

## News this week...

**2** – World wheat production prospects at risk.

**3** – USDA releases initial crop conditions for corn, soybeans.

**4** – New World screwworm found in Texas calf.

**Grains clobbered as corn hits contract low** – *Weather forecasts calling for rain in some of the region's driest areas helped spark a steep sell-off across the grain and soy complex markets, with July corn hitting a contract low. A Trump administration proposal for new tariffs on China and others also appeared to weigh on the market, with Beijing yet to show interest in U.S. agricultural goods following last month's summit meeting between President Donald Trump and Chinese President Xi Jinping. The wheat complex extended its slide as harvest approaches. It was a wild week for cattle, with feeders surging the daily limit Thursday after a steep fall as traders proceeded to "buy the fact" after confirmation of New World screwworm in Texas. Hog futures saw bouts of short covering but struggled to overcome technical pressure.*

## May delivers blowout jobs report

U.S. nonfarm payrolls rose by 172,000 in May, well above the average Wall Street estimate of 80,000, while the unemployment rate held steady at 4.3%, the government said Friday. In addition, April payrolls were revised to show a rise of 179,000, up from an initial estimate of 115,000. March was revised to show 214,000 new jobs were created versus an initial estimate of 185,000. The data points to a jobs market springing back after a soft patch late last year, despite concerns about the Iran War. It also ensures the Federal Reserve won't be contemplating a resumption of rate cuts and may begin debating the case for an eventual rate hike. Fed funds futures traders on Friday morning priced in a roughly 66% probability of at least one rate hike by year-end.

## Fighting intensifies amid cease fire

The U.S. and Iran this week engaged in some of the most intense fighting seen since the start of a cease fire in early April. Iran fired ballistic missiles at U.S. bases in Kuwait and Bahrain after the U.S. struck an empty oil tanker it said had attempted to break its blockade. The Wall Street Journal reported that President Trump told aides he would consider ending the cease fire if Tehran kills American troops. The report said Trump's reluctance to reignite the war suggests he might be willing to withstand smaller flare-ups for weeks or even months to avoid a broader Middle East conflict.

## Oil market near inflection point

Commodity trading house Trafigura said Thursday an "inflection point" in the oil market may soon be at hand due to the closure of the Strait of Hormuz. The warning came after the group reported record first-half profits of \$4.1 billion as the Iran War boosted trading gains, the Financial Times reported.

"The factors that have contained prices so far – elevated inventories, floating cargoes, coordinated SPR [Strategic Petroleum Reserve] releases, a shoulder season and demand destruction across Asia and Africa – have bought the market time, but are not a solution," the report said.

## USDA revises payment-limit rules

USDA this week finalized new payment-limit rules that will give many farm operations organized as LLCs, S corporations and other pass-through entities a clearer path to receiving farm program payments. The final rule went into effect June 2 and will begin with the 2026 crop year. Under the new guidance, each equal owner who is actively engaged in farming may qualify for a separate payment limit, rather than the entity being treated as a single recipient.

## Farm machinery tariffs cut

The Trump administration lowered tariffs on certain types of agricultural machinery to 15% from 25% previously. The executive order lowered tariffs on some aluminum, steel, copper and some industrial equipment as well, according to the White House report. The proclamation allows foreign companies to qualify for a 10% tariff if their capital equipment includes mostly U.S. metals as well.

## Trump expects U.S.-India trade deal

President Trump expressed confidence that Washington and New Delhi will strike a long-awaited trade agreement after negotiators wrapped up a fresh round of talks this week, according to a Bloomberg report.

"We'll get to a deal, because I like, you know, I like your prime minister a lot," Trump told reporters in the Oval Office Thursday, referring to Narendra Modi. "He's a good friend of mine. We get along great, and we're going to make a deal. We have a very good relationship."

## Ag tech investment jumps

Global investments in ag tech startups are on the rise. Funds for startups hit \$16.2 billion in 2025, The Economist reported, citing data from venture capital company AgFunder. Of the total, \$9 billion went into research into boosting farm yields, up from \$2.5 billion in 2016. The report argued that unsettled, volatile times in agriculture tend to boost investments aimed at innovation.

## Russian wheat crop faces challenges

Russian spring wheat planting efforts continue to face delays as ongoing rains hinder growers, risking lower production. “Farmers had sowed wheat on about 7.1 million hectares as of May 26, 12% below last year, according to Agriculture Ministry estimates. Still, as planting nears completion, the gap has narrowed from the first half of May, the data shows, the traders said, asking not to be named because the information isn’t public,” said a Bloomberg report. Rainfall across regions that are key to the spring crop, including the Volga region and Siberia, has been 60% to 118% above seasonal norms, according to the country’s Federal Service for Hydrometeorology and Environmental Monitoring. That left the soil too wet for fieldwork and sowing.

## Australian wheat crop disaster

Australia’s wheat crop will be the smallest in three years due to high fertilizer costs and dry conditions, says the Australian government. Harvest is estimated at 26.7 MMT, around 9 MMT less than last season and 8 MMT less than the five-year average. ABARES, a part of the country’s agricultural ministry, said farmers are likely fertilizing less due to high prices caused by the closure of the Strait of Hormuz. Poor weather has hindered early crop conditions as well. Australia historically exports a significant portion of its crop, with a bulk of those exports going to China.

## Trump adds tariffs on Brazil

The Trump administration proposed a new punitive tariff of 25% on many imports from Brazil after deciding the country’s practices were unfair on a range of issues, ranging from digital trade to illegal deforestation, trade official Jamieson Greer said. Trade officials from the U.S. and Brazil have met several times over the past few weeks, though no deal has been made thus far. The tariffs, which would be enacted later this summer, exclude beef, coffee, rare earths, metals, energy and aircraft parts.

## More tariff threats

The U.S. is proposing new tariffs of at least 10% on imports from 60 trading partners “in President Trump’s biggest move to rebuild his protectionist wall since his earlier levies were struck down by the Supreme Court,” Bloomberg reported. Following an investigation into how trade partners handle goods allegedly produced by forced labor, a 10% tariff rate would apply to imports from Canada, Mexico, the European Union, Taiwan and the UK, among other places.

## EU approves U.S. trade deal

European Union lawmakers have given their preliminary approval to a U.S. trade deal, clearing a path for final ratification before President Donald Trump’s threatened deadline to impose new tariffs. The European Parliament’s trade committee greenlit the agreement today, just days after EU negotiators overcame lingering disputes to finalize the text. The vote was expected after trade committee chief Bernd Lange signaled his support. The full European Parliament is now scheduled to vote on ratification on June 16. EU member states are expected to give their final assent shortly after that. The EU is under a tight deadline to implement the transatlantic trade pact, as Trump has vowed to hit the bloc with new levies if it doesn’t approve the agreement by July 4.

## Diesel crunch looms

U.S. diesel stocks in the US could fall to a critical threshold of 20 days of supply by August if commercial inventories keep declining at the recent pace amid the near-complete closure of the Strait of Hormuz, Daan Struyven, Goldman Sachs Group Inc.’s co-head of global commodities research, told Bloomberg Television. US diesel supplies stood at about 28 days for the week ended May 22, according to the US Energy Information Administration.

## OECD warns of global recession

The Paris-based OECD think tank says the conflict in the Middle East could trigger world economic recessions and significantly stronger inflation, with price pressures and weakened demand set to be felt for some time. The organization presented a scenario of prolonged confrontation and economic fallout that would trigger the deepest global slowdown for 40 years, outside of the Covid pandemic and the 2009 financial crisis. The OECD warned that policy decisions will be particularly difficult, with fiscal expansions likely to shoulder most of the burden, but governments having little space to intervene due to elevated public debt. Should disruptions persist into 2027, global growth would slip to 1.8%, tipping some economies into or close to recession.

## Pesticides are hot Farm Bill topic

The “Make America Healthy Again” movement is keeping pressure on lawmakers to keep protections for the pesticide industry out of the farm bill as it moves toward consideration in the Senate, Politico reported. Language that would have prevented states from enacting pesticide laws stricter than federal standards was stripped from the House version of the bill in April on an amendment sponsored by Rep. Anna Paulina Luna, a Florida Republican. Politico termed it the MAHA movement’s first major win on pesticide policy on Capitol Hill.

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# First crop conditions for corn, soybeans indicate good start to season

Corn and soybean crop conditions came in a bit below market expectations in USDA's first weekly assessment of the 2026 growing season. The report found 67% of the crop rated good or excellent as of Sunday. Analysts surveyed by Reuters, on average, looked for a good-to-excellent rating of 70%. Soybeans were rated 66% good or excellent, versus expectations for 68%. Corn planting was nearly complete at 93% across top-producing states, matching the average guess. Soybean planting was 87% finished versus expectations for 89%.

On the weighted Pro Farmer Crop Condition Index (0 to 500-point scale, with 500 being perfect), the corn crop came in at 371.33, compared with 374.60 at the same time last year. The soybean CCI was 368.10 versus 369.74 last year.

Our CCI compresses the USDA's weekly crop progress report into a single, weighted, easy-to-track number that's widely used to monitor the health and potential of US corn and soybean crops during the growing season. The metric re-weights the ratings of the crops at the state level based on the average of the previous three years of production, while USDA's relies on acreage alone. This index allows for conditions in a high-yielding corn state like Iowa to have more of an impact on the rating than an acre located in a state with lower yields and total production.

Pro Farmer crop consultant Dr. Michael Cordonnier left his U.S. crop estimates unchanged, projecting corn production at 15.566 billion bu. with a 181.0 bu. per acre yield and soybean production at 4.425 billion bu. with a 52.0 bu. per acre yield.

Octopusbot, which utilized AI and early NDVI ratings, noted production could come in above USDA's pegs.

## Food spending hits record

Total expenditures on food-at-home purchases (food from grocery stores and other outlets intended for home preparation) hit \$1.096 trillion, up 2.8% from the previous record of \$1.066 trillion dollars in 2024. Spending on away-from-home food (restaurants, recreational establishments, etc.) saw sharp increases as well despite concerns over the health of the consumer in recent months. The category hit a record high \$1.414 trillion, up 4.8% from the prior year, further showcasing budget constraints on consumers.

## Uphill battle for E15

House-passed legislation to allow year-round sales of E15 faces an uphill battle in the Senate. Due to the upper chamber's filibuster threshold, it would need 60% of the vote to pass and make its way to the president's desk. The Congressional Budget Office estimates the bill would increase government spending by \$2.7 billion while raising revenues by \$0.4 billion.

Biofuel advocates are seeking to get the bill attached to crucial, must-pass legislation, such as the farm bill, later this year. They have long feared that a standalone bill would be unlikely to win full passage.

Small refinery exemptions remain a critical sticking point. Some senators from refining states oppose a provision in the current E15 bill that grants small refiners exemptions from blending mandates.

DOANE Market Watch®	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	July	Aug	Oct-Dec
(Monthly & quarterly avg.)						
<b>CORN</b>						
Central Ill., bu.	4.21	4.37	4.21	4.50	4.60	4.40
Omaha, Neb., bu.	4.40	4.39	4.22	4.60	4.70	4.50
Dried Distillers Grain, IA, \$/ton	143.89	163.70	164.09	—	—	—
<b>SOYBEANS</b>						
Central Illinois, bu.	10.43	11.63	11.43	11.60	11.70	11.75
Memphis, Ten., bu.	10.23	12.13	11.87	12.00	12.10	12.00
Soymeal, 48% Decatur, ton	289.60	338.40	349.10	340	350	350
<b>WHEAT</b>						
Kansas City, HRW, bu.	5.37	6.69	6.24	6.25	6.35	6.50
Minneapolis, 14% DNS, bu.	8.23	8.21	7.61	7.70	7.90	7.75
St. Louis, SRW, bu.	5.41	6.15	5.80	5.90	5.90	6.00
Portland, Soft White, bu.	6.18	6.45	6.31	6.40	6.50	6.75
Durum, Neb., MT HAD, 13%, bu.	6.54	6.15	5.83	6.00	6.15	6.15
<b>SORGHUM</b> , Kansas City, cwt	6.23	—	—	6.00	6.20	6.00
<b>COTTON</b> , 11/16 SLM, 7 areas, ¢/lb.	62.60	71.37	71.87	72.00	73.00	73.00
<b>RICE</b> , nearby futures, cwt	13.72	13.18	12.90	12.50	12.60	12.75
<b>CANOLA</b> , Enderlin, N.D., cwt	22.39	24.51	26.18	24.00	25.50	23.00
<b>OATS</b> , Minneapolis No. 2 heavy, bu.	4.00	3.93	3.60	3.90	3.90	3.75
<b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton	160.00	175.00	240.00	170	180	180
<b>SUNFLOWERS</b> , Fargo, N.D., cwt	28.40	23.85	23.85	23.00	24.00	24.00
<b>HOGS</b> , Nat'l basecost 51%-52% cwt	103.29	94.25	94.14	105.00	100.00	95.00
<b>FEEDER PIGS</b> , 40 lb., Nat. avg, head	80.21	105.59	96.25	100.00	95.00	95.00
<b>CHOICE STEERS</b> , feedlots, cwt	236.62	260.49	256.86	255.00	260.00	250.00
<b>FEEDER CATTLE</b> , Oklahoma City						
Steers, 700 lb. to 800 lb., cwt	315.10	376.68	380.54	390.00	395.00	400.00
Steers, 500 lb. to 550 lb., cwt	383.16	471.96	497.23	510.00	520.00	525.00
Heifers, 450 lb. to 500 lb., cwt	360.79	448.67	460.14	470.00	475.00	490.00
<b>COWS</b> , utility, Sioux Falls, S.D., cwt	156.45	171.48	177.53	180.00	185.00	187.50
<b>MILK</b> , Class III, CME spot month, cwt	18.81	16.90	16.11	16.25	16.25	16.50
<b>LAMBS</b> , Sfg., San Angelo, Texas, cwt	272.50	0.00	350.00	350.00	350.00	350.00
<b>ENERGY</b>						
Ethanol, IA, gallon	1.62	1.85	1.88	—	—	—
Farm diesel, U.S., gallon	2.88	4.95	4.95	5.00	5.10	4.85

\*Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions.

# Texas screwworm detection reorders the cattle market

By Bill Watts, Editor

It was only a matter of time before the New World screwworm (NWS) made its way back into the U.S. It was less clear how the market would react to a case when it occurred. As the subsequent limit-up rally for feeders on Thursday made clear – the screwworm remains a bullish factor for now..

The slow-motion migration of the fly toward the U.S.-Mexico border has been a crucial driver for markets for over a year. It has halted the supply of feeder cattle from Mexico into the U.S., further tightening cattle supply as the herd shrank to its smallest in over seven decades. More near-term market volatility may be in store as producers, cattle buyers and consumers react. But a reordering of the Mexican cattle business due to the extended closure of the U.S.-Mexico border carries long-term market implications.

## What happened

An NWS case was confirmed in South Texas near La Pryor, USDA announced Wednesday night, after a sample from an umbilical lesion on a three-week old calf was tested at the department's National Veterinary Services Laboratory in Ames, Iowa.

USDA Secretary Brooke Rollins, in an X post, said Wednesday that USDA and Texas Animal Health officials were taking immediate action to eradicate NWS from the area. That includes setting up a 20-kilometer (12.4 mile) infested zone and the implementation of quarantines, movement controls and surveillance measures in the area. USDA is also continuing the expedited release of sterile flies to limit the spread.

USDA's Animal and Plant Health Inspection Service closed the U.S.-Mexico border to livestock imports in November 2024 following the reemergence of New World Screwworm in Mexico. The border reopened in February 2025, but imports were suspended again three months later after the pest continued to spread northward. In July, USDA scrapped a plan for a phased reopening of southern ports after the pest was detected just 370 miles south of the U.S.-Mexico border.

Screwworm was declared "eradicated" from the U.S. in 1966, but there have been subsequent outbreaks. The most recent was seen in the Florida deer population in 2016 and was wiped out the following year. In biosecurity, "eradication" refers specifically to the permanent elimination of a resident, self-sustaining population

within a geographic area, rather than a guarantee against future external reintroduction.

## Immediate reaction

Sell the rumor, buy the fact was the operating principle Thursday. And traders had aggressively sold the rumor earlier in the week, with the August feeder contract falling more than \$9 Tuesday and Wednesday as the market reacted to infestations near the U.S. border.

Feeders gapped lower at Thursday's open, but soon roared back, finishing up the \$10.75 daily limit. Live cattle also scored strong gains.

## Looking ahead

The pressure earlier this week on the cattle market, particularly on feeders, as fears of a U.S. infestation mounted stood in contrast to the rallies that had accompanied past reports of new screwworm cases in Mexico.

The initial negative reaction reflected a few different factors. For one, even though the screwworm poses no threat whatsoever to the food supply, the "flesh-eating" nature of the infestation lends itself to gruesome headlines that some may fear will temporarily lead some consumers to shun beef. So far, however, there's no indication consumers are poised to turn away.

A more concrete issue is that beyond the restrictions on movement imposed on immediate infestation sites, feedlots will be reluctant to purchase feeders from affected areas, potentially denting demand.

Another potential concern is the notion that USDA may see no reason to keep the border closed. So far, however, remarks by Rollins and the USDA's implementation of its screwworm playbook, with its focus on local eradication, have pushed back on such expectations – and may have served to soothe market concerns somewhat, at least for now.

More than anything, the runup to the infestation heightened uncertainty and may have given speculators an added reason to head for the sidelines.

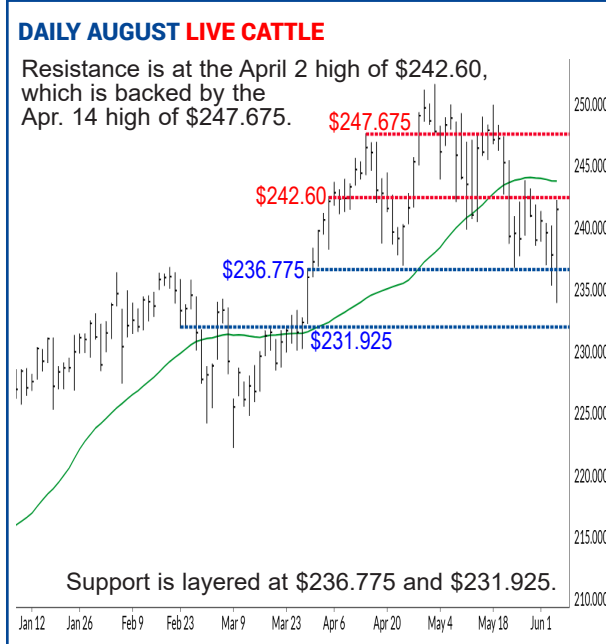
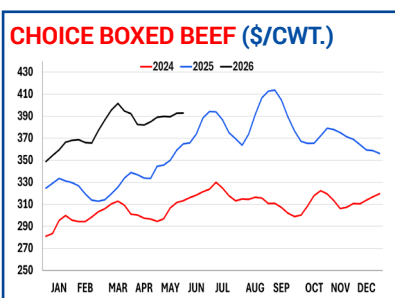
After spending months pricing in the fear of a U.S. screwworm case, the market must now price in the management of the infestation. Thursday's resilient price action indicates that market participants have faith in USDA's playbook and don't see an imminent reopening of the border. The months ahead will provide the real test.

**CATTLE**

Cattle futures responded explosively in the wake of a confirmed New World screwworm case in South Texas after facing some fund liquidation and general weakness amid a pullback in cash cattle trade. Traders are likely to extend length as beef supplies remain at stake with a likely prolonged border closure and squashed herd rebuilding efforts due to less-than-ideal weather pattern in the Plains. USDA has iterated the beef supply is safe, regardless of the pest's northward migration, though a close watch on consumer demand is warranted as efforts to combat NWS persist.

Position Monitor		
Game Plan:	Feds	Feeders
Live cattle	II'26 0%	0%
have re-	III'26 0%	0%
bounded	IV'26 0%	0%
	I'27 0%	0%

after recent selling, as supplies remain tight. Consider using LRP to establish price floors.

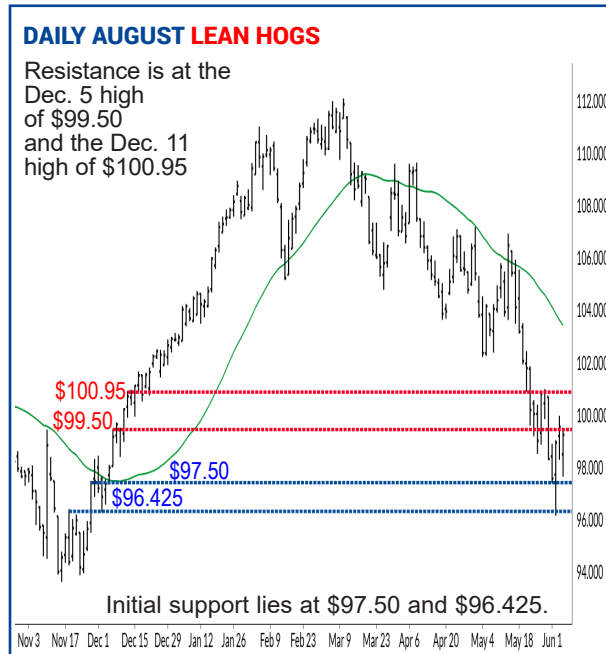
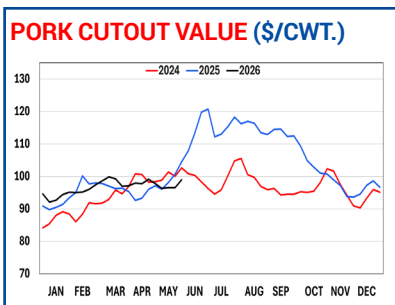


**HOGS**

Short-covering gains have been featured since bears carved the lowest intraday level since late November. However, technical resistance and some volatility in the pork cutout value may continue to cast a shadow over extended strength. We would expect a boost in primal loins, ribs and butts as the summer grilling season advances. Meanwhile, weights continue to well-ahead of year-ago and the five-year average, in tandem with slaughter, which has kept production levels stable. Exports have been a bright spot, with forecasts of continued growth into 2027.

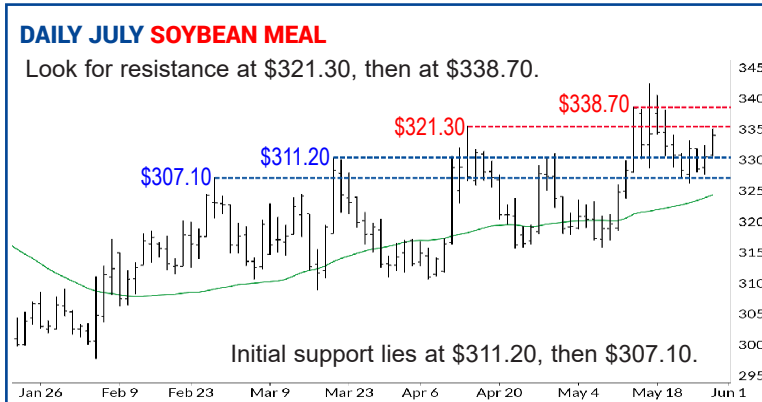
Position Monitor		
Game Plan:	We	Lean Hogs
advised liquidat-	ing the \$104.00	II'26 0%
July puts bought		III'26 0%
		IV'26 0%
		I'27 0%

on Jan. 28 for Q2 production. Stay patient for now as we assess the next opportunity for hedges.



**FEED**

Feed Monitor		
<b>Corn</b>		<b>Corn Game Plan:</b> You should have corn-for-feed need covered through the end of July. Be prepared to make purchases.
II'26	100%	
III'26	33%	
IV'26	0%	
I'27	0%	
<b>Meal</b>		<b>Meal Game Plan:</b> You should have meal needs covered through the end of July. Be prepared to make additional purchases on an extended pullback.
II'26	100%	
III'26	33%	
IV'26	0%	
I'27	0%	



### Position Monitor

	'25 crop	'26 crop
Cash-only:	70%	30%
Hedgers (cash sales):	70%	10%
Futures/Options	0%	40%

**Game Plan:** We advised advancing another 10% of old-crop sales for cash-only marketers and hedgers on May 20 following headwinds arising from lower oil prices and a lack of expected commitments from China stalled futures. You should be 70% sold for the 2025 crop in the cash market. Be prepared to make additional sales.

### DAILY DECEMBER CORN

Initial resistance is at the Jan. 28 high of \$4.59, then at the Feb. 26 high of \$4.69.



### DAILY JULY CORN

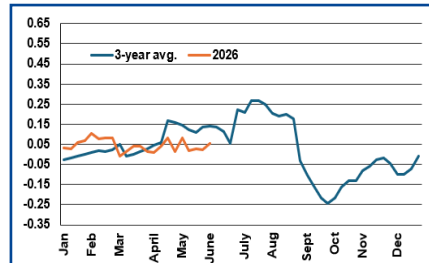
Resistance is at the Jan. 13 low of \$4.33 3/4, then at the Jan. 21 high of \$4.41 3/4.



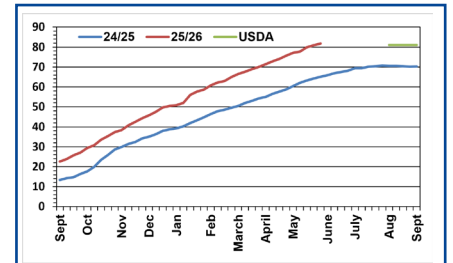
### CORN

Futures kicked off the month on a sour note, with fund liquidation leading July futures to a contract low, while new-crop futures featured a more than 55¢ selloff since the May 13 high. Mostly favorable weather conditions to kick off the growing season was a factor, with market participants likely preparing for USDA's end-of-month Acreage and Quarterly Stocks reports, which will almost surely inspire early fireworks. Moreover, E15 continues to get mulled over in the Senate and China still hasn't surfaced to purchase any supplemental agriculture goods. Ultimately, this has caused a divergence from crude oil futures, which had previously lent support.

#### AVERAGE CORN BASIS (JULY)



#### CORN EXPORT BOOKINGS (MMT)



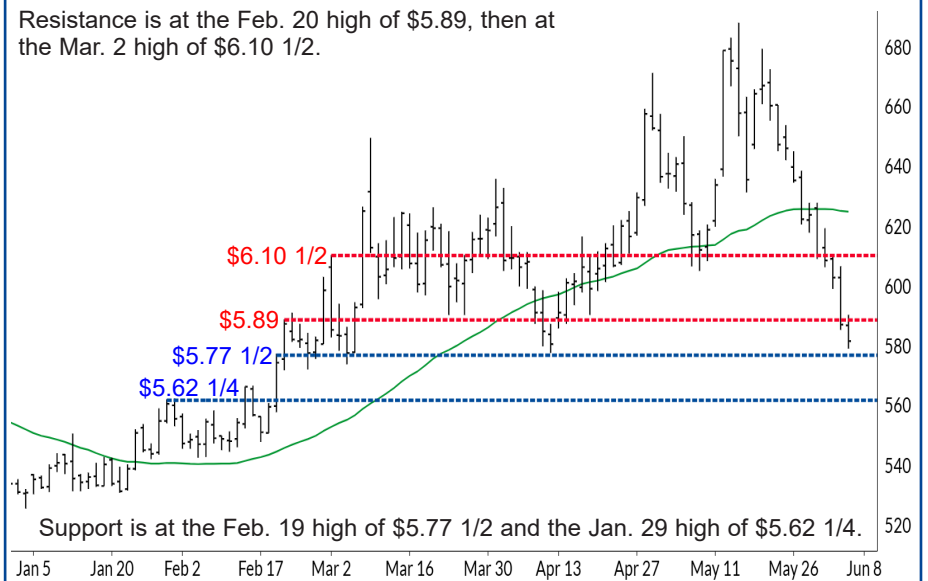
### Position Monitor

	'25 crop	'26 crop
Cash-only:	100%	30%
Hedgers (cash sales):	100%	30%
Futures/Options	0%	0%

**Game Plan:** You should have 100% of the 2025 crop and 30% of 2026 crop sold in the cash market. Be prepared to make additional sales as the market reacts to early harvest results.

### DAILY JULY SRW WHEAT

Resistance is at the Feb. 20 high of \$5.89, then at the Mar. 2 high of \$6.10 1/2.



### WHEAT

**SRW** – July futures reeled to a more than two-month low and suffering a more-than-\$1 rout over a three-week period. Harvest efforts have yet to commence in earnest across the Midwest, though recent price action is likely to curb seller interest, pushing producers towards storage.

**Position Monitor**

	'25 crop	'26 crop
Cash-only:	90%	30%
Hedgers (cash sales):	90%	10%
Futures/Options	0%	40%

**Game Plan:** We advised cash only marketers and hedgers to sell another 20% of old-crop as futures were dragged down by a lack of additional Chinese purchases and early signs of weakness across the grains complex at that time. You should be 90% sold in the cash market for the 2025 crop. Be ready to make new sales.

**DAILY NOVEMBER SOYBEANS**

Resistance stems from the Mar. 13 high of \$11.67 3/4 and the May 1 high of \$11.84 1/2



Support lies at the Feb. highs of \$11.32 1/2 and \$11.19.

**DAILY JULY SOYBEANS**

Resistance stands at the February highs of \$11.55 3/4 and \$11.72.

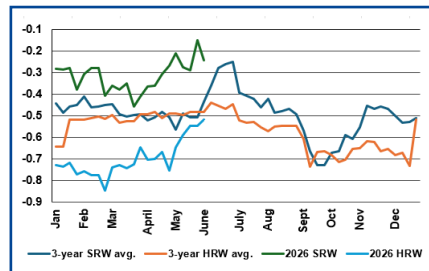


Support lies at \$11.22 1/4 and \$10.98.

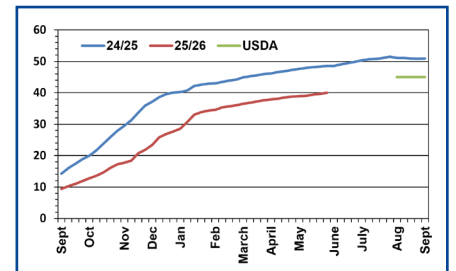
**SOYBEANS**

The soy complex fell under intense pressure, with soyoil marking the largest daily decline in nearly three months and old- and new-crop soybeans each forging multi-month lows. Fund managers scorched the steady net long that the complex has held consistently over the past several months, though soyoil futures remain technically poised as global biofuel demand is likely to offer prolonged support. Meanwhile, uncertainty around U.S. and global production remain as unknowns linger around planted acreage, though plantings continue to outpace year-ago and USDA's initial condition rating indicates the crop is off to a good start.

**AVERAGE SOYBEAN BASIS (JULY)**



**SOYBEAN EXPORT BOOKINGS (MMT)**



**DAILY JULY HRW WHEAT**

Resistance stands at \$6.59.



Support lies at \$6.02.

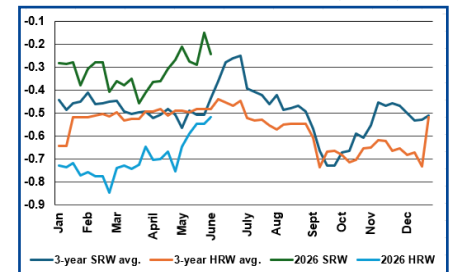
**DAILY JULY HRS WHEAT**

Resistance is at \$6.56 1/4.

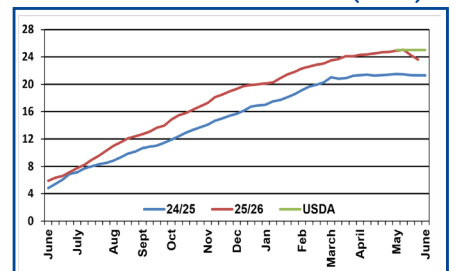


Support lies at \$6.15 1/2.

**AVERAGE WHEAT BASIS (JULY)**



**WHEAT EXPORT BOOKINGS (MMT)**



**HRW** – July futures forged a series of consecutive lower closes since the latter part of May. Winter wheat conditions continue to falter, though more will be known about the crop as harvest advances. Weather has improved recently, while global supplies and trade uncertainties have also inspired sellers of late.

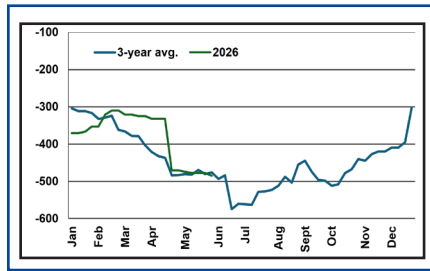
**HRS** – Planting progress and emergence are advancing ahead of the five-year average, while the initial condition rating marginally trailed year-ago. However, forecasts of reduced spring wheat acreage should provide underlying support, which could drive greater volatility should weather concerns crop up during the growing season.

### Position Monitor

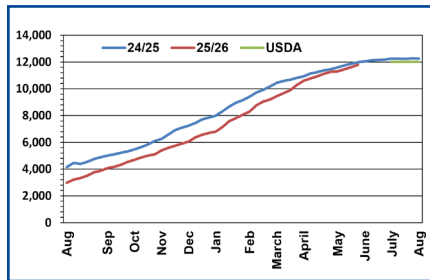
	'25 crop	'26 crop
Cash-only:	100%	60%
Hedgers (cash sales):	100%	60%
Futures/Options	0%	0%

**Game Plan:** On May 20, we advised selling 10% of old-crop production to finish sales. Be prepared to make additional new-crop sales.

### AVERAGE COTTON BASIS (JULY)



### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY JULY COTTON

Resistance stands at the Apr. 14 high of 77.08¢, then the Apr. 16 high of 78.52¢.



## COTTON

Consolidation has been the trend of late though the recent breach of the 10-day moving average may lead to extended selling with bears' next objective to close below the 100-day, trading around 74.70 cents. Plantings continue to advance, ahead of last year, but behind average.

## GENERAL OUTLOOK

**COMMODITIES:** HSBC Holdings says commodity markets are in a bullish "super-squeeze" that will worsen if the Strait of Hormuz remains virtually closed.

"The longer the strait is closed, the more inventories are run down, the more likely it is that we reach tipping points in the markets for some commodities," HSBC analysts said in a report.

Beside with the Middle East war,

HSBC's outlook also highlighted other price-bullish elements for commodity markets, including rising consumption of base metals and an El Niño weather phenomenon that may crimp global crop supplies in the coming months.

The overall commodities cycle remains in a "super-bull" phase but this one is different to earlier bullish super-cycles because it is driven by supply disruptions, HSBC said.

### MONTHLY S&P GSCI COMMODITY INDEX



## FROM THE BULLPEN By Economist Lane Akre

Purdue released its monthly Ag Economy Barometer in tandem with Farm Journal's release of its Ag Economists Monthly Monitor. Both painted a somewhat bleak picture of the future of the ag economy, partially due to consequences of the ongoing conflict in the Middle East. Purdue's barometer indicated nearly two-thirds of farmers note a negative impact on their net income due to the Iran war. Producers noted high input costs as the most important factor limiting improvements in financial performance in Purdue's survey. Fewer respondents think U.S. policy is on the right track as well, sliding to 52% from 57% a month earlier.

Economists in Farm Journal's monitor said mounting challenges are taking a toll on farm finances. The survey noted 40% of economists said many farmers will require significant restructuring to remain viable. Even profitable producers have had to rely on loans, with the potential for higher interest rates to further tightens credit conditions, at a time of higher input costs due to the war in Iran.

Both surveys noted there is reason for optimism. China could re-enter the U.S. ag markets, which could provide a floor for trade, but the longer they remain absent and prices slide, the more impact of higher inputs will have on the bottom line.

## WATCH LIST

- 1 Crop Progress** **MON 6/8**  
3:00 p.m. CT  
Condition ratings in focus.
- 2 U.S. Trade Data** **TUE 6/9**  
7:30 a.m. CT  
April imports/exports.
- 3 Weekly Export Sales Report** **THUR 6/11**  
7:30 a.m. CT  
Corn sales remain strong.
- 4 USDA Crop Production Rpt.** **THUR 6/11**  
11:00 a.m. CT  
Second winter wheat estimate.
- 5 USDA WASDE Report** **THUR 6/11**  
11:00 a.m. CT  
Supply & Demand update.

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