



### News this week...

- 2 – Mostly favorable finishing weather for Corn Belt.
- 3 – Senate may be the delay on getting a farm bill this year.
- 4 – Corn, soybean crops improve but still below average.

**Wheat leads markets higher** – *Wheat futures surged after Russia's exit from the Black Sea grain deal reignited global supply concerns. Weather supported the corn, soybean and spring wheat markets amid forecasts for extreme heat and limited rainfall across the Northern Plains and Corn Belt into early August. With weather and geopolitics driving markets, price action is likely to remain volatile. While there are no certainties in markets, past history of summer weather rallies can help you make marketing decisions during volatile price periods (see "From the Bullpen" on [Analysis](#) page 4). Live cattle futures posted contract highs, with front-month futures scoring an all-time high on the continuation chart. Lean hog futures extended their seasonal price climb amid strengthening cash and pork product markets.*

## Extreme heat moves into Corn Belt

The high pressure ridge that brought extreme heat to western and southern areas of the U.S. late last week is expected to move over the Plains. That will produce temps in the mid- to upper-90s across the Northern Plains and Corn Belt, with some areas likely to hit triple digits. Rains will also be restricted across the Northern Plains and northern half of the Corn Belt this week, increasing crop stress. Moderating temps and increased rainfall chances are expected during the following week as the high pressure ridge slides to the west.

## NOPA crush shy of expectations

Members of the National Oilseed Processors Association (NOPA) crushed 165.0 million bu. of soybeans during June, which was down 7.2% from May and the lowest level since September 2022. NOPA data implies a full June crush of about 176 million bushels. At that level, crush through the first 10 months of 2022-23 would total 1.859 billion bu., up 0.7% from the same period last year. To reach USDA's forecast of 2.220 billion bu., crush must run 0.3% ahead of the final two months last year, which is achievable.

## India bans most rice exports

Effective July 20, India banned exports of non-basmati white rice to control domestic inflation ahead of elections. India has also banned exports of wheat and sugar. India accounts for more than 40% of world rice exports, so it could push up global prices. India could also import wheat.

## Hurdles for SRE, year-round E15 trade

A bill led by Sens. Deb Fischer (R-Neb.) and Shelley Moore Capito (R-W.Va.), the top Republican on the Senate Environment and Public Works Committee, would permit year-round nationwide sales of E15 in return for considerations of small refinery exemptions (SREs) from Renewable Fuel Standard blending obligations. Without the support of Senate Environment and Public Works Committee Chair Tom Carper (D-Del.), the bill faces a major hurdle. Carper said his priority is to shield small refineries and their workers.

## Russia ends grain deal, attacks ports

As expected, Russia officially withdrew from the Black Sea grain deal on July 17 and immediately started daily air strikes on grain storage and export loading infrastructure at Ukraine's southern port cities. Russian President Vladimir Putin said his country would immediately rejoin the deal if the Russian Agricultural Bank is readmitted to the SWIFT international payment system, the ammonia pipeline into Ukraine is repaired, accounts of Russian fertilizer companies are unblocked and other demands are met.

### *Russia may have more to lose than Ukraine*

Both Russia and Ukraine declared any ships entering the other's Black Sea ports will be considered to be carrying military weapons, effectively halting shipments. Cargo insurance companies have stopped providing coverage on Black Sea shipments. Romania's Constanta port, Ukraine's main alternative route for grain, has capacity to handle extra cargoes until mid-August. Ukraine also has viable land routes to export its grain. Russia doesn't have capacity via the Baltic Sea and limited land routes to handle the record grain exports it plans for 2023-24, but Putin reportedly has a plan where Qatar would cover costs for Russia to send its grain to Turkey for shipment.

## U.S., China & Russia could meet

The U.S. invited Chinese Ag Minister Tang Renjian to the 2023 Asia-Pacific Economic Cooperation (APEC) food security meeting with USDA Secretary Tom Vilsack in Seattle on Aug. 3. Russia, a member of APEC, is also invited. China, as Russia's ally and the leading recipient of grain from Ukraine, could potentially influence Russia to re-enter the Black Sea grain deal.

## China's Q2 pork output surges

China's second-quarter pork output rose 4.6% from last year to 14.4 million metric tons (MMT), the highest in at least a decade for the period. Through the first half of this year, pork production jumped 3.2% as farmers culled herds amid poor margins. China still imported 940,000 metric tons of pork through June, up 16.5% from the same period last year.

## Spring wheat improves but still subpar

As of July 16, USDA rated 51% of the U.S. spring wheat crop as “good” to “excellent,” up four points from the previous week. The portion of crop rated “poor” to “very poor” declined two points to 14%. The North Dakota crop was rated 51% “good” to “excellent” and 15% “poor” to “very poor.”

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the spring wheat crop jumped 10.9 points to 339.2, though that was still 37.8 points (10.0%) below last year at this time. Top producer North Dakota improved 10.1 points, while modest changes in the other five states were virtually offsetting.

## Drought slashes Canadian crops

A four-day crop tour across the Canadian Prairies by MarketsFarm revealed some severe crop stress from drought. The firm expects wheat and canola yields to be down substantially from last year and the five-year averages but not as poor as two years ago. MarketsFarm says the poorest crops are in southern and central areas of Saskatchewan and Alberta, where drought is the most extensive. Crops in Manitoba and eastern Saskatchewan are in good shape.

MarketsFarm estimates the Canadian all-wheat crop at 30.4 million metric tons (MMT), down 3.5 MMT (10.2%) from last year. That includes spring wheat production of 22.9 MMT, which would be down 2.8 MMT (10.8%). USDA projects the Canadian wheat crop at 35 MMT.

The firm estimates Canada’s canola production at 16.5 MMT, down 1.6 MMT (9.0%) from last year.

## China’s wheat output slips

China’s wheat production fell 0.9% from last year to 134.53 million metric tons (MMT), according to official data. Wheat acreage increased 0.4% but yields fell 1.3%, as heavy rains hit key growing regions ahead of harvest. The late-season rains also impacted crop quality.

## High quality Russian wheat crop

The quality of Russia’s wheat crop is high, though not as strong as last year, according to an official at the government-linked Grain Quality Assessment Center. Consultancy IKAR noted there was a decrease in protein levels from last year, caused by fusarium in southern regions of the country.

While crop quality is strong thus far, harvest progress is running at its slowest pace since 2016 amid late-season rains in some areas of the country. If rains become excessive, it could reduce crop quality.

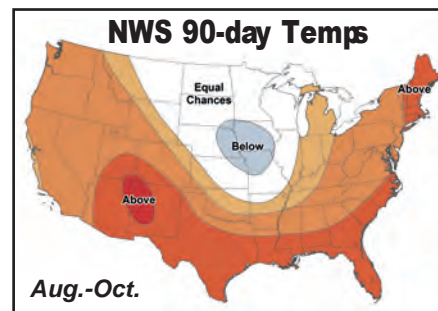
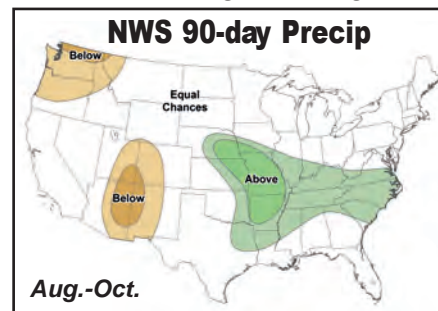


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## Mostly favorable finishing weather

The extended weather forecast from the National Weather Service calls for increased chances of above-normal precip from the eastern halves of Nebraska and Kansas across the south-central and southeastern Corn Belt, Mid-South and Delta for August through October. Other areas of the



Corn Belt and Plains are expected to see “equal chances” for normal, below-normal and above-normal precip during the period. The 90-day outlook shows elevated chances for below-normal temps in a bubble covering much of Iowa, eastern Nebraska and the northern half of Missouri. There are

“equal chances” for temps for the rest of the central and northern areas of the Corn Belt and Plains. Above-normal temps are likely across the far eastern Corn Belt, Mid-South, Delta and Southern Plains during the period.

## Corn, soybean drought footprint shrinks but still wide

As of July 18, USDA estimated drought (D1 or higher) covered 55% of corn production areas (down nine points from the previous week) and 50% of soybeans (down seven points). Drought expanded in spring wheat areas, with 31% now covered (up six points). USDA estimated 17% of cotton areas were covered by drought (up two points).

The seasonal drought outlook calls for drought improvement or removal for most of the Corn Belt through October.

## IGC raises global corn crop forecast

The International Grains Council (IGC) raised its forecast for 2023-24 global corn production by 9 MMT to 1.22 billion metric tons (BMT) amid an improved U.S. outlook. IGC forecast U.S. corn production at 383.7 MMT, up 10 MMT from a previous outlook. It now expects global corn production will rise 64 MMT (5.5%) from last year.

IGC cut its world wheat crop outlook by 2 MMT to 784 MMT, which would be down 19 MMT (2.4%) from last year.

The global soybean crop was trimmed 2 MMT to 400 MMT, though that would still be up 32 MMT (8.7%) from 2022.

USDA projects 2023-24 global production at 1.22 BMT for corn, 797 MMT for wheat and 405 MMT for soybeans.

## Producer Crop Comments...

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

### **Washington Co. (southeast) Iowa:**

*"We've picked up some very timely rains since July 4. The corn looked really tough prior to that. I don't know how much yield the earlier dryness took off. Beans have really turned the corner for the better but we still have another month for them until we'll know much."*

### **Montgomery Co. (southwest) Iowa:**

*"We've had 2.8 inches of rain in six rains during July, with 0.95 inch being the biggest. We are spoon feeding this corn crop. I'm surprised by all of the pods on our soybeans already."*

### **Cass Co. (east-central) Nebraska:**

*"I'd say as of now we could do average corn, but if we got rain some could be good corn. Beans have potential to be really good. Long time until harvest yet."*

### **Franklin Co. (south-central) Nebraska:**

*"Top end of corn yield is gone from hail and brittle snap, but we are near full profile for moisture with irrigation systems shut off. Most dryland looks like a garden spot with the exception of very early planted acres."*

### **Kandiyohi Co. (central) Minnesota:**

*"Corn is tasseling. Soybeans are doing ok. We're getting a touch dry but still good for the moment."*

### **Northeast, north-central Kansas:**

*"Drove through almost the entire Kansas River valley. That is some of the best looking crops I've seen all year. Big, even stands and basically no 'bad' spots in fields."*

### **Jefferson Co. (east-central) Missouri:**

*"Drove from St Louis to north-central Iowa and the windshield view of the corn crop was much better than I expected. Not saying there are no issues but I was somewhat surprised."*

### **Minnehaha Co. (east-central) South Dakota:**

*"I drove from Sioux Falls to St. Louis and can honestly say I didn't see one bad spot of corn along the trip. 177 might be high, but wouldn't doubt a record crop."*

### **Union Co. (southeast) South Dakota:**

*"We have been blessed with beautiful rains the last two weeks, but walking out past the end rows reveals the extreme variability of this crop. Corn is tasseling that's four feet tall next to seven-foot tall corn that isn't. The rains may have come too late."*

### **Yuma Co. (northeast) Colorado:**

*"Corn lost about 25% of the stand and was 80% defoliated at v11 by hail on June 29. The smart financial decision is probably to cut our losses and move on... the farmer in me wants to see the crop to the end. I've seen corn overperform under these situations more than not. If I can get it into the combine I'm sure it's the right decision."*

### **Williamson Co. (central) Texas:**

*"We're got the best corn crop I've ever seen and the highest yielding in my dad's 42-year farming career. We're about halfway through with the best yet to come!"*

## Senate may delay new farm bill

House Ag Committee Chair Glenn "GT" Thompson (R-Pa.) said he plans a mid-September markup of a draft farm bill once text is ready after the August recess. The top four members of the House and Senate Ag committees urged the Congressional Budget Office (CBO) to ramp up staffing to address a backlog of scores for proposed changes to programs in the upcoming farm bill. Thompson also said the timeline could be met in getting the bill done by the end of September if the Senate would follow the House schedule, which he doesn't seem confident in happening.

Thompson acknowledged Congress would likely need to extend the existing farm bill due to delays caused by unrelated legislation. This marked his first explicit admittance that legislators will miss the imminent deadline, as some of the authorizations from the 2018 Farm Bill are set to expire by the end of September. As his previous comments signaled, his prediction seems to stem from assessing the Senate's progress being further behind in drafting its version of the farm bill than the House.

### **Most ag economists think new farm bill unlikely in 2023**

The latest *Ag Economists' Monthly Monitor* signals most agricultural economists predict a new farm bill will not be drawn up before the Sept. 30 deadline. Some of these experts, however, hold out hope that a new bill could be on the table by the end of the year.

## EPA denies another 26 SREs

EPA denied 26 small refinery exemptions (SREs) from 15 refiners for blending obligations under the Renewable Fuel Standard (RFS). These applications were related to quota alleviation for the compliance years of 2016-2018 and 2021-2023. In a departure from previous rulings, EPA commenced disclosing the names of refiners that submitted SRE requests from July 1, 2022, onward. The small refiners intend to sue EPA over its refusal to grant their SRE requests.

## Massachusetts Question 3 delayed

The enforcement of a Massachusetts state law (Question 3) necessitating suitable living conditions for livestock has been delayed until Aug. 23. Parties involved, including state officials, the restaurant and the pork industry, require more time to assess outstanding issues following the Supreme Court's upholding of Proposition 12. The National Pork Producers Council said the extension allows for continued discussions on implementation of Question 3 "to ensure a smooth transition, including the transshipment and exports of pork through Massachusetts, so pork can continue to reach other New England states as well as provide guidance to the industry and supply chain."

# Corn, bean crops improving but still below average

By Editor Brian Grete

USDA rated 57% of the corn crop as “good” to “excellent” as of July 16, up two points from the previous week and seven points above the low for the growing season. The “poor” to “very poor” rating declined one point to 13%, two points less than the high so far this year.

USDA rated 55% of the soybean crop as “good” to “excellent,” up four points from last week and five points above the low for the growing season. The amount of soybeans rated “poor” to “very poor” improved two points to 13%, two points less than the high this year.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop improved 5.3 points to 349.9, though that was still 13.4 points (3.7%) below year-ago. The soybean CCI rating rose 7.6 points to 339.3, still 14.2 points (4.0%) below last year.

## Ratings still well below average

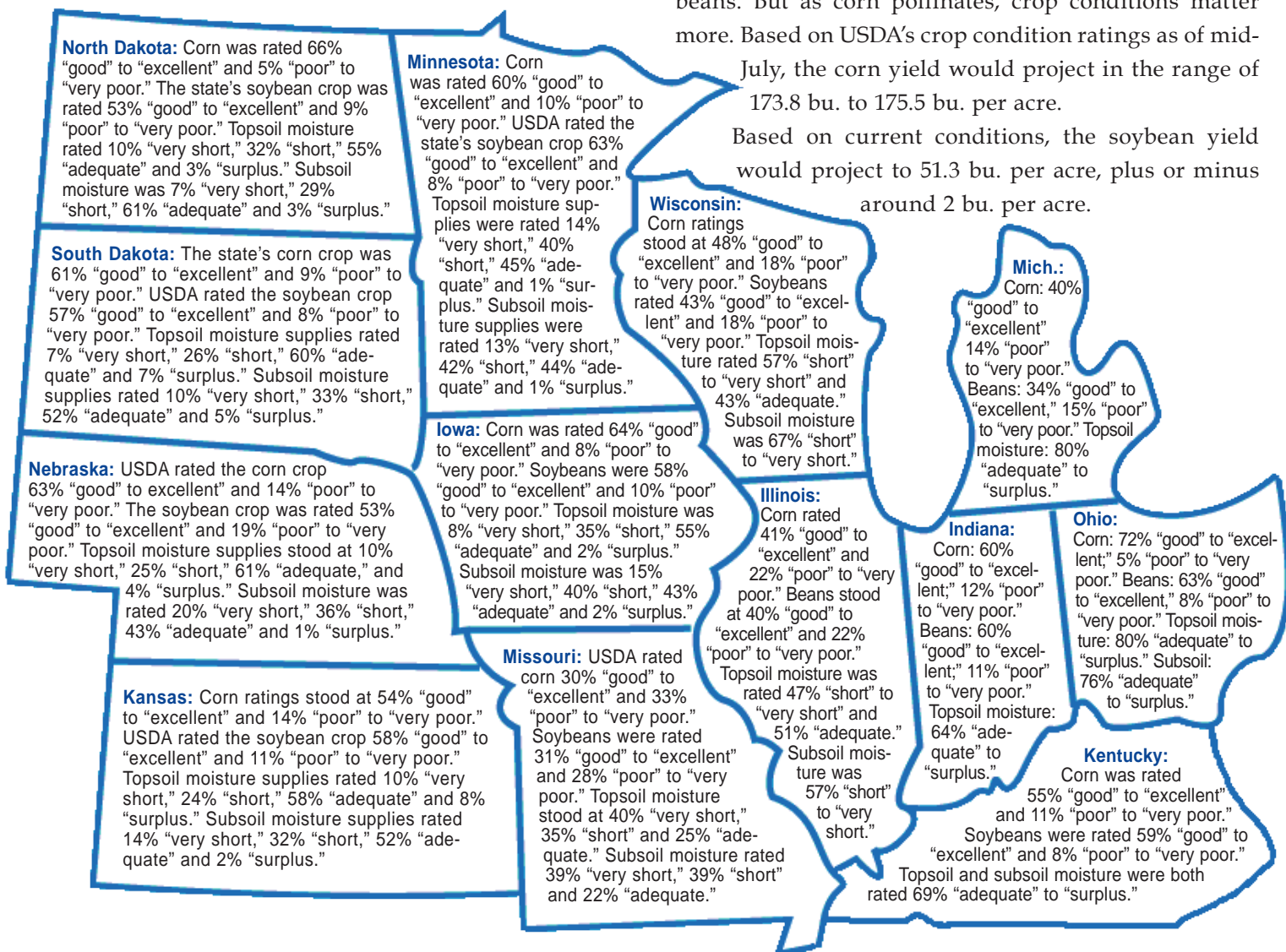
The five-year average “good” to “excellent” rating for mid-July is 66% for corn and 63% for soybeans. The five-year average for “poor” to “very poor” ratings for both corn and soybeans is 10%. Both crops are rated well below average for mid-July.

The CCI rating was 18.8 points (5.1%) below the five-year average for corn and 17.3 points (4.9%) below for soybeans. This year’s CCI rating was the lowest for corn over the past five years and just fractionally better than 2019 for soybeans.

## What mid-July crop ratings mean for final corn yield

There isn’t a strong direct correlation between mid-July crop conditions and final yields, especially for soybeans. But as corn pollinates, crop conditions matter more. Based on USDA’s crop condition ratings as of mid-July, the corn yield would project in the range of 173.8 bu. to 175.5 bu. per acre.

Based on current conditions, the soybean yield would project to 51.3 bu. per acre, plus or minus around 2 bu. per acre.



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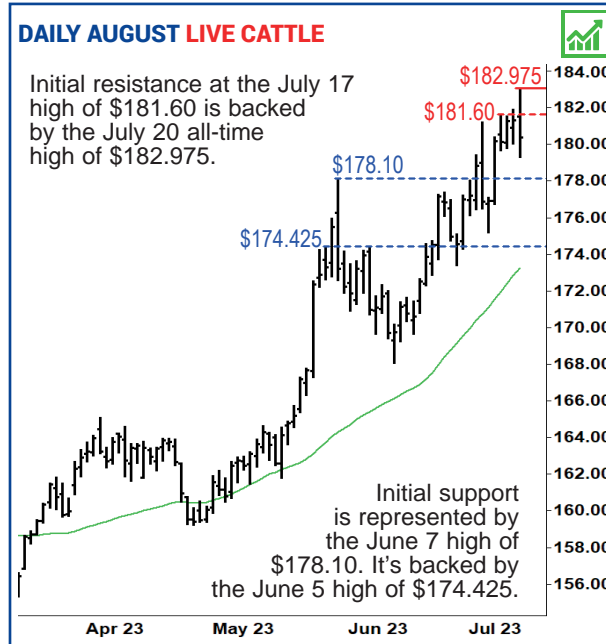
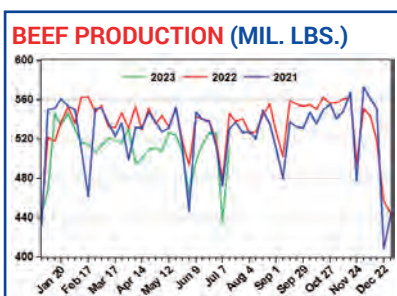
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**CATTLE - Fundamental Analysis**

The beef production chart illustrates the big reductions seen through the first half of this year, with the preliminary reading for the full week after July 4 falling 6.2% and 3.5% below comparable 2022 and 2021 levels, respectively. The reduced supply is clearly a big driver of current price strength. But, as noted previously, strong demand partially powered by reduced retail prices is playing a significant role as well. We still suspect August will bring an echo of the huge 2021 wholesale rally, which started this week two years ago. Don't be surprised if cash and futures prices for fed cattle post new records.

| Position Monitor |        |      |         |
|------------------|--------|------|---------|
| Game Plan:       |        | Feds | Feeders |
| Hedges in        | III'23 | 0%   | 0%      |
| futures are      | IV'23  | 0%   | 0%      |
| risky given      | I'24   | 0%   | 0%      |
|                  | II'24  | 0%   | 0%      |

their discounts to cash. If you want downside coverage, purchase put options for hedges.

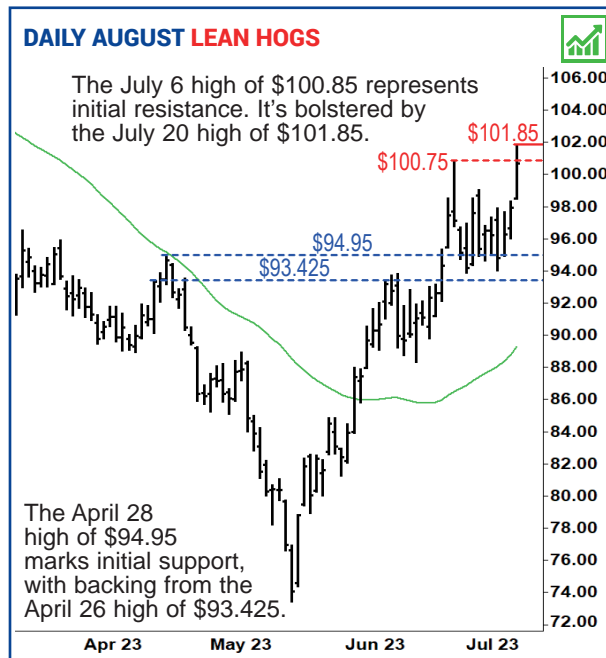
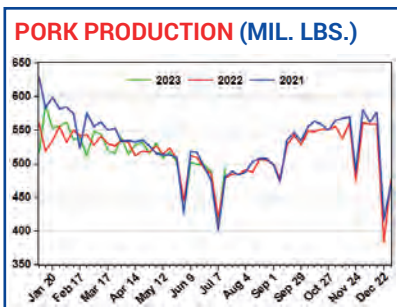


**HOGS - Fundamental Analysis**

Hog slaughter easily topped year-ago levels in three of the past four weeks, raising doubts about implied USDA projections for generally unchanged second-half slaughter rates versus last year. Sizeable reductions in hog weights during the first half of the year kept a lid on production, whereas elevated retail prices reduced consumption. That changed in June, particularly with bacon prices falling well below 2022 levels. We still think pent-up pork demand is now powering gains, with BLT season amplifying the consumer response. The early-August onset of seasonally increasing hog supplies could end the rally.

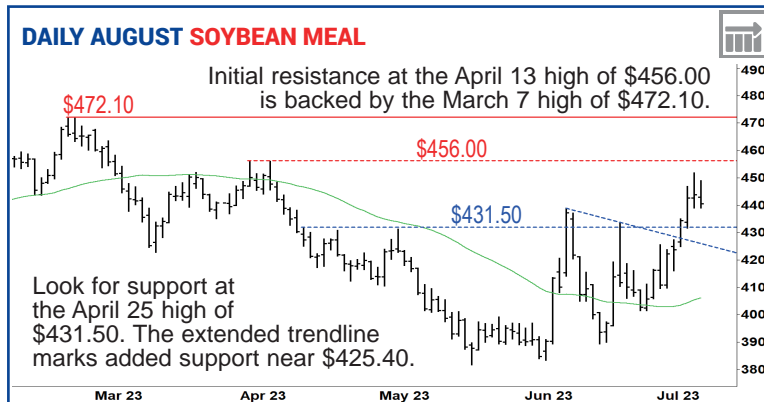
| Position Monitor                   |        |           |    |
|------------------------------------|--------|-----------|----|
| Game Plan:                         |        | Lean Hogs |    |
| Carry all risk in the              | III'23 | 0%        | 0% |
| strengthening                      | IV'23  | 0%        | 0% |
| cash market. The                   | I'24   | 0%        | 0% |
| seasonal rally in cash and futures | II'24  | 0%        | 0% |

has extended longer than normal, so watch for topping action.



**FEED**

| Feed Monitor |     |   |  |
|--------------|-----|---|--|
| <b>Corn</b>  |     |   |  |
| III'23       | 50% | <b>Corn Game Plan:</b> On July 19, we advised extending corn-for-feed coverage another two weeks in the cash market through mid-August. Wait on a sustained pull-back to extend coverage. |  |
| IV'23        | 0%  |   |  |
| I'24         | 0%  |   |  |
| II'24        | 0%  |   |  |
| <b>Meal</b>  |     |   |  |
| III'23       | 50% | <b>Meal Game Plan:</b> You should have all soybean meal needs covered in the cash market through mid-August. Wait on a price pull-back to extend coverage.                                |  |
| IV'22        | 0%  |   |  |
| I'24         | 0%  |   |  |
| II'24        | 0%  |   |  |



### Position Monitor

|                       | '22 crop | '23 crop |
|-----------------------|----------|----------|
| Cash-only:            | 85%      | 35%      |
| Hedgers (cash sales): | 85%      | 50%      |
| Futures/Options       | 0%       | 25%      |

**Game Plan:** Use the strong price rebound to get current with advised old- and new-crop sales. The December \$7.00 short-dated calls we purchased on 25% of 2023-crop expired worthless on July 21. Weather/crop and geopolitical concerns have proven to be explosive but can also reverse quickly. You must be prepared to use the extended price rally to advance old- and new-crop sales.

### DAILY DECEMBER CORN

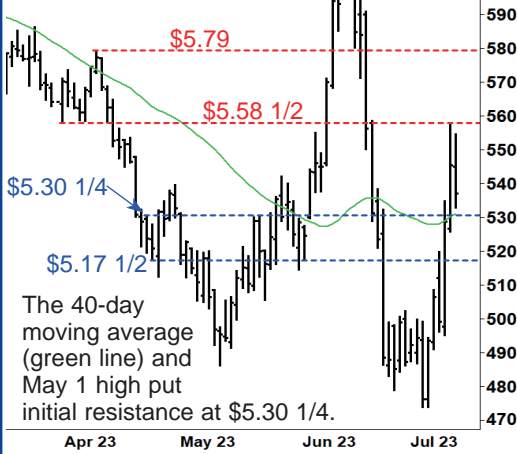
Last week's price action confirmed initial resistance at the March 15 high of \$5.63 1/4. Look for stiffer resistance at the March 29 high of \$5.76 1/4.



Initial support at the May 5 high of \$5.37 is redoubled by the 40-day moving average (green line) at \$5.36 3/4.

### DAILY SEPTEMBER 2023 CORN

Resistance emerged at the April 10 low of \$5.58 1/2 last week. It's backed by the April 18 high of \$5.79.

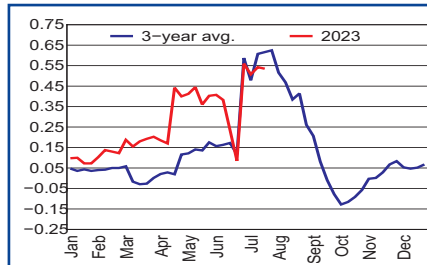


The 40-day moving average (green line) and May 1 high put initial resistance at \$5.30 1/4.

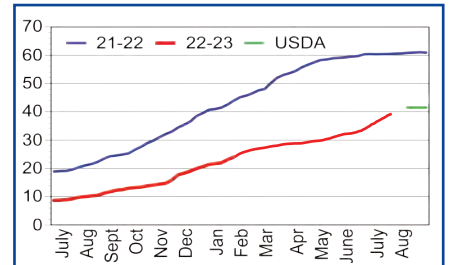
### CORN - Fundamental Analysis

Sparring statements from Russia and Ukraine that grain ships on the Black Sea were fair game for attacks amidst their war of attrition boosted the grain markets last week. While Ukrainian wheat usually grabs the headlines, it also exports a great deal of corn. The resulting rally stalled and reversed at midweek, likely due to weather considerations. Forecasts indicate hot, dry Corn Belt weather this week, which may hamper late pollination. But long-term forecasts suggest late-summer and early-fall weather will favor grain filling (see [News](#) page 2). "From the Bullpen" on [Analysis](#) page 4 offers historical perspective on the second summer corn rally.

#### AVERAGE CORN BASIS (SEPT.)



#### CORN EXPORT BOOKINGS (MMT)



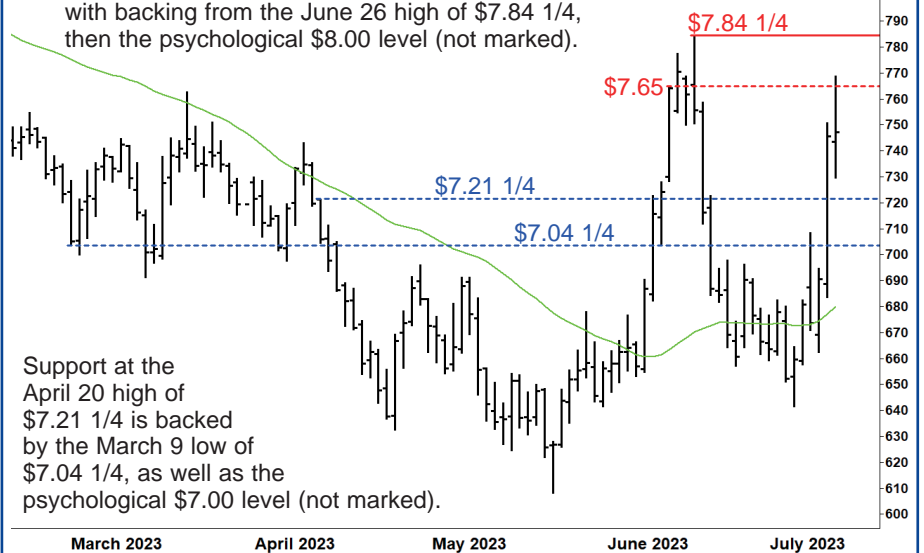
### Position Monitor

|                       | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only:            | 50%      | 0%       |
| Hedgers (cash sales): | 50%      | 0%       |
| Futures/Options       | 0%       | 0%       |

**Game Plan:** Wheat surged amid geopolitical concerns. If those ease, the upside is capped and the market is likely to retreat. Be prepared to use an extended price rally to increase 2023-crop sales.

### DAILY DECEMBER SRW WHEAT

Initial resistance stands at the June 21 high of \$7.65, with backing from the June 26 high of \$7.84 1/4, then the psychological \$8.00 level (not marked).



Support at the April 20 high of \$7.21 1/4 is backed by the March 9 low of \$7.04 1/4, as well as the psychological \$7.00 level (not marked).

### WHEAT - Fundamental Analysis

**SRW** – Russia's attacks on Ukrainian port cities gave teeth to its threats and sparked the strong rally. It's easy to view Russia's recent words and actions as a cynical ploy to drive prices higher. The wheat complex could be vulnerable to a drop when traders are satisfied with their returns.

### Position Monitor

|                       | '22 crop | '23 crop |
|-----------------------|----------|----------|
| Cash-only:            | 90%      | 40%      |
| Hedgers (cash sales): | 90%      | 45%      |
| Futures/Options       | 0%       | 0%       |

**Game Plan:** On July 18, we advised claiming remaining premium on the November \$14.00 short-dated calls ahead of their July 21 expiration. We also advised new-crop sales of 10% for hedgers and 15% for cash-only marketers to take advantage of the strong price rally. That same day, we advised all soybean producers to sell another 10% of old-crop inventories to trim gambling stocks.

### DAILY NOVEMBER SOYBEANS

Initial resistance is marked by the July 19 high of \$14.28 3/4. The long-term chart puts added resistance at the June and April 2022 highs of \$14.35 and \$14.48 1/4, respectively.



The March 9 high of \$13.77 3/4 is acting as initial support. It's backed by the April 18 high of \$13.25 1/2.

### DAILY AUGUST 2023 SOYBEANS

Psychological resistance at \$15.00 (not marked) is reinforced by the July 3 high of \$15.04 3/4.

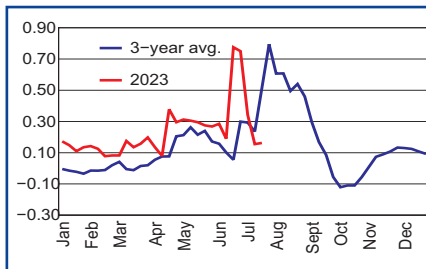


Support at the April 4 high of \$14.41 looks solid.

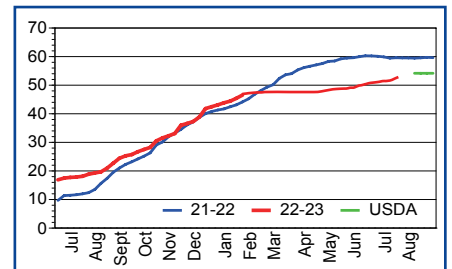
### SOYBEANS - Fundamental Analysis

The soybean rally triggered by USDA's June 30 sharp reduction to planted acres continued last week, although the soy complex likely benefited from spillover grain strength. The ongoing soybean rally, which saw nearby futures jump about 50% from their late-May low, has likely encouraged buying as well. The productivity of early-planted beans is a question mark, but the market is focused on weather forecasts for late summer and early fall, when size of the bean crop is largely determined. See "From the Bullpen" on *Analysis* page 4 for perspective on similarly extended soybean rallies in the past. Don't miss the chance to establish price protection at elevated levels.

#### AVERAGE SOYBEAN BASIS (AUG.)



#### SOYBEAN EXPORT BOOKINGS (MMT)



### DAILY DECEMBER HRW WHEAT

The March 29 high of \$8.75 1/2 marks initial resistance.



Initial support stems from the April 11 low of \$8.44.

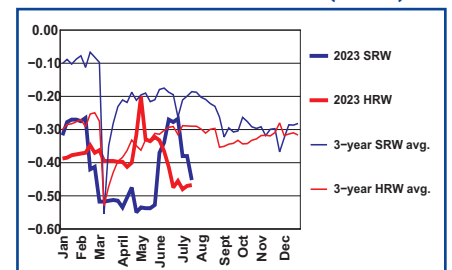
### DAILY SEPTEMBER HRS WHEAT

Resistance extends from the April 3 high of \$9.10 1/2.

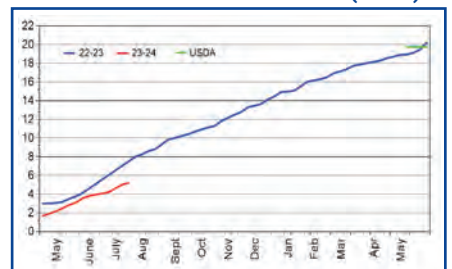


Look for support at the March 27 high of \$8.78 1/4.

#### AVERAGE WHEAT BASIS (SEPT.)



#### WHEAT EXPORT BOOKINGS (MMT)



**HRW** – The HRW harvest is still lagging, extending its vulnerability to weather damage. It will significantly boost domestic supplies of high-protein wheat, with the likely shortness of the HRS crop making it that much more valuable. But the logistical issues faced by U.S. wheat are keeping a lid on exports despite the recent U.S. dollar dive.

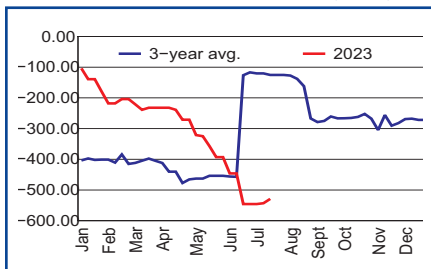
**HRS** – Domestic spring wheat conditions have improved, but private analysts have downgraded Canada's HRS crop and World Weather Inc. projects more heat and dryness for the Prairies. Drought is also baking wheat in China's Xinjiang province. Fresh gains seem entirely possible despite seasonal pressure from the winter wheat harvest.

### Position Monitor

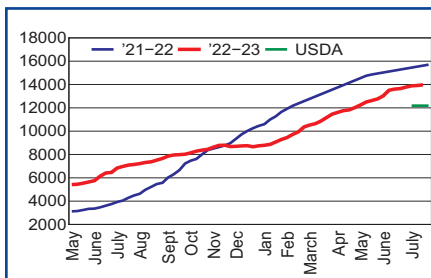
|                       | '22 crop | '23 crop |
|-----------------------|----------|----------|
| Cash-only:            | 100%     | 50%      |
| Hedgers (cash sales): | 100%     | 50%      |
| Futures/Options       | 0%       | 0%       |

**Game Plan:** You should be finished with 2022-crop sales. Be prepared to advance new-crop sales with December futures above 84.00¢.

### AVERAGE COTTON BASIS (OCT.)

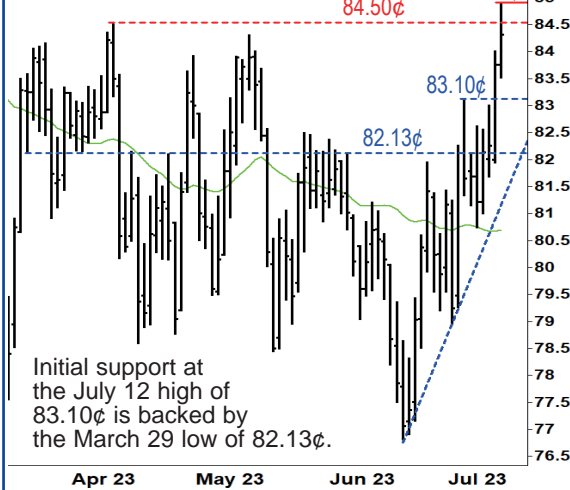


### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY DECEMBER COTTON

A close above initial resistance at 84.50¢ would face stiffer resistance at the July 20 high of 84.90¢.



Initial support at the July 12 high of 83.10¢ is backed by the March 29 low of 82.13¢.

## COTTON - Fundamental Analysis

Although recent numbers have indicated weak demand and increased domestic stocks, cotton futures have rallied. December futures broke out of the downtrend in place since January. Reduced acreage and Texas heat are seemingly powering the advance.

## GENERAL OUTLOOK

**CHINA:** As expected, China's central bank last week kept its main interest rates unchanged. In June, the People's Bank of China cut its key policy rate for first time in 10 months as the world's second-largest economy lost steam.

Amid China's "zero tolerance" on Covid, its consumer confidence plummeted in 2022. Consumers ostensibly told Beijing they had enough of the draconian policy. While Chinese consumer confi-

dence has rebounded, the historically low levels signal consumer spending won't end the economic slowdown.

Last week China also reported surprisingly weak second-quarter GDP growth and June retail sales posted the lowest annual rise since December.

China is the largest importer of raw commodities. Further weakness in its economy would likely become a drag on commodity markets.

### MONTHLY CHINA CONSUMER CONFIDENCE



## FROM THE BULLPEN By Economist Lane Akre

The first summer rally in corn futures has come and gone, but a secondary rally is well underway. Only 10 years have seen multiple summer corn rallies since 1980, though it has been more common in recent years, with 2023 being the fourth year in a row with more than one.

The average duration of the additional summer rallies is similar to the first at 31 calendar days. The average gain is slightly less at 16.1% versus 19.2%, on a closing basis. Based on those averages, December corn futures would reach \$5.61 at the Aug. 12 close. The contract already achieved the price objective intra-day, though it hasn't closed above that level.

While the duration of this rally could be shorter than the average, that would

not be unprecedented, as 2020 saw a rally lasting just five days when prices jumped 10.8% and 2021 saw a rally lasting six days while prices leapt 13.4%.

Soybeans have sharply extended their first summer rally to 48 days – well above the average duration. With late-July forecasts calling for heat and dryness, a test of the contract high at \$14.48 1/4 and a run to \$15.00 are possible. But barring extended heat and dryness, the first summer rally in soybeans could be nearing an end as any surge beyond 60 days was tied to extreme crop stress.

While there are no certainties in markets, past history of summer weather rallies can help make marketing decisions during volatile price periods.

## WATCH LIST

- 1 USDA Crop Progress Report** **MON 7/24**  
Will crop ratings continue to improve? 3:00 p.m. CT
- 2 USDA Food Price Outlook** **TUE 7/25**  
Food prices continue to drop. 8:00 a.m. CT
- 3 USDA Cold Storage Report** **TUE 7/25**  
Frozen meat stocks for June. 2:00 p.m. CT
- 4 FOMC Meeting Concludes** **WED 7/26**  
A 25-point hike to rates expected. 1:00 p.m. CT
- 5 USDA Export Sales Report** **THUR 7/27**  
Sluggish sales likely to continue. 7:30 a.m. CT

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