



News this week...

- 2 – South American soybean crop continues to shrink.
- 3 – U.S. cattle herd contracts and will get smaller.
- 4 – Survey says: High farmland prices are headed higher.

Soybeans surge above \$15 – March soybean futures reached \$15.64 last week, the highest level for a front-month contract on the continuation chart since June 2021 amid further cuts to South American crops, a flurry of export demand and active fund buying. March corn futures inched to a new contract high but struggled to find sustained buying and faded. The strength in soybeans also failed to inspire buying in the wheat market. The price action encouraged us to increase old- and new-crop sales for soybeans, corn and wheat (see “From the Bullpen” on [Analysis](#) page 4). The bullish Cattle Inventory Report (see [News](#) page 3) and firmer cash prices triggered a surge in cattle futures. Strong fund-led buying and the firming cash hog index fueled a run to new contract highs in deferred lean hog futures.

Short-term ridge over Argentina

After weekend rains pass, a high pressure ridge is expected to form, which will result in hotter and drier conditions returning to Argentina, southern Brazil and Paraguay. Models suggest some rains may develop in these areas Feb. 11-13. Central and northern Brazil will remain too wet for maturing beans.

China buying U.S. old- and new-crop soybeans

A slower-than-expected harvest and quality concerns with Brazil's early harvested soybeans have caused Chinese buyers to ramp up purchases of U.S. soybeans for spring delivery. Production losses due to drought are triggering purchases of U.S. new-crop soybeans for fall delivery. From Jan. 28-Feb. 4, USDA reported daily soybean sales to China and “unknown” totaling 949,500 metric tons (MT) for 2021-22 and 502,000 MT for 2022-23.

Feb. 9 focus on S. American crops

USDA will update 2021-22 U.S. demand forecasts in the Feb. 9 Supply & Demand Report, though a bigger focus will be updates to its South American crop forecasts. Conab will update its official Brazilian crop forecasts on Feb. 10. Even with expected cuts, both will remain above private forecasters.

Livestock disaster aid by March

USDA will begin the initial phase of \$750 million in livestock disaster assistance payments by March. Phase 1 will:

- Use existing Livestock Forage Program (LFP) data.
- Require no/minimal paperwork from producers.
- Distribute at least half of the \$750 million by March 31.

An additional \$9.25 billion will extend WHIP+ aid to producers who suffered qualifying disasters in 2020 and 2021. That aid also will come in two phases, beginning this spring.

‘Freedom Convoy’ continues

A Canadian trucker protest against the vaccine mandate for those crossing the border that started Jan. 29 continued Friday at Coutts/Sweetgrass border crossing. But trucks loaded with livestock, meat and feed were reportedly allowed to pass late last week.

Russia/China aligning forces

There is growing certainty in Washington Russia will eventually order some kind of a military strike against Ukraine. Meanwhile, Russia and China jointly opposed further enlargement of NATO forces and called on the alliance to abandon its “ideologized Cold War approaches.” China lifted restrictions on imports of wheat and barley from Russia and the two countries also unveiled a new gas deal, further signs of their deepening relationship. Russia has built up currency reserves and reduced foreign debt, which along with rising oil prices, could temper impacts if the U.S. and allies impose sanctions for actions against Ukraine.

Perspective on market impacts if Russia invades Ukraine

In 2014 when Russia annexed Crimea from Ukraine, there were virtually no disruptions to grain exports from Black Sea ports. If Russia enacts military force on Ukraine again, we expect a similar short but explosive fear-driven rally that would be an opportunity to advance corn and wheat sales.

Another big miss on jobs data

The U.S. added 467,000 non-farm payrolls in January, whereas economists on average expected just a 150,000 increase, with some calling for a net reduction. November and December payrolls were increased a combined 709,000 from previous reportings. The unemployment rate ticked up to 4.0%. Average hourly earnings jumped 0.7% in January and 5.7% over the past year.

The unexpectedly upbeat jobs data gives the Fed fodder to be more aggressive with its monetary policy tightening.

Global food prices near record high

Global food prices as measured by the United Nations Food and Agriculture Organization (FAO) increased 1.5 points (1.1%) in January, led by gains in veg oils to a record high and to dairy prices. The FAO food price index at 135.7 was the highest since April 2011 and only 1.9 points (1.4%) below the all-time high of 137.6 in February 2011. Compared to year-ago, prices jumped 12.5% for cereal grains, 33.9% for veg oils, 18.8% for dairy, 17.3% for meat and 19.7% for sugar.

Brazil soybean crop keeps shrinking

Crop Consultant Dr. Michael Cordonnier cut his Brazilian soybean crop estimate by another 4 million metric tons (MMT) to 130 MMT. He noted extreme moisture deficits for southern Brazil, including western Parana, southern Mato Grosso do Sul, Santa Catarina and Rio Grande do Sul.

AgRural slashed another 4.9 MMT off its Brazilian soybean crop estimate, lowering it to 128.5 MMT. The Brazil-based consultancy cut its yield forecast by 3.4% and trimmed acreage by 0.3%.

StoneX slashed its Brazilian soybean crop estimate by 7.5 MMT to 126.5 MMT.

Most private crop forecasts now estimate the Brazilian soybean crop between 125 MMT and 130 MMT, with some below 120 MMT. At the beginning of the growing season, Brazil was expected to produce a record crop of around 145 MMT.

Argentine soybean crop cut, too

Cordonnier cut his Argentine soybean crop estimate by 1 MMT to 42 MMT. The Buenos Aires Grain Exchange lowered its crop forecast by 2 MMT to 42 MMT. While recent rains have eased crop stress, extreme heat and dryness last month caused irreversible damage in some areas.

Exporters, crushers fight for beans

In total, roughly 30 MMT of South American soybean production has been lost due to drought compared with what was once expected. And the losses could mount. That has exporters and crushers actively competing for soybeans.

While the bulk of Brazil's new-crop soybeans typically head to ports for export, Brazilian crushers, who booked soymeal shipments in an attempt to capitalize on Argentina's crop losses, are now scrambling to cover near-term needs to meet export commitments. Brazilian exporters also appear to be short-bought on near-term needs as late-season rains slowed early harvest in central Brazil. The result was record cash soybean prices in some areas of Brazil last week. With the record cash prices, some Brazilian port premiums are now above those for the U.S. PNW.

Rising Brazilian prices in the face of harvest will keep the export window for U.S. old-crop soybeans open longer than expected. China and others are also booking 2022-23 U.S. soybean cargoes in case the Brazilian soybean crop turns into a worst-case scenario. China, in particular, will decide whether to take delivery of those new-crop purchases or cancel them based on prices and availability of Brazilian soybeans in late summer/early fall.

Record soybean crush in December

U.S. soy processors crushed 198.2 million bu. of soybeans in December, according to USDA, which was a record for any month. Through the first four months of 2021-22, soybean crush totaled 749.9 million bu., down 0.3% from the same period last year. To hit USDA's forecast of 2.19 billion bu., crush must total 1.44 billion bu. over the final eight months of the marketing year. Given strong crush margins through summer, we still project 2021-22 crush at 2.20 billion bushels.

Soyoil stocks increased to 2.466 billion lbs., which was less than anticipated, despite the stronger-than-expected crush. A portion of the lower-than-expected stocks was attributable to a downward revision to November data, but most of it was due to stronger use.

Corn-for-ethanol use climbs

Corn-for-ethanol use increased to 485.8 million bu. in December, USDA estimated, up 18.9 million bu. (4.1%) from November and 54.1 million bu. (12.5%) above the previous year. Data the past two months implies the yield per bushel was down from previous years.

For the first four months of 2021-22, corn-for-ethanol use totaled 1.828 billion bu., up 7.5% from the same period last year. Over the final eight months of the marketing year, corn-for-ethanol use only needs to be 5.1% above year-ago to hit USDA's forecast of 5.325 billion bushels.

Ethanol production stays strong, but there are hurdles

Based on U.S. Energy Information Administration data, weekly ethanol production averaged 1.034 million barrels per day (bpd) during January, 10.1% above year-ago. But ethanol production margins are negative and PADD 2 (Midwest) stocks stood at a record 10.507 million barrels as of Jan. 28. Plants will have to slow production, though most won't reduce more than 5% to 10% unless absolutely necessary.

Brazil soy, corn exports slow in Jan.

Brazil exported nearly 2.5 MMT of soybeans and more than 2.8 MMT of corn in January, based on government data, down 243,000 metric tons (MT) for soybeans and 615,000 MT for corn from December. But soybean shipments jumped nearly 2 MMT from January 2021, while corn exports increased almost 500,000 MT.

Ukraine grain exports on record pace

Ukraine's ag ministry now expects the country to export 65.5 MMT of grain this year, up 300,000 MT from its prior forecast. That would be up 20.8 MMT (46.5%) from 2020-21.

Ukraine's government is reportedly considering cutting the value-added tax for ag products from the current 20% rate, which would incentivize exporters to ship more grain.



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U.S. cattle herd shrinks more than expected, will continue to decline

Cattle Inventory	USDA actual (percent of year-ago)	Trade expected
All cattle and calves	98.0	98.8
Calf crop	98.8	99.1
Cows/heifers that have calved		
Total	98.0	98.6
Beef	97.7	98.2
Milk	99.3	99.6
Heifer inventory		
500 lbs. & up	97.9	99.2
Beef replacement	96.7	98.2
Milk replacement	96.6	100.2
Other	99.2	99.3
Steers 500 lbs./up	98.8	98.7
Bulls 500 lbs./up	95.4	98.9
Calves under 500 lbs.	97.4	98.9

USDA estimated there were 91.9 million head of cattle in the U.S. as of Jan. 1, down 1.9 million head (2.0%) from year-ago and 762,000 head less than the average pre-report estimate implied. The beef cow herd at 30.1 million head dropped 719,000 head (2.3%) from year-ago and will continue to decline amid ongoing contraction.

The number of beef heifers expected to calve dropped 98,000 head (2.8%) and beef replacement heifers fell 192,000 head (3.3%). That was the fewest number of beef heifers held back for breeding since 2012, as more heifers are moving into feedlots, which USDA's Cattle on Feed data has signaled.

USDA estimated the 2021 calf crop at 35.1 million head, down 410,000 head (1.2%) from last year and the smallest figure since 2016. The 2020 calf crop was revised up 360,000 head or the year-over-year reduction would have been smaller.

The dairy cow herd at 9.4 million head declined 67,000 head (0.7%) from last year.

Milk replacement heifers dropped 158,000 head (3.4%), signaling the U.S. dairy herd will also continue to shrink.

Based on the cow herd size and the number of heifers being held back for breeding, the total U.S. cattle herd is likely to decline by at least one million head as of Jan. 1, 2023.

China factory growth slows

China's official manufacturing purchasing managers index (PMI) dropped to 50.1 in January but remained above the 50.0 level that separates expansion from contraction. The Caixin/Markit manufacturing PMI fell to 49.1 in January, the lowest reading since February 2020, signaling contraction in smaller and privately owned factories.

BOE raises interest rates

The Bank of England (BOE) raised interest rates 25 basis points, though four of the nine members voted for a 50-basis-point increase. This was the U.K.'s second interest rate increase, following one in December. BOE said consumer price inflation, which stood at 5.4% in December, now looks set to peak at around 7.25% in April.

ECB holds on rates; but more hawkish rhetoric

The European Central Bank (ECB) kept interest rates unchanged, despite record European consumer and producer price inflation during January. But it opened the door to a potential rate increase later this year if inflation continues to surge. That's a shift from ECB's stubborn dovish stance. ECB President Christine Lagarde said the central bank's asset purchases will need to end before it starts raising interest rates, so focus will be on that front in March.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	March	April-June	July-Sept.
(Monthly & quarterly avg.)						
CORN						
Central Illinois, bushel	5.32	6.05	6.20	6.00	6.00	5.75
Omaha, NE, bushel	5.24	6.22	6.32	6.15	6.15	5.90
Dried Distillers Grain, IA, \$/ton	228.14	201.81	215.00	--	--	--
SOYBEANS						
Central Illinois, bushel	13.44	13.94	15.04	15.00	15.00	14.00
Memphis, TN, bushel	13.82	14.30	15.60	15.35	15.35	14.35
Soymeal, 48% Decatur, ton	426.50	407.00	451.00	430	425	410
WHEAT						
Kansas City, HRW, bushel	6.44	8.56	8.08	8.05	8.00	7.90
Minneapolis, 14% DNS, bushel	7.41	11.67	10.95	11.10	11.25	11.25
St. Louis, SRW, bushel	6.82	8.36	7.87	7.90	7.75	7.65
Portland, Soft White, bushel	7.15	10.85	10.75	10.80	10.90	10.75
Durum, NE MT HAD, 13%, bu.	5.92	14.92	14.58	15.25	15.25	14.50
SORGHUM , Kansas City, cwt.	11.39	11.34	11.60	11.50	11.50	11.25
COTTON , 11/16 SLM, 7 area, c/lb.	76.76	117.42	123.69	122.5	120.0	117.5
RICE , nearby futures, cwt.	13.36	14.97	15.17	15.70	15.75	14.75
BARLEY , MT, G.T., malting, bu.	7.25	7.75	7.75	7.80	7.85	7.85
OATS , Minneapolis No. 2 heavy, bu.	3.62	7.10	7.42	7.40	7.50	7.00
ALFALFA , NW Iowa, lg. sq. prem., ton	165.00	185.90	--	200	200	190
SUNFLOWERS , Fargo, ND, cwt.	19.60	31.50	31.50	32.00	32.00	30.00
HOGS , Nat'l carcass 51%-52% cwt.	67.29	77.53	82.10	88.00	120.00	115.00
FEEDER PIGS , 40 lbs., Nat. avg, head	67.76	95.70	97.68	95.00	80.00	65.00
CHOICE STEERS , feedlots, cwt.	112.44	137.50	136.95	145.00	143.00	138.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	134.04	160.17	156.00	162.00	165.00	165.00
Steers, 500-550 pounds, cwt.	166.50	191.75	192.36	192.00	190.00	188.00
Heifers, 450-500 pounds, cwt.	141.99	168.14	167.07	172.00	175.00	172.00
COWS , utility, Sioux Falls, SD, cwt.	59.01	66.97	67.94	72.00	74.00	76.00
MILK , Class III, CME spot month, cwt.	15.72	19.91	20.13	21.75	21.50	21.00
LAMBS , Slg., San Angelo, TX, cwt.	159.00	260.00	252.50	--	--	--
ENERGY						
Ethanol, IA, gallon	1.49	2.06	1.93	--	--	--
Farm diesel, U.S., gallon	2.11	3.15	3.22	3.11	3.02	2.97

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

Farmland prices are high and headed higher

By LandOwner Editor Davis Michaelson and Editor Brian Grete

Farm operators and landowners expect farmland values and cash rents to rise this year, according to our annual survey of *Pro Farmer* Members and *LandOwner* subscribers. Given the inflationary environment and limited amount of land for sale relative to demand, expectations for higher land prices are not a surprise.

More farmers interested in buying farmland

There are still plenty of willing buyers who expect to be in the market for farmland in the coming year, signaling demand is building, despite surging prices. This year's survey found 59% are willing buyers, while 41% of respondents indicated they are not in the market to buy farmland in the year ahead. That's a 10-percentage-point shift from "no" to "yes" compared with last year.

With land values at such elevated levels, it may seem counterintuitive that so many would be willing to buy. But if we consider all of the factors that have driven demand in the past year — favorable interest rates, well capitalized lending institutions, investors looking for safe-haven investments and farmers holding cash — it does seem like a "strike while the iron is hot" scenario.

A strong 95% of our respondents signaled they are not looking to sell farmland in 2022, up slightly from last year.

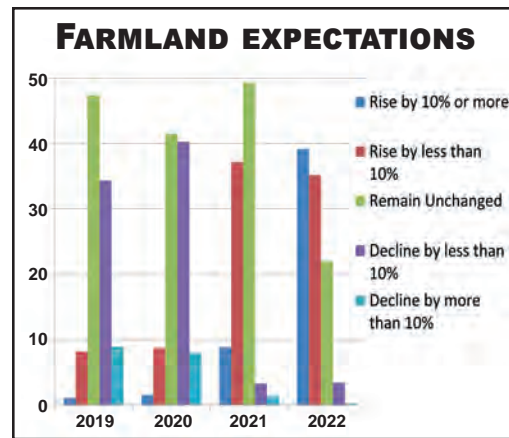
Supply/demand imbalance will drive prices higher

The volume of land offered up for sale in 2022 may look much like that in 2021, but an expected jump in the number of willing buyers would suggest demand will outpace supply. And while the early stages of any year are typically slow for land sales, with monetary policy undoubtedly tightening, competition to lock in financing for acres before interest rates rise may be strong.

The combination of rising demand amid a relatively limited supply of land, along with monetary policy shifts would suggest gavel prices on farmland sales will continue to climb.

Big jump expected in farmland prices

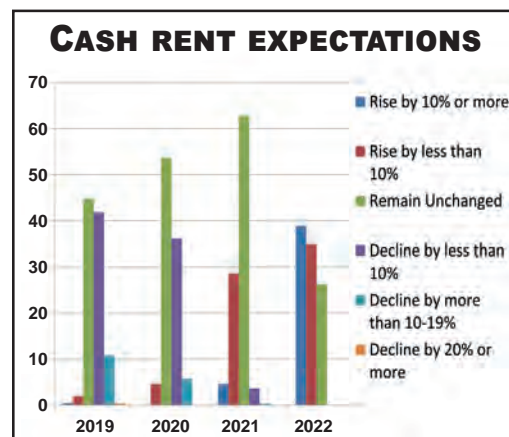
Survey respondents expecting farmland values to rise by 10% or more this year skyrocketed to 39% compared to just 9% in last year's survey. Those expecting land prices to rise by less than 10% declined slightly from last year to 35.1%. In total, nearly three-quarters of survey respondents expect farmland prices to rise this year, while 22.0% expect them to remain unchanged. The "unchanged"



view is down sharply from nearly 50% in our survey for 2021. Just a fraction of farmers and landowners expect farmland values to decline this year.

Majority expect cash rent prices to jump, too

Not a single respondent believes cash rents will fall in 2022, while 39% expect rental rates will increase by 10% or more. Another 35% expect cash rents to rise by less than 10%. The other 26% believe cash rental rates will



hold steady in their area this year.

The results were in stark contrast to last year, when around 70% said cash rents would be steady or decline.

Not many willing to walk away if cash rents rise

The number of survey respondents indicating they will not walk away from ground if the cash rent isn't lowered jumped 20 points from last year to 36%. Those indicating they probably will not walk away from a lease if rental rates hold steady or increase inched up to 55%. Just 10% of respondents said they "probably" or "absolutely" will walk away from leased ground if the rental rate is unchanged or higher than in 2021. That's down from nearly one-quarter of farmers indicating that last year.

Bottom line: Land remains held in strong hands

Farmers' tight grip on farmland — both owned and rented — signals prices are headed higher in 2022.

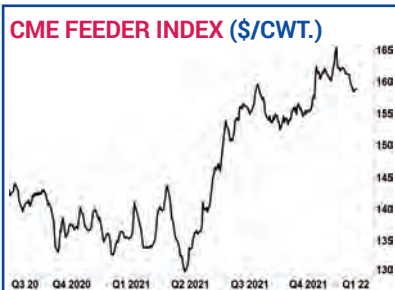
CATTLE - Fundamental Analysis

Packing plants returned to full workloads last week, as indicated by the Monday-Thursday total topping the year-ago figure by 9,000 head (1.9%). Anticipation of accelerated processing may also have caused packers to boost bids, with fed cattle actively changing hands around \$140.00. Futures reacted strongly, with most-active April cattle leading the deferred contracts to fresh highs. Still, last week's sizable losses in wholesale beef prices suggest grocer buying is lagging and greatly elevated consumer prices are likely stifling beef offtake. We suspect that will limit any spring rally in cattle futures.

Position Monitor

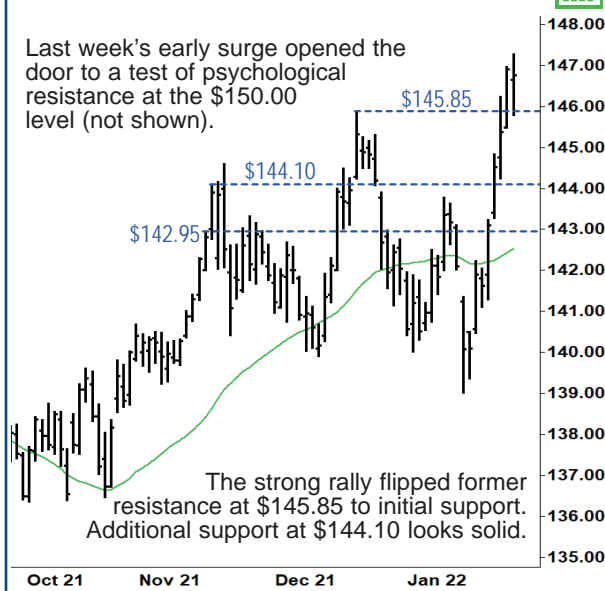
Game Plan:	Feds	Feeders
Fed cattle	I'22 0%	0%
producers	II'22 0%	0%
should keep	III'22 0%	0%
	IV'22 0%	0%

all risk in the cash market. Be prepared for hedges when the market shows signs of a top.



DAILY APRIL LIVE CATTLE

Last week's early surge opened the door to a test of psychological resistance at the \$150.00 level (not shown).



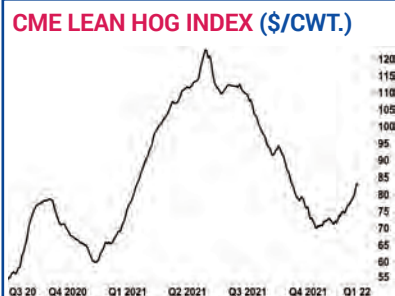
HOGS - Fundamental Analysis

Pork prices outperformed beef last week, but the gains again proved highly erratic. Nevertheless, deferred hog futures spiked upward, apparently reflecting a growing industry recognition that summer 2022 highs are likely to top those from last year (when the CME Lean Hog Index peaked at \$122.68 in June) due to the anticipated 4% annual reduction in spring hog supplies. But the industry has to get through winter before it can look for a sustained surge to annual highs. The late February-March period is often marked by flat to lower cash hog and wholesale pork prices.

Position Monitor

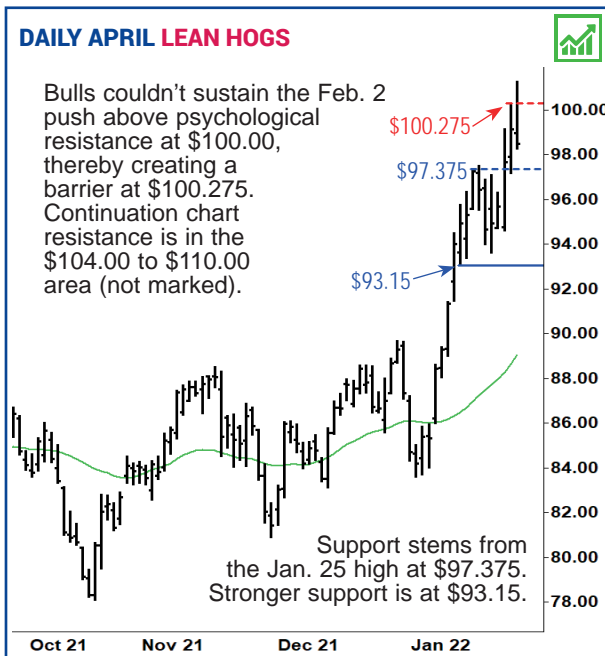
Game Plan:	We	Lean Hogs
believe there's	I'22 0%	0%
more upside in	II'22 0%	0%
hog futures. But	III'22 0%	0%
	IV'22 0%	0%

be prepared for short-term hedges if the upside gets overdone, as cash prices typically soften in late winter.



DAILY APRIL LEAN HOGS

Bulls couldn't sustain the Feb. 2 push above psychological resistance at \$100.00, thereby creating a barrier at \$100.275. Continuation chart resistance is in the \$104.00 to \$110.00 area (not marked).



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 \$6.00 level or lower to advance coverage.

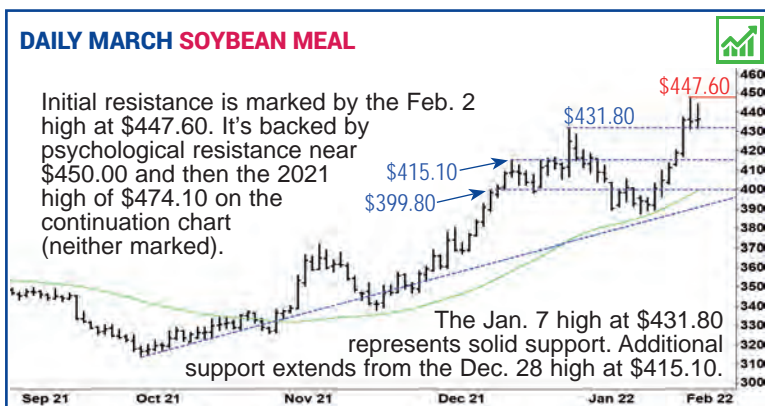
Meal

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 chase the market higher. We'll wait on an overdue corrective pullback to extend coverage in the cash market.

DAILY MARCH SOYBEAN MEAL

Initial resistance is marked by the Feb. 2 high at \$447.60. It's backed by psychological resistance near \$450.00 and then the 2021 high of \$474.10 on the continuation chart (neither marked).



Position Monitor

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

Game Plan: On Feb. 2, 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 next year. While there could be another short-term push higher, corn likely needs help for that to happen. We'll hold remaining old-crop bushels into at least spring unless there's a blowoff top in the market.

DAILY MARCH CORN

Resistance is layered between the Dec. 28 high at \$6.17 3/4 and the Jan. 25 high of \$6.31. Above those levels, resistance is at the contract high of \$6.42 1/2 and the psychological \$6.50 level (neither marked).



DAILY MAY CORN

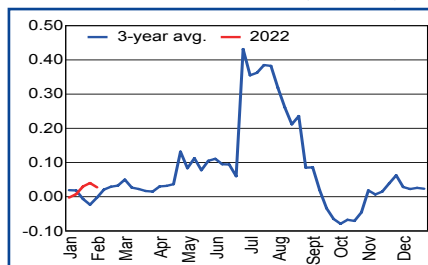
The Feb. 3 drop flipped support at \$6.19 1/2 to initial resistance. It's backed by the extended trendline near \$6.26.



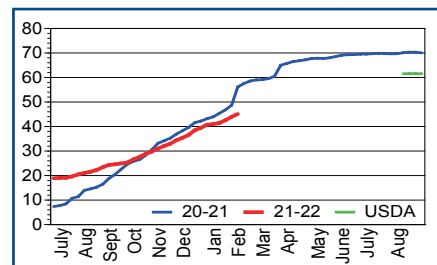
CORN - Fundamental Analysis

China's cancellation of a U.S. corn sale of 380,000 metric tons (MT) seemed to unnerve traders, as futures pulled back following contract highs earlier last week. The price performance looks like a near-term peak. Negative ethanol margins with Midwest stocks at a record high bodes poorly for domestic demand, and exports lag last year's pace by around 20%. USDA's Supply and Demand Report Feb. 9 may bring surprises, but the drought-driven shortfall in South America looks baked into prices for now. An extended soybean rally and/or sustained crude oil gains above \$90 could generate short-term upswings. But we see more near-term downside risk.

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: On Feb. 2, we advised wheat hedgers and cash-only marketers to sell another 10% of 2021-crop and another 10% of expected 2022-crop production for harvest delivery. Get current with advised sales.

WHEAT - Fundamental Analysis

SRW — U.S. 2021-22 SRW export commitments continue to outpace last year (up 55%), the only one of five USDA wheat categories with that distinction. But U.S. wheat in general remains uncompetitive on global markets, which was illustrated by a nosedive in weekly export sales.

DAILY MARCH SRW WHEAT

Initial resistance at the Oct. 27 low of \$7.58 is reinforced by the extended downtrend line near that same level.



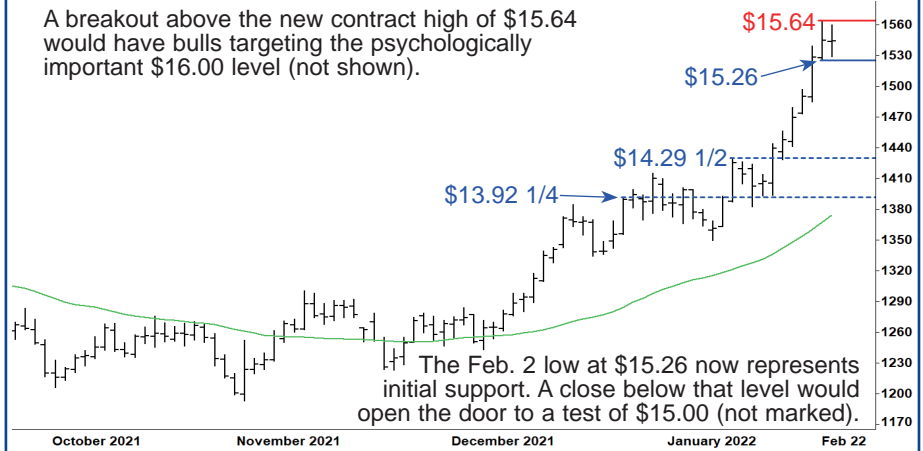
Position Monitor

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

Game Plan: On Feb. 2, we advised sales to take advantage of the parabolic price move in futures. We advised hedgers and cash-only marketers to sell another 10% of 2021-crop. We also advised all soybean producers to sell another 10% of expected 2022-crop production for harvest delivery next year. We'll likely carry remaining old-crop inventories through at least the South American harvest.

DAILY MARCH SOYBEANS

A breakout above the new contract high of \$15.64 would have bulls targeting the psychologically important \$16.00 level (not shown).



DAILY MAY SOYBEANS

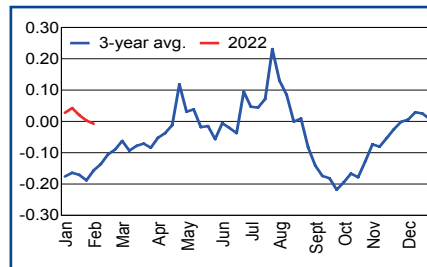
The contract high at \$15.68 1/4 marks initial resistance. Bulls' target above that would be \$16.00 (not marked).



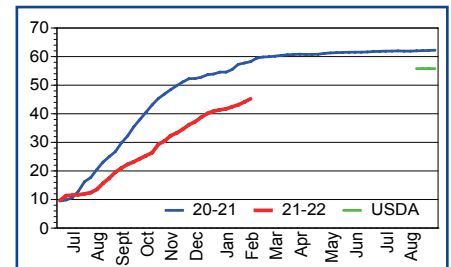
SOYBEANS - Fundamental Analysis

USDA's updated Brazil and Argentina soybean crop estimates in the Feb. 9 Supply and Demand Report loom as the next market-mover, though it's unlikely those numbers will drop as dramatically as some recent private forecasts. Beyond that, two "battles" promise to be key influences: one between crushers and exporters for drought-reduced global soybean supplies, the other between beans, corn and other crops, such as cotton, as U.S. spring planting nears. Together, it bodes for elevated prices but less of the explosive upside like we saw the past week with South America's shortfall factored in. Rapid evaporation of carry in the market indicates lower supply concerns longer-term.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MARCH HRW WHEAT

Initial resistance is at \$7.77 1/2.

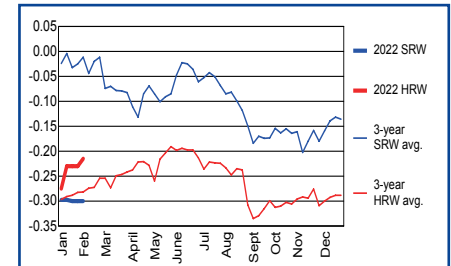


DAILY MARCH HRS WHEAT

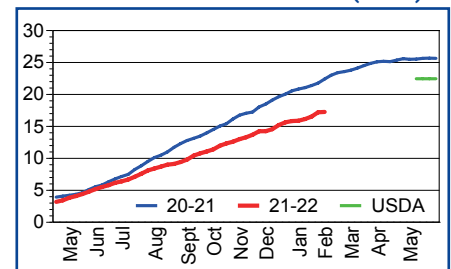
The Jan. 7 low of \$9.05 3/4 marks resistance.



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — The apparent easing of Russia/Ukraine concerns contributed to wheat futures' declines the past two weeks, but tensions could flare up again. That, combined with expanding Plains drought and the prospect of bitter cold and lack of snow cover causing winterkill, should keep a floor under prices. But the upside looks limited.

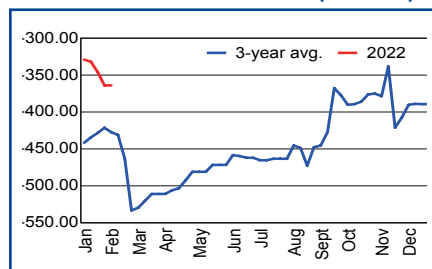
HRS — USDA is expected to lower its 2021-22 global ending wheat stocks estimate by about 60,000 MT in its Feb. 9 Supply and Demand Report. That's a tiny adjustment, but still underscores the tight supplies of milling-quality wheat that are underpinning spring wheat prices, along with no end in sight to drought in the Northern Plains.

Position Monitor

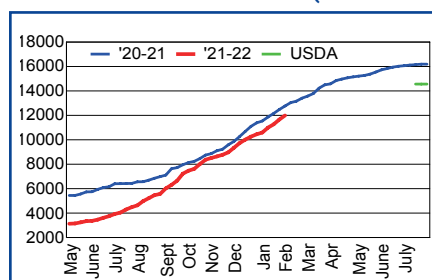
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: On Feb. 2, we advised hedgers and cash-only marketers to sell another 10% of expected 2022-crop for harvest delivery. Get current.

AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Export data for the week ended Jan. 27 was impressive, with old- and new-crop sales, as well as weekly shipments, all topping 300,000 bales. Such large numbers as prices moved to fresh highs imply vigorous demand and may open the door to continued price gains.

GENERAL OUTLOOK

Equities: U.S. stocks quickly shook off a case of the January blues, as the S&P 500 index jumped strongly the past week, nearly erasing last month's 5.2% drop.

The Volatility Index (VIX) went the opposite way, reflecting easing worries over a Russian invasion of Ukraine.

Investors still face many uncertainties, and the old stock market adage "as January goes, so goes the year," is worth remembering, if only as a reminder that

last year's 27% gain by the S&P 500 will be tough to match.

The S&P 500's January loss followed a "Santa Claus rally" and subsequent decline the first five days of this year, a combination that's happened just nine times since 1945, according to Sam Stovall of CFRA. In those previous years, the S&P 500 posted a 9.6% decline on average for the full year and gained only once, in 2014.

FROM THE BULLPEN By Editor Brian Grete

Sometimes prices are too good to pass up. This was one of those times. On Feb. 2, we advised a series of sales for soybeans, corn, wheat and cotton to take advantage of these too-good-to-pass-up pricing opportunities.

For soybeans, futures posted a series of contract highs as the market went parabolic. As a result, we advised hedgers and cash-only marketers to sell another 10% of 2021-crop. We also advised all soybean producers to sell another 10% of expected 2022-crop production for harvest delivery.

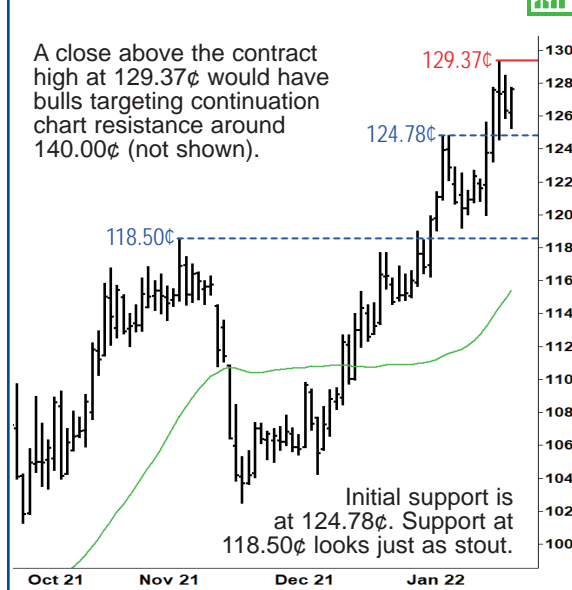
After rallying to new contract highs Jan. 31, the corn market showed signs of short-term exhaustion. We advised hedgers and cash-only marketers to sell

another 10% of 2021-crop. We also advised all corn producers to sell another 10% of expected 2022-crop production for harvest delivery.

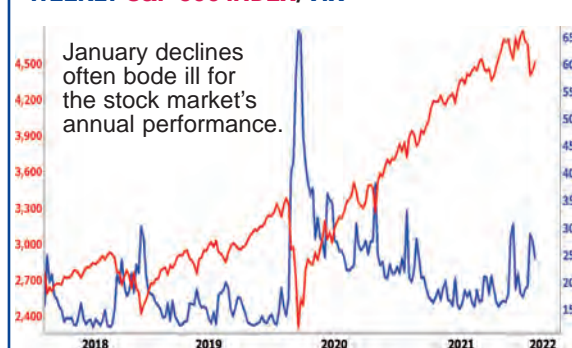
Wheat needs help from soybeans and corn to push higher. If that support falters, wheat will struggle, especially with the seasonal price trend down sharply from mid-February through spring. We advised hedgers and cash-only marketers to sell another 10% of 2021-crop and another 10% of expected 2022-crop production for harvest delivery.

With December cotton a couple cents above our 100.00¢ target, we advised hedgers and cash-only marketers to sell another 10% of expected 2022-crop production for harvest delivery.

DAILY MARCH COTTON



WEEKLY S&P 500 INDEX/VIX



WATCH LIST

1	Ag Trade Data Ag exports, imports for December	TUE 2/8 9:30 a.m. CT
2	EIA Weekly Ethanol Prod. Big Midwest stocks, weak margins.	WED 2/9 9:30 a.m. CT
3	USDA S&D Report Focus is on U.S. use, global crops.	WED 2/9 11:00 a.m. CT
4	USDA Export Sales Report Light China buys: Lunar New Year.	THUR 2/10 7:30 a.m. CT
5	NWS ENSO forecast Updated La Niña forecast.	THUR 2/10 7:30 a.m. CT

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