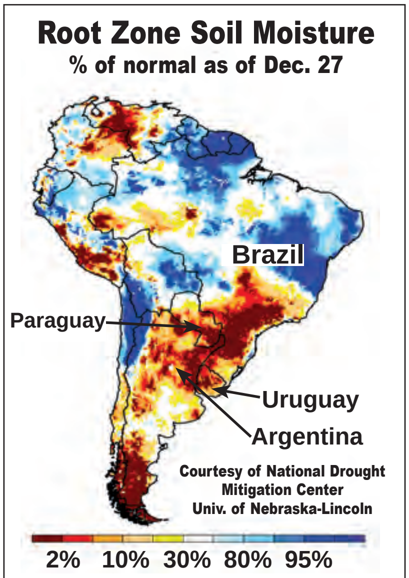
Given the building weather concerns, Cordonnier has a lower bias toward all of his South American crop estimates.

Cordonnier's order of concern for South American crops:

1) Brazil's first corn crop
2) Paraguay soybeans
3) Brazil soybeans
4) Argentina soybeans
5) Argentina corn
6) Brazil safrinha corn (planted after soybeans)

South American production still expected to increase

Cordonnier forecasts total South American soybean production at 201.6 MMT, which would be up 2.8 MMT (1.4%) from last year. He projects South American corn production at 172 MMT, up 29.6 MMT (20.8%) from 2020-21.



Parana and Rio Grande do Sul are the greatest concern in southeastern Brazil, as they account for roughly one-third of Brazil's normal soybean and first-crop corn production. Other states in that region are small producers of soybeans, but bigger growers of first-crop corn. Dryness is most pronounced in the largest corn and soybean areas of Argentina.

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Russia to cap wheat exports, raise tax

Russia plans to set its grain export quota at 11 MMT, including 8 MMT of wheat, from Feb. 15 to June 30, 2022, to ensure domestic supplies and limit price increases. The quota was previously planned at 14 MMT of grain, including 9 MMT of wheat.

The country also plans to implement a stronger wheat export tax formula with a higher multiplier if prices rise to $375 per metric ton (MT); it would increase again if prices reach $400 per MT. Russia's wheat export tax will be $94.90 a MT for Dec. 29 to Jan. 11, based on an indicative price of $335.60 per MT.

Ukraine may cap milling wheat exports

Ukraine may limit milling wheat exports to 4 MMT for the remainder of the 2021-22 marketing year to protect domestic supplies and keep prices from rising. A decision is likely in mid-January. Ukraine has set a wheat export quota of 25.3 MMT for 2021-22, though it did differentiate between feed or milling quantities. Through the first half of the marketing year, Ukraine had exported 15.7 MMT of wheat.

Ukrainian grain traders association UGA says the country has enough wheat to ensure its domestic food needs and there is no need to limit exports. It noted that wheat shipments slow seasonally the second half of the marketing year. It also argues export restrictions could cause farmers to reduce acres for harvest in 2022.

Dry weather curbs Ukraine's winter wheat seedings

Ukrainian farmers only planted 94% of the expected area to winter wheat due to dryness in central regions of the country, according to APK-Inform. The consultancy also says some of the planted area will need to be replanted as seeds did not sprout. Despite the dryness, APK-Inform says the winter wheat crop is in mostly satisfactory condition.

Argentina's wheat crop getting bigger

Wheat yields in Argentina continue to come in better than expected as harvest nears completion. Dryness developed after the wheat crop was mostly mature. The Buenos Aires Grain Exchange forecasts the country's wheat crop at a record 21.5 MMT. It pegs the country's soybean and corn crops at 44 MMT and 57 MMT, respectively.

Argentina sets grain export limits

The Argentine government will cap 2021-22 corn exports at 41.6 MMT, while wheat would be limited to 12.5 MMT. As of Dec. 16, exporters had reported shipments of 15.5 MMT of corn and 9.1 MMT of wheat. For 2020-21, Argentina exported 39.8 MMT of corn and 11.2 MMT of wheat. However, this year's exports were expected to rise on increased production.

U.S. hog herd smaller than expected

USDA estimated the U.S. hog herd at 74.2 million head as of Dec. 1, down 3.1 million head (4.0%) from last year and 393,000 head smaller than traders anticipated. The market hog inventory at 68.0 million head declined 3.1 million head (4.4%) from last year. The breeding herd at nearly 6.2 million head was basically unchanged.

Producers farrowed 4.8% fewer sows during fall than last year, but the number of pigs saved per litter was a record for the quarter at 11.2 head. That resulted in the fall pig crop declining 3.6% from last year's record to 33.7 million head.

Hogs & Pigs Report	USDA actual	Trade expected
	(% of year-ago)	
Inventory —		
All Hogs/Pigs	96.0	97.1
Breeding	99.9	100.1
Marketing	95.6	96.9
Pig Crop —		
Sept.-Nov.	96.4	97.1
Pigs/litter	101.3	100.4
Farrowings —		
Sept.-Nov.	95.2	96.7
Dec.-Feb. Ints.	100.5	100.9
March-May Ints.	99.2	100.3
Market Hog Inventory —		
Under 50 lbs.	96.3	97.0
50-119 lbs.	97.5	97.1
120-179 lbs.	93.8	96.0
180 lbs. plus	94.0	96.8

Based on market hog inventories, slaughter will run about 6% under year-ago levels through mid-winter. From there through spring, slaughter should be about 2.5% to 3.5% under year-ago.

Looking forward, producers indicated they intend to increase farrowings by a modest 0.5% this winter. But farrowings next spring are expected to drop 0.8% from last year. With the breeding herd down 0.1%, the winter and spring pig crops won't likely be any larger than year-ago, even if a record number of pigs per litter are saved.

Major revisions to past data

USDA revised all of its hog figures back to December 2019. The cumulative result of changes during that period was a net reduction of nearly 2 million head.

Feedlot inventory down slightly

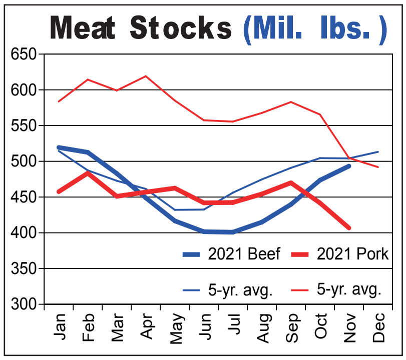
USDA estimated there were just shy of 12 million head of cattle in large feedlots (1,000-plus head) as of Dec. 1, down 51,000 head (0.4%) from both year-ago and the average pre-report estimate. Placements in November rose slightly more than anticipated at 3.6% above year-ago, while marketings were also stronger than anticipated, up 5.4%.

Placements rose 8.6% for lightweights, 5.4% for 6-weights and 1.3% for 7-weights. Placements of 8-weights dropped 2.3%, while they were unchanged for 9-weights and heavyweights.

Cattle on Feed Report	USDA actual	Average estimate
	(% of year-ago)	
On Feed Dec. 1	99.6	100.0
Placed in Nov.	103.6	103.2
Mkted in Nov.	105.4	104.4

Pork stocks fall to 11-plus year low

USDA's Cold Storage Report showed pork stocks at 406.7 million lbs. at the end of November. While the 35.1-million-lb. (7.9%) drop from October was far less than normal for the month, inventories plunged 98.0 million lbs. (19.4%) from the five-year average and were the smallest since August. 2010.



Total beef stocks rose 19.8 million lbs. (4.2%) from October to 493.3 million lbs., whereas inventories had fallen an average of 300,000 lbs. for the month the previous five years. However, beef stocks declined 18.1 million lbs. (3.5%) from November 2020 and were 10.8 million lbs. (2.1%) below the five-year average.

Total frozen poultry stocks fell to 886.0 million lbs. at the end of November — the lowest level since November 2011 — down 175.1 million lbs. (16.5%) from October and 191.4 million lbs. (17.8%) below year-ago. Chicken breast meat stocks at 152.1 million lbs. dropped 9.4 million lbs. (5.8%) during November and were 102.8 million lbs. (40.3%) below last year's record.

Covid impacts on U.S. pork industry

Economists with Iowa State University, North Carolina State University and the National Pork Producers Council (NPPC) found that pork prices are rising due to increased transportation costs, supply bottlenecks and delays and increased labor costs throughout the pork chain. Those factors were either caused or exacerbated by the Covid-19 pandemic.

The study found that from November 2020 to November 2021, pork prices increased 16.8% — the sharpest rise since the porcine epidemic diarrhea virus (PEDV) outbreak in 2014.

While pork prices increased, so did farmer production costs. The study found the estimated cost of farrow-to-finish hog production increased 24.6%, led primarily by an increase in feed prices. Over the 12-month period to November, feed costs surged 35.5%. Depite the sharply higher costs, pork production was profitable in the summer of 2021 and continued to be mildly profitable through fall. Estimated returns in November were near breakeven.

The study also found packer margins have normalized to right at their five-year average as of November after running above normal since the pandemic began. The economists say in addition to widespread labor shortages and reduced packing capacity, the pork industry is also dealing with transportation bottlenecks and higher prices for fuel, energy, and packaging materials.

Key issues for ag: Our outlook and projections for 2022

by Pro Farmer Editors

Predicting what could happen to shape agriculture over the coming year is challenging. There is always a surprise. Here are the market, policy and economic topics we feel will be key for agriculture in 2022.

We're still dealing with Covid-19

While it appears Covid will linger, there are hopes it will eventually get to the endemic stage. But new variants will likely surface in the new year.

Supply-chain woes... let's get goods flowing normally

Logistical problems are showing signs of progress, though it will still take time to get to the new normal.

The fertilizer price surge is an offshoot of the supply-chain issues. This issue will linger well into 2022 based on prior fertilizer runups. Sharply higher prices are a concern, but availability next spring could turn into a bigger problem for some producers — and not just in the U.S.

Will farm income decline this year?

Pessimists at this time last year were wrong about declining U.S. net and cash farm income, as sharply higher prices and government payments pushed 2021 levels to the highest since 2013. Input costs will be up in 2022 and government payouts will likely decline.

Geopolitical issues could intensify

If China takes over Taiwan, it would be a major Black Swan event impacting U.S. agriculture as President Joe Biden and Congress would react. Our contacts fear it's just a matter of time.

Russia has increased the number of troops along its border with Ukraine. If Russia invades Ukraine, corn and wheat markets would likely rise initially, which happened in 2014 when Russia took Crimea away from Ukraine.

Situations in Iran and North Korea must also be monitored.

Economic outlook focused on Fed, inflation

Dr. Vince Malanga, president of LaSalle Economics, expects U.S. GDP growth of 2.7% in 2022, though readings will weaken the second half of the year. His inflation forecast is about 3.5%, but easing toward 2% in the second half of the year. Unlike many others, he expects only one interest rate increase in the new year, likely around the beginning of summer. He anticipates the dollar will be buoyant but weaker in the second half of the year.

Washington must fight through the discord

Key Washington issues ahead for agriculture:

• Build Back Better : We see Democrats eventually clearing a much scaled-back version of the social spending and climate change measure. What's important for agriculture is that it won't include any changes to stepped-up basis (nor a transfer tax), federal estate tax exemptions, capital gains taxes or like-kind farmland exchanges.

• Weather and disaster aid: Recent derecho winds caused havoc in the Plains and Midwest. Impacted producers, including livestock and dairy, await USDA rules on 2020 and 2021 WHIP+ regulations.

• New farm bill and midterm elections : Expect new farm bill hearings to unfold later in 2022 even though Republicans on the House Ag Committee think their party will regain control following the midterm elections in November. The election will be a close call in the Senate.

Of note is the shrinking farm bill baseline for ag as commodity prices rebound. Meanwhile, there has been a major boost in the baseline for SNAP/food stamps, as USDA added $250 billion to the program in August. Both are complicating factors for the next farm bill.

• Climate change and ag: The BBB measure includes huge funding for climate-change initiatives. For agriculture, we think production practices will be the key program. Look for USDA Secretary Tom Vilsack to tap the Commodity Credit Corporation (CCC) for climate change programs — but only if Congress boosts overall CCC funding to ensure there is adequate spending for traditional farm program payments.

• RFS and renewable diesel: Keys ahead will be how many small refinery exemption (SRE) waivers EPA allows and what's in store for the RFS beyond 2022. Congress will also look into this topic.

EPA recently raised the food-vs.-fuel issue with renewable diesel, asking for public comments. But interest in the topic is rising, with a major increase in plant capacity.

• Infrastructure : Billions of dollars are coming to rural America via the Bipartisan Infrastructure Framework, including funding for high-speed internet. State officials will have a lot to say about timing and implementation.

• Competition: The Biden administration has made it clear it intends to focus keenly on antitrust enforcement, especially regarding pricing for livestock/poultry and agricultural inputs.

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

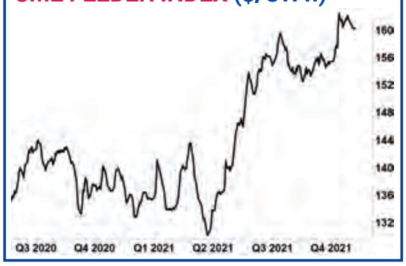
The Dec. 23 Cattle on Feed Report (see *News page 3* for details) indicated a stable flow of animals to packing houses, so few supply changes are expected in the short run. Consumer demand is the real question, although exports were robust throughout 2021. The cattle/beef outlook would be more promising if autumn wholesale price declines were being passed on to consumers, but November retail steak and beef prices averaged 27% and 28%, respectively, above comparable year-ago levels. We still anticipate a sizeable seasonal rally through the first quarter, but elevated retail costs could limit 2022 gains.

Position Monitor

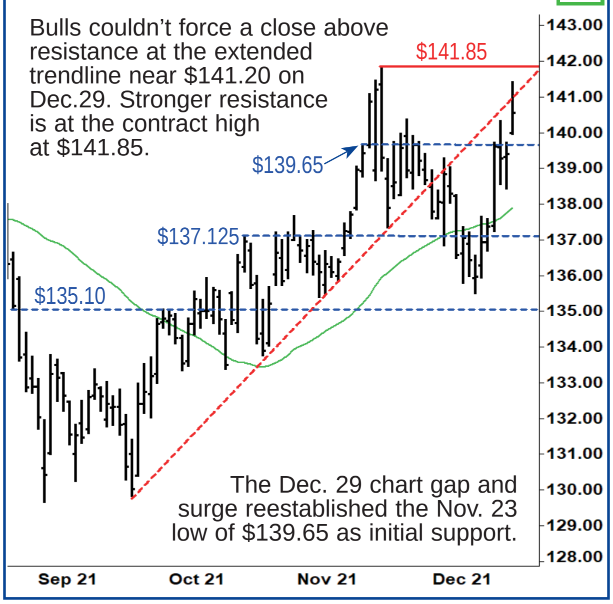
Game Plan: Live cattle futures have no weather premium built in, but short-term defensive hedges may be needed if support at the Nov. 30 low falters.

	Feds	Feeders
I'22	0%	0%
II'22	0%	0%
III'22	0%	0%
IV'22	0%	0%

CME FEEDER INDEX ($/CWT.)



DAILY FEBRUARY LIVE CATTLE



HOGS - Fundamental Analysis

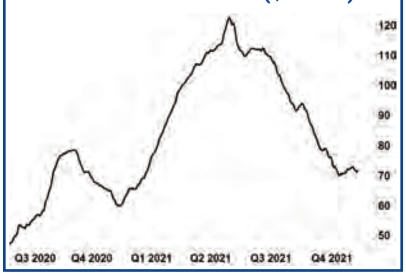
The Dec. 23 Hogs and Pigs Report (see *News page 3* for details), as well as December hog slaughter, confirmed winter supplies are likely to average 6% under year-ago levels, with the report implying spring 2022 hog supplies will decline 4% annually. This is a formula for higher prices, but spring-summer futures tell a different story. While nearby February futures are priced well above mid-February 2021 levels, the deferred contracts are trading far below comparable 2021 readings for the CME index. We believe demand concerns are overdone, but the market is going to have to prove that's the case.

Position Monitor

Game Plan: Seasonally, the cash market and futures should be putting in a low. We'll wait on an extended price recovery before advising hedges.

	Lean Hogs
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

CME LEAN HOG INDEX ($/CWT.)



DAILY FEBRUARY LEAN HOGS

FEED

Feed Monitor

Corn	
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

Meal	
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

Corn Game Plan: You are hand-to-mouth on corn-for-feed needs. Don't chase the corn market higher with extended coverage. We'll wait on a sharp pullback to advance coverage.

Meal Game Plan: Cash meal coverage expired at the end of December. You are now hand-to-mouth on needs. Wait on an extended price setback to advance coverage.

DAILY MARCH SOYBEAN MEAL

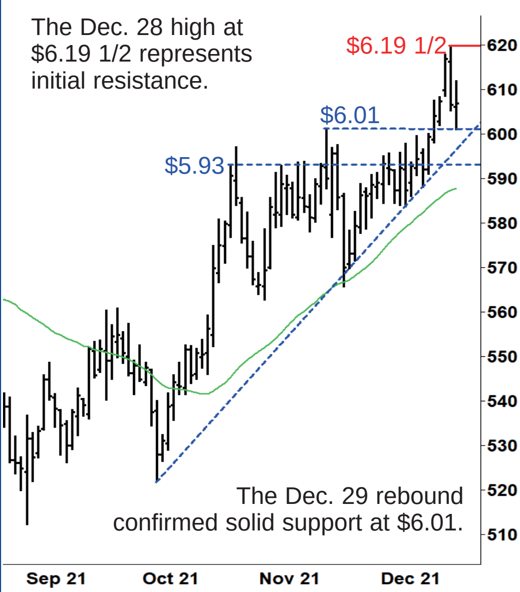
Position Monitor

	'21 crop	'22 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: On Dec. 23, we advised hedgers and cash-only marketers to sell another 20% of 2021-crop to get to 70% sold in the cash market. We also advised selling another 10% of expected 2022-crop to get to 20% forward-priced. Get current with advised 2021- and 2022-crop sales. Be prepared to advance sales on additional near-term price strength as we feel the upside is limited above $6.00 in old-crop futures.

DAILY MARCH CORN

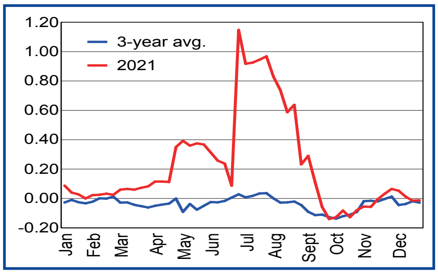
DAILY MAY CORN



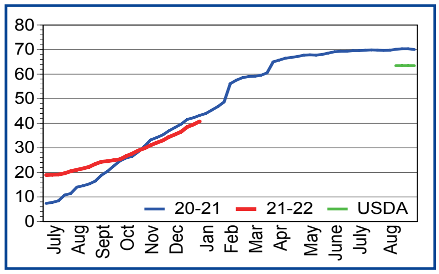
CORN - Fundamental Analysis

March corn's inability to sustain trade above the July 1 high of $6.16 1/2 may signal an inflection point. Ethanol demand remains impressive and exports have perked up, but the fundamentals in our view don't justify much if any more upside. Persistent dryness in Brazil is concerning, but the crop is still projected to be record-large. It would take extended dryness into the growing season for the safrinha crop for that to change. USDA's final U.S. crop estimate Jan. 12 will help set the tone for early winter before focus shifts to spring 2022 planting prospects. December 2022 corn's recent rise within 15¢ of its contract high suggests traders see fewer acres devoted to corn.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

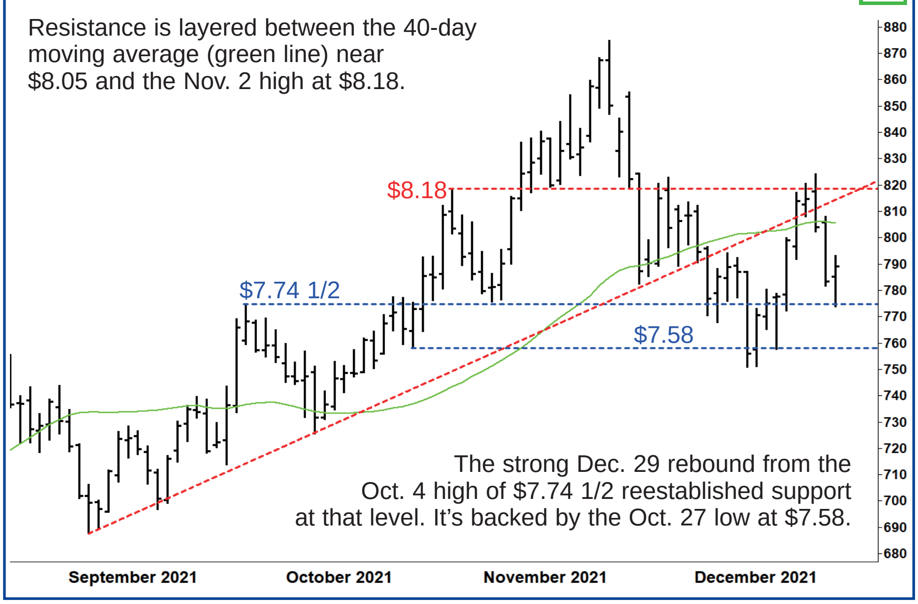


Position Monitor

	'21 crop	'22 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	20%	0%

Game Plan: Get current with advised sales and hedges. Given poor U.S. winter wheat conditions and tight global milling quality supplies, we'll wait on an extended price rebound to advance old- and new-crop sales.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

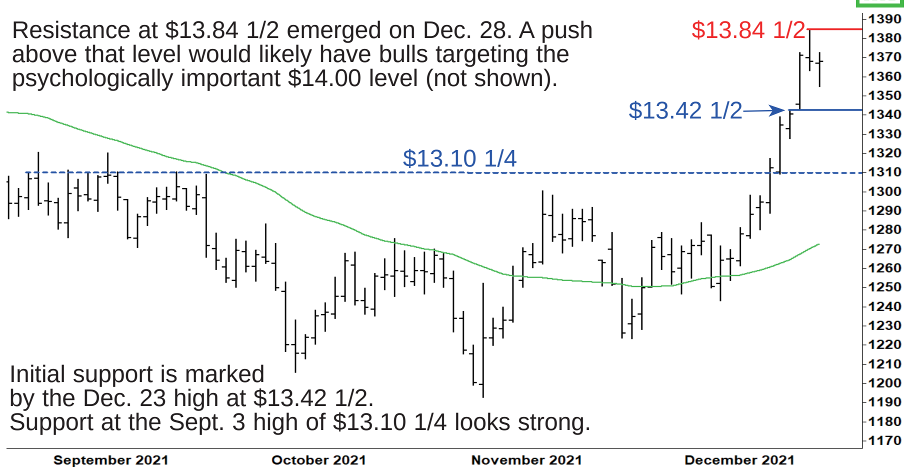
SRW — U.S. wheat's uncompetitive position in global markets suggests the market topped out at the late November contract highs. But the downside is probably limited given snug global supplies and HRW weather struggles. Funds may be compelled to unwind a large net short.

Position Monitor

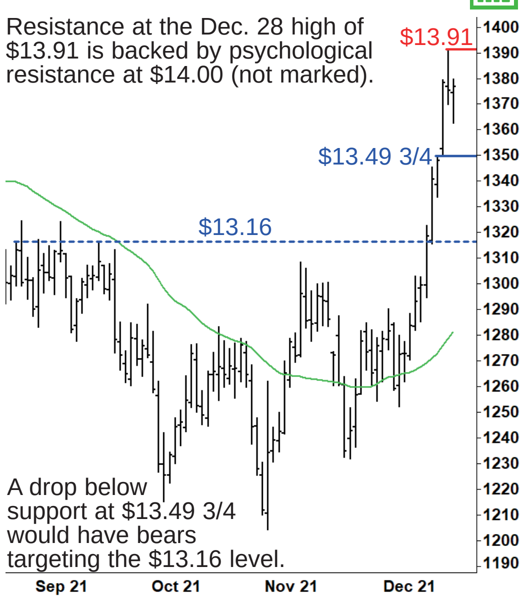
	'21 crop	'22 crop
Cash-only:	75%	20%
Hedgers (cash sales):	85%	20%
Futures/Options	0%	0%

Game Plan: On Dec. 23, we advised rewarding the strong price rally from the fall lows with sales. We advised hedgers to sell another 10% of both 2021- and 2022-crop. We advised cash-only marketers to sell another 15% of 2021-crop and 10% of expected 2022-crop. Get current with advised 2021- and 2022-crop sales and be prepared to make additional sales if futures extend their price rally.

DAILY MARCH SOYBEANS



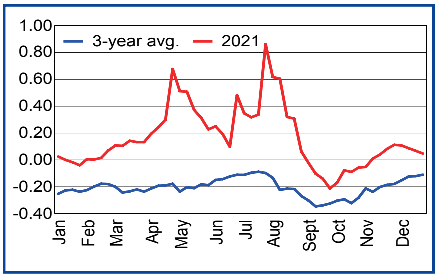
DAILY MAY SOYBEANS



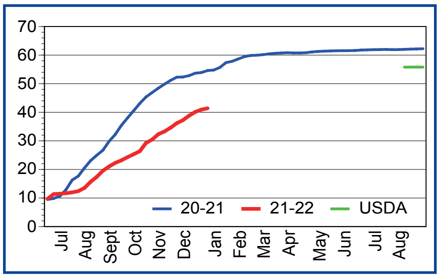
SOYBEANS - Fundamental Analysis

Five straight higher weekly closes in March futures have given bulls the short-term upper hand. The combination of strong domestic crushing demand, Chinese buying and shrinking South American crop estimates provide solid fundamental underpinnings for a rally that could stretch into the new year. Continued dryness in Brazil and Argentina estimates early in 2022 may provide additional upside, but with the Jan. 12 USDA report looming and fresh supplies from Argentina and Brazil coming to market soon, we see limited price upside. Large speculators built a sizable net long in soybeans in December, raising the prospect of fund-driven selloff.

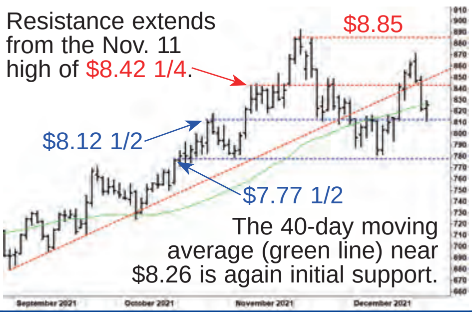
AVERAGE SOYBEAN BASIS (JANUARY)



SOYBEAN EXPORT BOOKINGS (MMT)

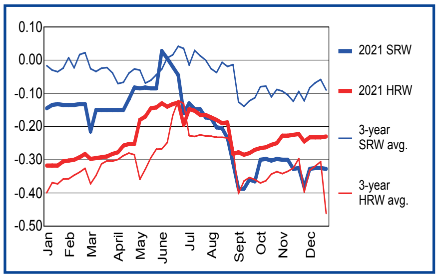


DAILY MARCH HRW WHEAT

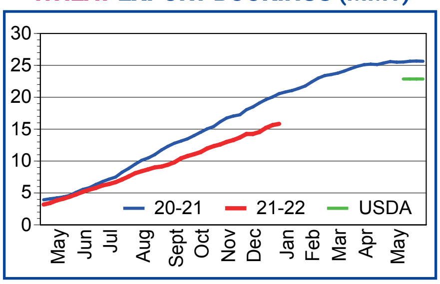


DAILY MARCH HRS WHEAT

AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Bitterly cold temperatures raise the prospect of winterkill for crops in the U.S. Plains, possibly underpinning HRW prices into early 2022. We believe near-term highs were established in late November, but see limited downside given tight global supplies of milling wheat, meaning sideways trade may prevail in coming weeks.

HRS — Spring wheat dropped under $10.00 for the first time since early November and came close to breaking below the sideways range of the past two months. HRS futures likely need assistance from other markets to remain supported as tight high-quality wheat supplies haven't resulted in increased U.S. export demand.

Position Monitor

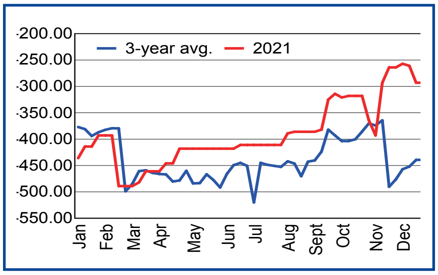
	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	100%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Additional sales/hedges may be needed if futures violate recent lows, as that would open sharp downside risk.

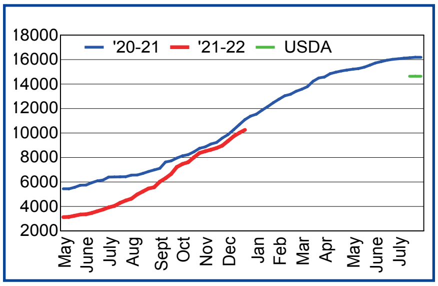
COTTON - Fundamental Analysis

Improved U.S. cotton shipments in early December and reduced fears with the Omicron variant of Covid encouraged cotton bulls, sparking a late-month rally. Accelerating export shipments will almost surely be required to sustain gains in early 2022.

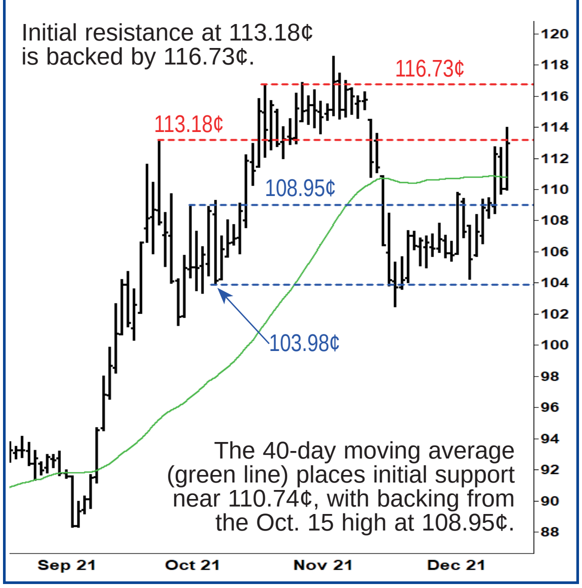
AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



GENERAL OUTLOOK

Equities: The U.S. stock market just rang out a record year, suggesting investors could be quite merry in the new year,

The S&P 500 index ended 2021 near a record high, setting the market up for a "Santa Claus rally" that historically has presaged above-average returns the following year (Santa's performance includes the final five trading days of the year and the first two of the next year).

Since World War II, a Santa Claus rally was followed by an average full-year S&P 500 gain of 10.3%, compared with an average 9.0% gain for all years since then, according to Sam Stovall, Chief Investment Strategist at CFRA.

If the new year starts strong, the performance in the stock market is likely to be more robust. Since 1938, 29 out of 30 years with gains in January-February resulted in average yearly S&P 500 advance of 20%.

WEEKLY S&P 500 INDEX

FROM THE BULLPEN By Editor Brian Grete

On Dec. 23, we advised corn and soybean producers to use the strong price rallies to advance 2021- and 2022-crop sales.

Old-crop corn futures hit our upside price objective of $6.00. As a result, we advised hedgers and cash-only marketers to sell another 20% of 2021-crop to get to 70% sold.

As you know, we've said for many months we feel the $6.00 mark is too pricey given market fundamentals. We maintain that stance, despite the building inflationary environment.

With new-crop futures near $5.50, we also advised hedgers and cash-only marketers to sell another 10% of expected 2022-crop production for harvest delivery next year to get to 20% forward-priced.

Old-crop soybean futures rallied to their highest level since late August. As a result, we advised hedgers to sell another 10% of 2021-crop to get to 85% priced in the cash market and for cash-only marketers to sell 15% to get to 75% priced.

With new-crop futures around $12.65, we also advised hedgers and cash-only marketers to sell another 10% of expected 2022-crop for harvest delivery next year to get to 20% forward-priced.

While there could be more near-term upside potential for both corn and soybeans if South American weather continues to trend drier, we doubt the market can sustain a strong push above current levels for long.

WATCH LIST

1	**USDA Export Inspections** Slowed pace during the holidays.	**MON 1/3** 10:00 a.m. CT
2	**USDA Grain, soy crush** Soy crush, ethanol use for Nov.	**MON 1/3** 2:00 p.m. CT
3	**Chinese Caixin PMI data** Small factory data for December.	**MON 1/3** 8:45 p.m. CT
4	**EIA Weekly Ethanol Production** Year-end output likely slowed.	**WED 1/5** 10:00 a.m. CT
5	**USDA Weekly Export Sales** Slowed sales during the holidays.	**THUR 1/6** 7:30 a.m. CT

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