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Grains, soybeans weaken – *Corn, soybean and wheat futures traded lower last week amid macroeconomic and export uncertainties. Soybean exports have strengthened seasonally, but there are still concerns about movement down the Mississippi River, which will divert more bushels through the Pacific Northwest. The logistics issues along with prospects for record South American production are capping soybean futures. Due to logistics issues, corn and wheat exports will be passed over in favor of soybeans. For now, that's trumping weather-related wheat crop woes in the key exporting countries and slow corn planting in South America. Cattle futures pushed to new contract highs last week but then stalled despite another sharp jump in cash prices. Lean hog futures rolled over, stalling the recent strong rally.*

Xi softens tone... *or playing coy?*

Chinese President Xi Jinping said Beijing is willing to work with the U.S. to find ways to get along to the benefit of both countries. But Xi's comments don't match those he made immediately after securing a precedent-breaking third term as China's leader (see *News page 4*). Some China watchers fear the softer tone is a disguise as Beijing strategizes its longer-term plan to become the world's most powerful country.

Nuclear rhetoric, concerns heighten

Russia said Ukraine is preparing to use a "dirty bomb," an explosive device laced with radioactive material, on its own territory. The U.S. and Western allies accused Russian President Vladimir Putin of using the alleged dirty bomb threat as a pretext to escalate the war in Ukraine. Putin said he doesn't think it would be necessary to use nuclear weapons, though President Joe Biden questioned why he keeps talking about nuclear weapons if there's no intent. Meanwhile, Russia threatened to strike Western satellites aiding Ukraine.

Grain export extension uncertainty

Putin is expected to use the Nov. 19 deadline on the deal allowing Ukrainian grain exports as leverage at next month's G20 summit in Indonesia. Putin will push for an easing of Western sanctions against his country to allow shipments of Russian grains and fertilizers. "Russia will take it to the brink but they will extend because they won't want to face the international opprobrium of ending the grain deal," a European diplomat briefed on the grain talks told *Reuters*.

Mexico to proceed with GMO corn ban

Mexico doesn't plan to amend its ban on GMO corn imports that starts in 2024, the deputy ag minister told *Reuters*. That would reverse assurances previously made to USDA Secretary Tom Vilsack. There's growing pressure on the Biden administration to launch a complaint under the U.S.-Mexico-Canada Agreement (USMCA) over Mexico's crop provisions. Mexico says it doesn't believe its decree violates USMCA since it has "no obligation to buy GMO corn."

Focus is on Fed moves after this week

The Fed will almost assuredly raise interest rates another 75 basis points Nov. 2. Some economists feel the pace of rate gains could then slow, though the core personal consumption expenditures index, the Fed's preferred inflation gauge, rose 5.1% annually in September, up from a 4.9% gain the prior month.

U.S. Q3 GDP expands, but...

The U.S. economy grew an annualized 2.6% in the third quarter after contracting the first two quarters of the year. While that was stronger than expected, economists warn the figure overstated U.S. economic health amid slowing consumer spending and a rapidly weakening housing market.

Anxiety over potential rail strike

Another union rejected the collective bargaining agreement with railroads last week. Of the 12 labor unions involved in bargaining, six have ratified their agreements. Two of the largest unions are expected to announce results in mid-November. Unions have agreed to not strike until five days after Congress reconvenes. If Congress returns on Nov. 14, as currently scheduled, then a strike could occur after Nov. 19.

Biden may boost diesel reserve

The Biden administration is mulling options to increase the Northeast Home Heating Oil Reserve. Removing the statutory cap on how much can be in the reserve and requiring companies to hold minimum inventory levels would require congressional approval. Limiting exports of diesel could be done via executive action. Distillate stocks are tight, raising risks of a sharp price spike (see "General Outlook" on *Analysis page 4*).

How will EPA meet RFS deadline?

EPA has until Nov. 16 to issue its RFS proposals for 2023. The proposal has not yet been sent to the Office of Management and Budget (OMB) for review. OMB can take up to 90 days for a review and typically holds meetings with stakeholders on rules. EPA may go to court and ask for a timeline extension.

Record-low winter wheat crop ratings?

As of Oct. 25, USDA estimated the drought footprint covered 74% of U.S. winter wheat acres. In HRW areas, dryness/drought covered 82% of Colorado, 90% of Montana, 93% of Texas and 100% of Kansas, Nebraska, Oklahoma and South Dakota. D2-D4 ("severe," "extreme" or "exceptional" drought) now covers the majority of the Central and Southern Plains.

In SRW areas, dryness/drought covered 100% of Missouri and Indiana, 90% of Illinois, 73% of Ohio, 41% of Michigan, 99% of Kentucky and 91% of Tennessee (up 12 points).

USDA will release its first national winter wheat crop condition ratings of the season Oct. 31. Based on individual state conditions and pasture/range conditions, we anticipate the initial "good" to "excellent" rating will be 35% or lower, which would be the lowest ever for the end of October, breaking the record-low of 40% in 2012.

Argentine wheat crop shrinking

The Rosario Grain Exchange cut its 2022-23 Argentine wheat crop estimate by 1.3 million metric tons (MMT) to 13.7 MMT, citing "an unprecedented drought." The exchange now expects 9.2% of planted wheat area will not be harvested due to poor conditions. Besides the drought, World Weather Inc. warns frost and freeze conditions Oct. 31 and Nov. 1 may damage some wheat. Some analysts believe production could decline to 12.5 MMT.

Sharply reduced production is sparking speculation the Argentine government could restrict 2022-23 wheat exports to insure domestic supplies. Argentine wheat exporters have roughly 5 MMT of wheat shipments booked for December through February and fear the government could limit exports amid pressure from domestic millers to ensure supplies.

USDA lowered its 2022-23 Argentine wheat export forecast to 12 MMT this month, though that was based on a production estimate of 17.5 MMT.

Aussie wheat crop hampered by rains

Eastern Australia was deluged with more heavy rainfall over the past week, leading to increased flooding across areas of New South Wales, Queensland, Victoria and South Australia. As we alerted earlier this month, the heavy late-season rains will increase the amount of feed-grade quality wheat in eastern Australia. But there are also concerns with production losses due to the widespread flooding.

The more feed wheat Australia produces, the more demand it would create for northern hemisphere milling wheat to Asia, though it would also displace some corn demand.

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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Adams Co. (west-central) Illinois:
"Harvest wrapped up Oct. 24. Yields weren't as good as we wanted but better than last year."

Polk Co. (central) Iowa:
"Corn harvest is quickly wrapping up around here. Our corn is averaging around 230 bu. per acre and 60 lb. test weight with moisture at 15% to 17%. It's amazing to hear some of the big yields, though corn-on-corn took a hit locally."

Kandiyohi Co. (central) Minnesota:
"Harvest is moving along quickly. Yields are running a touch above average and moisture is lower than usual for this time of year."

Whitley Co. (northeast) Indiana:
"This corn crop is one I will remember that just wouldn't give up. Basically zero precip in June. Blown almost flat twice. A six to nine-inch rain event in July leached a lot of nitrogen and drowned a bunch of six to seven-foot tall corn. We were four inches short on rainfall for the year. Still yielded 10% over 10-year APH. Unbelievable."

Dickinson Co. (central) Kansas:
"Full-season soybeans ran 8 bu. to 18 bu. per acre on most acres, though some bottoms were 22 bu. to 38 bu. per acre. Our early wheat is up but wheat into bean stubble isn't likely to emerge anytime soon."

Southwest Kansas, Oklahoma Panhandle:
"Two things hurt irrigated corn more than anything this year. Heavy tillage and low water. The decent water and strip-till acres seemed to have withstood the heat a lot better. Not near last year's yields, but not much off of APH either."

Lincoln Co. (southeast) South Dakota:
"My corn seems to be pretty consistently running about 66% to 68% of APH across various soil types, topography and hybrids. Buying 80% insurance coverage was a good investment this year."

Adair Co. (north-central) Missouri:
"I'm shocked by some of our corn yields. We had virtually no rain after planting."

Dane Co. (south-central) Wisconsin:
"Beans yielded 8 bu. per acre above APH despite some white mold and lodging. Just starting corn, but I have high hopes. Great growing season."

Washington Co. (east-central) Colorado:
"Drought really hit hard, with yields only about 10% of our APH. We harvested a lot of 5-bu.-per-acre corn and milo."

McCracken Co. (southwest) Kentucky:
"It finally rained. Most combine-related fires I've ever seen."

Pulaski Co. (central) Arkansas:
"Tried double-crop corn after wheat. Yields ranged from 76 bu. to 171 bu. per acre, with an average of 138 bu. per acre. Full-season hybrids were significantly higher yielding than short-season unadapted hybrids."

China's September soy imports rise

China imported 7.72 MMT of soybeans in September, up 840,000 MT (12.2%) from August and 550,000 MT (7.7%) more than last year. Imports were slightly higher than expected amid increasing urgency to rebuild depleted stockpiles after months of reduced arrivals. Through the first nine months of the year, China imported 69.04 MMT of soybeans, down 6.6% from the same period last year.

China's pork imports increase

China imported 150,000 MT of pork in September, up 10,000 MT (7.1%) from August but down 54,000 MT (26.5%) from last year. Through the first nine months of this year, China imported 1.22 MMT of pork, down 61.2% from the same period last year.

China's Q3 pork production inches up

China's third-quarter pork output totaled 12.11 MMT, up less than 1% from the same period last year. China's pork output totaled 41.5 MMT in the first nine months of the year, a 5.9% rise from last year. But the growth rate of China's pork production has slowed recently since increasing every quarter year-on-year for the last two years, as some farmers reduced their breeding herds after months of low hog prices and high feed costs eroded profits.

China's pig herd totaled 443.94 million head at the end of September, up 1.4% from last year.

China's trade surplus expands

China's exports increased a stronger-than-expected 5.7% from year-ago in September while imports inched up 0.3%, the slowest growth since April. That increased China's trade surplus to $84.74 billion for September, up from $79.39 billion in August.

The trade surplus with the U.S. narrowed to $36.1 billion in September from $36.7 billion in August.

China's Q3 GDP better than feared

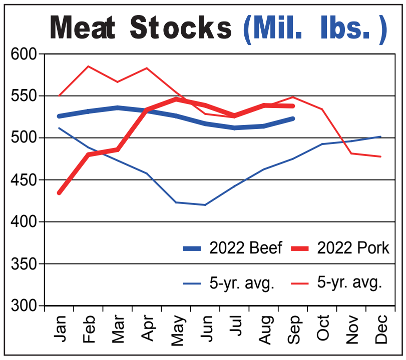
China's economy grew 3.9% from a year earlier in the third quarter, quickening from the 0.4% growth recorded in the second quarter. That topped the 3.5% economic growth expected by economists. For the first nine months of the year, China's GDP expanded 3.0% from a year earlier, well below the 5.5% annual growth target set by Beijing.

China's economic growth is hitting a speed bump early in the fourth quarter. Mobility statistics – from metro passenger traffic in cities and flight cancellations to domestic container handling at major ports – have worsened in October despite falling local Covid cases, suggesting strict preventive measures, or fear of those measures, are still stifling economic activity.

Record September beef stocks

USDA's Cold Storage Report showed beef stocks increased less than normal during September, though inventories were record-large for the month. Pork stocks declined contra-seasonally last month.

Beef stocks totaled 522.9 million lbs., up 9.1 million lbs. (1.8%) from August though slightly less than the five-year average increase of 12.6 million lbs. during the month. Beef inventories topped year-ago by 83.2 million lbs. (18.9%) and the five-year average by 47.9 million lbs. (10.1%).



Pork stocks at 537.9 million lbs. slipped 717,000 lbs. (0.1%) from August compared to the five-year average increase of 11.9 million lbs. during the month. Pork inventories increased 68.0 million lbs. (14.5%) from last year but were 10.6 million lbs. (1.9%) less than the five-year average.

Total poultry stocks at 1.269 billion lbs. were 113.7 million lbs. (9.8%) above year-ago. But inventories were 114.1 million lbs. (8.3%) below the five-year average for September as a sharp drop in turkey stocks more than offset higher chicken meat supplies.

Feedlot supplies drop below year-ago

USDA's Cattle on Feed Report estimated there were 11.449 million head of cattle in large feedlots (1,000-plus head) on Oct. 1, down 101,000 head (0.9%) from year-ago. This marked the first year-over-year decline in feedlot numbers since December 2021. Placements dropped 0.8% in September, while marketings rose 4.0%.

Cattle on Feed Report	USDA actual	Average estimate
	(% of year-ago)	
On Feed Oct. 1	99.1	99.1
Placed in Sept.	96.2	96.4
Mkted in Sept.	104.0	104.0

The inventory of market-ready cattle continues to tighten, with the number of cattle on feed for 120-plus days estimated at 4.1 million head, 0.4% lower than a year ago though still about 150,000 head (3.8%) higher than the five year average.

The number of steers in feedlots declined 166,000 head (2.3%) from year-ago, while heifers increased 65,000 head (1.4%). The ratio of heifers on feed versus the overall inventory increased to 39.7% in October, the highest in 20 years.

The feedlot inventory is being inflated by the continued strong movement of heifers into feedlots, along with aggressive placements of lighter calves. While that has slowed the decline in feedlot inventories and propped up beef production, both will tighten in the year ahead, supporting our bullish long-term price outlook.

Xi's power increases, raising uncertainties in China and West

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

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Chinese leader Xi Jinping, 69, spent his teenage years living in a cave in a backwater village. He learned patience away from his earlier privileged upbringing. Patience was clear in how the aggressive leader orchestrated the just-completed Communist Party Congress.

Xi power grab... now what?

After securing a precedent-breaking third term at the helm of China's ruling Communist Party, Xi promoted more of his allies into top leadership positions and maneuvered his rivals into retirement. His appointment means that Xi will be in firm control of the world's second-largest economy for at least another five years at a time when it increasingly finds itself on a collision course with the United States.

Missing from the new leadership team are senior officials who have backed market reforms and opening up the economy. Those pushed aside included Premier Li Keqiang, central bank governor Yi Gang and Vice Premier Liu He, who led trade negotiations with the United States.

The elevation of Shanghai Party Secretary Li Qiang to premier is particularly noteworthy and speaks volumes to Xi's consolidation of power. Li, who has never held a senior central government post, is a loyalist. Observers say Xi values loyalty above all else, and he's willing to break from the political norms of the past.

Upshot: Analysts are concerned the removal of reformists from the leadership of the Communist Party means no one will dare tell Xi he is wrong if his policy agenda fails.

A list of concerns from China watcher Bill Bishop

- Xi's complete party dominance;
- No signal of change from a strict zero-Covid policy;
- More focus on self-reliance and technology competition;
- An emphasis on national security;
- Increased role of the state in the economy;
- A shifting geopolitical environment that may signal a significant conflict, likely with the U.S., is possible;
- New language about Taiwan and Common Prosperity.

Xi's initial task: Jumpstart China's economy

Chinese markets tumbled after the confab in a sign of investor wariness in Xi's increased power and his team of economic advisors (loyalists).

The absence of former Premier Li Keqiang and other pro-growth technocrats from China's key decision-making body disappointed foreign investors. Bishop says: "They may all be 'yes men' and so the risk of policy errors increases. But they also may be able to push policy changes faster and more effectively, good or bad. The new Politburo has several experienced engineering and technology managers who may be a perfect fit for a more 'techno-nationalist' government."

Xi doubled down on his economic policies

Xi said per-capita GDP would rise to the level of a "medium-developed country" in a "giant new leap" by 2035. While Xi provided no details, economists say that would mean doubling GDP and per-capita income.

Xi said his country "will strive harder to achieve the Chinese dream of national rejuvenation," a term that largely means transforming the nation into a global power with higher standards of living and advanced technologies comparable with those in the West.

But he said economic development would not sacrifice national security. Importantly, he announced no changes to his zero-Covid policy.

Shen Meng, managing director of Beijing-based boutique investment bank Chanson & Co., says, "China would probably continue to crack down on the disorderly expansion of the private-sector economy, and state-owned economic powers would be effectively strengthened." He noted this means private enterprises would work in second place to state-owned companies.

Private-sector business leaders are concerned about new income redistribution measures and a government tilt in favor of state-owned enterprises. Xi fused praise for Marxism with nationalistic themes and reassurances that China's once high-flying economy will advance anew.

Rare display of drama

Xi's predecessor Hu Jintao was unexpectedly escorted out of the closing session. He appeared to be reluctant to leave, but state-run *Xinhua* news reported Hu left due to "health reasons." There has been no further mention of the event.

Future of Taiwan

Xi's purging of political rivals and elevation of loyalists have raised fears of an attack on Taiwan. Beijing has pledged to annex Taiwan, and has increased its military activity and other forms of coercion. No timeline has been set, but some say China could invade as early as 2027. Others say it could be sooner. A longer-term goal to rein in Taiwan could be 2047 — the centenary of the People's Republic of China.

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

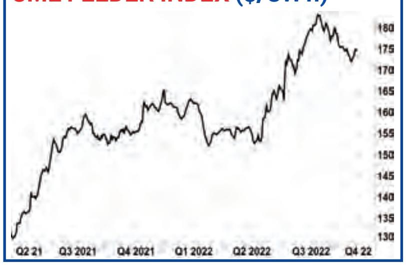
The front that crossed the Plains last weekend apparently exerted only a normal amount of stress on feedlot cattle, but it did seem to signal the coming of winter and the potential for more of the same. Thus, the outstanding feedlot performance of cattle over the past weeks is likely ending, which implies market-ready feedlot supplies are set to get even tighter. Feedlot placements and cow slaughter may rise beyond seasonal norms due to the Southwest drought, but the price impact of such a move should be modest. We expect sustained cattle and beef sector strength into next spring.

Position Monitor

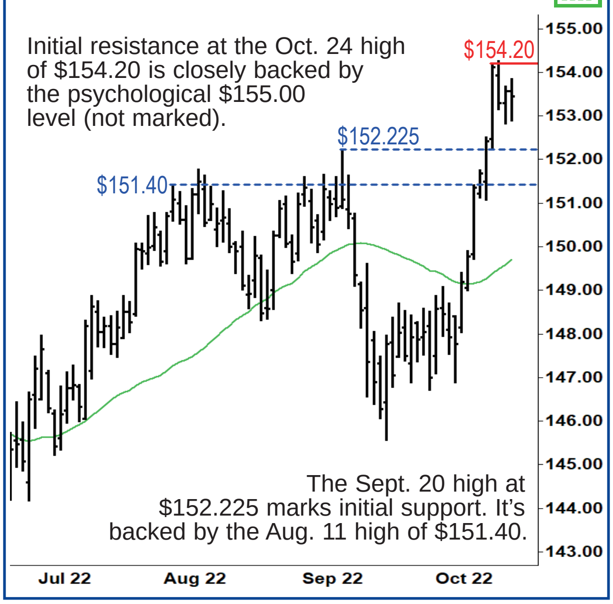
Game Plan: Continue to carry risk in the strengthening cash market. The longer-term outlook is bullish as cattle supplies continue to tighten.

	Feds	Feeders
IV'22	0%	0%
I'23	0%	0%
II'23	0%	0%
III'23	0%	0%

CME FEEDER INDEX ($/CWT.)



DAILY DECEMBER LIVE CATTLE



HOGS - Fundamental Analysis

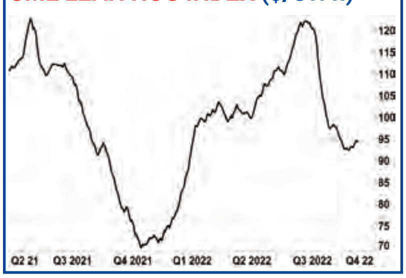
History suggests cash hog prices should have turned lower by this time, with the market potentially remaining weak into the end of the year. But cyclically reduced hog numbers, active fall marketings, as well as sharply reduced ham inventories seem likely to greatly limit seasonal weakness during the weeks ahead. Hogs sold during the week of Oct. 22 averaged 284.1 lbs. per head, down 4.1 lbs. from last year and 1.3 lbs. below the five-year mean. Thus, prices remain firm despite slaughter rates surging toward annual highs. We see limited downside risk in the short-run.

Position Monitor

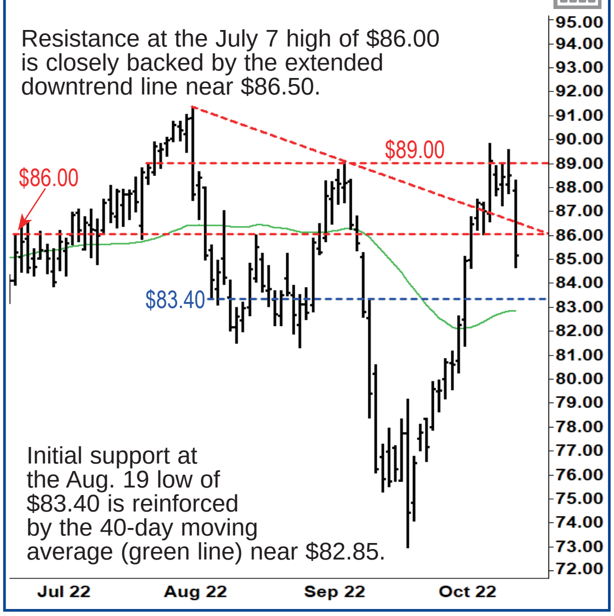
Game Plan: Futures are rallying contra-seasonally, but we aren't interested in hedges unless the cash index weakens. The market may have scored an early seasonal low.

	Lean Hogs
IV'22	0%
I'23	0%
II'23	0%
III'23	0%

CME LEAN HOG INDEX ($/CWT.)



DAILY DECEMBER LEAN HOGS



FEED

Feed Monitor

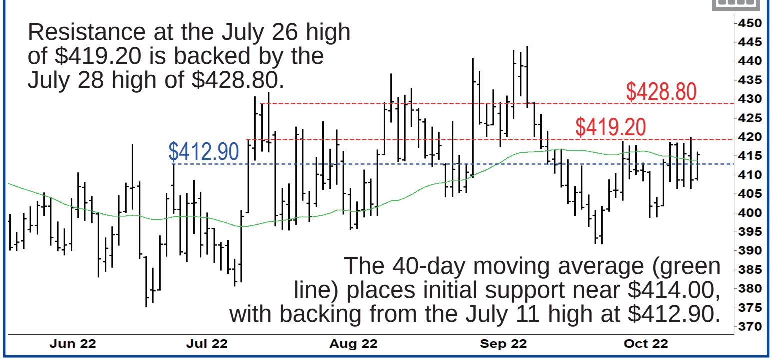
Corn	
IV'22	0%
I'23	0%
II'23	0%
III'23	0%

Meal	
IV'22	50%
I'22	0%
II'23	0%
III'23	0%

Corn Game Plan: You are hand-to-mouth on corn-for-feed needs. Our target to extend coverage is a drop to the $6.65 level in December futures.

Meal Game Plan: You should have all soymeal needs covered in cash through mid-November. We are targeting a drop under the $400.00 level in December soymeal futures to extend coverage.

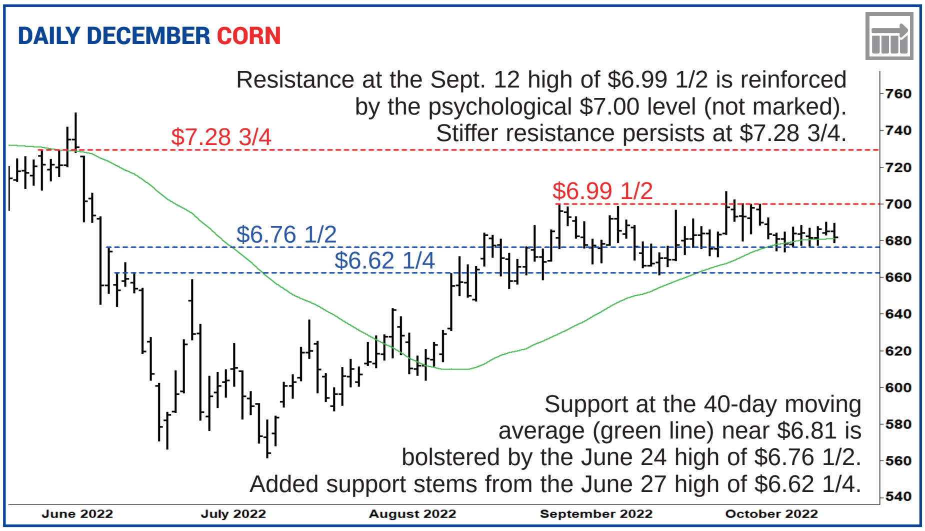
DAILY DECEMBER SOYBEAN MEAL

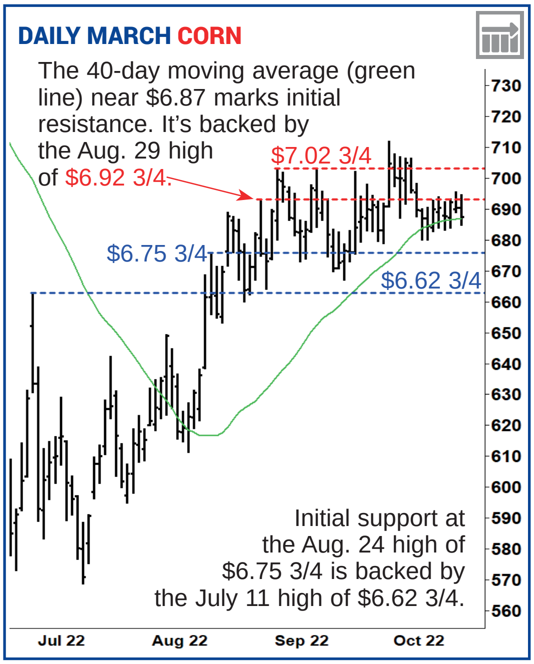


Position Monitor

	'22 crop	'23 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Get current with advised sales when December corn futures are at $6.90 or above. Wait to get current below that level. The market could face near-term price pressure as harvest advances, though we don't anticipate heavy selling, and the long-term outlook is bullish. We would likely increase 2022-crop sales and/or establish hedges if December futures return to the $7.00 level.

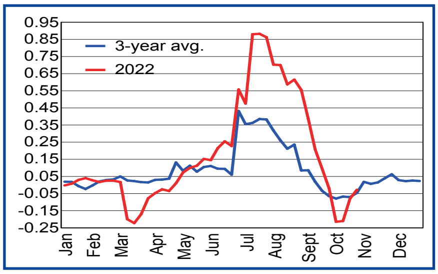




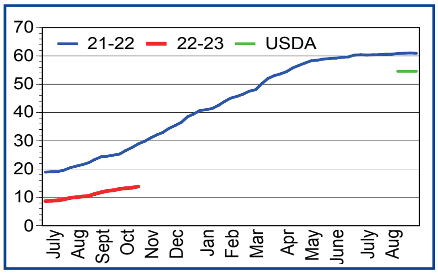
CORN - Fundamental Analysis

December corn extended sideways trade that has persisted for about six weeks and could continue into early next month ahead of USDA's Nov. 9 Crop Production Report. Harvest pressure is dissipating even though progress, which had been running ahead of the five-year average, was slowed by last week's Midwest rains. Tight supplies remain a longer-term bullish factor, but we still see limited near-term upside potential beyond $7.00, due partly to soft export demand. Still, the unsettled status of the Ukraine export deal continues to be a major outside risk, meaning there's potential for greater volatility and sharp price moves in either direction in coming weeks.

AVERAGE CORN BASIS (DECEMBER)



CORN EXPORT BOOKINGS (MMT)



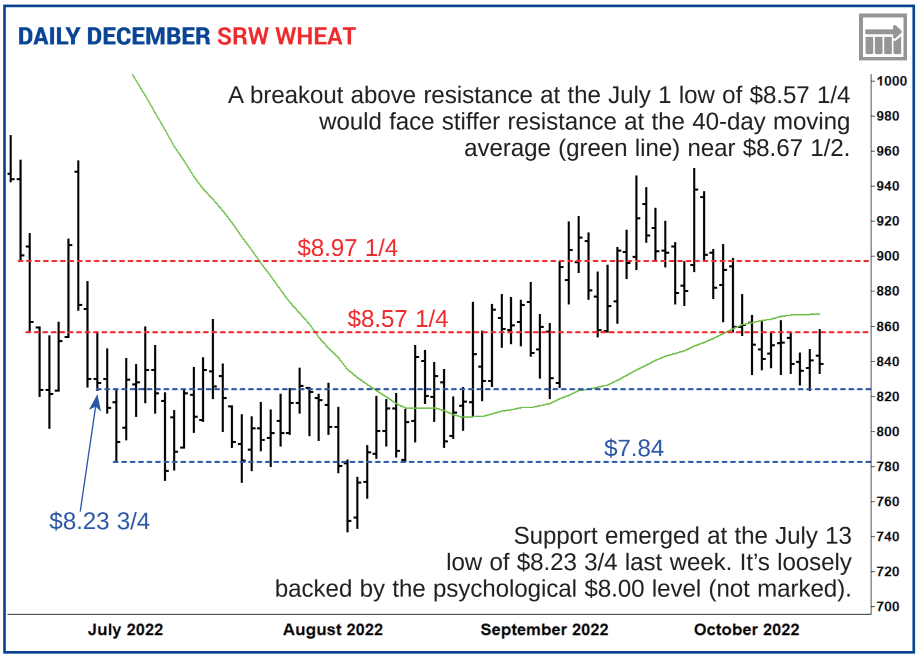
Position Monitor

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

Game Plan: On Oct. 26, we entered a buy stop at $8.50 in December SRW wheat futures to exit the 15% 2022-crop hedges. The stop was hit Oct. 27 for a 67¢ loss. Wait on a strong rally to advance cash sales.

WHEAT - Fundamental Analysis

SRW — December futures posted a second straight weekly decline, and a sharp drop for the month, despite a pullback in the dollar. While export sales for the week ended Oct. 20 were better, demand is still weak. The Ukraine grain export deal will be the biggest near-term market focus.

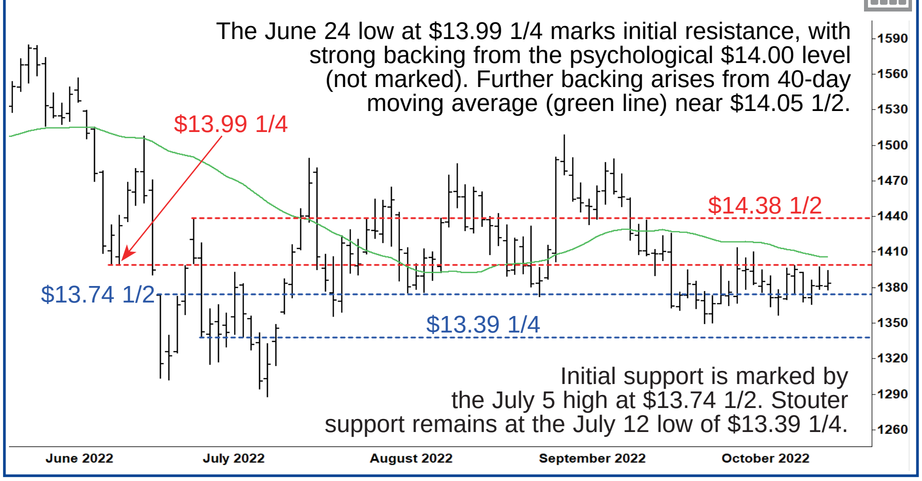


Position Monitor

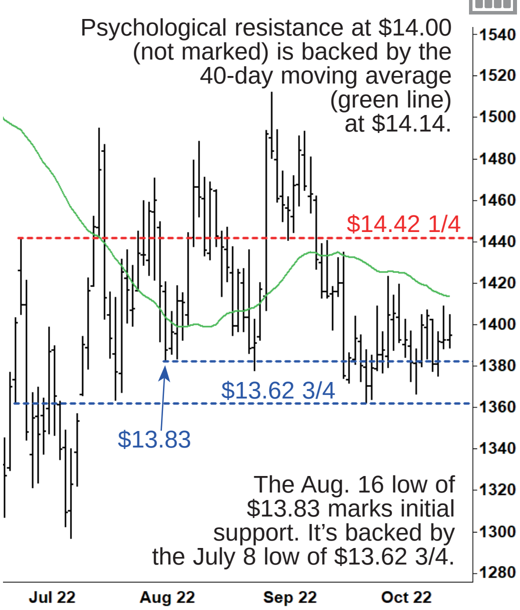
	'22 crop	'23 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales. There may be more near-term price pressure as harvest selling builds, but the downside should be relatively limited. A rally to the $15.00 level would likely trigger sales and/or hedge advice. We still view extended price strength as a selling opportunity as South America is expected to produce a record crop.

DAILY NOVEMBER SOYBEANS



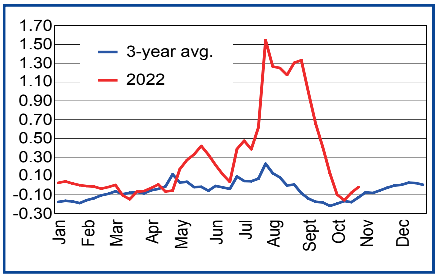
DAILY JANUARY SOYBEANS



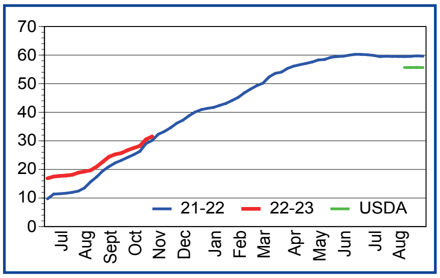
SOYBEANS - Fundamental Analysis

With the U.S. harvest nearly complete, focus is shifting to South America, where mostly favorable conditions in Brazil have boosted prospects for a record crop. Continued dryness is keeping Argentina's crop outlook more in flux. China's buying patterns will also be a key price influencer next month after the country stepped up purchases in October. Longer-term demand fundamentals remain strong, as illustrated by soyoil's rally and the explosive move higher in crush margins the past month. Near-term, we could see sideways trade persist ahead of USDA's Nov. 9 reports unless a bullish fundamental or outside factor fuels fresh buyer interest.

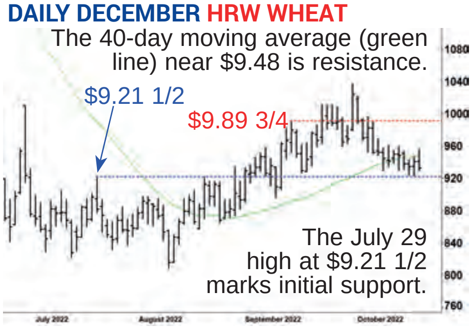
AVERAGE SOYBEAN BASIS (NOVEMBER)



SOYBEAN EXPORT BOOKINGS (MMT)

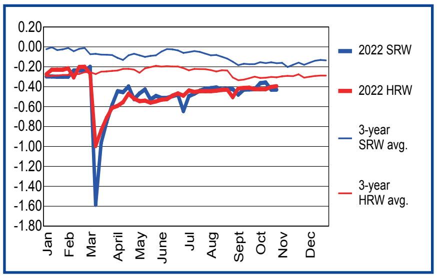


DAILY DECEMBER HRW WHEAT



DAILY DECEMBER HRS WHEAT

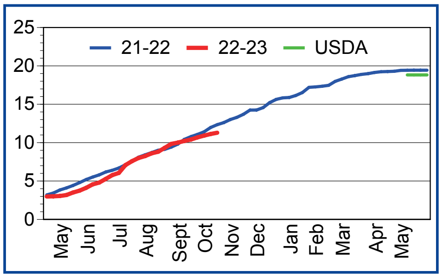
AVERAGE WHEAT BASIS (DECEMBER)



HRW — While late-October rains brought some moisture relief to the U.S. Plains, USDA's initial crop ratings Oct. 31 likely will be historically low (see *News page 2*). Poor HRW conditions should remain price-supportive early next month but don't necessarily justify any extended rallies barring a Ukraine-driven surge in SRW.

HRS — September HRS futures narrowed the discount to the nearby December contract to about 18¢, less than half the level from a month ago. This reflects a tight overall supply outlook in 2023, which underpins the wheat markets in general. But any upside push in HRS futures will be difficult to sustain with sluggish exports weighing on SRW.

WHEAT EXPORT BOOKINGS (MMT)



Position Monitor

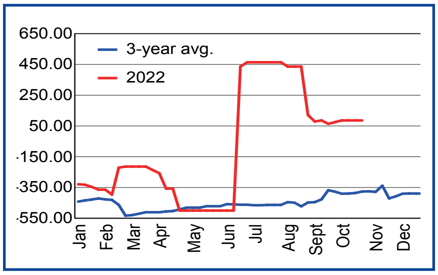
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: Futures could face more near-term pressure but hedges are risky. Wait on an extended corrective rebound for additional cash sales.

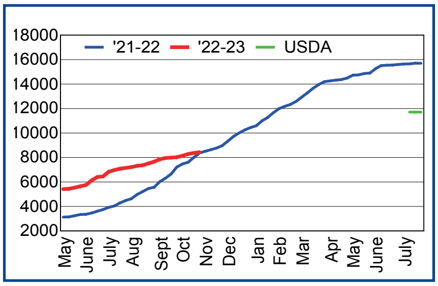
COTTON - Fundamental Analysis

Cotton has severely underperformed other crop markets lately, as demand prospects remain a major concern. Cotton is seemingly ceding acreage to other crops next spring. despite the 2022 crop set to fall well below year-ago. Futures are showing few signs of bottoming.

AVERAGE COTTON BASIS (DECEMBER)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON

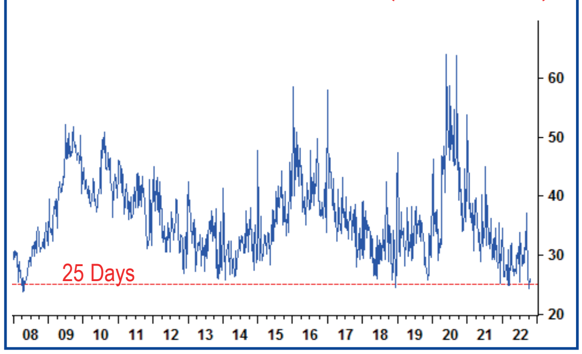
GENERAL OUTLOOK

Energy: U.S. distillate (diesel/heating oil) inventories dipped to just 24.3 days of use during the week of Oct. 8, which was the lowest reading since early 2008. Part of the decline likely reflects annual consumer purchases of their winter heating oil supply, but this is not a comfortable situation just prior to the year-end holiday season, when product deliveries surge.

Heating oil futures rallied in response and are currently trading around $4.00 per gallon. That's well down from the April spike to a record at $5.8595, but also seems to set the stage for a winter price advance, especially if weather in the Northeast proves particularly frigid.

Mid-2023 futures are trading at sizeable discounts, reflecting a likely seasonal reduction in demand. But those prices still represent substantial increases above 2009-21 levels.

WEEKLY DISTILLATE INVENTORY (DAYS OF USE)



FROM THE BULLPEN By Market Consultant Dan Vaught

There has recently been a great deal of talk about a turkey shortage during the 2022 holiday season. USDA analysts project reduced production and sharply higher prices for the fourth quarter.

In its Cold Storage Report, USDA stated Sept. 30 U.S. whole turkey stocks at 238.5 million lbs, which marked a 20-million-lb. annual decline and a 58-million-lb. drop below the 10-year average. That was just 4.9 million lbs. larger than the September 2006 record low. Moreover, the latest totals for breast, leg and deboned turkey meat set record lows for the month.

The low stocks will only partially supplement the latest USDA forecast of a 5.6% annual drop in fourth-quarter U.S. turkey production; that also provides the basis for USDA's fourth-quarter projection of wholesale turkey prices at $171.00 per cwt. versus $133.40 in late 2021. We suspect USDA is overly pessimistic on these points, as turkey slaughter since Labor Day has averaged just 1.2% under year-ago levels.

Hams won't be cheap either. Hog slaughter is running 1% to 2% under year-ago. In addition, September ham stocks of 159.3 million lbs. fell 4.4 million lbs. below August, a rare seasonal drop. That's 35.2 million lbs. and 52.3 million lbs. below year-ago and 10-year average levels, respectively. Tight ham supplies are likely sustaining price strength in hogs and pork values lately. We expect much higher retail turkey and ham prices compared to late 2021, but doubt any severe shortages will occur.

WATCH LIST

1	**USDA Crop Progress Report** Harvest into the home stretch.	**MON 10/31** 3:00 p.m. CT
2	**USDA Grain, Soy Crush** Soy crush, ethanol data for Sept.	**TUE 11/1** 2:00 p.m. CT
3	**FOMC Meeting Concludes** Another 75-point rate hike likely.	**WED 11/2** 1:00 p.m. CT
4	**USDA Export Sales Report** Heavy season for soybean sales.	**THUR 11/3** 7:30 a.m. CT
5	**Ag Trade Data** Ag exports, imports for Sept.	**THUR 11/3** 9:30 a.m. CT

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