



News this week...

- 2 – HRW wheat conditions plunge from last fall.
- 3 – Global trade growth forecast to be below average.
- 4 – Challenges to the dollar's reign as top currency.

Happy Easter from Pro Farmer! – *Easter is the season of new life and a new beginning as we celebrate Christ's resurrection. May the joy of the Easter season shine eternal. Soybean futures pulled back from the strong March 31 gains as traders took profits from long positions. Corn and SRW wheat followed the soybean market lower. HRW and HRS futures also traded lower, though selling was somewhat limited by drought in the Central and Southern Plains and flooding concerns in the Northern Corn Belt. Front-month HRW futures moved to a record premium to the SRW market. Live cattle futures surged to new highs amid another sharp increase in cash prices, though traders didn't build in any premium. Lean hog futures plunged to new contract lows as the cash market extended its recent pullback.*

Warmer, drier weather forecast

Warmer, drier conditions are forecast this week, which will improve soil conditions in the southern Corn Belt and Delta. But above-normal temps will start the thawing (and flooding) process across the upper Midwest. Western HRW wheat areas will remain dry.

Argentina's new 'soy dollar' rate

Argentina announced a new preferential exchange rate of 300 peso per dollar. The so-called "soy dollar" rate will run from April 8 through May 31 for soybeans and soy products. Prior "soy dollar" exchange rates triggered strong soybean sales by farmers and exports. The current decree covers other ag sales, though not corn or wheat.

Ag exports, imports dropped in Feb.

The U.S. exported \$15.26 billion of ag goods in February against imports of \$15.21 billion for a surplus of \$49.1 million, up from a deficit of \$85 million in January. Through the first five months of fiscal year 2023, ag exports totaled \$84.32 billion against imports of \$81.26 billion for a surplus of \$3.06 billion.

Important SAF info ahead

The Treasury Department will soon unveil a new sustainable aviation fuel (SAF) tax credit of up to \$1.75 for each gallon produced based on carbon reductions versus conventional jet fuel. One issue is whether corn-based ethanol should qualify for the tax credit. Many environmentalists argue that only waste products such as corn stover – not ethanol – should qualify.

Factors for U.S. dollar competition

On *News page 4* we have an in-depth look at challenges to the U.S. dollar as the world's reserve currency. Some potential challenges to the U.S. dollar as the primary global currency:

- Rise of the euro, Japanese yen and Chinese yuan.
- Development and adoption of digital currencies, like central bank digital currencies or private cryptocurrencies.
- Geopolitical shifts, e.g., the rise of emerging economies.
- Movement to a multipolar reserve currency system.

Senate Ag asks for more funding

In a letter to budget leaders the Senate Ag panel said through recent farm bill hearings "it became clear that additional financial resources will be necessary to strengthen our farm and food safety nets... A commitment to additional financial resources for the farm bill will help to transition our farm and food supplies away from ad hoc support." The committee requested a reserve fund.

PERSPECTIVE: The only way to increase the odds of a new farm bill is additional funding.

Crop insurance under the microscope

An American Enterprise Institute (AEI) panel predicted Congress will protect crop insurance in the next farm bill despite some concerns the program is too costly. Some on the panel urged Congress to act directly to include climate mitigation in the farm bill rather than resort to crop insurance "add ons" that could negatively impact the soundness of the program. Former USDA chief economist Joe Glauber warned "add-ons" could impact the financial health of the program. Even Barry Goodwin of North Carolina State University, a frequent crop insurance critic, warned against legislative "wedges" in crop insurance. Roger Cryan, chief economist for the American Farm Bureau Federation, defended crop insurance, noting ad hoc disaster bills often are slow to disburse money and use different standards for eligibility and loss.

Duties remain on biodiesel imports

The U.S. International Trade Administration ruled that revoking antidumping duties on biodiesel from Argentina and Indonesia would "likely lead to continuation or recurrence of dumping" on the U.S. market. This keeps the duties in place.

EPA's CAFO response by Aug. 15

EPA by Aug. 15 will respond to a 2017 petition from environmental groups requesting changes to water pollution regulations for concentrated animal feeding operations (CAFOs). If EPA agrees to move ahead on the petition, it could set in motion plans for addressing issues around CAFOs.

HRW CCI rating plunges from last fall

USDA's first crop condition ratings of the spring rated 28% of the winter wheat crop "good" to "excellent," down from 34% at the end of November and 30% last year at this time. USDA rated 36% of the crop "poor" to "very poor."

When USDA's crop condition ratings are plugged into the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop plunged 23.3 points from last fall to 257.0 — 15.6 points below last year at this time. The SRW CCI rating improved 3.5 points from last fall to 363.8. That was 21.6 points above last year's rating at the beginning of April.

Dreyfus also exiting Russian market

Louis Dreyfus Company will stop exporting Russian grain as of July 1, the group said on Monday, joining other major global merchants in exiting the Russian market. The company plans to "assess options for the transfer to new owners its existing Russian business and grain assets." As we reported in last week's newsletter, Cargill and Viterra also announced they are exiting the Russian market.

S. American crops stable — for now

South American crop consultant Dr. Michael Cordonnier kept his Argentine crop estimates at 26 million metric tons (MMT) for soybeans and 36 MMT for corn as recent rains stabilized crops for now. But Cordonnier noted his Argentine crop estimates could decline, "depending on yields, seed quality and weather during harvest."

Cordonnier also kept his Brazilian crop estimates at 151 MMT for soybeans and 121 MMT for corn. Soybean harvest is more than three-quarters done, with all of the major states aside from Parana (77% completed) and Rio Grande do Sul (7%) finished. Brazil's corn production figure will largely be dictated by weather from now until June as the safrinha crop will account for around three-quarters of Brazil's total output.

Some safrinha corn may go to wheat

Safrinha corn planting is virtually done in Brazil, as the optimal window closed more than two weeks ago. Any corn planted now would have much greater yield risk from dryness and/or frost before it matures. Parana still had more than 20% of its intended safrinha corn acres left to plant last week. Cordonnier says in areas where safrinha corn has not been planted, farmers may opt to plant sorghum or winter wheat.

Big Argentine soybean imports

Argentina will likely produce around 25 MMT of soybeans this year. That could force crushers to import up to 10 MMT of soybeans to meet their soymeal and soyoil commitments, according to Cordonnier. He says the majority of Argentina's soybean imports traditionally come from Paraguay via the Parana River. But with record production in Brazil this year, it could ship as much as 5 MMT of soybeans to Argentina. Bolivia and Uruguay could also supply smaller volumes of soybeans to Argentina.

Argentina may lose meal export lead

Argentina's soymeal exports in 2022-23 are expected to plunge 36% from last year to 20 MMT due to severely reduced production, according to the Rosario Grain Exchange. As we previously reported, Argentine soy crushers are operating at record-low capacity levels due to a lack of supplies. The exchange expects Brazil to overtake Argentina as the world's top soymeal exporter, with shipments between 21 MMT and 23 MMT in 2022-23.

Brazil bean exports jump in March

Brazil exported 13.271 MMT of soybeans last month, up 155% from February and 8.9% above year-ago.

Brazilian corn exports slowed 41.4% to 1.335 MMT, though they greatly topped last year's 14,278 MT tally.

Soy crush needs to accelerate

U.S. processors crushed 176.9 million bu. of soybeans in February, down 14.2 million bu. (7.4%) from January but 2.5 million bu. (1.4%) more than February 2022. Through the first six months of 2022-23, the crush pace slipped 0.9% from the same period last year. Over the final half of the marketing year, the crush pace must top year-ago by 2.4% to reach USDA's forecast of 2.220 billion bushels.

Corn ethanol use must build, too

Corn-for-ethanol use totaled 399.8 million bu. in February, down 41.2 million bu. (9.3%) from January and 6.3 million bu. (1.6%) less than year-ago. Through the first half of 2022-23, ethanol use was 5.2% below year-ago but must improve to 2.5% above last year over the final six months to hit USDA's forecast of 5.250 billion bushels. Based on weekly data, ethanol production fell 2.1% from last year during March.

Record E15 sales in 2022, but action needed for a repeat

Sales of E15 reached a record 1.02 billion gallons in 2022, up 26% from 2021 due to attractive prices and EPA's waiver allowing summertime sales. However, the Renewable Fuels Association warns "E15 sales will drop precipitously" if a similar waiver isn't granted soon for the summer 2023 driving season.



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Declining funds imperil the 'slow magic' of agri-food research

In the past, half of USDA's budget was directed to agricultural research and development. Today the share is 1.8% and the U.S. now trails competitors that include China, Brazil and India, said economist Philip Pardey of the University of Minnesota in calling for a hefty increase in funding.

How much to invest? "There are two practical ways to address the 'how much' question. Research by its nature produces winners and losers. From a public policy perspective, the meaningful metric is whether the overall portfolio of research yields a healthy return. Looking across the totality of hard-nosed, economic assessments of the social returns to past agri-food R&D, a large body of published evidence indicates that overall, public agri-food research pays handsome dividends to the taxpayers who fund it... Another approach to rightsizing the public commitment to U.S. agri-food research is to consider projected shortfalls in spending and knowledge stocks using recent history as a guide to future outcomes."

How to pay for it? "Fortunately, Congress has a ready means of shrinking farm budgets and dealing with macro budget deficit concerns while doubling down on R&D... Reducing politically popular price support payments (that favor just some, usually the larger and wealthier farms) and redirecting part of those savings to R&D will both reduce government deficits and revitalize R&D investments that return economic and environmental value to the populace at large. Done right, federal agri-food R&D dollars could be distributed to the states in ways that also revitalize the large rundown in state government support for research. That would be an economically efficient approach to slicing up the farm bill pie."

WTO raises world trade forecast, but risks remain

The World Trade Organization (WTO) now forecasts global trade growth at 1.7% this year. That's up from its prior outlook for 1.0% growth but would be down from 2.7% last year and the 2.6% average increase during the 12-year span since the global financial crisis.

Risks to the outlook remain largely the same as they were for 2022 – the war in Ukraine, other geopolitical tensions, inflation and the impacts of central banks tightening monetary policy.

WTO Director-General Ngozi Okonjo-Iweala continued to call on countries to limit export restrictions on food. To date, WTO data showed 67 countries have restrictions on food trade.

U.S. trade deficit widens

The U.S. trade deficit for goods and services rose to \$70.5 billion in February, up \$1.9 billion from the previous month. Exports dropped \$6.9 billion to \$251.2 billion, while imports fell \$5.0 billion to \$321.7 billion. The February data reflected an increase in the goods deficit of \$2.7 billion to \$93.0 billion and a rise in the services surplus of \$0.8 billion to \$22.4 billion.

The trade deficit with China increased \$3.2 billion to \$25.2 billion as exports decreased \$1.4 billion and imports increased \$1.8 billion.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	May	June	July-Sept.
	(Monthly & quarterly avg.)					
CORN						
Central Illinois, bushel	7.38	6.46	6.48	6.70	6.55	5.85
Omaha, NE, bushel	7.64	6.80	6.80	7.00	6.85	6.15
Dried Distillers Grain, IA, \$/ton	275.36	244.67	243.53	—	—	—
SOYBEANS						
Central Illinois, bushel	16.06	14.53	15.10	15.50	15.40	14.25
Memphis, TN, bushel	16.60	14.98	15.62	15.90	15.70	14.50
Soymeal, 48% Decatur, ton	470.00	457.10	476.00	475	470	450
WHEAT						
Kansas City, HRW, bushel	10.89	9.23	9.23	9.25	9.00	9.00
Minneapolis, 14% DNS, bushel	12.74	10.78	10.30	10.80	10.90	10.80
St. Louis, SRW, bushel	10.38	6.97	6.88	7.00	7.00	7.00
Portland, Soft White, bushel	10.75	7.65	7.58	7.60	7.60	7.40
Durum, NE MT HAD, 13%, bu.	12.50	8.56	8.56	8.75	8.75	8.50
SORGHUM , Kansas City, cwt.	13.18	12.18	12.30	12.40	12.20	12.00
COTTON , 11/16 SLM, 7 area, c/lb.	134.82	80.27	78.73	82.00	83.00	80.00
RICE , nearby futures, cwt.	16.04	17.75	16.79	17.10	17.10	15.50
BARLEY , MT, G.T., malting, bu.	7.75	7.75	7.40	7.50	7.50	7.25
OATS , Minneapolis No. 2 heavy, bu.	7.50	3.99	3.61	3.75	3.75	3.75
ALFALFA , NW Iowa, lg. sq. prem., ton	189.79	—	195.00	210	210	190
SUNFLOWERS , Fargo, ND, cwt.	38.00	22.30	21.90	22.00	22.00	22.70
HOGS , Nat'l carcass 51%-52% cwt.	99.72	74.22	72.36	85.00	108.00	100.00
FEEDER PIGS , 40 lbs., Nat. avg, head	117.97	85.89	80.97	75.00	72.00	70.00
CHOICE STEERS , feedlots, cwt.	139.32	164.41	168.74	165.00	162.00	157.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	160.09	189.33	192.74	190.00	197.00	195.00
Steers, 500-550 pounds, cwt.	212.39	241.81	243.82	240.00	235.00	225.00
Heifers, 450-500 pounds, cwt.	181.84	215.22	220.53	220.00	215.00	210.00
COWS , utility, Sioux Falls, SD, cwt.	78.07	97.61	93.60	95.00	93.00	97.00
MILK , Class III, CME spot month, cwt.	23.72	19.52	18.64	18.50	18.50	19.00
LAMBS , Slg., San Angelo, TX, cwt.	216.00	149.00	152.50	—	—	—
ENERGY						
Ethanol, IA, gallon	2.28	2.12	2.14	—	—	—
Farm diesel, U.S., gallon	4.51	3.61	3.58	3.45	3.52	3.70

*Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions.

U.S. dollar being challenged, but still firmly intact

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Is any currency, country or coalition going to challenge the U.S. dollar as the world's dominant reserve currency? We frequently get that question during speeches, in e-mails and correspondence with farmers and agribusiness leaders.

Some initial steps taken, but...

Russia and China want to kick their dependence on the U.S. currency via limiting dollar transactions to reducing its holdings in foreign exchange reserves.

The U.S. government froze Russia's dollar reserves after it invaded Ukraine, revealing that Washington could threaten foreigners' dollar holdings. Another initial response was blocking Russia's access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT). Roughly 300 Russian banks and financial institutions used this banking communications platform.

China is trying its own SWIFT system

China put together a SWIFT substitute called the Cross-Border Interbank Payment System (CIPS), which has been steadily growing since 2020. As of February, CIPS has nearly 1,400 participants, processing about \$13 trillion.

Brazil and China signed a March 29 agreement to ditch the U.S. dollar and settle trade and financial transactions in yuan and reals to "promote even greater bilateral trade and facilitate investment." This came one day after China completed its first purchase of liquefied natural gas in yuan.

Chinese leader Xi Jinping announced in December that Saudi Arabia would take advantage of the Shanghai Petroleum and Natural Gas Exchange to settle more oil and gas transactions in yuan.

Cambodia and Iraq also have confirmed they plan to conduct more trade in China's currency.

Will China's currency be the next power currency?

"No," says Marc Chandler, chief market strategist for Bannockburn Global Forex, a division of First Financial Bank. He wrote in *Barron's*: "The Chinese yuan is simply not convertible. It isn't a question of technology but policy. China's foreign exchange rate is closely managed and purposefully opaque. Its capital markets are developing but aren't sufficiently transparent. Including the yuan in the International Monetary Fund Special Drawing Rights in 2015 was supposed to spark growth in yuan reserves, but as of the end of the third quarter

of 2022, the yuan's share of international reserves was about 2.75%. The yuan's share of SWIFT transactions briefly rose above 3% early last year, but by February, its share had slumped to about 2.2%."

Chandler also noted China's Belt and Road Initiative (BRI) "cannot be divorced from the dollar." Initially, China made yuan loans, but "recipients quickly swapped into dollars. So now, Chinese banks finance BRI loans with dollars."

Chandler's bottom line: "The U.S. capital markets' depth, breadth and transparency are its bedrock and are overlaid by its military dominance and legal system... Now it seems that Russia will be in the yuan's orbit as a cost of Putin's Ukraine folly. Chinese companies have moved into the vacuum left by the withdrawal of Western companies. At best, a yuan bloc is in the early stages of forming to include Russia, North Korea, and Iran. They didn't quit the dollar bloc but were fired from it. The fate of the dollar lies in Washington, not Beijing."

Some say the dollar could or should be challenged

Jim O'Neill, a former chief economist at Goldman Sachs, suggests the BRICS (Brazil, Russia, India, China and South Africa) bloc should expand its presence and enhance the alliance's work to threaten the greenback hegemony in global financial markets. "The U.S. dollar plays a far too dominant role in global finance," O'Neill wrote in the *Global Policy Journal*. If the BRICS pact grows, it could facilitate the emergence of a multi-currency global financial system, he added.

Bottom line: Dollar is still deeply entrenched

Any shift away from the dollar would likely be gradual and complex. For perspective, the transition from the British pound to the U.S. dollar as the world's dominant reserve currency was a gradual process that took several decades — a period of roughly 30 to 40 years.

The shift from the British pound to the U.S. dollar began during the first half of the 20th century and was influenced by several key events: World War I (1914-1918), The Great Depression (1929-1939), World War II (1939-1945) and Bretton Woods Conference (1944).

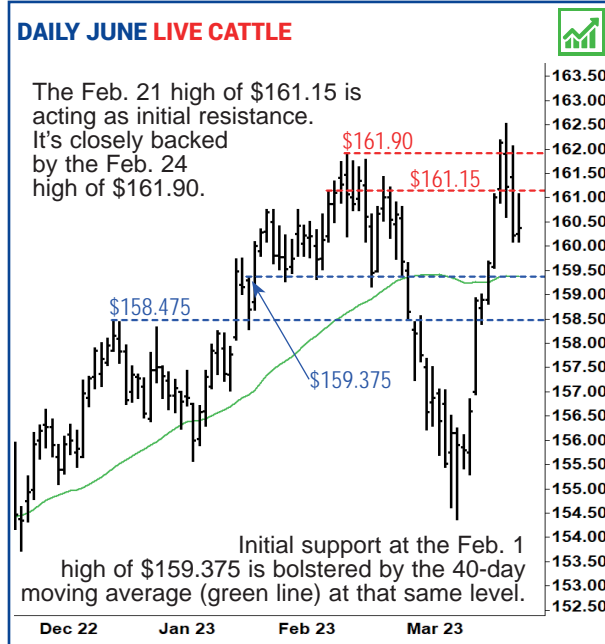
Any shift from the U.S. dollar as the world's primary currency would likely be quicker than the move from the British pound, but isn't happening anytime soon.

CATTLE - Fundamental Analysis

Live cattle futures pulled back last week despite cash prices jumping \$4.33 to \$168.74 the week prior. Ideas packers would quickly dip into contracted April supplies and the weekly kill would be truncated by the Easter holiday probably played roles in that weakness. Meanwhile, grain and soy market strength undercut feeder futures badly. The expiring April contract held up rather well, but deferred futures dove. That likely reflected the sizeable premiums built into the latter. The chart below shows the feeder index is around \$193.00, whereas deferred contracts are all priced over \$200.00.

Position Monitor		
Game Plan:	Feds	Feeders
Supply fundamentals are bullish.	II'23 0%	0%
	III'23 0%	0%
	IV'23 0%	0%
	I'24 0%	0%

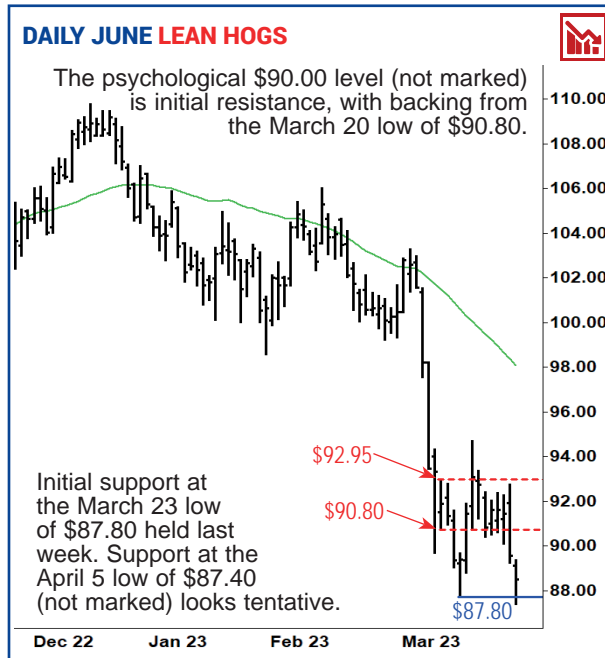
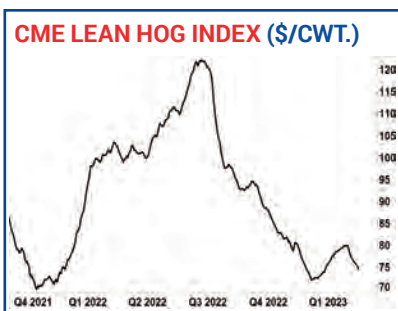
We anticipate futures and the cash market will make new all-time highs during spring. Carry risk in cash.



HOGS - Fundamental Analysis

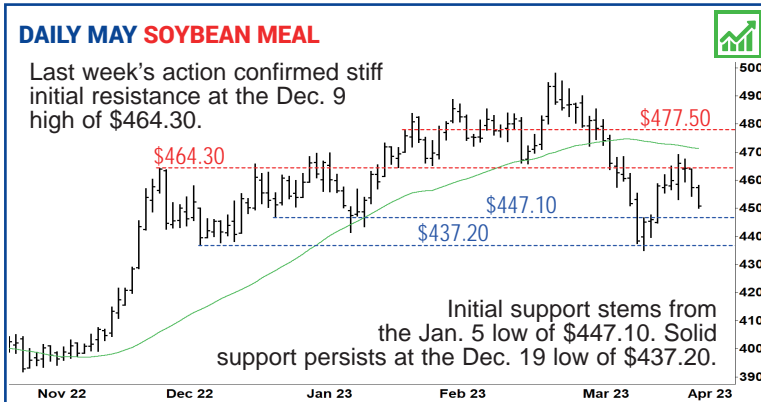
The chart below depicts recent cash hog losses and the expiring April contract implies the index will decline further by its April 17 expiration – close to the Jan. 23 bottom at \$72.11. April lows are unusual and don't offer many clues as to later price action. For example, the mid-April 2006 low around \$54.00 was followed by a 48% surge to a mid-June high near \$80.00 and the early April 2015 low near \$60.00 led to a late-May high around \$83.00 (up 38%). But a mid-April 2002 low near \$42.00 was followed by a more modest (30%) rally and a Labor Day plunge to the \$31.00 area.

Position Monitor		
Game Plan:	Lean Hogs	
Summer-month futures hold conservative premiums to the cash index. While more near-term price pressure is possible, we believe attitudes are overly pessimistic.	II'23 0%	0%
	III'23 0%	0%
	IV'23 0%	0%
	I'24 0%	0%



FEED

Feed Monitor		
Corn		
II'23	17%	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.
III'23	0%	
IV'23	0%	
I'24	0%	
Meal		
II'23	66%	Meal Game Plan: You have all soybean meal needs covered in the cash market through May. We will now wait on an extended price pullback to advance coverage.
III'22	0%	
IV'23	0%	
I'24	0%	

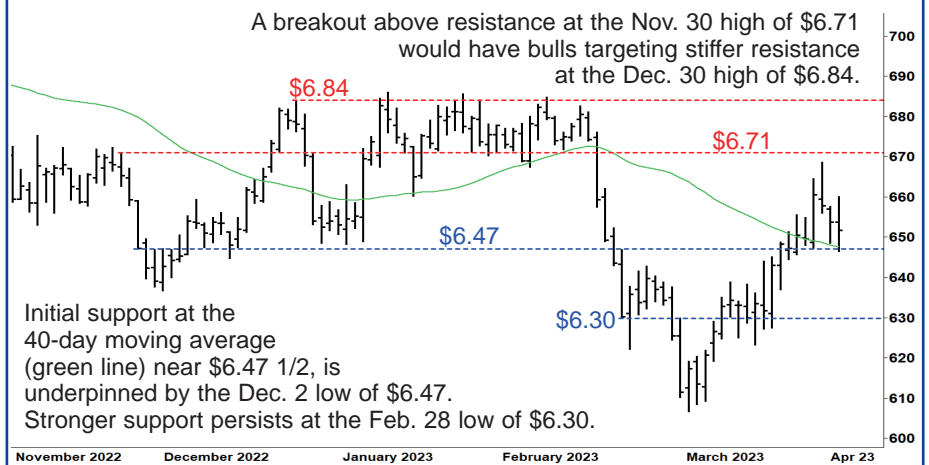


Position Monitor

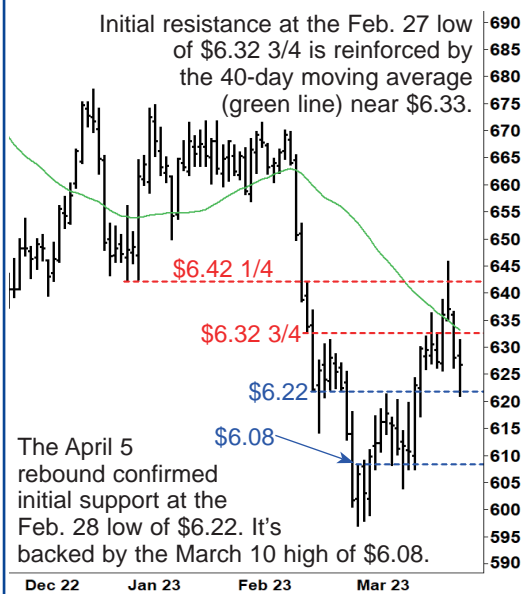
	'22 crop	'23 crop
Cash-only:	65%	15%
Hedgers (cash sales):	65%	15%
Futures/Options	0%	0%

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 winter highs. 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



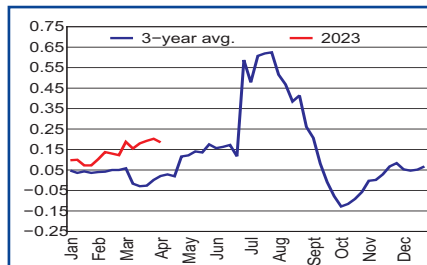
DAILY JULY CORN



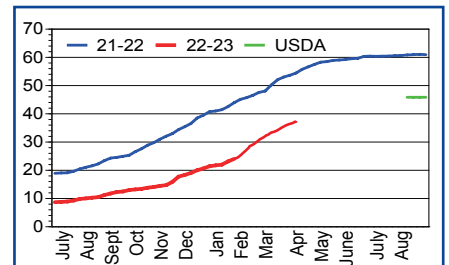
CORN - Fundamental Analysis

U.S. corn stocks as of March 1 fell well short of expectations, with the subsequent futures advance reemphasizing the tight old-crop situation. Continued daily sales announcements to China and "unknown destinations" also offered support amidst renewed concerns about the outlook for the banking sector and economy. Meanwhile, the prospect of spring plantings reaching 92 million acres weighed on the new-crop contracts. But another round of snow over the Northern Plains raised the possibility of a repeat of last year, when flooding sharply curbed planting in the Dakotas. We suspect the market is going to create sales opportunities near recent highs.

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 an 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 – News Louis Dreyfus would also exit the Russian grain market didn't support SRW futures. Seasonal weakness, dollar strength and uncompetitive logistics are working against bulls. SRW futures fell to an all-time low discount to front-month HRW futures.

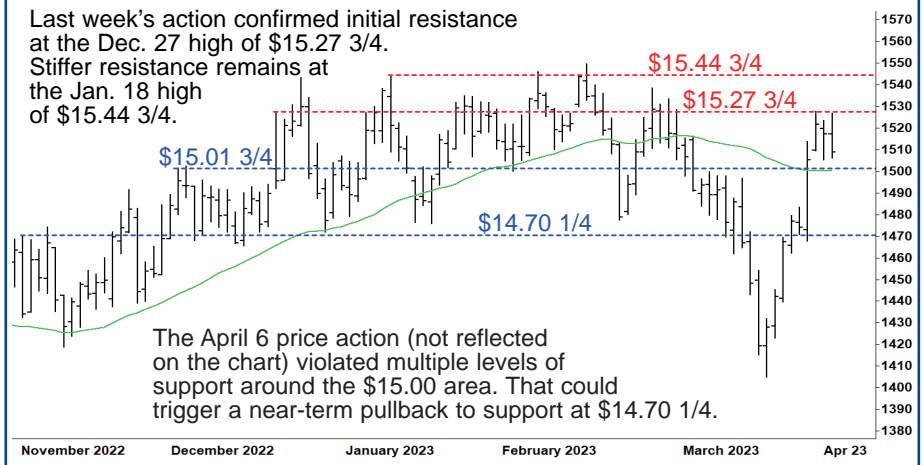
Position Monitor

	'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. With May futures back above \$15.00, be prepared to make additional old-crop sales. 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 are hitting the world market and U.S. demand will wane. After that, it would take a summer weather scare to fuel prices.

DAILY MAY SOYBEANS

Last week's action confirmed initial resistance at the Dec. 27 high of \$15.27 3/4. Stiffer resistance remains at the Jan. 18 high of \$15.44 3/4.



DAILY JULY SOYBEANS

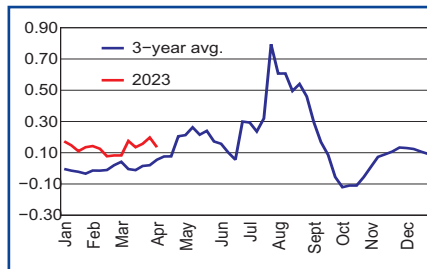
Initial resistance is marked by the 40-day moving average (green line) near \$14.85.



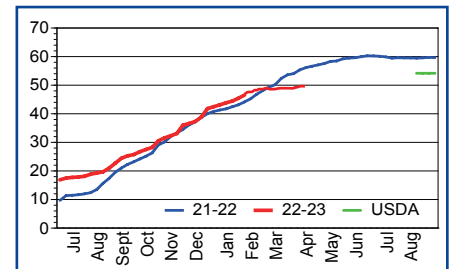
SOYBEANS - Fundamental Analysis

Futures pulled back sharply from the strong March 31 gains in reaction to lower-than-expected March 1 stocks and planting intentions. We believe the former points to an eventual downward revision to the 2022 crop estimate, while the latter may also be affected by spring developments northwestern Corn Belt, since acreage in the Dakotas is seen jumping 1.05 million acres. Still, as the latest weekly export data reflecting a 44% drop from the four-week average indicated, the industry is going to be dealing with the record Brazilian crop in the coming months. That will make sustaining advances difficult. Focus on selling price rallies.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MAY HRW WHEAT

The Dec. 27 high of \$8.86 3/4 marks initial resistance.

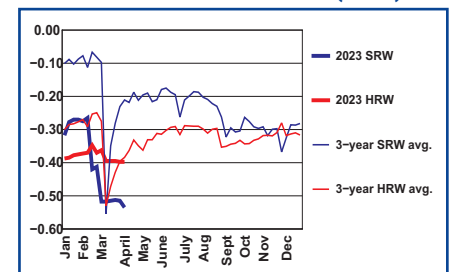


DAILY MAY HRS WHEAT

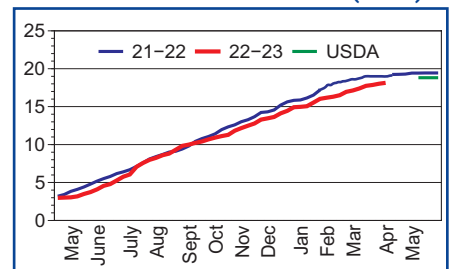
The 40-day moving average (green line) puts resistance near \$8.76.



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – USDA's initial Crop Progress Report of 2023 stated winter wheat conditions at just 28% "good" to "excellent." This was the lowest since 1996 and would have been worse if not for strong SRW readings. The HRW/SRW spread remains at record highs. High protein readings are likely to provide background price support.

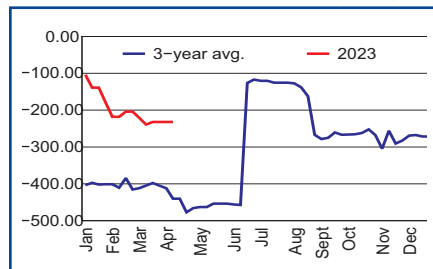
HRS – Surprisingly low HRS planting intentions are supportive, but bulls couldn't sustain the nearby contracts above \$9.00. Looming seasonal pressure for winter wheat likely depressed HRS as well. But the potential for widespread Red River Valley flooding and reduced Dakota plantings remains supportive.

Position Monitor

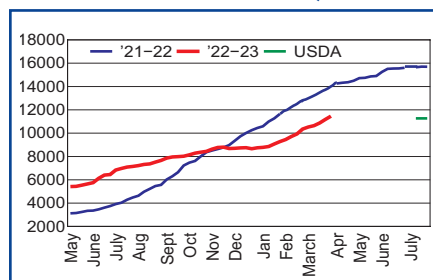
	'22 crop	'23 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

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)



DAILY MAY COTTON



COTTON - Fundamental Analysis

Cotton planting intentions at 11.256 million acres slightly topped expectations. But last week's price drop was likely a reaction to renewed concerns about the global economic outlook. We're still seeking opportunities to boost coverage on an extended rebound.

GENERAL OUTLOOK

ENERGY: The surprise OPEC+ cut in crude oil production by just over 1 million barrels per day spiked Nymex crude oil prices to a two-month high above \$80. The move comes as the Chinese economy is picking up steam after coming out of its Covid lockdown.

There is debate on the inflationary and central bank implications of the unexpected rise in oil prices. One camp sees the price spike as reigniting infla-

tion, which has just begun to recede. Such would likely mean central banks keeping interest rates higher for longer.

Another camp sees the rise in oil prices having little impact on inflation and central bank policies, arguing that present oil prices are just back to levels seen in late January. We agree with the latter scenario, but we also harbor concerns about the economic impact of rising interest rates and energy costs.

WEEKLY NEARBY CRUDE OIL FUTURES (\$/BBL.)



FROM THE BULLPEN By Market Consultant Dan Vaught

As is often the case, USDA's Prospective Plantings Report indicated mixed shifts in the various minor crops.

Rice plantings are expected to post one of the largest year-to-year percentage increases, surging 361,000 acres or 16%. USDA analysts expect big gains in Arkansas and California acreage. Flaxseed plantings are projected to reach 175,000 acres, up 33% from 2022, while farmers intend to boost dry edible pea acreage 9% to 1.0 million acres. Peanut plantings are expected to jump 7% to 1.55 million acres, with top producer Georgia seen increasing plantings by 8%. In addition, U.S. canola plantings are forecast to rise 3% to a record 2.27 million acres. Oat acres are anticipated up 3% to 2.67 million acres. Hay acre-

age is estimated 2% higher than last year at 50.6 million acres.

Acreage reductions are expected in several of the minor crops, with a 20% cut in sunflower plantings, to 1.36 million acres, possibly being the most consequential, due to a much-reduced crop likely coming out of world-leader Ukraine. Lentil acres are projected to fall 21% to 519,000 acres, while chickpea and dry edible bean plantings are seen dipping 4% (to 340,500 acres) and 2% (to 1.23 million), respectively. Sugarbeet acreage is also predicted to fall 4% to 1.14 million acres. Barley plantings are projected to reach 2.92 million acres, down just 1% from year-ago. Clearly, spring weather could change many of these numbers.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 4/10**
Focus on winter wheat ratings. 3:00 p.m. CT
- 2 USDA WASDE Report** **TUES 4/11**
Usage will reflect March 1 stocks. 11:00 a.m. CT
- 3 U.S. Inflation Data** **WED 4/12**
Consumer inflation for March. 7:30 a.m. CT
- 4 China Trade Data** **WED 4/12**
Ag imports, exports for March. 9:00 p.m. CT
- 5 USDA Export Sales Report** **THUR 4/13**
Another strong week of corn sales? 7:30 a.m. CT

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