



News this week...

- 2 – USDA answers our questions on Brazilian crop forecasts.
- 3 – FAPRI expects more price pressure in 2024.
- 4 – Survey says: Notable switch from corn to soybean acres.

Choppy grain markets – May soybean futures firmed to their highest level since the beginning of February but failed to find sustained buying and retreated. Corn and wheat also posted choppy trade last week, though the price action wasn't as volatile as soybeans. For the week, the grain and soybean markets posted little net movement. Funds may cover some short positions ahead of USDA's Prospective Planting and Quarterly Grain Stocks Reports on March 28. But it's likely going to take a bullish surprise in that data to fuel an extended price recovery. Live cattle futures continued to trade sideways, despite the cash cattle market firming enough to likely challenge the all-time high from last summer. Nearby hog futures retreated while the cash index continued to firm, as traders narrowed the premium.

Thanks for planting survey responses

Results of our spring plantings survey are on [News page 4](#). Over the past 10 years, our spring acreage survey on average has been 372,500 acres too low for corn and 403,500 acres too high for soybeans. Our combined corn and soybean acres have been really close. USDA will release planting intentions March 28.

ENSO transition will begin soon

The Australian Bureau of Meteorology says atmospheric indicators are consistent with a decaying El Niño and climate conditions will become neutral. Four of seven models indicate neutral ENSO conditions by the end of April, with all signaling a full transition in May. It notes La Niña is possible during summer. The U.S. Climate Prediction Center said there are 62% odds of La Niña developing in the June-August period.

Upper Midwest to remain area of concern for drought

The extended forecast from the National Weather Service calls for elevated chances of above-normal temperatures for April-June across much of the country, including most of the major corn and soybean production areas. The 90-day outlook calls for above-normal precip over the southeastern quadrant of the country, along with most of Nebraska and Kansas and all but northeastern South Dakota. The northern and far northwestern Corn Belt is expected to see "equal chances" for precip.

The Seasonal Drought Outlook calls for drought to persist across much of Iowa, though some improvement is likely in southwestern areas of the state. Drought is also expected to persist across most of Minnesota and Wisconsin.

Details awaited on GREET SAF model

USDA Secretary Tom Vilsack told House Ag Appropriators he's confident "farmers are going to play an integral role in the development of sustainable aviation fuel (SAF)." However, the ag and biofuel sectors are still awaiting details on which feedstocks will qualify for SAF credits. A biofuels industry source told us, "To be competitive long term, we need farmers to pull on the plow just as hard as we are with investments and innovation of their own. Without each other, both groups lose."

Fed still sees three rate cuts in 2024

The Fed kept interest rates at a range of 5.25% to 5.50%. The so-called "dot plot" economic projections continued to indicate three rate cuts are likely this year, though fewer committee members anticipate more than three cuts. The 2% inflation target isn't expected to be reached until 2026.

Other key central bank moves

- Japan raised rates for the first time in 17 years, ending an eight-year string of negative levels. A major shift.
- Switzerland became the first major economy to cut rates.
- China kept rates unchanged but signaled cutting bank reserve requirements would allow it to inject liquidity.

The U.S. dollar index reacted swiftly to the central bank news (see "General Outlook" on [Analysis page 4](#)).

Farm bill timing, funding update

- Timing of the House farm bill is between post-Easter and around Memorial Day.
- House GOP lawmakers have mined "creative approaches" in finding an additional \$40 billion to \$50 billion in funding beyond the \$1.51 trillion 10-year baseline. One source said, "There will be no robbing of one title to help another."
- What more farm bill funding may provide: (1) Higher reference prices but not the same percentage for all commodities; (2) Improved crop insurance for greater buy-up levels, among other ideas; (3) A significant boost for the Market Access Program (MAP) and Foreign Market Development Program (FMD), but back-loaded due to current Regional Agricultural Promotion Program (RAPP) funding (see item below); and (4) More bio-security funding.
- Timing of the Senate's version of the farm bill is dependent on Ag Chair Debbie Stabenow (D-Mich.). She reiterated that funds earmarked for USDA conservation programs won't be added to the farm bill baseline for other purposes.

Huge demand for RAPP

USDA has received applications for over \$900 million in RAPP aid – more than three times initial allocations for the first round of the five-year export promotion plan.

A closer look at Brazil crop estimates

From 2012-13 to 2020-21, the variance between USDA's estimate of Brazilian soybean production and that of Conab (USDA's equivalent in Brazil) averaged 567,000 metric tons (MT), with USDA higher in all but one of those years. But it's important to note that Conab made upward revisions totaling 14.4 million metric tons (MMT) for crop years 2013-2019 in 2020, which greatly snugged up the spread between the two.

Since 2019-20, including 2023-24, the average difference has ballooned to more than 6.8 MMT, including this year's 8.1 MMT spread, with USDA significantly above Conab in each of those years. The crop estimates for corn have widened in recent years, too, with USDA 11.2 MMT higher for 2023-24.

Part of the big variance can be attributed to acreage, with USDA forecasting higher plantings. Determining acreage in Brazil has historically been a challenge. Given the rapid expansion of production areas, the challenge has become even greater. While some speculate Conab has a better handle on planted area, the opposite could be true, with Conab unable to keep up with the rapid advancements. Either way, acreage doesn't account for nearly all of the difference.

We spoke with Mark Jekanowski, Chair of USDA's World Agriculture Outlook Board (WAOB), and Joanna Hitchner, who oversees soybean supply and demand estimates for WAOB, regarding the recent spread. They assured us the process of estimating crop size in Brazil has not fundamentally changed. USDA uses a mix of satellite imagery, weather, soil moisture maps, the ag attaché in Brazil and other publicly available data for its crop forecasts.

One of the things that stuck out to us was USDA's adjustments to the previous year's production. Conab tends to make small adjustments (if any) after its final crop estimate. USDA told us it uses a "balance sheet approach," reconciling production against usage data (exports, crush, etc.). Because of that process, USDA raised the 2022-23 soybean crop 6 MMT, with other notable increases, especially in recent years.

USDA uses the previous year's crop as a "starting point" in formulating its current year production forecasts. That seems to be the key. With the higher starting point, forecasts for the current growing season have widened. USDA noted the percentage change for the forecasts from year-ago is similar to Conab. It appears by not actively reconciling its past crop estimates to usage, Conab is falling further behind on keeping up with actual production. If that's the case, the spread between USDA and Conab is likely to remain wide — and could keep widening.

NOTE: Conab didn't respond to our comment requests.



Follow us on X (formerly Twitter):

[@ProFarmer](#) [@ChipFlory](#) [@DavisMichaelson](#)
[@BGrete](#) [@iwatchcorn](#) [@HillariMason](#)

Cordonnier raises Argy crop forecasts

South American crop consultant Dr. Michael Cordonnier raised his Argentine soybean and corn crop estimates 1 MMT each to 51 MMT and 55 MMT, respectively. For soybeans, Cordonnier noted recent rains and improved crop conditions for his increase. For corn, he cited favorable early yields.

Cordonnier left his Brazilian crop forecasts at 145 MMT for soybeans and 112 MMT for corn, while maintaining a neutral-to-lower bias toward both. He noted around one-third of the safrinha corn crop in south-central areas is in moderate need of rain. Moisture levels will become urgently low in these areas if rains don't develop by month-end.

Exchange: 'Very damaging' Argy rains

Another wave of heavy rains over key grain regions of Argentina last week could be "very damaging" to the country's soybean and corn crops, a weather forecaster with the Rosario Grain Exchange said. The rains mostly impacted southern and eastern Entre Ríos, southern Santa Fe and northern Buenos Aires. The forecaster noted, "The heavy rains along with high humidity can cause soybean pods to open and the beans to be lost or to sprout inside the pod."

Record February NOPA soy crush

Members of the National Oilseed Processors Association (NOPA) crushed 186.2 million bu. of soybeans during February — by far the most ever for the month, exceeding the previous high of 166.3 million bu. in February 2020. The crush pace increased 0.2% from January and 12.6% above year-ago.

NOPA data implies the full February crush of about 195.5 million bu., maintaining a pace to top USDA's forecast of 2.300 billion bushels. However, once Argentina begins actively crushing new-crop supplies, export demand for U.S. meal is likely to diminish, which could slow domestic crush.

Soyoil stocks totaled 1.690 billion lbs. at the end of February, up 183 million lbs. from January amid the much larger-than-expected crush. Renewable diesel continues to use more soyoil than expected, while exports have recently picked up.

Rule pushes EV transition with flexibility

EPA finalized regulations requiring automakers to increase electric vehicle (EV) sales while reducing carbon emissions from gasoline-powered vehicles. Notably, the rule offers flexibility for automakers, delaying stricter EV requirements until after 2030. The new rules apply to light-duty vehicles — cars, sport-utility vehicles and most pickup trucks — for model years 2027 through 2032. For model-year 2032, however, EPA will still require carbon emissions from new vehicles be cut nearly in half from those that go on sale in 2026.

The new rule also allows manufacturers to include hybrid EVs and plug-in hybrids for meeting requirements.

U.S. loses China soy, corn market share

China's soybean imports from Brazil totaled 6.96 MMT during the first two months of this year, a 211% surge from year-ago. Combined January and February soybean arrivals from the U.S. fell to 4.96 MMT, down 48.9% from last year.

China imported 4.1 MMT of corn from Brazil during January and February, two-thirds of its total imports and a 178% jump from last year. Corn imports from the U.S. of 766,989 MT fell 67% from the first two months of last year.

China wants more domestic beans crushed

China may ask its soybean crushers to prioritize local supplies as it seeks to reduce the reliance on imports. Beijing is discussing plans for some crushers to process specific amounts of domestic beans this year, though the plan reportedly isn't finalized yet. China has increased its domestic soybean production in recent years but still imports more than 80% of its consumption needs.

Steady China soy imports in 2024-25

USDA's attaché in China projects the country will import 103 MMT of soybeans in 2024-25, unchanged from its forecast for the current marketing year, though 2 MMT less than the official forecast for 2023-24 in the March WASDE Report. The attaché noted, "Increased soybean meal inclusion rates due to competitive prices, stable demand in the poultry sector and growing demand in aquaculture is expected to offset weaker demand in the swine sector due to forecast declining production in 2023-24 and 2024-25."

Attaché notes 'significant' challenges with China's data

In January, China made "significant downward revisions" to its official soybean import data, reducing imports 1.3 MMT for 2021-22 and 3 MMT for 2022-23. The attaché noted, "The unexplained adjustments to import volumes raise questions as to the accuracy and reliability of official data, further challenging demand assessment" already complicated by tightly held data on purchases for state reserves. As we noted in last week's newsletter, this prompted USDA to switch its methodology for calculating China's soybean usage.

China paves way for domestic GM crops

China approved 27 GM corn seed varieties and three GM soybean varieties owned by Dabeinong and China National Seed Group, a unit of Syngenta Group. Beijing's push for domestic food security and less reliance on imports will be driven by commercialization of GM crops.

China is expected to pass new GM labeling rules for food products, shifting to "quantitative labeling." That would require manufacturers to disclose if a product contains GM material exceeding 3% of its mass. Current rules require labeling if the product contains or was processed from GM crops.

FAPRI's ag baseline projections

Baseline projections for 2024 from the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri suggest downward pressure on prices could continue throughout 2024 and beyond. Based on forecasts from S&P Global, the projections anticipate economic growth and inflation will slow in 2024 and interest rates will begin to decline. The baseline reflects current policies, meaning it incorporates programs that had been enacted prior to January 2024, but does not reflect any subsequent policy changes. Highlights:

- Grain and oilseed prices have declined in the 2023-24 marketing year from the record or near-record levels of the previous year. Prices could decline again in 2024-25 if growing conditions result in trendline yields.

- Corn production is projected to be record-large, despite less-than-ideal growing conditions. Corn prices are expected to fall to \$4.39 in 2024-25 — and even lower in later years.

- Changes in relative prices will cause an acreage shift from corn to soybeans in 2024, resulting in record U.S. soybean production. Soybean prices are projected to fall to \$10.73 in 2024-25.

- Wheat prices are projected to fall to \$6.13 in 2024-25.

- Rising production of renewable diesel increases demand for soybean oil and other fats and oils. This supports soyoil and soybean prices, but the resulting increase in crush will put downward pressure on soymeal prices.

- Lower crop prices are partially offset by expected price cuts for fertilizer and some other farm inputs in 2024-25. Still, projected net returns to producers for major crops are seen well below recent peak levels.

- Projected hog prices will be about the same in 2024 as in 2023, while additional small declines are expected for poultry and milk prices. Lower corn and soymeal prices mean lower feed costs.

- Cattle prices are expected to increase further in 2024. Drought and other factors have reduced the cow herd and it will take time before beef production can increase again.

- Lower projected prices will cause spending on the price loss coverage (PLC) and agriculture risk coverage (ARC) programs to rebound in future years, and crop insurance net outlays would average more than \$12 billion per year.

- Net farm income fell by \$30 billion in 2023 from the record level of 2022, and another large decline is projected for 2024. However, at \$118 billion, 2024 real net farm income remains above the annual levels of 2015-2020. Projected real net farm income is projected to keep declining in 2025 and subsequent years.

- Consumer food price inflation could slow further in 2024. The consumer price index for food increases by a projected 2.1% this year, with the food-away-from-home (restaurant) category accounting for most of the increase.

Notable shift from corn to soybeans in 2024

By Chief Economist Bill Nelson, Economist Lane Akre and Editor Brian Grete

Results of the annual *Pro Farmer/Doane* planting intentions survey signaled there will be a notable shift from corn to soybean acres this year, due mostly to crop rotations, but the overall mix of those crops will be little changed. We project total corn and soybean plantings at 178.5 million acres, which would be down 900,000 acres (0.5%) from last year. Total acres planted to the big four crops (corn, soybeans, wheat and cotton) are expected to decline 1.946 million acres (0.8%) from last year.

Corn acres expected to decline 3%

Our analysis of survey responses signals producers intend to plant 91.75 million acres to corn this year, down nearly 2.9 million acres (3.1%) from last year. Of those farmers who plan to shift acres, 56% indicated they would plant less corn.

States east of the Mississippi River are expected to see the sharpest drop in corn acres, with plantings falling 4% to 5%. Corn plantings west of the Mississippi are likely to fall 1% to 2%, except for the Dakotas, where corn plantings are projected to rise. Our survey showed corn plantings will increase 6.7% in North Dakota and 2.3% in South Dakota. Corn plantings in the Corn Belt are seen as falling 2.6% overall.

The Northern Plains is the only region expected to gain corn acres from last year. That's not surprising as flooding delayed planting throughout the Red River Basin in 2023.

With corn plantings expected to fall the most in the Corn Belt and less productive acres being seeded to corn, it points to a potential drag on yields regardless of weather.

Soybean acres expected to rise nearly 4%

Producers indicate they intend to plant 86.75 million acres to soybeans in 2024, up 3.15 million acres (3.8%) from last year. Of those farmers who plan to shift acres, 59% of respondents will increase soybean plantings.

Soybean plantings are expected to broadly increase in the Corn Belt, aside Missouri and Minnesota, which indicated lower bean acres from last year. The largest increase will be east of the Mississippi, with an 8% to 9% rise, where corn saw the greatest decrease. West of the Mississippi, soybean acres are seen rising around 2%. Soybean plantings across the Corn Belt are expected up 4% to 5% overall. Iowa, Illinois, Indiana, Ohio each signaled an increase in a range of 5% to 7% from last year.

Soybean acres are expected to drop in cotton states, where producers are taking advantage of higher prices.

Soybean plantings in the Northern Plains are projected to rise around 1%, as more acres come back into production.

Other spring wheat and durum acres to decline 1.6%

Our survey showed producers in the Northern Plains will favor durum over other spring wheat. That's similar to results from the Canadian government's acreage survey, so it's not surprising. Overall, spring wheat seedings are expected to drop 201,000 acres (1.6%) from last year to 12.675 million acres. That includes 10.9 million acres of other spring wheat and 1.775 million acres of durum, which would be down 300,000 acres (2.7%) and up 99,000 acres (5.9%), respectively.

Using USDA's winter wheat acreage estimate of 34.425 million acres, that would put total wheat plantings at 47.1 million acres, down 2.475 million (5.0%) from last year.

Slight increase in cotton plantings

Our analysis of survey responses signals producers intend to plant 10.5 million acres to cotton this year, up 270,000 acres (2.6%) from 2023. That runs counter to the National Cotton Council (NCC) survey, which indicated cotton acres would decline 3.7% to 9.8 million acres. However, the NCC survey was collected from mid-December to mid-January after which prices rallied significantly.

Several producers that did not grow cotton in 2023 intend to do so this year. Nearly every survey from cotton areas signaled an increase in acres. Importantly, acres are expected to increase in top producer Texas.

Sorghum acres expected to increase

Our survey projected sorghum plantings at 7.6 million acres, which would be up 405,000 acres (5.6%) from last year. Sorghum plantings are expected to rise across most of the Plains from Texas to South Dakota.

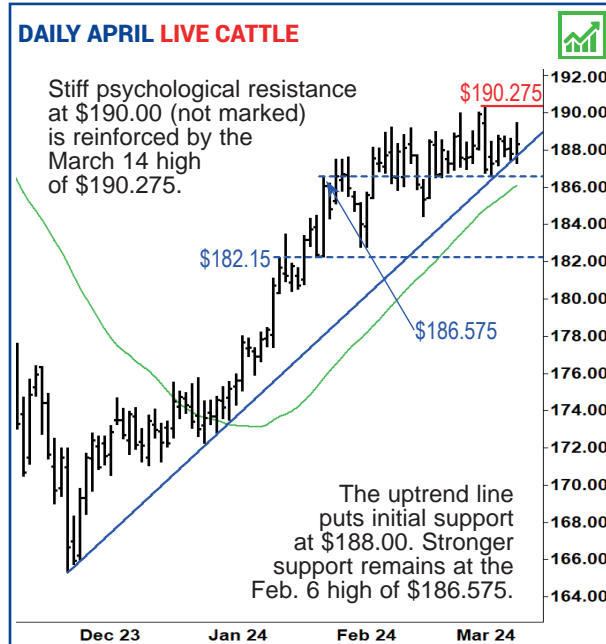
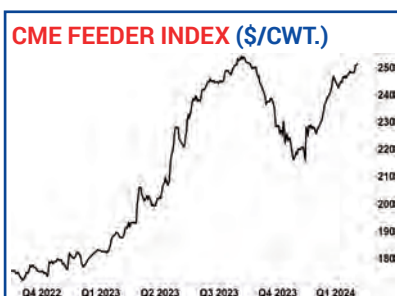
A limited look at 'other' crop acres

We didn't receive many survey responses for acres outside of the "big four" plus sorghum. But the limited responses we received indicated farmers favoring canola plantings over sunflowers in the Northern Plains. Barley seedings are expected to decline from last year, while the rally in rice will apparently entice producers to plant more acres this year.

CATTLE - Fundamental Analysis

After virtually matching year-ago levels in early February, steer weights surged 20 lbs. above the comparable 2023 reading by early March. This reflected packing industry cutbacks more than producer resistance to selling cattle. But it greatly increased the chances of an early-spring peak in fed cattle prices. Meanwhile, the supply of yearlings available to feedlots continues dwindling cyclically. When combined with the feeder market's tendency to rally through spring and summer, this suggests feeders could hit fresh highs. However, a fed cattle reversal and/or a sustained corn advance could limit gains.

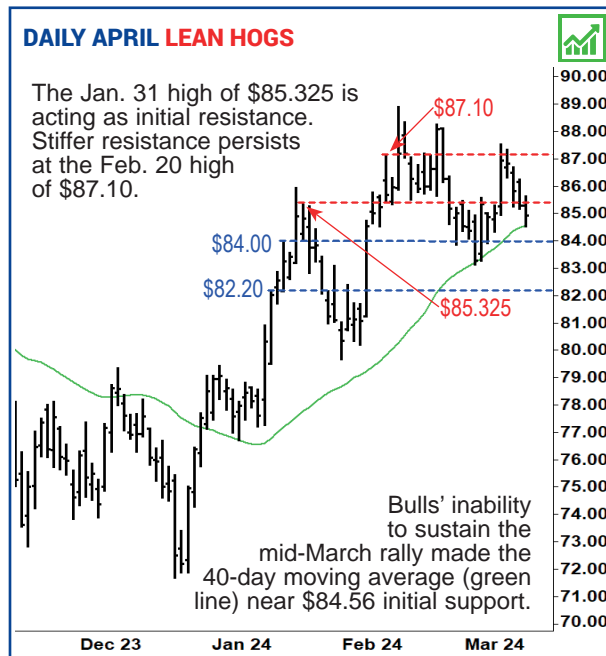
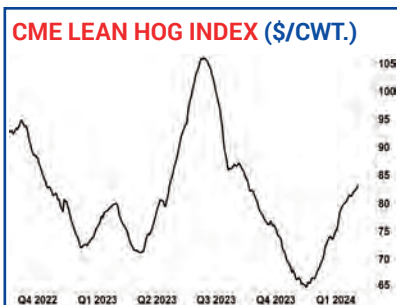
Position Monitor		
Game Plan:	Feds	Feeders
We anticipate a short-term top in the cash market. Be prepared to add token hedges for spring if key support levels are violated.	I'24 0%	0%
	II'24 0%	0%
	III'24 0%	0%
	IV'24 0%	0%



HOGS - Fundamental Analysis

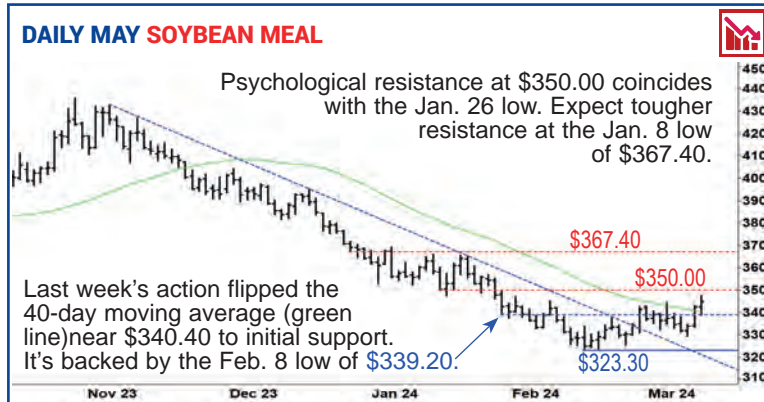
Spring and summer prospects for the hog industry seem promising, especially with the grilling season getting an early start and hog slaughter recently dipping below year-ago levels. It wouldn't be terribly surprising to see the market suffer a late-March dip as grocers shift their buying away from hams for Easter dinner features and only slowly step up their purchases of other cuts for the grilling season. But we see little sign of wholesale weakness, while the cash hog index keeps working higher. Reduced pork belly stocks promise to add additional upward impetus to spring prices.

Position Monitor		
Game Plan:	Lean Hogs	
While a short-term dip is possible, the cash market should strengthen into summer. Hedges will only be necessary if futures get too far in front of the cash market.	I'24 0%	0%
	II'24 0%	0%
	III'24 0%	0%
	IV'24 0%	0%



FEED

Feed Monitor		
Corn		Corn Game Plan: You should have all corn-for-feed needs covered in the cash market through April. We don't want to get more aggressive in extending coverage until the market signals a major low.
I'24	100%	
II'24	33%	
III'24	0%	
IV'24	0%	
Meal		Meal Game Plan: You should have all soybean meal needs covered in the cash market through April. Wait on signs of a major market low before extending coverage.
I'24	100%	
II'24	33%	
III'24	0%	
IV'24	0%	

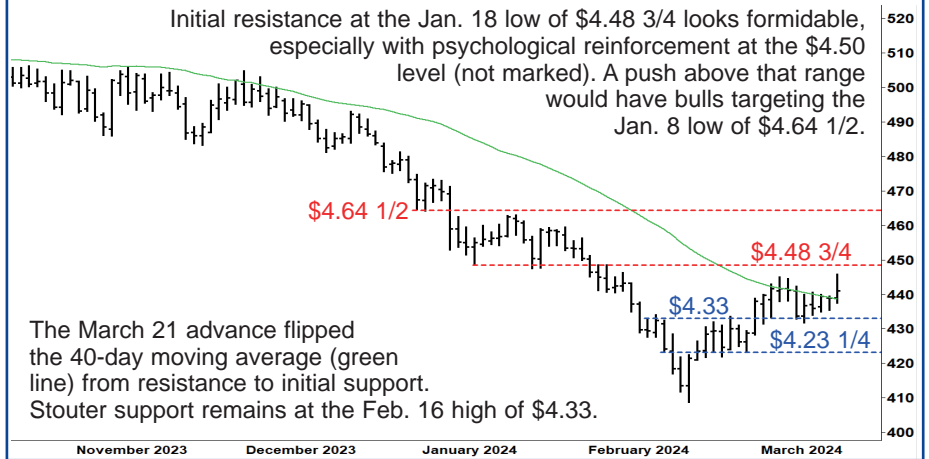


Position Monitor

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

Game Plan: 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



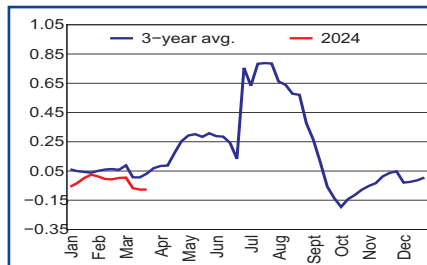
DAILY DECEMBER CORN



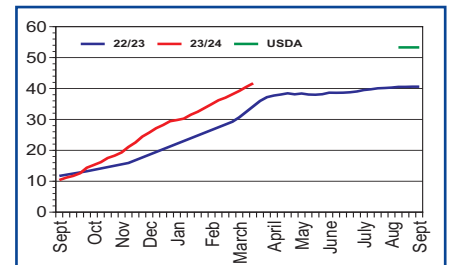
CORN - Fundamental Analysis

There was little fresh corn market news last week, although the articles released last week had a negative tone. One item detailed Brazil's dominance of the Chinese corn market during February (see *News* page 3). That news was followed by beneficial rains over its safrinha corn region. And yet, May futures reached a six-week high on March 21. This suggests the market is correcting from its big fund-driven winter decline, with potential short-covering in the days ahead possibly renewing the March advance. Conversely, we will likely have lots of company in looking to boost sales; that might easily limit the market's upside potential.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)

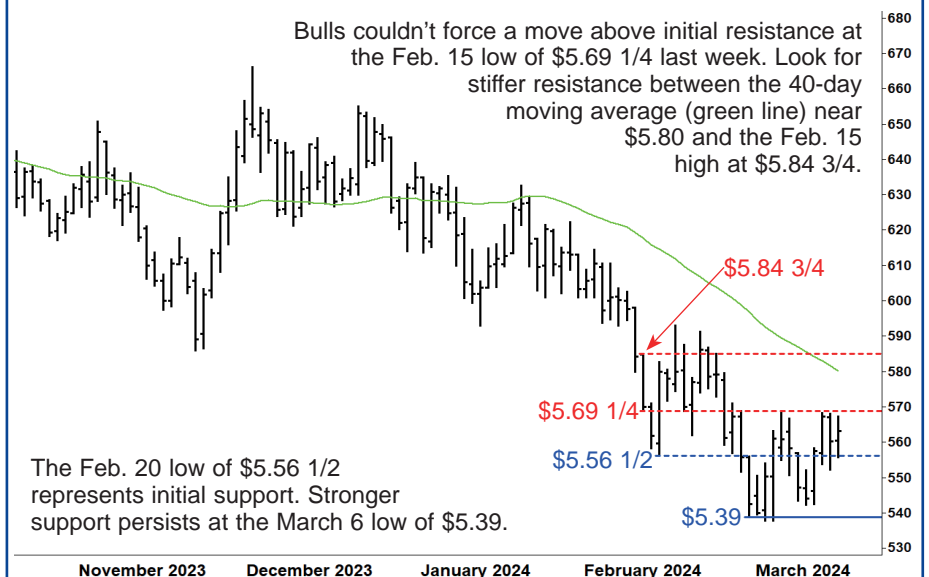


Position Monitor

	'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 to extend old-crop sales and advance 2024-crop marketings.

DAILY JULY SRW WHEAT



WHEAT - Fundamental Analysis

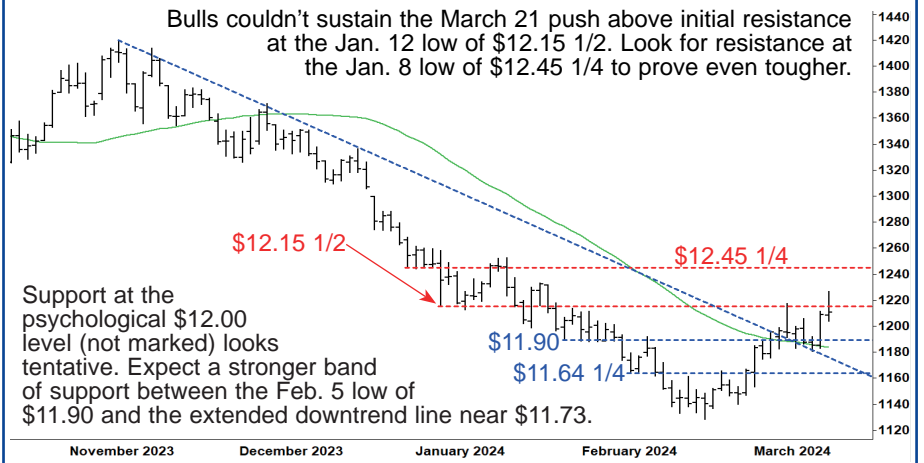
SRW – Wheat futures rose last week despite low Russian prices and accelerated sales from the world's top exporter, as well as fresh U.S. dollar gains. We credit strength spilling over from corn and soybeans, along with boosted fund short-covering ahead of the March 28 USDA reports.

Position Monitor

	'23 crop	'24 crop
Cash-only:	60%	10%
Hedgers (cash sales):	65%	10%
Futures/Options	0%	0%

Game Plan: On March 20, we advised selling another 10% of 2023-crop in the cash market to reward the strong price rally. With funds heavily short, additional near-term corrective buying is possible. But you must take advantage of price rallies. Be prepared to increase old- and new-crop sales on a further corrective price recovery as farmer selling is likely to be active, which could cap the upside.

DAILY MAY SOYBEANS



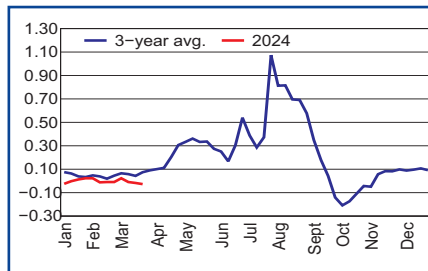
DAILY NOVEMBER SOYBEANS



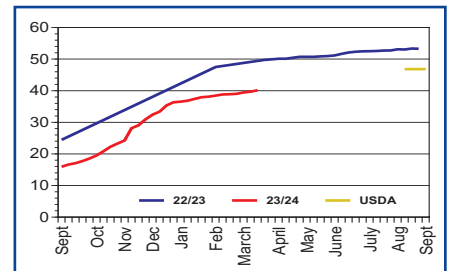
SOYBEANS - Fundamental Analysis

The bearish atmosphere didn't greatly discourage the soybean market last week. Brazil's crop is expected to fall well short of last year's record, but it's also said to be over 60% harvested. That suggests increased South American competition in the near future. The domestic situation remains tight, with the record February crush (see *News page 2*) reemphasizing active usage. In fact, one could argue the depressed prices seen this winter have accelerated bean demand. From a purely pragmatic standpoint, last week's push above trendline resistance implies potential followthrough gains. Our acreage estimate below USDA's February projection (see *News page 4*) may also spur buying.

AVERAGE SOYBEAN BASIS (MAY)



SOYBEAN EXPORT BOOKINGS (MMT)



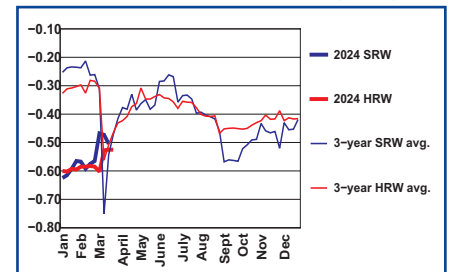
DAILY JULY HRW WHEAT



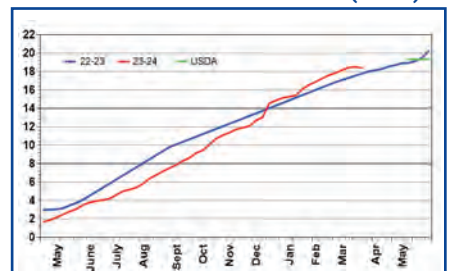
DAILY SEPTEMBER HRS WHEAT



AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW – With the industry already having a handle on winter wheat acres, HRW traders are looking forward to the March 28 USDA Grain Stocks Report. Given that wheat has recently been priced as feed rather than food, the winter drop in stockpiles will give a read on demand. HRW prices seem likely to follow if corn and soybeans lead a rally.

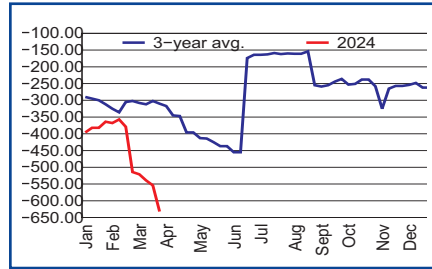
HRS – Our spring wheat plantings estimate virtually matched USDA's February projection, but having our HRS acres fall 2.7% below year-ago may prove supportive. Of course, spring acreage will once again depend upon Northern Plains weather and potential flooding in the Red River Valley. Weekend snows may play a role in that regard.

Position Monitor

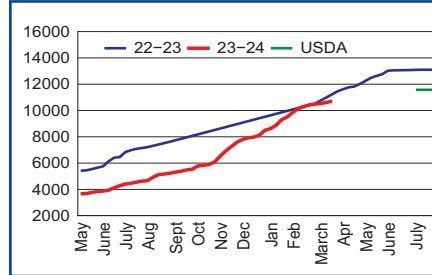
	'23 crop	'24 crop
Cash-only:	90%	25%
Hedgers (cash sales):	90%	25%
Futures/Options	0%	0%

Game Plan: The market has topped and there's more near-term downside risk. Old-crop inventories should be down to gambling stocks.

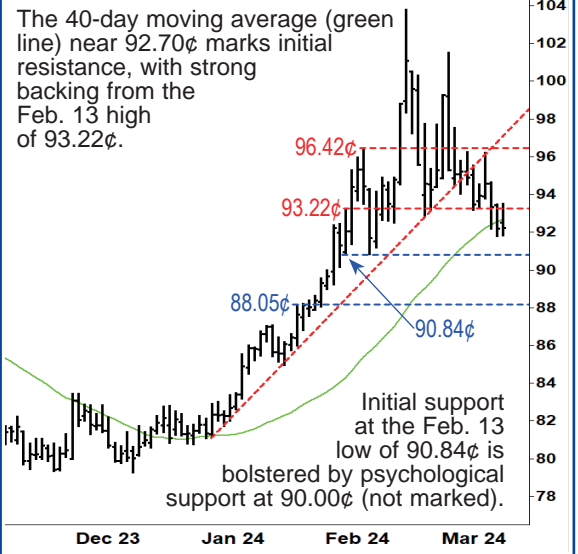
AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MAY COTTON



COTTON - Fundamental Analysis

Cotton market history suggests recent bullish fund holdings around 35% of open interest are overly committed. Having weekly export sales again fall short of 100,000 bales also suggests the market is overpriced. USDA's acreage result could presage spring price direction.

GENERAL OUTLOOK

CURRENCIES: U.S. dollar index bulls had been on a roll since prices posted a near-term bottom in early March. That changed after the Federal Reserve leaned toward easier monetary policy despite the recent uptick in inflation data. The dollar index reversed course, sold off and posted its first daily loss after scoring four straight daily advances.

The index is now in a near-term state of flux. Near-term price action in the

wake of the FOMC meeting will be critical in determining the next price trend.

The more dovish tilt from the Fed last week suggests the dollar may continue to weaken. The prospect of reduced rates likely bodes well for the equity markets. It could also be a positive development for U.S. agricultural exports, making them cheaper to purchase by international customers. Thus, it could prove supportive for ag prices.

WEEKLY U.S. DOLLAR INDEX



FROM THE BULLPEN By Economic Consultant Dan Vaught

The grain and soybean markets are well below year-ago levels. One consolation for farmers is the across-the-board annual drop in fertilizer and fuel costs. However, fertilizer prices are likely to rise seasonally through much of spring, with general tightness of nitrogen and potassium supplies potentially amplifying those gains.

Farmers actively applied NH₃ last fall, with the run reportedly the third largest since 2000. That essentially drained the supply system. The short winter also limited the industry's ability to rebuild inventories, so expect anhydrous prices to remain elevated.

Expect surging UAN prices as well, with reduced stocks being poorly supplemented by slow domestic output and

imports. Demand is apparently being exaggerated by buying from wheat farmers. The urea situation looks somewhat better from a farmer standpoint, but imports also seem likely to be reduced by the unsettled global situation.

Domestic phosphate stocks are extremely tight, with U.S. production and imports also falling short of needs. Imports may be accelerating, but it will take time for the increased supplies to get to the Corn Belt. Prices might dip by late spring.

Meanwhile, the potash situation is stable, with supplies meeting needs.

Diesel prices are likely to be seasonally weak, but the refining industry's focus on gasoline limits production.

WATCH LIST

- 1 USDA Export Sales Report** **THUR 3/28**
More Chinese wheat cancellations. 7:30 a.m. CT
- 2 USDA Prospective Plantings** **THUR 3/28**
Farmer intentions as of March 1. 11:00 a.m. CT
- 3 USDA Grain Stocks Report** **THUR 3/28**
Gauge of Dec.-Feb. usage. 11:00 a.m. CT
- 4 USDA Hogs & Pigs Report** **THUR 3/28**
Upward revisions to past data? 2:00 p.m. CT
- 5 Good Friday** **FRI 3/29**
Markets closed; gov't offices open.

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.