



News this week...

- 2 – Acreage a major question in northwest Corn Belt.
- 3 – USDA's CRP changes on expiring contracts.
- 4 – Changes in fuel policy key for ag sector.

Soybeans strengthen – Soybean futures rallied to their highest level since the initial reaction to Russia's invasion of Ukraine. An upside breakout would likely attract fresh speculative buyer interest, but failure to do so would suggest the market is likely headed back to the bottom of the broad, sideways range. Winter wheat futures initially broke down technically, but posted a strong rebound on Friday. Spring wheat firmed amid severe planting delays in North Dakota and Minnesota. Corn futures followed winter wheat throughout the week. Live cattle futures tried to rebound from their recent losses, though buying was limited by demand concerns and weakening cash prices. Hog futures extended their delayed seasonal rally. Pro Farmer salutes all those who died serving our great country. Happy Memorial Day.

Northwest Corn Belt to remain wet

Rains and cooler temps are expected across the Dakotas and Minnesota through the Memorial Day weekend, leading to more planting delays. Growing conditions are expected to be favorable across the rest of the Corn Belt, Delta and Southeast.

Low odds of full Ukraine grain exports

Russia has opened "humanitarian corridors" for foreign ships to leave Ukrainian ports in the Black and Azov seas and says it is open to letting Ukraine grain be exported if Western sanctions are lifted. SovEcon says the "best-case scenario" is up to 1 million metric tons of wheat and corn blocked at Ukrainian ports will be shipped. The Russia-based consultancy doubts Russia will fully reopen Ukraine port terminals for grain shipments because agriculture is essential for Ukraine's economy.

Rice India's next protectionist target?

Indian officials decided there's no need to restrict rice shipments for now because supplies are ample. India accounts for 40% of global rice trade, so a change of heart could have a huge impact on prices and heighten global food security concerns.

U.S. inflation peaked, but still high

The personal consumption expenditures (PCE) price index increased 6.3% annually in April, down from a 6.6% rise in March. The core PCE price index excluding food and fuel prices increased 4.9%, down from a 5.2% increase in March.

Chinese economic concerns heighten

Chinese Premier Li Keqiang held an emergency meeting on China's economy with leaders from the central bank, finance ministry, the country's chief macroeconomic planner and over 170,000 local government officials. A China source told us, "There has never been a meeting attended by so many officials. Local governments are critical to turning the economy around as they implement most of the economic policies Beijing decides, like tax rebates." Li warned that failure to effectively manage the wheat harvest over the next month could jeopardize national food security, which Beijing has targeted as its top priority.

Perspective on summer gas waiver

The White House is considering waiving U.S. summer gasoline environmental rules, hoping it would ease pump prices. An ethanol industry analyst told us, "This would be a small net-negative for ethanol as refiners will be able to use butane, which is usually cheaper, during summer. If butane prices push above ethanol, maybe it would then be a slight positive. The 'cost savings' for consumers will be in the reduction of time during the blending process, as summer blends take longer to reduce evaporation." See [News page 4](#) for more on fuel policy.

Key EPA decision on RFS this week

Surging gas and food costs are weighing on EPA as it must set biofuels blending levels for 2022 and 2021, and retroactively revise 2020 quotas by June 3. Yearly biofuel quota-setting is fraught, as EPA navigates dueling refining and rural interests. This year, the war and inflation are amplifying the challenges.

Nitrogen prices plummet but still high

The Green Markets North American fertilizer price index is down 21% from late March to around \$1,000 per ton but remains above pre-war levels. Demand destruction due to record prices and a sharp decline in European natural gas rates from the March peak are pulling fertilizer prices lower.

Record prices curbing gas demand

Gasoline demand declined 7.2% from year-ago as of May 20 and was the lowest for this time of year since 2013. Record gas prices are prompting some Americans to change their driving habits ahead of the peak summer driving season. The average price for regular unleaded gasoline reached a record \$4.60 on May 27, a 51% jump from last year.

Ag export, import forecasts raised

USDA forecasts U.S. ag exports at \$191.0 billion in fiscal year (FY) 2022, up \$7.5 billion from February. USDA projects FY 2022 ag imports at \$180.5 billion, up \$8.0 billion from February. Both would be records. That would result in an ag trade surplus of \$10.5 billion, up from \$8.9 billion in FY 2021.

Corn planting catching up

USDA said 72% of the corn crop was planted as of May 22, up 23 percentage points from the previous week but still seven points behind the five-year average. The states of greatest concern are North Dakota (20% vs. the five-year average of 66%) and Minnesota (60% vs. 86%) where there were still 2.9 million acres and 3.1 million acres, respectively, left to plant. South Dakota also had 2.4 million acres left to be planted.

Soybean planting reaches half done

Soybean planting advanced 20 percentage points to 50% completed, though that was still five points behind average. As with corn, the states of greatest concern are Minnesota (32% done vs. average of 68%) and North Dakota (7% vs. 47%).

Consultant trims U.S. corn acres

The final crop insurance plant date for corn was May 25 for all but far southeastern areas of both North Dakota and South Dakota and the northern third of Minnesota. The final plant date is May 31 for the remainder of those states. While farmers will likely plant corn past the final plant dates, some of the intended corn acres will get switched to other crops or taken as prevent-plant. As a result, Crop Consultant Dr. Michael Cordonnier cut his corn planted acreage estimate by 1 million acres to 89 million acres. He left his soybean acreage forecast at 91 million acres for now but says that could increase by 1 million to 2 million acres.

Will corn planting delays lead to more soybean acres?

Not necessarily. In the seven other years when corn planting as of the third week of May was significantly behind the current five-year average in North Dakota, corn acres declined an average of 389,000 acres from March intentions to final plantings. But soybean acres also declined an average of 243,000 acres. In four other years when corn planting was severely behind the current five-year average in Minnesota on this date, corn plantings declined an average of 225,000 acres from March to final, while soybean seedings fell an average of 163,000 acres.

Spring wheat seeding farther behind

Spring wheat planting reached 49% done, up 10 points for the week but 34 points behind the five-year average. Top producer North Dakota had only 27% of the crop seeded (80% on average) and Minnesota was only 11% done (90% on average). There were still 3.8 million acres of spring wheat to seed in North Dakota and 1.1 million acres in Minnesota.



China to import Brazilian corn

China's customs authority finalized an agreement to allow imports of Brazilian corn, lining up an alternative to U.S. supplies to replace imports from Ukraine. Before Brazilian corn can be shipped to China, however, a "biotechnology equivalence" agreement for GMO varieties must be signed. The head of the Brazilian corn growers association says those negotiations will be "more agile."

Similar agreements between the two countries covering imports of soy protein and soymeal from Brazil are expected to be concluded during talks next month.

Covid reduces China's soyoil use

A two-month lockdown in Shanghai and Covid restrictions in several other major cities have cut soyoil consumption, as restaurants account for about half of the country's soyoil use per year. Soyoil consumption fell 11% and 15%, respectively, the past two months from the same periods in 2019, before the Covid pandemic, according to estimates from Mysteel, a China-based commodity consultancy. It forecasts soyoil use at 16.7 MMT this year, down about 500,000 MT from 2019. Demand for all edible oils in 2021-22 is forecast to drop 8.5% from a year ago to 39 million metric tons (MMT), the first decline this century, according to state-run National Grain & Oils Information Center.

India replacing palm oil with soyoil

Cheaper soyoil is replacing palm oil consumption in India following Indonesia's curbs on palm oil exports and New Delhi allowing duty-free imports of soyoil. Palm oil imports by the world's biggest vegetable oil importer in its marketing year ending on Oct. 31 will fall 19% to 6.7 MMT, the lowest since 2010-11, according to the average forecast from five dealers surveyed by Reuters. Soyoil imports could jump 57% to a record 4.5 MMT, they said. India will allow duty-free imports of 2 MMT each of crude soyoil and crude sunflower oil for the current and the next fiscal year to March 2024.

India not lifting wheat export ban

India has no immediate plans to lift a ban on wheat exports, but will continue with deals which are done directly with other governments. Bangladesh reportedly is close to a deal to secure wheat shipments of up to 1 MMT from India.

Indonesia to tighten palm oil regs

Indonesia will audit companies' land size, partnership with farmers, tax reports and other data in an effort to increase governance of the sector. The government will also require palm oil companies to set up headquarters in the country.

Indonesia says it is not considering lowering the percentage of palm oil in biodiesel below the current 30% rate.

USDA announces CRP changes

USDA will allow participants who are in the final year of their Conservation Reserve Program (CRP) contract to request voluntary termination of their contract without penalty following the end of the primary nesting season. USDA also announced additional flexibilities for the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP).

Comments: This is a major flip-flop by USDA Secretary Tom Vilsack, who earlier wanted additional acres in CRP. This shows the push by White House officials to get more plantings for the 2023 season, suggesting a growing number fret the food supply/price situation could linger and have a sustained inflation impact. But the impact of voluntary changes won't be significant, as the maximum is less than 2 million acres.

USDA again raises food price outlook

USDA raised its food price outlook for a fourth consecutive month to a range of 6.5% to 7.5% above year-ago, up from April's forecast for a rise of 5% to 6%. The midpoint of that range would be the biggest rise in food prices since 1981.

USDA now forecasts food away from home (restaurant) prices will rise 6% to 7% this year, up from its April forecast for a 5.5% to 6.5% increase. That would be the biggest rise in restaurant prices since 1981 when they increased 9%.

Food at home (grocery store) prices are now forecast to increase 7% to 8%, up from the April outlook for a 5% to 6% rise. That would be the highest grocery store price rise since 1980 when prices jumped 8.1%.

USDA unveils poultry regulations

USDA unveiled a proposed rule under the Packers and Stockyards Act that would require poultry processors to provide information to growers aimed at "increasing transparency and accountability in the poultry growing system." Processors would have to disclose details of inputs provided to each farmer and information about the input differences among farmers being ranked. Contracts would also be required to contain guaranteed annual flock placements and density. USDA also said it's "opening an inquiry into whether some practices of processors in the tournament system are so unfair that they should be banned or otherwise regulated."

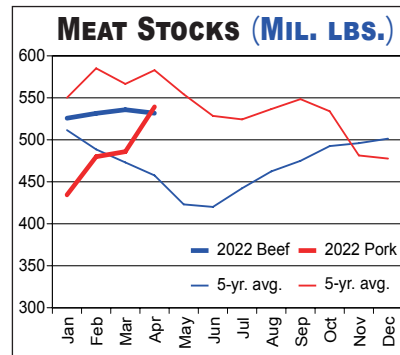
Ag groups call for tariff relief

U.S. food and ag groups sent a letter to U.S. Trade Representative Katherine Tai calling for a halt to trade tariffs to ease inflation. The groups say food companies and farmers face "significant challenges" due to lingering pandemic impacts, logistical and supply chain disruptions, record levels of inflation, along with surging fuel prices, high fertilizer and other input costs, and uncertainty in the global market.

Bearish meat demand implications

USDA's Cold Storage Report showed total red meat and poultry stocks rose around 16% from last year in April, suggesting demand isn't keeping pace with supplies.

Beef stocks at the end of April were a record for the month at 531.7 million pounds. While that was down 4.1 million lbs. (0.8%) from March, the five-year average was a



15.5-million-lb. decline during the month. Frozen beef inventories increased 82.9 million lbs. (18.5%) from year-ago and stood 74.1 million lbs. (16.2%) above the five-year average.

Boneless beef stocks were an April record at

483.2 million lbs., up 16.7% from last year and 14.5% higher than the five-year average. More than half of the annual increase in boneless beef inventories was in the West South Central region, suggesting it was due to the high rate of cow slaughter in the first four months of the year and building inventory for shipments to Asia.

Pork stocks at 530.2 million lbs. rose 44.3 million lbs. (9.1%) from March, far greater than the five-year average of a 16.4-million-lb. increase during the month. Pork stocks rose 73.3 million lbs. (16.0%) from last year but were still 52.7 million lbs. (9.0%) under the five-year average.

Chicken breast meat inventories at 178.8 million lbs. rose 11.5 million lbs. (6.9%) from March but were still 20.4 million lbs. (10.2%) under year-ago levels.

Another bearish placements figure

USDA estimated the May 1 large feedlot (1,000-plus head) inventory at just shy of 12 million head, up 236,000 head (2.0%) from year-ago and 90,000 head more than the average pre-report estimate implied. The bigger feedlot inventory was due to placements again topping expectations. While April placements declined 0.9% from year-ago, they were above the upper end of pre-report estimates for a second straight month. Marketings fell 2.2% from year-ago in April.

April placements declined 5,000 head in Kansas, 15,000 head in Texas and 16,000 head in "other states" compared with year-ago. But Nebraska and Colorado feedlots placed an additional 15,000 head and 5,000 head on feed, respectively, versus year-ago in April.

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate
On Feed May 1	102.0	101.3
Placed in April	99.1	95.4
Mktd in April	97.8	98.0

The number of cattle on feed over 120 days continued to climb. April marked the third month in a row totaling over 4.5 million head.

Biden using high gas, diesel prices to fuel transition

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Gas prices are reaching record highs daily and diesel fuel is even pricier. Washington is mulling several policy actions, but some Biden administration comments on fuel policy may surprise you.

What Biden says about record gas, diesel prices

President Joe Biden said, “[When] it comes to the gas prices, we’re going through an incredible transition that is taking place that, God willing, when it’s over, we’ll be stronger and the world will be stronger and less reliant on fossil fuels.” Biden’s remarks came in Japan following his meeting last week with Japan Prime Minister Fumio Kishida.

White House officials mulling ways to soften prices

The White House wants to tap into the Northeast Home Heating Oil Reserve. White House spokesperson Emilie Simons said: “An emergency declaration has been prepared for [President Joe] Biden to authorize a release from reserves if necessary. This would bridge short term supply shortfalls.” There are only 1 million barrels of diesel in the reserve. While most American cars don’t run on diesel, bringing more diesel into the market could help with supply chain issues by alleviating commercial transportation costs.

The White House is also reportedly considering waiving rules requiring refiners to avoid cost-cutting components such as butane in the summer months to prevent smog.

The Energy Department already coordinated its largest ever release from the Strategic Petroleum Reserve and EPA announced a waiver to allow summertime sales of E15.

U.S. refiners are running full throttle, but...

U.S. refineries are operating at close to maximum capacity to capitalize on record margins, but reductions over the past two years mean surviving refineries are producing fewer barrels at a time of surging demand and constrained supply. Building new refineries is time-consuming, capital-intensive and discouraged by investors, experts say.

There could still be a major Democratic energy bill

Though there are significant hurdles, our sources say Democrats may have one more major bill they want to pass before the Nov. 8 elections. If so, it would come via another budget reconciliation measure that would not need any Republican votes in the Senate. Key centrist Sen. Joe Manchin (D-W.Va.) said a party-line climate and social spending bill is still in play, focusing on domestic energy production,

drug costs and corporate taxes.

Manchin said any legislation must prioritize boosting domestic critical minerals production and reforming permitting, to go along with a package of clean energy incentives. “We have so much more that we can do” to invest “in some of the technologies that [are] going to be needed for the transition that will happen,” he said. “But you can’t do it by abandoning the fossil industry that gives us the ability to have reliability and security not just for our nation but what the world is needing today.”

The bill would likely include a major incentive for Sustainable Aviation Fuel (SAF) and push airlines to significantly use SAF for their carbon offsets. Some phase-in guidelines would be likely.

Congressional Democrats offering other options

Reps. Sean Casten (D-Ill.) and Don McEachin (D-Va.) introduced a bill to eliminate 11 tax breaks for oil and gas companies, including for marginal wells and enhanced oil recovery, to fund a \$500 direct cash rebate for consumers reeling from high prices. But even if it clears the House, the measure faces stiff hurdles in the Senate. The House recently passed a bill that would prevent gas price gouging by oil companies, though it has little chance of passing the Senate.

Ag sector concerned about ESG

An ESG score is used to determine how sustainable a company is in the areas of environmental impact, social impact and governance. The Securities and Exchange Commission (SEC) issued a proposed climate disclosure rule that would require public companies to disclose their greenhouse gas (GHG) emissions and other climate change risks. Farmers were not normally regulated by the SEC. But food and apparel companies face these proposed new disclosure requirements that will likely boost efforts to document GHG reductions in their supply chains. Companies could be required to disclose when they purchase carbon offsets, including credits generated from farm practices, to offset their emissions. That would require them to get data from farmers on GHG emissions.

Bottom line: Energy policy, fuel prices critical for ag

The diesel price and supply situation is a critical ag sector issue that will heighten by fall. Ditto for propane. While there are low odds of a major energy bill out of Congress this year, Manchin is the key.

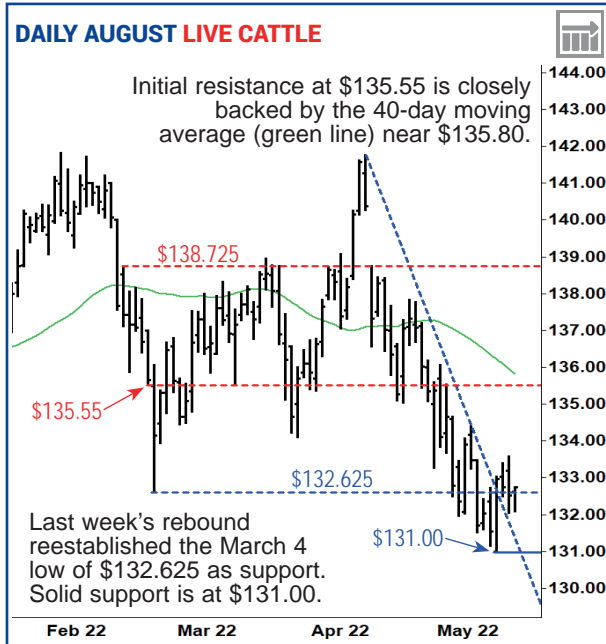
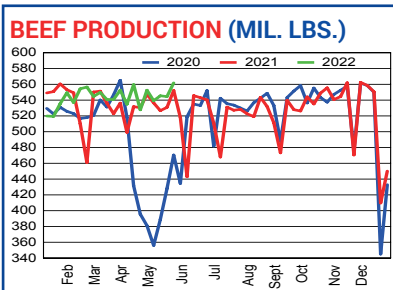
CATTLE - Fundamental Analysis

Cash cattle prices posted a belated spring high in early May and are grudgingly moving seasonally lower. Solid export demand and active producer marketings are supporting the market. But those only seem likely to limit the demand damage being done by elevated consumer prices, as indicated by USDA's Cold Storage Report, plentiful feedlot supplies and consistently large beef production. Summer contracts imply a relatively normal seasonal decline during the coming weeks, but the combination of large supplies and weak demand threatens to exaggerate the usual midyear price drop.

Position Monitor

Game Plan:	Feds	Feeders
Discounts	II'22 0%	0%
to the cash	III'22 0%	0%
market in	IV'22 0%	0%
	I'23 0%	0%

live cattle futures make hedges more difficult. Be prepared to hedge a correction in December live cattle.



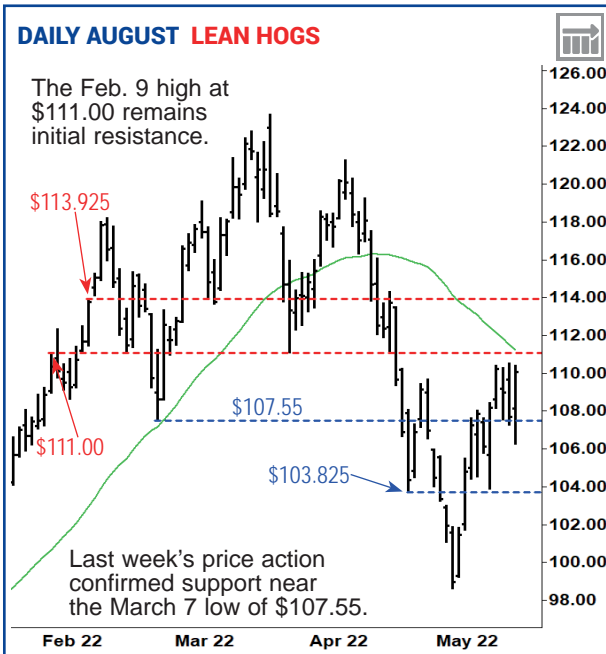
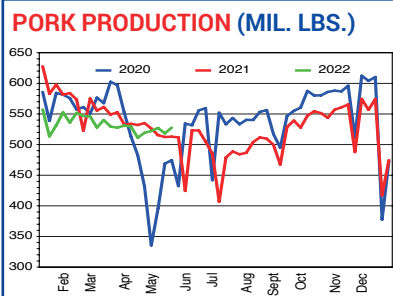
HOGS - Fundamental Analysis

May hog slaughter and pork production have essentially matched year-ago levels, suggesting USDA undercounted pig numbers in its March Hogs & Pigs Report that implied spring kills would average about 2% below comparable 2021 rates. And yet, cash hog prices have finally turned higher after being surprisingly weak through early spring. This suggests consumers are actively buying pork for grilling, possibly due to the high cost of grocery store beef. A moderate late-spring rally now looks likely, especially if hog and pork supplies drop back below year-ago levels.

Position Monitor

Game Plan:	Lean Hogs
A delayed seasonal rally is underway. Be prepared to hedge	II'22 0%
	III'22 0%
	IV'22 0%
	I'23 0%

an extended price recovery as our summer price forecasts are lower than previously expected.



FEED

Feed Monitor

Corn

II'22	25%
III'22	0%
IV'22	0%
I'23	0%

Corn Game Plan: On May 24, we advised covering all corn-for-feed needs in the cash market through mid-June. Our target for extending coverage is sub-\$7.50 in July corn futures.

Meal

II'22	67%
III'22	0%
IV'22	0%
I'23	0%

Meal Game Plan: You have all soybean meal needs covered in the cash market through May. We are targeting a sub-\$410 price in July meal for extending coverage.

DAILY JULY SOYBEAN MEAL

The Feb. 1 high at \$431.70 is initial resistance.

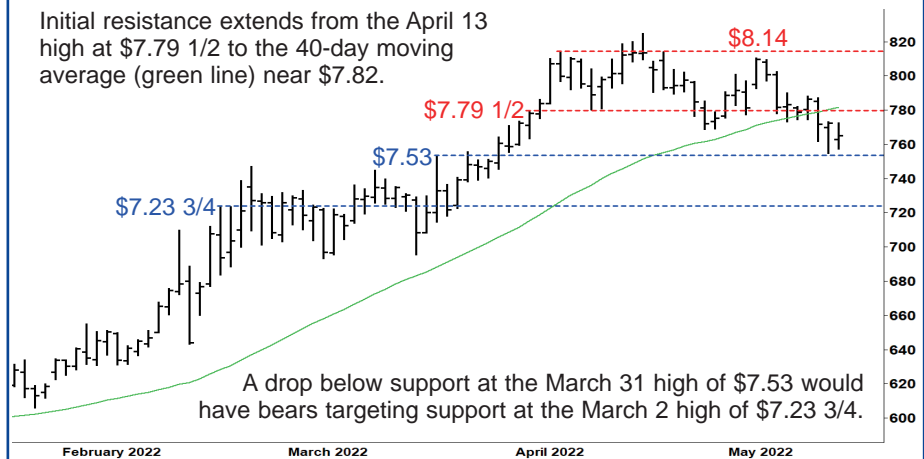


Position Monitor

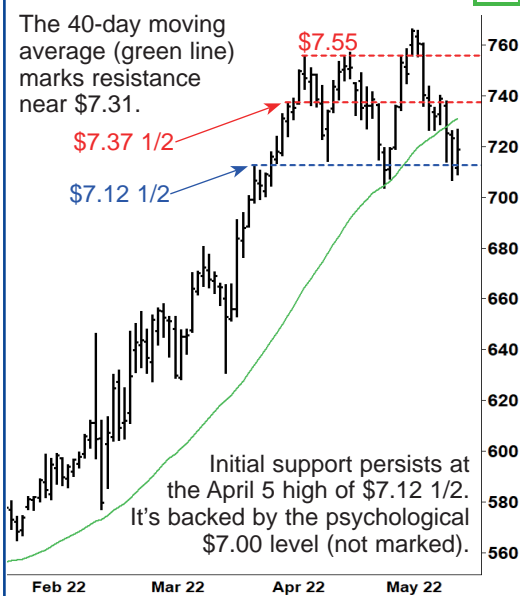
	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised old- and new-crop sales. With old-crop down to gambling stocks, we'll hold remaining bushels until the market signals the upside is exhausted or this year's crop gets through pollination. We may add hedges for 2022-crop production if December futures violate support at the May 9 low, which would provoke potentially sharp near-term pressure.

DAILY JULY CORN



DAILY DECEMBER CORN



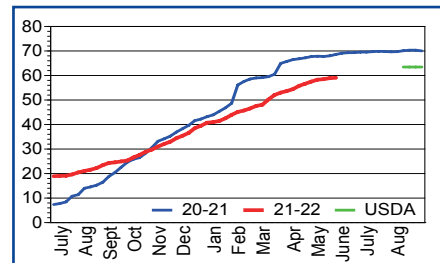
CORN - Fundamental Analysis

Roughly 50% of the U.S. corn crop was planted in the two weeks ended May 22, based on USDA numbers. That sharp acceleration seemed to alleviate much, but not all, concern over planting delays. The market's attitude toward Midwest weather has also shifted, with rains now seen as beneficial to early crop development. Considering recent lackluster exports, near-term price direction could be sideways-to-lower, with growing downside risks (see "From the Bullpen" on [Analysis page 4](#)). But the potential for summer weather threats and global supply uncertainty likely will keep sellers from getting too aggressive.

AVERAGE CORN BASIS (JULY)



CORN EXPORT BOOKINGS (MMT)

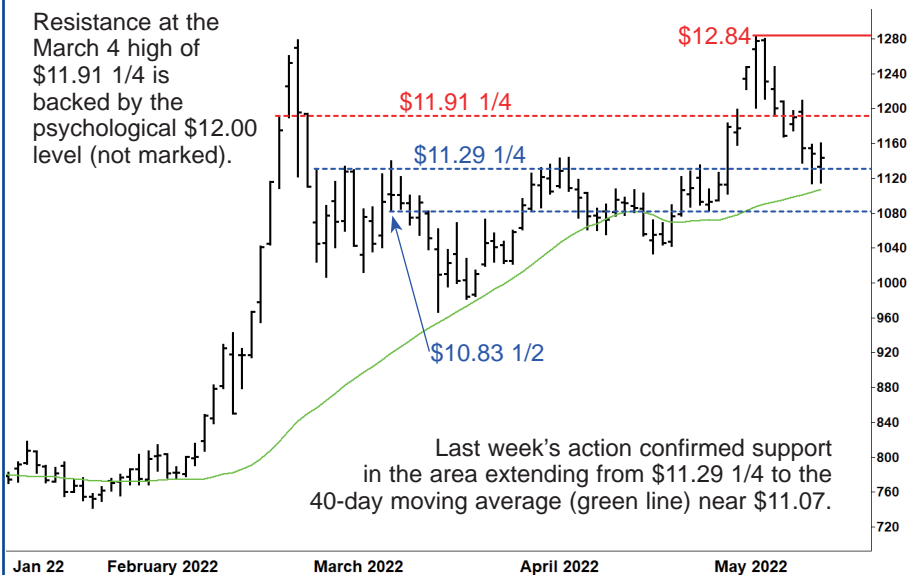


Position Monitor

	'22 crop	'23 crop
Cash-only:	50%	10%
Hedgers (cash sales):	50%	10%
Futures/Options	0%	0%

Game Plan: On May 24, we advised selling another 10% of 2022-crop. On May 25, we advised selling an initial 10% of expected 2023-crop production for harvest delivery next year. Old-crop sales are finished. Get current with advised sales.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

SRW — New-crop SRW export sales are running 38% above the five-year average behind strong demand from Mexico. But overall U.S. wheat exports remain tepid, and with seasonal harvest pressure poised to increase, the market could face near-term price pressure.

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. Technically, the market is weakening again at the top of the extended sideways range, suggesting a move into the lower end is likely. But there are no signs of full exhaustion.

DAILY JULY SOYBEANS

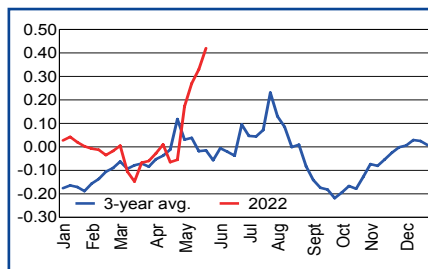
The May 26 surge has bulls targeting resistance at the Feb. 24 contract high of \$17.41. A move above that level would open the door to a test of \$17.57 1/2 on the continuation chart (not marked).



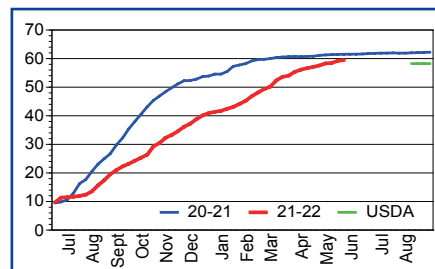
SOYBEANS - Fundamental Analysis

Strong performances from old-crop and new-crop soybeans convey a bullish mindset toward weather and demand. Wet forecasts for the northern Midwest indicate little promise that farmers in Minnesota and North Dakota will get caught up on planting any time soon. A firm export pace helped U.S. export commitments narrow its gap to just 3% behind year-ago levels. Conflicting demand signals from global vegoil markets combined with summer weather uncertainty have us girding for more volatility in coming weeks and watching for opportunities to advance sales with nearby soybeans approaching 9 1/2-year highs reached in February.

AVERAGE SOYBEAN BASIS (JULY)

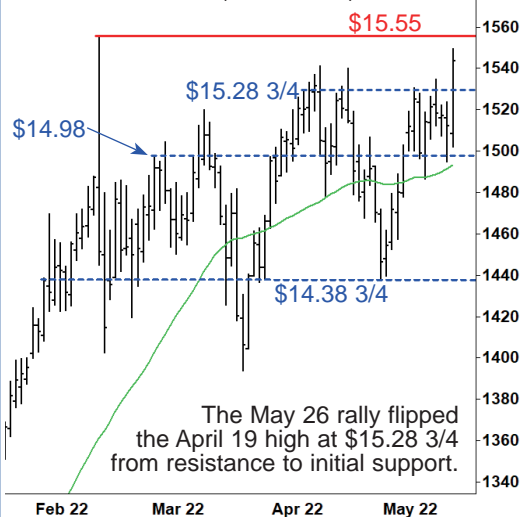


SOYBEAN EXPORT BOOKINGS (MMT)



DAILY NOVEMBER SOYBEANS

Contract-high resistance at \$15.55 is backed by \$15.80 on the continuation chart (not marked).



DAILY JULY HRW WHEAT

The March 7 high at \$12.59 is now initial resistance.

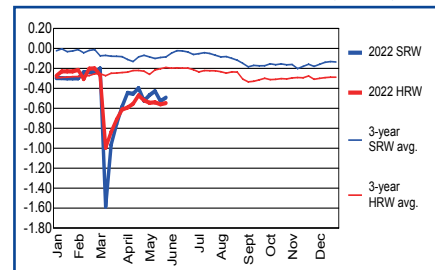


DAILY JULY HRS WHEAT

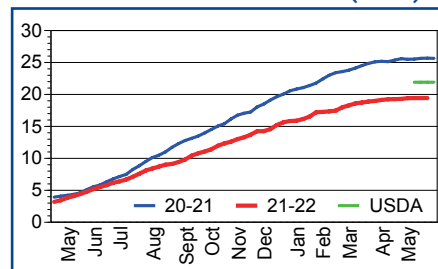
Resistance is marked by the May 13 high at \$13.35 3/4.



AVERAGE WHEAT BASIS (JULY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Even with last week's downturn, HRW futures are trading above \$10 through May 2024. Tight global supplies and Ukraine disruptions may limit the downside for the near-term, but elevated prices will eventually return closer to historical norms. That's one reason we're watching for fresh opportunities to lock in 2023 sales.

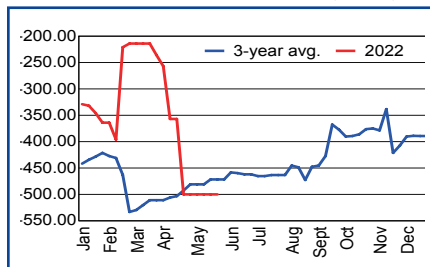
HRS — Nearby spring wheat diverged from the winter markets and posted a modest gain last week, the market's fourth weekly gain in the past five. Delayed planting in the Northern Plains remains a major concern and forecasts call for more rain in the region. But HRS futures' upside may be limited if HRW and SRW extend recent slumps.

Position Monitor

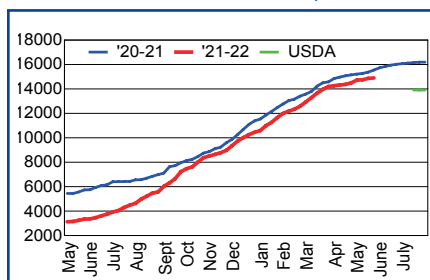
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Additional cash sales will wait for some signs of exhaustion. We'll cue our advice off December cotton.

AVERAGE COTTON BASIS (JULY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Cotton has exhibited great resilience during the extended price rally, with robust demand repeatedly powering fresh gains. But the threat of a U.S./global recession is hanging over the market. Whether cotton will be able to resume the intermediate-term rally is becoming a bigger question.

GENERAL OUTLOOK

Equities: Major U.S. stock indexes fell to more than 12-month lows this month, teetering on a bear market as defined by a 20% drop from recent highs. Recession fears are growing after U.S. corporations reported downbeat earnings due to supply chain-bottlenecks and inflation.

The latest first-quarter GDP data showed a 1.5% annual contraction, which was weaker than expected. Stock market bulls are also spooked by the

Federal Reserve vowing to aggressively raise interest rates to choke inflation. Downtrending stock indexes are not good for the economy, but they do suggest money flows are changing: out of paper assets like stocks and bonds and into hard assets like raw commodities.

Unless recession or stagflation sets in, the commodity sector could see continued price strength as inflation runs its course.

FROM THE BULLPEN By Editor Brian Grete

Old-crop corn futures are rolling over and showing signs of a short-term technical top. While global supply concerns remain amid the Ukraine war situation, funds are lightening long positions and some money is flowing out of the long side of the market. With the technical breakdown and seasonal tendency for price pressure over the next month, there could be more near-term downside risk.

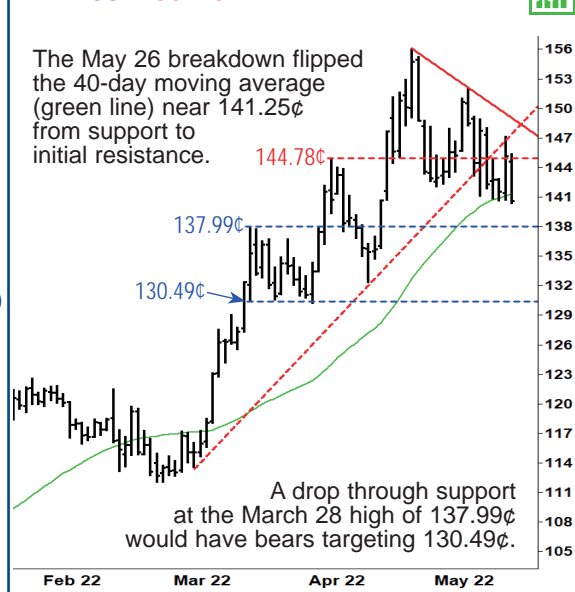
But given macroeconomic factors, we intend to hold remaining old-crop gambling stocks until this year's crop pollinates. As an alternative, hedgers could finish old-crop cash sales and replace a portion of last year's crop with long call options or a long futures position. The risk on long calls would be the premium you

pay for them. The risk on a long futures position would be open-ended to your tolerance level if the market declines.

December corn futures are also showing signs of a top, though the technical outlook isn't as negative. That could change if support at the May 9 low of \$7.03 3/4 is violated, which would open at least 25¢ to 50¢ of near-term downside price risk. Such a move could entice us to add short-term defensive hedges to protect against that much or potentially more price risk ahead of pollination.

With 40% of expected new-crop production sold for cash-only marketers, we don't want to get more aggressive at this point. A weather/crop scare at some point this summer would be a selling opportunity.

DAILY JULY COTTON



WEEKLY S&P 500 INDEX



WATCH LIST

1	Memorial Day Markets and gov't offices closed.	MON 5/30
2	USDA Crop Progress Report Increased focus on planting data.	TUES 5/31 3:00 p.m. CT
3	USDA Grain, Soy Crush Soy, ethanol use for April.	WED 6/1 2:00 p.m. CT
4	USDA Export Sales Report Chinese grain, soy buys are key.	FRI 6/3 7:30 a.m. CT
5	Employment Report Payrolls, unemployment for May.	FRI 6/3 7:30 a.m. CT

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