Farm Journal
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News this week...

Buckle up, wild ride likely to continue – *On top of all the other factors traders have been dealing with, Russia invaded Ukraine last week, creating even more volatility in grain and soy markets. While there may be more upside if the Russia/Ukraine situation persists, the rally in wheat already exceeded what the market gained in the 2014 Russia/Ukraine flare-up and corn nearly matched that gain. Price action on Friday prompted us to advise marketing moves (see* Analysis pages 2-3*). Given the extreme market volatility, price moves are likely to be dictated more by money flow and emotion than fundamentals or rationale. Livestock markets faced heavy selling last week, signaling short-term tops are in place. Much like with the grain markets, money flow will be the key determinant of price direction until emotions calm.*

Russia invades Ukraine... Europe's 'darkest hours' since WWII

Russian forces invaded Ukraine Feb. 24 in what Russian President Vladimir Putin declared as a "special military operation." Putin warned the West, saying "Anyone who tries to interfere with us... must know that Russia's response will be immediate and will lead you to such consequences as you have never before experienced in your history." He called Russia "one of the most powerful nuclear powers" and warned his country has "certain advantages in a number of the latest types of weapons." Putin cautioned, "No one should have any doubt that a direct attack on Russia will lead to defeat and dire consequences for a potential aggressor." On Friday, Putin agreed to meet with Ukraine.

The U.S. and its allies imposed "severe" and "profound" sanctions against Russia. However, they did not include sanctions against Russia's crude oil and natural gas industries. The U.S. and its allies also didn't bar Russia from the SWIFT global interbank payments system, the international banking communication infrastructure that enables cross-border money flows. Blocking Russia from SWIFT would inflict heavy economic pain on the country. But severing Russia from the financial system could harm Western business and benefit China, the *Wall Street Journal* reported. Russia and China have been working on their own alternative to SWIFT.

Ukraine shuts ports; Russia closes Azov Sea ports, Black Sea terminals operating

Ukraine suspended commercial shipping at all its ports. Ukraine exports about 5 million metric tons (MMT) to 6 MMT of grain per month, including 4.5 MMT of corn, 1 MMT of wheat and the remainder mainly barley. The ports of Odessa, Pivdennyi, Mykolayiv and Chornomorsk on the Black Sea handle almost 80% of Ukraine's grain exports.

Russia suspended commercial vessel movement in the Azov Sea but kept its ports in the Black Sea open.

Russia-based consultant SovEcon estimates Ukraine has around 6 MMT of wheat and 13 MMT to 14 MMT of corn left to export in 2021-22. It says Russia has around 7 MMT to 7.5 MMT of wheat and 1 MMT to 2 MMT of corn left to ship.

USDA's 2022-23 outlook: pre-invasion

At USDA's annual Ag Outlook Forum, Chief Economist Seth Meyer cautioned it is "too early to understand the first order effects on grain trade, what the secondary effects on energy in the economy might be" relative to the Russia/Ukraine crisis. Meyer also warned of "headwinds" for U.S. ag trade, despite USDA's forecasts for record ag exports and imports in fiscal year 2022.

"Although we may expect global and regional grain markets to reorient to alternative suppliers, which may limit direct effects on U.S. agricultural exports, short-term broader macro effects would reverberate through the global economy depending on the severity and duration of the conflict," Meyer cautioned. "Interlinkages through fertilizer and energy markets" could also impact farmers. We have USDA's pre-invasion 2022-23 projections and its updated ag trade outlook on *News page 3*.

Vilsack addresses conflict, food inflation

USDA Secretary Tom Vilsack again warned fertilizer companies and other ag suppliers against taking "unfair advantage" of the Russia/Ukraine conflict to raise prices. Vilsack said it's "too early" to assess the impact of the conflict on global ag markets, but he doesn't expect it to increase U.S. food prices.

U.S. bird flu cases spreading

USDA has confirmed H5N1 highly pathogenic avian influenza in seven commercial poultry operations in Indiana, Delaware and Kentucky, and five backyard flocks in Virginia, Maine, New York and Michigan.

USDA extends SMHPP signup

Hog producers now have until April 15, 2022, to submit their applications for USDA's Spot Market Hog Pandemic Program.

Argy crop pegs cut, Brazil unchanged

Following a week of generally dry conditions, Crop Consultant Michael Cordonnier cut his Argentine soybean and corn crop estimates by 1 million metric tons (MMT) each to 39 MMT and 49 MMT, respectively. He left his Brazilian estimates unchanged at 124 MMT for soybeans and 112 MMT for corn. Cordonnier also left his Paraguay soybean crop peg at 5 MMT.

Cordonnier now forecasts South American soybean production at 173.6 MMT, down more than 36 MMT from his initial projection and 25.2 MMT (12.7%) from last year. Cordonnier forecasts South American corn production at 167 MMT, 10 MMT below his original projection but still up 23.6 MMT (16.5%) from last year.

HRW wheat crop continues to erode

Individual state crop condition ratings showed further deterioration of the HRW wheat crop during February. The "good" to "excellent" ratings for HRW wheat dropped to 26% for Kansas (down four points from the end of January), 9% for Oklahoma (down seven points) and 24% for South Dakota (down seven points). Nebraska's "good" to "excellent" rating was unchanged at 36%. The "good" to "excellent" ratings improved to 10% in Texas (up three points), 21% in Montana (up seven points) and 21% in Colorado (up one point). When the seven states are combined, the weighted "good" to "excellent" rating is just under 21%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500 point scale, with 500 being perfect), the HRW crop plunged to a rating of 259.0, down 11.4 points from the end of January and 65.4 points below the end of November. At the current level, the CCI rating would be 71.3 points below the five-year average for the beginning of April when USDA starts releasing weekly national crop condition ratings.

Arctic blast the latest hit to HRW crop

After temperatures warmed up to the 60s and 70s Feb. 19-20, an arctic air mass dropped into the Plains last week. Temps dropped well below freezing, with northern areas recording sub-zero readings.

Given minimal snowcover across much of the Plains and recent huge fluctuations in temps, the cold blast likely caused some winterkill issues for the HRW crop, especially in northern locations.

The drought- and winterkill-damaged HRW crop will need a cool, wet, spring to set new tillers. Unfortunately, the spring forecast offers little hope for meaningful relief.

China meal prices hit record-high

China's soymeal prices rallied to a record high last week, with Dalian futures topping 4,000 yuan ($630) per metric ton (MT). Chinese sources signal crushers did not build up much inventory before the Lunar New Year holiday because of poor margins and are short-bought. The lack of soybean inventories will cause crush plants to slow production and some may temporarily shutter operations.

Chinese soybean inventories fell to 3 MMT as of Feb. 18, down 14.4% from the previous week and 33.3% below year-ago. Soybean meal stocks fell 47.4% from a year ago to 385,300 MT, according to China-based analyst Mysteel.

China to sell soybean, edible oil stocks

China will sell some soybeans from state-owned reserves to boost supplies for crushers, though the National Food and Strategic Reserves Administration didn't give details of timing of the sales or volumes to be auctioned. China will also sell some edible oil stocks from state reserves.

EPA timeline for 2021, 2022 RFS levels

A proposed decree between Growth Energy and EPA would require the agency to set the final Renewable Fuel Standard (RFS) levels for 2021 and 2022 by June 3, 2022. EPA will finalize the 2020 revised RFS levels at the same time. Comments on the proposed consent decree are due March 25.

Perspective: EPA would need to send its 2020, 2021 and 2022 RFS levels soon to the Office of Management and Budget for review to meet the June 3 deadline.

RFS levels for 2023 and beyond coming

Renewable Fuels Association (RFA) President and CEO Geoff Cooper says EPA plans to release RFS levels for 2023 and beyond in late spring or early summer. Cooper says his group was hopeful EPA would propose higher RFS levels for its long-term plan to reduce carbon levels and create certainty for the biofuels program.

LCFS a 'big topic' relative to RFS

A low-carbon fuel standard (LCFS) will be a "big topic of conversation and comment" in the future relative to the RFS. But EPA Office of Transportation and Air Quality Director Sarah Dunham stressed statutory language on the RFS is "conditioned around volume targets" and not on carbon intensity. Under the coming set rule for the RFS, Dunham said EPA must take into account several factors, including climate change, air and water quality, job creation and commodity supply. She says EPA's plan to include bio-intermediates (feedstocks partially processed at one site and refined at a separate site) in the RFS shows the administration's "commitment to making changes" to "improve the program."

‘Big 4’ crop acreage expected to inch up

USDA’s initial projections call for a combined 240.7 million acres of corn, soybean, wheat and cotton plantings this year. That would be up 1.3 million acres (0.5%) from 2021. These are USDA’s best guesstimates of the 2022-23 marketing year — and they were made prior to Russia’s invasion of Ukraine. A lot can (and will) change.

CORN: Planted acreage of 92.0 million, with harvested acres of 84.2 million. A national average corn **yield of 181 bu. per acre** would produce a **crop of 15.24 billion bushels**. Total use is projected at 14.84 billion bu., with feed and residual use of 5.65 billion bu., food, seed & industrial use of 6.84 billion bu. (5.4 billion bu. for ethanol) and exports of 2.35 billion bushels. **Carryover: 1.965 billion bushels (13.2% stocks:use)**. **Price: $5.00**.

SOYBEANS: Planted acreage of 88.0 million, with harvested acres at 87.2 million. A national average bean **yield of 51.5 bu. per acre** would result in a **crop of 4.49 billion bushels**. Total use is projected at 4.525 billion bu., including a record 2.25 billion bu. of crush and exports of 2.15 billion bushels. **Carryover: 305 million bushels (6.7% stocks:use). Price: $12.75**.

WHEAT: Planted acreage of 48.0 million, with harvested acres at 39.5 million. A national average **yield of 49.1 bu. per acre** would produce a **crop of 1.94 billion bushels**. Total domestic use is projected at 1.127 billion bu., with exports forecast at 850 million bushels. **Carryover: 731 million bushels (37.0% stocks:use). Price: $6.80.**

COTTON: Planted acreage of 12.7 million, with harvested acres at 10.2 million and a national average **yield of 856 lbs. per acre**. That would produce a **crop of 18.2 million bales**. Total use is projected at 18.2 million bales, including exports of 15.5 million bales. **Carryover: 3.6 million bales (19.9% stocks:use). Price: 80¢.**

CATTLE: U.S. beef production is projected at 27.4 billion lbs., down 2% from 2021. Exports are projected at 3.27 billion lbs., down 5.1% from last year. **Cash price: $137.50**, the highest since 2015.

HOGS: U.S. pork production is projected at 27.4 billion lbs., down 1.1% from last year. Exports are expected to decline 3.1% from last year to 6.81 billion pounds. **Cash price: $65.00**.

BROILERS: U.S. production is projected to be 45.5 billion lbs. with broiler meat exports seen at 7.4 billion lbs. — both would be records. **Wholesale broiler price: $1.13 per pound**.

DAIRY: Milk production is projected at 227.2 billion lbs., up 0.4% from 2021. Per-cow output is expected to rise 1.3%. Exports on a fat-basis are forecast at 11.0 billion lbs. and 51.2 billion lbs. on a skim-solids basis. **All-milk price: $23.55 per cwt.**

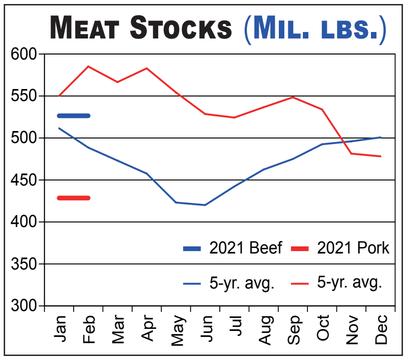
Perspective: This year’s “big four” combined acreage projection of 240.7 million acres is the most ever from the Outlook Forum, topping the 240.2 million acres USDA initially projected in 2012. Since 2001, USDA’s Outlook Forum acreage outlook for combined corn, soybean, wheat and cotton plantings has been below final acreage seven times and above 14 years. The average miss has been 1.1 million acres too high.

We currently project combined corn, soybean, wheat and cotton plantings at 240.0 million acres. High prices will encourage as many acres to be planted as possible. Even with high prices, there aren’t a lot of “extra” acres to be planted. The most combined acres actually planted to corn, soybeans, wheat and cotton was 242.0 million acres in 2012, followed closely by 241.9 million acres in 2014.

USDA noted the low number of prevent-plant (PP) acres last year. PP acres would have to be low again to push the acreage mix much above USDA’s projected level.

Pork stocks build less than normal

USDA’s Cold Storage Report showed a smaller-than-normal build in frozen pork stocks during January, while beef stocks were the highest for the month since 2016.



Frozen pork inventories at 428.5 million lbs. rose 32.0 million lbs. (8.1%) from December, far less than the five-year average gain of 56.7 million lbs. during January. Pork stocks were 29.0 million lbs. (6.3%) under year-ago and 121.7 million lbs. (22.1%) less than the five-year average. Boneless ham inventories were especially light at 49.3 million lbs., down 21.1% from last year, though bone-in hams increased 11.8%.

Beef stocks totaled 526.4 million lbs., up 19.3 million lbs. (3.8%) versus December, whereas the five-year average was a 2-million-lb. decline during the month. Beef stocks were 7.1 million lbs. (1.4%) above January 2021 inventories but 14.9 million lbs. (2.9%) under the five-year average.

Total poultry stocks at 1.01 billion lbs. increased 98.8 million lbs. (10.8%) from December but were 111.5 million lbs. (9.9%) less than last year. Chicken breast stocks at 163.5 million lbs. declined 75.8 million lbs. (31.7%) versus last year’s January record.

USDA raises FY 22 ag trade forecast

USDA now forecasts the U.S. will export a record $183.5 billion of ag goods in fiscal year (FY) 2022, up $8.0 billion from its November outlook. That would be an increase of $11.3 billion from FY 2021. USDA hiked its FY 2022 ag import forecast by $7.5 billion from November to a record $172.5 billion, which would be up $9.2 billion from last year. The forecasts would leave the U.S. with a trade surplus of $11.0 billion, up $500 million from its prior outlook and $2.1 billion above FY 2021.

Soybean exports are forecast $2.9 billion higher to $31.3 billion on higher prices and lower global supplies. Soybean meal exports are forecast up $1.3 billion on higher unit values. Overall grain and feed exports are projected to increase by $1.4 billion to $42.9 billion, led by higher wheat as well as feed and fodder forecasts. Livestock, poultry, and dairy exports are forecast at a record $39.2 billion, $500 million higher than the previous forecast, with gains in beef and dairy more than offsetting declines in pork. The projection for ethanol exports is unchanged at $2.9 billion, although still a record if realized.

China is expected to remain the largest U.S. agricultural market. Mexico is forecast to overtake Canada as the second largest U.S. agricultural market.

Russia/Ukraine: War of words turns into actual war

By Editor Brian Grete and Washington Policy Analyst Jim Wiesemeyer

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Russian President Vladimir Putin on Feb. 21 recognized two self-proclaimed separatist republics in eastern Ukraine and signed aid and cooperation pacts with separatist leaders. Russia then started a full-fledged attack on Ukraine Feb. 24. On Feb. 25, Russia agreed to meet with Ukrainian officials in Minsk.

Putin wants to reclaim the former Soviet Union

A key in the situation is Russian troops going beyond the Donbas region and moving further into Ukraine. In a passionate address to his country on Feb. 21, Putin said he longed for a return of the Soviet Union, suggesting he intends to take over all of Ukraine and then set his sights on other former Soviet republics.

U.S., ally nations sanction Russia

The U.S. and Europe quickly saw the first tranche of economic sanctions on Russia did not halt Putin's aggression. More sanctions were announced Feb. 14 and President Joe Biden spoke to the nation in a televised address. The coordinated punishments include sanctions on Russia's most prominent financial institutions and some Russian oligarchs, along with cutting off Russian sovereign debt abroad, which means it can no longer raise money from the West and trade in U.S. or European markets.

Japan, Taiwan and Singapore jointly said they would limit technology exports to Russia to pressure Putin with damaging restrictions on his ambitions to compete in high-tech industries.

Scope, impact of U.S. sanctions questioned

The U.S. sanctions were limited in scope and fell short of the more sweeping economic warfare that some, including members of Congress and other supporters of Ukraine, have repeatedly demanded in recent weeks.

Putin insulated Russia's economy against anticipated sanctions and established deeper economic ties with China. Many analysts wonder whether even the most serious of financial sanctions will be enough to dissuade Putin from trying to reconquer most of the former Soviet Union.

Market impacts... what has and could happen

Equity markets around the world plunged on Russia's war expansion. Many ag markets saw sizeable gains before and after the Russian assault.

The recent past suggests the conflict will be short-term explosive for wheat and corn. In 2014 when Russia annexed Crimea from Ukraine, the incursion lasted nearly a month in which time front-month SRW wheat futures rallied 13.9% and corn strengthened 10.6%. But the rallies were based more on fear than anything, as there was little actual impact to shipments from Black Sea ports.

This time, Putin appears to want to close Ukraine's ports. That would more greatly impact global grain trade than it did in 2014.

Combined, Russia and Ukraine account for nearly 30% of global wheat exports and almost one-fifth of world corn exports. Ukraine is the world's largest producer and exporter of sunflower seeds and sunflower oil. When combined with Russia, the two countries account for nearly 80% of global sunseed oil exports. They also account for nearly one-third of the world's barley exports.

Other commodities likely to be impacted

Russia is a major global energy producer, accounting for more than 9% of global crude oil output and 17% of natural gas production. As a result, Europe oil prices surged just over 40% following the Russian invasion. Germany suspended the Nord Stream 2 pipeline, a 1,230 kilometer (764 mile) natural gas passage under the Baltic Sea, running from Russia to Germany's Baltic coast. Germany's economy minister says the country has a secure supply of gas, though this will cause price impacts at a time when energy prices are already elevated.

Other commodities impacted include palladium (Russia accounts for more than 40% of global production), aluminum (6%), copper (3.5%) and cobalt (4%).

Key market impacts and outlook

- If Brent oil rallies near $120 a gallon (spiked $100 last week before retreating), a world recession would be more likely, including impacts for the United States.
- Economists says every $10 increase in oil above $80 would equate to 0.1-point drop in U.S. GDP.
- Russian stocks have lost more than one-third of value.
- The Russian ruble is at a record low vs. the U.S. dollar.
- Russia is more dependent on European cash than Europe is on Russian gas. That will be key ahead.
- In an ironic development, U.S. oil and LNG will have to aid Europe's current energy policy woes.

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

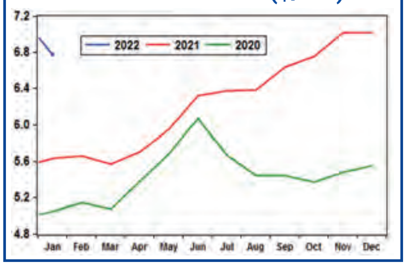
Seasonal factors, particularly fed cattle supplies near annual lows and rising beef demand as the spring grilling season looms, point to higher cattle and beef prices into the March-April period. However, April cattle futures, which often approximate the annual cash high, traded below the cash market last week. We believe this reflects trader pessimism about consumer demand, since retail prices remain extremely high. All beef other than steaks averaged 20.2% over year-ago levels in January. We suspect the market will outperform those expectations, but don't see a great deal of upside.

Position Monitor

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

Game Plan: Fed cattle producers should keep all risk in the cash market. Short-term defensive hedges may be needed with futures rolling over.

AVERAGE RETAIL BEEF ($/LB.)



DAILY APRIL LIVE CATTLE

HOGS - Fundamental Analysis

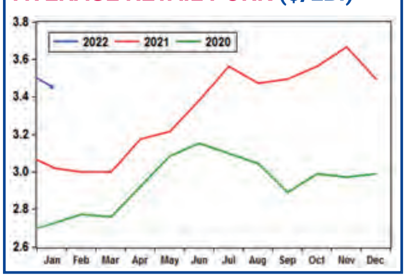
April hog futures surged $27.875 between Jan. 12 and Feb. 22. We suspect the apparently undervalued quotes seen prior to that reflected trader pessimism about consumer demand, due in part to expectations for reduced Chinese buying and ideas elevated retail pork prices (up 14.3% annually in January) would undercut the 2022 market. But the reality of hog slaughter running 5% below year-ago through much of winter and forecasts for 4% declines this spring powered the market higher. April futures are signaling a top, but summer futures are still trading below their 2021 highs.

Position Monitor

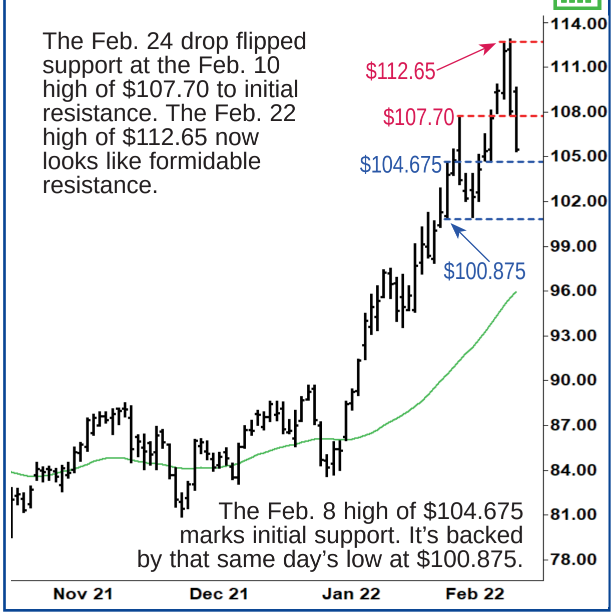
	Lean Hogs
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

Game Plan: Traders have a much-stronger-than-normal seasonal rally built into April futures. Consider short-term hedges with futures signaling the upside is exhausted.

AVERAGE RETAIL PORK ($/LB.)



DAILY APRIL LEAN HOGS



FEED

Feed Monitor

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

Meal	
I'22	33%
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 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.

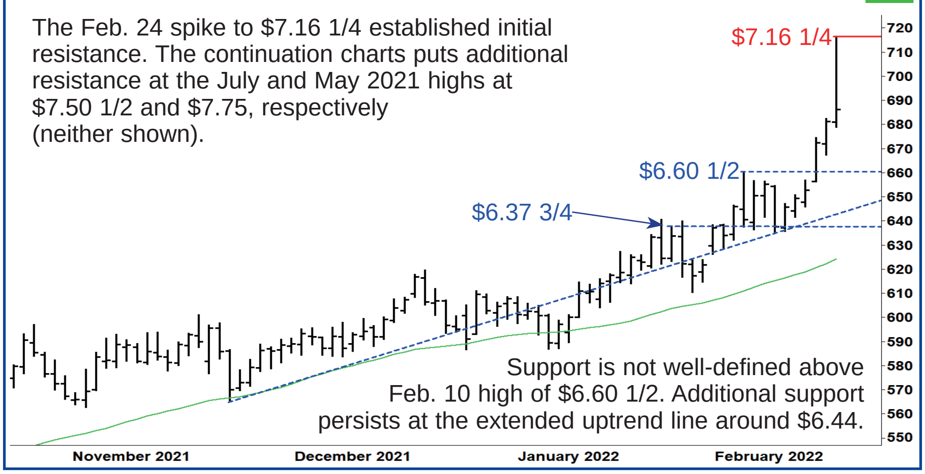
DAILY MAY SOYBEAN MEAL

Position Monitor

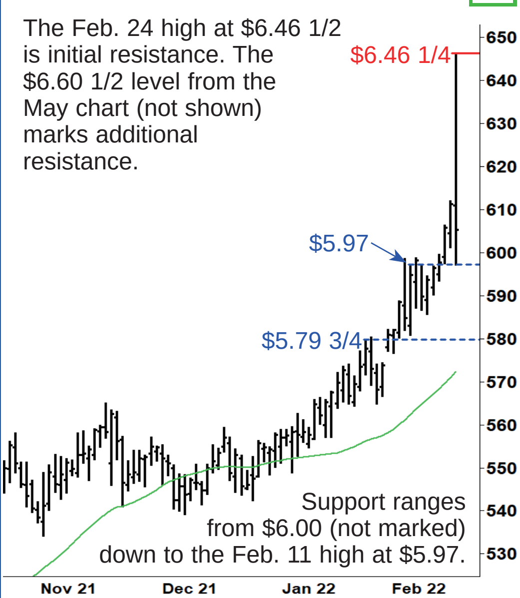
	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: On Feb. 25, we advised hedgers and cash-only marketers to sell another 10% of 2021-crop. We also advised all corn producers to sell another 10% of expected 2022-crop production for harvest delivery. Get current with advised sales. While there may be more upside if the Russia/Ukraine war persists, this is too good of a pricing opportunity to pass up and the market is signaling the Feb. 24 high may have been a top.

DAILY MAY CORN



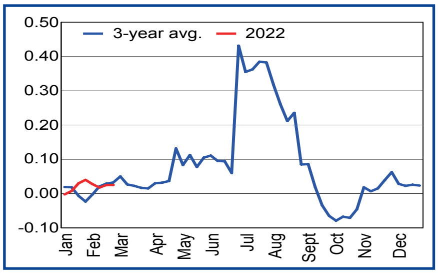
DAILY DECEMBER CORN



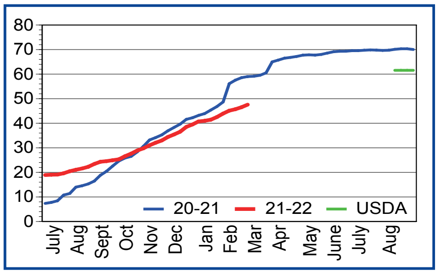
CORN - Fundamental Analysis

Market fundamentals will take a back seat to money flow with war raging in Ukraine and prices near decade-highs. But nearby futures' pullback from the initial, post-Russian invasion surge signals $7.00-plus prices will be demand-destroying and thus unsustainable over the long term. U.S. exports continue to lag year-ago levels and high ethanol supplies are keeping domestic distiller margins under water. USDA's Outlook Forum plantings projection at 92 million acres was 1.5 million acres higher than our current forecast, and the corn-soybean ratio recently fell near a four-week low around 2.3 and seemingly favors corn. But fertilizer prices and availability are concerns.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

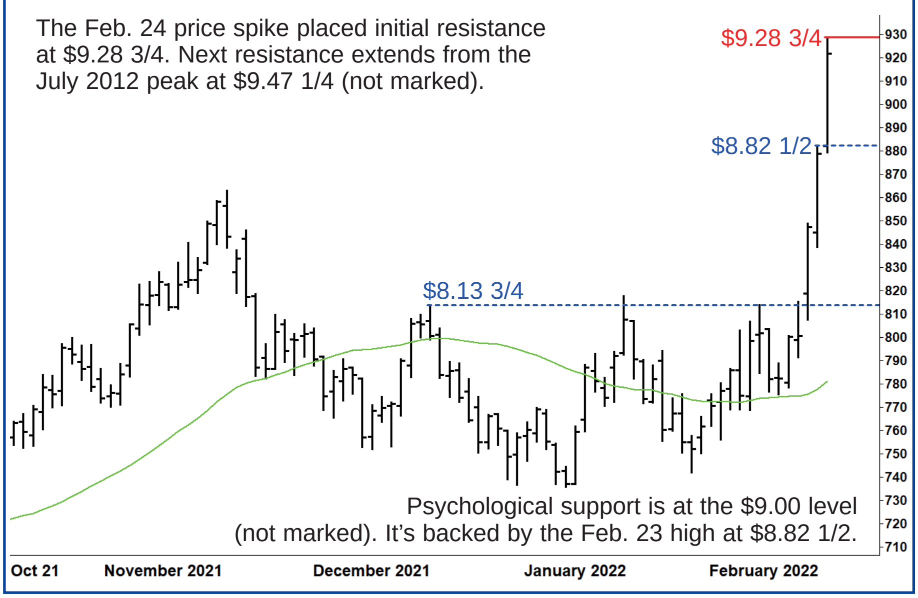


Position Monitor

	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	10%	0%

Game Plan: On Feb. 25, we advised 10% sales for both 2021- and 2022-crop production. We also advised hedgers to lift the 20% hedges in March SRW futures and establish 10% hedges in July SRW futures. Our fill was $8.75 1/4.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

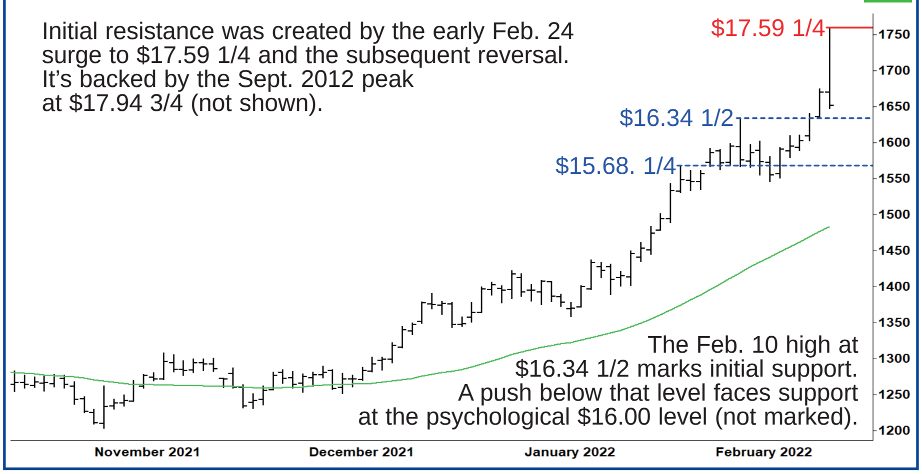
SRW — Already uncompetitively priced U.S. wheat got even more so with the past week's rally. But as long as Black Sea exports are in upheaval, typical market dynamics matter little. Money flow and high emotions are likely to keep price action extremely volatile.

Position Monitor

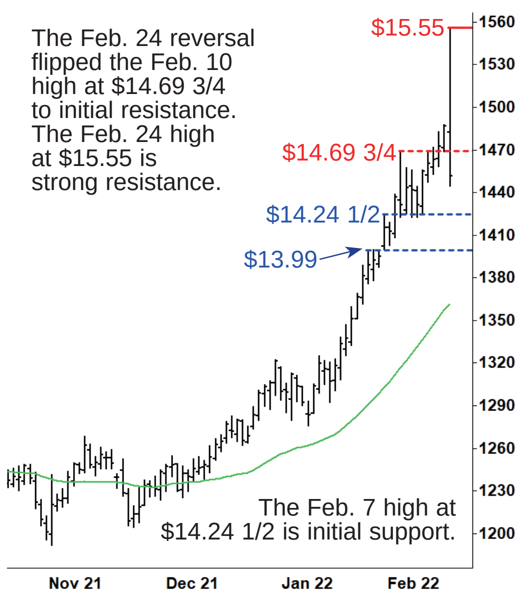
	'21 crop	'22 crop
Cash-only:	85%	40%
Hedgers (cash sales):	95%	40%
Futures/Options	0%	0%

Game Plan: On Feb. 25, we advised hedgers and cash-only marketers to sell another 10% of expected 2022-crop production for harvest delivery after November futures failed to find sustained buying on the push above $15.00. You should be down to gambling stocks on 2021-crop production. Those stocks will be held until the market confirms the upside is exhausted. Get current with advised sales.

DAILY MAY SOYBEANS



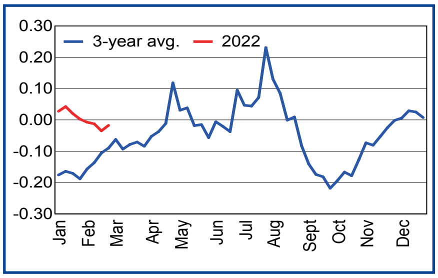
DAILY NOVEMBER SOYBEANS



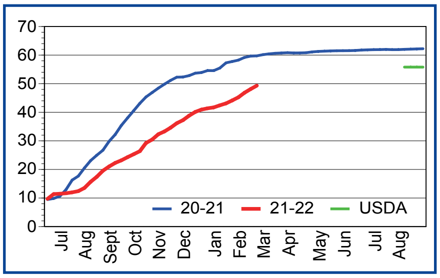
SOYBEANS - Fundamental Analysis

The Russia/Ukraine crisis will command focus, but with South American crop losses likely factored into current price levels, USDA's March 9 Supply & Demand Report and March 31 Prospective Plantings Report promise to set the market tone into spring. Critical questions revolve around whether lofty prices have started to slow demand, and whether foreign buyers or domestic crushers will blink first (U.S. crush margins remain strong). A pause in China's recent buying spree could trigger price pressure. Futures' whiplash reversal late last week was a reminder that $17.00-plus soybeans are usually short-lived (as the continuation chart confirms).

AVERAGE SOYBEAN BASIS (MARCH)



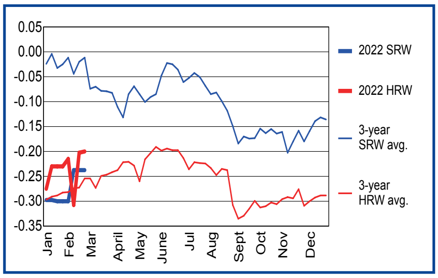
SOYBEAN EXPORT BOOKINGS (MMT)



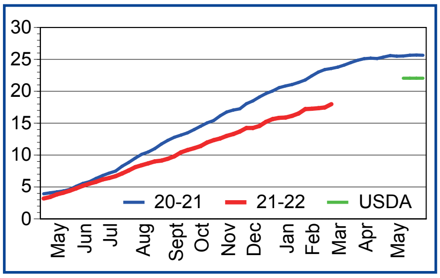
DAILY JULY HRW WHEAT

DAILY JULY HRS WHEAT

AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Both nearby HRW (up 15%) and SRW futures (up over 16%) already rallied more at their Feb. 24 peaks than either did in 2014 after Russia annexed Crimea. HRW prices are far higher than what would seem to be justified by the continuing drought-driven deterioration of the U.S. Plains winter crop, but global market risks are also elevated.

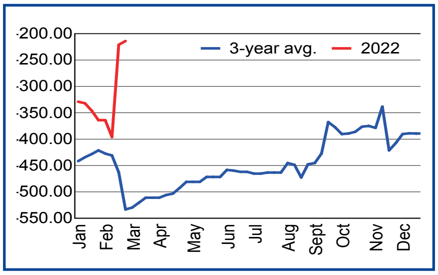
HRS — Nearby spring wheat hit $11.00 on the nose the past week, the highest since June 2011. HRS holds the all-time record high for any class of U.S. wheat futures at $24.25 in 2008, a mark that's unlikely to be approached. Winter wheat will dictate the near-term direction with tight supplies of milling-quality grain providing support.

Position Monitor

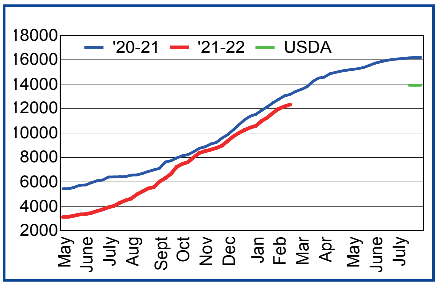
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

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

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON

COTTON - Fundamental Analysis

Cotton has recently tracked crude oil, but failed to sustain an initial bullish response to the Russian invasion. Neither slumping equity markets, nor a strong U.S. dollar boost cotton demand. Bulls may need to see improved export data before they ramp up their buying.

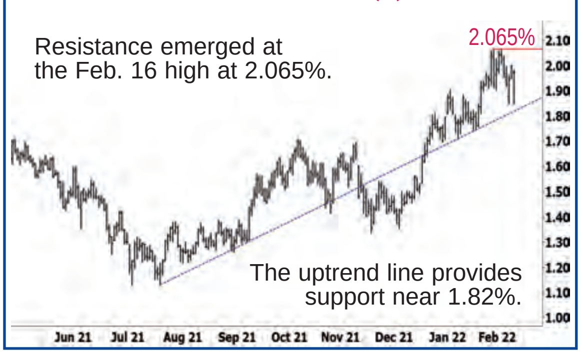
GENERAL OUTLOOK

Interest rates: Elevated trader and investor anxiety over the Russia/Ukraine crisis has at least temporarily halted the recent march higher in U.S. Treasury 10-year note yields. They had topped 2.0% in mid-February, then retreated as the war drums sounded.

The 10-year note yield then dove in response to the Russian invasion. Importantly, the keener uncertainty in the financial markets have traders and investors now reckoning the Federal Reserve may have to reassess its heretofore more aggressive monetary-policy-tightening intentions.

A U.S. stock market that's plunged over 12% since Jan. 4 may also temper the Fed's pace of raising interest rates. What this means for the American consumer is that U.S. interest rates may not rise as fast as economists had expected just a few weeks ago.

DAILY 10-YEAR T-NOTE YIELDS (%)



FROM THE BULLPEN

By Markets Analyst Bruce Blythe

During the first half of February, large speculators were the most bearish they'd been on the wheat market since mid-2020. But Russia's intensifying aggression against Ukraine forced a quick U-turn.

Funds known as "managed money" held a net short position in SRW wheat totaling 34,658 futures and options contracts as of Feb. 15, up 5,106 contracts from a week earlier and the largest net short since July 2020, according to Commitments of Traders data.

The war between two of the world's top grain producers has since sent wheat futures soaring to the highest prices in over nine years. Some of those gains were fueled by speculators buying back shorts, as illustrated by a sharp drop in open positions. SRW futures open interest fell 23,469 contracts, or 5.8%, from Feb. 15-22.

In soybeans, large speculators have been building a sizable net long position for much of the past three months; in corn, they recently dialed back their bullishness.

The managed money net long in corn fell 11,818 contracts to 325,524 futures and options contracts the week ended Feb. 15, the lowest since the week ended Nov. 30.

The managed money net long soybean position increased 11,827 contracts to 175,372 contracts for the week ended Feb. 15, the highest since the week ended May 11 and second-highest net long for that date in the past decade, trailing only 2014.

Fund money flow will remain a key price influence for grain and soy markets.

WATCH LIST

1	**China Manufacturing PMI** Factory gate prices for February.	**MON 2/28** 8:30 p.m. CT
2	**USDA Grain, Soy Crush Rpts.** Soy, corn processing for January.	**TUE 3/1** 2:00 p.m. CT
3	**EIA Weekly Ethanol Prod.** Margins, stocks may slow the rate.	**WED 3/2** 9:30 a.m. CT
4	**USDA Export Sales Report** China soybean buys stay in focus.	**THUR 3/3** 7:30 a.m. CT
5	**Employment Report** Non-farm payrolls for February.	**FRI 3/4** 7:30 a.m. CT