



### News this week...

- 2 – Brazil raises soybean crop estimate after strong start.
- 3 – China's dilemma: Rising inflation, slowing growth.
- 4 – November WASDE not as bearish for beans as feared.

**Relief rally in soybeans** – Soybean futures rallied following USDA's Nov. 9 crop reports as the crop estimate was unexpectedly lowered and ending stocks didn't rise as much as feared. While the report triggered an upside price move, fundamentals are not bullish and the down-trend from the summer highs is still firmly intact. Corn futures also firmed, though the down-trend drawn off the May and June highs remained in place. SRW wheat futures firmed to their highest price since December 2012 on the continuation chart, while HRW futures topped \$8 for the first time since May 2014. HRS futures also firmed, but failed to clear their Nov. 2 highs. Cash cattle prices surged again on strong packer demand, but sideways price action in futures signaled traders may sense a short-term top is near. Hogs dropped on weak cash fundamentals.

## USDA nailed corn, soybean yields

USDA's November corn and soybean yields at 177.0 bu. and 51.2 bu. per acre, respectively, were an exact match to the *Pro Farmer* estimates following Crop Tour. USDA's yields will likely change a little in January, but our data and analysis allowed us to accurately peg both crops months ago.

## Corn crop estimate: 15.062 bil. bu.

USDA raised its corn crop estimate by 43 million bu. from last month on a 0.5-bu. increase to yield. For the top 12 producing states, USDA increased its corn yield estimate in Michigan (up 4 bu.), Minnesota (up 8 bu.), Nebraska (up 1 bu.), North Dakota (up 1 bu.) and South Dakota (up 4 bu.).

USDA's objective data in the 10 survey states showed a drop in ear count but a higher implied ear weight.

## Bean crop estimate: 4.425 bil. bu.

USDA cut its soybean crop estimate by 23 million bu. from last month on a 0.3-bu. reduction in yield. For the top 13 producing states, USDA cut its yield estimate from last month in Indiana (down 3 bu.), Iowa (down 1 bu.), Kansas (down 1 bu.) and Ohio (down 2 bu.).

USDA's objective data in the 11 survey states showed a rise in number of pods but a drop in implied pod weight.

### Where corn, soybean yields are likely headed in January

There have been 13 other years since 1970 in which USDA raised its corn yield estimate each of the three following months after the initial August forecast. The January estimate was higher nine times and lower four times by an average of 0.64 bu. per acre compared with its November estimate.

There have been only two years when USDA lowered its soybean yield in November after raising it in September and again in October. The average yield decline from November to January in those two years was 0.55 bu. per acre.

## Cotton crop: 18.198 million bales

USDA raised its cotton crop estimate by 194,000 bales from last month on an 11-lb. increase in yield to 880 lbs. per acre.

## U.S. CPI surges to near 31-year high

The U.S. consumer price index (CPI) surged 6.2% from a year ago in October, the largest annual gain since November 1990. Core prices, excluding food and energy, jumped 4.6%. U.S. producer prices surged 8.6%, with core levels up 6.2%.

Fed fund futures now signal more than 70% odds of an interest rate increase by next June. Surging inflation also pushed the U.S. dollar index to its highest level since July 2020.

## Infrastructure bill signing Nov. 15

The bipartisan infrastructure package will invest \$110 billion on roads, bridges, etc., along with \$17.3 billion for ports and waterways. The fate of the much costlier Build Back Better (BBB)/social spending measure is murky. Sen. Joe Manchin (D-W.Va.), the key swing vote, says inflation is a reason to scale back or delay the plan. He and other centrist Democrats want to see the budget scoring before agreeing to the measure.

## Biofuels will still get promised aid

Even with the surge in ethanol prices, sources tell us the bio-fuels sector is still in line to get the much-delayed \$700 million in Covid-related aid. One source says the administration is waiting for the "right time" for the official announcement.

It could come when EPA announces biofuels blending requirements, as Administrator Michael Regan acknowledged some may be "unhappy with the various elements."

## Final 2019 WHIP+ payments coming

A final 10% WHIP+ payment is coming for 2019. Quality losses were already fully paid for 2019 crops. Payments for 2020 and 2021 ag disasters, including livestock, will likely be made in early 2022.

## La Niña builds, will persist longer

The U.S. Climate Prediction Center (CPC) outlook places 83% odds La Niña will persist through the Northern Hemisphere winter (January-March); there's a 50% chance it will last into the March-May period. CPC puts 60% or greater odds of ENSO-neutral conditions from April-August.

## Brazil raises bean, corn crop forecasts

Brazil is expected to produce a record soybean crop of 142 million metric tons (MMT), according to Brazilian crop estimating agency Conab, as planted acreage is forecast 400,000 hectares higher than previously thought. Conab also raised its Brazilian corn crop estimate by 399,000 metric tons (MT) from last month to a record 116.7 MMT.

USDA kept its Brazilian soybean and corn crop estimates at 144 MMT and 118 MMT, respectively. Those are the same levels as Crop Consultant Dr. Michael Cordonnier.

### USDA cuts Argentine soybean crop, raises corn peg

USDA cut its 2021-22 Argentine soybean crop forecast by 1.5 MMT from last month to 49.5 MMT and raised its corn crop projection for the country by the same amount to 54.5 MMT. It expects some soybean acres will be switched to corn. Cordonnier forecasts Argentine production at 50 MMT for soybeans and 53 MMT for corn.

## Winter wheat condition holds steady

USDA kept its U.S. winter wheat crop condition rating at 45% "good" to "excellent," though there was a one-point increase in the "excellent" category over the past week.

On the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop dropped 1.7 points to 327.0 and is now 16.1 points below the five-year average for early November. The SRW crop slipped 1.4 points on the week to 365.2, though that's still 2.2 points above average.

## USDA trims global wheat production

USDA trimmed its 2021-22 global wheat production forecast by 590,000 MT from last month. USDA lowered its EU wheat crop forecast by 1 MMT to 138.4 MMT, but raised the export forecast for the bloc by that amount to 36.5 MMT, which would be up 6.8 MMT (22.8%) from 2020-21.

USDA raised its Russian wheat crop peg by 2 MMT to 74.5 MMT, though it's still around 1 MMT lower than private forecasts. It increased 2021-22 Russian wheat exports by 1 MMT to 36 MMT, though that would be down 2.5 MMT (6.5%) from last year.

## Russia may alter wheat export tax

Russia's ag minister says the country may change the formula it uses to calculate its grain export taxes if global prices continue to rise, without giving specific details. He also says the size of the wheat export quota for 2021-22 will be enacted no later than Feb. 15 and run through June 30.



## Producer Crop Comments...

Please send crop comments to [editors@profarmer.com](mailto:editors@profarmer.com).

### Warren Co. (south-central) Iowa:

*"We had our best ever soybean yields. We aren't done with corn yet, but there was lots of it."*

### Wayne Co. (south-central) Iowa:

*"Double-crop soybeans after rye yielded in the mid-30s."*

### Southeast Iowa:

*"Corn and soybean harvest is into the final stages around here. Active NH3 application is taking place."*

### Custer, Valley Cos. (central) Nebraska:

*"Our corn averaged 233 bu. per acre, up 16 bu. from 2020, despite more continuous corn. Lots of record yields here."*

### East-central Indiana:

*"We had 57 bu. double-crop soybeans that were drilled the second week of July after a 116 bu. wheat crop!"*

### Miami Co. (west-central) Ohio:

*"This is only the third time we've had an average yield of over 40 bu. per acre on double-crop soybeans — evidence of the nearly ideal growing conditions we had this year."*

## USDA's first glimpse at 2022-23

USDA's projections are based on the October WASDE Report.

**Corn:** Planted acreage falls to 92.0 million acres. With harvested acres of 84.2 million and a national average yield of 181.0 bu. per acre, production would be 15.24 billion bushels. Total supply would be 16.765 billion bushels. Total use is projected at 14.830 billion bushels. That would leave ending stocks of 1.935 billion bushels. The average cash price would fall to \$4.80, down 65¢ from USDA's projection for 2021-22.

**Soybeans:** Plantings would increase to 87.5 million acres. With harvested acres of 86.7 million and a yield of 51.5 bu. per acre, production would be 4.465 billion bu. and total supply would increase to 4.805 billion bushels. Total use is projected at 4.504 billion bushels. That would lower projected ending stocks to 300 million bushels. But the average cash price is projected to fall to \$10.50, down \$1.60 from the 2021-22 forecast.

**Wheat:** Planted acreage rises to 49.0 million acres. With harvested acres of 40.8 million and a yield of 49.1 bu. per acre, production would climb to 2.003 billion bu. and total supply would increase to 2.703 billion bushels. Total use is projected at 2.067 billion bushels. That would leave ending stocks of 636 million bushels. The average cash price would slip to \$6.50, down 40¢ from the outlook for the current marketing year.

**Cotton:** Upland plantings would increase to 12.0 million acres. With harvested acres of 9.9 million and a yield of 865 lbs. per acre, production would be 17.8 million bales and total supply would be 20.957 million bales. Total use is projected at 17.325 million bales, which would raise ending stocks to 3.7 million bales. The average cash price would drop a dime from this year's projection to 80.0¢.

## China's factory prices hit 26-year high

China's producer price index surged 13.5% from a year earlier in October, matching the highest factory-gate inflation since 1995. China's consumer price index rose 1.5% versus year-ago in October, the highest figure since September 2020. Economists worry consumer inflation will build more rapidly in the months ahead as factories pass through their rocketing prices.

China must closely balance its monetary policy moving forward, as slowing economic growth and soaring inflation fuel stagflation concerns in the country.

## China's October soy imports plunge

China imported 5.1 MMT of soybeans last month, the lowest monthly total since March 2020, as poor crush margins limited demand and Hurricane Ida slowed shipments out of the U.S. Gulf. China's October soybean imports dropped 25.7% from September and were 41.2% under year-ago. Through the first 10 months of this year, China imported 79.1 MMT, down 5.0% versus the same period last year.

## China's October meat imports drop

China imported 664,000 MT of meat in October, down 12.8% from last year and the lowest monthly total since February 2020, as building domestic pork production dropped prices and reduced demand for foreign supplies. Through the first 10 months of this year, China's meat imports totaled 8.1 MMT, down 1.5% from the same period last year.

## China's trade surplus record-high

China's trade surplus surged to a record \$84.5 billion in October, easily beating economists' forecasts. Exports surged 27.1% versus year-ago, the 13th straight month of double-digit growth, while imports increased 20.6%. Through the first 10 months of the year, China's trade surplus widened to \$513.7 billion. Its trade surplus with the U.S. narrowed to \$40.8 billion in October and stood at \$320.7 billion for the first 10 months of the year.

## U.S./China relations warm after climate cooling pact

The U.S. and China issued a surprise joint statement at the COP26 meeting in Glasgow, Scotland, agreeing to "accelerate the transition to a global net zero economy." Although the statement did not offer much new, the joint nature of it signals a warming of relations ahead of a likely virtual meeting between Presidents Joe Biden and Xi Jinping, tentatively scheduled for Nov. 15. China also committed to developing a "national plan" to cut methane emissions, although it did not commit to an international pledge to cut emissions of the gas 30% by 2030.

## U.S. posts ag trade surplus in FY 2021

The U.S. posted its fourth straight monthly ag trade deficit in September. Despite recent monthly deficits, the fiscal year (FY) 2021 U.S. ag trade balance stood at \$8.89 billion. FY ag exports totaled \$172.2 billion, shy of USDA's August forecast of \$173.5 billion. FY 2021 U.S. ag imports reached \$163.3 billion, compared with USDA's forecast of \$157.5 billion.

## Beef exports drop, but stay strong

The U.S. exported 288.7 million lbs. of beef during September, according to USDA data. While that was down 11.0% from the all-time high in August, it was up 20.9% from September 2020 and the fourth highest monthly total ever. Through the first nine months of 2021, the U.S. shipped 2.58 billion lbs. of beef, up 21.0% from the same period last year, led by a 704% surge in exports to China.

The U.S. exported 510.1 million lbs. of pork in September, down 3.0% from August and 6.3% less than year-ago. From January through September, U.S. pork exports totaled 5.378 billion lbs., down 0.8% from the same period last year. U.S. pork shipments to China dropped 37.1% in the first nine months of the year compared with the same period in 2020.

## USDA raises cattle price, lowers hogs

USDA raised its 2021 average cash steer price forecast by 25¢ from last month to \$121.31, which would be up \$12.80 from last year. For 2022, USDA increased its cash price forecast by \$1 to an average of \$130. USDA expects continued strong demand to more than offset higher production.

For hogs, USDA lowered its cash price forecast by \$2 for this year to \$67.45 and \$1 in 2022 to \$60, as recent price weakness is expected to carry into next year. It made just minor adjustments to this year's pork production (up) and exports (down) and no changes from October for next year's balance sheet. The average cash hog price is still projected to surge \$24.27 from last year but fall \$7.45 in 2022.

## USDA to test faster pork line speeds

USDA will allow nine U.S. pork plants to apply to operate faster line speeds under a one-year trial program. Plants will craft worker safety measures with labor unions or worker safety committees. Data collected will be shared with OSHA and could be used to make future rules for the industry.

In March, a federal judge struck down a Trump-era rule that removed line speed limits.

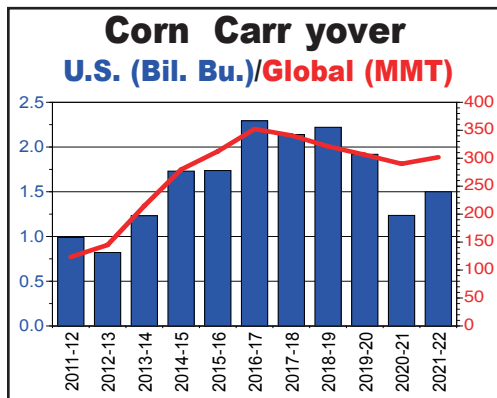
## USDA eyes remand of poultry line speed waivers

A federal judge is allowing USDA to voluntarily remand poultry line speed waivers that allow plants to increase processing rates. This delays consideration of the underlying litigation on worker safety concerns until the request is resolved.



# Soybean ending stocks rise less than expected

by Editor Brian Grete

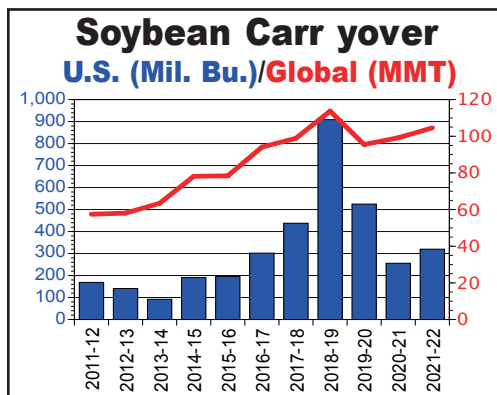


**CORN** — USDA trimmed projected 2021-22 ending stocks by 7 million bu. from last month to 1.493 billion bu., though that was 13 million bu. higher than the average pre-report estimate. It raised total supply by 43 million bu. on the bigger crop estimate. On the demand side of the balance sheet, USDA raised total use by 50 million bu., with all of the increase in projected food, seed and industrial use (with all of that going to corn-for-ethanol use, which is now projected at 5.25 billion bu.).

Our corn ending stocks forecast is 1.500 billion bu. for 2021-22.

- **USDA 2021-22 price: \$5.45, unchanged from October and up 92¢ from 2020-21.**

Global corn carryover: 304.4 million metric tons (MMT) for 2021-22, up 2.7 MMT from October and up 12.6 MMT from 2020-21.

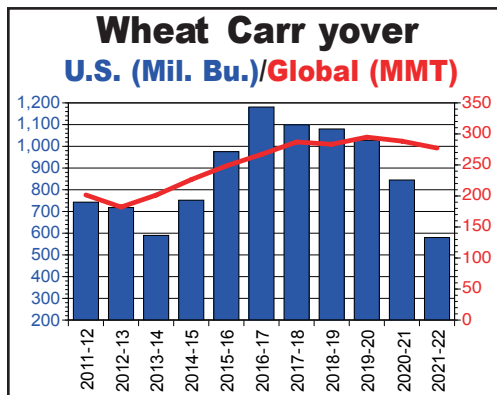


**SOYBEANS** — USDA raised projected 2021-22 carryover by 20 million bu. from last month to 340 million bu., though that was 22 million bu. less than traders expected. It cut total supply by 23 million bu. on the unexpected reduction in crop size. On the demand side of the ledger, total use was cut 43 million bu., with projected exports down 40 million bu. (to 2.05 billion bu.) and seed use down 2 million bushels (to 102 million bu.). USDA kept its crush forecast at 2.19 billion bushels.

Our soybean ending stocks forecast is 330 million bu. for 2021-22.

- **USDA 2021-22 price: \$12.10, down a quarter from last month but still up \$1.30 from 2020-21.**

Global soybean carryover: 103.8 MMT for 2021-22, down 790,000 metric tons from last month but up 3.7 MMT from 2020-21.

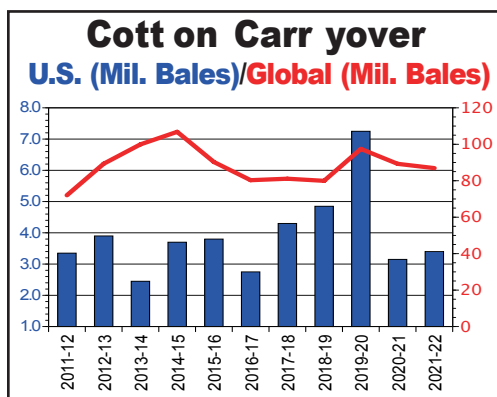


**WHEAT** — USDA increased its 2021-22 ending stocks projection by 3 million bu. from last month to 583 million bu., which was 2 million bu. higher than traders expected. USDA cut 10 million bu. from total supplies, with imports down that amount from last month. On the demand side of the balance sheet, USDA cut total use 13 million bushels. It cut food use by 2 million bu. (to 962 million bu.) and exports by 15 million bushels (to 860 million bu.). That was only partially offset with a 4-million-bu. increase to projected seed use (to 66 million bu.).

Our wheat ending stocks forecast is 580 million bu. for 2021-22.

- **USDA 2021-22 price: \$6.90, up 20¢ from October and up \$1.85 from 2020-21.**

Global wheat carryover: 275.8 MMT for 2021-22, down 1.4 MMT from October and down 12.1 MMT from 2020-21.



**COTTON** — USDA raised its 2021-22 ending stocks forecast by 200,000 bales from last month to 3.4 million bales, which was 240,000 bales higher than traders expected. It increased total supply by 190,000 bales due to the bigger crop estimate. It made no changes to the total usage forecast of 18 million bales, though it cut unaccounted “use” by 10,000 bales this month.

Our cotton ending stocks forecast is 3.10 million bales for 2021-22.

- **USDA 2021-22 price: 90¢, unchanged from last month and up 23.7¢ from 2020-21.**

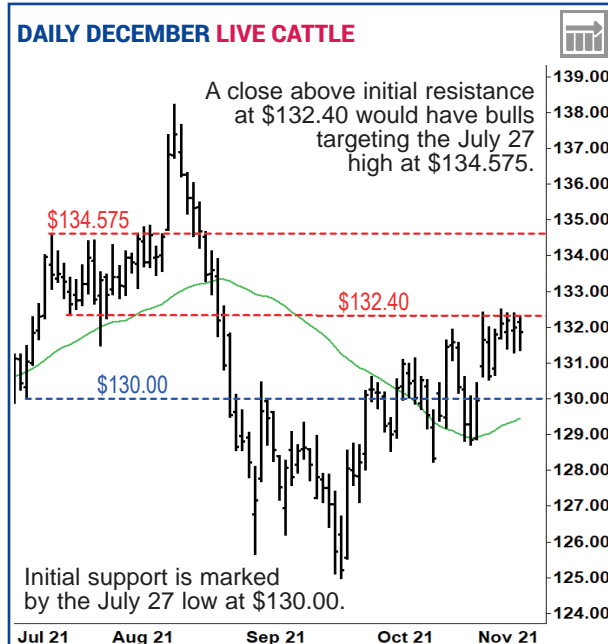
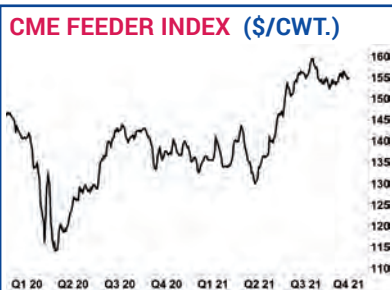
Global cotton carryover: 86.9 million bales for 2021-22, down 200,000 bales from October and down 2.4 million bales from 2020-21.

## CATTLE - Fundamental Analysis

Steer carcass weights fell four lbs. to 918 lbs. per head during the week ended Oct. 23. Steer weights usually reach their fall peak in mid-November, so the early drop strongly suggests market-ready feedlot supplies have tightened. Moreover, the \$2.00 to \$3.00 cash gains in each of the past two weeks offer solid confirmation of ideas the supply/demand balance has shifted in producers' favor. Surging retail prices (see "From the Bullpen" on [Analysis](#) page 4) indicate consumer beef demand could suffer through winter, but greatly elevated wholesale prices give packers lots of room to pay up for needed fed cattle.

### 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 the rising cash market. Be prepared to add hedges when the rally stalls.	III'22 0%	0%

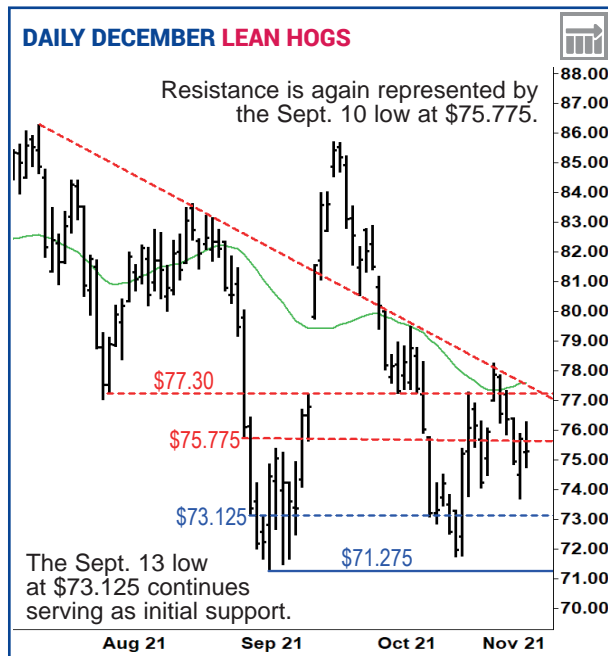
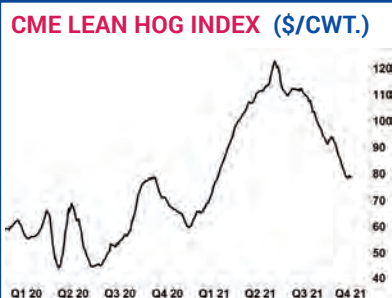


## HOGS - Fundamental Analysis

Retail pork prices have also soared in recent months, although the sample of cuts covered by the survey is quite limited. This suggests consumer demand will suffer this winter. And yet, reduced pork production and stockpiles should limit downside cash market risk. The early-November upward blip by the hog index suggests support is emerging. Weekly hog slaughter will almost surely surge to annual highs in early December, but recent developments may foreshadow an early cash market bottom in the near future. Bullish leadership by the cattle/beef complex could give hogs a big boost as well.

### Position Monitor

Game Plan:	Lean Hogs
The cash index is falling to futures, but the current price structure is still overly pessimistic in our opinion. As long as that's the case, hedges won't be advised.	IV'21 0%
	I'22 0%
	II'22 0%
	III'22 0%



## FEED

### Feed Monitor

#### Corn

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

**Corn Game Plan:** You are hand-to-mouth on corn-for-feed needs. Don't chase the corn market higher with extended coverage. We'll wait on a sharp pullback to advance coverage.

#### Meal

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

**Meal Game Plan:** You are hand-to-mouth on soy meal needs. Fundamentals are not supportive for meal. Wait on a price pullback to extend coverage.

### DAILY DECEMBER SOYBEAN MEAL



## Position Monitor

	'21 crop	'22 crop
Cash-only:	50%	10%
Hedgers (cash sales):	50%	10%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. Be prepared to make additional sales on a price rally into the upper end of the extended price range. While our bias is sideways to higher given neutral to friendly fundamentals, we continue to feel the upside will be limited if December futures push above \$5.75. We would also likely make additional 2022-crop sales when we advance old-crop sales.

## DAILY DECEMBER CORN



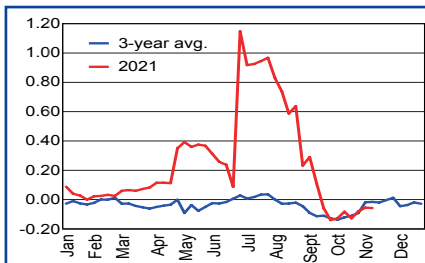
## DAILY MARCH CORN



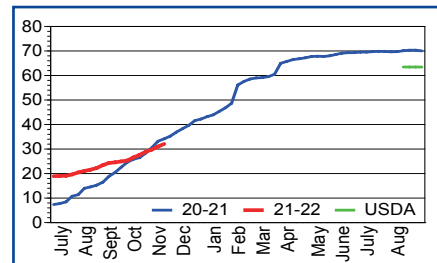
## CORN - Fundamental Analysis

The past week served up competing bullish and bearish components for the corn market. Bulls ended with the upper hand last week, but the upside is likely limited, with U.S. supplies looking comfortable in 2022 and Brazil potentially harvesting a record crop. The global commodity/inflation trade has gained renewed vigor, as exemplified by the gold breakout, and could provide fresh bullish fuel. Funds have stepped-up their bullishness in corn, which, if sustained, could also help propel the market back toward \$6.00. We continue to feel price rallies into the upper end of the long-established sideways range should be viewed as selling opportunities.

### AVERAGE CORN BASIS (DECEMBER)



### CORN EXPORT BOOKINGS (MMT)



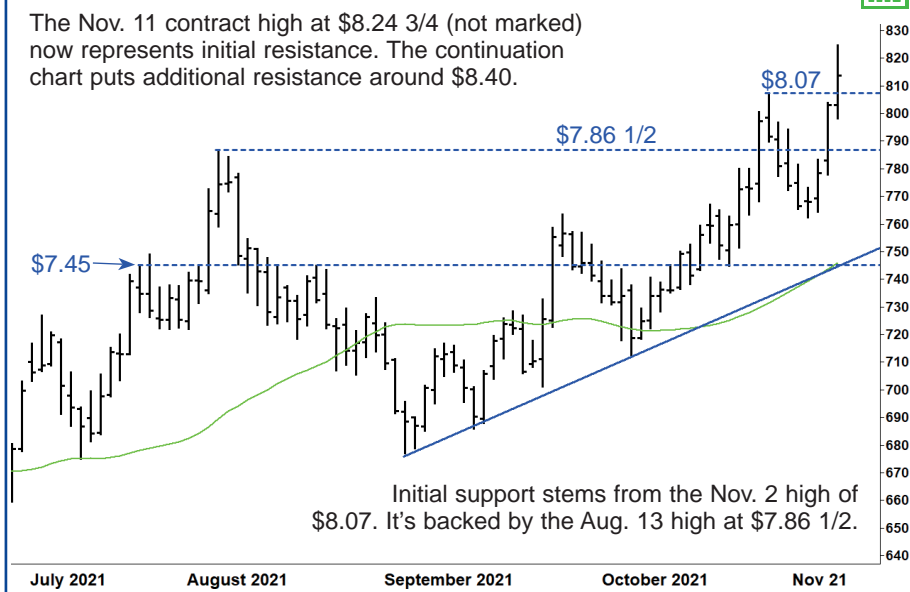
## Position Monitor

	'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 the market to signal the upside is exhausted before advancing 2021- and 2022-crop sales. Our biggest concern is the lack of export demand for U.S. wheat.

## DAILY DECEMBER SRW WHEAT

The Nov. 11 contract high at \$8.24 3/4 (not marked) now represents initial resistance. The continuation chart puts additional resistance around \$8.40.



## WHEAT - Fundamental Analysis

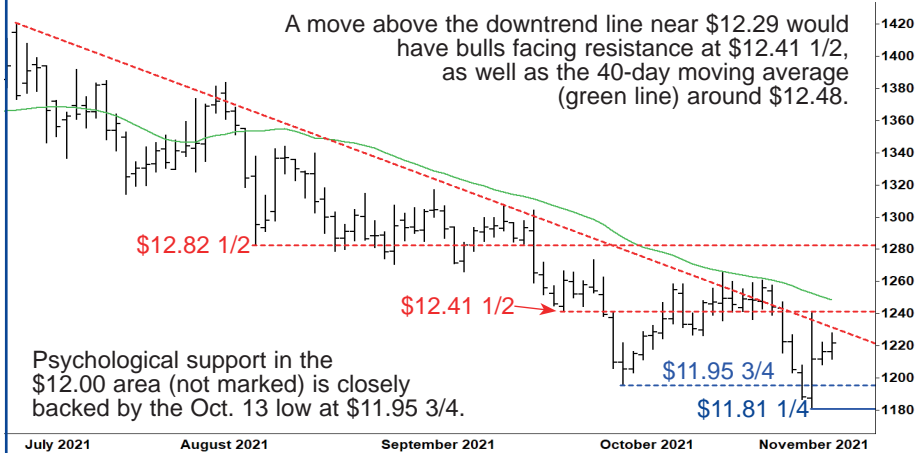
**SRW** — Export demand for U.S. wheat is poor and planted acreage will be up for the 2022-23 crop. But wheat has assumed a leading role in the global commodity bull market story, so we can't rule out SRW futures extending the nine-year highs posted this past week.

## Position Monitor

	'21 crop	'22 crop
Cash-only:	50%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	15%	0%

**Game Plan:** Get current with advised sales and hedges. Continue to hold the 15% hedges in January soybean futures as downside price protection. While USDA unexpectedly cut its crop estimate, projected ending stocks are bearish and the path of least resistance remains down. If South American weather remains favorable, funds could move to a net short position and drive prices lower.

## DAILY JANUARY SOYBEANS



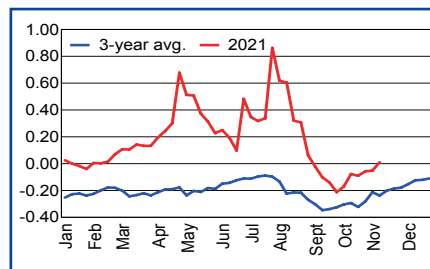
## DAILY MARCH SOYBEANS



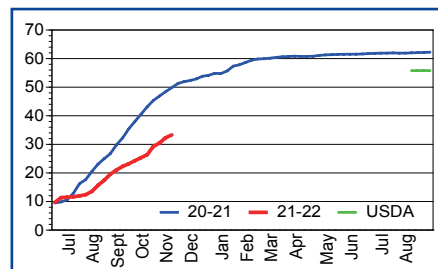
## SOYBEANS - Fundamental Analysis

USDA delivered a surprise cut to its U.S. crop estimate, but it wasn't enough to push futures above the five-month downtrend. Focus is increasingly shifting to South American weather and what's so far been largely a crop-friendly growing season. The prospect of a monster Brazilian crop probably will keep a lid on any rallies, though a pick-up in Chinese buying could stem downside losses. The recent upturn in crush activity and soymeal futures bears watching, since meal has been the weak link in the soy complex. While deferred contracts are widening their premiums to nearby futures, we see limited price upside over the near-term.

## AVERAGE SOYBEAN BASIS (JANUARY)



## SOYBEAN EXPORT BOOKINGS (MMT)



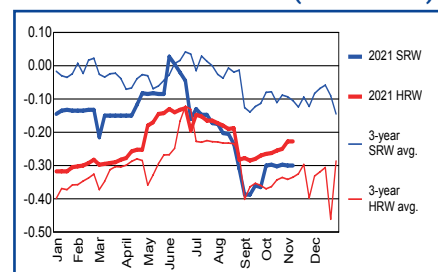
## DAILY DECEMBER HRW WHEAT



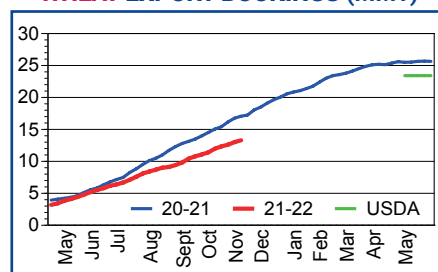
## DAILY DECEMBER HRS WHEAT



## AVERAGE WHEAT BASIS (DECEMBER)



## WHEAT EXPORT BOOKINGS (MMT)



**HRW** — The prospect of smaller shipments of Russian wheat has propelled European wheat futures into a leadership position on the global market. In the U.S., HRW acres rated "poor" to "very poor" have crept up as Plains dryness persists. Further upside potential is possible if dryness builds in the Southern Plains as the HRW crop enters dormancy.

**HRS** — Spring wheat futures lagged winter counterparts last week and failed to set a new high, likely reflecting USDA's 4.4% cut to projected 2021-22 HRS exports and 12% increase in ending stocks versus October. HRS could still link-up with price action in HRW, but upside momentum appears to be slowing as extreme prices strangle demand.

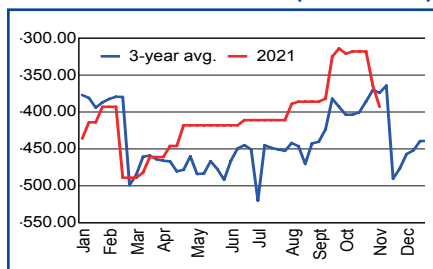


## Position Monitor

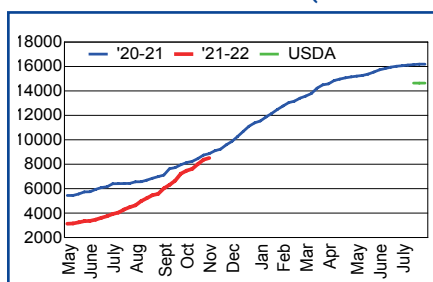
	'21 crop	'22 crop
Cash-only:	85%	30%
Hedgers (cash sales):	100%	30%
Futures/Options	15%	0%

**Game Plan:** Get current with sales and the buyback in March. We'll hold the buyback until the market shows signs the advance has run out of steam.

## AVERAGE COTTON BASIS (DECEMBER)



## COTTON EXPORT BOOKINGS ('000 BALES)



## COTTON - Fundamental Analysis

Ideas that surging inflation will force the Fed to soon begin raising U.S. interest rates boosted the U.S. dollar and slowed buying in cotton last week. Still, strong export demand is providing underlying support and limiting seller interest in cotton.

## GENERAL OUTLOOK

**Inflation:** An unexpectedly strong surge in consumer inflation has gold bugs buzzing again.

Gold futures had traded mostly sideways since mid-June, seemingly uninspired by repeated signs of accelerating inflation. But the 6.2% year-over-year jump in the consumer price index (CPI) last month, the biggest annual gain in nearly 31 years, gave gold a jolt, sending futures to five-month highs (see chart).

Gold's upside breakout suggests investors are turning to hard assets, like precious metals, as an inflation hedge. Further gains, perhaps even a return to the \$2,000 level for the first time since mid-2020, could suggest increasing inflation alarm in the marketplace.

By then, Fed leaders may have to reconsider their assessment that upticking inflation pressures are "transitory" — if they haven't done so already.

## FROM THE BULLPEN By Market Consultant Dan Vaught

Retail meat prices played a significant role in boosting the October CPI reading by 6.2% on an annualized basis. For example, all beef and pork quotes averaged 25.6% and 19.3%, respectively, over comparable year-ago levels last month.

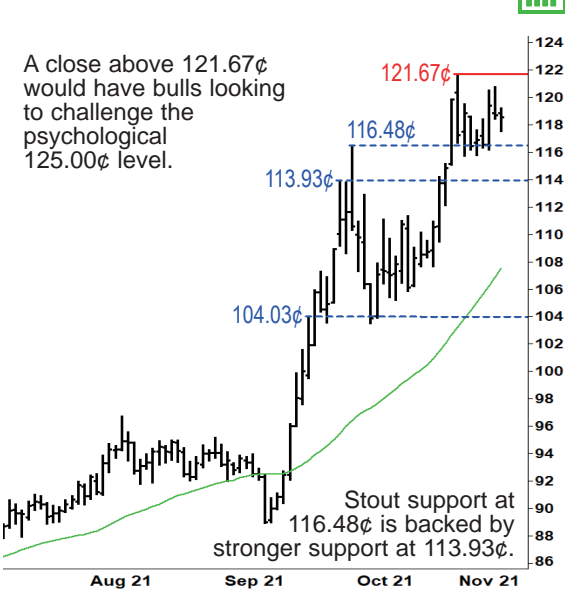
As implied by the overall beef number, the gains posted by individual cuts were extreme. All steaks averaged \$10.21 per lb. last month, up 25.2% annually, and marking the first time that figure has topped \$10.00. Moreover, cheaper cuts such as roasts and ground beef, also tested record highs, respectively climbing 22.0% and 15.0% annually.

Bacon prices soared 27.9% to \$7.32 during October, while pork chops posted gains of 14.2% over year-ago levels.

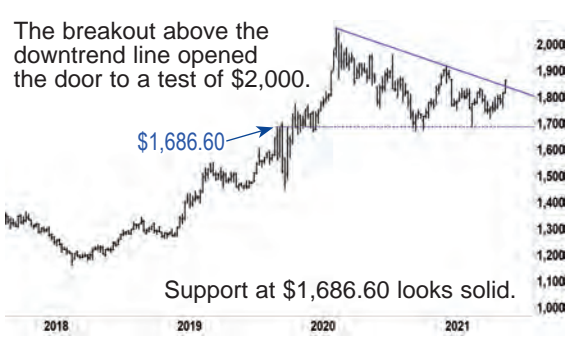
These greatly elevated prices probably bode ill for consumer demand for beef and pork during the coming weeks, especially with the holiday season looming. October ham prices were seen rising 11.9% annually, although they traditionally decline modestly during November and December as they're widely featured in grocery ads. Turkey prices are no longer reported.

Demand for chicken and eggs will likely be the beneficiary of the surge in red meat prices. Whole chicken prices fell 3.6% annually, while boneless chicken breasts rose "just" 9% and the latest quote at \$3.589 per lb. is far below most beef and pork cuts. Eggs are up 29%, but are still relatively cheap.

## DAILY DECEMBER COTTON



## WEEKLY GOLD FUTURES



## WATCH LIST

- NOPA Soy Crush Report** **MON 11/15**  
Crush increase on strong margins. 11:00 a.m. CT
- USDA Crop Progress Report** **MON 11/15**  
Winter wheat conditions in focus. 3:00 p.m. CT
- USDA Weekly Export Sales** **THUR 11/18**  
Strong soybean sales needed. 7:30 a.m. CT
- NWS Extended Forecasts** **THUR 11/18**  
Outlook for Dec.-Feb. 7:30 a.m. CT
- USDA Cattle On Feed Report** **FRI 11/19**  
Placements will be the key data. 2:00 p.m. CT

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