



### News this week...

- 2 – NWS forecasts hot, dry weather for western areas.
- 3 – Record March NOPA crush, soyoil use.
- 4 – Strains building on global economic recovery.

**Old-crop corn spikes above \$8, then pulls back** – Front-month corn futures reached the highest level since August 2012 on the continuation chart before fading back below \$8.00 to end last week. December futures topped \$7.50 before pulling back. While there aren't any major signs of a top, the pullback after clearing these psychological levels suggests upward momentum has paused for now. Old-crop soybeans rallied to near their contract highs, which pulled November beans higher. Winter wheat futures retreated from recent gains, while selling in spring wheat was limited by cold, wet conditions in the Northern Plains. Live cattle futures shot higher as the cash market neared the highest price this year. Hog futures pulled back from early week gains as traders narrowed wide premiums to the cash index.

## Weather to gradually improve

After a round of rains through early this week, warming temps and less frequent rainfall are expected across the Corn Belt. That will allow spring planting, which is off to a slow start, to advance but progress will remain behind average.

## China buying corn, slows bean buys

On Friday, USDA announced 1.347 million metric tons (MMT) in old- and new-crop corn sales to China. There have been nearly 3.5 MMT in daily corn sales to China this month.

Only 20% of China's soybean needs for June-September — expected to be 7 MMT to 8 MMT per month — reportedly have been covered, as crush margins are poor. Buying isn't likely to actively pick up unless margins improve. But China remains a lead buyer of U.S. beans in weekly sales data.

## Analysis: Cattle pricing bill not needed

Analysis by a group of university ag economists concludes the revised Cash Cattle Mandate bill is attempting to solve a problem that does not exist. "There is no research evidence of any significant or persistent fed cattle price discovery problem," they note. The economists say the legislation offers no benefits for fed cattle markets and imposes millions of dollars of additional cost, added risk and lost value. Cattle pricing will be the topic of congressional hearings April 26-27.

## NRDC wants crop insurance changes

The Natural Resources Defense Council (NRDC) wants changes in federal farm programs to promote the use of "regenerative" practices such as cover crops. It says farmers should be rewarded for practices that improve soil health and recommends extending the \$5-an-acre cover crop subsidy. The group also says farmers should no longer be allowed to exclude some bad years from their yield histories.

One contact noted, "NRDC's proposals are at odds with the Biden administration's commitment to ensure carbon initiatives are voluntary and incentive-based. Crop insurance policies ought to be based on insurance principles, not matters that can and should be addressed by the suite of conservation programs."

## Yellen warns of food price concerns

Treasury Secretary Janet Yellen called on countries to drop export restrictions and provide more support to vulnerable countries as the war in Ukraine threatens global food supplies. She says, "There's a very real risk soaring global market prices for food and fertilizer will result in more people going hungry, further exacerbating inflation and harmful fiscal and external positions." The UN's Food and Agriculture Organization called on world leaders to create a fund of up to \$25 billion to help poor nations deal with surging food prices and supply shortages.

Impacts from the war are increasing concerns with global food supplies and inflation, which are threats to the global economy (see [News page 4](#)).

### Indonesia bans palm oil exports

Indonesia will ban palm oil exports from April 28 for an indefinite period. Soyoil posted an all-time high on this news.

## More U.S. sanctions, aid

President Joe Biden announced an \$800 million package of security assistance to Ukraine, an additional \$500 million in direct economic assistance, and that the U.S. would begin banning Russian ships from its ports to further isolate Russia from the world economy. However, Russian-flagged ships account for less than 1% of cargo that arrives at American ports. Biden's new package brings the U.S. support to Ukraine to over \$2 billion since the war's start eight weeks ago.

### Ag products, medical supplies exempt from sanctions

U.S. sanctions on Russia do not include ag and medical exports, nongovernmental organization activities, Covid relief and other support to those impacted by the war.

## FBI warns of ag cyberattacks

The FBI issued a private industry notification alerting ag co-ops and agribusinesses about a potential increase in ransomware attacks during planting and harvest season. It cited two ransomware attacks on U.S. agriculture so far in 2022 in addition to six last fall. The FBI said, "A significant disruption of grain production could impact the entire food chain."

## U.S. winter wheat ratings decline

USDA rated 30% of the U.S. winter wheat crop as “good” to “excellent” as of April 17. That was down two points from the previous week and three points below expectations. USDA rated 37% of the crop as “poor” to “very poor,” up a point from the previous week. This was the lowest U.S. winter wheat rating for mid-April since 1996.

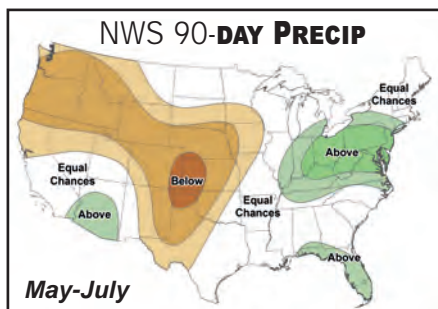
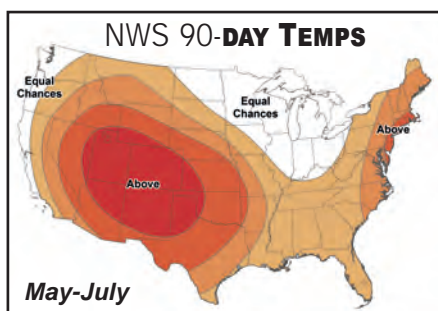
On the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop declined 6.3 points to 271.5, which was 59.4 points below the five-year average for mid-April. The SRW crop improved 4.8 points on the week to 350.2, though that was still 9.0 points below the five-year average for the date.

## Hot, dry in western growing areas

The National Weather Service 90-day forecast continues to give elevated odds of above-normal temps and below-normal precip across HRW wheat production areas through July. The highest probability of hot, dry conditions is centered over Colorado,

the panhandles of Texas and Oklahoma and western Kansas.

Above-normal temps and below-normal precip are also expected across much of the western Corn Belt. Much of the eastern Corn Belt is expected to see above-normal precip and “equal chances” for normal, above- and below-normal temps during the period.



## Drought maintains big footprint in western areas

Drought covered 70% of U.S. winter wheat areas as of April 19, according to the U.S. Drought Monitor. For HRW areas, abnormally dry/drought conditions covered 74% of Kansas, 81% of Oklahoma, 96% of Texas, 100% of Colorado, 99% of Nebraska, 87% of South Dakota and 90% of Montana (90%).

Drought also covered 29% of U.S. corn acres, 19% of soybeans, 55% of cotton and 40% of spring wheat area.



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## Brazil's dry season starting early

Recent rains favored northern Brazilian safrinha corn production areas, while dry conditions persisted across southern areas of central and southern Mato Grosso, southern Goiás, northern Mato Grosso do Sul, and southwestern Minas Gerais. Crop Consultant Dr. Michael Cordonnier says while some other crop watchers have raised their Brazilian corn estimates, he is content to keep his forecast at 112 million metric tons (MMT).

Cordonnier says about 30% to 40% of the safrinha corn crop is currently under some level of moisture stress and it appears the dry season is starting earlier than normal in central Brazil. The Brazilian National Weather Service (Inmet) forecasts below-normal rainfall over central Brazil through May and cold fronts in southern Brazil will become more frequent with increased chances of frosts.

## Exchange raises Argy crop estimates

The Rosario Grain Exchange raised its Argentine soybean and corn crop estimates, citing better-than-expected bean yields and an upward adjustment in corn planted area. The exchange now forecasts the country's soybean crop at 41.2 MMT, up 1.2 MMT from its previous estimate. The corn crop estimate was raised by 1.5 MMT to 49.2 MMT.

Cordonnier forecasts Argentine production at 39 MMT for soybeans and 49 MMT for corn.

## IGC: Sharp drop in global corn crop

The International Grains Council (IGC) forecasts global corn production will fall by 13 MMT this year to 1.197 billion metric tons, reflecting smaller crops in the U.S. and Ukraine. But IGC cautioned the projections were “especially tentative given the conflict in the Black Sea region.”

IGC forecasts Ukraine's corn crop will fall to just 18.6 MMT, down from 41.9 MMT last year. It expects U.S. production will decline 7.3 MMT from last year due to smaller planting intentions. Bigger crops are expected in Brazil and Argentina.

IGC forecast a decline of 1 MMT in global wheat production in 2022-23 to 780 MMT, with a smaller crop in Ukraine (19.4 MMT vs. 33.0 MMT last year) largely offset by larger crops elsewhere, including Russia (82.5 MMT vs. 75.0 MMT) and Canada (31.6 MMT vs. 21.7 MMT in 2021).

## Record Russian wheat crop

SovEcon raised its 2022 Russian wheat crop forecast to a record 87.4 MMT, which would be up 11.4 MMT (15%) from last year. The Russia-based ag consultancy cited record planted area, along with “excellent crop conditions and good inputs availability.”

SovEcon projects Russia will export 41 MMT of wheat in 2022-23, up 7.1 MMT (20.9%) from the current year.

## Record March NOPA soy crush

Members of the National Oilseed Processors Association (NOPA) crushed 181.8 million bu. of soybeans in March — a record for the month. NOPA data implies a full crush of 194.5 million bu. for the month. At that level, crush during the first seven months of 2021-22 would total 1.313 billion bu., up 0.9% from the same period last year. While USDA forecasts crush will rise 3.5% from last year to a record 2.215 billion bu., hitting that level shouldn't be an issue since strong crush margins will incentivize plants to keep production above year-ago levels through summer.

NOPA soyoil stocks totaled 1.908 billion lbs. at the end of March, down 152 million bu. from the previous month and well below expectations. Total implied disappearance of 2.301 billion lbs. and per-day disappearance of 74.23 million lbs. were both the most ever for any month. The data implies record domestic soyoil use in March.

## China's grain imports surged in March

China imported 2.41 MMT of corn in March, up 25% from last year, while wheat imports surged 95.1% to 870,000 MT and sorghum arrivals jumped 57.5% to 1 MMT. Through the first quarter of 2022, China's imports were up 5.5% for corn, 4.6% for wheat and 36.9% for sorghum compared with the same period last year.

China is making significant efforts to secure food supplies as the world's biggest consumer faces challenges related to production and global dynamics. Food security remains a top national priority.

## China's pork imports plunged in March

China imported 140,000 MT of pork last month, down 70% from the previous year. Through the first three months of this year, Chinese pork imports totaled 420,000 MT, down 64.2% from the same period last year.

A strong increase in domestic production has sharply reduced China's domestic pork prices and the need to import foreign supplies. China's pork production totaled 15.6 MMT in the first three months of this year, up 14% from the same period last year and the highest quarterly output since the fourth quarter of 2018. Chinese pork production is expected to increase 2.9% to 54.5 MMT this year.

### *Chinese consumers switching to more seafood in diets*

A sharp increase in pork prices after China's African swine fever outbreak drove more beef consumption in the country. Chinese consumers are also eating more seafood as they have higher incomes to buy the costlier products. A report from Seafood Source noted average per-capita Chinese pork consumption peaked in 2014 at 43 kilograms (kg) per person and it's now under 40 kg.

## China's Q1 GDP tops expectations

China's economy expanded 4.8% in the first quarter of 2022, above expectations for 4.4% growth and faster than 4.0% growth in the previous period. However, the risk of a sharp slowdown in the coming months heightened amid widespread Covid-19 lockdowns, a prolonged downturn in the property sector and uncertainty from the war in Ukraine. Experts are warning China's target of 5.5% economic growth for 2022 is now unrealistic.

The International Monetary Fund warned a prolonged slowdown in China's economy would have a substantial impact on the rest of the world. However, it noted China has "space to provide macroeconomic policy support." China's commerce ministry said it would roll out targeted measures to boost a recovery in consumption hurt by stringent Covid restrictions.

## China cuts RRR, leaves rates alone

The People's Bank of China (PBOC) will cut the reserve requirement ratio (RRR) for all banks by 25 basis points (bps), effective from April 25, and reduce the amount of money some small banks must keep in reserve by an additional 25 bps. That will release about 530 billion yuan (\$83.25 billion) in long-term liquidity to cushion a sharp slowdown in economic growth. However, PBOC surprisingly kept its benchmark lending rates unchanged, despite frequent pledges by Beijing to support its slowing economy hit by the recent resurgence in Covid cases. Economists widely expected China to cut interest rates along with the cut in RRR.

## Euro zone inflation hits another high

Euro zone consumer inflation rose a record 7.4% above year-ago in March amid a 44.4% surge in energy prices. Excluding energy and unprocessed food prices, consumer inflation was a record 3.4% above last year. Amid the surging inflation, the European Central Bank is expected to end its bond buying program in July and could immediately start raising interest rates. Markets have 75 basis points in rate hikes built in by year-end.

## Beige Book: Growth, but headwinds

The U.S. economy grew at a "moderate pace" from mid-February to mid-April, the Federal Reserve said in its Beige Book survey. Consumer spending accelerated and manufacturing activity was solid overall across most districts, but supply-chain backlogs, labor market tightness, and elevated input costs continued to challenge firms' ability to meet demand. Outlooks for future growth were clouded by geopolitical developments and rising prices.

Drought and high prices for feed and crop inputs were noted as concerns for the ag sector in districts with significant crop and livestock production.



# War, inflation and food security are risks to global economy

By Editor Brian Grete and Washington Policy Analyst Jim Wiesemeyer

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Food insecurity, debt distress and inflation were among the list of global risks cited by leaders of the World Bank and the International Monetary Fund (IMF) in Washington last week for their annual spring meetings. War in Ukraine is adding pressure to a global economy already hit by the Covid pandemic. Both IMF and the World Bank lowered their global economic forecasts due to the increased risks

## War slows global economic recovery

The war in Ukraine has triggered “a costly humanitarian crisis that demands a peaceful resolution,” IMF said. “Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. A severe double-digit drop in GDP for Ukraine and a large contraction in Russia are more than likely, along with worldwide spillovers through commodity markets, trade, and financial channels.”

IMF forecasts global economic growth will slow from 6.1% last year to 3.6% in both 2022 and 2023. That would be a 0.8-percentage-point cut for 2022 and a 0.2-point cut for 2023 from its January forecast.

U.S. economic growth is expected to slow to 3.7% this year and 2.3% in 2023. GDP in the Euro zone is forecast to fall to 2.8% this year and 2.3% next year. China's economy is expected to grow 4.4% in 2022 and 5.1% in 2023.

“Scarring effects” are expected to be much larger in emerging market and developing economies.

## ‘Unusually high uncertainty’ in the forecast

IMF's forecasts assume the conflict remains confined to Ukraine, further sanctions against Russia don't include the energy sector and the pandemic's health and economic impacts abate over the course of 2022. It warns an expansion of any of these factors could further weigh on the global economic outlook this year and beyond.

## Tackling inflation vs. supporting economic growth

IMF projects inflation at 5.7% in advanced economies and 8.7% in emerging market and developing countries — 1.8 and 2.8 percentage points higher, respectively, than it projected in January. The forecast assumes a “gradual resolution of supply-demand imbalances and a modest pickup in labor supply.” But IMF warns, “Worsening supply-demand imbalances, including those stemming from the war, and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central

banks will be forced to react faster than currently anticipated — raising interest rates and exposing debt vulnerabilities, particularly in emerging markets. The war in Ukraine has exacerbated two difficult policy trade-offs: between tackling inflation and safeguarding the recovery; and between supporting the vulnerable and rebuilding fiscal buffers.”

## World Bank: ‘exceptional uncertainty’

The World Bank lowered its forecast for global growth this year to 3.2% from 4.1% in its January outlook. Further downgrades to the growth outlook can't be ruled out as the global economy is passing through a period of “exceptional uncertainty.”

World Bank Group President David Malpass is “deeply concerned” about developing countries, which are facing sudden price increases for energy, fertilizer and food... and the likelihood of interest rate increases around the world to combat inflation.

Debt is also a concern. Due to high debt and deficit levels, countries are “under severe financial stress,” and the debt crisis is expected to “continue to worsen” this year, Malpass warned. Some fear this could lead to a wave of defaults as countries grapple with currency depreciations, higher interest rates, surging oil and commodity prices and food shortages that could spiral into social unrest.

Malpass urged countries to end export quotas and tariffs, warning they will further inflate global prices.

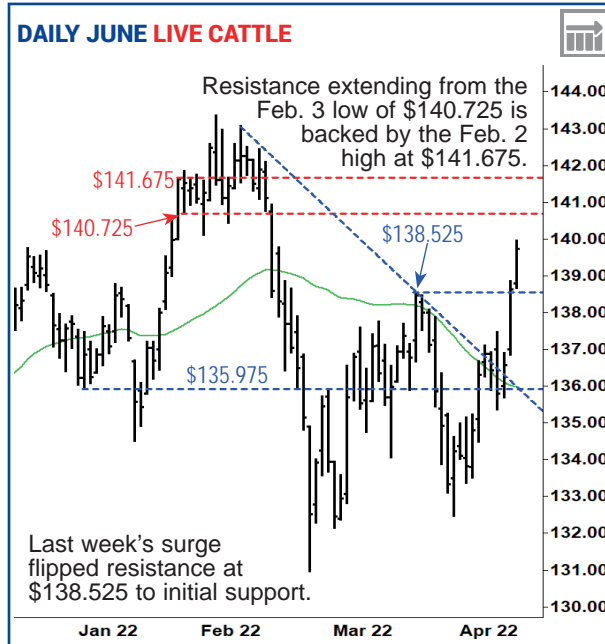
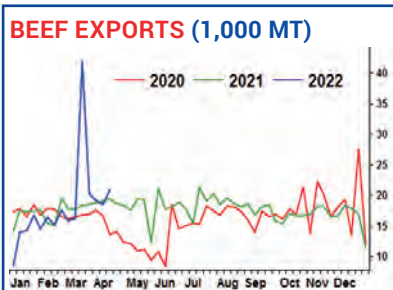
IMF real GDP forecasts (annual %)	2021	2022 proj.	2023 proj.
World	6.1	3.6	3.6
United States	5.7	3.7	2.3
Euro zone	5.3	2.8	2.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Canada	4.6	3.9	2.8
Other advanced economies	5.0	3.1	3.0
China	8.1	4.4	5.1
Russia	4.7	-8.5	-2.3
Ukraine	3.4	-35.0	NA

## CATTLE - Fundamental Analysis

After having dipped below the year-ago figure during the first week of April, U.S. beef exports rebounded to 20,965 metric tons (MT) during the week ended April 14. Indeed, after spiking to 41,830 MT in mid-March beef exports have routinely topped comparable 2020 and 2021 rates. Moreover, the Choice beef cutout recently slipped below year-ago levels for the first time since early last year. High retail prices suggest this will do little to boost domestic demand, but strong exports are apparently supporting cash prices. Mid-April strength may presage more of the same in early May.

### Position Monitor

Game Plan:	Feds Feeders	
The firming	II'22	0%
cash market	III'22	0%
is support-	IV'22	0%
ing futures.	I'23	0%
Carry all risk in cash		
for now, though hedges may be		
needed if the upside is overdone.		

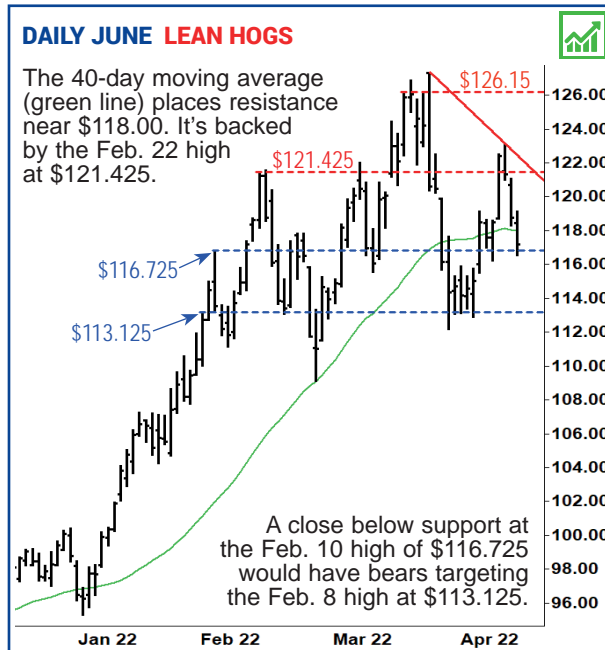
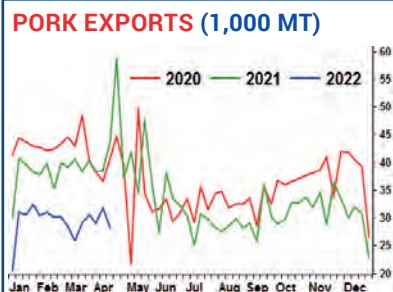


## HOGS - Fundamental Analysis

Pork cutout values turned decidedly higher just before Easter, which essentially matched historical norms. What was abnormal was the late-March weakness seen this year, when pork prices tend to rise moderately. We still suspect the late arrival of Easter played a role in the decline, although it's tempting to blame weak exports as well. The chart illustrates the impact China's 2019-2021 problems with African swine fever had on the U.S. market, but its buying had already slowed sharply by last June. We still expect tight hog supplies to push cash prices above year-ago levels this summer.

### Position Monitor

Game Plan:	Lean Hogs	
Hog	II'22	0%
could	III'22	0%
face near-term	IV'22	0%
pressure as trad-	I'23	0%
ers wait on the cash index to catch		
up. But seasonally, prices should		
strengthen into early summer.		



## FEED

### Feed Monitor

#### Corn

II'22	0%
III'22	0%
IV'22	0%
I'23	0%

**Corn Game Plan:** You are hand-to-mouth on corn-for-feed needs. We'll wait on a sharp corrective pullback to extend coverage in the cash market.

#### Meal

II'22	0%
III'22	0%
IV'22	0%
I'23	0%

**Meal Game Plan:** You are hand-to-mouth on soybean meal coverage. We are targeting the \$450.00 level or lower for May soybean meal futures to extend coverage in the cash market.

### DAILY MAY SOYBEAN MEAL



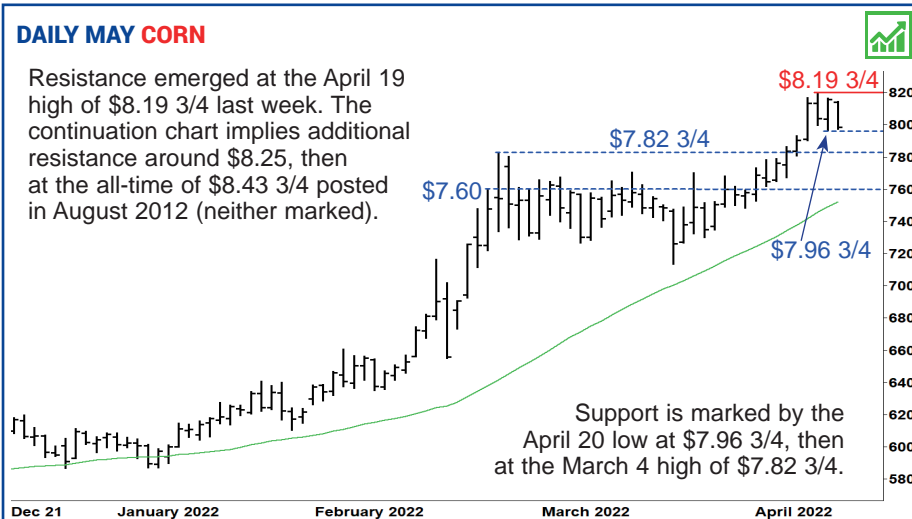
## Position Monitor

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

**Game Plan:** Get current with all advised sales. With old-crop down to gambling stocks, we'll hold remaining bushels until the market signals the upside is exhausted. We'll also wait to extend 2022-crop sales until the market signals the upside is becoming exhausted. While a narrowing of bull spreads is a potential yellow flag, nothing else suggests the market has put in a top yet.

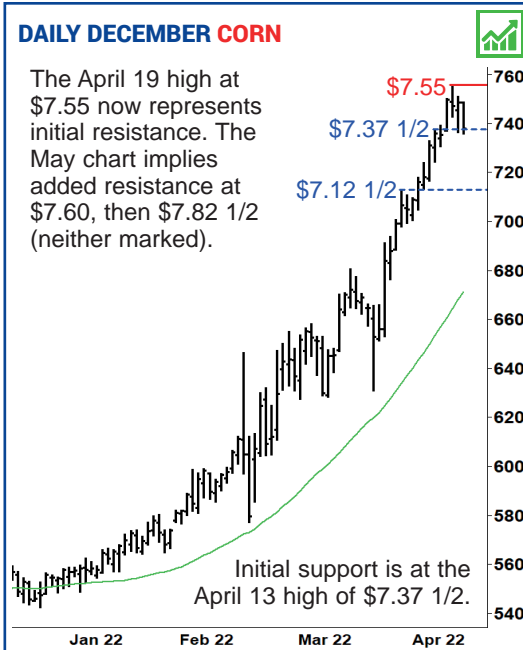
## DAILY MAY CORN

Resistance emerged at the April 19 high of \$8.19 3/4 last week. The continuation chart implies additional resistance around \$8.25, then at the all-time of \$8.43 3/4 posted in August 2012 (neither marked).



## DAILY DECEMBER CORN

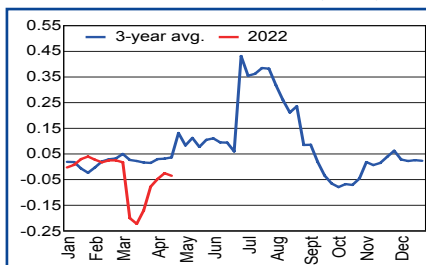
The April 19 high at \$7.55 now represents initial resistance. The May chart implies added resistance at \$7.60, then \$7.82 1/2 (neither marked).



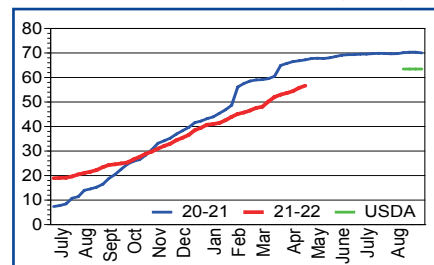
## CORN - Fundamental Analysis

Disappointing weekly USDA export sales may signal current prices are curtailing demand. Weekly ethanol production also dropped to the lowest level since last September and was just 0.6% above the corresponding week last year. While a push to an all-time high in front-month corn futures is possible, if not probable, slowing demand and tightening spreads suggest upward momentum may be stalling for now. A cold, wet spring likely will keep the Midwest planting pace slow through at least the end of April but isn't a significant market concern yet, as a late-week pullback in December futures seemed to suggest.

### AVERAGE CORN BASIS (MAY)



### CORN EXPORT BOOKINGS (MMT)



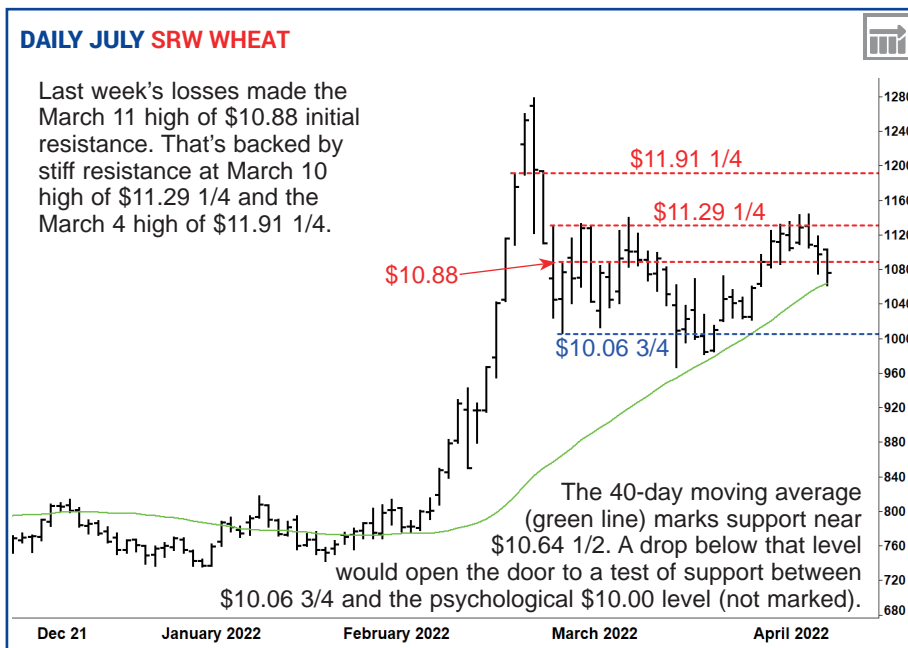
## Position Monitor

	'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 price strength to finish old-crop sales and make more new-crop sales. While winter wheat conditions are poor and there are global supply concerns, seasonals are bearish.

## DAILY JULY SRW WHEAT

Last week's losses made the March 11 high of \$10.88 initial resistance. That's backed by stiff resistance at March 10 high of \$11.29 1/4 and the March 4 high of \$11.91 1/4.



## WHEAT - Fundamental Analysis

**SRW** — Wheat bulls appear to be on borrowed time, at least in nearby SRW futures, with exports hitting new depths, SRW conditions improving and the dollar at a two-year high. Global supply concerns tied to the war in Ukraine could keep a floor under prices, but seasonals are bearish.



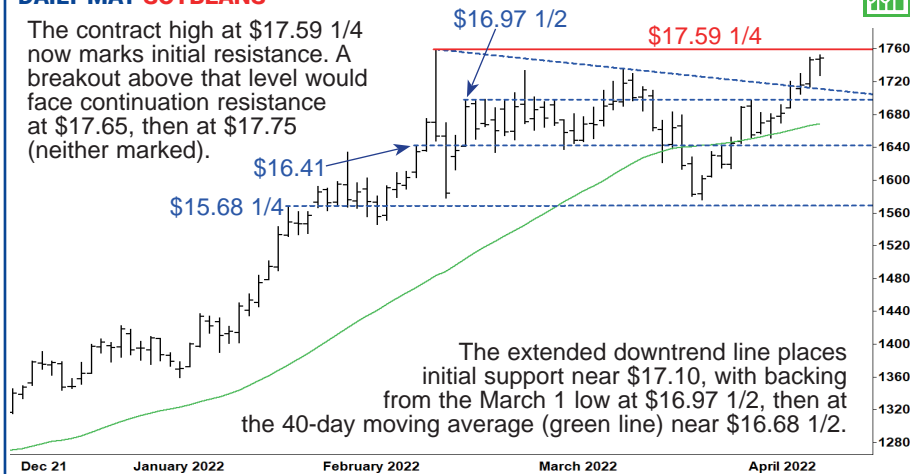
## Position Monitor

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

**Game Plan:** Get current with advised old- and new-crop 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 new-crop, November futures are trading above \$15.00. Be prepared to extend sales on expected 2022-crop production if the market struggles to find sustained buying above that level.

## DAILY MAY SOYBEANS

The contract high at \$17.59 1/4 now marks initial resistance. A breakout above that level would face continuation resistance at \$17.65, then at \$17.75 (neither marked).



## DAILY NOVEMBER SOYBEANS

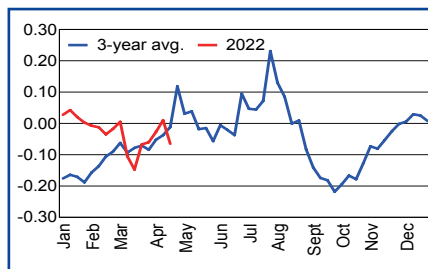
The contract high at \$15.55 is initial resistance. It's backed by \$15.68 1/4 on the May chart (not marked).



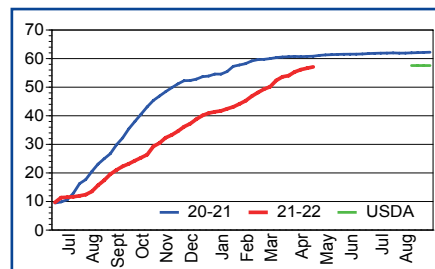
## SOYBEANS - Fundamental Analysis

Bulls gain renewed momentum last week as new-crop exports topped expectations and funds added long positions seven straight days (through April 21). The market's performance suggests it may be decoupling from corn and wheat amid concerns over tight global vegetable oil supplies and accelerating inflation due in part to the war in Ukraine. Upside leadership from soyoil and solid exports could keep nearby futures elevated into May, when U.S. planting progress will come into greater focus. Old- and new-crop futures have hit our sales target levels, so be prepared to make additional sales if upward momentum stalls.

### AVERAGE SOYBEAN BASIS (MAY)

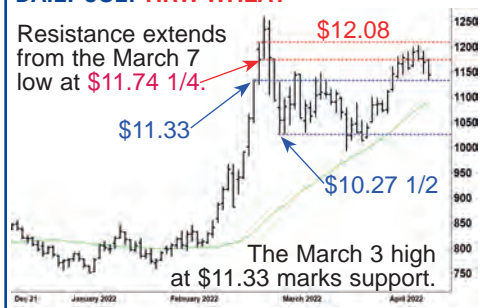


### SOYBEAN EXPORT BOOKINGS (MMT)



## DAILY JULY HRW WHEAT

Resistance extends from the March 7 low at \$11.74 1/4.

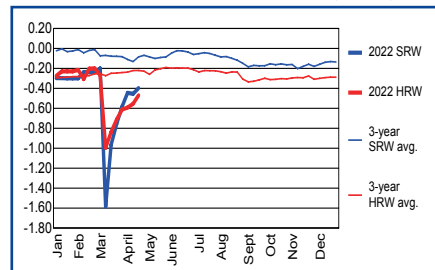


## DAILY JULY HRS WHEAT

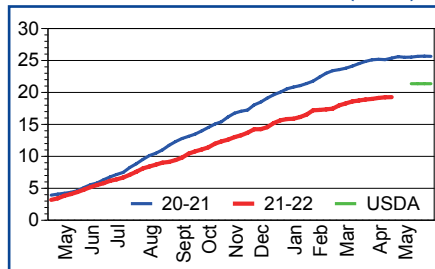
The March 7 high at \$11.80 3/4 is resistance.



### AVERAGE WHEAT BASIS (MAY)



### WHEAT EXPORT BOOKINGS (MMT)



**HRW** — Deterioration in USDA's crop ratings wasn't enough to prevent HRW futures from dropping last week. But with hot temps and little moisture relief in store for the Plains, HRW futures should carry more buoyancy than SRW over the near-term. Last week's fresh highs in December futures remain in sight for bulls.

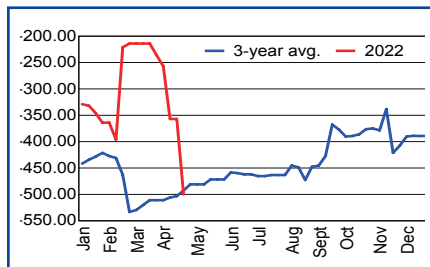
**HRS** — Spring wheat futures bucked winter markets' weakness last week amid forecasts for more snow in the Northern Plains. Weekly HRS exports have trended higher since late February to just below the five-year average, which combined with acreage uncertainty, may keep futures elevated and near the December contract's high.

## Position Monitor

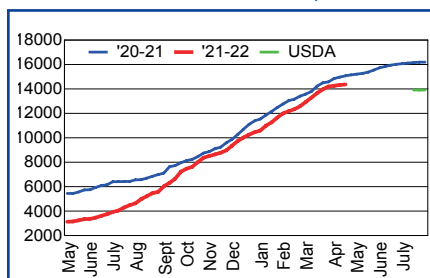
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

**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 (JULY)



## COTTON EXPORT BOOKINGS ('000 BALES)



## COTTON - Fundamental Analysis

Old-crop U.S. cotton export sales for the week ended April 14 reached just 50,500 bales and set a marketing-year low for a third straight week. New-crop sales totaled only 136,100 bales. Recent price gains and U.S. dollar strength seem to be stifling demand.

## GENERAL OUTLOOK

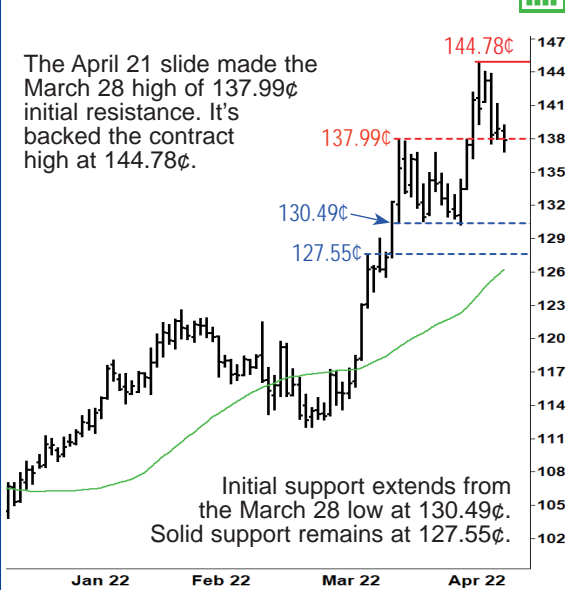
**Currencies :** There has been a great deal of talk about a devaluation of the U.S. dollar amidst the ongoing inflation surge. Talk has also centered on the creation of a China/Russia trading bloc using the yuan as Western allies sanction Russia over its invasion of Ukraine.

Recent market action in the U.S. dollar index tells a different story, with the trade-weighted value of the greenback having recently surged above par (the

100 level). The stature of the U.S. as a safe-haven is likely spurring purchases of dollar-denominated assets such as T-bonds. The Fed's widely announced plan to ramp up domestic interest rates to fight inflation is also attracting an influx of capital.

Japan's central bank isn't acting, which has undercut the yen. It was valued at 115.00 to the dollar in early March, but is now near 128.50, a 20-year low.

## DAILY JULY COTTON



## MONTHLY U.S. DOLLAR INDEX



## FROM THE BULLPEN By Market Analyst Bruce Blythe

Soaring prices for food, fuel and almost everything else are taking a bite out of everyone's bottom line, including that of farmers. With little relief in sight from consumer inflation that's running at four-decade highs, there's one investment option that could help ease the sting: inflation-adjusted U.S. savings bonds.

So-called Series I Bonds the U.S. Treasury will issue in May will offer annual interest payments of 9.6%, based on the bond's latest inflation rate calculation, which is linked to the March Consumer Price Index (CPI). March CPI surged 8.5% over the same month in 2021, the fastest pace since December 1981.

The expected May rate is up from 7.12% for I Bonds issued from November

through this month and nearly triple the bond's rate a year ago (interest is compounded every six months and reassessed in May and November each year).

I Bonds offer a safe means to capture return as inflation eats away at stable but low-rate investments, such as CDs. The rate for the new I Bonds also would more than offset the interest rate many U.S. farmers are paying for their operating loans this year (around 2.75%, according to USDA's Farm Service Agency). But there are a few catches.

I Bond purchases are limited to \$10,000 per year via TreasuryDirect.gov and must be held for a year. If you cash them out before five years, you forfeit the final three months of interest.

## WATCH LIST

1	<b>USDA Food Price Outlook</b> Price outlook likely to rise again.	<b>MON 4/25</b> 8:00 a.m. CT
2	<b>USDA Crop Progress Report</b> Corn planting progress in focus.	<b>MON 4/25</b> 3:00 p.m. CT
3	<b>Canadian Planting Intentions</b> Wheat, canola will be watched.	<b>TUES 4/26</b> 7:30 a.m. CT
4	<b>USDA Export Sales Report</b> Chinese grain, soy buys are key.	<b>THUR 4/28</b> 7:30 a.m. CT
5	<b>U.S. PCE Price Index</b> Fed's preferred inflation gauge.	<b>FRI 4/29</b> 7:30 a.m. CT

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