Farm Journal
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October 7, 2023
Vol. 51, No. 40

News this week...

Corn trying to forge early harvest low — *December corn futures rebounded to their highest level since late August as traders covered short positions to start October, which is typically an "up" month for the market (see "From the Bullpen" on Analysis page 4). Wheat futures followed corn's lead, working higher on corrective buying. November soybean futures dropped to their lowest level since June before rebounding. While markets are potentially signaling seasonal lows, sluggish export demand and a strengthening dollar remain headwinds. Cattle futures broke down technically last week, potentially signaling a major top. But the cash market is giving no clues of major price pressure. Lean hog futures faced heavy selling early last week, but rebounded as traders felt discounts in winter-month contracts were too wide.*

Export demand, transportation woes

Grain volumes on the Mississippi River for the week ended Sept. 30 rose 19% from last year, marking only the second time in 2023 volumes topped year-ago levels. However, third-quarter volume was far below average amid weak export demand. USDA warns if low water levels on the Mississippi River continue, it would lead to further load restrictions, which would reduce the barge supply and push up spot rates that could approach last fall's record.

Black Sea tensions remain high

A Turkish-flagged cargo ship hit a mine near the Romanian border on the Black Sea, but sustained only minor damage. Russia continues to export wheat at a record clip, but Ukrainian grain shipments dropped more than 25% from year-ago through the first quarter of 2023-24.

USDA crop reports out Oct. 12

USDA's 2023-24 domestic balance sheets will reflect Sept. 1 stocks and the final 2023 wheat crop estimate, along with any changes to this year's corn and soybean crop forecasts. Key will be what USDA does with its new-crop usage projections to account for the supply changes.

Global sugar prices surge

The UN Food and Agriculture Organization global sugar price index jumped 9.8% in September to the highest level since November 2010. The overall food price index inched down as declines in the price of vegoils, dairy and meat slightly offset increases in sugar and cereal grains. Compared to year-ago, prices declined 5.1% for meat, 23.9% for dairy, 14.6% for cereal grains and 20.8% for vegoils, while sugar prices jumped 48.3%.

Bird flu discovered in South Dakota

Highly pathogenic avian influenza (HPAI) was confirmed in a commercial turkey flock in Jerauld County, South Dakota. This was the first HPAI case in a U.S. commercial poultry flock since April 19. Mexico reported a case of HPAI in a "clinically healthy" migratory duck in the state of Jalisco.

Jobs growth accelerates in Sept.

The U.S. economy added 336,000 non-farm payrolls last month, far exceeding market expectations. The strong jobs data fueled higher probabilities of additional Fed rate hikes and gains in the U.S. dollar index (see "General Outlook" on *Analysis page* 4).

Global trade growth outlook slashed

The World Trade Organization (WTO) cut its growth forecast for global trade to 0.8% this year, saying persistent inflation, higher interest rates, a strained Chinese property market and the war in Ukraine cast negative shadows. WTO warned the trade slowdown was broad-based, involving a large number of countries and goods. We look at risks to commodity markets from trade fragmentation on *News page 4*.

Ag trade deficit hits another record

The U.S. exported $12.48 billion of ag goods in August, while ag imports totaled $16.10 billion. This resulted in a record monthly trade deficit of $3.62 billion. For fiscal year (FY) 2023, cumulative ag exports reached $166.02 billion, against imports of $180.03 billion for a trade deficit of $14.01 billion. USDA forecasts FY 2023 ag exports at $177.5 billion and imports of $196.5 billion, implying a record trade deficit of $19.0 billion.

Shutdown averted but chaos ensues

Congress passed an 11th-hour stopgap measure to keep the government funded through Nov. 17. But it cost Kevin McCarthy (R-Calif.) his speaker role — the only time in history a speaker has been removed by colleagues. The process of electing a replacement could take weeks. With many committee meetings canceled, members and aides are questioning how they'll avert a shutdown in mid-November.

New farm bill odds plunging... even an extension uncertain

House Ag Chair Glenn "GT" Thompson (R-Pa.) said he was unsure a farm bill extension, if needed, could make it through the House. The Senate draft farm bill is also moving slowly amid a disagreement about reworking funds to increase some farm programs.

Soy crush shy of USDA's estimate

U.S. processors crushed 169.0 million bu. of soybeans during August, USDA reported. The crush pace dropped 15.8 million bu. (8.5%) from July and 6.1 million bu. (3.5%) from year-ago. The August total brought 2022-23 crush to 2.212 billion bu., 8 million bu. less than USDA's current forecast.

Corn ethanol use also a little shy

Corn-for-ethanol use totaled 442.6 million bu. during August, which was down 12.6 million bu. (2.8%) from July but up 12.0 million bu. (2.8%) from last year. The August tally brought 2022-23 corn-for-ethanol use to 5.177 billion bu., 18 million bu. less than USDA's current forecast.

Corn-for-ethanol use running strong to start 2023-24

Based on weekly figures from the U.S. Energy Information Administration, ethanol production averaged 1.009 million barrels per day (bpd) during September, 11.9% above last year. With strong margins, an influx of new-crop supplies and restricted movement to export channels due to low river levels, ethanol production will continue to run strong. USDA forecasts corn-for-ethanol use will increase 2.0% in 2023-24.

Malaysia may extend B10 program

Malaysia is considering expansion of its B10 biodiesel program, which requires the mandatory use of 10% palm oil, to the industrial sector. Malaysia currently implements the B10 program only for the transportation sector. Such a move would reduce the country's palm oil exports.

Small refiners challenge SRE denial

Two small refiners are once again challenging the EPA's decision to deny small refinery exemptions (SREs) under the Renewable Fuel Standard (RFS). The legal proceedings took place in the Fifth Circuit Court of Appeals, where one of the refiners called on the court to vacate EPA's denials in April and June 2022 and reinstate the SREs granted for 2017-2018. The outcome of this legal battle remains uncertain, including whether the Fifth Circuit will order the cases to be transferred to the DC Circuit.

RFA urges California to speed up E15

The Renewable Fuels Association (RFA) called on the California Air Resources Board (CARB) to expedite its approval of E15, citing potential environmental and health benefits. RFA says CARB's delays in approving E15 are hindering potential air quality and emissions improvements.

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Brazil's ag exports smashing records

Brazil exported 6.4 MMT of soybeans last month, down 25.7% from August but 60.0% more than September 2022. Brazil's corn exports totaled 8.8 MMT, down 6.4% from August but 37.5% more than last year.

Combined soybean and corn shipments through the first nine months topped the prior record for the period set in 2020 by 22.6 MMT. Some 58% of Brazil's combined soybean and corn exports went to China.

Brazil's soybean planting record-fast

Brazil's 2023-24 soybean planting reached 5.2% as of Sept. 28, the quickest pace ever for that date, according to AgRural. Planting was most advanced in Parana, with 16% seeded, as rains provided sufficient soil moisture last month. In Mato Grosso, planting was 4.1% completed, as producers waited on more rains before seeding soybeans.

The Brazilian National Weather Service (Inmet) forecasts rainfall could increase in central Brazil this week but still expects below-normal totals for October. In contrast, far southern Brazil has been inundated with heavy rains for about the past month, especially in the state of Rio Grande do Sul, which has experienced severe flooding.

Farmers rethinking safrinha plans

With domestic corn prices in Brazil at breakeven or lower and the threat of El Niño ending the rainy season early, some farmers are rethinking their safrinha crop plans. Crop consultant Dr. Michael Cordonnier says instead of sacrificing potential soybean yields in order to have enough time to plant safrinha corn, farmers are focusing more on ensuring robust soybean yields by waiting to plant them when there is adequate soil moisture and planting more longer maturity beans.

Argentina extends 'agro dollar' scheme

Argentina extended through Oct. 25 a program to boost grain/soy exports to shore up the country's foreign reserves. The so-called "agro dollar/soy dollar" program boosted Argentine soy exports to 5.1 MMT in September. But through the first nine months of the year, Argentine grain/soy exports dropped 50% compared to last year.

Argentine crushers face 'disaster'

Argentina's soybean processing plants are running out of soybeans, which will leave well over two-thirds of factory capacity idle. Argentina's soybean crush volume plunged 27% from year-ago to 19.6 MMT through the first eight months of this year, despite record soybean imports.

Also, exporters are not expected to officially declare 2023-24 wheat sales anytime soon, as contracts from 2022-23 that were deferred due to the drought are still being fulfilled.

Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Dawson Co., (central) Nebraska:
"Irrigated corn is running 240 bu. to 270 bu. per acre, down about 20 bu. to 30 bu. from last year. Irrigated soybeans are 60 bu. to 80 bu. per acre, down just a bit from last year."

Davison Co., (east-central) South Dakota:
"Corn yields are generally better than expected — a little below to well above APH, but better than last year. Our beans are looking to be close to or lower than last year's yields. End of August heat was the difference."

Saline Co., (central) Missouri:
"Early corn yields are a lot better than expected given the drought we had this year."

Shelby Co., (Southwest) Tennessee:
"Hearing good soybean yields in the immediate area and throughout the Mid-South. Basis is much wider than normal and some are not giving you a bid unless you normally do business with them."

Woodbury Co., (west-central) Iowa:
"Lots of corn and soybean yields around here that are half to one-quarter of APH."

Black Hawk Co., (northeast) Iowa:
"Started on our worst soybean ground first. Nothing has been better than 15 bu. per acre; APH is about 40 bu. to 45 bu. on this ground. Expecting our 'good ground' that is normally between 60 bu. to 70 bu. per acre to yield in the upper 40s to low 50s. Have heard yields of low 50s to low 70s in the area, so not all is as dire as my situation."

Clayton Co., (northeast) Iowa:
"Our corn yields are going to break last year's record. Unbelievable in a drought year."

Tama Co., (central) Iowa:
"Soybean yields are running 30% below last year."

Des Moines Co., (southeast) Iowa:
"I'll take moderate drought with timely rains anytime. We had cracks in the soil in late June. Then the skies opened in July and our corn so far is considerably above APH."

Did USDA put politics into gov't contingency plans?

USDA's updated contingency plans in the event of a government shutdown included shifting the Agricultural Marketing Service (AMS) Market News function to an activity that would not take place. AMS noted no Market News means buyers and sellers would be "unable to determine market value of an agricultural commodity being traded, creating uncertainty in the market about market trends and reluctance to move products, particularly livestock, to market."

It also said the "brunt of the impact will be most keenly felt by producers, growers, and other small farmers; most affected will be the small farmers who market their commodities through formula arrangements, where the determination of price is based on published data."

"FSA employees will cease all program delivery activities" during a shutdown — a major change from the previous plan. If a shutdown continues past 10 days, one farm loan employee per service center will be on call to complete certain loan processing items but there would be no new loan processing. However, those paid with Inflation Reduction Act funding who oversee policy development and program activities "will continue their work to the extent feasible, up to application approval during the first two weeks of a lapse in appropriation."

DOANE Market Watch

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Nov.	Dec.	Jan.-March
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	6.59	4.48	4.54	4.60	4.70	4.75
Omaha, NE, bushel	6.94	4.68	4.86	4.95	5.05	5.10
Dried Distillers Grain, IA, $/ton	265.84	190.25	187.59	—	—	—
SOYBEANS						
Central Illinois, bushel	13.48	12.65	12.31	12.75	12.95	13.05
Memphis, TN, bushel	12.96	12.35	11.98	12.00	12.90	13.00
Soymeal, 48% Decatur, ton	467.20	405.70	393.40	400	400	400
WHEAT						
Kansas City, HRW, bushel	10.65	7.44	7.16	7.00	7.10	7.15
Minneapolis, 14% DNS, bushel	11.46	9.02	8.66	8.75	8.75	9.00
St. Louis, SRW, bushel	8.21	5.06	5.08	5.00	5.10	5.25
Portland, Soft White, bushel	9.43	6.95	6.65	6.65	6.75	6.80
Durum, NE MT HAD, 13%, bu.	8.92	10.00	10.13	10.00	10.10	10.25
SORGHUM, Kansas City, cwt.	12.82	9.01	9.15	9.15	9.25	9.40
COTTON, 11/16 SLM, 7 area, ¢/lb.	89.06	83.47	82.75	84.00	85.00	86.00
RICE, nearby futures, cwt.	16.97	16.19	15.77	15.65	16.00	16.25
BARLEY, MT, G.T., malting, bu.	7.00	6.50	6.50	6.50	6.50	6.50
OATS, Minneapolis No. 2 heavy, bu.	4.34	4.63	4.62	4.65	4.75	4.85
ALFALFA, NW Iowa, lg. sq. prem., ton	—	—	—	225	225	225
SUNFLOWERS, Fargo, ND, cwt.	25.70	18.20	17.70	17.00	17.50	18.00
HOGS, Nat'l carcass 51%-52% cwt.	91.16	84.23	83.11	80.00	77.00	82.00
FEEDER PIGS, 40 lbs., Nat. avg, head	53.31	40.99	42.11	45.00	50.00	60.00
CHOICE STEERS, feedlots, cwt.	144.78	184.73	183.64	185.00	186.50	188.00
FEEDER CATTLE, Oklahoma City						
Steers, 700-800 pounds, cwt.	172.43	258.46	256.20	255.00	255.00	250.00
Steers, 500-550 pounds, cwt.	188.54	284.94	284.90	287.00	285.00	290.00
Heifers, 450-500 pounds, cwt.	164.43	261.84	259.92	265.00	260.00	270.00
COWS, utility, Sioux Falls, SD, cwt.	87.47	110.84	108.08	108.00	105.00	110.00
MILK, Class III, CME spot month, cwt.	21.80	16.98	17.33	18.00	18.00	18.50
LAMBS, Slg., San Angelo, TX, cwt.	120.00	162.50	171.00	—	—	—
ENERGY						
Ethanol, IA, gallon	2.25	2.26	2.26	—	—	—
Farm diesel, U.S., gallon	4.24	3.94	3.93	3.77	3.68	3.65

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

Commodity market risks from fragmentation

By Editor Brian Grete

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Russia's invasion of Ukraine caused major commodity markets to fragment, and continued geopolitical tensions could make matters worse, according to the International Monetary Fund (IMF). Further disruptions in commodity trade could affect prices, economic activity and the clean energy transition.

Commodity markets highly vulnerable to fragmentation

There are high concentrations of commodity production around the world — many importers rely on a relatively few suppliers. As a result, trade disruptions raise the cost of commodities. The scale of the price effects depends on the supply-and-demand imbalances caused by fragmentation and the price elasticities. Spikes in agricultural commodity prices could be especially concerning for many low-income countries reliant on imports to feed their population.

IMF warns, "Smaller markets in a fragmented world would provide fewer buffers against commodity supply and demand shocks, leading to larger price responses than under free trade. Moreover, commodity producers would have powerful incentives to switch allegiances given potentially significant differences in commodity prices among blocs. This would induce more supply shocks, volatility and uncertainty in commodity markets, challenging fiscal, monetary and financial stability."

The importance of global trade

On average, trade accounts for about 30% of agricultural and energy commodities. That rises to 45% for minerals. The share is "substantially higher" for select commodities within those groups.

Import dependence in agricultural commodities can lead to food insecurity in case of trade disruptions, particularly in low-income countries. For instance, the average low-income country imports more than 80% of the wheat it consumes.

Sensitivity to geopolitics

Trade pattern analysis suggests commodity trade is historically associated with countries' geopolitical alignment. Recent geopolitical riffs have driven home the magnitude of trade disruptions and fragmentation for commodities.

Chinese exports to the Group of Seven (G7) industrial nations have seen a notable 7% decrease between March 2022 and August of this year, according to Geneva-based Trade Data Monitor. Meanwhile, recent data from the U.S. Census Bureau highlights that China's share of U.S. goods imports has reached its lowest point since 2006 in the 12 months through July. While the U.S. remains China's largest export market, Beijing is actively diversifying its trade relationships, with a growing focus on nations that align more closely with its geopolitical objectives.

Economic impacts of commodity market fragmentation

IMF used three complementary approaches to analyzing economic impacts from commodity market fragmentation. The "multicountry, multisector trade model" showed the aggregate impact of commodity fragmentation would be moderate, with a global GDP loss of 0.3%.

However, IMF noted, "There would be large differences within and across blocs. Some economies might benefit from trade diversion as competitors lose access to export markets. Most would experience permanent output declines. Losses would be larger in countries where commodity trade with the other bloc was significant. The China-Russia+ bloc and low-income countries — whose economies are more commodity-intensive — would lose more. Low-income countries' high dependence on imports of agricultural goods would make them particularly vulnerable. Disrupting trade in food commodities alone would lead to losses of 1% of GDP. Commodity fragmentation could also have high social and humanitarian costs and would be particularly harmful for lower-income households, which spend a large share of their incomes on food and fuel."

Summary and policy implications

IMF summarized: "Many features of commodities underpin their vulnerability in the event of fragmentation: their highly concentrated and difficult-to-relocate production, hard-to-substitute consumption, and critical role as inputs for manufacturing and key technologies. Fragmentation in commodity markets is on the rise. Measures restricting commodity trade surged in 2022, price differentials across geographic markets have widened for selected commodities, and FDI (foreign direct investment) flows in commodity sectors are in decline — the latter a trend that started before the war in Ukraine.

"A fragmented world would be more volatile. Commodity price volatility could intensify as a result of smaller market sizes and the incentives for producers to switch geopolitical allegiances. This could result in volatile inflation dynamics, making monetary policy more complex."

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CATTLE - Fundamental Analysis

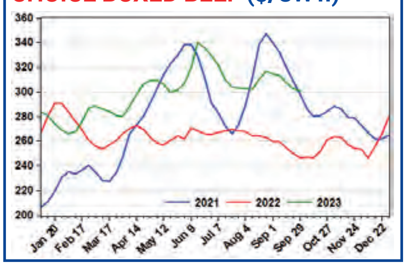
Despite much reduced summer production, the third-quarter beef rally proved much smaller than that seen two years ago. This likely reflected fresh increases in the retail cost to consumers. Offtake seems likely to continue at a diminished pace for the same reason. Conversely, tight supplies of market-ready fed cattle should keep the cash market well supported. *Can the cash market live up to bullish expectations built into futures?* A look at past cyclical lows in the U.S. cattle herd and the resulting price peaks shows they tend to occur simultaneously, which implies the cash market will further strengthen next year.

Position Monitor

Game Plan: Supply-side fundamentals are bullish but we have demand concerns. We'll wait on hedges unless there are clear signs of a market top.

	Feds	Feeders
IV'23	0%	0%
I'24	0%	0%
II'24	0%	0%
III'24	0%	0%

CHOICE BOXED BEEF ($/CWT.)



DAILY DECEMBER LIVE CATTLE

HOGS - Fundamental Analysis

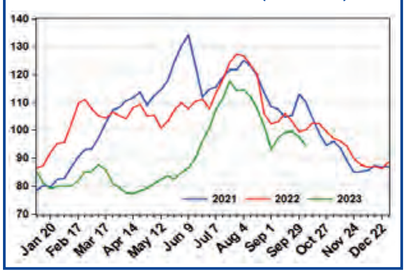
Pork cutout peaked well below the highs of the past two years, with the market rallying dramatically after grocers finally started passing savings along to consumers last spring. Prices are again proving weak, with December futures indicating that will remain the case through year end. We suspect grocers will continue pricing retail pork cuts below year-prior levels through fall and winter, which should translate into persistently solid demand. Comparatively low ham stocks also seem likely to support the market during the run-up to the holiday season. Hog prices may prove surprisingly stable.

Position Monitor

Game Plan: Winter-month hogs appear undervalued at current levels, but there could be more near-term pressure. We would prefer to hedge a corrective rebound.

	Lean Hogs
IV'23	0%
I'24	0%
II'24	0%
III'24	0%

PORK CUTOUT VALUE ($/CWT.)



DAILY DECEMBER LEAN HOGS

FEED

Feed Monitor

Corn

IV'24	0%
I'24	0%
II'24	0%
III'24	0%

Meal

IV'23	17%
I'24	0%
II'24	0%
III'24	0%

Corn Game Plan: You are hand-to-mouth on corn-for-feed coverage. Wait on clear signs the market has bottomed before extending coverage.

Meal Game Plan: On Sept. 28, we extended coverage in the cash market by two weeks through mid-October. Be prepared to further extend coverage on a drop to $370.00 or lower in December futures.

DAILY DECEMBER SOYBEAN MEAL

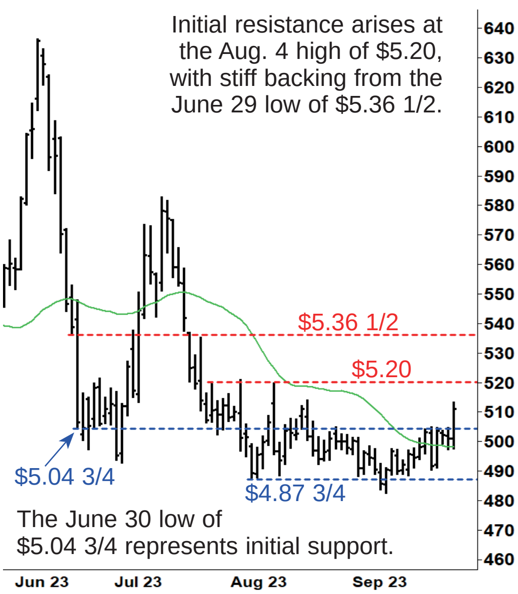
Position Monitor

	'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 (see "From the Bullpen" on <u>*Analysis*</u> *page 4*). 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

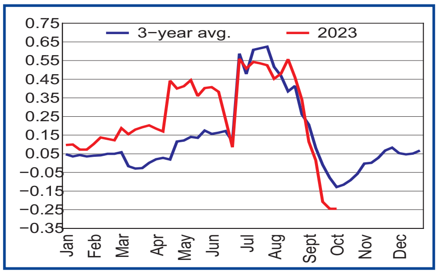
DAILY MARCH CORN



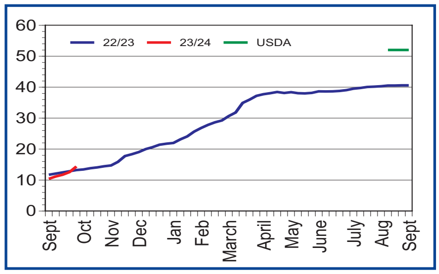
CORN - Fundamental Analysis

Late-summer heat and dryness have the U.S. corn crop maturing faster than normal, with the harvest also running a bit ahead of average. And while yields appear set to dip, the large acreage increase will push 2023-24 carryout well over 2 billion bushels. But one can certainly argue the bearish news is "in the market" given price action since mid-August. News of a freighter hitting a Black Sea mine sparked the Oct. 5 move to the upside. History suggests a temporary October rally followed by fresh November weakness (see "From the Bullpen" on <u>*Analysis*</u> *page 4*). Give some thought to your marketing plan for fall, winter and spring.

AVERAGE CORN BASIS (DEC.)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

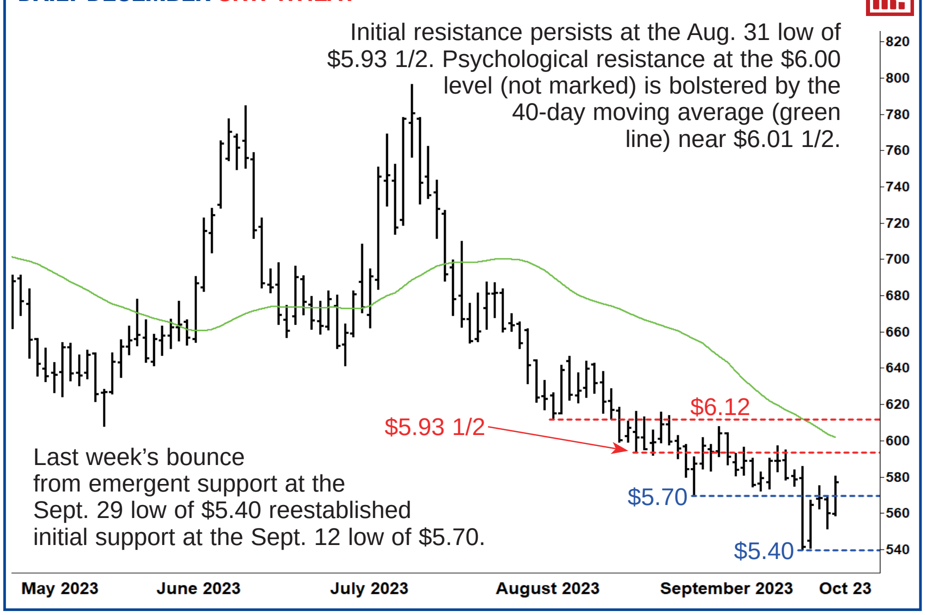
	'23 crop	'24 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

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.

WHEAT - Fundamental Analysis

SRW — After grinding steadily lower for six weeks after the corn market seemed to bottom, wheat futures rebounded last week. As with corn, Black Sea news boosted the complex Oct. 5. With winter and dormancy still weeks away, wheat futures are unlikely to move much on their own.

DAILY DECEMBER SRW WHEAT



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.

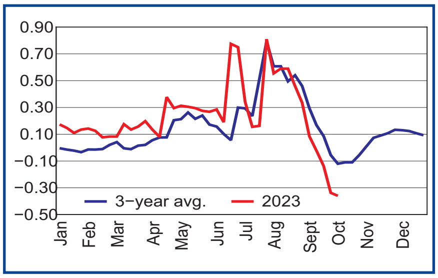
DAILY NOVEMBER SOYBEANS

DAILY MARCH SOYBEANS

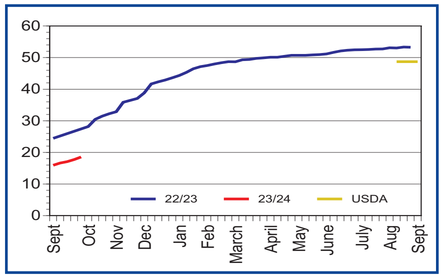
SOYBEANS - Fundamental Analysis

Recent domestic demand news for U.S. soybeans and products has appeared price supportive. But the soy complex couldn't manage significant gains until last week's Black Sea news hit the market. One is almost forced to suspect ongoing low-flow problems on the Mississippi Valley transport system have most affected soybeans. It seems doubtful these problems will end quickly, which raises doubts about the seasonal pattern in which the U.S. crop takes back international market share from Brazil. Recent U.S. dollar strength has also mitigated that tendency. Indeed, the greenback has gained about 6% versus the Brazilian Real since early August. Still, we're awaiting strength before boosting sales.

AVERAGE SOYBEAN BASIS (NOV.)



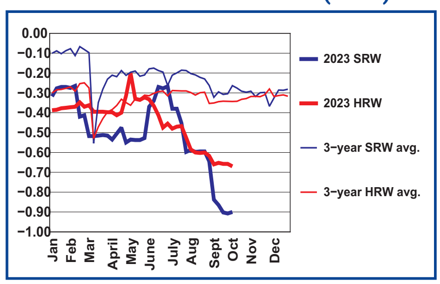
SOYBEAN EXPORT BOOKINGS (MMT)



DAILY DECEMBER HRW WHEAT

DAILY DECEMBER HRS WHEAT

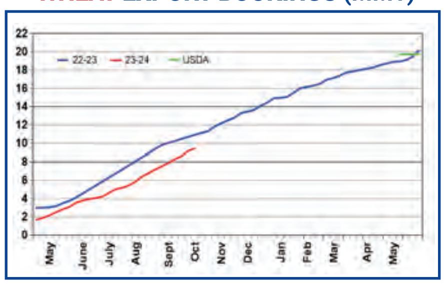
AVERAGE WHEAT BASIS (DEC.)



HRW — Winter wheat seedings are running about 3 percentage points behind normal, but the lag probably won't prove significant. Much depends on Southern Plains weather through winter, specifically the impact El Niño has on rainfall. Sustained dryness could push prices higher, although corn and other markets may have greater influence over HRW values.

HRS — With the North American harvest largely complete, demand issues will dominate the HRS outlook for the next six months. Corn prices, U.S. and global economic prospects and the value of the dollar, along with geopolitical events, are likely to prove dominant factors. Ultimately, negative logistics remain a big obstacle for the U.S. wheat markets.

WHEAT EXPORT BOOKINGS (MMT)



Position Monitor

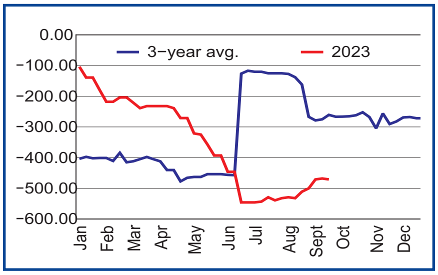
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

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

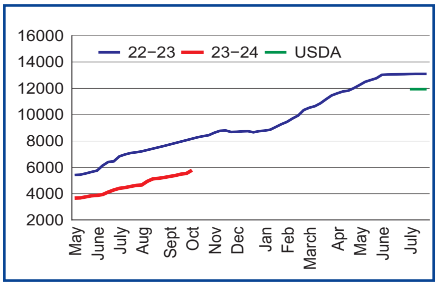
COTTON - Fundamental Analysis

The cotton outlook seems balanced between expectations for both reduced supplies and export demand. But export sales for the week of Sept. 28 were the largest since early June, suggesting demand may be set to improve. We have doubts, so are still looking to boost sales.

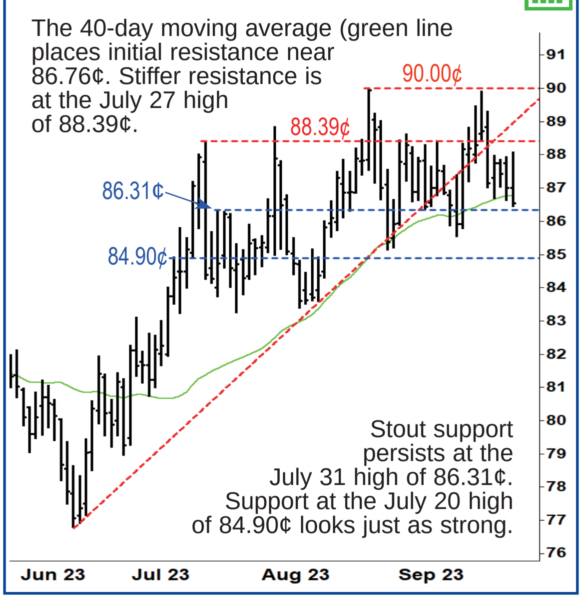
AVERAGE COTTON BASIS (DEC.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



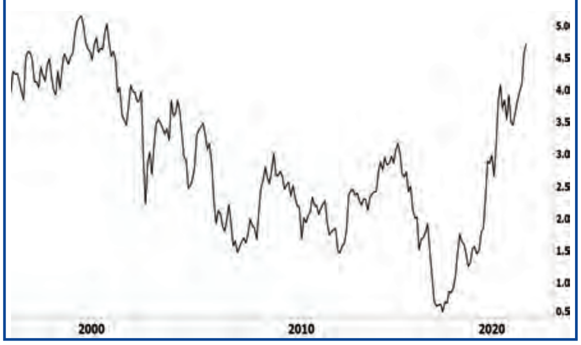
GENERAL OUTLOOK

Interest rates: Rising U.S. Treasury yields have the marketplace unnerved. The 10-year U.S. Treasury note yield is approaching 5%, with recent trade suggesting that level will be hit soon. For perspective, the 1980s saw the 10-year note yield above 10% for several years.

The "higher for longer" theme the marketplace had adopted for Federal Reserve interest rate policy has changed to a "much higher for much longer" narrative. Importantly, current trends in the bond and currency markets are strong and offer no solid, early clues to suggest they are nearing an end.

The U.S. dollar index looks set to maintain its recently sharp uptrend, while bond yields are likely to continue climbing. That scenario is bearish for commodities, including grains and livestock, since it increases their costs to export customers.

MONTHLY 10-YEAR T-NOTE YIELDS (%)



FROM THE BULLPEN By Economist Lane Akre

Despite harvest pressure, October has trended bullish for corn and soybeans.

December corn futures have risen each of the last five years during October. The bullish tendency leaves you with a key decision — use an October rally to move new-crop supplies or store for a later rally.

That decision is complicated since November is historically bearish and the corn market typically offers "carry" through summer-month contracts.

The December-July futures spread is currently within a penny of the largest it has been. The market is seemingly telling producers to store corn.

Soybeans also maintain a bullish bias throughout October, as prices have risen 13 times out of the past 20 years. Plus, the most common time for a harvest low in soybeans is in early October.

Thus far, soybeans are tracking remarkably well to other years that saw persistent weakness through September, further confirming the bullish bias in October. Plus, soybeans are unusually offering "carry."

Also consider: Our analog study comparing corn and soybean prices for 2010-14 and 2020-present continues to track remarkably well. <u>If the pattern continues</u>, it would suggest corn will carve out a harvest low in November and then bounce into early 2024. It also suggests soybeans will bottom in November and then generally trend higher through the first quarter of next year.

WATCH LIST

1	**Columbus Day Holiday** Gov't offices closed markets open.	**MON 10/9**
2	**USDA Crop Progress Report** Focus is on harvest paces.	**TUE 10/10** 3:00 p.m. CT
3	**China Ag Trade Data** Ag imports for September.	**WED 10/11** 7:30 a.m. CT
4	**USDA Crop Prod., WASDE** Updated corn, bean crop estimates.	**THUR 10/12** 11:00 a.m. CT
5	**USDA Export Sales Report** New-crop bookings lagging.	**FRI 10/13** 7:30 a.m. CT