April 08, 2022 **#1982**

LOOKING FORWARD WITH A BACKWARD GLANCE

Sales Recommendations: On Hold. Recommendation to sell 25% of 2023 soybeans and re-own in Dec22 corn futures has not been followed by anyone we have contacted, so we will pull that recommendation. Sales recommendations for 2023 production, this early, will be "cash sales" recommendations, not necessarily tied to re-ownership.

Expanded thoughts below. Be Wise and Be Prepared, though Patience will be your greatest virtue in 2022. **Next MNU by Good Friday**. ***Easter is April 17th. This is the victory that has overcome the world, even our faith. 1 John 5:4***

*** Percentage sold, if in a range, is due to those who can re-own via futures vs those who do not.

Current Sales:	**2021** sales:	**corn**	50%	**soybeans**	50% - 100%	**wheat**	100%
	2022 sales:	**corn**	0%	**soybeans**	50% - 100%	**wheat**	75%
	2023 sales:	**corn**	0%	**soybeans**	0%	**wheat**	40%

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Biblical View of Today: https://www.youtube.com/watch?v=Jpqno7cRlKE

Hedging Inflation Risk: There are many ways to manage the risk of higher prices/costs. With inflation soaring at speeds much higher than what the government will acknowledge, alarm bells ring, screaming that our input costs will keep rising at an accelerated/accelerating pace.

Nearly a year-and-a-half ago we recommended buying 100% of your fertilizer needs in Mosaic stock (MOS). We were too conservative. We needed to say buy 300% or 500% of your fertilizer needs ***(3 to 5-years' worth).*** Most tell us what they wish they had. Even at that, we were too conservative. One should have done it for ALL COSTS, which a farm operation would occur in these years of inflation. Will the U.S. witness hyperbolic inflation? We do not know. We do suggest one plan for the worst and pray for the best. Evil rules over many nations and several which wield great power. Plan on the war continuing for some time and the issues in China – with its CCV continuing to disrupt the disheveled supply chain. Just in time is not working well.

Now the question asked is Mosaic still a good buy? If fertilizer prices are going to keep rising, then yes. We pose the question – are we in the 1st 30% of this world fertilizer shortage or in the last 30%? Our research says we have at least 2 more years of this ***(again, trying to be very conservative, hint, hint.)*** If this is correct, then it would be a good buy. But is Mosaic going to give you the best protection against inflation and shortages of inputs?

We sent a text this week recommending 3 different companies, 2 of which are very large producers/suppliers of potash, for you to consider. They are MOS, IPI, and NTR. Mosaic and Nutrien you will know, and they are the larger of the 3. IPI is an American company with a unique market niche.

We felt IPI is worth a look, if only for the purpose of diversification. We like it from its potential upside compared to the much larger companies.

(We purchased IPI the day we did the research and texted the information, as we felt, looking at its old high, holds the potential to secure the largest gain on your dollars. In the last 3-days, it has outperformed the 2 other larger companies, not that a few days' price action should persuade your final decision of where you should "hedge" your future risk of higher costs.)

Other Subscribers called and felt they would be more "secure" in MOS or NTR. You must make this decision for yourselves, as there are no doubt other avenues some may know that could do you better. For your operation, you need to do you.

One Subscriber did act on our recommendation last year and bought 50% in Mosaic and 50% in Mobil Oil. Mosaic increased 2.5Xs and Mobil Oil 5Xs his money. We do not know what would work best for your situation, but it would be very wise to find something that works for you.

Russia, Chile, Germany, Canada, and Belgium are the top countries supplying potassium sulfate. As potassium shortages will also be seen, which companies are the major producers? Those Top Fertilizer Companies are CF Industries, Haifa Group (Israel), Indian Farmers Fertilizer Cooperative Limited (India), Israel Chemicals Ltd. (ICL), Nutrien Limited, Sociedad Quimica y Minera (SQM), Mosaic, Uralkali (Russia), and Yara (Norway).

In the text we mentioned hedging off **ALL** your risk exposure, meaning covering higher prices of fuel, seed, chemicals, machinery costs, and fertilizer. We realize all operations deal with different circumstances. But the bottom line is quite simple. You need to cover whatever amount of your input costs you can! We absolutely recommend you find some way to hedge off the inflationary risks of rising prices which work for you. If you have found yourself wishing you would have done something much earlier, this may be your best chance to hedge the risks of higher costs into the future. Maybe you prefer buying crude oil, heating oil, wheat, or corn futures?

We have also been trying to assist in this inflationary environment by holding back sales. We have stated we do not want to make 2022 sales due to the world's situation. And if we did, which we did, we want those dollars/bushels owned back in corn futures. As all ships rise with the tide, we are doing our best to advise along the lines, where everything you own, everything you produce, and all your input costs, are rising. Thus, it is wise to only sell what you need to cash flow on rallies and hold back the rest, waiting on the next rally/timing highs. Our future MNU's will be focusing on this, as well as discussing and weighing concerns if one should price any more 2022 corn production, understanding the risks of much higher prices in 2022, as this growing **Global Food Crisis** befalls the world.

Technicals Plus: Today's USDA numbers 1st sent prices lower, then corn and soybean prices shot up and printed new highs on the day. For the week, all grains closed higher, May corn closed up $0.336, December $0.28, May soybeans $1.062, November 0.886, May KC wheat 0.936, May Chicago wheat 0.67, and May Minneapolis wheat was up 0.62. The trends of all grains remain higher. **Dec22 Corn** closed at new contract high this week of $7.16, with **May22 Corn's** price rise was halted by old resistance at $7.70, which price has failed to close above after 4-previous attempts since March 4th. Price closed at $7.686. Support in May22 corn rests at $7.30, with higher highs to be seen soon. **May22 Soybeans** broke above a short-term downtrend line, closing the week at $16.89. Support is $15.75, with resistance at $17.25. Price closed $0.702 below its contract high of $17.592 set on February 24th. Nov22 Soybeans has support at $14.00, resistance at $15.00, closing at $14.954 this week. Price sits $0.596 below its contract high price of $15.55, also set on February 24th. After testing support at $10.00 twice late last week, **July22 K.C. Wheat** gaped open higher on Tuesday and never looked back, closing at $11.10 and printing a key reversal higher. This close over $11.00 places it back into an uptrend from sideways. The gap July22 wheat printed on Tuesday, which projects to new contract highs, at least $1.50 higher. One could make an argument to $13.50.

April 9th, USDA Grain Stocks Report:

U.S. Ending Stocks 2021/2022	**April**	**Average Guesses**	**March 2022**
Corn –	1.440 bb	1.400 bb	1.440 bb
Soybeans –	0.260 bb	0.245 bb	0.285 bb
Wheat –	0.678 bb	0.654 bb	0.653 bb

World Ending Stocks 2021/2022	**March**	**Average Guess**	**March 2022**	**2020/2021**
Corn –	305.50 mmt	300.70 mmt	301.00 mmt	291.50 mmt
Beans –	89.60 mmt	88.40 mmt	86.70 mmt	101.70 mmt
Wheat –	278.40 mmt	281.50 mmt	281.50 mmt	290.30 mmt

World Production (mmt)	**April**	**Average Guess**	**March 2022**	**2020/2021**
Corn				
Argentina	53.00	51.90	53.00	51.5
Brazil	116.00	115.20	114.00	87.0
Soybeans				
Argentina	43.50	42.60	43.50	46.2

Brazil	125.00	125.00	127.00	138.00

USDA's Numbers: The greatest change was made in corn's World ending stocks, increasing them by 4.5 mmt. Our 1st thought was of price control! Maybe it is from Avian flu and the 10's of millions of birds which have been euthanized in the U.S. and Europe? *(What about all the manure lost from all those birds' that will need to be replaced with commercial fertilizer? Well, that is another story.)* They did raise Brazil's corn crop (s) 2 mmt. Good luck with that. What are the odds they cut that 2 mmt in their May report?

From March to April, the USDA left 2021/2022 corn carryover stocks unchanged, soybeans were lowered by 25 mb, with wheat's increased by 25 mb.

For corn, the USDA lowered feed and residual by 25 mb, increased corn used for ethanol by 25 mb and held exports firm at 2.5 bb. Total use ended at 14.935 bb, with the average farmgate price raised by a whopping $0.15 to $5.80/bu.

Soybeans saw its exports raised 25 mb, seed usage upped by 4 mb, while lowering residual use by 3 mb. Globally, stocks were changed just a titch, while lowering Brazil's production 2 mmt. The USDA left soybean's farmgate price unchanged at $13.25/bu.

Wheat saw its exports lower by 15 mb, with feed and residual cut by 10 mb. Global stocks were cut by a bit over 3 mmt, helping offset the slightly negative U.S. numbers on wheat. The U.S. farmgate price was raised $0.10 to $7.60/bu, surprisingly low considering the world situation and today's prices.

Ukraine's corn exports were lowered by 4.5 mmt, with its wheat exports lowered by only 1 mmt.

Export Sales: From the previous week, all were down except for corn and wheat. Corn was still weak with just 31 mb reportedly sold, soybeans came in at 29 mb, wheat at a weak 5.7 mb, with sorghum negative again at -0.4 mb. Loadings were better. Corn 60 mb, soybeans 27 mb, wheat 10.9 mb, and sorghum a healthy 11.2 mb. Of these loadings, China took 31 mb of corn, 12.8 mb of soybeans, and 9.3 mb of sorghum.

Pricing: With the coming drought, frost, and freeze risks to Brazil's Safrinha crop, frost/freeze scares to Argentina's crops, increasing drought risks to U.S. production later this year, we believe it would be unwise to make any sales until more is known about world production. We see global production falling this year and into 2023, as long as the war continues, as long as fertilizer production is curtailed from rising energy costs, and as long as crop losses continue to be seen on the horizon. See https://twitter.com/247dotAg

Fertilizer: DAP is taking the lead in fertilizers, up 17% last month, with an average price of $1,033/ton. Potash rose 15% last month to $984/ton. Urea was up 6%, 10-34-0 up 7%, and UAN28 up 7%. Anhydrous hit $1,526/ton, with UAN32 $711/ton, both new all-time highs. Compared to 1-year ago, MAP and 10-34-0 are now 50% more expensive, DAP is 67% higher, UAN28 is 88% more expensive, UAN32 is 89% higher, urea is 102% more expensive, potash is 104% is higher and anhydrous is 123% higher.

South America: Track weather developments in South America. It is drier in Brazil than they need to finish off this year's crop. Stress is building in Brazil and Argentina. The Eastern 1/3 has been running well below normal on rainfall these last few weeks. This region forecasted to see below normal rain for another 2-weeks, and expand into a few other provinces, also.

Brazil's summer drought normally begins around May 1. They need to build moisture NOW to get through with less later. Not happening. There is a big strip of dryness in Western Argentina. We are forecasting frost/freeze for Brazil later. We are projecting further yield reductions in USDA's May report for Brazil.

Paradigm Shift: *Repeating because you need to understand*. It has been building. We have had arguments about what the acreage shift would be in the U.S. That shift will not be as great in the U.S. as it will be in many other poorer production nations of the world.

The **Globe Food Crisis** will be upsetting the proverbial apple cart, which we all become accustomed to. This will not be a short-term event. This upheaval will last years.

How did it start? In order of events: Covid (CCV), lockdowns from the CCV, trillions in government stimulus, severe restrictions on fossil fuels for the soul purpose of pushing a transition to non-reliable, expensive and subsidized "green energy" and more government control and less freedoms, Germany/EU not building NG stocks before a major cold snap after years of shutting down energy production from coal and nuclear to rely on the unreliable, and China embargoing the importation of coal from Australia, its #1 coal supplier. The icing capped this Perfect Storm with Russia limiting outflows of NG to Germany/EU, followed by Russia attacking Ukraine. One could not ask for a more Perfect Storm, which only adds to the growing **Global Food Crisis**. ***(The world has never had a major war in one of the world's Top 4 "Bread Baskets" in 80 years!)***