



### News this week...

- 2 – U.S. HRW crop declines amid dryness in Plains.
- 3 – Russia plans to cap fertilizer exports.
- 4 – Logistics issues are getting worse, not better.

**Corn, wheat retreat** – December corn futures dropped amid technical selling and profit-taking after being stopped right at the downtrend line drawn off the May and June highs. Wheat futures also faced corrective selling after front-month contracts reached their highest levels since December 2012 for SRW, May 2014 for HRW and June 2011 for HRS. Soybean futures remained in the persistent downtrend from the June highs as the market faced pressure from the strong start to the growing season in Brazil and needed rains in Argentina last week. Cattle futures continued their choppy-to-higher grind, supported by another week of solid gains in cash cattle. Lean hog futures built a stronger case for a short-term technical bottom as traders covered short positions and narrowed discounts to the cash index.

## Bigger crop estimates expected Nov. 9

Traders anticipate USDA will continue to raise its corn and soybean crop estimates in the Nov. 9 Crop Production Report. That is expected to increase the 2021-22 soybean ending stocks projection, but traders see corn carryover declining a little, as ethanol use is likely to rise. The report is expected to show little if any change to wheat ending stocks.

## Global food prices hit 10-year high

Global food prices jumped to their highest level since July 2011 on the UN Food and Agriculture Organization (FAO) food price index. The index rose 3.0% in October, led by a 9.6% monthly jump in vegoil prices to an all-time high, and was 31.3% higher than last year. Only meat prices dropped in October, though they were still 22.1% higher than last year.

## Fed to start tapering this month

The Federal Reserve will start reducing its monthly bond purchases by \$15 billion per month. But the pace of tapering could be adjusted as the Fed wants “to foster smooth market functioning and accommodative financial conditions.” The central bank acknowledged inflation will last longer than previously thought, but stuck with its “transitory” stance. Its conditions for raising interest rates are more stringent.

## Jobs growth accelerates in October

Non-farm payrolls jumped 531,000 in October and figures from the two previous months were revised up a combined 235,000. The unemployment rate dropped 0.2 point to 4.6%. Wages rose 0.4% in October and are up 4.9% over the past 12 months. Chair Jerome Powell said the Fed hasn’t seen evidence yet wage increases are concerning.

## Record trade deficit in September

The U.S. trade deficit jumped to an all-time high of \$80.9 billion in September as exports slumped 3.0% and imports rose 0.6%. The U.S. posted an ag trade deficit of nearly \$2 billion in September. Exports of U.S. ag goods totaled \$12 billion against imports of nearly \$14 billion.

## House trying to get votes for BBB

At press time, House Democratic leaders were still trying to get needed votes to clear the nearly \$2 trillion (and controversial) Build Back Better (BBB)/reconciliation bill. Demands from a handful of centrist lawmakers for a full Congressional Budget Office analysis of the social spending package may jeopardize House Democratic leaders’ plans to hold a vote Nov. 5 on the legislation. If the votes are found (it could go into the weekend), the House will easily clear the more traditional \$1 trillion bipartisan infrastructure measure (BIF). While some want President Joe Biden to hold off signing BIF until the Senate acts on BBB, others will insist he sign it into law.

The eventual fate of the BBB measure is still murky. Even if the House passes it, key portions will be changed in the Senate and the verdict is still out on whether Democrats could find 51 votes in that chamber to clear a scaled-back package.

### Important BBB update for farmers

The proposed BBB package would include a new \$25-per-acre payment to farmers for planting cover crops. Those payouts would not be subject to payment limits, but there is a 1,000-acre limit. There would also be a \$5-per-acre payment to farm owners where a producer establishes one or more cover crop practices, which is also limited to 1,000 acres.

## Some ARC/PLC payments triggered

Price Loss Coverage (PLC) payments for 2020 crops were triggered for wheat (\$810 million), seed cotton (\$450 million) and peanuts (\$365 million), totaling \$1.73 billion. There will be no PLC payments for corn, sorghum or soybeans.

Under the Ag Risk Coverage (ARC) County option, payments totaling \$56.7 million, with the largest totals for corn (\$25.0 million) and wheat (\$21.4 million). Another \$19.5 million in payments under the ARC Individual (ARC-IC) option were triggered for all covered commodities

## No top-up payments for hogs

Hog producers won’t receive the once-promised \$17 per head top-up payments. But USDA Secretary Tom Vilsack says another form of aid for hogs will come “very soon.”

## HRW wheat conditions decline

USDA rated 45% of the U.S. winter wheat crop as “good” to “excellent” as of Oct. 31, down a point from the previous week. The amount of crop rated “poor” to “very poor” also increased a point to 21%.

When USDA’s weekly crop condition ratings were plugged into the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop dropped 4.2 points to 328.7. The decline in the HRW crop was led by Texas, though ratings in Kansas, Colorado, Nebraska and Montana also dropped. The SRW crop inched up 1.3 points to 366.5. The HRW CCI rating was 13.4 points below its five-year average, while the SRW rating was 0.8 points above average for the date.

## Drought in HRW, white winter areas

The U.S. Drought Monitor showed as of Nov. 2, 62% of Texas was covered by some form of dryness/drought, up roughly 7 percentage points from the previous week. The monitor showed drought receded in Oklahoma (down 13 points), Kansas (down 8.5 points), Nebraska (down nearly 11 points) and South Dakota (down 6 points) over the past week. Dryness/drought still covers 82% of Oklahoma, 29% of Kansas, 69% of Nebraska and 80% of South Dakota. Drought levels were unchanged over the past week in Colorado (96%) and Montana (100%).

Drought continues to engulf virtually all white winter wheat areas of the Pacific Northwest but is not a concern in SRW areas, with the monitor showing only portions of Missouri, northern Illinois and Arkansas experiencing abnormally dry or moderate drought.

Overall, 43% of U.S. winter wheat areas are experiencing drought conditions, unchanged from the previous week.

## FAO trims world cereal grain crop peg

The Food and Agriculture Organization of the United Nations (FAO) cut its 2021-22 global cereal grain production forecast by 6.7 MMT to 2.793 billion metric tons (BMT), though that would still be up 21.5 MMT from last year and a new record.

Most of this month’s reduction stemmed from a cut to the global wheat production forecast, which FAO now pegs at 770.4 MMT, down 6.3 MMT from October and 6.1 MMT (0.8%) lower than the previous year’s output. It still projects world wheat production to be the second highest ever.

FAO expects world coarse grain production to jump 23 MMT (1.6%) in 2021-22 to a record 1.505 BMT.

## Sept. ethanol use lower than expected

Corn used to make ethanol totaled 407.5 million bu. during September, down 6.7 million bu. (1.6%) from August but up 5.1 million bu. (1.3%) from last year. Based on the recent near-record pace of weekly ethanol production, we project October corn-for-ethanol use may surge above 460 million bushels.

Total U.S. industrial corn use in September was 457.1 million bu., down 10.5 million bu. (2.2%) from August but up 5.7 million bu. (1.3%) from last year.

## September soy crush pace slows

U.S. soybean crush declined to 164.2 million bu. in September, according to USDA, down 4.1 million bu. (2.4%) from August and 6.9 million bu. (4.0%) from last year.

September soybean stocks totaled 2.177 billion lbs., which was down slightly from August though up 17.5% from September 2020. While soybean production declined year-over-year, exports basically dried up due to much higher prices.

## Consultant cuts Argentine crop peg

Argentina’s weather has been “problematic” early in the growing season and planted acres are not expected to be as much as originally thought. Crop Consultant Dr. Michael Cordonnier says Argentine soybean acres are expected to fall to a 15-year low amid high export taxes, political uncertainty and less genetic advances compared with corn. According to the President of the Argentine Soybean Association, the government and its tax policies and market interference have “killed the golden goose,” which in Argentina is soybeans.

As a result, Cordonnier lowered his Argentine soybean crop estimate by 1 million metric tons (MMT) to 50 MMT. He kept his Argentine corn crop estimate at 53 MMT.

Cordonnier also kept his Brazilian soybean and corn crop estimates unchanged at 144 MMT and 118 MMT, respectively.

## Brazil’s soy exports will start early

Amid the second fastest soybean planting pace on record, some of the early planted soybeans in Brazil will be ready for harvest by the end of December, according to Cordonnier. As a result, Brazil is expected to start exporting new-crop soybeans about a month earlier than last year, with active shipments expected by February, assuming no major harvest delays.

## Brazil’s soy exports up vs. year-ago

Brazil exported 3.3 MMT of soybeans in October, according to government data, down from 4.8 MMT the previous month but up from 2.4 MMT last year. Brazil still has plenty of soybeans to export from its record 2020-21 crop.

Brazil imported 503,000 MT of corn in October, pushing the level since January to 2.1 MMT and moving closer to record imports of 2.9 MMT in 2016.



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## Russia to cap fertilizer sales

Russia plans to limit exports to 5.9 MMT of nitrogen and 5.35 MMT for complex fertilizers (DAP/MAP/NPK) for six months to ensure ample domestic supplies and limit impacts to Russian food prices. The quotas are expected to run from Dec. 1 to May 31, 2022.

The quotas are in line with typical Russian exports during the period. From December 2020 to May 2021, Russia exported nearly 6.8 MMT of nitrogen and 5.7 MMT of complex fertilizers. Therefore, this shouldn't have much supply impact. But this and protectionist measures by China on fertilizers could make an already jumpy fertilizer market see further price rises.

## Mixed China PMI data

China's official purchasing managers index (PMI), which gauges larger and mostly state-owned factories, unexpectedly fell to 49.2 in October. That was the second straight month of contraction in factory activity, with output, new orders and export sales all declining amid outbreaks of the Delta variant of Covid, higher material costs and the country's power crunch. But the Caixin/Markit PMI, which tracks smaller and mostly privately owned factories, firmed to a four-month high of 50.6 last month amid a further recovery in domestic demand. The subindex for total new orders hit its highest level since June.

## China's food supply fears

Food scarcity fears soared after Chinese officials told families to keep daily necessities in stock in case of emergencies. Beijing quickly responded with guarantees of food supplies, including vegetables and staple grains. China says its supplies of rice are historically high and it has sufficient wheat stocks to meet consumer demand for a year and a half.

Meanwhile, China's sow herd is 6% larger than normal, resulting in an oversupply of pork. The ag ministry says sow numbers won't return to "reasonable" levels until next year and urged farmers not to "blindly gamble" on hog production.

## Producer Crop Comments...

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

### Shelby Co., (west-central) Iowa:

"Our corn yields are strong, running consistently at 270 bu. to 280 bu. per acre and 18% moisture. Remaining corn is still standing well."

### Guthrie Co., (west-central) Iowa:

"I had three soybean fields above 90 bu. per acre. First time I can make that claim."

### Northeast Illinois, northwest Indiana:

"Harvest is slow going. We still have some soybeans left and what corn that's still in fields is down bad. That's really bringing our yield down. I would call our yields 'fair' — not as good as I thought when we started harvest."

### Tipton Co., (central) Indiana:

"We harvested a field where the yield beat its average by 41 bu. per acre — on just 0.74 lbs. of N per bushel."

### Platte Co., (east-central) Nebraska:

"I never thought I'd see yields like we had this year."

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Dec.	Jan.-March	April-June
	(Monthly & quarterly avg.)					
<b>CORN</b>						
Central Illinois, bushel	3.94	5.14	5.55	5.60	5.75	5.80
Omaha, NE, bushel	3.94	5.35	5.61	5.65	5.80	5.85
Dried Distillers Grain, IA, \$/ton	176.40	175.93	173.33	--	--	--
<b>SOYBEANS</b>						
Central Illinois, bushel	10.65	12.02	12.23	12.25	12.00	11.75
Memphis, TN, bushel	10.97	11.95	12.33	12.50	12.25	12.00
Soymeal, 48% Decatur, ton	383.70	331.40	344.20	330	325	320
<b>WHEAT</b>						
Kansas City, HRW, bushel	5.75	8.03	--	7.90	8.00	8.10
Minneapolis, 14% DNS, bushel	6.87	11.39	12.16	11.80	12.00	11.50
St. Louis, SRW, bushel	6.26	--	--	7.20	7.30	7.40
Portland, Soft White, bushel	5.95	10.75	10.88	10.75	11.00	11.25
Durum, NE MT HAD, 13%, bu.	5.50	15.47	15.47	15.00	15.50	16.00
<b>SORGHUM</b> , Kansas City, cwt.	8.95	10.02	10.72	10.75	10.85	11.00
<b>COTTON</b> , 11/16 SLM, 7 area, ¢/lb.	65.67	105.53	113.61	120.0	115.0	110.0
<b>RICE</b> , nearby futures, cwt.	12.49	13.28	13.02	13.50	13.60	13.75
<b>BARLEY</b> , MT, G.T., malting, cwt.	7.25	7.00	7.17	7.10	7.20	7.40
<b>OATS</b> , Minneapolis No. 2 heavy, bu.	3.12	6.51	7.27	7.00	7.00	7.00
<b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton	--	202.50	--	195	195	195
<b>SUNFLOWERS</b> , Fargo, ND, cwt.	17.60	31.90	32.05	32.00	32.50	32.00
<b>HOGS</b> , Nat'l carcass 51%-52% cwt.	71.05	82.66	77.37	79.00	83.00	88.00
<b>FEEDER PIGS</b> , 40 lbs., Nat. avg. head	47.19	70.64	72.10	74.00	76.00	77.00
<b>CHOICE STEERS</b> , feedlots, cwt.	104.24	124.39	126.29	128.00	131.00	129.00
<b>FEEDER CATTLE</b> , Oklahoma City						
Steers, 700-800 pounds, cwt.	122.70	156.92	156.20	156.00	157.00	159.00
Steers, 500-550 pounds, cwt.	137.58	165.00	164.35	167.00	170.00	172.00
Heifers, 450-500 pounds, cwt.	121.50	144.65	149.46	153.00	154.00	164.00
<b>COWS</b> , utility, Sioux Falls, SD, cwt.	57.81	66.63	66.04	67.00	65.00	64.00
<b>MILK</b> , Class III, CME spot month, cwt.	23.86	18.74	18.31	18.75	18.50	18.25
<b>LAMBS</b> , Slg., San Angelo, TX, cwt.	156.00	227.00	225.00	--	--	--
<b>ENERGY</b>						
Ethanol, IA, gallon	1.45	2.57	2.67	--	--	--
Farm diesel, U.S., gallon	1.74	3.08	3.10	3.10	3.05	3.12

\*Average prices expected for the indicated time periods based on available information. Forecasts will be revised as necessary to reflect changing market conditions.

# Logistical issues will last longer... and are expanding

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Pandemic-caused glitches in transportation and the availability of workers are combining to produce continued volatility in the shipment of goods in the U.S. and causing glitches in exporting and importing ag and other products. That is leading to inflation that may not be as transitory as the Federal Reserve keeps insisting.

## **Trucking a choke point in freight-backlog mess**

Trucks haul more than 70% of domestic cargo transports. Yet many fleets say they can't hire enough drivers to meet booming consumer demand as the U.S. economy emerges from the pandemic. The freight backup has intensified long-standing strains in the industry over hours, pay, working conditions and retention.

Worker shortfalls are pushing up transportation costs and delaying deliveries for retailers and manufacturers already coping with disruptions ahead of the holiday peak. The American Trucking Associations, a trade group, estimates the industry is 80,000 drivers short of what is needed to keep goods moving freely — up from an estimated shortage of 61,500 drivers before the pandemic.

## **House Ag chair notes no shortage of food**

House Agriculture Committee Chair David Scott (D-Ga.) said that although supply-chain disruptions were “serious and unprecedented, it is important to remember that we are not facing a scarcity of food and agricultural commodities.” There is an abundant, secure food supply, and ag exports are forecast for record highs this year, he said. Scott agrees that a major element in supply-chain disruptions is a shortage of truck drivers.

## **Lawmakers urge lowering age limit for truckers**

A dozen Senate Republicans led by Joni Ernst (R-Iowa) want the Federal Motor Carrier Safety Administration (FMCSA) to lower the age limit for interstate commercial truckers, with the aim of easing the worsening shortage of truckers that threatens to exacerbate rising shipping costs and delays. The lawmakers are urging FMCSA to allow persons 18 years of age and older “to obtain a commercial driver's license (CDL) and operate commercial motor vehicles in interstate commerce to get American goods and services moving again.” They note that under current rules, a 20-year-old trucker “could drive 363 miles in Iowa from Sioux City to Davenport, but that same driver could not drive [another] five miles into Moline, Illinois.”

## **Trucking issues causing major impact for ag sector**

Ag interests have warned that rising trucking costs and delays are impacting farmers' ability to move crops and livestock and deliver needed supplies to farms. The array of supply-chain issues impacting the sector was the topic of a House Ag Committee session on Nov. 3 titled “Challenges to our nation's food supply chain.”

The American Farm Bureau Federation (AFBF) warned that transportation issues, including the shortage of truck drivers, are causing “bottlenecks, supply constraints and increased costs when moving goods across the country.” The issue is particularly important for ag, the group said, “when considering the need for animal feed, that farm supplies arrive at the appropriate time during planting season as well as completing harvest before crops spoil or the season ends.” It urged USDA and the U.S. Department of Transportation (the parent agency of FMCSA) to “continue to coordinate to ensure agricultural haulers and the rest of the trucking industry have the flexibilities needed to provide timely delivery of essential products.” The group said pandemic flexibilities in other areas, like eased Hours-of-Service (HOS) requirements, “have been critical” to the sector.

Another impact: Worker shortages are impacting delivery of must-have propane throughout the United States.

## **Ship queue off coast of L.A. getting worse... and wider**

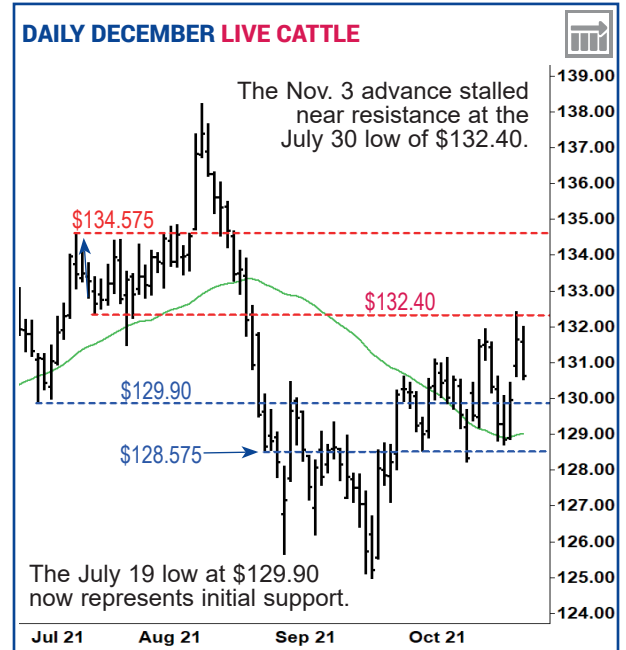
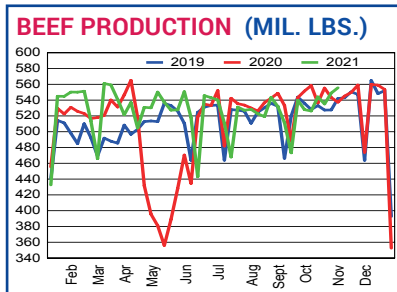
The logjam of U.S. imports stacked on ships off the coast of Los Angeles isn't just getting longer, it's getting wider. *Bloomberg* reported that of the 77 container vessels waiting on Nov. 2 for berth space at the ports of L.A. and Long Beach, 23 had room to carry more than 10,000 containers measured in 20-foot equivalent units, or TEUs, according to data from the Marine Exchange of Southern California & Vessel Traffic Service for Los Angeles and Long Beach. That share — 30% of queued vessels exceeding 10,000 TEUs — is up from 23% at the end of August, when 10 of the 43 anchored ships topped that threshold. That's pushed the average capacity of the waylaid ships close to 6,900 TEUs, or about a thousand more than the average two months ago.

The governor of Texas launched the “Escape California” Twitter campaign last week, with a 30-second video telling carriers that in less than two weeks, they can re-route cargo to “one of the 24/7 functioning Texas cargo ports.”

**CATTLE - Fundamental Analysis**

After testing the \$280.00 level in mid-October, Choice beef cutout has recently turned decidedly higher. It's hardly a coincidence that cash cattle prices have surged as well, with live steers reaching fresh 2021 highs around \$128.00 last week. Retail beef prices likely didn't decline significantly last month, which suggests renewed export demand is boosting the cash and wholesale markets. This comes just in time to meet the fourth-quarter supply increase seen in recent years. We remain guardedly optimistic about prospects for seasonal gains this fall and winter.

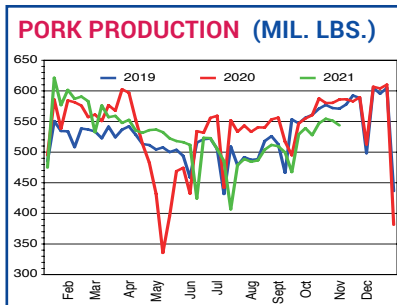
Position Monitor		
Game Plan:	Feds	Feeders
Fed cattle producers should continue to carry all risk in the rising cash market. Be prepared to add hedges when the rally stalls.	IV'21 0%	0%
	I'22 0%	0%
	II'22 0%	0%
	III'22 0%	0%



**HOGS - Fundamental Analysis**

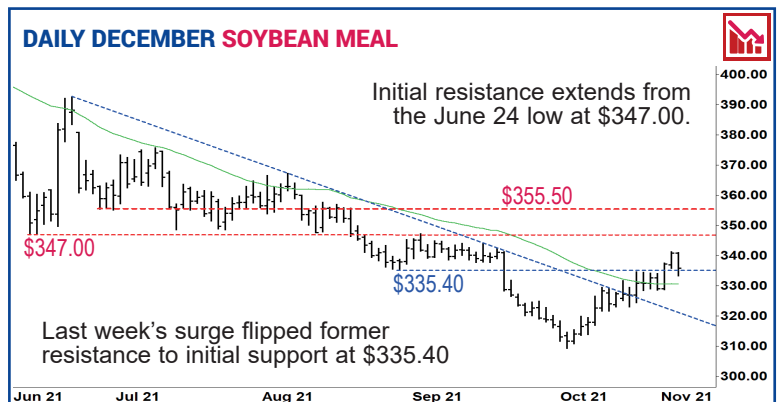
Pork cutout values have seemingly found support around \$90.00 lately, which may partially stem from rising wholesale beef prices. Demand for hams has been uneven, as exemplified by a huge Nov. 1 drop and massive Nov. 3 jump. That demand should stabilize at higher levels as the Christmas season looms, but the industry will soon be dealing with peak production levels in December. Ultimately, we suspect cash hog prices will post an early low this fall, but expect seasonally large slaughter totals to limit short-term upside potential. Discounts in nearby futures give a bit of room to rally.

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%	0%
	I'22 0%	0%
	II'22 0%	0%
	III'22 0%	0%



**FEED**

Feed Monitor		
<b>Corn</b>		
IV'21 33%	<b>Corn Game Plan:</b> You are hand-to-mouth on corn-for-feed needs. Don't chase the corn market higher with extended coverage. We'll wait on an eventual pullback to advance coverage.	
I'22 0%		
II'22 0%		
III'22 0%		
<b>Meal</b>		
IV'21 33%	<b>Meal Game Plan:</b> You are hand-to-mouth on soybean meal needs. We'll wait on a pullback below \$315 in December futures to extend coverage, as the trend remains down.	
I'22 0%		
II'22 0%		
III'22 0%		

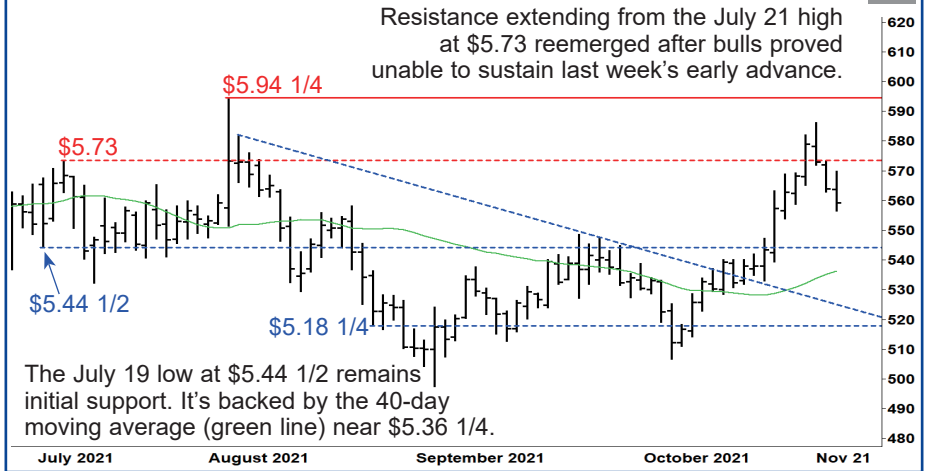


### Position Monitor

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

**Game Plan:** Get current with advised sales and be prepared to make more sales if the market signals the recent price runup is exhausted. The seasonal trend in December corn futures is slightly higher in November following gains in both September and October, such as this year. But we continue to feel the upside is limited with futures in the upper half of the established \$5.00 to \$6.00 trading range.

### DAILY DECEMBER CORN



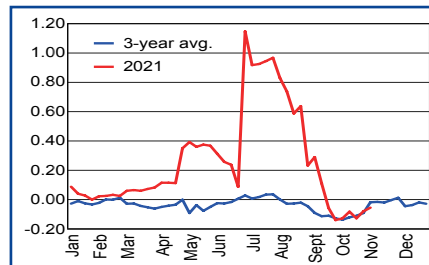
### DAILY MARCH CORN



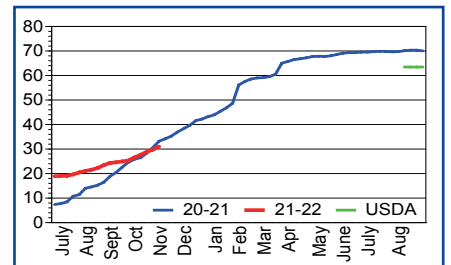
### CORN - Fundamental Analysis

December futures' reversal lower, compounded by the market's indifference to strong ethanol and export sales numbers, was an ominous development for market bulls. USDA's Nov. 9 reports will be the key to the market's direction into winter. A bullish surprise, combined with continued demand strength, could spark a revisit of the \$6.00 area — and mark a prime opportunity to lock in more sales. A bearish report may knock futures back under \$5.50. A neutral result might raise the question of whether \$5.50 could act as a new "floor," if we see sustained export and ethanol demand. But flagging rallies in crude oil and wheat could be potential red flags.

#### AVERAGE CORN BASIS (DECEMBER)



#### CORN EXPORT BOOKINGS (MMT)

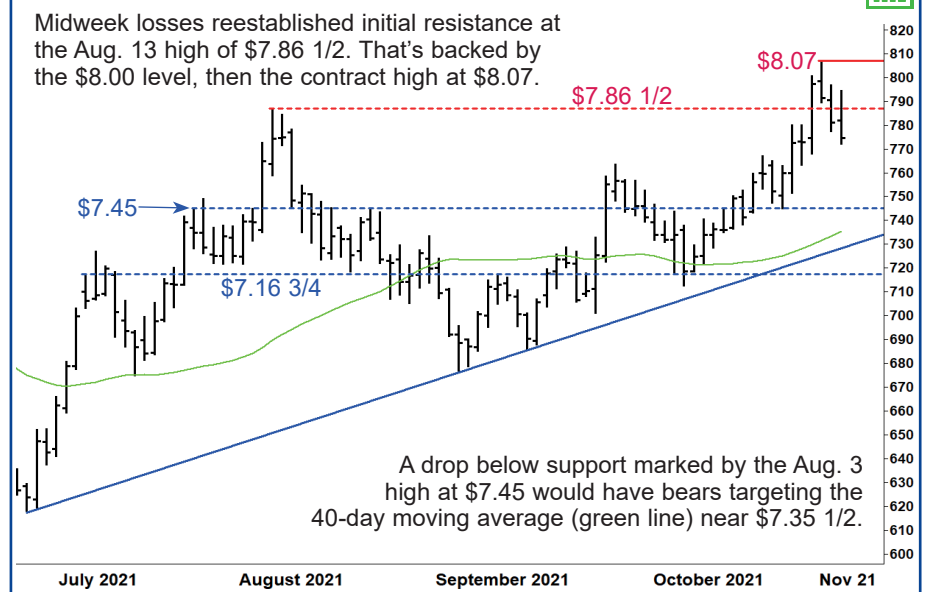


### Position Monitor

	'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. The wheat market has a history of blowoff tops after extended price rallies.

### DAILY DECEMBER SRW WHEAT



### WHEAT - Fundamental Analysis

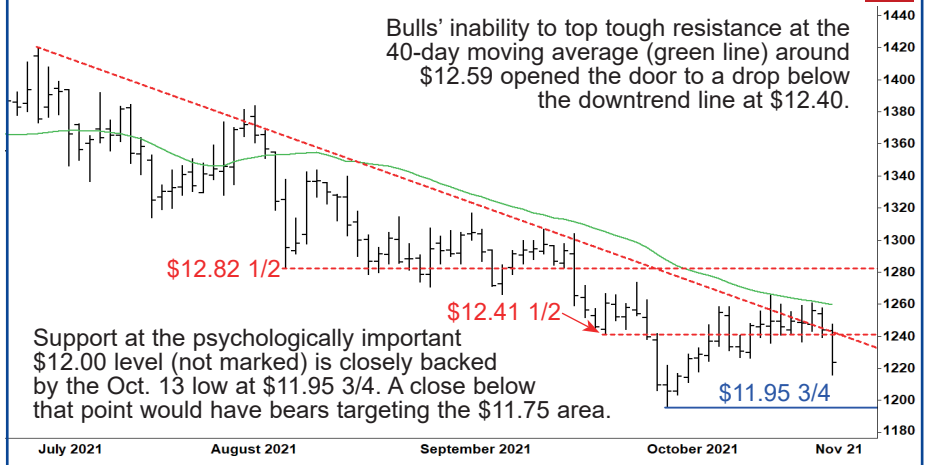
**SRW** — Weekly export sales improved but remain tepid, with U.S. wheat too pricey to be competitive on the global market. With the SRW crop off to a strong start and a potential USDA cut to estimated U.S. exports coming Nov. 9, additional support must come from rising global prices.

### 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. The seasonal trend in November is neutral in years when futures post losses in both September and October, such as this year. But the path of least resistance is down, suggesting it will take a bullish event to spark a sustained upside price push.

### DAILY JANUARY SOYBEANS



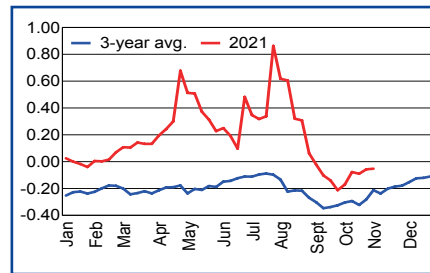
### DAILY MARCH SOYBEANS



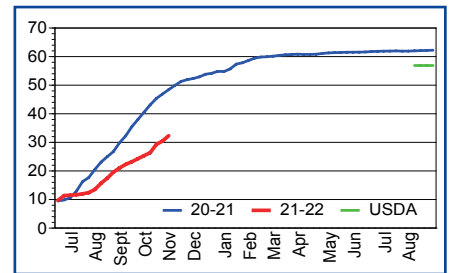
### SOYBEANS - Fundamental Analysis

It likely would take big bullish surprises in USDA's Nov. 9 reports to push futures above the past month's trading range, let alone break a downtrend about to enter its fifth month. South America's weather and early-season crop development will be exerting greater influence on prices, and any USDA changes to its Brazil or Argentine 2022 production estimates are worth watching. In October, USDA cut its Argentine crop estimate nearly 2.0%, and, more recently, some private analysts have scaled back projections, citing unfavorable weather. Still, any South America-related rallies are likely to be modest at best, perhaps an opportunity to lock in additional sales.

### AVERAGE SOYBEAN BASIS (JANUARY)



### SOYBEAN EXPORT BOOKINGS (MMT)



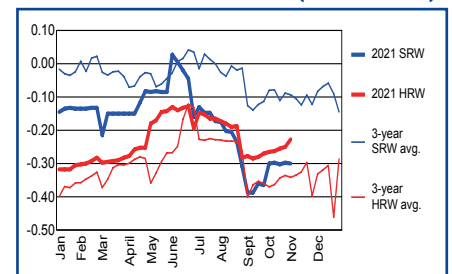
### DAILY DECEMBER HRW WHEAT



### DAILY DECEMBER HRS WHEAT



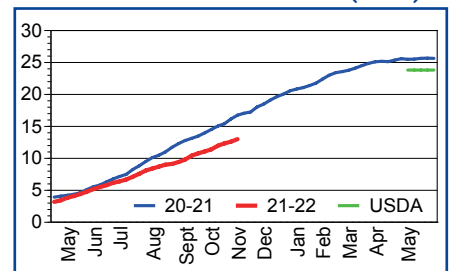
### AVERAGE WHEAT BASIS (DECEMBER)



**HRW** – Dryness or drought continues to grip much of the HRW belt and forecasts suggest little relief ahead, raising the question of when already-sagging weekly crop ratings will stabilize. The long-term bullish supply/demand outlook hasn't changed, but HRW futures may need an assist to extend the recent rally.

**HRS** – Having broken a streak of seven straight weekly gains, HRS futures' attempt to pierce \$11.00 appears to have run out of gas for now. USDA lowered estimated 2021-22 U.S. spring wheat ending stocks by 2 million bu. in October. Another cut to HRS, or elsewhere on the wheat balance sheet, could provide fresh fuel for bulls.

### WHEAT EXPORT BOOKINGS (MMT)

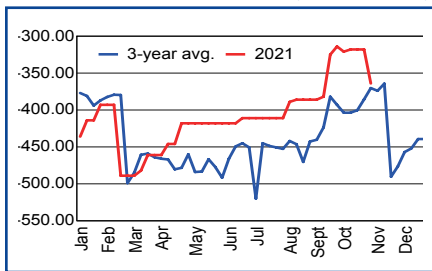


### Position Monitor

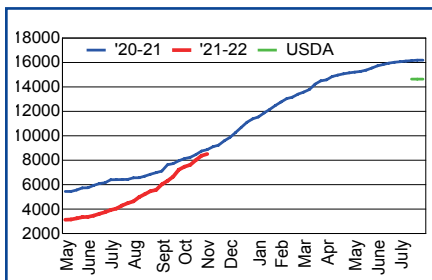
	'21 crop	'22 crop
Cash-only:	85%	30%
Hedgers (cash sales):	100%	30%
Futures/Options	15%	0%

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

### AVERAGE COTTON BASIS (DECEMBER)



### COTTON EXPORT BOOKINGS ('000 BALES)



### COTTON - Fundamental Analysis

In contrast to the extremely strong export sales totals posted in mid-October, results for the week ended Oct. 28 totaled just 139,100 bales. But speculative buying continues to support the market, despite prices that were only higher in 2010-11.

### GENERAL OUTLOOK

**FED POLICY:** By Thanksgiving, the Fed will have commenced the long-awaited tapering of its monthly bond purchases. Other economic stimulus measures, specifically near-zero interest rates, will stick around long after the holidays.

Fed Chair Jerome Powell said the Fed would be "patient" in deciding when to raise its benchmark rate, despite inflation recently running at more than double the Fed's 2.0% preferred target.

Powell still believes high inflation will be "transitory" and won't require a quick increase in rates.

Nonetheless, yields for long-term debt like the 10-year Treasury note have risen in recent months, reflecting greater inflation concerns and expectations for higher rates. Many economists expect the Fed to hike its rates next year. Fed fund futures reflect 90% odds of a rate hike by December 2022.

### FROM THE BULLPEN By Market Consultant Dan Vaught

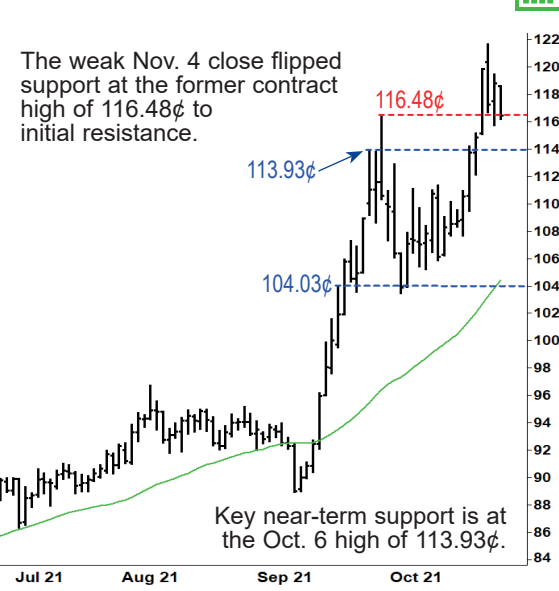
Our research previously indicated the surprising September gain posted by December corn futures boded well for followthrough strength in October. Indeed, the contract gained 31.5¢ last month. December corn typically declines in November, having fallen in 26 of the past 41 years. But in years with consecutive gains in September and October, the seasonals turn mildly higher, with additional gains in seven of those 12 instances. Moreover, these circumstances seem to bode well for an early-winter rally.

Seasonal patterns show a general tendency for bean gains during November, with the January contract having risen in 25 of the past 41 years. But the previous 14 years when soybeans posted consecu-

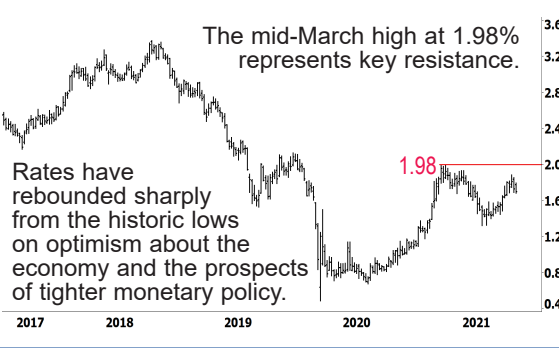
tive declines during September and October, such as this year, the price performance was neutral — up seven and down seven years. Thus, it's essentially a coin-flip for the short-term outlook.

The price tone in December SRW wheat futures during November has been neutral the past 41 years, though the contract has declined in eight of the past 11. But the contract rose in both September and October this year, tipping the scales slightly in bulls' favor. In the previous 16 such instances, the contract has posted additional gains in November nine times and dropped seven years. Tightening global stocks may be the deciding factor in the November price tone for wheat this year.

### DAILY DECEMBER COTTON



### WEEKLY YIELD ON A U.S. 10-YEAR T-NOTE



### WATCH LIST

- 1 USDA Crop Prod., S&D Rpts.** **TUES 11/9**  
*Will corn, bean crop estimates rise?* 11:00 a.m. CT
- 2 China October Inflation Data** **TUES 11/9**  
Consumer, producer price indexes. 9:30 p.m. CT
- 3 Veterans' Day holiday** **THUR 11/11**  
Markets open, gov't closed.
- 4 Conab Crop Report** **THUR 11/11**  
Second estimate of Brazil's crops. 7:00 a.m. CT
- 5 USDA Weekly Export Sales** **FRI 11/12**  
Soybean sales to China in focus. 7:30 a.m. CT

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