



News this week...

- 2 – Drought causes further cuts to South American crops.
- 3 – Texas A&M studies on fertilizer price impacts.
- 4 – U.S. ending stocks increase for corn, beans & wheat.

Grains drop, livestock markets rebound – Corn and soybean futures fell last week as funds lightened long positions amid forecasts calling for at least short-term relief for South American crops and a potential shift in the weather pattern. While South American crop estimates have been slashed due to drought, corn and soybeans are in a weather market – attitudes and prices will swing with each updated forecast. Wheat futures were led lower by HRS contracts, which fell to their lowest level since September. HRW futures dropped to their lowest price since mid-October, while SRW contracts held support at the Jan. 7 lows. Cattle and hog futures dropped early last week as absenteeism at meat processing plants due to Covid reduced kills, but they rebounded sharply late into week's end to finish higher.

Some weather relief in S. America

Temps are expected to retreat from extreme levels across Argentina as rains move across the country starting Jan. 16. Rains are also expected to move into southern Brazil, though conditions are expected to remain stressful for crops in Rio Grande do Sul. Needed dryness for maturing soybeans will be seen across central and northeastern Brazil.

A modest shift in the South American weather pattern could occur, though the U.S. Climate Prediction Center says there are 67% odds La Niña will persist through March-May.

Big on-farm corn, soybean stocks

There were a lot of corn and soybeans stored on farms as of Dec. 1, especially with old-crop prices near \$6.00 and \$14.00, respectively.

Corn: Dec. 1 stocks totaled 11.647 billion bu., up 3.1% from last year. Of the total, 7.23 billion bu. (62%) were held on-farm. Implied use in the first quarter of 2021-22 was 4.7 billion bu., down 0.8% from the same quarter last year.

Soybeans: Dec. 1 stocks of 3.149 billion bu. were up 6.9% from last year. Of the total, 1.52 billion bu. (48%) were held on-farm. Implied first-quarter disappearance was 1.54 billion bu., down 14% from the same period last year.

Wheat: Dec. 1 stocks of 1.390 billion bu. fell 18.4% from last year. On-farm stocks totaled 273 million bushels (20%). Implied disappearance of 384 million bu. in the second quarter of 2021-22 was down 16% from the same period last year.

Biden, EPA may cut 2022 RFS levels

Reuters reported the Biden administration is considering lowering the conventional ethanol mandate level for 2022 to a mark under 15 billion gallons proposed by EPA in December. It is not unusual to see adjustments in the final levels for RFS mandates vs the proposed marks, but typically those changes have been minimal. Timing of the report is odd since EPA is taking public comments on its proposed RFS levels until Feb. 4. *Reuters* did not specify how much of a reduction was being considered. This could be a potential "trial balloon" to gauge the level of backlash.

China short of Phase 1 commitments

China will likely fall about \$5 billion to \$6 billion shy of its Phase 1 ag commitments, according to Foreign Agricultural Service Administrator Dan Whitely. USDA Secretary Tom Vilsack says U.S. is pressing China to live up to its trade commitments. Whitely acknowledged there is a fear ag could be targeted if the U.S. levies more trade actions against China.

China bean, meat imports drop in 2021

China imported 96.5 million metric tons (MMT) of soybeans last year, down 3.8% from 2020 – and the first annual decline in soybean imports since 2018. The country imported 9.4 MMT of meat last year, down 5.4% from 2020.

Record China trade surplus in 2021

China posted a record trade surplus of \$676 billion in 2021, up from \$524 billion the previous year and the highest since 1950. China's trade surplus with the U.S. was \$396.6 billion last year, a 25% jump from 2020.

CPI surges to nearly 40-year high

The U.S. consumer price index (CPI) jumped 7.0% from last year in December, the highest since June 1982. Core CPI (minus food and energy) rose 5.5%, the highest since February 1991. The producer price index rose 9.7% in December.

Keep on truck'n... or not

Despite conflicting guidance, Canada will require Canadian drivers entering the country to show proof of vaccination. The U.S. has signaled foreign truck drivers will have to show proof of inoculation to enter the country starting Jan. 22. If the respective policies remain in place, it would limit cross-border truck traffic and cause more supply-chain issues.

Omicron causing port headaches

Covid outbreaks at key Chinese port cities of Dalian, Tianjin and Ningbo are causing transportation disruptions and further threatening the global supply chain. Infection rates are also surging at the U.S. ports of Los Angeles and Long Beach.

Brazil lowers crop pegs amid drought

Brazil is still expected to produce a record 140.5 million metric tons (MMT) of soybeans this year, despite drought in southern areas of the country, according to Conab. Brazil's official crop estimating agency lowered its estimate 2.3 MMT from last month but it is still well above private crop forecasters.

Conab cut its Brazilian corn crop estimate to 112.9 MMT, down 4.3 MMT from last month.

USDA reduced its Brazilian crop forecasts by 5 MMT for soybeans to 139 MMT and by 3 MMT for corn to 115 MMT.

Crop Consultant Dr. Michael Cordonnier cut another 3 MMT off his Brazilian soybean crop forecast to 135 MMT. He trimmed his Brazil corn crop peg another 1 MMT to 112 MMT.

Conab cuts Brazilian export forecasts, USDA holds

Conab lowered its forecast for 2021-22 Brazilian soybean exports by 1.4 MMT from last month to 89.3 MMT but kept its corn export projection at 36.7 MMT.

USDA kept its Brazilian exports at 94 MMT for soybeans and 43 MMT for corn.

Argentina crop estimates cut, too

Cordonnier lopped another 2 MMT off his Argentine soybean crop forecast to 43 MMT. He shaved another 1 MMT off his Argentine corn crop to 51 MMT.

USDA cut its Argentine production forecasts by 3 MMT for soybeans to 46.5 MMT and by 500,000 metric tons (MT) for corn to 54 MMT.

USDA cuts Argy soybean, soymeal exports; holds on corn

USDA cut its 2021-22 Argentine soybean and soymeal export forecasts by 500,000 MT each to 4.85 MMT and 28.8 MMT, respectively. The agency left its Argentine corn export projection at 39 MMT.

USDA lowers Paraguay soybean crop

USDA cut 1.5 MMT from its Paraguay soybean crop forecast, lowering it to 8.5 MMT. Cordonnier kept his estimate of the country's production at 8 MMT. Paraguay is a small exporter of soybeans, but USDA cut its forecast by 1.1 MMT to 5.25 MMT.

Perspective on S. American crop cuts

USDA's South American crop estimates remain (well) above most private crop forecasters. But its cumulative reductions this month are the largest tonnage changes ever from December to January for both soybeans and corn. The percentage change for South American soybean production was also the biggest, based on our records.



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U.S. corn crop: 15.115 billion bu.

USDA's final 2021 corn crop estimate increased 53 million bu. from November and was the second highest on record. USDA increased harvested acres by 303,000 acres to 85.338 million acres. It left the national average yield unchanged at a record 177.0 bu. per acre.

U.S. soybean crop: 4.435 billion bu.

USDA's final 2021 soybean crop estimate increased 10 million bu. from November and was record-large. USDA raised its national average yield by 0.2 bu. to 51.4 bu. per acre, the second highest behind the 2016 record of 51.9 bu. per acre. USDA trimmed harvested acreage by 104,000 acres to 86.332 million acres.

Wow!... PF estimates couldn't have been much closer

At the conclusion of Crop Tour on Aug. 20, *Pro Farmer* estimated the corn crop at 15.116 billion bu. on a national average yield of 177.0 bu. per acre and the soybean crop at 4.436 billion bu. on a yield of 51.2 bu. per acre.

U.S. cotton crop: 17.624 million bales

USDA cut its cotton crop estimate by 660,000 bales. It raised harvested acreage by 46,000 acres to 9.968 million acres and cut the national average yield by 36 lbs. to 849 lbs. per acre.

Winter wheat acres top expectations

The U.S. planted 34.4 million acres to winter wheat, USDA estimated, up 749,000 acres from last year. HRW acreage at 23.8 million acres increased 234,000 acres, with Kansas seedings at 7.5 million acres up 200,000 acres. SRW acreage at nearly 7.1 million acres rose 422,000 acres. White winter wheat plantings at 3.6 million acres increased 54,000 acres.

Perspective: The question is how many U.S. winter wheat acres will be harvested given the poor conditions in the Southern Plains. We suspect abandonment will be much higher than normal for HRW acres. As of Jan. 11, USDA said 69% of U.S. winter wheat acres were experiencing drought, of which 29% was "moderate," 22% "severe," 16% "extreme," and 2% "exceptional drought."

IGC makes big changes to global crops

The International Grains Council (IGC) raised 2021-22 global wheat production by 4 MMT to a record 781 MMT. USDA increased the world wheat crop to 778.6 MMT. IGC said its preliminary projection calls for another record global wheat crop in 2022-23, though it didn't provide an official forecast.

Reflecting heat and drought in South America, IGC slashed its global soybean crop by 12 MMT to 368 MMT and its corn crop by 5 MMT to 1.207 MMT. IGC's forecast matched USDA on the global corn crop but was 4.6 MMT lower on soybean production.

Impacts of surging fertilizer prices

Economists at Texas A&M University say an increase/decrease in crop returns often coincides with an increase/decrease in input expenditures. But when crop returns decline, fertilizer expenditures tend to decline less. Study findings:

- Nitrogen prices likely will be around 81% higher for the 2022 crop. An average increase in nitrogen costs of \$52.07 per acre was noted across the 46 corn farms the economists studied. This would translate into roughly an extra 32¢ per bu. corn farmers would need to offset higher nitrogen prices.
- “The suggestion that the rise in natural gas prices is the primary reason for higher nitrogen products is highly suspect. The price of anhydrous increased \$688 per ton from the end of 2020 through the end of October 2021. However, the increase in the value of natural gas accounted for only \$102 (or 15%) of that increase. Once the value of natural gas in a ton of anhydrous has been subtracted from the price, the residual tends to closely track the price of corn, albeit on different scales. This close correspondence could be due to increased demand for nitrogen products as corn prices increase, or due to the exercise of market power by nitrogen product manufacturers and extraction of economic rents from corn producers.”
- The largest whole-farm impact would fall on farms at an average of \$128,000 per farm and the largest per-acre impact would be on rice farms at \$62.04 per acre.

The economists note: “Given the farm safety net is not designed to address rapidly rising costs of production, there are growing concerns in the countryside about the need for additional assistance.” *Will lawmakers and farm groups use these reports to get Congress to provide additional aid?*

For more details on the studies, go to www.profarmer.com.

China will keep tariffs on U.S. DDGs

China will maintain tariffs on imports of dried distillers grains (DDGs) from the U.S. while it conducts a review that started Jan. 12 and should be done within a year. In October, China’s commerce ministry received a request for an expiry review of the antidumping duties (currently at 42.2% to 53.7%) and anti-subsidy tariffs (currently at 11.2% to 12%).

Update on Prop 12: Case relisted

The Supreme Court “relisted” the Prop 12 petition from the National Pork Producers Council and Farm Bureau. According to SCOTUSblog, a “relisted” case can mean: one or more Justices want to take a closer look at the case; one or more Justices is trying to pick up enough votes to grant review (four are needed); the Justices are writing a summary reversal (a decision that the lower court opinion was so wrong it can decide the case on the merits without briefing or oral argument); or that one or more Justices are writing a dissent from the decision to deny review.

USDA slashes pork export forecasts

USDA lowered its 2021 pork export forecast by 75 million lbs. due to “recent trade data.” It now expects pork exports declined 2.6% last year. Through November (the most recent complete data), the U.S. had exported 6.499 billion lbs. of pork, down 2.2% from the same period last year.

USDA slashed its 2022 pork export forecast by 405 million lbs. from last month “on continued weak import demand from China and expectations of increased competition from competing exporters in a number of other markets.” Pork exports are now expected to fall 1.2% from last year compared with the 3.4% year-over-year increase projected last month.

USDA slightly reduced its 2022 pork production projection as “slower expected hog slaughter in the second half of the year more than offsets higher slaughter expectations in the first and second quarters.” But slaughter data continues to indicate hog numbers are even lighter than USDA’s December Hogs & Pigs Report indicated.

USDA raised its 2022 average cash hog price forecast by 50¢ from last month to \$60.50, though that would be down \$6.79 from last year.

Beef export forecasts unchanged

USDA left its 2021 beef export forecast at a record 3.455 billion lbs., which would be up 17.1% from the previous year. After record November beef shipments, beef exports stood at 3.159 billion lbs., up 18.5% from the same period in 2020. USDA also kept its 2022 beef export forecast unchanged at 3.270 billion lbs., which would be down 5.4% from last year.

USDA raised its 2022 beef production projection by 165 million lbs., amid “higher expected placements in late 2021 and first-half 2022,” along with expected heavier carcass weights and bigger cow slaughter. It still projects beef production will decline 2.8% from 2021.

USDA raised its 2022 average cash steer price projection by \$2.00 from last month to \$137.00, which would be up \$14.60 from last year.

Chinese inflation eases a little

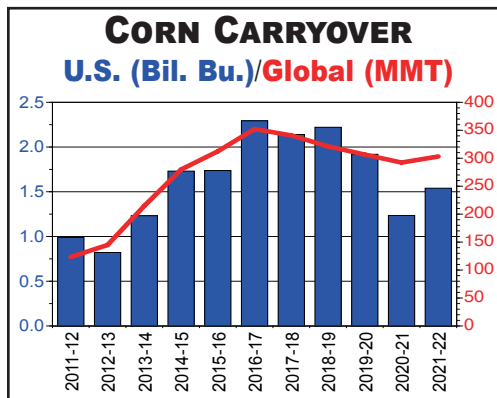
China’s producer price index (PPI) climbed 10.3% from a year earlier in December, slower than the 12.9% jump in November. China’s consumer price index (CPI) grew 1.5% versus year-ago in December, down from a 2.3% rise in November. Food prices declined 1.2%, as pork prices plunged 36.7% from year-earlier levels.

China pork prices expected to rise

After a sharp drop over the past year, pork prices will gradually increase in 2022 as the hog supply declines, according to a report in the state-backed *China Securities Journal*. More expensive pork would push up China’s CPI.

U.S. ending stocks rise for corn, soybeans and wheat

by Editor Brian Grete



USDA's changes to its domestic balance sheets were relatively mild, though corn, soybean and wheat ending stocks topped trade expectations, while cotton ending stocks were lower than anticipated. Changes to global ending stocks were also relatively mild, aside from soybeans, which came in 4.7 million metric tons (174 million bu.) lower than traders expected.

CORN — USDA raised its 2021-22 ending stocks forecast by 47 million bu. from last month to 1.540 billion bushels. It increased total supply by 52 million bu. due to the bigger crop estimate. On the demand side of the balance sheet, USDA raised total use 5 million bushels. It raised projected food, seed and industrial use by 80 million bu. (to 6.76 billion bu.), with 75 million bu. of the increase in corn-for-ethanol use (to 5.325 billion bu.). USDA mostly offset that with a 75-million-bu. cut to the export forecast (to 2.425 billion bu.).

Our corn ending stocks forecast is 1.515 billion bu. for 2021-22.

- **USDA 2021-22 price: \$5.45, unchanged from last month; up 92¢ from 2020-21.**

Global corn carryover: 303.1 million metric tons (MMT) for 2021-22, down 2.5 MMT from December but still up 10.8 MMT from 2020-21.

SOYBEANS — USDA raised its ending stocks projection by 10 million bu. from last month to 350 million bushels. It increased total supply by 11 million bu. amid the bigger crop estimate and a 1-million-bu. increase in beginning stocks. On the demand side, USDA's only change was a 1-million-bu. increase to residual use.

Our soybean ending stocks forecast is 315 million bu. for 2021-22.

- **USDA 2021-22 price: \$12.60, up 50¢ from December; up \$1.80 from 2020-21.**

Global soybean carryover: 95.2 MMT for 2021-22, down 6.8 MMT from last month and now down 4.7 MMT from 2020-21.

WHEAT — USDA raised its ending stocks projection by 30 million bu. from last month to 628 million bushels. It lowered total supply by 10 million bu. on a smaller import forecast. USDA cut total use by 40 million bu., with projected feed and residual use down 25 million bu. (to 110 million bu.) and exports down 15 million bushels (to 825 million bu.).

Our wheat ending stocks forecast is 650 million bu. for 2021-22.

- **USDA 2021-22 price: \$7.15, up a dime from December and \$2.10 from 2020-21.**

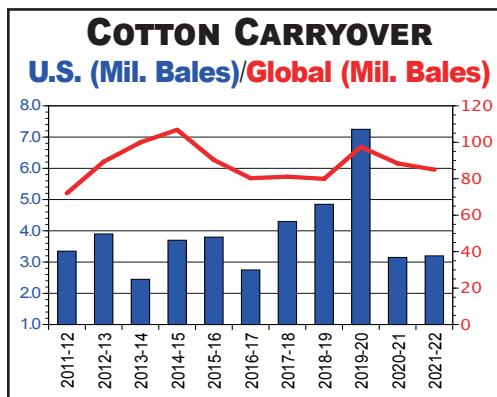
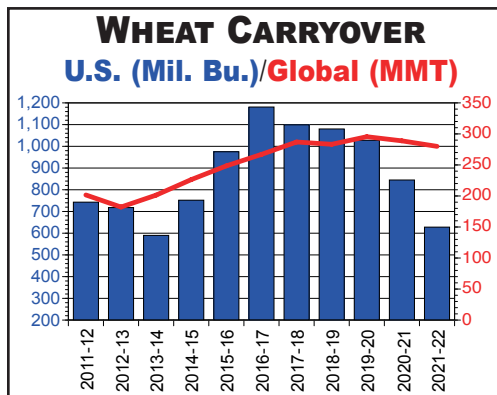
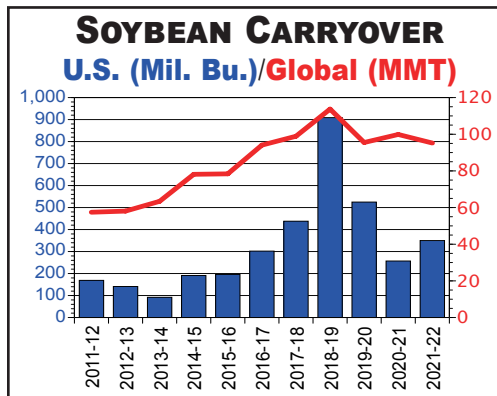
Global wheat carryover: 280.0 MMT for 2021-22, up 1.8 MMT from last month but still down 8.9 MMT from 2020-21.

COTTON — USDA cut its 2021-22 ending stocks forecast by 200,000 bales from last month to 3.2 million bales. It reduced total supply by 660,000 bales due to the smaller crop estimate. On the demand side of the balance sheet, USDA lowered total use by 450,000 bales. The export forecast was cut 500,000 bales (to 15.0 million bales) and domestic use was increased 50,000 bales (to 2.55 million bales).

Our cotton ending stocks forecast is 3.2 million bales for 2021-22.

- **USDA 2021-22 price: 90¢, unchanged from last month and up 23.7¢ from 2020-21.**

Global cotton carryover: 85.0 million bales for 2021-22, down 720,000 bales from December and 3.4 million bales lower than 2020-21.



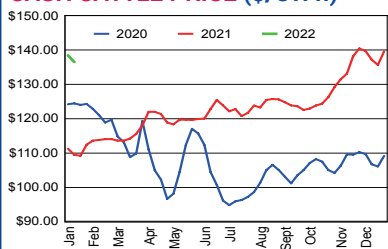
CATTLE - Fundamental Analysis

Concerns about diminished packer demand for cattle due to Covid infections among plant workers continued weighing on cash and futures prices last week. However, after dipping to the \$261 area just before Christmas, the Choice cutout tested \$280 last week. Reduced production may be playing a role in that rise, but one also has to wonder if consumer demand is improving. The latest retail data shows the average price of beef cuts had stalled at \$7.11 in December, while steak prices had dipped back below \$10.00. Lower retail values could go far in boosting demand, and cattle prices, in the weeks ahead.

Position Monitor

Game Plan:	Feds	Feeders
If recent support is violated, there would be more near-term risk. But with no weather premium built into futures, continue to carry risk in cash.	I'22 0% II'22 0% III'22 0% IV'22 0%	0% 0% 0% 0%

CASH CATTLE PRICE (\$/CWT.)



DAILY FEBRUARY LIVE CATTLE



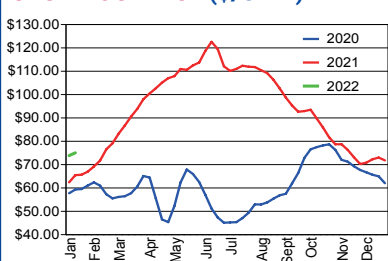
HOGS - Fundamental Analysis

February hog futures recently plunged, while the CME Lean Hog Index climbed above \$75.00. Those moves drastically reduced the nearby contract's premium, slashing the price rally expected over the next month. Traders may believe early January slaughter running 9% under last year implies hogs are backing up on farms, rendering the market vulnerable to a potential Covid shutdown. We doubt packers will be forced to shutter plants in the coming weeks and think reduced retail prices foreshadow improved demand, so we are cautiously optimistic about short-run prospects.

Position Monitor

Game Plan:	Lean Hogs
Seasonal lows have been posted in the cash market and futures. We feel summer-month contracts are undervalued. Continue to carry risk in the cash market.	I'22 0% II'22 0% III'22 0% IV'22 0%

CASH HOG PRICE (\$/CWT.)



DAILY FEBRUARY LEAN HOGS



FEED

Feed Monitor

Corn

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. We'll wait on a pullback to the \$5.75 level or lower to advance coverage.

Meal

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

Meal Game Plan: You are hand-to-mouth on soybean meal needs. We would view a corrective pullback to the \$400.00 level in March futures as an opportunity to extend coverage.

DAILY MARCH SOYBEAN MEAL



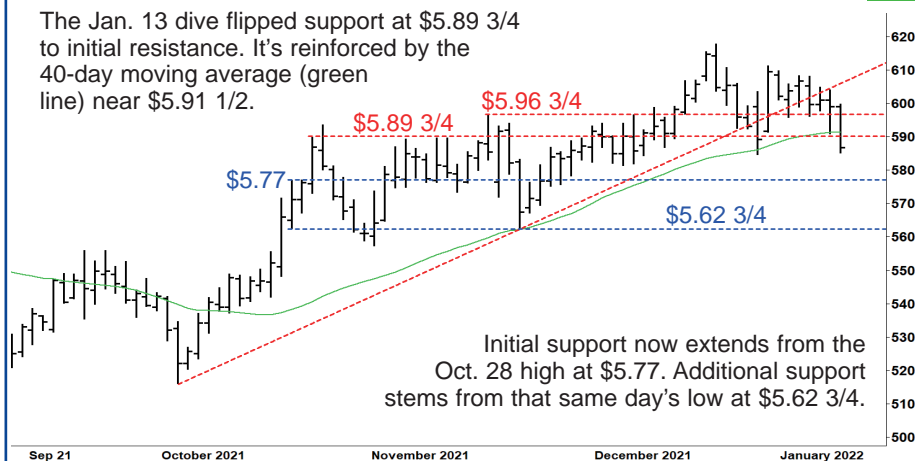
Position Monitor

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

Game Plan: Get current with advised 2021- and 2022-crop sales. Be prepared to advance sales if futures push above the recent highs on South American crop concerns. We continue to feel the market will struggle to sustain trade above \$6.00 in old-crop contracts and price moves above that level should be viewed as selling opportunities. We'll likely sell more 2022-crop when we advance old-crop sales.

DAILY MARCH CORN

The Jan. 13 dive flipped support at \$5.89 3/4 to initial resistance. It's reinforced by the 40-day moving average (green line) near \$5.91 1/2.



DAILY MAY CORN

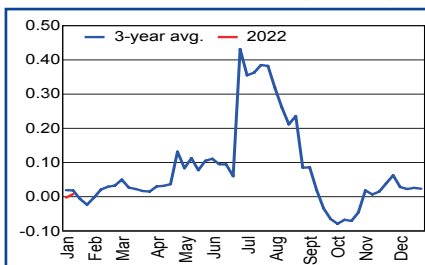
Resistance at the Nov. 1 high of \$5.93 is closely backed by the 40-day moving average (green line) at \$5.93 1/2.



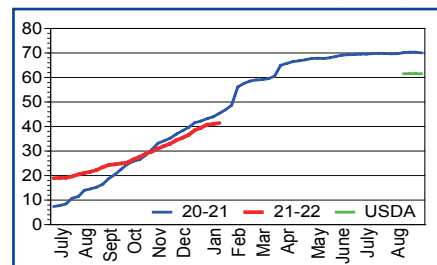
CORN - Fundamental Analysis

USDA's Jan. 12 data dump collectively generated little immediate price reaction in corn, but longer-term implications gained sharper focus. A near-record U.S. crop, slower exports and bigger projected ending stocks formed a strong fundamental argument prices established a near-term peak in late December. March futures' weak performance last week suggests bulls need some fresh supportive news to reestablish \$6.00 as support. But strong domestic ethanol demand should keep a floor under prices, and further deterioration in South American conditions could spark renewed upside in corn. The corn-vs.-soybeans acreage debate will heat up as spring planting nears.

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. Wheat needs help to strengthen. Given poor U.S. winter wheat conditions, we'll wait on an extended price rebound to advance old- and new-crop cash sales.

WHEAT - Fundamental Analysis

SRW — USDA's U.S. SRW wheat seedings estimate, at 7.07 million acres, the highest since 2015, was the primary driver behind higher-than-expected all winter wheat plantings. The prospect of a larger U.S. crop only adds to concerns with bearish export dynamics.

DAILY MARCH SRW WHEAT

Resistance extending from the Oct. 27 low of \$7.58 is loosely backed by the Oct. 4 high at \$7.74 1/2.

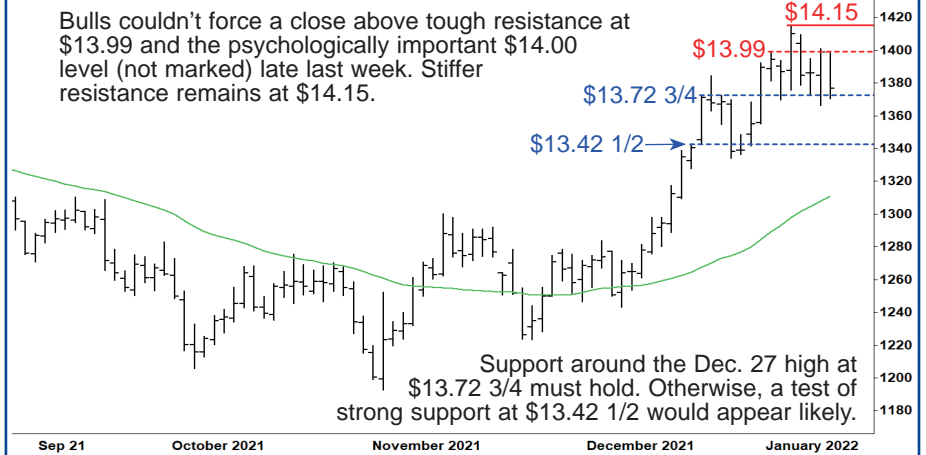


Position Monitor

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

Game Plan: Get current with advised 2021- and 2022-crop sales. There's likely more near-term upside potential if South American crop estimates continue to decline, as bulls have momentum and technicals are bullish. But there is risk of a sharp price reversal if the South American weather pattern changes — even a little. The U.S. export window is also likely to start closing seasonally.

DAILY MARCH SOYBEANS



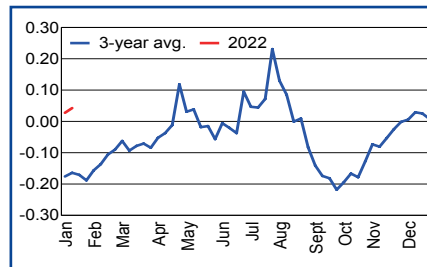
DAILY MAY SOYBEANS



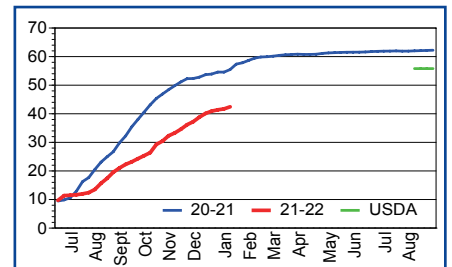
SOYBEANS - Fundamental Analysis

Futures initially rallied after USDA's larger-than-expected cuts to South American production but still ended lower for the week, a strong signal the market has already factored in smaller crops in Brazil and Argentina. Improved rain chances in southern Brazil and Argentina later this month sapped some bullish momentum, and large speculators began trimming their hefty net long position. It's possible more cuts by private analysts to South American crop forecasts in coming weeks could prop up prices, but considering the seasonally slowing export pace and declining interest from China, futures may be on a sideways path at best over the near-term.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



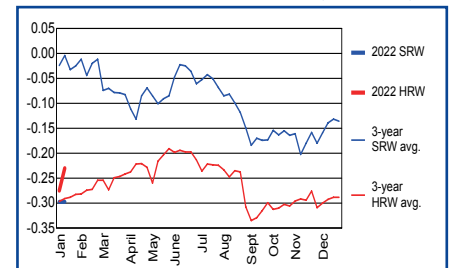
DAILY MARCH HRW WHEAT



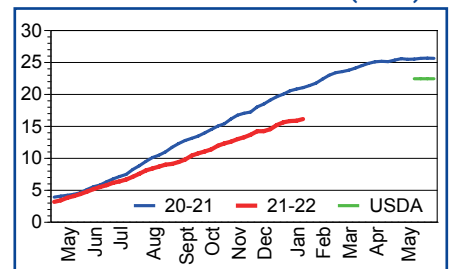
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Expanding U.S. and global supplies and U.S. wheat's inability to compete on the world market argue for more price downside beyond the recent drop near three-month lows. The prospect of high HRW acreage abandonment due to extreme Plains dryness is a bona fide concern, but that's not a front-burner issue for the market at the moment.

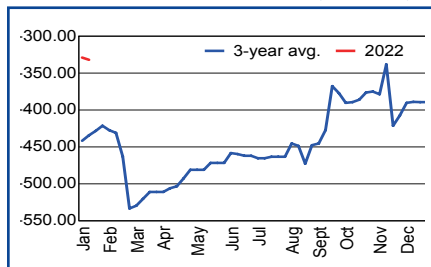
HRS — USDA lowered its projection for 2021-22 U.S. spring wheat ending stocks by 4 million bu. to a 14-year low of 128 million bushels. But that didn't prevent March spring wheat futures from closing under \$9.00 for the first time since late September. Barring any rallies in winter wheat, the path of least resistance is lower until demand revives.

Position Monitor

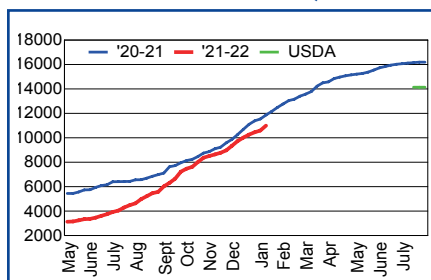
	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	100%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. We are targeting a move near the 100.00¢ level in December 2022 futures to advance new-crop sales.

AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



COTTON - Fundamental Analysis

Futures rallied after USDA slashed the 2021 U.S. cotton crop by 660,000 bales. But it reduced ending stocks just 200,000 from last month, as the export forecast was cut 500,000 bales due to lagging shipments. New-crop futures above 95.00¢ are trying to buy acres for this year.

GENERAL OUTLOOK

Shipping rates : The Baltic Dry Index (BDI) represents the cost of ocean shipping for bulk dry goods such as cement, coal and grain. It reflects the supply of large freighters available to transport those commodities, as well as the demand from various interests for those ships. The supply of and demand for those goods impacts the index as well.

As the chart shows, the BDI spiked in October from greatly depressed spring

2020 lows to its highest level since 2008, seemingly reflecting the transport and supply-chain issues plaguing the global economy in 2021.

Thus, the subsequent dive looks quite stunning. Ultimately, this implies the problems affecting the transport sector are related to other issues such as port back-ups and blockages, the scarcity of shipping containers, as well as bulk commodity shortages.

WEEKLY BALTIC DRY INDEX



FROM THE BULLPEN By Market Consultant Dan Vaught

The Jan. 12 USDA reports stated the 2021 U.S. oat crop at just 39.836 million bu., down 39% from 2020. Records dating back to the Civil War show no totals lower than last year. A 15% annual drop in planted acreage set the stage for the big shortfall, which was worsened by drought in the Northern Plains. That also shrunk the Canadian oat crop, which fell 43%. USDA expects domestic oat prices to average \$3.80 for 2021-22, up \$1.03 (37%) from 2020-21.

U.S. rice plantings fell 17% annually last year, but yields at 7,709 lbs. per acre represented a record high, pushing production to 191.796 million cwt., down 16% from 2020. Weather in the mid-South was clearly better than in the

Plains states, while the California medium and short grain crops weren't affected by the drought in that state. Still, U.S. 2021-22 carryout is seen dropping 10.7 million cwt. (24%), which at least partially explains the projected price rise to \$15.10 this year, versus \$14.00 during the 2020-21 crop year.

U.S. sorghum yields slipped to 69.0 bu. per acre in 2021. When combined with the big harvested acreage figure at 6.49 million, that boosted domestic production to 447.8 million bu., which marked a 20% annual increase. Carryout is seen rising 13 million bu. (65%). But strong grain markets have USDA boosting its price forecast 8% to \$5.45 per bushel.

WATCH LIST

- Chinese GDP Data** **SUN 1/16**
Fourth quarter economic growth. 9:00 p.m. CT
- Martin Luther King Jr. Day** **MON 1/17**
Markets, gov't offices closed.
- USDA Export Inspections Rpt.** **TUES 1/18**
Soybean shipments start to slow. 10:00 a.m. CT
- USDA Export Sales Report** **FRI 1/21**
Corn, bean sales to China? 7:30 a.m. CT
- USDA Cattle on Feed Report** **FRI 1/21**
December placements the key data. 2:00 p.m. CT

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