



### News this week...

- 2 – Brazil soybean crop worse than expected.
- 3 – Extended forecast offers little relief for HRW areas.
- 4 – Our assessments of key issues for agriculture.

**Money flow, geopolitics influencing prices** – Money flow remained the overriding factor behind price action in the soybean market as funds and small speculators continued to add to their long positions, while commercials built their short positions. The South American weather/crop situation and export demand will remain secondary factors to money flow. Speculative buying wasn't as strong in the corn and wheat markets as traders nervously monitored the Russia/Ukraine situation. A Russian invasion would be short-term price supportive. The market that's likely to be the leading indicator of money flow is crude oil, which last week backed off after nearly reaching \$96.00. Cattle futures traded sideways last week, despite firmer cash cattle prices. Lean hog futures continued to explode higher.

## China cancels Brazil beans, buys U.S.

Chinese soybean processors have recently canceled 10 Brazilian soybean cargoes, according to sources cited by *Bloomberg*. Soy crushers reportedly "don't want to be long a bunch of meal" given poor hog production margins. But China and "unknown destinations" (also China?) continue to actively buy and take delivery of U.S. old-crop soybeans.

We now project 2021-22 U.S. exports could top USDA's forecast of 2.05 billion bu. by around 100 million bu., which would pull old-crop ending stocks down to near 200 million bushels.

China and "unknown" are also actively booking 2022-23 U.S. soybeans, likely as "insurance" in case South American production and crop quality continue to decline.

## India buying U.S. soyoil

India has booked a record 100,000 metric tons of U.S. soyoil *Reuters* reported. More purchases are possible as South American supplies will be limited by drought and palm oil prices are record-high. Geopolitical tensions also make Indian traders wary about booking Black Sea sunflower oil.

## Relief for Argentina, not much in Brazil

Needed rains are forecast for areas of central Argentina during the middle of this week and again Feb. 27-28. Rains will be lighter in northern areas of the country. Rains are expected to persist across central and northern Brazil, though frequency should be less than during recent weeks. Any rainfall in southern Brazil is expected to be infrequent.

## Gov't funded through March 11

The Senate passed a stopgap bill to keep the government funded through March 11. That will give appropriators time to finish an omnibus spending package for fiscal year 2022.

## PF acreage survey coming this week

Our annual spring acreage survey will arrive via e-mail this week. Please fill out the survey as accurately as possible with your current planting intentions. We'll cover results ahead of USDA's March 31 Prospective Plantings Report.

## Twists, turns continue in Russia saga

Even if Russian President Vladimir Putin holds off on invading Ukraine, he has made himself the center of global attention, "proving that Russia matters once more," the *Economist* writes. He has destabilized Ukraine "and impressed on everyone that its future is his business... At home he has... distracted from economic hardship and the repression of opposition figures." But the *Economist* contends that "in a longer-lasting and more strategic sense he has lost ground" by galvanizing his opponents. If an invasion is avoided, it will be the result of diplomacy finding some way for Putin to get a portion of what he wants and to claim victory. If not, an invasion is coming. We have more on the Russian situation and other key issues for agriculture on [News page 4](#).

## USTR attacks China's trade stance

The U.S. Trade Representative (USTR) annual report detailing China's membership in the World Trade Organization (WTO) noted it has "retained and expanded its state-led, non-market approach to the economy and trade." USTR Katherine Tai says that has caused "serious harm to workers and businesses around the world." Regarding the Phase 1 trade deal, Tai says China has not yet implemented commitments on ag biotechnology and its required risk assessment of the use of ractopamine in cattle and hogs. She also said China has "fallen far short" of its Phase 1 purchase commitments for goods and services and labeled Beijing's efforts as only those that "served China's interests."

## More U.S. HPAI cases confirmed

USDA recently confirmed highly pathogenic avian influenza (HPAI) in domestic poultry flocks in Indiana, Kentucky and Virginia, including a broiler chicken farm owned by Tyson Foods in Fulton County, Kentucky. Last month, HPAI was confirmed in wild birds along the East Coast. Trade restrictions mostly have been limited to poultry/products from the states where the disease was discovered, with some countries only restricting imports from a radius of 10 kilometers from the confirmed cases.

## Brazil soybeans worse than expected

Crop Consultant Dr. Michael Cordonnier says he was holding out hope that production losses due to drought in southern Brazil would be partially offset by stronger yields in central and northern areas. He no longer has that hope, saying conditions in southern Brazil are worse than expected and there may be additional yield losses due to drought. As a result, Cordonnier slashed his Brazilian soybean crop estimate by 6 million metric tons (MMT) to 124 MMT. He also lowered his Argentine soybean crop forecast by 2 MMT to 40 MMT.

For all of South America (Brazil, Argentina, Paraguay, Bolivia and Uruguay), Cordonnier estimates production at 174.6 MMT, which would be down 24.2 MMT (12.2%) from last year and more than 35 MMT below initial expectations.

### **Crop quality the next concern for Brazilian soybeans**

Heavy late-season rains have caused molding and sprouting of soybeans in central and northern Brazil. The quality issues aren't limited to those areas. Last week, the grain association of Rio Grande do Sul sent a letter warning exporters of the likely poor quality of soybeans. The grain association expects many of the soybeans in the far southern state to be Grade 2 or lower, meaning they would have little commercial value. The association suggested the quality rules be adjusted so farmers can sell their soybeans.

## Consultant lowers Argentine corn crop

Cordonnier cut his Argentine corn crop forecast by 1 MMT to 50 MMT, as early yields are lower than expected. He kept his Brazilian corn crop estimate at 112 MMT, though he warned of "obstacles" the crop faces if La Niña persists into pollination and grain fill for the safrinha crop.

For all of South America, Cordonnier forecasts production at 168 MMT, which would be up 24.6 MMT (17.2%) from last year but 9 MMT below his initial projection.

## Crushers face soybean shortages

Paraguay's soy crushing industry will run out of soybeans to process by the middle of the year due to a drought slashing production, the country's soy crushers association says. It has petitioned the government to approve a tax exemption to enable soybean imports for crushing. If approved, it would be the first time Paraguay has ever imported raw soybeans.

Due to short supplies, Argentine soy crushers won't be able to import soybeans from Paraguay this year and the country's soy crushers association says processing capacity that fell to 45% in late 2021 could decline further.

## IGC cuts global soy, corn production

The International Grains Council (IGC) slashed its 2021-22 global soybean production forecast by 15 MMT (551 million bu.) from last month amid "evidence of dwindling yield potential in South America." IGC now forecasts the global soybean crop at 353 MMT, nearly 14 MMT lower than USDA's projection earlier this month.

IGC lowered its global corn production forecast by 4 MMT (158 million bu.) to 1.2 billion metric tons. Cuts to crops in Brazil (down 1.4 MMT to 111.5 MMT) and Argentina (down 2 MMT to 59 MMT) accounted for 3.4 MMT of reduction. IGC's new global corn crop forecast is nearly 2.4 MMT lower than USDA's February projection.

IGC left its global wheat production forecast at 781 MMT, which is 4.6 MMT greater than USDA's figure.

## China could sharply cut soy demand

China can reduce its soybean demand by 30 MMT, the official *Xinhua* news agency reported, citing unnamed agriculture officials. The officials say livestock producers could continue to increase the use of more alternative grains and amino acids in feed rations. After China issued guidelines last year recommending reduced soymeal use, its portion in feed rations reportedly dropped to an average 15.3%, down 2.4 percentage points compared with 2020. Among the country's top 33 feed companies, soymeal rations averaged 11.8%, a decrease of 1.6 points from the previous year. China has also said boosting domestic soybean production will be a "major political task."

The report surfaced after front-month soybeans topped \$16 for only the fifth time ever and as Chinese buyers booked U.S. old- and new-crop cargoes amid South American supply shortfalls. *Hmmm.*

## NOPA January crush disappoints

Members of the National Oilseed Processors Association (NOPA) crushed 182.2 million bu. of soybeans in January, down 4.2 million bu. from the December record. Traders expected the January crush to be record-large.

NOPA data implies a total January soybean crush of 194.0 million bushels. Using that figure, we estimate soybean crush at 944 million bu. for the first five months of 2021-22. That would be down 0.4% from the same period last year. USDA forecasts crush will increase 3.5% from last year to a record 2.215 billion bu., which matches our projection, and we still believe is achievable given strong crush margins through summer.

NOPA reported total soybean oil stocks of 2.026 billion lbs. at the end of January, down 5 million lbs. from December and less than anticipated. The slower-than-expected crush pace accounts for some of the shortfall, but the data implies domestic use was also less than anticipated.

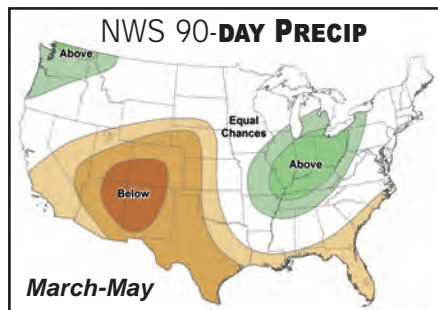
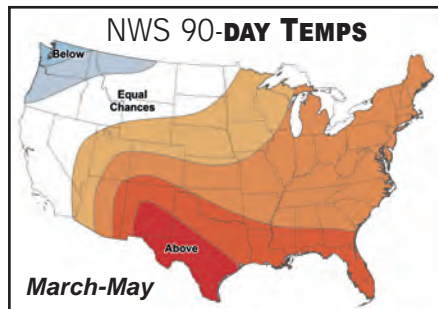


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## No respite for HRW wheat country

The National Weather Service 90-day forecast continues to give elevated odds of above-normal temps across HRW areas of the Southern Plains. Below-normal precip also is likely over all but the far eastern HRW areas of the Central and Southern Plains for March through May. As a result, drought conditions are expected to persist across HRW production areas. Without any meaningful weather relief, timing of any spring rainfall will be critical to the development of the HRW



crop, much of which is drought-stressed.

Above-normal temps are also expected across the entire eastern half of the country, including much of the western Corn Belt through May. A bubble of above-normal precip is forecast for the eastern Corn Belt, much of Missouri and the Ohio River Basin during the 90-day period. There are “equal chances”

for precip across the central and northwestern Corn Belt.

### Drought covers virtually all of HRW areas

As of Feb. 15, the amount of U.S. winter wheat in drought conditions stood at 72%, according to the U.S. Drought Monitor. USDA said winter wheat drought was 26% “moderate,” 27% “severe,” 18% “extreme,” and 1% “exceptional.”

For the HRW areas, drought covered 86% of Kansas, 98% of Oklahoma, 88% of Texas, 100% of Colorado, 100% of Nebraska, 81% of South Dakota and 92% of Montana.

## NCC: Cotton acreage to rise 7.3%

Based on its annual producer survey, the National Cotton Council (NCC) projects U.S. cotton acreage will rise 7.3% this year to 12.0 million acres. Upland cotton intentions are 11.9 million acres, up 7.1% from 2021. Cotton acreage is expected to rise 6.9% in Texas and 1.3% in Georgia.

In the Southwest, farmers intend to shift acres from sorghum and wheat to cotton. In the Mid-South, the shift to more cotton acres would come at the expense of corn. In the Southeast, cotton is expected to pick up acres from corn and peanuts.

From 2001 to 2021, the NCC survey was below USDA's March planting intentions two-thirds of the time, with the average difference being 141,000 acres too low.

## China's inflation eases in January

China's producer price index (PPI) increased 9.1% from a year ago in January, which was lower than expected and down from 10.3% in December. Factory gate inflation was the lowest reading since July, reflecting the effect of government measures to secure supply and control commodity prices.

China's consumer price index (CPI) rose 0.9%, which was also less than anticipated and down from 1.5% in December. This was the lowest CPI since September, as the cost of food dropped 3.8% amid weaker pork prices.

Amid the taming inflation, China is expected to take additional monetary easing measures to boost economic activity.

## U.S. producer prices soar

The January U.S. producer price index (PPI) surged 1.0% from December for an annual increase of 9.7%. Removing food, energy and trade services, factory gate prices jumped 0.9% from the previous month and 6.9% from year-ago.

## UK inflation continues to surge

The United Kingdom's CPI increased 5.5% from year-ago in January, the highest level since March 1992, behind supply chain struggles and lingering effects of Covid. The Bank of England, which has already raised interest rates two times, is expected to further raise rates on March 17.

## Canadian inflation hits 30-year high

Canada's annual inflation rate for January was 5.1%, the highest since 5.5% in September 1991, according to Statistics Canada. Food prices jumped 5.7% and energy soared 23.1%. The so-called core CPI, which takes out food and energy prices, rose 3.5% from year-ago.

The Bank of Canada says it will be nimble and potentially “forceful” in tackling surging inflation, setting the stage for an aggressive campaign of interest rate increases. Canada's central bank is expected to raise interest rates at its next meeting March 2 and traders expect up to seven interest rate hikes in the next year for Canada.

## IMF backs ECB on inflation, policy

The European Central Bank has been right to maintain its easy money policy as inflation is set to fall after “transient boosts” from supply snags, the International Monetary Fund (IMF) said. “We expect inflation to fall slightly below the European Central Bank's target once the pandemic fades,” read a blog post signed by IMF managing director Kristalina Georgieva and two other officials. “The ECB has appropriately decided to maintain an accommodative monetary stance until its medium-term inflation target is met while preserving its flexibility to adjust course if high underlying inflation proves more durable than expected.”

# Heads-up on some heady issues

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

**A**griculture is dealing with a lot of volatile issues. Following are our assessments regarding a potential Russia invasion of Ukraine, supply chain problems, coming Fed moves, input prices and climate change farm programs.

## **Putin has already invaded... our heads**

Russian President Vladimir Putin loves to play mind games in flexing his geopolitical strategy. The Biden administration keeps using the word “imminent,” implying it’s not if but when Russia invades Ukraine. The U.S. and NATO said they saw no evidence Russia is de-escalating at any level. Back in 2008, Russia also announced it was withdrawing troops from its border with Georgia... eight days before invading the country. Ag commodity markets are riveted to this issue. If an invasion comes, several markets (corn, wheat, sunflower oil, crude oil) could pop, but history shows such price moves are fleeting.

## **Fed: Rate hike soon, faster tightening pace if needed**

Federal Reserve officials concluded in January they would start raising interest rates soon and were on alert for persistent inflation to justify a faster pace of tightening. Minutes of the Jan. 25-26 Federal Open Market Committee (FOMC) meeting said most policymakers believe “if inflation does not move down as they expect, it would be appropriate for the Committee to remove policy accommodation at a faster pace.”

Analysts are becoming increasingly concerned the U.S. central bank may not be able to slow inflation without inflicting economic damage. Fed officials will have another round of inflation and employment data before making their decision next month.

## **Shortage of truck production and truckers**

Carrier executives warn production at truck and trailer manufacturers remains constrained. New orders for trucks and trailers have weakened in recent months as manufacturers limit sales while they try to cut into backlogs driven by parts shortages. FTR Transportation Intelligence expects North American makers of Class 8 trucks will fall 85,000 units short of demand, suggesting some capital spending will be rolled into next year.

## **Supply chain backlogs continue, some signs of relief**

An indicator tracking supply chain stress compiled by UBS has improved significantly after peaking in October.

It found that a quarter of bottleneck pressure has been reversed. Reasons: More air freight capacity is opening as passengers return to the skies, reducing costs. Spending in the U.S. is starting to shift from goods to services. And outside of China, countries in Asia are moving away from “zero-Covid” policies, which implemented harsh restrictions that affected trade to limit infections.

Meanwhile, congestion at the ports of Los Angeles and Long Beach is declining, too. The number of ships waiting to be offloaded is down by half since early January, according to UBS. But the bank’s economists admit there is still “a lot of work to be done.” Securing shipping containers remains extremely difficult and shipping costs are still elevated, according to data from Freightos.

## **Vilsack wants DOJ to investigate input prices**

USDA Secretary Tom Vilsack wants the Department of Justice (DOJ) to ensure seed companies and other input suppliers are not using their market power and current conditions to raise prices unfairly. If input companies cannot justify current pricing, “then shame on anybody who’s trying to take advantage of this circumstance.” He acknowledged the volume of challenges weighing on the ag sector, mentioning supply chains, animal disease threats and rising input costs, but stressed his confidence in the “capacity of American agriculture” to overcome them.

Vilsack’s comments come as DOJ and the FBI announced a new initiative to look at finding companies that are exploiting supply chain disruptions in the U.S. to make increased profits, violating U.S. antitrust laws. Assistant Attorney General Jonathan Kanter, in charge of the DOJ antitrust division, said: “The Antitrust Division will not allow companies to collude in order to overcharge consumers under the guise of supply chain disruptions.”

## **Vilsack discusses climate initiatives and early adopters**

Vilsack says USDA’s \$1 billion Partnerships for Climate-Smart Commodities initiative aimed at promoting climate-smart ag practices seeks to include all producers, even those who have already invested in new practices. “I think early adopters can fit themselves nicely into those pilots,” Vilsack remarked. Right now, “those early adopters are not getting credit because nobody’s keeping score,” he said. “This program allows us to keep score and allows us to tell the world what agriculture is doing.”

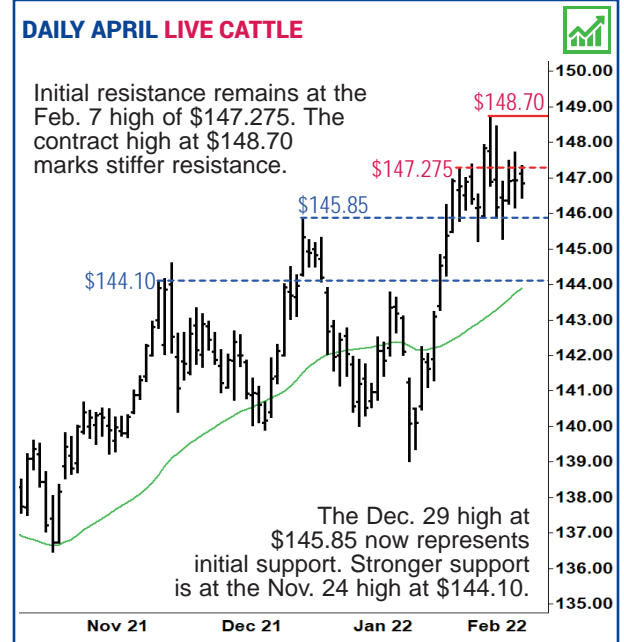
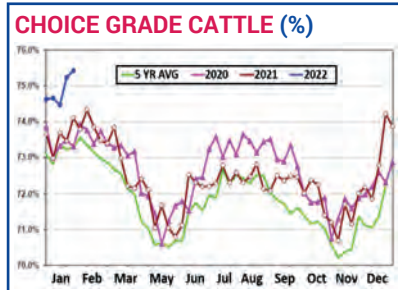
**CATTLE - Fundamental Analysis**

The spread between Choice and Select grade beef tightened to the \$3.00-\$4.00 area last week, which is near the long-term average for late winter. The main cause of the reduced spread is the seasonal surge of Choice-grade animals exiting feedlots at this time of year. As the chart shows, the percentage has soared to record highs lately. But as marketings of animals placed in feedlots as calves last summer and fall rises in the coming weeks, the Choice percentage should dip and give the cattle market a seasonal boost. We still expect higher prices, but think elevated retail beef costs will limit upside potential.

**Position Monitor**

**Game Plan:** Fed cattle producers should keep all risk in the firming cash market. Be prepared for hedges when the market shows signs of topping.

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



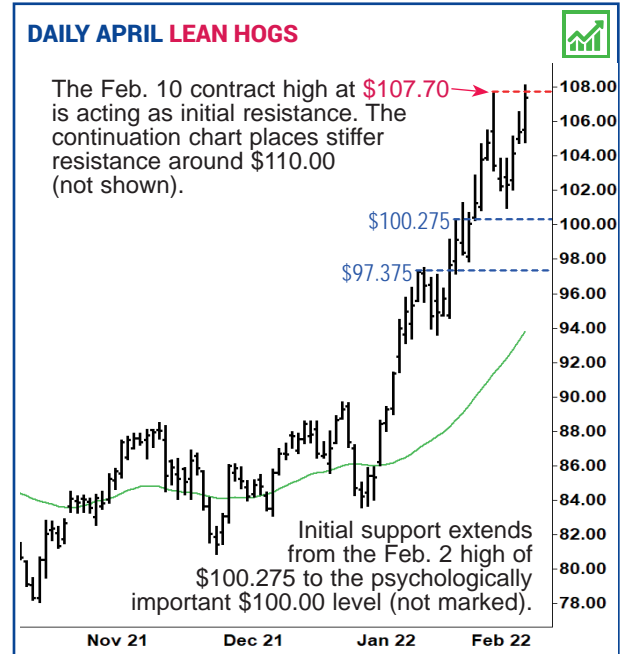
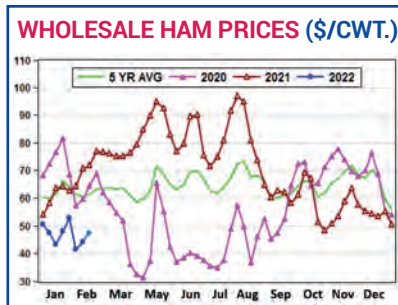
**HOGS - Fundamental Analysis**

Hams represent nearly one-quarter of the hog carcass, so their wholesale prices greatly influence hog values. The green line on the chart shows ham values tend to be depressed during winter, but get a modest boost as grocers build inventories for planned Easter features, and again during spring and summer as hog supplies decline and processors add to stocks for Christmas. This illustrates the hog/pork complex's upside potential if the usual seasonal supply reduction is amplified by the cyclical cutback. We still harbor concerns about possible March-April weakness, so we're still watching for hedging opportunities.

**Position Monitor**

**Game Plan:** Traders have a much-stronger-than-normal seasonal rally built into April futures. There could be a short-term hedging opportunity when the market tops.

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



**FEED**

**Feed Monitor**

**Corn**

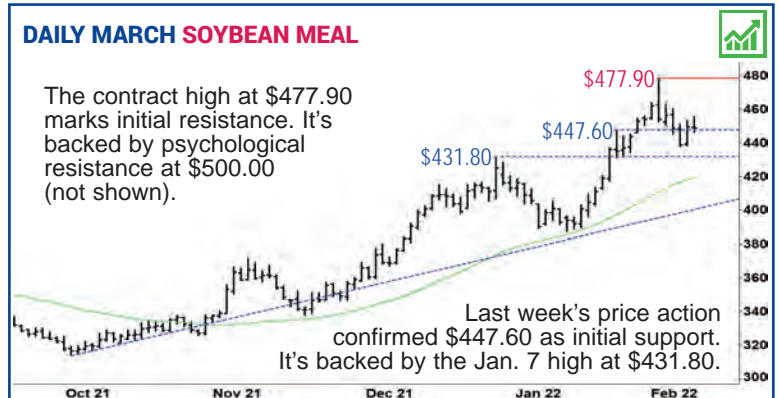
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

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

**Meal**

I'22	33%
II'22	0%
III'22	0%
IV'22	0%

**Meal Game Plan:** You are hand-to-mouth on soybean meal coverage. Don't lock in current prices for an extended period. We'll wait on an overdue corrective pullback to extend cash coverage.



### Position Monitor

	'21 crop	'22 crop
Cash-only:	80%	30%
Hedgers (cash sales):	80%	30%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. While there may be more near-term upside potential, current price levels offer strong sales opportunities from a historical perspective. Be prepared to advance old- and new-crop sales on signs the upside is exhausted. When the market eventually tops, there will likely be a sudden and sharp price pullback, especially if funds actively liquidate long positions.

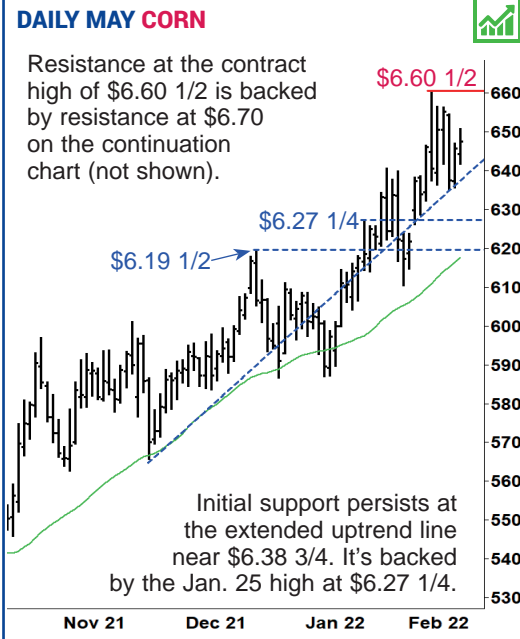
### DAILY MARCH CORN

A close above resistance at the contract high of \$6.62 3/4 would have bulls targeting continuation chart resistance around \$6.70, then the psychological \$7.00 level (neither marked).



### DAILY MAY CORN

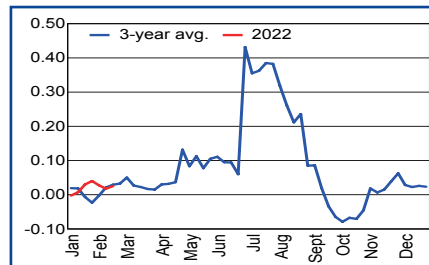
Resistance at the contract high of \$6.60 1/2 is backed by resistance at \$6.70 on the continuation chart (not shown).



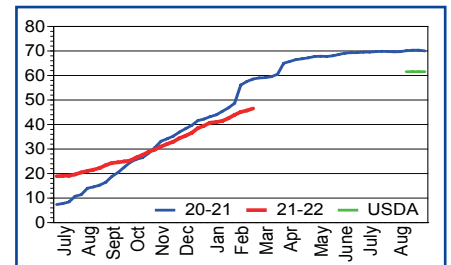
### CORN - Fundamental Analysis

Bullish momentum stalled a bit as March futures failed to score a contract high for the first week in the past three. Two key fundamentals lean bearish: ethanol demand has slowed sharply from late-2021 levels and 2021-22 U.S. export commitments trail year-ago levels by 21%. But those two factors and most others are ancillary as long as the Russia/Ukraine tensions persist. An invasion could happen at any moment and uncork an explosive, if temporary, move higher across commodity markets. Funds are heavily long corn, but speculative buying has slowed the past couple weeks. Prices well above \$6.00 present an opportunity to advance sales if you aren't current.

#### AVERAGE CORN BASIS (MARCH)



#### CORN EXPORT BOOKINGS (MMT)



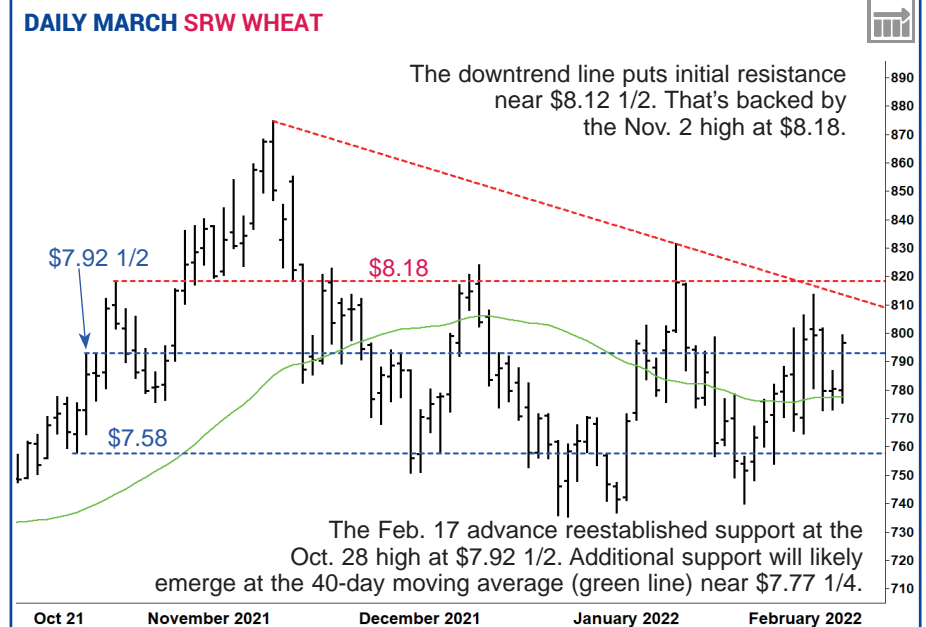
### Position Monitor

	'21 crop	'22 crop
Cash-only:	80%	30%
Hedgers (cash sales):	80%	30%
Futures/Options	20%	0%

**Game Plan:** Get current with advised sales. The upside in wheat is tied to other markets and outside factors, as the seasonal trend is down through spring. A geopolitical-driven rally would be a selling opportunity.

### DAILY MARCH SRW WHEAT

The downtrend line puts initial resistance near \$8.12 1/2. That's backed by the Nov. 2 high at \$8.18.



### WHEAT - Fundamental Analysis

**SRW** — The shortfall in 2021-22 U.S. wheat export commitments compared to last year widened to 25%, further underscoring a lack of competitiveness on global markets. But the potential for Russia/Ukraine conflict should keep a floor under prices the near-term.

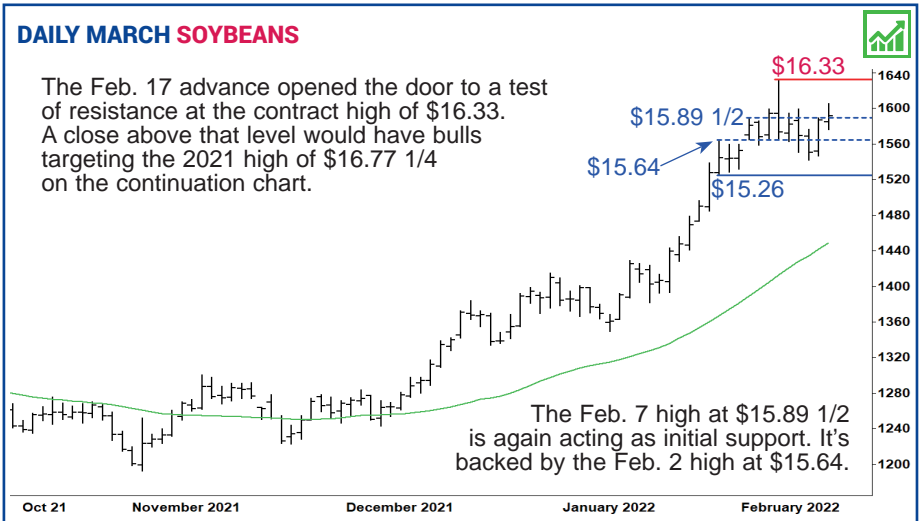
## Position Monitor

	'21 crop	'22 crop
Cash-only:	85%	30%
Hedgers (cash sales):	95%	30%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. There may be more near-term upside potential, but current price levels offer exceptional sales opportunities from a historical perspective. Be prepared to advance old- and new-crop sales on signs the rally is exhausted. When the market eventually tops, there will likely be a sudden and sharp price pullback, especially if funds actively liquidate long positions.

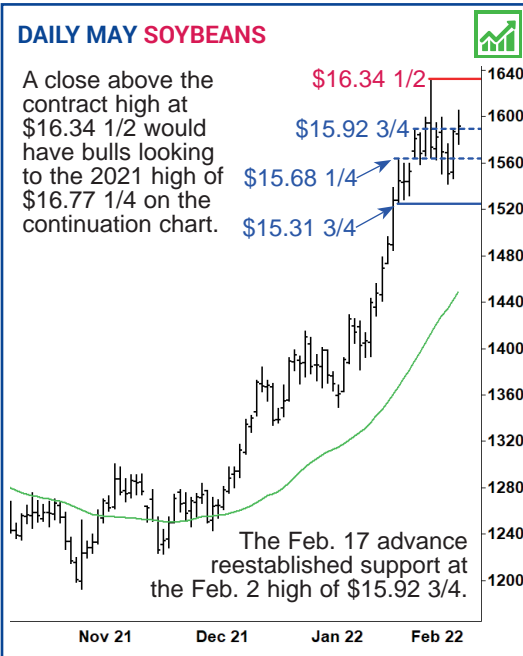
## DAILY MARCH SOYBEANS

The Feb. 17 advance opened the door to a test of resistance at the contract high of \$16.33. A close above that level would have bulls targeting the 2021 high of \$16.77 1/4 on the continuation chart.



## DAILY MAY SOYBEANS

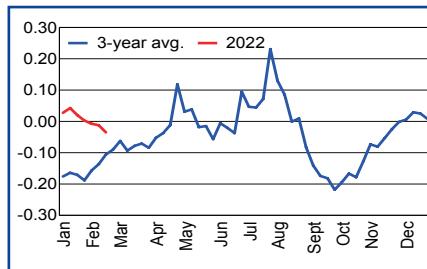
A close above the contract high at \$16.34 1/2 would have bulls looking to the 2021 high of \$16.77 1/4 on the continuation chart.



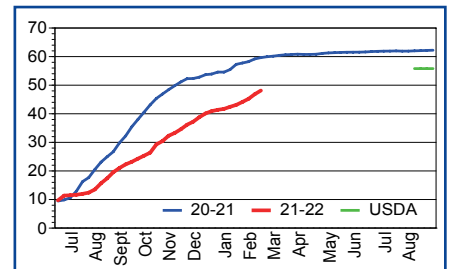
## SOYBEANS - Fundamental Analysis

South American production continues to shrink but futures likely reflect expectations for a Brazilian crop around 125 million metric tons (MMT). For that to push the market another leg higher, Brazilian production would likely need to fall to the low-120-MMT range. What the market hasn't done is slow demand. While an unexpectedly low NOPA January crush figure raised eyebrows, crush margins remain strong through summer. More importantly, the recent buying spree from China and "unknown destinations" signals current prices are not slowing export demand, despite the elevated levels. The current inflationary environment is encouraging sustained buying, as well.

### AVERAGE SOYBEAN BASIS (MARCH)

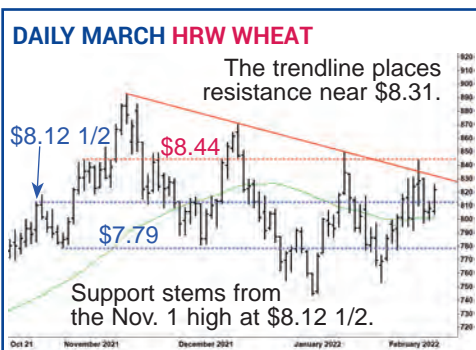


### SOYBEAN EXPORT BOOKINGS (MMT)



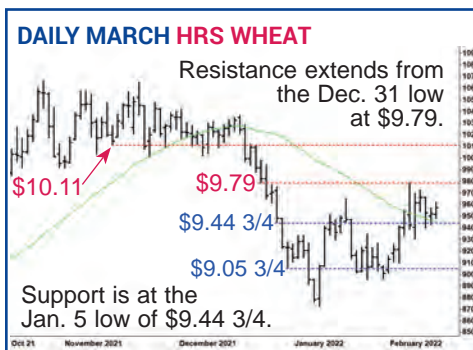
## DAILY MARCH HRW WHEAT

The trendline places resistance near \$8.31.

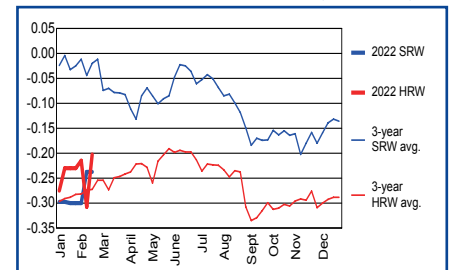


## DAILY MARCH HRS WHEAT

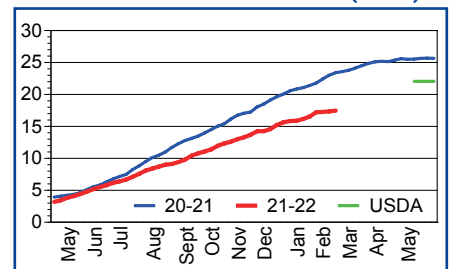
Resistance extends from the Dec. 31 low at \$9.79.



### AVERAGE WHEAT BASIS (MARCH)



### WHEAT EXPORT BOOKINGS (MMT)



**HRW** – Carry in the HRW market (December futures above March futures) recently climbed to an eight-month high near 20¢, suggesting growing concern that expanding drought in the U.S. Plains will lead to high acreage abandonment. Near-term, Russia/Ukraine remains the key influencer, with corn and soybeans also potential drivers.

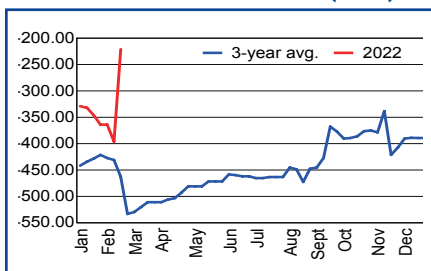
**HRS** – Unlike HRW and SRW markets, spring wheat futures remain in backwardation, by about 40¢ (the March contract's premium over December futures), though that's about a third of levels two months ago. Tight global stocks of milling-quality wheat remain price-supportive over the near-term, but appear less concerning longer-term.

### Position Monitor

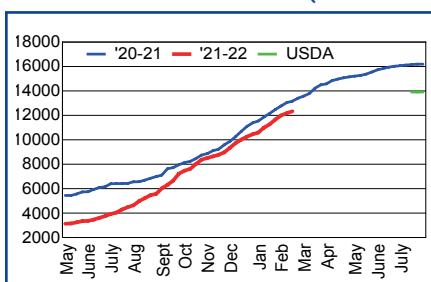
	'21 crop	'22 crop
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Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. We are targeting the 110.00¢ level or higher in December futures to further advance new-crop sales.

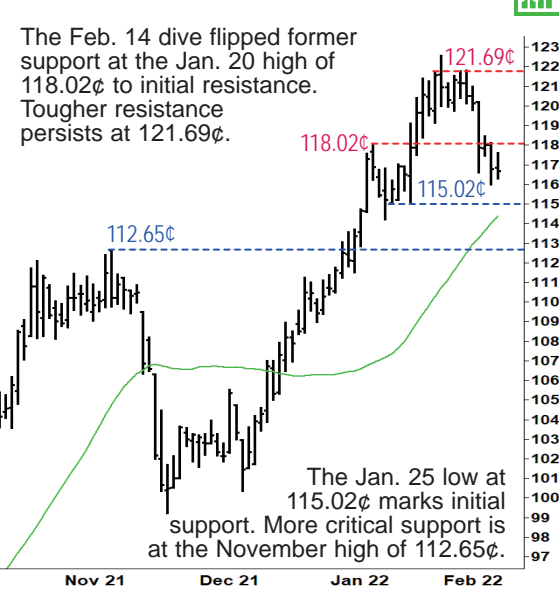
### AVERAGE COTTON BASIS (MAY)



### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY JULY COTTON



## COTTON - Fundamental Analysis

U.S. cotton export sales and shipments have slowed since surging in mid-January. The upside may be limited by big planting and production estimates from the National Cotton Council, at 12.0 million acres and 17.3 million bales, respectively (see *News page 3*).

## GENERAL OUTLOOK

**Energy:** Oil last topped \$100 a barrel in mid-2014, a few months after Russia annexed Crimea and launched a proxy war in eastern Ukraine. Seven years later, Russian President Vladimir Putin's Ukraine fixation has crude climbing back toward the century mark.

Front-month Nymex WTI futures, the U.S. benchmark, nearly reached \$96 last week, a rally of almost 50% from the early-December lows.

Russia/Ukraine tensions have helped crude lead a global inflation trade that's attracting speculative money into the long side in other commodities, such as grains. Oil prices will remain a key market influencer.

The ag sector faces another interesting situation: oil is pulling gasoline and diesel prices higher, but ethanol dropped to a 10-month low as U.S. supplies have swelled.

### MONTHLY CRUDE OIL FUTURES (\$/BARREL)



## FROM THE BULLPEN By Editor Brian Grete

The new-crop focus for corn and soybeans is about to become greater, as USDA will issue its 2022-23 balance sheets at the Outlook Forum this week. Key questions we hope USDA addresses.

**Corn:** USDA's early November baseline projected corn plantings would decline to 92 million acres this year. Did the surge in fertilizer prices push USDA's thinking on corn plantings down from that level? Will USDA's trendline yield of 181 bu. per acre be lowered due to likely cuts to fertilizer use by some and/or continued drought in the Plains and western Corn Belt? Will there be any shift in projected ethanol use related to the pandemic, more work-from-home, the push for electric vehicles, etc.? Any changes to China's corn import forecasts?

**Soybeans:** Did the strong price rally in soybeans and the fertilizer situation push more acres to soybeans since the fall projection of 87.5 million acres? If so, will USDA adjust its trendline yield of 51.5 bu. per acre? USDA's 2021-22 Brazilian soybean crop forecast earlier this month was 8 million metric tons (MMT) to 10 MMT above many private forecasts. Will additional cuts to Brazil's crop impact 2022-23 U.S. soybean exports, specifically to China? Will the likelihood of more exports keep crush from rising to a new record in 2022-23?

USDA's 2022-23 balance sheets may not reflect significant changes from November, but these questions eventually will need to be addressed.

## WATCH LIST

- 1 Presidents Day Holiday** MON 2/21  
Markets, gov't offices closed.
- 2 USDA Cold Storage Report** TUE 2/22  
Frozen meat stocks for January. 2:00 p.m. CT
- 3 USDA Ag Trade Outlook** THUR 2/24  
Ag imports likely to be raised 8:00 a.m. CT
- 4 USDA Export Sales Report** FRI 2/25  
China soybean buys the focus. 7:30 a.m. CT
- 5 USDA Cattle on Feed Report** FRI 2/25  
January placements will be key. 2:00 p.m. CT

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