



News this week...

- 2 – Root zone moisture lacking in western Corn Belt.
- 3 – Ag provisions in reconciliation measure.
- 4 – Breakdown of August WASDE Report.

Bearish soybean data – USDA's initial soybean crop estimate was record-large, which pushed its new-crop ending stocks projection higher than anticipated. That weighed on soybeans Friday, but they were still higher for the week. The first corn crop estimate came in slightly lower than expected, as did the wheat crop forecast. Both markets ended higher for the week. The cotton crop estimate was much smaller than anticipated. Live cattle futures extended their two-and-a-half month rally amid strength in the cash market and expectations market-ready cattle supplies will tighten in the months ahead. Fall- and winter-month lean hogs pushed to new contract highs and extended seasonal rally as traders narrowed futures' hefty discounts to the cash index amid talk packers are pulling hogs forward.

Record soybean crop estimate

Corn: Production of 14.359 billion bu. on harvested acres of 81.840 million and a yield of 175.4 bu. per acre, which would be 5.6 bu. (3.1%) below trendline.

Soybeans: Production of a record 4.531 billion bu. on harvested acres of 87.211 million and record-tying yield of 51.9 bu. per acre.

Wheat: Production of 1.783 billion bu., up 2 million bu. from July. USDA raised the national average all-wheat yield by 0.2 bu. from July to 47.5 bu. per acre.

Cotton: Production of 12.57 million bales on harvested acreage of 7.129 million and a yield of 846 lbs. per acre.

Rains... but position of ridge key

Most areas of the Corn Belt, Delta and Southeast will see some rains and cooler temps over the next week to 10 days, though forecast models aren't in full agreement. World Weather Inc. says the positioning of the high-pressure ridge, which the models suggest will shift to the west, will be key in coverage of rainfall, especially across the western Corn Belt. The further west the ridge shifts, the more rains that will fall on the driest areas.

Ukrainian grain exports continue

As of Friday, a total of 14 ships loaded with small tonnages of grain/oilseeds had left Ukraine's Black Sea ports. Most of the vessels carried corn, though the first shipment of wheat left Ukraine's ports Friday. Four incoming ships were being loaded. The United Nations coordinator at the Joint Coordination Center in Istanbul said he expects a "big uptick" in the number of inbound ships as exporters arranged more deals given the success of shipments since Aug. 1.

China cuts soy import forecast

China's ag ministry cut its estimate for 2021-22 (Oct.-Sept.) soybean imports to 91.0 million metric tons (MMT), down 2 MMT from the previous month's forecast and 8.8 MMT (8.8%) below last year. The ministry forecasts China's soybean imports will rebound to 95.2 MMT in 2022-23.

U.S. inflation eases in July

The U.S. consumer price index (CPI) eased to 8.5% above year-ago in July, down from a 9.1% increase in June. Core CPI, which excludes volatile food and energy prices, was unchanged at 5.9% above year-ago. The producer price index posted the first monthly decline since April 2020 and was 9.8% above year-ago, the lowest rate since October 2021. Inflation eased as a drop in energy prices more than offset rises in food (see [News page 3](#)) and other components.

Traders slashed bets the Federal Reserve will deliver a third straight 75-basis-point interest rate increase in September following the bigger-than-expected slowdown in inflation. But Fed officials signaled their work on taming prices is far from complete and await upcoming data.

Average gas price drops below \$4

As of Aug. 12, the national average gas price stood at \$3.98, the first time it has been under \$4.00 since March 5, as crude oil futures fell to a six-month low (see "General Outlook" on [Analysis page 4](#)). While gas prices are down more than 20% from their peak, they are still up 25% from last year. AAA says, "Americans are changing their driving habits to cope with higher pump prices."

PERC: Get your propane early

Due to the threat of increased drying needs in some areas this year, the Propane Education & Research Council (PERC) recommends filling tanks early. PERC's free [Grain Drying Calculator](#) tool helps plan ahead for propane supply needs.

Countdown to gov't shutdown?

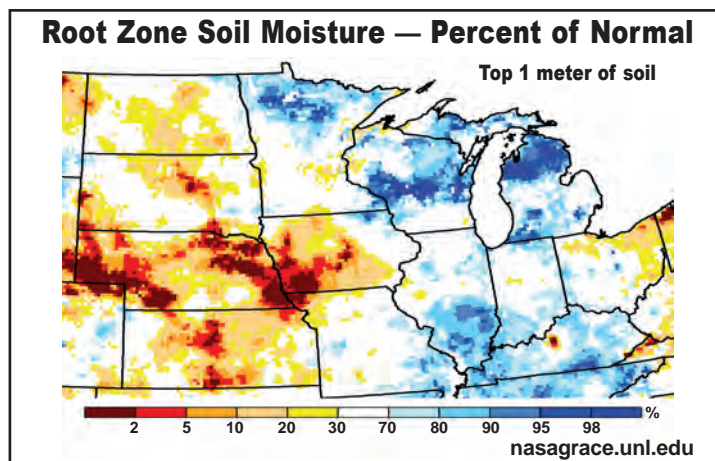
The Inflation Reduction Act proposes nearly an \$80 billion boost to IRS funding over 10 years, with \$45.6 billion allocated towards beefing up enforcement. It requires 60 votes in the Senate to pass appropriations via a continuing resolution or omnibus spending measure, so Senate GOP members could still stymie some of the IRS funding. If enough GOP Senators refuse to fund the IRS spending boost, there could be a government shutdown after the Nov. 8 elections.

Corn, soybean conditions decline

As of Aug. 7, USDA rated 58% of the corn crop “good” to “excellent,” down three percentage points from the previous week. The portion of crop rated “poor” to “very poor” increased two points to 16%. On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 3.9 points to 352.0. That was the fourth straight weekly decline for the corn CCI rating, which was 14.7 points (4.0%) below the five-year average for the date.

USDA rated 59% of the soybean crop “good” to “excellent,” down one point from last week. The portion of crop rated “poor” to “very poor” held at 11%. On our CCI, the soybean crop dropped 2.7 points to 351.2, which was 5.0 points (1.4%) below average.

Crop conditions worsened in the western and southern Corn Belt and generally held steady or improved a little in the eastern Midwest.



Spring wheat ratings decline

USDA rated 64% of the U.S. spring wheat crop as “good” to “excellent,” down six points from the previous week. The amount of crop rated “poor” to “very poor” increased a point to 8%. On our CCI, that equated to a 7.6-point decline, though that was still 39.2 points above the five-year average.

Cotton crop deteriorates sharply

USDA rated 31% of the cotton crop “good” to “excellent,” down seven percentage points from the previous week. The portion of crop rated “poor” to “very poor” increased six points to 34%. In Texas, only 14% of the crop is rated “good” with none in the top category, while 48% of the crop is rated in the bottom two categories.

On our CCI, the cotton crop plunged 9.3 points to 314.7, the second lowest rating ever behind 2011.

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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Tazewell Co. (central) Illinois:

“This is one of the best crops we’ve had in a long time. We are pushing another new level of yield potential.”

Sangamon Co. (west-southwest) Illinois:

“Where I’m at rain has been plentiful and crops look good. Just 50 miles to the east is a different story.”

Pottawattamie Co. (southwest) Iowa:

“Pretty tough watching a corn crop give up 100-plus bu. per acre in yield potential over the last couple of weeks. Beans will easily lose half of their yield potential. The way the longer-term forecast looks it will probably be even greater to the down side on yields around here.”

Dickinson Co. (northwest) Iowa:

“I received three inches of rain and no puddles. That’s how dry it is in northwest Iowa.”

Lancaster Co. (east-central) Nebraska:

“Dryland corn has gone backwards in a big way. Two weeks ago our corn looked like 200-bu.-plus yields were in the books. Soybeans are surprisingly hanging in there but need a rain.”

Adams Co. (south-central) Nebraska:

“Our corn crop is shrinking each day with every passing storm. Modern genetics don’t matter when it doesn’t rain.”

Davison Co. (east-central) South Dakota:

“In the past two weeks I’ve traveled from Mitchell through northern Iowa, up to central Minnesota and back. The worst corn was in western Minnesota where it was planted too wet and it looked like no nitrogen was applied due to the wet conditions.”

Grant Co. (northeast) South Dakota:

“I have never planted in such terrible conditions... and have one of the best looking crops I will ever have. If heat stays away I’m sure it will yield over 200 bu. per acre. Corn looks great all the way to Faulkton.”

McPherson Co. (central) Kansas:

“I have good water and have kept up on my corn, but this heat is moving the crop along too quickly. Our crop scout said the good news is we won’t have to water as late as we normally do. The bad news of course, it will come at the cost of decreased kernel depth and yield.”

Pratt Co. (south-central) Kansas:

“I was in southwest Kansas last week and the irrigated corn is nowhere close to normal. I keep lowering my yield expectations on my corn and I have good water. The weather stress on the crop this year is relentless.”

Madison Co. (central) Ohio:

“I took yield samples Aug. 8. Corn came in at 209 bu., 215 bu. and 244 bu. per acre. Soybeans were 61 bu. and 75 bu. per acre. Excited to see what harvest brings!”

Putnam Co. (north-central) Tennessee:

“Hot and dry weather during pollination is evident in this year’s corn crop. But lots of rain during grain fill have me optimistic we’ll still have some pretty decent yields!”

Food inflation continues to rise

The U.S. food price index increased 1.1% in July and jumped 10.9% over the past year, the largest 12-month increase since the period ending May 1979. Food-at-home (grocery) prices led the increase, rising 1.3% from June and 13.1% annually. Prices for food consumed away from home (restaurants) rose 0.7% for the month and were 7.6% above July 2021.

Inflation data for meat products showed consumers are shifting to less expensive options, especially for beef and pork. Overall beef prices rose 3.4% from year-ago, as ground beef prices jumped 9.7%, roasts rose 1.5% and steaks dropped 1.5%. The total pork price rose 7.6%, with lunchmeat, sausages and bacon up 18.0%, 15.7% and 9.2%, respectively, while chops increased 4.8%.

Chicken prices surged 17.6%, largely due to a jump in breast prices, as consumers sought a cheaper protein source.

Annual price gains of 15.0% were noted for cereals/bakery products, 14.9% for dairy and 9.3% for fruits/vegetables.

Chinese CPI rises, PPI eases

China's consumer price index (CPI) increased 2.7% versus July 2021 — the fastest rise in consumer prices since July 2020 — driven by a surge in food prices, which rose the most in 22 months to 6.3% above year-ago. Chinese pork prices surged 20.9% from year-ago, stirring speculation China may step up purchases of U.S. pork. Non-food prices eased to 1.9% above year-ago.

China's producer price index (PPI) fell to a 17-month low of 4.2% above year-ago in July amid a drop in raw material costs. Through the first half of 2022, China's factory gate prices still rose 7.2% versus year-ago.

Chinese soy imports slowed in July

China imported 7.9 million metric tons (MMT) of soybeans in July, down 4.5% from June and 9.1% less than last year, as weak crush margins reduced demand from importers. Through the first seven months of this year, China imported 54.2 MMT of soybeans, down 5.9% from the same period last year.

China meat imports inch up, still slow

China imported 643,000 metric tons (MT) of meat during July, up 40,000 MT (6.7%) from June but 207,000 MT (24.7%) below year-ago. Through the first seven months of this year, China imported 4.1 MMT of meat, down 30.9% from the same period last year.

China posts record trade surplus

China's trade surplus surged to a record \$101.3 billion in July, driven by an 18.0% jump in exports, while imports rose 2.3%. China's trade surplus with the U.S. ticked up to \$41.5 billion in July from June's \$41.4 billion level.

Ag provisions in reconciliation bill

The \$740 billion tax, climate and health care reconciliation package, dubbed the Inflation Reduction Act (IRA), contains over \$370 billion in climate and energy spending such as expanded tax credits for renewable energy projects. It has several provisions to boost electric vehicles (EVs), but some note income thresholds to EV credits and limits on where the vehicles can be manufactured could mean the credits aren't available for a few years.

The legislation calls for greenhouse-gas emissions to be cut 31% to 44% below 2005 levels by 2030, compared with 24% to 35% under the prior policy, according to Rhodium Group, an independent research firm.

Some fossil fuel concessions were made for Sen. Joe Manchin (D-W.Va.). Provisions call for offshore oil lease sales in the Gulf of Mexico and off the coast of Alaska, and a commitment to take up a separate measure to ease the permitting of new energy projects.

Ag and biofuel climate change provisions include:

- The \$1-per-gallon tax credit for biomass-based diesel is extended through 2024 and then replaced by the clean fuels tax credit that would vary according to the biofuel's carbon rating. A temporary \$1.25 per gallon tax credit was created for sustainable aviation fuel (SAF) to serve as a bridge to the implementation of the clean fuels credit in 2025. The new clean fuels credit will be in effect through 2027.

- \$500 million in funding for blender pumps and other biofuels infrastructure.

- Roughly \$2 billion for USDA's Rural Energy for America Program to fund renewable energy/energy efficiency projects.

- \$9.7 billion in aid to rural electric cooperatives for renewable energy and energy efficiency projects and another \$1 billion in loans for renewable energy projects in rural areas.

- Rural electric cooperatives get direct payments for renewable energy tax credits. Electric co-ops now have to work with third parties to get such benefits.

- Over \$5 billion for wildfire prevention and climate resiliency projects in public and private forests.

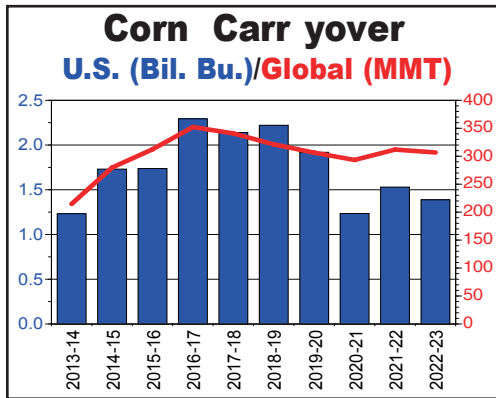
- \$4 billion for the Bureau of Reclamation to combat drought in the West.

- Democrats added \$5.3 billion in farm debt relief to the package — \$3.1 billion in assistance to "distressed" borrowers who hold direct or guaranteed farm loans and \$2.2 billion in payments to farmers who had experienced discrimination in USDA loan programs. Payments would be capped at \$500,000 per producer. The debt relief provisions will be paid for by repealing a debt relief program authorized by the American Rescue Plan in 2021 and later blocked by the courts.

- Around \$18 billion for four conservation programs, starting in fiscal year 2023 that begins Oct. 1.

Sharp cuts to new-crop global corn, U.S. cotton stocks

by Editor Brian Grete



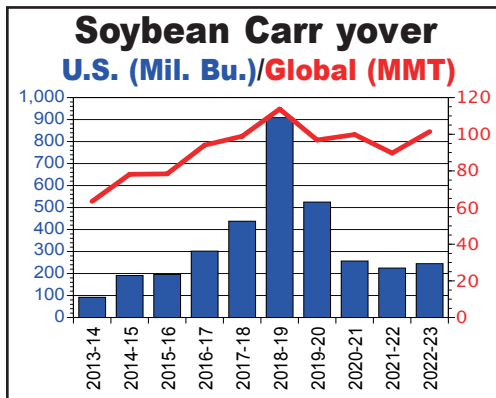
CORN — USDA raised old-crop corn ending stocks 20 million bu. from last month to 1.53 billion bushels. The only change was a 20-million-bu. cut to food, seed and industrial use. (USDA cut 25 million bu. from estimated corn-for-ethanol use, which means “other” FSI use was increased 5 million bushels).

For 2022-23, USDA cut projected ending stocks by 82 million bu. to 1.388 billion bushels. New-crop supplies declined 127 million bu. as the cut to estimated production was only partially offset by a 45-million-bu. cut to total use (lower feed and residual use and exports; higher food, seed and industrial use).

Our corn ending stocks forecast is 1.53 billion bu. for 2021-22 and 1.438 billion bu. for 2022-23.

- USDA 2021-22 price: \$5.95, unchanged from last month; 2022-23: \$6.65, unchanged.

Global corn carryover: 311.8 million metric tons (MMT) for 2021-22, down 440,000 metric tons (MT) from July; 306.7 MMT for 2022-23, down 6.3 MMT.



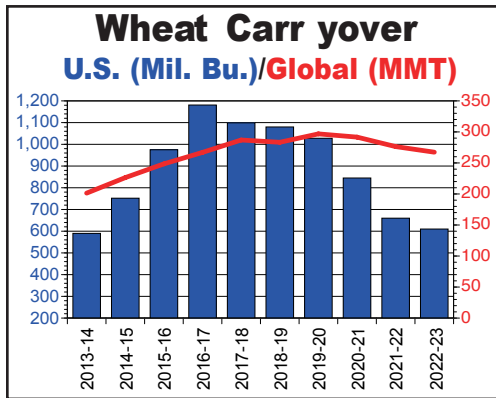
SOYBEANS — USDA raised old-crop ending stocks by 10 million bu. from last month to 225 million bushels. It cut estimated exports by 10 million bushels.

For 2022-23, USDA raised projected ending stocks by 15 million bu. to 245 million bushels. Total new-crop bean supplies were increased 36 million bu. from last month due to bigger beginning stocks and a higher crop estimate. On the demand side, USDA raised total use 21 million bu., with projected exports up 20 million bu. and residual use up 1 million bushels.

Our soybean ending stocks forecast is 225 million bu. for 2021-22 and 255 million bu. for 2022-23.

- USDA 2021-22 price: \$13.30, down 5¢ from July; 2022-23: \$14.35, down 5¢.

Global soybean carryover: 89.7 MMT for 2021-22, up 1 MMT from last month; 101.4 MMT for 2022-23, up 1.8 MMT from July.

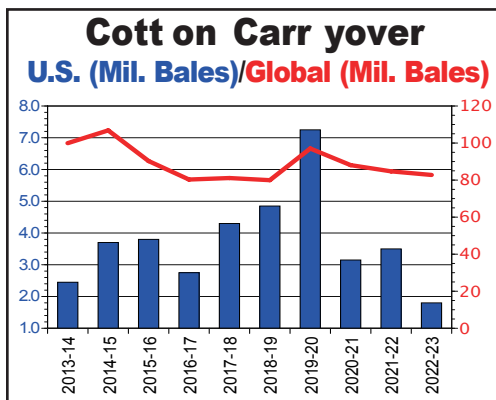


WHEAT — USDA cut ending stocks by 29 million bu. to 610 million bushels. Total supplies were raised 2 million bu. amid the bigger crop estimate. On the demand side, USDA increased food use 6 million bushels and raised projected exports 25 million bushels.

Our wheat ending stocks forecast is 635 million bu. for 2022-23.

- USDA 2022-23 price: \$9.25, down \$1.25 from July.

Global wheat carryover: 276.4 MMT for 2021-22, down 3.8 MMT from last month; 267.3 MMT for 2022-23, down 180,000 MT from July.



COTTON — USDA raised old-crop ending stocks by 100,000 bales to 3.5 million bales amid a 100,000-bale cut to exports.

For 2022-23, USDA slashed ending stocks by 600,000 bales to 1.8 million bales. USDA cut total supplies 2.83 million bales. USDA cut 200,000 bales from domestic use, 2 million bales from exports and 40,000 bales from unaccounted use

Our cotton ending stocks forecast is 3.5 million bales for 2021-22 and 1.8 million bales for 2022-23.

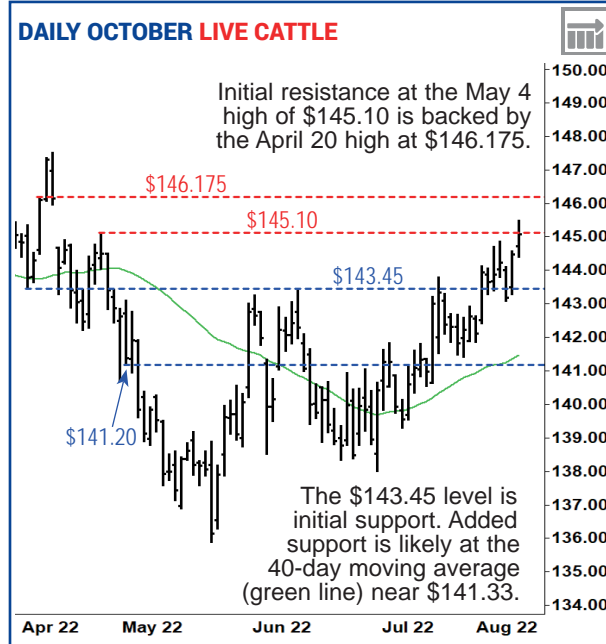
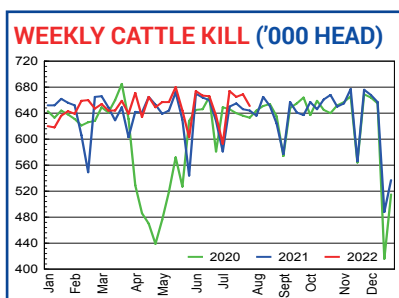
- USDA 2021-22 price: 92¢, unchanged from July; 2022-23: 97¢, up 2¢.

Global cotton carryover: 84.7 million bales for 2021-22, up 680,000 bales from July; 82.8 million bales for 2022-23, down 1.5 million bales from last month.

CATTLE - Fundamental Analysis

Cattle prices are currently running about \$15.00 over year-ago levels. The most obvious potential cause of such an increase would be a big drop in supply, but the feedlot population continues running approximately 1% over last year and weekly cattle slaughter has routinely topped comparable 2020 and 2021 totals. The number of market-ready cattle is relatively tight, but it's apparent that consumer demand is also proving much stronger than in summer 2021. Amid rising food prices (see *News page 3*), consumers are shifting to more at-home meals. We suspect sustained strength as cattle supplies tighten seasonally.

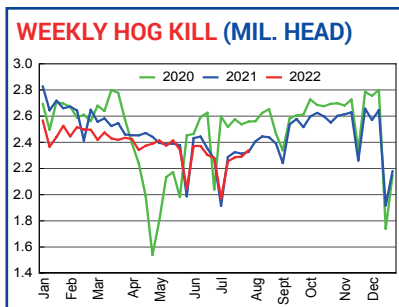
Position Monitor		
Game Plan:	Feds	Feeders
The demand-driven nature of recent cash strength makes hedges risky. Be prepared to hedge an extended rally in December futures.	III'22	0%
	IV'22	0%
	I'23	0%
	II'23	0%



HOGS - Fundamental Analysis

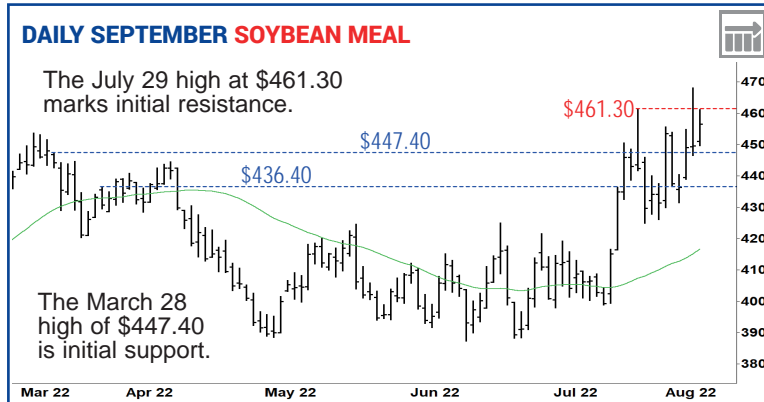
Summer hog slaughter is running slightly below year-ago levels, as implied by the June USDA Hogs & Pigs Report. The big contrast between recent developments and those seen last year has been the shift in prices. That is, spring cash hog values fell far below year-ago levels, whereas last week's quotes were challenging the 2021 high of \$122.68 at the same time they had fallen to the \$110.00 area last year. As with cattle, circumstances point to much improved consumer demand. We see little reason to think this will change in the coming weeks and view fourth-quarter futures as being underpriced.

Position Monitor		
Game Plan:	Lean Hogs	
We believe fall- and winter-month hog futures are too cheaply priced. Hold off on hedges until the market signals the rally has exhausted.	III'22	0%
	IV'22	0%
	I'23	0%
	II'23	0%



FEED

Feed Monitor		
Corn		
III'22	0%	Corn Game Plan: You are hand-to-mouth on corn-for-feed needs. A drop to the \$5.70 level or lower for December corn futures would be an opportunity to extend longer-term coverage.
IV'22	0%	
I'23	0%	
II'23	0%	
Meal		
III'22	0%	Meal Game Plan: You are hand-to-mouth on soybean meal needs. We will wait on an overdue corrective pullback before extending coverage.
IV'22	0%	
I'23	0%	
II'23	0%	

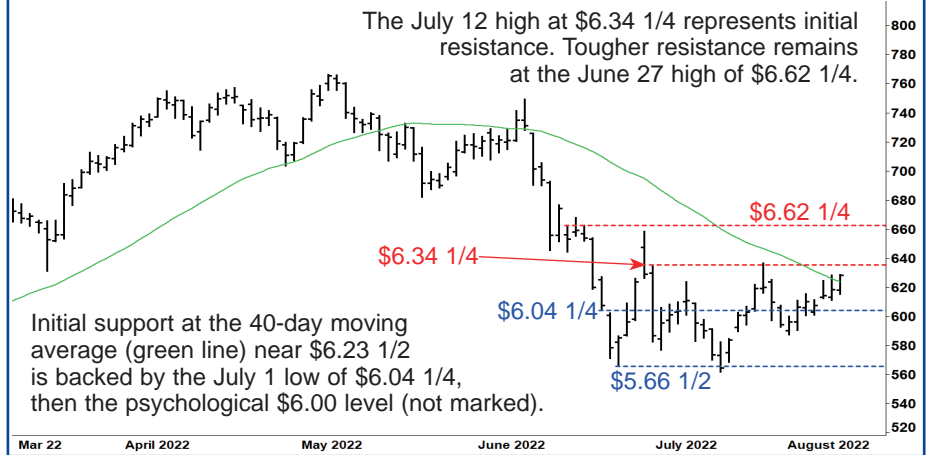


Position Monitor

	'21 crop	'22 crop
Cash-only:	100%	50%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: On Aug. 10, we advised selling the final 10% of 2021-crop inventory to protect against basis erosion into harvest. Additional 2022-crop sales will wait for now. We would likely increase new-crop cash sales and/or establish new-crop hedges if December futures rally to near the \$7.00 level. Given current price levels you should still be focused on using extended price rallies to advance sales.

DAILY DECEMBER CORN



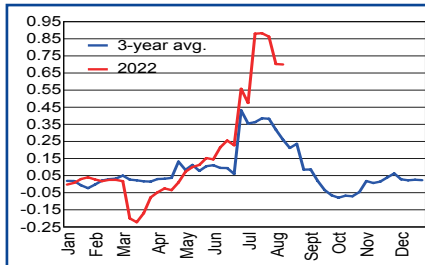
DAILY MARCH CORN



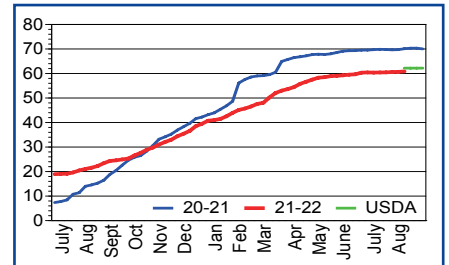
CORN - Fundamental Analysis

With USDA's Aug. 1 crop estimate as a benchmark, traders will add or subtract bushels based on weather and weekly crop condition ratings. Continued dryness in the western Corn Belt may keep prices elevated and perhaps spark a rally back toward the July highs or even the \$7 mark. But any widespread rain events would cap upside momentum and the longer-term picture leans bearish due to increasing Ukrainian shipments, slipping domestic basis and the slow start for new-crop export sales; outstanding sales for 2022-23 are down 56% from the same point in 2021-22. Bulls may have to rely upon soybean leadership to see sustained corn gains.

AVERAGE CORN BASIS (SEPTEMBER)



CORN EXPORT BOOKINGS (MMT)

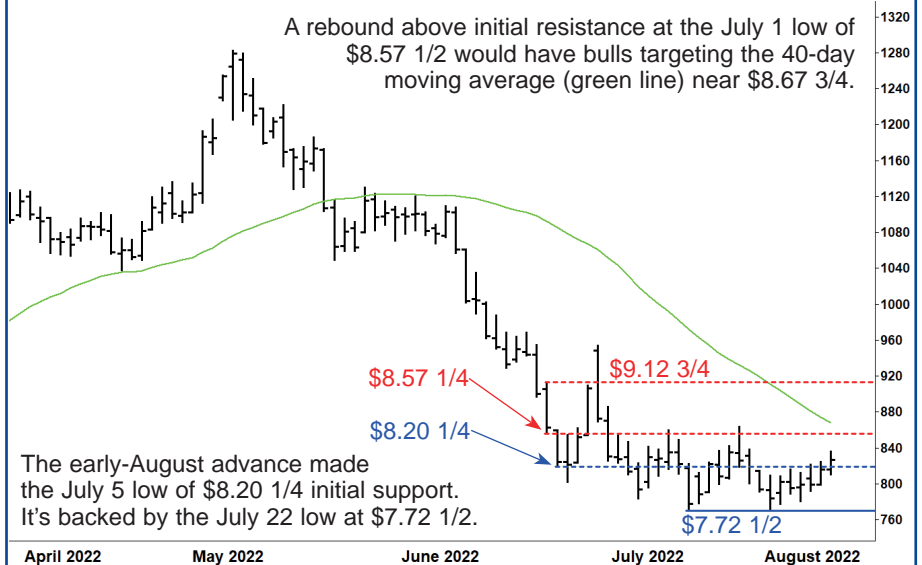


Position Monitor

	'22 crop	'23 crop
Cash-only:	85%	30%
Hedgers (cash sales):	85%	30%
Futures/Options	15%	0%

Game Plan: Hold the 2022-crop hedges in December SRW futures as chart patterns remain bearish and seasonals are negative. Additional old- and new-crop cash sales will wait for an extended price recovery.

DAILY DECEMBER SRW WHEAT



WHEAT - Fundamental Analysis

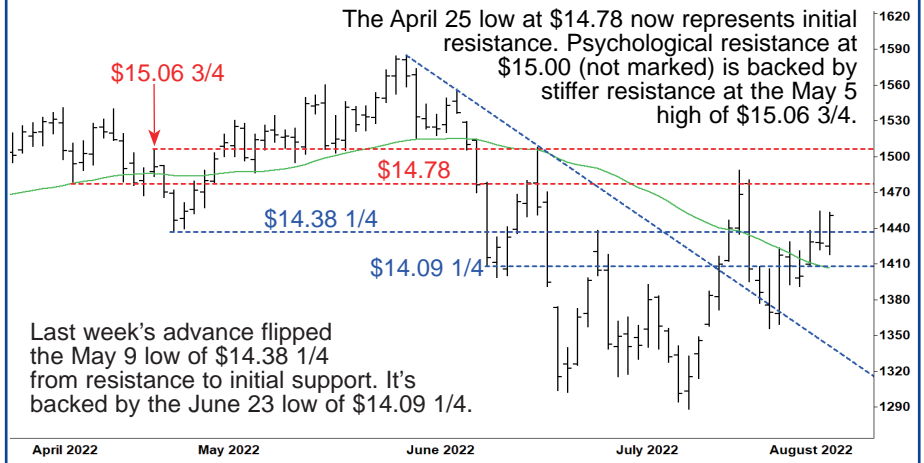
SRW – Wheat appeared to establish a near-term bottom and could be poised for more upside if funds reverse an increasingly large net short position. But longer-term fundamentals lean bearish and wheat will likely need support from corn and soybeans for any extended rallies.

Position Monitor

	'21 crop	'22 crop
Cash-only:	90%	60%
Hedgers (cash sales):	95%	60%
Futures/Options	0%	10%

Game Plan: Hold remaining old-crop gambling stocks for now as basis remains strong and soymeal is price supportive. But we'll finish old-crop sales by Aug. 31. Continue to hold the 2022-crop hedges in November futures as downside protection. With 60% of expected 2022-crop production forward-sold, we can wait on an extended price rally to increase new-crop cash sales.

DAILY NOVEMBER SOYBEANS



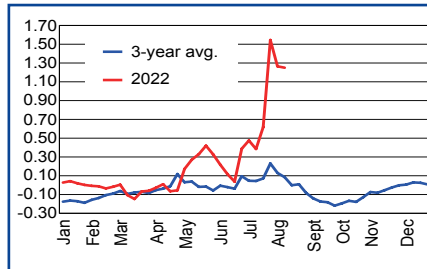
DAILY JANUARY SOYBEANS



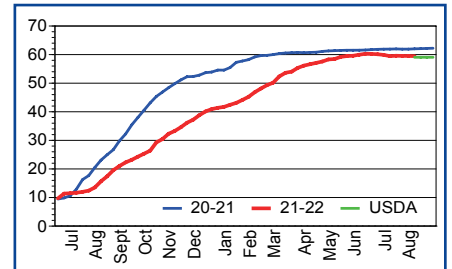
SOYBEANS - Fundamental Analysis

With USDA's record crop estimate as a starting point, Midwest weather will return as the primary price driver during the second half of August. Persistent dryness in the western Corn Belt, combined with continued strength in soymeal and soyoil, could fuel a stronger price rebound, but a widespread rain event could quickly send prices tumbling. Market uncertainty will remain elevated and the next few weeks may bring more choppy, volatile price action as traders monitor weekly crop ratings and weather forecasts. We're watching China, which cut its 2021-22 import forecast but re-emerged as a buyer of U.S. soybeans in recent weeks.

AVERAGE SOYBEAN BASIS (NOVEMBER)



SOYBEAN EXPORT BOOKINGS (MMT)



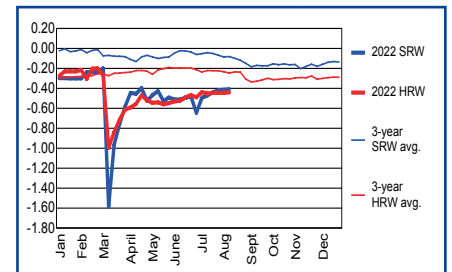
DAILY DECEMBER HRW WHEAT



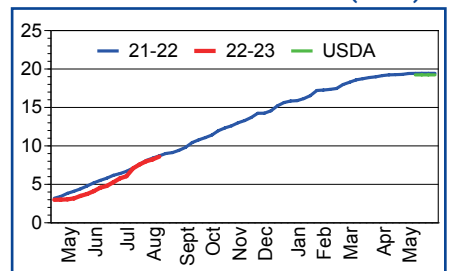
DAILY SEPTEMBER HRS WHEAT



AVERAGE WHEAT BASIS (SEPTEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW – With the U.S. winter harvest virtually complete and the U.S. dollar retreating from recent highs, pressure on HRW futures has eased. High protein levels are somewhat supportive. But price upside will be limited, and sideways near-term trade could develop as traders monitor the Ukraine export situation and the size of the European crop.

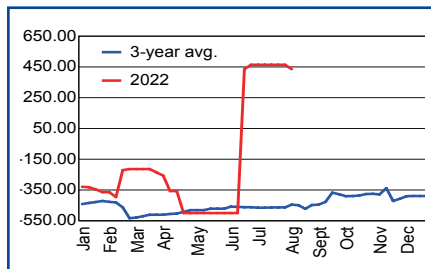
HRS – The unexpected drop in USDA's weekly spring wheat crop ratings appears to have helped the market forge a near-term bottom, though USDA's production estimate provided no bullish fodder. USDA surprisingly left plantings unchanged after resurveying the Northern Plains. Fall harvest pressure could limit price upside.

Position Monitor

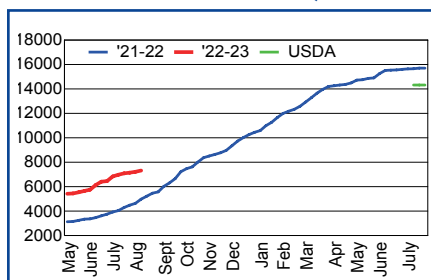
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: On Aug. 10, we advised selling another 10% of expected 2022-crop for harvest delivery. Our next sales target is 105.00¢ to 110.00¢ in December cotton.

AVERAGE COTTON BASIS (OCTOBER)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Net sales of 2.39 million bales were carried over from 2021-22 to the new-crop marketing year. Export commitments started 47% above year-ago, but are projected to decline — and the market has some demand concerns. Worsening crop woes in Texas are price-supportive.

GENERAL OUTLOOK

Energy: U.S. inflation remains historically high, but crude oil's role in driving up consumer prices is receding.

Crude futures are down more than 25% from a June peak above \$123 and last week dropped under \$90 to a six-month low before rebounding. Prices have fallen in part because U.S. producers have ramped up oil production to the highest levels since April 2020. Additionally, high gas prices have weakened demand.

A drop of nearly 8.0% in gasoline prices contributed to a lower-than-expected 8.5% year-over-year gain in the Consumer Price Index during July. Futures prices indicate traders see oil prices declining further, with contracts for spring 2023 trading under \$87.

Given oil's commodity sector leadership, market bulls may want to take heed: high prices may be hard to sustain if crude extends its downtrend.

FROM THE BULLPEN By Editor Brian Grete

August soybean futures approached the all-time high of \$554.40 and traded at a record inverse ahead of the contract's Aug. 12 expiration. Wild price moves can happen during delivery, but they sometimes signal underlying factors within a market.

In the case of the unexpected surge in meal prices during the delivery process, we aren't quite certain the cause. It could have been a short squeeze, where someone or multiple traders couldn't get out of short positions. It could have also been caused by a lack of farmer selling of old-crop soybeans, which left crush plants short-bought on immediate crush needs.

Since August meal led the rally, a short squeeze is the more likely scenario. But cash meal sources reported some plants

were still quoting basis off the August contract as late as Aug. 9, which is unusual when a contract is that deep into delivery. In this case, we believe it was likely a combination of factors.

No matter the reason, the impact is sharply higher costs for livestock producers. While the big price spike in August soybean creates an upside price target for the September contract, which traded at a roughly \$65 discount, we doubt prices will get that high. Soybean harvest is just around the corner, which will increase near-term supplies, though strong margins give crushers incentive to compete for new-crop soybeans.

Bottom line: Don't chase the meal market higher with extended coverage.

DAILY DECEMBER COTTON



DAILY NEARBY CRUDE OIL FUTURES (\$/BBL)



WATCH LIST

- NOPA Soy Crush Report** **MON 8/15**
Soybean crush data for July. 11:00 a.m. CT
- USDA Crop Progress Report** **MON 8/15**
Will crop deterioration continue? 3:00 p.m. CT
- FOMC Minutes** **WED 8/17**
More clues on rate increase plans. 7:30 a.m. CT
- USDA Export Sales Report** **THUR 8/18**
Focus is on new-crop sales. 7:30 a.m. CT
- USDA Cattle on Feed Report** **FRI 8/19**
July placements will be key figure. 2:00 p.m. CT

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