



News this week...

- 2 – South American crop concerns building.
- 3 – Cattle inventory data as expected but still bullish.
- 4 – Issues farmers tell us they are most focused on.

Grains consolidate – Corn and soybeans rebounded from an early week drop but the upside was limited to modest corrective buying. Winter wheat futures firmed a little, though buyer interest was also limited. While funds are heavily short corn, soybeans and wheat, there is currently no urgency for them to actively cover those positions. Unless that changes, any attempt at an upside correction will be short-lived and could be met with fresh selling. But if funds decide to actively cover short positions – for whatever reason – the price recovery could be sudden and strong. You must be prepared to use an overdue market correction to make old- and new-crop sales. Cattle futures continued to strengthen on support from tightening supplies and firming cash prices. Hog futures paused their recent strong rally.

El Niño set for resurgence?

Crop stress will build across most of Argentina as recent heat and dryness persist this week. Western and southern Brazil will also remain dry. Forecasts suggest rains will return to western and southern Brazil by the end of this week and Argentina the following week. BAM Weather says El Niño is set to rebuild during the next three months, which would produce conditions similar to the October-December timeframe – generally favorable weather across most of Argentina but heat and dryness in central Brazil. That would not be favorable for Brazil's safrinha corn crop.

Brazil beans headed to Southeast

At least three cargoes of Brazilian soybeans were booked for shipment to the U.S. Southeast during the second half of February. End-users import some Brazilian soybeans to the East Coast during most years, though those shipments are typically for summer delivery. Plunging Brazilian soybean prices have made arbitrage trade viable for East Coast destinations much earlier than normal.

China replacing corn with sorghum

China's 2023-24 export commitments (accumulated exports + outstanding sales) for U.S. corn are down 2.5 million metric tons (MMT) from year-ago, but they are up 3.5 MMT for sorghum. With China no longer having incentive via the Phase 1 trade agreement to actively buy U.S. corn, end-users have increasingly turned to sorghum for feedgrain needs. While China is the world's largest importer, sorghum purchases more easily escape market attention.

Food price drop driven by corn, wheat

The UN Food and Agriculture Organization global food price index dropped another 1.2% from December, led by lower corn and wheat prices. The January index was down 10.3% from last year and the lowest since February 2021. Compared to year-ago, prices declined 1.2% for meat, 17.8% for dairy, 18.6% for cereal grains and 12.7% for vegoils, whereas sugar prices rose 15.8%.

Fed gives no clues of rate cut

The Fed left interest rates unchanged at a range of 5.25% to 5.50%, as widely expected. While the post-meeting statement dropped a long-standing reference to possible further rate hikes, Fed Chair Jerome Powell said, "I don't think it's likely the committee will reach a level of confidence by the time of the March meeting" to lower rates. He noted officials have begun discussing winding down its quantitative tightening.

Jobs growth surges in January

The U.S. added 353,000 non-farm payrolls in January, roughly double what economists anticipated. December payrolls were also revised sharply higher and hourly earnings rose 4.5% over the past year. The stronger-than-expected jobs market gives the Fed more time before cutting rates.

Fate of tax package rests in Senate

A \$79 billion tax bill easily cleared the House but faces rougher waters in the Senate. Despite headwinds, a growing number of our sources signal the big House vote in favor of the package increases odds it could eventually become law. However, some Senate Republicans think the issue is better addressed in a new Congress, perhaps with GOP in control, including the White House.

The proposed tax package would extend 100% bonus depreciation through 2025, retroactively covering 2023. It would reduce to 20% in 2026 and end in 2027. The proposal also includes a slightly higher Section 179 expensing cap for 2024, raising it from \$1,220,000 to \$1,290,000 and adjusting it annually for inflation.

China markets clamor for stimulus

Yields on China's benchmark 10-year government bonds fell below 2.47% to their lowest levels since June 2002, while 30-year bonds dropped below 2.70% to a record low. Traders say persistent deflationary pressure in China justifies interest rate cuts. But Chinese officials signal stimulus efforts will be focused on fiscal expansion. Last week, China unveiled multiple support measures for its ailing property sector.

S. American crop concerns build

South American crop consultant Dr. Michael Cordonnier left his Brazilian crop estimates at 149 million metric tons (MMT) for soybeans and 115 MMT for corn. But he noted both could move lower if recent dryness in central and southern areas of the country persists.

For soybeans, he noted: "It is no surprise that lower yields are being reported out of Mato Grosso due to the adverse weather. What is surprising are the lower yields reported in the state of Parana where dry weather during December and early January negatively impacted what was once a promising crop. I think the Brazilian soybean estimate will eventually move lower but that will depend on the yields of the later maturing soybeans."

Regarding corn, Cordonnier said: "I am getting somewhat concerned about drier weather in south-central Brazil. It is not an immediate concern today, but if this is a precursor to an earlier-than-normal end to the summer rainy season, it could have a negative impact on the safrinha corn production."

Cordonnier also left his Argentine crop forecasts at 52 MMT for soybeans and 56 MMT for corn. He has a neutral/lower bias toward soybeans and is neutral toward the corn crop, down from neutral/higher previously. He called the recent heat and dryness "worrisome" as the bulk of the country's corn and soybean crops enter their reproductive stage.

HRW crop ratings rise again in Jan.

State-level winter wheat condition ratings signaled more general improvement in the HRW crop over the past month. The "good" to "excellent" ratings for HRW wheat rose 11 points in Kansas (to 54%), 21 points in Nebraska (69%) and two points in Colorado (63%) during January. The "good" to "excellent" ratings for HRW wheat declined seven points in Texas (42%), four points in Oklahoma (63%), one point in South Dakota (53%) and two points in Montana (41%) 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 11.6 points from the end of December to 345.3 and was 22.0 points above end of November.

As of Jan. 30, USDA estimated 17% of U.S. winter wheat areas were covered by drought.

The Seasonal Drought Outlook calls for drought improvement or removal across the Central and Southern Plains through April, especially in the northern two-thirds of Kansas. Aside from central and northeastern Missouri, where drought is expected to persist, drought improvement or removal is also expected in SRW areas.

Argentine grain exports soar in Jan.

Argentina's grains exports totaled \$1.25 billion in January, up 64% from a year earlier and about 25% higher than December. Grains export group CIARA-CEC said the surge was the "result of the new agricultural dollar regime and the macroeconomic movements of the new government that impact decisions to sell grains."

Attaché boosts Ukraine grain exports

USDA's attaché in Ukraine raised its forecast for 2023-24 exports to 29.2 MMT for corn and 18.7 MMT for wheat, "based on the high December export rate." In January, USDA's official forecasts for 2023-24 Ukrainian exports stood at 21 MMT for corn and 14 MMT for wheat.

'Emergency brake' for Ukraine exports

The EU plans to extend the suspension of import duties for Ukrainian ag exports for one year until June 2025. However, it also proposed an "emergency brake" mechanism for sensitive products, which would allow for tariffs if imports exceed the 2022 and 2023 averages. Countries would have flexibility to implement temporary measures if their markets faced disruptions due to a surge in imports, especially for grains.

Additionally, the commission suggested EU farmers be exempted from maintaining a minimum level of fallow land to continue receiving farm supports. Instead, farmers could cultivate nitrogen-fixing crops between plantings of their main crops, without applying plant protection products.

Soybean crush sets all-time record

U.S. processors crushed 204.3 million bu. of soybeans in December. That was a record for any month and up 4.2 million bu. (2.1%) from November and 16.9 million bu. (9.0%) from December 2022. Through the first four months of 2023-24, the crush pace topped the same period last year by 5.3%. To reach USDA's forecast of 2.3 billion bu., the pace during the final eight months must run 3.3% above year-ago.

Soyoil use for biofuels stays strong

Soyoil used to produce biofuels in the U.S. held at 1.062 billion lbs. in November. That marked the seventh straight month in which soyoil use for biofuels topped 1 billion lbs., something that hadn't happened prior to May 2023.

Corn ethanol use surges in Dec.

Corn-for-ethanol use totaled 481.7 million bu. in December, the highest monthly figure since August 2018. In the first four months of 2023-24, ethanol use topped year-ago by 7.1%. To reach USDA's forecast, the pace must run 2.2% above year-ago over the final eight months. Based on weekly ethanol production data, the pace lagged year-ago by 5.1% in January due to the mid-month arctic temps.



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Cattle Inventory	USDA actual (percent of year-ago)	Trade expected
All cattle and calves	98.1	98.2
Calf crop	97.5	97.6
Cows/heifers that have calved		
Total	98.0	98.0
Beef	97.5	97.5
Milk	99.6	99.6
Heifer inventory		
500 lbs. & up	98.5	98.5
Beef replacement	98.5	99.7
Milk replacement	99.6	99.7
Other	98.0	97.6
Steers 500 lbs./up	98.3	98.2
Bulls 500 lbs./up	99.6	98.2
Calves under 500 lbs.	97.3	98.1

U.S. cattle herd showing no signs of rebuilding

USDA estimated there were 87.157 million head of cattle in the U.S. as of Jan. 1, down 1.684 million head (1.9%) from last year. The beef cow herd dropped 716,000 head (2.0%) to 28.233 million head. The 2023 calf crop was estimated at 33.593 million head, down 847,000 head (2.5%) from the previous year. The total cattle herd was the smallest since 1951 and last year's calf crop was the smallest in 82 years.

Of note, USDA revised the Jan. 1, 2023, cattle population down 433,000, with 411,000 head coming out of the heifer category, specifically replacement heifers. USDA cut beef replacement heifers 233,000 head and dairy replacements 263,000 head, while "other heifers" headed to feedlots was revised up 85,900 head.

The number of beef heifers expected to calve in 2024 dropped 58,000 head (1.9%) and total beef replacement heifers declined 72,000 head (1.5%). That was the smallest number of heifers held back for breeding since 2011. The 2024 calf crop will continue to shrink.

The milk cow herd at 9.357 million head declined 41,000 head (0.4%) and milk replacements dropped 15,000 head (0.4%).

Based on the cow herd size and number of heifers being held back for breeding, the total U.S. cattle herd is likely to decline roughly another 1 million head as of Jan. 1, 2025.

IMF lifts global GDP outlook

The International Monetary Fund (IMF) edged its forecast for global economic growth higher for this year, upgrading the outlook for both the U.S. and China and citing faster-than-expected easing of inflation. IMF said a "soft landing" was in sight, but overall growth and global trade remained lower than historical averages.

IMF forecasts global GDP of 3.1% in 2024, up 0.2 point from its October projection. It expects economic growth to rise to 3.2% in 2025, unchanged from its prior outlook. Global trade was expected to expand 3.3% in 2024 and 3.6% in 2025, well below the historical average of 4.9%. IMF stuck with its October forecast for headline inflation of 5.8% in 2024 but lowered the 2025 forecast to 4.4%. Excluding Argentina, global headline inflation would be lower.

IMF raised its U.S. GDP forecast 0.6 point to 2.1% for 2024 amid upgrades to fiscal support and consumer spending. It sees U.S. economic growth slowing to 1.7% in 2025.

The euro zone got a downgrade, due mostly to Germany, with growth now expected at 0.9% in 2024 and 1.7% in 2025.

China's GDP is expected to grow 4.6% in 2024, an upward revision of 0.4 point from October and 4.1% in 2025. The boost reflected significant fiscal support from Beijing and a less-severe-than-expected slowdown stemming from the property sector.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	March	April-June	July-Sept.
(Monthly & quarterly avg.)						
CORN						
Central Illinois, bushel	6.69	4.23	4.24	4.45	4.60	4.75
Omaha, NE, bushel	7.17	4.60	4.57	4.75	4.90	5.00
Dried Distillers Grain, IA, \$/ton	276.25	192.54	195.00	—	—	—
SOYBEANS						
Central Illinois, bushel	15.19	12.13	11.96	12.50	12.85	13.00
Memphis, TN, bushel	15.83	12.74	12.48	12.75	13.10	13.25
Soymeal, 48% Decatur, ton	476.50	374.50	369.50	400.00	400.00	400.00
WHEAT						
Kansas City, HRW, bushel	9.39	6.58	6.71	6.75	6.95	6.75
Minneapolis, 14% DNS, bushel	10.90	9.49	9.50	9.75	9.85	10.00
St. Louis, SRW, bushel	7.41	6.04	6.14	6.25	6.35	6.25
Portland, Soft White, bushel	8.48	6.60	6.60	6.60	6.75	6.60
Durum, NE MT HAD, 13%, bu.	9.13	8.83	8.81	8.70	8.85	9.00
SORGHUM , Kansas City, cwt.	12.23	8.60	8.62	8.60	8.80	9.00
COTTON , 11/16 SLM, 7 area, c/lb.	84.01	80.96	81.10	82.00	83.00	83.00
RICE , nearby futures, cwt.	17.83	17.44	18.18	17.75	18.00	16.00
BARLEY , MT, G.T., malting, bu.	7.50	6.00	—	6.00	6.00	6.00
OATS , Minneapolis No. 2 heavy, bu.	4.24	4.30	4.37	4.25	4.25	4.25
ALFALFA , NW Iowa, lg. sq. prem., ton	220.00	215.00	230.00	250.00	250.00	250.00
SUNFLOWERS , Fargo, ND, cwt.	20.75	15.00	14.00	14.50	15.00	15.50
HOGS , Nat'l carcass 51%-52% cwt.	70.63	68.25	71.29	78.00	95.00	92.00
FEEDER PIGS , 40 lbs., Nat. avg, head	96.36	48.46	47.85	55.00	40.00	35.00
CHOICE STEERS , feedlots, cwt.	155.25	173.76	175.44	180.00	177.00	172.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	170.09	225.62	232.26	235.00	237.00	245.00
Steers, 500-550 pounds, cwt.	208.86	302.23	293.37	295.00	300.00	295.00
Heifers, 450-500 pounds, cwt.	181.96	249.03	258.88	258.00	260.00	258.00
COWS , utility, Sioux Falls, SD, cwt.	75.05	95.14	94.89	100.00	105.00	105.00
MILK , Class III, CME spot month, cwt.	17.84	15.70	16.23	16.00	16.50	17.50
LAMBS , Slg., San Angelo, TX, cwt.	145.50	238.00	212.50	—	—	—
ENERGY						
Ethanol, IA, gallon	2.07	1.51	1.49	—	—	—
Farm diesel, U.S., gallon	4.05	3.29	3.22	3.12	3.19	3.15

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

What farmers are concerned about

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

We've compiled a list of key issues farmers and ag industry officials are talking/asking about based on our recent conversations at meetings across the country.

COMMODITY OUTLOOK: Corn and soybean producers are consistently hearing bearish outlook presentations, which has them concerned. This could influence acreage decisions for 2024 and makes risk management imperative.

BIG STOCKPILES OF UNSOLD GRAIN: There are big piles of corn and other grains across areas of the Corn Belt. As of Dec. 1, on-farm stocks totaled 7.83 billion bu. of corn, 1.45 billion bu. of soybeans and 395 million bu. of wheat. There will be plenty of sellers on any extended price rallies.

CONCERN ABOUT WHAT HAPPENS TO 2017 TRUMP TAX CUTS: Most of those expire at the end of 2025. Some say they would be impacted if the estate tax exemption were halved from the present level, among other impacts.

GROWING CONCERN ABOUT TRADE POLICY: There are concerns with what former President Donald Trump says he will do relative to across-the-board tariffs to all exporting nations if he returns to the White House. Farmers are displeased with the existing Biden administration trade policy as they say it does not do much to increase market access for ag products.

A bipartisan group of lawmakers established an agricultural trade caucus to advocate for open markets, especially as concerns regarding the future of trade policy grow in both political parties. Some members of the House see an opportunity for congressional action on agricultural trade, particularly in the absence of new free trade agreements from the Biden administration. Farmers for Free Trade is pushing for more open markets for U.S. agricultural products, with 61% of the surveyed rural voters expressing the view that Washington should be doing more to support U.S. farm exports.

ANOTHER TRADE ISSUE OF CONCERN IS CHINA: Farmers fear that whoever wins the White House, both parties will ramp up sanctions/tariffs on China, leading to a new trade war. They are extremely concerned about the future if China "deals" with Taiwan in some type of takeover.

IF TRUMP WINS THE WHITE HOUSE, WHO WILL BE HIS VP?: There is hope it would be someone familiar with ag sector issues so the industry is not forgotten.

SAF: Corn producers are focused on whether corn-based ethanol will be an eligible feedstock for producing

sustainable aviation fuel (SAF). A final decision on this by the Treasury Department is expected in March

INTEREST RATE OUTLOOK: Farmers want to know when rates are coming down and how aggressively, but are planning on lower borrowing costs for 2025 operations.

INCREASED REGULATIONS ARE A GROWING CONCERN: These concerns are both at the federal (EPA) and state level. The Biden administration is taking steps to implement energy and environmental regulations before the Nov. 5 elections. Those include imposing stricter emissions standards on fossil fuel-powered plants and establishing more rigorous national standards regarding "forever chemicals" in drinking water.

Farmers are notably more concerned about this should Democrats keep control of the White House, fearing more restrictions on the use of pesticides and other inputs.

DIGITAL DOLLAR: There is increasing interest in when the Fed will approve a digital dollar and what implications this could have on the ag sector and farming operations.

GROWING U.S. DEBT: There are concerns with how it will be dealt with ahead and how that will impact farming operations and farm programs.

FARMERS ARE PULLING BACK MACHINERY PURCHASES: Farm iron purchases have slowed amid tighter financial conditions after having recently updated needs.

NOV. 5 ELECTIONS: Farmers want to know what implications the elections will have on the ag sector based on who controls the White House, Senate and House.

FARM BILL TIMELINE: There's hope for a bill by year's end, despite most thinking this will be kicked into 2025. The ongoing debate in Congress over federal spending levels is expected to extend the discussion on the new farm bill. Without a resolution, there is a possibility that by October 2024, there may still be no replacement farm bill, similar to the situation in 2023.

NATIONAL FEDERAL MILK MARKETING ORDER: USDA has concluded its National Federal Milk Marketing Order pricing formula hearing, marking the first update to the system regulating minimum milk prices for farmers in nearly two decades. The next step involves putting the proposed changes to a vote among farmers.

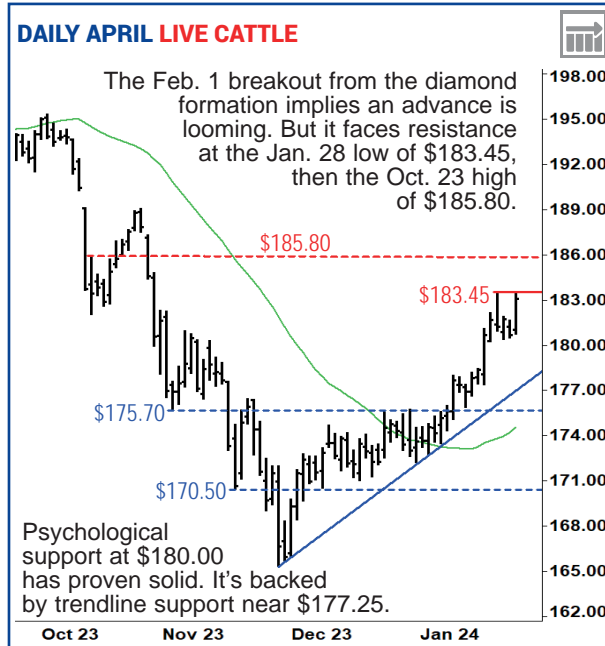
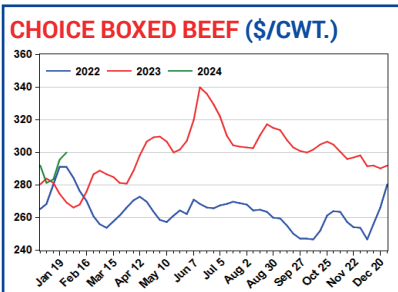
ELECTRONIC ID TAGS ON LIVESTOCK: If EIDs are mandated, key is the cost compared with those for current tags. There are also concerns about data privacy and control.

CATTLE - Fundamental Analysis

The stress exerted by arctic mid-January conditions reduced the supply of Choice-grade beef and helped power last month's surge to fresh all-time highs for the first quarter. At the same time, Select beef values jumped almost \$30.00, greatly narrowing the spread between the cuts to under \$10.00. This is largely a seasonal phenomenon, but it also dispels any idea the market was swamped with lower-quality cattle due to the cold. Supplies are likely to continue dropping seasonally, whereas demand is apparently holding up quite well. We see little reason to doubt continued strength or to rush into adding hedges.

Position Monitor

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

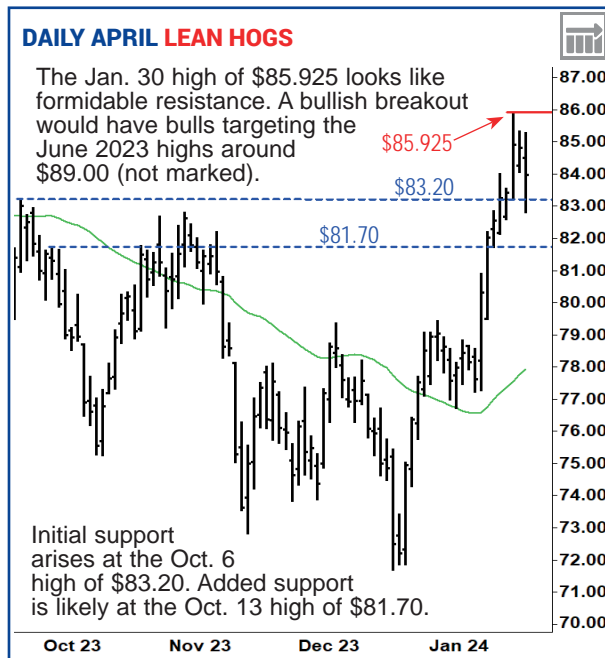
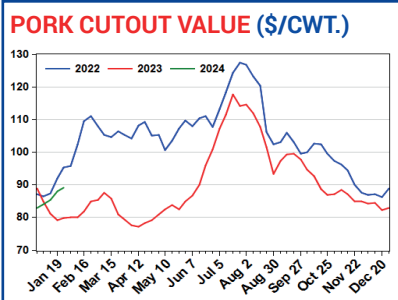


HOGS - Fundamental Analysis

Hog slaughter jumped to 2.689 million head, up 5.6% annually, during the week of Jan. 27. That figure and the large total for the week prior helped the industry get marketings caught up after a month of holiday- and weather-related cutbacks. And yet, pork cutout values tested the \$90.00 level in late January. This seemingly puts the market on a track more similar to early 2022 than last year. Strong demand from consumers and export customers looks likely to continue boosting the complex, although the market's ability to justify the premium built into April futures is questionable.

Position Monitor

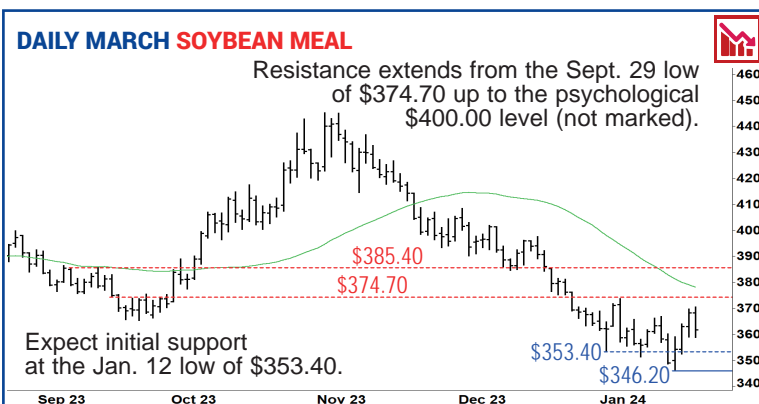
Game Plan:	Lean Hogs
Seasonal lows are in place for both futures and the cash market. Be prepared for potential hedges on spring marketings if the upside is overextended.	I'24 0%
	II'24 0%
	III'24 0%
	IV'24 0%



FEED

Feed Monitor

Corn		Corn Game Plan: On Jan. 30, we advised covering corn-for-feed needs in the cash market through February. Be prepared to more aggressively extend coverage on signs the market has posted a major low.
I'24	66%	
II'24	0%	
III'24	0%	
IV'24	0%	
Meal		Meal Game Plan: On Jan. 30, we advised covering soymeal needs in the cash market through February. Be prepared to further extend coverage on signs of a major low.
I'24	66%	
II'24	0%	
III'24	0%	
IV'24	0%	



Position Monitor

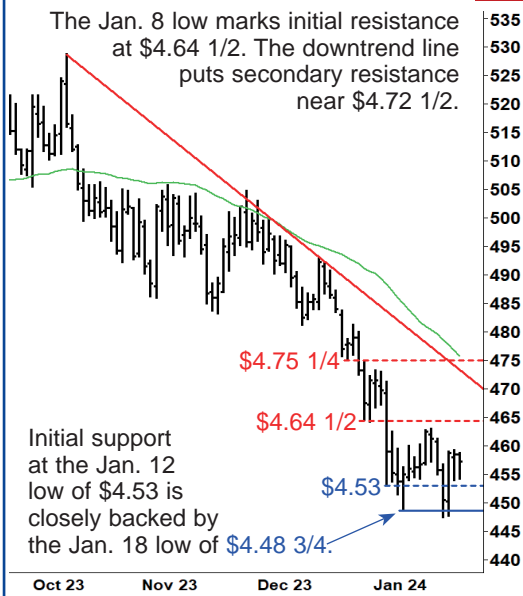
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait on a 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 ending stocks projected well above 2 billion bu., a corrective rally could be relatively short-lived. Be prepared to advance 2023-crop sales and make initial 2024-crop sales on an extended corrective bounce.

DAILY MARCH CORN



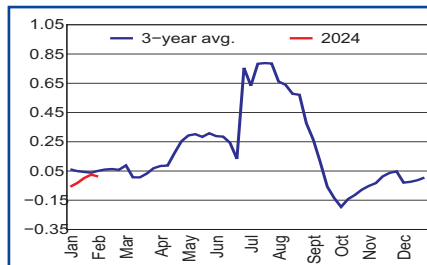
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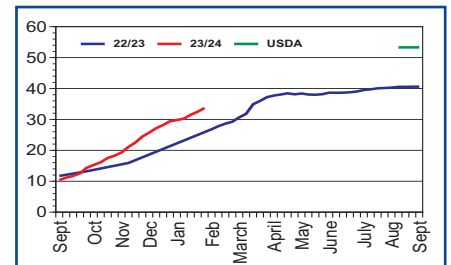
CORN - Fundamental Analysis

Bearish attitudes again weighed on corn prices last week, although bulls quickly reversed the early-week test of recent lows. Fundamentals are looking more supportive, particularly with the weather again proving uncooperative for South American crops. Export sales for the week of Jan. 25 topped the week-prior and four-week average totals by 26% and 58%, respectively, while December corn usage for ethanol production reached its highest level since August 2018. Given the market's history of February strength (see "From the Bullpen" on *Analysis* page 4), as well as looming competition for acreage as insurance prices are set this month, a corrective rebound may be coming.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

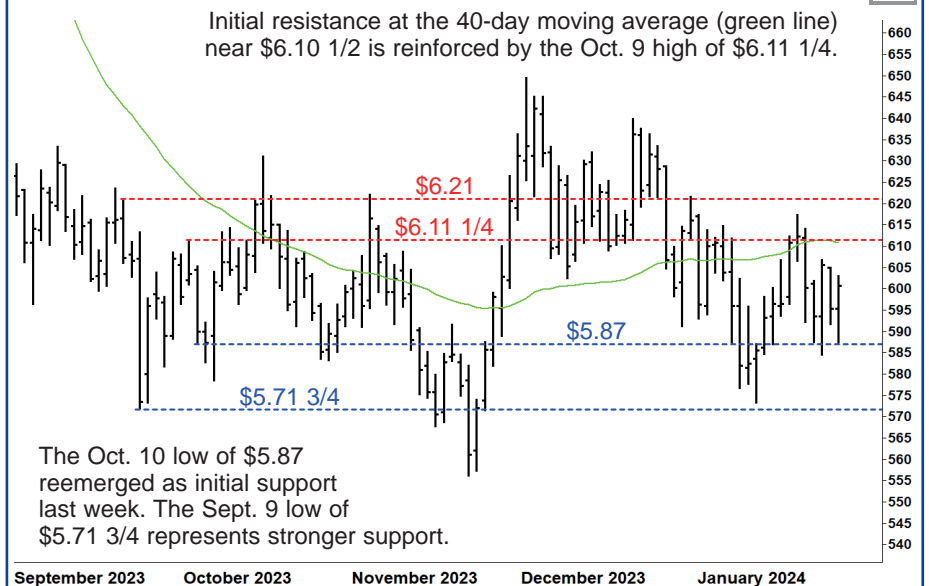


Position Monitor

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

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

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

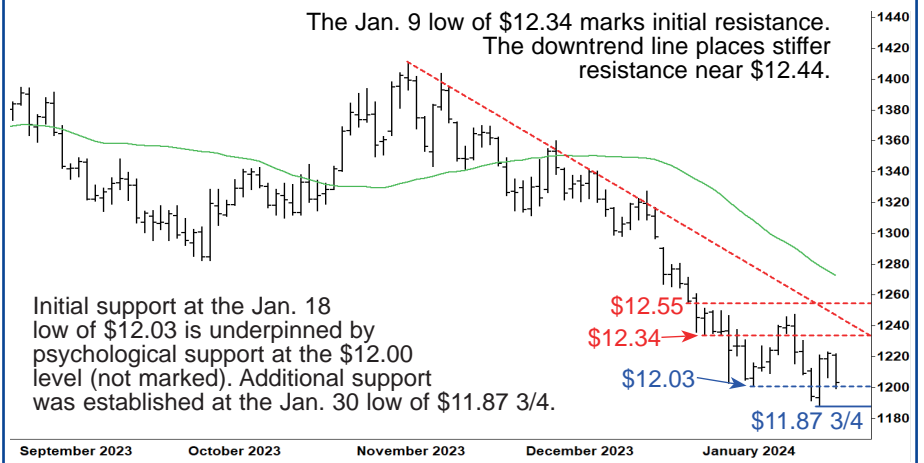
SRW – SRW wheat futures again found solid support last week despite improved state condition ratings for January. Wide basis, with futures almost doubling average premiums over cash for this time of year, may limit the former's upside potential in the short run.

Position Monitor

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

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

DAILY MARCH SOYBEANS



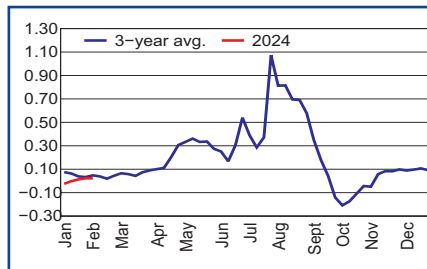
DAILY MAY SOYBEANS



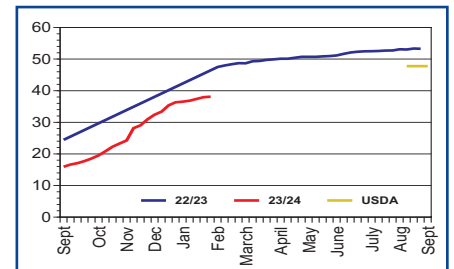
SOYBEANS - Fundamental Analysis

Soybean fundamentals imply underlying support should be growing. The domestic situation looks set to remain tight, while concerns about South American production prospects are elevated. Conversely, weekly export sales posted a marketing-year low during the week ended Jan. 25. The export bookings chart illustrates the severity of the lag seen through the early portion of the 2023-24 marketing year. The bean market seems uninterested in competing for spring acreage, although the current soybean/corn futures price ratio remains above the highs of the 2021 through summer 2023 period. It appears doubtful soybeans will lead a late-winter rally.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



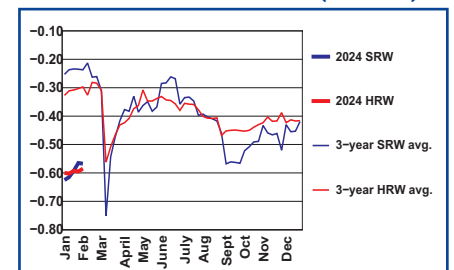
DAILY MARCH HRW WHEAT



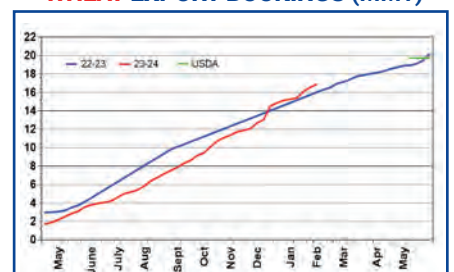
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW – State winter wheat condition reports indicated sustained improvements in HRW ratings despite arctic mid-January weather. Current premiums over corn are near their lowest levels since summer 2021, but are relatively wide when compared to those of the 2015-2020 period. Still, weak basis may curb upside potential.

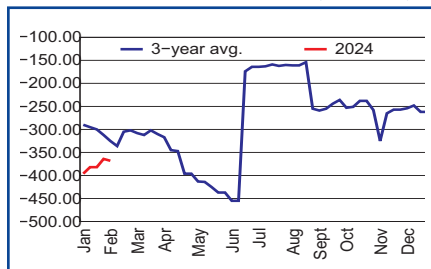
HRS – Cotton isn't in direct competition with HRS wheat, but its ongoing rally has apparently kicked off bidding for spring acreage. Corn futures also seem to have room to move higher. Thus, it wouldn't be surprising to see HRS rally as well. A breakout above the 40-day moving average may be required for sustained strength.

Position Monitor

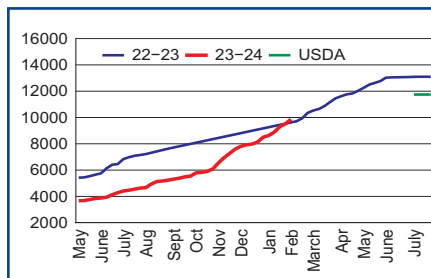
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

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

AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



COTTON - Fundamental Analysis

Futures continue drawing support from equity markets at record highs. Traders expect strong economic growth to translate into robust consumer demand for apparel. The latest export sales and shipment data supported such ideas. We'll reward the rally with sales.

GENERAL OUTLOOK

STOCK MARKET: The major U.S. stock indexes recently hit all-time highs as investors anticipate a "soft landing" for the economy. Some wonder if equities have become overvalued compared to other asset classes as investors can get almost a 4% annual yield return from the 10-year U.S. Treasury note.

The "Fed model" is a popular market-timing tool used to gauge whether stocks are over- or under-valued. That

model suggests stocks will outperform bonds by about 4.5% per year over the coming decade.

The four-year U.S. presidential election cycle dating back nearly 100 years shows the fourth year of a sitting president's term is often favorable for the stock market. The "January effect" (stocks follow the trend in January for the full year) also projects equities higher as all three major stock indexes rose last month.

WEEKLY NEARBY E-MINI S&P 500 FUTURES



FROM THE BULLPEN By Economist Lane Akre

Corn futures ended January on a whimper, marking the worst start to the year since 2015. Funds actively added to their net short position during January.

Historically, February favors bulls, as March corn futures have rallied 14 out of the past 20 years. Monthly gains have averaged 5.8% (about 25¢ at current prices), outpacing losses that averaged about 5.1% (23¢).

The bullish seasonality fits with our study comparing price action between 2010-2014 and 2020-2024. February proved favorable for bulls in 2014, which led to further gains into spring.

Funds have the largest net short position since mid-2020. But crop concerns in South America could ignite a rally, especially if they worsen this month.

Soybean futures posted their worst January performance since 1984, as funds moved from long to short.

February historically proves more fruitful for bulls, as prices have risen 14 times in the last 20 years. Gains over that period have averaged 8% (98¢ at current prices), while losses have averaged 4.2% (52¢).

Soybeans continue to closely track our analog study from 2010-2014. February 2014 was highly bullish, as prices erased the prior five months of losses.

Funds hold their largest net short soybean position since February 2020, so there is fuel for a short-covering rally.

Wheat tends to favor the downside in February. But with funds heavily short, they would follow a corn or soybean rally.

WATCH LIST

- 1 U.S. Ag Trade Data** WED 2/7
9:30 a.m. CT
Ag exports, imports for December.
- 2 USDA Farm Income Forecast** WED 2/7
10:00 a.m. CT
First outlook for 2024 farm income.
- 3 China Consumer/Producer Prices** WED 2/7
7:30 p.m. CT
Will deflation concerns persist?
- 4 USDA Export Sales Report** THUR 2/8
7:30 a.m. CT
Stronger export sales needed.
- 5 USDA S&D Report** THUR 2/8
11:00 a.m. CT
U.S. use, Brazil crops in focus.

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.