



News this week...

- 2 – Brazil expects record bean, corn crops in 2022-23.
- 3 – SCOTUS to hear case against Prop 12 this week.
- 4 – Huge SCOTUS decision on WOTUS coming.

Corn chops, beans and wheat fade – December corn futures traded sideways last week, as support from the tight supply outlook through 2022-23 offset pressure from river transportation issues, plunging basis and increasing harvest activity. November soybeans faded to the lowest level since late July amid seasonal pressure and river logistics issues that threaten soybean flows to the Gulf during the busiest shipping period of the year. Wheat futures pulled back from their recent highs but maintained uptrends from the August lows. Live cattle futures stabilized as support from firming cash trade offset demand concerns tied to global economic woes. Lean hog futures rebounded from a sharp midweek price plunge to finish higher for the week amid corrective buying.

River mess threatens grain transport

A logjam on the Mississippi River due to low water levels is threatening movement of grains, fertilizer and other goods during the busiest ag shipping season. The largest U.S. barge operator declared force majeure last week due to the water levels. Impacts are wide-ranging, including surging freight/barge rates, plunging corn and soybean basis (see charts on [Analysis](#) pages 2-3) and reduced exports from the Gulf.

World Weather Inc. expects no major rain events in the next 30 days to boost water levels, so conditions could worsen.

Biden issues warning on Putin

President Joe Biden said the U.S. is trying to find an “off-ramp” for Russian President Vladimir Putin and worries his threats to use nuclear weapons are real and could lead to “Armageddon.” European leaders affirmed the warning, saying it shows the seriousness of the threat from Moscow’s escalation in Ukraine.

Big balance sheet changes Oct. 12

USDA’s 2022-23 domestic balance sheets will reflect Sept. 1 stocks and the final 2022 wheat crop estimate, along with any changes to this year’s corn and soybean crop forecasts. That will produce some major adjustments to the supply and demand sides of the corn, soybean and wheat balance sheets.

Global food prices drop again

The UN Food and Agriculture Organization global food price index fell 1.1% in September — the sixth straight monthly decline — though it was 5.5% above year-ago. Compared to year-ago, prices were up 7.7% for meat, 20.7% for dairy and 11.3% for grains, while veg oils and sugar both declined 9.5%.

Jobs growth slows again

The U.S. economy added 263,000 non-farm payrolls in September, down from 315,000 in August and 537,000 in July. The unemployment rate dropped to 3.5%. Hourly earnings rose 0.3% in September and climbed 5.0% over the past year.

While jobs growth is slowing, traders still priced in 90% odds of another 75-basis-point increase in November.

Big OPEC+ cut, U.S. responds

OPEC+ agreed to cut oil output by 2 million barrels per day, which would be the biggest production cut since the height of Covid-19 lockdowns. Analysts say the cartel will probably shave more like 1 million barrels off the market, since most OPEC members are already underproducing. The White House reportedly is considering responses that could include measures aimed at breaking the cartel’s hold on markets or limiting U.S. oil exports.

Sanctions against Venezuela may be eased

The Biden administration reportedly may scale back sanctions against Venezuela’s authoritarian regime to allow Chevron Corp. to resume pumping oil there. But if the deal goes through, it would put only a limited amount of new oil on the world market in the short term.

EVs may be eligible for E-RINs

EPA is expected to propose that electric vehicles (EVs) be eligible for renewable fuel credits in upcoming biofuel blending mandates. EPA will reportedly propose allowing generation of Renewable Identification Numbers (RINs) for charging electric vehicles (EVs) with some types of renewable energy (e-RINs), potentially starting in 2024. But sources tell us it is murky who would own the e-RINs under the proposal.

Washington disconnect on trade

House Ways and Means Chair Richard Neal (D-Mass.) said Democrats should prioritize free-trade deals with Europe if they maintain control of Congress after the midterm elections. However, the Biden administration has shied away from traditional free-trade deals and is now facing EU complaints about the clean-energy tax credits in the Inflation Reduction Act.

Changes to H-2A worker rule

The Labor Department strengthened worker protections in the agriculture guestworker program. One will take effect on Nov. 14. The other involves temporary labor certification under H-2A and will appear in the *Federal Register* this week.

Brazil expects record bean, corn crops

Brazilian farmers are expected to increase soybean planted area by 3.4% to a record 42.9 million hectares, according to the initial forecast from Conab. The Brazilian crop estimating agency forecasts the 2022-23 Brazilian soybean crop at a record 152.4 million metric tons (MMT), which would be up 21.3% from this year.

Conab forecasts corn planted area will rise 3.8% to 22.4 million hectares, though full-season corn plantings are expected to decline 1.5% with producers planting more soybeans. Conab projects Brazil's total corn production will jump 12.5% to a record 126.9 MMT.

Crop consultant Dr. Michael Cordonnier forecasts 2022-23 Brazilian production at 151 MMT for soybeans and 125.5 MMT for corn.

Due to the expected production increase, Conab forecasts 2022-23 Brazilian soybean exports will surge 22.5% to a record 95.9 MMT. Corn exports are expected to jump 21.6% to 45 MMT in 2022-23.

La Niña influence will abate

Climatic conditions and sea surface temps and movements signal La Niña is nearing its peak intensity for the third time in this multi-year event, according to World Weather Inc. The weather forecaster believes once it has peaked, world weather patterns will be quick to abate from the traditional La Niña anomalies.

For South America, World Weather says: "Dryness in western Argentina should shift to the east and include a part of southern Brazil, Uruguay and southern Paraguay in time... areas of center-west and center-south Brazil will turn wet."

Brazil to upgrade 'soybean highway'

The state of Mato Grosso moved one step closer to assuming control of the project to upgrade BR-163, the so-called "soybean highway" in Brazil. Cordonnier says BR-163 is arguably the most important highway in Brazil as far as agriculture is concerned. It runs north to south across the entire state of Mato Grosso, Brazil's largest soybean producer, and is used to transport grain to northern ports on the Amazon River and to rail terminals that connect to the Port of Santos. Mato Grosso has agreed to take over the construction project from a private company and invest \$1.2 billion reais (\$230 million) to finish the project. Cordonnier says the last remaining hurdle is to negotiate the debts the company owes to banks that originally financed the project.



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UN: Pump the brakes on rate hikes

The Federal Reserve and other central banks risk pushing the global economy into recession followed by prolonged stagnation if they keep raising interest rates, a United Nations agency warned. The United Nations Conference on Trade and Development (UNCTAD) estimated each percentage point rise in rates by the Fed lowers economic output in other rich countries by 0.5% and by 0.8% in poorer countries over the subsequent three years. UNCTAD said rather than increase rates, which will do little to ease shortages of energy and food, policy makers should focus on measures that target price spikes directly.

Global trade slowdown a concern

The World Trade Organization (WTO) expects global trade will increase just 1% in 2023, down from a previous forecast of 3.4% growth. A sharp slowdown in global trade points to possible recession, WTO warned, though it also is leading a decline in freight rates that should help cool inflation.

IMF chief sees 'darkening' outlook

The global economic outlook is "darkening given the shocks caused by the Covid-19 pandemic, Russia's invasion of Ukraine and climate disasters on all continents, and it could get worse," warned International Monetary Fund (IMF) Managing Director Kristalina Georgieva. She said the world is experiencing a "fundamental shift" with "more fragility, greater uncertainty, higher economic volatility, geopolitical confrontations, and more frequent and devastating natural disasters." She said all of the world's largest economies - Europe, China and the United States - were now slowing down, which was dampening demand for exports from emerging and developing countries.

Record U.S. beef exports in August

The surging dollar and global recession concerns failed to slow U.S. beef exports during August. The U.S. exported 323.6 million lbs. of beef in August, which was an all-time high, edging above the previous top from August of last year by 1.2 million lbs. (0.4%). Through the first eight months of this year, the U.S. exported 2.416 billion lbs. of beef, up 134.1 million lbs. (5.9%) from the same period last year, led by a 30% jump in shipments to China.

U.S. pork exports totaled 512.4 million lbs. in August, up 28.4 million lbs. (5.9%) from July but 16.3 million lbs. (3.1%) below last year. During the first eight months of this year, the U.S. shipped 4.146 billion lbs. of pork, down 717.7 million lbs. (14.8%) from the same period last year. Pork exports to China through the first eight months of the year fell 61.1%, but August shipments increased year-over-year for the first time since November 2020.

Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Washington Co., (southeast) Iowa:

"Corn yields are far better than we expected given the lack of rainfall this summer. Most fields are running 200-plus, with some reaching 250 bu. per acre."

Lyon Co., (northwest) Iowa:

"Had some record bean yields on some fields and others not so much. For the most part, yields were pleasantly surprising given the lack of rain we received."

Franklin Co., (south-central) Nebraska:

"Dryland bean yields are in the 20s and irrigated in the low 60s. Really disappointed with the irrigated beans that normally yield around 80 bu. per acre."

Clay Co., (southeast) Nebraska:

"Wrapped up our irrigated soybean harvest with a 69-bu.-per-acre average yield, including the corners, down from 81 bu. last year."

Faribault Co., (south-central) Minnesota:

"The high soybean yields predicted for Minnesota are gonna be higher than expected. Corn is still fairly wet."

Nicollet Co., (south-central) Minnesota:

"The Minnesota corn crop will be smaller than expected, last week's freeze took a lot of top end out."

Davison, Hanson Cos., (east-central) S. Dakota:

"There was a wide variety of crop conditions around here. Corn yields are ranging from 0 to 200 bu. per acre in some spots."

Putnam Cos., (northwest) Ohio:

"Got a hard frost Oct. 4. Going to take some yield off our replanted acres."

Woodford Co., (north-central) Kentucky:

"Corn yields are broadly coming in better than expected around here after a dry growing season. Due to low water levels and difficulties getting product to the Gulf, basis at Jeffersonville, Indiana, on the Ohio River is around \$1.50 under compared with a normal 40¢ under at harvest."

Prop 12 case this week

On Oct. 11, the U.S. Supreme Court (SCOTUS) will hear National Pork Producers Council v. Ross, a challenge to a California law that seeks to reduce cruelty to animals by requiring that pork sold in the state come from breeding pigs housed in spaces that allow them to move around freely. The law forbids the sale of most pork in California unless the pig it comes from was born to a sow that was housed with 24 square feet of space.

NPPC and the American Farm Bureau Federation presented oral arguments that California's 2018 ballot measure violates the U.S. Constitution's Commerce Clause, which grants Congress the power to regulate trade among the states and restricts states from regulating commerce outside their borders. Because more than 99% of the country's sows live outside of California and the state accounts for nearly 15% of the domestic pork market, NPPC says Proposition 12 would have the effect of dictating the pork production practices of hog farmers in other states.

The "dormant commerce clause" provides an exception for moral imperatives, Prop 12 proponents note. Also, some key players have conceded they can supply all of California's needs with existing crate-free capacity. While U.S. pork industry officials disagree, some economists in a separate pleading to the court have concluded the impact on the industry to be negligible.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Nov.	Dec.	Jan.-March
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	5.01	6.45	6.59	6.75	6.80	7.00
Omaha, NE, bushel	5.43	7.16	6.94	6.90	6.95	7.15
Dried Distillers Grain, IA, \$/ton	190.09	259.07	265.84	--	--	--
SOYBEANS						
Central Illinois, bushel	12.12	13.72	13.48	13.60	13.65	13.75
Memphis, TN, bushel	12.01	13.85	12.96	14.10	14.15	14.25
Soymeal, 48% Decatur, ton	325.70	497.90	467.20	445	440	430
WHEAT						
Kansas City, HRW, bushel	7.67	10.19	10.65	10.75	10.85	11.00
Minneapolis, 14% DNS, bushel	10.63	10.81	11.46	11.25	11.35	11.50
St. Louis, SRW, bushel	6.35	8.47	8.21	9.00	9.10	9.25
Portland, Soft White, bushel	10.25	9.40	9.43	9.50	9.55	9.70
Durum, NE MT HAD, 13%, bu.	14.00	8.75	8.92	9.25	9.30	9.40
SORGHUM , Kansas City, cwt.	9.97	12.54	12.82	12.50	12.60	13.00
COTTON , 11/16 SLM, 7 area, ¢/lb.	105.72	88.84	89.06	80.00	80.00	80.00
RICE , nearby futures, cwt.	13.53	17.32	16.97	17.10	17.25	17.40
BARLEY , MT, G.T., malting, bu.	6.88	7.00	7.00	7.00	7.10	7.25
OATS , Minneapolis No. 2 heavy, bu.	5.89	4.15	4.34	4.50	4.50	4.60
ALFALFA , NW Iowa, lg. sq. prem., ton	--	--	--	220	220	225
SUNFLOWERS , Fargo, ND, cwt.	31.50	25.70	25.70	26.30	26.50	27.00
HOGS , Nat'l carcass 51%-52% cwt.	91.33	94.19	91.16	86.00	82.50	90.00
FEEDER PIGS , 40 lbs., Nat. avg. head	73.90	54.00	53.31	65.00	82.00	110.00
CHOICE STEERS , feedlots, cwt.	122.56	144.94	144.78	146.00	149.00	153.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	153.36	175.07	172.43	175.00	174.00	177.00
Steers, 500-550 pounds, cwt.	159.76	193.16	188.54	195.00	198.00	202.00
Heifers, 450-500 pounds, cwt.	137.76	172.11	164.43	177.00	180.00	185.00
COWS , utility, Sioux Falls, SD, cwt.	71.11	89.02	87.47	86.00	85.00	88.00
MILK , Class III, CME spot month, cwt.	18.19	21.29	21.80	22.50	22.00	21.50
LAMBS , Slg., San Angelo, TX, cwt.	217.00	102.50	120.00	--	--	--
ENERGY						
Ethanol, IA, gallon	2.27	2.39	2.25	--	--	--
Farm diesel, U.S., gallon	2.85	4.25	4.24	4.38	4.32	4.35

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

Huge WOTUS decision coming from SCOTUS

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

The Supreme Court of the United States (SCOTUS) began its session last week with a huge case for the ag sector.

First up: Challenge to Clean Water Act (CWA)

The CWA was passed in 1972 to protect all “waters of the United States” (WOTUS), including streams, rivers, lakes and wetlands, from harmful pollution. The case, *Sackett v. Environmental Protection Agency*, centers on a long-running dispute involving an Idaho couple — Chantell and Michael Sackett. The couple began their lengthy legal battle in 2007, when they tried to build a home on their land near Idaho’s Priest Lake.

Key WOTUS issue

Business groups and home builders argue legal confusion over the definition of WOTUS has created regulatory chaos for businesses and property owners. “Without clear guidance from this Court, the Chamber’s members will continue to endure an expensive, vague, and time-consuming process whenever they need to determine whether a project or activity will impact waters subject to federal jurisdiction,” the U.S. Chamber of Commerce said.

Lengthy challenge will finally get a ruling

EPA said the Sackett property contained a wetland, and that the couple needed to obtain a CWA permit or face heavy fines. Their land contains no body of water, and the law authorizes EPA to regulate only “navigable waters” in interstate commerce. EPA still ordered construction work halted.

EPA argues the Sacketts’ lot was connected to a wetland though separated by a 30-foot paved road, and that wetland was connected to a man-made ditch connected to a non-navigable creek that was connected to Priest Lake, which was navigable. The Sacketts, represented by the conservative Pacific Legal Foundation, want the justices to significantly narrow the definition of WOTUS.

When will SCOTUS ruling come?

The mean time from oral argument to decision is 83.6 days (the median is 75), with a standard deviation of 46.2. This holds for 99% of the cases. Only reargued cases are held over. So there is no set timing rule, but SCOTUS generally releases the majority of its decisions in mid-June, just before the end of the term.

Outlook for WOTUS ruling

The Oct. 3 session saw the court not signaling a clear outcome during its questioning. The current court has a history of looking skeptically at the federal government’s claim of regulatory authority over the environment when its powers are not clearly defined by law. The three most conservative justices seemed to want to pare back the government’s environmental authority, while the court’s three more liberal members appeared to favor an expansive view. Some of the other justices sent mixed signals.

Damien Schiff, a senior attorney at the Pacific Legal Foundation, noted that Chief Justice John Roberts signed late Justice Antonin Scalia’s opinion in *Rapanos vs EPA*, while Justice Neil Gorsuch signaled he is “skeptical of broad EPA interpretations of statutes.”

Jon Devine, who leads the Natural Resources Defense Council’s federal water policy team, said the adoption of Scalia’s narrow test could remove CWA protections for roughly 19% of streams and 51% of wetlands in the country. “That would be catastrophic,” he said, “for the water quality purposes of the act.”

What an ag industry lawyer told Pro Farmer

The lawyer said, “The Supreme Court will rule against EPA and for the plaintiffs. The case reminds me of *Rapanos*. In that case, with similar facts, Scalia, [Clarence] Thomas, [Samuel] Alito, and [John] Roberts ruled that such an attenuated connection to a navigable interstate water was insufficient to be covered by the Clean Water Act. It was due to [former Justice Anthony] Kennedy’s concurring opinion that we got the confused mess. He wrote about EPA being able to demonstrate a significant nexus between some remote water and a water clearly within the reach of the CWA. Hence the Obama and Biden administrations have sought to implement regulations that meet that test — a test by the way that most appellate courts adopted because there was no clear announcement from the high court. I believe six of the current justices will provide clarity and stick to what the law allows: Navigable and interstate waters and immediately adjacent wetlands.”

Some news reports suggest EPA will win. But the ag sector lawyer told us, “That would mean that Roberts would have done an about face from *Rapanos* and persuaded one other to join him. We shall see.”

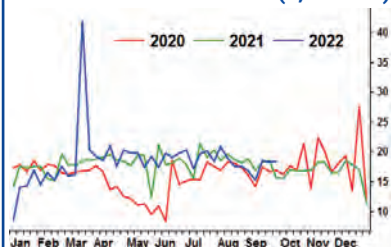
CATTLE - Fundamental Analysis

As discussed in "General Outlook" and "From the Bullpen" on *Analysis* page 4, concern has recently grown about the vulnerability of the cattle/beef sector to reduced U.S. exports and surging imports as the dollar rallies against most currencies. The chart below shows weekly U.S. beef exports have proven quite comparable to the totals of the past two years. And while imports have likely risen, that beef likely isn't competitive with grain-fed U.S. cuts. We still view the recent slaughter surge as being demand-driven, which keeps us optimistic about cattle price prospects during the months ahead.

Position Monitor

Game Plan:	Feds Feeders		
Continue to	IV'22	0%	0%
carry risk in	I'23	0%	0%
the cash mar-	II'23	0%	0%
ket. The cash market should remain on an upward trajectory as market-ready supplies tighten.	III'23	0%	0%

WEEKLY BEEF EXPORTS (1,000 MT)



DAILY DECEMBER LIVE CATTLE

Initial resistance at the June 21 high of \$148.825 is backed by the 40-day moving average (green line) near \$149.62.



HOGS - Fundamental Analysis

Concerns about reduced U.S. pork exports were well-justified earlier this year, but the chart below shows shipments surged since mid-August. We suspect the strength sustained by the Mexican peso is playing a big role in the recent surge, especially given that country's strong preference for U.S. hams. The sharp October futures' rebound the second half of last week despite sustained cash weakness suggests traders view the recent rebound in pork cutout as indicative of renewed cash strength. We still expect reduced supplies and improved demand to support the hog/pork complex.

Position Monitor

Game Plan:	Lean Hogs		
Traders continue to	IV'22	0%	0%
have an overly	I'23	0%	0%
pessimistic stance	II'23	0%	0%
in futures. We would only be interested in hedges on an overdone corrective price rally.	III'23	0%	0%

WEEKLY PORK EXPORTS (1,000 MT)



DAILY DECEMBER LEAN HOGS

The July 5 low of \$80.825 marks initial resistance, with backing from the June 23 low of \$83.125.



FEED

Feed Monitor

Corn

IV'22	0%
I'23	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 \$6.50 level in December futures.

Meal

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

Meal Game Plan: On Oct. 5, we advised covering remaining October soymeal needs in the cash market. You should have all soymeal needs covered in cash through mid-November.

DAILY DECEMBER SOYBEAN MEAL

Resistance stems from the May 18 low of \$396.10. Psychological resistance persists at \$400.00 (not marked).



Position Monitor

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

Game Plan: Get caught up with advised sales if you aren't current. The shrinking crop and pipeline ending stocks for 2022-23 paint a positive outlook. We would likely increase new-crop cash sales and/or establish new-crop hedges if December futures rally above the \$7.00 level. Despite our bullish bias, rallies should still be used as selling opportunities, as you can't get more bullish as prices rise.

DAILY DECEMBER CORN



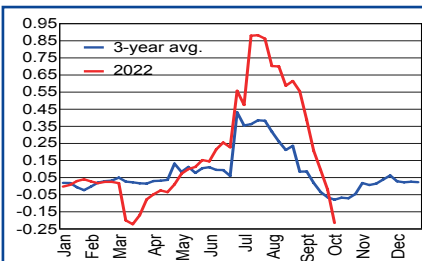
DAILY MARCH CORN



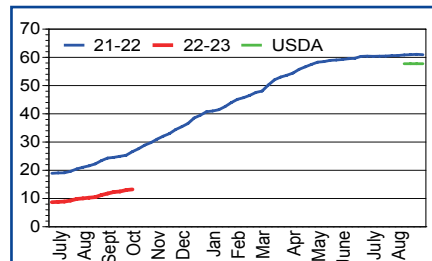
CORN - Fundamental Analysis

Bullish quarterly stocks provided short-lived price strength as December corn struggled to find fresh buyers. Harvest progress slightly lagged expectations but a generally favorable Midwest weather outlook the next few weeks suggests farmers are poised for a big surge. The likelihood of expanding harvest pressure, combined with other bearish factors including weak exports, a strong dollar and slumping ethanol demand, could result in sideways/lower price action ahead of USDA's Oct. 12 Crop Production Report. Outside markets and money flow remain risks, but there are precedents for December futures that posted a September gain (as happened this year) to continue higher in October.

AVERAGE CORN BASIS (DECEMBER)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

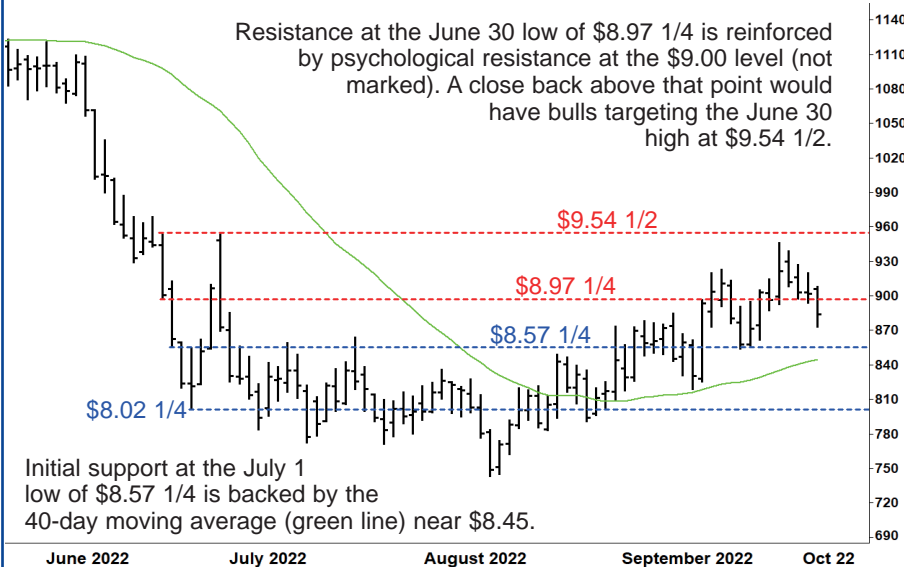
	'22 crop	'23 crop
Cash-only:	85%	30%
Hedgers (cash sales):	85%	30%
Futures/Options	15%	0%

Game Plan: Be prepared to exit the 2022-crop hedges in December SRW futures on a sharp price drop. Otherwise, we'll exit the hedges when we make additional 2022- and 2023-crop cash sales.

WHEAT - Fundamental Analysis

SRW — December SRW's limp performance despite USDA's bullish crop adjustment was a blow to bulls, underscoring the market's limited upside potential amid sluggish exports. But long-term supply questions linger with an agreement allowing Ukrainian exports expiring next month.

DAILY DECEMBER SRW WHEAT

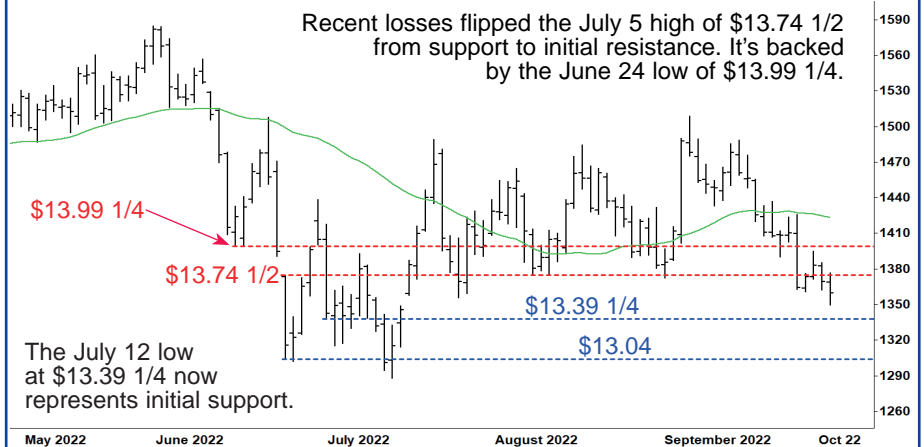


Position Monitor

	'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, 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 supplies are projected to be ample through the 2022-23 marketing year.

DAILY NOVEMBER SOYBEANS



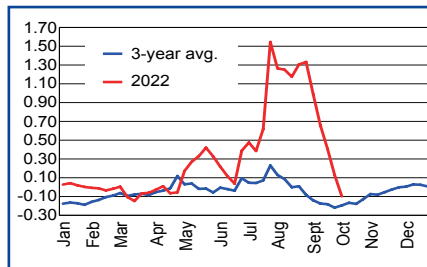
DAILY JANUARY SOYBEANS



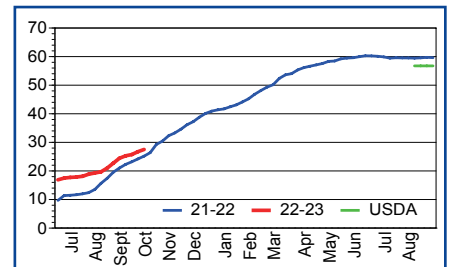
SOYBEANS - Fundamental Analysis

A solid start to U.S. 2022-23 exports (commitments so far this year are running more than 9% ahead of year-ago to date) has been little help to bulls as November soybeans scored a fifth down week in the past six. Traders fear an export slowdown amid Mississippi River logistics issues during the main shipping period. Accelerating harvest and slumping soymeal may exert further downward pressure ahead of USDA's Oct. 12 Crop Production Report. Beyond that, the prospect of a huge South American crop looms as another bearish factor. But last week's crude oil rebound was a reminder that outside markets still represent considerable risks and uncertainties.

AVERAGE SOYBEAN BASIS (NOVEMBER)



SOYBEAN EXPORT BOOKINGS (MMT)



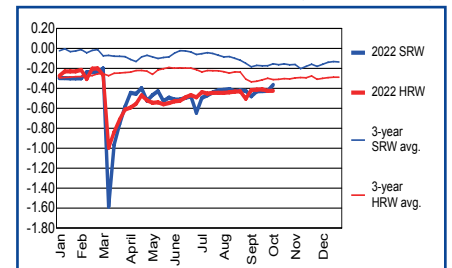
DAILY DECEMBER HRW WHEAT



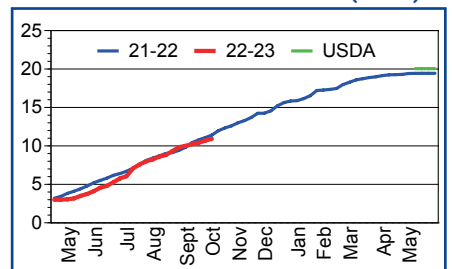
DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (DECEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — December HRW futures held up slightly better than the SRW market last week as winter wheat planting and emergence lagged and the Plains remained persistently dry. Forecast rains may provide temporary relief to some areas, but more is needed to establish the crop. A widespread frost/freeze is expected by the middle of October.

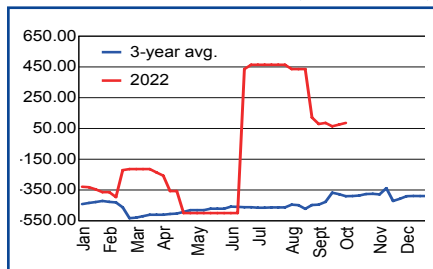
HRS — July 2023 HRS futures jumped from a 3.5¢ discount to the December contract to a nearly 10¢ premium during the past week, reflecting a tighter supply outlook after USDA cut its 2022 U.S. spring wheat crop estimate 3.6%. But the HRS market will need help from SRW and HRW to sustain any substantial rallies.

Position Monitor

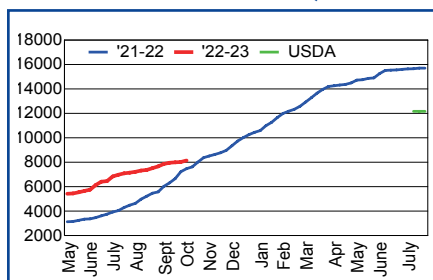
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: On Oct. 4, we advised claiming profits on the 2022-crop hedges. Wait on a corrective rebound for additional sales.

AVERAGE COTTON BASIS (DECEMBER)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

Hurricane Ian apparently did little damage to Georgia's cotton crop, as USDA's "good" to "excellent" rating for the state rose three points to 64% in the wake of the storm. But the market continues focusing on weak demand prospects amidst a global recession.

GENERAL OUTLOOK

Currencies : The U.S. dollar index pulled back to a two-week low but quickly rebounded and remains in a strong uptrend. The index has been climbing since May 2021, illustrating the greenback's solid standing among global investors during tumultuous times. Europe's problems are likely magnifying the dollar surge.

There's little reason to think that trend will change. Price trends in cur-

rency markets tend to be stronger and last longer than in other markets. Thus, the strong appreciation of the U.S. dollar the past 18 months may continue for some time.

While a strong dollar is good for the overall health of the U.S. economy, it makes American ag products more expensive on world markets. That hurts U.S. exports and spurs competing imports, amplifying pressure on the ag sector.

MONTHLY U.S. DOLLAR INDEX



FROM THE BULLPEN By Market Consultant Dan Vaught

As discussed above, the U.S. dollar index has surged over 15% this year. But that euro-centric indicator hardly captures the greenback's action versus those of our main meat trading partners. The Steiner Group made some important points on this topic in its *Daily Livestock Report*.

Japan (23.3% of U.S. beef exports), South Korea (22.9%) and China (17.9%) were the biggest buyers of U.S. beef in 2021, with their currencies having lost 25%, 20% and 12%, respectively, to the dollar this year. Thus, the dollar rally could depress U.S. beef exports. Monthly numbers indicate that wasn't the case through summer. The sustained 2022 strength arises from the extreme highs reached by U.S. beef prices last summer. For example, the

August 2021 peak was about \$80 higher than the highs posted during March-September this year. Still, dollar strength may hurt beef sales this fall.

Mexico has become the predominant buyer of U.S. pork, accounting for 36.5% of U.S. pork exports in 2021. That share exceeded total shipments to Japan (18.3%), South Korea (9.0%) and China (8.6%) combined. The Mexican peso has gained about 2% versus the greenback this year, meaning the currency differential may be encouraging exports to that country. Moreover, Mexico's strong preference for U.S. hams suggests that market will be well supported through the holiday season, which in turn suggests underlying support for the hog market.

WATCH LIST

1	Columbus Day Holiday Gov't closed, markets open.	MON 10/10
2	USDA Crop Progress Report Harvest should accelerate.	TUE 10/11 3:00 p.m. CT
3	USDA Crop Prod., S&D Rpts. Focus will be on corn, bean crops.	WED 10/12 11:00 a.m. CT
4	USDA Export Sales Report Shipping woes may hurt sales.	THUR 10/13 7:30 a.m. CT
5	U.S. Inflation Data <i>Did prices ease in September?</i>	TRUR 10/13 7:30 a.m. CT

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