



### News this week...

- 2 – Heat to continue through September, varied precip.
- 3 – Changes coming for livestock industry.
- 4 – Results of our June planted acreage survey.

**Money flows out of markets** – *The massive selloff June 17 across most risk-based asset markets engulfed the grain and soy complex, producing some of the largest ever one-day price plunges. Funds were already in liquidation mode after forecast models indicated wetter and cooler weather across key corn and soybean areas through month-end. Weather markets ebb and flow wildly, especially when prices are elevated, but investor risk appetite must strengthen for prices to challenge the recent highs. If forecasts indicate improved weather will last into July and/or speculative money continues to flow out, grain and soy futures will be at risk of additional losses. Cattle futures rallied to new highs on firmer cash cattle prices, but also got hit by the broad-based selloff. Hog futures extended their fall from recent highs on fund liquidation.*

## Rains, cooler temps this week

The majority of the central, southern and eastern Midwest will receive rains as cooler air moves in from Canada. However, rainfall is expected to be limited in drier western and northern areas of the region. Remnant rains from the tropical storm through the Gulf will fall across the Southeast.

## Survey: More corn, bean acres

Our June acreage survey indicated corn and soybean plantings will be up a combined 3.6 million acres from USDA's March estimate. But the figures aren't off much from what our March survey indicated. Around 80% of respondents indicated they did not change acreage from their pre-plant intentions. We have our survey results on [News page 4](#).

## Fed takes air out of inflation balloon

The Fed pulled forward the timeline for when it will likely start raising interest rates to combat inflation (see "General Outlook" on [Analysis page 4](#)). The U.S. dollar surged and commodities plunged in response as the "inflation trade" at least temporarily lost its luster with investors.

## China's commodity price war heightens

China plans to release state reserves of some commodities to combat pressure on its manufacturers and stabilize domestic prices. Beijing also unveiled new rules for the management of commodity price indices "as part of its ongoing efforts to curb unreasonable price swings and maintain stable prices." The more hawkish Fed comments may have unintentionally aided China's war against rising commodity prices.

## China urges more hog production

China is urging hog producers to maintain or expand hog production after the hog-to-grain ratio plunged amid a sharp drop in live hog prices. Live hog prices have plunged by 60% since the start of the year and hog production is currently not profitable for many Chinese producers.

China's ag ministry says its sow herd was up 19.3% from year-ago in May and at 98.4% of pre-African swine fever levels. Its pig inventory was up 23.5% versus last year.

## New round of Covid aid announced

The new aid is targeted at producers who didn't benefit or weren't adequately covered in prior rounds. The aid includes \$700 million for biofuel producers. It will provide approximately \$1 billion for dairy producers — \$580 million for Supplemental Dairy Margin Coverage for small and medium dairy farms and \$400 million for the new Dairy Donation Program. Assistance will also be given to poultry and livestock producers left out of previous rounds of pandemic assistance, including contract growers of poultry (not contract hog producers), and livestock and poultry producers forced to euthanize animals between March 1 and Dec. 26, 2020.

## Vilsack's RFS remarks spark concerns

USDA Secretary Tom Vilsack told us on *AgriTalk*, "It's going to be important before we make judgment about this [EPA's decisions on RFS blending levels], to take a look at the total package, to see exactly where we are at the end of the day." That spawned concern there may be credence to reports EPA may lower biofuel blending levels, including for corn-based ethanol. Vilsack says EPA is in a "tough situation" as it deals with "consequences of decisions that were made in the previous administration" regarding RFS blending levels.

**PERSPECTIVE:** It would be difficult for the Biden administration to justify a cut to biofuels blending rates given its whole-of-government climate initiatives and campaign promises.

## Refiners betting on the come regarding RFS reductions?

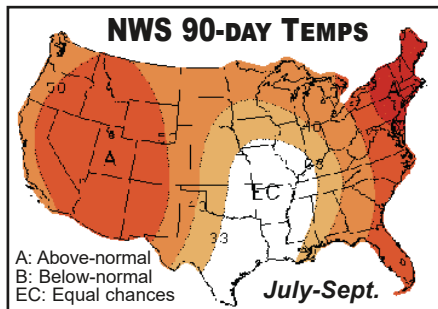
U.S. refiners have amassed up to a \$1.6 billion shortfall in biofuels blending credits (RINs), according to a review of corporate disclosures by *Reuters*. That signals they may be betting on regulatory relief from blending requirements.

## WHIP+, QLA payment update

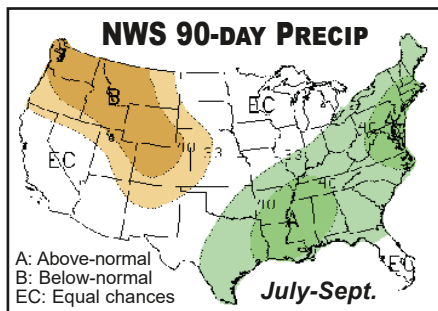
Producers who received their first WHIP+ payment for 2019 will get a second payment equal to 40% of the calculated level for eligible crop losses for a total of 90%. A third round of payments may be issued if sufficient funds become available. Producers will receive 100% of the calculated assistance under Quality Loss Adjustment (QLA) Program.

## Heat to continue through September

The National Weather Service (NWS) calls for above-normal temps over most of the country during the July through September period. The exception is a bubble from far southern Iowa to the Gulf of Mexico, for which NWS predicts



“equal chances” for normal, above- and below-normal temps. The extended forecast favors above-normal rainfall over most of the eastern Corn Belt down through the Southeast. The rest of the Corn Belt has mostly “equal chances” on precip, though a bubble of below-normal precip is expected north and west of the western Corn Belt.



## Corn, bean conditions decline

As of June 13, USDA rated 68% of the U.S. corn crop “good” to “excellent,” a four-point drop from the previous week. The “poor” to “very poor” rating at 5% was unchanged. USDA’s “good” to “excellent” rating for the soybean crop dropped five points to 62%, while the portion of crop rated “poor” to “very poor” rose two points to 8%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 9.5 points to 372.3 points while the soybean crop fell 8.8 points to 358.0 points. Corn is now 4.5 points under its five-year average for the date, while the soybean CCI rating is 13.3 below average.

## Spring wheat crop deteriorates more

USDA rated just 37% of the U.S. spring wheat crop “good” to “excellent,” down a point. The amount of crop rated “poor” to “very poor” increased two points to 27%. In top producing North Dakota, just 29% of the crop was rated in the top two categories, with 34% now in the bottom two.

On our weighted CCI, the spring wheat crop dropped another 4.7 points to a 304.7 reading, which was 67.9 points below the norm for this point in the growing season.

## Drought worsens in northern states

Warm, dry conditions prevailed in northern and western areas of the Midwest the week ended June 15, resulting in “widespread worsening of drought and dryness,” according to the U.S. Drought Monitor. Iowa saw a 19-point jump in the area covered by moderate to severe drought, with 76% of the state now impacted by these conditions. Dryness/drought also covers 100% of Minnesota and North Dakota, 98% of South Dakota, 56% of Nebraska, 82% of Wisconsin and nearly 93% of Michigan. The Drought Monitor puts only minor patches of abnormally dry conditions in other areas of the Corn Belt.

## NOPA crush again under year-ago

Members of the National Oilseed Processors Association (NOPA) crushed 163.5 million bu. of soybeans in May. While that was up 3.2 million bu. (2.0%) from April as some plants came back online after seasonal maintenance, it was nearly 6.1 million bu. (3.6%) below year-ago. The NOPA data implies a full crush of 173.5 million bu. for the month. To reach USDA’s old-crop crush forecast of 2.175 billion bu., the crush pace over the final three months of 2020-21 would need to total 531 million bu., down 5 million bu. from the same period last year. Given tight supplies and weak summer crush margins, there’s risk USDA may have to further lower its old-crop crush forecast after cutting it 15 million bu. this month.

## Brazil clears U.S. GMO corn imports

Brazil will allow U.S. GMO corn (and soybean) imports from July, the country’s Biosecurity National Technical Commission (CTNBio) announced. Brazil’s livestock sector requested the approval amid tight domestic supplies and the recent runup to record prices. However, no major shipments from the U.S. are expected, as corn from Argentina and Paraguay has a price advantage.

## Early safrinha corn yields variable

Harvest of the earliest planted safrinha corn in south-central Mato Grosso, Brazil, is just underway and yields are ranging from 64.8 bu. to 143.1 bu. per acre. South American Consultant Dr. Michael Cordonnier says these early yields were expected to be down 15% compared with last year and now it looks like they may fall as much as 20%.

Because of the late planting of the crop, the safrinha corn harvest will extend into August this year. Cordonnier says this presents a couple potential problems for farmers. First, there is an increased risk of harvest fires during the dry season. Second, the short period of time between the safrinha corn harvest and next year’s soybean planting that will start in mid-September means there will be limited time for tillage work and soil management.

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## Producer Crop Comments...

Please send crop comments to [editors@profarmer.com](mailto:editors@profarmer.com).

### **Buffalo Co. (central) Nebraska:**

*"Corn looks like pineapples about everywhere. Some is from moisture stress, but there are fields that have decent moisture where the plant is just protecting itself from the daytime heat."*

### **Day Co. (northeast) South Dakota:**

*"Corn planted on May 1 is starting to come along as rains were followed by heat. Should take off like a rocket. May 6 planted soybeans are finally coming up through the residue and starting to look better. Spring wheat looks good from the road but the heat really hurt yield potential. Rains probably saved what yield was there but will need another rain or two to get it to the finish line."*

### **South Dakota:**

*"Crops in the southeast and extreme northeast parts of South Dakota look the best. I'm not saying they look great, but they are better than anywhere else."*

### **Cass Co. (east-central) North Dakota:**

*"Drove from Fargo to Langdon, North Dakota. Dirt was blowing just after it rained. Wheat is very patchy and heading out at eight-inch heights. Soybeans are behind compared to the plant dates. Corn looked fair. Overall, North Dakota is not looking good."*

### **Sioux Co. (northwest) Iowa:**

*"We are getting closer to 1988 here. Drove from Rock Valley, Iowa, to Round Lake, Minnesota, and every corn field was showing moisture stress — all knee high or less."*

### **Monona Co. (west-central) Iowa:**

*"We received 0.91 inch of rain but also some nasty wind. You couldn't even tell it rained the next day. It didn't even fill the cracks."*

### **Murray Co. (southwest) Minnesota:**

*"Traveled Highway 169 from Fort Dodge, Iowa, north to Highway 190 and then west to Slayton, Minnesota. A lot of stressed fields along the way."*

### **Waseca Co. (south-central) Minnesota:**

*"Overall our corn looks great all things considered, but I believe it's getting hurt by the heat and dryness."*

### **Southern Minnesota:**

*"Corn is putting down roots and the effects of early drought stress will be minimal if we get rains later in the season. Our subsoil moisture is carrying us now but we will need wetter weather to materialize."*

### **Livingston Co. (east-central) Illinois:**

*"Drove down Route 66 through central Illinois June 12 and the corn was already stressing in some fields — 'pineapplin' as my father would say. We need rain."*

### **Columbia Co. (south-central) Wisconsin:**

*"No rain in the seven-day forecast for here. Not sure how much longer the corn crop can hold on."*

### **St. Joseph Co. (north-central) Indiana:**

*"Corn is really taking off and looks good — dark green."*

## Livestock industry changes coming

USDA Secretary Tom Vilsack's testimony before the Senate Ag Appropriations Subcommittee made it clear that big changes are coming to the livestock sector — notably for meat processors and livestock pricing. Vilsack emphasized USDA plans to bolster small- and medium-sized meat and poultry processors and expand overall processing capacity. As we highlighted on the front page of your June 12 newsletter, USDA plans to revisit rulemaking around the Packers and Stockyards Act (PS&A). USDA is also looking at offering low-interest loans for new meat processing facilities.

"One way of getting price discovery is by having more processing capacity and more processing facilities getting more data and information," he said. "I think you will see over the course of the summer that we have a pretty unique approach to this that I think will result in significant expansion of processing." One key to those plans, said Vilsack, is leveraging federal, state, and private industry resources in partnership to lay the foundation for a meat processing expansion. Vilsack supports the bipartisan Meat Packing Special Investigator Act bill introduced by Senators John Tester (D-Mont.) and Chuck Grassley (R-Iowa) that would create an "Office of the Special Investigator for Competition Matters" within the USDA's Packers and Stockyards Division, with subpoena power to investigate issues around market competition. He told us, "An investigator would give us the capacity to get information that we're currently not getting, which may aid in price discovery." However, Vilsack noted he does not believe the appointment of a special investigator needs to come ahead of P&SA rulemaking.

Vilsack also said USDA intends to soon implement \$60 million in funds to help small- and medium-sized meat facilities meet federal inspection requirements — a prerequisite for interstate sales. USDA will also help small processors qualify for federal inspection, which would enable them to sell across state lines and into export markets and reduce the overtime fees they must pay for federal inspections.

Regarding ongoing litigation over pork line speeds, Vilsack again said the decision on appealing a ruling that reimposed limits on how fast lines can operate at several processing plants rests with the U.S. Solicitor General. However, he pointed out USDA is stepping in to help affected producers with \$50 million set aside to aid those "who end up having to go into the spot market and don't get the benefit of a contract, if there is in fact a reduction in line speed that causes a disruption in the market."

Vilsack expressed hope that talks between the labor unions that brought the line speed challenge and affected companies might produce an amicable solution before the ruling goes into effect at the end of June.

# Corn plantings led increases from March intentions

By Chief Economist Bill Nelson and Editor Brian Grete

Results of the *Pro Farmer/Doane* June acreage survey signaled there were more acres planted to corn and soybeans than USDA estimated in March. But results weren't too different than what we found in our March survey. We project total corn and soybean plantings at a record 182.3 million acres, which is the exact total we estimated in March and would be up 8.4 million acres (4.8%) from last year and 2.0 million acres more than the 2017 peak.

## **Corn plantings up nearly 2.5 million acres from March**

Our analysis of survey responses signals producers planted 93.6 million acres to corn this year, up 200,000 acres from our March survey but nearly 2.5 million acres more than USDA originally said were intended. The bulk of those extra acres beyond March intentions, 2.1 million acres, were planted in the 12 Midwest states, based on our survey work. Producers outside those 12 states indicated they planted only 356,000 more acres to corn than they originally intended, which is virtually a rounding error.

Producers in Iowa, North Dakota, Minnesota, Wisconsin and Michigan — states hit hardest by drought — indicated to us they planted a combined 900,000 acres more to corn than USDA estimated in March. Producers in Illinois, Indiana, Kansas, Missouri and Ohio also told us they increased their corn plantings by 100,000 acres or more versus USDA's March intentions.

## **Soybean plantings up 1.1 million acres from March**

Producers indicated to us they planted 88.7 million acres to soybeans this year, down 200,000 acres from what our March survey indicated but up 1.1 million acres from USDA's spring estimate.

Soybean acres didn't shift much from March intentions, especially in the 12 Midwestern states, where survey responses showed soybean seedings up a combined 350,000 acres. Outside of the Midwest, soybean seedings are expected to have increased 750,000 acres versus USDA's March intentions, led by notable jumps in Arkansas and Louisiana.

In the Midwest, our survey indicated producers ramped up soybean seedings most compared with March intentions in Illinois, Missouri, Nebraska and South Dakota.

## **Fewer other spring wheat acres, slightly more durum**

Our survey indicated producers seeded 11.3 million acres to other spring wheat this year, which would be

down 440,000 acres from USDA's March estimate. Producers told us they planted 1.6 million acres to durum, up around 70,000 acres compared with their original intentions. Our survey showed winter wheat acres at nearly 33.1 million, which would mean total wheat seedings of roughly 46.0 million acres. USDA's March estimate of all wheat seedings was 46.4 million acres.

## **Cotton acres slipped from March intentions**

Our analysis of survey responses signal producers planted 11.9 million acres to cotton this year, down 100,000 acres from USDA's March intentions. We found some Delta farmers reduced cotton seedings in favor of corn acres versus their original intentions.

## **Little change on 'other' crop acres**

Producers told us they planted 7.25 million acres to sorghum this year, up 310,000 acres compared with March intentions. That's not a surprise given drought in areas of the Southern Plains when spring crops were planted.

Our survey also indicated producers planted 1.325 million acres to sunflowers, up 109,000 acres from USDA's March estimate. Given drought conditions in the Northern Plains, this also isn't surprising.

Producers in the South signaled they didn't plant as much rice as originally intended. Our survey showed rice acres at 2.55 million, down 160,000 acres from March intentions. We project barley acres at 2.55 million acres, down just a fraction from USDA's March estimate

## **Major crops area increased 3.2 million acres from March**

We project the area planted to the eight major crops — corn, soybeans, wheat, cotton, sorghum, barley, oats and rice — at 255.0 million acres. That would be up 3.2 million acres (1.3%) from USDA's March intentions. Total acres planted to the big four crops (corn, soybeans, wheat and cotton) are expected to rise 9.9 million acres (4.3%) from last year to 240.2 million acres and would be up a combined 3.05 million acres from USDA's March intentions.

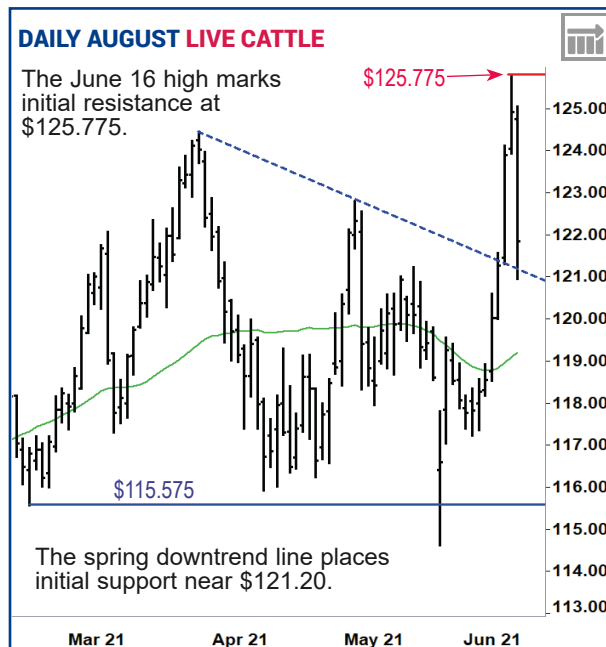
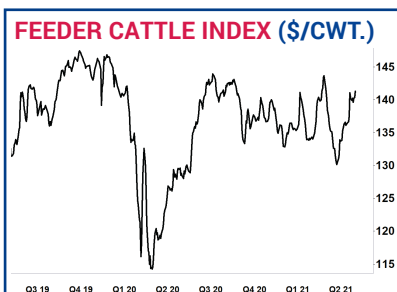
Given strong price rallies into spring, we were shocked that USDA's March planting intentions pegged all principal crop acreage at only 316.2 million acres. At that time, we projected total crops acreage at 318.4 million acres and our June survey confirmed where we originally believed total acreage would end up this year.

**CATTLE - Fundamental Analysis**

After slipping for several days prior, wholesale beef prices fell sharply on June 16. The drop may simply have marked retail industry completion of purchases for Independence Day features, but it has to worry the market since greatly elevated product prices supported the cattle/beef complex through spring. Still, the cash and futures markets appeared to be playing catch-up to the spring beef surge, as indicated by the August future's rush to a fresh contract high. This seemingly reflected great confidence on the part of industry insiders and kept us from pulling the trigger for now.

Position Monitor			
Game Plan:	Feds Feeders		
Futures ran	II'21	0%	0%
to new highs	III'21	0%	0%
and rolled	IV'21	0%	0%
	I'22	0%	0%

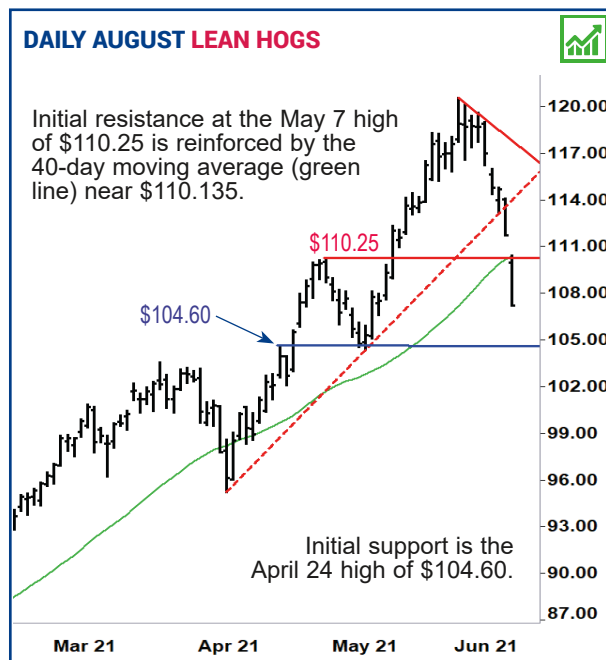
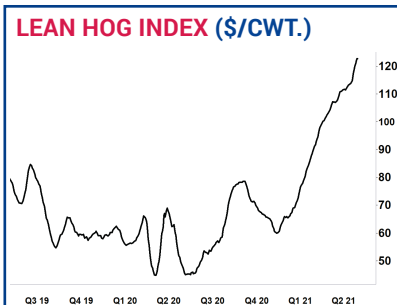
over, signaling a potential top. Fed cattle producers should be prepared to add hedges on followthrough.



**HOGS - Fundamental Analysis**

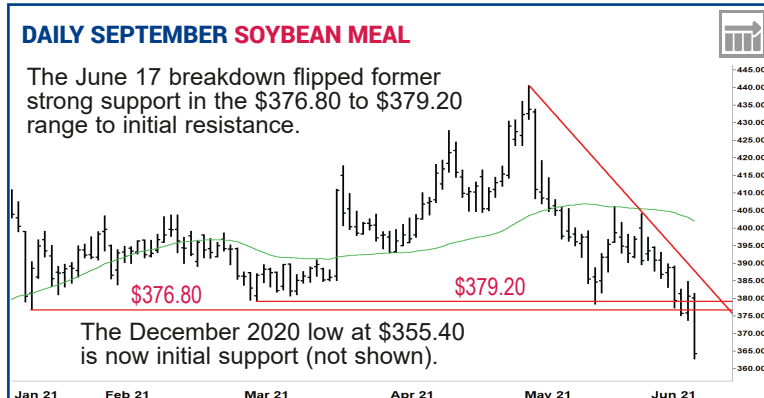
Hog and pork prices also rallied strongly this spring. That was truly remarkable since weekly hog slaughter routinely set records (for those spring weeks) during April and May. In contrast to the cattle gains, last week's hog futures breakdown suggests the industry anticipates a much more normal early-summer decline in hog values. The discounts below the CME index now built into the summer and fall contracts reflect that shift. We suspect low pork belly and ham stocks will limit the price damage, but much depends upon the hog numbers stated in USDA's Quarterly Hogs & Pigs Report on June 24.

Position Monitor			
Game Plan:	Lean Hogs		
Hold	II'21	0%	
third-quarter hedges in July futures.	III'21	25%	
We may heavy up	IV'21	0%	
hedges and add fourth-quarter coverage as futures are signaling a top. But the big discount to cash is not ideal.	I'22	0%	



**FEED**

Feed Monitor			
<b>Corn</b>			
II'21	100%	<b>Corn Game Plan:</b> On June 14, we covered remaining corn-for-feed needs in the cash market through July. Let prices signal a short-term low before extending coverage.	
III'21	33%		
IV'21	0%		
I'22	0%		
<b>Meal</b>			
II'21	100%	<b>Meal Game Plan:</b> On June 14, we advised covering another 25% of September soymeal needs in the cash market. Cash coverage is now 100% for July, 50% for August and 50% for September.	
III'21	67%		
IV'21	0%		
I'22	0%		



### Position Monitor

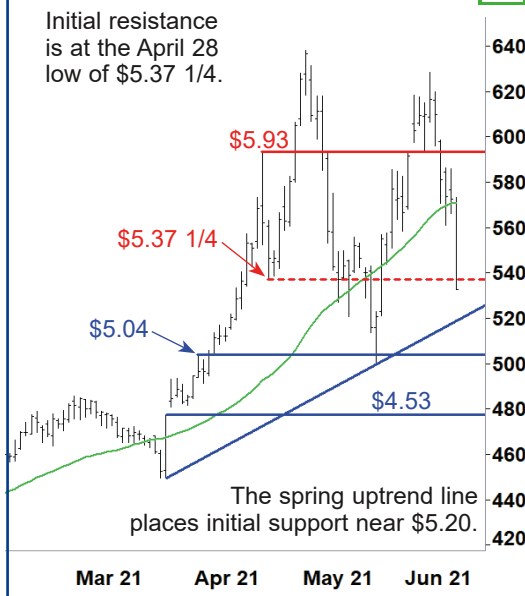
	'20 crop	'21 crop
Cash-only:	90%	30%
Hedgers (cash sales):	90%	30%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales on a price rebound. We plan to hold remaining old-crop gambling stocks through at least pollination of this year's crop. Old-crop basis is weakening in many areas, but remains historically strong and could firm again if end-users need supplies in late summer and/or there's a major weather threat to this year's crop. A rally ahead of June 30 would trigger advice for additional new-crop sales.

### DAILY JULY CORN



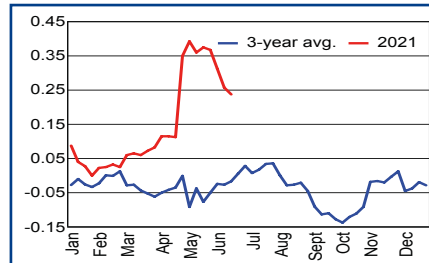
### DAILY DECEMBER CORN



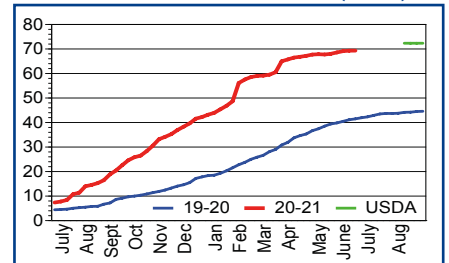
### CORN - Fundamental Analysis

Futures plunged to near three-week lows as funds actively liquidated long positions on broad-based risk aversion and expectations cooler temperatures and rainfall in the Midwest through the end of June will boost crops after a dry spring. But USDA's crop condition ratings must improve in coming weeks to validate the case that prices have peaked for the summer. The crop's critical pollination and grain fill phases loom, and the extended weather outlook calls for above-normal temps and varied rainfall for the Corn Belt through September (see *News* page 2). USDA's Acreage Report on June 30 and July weather will set the tone in the weeks ahead.

#### AVERAGE CORN BASIS (JULY)



#### CORN EXPORT BOOKINGS (MMT)

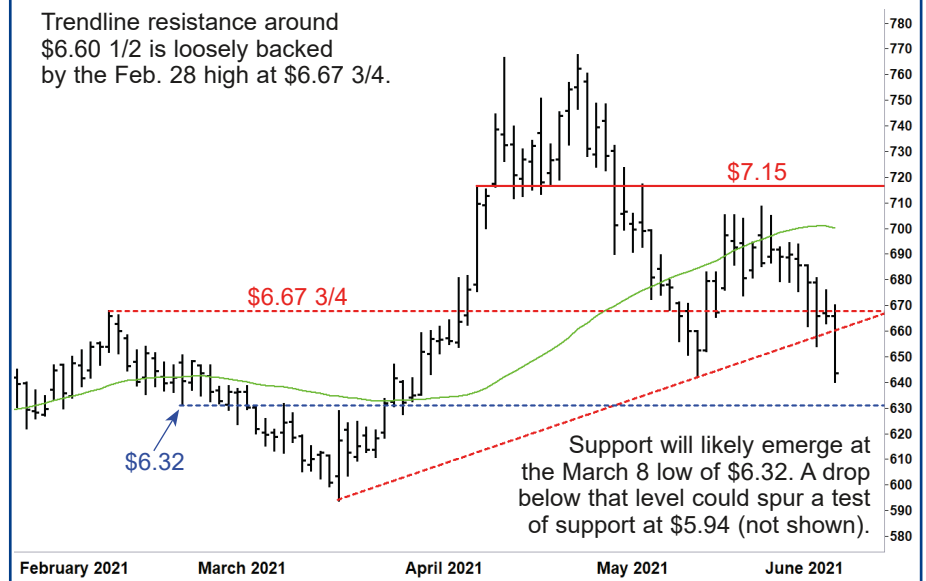


### Position Monitor

	'21 crop	'22 crop
Cash-only:	60%	10%
Hedgers (cash sales):	60%	10%
Futures/Options	0%	0%

**Game Plan:** You should get current with 2021- and 2022-crop sales on price strength. A pickup in winter wheat harvest will limit the upside unless corn or spring wheat lead a rally. We'll use rallies to increase 2021- and 2022-crop sales.

### DAILY SEPTEMBER SRW WHEAT



### WHEAT - Fundamental Analysis

**SRW** – Futures tumbled last week to two-month lows amid spillover pressure from the corn market and a pickup in winter wheat harvest activity. Further declines can't be ruled out unless export demand unexpectedly improves or the corn market leads a strong price recovery.

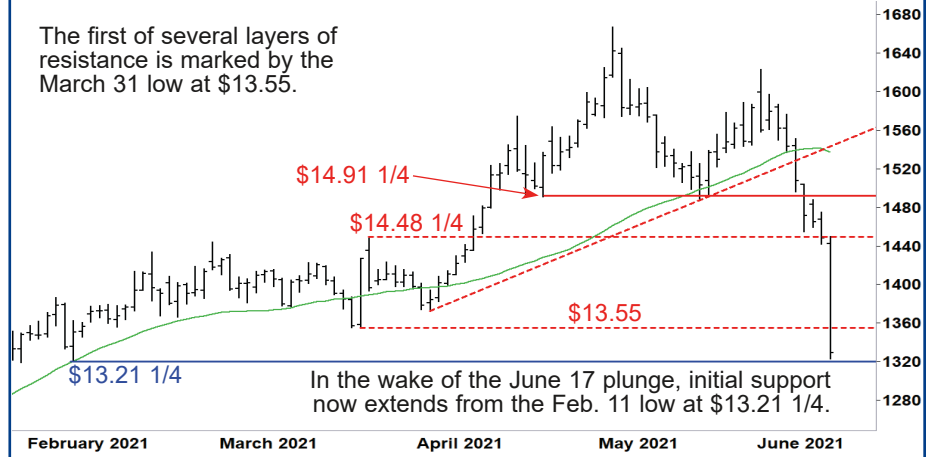
### Position Monitor

	'20 crop	'21 crop
Cash-only:	90%	30%
Hedgers (cash sales):	90%	30%
Futures/Options	0%	0%

**Game Plan:** Wait on a price recovery to get current with advised sales. We'll hold remaining unpriced old-crop bushels as gambling stocks as inventories will be tight into new-crop harvest. Old-crop basis is weakening but should remain strong given tight old-crop supplies, especially if new-crop production prospects decline. We will increase new-crop sales if prices rally ahead of USDA's June 30 reports.

### DAILY JULY SOYBEANS

The first of several layers of resistance is marked by the March 31 low at \$13.55.



### DAILY NOVEMBER SOYBEANS

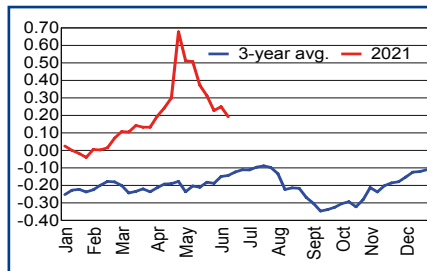
A rebound back above initial resistance at \$12.65 1/4 would put tougher resistance at \$13.12.



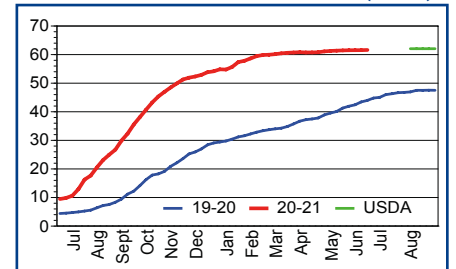
### SOYBEANS - Fundamental Analysis

Futures plummeted to two-month lows as a crop-friendly weather outlook combined with heavy fund liquidation weighed on the market. The NOPA crush figure was also weaker than expected (see *News* page 2). Conviction is growing that soybeans topped with November's contract high at \$14.80, and daily price charts reflect a near-total technical breakdown. It may take a serious weather scare to resume the uptrend that began a little over a year ago. But critical soybean development stages are still weeks away, and the extended forecast calls for above-normal temperatures through September across most of the key soybean areas, while rainfall prospects are varied.

#### AVERAGE SOYBEAN BASIS (JULY)



#### SOYBEAN EXPORT BOOKINGS (MMT)



### DAILY SEPTEMBER HRW WHEAT

The June 17 dive made the spring uptrend line initial resistance.

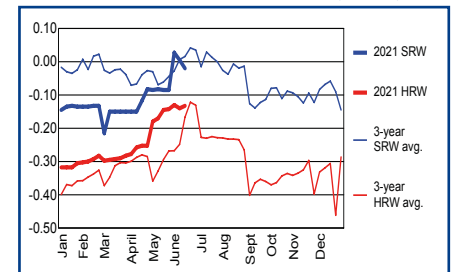


### DAILY SEPTEMBER HRS WHEAT

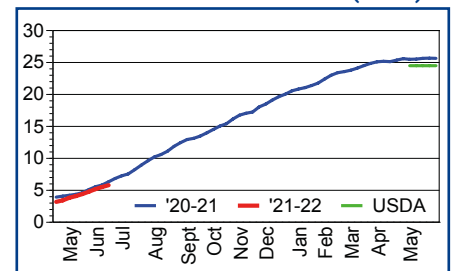
Initial resistance at \$8.10 3/4 is backed by the contract high at \$8.45 3/4.



#### AVERAGE WHEAT BASIS (JULY)



#### WHEAT EXPORT BOOKINGS (MMT)



**HRW** – Futures plunged to the lowest levels in more than two months as funds dumped long positions. Only 4% of the winter wheat crop had been harvested as of June 13, but seasonal pressure may weigh on prices through harvest. Corn or the spring wheat market will need to lead any price recovery during harvest.

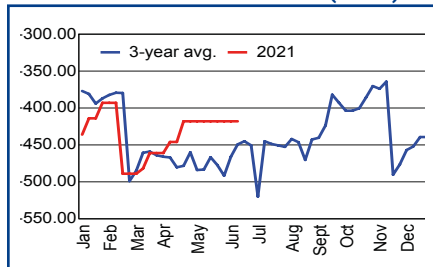
**HRS** – Declines weren't as severe for HRS as the winter wheat markets. Concerns over extreme heat and dryness in the Northern Plains and historically low USDA crop condition ratings may continue to underpin the market. Forecasts offer little hope of any meaningful rains in the Northern Plains through month-end.

### Position Monitor

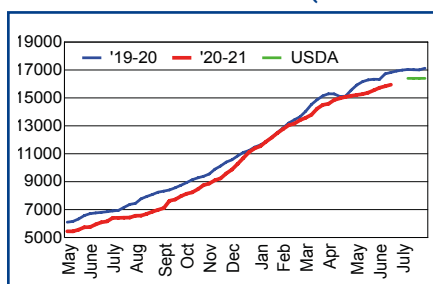
	'20 crop	'21 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

**Game Plan:** Get current with sales advice. We are targeting a rebound to the 90.00¢ area to finish old-crop sales. Be patient on adding to new-crop sales.

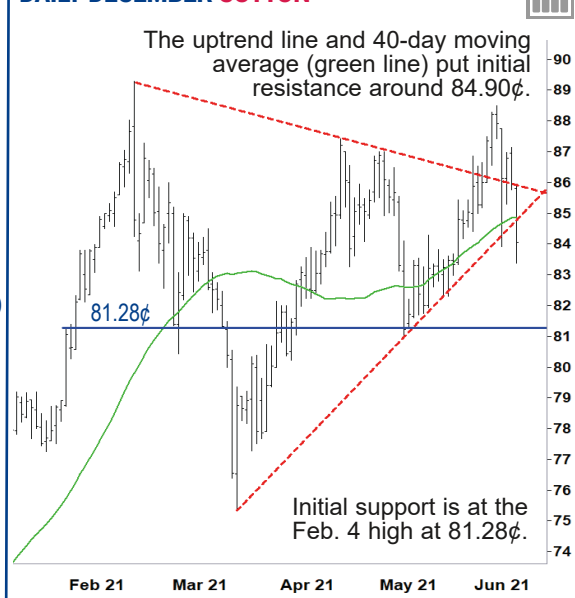
### AVERAGE COTTON BASIS (JULY)



### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY DECEMBER COTTON



## COTTON - Fundamental Analysis

A likely seasonal export lag, improved early-summer weather forecasts and the U.S. dollar rally caused cotton futures to set back last week. Still, fiber demand remains robust, which seemingly favors short-term strength. New-crop bulls have to worry about normal summer weather.

## GENERAL OUTLOOK

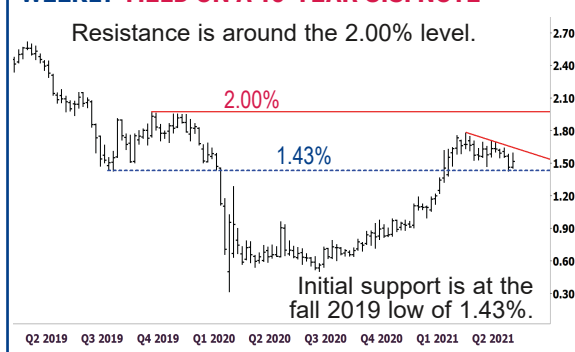
**MONETARY POLICY:** Say goodbye to rock-bottom interest rates — in a couple of years. That was the message last week from the Federal Reserve.

Fed Chairman Jerome Powell stated the central bank had bumped up its projection for its first post-pandemic interest rate hike into 2023, from 2024 previously. The Fed slashed its benchmark funds rate, which affect interests for nearly every kind of debt, to near-zero

over a year ago as the Covid-19 pandemic forced shutdowns across large sectors of the economy. But recent economic improvements indicate the pandemic is becoming less of a burden. Conversely, recent reports indicate inflation at both the producer and consumer levels is worrisome.

The Fed says it is prepared to adjust monetary policy “as appropriate if risks emerge” as new information surfaces.

### WEEKLY YIELD ON A 10-YEAR U.S. NOTE



## FROM THE BULLPEN By Editor Brian Grete

Corn and soybean futures are in the throes of a weather market, which heightens market volatility. Adding to this year's situation are tight old-crop stocks.

Removing emotions in making risk-management decisions can be difficult in “normal” times. This year will be harder.

It often helps to know how markets have performed in the past under similar situations, recognizing that history doesn't always exactly repeat itself.

In similar years for corn with old-crop stocks-to-use under 10% and a major price rally followed by a significant pull-back, it becomes rather clear the window for a return to the spring highs or higher typically closes by mid- to late July. The exception was 2012. And even in that

year, prices peaked in late August.

In comparable years for soybeans in which old-crop ending stocks and stocks-to-use were under 150 million bu. and 5.3%, respectively, futures typically peaked between late June and mid-August. The notable exception was 2003, when prices rallied through harvest. Note that 2012 did not qualify for the comparable years because old-crop ending stocks and stocks-to-use were higher.

We would increase corn and soybean sales if prices recover to near their recent highs ahead of USDA's June 30 Acreage and Grain Stocks Reports. While prices could push even higher, history also says market peaks could be posted by then, barring a 2012-like situation.

## WATCH LIST

- 1 USDA Crop Progress Report** **MON 6/21**  
*Will crop ratings slide again?* 3:00 p.m. CT
- 2 USDA Cold Storage Report** **TUES 6/22**  
*Gauge of beef, pork demand.* 2:00 p.m. CT
- 3 Weekly Export Sales Report** **THURS 6/24**  
*Did the drop in prices spur buying?* 7:30 a.m. CT
- 4 USDA Hogs & Pigs Report** **THURS 6/24**  
*Further contraction in U.S. herd.* 2:00 p.m. CT
- 5 USDA Cattle on Feed Report** **FRI 6/25**  
*Compare to 2019, not year-ago.* 2:00 p.m. CT

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