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Corn and soybeans continue to slump – *Corn and soybean futures faced additional selling pressure last week, with front-month contracts for both markets falling to the lowest levels since November 2020 on the continuation charts. Wheat futures posted gains amid corrective buying, fueled by key bullish reversals in SRW contracts. But wheat will struggle to find sustained buying if corn and soybeans can't find a catalyst to ignite a corrective rebound. April live cattle futures spiked to their highest level since October, though buying was limited late in the week by a lack of cash cattle trade and ahead of USDA's Cattle on Feed Report Friday afternoon. April lean hog futures rallied to their highest level since last summer as the seasonal strengthening in the cash hog market accelerated.*

Rains return to Argentina, Brazil okay

Most of Argentina will receive rains this week, bringing relief from recent crop stress in some areas. Southern and central Brazil will trend drier through midweek, with rains forecast for the second half of this week. World Weather Inc. expects a normal end to Brazil's rainy season, so timely rains will be needed from April forward for safrinha corn.

Mexico will keep buying U.S. corn

Mexico will continue to buy corn from the U.S. for livestock feed and industrial use, despite the ongoing formal dispute over its ban on imports of GM corn for human consumption, said President Andrés Manuel López Obrador. Mexico's National Agricultural Council, which represents 1.8 million small and medium-sized farmers, stated the country could surpass China and become the largest global importer of corn this year, importing up to 22 million metric tons (MMT).

As of Feb. 15, Mexico's 2023-24 U.S. corn export commitments stood at 16.6 MMT, with accumulated exports of 8.8 MMT and 7.8 MMT of outstanding sales on the books.

Crops shifting to domestic markets

The U.S. crop sector is transitioning to a more domestic market-oriented approach due to biofuels policy, according to University of Illinois ag economist Scott Irwin. The surge in ethanol production and the rise of renewable diesel have blunted reduced exports of U.S. corn and soybeans. Irwin suggests this shift marks a strategic direction for U.S. agriculture, "reinsulating itself from the world market."

Some argue this shift is deliberate to protect against another potential trade spat with China (see *News page 4*). But Pat Westhoff of the University of Missouri see it as an effort to expand markets rather than insulate U.S. agriculture.

Renewable diesel may not solve ag's challenges

U.S. production capacity for biodiesel and renewable diesel continues to rise, outpacing demand. Irwin warns this oversupply situation is anticipated to worsen in 2024, which could prompt plant closures and reduce production.

RFA: Policy key for biofuels' future

The Renewable Fuels Association (RFA) emphasized the pivotal role of the Biden administration's upcoming decisions regarding ethanol's future (see *News page 3*). RFA highlighted concerns over potential adjustments to ethanol's carbon footprint model and EPA's proposed tailpipe emissions regulations, which could affect ethanol producers' participation in tax credits and the automotive industry's focus on electric cars. RFA will also urge Congress to adopt legislation to permanently resolve the E15 issue.

Another funding deadline upcoming

Another threat of a partial government shutdown looms if spending measures aren't passed by March 1 for 20% of agencies, including USDA; March 8 for the rest. Time constraints and recess schedules make another temporary funding bill likely. The possibility of breaking bills into smaller packages for voting is also being considered. Despite some progress, significant hurdles remain before the initial March 1 deadline.

If there's not a new budget for fiscal year 2024 by April 30, it will trigger a 1% across-the-board spending cut. Democrats won't back a stopgap bill beyond this date.

Red Sea attacks not fueling inflation

Houthi attacks on vessels in the Red Sea continued last week and the rebel militant group is preparing for a lengthy confrontation with the U.S. and allies in the region regardless of how the Israel/Hamas war plays out. While attacks on merchant vessels in the Red Sea have delayed cargo and increased shipping costs, soft demand and ample ship availability are muting the impact on inflation, analysts from Moody's Investor Service said.

Too good to be true

USDA incorrectly reported pork export data for the week ended Feb. 8. USDA noted, "Accumulated exports of pork were adjusted down 19,286 metric tons (MT) to China and 18,878 MT to Mexico for week ended Feb. 8."

Cordonnier again cuts Brazil bean crop

South American crop consultant Dr. Michael Cordonnier cut his Brazilian soybean crop estimate another 2 million metric tons (MMT) to 145 MMT, noting later-maturing soybeans will not be able to fully compensate for low yields on early harvested areas. He said soybean yields generally have been 10% to 20% below expectations thus far.

Cordonnier left his Brazilian corn crop forecast at 112 MMT. While the safrinha corn crop has gotten off to a mostly favorable start, acreage will be down from year-ago and 25% to 30% of the crop will be planted after the ideal window (around Feb. 20), while some forecasts call for a rapid end to the rainy season by April.

Alternative crops to safrinha corn in Brazil

Cordonnier says if Brazilian farmers plant less area to safrinha corn, as anticipated, they have several options, including grain sorghum, cotton, sesame, sunflowers, wheat, rice, dry beans, millet and cover crops. Sorghum would be the primary alternative, followed by cotton.

Agroconsult lowers Brazil bean crop

After sampling fields across nearly 30,000 kilometers of Brazilian cropland, Agroconsult cut its soybean crop estimate by 1.6 MMT to 152.2 MMT.

In Mato Grosso, the Brazil-based firm maintained its yield estimate of 52.5 (60 kg.) bags per hectare, 17.7% below last year. Agroconsult lowered its yield forecast for Mato Grosso do Sul to 57.5 bags per hectare from 59 bags previously. In Parana and Rio Grande do Sul, it cut yields to 58 and 53 bags per hectare, respectively, compared to 60 and 55.5 bags prior to its crop tour.

HUGE range of Brazil bean estimates

The range of Brazilian soybean crop estimates remains extremely wide, especially for this late in the growing season. Forecasts range from 135 MMT to roughly 158 MMT, with an average of 148.5 MMT. A Brazil-based consultant said this year reminds him of 2016. The soybean low that year came on March 2, though dry conditions for safrinha corn fueled the rally (see "From the Bullpen" on *Analysis page 4*).

Exchange cuts Argy crop forecasts

The Rosario Grain Exchange estimates Argentina's soybean production at 49.5 MMT, down 2.5 MMT from its prior forecast. The corn crop is estimated at 57 MMT, down 2 MMT. Cordonnier left his Argentine crop forecasts at 50 MMT for soybeans and 54 MMT for corn.

NCC: Cotton acreage to decline 3.7%

U.S. cotton producers intend to plant 9.8 million acres to cotton this year, down 3.7% from 2023, according to the National Cotton Council's annual survey. Upland cotton intentions at 9.6 million acres are down 4.3% from 2023. Extra-long staple (ELS) intentions of 202,000 acres would be up 37.7%.

Regionally, cotton plantings are expected to decline 5.2% in the Southwest, with Texas down 5.1%; 2.4% in the Mid-South; and 4.8% in the Southeast, with Georgia down 0.6%. Producers in the West indicated they would increase cotton seedings 21.5%, driven by a 62.9% jump in California.

Using 10-year average abandonment rates along with a few state-level adjustments to account for current moisture conditions, NCC projects harvested area at 8.1 million acres — a 17.9% abandonment rate. NCC projects total cotton production at roughly 14.6 million bales, with the upland crop at 14.0 million bales and an ELS crop of 538,000 bales.

PERSPECTIVE: December cotton futures firmed roughly 5.5¢ (7.0%) from when NCC's survey was conducted from mid-December to mid-January. New-crop corn (December) and soybean (November) prices have fallen about 36¢ (7.3%) and $1.00 (7.9%), respectively, since then. The cotton market likely bought some acres since NCC's survey.

How NCC's survey stacks up with USDA's acreage data

During the previous 20 years, the NCC survey was below USDA's March planting intentions 13 times by an average of 472,000 acres and above 7 years by an average of 435,000 acres. The average miss was 154,000 acres too low.

Compared to USDA's final plantings, the NCC survey was too high and too low 10 times each, with the average miss 162,000 acres too low.

This year's difference between NCC and USDA's Outlook Forum projection of 1.151 million acres is the largest dating back to 2001. Prior to this year, the average absolute value of the differences was 343,000 acres, with the biggest variation being 985,000 acres in 2013. This marked the first time USDA's Outlook Forum projection came out prior to the NCC survey release.

Biodiesel use slows Brazil soyoil exports

Brazil's biodiesel mandate will increase from 12% to 14% on March 1, and to 15% in 2025. That's already impacting Brazil's soyoil market, as domestic prices are around 2.5¢ per lb. above the export market. That will limit Brazilian soyoil exports and could virtually take the country out of the export market in the short run. Argentina is likely to be the biggest beneficiary.

Brazil's Congress is expected to vote on a law before the end of the month that would increase the biodiesel mandate to 20% (B20) or even 25% (B25).

Middle ground for gov't biofuels policy

It appears the Biden administration will take the proverbial middle ground with upcoming key biofuels policy decisions. As has been the case for years, the government apparently wants to give everyone something and no one everything on the biofuels front.

Change to SAF modeling could be less corn-friendly

The Biden administration could adjust its scientific modeling for ethanol, showing it to be less effective at reducing greenhouse gas emissions than previously estimated, *Reuters* reported. The adjustment will make it more difficult for ethanol producers to qualify for tax credits for sustainable aviation fuel (SAF), the sources said, though it will still leave them a pathway to the subsidies if they can partner with corn growers that use sustainable farming practices. *Reuters* said this change reflects a more precise consideration of the environmental consequences associated with converting land into corn production and also aims to incentivize climate-smart farming practices such as no-till and cover crops.

Year-round E15 sales... but not until 2025

The Biden administration approved a 2022 request from the governors of Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin allowing year-round sales of E15, though it won't start until April 28, 2025. EPA also finalized regulatory amendments to remove the 1-psi waiver for E10 in those states and a process where they can request the 1-psi waiver be reinstated. EPA opted to delay the effective date "due to concerns over insufficient fuel supply with an earlier effective date, consistent with statutory provisions."

Vilsack comments on year-round E15, SAF speculation

Prior to EPA's announcement, USDA Secretary Tom Vilsack said until year-round sales of E15 are cleared next year, the administration would likely issue temporary waivers this summer to enable such sales as needed — as it did in 2022 and 2023. Vilsack also said he was confident incentives would include room for climate-smart ag practices, making it easier for products grown on farms to be used as feedstock for SAF.

CO2 sequestration potential for ethanol

U.S. ethanol plants can reduce their carbon footprint through CO2 sequestration, spurred by incentives in the Inflation Reduction Act. Using operational efficiency data, University of Illinois ag economist Scott Irwin estimated total CO2 production from U.S. ethanol plants at 48.9 million tons in 2023, which would add annual revenue of $3.75 billion and potentially double the after-tax income of the ethanol industry. Even with associated costs, Irwin says potential revenue from tax credits remains attractive for ethanol producers.

Fed doesn't want to cut rates too soon

Minutes from the Jan. 30-31 Federal Open Market Committee (FOMC) revealed the bulk of policymakers were concerned about the risks of easing monetary policy too soon, with broad uncertainty about how long interest rates should remain at a restrictive level.

The minutes also noted upcoming decisions on when and how to stop reducing the size of the Fed's balance sheet, with "many participants" suggesting a start to "in-depth" discussions on that subject at the March 19-20 meeting.

Fed fund futures reflect the greatest odds for a Fed rate cut starting in June, with three or four reductions by year-end.

China slashes mortgage reference rate

The People's Bank of China (PBOC) slashed the five-year loan prime rate (LPR), the reference rate for mortgages, by 25 basis points to 3.95% — the first cut since June 2023 and the largest since it was introduced in 2019. The one-year LPR was maintained at 3.45%.

PBOC kept the rate of 500 billion yuan worth of one-year policy loans to some financial institutions, known as the medium-term lending facility (MLF), at 2.5% amid efforts to prevent more pressure on the yuan. With 499 billion yuan worth of MLF loans set to expire this month, the operation resulted in a net 1 billion yuan injection into the system, the smallest infusion since last August.

China's property woes continue

The number of foreclosed properties for sale in China rose at a faster pace in January. New listings of foreclosed properties in China rose 48% in January from a year earlier, according to a report by real estate agency China Index Holdings. Meanwhile, China's new home prices dropped 0.4% from year-ago in December – the sixth straight monthly decline and the steepest pace since March amid persistently weak demand despite efforts from the government to mitigate the impact of a prolonged property downturn.

Japan's potential economic boom

Japan's Nikkei stock index posted a new high last week, surging above the 1989 peak. This milestone comes amid Japan's recovery from a prolonged period of economic stagnation, marked by a real estate crash and deflation in the early 1990s. There is a major difference to the last time the Nikkei peaked and the bubble burst. Back then Japanese firms' trailing price-to-earnings averaged at about 60 times. Now the metric is a more sensible 16 times, so there isn't nearly the risk of a bubble.

The modest inflation Japan is facing will encourage companies to invest their cash unlike the lost decades of the 1990s and early 2000s. But Japan still faces a challenge of building an economy that's as strong as its stock market.

Trump's trade policy proposals: Scare tactic... or scary?

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

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If former President Donald Trump wins re-election, his official trade policy proposals could have a major, and likely negative impact, on the U.S. ag sector. If implemented, they would lead to major changes in world trade patterns and very likely retaliation from China and others against U.S. products, including agriculture.

Trump has a two-prong plan for China

Trump is mulling 60% tariffs on Chinese goods. Those are considerably above his previous levy of up to 25% on more than $300 billion worth of Chinese imports.

Trump also plans to revoke China's most-favored-nation trading status, putting it on par with hostile nations like North Korea and Cuba. This move would require legislative action and could impact a wide range of imports.

If former U.S. Trade Rep Robert Lighthizer returns in some role as most expect, he wants to impose carbon fees on products imported from China and other polluters. He said: "There are people who think consumption is the end. My view is production is the end, and safe and happy communities are the end. You should be willing to pay a price for that."

Trump also wants 10% universal baseline tariffs

Trump is also proposing 10% universal baseline tariffs on most foreign products, three times the current average. Trump describes this as "putting a ring around the collar" of the economy to discourage foreign competition and boost domestic production and manufacturing. His strategy involves threats of tariff hikes to force negotiations and legislative action, with a focus on protecting the U.S. auto industry and reducing trade deficits, which widened nearly 25% during his time in the White House.

A new trade war with China would have more punch

"We know what the last trade war with China did to our exports," says Dr. Joe Glauber, former USDA top economist, now at the International Food Policy Research Institute. "The last time we were able to divert some of our soybeans and other ag products to Europe, Egypt, etc. But this time those countries will be reacting to higher tariffs on their products into the U.S., so I think impacts would be far larger and not limited to a handful of crops. Countries like Brazil would be huge beneficiaries."

Would Trump again tap CCC for trade war payments?

Trump would likely tap Commodity Credit Corp (CCC) funds to blunt another trade war with China say trade policy analysts who recall the $23 billion in farmer payments following the last trade skirmish. "However, I think it may be very unrealistic for farmers to assume they would be bailed out as they were in 2018-20," says Glauber. "The damages would be higher since there would be losses in other markets besides China. Plus a lot of other industries would also be affected and thus seeking congressional assistance."

Is this just campaign bluster from candidate Trump?

Trump tends to keep his campaign promises so most don't think these threats toward China and others should be treated lightly. "For Trump, trade is his alpha and his omega, and trade policy is foreign policy," said David Boling, a former trade official under the Trump and Biden administrations, who is now with political risk consulting firm Eurasia Group. "We should expect something on Day 1 of his administration."

Others see Trump's comments as a bargaining gambit to leverage the threat of massive tariffs to cut deals.

Some uncertainties/questions of Trump's proposals

- *Would tariffs apply to imports from nearly two dozen countries with which the U.S. has trade deals?*
- *Would sweeping new tariffs come under existing trade law or would Congress need to authorize?* Lighthizer says a president would have "clear authority" to impose tariffs unilaterally under two laws — the International Emergency Economic Powers Act and Section 338 of the Tariff Act of 1930.

Lighthizer says the 10% universal tariffs on imports would be on top of existing levels. Inu Manak, trade policy fellow at the Council on Foreign Relations, says they would be inflationary and unlikely to be imposed across the board.

Impacts on the U.S. economy

The Tax Foundation estimates the 10% tariffs would raise the tax burden on American consumers and businesses by $300 billion, shrink the U.S. economy by 0.5% and kill more than a half million jobs.

Protectionism and tariffs are ascendent

Biden has largely followed Trump's trade policy to date but would not be nearly as aggressive as Trump 2.0. Biden wants to target China more selectively on sensitive and national security grounds. A Biden re-election would continue to de-emphasize new trade agreements and increase regulations.

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CATTLE - Fundamental Analysis

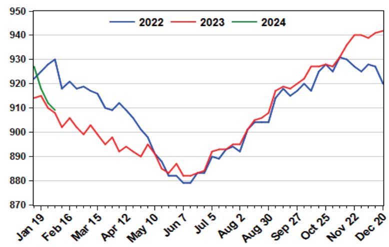
The dressed weight chart shows steers averaged a record 942 lbs. per head just before Christmas, but plunged to just 909 lbs. by late January. The mid-January arctic cold wave played a big role in the drop. However, unlike conditions in the wake of a similar dive in February 2021, when weights rebounded somewhat later that month, they give no indication of doing so this winter. The implied tightening of market-ready fed cattle supplies looks supportive of the price outlook, especially with grocers holding the line on retail beef prices since October. We regard hedges as being risky at this time.

Position Monitor

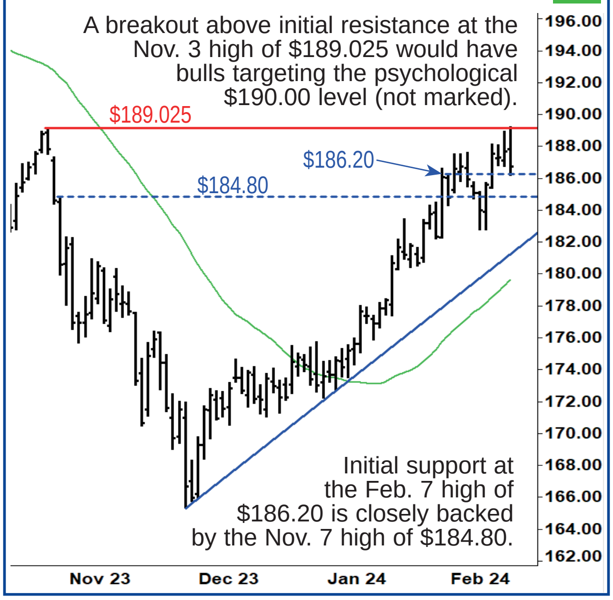
	Feds	Feeders
I'24	0%	0%
II'24	0%	0%
III'24	0%	0%
IV'24	0%	0%

Game Plan: Downside risk for futures should be relatively limited given bullish cash fundamentals. Hedges would only be advised if premiums get too wide.

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY APRIL LIVE CATTLE



HOGS - Fundamental Analysis

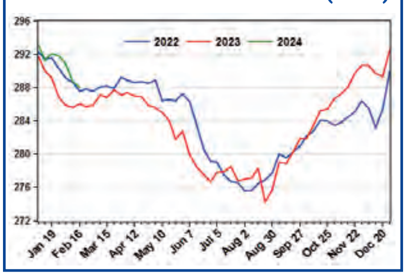
The recent drop in hog weights suggests aggressive early-2024 marketings have significantly reduced market-ready supplies. However, huge slaughter totals imply USDA once again underestimated the hog population in its December Hogs & Pigs Report. Nevertheless, hog and pork prices are rallying strongly, with nearby futures implying more of the same in the coming weeks. This strength likely reflects active pork demand from domestic consumers and export customers. The CME hog index accelerated its seasonal climb last week, thereby seeming set to fully justify premiums built into nearby contracts.

Position Monitor

	Lean Hogs
I'24	0%
II'24	0%
III'24	0%
IV'24	0%

Game Plan: Maintain risk in the rising cash market for now. Be prepared to add short-term spring hedge coverage if the premium in April futures gets too wide.

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY APRIL LEAN HOGS

FEED

Feed Monitor

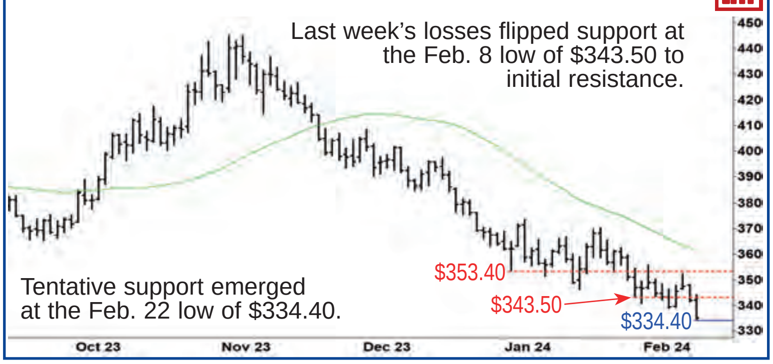
Corn	
I'24	66%
II'24	0%
III'24	0%
IV'24	0%

Meal	
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 Game Plan: You have all soymeal needs covered in the cash market through February. Be prepared to further extend coverage on signs of a major low.

DAILY MARCH SOYBEAN MEAL

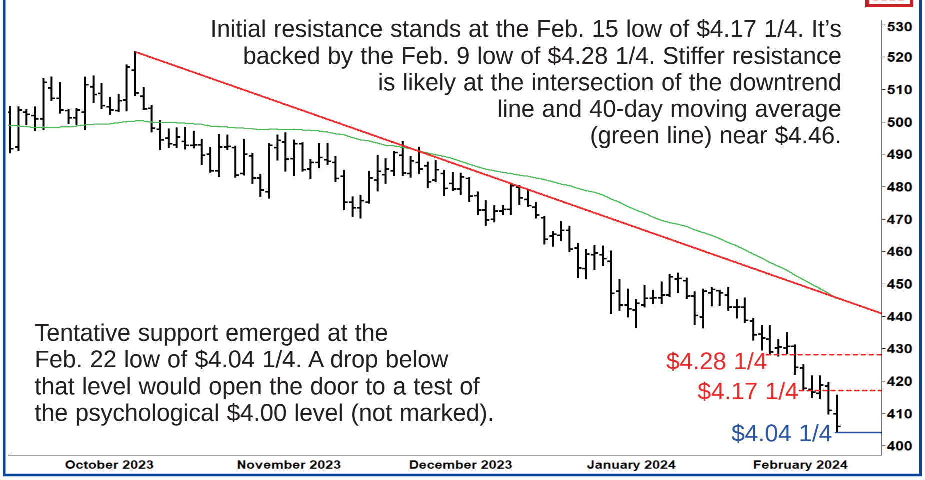


Position Monitor

	'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 given current fundamentals and attitudes, a bullish catalyst is needed to fuel an extended rebound (see "From the Bullpen" on *Analysis page 4*). Be prepared to advance 2023-crop sales and make initial 2024-crop sales on an extended corrective bounce.

DAILY MARCH CORN

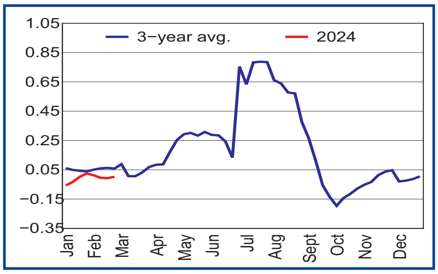


DAILY MAY

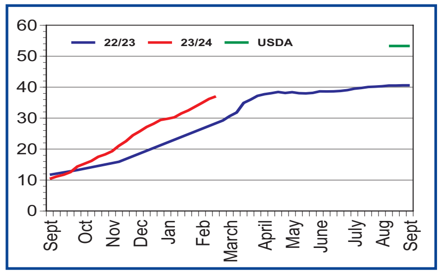
CORN - Fundamental Analysis

Anticipation of another large U.S. corn crop this year and a subsequent surge in 2024-25 carryout continued weighing on futures last week. But the ongoing decline may prove to be somewhat self-defeating. That is, depressed prices are likely stimulating demand, while having the market throw in the towel before bidding for spring acreage even started may reduce plantings. Of course, active applications of anhydrous ammonia last fall will limit the acreage that can be switched. Conditions for Brazil's safrinha corn remain problematic. The similarity to conditions seen in the poor 2016 crop year might trigger a sustained reversal. Wait on such a move to increase sales.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

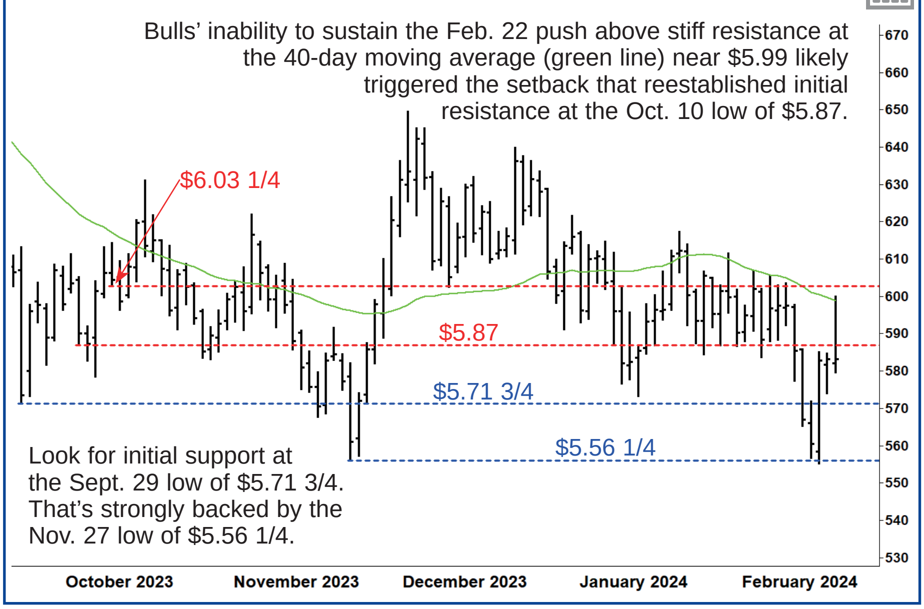


Position Monitor

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

Game Plan: Get current with advised sales on periods of extended price strength. Given improved winter wheat conditions in the Plains, you must be prepared to actively sell an extended price rebound.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

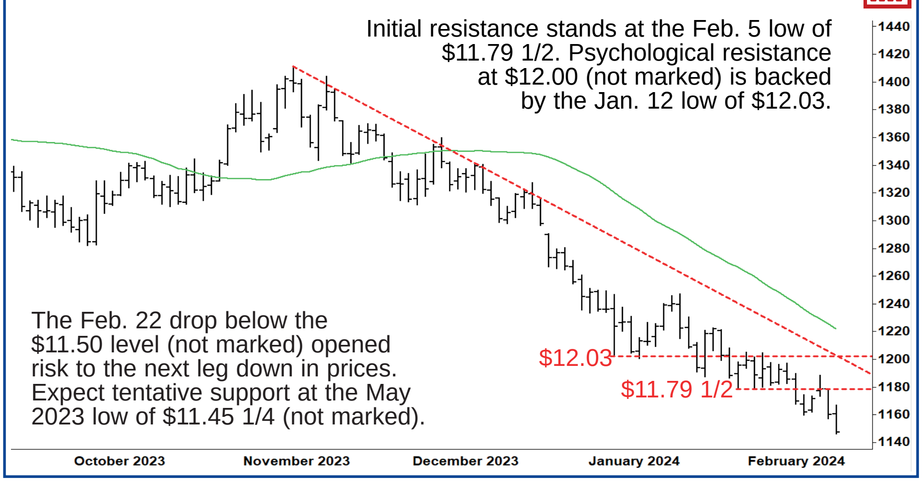
SRW — Forecasts for reduced Southern Plains moisture in the short run seemed to spur big wheat gains on Feb. 20. But bulls couldn't sustain the rally. Improved export bookings are proving supportive, but futures haven't been able to overcome bearish corn/soybean spillover.

Position Monitor

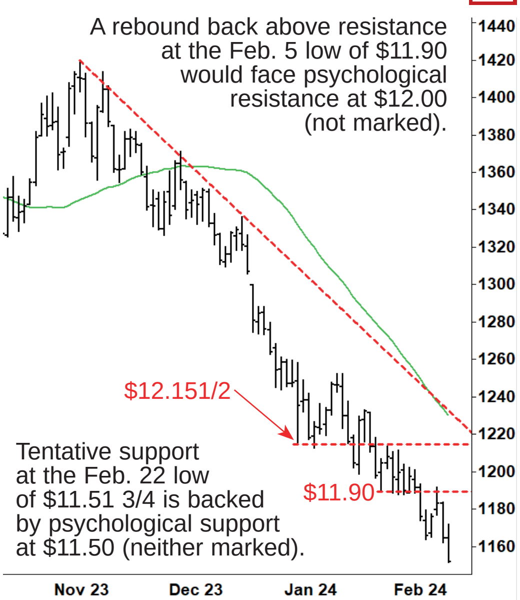
	'23 crop	'24 crop
Cash-only:	50%	10%
Hedgers (cash sales):	55%	10%
Futures/Options	0%	0%

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



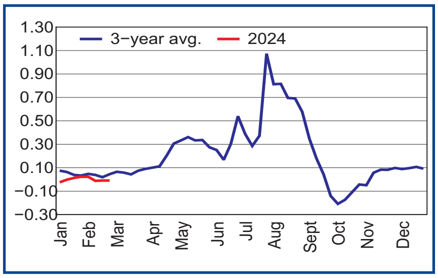
DAILY MAY SOYBEANS



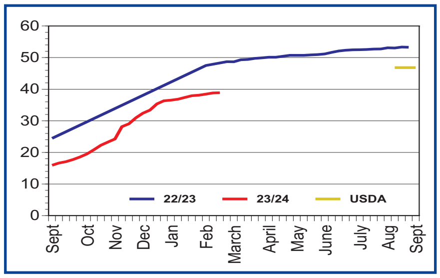
SOYBEANS - Fundamental Analysis

Domestic soybean and product supplies have been comparatively tight for several years, which may partially explain the market's seeming indifference to that fact. Prospects for an annual rise in spring plantings may also be reducing the importance of old-crop tightness in the minds of many. Futures are declining despite these considerations, as well as the ongoing downtrend in Brazilian soybean production estimates (see *News page 2*). Slow export sales remain a major concern for the market, although the surge in soyoil use for biofuels bodes well for the U.S. market. Futures are awaiting an event to trigger active profit-taking by funds holding huge short positions.

AVERAGE SOYBEAN BASIS (MARCH)



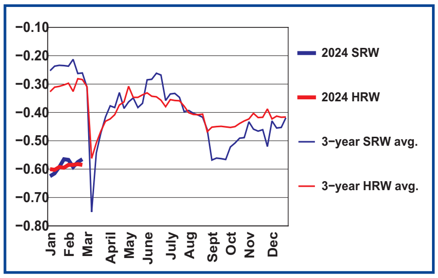
SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MARCH HRW WHEAT

DAILY MARCH HRS WHEAT

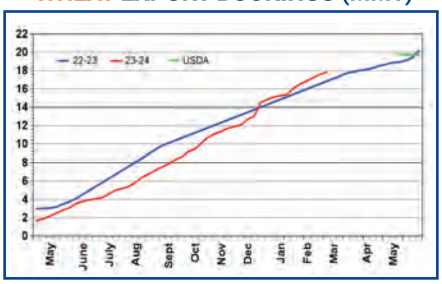
AVERAGE WHEAT BASIS (MARCH)



HRW — One factor undercutting HRW futures is the weak cash market, as exemplified by basis being more than double the seasonal norm for February. Recent warmth has largely removed snow cover in the Southern Plains, but the chance of freeze damage seems minimal. Still, a fresh arctic blast could spark big gains.

HRS — Downtrends in corn and soybean prices are also undercutting the HRS market. This reflects a likely rise in spring HRS seedings as those markets discourage corn and bean planting. January forecasts for reduced Canadian plantings are probably providing background support. Oversold conditions favor a short-term bounce.

WHEAT EXPORT BOOKINGS (MMT)

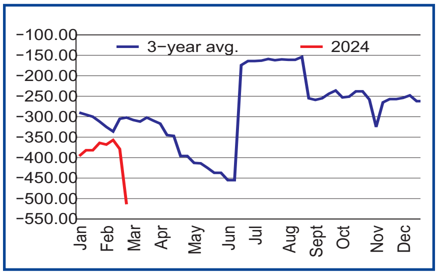


Position Monitor

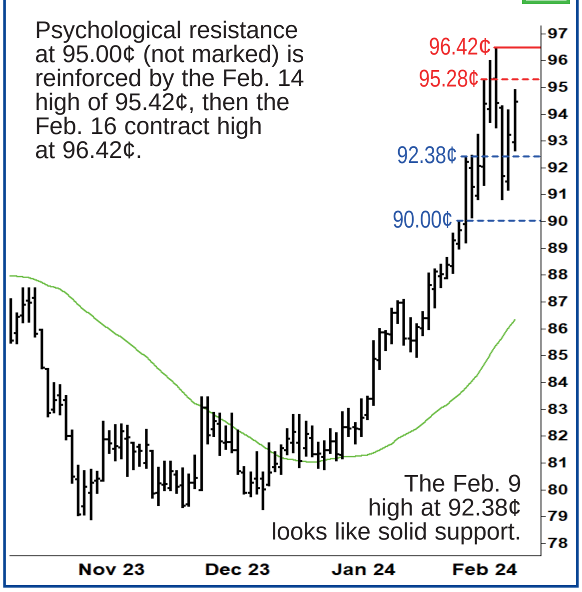
	'23 crop	'24 crop
Cash-only:	80%	10%
Hedgers (cash sales):	80%	10%
Futures/Options	0%	0%

Game Plan: We are targeting a move above 96.00¢ in May cotton futures for our next sales. Be prepared to increase new-crop sales at the same time.

AVERAGE COTTON BASIS (MAY)



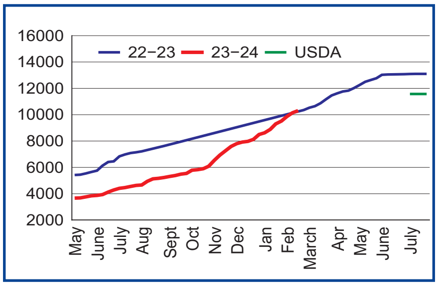
DAILY MAY COTTON



COTTON - Fundamental Analysis

The cotton market's recent strength versus grains seems likely to push spring plantings well above the 9.8 million acre forecast by the National Cotton Council. Conversely, robust early-2024 export sales imply demand is strong. Reward the rally with sales.

COTTON EXPORT BOOKINGS ('000 BALES)



GENERAL OUTLOOK

Interest rates: The November-January surge in stock market indexes was largely powered by financial industry expectations for easier monetary policy from the Federal Reserve. That included widespread anticipation of interest rate cuts, starting in early 2024.

However, in Fed Chair Powell's Feb. 4 interview on *60 Minutes*, he "took away the punchbowl." That was followed by the mid-February CPI and PPI reports indicating inflation remains a problem for the U.S. economy.

The 10-year Treasury Note chart illustrates the shift in the interest rate outlook. After having edged above 5% last October, rates had dipped below 4% in December. They have seemingly turned higher once again, thereby implying renewed interest rate strength and undercutting equity markets previously anticipating lower rates this year.

WEEKLY 10-YEAR T-NOTE YIELDS (%)

FROM THE BULLPEN **By Economist Lane Akre**

Despite funds holding a near-record net short position in corn and the market being heavily oversold, corn futures continue to bleed lower. The corn market desperately needs a catalyst to spark an overdue and extended price recovery.

The most likely catalyst in our opinion would be further deterioration of Brazil's safrinha corn crop. While the safrinha crop accounts for about three-quarters of Brazil's total corn production, strong exports from last year's record crop allowed traders to ignore this year's situation.

As we previously noted, there are similarities to 2016. A strong El Niño at the start of Brazil's 2016 growing season led to a season of erratic weather, ultimately resulting in dry weather torching the safrinha corn crop, sending both U.S. corn and beans sharply higher following bottoms in March.

Reduced Brazilian corn production would boost demand for U.S. corn. In the past 10 years, USDA has increased its U.S. corn export forecast after February eight times by an average of 173 million bushels. In the three years Conab cut Brazil's corn production from its February estimate, USDA raised exports after February by an average of 260 million bushels.

We already believe USDA is too low with its 2023-24 U.S. corn export forecast — and there's potential for an even greater increase if Brazil's crop shrinks.

We're willing to see if this type of scenario plays out before increasing sales.

WATCH LIST

1	**U.S. Q4 2023 GDP** Second estimate for Q4 growth.	**WED 2/28** 7:30 a.m. CT
2	**U.S. Ag Trade Outlook** Deficit forecast could be raised.	**WED 2/28** 2:00 p.m. CT
3	**USDA Export Sales Report** Overall sales remain sluggish.	**THUR 2/29** 7:30 a.m. CT
4	**PCE Price Index** Fed's preferred inflation gauge.	**THUR 2/29** 7:30 a.m. CT
5	**USDA Grain, Soy Crush Rpts.** Crush data for January.	**FRI 3/1** 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.