



News this week...

- 2 – Brazil's corn crop estimates on the rise.
- 3 – Ag-related impacts of debt-limit bill.
- 4 – What first corn crop ratings could mean for yields.

Volatile post-holiday trade – Volatility increased in the grain and soy markets coming out of the Memorial Day holiday. With the calendar flipped to June, there will be a greater focus on weather, which increases odds of sustained higher price volatility. Given sluggish export demand, any price support for corn and soybeans likely needs to be weather-driven. Wheat would likely follow to the upside if corn and soybeans lead the way, but with winter wheat harvest underway, the market doesn't have the ability to trade higher on its own. Cattle futures surged behind record cash prices last week, though they remained well below the cash market. Lean hog futures started a delayed seasonal rally as summer-month contracts moved to a premium to the cash index.

Dry outlook through mid-June

The Corn Belt will experience net drying into mid-June, though temps should moderate this week. Some cool air masses are expected to arrive the second half of this month, which would improve rainfall chances.

Big expansion of drought in Corn Belt

As of May 30, USDA estimated drought covered 34% of corn production areas and 28% of soybeans, up eight percentage points each from the previous week. The monthly outlook calls for a likely development of drought across the central and eastern Corn Belt during June.

There's an in-depth look at crop conditions and our analysis of what they could mean for corn yields on [News page 4](#).

Bigger corn, bean ending stocks likely

USDA will likely raise its forecasts for old- and new-crop ending stocks for both corn and soybeans on June 9. We expect cuts to old-crop use, which will push up carryover and likely trickle down through the 2023-24 balance sheet. Changes to the new-crop wheat balance sheet will be largely driven by any adjustment to USDA's winter wheat crop estimate.

Brazil beans headed to Southeast U.S.

Three vessels loaded with a combined 120,000 metric tons (MT) of Brazilian soybeans are scheduled to arrive in the Southeastern U.S. between June 4 and June 11. Given Brazilian price discounts and the country's record crop, more shipments to the U.S. are possible. The record for Brazilian soybean imports into the U.S. was 1.048 million MT in 2014.

U.S. buyers also bought another 60,000 MT of EU wheat.

Jobs market stays strong; wages ease

The U.S. economy added 339,000 non-farm payrolls in May, well above expectations for 190,000. The unemployment rate rose to 3.7%, though it remains historically low. Hourly earnings eased to 4.3% above year-ago.

The Fed is expected to pause its rate hikes this month, partly amid growing concerns with commercial real estate.

Debt default averted at 11th hour

The Fiscal Responsibility Act will suspend the nation's borrowing limit until early 2025 and cap future spending. It will not constrain efforts to pass emergency aid packages for Ukraine or respond to national security threats such as China. It also doesn't limit the ability to appropriate emergency funds for disaster aid. We discuss other ag-related impacts from the legislation on [News page 3](#).

ERP update for 2020, 2021 and 2022

FSA will use the same methodology for the Emergency Relief Program (ERP) for 2022 as it did in 2020 and 2021, which required producers to fill out an application and provide revenue data via Phase 2. Key change: Phases 1 and 2 will be rolled out simultaneously to ensure more consistent payment factors. After July 14, USDA will make payments based on funds. A USDA official told us it's "highly unlikely" the remaining 25% payment for Phase 1 will be issued.

USDA cuts ag exports, imports

USDA forecasts fiscal year (FY) 2023 ag exports at \$181.0 billion, down \$3.5 billion from February, driven by lower prices and reduced volumes of shipments. Ag imports are projected at \$198.0 billion, down \$1.0 billion from the prior outlook.

Taiwan trade deal angers China

The U.S. and Taiwan signed a deal to strengthen economic ties and advance new trade opportunities. China says the agreement violates the One-China principle. Of note, the U.S./China Phase 1 deal is up for review under Section 301. Former U.S. Trade Representative Robert Lighthizer called China "probably the strongest adversary" the U.S. has ever faced.

California plans Prop 12 transitions

California knows some pork products procured before July 1 when Prop 12 kicks in will be in circulation and there will be a transition period the rest of 2023. There are currently 587 registered distributors under Prop 12, with accredited certifying agents in Missouri, Arkansas, Iowa, Virginia and Michigan.

Brazil corn crop estimates raised

Crop Consultant Dr. Michael Cordonnier increased his Brazilian corn crop forecast by 1 million metric tons (MMT) to 126 MMT, noting recent rains in south-central Brazil improved crop prospects. Cordonnier remained on the lower end of most private crop estimates, many of which were also raised.

AgRural raised its Brazilian corn crop estimate by 2.3 MMT to 127.4 MMT. AgResource Brasil increased its Brazilian corn crop estimate by 1.4 MMT to 127.5 MMT. StoneX hiked its Brazil corn crop 2.2 MMT to 133.8 MMT. Safras & Mercado jumped its forecast 6.7 MMT to 137 MMT.

Argentine crop pegs hold for now

Cordonnier kept his Argentine crop estimates at 22 MMT for soybeans and 35 MMT for corn. But both could move lower based on yields of later-maturing crops. He noted yields of the early planted soybeans will be higher than the late-planted acres. For corn, Cordonnier said the lowest yields are coming from Entre Rios and northern Santa Fe, while the best yields are expected to be from southeast Buenos Aires.

The Buenos Aires Grain Exchange left its Argentine crop estimates at 21 MMT for soybeans and 36 MMT for corn.

China's wheat crop hurt by flooding

China's ag ministry urged local authorities to speed up harvesting and drying of damaged wheat after heavy rain flooded fields in central and southern Henan, Anhui, Hebei, Jiangsu and southern Shaanxi – the country's main wheat growing provinces. An analyst with Beijing Orient Agribusiness Consultancy estimated around 30 MMT of wheat from this year's expected 137 MMT crop could be impacted.

The ministry also urged buyers to purchase sprouted wheat that can still be used for feed or industrial purposes.

Ukraine grain crops, exports to plunge

Ukraine's combined grain and oilseed crop production is expected to fall 5.8 MMT (7.9%) to 68 MMT this year, the Ukrainian grain traders union UGA forecasts. The grain harvest could include 17.9 MMT of wheat and 23.3 MMT of corn, which would be down from 20.2 MMT and 27.3 MMT last year, respectively. Oilseed production is expected to rise. UGA said combined exports of grains and oilseeds could total 43.9 MMT in 2023-24, which would be down 12.5 MMT (22.2%) from this year. Exports could include 15 MMT of wheat and 19 MMT of corn.



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April soy crush stronger than expected

U.S. processors crushed 187.0 million bu. of soybeans during April, according to USDA, 2 million bu. more than traders anticipated. That was down 10.9 million bu. (5.5%) from March but 6.1 million bu. (3.4%) above April 2022.

Through the first eight months of 2022-23, soybean crush totaled 1.494 billion bushels. To hit USDA's forecast of 2.220 billion bu., crush must run 2.1% above year-ago the final four months. We forecast crush at 2.225 billion bushels.

April corn ethanol use slowed

Corn-for-ethanol use totaled 415.7 million bu. in April, according to USDA, 2.2 million bu. lower than traders expected. Corn ethanol use declined 20.4 million bu. (4.7%) from March and 224,000 bu. (0.1%) less than last year.

Through April, corn ethanol use was 4.5% below year-ago. To reach USDA's forecast of 5.250 billion bu., the pace must run 4.8% above the final four months of last year. Our forecast for 2022-23 corn-for-ethanol use is 5.175 billion bushels.

Argentine exports rise but still lag

Argentina's revenue from grain and oilseed exports jumped 78% from the previous month in May after the government implemented its third "soy dollar" preferential exchange rate in April. But given severely reduced output and farmers holding supplies as a hedge against extreme inflation, export revenues through the first five months plunged 38% from the same period last year.

Record exports at Brazil terminals

Brazilian ports are expecting record outflows of soybeans and corn this year given record production. One example: Shipments from Brazil's largest private port terminal Tiplam at Santos are expected to grow 6.8%. The terminal has flexibility to move soybeans, corn, sugar and fertilizers, which will allow it to "prioritize the loads according to the queues of ships," the general manager of Tiplam said.

Brazil is actively exporting soybeans. The sugar shipping season will peak between June and September. Much of Brazil's corn will be shipped in August and September.

EU asked to extend Ukraine import ban

Hungary and Romania asked the EU to extend import curbs on Ukrainian grains and oilseeds at least until the end of 2023. The EU restricted imports of Ukrainian wheat, corn, rapeseed and sunflower seeds until June 5 in Bulgaria, Hungary, Poland, Romania and Slovakia, but said that could be extended if oversupply situations still existed. Hungary also asked Brussels to grant financial support to local farmers to facilitate the transport of grain stocks stuck in domestic storage before this year's harvest.

Ag-related impacts of debt-limit/budget bill cleared by Congress

Most lawmakers and farm bill analysts say since the debt-limit deal included expanded work requirements for the Supplemental Nutrition Assistance Program (SNAP), that should facilitate the passage of a new farm bill this year or in early 2024. But House Ag Chair Glenn “GT” Thompson (R-Pa.) says he wants to look at some of the exemptions to the worker requirements to make sure they have access to the full range of benefits the White House excluded in the deal. Senate Ag Chair Debbie Stabenow (D-Mich.) says the deal should put the issue of SNAP work requirements to rest. “We’ve got a lot of other work to do in the farm bill, a lot of other important things that we need to be focused on. But this has been litigated and has been addressed by Congress,” Stabenow said.

Other contentious farm bill issues remain, particularly around funding for climate-smart agricultural initiatives, the use of Commodity Credit Corporation (CCC) dollars and the redirection of funds from the Inflation Reduction Act (IRA) for the farm bill. These could become significant points of disagreement between Republicans and Democrats in both the House and Senate.

The overwhelming bipartisan support for the package in the House means if the same strategy is used toward the farm bill, some other contentious issues such as immigration reform and border security could be settled.

Budget reforms in the package increase odds there could be individual appropriations bills, including for USDA. That raises the likelihood for some contentious amendments regarding existing farm policy for fiscal year 2024.

California to hold Prop 12 implementation sessions

California’s Department of Food and Agriculture will host three webinars this month on the implementation of Proposition 12, covering the regulations and requirements under the rule.

- June 6: Aimed at end users, such as retailers, restaurants and food processors.
- June 13: Designed for distributors, those selling or distributing a covered product to an end user in California.
- June 27: Targeted at pork producers, specifically those housing breeding pigs.

Mixed signals on China’s May factory activity

China’s official manufacturing purchasing managers index (PMI), which gauges large and state-owned factories, unexpectedly fell to a five-month low of 48.8 in May, the second straight month of contraction. China’s Caixin/S&P Global manufacturing PMI, which tracks smaller privately owned factories, rose to 50.9 last month.

Bloomberg Economics noted the Caixin/S&P Global PMI data may be misleading as it is based on a relatively small sample size with a tendency to over-correct for seasonal factors. And exports are expected to weaken in the coming months, adding to downward pressure on manufacturers.

| | ACTUAL | | | DOANE FORECASTS* | | |
|---|----------------------------|-----------|-----------|------------------|--------|-----------|
| | Year Ago | Last Week | This Week | July | Aug. | Oct.-Dec. |
| | (Monthly & quarterly avg.) | | | | | |
| CORN | | | | | | |
| Central Illinois, bushel | 7.59 | 5.95 | 6.12 | 6.15 | 5.30 | 4.90 |
| Omaha, NE, bushel | 7.86 | 6.47 | 6.57 | 6.50 | 5.60 | 5.00 |
| Dried Distillers Grain, IA, \$/ton | 264.06 | 225.44 | 222.18 | — | — | — |
| SOYBEANS | | | | | | |
| Central Illinois, bushel | 17.09 | 13.30 | 13.04 | 13.10 | 12.50 | 11.25 |
| Memphis, TN, bushel | 17.21 | 13.43 | 13.17 | 13.20 | 12.60 | 11.50 |
| Soymeal, 48% Decatur, ton | 451.30 | 415.10 | 408.20 | 400 | 390 | 375 |
| WHEAT | | | | | | |
| Kansas City, HRW, bushel | 11.71 | 9.07 | 8.49 | 8.60 | 8.65 | 8.70 |
| Minneapolis, 14% DNS, bushel | 13.98 | 10.21 | 9.61 | 9.60 | 9.65 | 9.70 |
| St. Louis, SRW, bushel | 10.80 | 6.21 | 5.90 | 5.80 | 6.05 | 6.20 |
| Portland, Soft White, bushel | 11.40 | 7.25 | 7.05 | 7.00 | 6.90 | 7.00 |
| Durum, NE MT HAD, 13%, bu. | 12.83 | 8.13 | 8.06 | 8.10 | 8.10 | 8.10 |
| SORGHUM , Kansas City, cwt. | 12.53 | 11.21 | 11.50 | 11.00 | 9.75 | 9.00 |
| COTTON , 11/16 SLM, 7 area, ¢/lb. | 133.98 | 80.46 | 80.06 | 80.00 | 80.00 | 76.00 |
| RICE , nearby futures, cwt. | 17.55 | 16.69 | 17.03 | 17.30 | 14.70 | 14.80 |
| BARLEY , MT, G.T., malting, bu. | 8.50 | 6.70 | 6.70 | 7.00 | 7.00 | 7.00 |
| OATS , Minneapolis No. 2 heavy, bu. | 7.25 | 3.72 | 3.96 | 3.90 | 3.95 | 4.00 |
| ALFALFA , NW Iowa, lg. sq. prem., ton | 215.13 | — | — | 235 | 235 | 235 |
| SUNFLOWERS , Fargo, ND, cwt. | 40.70 | 20.25 | 19.35 | 19.50 | 19.50 | 21.50 |
| HOGS , Nat'l carcass 51%-52% cwt. | 103.61 | 77.60 | 77.48 | 80.00 | 72.00 | 70.00 |
| FEEDER PIGS , 40 lbs., Nat. avg. head | 70.22 | 42.22 | 44.18 | 40.00 | 42.00 | 50.00 |
| CHOICE STEERS , feedlots, cwt. | 139.07 | 175.15 | 177.94 | 170.00 | 172.00 | 180.00 |
| FEEDER CATTLE , Oklahoma City | | | | | | |
| Steers, 700-800 pounds, cwt. | 152.75 | 209.93 | 213.69 | 215.00 | 225.00 | 223.00 |
| Steers, 500-550 pounds, cwt. | 180.31 | 264.07 | 270.47 | 262.00 | 258.00 | 260.00 |
| Heifers, 450-500 pounds, cwt. | 163.80 | 231.51 | 242.90 | 230.00 | 228.00 | 230.00 |
| COWS , utility, Sioux Falls, SD, cwt. | 81.32 | 103.24 | 108.20 | 102.00 | 105.00 | 100.00 |
| MILK , Class III, CME spot month, cwt. | 24.57 | 16.55 | 15.56 | 16.50 | 17.00 | 19.00 |
| LAMBS , Slg., San Angelo, TX, cwt. | 210.00 | 171.00 | 174.50 | — | — | — |
| ENERGY | | | | | | |
| Ethanol, IA, gallon | 2.64 | 2.34 | 2.35 | — | — | — |
| Farm diesel, U.S., gallon | 4.91 | 3.36 | 3.32 | 3.35 | 3.28 | 3.40 |

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

First corn crop rating suggests record yield will be a challenge

By Editor Brian Grete



Trusted Analysis. Professional Insight.

USDA's first corn crop condition ratings of the growing season pegged the crop at 69% "good" to "excellent" and 5% "poor" to "very poor." That was lower than last year's 73% initial rating, though it was one week later than this year, and below the five-year average of 71%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop started the growing season with a 375.9 rating. That was down 6.7 points from last year's first rating.

North Dakota corn, soybean planting concerns ease

USDA reported corn planting reached 92% done as of May 28, eight points ahead of the five-year average. Corn emergence jumped 20 points to 72%, nine points ahead of normal. Soybean planting was 83% completed, 18 per-

centage points ahead of the five-year average for the end of May. Soybean emergence climbed 20 percentage points to 56%, 16 points ahead of average for the date.

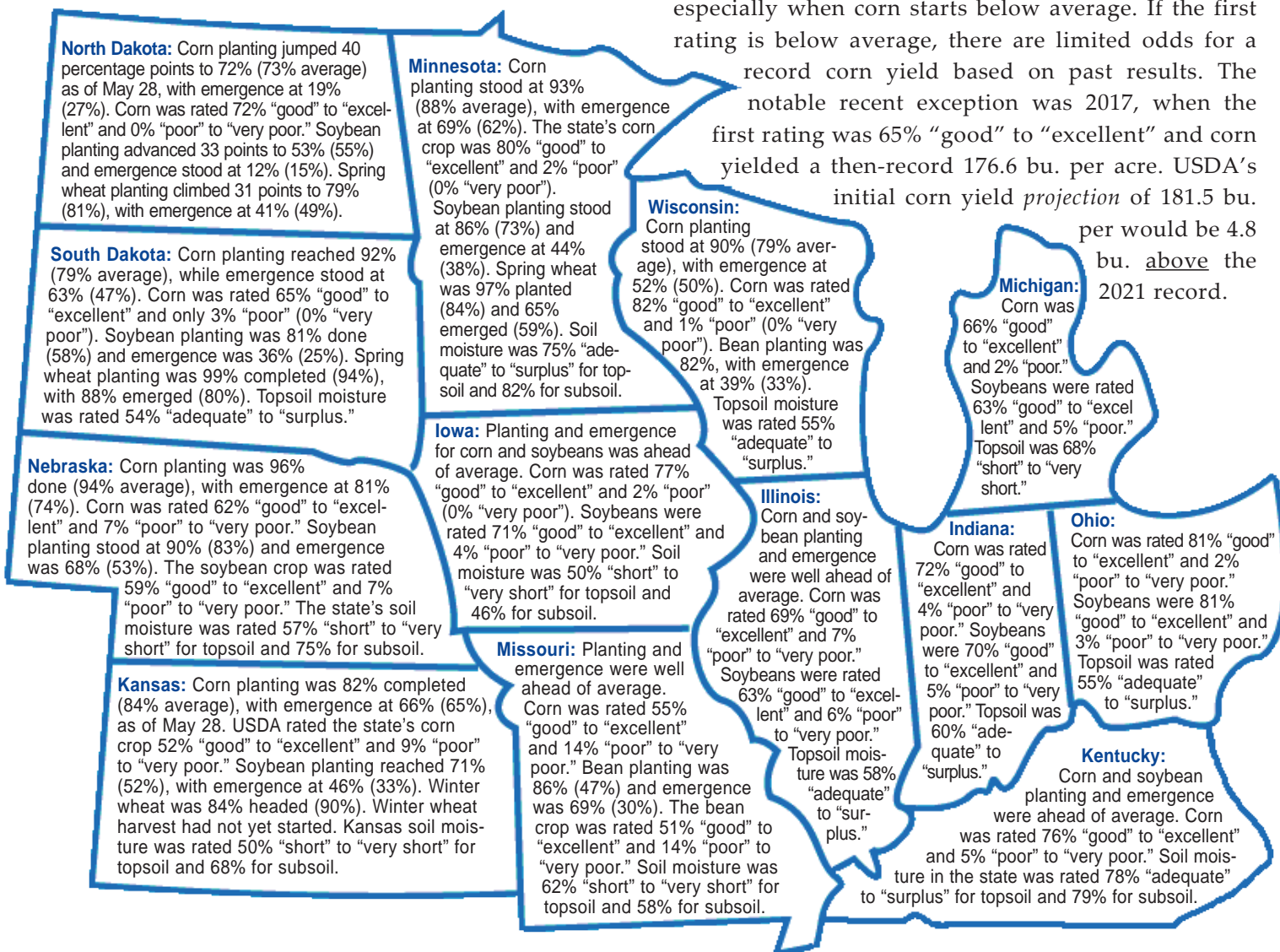
North Dakota corn and soybean plantings, which were previously running far behind, jumped sharply and are now only one and two points behind average, respectively. While the final crop insurance planting date for corn has passed and is quickly approaching for soybeans in North Dakota, there are no longer major concerns about planted acres in the state.

Record corn yield can't be ruled out, but not likely

There's no direct correlation between USDA's initial corn crop condition ratings and final yield. But our research shows some strong inferences can be made — especially when corn starts below average. If the first rating is below average, there are limited odds for a

record corn yield based on past results. The notable recent exception was 2017, when the first rating was 65% "good" to "excellent" and corn yielded a then-record 176.6 bu. per acre. USDA's initial corn yield projection of 181.5 bu.

per would be 4.8 bu. above the 2021 record.

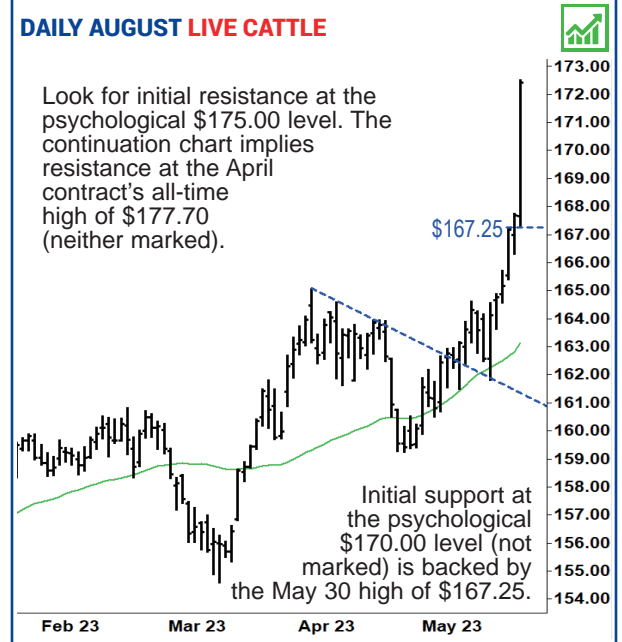


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CATTLE - Fundamental Analysis

Grocery store buyers returned quickly to the wholesale market as they built beef inventories for planned Father's Day and Independence Day features. The renewed demand likely played a role, along with persistently tight market-ready fed cattle supplies, in powering cash prices to a record level last week. Seasonally rising supplies and diminished demand amidst the summer doldrums imply increased vulnerability to price losses later this month. One also has to wonder if the feeder cattle index will eventually justify huge premiums already built into feeder futures.

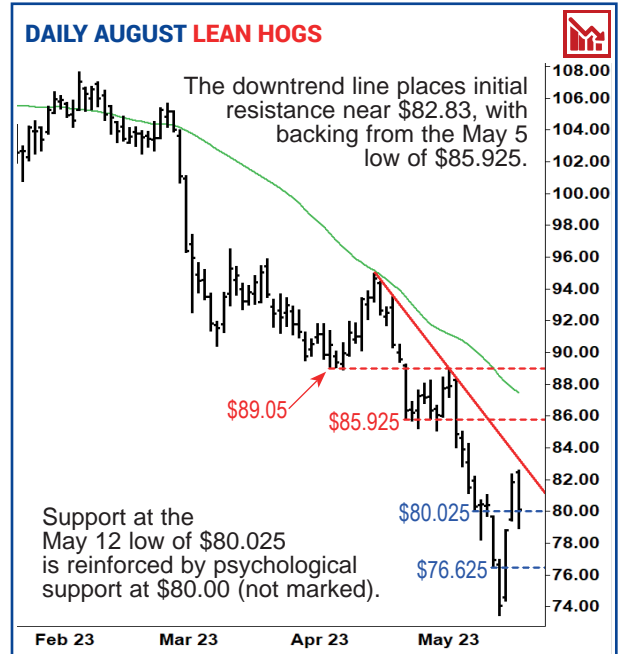
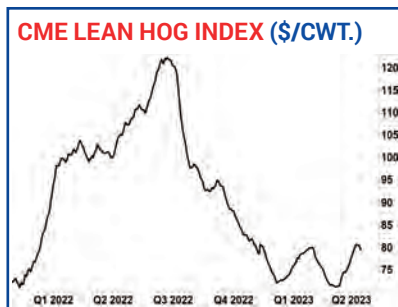
| Position Monitor | | |
|---|--------|---------|
| Game Plan: | Feds | Feeders |
| The downside in both futures and the cash market is limited. Hedges are risky with futures trading at sizable discounts to the cash market. | II'23 | 0% |
| | III'23 | 0% |
| | IV'23 | 0% |
| | I'24 | 0% |



HOGS - Fundamental Analysis

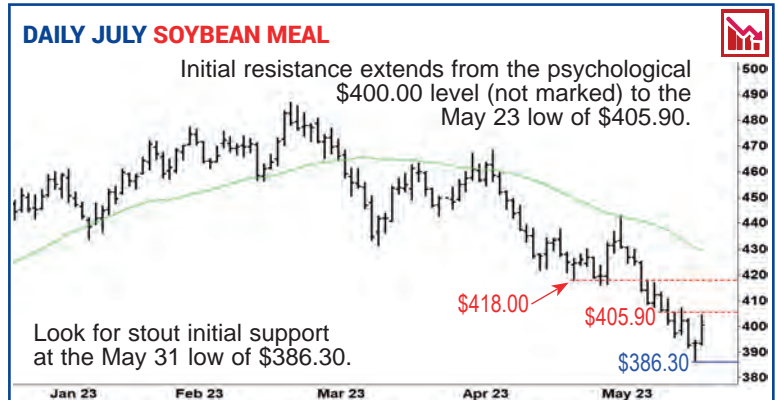
Although cash hog prices were still struggling last week, the wholesale market turned decisively higher and finally escaped the low-\$80.00 area after weeks of flatlining. One has to suspect pork flew off grocery store shelves over Memorial Day weekend, which in turn triggered last week's strong futures reversal. The most-active July contract shifted from a \$6.02 discount on May 26 to a \$3.80 premium on May 31. Traders now anticipate increased pork features this summer, although the August contract's drop versus July implies little confidence about the mid-summer outlook.

| Position Monitor | | |
|---|-----------|----|
| Game Plan: | Lean Hogs | |
| Summer-month hog futures are premium to the cash index again. But hedges remain risky unless the upside is overdone following the extended selloff. | II'23 | 0% |
| | III'23 | 0% |
| | IV'23 | 0% |
| | I'24 | 0% |



FEED

| Feed Monitor | | |
|--------------|-----|--|
| Corn | | Corn Game Plan: On May 31, we advised extending cash corn-for-feed coverage by two weeks through mid-June. Wait on an extended price pullback to further extend coverage. |
| II'23 | 83% | |
| III'23 | 0% | |
| IV'23 | 0% | |
| I'24 | 0% | |
| Meal | | Meal Game Plan: You have all soy meal needs covered in the cash market through mid-June. We will wait until the market signals a low is in place before extending coverage. |
| II'23 | 83% | |
| III'22 | 0% | |
| IV'23 | 0% | |
| I'24 | 0% | |

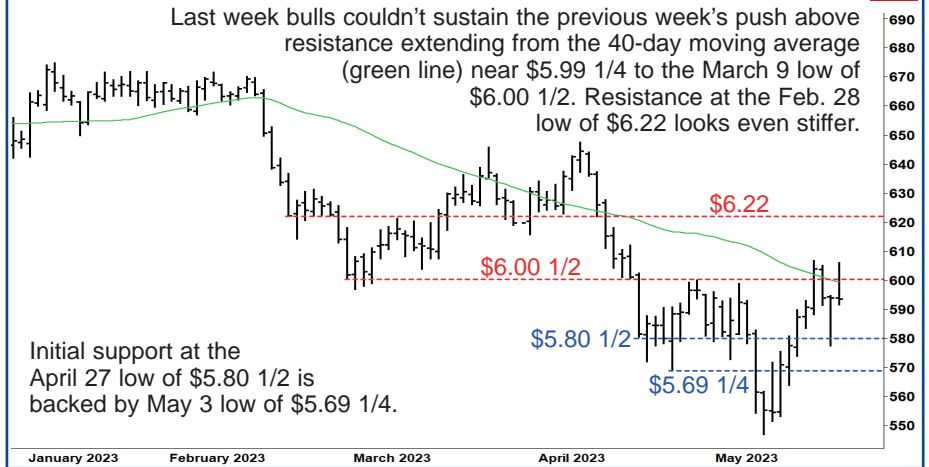


Position Monitor

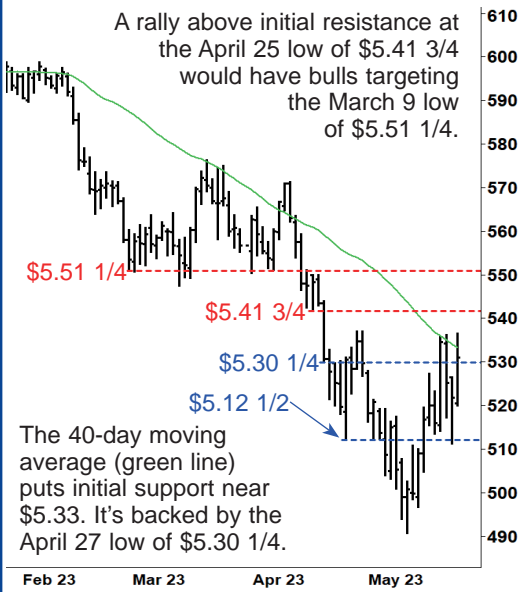
| | '22 crop | '23 crop |
|-----------------------|----------|----------|
| Cash-only: | 75% | 25% |
| Hedgers (cash sales): | 75% | 25% |
| Futures/Options | 0% | 0% |

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 build sharply.

DAILY JULY CORN



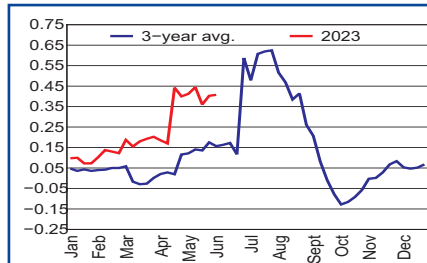
DAILY DECEMBER CORN



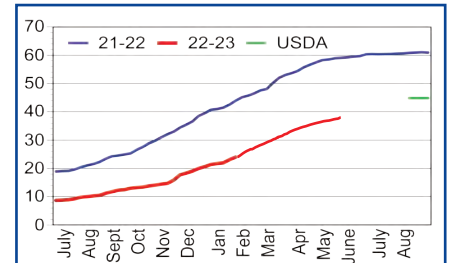
CORN - Fundamental Analysis

Old-crop corn futures faced renewed selling last week as the latest data showed domestic ethanol use remained weak during April. Also, the projected size of Brazil's safrinha corn crop is rising, although the Brazilian industry's habit of exporting the bulk of their corn in August and September may shift the pressure to new-crop U.S. prices. Selling was at least partially offset by the quick cessation of spring rains and the drying bias now dominating much of the Corn Belt. New-crop concerns were amplified by USDA's first crop condition rating, which fell below year-ago and five-year average levels. However, this strength is likely to prove temporary unless severe drought emerges.

AVERAGE CORN BASIS (JULY)



CORN EXPORT BOOKINGS (MMT)

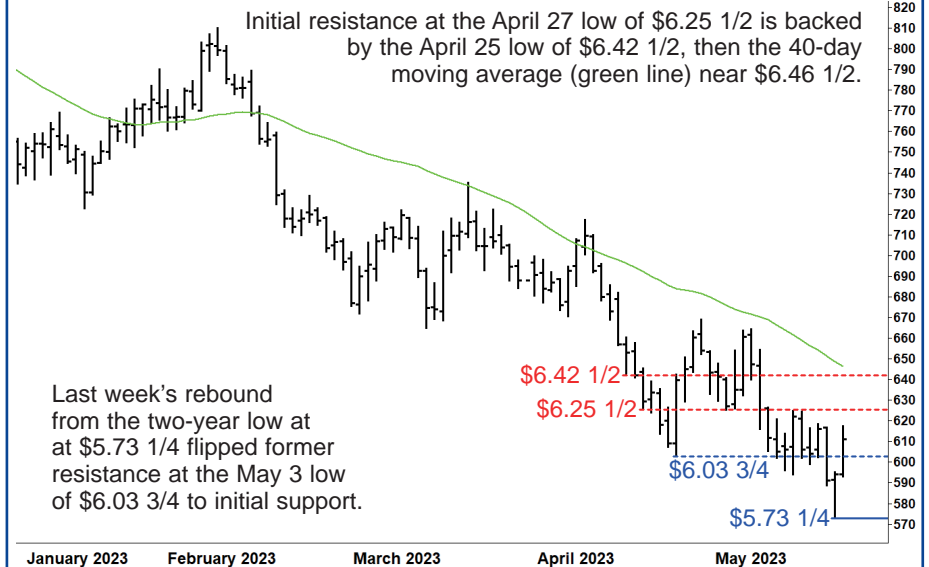


Position Monitor

| | '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 from the winter wheat harvest.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

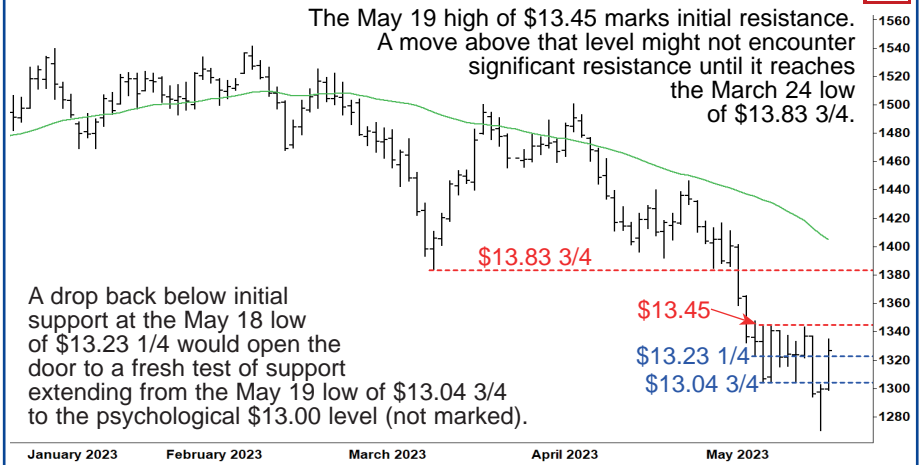
SRW – News of reduced Ukrainian production and fresh Russian interference with the Black Sea grain initiative gave wheat futures a boost. SRW gained strongly on HRW despite excess late-season rains across the Southern Plains, whereas conditions favor an uneventful SRW harvest.

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. We would view a rebound of 50¢ or more as a selling opportunity. We'll also make initial 2023-crop sales when we increase old-crop sales. The market is underperforming price wise and will likely require corn to lead any sustained price rebound.

DAILY JULY SOYBEANS



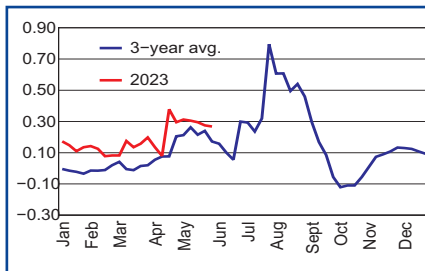
DAILY NOVEMBER SOYBEANS



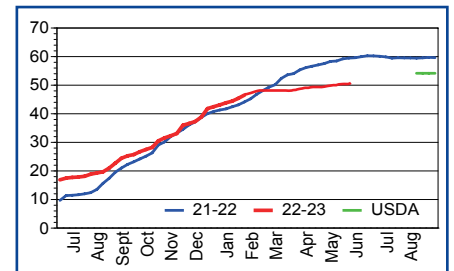
SOYBEANS - Fundamental Analysis

Last week's news favored bullish soybean interests somewhat. The latest USDA report confirmed the accelerated April crushings pace, with the impact of the rise increased by its divergence from the weak seasonal norm. But rapid plantings likely favor big new-crop production. History also holds that "normal" weather will prevail this summer and fall, although El Niño tends to favor dryness over eastern areas. When combined with accelerated Brazilian exports stemming from the country's record harvest, conditions ultimately favor the short side. Still, the late-May expansion of dryness across the Corn Belt is flashing a short-term warning signal for bears.

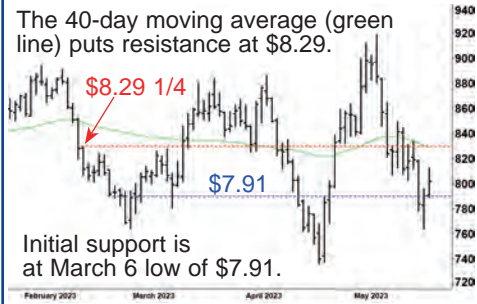
AVERAGE SOYBEAN BASIS (JULY)



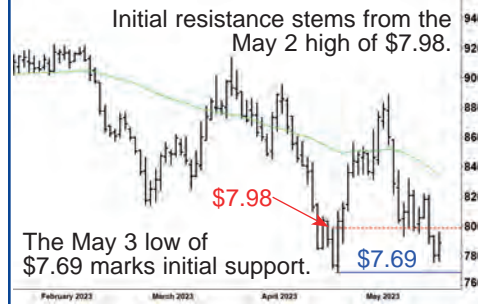
SOYBEAN EXPORT BOOKINGS (MMT)



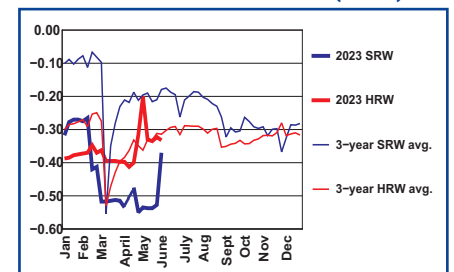
DAILY JULY HRW WHEAT



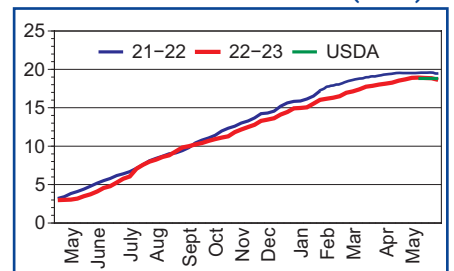
DAILY JULY HRS WHEAT



AVERAGE WHEAT BASIS (JULY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – Late-spring rains over HRW country are threatening head sprouting and muddy harvest conditions, but the narrowing HRW/SRW spread implies that didn't support the market. Last week's rebound could lead to more near-term corrective gains, though the looming onset of the winter wheat harvest promises persistent downward pressure.

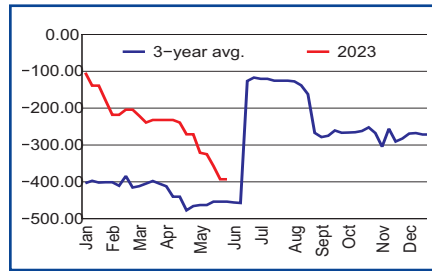
HRS – Industry concerns about flooding in the Red River Valley were overdone, as indicated by the huge HRS planting progress made just before Memorial Day. Recent futures weakness reflects the shift. As usual, spring wheat prices are unlikely to escape the downdraft exerted by the winter wheat harvest.

Position Monitor

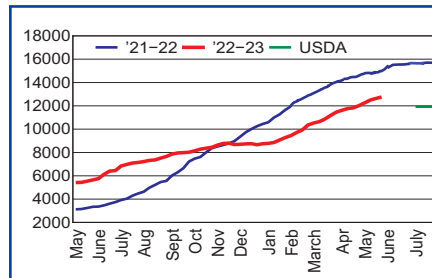
| | '22 crop | '23 crop |
|-----------------------|----------|----------|
| Cash-only: | 100% | 50% |
| Hedgers (cash sales): | 100% | 50% |
| Futures/Options | 0% | 0% |

Game Plan: On May 31, we advised finishing old-crop sales and increasing new-crop sales for harvest delivery. Get current with advised sales.

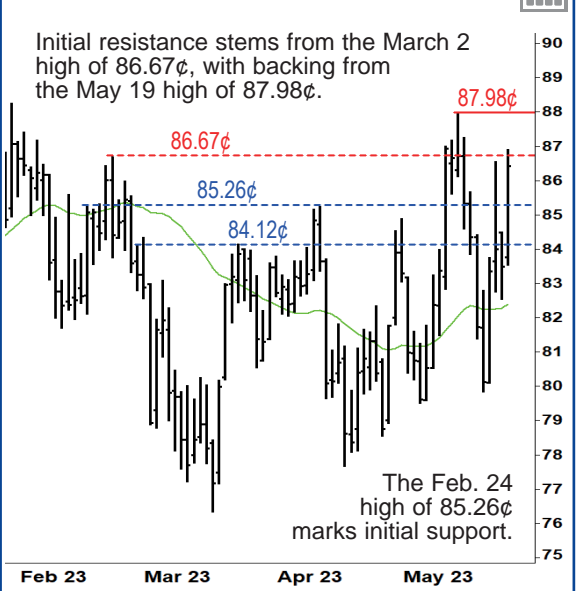
AVERAGE COTTON BASIS (JULY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON



COTTON - Fundamental Analysis

The cotton market is performing well despite modest export activity, weak energy and grain markets, floundering equities and improved 2023 crop prospects. Some unseen factor may be supporting prices, but we suspect the market is vulnerable to summer price declines.

GENERAL OUTLOOK

METALS: Copper prices recently dropped to a six-month low and are trending lower. Copper is a key component in the construction and manufacturing industries and a barometer of world economic health. "Dr. Copper's" prognosis on avoiding U.S. and/or global economic recession is not good.

Copper, crude oil and other raw commodity markets are in near-term downturns, suggesting commodity inflation

has peaked and is cooling. Weaker Chinese economic data and slower imports by that country have played a role in pushing those prices lower.

Conversely, the gold market's downside may be limited. A World Gold Council survey showed 24% of major international central banks plan to increase gold purchases due to inflation concerns, geopolitical turmoil and interest rate worries.

WEEKLY NEARBY COPPER FUTURES (\$/LB.)



FROM THE BULLPEN By Economist Consultant Dan Vaught

Seasonal tendencies imply little June relief from bearish conditions in the grain and soybean markets.

During our study period from 1980 to 2022, July corn futures have rallied during June just 16 times, while falling 27 years. The seasonal tendency has been even less favorable in the past 20 years, with futures rising six years and falling 14 times. The years of June advances often coincided with major weather concerns, such as 1988 and 2012. On the other hand, the June losses regularly set the stage for July rallies.

The June seasonal for July soybean futures has historically been more balanced, as indicated by gains in 21 years and declines in 22. But, in contrast to the recent bearish tendency in corn, the sea-

sonal has shifted toward bulls in the bean market. July futures have risen in 13 of the past 20 years while dipping just seven times. The market saw June slippage in both 2021 and 2022.

The onset of winter wheat harvest also implies a bearish seasonal tendency. July SRW futures have risen 16 times and fallen 26 times in June; the contract was unchanged one year. One remarkable aspect of this year's trading has been the consistency of July SRW futures losses, which have declined every month since last October. This is unprecedented. And while a rebound from those lows is in no way guaranteed, similar years posting March, April and May losses suffered a June drop in just two of seven times.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 6/5**
Emergence more in focus. 3:00 p.m. CT
- 2 China Trade Data** **TUE 6/6**
Exports, imports for May. 10:30 p.m. CT
- 3 U.S. Ag Trade Data** **WED 6/7**
Ag exports, imports for April. 9:30 a.m. CT
- 4 USDA Export Sales Report** **FRI 6/8**
Surge in export sales not expected. 7:30 a.m. CT
- 5 USDA S&D, Crop Prod. Rpts.** **FRI 6/9**
Balance sheet, winter wheat updates. 11:00 a.m. CT

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