



News this week...

- 2 – HRW conditions improved in March, but still poor.
- 3 – U.S. hog contraction ended but no signs of expansion.
- 4 – Corn planting intentions jump, soybeans up slightly.

Bullish reaction in soybeans to USDA's data – Soybean futures surged after USDA's report data showed smaller-than-expected planting intentions and March 1 stocks. March 1 corn stocks came in lower than anticipated, but USDA said farmers intend to plant more acres to corn than traders expected. The wheat data was mostly neutral. See [News page 4](#) for planting news and below for March 1 stocks. Live cattle futures surged to new contract highs as the cash market traded sharply higher. Cattle futures and the cash market both appear headed for new all-time highs during spring. Lean hog futures struggled amid a weakening cash market. Buyer interest isn't likely to be restored until the cash index posts a secondary low before embarking on what should be a seasonal climb to a mid-year high.

Corn, bean stocks lower than expected

Corn: March 1 stocks totaled 7.401 billion bu., down 357 million bu. from last year. Of the total, 4.106 billion bu. (55.5%) of the stocks were held on-farm. Implied corn disappearance in the second quarter of the 2022-23 marketing year was 3.42 billion bu., down 11.9% from the same quarter last year.

Soybeans: March 1 stocks of 1.685 billion bu., down 247 million bu. from last year. Of the total, 750 million bu. (44.5%) were stored on-farm. Indicated disappearance in the second quarter of the 2022-23 marketing year was 1.34 billion bu., up 11% from the same period last year.

Wheat: March 1 stocks of 946 billion bu., down 83 million bu. from last year. Of the total, 228 million bu. (24.0%) were held on-farm. Implied disappearance in the third quarter of the 2022-23 marketing year was 366 million bu., up 5% from the same period last year.

China corn buying spree continues

During the week ended March 23, China purchased 709,200 metric tons (MT) of U.S. old-crop corn. There were another 518,000 MT of daily old-crop corn sales to China announced last week. Since March 14, there have been 3.383 million MT of daily corn sales – all to China aside from 112,800 MT to unknown destinations.

Tai: China 'weaponizes' trade

U.S. Trade Representative (USTR) Katherine Tai slammed China for weaponizing trade against partner countries. Beijing "turns the spigot on when things are good, turns the spigot off when things are bad," Tai said. The Biden administration is ramping up a "friend-shoring" pitch to countries including South Korea to deepen trade ties and curb China's clout. But U.S. trade policy is facing increased heat (see [News page 2](#)).

A China what-if?

One issue the ag sector should at least be contemplating, say veteran contacts, is what would be the impact on U.S. trade/policy should China invade or "deal" with Taiwan.

Argentine strike, new exchange rate

Argentine grain inspectors started an indefinite strike over wages March 30. But they did not target ports. If they don't get results, the strike will likely expand to ports. On April 4, Argentina will announce a new currency program similar to the "soy dollar" program it enacted last September and December to spark soybean sales and exports – but this time likely to include more products.

No new farm bill this year?

Odds are rising there will not be a new farm bill this year unless some of the current volatile issues are resolved. Key contentious issues include:

- USDA's use of Commodity Credit Corp. funds.
- Opposition to GOP proposals to cut federal spending.
- Demands for more federal aid, despite unspent funds.
- SNAP/food stamp funding.

Fed's favored inflation gauge cools

The U.S. personal consumption expenditure (PCE) price index rose 0.3% month-over-month in February, easing from a 0.6% rise in January. Excluding food and energy, the PCE price index advanced 0.3%, slower than the 0.5% rise in January.

Global economic outlook dimmer

The World Bank says declining growth in productivity, investment and the labor force will reduce the pace at which the economy can expand without sparking excessive inflation. World Bank President David Malpass warned of a potential "lost decade" around the world.

Warning sign for smaller ag lenders

The 25 biggest U.S. banks gained \$120 billion in deposits in the days after Silicon Valley Bank collapsed, according to the Fed. All other U.S. banks saw the largest weekly decline in deposits on record. The *Wall Street Journal* wrote, "The panic has subsided, but the deposit swings could have long-lasting repercussions for the communities served by smaller banks.... If deposits fall, lending is almost sure to follow."

HRW conditions modestly improve

Individual state crop conditions ratings showed modest improvement in the HRW wheat crop during March. The “good” to “excellent” ratings for HRW wheat stood at 19% in Kansas (unchanged from the end of February), 34% in Oklahoma (down two points), 18% in Texas (down one point), 28% in Colorado (down one point), 22% in Nebraska (up three points), 22% in South Dakota (down one point) and 31% in Montana (up 10 points).

When the updated crop condition ratings were plugged into the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500 point scale, with 500 being perfect), the HRW crop improved 3.4 points from the end of February to a rating of 267.5. The HRW crop went into dormancy with the lowest fall CCI rating on record of 280.3. The low HRW rating points to a sub-trendline yield and higher-than-normal abandonment.

USDA will issue its first national winter wheat crop condition ratings of the spring on April 3.

Rains stabilize Argentine crops

Argentina recently received its best rains of the growing season. While they were too late for much of the crop, the rains should help later-maturing soybeans and corn. As a result, South American crop consultant Dr. Michael Cordonnier left his Argentine soybean and corn crop estimates at 26 million metric tons (MMT) and 36 MMT, respectively.

Cordonnier also left his Brazilian production estimates unchanged at 151 MMT for soybeans and 121 MMT for corn.

Countries want to trace Ukraine exports

Romania and Poland want the European Union to enact export tracing mechanisms for Ukrainian grains. Large quantities of cheaper Ukrainian grains are flowing into eastern Europe, hurting farmers in those countries.

The European Commission will provide 56 million euros (\$60 million) to Romania, Bulgaria and Poland via a crisis fund to deal with the flood of Ukrainian grain exports. Hungary and Slovakia will not receive aid because their combined volumes of production and imports do not exceed the five-year average.

U.S.: Ukraine ag laden with land mines

A U.S. intelligence report stated Ukraine has the most land mines in the world, especially in key agriculture regions. That means Ukraine will increasingly become dependent on some imports and humanitarian aid and will no longer be the “breadbasket of Europe.” Other countries will have to seek imports elsewhere.

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U.S. export prowess challenged

A USDA Economic Research Service (ERS) report titled “U.S. Export Competitiveness in Select Crop Markets” stated: “Export shares and exports-to-production ratios indicate the United States continues to be the top exporter of corn, tree nuts, and cotton, while other competitors have penetrated the global wheat and soybean markets.”

The U.S. did not negotiate any new free trade agreements from 2012-20, limiting exports in some emerging markets while competitors signed multiple FTAs during that period, said the ERS report. “In recent years, U.S. wheat production and participation in the global wheat market lagged behind the EU and Russia. Similarly, Brazil surpassed the U.S. as the top exporter of soybeans and dramatically increased participation in the global corn and cotton markets.”

“The United States’ involvement in trade agreements, particularly with emerging markets, contributes to its export competitiveness. The importance of trade agreements to U.S. corn exports cannot be overstated,” said ERS.

U.S. trade policy questioned

Adam Posen, president of the Peterson Institute for International Economics, blasted the “worker centered” trade policy of the Biden administration in *Foreign Policy* magazine. Posen said the administration’s effort to “take away production from others in a zero-sum way” will ultimately backfire and leave America worse off. Some of his comments:

- Decoupling from China will raise costs in the U.S.
- Ignoring allies’ interests will erode U.S. influence.
- Made in America policies raise costs and make U.S. exports less competitive.
- Subsidy races breed corruption and stifle innovation.
- Friend-shoring will raise fragility of global supply chains.

U.S. Trade Representative Katherine Tai testified that previous trade deals have made the U.S. economy more vulnerable and led to the decline of American industries. “We are not pursuing traditional fully liberalizing trade agreements, because we see those as part of the problem that we are trying to correct for,” Tai told congressional panels.

Is Tai too nice to negotiate?

During a House Ways and Means Committee hearing, Rep. Greg Murphy (R-N.C.) told Tai she was “very highly spoken of,” but added, “I personally think you’re too nice a person for the job that you’re in. I think you’re handicapped because of administrative folks that you have to report to.” Tai responded: “I stand up for the American people. When I speak, people listen, because I represent the interests of the United States.” Murphy and other GOP lawmakers are increasing the heat on the administration amid what they perceive to be misguided trade policy.

U.S. hog herd expands slightly

USDA's Hogs & Pigs Report estimated the March 1 U.S. hog herd at 72.86 million head, up 171,000 head (0.2%) from year-ago. The breeding herd at 6.127 million head increased 0.5% and the market hog inventory rose 0.2%.

Hogs & Pigs Report	USDA actual (% of year-ago)	Trade expected
Inventory —		
All Hogs/Pigs	100.2	100.2
Breeding	100.5	100.5
Marketing	100.2	100.2
Pig Crop —		
Dec.-Feb.	100.3	101.2
Pigs/litter	100.6	100.5
Farrowings —		
Dec.-Feb.	99.7	100.8
March-May Ints.	98.8	100.6
June-Aug. Ints.	97.1	100.1
Market Hog Inventory —		
Under 50 lbs.	99.8	100.6
50-119 lbs.	99.7	100.0
120-179 lbs.	99.9	99.2
180 lbs. plus	102.1	100.2

The winter pig crop rose 111,000 head (0.3%) from last year. While the number of pigs per litter rose 0.6%, farrowings dropped 0.3%.

F a r m e r s indicated they intend to farrow slightly fewer sows through spring

and summer than they did last year. March-May farrowing intentions are down 1.2%, with June-August farrowing intentions down 2.9%. But with the breeding herd 0.5% bigger than year-ago as of March 1, spring and summer farrowings may come in higher than farmers indicated.

Slaughter numbers have consistently run higher than expected through the first quarter. Based on the market hog inventory, that should end soon. While market hogs weighing over 180 lbs. are up 2.1%, the other three weight categories are down fractionally from year-ago, suggesting slaughter should run about even with last year through the third quarter.

USDA's revisions to past data

USDA revised the Dec. 1, 2022 herd 1.28 million head higher, with a 10,000-head cut to the breeding herd and a 1.290-million-head increase in the number of market hogs. The Sept. 1, 2022 herd was raised 440,000 head, with all of the increase in market hogs. Summer 2022 farrowings were revised up 50,000 head, which resulted in a 580,000-head jump in the pig crop. Fall 2022 farrowings were increased 48,000 head, with the net result being a 540,000-head boost to the fall pig crop.

NCBA: APHIS risk analysis is dated

USDA's Animal and Plant Health Inspection Service (APHIS) is proposing to amend its regulations to allow the importation of fresh (chilled or frozen) beef from Paraguay, "based on evidence from a risk analysis." But the National Cattlemen's Beef Association says "We cannot jeopardize the safety of U.S. consumers and the health of our U.S. cattle herd with outdated information." Comments on the APHIS proposal are due by May 26.

GAO: Better measurement for SAF

A Government Accountability Office (GAO) report says the Transportation, Energy and Agriculture Departments should do a better job of measuring the progress of their work to spur the production of 3 billion gallons of Sustainable Aviation Fuel (SAF) by 2030. While U.S. production reached 15.8 million gallons in 2022, it accounted for less than 0.1% of the total jet fuel used by major U.S. airlines.

FAPRI releases baseline projections

The Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri released baseline projections. FAPRI noted, "The baseline reflects current policies, meaning it incorporates programs that had been enacted prior to January 2023, but does not reflect any subsequent policy changes. The baseline is intended to serve as a reasonable point of reference for evaluating alternative scenarios; it is not a prediction of future policy choices." Key highlights for 2023:

- If weather conditions allow crop yields to return to trendline levels in 2023, prices for corn, soybeans, wheat, cotton and many other crops are likely to fall.
- Higher fertilizer, fuel and feed costs contributed to a very sharp increase in farm production expenses in 2022. A smaller increase is projected in 2023.
- Cattle, hog, poultry and milk prices all increased in 2022. High feed costs, drought and avian influenza limited supplies, and consumer demand generally continued to be strong. In 2023, most projected livestock sector prices fall as supplies rebound and demand growth slows. The one major exception is cattle, where drought and other factors limit the number of animals available for slaughter.
- The current policy baseline does not assume new ad hoc programs in the future, and projected farm-related outlays decline in fiscal years 2023 and 2024.
- Projected net income declines in 2023 from record nominal levels last year as receipts and payments fall.
- Farm asset values have increased with land prices in recent years, and another increase is projected for 2023. Lower farm income and high interest rates restrict further increases in farm real estate values in subsequent years.

Big difference on price forecasts could impact farm bill

FAPRI signals significantly higher commodity prices than the Congressional Budget Office (CBO) is using for its baselines. That could impact the drive to update Title I safety net programs. Also, FAPRI thinks many producers will choose ARC over PLC because of the existing caps on PLC reference prices (and thus the push for adjustments), which means FAPRI projects much higher costs for ARC and lower payments for PLC than CBO currently projects.

Corn acres to rise sharply from last year

By Editor Brian Grete

USDA estimates farmers intend to plant a lot more corn this year than they did in 2022, while soybean acres are expected to rise marginally. A huge rebound in acres is expected across the northwestern Corn Belt — the Dakotas and Minnesota — as those states hope to bounce back from heavy prevent-plant acres last year. But with heavy flooding expected in those states again this spring, there are uncertainties with how many of the intended acres will get seeded.

Corn planting intentions: 91.996 million acres

Corn planting intentions would be up 3.417 million acres from last year and 1.116 million acres more than the average pre-report trade estimate. Corn planting

PLANTING INTENTIONS — CORN		
	Change vs. 2022	Million Acres
Illinois	+200,000	11.0
Indiana	+250,000	5.5
Iowa	+200,000	13.1
Kansas	+100,000	5.6
Michigan	+50,000	2.4
Minnesota	+350,000	8.35
Missouri	+100,000	3.45
Nebraska	-100,000	9.5
N. Dakota	+800,000	3.75
Ohio	+50,000	3.45
S. Dakota	+150,000	5.9
Wisconsin	0	3.95

intentions came in just a tad under our survey, which indicated 92.050 million acres.

Producers plan to plant more corn acres than last year in 10 of the top 12 production states. Only Nebraska intends to plant fewer acres to corn than last year.

Soybean planting intentions: 87.505 million acres

Soybean planting intentions would be up 55,000 acres from last year but 737,000 acres less than traders expected. Our survey indicated producers would reduce soybean plantings by 100,000 acres from last year.

PLANTING INTENTIONS — SOYBEANS		
	Change vs. 2022	Million Acres
Arkansas	-130,000	3.05
Illinois	0	10.8
Indiana	-250,000	5.6
Iowa	0	10.1
Kansas	-450,000	4.6
Michigan	-150,000	2.1
Minnesota	+100,000	7.55
Missouri	-100,000	6.0
Nebraska	0	5.75
N. Dakota	+850,000	6.55
Ohio	0	5.1
S. Dakota	+200,000	5.3
Wisconsin	+140,000	2.3

In the top 13 production states, planting intentions for soybeans are rather evenly split compared to year-ago, with five states down, four up and four unchanged from year-ago. Of note, soybean acres are expected to be unchanged from last year in the top two production states (Illinois and Iowa), along

with the third leading producer (Nebraska).

Combined corn, bean plantings up 3.5 million acres

USDA estimates combined corn and soybean acreage intentions at 179.5 million acres, up 3.5 million acres from last year. Our survey suggested total corn and soybean acres would rise 3.371 million acres from last year.

Spring wheat planting intentions: 10.570 million acres

Other spring wheat planting intentions would be down 265,000 acres from last year and 380,000 acres lower than expected. Our survey indicated other spring wheat acres would increase to 10.998 million acres.

Compared to year-ago, other spring wheat acres are expected to decline 70,000 acres in Minnesota (to 1.18 million acres), 100,000 acres in Montana (2.6 million acres), 100,000 acres in North Dakota (5.2 million acres) and 35,000 acres in Washington (440,000 acres). Farmers in Idaho expect to increase spring wheat plantings 40,000 acres (420,000 acres). Farmers in South Dakota expect to plant the same number of acres to spring wheat as last year (730,000 acres).

Durum planting intentions at 1.780 million acres would be up 148,000 acres from last year and 114,000 acres more than traders expected.

All wheat acres are estimated at 49.855 million acres, up just over 4.1 million acres from last year.

Sorghum planting intentions: 5.975 million acres

USDA estimates sorghum plantings would decline 350,000 acres from last year. Our survey indicated sorghum plantings would decline 225,000 acres to 6.1 million acres. If drought in the Southern Plains doesn't recede, sorghum plantings could come in higher than March intentions.

Cotton planting intentions: 11.256 million acres

Cotton planted area is expected to decline 2.507 million acres from last year and just a little above the average pre-report estimate. Our survey indicated producers would plant 11.200 million acres to cotton this year. Texas cotton acres are expected to decline 1.648 million acres (to 6.235 million acres).

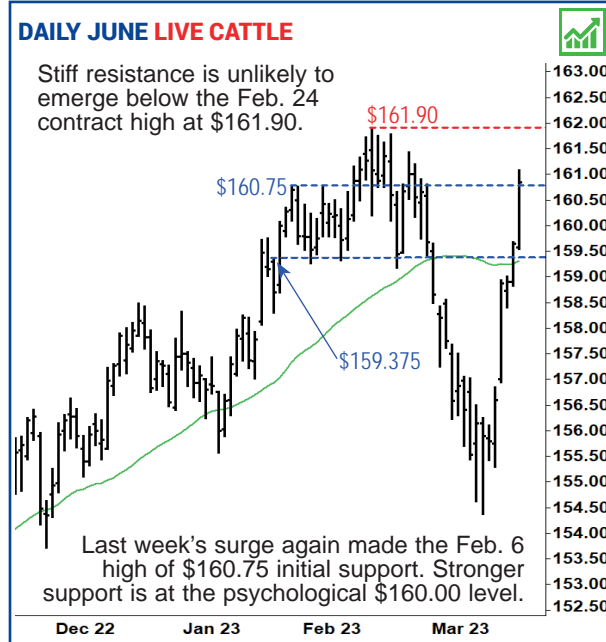
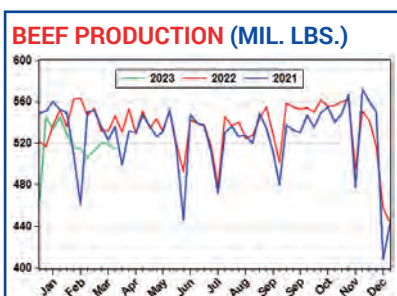
Principal crop acres increase significantly

USDA estimates total acres planted to principal crops at 318.1 million acres, up nearly 6 million acres (1.9%) from last year. That would be the highest acreage figure for principal crops since 319.3 million acres in 2018.

CATTLE - Fundamental Analysis

Having worries about a banking crisis coincide with the two largest weeks of beef production in March enabled packers to force cash prices slightly lower in mid-March, but the easing of recession fears and a fresh production decline have restarted the seasonal advance. Long-term averages imply a peak in late March, but as stated previously, our work on years of reduced cattle weights (and tight feedlot supplies) shows the high tends to arrive later. In five similar years in the past 20, prices peaked twice in early April, once in mid-April and twice in early May. We are now leaning toward an early-May high.

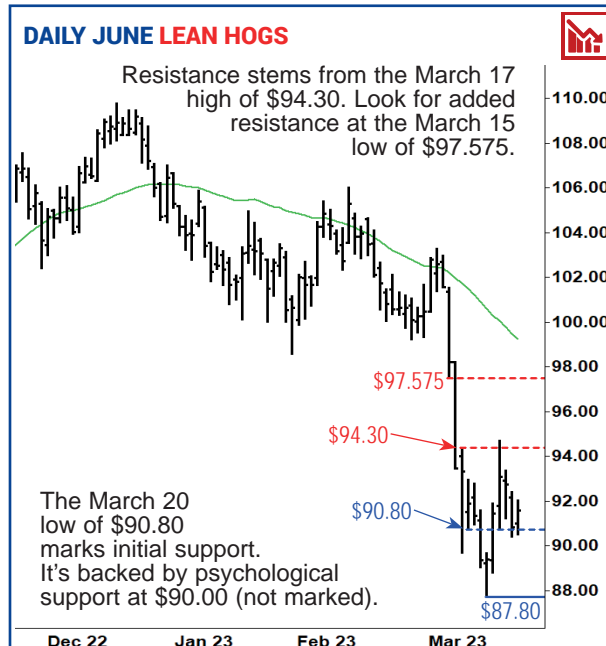
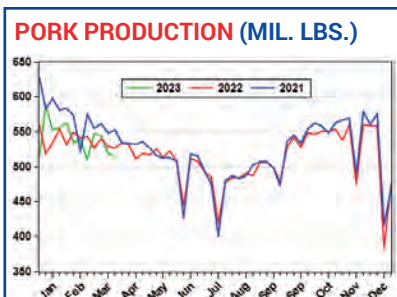
Position Monitor														
Game Plan:	Feds	Feeders												
Supply fundamentals are bullish.	<table border="1"> <tr><td>II'23</td><td>0%</td></tr> <tr><td>III'23</td><td>0%</td></tr> <tr><td>IV'23</td><td>0%</td></tr> <tr><td>I'24</td><td>0%</td></tr> </table>	II'23	0%	III'23	0%	IV'23	0%	I'24	0%	<table border="1"> <tr><td>0%</td></tr> <tr><td>0%</td></tr> <tr><td>0%</td></tr> <tr><td>0%</td></tr> </table>	0%	0%	0%	0%
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We anticipate futures and the cash market will make new all-time highs during spring. Carry risk in cash.														



HOGS - Fundamental Analysis

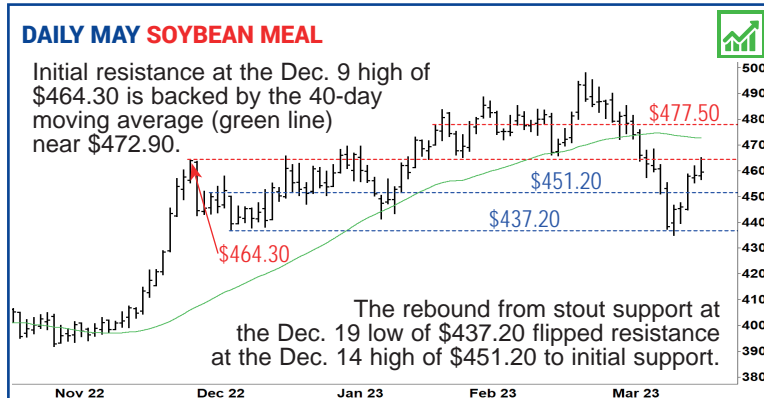
The chart below shows how the combination of increased slaughter and steady weights regularly pushed first-quarter pork production above year-ago levels. This seems likely to continue into spring, so pork supplies will probably match or slightly exceed those seen last year. The big question is the strength of consumer demand. As discussed in "From the Bullpen" on *Analysis* page 4, we suspect depressed pork prices will spur a strong consumer response. But that will require grocers to pass along the price declines to consumers, which was not the case in late 2022 and early 2023. Most risk is to the upside at this time.

Position Monitor										
Game Plan:	Lean Hogs									
Summer-month futures hold conservative premiums to the cash index. While more near-term price pressure is possible, hedges are risky as seasonals point price higher.	<table border="1"> <tr><td>II'23</td><td>0%</td></tr> <tr><td>III'23</td><td>0%</td></tr> <tr><td>IV'23</td><td>0%</td></tr> <tr><td>I'24</td><td>0%</td></tr> </table>	II'23	0%	III'23	0%	IV'23	0%	I'24	0%	
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FEED

Feed Monitor										
Corn										
<table border="1"> <tr><td>II'23</td><td>17%</td></tr> <tr><td>III'23</td><td>0%</td></tr> <tr><td>IV'23</td><td>0%</td></tr> <tr><td>I'24</td><td>0%</td></tr> </table>	II'23	17%	III'23	0%	IV'23	0%	I'24	0%	<p>Corn Game Plan: You have all corn-for-feed needs covered in the cash market through mid-April. We are targeting the \$6.30 level or lower in May corn futures to extend coverage.</p>	
II'23	17%									
III'23	0%									
IV'23	0%									
I'24	0%									
Meal										
<table border="1"> <tr><td>II'23</td><td>66%</td></tr> <tr><td>III'22</td><td>0%</td></tr> <tr><td>IV'23</td><td>0%</td></tr> <tr><td>I'24</td><td>0%</td></tr> </table>	II'23	66%	III'22	0%	IV'23	0%	I'24	0%	<p>Meal Game Plan: You have all soybean meal needs covered in the cash market through May. We will now wait on the next price pullback to extend coverage.</p>	
II'23	66%									
III'22	0%									
IV'23	0%									
I'24	0%									

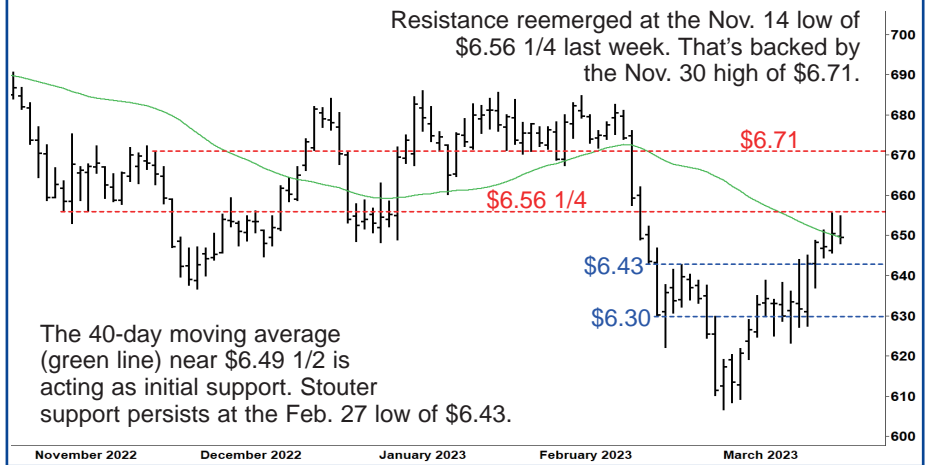


Position Monitor

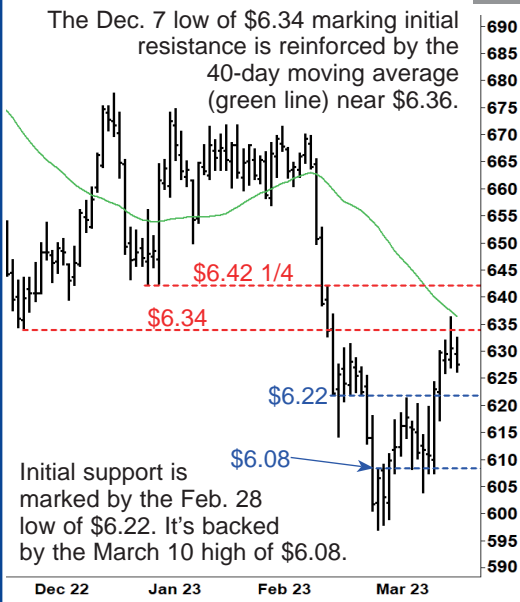
	'22 crop	'23 crop
Cash-only:	65%	15%
Hedgers (cash sales):	65%	15%
Futures/Options	0%	0%

Game Plan: Technical momentum has shifted back to bulls and export demand has turned from negative to supportive. Be prepared to increase old-crop sales on a return to the \$6.85 area in May futures. We would also likely make additional new-crop sales at that time. It would likely take fresh bullish news to push the market much above that level. We view extended rallies as selling opportunities.

DAILY MAY CORN



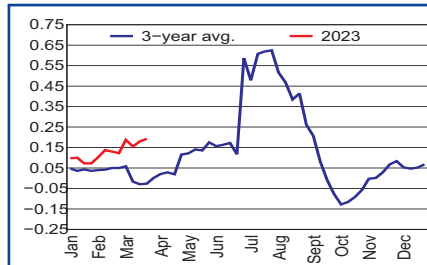
DAILY JULY CORN



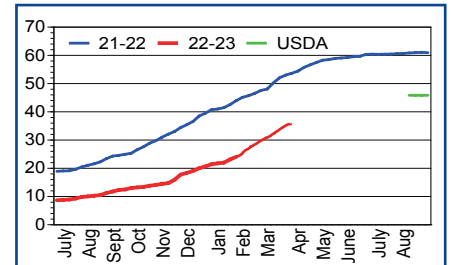
CORN - Fundamental Analysis

Although the latest weekly data was disappointing, sustained daily sales announcements powered old-crop prices progressively higher last week. China and "unknown destinations" have bought 3.383 million metric tons (MMT) of old-crop corn via daily sales announcements since March 14, confirming the underlying tightness of the current situation. But the new-crop outlook is expected to shift in the wake of the March 31 USDA Prospective Plantings and Grain Stocks Reports. Even if the acreage numbers prove accurate for the moment, spring weather, South American production and export developments could change the landscape in the coming weeks.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)

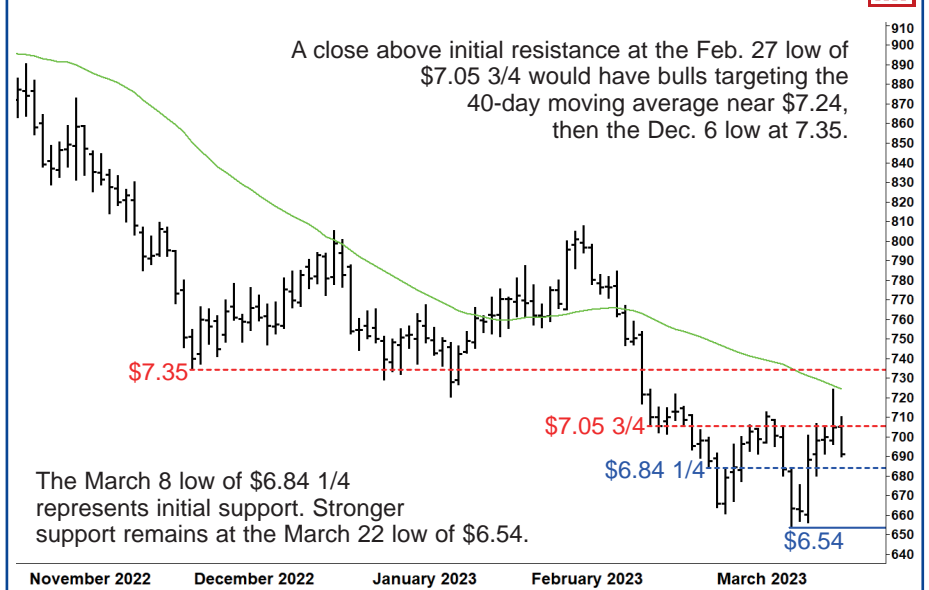


Position Monitor

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

Game Plan: Be prepared to advance sales on the extended corrective rebound. While there are winter wheat crop concerns, it's difficult to find sustained buyer interest during spring – even during the poor years.

DAILY MAY SRW WHEAT



WHEAT - Fundamental Analysis

SRW – Talk that Russia will abandon the Black Sea grain export agreement after 60 days, along with news Cargill will no longer ship Russian grain after the end of the crop year (May 31), boosted wheat futures last week. Look for wheat to follow corn and beans in the days ahead.

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 old-crop sales when May futures are above \$14.75. Be prepared to increase old-crop sales on a rebound to \$15.00 or higher. We'll also make initial 2023-crop sales when we increase old-crop sales. The window for price strength may be limited as Brazilian soybeans will soon hit the world market and U.S. demand will wane. After that, it would take a summer weather scare to fuel prices.

DAILY MAY SOYBEANS

The psychological \$15.00 level (not marked) is likely to act as initial resistance. It's doubly reinforced by the 40-day moving average (green line) near \$15.01 and the Dec. 8 high of \$15.01 3/4.



Last week's rebound made the Nov. 10 high of \$14.70 1/4 initial support. Look for strong backing at the Dec. 5 low of \$14.51 1/4.

DAILY JULY SOYBEANS

Initial resistance extends from the Dec. 6 low of \$14.47, with backing from the Dec. 20 low of \$14.69 1/4.

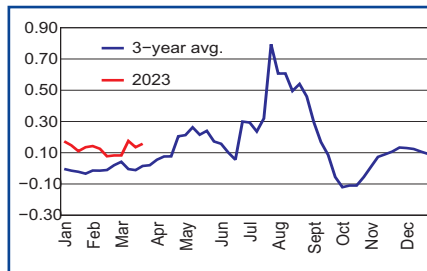


Support emerged at the March 20 low of \$14.42 3/4 last week. Stronger support remains at the March 22 low of \$14.22 1/2.

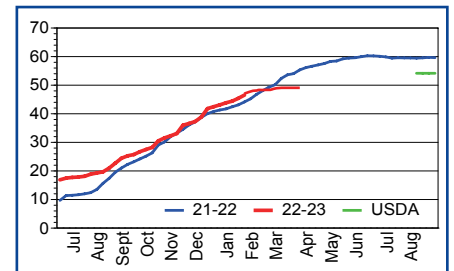
SOYBEANS - Fundamental Analysis

The recent dive by the soy complex triggered improved demand, especially for soybean meal. The domestic meal situation has remained tight, but the latest weekly report stated export meal sales leaping to 377,900 MT, up 81% from the four-week average, indicating export interest is surging. The dire Argentine situation is likely spurring that demand. The markets' confirmation of the comparative tightness of the situation, especially on the domestic front, will lend old-crop support, but the outlook will shift in the wake of the March 31 reports. Accelerating Brazilian sales will handicap rallies in the coming weeks, but long-standing anticipation of those supplies may limit their impact.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MAY HRW WHEAT

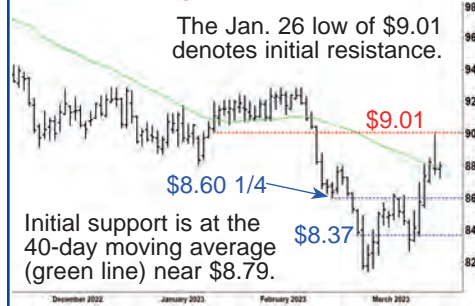
Resistance is marked by the Dec. 27 high of \$8.86 3/4.



The 40-day moving average (green line) puts support near \$8.45.

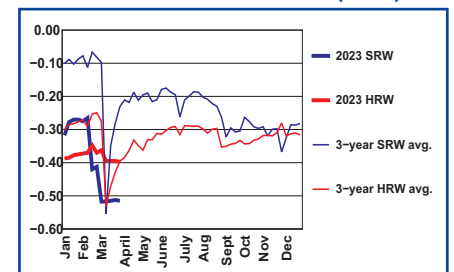
DAILY MAY HRS WHEAT

The Jan. 26 low of \$9.01 denotes initial resistance.

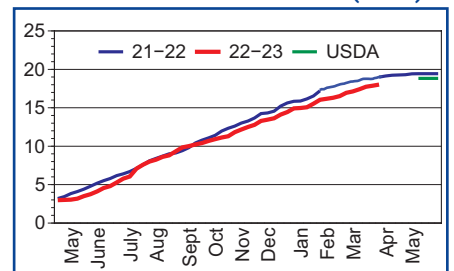


Initial support is at the 40-day moving average (green line) near \$8.79.

AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – Weak prospects for the HRW crop, which will be better defined after Monday's first USDA Crop Progress report of the year, pushed the nearby HRW/SRW spread to a record \$1.79 1/4 last week. May futures are also at virtual par with nearby HRS. Harvested acreage will be key to the crop total, but the looming harvest may undercut prices.

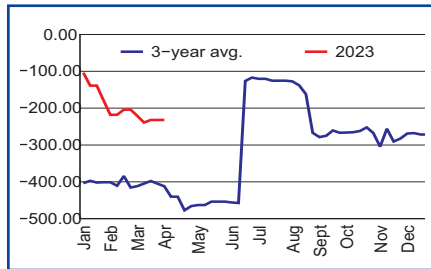
HRS – The HRS outlook depends heavily on the results of the Prospective Plantings Report. But spring conditions, particularly rains in the Dakotas and Canadian Prairies, as well as flooding in the Red River valley, will also exert great market influence. Although the HRW crop is likely to be protein rich, robust demand for HRS should persist.

Position Monitor

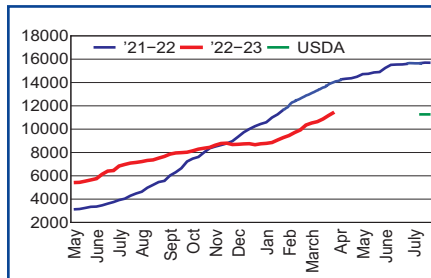
	'22 crop	'23 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: Be prepared to increase old- and new-crop sales on a challenge of resistance near the upper end of the sideways range.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Spring cotton plantings and weather could have a major impact on the price outlook, but concerns about demand prospects, particularly on the export front, remain the dominant factor. Until demand improves, sustained rally potential seems limited.

GENERAL OUTLOOK

METALS: The combination of Fed interest rate increases and concerns about a potential banking crisis recently put a scare into both the financial and commodity sectors. However, there are signs of market stabilization and prospects for renewed economic strength.

The S&P 500 was attempting to push above technical resistance last week, while crude oil futures have rebounded strongly from their mid-March lows.

But the most promising signal may be coming from "Dr. Copper." The red metal's widespread use in manufacturing and construction make it an excellent economic harbinger. After bottoming in July 2022, then rallying into January, the most-active May copper contract pushed above trendline resistance in late March. That seemingly opens the door for a run toward last year's highs.

FROM THE BULLPEN By Market Consultant Dan Vaught

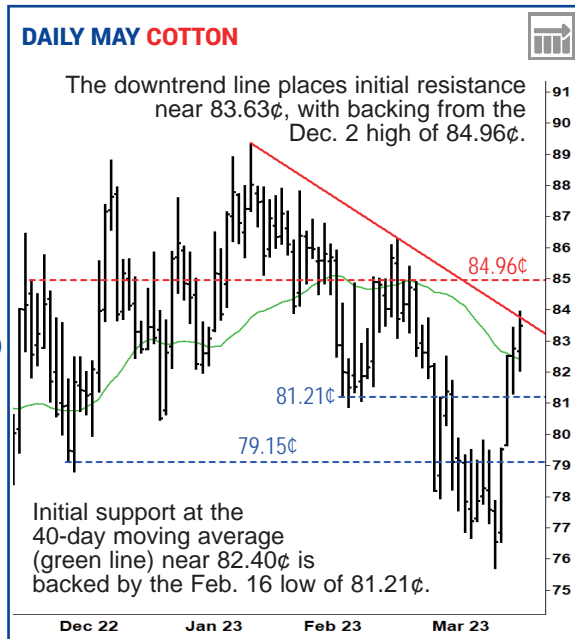
It's easy to assume hog and pork supplies near year-ago levels will limit the size of the usual spring price advance. Summer futures imply an August peak far below year-ago levels. Conversely, it's entirely possible that depressed prices for hogs and the various pork cuts will spur a strong demand response as grilling season commences. Much depends upon grocers' willingness to pass savings on to consumers.

For example, wholesale pork loins averaged around \$98.00 in late March, whereas year-ago and 10-year average prices were near \$107.00. The 10-year average implies a surge to a late-May top around \$129.00, whereas the market didn't peak until the \$139.00 area in mid-July 2022. Loins topped \$136.00 in June 2021.

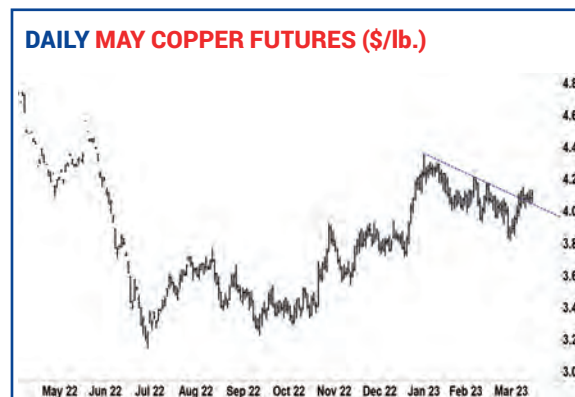
Pork belly prices rose to the \$136.00 area in late March, with large frozen stockpiles seemingly weighing on prices. But the market has regularly traded over \$240.00 in the past three years. Moreover, retail bacon prices averaged 7.1% under year-ago level in February, so the stage seems set for a strong demand response.

But pork ribs may have the biggest upside potential. They were recently priced around \$131.00, which looks quite low when compared to \$194.00 last March and the 10-year average at \$169.00. The latter implies a rally to a mid-May top around \$220.00, while the market peaked in the \$226.00 area in May 2022. Ultimately, these low prices could serve as a springboard for a surprisingly vigorous seasonal rally.

DAILY MAY COTTON



DAILY MAY COPPER FUTURES (\$/lb.)



WATCH LIST

- 1 USDA Grain/Soy Crush Rpts.** **MON 4/3**
Domestic crush for February. 2:00 p.m. CT
- 2 USDA Crop Progress Report** **MON 4/3**
Winter wheat crop ratings. 3:00 p.m. CT
- 3 U.S. Ag Trade Data** **WED 4/5**
Ag exports, imports for February. 10:30 a.m. CT
- 4 USDA Export Sales Report** **THUR 4/6**
Did surge in corn sales continue? 7:30 a.m. CT
- 5 Employment Report** **FRI 4/7**
Jobs data for March. 7:30 a.m. CT

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