



News this week...

- 2 – Analysis of where corn, bean yields may be headed.
- 3 – U.S. not benefitting from reduced global wheat crop.
- 4 – A breakdown of USDA's Sept. WASDE Report.

Corn, soybeans drop after USDA reports – *The corn and soybean markets had negative reactions after USDA's September crop reports, as new-crop ending stocks increased for corn and didn't drop as much as expected for soybeans (see [News page 4](#)). Increasing harvest activity and sluggish export demand remain headwinds. Last week's lows will be key near-term support, especially for December corn, which marked an exact double-bottom with the August low. SRW wheat futures posted a fresh contract low ahead of USDA's data and then rebounded amid corrective buying as global production was sharply cut (see [News page 3](#)). Front-month cattle futures posted a new high on the continuation chart amid signs the seasonal cash rally is underway. Hog futures firmed as the cash market signaled a short-term low.*

Corn crop: 15.134 billion bu.

USDA raised its corn crop estimate 23 million bu. from last month. The national average yield was cut 1.3 bu. to 173.8 bu. per acre, but harvested acres increased 774,000 acres to 87.096 million, more than offsetting the lower yield.

Soybean crop: 4.146 billion bu.

USDA lowered its soybean crop estimate 59 million bu. from August. The yield was cut 0.8 bu. to 50.1 bu. per acre, while harvested area increased 95,000 acres to 82.791 million acres.

Cotton crop: 13.132 million bales

USDA cut its cotton crop estimate 860,000 bales. The national average yield increased 7 lbs. to 786 lbs. per acre. But USDA cut harvested acreage by 603,000 acres, including 340,000 acres in Texas and 80,000 acres in Georgia.

China boosts liquidity, supports yuan

The People's Bank of China (PBOC) cut the reserve requirement ratio (RRR) for all banks by 25 basis points, freeing up 500 billion yuan (\$68.71 billion) for medium to long-term liquidity. PBOC also kept the rate unchanged on 591 billion yuan (\$81.2 billion) worth of one-year medium-term lending facility loans to some financial institutions, resulting in a net 191 billion yuan of fresh injections into the banking system. In addition, PBOC continued a series of recent directives on foreign exchange transactions in an attempt to support the weakening yuan.

Finally, some upbeat Chinese economic data, but...

Industrial output rose 4.5% from year-ago in August, the strongest growth since April. Retail sales increased 4.6%, the strongest growth since May. The upbeat data suggests recent measures to shore up the economy are starting to show impacts. But the real estate sector remains a major concern. China's new home prices fell at the fastest pace in 10 months during August, while property investment dropped for an 18th consecutive month and home sales slumped for a 26th straight month.

Senate at odds over reference prices

Senate Ag Chair Debbie Stabenow (D-Mich.) is considering changes to the federal crop insurance program in the new farm bill, saying that would have a broader impact on farmers. However, other committee members, notably Senate Ag ranking member John Boozman (R-Ark.), are advocating for updated reference prices. The debate over reference prices remains contentious, with some saying updates are essential for a better farmer safety net, while others contend that it could lead to regional conflicts and benefit certain crop producers over others.

Stabenow signals year-end deadline for farm bill

While the deadline for some provisions in the current farm bill is Sept. 30, Stabenow suggested a new goal of Dec. 31.

Gasoline fuels August inflation jump

The consumer price index (CPI) increased 0.6% last month, the largest monthly gain since June 2022, and rose 3.7% from year-ago. Gasoline was the largest contributor to the monthly increase, accounting for over half of the rise. Excluding food and energy costs, core CPI increased 4.3% annually.

The producer price index (PPI) jumped 0.7% in August, the largest monthly increase since June 2022. On an annual basis, PPI increased to a four-month high of 1.6%. But core PPI eased to 2.2%, the lowest level since January 2021.

Despite the stronger inflation data, the Fed is expected to pause its monetary tightening this week. Updated economic projections from Fed officials will give markets a clearer indication of what to expect in the coming months.

RFS faces legal challenges

EPA's renewable fuel blending requirements for 2023 through 2025 went into effect Sept. 11, marking the deadline for filing court challenges. Nine cases challenging the new rule have been consolidated in the D.C. Circuit. Refining companies have also challenged EPA's denial of small-refinery exemptions from the RFS program, further adding to the legal complexities surrounding renewable fuels.

Analysis of USDA's yield estimates

USDA's September corn and soybean crop estimates included the first objective yield (field) samples. For corn, NASS found the highest average number of ears (29,400 per acre) on record for the combined 10 objective yield states (Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin). Over the past five years (2018-22), ear counts have declined an average of 170 ears per acre from September to the final crop estimate in January. NASS also uses a derived ear weight until there is harvestable ears, at which time they are sent in to be weighed.

For soybeans, USDA found 1,755 pods in 18 square feet in the 11 objective yield states (Arkansas, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and South Dakota), up 65 pods (3.8%) from the five-year average. Over the past five years (2018-22), pod counts have increased an average of 86 pods per 18 square feet from September to the final January yield estimate. It's extremely rare for pod counts to decline from September to January, with 2011 being the only time it happened since 2004. Even in 2012, pod counts increased from September to final. If the soybean yield is going to decline, it will come from lighter pods weights, which have dropped from September to final in every year since 2004 except 2011, when they were unchanged.

Outlook for final corn, soybean yields

Among the 10 years with similar September yield reductions to this year, the corn yield averaged a 1.2-bu.-per-acre increase from October to final. Unless corn ear weights unexpectedly increase from the current derived level through harvest, the analysis above suggests yields will decline from the September estimate of 173.8 bu. per acre.

Among the 10 years with similar September yield cuts to this year, the soybean yield rose an average of 0.9 bu. per acre to the final estimate in January. We expect pod weights will decline again this year and the hot, dry finish to the growing season will limit any added pods.

Outlook for corn, soybean prices

Front-month corn and soybean futures continue to track the 2010-14 price pattern we highlighted most recently on [News page 3](#) of the May 6 newsletter. Those patterns suggest additional price pressure through fall. From a seasonal standpoint, if December corn futures don't post a low in the first 10 days of September, the seasonal low tends to not come until late November. For soybeans, the strongest tendency for a seasonal low is during the first 10 days of October.



Follow us on X (formerly Twitter):

[@ProFarmer](#) [@ChipFlory](#) [@DavisMichaelson](#)
[@BGrete](#) [@iwatchcorn](#) [@HillariMason](#)

Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Tama Co. (central) Iowa:

"Lots of 150-bu. to low 200-bu.-per acre corn yields so far in the area. Gonna take a lot of 240 bu. corn to bring those averages up."

Polk Co. (central) Iowa:

"Got 0.2 inch of rain Sept. 10... the only rain we've had in the last 37 days. There is a lot of 55 bu. to 65 bu. APH bean ground around here that will probably be off 5 bu. to 10 bu. this year."

Sac Co. (west-central) Iowa:

"Crops look really good where management was high on good-quality ground. Crops with poor management or lighter soils were really hurt."

Franklin Co. (north-central) Iowa:

"In my 40-plus years of farming, I have never seen a crop deteriorate as quickly as this one. Corn on 220 APH ground that figured to be 250 bu. per acre in early August will be more like 170 bu. to 190 bu per acre. Soybeans will be lucky to make 50 bu. per acre."

Logan Co. (central) Illinois:

"There are spots in our worst field where the corn gave up in late June. I cannot stress how small the kernels are. Our other fields are better but still below APH."

Sangamon Co. (west-southwest) Illinois:

"Corn is deteriorating fast, so we started harvesting. Usually doesn't look like this until October."

Champaign Co. (east-central) Illinois:

"Started harvest on shorter season corn. Yield looks like it will be within 5 bu. to 7 bu. of APH."

Effingham Co. (east-southeast) Illinois:

"Drove to Greenville, Illinois (southwest of us) on Sept. 8 and Pawnee, Illinois (northwest of us) on Sept. 10. Corn was being shelled along both routes."

Gibson Co. (southwest) Indiana:

"Corn has been extremely variable — in yield and moisture. Late-June storms severely goosenecked a lot of high yielding corn; heat didn't help. So far it's an average crop. Bean yields have been strong but nothing record setting."

Putnam Co. (northwest) Ohio:

"Chances of a record crop here sailed a few weeks back. Maybe I'll be surprised but I'm just not seeing it."

Nemaha Co. (southeast) Nebraska:

"We were in a sweet spot this year. Our first corn was 20 bu. over APH with 55 lb. test weight at 18.5% moisture."

Greeley Co. (central) Nebraska:

"It is not good when combines are rolling in dryland corn and beans before silage choppers are going in irrigated corn."

Oklahoma Panhandle:

"We prayed for rain, but maybe should have been more specific about what temperature we wanted the water to be. Hail that came with the rains shredded our corn, soybean and cotton crops."

Global wheat production slashed

USDA slashed 2023-24 global wheat production by 6 million metric tons (MMT) from last month. It now expects global wheat production to fall 3.3 MMT from last year, which would be the first annual decline since 2018-19. Notable changes:

- Australia: Down 3 MMT to 26 MMT (39.7 MMT in 2022-23).
- Canada: Down 2 MMT to 31 MMT (34.3 MMT in 2022-23).
- Argentina: Down 1 MMT to 16.5 MMT (12.6 MMT in 2022-23).
- EU: Down 1 MMT to 134.0 MMT (134.2 MMT in 2022-23).
- Ukraine: Up 1.5 MMT to 22.5 MMT (21.5 MMT in 2022-23).

The one notable change USDA did not make was to Russia's crop, which it left at 85.0 MMT. Private crop forecasters signal the crop will be in excess of 91 MMT.

USDA tightened global wheat ending stocks by 7 MMT to 258.6 MMT, which would be the lowest since 2015-16. Global wheat stocks/use among the major exporters – Russia, Canada, Ukraine, U.S., Australia, EU, Kazakhstan, and Argentina – is projected at 13.5%, near the all-time low of 13.1% in 2007-08. While that's bullish, there needs to be an appreciable increase in U.S. wheat shipments before it will be price-supportive. U.S. wheat exports are projected to fall to just 700 million bu. in 2023-24, the lowest since 1971-72.

Canada raises wheat crop estimate

Statistics Canada estimated Canadian all-wheat production at 29.8 MMT, up 363,000 metric tons (MT) from its August forecast. That included a spring wheat crop of 22.6 MMT, up 535,000 MT from its initial estimate. Canadian wheat production is forecast to decline 13.1% from last year.

Canada's canola crop is pegged at 17.4 MMT, down 173,000 MT from August and 7.1% lower than 2022.

Exchange trims Argy wheat crop

The Rosario Grain Exchange cut its 2023-24 Argentine wheat crop forecast by 600,000 MT to 15 MMT, as western and northern areas of the country continue to struggle with drought. Still, that would be up 3.5 MMT (30.4%) from last year.

EU wheat exports face competition

Strategie Grains cut its 2023-24 EU wheat export forecast by 700,000 MT to 30.1 MMT, citing uncompetitive prices compared to Russian wheat. EU wheat exports are now projected to fall 2.2 MMT from last year.

India tries to curb food price concerns

India reduced the amount of wheat exporters and millers can hold by one-third and could release more state wheat stocks to curb prices. But the country has no immediate plans to abolish its wheat import tax or import wheat from Russia. The Indian government says the country has adequate wheat, rice and sugar supplies, despite rising prices.

USDA cuts meat production, exports

USDA cut its beef production forecast by 40 million lbs. from last month amid a slower pace of marketings during the third quarter. Beef production is now expected to drop 1.35 billion lbs. (4.8%) from last year. USDA lowered its 2023 beef export forecast 160 million lbs. from last month, with shipments now expected to fall 13.8% from year-ago. Those changes resulted in no adjustment to the 2023 average cash steer price, which is projected at \$178.50, unchanged from last month but up \$34.10 from last year.

USDA made no change to its 2024 beef production projection, but reduced exports. Beef production is forecast to fall 6.6% next year, with exports likely to drop another 5.0%.

USDA cut its pork production forecast 105 million lbs. from last month amid "a lower expected pace of slaughter and lighter carcass weights," though it is still expected to rise 0.6% from last year. The pork export forecast was cut 125 million lbs., though shipments are still expected to rise 7.2% from last year. USDA lowered its 2023 average cash hog price \$2.30 from last month to \$59.90, which would be down \$11.31 from last year.

For 2024, USDA made no change to its pork production projection, but reduced exports. Pork production is expected to rise 0.6% from this year, while exports are still anticipated to increase another 1.5%.

WTO warns of trade fragmentation

The World Trade Organization (WTO) warned trade relationships are fragmenting, away from decades of greater globalization, which poses a threat to economic growth and sustainability. Factors contributing to this trend include the Covid-19 pandemic and geopolitical tensions. WTO challenged the view that globalization is a weakness, stating international trade was remarkably resilient during the pandemic and other supply-chain disruptions. WTO called for embracing "re-globalization" with less concentration and more diversified global supply chains to boost trade cooperation and lower trade costs.

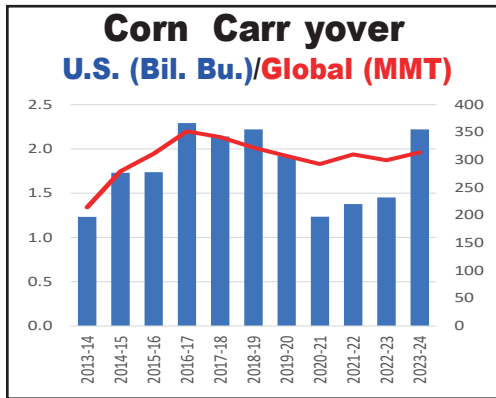
Slowdown in global trade hits exporters hardest

Data shows global trade is declining, which is attributed to various factors, including rising interest rates and a rebound in business inventories as goods shortages ease. However, it also signifies longer-term shifts in the global economic landscape.

The deceleration in global trade is affecting some of the world's largest economies differently. Economies that have traditionally relied heavily on exports, such as China, are experiencing slower growth compared to countries like the United States and India, which have leaned more on domestic demand for economic expansion.

New-crop ending stocks higher than expected

by Editor Brian Grete



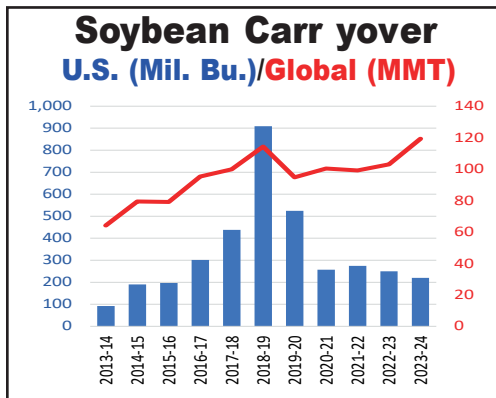
CORN — USDA trimmed old-crop ending stocks 5 million bu. from last month to 1.452 billion bushels. On the supply side, USDA raised imports by 5 million bushels. On the demand side of the old-crop balance sheet, USDA cut food, seed and industrial use 30 million bu., with all of the reduction in corn-for-ethanol use. Old-crop exports were raised 40 million bu. from last month.

For 2023-24, USDA raised new-crop ending stocks 19 million bu. from last month to 2.221 billion bu. due to the bigger crop estimate. USDA made no changes to the demand side of the balance sheet.

Our corn ending stocks forecasts are 1.467 billion bu. for 2022-23 and 2.227 billion bu. for 2023-24.

- **USDA 2022-23 price: \$6.55, down a nickel from August; 2023-24: \$4.90, unchanged.**

Global corn carryover: 299.5 million metric tons (MMT) for 2022-23, up 1.6 MMT from last month; 314.0 MMT for 2023-24, up 2.9 MMT from August.



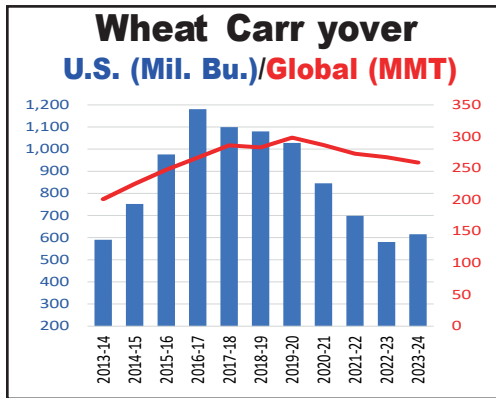
SOYBEANS — USDA cut old-crop ending stocks 10 million bu. from last month to 250 million bushels. The only change was an increase to old-crop exports.

For 2023-24, USDA cut projected ending stocks 25 million bu. from last month to 220 million bushels. Total supply was reduced 70 million bu. on the smaller beginning stocks and crop estimate. On the demand side of the balance sheet, USDA cut total use 45 million bu., with projected crush down 10 million bu. and exports down 35 million bu. from last month.

Our soybean ending stocks forecasts are 245 million bu. for 2022-23 and 205 million bu. for 2023-24.

- **USDA 2022-23 price: \$14.20, unchanged from August; 2023-24: \$12.90, up 20¢.**

Global soybean carryover: 103.0 MMT for 2022-23, down 100,000 metric tons (MT) from last month; 119.3 MMT for 2023-24, down 150,000 MT from August.

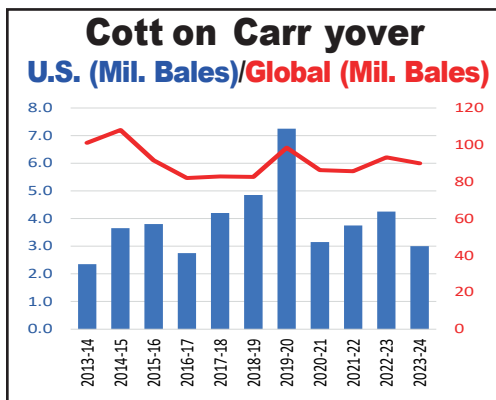


WHEAT — USDA kept 2023-24 carryover at 615 million bu. amid no changes.

Our wheat ending stocks forecast is 586 million bu. for 2023-24.

- **USDA 2023-24 price: \$7.50, unchanged from August.**

Global wheat carryover: 267.1 MMT for 2022-23, down 1.2 MMT from last month; 258.6 MMT for 2023-24, down 7.0 MMT from last month.



COTTON — USDA hiked old-crop ending stocks 550,000 bales from last month to 4.25 million bales. It raised total supply 300,000 bales amid an increase to beginning stocks (2021-22 carryover). Old-crop exports were trimmed 30,000 bales, while unaccounted use was cut 220,000 bales.

For 2023-24, USDA cut new-crop ending stocks by 100,000 bales to 3.0 million bales. On the supply side, bigger beginning stocks were more than offset by the smaller crop estimate, lowering total supply 310,000 bales. On the demand side, USDA cut exports 200,000 bales and unaccounted use 10,000 bales.

Our cotton ending stocks forecasts are 4.25 million bales for 2022-23 and 2.9 million bales for 2023-24.

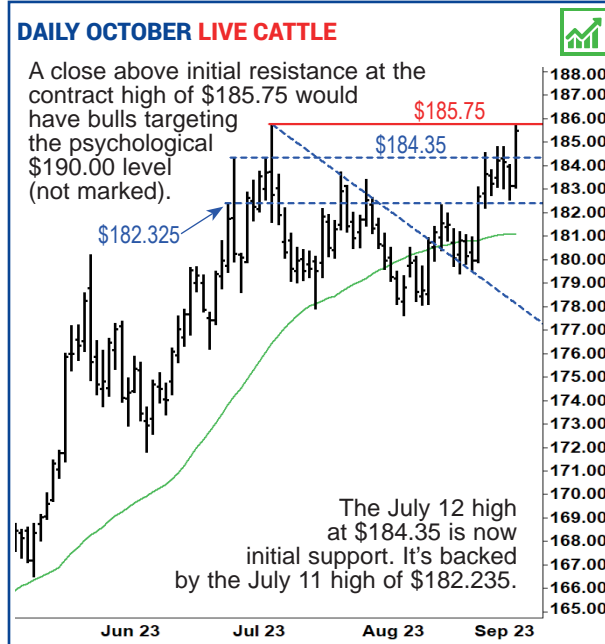
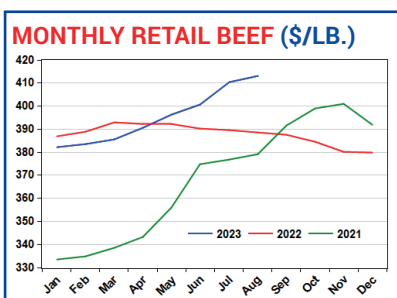
- **USDA 2022-23 price: \$2.00, unchanged from August; 2023-24: \$2.00, up a penny.**

Global cotton carryover: 93.2 million bales for 2022-23, down 950,000 bales from August; 90.0 million bales for 2023-24, down 1.6 million bales.

CATTLE - Fundamental Analysis

The shortage of well-finished cattle continues, with premiums built into live cattle futures indicating that will be the case through at least spring 2024. Long experience has us expecting feedlots to find the calves and yearlings needed to nominally supply the market, and prices are likely to remain cyclically high. But record retail beef prices could take a big bite out of consumer demand in the weeks and months ahead. The sustained decline seen last year sparked the demand response that helped power this year's gains, whereas weak demand may limit upside potential going forward.

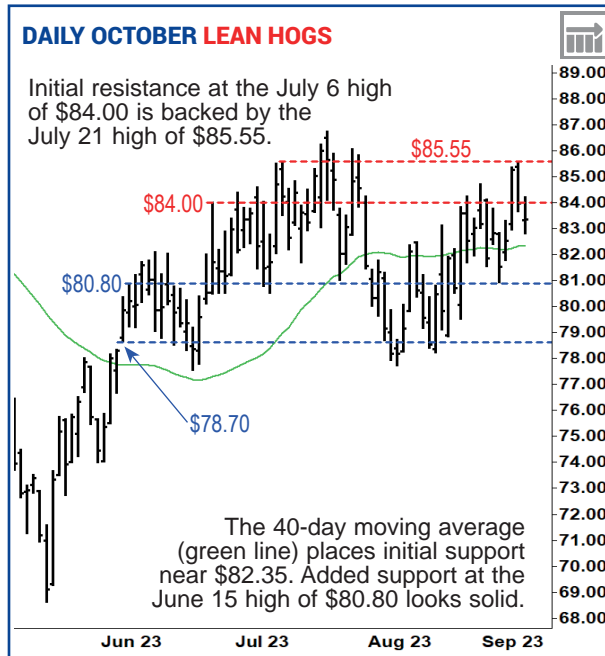
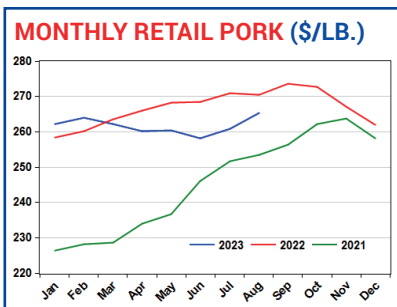
| Position Monitor | | |
|--|-------------|----------------|
| Game Plan: | Feds | Feeders |
| Supply-side | III'23 0% | 0% |
| fundamen- | IV'23 0% | 0% |
| tals are bull- | I'24 0% | 0% |
| ish but we have demand concerns. | II'24 0% | 0% |
| Be prepared to add hedges on signs of a technical top. | | |



HOGS - Fundamental Analysis

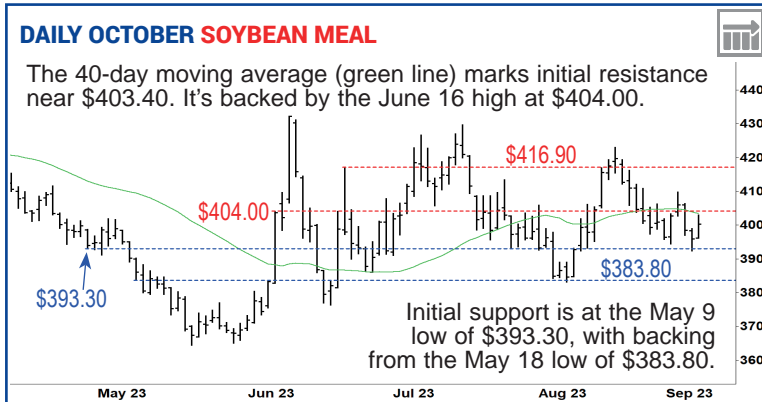
Hog weights rebounded sharply from their late-August lows during the week of Labor Day, but remained below year-ago and five-year average levels. Hog supplies are rising seasonally, which implies growing downward pressure. But the recent stabilization in the cash index, as well as pork cutout surging back above \$100.00, suggest the complex will continue rising through early October. And while the July-August retail price gains may be diminishing demand, the indicated year-to-year reductions seem likely to keep consumers actively buying. Hedge protection can likely wait a couple of weeks.

| Position Monitor | | |
|---|------------------|--|
| Game Plan: | Lean Hogs | |
| cash market has | III'23 0% | |
| stabilized and | IV'23 0% | |
| could strengthen | I'24 0% | |
| a bit before a sharper seasonal pull-back. | II'24 0% | |
| Be prepared to use any short-term strength in futures to hedge. | | |



FEED

| Feed Monitor | | |
|--------------|------|--|
| Corn | | Corn Game Plan: You have all corn-for-feed needs covered in the cash market through September. Wait on signs of a low before extending coverage. |
| III'23 | 100% | |
| IV'23 | 0% | |
| I'24 | 0% | |
| II'24 | 0% | |
| Meal | | Meal Game Plan: You have all soy meal needs covered in cash through September. Futures are in our "value buy" range but wait on the market to signal a low before extending coverage. |
| III'23 | 100% | |
| IV'22 | 0% | |
| I'24 | 0% | |
| II'24 | 0% | |

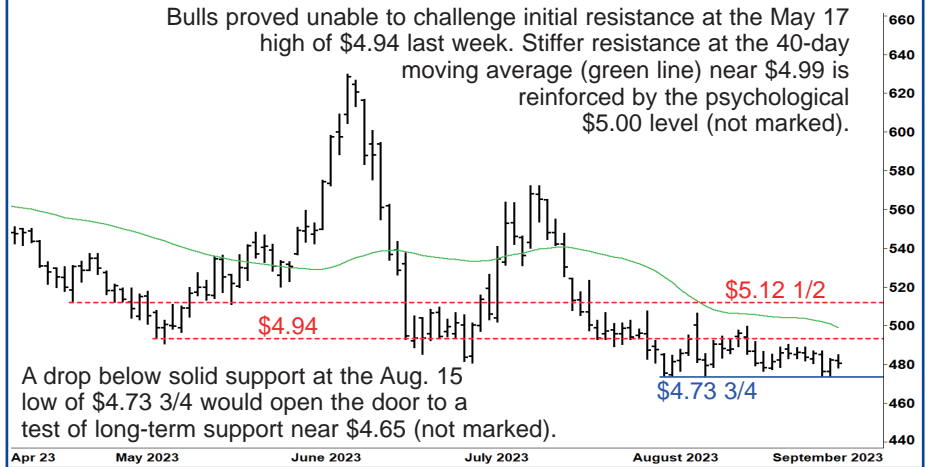


Position Monitor

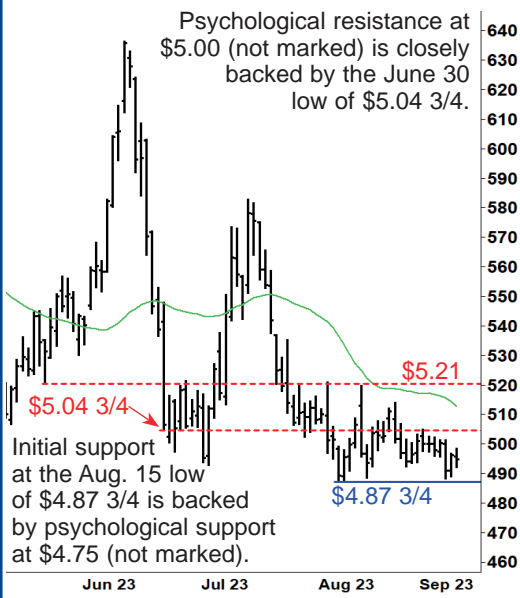
| | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only: | 35% | 0% |
| Hedgers (cash sales): | 50% | 0% |
| Futures/Options | 0% | 0% |

Game Plan: Wait on a corrective rebound to get current with advised sales. While there could be near-term price pressure through harvest, we are willing to wait on an extended correction to increase 2023-crop sales. Unless something drastically changes, rallies should be viewed as selling opportunities. Even with a poor finish, ending stocks during 2023-24 will be plentiful and there are demand concerns.

DAILY DECEMBER CORN



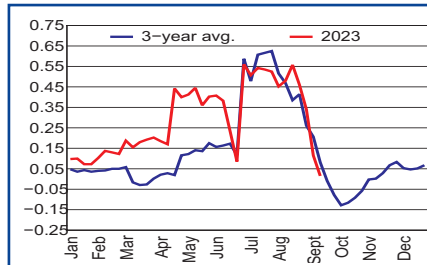
DAILY MARCH CORN



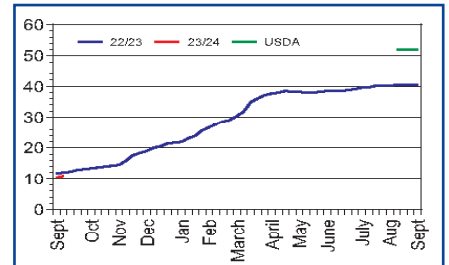
CORN - Fundamental Analysis

As we expected, USDA's upward revision to forecast harvested acreage more than offset the cut to yield and pushed the crop estimate slightly higher. But bears weren't able to sustain the post-report selloff. Seasonal patterns imply persistent weakness this month, especially with the harvest underway and Brazilian exports still dominating the international market. And yet, a pragmatic view of the market and the sideways price action since mid-August suggest some trigger will be needed to force a breakout in either direction. Ultimately, corn futures may keep sliding until increased exports signal prices have reached a level attractive to end users.

AVERAGE CORN BASIS (DEC.)



CORN EXPORT BOOKINGS (MMT)

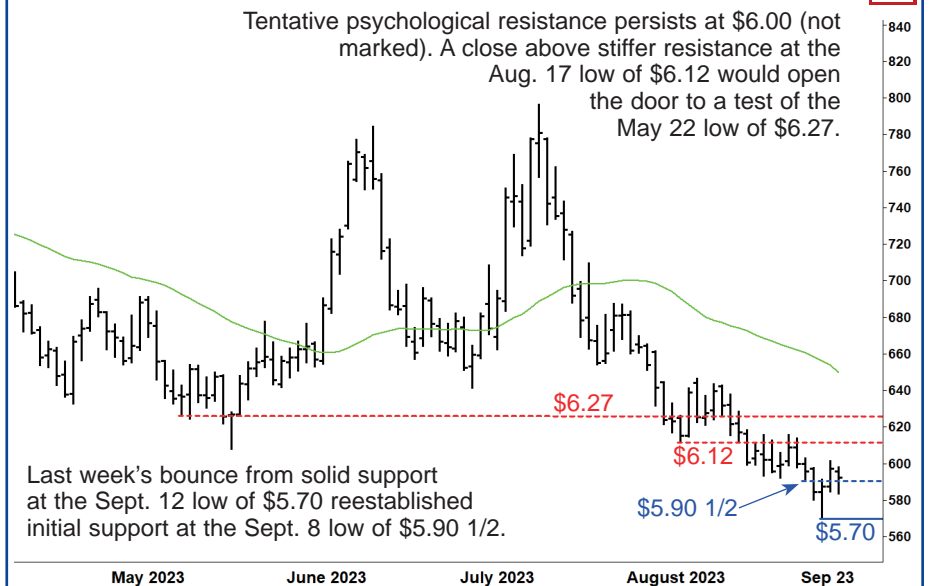


Position Monitor

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

Game Plan: Wait on an extended rally to increase 2023-crop sales and make initial 2024-crop forward sales. Wheat likely needs help for an extended rally, meaning pressure on corn into harvest could keep prices suppressed.

DAILY DECEMBER SRW WHEAT



WHEAT - Fundamental Analysis

SRW – The corn market's recent stability may be acting as a floor for wheat, but the dollar's surge to a fresh six-month high won't help U.S. wheat's logistical disadvantage. Still, the wheat sector's quick rebound from its pre-report dive suggests growing underlying support.

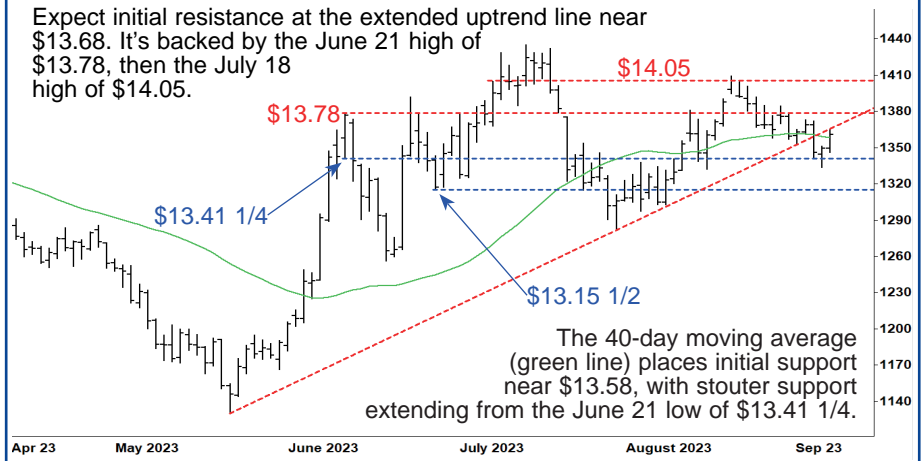
Position Monitor

| | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only: | 40% | 0% |
| Hedgers (cash sales): | 45% | 0% |
| Futures/Options | 0% | 0% |

Game Plan: Wait on a corrective rebound to get current with advised sales. We'll also wait on an extended rally to make additional 2023-crop sales. Because there isn't much "cushion" on new-crop supplies, any further reduction to ending stocks would be bullish as prices would need to rise enough to slow demand. With that said, we still recommend selling on an extended price rally.

DAILY NOVEMBER SOYBEANS

Expect initial resistance at the extended uptrend line near \$13.68. It's backed by the June 21 high of \$13.78, then the July 18 high of \$14.05.



The 40-day moving average (green line) places initial support near \$13.58, with stouter support extending from the June 21 low of \$13.41 1/4.

DAILY MARCH SOYBEANS

Resistance at the July 18 high of \$13.93 3/4 is buttressed by the psychological \$14.00 level (not marked).

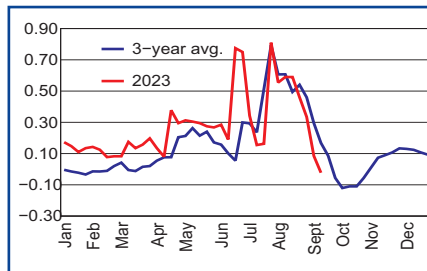


The uptrend line puts initial support near \$13.78, with backing from the 40-day moving average (green line) near \$13.70.

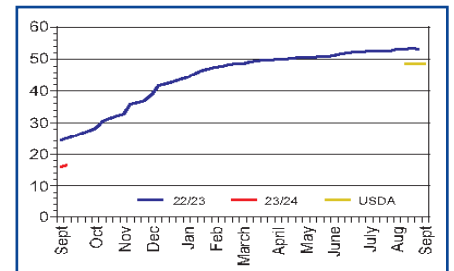
SOYBEANS - Fundamental Analysis

USDA's smaller-than-expected downward revision to soybean yields disappointed bulls last week, although reduced pod weights may pull the yield figure lower in future reports. U.S. exports are still struggling as Brazil markets it record crop, but the balance may shift toward U.S. beans as harvest accelerates. The U.S. dollar's recent march to the upside isn't helping in this regard. Chances of a fresh harvest low in early October remain elevated. We believe the market still has significant upside potential during the coming months, due largely to the reduced 2023-24 carryout forecast and nearby futures' consistent valuation over \$15.00 in the first quarter of this year.

AVERAGE SOYBEAN BASIS (NOV.)

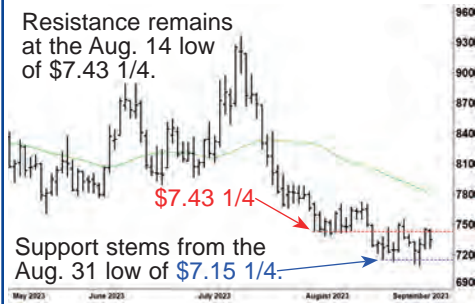


SOYBEAN EXPORT BOOKINGS (MMT)



DAILY DECEMBER HRW WHEAT

Resistance remains at the Aug. 14 low of \$7.43 1/4.



Support stems from the Aug. 31 low of \$7.15 1/4.

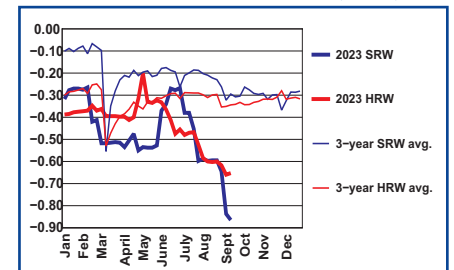
DAILY DECEMBER HRS WHEAT

Look for resistance at the Aug. 22 low of \$7.88 1/2.

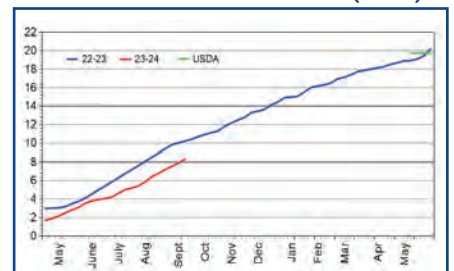


The Aug. 31 low of \$7.65 marks initial support.

AVERAGE WHEAT BASIS (DEC.)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Predicted early-autumn dryness across the Great Plains suggests an open HRW planting period. But the price losses suffered over the past year, as well as the big corn crop, won't encourage aggressive plantings. Rebounding energy costs aren't reassuring either. An early harvest low in corn may be needed to spark a significant advance.

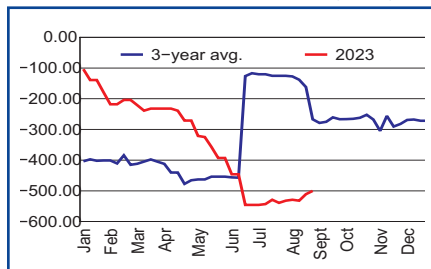
HRS — The spring wheat harvest was 87% complete on Sept. 10, implying harvest pressure should be diminishing. The relative shortness of the U.S. and Canadian crops reflecting droughty conditions suggests a high-protein crop. Whether that will attract active buyers remains to be seen. As with corn, a trigger may be required to spark a bullish breakout.

Position Monitor

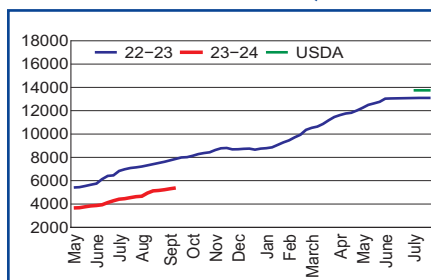
| | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only: | 60% | 0% |
| Hedgers (cash sales): | 60% | 0% |
| Futures/Options | 0% | 0% |

Game Plan: Be patient with additional sales unless there's a major rally. We are targeting a move above 90.00¢ in December futures for added sales.

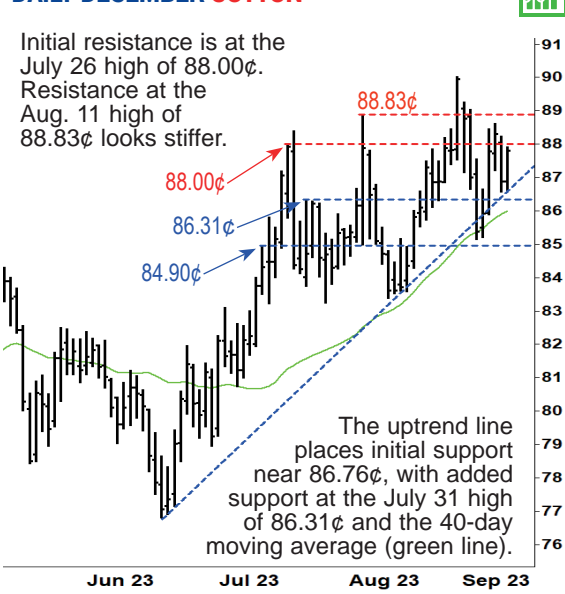
AVERAGE COTTON BASIS (OCT.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

As we expected, USDA slashed its 2023 U.S. cotton crop forecast, but a huge upward revision to 2021-22 supplies carried through to the other balance sheets and limited the market response. Improved export sales and shipments may be needed to trigger a fresh advance.

GENERAL OUTLOOK

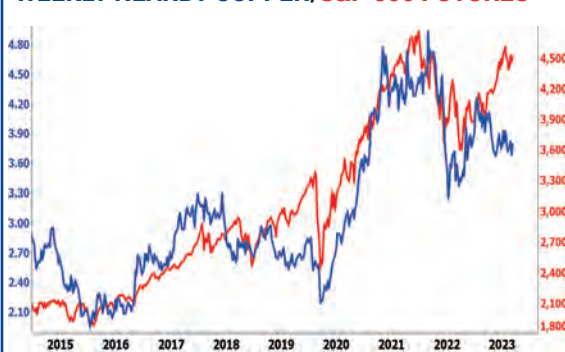
ECONOMY: Markets sometimes send definite signals about the economic outlook, with most investors generally watching the equity markets for indications of future growth or weakness in domestic and/or global economic activity. They also look to the copper market regarding the strength of the manufacturing and construction sectors, since the metal is heavily used by both.

While stocks and copper futures

often offer reinforcing indications, they are currently sending conflicting signals. As the chart shows, the S&P 500 is trading close to its late-2021 all-time high, whereas copper prices are clearly involved in a sustained downtrend.

This disparity highlights the uncertainty among investors. The situation isn't helped by surging crude oil and gasoline prices, which cloud the Fed's monetary policy decisions.

WEEKLY NEARBY COPPER/S&P 500 FUTURES



FROM THE BULLPEN By Economic Consultant Dan Vaught

USDA's September Crop Production Report revealed several big changes for the minor crops.

USDA now projects 2023 U.S. sorghum production at 381 million bushels. That marks a 3% reduction from the prior forecast, but a 103% jump from 2022. Planted acreage is now estimated at 7.18 million acres, up 14% from year-ago, while harvested acres at 6.36 million are expected to jump 37% from last year. Average yield is also seen soaring 48% from year-ago to 60.9 bu. per acre.

U.S. rice plantings are estimated at 2.90 million acres, with harvested acreage reaching 2.85 million. Both mark 8% annual increases. Average rice yield is expected to reach 7,751 lbs. per acre, up

52 lbs. (0.7%) and 368 lbs. (5.0%) from the prior forecast and year-ago levels, respectively. The national yield, as well as that for Texas, would represent new records. The indicated shifts put the projected 2023 crop at 221 million cwt., up 38% from last year.

It looks as if domestic pea supplies will rebound strongly from last year's low levels. U.S. chickpea production is seen jumping 36% annually to 4.9 million cwt. Harvested acreage at 373,200 acres slipped below the spring estimate, but topped last year by 9%. Yield is seen rising 24% annually. The dry edible pea crop is projected at 17.2 million cwt. (up 14% from 2022) on a 4% annual rise in harvested acres and a 9% surge in yields.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 9/18**
Corn, bean ratings weakening. 3:00 p.m. CT
- 2 FOMC Meeting Concludes.** **WED 9/20**
Fed is expected to pause rate hikes. 1:00 p.m. CT
- 3 USDA Export Sales Report** **THUR 9/21**
New-crop sales playing catchup. 7:30 a.m. CT
- 4 NWS Extended Weather** **THUR 9/21**
Forecast for October-December. 7:30 a.m. CT
- 5 USDA Cattle on Feed Report** **FRI 9/22**
Placements will be key figure. 2:00 p.m. CT

Receive Pro Farmer on Friday

Switch to email delivery and get your *Pro Farmer* newsletter on Friday afternoons. Formatted to easily print from your home printer. Call us to switch: 1-800-772-0023.