



News this week...

- 2 – Brazil forecasts a record soybean crop in 2023-24.
- 3 – Global economy limping along amid China concerns.
- 4 – USDA's WASDE Report featured mostly bullish data.

Bullish reaction to USDA reports – *USDA cut its corn and soybean crop estimates more than expected (see below), which resulted in lower-than-expected 2023-24 ending stocks (see [News](#) page 4). It now appears harvest lows are in place for those markets, though export demand remains a concern and could limit sustained price advances. Wheat ending stocks came in higher than anticipated, but China is shopping for wheat, including recent purchases of U.S. SRW. Cotton got the most bullish data as the U.S. crop and ending stocks were cut more than expected, while USDA made sharp downward revisions to global ending stocks, though the market didn't respond much. Cattle futures pushed above the recent consolidation range on firmer cash prices. Lean hogs dropped despite stabilization in the cash market.*

New geopolitical concerns arise

The war between Israel and Hamas is stoking global economic slowdown fears. Markets have had a relatively muted response thus far, but that could change if other countries get involved (see "General Outlook" on [Analysis](#) page 4).

Corn crop: 15.064 billion bu.

USDA cut its corn production estimate 70 million bu. from last month. It lowered yield 0.8 bu. to 173.0 bu. per acre and left harvested area at 87.096 million acres.

Soybean crop: 4.104 billion bu.

USDA reduced its soybean production estimate 42 million bu. from September. It lowered yield 0.5 bu. to 49.6 bu. per acre and left harvested area at 82.791 million acres.

Cotton crop: 12.817 million bales

USDA cut its cotton crop estimate 315,000 bales amid a 19-lb.-reduction in yield and steady harvested acres.

Sharp drop in China soy imports

China imported 7.15 million metric tons of soybeans in September, down 23.6% from August and 7.4% less than last year. China's appetite for soybeans is expected to be relatively sluggish during the beginning of the U.S. new-crop shipping season given plentiful supplies and poor crush margins.

China's trade data better but not good

China's exports in September declined 6.2% from last year, while imports also dropped 6.2%. That marked the fifth straight month of year-over-year declines in exports and the seventh consecutive month with an annual drop in imports. China's trade surplus rose to \$77.71 billion from \$68.2 billion in August..

Extend corn, soymeal feed coverage

Corn and soybean meal futures signaled seasonal lows are in place following USDA's reports. On Oct. 13, we advised livestock producers to cover all corn-for-feed and soymeal needs in the cash market through October.

House chaos has Washington in flux

There is an increasing belief no GOP member can garner the 217 votes needed to become House speaker, unless entrenched lawmakers are more flexible. House GOP's continued chaos in picking a leader continues to postpone work on must-pass legislation, including an agreement to avoid a government shutdown in mid-November and a new farm bill.

Vilsack still expects farm bill in 2023

USDA Secretary Tom Vilsack expressed confidence Congress will meet the Dec. 31 deadline to pass the farm bill or temporarily extend the current legislation, but he emphasized the need for creativity to address the deadlock over farm group demands for an improved safety net.

One potential path for creativity could be via the CCC Charter Act for farmer safety net (Title I) provisions seeking funding. A caveat could be how the Congressional Budget Office would score such creativity. ARC and PLC are already funded through CCC so this could be presented as an expansion of that authority. Plus, if lawmakers restrict USDA's CCC authority it could open up more funds for Title I.

Clarifying reference prices key in the farm bill debate

The Congressional Budget Office (CBO) projects Effective Reference Prices (ERPs) higher than Statutory Reference Prices (SRPs) for nine of the 19 program crops, covering over 90% of all base acres, but not crops like cotton, rice and peanuts. This could lead to higher Reference Prices for some crops without requiring Congress to take additional action. But *Southern Ag Today* argues the farm bill safety net should serve all farmers, not just a particular region, and adapt to higher production costs. It says relying solely on existing ERPs or modest SRP increases may not be enough.

U.S. inflation proving to be sticky

The U.S. consumer price index (CPI) rose 3.7% annually during September, the same as August. Core inflation, excluding food and energy prices, was 4.1% above year-ago. The producer price index (PPI) increased 2.2% from year-ago.

Brazil forecasts record soybean crop

In its first forecast for 2023-24, Conab projected Brazilian soybean production will increase 4.8% to a record 162 million metric tons (MMT). Soybean plantings are expected to rise 2.5% to 45.1 million hectares. Conab forecasts corn production will fall 9.5% from the 2022-23 record to 119.4 MMT amid a 4.8% drop in plantings and lower yields.

Crop consultant Dr. Michael Cordonnier also forecasts Brazil's soybean production at 162 MMT. However, his corn crop forecast is notably higher than Conab at 125 MMT.

USDA projects Brazilian production at 163 MMT for soybeans and 129 MMT for corn in 2023-24.

Wide range on Argy wheat crop pegs

The Rosario Grain Exchange cut its 2023-24 Argentine wheat forecast to 14.3 MMT amid lingering drought impacts. The Buenos Aires Grain Exchange lowered its Argentine wheat crop estimate to 16.2 MMT. USDA left its Argentine wheat crop outlook at 16.5 MMT.

China forecasts record corn crop

China's ag ministry raised its 2023 corn production forecast by 3.29 MMT to a record 288.23 MMT, which is now expected to rise 11.03 MMT from last year. Despite the bigger production estimate, the ministry left its 2023-24 corn import forecast at 17.5 MMT.

Ukraine loses up to 8.5% of farmland

Analysis by NASA's Harvest program showed between 5.2 million and 6.9 million acres (2.1 million to 2.8 million hectares) of prime Ukrainian farmland have been abandoned as a result of the war. That amounts to 6.5% to 8.5% of the country's total cropland.

India to extend parboiled rice duty

India plans to extend a 20% duty on exports of parboiled rice until March 2024. The duty imposed in August was originally set to expire Oct. 15. Even after paying the 20% duty, Indian parboiled rice is cheaper than supplies from other exporters, including Thailand.

Indonesia increases rice import quota

Indonesia will allow imports of an additional 1.5 MMT of rice on top of a 2 MMT rice import quota for 2023 and an additional 300,000 MT carried over from last year. But the ag ministry said realistically Indonesia may only be able to procure 600,000 MT of rice by year-end.



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Polk Co. (central) Iowa:

"My soybean yields are topping out at 60 bu. per acre, 15 bu. to 20 bu. less than the last two years. Bean size is very small. The late beans are especially disappointing."

Story Co. (central) Iowa:

"Lots of stalk issues where the corn plant put on a big ear and went after the stalk to fill it. We had favorable conditions to set an ear and as we started to fill, they turned stressful. Plants actually did a tremendous job of filling ears given the late-season conditions."

Crawford Co. (west-central) Iowa:

"My corn-on-corn yields are down over 100 bu. per acre from my APH. My neighbors who have a 50/50 rotation have great yields with the same rainfall."

DeKalb Co. (northeast) Illinois:

"Corn yields are generally coming in better than expected in the local area. Some pretty happy farmers."

Scott Co. (west-southwest) Illinois:

"Corn yields have been all over the place but not too bad considering how dry it was here."

Gage Co. (southeast) Nebraska:

"Soybeans are running 10 bu. to 15 bu. per acre below what they looked like. Dryland yields are 25 bu. to 35 bu. per acre, with irrigated ranging from 50 bu. to 60 bu. per acre."

Watonwan, Blue Earth Cos. (south-central) Minn.:

"Our soybeans averaged 61 bu. per acre across all fields. Historically, we're used to 70 bu., though the past two years have been 65 bu. and 66 bu. per acre due to summer dryness."

Jasper Co. (northwest) Indiana:

"In general, corn yields are roughly 20 bu. to 25 bu. per acre better than what most growers expected."

Putnam Co. (northwest) Ohio:

"Apparently all we had to do to get rain was start harvest. I'm not sure what's more variable, yields or the moisture. We're drying some corn and sending some straight to the ethanol plant."

Shelby Co. (west-central) Ohio:

"Bean yields are better than expected considering we had zero rain in September."

Calhoun Co. (south-central) Michigan:

"I would never have guessed that we'd have anywhere near average soybean yields in June, but we're getting some pretty close to average, if not slightly above average yields. Phenomenal."

Sherman Co. (northwest) Kansas:

"Dryland corn is running just 50 bu. to 55 bu. per acre. But our early wheat stands are good so far."

Sargent Co. (southeast) North Dakota:

"We got lucky with some nice early August rains, beans canopied and ended up with better-than-average yields."

WOTUS injunction appeal withdrawn

EPA withdrew its appeal of a court injunction that had prevented the enforcement of the March Waters of the United States (WOTUS) rule in 24 states. EPA made this choice based on its recently finalized revised rule in September, which the agency believes aligns the WOTUS rule with the requirements set by a U.S. Supreme Court decision that had necessitated the rewriting of the original March rule.

Paying farmers for climate-smart ag

Virginia Tech University will distribute \$57 million via the Alliance to Advance Climate-Smart Agriculture, a pilot program aimed at encouraging farmers to adopt climate-smart practices that reduce greenhouse gas emissions. The program will initially run for three years in Virginia, Arkansas, Minnesota and North Dakota with the potential to reduce ag emissions by 55% and total U.S. emissions by 8% after a decade if expanded nationally. Farmers will be paid \$100 per acre or animal unit over three years (\$33.33 per year) to participate.

U.S. meat exports rise in August

The U.S. exported 526.7 million lbs. of pork during August, up 22.0 million lbs. (4.4%) from July and 13.3 million lbs. (2.6%) more than last year. Through the first eight months of this year, pork exports totaled 4.482 billion lbs., up 335.1 million lbs. (8.1%) from the same period last year. USDA cut its 2023 pork export forecast but still expects a 6.6% increase from last year and another 2.8% rise next year.

U.S. beef exports totaled 259.5 million lbs. in August, up 19.4 million lbs. (8.1%) from July but down 66.0 million lbs. (20.3%) from August 2022, which was the all-time high for any month. Through the first eight months of this year, beef exports totaled 2.083 billion lbs., down 335.9 million lbs. (13.9%) from the same period last year. USDA cut its 2023 beef export forecast and now expects a 14.4% year-over-year decline. Beef exports are projected to drop another 6.2% next year.

More bird flu cases reported

Minnesota reported a case of highly pathogenic avian influenza (HPAI) on a commercial turkey farm in Meeker County. Earlier this month, USDA reported HPAI outbreaks at commercial turkey farms in South Dakota and Utah, and a backyard poultry flock in Montana.

EFSA recommends bird flu vaccine

European food safety agency (EFSA) recommended preventative HPAI vaccinations in areas with a high risk of transmission to stem the spread of the virus, though vaccinations should not replace other preventive and control measures. France recently became the world's first large poultry exporter to start nationwide HPAI vaccines.

IMF: Global economy 'limping along'

The International Monetary Fund (IMF) left its forecast for global GDP growth in 2023 unchanged at 3.0%, though that would be down from 3.5% growth last year. Cuts to the economic outlooks for China and euro zone were offset by "remarkable strength" in the U.S. economy. IMF cut its 2024 economic growth forecast by 0.1 percentage point to 2.9%.

UNITED STATES: IMF raised its 2023 GDP forecast for the U.S. to 2.1%, up 0.3 point from its prior outlook and equal to 2022. For 2024, IMF expects U.S. economic growth to slow to 1.5%.

CHINA: The outlook for China's economy was cut 0.2 point to 5.0% for this year, though that would be up from 3.0% growth last year. For next year, IMF forecasts China's economy will slow to 4.2% growth.

EURO ZONE: The euro zone economy is now expected to grow 0.7% this year, down 0.2 point from the prior projection and sharply below last year's 3.3% GDP. IMF expects economic growth in the euro zone to rebound to 1.2% next year.

Inflation continued to decline around the globe due to a fall in energy prices and to a lesser extent food prices. IMF forecasts inflation will fall to 6.9% in 2023, down from 8.7% in 2022, and to 5.8% in 2024. Core inflation, excluding food and energy prices, is coming down more gradually, and should drop to 6.3% in 2023, from 6.4% in 2022, and to 5.3% in 2024.

Global economic impact of Israel/Hamas conflict

U.S. Treasury Secretary Janet Yellen does not view the current conflict in the Middle East as a major driver of the global economic outlook. IMF modeling showed that a 10% increase in oil prices would lead to a 0.4 percentage point rise in inflation one year later. Under this scenario, global economic growth would be projected to decrease by 0.15 point.

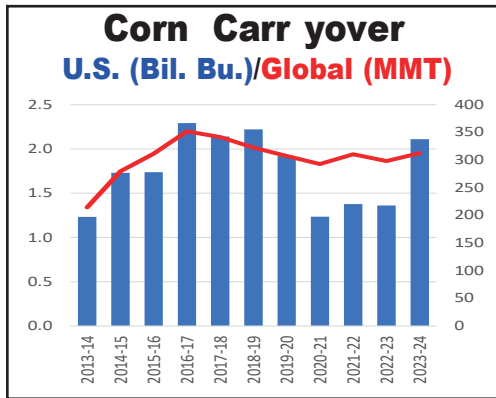
Think tank warns on China's risks

A report by Washington-based think tank Atlantic Council GeoEconomics Center and research organization Rhodium Group raised concerns about China's economic stability and global position. The report highlights several key issues facing the world's second-largest economy, attributing its current economic woes to a failure in implementing necessary reforms. The challenges include a troubled property market, an aging population, declining foreign investment, rising state ownership in key industries and unpredictable regulatory developments.

The report predicts China's economic growth will be less than 4% in 2023, significantly lower than Beijing's official target of "around 5%" and calls for structural reforms, such as privatizing state assets and reforming the pension system. It also suggests China's ambition to surpass the U.S. as the world's largest economy by the end of the current decade is unlikely to materialize.

New-crop corn, bean carryovers lower than expected

by Editor Brian Grete



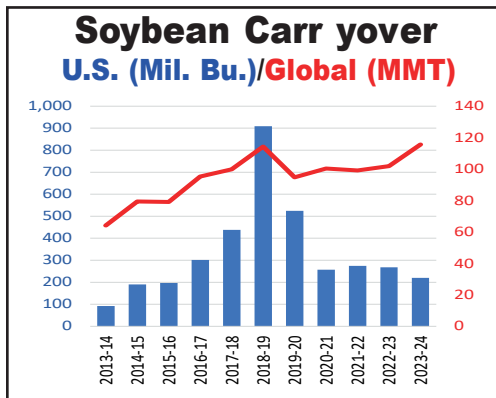
CORN — Final 2022-23 ending stocks were set at 1.361 billion bu. in USDA's September Grain Stocks Report.

For 2023-24, USDA cut its ending stocks forecast 110 million bu. from last month to 2.111 billion bushels. USDA lowered total supply 160 million bu. (smaller beginning stocks and reduced crop estimate). On the demand side of the balance sheet, USDA cut feed & residual 25 million bu. (to 5.6 billion), left food, seed & industrial use at 6.715 billion bu. (including unchanged corn-for-ethanol use of 5.3 billion bu.) and reduced corn exports 25 million bushels (to 2.025 billion bu.).

Our corn ending stocks forecast is 2.021 billion bu. for 2023-24.

- **USDA 2022-23 price: \$6.54 down 1¢ from September; 2023-24: \$4.95, up 5¢.**

Global corn carryover: 298.1 million metric tons (MMT) for 2022-23, down 1.3 MMT from last month; 312.4 MMT for 2023-24, down 1.6 MMT from September.



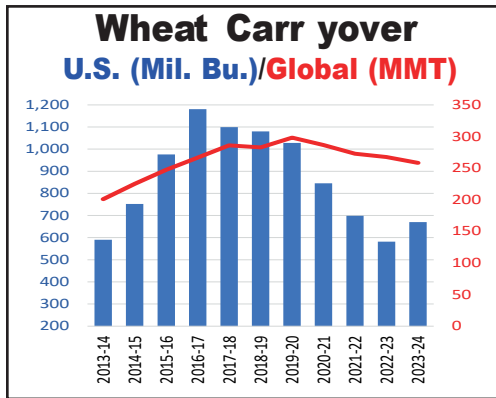
SOYBEANS — Final 2022-23 ending stocks were set at 268 million bu. in USDA's September Grain Stocks Report.

For 2023-24, USDA left ending stocks at 220 million bushels. It cut total supply 23 million bu. (higher beginning stocks more than offset by the cut to the 2023 crop estimate). On the demand-side of the new-crop balance sheet, USDA increased crush 10 million bu. (to 2.3 billion), cut exports 35 million bu. (to 1.755 billion) and raised residual use 2 million bushels (to 27 million bu.).

Our soybean ending stocks forecast is 210 for 2023-24.

- **USDA 2022-23 price: \$14.20, unchanged from last month; 2023-24: \$12.90, unch.**

Global soybean carryover: 101.9 MMT for 2022-23, down 1.1 MMT from last month; 115.6 for 2023-24, down 3.6 MMT from September.

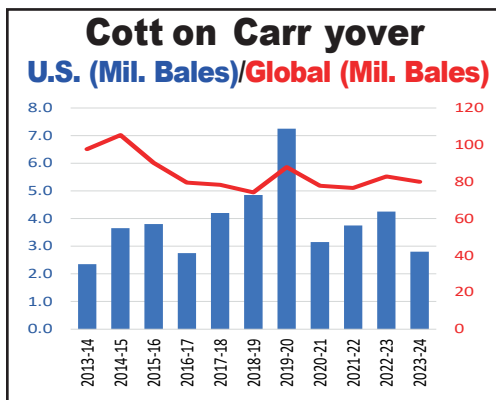


WHEAT — USDA raised 2023-24 ending stocks 55 million bu. from last month to 670 million bushels. It increased total supply 85 million bu., due mostly to the bigger crop estimate in the Small Grains Summary. On the demand side of the balance sheet, the only change was a 30-million-bu. increase to projected feed and residual use.

Our wheat ending stocks forecast is 659 for 2023-24.

- **USDA 2023-24 price: \$7.30, down 20¢ from September.**

Global wheat carryover: 267.6 MMT for 2022-23, up 420,000 metric tons (MT) from last month; 258.1 MMT for 2023-24, down 480,000 MT from last month.



COTTON — USDA made no changes to the old-crop balance sheet, leaving ending stocks at 4.25 million bales.

For 2023-24, USDA cut ending stocks 200,000 bales to 2.8 million bales. It cut total supply 320,000 bales on the smaller crop estimate. On the demand side, USDA cut exports 100,000 bales and unaccounted use 20,000 bales.

Our cotton ending stocks forecast is 2.9 million bales for 2023-24.

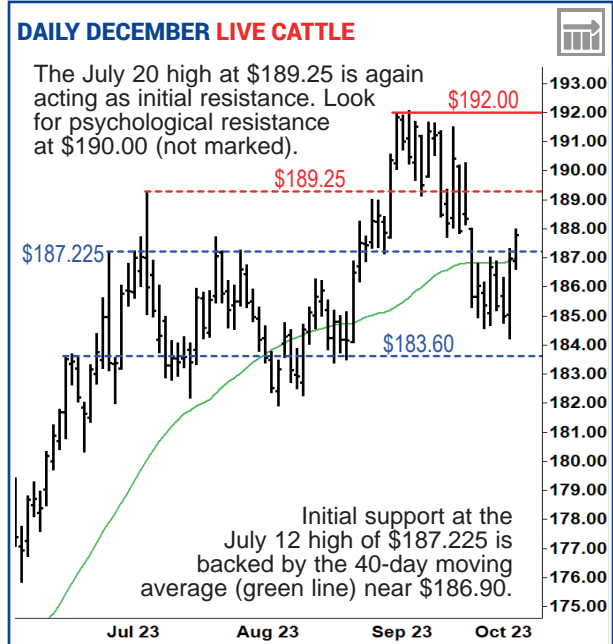
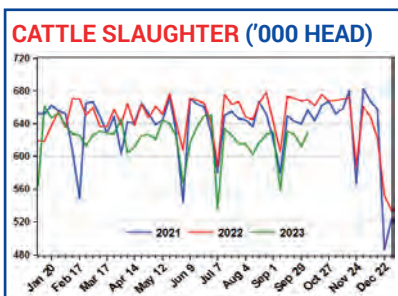
- **USDA 2022-23 price: 84.8¢, up 2.8¢ from September; 2023-24: 80¢, unchanged.**

Global cotton carryover: 82.8 million bales for 2022-23, down 10.3 million bales from September; 79.9 million bales for 2023-24, down 10 million bales. USDA made adjustments for Brazil cotton stocks back to 2000-01 as it shifted ahead by one year its 2000-01 to 2022-23 Brazilian production estimates.

CATTLE - Fundamental Analysis

The Oct. 4-5 dip below \$300.00 in Choice beef cutout apparently triggered strong buying from grocers. That followed two weeks of active fed cattle purchases by packers, as well as a modest increase in recent slaughter rates from the mid-summer low. The implied increase in packer demand also indicates a commensurate reduction in market-ready fed cattle supplies still in feedlots. Futures rebounded strongly in response to the improved situation, with the December contract's rebound above the 40-day moving average suggesting the cattle rally will resume. We expect sustained firmness.

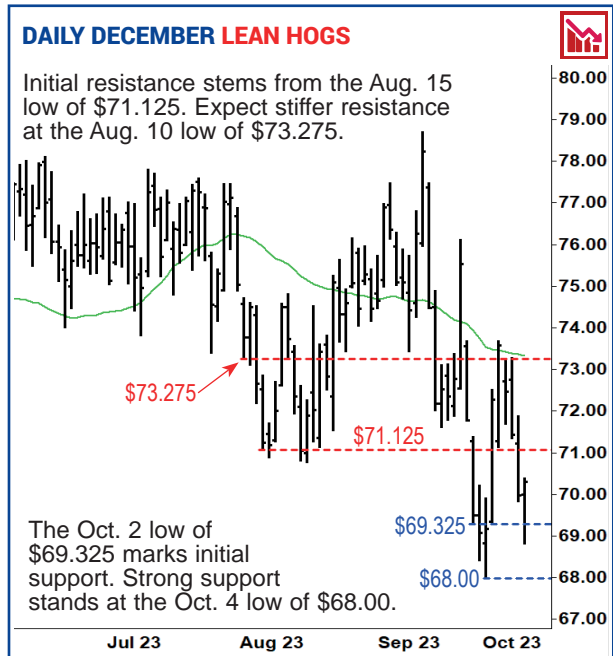
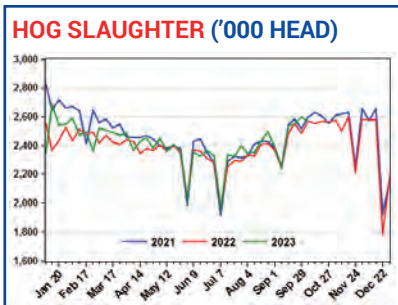
| Position Monitor | | |
|--|-----------|---------|
| Game Plan: | Feds | Feeders |
| Supply-side | IV'23 0% | 0% |
| fundamen- | I'24 0% | 0% |
| tals are bull- | II'24 0% | 0% |
| ish but we have demand concerns. | III'24 0% | 0% |
| We'll wait on hedges unless there are clear signs of a market top. | | |



HOGS - Fundamental Analysis

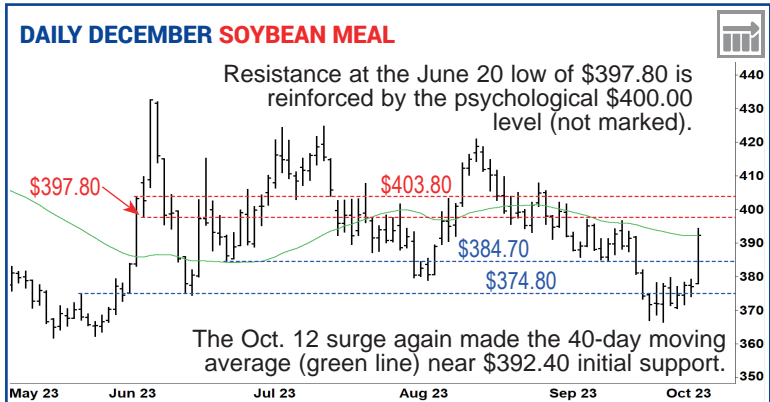
USDA's September Hogs & Pigs Report indicated hog supplies will run about 1% over year-ago levels through early autumn. Kills during the last week of September topped the same week last year by 4.6%, which when combined with routine year-over-year gains through summer likely confirmed bears in their pessimism about the fourth-quarter price outlook. But kills during the first week of October dipped 0.2% under last year, while hog weights are running below year-ago and the 5-year average. When combined with a firmer demand outlook, these conditions may limit the expected seasonal price drop.

| Position Monitor | | |
|--|-----------|--|
| Game Plan: | Lean Hogs | |
| Win- | IV'23 0% | |
| ter-month hogs | I'24 0% | |
| appear under- | II'24 0% | |
| valued at current | III'24 0% | |
| levels, but there could be more near-term pressure. We would prefer to hedge a corrective rebound. | | |



FEED

| Feed Monitor | | |
|--------------|-----|---|
| Corn | | |
| IV'24 | 33% | Corn Game Plan: On Oct. 13, we advised covering all corn-for-feed needs in the cash market through October. Be prepared to extend coverage on signs of a sustained price recovery. |
| I'24 | 0% | |
| II'24 | 0% | |
| III'24 | 0% | |
| Meal | | |
| IV'23 | 33% | Meal Game Plan: On Oct. 13, we advised extending cash soy meal coverage by two weeks through the end of October. Be prepared to further extend coverage. |
| I'24 | 0% | |
| II'24 | 0% | |
| III'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. Seasonally, corn tends to firm during October, but then is weaker in November before strengthening into early the next year. Unless something drastically changes, rallies should be viewed as selling opportunities as demand is struggling and ending stocks will be plentiful for 2023-24 – even if crop size shrinks through harvest.

DAILY DECEMBER CORN



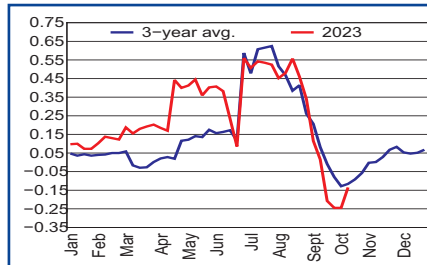
DAILY MARCH CORN



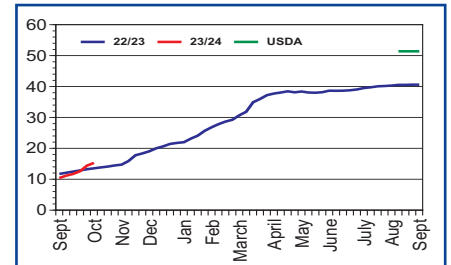
CORN - Fundamental Analysis

USDA's larger-than-expected cut to its 2023-24 ending stocks forecast (to 2.111 billion bu.) sparked a bullish response, causing December corn futures to challenge the \$5.00 level. Seasonal patterns suggest the strength will be sustained during October, but the projected carryout above 2.0 billion bu. will remain an obstacle to sustained gains. USDA kept predicted 2023-24 Brazilian corn production at 129 MMT, whereas Brazil's Conab forecast the crop at 119.4 MMT (see *News* page 2). This suggests a potential improvement in the 2024 price outlook, although it will take time for that situation to evolve. We continue seeking opportunities to advance sales on an extended recovery.

AVERAGE CORN BASIS (DEC.)



CORN EXPORT BOOKINGS (MMT)

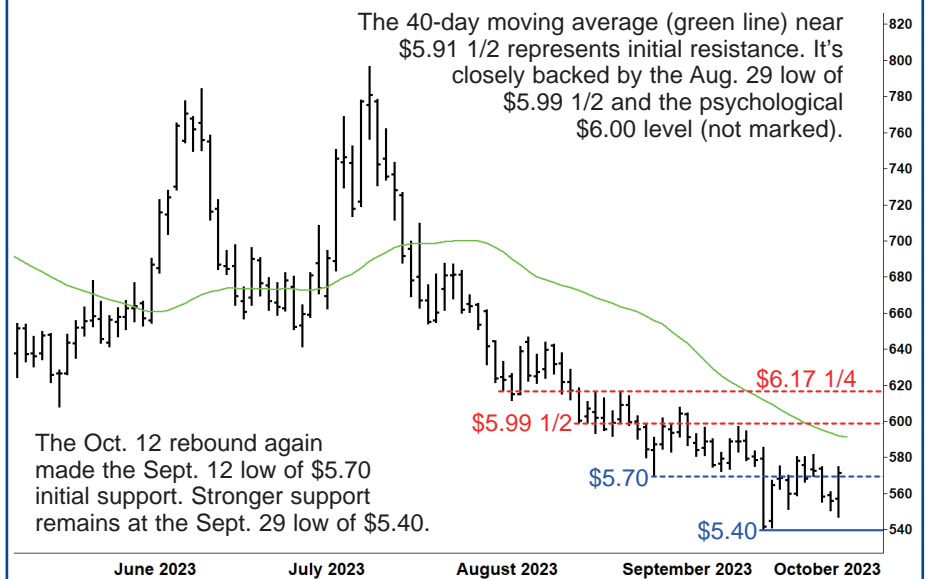


Position Monitor

| | '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 from corn and soybeans for an extended rally given weak demand and the strong dollar.

DAILY DECEMBER SRW WHEAT



WHEAT - Fundamental Analysis

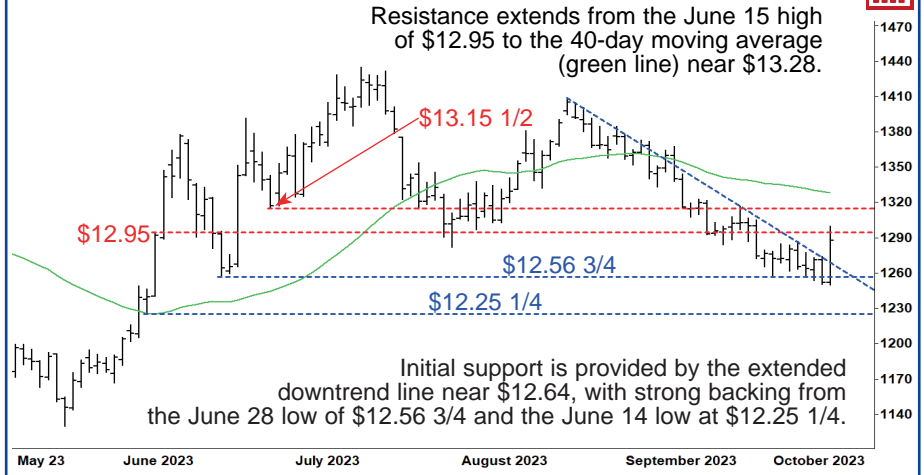
SRW – Although talk of a Russian drone strike on Ukrainian grain storage and unfavorable weather in some major wheat production areas helped, surging corn and soybean futures were the main drivers of wheat gains. We'll be looking to use sustained gains for our first 2023-24 sales.

Position Monitor

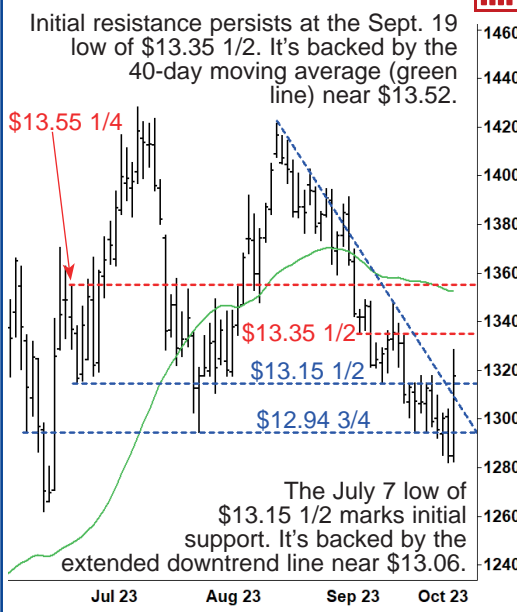
| | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only: | 40% | 0% |
| Hedgers (cash sales): | 45% | 0% |
| Futures/Options | 0% | 0% |

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, you should be focused on selling an extended price recovery.

DAILY NOVEMBER SOYBEANS



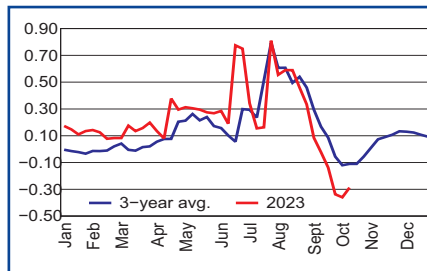
DAILY MARCH SOYBEANS



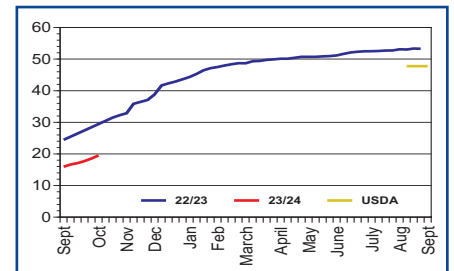
SOYBEANS - Fundamental Analysis

USDA cut its soybean crop estimate but left projected 2023-24 ending stocks unchanged due to reduced exports. Despite improved daily and weekly export sales results lately, ongoing problems with low water in the Mississippi watershed have not diminished. The prospect of another huge increase in Brazilian soybean production (reaching a record at 162 MMT, see *News page 2*) next year promises even greater competition in the export market. The U.S. dollar set back versus the real last week and has traded sideways-to-lower versus the Brazilian currency since mid-2020. However, producers can't rely on that to shift the soy balance back in the United States' favor.

AVERAGE SOYBEAN BASIS (NOV.)



SOYBEAN EXPORT BOOKINGS (MMT)



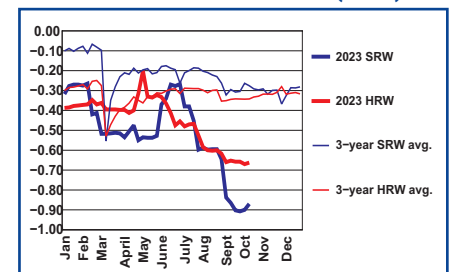
DAILY DECEMBER HRW WHEAT



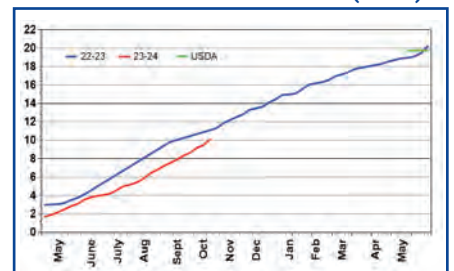
DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (DEC.)



WHEAT EXPORT BOOKINGS (MMT)



HRW – World Weather Inc. stated moisture in the Southern Plains HRW growing region and areas of the Pacific Northwest is falling short of ideal levels. We also doubt farmers have planted wheat very aggressively, so the complex may enjoy some upside potential. Sustained corn and soy gains may be the best hope for a wheat rally.

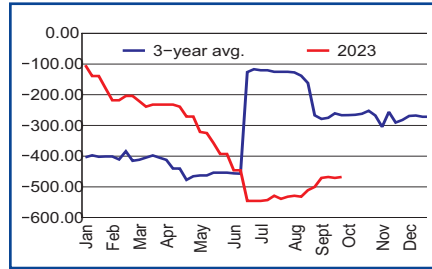
HRS – The Black Sea region could use increased rainfall, and Argentina's crop looks disappointing. El Niño seems likely to do a number on the Aussie and Indian crops. HRS futures are likely to follow winter wheat, with spring conditions determining plantings at that time. Producers may need to see significantly higher prices before stepping up.

Position Monitor

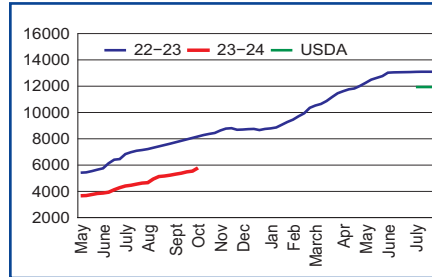
| | '23 crop | '24 crop |
|-----------------------|----------|----------|
| Cash-only: | 60% | 0% |
| Hedgers (cash sales): | 60% | 0% |
| Futures/Options | 0% | 0% |

Game Plan: We are targeting a move above 90.00¢ in December futures for the next sales. Short-term defensive hedges may be needed on signs of a top.

AVERAGE COTTON BASIS (DEC.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

The cotton outlook depends heavily upon export demand. Trader ideas on that score are varied, but mostly pessimistic, with China's economy in flux. Rising tensions in the Middle East further muddied the situation. The market failed to respond to bullish data on Oct. 12.

GENERAL OUTLOOK

FINANCIAL MARKETS: The marketplace is focused on Middle East turmoil, but markets have not reacted strongly to the crisis. In fact, financial markets reacted more to the September jobs report than to the Middle East violence thus far.

Some argue Middle East violence short of all-out war in the region is a decades-old phenomenon which gives it less impact on the markets. The marketplace is presently not factoring in an

escalation in the Israel/Hamas conflict, meaning no other countries such as Iran, Syria or the U.S. are expected to become involved.

However, many market watchers think it's unlikely the conflict will stabilize before there's any involvement from the aforementioned countries. Other countries' involvement will be the pivotal markets element that could alter traders' risk appetite.

WEEKLY CBOE VOLATILITY INDEX (VIX)



FROM THE BULLPEN By Economic Consultant Dan Vaught

As one would expect, the latest retail price data showed red meat costs rising from August to September, but a closer look yields some interesting conclusions.

The latest index for U.S. beef prices came in at 414.5, which marked a fresh all-time high. That denoted a monthly rise of just 0.3%, whereas it represented an annual increase of 7.0%.

This reminded us that beef prices formerly peaked in December 2021, then declined for a year before turning upward again in January 2023. They didn't decisively top year-ago levels until May, which largely explains the strength of consumer beef demand during the first half of the year. The apparent strength of beef demand seen lately partially reflects

their strong preference for beef.

The pork index reached 269.1 in September, which represented a monthly rise of 1.3%, but it also marked an annual decline of 1.7%. Bacon prices jumped 8.9% from August but remained 4.0% below year-ago. Ham and pork chop prices posted monthly dips, however, they were still priced 3.3% and 5.2% above comparable 2022 levels. "Other" pork fell 2.3% annually.

The comparative reductions in pork costs to consumers have seemingly contributed to the hog price firmness seen recently, especially when compared to the dramatic breakdowns seen in late summer 2021 and 2022. We expect more of the same during the fourth quarter.

WATCH LIST

- 1 NOPA Soy Crush** **MON 10/16**
Crush for first month of 2023-24. 11:00 a.m. CT
- 2 USDA Crop Progress Report** **MON 10/16**
Rapid harvest progress expected. 3:00 p.m. CT
- 3 USDA Export Sales Report** **THUR 10/19**
Pickup in new-crop sales needed. 7:30 a.m. CT
- 4 NWS Extended Weather** **THUR 10/19**
Precip needed to reverse drought. 7:30 a.m. CT
- 5 USDA Cattle on Feed Report** **FRI 10/20**
Placements will be the key figure. 2:00 p.m. CT

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