



News this week...

- 2 – Extended outlook favors western Corn Belt; eastern Belt will be hot.
- 3 – Producer crop comments.
- 4 – World Weather: This won't be a repeat of 2012.

Summer weather rally in full force – Corn and soybean futures surged last week as weather concerns built amid expanding drought and crop stress. Forecasts offer little hope for near-term relief, suggesting the price rallies could be extended. But don't get caught watching the weather rally without a plan. If forecasts shift and turn more favorable, the premium currently being added will be quickly removed. Wheat futures followed the corn and soybean markets higher. With winter wheat harvest accelerating and export demand lacking, the market will remain reliant on help to extend to the upside. Cattle futures pulled back as the cash market took a breather from its recent historic run. Hog futures actively extended their delayed seasonal rally amid support from firming cash and pork product values.

More Corn Belt heat and dryness

Forecasts remain warm and dry over much of the Corn Belt during the next week to 10 days. The driest areas will be the central and eastern Corn Belt, as the central U.S. remains blocked from Gulf of Mexico moisture.

Drought continues to spread

USDA estimated drought covered 57% of corn production areas and 51% of soybeans as of June 13. Drought is expected to develop or persist over the eastern half of Iowa, northeastern Missouri and across the eastern Corn Belt through September. Drought improvement is likely across much of the western Corn Belt (see [News page 2](#) for the extended forecast).

Yield outlook based on analog years

World Weather says comparison years when there was a transition from La Niña to El Niño during the first half of the year within the 18-year cycle, like this year, would be 1969, 1987 and 2005. Yields in those three years averaged 99.9% of the previous record for corn and 101.3% for soybeans. That would suggest a corn yield of 176.5 bu. per acre and a soybean yield of 52.6 bu. per acre this year. Corn had much more yield variability than soybeans in those three years, as rainfall increased and temps moderated later in the growing season (see [News page 4](#)).

Black Sea grain deal in jeopardy

There are stronger vibes the Black Sea grain deal won't be extended beyond July 17, though the Kremlin says an early withdrawal is unlikely. Even if the deal ends, the head of Cargill's ocean transportation business said the price impact would be limited "because it is a smaller (export) program already. The grain market is not the same as it was a year ago."

China to invest in agriculture

The latest push by China to boost its economy is a 30-point plan to support agriculture. The plan calls for increasing rural infrastructure spending, expanding grain processing, upgrading agricultural facilities, supporting the seed industry and expanding the production and supply of grains.

Fed goes with hawkish pause

The Federal Reserve kept interest rates unchanged, snapping a string of 10 consecutive rate hikes, as it lets previous rate increases take hold. But Fed officials signaled rates will likely be raised another 50 basis points by the end of 2023.

Contrasting monetary policies not helping Fed

The European Central Bank raised interest rates, the Fed held them steady and China cut rates. *Wall Street Journal's* James Mackintosh suggests the conflicting moves are due to economies increasingly operating under local rhythms, which affects currency values and weakens the U.S. dollar, further challenging the Fed's efforts.

EPA granted RFS extension

EPA received a one-week extension until June 21 to finalize biofuels blending mandates for 2023 to 2025. Although EPA is required to sign the final rule by June 21, it is not obligated to announce it by that date. As of Friday, EPA's plans were still under review by the Office of Management and Budget.

USDA accepts 1 million CRP acres

USDA accepted 1,065,409 acres for enrollment into the Conservation Reserve Program (CRP) via the general signup at an average rental rate of \$64 per acre. CRP acres amounted to 23 million at the end of April, with contracts on 1.98 million acres set to expire by the end of September. A total of 1.186 million acres were submitted for new contracts, indicating over 1 million acres may exit CRP.

Debt-limit bill impacts USDA aid

The signing of the Fiscal Responsibility Act caused FSA to halt aid payouts to avoid unauthorized obligations. That included payouts for the Coronavirus Food Assistance Program 1 (CFAP 1), CFAP 2, Pandemic Assistance for Timber Harvesters and Haulers (PATHH), Pandemic Livestock Indemnity Program (PLIP), Spot Market Hog Pandemic Program (SMHPP), and Organic and Transitional Education and Certification Program (OTECF).

Corn, soybean conditions decline

As of June 11, USDA rated 61% of the corn crop and 59% of soybeans as “good” to “excellent,” down three points each. The portion of crops rated “poor” to “very poor” increased two points each to 8% for corn and 9% for soybeans.

On the weighed *Pro Farmer* Crop Condition Index, (CCI; 0 to 500-point scale with 500 representing perfect), the corn crop fell 4.8 points to 360.9, while the soybean crop dropped 7.3 points to 350.6. The CCI ratings are now below year-ago by 18.8 points for corn and 20.4 points for soybeans.

Consultant cuts corn, soy crop pegs

Crop consultant Dr. Michael Cordonnier lowered his U.S. corn yield forecast by 1 bu. to 178 bu. per acre, noting expanding moisture stress. He projects the corn crop at 14.86 billion bushels. Cordonnier trimmed his soybean yield by 0.5 bu. to 51.5 bu. per acre and forecasts production at 4.48 billion bushels.

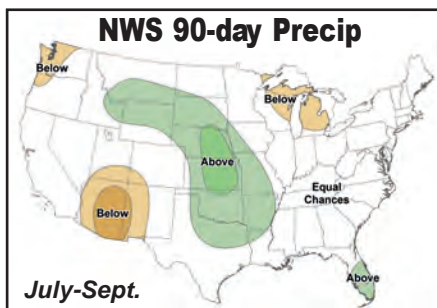
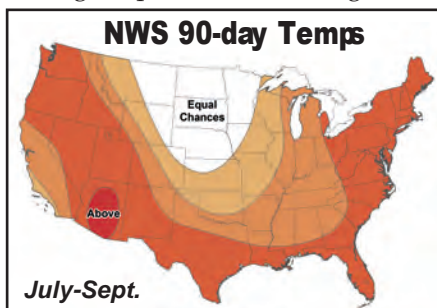
Spring wheat ratings drop, too

USDA rated the spring wheat crop as 60% “good” to “excellent,” down four points from the previous week. The amount rated “poor” to “very poor” increased five points to 7%.

The spring wheat CCI rating dropped 13.6 points to 356.6, though that was still 3.2 points above last year.

Forecast favors western Corn Belt

The National Weather Service forecast shows increased chances of above-normal temps across most of the country aside from the western Corn Belt and Northern Plains through September. Those regions are expected to see “equal chances” for normal, above-normal and below-normal temps.



The precip outlook shows a bubble of above-normal rainfall over the Mid-South, much of the Plains and west-central areas of the western Corn Belt. Other areas of the Corn Belt are expected to have “equal chances” for precip, aside from northern Wisconsin and Michigan.

Conab raises Brazilian crop estimates

Conab raised its official Brazilian soybean production forecast around 900,000 metric tons (MT) from last month to a record 155.7 million metric tons (MMT). Its 2022-23 soybean export forecast was hiked 600,000 MT to a record 95.6 MMT.

Conab raised its Brazilian corn crop peg by around 200,000 MT to a record 125.7 MMT. It left the 2022-23 Brazilian corn export forecast unchanged at 48 MMT.

Exchanges further cut Argy beans crop

The Rosario Grain Exchange cut its 2022-23 Argentine soybean crop estimate another 1 MMT to 20.5 MMT amid the historic drought. That forecast is 58% below where the exchange pegged the crop at the start of the growing season. It forecasts the 2023-24 Argentine wheat crop at 16.2 MMT, noting “rains at the end of May saved wheat plantings.” That would be up 3.6 MMT (28.6%) from drought-ravaged 2022-23 wheat production.

Dryness trimming EU grain crops

Strategie Grains cut its 2023 EU wheat crop forecast by 1.3 MMT to 128.7 MMT, though that would still be up 3.6 MMT (2.9%) from last year. The barley crop was reduced 2 MMT to 47.9 MMT, down 3.3 MMT (6.4%) from 2022. The firm lowered its corn crop forecast by 900,000 MT to 61.2 MMT, though that would be up 8.9 MMT (17.0%) from year-ago.

Total EU grain production is forecast at 273.2 MMT, up 8.2 MMT (3.1%) from last year.

Record NOPA May soybean crush

The National Oilseed Processors Association (NOPA) crushed a May record 177.9 million bu. of soybeans last month. Crush increased 4.7 million bu. (2.7%) from April and was 6.8 million bu. (4.0%) above year-ago.

NOPA data implies a full May crush of about 190 million bushels. At that level, crush would need to outpace last year by less than 1% over the final three months of 2022-23 to hit USDA's forecast. We forecast crush at 2.225 billion bu., 5 million bu. above USDA's estimate.

Bunge, Viterra announce merger

The merger will increase Bunge's oilseed crushing capacity by nearly one-third, to 75 MMT annually, adding plants in Europe, Canada and Argentina. It was already the world's largest oilseed processor and producer of vegoils. The deal will likely face regulatory scrutiny in Argentina and Canada.

Biodiesel import duties remain in place

The U.S. will maintain antidumping and countervailing duties on biodiesel imports from Argentina and Indonesia. The duties will remain in place for another five years.



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Black Hawk Co. (northeast) Iowa:

"Weekend forecast for rain was around 0.8 inch. We ended up with 0.01 inch. It's looking like 2012 again in northeast Iowa. Still waiting for El Niño to show up."

Delaware Co. (northeast) Iowa:

"We've got cracks in the ground that I can put my hand into. It's really dry around here. We also had some frost damage June 12 in some low-lying areas. Most corn fields the top two to four leaves were nipped, but the lower part of the plant was fine. Same with beans."

Franklin Co. (north-central) Iowa:

"The lighter areas of our fields are going backwards."

Macon Co. (central) Illinois:

"It was only 76 degrees on June 12 and the corn was still 'spikey' from the dryness. We received around 0.6 inch of rain on June 11 but you couldn't tell the next day as topsoil was powdery."

Champaign Co. (east-central) Illinois:

"We received 0.5 inch of rain over the weekend. Really helped corn hang in there. Rows will be closing soon. But we had less than an inch of precip last month and are gonna need significant rain soon to grow a good crop."

Kankakee Co. (east-central) Illinois:

"We received only 0.1 inch from the 'rain event.'"

Jefferson Co. (south-central) Illinois:

"We got 0.43 inch of rain but the corn is already showing signs of needing more. I'm thankful for what we got but we're gonna need more."

Richland Co. (southeast) Illinois:

"Rains were stronger than forecast, with 1.6 inches."

Gage Co. (southeast) Nebraska:

"We had a nice 0.9 inch of rain here. Prayers answered."

Gibson Co. (southwest) Indiana:

"We had about an inch of rain June 11, but it's still pretty dry. Corn is entering rapid growth phase and we'll need timely rains to maintain potential, but it looks good. Beans look decent, with the earliest fields starting to bloom."

Crawford Co. (southeast) Kansas:

"Our no-till corn planted April 11 into triticale and vetch is past knee-high and looks great."

Preble Co. (southwest) Ohio:

"Finally caught a rain... 2.4 inches on June 10-11."

St. Louis Co. (east-central) Missouri:

"What a blessing! We received around two inches of rain over the weekend and to say it was life-giving is no understatement. The pastures were dead, the hay had dried up and the crops were not thriving."

Walsh Co. (northeast) North Dakota:

"Spring wheat crop is in BIG trouble. Our earliest field started pushing a head 39 days after planting. We don't even have all our wheat sprayed for weeds yet."

Thompson answers farm bill questions

Highlights of what House Ag Committee Chair Glenn "GT" Thompson (R-Pa.) told us relative to a new farm bill:

Do issues between House Speaker Kevin McCarthy (R-Calif.) and far-right House GOP members mean no additional farm bill funding?

"No, absolutely not. There's no real bearing or implications that I see with a small group of folks who have really tried to hold the House hostage here."

Have you convinced McCarthy for additional funding beyond the baseline? Some farm groups want that instead of a baseline farm bill?

"An extension is short sighted, and it really falls short of us making the refinements needed. We're going to be, I think, on course to complete a farm bill on time. But whether the bill passes this year or after an extension... I'm not rooting for the extension... I think there are efficiencies that can bring us some new dollars, just as we look at incorporating some of the disaster relief that we normally spend in an emotional way. By incorporating some of that disaster relief into crop insurance, we will enhance crop insurance, make it more attractive for more subscriptions. At the same time. I think we can do that by spending less money, so we'll bring new dollars in and that's just one of a number of ideas we have when there's a recognition that in certain areas, certain titles of the farm bill, we need to find some new dollars."

Can you move around dollars even though Senate Ag Chair Debbie Stabenow (D-Mich.) has said not to do that?

"The funding is there in different areas of the federal government... things specific to agriculture."

Will refinements include a voluntary update of base acres?

"Base acres is one of the areas we are researching. Base acres for young and beginning farmers is something that has come up a lot in our listening sessions, and it's certainly something we're looking at. We really don't have any conclusions at this point."

Will you seek to curtail USDA's ability to tap CCC funding?

"It's certainly going to be a topic. As you noted, the current proposed bill from the Ag Appropriations Subcommittee reinstated some guardrails that would limit the Secretary's discretionary authority to use the CCC and then, quite frankly, that's where it belongs. From the Ag committee's perspective, I'm concerned that using the farm bill to legislate sideboards around USDA interpretations of the CCC authority would impede the ability of a future Ag Secretary, so we should exercise our oversight authority."

Do you want to expand career and technical education to those excluded from work requirements for food stamps?

"They [President Biden and Democrats] essentially put language into the debt ceiling measure that prevented the homeless, veterans and foster youth who become adults when leaving home of having access to SNAP employment, career and technical education benefits that we provide. That's something we need to look at."

A 2012-like drought not expected despite building dryness

By Editor Brian Grete

As moisture stress and drought spreads across the Corn Belt, comparisons to 2012 are increasing. But World Weather Inc. urges some caution and perspective in comparing the two years.

May was always expected to be a warm, dry month

In years when conditions transition from La Niña to El Niño in May or June, such as happened this year, there was a tendency for May to be the warmest and driest month in the growing season relative to normal. World Weather says comparison years would be 1969, 1987 and 2005. Composite maps from those three years to this year within the 18-year cycle match up favorably.

World Weather says, "May was always advertised to be the most anomalously dry and warm month."

Split jet stream keeps moisture out of central U.S.

One of the primary reasons for poor rainfall in the Midwest to date was the split jet stream. According to World Weather, the southern branch of the jet stream has stayed at lower latitudes for a longer than usual period of time. The forecaster says, "Typically in post-multi-year La Niña events there is a tendency for the jet stream to be notably split with many cutoff low and high pressure systems, and that has certainly been the case this year. The split jet stream tends to put weather disturbances over or immediately south of the Gulf of Mexico coast states, which results in failing to get southerly winds to blow from the Gulf of Mexico into the Midwest. The absence of this southerly wind flow this year has reduced moisture in the Midwest, which has contributed to below-normal rainfall."

Rainfall anomalies will steadily become less intense

During La Niña to El Niño transition years, June has a tendency to be to be drier than usual, though with a little less intensity than May. Temperatures also tended to be a little cooler in June than the previous month.

World Weather says the jet stream is expected to begin lifting north the second half of this month. As this happens, "a more consolidated wind flow pattern will evolve aloft ending the prolonged period of splits and cutoff high and low pressure systems. That will eventually lead to a normal development of southerly winds from the Gulf of Mexico leading to better surface moisture flux into the Midwest. Rain will then begin to evolve more frequently during the balance of summer."

'Some' improved moisture as summer evolves

Rainfall became better distributed in July in the transition years from La Niña to El Niño. In August of those years, rainfall improved in the heart of the Midwest, while dryness shifted to the northwestern Corn Belt and from Kentucky to the Southeast.

As rainfall improved across the central Corn Belt in the comparison years, temps also tended to moderate, with August being the mildest compared to normal.

World Weather expects a similar pattern this summer — a better distribution of rainfall across much of the Corn Belt during July and August, though some pockets of dryness, with moderate temperatures.

El Niño will help the summer weather pattern

"With El Niño present there is a tendency for less warmth relative to what other weather patterns are dictating," World Weather says. "In other words, if the summer was supposed to be hot, El Niño will make it a little less hot and if the summer was already expected to be cooler biased, El Niño would make the summer even cooler than expected... The lunar (18-year) cycle does not promote a hot summer in 2023. With El Niño added into the equation summer temperatures should be mostly near normal."

Southwest monsoon will help, too

The southwest monsoon normally spreads subtropical and tropical moisture through Mexico and into the Rocky Mountain states from July to early September. Periodically, some of that rainfall will work into the central U.S. via passing frontal systems. World Weather notes, "A strong negative-phase of Pacific Decadal Oscillation (PDO), like one in place today, will often help to enhance monsoon moisture a little better than usual, despite El Niño. For that reason, we anticipate a little more moisture to come in late July and August from Mexico."

A 2012-like drought isn't likely

World Weather concludes, "Some pockets of dryness will be present and will induce periods of stress that could cut into yields in a part of the production region. But a full-blown drought like 2012 or 1988 is not very likely unless the negative PDO takes more control of the summer pattern and induces a stronger-than-expected ridge over the central United States. If that occurs, a larger part of the Corn Belt may suffer from dryness."

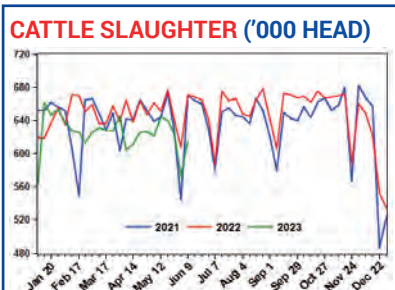
CATTLE - Fundamental Analysis

Last week's cash trading began about \$4.00 under the week-prior level, which triggered a futures selloff. This kept discounts built into summer futures quite large and illustrated widespread anticipation of a sharp seasonal drop in the weeks ahead. Modest rallies in the deferred contracts as the cash market leapt to record highs now have the whole complex trading significantly below cash. This may discourage feedlot operators from actively placing cattle this summer and fall, thereby likely extending the sharp slaughter reductions. We think there's a good chance cash prices will surge again during fall.

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 pricy. Sharp cash gains have reduced premiums built into feeder futures.



DAILY AUGUST LIVE CATTLE

A close above resistance at the June 1 high of \$172.50 would again have bulls targeting the June 7 contract high of \$178.10.



HOGS - Fundamental Analysis

Recent hog slaughter indicates USDA analysts were correct in projecting summer supplies would tend to match last year's comparatively low levels, confirming that excessive production didn't cause the extraordinary price weakness seen this spring. And while retail pork prices dipped slightly below year-ago levels during May, they still topped April levels by 0.4%, stifling demand. But soaring beef costs are apparently causing grocers to feature pork more actively, which has translated into significant gains across the hog and pork complex. We expect the rally to at least continue into July.

Position Monitor

Game Plan:	Lean Hogs		
Carry all risk in the	II'23	0%	0%
strengthening cash	III'23	0%	0%
market unless the	IV'23	0%	0%
upside is overdone in futures. The seasonal rally should go deeper into the year than normal since it was delayed.	I'24	0%	0%



DAILY AUGUST LEAN HOGS

Look for resistance at the April 26 high of \$93.925 to be backed by the March 20 high of \$95.60.



FEED

Feed Monitor

Corn

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

Corn Game Plan: You are hand-to-mouth on corn-for-feed coverage. Wait on an extended price pullback to extend coverage in the cash market.

Meal

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

Meal Game Plan: You are hand-to-mouth on soybean meal coverage. Current prices are a value buy, but we will wait until the market signals a low is in place before extending cash coverage.

DAILY JULY SOYBEAN MEAL

Last week's decline made the May 25 low of \$395.60 initial resistance. Psychological resistance persists at \$400.00 (not marked).



Position Monitor

	'22 crop	'23 crop
Cash-only:	85%	35%
Hedgers (cash sales):	85%	50%
Futures/Options	0%	25%

Game Plan: On June 14, we advised hedgers and cash-only marketers to increase old- and new-crop sales. We also advised hedgers to reown the latest cash sales in December \$5.70 call options short-dated to August to keep upside potential open if the weather rally extends through pollination. See "From the Bullpen" on [Analysis page 4](#) for the advice details. Periods of price strength should be viewed as selling opportunities.

DAILY JULY CORN



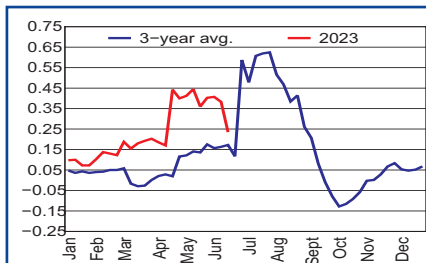
DAILY DECEMBER CORN



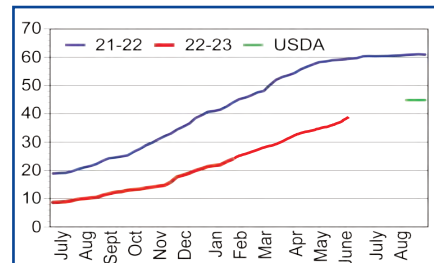
CORN - Fundamental Analysis

Corn futures seemed ready to turn decidedly lower early last week as the length of the first summer rally passed the historic median, but news that 90% of the Corn Belt was classified as "too dry" for proper crop development triggered a fresh upward surge. However, serious weather problems aren't a certainty, especially given the ongoing transition from La Niña to El Niño. Previous instances have often been marked by modest dips from prior record yields, with May being the driest month versus historical norms during the growing season. While the rally is welcome, we strongly encourage you to use the extended price strength as a selling opportunity for both old- and new-crop.

AVERAGE CORN BASIS (JULY)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

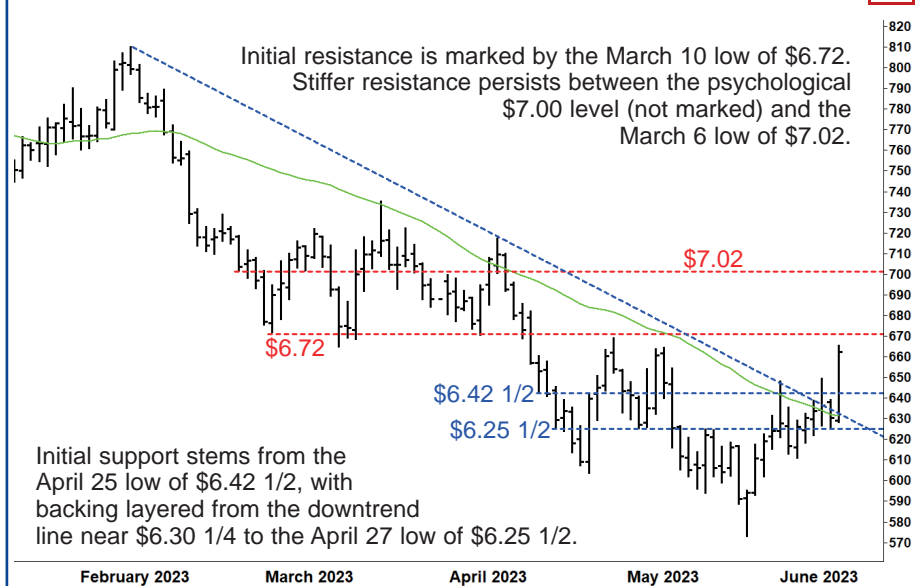
	'23 crop	'24 crop
Cash-only:	40%	0%
Hedgers (cash sales):	40%	0%
Futures/Options	0%	0%

Game Plan: Wait on events amid the corrective rebound before making additional 2023-crop sales. Wheat futures will likely face pressure from the winter wheat harvest when the corn/soybean rally loses momentum.

WHEAT - Fundamental Analysis

SRW — Wheat futures followed corn and soybeans higher late last week. The growing realization the Black Sea grain export deal will probably end this summer also spurred buying. But price pressure routinely intensifies as the winter wheat harvest moves north.

DAILY JULY SRW WHEAT

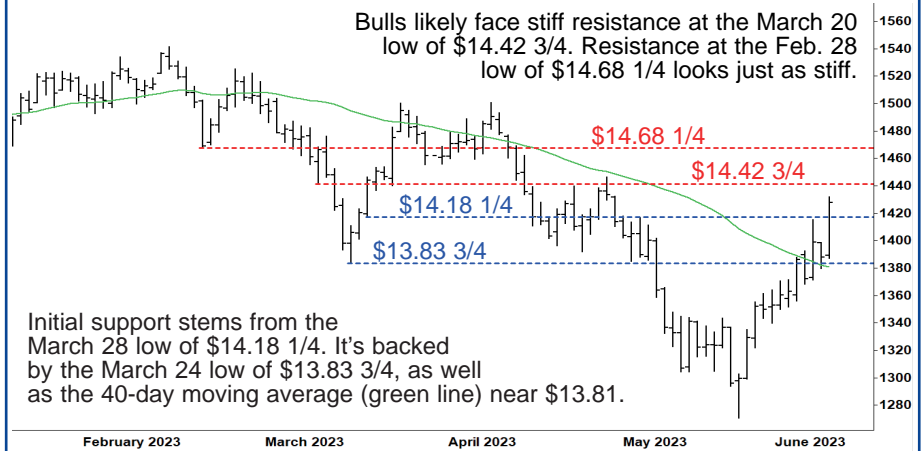


Position Monitor

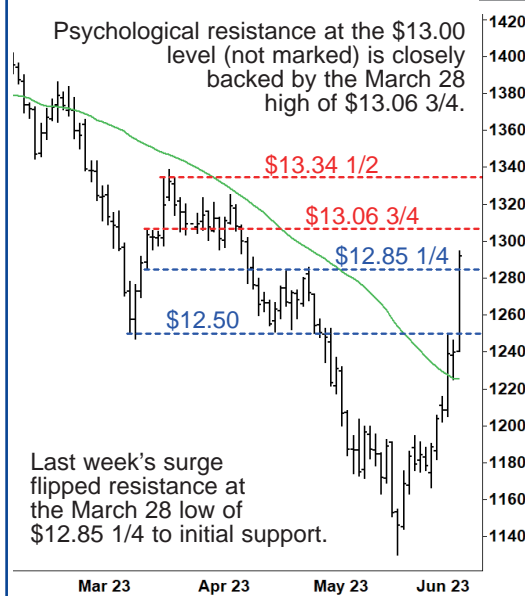
	'22 crop	'23 crop
Cash-only:	80%	10%
Hedgers (cash sales):	80%	10%
Futures/Options	0%	0%

Game Plan: On June 14, we advised hedgers and cash-only marketers to sell another 10% of 2022-crop to take advantage of the strong rally from the spring lows. We also advised selling an initial 10% of expected 2023-crop for harvest delivery. Be prepared to further add to old- and new-crop sales if the price rebound extends. Price rallies should be viewed as selling opportunities.

DAILY JULY SOYBEANS



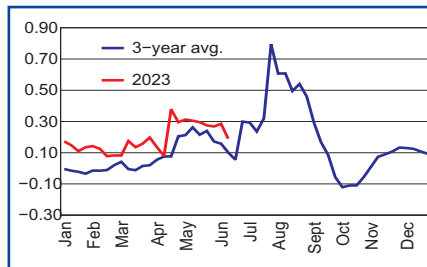
DAILY NOVEMBER SOYBEANS



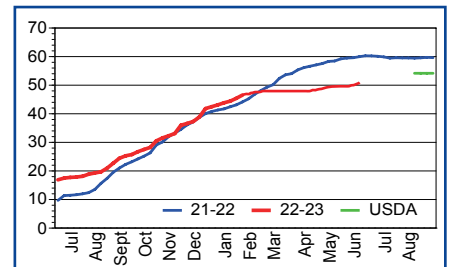
SOYBEANS - Fundamental Analysis

Although ongoing exports of Brazil's record soybean crop, which was recently revised upward, continue weighing on global prices, the domestic old-crop situation remains tight. The May record for the NOPA crush highlighted the strength of old-crop demand (see *News* page 2). That likely amplified the late-week futures response to expanding Corn Belt dryness. The U.S. dollar's June 15 dive also favored crop prices. Nevertheless, the critical podding and filling periods are far off, with transition years from La Niña to El Niño being generally marked by improved late-summer weather over the Corn Belt. We encourage you to sell into the weather-driven rally.

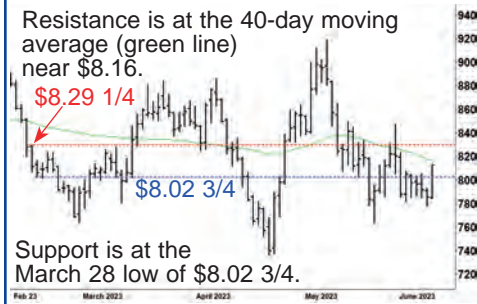
AVERAGE SOYBEAN BASIS (JULY)



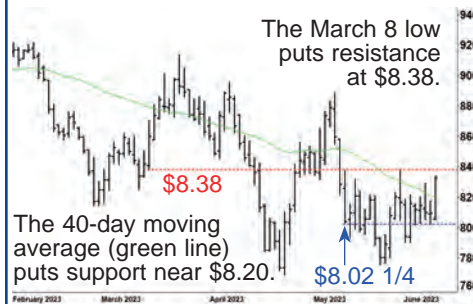
SOYBEAN EXPORT BOOKINGS (MMT)



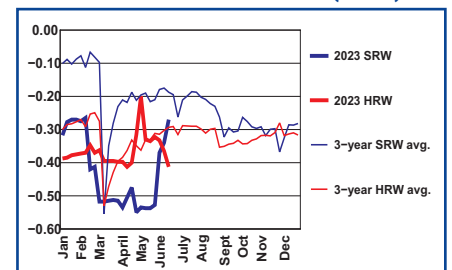
DAILY JULY HRW WHEAT



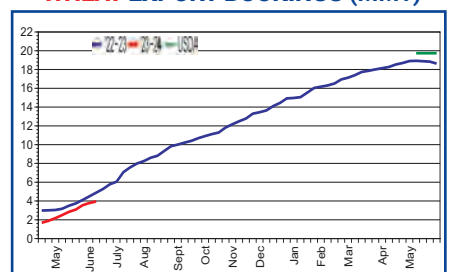
DAILY JULY HRS WHEAT



AVERAGE WHEAT BASIS (JULY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – The importance of corn and soybean strength to wheat prices was demonstrated by the rally despite another shortfall in weekly wheat export sales. The HRW harvest is marching northward as implied by the 28% completion rate in Oklahoma. The market seems vulnerable if/when the corn/soybean rally comes to an end.

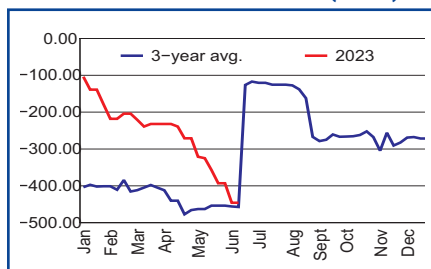
HRS – Spring wheat planting is virtually complete, with over 90% of the crop emerged. The crop is looking a bit better than it did last year at this time, but the early drop in condition ratings is concerning. With long-range weather forecasts looking favorable for the Northern Plains, HRS may struggle to sustain price gains.

Position Monitor

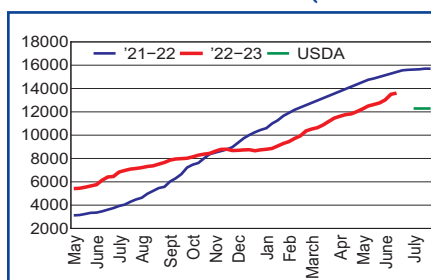
	'22 crop	'23 crop
Cash-only:	100%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Wait on a price rebound to 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)

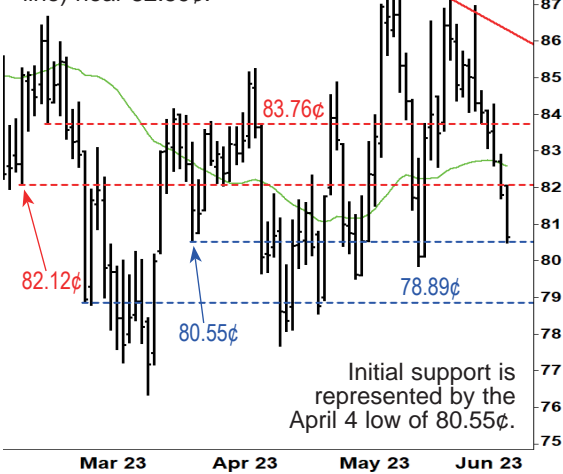


COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON

The Feb. 24 low of 82.12¢ marks initial resistance, with backing from the 40-day moving average (green line) near 82.59¢.



COTTON - Fundamental Analysis

The late-May cotton rally slowed export demand. One week after setting a marketing-year high, export sales fell 79% and futures reversed the rally. With the end of the crop year looming, anticipation of a larger 2023-24 crop is depressing prices.

GENERAL OUTLOOK

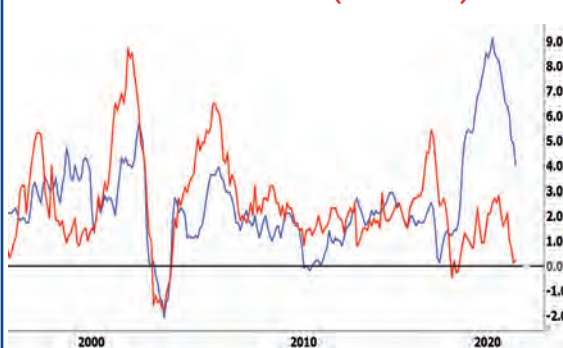
ECONOMY: Last week's U.S. inflation reports showed the consumer price index (CPI) rose 4.0% annually in May, while the producer price index (PPI) increased 1.1% from last year. U.S. inflation has fallen to about half of last year's peak, but it's still well above that seen in China, which reported annual CPI at 0.2% and PPI at -4.6%.

While the Federal Reserve has aggressively raised interest rates to

tamp down problematic price inflation, China's central bank has been gradually easing its monetary policy to ward off what would be even more worrisome price deflation.

The upshot of the diverging monetary policies and inflation levels between the world's two largest economies could be that the stimulative action by China may allow the U.S. and global economies to avoid recession.

MONTHLY U.S. & CHINA CPI (ANNUAL %)



FROM THE BULLPEN By Economist Lane Akre

On June 14, we advised hedgers to price 25% of expected 2023 corn production to get to 50% forward priced for harvest delivery. We reowned 25% of sales via December \$5.70 short-dated to August call options, which expire July 21. Our purchase price was 17¢. We advised cash-only marketers to sell another 10% of expected 2023-crop production to get to 35% forward priced.

We also advised all corn producers to sell another 10% of 2022-crop inventories to get to 85% priced on old-crop.

The runup in December corn futures reached the median in both duration and price to other summer rallies. We wanted to take advantage of the recent price strength as historical data indicates the rally could be coming to an end.

However, recent dryness and potential extension of adverse conditions encouraged us to retain upside potential with the short-dated call options.

Option premiums are relatively cheap, encouraging us to take a slightly out-of-the-money position to protect sold bushels against an extended rally. The position creates inexpensive protection through much of the growing season.

While this solidifies a floor on a portion of crop and limits risk to the premium paid, a lack of a rally above the strike price before expiration would find the call option worthless. If futures rally above the strike price, you can claim profits, exercise into a long position or roll into a new call option.

WATCH LIST

1	Juneteenth Holiday Markets and gov't offices closed.	MON 6/19
2	USDA Crop Progress Report Another drop in crop ratings likely.	TUE 6/20 3:00 p.m. CT
3	USDA Export Sales Report Sluggish sales likely to continue.	FRI 6/23 7:30 a.m. CT
4	USDA Cattle on Feed Report Feedlot numbers shrinking.	FRI 6/23 2:00 p.m. CT
5	USDA Cold Storage Report Meat stocks as of May 31.	FRI 6/23 2:00 p.m. CT

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