



News this week...

- 2 – Assessing crop damage from the extreme heat.
- 3 – Impacts from Canada's smaller wheat crop.
- 4 – A deeper dive into Crop Tour data findings.

Volatile week for soybeans – Soybean futures gapped higher Aug. 28 but later filled the gap amid corrective selling to finish August. Some buyers returned with the flip of the calendar as forecasts suggest the soybean crop won't likely finish strong, but soybeans still showed weekly declines Friday morning. Price action in the corn market was less volatile as futures posted mild losses while holding in the short-term consolidation range around the recent lows. Wheat futures posted fresh contract lows, but rebounded Friday amid corrective buying. Live cattle futures chopped in a narrower band within the two and a half month sideways pattern despite another drop in cash cattle prices. Hog futures weathered falling cash prices as traders narrowed discounts to the cash index.

Hot and dry, followed by some rains

Forecasts call for mostly hot and dry conditions across the Corn Belt, Plains and northern Delta into the middle of this week. World Weather Inc. says several waves of cooler air are expected to move across the central U.S. midweek, which will likely boost shower activity for the Corn Belt and Northern Plains, though rains may remain lighter than usual.

Limited crop impacts from Idalia

Initial assessments by Moody's Analytics indicate Hurricane Idalia's damage and economic losses could amount to up to \$20 billion in the Southeast. But the storm skirted major crop areas in the region. World Weather Inc. noted much of the rainfall "was welcome because of the recent bouts of heat and moisture stress and could prove to be highly beneficial."

Low water levels a looming concern

Water levels on the Mississippi, Illinois, Ohio and lower Missouri rivers are dropping and expected to remain low through at least mid-September. As of Aug. 29, barge spot rates in St. Louis surged 49% compared to the previous week and 42% from the same time last year. With harvest starting early in portions of the Corn Belt, reduced barge tows will back up supplies in the upper Midwest and pressure basis.

New-crop corn, bean exports off to sluggish start

New-crop (2023-24) corn and soybean export sales as of Aug. 24 were the slowest since 2019-20 (trade war with China) and running more than 20% behind their respective 10-year averages. China and "unknown destinations" purchased 1.259 million metric tons of new-crop soybeans from Aug. 25 to Sept. 1 – catchup demand after a poor start.

Another renewable soyoil use record

A record 1.207 billion lbs. of soyoil was used for biodiesel and renewable diesel in June. That was up 66 million lbs. from May, the only two months to ever top 1.0 billion lbs. of use. With more plants coming on line, soyoil use for renewable fuel will continue to grow. Plants are transitioning from crushing for meal to an oil-driven approach.

Jobs market expands in August

Non-farm payrolls increased 187,000 in August. The unemployment rate rose to 3.8%. Average hourly earnings increased 4.3% over the past year. Fed fund futures now show virtually no chance the Fed will raise rates later this month and are down to about one-third odds of a hike by year-end.

Fed's inflation gauge rises in July

The personal consumption expenditures (PCE) index rose 3.3% annually in July, up from a 3.0% gain in June. Core PCE, minus food and energy, increased 4.2%, up from 4.1% previously.

Farm income will fall sharply

USDA forecasts net farm income will decline from last year's record to \$141.3 billion in 2023, down \$48.0 billion (25.4%) when adjusted for inflation. Net cash farm income, which incorporates cash receipts from farming as well as cash farm-related income (including government payments) minus cash expenses, is expected to decline to \$148.6 billion, down \$60.5 billion (28.9%) in inflation terms.

USDA cuts ag export, import forecasts

USDA now forecasts fiscal year (FY) 2023 ag exports at \$177.5 billion, down by \$3.5 billion from the May outlook, while ag imports are expected to reach \$196.5 billion, a reduction of \$1.5 billion from May. Based on these projections, USDA anticipates an agricultural trade deficit of \$19.0 billion for FY 2023, up from the \$17.0 billion previously. For FY 2024, USDA projects ag exports falling to \$172.0 billion, with imports expected to rise to \$199.5 billion.

How 2022 disaster aid will likely work

Sources signal USDA plans to offer a choice between the failed Phase 2 approach or Phase I but using a "progressive factor," meaning the more losses you suffered, the more you are dinged. Normally, USDA just applies a uniform factor on all benefits, so cuts are equal to fit within the budget. Of note: USDA has \$3.7 billion to work with, far less than private estimates of actual losses. The first payments will be high and then decline.

Assessing crop damage from heat

We found ears prematurely hanging on Crop Tour from the extreme heat wave that hit, especially in the western Corn Belt. According to Megan Taylor, Aaron Nygren, and Jenny Rees (Nebraska Extension Educators, Aug. 25, 2023): "Once the ear shank bends over, the pinch point restricts the flow of carbohydrates from the plant to the ear. If the flow is completely shut off, grain fill to the ear ceases and the kernels will prematurely reach black layer. If the ear droops during early dent when the milk line is hard to differentiate, yield loss could be up to 40% if the flow of carbohydrates is completely shut off. If the ear droops at the end of the dent stage, when the milk line is close to the tip of the kernel, then yield losses could be up to 12%." A weakened ear shank also increases the risk of ears dropping to the ground during high wind events.

For soybeans, the extreme temps caused some soybean fields to partially or completely start to shut down. Crop consultant Dr. Michael Cordonnier says record temps could lead to "premature leaf drop, aborted pods at the top of the plant and smaller and lighter seeds. In the hardest hit areas, some soybeans may shut down prematurely. If dry weather persists until early harvest, there may be increased harvest reductions due to shatter loss."

Corn, soybean conditions decline

As of Aug. 27, USDA rated 56% of the corn crop as "good" to "excellent," down two percentage points from the previous week. The amount of crop rated "poor" to "very poor" increased two points to 17%.

USDA rated 58% of the soybean crop as "good" to "excellent," down one point from the previous week. The amount of crop rated "poor" to "very poor" increased one point to 14%.

On the weighted Pro Farmer Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 5.4 points to 350.1, which was still 2.6 points (0.8%) above last year at this time. The soybean crop fell 4.9 points to 344.0, which was 1.8 points (0.5%) below last year at the end of August. Iowa and Nebraska led the CCI declines for both corn and soybeans, while crops improved in Illinois.

Cordonnier cuts corn, bean yields

Cordonnier lowered his corn yield by 2 bu. to 173 bu. per acre, but raised harvested acreage 500,000 acres, resulting in a crop forecast of 15.01 billion bushels. Cordonnier reduced his soybean yield 1 bu. to 50 bu. per acre and left harvested acres unchanged, resulting in a crop estimate of 4.13 billion bushels.



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Polk Co. (central) Iowa:

"Walked 90% of our corn fields Aug. 27... my yield expectations have been lowered. Need a good rain to slow the bleed."

Woodbury Co. (west-central) Iowa:

"Corn has pollination issues and tipback on plants that are 80% green yet and healthy. Not enough water and too much heat. We won't be anywhere near our farm APH of around 217 bu. per acre."

Cedar Co. (east-central) Iowa:

"Ears are hanging in stressed areas after the heat. Widespread Anthracnose Top Dieback and stalk rot. We still have some impressive corn despite the trying conditions."

Macon Co. (central) Illinois:

"All of our corn was totally green ahead of the extreme temperatures. Fields sprayed with fungicide maintained some plant health, while those without have around 15% to 20% of ears hanging at half milk line."

Kankakee Co. (east-central) Illinois:

"Corn plants are dying and ears are hanging after the heat. If you had told me before the heat hit our fields would look like this a week later, I would have said no way. We are at half milk line and 42% moisture."

Otter Tail Co. (west-central) Minnesota:

"Extreme variability in our corn, with ears from early blister to early dent in some of the fields. Emergence was all over the place. Seed sat in dry soils too long."

Carroll Co. (north-central) Indiana:

"I drove the country route from Delphi, Indiana to Peoria, Illinois and back Aug. 22 and 24. I couldn't believe the change in crops in just a couple days."

Harrison Co. (south-central) Indiana:

"Field checks after the Aug. 25 rain showed strong potential, but the first-planted corn is only half milk and the later-planted acres aren't showing yet. Still a long ways to go."

Northern, central Missouri:

"We sampled fields across southern crop districts 2 (north-central) and 3 (northeast), and northern crop district 5 (central) in Missouri using the Pro Farmer method. From 72 samples, the average corn yield was 117.1 bu. per acre; 118.9 bu. when using our sampling method. Weather has been very hot and dry at critical times. Yields will be highly inconsistent across fields."

Delaware, Maryland & Virginia peninsula:

"We did our annual DelMarVa Corn Tour using the same methodology as Pro Farmer Crop Tour uses for corn. Our average yield was 169 bu. per acre, up 2 bu. from last year and 17 bu. above our average since 2017. Ear counts and grain length were record-large, while the number or kernel rows around were record-low. Regionally, we had a very dry May and June. From the middle of June through grain fill, we have had adequate to abundant rainfall. Several of our typically drought plagued areas have had abundant rainfall, and thus have a nice crop awaiting harvest."

Canadian wheat crop down sharply

Statistics Canada estimated Canadian all-wheat production at 29.5 million metric tons (MMT), down 14.2% from last year and 900,000 metric tons (MT) lower than analysts expected. The decrease was due to lower yields, which are expected to fall 18.6% to an average of 41.2 bu. per acre given the dry conditions across the Canadian Prairies. The lower yield more than offset higher anticipated harvested area, which is expected to rise 5.6% to 26.3 million acres.

Canadian canola production was estimated at 17.6 MMT, down 6.1% from last year but 200,000 MT above expectations. The anticipated decrease in production is due to lower yields, which are expected to fall 8.8% to 35.4 bu. per acre, while harvested area is expected to increase 3.0% to 21.9 million acres.

Mike Jubinville of MarketsFarm said, "StatCan's canola production number still might be a little high in our view as a good portion of this year's increase was primarily in the southern and central growing regions, which should pull yield estimates lower. I was thinking a total wheat crop around 30.0 MMT; the spring wheat portion around 22.5 MMT. But I'm willing to accept StatCan's estimates." USDA forecast Canadian wheat production at 33 MMT in August.

What Canada's smaller wheat crop means for U.S. exports

Jubinville said, "Canadian wheat exports are off to a pretty strong start this year. I suspect spring wheat is going to lead to greater U.S. wheat export flows, tightening up the balance sheets here in North America. And from what I'm hearing, U.S. spring wheat yields won't be as strong as earlier ideas or USDA's estimate." That's a sentiment we share.

India continues to shift rice policy

India imposed a \$1,200 per ton minimum export price on basmati rice shipments and imposed a 20% duty on exports of parboiled rice. India also announced it will allow exporters to ship their non-basmati white rice cargoes that have been trapped at ports after a sudden ban on exports of the category in late July. Shipment of the cargoes totaling around 150,000 MT will be allowed provided traders paid the 20% export duty that was in place up to July 20, when the ban was imposed.

Philippines trying to curb rice inflation

Philippine President Ferdinand Marcos ordered authorities to double efforts to hunt down hoarders and indefinitely capped rice prices. Marcos, who also serves as the country's ag minister, approved a maximum price of 41 pesos (\$0.72) a kg for regular-milled rice, below the 42 pesos to 55 pesos market rate. The maximum price for well-milled rice was set at 45 pesos a kg, below the range of 47 pesos to 56 pesos offered by retailers.

EPA, Army Corps amend WOTUS rule

EPA and the Army Corps of Engineers announced the final rule amending the 2023 definition of "waters of the United States" (WOTUS) to conform with the recent Supreme Court decision in *Sackett v. EPA*. Under the new rule:

Several types of waters will no longer be under federal protection, an EPA official said, including an estimated 1.2 million to 4.9 million miles of ephemeral streams. Up to 63% of wetlands by acreage in the United States could also be affected, the official added, citing mapping done by the Fish and Wildlife Service.

EPA said the amendments announced are limited and only change the parts of the previous rule that are invalid under the court's decision. For example, the final rule removes the significant nexus test from consideration when identifying tributaries and other waters as federally protected.

PERSPECTIVE: Predictably, the agencies did the bare minimum. Groups representing industries such as oil, agriculture and development accused the Biden administration of not fully adhering to the Supreme Court's ruling. That suggests legal and legislative battles over the jurisdiction of federal waters will likely continue.

FAS updates LIP payment rate

USDA's Farm Service Agency (FSA) is updating the Livestock Indemnity Program (LIP) payment rate to support livestock producers in the Midwest who have lost cattle to the extreme heat and humidity experienced this summer. To help indemnify ranchers to reflect a trend towards higher cattle weights in feedlots, the 2023 LIP payment rate for beef calves over 800 lbs. will increase from \$1,244 per head to \$1,618. Indemnity payments are made at a rate of 75% of the prior year's average fair market value of the livestock. The updated LIP payment rate is effective immediately and will be applied retroactively starting Jan. 1, 2023, for all eligible causes of loss including excessive heat, tornado, winter storms and other qualifying adverse weather. Producers who have already received LIP payments for 2023 losses will receive an additional payment, if applicable, commensurate with this updated rate.

PARP update

USDA needs to finalize the 2020-2021 Emergency Relief Program (ERP) Phase 2 before it can calculate a payment factor for Pandemic Assistance Revenue Program (PARP). Sources say the CBA in the rule was a high estimate (doesn't include other revenue factors that would decrease the overall demand) and stress it was an estimate. It is unclear what USDA received regarding claims under PARP. Some sources say final payment factors for PARP will be determined this fall (likely in October).

A deeper dive into Crop Tour findings

By Pro Farmer editors

We've had a week to let the dust settle and reflect on what we found on the Pro Farmer Crop Tour. More importantly, we've had a week to do additional analysis of the data from the more than 3,500 corn and soybean samples scouts gathered Aug. 21-24.

Crop Tour is about data-gathering, ground-truthing

Our goal during Crop Tour is to get a strong, objective view of corn yield potential from one big field across seven Midwest states during the third full week of August.

Heading into Crop Tour, we knew the corn crop was heavily stressed by dryness in some areas. From our 30 previous years of experience and data collecting, we know the "recipe" for a strong yield is to rush the crop to pollination and then slow it down through grain fill. This year's crop development was slightly ahead of average, though we didn't know how much irrevocable damage was done by drought... or how the growing season will finish. Well... extreme heat hit during Crop Tour week and it had a stark impact on some areas, especially the driest locations. We saw fields that waved the white flag and started to shut down amid the extreme heat. Areas that had adequate soil moisture handled the heat better, though it still pushed crop maturity.

Because the crop was pushed by drought in the western Corn Belt and the extreme heat during Crop Tour, we measured a lot of actual yield in those states. In the eastern Corn Belt, crop maturity was average (parts of Illinois) to behind average, meaning we measured more potential there.

Ear counts and grain length inch up from year-ago

Ear counts increased from last year in four of the Crop Tour states — Illinois, Iowa, Nebraska and South Dakota. Grain length rose in five states, with only Iowa and Minnesota dropping from last year.

For all 1,785 corn samples, we found ear counts up 0.2% from last year, while grain length increased 1.5% and kernel rows around slipped 0.2%.

The average of all samples is our best number

As we've detailed in the past, we have two corn yield calculations that use the same raw data (ear counts, grain inches, kernel rows and row spacing). We report the results of the standard calculation during Crop Tour and in our final analysis since it has proven to be more accurate over time.

The "old" calculation adjusts for kernel size based on the number of kernel rows around the ear. (The higher

the number of kernel rows, the smaller the kernel size.)

The average of all samples collected was 179.25 bu. per acre, 4.15 bu. above USDA's initial estimate. The average from the adjusted "old" yield calculation came in at 162.41 bu. per acre. The simple average of those two is 170.83 bu. per acre.

The Pro Farmer corn yield estimate at 172.0 bu. per acre was adjusted up slightly from the midpoint of those two averages due to the strong potential in the eastern Corn Belt. But it would be down 1.3 bu. per acre from USDA's final yield last year and 9.5 bu. (5.2%) below trendline.

Breakdown of the corn data samples

Of the 1,785 corn samples we collected, 837 (46.9%) were below 179.25 bu. per acre (the average of the standard yield calculation), while 948 (53.1%) were above that level. There were 703 samples (39.4%) below the Pro Farmer estimate of 172.0 bu. per acre and 1,082 samples (60.6%) above that mark.

Soybeans: Lots of pods... but some areas turning early

We don't calculate a soybean yield with Crop Tour samples. Instead, we count pods in a 3-foot square.

We've found there's a sweet spot of around 1,150 pods where yields are optimized. Much above that mark and late-season conditions need to be near ideal to have a positive impact on yields. Too far below the optimal level results in not enough pods to produce a big yield.

The average of all the state averages this year was 1,168.76 pods in a 3' x 3' square. The average of all samples was 1,174.73. Both were close to the optimal level. Other years with similar high average pod counts have been the highest yielding — 1,197 in 2021 yielded 51.4 bu., 1,297 in 2020 yielded 50.2 bu., 1,216 in 2018 yielded 50.6 bu. and 1,154 in 2016 yielded a record 51.9 bu. per acre. But the high temps during Crop Tour caused some fields to start shutting down, which will limit yield potential as the crop won't finish strong — and will end poorly in the areas most negatively impacted.

The other factor we pay close attention to is soil moisture ratings. We found soil moisture was up in only two states from last year — Indiana and South Dakota.

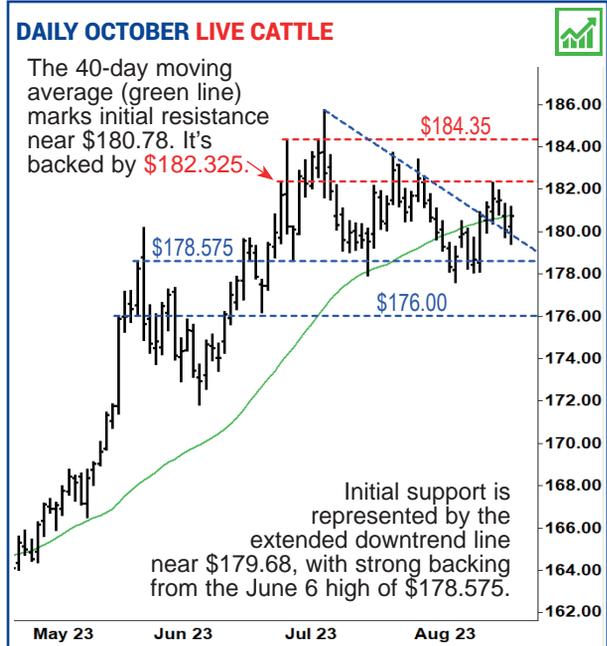
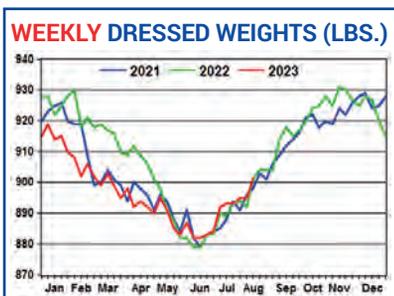
This year's soybean crop was relatively clean, though there were pockets of Sudden Death Syndrome (SDS), which could hold back yields. Eastern Nebraska and western Iowa also had areas of white mold that will take the top off bean yields.

The Pro Farmer yield estimate of 49.7 bu. per acre was down 1.2 bu. from USDA's August forecast.

CATTLE - Fundamental Analysis

Although Choice beef cutout is hovering just under its late-August high, cattle prices have slipped. Accelerated sales in the Southern Plains seemed to skew cash prices lower in late August. But steer weights are even with year-ago levels and the Choice/Select spread remains wide, implying market-ready feedlot supplies are tight despite weekly slaughter averaging 6.8% below comparable 2022 levels since Independence Day. Concerns about consumer demand are warranted as retail beef prices surge to record highs, but sustained fed cattle strength can't be ruled out given tight supplies.

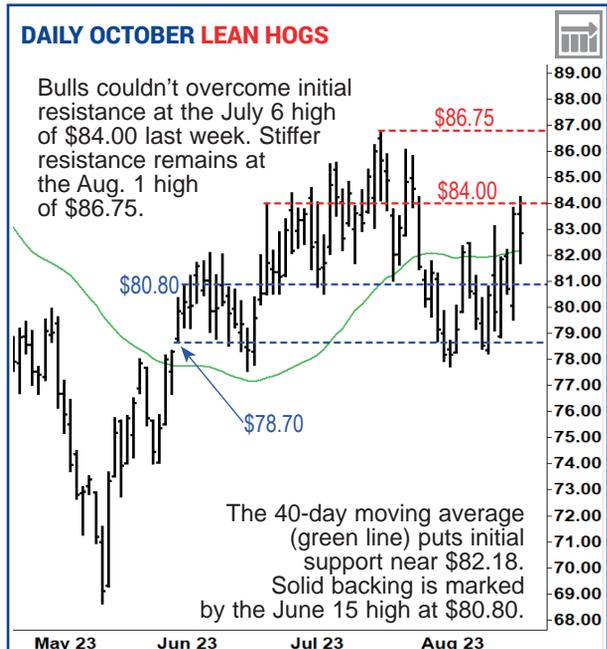
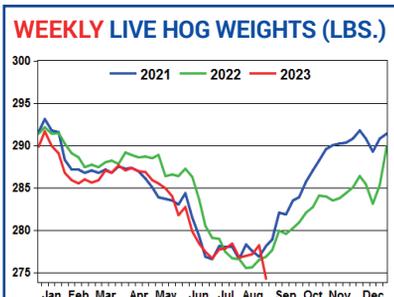
Position Monitor		
Game Plan:	Feds	Feeders
Supply-side	III'23 0%	0%
fundamen-	IV'23 0%	0%
tals are bull-	I'24 0%	0%
ish but we have demand concerns.	II'24 0%	0%
Be prepared to hedge on signs of a technical top.		



HOGS - Fundamental Analysis

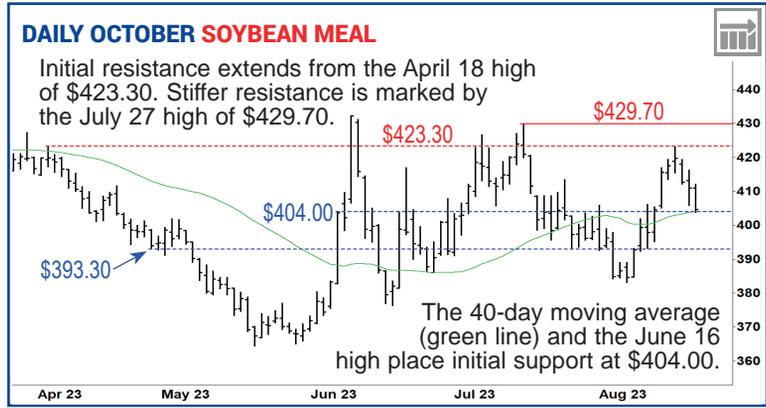
Torrid heat likely played a big role in sending Iowa/southern Minnesota hog weights four lbs. lower during the week of Aug. 26, but the drop may also indicate the industry was pulling hogs forward before curtailing operations for Labor Day. Nearby futures' firmness in the face of sharp cash losses could also imply the industry is anticipating a cash market rebound during September. The 10-year average for the hog index implies steady-firm prices in the weeks following Labor Day. If cash prices firm or rally as they did in such years as 2013, 2014 and 2018, futures will look greatly underpriced.

Position Monitor		
Game Plan:	Lean Hogs	
seasonal top is in	III'23 0%	0%
place for the cash	IV'23 0%	0%
market. Futures	I'24 0%	0%
are holding up relatively well given their big discounts to the cash index.	II'24 0%	0%
Be prepared to hedge a strong rally.		



FEED

Feed Monitor		
Corn		
III'23	100%	Corn Game Plan: On Aug. 30, we advised covering all corn-for-feed needs in the cash market through September. Be prepared to extend coverage on a retest of the August lows.
IV'23	0%	
I'24	0%	
II'24	0%	
Meal		
III'23	100%	Meal Game Plan: On Aug. 30, we advised covering all soybean meal needs in the cash market through September. Be prepared to extend coverage on additional price pressure.
IV'23	0%	
I'24	0%	
II'24	0%	



Position Monitor

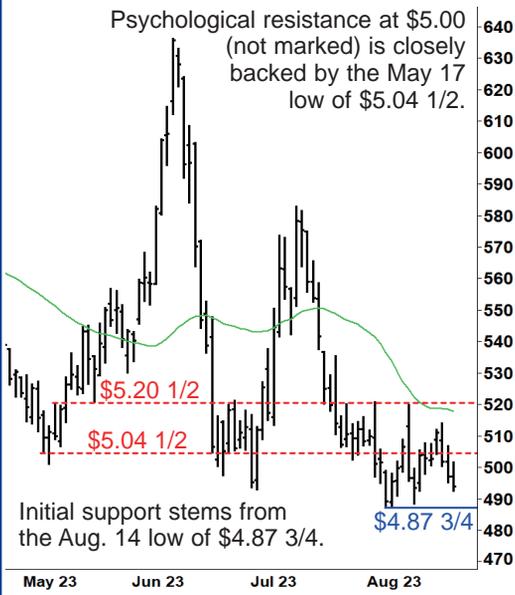
	'22 crop	'23 crop
Cash-only:	100%	35%
Hedgers (cash sales):	100%	50%
Futures/Options	0%	0%

Game Plan: With the 2022-23 marketing year done, you should be 100% sold. While there could be near-term price pressure into 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



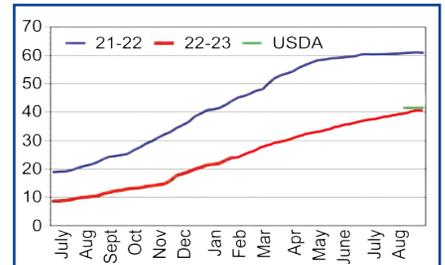
CORN - Fundamental Analysis

Despite the heat and dryness prevalent during Crop Tour, *Pro Farmer's* 14.96 billion bu. estimate for the U.S. corn crop shows it will still be large. Much of the Corn Belt, and several others areas of the country, remained dry last week, which may exacerbate the negative impact of the heat expected to return this week. That may trim traders' expectations. As noted in "From the Bullpen" on *Analysis* page 4, the September tendency in December corn futures has been flat over the past 20 years, though downside risk has been larger than upside potential. This warrants being prepared to sell any extended rally, especially with exports remaining sluggish.

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: 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

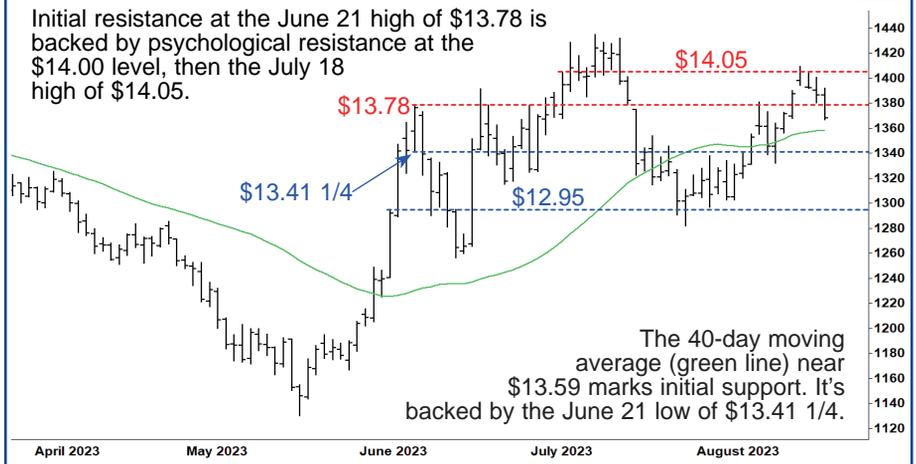
SRW – Futures markets have seemingly become inured to the Black Sea conflict, which likely means more struggles for bulls. The recent seasonal tendency favors the upside (see "From the Bullpen" on *Analysis* page 4), but may require renewed corn strength to power sustained gains.

Position Monitor

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

Game Plan: You should be finished with old-crop sales as the 2022-23 marketing year is finished. We anticipate a poor finish to the crop, especially in the western Corn Belt. Because there isn't much "cushion" on new-crop supplies, a poor finish would be bullish as prices would need to rise enough to slow demand. With that said, we still recommend selling on a challenge of the contract high.

DAILY NOVEMBER SOYBEANS



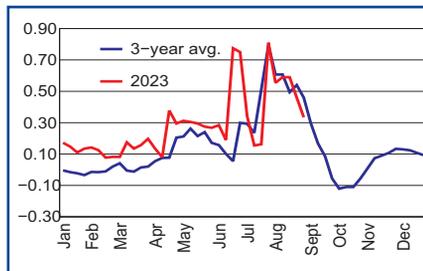
DAILY MARCH SOYBEANS



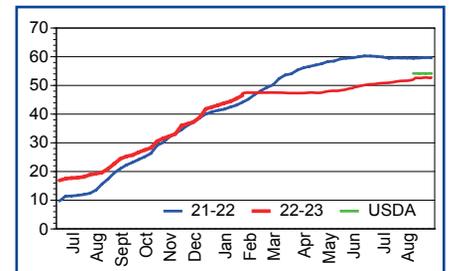
SOYBEANS - Fundamental Analysis

USDA's Aug. 29 Crop Progress Report indicated surprisingly little damage to the soybean crop done by the heat and dryness extant during Crop Tour. But the sustained dryness over much of the western Corn Belt and this week's return of heat have the potential to substantially reduce production. It would be easy to think considerable bullishness may already be built into futures, as suggested by the muted response to recent daily reports of export sales. But concerns about China's economic outlook may be the culprit on that score. Our Crop Tour findings make us pessimistic about the bean crop's finish in the west, so we favor awaiting futures strength before increasing sales.

AVERAGE SOYBEAN BASIS (NOV.)



SOYBEAN EXPORT BOOKINGS (MMT)



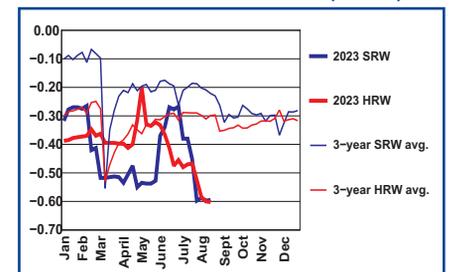
DAILY DECEMBER HRW WHEAT



DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (SEPT.)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Seasonal pressure from the HRS harvest could keep weighing on HRW prices and the weak export outlook seems likely to do the same. Conversely, traders looking forward to fall HRW plantings may anticipate an upward trend, since dry conditions, pessimism about export prospects and weak corn prices may cut planting intentions.

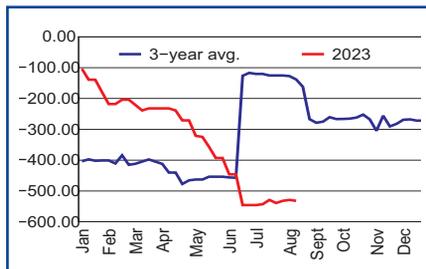
HRS — Statistics Canada stated that country's wheat harvest 3.5 million metric tons under USDA's latest projection (see *News* page 3), but the news was seemingly ignored by HRS traders. This week's Crop Progress Report is likely to show the North Dakota harvest over 50% done, which may signal the looming end of seasonal harvest pressure on prices.

Position Monitor

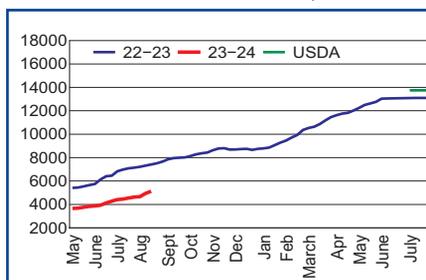
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Be patient with additional sales unless there's a major rally. We are targeting a move to 90.00¢ or higher for the next sales.

AVERAGE COTTON BASIS (OCT.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

FSA acreage pointing to reduced plantings estimates in future USDA reports has supported cotton futures. Potential damage from Hurricane Idalia and sustained Texas heat are also supportive. Abandonment of Texas acreage will be key to the crop outlook.

GENERAL OUTLOOK

ECONOMY: Economists have lowered their recession expectations for 2023, but data last week was concerning in regard to the U.S. economy as a whole. There were less job openings than expected, fewer workers hired than anticipated, consumer confidence tumbled in August and second quarter U.S. GDP was revised lower to 2.1% annualized growth from the initial estimate of 2.4%.

This sparked a rally in risk-based

assets as the data points to the Fed's aggressive rate hikes effectively taming inflation – and slowing down the economy. This reduced expectations of additional interest rate hikes.

The U.S. dollar index modestly pulled back from its recent highs amid expectations of a pause in the Fed's monetary tightening cycle. But the dollar is still well above par and restrictive for ag exports.

WEEKLY U.S. DOLLAR INDEX



FROM THE BULLPEN By Economist Lane Akre

As combines start to roll, corn and soybean bulls historically have a hard time finding their footing. Going back to 1980, corn has risen 17 years and has fallen the remaining 26 in September. The tide has turned more even in recent years though, as December corn futures have risen 10 times by an average of 5.5% (26¢ at current prices) and fallen the other 10 years since 2003 by an average of 9.6% (46¢). Losses are skewed to the downside as there is generally greater risk with a bigger-than-expected crop than upside when the crop doesn't live up to expectations, which is usually somewhat priced in by harvest.

Soybeans are slightly more bearish over the same time frame, rising just eight times by an average of 6.6% (90¢ at current

price levels) and falling the remaining 12 years by an average of 8.5% (\$1.17).

It is worth noting that the two markets often trade together (30 times since 1980), though that is not always the case. Last year, corn prices rallied more than 1% in September, while soybeans fell over 4%.

Wheat on the other hand has seen a strong bullish tendency in recent years. Since 2012, wheat has risen eight out of the 10 years by an average of 4.5% (27¢) and fallen the remaining two times by an average of 11% (66¢). Wheat futures have struggled to gain traction, rising only three months over the past year, but September at least gives bulls some hope of a potential corrective rebound – if there's a bullish catalyst.

WATCH LIST

- Labor Day** MON 9/4
Markets and gov't offices closed.
- USDA Crop Progress Report** TUE 9/5
Focus is on corn, bean ratings. 3:00 p.m. CT
- U.S. Ag Trade Data** WED 9/6
Ag exports, imports for July. 10:00 a.m. CT
- China Ag Trade Data** WED 9/6
Import figures for August. 10:00 p.m. CT
- USDA Export Sales Report** FRI 9/2
Big sales needed for price support. 7:30 a.m. CT

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