



News this week...

- 2 – Corn, soybean crop ratings below-average in early June.
- 3 – China's May soybean imports the most ever.
- 4 – A breakdown of USDA's June WASDE Report.

Mostly neutral June WASDE Report – As expected, USDA made modest changes to its old- and new-crop balance sheets on Friday (see [News](#) page 4). The winter wheat crop estimate was also little changed from last month (see first item below). With no major surprises, focus will be on weather as traders look ahead to the Acreage and Grain Stocks Reports at the end of the month. Cattle futures posted an all-time high on the continuation chart behind support from surging cash cattle prices. The pullback from the highs despite big discounts to the cash market was a reminder that markets don't always make sense in periods of extreme prices. Hog futures extended their delayed seasonal recovery amid firming cash prices, though premiums somewhat limited buyer interest.

Winter wheat crop: 1.136 bil. bu.

USDA raised its winter wheat crop estimate 6 million bu. from last month, though that was 7 million bu. less than traders expected. The national average yield increased 0.2 bu. to 44.9 bu. per acre. USDA left harvested area at 25.286 million acres – the largest abandonment rate ever.

HRW: Production of 525 million bu., up 11 million bushels.

SRW: Production of 402 million bu., down 4 million bushels.

White winter: Production of 209 million bu., down 1 million bushels.

Implied other spring wheat and durum production would be 529 million bu., unchanged from last month.

Limited rainfall across the Corn Belt

Only scattered, light rains are expected across the Corn Belt this week, though temps will likely be seasonal to slightly below normal. World Weather says better rainfall chances could develop across the central U.S. during the second half of June into early July if the high pressure ridge over central Canada shifts to the Southern Plains.

Drought spreads across Corn Belt

The Drought Monitor showed 55% of the U.S. was covered by abnormal dryness/drought. USDA estimated drought covered 45% of corn production areas and 39% of soybeans. Meanwhile, the U.S. Climate Prediction Center said weak El Niño conditions have emerged. The El Niño event will strengthen through winter, with 84% odds it will be moderate and 56% chances it will become strong. Given declining soil moisture and below-average corn and soybean conditions (see [News](#) page 2), timely rains will be needed through the growing season to support crop development.

Pipeline blast threatens Black Sea deal

A pipeline used to transport ammonia from Russia via Ukraine was damaged in an explosion. The Ukraine portion of the pipeline hasn't been operational since the war started, but promises to reopen it were integral in getting Russia to agree to the latest extension of the Black Sea grain deal through mid-July.

U.S. ag trade now showing red ink

The U.S. exported \$14.38 billion in ag goods during April against imports of \$16.28 billion, resulting in a deficit of \$1.90 billion. Through the first seven months of fiscal year (FY) 2023, U.S. ag exports totaled \$114.56 billion against imports of \$115.22 billion for a deficit of \$660 million. That marked the first time with red ink in FY 2023. USDA forecasts FY 2023 ag trade exports at \$181.0 billion and imports at \$198.0 billion, implying a deficit of \$17.0 billion.

Capping crop insurance premiums

A study signaled by setting a cap of 4.0% on the premium-to-liability ratio, farmers would see an 8% reduction in their crop insurance premiums, at a cost of around \$186 million for the additional subsidies. Major beneficiaries would include farmers growing cotton, corn, wheat and soybeans in Texas, the Dakotas and Kansas. The study said this would ultimately enhance farm revenue, promote a stable food supply and potentially lower consumer prices. Meanwhile, former Risk Management Agency administrator Brandon Willis told a Senate Budget Committee the agency needs more funding, which would reduce the need for ad hoc disaster payouts.

Fischer: Adjust reference prices

Dr. Bart Fischer in *Southern Agriculture Today* wrote about adjusting reference prices – a key topic for debates on the new farm bill. Dr. Fischer's bottom line: "Corn, soybean, and wheat producers are absolutely justified in requesting Reference Price increases. Depending on the region in which you produce, the sense of urgency may be even greater."

Stabenow: No new farm bill funding

Senate Ag Chair Debbie Stabenow, (D-Mich.) said there will be no new funding for the new farm bill. Any increase in funding for programs will require reallocating money from other parts of the bill. She expressed disappointment the new debt ceiling bill didn't allocate new funds for the farm bill, despite such requests. Stabenow will not allow conservation funding from the Inflation Reduction Act to be redirected.

Hot, dry weather cuts corn conditions

USDA rated 64% of the corn crop “good” to “excellent” as of June 4, down five points from the previous week. The portion of the crop rated “poor” to “very poor” increased one point to 6%. On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 10.9 points to 365.7. Ratings dropped in each of the top five corn production states — Iowa, Illinois, Nebraska, Minnesota and Indiana. The CCI rating was 16.9 points below year-ago at this time.

Planting reached 96% done, five points ahead of the five-year average. Emergence stood at 85%, eight points ahead of average.

Below-average initial soybean rating

USDA’s first crop condition ratings of the season pegged 62% of soybeans as “good” to “excellent,” while the portion rated “poor” to “very poor” was 7%. On our weighted CCI, soybeans started with a rating of 357.8, down 13.1 points from last year, though that was a week later.

Plantings advanced to 91% done, five points ahead of the five-year average. Emergence was 74%, 18 points ahead of average.

Below-average ratings in early June often signal trouble

Since USDA began reporting national crop ratings in 1986, there have been 15 previous years when corn and soybeans were each rated 64% or lower in early June. Based on our analysis of those years with below-average crop ratings at this stage, excluding the two “extreme” comparisons of 1988 and 2012, it would suggest a yield of 173.1 bu. per acre for corn and 51.1 bu. per acre for soybeans. But there were times in those 13 analog years when corn and soybeans each had record yields, so that can’t be fully ruled out.

Consultant lowers U.S. corn yield

Dr. Michael Cordonnier cut his corn yield by 1.0 bu. to 179.0 bu. per acre and estimates production at 14.94 billion bushels. Cordonnier says weather would need to turn favorable by mid-June and remain that way to reach the USDA’s estimate of 181.5 bu. per acre. He left his soybean yield and production forecasts at 52 bu. per acre and 4.53 billion bu., respectively.

Spring wheat off to decent start

USDA’s initial spring wheat rating showed 64% of the crop as “good” to “excellent,” while only 2% was rated “poor” to “very poor.” The first spring wheat CCI rating of 370.2 stood 16.8 points above last year, though that came one week later.

Spring wheat planting advanced to 93%, equal to the five-year average. Emergence stood at 76%, two points ahead of normal.

Big drop in Aussie wheat production

Australia’s wheat production is forecast to plunge 34% from the record 2022-23 crop to 26.2 MMT, according to the Australian Bureau of Agricultural and Resource Economics. Planted area is forecast 2% lower than last year, while reduced yields are likely amid the development of El Niño.

Australia’s weather bureau said there was a 70% chance of El Niño developing, typically associated with hotter, drier weather in Australia.

Wheat farmers in China face disaster

About one-third of the wheat across southern Henan, known as the granary of China, reportedly has sprouted from recent heavy rains. As we reported last week, an estimated 30 million metric tons (MMT) of the country’s wheat crop was impacted by adverse late-season weather, which will result in an abundance of feed wheat — and the need for Chinese millers to import more high-quality supplies, despite record production.

China provides aid to wheat farmers

China will allocate 200 million yuan (\$28.11 million) to help central Henan province contend with wheat harvest losses, the finance ministry said. The funds were on top of 200 million yuan already issued by the provincial government.

Ukraine’s crops in good shape, but...

“In general, weather conditions for most of the spring period were sufficiently favorable for growth and development of winter cereal crops,” Ukraine’s national academy of agricultural science said. “However, in case of continuation of dry weather in the period of grain filling, especially on the background of high air temperatures... the share of lost yields can be from 15% to 20%,” it said, providing no exact production forecast.

Another hurdle for Ukraine’s crops

Ukraine could lose several million metric tons of crops due to the destruction of the Kakhovka dam in the south of the country, the country’s ag ministry said. The ministry warned tens of thousands of hectares of farm land were flooded and at least 500,000 hectares of land left without irrigation would turn into “deserts.” Grains, oilseeds and melons were the main products grown on the affected land.

Record Russian wheat exports likely

SovEcon raised its 2023-24 Russian wheat export forecast by 2.7 MMT to a record 45.7 MMT, citing a higher production outlook and no plans for state grain purchases. The consulting firm expects an “active start” to the new-crop shipping season. SovEcon does not expect the stoppage of Russian operations by some large multinational traders to have a “noticeable impact on export volumes.” Plus, the new deep-water terminal in Vysotsk with a capacity of 4 MMT per year will boost exports.



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China's soybean imports notch record

China imported a record 12.02 MMT of soybeans in May, up 68% from April and 24% above year-ago, as cargoes delayed by strict inspections were unloaded at ports. June imports could be even larger as active shipments of Brazilian supplies arrive at Chinese ports. But a slowdown is likely in the following months as demand for soymeal has waned amid low hog prices and plentiful supplies of cheap wheat that are being used in feed rations.

Sluggish Chinese trade data in May

China's exports fell 7.5% from last year during May to a three-month low of \$283.5 billion. Imports dropped for the third straight month, declining 4.5% to \$217.7 billion. That left China with a trade surplus of \$65.8 billion, down from \$78.4 billion the previous month. The trade surplus with the U.S. narrowed to \$28.1 billion in May from \$29.7 billion in April.

China's meat imports rise modestly

China imported 596,000 metric tons (MT) of meat in May. That was up 0.7% from April and 0.5% above year-ago. China doesn't break down the preliminary meat trade data by category, but the increase was driven by pork imports, which have been on the rise since late last year. Through the first five months of this year, China imported 3.14 MMT of meat, up 10.2% from the same period last year.

Big Chinese banks to cut deposit rates

China's "big four" state-owned banks cut rates on dollar and yuan deposits in an attempt to ease pressure on profit margins and reduce lending costs. The banks cut rates on demand deposits by five basis points and three- and five-year time deposits by 10 to 15 basis points. China also told these banks to reduce the ceiling on interest rates they pay on some deposits. China is expected to cut banks' reserve ratio and interest rates in the second half of the year to support the economy, the *China Securities Journal* reported.

China biodiesel 'potentially fraudulent'

Chinese biodiesel producers have pledged to enhance compliance and export standards following concerns raised by European rivals about "potentially fraudulent" shipments. European producers previously accused Chinese exporters of mixing fuels with cheaper feedstocks and mislabeling them to qualify for EU incentives, causing price depression and threatening local suppliers. Due to the surge in Chinese exports, several European biodiesel plants have halted or curbed their production. The Chinese group expressed willingness to cooperate on certification and compliance and is considering implementing a white list to improve traceability and transparency.

World Bank warns about economy

The World Bank forecasts global economic growth will slow to 2.1% this year from 3.1% in 2022, with a slight increase to 2.4% in 2024. While that's up from its 1.7% growth forecast in January, World Bank noted many economies are experiencing a synchronized slowdown.

The U.S. is projected to see growth of 1.1% this year, up from the January forecast of 0.5%. World Bank expects U.S. economic growth to slow to 0.8% next year.

China's economy is expected to expand 5.6% this year, up 1.3% from its prior forecast. World Bank forecasts China's economic growth will slow to 4.6% in 2024.

First ASF vaccine nearing approval

Two vaccines against African swine fever (ASF) being tested in a large pilot program by Vietnamese companies are showing "very promising" results, according to the World Organization for Animal Health. The next step will be a nationwide authorization in Vietnam, the first ever for an ASF vaccine, and possible sales overseas. USDA researchers have reviewed the results of one of the vaccines, NAVET-ASFVAC, and reported "no safety issues." USDA has not yet reviewed the data for the second vaccine, AVAC ASF LIVE.

U.S. beef, pork exports drop in April

The U.S. exported 267.6 million lbs. of beef during April, down 18.1 million lbs. (6.3%) from March and 36.4 million lbs. (12.0%) less than the previous year amid notable declines in shipments to Japan and Mexico. Through the first four months of this year, U.S. beef shipments totaled 1.047 billion lbs., down 102.1 million lbs. (8.9%) from the same period last year. Of the top five destinations for U.S. beef, only Mexico imported more supplies than last year through April.

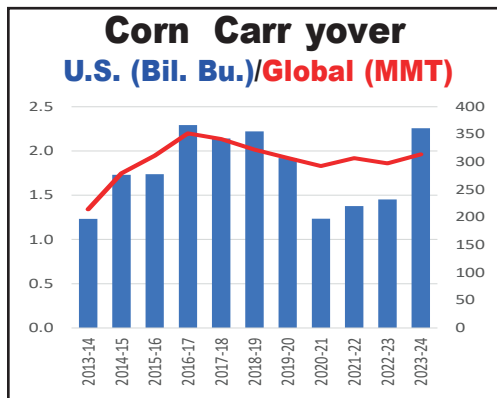
U.S. pork exports totaled 580.6 million lbs. in April, down 27.5 million lbs. (4.5%) from March but 51.9 million lbs. (9.8%) more than last year. Through April, the U.S. shipped 2.249 billion lbs. of pork, up 179.4 million lbs. (8.7%) from the same period last year as exports increased to all five of the top buyers — Mexico, Japan, South Korea, China and Canada.

USDA may lift ban on Paraguay beef

USDA "concluded the overall risk associated with importing fresh beef from Paraguay is low and that Paraguay has the infrastructure and emergency response capabilities needed to effectively report, contain, and eradicate FMD (foot and mouth disease) in the event of an outbreak and to do so in a timely manner." U.S. beef groups say the ban should remain in place, citing concerns about outdated assessments and unresolved issues with Brazil. USDA estimates the costs of an FMD outbreak in the U.S., even if limited to one state, could exceed \$6 billion. The risk/reward appears to be too high to lift the ban.

No major surprises from USDA this month

by Editor Brian Grete



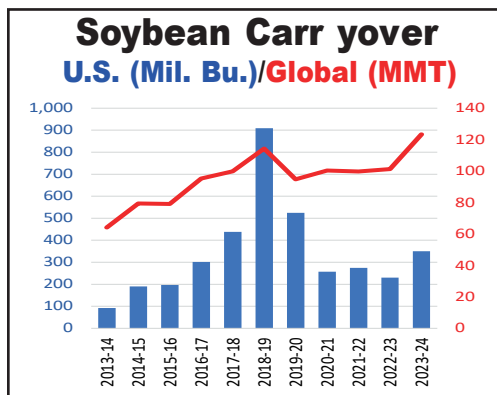
CORN — USDA raised old-crop corn carryover 35 million bu. from May to 1.452 billion bushels. USDA cut estimated imports 15 million bushels. The smaller supply was more than offset by a 50-million-bu. cut to estimated old-crop exports to 1.725 billion bushels. USDA left old-crop feed and residual use and food, seed and industrial use unchanged from last month.

For 2023-24, USDA increased ending stocks 35 million bu. to 2.257 billion bushels. Total supply increased 35 million bu. amid bigger beginning stocks (old-crop carryover). Total use was unchanged with no usage adjustments.

Our corn ending stocks forecasts are 1.500 billion bu. for 2022-23 and 2.355 billion bu. for 2023-24.

- USDA 2022-23 price: \$6.60, unchanged from May; 2023-24: \$4.80, unchanged.

Global corn carryover: 297.6 million metric tons (MMT) for 2022-23, up 140,000 metric tons (MT) from last month; 314.0 MMT for 2023-24, up 1.1 MMT from May.



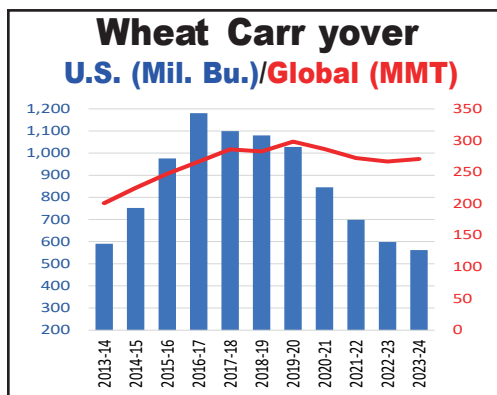
SOYBEANS — USDA raised old-crop soybean carryover 15 million bu. from May to 230 million bushels. The only changes to the old-crop balance sheet was a 15-million-bu. cut to exports, which are now estimated at 2.0 billion bushels.

For 2023-24, USDA increased ending stocks 15 million bu. to 350 million bushels. USDA increased total new-crop supplies 15 million bu. due to bigger beginning stocks. The new-crop usage projections were unchanged.

Our soybean ending stocks forecasts are 240 million bu. for 2022-23 and 360 million bu. for 2023-24.

- USDA 2022-23 price: \$14.20, unchanged from May; 2023-24: \$12.20, unchanged.

Global soybean carryover: 101.3 MMT for 2022-23, up 280,000 MT from last month; 123.3 MMT for 2023-24, up 840,000 MT from May.



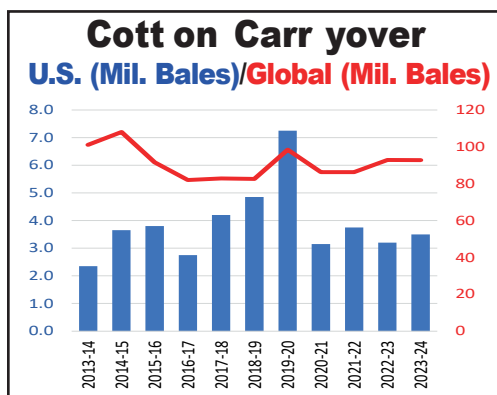
WHEAT — USDA left old-crop wheat carryover at 598 million bu. amid no changes.

For 2023-24, USDA raised ending stocks 6 million bu. from last month to 562 million bushels. Total supply rose 6 million bu. due to the bigger crop estimate. USDA made no changes to its new-crop usage projections.

Our wheat ending stocks forecasts are 600 million bu. for 2022-23 and 600 million bu. for 2023-24.

- USDA 2022-23 price: \$8.85, unchanged from May; 2023-24: \$7.70, down 30¢.

Global wheat carryover: 266.7 MMT for 2022-23, up 380,000 MT from last month; 270.7 MMT for 2023-24, up 6.4 MMT from last month.



COTTON — USDA cut old-crop ending stocks 300,000 bales to 3.2 million bales. It cut domestic use 100,000 bales and raised exports 400,000 bales.

For 2023-24, USDA raised ending stocks 200,000 bales to 3.5 million bales. USDA raised total supply 700,000 bales, which more than offset a 500,000-bale increase to projected exports of 14 million bales.

Our cotton ending stocks forecasts are 3.2 million bales for 2022-23 and 3.8 million bales for 2023-24.

- USDA 2022-23 price: 82¢, unchanged from May; 2023-24: 77¢, down a penny.

Global cotton carryover: 92.9 million bales for 2022-23, up 260,000 bales from May; 92.8 million bales for 2023-24, up 510,000 bales from last month.

CATTLE - Fundamental Analysis

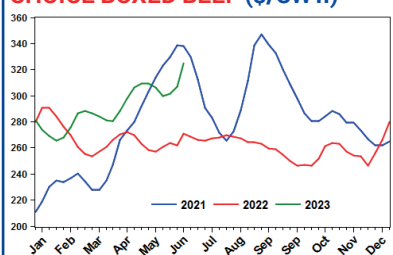
Choice beef prices tend to peak as grocers complete their purchases for Memorial Day features, so the recent surge beyond the May high reverberated throughout the livestock/meat markets. Indeed, one can't rule out a challenge of the 2021 peaks, though a test of the Covid-driven spike of 2020 likely isn't in the cards. This testifies to the tightness of the current situation, with consumer demand being encouraged by retail prices below the highs of the past two years. We expect that to change after Independence Day, which could exaggerate the usual summer demand doldrums, and depress cattle prices.

Position Monitor

Game Plan:	Feds Feeders		
Buying puts	II'23	0%	0%
would be the	III'23	0%	0%
safest means	IV'23	0%	0%
	I'24	0%	0%

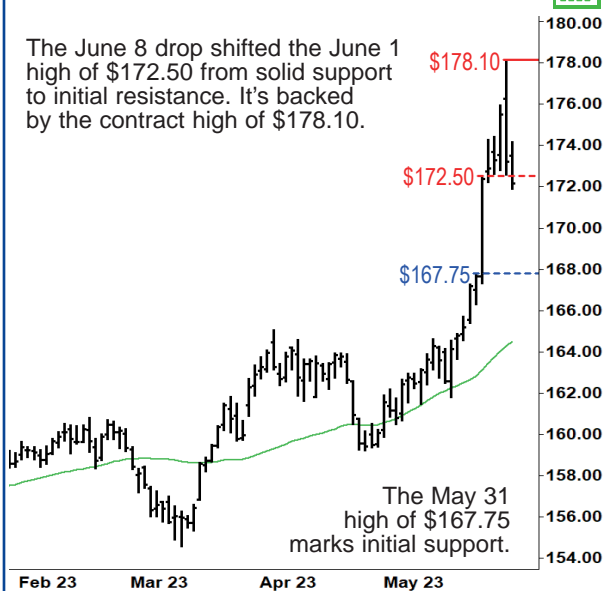
of hedging, though they will be pricey. Feeder cattle sellers should look to hedge current big premiums.

CHOICE BOXED BEEF (\$/CWT.)



DAILY AUGUST LIVE CATTLE

The June 8 drop shifted the June 1 high of \$172.50 from solid support to initial resistance. It's backed by the contract high of \$178.10.



HOGS - Fundamental Analysis

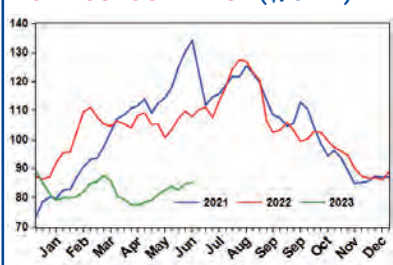
In contrast to the cattle/beef complex, having grocers maintain retail pork prices above year-ago levels has depressed domestic pork demand and greatly limited the size of this year's seasonal advance. This has occurred despite recent hog slaughter running even with last year's low levels. If grocers elect to boost retail beef prices and feature pork in the wake of the wholesale beef surge, the likely demand surge could power a surprisingly strong summer hog rally, especially given the depressed starting point. But the upside for premium futures seems limited in the absence of improved demand.

Position Monitor

Game Plan:	Lean Hogs		
Summer-month hog	II'23	0%	0%
futures are pre-	III'23	0%	0%
mium to the cash	IV'23	0%	0%
index again. But hedges remain	I'24	0%	0%

risky if futures rebound following the extended selloff.

PORK CUTOUT VALUE (\$/CWT.)



DAILY AUGUST LEAN HOGS

Initial resistance at the May 5 high of \$85.925 is bolstered by the 40-day moving average (green line) near \$86.52.



FEED

Feed Monitor

Corn

II'23	83%
III'23	0%
IV'23	0%
I'24	0%

Corn Game Plan: You have all corn-for-feed needs covered in the cash market through mid-June. Wait on an extended price pullback to further extend coverage.

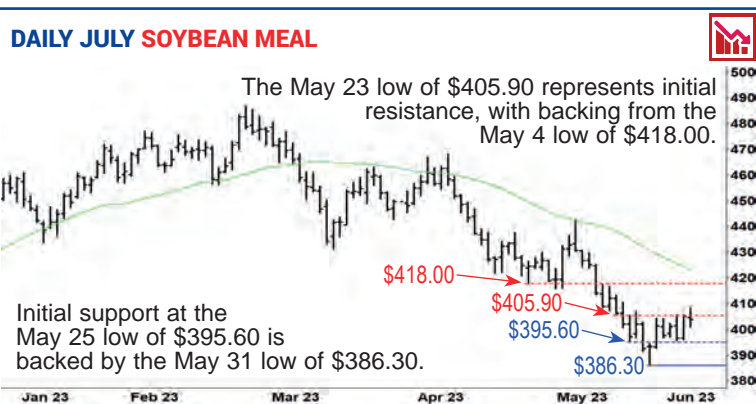
Meal

II'23	83%
III'22	0%
IV'23	0%
I'24	0%

Meal Game Plan: You have all soy meal needs covered in the cash market through mid-June. Current prices are a value buy, but we will wait until the market signals a low is in place before extending coverage.

DAILY JULY SOYBEAN MEAL

The May 23 low of \$405.90 represents initial resistance, with backing from the May 4 low of \$418.00.



Position Monitor

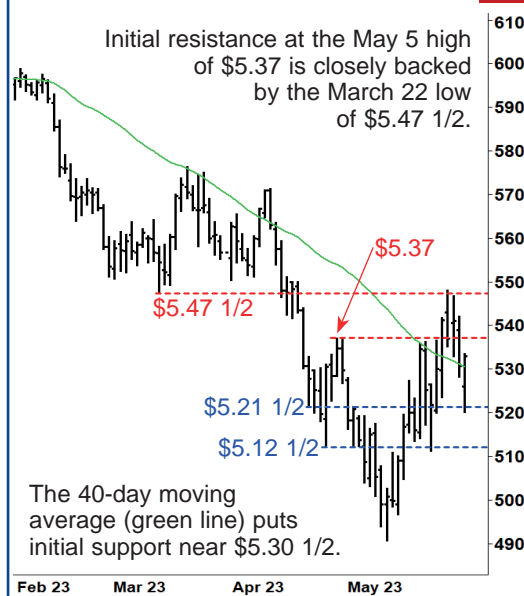
	'22 crop	'23 crop
Cash-only:	75%	25%
Hedgers (cash sales):	75%	25%
Futures/Options	0%	0%

Game Plan: Use periods of price strength to get current with advised sales. We would advance old- and new-crop sales on a summer weather rally. While a rally during summer is common, any price strength should be viewed as a selling opportunity. A prolonged rally would likely require a major summer weather scare or another bullish factor as new-crop ending stocks are projected to increase sharply.

DAILY JULY CORN



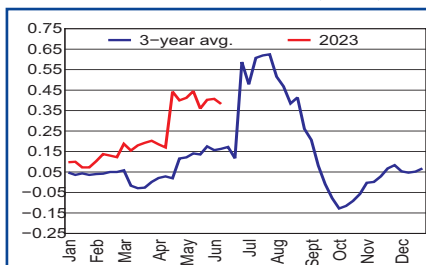
DAILY DECEMBER CORN



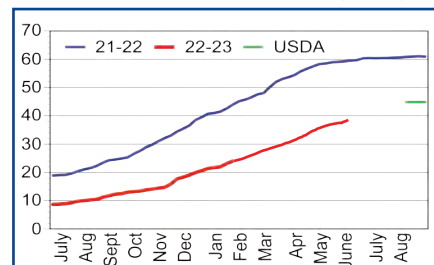
CORN - Fundamental Analysis

Corn market fundamentals remain negative. Recently poor exports are pointing 2022-23 carryout higher, which means larger 2023-24 beginning stocks. Ethanol sped up in late May, but the current crop-year total is still trending lower. A larger 2023-24 crop and lower prices are seen only modestly boosting corn-for-ethanol usage. And U.S. livestock herds are shrinking. We suspect we have considerable company in thinking Russia won't agree to another extension of the Black Sea export compact, which helps explain recent futures strength. But that leaves bulls relying solely on summer weather problems for sustained gains. We'll be looking to increase sales on extended strength.

AVERAGE CORN BASIS (JULY)



CORN EXPORT BOOKINGS (MMT)

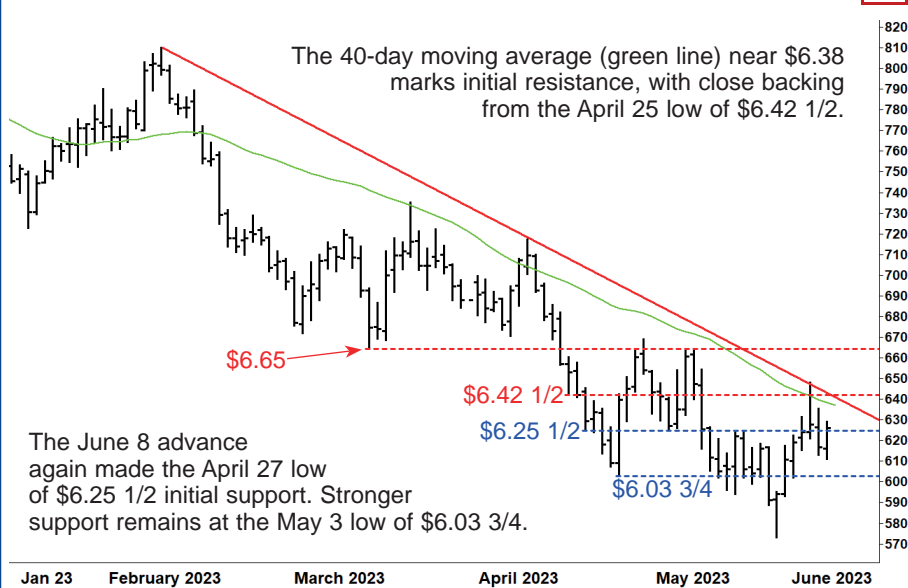


Position Monitor

	'22 crop	'23 crop
Cash-only:	100%	40%
Hedgers (cash sales):	100%	40%
Futures/Options	0%	0%

Game Plan: Old-crop sales should be finished as the 2022-23 marketing year is done. Wait on a corrective rebound to make additional new-crop sales, though wheat futures will likely face pressure during the winter wheat harvest.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

SRW — The onset of winter wheat harvest will exert consistent pressure on the wheat complex. Wheat likely needs the corn and/or soybean market to lead any price recovery during harvest. While fundamental support is lacking, bearish news is largely factored into prices.

Position Monitor

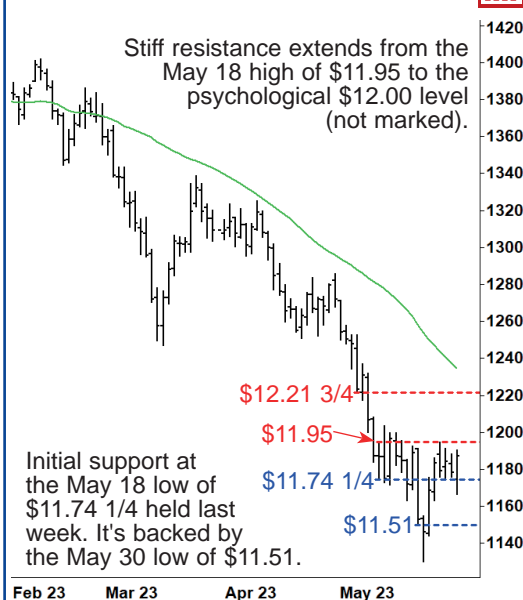
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales, though there could be more near-term price pressure. There will be a weather rally at some point during summer (see "From the Bullpen" on *Analysis* page 4). We'll also make initial 2023-crop sales when we increase old-crop sales. The market is underperforming price wise and could require corn to lead any sustained price rebound.

DAILY JULY SOYBEANS



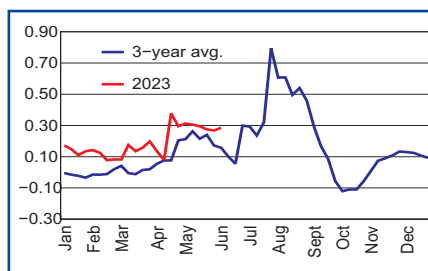
DAILY NOVEMBER SOYBEANS



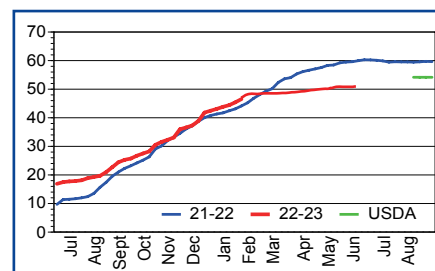
SOYBEANS - Fundamental Analysis

Exports of the huge Brazilian soybean crop are still weighing on prices. Our research shows new-crop soybean futures are somewhat less inclined toward early-summer rallies than corn (see "From the Bullpen" on *Analysis* page 4), which is explained by the greater importance of the August-September period for soybean production. And yet, November futures lost over 50¢ to July during late May and early June. Nothing specific other than old-crop supply tightness seemed to support July, so we suspect the market was stabilizing after underperforming in mid-spring. We're looking for a summer rally to increase old-crop sales and begin those for the 2023 crop.

AVERAGE SOYBEAN BASIS (JULY)



SOYBEAN EXPORT BOOKINGS (MMT)



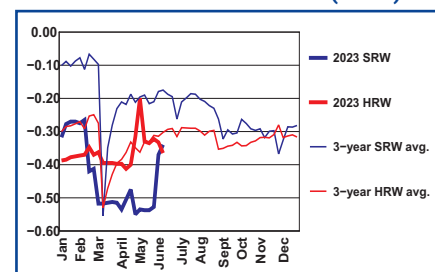
DAILY JULY HRW WHEAT



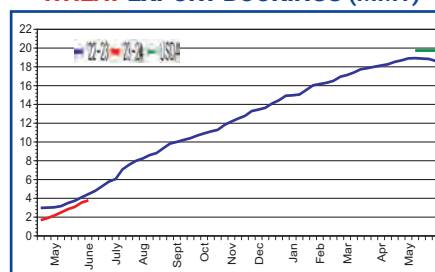
DAILY JULY HRS WHEAT



AVERAGE WHEAT BASIS (JULY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Renewed Southern Plains dryness enabled wheat harvest to accelerate after some rain-induced delays. Harvested wheat hitting local elevators will weigh on prices, though the balance between harvested low-yield land and abandoned acres will be something of a wild card. We're in no rush to boost sales at current levels.

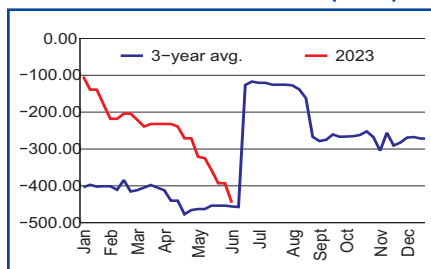
HRS — North Dakota farmers have planted the bulk of their spring wheat, so delays are no longer a concern. HRS conditions are a bit better than last year. But the latest maps show conditions in most areas of the Canadian Prairies are average at best. With the winter wheat harvest also depressing HRS prices, the upside is likely limited.

Position Monitor

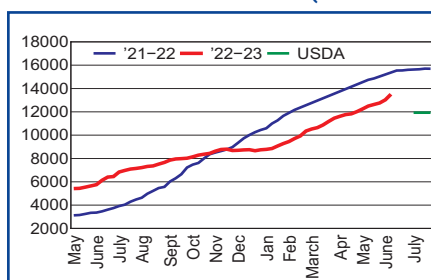
	'22 crop	'23 crop
Cash-only:	100%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. We'll use any rally to the top of the extended sideways range to increase 2023-crop sales.

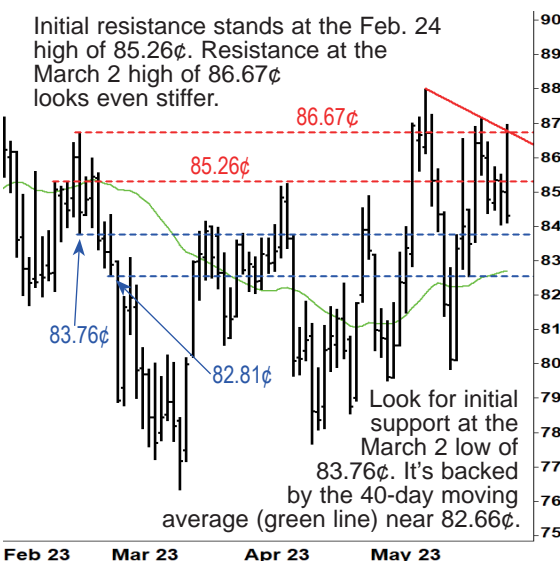
AVERAGE COTTON BASIS (JULY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON



COTTON - Fundamental Analysis

Export sales for the week ended June 1 at 480,399 bales topped the previous marketing-year high by over 50,000 bales. Chinese-led demand could boost nearby futures toward recent highs. We're looking to boost sales in anticipation of a large 2023 crop.

GENERAL OUTLOOK

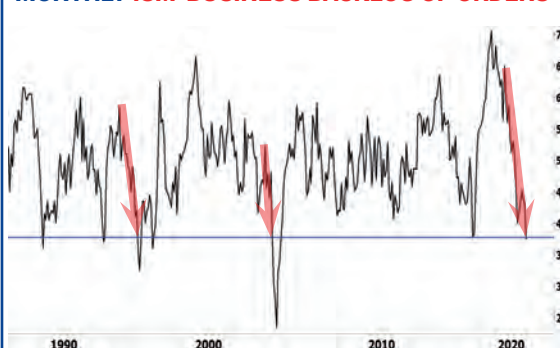
ECONOMY: Economic activity in the U.S. manufacturing sector contracted in May for the seventh straight month, following 28 consecutive months of growth, according to the latest ISM manufacturing report. The May manufacturing purchasing managers index (PMI) came in at 46.9% — down 0.2% from the April reading. A number below 50.0 is generally seen as indicating contraction.

The May ISM Backlog of Orders

Index registered 37.5%, down 5.6 points from the April reading. The backlog of orders chart tells a compelling story.

Dating back to 1996, the Backlog of Orders Index has dropped below 35.0 only twice — in 2001 and 2008-2009. The present sharply lower trajectory in the index suggests it will drop below 35.0 on the current dive. In 2001 and 2008-2009, U.S. economic recessions followed such moves.

MONTHLY ISM-BUSINESS BACKLOG OF ORDERS



FROM THE BULLPEN By Economist Lane Akre

Summer rallies in November soybeans happen more often than not, regardless of prevailing weather conditions or market woes. Our study dating back to 1980 found 50 summer rallies over the 43 years, with only four years experiencing uninterrupted selling through summer, which we define as starting June 1.

Rallies tend to start early in the growing season when uncertainty is the highest, with the June 1-10 period being most common. Over half of the summer rallies took place in June, due to drought concerns along with a bullish June Acreage or Quarterly Stocks Report. The first rally of the summer over those 39 years had an average starting date of June 23 and concluded on July 19, on average rising 16.7%.

While corn's first summer rally of the year has already begun, soybeans have not found such strength. Recent buyers have attempted to bring about the first summer rally of the year, which would be confirmed with a daily close above \$12.00 before a close below the recent low at \$11.30. The average summer rally averages 27 days with a median gain of 12.8%.

Long rallies don't necessarily mean larger rallies, as evidenced by the 2001 surge, which saw prices move an above-average 22% in a below-average 17 days.

The soybean market has been volatile lately as demand has waned and extensive dryness has spurred production concerns, so prompt sales may be required if the market provides a summer rally.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 6/12**
First national soybean crop ratings. 3:00 p.m. CT
- 2 U.S. Consumer Inflation Data** **TUE 6/13**
CPI data for May. 7:30 a.m. CT
- 3 FOMC meeting concludes** **WED 6/14**
Another Fed rate hike or pause? 1:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 6/15**
Another week of slow sales. 7:30 a.m. CT
- 5 NOPA Soybean Crush** **THUR 6/15**
Will data reflect May crush record? 11:00 a.m. CT

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