



News this week...

- 2 – World's first ethanol-to-SAF plant opens in Georgia.
- 3 – Key highlights for ag from AFBF convention.
- 4 – Resources for making 2024 farm program decisions.

Corn, beans unable to hold corrective gains – Corn and soybean futures firmed amid corrective buying early last week, but short-covering dried up with all of the gains virtually erased. Wheat futures followed a similar path, though they maintained some of their corrective gains, especially HRW contracts. While funds are heavily short corn and wheat, history suggests those markets could struggle to find buyers in February without a bullish catalyst (see "From the Bullpen" on *Analysis* page 4). February seasonals are friendlier for soybeans, though funds aren't nearly as short that market, so they could continue to sell. Cattle futures extended their rally from the December lows amid strengthening cash cattle prices. Hog futures also firmed given the building seasonal strength in the cash hog market.

Argentine crop stress builds

Recent hot and dry conditions across Argentina will continue this week, increasing crop stress in the driest areas. Central and northern Brazil are expected to receive regular rains this week, while southern areas will be drier. World Weather Inc. says forecast models suggest a shift in weather the first week of February, with rains expected to move into southern Brazil Feb. 3-10 and most of Argentina Feb. 5-10.

Grain cargoes diverted from Red Sea

Another 16 vessels carrying grain were diverted from the Red Sea last week, according to global trade analytics firm Kpler, increasing the total to about 3.9 million metric tons (MMT) this month. Kpler noted many of the re-routed ships are carrying U.S. grain. Kpler estimated only 2.4 MMT of grain will transit the Suez Canal in January compared with 6.6 MMT in December and 6.4 MMT in January 2023.

Of note, China pressed Iran to help rein in the Houthi attacks, or risk harming business relations with Beijing.

China reducing foreign crops needs

China is steadily opening its domestic market to commercial planting of GMO corn and soybeans in a push to reduce dependence on imports and improve food security. China is also trying to encourage more domestic soybean and rapeseed production. Additionally, China will guide farmers to reduce hog production, which would lower soymeal needs. Soymeal use in feed rations was cut to 13% last year, down 1.5 percentage points from 2023, and is expected to decline further.

Of note, China's administration of customs authorized Argentine wheat imports for the first time.

USSEC expects Chinese soybean imports to keep rising

China is likely to import 30 MMT of soybeans from the U.S. through the end of the 2023-24 marketing year, matching the level from the same period last year, the U.S. Soybean Export Council (USSEC) predicts. USSEC expects China's total soybean imports to rise from 101.5 MMT in 2024 to 134.1 MMT by 2033, an average annual growth rate of 3.1%.

Core PCE falls to nearly 3-year low

The personal consumption expenditures (PCE) price index increased 0.2% last month and rose 2.6% annually, matching November's gain. Core PCE, minus food and energy prices, gained 0.2% from November and increased 2.9% from year-ago, the smallest annual gain since March 2021.

The Fed is widely expected to keep interest rates unchanged following the Jan. 30-31 monetary policy meeting. Fed fund futures reflect slightly less than 50% odds of a rate cut in March; about 90% chances for the April 30-May 1 meeting.

U.S. Q4 GDP stronger than expected

U.S. GDP increased at a 3.3% annualized rate in the final quarter of 2023, driven by strong consumer spending, with growth for the full year coming in at 2.5%. Economists expect an economic slowdown, but fears of a recession have subsided with the Fed expected to engineer a so-called soft landing.

China ramps up stimulus, liquidity

China cut the reserve requirement ratio (RRR) for all banks by 50 basis points (bps) as of Feb. 5 – the biggest RRR cut since December 2021. That would free up 1 trillion yuan (\$139.45 billion) to the market. China also eased rules for bank loans on commercial property and is considering measures to stabilize its slumping stock market with about 2 trillion yuan (\$278.53 billion) in funds.

Investors poured almost \$12 billion into Chinese equity funds in the week ended Jan. 24, the largest inflow since 2015 and the second largest ever, according to BofA Global Research. But it noted, "No one believes it's an investment."

Trade talks with Mexico, Canada

U.S. trade officials met with counterparts from Mexico and Canada in preparation for the annual review of the U.S.-Mexico-Canada Agreement (USMCA). Notably, the U.S. Trade Representative statement did not mention discussion regarding the GMO corn dispute with Mexico. U.S. officials expressed dissatisfaction with Canada's dairy tariff rate quota allocation measures, among other issues.

S. American crops unchanged, but...

South American crop consultant Dr. Michael Cordonnier maintains a lower bias toward Brazil's soybean and corn crops but kept both production estimates unchanged this week at 149 million metric tons (MMT) and 115 MMT, respectively. Cordonnier kept his Argentine crop estimates at 52 MMT for soybeans and 56 MMT for corn, but says his concern would increase if there's extended dryness.

Cordonnier expects total South American production to rise 9.2% for soybeans and 0.5% for corn versus last year.

Canada expects fewer wheat acres

Agriculture and Agri-Food Canada's preliminary projections for the 2024-25 marketing year call for wheat seedings excluding durum to fall 2.9% from last year to 8.2 million hectares due to lower prices and relatively ample global supplies, though that would still be about 5% above the five-year average. Assuming normal weather conditions and a rebound in yields, total Canadian wheat production is projected to rise about 1% to 27.9 MMT.

Aussie crops aided by unlikely rains

Australian crop production is poised to exceed expectations after rainfall confounded thoughts the El Niño weather pattern would maintain dry and hot conditions. The weather turnaround has been striking, with the driest three-month period on record between August and October giving way to what some farmers say is their greenest summer in memory.

Australia's wheat production could reach roughly 30 MMT, according to IKON Commodities in Sydney. Commonwealth Bank forecasts wheat production at 31.4 MMT. In early December, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast the Aussie wheat crop at 25.4 MMT.

The country's barley, sorghum, canola and cotton crops are also expected to be larger than the ABARES December forecast.

SovEcon raises Russian wheat crop

SovEcon raised its 2024 Russian wheat production forecast 900,000 metric tons (MT) to 92.2 MMT, which would be down 600,000 MT (0.6%) from last year's crop. SovEcon says due to the abundant snow cover, the first significant cold snap of the season this month had minimal impact on the winter crops. SovEcon said with the favorable crop outlook and near-record stocks, Russian wheat supplies could continue to weigh on global wheat prices.

First ethanol-to-SAF facility opens

LanzaJet inaugurated the world's first ethanol-to-sustainable aviation fuel (SAF) production facility, Freedom Pines Fuels, in Soperton, Georgia. A recent study suggests Midwest corn farmers could benefit significantly from a 35-billion-gallon SAF market, but access remains a key issue due to the carbon intensity of American ethanol.

The Iowa Renewable Fuels Association released a study from a 35-billion-gallon SAF market it commissioned from Decision Innovation Solutions. It concluded Midwest corn farmers stand to gain \$441 million in additional income from such a market, if given the opportunity to access it. "For a 1,000-acre farm with 50/50 corn and soybeans and trendline national yields, this would mean \$11,760 more income in 2050," according to the study.

Biodiesel production hits 4 bil. gallons

The production of biomass-based diesel, which includes motor and aviation fuel, reached 4 billion gallons in 2023, marking a 1-billion-gallon increase from the previous year. The Clean Fuels Alliance America credited the increase to the growth of advanced biodiesel, renewable diesel, SAF and heating oil from sustainably sourced feedstocks.

About half of the U.S. soyoil produced during the 12 month period through September 2023 was used for biofuels.

Canadian canola crush hits Dec. record

Canadian processors crushed 943,302 MT of canola during December, a record for the month. August-December crush increased to 4.57 MMT, up 13.9% from the same period a year earlier amid rising demand for canola oil from the North American renewable diesel industry.

Weekly ethanol production plunges

Ethanol production averaged 818,000 barrels per day (bpd) for the week ended Jan. 19, down 236,000 bpd (22.4%) from the previous week and 217,000 bpd (21.0%) from last year. That was the lowest weekly production figure since the week ended Feb. 19, 2021, as output was slowed by extreme cold weather. But with ethanol margins in the black, production should rebound with more seasonal temps.

Refiner petitions EPA to rework RINs

CVR Energy has petitioned EPA to rework regulations covering Renewable Identification Numbers (RINs), calling for limits on who can trade the credits. The petition argues independent refiners are forced to buy RINs as they do not have the blending capacity to generate the credits to show compliance with RFS requirements. The company says restricting those that can participate in the market would lower RIN prices and lower fuel costs to consumers.



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Biofuels, climate ag key for farms

USDA Secretary Tom Vilsack told the American Farm Bureau Federation (AFBF) annual convention the decline in the number of U.S. farms can be halted by adopting climate-smart farming practices, expanding biofuel production and increasing local and regional marketing. Vilsack stressed the importance of finding alternative ways to boost income, especially for small and medium-sized operations. He said farmers could potentially earn revenue from sustainably produced commodities and environmental services, such as carbon sequestration and emissions reduction practices.

Vilsack announced \$50 million in grants for seven projects aimed at expanding independent domestic fertilizer production. He also revealed \$157 million in assistance for 675 projects to help farmers and rural small businesses install renewable energy systems or improve energy efficiency.

Duvall highlights AFBF's key issues

AFBF President Zippy Duvall said labor shortages are the most significant limiting factor for the sector. Key points:

- Labor shortages: Duvall called for reforms to the H-2A visa program to also allow for year-round workers. Additionally, he suggested setting wages at a more affordable level for employers instead of relying on federally set rates that are becoming increasingly unaffordable. He also noted approximately half of U.S. farmworkers are believed to be undocumented, and many are nearing retirement age.
- Farm bill: Duvall urged the passage of a new farm bill that includes an updated safety net, taking into account rising production costs and the impact of inflation.
- Reference prices: AFBF and other farm groups are advocating for higher reference prices in the farm bill, a factor that influences crop subsidies.
- Animal welfare law override: AFBF is seeking a congressional override of California's Proposition 12 animal welfare law, which has implications for livestock farming.
- Challenges in Congress: Duvall acknowledged the challenges in achieving these reforms given the current political environment in Washington, D.C. He noted the difficulty in reaching a consensus on comprehensive immigration reform and emphasized the need for action despite political hurdles.

USDA inches up food price forecast

USDA forecasts food prices will rise 1.3% this year, with food away from home (restaurant) costs expected to increase 4.7% and food at home (grocery store) prices projected to decline 0.4%. In December, USDA forecast all food prices would increase 1.2%, with restaurant prices projected to rise 4.9% while grocery store costs were seen declining 0.6%. That would still be the smallest annual increase in overall food prices since they rose 0.9% in 2017.

Cattle on Feed Report as expected

USDA estimated there were 11.930 million head of cattle in large feedlots (1,000-plus head) as of Jan. 1, up 248,000 head (2.1%) from year-ago, the fourth straight month of year-over-year increases. December placements dropped 4.5%, while marketings slipped 0.9% from year-ago levels.

The number of cattle on feed for 90 days was nearly 10% higher than year-ago, while the total in feedlots for more than 120 increased 12%.

Jan. 1 feedlot inventories included 7.195 million head of steers (up 163,000 head; 2.3%) and 4.735 million head of heifers (up 85,000 head; 1.8%). The heifer inventory numbers signal beef herd rebuilding has not actively begun.

Meat stocks rise more than average

USDA's Cold Storage Report showed beef stocks at 485.1 million lbs. at the end of December, up 27.7 million lbs. from November, more than tripling the five-year average increase of 8.9 million lbs. for the month. Still, beef stocks declined 58.8 million lbs. (10.8%) from December 2022 and were 27.4 million lbs. (5.4%) below the five-year average.

Pork inventories stood at 427.3 million lbs., up 11.6 million lbs. from November versus the normal fractional increase. Pork stocks declined 29.1 million lbs. (6.4%) from December 2022 and 44.0 million lbs. (9.3%) from the five-year average.

Livestock risk protection options

Livestock risk protection (LRP) insures against a decline in prices for swine, fed cattle and feeder cattle (including unborn calves) using current CME futures prices, similar to a put option. The following information comes from Jon Strohl, livestock insurance agent for Farm Credit Illinois.

You must complete an application to get a policy on the books – generate a premium once you've signed a coverage endorsement. When futures hit a price you want to lock in, complete a specific coverage endorsement (SCE).

- Select a coverage level between 70% and 100%.
- Elect an endorsement period for 13, 17, 21, 26, 30, 34, 39, 43, 47 or 52 weeks.
- Note: A premium attaches to the SCE and the coverage price is established using futures prices. Subsidy levels range from 35% to 55% depending on the coverage level.

If the actual RMA LRP ending value is below the insured amount at the end of the elected endorsement period, you receive an indemnity for the difference in price.

LRP strictly protects against declines in the national price index. It does not protect against mortality, condemnation, physical damage or disease.

Note: Your coverage price does not depend on sale price.

Cattle on Feed Report	USDA actual (% of year-ago)	Average estimate
On Feed Jan. 1	102.1	102.1
Placed in Dec.	95.5	95.4
Mktd in Dec.	99.1	99.3

2024 farm program decisions

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

President Joe Biden signed a bill that extends farmer safety net programs through Sept. 30, 2024. You can elect between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) for the 2024 crop year until March 15, 2024. The decision varies by crop. Insurance agents signal you should consider tools like Supplemental Coverage Option (SCO) or Enhanced Coverage Option (ECO), which provide area-wide coverage. And cotton producers should evaluate STAX before deciding between ARC/PLC, as it can provide more coverage in a total-loss scenario.

Resources available to help with your decisions

Ask your crop insurance agent for recommendations. A decision aid is available via Texas A&M. www.afpc.tamu.edu. Also see FarmDoc farmdoc.illinois.edu.

ARC likely pays more

ARC-CO is likely to pay more than PLC for corn, soybeans and wheat in most cases, says Paul Neiffer with Farm CPA. That is unless prices drop well below the Effective Reference Price (ERP) for 2024 crops. But if you want to utilize SCO as an add-on, it requires you to elect PLC.

Corn and soybean prices would have to plummet to get a marketing-year average price to have PLC exceed ARC. Texas A&M and FarmDoc have what-if tools on ARC versus PLC.

Note: ERP rises to \$4.01 for corn and \$9.26 for soybeans.

A look at PLC

PLC is based on your current PLC yield (about 90% of your APH in 2014). However, you had the option in 2020 to increase your PLC yield to the average for 2013-17 and then apply a National Yield Factor to those averages.

County yields are important

If the final county yield is lower than the benchmark yield, ARC payments will kick in sooner and the maximum payment will be hit sooner. Conversely, if final county harvest yields are higher, then it will help raise next year's ARC guarantee. Your final payment is based on 85% of base acres (not what you plant); maximum payment is \$125,000 per person or legal entity.

SCO and ECO are additional options

ECO and SCO are area-based coverage that can be added to an underlying individual plan of insurance. To add ECO, you must have one of the following plans:

- Revenue Protection
- RP with Harvest Price Exclusion
- Yield Protection

Note: Since ECO is county based, you could incur losses on your farm but not receive an ECO indemnity. Similarly, the ECO endorsement could pay an indemnity at times when you don't have a claim on your individual farm.

Customize protection

With ECO, you can purchase coverage from 86% to 90% or 86% to 95% of the county-expected crop

values. This allows for gap coverage between underlying multiple peril crop insurance (MPCI) and ECO. Premiums will be subsidized at a rate of 44% when combined with an RP policy and 51% with a YP policy.

You can also add an SCO endorsement, which provides coverage from the underlying MPCI policy coverage level up to 86%. Note: If you choose SCO and also want to elect PLC, you must do so with FSA by March 15.

This is available for 31 spring-planted crops including corn, soybeans and wheat. Full list at: www.rma.usda.gov.

Commodity	2024 Effective Reference	2024 ARC Benchmark price	86% of ARC Benchmark (trigger price w/normal yields)
Wheat	\$5.50	\$6.21	\$5.34
Barley	\$4.95	\$5.07	\$4.36
Oats	\$2.76	\$3.38	\$2.91
Peanuts	\$0.2675	\$0.2675	\$0.2301
Corn	\$4.01	\$4.85	\$4.17
Grain sorghum	\$4.06	\$5.01	\$4.31
Soybeans	\$9.26	\$11.12	\$9.56
Dry peas	\$0.1100	\$0.1267	\$0.1090
Lentils	\$0.1997	\$0.2478	\$0.2131
Canola	\$0.2015	\$0.2337	\$0.2010
Seed cotton	\$0.3670	\$0.3958	\$0.3404
Rice, med./short grain; long grain	\$0.1400	\$0.1400	\$0.1204

Source: Combest-Sell

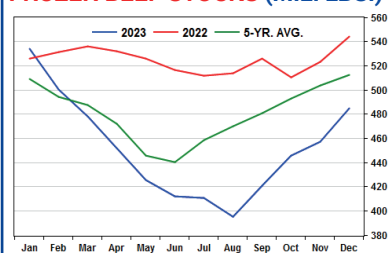
CATTLE - Fundamental Analysis

Cash cattle prices are rising in the wake of the mid-January arctic cold over the Plains. Having Choice beef cutout again surge to \$300 highlights the ongoing imbalance between tight supplies and solid consumer demand. Seasonal patterns imply supplies of high-quality cattle and beef will continue declining into late February and/or March, whereas offtake remains surprisingly robust. Still, the monthly beef stocks chart illustrates the summer point at which grocers began actively boosting retail beef prices, though stocks stayed below year-prior and five-year average levels through December 2023.

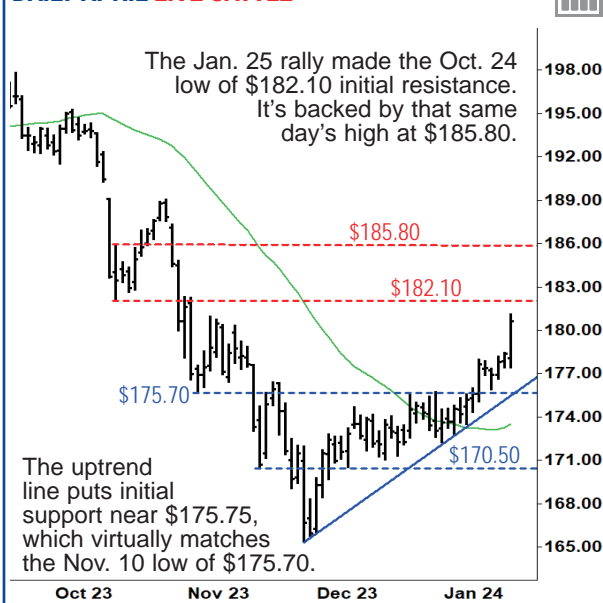
Position Monitor

Game Plan:	Feds Feeders	
Futures and the cash market are rising. We expect an extended rebound for both. Hedges will only be needed if premiums become too wide.	I'24	0%
	II'24	0%
	III'24	0%
	IV'24	0%

FROZEN BEEF STOCKS (MIL. LBS.)



DAILY APRIL LIVE CATTLE



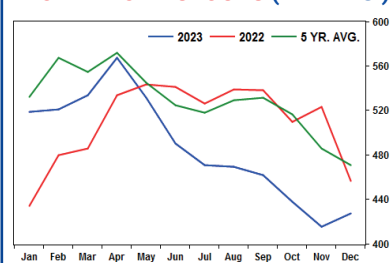
HOGS - Fundamental Analysis

The monthly pork stocks chart illustrates the big boost given to consumer demand after grocers finally cut retail pork prices last spring. The increases seen last April and again in December reflect their insistence upon maintaining ham prices at elevated levels and the resulting weak consumer offtake at Easter and Christmas. The sizeable premium built into April futures suggests the market is expecting stronger ham offtake this Easter. The ongoing cash and wholesale rallies point to farm industry control over hog supplies despite extended holiday- and weather-related packer cutbacks.

Position Monitor

Game Plan:	Lean Hogs	
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.	I'24	0%
	II'24	0%
	III'24	0%
	IV'24	0%

FROZEN PORK STOCKS (MIL. LBS.)



DAILY APRIL LEAN



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 go hand-to-mouth on coverage if the market hasn't signaled a major low by the end of January.

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 go hand-to-mouth on needs if the market doesn't signal a low.

DAILY MARCH SOYBEAN MEAL



Position Monitor

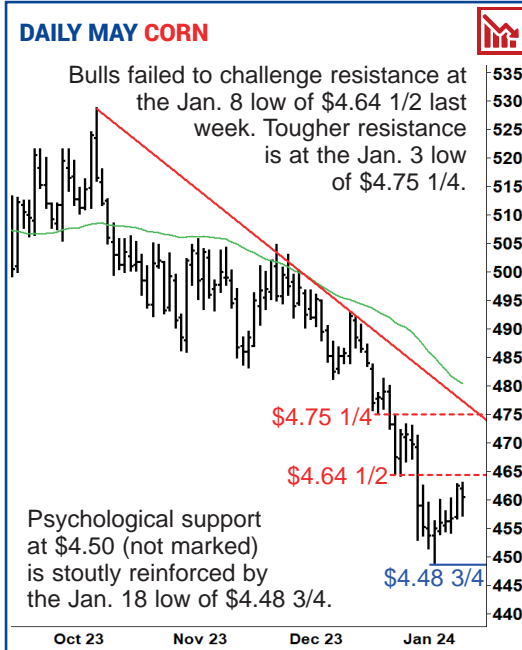
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales. The downside is overdone and funds are heavily short, so the market is ripe for a correction. But with ending stocks projected well above 2 billion bu., a corrective rally could be relatively short-lived. Be prepared to advance 2023-crop sales and make initial 2024-crop sales on an extended corrective bounce.

DAILY MARCH CORN



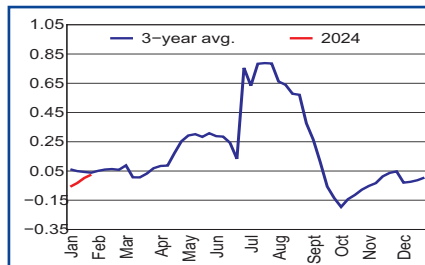
DAILY MAY CORN



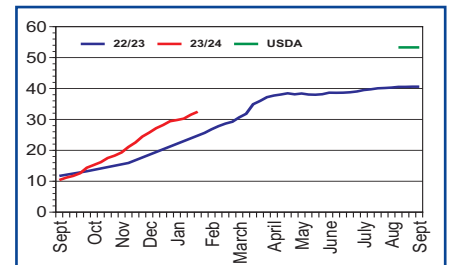
CORN - Fundamental Analysis

Corn futures attempted to rebound from their mid-January lows last week, but couldn't overcome short-term chart resistance. Little supportive news emerged, although having the equity indexes at all-time highs while crude oil rallied offered outside support. Conversely, the U.S. dollar index was hovering around five-week highs and likely limited gains. Mid-January ethanol production was the lowest since February 2021, coinciding with brutal arctic weather during both periods. Market performance in high carryout years suggests sustained February weakness (see "From the Bullpen" on *Analysis* page 4), but we suspect the market may have found a bottom.

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 restricted without a strong move by corn, though we feel downside risk should also be limited.

WHEAT - Fundamental Analysis

SRW — Wheat futures have recently performed surprisingly well, with few obvious reasons for mid-January gains. Short-covering probably played a role in boosting futures with funds heavily short the market, but further gains may require strength in corn and/or soybeans.

DAILY MARCH SRW WHEAT



Position Monitor

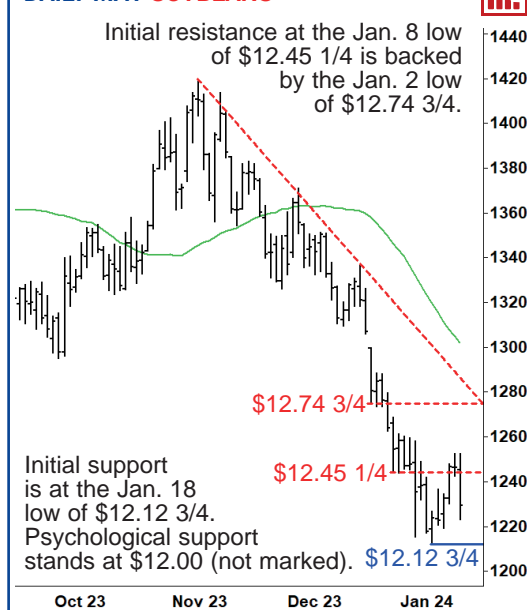
	'23 crop	'24 crop
Cash-only:	50%	10%
Hedgers (cash sales):	55%	10%
Futures/Options	0%	0%

Game Plan: Wait to get current with advised sales. While the market has been beaten down, the path of least resistance remains down and funds could add to their net short position. Be prepared to make additional old- and new-crop sales on an extended rally. We are targeting a move to the \$13.00 area in March soybean futures to increase old-crop sales. Timing of new-crop sales will be based off old-crop.

DAILY MARCH SOYBEANS



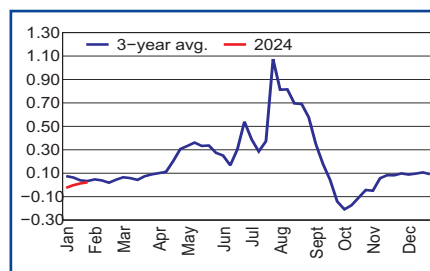
DAILY MAY SOYBEANS



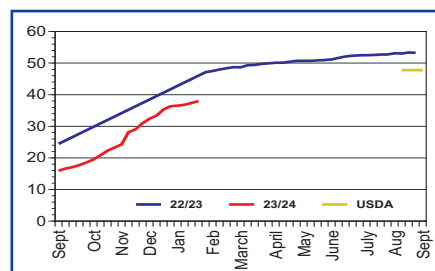
SOYBEANS - Fundamental Analysis

The latest weekly soybean export sales result disappointed the sector, triggering the Jan. 25 reversal despite broad strength spilling over from rallying crude oil and the equity indexes. The soybean market's persistent weakness in the face of energy sector gains exemplifies the soy complex's recent swoon. Much is related to expectations for record South American production in spite of Brazil's weather problems. Nevertheless, the domestic situation is tight and likely getting tighter as current low prices encourage offtake. We still expect 2023-24 carryout to fall to the lowest level since 2015-16. That suggests considerable upside potential from an eventual low.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



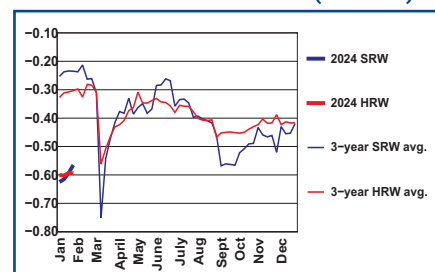
DAILY MARCH HRW WHEAT



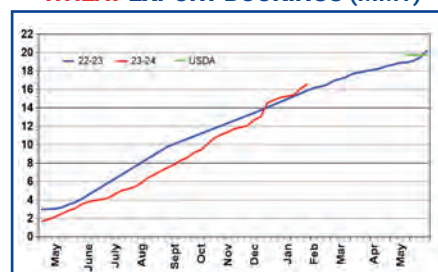
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — We suspect concerns about damage done by the mid-January cold snap have supported HRW futures, as has USDA's low planted acreage estimate. Various Plains states will issue reports on winter wheat conditions Jan. 29, which could amplify or reverse recent gains. It's difficult to generate crop concerns during winter.

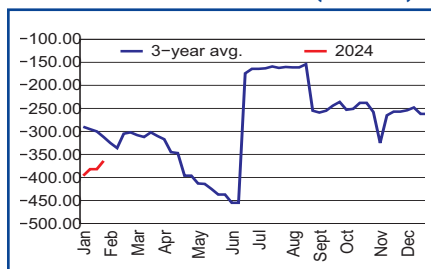
HRS — Worries about the damage done to winter wheat across the Plains and reduced plantings likely explain recent HRS futures slippage versus SRW and HRW. Export sales have been relatively strong. Stabilizing corn futures would provide modest support for HRS as they compete for acres in the Northern Plains this spring.

Position Monitor

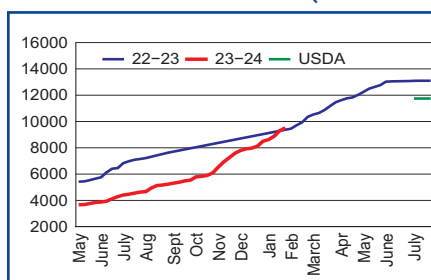
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Cotton futures are into our sales target range. Be prepared to make 2023- and 2024-crop sales when the rally shows signs of stalling.

AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



COTTON - Fundamental Analysis

Although China remained an active buyer, export sales of U.S. cotton slowed during the week ended Jan. 18. Recent price strength has come amid support from equity market gains, despite a rebounding dollar. Be prepared to use the price rally to advance sales.

GENERAL OUTLOOK

INTEREST RATES: The 10-year U.S. Treasury note yield is the benchmark interest rate most closely watched by the marketplace. That yield declined from October into December with the implied interest rate dipping below 4.0% in mid-December. It slipped below 3.8% at Christmas, then turned higher.

Traders believed late last year the Fed would pause its monetary tightening cycle and lower rates in 2024. But the

Treasury market now suggests the marketplace became too optimistic about an easier Fed policy and lower rates.

A 4.0% yield on the 10-year note is pivotal: Above 4.0% hints the economy is still too warm and could reignite problematic inflation, suggesting the Fed will not actively lower interest rates. Below 4.0% would suggest cooling inflation that would likely allow the Fed to be more aggressive with rate cuts.

WEEKLY 10-YEAR T-NOTE YIELD (PERCENT)



FROM THE BULLPEN By Economist Lane Akre

Corn futures didn't start off 2024 well, despite January being a historically bullish month. One has to go back to 2012 to see a similarly weak start when prices performed poorly until the drought impacts were realized during the summer and early fall. March corn futures appear as if they will close lower for just the third time in January in the last 10 years. When stocks-to-use is projected above 12% in the January WASDE, corn prices historically struggle to garner bullish momentum during February as well. This indicates recent weakness could persist, barring any significant South American production cuts.

Soybean futures have also suffered heavy selling in early 2024. One only has to go back to 2020 to find similarly bearish

trade to start the year, which was eventually amplified by Covid selling in March. The bearish trade over the last few months has been particularly strong considering persistently tight stocks-to-use forecasts, as the market has become immune to tight supplies. Soybean futures disappointed in January but historically February looks more promising.

While volatility has been high this month, wheat futures are faring comparatively well to start the year. Prices are near par with early-January levels, which essentially matches the historically flat pattern for the month. But February is usually a weak month for wheat. The market will likely need spillover strength from corn and soybeans to post gains.

WATCH LIST

- 1 USDA State Crop Conditions** **MON 1/29**
Winter wheat conditions for Jan. 2:00 p.m. CT
- 2 FOMC Meeting Concludes** **WED 1/31**
Steady rates, but clues to coming cuts? 1:00 p.m. CT
- 3 USDA Cattle Inventory Report** **WED 1/31**
Another decline in the cattle herd. 2:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 2/1**
Corn sales should build seasonally. 7:30 a.m. CT
- 5 Employment Data** **FRI 2/2**
Jobs data for January. 7:30 a.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.