



News this week...

- 2 – China not likely to import as much corn in 2021-22.
- 3 – Inflationary pressures mount in the U.S., China.
- 4 – Corn, bean ending stocks bigger than expected.

Corn, beans bounce after bearish start – Corn and soybean futures had a bearish reaction to USDA's Oct. 12 reports as the crop estimates and 2021-22 ending stocks projections were higher than anticipated (see [News](#) page 4). November soybeans plunged to their lowest level since the end of March before rebounding amid a flurry of export sales to China and "unknown destinations." December corn fell to its lowest price since Sept. 10 before bouncing. Winter wheat futures followed the corn and soybean markets. Spring wheat futures finished out last week with a new contract high in six of the past eight trading sessions. Live cattle futures again worked to post an upside breakout from the month-long consolidation range. December hogs nearly filled the post-Hogs & Pigs Report gap on the charts.

Corn crop estimate: 15.019 bil. bu.

USDA raised its corn crop estimate 23 million bu. from last month to what would be the second highest level behind 2016. It raised the yield by 0.2 bu. to 176.5 bu. per acre, just 0.1 shy of the 2017 record.

Implied ear weights increased slightly in October. Based on the five-year trend, they will continue to rise.

Bean crop estimate: 4.448 bil. bu.

USDA hiked its soybean crop estimate by 74 million bu. to what would be a record. It raised the average yield by 0.9 bu. to 51.5 bu. per acre, just 0.4 bu. below the 2016 record.

Implied pod weights rose from September and were record-high for October.

Cotton crop: 18.004 million bales

USDA cut its cotton crop estimate by 505,000 bales from last month. It lowered the yield by 24 lbs. to 871 lbs. per acre.

China's corn feed use rises

Chinese corn prices have dropped around 15% from record levels in March and are on par with wheat prices for the first time in a year. That has prompted some feed makers and livestock/poultry producers to use more corn in feed rations, with wheat feeding reportedly already halved in some areas.

China to auction 1 million metric tons of wheat

The Oct. 20 auction of state-owned wheat stocks will be the first such sales since May. Some feed makers and livestock/poultry producers are waiting to see how this affects domestic grain prices before switching away from wheat in feed rations.

CPC issues La Niña advisory

The U.S. Climate Prediction Center (CPC) says La Niña conditions are present and are expected to continue through winter. CPC puts 87% odds La Niña will continue in the December through February period; 77% odds it will last through March. By spring, odds slightly favor a shift to ENSO-neutral conditions (neither La Niña nor El Niño).

Strikes the latest supply-chain threat

Just over 10,000 workers at Deere & Co. plants in the U.S. went on strike Oct. 15 after the UAW rejected the company's latest contract offer. Dissatisfaction over working conditions have also led to strikes at Kellogg and Mondelez International's Nabisco, among others.

Global supply chains could be plugged for up to two years, the chair of global logistics company DP World, warned in an interview with the *Financial Times*.

Fed tapering getting closer

Minutes from the September Federal Open Market Committee (FOMC) meeting revealed the Fed could start tapering its monthly asset purchases by "mid-November or mid-December" if the economic recovery remains on track. Initial tapering will likely include cutting purchases of Treasuries by \$10 billion and mortgage-backed securities by \$5 billion a month. Criteria for raising interest rates will be far more stringent. Some FOMC members raised concerns inflationary pressure might last longer than they anticipated.

White House again takes shot at meatpackers

White House Press Secretary Jen Psaki again blamed meatpackers for food inflation as U.S. consumer prices hit a 13-year high (see [News](#) page 3). She said rising meat prices are due in part "to competition, and the small number of large meat producers who have a dominance over the market."

PBOC: No shift in monetary policy

The People's Bank of China (PBOC) says it will maintain "normal monetary policy" that's "flexible, targeted and appropriate." China's central bank contends inflation is under control, despite its record producer prices (see [News](#) page 3) and says there will be plenty of liquidity in the country's banking system. Amid the energy crisis, PBOC will provide reasonable credit support to coal plants and projects. PBOC says the spillover effect of Evergrande's debt problems on China's banking system is "controllable and individual financial institutions' risk exposures are not big."

China trims record corn crop estimate

China's ag ministry trimmed its forecast for this year's corn crop by 850,000 metric tons (MT) to 271 million metric tons (MMT), due to damages from excessive rains in northern production regions. China's corn crop is still expected to be record-large and rise 10.3 MMT (3.9%) from last year. The ministry kept its 2021-22 corn import forecast at 20 MMT, which would be down 6 MMT (23.1%) from record imports in 2020-21.

USDA kept its Chinese 2021 corn crop projection at 273 MMT and its 2021-22 corn import forecast at 26 MMT. USDA also kept its 2021-22 Chinese wheat import forecast at 10 MMT. As we reported last week, the USDA ag attaché in Beijing forecasts Chinese 2021-22 corn imports at 20 MMT.

China raises minimum wheat price

China raised the minimum purchasing price for wheat in 2022 to 2,300 yuan (\$357) per metric ton, a 1.8% increase from this year's level. This won't impact China's wheat market short-term, but it should incentivize farmers to plant more wheat for next year as Beijing ramps up efforts to enhance domestic grain security.

Iran needs to buy a lot of wheat

Iran may need to import a record 8 MMT of wheat after the worst drought in 50 years sliced production by around 30%, according to the head of the Grain Supplying Association of Iran. Over the past five years, the country has imported an average of 1 MMT of wheat per year. USDA hiked its Iranian wheat import projection by 2 MMT to 4.5 MMT. Some trade sources tell us 8 MMT of wheat imports would be a "stretch."

The bulk of Iran's wheat supplies will be sourced from Russia and other Black Sea region countries. Through the first three months of 2021-22, Iran had already imported 2.4 MMT of Russian wheat. U.S. sanctions on Iran don't apply to grains, but they do make it extremely difficult for buyers to fund such purchases. While the U.S. won't likely get any of the increased Iranian business, their increased demand will take supplies off the global market.

Argentina closes corn export registry

Argentina's corn export registry for the 2020-21 crop technically remains "open," but only for shipments of corn that have already been booked. No new exports will be allowed at this time, as the government tries to ensure domestic supplies. An Argentine source doubts this will carry into 2021-22 as long as there isn't a short crop, though it could deter some farmers from planting corn.



Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Iroquois Co. (east-central) Illinois:

"Corn yields are strong. Can't even make a round on one-quarter mile rows in corn-on-corn with almost no August rain without unloading into the grain cart."

Chickasaw Co. (northeast) Iowa:

"Soybean harvest has been a slow grind due to wet weather. Yields are making up for the headaches, though, running around 10% above APH."

Black Hawk Co. (northeast) Iowa:

"I have 40% of my corn and 50% of my soybeans harvested. Corn yields are around 200 bu. per acre, which is fairly common around here this year. Beans are great, averaging around 70 bu. per acre so far."

North-central Iowa:

"Ninety percent of the beans in our area are done and guys are going hard on corn. Yields are good around here, with soybeans running mostly 60 bu. to 70 bu. per acre, which is similar to last year. Corn is generally running 200 bu. to 230 bu. per acre, with a lot in the lower end of that range, which is down from last year."

Gage Co. (southeast) Nebraska:

"Bean yields are more variable than expected — from a bit below our average to about average."

Nemaha Co. (southeast) Nebraska:

"April 5 planted soybeans have tons of pods and beans, but they just didn't get huge. We had around four inches of precip since mid-July but none since Aug. 31, which took a significant bite out of the top end. The first field still did 8 bu. over APH and 18 bu. per acre above the county five-year average."

Waseca Co. (south-central) Minnesota:

"Our beans averaged 69.3 bu. per acre, down from 72 bu. last year, but above our APH of 59 bu. per acre. Our corn is averaging 213 bu. per acre so far, up from 206 bu. last year and APH of 187 bu. per acre. We haven't done any corn-on-corn yet, but I have no idea how our corn yields are so high. We only had eight inches of rain from planting until early September."

Kandiyohi Co. (west-central) Minnesota:

"Corn yields are running about 10 bu. to 15 bu. per acre below APH so far."

Ramsey Co. (northeast) North Dakota:

"Our corn yield averaged around 105 bu. per planted acre, but we had abandoned acres due to drought that brought our harvested yield up. Drought hurt our high ground but our low ground saved us from a disaster."

Putnam Co. (northwest) Ohio:

"We've got some of our best soybean yields ever, so far. Exactly what I was expecting."

Racine Co. (southeast) Wisconsin:

"My corn yield is around 220 bu. per acre. I got lucky. We had very little rain but it came at perfect times. I still don't understand how it could be that high."

China soybean imports plunge

China imported 6.9 MMT of soybeans in September, down 27.5% from August and 29.0% from last year. Chinese imports slowed sharply amid poor crush margins and as demand for soybean meal from hog producers slumped amid negative returns. At the same time, Hurricane Ida shuttered a large portion of U.S. Gulf shipments last month.

For the first nine months of the year, China imported 74.0 MMT of soybeans, a 0.7% dip from the same period last year. China's soybean imports are expected to be slow again this month as crush and hog production margins haven't improved and shipments from the Gulf remain constrained.

China meat imports hit 19-month low

China imported 694,000 MT of meat in September, an 8% decline from August and a 17% drop from year-ago. That was the lowest monthly import tally since February 2020. Through September, China imported 7.38 MMT of meat, a 0.4% slip from the same period last year.

The preliminary import data doesn't provide a breakdown by meat type, but a drop in Chinese pork imports likely drove the slowdown. Chinese pork prices have fallen dramatically this year as domestic production recovers after African swine fever and also because some demand has shifted away from pork to beef and other proteins.

China's export growth accelerates

China's exports surged 28.1% versus last year in September, rising from a 25.6% increase in August and easily outpacing economists' expectations. Some global demand was likely pulled forward as retailers around the world made early preparations for the upcoming holiday season given supply-chain shortages. Recent restrictions for China's factories also didn't largely kick in until late September.

China's imports rose 17.6% in September, down from a 33.1% increase the previous month and below expectations.

China's trade surplus widened to \$66.8 billion in September. Its trade surplus with the U.S. rose to \$42.0 billion.

Record Chinese factory-gate inflation

China's producer price index (PPI) surged 10.7% year-over-year in September, the largest monthly increase from records dating back to 1996. Factory-gate inflation soared amid high commodity prices and power outages.

Despite soaring producer prices, the consumer price index rose 0.7% year-on-year in September. That was the lowest consumer inflation since March, mainly due to a steeper decline in the cost of food, with pork prices plunging 46.9%.

Chinese policymakers must walk a tightrope between supporting the economy amid weak domestic demand and any measures that could further stoke producer prices.

U.S. inflation stays at 13-year high

The U.S. consumer price index rose 5.4% year-over-year in September, matching the June and July readings for the highest level since 2008. Energy prices surged 24.8% from year-ago, while food prices rose 4.6%, driven by a 17.6% jump in beef prices. Core consumer prices, excluding volatile food and energy, rose 4.0% annually.

IMF trims global growth outlook

The International Monetary Fund (IMF) pared its global economic growth projection for 2021 to 5.9%, a 0.1-point decline from its July forecast. IMF cited "supply disruptions" in advanced economies and "worsening pandemic dynamics" in developing countries. IMF expects global GDP to slow to 4.9% growth next year.

IMF forecasts economic growth in the U.S. at 6.0% this year, down from its 7.0% projection in July. U.S. GDP is expected to slip to 5.2% next year, but that's up from its July forecast for 4.9% growth.

IMF expects China's economy will grow 8.0% this year, and 5.6% in 2022, both down 0.1 point from its July forecasts.

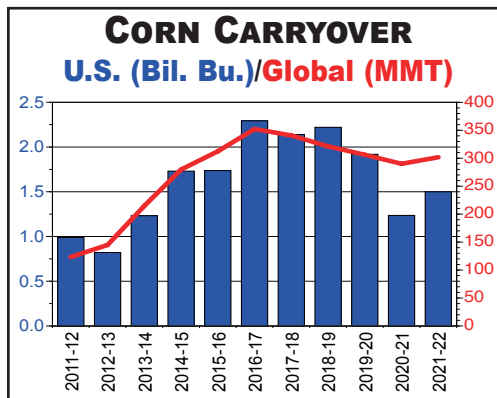
Meat balance sheet highlights

USDA's October Supply & Demand Report showed:

- 2021 beef production was raised 90 million lbs. to reflect stronger cow slaughter and heavier carcass weights. Beef production is now forecast to rise 2.4% this year.
- Beef production next year was raised but is expected to decline 3.0% from this year.
- Beef exports this year were unchanged and expected to rise 15.7% from 2020.
- Beef exports in 2022 were unchanged and are projected to decline 4.2% from this year.
- The average cash steer price for 2021 was lowered \$1.14 to \$121.06, which would still be up \$12.55 from last year.
- The average cash steer price for 2022 was raised \$1 from last month to \$129.00, which would be up \$7.94 from this year.
- Pork production for this year was cut 65 million lbs. on lower-than-expected fourth-quarter production. Pork production is now forecast to fall 2.2% this year.
- Pork production for 2022 was cut and is now projected to slip another 0.3%.
- Pork exports were cut to reflect weaker demand from China and increased global competition. Pork exports are now expected to decline 1.1% from 2020.
- Pork exports for 2022 were increased and are now projected to rise 2.9% year-over-year.
- The average cash hog price for this year was lowered 45¢ to \$69.45, which would still be up \$26.27 from 2020.
- The average cash hog price for 2022 was increased \$5.00 to \$61.00, though it is projected to fall \$8.45 from this year.

Corn, bean ending stocks higher than expected

by Editor Brian Grete



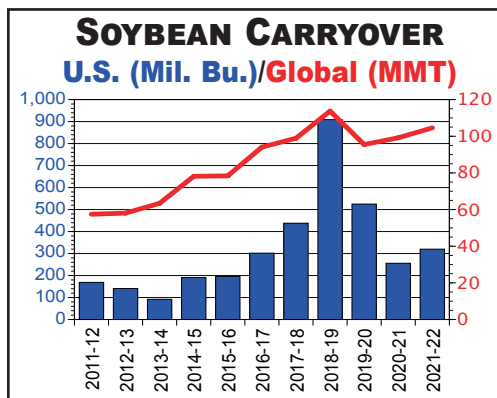
CORN — To get to the Sept. 1 corn stocks tally of 1.236 billion bu. (2020-21 carryover pegged in the Sept. 30 Grain Stocks Report), USDA cut total old-crop supplies by 72 million bu. and reduced total use by 121 million bushels.

USDA raised its 2021-22 projected ending stocks forecast by 92 million bu. from last month to 1.50 billion bushels. It increased total corn supplies by 72 million bu. from last month with the 49-million-bu. increase in old-crop carryover reflected in beginning stocks and the corn crop estimate raised 23 million bushels. On the demand-side of the balance sheet, USDA cut feed and residual use by 50 million bu. and only partially offset that with a 5-million-bu. increase to food, seed and industrial use and a 25-million-bu. rise in expected exports.

Our corn ending stocks forecast is 1.47 billion bu. for 2021-22.

- USDA 2020-21 price: \$4.53, down 2¢ from September; 2021-22: \$5.45, unchanged.

Global corn carryover: 290.0 million metric tons (MMT) for 2020-21, up 3.5 MMT from September; 301.7 MMT for 2021-22, up 4.1 MMT.



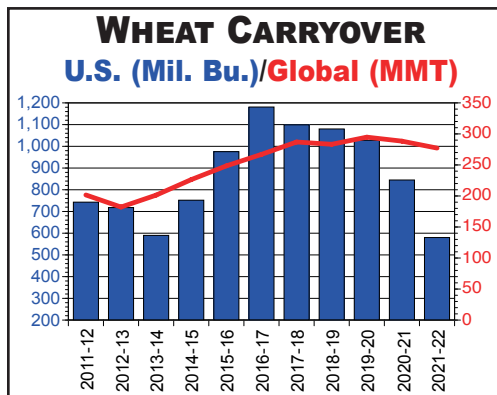
SOYBEANS — To get to the Sept. 1 soybean stocks tally of 256 million bu., USDA increased total supplies 81 million bushels (with the 2020 bean crop adjusted up). It left total demand unchanged from last month.

USDA raised its 2021-22 ending stocks projection by 135 million bu. from last month to 320 million bushels. It raised total supplies by 145 million bu. from last month with beginning stocks up 81 million bu., production up 74 million bu. and imports down 10 million bushels. On the demand-side of the balance sheet, USDA raised projected crush by 10 million bu. from last month.

Our soybean ending stocks forecast is 350 million bu. for 2021-22.

- USDA 2020-21 price: \$10.80, down 10¢ from last month; 2021-22: \$12.35, down 55¢.

Global soybean carryover: 99.2 MMT for 2020-21, up 4.1 MMT from last month; 104.6 MMT for 2021-22, up 5.7 MMT from last month.

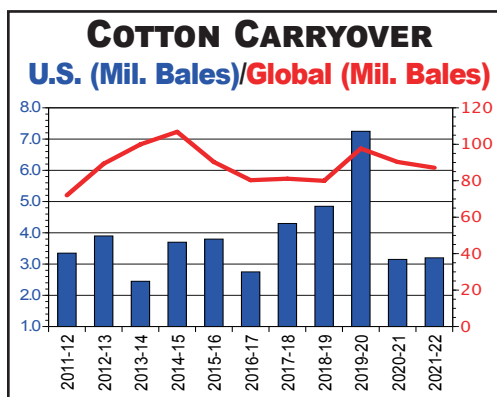


WHEAT — USDA lowered 2021-22 ending stocks by 35 million bu. from last month to 580 million bushels. It cut total supplies by 60 million bu., with beginning stocks up 1 million bu., production down 51 million bu. and imports down 10 million bushels. On the demand-side of the balance sheet, USDA trimmed feed and residual use by 25 million bushels.

Our wheat ending stocks forecast is 590 million bu. for 2021-22.

- USDA 2021-22 price: \$6.70, up a dime from September.

Global wheat carryover: 288.4 MMT for 2020-21, down 4.2 MMT from September; 277.2 MMT for 2021-22, down 6.0 MMT.



COTTON — USDA left 2020-21 ending stocks at 3.15 million bales. It made offsetting 50,000-bale adjustments to domestic use (up) and unaccounted use (down).

For 2021-22, USDA lowered ending stocks by 500,000 bales to 3.2 million bales. The only change was the smaller crop and 10,000-bale increase to imports.

Our cotton ending stocks forecast is 3.1 million bales for 2021-22.

- USDA 2020-21 price: 66.3¢, down 0.2¢ from last month; 2021-22: 90¢, up 6¢.

Global cotton carryover: 90.3 million bales for 2020-21, down 1 million bales from September; 87.1 million bales for 2021-22, up 450,000 bales.

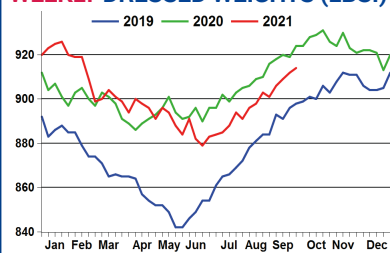
CATTLE - Fundamental Analysis

The 2020 disruptions to the flow of fed cattle through the system apparently caused a supply backlog early this year. The industry has since worked its way through that issue, but feedlot marketings still aren't current, as implied by the chart below. Weights remain well above those from two years ago, confirming the laggardly marketing pace. This probably won't improve anytime soon, since deferred cattle futures are trading at sizable premiums to cash and encouraging producers to defer sales. We still think strong demand will support prices, but the upside seems limited without current marketings.

Position Monitor

Game Plan:	Feds	Feeders
Fed cattle	IV'21 0%	0%
producers	I'22 0%	0%
should con-	II'22 0%	0%
tinue to carry all risk in cash. Once the boxed beef market bottoms, futures and the cash market should firm.	III'22 0%	0%

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY DECEMBER LIVE CATTLE

The July 1 high at \$133.95 is again acting as resistance.



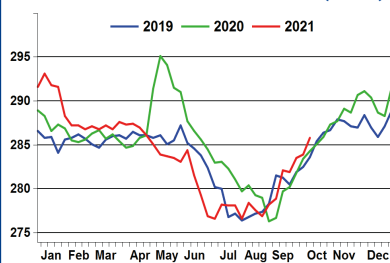
HOGS - Fundamental Analysis

After extending their usual late-summer decline through much of September, hog and pork prices quickly ended the subsequent early-autumn rebound. The industry is fulfilling projections for an annual reduction in supplies, while stocks remain limited. Seasonal production growth has played a role in the price weakness, while laggardly marketings, as indicated by the latest weight data, aren't an issue. Slumping beef prices still seem to be dragging pork prices lower, but both wholesale sectors remain high by historical standards. We think futures' discounts are excessive and don't favor hedges at this juncture.

Position Monitor

Game Plan:	Lean Hogs
Traders have taken on a more pessimistic attitude on the sharp price pullback. We feel the downside is overdone, but can't rule out more near-term pressure.	IV'21 0%
	I'22 0%
	II'22 0%
	III'22 0%

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY DECEMBER LEAN HOGS

The 40-day moving average (green line) and downtrend line mark resistance in the \$79.75 to \$79.95 area.



FEED

Feed Monitor

Corn

IV'21	33%
I'22	0%
II'22	0%
III'22	0%

Corn Game Plan: Get current with advised corn-for-feed coverage. Be prepared to extend coverage if prices fall near the September low.

Meal

IV'21	33%
I'22	0%
II'22	0%
III'22	0%

Meal Game Plan: Get current with advised soybean meal coverage. Be prepared to extend coverage if December soybean meal futures fall to the low \$300.00 area, which we would consider a strong value buy.

DAILY DECEMBER SOYBEAN MEAL

Resistance is layered from the trendline at \$332.70 to the June 24 low at \$347.00.

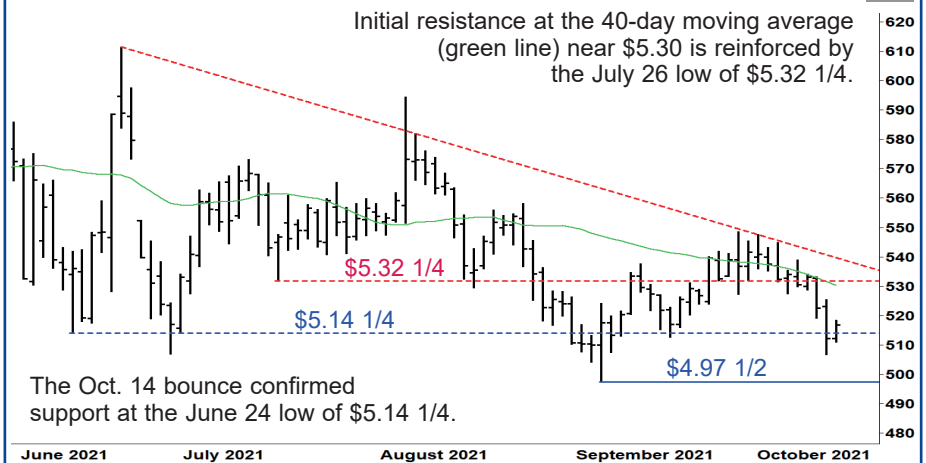


Position Monitor

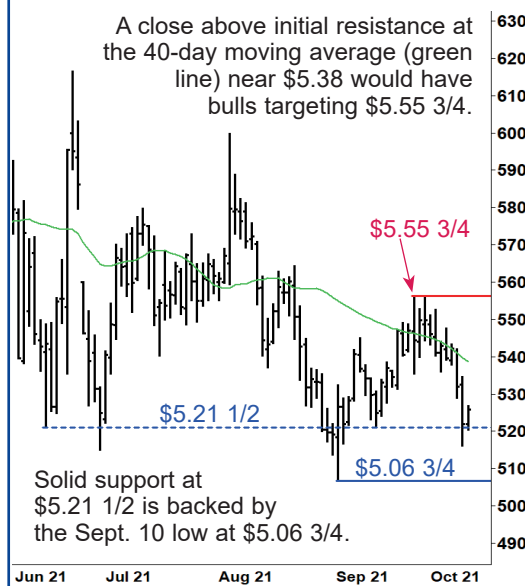
	'21 crop	'22 crop
Cash-only:	40%	0%
Hedgers (cash sales):	40%	0%
Futures/Options	10%	0%

Game Plan: Wait on an extended price recovery to get current with advised cash sales. We still feel the low \$5.00 range is too cheap and the \$6.00 area is too pricey. While a drop below \$5.00 is possible, we doubt prices will spend much time below that level unless funds move to a net short position. Hold the 2021-crop hedges in December futures as downside protection. We may add to hedges if the Sept. 10 low is violated.

DAILY DECEMBER CORN



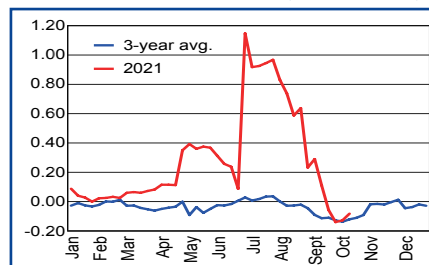
DAILY MARCH CORN



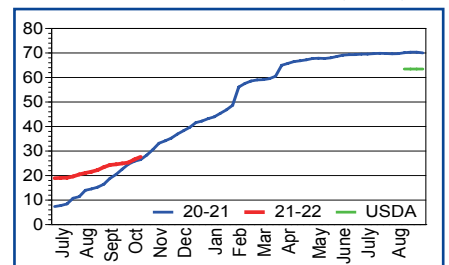
CORN - Fundamental Analysis

USDA's bearish crop report could put more near-term pressure on the market, but seasonally, prices may have already posted a harvest low. Supply concerns have largely evaporated, as evidenced by carry briefly returning to spreads for the first time in a year. There are still prospects for short-term rallies, especially if the recent selloff sparks fresh export demand and/or crude oil extends its march to seven-year highs. The market will also be watching late-October weather to see the back end of harvest finishes strong. History suggests USDA's yield estimate will inch higher (see "From the Bullpen" on [Analysis page 4](#)).

AVERAGE CORN BASIS (DECEMBER)



CORN EXPORT BOOKINGS (MMT)

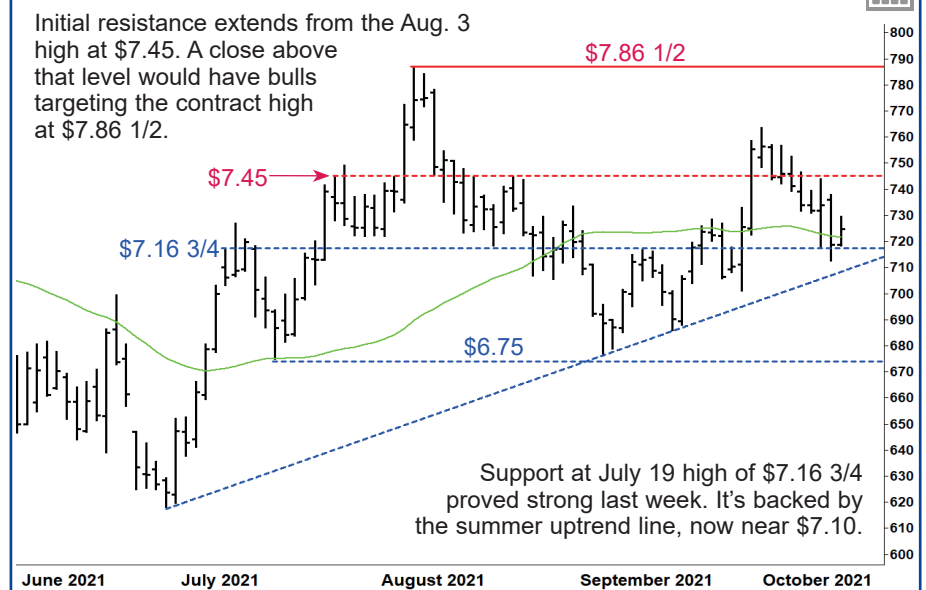


Position Monitor

	'21 crop	'22 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: Given our sales levels, we are willing to wait on a price recovery before advancing 2021- and 2022-crop sales. Wheat fundamentals are strong, but it will be difficult to fend off pressure if corn and soybeans decline.

DAILY DECEMBER SRW WHEAT



WHEAT - Fundamental Analysis

SRW — As expected, USDA cut 2021-22 U.S. ending stocks, now at a 14-year low. But SRW futures' weekly decline illustrates wheat's struggle to sustain rallies when corn and soybeans are under pressure. Wheat fundamentals are bullish, but the market can't do it alone.

Position Monitor

	'21 crop	'22 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	25%	0%

Game Plan: On Oct. 13, we advised hedgers to hedge 15% of 2021-crop production in January soybean futures. Our entry was \$12.02 1/4. Be prepared to claim profits or roll the hedges already established in November soybeans. Wait on a price recovery to get current with advised cash sales. Any extended corrective price rebound should be used to advance 2021-crop sales.

DAILY NOVEMBER SOYBEANS



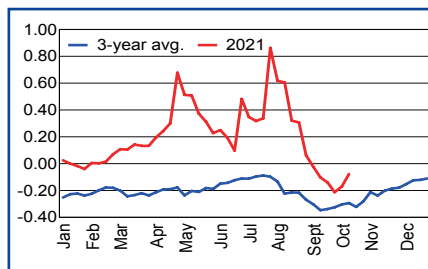
DAILY JANUARY SOYBEANS



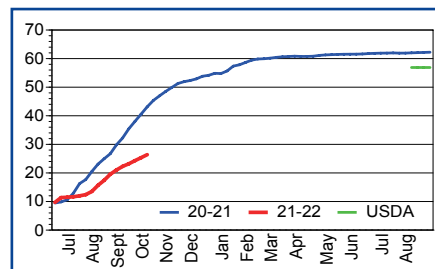
SOYBEANS - Fundamental Analysis

USDA's sharply expanded supply outlook signals more downside price risk, despite last week's late rebound. As harvest winds down, China's recent return to the U.S. soybean market, if sustained, could help stabilize futures, perhaps even spark short-term rallies offering opportunities to increase 2021-crop sales. But there's also a good chance USDA boosts its soybean estimate again in its Nov. 9 Crop Production Report. We're keeping an eye on related markets like Malaysian palm oil, while increasingly shifting focus toward January futures (currently holding about a 9-cent premium to November) and other 2022 contracts.

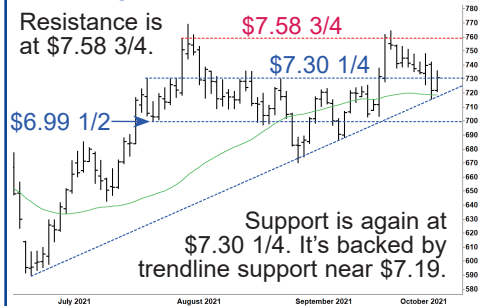
AVERAGE SOYBEAN BASIS (NOVEMBER)



SOYBEAN EXPORT BOOKINGS (MMT)



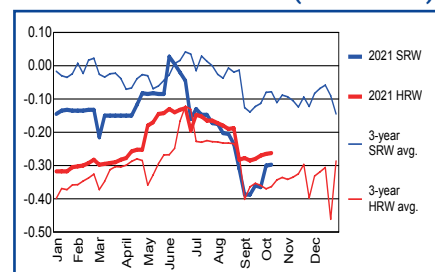
DAILY DECEMBER HRW WHEAT



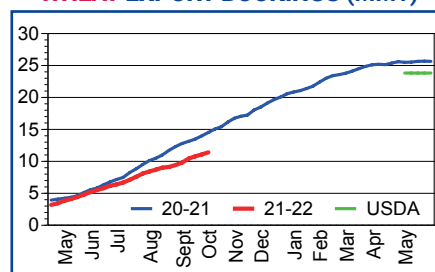
DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (DECEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — As seeding of the winter crop wraps up, dryness continues to grip much of the Central and Southern Plains. Emergence is already behind the average pace, and a poorly established crop could further tighten an already snug global supply outlook for 2022. HRW in theory will lead rallies — if the market isn't pulled lower by corn.

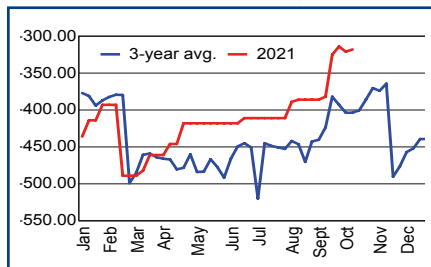
HRS — Another week of contract highs displayed spring wheat's explosive upside in a drought year. But the market knows about the short supplies. It's going to take support from demand to keep pushing HRS prices higher. HRS futures last topped \$10.00 in July 2012; a year later the market was down almost 30%.

Position Monitor

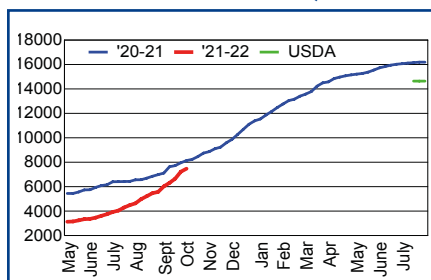
	'21 crop	'22 crop
Cash-only:	85%	30%
Hedgers (cash sales):	100%	30%
Futures/Options	0%	0%

Game Plan: On Oct. 11, we advised selling another 10% of 2022-crop. On Oct. 13, we advised hedgers to sell the final 15% of 2021-crop in the cash market.

AVERAGE COTTON BASIS (DECEMBER)

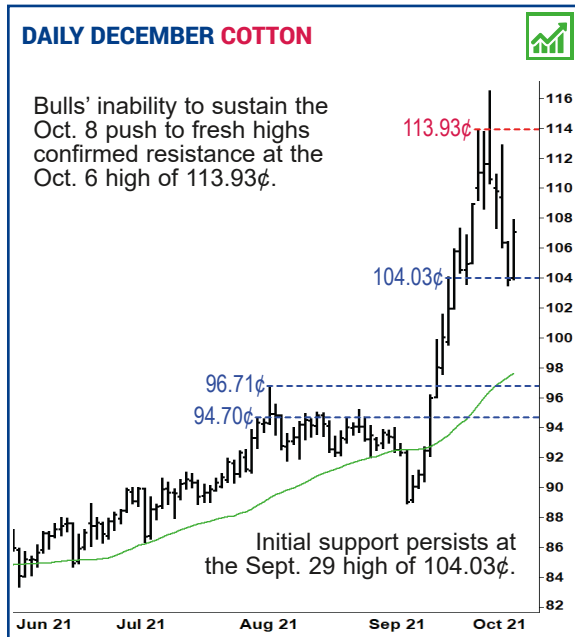


COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON

Bulls' inability to sustain the Oct. 8 push to fresh highs confirmed resistance at the Oct. 6 high of 113.93¢.



COTTON - Fundamental Analysis

The Oct. 8 spike to 116.46¢ apparently marked a blow-off top for the cotton market. The question now seems to be how far and how quickly it will decline. We suspect a drop back below 100.00¢ will soon occur, followed by a sustained downtrend as the market adjusts.

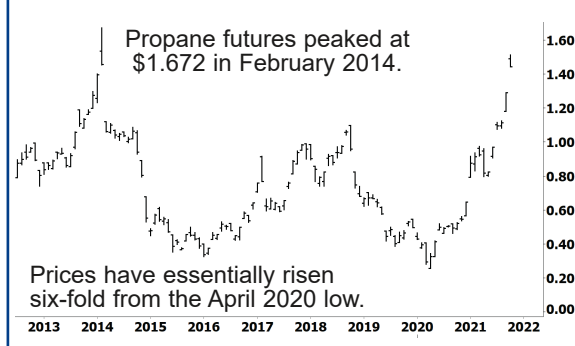
GENERAL OUTLOOK

ENERGY: The EIA released its Winter Fuels Outlook last week, projecting across-the-board increases in home heating costs during the coming months. Heating oil charges are forecast to surge 43% from year-ago levels, while natural gas is expected to cost 30% more. Electricity costs are expected to rise just 6%, due largely to the regulated nature of that industry. But propane is expected to be the cost leader, with winter heating

bills predicted to soar 54% annually. These forecasts are based upon a "normal" winter and could spike even higher in colder weather conditions.

This clearly won't help the ag industry, since all of these increased costs will translate into greater farm expenses. Diesel and fertilizer will cost more and the price of drying grain is already biting. Watch fuels pricing closely and manage price risk diligently.

MONTHLY NYMEX PROPANE FUTURES



FROM THE BULLPEN By Market Analyst Bruce Blythe

"Big crops get bigger" — so goes the old trade adage. The expression refers to the perception USDA estimates for corn or soybean crops that start "big" (above-average or above-trend) in the agency's initial, survey-based August Crop Production Report tend to get even bigger in the subsequent reports. Typically, final production finishes above the initial estimate.

There's history to back up the adage. Between 1970 and 2020, there were 15 years in which USDA's initial August average U.S. corn yield estimate was increased in the September reports and again in October. In 12 of those 15 years (80%), USDA's final corn yield in its January report was higher than the

October estimate; for the other three years, the final yield was lower twice and unchanged once.

For soybeans during that period, there were 16 years when the yield estimate increased in both September and October. USDA's final soybean yield topped October in 11 of those 16 years (69%), and fell in the other five years.

A similar pattern may be setting up in 2021, as USDA hiked estimates for both corn and soybean yields in September and again this month. USDA's final estimates are to be determined, but if history holds, both the corn and soybean yields will likely be record-high in USDA's January Annual Crop Production Summary.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 10/18**
Rapid corn, bean harvests continue. 3:00 p.m. CT
- 2 USDA Weekly Export Sales** **THURS 10/21**
Focus is on Chinese bean buys. 7:30 a.m. CT
- 3 NWS Extended Weather** **THURS 10/21**
Forecasts for November-January. 7:30 a.m. CT
- 4 USDA Cattle on Feed Report** **FRI 10/22**
September placements are key. 2:00 p.m. CT
- 5 USDA Cold Storage Report** **FRI 10/22**
Meat stocks typically build in Sept. 2:00 p.m. CT

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