



News this week...

- 2 – Surprise... no shockers in quarterly grain stocks.
- 3 – Hog herd contracts 2.3%, no signs of expansion plans.
- 4 – USDA's shocker on corn, soybean planting intentions.

Shift in money flow in soybeans, winter wheat – The soybean market posted sharp losses after USDA's Prospective Plantings Report signaled farmers intend to plant far more soybeans than expected this year. Money flow shifted after the data and bulls are now on the defensive. Winter wheat futures also broke down technically last week. Corn futures threatened a downside breakout early last week, though they rebounded back into the month-long sideways range. But if soybeans and wheat further break down technically, corn will struggle to find active buyers. Live cattle futures traded sideways as the cash market remains in neutral. Summer-month hog futures posted key bearish reversals immediately after the bullish March 30 Hogs & Pigs Report (see [News](#) page 3), but failed to show followthrough selling Friday.

Tap CCC aid for fertilizer prices?

A growing number of lawmakers, farm groups and farmers want assistance from high fertilizer prices. One possibility would be for USDA to tap the Commodity Credit Corporation (CCC) for aid. But this wouldn't address supply shortages and would need to be retroactive for those who applied fertilizer last fall. Also, it's unlikely any aid would come in time to impact corn plantings, which USDA said would fall below soybean seedings (see [News](#) page 4).

SPR tapped again, summer E15 next?

Starting in May, the U.S. will release 1 million barrels per day of crude oil for six months from the Strategic Petroleum Reserve (SPR). At 180 million barrels, this would be the largest release of emergency oil reserves, but would leave the U.S. with only 300 million barrels in reserve.

The Biden administration reportedly is also considering temporarily lifting restrictions on summer sales of E15 gasoline.

It's unlikely either move would have much meaningful or lasting impact on fuel prices.

U.S. diesel exports surge, domestic stocks plunge

U.S. diesel exports in March were on pace for the highest level since August 2019. U.S. diesel stocks fell to their lowest seasonally-adjusted level in eight years.

A fuels industry source told us, "E15 does not solve the diesel problem, which is a much bigger deal than high gasoline costs. Diesel supply gets very tight in a few months."

Russia alters grain, oilseed export plans

Russian sunflower seed exports will be banned through August. From April 15 to Aug. 31, there will be an export quota of 1.5 million metric tons (MMT) for sunflower oil and 700,000 metric tons (MT) for sunflower meal. Russia has lifted its ban on grain exports to Eurasian Economic Union countries.

Russian wheat export forecast raised

SovEcon raised its 2021-22 Russian wheat export forecast by 400,000 MT to 33.9 MMT. The consultancy expects the country to reach the 8-MMT wheat export quota through June.

More aggressive rate hikes expected

The U.S. personal consumption expenditure (PCE) price index jumped 6.4% from year-ago in February — the steepest rise since February 1982. Core PCE, minus food and energy prices, climbed 5.4%, the highest since April of 1983.

U.S. non-farm payrolls increased 431,000 in March. Though that was down from the two previous months, the unemployment rate dropped to 3.6% and average hourly earnings jumped 5.6% over the past 12 months.

The bond market is pricing in a series of 50-basis-point rate hikes amid a strong jobs market and surging inflation.

China's factory activity contracts

Strict Covid restrictions in Shanghai, Shenzhen and other key cities amid surging cases, along with impacts from the war in Ukraine, triggered contraction in China's factory sector in March. China's larger, state-owned factories contracted for the first time since last October. Smaller, private factories contracted for the first time since February 2020.

\$577 mil. in livestock disaster aid

Ranchers with an approved 2021 Livestock Forage Disaster Program (LFP) application will receive aid payments via the Emergency Livestock Relief Program for higher feed costs. Phase 1 payments will equal the producer's gross 2021 LFP calculated payment multiplied by a payment percentage (90% for historically underserved producers and 75% for all others). A second phase of payments is planned.

USDA will also provide aid via the Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program to help producers with costs of hauling forage to livestock.

Disaster aid coming for crops, too

USDA will provide aid for diversified, row crop and specialty crop farmers affected by natural disasters in 2020 or 2021. Phase 1 will use existing crop insurance or noninsured crop disaster assistance program data to calculate payments. The second phase will be for eligible producers who did not participate in risk management programs. Details will come soon.

No shockers in March 1 stocks

USDA's Grain Stocks Report didn't provide any major surprises for a change. But on-farm stocks as a percent of total stocks as of March 1 are the third lowest for corn and fourth fewest for soybeans since 1991.

Corn: March 1 stocks totaled 7.850 billion bu., up 154 million bu. from last year but 27 million bu. below the average pre-report estimate. Of the total, nearly 4.1 billion bu. (52%) of the stocks were held on-farm and 3.8 billion bu. (48%) were held off-farm.

Implied corn disappearance in the second quarter of the 2021-22 marketing year was a record 3.79 billion bu., up 190 million bu. (5.3%) from the same quarter last year.

Soybeans: March 1 stocks of 1.931 billion bu. increased 369 million bu. from last year and were 29 million bu. higher than the average pre-report estimate. Of the total, 750 million bu. (39%) were stored on-farm and nearly 1.2 billion bu. (61%) were held off-farm.

Indicated disappearance in the second quarter of the 2021-22 marketing year was 1.22 billion bu., down 12% from last year, but the second highest on record.

Wheat: March 1 stocks of 1.025 billion bu. declined 286 million bu. from last year and were 20 million bu. lower than traders anticipated. Of the total, 174 million bu. (17%) were held on-farm and 850 million bu. (83%) were stored off-farm.

Implied disappearance in the third quarter of the 2021-22 marketing year was 353 million bu., down 10% from the same quarter last year and the lowest ever for the quarter.

March 1 grain stocks implications

USDA's March 1 corn stocks estimates imply at most 25 million bu. more residual use than previously anticipated. However, over the past 20 years, other than the years with no change, USDA has moved the residual by at least 50 million up or down. We raised our feed use forecast by 25 million bu., but we would not be shocked if USDA left it unchanged in April. We estimate old-crop corn ending stocks at 1.415 billion bushels.

USDA's March 1 soybean stocks suggest it will not adjust the 2021 soybean crop in September, though USDA could lower residual use by 5 million bu. to 10 million bushels. Our old-crop soybean ending stocks forecast is 220 million bushels.

March 1 wheat stocks suggest USDA doesn't need to make any changes to its old-crop usage forecasts in April. Our old-crop wheat ending stocks forecast remains at 625 million bushels.

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HRW conditions improve a little

Individual state crop condition ratings showed a little improvement in the condition of the U.S. HRW wheat crop over the past month. But ratings remain low due to persistent drought in the Plains.

On the weighted *Pro Farmer* Crop Condition Index (0 to 500, with 500 being perfect), the HRW wheat crop had a rating of 266.5 points at the end of March, up 7.5 points from the end of February but down 58.0 points from USDA's last national ratings last fall and 63.4 points below the five-year average for the beginning of April.

USDA will issue its first national winter wheat crop ratings of the spring on April 4. Based on individual state ratings and the Drought Monitor, the "good" to "excellent" rating should be in the mid-30% range.

Wide winter wheat drought footprint

As of March 29, 69% of the U.S. winter wheat crop was moisture stressed, according to the U.S. Drought Monitor. USDA rated winter wheat drought as 20% "moderate," 32% "severe," 16% "extreme" and 2% "exceptional."

Abnormally dry/drought conditions covered 72% of Kansas, 86% of Oklahoma, 95% of Texas, 100% of Colorado, 99% of Nebraska, 86% of South Dakota and 87% of Montana.

Ukraine struggling with grain exports

Ukraine has 13 million metric tons (MMT) of corn and 3.8 MMT of wheat to export, according to the country's deputy ag minister. But the country can't move nearly that volume because ports are shuttered or blocked by the Russian invasion. During the first month of the Russian invasion, Ukraine lost \$1.5 billion in grain exports, according to the ag ministry. The country is discussing shipping its agricultural exports from the Romanian Black Sea port of Constanta, as it can ship only a fraction of lost port activity via rail and trucks.

Ukraine is considering lifting wheat export restrictions in April. The decision will be based on spring planting progress and whether production estimates would provide enough domestic food security.

Aussie wheat largely spoken for

Australia is "pretty well" sold out of wheat for the first half of the 2022 calendar year as buyers in the Middle East and Southeast Asia seek to replace Black Sea supplies, according to CBH Group, the country's biggest shipper. Most of the available capacity will be in the second half of 2022.

India's wheat exports could surge

India could export a record 12 MMT of wheat in 2022-23, according to analysts polled by *Bloomberg*. That would be up from an expected 8.5 MMT this year. India is in talks to sell wheat to Egypt, China, Turkey, Bosnia, Sudan, Nigeria and Iran.

U.S. hog herd smaller than expected

USDA's Hogs & Pigs Report estimated the U.S. hog herd at 72.2 million head as of March 1, down 1.7 million head (2.3%) from year-ago and 837,000 head less than the average pre-report estimate implied. The market hog inventory declined 2.4% and the breeding herd dropped 1.9%. That's the smallest March hog herd and market hog inventory since 2018. The breeding herd is the smallest since 2017.

Hogs & Pigs Report	USDA actual (% of year-ago)	Trade expected
Inventory —		
All Hogs/Pigs	97.7	98.8
Breeding	98.1	100.1
Marketing	97.6	98.7
Pig Crop —		
Dec.-Feb.	99.0	101.3
Pigs/litter	100.1	101.0
Farrowings —		
Dec.-Feb.	99.0	100.4
March-May Ints.	98.5	99.7
June-Aug. Ints.	99.4	100.6
Market Hog Inventory —		
Under 50 lbs.	99.0	101.1
50-119 lbs.	98.1	99.5
120-179 lbs.	96.5	96.5
180 lbs. plus	96.2	97.9

The winter pig crop came in 309,000 head (1.0%) below year-ago and well below expectations for a 1.3% increase. Sow farrowings during winter dropped 1.0%, which wasn't offset by a 0.1% increase in litter size.

With the breeding herd down 1.9%, spring and summer farrowing intentions look optimistic at 1.5% and 0.6% below year-ago levels, respectively. Producers are giving no indications they intend to throw the brakes on contraction and start to rebuild their herds. Even with an increase in litter size, pig crops will continue to decline and the hog herd will contract further.

Market hog inventories signal slaughter will run about 3.5% to 4% below year-ago through spring and then be about 1% to 2% under last year's levels through summer and into fall.

Small revisions to past data by USDA's standards

USDA revised its estimate of the Dec. 1, 2021 hog herd lower by 55,000 head (0.1%) to 74.146 million head. That change came in the size of the breeding herd, with the 55,000-head drop to 6.125 million representing a 0.9% decline. The Sept. 1, 2021 hog population was increased by 250,000 head (0.3%) to 74.867 million head, reflecting a 250,000-head addition to the number of market hogs.

SCOTUS to hear California Prop 12 case

The U.S. Supreme Court last week agreed to hear the case challenging California's Proposition 12 law that bans pork produced from pigs raised in gestation stalls. Farm groups, including the National Pork Producers Council, in the coming weeks will file their initial briefings in an attempt to get the rule overturned. The Supreme Court could hear oral arguments in the case by fall and render a decision by the end of the year.

Record March 1 feedlot inventory

USDA's Cattle on Feed Report estimated there were a record 12.163 million head of cattle in large feedlots (1,000-plus head) as of March 1, up 163,000 head (1.4%) from year-ago and a nominal 31,000 head more than the average pre-report estimate implied. February placements rose 9.3% and marketings increased 4.9% from year-ago levels last month.

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate
On Feed March 1	101.4	101.1
Placed in Feb.	109.3	106.1
Mktd in Feb.	104.9	104.2

The bigger-than-expected jump in placements seems to have been driven by poor pasture conditions in the Plains. Texas (up 40,000 head), Kansas (up 50,000 head), Nebraska (up 55,000 head) and Colorado (up 10,000 head) accounted for nearly the entire 157,000-head increase in placements.

Feedlots have reduced inventories of cattle on feed for long periods, but the number of cattle on feed 120-plus and 150-plus days remains sharply higher than the five-year average. That is likely to limit any spring advance in cash cattle prices.

U.S. bird flu cases mount

Since mid-January, highly pathogenic avian influenza (HPAI) has been found in 23 U.S. states in flocks totaling nearly 17 million birds. Countries have been temporarily banning imports from U.S. states where bird flu has been found in commercial operations. Organization for Animal Health member countries are not supposed to impose bans on international trade of poultry commodities in response to HPAI in non-poultry or backyard flocks. However, some have opted to make such restrictions.

Tai: Change in trade policy needed

U.S. Trade Representative Katherine Tai told Congressional panels the U.S. must shift the focus of its trade policy to rebuilding its domestic manufacturing industries and lessening ties to unfriendly economies. She said global events such as Russia's invasion of Ukraine and the supply-chain disruptions triggered by the Covid-19 pandemic point to the need for new priorities. Tai gave no indications the administration was going to pursue new free trade agreements (FTAs) with the European Union, United Kingdom and Kenya.

Tai reiterated that discussions with China over its Phase 1 trade agreement commitments had been difficult and resulted in little progress on getting Beijing to live up to their commitments. She also did not offer any new update on getting Canada to bring its tariff-rate quotas (TRQs) for dairy in line with the U.S.-Mexico-Canada Agreement (USMCA) or whether the U.S. was ready to push ahead with retaliation.

Bottom line: While Tai offered lawmakers some additional perspective on the administration's trade agenda, the areas she did not comment on speak louder on their trade policy.

Farmers intend to plant more soybeans than corn

By Editor Brian Grete

Whoa! USDA estimates farmers intend to plant more acres to soybeans than corn in 2022. Soybean planting intentions far exceeded traders' expectations, while corn acres were far less than anticipated. Based on early March planting intentions, high fertilizer prices and concerns about availability significantly impacted producers' planting decisions.

Corn planting intentions: 89.5 million acres

Corn planting intentions would be down nearly 3.9 million acres from actual plantings last year and 2.5 million

PLANTING INTENTIONS — CORN		
	Change vs. 2021	Million Acres
Illinois	-300,000	10.7
Indiana	-300,000	5.1
Iowa	-300,000	12.6
Kansas	-300,000	5.4
Michigan	-100,000	2.5
Minnesota	-600,000	7.8
Missouri	-100,000	3.5
Nebraska	-200,000	9.7
N. Dakota	-500,000	3.6
Ohio	-200,000	3.35
S. Dakota	+50,000	6.2
Wisconsin	-300,000	3.7

acres shy of the average pre-report estimate. At 89.5 million acres, corn plantings would be the smallest since 88.9 million acres in 2018.

Producers signaled major corn acreage reductions across the Mid-South, Delta and Southeast, along with North Dakota

and some of the minor producing states.

Soybean planting intentions: 91.0 million acres

Soybean planting intentions would be up 3.8 million acres from last year and roughly 2.2 million acres more than traders expected. At 91.0 million acres, soybean

PLANTING INTENTIONS — SOYBEANS		
	Change vs. 2021	Million Acres
Arkansas	+210,000	3.25
Illinois	+400,000	11.0
Indiana	+250,000	5.9
Iowa	+300,000	10.4
Kansas	+150,000	5.0
Michigan	+200,000	2.35
Minnesota	+350,000	8.0
Missouri	+400,000	6.1
Nebraska	+100,000	5.7
N. Dakota	-250,000	7.0
Ohio	+200,000	5.1
S. Dakota	+250,000	5.7
Wisconsin	+200,000	2.3

plantings would be the most on record.

Major increases in soybean acres are planned across the southern United States. If realized, the planted area in Illinois, Kentucky, Michigan, Missouri, Nebraska, Ohio, South Dakota and Wisconsin would be the largest on record.

Fewer corn, more soybean acres than our survey

Our spring planting survey indicated 91.9 million acres of corn and 87.8 million acres of soybeans. There was more movement of acres to soybeans from corn in USDA's

estimates than our survey indicated across the central Corn Belt. That suggests fertilizer prices and availability will be a key acreage factor this year, whereas crop rotation has historically been by far the leading determinant for acreage in the core Corn Belt.

USDA estimates combined corn and soybean acreage intentions at 180.445 million acres, down 107,000 acres from last year. Our survey suggested total corn and soybean acres would decline 900,000 acres from last year to 179.7 million acres.

Spring wheat planting intentions: 11.2 million acres

Other spring wheat planting intentions would be down 220,000 acres from last year and 601,000 acres below the average pre-report estimate. Producers told USDA they intend to plant 300,000 fewer acres to spring wheat in North Dakota (5.2 million acres). In Montana, producers plan to seed 150,000 more acres to other spring wheat (3.05 million acres).

Durum planting intentions at 1.915 million acres would be up 280,000 acres from last year and 188,000 acres more than traders expected. Durum acres are expected to increase 170,000 acres in Montana (840,000 acres) and 100,000 acres in North Dakota (980,000 acres).

Sorghum planting intentions: 6.2 million acres

USDA estimates sorghum plantings at 6.205 million acres, which would be down 1.1 million acres from last year and 538,000 acres fewer than traders anticipated. Sorghum acres are expected to drop 450,000 acres in Texas (1.7 million acres) and 500,000 acres in Kansas (3.1 million acres).

Cotton planting intentions: 12.2 million acres

Cotton planted area is expected to increase just over 1 million acres from last year, which is 227,000 acres more than the average pre-report estimate. Cotton acreage is expected to increase 455,000 acres in Texas (6.822 million acres) and 30,000 acres in Georgia (1.2 million acres).

Principal crop acres up just slightly

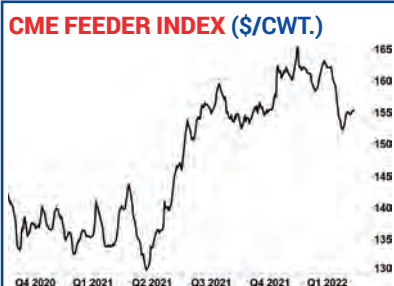
USDA estimates total acres planted to principal crops at 317.375 million acres, up 214,000 acres from last year. That would be the highest acreage figure for principal crops since 319.3 million acres in 2018, though not as high as some anticipated given the surge in crop prices.

CATTLE - Fundamental Analysis

The large-lot feedyard population has edged significantly above year-ago levels and the seasonal drop in steer weights is lagging. This indicates feedyard managers need to accelerate marketings to keep market-ready supplies current. Mid-March slaughter rates increased, but futures are looking for much more of the same to support prices in the coming weeks. As discussed in "From the Bullpen" on [Analysis page 4](#), we worry about a backlog of feedlot cattle building in the coming months. Feeder futures are maintaining significant premiums to fed cattle, but elevated feed costs seem likely to weigh on yearling values.

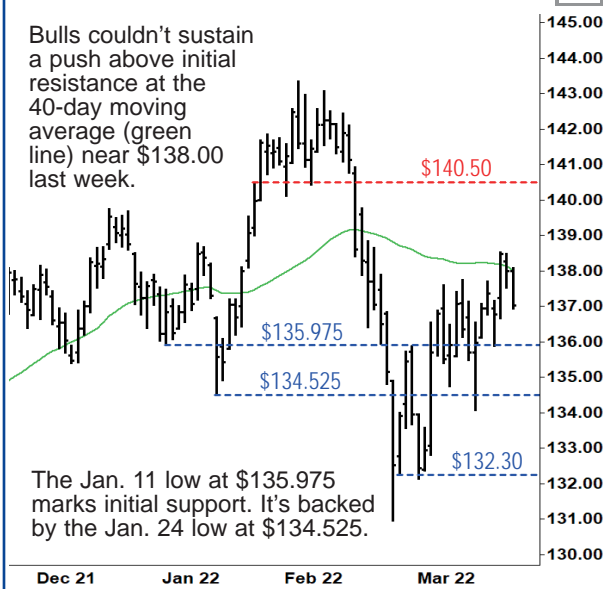
Position Monitor

Game Plan:	Feds Feeders		
We feel live	I'22	0%	0%
cattle fu-	II'22	0%	0%
tures will	III'22	0%	0%
	IV'22	0%	0%
continue to grind. Hold off on hedges unless the market signals the upside is overdone.			



DAILY JUNE LIVE CATTLE

Bulls couldn't sustain a push above initial resistance at the 40-day moving average (green line) near \$138.00 last week.

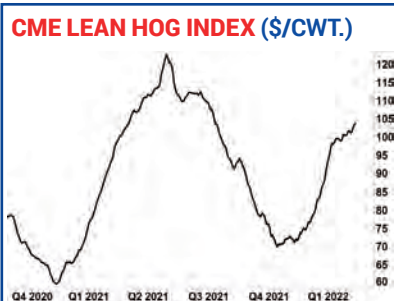


HOGS - Fundamental Analysis

Unlike last year when the CME lean hog index never missed a beat as it surged from mid-January through mid-April, the early-2022 cash price advance has recently been a slog. The belated arrival of Easter and the onset of grilling season thereafter probably explains the disparity. Still, the index is about \$5.00 above the comparable year-ago level. We expect the uptrend to accelerate as spring slaughter declines and grilling demand surges, especially with kills expected to fall 2% to 4% annually. The big question is how much elevated retail pork prices stifle consumer demand. We remain optimistic.

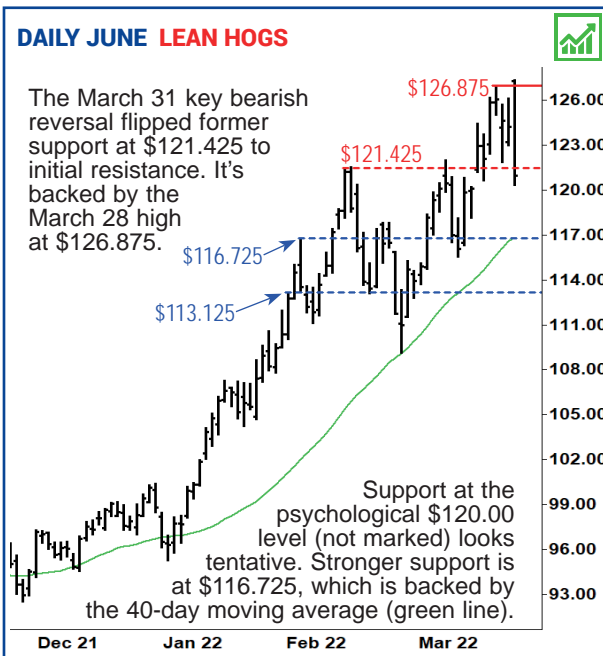
Position Monitor

Game Plan:	Lean Hogs		
Hog	I'22	0%	0%
futures are on their	II'22	0%	0%
way to a summer-	III'22	0%	0%
time peak. Barring	IV'22	0%	0%
major economic concerns or a blowoff top in futures, hedges should be limited unless you are locking in profits.			



DAILY JUNE LEAN HOGS

The March 31 key bearish reversal flipped former support at \$121.425 to initial resistance. It's backed by the March 28 high at \$126.875.



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.

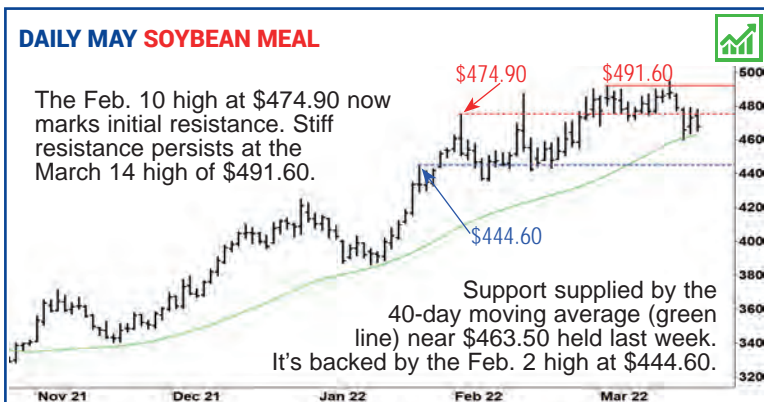
Meal

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

The Feb. 10 high at \$474.90 now marks initial resistance. Stiff resistance persists at the March 14 high of \$491.60.

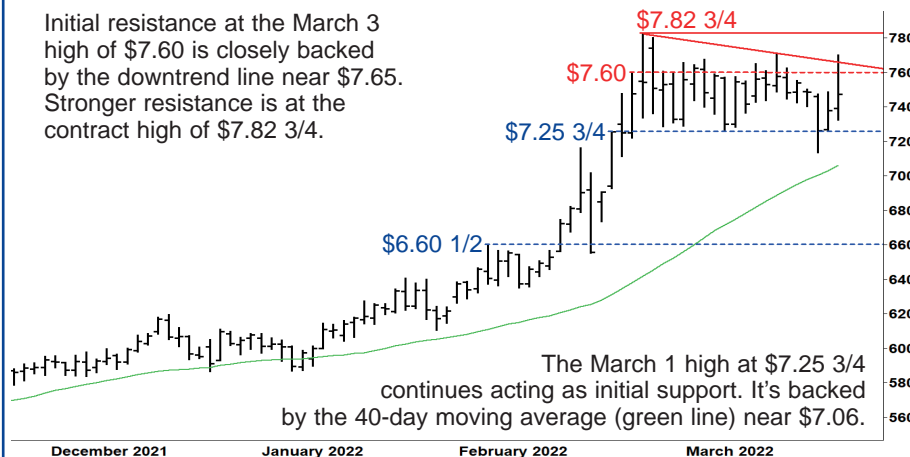


Position Monitor

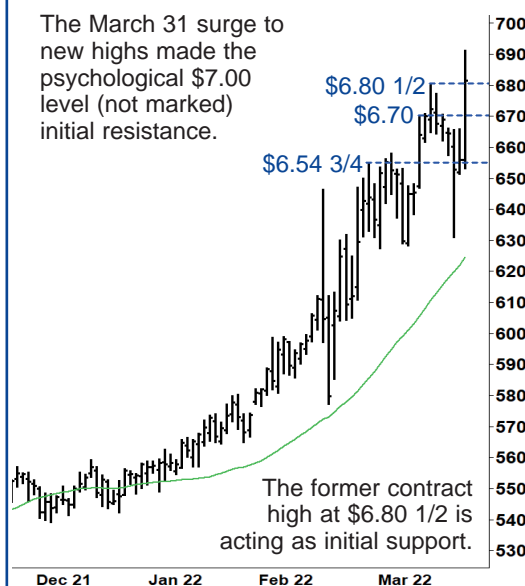
	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Barring new major developments, the Russia/Ukraine situation is mostly factored into prices. 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



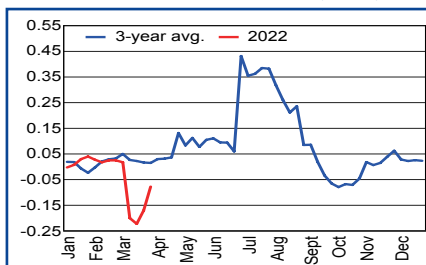
DAILY DECEMBER CORN



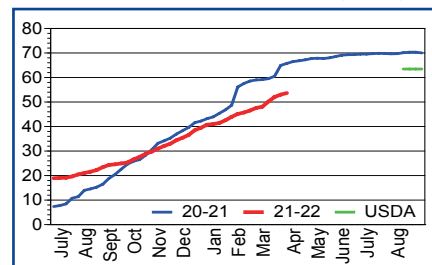
CORN - Fundamental Analysis

Corn futures rallied in response to USDA's Prospective Plantings figure at just 89.5 million acres, which was about 2.5 million lower than expected and 3.5 million below 2021 U.S. corn acreage. We tend to doubt the prospect of greater input costs overruled Midwest farmers' typical adherence to corn/soybean rotation patterns and don't think larger corn seedings can be ruled out, especially if early spring weather proves conducive to quick planting progress. Upside potential seems limited at this point, especially if soybeans extend last week's losses, with concerns about the economic and geopolitical outlook also possibly capping buyer interest.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)

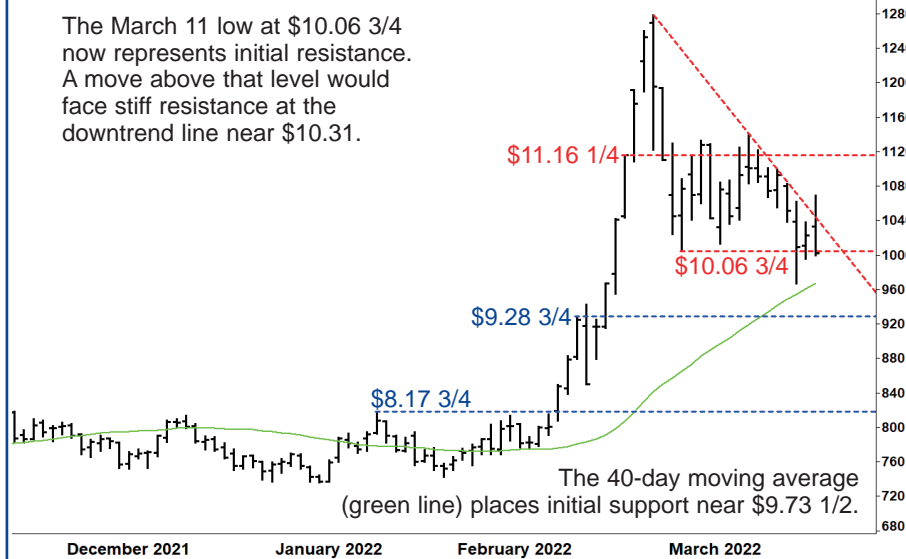


Position Monitor

	'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. Last week's low is key support as a drop below that level would open sharp downside risk.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

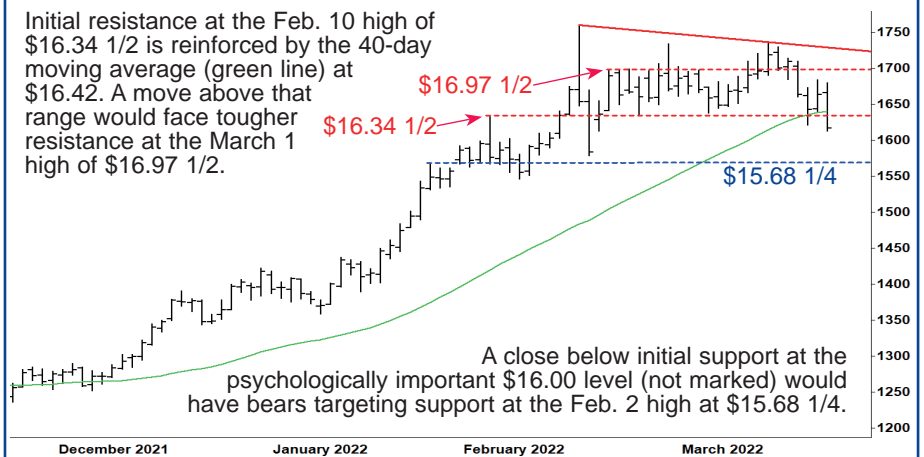
SRW — USDA stated SRW acreage at 6.89 million acres, 180,000 below its January estimate, while March 1 all-wheat stocks fell about 20 million bu. below forecasts. But U.S. wheat remains uncompetitive on global markets, stifling export demand and limiting upward price prospects.

Position Monitor

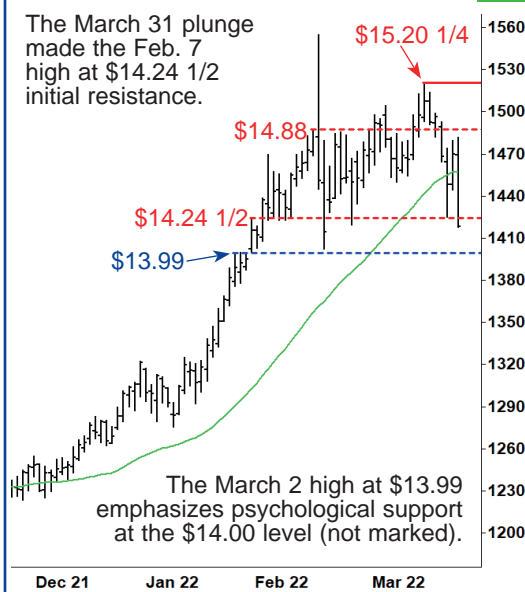
	'21 crop	'22 crop
Cash-only:	85%	40%
Hedgers (cash sales):	95%	40%
Futures/Options	0%	0%

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'll give the market a chance to challenge the contract high before pulling the trigger on more sales. A drop through last week's lows would signal a deeper pullback is likely.

DAILY MAY SOYBEANS



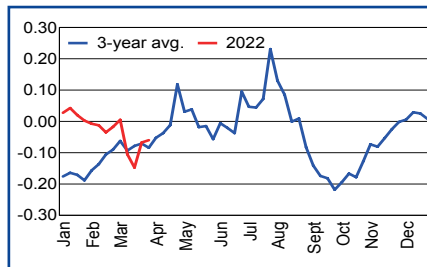
DAILY NOVEMBER SOYBEANS



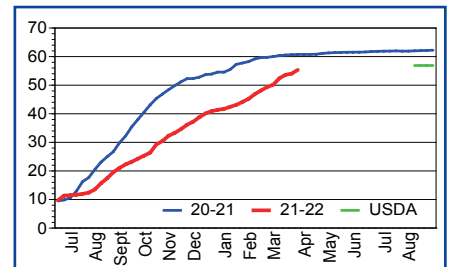
SOYBEANS - Fundamental Analysis

Despite elevated soybean and soy product prices and the relatively low level of input costs, the market clearly didn't expect 2022 U.S. planting intentions to surge to nearly 91 million acres. The post-report selloff seemingly set the stage for followthrough losses, especially with March 1 soybean stockpiles at 1.931 billion bu. also topping expectations. Still, things could change during the coming weeks, especially if the lower prices provoke an export market response. Spring weather and its impact on plantings could also shift the outlook. Sizeable equity and energy sector losses amplified the March 31 drop; those influences can't be ignored.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



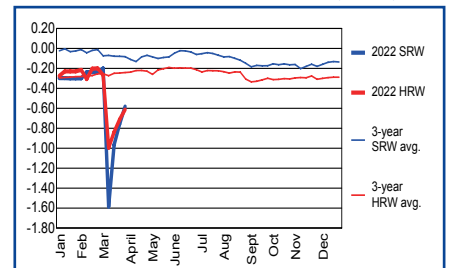
DAILY JULY HRW WHEAT



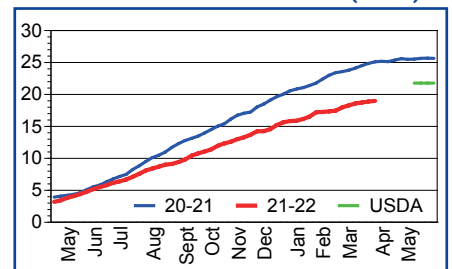
DAILY JULY HRS WHEAT



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — USDA's estimate of U.S. HRW acreage dipped 100,000 acres from January to 23.7 million. Given drought conditions prevailing over much of the HRW wheat belt, one major key for the forthcoming crop will be abandonment and harvested acres. News that Russian troops are targeting Ukrainian grain storage implies support.

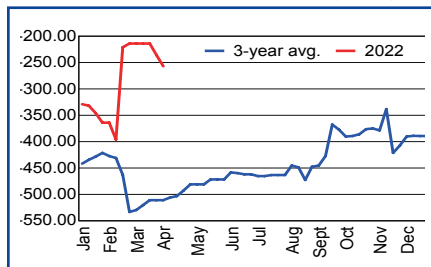
HRS — U.S. other spring wheat planting intentions at just 11.2 million acres fell about 600,000 acres below expectations, spurring a bullish post-report reaction. Whether that buys acres amidst persistent drought is open to question, but wheat's modest input requirements also suggest spring plantings could rise from March intentions.

Position Monitor

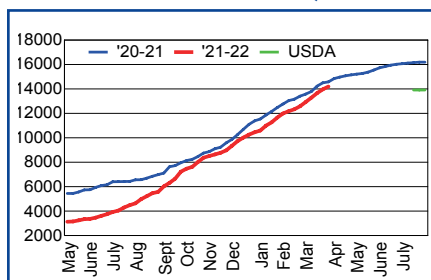
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. The market remains strong technically. Additional cash sales will wait for some signs of exhaustion.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Old-crop cotton export sales and shipments slowed during the week ended March 24, but new-crop sales at 111,700 bales were strong. Underlying demand strength seems likely to continue supporting the market, though outside markets and money flow will be important.

GENERAL OUTLOOK

Energy: Last week front-month U.S. crude oil futures fell to an intra-day low of \$98.44 after hitting a high of \$116.64 the week before. That's down from early March, when nearby crude oil futures hit a nearly 14-year high of \$130.50. Many raw commodity markets, including grains and livestock, have seen and will continue to see their daily price action significantly influenced by developments in the crude oil market.

Importantly, technical analysis strongly suggests crude oil prices reached a major top in early March. If that is the case, it's likely other raw commodity markets have also established at least near-term highs, if not major tops. This includes grains, international foods and livestock futures.

Recession concerns may also cap lumber and copper prices, which could limit buying in the grain markets.

FROM THE BULLPEN By Market Consultant Dan Vaught

Deferred contracts in both hog and cattle futures are trading at substantial premiums to current cash prices. Those optimistic forecasts are likely justified in hogs, but the cattle premiums are another story.

The hog market routinely sees slaughter rates decline sharply during spring, with the lowest kill totals of the year regularly coinciding with peak grilling demand in June and early July. That combination regularly sends hog prices to annual highs at that time.

Still, it's easy to assume the approximate \$20.00 June premium over April seen last week was overly optimistic, but it seems well justified. The CME hog index peaked at \$122.68 last year, but June futures are trading less than \$2.00 higher

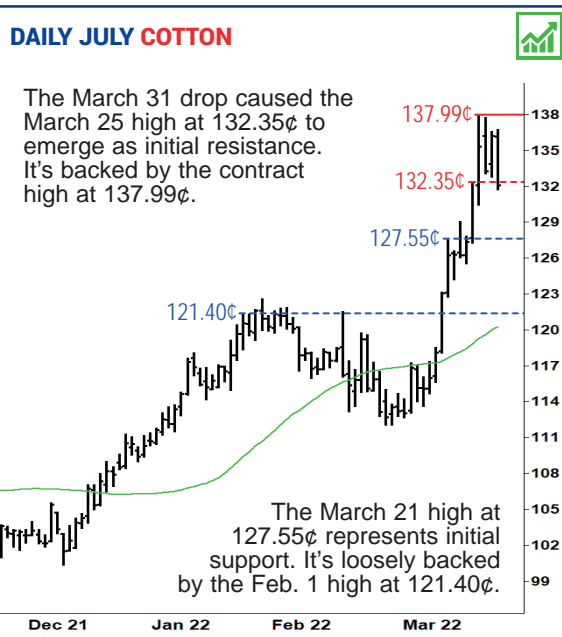
despite expectations for spring hog supplies to fall 2% to 4% under year-ago.

October cattle futures were trading about \$5.00 over recent cash quotes last week, with the premium rising to about \$15.00 for the April 2023 contract. Traders apparently expect cyclically-reduced cattle supplies to boost prices.

But the premiums will encourage producers to boost feedlot placements, with feeder prices adjusting downward for high feed costs, while potentially slowing marketings in hopes of capturing the promised higher prices down the road. This suggests a backlog of feedlot cattle could grow. We fear the bullish cattle outlook will become a self-defeating prophecy and eventually undercut prices badly.

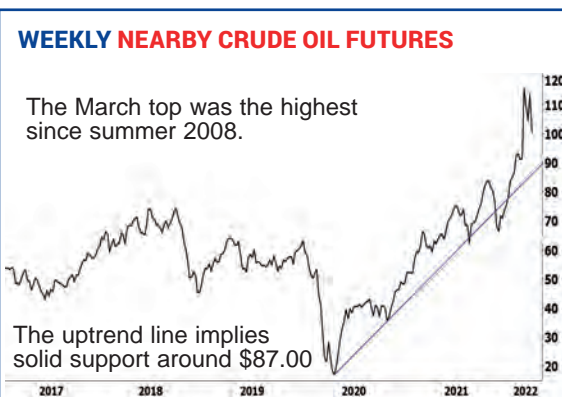
DAILY JULY COTTON

The March 31 drop caused the March 25 high at 132.35¢ to emerge as initial resistance. It's backed by the contract high at 137.99¢.



WEEKLY NEARBY CRUDE OIL FUTURES

The March top was the highest since summer 2008.



WATCH LIST

1	USDA Crop Progress Report First winter wheat crop ratings.	MON 4/4 3:00 p.m. CT
2	U.S. Ag Trade Data Ag exports, imports for February.	Tues 4/5 9:30 a.m. CT
3	U.S. Meat Trade Data Beef, pork exports for February.	WED 4/6 10:00 a.m. CT
4	USDA Export Sales Report Soybean, corn sales to China key.	THUR 4/7 7:30 a.m. CT
5	USDA Supply & Demand Rpt. More demand shifts due to war?	FRI 4/8 11:00 a.m. CT

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