



News this week...

- 2 – Corn ratings inch higher, beans continue to decline.
- 3 – Our updated monthly and quarterly price forecasts.
- 4 – USDA dramatically changes new-crop supply picture.

Corrective trade in corn and beans – Corn futures modestly rebounded from recent sharp losses, while soybean futures pulled back after failing to find sustained buyer interest on the spike above the June high. USDA's June 30 report data was bearish for corn and bullish for soybeans, but those markets aren't likely to trend sharply in opposite directions. Based on last week's price action and improved weather across some of the Corn Belt, it's likely going to take a fresh bullish catalyst to entice sustained buyer interest – and markets may face fresh near-term selling pressure. Without help from corn and soybeans, wheat is likely to face seasonal pressure as winter wheat harvest advances. Cattle futures faced corrective selling last week as the cash market softened, despite big discounts. Hogs extended their seasonal rally.

Mostly favorable forecast, drier north

Forecasts call for mostly favorable conditions across the Corn Belt through mid-July. Multiple waves of rain will move across the region, favoring central and southern areas. But World Weather Inc. says crop stress may build in northern areas where rains are expected to be light and sporadic.

Big balance sheet changes July 12

USDA's updated balance sheets on July 12 will reflect adjustments to old-crop demand forecasts based on June 1 stocks. There will be major changes on the new-crop balance sheets to reflect planted acreage figures, which will result in a big jump in 2023-24 ending stocks for corn and a sharp decline for soybeans. Our updated balance sheets are on *News page 4*.

The first all-wheat crop estimate also comes July 12, including survey-based forecasts for other spring wheat and durum.

Key trade issues discussed

U.S. Trade Representative Katherine Tai discussed with Mexico's Secretary of Economy Tatiana Clouthier various issues concerning energy and biotech corn. She also underscored with Canadian Trade Minister Mary Ng the need for Canada to fully meet its U.S.-Mexico-Canada Agreement (USMCA) commitments. But Tai stressed the U.S. will let the USMCA dispute panel process play out regarding Mexico's biotech rules and Canada's dairy policy.

Treasury Secretary Janet Yellen pushed back against what she said were unfair attacks by Beijing on companies with foreign ties during her trip to China. However, she said the U.S. "should not allow any disagreement to lead to misunderstandings that unnecessarily worsen our bilateral economic and financial relationship."

Global food prices continue to fall

The UN Food and Agriculture Organization global food price index dropped 1.4% in June and was 23.4% below the all-time peak in March 2022. Compared to year-ago, prices declined 6.4% for meat, 22.2% for dairy, 23.9% for cereal grains and 45.3% for vegoils, while sugar prices rose 29.7%.

Fed likely to raise rates this month

The U.S. economy added 209,000 non-farm payrolls in June, down from 306,000 in May. The unemployment rate ticked down to 3.6%. Average hourly earnings increased 4.4% over the past year. Fed fund futures reflected more than 90% odds of a 25-basis-point interest rate hike later this month, though reduced chances of further increases later this year.

Ag trade deficit widens in May

The U.S. exported \$13.93 billion of ag trade goods during May against imports of \$16.95 billion, resulting in a deficit of \$3.02 billion. Through the first eight months of fiscal year (FY) 2023, ag exports totaled \$128.49 billion against imports of \$132.17 billion for a deficit of \$3.68 billion. USDA forecasts FY 2023 ag exports at \$181.0 billion and imports at \$198.0 billion, which would imply a deficit of \$17.0 billion.

'A future without glyphosate'

Aimpoint Research examined the repercussions that could emerge from the discontinuation of glyphosate. The report, commissioned by Bayer, stresses that while U.S. agriculture and farmers would adapt over time, the immediate impacts to the economy, environment and farmers will be extensive and costly. The study found a lack of glyphosate would:

- Lead to more tilling and fewer cover crops, which could result in the release of up to 34 million tons of CO₂, equivalent to the emission of approximately 6.8 million cars.
- Cause a 2 to 2.5 times surge in input costs for farmers.
- Increase production costs by over \$1.9 billion.
- Add inflationary pressure to food prices for consumers.
- Reduce global competitiveness, especially for corn.
- Eventually lead to more alternatives, though this would require years and significant investments.

EFSA indicates no reason to block glyphosate renewal

The European Food Safety Agency (EFSA) stated there are no "critical areas of concern" that would hinder the renewal of glyphosate's usage within the European Union. Glyphosate would still need to clear several more hurdles for renewal.

Corn ratings inch higher, beans slide

USDA rated 51% of the corn crop as “good” to “excellent,” as of July 2, up one percentage point from the previous week. The “poor” to “very poor” rating was unchanged at 15%.

The soybean crop was rated 50% “good” to “excellent,” down one point from the previous week. The “poor” to “very poor” rating increased one point to 15%.

While the market remains focused on the “good” to “excellent” ratings, the “poor” to “very poor” conditions for both corn and soybeans are the third highest for the beginning of July behind only 1998 and 2012.

When USDA’s weekly condition ratings are plugged into the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop improved 1.8 points to 339.6, but was still 24.5 points (6.7%) under year-ago. The soybean crop fell another 1.1 points to 328.5, which was 26.4 points (7.4%) below last year.

USDA estimated 8% of the crop was silking (9% average).

USDA reported 24% of the soybean crop was blooming (20% average) and 4% setting pods (2% average).

Cordonnier leaves yields unchanged

Crop consultant Dr. Michael Cordonnier left his corn and soybean yield forecasts unchanged at 175 bu. and 50.5 bu. per acre, respectively. Cordonnier noted recent rainfall and forecasts calling for more rains into mid-July will ease some of the immediate moisture concerns. He adopted USDA’s acreage estimates from the June 30 Acreage Report, and now forecasts production at 15.10 billion bu. for corn and 4.17 billion bu. for soybeans.

Spring wheat conditions edge lower

USDA rated 48% of the spring wheat crop as “good” to “excellent,” a two-point drop. The amount of the crop rated “poor” to “very poor” was unchanged at 12%. USDA reported 51% of the crop was headed, five points ahead of average.

On our CCI, the spring wheat crop fell another 4.8 points to 333.5, which was 34.9 points (9.5%) lower than last year.

Drought footprint modestly recedes

As of July 4, the Drought Monitor showed 52% of the U.S. was covered by abnormal dryness/drought, down two percentage points from the previous week. USDA estimated drought (D1 or higher) covered 67% of corn production areas and 60% of soybeans, both down three points from the previous week. Drought expanded in spring wheat areas, with 19% now covered, up four points.

Soybean crush notches May record

U.S. processors crushed 189.3 million bu. of soybeans during May, according to USDA. Crush rose 2.3 million bu. (1.2%) from April, topping last year’s May record by 8.4 million bushels (4.6%). Soybean crush needs to run 1.1% above year-ago during the final three months of 2022-23 to hit USDA’s forecast of 2.220 billion bushels. Crush averaged 3.0% above last year’s pace during the past four months. Maintaining that pace would project the final tally 10 million bu. above USDA’s current forecast.

Corn-for-ethanol use still lagging

Corn-for-ethanol use totaled 437.5 million bu. in May, USDA reported. Corn ethanol use rose 23.5 million bu. (5.7%) from April but fell 9.1 million bu. (2.0%) from May 2022. To hit USDA’s current forecast of 5.250 billion bu., corn-for-ethanol use would need to increase 7.2% above year-ago over the final three months of 2022-23. We expect USDA to lower its forecast in the July 12 WASDE Report as the current pace projects use to be 64 million bu. too low.

Record Russian wheat exports likely

SovEcon raised its 2023-24 Russian grain export forecast to 58.9 million metric tons (MMT), including 47.2 MMT of wheat. Both would be record totals.

SovEcon said, “Carry-in stocks for the new season are record-high, the total supply will decrease only marginally, the infrastructure continues to expand and shipments at the start of the new season are likely high. Globally, the expected significant reduction in supplies from Ukraine and Australia will support Russian wheat exports in the new season. This could be partly offset by larger EU exports.”

SovEcon expects Ukraine’s wheat export will fall from 17 MMT in 2022-23 to 10 MMT this year. The firm notes USDA projects a 10-MMT drop in Australian wheat exports in 2023-24, while EU shipments are expected to increase 4 MMT.

Brazilian corn crop estimates raised

Brazil’s safrinha corn harvest remains behind year-ago but yields are strong. As a result, AgRural raised its Brazilian total corn crop estimate to a record 132.3 MMT, including 102.9 MMT for the safrinha crop. Cordonnier raised his Brazilian corn crop estimate to 132.0 MMT.

Mexico expects bigger corn crop

Mexico’s ag ministry expects the country to produce 28.5 MMT of corn this year, which would be up 2 MMT from last year. Output is expected to consist of 24.9 MMT of white corn and 3.61 MMT of yellow corn. The ministry attributed the increase to its free fertilizer program for small-scale farmers.



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Washington Co., (southeast) Iowa:

"This is the most rain we've received since May 7 and it came just in time! Our early planted corn started to tassel on July 2. Corn planted in the middle of April still has a ways to go. Honestly, I'm happy it was dry early, which allowed us to plant in a timely fashion and made the crop build roots. Beans have really perked up with the rains."

Fremont Co., (southwest) Iowa:

"Received three inches of rain. Corn is starting to stand back up from the wind. Plenty of tassels popping. Soybeans are canopied."

Iroquois Co., (east-central) Illinois:

"It's not a good sign when corn starts tasseling at chin high. I fear the rains were too little, too late."

Waseca Co., (south-central) Minnesota:

"Some tassels showing here and there. Soybeans largely R2. Could use a drink. So could the corn and beans!"

Bartholomew Co., (central) Indiana:

"It's amazing what rain three days in a row can do for crops after almost nothing since planting. Crops are short but they greened up and look much better."

Clay Co., (west-central) Indiana:

"Went for a long loop drive June 24 and thought the corn and beans were about done for. Thank the Lord that changed the middle of last week."

Huron Co., (north-central) Ohio:

"Drove to Fort Wayne, Indiana, on July 2. Didn't find any corn or beans that looked nicer than our area."

Champaign Co., (west-central) Ohio:

"I drove out to Moline, Illinois, and the crops look the worst I've ever seen along that stretch!"

Harrison Co., (northwest) Missouri:

"We finally got a great rain... but wind came, too. The majority of our corn is tasseling around four to five feet tall. We definitely won't have a bumper crop, even with the timely rains."

China issues hog warning

China's state planning agency issued a warning regarding declining hog prices, noting they have fallen into a critical "warning zone." In response, the agency will conduct a second round of pork purchases for state reserves and continue efforts to control hog production capacity and prices.

China again cuts dollar deposit rates

China's major state banks cut rates for U.S. dollar deposits for the second time in a matter of weeks, as authorities intensify measures to shore up the yuan. Interest rates offered by the "Big Five" state-owned lenders on most dollar deposits are now capped at 2.8%, down from 4.3% previously. At least four other banks removed the spread they previously offered over the U.S. Secured Overnight Financing Rate for corporate clients.

Tyson reintroduces some chicken antibiotics

Tyson Foods is set to reintroduce certain antibiotics into its chicken supply chain, resulting in the removal of the "no antibiotics ever" label from Tyson-branded products. This shift will involve drugs called ionophores, which are not considered crucial for human health and are used to control coccidiosis.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Aug.	Sept.	Oct.-Dec.
(Monthly & quarterly avg.)						
CORN						
Central Illinois, bushel	6.89	5.89	5.15	5.30	5.00	4.75
Omaha, NE, bushel	7.12	6.16	5.47	5.50	5.20	4.85
Dried Distillers Grain, IA, \$/ton	211.15	197.00	195.25	—	—	—
SOYBEANS						
Central Illinois, bushel	15.02	14.59	15.02	15.50	14.00	13.25
Memphis, TN, bushel	15.62	15.00	—	16.00	14.25	13.50
Soymeal, 48% Decatur, ton	478.70	415.70	424.20	430	415	400
WHEAT						
Kansas City, HRW, bushel	9.22	9.00	9.06	9.00	9.10	9.15
Minneapolis, 14% DNS, bushel	10.33	10.23	10.53	10.50	10.60	10.75
St. Louis, SRW, bushel	7.78	6.93	6.63	6.60	6.75	6.90
Portland, Soft White, bushel	9.75	7.50	6.93	6.90	7.00	7.05
Durum, NE MT HAD, 13%, bu.	11.37	7.90	7.94	8.10	8.15	8.25
SORGHUM , Kansas City, cwt.	10.15	10.56	9.29	9.25	9.25	8.75
COTTON , 11/16 SLM, 7 area, ¢/lb.	106.02	71.05	76.12	76.00	76.00	76.00
RICE , nearby futures, cwt.	15.83	17.68	18.27	15.00	15.00	15.00
BARLEY , MT, G.T., malting, bu.	8.75	6.10	6.10	6.00	6.00	6.00
OATS , Minneapolis No. 2 heavy, bu.	6.14	4.25	4.33	4.30	4.35	4.40
ALFALFA , NW Iowa, lg. sq. prem., ton	190.00	—	209.21	210	210	210
SUNFLOWERS , Fargo, ND, cwt.	42.00	18.80	19.10	19.50	19.50	21.50
HOGS , Nat'l carcass 51%-52% cwt.	108.24	90.10	92.23	92.00	86.00	80.00
FEEDER PIGS , 40 lbs., Nat. avg. head	68.74	37.14	35.83	40.00	44.00	55.00
CHOICE STEERS , feedlots, cwt.	146.16	182.57	181.33	177.50	175.00	180.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	167.78	227.84	238.01	245.00	240.00	235.00
Steers, 500-550 pounds, cwt.	193.08	260.56	254.36	262.00	258.00	260.00
Heifers, 450-500 pounds, cwt.	172.01	241.80	236.77	240.00	235.00	235.00
COWS , utility, Sioux Falls, SD, cwt.	90.89	110.99	113.56	112.00	107.00	105.00
MILK , Class III, CME spot month, cwt.	21.68	14.35	14.46	15.50	17.00	19.00
LAMBS , Slg., San Angelo, TX, cwt.	140.00	186.50	182.50	—	—	—
ENERGY						
Ethanol, IA, gallon	2.62	2.48	2.47	—	—	—
Farm diesel, U.S., gallon	5.19	3.25	3.21	3.11	3.15	3.10

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

Just like that... the supply outlooks shift dramatically

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

USDA's June 30 Acreage Report dramatically altered the potential supply outlook for both corn and soybeans. The sharp increase in planted acres compared with March intentions gives corn "cushion" to offset yield reductions due to drought. There's no "cushion" for soybeans. Our three weather scenarios will help give you parameters for what the supply/demand situation could look like in 2023-24.

CORN: We forecast slightly smaller old-crop ending stocks than USDA as higher feed and residual use implied by June 1 stocks more than offsets our smaller export and food, seed and industrial forecasts.

For 2023-24, we don't see the yield getting to USDA's trendline, which we would argue was too high anyway — even with "excellent" weather the remainder of the growing season. But given the steep increase in acreage from March intentions, ending stocks would rise even under our "poor" weather scenario.

SOYBEANS: We have slightly bigger ending stocks than USDA for 2022-23.

For 2023-24, soybeans could still produce a trendline or record yield if weather turns favorable through harvest. But it would take "excellent" weather to build soybean ending stocks given the sharp drop in plantings from March intentions. Under the other two scenarios, ending stocks would decline and be especially tight if weather is "poor." Under that scenario, prices would have to rise enough to notably slow usage.

WHEAT: Old-crop ending stocks were set with June 1 stocks at 580 million bushels.

For the new-crop marketing year, we forecast ending stocks will tighten. Even under the "excellent" weather scenario we project total supply would decline and use would modestly increase. But given the sharp drop in spring wheat crop ratings through June, weather would have to change significantly for that scenario to play out. As a result, prices are projected to rise in 2023-24.

Corn Supply/Demand

	2022-23 USDA	2022-23 PF	2023-24 USDA	2023-24 Pro Farmer Proj.		
				Poor	Average	Excellent
Planted (mil. acres)	88.6	88.6	92.0	94.1	94.1	94.1
Harvested (mil. acres)	79.2	79.2	84.1	85.5	86.3	86.4
Yield (bu./acre)	173.3	173.3	181.5	165.0	175.0	180.0
<i>million bushels</i>						
Beginning Stocks	1,377	1,377	1,452	1,375	1,375	1,375
Production	13,730	13,730	15,265	14,100	15,100	15,550
Imports	25	23	25	40	25	25
Total Supply	15,132	15,130	16,742	15,515	16,500	16,950
Feed and Residual	5,275	5,450	5,650	5,350	5,650	5,750
Food, Seed, Industrial	6,680	6,630	6,735	6,635	6,685	6,735
Ethanol for Fuel*	5,250	5,200	5,300	5,200	5,250	5,300
Total Domestic Use	11,955	12,080	12,385	11,985	12,335	12,485
Exports	1,725	1,675	2,100	1,900	2,000	2,100
Total Use	13,680	13,755	14,485	13,885	14,335	14,585
Carryover	1,452	1,375	2,257	1,630	2,165	2,365
Days' Supply	38.7	36.5	56.9	42.8	55.1	59.2
Stocks-to-use Ratio	10.6%	10.0%	15.6%	11.7%	15.1%	16.2%
Proj. avg. price/bu.	\$6.60	\$6.60	\$4.80	\$5.50	\$5.00	\$4.75

* "Ethanol for Fuel" is included in the Food, Seed & Industrial total.

Soybean Supply/Demand

	2022-23 USDA	2022-23 PF	2023-24 USDA	2023-24 Pro Farmer Proj.		
				Poor	Average	Excellent
Planted (mil. acres)	87.5	87.5	87.5	83.5	83.5	83.5
Harvested (mil. acres)	86.3	86.3	86.7	82.5	82.7	82.7
Yield (bu./acre)	49.5	49.5	52.0	48.0	51.0	53.2
<i>million bushels</i>						
Beginning Stocks	274	274	230	235	235	235
Production	4,276	4,276	4,510	3,960	4,215	4,400
Imports	20	20	20	70	30	15
Total Supply	4,571	4,571	4,760	4,265	4,480	4,650
Crush	2,220	2,225	2,310	2,260	2,275	2,310
Exports	2,000	1,995	1,975	1,750	1,900	1,975
Seed	102	97	101	105	102	102
Residual	19	19	25	0	3	13
Total Use	4,341	4,336	4,411	4,115	4,280	4,400
Carryover	230	235	350	150	200	250
Days' Supply	19.3	19.8	28.9	13.3	17.1	20.7
Stocks-to-use Ratio	5.3%	5.4%	7.9%	3.6%	4.7%	5.7%
Proj. avg. price/bu.	\$14.20	\$14.20	\$12.10	\$15.00	\$13.50	\$12.50

Wheat Supply/Demand

	2022-23 USDA	2022-23 PF	2023-24 USDA	2023-24 Pro Farmer Proj.		
				Poor	Average	Excellent
Planted (mil. acres)	45.7	45.7	49.9	49.6	49.6	49.6
Harvested (mil. acres)	35.5	35.5	37.1	37.5	37.7	37.8
Yield (bu./acre)	46.5	46.5	44.9	42.2	43.7	45.0
<i>million bushels</i>						
Beginning Stocks	698	698	598	580	580	580
Production	1,650	1,650	1,665	1,580	1,650	1,700
Imports	125	125	135	140	135	120
Total Supply	2,473	2,473	2,399	2,300	2,365	2,400
Food	975	975	977	975	975	975
Seed	70	70	65	70	67	65
Feed/Residual	55	78	70	55	70	80
Total Domestic Use	1,100	1,123	1,112	1,100	1,112	1,120
Exports	775	770	725	675	710	725
Total Use	1,875	1,893	1,837	1,775	1,822	1,845
Carryover	598	580	562	525	543	555
Days' Supply	116.4	111.8	111.7	108.0	108.8	109.8
Stocks-to-use Ratio	31.9%	30.6%	30.6%	29.6%	29.8%	30.1%
Proj. avg. price/bu.	\$6.60	\$6.60	\$7.70	\$8.00	\$7.50	\$7.25

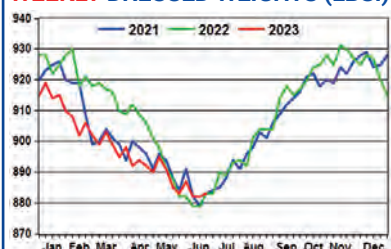
CATTLE - Fundamental Analysis

After running far below year-ago levels through the first four months of the year, steer weights edged above last year in June. This suggests feedlot marketings are lagging and the comparative share of Choice-grade cattle and beef increasing. But having the Choice/Select spread over \$30.00 and about \$11.00 above the seasonal norm indicates little easing of the quality beef shortage. The historical pattern of summer weakness in cattle prices is built into futures, but similar years of June price surges suggest renewed strength. The August 2021 jump in wholesale prices also seems likely to be repeated.

Position Monitor

Game Plan:	Feds Feeders	
Hedges in	III'23	0%
futures are	IV'23	0%
risky given	I'24	0%
	II'24	0%
their discounts to cash. Downside risk should be limited by the discounts and the tight supply situation.		

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY AUGUST LIVE CATTLE

The June 7 contract high of \$178.10 continues acting as initial resistance. It's backed by the psychological \$180.00 level (not marked).



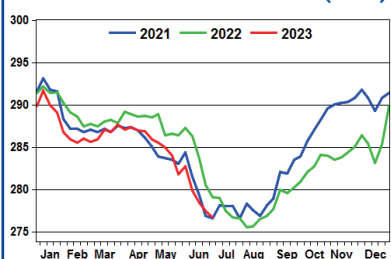
HOGS - Fundamental Analysis

Bears apparently expected the recent hog rally to lose upward momentum and turn downward when the calendar flipped to July. However, the supply situation remains extremely tight, with weights duplicating the losses of mid-2021 and slaughter largely matching the reductions seen last year at this time. Thus, pork cutout surged above \$108.00 early last week and futures followed. We tend to expect more of the same in the coming weeks, especially if the seasonal pork belly strength exhibited last week persists into August as usual. We think there's more upside potential in nearby futures.

Position Monitor

Game Plan:	Lean Hogs	
Carry all risk in the	III'23	0%
strengthening cash	IV'23	0%
market. Futures are	I'24	0%
	II'24	0%
breaking out to the upside and the seasonal rally should go deeper into the year than normal since it was delayed.		

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY AUGUST LEAN HOGS

Psychological resistance at the \$100.00 level (not marked) is backed by the March 16 high of \$101.075.



FEED

Feed Monitor

Corn

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

Corn Game Plan: You are hand-to-mouth on corn-for-feed coverage. Wait on the market to signal a low is in place before extending cash coverage.

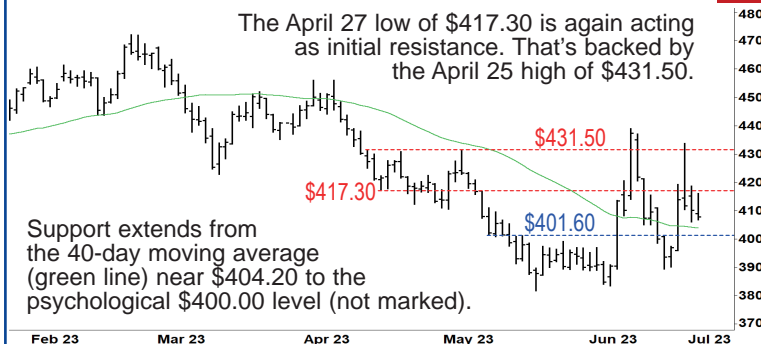
Meal

III'23	33%
IV'22	0%
I'24	0%
II'24	0%

Meal Game Plan: You have half of your soybean needs covered in the cash market for both July and August. Given the sharp drop in soybean acreage, be prepared to extend coverage on a pullback.

DAILY AUGUST SOYBEAN MEAL

The April 27 low of \$417.30 is again acting as initial resistance. That's backed by the April 25 high of \$431.50.



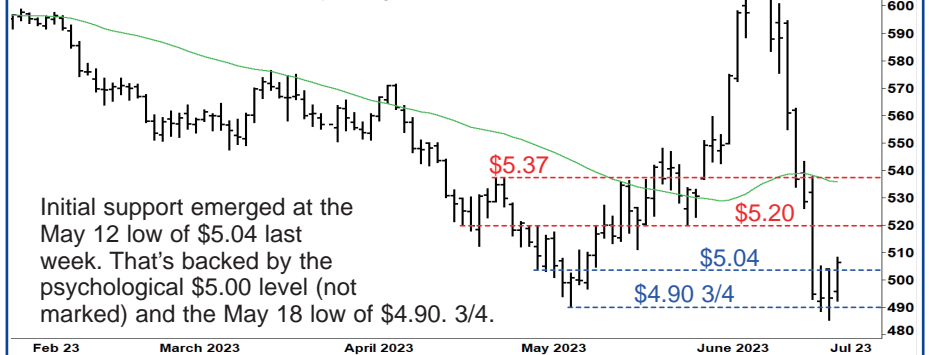
Position Monitor

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

Game Plan: USDA's sharp increase in planted acres compared with March intentions has bulls on the defensive. Barring an extended period of hot, dry weather during pollination, the upside is likely capped without some unknown bullish catalyst. The December \$7.00 short-dated calls that expire July 21 are virtually worthless at the moment and not worth capturing any remaining premium.

DAILY DECEMBER CORN

A move above initial resistance at the May 1 low of \$5.20 would face stiff resistance between the 40-day moving average (green line) near \$5.35 1/2 and the May 5 high of \$5.37.



Initial support emerged at the May 12 low of \$5.04 last week. That's backed by the psychological \$5.00 level (not marked) and the May 18 low of \$4.90. 3/4.

DAILY SEPTEMBER 2023 CORN

Psychological resistance at the \$5.00 level (not marked) is backed by the May 12 low of \$5.05 1/2.

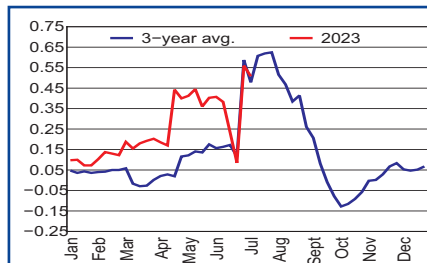


Look for initial support at the May 18 low of \$4.86 1/4.

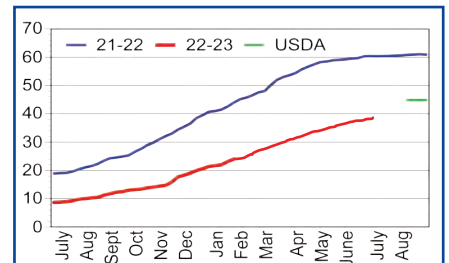
CORN - Fundamental Analysis

Surprisingly large plantings imply a dramatic increase in the 2023 corn crop, despite a yield outlook that has been compromised by dryness/drought. As pointed out previously, crop condition ratings had the "poor" to "very poor" percentage at its highest level outside the 1988 and 2012 drought years. Also, using the state yield figures from 2022 on this year's distribution of corn acres would bring the national average down 1.5 bu. per acre. Particularly prominent in this scenario is the 950,000-acre rise in North Dakota plantings. Still, the prospect of a huge crop is likely to weigh on prices. We view rally attempts as potential selling opportunities.

AVERAGE CORN BASIS (SEPT.)



CORN EXPORT BOOKINGS (MMT)



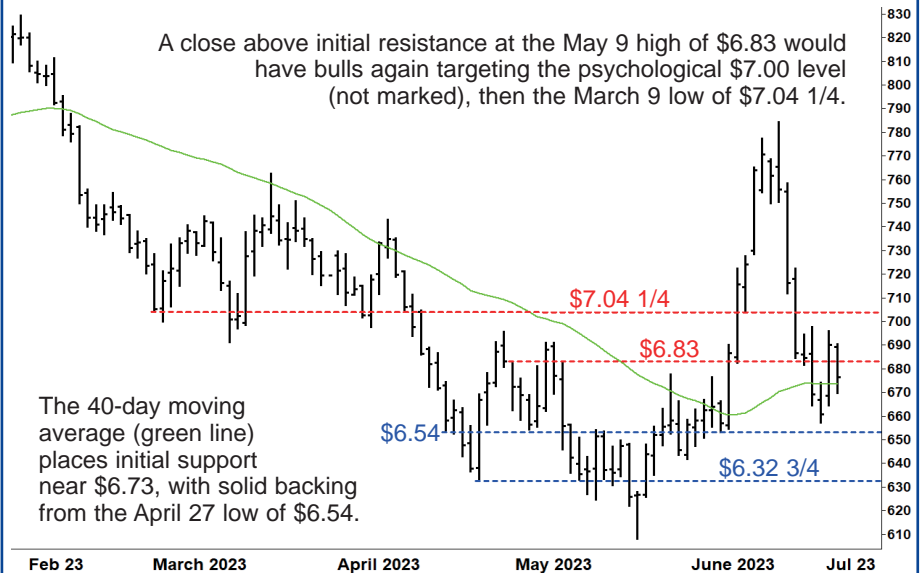
Position Monitor

	'23 crop	'24 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Spring wheat crop concerns in the Northern Plains and Canadian Prairies could produce contra-seasonal price strength. But wheat will struggle to sustain rallies if corn weakens. Use rallies to increase sales.

DAILY DECEMBER SRW WHEAT

A close above initial resistance at the May 9 high of \$6.83 would have bulls again targeting the psychological \$7.00 level (not marked), then the March 9 low of \$7.04 1/4.



The 40-day moving average (green line) places initial support near \$6.73, with solid backing from the April 27 low of \$6.54.

WHEAT - Fundamental Analysis

SRW — May-June dryness sent the Illinois SRW harvest to 82% complete as of July 2, but having the Kansas HRW harvest lagging badly at 46% done likely means both markets will continue feeling seasonal pressure. The corn market dive also lowered the implicit floor under the market.

Position Monitor

	'22 crop	'23 crop
Cash-only:	80%	25%
Hedgers (cash sales):	80%	35%
Futures/Options	0%	25%

Game Plan: USDA's sharp drop in soybean plantings compared with March intentions paints a bullish scenario for soybeans. Any serious weather threat from here forward would justify additional price strength. Hold the November \$14.00 short-dated calls that expire July 21 as insurance against a strong rally. Be prepared to capture some of the premium even if they don't end up profitable.

DAILY NOVEMBER SOYBEANS

Initial resistance at the March 9 high of \$13.77 3/4 is closely backed by the July 3 high of \$13.91 3/4 and the psychological \$14.00 level (not marked).



The March 31 high of \$13.34 1/2 reemerged as initial support last week. Stronger support persists at the March 28 high of \$13.06 3/4.

DAILY AUGUST 2023 SOYBEANS

The psychological \$15.00 level (not marked) is initial resistance. It's backed by the July 3 high of \$15.04 3/4.

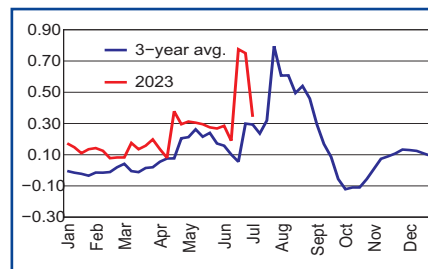


Initial support at the April 3 high of \$14.46 is loosely backed by the March 22 high of \$14.06 1/4.

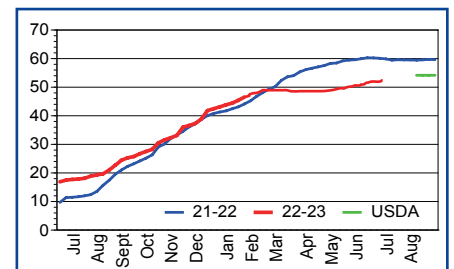
SOYBEANS - Fundamental Analysis

The reality of an approximate 4-million-acre drop below expectations for 2023 planted area is still sinking into the soybean market, especially with 1.2 million acres of that total coming out of Illinois and Iowa. While benevolent late-summer weather could give the crop a big boost, the sustained drop in early-summer ratings is not encouraging. Thus, the downside should be limited for soybean futures. And less-than-favorable late-summer weather could send prices soaring. But an expected huge corn crop will probably tend to limit soy complex gains. This is a big reason we're still looking to boost sales on soybean rallies.

AVERAGE SOYBEAN BASIS (AUG.)

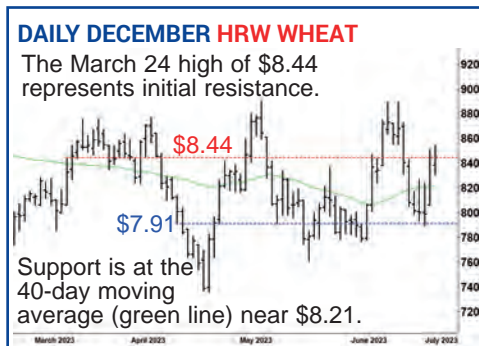


SOYBEAN EXPORT BOOKINGS (MMT)



DAILY DECEMBER HRW WHEAT

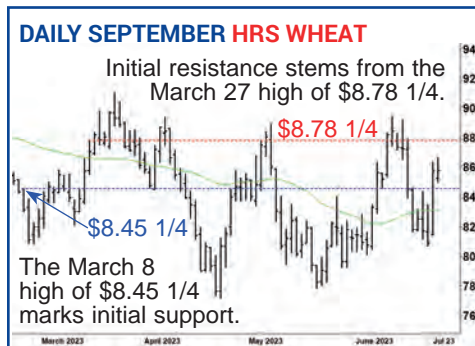
The March 24 high of \$8.44 represents initial resistance.



Support is at the 40-day moving average (green line) near \$8.21.

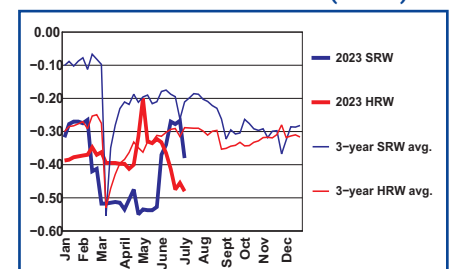
DAILY SEPTEMBER HRS WHEAT

Initial resistance stems from the March 27 high of \$8.78 1/4.

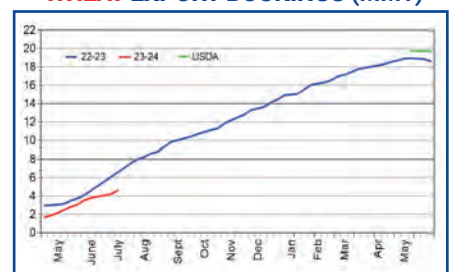


The March 8 high of \$8.45 1/4 marks initial support.

AVERAGE WHEAT BASIS (SEPT.)



WHEAT EXPORT BOOKINGS (MMT)



HRW — The HRW harvest has a long way to go, as indicated by progress in Colorado, Nebraska and South Dakota at 3% or less complete as of July 2. That's probably changing. Nevertheless, harvest pressure and weak export demand exacerbated by sustained U.S. dollar strength point to limited upside prospects for cash and futures.

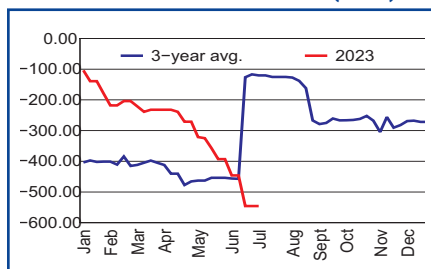
HRS — HRS crop conditions continued declining into early July, with reports pointing to similar issues in the Canadian Prairies. This is building on price support arising from the short HRW crop. Seasonal pressure from the winter wheat harvest seems likely but further threats to high-protein wheat supplies could boost prices.

Position Monitor

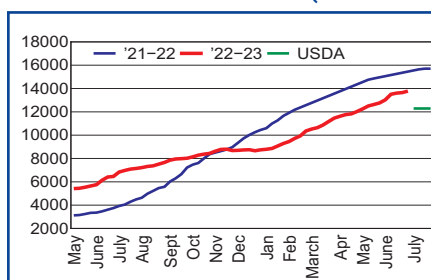
	'22 crop	'23 crop
Cash-only:	100%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: You should be finished with 2022-crop sales. Wait on an extended rally to 84.00¢ or higher to advance new-crop sales.

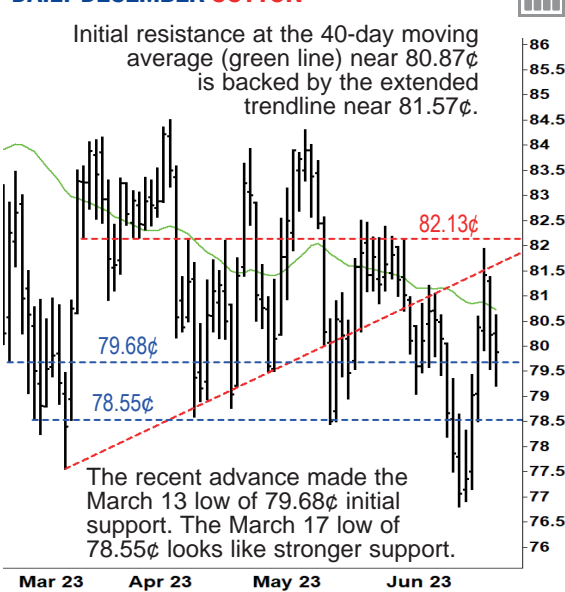
AVERAGE COTTON BASIS (OCT.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

USDA's surprisingly low cotton plantings figure at 11.087 million acres amplified the pre-report rebound. Sustained U.S. and global growth could boost exports and prices, but persistent U.S. dollar strength against numerous counterparts is problematic.

GENERAL OUTLOOK

COMMODITIES: There is a small but growing group of economists and market watchers that argues the string of Federal Reserve interest rate increases have successfully tamped down price inflation to the point that no further rate hikes are needed.

The weekly chart for the Bloomberg Commodity Index shows prices have been trending down for 15 months and in June hit a 1.5-year low. Indeed, such

developments suggest the tighter monetary policies of major global central banks have tamed commodity price inflation.

Also, tighter monetary policies of the major central banks have produced a decline in global commerce that is negatively impacting Asian exports. That has led to lower consumer inflation in Western countries because of decreased producer prices in Asia.

WEEKLY BLOOMBERG COMMODITY INDEX



FROM THE BULLPEN By Economist Consultant Dan Vaught

As one would expect from a release containing huge adjustments to the corn and soybean plantings figures, the June 30 USDA Acreage Report held some surprises for the minor crops as well.

U.S. sorghum plantings were stated at 6.805 million acres, up 830,000 from March intentions and up 480,000 from last year. The shift from a planned 350,000-acre reduction likely reflected farmer fears of sustained drought in the Southern Plains. Texas seedings jumped 500,000 acres.

Despite persistently elevated prices, U.S. rice plantings topped USDA's March intentions by just 104,000 acres. On the other hand, plantings at 2.687 million acres topped the year-ago figure by 485,000 acres, with top-producing state Arkansas adding

205,000 and California plantings almost doubling to 478,000 acres.

In March, barley acres were seen slipping 33,000 to 2.922 million acres, but the report stated the plantings figure surged 414,000 to 3.359 million. This reflected annual gains of 220,000, 100,000 and 30,000 acres for top states Montana, North Dakota and Idaho, respectively.

Changes for most other crops were less substantial, with oat plantings declining 159,000 acres (to 2.508 million) from 2022, whereas canola seedings edged up 13,000 to 2.283 million acres. Hay acreage was revised 1.331 million acres above the March forecast, with the projected harvested area reaching 51.976 million acres. More fodder is definitely needed.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 7/10**
Will crop ratings keep falling? 3:00 p.m. CT
- 2 USDA Crop Production Report** **WED 7/12**
First spring wheat crop estimate. 11:00 a.m. CT
- 3 USDA WASDE Report** **WED 7/12**
Will USDA lower yield projections? 11:00 a.m. CT
- 4 China Trade Data** **WED 7/12**
Exports, imports for June. 10:00 p.m. CT
- 5 USDA Export Sales Report** **THUR 7/13**
Sluggish sales likely to continue. 7:30 a.m. CT

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