



News this week...

- 2 – Frost takes the latest bite out of Argentina's crops.
- 3 – U.S. cuts ag export forecast for FY 2023.
- 4 – Gleanings from USDA's Ag Outlook Forum.

Dollar pressures grains – *The U.S. dollar index surged to its highest level since the first week of this year amid indications the Fed's monetary tightening cycle will be stronger and last longer than traders expected amid persistent inflation. That weighed heavily on the wheat and corn markets, which fell to the lowest levels in a month and six weeks, respectively. Soybean futures started the week by gapping higher amid Argentine crop concerns but got caught up in the late-week selloff in corn and wheat. While Argentine crop concerns remain, speculative money flow and macroeconomics could dictate near-term price action. Live cattle futures posted new contract highs amid rising cash trade and surging wholesale beef prices. Hog futures posted gains, but premiums to the cash index limited buyer interest.*

Some relief for Argentina, Brazil stays wet

Central and southern crop areas of Argentina have a chance for rain during the second half of this week. These won't be drought-breaking rains, according to World Weather Inc., but they will provide temporary relief. Northern Argentina will see better rainfall chances the next two weeks.

In Brazil, wet conditions across Parana, Sao Paulo, portions of Mato Grosso do Sul and southernmost Minas Gerais will continue to slow soybean harvest and safrinha corn planting. Mato Grosso should be dry enough to see rapid advancement in fieldwork.

Exchange slashes Argentine crop pegs

The Buenos Aires Grain Exchange slashed its Argentine soybean and corn crop estimates amid persistent drought stress and the recent frost event. It now forecasts the soybean crop at 33.5 MMT (million metric tons), down 4.5 MMT from its prior estimate. The exchange cut its Argentine corn crop estimate by 3.5 MMT to 41 MMT.

The exchange rated the Argentine soybean crop 3% good/excellent, 37% fair and 60% poor/very poor. It rated the corn crop 9% good/excellent, 40% fair and 51% poor/very poor.

Ukraine wants broader grain export deal

Ukraine wants to extend the deal for its grain exports from the Black Sea for one year and include the ports of Mykolaiv as negotiations start ahead of the current agreement's March 18 deadline. Ukraine will also insist on an increase in the number of inspection teams to speed up shipments. Chinese President Xi Jinping called for a cease-fire. Of note, Beijing wants sanctions against Russia dropped and faster grain exports.

Fed's preferred inflation gauge rises

The personal consumption expenditures (PCE) price index rose to 5.4% on an annual basis in January, up from a 5.3% increase in December. Core PCE, which strips out food and energy costs, increased to 4.7% from 4.6% the previous month. Odds are rising the Fed could get more aggressive or have a higher ending point for interest rates.

Vilsack: USMCA case coming on GMO corn

USDA Secretary Tom Vilsack said a dispute settlement request under the U.S.-Mexico-Canada Agreement (USMCA) is likely "coming" relative to Mexico's decree barring imports of GMO corn for food use. Vilsack said "this is not a situation that lends itself to a compromise." Vilsack essentially said to not pursue this case could put the U.S. in a difficult position with other trading partners. He denied immigration issues were a factor in the U.S. not having already brought a USMCA case against Mexico. For other key topics discussed at USDA's Outlook Forum, see [News page 4](#).

Key questions on energy/climate change

Farmers we have spoke with raised the following questions:

- When will farmers get an adequate carbon credit payment? Current offers are way below European offers.
- Does the Biden administration and USDA realize how many prime U.S. farmland acres are taking the solar panel offers? "This is the CRP on steroids," said one farmer. Another asks: Is there any way to make all those acres dual purpose... both solar panels and allowing some type of farming on them?
- When will owners of electric vehicles (EVs) in most states pay taxes relative to transportation (roads, bridges, etc.)?

EU: EV resolution is close

An agreement is close on allowing EU automakers to have their cars eligible for some of the U.S. tax credits for electric vehicles under the Inflation Reduction Act (IRA), specifically on raw materials used in batteries. However, the EU trade minister says not all of the issues with IRA provisions would be resolved.

Brazil BSE case unlikely to impact U.S.

Brazil confirmed a case of what it believes is atypical bovine spongiform encephalitis (BSE) in a cow in the northern state of Pará. Brazil halted beef exports to China, but Brazil's major meatpackers intend to use plants in neighboring countries to meet Chinese needs. This BSE case should not impact shipments to the U.S. since Pará is already ineligible to export beef to America due to foot-and-mouth disease.

Summer frost nips Argentine crops

Frost occurred Feb. 17-18 across southern Argentina. While temps weren't cold enough for a long enough period of time to do major damage to crops, there was some impact, with soybeans likely more impacted than corn. South American crop consultant Dr. Michael Cordonnier said, "Everything that could go wrong with the 2022-23 soybean crop in Argentina did go wrong – from the worst drought in 60 years to record-high temperatures and now light to moderate frost in what is essentially the middle of summer."

Cordonnier cut his Argentine soybean crop estimate another 2 million metric tons (MMT) to 34 MMT. At that level, Argentina's production would be the lowest since it produced only 32 MMT in 2009. Cordonnier's minimum estimate for Argentina's soybean crop was cut to 30 MMT, which would match 2001's output. But soybean planted area this year is estimated to be 39.5% higher than 2001-02.

Cordonnier left his Argentine corn crop estimate at 43 MMT, though he has a neutral/lower bias.

Warm, wet conditions best for frosted soybeans

It could take weeks before the extent of frost damage to Argentina's soybeans will be known. Impacts may not be fully known until harvest. Cordonnier says warm and wet conditions would give impacted areas the best chance to recover.

Slow transition from La Niña

The Buenos Aires Grain Exchange says drought conditions in Argentina are gradually dissipating, though the transition phase from La Niña will be "slow." The exchange noted, "Only towards the end of March, the soils will replenish their moisture reserves in most of the center and north of the agricultural area, although it is possible that much of the south will not be able to do so completely."

Brazil crops remain stable for now

Cordonnier left his Brazilian crop estimates unchanged at 151 MMT for soybeans and 123 MMT for corn. For soybeans, he says the final production estimate will depend on what happens in Rio Grande do Sul over the next month. If weather remains dry, his forecast may decline "a little."

There is greater uncertainty for Brazil's corn crop since "there will still be approximately 50% of safrinha corn left to plant at the end of February." While planting safrinha corn past the ideal window doesn't guarantee lower yields, it increases the odds for moisture stress or a frost/freeze event ending the growing season before the crop is mature.

'Big 4' crop acreage expected to rise 1.4%

USDA's initial projections call for a combined 238.9 million acres of corn, soybean, wheat and cotton plantings this year. That would be up 3.3 million acres (1.4%) from 2022. These are USDA's current best guesstimates of the 2023-24 marketing year. A lot can (and will) change.

CORN: Planted acreage of 91.0 million, with harvested acres of 83.1 million. A national average corn **yield of 181.5 bu. per acre** would produce a **crop of 15.085 billion bushels**. Total use is projected at 14.490 billion bu., with feed and residual use of 5.600 billion bu., food, seed & industrial use of 6.690 billion bu. (5.250 billion bu. for ethanol) and exports of 2.200 billion bushels. **Carryover: 1.887 billion bushels (13.0% stocks:use). Price: \$5.60.**

SOYBEANS: Planted acreage of 87.5 million, with harvested acres at 86.7 million. A national average bean **yield of 52.0 bu. per acre** would result in a **crop of 4.510 billion bushels**. Total use is projected at 4.461 billion bu., including record crush of 2.310 billion bu. and exports of 2.025 billion bushels. **Carryover: 290 million bushels (6.5% stocks:use). Price: \$12.90.**

WHEAT: Planted acreage of 49.5 million, with harvested acres at 38.4 million. A national average **yield of 49.2 bu. per acre** would produce a **crop of 1.887 billion bushels**. Total domestic use is projected at 1.142 billion bu., with exports forecast at 825 million bushels. **Carryover: 608 million bushels (30.9% stocks:use). Price: \$8.50.**

COTTON: Planted acreage of 10.9 million, with harvested acres at 8.9 million and a national average **yield of 852 lbs. per acre**. That would produce a **crop of 15.80 million bales**. Total use is projected at 16.1 million bales, including exports of 13.8 million bales. **Carryover: 4.0 million bales (24.8% stocks:use). Price: 80.0¢.**

PERSPECTIVE: This year's "big four" combined acreage projection is 1.8 million acres less than USDA expected in February 2022. But last year's plantings ended up 5.1 million acres less than USDA's projection at the Outlook Forum as prevented plantings (PP) were higher than normal. The most combined acres actually planted to corn, soybeans, wheat and cotton was 242.0 million acres in 2012, followed closely by 241.9 million acres in 2014. So... there's room for total acreage planted to those four crops to expand from USDA's initial projections. Based on estimated SRW wheat plantings, double-crop soybean acres will add about 1 million acres. Last year's 240.7-million-acre Outlook Forum projection seems more realistic short of another bad planting season.

USDA's combined corn and soybean acreage is projected at 178.5 million acres this year, down from the 180.0 million acres it expected last February. But final 2022 acreage for corn and soybean combined totaled only 176.1 million acres, 3.9 million less than the initial projection.



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USDA cuts ag export forecast

USDA forecasts ag exports at \$184.5 billion in fiscal year (FY) 2023 versus imports of \$199.0 billion, which would result in a trade deficit of \$14.5 billion. In November, USDA projected exports at \$190.0 billion against imports of \$199.0 billion.

USDA cut its ag export forecast from November for all major commodity groups, with the largest decreases projected for corn, sorghum and soybeans.

For ag imports, USDA noted projected increases for livestock, poultry and dairy, grains/feed, and oilseeds offset decreases in horticultural and sugar/tropical products.

China will remain the top destination for U.S. ag exports based in FY 2023 at \$34 billion, unchanged from the previous forecast. Mexico is projected to be the No. 2 ag export destination at \$28 billion (unchanged), followed by Canada at \$27.8 billion, down \$500 million from the prior forecast.

USDA raises food price outlook

USDA forecasts food prices will rise 7.9% this year, with a predicted range of 5.5% to 10.3%. That's up from an expected 7.1% increase last month. Food at home (grocery store) prices are now expected to jump 8.6% (range of 5.6% to 11.8%), up from an 8.0% increase forecast last month. Food away from home (restaurant) prices are now expected to increase 8.3% (range of 7.1% to 9.6%), up from a projected 8.2% rise in January.

Egg prices are predicted to increase 37.8% in 2023, within a range from 18.3% to 62.3%. This wide range reflects the volatility in retail egg prices. Beef and veal prices are predicted to decrease 1.2% in 2023, with a range of -8.8% to 7.3%. Pork prices are projected to decrease 1.6%, with a range of -8.2% to 5.5%.

USDA's meat, dairy projections

Based on the February WASDE Report, USDA projects the following for the cattle, hog, poultry and dairy sectors:

CATTLE: U.S. beef production is projected at 26.5 billion lbs., down 6% from 2022. Exports are projected at 3.09 billion lbs., down 12.6% from last year. Cash price: \$159.00, which would be a record and approximately \$15.00 above last year.

HOGS: U.S. pork production is projected at 27.4 billion lbs., up 2% from last year. Exports are expected to inch up 0.2% from last year to 6.35 billion pounds. Cash price: \$66.50, down \$4.71 from last year.

BROILERS: U.S. production is projected to be 46.7 billion lbs. with broiler meat exports seen at 7.32 billion pounds. Wholesale broiler price: \$1.27 per lb., down 10% from last year.

DAIRY: Milk production is projected at 228.3 billion lbs., up 0.8% from 2022. Exports on a fat-basis are forecast at 13.1 billion lbs. and 52.1 billion lbs. on a skim-solids basis. All-milk price: \$20.70 per cwt., down \$4.86 from 2022.

FOMC minutes mildly hawkish

Minutes from the Fed's Jan. 31-Feb.1 Federal Open Market Committee (FOMC) meeting said "almost all" officials supported the quarter-point hike as a slower pace "would better allow them to assess the economy's progress" toward reducing inflation to the 2% target. While inflation had eased, prices remained elevated and officials also unanimously agreed that "ongoing increases" to the Fed's key rate "would be appropriate" as the tight labor market would keep upward pressure on prices. Participants also noted restrictive monetary policy would be needed until the Fed was confident of inflation falling to its target, which is likely to take "some time."

China again keeps rates unchanged

The People's Bank of China (PBOC) kept its key lending rates steady for the sixth straight month, as widely expected. The one-year loan prime rate (LPR), which the medium-term lending facility uses for corporate and household loans, was left unchanged at 3.65%; the five-year rate, a reference for mortgages, was maintained at 4.3%. PBOC held its medium-term policy rate at 2.75% the previous week while adding more cash into the financial system to meet a rebound in loan demand after the country eased its strict Covid measures.

China to shake up financial system

Chinese President Xi Jinping is preparing to shake up the leadership of the country's financial system, the *Wall Street Journal* reported. Xi will install key associates to run the central bank and revive a Communist Party body to tighten political control over financial affairs. Zhu Hexin is the leading candidate to be governor of PBOC. Meanwhile, the Central Commission for Discipline Inspection vowed to "seriously punish... corrupt elements" in "resource-rich, capital-intensive areas" including finance, state-owned enterprises and grain purchasing entities.

Canadian inflation slows in January

Canada's annual consumer inflation rate eased more than expected to 5.9% in January, down from 6.3% in December. There are growing expectations the Bank of Canada (BOC) will keep interest rates steady at its next meeting while it lets previous monetary tightening work. BOC forecasts inflation will slow to about 3% by the middle of 2023 and come down to its 2% target next year.

Mixed euro zone economic data

Euro zone consumer price inflation eased to 8.6% in January from 9.2% a month earlier. Core inflation, excluding volatile food and fuel products, rose to 5.3% from 5.2% the previous month. S&P Global's flash composite purchasing managers' index for the euro zone rose to 52.3 this month, compared with January's reading of 50.3.

USDA Outlook Forum: Optimism persists

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

The 99th edition of USDA's Outlook Forum near Washington, DC, was a hybrid gathering. After two years of a virtual-only event, the annual forum returned to being in-person and attendees welcomed the chance to be back together again, reconnecting with old friends and making new ones. Things were abuzz outside the meeting rooms with frank discussions about many topics, including USDA's outlook. Here's what we gleaned from the hallways and USDA's presentations.

Russia remains a focal point

When the 2022 Outlook Forum kicked off, it was just hours into the Russian invasion of Ukraine. Tanks that rolled into Ukraine all but obliterated the charts and forecasts that many of the presenters delivered, including those of USDA Chief Economist Seth Meyer, tasked with setting the stage for the event with a U.S. and global view of agriculture and the economic setting. Former Chief Economist Joe Glauber recalled talking with Meyer just before last year's meeting began, noting the forecasts he was about to present were obviously going to be dramatically altered from what USDA analysts had spent many hours preparing.

The Russian invasion remains a key factor and still holds a high level of uncertainty, particularly depending on the outcome of talks to continue the Black Sea grain deal that has allowed Ukraine grain to flow into world market channels.

Ukraine's ag minister delivers 'wow' presentation

The event featured one prominent virtual presentation for understandable reasons – Ukrainian Minister of Agrarian Policy and Food Mykola Solskyi. In a pre-recorded video from Ukraine, Solskyi thanked those in attendance for supporting his country, urging continued help. He also showed stark images of fields burning or ones that had burned, aerial footage of fields pocked with bomb craters, farmers racing to save remaining portions of fields from advancing fires and other images of the impacts of war on his country. Many attendees were struck by the presentation, with some audibly reacting to the images.

Ukraine's ability to produce crops has been notably reduced and its channels to move agricultural products into commerce is limited. Solskyi said the invasion was clearly contributing to food price inflation and negatively impacting those not just in his country but in nations that have depended on Ukraine for food needs.

Strong dollar a challenge

USDA updated its forecasts for U.S. agricultural trade, with exports now seen at just \$184.5 billion against imports at \$199 billion for a trade deficit of \$14.5 billion in fiscal year 2023. USDA sees reduced exports in part due to elevated prices that will be further exasperated by the strong U.S. dollar. "The U.S. dollar remains relatively strong," USDA Chief Economist Seth Meyer said. "That produces headwinds for us when we think about exports. On the other side, the strong dollar makes U.S. consumers able to import products they like."

Other officials noted the U.S. has some 300 million relatively affluent consumers and that countries around the world want to sell their products into the American market. In short, the U.S. economy is currently in a stage where bringing in more products is a reality for a sector that has historically held trade surpluses. There now has been red ink for ag trade in three of the last five years.

Vilsack's message also a throwback

USDA Secretary Tom Vilsack delivered keynote remarks to the conference, noting his predecessor had, as Vilsack put it, realistically signaled farmers likely had to "get big or get out." But Vilsack returned to a theme he relayed during his time leading USDA during the Obama administration. – local food options for small and medium-sized farmers. He said those producers appeared to still be struggling and they did have options to work directly with school districts, for example, to provide fruits, vegetables and other goods for students.

Not much argument about USDA data

Often the hallway chatter is marked with discussions and deliberations about USDA's forecasts, which for the past two years have been released at the start of the event instead of coming out on Friday morning. That left participants plenty of time to cuss and discuss the numbers. Few had issues with the projections at this stage, with weather and macroeconomic factors likely to be the deciding points.

Optimism remains

Despite the backdrop, the return to an in-person setting revealed there is still great optimism for agriculture. While a gathering of younger faces mixed with slimming numbers of the "old guard," there was still optimism for this incredible business of agriculture.

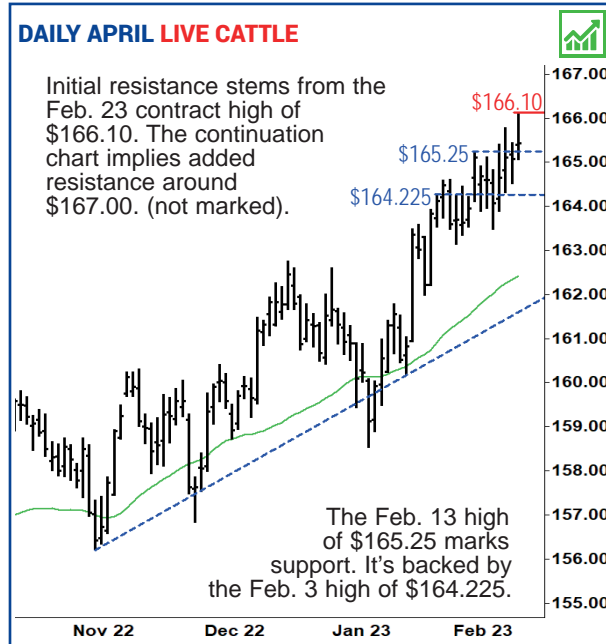
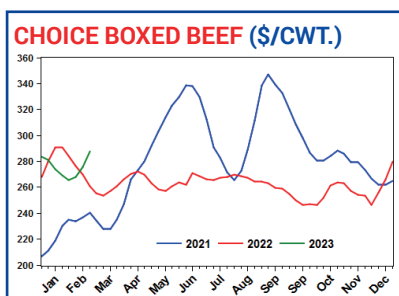
CATTLE - Fundamental Analysis

Market-ready cattle and beef supplies are tightening as expected and cash cattle prices surged to the highest level since 2015. Packers seemed likely to strongly resist those gains, but climbing wholesale prices have improved their margins. Choice beef cutout reached \$287.91 Feb. 22, which, as the chart below shows, is only slightly below the early-2022 high. Conversely, the extreme highs reached in spring and summer 2021 show beef values have the potential to move much higher. That seems likely to be the case, with cash prices possibly challenging the record high near \$172.00 this spring.

Position Monitor

Game Plan: **Feds Feeders**

Continue	I'23	0%	0%
to carry all	II'23	0%	0%
risk in the	III'23	0%	0%
strengthening cash market. We likely would only hedge if the upside becomes heavily overdone.	IV'23	0%	0%



HOGS - Fundamental Analysis

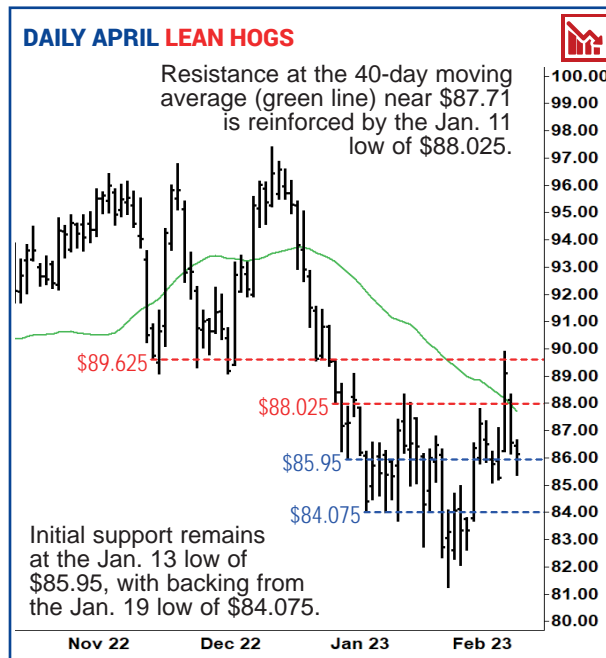
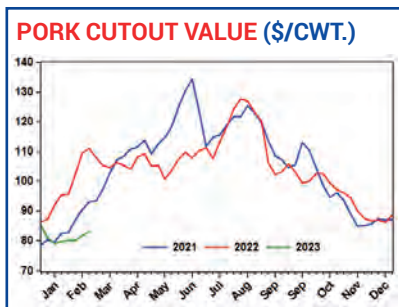
Hog slaughter topped year-ago by 0.9% during the week of Feb. 18, marking the fifth year-over-year rise in the first seven weeks of the new year. This implies the industry has been underestimating hog supplies likely to be available this spring. And yet, cash and wholesale prices are moving seasonally higher. A big portion of the rally stems from the ongoing seasonal decline in supplies, but cheap pork has caught the attention of grocers. We suspect they'll pursue pork aggressively as grilling season looms, which could boost hog and pork prices toward the highs seen the past two years.

Position Monitor

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

Lean Hogs

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



FEED

Feed Monitor

Corn

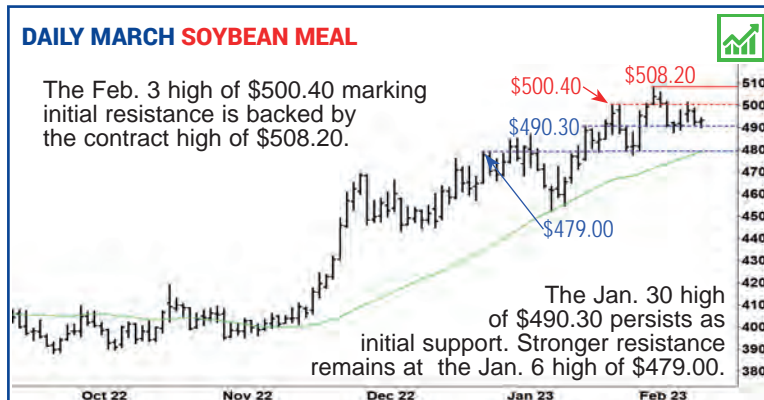
I'23	100%
II'23	0%
III'23	0%
IV'23	0%

Corn Game Plan: On Feb. 24, we advised covering all corn-for-feed needs in the cash market through March. Be prepared to extend coverage on additional price pressure.

Meal

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

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

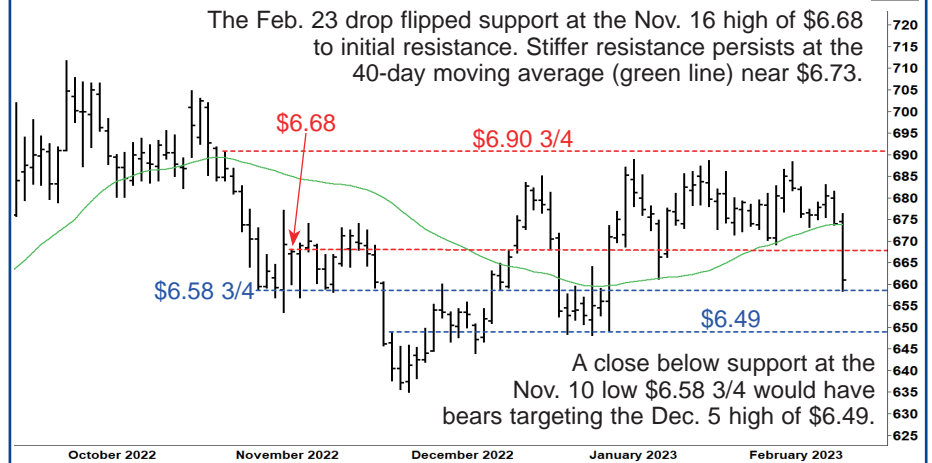


Position Monitor

	'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



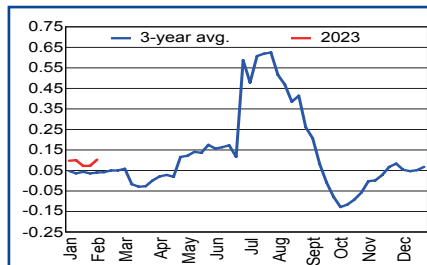
DAILY MAY CORN



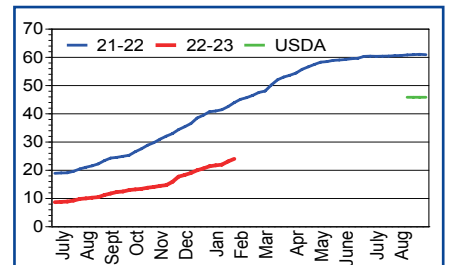
CORN - Fundamental Analysis

USDA's large preliminary production estimates (see *News page 2* and "From the Bullpen" on *Analysis page 4*) helped trigger the Feb. 23 price dive. USDA's initial 2023-24 corn crop projection exceeded our estimate by 85 million bushels. Still, having the old-crop contracts lead the way lower imply the data was the "trigger" rather than the "cause" of the breakdown. A sizeable portion of the losses can be blamed on technical factors, but demand weakness probably played a big role as well. Disappointing news from the ethanol sector and the persistence of weak exports remain negative factors. The surging U.S. dollar raised fresh demand concerns.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

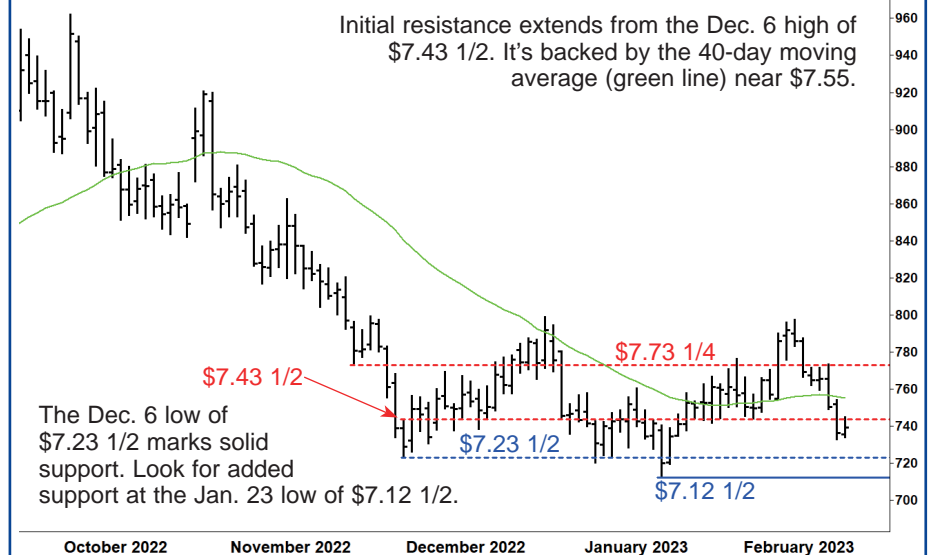


Position Monitor

	'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.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

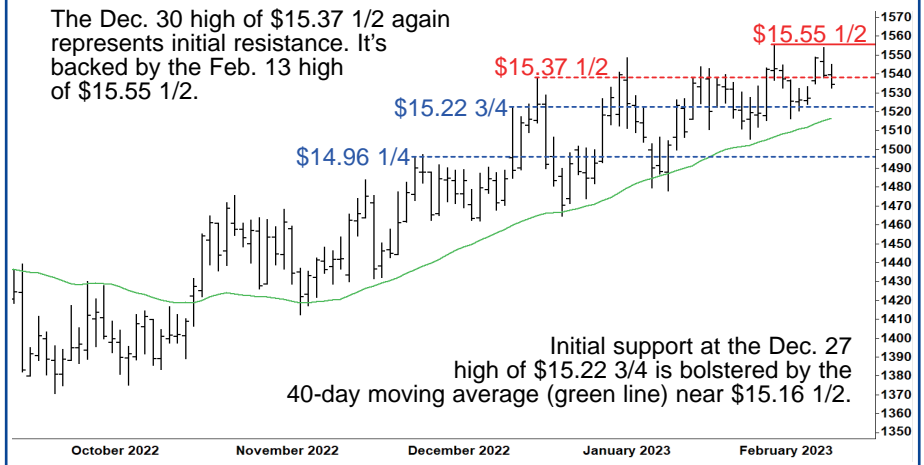
SRW – Seasonals favor bears through harvest and the strengthening U.S. dollar is also price negative. Russian intransigence on another renewal of the Black Sea export pact could be supportive, but hasn't boosted prices lately. Wheat needs help to sustain a rally.

Position Monitor

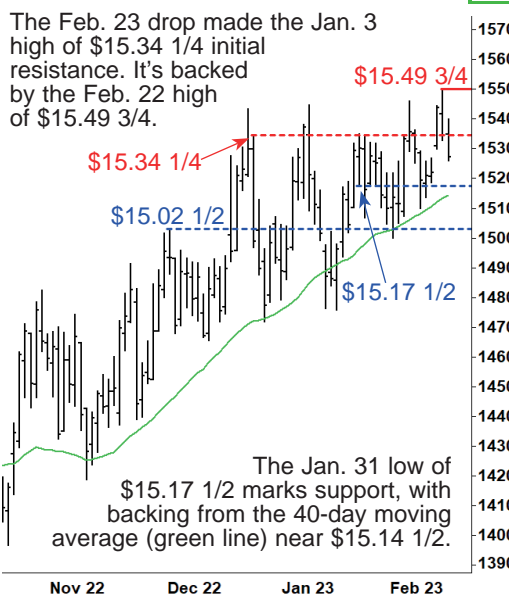
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

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



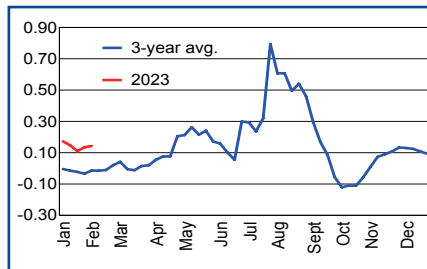
DAILY MAY SOYBEANS



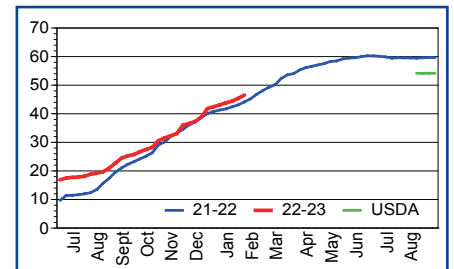
SOYBEANS - Fundamental Analysis

Though USDA's projected 2023-24 soybean yield at 52 bu. per acre topped our forecast by 0.6 bu. its acreage forecast fell well below our projection. That put USDA's 4.51-billion-bu. projection 50 million bu. below our forecast. We likely had considerable company in this regard, which helps explain the market's limited negative reaction. Our sources indicate petroleum refiners will begin stepping up production as they gear up for the summer driving season, which likely helps explain the recent upturn in soyoil. When combined with the stubborn strength of the meal market, we feel justified in anticipating a contra-seasonal surge in spring crushings.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



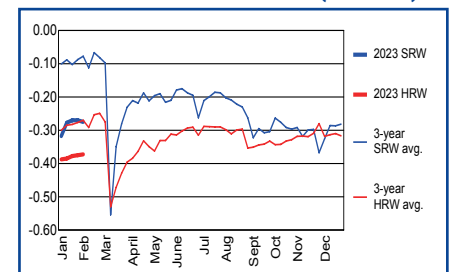
DAILY MARCH HRW WHEAT



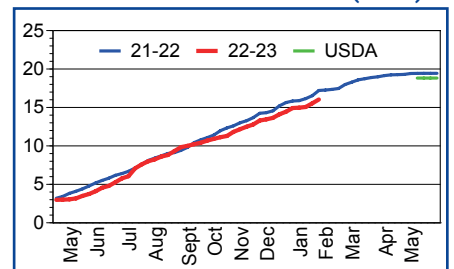
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW – Last week's winter storm had the potential to damage the HRW crop, but the accompanying snow is expected to protect the plants and provide a nice dose of "slow-release" moisture as it melts. The deep roots forced by the lack of winter moisture may enable the surviving plants to flourish and produce a better-than-expected crop.

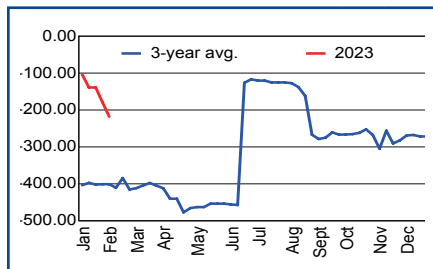
HRS – The winter storm brought significant snow to the Canadian Prairies and the Dakotas. The implied improvement of spring planting prospects likely undercut HRS prices, as did concurrent losses in corn and winter wheat futures. But the market could also benefit if the Black Sea export deal isn't extended.

Position Monitor

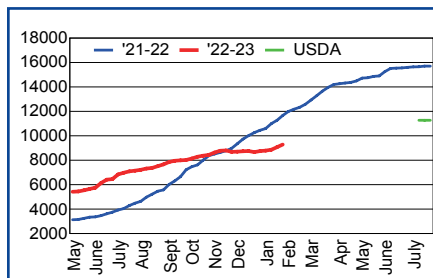
	'22 crop	'23 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

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.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MAY COTTON



COTTON - Fundamental Analysis

Cotton prices have slipped along with energy futures and equity indexes as traders worry about the demand outlook. The recent reversal of the U.S. dollar's downtrend also hurts this export-dependent market. But the overall pattern remains sideways.

GENERAL OUTLOOK

ENERGY: Natural gas futures last week hit a 2.5-year low of \$1.967 per 10,000 million British thermal units. That's down drastically from a high of \$10.028 in August of last year, which represented a 14-year high.

Natural gas prices have always been volatility, but the price action of recent months is extreme from a historical perspective. High U.S. storage levels, higher production rates, especially from shale

regions, and a generally warm U.S. winter implying less heating demand, have all been pressuring natural gas prices the past several weeks.

Present U.S. natural gas inventories are 9% above their five-year average. Don't look for a significant price rebound anytime soon. Nearby natural gas futures seem poised to challenge the 2020 low of \$1.432 unless a bullish surprise hits the market.

WEEKLY NEARBY NATURAL GAS FUTURES



FROM THE BULLPEN By Editor Brian Grete

USDA's Ag Outlook Forum projections serve as the initial acreage benchmarks for the new-crop marketing year. USDA's first survey-based acreage estimates come in the March 31 Prospective Plantings Report. We compared the Outlook Forum projections to the March estimates.

For corn, USDA's Outlook Forum acreage projection has been higher than March intentions 13 times and lower nine years since 2001. The average miss on the "above" years has been 1.4 million acres. The average miss on the "below" years has been 1.6 million acres. Using the historical misses when applied to this year's Outlook Forum corn acreage projection of 91.0 million acres would suggest March corn intentions of 89.4 million acres to 92.4 mil-

lion acres. Our forecast is 91.0 million acres, though that could change based on our spring acreage survey that is currently underway.

For soybeans, USDA's Outlook Forum acreage projection has been higher than March intentions 11 times and lower 11 years. The average miss on the "above" years has been 1.3 million acres. The average miss on the "below" years has been 1.8 million acres. Using the historical misses when applied to this year's Outlook Forum bean acreage projection of 87.5 million suggests March bean planting intentions between 85.7 million and 88.8 million acres. Our current forecast is 89.5 million acres. As with corn, our estimate could change based on our survey results.

WATCH LIST

- 1 U.S. Consumer Confidence** **TUE 2/28**
Confidence rising as prices fall. 9:00 a.m. CT
- 2 USDA Cold Storage Report** **TUE 2/28**
Meat stocks data for January. 2:00 p.m. CT
- 3 China PMI Data** **TUE 2/28**
Factory sector data for February. 7:30 p.m. CT
- 4 USDA Soy, Corn Crush Rpts.** **WED 3/1**
Soy crush, ethanol use for Jan. 2:00 p.m. CT
- 5 USDA Export Sales Report** **THUR 3/2**
Corn, soybean sales in focus. 7:30 a.m. CT

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