



News this week...

- 2 – Weather for this year shaping up like 1976.
- 3 – Feedlot supplies continue to tighten.
- 4 – Survey says: Corn acres to rise, soybeans about steady.

Soybeans extend price plunge – Soybean futures sharply extended the recent selloff last week. The market became heavily oversold, but traders showed no signs of letting up. In fact, open interest and volume climbed in soybean futures late last week, signaling traders shifted from liquidating long positions to building new short positions. Wheat futures rallied sharply late last week as traders covered short positions amid Black Sea supply uncertainty (see items below). Corn futures traded choppy to higher with support coming from a flurry of Chinese old-crop purchases (see first item below). Livestock markets faced pressure from macroeconomic concerns. Front-month live cattle and lean hog futures traded below their respective cash markets, signaling the bearish market sentiment.

China on a U.S. corn buying spree

China purchased 2.245 million metric tons (MMT) of U.S. corn in the week ended March 16. USDA announced another 641,000 metric tons of daily corn sales to China last week. U.S. corn export sales to China in 2022-23 will be the third highest on record after 2020-21 and 2021-22 that were augmented by the Phase 1 trade pact. Odds have increased U.S. old-crop corn sales will now reach USDA's 1.850-billion-bu. forecast.

Black Sea grain deal extended two months

The Black Sea grain deal was renewed for 60 days, though Russia says it will only agree to an extension after mid-May if its banks regain access to SWIFT financial messaging system and other sanctions are lifted. The United Nations said while Russian exports of grains and fertilizers are not sanctioned, it was trying to free up the passage of these shipments.

Russia making ag protectionist moves

While Moscow continues to complain about its lack of grain and fertilizer exports, the rhetoric doesn't match its actions. Russia is considering a temporary halt to wheat and sunflower exports and wants to more than triple purchases of grain for state reserves to 10 MMT. The ag ministry says it could also extend restrictions on fertilizer exports through November.

Shipments insured but risks remain

Ships carrying Ukrainian grain through the Black Sea continue to be insured. But the shorter renewal term raises concerns over forward shipments beyond the 60-day period, according to Lloyd's of London. An official with the insurer said there would be "underlying risk" if the situation changes.

Ukraine's agriculture Russia's next target

Peter Zeihan, a geopolitical strategist, said: "The Russians are reevaluating their strategy. It appears the new target will likely be Ukrainian agriculture. We've already seen the Russians change the renegotiation period of the grain deal... and I wouldn't be surprised if March is the last time the Russians resign. So Ukrainian exports might fall off very soon."

Fed hikes may be close to done

The Federal Reserve raised interest rates 25 basis points and suggested there will be one more quarter-point increase before a likely pause. But that will depend on economic data. One thing Chair Jerome Powell made crystal clear was that no rate cuts are coming this year, saying that was "not in our base case." See "General Outlook" on [Analysis page 4](#) for more.

China again keeps rates unchanged

China kept its benchmark lending rate unchanged for a seventh straight month. While the Fed and other major central banks continue to tighten monetary policy to slow inflation, China is looking for ways to boost economic activity by other means than cutting rates so it isn't going completely counter to other countries.

Deutsche Bank the latest banking concern

Deutsche Bank's shares and bonds sold off late last week after its 5-year credit-default swaps (CDS) widened on Thursday, in what *Reuters* reported was the largest one-day rise in its history. Deutsche Bank's 5-year CDS were nowhere near the peak for Credit Suisse, but investors are wary about the next shoe(s) to drop in the banking sector.

USDA trims food price outlook

USDA now forecasts food prices will rise 7.5% in 2023 (range of 5.5% to 9.6%), down from an expected 7.9% increase last month. The cut came amid a lower forecast for food-at-home (grocery store) prices, which are now expected to rise 7.8% (range of 5.3% to 10.5%), down from the 8.6% jump projected last month. USDA kept its food-away-from-home (restaurant) forecast at 8.3% (range of 7.2% to 9.3%).

Thai to ag sector: Sorry but...

U.S. Trade Representative Katherine Tai again talked about the lack of traditional free trade agreements by the Biden administration. She said, "While it has been, in general, very good for our agricultural producers, the other parts of our economy feel like the playing field is not level."

Growing season lining up with 1976

Ocean surface water temperatures off the North American Pacific Coast have shown a steady cooling trend in recent weeks. This trend has occurred while the north-central Pacific Ocean experiences warming ocean water. This phenomenon is associated with a negative phase of Pacific Decadal Oscillation (PDO). World Weather Inc. says the ocean surface temperature changes recently have been reinforcing the negative PDO event at a time when normally negative PDO weakens. This year's negative PDO has been strengthening in recent weeks and has been significantly negative for 21 straight months. There has been no other time since 1950 that PDO was strongly negative for such a long period of time.

At the same time, NOAA continues to predict a strong evolution toward El Niño late this spring and early summer. World Weather says 1957 and 1976 are the two years most like this one in which a multi-year La Niña was followed by El Niño, with 1976 being the most comparable year.

World Weather concludes, "The sudden change from a persistent multi-year La Niña event to an aggressive El Niño would leave the atmosphere confused because of significantly different weather pattern influences around the world. There would be a period of months in which areas of dryness and wet biased conditions may evolve in various places in the world as the atmosphere quickly shifts from the La Niña pattern to El Niño. During that period of confusion, if the PDO is still strongly negative it will help induce stronger ridge building in a part of North America. If that happens, forecasters, traders and producers may be surprised to see dryness returning to a part of the region from the central Plains into a part of the Midwest. That does not mean a full-blown drought, but reduced precipitation and warmer temperatures for some areas might induce some crop stress."

PERSPECTIVE: The 1976 growing season was not favorable for corn and soybean yields. The 1976 corn yield of 88.0 bu. per acre was 90.7% of previous record. The soybean yield of 26.1 bu. per acre was 90.3% of the previous record.

Drought in western Corn Belt

As spring started, USDA estimated 31% of corn production areas and 22% of soybean growing regions were saddled with drought – virtually all in the western Corn Belt. Drought coverage for corn included 13% "moderate" (D1), 9% "severe" (D2), 5% "extreme" (D3) and 3% "exceptional" (D4). For soybeans, the drought designation was 12% D1, 6% D2, 3% D3 and 2% D4.

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Consultant again cuts Argy crop pegs

South American crop consultant Dr. Michael Cordonnier cut another 2 million metric tons (MMT) off his Argentine soybean crop forecast, lowering it to 26 MMT. He lopped another 1 MMT off his Argentine corn crop estimate, dropping it to 36 MMT. Cordonnier warned his crop estimates could be reduced even more as recent rains came too late to help most of the crops. His minimum crop forecasts now stand at 23 MMT for soybeans and 33 MMT for corn.

Argentine soy crush the lowest in 10 years

During the first two months of this year, Argentina's soybean crush fell 33% versus last year to the lowest volume since 2013. Argentina's soybean supply has not only been slashed by prolonged drought, but farmers will be slow sellers as they hold this year's production as a hedge against inflation.

Cordonnier says while a lack of soybean supplies is the immediate concern for crushers, labor unrest could be the other "shoe to drop" for the industry. When labor contracts expire over the coming months, unions will demand huge salary increases for their employees to keep up with inflation that has already reached 100%.

Firm raises Brazil bean crop forecast

After surveying soybean fields across Brazil, Agroconsult raised its Brazilian soybean crop forecast by 2 MMT to a record 155 MMT. The firm expects eight states to produce record soybean yields this year. If not for drought in the far southern state of Rio Grande do Sul, Agroconsult said Brazil's soybean production could have reached 160 MMT.

Cordonnier kept his Brazilian soybean crop estimate at 151 MMT, noting the final production total will depend on yields in Rio Grande do Sul.

Agroconsult cut its Brazilian corn crop estimate to 125.5 MMT, down 5.4 MMT from its previous forecast, with 4.1 MMT of the reduction due to an expected smaller safrinha crop. The firm says planting delays create greater risks for the safrinha corn crop and some areas won't get all of the intended acres planted.

Cordonnier kept his Brazilian corn crop peg at 121 MMT.

Ukraine: Less grains, more oilseeds

Ukraine's 2023 grain harvest is likely to fall to 44.3 MMT from 53.1 MMT last year amid less planted acreage and lower yields, its ag ministry forecast. Output is expected to include 16.6 MMT of wheat, 21.7 MMT of corn and 4.8 MMT of barley, though some Ukrainian officials fear output could fall further than currently expected.

Ukraine's oilseed production is expected to rise to 19.2 MMT, up 1 MMT from last year, due to expected increases in acreage and yield.

Feedlot supplies continue to tighten

USDA estimated the March 1 large feedlot (1,000-plus head) inventory at 11.645 million head, down 548,000 head (4.5%) from last year. That was the smallest March 1 feedlot inventory since 2017 and the sixth straight month with a year-over-year decline. Placements dropped 7.2% from last year, while marketings fell 4.9%.

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate
On Feed March 1	95.5	95.5
Placed in Feb.	92.8	94.0
Mktd in Feb.	95.1	95.6

Placements declined in every weight category compared with last year. Placements declined 60,000 head in Nebraska, 35,000

head in Colorado, 5,000 head in Kansas and 44,000 head in "other states." Texas placed 10,000 head more cattle into feedlots than in February 2022.

The number of cattle on feed more than 120 days is estimated at 4.5 million head, 129,000 head more than last year. The number of cattle on feed 180 days or more at 2.5 million head was the largest since August 2022.

Given the shrinking supply of calves to move onto feed, feedlot inventories and beef supplies will continue to decline.

Meat stocks trend less than normal

USDA's Cold Storage Report showed beef stocks as of Feb. 28 totaled 500.2 million lbs., down 34.1 million lbs. (6.4%) from January, whereas the five-year average decline during the month was 14.7 million pounds. Beef inventories dropped 31.4 million lbs. (5.9%) from last year but were 5.8 million lbs. (1.2%) above the five-year average.

Frozen pork inventories totaled 521.2 million lbs., up 2.3 million lbs. (0.4%) from January, far less than the five-year average increase of 35.4 million lbs. during the month. Pork stocks rose 42.9 million lbs. (9.0%) versus February 2022 but were 46.4 million lbs. (8.2%) below the five-year average.

China Jan.-Feb. pork imports strong

China imported 380,000 metric tons of pork in January and February combined, up 35.8% from the same period in 2022. China's pork imports increased late last year and are expected to climb this year, especially with the country fighting a new outbreak of African swine fever.

China resumes Brazil beef imports

China resumed imports of Brazilian boneless beef aged under 30 months on March 23. Brazil halted beef shipments to China on Feb. 23 following the discovery of an atypical case of bovine spongiform encephalopathy. Brazilian President Luiz Inácio Lula da Silva will lead a large delegation, including 69 meatpacking executives, on a trip to China March 26-31 to discuss economic and business ties between the two countries.

Bill for stepped-up basis protection

A bipartisan group of lawmakers is trying to protect a tax provision that reduces the capital gains tax on inherited property, saying elimination would hurt farmers and businesses. The resolution would support the "preservation" of the rule and "oppose efforts to impose new taxes on family farms or small businesses."

President Joe Biden's budget request included changes that would tighten loopholes related to partnerships and the stepped-up basis rule and those who have over \$100 million in wealth, according to the Treasury Department's Greenbook. The Joint Committee on Taxation says the failure to collect these taxes costs \$40 billion per year, and Democrats have proposed ways to eliminate the provision, while leaving an exemption for farmers.

The resolution cites a study from the USDA's Economic Research Service that found 66% of midsize farms would see a tax liability increase if the stepped-up basis was cut.

WOTUS halted in Texas, Idaho

EPA's new definition of Waters of the U.S. (WOTUS) went into effect March 20. A ruling by U.S. District Court for the Southern District of Texas halted the WOTUS rule from being put in place in Texas and Idaho. There's another lawsuit over WOTUS, led by West Virginia, that includes 24 states which hasn't been ruled on yet.

Several Republican members during last week's hearing questioned EPA administrator Michael Regan about the WOTUS rule before the Supreme Court issues an opinion on the matter in *Sackett v. EPA*. Regan said, "What we didn't want to do was wait until after June, wait for the Supreme Court, and then start a two-year process, which would have left farmers and ranchers in limbo."

Highlights of Xi, Putin meeting

Chinese leader Xi Jinping traveled to Moscow to meet with Russian President Vladimir Putin. Highlights:

- Xi reiterated his view that global power dynamics are shifting. He sees an era in which the West is fading and China is ascending.
- The leaders' central statement focused on how the two countries would "deepen" their relationship.
- Both leaders called for the cessation of actions in Ukraine. They did not acknowledge that Russia's invasion was the cause of ongoing violence or humanitarian suffering.
- Both leaders urged NATO to "respect the sovereignty, security, interests," of other countries — a reference to previous rhetoric blaming the West for provoking Russia to invade.
- Putin said there could be a peaceful settlement in Ukraine, "when the West and Kyiv are ready." But he didn't indicate Moscow would withdraw its troops from Ukraine.

Corn acres to rise, soybean plantings about steady

By Chief Economist Bill Nelson, Economist Lane Akre and Editor Brian Grete

Results of the *Pro Farmer*/Doane planting intentions survey signaled there will be an increase in corn acres this year. But indicated a somewhat surprising marginal decline in soybean plantings. We project total corn and soybean plantings at 179.4 million acres, which would be up 3.4 million acres (1.9%) from last year. Total acres planted to the big four crops (corn, soybeans, wheat and cotton) are expected to rise 467,000 acres (2.0%) from last year.

Corn acres expected to rise nearly 4%

Our analysis of survey responses signals producers intend to plant 92.1 million acres to corn this year, up nearly 3.5 million acres (3.9%) from last year. Of those farmers who plan to shift acres, 56% indicated they would plant more corn.

Each of the six eastern Corn Belt states are expected to plant more corn than last year, with gains of 3% to 5%. In the western Corn Belt, acres are expected to rise 2% to 4%, though big gains will likely occur in the Dakotas, which were impacted by heavy prevent-plant (PP) acres in 2022. North Dakota's corn acres are expected to rise 20%.

There was a slightly lower bias for corn acres in both Missouri and Kansas, with farmers in Kansas signaling more sorghum acres — likely due to the ongoing drought.

For states outside of the Corn Belt, producers indicated they would increase corn acres 2%.

Soybean acres expected to be virtually unchanged

Producers indicated they intend to plant 87.4 million acres to soybeans in 2023, down 100,000 acres (0.1%) from last year. Those who plan to shift acres from last year are split nearly evenly — 49% more soybeans and 51% fewer bean acres. Across the northern Corn Belt, acres expected to come back into production this year account for a good portion of the soybean acreage increases. In the Dakotas, about two-thirds of farmers adjusting bean acres from last year are planning to increase; Minnesota about 60%. Missouri farmers also indicated they intend to plant more soybeans this year.

Survey responses indicated about a 1% drop in soybean acres in Iowa, Illinois, Nebraska, Indiana and Michigan. Our Ohio surveys were essentially unchanged with a 0.2% gain. Farmers intend to plant more soybeans in Arkansas, North Carolina and Pennsylvania.

Other spring wheat acres to rise 1.5%; all wheat up 8.4%

Our survey showed other spring wheat acres will rise 1.5% from last year. We had only a few survey responses from durum wheat producers, but our model suggests they will rise slightly. In total, other spring wheat and durum acres are projected to rise 1.6% to 12.7 million acres.

Spring wheat acres in the Dakotas are expected to rise 1% to 2%. Montana producers indicated they would increase spring wheat acres by more than 10% as acres that didn't get seeded last year come back into production. Minnesota producers intend to reduce spring wheat plantings by 10% or more this year.

Using USDA's winter wheat acreage estimate of 37.0 million acres, that would put total wheat plantings at 49.6 million acres, up 3.9 million acres (8.4%) from last year.

Sharp drop expected to cotton plantings

Our analysis of survey responses signals producers intend to plant 11.2 million acres to cotton, down nearly 2.6 million acres (18.6%) from last year. Outside of Texas, cotton acres are expected to fall 14.4%, based on our surveys.

Sorghum acres surprisingly expected to decline

Our survey projected sorghum plantings at 6.1 million acres, down 190,000 acres (3.0%) from last year. Despite entrenched drought in the Plains, producers indicated they intend to plant fewer acres to sorghum in Colorado, Oklahoma, Texas and South Dakota. Farmers in Kansas told us they will increase milo plantings by 7%.

Little change in 'other' crop acres

We didn't receive many survey responses for acres outside of the "big four" plus sorghum. But the limited responses we received indicated farmers intend to plant slightly more acres to canola and sunflowers. We project combined plantings for those two crops at 3.935 million acres, up 29,000 acres (0.7%) from last year.

Track record: Our surveys have been close

There's a slight tendency for our survey to underestimate corn acres and overestimate soybean plantings compared with USDA's March intentions. Over the past 10 years, our spring acreage survey on average has been 401,000 acres too low for corn and 571,400 acres too high for soybeans. Our survey has done a very good job of pegging combined corn and soybean acres over the past decade.

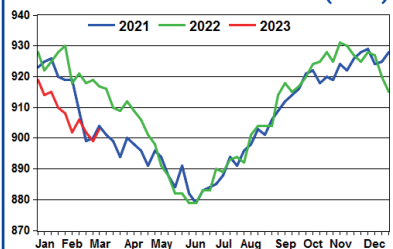
CATTLE - Fundamental Analysis

The latest weekly slaughter report stated steer carcass weights 14 lbs. below year-ago levels in early March, indicating a severe shortage of market-ready animals in feedlots. Again, our research shows cattle prices tend to rise longer and higher in similar historical years. With grocer buying for grilling season just getting underway, packers will have to pay up for those animals in order to meet demand regardless of their margins. Thus, we believe the recent futures breakdown dropping nearby contracts to discounts below the cash market is overdone and will soon be reversed.

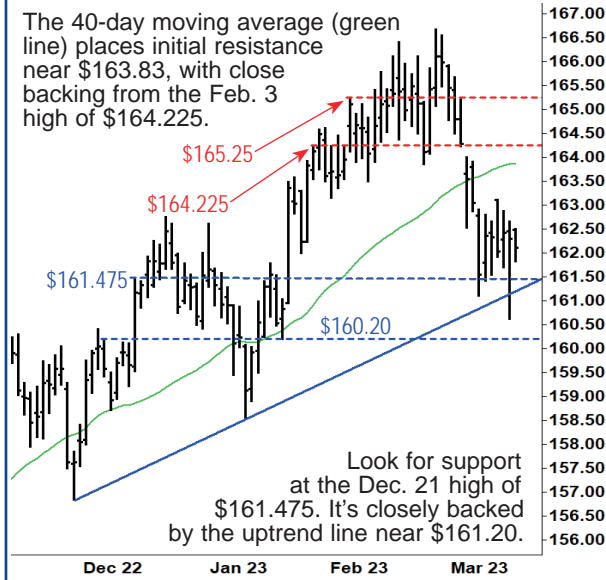
Position Monitor

Game Plan:	Feds	Feeders
Fundamentals remain supportive, though macroeconomic concerns could keep buyers cautious. Hedges are risky with futures below cash.	I'23 0%	0%
	II'23 0%	0%
	III'23 0%	0%
	IV'23 0%	0%

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY APRIL LIVE CATTLE



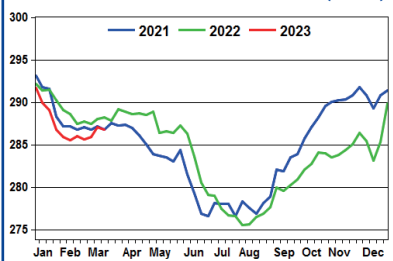
HOGS - Fundamental Analysis

Hog slaughter during the week of March 18 topped the year-ago level by almost 3% and marked eight of 11 weeks in 2023 with kills topping those from last year. Weights remain slightly below year-ago levels, but don't point to supply tightness as they did in late 2022. We suspect the March 30 USDA Hogs & Pigs Report will imply spring supplies 1% to 2% over year-ago, as opposed to projections for 2% reductions in the December report. Still, recent cash and wholesale weakness seems likely to spur aggressive grocer and consumer demand during grilling season. We still expect a strong seasonal price advance.

Position Monitor

Game Plan: Spring futures are trading below the cash index and the market is too bearish. With that said, there could be more near-term pressure, though hedges are risky.	Lean Hogs
	I'23 0%
	II'23 0%
	III'23 0%
	IV'23 0%

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY APRIL LEAN HOGS

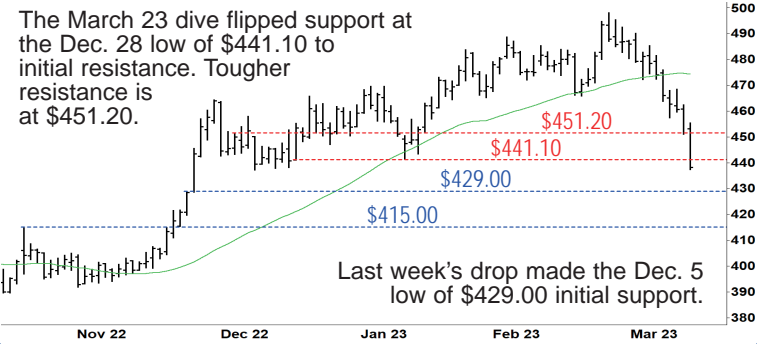


FEED

Feed Monitor

Corn	Corn Game Plan: You have all corn-for-feed needs covered in the cash market through mid-April. We are targeting \$6.00 in May corn futures to extend coverage.
I'23 100%	
II'23 17%	
III'23 0%	
IV'23 0%	
Meal	Meal Game Plan: On March 22, we advised extending cash soymeal coverage by four weeks in the cash market through May. Wait on the market to signal a bottom before further extending coverage.
I'23 100%	
II'23 66%	
III'23 0%	
IV'23 0%	

DAILY MAY SOYBEAN MEAL

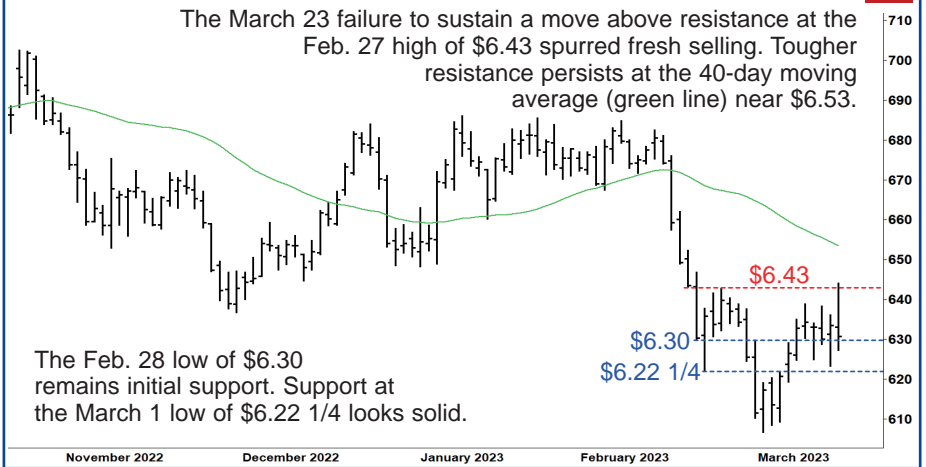


Position Monitor

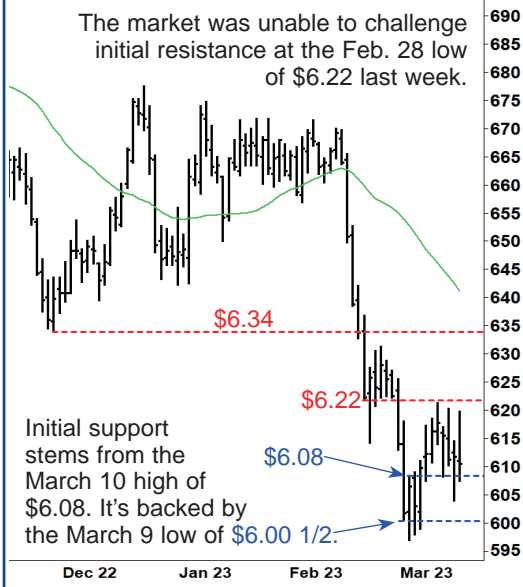
	'22 crop	'23 crop
Cash-only:	65%	15%
Hedgers (cash sales):	65%	15%
Futures/Options	0%	0%

Game Plan: Technicals have weakened and macroeconomic worries add to our price concerns. As a result, we have increased urgency to sell a corrective bounce in corn futures. Be prepared to make additional 2022- and 2023-crop sales if futures rebound 20¢-plus. It's going to take a fresh catalyst to reignite buyer interest and turn the market bullish again. Short-term defensive hedges may be needed.

DAILY MAY CORN



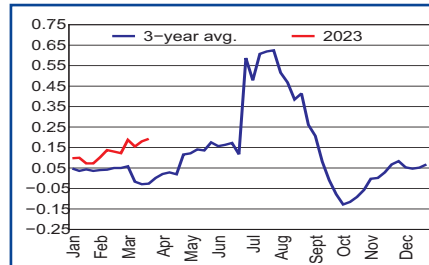
DAILY JULY CORN



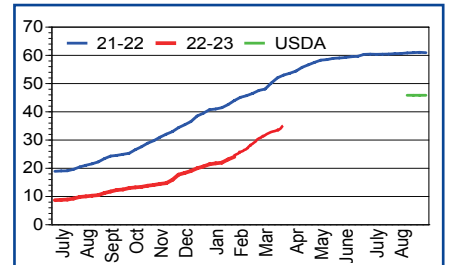
CORN - Fundamental Analysis

China continued its binge of daily U.S. corn purchases last week, with the total bought since March 14 climbing to 2,752 million metric tons (MMT). The resulting strength enabled May futures to stabilize above \$6.25 despite the soybean breakdown. Diminished production in Argentina and safrinha planting delays in Brazil offered additional support. Thus, the old-crop situation remains supportive. But our farmer survey (see *News* page 4) put likely spring corn plantings at 92.1 million acres, up 1.1 million from the USDA's preliminary projection. As a result, we will be looking more new-crop sales prior to the release of USDA's March 31 Prospective Plantings Report.

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: Wheat will struggle to find sustained buying unless there's a serious spring crop threat, especially with macroeconomic concerns building. Be prepared to advance sales on an extended corrective rebound.

DAILY MAY SRW WHEAT



WHEAT - Fundamental Analysis

SRW — Russia supported the flow of wheat from its country to China. That could crowd out Chinese wheat purchases from others and further cap U.S. wheat exports. But a possible Russian wheat export ban (see *News* page 1) spurred late-week short-covering.

Position Monitor

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

Game Plan: Wait to get current with advised old-crop sales as the downside is overdone based on fundamentals. With that said, there could be more near-term downside price risk. Be prepared to increase old-crop sales on an extended price bounce. We'll also make initial 2023-crop sales when we increase old-crop sales. Defensive hedges may be needed if a short-term correction triggers fresh selling.

DAILY MAY SOYBEANS

Last week's breakdown made the Dec. 5 low of \$14.51 1/4 initial resistance. Stiffer resistance remains at the Nov. 15 high of \$14.74 1/2.



DAILY JULY SOYBEANS

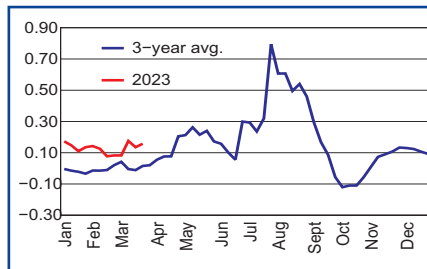
The Dec. 1 low of \$14.43 marks initial resistance.



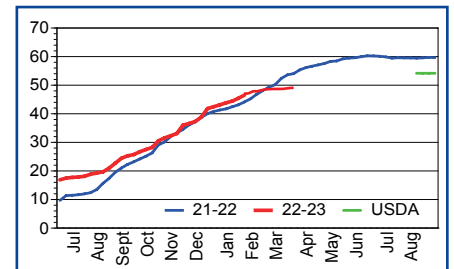
SOYBEANS - Fundamental Analysis

The comparative strength of the soy complex during early March seemed to render it vulnerable to heavy selling last week as funds bailed out of long positions. Rising estimates of the Brazilian crop helped encourage selling, with the poor results on the weekly export sales report triggering the decisive breakdown. Bulls can legitimately hope for improved export data as customers react to the lower prices. The results of our farmer survey put spring soybean plantings at 87.4 million acres, 100,000 below both last year's total and the preliminary USDA projection. That suggests a surprising March 31 result will be required to move the market.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MAY HRW WHEAT

The Dec. 5 low of \$8.37 1/4 remains initial resistance.

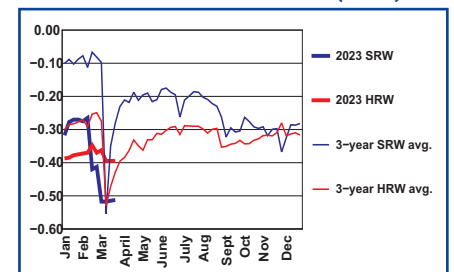


DAILY MAY HRS WHEAT

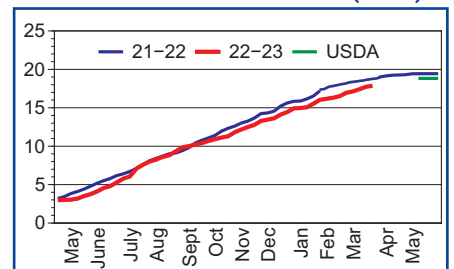
Initial resistance at the March 1 low of \$8.60 1/4 looks stiff.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



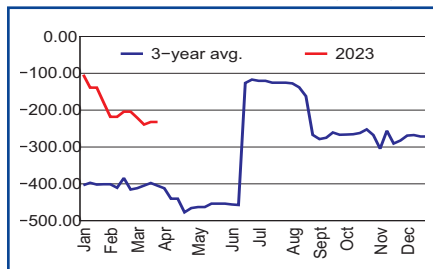
HRW – Low state ratings and the prospect of continued dryness over the HRW wheat belt supported futures last week, with the premium to nearby SRW futures reaching a 12-year high of \$1.57 3/4 on March 23. That's only 5¢ below the 2011 record. Low crop ratings are likely to keep the HRW market the most supported in the wheat complex.

HRS – Our survey indicates other spring wheat plantings will rise 1.5% this year, whereas the preliminary USDA figure is virtually unchanged from 2022. This may signal a bearish result on the Prospective Plantings Report. Conversely, spring flooding in the Red River valley could change the situation once again.

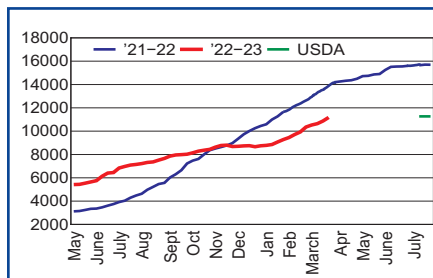
Position Monitor		
	'22 crop	'23 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: Be prepared to increase sales in the upper end of the sideways range. Short-term defensive hedges may be needed on a downside breakout.

AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Export sales surged in response to the mid-March price drop, but fell short of the marketing-year high in late February. Our 11.2 million acre estimate of cotton plantings is near the middle of expectations. Only a shocking result seems likely to cause a big reaction to USDA's estimate.

GENERAL OUTLOOK

MONETARY POLICY: As recently as three weeks ago, December Fed fund futures priced in an interest rate over 5.5%. Since then, the collapse of several U.S. and European banks have enticed traders to believe that rates will not be "higher for longer" as previously anticipated.

Fed Chair Jerome Powell anticipates rates will top out at 5.0% to 5.25%, signaling one more 25-basis-point increase before a pause.

Fed officials believe with a terminal rate of 5.1%, it can bring down inflation. But while the median terminal rate was unchanged, there was an upward shift in the so-called "dot plot."

Officials projected inflation would be 3.3% at the end of the year, up from the prior forecast of 3.1%. The Fed's GDP forecasts call for 0.4% growth this year, down from 0.5% previously, and 1.2% for 2024.

FROM THE BULLPEN By Editor Brian Grete

Commodity markets have generally trended lower since the middle of 2022 as the Fed and other central banks aggressively acted to combat inflation. That pushed the U.S. dollar higher, which took the bullish fervor out of commodity markets.

The stock market has also weakened from its 2022 peak. But equities have rebounded well off their fall-2022 lows as investors have been comforted by hopes the Fed will be able to contain inflation and maneuver a relative "soft landing" and avoid a complete economic collapse.

A chart of Goldman Sachs Commodity Index/S&P 500 Index ratio shows commodities bottomed and have been on a slow climb relative to the stock market since the 2020 Covid collapse. Commodities

were aided by Russia's attack on Ukraine that sent many markets shooting higher. But recent price action is challenging thoughts that investment funds view commodities as a relative value buy.

Ag markets, which avoided much of the heavy selling until recently, have seen widespread fund liquidation of late. In many cases, the bearish price action doesn't fit the fundamentals.

Whether funds actively step back into long commodity positions, including in the ag markets, could depend on the Fed. The more aggressive the Fed remains on taming inflation, the more traders will rely on supply/demand fundamentals to determine the fair value of commodity prices.

DAILY MAY COTTON

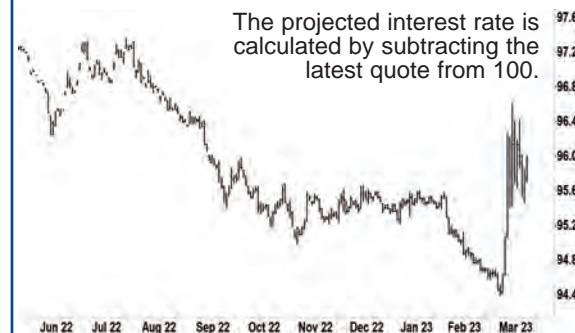
Initial resistance extends from the December 12 low of 79.15¢.



The Nov. 28 low of 77.02¢ marks initial support. It's backed by the psychological 75.00¢ level (not marked).

DAILY DECEMBER FED FUND FUTURES

The projected interest rate is calculated by subtracting the latest quote from 100.



WATCH LIST

- 1 USDA Export Sales Report** **THUR 3/30**
Corn, bean sales to China key. 7:30 a.m. CT
- 2 USDA Hogs & Pigs Report** **THUR 3/30**
Upward revision to Dec. data. 2:00 p.m. CT
- 3 China March PMI Data** **THUR 3/30**
Factory sector gauge for March. 7:30 p.m. CT
- 4 USDA Prosp. Plantings Rpt.** **FRI 3/31**
Farmers' planting intentions. 11:00 a.m. CT
- 5 USDA Grain Stocks Report** **FRI 3/31**
Grain stocks of March 1. 11:00 a.m. CT

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