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News this week...

Corn and beans need to clear technical hurdles — *May corn futures failed to find sustained buying on multiple moves above the 40-day moving average last week. May soybeans closed above the 40-day average for the first time since December but struggled to find buying above that level. Sustained moves above this key level in corn and soybeans should entice increased fund short-covering. Wheat futures chopped around their recent lows as this market has become the weakest link in the grain and soy complex amid ample global supplies and limited demand for U.S. wheat. Live cattle futures filled the October price gap on the daily chart and then plunged. But that didn't impact cash trade, which firmed. Lean hog futures posted quiet, choppy trade as the cash market continued to strengthen.*

Brazil dryness builds, Argentina wet

South-central and central Brazil will remain mostly hot and dry this week, further stressing the safrinha corn crop. There are improved rainfall chances for dry areas of Brazil March 23-29. Waves of heavy rains this week across eastern Argentina, Uruguay and far southern Brazil will likely produce localized flooding. There is risk of some crop loss and disease pressure.

Changes to China soy demand calcs

USDA has started using global exporters' data to estimate China's soybean imports because a wide gap emerged between shipping figures from exporting countries and Chinese customs data, a USDA official told *Reuters*. USDA this month increased its estimate for China's 2022-23 soybean imports by 3 million metric tons (MMT) from February to reflect exporters' data. USDA this month also increased its estimates for China's soybean crush from 2020-21 to 2022-23, following a year-long review of in-country estimates and supply data.

With such a wide variance between USDA and Conab on Brazil's crop estimates (see *News page 2*), we asked USDA whether changes to that process are also needed. Stay tuned.

China cancels Aussie wheat, too

Chinese importers canceled or postponed about 1 MMT of Australian wheat cargoes. USDA reported reductions of 120,100 metric tons (MT) of wheat sales to China during the week ended March 7, which were known via daily announcements. There were also sales reductions of 169,000 MT to unknown destinations. There will be more U.S. wheat sales cancellations by China for the week ended March 14.

Inflation hotter than expected

Consumer prices rose 3.2% annually in February and producer prices increased 1.2% — both hotter than expected. The Fed will keep interest rates unchanged this week and could stick with a tighter-for-longer approach toward monetary policy. See "General Outlook" on *Analysis page 4* for potential impacts.

Sevens Report warned the inflation data suggested stagflation and reduced expectations for a June interest rate cut by the Fed.

Section 45z could = carbon 'payments'

The Inflation Reduction Act (IRA) enacted some new energy credits, including Section 45z — Clean Fuel Production Credit. This credit is slated to start in 2025 and run through 2027 based on the current law. Farmers who can prove their Carbon Intensity (CI) is lower than the standard for corn or soybeans may qualify for a premium from their ethanol/biofuels plant. You should learn your CI score for your farm (see *News page 4*).

Ethanol production on record pace

Ethanol margins are at historic highs, averaging $1.37 per gallon as of March 12, according to LSEG Agriculture Research. It projects 2023-24 corn-for-ethanol use at nearly 5.465 billion bu., which would be 90 million bu. more than USDA's current forecast. Strong ethanol use and a likely increase in U.S. corn exports (see *News page 2*) suggest USDA's 2023-24 ending stocks forecast will decline, though likely not enough to produce a lengthy price rally barring a major weather event in Brazil or during the U.S. growing season. You should focus on advancing old- and new-crop sales incrementally if prices rally.

More hurdles for ethanol

The Renewable Fuels Association says the Biden administration is expected to unveil this week the final version of a clean car rule that could result in two-thirds of new passenger vehicles sold in 2032 running on electricity. Meanwhile, legislation allowing year-round sales of E15 is facing obstacles in the Senate, according to Senator Deb Fischer (R-Neb.), the bill's author. Despite support from agriculture and oil companies, the measure is stuck in the Senate Environment and Public Works Committee, chaired by Tom Carper (D-Del.).

Odds of new farm bill in '24 declining

Senate Ag Chair Debbie Stabenow (D-Mich.) rejected a GOP proposal to redirect several billion dollars of climate funds into the commodity title of the new farm bill. A key farm bill source told us Stabenow would need to give ranking member Sen. John Boozman (R-Ark.) "what he needs to support a farm bill" for it to pass both chambers this year.

Brazil cuts bean, corn crop forecasts

Conab cut the official Brazilian soybean crop estimate by 2.5 million metric tons (MMT) to 146.9 MMT. That's near the average of the wide range of private crop estimates.

Amid the lower production forecast, Conab cut 2023-24 Brazilian soybean exports by 1.8 MMT to 92.3 MMT, well below last year's record of nearly 102 MMT.

Conab reduced Brazil's corn crop by 943,000 metric tons (MT) from last month to 112.8 MMT, including a 750,000-MT cut to the safrinha crop estimate. Conab cut its safrinha planted area forecast to 8.3% below year-ago. Typically, Conab increases its safrinha corn acreage figure through the growing season. Despite the smaller production estimate, Conab kept 2023-24 corn exports at 32 MMT, which would be down sharply from 54.6 MMT in 2022-23.

USDA much higher on Brazilian crops

USDA forecasts Brazilian production at 155 MMT for soybeans and 124 MMT for corn, well above Conab and private crop forecasters. It's not uncommon for there to be a variance between Conab and USDA — sometimes by a wide margin, like last year and this year.

Markets are focused on the historically wide production differences, but key for prices will be changes to U.S. exports based on any crop adjustments by Conab or USDA.

For soybeans, Conab understated the Brazilian crop in nine of the past 10 years by an average of 2.2 MMT (81 million bu.). Still, USDA raised its U.S. soybean export forecast after March seven times during that span. While current export data suggests that won't likely happen this year, a cut to USDA's Brazilian crop forecast would seemingly mean a higher U.S. export forecast. After all, someone would have to offset the reduced tonnage.

For corn, USDA raised U.S. corn exports seven times over the past 10 years, including four of seven times when Conab's Brazilian corn production estimate increased after March. Odds favor corn exports rising even if Conab raises its estimate, especially if USDA cuts its Brazil crop forecast.

Exchange inches up Argy bean crop

The Rosario Grain Exchange increased its Argentine soybean production forecast by 500,000 MT to 50 MMT after recent beneficial rains. It maintained its estimate of Argentina's corn crop at 57 MMT but warned of fields being impacted by spiroplasma (corn stunt disease).

USDA forecasts Argentina's crop production at 50 MMT for soybeans and 56 MMT for corn.

Canadian wheat acres likely near '23

Canadian farmers intend to plant 27.045 million acres to wheat this year, according to Statistics Canada, up 0.1% from last year. Spring wheat area is expected to decrease 1.2% to 19.2 million acres, while winter wheat seedings declined 3.6% to 1.5 million acres and durum wheat area is anticipated to rise 5.1% to 6.3 million acres.

Canadian farmers intend to seed 21.394 million acres to canola, down 3.1% from last year but roughly in line with the five-year average.

Mike Jubinville with MarketsFarm said, "Declining prices since the survey from mid-December to mid-January may have shifted some grower seeding intentions. I suspect a few more acres may be going to lentils and peas. Lingering dryness in the Canadian Prairies may also have an impact."

Record global grain, bean crops in '24

The International Grains Council's (IGC) initial forecast for 2024-25 projects global grain production rising to a record 2.332 billion MT, up 28 MMT from last year. The increase was fueled by an expected 11-MMT jump in global wheat production to 799 MMT and a 6 MMT rise in the global corn crop to 1.233 billion MT. IGC expects 2024-25 global soybean production to surge 23 MMT to a record 413 MMT.

Despite bigger production, global wheat ending stocks are expected to decline 3 MMT to 262 MMT in 2024-25. Global ending stocks are projected to increase 11 MMT to 297 MMT for corn and 10 MMT to 75 MMT for soybeans.

Ukraine's crop output could fall 8%

Ukraine's 2024 combined grain and oilseeds production is likely to shrink to 76.1 MMT from 82.6 MMT last year, Ukrainian grain traders union UGA said. That would include 26.3 MMT of corn, 20 MMT of wheat and 13.7 MMT of sunflower seeds. UGA said Ukraine's exportable grain and oilseed surplus for 2024-25 could decrease to 43.7 MMT from 53.2 MMT in the current marketing year, including 20.5 MMT of corn, 13 MMT of wheat, 4 MMT of soybeans and 3.6 MMT of rapeseed.

Russia flooding global wheat market

Russian export prices for 12.5% protein fell below $200.00 per MT last week for the first time since August 2020 — the lowest price for early March since 2017. Russia's domestic prices are tumbling, allowing exporters to offer lower rates.

USDA forecasts Russia will export a record 51 MMT (1.874 billion bu.) of wheat in 2023-24. USDA cut its U.S. wheat export forecast to 710 million bu., the lowest since 1971-72.

French wheat stocks rise to 19-year high

France cut its 2023-24 wheat export forecast to 16.34 MMT, including 10.15 MMT outside the bloc. French wheat stocks for 2023-24 are now projected at 3.74 MMT — a 19-year high.

Pork exports start 2024 strong, beef slows

The U.S. exported 587.8 million lbs. of pork during January. While that was down 56.1 million lbs. (8.7%) from December, which was the highest monthly tally since May 2021, pork shipments increased 32.0 million lbs. (5.8%) from January 2023. USDA raised its 2024 pork export forecast and now expects a 4.8% increase to 7.130 billion pounds.

Beef exports totaled 232.6 million lbs. during January, down 19.8 million lbs. (7.8%) from December and 10.0 million lbs. (4.1%) less than last year. USDA forecasts beef exports will fall 9.1% from last year to 2.785 billion pounds.

USDA finalizes meat, egg labeling rule

USDA finalized rules regarding the use of "Product of USA" and "Made in USA" labels for meat, poultry and egg products. This rule clarifies conditions for making voluntary origin claims and adjusts the use of flags to designate origin. The phrase proposed by USDA for the voluntary label remains as animals being "born, raised, processed, and slaughtered" in the United States. If it's a multi-ingredient product, all ingredients except spices and flavorings must be of domestic origin. The requirements will take effect on Jan. 1, 2026.

Foreign trade associations and countries, including Canada and Mexico, raised concerns about the rule's impact on market integration and compliance with trade obligations. However, USDA argues the rule is voluntary and doesn't establish mandatory country of origin labeling requirements, and therefore is WTO compliant.

The rule also addresses other claims regarding U.S. origin, such as products sliced or packaged in the U.S. or in a given state. It does not cover animal feed requirements.

The rule will apply to cell-cultured meat under FSIS jurisdiction, with certain conditions.

Despite the finalized rule, questions remain about the adequacy of the survey used by USDA and concerns raised by foreign countries regarding trade obligations. Legal and other challenges may arise as the rule takes effect.

USDA's meat processing, seed initiatives

USDA Secretary Tom Vilsack announced another $9.5 million in grants for 42 projects for small meat and poultry processing facilities. Vilsack also unveiled a new initiative to force companies to comply with the Federal Seed Act. In a new "Website Monitoring Program," experts will evaluate web listings for seeds for accuracy and transparency. It's part of a broader effort to promote competition in the market for seeds, where a handful of companies dominate. Vilsack also said USDA is working with the U.S. Patent and Trademark Office to make sure seed patents aren't just "given out easily" and ensure that information is available for researchers and small seed companies to compete.

Biden's FY 2025 budget proposals

President Joe Biden proposed a $7.3 trillion budget for fiscal year (FY) 2025. Highlights:

- $300 billion higher than the current budget.
- Raises taxes by a net $4.9 trillion over a decade — more than 7% above what would be collected without any policy changes.
- Increases the corporate tax rate to 28% (from 21%) and introduces a 25% minimum tax for the wealthiest households.
- Capital gains for those earning at least $1 million would be taxed at a base rate of 39.6%, up from 20%.
- Imposes a capital gains tax on transfers, either during life or at death. There would be a $5 million exemption ($10 million for couples with portability). Also, farmers could elect to defer the tax until it is no longer farmed in the family, etc. but interest would be due, payable over 15 years.
- Section 2032A would be bumped up to $14 million and indexed to inflation. Tax expert Paul Neiffer says this would allow farmers to value their land at its rental value instead of current fair market value. Current law allows for about a maximum $1.3 million deduction.
- All farm income over $500,000 would be subject to either the net investment income tax or self employment tax. This tax would be phased-in between $400,000 and $500,000 and the rate would increase from the current 3.8% to 5%.
- USDA requested $29.2 billion, a $2 billion (8%) increase, that includes $6 billion in climate related funding and $7.7 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Also proposed were $1 billion in loan guarantees to install renewable energy equipment on farms and small businesses; $6.5 billion for rural electric loans for clean energy, energy storage and transmission projects; and $6 billion for climate resilience and other conservation practices. Of note: The White House supports permanent authorization of the $5 per acre cover crop incentive offered through the federal crop insurance program.

BOTTOM LINE: A good portion of Biden's proposals, especially on tax-increase revenues, will not be approved. But it shows Biden's priorities ahead if he is re-elected. The USDA requests show a continued push for nutrition funding and a concerted effort toward equity (income redistribution) rather than focusing on production agriculture.

Budget proposal addresses new farm bill issues

The administration says it wants to work on issues surrounding new and beginning farmers, shoring up ag research, enhancing investments in climate-smart agriculture and supporting competition by increasing transparency and support for independent meat processors, among other priorities. It also says the administration "supports improvements to crop insurance, proactively managing risk from natural hazards."

Intense interest in carbon intensity

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

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Carbon intensity (CI) is being discussed in corporate boardrooms, on Capitol Hill and among corn and soybean farmers, notes Lauren Lurkins, a strategist from Bloomington, Illinois. This will bring mega changes to the ag sector as sustainable aviation fuel (SAF) and other carbon offsetting and insetting develops.

Ag now part of the carbon solution, not a target

Government officials are no longer primarily thinking about regulating agriculture into being part of this issue. Instead, they're seeing ag as a potential solution. And, the focus is no longer on taking land out of production, or stopping raising livestock, but figuring out a way to improve the environment while focusing on production agriculture.

Waiting on new GREET model update, tax details

The Treasury Department will release tax credit details for SAF — within "weeks, not months," according to USDA Secretary Tom Vilsack. An updated Greenhouse Gases, Regulated Emissions and Energy Use in Technologies (GREET) model will come from USDA, EPA and the departments of Transportation and Energy.

Feedstock Carbon Intensity Calculator (FDCIC) is what you get at the field level in GREET. It encompasses factors such as crop inputs, grain yield, energy usage, fertilizer usage, location, farm practices and land practices, including indirect land use.

Know your GREET score

Spreadsheets and other helpful tools will be available to determine how or if your operation qualifies, and to what degree. Start here https://greet.anl.gov/.

Ag & airlines focus on SAF

Reason: big tax incentives. The credits incentivize the production of SAF that achieves a lifecycle greenhouse gas emissions (GHG) reduction of at least 50% versus petroleum-based jet fuel. Producers of SAF are eligible for a tax credit of $1.25 to $1.75 per gallon. SAF that decreases GHG emissions by 50% is eligible for the $1.25 credit per gallon amount. SAF that decreases GHG emissions by more than 50% is eligible for an additional $0.01 per gallon for each percentage point the reduction exceeds that level, up to $0.50 per gallon.

U.S. airlines consumed 16.7 billion gallons of fuel in 2022, but SAF is currently less than 1% of the jet fuel market. EPA is committed to meeting the administration's goal of 3 billion gallons of SAF production annually by 2030. This potential growth is what has the ag sector so excited for the future, via both federal and state programs, along with new and expanded soy crushing plants.

One impact: Soybeans will be crushed more for oil rather than meal — a mega change providing more meal for feed but also increasing the need to export more.

GREET alone won't secure corn ethanol's future in SAF

Ethanol producers need to shave off more CI points, says Lurkins. Today, GREET says corn ethanol has 43% less emissions of GHG than petroleum-based jet fuel. That must increase to 50% to unlock SAF tax credits.

How? Land use change… environmental impacts when moving to corn production. *What about corn produced with climate-smart practices?* Also: Refining processes, carbon capture and sequestration (CCS), and/or some combination.

Topped out RFS another reason corn focus on SAF

The corn ethanol mandate in the Renewable Fuel Standard (RFS) is based on gasoline consumed. With the annual increase in electric vehicles (EV) and high fuel efficiency, gasoline consumption is being reduced. Proposed EV regulations at the federal and state levels imply destruction of corn and ethanol demand.

How much?: 1 billion bu. of demand destruction by 2033. The University of Nebraska's *Cornhusker Economics* writes: "While the primary unintended consequences of more EV production and sales may be a dramatic decline in the value of farmland in the Midwest, such a decline in the price of corn would have profound implications for the financial viability of Midwestern farming operations and the nation's food supply."

Farmer advice from Lurkins

- Some companies have a business model to help farmers collect data and run GREET and FDCIC to generate CI scores. None are perfect. Some may be overestimating carbon reduction and amount of money to be paid.
- Start implementing climate-smart practices.
- Collect your own data.
- Download FDCIC to run scenarios to generate your own CI score.
- Be open to CCS technology and pipelines when they are done properly.

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Farm Journal CEO, Prescott Shibles

CATTLE - Fundamental Analysis

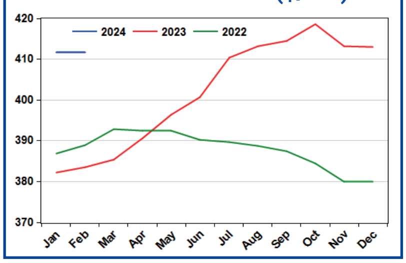
The latest data shows grocers maintained beef prices slightly below their late 2023 highs in January and February. Having them remain well above comparable year-ago levels doesn't seem to have greatly deterred consumer demand. Select grade beef prices also pushed above $300.00 last week, which given the increasing percentage of low-grading, calf-fed animals now entering the slaughter mix, implies vigorous consumer demand. We see little reason to think the ongoing seasonal rally in fed cattle values will end soon, particularly with the cyclical herd reduction likely limiting feedlot numbers through 2024.

Position Monitor

Game Plan:	Feds	Feeders
I'24	0%	0%
II'24	0%	0%
III'24	0%	0%
IV'24	0%	0%

Downside risk for futures is limited given strengthening cash fundamentals. Hedges would only be advised if premiums get too wide.

MONTHLY RETAIL BEEF (¢/LB.)



DAILY APRIL LIVE CATTLE

HOGS - Fundamental Analysis

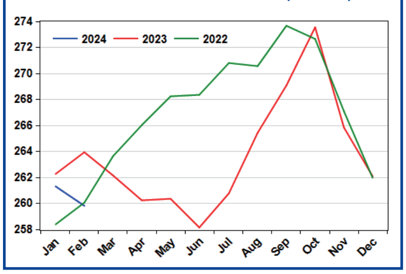
The early-2024 drop in most retail pork cuts has played a major role in spurring the ongoing rally in hog and wholesale pork values, with the strong consumer response to lower meat-case prices powering robust demand. We think relatively cheap bacon prices have been especially important in this regard. Strong consumer demand (see "From the Bullpen" on *Analysis page 4*) will continue supporting prices despite the hog and pork complex's sometime history of early-spring weakness. The 2% annual dip in early-March slaughter also raised questions about potential supplies.

Position Monitor

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

Maintain risk in the cash market. Traders have narrowed premiums in April lean hog futures, making short-term hedges risky as long as the cash market keeps rising.

MONTHLY RETAIL PORK (¢/LB.)



DAILY APRIL LEAN HOGS

FEED

Feed Monitor

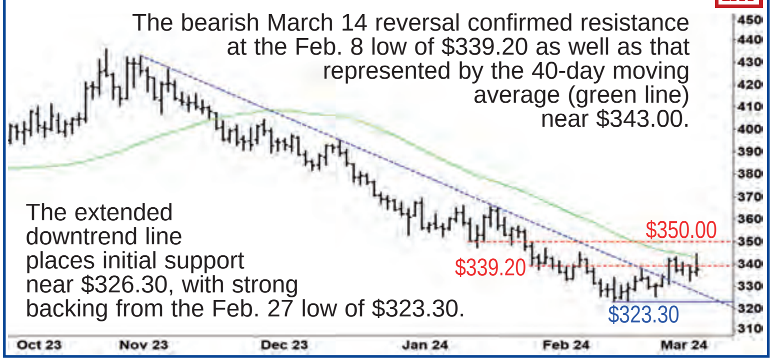
Corn	
I'24	100%
II'24	33%
III'24	0%
IV'24	0%

Meal	
I'24	100%
II'24	33%
III'24	0%
IV'24	0%

Corn Game Plan: On March 13, we advised extending cash corn-for-feed coverage another month through April. We don't want to get more aggressive in extending coverage until the market signals a major low.

Meal Game Plan: On March 13, we advised extending cash soymeal coverage another month through April. Wait on signs of a major market low before extending coverage.

DAILY MAY SOYBEAN MEAL

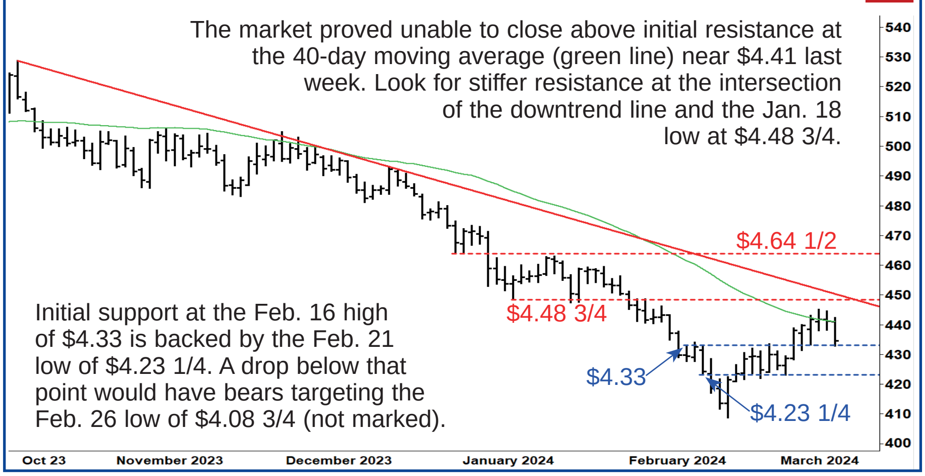


Position Monitor

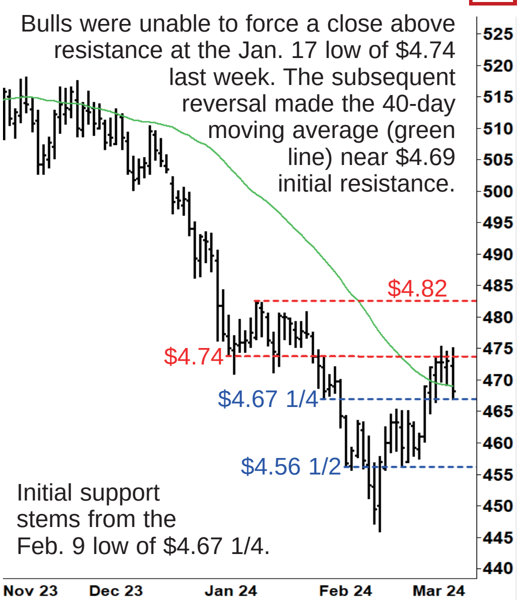
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: There are signs the market has put in a low. With funds heavily short, there is potential for an extended upside push. But given current fundamentals and heavy on-farm inventories, extended price rallies will be limited unless there are serious issues with Brazil's safrinha corn crop. We are targeting a price rebound to $4.50 or higher in May futures to extend 2023-crop sales and make initial 2024-crop sales.

DAILY MAY CORN



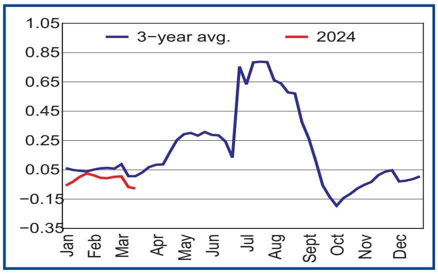
DAILY DECEMBER CORN



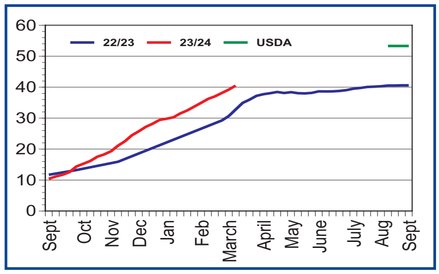
CORN - Fundamental Analysis

Recent developments have seemingly favored corn market bulls. Brazil's Conab trimmed its corn crop estimate again this month. Recent weather hasn't cooperated very well either. Conversely, Conab kept Brazil's export forecast unchanged at 32 million metric tons (MMT), but that's 41% below the record 2022-23 total (see <u>News</u> *page 2*). Weekly U.S. export sales again topped 1.0 MMT, with daily sales to Mexico and "unknown" also announced last week. Recent ethanol news has been supportive as well. Don't be surprised if funds more aggressively reduce their huge net short holdings prior to the March 28 release of USDA's Grain Stocks and Prospective Plantings Reports.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

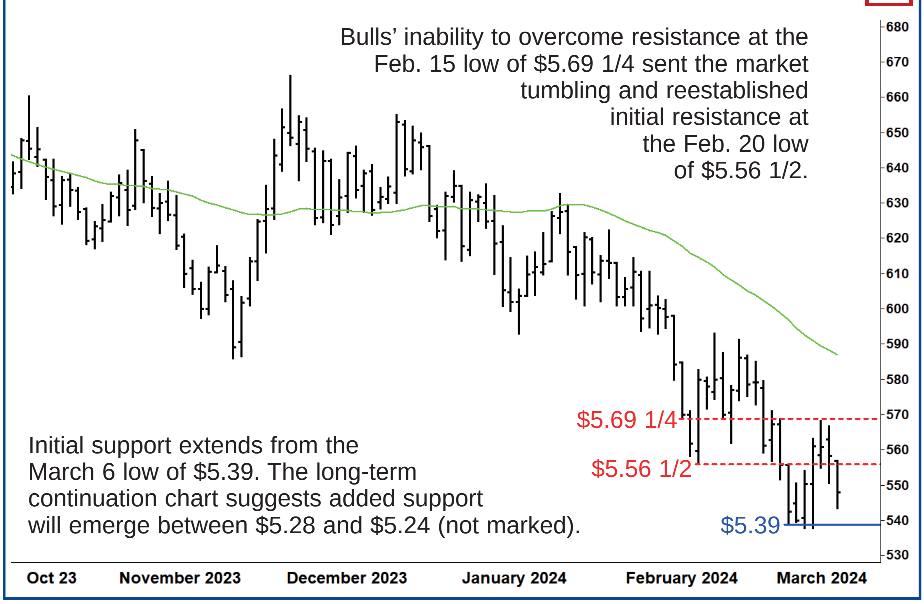
	'23 crop	'24 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: The market needs a bullish catalyst for an extended price rebound. We are targeting a rally to $5.60 or higher in May futures from the recent lows to extend old-crop sales and advance 2024-crop marketings.

WHEAT - Fundamental Analysis

SRW — Aggressive Russian wheat price cuts and exports have undercut global quotes, which helps explain last week's wheat futures reversal. Given Russia's huge supply, dominant export position and need for funds to sustain the Ukraine war, wheat seems likely to continue struggling.

DAILY JULY SRW WHEAT

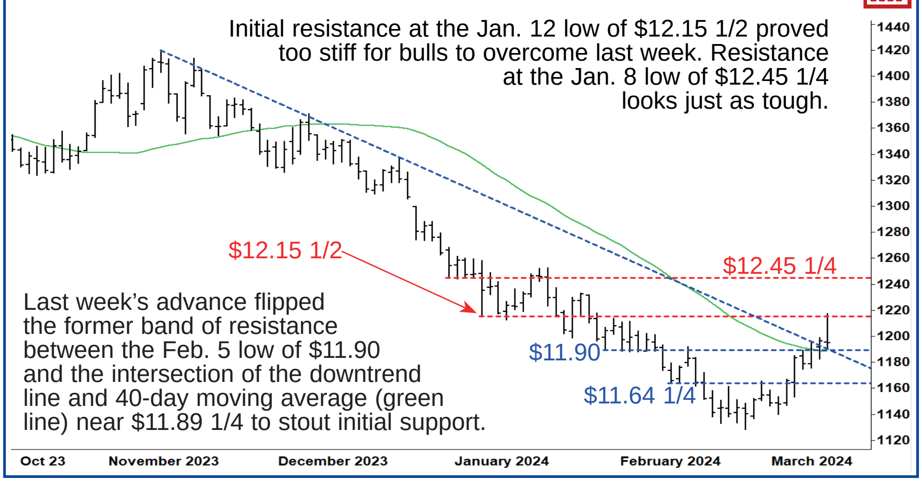


Position Monitor

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

Game Plan: While the market has been beaten down, the path of least resistance remains down and funds could continue to add to their net short position. Be prepared to sell a corrective price recovery. A sustained price rally seems unlikely. We are targeting a rebound to the $12.10 level or higher in May futures to increase 2023-crop sales. Timing of new-crop sales will be based off old-crop.

DAILY MAY SOYBEANS

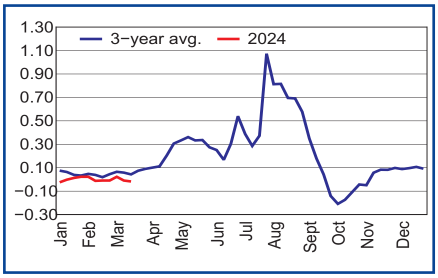


DAILY NOVEMBER SOYBEANS

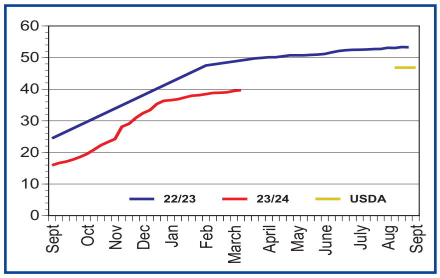
SOYBEANS - Fundamental Analysis

Although the domestic situation could tighten through summer, the export outlook remains problematic. The export bookings chart illustrates how badly cumulative exports and outstanding sales are lagging. A downward revision to USDA's 2023-24 export forecast seems likely. And while USDA boosted its estimate of Chinese imports due to a change in methodology, a record global crop is expected in 2024-25 (see <u>*News*</u> *page* 2). May futures rallied almost 90¢ from the recent low, but a bullish followthrough is open to question. Still, funds seem likely to increase their short-covering ahead of the March 28 USDA reports.

AVERAGE SOYBEAN BASIS (MAY)

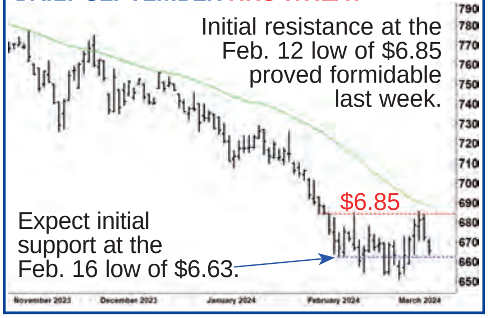


SOYBEAN EXPORT BOOKINGS (MMT)

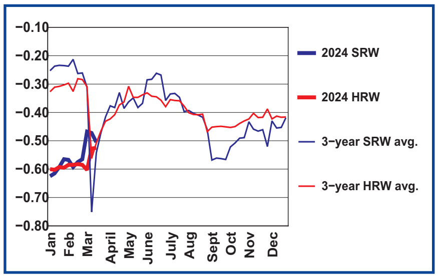


DAILY JULY HRW WHEAT

DAILY SEPTEMBER HRS WHEAT



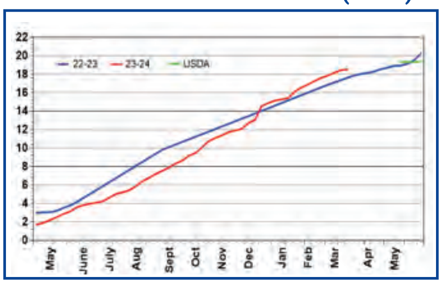
AVERAGE WHEAT BASIS (MAY)



HRW — Having Russia flood the global market may have played a role in USDA's cut to its U.S. wheat export forecast to 710 million bu., a 52-year low. France also cut its export forecast and boosted projected carryout to a 19-year high. Thus, it's hardly surprising bulls are struggling to gain any traction to the upside.

HRS — Last week's Canadian projection of just a 1.2% cut in spring wheat acres probably didn't help the bullish cause, since last year's Canadian HRS yield fell 10.7% from 2022. A normal crop year could produce a much larger crop. While corn futures may provide support, traders are unlikely to turn bullish ahead of the plantings report.

WHEAT EXPORT BOOKINGS (MMT)

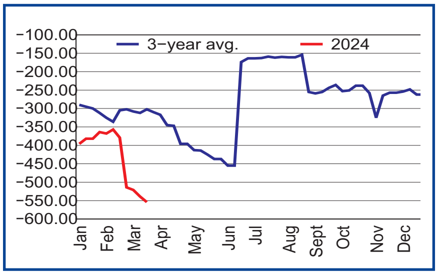


Position Monitor

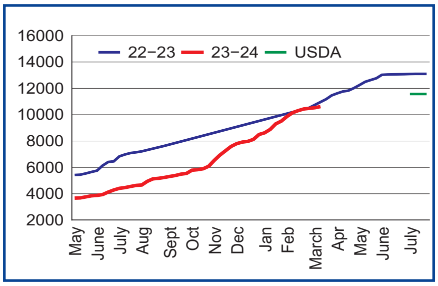
	'23 crop	'24 crop
Cash-only:	90%	25%
Hedgers (cash sales):	90%	25%
Futures/Options	0%	0%

Game Plan: Old-crop inventories are down to gambling stocks. Our target for additional new-crop sales is 87.00¢ or higher in December futures.

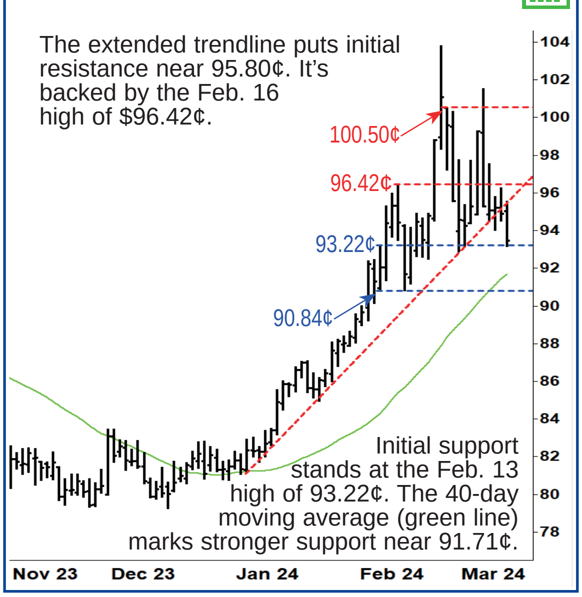
AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MAY COTTON



COTTON - Fundamental Analysis

Upside momentum in futures stalled despite USDA's cut to U.S. ending stocks, which are projected to be the tightest since 2013-14. Improved crop prospects for Australia present another challenge to demand for U.S. cotton on the global market.

GENERAL OUTLOOK

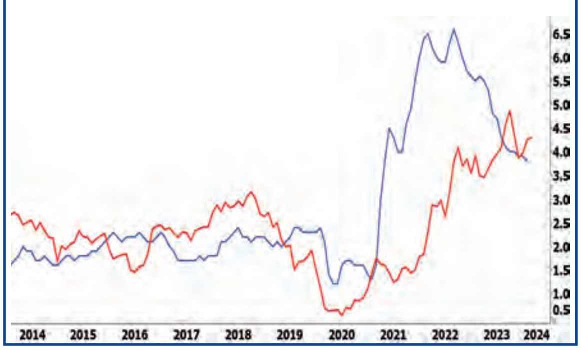
INFLATION: Inflation continues running hotter than expected, as indicated by core consumer prices topping expectations for the second straight month in February. The underlying force keeping inflation high is concerning.

Shelter costs surged 5.7% over the past year, accounting for roughly two-thirds of the total 12-month increase in consumer prices. Shelter costs show few signs of slowing as interest rates remain high and 10-year treasury yields still trending higher. That implies higher mortgage rates and rents.

The bond market is pricing in reduced expectations for Fed monetary easing as well as persistently elevated interest rates.

Higher rates also support the U.S. dollar, which could reverse recent losses and create more headwinds for U.S. exports, including ag commodities.

MONTHLY CORE CPI/10-YR T-NOTE YIELD (%)



FROM THE BULLPEN By Economic Consultant Dan Vaught

Robust demand seems supportive of the mid-2024 outlook for cattle and hogs.

Wholesale values for both Choice- and Select-grade beef recently topped $300.00 for the first time ever in the first quarter. As is to be expected, the high prices are curtailing export demand. But domestic usage is proving impressive.

Grocers are holding the line on retail beef prices after reducing them from their October 2023 highs. For example, "all beef" prices averaged 1.6% below the October high last month, although they remained 7.3% over year-ago. Steaks were priced 2.8% below their October peak. This, along with elevated restaurant prices, has kept consumers coming back for more and bodes well for grilling season demand and the cattle outlook.

Although wholesale pork prices have also moved well above depressed early-2023 levels, export demand remains vigorous. Moreover, grocers are still actively featuring pork. "All pork" averaged 0.6% and 1.6% below comparable month- and year-ago levels during February. Bulls were likely disappointed to see retail ham prices had risen 2.4% above February 2023, but likely still harbor suspicions grocers will actively feature them for Easter dinner entrées.

The summer demand outlook also looks promising since February retail prices for chops, bacon and "other pork," which includes ribs, pork steaks and sausages, slipped below both month- and year-ago levels.

WATCH LIST

1	**FOMC Meeting Concludes** Interest rates will be unchanged.	**WED 3/20** 1:00 p.m. CT
2	**Fed Economic Projections** Updated Fed economic forecasts.	**WED 3/20** 1:00 p.m. CT
3	**USDA Export Sales Report** Corn sales remain quietly strong.	**THUR 3/21** 7:30 a.m. CT
4	**NWS Extended Forecast** Forecast for April-June.	**THUR 3/21** 7:30 a.m. CT
5	**USDA Cattle on Feed Report** Placements figure should drop.	**FRI 3/22** 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.