



News this week...

- 2 – Brazil's bean crop shrinking but SA production bigger.
- 3 – RIP, Jerry. A tribute to PF cofounder Jerry Carlson.
- 4 – Key issues for agriculture in 2024 – and beyond.

New year starts much like 2023 ended – Funds remained sellers in the grain markets to start the new year, with corn falling to contract lows. Soybean traders ignored continued cuts to Brazil's soybean crop forecast, due largely to expectations total South American production will rebound notably from year-ago despite the Brazilian weather woes. With corn, soybeans and wheat struggling to attract buyer interest, bullish data is likely needed in USDA's Jan. 12 barrage of reports to put in market bottoms. Much of the focus will be on USDA's "final" crop estimates for corn and soybeans. But Dec. 1 grain stocks have a history of providing market-moving surprises, especially for corn. Cattle futures extended their rebound off the December lows amid strengthening cash prices. Hogs rebounded late-week after marking new lows.

Brazil weather turns more favorable

Frequent rains are expected over the next week across center-west and northeastern Brazil. Limited rains are forecast for center-south areas this week, though there are better chances around mid-month. The rains are coming too late for early harvested soybeans, but will benefit later-maturing fields.

Weather in far southern Brazil and most of Argentina is expected to remain favorable.

Arctic blast, snow over central U.S.

An arctic air mass is forecast to move into the central U.S. over the next two weeks. But World Weather Inc. notes there will be multiple snowfall chances ahead of the coldest temps, which should limit winterkill in the U.S. winter wheat crop.

Red Sea turmoil could hurt economy

Diversion of ships from the Red Sea due to Houthi attacks will drive up shipping costs and could negatively impact the U.S. economy. The Red Sea is a key international waterway, with a substantial percentage of global maritime trade, grain movement, oil transport and liquefied natural gas passing through it. We take a look at other key issues that could impact agriculture and the economy in 2024 on [News page 4](#).

Global food prices continue to drop

The UN Food and Agriculture Organization global food price index dropped 1.5% in December as decreases in the price for sugar, vegeols and meat more than offset increases in dairy products and cereal grains. The December index was down 10.1% from last year, and for 2023 as a whole it was 13.7% lower than the average value in 2022.

Payrolls unexpectedly rise in Dec.

Non-farm payrolls increased 216,000 in December, up from a downwardly revised 173,000 the previous month. The unemployment rate held at 3.7% and average hourly earnings increased by 4.1% annually. Traders eased bets on the Fed starting to cut interest rates in March following the stronger-than-expected jobs data.

GOP: Shut down border... or gov't

That is the message from House GOP leaders regarding funding the government for fiscal year (FY) 2024. Shutting down the government rarely is a "win" politically for those that "cause" it. However, some say any shutdown this time would not be about spending, but instead about policy. And that is a big difference going into 2024 elections.

With not enough time to complete the four spending measures with a Jan. 19 deadline (including USDA), there may well be a partial government shutdown. If this occurs, pressure will grow ahead of the Feb. 2 deadline impacting 80% of government funding needs. Then it will be a test of who folds first.

NOTE: If negotiators can't reach agreement on full-year FY 2024 funding by the January and February deadlines, Congress could enact another continuing resolution (CR). If a CR is in place after April 30, across-the-board cuts to discretionary spending would go into effect May 1.

USDA impacts if gov't shuts down

USDA's contingency plan if there's a Jan. 19 shutdown:

- **Foreign Agricultural Service (FAS):** Export sales data is considered an operation exempted from a shutdown. However, the data would not be released as scheduled, with a timeline for release determined once any shutdown ends.
- **Food Safety and Inspection Service (FSIS):** Inspection of meat, poultry and egg products are excepted functions.
- **Animal and Plant Health Inspection Service (APHIS):** APHIS may charge user fees for the costs incurred in inspecting and quarantining animals imported into and exported from the U.S.; performing certain laboratory veterinary diagnostics and select agency services; and issuing phytosanitary certificates for plant materials for export.
- **Agricultural Marketing Service (AMS):** Market News is no longer considered an exempted activity. Federal Grain Inspection Service would continue.
- **National Agricultural Statistics Service (NASS):** Statistical reports would be delayed during any shutdown.
- **World Agricultural Outlook Board (WAOB):** Only the WAOB Chair and USDA Chief Economist would be exempted. Monthly WASDE Reports would be delayed.

More cuts to Brazil's soybean crop

South American crop consultant Dr. Michael Cordonnier cut his Brazilian soybean production forecast by 2 million metric tons (MMT) to 151 MMT, citing low yields on early harvested soybeans. Recent rains across central and northeastern areas of the country came too late for early maturing soybeans but will benefit later-maturing fields. Cordonnier left his Brazilian corn crop forecast at 117 MMT, though he has a lower bias as safrinha corn acreage remains "uncertain."

StoneX Brazil slashed its Brazilian soybean crop forecast by 9.1 MMT to 152.8 MMT. The ag consultancy cut its 2023-24 soybean export forecast to 95 MMT. StoneX also reduced its forecast for Brazil's 2023-24 corn production to 124.6 MMT.

South American soybean production to rise, corn to slip

While Brazil's soybean crop is forecast to fall sharply from last year's record, total South American production is expected to rise significantly. Cordonnier projects South American soybean production at 217.3 MMT, which would be up 19.3 MMT (9.7%), due to an expected doubling of Argentina's crop after last year's historic drought.

Cordonnier forecasts South American corn production at 177 MMT, which would be down 300,000 metric tons (0.2%) from last year, driven by an expected 18 MMT (52.9%) jump in Argentina's crop.

HRW crop ratings improve in Dec.

State-level winter wheat crop condition ratings signaled general improvement in the HRW crop during December, led by the top two producers Kansas and Oklahoma. The "good" to "excellent" ratings for HRW wheat rose 11 points in Kansas (to 43%), 14 points in Oklahoma (67%), three points in Texas (49%) and two points in South Dakota (54%) during December. The "good" to "excellent" ratings for HRW wheat declined four points in Colorado (61%), 1 point in Nebraska (48%) and 15 points in Montana (43%) over the past month.

On the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop improved 10.5 points from the end of November to 333.8.

USDA estimated 32% of U.S. winter wheat suffered from drought as of Jan. 2, half of the level at the beginning of 2023.

In HRW areas, dryness/drought covered 79% of Kansas, 65% of Colorado, 45% of Oklahoma, 60% of Texas, 40% of Nebraska, 21% of South Dakota and 61% of Montana.

In SRW areas, dryness/drought covered 93% of Missouri, 52% of Illinois, 89% of Indiana, 48% of Ohio, 59% of Michigan, 99% of Kentucky and 100% of Tennessee.

Record November soybean crush

U.S. processors crushed 200.1 million bu. of soybeans in November, which was in line with expectations and a record for the month. Soybean crush slipped 1.3 million bu. (0.6%) from the all-time record in October but topped year-ago by 10.5 million bu. (5.5%).

Through the first three months of 2023-24, crush totaled 576 million bu., 4.1% above the same period last year. To hit USDA's forecast of 2.300 billion bu., crush must run 4.0% above last year during the final nine months.

Soyoil stocks at the end of November totaled 1.592 billion lbs., up from 1.507 billion lbs. for October but 65 million lbs. lower than anticipated. Soyoil stocks were down sharply from 2.112 billion lbs. last year.

Soyoil use for biofuels declines but remains strong

Soybean oil used to produce biofuels in the U.S. fell to 1.062 billion lbs. in October from 1.207 billion lbs. the previous month. However, that marked the sixth straight month in which soyoil use for biofuels topped 1 billion lbs., something that hadn't happened prior to May 2023.

Corn ethanol use tops year-ago

Corn-for-ethanol use totaled 455 million bu. during November, down 5 million bu. (1.1%) from October but 4.5 million bu. (1.0%) more than November 2022.

Through the first three months of 2023-24, corn-for-ethanol use totaled 1.345 billion bu., up 4.9% from the same period last year. Based on U.S. Energy Information Administration weekly data, ethanol production increased 8.0% versus year-ago through December. To reach USDA's forecast of 5.325 billion bu., corn-for-ethanol use must run 2.2% above year-ago for the final nine months of the marketing year.

Russian wheat exports to rebuild

Wheat shipments from Russian ports slowed in December due to adverse weather. The slower-than-expected shipments pace caused SovEcon to lower its 2023-24 Russian wheat export forecast by 200,000 MT to 48.6 MMT, which would still be up 1.1 MMT from last year.

Agricensus signaled wheat shipments from Russia's deep-sea ports on the Black Sea were expected to pick up after the temporary weather disruptions as Russian wheat prices remain the lowest on the global market.

Ukraine grain exports stay active

The Ukrainian grain sector is growing its sea export volumes even as Russia continues to target key infrastructure. Given Ukraine's Black Sea humanitarian corridor and shipments via the Danube River, Ukraine will be able to export 50 MMT of grain and oilseeds in 2023-24, as well as about 10 MMT of vegoils and meal, according to the Ukrainian Grain Association.



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Jerry Carlson: 1936 – 2023

Pro Farmer cofounder Jerry Carlson passed away peacefully Saturday, Dec. 23. Those who knew Jerry counted him as a dear friend with a warm, welcoming smile who cared deeply about everyone he met. His creativity knew no bounds. He could see the potential for innovative ways to communicate as he harnessed the emerging technology of computers along with his longtime friend and fraternity pledge son Merrill Oster to launch *Professional Farmers of America* in 1972.

Jerry was involved in a host of other innovations involving computers, type setting and communications. He eventually served as the longtime editor of *LandOwner* newsletter. In that role he advocated passionately for renewable and sustainable crop production. He eventually founded *Renewable Farming* along with his wife Jill, son Erik and daughter-in-law Jeanene. The firm produced crop biologics, field trials, research, seminars and conferences all aimed at producing high yields with non-E crops while building soil health.

“Jerry was the most curious man I’ve ever met,” said *Pro Farmer* Editor Emeritus Chip Flory. “Every experience was an opportunity for him to learn. That’s one thing that made Jerry unique and such a valuable ‘tool’ to *Pro Farmer* Members and *LandOwner* subscribers. Jerry’s ability to transfer understanding of complex issues from the innovators in ag to his readers was a gift.”

Jerry had many passions in his personal and professional life that will have a lasting legacy on those who had the pleasure to meet him and especially those of us who were rewarded by working side-by-side for many years. But Jerry’s two greatest passions were his faith in God and his family.

Revisions highlight of Hogs & Pigs Report

USDA estimated the U.S. hog herd at 74.971 million head as of Dec. 1, up 15,000 head from year-ago. The market hog inventory increased 221,000 head (0.3%), while the breeding herd declined 205,000 head (3.3%). The fall pig crop dropped 0.2%. While fall farrowings fell 4.0%, litter size jumped 3.9% to a record 11.66 head.

Market hog inventories were higher than expected, though fractionally under year-ago in the three lightest categories. Based on this data, slaughter should run steady to fractionally smaller than year-ago through summer.

USDA made wholesale revisions to past data. The Sept. 1, 2023 hog inventory and market hog totals were boosted 798,000 and 781,000 head, respectively, while the breeding herd was cut 73,000 head. The June 1 population and market hog numbers were increased 897,000 and 909,000, respectively, while the breeding herd was trimmed 12,000 head. The March 1 population and market hog numbers were raised 877,000 and 889,000 million, respectively, whereas the breeding herd was left virtually unchanged. These shifts came on top of big, mostly upward, revisions to the 2022 numbers.

Hog producers intend to farrow 1.8% fewer sows during winter and 1.2% less next spring. But if pigs per litter continue to mark new record highs, the winter and spring pig crops would likely top the previous year.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Feb.	March	April-June
	(Monthly & quarterly avg.)					
CORN						
Central Illinois, bushel	6.38	4.44	4.35	4.45	4.50	4.60
Omaha, NE, bushel	7.18	4.85	4.72	4.75	4.80	4.90
Dried Distillers Grain, IA, \$/ton	—	209.79	—	—	—	—
SOYBEANS						
Central Illinois, bushel	14.62	12.87	12.47	13.00	13.10	13.25
Memphis, TN, bushel	15.34	13.15	12.99	13.25	13.35	13.50
Soymeal, 48% Decatur, ton	—	435.10	—	400.00	400.00	400.00
WHEAT						
Kansas City, HRW, bushel	9.01	6.70	6.64	6.65	6.75	6.85
Minneapolis, 14% DNS, bushel	11.09	9.37	9.35	9.10	9.20	9.40
St. Louis, SRW, bushel	7.46	6.28	6.12	5.75	5.85	6.05
Portland, Soft White, bushel	8.48	6.90	6.83	7.00	7.00	7.15
Durum, NE MT HAD, 13%, bu.	9.50	8.85	8.85	9.00	9.15	9.30
SORGHUM , Kansas City, cwt.	12.87	9.04	8.82	8.80	9.00	9.15
COTTON , 11/16 SLM, 7 area, c/lb.	82.10	76.49	75.98	77.00	78.00	79.00
RICE , nearby futures, cwt.	178.08	17.53	17.63	17.40	17.50	17.60
BARLEY , MT, G.T., malting, bu.	7.50	6.00	6.00	6.00	6.00	6.00
OATS , Minneapolis No. 2 heavy, bu.	4.03	4.68	4.51	4.50	4.55	4.60
ALFALFA , NW Iowa, lg. sq. prem., ton	—	—	247.50	250.00	250.00	250.00
SUNFLOWERS , Fargo, ND, cwt.	24.40	15.55	15.55	16.05	16.55	16.85
HOGS , Nat'l carcass 51%-52% cwt.	78.06	64.42	63.32	70.00	75.00	90.00
FEEDER PIGS , 40 lbs., Nat. avg, head	73.36	48.79	47.02	50.00	60.00	55.00
CHOICE STEERS , feedlots, cwt.	157.81	170.51	172.24	178.00	182.0	178.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	—	229.57	—	232.00	237.00	245.00
Steers, 500-550 pounds, cwt.	—	296.49	—	295.00	300.00	295.00
Heifers, 450-500 pounds, cwt.	—	254.53	—	258.00	260.00	258.00
COWS , utility, Sioux Falls, SD, cwt.	75.56	93.36	90.00	95.00	100.00	105.00
MILK , Class III, CME spot month, cwt.	18.24	15.89	15.63	16.00	16.50	17.50
LAMBS , Slg., San Angelo, TX, cwt.	—	—	—	—	—	—
ENERGY						
Ethanol, IA, gallon	—	1.51	—	—	—	—
Farm diesel, U.S., gallon	4.06	3.39	3.35	3.05	3.09	3.12

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

Key issues for agriculture in 2024... and beyond

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Several key issues confront agriculture in the new year and beyond. Following are some of the most important factors that could impact your farming operations.

Geopolitics carry big risks in the year ahead

Geopolitics have been a major issue for markets since Russia invaded Ukraine in early 2022. While that situation doesn't have the market impact it once did, the fighting continues. A potential new factor to keep a watch on for 2024 in Europe is EU/NATO stability.

Other key geopolitical areas to monitor:

- Middle East tensions escalate if Hamas/Israel expands into regional conflict.
- Asia-Pacific escalation, including Taiwan, the South China Sea and North Korea.
- North American issues include a likely messy U.S. election, border security and civil relations.

Monetary policy is shifting

Inflation around the globe is slowing faster than expected and could be back in central banks' comfort zones by the end of 2024 after multi-decade highs, economists say. This could mean a U.S. interest rate cut as early as March, though May seems to be the more likely timeframe. Higher interest rates have been a big drag on farm profits.

Farmland prices eased in some areas to end 2023. Lower interest rates should revive demand – and prices.

U.S. budget deficit keeps rising... could impact farm bill

The Congressional Budget Office projects a federal budget deficit of \$1.4 trillion for 2023 and \$1.7 trillion for 2024. The deficit, which amounted to 5.3% of gross domestic product (GDP) in 2023, is forecast to swell to 6.1% of GDP in 2024 and 2025, and then decline in the following two years. This will become an issue in Congress – and could impact any move to boost spending on a new farm bill. Republicans have resurrected this issue after being nearly virtually silent on it for years.

New year, same hurdles for farm bill

The issues and the timeline with getting a new farm bill completed are well known: Policy and funding issues remain hurdles. With Democrats sensing they could regain control of the House following 2024 elections, that could mean they will slow walk a new farm bill until after election results are known.

Argentina faces major economic challenges

Prices in Argentina are surging, with annual inflation exceeding 160%. New libertarian president Javier Milei initiated a "shock therapy" economic plan, including a 54% devaluation of the peso's official exchange rate. This has intensified the situation, with projections of month-on-month inflation reaching around 25% in December, potentially resulting in an annual rate of over 210%. For the ag sector, Milei proposed raising the tax on soybean and soybean meal exports by two percentage points to 33%, which would be the same as soybeans. Milei also wants to raise the tax on corn and wheat exports by three points to 15%. If Argentina's congress approves the tax hikes, it would impact not only its exports but also those for other countries, including the U.S.

U.S. should avoid recession, world economy a drag

Consensus is the U.S. can avoid a recession, assuming no major shocks. Growth is expected to ease to under 2% versus 2.5% in 2023, as higher interest rates take their toll on consumers and businesses. While the first half of the year will see anemic growth, the second half will improve as rates are lowered.

The world economy will be a drag as virtually every country deals with higher rates and lingering inflation. On a positive note, supply chains are mostly back.

PERSPECTIVE: For robust ag exports, world GDP needs to be 4.5% or higher. But most estimates for 2024 are around half that level.

SAF will be a growing demand source for ag industry

EPA in March is slated to unveil details on allowable feedstocks for sustainable aviation fuel (SAF) credits. Initial signals imply corn-based ethanol will qualify. The tax credit is retroactive to Jan. 1, 2023, and extends through Dec. 31, 2024, before transitioning to the Clean Fuel Production Credit, also established under the Inflation Reduction Act. The global SAF market is expected to have a compound annual growth rate of 60.8% from 2023 to 2029.

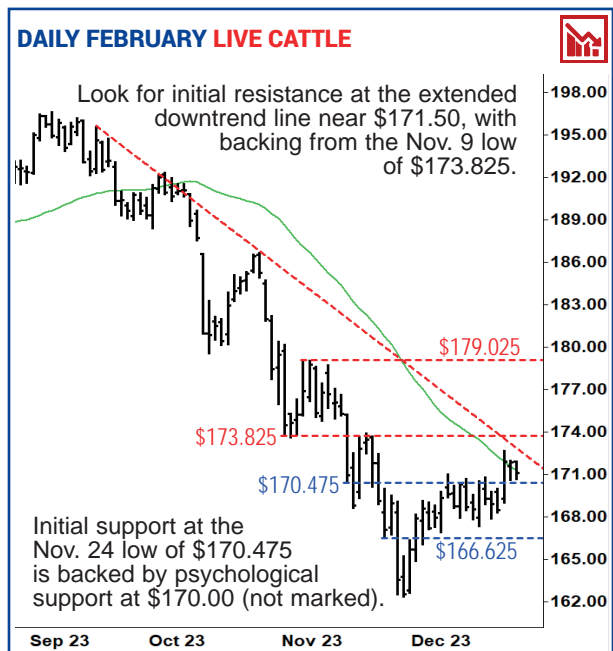
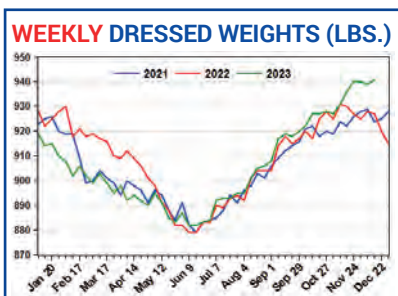
PERSPECTIVE: USDA estimates 47% of U.S. soybean oil production will be used in biofuels in 2023-24, a significant increase from two years ago when 40% of soybean production went into biofuels. USDA's long-term projection suggests 49% of soybean production will be used for biofuels in 2024-25. Around 55% of U.S. biodiesel is produced from soybean, maintaining its dominant position.

CATTLE - Fundamental Analysis

Cash cattle prices rebounded in late 2023 and surged again last week, apparently marking the start of the traditional first-quarter rally. That stems from a looming late-winter low in fed cattle supplies and the usual onset of grilling-season demand. The seasonal tendency, as well as cyclical forces, suggest the market will prove quite strong. However, steer dressed weights set a record at 941 lbs. per head in mid-December, suggesting feedlot marketings aren't especially current. This reflects the long-term upward trend, but may limit the market's upside potential in the coming weeks.

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%

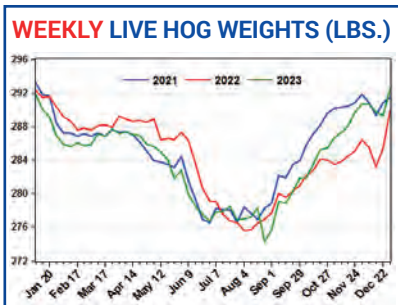


HOGS - Fundamental Analysis

Hog weights surged to their highest levels since 2020 late last year, with packer cutbacks over the holidays exaggerating the rise. But the gains were quite modest compared to those posted in late 2022, which triggered a bearish downturn. Despite the increased supplies implied by the December USDA Hogs & Pigs Report, the first-quarter outlook may have improved. That is, despite pork values currently quite close to year-ago levels, the hog index is priced about \$13.00 below early-January 2023 and \$6.00 below the spring 2023 low. We also expect demand to consistently exceed that seen early last year.

Position Monitor

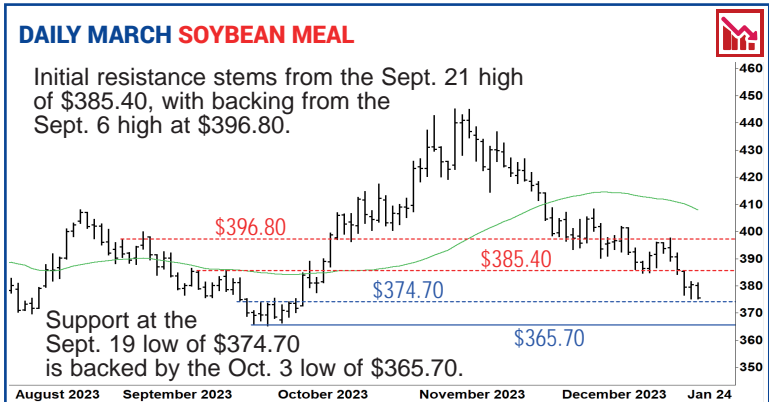
Game Plan: The market is still searching for a seasonal low. February futures are in line with the cash index, signaling uncertainty about timing of a seasonal low.	Lean Hogs
	I'24 0%
	II'24 0%
	III'24 0%
	IV'24 0%



FEED

Feed Monitor

Corn	I'24 33%	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.
	II'24 0%	
	III'24 0%	
	IV'24 0%	
Meal	I'24 33%	Meal Game Plan: You have all soymeal needs covered in the cash market through January. Be prepared to further extend coverage on signs of a low.
	II'24 0%	
	III'24 0%	
	IV'24 0%	



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 sharp reductions 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



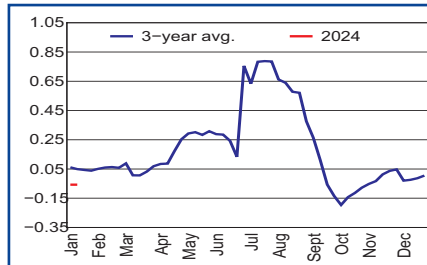
DAILY MAY CORN



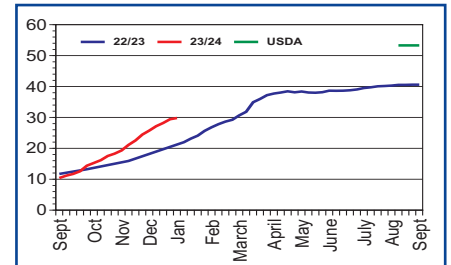
CORN - Fundamental Analysis

Although the prospect of reduced safrinha corn plantings in Brazil due to delayed soybean harvesting remains a supportive factor, improved South American weather has recently weighed on corn futures. Bulls also seem to be hoping for a quick return of La Niña and poorer South American weather to boost prices. History, especially that for the last 10 years, suggests corn futures will turn higher this month, but much depends upon the results of USDA's Jan. 12 reports. Most analog years point to a yield increase in the Crop Production Report, but a cut can't be ruled out. The quarterly Grain Stocks Report is a wild card. Wait on a price rebound to extend sales.

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. With upward momentum stalled, the market could weaken, though we feel downside risk should be limited.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

SRW – SRW futures seemed to post an important bullish reversal Jan. 4, possibly in response to Turkey preventing two British minesweepers from moving toward the Black Sea. Given ongoing corn and soy market struggles and improved Plains moisture, wheat futures are acting well.

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



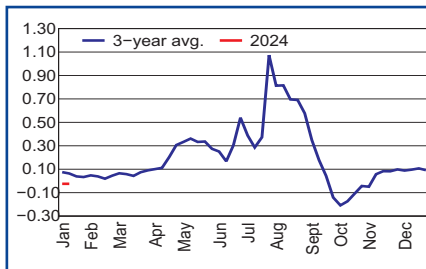
DAILY MAY SOYBEANS



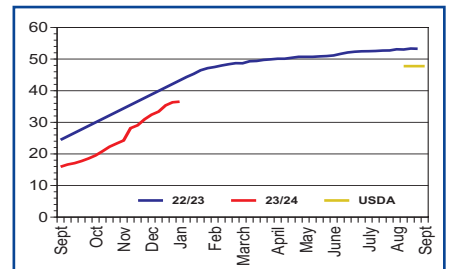
SOYBEANS - Fundamental Analysis

Despite the ongoing tightness of the domestic situation and evidence of strong internal demand for the soy products, soybeans continued their late-2023 decline into the new year. Active Brazilian exports have undercut U.S. sales, with recent U.S. dollar strength exacerbating the imbalance. That was reemphasized by the latest export sales figure coming in at a marketing-year low. And while analysts have trimmed their projections for the 2023-24 Brazilian soy harvest, South American production totals are seen setting another record (see *News* page 2). Long-term prospects, and market psychology, may also have been hurt by talk of a Chinese push to boost its soybean production.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



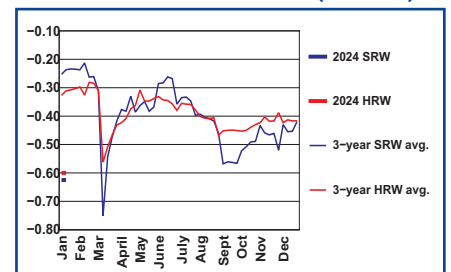
DAILY MARCH HRW WHEAT



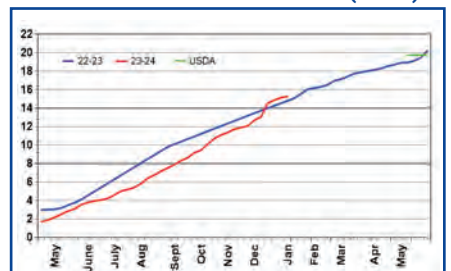
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



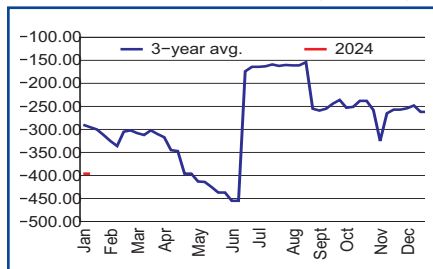
HRW – Improved HRW conditions (see *News* page 2) apparently depressed HRW futures early last week, but the market later followed SRW higher. This was impressive given prospects for winter snow cover coming early this week, as well as the potential for bearish news in USDA's Grain Stocks and Winter Wheat Seedings Reports.

HRS – Canadian HRS supplies are probably still flowing into the border states, although recently stable spreads versus SRW and HRW suggest the influx is dwindling. The market has also been suffering from weakness spilling over from corn and soybeans, but the threat of a strike by some Canadian grain workers could give HRS prices a boost.

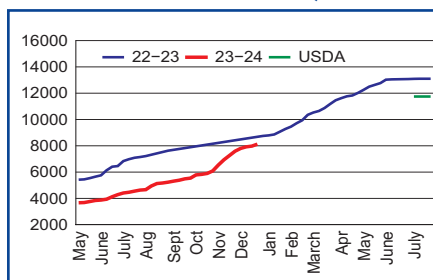
Position Monitor		
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

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)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Traders continue weighing recent Chinese buying of U.S. cotton against concerns about its economic outlook. That has led to choppy action as the industry awaits fresh market-moving news. Traders also expect larger 2024 U.S. plantings this spring.

GENERAL OUTLOOK

STOCKS VS. COMMODITIES: The Fed's mid-December shift from hawkish to dovish on interest rate increases and the inflation outlook has greatly affected the markets. The equity markets surged into the end of the year, with the Dow Jones Industrial Average blasting to new highs and the S&P 500 testing its all-time peak.

In contrast, the Fed move confirmed numerous reports indicating the inflation surge of 2021-22 has largely ended,

thereby encouraging aggressive commodity selling.

The commodity versus stocks chart shows the ratio of their respective values is near its lowest levels since the early 1970s and current market views suggest it will remain extremely low.

However, "there's many a slip twixt cup and lip," especially when market expectations diverge so widely. Don't be surprised by a commodity bounce.

FROM THE BULLPEN By Economist Lane Akre

As inflation has eased, managed money has been steadily selling ag commodities. In March 2022, managed money was within 10% of the largest corn long position ever. However, funds have mostly been net sellers since then, with managed money now net short the most contracts since prior to the pandemic low in 2020.

Funds shifted to a net short position in soybeans after mid-October's one-off reading. Before then, managed money had been consistently long since March 2020. Funds continue to hold a net long soy meal position, though they have been net sellers since late November. They are net short the most soyoil contracts since mid-2019, adding to that position since September.

Despite some short-covering in

December, managed money remains heavily short the winter wheat markets. Funds hold a near-record net short HRS position.

Money managers moved from the largest net long position in live cattle in over four years in July to the smallest in a year and a half. Funds are rarely net short live cattle futures — and when they are, it is brief. Feeder futures have seen similar fund selling over the same period.

Hog futures have seen active fund selling since the September peak long.

It would likely take a significant bullish event for managed money accounts to switch from sellers to buyers on a broad scale. But with funds nearly all on the short side of the ag markets, some selective buying seems likely in early 2024.

DAILY MARCH COTTON



MONTHLY GSCI VS. S&P 500



WATCH LIST

- 1 U.S. Ag Trade Data** **TUE 1/9**
Exports, imports for November. 10:00 a.m. CT
- 2 USDA Export Sales Report** **THUR 1/11**
Export sales to China in focus. 7:30 a.m. CT
- 3 USDA Crop Production Rpt.** **FRI 1/12**
Final 2023-crop estimates. 11:00 a.m. CT
- 4 USDA Grain Stocks Report** **FRI 1/12**
Always a potential market mover. 11:00 a.m. CT
- 5 USDA Winter Wheat Seedings** **FRI 1/12**
U.S. wheat acreage will be lower. 11:00 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.