



News this week...

- 2 – Erratic weather causes cuts to Brazil crop estimates.
- 3 – Ag economists doubt there will be new farm bill in 2024.
- 4 – Harvesting a bumper crop of key ag topics.

Soybeans strengthen – January soybean futures reached their highest level since mid-September amid building South American crop concerns and assistance from rising soy meal prices. Corn futures tested support at the September lows before rebounding. Wheat futures followed corn to the downside and then higher on Friday. November is historically an “up” month for soybeans, while corn and wheat futures tend to favor the downside (see “From the Bullpen” on *Analysis* page 4). December live cattle futures filled the Oct. 23 downside gap left after USDA’s Cattle on Feed Report as the cash market strengthened. Lean hog futures extended their strong two-week corrective rebound as traders narrowed winter-month contracts’ discount to the cash index, signaling they sense an early seasonal low.

Brazil weather improves... but erratic

Needed rains are expected across central and northeastern Brazil into the middle of this week, providing relief from dryness and heat. But more rains will be needed. Saturated areas of southern Brazil will temporarily dry down, though another wave of rains could develop late this week.

‘Blessing’ rains for key Argentine crop areas

The Rosario Grain Exchange called recent rains a “blessing” for corn and soybean farmers in Argentina. More rain is forecast for central and eastern areas late this week.

Record Chinese wheat, bean imports

China bought around 2 million metric tons (MMT) of Australian wheat last month for shipment starting in December and booked about 2.5 MMT of French wheat since September for December-March shipment. China also recently purchased several cargoes of U.S. SRW wheat. Overall, China’s 2023 imports are likely to total a record 12 MMT.

China’s soybean imports are likely to stay high through the fourth quarter, taking 2023 purchases to a record 105 MMT. A stronger-than-normal 45% of those cargoes are expected to be from Brazil. Lackluster demand from hog farms is likely to reduce Chinese purchases in early 2024.

Modest changes in Nov. crop reports

USDA’s corn and soybean crop estimates aren’t likely to change much in the Nov. 9 Crop Production Report. Barring any supply-side surprises, adjustments to usage forecasts in the 2023-24 balance sheets are also likely to be minor. Given El Niño impacts, the potentially biggest changes could be to USDA’s global production forecasts.

Global food prices keep inching down

The UN Food and Agriculture Organization global food price index inched down 0.7 point in October to the lowest level since March 2021 and 10.9% below year-ago. Compared to last year, prices declined 3.3% for meat, 20.1% for dairy, 17.9% for cereal grains and 26.1% for veg oils, while sugar prices jumped 46.6%.

Major issues with 2022 ERP

USDA established a “progressive” payment factor to fit total Emergency Relief Program (ERP) payments for 2022 losses within the budget. That will severely restrict assistance to those who faced the largest losses and effectively serves as a payment cap, according to ag consulting firm Combest-Sell. Customarily, when a factor is required to fit payments within budget, one uniform factor is applied. Combest-Sell says in this case the factor looks more like a payment limitation, rewarding smaller losses. We cover a host of other key issues on *News* page 4.

Cut to P import duty a win for farmers

The Commerce Department announced duties on phosphate fertilizers imported from Morocco will be slashed from 19.97% to 2.12%. In September, the U.S. Court of International Trade instructed Commerce to reassess the duty rate calculation due to flaws in its analysis. A decision is expected on Dec. 13.

Fed nearing end of tightening cycle?

The Fed unanimously voted to hold interest rates steady in a range of 5.25% to 5.50% for a second meeting in a row. Fed Chair Jerome Powell said policymakers will proceed cautiously as current monetary policy is restrictive and they must wait to see its effects. He noted “risks are now more two-sided,” but also left the door open for additional rate hikes.

Jobs growth slows dramatically in Oct.

Non-farm payrolls increased 150,000 in October, the lowest monthly gain since January 2021. August and September payrolls were revised down a combined 101,000. Slowing jobs growth adds to ideas the Fed is done raising interest rates, with traders now signaling a rate cut in 2024 is possible, though Powell said that’s not on the Fed’s current radar.

Secret ingredient to economic growth: labor productivity

To achieve simultaneous economic growth, rising real wages and a decrease in inflation, the key ingredient is increasing productivity. The Labor Department reported 4.7% annual growth in labor productivity during the third quarter – the second straight quarterly rise and the largest in three years.

Cordonnier cuts Brazil crop forecasts

South American consultant Dr. Michael Cordonnier cut his Brazilian soybean and corn crop estimates 2 million metric tons (MMT) each to 160 MMT and 123 MMT, respectively, while maintaining lower biases. For soybeans, he noted: "Any soybeans planted, or replanted, from this point forward run an increased risk of lower yields especially if the weather remains erratic in east-central and northeastern Brazil." For corn, he cited "what probably will be lower safrinha corn acreage than originally expected" given soybean planting delays and the need for some replanting.

Cordonnier estimates 10% or more of soybeans in dry areas of central and northeastern Brazil will need to be replanted — roughly 5% of total Brazilian bean acres.

Cordonnier kept his Argentine crop estimates at 50 MMT for soybeans and 52 MMT for corn.

Brazil bean, corn exports stay strong

Brazil exported 5.533 MMT of soybeans during October, down 865,000 MT (13.5%) from September but 1.735 MMT (45.7%) more than last year. Its corn exports totaled 8.448 MMT, down 308,000 MT (3.5%) from September but up 1.663 MMT (24.5%) from last year.

HRW below avg.; SRW above avg.

USDA's first winter wheat crop condition ratings pegged 47% of the crop as "good" to excellent" and 18% "poor" to "very poor." On the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop stood at a 318.7 reading, 52.9 points above last year but 2.1 points below the five-year average. The SRW crop started the growing season with a 369.9 CCI rating, 22.0 points above last year and 12.8 points higher than the five-year average.

Russian wheat export forecast cut

SovEcon trimmed its Russian wheat export forecast for 2023-24 by 400,000 metric tons to 48.8 MMT amid "sluggish export sales" and government plans to buy 2 MMT of grain (mostly wheat) for state reserves. SovEcon said: "The dramatic decrease in Russian export sales and the current export slowdown are not fully reflected in global market prices and could support the wheat market in the not-too-distant future."

Six-month durum export ban proposed

Russia's ag ministry wants to ban durum wheat exports from Dec. 1 through May 31, 2024. So far in 2023-24, Russia exported 400,000 MT of durum, according to SovEcon.

Airlines back GREET for SAF credit

Major U.S. airlines and aviation companies back a regulatory change that would make it easier for sustainable aviation fuel (SAF) made from corn-based ethanol to qualify for federal subsidies. In a letter to Treasury Secretary Janet Yellen, major airlines, along with GE Aerospace and Boeing, expressed support for incorporating the Department of Energy's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model as an alternative to the International Civil Aviation Organization (ICAO) model. The groups believe the GREET model is more likely than the ICAO model to bear out the required climate benefits to secure Inflation Reduction Act subsidies.

Soyoil use for biofuels slips in Aug.

Soybean oil used to produce biofuels in the U.S. fell to 1.197 billion lbs. in August, according to the U.S. Energy Information Administration (EIA), down from a record 1.273 billion lbs. in July. Of that total, 618 million lbs. were used for biodiesel and 580 million lbs. for renewable diesel. However, that marked the fourth month in a row with soyoil use for biofuels production above 1.0 billion lbs., a level which hadn't been eclipsed before May.

Soy crush notches September record

U.S. processors crushed 174.7 million bu. of soybeans in September — a record for the month — rising 5.7 million bu. (3.4%) from August and 7.1 million bu. (4.2%) from year-ago.

September soyoil stocks totaled 1.602 billion lbs., down from 1.772 billion lbs. in August and 1.991 billion lbs. last year.

Corn ethanol use slips a little in Sept.

Corn-for-ethanol use totaled 430.1 million bu. in September, down 11.6 million bu. (2.6%) from August but up 46.9 million bu. (12.2%) from last year. Based on weekly ethanol production data from EIA, the pace topped year-ago by 2.8% during October.

GAO attacks U.S. sugar program

In a recent report, the Government Accountability Office (GAO) indicated the U.S. sugar program resulted in a net cost to the economy of approximately \$1 billion per year. GAO recommended USDA assess the effectiveness of the current method and alternative methods for allocating raw sugar tariff-rate quotas. Additionally, the Office of the U.S. Trade Representative has been urged to evaluate alternative allocation methods in accordance with U.S. law and international obligations, with the aim of validating or modifying its quota methods. The American Sugar Alliance said, "GAO continues to make major and obvious errors in their analysis of sugar policy and markets."



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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Winneshiek Co., (northeast) Iowa:

"We had less than six inches of rain during the growing season and were in the 'exceptional drought' category. None of our corn yielded below APH."

Polk Co., (central) Iowa:

"Yields are ridiculously good. For the most part, everyone is pleasantly surprised given our summer weather."

Page Co., (southwest) Iowa:

"Corn harvest is finished. Yields were above average."

Vermillion Co., (east-central) Illinois:

"Record corn yields — from 200 bu. to 235 bu. per acre."

Wabash Co., (southeast) Illinois:

"Our whole farm corn yield was about 6 bu. shy of the 2021 record. We caught rains in June and July that most didn't. Thought soybean yields would have been better based on how they looked early on. One more rain would've helped."

Norman Co., (northwest) Minnesota:

"We had right at six months between snowcover from spring to fall. Somehow we grew a decent corn crop."

Johnson Co., (central) Indiana:

"Corn yields in our area are absolutely phenomenal."

Gibson Co., (southwest) Indiana:

"Haven't quite wrapped up harvest, but my farm average for corn is right on par with APH. Beans were better than expected and about 10% above APH. Warm weather and a couple of rains have got winter wheat off to a good start."

Thomas Co., (northwest) Kansas:

"Dryland corn yields are running 95 bu. to 105 bu. per acre. Wheat is off to a good start."

Fayette Co., (central) Kentucky:

"Our corn was fabulous with yields in the 225-bu. to 273-bu.-per-acre range. Soybeans were below our average with yields in the low 60s. I have not touched double-crop beans yet, but they will be a sore spot — expecting yields in the low 20s."

No new farm bill before '25?

In the October Ag Economists' Monthly Monitor, conducted by the University of Missouri and *Farm Journal*, ag economists feel there's no urgency to get a farm bill written and passed. The biggest hurdles:

- Election year in 2024.
- Legislative dysfunction and turmoil.
- Government funding issues.
- Competing issues and priorities and no urgency in Washington around ag.

Half think it will be 2025 before Congress passes a new farm bill; 20% think it could happen in the first half of next year.

If Congress is unable to pass a new farm bill before 2025, economists worry farmers could face crop prices below break-even.

China's factory contraction

China's official manufacturing purchasing managers index (PMI) fell to 49.5 in October, below the 50.0 contraction level. China's Caixin/S&P Global manufacturing PMI fell to 49.5 in October, marking the first contraction since July. A slowdown in Chinese manufacturing will soften its imports.

Panama Canal cuts transits

The Panama Canal cut booking slots to 25 per day on Nov. 3 and they will be reduced over the next three months to 18 slots by Feb. 1. This not only reduces global seaborne trade but will also drive up shipping costs.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Dec.	Jan.-March	April-June
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	6.74	4.55	4.49	4.60	4.70	4.80
Omaha, NE, bushel	7.38	4.72	4.69	4.70	4.80	4.90
Dried Distillers Grain, IA, \$/ton	225.72	181.54	184.43	—	—	—
SOYBEANS						
Central Illinois, bushel	14.00	12.60	12.44	12.95	13.05	13.20
Memphis, TN, bushel	14.09	12.90	12.85	13.20	13.30	13.50
Soymeal, 48% Decatur, ton	450.40	430.40	457.40	445	430	425
WHEAT						
Kansas City, HRW, bushel	10.55	6.96	6.62	6.50	6.60	6.70
Minneapolis, 14% DNS, bushel	11.90	8.63	8.94	8.75	9.00	9.15
St. Louis, SRW, bushel	8.15	5.90	5.74	5.75	5.90	6.05
Portland, Soft White, bushel	9.23	7.00	6.95	6.95	7.05	7.20
Durum, NE MT HAD, 13%, bu.	9.31	9.31	9.13	9.10	9.25	9.40
SORGHUM , Kansas City, cwt.	13.08	9.09	9.00	9.00	9.25	9.40
COTTON , 11/16 SLM, 7 area, c/lb.	75.36	77.68	76.40	77.00	78.50	80.00
RICE , nearby futures, cwt.	17.23	16.12	16.12	16.00	16.25	16.50
BARLEY , MT, G.T., malting, bu.	7.50	6.00	6.00	6.00	6.00	6.00
OATS , Minneapolis No. 2 heavy, bu.	4.40	4.50	4.49	4.40	4.60	4.75
ALFALFA , NW Iowa, lg. sq. prem., ton	—	219.04	225.00	240	240	240
SUNFLOWERS , Fargo, ND, cwt.	26.00	16.80	16.30	16.50	17.35	18.00
HOGS , Nat'l carcass 51%-52% cwt.	91.89	76.73	75.22	75.00	80.00	95.00
FEEDER PIGS , 40 lbs., Nat. avg, head	53.99	35.85	36.20	45.00	55.00	60.00
CHOICE STEERS , feedlots, cwt.	151.95	186.15	184.02	185.00	187.50	185.00
FEEDER CATTLE , Oklahoma City						
Steers, 700-800 pounds, cwt.	175.32	245.14	235.97	245.00	250.00	255.00
Steers, 500-550 pounds, cwt.	193.74	278.06	273.99	282.00	285.00	285.00
Heifers, 450-500 pounds, cwt.	166.90	254.86	243.25	255.00	260.00	260.00
COWS , utility, Sioux Falls, SD, cwt.	79.53	101.68	95.88	100.00	105.00	110.00
MILK , Class III, CME spot month, cwt.	20.59	17.67	17.05	17.00	16.50	17.50
LAMBS , Slg., San Angelo, TX, cwt.	117.50	170.50	180.00	—	—	—
ENERGY						
Ethanol, IA, gallon	2.36	2.13	2.07	—	—	—
Farm diesel, U.S., gallon	4.68	3.89	3.82	3.78	3.82	3.87

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

Harvesting a bumper crop of topics

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

Our reporters' notebooks are filled with items you have asked about. Here are some of them:

What's the latest on a new farm bill?

It will be old by the time it's done! The same issues linger:

TIMING: A 2018 Farm Bill extension is coming, likely as part of a continuing resolution (CR) measure to fund the government beyond Nov. 17. Some are pushing a few months' extension while others want a one-year timeline. Whatever the final extension, a new farm bill will likely start with 2025 crops, not 2024. That will allow USDA time to issue regulations and decide on implementation details.

ADDITIONAL FUNDING: Reports continue to surface that both the Senate and House have found some additional billions of dollars to help improve Title I safety net programs. But will it be enough?

CROP INSURANCE IMPROVEMENTS: Possibilities include higher premium support for some policies, whether on individual coverage or area-wide coverage, and improved policies for specialty crops and other underserved commodities. That's all good, but stakeholders say it doesn't take the place of a relevant safety net under the commodity title.

Is Biden going to meet with China's leader Xi Jinping?

White House officials jumped the gun on implying a con-fab will take place later this month in San Francisco. China stresses the "road to San Francisco cannot rely on autopilot," avoiding confirming a summit, according to the *Global Times*.

The White House rush to release info on a possible summit apparently is intended to convey both domestically and internationally. Washington will undoubtedly succeed in this foreign diplomacy on its home turf, Li Haidong, a professor at the China Foreign Affairs University, told the *Global Times*.

Biden is more eager and proactive to convene the meeting with the Chinese leader as "he hopes to make this bilateral summit his diplomatic highlight that he can boast about amid his overall struggling foreign policy, so he can promote confidence in American leadership among the domestic population and international community," Li said.

Is Biden's trade policy as silent as it appears?

Deafening. The U.S. ag sector and farm-state lawmakers from both political parties are more than anxious about what they see as a lower priority in the White House. U.S. Trade Representative Katherine Tai continues

to stress trade policy will be focused on unlocking new opportunities for American workers and families — while also supporting and strengthening the middle class, driving decarbonization and creating good-paying jobs across the American economy. Translation: Don't expect many market access trade accords.

No conclusions yet on some lingering trade policy issues, including Mexico's push to ban GMO corn imports and Canada's dairy policy.

More aid to Israel and Ukraine, but...

The Senate has the votes to combine billions in aid for both countries, plus funding for Taiwan and border protection. New House Speaker Mike Johnson (R-La.) told GOP senators he's willing to move a Ukraine aid package, but it must be separate from any Israel aid because he doesn't believe he can pass a bill that combines both.

Johnson plans to group Ukraine aid with a border-security plan, arguing the two issues are interconnected. The House passed a Republican plan to provide \$14.3 billion in aid to Israel with budget offsets, something Democrats in both chambers oppose and a major change for Congress relative to emergency funding. The ag sector wonders if this same approach will be used regarding a likely push for disaster aid covering 2023 aid (see related item below).

Key: Johnson told Senate Republicans he views himself as no longer simply a Louisiana congressman but a representative of the entire House GOP Conference. He said this means he may have to shift his own position on issues like Ukraine aid, something he has previously voted against.

Can Congress avoid a Nov. 17 gov't shutdown?

Our sources say yes. Johnson wants to pass a CR by the mid-November deadline that funds the government through the middle of January. This could buy enough time to pass fiscal year 2024 appropriations bills by then.

Will there be a disaster aid package for 2023?

Yes, but farmers and crop insurance agents prefer a far different approach. Says Kathy Fowler of Memphis, Texas: "It seems crazy to provide ad hoc disaster two years late with rule changes every month when you could put money into crop insurance to have more reliable and timely paid loss. We need Title 1, especially PLC. Crop insurance doesn't protect you from a 12-month cycle of low cash prices but the current reference prices must go up to be meaningful."

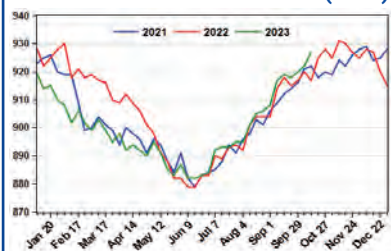
CATTLE - Fundamental Analysis

Fed steer weights surged during October despite reports of active feedlot sales through mid-month. This likely reflected favorable weather dominating the Plains at that time. The resulting increase in market-ready supplies may have played a role in the bearish response to USDA's Cattle on Feed Report. Conversely, the late-October front that hit the Plains with snow and chilly weather may have played a big role in stabilizing the cash and futures markets. We believe robust consumer demand in the face of record retail beef prices is providing powerful support and expect sustained firmness in the weeks ahead.

Position Monitor

Game Plan:	Feds Feeders	
Live cattle	IV'23	0%
have re-	I'24	0%
bounded	II'24	0%
	III'24	0%
from the overdone pullback. Supply-side fundamentals remain supportive and point prices higher.		

WEEKLY DRESSED WEIGHTS (LBS.)



DAILY DECEMBER LIVE CATTLE



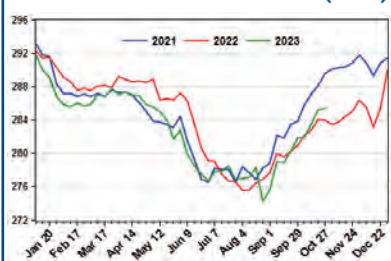
HOGS - Fundamental Analysis

Favorable October weather may have contributed to the recent surge in market hog weights, as well as to increased late-October marketings. USDA data implied late-fall hog supplies would dip back to levels even with those from last year, but such diminished numbers have seldom materialized in 2023. We believe the biggest changes from last year are a comparative reduction in retail pork prices, along with relatively low ham and turkey stocks available for the holiday season. The recent futures surge suggests traders feel the cash market won't suffer its normal seasonal decline into winter.

Position Monitor

Game Plan:	Lean Hogs	
Win-	IV'23	0%
ter-month	I'24	0%
hogs	II'24	0%
are firming while	III'24	0%
the cash market		
continues to decline seasonally. Hedges will be advised if the futures discount gets too narrow.		

WEEKLY LIVE HOG WEIGHTS (LBS.)



DAILY DECEMBER LEAN HOGS



FEED

Feed Monitor

Corn

IV'24	67%
I'24	0%
II'24	0%
III'24	0%

Corn Game Plan: You have all corn-for-feed needs covered in the cash market through November. With bearish seasonals for November, wait on signs the market has bottomed to extend coverage.

Meal

IV'23	67%
I'24	0%
II'24	0%
III'24	0%

Meal Game Plan: You have all soybean meal needs covered in the cash market through November. There's no reason to extend coverage unless there's a sharp pullback.

DAILY DECEMBER SOYBEAN MEAL

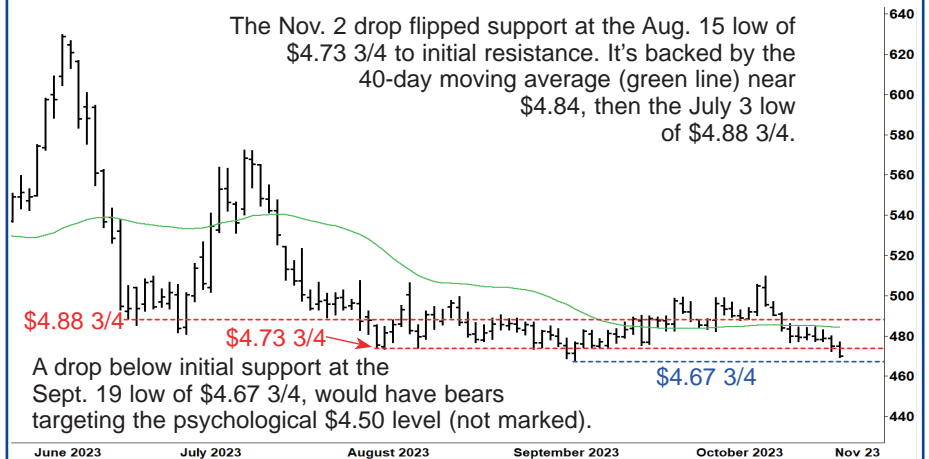


Position Monitor

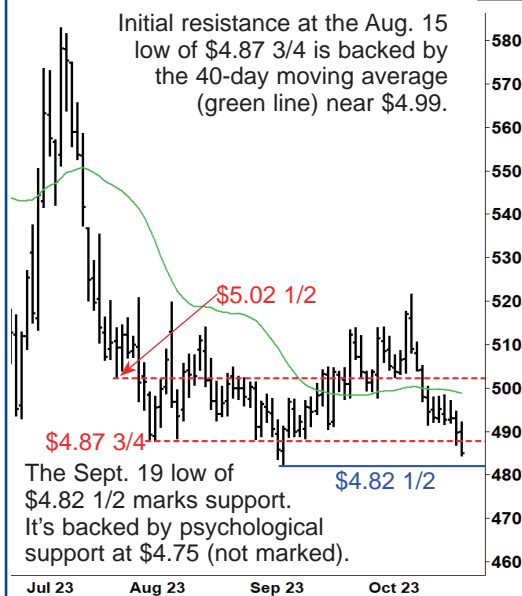
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales, though the seasonal tendency is for weakness during November (see "From the Bullpen" on *Analysis* page 4). Be prepared to advance sales on an extended rally during winter. 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



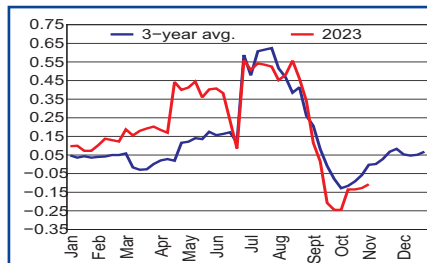
DAILY MARCH CORN



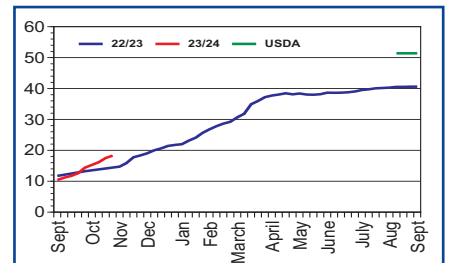
CORN - Fundamental Analysis

Corn harvest reached 71% complete as of Oct. 30. That was three percentage points behind last year, but five points ahead of the five-year norm. One might think harvest pressure would be easing at this point, but history indicates that's usually not the case (see "From the Bullpen" on *Analysis* page 4). The market's comparative weakness was exemplified by the drop to six-week lows, whereas soybeans rose along with advancing equity indexes, energy and livestock markets. Talk of continued Brazilian production concerns seems supportive, but the short-term outlook suggests a drop to fresh lows may be coming. Wait on an extended rally to make sales.

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 price strength. The winter months typically aren't a strong period for wheat unless there is a strong rally in the corn market.

DAILY DECEMBER SRW WHEAT



WHEAT - Fundamental Analysis

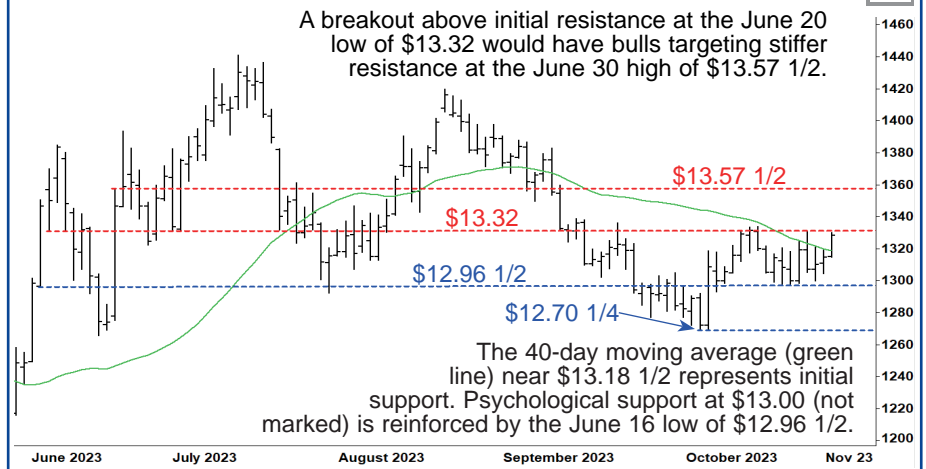
SRW — Talk of increased Chinese wheat imports limited selling last week, despite another poor weekly export sales result. Wheat also seemed to benefit from improved economic prospects after the Fed paused interest rate increases. Give the market time to rally.

Position Monitor

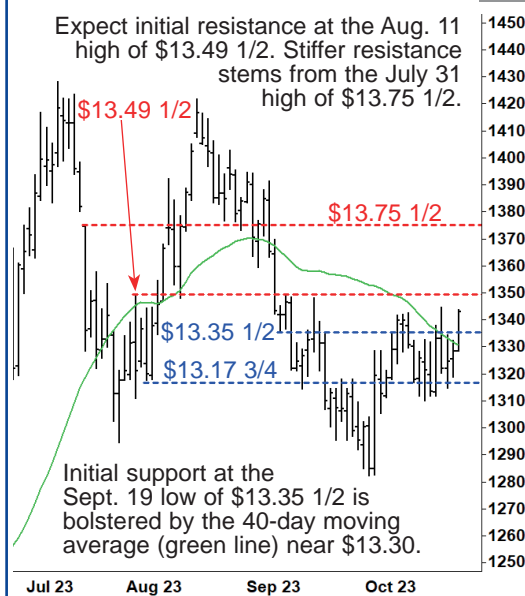
	'23 crop	'24 crop
Cash-only:	40%	0%
Hedgers (cash sales):	45%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales. The market is signaling a seasonal low is in place and November is typically an "up" month. 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. We are targeting a rally of 50¢ or more in January futures to increase sales.

DAILY JANUARY SOYBEANS



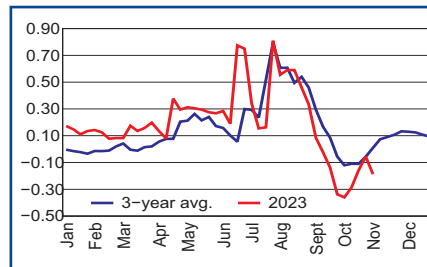
DAILY MARCH SOYBEANS



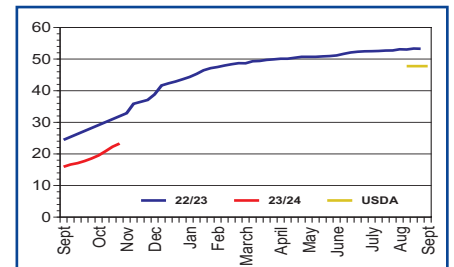
SOYBEANS - Fundamental Analysis

The soybean market looks set to continue its moderate historical pattern of November strength (see "From the Bullpen" on *Analysis* page 4). Seasonally improving export demand seems likely to be magnified if recent reports of Brazilian planting and growing problems persist. Last week's late downturn in the value of the dollar, particularly against the Brazilian real, may also spur increased buying. Domestic demand for both meal and soyoil remains strong, which reemphasizes the tightness of the U.S. supply/demand situation. Thus, having soybeans trending higher through late fall and winter is quite possible. We prefer to give the market time and room to rally.

AVERAGE SOYBEAN BASIS (NOV.)



SOYBEAN EXPORT BOOKINGS (MMT)



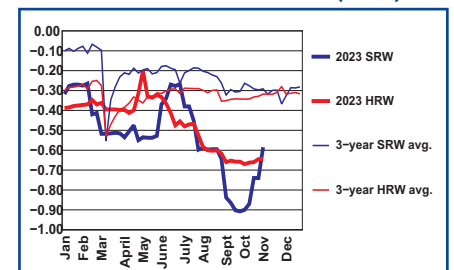
DAILY DECEMBER HRW WHEAT



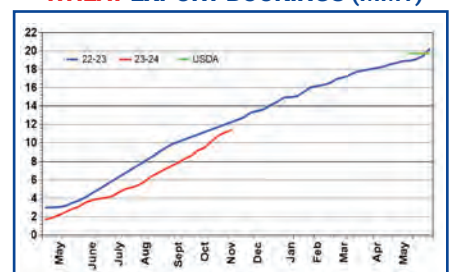
DAILY DECEMBER HRS WHEAT



AVERAGE WHEAT BASIS (DEC.)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Although initial SRW ratings were strong, HRW ratings fell below average in last week's USDA Crop Progress Report. When combined with another likely acreage cut, this suggests a smaller crop next summer. But, as noted previously, this probably won't spur much buying in the coming weeks. Corn likely needs to provide support for a rally.

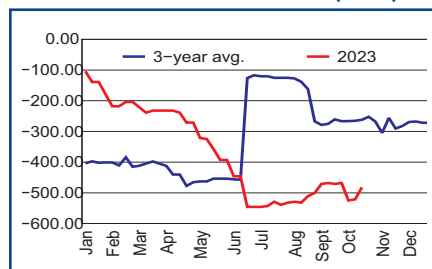
HRS — While nearby HRS futures were resting on support late last week, the 2024 contracts fell to fresh lows. They seemed to anticipate the same in deferred corn futures. HRS wheat/corn spreads are near recent norms, but relatively wide by historical standards. Ultimately, the Canadian crop didn't fall as much as was expected last summer, depressing prices.

Position Monitor

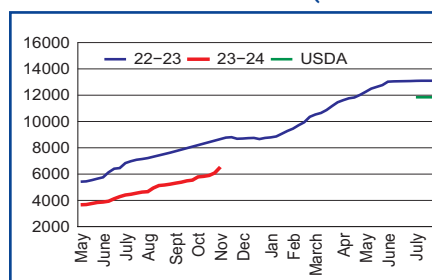
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Technicals continue to erode, suggesting there is more near-term downside risk. Wait on an extended corrective rebound to advance sales.

AVERAGE COTTON BASIS (DEC.)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON

Initial resistance at the July 14 low of 80.75¢ is backed by the July 19 low of 81.95¢.



COTTON - Fundamental Analysis

Concerns about export demand, especially from China have weighed on prices, though sales for the week ended Oct. 26 were a marketing-year high. The price drop is being exaggerated by active long liquidation by long-standing bulls. We're awaiting a rebound to boost sales.

GENERAL OUTLOOK

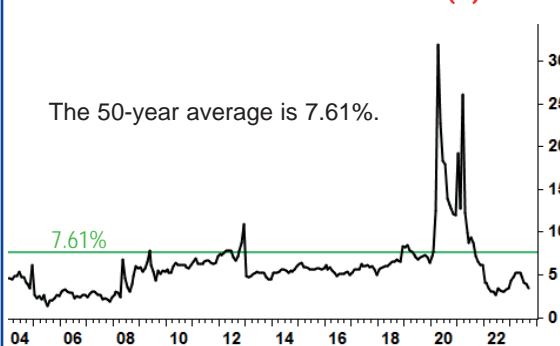
CONSUMERS: The monthly Personal Income and Outlays Report not only contains the Fed's favorite inflation indicator (Personal Income Expenditures or PCE), it also holds the Personal Savings Rate (PSR). This gives a read on the financial position of individuals and families, with a high savings rate suggesting good times and declines pointing to problems.

And while the latest PCE indicated diminished inflation, the PSR marked a

fourth consecutive reduction to 3.4%. Moreover, that marked the lowest reading since last December.

The sustained decline is cause for concern since active consumer spending has played a big role in recent gains in U.S. GDP. Another troubling statistic is a record \$6,059 in average American credit card debt. The economy is apparently doing well, but it's still vulnerable.

MONTHLY CONSUMER SAVINGS RATE (%)



FROM THE BULLPEN By Economist Lane Akre

Corn futures have tracked seasonals closely throughout harvest. If this trend were to continue, one would expect prices to fall in November, which is the second-most bearish month of the year behind July.

Corn prices have fallen in November 28 times since 1980 (65% of the time), averaging a 3.8% loss or 18¢ from current levels. The years that rose averaged a 5.2% (25¢) gain.

If prices fall once again in November, one can expect an early December low before a rally through the rest of the winter months. That would continue tracking the market's 2010-14 pattern, which we've repeatedly highlighted.

With this in mind, be prepared to pull the trigger on additional sales if the market rallies between 5% and 10%.

Conversely, the seasonal for soybeans in November is bullish. Since 1980, prices have risen 60% of the years and declined 40%, which happens to be the exact same as the past 10 years. The average gain the past 10 years is 4.5%, equaling 59¢ at current levels, while the average loss over the same period is 3.1%, about 41¢. The bullish bias extends from November until May, which would be in line with our analog study with the 2010-14 period. These factors encourage us to wait on additional sales, letting prices work higher, with a target of increasing sales on a rally of 50¢ or more.

Wheat futures have no real seasonal bias throughout November, but tend to tightly track corn — 72% of the time.

WATCH LIST

- 1 USDA Crop Progress Report** **MON 11/6**
Focus is on winter wheat ratings. 3:00 p.m. CT
- 2 U.S. Ag Trade Data** **TUE 11/7**
Exports, imports for September. 10:00 a.m. CT
- 3 USDA Long-term Projections** **TUE 11/7**
Baseline figures through 2033. 2:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 11/9**
Focus is on soybean, corn sales. 7:30 a.m. CT
- 5 USDA Crop Prod., S&D Rpts.** **THUR 11/9**
Focus on U.S. crops, ending stocks. 11:00 a.m. CT

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