Farm Journal
Pro Farmer
Trusted Analysis. Professional Insight.

Go to ProFarmer.com
March 19, 2022
Vol. 50, No. 12

News this week...

Wheat pauses – *Wheat futures paused last week as the market tried to catch its breath after recent extremely volatile trade. The sideways price action following the previous week's sharp pullback formed a bear flag on the daily chart, suggesting a bigger price drop is likely if last week's lows are violated. Corn and soybean futures also traded sideways last week. While both markets are down from their recent highs, they haven't experienced the same price plunge as wheat. Cattle futures extended their rebound from the early March low, though buyer interest was tempered by concerns about beef demand if the U.S. economy falls into recession. Lean hog futures traded sideways as traders kept the lead April contract close to the cash index, which hasn't yet faced the normal early spring price pressure.*

Survey: Corn/bean acres to drop

Results of the *Pro Farmer*/Doane planting intentions survey not surprisingly signaled corn acres will decline and soybean acres will increase this year. But our survey surprisingly showed combined corn and soybean acres would decline 900,000 acres from last year to 179.7 million acres. We forecast total acres planted to the big four crops (corn, soybeans, wheat and cotton) will rise 1.7 million acres from last year to 240.2 million acres.

Corn: 91.9 million acres, down 1.5 million acres from 2021
Soybeans: 87.8 million acres, up 600,000 acres from 2021
Wheat: 48.5 million acres, up 1.8 million acres from 2021
Cotton: 12.0 million acres, up 800,000 acres from 2021
Sorghum: 7.0 million acres, down 300,000 acres from 2021

USDA: RRV flooding to slow planting

There is risk of major flooding in the Red River Valley and heavy snow cover across the upper Midwest threatens to delay planting into April, according to USDA meteorologists. But the extended weather outlook calls for generally warm, dry weather for most areas (see *News page 2*).

USDA to livestream report briefings

To improve public access to USDA data, the National Agricultural Statistics Service will livestream the briefings presented to the ag secretary following major reports, beginning with the Hogs & Pigs Report on March 30.

USDA updates SMHPP eligibility

Hog producers must submit documentation with their Spot Market Hog Pandemic Program (SMHPP) application, which will now be accepted through April 29. Additional negotiated sales and third-party intermediary sales are now eligible. Any contract sales remain ineligible. Hogs must be suitable for slaughter to be eligible. SMHPP payments will be calculated by multiplying the number of eligible hogs up to 10,000 head by $54 per head. FSA will issue payments after the application period ends. Payments will be factored if they exceed the amount of available funding.

Fed's fight against inflation begins

The Fed raised its benchmark rate by 25 basis points to a range of 0.25% to 0.5% — the first rate hike since 2018. The Fed noted economic implications of Russia's invasion of Ukraine "are highly uncertain," and will "create additional upward pressure on inflation and weigh on economic activity."

The Fed also made plans to tighten the money supply by shrinking its $9 trillion balance sheet, which is likely to begin "at a coming meeting."

The Fed appears to be betting that inflation will solve itself. We explain why it will be difficult for the Fed to engineer a soft landing for the U.S. economy and impacts of raising interest rates to tame inflation on *News page 4*.

BOE raises rates again

The Bank of England raised interest rates for the third consecutive meeting in its fight against soaring inflation. U.K. inflation was already running at a 30-year high prior to Russia's invasion of Ukraine, which sent energies surging and will exert more upward pressure on prices.

ECB stays stubborn on rate hikes

Euro zone inflation jumped to a record 5.9% in February amid escalating energy and food prices. Despite record inflation, European Central Bank President Christine Lagarde said any increase in the ECB's policy rate will be gradual and come only "some time" after its bond-buying program ends, likely this summer.

Pro Farmer starts 50th year!

The first issue of *Pro Farmer* newsletter was published March 17, 1973. With this issue, we are starting our 50th year of service to farmers. A lot has changed over the past 49 years, but our goal remains the same — to provide timely and accurate analysis of market-sensitive news and developments that help you make prudent financial decisions for your farming operation.

We will have special features in the newsletter over the next year to commemorate our 50 years of service to farmers.

Argentina halts soy product exports

The Argentine government suspended soymeal and soyoil export registrations. The suspension is likely to be temporary and followed by an increase in the export tax. Most industry sources believe the export tax will be raised two percentage points to 33% for both soymeal and soyoil. The soybean export tax also could be raised two points to 35%. Once the export taxes are increased, the suspension of export registrations for soy products will be lifted.

The Argentine government also warned beef processors they must ensure the supply of certain cuts at reasonable prices to the domestic market or risk export bans.

Consultant trims Brazil bean crop peg

Crop Consultant Dr. Michael Cordonnier lowered his Brazilian soybean crop estimate by 1 million metric tons (MMT) to 123 MMT. He left his Brazilian corn crop at 112 MMT. The safrihna corn crop is nearly all planted and is off to a good start, but forecasts call for drier-than-normal conditions in key growing areas through May.

Cordonnier left his other South American crop estimates unchanged. He forecasts Argentine production at 39 MMT for soybeans and 49 MMT for corn. His Paraguay soybean crop estimate remains at 5 MMT.

Brazil unveils long-term fertilizer plan

Brazil currently imports 85% of its fertilizer needs, including 95% of nitrogen, 91% of potassium and 75% of phosphorus. Under the newly announced National Fertilizer Plan, the country aims to cut that to 45% by 2050. The new plan calls for increased domestic production, more efficient use of fertilizers, new technologies, use of mineral inputs, industry innovation and environmental sustainability.

Brazil scrambling for short-term needs

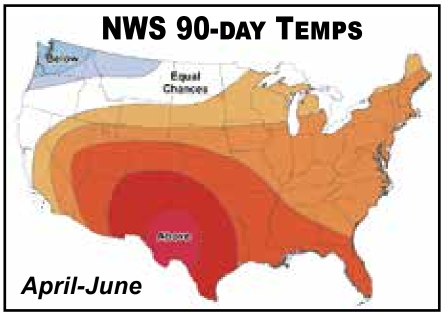
Brazil is desperately looking for additional sources of fertilizers from Canada, the Middle East, Chile and other countries. Cordonnier says there is uncertainty within Brazil about how much fertilizer the country has on hand. It's believed there is enough supply to support the safrinha corn crop. The Brazilian National Association of Fertilizer Distributors also indicated there are enough fertilizers on hand through May, so there should be enough to plant the winter wheat crop.

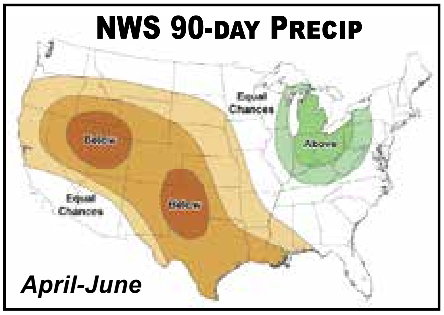
But farmers will need additional supplies for planting of the 2022-23 corn crop (starts in late August) and soybeans (begins in early to mid-September).

Follow us on Twitter:
@ProFarmer @ChipFlory @TimHoskinsPF
@BGrete @BruceBlythe @DavisMichaelsen

No relief coming for HRW areas

The National Weather Service 90-day forecast continues to give elevated odds of above-normal temps and below-normal precip across the Southern Plains through June. The highest probability of hot, dry conditions is centered over the panhandles of Texas and Oklahoma and southwestern Kansas.





Above-normal temps are also expected across all but the northwestern portion of the country through June. A bubble of above-normal precip is forecast for the eastern Corn Belt. There are "equal chances" for above-, below- and normal precip across the central and northwestern Corn Belt.

HRW crop remains heavily drought-stressed

As of March 15, 73% of the U.S. winter wheat production areas were covered by drought, according to the U.S. Drought Monitor. USDA rated winter wheat drought at 18% "moderate," 32% "severe," 20% "extreme," and 3% "exceptional."

Sharply reduced Ukraine crop prospects

The area sown to spring grain crops in Ukraine could fall 39% from year-ago, APK-Inform ag consultancy said. Ukraine, which harvested a record 86 MMT of grain in 2021, sowed 7.7 million hectares of spring grains last year.

Black Sea ag markets research firm SovEcon reduced its Ukraine production forecast for wheat to 26.0 MMT, down from its previous forecast of 28.3 MMT and well below last year's 32.1 MMT crop. SovEcon forecasts Ukraine's corn production at 27.7 MMT, down sharply from 41.9 MMT last year.

SovEcon's forecasts assume the majority of Ukrainian farmers will be able to carry out fieldwork in April and a ceasefire agreement will be reached soon.

IGC sharply reduces Ukraine grain exports

The International Grains Council (IGC) cut its outlook for Ukraine's 2021-22 exports by 10.9 MMT for corn and 3.7 MMT. It also reduced Russia's grain exports by 600,000 MT. IGC hiked its global corn ending stocks forecast by 6 MMT, which would be up 10 MMT from last year. IGC raised its 2021-22 global wheat ending stocks forecast by 3 MMT, which would also be up that amount from last year.

NOPA crush falls, but per-day pace rises

Members of the National Oilseed Processors Association (NOPA) crushed 165.1 million bu. in February, down 17.2 million bu. (9.4%) from January but up 9.9 million bu. (6.4%) from last year and the second largest figure for the month behind 2020. The sharp drop from January was due to fewer work days, as the per-day pace increased slightly in February.

The NOPA data implies a full February crush of 175.0 million bushels. For the first six months of 2021-22, we estimate total soy crush at 1.119 billion bu., up 0.5% from last year. Given strong margins through summer, soybean crush should hit USDA's forecast for a record 2.215 billion bushels.

NOPA soyoil stocks totaled 2.059 billion lbs. at the end of February, up 33 million lbs. from January despite the slower crush pace, as the crush yield remained historically high.

Indonesia reverses course on palm oil

Indonesia will remove export volume restrictions on palm oil products that forced companies to sell 30% of planned exports into the domestic market, and replace it with a higher export levy. The combined palm export tax and levy will be raised to $675 per MT from a current $375 per MT. The maximum crude palm oil tax would be applied when prices reach $1,500 per MT.

Vilsack: Biofuels would lower gas prices

"As we deal with the current situation in Ukraine and Russia, what we know is that we've seen higher gas prices and we know that when you have more biofuel you've got lower gas prices," USDA Secretary Tom Vilsack said. As "we expand availability" of fuel with higher blends of ethanol and biodiesel, known as E15 and B20, there is opportunity to "increase capacity, increase supply and decrease cost to consumers," Vilsack said at the opening of the Advanced Bioeconomy Leadership Conference in Washington. Vilsack stressed the Biden administration supports the biofuel industry and "despite the conversation about electric vehicles, the reality is we are still going to need biofuel, and a lot of it, for a long time."

Despite Vilsack's message and a push from the biofuels industry and farm-state lawmakers, there has been no movement on approving year-round sales of E15. Last summer the D.C. Circuit Court of Appeals overturned EPA's rule from 2019 that made it easier to sell E15 year-round.

Firm raises EU wheat export outlook

Strategie Grains cut its projection for 2021-22 wheat exports from Ukraine by almost 6 MMT and from Russia by 5 MMT due to the war. To partially offset those losses, the consultancy raised its estimate for 2021-22 EU wheat shipments by 2 MMT to 32.5 MMT. Strategie Grains lowered its forecast EU wheat production to 126.9 MMT, which would be down 2.5 MMT from 2021.

Record U.S. ag imports in January

U.S. agricultural imports totaled a record $15.7 billion in January, up more than $1 billion from December. U.S. ag exports fell $660 million from December to $15.88 billion. That resulted in a trade surplus of just $179.1 million.

Through the first four months of fiscal year (FY) 2022, U.S. ag exports totaled $68.5 billion, ahead of the year-ago pace of $63.1 billion, while imports stood at $60.6 billion, up sharply from $50.4 billion at this point in FY 2021. The accumulated trade surplus so far in FY 2022 at $7.9 billion was well below the $12.7 billion seen at the same point last year.

To meet USDA's forecast of $183.5 billion for FY 2022, ag exports would need to average $14.37 billion each month through September. In the final eight months of FY 2021, U.S. agricultural exports were under that level five months. To hit USDA's forecast of $172.5 billion, ag imports would need to average $14.0 billion through September. In the final eight months of FY 2021, imports were below that level only one month. That suggests the import forecast is likely too low while the export forecast could be somewhat optimistic.

U.S producer inflation climbs

The U.S. producer price index (PPI) for final demand increased 0.8% after accelerating 1.2% in January. Goods prices shot up 2.4%, the largest gain since December 2009, after rising 1.5% in January. In the 12 months through February, the PPI climbed 10% after a similar gain in January. A 14.8% jump in wholesale gasoline prices accounted for nearly 40% of the increase in goods prices. But the data didn't capture all of the surge in prices of crude oil and other commodities after Russia's invasion of Ukraine.

China industrial output, retail sales rise

Chinese industrial output in the first two months of the year rose 7.5% compared with the same period last year. That was higher than the 3.9% increase economists expected. Chinese retail sales for the first two months of the year also beat expectations, gaining 6.7% in January and February compared with expectations for a 3.0% rise. However, there are growing economic uncertainties as China faces another major Covid outbreak.

China medium-term rates unchanged

The People's Bank of China (PBOC) unexpectedly kept the rate on 200 billion yuan ($31.44 billion) worth of one-year medium-term lending facility (MLF) loans to some financial institutions unchanged at 2.85%. PBOC attributed the move to "maintaining banking system liquidity reasonably ample." Most economists expected PBOC to cut the MLF rate as it tries to boost economic activity, and now anticipate that move will happen in April.

Soft landing a hard task for Fed ahead

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

You always pay for your own mistakes, and the Federal Reserve is going to learn that. While the U.S. central bank last week began raising interest rates in an attempt to tame surging inflation, the move was telegraphed weeks ago by Chair Jerome Powell. But the Fed called inflation transitory for way too long and will begin trimming its balance sheet about nine months too late. That's called working yourself into a corner. *Can the Fed tame inflation without causing a recession or stagflation?* The Fed is behind the curve.

The Fed's quandary... why a soft landing is hard to do

At issue: Whether the surge in commodity prices will prompt the Fed to hike rates faster or take a slower path to avoid choking off economic growth.

Raising interest rates slows down the economy as borrowing costs become more expensive. That means more consumers, businesses and corporations hold off on purchases or investments, cooling demand and dampening prices — a delicate balancing act. If the Fed is too slow in raising rates, inflation will continue to surge, economic activity will be suppressed and there would be risk of stagflation. Raising rates too quickly could leave workers on the sidelines and possibly trigger a recession.

How many more rate hikes?

The new median projection shows most officials expect the Fed funds rate to rise to at least 1.875% by the end of this year, which implies seven quarter-point increases. But seven officials projected the Fed would need to raise rates at a pace that would imply at least one of their moves this year would be a half-point increase. The new projections show rates rising to around 2.75% by the end of 2023, implying three or four additional rate hikes next year, and then holding there in 2024.

Though the monetary tightening cycle has begun, Powell continued to emphasize that policymakers aren't on "autopilot" and need to be nimble in assessing incoming data.

Fed officials also lowered their forecast for GDP growth, and now expect the U.S. economy to grow only 2.8% this year, down from 4% forecast in December.

Greater odds of recession in U.S., Europe after Ukraine

According to the latest *CNBC Fed Survey*, economists now believe the probability of a recession in the U.S. has increased to 33% in the next 12 months, up 10 percentage points from the Feb. 1 survey. The chance of a recession in Europe stands at 50%. Powell contends odds of a recession "are not particularly elevated."

Factors that caused inflation to soar

It began with sharp government spending in response to the pandemic and measures that kept workers sidelined, which triggered a wage-price spiral as logistical woes worsened. Inflation accelerated after energy prices soared, thanks to lower U.S. production amid reviving economic growth and now the disruption to Russian oil exports.

Initial impacts of rising rates

- Higher borrowing costs for consumers, farmers.
- Less leverage for workers… businesses less likely to keep bidding up for labor.
- Narrower profit margins, higher standards for lenders.

Impact on ag and food sector

Higher costs for labor, freight and ingredients are reflected in rising food prices. Prices for meat, fish and eggs have risen the most, with pork and beef up 14% and 20%, respectively, versus year-ago.

Inflation and a potential recession will cut into meat consumption. For many, it's no longer about stretching the budget — it's about what gets cut.

Bottom line: What inflation means to asset markets

While nominal asset classes such as equities and fixed income have had a negative response to inflation surprises, real assets such as commodities have historically tended to be effective as inflation hedges. According to Pimco analysts, for a 1% unexpected change in inflation, commodities have historically delivered excess returns of over 8%. Also, the correlation between equities and bonds has been turning positive as inflation rises, further making the case for increasing commodity allocations in financial investments. Some note the last Fed monetary tightening cycle in 2018 was an exception. But at that time, the relentless rise in shale oil production deflated costs, providing a headwind to all commodity returns. That's not the case this year.

One veteran industry analyst told us: "Never forget about the fundamentals of individual commodity supply and demand. Market divergence is where profits could be maintained or wiped out."

News alert and analysis exclusively for Members of **Professional Farmers of America**® 402 1/2 Main St. Cedar Falls, Iowa 50613-9985
General Manager Joel Jaeger • Editor Brian Grete • Editor Emeritus Chip Flory • Chief Economist Bill Nelson • Market Analyst Bruce Blythe • Washington Policy Analyst Jim Wiesemeyer
News Editor Tim Hoskins • Technical Consultant Jim Wyckoff • Market Economist Consultant Dan Vaught • LandOwner Editor Davis Michaelsen
Subscription Services: 1-800-772-0023 • Editorial: 1-888-698-0487

Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

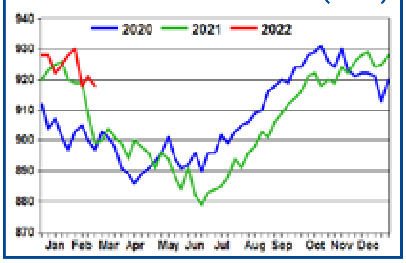
Fed cattle marketings are less than current, as indicated by the contra-seasonal rise in steer weights early this year (due to Covid-related worker absences in the packing industry). Look for weights to drop sharply during the coming weeks as calf-fed animals placed last fall enter the slaughter mix. This also reduces the pressure on Choice-grade cattle and beef as kill totals rise seasonally (since calf-fed animals tend to grade Select). As long as cattlemen keep moving cattle in a timely manner, an early-spring rally seems likely. Elevated retail beef prices remain the biggest threat to the outlook.

Position Monitor

Game Plan: We feel live cattle futures have put in a short-term low and there's more near-term upside potential. Hold off on hedges for now.

	Feds	Feeders
I'22	0%	0%
II'22	0%	0%
III'22	0%	0%
IV'22	0%	0%

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY APRIL LIVE CATTLE

HOGS - Fundamental Analysis

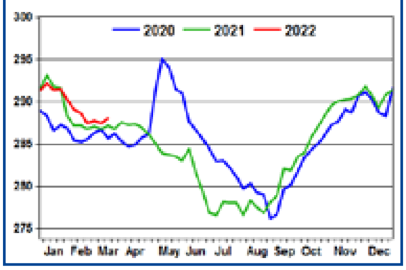
The hog and pork industry has seemingly done a fine job of dealing with short hog supplies this winter. Current prices are about $10.00 over comparable year-ago quotes, but the rally from the winter 2021 low has actually fallen slightly below the comparable advance seen last winter. One tactic to help deal with low supplies has been to grow hogs to higher weights, boosting pork production per animal. Expect that difference to rise this spring, but don't look for it to greatly mitigate the seasonal advance. We still expect hog prices to top comparable 2021 highs this summer.

Position Monitor

Game Plan: The market may have put in an early late winter/early spring low, though near-term price action may be choppy. Seasonally, prices will rise into summer.

	Lean Hogs
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY APRIL LEAN HOGS

FEED

Feed Monitor

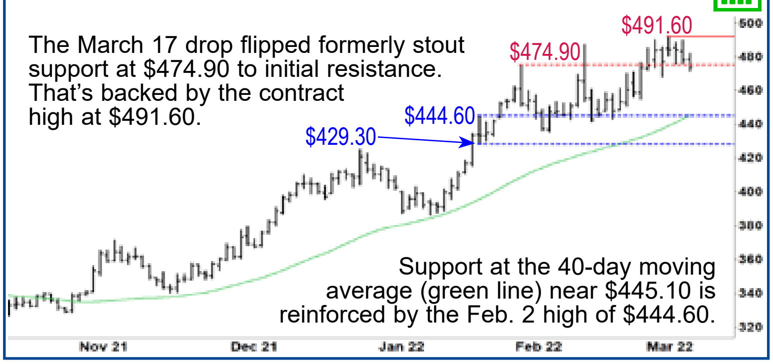
Corn	
I'22	0%
II'22	0%
III'22	0%
IV'22	0%

Meal	
I'22	33%
II'22	0%
III'22	0%
IV'22	0%

Corn Game Plan: You are hand-to-mouth on corn-for-feed needs. Wait on an extended corrective pullback once the market has topped to extend coverage.

Meal Game Plan: You are hand-to-mouth on soybean meal coverage. There's more near-term upside price risk, but we don't want to lock in current elevated prices for an extended period.

DAILY MAY SOYBEAN MEAL



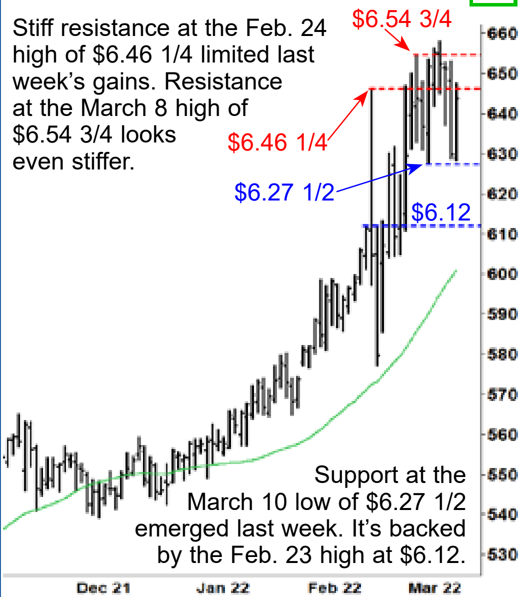
Position Monitor

	'21 crop	'22 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. While there may be more upside if the Russia/Ukraine war persists, this is too good of a pricing opportunity to pass up. With old-crop down to gambling stocks, we'll hold remaining bushels until the market signals the upside is exhausted. We are targeting a move to $7.00 or higher in December futures to advance new-crop sales unless the market signals a major top below that level.

DAILY MAY CORN

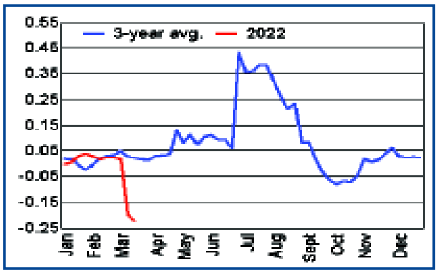
DAILY DECEMBER CORN



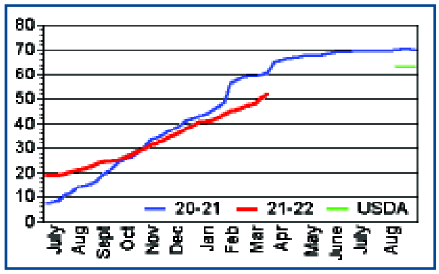
CORN - Fundamental Analysis

An uptick in export demand likely driven by disruptions from the Russia-Ukraine war is showing up in USDA export figures, helping narrow a gap with last year's shipments. As of March 10, year-to-date export commitments for 2021-22 were 14% behind the same period in 2020-21, compared to 16% the previous week. But as the war grinds on, corn will rise or fall on its own fundamentals, which increasingly don't justify $7.00-plus prices, a point reinforced by a good start to Brazil's safrinha crop and the likelihood of major market tops in wheat and crude oil. USDA's March 31 Prospective Plantings Report will be key to early-spring price direction.

AVERAGE CORN BASIS (MAY)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

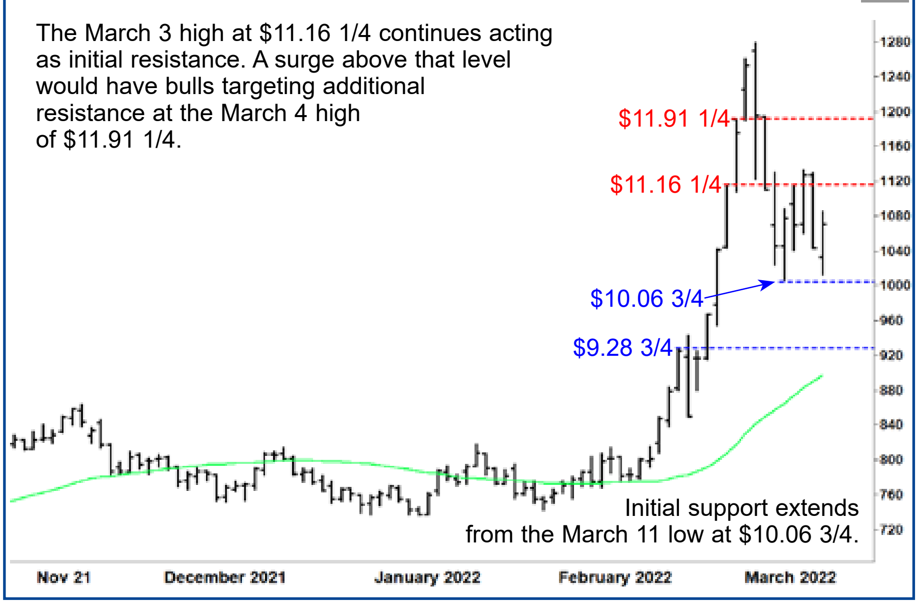
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	90%	50%
Futures/Options	10%	0%

Game Plan: On March 16, we advised selling another 10% of expected 2022-crop production for harvest. Get current with advised sales. Be prepared to use any spring price strength to finish old-crop sales and make more new-crop sales.

WHEAT - Fundamental Analysis

SRW — A second consecutive week of disappointing export sales reinforces our belief U.S. wheat established a major top. Russia-Ukraine will generate continued volatility but it would take a significant turn for the worse in the conflict for U.S. wheat to revisit the recent highs.

DAILY JULY SRW WHEAT

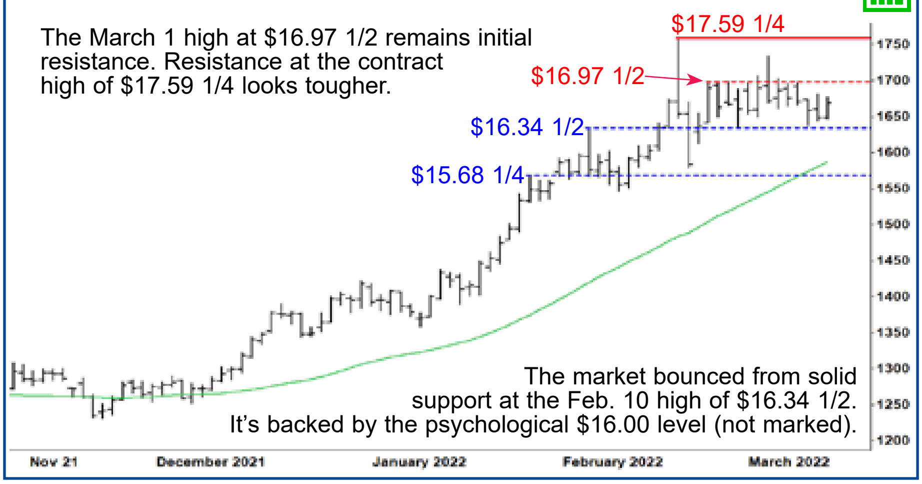


Position Monitor

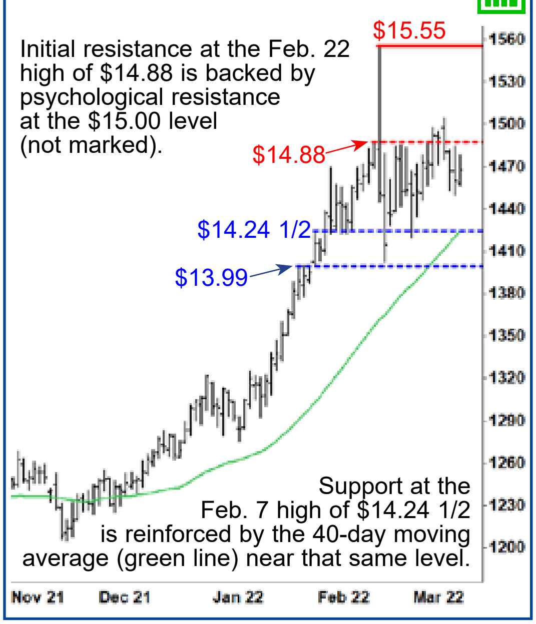
	'21 crop	'22 crop
Cash-only:	85%	40%
Hedgers (cash sales):	95%	40%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. You should be down to gambling stocks on 2021-crop production. Those stocks will be held until the market confirms the upside is exhausted. For expected 2022-crop production, we're targeting a push above $15.00 to increase sales. But a drop below $14.00 would suggest a deeper pullback is likely and could prompt additional sales and/or hedges.

DAILY MAY SOYBEANS



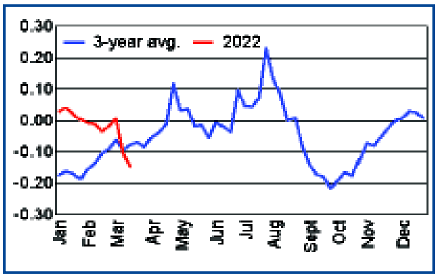
DAILY NOVEMBER SOYBEANS



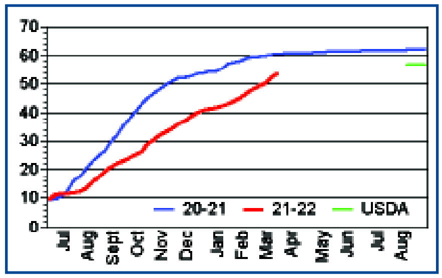
SOYBEANS - Fundamental Analysis

After buying U.S. soybeans actively for about six weeks beginning in late January, China appeared to pull back from the market last week. That's just one reason we're skeptical over prospects for further upside in nearby soybeans. Other reasons include potential major tops in soymeal and soyoil and fresh South American supplies in the pipeline, albeit not as abundant as once expected. A record domestic crush pace and an outlook for strong crushing margins the rest of 2021-22 should underpin prices over the near-term, but we see greater potential for downside as focus shifts to USDA's March 31 seeding outlook and the U.S. spring planting season.

AVERAGE SOYBEAN BASIS (MAY)



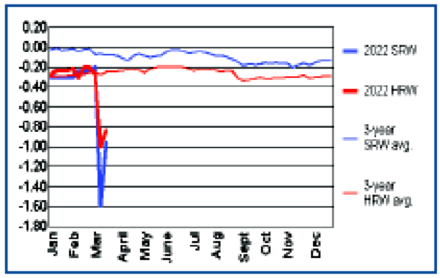
SOYBEAN EXPORT BOOKINGS (MMT)



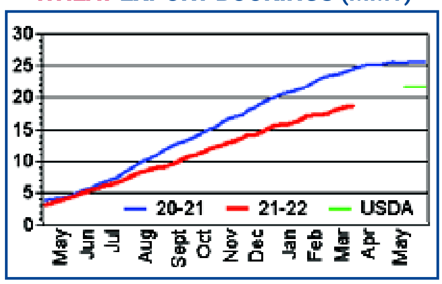
DAILY JULY HRW WHEAT

DAILY JULY HRS WHEAT

AVERAGE WHEAT BASIS (MAY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Rain and snow in the week ahead may bring some relief to Kansas and other HRW states, which remain almost 100% under drought. But it's unclear if the precip will provide much of a boost to the beleaguered crop. USDA's first crop condition ratings of the season April 4 will be of keen interest, though expectations going in should be low.

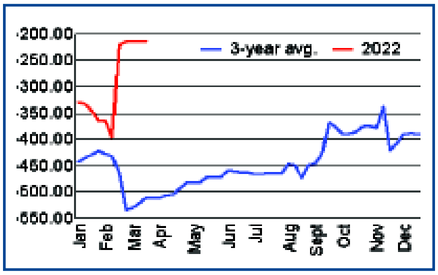
HRS — Based on our acreage survey, we expect 2022 U.S. spring wheat and durum seedings to increase about 1.0 million acres from last year's 13.06 million acres, reflecting price strength powered by the 2021 drought and the war. Near-term, HRW and SRW markets and Russia/Ukraine will be the primary price drivers for HRS futures.

Position Monitor

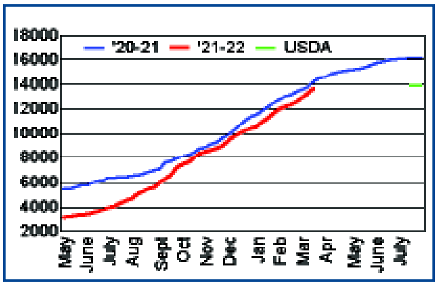
	'21 crop	'22 crop
Cash-only:	90%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Cash-only marketers should be prepared to finish old-crop sales. Also, be prepared to increase 2022-crop sales.

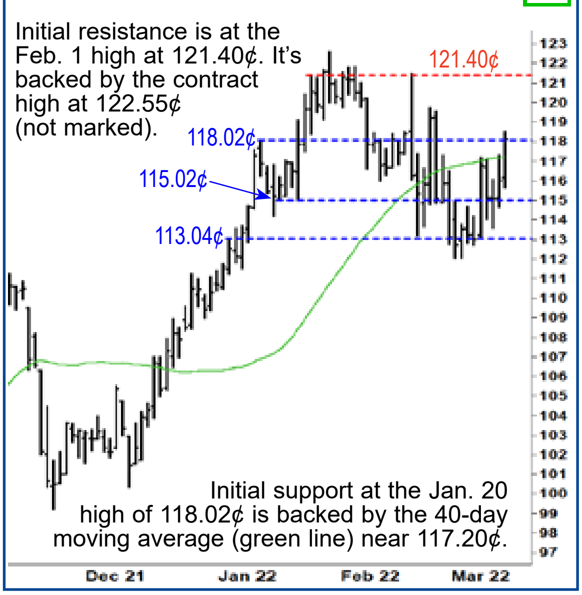
AVERAGE COTTON BASIS (MAY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON



COTTON - Fundamental Analysis

U.S. cotton exports continue to fall short of expectations, which may render the market vulnerable to a downtrend. Our spring plantings estimate at 12.0 million acres matches the NCC's forecast, so we don't see that result moving the market this week.

GENERAL OUTLOOK

Commodities: In early March Comex gold futures hit a record intra-day high of $2,078.80 per ounce. Since then, gold has backed off well over $100, producing a technically bearish "V-Top" reversal pattern on the daily bar chart. The safe-haven metal saw strong demand amid the keen trader and investor anxiety provoked by the start of the Russia/Ukraine war.

However, the marketplace is presently not experiencing the extreme tensions seen two weeks ago, albeit risk appetite cannot be called robust at present. Importantly, gold prices dropping sharply (along with raw commodity leader crude oil doing the same) suggest many other raw commodity futures markets, including grains and livestock, will likely struggle to tack on appreciable gains from their present historically elevated price levels.

DAILY APRIL GOLD FUTURES

FROM THE BULLPEN By Editor Brian Grete

The wheat market has likely put in a major top. While the Russia/Ukraine situation could still cause wheat futures to jump, it's unlikely the market will take out the highs posted earlier this month. Seasonally, wheat futures typically face price pressure from now until harvest. As a result, we advised hedgers and cash-only marketers on March 16 to sell another 10% of expected 2022-crop production for harvest delivery to get to 50% forward-priced.

If the Russia/Ukraine situation or drought in the Plains triggers another strong push to the upside, we still have another half of the crop to price.

Corn futures have held up relatively well in the face of the sharp drop in wheat prices. But with wheat, crude oil and the gold market all signaling major tops, there is risk the liquidation pressure could spill over to the corn market. As a result, aggressive hedgers should consider adding short-term defensive hedges if December futures close below $6.25. That would signal the market has rolled over and would open downside risk to the last reaction low at $5.77 1/4.

We have used the strong rally in corn to get to 40% forward-priced on expected 2022-crop production, so we don't want to make additional new-crop cash sales ahead of planting.

Soybeans have a stronger technical picture and might not be as impacted by other markets, so we don't advise more cash sales or hedges at this time.

WATCH LIST

1	**EIA Weekly Ethanol Prod.** Production stays above year-ago.	**WED 3/23** 9:30 a.m. CT
2	**USDA Cold Storage Report** Meat stocks data for February.	**WED 3/23** 2:00 p.m. CT
3	**USDA Export Sales Report** *Did the panic buying continue?*	**THUR 3/24** 7:30 a.m. CT
4	**USDA Food Price Outlook** Food price forecasts likely to rise.	**FRI 3/25** 8:00 a.m. CT
5	**USDA Cattle on Feed Report** February placements will be key.	**FRI 3/25** 2:00 p.m. CT

Pro Farmer on the Go

Download the *Pro Farmer* mobile app on your phone for easy access to daily news and reports while you're on the go. Contact us if you need assistance at 1-800-772-0023.