



### News this week...

- 2 – Cordonnier cuts Brazil, Argentina crop estimates.
- 3 – USDA's initial projections for 2024-25.
- 4 – Gleanings from USDA's Ag Outlook Forum.

**Broken record in grains** — Corn posted new contract lows last week. Front-month soybean futures fell to their lowest level since December 2020 on the continuation chart. HRW and HRS wheat futures fell to contract lows. While March SRW futures were still respecting their lows from last November Friday morning, deferred contracts dropped to new lows. Funds are heavily short across the grain and soy complex, but there's no incentive for them to actively cover shorts and USDA's initial projections for 2024-25 added fuel to bears' fire (see [News](#) page 3). Cotton prices continued their price surge, as the market attempted to buy acres amid falling prices for other crops. The month-long rally in cash cattle ended, but futures rebounded from an early week corrective pullback. Hogs rallied amid firming cash prices.

## Brazil weather favorable, Argentina dry

Brazil is expected to see generally favorable weather over the next week, with the heaviest rains likely over northern areas. Argentina will remain dry this week, though soil moisture should be ample to avoid major crop damage. Forecast rains for late-February/early March will be needed.

## Spring, summer may be warmer, drier

World Weather says U.S. drought that began in 2020 may be coming to an end. However, a bout of heat and dryness may develop in late spring/early summer. It noted:

- With the 22-year solar cycle at a peak, there is potential for less drought and excessive heat.
- The lunar cycle suggests a high pressure ridge over the western U.S. will gradually shift eastward during spring.
- The weakening of El Niño raises potential for a breakdown in the high pressure ridge during spring. The faster the transition to La Niña, the greater the potential there will be for a hotter and drier summer in the central U.S.
- There is potential for the lingering effects of the Hunga Tonga volcano to block monsoonal rains from Mexico, which could lead to a warmer and drier summer in the central U.S.

## NOPA crush influenced by weather

Members of the National Oilseed Processors Association (NOPA) crushed 185.8 million bu. of soybeans in January. While that was a record for the month, it was well shy of the expected 189.9 million bu., as arctic temps midmonth slowed operations more than anticipated. NOPA implies the full January crush of 196.0 million bu, which would be on pace to meet or exceed USDA's forecast of 2.300 billion bushels.

## Huge weekly pork sales, exports

For the week ended Feb. 8, USDA reported net pork sales of 71,900 metric tons (MT) — the most for a single week since October 2019. Weekly shipments totaled 75,912 MT — the biggest weekly figure on record aside from weeks that contained consolidated data. Mexico and China accounted for 62% of the sales and 68% of the shipments.

## Farm bill talks stuck in neutral

Dr. Bart Fischer and Dr. Joe Outlaw in *Southern Ag Today* noted the increasing disparity between SNAP/food stamps and farm safety net spending, which strains the historic coalition necessary for passage of a new farm bill. They noted:

- For 40 years until 2001, spending on SNAP and the farmer safety net remained roughly equivalent. However, in the last two decades (2002-2021), SNAP spending has surged ahead of farm safety net funding by 242%.
- The administration's 2021 revision of the Thrifty Food Plan market basket is expected to further raise SNAP spending.
- Farm safety net spending has been flat for more than two decades — and declined on inflation-adjusted terms.

USDA Secretary Tom Vilsack told the House Ag Committee the Biden administration supports consistent disaster assistance funding and opposes redirecting funds for climate provisions into the next farm bill. At USDA's Outlook Forum, Vilsack again touted Commodity Credit Corporation funding to address farm bill funding issues (see [News](#) page 4).

House Ag Chair Glenn "GT" Thompson (R-Pa.) said Republicans would enhance the farmer safety net without reducing conservation and nutrition benefits, including SNAP, which Democrats insist are non-negotiable. Despite hurdles, Thompson remains committed to advancing the farm bill and addressing concerns of both parties.

## Push for ethanol-based SAF credits

More than 40 lawmakers want to ensure farmers can benefit from tax credits for the production of corn-based sustainable aviation fuel (SAF). They called for the Treasury Department to act by March 1 and ensure the updated GREET model properly credits farming practices for climate benefits.

## EPA to allow some dicamba use

On Feb. 6, the U.S. District Court of Arizona invalidated registrations for dicamba products XtendiMax, Engenia and Tavium. EPA will permit limited sales and distribution of dicamba products that were already in the possession of growers or in the channels of trade prior to Feb. 6.

## Cordonnier cuts S. American crops

South American crop consultant Dr. Michael Cordonnier cut his Brazilian soybean crop estimate 2 million metric tons (MMT) to 147 MMT, noting continued disappointing yields as harvest progresses. He said, "Soybean yields continue to be frustratingly low in Mato Grosso, Mato Grosso do Sul, Parana and Tocantins. The later developing soybeans in central Brazil are expected to have higher yields, but that has not happened yet."

Cordonnier lowered his Brazilian corn crop forecast 3 MMT to 112 MMT amid lower plantings for first-crop corn and expected smaller safrinha seedings.

In Argentina, he cut his soybean and corn crop forecasts 2 MMT each to 50 MMT and 54 MMT, respectively, as recent heat and dryness stressed crops in the core production area.

Cordonnier still expects total South American soybean production to rise 12.2 MMT (6.1%) from last year but now forecasts corn production will fall 5.1 MMT (2.9%).

### AgRural raises safrinha corn crop forecast

Brazil-based AgRural raised its safrinha corn production estimate 4.9 MMT to 91.2 MMT, citing expectations farmers will plant more area to the crop than previously anticipated. It estimates safrinha corn plantings will decline 4.7% from year-ago, though that's less than the 9.4% drop it previously expected.

## Argentina loses some soybean acres

The Rosario Grain Exchange said 100,000 hectares of soybeans in Argentina's core production area were lost due to "irreversible stress symptoms" after recent extreme heat. The figure is equivalent to 10% of double-crop soybeans planted after wheat. Still, the exchange estimated 40% of the area was in good condition and 10% was very good.

## Favorable forecast for spring planting

The 90-day forecast from the National Weather Service covering March through May calls for increased chances of above-normal temps over most of the northern half of the country, including all but the southwestern Corn Belt. There are also elevated chances for above-normal precip over the southeastern quadrant of the country. The extended forecast suggests spring planting should advance rather rapidly and favors early crop development. The one area of concern could be the northern Corn Belt, which is expected to see above-normal temps and "equal chances" for precip during the period. Drought is already established over a portion of this region — and likely to persist or develop through spring.



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## IGC raises global corn crop, cuts stocks

The International Grains Council (IGC) raised its 2023-24 global corn production forecast 4 MMT to a record 1.234 billion metric tons. Global corn production is expected to rise 71 MMT (6.1%) from year-ago. But IGC also raised world corn consumption and now projects ending stocks 1 MMT lower than last month, though that would still be up 11 MMT (4.0%) from 2022-23.

IGC made no changes to its global wheat production forecast, with it expected to drop 15 MMT (1.9%). But IGC trimmed global ending stocks, which are now projected to also decline 15 MMT (5.4%).

IGC lowered its 2023-24 global soybean production forecast 1 MMT to 391 MMT, though that would still be up 18 MMT (4.8%) from last year. Global soybean carryover was reduced 1 MMT, which would still be up 8 MMT (14.0%).

## SovEcon raises Russian wheat peg

Black Sea consulting firm SovEcon raised its forecast for 2024 Russian wheat production by 1.4 MMT to 93.6 MMT due to favorable weather conditions in most growing regions. At that level, production would be up 400,000 MT (0.4%) from last year. It estimates the winter wheat crop at 67.7 MMT, up from 63.8 MMT in 2023. The spring wheat crop is expected to total 25.9 MMT, down from 29.0 MMT last year.

## Russia to increase grain export quota

Russia's agriculture ministry proposed to increase the grain export quota for this year to 28 MMT. An additional quota of 4 MMT of grain will be added.

## Ukraine to reduce spring plantings

Ukrainian farmers plan to reduce the area seeded to spring crops by 500,000 hectares (3.7%) this year, mostly by lowering corn plantings, a survey from Ukraine's ag ministry showed. Farmers plan to reduce corn plantings by 9% but could increase the area sown to sugar beets, rapeseed and soybeans, while they are still undecided on seedings of sunflowers.

Weather conditions have been mostly favorable for Ukraine's winter crops, though plantings fell 6%.

Ukraine's combined grain and oilseed production may fall 15% to 20% this year because of lower planted area, Kyiv-based UCAB business association said.

## France cuts wheat seedings estimate

France's ag ministry lowered its estimate of the area sown to winter wheat by 130,000 hectares to 4.36 million hectares. That would be down 7.7% from last year and the second lowest in the past 30 years. The ministry reduced its projection for winter barley seedings to 1.27 million hectares, which would be down 6.6% from 2023 but in line with the five-year average.

## USDA's initial projections for 2024-25

Following are USDA's current best guesstimates for 2024-25. A lot can (and will) change.

**CORN:** Planted acreage of 91.0 million, with harvested acres of 83.1 million. A national average corn **yield of 181.0 bu. per acre** would produce a **crop of 15.040 billion bushels**. Total use is projected at 14.705 billion bu., with feed and residual use of 5.750 billion bu., food, seed & industrial use of 6.805 billion bu. (5.400 billion bu. for ethanol) and exports of 2.150 billion bushels. **Carryover: 2.532 billion bushels (17.2% stocks:use). Price: \$4.40.**

**SOYBEANS:** Planted acreage of 87.5 million, with harvested acres at 86.6 million. A national average bean **yield of 52.0 bu. per acre** would result in a **crop of 4.505 billion bushels**. Total use is projected at 4.400 billion bu., including record crush of 2.400 billion bu. and exports of 1.875 billion bushels. **Carryover: 435 million bushels (9.9% stocks:use). Price: \$11.20.**

**WHEAT:** Planted acreage of 47.0 million, with harvested acres at 38.4 million. A national average **yield of 49.5 bu. per acre** would produce a **crop of 1.900 billion bushels**. Total domestic use is projected at 1.134 billion bu., with exports forecast at 775 million bushels. **Carryover: 769 million bushels (40.3% stocks:use). Price: \$6.00.**

**COTTON:** Planted acreage of 11.0 million, with harvested acres at 9.29 million and a national average **yield of 827 lbs. per acre**. That would produce a **crop of 16.0 million bales**. Total use is projected at 15.5 million bales, including exports of 13.8 million bales. **Carryover: 3.5 million bales (22.6% stocks:use). Price: 80.0¢.**

**CATTLE: U.S. beef production is projected at 26.19 billion lbs.,** down 3% from 2023. Exports are projected to fall to 2.785 billion lbs., down 8.3% from last year. **Cash price: \$180.00**, which would be a record and up \$4.46 from 2023.

**HOGS: U.S. pork production is projected at 27.88 billion lbs.,** up about 2% from last year. Exports are expected to rise 3.8% to 7.080 billion pounds. **Cash price: \$60.00**, up \$1.41 from last year.

**BROILERS: U.S. production is projected to be a record 46.8 billion lbs.,** up slightly less than 1% from last year. Broiler meat exports are projected at 7.22 billion lbs., down fractionally. **Wholesale broiler price: a record \$1.27 per lb.,** up 2.4%.

**DAIRY: Milk production is projected at 228.2 billion lbs., up 0.7%. The all-milk price is projected to be \$20.95 per cwt.,** up from \$20.48 in 2023.

**PERSPECTIVE:** This year's combined acreage projection for corn, soybeans, wheat and cotton of 236.5 million acres is 2.4 million acres less than USDA expected in February 2023. There's room for total acreage planted to those four crops to expand from USDA's initial projections, though farm income is forecast to plunge again along with production margins.

## CBO: Crop insurance costs to surge

The Congressional Budget Office (CBO) projects federally subsidized crop insurance will cost an additional \$27.7 billion over the next decade, with the government covering roughly 62% of premiums. Crop insurance costs are estimated to jump 29% to nearly \$125 billion for the decade ending in 2033. Despite this increase, USDA spending on crop and livestock subsidies and land stewardship programs is expected to remain stable.

**PERSPECTIVE:** CBO's track record is off relative to crop insurance. Crop insurance is an efficient program that leverages dollars in the ag economy far better than other policies.

## USDA mandatory program baselines

CBO released a new baseline for USDA mandatory funded programs over the next 10 years that will not likely impact the farm bill until May. CBO forecasts the Price Loss Coverage program will cost \$28 billion from 2024 through 2034, down from the projected \$33.1 billion for 2023-33. The Agriculture Risk Coverage program is now projected to cost \$15.6 billion, down from the \$28.4 billion forecast for 2023-33. CBO also raised its forecast for spending through the Commodity Credit Corporation (CCC) by about \$5 billion over the next 10 years. Key leaders have suggested capping or eliminating USDA's Section 5 authority under the CCC in the next farm bill.

## 'Chaos' without Prop 12 changes

USDA Secretary Tom Vilsack told the House Ag Committee the U.S. meat industry will face "chaos" if Congress doesn't take action on California's Proposition 12 law. Vilsack said, "When each state has the ability to define... exactly what farming techniques or practices are appropriate, it does create the possibility of 50 different sets of rules and regulations."

Vilsack also said the U.S. is "18 months or so" away from identifying a vaccine for the current strain of highly pathogenic avian influenza and USDA is developing a process to distribute it. USDA plans to discuss poultry vaccinations with trading partners, amid concerns other countries could restrict imports of vaccinated U.S. poultry.

## Farm numbers decline, size increases

Some highlights from USDA's 2022 Census of Agriculture:

- There were 1.9 million farms/ranches (down 7% from 2017) with an average size of 463 acres (up 5%) on 880 million acres of farmland (down 2%).
- Nearly three-fourths of farmland was used by farms specializing in two commodity categories: oilseed and grain production (32%) and beef cattle production (40%).
- The average age of all producers was 58.1, up 0.6 years.
- In 2022, 1.2 million females accounted for 36% of all producers; 58% of all farms had at least one female decision maker.



# USDA Outlook Forum: Challenges ahead amid change

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Agriculture will face a combination of challenges in 2024 in the form of lower farm income and prices amid rising commodity supplies. Those were themes relayed during USDA's annual Outlook Forum, with hall-way conversations also picking up on those topics.

## **Commodity outlooks paint bleak picture**

USDA Chief Economist Seth Meyers laid out a relatively bleak picture for agriculture to open the 100th version of the gathering. The geopolitical uncertainties that dominated the confab last year via the graphic images of Ukrainian agriculture and infrastructure being pummeled by Russian military actions will still be a factor, but it almost seemed like it did not hold the "shock" factor that sessions last year provoked.

The Forum took on more of a "traditional" feel to a degree as Meyer observed the U.S. is essentially "land-locked" relative to being able to bring new acres into production. He noted Brazil and Argentina have the opportunity to expand their planted acres.

There were discussions among attendees on the USDA commodity outlooks as they gathered outside of session rooms, with most focusing on an expectation that corn acres would not likely fall as much and soybean acres would not likely rise as much as USDA analysts projected. There were also some questions, though not widespread thinking, that USDA analysts were way off the mark on the projected 2024-25 balance sheets (see details on [News page 3](#)).

## **Vilsack keeps focus on small, disadvantaged farmers**

USDA Secretary Tom Vilsack's message sounded familiar with the themes he focused on during the Obama administration — smaller and disadvantaged producers need more help and focus from USDA. That message remains the cornerstone of what Vilsack relayed. He lamented supports handed out to larger farmers — those that produce the bulk of U.S. agricultural output, pointing to the Census of Agriculture data released days before the confab that indicated U.S. farm size was rising while the number of farms was in decline.

## **An unusual protest**

As Vilsack embarked on his message, a woman jumped up from the crowd and began shouting that he was respon-

sible for spending more than a billion dollars to provide aid to the U.S. poultry industry and was therefore supporting commercial ag at the expense of the U.S. food supply.

USDA officials sought to assure the woman that she would have time to ask questions of Vilsack later in the session but she persisted. Vilsack paused for a short time but then began talking over the shouting participant. He remarked it was interesting the person was accusing him of supporting big agriculture just a day after he appeared before the House Agriculture Committee and was accused of ignoring commercial agriculture. The crowd murmured with laughter as the woman was escorted from the session. It served as a conversation point for the those in attendance, but little else.

## **Vilsack keeps touting CCC for farm bill funding**

Vilsack again proposed innovative approaches, such as utilizing Commodity Credit Corporation (CCC) funds creatively, to address farm bill funding challenges without compromising other priorities. He highlighted the need to balance support for both production agriculture and smaller producers, rejecting the idea that farming success should solely be measured by expansion. He advocated for programs like the Partnerships for Climate-Smart Commodities to provide new revenue opportunities for all farmers.

Key farm-state lawmakers have not directly addressed Vilsack's repeated overtures regarding tapping CCC as a farm bill revenue stream. But some former USDA top economists addressed the topic during USDA's Forum. But Rob Johansson, former USDA chief economist during the Trump administration, suggested that while Congress may address concerns about CCC usage, it has allowed USDA to react promptly to situations beyond the scope of traditional farm bill provisions.

## **Agriculture's guard is changing**

Each year there are more new faces attending the gathering. Similarly, USDA's World Agricultural Outlook Board has been retooled over the years with many of the longer-term analysts moving out of roles and newer, younger minds taking their place. The analysts are eager to discuss the issues and details of their forecasts.

The adaptation at USDA and in the agriculture industry provides optimism for what lies ahead.

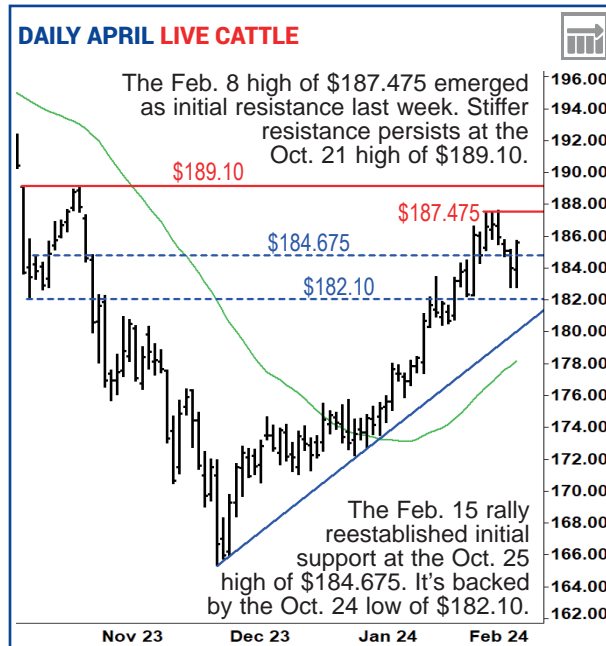
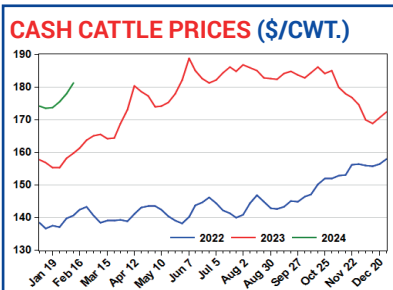
## CATTLE - Fundamental Analysis

After surging above \$180.00 in early February, cash cattle prices followed futures lower last week. We previously cited elevated steer weights as signaling limited upside potential this spring, since that suggested market-ready supplies of fed cattle were increasing. However, weights had dropped to a virtual par with year-ago and five-year average levels in late January. While compensatory gains in the wake of mid-January's arctic weather may temporarily boost weights, and weigh on prices, current circumstances seem conducive to another late-winter to early-spring rally.

### Position Monitor

Game Plan:	Feds	Feeders
Downside	I'24 0%	0%
risk for fu-	II'24 0%	0%
tures should	III'24 0%	0%
	IV'24 0%	0%

be relatively limited given bullish cash fundamentals. Hedges would only be advised if premiums get too wide.



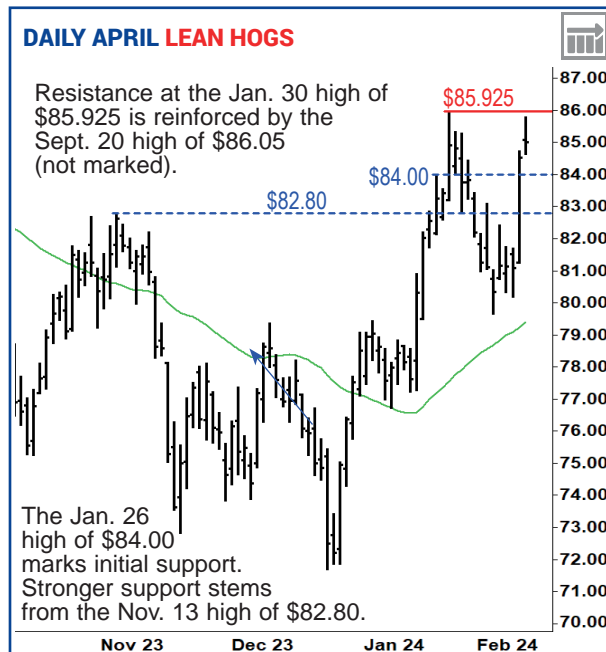
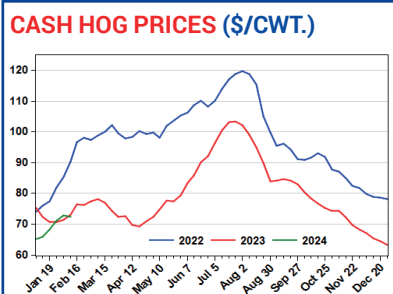
## HOGS - Fundamental Analysis

The chart below illustrates rising hog prices since the start of the year. They're now comparable to those seen at this time last year, but we're inclined to expect a late-winter/spring pattern more similar to that seen in early 2022. Indeed, the premiums built into spring and summer futures hold similar implications. We believe grocers will continue actively featuring pork to consumers, as implied by the latest CPI result stating January pork prices slightly below year-ago levels. Ham prices only marginally above early 2023 levels give credence to ideas they will be featured heavily at Easter, which should be quite supportive.

### Position Monitor

Game Plan: Main-	Lean Hogs
tain risk in the	I'24 0%
rising cash mar-	II'24 0%
ket for now. Be	III'24 0%
	IV'24 0%

prepared to add short-term spring hedge coverage if the premium in April futures gets too wide.



## FEED

### Feed Monitor

#### Corn

I'24	66%
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 February. Be prepared to more aggressively extend coverage on signs the market has posted a major low.

#### Meal

I'24	66%
II'24	0%
III'24	0%
IV'24	0%

**Meal Game Plan:** You have all soybean meal needs covered in the cash market through February. Be prepared to further extend coverage on signs of a major 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 strong 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 2023-24 ending stocks projected well above 2 billion bu. and a bleak outlook for 2024-25, 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



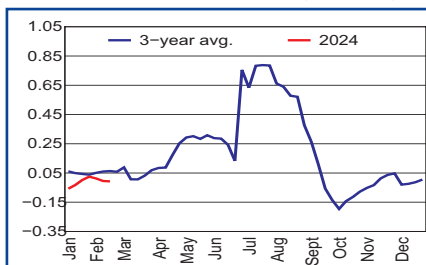
## DAILY MAY CORN



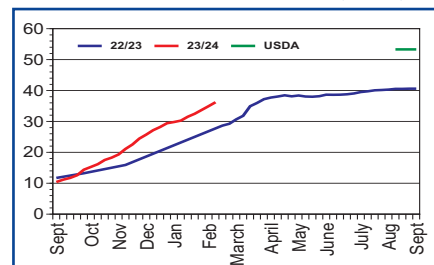
## CORN - Fundamental Analysis

Some private analysts further cut their forecasts for South American production. Lower domestic prices are seemingly evoking stronger export demand as well. But the USDA projection for another big year of U.S. corn production and a jump in ending stocks further weighed on the market last week. Not only are long-term weather forecasts looking favorable for spring planting, the market seemingly interpreted USDA's outlook as a bearish development (see *News* page 3 and "From the Bullpen" on *Analysis* page 4). Conversely, that hardly explains March futures trading about 40¢ under new-crop December.

### AVERAGE CORN BASIS (MARCH)



### CORN EXPORT BOOKINGS (MMT)



## Position Monitor

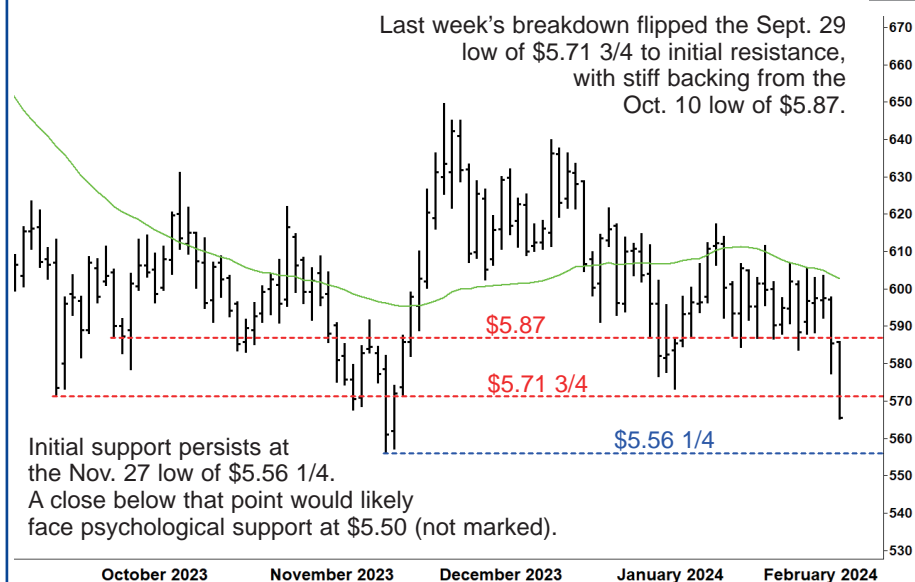
	'23 crop	'24 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

**Game Plan:** On Feb. 16, we advised selling another 10% of 2023- and 2024-crop production to reduce downside risk. With funds heavily short wheat, hedges are risky. Be prepared to sell an overdue corrective rebound.

## WHEAT - Fundamental Analysis

**SRW** — The wheat complex continues suffering from pressure spilling over from the corn and soybean markets. Weekly export sales falling below recent levels added to bearish sentiment. Wheat futures seemingly have little chance of a meaningful near-term rally.

## DAILY MARCH SRW WHEAT



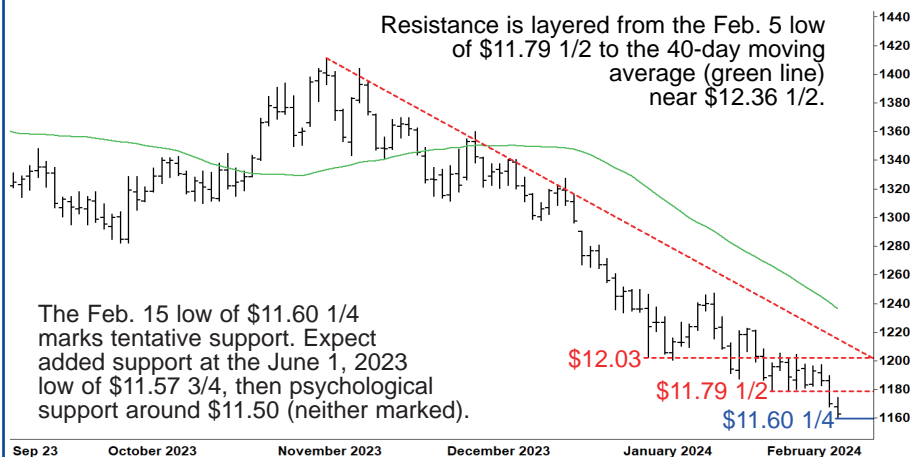


## Position Monitor

	'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 corrective rebound of \$1.00 or more in futures to advance sales. Timing of new-crop sales will be based off old-crop.

## DAILY MARCH SOYBEANS



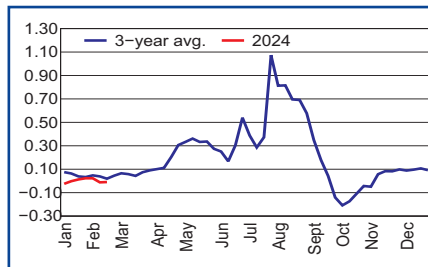
## DAILY MAY SOYBEANS



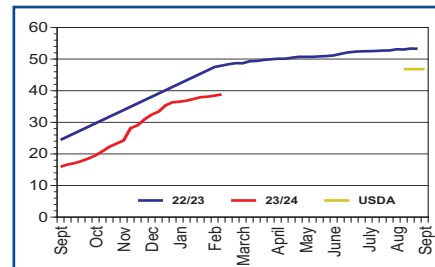
## SOYBEANS - Fundamental Analysis

USDA is much more pessimistic about future soybean demand than are we. Our 2024-25 acreage and production forecasts virtually match, but its carryout forecast of 435 million bu. far exceeds our 355 million bu. figure. But current conditions haven't proven price supportive. NOPA January crush came up short of expectations and weekly export sales fell below recent averages. Indeed, the export bookings chart suggests the pace is falling shy of the USDA projection for 2023-24. The ongoing price decline should stimulate demand for soybeans and soy products, which will power a rebound at some point. We favor awaiting a corrective rebound before advancing sales.

### AVERAGE SOYBEAN BASIS (MARCH)



### SOYBEAN EXPORT BOOKINGS (MMT)



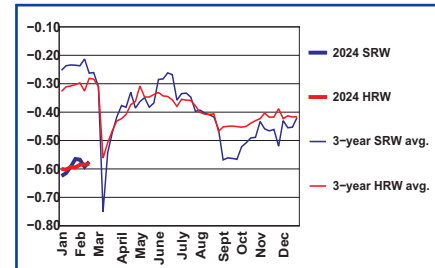
## DAILY MARCH HRW WHEAT



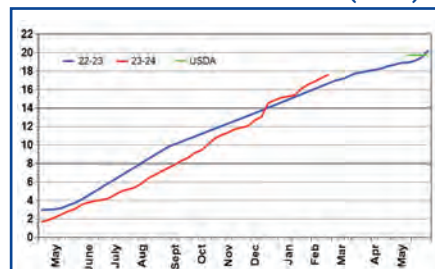
## DAILY MARCH HRS WHEAT



### AVERAGE WHEAT BASIS (MARCH)



### WHEAT EXPORT BOOKINGS (MMT)



**HRW** — March SRW futures moved 3¢ premium to March HRW on Feb. 13. That exemplified recent HRW weakness and implied it's being sold as feed rather than food. USDA's 2024-25 wheat acreage projection fell short of ours, but the carryout figures virtually matched. The futures dive implies the market viewed the numbers as bearish.

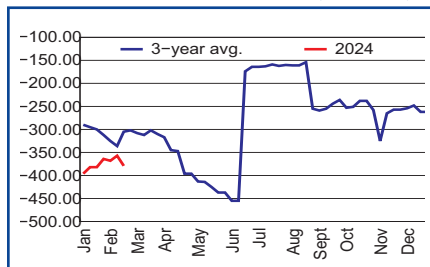
**HRS** — SRW also gained sharply versus HRS early last week, but gave back a big portion of the rise later in the week. As with cotton, tumbling corn and soybean futures indicate little competition for spring acres, which has also undercut HRS prices. Forecasts for spring dryness over the Northern Plains may offer background support.

## Position Monitor

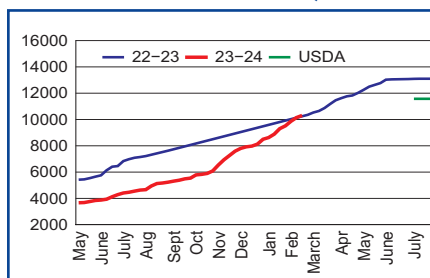
	'23 crop	'24 crop
Cash-only:	80%	10%
Hedgers (cash sales):	80%	10%
Futures/Options	0%	0%

**Game Plan:** On Feb. 12, we advised selling another 10% of 2023-crop. Be prepared to increase old- and new-crop sales on additional strength.

## AVERAGE COTTON BASIS (MARCH)

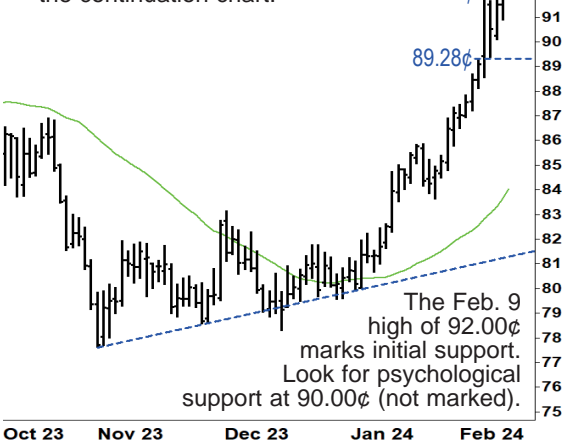


## COTTON EXPORT BOOKINGS ('000 BALES)



## DAILY MARCH COTTON

The Feb. 15 high at 95.20¢ is backed by resistance at 96.50¢ and 97.35¢ on the continuation chart.



## COTTON - Fundamental Analysis

The latest weekly export numbers suggest the recent price surge has slowed but not shut off cotton demand. Concurrent grain and soy losses also indicate little competition for acreage at this point. This may also help explain the recent strength of bull spreads.

## GENERAL OUTLOOK

**NATIONAL GAS:** Natural gas futures fell to a 3.5-year low last week. The past 20 years have seen this market become highly volatile. In 2022 natural gas futures prices hit a high of \$10.028 per 10,000 million Btu. Last week prices dropped to a low of \$1.629 amid near-record output, ample amounts of fuel in storage and warm forecasts.

The U.S. is the world's largest exporter of natural gas. Lower natural

gas prices can correlate to lower production costs for fertilizer manufacturers. However, a direct correlation between natural gas futures and retail fertilizer prices has been difficult to demonstrate — likely due to the volatile nature of futures prices.

Any benefits U.S. farmers might see from lower natural gas futures prices will take months to work their way down from factory to farmgate.

## MONTHLY NATURAL GAS FUTURES (\$/10K. MBTU.)



## FROM THE BULLPEN By Editor Brian Grete

USDA's Ag Outlook Forum projections serve as the initial acreage benchmarks for the new-crop marketing year. USDA's first survey-based acreage estimates come in the March 31 Prospective Plantings Report. We compared the Outlook Forum projections to the March estimates.

For corn, USDA's Outlook Forum acreage projection has been higher than March intentions 13 times and lower 10 years since 2001. The average miss on the "above" years has been 1.4 million acres. The average miss on the "below" years has been 1.5 million acres. Using the historical misses when applied to this year's Outlook Forum corn acreage projection of 91.0 million acres would suggest March corn intentions of 89.6 million acres to 92.5 million acres.

For soybeans, USDA's Outlook Forum acreage projection has been higher than March intentions 11 times and lower 12 years. The average miss on the "above" years has been 1.3 million acres. The average miss on the "below" years has been 1.6 million acres. Using the historical misses when applied to this year's Outlook Forum bean acreage projection of 87.5 million suggests March bean planting intentions between 86.2 million and 89.1 million acres.

The USDA numbers matched our previously published corn and soybean plantings forecasts at 91.0 million and 87.5 million acres, respectively. We'll adjust our forecasts based on our spring acreage survey, which will soon be emailed to you.

## WATCH LIST

1	<b>Presidents Day Holiday</b> Markets and gov't offices closed.	MON 2/19
2	<b>FOMC Minutes</b> Clues on timing of rate cut?	WED 2/21 1:00 p.m. CT
3	<b>USDA Export Sales Report</b> Strong end-user demand needed.	FRI 2/23 7:30 a.m. CT
4	<b>USDA Cattle on Feed Report</b> January placements will be key.	FRI 2/23 2:00 p.m. CT
5	<b>USDA Cold Storage Report</b> Frozen meat stocks for January.	FRI 2/23 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](http://www.profarmer.com).