



May 12, 2022

#1988

## LOOKING FORWARD WITH A BACKWARD GLANCE

**Sales Recommendations:** *If you have any old crop soybeans left, use rallies from \$16.25 to \$17.25 to make final sales.* See more reasons why below. Otherwise, NO Sales. Next MNU by May 22<sup>nd</sup>. *Texted on Tuesday to re-own all previously sold grain in July22 corn futures.* Time will tell if that recommendation should have been to re-own in Dec22.

**See 247Ag on Twitter:** You **DO NOT** need to have a Twitter account to see our postings! But we did discover that if you are using your phone and Twitter says you need an account, **try your desktop.** Several told us it did not work on their phone, but it did when they got on the computer.

**Just click the link to see us on Twitter.**

<https://twitter.com/247dotAg> You need to stay informed on South American, Europe's, and U.S. weather trends. Click on the link for photos and short commentaries. Pictures tell stories faster and easier.

**Quote of the Week:** If you wanted to destroy this nation with the end goal to build it back better, what would you do differently than what is being done today?

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

<b>Current Sales:</b>	<b>2021</b> sales: <b><u>corn</u></b>	75%	<b><u>soybeans</u></b>	100%	<b><u>wheat</u></b>	100%
	<b>2022</b> sales: <b><u>corn</u></b>	0%	<b><u>soybeans</u></b>	50% - 100%	<b><u>wheat</u></b>	75%
	<b>2023</b> sales: <b><u>corn</u></b>	0%	<b><u>soybeans</u></b>	0%	<b><u>wheat</u></b>	40%

**Technicals Plus:** The most bullish of the 3-grains continues to be wheat. Corn follows wheat, which we see as bullish. Soybeans are the least bullish, with a slight lean toward bearish, with bullish possibilities. The meal market is in a solid downtrend. Soyoil topped, at least in the short-term. Soybeans cannot get out of trading sideways. Soybeans' greatest hope in the next month or two is for its price to rise with the tide.

**July22 Corn's** trend remains higher, but was slowing, losing energy, until July22 corn proved up support at \$7.70. After 2 days, price jumped higher to test resistance at \$7.90. Today \$8.00 was showing as its next R level. S remains intact at \$7.70. July22 corn needs to close above \$8.25 to turn this market into an uptrend. Corn will struggle to do that. **July22 Soybeans**

continue to trade sideways and have been since its February 24<sup>th</sup> high of \$17.41. Price broke through \$16.25 this week, trying to test its next support area at \$15.60. Today's USDA numbers offered soybeans some support. **July22 K.C. Wheat** was working hard to flip into an uptrend. It did that before today's report, but added emphasis came to wheat with the USDA acknowledging many issues wheat has. ***See our updated TZC's pointing out these issues and price projections.*** As stated last week, ***"July22 K.C. Wheat turns into an uptrend when price closes over \$12.00. An open gap at \$10.50 points to a price objective of at least \$13.50."*** ***"U.S. rains, India's drought, and India's decision to ban or not to ban wheat exports, will be next week's price driving factors."***

### **May 12<sup>th</sup> USDA Grain Stocks Report:**

<b><u>U.S. Production 22/23</u></b>	<b><u>Avg Guesses</u></b>	<b><u>2021/2022</u></b>
Corn – 14.460 bb	14.779 bb	15.115 bb
Soybeans – 4.640 bb	4.604 bb	4.435 bb
All Wheat – 1.729 bb	1.789 bb	1.646 bb
Winter – 1.174 bb	1.245 bb	1.277 bb

<b><u>U.S. Ending Stocks 21/22</u></b>	<b><u>Avg Guesses</u></b>	<b><u>April</u></b>
Corn – 1.440 bb	1.404 bb	1.440 bb
Soybeans – 0.235 bb	0.222 bb	0.260 bb
Wheat – 0.655 bb	0.681 bb	0.678 bb

<b><u>U.S. Ending Stocks 22/23</u></b>	<b><u>Avg Guesses</u></b>
Corn – 1.360 bb	1.305 bb
Soybeans – 0.310 bb	0.319 bb
Wheat – 0.619 bb	0.655 bb

<b><u>World Ending Stocks 2021/22</u></b>	<b><u>Avg Guesses</u></b>	<b><u>April</u></b>
Corn – 309.40 mmt	303.70 mmt	305.50 mmt
Beans – 85.20 mmt	89.00 mmt	89.60 mmt
Wheat – 279.70 mmt	278.30 mmt	278.4 0mmt

<b><u>World Ending Stocks 2022/23</u></b>	<b><u>Avg Guesses</u></b>
Corn – 305.10 mmt	295.60 mmt
Beans – 99.60 mmt	98.00 mmt
Wheat – 267.00 mmt	271.60 mmt

<b><u>South American Production</u></b>	<b><u>Average Guess</u></b>	<b><u>April</u></b>
<b><i>BRAZIL</i></b>		
Brazil Soybeans – 149.0 mmt	124.5 mmt	125.0 mmt
Brazil Corn – 126.0 mmt	113.9 mmt	116.0 mmt
<b><i>ARGENTINA</i></b>		
Argentina Beans – 51.0 mmt	42.8 mmt	43.5 mmt
Argentina Corn – 55.0 mmt	52.1 mmt	53.0 mmt

**USDA's Numbers:** Corn planted acres 89.5 m, with a 177 bpa yield. Surprise! First ever yield cut this early. For the record, we forecast no more than 175 bpa for this year's crop, not taking into consideration the drought related losses later this summer. This will equate to at least a 400 mb reduction from their 1<sup>st</sup> production estimates. Total corn usage for 2022/23 is projected down 370 mb. The USDA is cutting demand already, caused by the currently high prices. Cuts were made in Feed and Residuals, plus exports were cut 100 mb. That has the USDA forecasting a farmgate price for 2022/23 of \$6.75/bu. Corn for 2021/22 saw no change in supply and demand. To that we disagree, as we see exports increasing in the coming months, reducing old crop carryover stocks. Currently at 1.440 bb, look for that number to fall to 1.2+ bb, max. The USDA raised their expected farmgate price for corn to \$5.90/bu. Surprisingly, this supports our current stance of not pricing ANY NEW CROP CORN! If you do not see why, please email or text.

USDA forecasts Soybean acres at 91 m, with a trend yield of 51.5 bpa. That would set 2022/23 ending stocks at 310 mb, versus 235 mb ending stocks for 2021/22. For the next marketing year, the USDA placed crush at 2.255 bb, exports at 2.2 bb, reduced used for seed by 102 mb, and set residual use at 23 mb, placing final total use at 4.58 bb. That gave them \$14.40 for the average farmgate price for next year. For old crop, the USDA lowered ending stocks by 50 mb, which came from an increase in exports, taking them down to 235 mb. They set this year's average farmgate price at \$13.25/bu. Ponder this when you see world numbers. Global ending stocks came in at 85.24 mmt, below average expectations. This came from lower Chinese stocks, lower Argentina production, and lower U.S. stocks. For 2022/2023, global stocks jump to 99.6 mmt, up 14.4 mmt. That comes from Brazil having trend yield in 2023 versus getting hammered on yield this year. They are ignoring a possible Trifecta. Did you notice what could be argued as being "off" from all these numbers?

Wheat was the big winner here if you are only wanting higher prices. New crop ending stocks came in below expectations at 618 mb, dropping total supplies to 2.504 bb. Exports were placed at 775 mb. The USDA cut yield 2.3 bpa from last year, placing it at 47.9 bpa, with 24.5 m expected to be harvested for grain. Abandoned winter wheat acres are seen as the highest since 2002, with Oklahoma and Texas accounting for the majority of the lost acres. For HRW wheat, its stocks were placed at 590 mb, down 21% from last year. SRW wheat stocks were 354 mb, only down 2%. In contrast, Winter White (WW) wheat production was set at 230 mb, up 38% from last year. Globally, new crop wheat production was placed at 774.83 mmt, with ending stocks at 267.02 mmt. The VERY BIG drop came from cuts out of Ukraine, down 21.5 mmt, India down to 108.5 mmt, and Australia down to 30 mmt. The average farmgate price was set at \$10.75, compared to last year's \$7.70/bu price.

Inflation will continue to rise as long as the Consumer Price Index (**CPI**) is lower than the Producer Price Index (**PPI**). This week the CPI came in at 8.3% and the PPI was reported at 11%. That is quite a spread.

Difference Between Global Food Crisis & Famine: Is there a difference? What is in a name? Which one gets you to sit up and take notice more? We cannot stress enough that a Famine lies ahead for many. Food shortages are only going to get worse into 2023 and possibly into 2024. Looking ahead and seeing what is coming is necessary, if you want to plan for your

future, plan on when to price your grain, during times when food shortages are growing, and high too much higher prices are destroying demand.

We in the U.S. will not feel it like so many others will. We need to count our blessings every day. The U.S. is self-sufficient in many areas. Many things of luxury we can easily learn to do without. It makes us think of Bill Gates and his Elites friends who visualize and desire to re-make the world where the Neo-Serfs will own nothing, be happy, and eat bugs for protein, while they dine on fine wines and Prime Steaks.

They are already starting on it. Construction will begin in 2022 on one of the biggest economic development projects the city of Decatur, IL has seen in years. French-based Innovafeed will begin building a new \$250 million insect protein production facility new Richland Community College, with completion scheduled last in 2024. Insect protein will be used to feed animals and fish. The company will be working on developing products for people, also. ***(It will be disguised!)*** Innovafeed said its goal is to be able to feed 10 million people by 2050. ***(Oops! They let the cat out of the bag.)***