



### News this week...

- 2 – Crop conditions deteriorate amid heat blast.
- 3 – Global rice supply situation will tighten.
- 4 – In-depth look at farm bill issues and hurdles.

**Grains face heavy selling pressure** – Corn and soybean futures gapped lower to start last week as forecasts indicated improved weather for crop development into mid-August. Wheat followed corn and soybeans to the downside. While increased geopolitical tensions allowed markets to work off their lows to close the week, bears solidified the upper hand. Barring a shift in weather to hot and dry and/or a sharp escalation of Black Sea tensions, the upside is likely limited to bouts of corrective buying as seasonals favor bears (see “From the Bullpen” on [Analysis](#) page 4). Cattle futures worked slightly higher but traders maintained a sizeable discount to the cash market. Lean hog futures dropped, suggesting traders sense a seasonal top is in place. While the cash hog market stalled, it hasn’t rolled over yet.

## Wetter pattern forecast

Rain and seasonal temps are forecast for most U.S. crop areas into mid-August, including precipitation over dry northern areas of the Plains and Corn Belt. While the moisture will be beneficial for crop development, World Weather Inc. does not expect a “fix-all” from these rains. Cotton areas in Texas will remain hot and dry.

## Russia, Ukraine target grain terminals

Ukraine on Friday attacked Russia’s Black Sea port at Novorossiysk, which is a key grain and oil hub. That followed an attack by Russia on a Ukrainian grain port on the Danube River earlier last week. Exports continue to flow from both countries, but the increased attacks on grain infrastructure heighten global supply concerns. Russia says it would immediately rejoin the Black Sea grain deal if all its demands are met.

## First corn, bean crop estimates Aug. 11

USDA’s initial survey-based corn and soybean crop estimates will be based mostly on farmer surveys and satellite imagery. Corn and soybean crop condition ratings are both well below year-ago, strongly suggesting the initial yields will be under last year’s August estimates of 175.4 bu. for corn and 51.9 bu. per acre for soybeans. Our analysis of USDA’s crop ratings and our weighted Crop Condition Index (see [News](#) page 2) back to 1996 suggests an August yield of 174.5 bu. for corn and 51.3 bu. per acre for soybeans.

The first cotton crop estimate will include objective yield data from southern Texas. Any changes to the U.S. wheat crop estimates this month are typically minor, though current crop ratings would suggest a spring wheat yield near 42 bu. per acre, down from last month’s 45.2-bu. estimate.

## Global food prices inch up in July

The UN Food and Agriculture Organization global food price index rose 1.3% in July, though it was still 11.8% below last year. Compared to year-ago, prices declined 5.1% for meat, 20.6% for dairy, 14.5% for cereal grains and 23.1% for vegoils, while sugar prices jumped 29.7%.

## Thompson talks farm bill desires

House Ag Committee Chair Glenn “GT” Thompson (R-Pa.) intends to constructively address California’s Proposition 12 law in the new farm bill. He believes this is a matter that needs to be addressed by Congress, though he did not provide further details as to whether his farm bill proposal would draw from existing legislative suggestions or establish its own distinct terms. Thompson also wants a stronger crop insurance program and more money for export promotion but said higher reference prices would be “a heavier lift.” We have an in-depth look at farm bill issues and hurdles on [News](#) page 4.

### Base acre update: Mandatory unlikely, voluntary possible

GOP Senate Ag Committee analysis indicates a mandatory update to base acres would complicate the next farm bill – increasing safety-net payments for farmers in the Midwest and Plains; decreasing them for farmers in the South. The analysis says Congress should focus on measures that benefit all farms. But some type of voluntary base acres update is possible, at least for new and beginning farmers.

## Update on GMO corn dispute

The U.S. rejected Mexico’s proposal to jointly research the health effects of genetically modified (GM) corn. It appears the countries are moving closer to a formal trade dispute via the U.S.-Mexico-Canada Agreement over Mexico’s decision to stop importing GM corn for human consumption by 2024, with plans to eventually reduce GM corn imports for feed.

## Data signals rate hikes may be done

The U.S. economy added 187,000 non-farm payrolls in July and the unemployment rate dropped to 3.5%. Wage inflation rose 4.4% over the past year. Markets reduced odds of additional interest rate hikes by the Fed amid the cooling jobs market.

## Fitch downgrades U.S. credit rating

Rating agency Fitch downgraded the U.S. government’s credit rating to AA+ from AAA, despite no major changes in U.S. government policies or actions. The downgrade was tied to repeated haggling over raising the debt ceiling.

## Heat takes toll on corn, soybean crops

As of July 30, USDA's "good" to "excellent" ratings for the corn and soybean crops each dropped two percentage points to 55% and 52%, respectively. Both crops were rated 15% "poor" to "very poor," an increase of two points for corn and one point for soybeans.

The five poorest rated states for corn were Missouri (25% "good" to "excellent;" 44% "poor" to "very poor"), Michigan (44%; 9%), Minnesota (47%; 17%), Illinois (49%; 19%); and Kansas (50%; 18%). Those five states typically account for about 36% of U.S. corn production.

The five poorest rated states for soybeans were Missouri (28% "good" to "excellent;" 34% "poor" to "very poor"), Michigan (43%; 12%), North Dakota (44%; 16%), Illinois (46%; 20%); and Minnesota (48%; 13%). Those five states typically account for around 37% of U.S. soybean production.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 4.7 points to 344.3, which was 11.5 points (3.2%) below last year at this time. The soybean crop fell 2.5 points to 335.8, which was 18.1 points (5.1%) below year-ago.

## Spring wheat crops deteriorates

USDA rated 42% of the U.S. spring wheat crop as "good" to "excellent," down seven points from last week. The "poor" to "very poor" rating held at 16%. The North Dakota crop that accounts for around half of the U.S. spring wheat crop was rated 44% "good" to "excellent" and 18% "poor" to "very poor." But ratings were worse in South Dakota (28%; 30%), Montana (35%; 12%); and Washington (36%; 30%). Those three states account for another 27% of U.S. production.

The spring wheat CCI rating plunged 9.6 points to 326.8, which was 48.7 points (13.0%) below last year and the lowest rating of the growing season.

## Cotton crop posts sharp decline

USDA rated 41% of the cotton crop as "good" to "excellent," down five points from last week. The amount of crop rated "poor" to "very poor" jumped seven points to 31%. The Texas crop was rated 17% "good" to "excellent" and 50% in the bottom two categories.

This is the fourth worst rated Texas cotton crop for this time of year back to 1986, behind only 2006 (52% "poor" to "very poor") 1998 (54%) and 2011 (57%). Current Texas crop ratings would suggest a loss of 500,000 to 1 million acres from the July harvested acreage projection.

## Soy crush still ahead of needed pace

U.S. processors crushed 174.5 million bu. of soybeans during June. The crush pace dropped 14.8 million bu. (7.8%) from May and was just 500,000 bu. (0.3%) above June 2022.

Through the first 10 months of 2022-23, soybean crush totaled 1.858 billion bu., up 0.6% from the same period last year. To hit USDA's forecast of 2.220 billion bu., crush needs to run 1.7% above last year the final two months of 2022-23. Our crush forecast for 2022-23 is 2.225 billion bushels.

## Soyoil use for biodiesel tops 1 billion lbs. for first time

According to the U.S. Energy Information Administration, a record 1.141 billion lbs. of soyoil was used for biodiesel production in May, up 214 million lbs. (23.1%) from April. May soyoil use included 663 million lbs. by biodiesel plants and 478 million lbs. by renewable diesel facilities.

## Corn ethanol use continues to lag

Corn-for-ethanol use totaled 441.5 million bu. in June. Corn ethanol use increased 2.5 million bu. (0.6%) from May but was 2.7 million bu. (0.6%) less than last year.

Through the first 10 months of 2022-23, corn-for-ethanol use totaled 4.277 billion bu., 172 million bu. (3.9%) behind the same period last year. To reach USDA's forecast of 5.225 billion bu., ethanol use must top year-ago by 8.1% over the final two months of the marketing year. Our 2022-23 corn-for-ethanol usage forecast is 5.200 billion bushels.

## Ethanol qualifying for SAF credits?

Biden administration officials are reportedly attempting to define eligibility criteria for sustainable aviation fuel (SAF) tax credits that will satisfy both supporters of ethanol and those favoring other feedstocks. The Inflation Reduction Act mandated the usage of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) tool for gauging SAF emissions. The ethanol industry favors the Department of Energy's Greenhouse Gases, Regulated Emissions and Energy Use in Technologies (GREET) model, as it accounts for indirect land-use change in a manner more beneficial to ethanol.

Proponents insist that without ethanol, the administration wouldn't be able to deliver on its target of providing at least 3 billion gallons of SAF per year to the aviation industry.

## eRINs decision remains uncertain

EPA has yet to send anything to the Office of Management and Budget for review on electric renewable identification numbers (eRINs). EPA will continue to examine the comments provided on its proposed rule, which includes provisions for eRINs, and also seek additional input from stakeholders to inform potential next steps.



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## Producer Crop Comments...

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

### Black Hawk Co., (northeast) Iowa:

"The top end really came off the crops in my area last week. Lotta spots in the beans throwing in the towel."

### Fremont Co., (southwest) Iowa:

"Corn is just about to dent and looking good. Soybeans are setting pods. Any rains now would be timely."

### Macon Co., (central) Illinois:

"Annual post-fungicide scouting. Grabbed average ears, no end rows. Lots of 14 & 16 around with a couple varieties of 18 mixed in versus the vast majority being 16/18 the past two years. Weighted average yield is around 10% less than last year. LE all kernels fill... not bad, but not great for central Illinois dirt and crop costs."

### Sangamon Co., (west-southwest) Illinois:

"Our April 4 planted 110-day corn is coming along pretty quickly after all the heat — starting to dent. Sudden Death Syndrome is showing up in some soybean fields."

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

"Some corn turned white with the heat and stayed white."

### Kearney Co., (south-central) Nebraska:

"Pollination seems to have went well. There are a few skips, but that's pretty normal. Weather from here on out will determine final tip fill. Think it's gonna be good corn."

### Marion Co., (central) Kansas:

"Heat set the corn back pretty good. Starting to see ears drop prematurely."

### Russell, Ellsworth Cos., (central) Kansas:

"In 12 days corn went from looking good with decent potential to being completely burned up."

### Audrain Co., (northeast) Missouri:

"Pollinating during one of the hottest weeks of the year really took a toll on a lot of corn around here."

### Logan Co., (southeast) North Dakota:

"Corn handled the early season stress well and was forced to root down. There's some big yields out here."

## Rice supplies will tighten

World Weather Inc. notes up to 38 inches of rain fell on the "rice bowl" of Luzon Island, Philippines, from July 27 through Aug. 2, causing flooding and damage to the rice crop. World Weather says other areas expected to suffer lower rice production this year include Thailand and nearby locations in mainland Southeast Asia. El Niño conditions in these areas are expected to intensify and lead to less-than-average rainfall later this year and into early 2024.

## India's rice export prices hit record-high

India's parboiled rice prices hit a record as demand shifted toward the grade after New Delhi banned exports of non-basmati white rice in late July. There is no restriction on exports of non-basmati parboiled rice.

Prices for 5% broken rice jumped to 15-year highs in both Thailand and Vietnam.

## India playing rice 'games'

Bobby Hanks, chair of the USA Rice International Trade Policy Committee, labeled India's ban on most rice exports as "playing games with global food security." He said India has huge domestic supplies and there's no need to curb exports. Kirk Satterfield, chair of USA Rice, said most of the rice consumed in the U.S. is domestically produced and supplies are ample.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Sept.	Oct.-Dec.	Jan.-March
	(Monthly & quarterly avg.)					
<b>CORN</b>						
Central Illinois, bushel	6.40	5.78	5.27	5.00	4.65	4.80
Omaha, NE, bushel	7.01	6.08	5.65	5.25	4.75	4.90
Dried Distillers Grain, IA, \$/ton	214.50	193.34	194.72	—	—	—
<b>SOYBEANS</b>						
Central Illinois, bushel	15.17	15.02	14.19	13.75	13.00	13.10
Memphis, TN, bushel	14.74	15.51	13.31	14.25	13.15	13.25
Soymeal, 48% Decatur, ton	502.30	454.80	464.40	450.00	415.00	395.00
<b>WHEAT</b>						
Kansas City, HRW, bushel	9.07	9.05	8.45	8.25	8.40	8.50
Minneapolis, 14% DNS, bushel	10.23	9.93	10.10	10.00	10.15	10.50
St. Louis, SRW, bushel	7.96	6.62	5.95	5.75	6.00	6.25
Portland, Soft White, bushel	9.08	7.65	7.00	6.95	7.05	7.10
Durum, NE MT HAD, 13%, bu.	9.87	8.75	8.75	8.75	8.85	9.00
<b>SORGHUM</b> , Kansas City, cwt.	10.43	10.27	9.50	9.50	9.50	9.00
<b>COTTON</b> , 11/16 SLM, 7 area, ¢/lb.	105.51	84.59	81.55	82.00	83.00	83.00
<b>RICE</b> , nearby futures, cwt.	16.78	15.85	15.85	16.00	16.20	16.50
<b>BARLEY</b> , MT, G.T., malting, bu.	6.75	6.00	6.00	6.00	6.00	6.00
<b>OATS</b> , Minneapolis No. 2 heavy, bu.	4.63	4.27	4.46	4.40	4.50	4.60
<b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton	185.89	222.50	—	220.00	220.00	220.00
<b>SUNFLOWERS</b> , Fargo, ND, cwt.	26.90	19.30	19.30	19.50	21.00	22.00
<b>HOGS</b> , Nat'l carcass 51%-52% cwt.	118.94	103.28	103.54	90.00	85.00	85.00
<b>FEEDER PIGS</b> , 40 lbs., Nat. avg. head	68.87	36.58	35.96	40.00	55.00	70.00
<b>CHOICE STEERS</b> , feedlots, cwt.	139.83	186.18	184.81	180.00	182.50	185.00
<b>FEEDER CATTLE</b> , Oklahoma City						
Steers, 700-800 pounds, cwt.	173.86	246.51	248.58	245.00	240.00	235.00
Steers, 500-550 pounds, cwt.	195.10	282.12	286.69	280.00	275.00	285.00
Heifers, 450-500 pounds, cwt.	169.67	256.46	250.90	250.00	255.00	260.00
<b>COWS</b> , utility, Sioux Falls, SD, cwt.	87.10	115.85	111.08	112.00	115.00	120.00
<b>MILK</b> , Class III, CME spot month, cwt.	20.43	17.02	17.45	17.50	18.50	19.00
<b>LAMBS</b> , Slg., San Angelo, TX, cwt.	123.00	159.00	162.50	—	—	—
<b>ENERGY</b>						
Ethanol, IA, gallon	2.49	2.43	2.42	—	—	—
Farm diesel, U.S., gallon	4.61	3.29	3.47	3.40	3.32	3.30

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



# New farm bill... or better off with the existing one?

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

If what you have read or heard about the new farm bill hasn't confused you, we haven't been doing our job. The current outlook is about as hazy as we've seen covering 11 out of the 19 U.S. farm bills.

## **What's the likely timeline for new farm legislation?**

No one seriously expects a new farm bill will be completed by Sept. 30, the end of fiscal year (FY) 2023 when some (but not all) provisions expire. That means a farm bill extension is coming when lawmakers return in September. Key will be the duration of the extension as that will signal what is possible ahead.

Some observers think the package could be wrapped up by year's end, while more believe sometime in 2024 is the more likely finish line – if then.

## **Big hurdle: FY 2024 appropriations**

Several senators, including Ag Chair Debbie Stabenow (D-Mich.), say major work on a farm bill awaits Congress in completing the 12 appropriations measures. The House has only completed one of them with none done in the Senate. And a big gulf separates the two chambers' views on spending. Odds are growing of a government shut-down. If so, that could deep-six a "timely" farm bill.

## **Will there even be a new farm bill?**

Title 1 is where farm program safety net provisions reside. Everyone thinks it needs to be reformed to better cope with changes in agriculture, notably because of rising costs of production and prospects for lower prices ahead.

But if Title I can't be reformed significantly, some lawmakers and others privately say it may be better to just extend the current farm bill. One reason: this would avoid contentious amendments being debated and possibly approved.

## **A flurry of amendments and proposals**

Recent topics include specialty crops, crop insurance, a permanent ag disaster program, payment caps, farmer eligibility for payments, gutting the sugar program and offshoring U.S. production and processing. Another would prohibit funding of commodity checkoff programs. Most are grandstanding measures that stand little to no chance of passage. Disregard most, but still fear them.

Some proposals are positive, including prohibiting funding for regulating or requiring farmers to disclose scope 3 emissions under "The Enhancement and Standardization of

Climate-Related Disclosures for Investors." Others: Increase funding for National Animal Health Laboratory Network, raise payments under the Livestock Indemnity Program and ensure all types of milk be available to school children.

This is also the time when lawmakers and congressional staff float trial balloons. One example surfaced last week about a mandatory acreage base update designed to save money for improving the Title I safety net. That will not fly as it would be negative for some commodities while positive for other program crops. Voluntary is the word for changes ahead... not mandatory.

## **Biggest farm bill issue: Funding**

While the Congressional Budget Office scores a new farm bill at around \$1.51 trillion over 10 years, more funding is needed to improve Title I safety-net provisions. House Ag Chair Glenn "GT" Thompson (R-Pa.) and staff are looking at "efficiencies" in the existing farm bill. That's been tried before and will not result in much additional funding.

It would be a surprise if Thompson gets additional funds from outside the farm bill, though it's happened before via the Ways and Means Committee. Also, Thompson has the ear of House Speaker Kevin McCarthy (R-Calif.) and Budget Chair Jodey Arrington (R-Texas) – both friends of agriculture. But Stabenow says no additional funding is likely.

## **Major farm program need: Higher reference prices**

House Ag leaders are mulling reference prices using relative input costs. That has been done in other farm bills, but would need updating. Rep. Austin Scott (R-Ga.) says: "Commodities that require more input costs probably are the ones that need the reference price [increase] the most." Corn, soybeans and wheat account for 85% of base acres nationwide, which means these crops will greatly impact spending in Title I; perhaps too big a price tag at this time.

Major crops may be better off with more funding in crop insurance or other areas.

## **Other key issues**

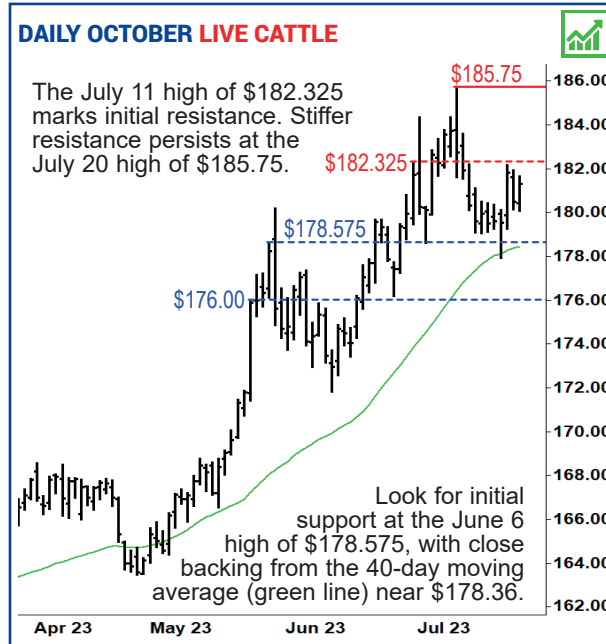
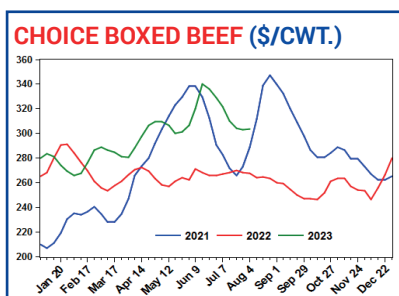
- Any major cuts or policy changes to the food stamp (SNAP) program would kill chances of a bill.
- Funding and the role of the Commodity Credit Corporation (CCC).
- Don't forget the role of annual appropriations bills, which frequently include ag disaster aid.

**CATTLE - Fundamental Analysis**

History suggests grocer buying for Labor Day features powered an average August rally of about \$6.00 in Choice beef values during the years prior to 2021, whereas that year's surge pushed wholesale beef values to their second highest level on record. Given the demand strength evident this year, as well cyclically reduced cattle and beef production, an echo of that move can't be ruled out. Choice beef jumped over \$4.00 on Aug. 1 before setting back the next day. A strong August wholesale advance would probably power cash and futures prices for fed cattle and feeders to fresh records.

Position Monitor			
Game Plan:	Feds Feeders		
Nearby live	III'23	0%	0%
cattle futures	IV'23	0%	0%
continue to	I'24	0%	0%
	II'24	0%	0%

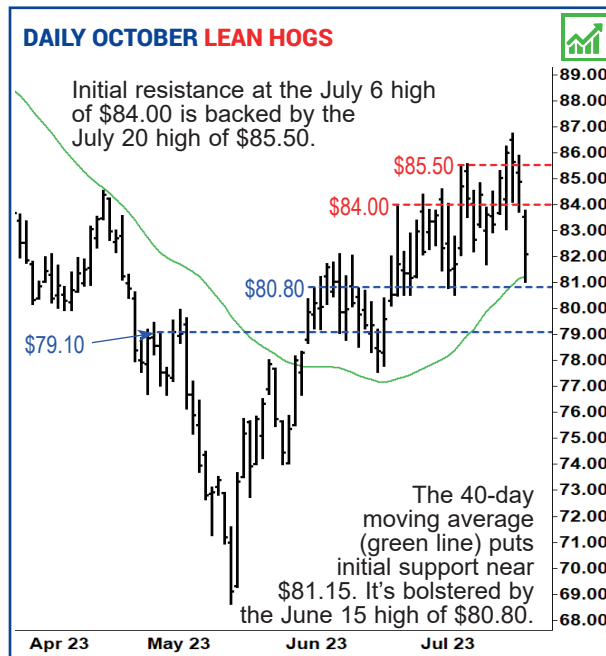
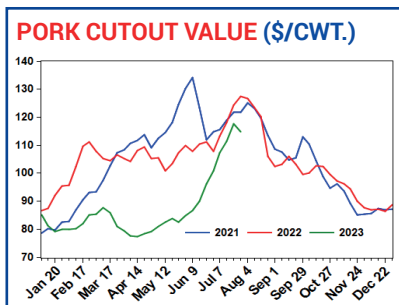
trade well below the cash market.  
Any hedges should be done by purchasing put options.



**HOGS - Fundamental Analysis**

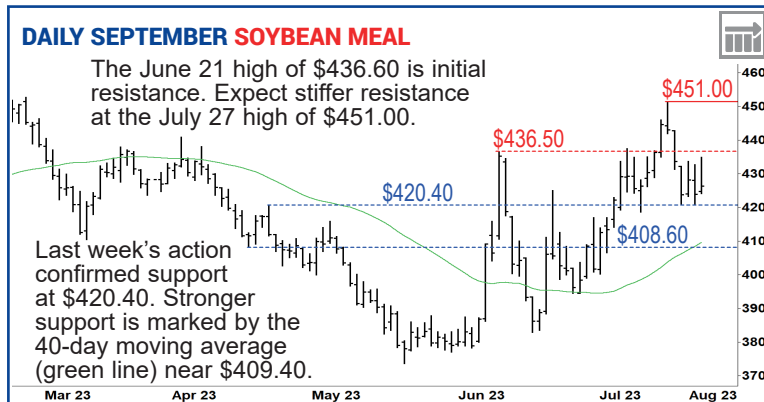
The chart illustrates the strong advance posted by the pork cutout since early June. It also depicts the wholesale market's decided tendency to peak in early August and decline substantially from midsummer through much of autumn. The losses posted the past two years were abnormally large (the drop averaged \$15.09 in 2011-2020), which we attribute to weak consumer demand during fall. But we believe grocers will continue featuring pork aggressively after they belatedly began doing so in late spring. If so, the second-half decline may prove more modest, with the cash market also posting moderate losses.

Position Monitor			
Game Plan:	Lean Hogs		
There are hints the seasonal rally is nearing an end. Wait	III'23	0%	0%
on clear signs of a top before hedging given the discounts already built into fall and winter futures.	IV'23	0%	0%
	I'24	0%	0%
	II'24	0%	0%



**FEED**

Feed Monitor			
<b>Corn</b>			
III'23	50%	<b>Corn Game Plan:</b> You have all corn-for-feed needs covered in the cash market through mid-August. Wait on the market to signal a low before extending 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 soymeal needs covered in the cash market through mid-August. Wait on the market to signal the corrective pullback is complete before extending coverage.	
IV'22	0%		
I'24	0%		
II'24	0%		



### Position Monitor

	'22 crop	'23 crop
Cash-only:	90%	35%
Hedgers (cash sales):	90%	50%
Futures/Options	0%	0%

**Game Plan:** On July 31, we advised selling another 5% of 2022-crop to trim gambling stocks. Be prepared to finish old-crop sales on a short-term price rally as seasonals are bearish during August (see "From the Bullpen" on *Analysis* page 4). While there will likely be near-term price pressure into harvest barring a bullish catalyst, we are willing to wait on an extended correction to increase 2023-crop sales.

### DAILY DECEMBER CORN



### DAILY SEPTEMBER 2023 CORN

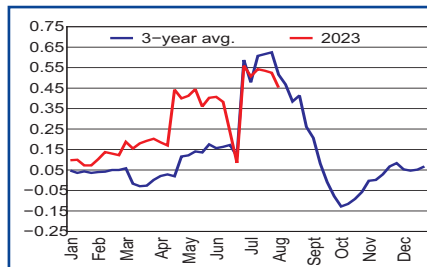
Expect initial resistance at the May 17 low of \$4.92 1/4. Psychological resistance persists at \$5.00 (not marked).



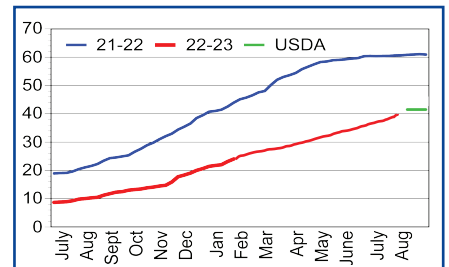
### CORN - Fundamental Analysis

Bulls can't rely upon declining crop ratings for price support at this time of year. Crop ratings typically decline during summer, but prices have also exhibited a strong August tendency toward the downside (see "From the Bullpen" on *Analysis* page 4). Demand fundamentals aren't helpful, with domestic herds and flocks either declining or struggling to increase. Ethanol demand is suffering along with weak gasoline usage, while Brazil is dominating the global export market. And yet, pragmatic traders are likely taking note of bears' seeming inability to sustain December futures moves below \$5.00. Wait on a corrective rally to extend sales.

#### AVERAGE CORN BASIS (SEPT.)



#### CORN EXPORT BOOKINGS (MMT)

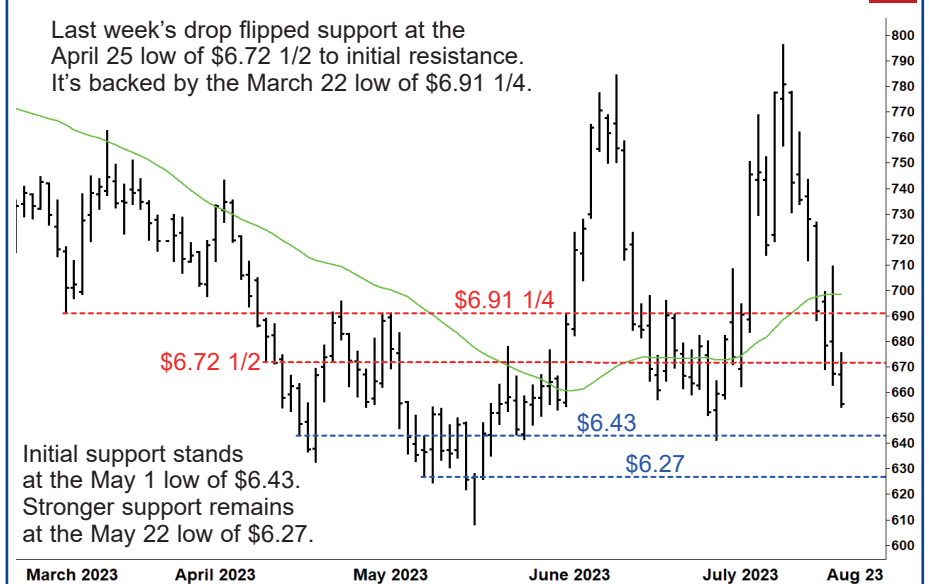


### Position Monitor

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

**Game Plan:** Be prepared to increase 2023-crop sales and make initial 2024-crop forward sales on an extended rally. While seasonals are fairly neutral for wheat into fall, spillover pressure from other markets limits the upside.

### DAILY DECEMBER SRW WHEAT



### WHEAT - Fundamental Analysis

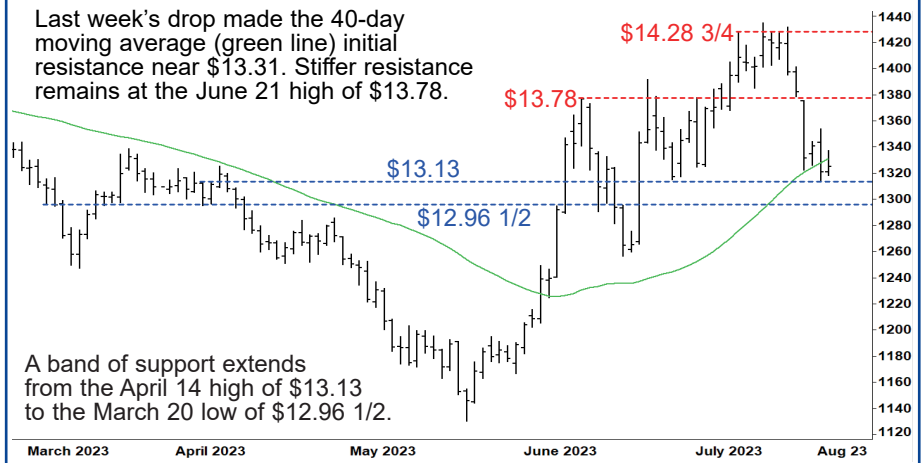
**SRW** – Active rail shipments of Ukrainian wheat seemed to weigh on prices last week, whereas Ukraine's attack on Russian port gave the complex a late-week boost. Unless corn rallies, upside potential in wheat futures is limited to geopolitical concerns in the Black Sea region.

### Position Monitor

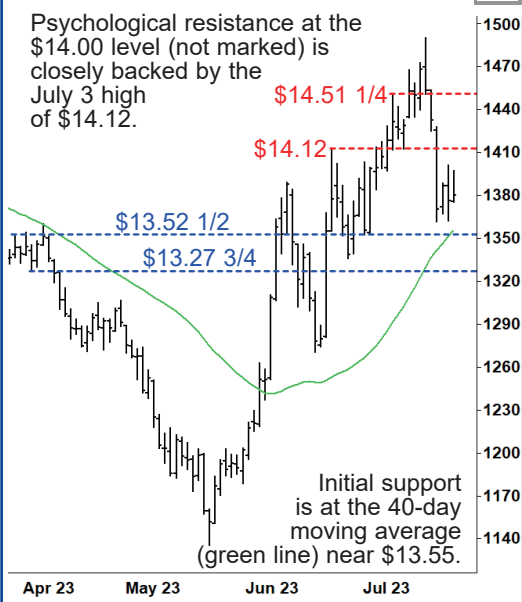
	'22 crop	'23 crop
Cash-only:	100%	40%
Hedgers (cash sales):	100%	45%
Futures/Options	0%	0%

**Game Plan:** On July 31, we advised selling the final 10% of 2022-crop amid weakening technicals and improved weather forecasts. Seasonals are bearish during August barring a bullish catalyst, so there's no reason to hold gambling stocks during the final month of 2022-23. We'll wait on an extended price rally to advance new-crop sales, though prices could face more near-term pressure.

### DAILY NOVEMBER SOYBEANS



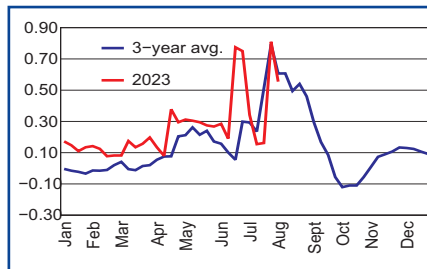
### DAILY SEPTEMBER 2023 SOYBEANS



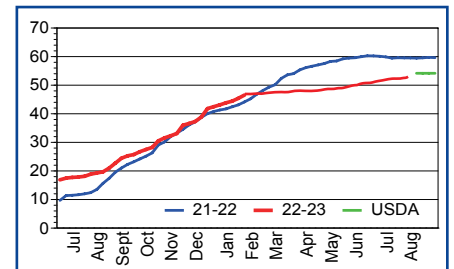
### SOYBEANS - Fundamental Analysis

Recent soybean news has been price supportive, with several daily sales in late July and early August being complemented by robust weekly new-crop sales. Persistently strong soymeal demand and the resulting price firmness have also supported soybeans. The latest USDA crush data implied soyoil use has improved as well. And yet, futures struggled in the wake of the July 31 breakdown. This partly reflected seasonal weakness (see "From the Bullpen" on *Analysis* page 4), as well as favorable rainfall predicted for much of the Corn Belt into mid-month. A technically bearish followthrough may be forthcoming unless weather turns stressful for crops.

#### AVERAGE SOYBEAN BASIS (NOV.)



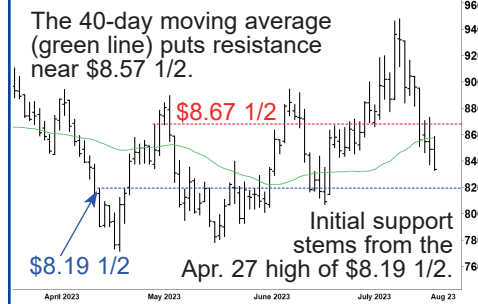
#### SOYBEAN EXPORT BOOKINGS (MMT)



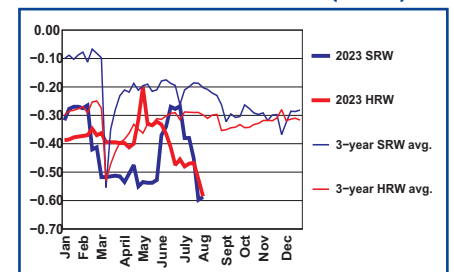
### DAILY DECEMBER HRW WHEAT



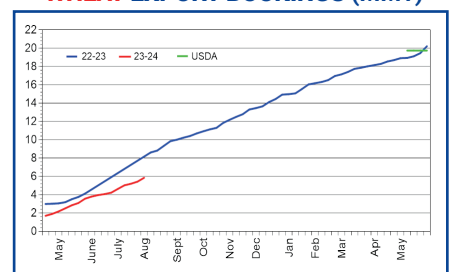
### DAILY SEPTEMBER HRS WHEAT



#### AVERAGE WHEAT BASIS (SEPT.)



#### WHEAT EXPORT BOOKINGS (MMT)



**HRW** – The HRW harvest is speeding toward completion, with both Colorado and Nebraska jumping about 30 percentage points in late July. But the market could face additional seasonal pressure, since the HRS harvest is getting underway. Conversely, sustained drought in HRS areas could provide underlying support.

**HRS** – HRS condition ratings in North Dakota stood at 44% "good" to "excellent" at the end of July. Conditions in the surrounding states and in the Canadian Prairies are poorer. The region may get some rain this week, but it seems unlikely to bring significant relief. The HRS crop may be in for a dry finish.



### Position Monitor

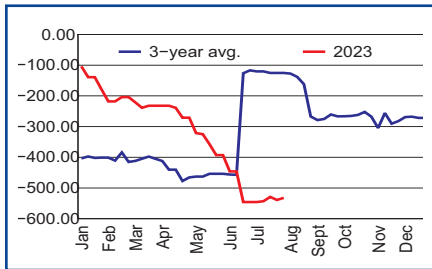
	'22 crop	'23 crop
Cash-only:	100%	60%
Hedgers (cash sales):	100%	60%
Futures/Options	0%	0%

**Game Plan:** Crop woes in Texas open more upside potential. Give the market a chance to challenge the summer 2022 highs before advancing sales.

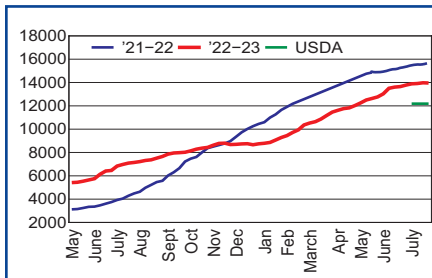
### COTTON - Fundamental Analysis

Texas heat has caused sharp downgrades in cotton condition ratings, with “poor” to “very poor” readings much higher than year-ago. But we suspect lots of abandoned acres weren’t surveyed last year. Cuts to crop estimates may be coming, but don’t expect drastic reductions.

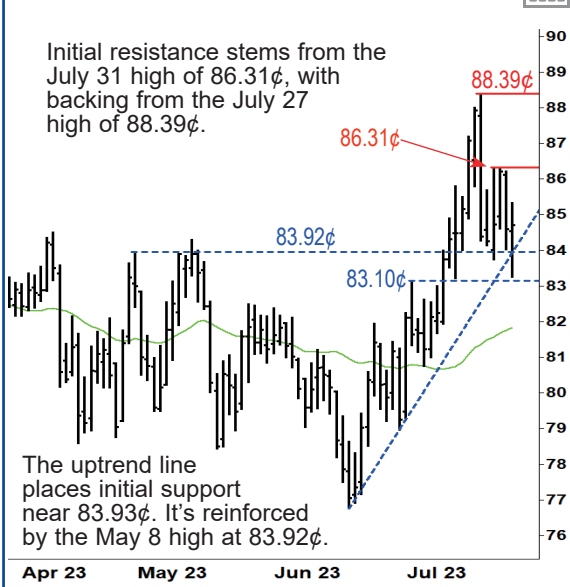
### AVERAGE COTTON BASIS (OCT.)



### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY DECEMBER COTTON



## GENERAL OUTLOOK

**PRECIOUS METALS:** The World Gold Council (WGC) last week reported global demand for gold fell 2% in the second quarter to 921 metric tons (MT), due to higher global interest rates and a stronger U.S. economy. But demand still rose 7% annually.

Interestingly, central bank demand for gold reached a record high of 387 MT in the first half of 2023, WGC said, and is expected to remain strong

throughout this year. It can be argued that central banks are the “smart money” in the marketplace.

Having central banks snapping up gold at a record pace suggests they may suspect heightened financial/currency market turmoil and volatility in the not-too-distant future. Given the ongoing BRICS challenge to the U.S. dollar as the global reserve currency, such a scenario is quite possible.

### WEEKLY NEARBY GOLD FUTURES (\$/OZ.)



## FROM THE BULLPEN By Economist Lane Akre

The summer rally in soybeans has officially come to an end after boasting above-average gains over a longer-than-normal period. This is likely the only summer rally of the year, contrary to corn which has seen two already. Bulls are fighting an uphill battle, as the August seasonality doesn’t favor rallies.

Since 2005, soybeans have risen only six times during the month and fell in the remaining twelve. The derecho in 2020 spurred the most recent August rally, which was the catalyst that both soybeans and corn needed to start a bullish cycle in the grains. Soybeans have gained an average of 6.2% in up years since 2005, while the average loss has been 5.5%.

The second summer rally this year in

December corn futures was brief, but strong. Prices posted an above-average gain of 17.5% in a shorter-than-average 12 days. A third summer rally is exceptionally rare, barring excessive heat or threats to the world’s food supply chain.

The August bias in corn is no better than that for soybeans, with prices rising just five times since 2005 and falling in the remaining 13 times. Last year’s Russia/Ukraine war and the 2020 derecho powered two of the five August advances. Average gains tend to exceed losses at 8.2% and 4.7%, respectively. While late planting or mid-summer heat can spur early-summer rallies, production estimates are firmer by August, with declining risk premium causing bearish trends.

## WATCH LIST

- 1 USDA Crop Progress Report** **MON 8/7**  
Corn, soybean ratings in focus. 3:00 p.m. CT
- 2 China Trade Data** **MON 8/7**  
Imports, exports for July. 10:00 p.m. CT
- 3 U.S. Ag Trade Data** **TUE 8/8**  
Ag exports, imports for June. 10:00 a.m. CT
- 4 USDA Export Sales Report** **THUR 8/10**  
Sluggish sales likely to continue. 7:30 a.m. CT
- 5 USDA Crop Prod., S&D Rpts.** **FRI 8/11**  
First corn, soybean crop estimates. 11:00 a.m. CT

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