



News this week...

- 2 – Real possibility Brazil won't have a record bean crop.
- 3 – Oct. NOPA soybean crush sets all-time record.
- 4 – U.S., China need each other to be successful.

Soybean rally stalls, corn stays choppy and wheat slumps – January soybean futures failed to push above the psychological \$14.00 level last week and rolled over as central Brazil experienced some relief from the recent extreme heat and dryness. That caused traders to take profits on some recently added long positions. December corn futures failed to find followthrough buying after a bullish reversal on Nov. 13, signaling traders aren't convinced a seasonal low is in place yet. Wheat futures slumped with the HRW market leading to the downside amid new contract lows. Live cattle futures tried to bounce, though corrective buying ran out of steam, which triggered lower cash cattle trade. Lean hog futures chopped around as traders waited on the cash hog market to signal a seasonal low is in place.

Brief relief in Brazil but more needed

Rains and cooler temps that moved into central Brazil late last week will provide temporary relief, though forecasts signal rainfall will remain lighter than normal into early December. Frequent rains are expected to continue in southern Brazil, though they won't be as heavy as recent weeks. The next couple of weeks will determine 1) how many unplanted acres are seeded to soybeans, 2) how many soybeans are replanted, and 3) how many soybean acres are switched to other crops – most likely cotton.

Weather in Argentina has turned mostly favorable, with regular rains expected to continue for the next couple of weeks.

No major news from Biden, Xi confab

Last week's meeting between President Joe Biden and Chinese leader Xi Jinping failed to produce any major breakthroughs, though both acknowledged their countries can co-exist and likely need the other's support. Perhaps the most notable news from the meeting was a pledge to keep an open line of communication between the two countries. China watcher Bill Bishop said, "The Biden/Xi meeting likely marks at least a near-term bottom in the structural decline of the U.S./China relationship." See [News page 4](#) for an in-depth look at the U.S./China relationship.

China likely to halt fertilizer exports

The China Nitrogen Fertilizer Industry Association urged member companies to prioritize supplies for domestic use and withdraw applications for export that have yet to be approved after urea prices hit a two-year high. It also called for members to cap fertilizer prices at levels no higher than Nov. 16 values, run production at full capacity and withdraw supplies that are stored at ports. No new export applications are likely to be approved for the rest of 2023.

Happy Thanksgiving from Pro Farmer!

Due to Thanksgiving, there will be no *Pro Farmer* newsletter this week. Visit www.profarmer.com for market news and policy updates. Your next newsletter will be dated Dec. 2.

Gov't shutdown averted with tiered CR

Congress passed a two-tier continuing resolution (CR) to keep the government funded until early 2024. The legislation sets up two funding deadlines: Agriculture, Energy and Water, MilCon-VA and Transportation-HUD – until Jan 19. The rest of the federal government, including the Pentagon, will be funded until Feb. 2. Bottom line: Congress just moved the deadline to January or February when the real shutdown drama could go down as contentious issues remain.

See [News page 3](#) for ag-related provisions in the CR.

Inflation cools more than expected

The U.S. annual consumer inflation rate slowed to 3.2% in October. Core inflation, which strips out food and energy prices, eased to 4.0%. The U.S. producer price index (PPI) fell to 1.3% above year-ago, while core PPI slipped to an annualized 2.4% last month.

Falling inflation solidified ideas the Fed's rate-hiking cycle has concluded, which supported the equity market (see "General Outlook" on [Analysis page 4](#)).

Vilsack: Use CCC for farm bill funding

USDA Secretary Vilsack has a simple answer to finding more farm bill funding: Use the Commodity Credit Corporation (CCC) Charter Act's \$30 billion borrowing authority that is always replenished when it gets to a certain level. Lawmakers and staff are not confirming anything on this front for fear that possibility could be derailed.

USDA's RAPP trade initiative

USDA's Regional Agricultural Promotion Program (RAPP) aims to diversify trade opportunities, especially in non-traditional markets, and provide resources for specialty crop exports. The program will utilize \$1.3 billion in CCC funds. A 30-day comment period on RAPP started Nov. 17.

PARP update: No delay until Q1

A USDA official denied reports it may be the first quarter of 2024 before there is a Pandemic Assistance Revenue Program (PARP) payment. USDA doesn't have enough funding for PARP.

Record Brazil bean crop not a certainty

Brazil was universally projected to produce a record soybean crop at the beginning of the growing season. But after two months of extremely erratic weather, a record crop is no longer a certainty. Soybean plantings have been delayed by hot and dry conditions in central and northeastern areas of the country, while southern locations have been excessively wet. A growing number of fields will need to be replanted. Even if the weather cooperated for the remainder of the growing season, the late-planted soybeans run the risk of lower yields. As a result, South American crop consultant Dr. Michael Cordonnier cut his Brazilian soybean crop by 2 million metric tons (MMT) to 158 MMT, which would be equal to last year's record crop.

Cordonnier also cut his Brazilian corn crop estimate 2 MMT to 121 MMT, noting "universal agreement in Brazil that farmers will either reduce their safrinha corn acreage or plant their corn with the minimal inputs possible."

Analog years signal weather conditions could improve

World Weather Inc. says over the past 41 years, November 2008 aligned most closely with current conditions. The primary difference, conditions were not as poor in western Mato Grosso and Mato Grosso do Sul in November 2008, and that year was a mild La Niña year compared with the current moderate El Niño. World Weather also noted 2015-16, 2007-08 and 2002-03 as analogs based on the Vegetative Health Index (VHI). The VHI was worse in 2007 and 2015. Even in those more extreme years there were improvements in rainfall and the VHI after November.

Brazil's soybean production increased from the previous year in both 2002-03 and 2007-08 via a combination of higher yields and planted acreage, especially in 2002-03. Production declined 5.3% in 2008-09 and dropped 1.4% in 2015-16.

BOTTOM LINE: With soybean area expected to increase, even with some replantings, analog years suggest Brazil's soybean crop could still be record-large this year – if weather turns around during the second half of the growing season.

Favorable outlook for HRW areas

The 90-day forecast from the National Weather Service signals increased chances of above-normal precipitation across most of the key HRW production areas of the Central and Southern Plains through February. As of Nov. 14, USDA estimated 44% of U.S. winter wheat areas were covered by drought. The outlook calls for drought improvement or removal across most of the key production areas of the Southern Plains through February.



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Chickasaw Co. (northeast) Iowa:

"Soybeans yielded about what we expected – low 40s aside from a couple sandy farms that went 21 bu. and 16 bu. per acre. Corn was really pretty good all things considered. Extreme variability with yields 100 bu. per acre or more apart within individual fields. Corn finished about 15 bu. per acre below our APH."

Bremer Co. (northeast) Iowa:

"I've had a lot of crop insurance claims filed in Iowa and Minnesota. Wisconsin had an okay crop in areas. Illinois had a good bean crop and not terrible corn crop (just based on revenue claims). Indiana had a really good corn crop but it was wet, as clients are struggling with moisture still in the low 20s."

O'Brien Co. (northwest) Iowa:

"Our last-planted corn yielded the best – averaged over 250 bu. per acre!"

Hennipin Co. (east-central) Minnesota:

"I drove to Sioux Falls and back. Didn't see a single stalk of corn or any crops in fields. Harvest is done."

Putnam Co. (west-central) Indiana:

"Corn yields are great but harvest is slow as the crop is struggling to dry down."

Wayne Co. (east-central) Indiana:

"It's going to be a long harvest for many with high yields and moisture. Cash corn is quickly turning into a problem around here as it's a very large crop and not enough space. It's all about who can keep up with the drying and who has any available space to store."

Sheboygan Co. (east-central) Wisconsin:

"Corn harvest is just getting started. Local basis is strong right now with the delay getting started but not likely to last as yields are very good."

Pierce, St. Croix Cos. (west-central) Wisconsin:

"What a frustrating growing season. I had some good rains early July, late July and early August, but I received more rain from the end of September through October than from May 1 to September. I planted some soybeans into a triticale cover crop. The cover crop took enough moisture out of the soil that the soybeans didn't germinate until early July...what a mess. My soybean yield was 44.6 bu. per acre (weighed across the scale); the poorest yield I've had in over a decade! Corn was a different story. The rain we received in July and early August made the corn crop! Some producers are saying it's one of their best corn crops. The wet fall conditions have led to lots of soil compaction – even the strong advocates of no-till and cover crops are doing tillage."

Minnehaha Co. (east-central) South Dakota:

"Beans were slightly below our average yield, while corn was above par. I'm amazed there was anything to combine with as dry as it was through the growing season."

Boone Co. (central) Missouri:

"Corn yields were less than last year but better than expected for the drought we had here."

Oct. NOPA crush sets all-time record

Members of the National Oilseed Processors Association (NOPA) crushed 189.8 million bu. of soybeans in October, the highest total ever for any month. The crush pace increased 14.7% from September and was 2.9% above last year. NOPA data implies a full October crush of 202 million bu., which would also be an all-time record.

Soyoil stocks totaled 1.099 billion lbs. at the end of October, down 8.6 million lbs. from September, despite the strong crush pace. Stocks fell for a sixth straight month as renewable diesel usage continues to use more soyoil than expected.

Ukraine to insure grain shipments

Ukraine has initiated an insurance program in collaboration with broker Marsh McLennan and Lloyd's of London to provide coverage for grain vessels departing from its ports. This move comes after a Russian missile recently struck a ship. The program, valued at \$50 million, offers insurance against military risks for ships, aiming to facilitate easier access to coverage for transporting goods from Ukraine via sea. Despite the ongoing conflict and security concerns in the Black Sea region, ships continue to transport grain from Ukrainian ports.

Google unveils AI weather model

Google DeepMind debuted an AI weather forecast model, GraphCast, it claims is more accurate and faster than the industry's best weather systems. Google DeepMind said, "GraphCast predicts weather conditions up to 10 days in advance more accurately and much faster than the industry gold-standard weather simulation system. GraphCast can also offer earlier warnings of extreme weather events."

Copper's impact on renewable energy

Copper prices have plunged more than 25% from their 2022 peak. The prolonged decline in prices presents a significant challenge to the global shift toward renewable energy sources. Meeting the demand for copper required for the transition to renewables will necessitate large-scale mining operations over the coming years. However, the current slump in demand has led to low copper prices, which in turn discourages investment in the development of new copper supplies. This poses a dilemma for the renewable energy sector.

China halts cotton reserve sales

China halted cotton sales from state reserves on Nov. 15. China started selling state-owned cotton reserves in late July, seeing strong demand into early fall, though buyer interest has faded recently. During that span China sold around 837,000 metric tons of cotton stockpiles, which will likely be at least partially replaced with purchases during 2023-24.

Ag-related provisions in CR

The continuing resolution (CR) included an extension of the 2018 Farm Bill through September 2024, and funds 21 "orphan" programs via offsetting funding from biorefinery programs. Details:

- **COMMODITY PROGRAMS:** The measure would extend commodity support programs through the 2024 crop year for commodities such as wheat, corn, barley, sugarcane and sugar beets, as well as loan commodities.

It would continue to suspend permanent price support authorities for the 2024 crop year or program year, which would otherwise revert most commodity programs to outdated laws from the 1930s and 1940s.

The measure would extend the Price Loss Coverage program's payment amounts through the 2024 crop year.

- **DAIRY:** The measure would extend the Dairy Margin Coverage (DMC) program for dairy producers through Dec. 31, 2024. The Dairy Forward Pricing Program's contracts would be extended through Sept. 30, 2027.

- The measure would provide \$15 million for the Feral Swine Eradication and Control Pilot Program and \$10 million for the Voluntary Public Access and Habitat Incentive Program.

- **RESEARCH:** Within 30 days, the measure would provide \$10 million from Commodity Credit Corporation (CCC) funds for scholarships for students at 1890 Land-Grant Institutions. It would also allocate \$37 million of CCC funds for the Foundation for Food and Agriculture Research.

The measure also would:

- Rescind \$177.3 million for loan guarantees to fund the development, construction and retrofitting of commercial-scale biorefineries using certain technology.

- Extend the Pima Agriculture Cotton Trust Fund, Agriculture Wool Apparel Manufacturers Trust Fund, and Wool Research and Promotion grants for one year.

- Prohibit the Grazinglands Research Laboratory in Oklahoma to be declared excess or surplus federal property or be transferred through Sept. 30, 2024.

- Extend for one year a requirement for USDA to purchase certain commodities for the Feedstock Flexibility Program, including raw or refined sugar eligible to be marketed in the U.S., and sell them to bioenergy producers.

Stabenow still pushing new farm bill

Senate Ag Committee Chair Debbie Stabenow (D-Mich.) stressed the importance of passing a new farm bill "in the spring, before summer." The biggest issue currently facing the committee is awaiting scores from the Congressional Budget Office, with the potential inclusion of agricultural funding from the Inflation Reduction Act (IRA) into the farm bill being a consideration. Stabenow and other Democrats have said that if the IRA provisions are brought into the farm bill, they still want the money devoted to climate-smart conservation programs.

China plays nice when convenient; they had no choice

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

President Joe Biden and Chinese President Xi Jinping met on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Summit. The leaders found they need each other to stabilize thorny geopolitical, trade and economic issues. Biden walked a narrow tightrope of dialing down U.S./China tensions without appearing too soft. Xi needs foreign investment and export markets to offset the real-estate crash and excessive debt slowing China's economy.

Some positives surfaced

Beijing agreed to curb the export of chemicals used to make fentanyl, a synthetic opioid that has sparked a deadly drug epidemic in the United States. Prior attempts to curb fentanyl trade faced challenges due to lax Chinese enforcement — the Trump administration reached a similar deal that failed.

Military-to-military communications were re-established, a key Biden goal after China stopped them when then-House Speaker Nancy Pelosi visited Taiwan in August 2022.

Xi sought assurances on the "One China" policy. Biden sidestepped a question about whether he stood by his previous statements that he would order the U.S. military to defend Taiwan from an attack by China. Officials said Xi appeared "exasperated" over comments from some U.S. officials citing specific timelines for China to invade Taiwan, saying Xi "basically said there are no such plans."

Xi focused on re-establishing business ties

Xi met privately with American business executives and said he hoped the U.S. would avoid severe measures to weaken China's economy, despite trade restrictions aimed at reducing reliance on China in critical areas of high-tech and supply chains for national security. Biden said there was an obligation to ensure competition did not turn into conflict.

"Suppressing Chinese technology equates to containing China's high-quality development and depriving the Chinese people of their right to development," Xi said, expressing hope the U.S. would provide fair treatment to Chinese companies. He said China had "no plans to surpass or replace the U.S., and the U.S. should not intend to suppress China." Xi told Biden his recent executive order restricting investment into China and sanctions "seriously damaged China's legitimate interests."

Meanwhile, both sides agreed to establish a dialogue

on Artificial Intelligence and increase commercial flights between their countries.

A changing economic relationship

Biden said the U.S. was interested in helping China's economy but not at the expense of U.S. intellectual property.

However, China is not shifting its economy away from manufacturing toward increased consumer spending. China's share of manufacturing GDP is rising, as it redirects fiscal stimulus from the real estate sector to factories. This means China's economy is becoming more state-driven and investment-oriented, while the U.S. and Europe are also increasing fiscal stimulus within their regions. This poses challenges, as not every country can expand its manufacturing sector simultaneously. These circumstances could potentially lead to more trade conflicts.

Rivalry between the U.S. and China will persist

Grievances and irreconcilable disagreements remain. But China watchers say both sides have a shared interest in stabilizing the relationship, at least until the next U.S. presidential election. There are major economic ties between the two countries, including substantial trade and investments. Bilateral trade was almost \$760 billion in 2022, while the value of investments in physical and financial assets was \$1.8 trillion.

Xi/Biden confab spurred purchases of U.S. soybeans

China recently bought more than 3 million metric tons of U.S. soybeans as a goodwill gesture ahead of the Biden/Xi talks. These purchases were made even though U.S. soybeans were more expensive than Brazilian supplies, and processing margins are weak. "Xi's visit is the only logical explanation why Sinograin would pay a big premium over Brazil beans," Ken Morrison, an independent commodity trader in St. Louis, told *Bloomberg*.

What Xi has said behind closed doors

Xi has for years warned about inevitable conflict with Washington. Relations are just a hair-trigger away from dissolving into renewed conflicts on a host of topics.

Bottom line:

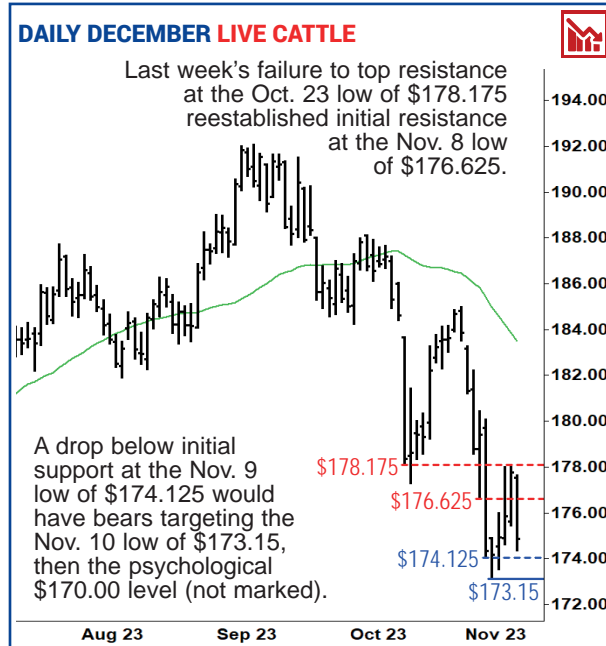
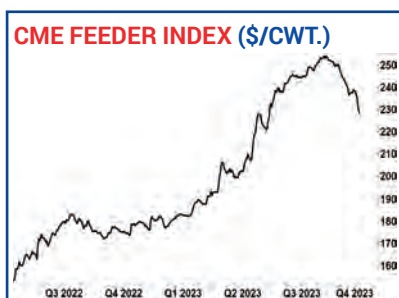
The tête-à-tête showed the two leaders need each other, despite differences in world views. While a step in the right direction, the road ahead will not be smooth.

CATTLE - Fundamental Analysis

Cattle futures rebounded from their big breakdown, though concerns about a bearish Nov. 17 USDA Cattle on Feed Report and anticipation of fresh cash market weakness limited the corrective buying. Steer weights and the Choice/Select spread point to still-tight supplies of market-ready fed cattle and high-quality beef. While the market is flush with fall-marketed calves, those numbers are declining both seasonally and cyclically. The recent removal of premiums in deferred fed cattle futures, along with last week's corn and soymeal strength, have driven the feeder index downward. Hedges are risky at these levels.

Position Monitor			
Game Plan:		Feds	Feeders
With live	IV'23	0%	0%
cattle fu-	I'24	0%	0%
tures at a	II'24	0%	0%
	III'24	0%	0%

discount to the cash market, any hedges should be done by purchasing put options.

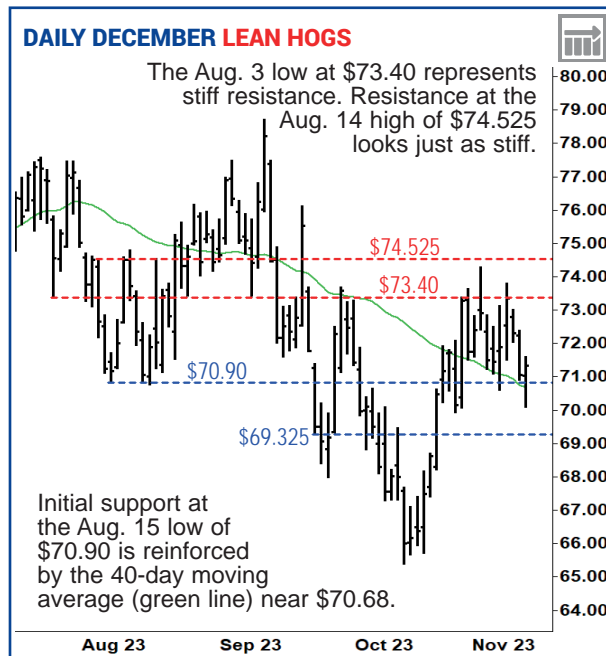
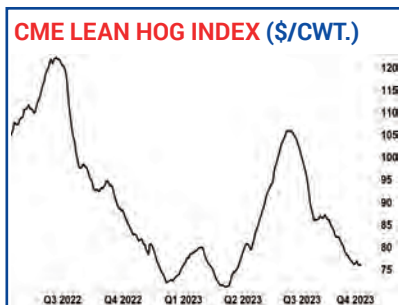


HOGS - Fundamental Analysis

Persistent pork cutout around \$87.50 despite seasonally and cyclically increased supplies point to robust consumer demand. This likely reflects mixed-to-flat retail pork prices (see "From the Bullpen" on *Analysis* page 4). The cash hog market seemingly stabilized around \$76.00 last week, which while well below the year-ago figure at \$87.77, easily exceeded the December 2021 and April 2023 lows of \$70.04 and \$71.18, respectively. We still attribute the early-2023 market collapse to grocers maintaining retail prices near record highs posted last fall, and believe relatively improved prices will support demand going forward.

Position Monitor			
Game Plan:		Lean Hogs	
Win-	IV'23	0%	
ter-month hog fu-	I'24	0%	
tures suggest trad-	II'24	0%	
ers feel an early	III'24	0%	

seasonal low will be posted. Hedges are only advised if the upside becomes heavily overdone.



FEED

Feed Monitor			
Corn		Corn Game Plan: You have all corn-for-feed needs covered in the cash market through November. Wait on signs the market has bottomed before extending coverage as seasonals are negative for corn.	
IV'24	67%		
I'24	0%		
II'24	0%		
III'24	0%		
Meal		Meal Game Plan: You have all soymeal needs covered in the cash market through November. You may need to go hand-to-mouth on needs if there isn't a sharp pullback.	
IV'23	67%		
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, though seasonals suggest the market could face more near-term price pressure. We are targeting a rebound to the \$5.20 area to increase sales. Unless something drastically changes, rallies should be viewed as selling opportunities as demand is struggling and ending stocks will be plentiful for 2023-24.

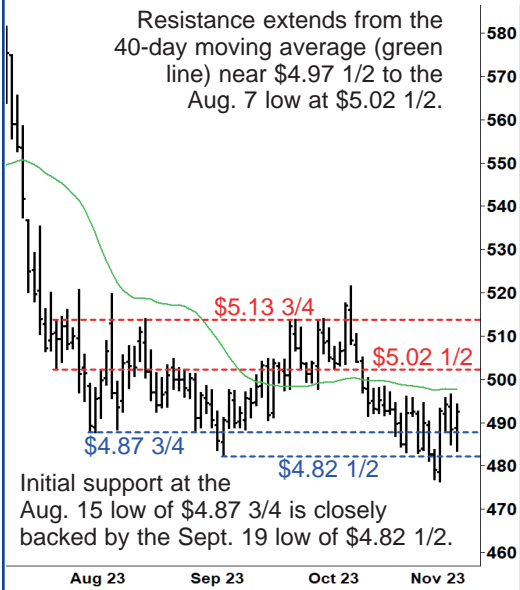
DAILY DECEMBER CORN

Initial resistance is marked by the 40-day moving average (green line) near \$4.82 1/2. Stiffer resistance stems from the June 30 low of \$4.88 3/4, with strong backing from the Aug. 10 high of \$4.98. That's reinforced by psychological resistance at \$5.00 (not marked).



DAILY MARCH CORN

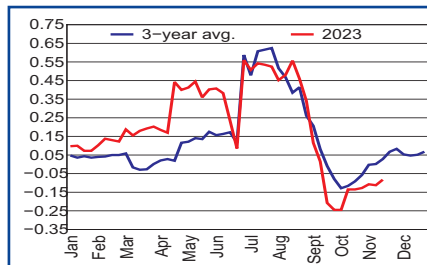
Resistance extends from the 40-day moving average (green line) near \$4.97 1/2 to the Aug. 7 low at \$5.02 1/2.



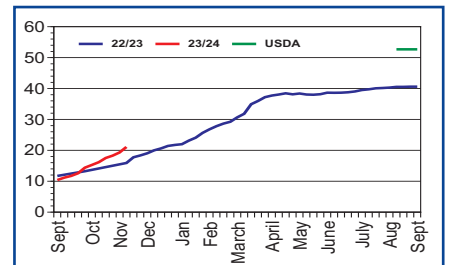
CORN - Fundamental Analysis

Weather-related issues in Brazil are handicapping their corn crop this year, with those problems looking likely to exaggerate reductions stemming from the widely anticipated cutback in acreage. Those developments apparently powered the big Nov. 13 surge, with unexpectedly large export sales spurring the Nov. 16 advance in the face of that day's broad commodity selloff. These events suggest the corn market is working on a seasonal low and will work higher, especially if South American weather problems persist. Conversely, the slow eastern Corn Belt harvest may keep the market vulnerable to fresh losses. Remain patient as we await an extended rebound from the fall lows.

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: Be prepared to increase 2023-crop sales and make initial 2024-crop forward sales on an extended price recovery. The winter months typically aren't a strong period for wheat unless there is a strong rally in corn.

DAILY DECEMBER SRW WHEAT

Last week's drop made the Sept. 12 low of \$5.70 initial resistance. It's bolstered by the 40-day moving average near \$5.73, with backing from the Aug. 29 high of \$5.99 1/2 and the psychological \$6.00 level (not marked).



WHEAT - Fundamental Analysis

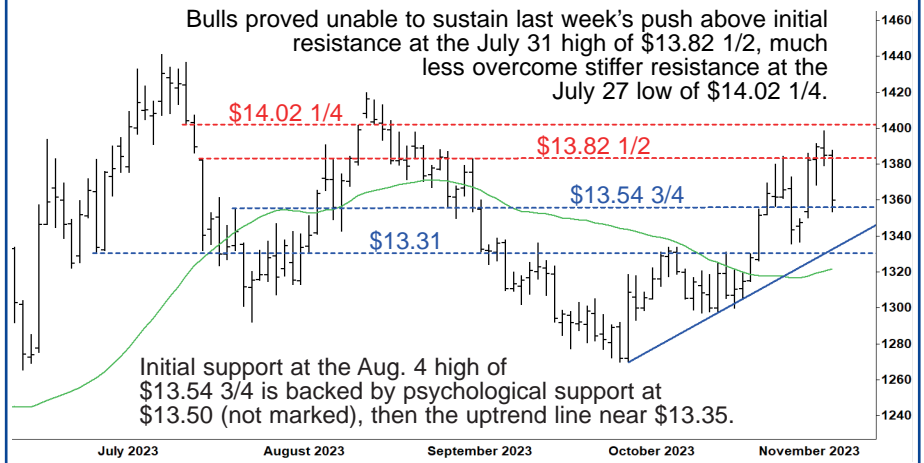
SRW – The corn market seemingly went far toward providing a floor for wheat prices last week, but winter wheat futures proved weak. That may have reflected improved winter weather forecasts, as well as logistical issues dogging North American wheat.

Position Monitor

	'23 crop	'24 crop
Cash-only:	50%	10%
Hedgers (cash sales):	55%	10%
Futures/Options	0%	0%

Game Plan: Get current with advised sales. Be prepared to make additional old- and new-crop sales if the current strong price rallies are extended. We are targeting a move to the \$14.25 area in January soybean futures to increase old-crop sales. Timing of new-crop sales will be based off old-crop. Seasonally, prices should strengthen, though that will partly be determined by South American crop potential.

DAILY JANUARY SOYBEANS



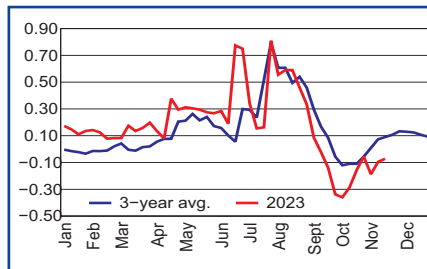
DAILY MARCH SOYBEANS



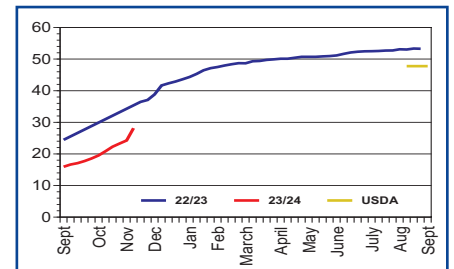
SOYBEANS - Fundamental Analysis

Brazilian weather problems initially gave soybean futures a boost last week, although ideas recent Chinese buying ended with the political summit appeared to undercut the market later in the week. The market does not seem especially vulnerable to sustained selling due to the tight domestic situation. This is exemplified by the October drawdown in soyoil stocks despite the record monthly crush and nearby soy meal futures acting as if they're targeting \$500.00. Still, as discussed on *News page 2*, current Brazilian weather problems don't necessarily mean they're looking at a smaller crop. We still suspect the domestic situation will amplify seasonal gains.

AVERAGE SOYBEAN BASIS (NOV.)



SOYBEAN EXPORT BOOKINGS (MMT)



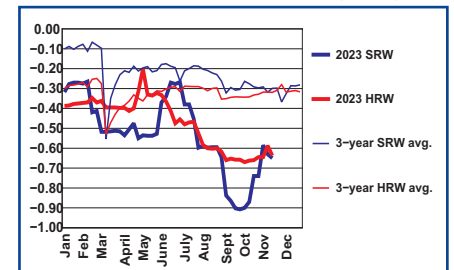
DAILY DECEMBER HRW WHEAT



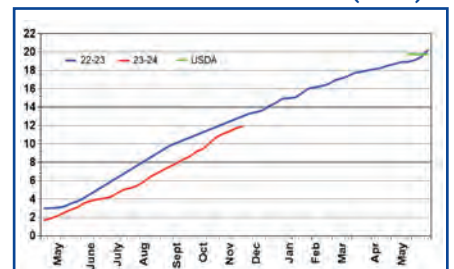
DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (DEC.)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Although last week's USDA Crop Progress Report indicated a drop in winter wheat conditions, the long-term forecasts calling for improved Plains moisture appeared to undercut futures. HRW prices look likely to require patience and help from the corn market to post a sustained rally from the extended price downtrend.

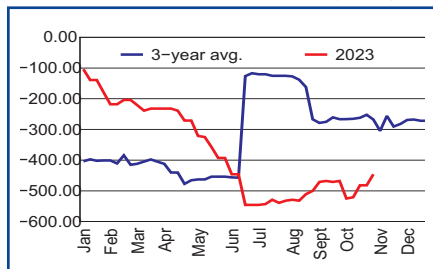
HRS — Spring wheat prices have held up relatively well this fall, which is best reflected by the 50¢-plus widening of the nearby HRS vs. HRW spread since Oct. 1. That trend will probably continue with winter wheat growing and HRS plantings still months away. HRS will also have to compete against corn and soybeans for spring acreage.

Position Monitor

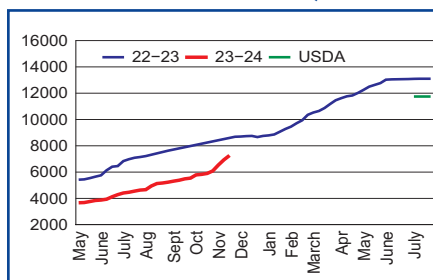
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Wait on an extended corrective rebound to advance sales. Given our sales levels, we are targeting a rebound into the mid-80.00¢ area.

AVERAGE COTTON BASIS (DEC.)



COTTON EXPORT BOOKINGS ('000 BALES)



COTTON - Fundamental Analysis

Improved cotton export sales over the past three weeks powered corrective gains, but the industry remains concerned about the move's sustainability. Traders view U.S. cotton as vulnerable to global competition, especially if futures strengthen and/or the U.S. dollar rises.

GENERAL OUTLOOK

EQUITIES: Marketplace attitudes were more upbeat last week, following U.S. inflation reports that came in tamer than anticipated. The consumer and producer price index reports for October fell into the camp of monetary policy doves, who want to see the Federal Reserve halt its interest-rate-hiking cycle.

Indeed, increased numbers of Fed watchers now believe the central bank will continue its pause on raising inter-

est rates. The U.S. stock indexes rallied to multi-week highs in the wake of the tamer inflation data.

No more Fed rate hikes would mean less chance for an economic recession, lower borrowing costs and better consumer demand for goods and services. Technical indicators are pointing equity markets higher and bulls are looking for a seasonal "Santa Claus" rally heading into the holidays.

FROM THE BULLPEN By Economic Consultant Dan Vaught

The latest consumer price data confirmed the ongoing rise in retail beef, pork and whole chicken prices.

Retail beef prices averaged 8.9% over year-ago levels during October, with the index value of 418.53 topping the September record by 1%. As one would expect, steak prices led the upswing, rising 11.6% annually and posting a fresh record average at \$10.83. Roasts rose 9.4% over the past year, while hamburger and "other" beef gained 5.7% and 2.7%, respectively.

The remarkable aspect of the current situation is the seeming persistence of robust consumer beef demand despite the cost increases. Choice beef prices at record highs for fall despite seasonally increasing supplies seemingly reflect that point.

Meanwhile, the retail pork index for October came in at 273.58, marking an annual rise of just 0.3%. This reflected a 5.1% year-to-year drop in bacon prices, which partially offset respective gains of 4.2%, 5.1% and 2.8% by pork chops, hams and "other" pork.

Given the shortage of U.S. ham stockpiles with the holiday seasonal looming, the ham price rise above last year's record is understandable. Conversely, having grocers consistently price pork chops at record levels despite persistent increased production is likely limiting consumer demand. Still, the minimal rise in overall consumer pork costs is probably spurring offtake and supporting cash hog and wholesale pork values.

DAILY DECEMBER COTTON



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- 1 USDA Crop Progress Report** **MON 11/20**
Focus is on winter wheat ratings. 3:00 p.m. CT
- 2 USDA Food Price Outlook** **WED 11/22**
Food price inflation is easing. 8:00 a.m. CT
- 3 USDA Cold Storage Report** **WED 11/22**
Beef, pork inventories for Oct. 2:00 p.m. CT
- 4 Thanksgiving** **THUR 11/23**
Markets and gov't offices closed.
- 5 USDA Export Sales Report** **FRI 11/24**
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