



### News this week...

- 2 – Brazil soy exports surge, China soy buys decline.
- 3 – Significant drop in soyoil carbon footprint.
- 4 – Breakdown of USDA's March Supply & Demand Report.

**Grains struggling to find bottoms** – Funds covered some short positions in the corn and soybean markets ahead of USDA's Supply & Demand Report on Friday (see [News](#) page 4 for details), though buyer interest remained limited to light corrective buying. Winter wheat markets posted contract lows last week. Funds are heavily short grain and soy futures, which could lead to a short-covering rally, though a bullish catalyst is needed to fuel a strong rebound (see "From the Bullpen" on [Analysis](#) page 4). Live cattle futures found strength late in the week from firming cash cattle prices, as packers raised bids despite negative cutting margins. Traders narrowed the premium nearby hog futures hold to the cash index. While the index continues to rise seasonally, the pace of gains slowed last week.

## Please fill out our acreage survey

You should have received our annual [spring acreage survey](#) via e-mail. Please fill out the survey with your current planting intentions. We'll cover results and our acreage forecasts ahead of USDA's March 28 Prospective Plantings Report.

## Quick transition to La Niña?

World Weather Inc. says its confidence is rising there will be a quick climate transition to La Niña by July. In the past, when there has been a quick transition from El Niño to La Niña, there was a strong tendency for drier- and warmer-biased conditions in the Corn Belt and Plains. World Weather notes, "Spring weather will have much to say about how well crops will handle the drier and warmer conditions."

## Mixed bag of South American weather

Southwestern and south-central Brazil will receive some rains over the next 10 days, but will trend drier than normal, while other areas of the country will have ample rainfall. Some flooding could occur in areas of Argentina due to excessive rains, with the heaviest amounts expected in east-central locations. Southern crop areas of Argentina will likely remain drier than normal.

## China cancels U.S. wheat purchases

China canceled purchases of 240,000 metric tons (MT) of U.S. SRW wheat for 2023-24 last week. China still had 1.236 million MT of outstanding old-crop wheat purchases on the books, so more cancellations are possible if not probable. Meanwhile, China continued to buy U.S. sorghum, purchasing another 134,500 MT the week ended Feb. 29.

## Food price index drops again in Feb.

The UN Food and Agriculture Organization global food price index dropped another 0.7% in February, the seventh straight monthly decline, as decreases in the price for cereal grains and vegoils more than offset increases in sugar, meats and dairy. The February index was down 10.5% from last year and the lowest since February 2021.

## Ag trade deficit surges in January

The U.S. exported \$14.90 billion of agricultural goods in January against imports of \$17.44 billion, resulting in a deficit of \$2.54 billion – a significant increase from December's \$323 million gap. During the first four months of fiscal year (FY) 2024, U.S. ag exports stood at \$63.14 billion against imports of \$66.00 billion for a deficit of \$2.86 billion. USDA forecasts ag exports at \$170.5 billion and imports at \$201.0 billion for FY 2024. To meet USDA's forecast, exports must average \$13.42 billion and imports \$16.88 billion the next eight months.

## Partial gov't shutdown averted

The Senate was poised Friday to pass a minibus fiscal year 2024 spending measure for six agencies, including USDA, ahead of the midnight deadline to avert a partial government shutdown. The House earlier passed the measure. Work is ongoing on the remaining six bills, which include larger and more challenging appropriations measures such as Defense, Labor-HHS-Education and Homeland Security, ahead of the March 22 deadline.

## Jobs growth again tops expectations

Non-farm payrolls increased 275,000 in February, up from the downwardly revised figure of 229,000 jobs added in January and above expectations of 200,000. The unemployment rate increased to 3.9%. Fed fund futures reflect roughly 80% odds the Fed will start cutting rates in June.

## Upbeat Chinese trade data

China's exports surged 7.1% from year-ago during the first two months of 2024 to \$528.01 billion, easily beating forecasts for a 1.9% increase and signaling global trade is recovering. China's imports rose 3.5% to \$402.85 billion, beating forecasts for a 1.5% increase, due to improved domestic demand. That resulted in a trade surplus of \$125.16 billion for January and February combined. The trade surplus with the U.S. reached \$47.29 billion, as exports rose 5% while imports declined 9.7%.

## Brazil soybean exports surge

Brazil exported 6.610 million metric tons (MMT) of soybeans during February, according to official government data. That was up 3.755 MMT (118%) from January and 1.593 MMT (31.8%) more than last year given the rapid soybean harvest pace.

Brazil's corn shipments totaled 1.713 MMT during February, down 3.163 MMT (64.9%) from January and 561,000 MT (24.7%) from year-ago.

## China Jan.-Feb. soy imports plunge

China imported 13.04 MMT of soybeans during the first two months of 2024, down 8.8% from the same period last year and the lowest for the period since 2019. China customs also revised soybean imports for the first two months of 2023 to 14.3 MMT, down sharply from the initially reported 16.17 MMT. Poor crush margins, the Chinese Lunar New Year and slow customs clearance slowed soybean imports to start 2024.

## Jan. soy crush smaller than expected

U.S. processors crushed 194.8 million bu. of soybeans in January, 1.5 million bu. less than analysts expected. Crush dropped 9.5 million bu. (4.7%) from December's all-time record but rose 3.7 million bu. (1.9%) from last year.

Through the first five months of the 2023-24 marketing year, soybean crush topped the same period last year by 4.6%. To reach USDA's forecast of 2.300 billion bu., crush must run 3.5% above year-ago over the final seven months.

Soyoil stocks totaled 2.029 billion lbs. at the end of January, up 205 million lbs. from December but 327 million lbs. less than last year. Soyoil exports remain historically slow, with most of the supplies used for domestic biofuels production.

## Weather slows ethanol production

Harsh weather in January had a greater negative impact on corn-for-ethanol production than analysts expected. USDA reported corn-for-ethanol use totaled 433.6 million bu. during January, 12.3 million bu. less than analysts expected. Ethanol use dropped 48.1 million bu. (10.0%) from December and 7.4 million bu. (1.7%) from January 2023.

Through the first five months of 2023-24, corn-for-ethanol use topped the same period last year by 5.3%. To reach USDA's forecast of 5.375 billion bu., the pace must run 2.8% above year-ago over the final seven months. Based on U.S. Energy Information Administration weekly data, ethanol production topped year-ago by 5.5% during February.

## Bigger Aussie grain crops in 2024-25

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) raised its 2023-24 Australian wheat crop forecast by 500,000 MT to 26.0 MMT, as better-than-expected summer rainfall boosted yields. The Aussie wheat crop still fell 14.5 MMT (36%) from the previous year's record and was 2% below the 10-year average. ABARES raised its canola crop estimate 200,000 MT to 5.7 MMT, though that was down 31% from the previous year. The barley crop estimate remained at 10.8 MMT, down 24% from 2022-23.

For 2024-25, Australia's wheat production is expected to rise to 28.4 MMT, as recent rains and the fading El Niño are expected to boost planted area and yields. ABARES projects the barley crop at 11.6 MMT and canola output of 6.1 MMT.

## Brazil crops stable for now

South American crop consultant Dr. Michael Cordonnier maintained his neutral/lower bias toward Brazil's crops but kept his production estimates at 145 MMT for soybeans and 112 MMT for corn.

Cordonnier noted soybean yields continue to be variable, with the "bright spot" likely to be in northeastern areas of the country. While crops in northeastern Brazil were planted later than normal, rainfall was plentiful. The one state where yields are yet to be determined is Rio Grande do Sul in far southern Brazil.

Cordonnier says Brazil's safrinha corn crop is off to a solid start, though there are some south-central areas where dryness is becoming a concern. He said, "A larger concern is the Brazilian National Weather Service forecast for below-normal rainfall in most of Brazil during March."

## Argy beans, corn may skirt La Niña

Rainfall in Argentina will become less frequent as the El Niño weather phenomenon subsides, giving way to a drier autumn and the possibility of a La Niña climate pattern, the Buenos Aires Grain Exchange said. El Niño is in its "dissipation stage," which will "give way to the development of a new state of the climate system," the exchange said. However, impacts from the transition may not happen until after this year's soybean and corn crops are harvested.

Cordonnier kept his Argentine production estimates at 50 MMT for soybeans and 54 MMT for corn, with a neutral bias toward both crops.

## Paraguay bean crop could increase

The Soybean, Grain, and Oilseed Producers/Growers of Paraguay estimates the country's full-season soybean crop at 10 MMT. After the safrinha soybean crop is harvested, production could rise to 11 MMT.



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## China boosts ag support, touts EVs in annual economic blueprint

China kept its economic growth target for 2024 at “around 5%,” while projecting consumer inflation of approximately 3% and an unemployment rate of 5.5%. Despite maintaining the same ambitious growth target as last year, several challenges loom, including concerns about domestic demand, deflation, a property crisis, demographic shifts and turbulence in the stock market. Beijing will issue special bonds for just the fourth time in 25 years to tackle the economic challenges.

The agricultural blueprint includes spending 140.63 billion yuan (\$19.54 billion) on stockpiling grains, edible oils and “other materials,” up 8.1% from last year. China also allocated 54.5 billion yuan (\$7.57 billion) in subsidies for agricultural insurance premiums, up 18.7% from a year ago. The finance ministry will also increase the minimum purchase price of wheat and expand insurance coverage for rice, wheat and corn nationwide. China’s state planner targeted grain output of more than 650 MMT this year. Beijing also aims to stabilize meat and dairy production capacity. The retention of breeding sows will be dynamically adjusted according to changes in pork consumption and pig production efficiency.

Premier Li Qiang touted progress in China’s electric vehicle (EV) sector. He noted, “China accounted for over 60% of global electric vehicle output and sales,” praising “the 30% increase in exports of the ‘new trio,’ – electric vehicles, lithium-ion batteries and photovoltaic products.”

China will boost its defense spending 7.2%. Defense spending, which accounts for about 40% of China’s government budget, has more than doubled over the past decade. Notably, China dropped the mention of “peaceful reunification” with Taiwan.

## Significant drop in soyoil carbon footprint

A recent Life Cycle Assessment conducted by Sustainable Solutions Corporation (SSC) for the United Soybean Board and the National Oilseed Processors Association reveals a 22% reduction in the carbon footprint associated with U.S. soybean oil production from 2015 to 2021. This decrease is attributed to improvements in cultivation, harvesting, transportation and processing stages of soy production and are particularly relevant as soybean oil serves as a crucial feedstock for biodiesel, renewable diesel and sustainable aviation fuel (SAF) production.

Soybean production and oil processing contribute over 40% of the carbon intensity (CI) score for soy-based biodiesel. The documented improvements are expected to result in reduced CI across the clean fuels industry.

## Valero joins carbon project

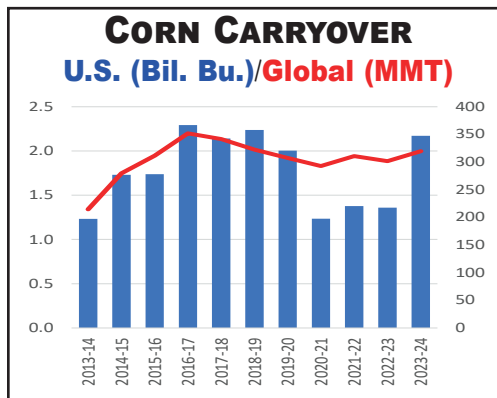
Valero Energy Corp. joined a carbon-capture and storage project in the Corn Belt. With this addition, more than half of the U.S. corn ethanol industry will be part of the Summit Carbon Solutions LLC’s pipeline project. The pipeline is proposed to carry 18.5 MMT of carbon dioxide annually through Iowa, Minnesota, Nebraska, South Dakota and North Dakota. The project faces hurdles similar to those of its predecessor, including regulatory challenges and farmer opposition.

|   | ACTUAL   |           |           | DOANE FORECASTS*           |            |            |
|---|----------|-----------|-----------|----------------------------|------------|------------|
|   | Year Ago | Last Week | This Week | April                      | April-June | July-Sept. |
|   |          |           |           | (Monthly & quarterly avg.) |            |            |
| <b>CORN</b>   |          |           |           |                            |            |            |
| Central Illinois, bushel  | 6.29     | 3.87      | 3.94      | 4.25                       | 4.35       | 4.50       |
| Omaha, NE, bushel   | 6.59     | 4.16      | 4.24      | 4.55                       | 4.65       | 4.80       |
| Dried Distillers Grain, IA, \$/ton  | 256.95   | 192.71    | 183.75    | —                          | —          | —          |
| <b>SOYBEANS</b>   |          |           |           |                            |            |            |
| Central Illinois, bushel  | 15.02    | 11.06     | 11.18     | 11.75                      | 11.90      | 12.00      |
| Memphis, TN, bushel   | 15.55    | 11.57     | 11.64     | 12.10                      | 12.25      | 12.35      |
| Soymeal, 48% Decatur, ton   | 504.10   | 353.00    | 355.50    | 365                        | 365        | 365        |
| <b>WHEAT</b>  |          |           |           |                            |            |            |
| Kansas City, HRW, bushel  | 8.53     | 6.30      | 6.08      | 6.15                       | 6.25       | 6.00       |
| Minneapolis, 14% DNS, bushel  | 10.08    | 8.39      | 8.46      | 8.75                       | 8.85       | 9.00       |
| St. Louis, SRW, bushel  | 6.88     | 6.11      | 5.76      | 5.85                       | 6.00       | 5.75       |
| Portland, Soft White, bushel  | 8.18     | 6.38      | 5.70      | 6.00                       | 6.10       | 6.20       |
| Durum, NE MT HAD, 13%, bu.  | 8.75     | 7.88      | 7.92      | 7.75                       | 7.85       | 8.00       |
| <b>SORGHUM</b> , Kansas City, cwt.  | 11.42    | 7.92      | 7.97      | 8.00                       | 8.25       | 8.40       |
| <b>COTTON</b> , 11/16 SLM, 7 area, c/lb.  | 80.38    | 93.73     | 88.88     | 92.00                      | 93.00      | 90.00      |
| <b>RICE</b> , nearby futures, cwt.  | 16.33    | 17.99     | 17.72     | 18.00                      | 18.50      | 17.00      |
| <b>BARLEY</b> , MT, G.T., malting, bu.  | 7.68     | —         | —         | 6.00                       | 6.00       | 6.00       |
| <b>OATS</b> , Minneapolis No. 2 heavy, bu.  | 4.07     | 4.26      | 4.22      | 4.25                       | 4.25       | 4.25       |
| <b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton  | 206.70   | —         | 205.00    | 205                        | 205        | 205        |
| <b>SUNFLOWERS</b> , Fargo, ND, cwt.   | 22.70    | 13.50     | 13.50     | 14.50                      | 14.50      | 14.50      |
| <b>HOGS</b> , Nat'l carcass 51%-52% cwt.  | 77.38    | 78.02     | 79.21     | 86.00                      | 102.00     | 92.00      |
| <b>FEEDER PIGS</b> , 40 lbs., Nat. avg, head  | 86.89    | 78.23     | 85.45     | 80.00                      | 65.00      | 48.00      |
| <b>CHOICE STEERS</b> , feedlots, cwt.   | 165.02   | 182.95    | 183.30    | 186.00                     | 180.00     | 175.00     |
| <b>FEEDER CATTLE</b> , Oklahoma City  |          |           |           |                            |            |            |
| Steers, 700-800 pounds, cwt.  | 188.58   | 249.07    | 249.89    | 250.00                     | 255.00     | 255.00     |
| Steers, 500-550 pounds, cwt.  | 244.54   | 323.41    | 322.44    | 320.00                     | 315.00     | 310.00     |
| Heifers, 450-500 pounds, cwt.   | 218.62   | 292.44    | 299.28    | 298.00                     | 300.00     | 295.00     |
| <b>COWS</b> , utility, Sioux Falls, SD, cwt.  | 90.90    | 101.86    | 105.12    | 105.00                     | 103.00     | 105.00     |
| <b>MILK</b> , Class III, CME spot month, cwt.   | 17.61    | 17.28     | 16.25     | 16.25                      | 16.75      | 18.50      |
| <b>LAMBS</b> , Slg., San Angelo, TX, cwt.   | 169.00   | 184.00    | 191.00    | —                          | —          | —          |
| <b>ENERGY</b>   |          |           |           |                            |            |            |
| Ethanol, IA, gallon   | 2.06     | 1.42      | 1.30      | —                          | —          | —          |
| Farm diesel, U.S., gallon   | 3.75     | 3.44      | 3.43      | 3.55                       | 3.60       | 3.58       |
| *Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions. |          |           |           |                            |            |            |



# USDA cuts global ending stocks forecasts

by Editor Brian Grete

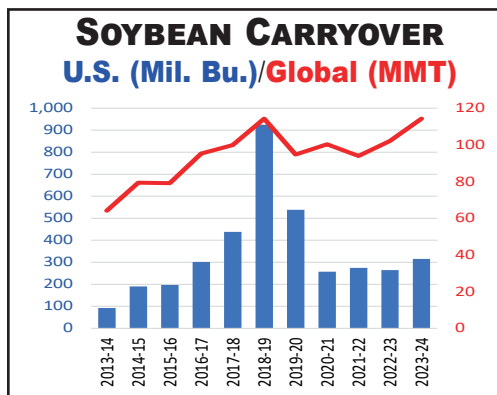


**CORN** — USDA left U.S. corn ending stocks at 2.172 billion bu., unchanged from last month. That would be the largest carryover since 2018-19. USDA made no changes to any of the supply or usage forecasts.

Our corn ending stocks forecast is 2.075 billion bu. for 2023-24. We have higher usage figures plugged in for corn-for-ethanol and feed use.

- **USDA 2023-24 price: \$4.75, down a nickel from February.**

Global corn carryover: 319.6 million metric tons (MMT) for 2023-24, down 2.4 MMT from last month but still 18.0 MMT above last year. USDA raised its Argentine crop estimate 1 MMT to 56 MMT but left Brazil's crop at 124 MMT. It made cuts of 1 MMT to Ukraine's crop and 1.3 MMT for South Africa's production.

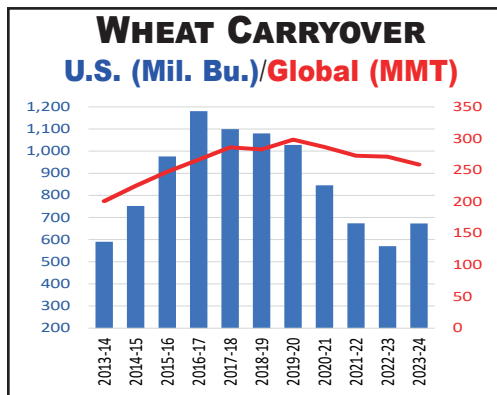


**SOYBEANS** — USDA made no changes to either the supply or demand side of the U.S. old-crop soybean balance sheet, maintaining the ending stocks forecast at 315 million bu., which would be the highest since 2019-20.

Our soybean ending stocks forecast is 300 million bu. for 2023-24. We project higher exports than USDA.

- **USDA 2023-24 price: \$12.65, unchanged from February.**

Global soybean carryover: 114.3 MMT for 2023-24, down 1.8 MMT from last month but still 12.1 MMT above last year. USDA lowered its Brazilian crop forecast 1 MMT to 155 MMT, though that's well above most private crop forecasts, which average around 147 MMT based on a wide range of estimates. It left the Argentine crop projection at 50 MMT.

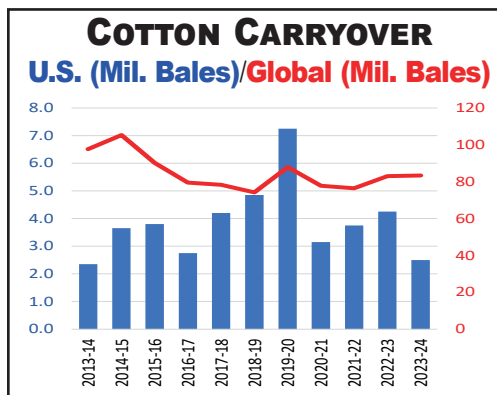


**WHEAT** — USDA raised old-crop wheat ending stocks 15 million bu. from last month to 673 million bushels. The only change was a 15-million-bu. cut to exports, which are now projected at 710 million bushels.

Our wheat ending stocks forecast is 665 million bu. for 2023-24. We forecast slightly higher feed use than USDA.

- **USDA 2023-24 price: \$7.15, down a nickel from last month.**

Global wheat carryover: 258.8 MMT for 2023-24, down 610,000 metric tons from last month and 12.3 MMT below year-ago. USDA raised its crop forecasts in Argentina (up 400,000 MT to 15.9 MMT), Australia (up 500,000 MT to 26 MMT) and Russia (up 500,000 MT to 91.5 MMT). USDA lowered its EU wheat crop outlook 350,000 MT to 133.65 MMT.



**COTTON** — USDA cut old-crop cotton ending stocks 300,000 bales from last month to 2.5 million bales, which would be the lowest since 2013-14. On the supply side, USDA lowered the 2023 crop estimate 330,000 bales, which pulled down total supply by that amount. On the demand side of the balance sheet, the only change was a 40,000-bale adjustment to unaccounted use to -200,000 bales.

Our cotton ending stocks forecast is 2.55 million bales for 2023-24. We project slightly lower exports than USDA.

- **USDA 2023-24 price: 77¢, unchanged from last month.**

Global cotton carryover: 83.3 million bales for 2023-24, down 360,000 bales from last month but still 370,000 bales above last year.

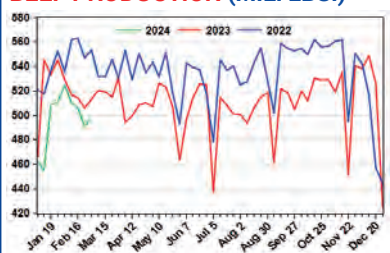
## CATTLE - Fundamental Analysis

The beef production chart illustrates the sharp jump in the wake of holiday and early-January packing-industry cutbacks, as well as the low weekly totals posted this year. It also represents a big reason for ongoing cash market gains. Given the tightness of supplies, grocers recently holding the line on passing higher prices on to consumers and the looming post-Easter surge in consumer grilling demand, sustained cash gains into April seem likely. Cattle slaughter and beef production have historically tended to rise and undercut prices into summer, but a repeat of mid-2022 and 2023 reductions could sustain support.

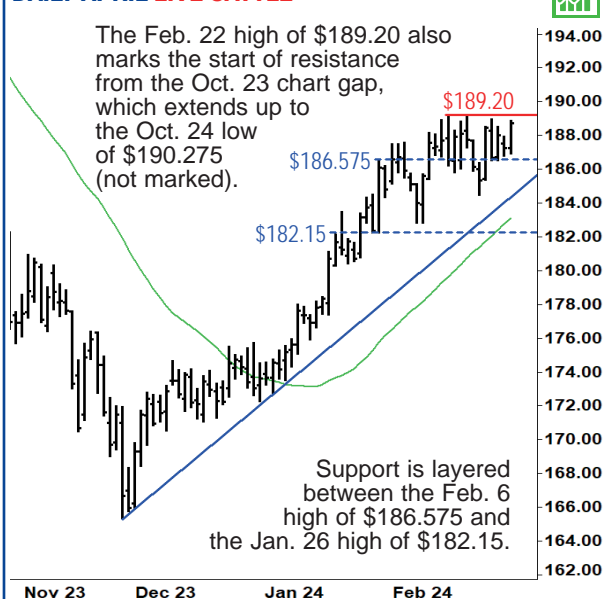
### Position Monitor

| Game Plan:  | Feds Feeders |    |
|---|--------------|----|
| Downside  | I'24         | 0% |
| risk for fu-  | II'24        | 0% |
| tures should  | III'24       | 0% |
|   | IV'24        | 0% |
| be relatively limited given bullish cash fundamentals. Hedges would only be advised if premiums get too wide. |              |    |

### BEEF PRODUCTION (MIL. LBS.)



### DAILY APRIL LIVE CATTLE



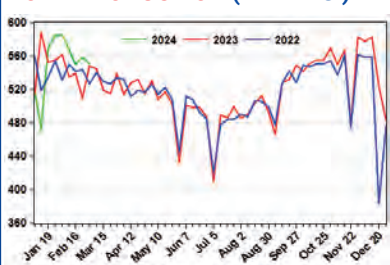
## HOGS - Fundamental Analysis

The pork production chart depicts the sustained early-January industry cutbacks, as well as the extended period of elevated slaughter required to get the packing industry caught up. Hog slaughter just 1% over year-ago levels during the last week of February suggests industry marketings are now current. The greatly elevated pork output seen during the prior six weeks makes the concurrent cash and pork market strength extremely impressive. Robust demand from consumers and export customers seems likely to persist through the grilling season, implying strengthening prices will persist.

### Position Monitor

| Game Plan:  | Lean Hogs |    |
|---|-----------|----|
| Main-   | I'24      | 0% |
| tain risk in the  | II'24     | 0% |
| cash market. Trad-  | III'24    | 0% |
| ers have narrowed   | IV'24     | 0% |
| premiums in April lean hog futures, making short-term hedges risky as long as the cash market keeps rising. |           |    |

### PORK PRODUCTION (MIL. LBS.)



### DAILY APRIL LEAN HOGS



## FEED

### Feed Monitor

#### Corn

|        |      |
|--------|------|
| I'24   | 100% |
| II'24  | 0%   |
| III'24 | 0%   |
| IV'24  | 0%   |

**Corn Game Plan:** You have all corn-for-feed needs covered in the cash market through March. We don't want to get more aggressive in extending coverage until the market signals a major low.

#### Meal

|        |      |
|--------|------|
| I'24   | 100% |
| II'24  | 0%   |
| III'24 | 0%   |
| IV'24  | 0%   |

**Meal Game Plan:** You have all soybean meal needs covered in cash through March. Wait on signs of a major market low before extending coverage.

### DAILY MAY SOYBEAN MEAL

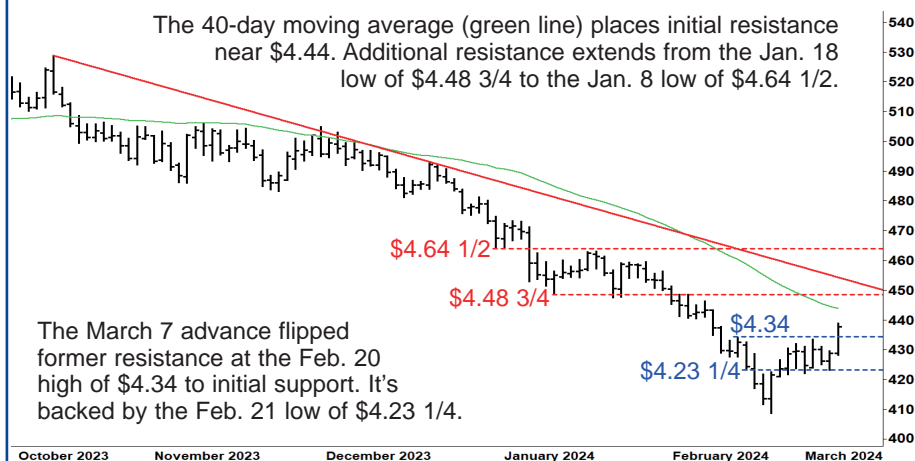


## Position Monitor

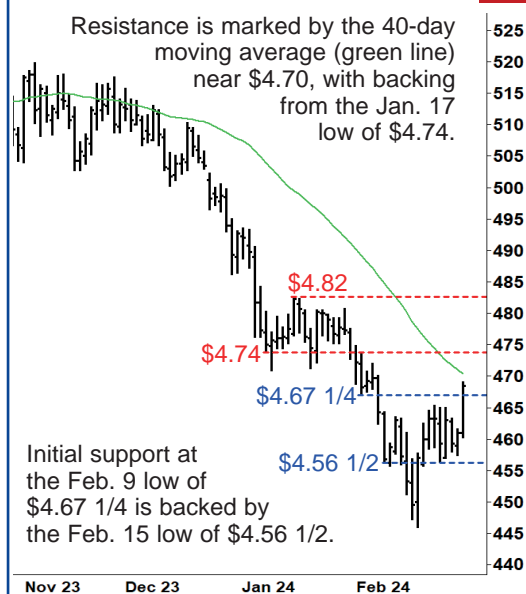
|                       | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only:            | 35%      | 0%       |
| Hedgers (cash sales): | 50%      | 0%       |
| Futures/Options       | 0%       | 0%       |

**Game Plan:** The downside is overdone and funds are heavily short, so the market is ripe for a correction. 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



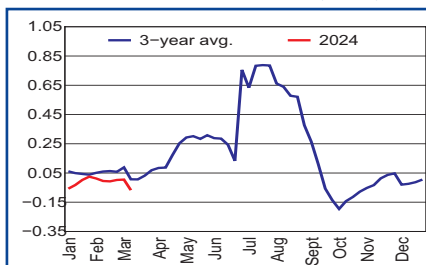
## DAILY DECEMBER CORN



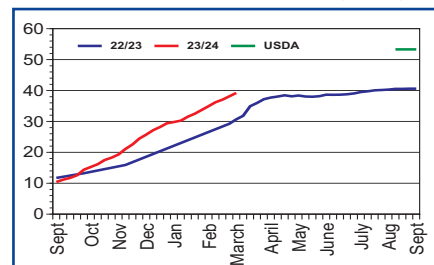
## CORN - Fundamental Analysis

Low corn prices are spurring export demand. Weekly export sales have topped 1.0 million metric tons in six of the last eight weeks and in 16 of the 26 weeks of the 2023-24 crop year. Also, the monthly export total for January followed the December example of smashing expectations based upon the weekly export inspections data. Brazil's safrinha corn outlook remains uncertain, with much depending upon March-May weather. It will affect the global market in one direction or the other. Still, Brazil's big February export reduction (see [News](#) page 2), suggests its old-crop corn is largely gone. Futures have rebounded, but may need an event to power followthrough corrective buying.

### 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 of 15¢ to 25¢ in May futures from the recent lows to extend old-crop sales and advance 2024-crop marketings.

## DAILY JULY SRW WHEAT



## WHEAT - Fundamental Analysis

**SRW** — Weak Russian prices, improved Australian crop prospects and Chinese cancellations of prior orders undercut wheat futures last week. Wheat futures often outperformed corn earlier this winter, but the relationship has reversed lately. Still, sustained corn gains could also boost wheat.

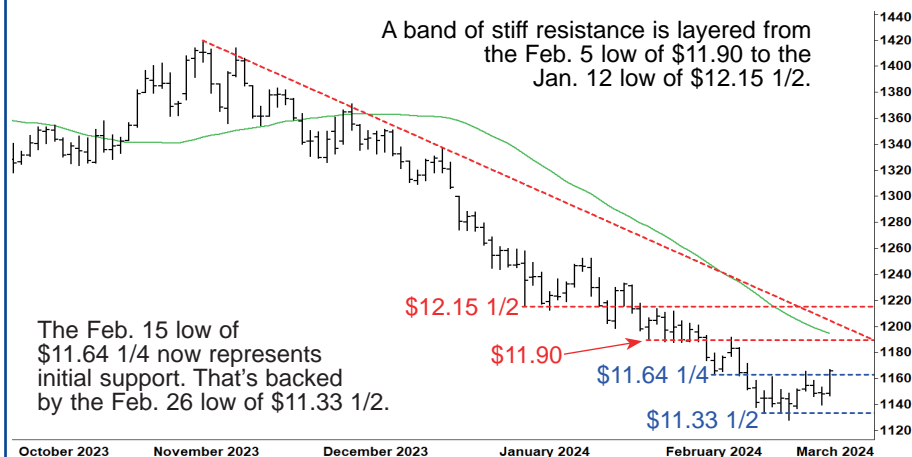


## Position Monitor

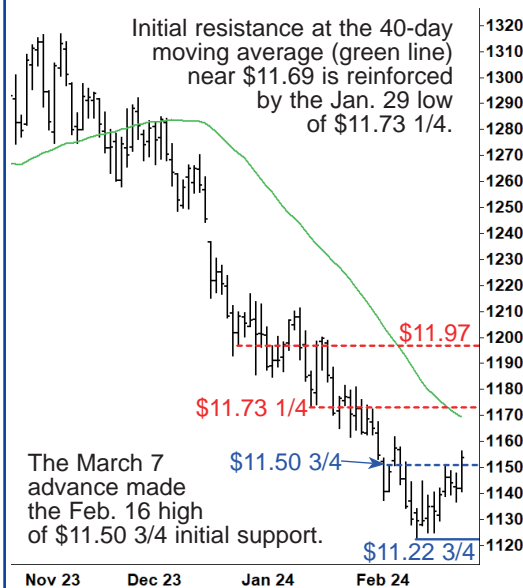
|                       | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only:            | 50%      | 10%      |
| Hedgers (cash sales): | 55%      | 10%      |
| Futures/Options       | 0%       | 0%       |

**Game Plan:** While the market has been beaten down, the path of least resistance remains lower 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



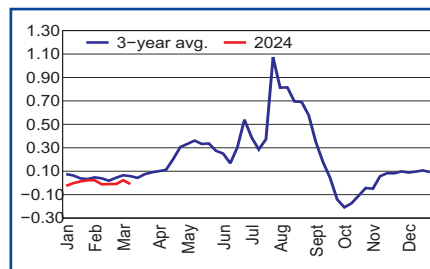
## DAILY NOVEMBER SOYBEANS



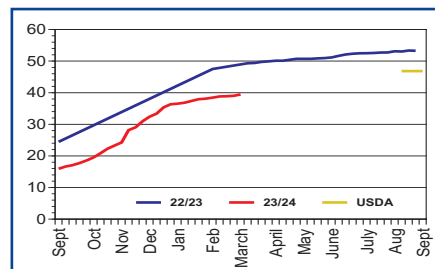
## SOYBEANS - Fundamental Analysis

After weeks of stair-stepping lower, the soy complex stabilized last week, which gave rise to hopes for a sustained rebound. News of accelerated Brazilian exports during February (see *News* page 2) help explain the market's weakness last month. Diminished Brazilian new-crop production may not support such increases going forward, especially if significant reductions projected by private forecasters prove accurate. That may open the door to improved U.S. exports and put the pace back on track to reach USDA's projection. Meanwhile, anticipated additions to U.S. crush capacity seem likely to keep domestic usage strong. Use any short-term strength to get marketings current.

### AVERAGE SOYBEAN BASIS (MAY)



### SOYBEAN EXPORT BOOKINGS (MMT)



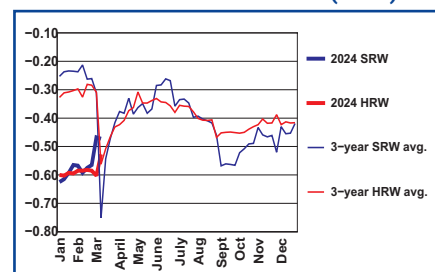
## DAILY JULY HRW WHEAT



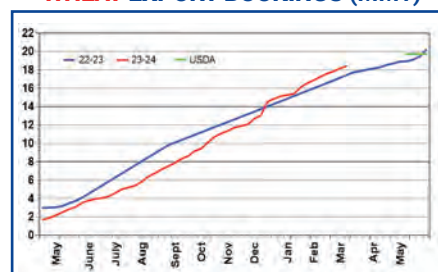
## DAILY SEPTEMBER HRS WHEAT



### AVERAGE WHEAT BASIS (MAY)



### WHEAT EXPORT BOOKINGS (MMT)



**HRW** — Australian crop prospects and continued weakness in Russian prices weighed on HRW futures last week, confirming the negative influence exerted by the glutted global market. The improved moisture situation in the Southern Plains is likely boosting crop prospects and weighing on prices as well.

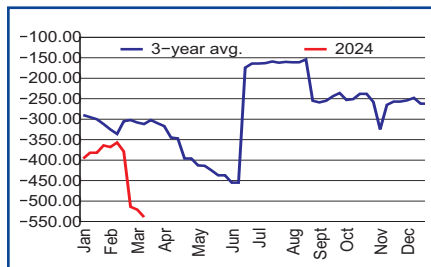
**HRS** — Spring wheat traders will soon see significant news about the forthcoming crop. First will be Canadian spring planting intentions on March 11. That will be followed by USDA's Prospective Plantings Report on March 28. With corn, soybeans and HRS "racing to the bottom" lately, spring acreage is highly uncertain.

## Position Monitor

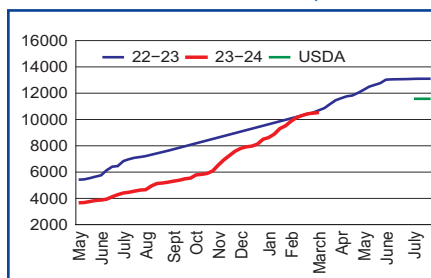
|                       | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only:            | 90%      | 25%      |
| Hedgers (cash sales): | 90%      | 25%      |
| Futures/Options       | 0%       | 0%       |

**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.

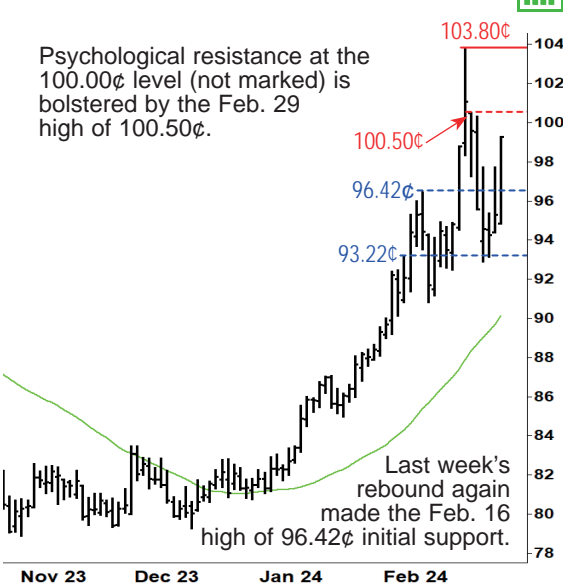
## AVERAGE COTTON BASIS (MAY)



## COTTON EXPORT BOOKINGS ('000 BALES)



## DAILY MAY COTTON



## COTTON - Fundamental Analysis

Although late-February export sales remained poor, shipments were the second largest of the 2023-24 marketing year. This fueled a rebound from recent lows, as China continued to actively take shipment of old-crop purchases. Elevated stock indexes are also supportive.

## GENERAL OUTLOOK

**PRECIOUS METALS:** Gold prices last week hit an all-time high above \$2,100.00 per ounce. Gold has been boosted in part due to growing marketplace notions the Federal Reserve will begin lowering interest rates as soon as June.

Fed Chair Powell told Congress last week the U.S. central bank should be able to lower interest rates this year because inflation has receded, though such action at the moment would be premature.

Geopolitical events that are presently simmering but could quickly come to a boil are also underlying supportive elements for safe-haven gold.

Other outside market developments for gold included drops in the U.S. dollar index and U.S. Treasury yields.

There are no strong, early chart clues to suggest gold prices are close to topping out. Unless there's a fundamental change, prices should continue higher.

## MONTHLY NEARBY GOLD FUTURES (\$/OZ.)



## FROM THE BULLPEN By Economist Lane Akre

Funds held the largest ever combined net-short position for corn, soybeans and SRW wheat for the week ended Feb. 20 at 545,933 contracts. The following week saw funds covering a portion of their short position in grains, which led to a net short position of "just" 512,237 contracts.

Some analysts have assumed that once funds begin to cover shorts, prices will bottom and could rise sharply. It is important to note that fund positioning alone does not dictate price action. One only has to look back to 2020 to see an example of funds covering around 120,000 contracts before prices bottomed in August — two months after they reached their largest net short position.

Bulls would prefer a rapid increase in

fund buying rather than a slow cover as noted in the example above. In 2015, funds bought over 130,000 contracts in beans in the latter half of June, sparking a rally of 98 3/4¢ over that time frame.

During the week ended Feb. 27, funds took advantage of the lowest prices in over three years by covering a notable portion of their net-short position. They actively sold amidst the corrective rally, adding fresh short positions.

History tells us it will take a significant catalyst to spark a meaningful and extended price rally — an event that will encourage funds to buy in a rapid fashion. History also tells us any such rally should be used to price old- and new-crop bushels.

## WATCH LIST

- U.S. Consumer Inflation Data** TUE 3/12  
Consumer price index for Feb. 7:30 a.m. CT
- EIA Ethanol Production Rpt.** WED 3/13  
Ethanol output running strong. 9:30 a.m. CT
- USDA Export Sales Report** THUR 3/14  
Corn sales need to pick up. 7:30 a.m. CT
- NWS ENSO Forecast** THUR 3/14  
Is La Niña coming back? 7:30 a.m. CT
- NOPA Soy Crush Report** FRI 3/15  
Soybean crush for February. 11:00 a.m. CT

## Farm Bill and Policy Updates

Read Jim Wiesemeyer's latest updates on the farm bill, USDA programs and much more in his daily Policy Updates report on [www.profarmer.com](http://www.profarmer.com).