



News this week...

- 2 – Changes to South American export, import taxes.
- 3 – Meat stocks don't necessarily reflect weaker demand.
- 4 – The present and future of U.S. biofuels policy.

Volatility eases in grain, soy markets – While global food supply shortages remain a concern, recent sideways price action suggests much of that has been factored into prices. Markets need a new catalyst to break out of their short-term consolidation ranges that formed after the initial reactions to the war. Some market-moving news could come this week in the form of USDA's March 31 reports. Planting intentions are the focal point, but March 1 stocks could be the real market-mover, as the range of estimates from a Bloomberg poll are huge at 457 million bu. for corn, 433 million bu. for soybeans and 304 million bu. for wheat. Cattle futures traded sideways, as firming wholesale prices offset disappointing cash trade. Deferred hog futures scored new highs. The March 30 Hogs & Pigs Report will show more herd contraction.

Biden: Expect 'real' food shortages

President Joe Biden said the world will experience "real" food shortages because of lost production in Ukraine, Europe's breadbasket. Biden said Group of Seven leaders discussed ways to "increase and disseminate more rapidly" grain from the U.S. and Canada, while European nations were urged to end limitations on sending food abroad. Countries in North Africa that are highly reliant on imports from the Black Sea region hold roughly 5% of global wheat reserves.

U.S. aid, including food donations, to Ukraine, others

The U.S. will provide more than \$1 billion in new funding for humanitarian assistance to those impacted by the war in Ukraine. Sources tell us around 400,000 metric tons (MT) in emergency food aid (likely wheat) will be donated.

NGFA details rail shortage issues

The National Grain and Feed Association (NGFA) says its members are unable to purchase grain from farmers because they are waiting for loaded trains to be moved. Conversely, some NGFA members have run out of grain and have been forced to shut down flour and feed mills and cut off sales to customers while awaiting grain deliveries.

USDA raises food price forecasts

The all-items consumer food price index rose 1.0% in February for an annual gain of 7.9%. Food-at-home (grocery store) prices jumped 1.4% last month and 8.6% from year-ago. Food-away-from-home (restaurant) prices increased 0.4% in February and 6.8% from year-ago.

For 2022, USDA now forecasts all food prices to rise between 4.5% and 5.5%, grocery prices to increase 3.0% to 4.0% and restaurant price to jump 5.5% to 6.5% from year-ago levels.

Record pace of U.S. pork to Mexico

Disease outbreaks and high feed prices have reduced Mexico's hog herd, triggering strong buys of U.S. pork. As of March 17, U.S. pork exports to Mexico stood at 151,037 MT (333 million lbs.), up 38% from this time last year. In 2021, the U.S. shipped a record 2.059 billion lbs. of pork to Mexico.

Pressure to open some CRP acres

Seven agriculture lobbying organizations representing U.S. farmers, feed producers, grain exporters, millers, bakers and oilseed processors asked USDA to provide flexibility to farmers to plant crops on more than 4 million acres of "prime farmland" currently enrolled in CRP without penalty. The letter echoes a recent request by Sen. John Boozman (R-Ark.) and some agriculture economists. The broader call for bringing some conservation land into production *could* boost pressure on EPA to reduce its biofuels blending mandates.

Glauber: Suspend biodiesel mandates

Dr. Joe Glauber, a former USDA chief economist, told a Farm Foundation event: "I know this isn't necessarily the most popular suggestion, but I think the [U.S.] should consider suspending these [biodiesel] mandates. To me, food sort of trumps that."

A veteran industry analyst remarked, "This brings into question any biofuel market that is based on policy. There are so many people fired up about advanced biodiesel and bio-based diesel, but this is a warning about impacts from government knee-jerk reactions."

We outline the U.S. biofuels policy on [News page 4](#).

EIA: Renewable diesel to surpass biodiesel this year

Renewable diesel supply soon will exceed biodiesel as tax and credit incentives drive up its production. The Energy Information Agency (EIA) forecasts renewable diesel supply will surge to 130,000 barrels per day (bpd) this year and reach 145,000 bpd by 2050. Renewable diesel has no blend restrictions but is currently more expensive to produce than biodiesel.

NCBA, AFBF bill to address cash cattle

The National Cattleman's Beef Association (NCBA) and the American Farm Bureau Federation, industry sources advise, have adopted draft legislation to increase market transparency, strengthen enforcement of the Packers and Stockyards Act and incentivize expansion of regional beef packing capacity. The groups will hold a virtual meeting March 28 to provide details of the bill and their strategy for its rollout.

Argentina raises soy export taxes

As we suspected, the Argentine government increased the export tax for soyoil and soymeal by two points to 33% as part of its “war” against surging inflation. With the new export taxes in place for soy products, the country started issuing export registrations again. The soybean export tax remained at 33%, though Crop Consultant Dr. Michael Cordonnier says, “I would not be surprised in coming weeks if the government closes export registrations for raw soybeans so the tax increase can be implemented.”

The country’s chamber of grain exporters and processors CIARA-CEC strongly criticized the tax hike, saying it threatens the soy processing industry and is “analyzing all legal avenues” it could take.

Parana River emergency extended

The Argentine government extended the State of Emergency for the Parana River for 90 days. The original declaration was for 180 days and it was set to expire at the end of this month. Dryness in Argentina, along with drought in Paraguay and southern Brazil, have led to the lowest water levels in 78 years. Low water levels at the ports near Rosario are a concern as approximately 85% of Argentina’s ag exports are shipped from that major export hub.

Brazil halts ethanol, soyoil import tax

In an attempt to curb surging inflation, Brazil suspended the import tax for ethanol, soyoil, sugar, coffee, margarine, cheese and pasta through the end of this year. However, many are skeptical this will reduce Brazil’s domestic prices and feel it is more political than practical. Even with no import tax, imported ethanol prices would currently be around 8% to 10% higher than domestically produced fuel, though this still likely opens the door for some additional U.S. shipments. Brazil already purchases soyoil from Argentina with no taxes.

One biofuels industry analyst called the move “self serving,” noting it will take some ethanol and soyoil supplies off the world market, especially in Europe and poorer developing countries at a time of already tight supplies.

Worst Paraguay bean crop in history

Paraguay has completed this year’s soybean harvest and according to the country’s Soybean, Oilseed, and Cereal Producers Association, this was the worst crop in modern history. Cordonnier cut his estimate another 1 million metric tons (MMT) to just 4 MMT — only 40% of what the country was expected to harvest when the growing season started.



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Ukraine crop acreage will be slashed

Ukraine’s ag ministry expects farmers to plant only 7 million hectares to spring crops, down from 15 million hectares expected before the Russian invasion. Ukrainian farmers are expected to plant just 3.3 million hectares to corn, down from 5.4 million hectares last year, as there is still a large amount of last year’s crop in storage and the government encouraged farmers to plant more spring wheat, buckwheat, oats, millet and spring barley.

Ukrainian farmers planted 6.5 million hectares to winter wheat, but the ministry expects only around 4 million hectares to be harvested due to the war.

Ukraine exports drastically limited

Ukrainian ports remained closed but the country restarted corn exports via rail through the western part of the country, according to the head of the Ukrainian Agribusiness Club. He reported shipping via rail could handle 600,000 metric tons (MT) of grain per month — only about 10% to 15% of port shipping capacity. Black Sea ag consultancy APK-Inform slashed its estimate for total Ukrainian grain exports by 29% to 44 million metric tons (MMT) and now predicts a 3% decline from last year.

Ukraine still has around 20 MMT of wheat and corn to export for 2021-22, though the port closures will keep exporters from shipping much of that supply.

Russian wheat exports are ‘active’

Russia is exporting more wheat via its Black Sea ports as Azov Sea routes remain restricted. “Exports are active. If the weather permits, Russia will export more than 2 MMT of wheat in March,” said Dmitry Rylko, the head of the IKAR ag consultancy.

SovEcon, another Russia-based consultancy, said: “Traders report some issues with payments from abroad when banks refuse to send money even to non-sanctioned institutions, but the overall situation [has] improved. Russia continues to actively ship wheat, mainly from its Black Sea terminals.”

Even though the sources signal Russian wheat exports are active, others say they are only 60% of normal.

Favorable weather for Russian crops

Weather favors Russia’s winter grain crop, signaling “good” prospects, state weather forecaster Hydrometcentre said. Winter grains in the main producing regions — Russia’s south and the North Caucasus — are developing well, and only 10% of the area in other regions are at risk of poor conditions. Soil moisture is also favorable in most areas. Russia’s ag ministry expects the country’s total grain production to be 123 MMT this year, up 1.7 MMT from last year.

Indonesia biodiesel export surge likely

Indonesia, the world's largest palm oil producer, is expected to export 1 million kiloliters of biodiesel this year as demand increases due to rising crude oil prices, according to the Indonesia Biofuel Producer Association. Exports were only about 91,500 kiloliters in 2021. The association sees this year's robust demand coming from China and Europe.

Meanwhile, Indonesia will push for a greater proportion of palm oil in biofuels even as the edible oil's price is historically high. Government officials are studying the rules and infrastructure to increase the requirement beyond B30. Indonesia put on hold its plan to increase palm content in biodiesel to 40% last year, before restarting preparations to do road tests on vehicles using that mix this year.

Argentine food sector rejects inflation blame

Argentina's food business group COPAL rejected accusations made by Interior Commerce Secretary Roberto Feletti that blamed the sector for inflation and food price increases. COPAL urged the government to avoid looking for culprits within an industry and to join forces to move forward with concrete measures to tame inflation.

Meanwhile, Argentina's government will create a new basket of 60 goods with regulated prices in April, Feletti announced. He said the new basket will be rolled out along with the next edition of the government's broader price control program. Feletti said the government aims to return wheat prices to levels seen in January.

U.S. exempts tariffs on some China imports

The U.S. Trade Representative's office reinstated 352 expired product exclusions from U.S. "Section 301" tariffs on Chinese imports. The reinstated product exclusions will be effective retroactively from Oct. 12, 2021, and extend through Dec. 31, 2022. They cover a wide range of the initially estimated \$370 billion worth of Chinese imports that former president Donald Trump hit with punitive tariffs of 7.5% to 25%.

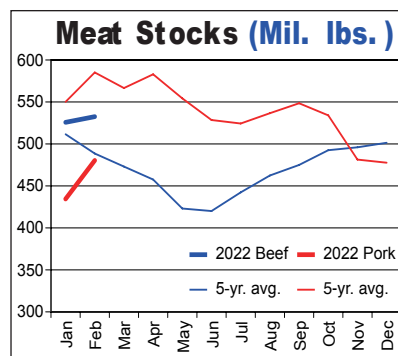
This will have a relatively small impact on tariffs overall. Still, China's commerce ministry said the U.S. decision was beneficial to normalizing the trade flow and called for all duties to be removed "as soon as possible."

U.S., U.K. reach deal to lift some tariffs

The U.S. and U.K. reached an agreement on U.S. Section 232 tariffs on steel and aluminum from the U.K. to historically based sustainable volumes of the products. The agreement also means that retaliatory tariffs on more than \$500 million in U.S. exports to the U.K. will be removed, including ones on distilled spirits, various agriculture products and consumer goods. The timeline for any new push by the Biden administration on new trade talks with the U.K. does not appear imminent.

Record February beef stocks

USDA's Cold Storage Report showed 2.093 billion lbs. of beef, pork and poultry were in frozen storage at the end of February. Meat inventories increased 6.1% from January, which was greater than the normal 2% monthly increase, but still 9.4% below the five-year average.



Beef stocks totaled 532.5 million lbs., which was a record for the month. Inventories rose 6.8 million lbs. (1.3%) from January, whereas stocks have declined an average of 23.0 million lbs. during February the previous five years. Beef inventories were 20.0 million lbs. (3.9%) above last year and 43.9 million lbs. (9.0%) above the five-year average.

Pork stocks at 480.4 million lbs. increased 45.9 million lbs. (10.6%) from January, which was greater than the five-year-average gain of 35.0 million lbs. during the month. However, pork inventories were down 3.0 million lbs. (0.6%) from February 2021 and 104.8 million lbs. (17.9%) below the five-year average.

Total poultry stocks at 1.08 billion lbs. rose 63.0 million lbs. (6.2%) from January but were 12.1 million lbs. (1.1%) below last year.

The bigger-than-average build in meat inventories during February can be construed as a sign of slowed demand, but *Daily Livestock Report* does not see it that way. It says, "We do not see it as a sign of slowing demand, rather it appears to be pulling some demand forward. End users are very concerned about inflation and supply availability this spring and summer. As a result they may be using freezer hedges to manage prices during higher demand periods."

U.S., Japan reach beef tariff deal

The U.S. and Japan reached an agreement that lowers the chances of Japan imposing higher "safeguard" tariffs on U.S. beef. Instead of just one trade-volume trigger that raises the tariff on U.S. beef for 30 days that is in place now, the new agreement adds two other triggers. The second trigger would require total beef imports from all 11 members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to exceed the threshold set in the trade agreement. The third condition is that U.S. beef exports to Japan in any year must exceed the amount of exports in the previous year.

Japan's parliament must approve the new safeguard measures, so it's uncertain when they would be implemented.

RFS: What's happening... and what lies ahead

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Forecasting upcoming Renewable Fuel Standard (RFS) decisions by the Environmental Protection Agency (EPA) and Congress is difficult because there is not yet a consensus. But we've talked with industry and government sources to give you our best outlook on a topic important to corn and soybean growers and biofuel executives.

Still waiting on final 2021 and 2022 details

EPA on Dec. 7, 2021, proposed biofuel volumes for 2020, 2021, and 2022, and introduced regulatory changes intended to enhance the RFS objectives. EPA's proposed targets were lower than those previously set by legislation. In explaining the shortfall, EPA cited the Covid-19 pandemic and a resulting drop in fuel demand.

Details: EPA modified the 2020 volumes to align with actual renewable fuel use that year. Similar concerns related to decreases in demand for transportation fuel also impacted EPA's volume requirements for 2021. Its proposal calls for retroactive cuts to the corn-ethanol portion of RFS volumes to 12.5 billion for 2020 and 13.32 billion for 2021. The agency would then increase corn-ethanol volumes to 15 billion gallons in 2022 — the highest target ever proposed by EPA.

Advanced biofuels/biomass-based diesel

EPA's proposal also would retroactively cut the 2020 volume for advanced biofuels such as biomass-based diesel from 5.09 billion gallons to 4.63 billion. EPA proposed setting the advanced number at 5.2 billion gallons in 2021 and 5.77 billion in 2022. EPA also proposed a "supplemental" biomass-based diesel (BBD) volume requirement of 250 million gallons for 2022 and indicated it will do the same for 2023.

Timing of coming announcements

EPA committed to a June 3 deadline for finalizing biofuel blending requirements for 2021 and 2022 to settle litigation over its delay in setting annual mandates. *Will the court hold EPA in contempt if it doesn't meet that deadline?*

SRE waivers

EPA proposed denying a substantial number of pending Small Refinery Exemption (SRE) applications. The proposed denials confirm the present administration's policy of preventing large owners of multiple refineries from obtaining waivers for their individual, smaller refineries. If EPA declines to grant the SREs at issue, renewable fuel and biofuel producers are likely to see increases in the value of RINs.

The BBD waiver is more limited, and only allows EPA to waive those targets for a period of up to 60 days. And EPA must consult with USDA and the Department of Energy — if it determines significant market circumstances (including feedstock disruptions) "that would make the price of biomass-based diesel fuel increase significantly."

RFS reset for 2023 and beyond

Reset authority provides EPA with broad discretion to modify renewable fuel production targets based on a review of the implementation of the RFS to date. It also can analyze certain factors such as the impact of the production and use of renewable fuels on the environment, cost to consumers for transportation fuels and the expected annual rate of renewable fuel production, among others.

We have been told to expect reset proposals sometime after the 2021 and 2022 mandates are finalized. The Office of Management and Budget has targeted December 2022 for the completion of a final rule.

Reset questions

- What will EPA set as guidelines for determining RFS levels for 2023 and beyond?
- How will EPA address SREs in the future?
- How will it account for planned renewable diesel expansion?
- Will there be any RIN reforms put in place?
- What will be the assumptions for electric vehicles?... and how will Electric-RINs be counted?
- How many more pathways for feedstocks will be cleared?
- What kind of weighting will EPA include on GHG emissions in determining future RFS levels and will it use its GREET modeling or update that for the GHG study for corn-based ethanol?

Bottom line: More questions than answers on RFS

We are told EPA will determine the future of the RFS. But the push for electric vehicles and Sustainable Aviation Fuel (SAF) will largely depend on Congress. The airline industry will only widely use SAF if it receives incentives and can apply carbon reduction credits. A key for renewable diesel is whether other states follow California's Low Carbon Fuel Standard. Also, several states are expected to authorize year-round E15 rather than waiting for a federal guideline.

An analyst said, "The biofuel industry has focused on the environmental benefits, but high fuel prices are stirring a 'it's cheaper' message. I think that's a mistake."

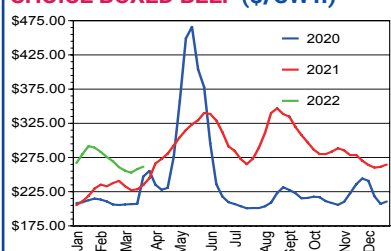
CATTLE - Fundamental Analysis

After having declined in late winter, Choice beef cutout values rallied above \$260.00 last week. The chart shows current values are far below the highs of the past two years, which makes the market look depressed. But current prices are well above all other years and are likely to continue a seasonal advance into mid-May. Nevertheless, cash prices dipped last week, a seeming reflection of lagging feedlot marketings. History suggests the market will rebound in April, but the latest drop reduces the chances of reaching fresh cash highs. The strength of consumer demand is critical for the mid-2022 outlook.

Position Monitor

Game Plan:	Feds	Feeders
We feel live	I'22 0%	0%
cattle fu-	II'22 0%	0%
tures have	III'22 0%	0%
	IV'22 0%	0%
put in a short-term low but any move higher is likely to be a grind. Hold off on hedges for now.		

CHOICE BOXED BEEF (\$/CWT.)



DAILY JUNE LIVE CATTLE

Resistance at the Jan. 5 high of \$137.95 is closely backed by the 40-day moving average (green line) near \$138.22.



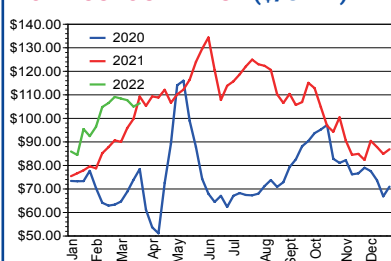
HOGS - Fundamental Analysis

Recent pork losses have moved contrary to historical late-winter strength, but the chart illustrates the comparatively high levels maintained in early 2022. This may partially reflect flat demand for the grilling cuts due to the late arrival of Easter this year and/or a weak consumer response to inflated grocery prices. The cash index and nearby April futures have come under pressure as a result, but the deferred contracts surged to fresh highs last week. Given that the June and July contracts have only now topped the 2021 cash high, despite a forecast 4% drop in supplies, that strength seems well justified.

Position Monitor

Game Plan:	Lean Hogs
There are signs a late-winter/early spring low is already in place and the rally toward a summer peak is underway. Hedges should be limited unless you are locking in profits.	I'22 0%
	II'22 0%
	III'22 0%
	IV'22 0%

PORK CUTOUT VALUE (\$/CWT.)



DAILY JUNE LEAN HOGS

The contract high at \$124.45 marks initial resistance. That's backed by psychological resistance at \$125.00, then by the spring 2014 high at \$128.75.



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. Wait on an extended corrective pullback once the market has topped to extend coverage.

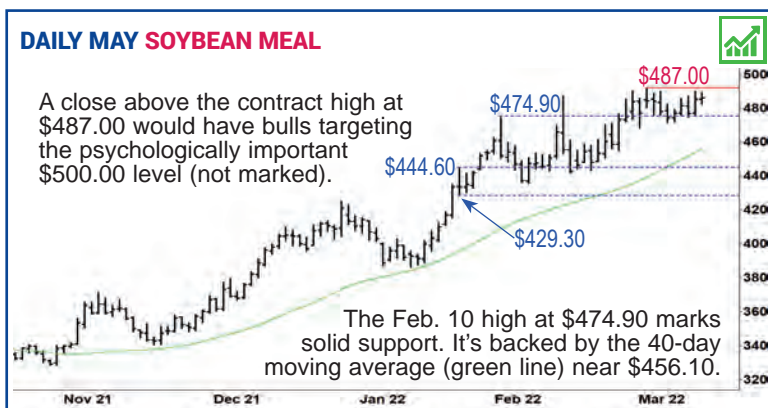
Meal

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

Meal Game Plan: You are hand-to-mouth on soybean meal coverage. There's more near-term upside price risk, but we don't want to lock in current elevated prices for an extended period.

DAILY MAY SOYBEAN MEAL

A close above the contract high at \$487.00 would have bulls targeting the psychologically important \$500.00 level (not marked).



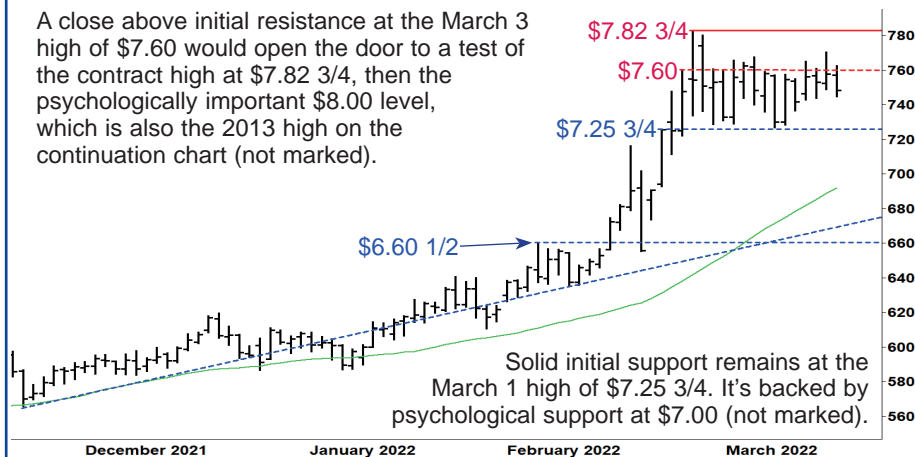
Position Monitor

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

Game Plan: Get current with advised sales. Barring new major developments, the Russia/Ukraine situation is mostly factored into prices. But with old-crop down to gambling stocks, we'll hold remaining bushels until the market signals the upside is exhausted. We are targeting a move to \$7.00 or higher in December futures to advance new-crop sales unless the market signals a major top below that level.

DAILY MAY CORN

A close above initial resistance at the March 3 high of \$7.60 would open the door to a test of the contract high at \$7.82 3/4, then the psychologically important \$8.00 level, which is also the 2013 high on the continuation chart (not marked).



DAILY DECEMBER CORN

Resistance emerged at the March 21 high of \$6.70 last week. Stiffer resistance is at the contract high of \$6.80 1/2.



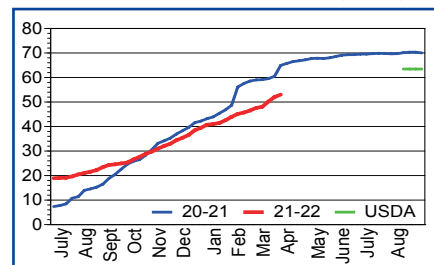
CORN - Fundamental Analysis

Sideways price action the past three weeks reflects a market that believes it has factored in Russia/Ukraine disruptions, at least for old-crop futures. A conflict that keeps grinding on will become less of a "news" driver as far as the market is concerned, which is not to say that a severe turn for the worse couldn't send nearby futures sharply higher. U.S. planting intentions (see "From the Bullpen" on [Analysis page 4](#)) and Midwest weather will become a greater focus. December futures recorded fresh contract highs three days last week, signaling longer-term supply questions, along with further hedging opportunities for producers.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	90%	50%
Futures/Options	10%	0%

Game Plan: Get current with advised sales. Be prepared to use any spring price strength to finish old-crop sales and make more new-crop sales. The Russia/Ukraine situation is factored into prices and seasonals strongly favor bears.

DAILY JULY SRW WHEAT

Bears couldn't overcome stiff resistance at the March 3 high of \$11.16 1/4. A breakout above that level would face tougher resistance at the March 4 high at \$11.91 1/4, then the psychological \$12.00 level (none marked).



WHEAT - Fundamental Analysis

SRW — The gap in 2021-22 export commitments versus 2020-21 widened, and market focus has returned to uncompetitively-priced U.S. wheat with war factored in for now. Even with SRW down from a peak above \$13.00, it remains 6% above European wheat (based on nearby futures).

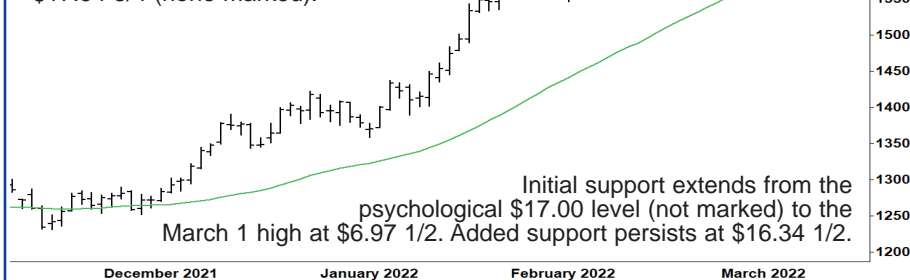
Position Monitor

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

Game Plan: Get current with advised sales. You should be down to gambling stocks on 2021-crop production. Those stocks will be held until the market confirms the upside is exhausted. For expected 2022-crop production, November futures pushed above our \$15.00 sales target, but we'll give the market a chance to challenge the contract high before pulling the trigger on more sales.

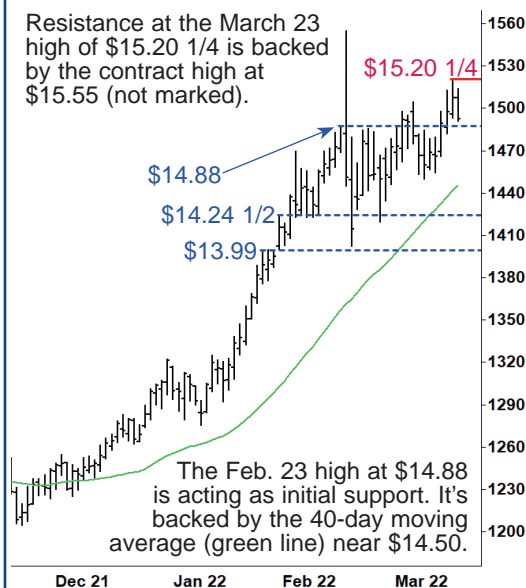
DAILY MAY SOYBEANS

Resistance persists at the Feb. 24 contract high of \$17.59 1/4. Look for additional resistance at the March contract's peak of \$17.65, then the 2014 highs at \$17.77 3/4 and \$17.94 3/4 (none marked).



DAILY NOVEMBER SOYBEANS

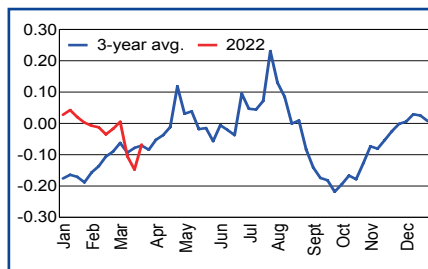
Resistance at the March 23 high of \$15.20 1/4 is backed by the contract high at \$15.55 (not marked).



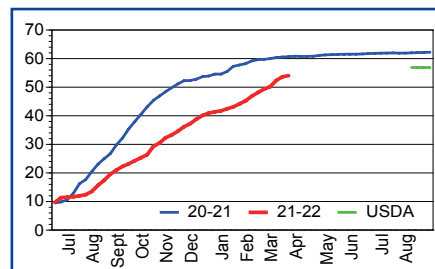
SOYBEANS - Fundamental Analysis

After an absence of daily sales since March 11, USDA reported old-crop sales of 132,000 metric tons (MT) to China and 558,200 MT to "unknown destinations" last week. Soybeans (and corn) decoupled from slumping wheat last week, suggesting nearby futures can remain elevated but not necessarily sustain trade above \$17.00 unless export demand is supportive enough to encourage fresh buying. Prospective Plantings and Midwest weather remain two of the top price drivers, and analysts' historical tendency to overshoot on initial soybean acreage intentions keeps us wary of bullish surprises and another possible leg higher in new-crop November.

AVERAGE SOYBEAN BASIS (MAY)

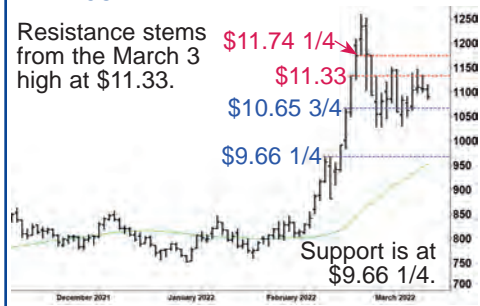


SOYBEAN EXPORT BOOKINGS (MMT)



DAILY JULY HRW WHEAT

Resistance stems from the March 3 high at \$11.33.

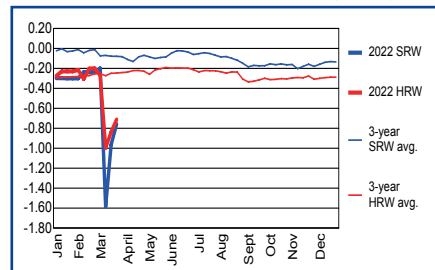


DAILY JULY HRS WHEAT

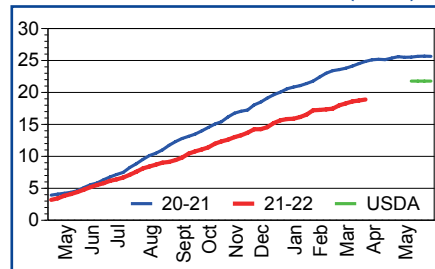
The March 9 high at \$11.15 represents initial resistance.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Drought conditions in Kansas and other HRW states improved following recent rain and snow, and more precipitation is expected around the middle of this week. But irreversible damage has been done to some of the crop. USDA's first crop conditions of the season April 4 will reflect the likelihood of greater-than-normal acreage abandonment.

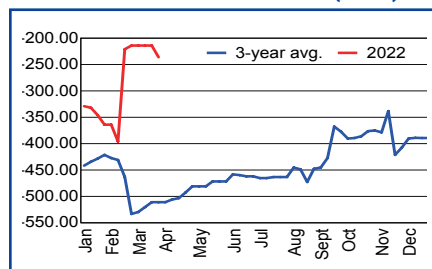
HRS — Near-term price direction hinges on USDA's Prospective Plantings Report March 31, along with spring weather. We project 2022 U.S. other spring wheat and durum seedings at 14.1 million acres, up 1.045 million acres from 2021 and about 600,000 acres above the average pre-report estimate of 13.5 million acres (from Bloomberg).

Position Monitor

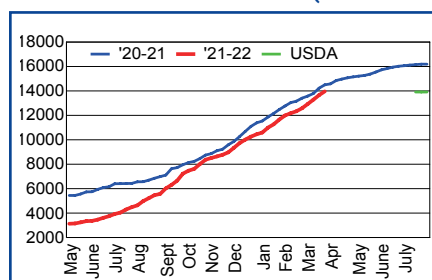
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Last week's trade opened fresh upside potential. Additional cash sales will wait for some signs of exhaustion.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

While export sales dipped, shipments jumped to 442,700 bales during the week ended March 17. This new marketing-year high implies domestic shippers are recovering from recent disruptions and improves prospects for reaching USDA's 14.75 million-bale forecast.

GENERAL OUTLOOK

Bond yields: There is one thing all markets despise and that's being surprised. Federal Reserve Chair Jerome Powell did just that during a National Association of Business Economists meeting March 21. He said the Fed is prepared to raise interest rates by 0.5% at its next monetary policy meeting on May 3-4, if needed.

The Fed raised its Fed funds rate by 0.25% in mid-March, which pushed

10-year Treasury Note yields above resistance at 2.063%. Yields then rose further in the immediate aftermath of Powell's more aggressive stance on inflation. The benchmark 10-year T-note yield jumped to a nearly three-year high at 2.36%. Powell's rising anti-inflation rhetoric is one step in fighting to stabilize prices. He even suggested slower economic growth may have to occur to tamp down price inflation.

FROM THE BULLPEN By Editor Brian Grete

Our spring acreage survey showed producers intend to plant fewer acres to corn and more acres to soybeans. But the year-to-year changes weren't as great as some in the market have been talking. A *Bloomberg* survey signaled analysts on average anticipate USDA's March 31 Prospective Plantings Report will estimate corn plantings at 92.0 million acres and soybean intentions at 88.9 million acres. That would be a record total for the two crops combined.

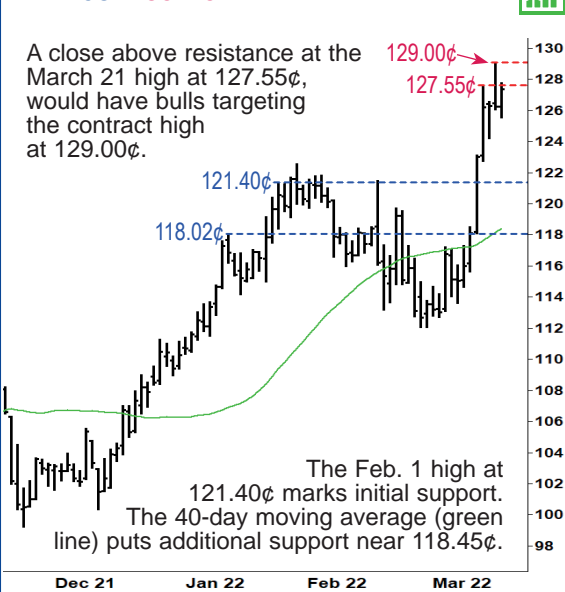
Over the past 21 years, the average pre-report estimate has been higher than USDA's planting intentions for corn 11 times and lower 10 times. The average miss is a negligible 35,000 acres. But there have been some big misses, with the largest being nearly 3.6 million acres too low in

2016 and 2.6 million acres too high in 2006.

For soybeans, the split has been 13 times higher and eight years lower. The average miss during those 21 years has been 439,000 acres too high. As with corn, there have been some really big misses, the largest being 3.2 million acres too high in 2009 and nearly 3.3 million acres too low in 2008.

USDA's March planting intentions could very well move markets, especially if there are surprises. And based on the past 21 years, a large miss would not be overly surprising. But keep in mind, there can be a big difference between early March intentions (when USDA's survey work is completed) and actual plantings. Weather from April forward can change a lot of acreage plans.

DAILY JULY COTTON



DAILY U.S. 10-YEAR T-NOTE YIELD (%)



WATCH LIST

1	USDA Hogs & Pigs Report Hog herd contraction continues.	WED 3/30 2:00 p.m. CT
2	USDA Export Sales Report Soybean, corn sales to China key.	THUR 3/31 7:30 a.m. CT
3	USDA Prospective Plantings Survey-based acreage intentions.	THUR 3/31 11:00 a.m. CT
4	USDA Grain Stocks Report Grain stocks as of March 1.	THUR 3/31 11:00 a.m. CT
5	USDA Grain, Soy Crush Rpts. U.S. crush figures for February.	FRI 4/1 2:00 p.m. CT

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