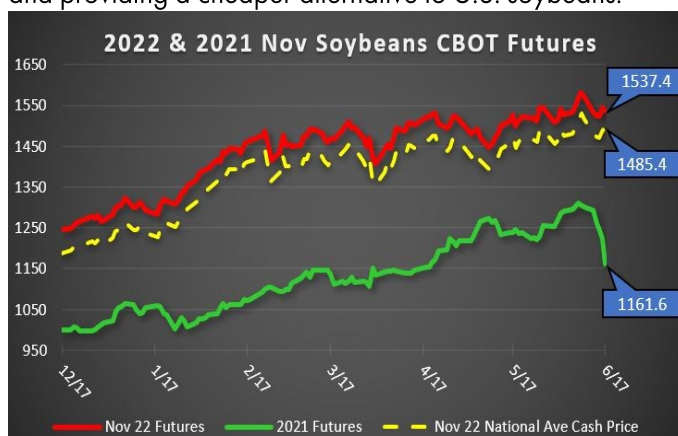
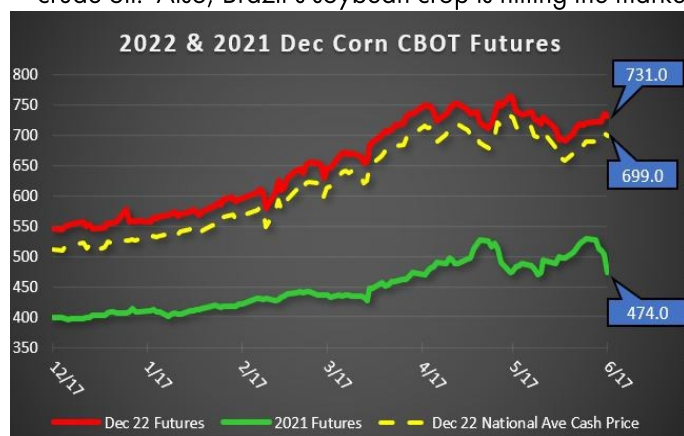


JUNE 17, 2022

KEY TAKE AWAYS:

- The early part of the week consisted of a commodity-wide sell-off in response to the Fed raising interest rates by 75 bp. There is an inverse relationship between commodity prices and interest rates. According to Harvard Economists and a University of Georgia Ag Econ professor, a 1% increase in interest rates typically results in a 5% - 6% decrease in Ag commodity prices.
- The good news is that demand is so strong that the corn markets bounced back. Old crop basis is surging higher as ethanol producers can't get enough corn. The forecast for the next two weeks calls for above normal temps and below normal precipitation. Similarly, the long-term forecast is calling for a hot, dry summer.
- Soybeans tend to be much more sensitive to the macro environment and didn't fare so well. New Covid lockdowns in China were also a factor but the bigger issue is that processing margins are tightening as soybean oil slides lower with crude oil. Also, Brazil's soybean crop is hitting the market and providing a cheaper alternative to U.S. soybeans.

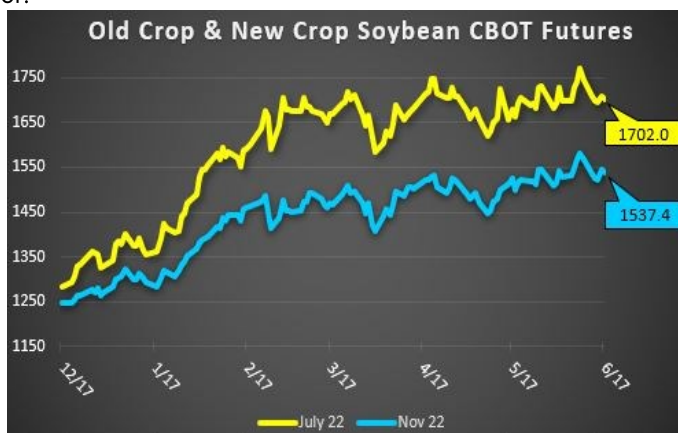
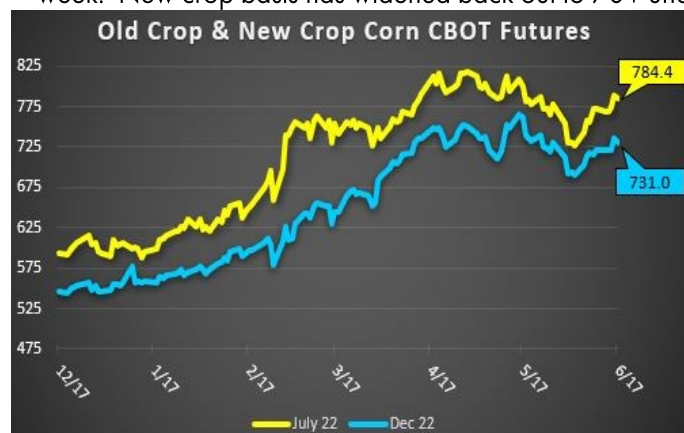


CASH PRICES

Cash prices and the corresponding basis's have been documented from grain elevators and processors from various locations throughout the state of Iowa.

KEY TAKE AWAYS:

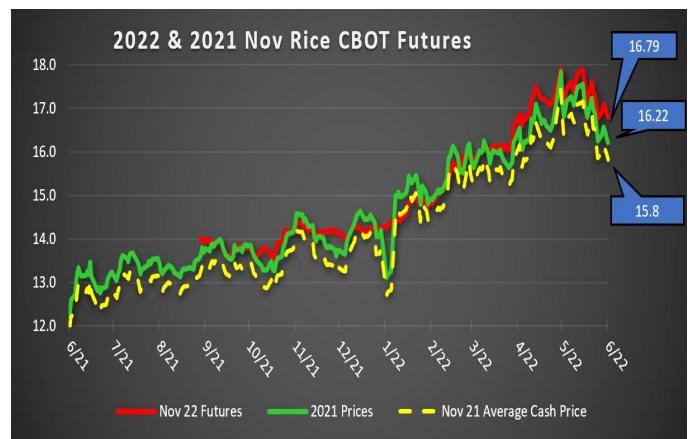
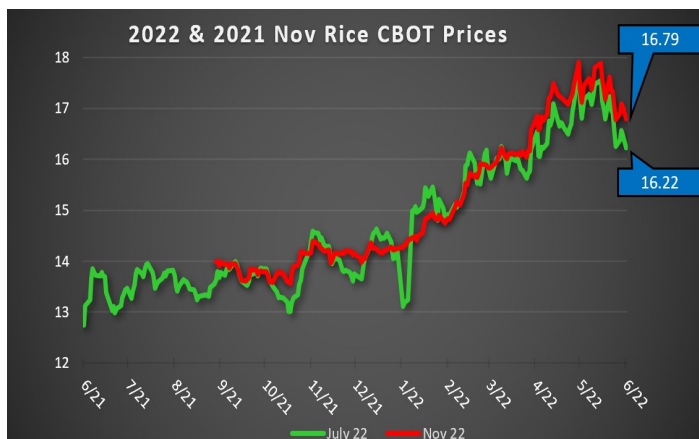
- Old crop cash corn bids are up about 25¢ thanks to a basis that has improved by 10¢ - 25¢ depending on location. Old crop cash bids are \$7.90 - \$8.00 throughout most of the Corn Belt. Northwest Iowa leads the nation with bids as high as \$8.30. New crop bids are around \$6.80 and new crop basis is steady at 50¢ under.
- Old crop soybeans are down but prices vary widely. In Iowa and the Southern Plains, bids are \$16.20 - \$16.40. In Illinois, Indiana, and the Delta, bids are over \$17.00. New bids are around \$14.70, down about 30¢ from last week. New crop basis has widened back out to 70¢ under.



JUNE 17, 2022

RICE:

- Overall, the rice crop seems to be enjoying the mild weather to date, with a few hot days tempered by cooler rainy days.
- Rice fields across the Mid-South are experiencing their first flood of the '22 growing season.
- The House Agriculture Subcommittee on General Farm Commodities and Risk Management held a review hearing and heavily discussed the current financial situation of the rice industry, particularly farmers facing flat rice prices while their input costs continue to rise.
- USA Rice is working with Congress and the Biden Administration to secure financial assistance for rice farmers in the near term and will work throughout the development process for the next Farm Bill to strengthen the farm safety net.



COTTON:

- December futures have been ranged between roughly \$1.17 and \$1.32 for over 2 months—reaching 3 consecutive new contract highs before taking a downturn over the past month.
- As of June 12, the crop was 90% planted—2% ahead of the 5-year average. Overall, the crop was rated 45% Good to Excellent condition—down slightly from the previous week.
- USDA's first estimate of actual acres planted will be out on June 30. The current "planting intentions" number is 12.23 million acres—9% above last year. If the June 30th number is higher than the 12.23 million threshold, cotton prices may weaken, but a higher number in acres planted is not necessarily bad for prices longer term.
- Exports for the 2021 crop year are projected at 14.75 million bales. If exports come up short of the projection, this would increase stocks to carry in to the 2022 crop year on August 1.

