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Markets searching for bottoms – *Corn and wheat futures fell to new contract lows last week before rebounding. Soybeans chopped as traders kept a close watch on the Brazilian weather/crop situation. South American crop consultant Dr. Michael Cordonnier reported extremely early harvesting of soybeans started in remote areas of Mato Grosso late last week, with yields expectedly very low. Seasonally, December tends to be a mildly favorable month for grain markets – and corn is typically the leader (see "From the Bullpen" on Analysis page 4). But corn likely needs a bullish catalyst for anything other than a modest corrective bounce. Live cattle futures and the cash cattle market continued to search for a bottom, while price action in hog futures signaled a potential seasonal low despite persistent cash weakness.*

Improved rain chances for Brazil

Dry areas of central and northern Brazil are forecast to receive needed rains during the next two weeks. That will provide temporary relief from extended dryness, though more rains will be needed to sustain crop development. Mostly favorable weather is also expected across Argentina's core growing areas.

Argentina not joining BRICS

Argentina, under the leadership of incoming President Javier Milei, has decided not to join the China-led BRICS bloc. This decision reflects a notable shift in the country's foreign policy that is anticipated to take place during Milei's presidency. See *News page 2* for ag-related changes Milei wants to implement.

Don't expect many changes Dec. 8

USDA won't update its corn and soybean crop estimates this month; only a revised cotton production forecast. Any changes to domestic use will likely be limited. The bigger focus will be global production forecasts, especially for South America.

China's share of economy shrinking

China's share of the global economy is declining at the fastest rate since Mao Zedong's era, with a projected two-year drop of 1.4 percentage points, according to Ruchir Sharma, chair of Rockefeller International. Sharma says this shift could "reorder the world" and potentially reshape global power dynamics. We take a look at global economic growth forecasts and key fiscal issues on *News page 4*.

PCE falls to 28-month low

The U.S. personal consumption expenditures (PCE) price index eased to an annual rate of 3% in October, the lowest since March 2021. Core PCE, excluding food and energy prices, posted an annual gain of 3.5%, the lowest since mid-2021.

With inflation cooling, traders believe the Fed's monetary tightening cycle is done, which has weighed on the U.S. dollar. But JPMorgan says the U.S. presidential election next year could raise prospects of a trade war, especially with China, which would be supportive of the U.S. dollar.

USDA expects wider ag trade red ink

USDA's ag trade forecast for fiscal year (FY) 2024 now projects exports of $169.5 billion (down $2.5 billion from August) against imports of $200.0 billion (up $500 million). That would result in an ag trade deficit of $30.5 billion for FY 2024, up from the August projection of $27.5 billion and $16.7 billion of red ink in FY 2023. U.S. ag sector and farm-state lawmaker concerns are accelerating regarding U.S. trade policy.

USDA cuts farm income forecast

Inflation-adjusted net cash farm income is forecast to decline by $49.2 billion (23.8%) to $157.9 billion in 2023. Net farm income is expected to drop by $37.9 billion (20.0%) to $151.1 billion. Both measures were record-large in 2022. Direct government payments to farmers are forecast to decrease by $4.0 billion (24.8%) to $12.1 billion, primarily due to lower supplemental and ad hoc disaster assistance. Bottom line: Look for farm bill proponents to note the declining income picture as a key reason lawmakers should finish work on the next farm bill.

ERP for 2022 'suspended'

USDA's Emergency Relief Program (ERP) for 2022 has been "suspended." Offices will take applications, but processing of payments is on hold, according to a source.

PARP payments and tax implications

Farmers and accountants have asked if Pandemic Assistance Revenue Program (PARP) payments will be made in 2023. A USDA official told us: "We are waiting for the Secretary's office to give us the green light to process payments. If we don't get the green light to process those payments by next week (the week of Dec. 4-8), there is a chance that these payments will wait until after the first of the year."

March 28 deadline for year-round E15

Court filings now establish March 28, 2024, as the target date for EPA to issue the final rule on year-round sales of E15 in eight Midwest states. While it will apply to only eight states, this will impact a considerable portion of the U.S. fuel supply.

Brazil crop estimates hold for now

There has been enough recent rainfall across central and northeastern Brazil for South American crop consultant Dr. Michael Cordonnier to keep his Brazilian crop estimates at 158 million metric tons (MMT) for soybeans and 121 MMT for corn. However, he maintained his lower bias toward both crops, noting heavier and better coverage of rainfall will be needed for sustained crop development.

Cordonnier kept his Argentine production estimates at 50 MMT for soybeans and 52 MMT for corn. He has a neutral-to-higher bias for the Argentine soybean crop and neutral-to-lower bias toward corn.

Cotton the big winner in Brazil acreage situation

Brazilian farmers are expected to increase their cotton acreage for 2023-24 by 14% to 1.94 million hectares due to better returns, especially in Mato Grosso, according to Agroconsult. Farmers favor taking their chances for a good crop of cotton instead of uncertainties with soybeans and then planting safrinha corn after the ideal window, which closes around Feb. 20.

Brazil passed the U.S. on soybean exports years ago, and overtook American corn exports last year. Brazil is projected to be close to passing the U.S. for cotton exports in 2023-24.

Argentine farmers cheer Milei victory

Argentine farmers see a window of opportunity with the election of Javier Milei as the country's new president. Milei will assume power on Dec. 10 with the promise to scrap currency controls and to "dollarize" the Argentine economy, which would devalue the peso. Cordonnier said, "All this currency uncertainty is going to cause short-term "pain and suffering" for the average wage earner in Argentina, but it is probably good news for farmers who are still holding grain, which is priced in dollars, but paid in the local currency."

Longer-term, Milei has also promised to eliminate export taxes on agricultural commodities, but that might be difficult to accomplish because he would need the approval of Congress. The export tax is currently 33% for soybeans, 31% for soybean meal and soyoil, 12% for corn, wheat and grain sorghum, 7% for sunflowers and 5% for sunflower oil.

Some analysts predict the combination of a devalued peso and elimination of the export tax could result in doubling the price Argentine farmers receive for their soybeans. Cordonnier says that might be incentive for farmers to switch some of their 2023-24 intended corn and sunflower acreage to soybeans.

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HRW crop avg., SRW above avg.

USDA's final condition ratings until next spring pegged 50% of the U.S. winter wheat crop as "good" to "excellent," with 15% "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 323.3, while SRW was rated 371.6. The final CCI rating ahead of dormancy was equal to the five-year average for HRW and 14.8 points above average for SRW.

Winter wheat drought footprint shrinks into dormancy

As of Nov. 28, USDA estimated 38% of U.S. winter wheat areas were covered by drought, mostly D0 (abnormally dry) or D1 (moderate drought).

In HRW areas, dryness/drought covered 90% of Kansas, 67% of Colorado, 52% of Oklahoma, 67% of Texas, 40% of Nebraska, 12% of South Dakota and 39% of Montana.

In SRW areas, dryness/drought covered 86% of Missouri, 78% of Illinois, 97% of Indiana, 35% of Ohio, 31% of Michigan, 74% of Kentucky and 97% of Tennessee.

China quietly buying more U.S. wheat

For the week ended Nov. 23, China purchased 197,300 metric tons (MT) of U.S. wheat. For 2023-24, outstanding sales to China total 639,000 MT, including 511,000 MT of SRW, 98,000 MT of HRW and 30,000 MT of HRS — the most for this date since 2020-21. Total commitments (sales + exports) to China stood at 1.010 MMT.

Smaller Russian wheat crop expected

Black Sea consulting firm SovEcon's initial forecast for Russia's 2024-25 wheat crop calls for production to slip to 89.8 MMT from 91.5 MMT this year. Planted area is forecast to decline by 300,000 hectares to 29.5 million hectares, while the average yield is expected to inch down to 3.04 MT per hectare from 3.07 MT per hectare this year. SovEcon says the expected yield drop is due to a likely return to "average" weather and a decline in crop input applications as farmers cut costs substantially amid declining margins.

SovEcon said, "Despite a year-on-year decline, the 2024 crop could still be well above the five-year average of 86.4 MMT. With high 2023-24 carryout stocks Russia could remain a top world wheat exporter in 2024-25 unless we see some additional government restrictions and/or abnormal weather conditions during the next six months."

Russia's potential grain export ban

A Russian government trade group recommended the ag ministry implement a temporary ban on grain exports if stocks fall below a "critically low level" of 10 MMT. The ag ministry said Russia has ample grain reserves given large stocks remaining from last year and this year's big harvest. It expects Russia's grain exports to top 65 MMT in 2023-24.

China's ASF epidemic leaves lasting global pork market impact

Despite China's recovery from the African swine fever (ASF) outbreak that lasted three years, the domestic pork market in China remains volatile, posing potential uncertainties for pork exporters worldwide. The epidemic had lasting impacts on the global pork market, as outlined in a report by three USDA economists:

- During the 30 months of the epidemic, China's pork production dropped by an average of 18% below normal.
- Consumer pork prices doubled by January 2021 and only returned to pre-epidemic levels by September 2021.
- Record pork imports during the outbreak only replaced a fraction of the lost production.
- The epidemic led to the consolidation of hog farming into larger-scale operations.
- China incurred higher production costs due to the construction of new, larger hog farms and stricter biosecurity practices.
- Rising pork prices, reflecting increased production costs, may support China's demand for imported pork, despite expansion of its domestic production.
- China remained the largest pork importer, though its global market share was less than one-third of its pre-ASF peak.

USDA allows pork plants to keep operating at higher speeds

USDA will extend for up to 90 days a trial program allowing six pork plants to operate faster processing-line speeds while collecting data on how that impacts workers. The National Pork Producers Council said, "Without the extension, pork producers would incur additional losses of nearly $10/head in Q1 and Q2 2024."

U.S. dairy complaint rejected by USMCA panel

A trade dispute settlement panel established under the United States-Mexico-Canada Agreement (USMCA) rejected a complaint filed by the U.S. against Canada pertaining to Ottawa's alleged improper limitation of access to its dairy market. Highlights of the ruling:

- Canada amended its policies following a January 2020 USMCA ruling. But the U.S. claimed Canada still was not providing adequate access to its dairy market via USMCA provisions.
- A three-person independent panel ruled Canada had not acted unreasonably in its handling of dairy market access, effectively dismissing the U.S. complaint.
- U.S. Trade Representative (USTR) Katherine Tai emphasized the U.S.' continued concerns regarding Canada's implementation of dairy market access commitments under the agreement. She stated the U.S. would use all available tools to enforce trade agreements.
- Canadian Trade Minister Mary Ng expressed satisfaction with the dispute settlement panel's findings, noting that all outcomes were in favor of Canada.

Bottom line: Before taking the role of USTR, Tai was a major writer of USMCA enforcement action language. The most recent U.S. trade policy loss signals U.S. trade lawyers were again found wanting.

Doane Market Watch

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Jan.	Jan.-March	April-June
				(Monthly & quarterly avg.)		
CORN						
Central Illinois, bushel	6.51	4.43	4.26	4.50	4.60	4.70
Omaha, NE, bushel	7.30	4.72	4.55	4.60	4.70	4.80
Dried Distillers Grain, IA, $/ton	215.56	199.21	—	—	—	—
SOYBEANS						
Central Illinois, bushel	14.44	13.16	13.06	13.25	13.45	13.75
Memphis, TN, bushel	14.91	13.47	13.37	13.55	13.75	14.00
Soymeal, 48% Decatur, ton	433.80	469.30	—	455.00	440.00	430.00
WHEAT						
Kansas City, HRW, bushel	9.42	6.48	6.46	6.65	6.75	6.85
Minneapolis, 14% DNS, bushel	11.80	8.91	9.31	9.40	9.50	9.70
St. Louis, SRW, bushel	7.38	5.71	5.60	5.75	5.90	6.05
Portland, Soft White, bushel	8.95	6.88	6.85	7.00	7.00	7.15
Durum, NE MT HAD, 13%, bu.	9.94	9.08	9.00	9.00	9.15	9.30
SORGHUM, Kansas City, cwt.	12.03	9.00	8.69	9.00	9.25	9.40
COTTON, 11/16 SLM, 7 area, ¢/lb.	79.57	75.72	74.42	76.00	77.00	78.00
RICE, nearby futures, cwt.	17.90	17.30	17.38	17.40	17.50	17.80
BARLEY, MT, G.T., malting, bu.	7.50	6.00	6.00	6.00	6.00	6.00
OATS, Minneapolis No. 2 heavy, bu.	4.28	4.60	4.14	4.00	4.05	4.10
ALFALFA, NW Iowa, lg. sq. prem., ton	—	257.50	—	255.00	255.00	255.00
SUNFLOWERS, Fargo, ND, cwt.	25.85	15.80	15.80	16.65	16.85	17.05
HOGS, Nat'l carcass 51%-52% cwt.	82.60	72.21	69.74	70.00	75.00	90.00
FEEDER PIGS, 40 lbs., Nat. avg, head	62.04	41.42	42.77	45.00	60.00	55.00
CHOICE STEERS, feedlots, cwt.	156.07	177.82	176.77	178.00	182.0	180.00
FEEDER CATTLE, Oklahoma City						
Steers, 700-800 pounds, cwt.	—	224.02	223.96	232.00	237.00	245.00
Steers, 500-550 pounds, cwt.	—	290.65	297.10	295.00	300.00	295.00
Heifers, 450-500 pounds, cwt.	—	258.72	263.96	255.00	260.00	260.00
COWS, utility, Sioux Falls, SD, cwt.	73.87	93.83	94.53	95.00	100.00	105.00
MILK, Class III, CME spot month, cwt.	19.61	16.40	16.33	16.50	16.50	17.50
LAMBS, Slg., San Angelo, TX, cwt.	—	186.50	—	—	—	—
ENERGY						
Ethanol, IA, gallon	2.33	1.85	—	—	—	—
Farm diesel, U.S., gallon	4.55	3.63	3.60	3.70	3.72	3.75

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

OECD: Soft landing likely but 'far from guaranteed'

By Editor Brian Grete and Washington Policy Analyst Jim Wiesemeyer

The global economy will experience a slight slowdown next year, but the risk of a hard landing has diminished despite high debt levels and uncertainty over interest rates, the Organization for Economic Cooperation and Development (OECD) said last week. OECD said the risks to the forecast are tilted downwards amid heightened geopolitical tensions, an uncertain outlook for trade and the risk that tight monetary policy could hurt firms, consumer spending and employment more than expected. "Inflation is easing, but growth is slowing," OECD Chief Economist Clare Lombardelli said.

Mild global economic slowdown before a rebound

The broad picture for the world economy over the next two years is one of a moderate slowdown followed by eventual normalization, with growth returning to near-trend levels, and inflation converging back to central bank targets by 2025. OECD projects global GDP growth will remain subdued through the first half of 2024, with only a modest improvement thereafter.

It forecasts global economic growth in 2023 at 2.9%, weakening to 2.7% in 2024 — the lowest annual rate since the 2008-09 financial crisis other than the first year of the Covid pandemic. As inflation abates further and real incomes strengthen, the world economy is projected to grow by 3.0% in 2025. But OECD warns its forecasts are "highly dependent on fast-growing Asian economies."

U.S. economic growth will slow through mid-2024

In the United States, domestic demand growth is expected to moderate until mid-2024 due to tighter monetary and financial conditions, with slower job growth and a mild pick-up in unemployment. Monetary policy is expected to ease from the second half of 2024 as inflation continues to decline and is projected to help strengthen domestic demand growth in 2025. OECD projects real GDP growth will slow to 1.5% next year from 2.4% in 2023 — though both were up 0.2 points from its previous forecast — before rebounding to 1.7% in 2025.

Euro zone growth tied to lower energy prices

Growth in the major European economies is expected to remain weak in the near term but improve gradually as inflation wanes, monetary policy easing gets underway and real incomes recover. OECD forecasts annual GDP growth in the euro zone will increase from 0.6% in 2023 to 0.9% in 2024 and rise to 1.5% in 2025. Germany, Europe's largest economy, is expected to see 0.6% growth next year and 1.2% in 2025.

China's GDP growth expected to slow

OECD forecasts China's economy will grow 5.2% this year, but slow to 4.7% in 2024 and 4.2% in 2025. Consumption growth remains subdued and activity in the real estate sector continues to weaken, but monetary policy easing and additional infrastructure investment will help underpin domestic demand, according to OECD.

India expected to lead the way on global growth

OECD says India has been "relatively unaffected by the surge in energy prices in 2022 and the tightening of monetary conditions in the advanced economies over the past two years." As a result, it expects India's economy to grow 6.3% in 2023, 6.1% in 2024 and 6.5% in 2025 — the biggest growth of the G20 major economies.

Inflation expected to ease

Barring further large shocks to food and energy prices, OECD says global headline inflation is expected to return to levels consistent with central bank targets in most major economies by the end of 2025. It forecasts inflation falling to 5.2% in 2024 and 3.8% in 2025 from 7.0% this year.

Fiscal policy needs to prevent unsustainable debt rises

"Public debt to GDP ratios stand at high levels in historical perspective and governments face mounting fiscal pressures, stemming from multiple sources, including ageing societies and the need to tackle climate change," OECD warned. "In the absence of government action the level of public debt to GDP is set to continue to increase."

Trade growth is weak... and 'worrying'

OECD calls weak global trade growth "worrying" given its importance for productivity and development. It says merchandise trade volumes fell 1.5% in the first half of this year, while services trade volumes rose 6.4% amid increased Asian tourism. Since the recovery from Covid, trade has fallen relative to GDP, particularly merchandise trade.

Bottom line: Better fiscal policy needed

"Governments need to spend smarter, and policy makers need to contain current and future fiscal pressures while preserving investment and rebuilding buffers to respond to future shocks," Lombardelli said.

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General Manager Ryan Nelson • Editor Brian Grete • Editor Emeritus Chip Flory • Chief Economist Bill Nelson • Economist Lane Akre • Market Analyst Hillari Mason
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CATTLE - Fundamental Analysis

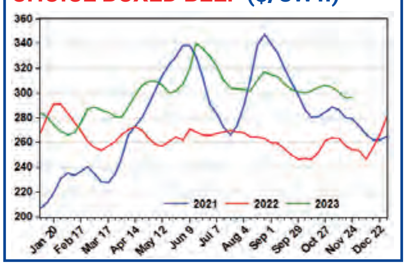
The fall cattle breakdown was triggered by the bearish October Cattle on Feed Report despite little real change to short-term fundamentals. Cash prices fell about $10.00 from that point to Thanksgiving. But boxed beef values proved surprisingly stable at record-high levels for this time of year. Indeed, Choice beef firmed in late November. Moreover, recent bearishness sent early-2024 live cattle futures sharply lower, incentivizing feedlot operators to cut placements and market their cattle more aggressively. We believe this will give the long-term bull market new life, with the potential to hit fresh highs next spring.

Position Monitor

Game Plan: With live cattle futures at a discount to the cash market, hedges are not advised. The downside was overdone on the liquidation plunge.

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

CHOICE BOXED BEEF ($/CWT.)



DAILY FEBRUARY LIVE CATTLE

HOGS - Fundamental Analysis

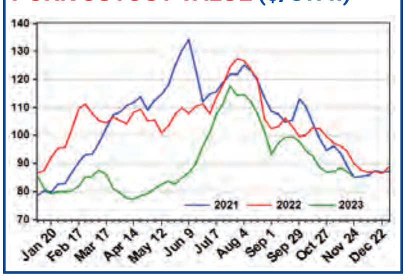
After having spent all of 2023 well below the norms of the past few years, pork cutout values essentially matched the late-year lows of 2021 and 2022 in late November. They may prove vulnerable to fresh losses in the weeks ahead, since slaughter will likely reach a fresh high in mid-December, whereas grocers completing their holiday ham buys will probably undercut wholesale demand and prices. Increased production appears set to remain an issue for the market, but we believe strong consumer demand will tend to limit the downside. The early arrival of Easter 2024 may spur a quick ham market recovery.

Position Monitor

Game Plan: The market is still searching for a seasonal low, but hedges are not advised with February futures trading at discounts to cash. Keep risk in the cash market.

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

PORK CUTOUT VALUE ($/CWT.)



DAILY FEBRUARY LEAN HOGS

FEED

Feed Monitor

Corn

IV'23	100%
I'24	0%
II'24	0%
III'24	0%

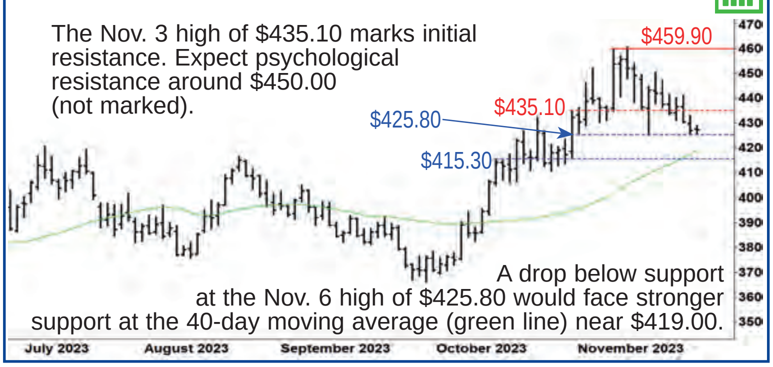
Meal

IV'23	100%
I'24	0%
II'24	0%
III'24	0%

Corn Game Plan: On Nov. 29, we advised extending corn-for-feed coverage by four weeks in the cash market through December. Be prepared to further extend coverage on signs of a low as current prices are value levels.

Meal Game Plan: On Nov. 29, we advised extending soymeal coverage by four weeks in the cash market through December.

DAILY JANUARY SOYBEAN MEAL

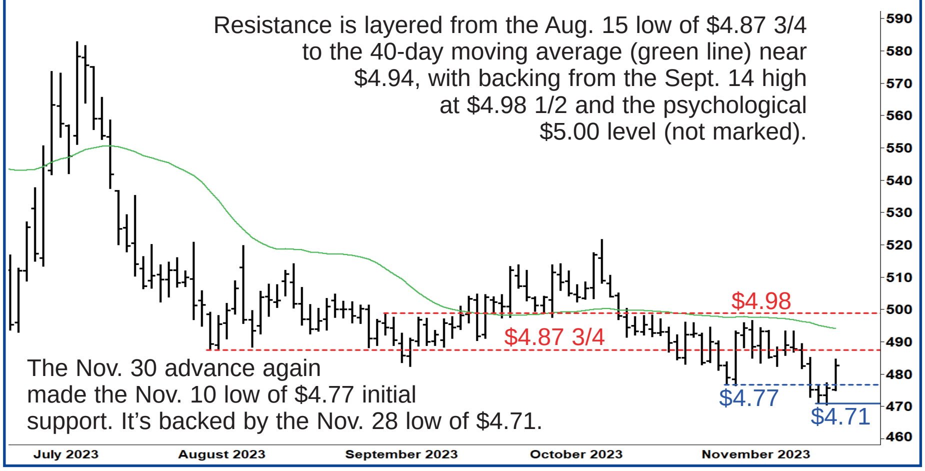


Position Monitor

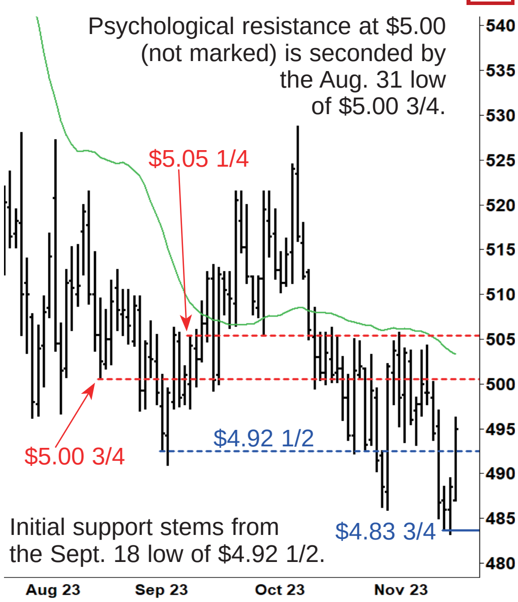
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait on a corrective rebound to get current with advised sales. Seasonally, now is the time when the corn market typically posts a low if one hasn't happened yet. With that said, it's likely going to take a bullish catalyst to spark a strong upside price recovery. Defensive hedges will be needed if the market struggles to gain traction, as long-term charts suggest sharp price risk.

DAILY MARCH CORN



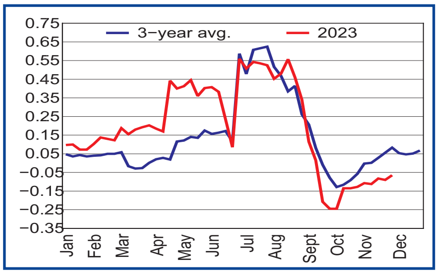
DAILY MAY CORN



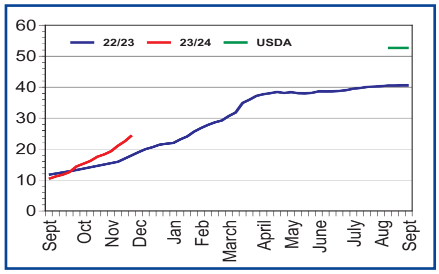
CORN - Fundamental Analysis

The corn market's sensitivity to export prospects was demonstrated by last week's futures activity. Weekly export inspections data released Monday disappointed traders and sent nearby futures to fresh lows through midweek. That was reversed Thursday when USDA's Export Sales Report stated the total for the week ended Thanksgiving at 1.928 million metric tons (MMT). That smashed expectations and represented a marketing-year high, with futures rebounding strongly. The focus on exports and South American crop developments seems likely to be the underlying pattern during the winter quarter. Be patient in awaiting an extended price recovery.

AVERAGE CORN BASIS (DEC.)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

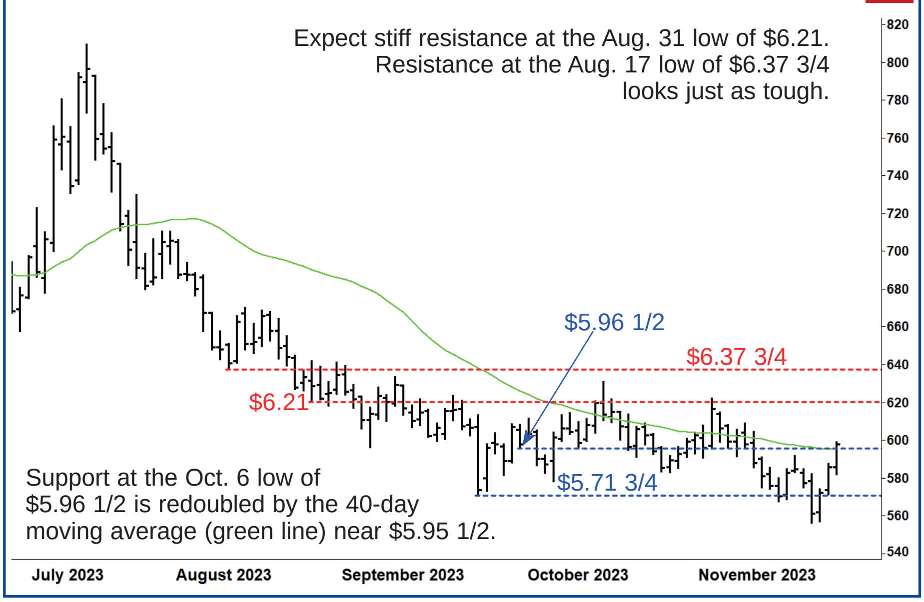
	'23 crop	'24 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: 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.

WHEAT - Fundamental Analysis

SRW — News of under-the-radar Chinese buying of U.S. wheat (see *News page 2*) helped explain a portion of last week's futures rebound. Improved export news and talk of a potential temporary Russian wheat export ban likely played roles in the rally.

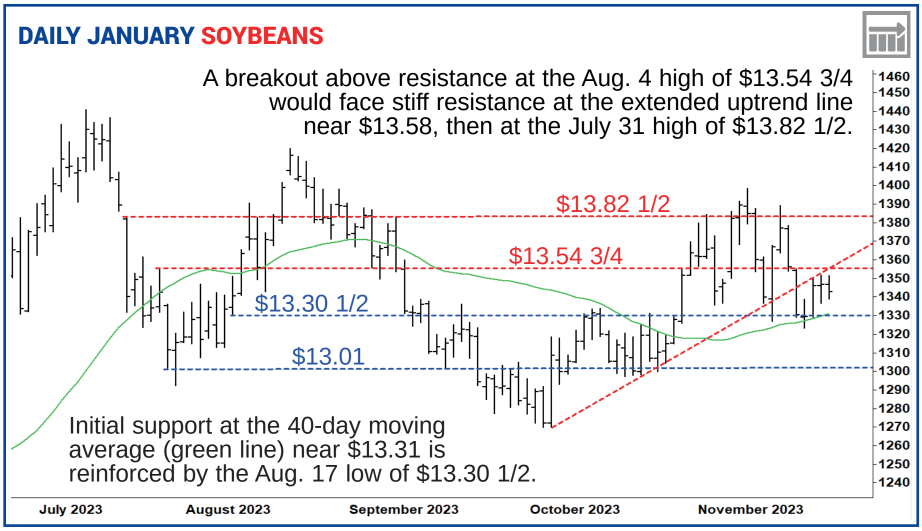
DAILY MARCH SRW WHEAT

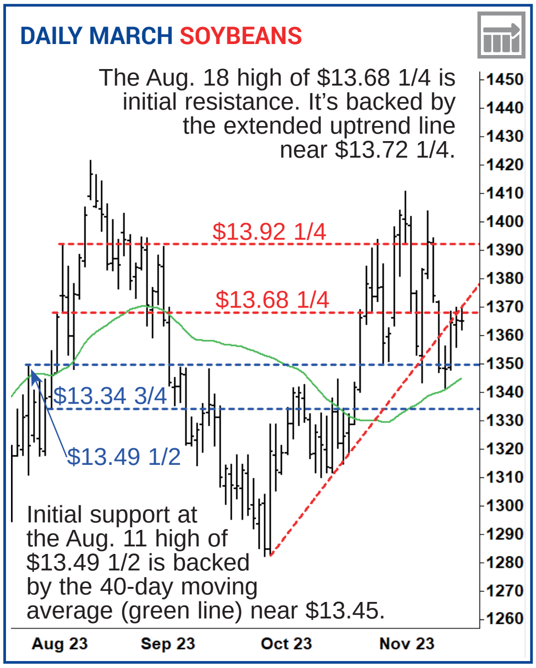


Position Monitor

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

Game Plan: Wait on a corrective rebound to get current with advised sales. Be prepared to make additional old- and new-crop sales on an extended rally. 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 be determined by South American crop potential and corn.

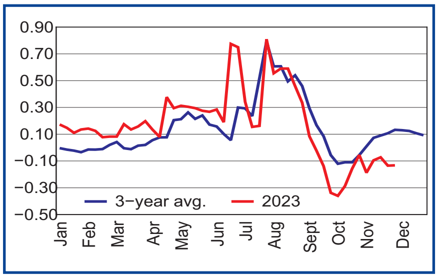




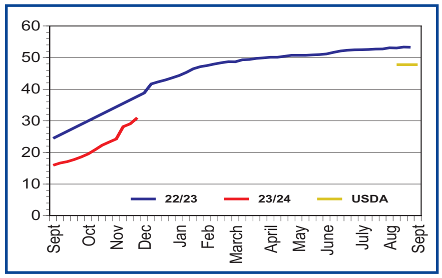
SOYBEANS - Fundamental Analysis

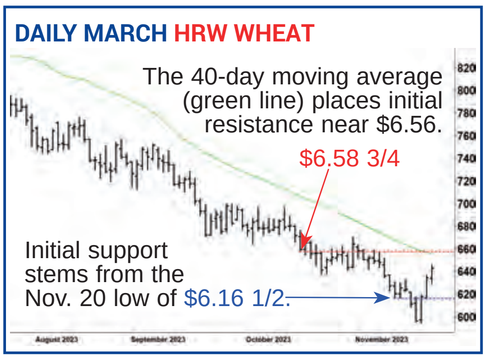
Weak export sales numbers for the week ended Nov. 16 and improved South American weather seemed to exaggerate a near-50¢ soybean dive bracketing the Thanksgiving holiday. Last week's South American news was mixed, with talk of a temporary improvement in Brazilian weather partially offset by reduced estimates of that country's bean crop. In contrast, Argentine bean production is expected to bounce back strongly from last year's disaster. Late-week losses raised concerns about short-term prospects, but the tight domestic situation should provide underlying support. Patience in anticipating seasonal strength is recommended.

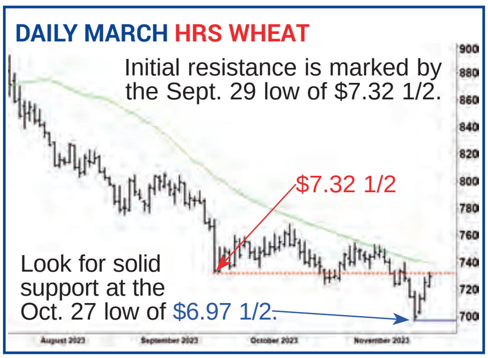
AVERAGE SOYBEAN BASIS (NOV.)



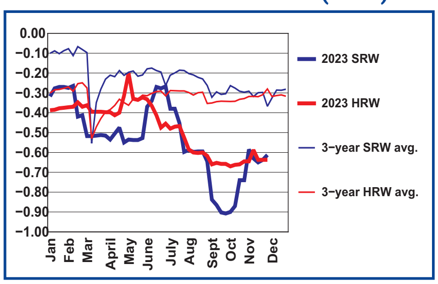
SOYBEAN EXPORT BOOKINGS (MMT)







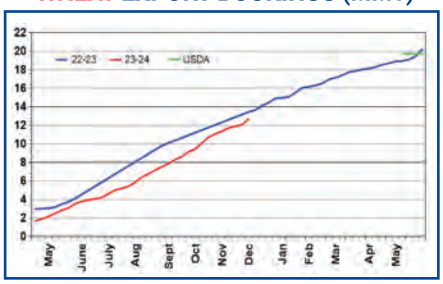
AVERAGE WHEAT BASIS (DEC.)



HRW — Although the Plains moisture situation has generally improved, some key HRW areas still need rain. That may partially explain the near 40¢ narrowing of nearby HRW versus HRS spreads. Look for continued HRW focus on the corn market, especially if events show a fall low has been reached in the latter.

HRS — Exports of HRS wheat have been comparatively strong lately, which makes the sharp price losses versus both the HRW and SRW markets rather mystifying. The narrowing spreads apparently reflect the larger-than-expected Canadian HRS crop and fall imports of that grain across the border.

WHEAT EXPORT BOOKINGS (MMT)

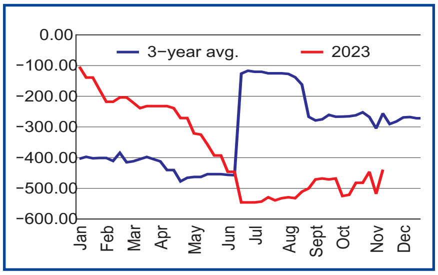


Position Monitor

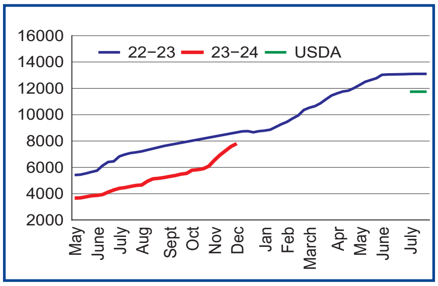
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: 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 (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON

COTTON - Fundamental Analysis

China's recent cotton buying binge may simply have reflected its desire to look good ahead of presidents Joe Biden and Xi Jinping meeting. Export sales dipped around Thanksgiving, giving credence to such views. The industry remains concerned about export prospects.

GENERAL OUTLOOK

Energy: OPEC+ oil producers agreed to voluntary output cuts totaling about 2.2 million barrels per day (bpd) for early next year, led by Saudi Arabia rolling over its current reduction of 1 million bpd. Russia will cut 500,000 bpd and others will also contribute smaller cuts. These cuts came in response to the NYMEX futures drop from the September high over $90.00 per barrel to below $80.00.

OPEC+, which produces around 40% of the world's oil, also looks set to gain market power with the announcement Brazil, with production averaging about 3 million bpd, will join the cartel.

The OPEC+ production cut is likely to at least stabilize oil prices, which means Americans may soon be paying a bit more for gasoline and diesel at the pumps. But the crude strength may translate into support for the ag markets.

DAILY JANUARY CRUDE OIL FUTURES ($/BBL.)

FROM THE BULLPEN By Economist Lane Akre

Corn futures persistently tracked seasonals through fall, to the point of a harvest low in the last 10 days of November — the most common time for a harvest low. Corn prices generally trend lower throughout fall before working gradually higher during winter. That would continue to track the market's 2010-14 pattern, which we have highlighted periodically throughout the past year.

Over the past 20 years, March corn futures have gained 12 times during December by an average of 6.4% (30¢ at current prices) and declined eight times by an average of 1.9% (9¢). Each of the past four years the corn market has seen gains in December, skewing that bias more bullish in recent years.

There is a large emphasis on the direction of corn futures in December because corn generally leads the grain sector during the winter months. In 18 of the past 20 years, January soybeans have matched corn's December direction. Wheat has matched corn's direction 17 times over the same period. If corn makes a directional move in December, soybeans and wheat are likely to follow suit.

January soybean futures have also risen 12 times in the past 20 years, for an average gain of 7.2% (97¢), while averaging a loss of 1.9% (26¢) in the remaining eight years. Note that gains heavily outweigh losses in both corn and beans in December. Thus, losses seem likely to be limited if weakness persists.

WATCH LIST

1	**Canadian Crop Production** Crop estimates from StatsCan.	**MON 12/4** 7:30 a.m. CT
2	**U.S. Ag Trade Data** Ag exports, imports for October.	**WED 12/6** 10:00 a.m. CT
3	**USDA Export Sales Report** Focus is on soybean sales.	**THUR 12/7** 7:30 a.m. CT
4	**USDA Supply & Demand Rpt.** U.S. usage, global production.	**FRI 12/8** 11:00 a.m. CT
5	**USDA Crop Production Report** Only a cotton estimate in Dec.	**FRI 12/8** 11:00 a.m. CT