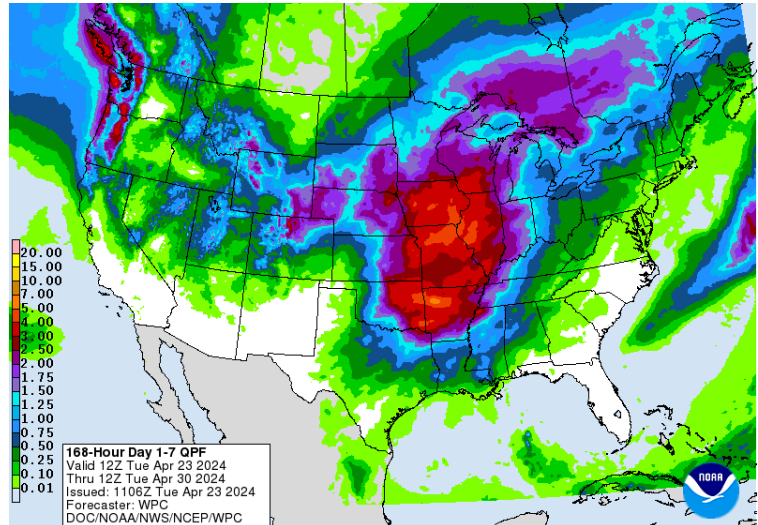


Weather

A lot of fieldwork is getting done right now throughout the middle of the country, and a lot will continue to get done through Thursday. There will be rains today in the eastern Corn Belt, but the bulk of the rain amounts will be light with just a small area seeing amounts of a half inch or more.

Fieldwork will come to a halt in the Corn Belt starting Thursday night and lasting through the weekend with two notable storms impacting the area during that time frame. Severe weather is a good bet in the Plains for Thursday and Saturday, and in the Corn Belt for Friday and Sunday. The map to the right shows that big rain amounts will be recorded during the timeframe. While rains will create

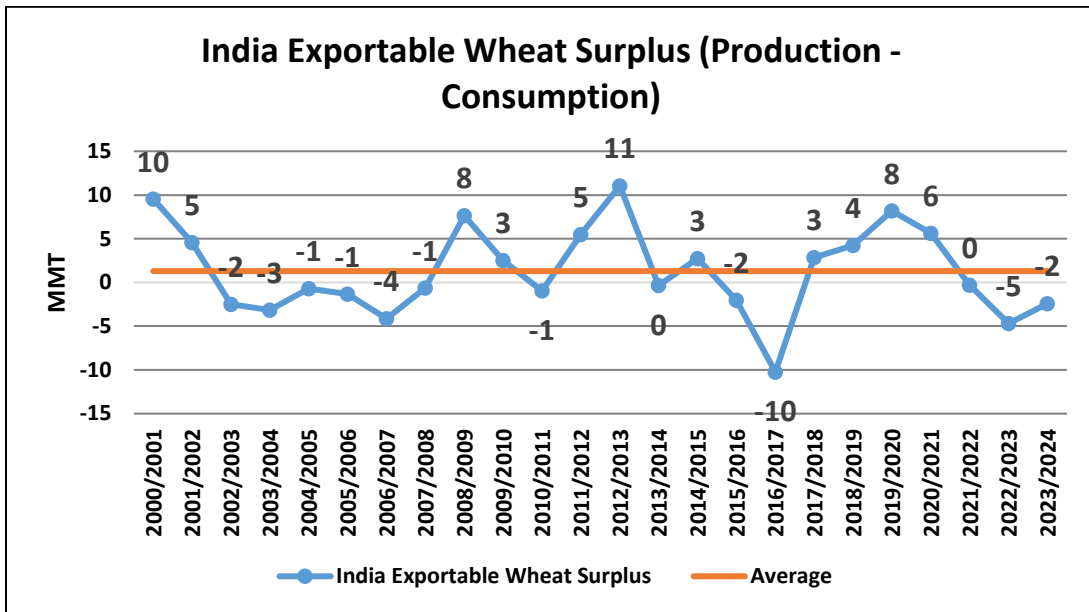
a lengthy halt in fieldwork, it is obviously something that will also do wonders in regards to alleviating long-term drought conditions in the western Corn Belt. The toughest part of the forecast is trying to determine whether any truly “good” rains can fall in more western parts of the HRW wheat belt. That area will have chances tomorrow and at various intervals for the rest of the 15-day forecast, so hopefully one or more of those threats can bring the area the rain that it so badly needs right now.



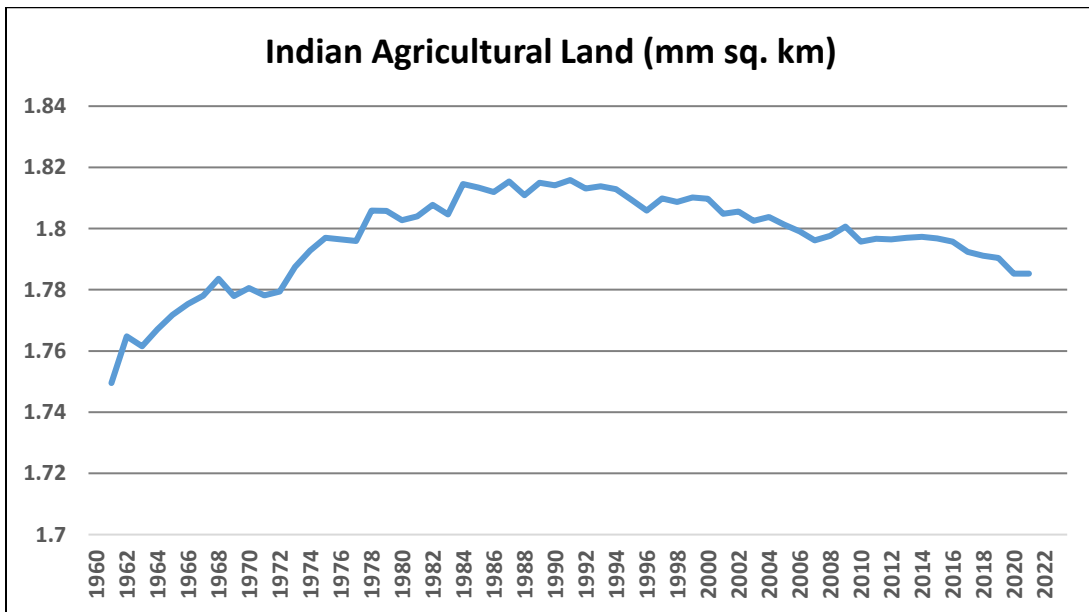
Final stages of the soybean harvest in Rio Grande do Sul still appear to be impacted by EXTREMELY heavy rains over the next 15 days, but weather for harvesting corn / soybean crops in Argenta looks mostly favorable. It is largely dry for the next 15 days for safrinha corn areas of Goias and far southeastern parts of Mato Grosso.

Grains

India's exportable wheat surplus has averaged ~1mmt since 2000. This means on average India consumes nearly all of the wheat that they produce. India has been reluctant to import from the world in recent years as imports have only averaged ~51,000mt over the last six years. India is projected to draw down ending stocks in the current crop year even as they are projected to grow a record large wheat crop at ~112mmt. Ending stocks are projected to be 6.9mmt, which would be the lowest ending stocks since 2007/2008. More than 55% of Indians make a living from farming and it is suspected that wheat imports (if any) will occur post-election in an effort to maintain voter support. The election runs from April 19th through June 1st.

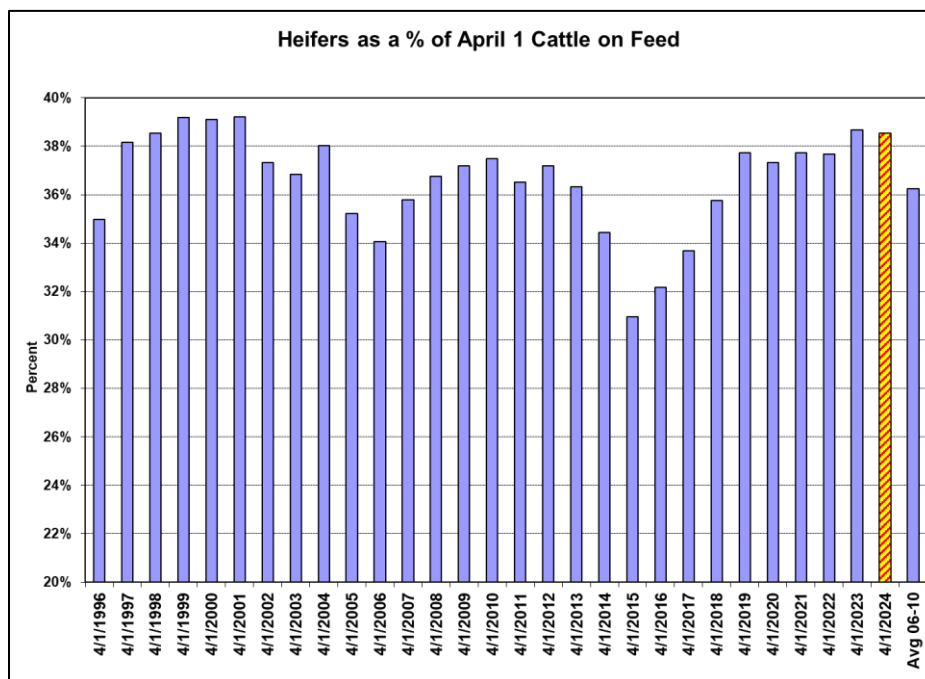


India is the most populated country in the world and while China’s population is declining, India’s population continues to grow above 1.4bn people. As India becomes more wealthier and as GDP continues to grow, it is believed that India will consume more wheat. India wheat consumption per capita still remains well below China which signifies the potential for additional consumption. Per the World Bank, agricultural land has declined in India since 1990 and it is believed that India will become a major importer of wheat (similar to China) which will be a dramatic shift in the global wheat market.

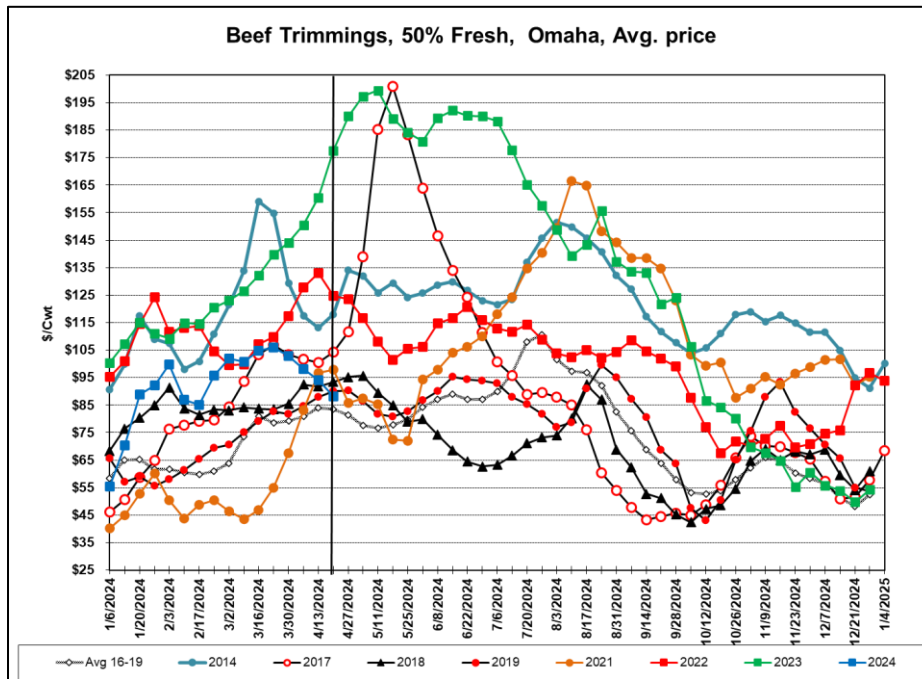


Livestock

Smaller beef cow slaughter can stabilize the size of the cowherd, but to grow it will require the addition of new heifers. At the beginning of the year, the number of beef heifers being held as replacements was about 1.5% smaller than a year ago and the number of heifers on feed was record large and composed nearly 40% of the feedlot inventory. Since the beginning of the year, relatively little has changed; heifer slaughter during the JFM quarter reflected the large feedlot count at the beginning of the year and the number of heifers on feed April 1 was over 1% larger than last year, representing only a fractionally smaller proportion of the feedlot inventory. Historically, heifers on feed slipping to around 34-35% of the feedlot inventory would signal the transition to cow herd rebuilding.



The decline in cow slaughter has spurred a surge in lean beef prices, which have climbed to record levels in the \$340 to \$350 range. However, the other major component for various ground beef lean points, 50% lean trimmings, have fared much differently. Ground beef and patty makers were shocked as 50s surged to more than \$2 per pound last May. Responding to that price surge likely encouraged many users to boost inventories heading into the spring months of this year. More active inventory management coupled with only modest changes in fed cattle marketings and heavier carcass weights has limited the seasonal price advance to the \$90-\$100 range—about half of last year’s value and a much smaller contribution to the fed cattle cutout value.



Today's Calendar (all times Central)

- Manufacturing PMI – 8:45am
- Services PMI – 8:45am
- New home sales – 9:00am

Thanks for reading.

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