



### News this week...

- 2 – Global central banks move to combat surging inflation.
- 3 – Biden focuses on Russia & inflation, not climate change.
- 4 – Prices surge amid market, policy volatility.

**Wheat futures go parabolic** – *Wheat prices surged amid a series of limit-up moves on global supply concerns tied to the Russia/Ukraine conflict. Front-month SRW futures scored an all-time high on the continuation chart, while HRW and HRS futures remained well below their historic peaks. Wheat futures will continue to rally until speculative money flow into the long side of the market dries up. Corn surged above \$7.00 and reached the highest level on the continuation chart since front-month futures hit \$8.00 in 2013. Soybeans traded sharply higher but remained well within the huge Feb. 24-25 trading boundaries. Cattle futures plunged amid heavy pressure from corn on feeders, aggressive fund long liquidation and demand concerns tied to geopolitical upheaval. Fund selling spilled over to hog futures on Friday.*

## Energies, grains lead commodity surge

The world is isolating Russia, sparking fears of prolonged supply shortages and sharper global inflation. The Bloomberg Commodity Spot Index on Friday was headed toward the biggest weekly gain since 1960 amid aggressive buying in commodities. See “General Outlook” on *Analysis* page 4.

### Russia recommends halting fertilizer exports

Russia’s trade ministry recommended the country’s fertilizer producers temporarily halt exports. Major international shippers had already suspended exports from Russia.

## China orders commodity purchases

Beijing ordered state-owned buyers to ramp up purchases of commodities due to the Russia/Ukraine conflict. Chinese officials are worried about impacts of even higher commodity costs on the country’s already slowing economy.

## Headed toward a global Russession?

U.S. crude oil prices surged to their highest level since 2008 amid supply concerns. Economists are worried a prolonged elevation in oil prices could precede a combination of slowing economic growth and higher inflation, known as stagflation. Bianco Research notes that every time crude oil prices surged more than 50% in value, a recession has followed.

## How will USDA handle Russia/Ukraine?

USDA’s March 9 Supply & Demand Report typically features just minor fine tuning to its old-crop U.S. usage forecasts. But USDA should increase U.S. corn and wheat exports to reflect major uncertainties with Black Sea grain shipments. We also anticipate higher usage forecasts for soybeans to reflect reduced South American soybean and soy product exports.

## Jobs growth expands, wages stall

The U.S. economy added a stronger-than-expected 678,000 non-farm payrolls in February. The unemployment rate dropped to 3.8%. Hourly wages were virtually unchanged last month, but rose 5.1% from year-ago, though that was far below the expected 5.8% growth.

## Biofuels under attack – again

The Biden administration is reportedly looking at whether waiving biofuels blending requirements under the Renewable Fuel Standard (RFS) could help fend off food inflation. An administration official told *Reuters* “there is no serious consideration of this” right now, but given surging food inflation, it was just a matter of time until the food versus fuel debate was rekindled. Any such waiver would be short-sighted and likely have only psychological impacts. But remember, EPA was already asking about food versus fuel relative to renewable diesel and soyoil supplies.

## Global food prices hit all-time high

Global food prices as measured by the UN Food and Agriculture Organization (FAO) increased 3.9% in February to an all-time high and were 24.1% above year-ago. Only sugar prices declined. The bulk of impacts from the Russia/Ukraine crisis won’t be reflected until next month.

### Russia/Ukraine war could cause global food crisis

Ukraine is Europe’s breadbasket. As the war unfolds, *Foreign Policy* questions, “What happens to countries around the world that depend on Ukraine for food?”

## USDA raises food price forecasts

USDA now expects U.S. food price inflation to rise 2.5% to 3.5% from last year. Food away from home (restaurant) prices are expected to rise 4% to 5%, while food at home (grocery store) prices are now forecast to increase 2% to 3% this year.

## Spring insurance prices rise sharply

The spring crop insurance price for corn jumped \$1.32 (28.8%) from last year to \$5.90 – the second highest behind \$6.01 in 2011. The spring soybean insurance price surged \$2.46 (20.7%) to the highest ever at \$14.33. At a 2.43 ratio, our analysis indicates it would imply a 3% increase in soybean acres and a 1% to 2% decline in corn acres this year.

The spring insurance price jumped \$2.66 (40.7%) to \$9.19 for spring wheat. The cotton insurance price ranges from 93¢ to 102¢, depending on closing date, up from 75¢ to 83¢ last year.

## Soy crush slows less than expected

U.S. soy processors crushed 194.3 million bu. of soybeans in January, which was 600,000 bu. more than traders expected, but down 3.9 million bu. (2.0%) from December's record and 2.2 million bu. (1.1%) less than last year. For the first five months of 2021-22, crush totaled 944.2 million bu., down 0.4% from the same period last year. To reach USDA's forecast for a record 2.215 billion bu., crush must average 181.5 million bu. per month over the final seven months of the marketing year. That would be 0.3% ahead of the pace in 2019-20 when crush was record-large.

Soyoil stocks increased 34 million lbs. from December to 2.5 billion lbs. and were 50 million lbs. more than expected, despite the lower crush. The rise appears to be driven by strong oil yields, which were higher than normal, as domestic use and exports were strong.

## Chevron buying biofuels giant REG

Chevron is buying America's largest renewable fuels producer, Renewable Energy Group (REG), for \$3.1 billion, to bolster its new low-carbon business. Industry analysts say a big driver for Chevron was securing not just the company's facilities but its pipeline of biofuel feedstocks — such as used cooking oil, animal fats and other inputs for renewable fuels.

The race is on to secure U.S. biofuel feedstocks as the renewable diesel industry takes off.

## India to import less palm oil

India's palm oil imports in 2021-22 are forecast at 7.6 million metric tons (MMT), down from 8.9 MMT in 2020-21, according to the head of the Indian Vegetable Oil Producers' Association, as tight supplies and record prices slow use. In an effort to replace sunflower oil shipments from Ukraine and Russia, which combined supply 13% of its needs, India asked Indonesia to raise its palm oil exports.

## Ethanol use stronger than expected

U.S. corn-for-ethanol use totaled 474 million bu. in January, 2 million bu. more than traders expected but down 3.8 million bu. (0.8%) from December. This marked the third straight month corn ethanol use was stronger than anticipated and implies less yield per bushel than recent years. Corn-for-ethanol use must average 433 million bu. per month over the final seven months of the marketing year, 3.9% above year-ago, to hit USDA's forecast for 5.325 billion bushels. Through the first five months, corn-for-ethanol use was 8.4% ahead of last year's pace.

## Powell supports quarter-point hike

Fed Chair Jerome Powell told two congressional panels he was "inclined to propose and support a 25-basis-point rate hike" at the March 15-16 monetary policy meeting. Powell still expects inflation to ease this year, though it's too early to tell how Russia's invasion of Ukraine will impact the U.S. economy. He noted the Fed is "prepared to move more aggressively" if inflation remained high.

Powell emphasized the Fed wants to take actions on reducing its massive balance sheet "in a predictable manner," which would first focus on letting maturing securities run off of the portfolio before making outright sales.

## Beige Book notes high input prices

Inflation was one of the key focal points in last week's Fed Beige Book report, which highlights economic conditions in the 12 Fed districts. Businesses primarily linked the rise in prices to supply chain and labor issues. Higher input prices were also noted ranging from inputs for manufacturing and other businesses to agriculture. Some of the recaps raised concerns about rising fertilizer and other input prices as a pressure point for the agriculture sector in their districts.

## Canada raises interest rates

The Bank of Canada raised interest rates by 25-basis points to 0.5%. It is the second major central bank to increase rates to fight inflation. The Bank of England has raised rates twice.

## Euro zone prices surge to record-highs

Euro zone consumer inflation soared to another record high last month, up 5.8% from year-ago. A 32% jump in energy costs drove inflation but unprocessed food prices also rose a sharp 6.1%. Inflation excluding food and energy prices accelerated to 2.9% in February from a 2.4% rise the previous month.

Euro zone factory gate prices jumped to a record 30.6% versus year-ago in January after rising 26.3% in December. The huge increase was mainly a result of an 11.6% monthly and 85.6% annual increase in oil and gas prices.

Record euro zone consumer and producer inflation increase odds the European Central Bank will shift its monetary stance and raise interest rates on March 10. European energy prices are surging in reaction to Russia/Ukraine.

## Chinese factory activity expands

China's official manufacturing purchasing managers index (PMI) inched up to 50.2 in February from a 50.1 reading the previous month. The Caixin/Markit manufacturing PMI rose to 50.4 from a two-year low of 49.1 in January. The data showed both smaller, privately owned factories and larger, stated-owned manufacturers expanded, though inflationary pressures remain a concern.



Follow us on Twitter:

@ProFarmer @ChipFlory @TimHoskinsPF  
@BGrete @BruceBlythe @DavisMichaelson

# Biden's SOTU address pushes unity against Russia, battle against inflation

In his State the Union (SOTU) address, President Joe Biden said Russian President Vladimir Putin "badly miscalculated" by invading Ukraine and pledged that Russia will suffer more economically the longer the conflict lasts. Biden said, "When the history of this era is written, Putin's war on Ukraine will have left Russia weaker and the rest of the world stronger."

On inflation, Biden scolded CEOs to "lower your costs, not your wages." He reiterated his plan to fight inflation is to spend. On Covid, Biden got bipartisan support for saying the tools are now available for Americans to return to more normal lives. While Biden did not mention China specifically in his prepared remarks, he urged Congress to pass the high-tech research and manufacturing package to level the playing field with China and other competitors.

## Other highlights of Biden's SOTU address:

- Did not call for more U.S. oil production or announce an end to U.S. imports of Russian oil.
- Did not mention trade policy, which means this is not one of his top priorities.
- Said investment is needed in U.S. manufacturing capacity to lower prices, speed up supply chains and boost American jobs. Extolled a resurgence of manufacturing, saying the Rust Belt deserved a new name.
- Singled out meatpackers and ocean carriers for blame when it comes to inflation.
- Spoke only briefly about climate change, leaving some Democrats puzzled on his path forward.
- Will transfer unused money from American Rescue Plan (Covid stimulus) to help shore up ObamaCare.

## Feedlot supplies up 0.8%

USDA's Cattle on Feed Report estimated the Feb. 1 large feedlot (1,000-plus head) inventory at 12.2 million head, up 93,000 head (0.8%) from year-ago and in line with pre-report expectations. January placements declined 1.2% from last year following three months of figures that were bigger than year-ago and traders' expectations. Marketings declined 3.1% from January 2021. Both the placements and

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate (% of year-ago)
On Feed Feb. 1	100.8	100.8
Placed in Jan.	98.8	99.2
Mkted in Jan.	96.9	97.3

figures were a little lighter than anticipated.

The inventory of cattle that have been on feed for more than 120 days was estimated at nearly 4.3 million head, 2.9% lower than a year ago but 454,000 head (11.9%) higher than the five year average. The inventory of cattle on feed for 150-plus days was estimated at 2.150 million head, 2.9% lower than year ago but 379,000 head (21.4%) higher than the five year average.

The supply of feeder cattle outside feedlots is significantly lower than a year ago, which will continue to limit placements and reduce feedlot supplies the second half of the year. The movement of calves into feedlots could be slowed if pasture conditions improve in the Plains and/or feed prices remain elevated.

DOANE Market Watch	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	April	April-June	July-Sept.
<b>CORN</b>				(Monthly & quarterly avg.)		
Central Illinois, bushel	5.29	6.62	7.16	6.75	6.60	6.40
Omaha, NE, bushel	5.38	6.67	7.13	6.90	6.75	6.55
Dried Distillers Grain, IA, \$/ton	237.33	235.45	251.75	--	--	--
<b>SOYBEANS</b>						
Central Illinois, bushel	14.13	16.16	16.79	16.00	15.50	15.00
Memphis, TN, bushel	14.44	16.63	17.29	16.50	16.00	15.50
Soymeal, 48% Decatur, ton	420.70	459.90	466.30	450	445	440
<b>WHEAT</b>						
Kansas City, HRW, bushel	6.66	9.01	10.22	10.00	9.50	8.50
Minneapolis, 14% DNS, bushel	7.65	11.33	12.01	11.75	11.75	11.50
St. Louis, SRW, bushel	6.99	8.49	9.80	9.75	9.25	8.25
Portland, Soft White, bushel	7.35	10.75	10.88	11.50	11.50	10.75
Durum, NE MT HAD, 13%, bu.	6.07	13.00	13.00	13.50	13.50	13.00
<b>SORGHUM</b> , Kansas City, cwt.	11.31	12.32	13.14	12.50	12.50	12.25
<b>COTTON</b> , 11/16 SLM, 7 area, c/lb.	86.68	118.15	120.61	120.0	120.0	117.5
<b>RICE</b> , nearby futures, cwt.	13.06	15.12	15.86	16.25	16.25	16.00
<b>BARLEY</b> , MT, G.T., malting, bu.	7.25	7.67	7.67	7.80	7.85	7.85
<b>OATS</b> , Minneapolis No. 2 heavy, bu.	3.82	7.38	7.44	7.10	7.00	6.50
<b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton	--	191.47	--	190	190	190
<b>SUNFLOWERS</b> , Fargo, ND, cwt.	20.75	32.20	32.50	33.00	33.00	31.00
<b>HOGS</b> , Nat'l carcass 51%-52% cwt.	81.20	96.64	98.16	105.00	120.00	115.00
<b>FEEDER PIGS</b> , 40 lbs., Nat. avg, head	87.43	115.82	122.28	120.00	108.00	90.00
<b>CHOICE STEERS</b> , feedlots, cwt.	114.07	142.36	143.22	145.00	138.00	133.00
<b>FEEDER CATTLE</b> , Oklahoma City						
Steers, 700-800 pounds, cwt.	137.62	165.18	161.95	165.00	167.00	165.00
Steers, 500-550 pounds, cwt.	170.59	204.41	209.19	200.00	195.00	188.00
Heifers, 450-500 pounds, cwt.	150.92	180.99	180.04	182.00	177.00	172.00
<b>COWS</b> , utility, Sioux Falls, SD, cwt.	63.64	72.99	77.64	77.00	75.00	75.00
<b>MILK</b> , Class III, CME spot month, cwt.	16.12	22.46	22.26	21.75	21.50	22.00
<b>LAMBS</b> , Slg., San Angelo, TX, cwt.	182.00	232.00	239.00	--	--	--
<b>ENERGY</b>						
Ethanol, IA, gallon	1.67	2.01	2.13	--	--	--
Farm diesel, U.S., gallon	2.44	3.43	3.47	3.50	3.55	3.52

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

# Market and policy volatility equal surging prices

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Russia's invasion of Ukraine continues with a murky timeline as to when and how it will end. Sanctions by the U.S. and allies are starting to bite Russia's financial system and its citizens. Grain and oilseed markets have surged due to shipping and financing constraints. And the focus on fertilizer continues, with the topic being a key focus during a House Ag panel hearing on the new farm bill.

## **Where are oil and gas prices going?**

Higher... but how high is unknown due to the volatility from sanctions and other policy moves against Russia. Oil and gas payments remain largely excluded from sanctions and Russia continues to export about 5 million barrels a day of oil. The U.S. is importing some of that Russian oil (\$55 million a day), which some U.S. lawmakers want to halt. But higher global energy prices would offset some of the impacts to Russia even if the U.S. halts imports.

Canada banned Russian oil imports and Canadian politicians want the Keystone XL pipeline revived. Some say the U.S. now has another incentive to sign a nuclear deal with Iran because the country would make more oil available, but that, too, is a highly contentious topic.

## **Ukraine and Russia: breadbasket of Europe**

Closure of most ports in Ukraine and financing and other sanctions on Russia have caused a historic rally in wheat. Around 30% of global wheat exports come from Russia (18%) and Ukraine (12%).

USDA analysts are looking at the impact of Russia's invasion of Ukraine on global agriculture and food supplies. USDA Secretary Tom Vilsack said if food production does not take place in Ukraine "then the world community has another set of issues to cope with." If food needs to be provided to developing countries, he said, the U.S. has programs to provide those supplies, adding his team "is taking a look at what might happen."

## **Food, fertilizer impact from Russian invasion**

The International Food Policy Research Institute says the disruption in grain exports from Ukraine will first hurt developing countries but will become an issue for the U.S. and other countries if those developing countries don't have enough food. Fertilizer will become more of an issue if there are sanctions placed on Belarus. Combined, the two countries produce 25% of the world's fertilizer.

## **Fertilizer prices also a focus of House Ag panel**

Last week's new farm bill hearing again revealed the focus on inputs, notably fertilizer. Rep. Austin Scott (R-Ga.) called on the panel to include provisions in the coming farm bill that would punish anticompetitive behavior in areas like the fertilizer market where farmers have faced rising costs.

There are few farm policy tools to deal with increased input costs, but some commodity groups said an increase to reference prices under the Price Loss Coverage (PLC) program could help address those costs. Rice, soybean and cotton growers also said the \$125,000-a-person annual limit on crop subsidies was too low.

U.S. companies should assist farmers by withdrawing their petitions for anti-dumping duties on imported fertilizer, said Chris Edgington, president of the National Corn Growers Association. "Rising input costs are a major concern," he said. "Specifically, fertilizer prices have soared to record levels and several companies have unfortunately made a bad situation worse for growers by applying for tariffs to be applied to phosphate and nitrogen fertilizers." NCGA and state affiliates have made "a direct request of those companies to voluntarily withdraw their tariff petitions."

"We can have record-high commodity prices but with inflation, it's the margin that matters," said the committee's ranking Republican, Glenn "GT" Thompson (R-Pa.).

## **Rice growers urge USDA to provide aid to sector**

The aid is needed for low prices, rising input costs. USDA needs to use its "available authorities" to provide U.S. rice farmers with financial help as they face "both low commodity prices and disproportionately higher input costs, creating a severe financial squeeze that threatens the continued viability of U.S. rice farms and the rural communities they support." The letter from USA Rice to Vilsack pointed to the "unique infrastructure" involved in rice production, warning if that infrastructure is lost, "it would be extremely difficult to re-establish." The letter noted that rice farmers have received far less under U.S. farm programs and emergency aid provided for agriculture than other sectors.

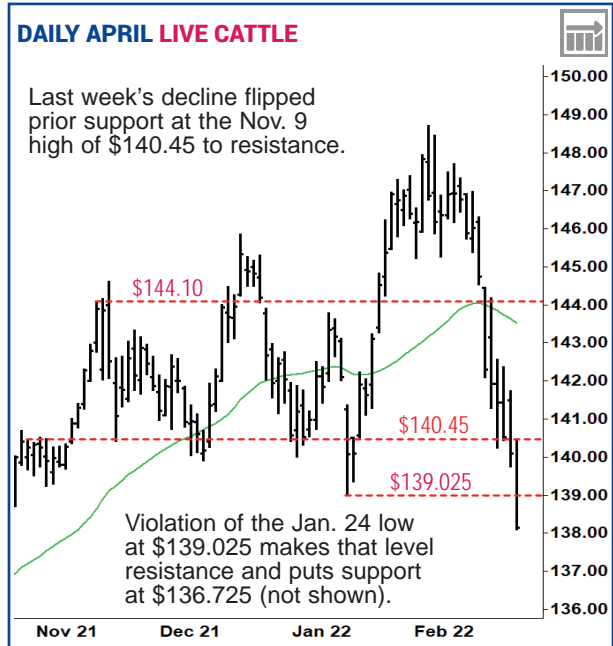
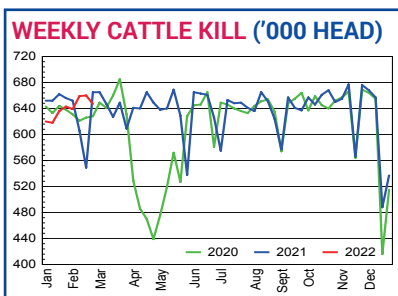
## **Vilsack: Coming focus on seed patents**

USDA will look at seed patents to create "a balanced and fair marketplace." Vilsack urged farmers to tell their lawmakers to pass the budget so USDA can hire the personnel it needs, particularly in the Office of the General Counsel.

**CATTLE - Fundamental Analysis**

The mid-February surge in cattle slaughter got feedlot marketings more current, but it may have exacerbated the ongoing decline in beef values. Cattle slaughter and beef production typically reach annual lows at this time of year, but resurgent consumer demand usually supports cattle and beef prices into spring. However, elevated retail prices are slowing consumer demand and the late onset of Lent will likely delay the spring grilling surge. This is the backdrop behind the latest worries about the economic outlook and its potential impact on consumer demand. Still, summer futures appear undervalued.

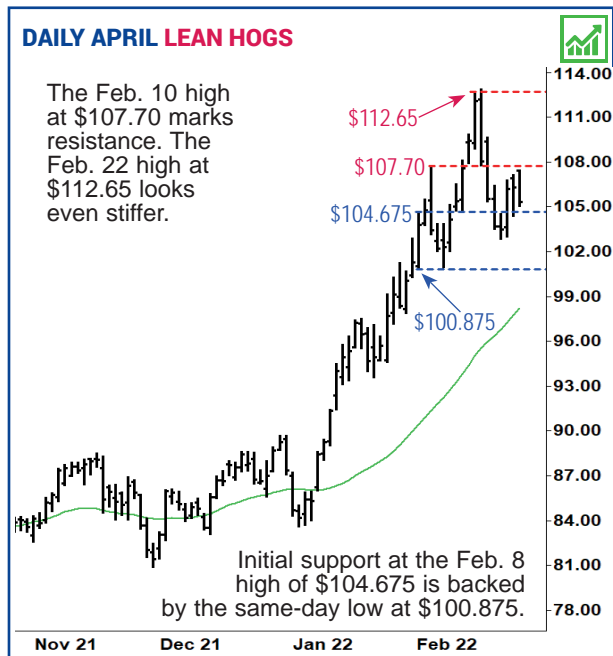
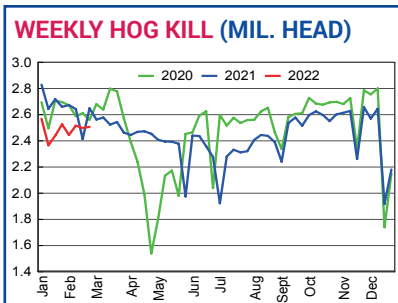
Position Monitor			
Game Plan:	Feds Feeders		
Live cattle	I'22	0%	0%
futures are	II'22	0%	0%
at risk of fur-	III'22	0%	0%
ther near-term losses. Short-term defensive hedges are warranted. We feel summer futures are undervalued.	IV'22	0%	0%



**HOGS - Fundamental Analysis**

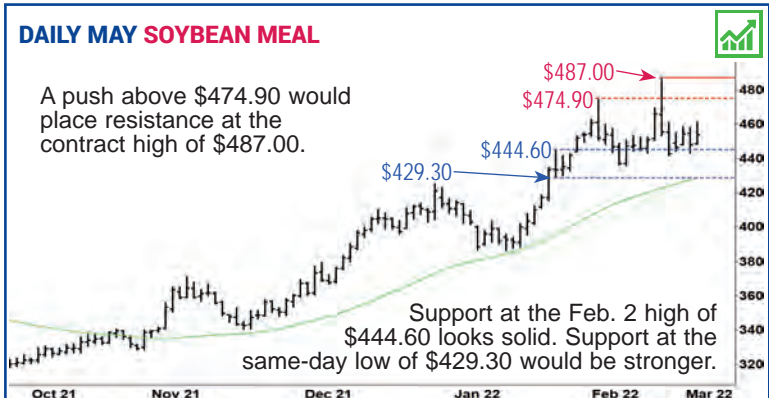
Recent hog slaughter has run about 4% under year-ago levels, exceeding forecasts for 6% reductions through midwinter. But the latest numbers align with USDA's reported 4% drop in the fall pig crop, which represents likely March-May hog supplies. Last week's slowdown in the late-February cash market surge suggests the hog/pork complex's historical tendency for late winter/early spring weakness may again be looming. Conversely, the dramatic late-February futures dive slashed April futures' premium over cash values, making potential moves to protect prices much less attractive.

Position Monitor			
Game Plan:	Lean Hogs		
The market could face	I'22	0%	0%
more near-term	II'22	0%	0%
price pressure on	III'22	0%	0%
a seasonal late-winter pullback. But we feel summer-month hog futures are undervalued at current levels.	IV'22	0%	0%



**FEED**

Feed Monitor			
<b>Corn</b>			
I'22	0%	<b>Corn Game Plan:</b> You are hand-to-mouth on corn-for-feed needs. Wait on an extended corrective pullback to extend coverage.	
II'22	0%		
III'22	0%		
IV'22	0%		
<b>Meal</b>			
I'22	33%	<b>Meal Game Plan:</b> You are hand-to-mouth on soybean meal coverage. We are targeting a pullback to the \$435.00 level in May soybean meal futures to cover needs through March. We would wait on a deeper price pullback to further extend coverage.	
II'22	0%		
III'22	0%		
IV'22	0%		



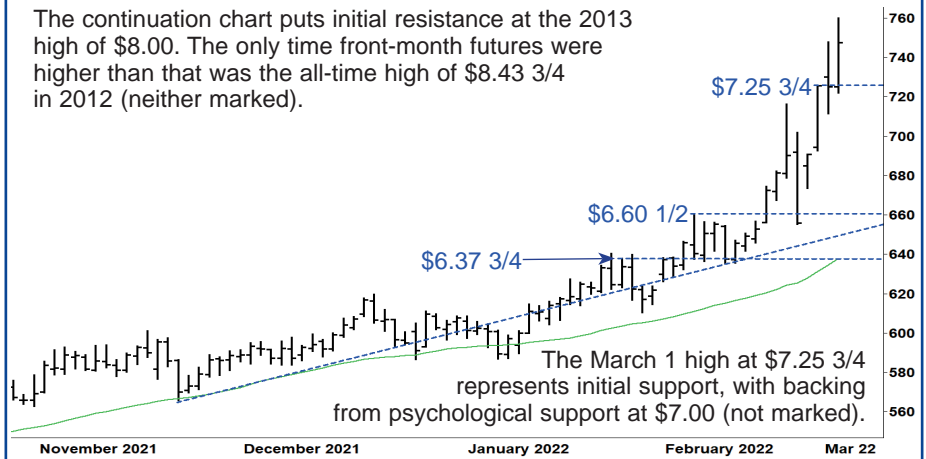
### Position Monitor

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

**Game Plan:** Get current with advised sales. While there may be more upside if the Russia/Ukraine war persists, this is too good of a pricing opportunity to pass up. 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.

### DAILY MAY CORN

The continuation chart puts initial resistance at the 2013 high of \$8.00. The only time front-month futures were higher than that was the all-time high of \$8.43 3/4 in 2012 (neither marked).



### DAILY DECEMBER CORN

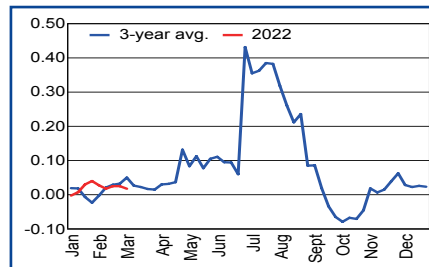
Initial resistance persists at the Feb. 24 high of \$6.46 1/4. Above that, resistance is at the psychological \$6.50 mark (not shown) and then every 25¢ higher.



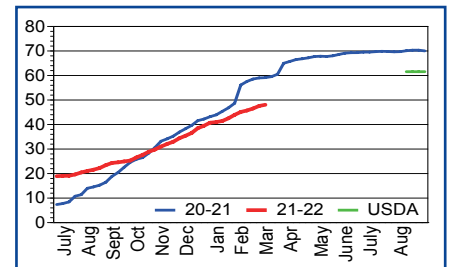
### CORN - Fundamental Analysis

The Russia/Ukraine situation and wheat will drive near-term price direction for corn. Freight markets and basis at U.S. ports signal a pickup in export business, some of which USDA appeared to confirm the past week with a daily sales announcement of 337,000 MT to "unknown destinations." War and tumult in global grain trade raise questions of how meaningful USDA's usually highly anticipated Prospective Plantings Report March 31 will be. Acreage and supply outlooks may be unsettled for weeks or months, but long-term, \$7-plus prices will inevitably erode demand, meaning you should be ready to lock in new-crop sales.

#### AVERAGE CORN BASIS (MAY)



#### CORN EXPORT BOOKINGS (MMT)



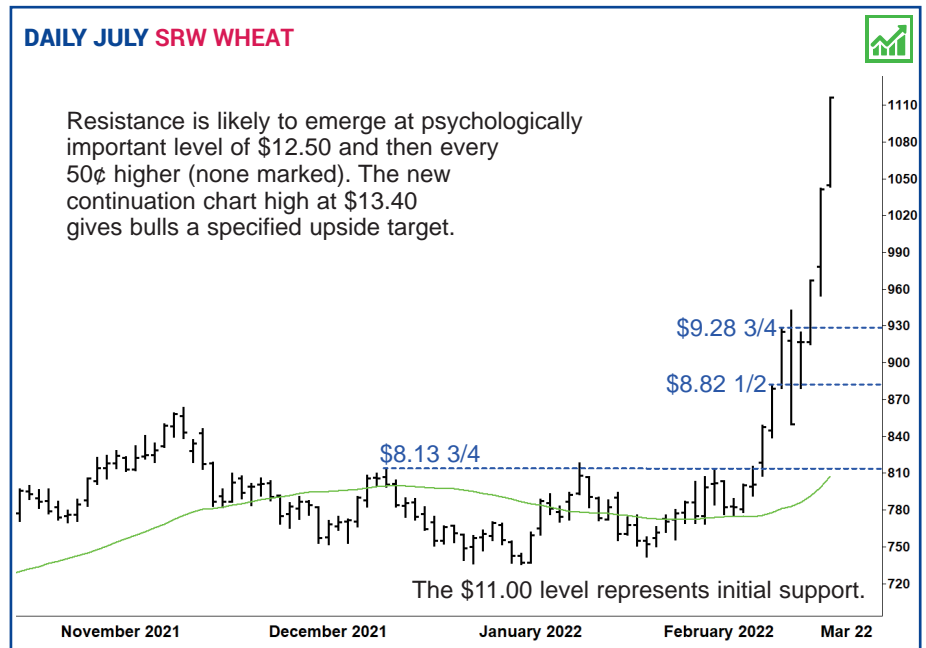
### Position Monitor

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

**Game Plan:** Get current with advised sales. Be prepared to finish old-crop sales and increase new-crop sales when the market signals the upside is exhausted. The Russia/Ukraine situation must be viewed as a selling opportunity.

### DAILY JULY SRW WHEAT

Resistance is likely to emerge at psychologically important level of \$12.50 and then every 50¢ higher (none marked). The new continuation chart high at \$13.40 gives bulls a specified upside target.



### WHEAT - Fundamental Analysis

**SRW** — Net weekly export sales jumped 54% over the four-week average, suggesting some global demand has shifted to long-overpriced U.S. wheat. Money flow from funds, who may have turned net-long SRW for the first time since December, will be key to near-term direction.

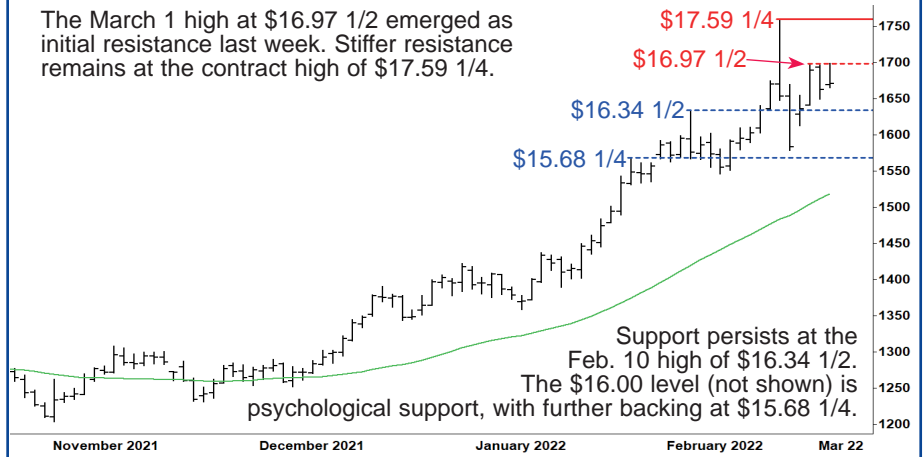
### Position Monitor

	'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, we're targeting a push above \$15.00 to increase sales. But a drop below \$14.00 would suggest a deeper pullback is likely and could prompt additional sales and/or hedges.

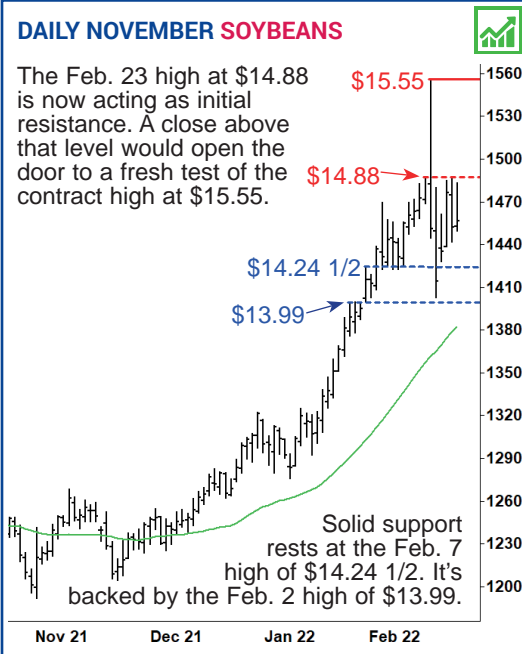
### DAILY MAY SOYBEANS

The March 1 high at \$16.97 1/2 emerged as initial resistance last week. Stiffer resistance remains at the contract high of \$17.59 1/4.



### DAILY NOVEMBER SOYBEANS

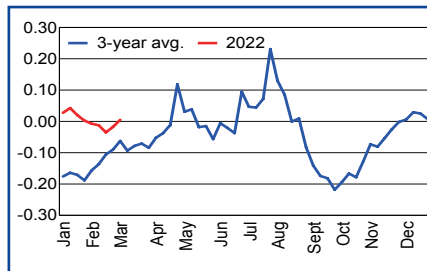
The Feb. 23 high at \$14.88 is now acting as initial resistance. A close above that level would open the door to a fresh test of the contract high at \$15.55.



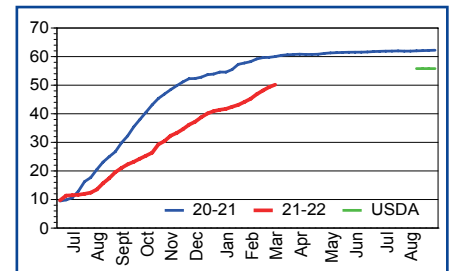
### SOYBEANS - Fundamental Analysis

Prices will remain elevated as long as war persists but don't necessarily justify further upside based on soy complex fundamentals alone. USDA is poised to further drop its South American production outlook in its March 9 Supply & Demand Report, though there is still likely to be a wide gap between the government and some private forecasters, which are mostly in the mid- to low 120-million-metric-ton range. Soyoil futures will closely monitor Malaysian palm oil as the world adjusts to reduced sunflower oil exports out of the Black Sea region. As with corn, there is a good opportunity to advance new-crop sales before the U.S. planting outlook solidifies.

#### AVERAGE SOYBEAN BASIS (MAY)



#### SOYBEAN EXPORT BOOKINGS (MMT)



### DAILY JULY HRW WHEAT

Psychological resistance is likely around \$11.50. The continuation chart confirms resistance at \$12.00 (neither shown). Support is at \$11.00 (not marked).

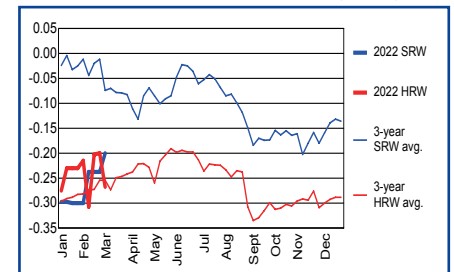


### DAILY JULY HRS WHEAT

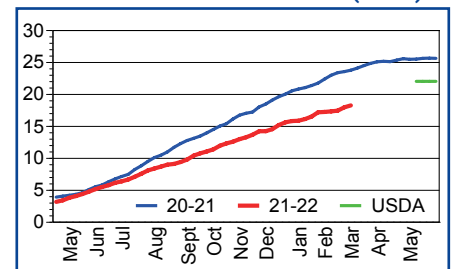
Resistance emerged around \$12.00 (not marked) last week.



#### AVERAGE WHEAT BASIS (MAY)



#### WHEAT EXPORT BOOKINGS (MMT)



**HRW** – Nearly three-fourths of U.S. winter wheat ground remains gripped by drought, and a brief warm-up will be followed by a cold snap this week, further chipping away at crop hardiness with little moisture relief in sight. For now, SRW holds upside leadership, with more war-driven money flow and emotionally-charged trading ahead.

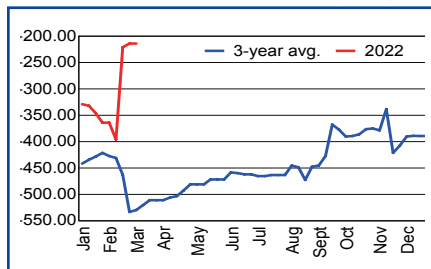
**HRS** – Global wheat ending stocks were already heading for a five-year low in 2021-22 before war-inflated uncertainty, making USDA's March 9 report of particular interest. Argentina's just-announced mechanism to control domestic wheat prices surely won't be the last effort to corral soaring food inflation around the world.

## Position Monitor

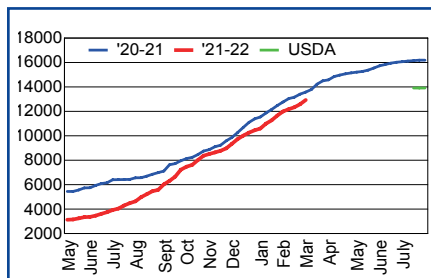
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

**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)



## COTTON - Fundamental Analysis

Recent losses indicate cotton traders are worried about spring/summer demand. But late-February price losses triggered strong old- and new-crop export sales during the week ended Feb. 24. News of an Indian shortage of cotton should also be price-supportive.

## DAILY JULY COTTON



## GENERAL OUTLOOK

Stocks and commodities: Equity markets have performed well for years, and have more recently been accompanied by strength in the commodity sector.

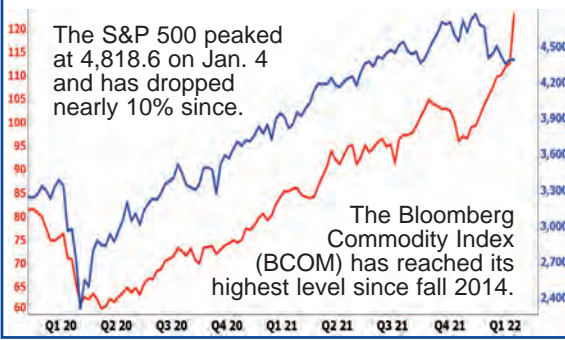
But the two sectors diverged this year as inflation surged. The prospect of accelerated Fed action in boosting U.S. interest rates to get inflation under control hit the stock market in January. Russia's invasion of Ukraine drove more money out of equities and into com-

modities. Deutsche Bank research found the S&P 500 Index fell by a median of 5.7% over the first three weeks during major geopolitical events.

Conversely, money actively flowed into commodities as investors hedged against inflation amid fears of persistent elevated prices.

The divergence in equities and commodities could continue as rising interest rates will boost corporate expenses.

## WEEKLY S&P 500/BCOM



## FROM THE BULLPEN By Editor Brian Grete

Predicting when and at what price markets will top in times like this is a fool's game. Market tops in extremely volatile times are based far more on money flow and emotions than fundamentals.

Technicals become far more significant in determining when market tops are in place during extreme times. But the technicals don't tell you a market move is over until after the top has been reached. They will, however, keep you from missing too much of the rally when prices eventually retreat.

The parabolic price action in wheat suggests a top is likely close from a timing standpoint. Markets can't rally like this forever. But from a price perspective, the top could still be well above current levels. Plan accordingly and sell into the rally.

Corn is likely to follow wheat to the upside, but could be the price leader to the downside once a top is in place. Corn has a lot at stake in the Russia/Ukraine situation, but not as much as wheat. Corn futures took out their Feb. 24 highs last week, but struggled to find sustained buying above that level, suggesting more bullish news is needed to fuel fresh buying.

November soybeans rarely post their yearly highs in February or March — only five times in the past 50 years. But nothing about the current situation is typical. The big price spike Feb. 24 could be the peak for November soybeans. A summer weather scare would be price-supportive, but any summer rally could start from a much lower price level.

## WATCH LIST

- China Trade Data** SUN 3/6  
Combined figures for Jan.-Feb. 10:00 p.m. CT
- U.S. Ag Trade Update** TUE 3/8  
Ag exports, imports for January. 9:30 a.m. CT
- USDA Supply & Demand Rpt.** WED 3/9  
Domestic usage changes are key. 11:00 a.m. CT
- Conab Brazil Crop Estimates** THUR 3/10  
Will Conab cut soybean crop again? 7:00 a.m. CT
- USDA Export Sales Report** THUR 3/10  
Sales, exports to China the key. 7:30 a.m. CT

## Pro Farmer on the Go

Download the *Pro Farmer* mobile app on your phone for easy access to daily news and reports while you're on the go. Contact us if you need assistance at 1-800-772-0023.