



News this week...

- 2 – Falling gasoline demand slowing ethanol output.
- 3 – U.S. hog herd contracts more, no signs of expansion.
- 4 – Corn plantings up, soybean acres down from March.

Corn drops even as dryness spreads – December corn futures fell to their lowest level since early March despite expanding dryness/drought across the Delta, Mid-South and areas of the Corn Belt. Forecasts call for rains the first half of July, which is when a good portion of the corn crop will pollinate, aside from later-planted areas. Wheat futures followed the corn market lower amid rapidly expanding winter wheat harvest. Soybean futures worked higher early last week, though talk that China washed out some U.S. old-crop soybean buys weighed heavily on the market into the holiday weekend. Live cattle rebounded from earlier weakness as cash cattle prices reached their highest level since 2015. Lean hog futures weakened as traders maintained discounts to the cash index, suggesting they sense a seasonal top is near.

Rains ahead of corn pollination

A few waves of rain will move through the Corn Belt during the next two weeks, according to World Weather Inc. The rainfall is not likely to be uniform across the region, though there should be sufficient moisture to support crops in most areas. World Weather says a high-pressure ridge over the Plains and Delta will restrict rainfall in those regions.

Soybean acres could drop even more

USDA cut soybean planted acreage by 2.63 million acres from March intentions. Since 1986, this is the 14th time USDA has cut planted soybean acres in June. In 10 of those years, final acres ended lower than the June estimate by an average of 872,000 acres. With 15.8 million acres of soybeans still to be planted at the time of the survey, odds favor USDA finding fewer soybean plantings when it resurveys some states in July. See [News page 4](#) for details of planted acreage.

June 1 stocks about as expected

June 1 corn stocks: 4.346 billion bu., up 5.7% from last year. Of the total, 2.12 billion bu. (49%) was stored on-farm. Implied third-quarter 2021-22 disappearance was 3.41 billion bu., down nearly 5% from the same quarter last year. USDA revised down March 1 stocks by 94 million bushels.

June 1 soybean stocks: 971 million bu., up 26.3% from year-ago. On-farm stocks at 331 million bu. accounted for 34% of the total. Implied disappearance in the third quarter of 2021-22 was 960 million bu., up 21% from last year.

June 1 wheat stocks (2021-22 ending stocks): 660 million bu., down 22.0% from last year. Implied use in the final quarter of the 2021-22 marketing year of 364 million bu. was down 22% from the same quarter last year.

Ukraine grain export talks continue

The first cargo ship left the Russian-occupied Ukrainian port of Berdyansk last week. But Ukraine's top negotiator called talks to reopen Ukrainian ports "more optimistic than reality." He says Moscow is using the talks to push its ambition to control the Black Sea, noting grain is a better negotiating tool than gas.

Food prices to rise by most since 1980

USDA projects food inflation at 7.5% to 8.5% in 2022, the highest since 1980. Food at home (grocery) prices are expected to rise 8.5% to 9.5% — up 1.5 percentage points on both ends of the range from the previous forecast and the sharpest rise since 1979. Food away from home (restaurant) prices are forecast to increase 6% to 7%, unchanged from last month, but still the biggest rise since 1981.

USDA taps CCC for school meals

USDA will provide an additional \$943 million to schools via its Commodity Credit Corporation (CCC) to buy U.S.-grown foods for their meal programs. This adds to the \$1 billion USDA previously allocated to schools in December 2021.

SCOTUS rules against EPA on climate

The U.S. Supreme Court (SCOTUS) has made it more challenging for EPA to regulate greenhouse gases (GHG) and fight climate change. Justices ruled in favor of Republican-led states and coal companies that asked the court to limit how much EPA can control emissions from power plants. Impact: This increases odds Democrats will push energy and other items in a reconciliation package requiring no GOP votes.

Soft landing possible, not guaranteed

Fed Chair Jerome Powell said there are "pathways" to get inflation in check, but there's "no guarantee" that will happen. He noted there is "risk persistent inflation lets public expectations about prices drift higher." The final estimate for first quarter GDP showed the U.S. economy contracted 1.6%.

Meanwhile, a former Chinese foreign exchange regulator said China must make its monetary policy decisions, including cuts to interest rates and bank reserve requirement ratios, based on the state of its economy, not actions by the Fed.

China's factory sector expands

Official data showed China's factory activity expanded for the first time since February and at the steepest pace in six months. Private data showed the first expansion in four months and the fastest growth since May 2021.

Corn, soybean crop ratings decline

USDA rated 67% of the U.S. corn crop as “good” to “excellent” as of June 26, down three percentage points from the previous week. The portion of crop rated “poor” to “very poor” increased two points to 8%.

Soybeans also dropped three points in the top two categories to 65%, while the bottom two increased two points to 8%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop fell 6.7 points to 369.5, which was 2.8 points below the five-year average. The soybean crop declined 5.4 points to 360.6, which was still 0.4 point above average.

Spring wheat crop ratings fall

USDA’s “good” to “excellent” rating for the U.S. spring wheat crop was unchanged at 59%. The “poor” to “very poor” rating increased two points to 8%. On our weighted CCI, the spring wheat crop dropped 3.8 points to 360.4, though that was still 17.9 points above the five-year average which was pulled down by last year’s drought-ridden crop.

Cotton crop conditions deteriorate

USDA rated just 37% of the U.S. cotton crop “good” to “excellent,” down three points from the previous week. The portion of crop rated “poor” to “very poor” rose four points to 30%. On our weighted CCI, the cotton crop fell 12.4 points to 324.4, which is 22.8 points below average for the date.

Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Madison Co. (south-central) Iowa:

“Drove north in Iowa... it’s gonna be a huge crop if we catch a rain here and there. If you look close between the hedge trees and rocks it looks good around here.”

East-central Illinois:

“Drove from central Illinois to southern Georgia. Extremely dry down to Effingham, Illinois. Crops are much further behind from Effingham through southern Illinois. Well over 50% of wheat in Kentucky was harvested on our route. Corn is shooting tassels in Tennessee and Kentucky.”

Northeast Ohio:

“Lawns went brown seemingly overnight. But so far in my area, crops still look ok, though some corn is rolling leaves.”

Adair Co. (north-central) Missouri:

“We can’t buy a rain between Cayuga and Seneca Lakes. There’s also a lot of rolled up corn across southern Iowa and central Illinois. Lawns are burning up.”

Gas demand slowing ethanol output

U.S. ethanol production averaged 1.051 million barrels per day (bpd) for the week ended June 24, down 0.7% from last year. The four-week average, which was also 1.051 million bpd, was virtually in line with last year.

The problem for ethanol is tied to gasoline demand, which was 2.0% under year-ago during the four-week average. Given record gas prices, consumers are traveling less during the peak summer driving season. Unless that changes, ethanol production will slump as plants slow production to avoid a backlog of supplies. Ethanol stocks are down 14.3% from their spring peak but are 5.4% above year-ago.

Indonesia may raise palm fuel blend

Indonesia is considering expanding the mandatory palm oil mix in its biodiesel to 35%, which would be up five percentage points from the current level, a government official said. The world’s biggest palm oil producer was looking at increasing the biodiesel mandate to cut fuel import costs and absorb palm oil stockpiles, which ballooned after Indonesia stopped exports of crude palm oil and some other derivatives for three weeks in a bid to contain soaring domestic cooking oil prices. This is a classic case of why government supply management can quickly go awry.

Russian wheat export forecast raised

SovEcon raised its forecast for 2022-23 Russian wheat exports by 300,000 MT to a record 42.6 million metric tons (MMT). The Russia-based consultancy forecasts wheat production at a record 89.2 MMT, which will provide more exportable supplies. Besides the record crop, Russian wheat exports will be supported by “the extremely limited presence of Ukrainian wheat on the export market due to the war. Our baseline scenario assumes that the country’s terminals will remain closed in the near future,” SovEcon said.

The likely reduction of Russian export duties in 2022-23 could significantly accelerate its exports, while the biggest obstacle at the start of the season could be problems with chartering vessels, SovEcon said. Ship owners remain wary of sending vessels to the region amid military operations and the risk of sanctions.

Russia may adjust export tax plans

Russia may set the base price for calculating its wheat export tax at 15,000 roubles (\$286) per metric ton, *Interfax* news agency reported. Russia’s ag ministry determines the amount of the wheat export duty on a weekly basis, using price indicators reported by traders.

According to a draft document seen by *Interfax*, Russia could also extend its duty on sunflower oil exports by a year until the end of August 2023.



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U.S. hog herd continues to contract with no signs of expansion

Hogs & Pigs Report	USDA actual (% of year-ago)	Trade expected
Inventory —		
All Hogs/Pigs	99.1	99.3
Breeding	99.2	98.9
Marketing	99.1	99.3
Pig Crop —		
March-May	99.0	99.1
Pigs/litter	100.5	100.6
Farrowings —		
March-May	98.6	98.6
June-Aug. Ints.	99.0	99.4
Sept.-Nov. Ints.	98.6	99.8
Market Hog Inventory —		
Under 50 lbs.	98.7	99.4
50-119 lbs.	99.4	99.4
120-179 lbs.	99.3	99.9
180 lbs. plus	99.2	98.6

USDA's Hogs & Pigs Report estimated the U.S. hog herd at 72.5 million head as of June 1, down 629,000 head (0.9%) from year-ago. The market hog inventory at 66.5 million head declined 0.9%, while the breeding herd dropped 0.8%.

The spring pig crop declined 1% from last year to 32.9 million head. Spring farrowings fell 1.4%, while pigs per litter rose 0.5% to a record for the period.

Producers intend to reduce the number of sows farrowed by 1.0% during summer and 1.4% next fall. Both of those were slightly less-than-expected reductions.

Market hog inventories were heavier than expected for hogs immediately coming to market, but lower for the lighter categories. The figures signal hog slaughter should run around 1% under year-ago through winter.

There is no reason to think the U.S. hog industry and the supply of hogs and pork will increase through the first half of 2023.

USDA revised up the March 1 hog population by 410,000 head and the Dec. 1 figure by 300,000 head. These changes don't mean a great deal, since the increased numbers have already worked through the marketing chain.

Placements drop more than expected

USDA estimated there were 11.8 million head of cattle in large feedlots (1,000-plus head) as of June 1, up 142,000 head (1.2%) from year-ago but 17,000 head less than the average pre-report estimate implied. May placements fell 2.1%, whereas traders expected just a 0.4% drop.


Placements dropped a combined 50,000 head in Kansas (-25,000 head), Colorado (-25,000), Texas (-5,000) and Nebraska (+5,000),

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate
On Feed June 1	101.2	101.4
Placed in May	97.9	99.6
Mkted in May	102.4	103.0

while they declined 9,000 head in other states.

SCOTUS won't hear R-CALF checkoff case

The U.S. Supreme Court denied a petition by the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF) to hear a case alleging checkoff dollars were subsidizing "private speech" by third-party groups that support the consolidation of the cattle and beef industry. "For too long we have allowed R-CALF and their attorneys to divide our industry and draw attention away from the important job of beef promotion and research," said Colin Woodall, chief executive officer of the NCBA.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Aug.	Sept.	Oct-Dec.
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	6.97	7.65	8.09	7.50	7.00	6.50
Omaha, NE, bushel	6.79	8.16	7.90	7.75	7.20	6.65
Dried Distillers Grain, IA, \$/ton	172.71	225.00	219.64	--	--	--
SOYBEANS						
Central Illinois, bushel	14.46	16.81	17.09	16.75	16.25	14.50
Memphis, TN, bushel	14.90	16.81	16.74	16.85	16.35	14.60
Soymeal, 48% Decatur, ton	353.40	457.10	451.60	450	435	420
WHEAT						
Kansas City, HRW, bushel	6.74	10.71	10.34	10.50	10.60	10.75
Minneapolis, 14% DNS, bushel	9.80	12.93	12.15	11.75	11.85	12.00
St. Louis, SRW, bushel	6.78	9.68	9.07	9.25	9.35	9.50
Portland, Soft White, bushel	8.25	11.25	10.43	10.50	10.60	10.75
Durum, NE MT HAD, 13%, bu.	7.31	12.67	11.53	11.50	11.25	11.00
SORGHUM , Kansas City, cwt.	11.58	12.35	11.59	11.50	11.25	11.00
COTTON , 11/16 SLM, 7 area, ¢/lb.	84.03	125.02	106.03	110.00	105.00	105.00
RICE , nearby futures, cwt.	13.18	16.13	16.21	17.00	17.00	17.25
BARLEY , MT, G.T., malting, bu.	--	8.75	8.75	8.50	8.25	8.00
OATS , Minneapolis No. 2 heavy, bu.	4.00	6.92	6.85	6.50	6.50	6.25
ALFALFA , NW Iowa, lg. sq. prem., ton	205.00	--	197.50	200	200	200
SUNFLOWERS , Fargo, ND, cwt.	26.55	40.25	42.00	39.00	34.00	32.00
HOGS , Nat'l carcass 51%-52% cwt.	111.54	108.76	110.17	103.00	96.00	85.00
FEEDER PIGS , 40 lbs., Nat. avg. head	67.36	65.43	66.87	62.00	66.00	75.00
CHOICE STEERS , feedlots, cwt.	125.47	143.67	144.55	132.00	134.00	137.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	143.90	164.40	169.45	167.00	170.00	175.00
Steers, 500-550 pounds, cwt.	168.42	189.71	187.22	184.00	180.00	185.00
Heifers, 450-500 pounds, cwt.	144.33	169.55	176.23	172.00	170.00	173.00
COWS , utility, Sioux Falls, SD, cwt.	68.30	83.94	87.37	85.00	82.00	75.00
MILK , Class III, CME spot month, cwt.	16.78	23.27	22.62	23.50	24.00	25.50
LAMBS , Slg., San Angelo, TX, cwt.	220.00	157.50	--	--	--	--
ENERGY						
Ethanol, IA, gallon	2.21	2.74	2.67	--	--	--
Farm diesel, U.S., gallon	2.67	5.18	5.15	5.10	5.13	5.15
<i>*Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions.</i>						

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Fewer soybean acres drive decline in total plantings

By Editor Brian Grete

Farmers didn't plant as many acres to corn and soybeans as the market anticipated. Combined corn and soybean acres declined 2.2 million acres from March intentions to 178.2 million acres, whereas traders expected seedings to be virtually steady with March intentions.

USDA estimated total area planted to principal crops at 316.3 million acres, down 1.1 million acres from March and 876,000 acres fewer than producers seeded in 2021.

Corn plantings increase slightly from March

USDA estimated corn plantings at 89.921 million acres, up 431,000 acres from March intentions but down 3.436 million acres from last year. USDA said as of June 1, there were still 4.027 million acres of corn left to plant.

Corn acreage changes from March Prospective Plantings		
	Change	Mil. Ac.
Illinois	0	10.7
Indiana	0	5.1
Iowa	+100,000	12.7
Kansas	0	5.4
Michigan	0	2.25
Minnesota	+500,000	8.3
Missouri	+100,000	3.6
Nebraska	0	9.7
N. Dakota	-600,000	3.0
Ohio	+50,000	3.4
S. Dakota	-300,000	5.9
Wisconsin	+300,000	4.0

USDA expects 81.940 million acres of corn to be harvested for grain — 91.1% of planted acreage.

USDA estimated corn acreage increased versus March intentions in five of the top 12 production states — Iowa, Minnesota, Missouri, Ohio and Wisconsin. Corn acreage

declined from March in two states — North Dakota and South Dakota. Acreage was unchanged in Illinois, Indiana, Kansas, Michigan and Nebraska.

Soybean plantings fall sharply vs. March intentions

USDA estimated soybean plantings at 88.325 million acres, down 2.63 million acres versus March intentions and 2.121 million acres fewer than traders anticipated. USDA says on June 1, there were 15.806 million bean

Soybean acreage changes from March Prospective Plantings		
	Change	Mil. Ac.
Arkansas	-50,000	3.2
Illinois	+200,000	11.2
Indiana	-50,000	5.85
Iowa	-100,000	10.3
Kansas	0	5.0
Michigan	-100,000	2.25
Minnesota	-500,000	7.5
Missouri	-200,000	5.9
Nebraska	-100,000	5.6
N. Dakota	-1,100,000	5.9
Ohio	-150,000	4.95
S. Dakota	-200,000	5.5
Wisconsin	-50,000	2.25

acres left to plant.

USDA estimated soybean acreage fell short of March intentions in 11 of the top 13 production states, with North Dakota and Minnesota accounting for 61% of the total decline. In the top 13 states, producers planted more than originally intended only in Illinois.

Spring wheat acres decline modestly from March

USDA estimated other spring wheat plantings at 11.110 million acres, down 90,000 acres from March but 266,000 acres more than traders anticipated.

Other spring wheat acres exceeded March intentions in North Dakota (up 200,000 acres) and South Dakota (up 40,000). Acres fell short of intentions in Minnesota (down 10,000 acres), Montana (down 300,000 acres) and Washington (down 20,000 acres from March intentions). Other spring wheat acres matched intentions in Idaho.

U.S. durum plantings at 1.976 million acres increased a modest 61,000 acres versus March intentions.

Cotton acres rise more than traders expected

USDA estimated cotton seedings at 12.478 million acres, up 244,000 acres from producers' March intentions and 178,000 acres higher than traders expected.

Compared to March intentions, all cotton acres increased 300,000 acres in Texas and were unchanged in Georgia.

USDA's first harvested acreage estimate for cotton will be released in the August Crop Production Report.

Other crops... sorghum acres top March intentions

USDA estimated producers planted 6.305 million acres to sorghum, up 105,000 acres from March intentions. Acreage was unchanged from producers' original intentions in both Texas and Kansas, which account for more than three-quarters of U.S. sorghum acres.

USDA to resurvey acres in some northern states

USDA will collect updated data on acres planted to select crops in Minnesota, North Dakota and South Dakota. A portion of acres were left to plant at the time of the June survey. USDA will resurvey for barley, canola, corn, dry edible beans, oats, sorghum, soybeans, sunflowers, durum and other spring wheat. If the newly collected data justifies any changes, USDA will update its acreage estimates in the Aug. 12 Crop Production Report.

Low response rate to USDA's survey a concern

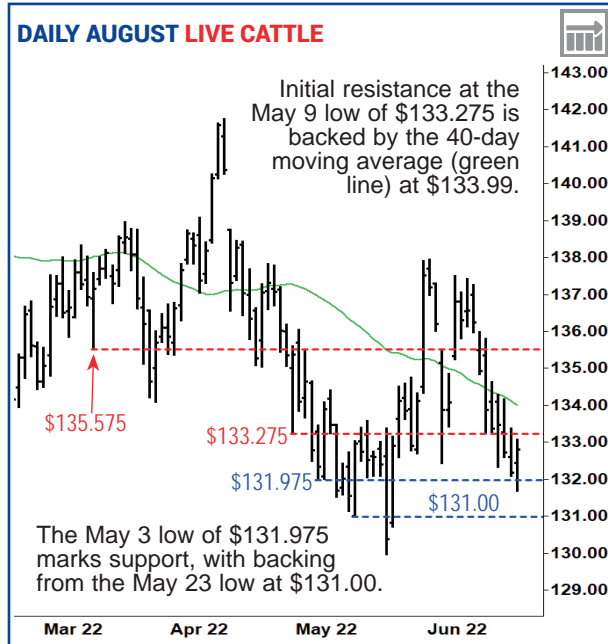
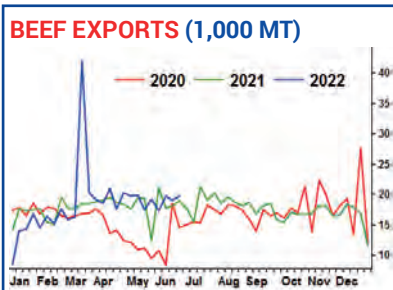
The farmer response rate to USDA's June Acreage survey was low and a cause for concern. The fewer responses USDA receives, the more inferences it must make in estimating planted acreage. This increases attention on FSA certified acreage, which will start to be released in August — and could lead to larger adjustments to acreage estimates.

CATTLE - Fundamental Analysis

USDA's Cold Storage Report indicated U.S. beef demand remains weak, again reflecting the negative impact of elevated retail prices. Soaring ground beef prices are hammering consumer budgets, while May retail beef quotes topped year-ago levels by 10.9%. The chart shows U.S. exports have remained strong, but it's apparently not offsetting domestic demand weakness. Pessimism about the demand outlook is depressing cattle futures, though strong signs of tight market-ready cattle supplies are providing support. We still favor hedging planned fourth-quarter marketings on strength.

Position Monitor

Game Plan:	Feds Feeders	
Be prepared	III'22	0%
to hedge the	IV'22	0%
correction	I'23	0%
	II'23	0%
in December live cattle futures. Let the upside become exhausted before adding hedges.		

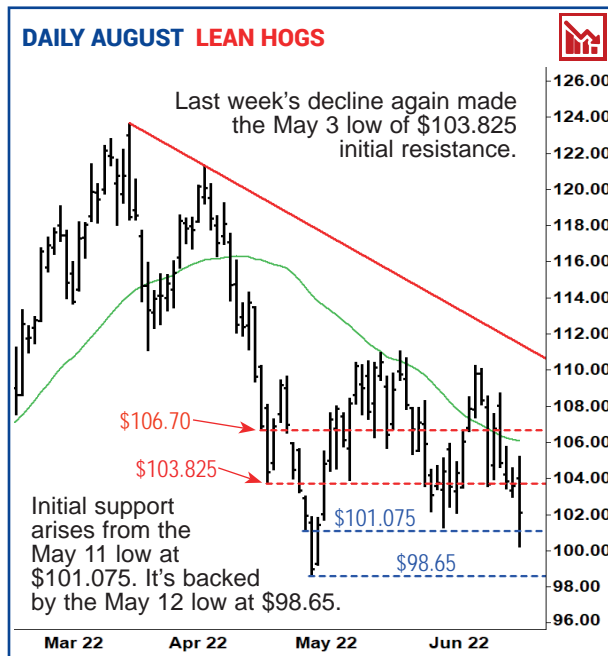
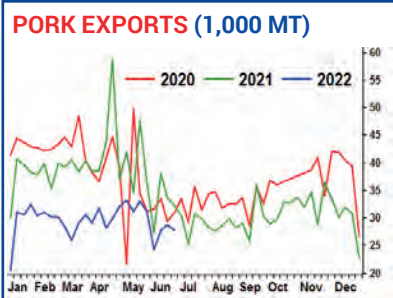


HOGS - Fundamental Analysis

Although early-June hog slaughter averaged about 3% below year-ago levels, the quarterly USDA Hogs & Pigs Report implied domestic hog supplies will average about 1% under 2021 levels over the next six months. Elevated retail pork prices, up 12.2% annually in May, are stifling domestic demand as well. But as the chart shows, the hog and pork complex is getting little help from the export market, since shipments have continually run below early 2021 levels. Recent events seemingly favor sustained cash and wholesale price firmness into early July, but a seasonal downturn is looming.

Position Monitor

Game Plan:	Lean Hogs	
Futures should	III'22	0%
strengthen seasonally	IV'22	0%
into mid-summer.	I'23	0%
Traders have summer-month hog futures trading at discounts, so hedges should wait.	II'23	0%



FEED

Feed Monitor

Corn

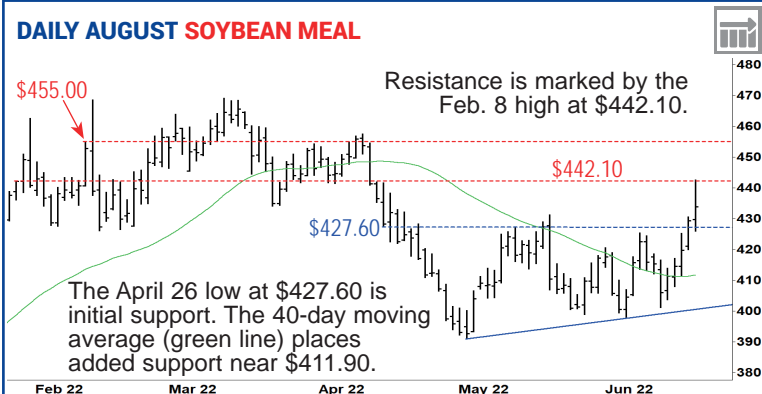
III'22	0%
IV'22	0%
I'23	0%
II'23	0%

Corn Game Plan: Prepare to go hand-to-mouth on corn-for-feed needs when coverage runs out mid-June. We're willing to wait on an extended pullback before extending coverage.

Meal

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

Meal Game Plan: You are hand-to-mouth on soybean meal needs. A retest of the May low would be an opportunity to extend coverage.



Position Monitor

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

Game Plan: Get current with advised old- and new-crop cash sales and hedges as there is more near-term downside risk. Old-crop inventories are down to gambling stocks that will likely be held in case of a summer weather rally. Additional new-crop sales will likely wait until after the crop moves into pollination. The recent sharp drop in prices suggests traders aren't concerned despite spreading dryness/drought.

DAILY DECEMBER CORN

The June 30 breakdown flipped support at the March 29 low of \$6.31 to initial resistance. It's backed by the March 30 low at \$6.51 1/2.



DAILY MARCH CORN

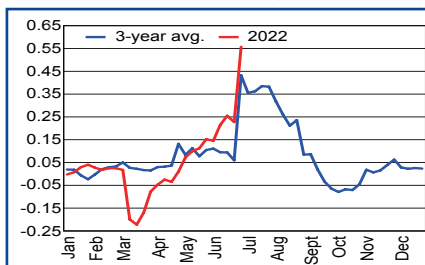
The March 29 low at \$6.35 now represents initial resistance.



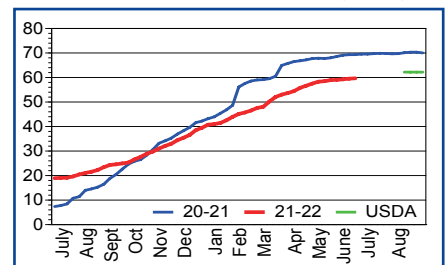
CORN - Fundamental Analysis

Weak demand and active fund long liquidation, as well as slightly higher-than-expected planted acres dealt a blow to bulls' hopes, as December futures tumbled near a four-month low. Near-term Midwest weather outlooks aren't especially concerning and combined with continued disappointing export sales, argue for further downside pressure, possibly even a test of \$6.00. Continued Midwest dryness into mid-July as pollination nears could help spur short-term rallies, and the long July 4 weekend could generate some extra volatility. But most likely the market has established major highs and futures could face increased price pressure.

AVERAGE CORN BASIS (SEPTEMBER)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

	'22 crop	'23 crop
Cash-only:	85%	30%
Hedgers (cash sales):	85%	30%
Futures/Options	15%	0%

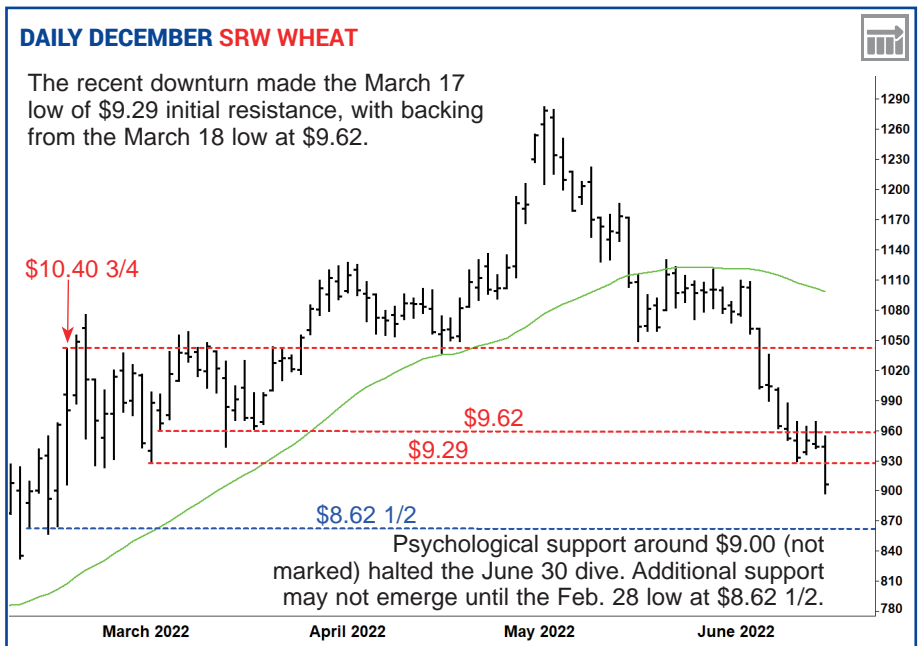
Game Plan: Get current with advised sales. Seasonal pressure from a rapidly advancing harvest and persistently weak export demand could weigh on futures and basis. Wait on an extended price rebound to advance sales.

WHEAT - Fundamental Analysis

SRW — Reports of Ukraine shipping a cargo of grain out of the Black Sea after Russia's months-long blockade amplified bearish sentiment in the wheat complex. September SRW futures posted a third straight weekly decline and made late-2021 levels the next logical downside targets for bears.

DAILY DECEMBER SRW WHEAT

The recent downturn made the March 17 low of \$9.29 initial resistance, with backing from the March 18 low at \$9.62.



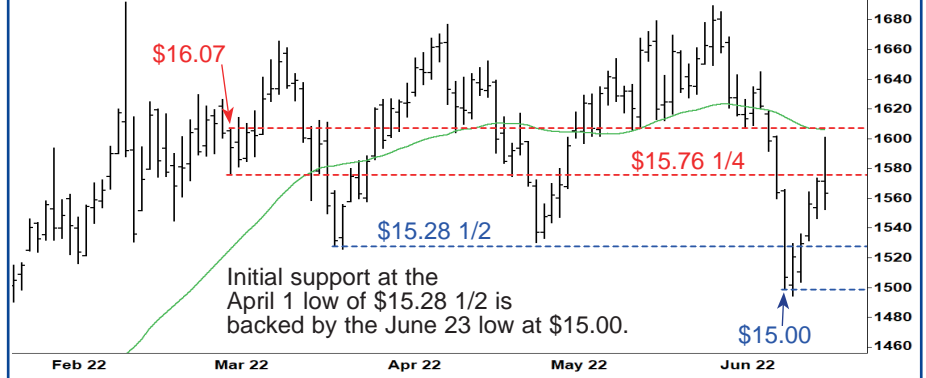
Position Monitor

	'21 crop	'22 crop
Cash-only:	85%	50%
Hedgers (cash sales):	95%	50%
Futures/Options	0%	10%

Game Plan: Get current with advised old- and new-crop sales. Old-crop bushels are down to gambling stocks that likely will be held into mid-summer in case of a weather scare. Seasonally, July tends to slightly favor bears, but the direction the corn market takes is likely to be the best indicator of soybean price action. An August weather threat could recharge bulls since acreage isn't as big as once thought.

DAILY AUGUST SOYBEANS

Initial resistance at the March 15 low of \$15.76 1/4 is backed by stiffer resistance at the 40-day moving average (green line) near \$16.06 and the March 15 high at \$16.07.



DAILY NOVEMBER SOYBEANS

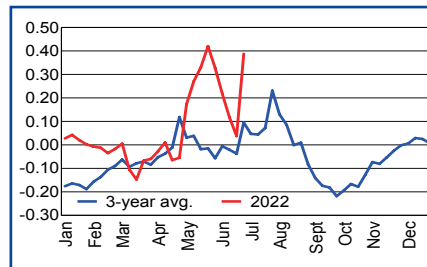
The March 21 low at \$14.66 1/4 marks initial resistance.



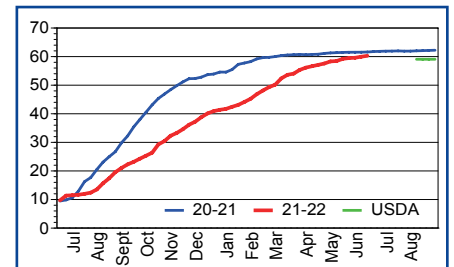
SOYBEANS - Fundamental Analysis

November soybeans were on their way to their first weekly gain in three after USDA's surprisingly sharp cut to estimated plantings. Late seedings and a high amount of unplanted ground (15.8 million acres as of June 1) cast extra uncertainty over where U.S. plantings ultimately end up. Weather will remain a focal point, though August is more important to soybeans than July. Unconfirmed rumors China purchased Brazilian soybeans and washed out some U.S. old-crop purchases hit the market ahead of the Independence Day weekend. Bulls must defend support at the June lows to keep futures from rolling over and extending to the downside.

AVERAGE SOYBEAN BASIS (AUGUST)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY DECEMBER HRW WHEAT

Initial resistance is at the March 16 low of \$10.08.

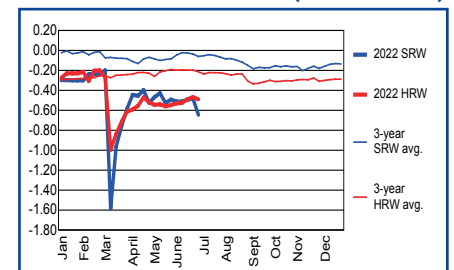


DAILY SEPTEMBER HRS WHEAT

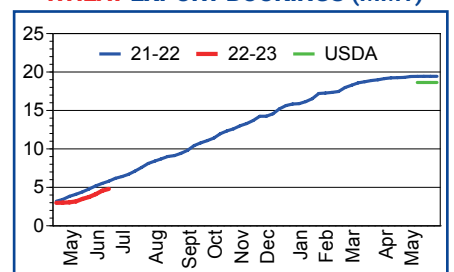
The March 21 low at \$10.35 marks initial resistance.



AVERAGE WHEAT BASIS (SEPTEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — USDA's slightly lower-than-expected U.S. winter wheat planted acreage estimate did little to stem heavy bearish headwinds from the accelerating harvest and soft export demand. HRW harvest should be well over half finished, meaning harvest pressure may abate somewhat, but prices likely face more near-term downside.

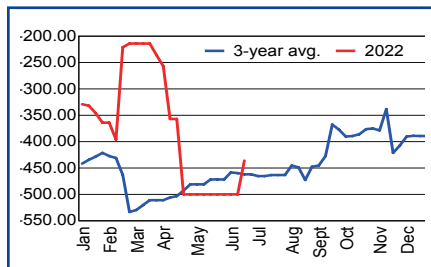
HRS — September HRS futures led the wheat complex lower last week after USDA's higher-than-expected other spring wheat acreage estimate. But similar to the situation in soybeans, USDA's plan to collect more survey data in July makes acreage a bit of a moving target. USDA's July 12 Crop Production Report will be a key near-term market factor.

Position Monitor

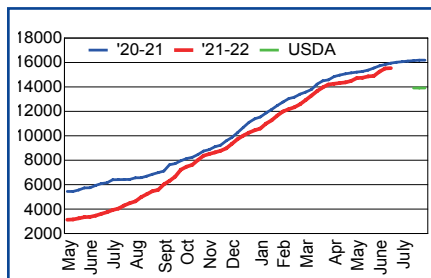
	'21 crop	'22 crop
Cash-only:	100%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Additional cash sales will wait for signs the upside is exhausted based on the December contract.

AVERAGE COTTON BASIS (OCTOBER)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Poor weekly export sales didn't help the cotton market last week, while shipments likely haven't been strong enough to avoid a downward revision to USDA's 2021-22 export forecast. The revised acreage estimate at 12.48 million acres looked negative for futures.

GENERAL OUTLOOK

Economy. The latest Consumer Confidence Index from the Conference Board fell below 100, to 98.7, for the first time since March 2021. It routinely ran below that level at the height of the pandemic, so this latest result doesn't seem terribly worrisome.

However, the comparative stability arose from the Present Situation Index, which slipped from 147.4 to 147.1. Much more worrisome was the Expectations

Index reflecting consumers' short-term outlook concerning income, business and labor market conditions. As the chart shows, it fell from 73.7 to 66.4, thereby marking its lowest reading since March 2013.

This bodes ill for the economic outlook, since consumers react to such expectations by tightening their purse strings in anticipation of harder times. That often translates into a recession.

FROM THE BULLPEN By Market Analyst Bruce Blythe

During July, market bears have historically held the upper hand over bulls in corn and soybeans futures, based on the September and August contracts, respectively. In SRW wheat, it's pretty much a dead heat.

Since 1980, September corn futures ended the month of July lower versus the June close 28 times (with an average net loss of 10%), while gaining 14 times (an average net gain of 8.7%). Over the past 10 years, September corn ended July lower eight times and rose twice.

August soybeans posted declines during July in 24 years since 1980 (average net loss of 8.2%), while gaining 18 times (average net gain of 6.9%). Over the past 10 years, August soybeans fell six times in July and gained four times.

For September SRW wheat, prices split the post-1980 scorecard, posting net gains and losses 21 times each. It was also a split decision during the past 10 years. Over the 42 years, 21 years with gains averaged advances of 8.1%, whereas losses averaged 7.4% in the 21 down years.

Corn futures' historical tendency to slip in July reflects the crop's usual ability to complete critical pollination with few weather problems, thus setting up the crop for a strong harvest.

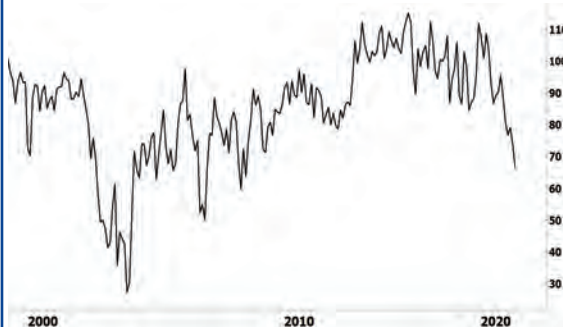
Soybeans tend to hold up slightly better in July because there's usually more weather uncertainty with the crop's important reproductive phases mostly in August. Late July heat can still cause problems for soybeans.

DAILY DECEMBER COTTON

Initial resistance at the psychological 100.00¢ level (not marked) is backed by the March 14 low at 100.85¢.



MONTHLY CONSUMER EXPECTATIONS INDEX



WATCH LIST

1	Independence Day Holiday Markets, gov't offices closed.	MON 7/4
2	USDA Crop Progress Report Corn ratings mean more in July.	TUE 7/5 3:00 p.m. CT
3	USDA Ag Trade Data Ag exports, imports for May.	THUR 7/7 10:00 a.m. CT
4	USDA Export Sales Report Corn, soybean sales in focus.	FRI 7/8 7:30 a.m. CT
5	June Employment Data Wage inflation our primary focus.	FRI 7/9 7:30 a.m. CT

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