



News this week...

- 2 – Brazil slashes bean crop but still above private forecasters.
- 3 – China will lose its title as top exporter to U.S.
- 4 – Breakdown of USDA's January S&D Report.

Blizzard hits central U.S., markets – *The second major winter storm of the week blasted the central U.S. Friday with blizzard conditions and arctic temps. But that wasn't the only "storm," as USDA released a barrage of report data (see first column below and [News](#) page 4). Tensions in the Middle East also escalated as the U.S. and Britain carried out air and sea strikes on Houthis military targets in Yemen. The Houthis said the attacks "will not go unanswered and unpunished. Meanwhile, the Jan. 19 deadline to fund some government programs, including USDA, and avoid a partial government shutdown looms. These stormy conditions hit ahead of a three-day weekend, with markets and government offices closed Monday, Jan. 15, for Martin Luther King Jr. Day. Volatility could be extreme following the holiday.*

Corn crop: 15.342 billion bu.

USDA raised its corn production estimate 108 million bu. to a record 15.342 billion bu., 116 million bu. more than traders expected. Its yield estimate increased 2.4 bu. to a record 177.3 bu. per acre. USDA cut harvested area by 583,000 acres to 86.513 million acres.

Soybean crop: 4.165 billion bu.

USDA raised its soybean production estimate 36 million bu. to 4.165 billion bu., which was 38 million bu. more than expected. USDA increased yield 0.7 bu. to 50.6 bu. per acre. Harvested area was cut 435,000 acres to 82.356 million acres.

Cotton crop: 12.434 million bales

USDA cut its cotton crop estimate 342,000 bales. The average yield jumped 80 lbs. to 845 lbs. per acre as USDA cut harvested area 956,000 acres to 7.065 million acres.

Dec. 1 stocks higher than expected

CORN: Dec. 1 stocks totaled 12.2 billion bu., up 13% from year-ago. Of the total, 7.83 billion bu. (64.2%) were held on-farm. Implied use in the first quarter of 2023-24 was 4.53 billion bu., up 7.6% from the same quarter last year.

SOYBEANS: Dec. 1 stocks totaled 3 billion bu., down 1% from year-ago. Of the total, 1.45 billion bu. (48.3%) were held on-farm. Implied use in the first quarter of 2023-24 was 1.43 billion bu., down 6% from the same quarter last year.

WHEAT: Dec. 1 stocks stood at 1.41 billion bu., up 8% from year-ago. Of the total, 395 million bu. (28.0%) were held on-farm. Implied use in the second quarter of 2023-24 was 357 billion bu., down 23% from the same quarter last year.

Winter wheat acreage falls 6%

The U.S. planted 34.425 million acres to winter wheat, down 2.274 million acres from last year. HRW acreage at 24.0 million acres fell nearly 1.7 million, with the largest reductions in Kansas and Texas, the two largest producers. SRW acreage at 6.86 million acres declined 500,000 acres. White winter wheat plantings at 3.54 million acres dropped 104,000 acres.

Brazil dryness shifts to eastern states

Dry weather is expected across some eastern production areas of Brazil this week, but other locations are likely to see mostly favorable conditions. Concerns in Brazil have shifted from central and northeastern areas to the east-central states. Generally favorable weather is forecast to continue for most of Argentina.

China's deflation concerns persist

China's consumer price index (CPI) fell 0.3% from year-ago in December, – the third straight monthly decline, the longest streak since late 2009. China's producer price index (PPI) fell 2.7% from year-ago, the 15th straight month of producer deflation. For 2023, China's CPI rose 0.2%, the slowest pace since 2009. The full-year PPI fell 3.0%, marking the steepest downturn since 2015.

China's bean imports rise in 2023

China imported 9.82 million metric tons (MMT) of soybeans during December, up 1.9 MMT (24.0%) from November but 740,000 MT (7.0%) less than last year. For 2023, China imported 99.41 MMT of soybeans, up 11.4% from last year and the first annual rise in three years. However, the U.S.'s share of those imports declined.

China's trade with U.S. declines in '23

In 2023, China posted a trade surplus of \$823 billion, with exports falling 4.6% to \$3.38 trillion while imports dropped 5.5% to \$2.56 trillion. Trade with the U.S. was \$664 billion, down 11.6% from 2022, the first decline since 2019. China will officially lose its title as top exporter to the U.S. (see [News](#) page 3).

U.S. ag trade surplus in November

The U.S. exported \$16.09 billion of ag goods in November against imports of \$15.99 billion, resulting in a surplus of \$98.97 million. This snapped an eight-month string of ag trade red ink. During the first two months of fiscal year (FY) 2024, U.S. ag exports stood at \$32.73 billion against imports of \$32.90 billion for a deficit of \$170 million. Given the first quarter of the fiscal year is the strongest period for ag exports, this is a sluggish start.

Brazil slashes soybean crop forecast

Conab slashed the Brazilian soybean crop forecast by 4.9 million metric tons (MMT) to 155.3 MMT, reflecting adverse weather especially in center-west areas. That's still higher than many private crop forecasters, including South American crop consultant Dr. Michael Cordonnier, who estimates Brazil's crop at 151 MMT. Conab cut its 2023-24 soybean export forecast by 3.1 MMT to 98.5 MMT, which would be down 3.4 MMT from last year's record.

Conab lowered its corn production outlook 925,000 metric tons from last month to 117.6 MMT. That cut was entirely to the first crop, as Conab maintained its safrinha corn projection, as it normally does until February. Despite the modest reduction to crop size, Conab cut its 2023-24 corn export forecast by 3 MMT to 35 MMT, which would be down 21 MMT from last year's record.

Cordonnier forecasts Brazil's corn crop at 117 MMT.

Brazil extends soybean planting dates

Brazil's ag minister extended soybean planting dates as dry weather delayed efforts and caused replanting.

- Mato Grosso extended 20 days until Jan 13.
- Mato Grosso do Sul extended 20 days until Jan. 13.
- Goias extended 10 days until Jan. 12.
- Tocantins extended 12 days until Jan. 20.
- Para was divided into three regions. Region One was extended until Jan. 14. Region Two was extended until Feb. 28. Region Three was extended until March 14.
- Piaui was divided into three regions. Region One was extended until March 9. Region Two was extended until Feb. 8. Region Three was extended until Jan. 28.
- Acre extended 20 days until Jan 18.

Cordonnier says the extended window could complicate the control of soybean rust.

Brazil still exporting record '22-23 crops

Brazil exported 3.829 MMT of soybeans during December. That was down 1.367 MMT (26.3%) from November but nearly double the December 2022 figure. The December soybean shipments pushed Brazil's 2023 total to a record of more than 101.8 MMT. Brazilian grain exporters group Anec expects the country to ship at least 1.3 MMT of soybeans this month, with the total as high as 2.7 MMT.

Brazil shipped 6.064 MMT of corn last month, down 1.342 MMT (18.1%) from November and 199,000 MT (3.2%) less than December 2022. Anec forecasts Brazil's corn exports will reach 3.33 MMT this month.

IGC raises global corn, wheat crops

The International Grains Council (IGC) raised its 2023-24 global corn production forecast 7 MMT to 1.230 billion MT amid bigger crop estimates for China, Russia and Ukraine, which exceeded a cut to Brazil's crop. IGC now forecasts global corn production to rise 65 MMT (5.6%) from last year.

IGC raised its 2023-24 global wheat production estimate by 1 MMT to 788 MMT, though that would still be down 16 MMT (2.0%) from last year.

IGC cut its 2023-24 global soybean production forecast by 3 MMT, as a reduction to Brazil's crop more than offset gains in other countries. It still forecasts global soybean production to increase 21 MMT (5.7%) from last year.

Weather threatens Ukrainian crops

Recent sudden changes in weather conditions across Ukraine and frequent thaws could have a negative impact on winter grains this year. Ukraine's National Agrarian Academy said, "Potential risks under changing weather conditions are quite high," noting it reduces hardiness of winter crops. The scientists said the second half of December and the beginning of January experienced abnormally warm weather, but the thaw has now been replaced by deep frosts over most of the country.

Ukraine actively exporting grain

Ukraine's ag exports via its alternative Black Sea humanitarian corridor reached 4.8 MMT in December, surpassing the maximum monthly total shipped via a former UN-brokered grain deal. Romania's Black Sea port of Constanta posted record grain exports in 2023 thanks to a surge in shipments from Ukraine and ongoing European Union-funded infrastructure projects. The port shipped 36 MMT of grain last year, up 50% from the previous year. Ukrainian grain accounted for roughly 40% of the total, or 14 MMT, up from 8.6 MMT in 2022.

Global trade falls 1.3% due to Red Sea

Global trade declined 1.3% from November to December as militant attacks on merchant vessels in the Red Sea led to a plunge in the volumes of cargo transported in that key region, German economic institute IfW Kiel said. Currently around 200,000 containers transit via the Red Sea daily, down from some 500,000 per day in November. IfW Kiel's trade indicator for December showed European Union exports and imports down 2% and 3.1%, respectively. The U.S. saw a 1.5% drop in exports and a 1% decline in imports.

Merchandise traffic through the Bab el Mandeb Pass in the Red Sea is 46% less than since the beginning of the attacks by the Yemeni militias on Nov. 19, and 53% less than recorded at this time last year.



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China dethroned as top U.S. exporter

China, the top exporter to the U.S. since 2006, likely lost its position to Mexico in the past year. This shift is a consequence of changing dynamics and tensions between the two largest economies, reshaping global supply chains. Of note:

- U.S. imports from China decreased by over 20% during January-November 2023. China's share of total U.S. imports fell to 13.9%, the lowest since 2004, down from its peak of over 21% around 2017.

- Mexico is poised to become the top exporter to the U.S. for 2023, a position it hasn't held since 2000. Imports from Mexico are expected to reach a record high in 2023, constituting over 15% of the total for the first 11 months of the year.

- The U.S. is diversifying its suppliers for products like consumer electronics, reducing its reliance on China. For example, smartphone imports from China dropped about 10%, while imports from India increased fivefold. Laptop imports from China decreased by roughly 30%, but those from Vietnam quadrupled.

- The Biden administration is promoting "friendshoring," which involves keeping supply chains within allies and partner countries. Tariffs on Chinese products, initiated by the Trump administration, are being maintained.

- The Fed has expressed concerns about the impact of reduced U.S./China trade on inflation. Some analysts suggest domestic production of previously cheap Chinese goods could lead to higher prices by tightening the labor market.

- Chinese companies are adjusting their business strategies, with some investing more in Mexico and setting up production facilities in North America.

- China is also working to reduce its dependence on U.S. exports by promoting the use of the yuan in international transactions with other countries, such as Russia, the Middle East, and South America.

Pork, beef exports diverge

The U.S. exported 607.5 million lbs. of pork during November, up 35.3 million lbs. (6.2%) from October and 30.0 million lbs. (5.2%) more than last year. That was the largest November pork shipments total since 2020. Through November, pork exports totaled 6.174 billion lbs., up 6.8% from the same period last year, driven by a 9.2% jump in movement to Mexico.

Beef exports totaled 229.3 million lbs. in November, down 12.2 million lbs. (5.1%) from October and 46.7 million lbs. (16.9%) less than last year. That was the smallest tally for any month since July 2020. Japan, China and South Korea, which account for about 60% of all beef exports, posted double-digit year-over-year declines. Through November, beef exports totaled 2.875 billion lbs., down 15.0% from the same period last year. Of the top five destinations, shipments increased only to Mexico.

World Bank expects global GDP drop

The World Bank projects the global economy will expand just 2.4% this year, down from 2.6% in 2023. This slowdown is attributed to higher borrowing costs and geopolitical tensions. The World Bank notes concern about the decade ahead if significant changes aren't made to address these challenges. Additionally, it mentions that global trade growth is expected to be only half of what it was in the decade before the pandemic and developing countries have experienced lower growth rates since 2020 due to these factors. Advanced economies are also expected to see slower growth.

- U.S. economic growth is expected to slow to 1.6% this year from 2.5% in 2023.

- Chinese growth is projected to slow to 4.5% this year from 5.2% in 2023. Outside the pandemic-induced downturn, that would be China's slowest expansion in 30 years.

- Economic growth in the euro area is projected to rise to 0.7% in 2024 from 0.4% last year.

The war the world couldn't afford

War over Taiwan would have a cost in blood and treasure so vast that even those unhappiest with the status quo have reason not to risk it. *Bloomberg Economics* estimates the price tag of a war in Taiwan at around \$10 trillion, equal to about 10% of global GDP — dwarfing the blow from the war in Ukraine, Covid pandemic and Global Financial Crisis.

It modeled two scenarios: A Chinese invasion drawing the U.S. into a local conflict, and a blockade cutting Taiwan off from trade with the rest of the world. A suite of models was used to estimate the impact on GDP, taking account of the blow to semiconductor supply, disruption to shipping in the region, trade sanctions and tariffs and the impact on financial markets.

IN THE CASE OF A WAR:

- Based on comparable recent conflicts, *Bloomberg Economics* estimates a 40% blow to Taiwan's GDP. A population and industrial base concentrated on the coast would add to the human and economic cost.

- With relations to major trade partners turned off, China's GDP would suffer a 16.7% blow.

- For the U.S., further from the center of the action but still with a lot at stake, GDP would be down 6.7%.

- For the world as a whole, GDP would be down 10.2%, with South Korea, Japan and other East Asian economies most impacted.

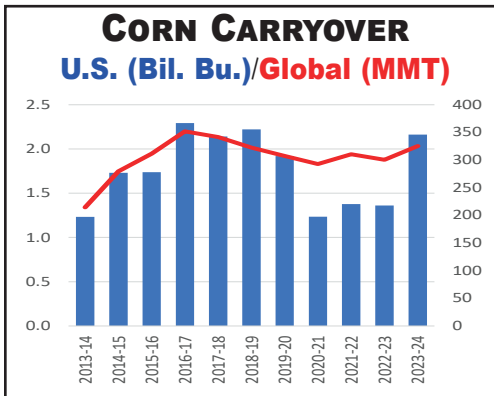
A YEARLONG BLOCKADE OF TAIWAN BY MAINLAND CHINA:

- For Taiwan, a small, open economy that has thrived through trade, GDP in the first year would be down 12.2%.

- For China, the U.S. and the world as a whole, GDP in the first year would be down 8.9%, 3.3% and 5%, respectively.

USDA raises most ending stocks forecasts

by Editor Brian Grete

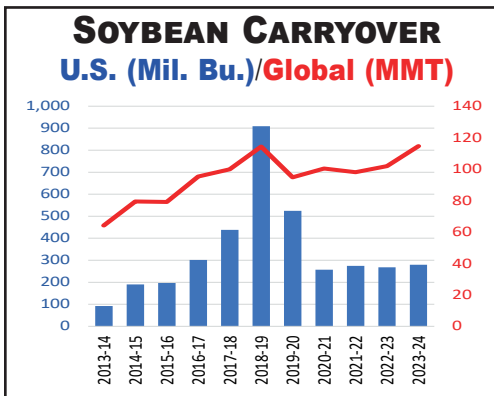


CORN — USDA increased corn carryover 31 million bu. from last month to 2.162 billion bu., 57 million bu. above the average pre-report trade estimate. USDA raised total 2023-24 supplies 106 million bu. from last month due to the bigger 2023 crop estimate. That was partially offset by a 25-million-bu. increase in feed & residual use (to 5.675 billion bu.) and a 50-million-bu. increase in food, seed & industrial use (all of the increase is in corn-for-ethanol use, which now stands at 5.375 billion bushels). Exports were unchanged at 2.1 billion bushels.

Our corn ending stocks forecast is 2.065 billion bu. for 2023-24.

- **USDA 2023-24 price: \$4.80, down a nickel from December.**

Global corn carryover: 325.2 million metric tons (MMT) for 2023-24, up 10 MMT from last month and 24.7 MMT above last year. In addition to the increase to U.S. crop size, USDA raised Chinese production 11.8 MMT, while the Brazilian crop was cut only 2 MMT.

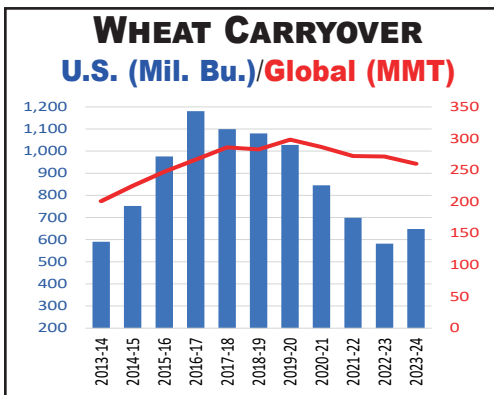


SOYBEANS — USDA increased soybean carryover 35 million bu. to 280 million bu., 37 million bu. above the average pre-report trade estimate. USDA increased total supplies 31 million bu. from last month due to the bigger 2023 bean crop estimate. USDA left crush unchanged at 2.3 billion bu. and exports were steady at 1.755 billion bushels. USDA trimmed 3 million bu. from residual “use.”

Our soybean ending stocks forecast is 245 million bu. for 2023-24.

- **USDA 2023-24 price: \$13.75, down 15¢ from December.**

Global soybean carryover: 114.6 MMT for 2023-24, up 390,000 metric tons from last month and 12.7 MMT higher than last year. The increase to the U.S. crop, along with a 2-MMT rise to Argentine production more than offset USDA’s 4-MMT cut to the Brazilian crop.

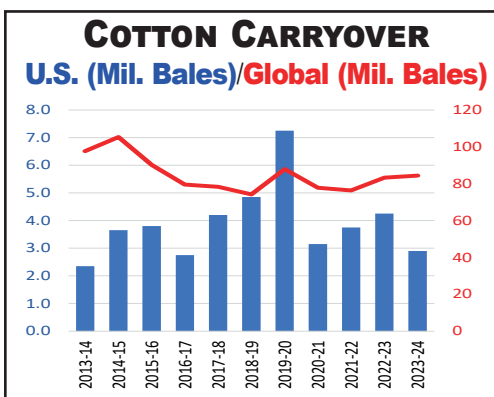


WHEAT — USDA cut 2023-24 wheat carryover 11 million bu. from last month to 648 million bu., 10 million bu. below the average pre-report trade estimate. USDA cut total supplies 12 million bu. from last month due to a 12-million-bu. cut to beginning stocks. USDA also cut 1 million bu. from seed use (to 64 million bushels).

Our wheat ending stocks forecast is 645 million bu. for 2023-24.

- **USDA 2023-24 price: \$7.20, down a dime from last month.**

Global wheat carryover: 260.0 MMT for 2023-24, up 1.8 MMT from last month but still down 11.5 MMT from last year.



COTTON — USDA cut 2023-24 ending stocks 200,000 bales from last month to 2.9 million bales. USDA cut total supplies 340,000 bales due to a smaller crop estimate. USDA left domestic use unchanged from last month at 1.9 million bales and trimmed exports 100,000 bales to 12.1 million bales. Unaccounted use is put at -210,000 bales, down 40,000 bales from last month.

Our cotton ending stocks forecast is 2.8 million bales for 2023-24.

- **USDA 2023-24 price: 76¢, down a penny from last month.**

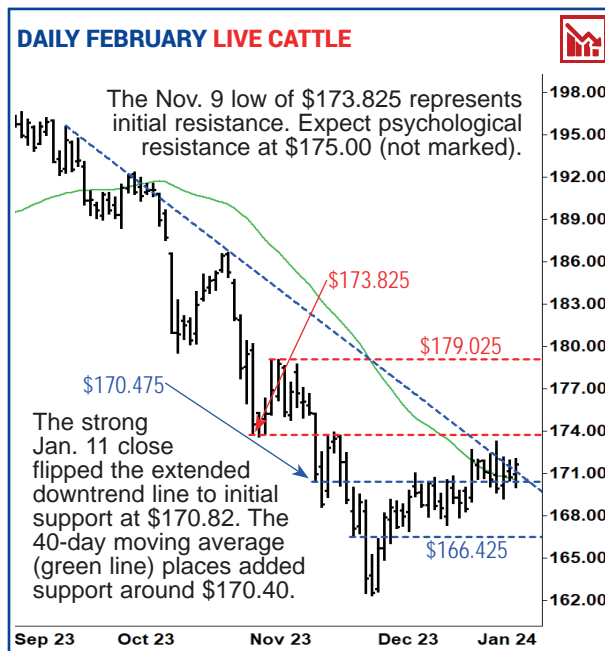
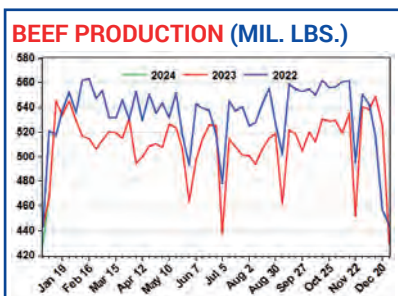
Global cotton carryover: 84.4 million bales for 2023-24, up 2 million bales from last month and 1.2 million bales above year-ago. USDA increased its Chinese cotton production forecast 500,000 bales from last month.

CATTLE - Fundamental Analysis

Last week's heavy snow and this week's arctic conditions promise to stress feedlot cattle, especially in northern areas. That will likely reduce supplies of cattle and beef available to packers and grocers. We expect first quarter beef production to more closely follow the early 2023 pattern rather than that of 2022, which should augment the seasonal tendency for price strength. Elevated cattle weights may limit the market's upside potential in the coming weeks, whereas cattle prices have historically tended to peak in the same year the population posts a cyclical low.

Position Monitor

Game Plan:	Feds	Feeders
Futures and the cash market have posted lows. We expect an extended corrective rebound in both markets, though gains may be gradual.	I'24 0%	0%
	II'24 0%	0%
	III'24 0%	0%
	IV'24 0%	0%

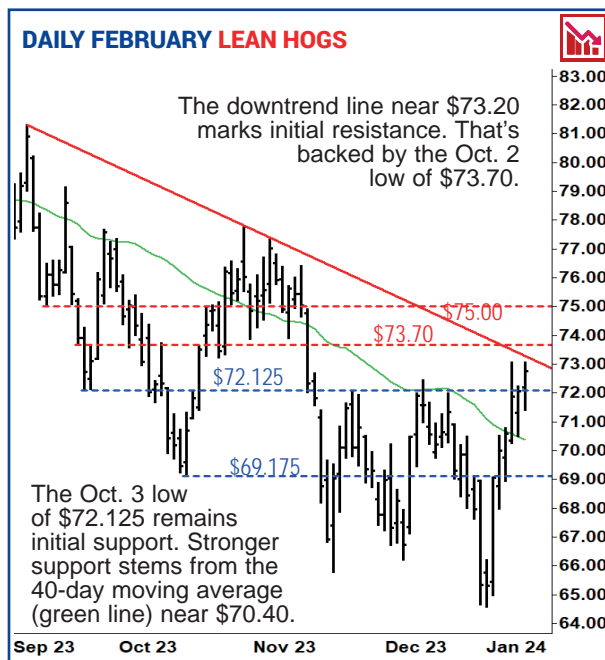
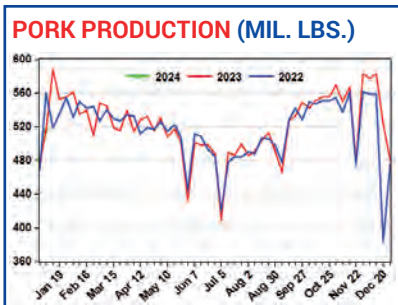


HOGS - Fundamental Analysis

The pork production chart illustrates a major reason hog prices tend to rise from late-year lows to highs the following summer. It isn't uncommon for hog slaughter and pork production to spike during the first post-holiday week of the year, with downtrending output meeting surging demand as spring arrives. Wintry weather looks set to limit price gains in the short-run, but we still expect robust consumer demand to support the market due to reduced prices in grocery stores. High ham prices crushed sales last Easter, with hog prices bottoming in April. We may see the opposite this spring.

Position Monitor

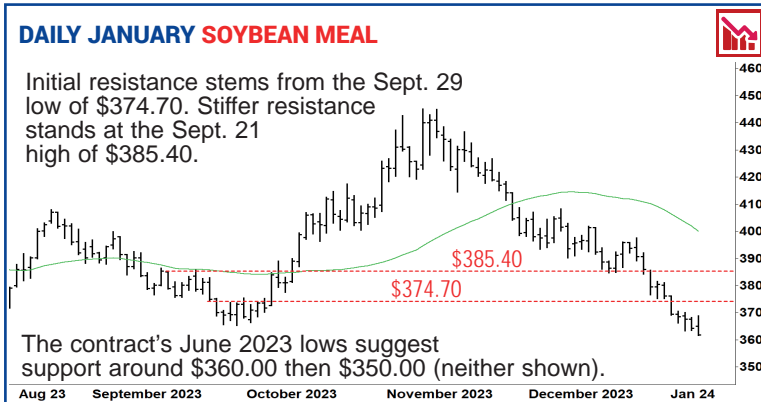
Game Plan: It appears seasonal lows are in place for both futures and the cash market. Hedges would only be advised if futures build too much premium to the cash index.	Lean Hogs
	I'24 0%
	II'24 0%
	III'24 0%
	IV'24 0%



FEED

Feed Monitor

Corn	I'24 33%	II'24 0%	III'24 0%	IV'24 0%	Corn Game Plan: You have all corn-for-feed needs covered in the cash market through January. Be prepared to more aggressively extend coverage on signs the market has posted a major low.
Meal	I'24 33%	II'24 0%	III'24 0%	IV'24 0%	Meal Game Plan: You have all soybean meal needs covered in the cash market through January. Be prepared to further extend coverage on signs of a low.



Position Monitor

	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales. Corn is struggling to find a bottom, though prices tend to work higher during January. It would likely take a catalyst like bullish USDA data or a sharp reduction in Brazil's crop estimate to fuel an extended price rally. Be prepared to advance 2023-crop sales and start 2024-crop marketings on an extended rally.

DAILY MARCH CORN



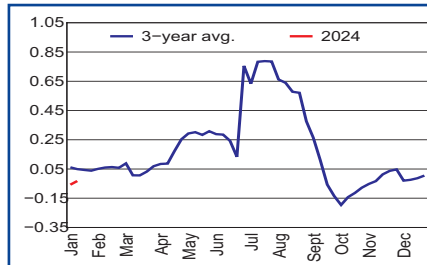
DAILY MAY CORN



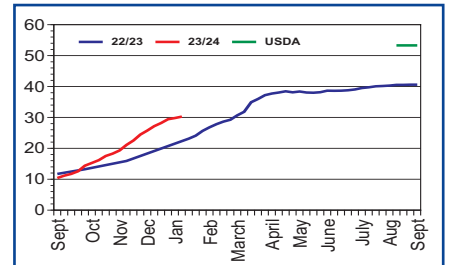
CORN - Fundamental Analysis

Last week's corn trading was subdued ahead of the Jan. 12 USDA reports. General commodity sector weakness led by crude oil depressed prices early in the week, with midweek news of an eight-month high in ethanol stocks also weighing on prices. News of a further reduction in forecast Brazilian corn exports for 2023-24 (see [News page 2](#)) seemingly did little to boost the market, nor did a Jan. 11 daily sales announcement of 175,000 metric tons of corn sold to Mexico. The sustained decline set the stage for a significant rebound in the wake of bullish USDA data, whereas bearish results may provoke a limited reaction.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

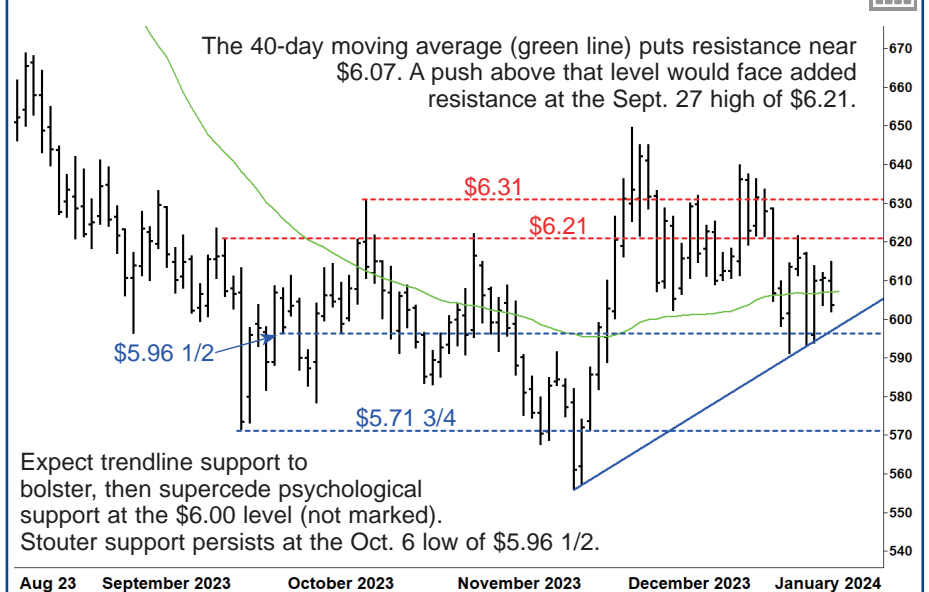


Position Monitor

	'23 crop	'24 crop
Cash-only:	60%	10%
Hedgers (cash sales):	60%	10%
Futures/Options	0%	0%

Game Plan: Wait for an extended push to the upside to get current with advised sales and to increase marketings. The upside is likely limited without a strong move by corn, though we feel downside risk should be limited.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

SRW – The latest weekly export figure slipped 3% from the previous week, but fell 77% below the four-week average, which weighed on prices. Activity was subdued ahead of the USDA Winter Wheat Seedings Report, with an approximate one-million acre drop expected.

Position Monitor

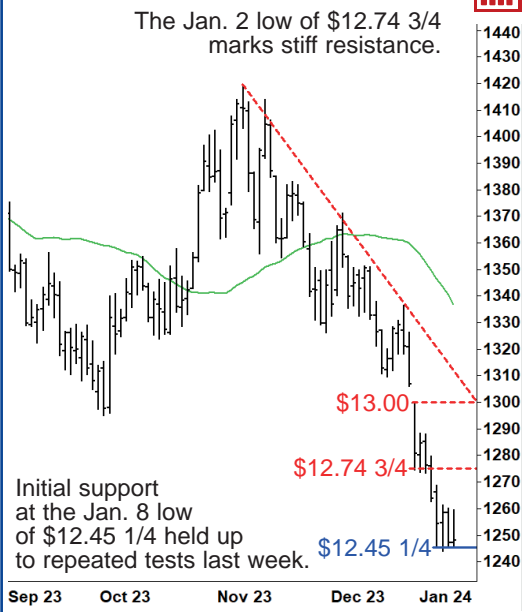
	'23 crop	'24 crop
Cash-only:	50%	10%
Hedgers (cash sales):	55%	10%
Futures/Options	0%	0%

Game Plan: Wait to get current with advised sales. Be prepared to make additional old- and new-crop sales on an extended rally. We are targeting a move to the \$13.50 area in March soybean futures to increase old-crop sales. Timing of new-crop sales will be based off old-crop. Seasonally, prices should generally strengthen, though that will be determined by South American crop potential and corn.

DAILY MARCH SOYBEANS



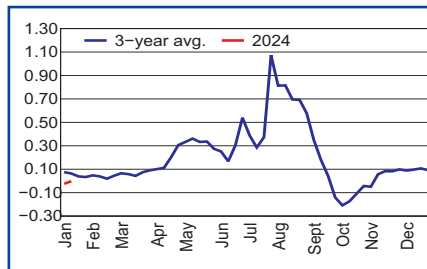
DAILY MAY SOYBEANS



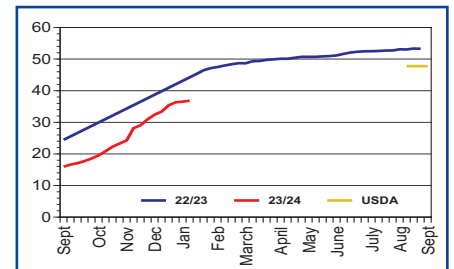
SOYBEANS - Fundamental Analysis

Having Brazil's official 2024 soybean production forecast follow private estimates lower (though not as low), along with a 3.1-million-metric-ton (MMT) cut to its 2023-24 export projection (see *News* page 2), did little to support domestic prices last week. Soyoil found support from rebounding crude oil futures late in the week, but meal prices wallowed near seven-month lows. Given the extreme tightness of the domestic soy situation, the sustained weakness seems overdone. Indeed, nearby bean and soy meal futures officially reached "oversold" levels. The depressed nature of the market suggests a stronger price reaction if the Jan. 12 USDA reports look price supportive.

AVERAGE SOYBEAN BASIS (MARCH)



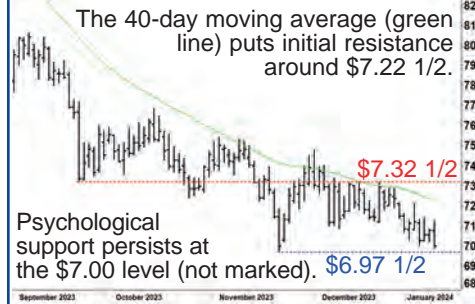
SOYBEAN EXPORT BOOKINGS (MMT)



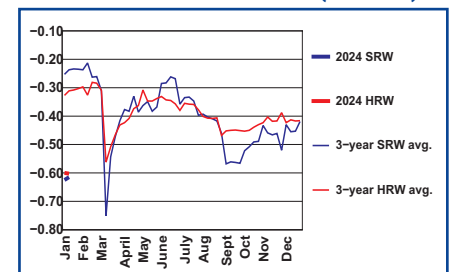
DAILY MARCH HRW WHEAT



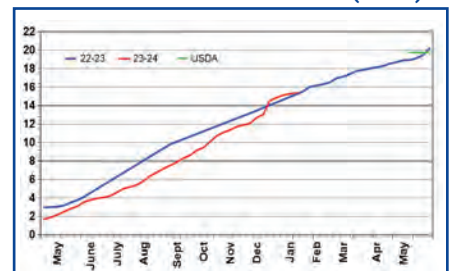
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



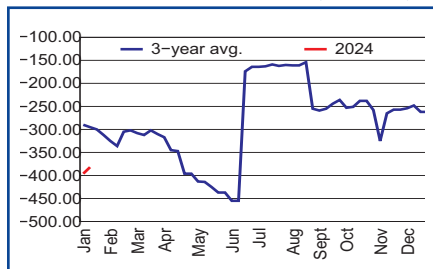
HRW – HRW futures were range bound ahead of the Jan. 12 Winter Wheat Seedings Report from USDA. Traders expect snow arriving before this week's arctic weather to protect the bulk of the HRW crop from freeze damage. Surprisingly low acreage, U.S. dollar weakness and/or a corn rally seem required to power a sustained advance.

HRS – The HRS market hasn't been immune to recent grain/soy weakness, with nearby futures testing \$7.00 prior to the Jan. 12 USDA reports. Recently stable spreads suggest HRS will react along with winter wheat to the acreage and supply/demand data. Also, look for HRS track with corn as the two crops compete for spring acres.

Position Monitor		
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Wait on an extended corrective rebound to advance sales. Given our sales levels, we are targeting a rebound into the mid-80.00¢ area.

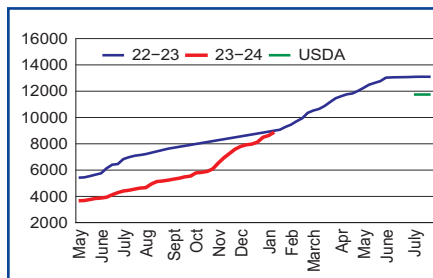
AVERAGE COTTON BASIS (MARCH)



DAILY MARCH COTTON



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Supportive results in the latest USDA Export Sales Report gave cotton futures a boost last week. But gains were likely limited ahead of the Jan. 12 Crop Production Report. We still think the nascent uptrend could carry the market higher.

GENERAL OUTLOOK

INFLATION: Last week's December consumer price index (CPI) showed an annual rise of 3.4%. That topped the November increase of 3.1% and industry expectations for a 3.2% reading. The result partially confirmed the views of monetary policy hawks. Still, inflation has cooled in recent months, allowing the Fed to signal it is backing off its tighter monetary policy.

Importantly, inflation reports in the coming few months may be more worri-

some. Houthi attacks on shipping vessels in the Red Sea, one of the world's major shipping routes, have seen some shippers avoid that passageway altogether and instead traverse the much longer route around Africa. That means longer supply chain delivery times and higher shipping costs.

This could push up producer price inflation in the coming months and in turn raise costs to consumers.



FROM THE BULLPEN By Economist Consultant Dan Vaught

The first quarter often marks seasonal transitions in the livestock markets. We see little reason to expect differently this year.

Although the swings aren't as large as they once were, cattle slaughter still tends to decline from a December high to annual lows in late February or March. Feedlot marketings tend to slowly increase from that point, but late-winter/early spring gains are more than offset by the surge in spring grilling demand.

We pointed out early last year that decreased weights indicated current feedlot marketings and a history of vigorous price gains in such years. And while the record high weights seen in late December won't necessarily lead to price weakness this year, gains tend to be limited in such

circumstances. Having the cattle population approaching cyclical lows may give the market a boost.

Hog slaughter typically undergoes a steady decline from December highs to early-summer lows. The Dec. 22 Hogs & Pigs Report implied modest year-to-year gains this month, followed by flat numbers through late winter and spring.

Early 2023 hog prices proved extraordinarily weak, which likely sprang from grocers maintaining retail pork price near record highs. Last year's Easter ham sales looked like a disaster. In contrast, they have more recently passed lower pork prices on to consumers, spurring much improved demand. We expect a strong seasonal advance as a result.

WATCH LIST

- Martin Luther King Jr. Day** **MON 1/15**
Markets and gov't offices closed.
- China Economic Growth Data** **TUE 1/16**
Fourth quarter GDP estimate. 8:00 p.m. CT
- NWS Extended Weather** **THUR 1/18**
Forecast for February-April. 11:00 a.m. CT
- USDA Export Sales Report** **FRI 1/19**
Post-holiday sales should improve. 7:30 a.m. CT
- USDA Cattle on Feed Report** **FRI 1/19**
Placements will be key figure. 2:00 p.m. CT

Farm Bill and Policy Updates

Read Jim Wiesemeyer's latest updates on the farm bill, USDA programs and much more in his daily Policy Updates report on www.profarmer.com.