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Grain, soybean futures retreat — *March soybean futures spiked the January high early last week, but failed to find sustained buyer interest above $15.50 and retreated. March corn futures failed to clear their January high at $6.88 3/4 and faded to weekly losses. While crop problems in Argentina are supportive, Brazil is producing record crops. It's likely going to take a new catalyst to extend corn and soybeans above those price levels. Recent corrective buying in the winter wheat markets faded and wheat retreated. The near-term upside is likely tied to any concerns with the Black Sea grain export deal being extended. Live cattle futures posted new contract highs early last week but then paused as traders waited on confirmation of higher cash trade. Hog futures worked higher amid the start of a seasonal climb in cash prices.*

Status quo South American weather

Unusually cold temps occurred in southwest Argentina Friday, though World Weather says they didn't get low enough to cause crop damage. Forecasts call for dry conditions across the country through the middle of this week. Rains the latter part of this week will provide only temporary relief.

Central Brazil is forecast to remain wet, which will continue to slow soybean harvest and safrinha corn planting.

News page 4 has an in-depth look at South American crops.

U.S. objects to new Mexico corn law

U.S. officials were "disappointed" by Mexico's new corn decree that scrapped a deadline to block GMO corn imports for feed and industrial use but retained its ban for human consumption. The U.S. will continue to press Mexico to change its law to include GMO corn for human consumption and could bring action via the U.S.-Mexico-Canada Agreement (USMCA). Mexico maintains the new decree does not violate USMCA as it does not affect imports since the country is self-sufficient in white corn used for food.

U.S. backs down on balloon stance

President Joe Biden said there is no evidence of foul play with four aerial objects the U.S. recently shot down. Biden intends to speak with Chinese President Xi Jinping to defuse tensions over the situation with an alleged Chinese spy balloon.

Black Sea grain talks this week

Negotiations will start this week on extending the Black Sea grain export deal, which is set to expire March 18. With Russia set to export a record amount of wheat during the second half of the 2022-23 marketing year, it has incentive to drag its feet in an attempt to raise wheat prices.

PF acreage survey sent via e-mail

You should have received our annual spring acreage survey via e-mail last week. Please fill out the survey with your current planting intentions. We'll cover results and our acreage forecasts ahead of USDA's March 31 Prospective Plantings Report.

Markets change tune on Fed path

The U.S. consumer price index (CPI) climbed 0.5% in January. Core CPI, which excludes volatile energy and food prices, rose 0.4% from December. The U.S. producer price index rebounded 0.7% in January, the largest monthly increase in wholesale prices since June. Meanwhile, U.S. retail sales unexpectedly jumped 3% in January, the biggest monthly increase since March 2021.

Inflation figures are well off their 2022 peaks as the Fed's aggressive rate hikes have shaved the top off consumer and producer prices. But sticky inflation combined with the strong labor market and resilient retail sales suggest the monetary tightening will persist longer than markets expected. That rallied the U.S. dollar index nearly 4% off its recent lows.

GAO: Reduce crop insurance costs

The General Accountability Office (GAO) released a report identifying changes to crop insurance it says Congress could make to reduce the programs costs and fund other priorities like climate programs. GAO recommended: 1) reducing crop insurance subsidies to high-income participants by creating an income limit; and 2) adjusting compensation to insurance companies to better align with market rates.

USDA taps conservation spending

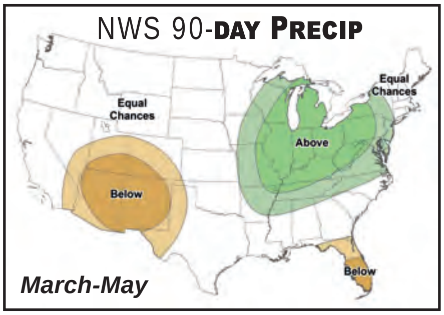
USDA tapped $850 million under several conservation programs — Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), Agricultural Conservation Easement Program (ACEP) and Regional Conservation Partnership Program (RCPP) — provided via the Inflation Reduction Act. This marks the first installment of $19.5 billion Congress approved.

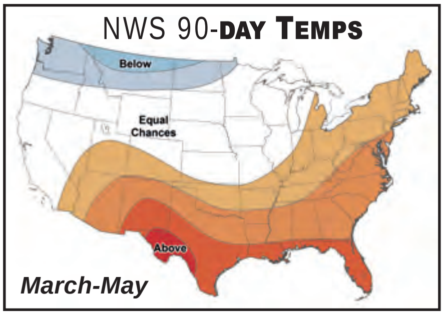
USDA announces CRP general signup

USDA's general signup for the Conservation Reserve Program (CRP) will run from Feb. 27 to April 7. There are currently 23 million acres enrolled in CRP, with 1.9 million set to expire this year. USDA is aiming to reach the 27-million-acre statutory cap for fiscal year 2023.

NWS offers hopes of better weather

The National Weather Service 90-day forecast continues to give elevated odds of above-normal temps across HRW areas of the Southern Plains through May. But the area expected to see below-normal precip is smaller and has shifted west to cover only the far southwestern portion of the region. Areas of the Central Plains and Northern Plains are expected to see "equal chances" for above-, below- and normal precip from March through May. Equal chances of temps are forecast for most of those areas, though North Dakota through the Pacific Northwest are likely to be colder than normal.





NWS says spring weather is likely to feature "equal chances" of temps over the central Corn Belt, with above-normal readings across the far southern and eastern areas of the region. The precip outlook calls for above-normal rainfall over the eastern two-thirds of the Corn Belt, with "equal chances" for the other locations of the region.

The Seasonal Drought Outlook calls for drought to persist or develop over the western HRW areas of the Southern and Central Plains through May. Drought improvement or removal is likely over eastern and northern HRW areas and the western Corn Belt during spring.

Drought footprint gradually receding

As of Feb. 14, 57% of the U.S. was covered by abnormal dryness/drought. USDA also estimated 57% of U.S. winter wheat areas were covered by drought. Drought coverage for winter wheat included 17% "moderate" (D1), 12% "severe" (D2), 13% "extreme" (D3) and 14% "exceptional" (D4).

In HRW areas, dryness/drought covered 93% of Kansas (55% D3 or D4), 59% of Colorado (2% D3, virtually no D4), 85% of Oklahoma (37% D3 or D4), 77% of Texas (9% D3 or D4), 100% of Nebraska (40% D3 or D4), 100% of South Dakota (0% D3 or D4) and 95% of Montana (4% D3, no D4). No SRW states have D3 or D4 drought conditions.

NCC: Cotton acreage to fall 17%

Based on its annual producer survey, the National Cotton Council (NCC) projects U.S. cotton acreage will decline 17% this year to 11.4 million acres. NCC said lower prices compared to competing crops was the primary reason for expected acreage reductions, noting price ratios of cotton to corn and soybeans are the lowest since 2009.

Farmers in all four regions surveyed by NCC indicated they would sharply reduce cotton seedings, led by an expected 33.7% plunge in the West. Texas acreage is expected to fall 21.2%.

Using five-year average abandonment rates along with a few state-level adjustments to account for current dry conditions, NCC says cotton harvested area would total 8.8 million acres — a hefty 22.6% abandonment rate. Using the five-year average state-level yield would generate a cotton crop of 15.7 million bales this year.

How NCC's survey stacks up with USDA's acreage data

Since 2000, the NCC survey was below USDA's March planting intentions 16 times and above seven years, with the average difference being about 146,000 acres too low. The range of misses during that span was 1.2 million acres too low in 2017 to nearly 1.1 million acres too high in 2007. Compared to final plantings since 2000, the average miss is about 137,000 acres too low, though the range extends from 2.2 million acres too low in 2011 to nearly 2.4 million acres too high in 2007.

India cotton production trimmed

India is likely to produce 32.15 million bales (25.12 million bale U.S. equivalent) of cotton in 2022-23, down 2.7% from its earlier estimate, the Cotton Association of India (CAI) said, as adverse weather hurt yields. The drop in output is likely to lead to lower cotton exports, allowing rivals such as the U.S., Brazil and Australia to increase cargoes to key Asian buyers such as China and Pakistan. India's cotton exports in 2022-23 could fall to 3 MMT from 4.3 MMT last year, CAI said.

IGC cuts global corn, bean crop pegs

The International Grains Council (IGC) cut its forecast for 2022-23 global corn production by 8 million metric tons (MMT) to 1.153 billion metric tons, driven by downward revisions for crops in the U.S. and Argentina. Global corn production is now forecast to decline 67 MMT from 2021-22.

IGC cut its 2022-23 global soybean production forecast by 7 MMT to 378 MMT, which would still be up 22 MMT from last year, also driven by a smaller U.S. crop estimate and diminished prospects in Argentina.

IGC's initial projections for 2023-24 include a slight uptick in global corn planted area. Its world wheat outlook in 2023-24 calls for smaller supplies and a tightening of ending stocks. IGC expects sharp year-over-year declines in planted area in Ukraine, making the global supply outlook "uncertain."

NOPA soy crush disappoints again

Members of the National Oilseed Processors Association (NOPA) crushed 179.0 million bu. of soybeans in January. While that was up 1.5 million bu. (0.8%) from December, it dropped 3.2 million bu. (1.8%) from January 2022 and was shy of the 181.7 million bu. traders expected.

NOPA data implies the full January crush at about 189 million bushels. If confirmed, that would push crush for the first five months of 2022-23 to 930.2 million bu., down 1.5% from the same period last year. Over the final seven months of the marketing year, crush would need to run 3.2% above year-ago to hit USDA's forecast of 2.230 billion bushels. Given the current pace, we've reduced our crush forecast by 10 million bu. to 2.220 billion bu., though we expect that to be fully offset by bigger soybean exports.

India soymeal exports surge

India's soymeal exports in the first four months of the 2022-23 marketing year, which began Oct. 1, totaled 631,000 MT, nearly matching the 644,000 MT exported the previous year, according to the Soybean Processors Association of India. India's soybean meal exports are expected to total a combined 500,000 MT in February and March as prices are cheaper than shipments from Argentina, the world's largest exporter, due to its drought. If global prices remain at current levels, Indian exporters may ship more than 2 MMT of soymeal in 2022-23.

China issues ag policy blueprint

In its annual ag policy blueprint, known as the "No. 1 document," China's State Council reiterated its stance on stabilizing the country's food security. To achieve that, China must:

- Boost domestic grain output by 50 MMT to 700 MMT.
- Boost domestic output of soybeans/other edible oils.
- Raise corn yields, further support wheat farmers and "vigorously" promote rapeseed production, as well as lesser-known oilseed crops such as camelia.
- Speed up commercialization of biotech corn and soybeans.
- Fully implement a campaign to reduce soymeal rations in feed to reduce dependence on imported soybeans.
- Protect soil, conserve water and increase use of arable land.
- Develop indoor farms, with plans to explore building such facilities in the Gobi and other deserts.

China starts small with GMO corn

China will likely plant less than 1% of its corn fields with genetically modified varieties this year, two people familiar with the plans told *Reuters*, far less than the full commercial rollout many expected. The ag ministry has designated around 4 million mu (267,000 hectares or 660,000 acres) to be planted with GMO corn in certain areas of Inner Mongolia, Jilin, Hebei and Yunnan provinces.

CBO outlays for trillion-dollar farm bill

For the 10-year period beginning with fiscal year 2024, the Congressional Budget Office (CBO) projects total outlays for USDA Mandatory Farm Programs, Conservation Programs, and the Supplemental Nutrition Assistance Program (SNAP) will be approximately $1.4 trillion, an increase of nearly 65% or $559 billion from the score of the 2018 Farm Bill at enactment. Once outlays related to the Inflation Reduction Act (IRA) are included with other miscellaneous farm bill titles, the total cost of the next farm bill is expected to approach a record $1.5 trillion.

- **Nutrition:** Based on the 10-year period of 2024 to 2033, SNAP spending is nearly 82% larger than the 2018 Farm Bill score at enactment of $663 billion.
- **Farm programs:** Crop insurance outlays including delivery expenses, premium cost-sharing, and underwriting gains across fiscal years 2024 to 2033 are projected at $97 billion, representing 7% of total expected outlays. Outlays for commodity support programs such as Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC), Dairy Margin Coverage, and Livestock and Tree Disaster Programs, among others, are estimated at $62 billion across fiscal years 2024 to 2033, approximately 4% of the total score.
- **Conservation:** Outlays for conservation programs, not including additional budget authority and payments related to IRA, such as the Conservation Reserve Program, the Environmental Quality Incentives Program or the Conservation Stewardship Program, among others (and including sequestration) are estimated at $57.5 billion from fiscal years 2024 to 2033.

CBO weighs in on debt limit timeline

CBO estimated the federal government will exhaust its ability to borrow more money and will be in danger of defaulting on the national debt at some point between July and September. This is later than previous forecasts from the Treasury Department. However, CBO noted, "The projected exhaustion date is uncertain because the timing and amount of revenue collections and outlays over the intervening months could differ from CBO's projections. In particular, income tax receipts in April could be more or less than CBO estimates. If those receipts fell short of estimated amounts, the extraordinary measures could be exhausted sooner, and the Treasury could run out of funds before July."

CBO also warned, "Over the long term, our projections suggest that changes in fiscal policy must be made to address the rising costs of interest and mitigate other adverse consequences of high and rising debt."

The budget deficit for 2023 is now seen $426 billion more than projected last May at $1.41 trillion. Debt held by the public is seen climbing to $46 trillion by 2033, amounting to 118% of GDP — the highest in U.S. history.

A tale of two South American crops

By Editor Brian Grete

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The market adage is that "big crops get bigger" and "small crops get smaller." Both could end up being true in South America this year, where it's a tale of two distinctly different crops. Brazil is poised for record crop production, while Argentina's crops are struggling amid persistent drought.

Brazil's soybean production will be record-large

Brazil's soybean production is widely expected to be 150 million metric tons (MMT) or higher by both private and government crop forecasters. That's well above the current record of 138.2 MMT in 2020-21. Conab, Brazil's official crop estimating agency, forecasts the crop at 152.9 MMT. USDA is at 153 MMT.

South American crop consultant Dr. Michael Cordonnier forecasts the crop at 151 MMT. But he says his estimate "might creep higher by 1 MMT to 2 MMT as yields in Mato Grosso are good and will probably compensate for most of the losses expected in southern Brazil."

Farmer group warns of struggles in far southern Brazil

A farmer group says persistent drought in Rio Grande do Sul limits soybean crop potential in the state. In the worst-case scenario, output in Brazil's far southern state could fall by 40% to 12.6 MMT, a large drop from its 21 MMT production potential, according to the vice-president of Rio Grande do Sul's farmer group Aprosoja-RS. Conab's Brazilian crop estimate included 19 MMT of production for Rio Grande do Sul.

Even if the "worst-case" scenario develops, Brazil would still produce a record soybean crop this year.

More uncertainty with Brazilian corn production

Cordonnier cut his Brazilian corn crop estimate by 2 MMT to 123 MMT, citing safrinha corn planting delays and a disappointing first corn crop in far southern Brazil. Safrinha corn, planted after soybeans, represents approximately three-quarters of Brazil's total production and there are questions whether all of the intended acres will be seeded due to the delays. Cordonnier also noted yields in Rio Grande do Sul, Brazil's largest first-season corn producer, will be disappointing due to the prolonged drought. However, his estimate would still easily represent record production, surpassing last year's peak of 116 MMT.

Conab estimates Brazil's corn crop at 123.7 MMT. USDA forecasts the crop at 125 MMT.

Drier-than-normal forecast for Brazil through April

The Brazilian National Meteorological Service (Inmet) forecasts drier-than-normal conditions for southern Brazil in the February through April period. Cordonnier says if this forecast verifies, it could have a negative impact on late-planted safrinha corn in Parana and southern Mato Grosso do Sul, which are expected to account for 15% and nearly 12% of Brazil's safrinha corn production, respectively.

Consultant cuts Argentine crop estimates

Cordonnier cut his Argentine soybean crop estimate another 2 MMT to 36 MMT, indicating a return of "problematic weather" after the best weather of the growing season the last week of January and first week of this month. He is most concerned with crops in Santa Fe, Entre Rios, and northern Buenos Aires, where plant populations are below normal, plants are short and flower abortion has been reported. Cordonnier says if the main production areas of Argentina received heavy rains over the next month, the soybean crop could "recuperate somewhat." If weather remains hot and dry, he is likely to lower his crop estimate even more.

Cordonnier cut his Argentine corn crop forecast by 1 MMT to 43 MMT. He said early-planted corn was hit hardest by hot, dry weather in December and January. Later-planted corn "could perform better if weather improves."

Crop tour confirms major Argentine crop problems

Participants of a crop tour conducted by Grupo Labhoro and Noticias Agricolas traveled 3,000 kilometers (1,864 miles) across Santa Fe, Cordoba, Buenos Aires and Entre Rios, Argentina last week analyzing the crop situation. Crop losses range from 70% in some areas to only minor impacts in locations that were lucky to receive rain. To prevent further crop losses, tour participants indicated the area would need to receive four to six inches of rainfall soon.

Record South American soybean production

Cordonnier forecasts total South American soybean production at a record 201.7 MMT, up 18.1 MMT (9.8%) from last year. Under his current worst-case scenario, production of 191 MMT would rise 7.4 MMT (4.0%).

He forecasts South American corn production at 173 MMT, up 600,000 metric tons (0.3%) from last year. Under his current worst-case scenario, production of 159.7 MMT would decline 12.7 MMT (7.4%).

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

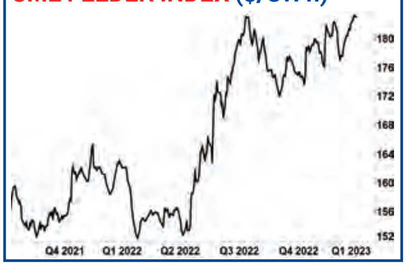
As usual in February, most-active April live cattle futures are trading at modest premiums to the February contract and cash values. The market's history of late-winter strength implies it's well justified. The premium might prove too small, since our research has shown a tendency for unusually strong cash gains when steer weights are running below year-ago levels at this time. But the premiums built into deferred feeder futures seem inflated despite coming cyclical reductions in yearling supplies. The fed cattle rally implies no hurry, but those premiums may present profitable hedging opportunities this spring.

Position Monitor

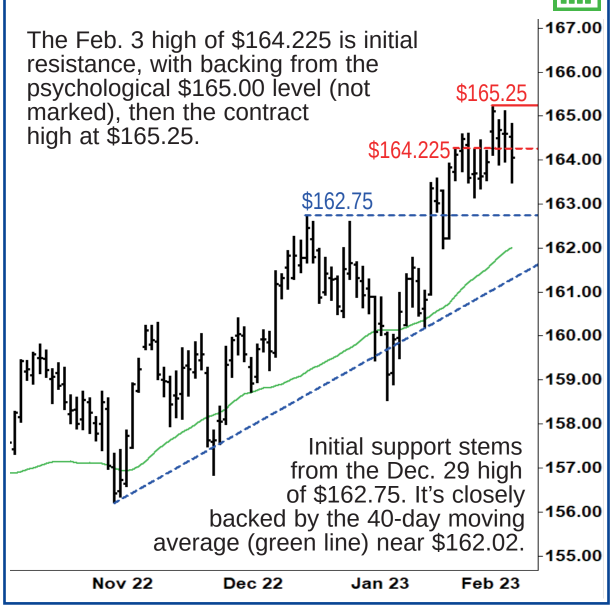
Game Plan: Continue to carry all risk in the strengthening cash market. We likely would only hedge if the upside becomes heavily overdone.

	Feds	Feeders
I'23	0%	0%
II'23	0%	0%
III'23	0%	0%
IV'23	0%	0%

CME FEEDER INDEX ($/CWT.)



DAILY APRIL LIVE CATTLE



HOGS - Fundamental Analysis

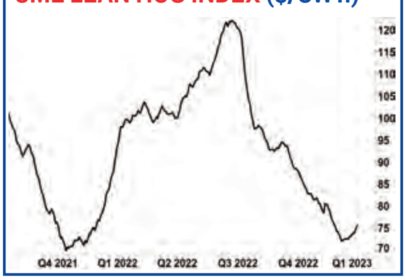
The contrast between the early-2022 surge in the cash hog index and the early-2023 decline was rather dramatic. However, seasonal forces in the form of declining hog supplies and weights, as well a potential improvement in consumer pork demand (see "From the Bullpen" on *Analysis page 4*), suggest hog prices will belatedly follow the path seen early last year, and through early 2021 for that matter. Prospects for a mid-year rally well above $100 seem rather dim at this point, but hog supplies are projected to fall 2% annually and the hog index peaked above $120 in each of the past two years.

Position Monitor

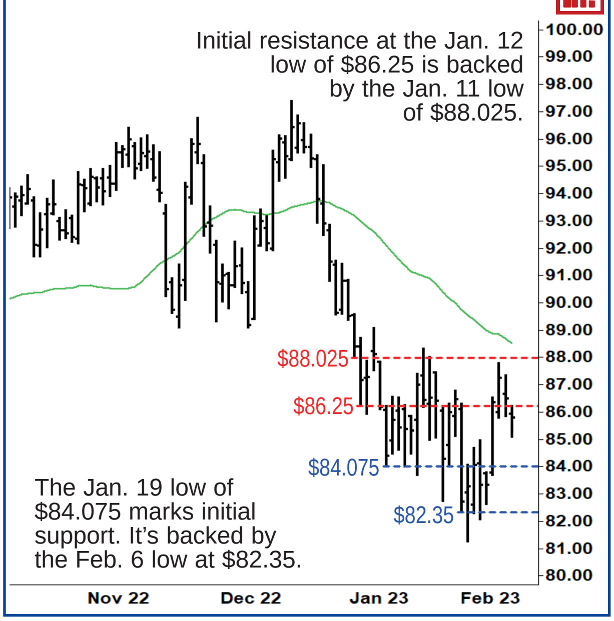
Game Plan: The seasonal strengthening of cash prices is finally underway and should continue into mid-summer. Barring an unexpected event, we would only hedge an overdone rally.

	Lean Hogs
I'23	0%
II'23	0%
III'23	0%
IV'23	0%

CME LEAN HOG INDEX ($/CWT.)



DAILY APRIL LEAN HOGS



FEED

Feed Monitor

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

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

Corn Game Plan: You have all corn-for-feed needs covered in the cash market through February. Our target for extending coverage is sub-$6.50 in May futures.

Meal Game Plan: You have all soymeal needs covered in the cash market through February. We raised our target for extending coverage to a May futures drop into the $465.00 area.

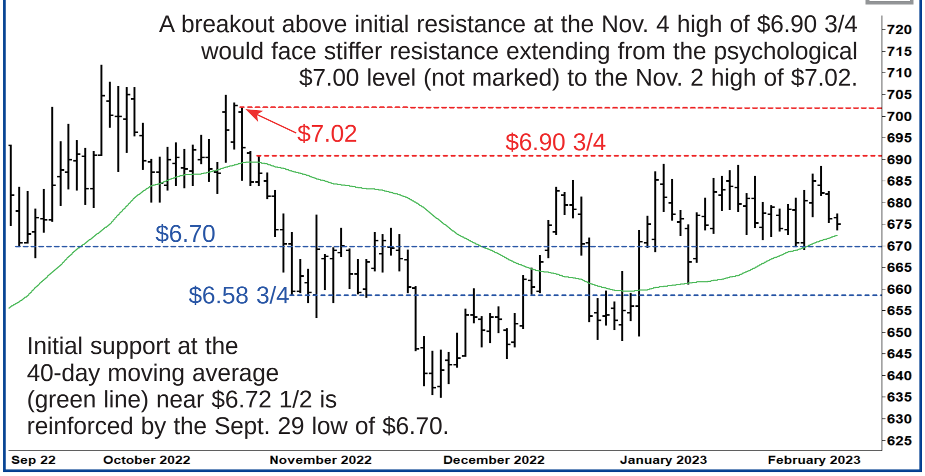
DAILY MARCH SOYBEAN MEAL

Position Monitor

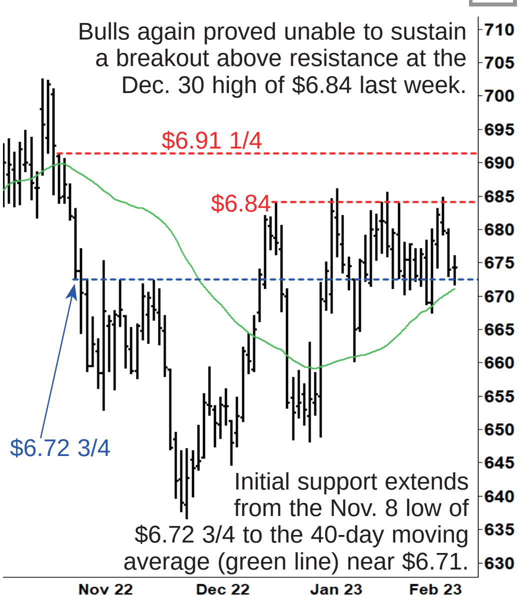
	'22 crop	'23 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Get current with advised sales when March futures are above $6.75. There is no urgency to increase sales below that level since the downside should be limited by tight supplies. Be prepared to increase old-crop sales if March futures push to $7.00 or higher. The upside is likely capped much above that level by weak demand fundamentals. We would likely make 2023-crop sales at the same time as old-crop sales.

DAILY MARCH CORN



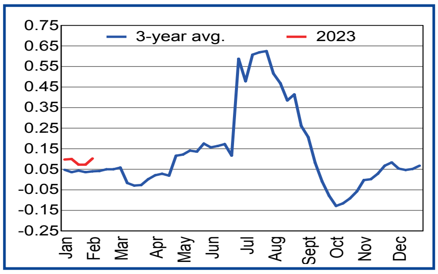
DAILY MAY CORN



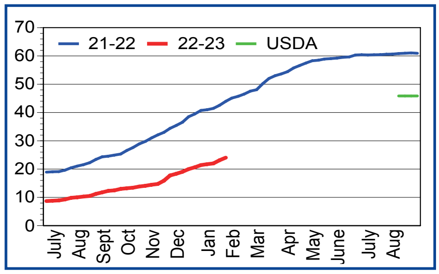
CORN - Fundamental Analysis

Having February price action dictate the insurance price for forthcoming crops seems to play a role in the seasonal crop market strength seen in recent years, with corn futures benefiting significantly. That suggests sustained short-term firmness, particularly with South American weather proving problematic in some areas. Southern Argentina is threatened with early frost (comparable to August here), while continued rain over parts of Brazil keeps delaying safrinha crop plantings. Still, the promise of big South American production and increased U.S. plantings imply increased downside vulnerability in the absence of spring/summer weather problems.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

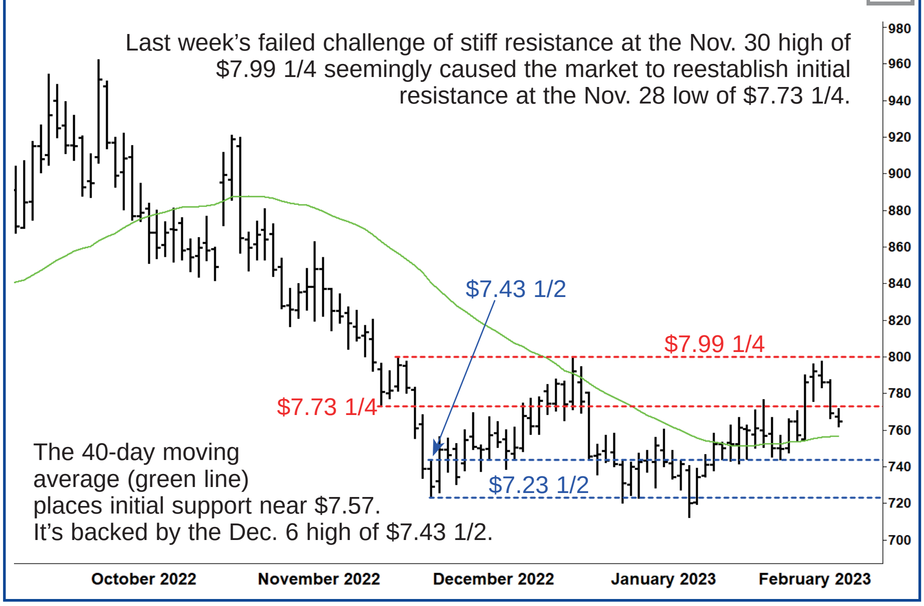
	'22 crop	'23 crop
Cash-only:	85%	30%
Hedgers (cash sales):	85%	30%
Futures/Options	0%	0%

Game Plan: Given our sales levels, we are content to wait on an extended price rally to increase sales. The window for an extended rally likely only extends into mid-March barring a spring weather scare.

WHEAT - Fundamental Analysis

SRW —Significant shifts in the domestic wheat situation seem unlikely in the short term. The biggest price influence seems likely to be international negotiations over the Black Sea grain export agreement. Russia taking a hard line could spur a fresh advance.

DAILY MARCH SRW WHEAT

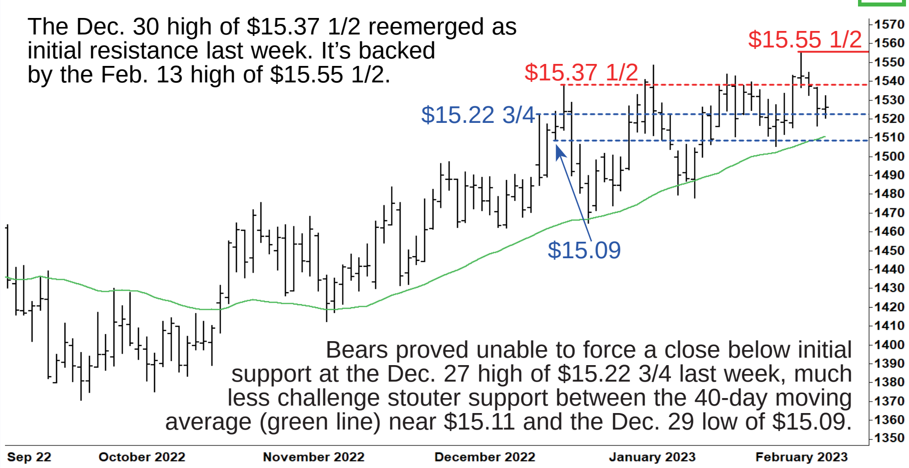


Position Monitor

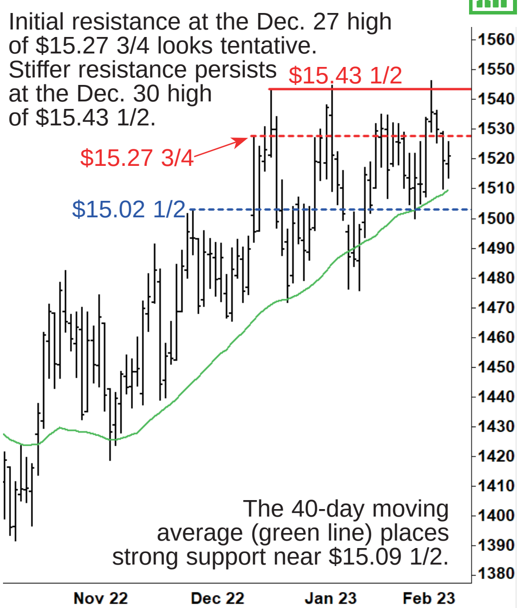
	’22 crop	’23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. We continue to view strong price rallies as selling opportunities. Be prepared to increase old-crop sales on a rally into the $15.50 to $15.75 range. While Argentina’s crop continues to shrink, Brazil is producing a record crop and those supplies will soon hit the global market. Be prepared to make initial 2023-crop sales when we increase old-crop sales.

DAILY MARCH SOYBEANS



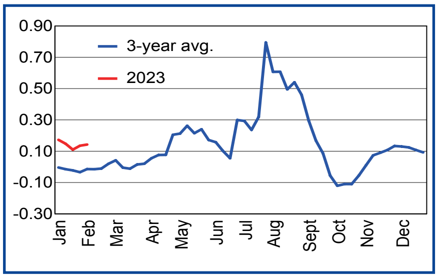
DAILY MAY SOYBEANS



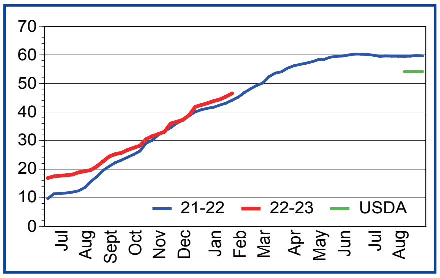
SOYBEANS - Fundamental Analysis

Argentine soybean crop prospects continue sliding, but the sheer size of Brazil’s projected crop, around 152.9 million metric tons (31% larger than last fall’s U.S. crop), remains an obstacle to sustained futures gains. Conversely, tight domestic carryout forecasts historically tend to give futures a positive spring bias. High crush yields appear to be playing a role in domestic crush running lighter than expected. But soymeal prices hovering around $500.00 emphasize the tightness of domestic supplies. We expect crush rates to climb in the coming weeks, which could give soybean prices an upward bias. We recommend taking advantage of such opportunities.

AVERAGE SOYBEAN BASIS (MARCH)



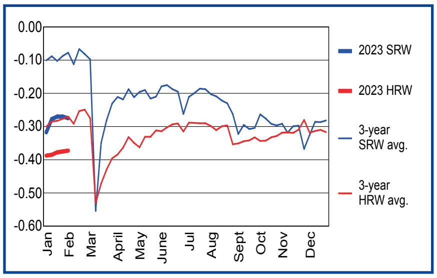
SOYBEAN EXPORT BOOKINGS (MMT)



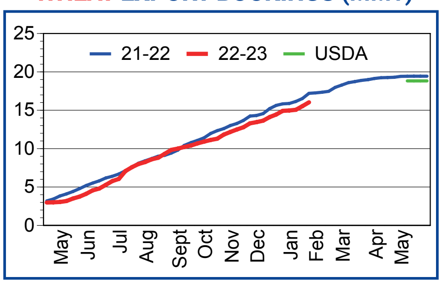
DAILY MARCH HRW WHEAT

DAILY MARCH HRS WHEAT

AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Late last week World Weather Inc. warned of potential arctic air intrusions across the Plains in March, though snow seems likely to protect the HRW crop. This also implies a delay for the spring growth surge and may boost uncertainty about harvest prospects. But dry fall/winter conditions don’t guarantee a poor crop.

HRS — The recent improvement in HRS sales seemed to boost futures versus winter wheat counterparts. Meanwhile, spring planting prospects remain uncertain, with the Dakotas and Canadian Prairies remaining dry and long-term forecasts implying sustained cold in the north. HRS futures seem likely to have a relatively firm bias.

Position Monitor

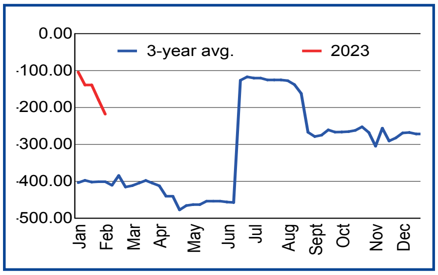
	'22 crop	'23 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: Get current with advised old- and new-crop sales. We are targeting the 90.00¢ or higher level to increase old-crop sales.

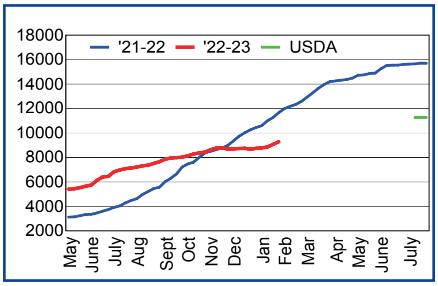
COTTON - Fundamental Analysis

The reopening of China's economy and Pakistani crop woes have improved cotton demand prospects. But renewed inflation/recession concerns sank the market last week. Cotton bulls have to hope equity market optimism, and the strong implied demand, is justified.

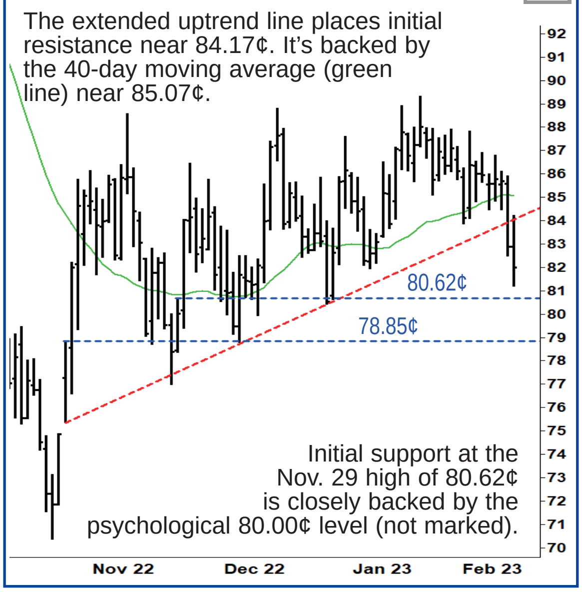
AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MAY COTTON



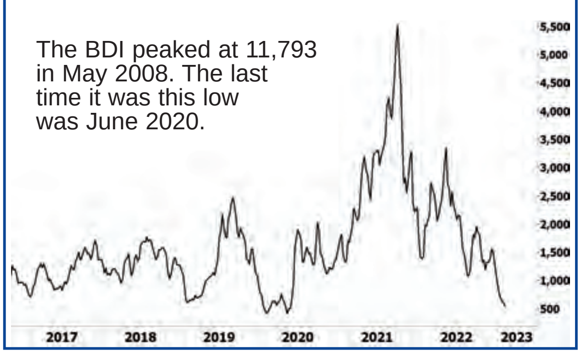
GENERAL OUTLOOK

Shipping: After finally working its way through the port backlogs of the past two years, the ocean shipping industry is now dealing with reduced demand and tougher negotiating stances by customers.

The Baltic Dry Index (BDI), which reflects the bulk commodity (e.g. grain, coal, cement) ocean-freight sector, illustrates this point. It dipped under 600 last week for the first time since June 2020. That contrasts sharply with its October 2021 high over 5,500. This seemingly bodes well for U.S. grain export costs.

The BDI also illustrates the broader shipping slowdown. Various industries have overcome big inventory backlogs and, as indicated by a recent *Wall Street Journal* article, they're prepared for tough negotiations over future shipments. Some say they'll halve their expenses, enabling them to avoid retail price increases and undercut inflation.

WEEKLY BALTIC DRY INDEX



FROM THE BULLPEN By Market Consultant Dan Vaught

The Feb. 14 CPI data indicated inflation is still a significant problem, with core CPI reflecting food and energy costs rising 5.6% on an annualized basis. But red meat prices weren't necessarily the cause.

The Bureau of Labor Statistics (BLS) indicated retail beef prices inched up to $6.596 per pound in January, but that represented a year-to-year decline from $6.771 in January 2022 and an even larger drop from their late-2021 peak of $7.011. January steak prices also rose slightly from December, but were down 24¢ annually and down 64¢ from the November 2021 peak. Hamburger prices were essentially unchanged from year-ago, and down a good bit from their mid-2022 peak.

We believe this bodes well for the spring cattle market, with stable retail prices encouraging consumer buying as the grilling season gets underway. However, we suspect fed cattle prices will challenge their 2014 all-time highs near $172.00 this spring, which could send retail beef prices surging once again.

Although January retail bacon prices fell about 40¢ annually, sizeable gains in ham and chop prices boosted last month's average pork cost to $3.608, up about 15¢ from last year. But that was the lowest average pork reading since last June. And given the recent drop in cash and wholesale values, we expect further retail price cuts this spring. Those could amplify the usual spring/summer pork demand surge, boosting cash prices as well.

WATCH LIST

1	**President's Day Holiday** Markets and gov't offices closed.	MON 2/20
2	**USDA Ag Outlook Forum** First 2022-23 balance sheets.	THUR 2/23 - FRI 2/24
3	**USDA Export Sales Report** Focus on soybean sales to China.	FRI 2/24 7:30 a.m. CT
4	**PCE Price Index** U.S. inflation data for January.	FRI 2/24 7:30 a.m. CT
5	**USDA Cattle on Feed Report** Feedlot numbers continue to drop.	FRI 2/24 2:00 p.m. CT