Staff Report No. 2024-28 **March 11, 2024**

March Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2023/24 U.S. MYA Price Projection
Corn	$4.75 per bu.
Soybeans	$12.65 per bu.
Long Grain Rice	$16.10 per cwt.
Southern Medium Grain Rice	$18.00 per cwt.
Upland Cotton Lint	$0.77 per lb.
Seed Cotton	$0.3982 per lb.

WASDE Summary

The WASDE's March outlook for 2023/24 U.S. corn remains relative to last month. The season-average corn price for producers has been lowered to $4.75 per bushel based on observed prices to date.

The outlook for U.S. soybean supply and use for 2023/24 also remains unchanged for March. While soybean crush is unchanged, the soybean meal extraction rate has been bumped up slightly, and soybean meal exports are mostly higher due to lower domestic use. The U.S. season-average soybean price forecast stays unchanged at $12.65 per bushel.

The outlook for 2023/24 U.S. rice this month is for unchanged supplies and domestic use, larger exports, and smaller ending stocks. All rice exports are raised 1.0 million cwt to 88.0 million with a 3.0 million increase in long-grain and a decline of 2.0 million for medium- and short-grain. Projected ending stocks are reduced 1.0 million cwt to 41.5 million but are still 37 percent larger than last year. The all rice season-average farm price is raised this month by $0.40 per cwt to $18.80 on increases for all classes of rice based on NASS prices reported to date and expectations for cash and futures prices for the remainder of 2023/24. The long-grain price is raised $0.10 per cwt to $16.10, the Other States medium- and short-grain price is raised $0.50 per cwt to $18.00, and the California medium- and short-grain price is raised $2.00 per cwt to $32.00.

This month's 2023/24 U.S. cotton forecasts show lower production and ending stocks relative to last month. Production is reduced 334,000 bales to 12.1 million, based on the March 8 Cotton Ginnings report. The final estimates for this season's U.S. area, yield, and production will be published in the May 2024 Crop Production report. Ending stocks are 300,000 bales lower this month at 2.5 million. At 18 percent, stocks as a share of use are projected their lowest since 2020/21. The projected marketing year average price received by upland producers of 77.0 cents per pound is unchanged from last month.

Corn

Corn prices continue to exhibit bearishness which is not just attributable to more plentiful U.S. supplies, but also from anticipated increased corn supplies from both Argentina in May and Brazil in July. One positive note for U.S. corn is in the export sector where U.S. export shipments for corn are up 34% in 2023-24 relative to this time last year. Ethanol production is up 4.5% from last year's pace currently. Cattle numbers are down this year, but the February 1st on-feed total is like a year ago at this time.

Dow Jones' survey of 18 analysts expects USDA to slightly reduce its estimate of U.S. ending corn stocks from 2.172 billion bushels to 2.141 billion bushels, still the most in five years. South American crop estimates will get hard looks, as USDA's production estimates for corn and soybeans are higher than almost everyone else's. For Brazil corn production, Dow Jones expects USDA's estimate to be lowered from 124.0 million metric tons to 122.4 mmt, or 4.82 billion bushels. Conab's estimate is more credible at 113.7 million metric tons, or 4.48 billion bushels, down 17% from last year's record crop. For Argentina, USDA is expected to keep its corn production estimate at 55.0 million metric tons, or 2.17 billion bushels, up 57% from last year's drought-restricted crop. Dow Jones expects USDA's estimate of world ending corn stocks to be trimmed from 322.06 million metric tons to 320.70 million metric tons, or 12.63 billion bushels, the most in five years.

In the March WASDE report, USDA, the U.S. corn balance sheet remains unchanged from February. There was some thought that USDA might reflect a rise in corn exports or corn usage for ethanol based on the recent trend of both. However, that did not occur, and U.S. ending stocks remained at a comfortable- if not burdensome- 2.172 billion-bushel carryout. Traders had been looking for a modest reduction of 29 million bushels.

The bulls took the opportunity to buy the dip, with accelerated buying following the morning release of the March WASDE report on March 8th. Little change was expected in the demand outlook from USDA, and USDA ultimately left everything unchanged aside from reducing their expected farm-price a nickel to $4.75. Ending stocks remained unchanged at 2.172 billion bushels, though we continue to have a more optimistic view on demand than the current estimates. USDA economists opted to kick the can down the road on decisions over robust ethanol use and light feed use, likely awaiting the Quarterly Grain Stocks Report at the end of the month.

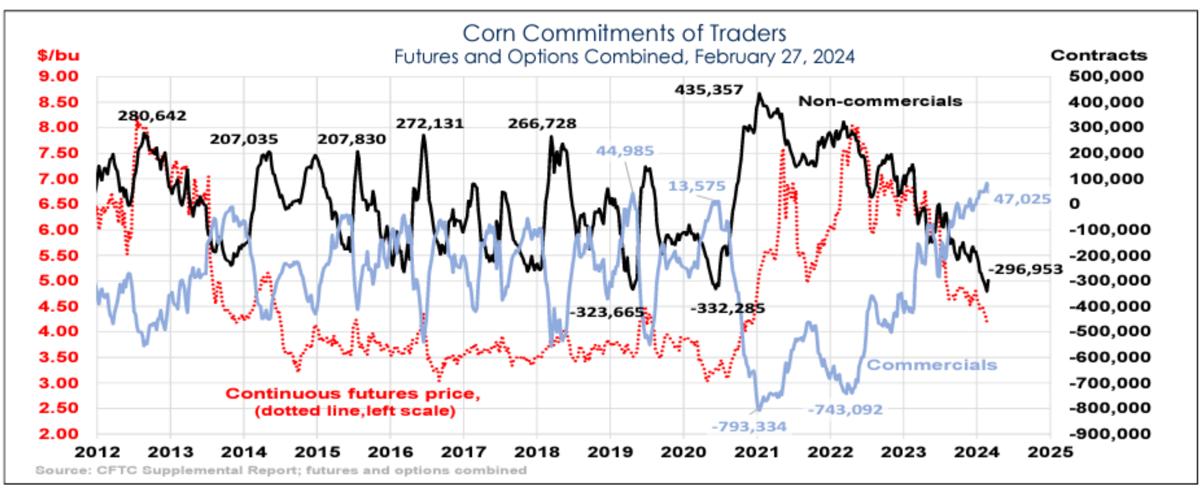
USDA opted to leave the balance sheet unchanged today, heightening the focus on the government's Quarterly Grain Stocks Report at the end of the month, which will show how domestic use is stacking up. That paired with the March Prospective Plantings Report is likely going to dictate much of the price action into the summer months. There are conflicting views among analysts, as some believe that corn acres will stay high, with producers opting for higher input/risk, higher profit-potential corn to "out yield" poor prices. Record anhydrous applications last fall support this and a mild spring thus far points to this being a possibility. Still, other analysts see crop rotations as surely lowering corn acres and increasing bean acres, narrowing the gap between the two closer to four million acres, a far cry from over 11 million acres this past year.

On February 26th, the May through December daily corn futures contracts posted a bullish key reversal on price charts. A bullish key reversal is a chart formation in which prices exceed the previous day's low and high, and close higher than the previous day's close. More importantly, when this occurs at the bottom of a trend, it may signal a potential change in price direction. The key to any chart formation may be follow-through, confirming the signal. In the days after the reversal in February, corn futures rallied and finished firmer 3 consecutive sessions. After the prolonged downtrend prior to February 26th, the market may now be providing a signal for buyers to become more aggressive.

In late October after a small rally, corn prices began a downward slide that continued until the end of February (Brock Report). Increasing production numbers in November and January USDA supply and demand reports indicated the crop was getting larger. In addition, the reports indicated demand was stagnant and, therefore, the bottom-line number (called carryout) was increasing. Carryout is the amount of corn projected to be left over at the end of the marketing year, August 30th. It is not unusual for price direction to be the opposite of the trend of carryout. If carryout is growing, typically prices move lower. From an end user perspective, the market is now providing value to end users which may encourage buying.

Another factor is money flow. A player in the marketplace is managed money, or large speculative traders. A record net short (sell) position by managed money through the third week of February was noted in the weekly Commitment of Traders (COT) report. This report outlines who the large players are in a market. The COT, in the last week of February, indicated less managed short positions, potentially signaling that large traders may be exiting (buying back) short contracts.

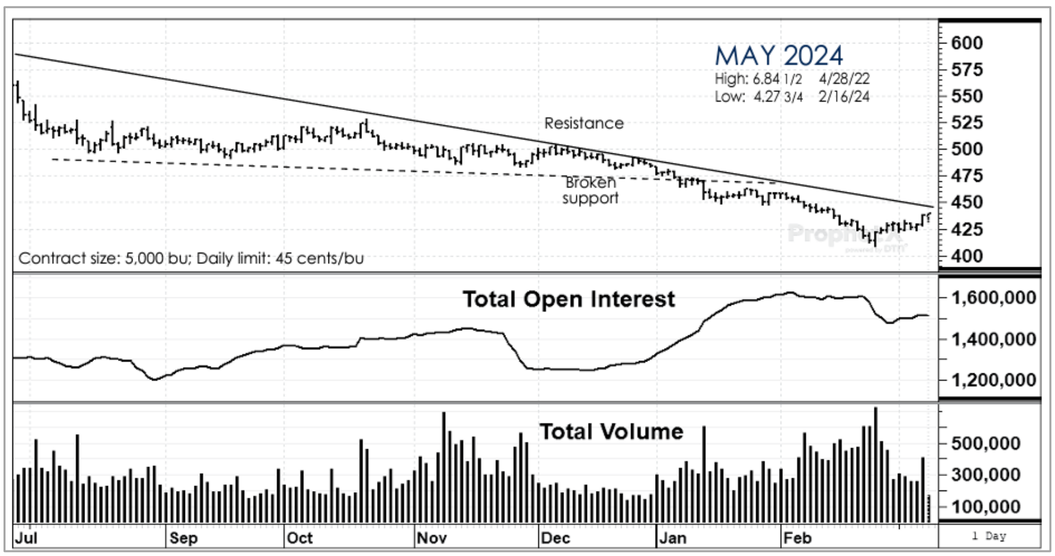
Whereas Open Interest measures changes in market participation, the Commitment of Traders report, or COT, gives us clues as to who is participating and what they are doing. The "who" of this report, which is compiled by the CFTC on Tuesday, but released every Friday afternoon, consists of large speculators, or "Non-Commercials," Index Funds, Commercials, and what's left over, or "small" traders. The threshold of 150 soybean contracts or 250 corn contracts qualifies as a "large" position. The basic assumption behind watching this data is that the large commercial interests have the best track record at being right in the market, followed by the large speculators, so it pays to know what they are doing. Also, seasonal trends of commercial interests in the market are very important, especially in the grains, and deviations from these trends might be indicative of something changing.

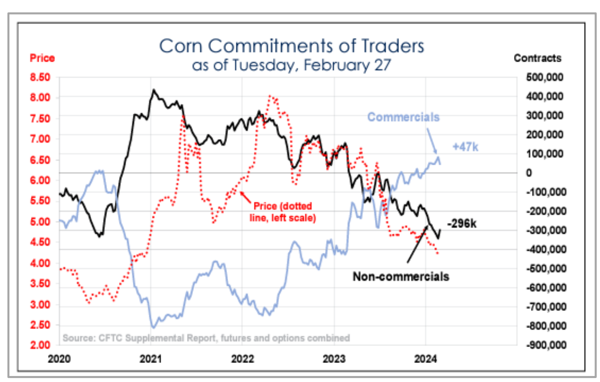


Non-Commercial, or "large speculators" have established record short positions in the grain markets. Including a net short 342,000 contracts in corn and 160,000 net short contracts in beans. At the same time,

Commercials have a net long 84,000 contracts in corn and 56,000 contracts in soybeans. The Non-Commercials have been accumulating large short positions, and probably large profits in corn and beans of the last several months. At some point, they will be cashing in those profits and unwinding these large shorts. There are of course many other factors that can impact grain market direction, including weather, geopolitical events (war), and the economy. But hopefully, the eventual unwinding of these large speculative shorts will not only confirm a bottom in these markets but offer a significant recovery in prices.

Through the third week of February, buyers who needed to continually procure supplies have been rewarded by being complacent for purchasing supplies only as needed, as prices had remained in a downtrend. Now, however, the corn market may be signaling that selling is waning, and those same buyers should consider the opportunity to lock in longer-term needs. This is especially important for this time of year because both the Southern and Northern Hemispheres have major growing seasons in the months of head. Weather, from a historical perspective, has been the most dominant factor determining yield. Should concerns over crop size materialize, supplies could tighten and encourage both end users and speculators to be buyers. This could put upward pressure on prices.



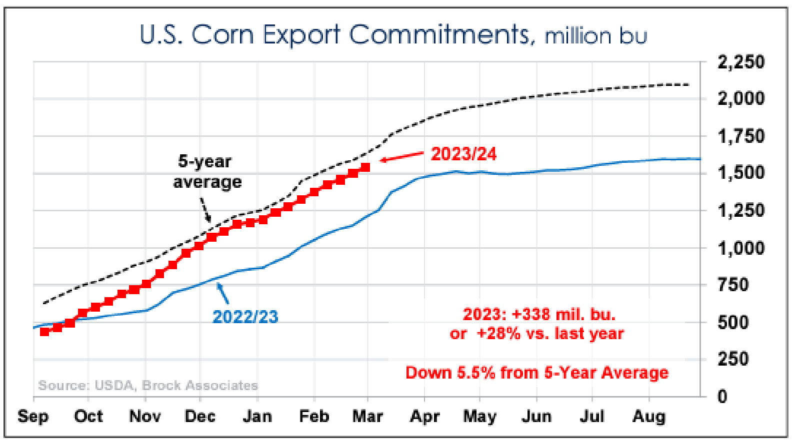


South American production estimates vary widely with USDA staying near the top end of analysts estimates in Brazilian corn. Much uncertainty remains as to how many safrinha corn acres are going to be planted. The coming quarter is going to provide a lot of clarity on that front. China has indicated their desire in shoring up grain stockpiles. A smaller Brazilian crop should push some of that demand to the

U.S., though China continues to favor purchasing U.S. sorghum and Brazilian corn. Brazilian corn production falling more than expected, which could provide some needed export demand, which will likely help dictate price action over the coming quarter alongside spring growing conditions.

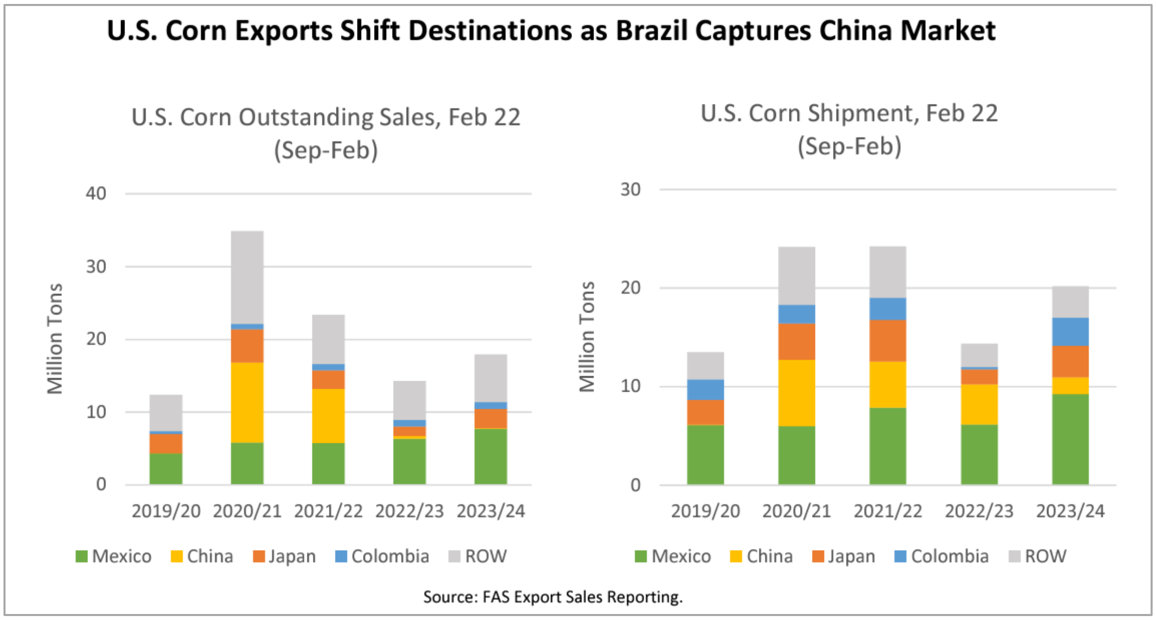
As of February 22, 2024, U.S. shipments and outstanding sales (commitments) of corn have reached 38 million metric tons in 2023/24 (September-August). Record U.S. corn production and large inventories have contributed to a nearly one-third decline in U.S. corn export prices from a year ago, increasing U.S. competitiveness and supporting forecast exports in 2023/24.

U.S. corn export sales for 2023/24 to date through February 29th were 28% above a year earlier, but well behind the seasonal pace needed to reach USDA's marketing year export forecast of 2.100 billion bushels based on recent history. If they continue at the current pace, export sales will reach only 1.876 billion bushels, 224 million short of USDA's forecast. Sales for 2023/24 delivery need to average about 48.4 million bushels per week the remainder of the marketing year to reach USDA's forecast, but over the past 12 weeks, they have averaged just 39.6 million. USDA did not lower its forecast for corn exports in Friday's monthly Supply/Demand, though, probably due to uncertainty about Brazil's second-crop corn prospects and expectations Chinese buyers will still return to the U.S. market this year. Many estimates of Brazil's 2023/24 corn crop are significantly below USDA's forecast. The last two times Brazilian corn production fell significantly short of expectations, U.S. March-August corn exports surged sharply, hitting a record high in 2017/18 and nearing that record in 2020/21.



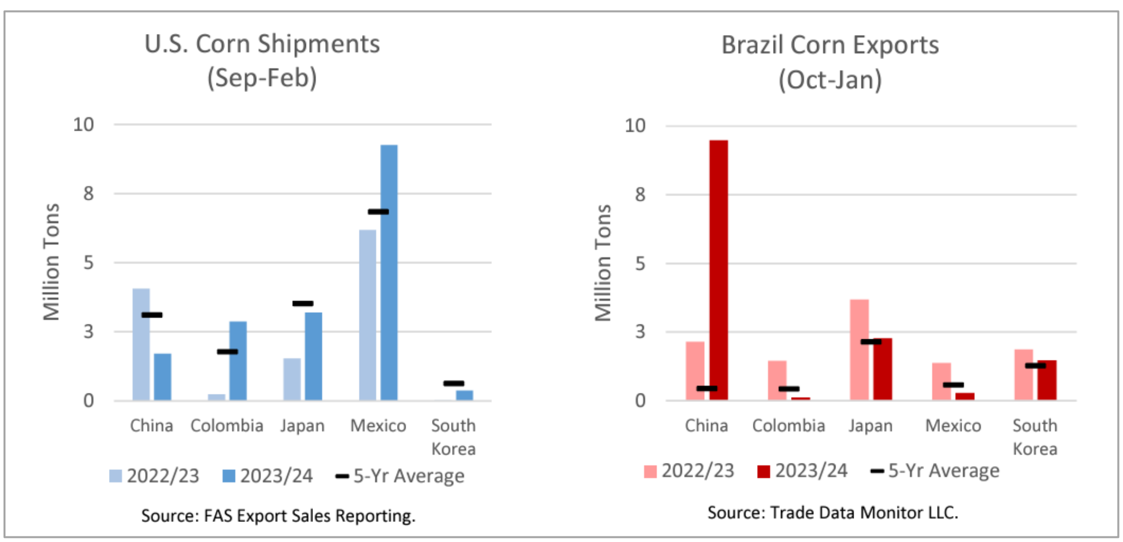
Absent from the list of renewed buyers is China. Since May 2022, a new phytosanitary agreement has enabled corn trade between Brazil and China, increasing competition in China later in the year. To-date commitments of U.S. corn stand at just 1.7 million tons, 3.0 million less than in 2022/23 and a fraction of the 17.0 million tons China at the same point in 2020/21. This sharp drop is mostly due Brazil's bumper 2023 safrinha3 corn crop, which made Brazil supplies extremely competitive at the start of the current U.S. marketing year.

From August 2023 through January 2024, Brazil exported 45.2 million tons of corn, with China accounting for one third of the total. Per China Customs data, Brazil corn accounted for nearly 85 percent of imports between September and December 2023. While lower global corn prices are limiting expansion in 2024 safrinha crop plantings, Brazil's marketing year (Mar-Feb) exports remain forecast at 52.0 million tons, posing competition for U.S. corn trade in 2024/25.



Higher Brazilian shipments to China have reduced supplies available to other buyers, presenting new opportunities for U.S. exporters to backfill markets previously supplied by Brazil last year, while also enabling U.S. trade to further support record demand in Mexico.

Mexico has been a top buyer of U.S. corn for many years. In 2023/24 (October-September), Mexico imports are forecast at a record 20.6 million tons. Surging consumer demand for livestock products continues to support feed demand in Mexico. An ongoing drought and reduction in water available for irrigated winter corn has also hindered Mexico's domestic corn supplies, further fueling imports. Corn inspected for export to Mexico totals 9.4 million tons this marketing year, 3.1 million tons higher than in 2022/23 and 38 percent higher than the 5-year average. By law, truck and rail shipments are not required to be inspected.



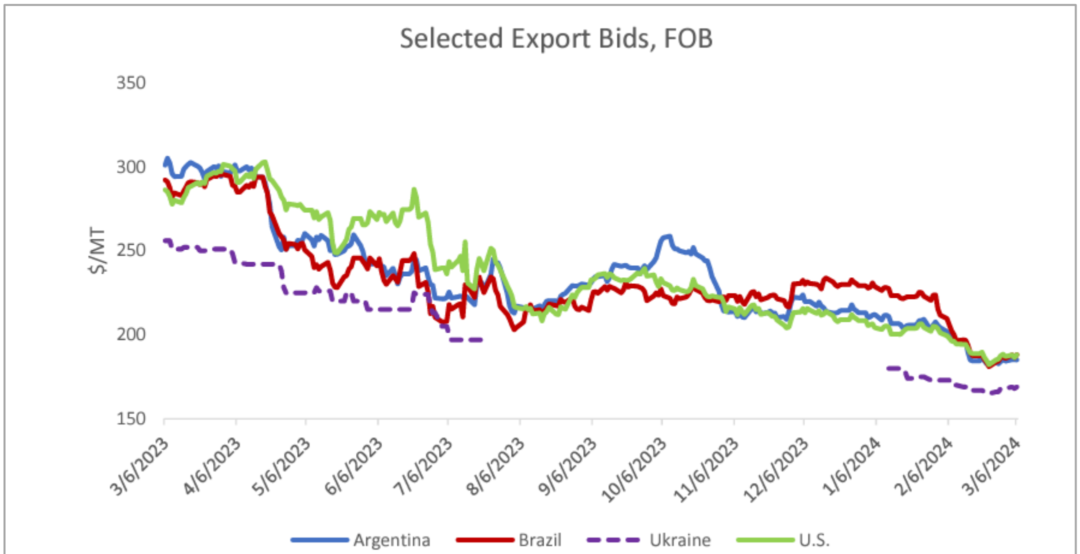
In Colombia, renewed U.S. supplies and the advantage of duty-free access along with weaker 2022/23 Argentine exports have caused volumes to rebound. Between October and December 2023, Colombia imported around 90 percent of supplies from the United States versus 70 percent from Brazil for the

period October-December 2022. U.S. market share plummeted in 2022/23 amid high prices and preferential access granted to Brazil under the Andean Price Band system.

Commitments in long-standing key East Asian markets (i.e., Japan, South Korea, and Taiwan) have also recovered year to year. Lower corn prices in 2023/24 have offset higher costs of moving corn for shipment out of ports in the Pacific Northwest. These ports offer faster shipping times than those in Argentina or Brazil, preserving quality characteristics and reducing delays for these entirely import dependent markets.

Global corn production is forecast down this month, primarily on smaller crops in Mexico, South Africa, Ukraine, and Venezuela. Global trade is forecast down slightly as higher exports for Argentina and Ukraine do not offset cuts to Brazil, India, and South Africa. Global imports are down as cuts to the European Union, Saudi Arabia, and Israel more than offset increases to Mexico and Venezuela. The U.S. season-average farm price is down 5 cents to $4.75 per bushel.

Since February's WASDE, export bids for all major exporters continued to ease amid ample global supplies. Bids for Argentina, Brazil, and the United States are now essentially at parity. Argentine bids were down $15/ton to $185; the outlook for Argentina production remains favorable for a large year-to-year rebound in exportable supplies. Brazilian bids were down $18/ton to $186. Last season's exports have drawn to a close and the market awaits the new season's safrinha. Ukrainian bids were down $5/ton to $168 as Ukraine continues to export through Odessa. U.S. bids were down $10/ton to $188 as domestic supplies remain plentiful.



Source: International Grains Council

Export bids (fob, US$ per ton)	6-Mar-24	6-Feb-24	6-Mar-23	*% change, YoY*
Argentina, Up River	185	200	301	-39%
Brazil, Paranaguá	188	206	292	-36%
Ukraine	169	173	256	-34%
U.S. #3 Yellow Corn, Gulf	188	198	286	-34%

Soybeans

It has been said that 2024 has brought a bearish punch to soybean prices, and unfortunately, but the pummeling continues. May soybean prices have been challenging their 2023 low of $11.50 3/4 and

appear to be losing the battle for support as USDA's ending stocks estimates for soybeans climbed from 220 million bushels in October to 315 million bushels in February. The same ending stocks could be raised even higher on Friday, thanks to soybeans' slower-than-expected export pace in 2023-24. Dow Jones' survey expects USDA to slightly increase U.S. ending stocks from 315 million bushels to 319 million bushels. However, with 2023-24 exports running 11% below a year ago at this time, a 25- million bushel reduction in the export estimate would be reasonable.

As with corn, there will be a lot of attention on USDA's soybean production estimates for Brazil and Argentina. USDA's current estimate of 156.0 million metric tons for Brazil is too high, and Dow Jones expects it to be lowered to 152.5 million metric tons, or 5.60 billion bushels. Conab's estimate of Brazil's soybean production was placed at 149.4 million metric tons, or 5.49 bb, last month and will get another update on Tuesday, March 12. For Argentina, Dow Jones expects a tiny increase, from 50.0 million metric tons to 50.2 million metric tons, or 1.84 billion bushels, roughly twice last year's production. USDA's snapshot estimate of world soybean stocks is expected to be reduced from 116.03 million metric tons to 114.5 million metric tons, or 4.21 billion bushels, still a record high, if true.

In the Marcg WASDE report, the USDA left soybean supply and use estimates steady from February. That left ending stocks stable at 315 million bushels, which was modestly below the average trade guess of 319 million bushels. The season-average price for soybeans and soymeal also remained steady this month, while soyoil prices eased 2 cents lower to 49 cents per pound.

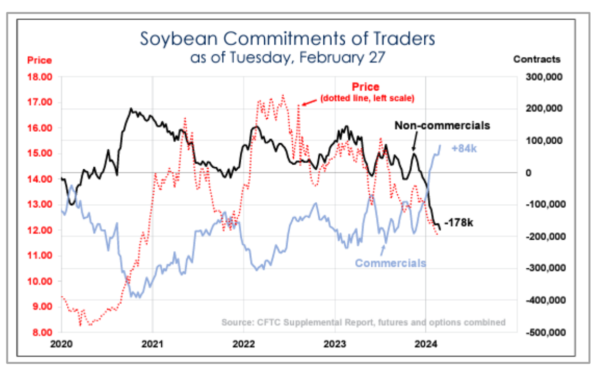
In the world, perhaps the most-watched number was the Brazil soybean production estimate with the traders surveyed by Dow Jones looking for a drop of 3.5 million metric tons; USDA only took 1 million metric tons off of their estimate to 155 million metric tons (5.69 billion bushels). That is still more than 11 million metric tons (404 million bushels) higher than Brazil crop agency CONAB is projecting. Argentine production was left unchanged at 50 million metric tons (1.84 billion bushels), close to expectations. Crush and import revisions for China in the period from 2020-21 to 2022-23 resulted in lower beginning stocks in the world to the tune of 1.4 million metric tons. USDA also revised Chinese soybean imports higher by 3.65 million metric tons to 104.5 million metric tons (3.84 billion bushels) for 2022-23, while increasing China soy imports in 2023-24 to a record 105 million metric tons (3.86 billion bushels).

Other changes were in South African soy production, down 400,000 metric tons. Brazilian and South African crush estimates were both lowered slightly while both Brazilian and Ukrainian exports were subsequently raised. Brazilian exports were projected at 102 million metric tons (3.75 billion bushels) an increase of 3 million metric tons. Chinese imports were increased by 3 million metric tons to a record-large 105 million metric tons for 2023-24. The net effect of all these changes was a world ending stocks number of 114.3 million metric tons (4.2 bb) -- down 1.7 million metric tons from February, but close to traders' expectations.

Soybeans were trading lower post release of March’s WASDE on March 8th but were able to muster a nice rally late in the day, with a solid close above the 20-day moving average. It is likely bullish changes to Chinese soy imports and disbelief in USDA's lofty 155 million metric ton Brazilian production estimate led to fund short-covering late. The daily chart of Chicago May soybeans (shown below) initially lower Friday before rallying sharply on bullish changes to China demand and likely disagreement with the lofty estimate of Brazil's soy production (DTN ProphetX chart).

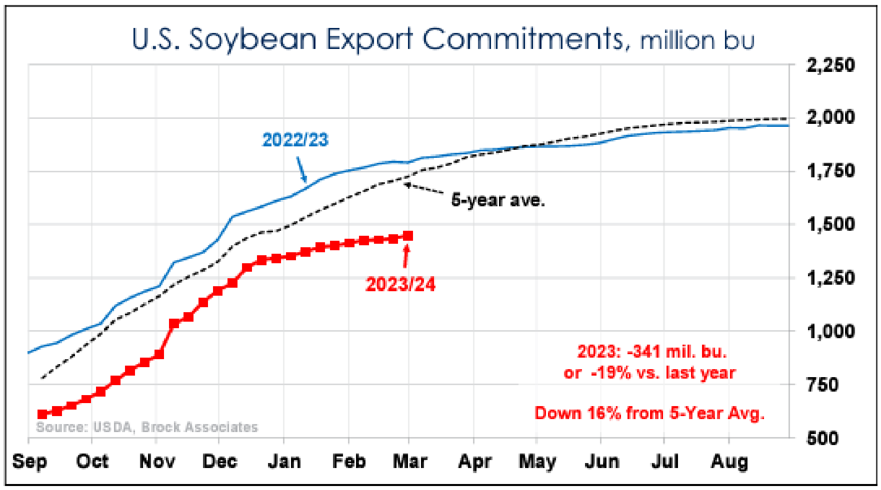
Soybeans remained subdued ahead of USDA's March supply and demand update as traders positioned ahead of the data, though buying began to pick up an hour ahead of the report, with a notable increase following its release. Making the move rather interesting was USDA's lack of changes to the U.S. balance sheet from February, while global ending stocks were lowered to 114.3 million metric tons, down 1.8 million metric tons from February but still within pre-report expectations. USDA made a modest 1 million metric ton reduction to its Brazilian soybean production forecast to 155 million metric tons, which remains well above most private crop forecasts. Meanwhile, the Argentine soybean crop estimate was left unchanged from last month at 50 million metric tons. Today's post-report and end-of-week price action suggest additional short-covering next week amid a friendlier technical posture. However, a move higher could be preceded by a corrective pullback early in the week ahead of Conab's production updates on Tuesday, March 12th. Last month, the Brazilian crop agency lowered its 2023-24 Brazilian soybean crop projection to 149.4 million metric tons, down from 155.2 million metric tons in January.

USDA's Prospective Planting Report will muster market attention over the next month as traders prepare the government release, due out March 28. USDA will also release its Quarterly Grain Stocks report. However, immediately following the reports, U.S. weather will become the focus as planting begins to pick up across the country. Earlier today, World Weather Inc. reported that confidence is rising over a quick El Nino transition to La Nina. In the past, there has been a tendency for quick El Niño to La Niña transitions to result in a significant decline in central U.S. precipitation and rise in temps during the summer, with the forecaster indicating there is potential for that again this year.



U.S. soybean export sales continue to prove persistently tepid as Brazil continues to dominate the global market. In February, Brazil exported its largest volume of soybeans on record for the month, with China being the country's largest export destination, according to final official customs data. Brazilian soymeal exports in February also hit an all-time high for the month. However, USDA reported weekly soybean sales of 613,500 metric tons during the week ended February 29th, which were up noticeably from both the previous week and four-week average and above pre-report estimates. A recent pullback in the U.S. dollar, combined with looming production unknowns around the Brazilian crop could heighten prospects for an increased U.S. sales activity over the coming months.

The outlook for U.S. soybean exports remains terrible. U.S. soybean export sales for 2023/24 through February 29th were 19.9% below a year earlier and based on recent history were on a seasonal pace to reach just 1.385 billion bushels, 335 million short of USDA's marketing year export forecast of 1.720 billion bushels. The good news is that export sales of 22.5 million bushels for the week ended February 29th exceeded the weekly average of 18.95 million needed to reach USDA's forecast. The bad news is that the odds of U.S. exports averaging above that level for the remainder of the marketing year look slim with Brazil's peak export season just now starting. Although actual soybean export shipments were 19.4% below a year earlier, they are on a seasonal pace to reach 1.684 billion bushels, but undelivered sales totaled only 202.7 million bushels as of February 29th.



Global 2023/24 soybean supply/demand forecasts call for lower beginning stocks, lower production, lower crush, higher exports, and lower ending stocks compared to last month. Beginning stocks have been lowered 1.4 million tons mainly on historical crush and import revisions for China. Soybean crush for China was raised for 2020/21 to 2022/23 based on a review of in-country estimates and supplies. Chinese soybean imports for 2022/23 were also raised to reflect shipping data by major exporters.

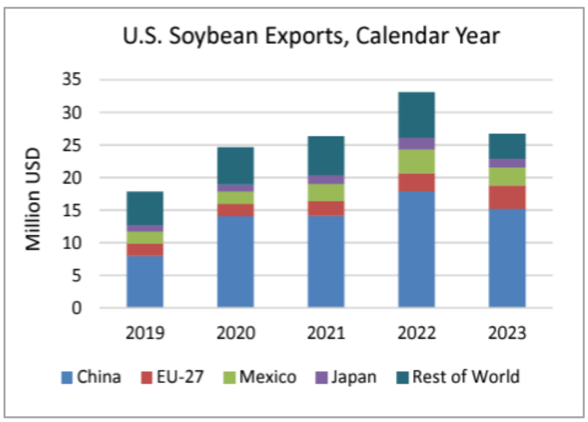
Global soybean production for 2023/24 is reduced on lower production for Brazil and South Africa. Brazilian soybean production was lowered 1.0 million tons to 155 million on harvest results in Paraná and poor weather conditions in São Paulo offset by favorable conditions in the north and Rio Grande do Sul. South African soybean production was lowered 0.4 million to 2.1 million on lower yield prospects. Global crush is reduced for Brazil and South Africa on lower supplies, and lower for Ukraine on higher soybean exports. Global soybean exports were raised 3.0 million tons on higher shipments to date from Brazil and Ukraine. Soybean imports are raised on higher imports for China, which are now 0.5 million tons higher than the prior marketing year's revised estimate. Global soybean ending stocks are lowered 1.8 million tons to 114.3 million on lower stocks for Brazil that are partly offset by higher Chinese stocks.

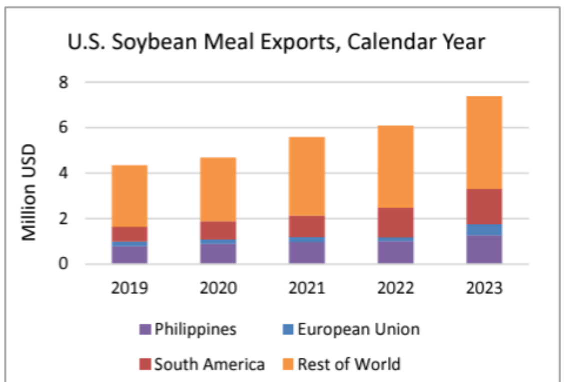
Despite hopes for smaller Brazilian corn and soybean crops leading up to Friday's World Agricultural Supply and Demand Estimates report, USDA only made minor cuts to Brazil's 2023/24 soybean crop while adding more volume to anticipated Brazilian soybean exports. But a big increase in Chinese soybean import volumes (110 million bushels) helped to reverse early morning losses for new crop soybean futures and will largely consume the additional Brazilian exportable supplies reported in the March 2024 WASDE.

Farmers are fortunate that USDA increased Chinese soybean import volumes to a new record high of 3.858 billion bushels (105 million metric tons) in the wake of higher Brazilian soybean exports, Holland also points out. USDA also made backdated increases to China's 2022/23 soybean import volumes, raising them 134 million bushels (3.65 million metric tons) to 3.839 billion bushels (104.5 million metric tons). Over the next six months, Brazil's soybeans are likely to dominate the international market. That prospect held old crop soybean prices largely unchanged to slightly lower following the WASDE report release. But if China continues buying up oilseeds and feed grains at rapid volumes (China has booked several large purchases of U.S. and Ukrainian feed grains over the past week), U.S. soybean producers could see more profit opportunities from the export market this coming fall.

Calendar year (CY) 2023 exports of U.S. soybeans and soybean meal diverged, with a marked decrease in soybeans compared to record high soybean meal. Year-over-year soybean exports shrunk 15 percent by volume (48.7 million tons) and 19 percent by value ($27.9 billion). Conversely, U.S. soybean meal exports rose 20 percent by volume (14.1 million tons) and 21 percent by value ($7.4 billion).

Soybean exports for 2023 fell by value to three of the top four markets from last year: China (-15 percent), Mexico (-24 percent), and Japan (-26 percent). Major contributors to this decline include record Brazil soybean production and higher crush demand in the United States, which contributed to higher prices for U.S. soybeans. Meanwhile, exports to the European Union were up 32 percent by value, in part due to stronger Chinese demand for Brazilian soybeans.



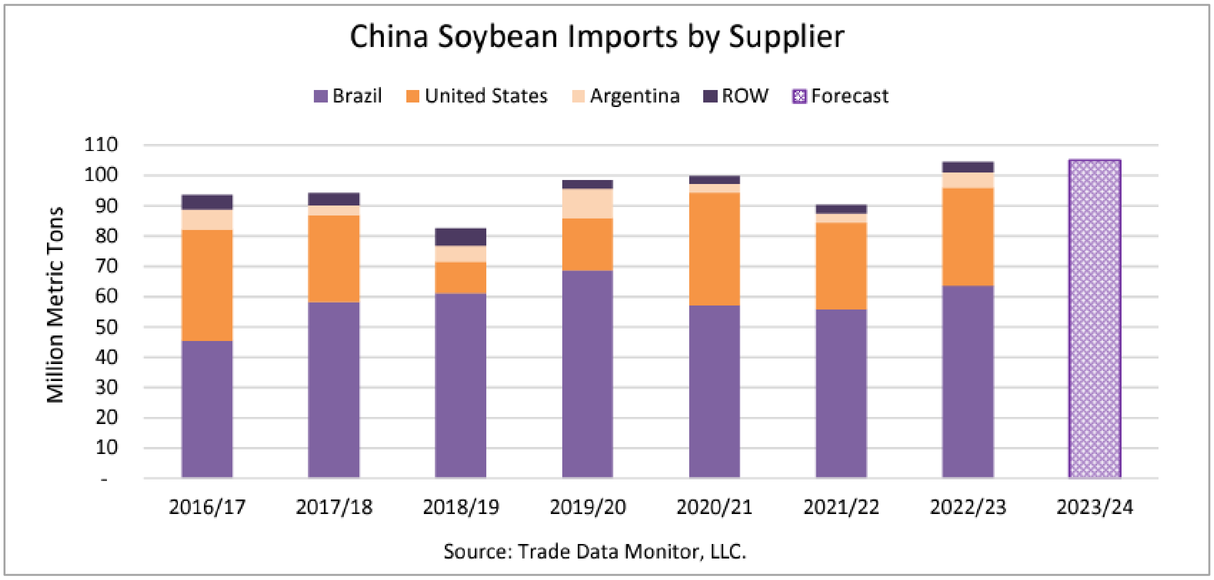


Source: U.S. Census Bureau; FAS-GATS- BICO HS-10.

Soybean meal has become one of the top ten (by value) for exported U.S. agricultural products following 5 years of steady value growth. In 2023, exports of soybean meal rose to record levels on ample exportable supplies due to high domestic crush supported by U.S. biofuel policy and lower output from Argentina due to drought. The Philippines was the top market for U.S. soybean meal, raising imports of U.S. product by 25 percent. South American markets, including Colombia, Ecuador, and Venezuela, also grew imports of U.S. soybean meal owing to reduced supply from Argentina. Lower meal supplies from Argentina also contributed to a near-doubling of U.S. exports to the European Union, especially to Ireland and Poland.

Looking ahead, U.S. soybean exports are forecast to further decline in marketing year 2023/24. This forec ast is based on the expectation that domestic crush continues to grow as well as continuing large soybean production in South America. Meanwhile, U.S. soybean meal exports are expected to grow in 2023/24. However, ample global supplies due to higher soybean processing in South America will prevent robust export gains. Soybean meal is expected to be a competitive feed ingredient on higher global supplies.

This month, 2022/23 China soybean imports are revised up nearly 3.7 million tons to 104.5 million. This revision is based on evaluation of major exporters' shipments to China versus reported imports in the last marketing year. Prior to the 2022/23 marketing year, imports are unchanged and reflect reported import data which aligns with exports by major shippers. 2023/24 China soybean imports are also raised this month by 3.0 million tons to 105.0 million, up 500,000 tons from the revised 2022/23 estimate, based on major exporters' most recent trade data.



Rice

Following the release of the Marcg WASDE report from USDA, rice futures ended higher. March settled up 7 cents to $17.51, while most-active May ended up 6 cents to $17.88, after trading a range of $17.75 to $18.01. September rice was up 7 ½ cents to $14.58 ½. The USDA report looked friendly for rice, as it raised long-grain exports for this year to 66.0 million cwt., up 3 million from last month and up from 49.8 million in 2022-23. The carryout was cut by 3 million, to 20.0 million cwt.

The USRPA reports that pricing is firm in all markets except California medium grain. It is a truly rare day when we see U.S. #2 long grain milled rice going for the same price as U.S. #1 California medium grain, but here we are; both varieties are priced at $800 per metric ton. The return to a normal size crop of 500,000 acres in California has doubled the supply in a time when selling to the Middle East was a must. However, the logistical snarl resulting from the Houthi pirates has severely hampered Calrose distribution and therefore pricing. All that to say, we would caution any speculative medium grain plantings in the south this year.

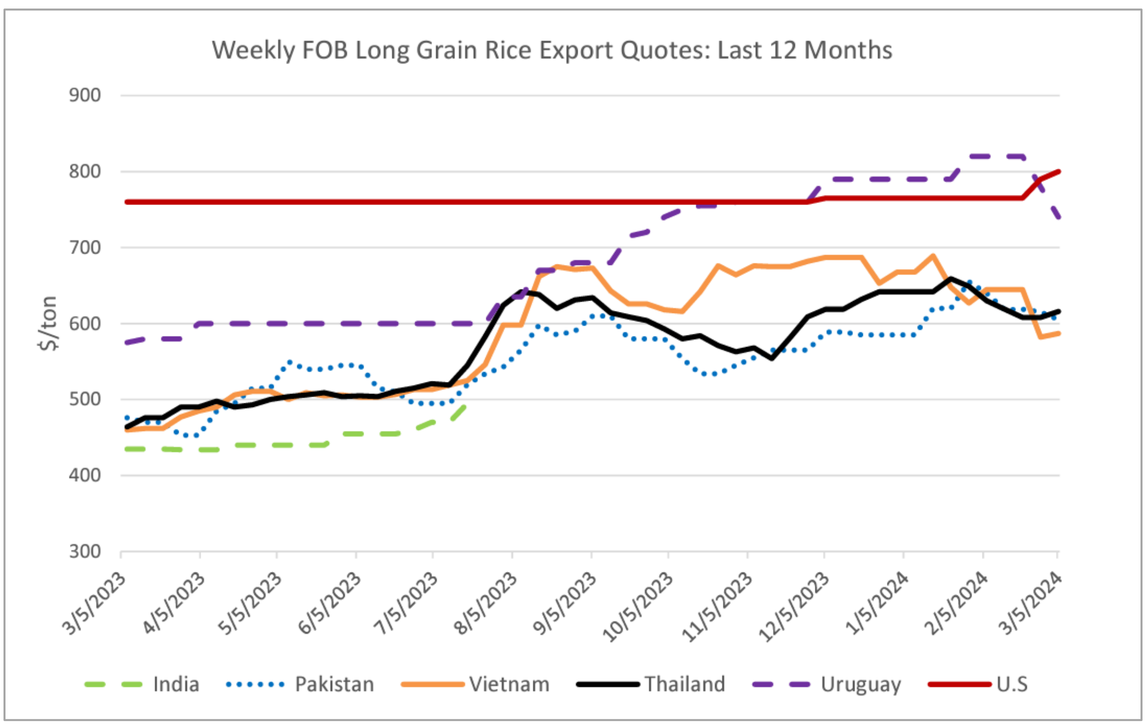
Long grain prices remain firm both on the ground and in the export market. Rice in first hands in Texas is all but gone, while Louisiana remains just north of $18.50/cwt. Mississippi, Arkansas, and Missouri are all trading between $17.75-$18/cwt. To add more context to the situation to the price drop in California, it

is difficult to even find a cash bid at $14/cwt over loan. Last year, cash prices were as high as $36/cwt over loan, and with several million cwt still in first hands in California with no current cash market, it will be a long summer for cash sellers.

Prices continue to be strong in Asia, with the most recent Indonesian tender finally finding a partner in Thailand. As a result, Thai prices bounced up about $10 per metric ton this week to $625 per metric ton, where Vietnamese pricing is now hovering at $600 per metric ton. As for India, the elections are set for next month, and the Viet/Thai prices could look much different if it weren't for the Indonesian purchases that have continued to breathe oxygen into the market. Indian rice export policy post-election has the power to deflate global prices or keep them afloat; we shall see. We would argue, however, that India's G2G export exceptions help bring balance to the market and will be an aid to "breaking the fall" when the export ban is lifted.

Global rice production is forecast higher this month mainly on a larger Indian crop. Total imports are forecast higher mainly on increases in both Indonesian and Philippine production. Exports are up for Pakistan, Thailand, Vietnam, and Cambodia. Global consumption is unchanged this month, while stocks are forecast up this month with higher carryout for India and Indonesia.

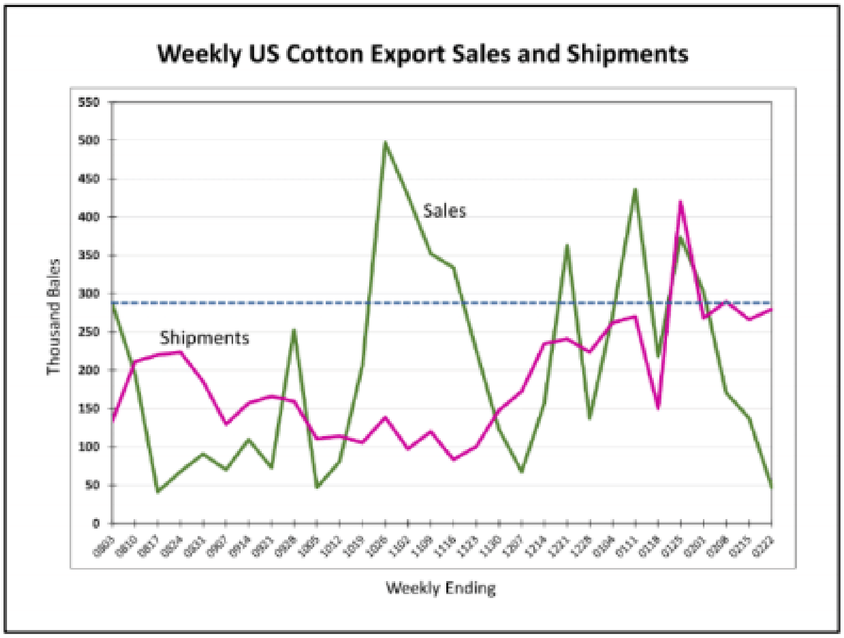
Since February's WASDE, U.S. quotes are up, while other major exporter quotes are down, and Indian quotes remain unavailable for white milled rice. In the past month, U.S. prices increased $35 to $800/ton with strong demand from Latin America. Uruguayan quotes dropped $80 to $740/ton as the new crop harvest began. Vietnamese quotes declined $58 to $587/ton with the start of the winter spring harvest and weaker sales to Indonesia. Pakistani quotes dipped $35 to $605/ton with competitive offers for recent tenders. Thai rice quotes declined $14 to $616/ton with more rice supplies from the MY 2023/24 off-season harvest. Export quotes for Indian white rice have been unavailable since imposition of an export ban for milled white rice in July of 2023.



Cotton

Both old crop May-24 and new crop December-24 futures seem to now be going through a possible correction phase over the past 2 weeks.Movement seems more sideways—in a range between mostly 82 and 85 for new crop and less sobutbetween 95 and $1.01 for old crop. Much has been written and said about this run-up being mostly speculative driven—not supported by underlying supply and demand fundamentals. So, if something looks like it might be a speculative sell off, it's worth noting.

Conversations with merchants tend to suggest that demand is still weak. Export sales have fallen for 4 consecutive weeks. This week's report showed among the lowest sales of the marketing year. Shipments are doing better but are relatively flat. To meet the current USDA projection for the 2023 crop marketing year, exports need to average roughly 288,000 bales per week for the remainder of the marketing year. Shipments have been stable but have averaged below the pace needed in recent weeks.



New crop December-24 futures have fallen to around 83 cents and look to be in a range of 82 to 85 cents. This price level excites no one. Growers see old crop go to $1.00 and they want to give new crop that opportunity before beginning to price the new crop.

Cotton futures largely ignored USDA's supply and demand data today as outside-market pressure ignited heavy selling. USDA reported 2023-24 ending stocks at 2.50 million bales, which would be the lowest since 2013-14 and is down from 2.80 million in February and below the average analyst estimate of 2.72 million bales. On the supply side, USDA lowered the 2023 crop estimate by 300,000 bales, which pulled down total supply by that amount. On the demand side of the balance sheet, the only change was a 40,000-bale increase in unaccounted use to -200,000 bales. Meanwhile, global ending stocks were pegged at 83.3 million bales for 2023-24, down 360,000 bales from last month but still 370,000 bales above year-ago. Extended selling across equities and crude oil next week would likely find the natural fiber under additional pressure, though corrective buying could certainly ensue.

Cotton futures ended the week lower, led by technical selling in nearby months as volatile trade continues. May cotton ended limit down, losing 4 cents to 95.28, after trading as high as 101.50. July

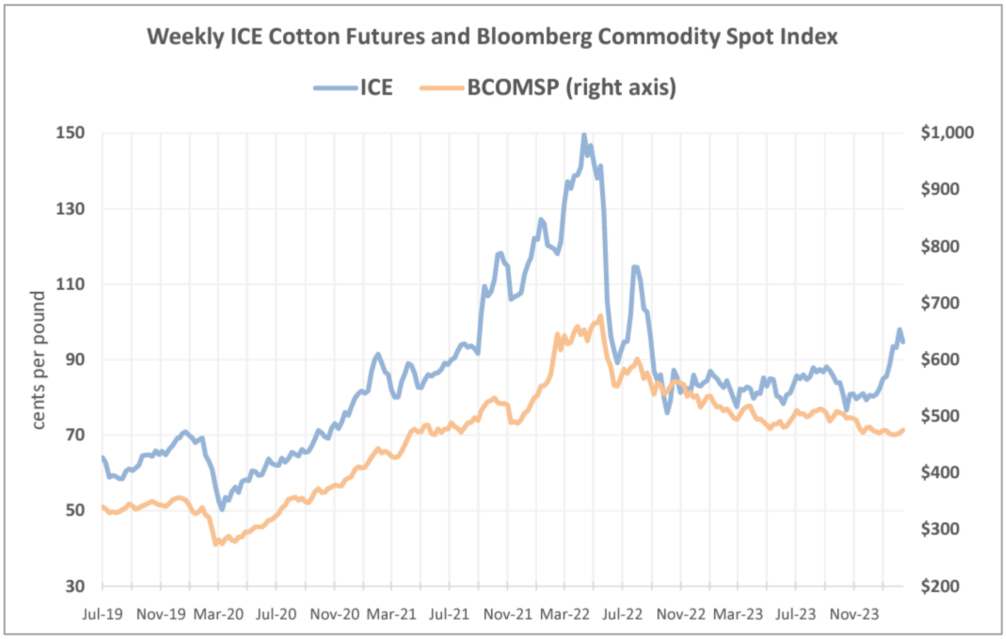
cotton was down 3.86 cents to 93.92. December cotton was down 1.35 cents to 82.99. Weak export demand is a negative factor for the market. The most-active May cotton traded to a new contract high of 103.80 on February 28, then went all the way back down to 92.89 on March 4th but rebounded after that then, subsuqently falling on its face. Given that action, the prospect of this market again making new contract highs is not far-fetched.

USDA's Prospective Planting Report and U.S. weather will be the main market drivers over the next month. While USDA has historically increased volatility in the early season report, U.S. weather will quickly become the main focus following its release. World Weather Inc. reports South Texas will remain drier biased allowing for spring planting to progress quickly, though rain will be needed before too long. Meanwhile, wet weather in the southeastern U.S. may lead to a slower start to planting, although there is still time for improved weather later this month and into April. The moisture profile in far western U.S. crop areas is still rated favorably in irrigated areas of California, but there is need for more moisture in the southwestern desert areas.

U.S. cotton sales will continue to serve as a market-driver over the next several months. A pullback in sales over the past several weeks has certainly gotten the market's attention, though shipments continue to prove rather robust. For the week ended February 29th, USDA reported net upland sales of 52,000 RB, which were up 30% from the previous week but down 66% from the four-week average. Top purchasers for the week included Bangladesh, Vietnam and Turkey. Meanwhile, shipments during the week totaled 330,800 RB, up 24% from the previous week and 26% from the four-week average. Top destinations were China, Vietnam and Pakistan.

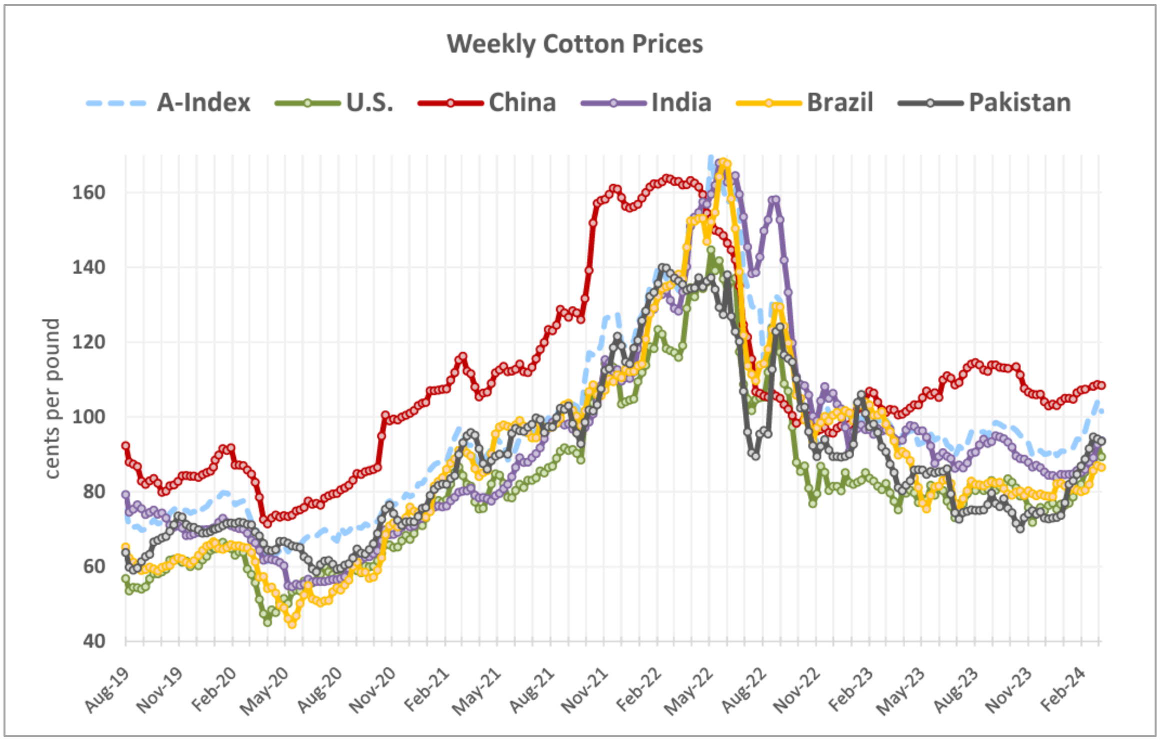
Dr. O.A. Cleveland reports that considering 2024 plantings, the giant Chinese economy is in the throngs of a significant recession. Yet, they continue to buy cotton but the market rally above 90 cents has cut off most of their buying. Too, their 2023 crop was apparently better than advertised and unless prices drop back into the 80's their appetite for cotton imports will be restricted during the 2024-25 marketing season. Additionally, a fine Australian crop will hit the market just after July and that production will fill the quality needs of any buyer. These are just two of the several reasons growers should be prepared to begin aggressive pricing strategies once the December 24 contract passes the 85 cent tick.

Cotton futures rose to their highest level since September 2022 with the nearby May 2024 contract on the Intercontinental Exchange (ICE) settling at roughly $1. The lowest projected U.S. supplies in nearly 40 years coupled with strong shipments and outstanding sales boosted prices. Commodity indices were moderately higher compared with last month, further supporting the exuberant fundamental outlook for U.S. cotton (only deliverable origin on ICE). Like last month, greater speculative buying further supported higher prices. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed that the net long position for both Non-Commercial and Index traders surged to the highest level in 2 years at over 140,000 contracts (nearly 15.0 million bales). This is significantly higher compared with roughly 45,000 contracts 2 months ago.



U.S. prices are up more than 5 cents to roughly 90 cents per pound. Chinese prices are mostly unchanged at 108 cents per pound with the nearby futures contract on the Zhengzhou Commodity Exchange (ZCE) also rangebound at around CN¥ 16,100. This is despite the significant rise in U.S. cotton futures and exhibits the contrasting supply situations between the two countries. India prices are up over 8 cents to around 94 cents per pound. Spinning mills' operating rates are reported to have climbed substantially since the beginning of the calendar year. Brazil prices are up nearly 6 cents per pound to 86 cents and the highest level in 11 months. Current exportable supplies relative to the United States are significantly higher and continue to pressure basis. Pakistan prices are more than 4 cents higher at 94 cents per pound due to strong demand for local supplies amidst ongoing issues with importing cotton.

The observed A-Index this month includes the simple average of the following 5 origins: India, Brazil, Ivory Coast, Burkina Faso, and Australia. India is once again the lowest quoted origin at 97.25 cents per pound and more than 3 cents lower compared with the second-lowest origin Brazil; Australian is the highest at 103.00 cents. The A-Index relative to ICE is only 7 cents higher and down from the previous year's difference of 16 cents. Note the A-index includes the 5 cheapest origins of 'medium grade' cotton landed at a port in the Far East; quotations are compiled and published daily.



PLC Farm Program Payment Projections – 2023/24 CY and 2024/25 CY

The table below projects the national marketing year average prices for purposes of the Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

Covered Commodity	***2023/24 MYA Price*****	*Effective Reference Price*	***2023/24 PLC Payment Rate***
Corn	$4.80	$3.70	--
Grain Sorghum	$4.85	$3.95	--
Long Grain Rice	$16.00	$14.00	--
Medium Grain Rice	$17.50	$14.00	--
Seed Cotton	$0.3982	$0.3670	--
Soybeans	$12.65	$8.40	--
Wheat	$7.15	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on February 8, 2024.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.80	$4.01	--
Grain Sorghum	$4.85	$4.06	--
Long Grain Rice	$16.00	$14.00	--
Medium Grain Rice	$17.50	$14.00	--
Seed Cotton	$0.3982	$0.3670	--
Soybeans	$12.65	$9.26	--
Wheat	$7.20	$5.50	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices provided by the USDA at the Agricultural Outlook Forum on February 15-16, 2024.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, NOAA, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), Total Farm Marketing, University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

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