



News this week...

- 2 – Brazil's soybean, corn crop estimates declining.
- 3 – EPA's agenda omits RFS actions, including eRINs.
- 4 – Breakdown of USDA's December S&D Report.

Muted response to USDA's December reports – *USDA's December crop reports typically don't offer many market-moving surprises and this year was no different. USDA cut its cotton crop estimate more than expected and also trimmed ending stocks for corn, wheat and cotton, while leaving soybean carryover unchanged. With the report data not providing any significant price guidance, near-term market focus will remain largely on export demand news and South American weather/crop developments. Live cattle futures faced continued selling pressure, which weakened cash cattle prices for a fifth consecutive week, despite tight market-ready supplies. Lean hog futures dropped amid persistent seasonal weakness in the cash hog market.*

Better rain chances for central Brazil

Center-west Brazil will experience erratic rainfall over the next two weeks, offering some moisture relief for parched areas. But World Weather Inc. says distribution will remain a concern. Northeastern Brazil will maintain a drier bias. Southern Brazil will continue to receive regular rainfall, though excessive rains aren't likely. Forecast models suggest central and northeastern Brazil could see improved rainfall chances the last two weeks of December.

Argentina's weather is expected to remain mostly favorable for crop development over the next two weeks.

China accelerates U.S. wheat buys

USDA announced daily SRW wheat sales to China totaling 1.120 million metric tons (MMT) last week. Those will be reported, along with any smaller sales to Chinese buyers, in the weekly report for the period ended Dec. 7. As of Nov. 30, China's 2023-24 total commitments (exports + outstanding sales) for U.S. wheat stood at 1.075 MMT, including 789,311 metric tons of SRW supplies.

USDA forecasts China's wheat imports at 12.5 MMT in 2023-24, up 500,000 metric tons from last month.

India takes food protection measures

India halved the amount of wheat traders and millers can hold to increase domestic availability and moderate prices. The government is prepared to release an additional 2.5 MMT of wheat reserves in the domestic market if required to rein in prices, along with potentially slashing the import duty on Russian wheat. Additionally, India extended the export ban on deoiled rice bran until March 31, 2024, and curbed ethanol production from cane juice to boost sugar supplies.

India's wheat stockpiles fall to 7-year low

India's state-owned wheat reserves dwindled to a 7-year low of 19 MMT. While global prices have plunged around 35% this year, wheat prices in India have jumped 20% in recent months, despite a ban on exports, raising concerns the country's wheat crop may be smaller than officially estimated.

Cotton crop: 12.776 million bales

USDA cut its cotton crop estimate by 314,000 bales from last month. The national average yield dropped 18 lbs. to 765 lbs. per acre. Harvested area remained at 8.021 million acres.

USDA cut the Texas yield 68 lbs. to 421 lbs. per acre. Georgia's yield was unchanged at 1,025 lbs. per acre.

Global food prices steady in Nov.

The UN Food and Agriculture Organization global food price index dropped 10.6% from year-ago, matching the revised October level that was the lowest since March 2021. Compared to year-ago, prices declined 2.4% for meat, 16.9% for dairy, 19.4% for cereal grains and 19.8% for legumes, while sugar prices jumped 41.1%.

U.S. ag trade starts FY '24 with red ink

The U.S. exported \$16.64 billion of ag goods in October against imports of \$16.90 billion for a trade deficit of \$262 million. This marked the eighth straight monthly trade deficit for the ag sector and nine out of the last 10 months with trade red ink. Given the first three months of any fiscal year (FY) are typically the strongest, this is an ominous start for FY 2024.

USDA's ag export and import forecasts would suggest a deficit of \$30.5 billion. That would be up from the FY 2023 deficit of \$16.7 billion.

Jobs growth builds in November

The U.S. economy added 199,000 non-farm payrolls in November, rising from 150,000 in October, which was the lowest monthly increase since January 2021. The unemployment rate dropped 0.2 percentage points to 3.7%. Average hourly earnings rose 4.0% over the past year.

Traders pared bets the Fed will begin cutting interest rates in March and now see a May start to monetary easing as more likely. Economists hope to get a clearer picture of the Fed's likely course following the Dec. 12-13 monetary policy meeting, which will include the so-called "dot plot" economic projections and comments from Chair Jerome Powell.

Brazil cuts bean, corn crop forecasts

Conab cut its soybean and corn crop forecasts, noting “adverse conditions,” including hot and dry weather in center-west states and excessive rainfall in southern areas. The government’s crop forecasting agency now estimates Brazil’s soybean crop at 160.18 million metric tons (MMT), down 2.24 MMT from last month.

Brazil’s corn production is estimated at 118.53 MMT, down 538,000 metric tons (MT) from November, including a safrinha crop of 91.24 MMT. Conab uses trendline projections for safrinha corn until February, so that forecast could change significantly, as it noted delays in soybean planting “open up uncertainties for second-crop (safrinha) corn.”

Cordonnier, AgRural cut Brazil crop estimates

South American crop consultant Dr. Michael Cordonnier reduced his Brazilian soybean crop estimate 1 MMT to 157 MMT, saying recent rains came too late for a full recovery in early planted soybeans in central Brazil. Cordonnier cut his Brazilian corn crop estimate 3 MMT to 118 MMT, saying “all indications point to smaller safrinha corn acreage.”

Brazil-based consultancy AgRural dropped its Brazilian soybean crop forecast by 4.4 MMT to 159.1 MMT. It noted if hot, dry conditions persist, more cuts would be likely.

Record Nov. Brazil soy, corn exports

Brazil exported 5.196 MMT of soybeans in November, slightly topping the previous record for the month. For the first 11 months of 2023, Brazil shipped nearly 98 MMT soybeans, up almost 18% from the record set two years ago.

Brazil exported a record 7406 MMT of corn during November, far exceeding the previous high for the month. For August through November, Brazil shipped almost 34 MMT of corn, 28% more than the prior record for that four-month period.

Brazil’s Anec, which represents large grain traders, forecasts Brazil will export a record 101.2 MMT of soybeans in 2023, up 23.3 MMT (30%) from last year. ANEC forecasts record Brazilian corn shipments of 55.95 MMT this year, up 11.2 MMT (25%) from last year. Combined soybean and corn exports are forecast to beat the previous record by 25 MMT – 14 MMT for soybeans and 11 MMT for corn.

Argentine crops stable for now

Cordonnier left his Argentine crop estimates at 50 MMT for soybeans and 52 MMT for corn. He maintained a neutral/higher bias toward soybeans and neutral/lower bias toward Argentina’s corn crop.

Soy crush surges to all-time high

U.S. processors crushed 201.4 million bu. of soybeans during October, an all-time high for any month. The crush pace jumped 26.7 million bu. (15.3%) from September and 4.8 million bu. (2.4%) from last year.

Despite the record crush, soybean stocks fell to 1.507 billion lbs., down 95 million lbs. (5.9%) from September and 587 million lbs. (28.0%) below October 2022.

Ethanol use jumps in October

Corn-for-ethanol use totaled 461.5 million bu. during October, up 31.3 million bu. (7.3%) from September and 12.9 million bu. (2.9%) above year-ago. Based on weekly production data from the U.S. Energy Information Administration, ethanol use was virtually the same as year-ago in November.

Canada’s wheat crop raised

Statistics Canada estimated Canada’s all-wheat production at 32 MMT, up 2.2 MMT from its September forecast. StatsCan raised its Canadian canola crop estimate by 960,000 metric tons (MT) to 18.3 MMT. While the estimates are higher than previously forecast, Canadian production declined 6.9% from year-ago for wheat and 2.0% for canola.

Mike Jubinville of *MarketsFarm* told us, “In terms of ‘real’ market influence... not sure I see anything game-changing coming from this report. While demand for high-quality/high-protein spring wheat from Canada has been strong this year so far (exports are running about 8% ahead of last year to date), the price trend remains weak. While the domestic canola crush pace remains the key demand bright spot (crushing at an all-time high weekly pace), Canada’s canola export program continues to lag. For canola to go higher it requires help from related oilseed and product markets, especially world vegoils.”

Australia inches up wheat crop peg

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) slightly raised its forecast for the country’s 2023-24 wheat production to 25.5 MMT from 25.4 MMT projected in September. Production is still forecast to plunge 15 MMT (37%) from the 2022-23 record and be 4% under the 10-year average.

ABARES raised its 2023-24 production forecast for barley by 300,000 MT to 10.8 MMT, which would still be down 24% from last year. It increased the canola crop by 300,000 MT to 5.5 MMT, which would still be down 33% from 2022-23.

Russia’s winter crops above average

Russia’s winter crop conditions are above average, with 4% rated poor. Russia’s state weather center noted the five-year average is an 8% poor rating.



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China's soy imports less than expected

China imported 7.92 MMT of soybeans in November, up 53.5% from October and 7.8% above year-ago but lower than traders' expectations of around 10 MMT due to slower clearing of cargoes at customs. During the first 11 months of this year, China imported 89.63 MMT of soybeans, up 13.3% from the same period last year.

China trade data better than expected

China's November exports grew 0.5% from a year earlier to \$291.93 billion, compared with a 6.4% fall in October and beating an expected 1.1% drop. This was the first increase in exports since April. Imports unexpectedly fell 0.6% to \$223.54 billion, missing market forecasts for a 3.3% rise and reversing from a 3.0% rise the prior month. That left China with a trade surplus of \$68.39 billion, up from \$56.63 billion in October. The trade surplus with the U.S. narrowed to \$29.8 billion from \$30.82 billion in October.

China's hidden debt problem

China is facing a significant issue related to its hidden debt, the *Wall Street Journal* reported. This problem has been building for years as Chinese cities and provinces engaged in extensive borrowing and spending without proper oversight. Key points:

- Various sources, including the International Monetary Fund (IMF) and Wall Street banks, estimate the total amount of off-balance-sheet government debt in China is somewhere between \$7 trillion and \$11 trillion. The exact figure remains uncertain due to the lack of transparency.
- Over the past year, it has become more evident debt levels incurred by local governments in China are unsustainable. These governments may struggle to meet their debt obligations.
- Economists have identified a significant portion of hidden debt, ranging from \$400 billion to over \$800 billion, as particularly problematic and at a high risk of default. This poses a considerable threat to China's financial stability.

China FX reserves rise in November

China's foreign exchange (FX) reserves rose to \$3.172 trillion in November, up from the previous month's 12-month low of \$3.101 trillion, as the dollar weakened against other major currencies. During November, the yuan saw a 2.6% rise against the dollar, while the dollar depreciated by 3.1% against a basket of other major currencies.

China's major state-owned banks continued to sell U.S. dollars in the onshore spot foreign exchange market to support the yuan currency. Chinese exporters usually convert their FX receipts into yuan toward year-end for various payments, which typically supports the Chinese currency. But with the Chinese economy sputtering and the U.S. dollar surging until recently, the yuan has come under pressure.

Possible court challenge to ERP '22?

USDA says the main issue with Emergency Relief Program (ERP) payments for 2022 losses is a lack of funding. Lawmakers allocated only \$3.2 billion to cover losses totaling over \$10 billion. This funding gap forced USDA to make choices to prioritize assistance for those in greatest need.

A lawyer told us: "USDA has dealt with this in the past and has always calculated total benefits to each producer and then applied one factor to pare payments back, so they fit within budget. But this administration politicized the payments by applying six different factors to fully indemnify some farmers and punitively harm others who suffered the greatest loss. In other words, it applied a back-door pay limit. It also arbitrarily limited refund of premiums and fees paid to 'underserved' farmers. In doing so, USDA plainly broke the law. If USDA does not comply with the law and Congress does not step in and defend the law it passed, then it will be up to a court."

EPA's agenda omits RFS actions

EPA's regulatory agenda, as released by the Biden administration, does not include any actions related to the Renewable Fuel Standard (RFS). There is no mention of any activities regarding proposed or final rules for the 2026 RFS standards, which by law, EPA must finalize by October 2024.

EPA's plans for addressing Renewable Identification Numbers for electric vehicles (eRINs) was not addressed. Although EPA included provisions for eRINs in its proposed rule on 2023 to 2025 RFS levels, they were not included in the final rule, and there is no timeline for finalizing them.

The regulatory agenda does not specify when action will be taken to address fuel dispensing equipment for E15.

Pork exports jump, beef slumps

The U.S. exported 572.2 million lbs. of pork in October, up 11.0% from September and 5.7% more than last year. Those were the second largest October pork exports behind 2020. Through October, pork shipments topped the same period last year by 6.9% at 5.566 billion pounds.

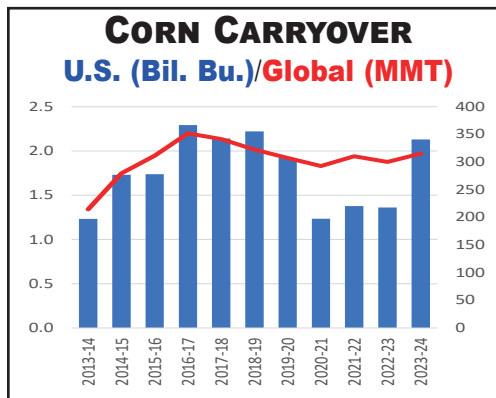
U.S. beef exports totaled 241.5 million lbs. during October. While that was up 4.3% from September, shipments dropped 20.5% from year-ago. Through October, beef exports trailed the same period last year by 14.9% at 2.556 billion pounds.

China meat imports above year-ago

China imported 557,000 MT of meat during November, up 0.9% from October but down 16.4% from last year. China doesn't release meat imports by category in its preliminary trade data, but the bulk of the November imports were pork. Through November, China imported 6.82 MMT of meat, up 1.8% from the same period last year.

Corn, wheat and cotton ending stocks lowered

by Editor Brian Grete

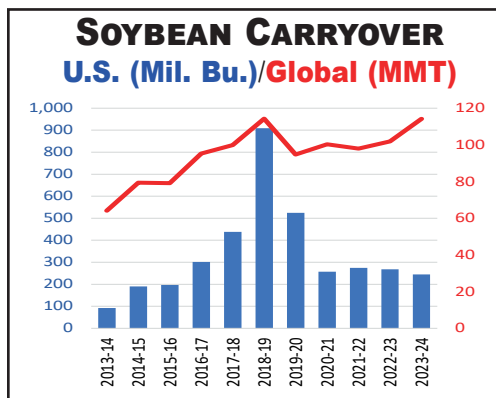


CORN — USDA cut expected 2023-24 corn carryover 25 million bu. from last month to 2.131 billion bushels. USDA made no change on the supply side of the balance sheet. USDA left feed and residual use unchanged from last month (5.65 billion bu.) and held food, seed & industrial use steady (6.74 billion bu., with 5.325 billion bu. in corn-for-ethanol use). USDA increased projected corn exports 25 million bu. to 2.1 billion bushels.

Our corn ending stocks forecast is 2.046 billion bu. for 2023-24.

- **USDA 2023-24 price: \$4.85, unchanged from November.**

Global corn carryover: 315.2 million metric tons (MMT) for 2023-24, up 230,000 metric tons (MT) from last month and 15.1 MMT higher than 2022-23. USDA left its 2023-24 Brazilian corn crop forecast at 129 MMT, despite being well above forecasts from Conab and private forecasters. USDA also left its Argentine corn crop projection at 55 MMT.

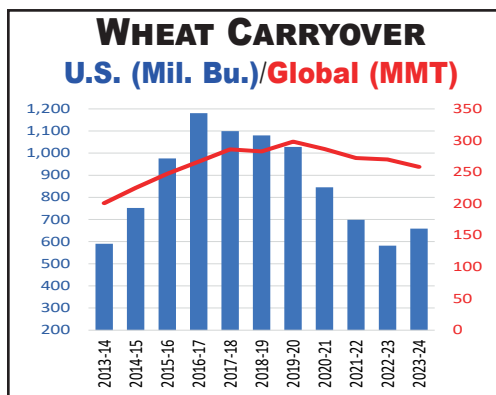


SOYBEANS — USDA held expected 2023-24 soybean carryover steady with last month at 245 million bushels. USDA made no change to either the supply or demand side of the balance sheet.

Our soybean ending stocks forecast is 215 for 2023-24.

- **USDA 2023-24 price: \$12.90, unchanged from November.**

Global soybean carryover: 114.2 MMT for 2023-24, down 300,000 MT from last month but still up 12.3 MMT from 2022-23. USDA cut its 2023-24 Brazilian soybean crop estimate by 2 MMT from last month to 161 MMT, but that was offset by a 2-MMT increase to Brazil's 2022-23 crop figure. USDA left its 2023-24 Argentine soybean crop forecast at 48 MMT.

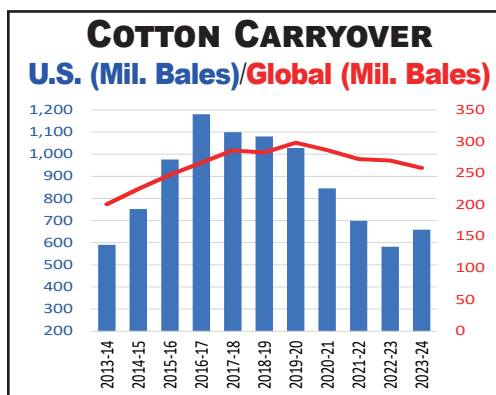


WHEAT — USDA cut expected 2023-24 wheat carryover 25 million bu. from last month to 659 million bushels. USDA increased projected exports 25 million bu. to 725 million bushels. In the wheat-class breakdown, USDA raised soft red winter wheat exports 30 million bu. from last month (to 175 million bu.) and cut white wheat exports 5 million bu. (to 155 million).

Our wheat ending stocks forecast is 660 for 2023-24.

- **USDA 2023-24 price: \$7.30, up a dime from November.**

Global wheat carryover: 258.2 MMT for 2023-24, down 490,000 MT from last month and 11.7 MMT below 2022-23. USDA raised its Australian and Canadian wheat crop estimates a combined 1.95 MMT, which was partially offset by a 1-MMT cut to Brazil's crop.



COTTON — USDA cut ending stocks 100,000 bales for 2023-24 to 3.1 million bales. USDA cut 314,000 bales from total supplies due to the smaller 2023 crop estimate. Domestic use was cut 150,000 bales (to 1.9 million) and projected exports were held steady at 12.2 million bales. Unaccounted use was also cut 60,000 bales to -170,000.

Our cotton ending stocks forecast is 3.2 million bales for 2023-24.

- **USDA 2023-24 price: 77¢, unchanged from November.**

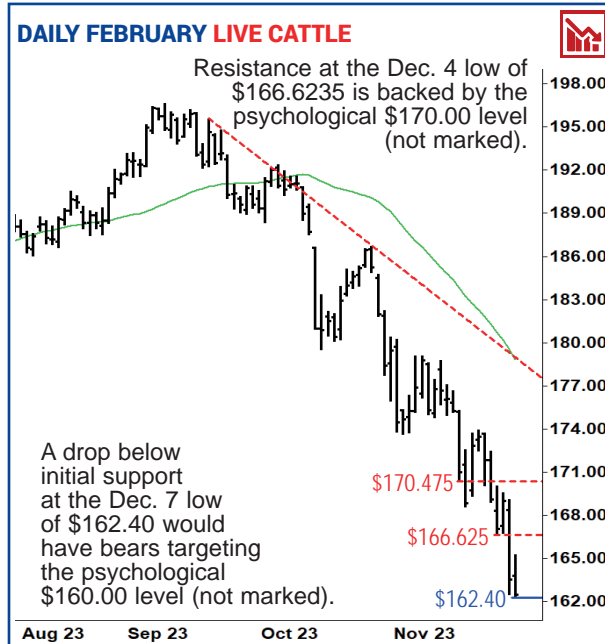
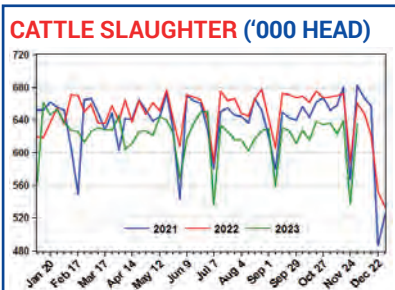
Global cotton carryover: 82.4 million bales for 2023-24, up 900,000 bales from last month but still 430,000 bales less than 2022-23.

CATTLE - Fundamental Analysis

Cattle supplies remain quite limited as the domestic herd approaches cyclical lows in 2024 or 2025. But the spread between feeder cattle and fed cattle prices has narrowed dramatically in the past few months, which, when combined with reduced corn prices, could boost feedlot demand for replacement yearlings this winter. But the supply of replacement calves and yearlings could decline dramatically when ranchers start retaining heifers to rebuild the cow herd. History strongly suggests prices will rebound in early 2024. We suspect feeder cattle values will lead the way higher.

Position Monitor

Game Plan:	Feds	Feeders
With live cat-	IV'23 0%	0%
tle futures at	I'24 0%	0%
discounts to	II'24 0%	0%
	III'24 0%	0%
the cash market, hedges are not advised. The downside is overdone but more near-term pressure is possible.		

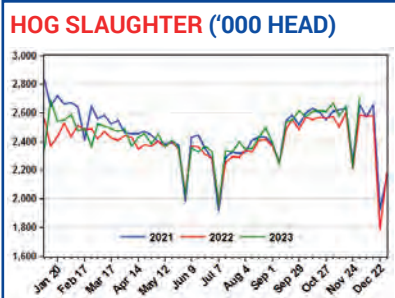


HOGS - Fundamental Analysis

Hog supplies are likely peaking seasonally, with this week's kill total usually marking the annual peak. In contrast to last year, hog supplies are clearly running above 2021 levels, but pork cutout is proving quite comparable to late 2022. This reflects poor consumer demand last year, due to greatly elevated retail pork costs, whereas grocers featuring pork more aggressively is boosting demand and supporting 2023 hog prices. Nevertheless, the supply increase seems likely to keep a lid on prices through the balance of 2023 and may continue weighing on the market in early 2024.

Position Monitor

Game Plan:	Lean Hogs
The market is still	IV'23 0%
searching for a	I'24 0%
seasonal low, but	II'24 0%
	III'24 0%
hedges are not advised with February futures holding no premium to cash. Keep risk in the cash market.	



FEED

Feed Monitor

Corn

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

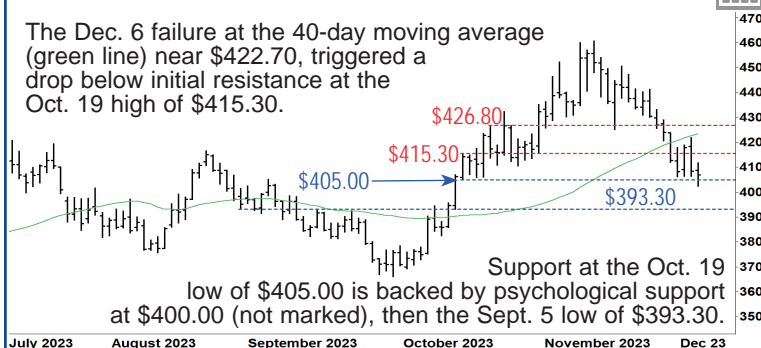
Corn Game Plan: You have all corn-for-feed covered in the cash market through December. Be prepared to further extend coverage on signs the market has forged a low and headed for a sustained rally.

Meal

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

Meal Game Plan: You have all soybean meal needs covered in the cash market through December. With prices at a value level, be prepared to extend coverage on signs of a low.

DAILY JANUARY SOYBEAN MEAL



Position Monitor

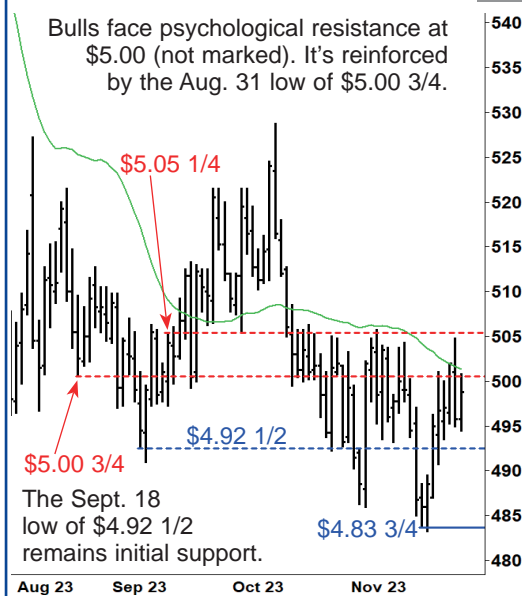
	'23 crop	'24 crop
Cash-only:	35%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Use any move above \$5.00 in nearby futures to get current with advised sales. The seasonal low in corn appears to be in place, though the market is showing no signs of an extended rally. It's likely going to take a bullish catalyst like sharp reductions in Brazil's crop estimate to fuel an extended rally. Be prepared to extend 2023-crop sales and start 2024-crop marketings on an extended rally.

DAILY MARCH CORN



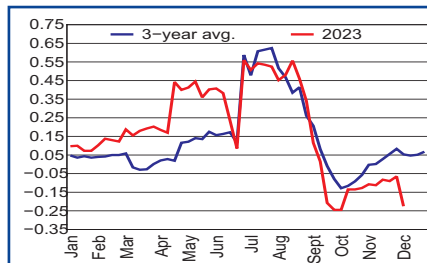
DAILY MAY CORN



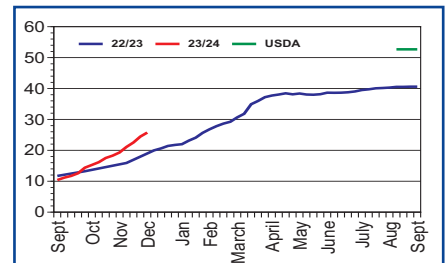
CORN - Fundamental Analysis

The end of the harvest season alleviated the downward pressure on futures in late November, potentially setting the stage for a seasonal bottom. Bulls were encouraged by downward revisions to Brazilian crop forecasts (see *News* page 2) in early December. While the latest weekly export sales figure fell short of week-prior and four-week average figures, net of 1.29 million metric tons (MMT) marked six of the past seven weeks in which the tally topped 1.0 MMT. Traders were expecting few domestic surprises on the Dec. 8 USDA reports, although international shifts could move the market. Stay patient while awaiting an extended price rebound.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

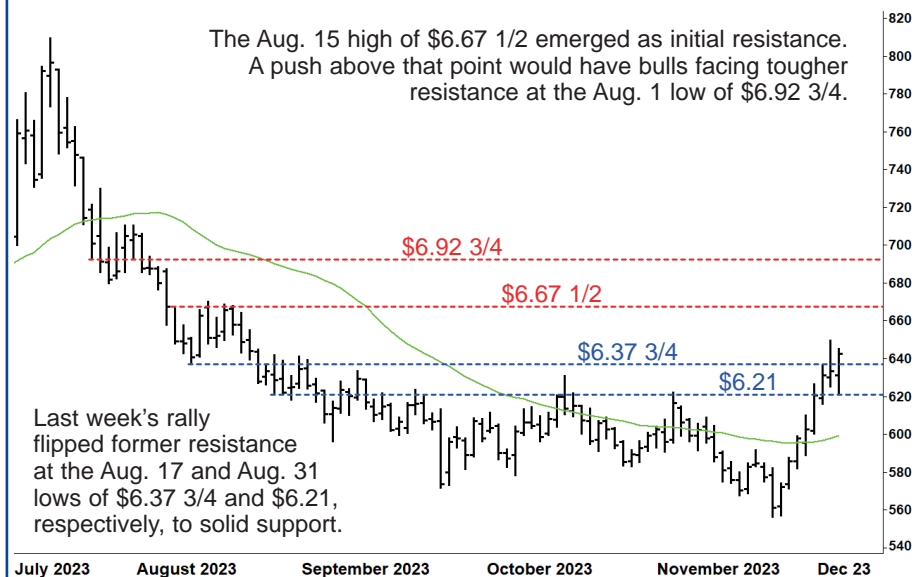


Position Monitor

	'23 crop	'24 crop
Cash-only:	60%	10%
Hedgers (cash sales):	60%	10%
Futures/Options	0%	0%

Game Plan: On Dec. 4, we advised selling another 10% of 2023-crop and an initial 10% of expected 2024-crop for harvest delivery next fall. Be prepared to make additional sales on further price strength.

DAILY MARCH SRW WHEAT



WHEAT - Fundamental Analysis

SRW — Late November's under-the-radar Chinese wheat buying was decloaked last week, with daily sales to that country reaching 1.120 MMT. Their main focus has been on SRW wheat. Use the wheat futures rally tied to the Chinese purchases to increase sales.

Position Monitor

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

Game Plan: Wait 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 \$14.00 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.

DAILY JANUARY SOYBEANS



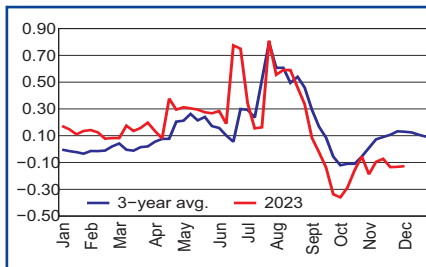
DAILY MARCH SOYBEANS



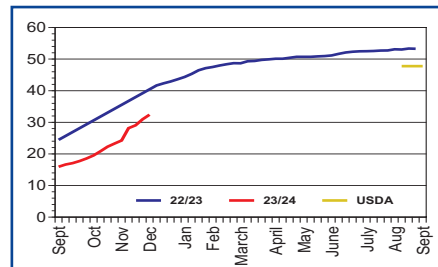
SOYBEANS - Fundamental Analysis

The domestic soybean situation remains tight, as indicated by October's all-time crush record and projected ending stocks for 2023-24 at their lowest level since 2015-16. Meanwhile, the October drop in soybean stocks and growth in hog and feedlot cattle numbers imply product demand is proving robust. The Nov. 29 thrust of the nearby bean versus corn ratio to 2.99 also illustrated the relative shortage and the soybean market bidding for 2024 acres. Brazil's record 2023 crop, forecasts for another big harvest and its global trade dominance are handicapping the market. But seasonal strength is likely in the cards. Bide your time in seeking to increase sales.

AVERAGE SOYBEAN BASIS (NOV.)



SOYBEAN EXPORT BOOKINGS (MMT)



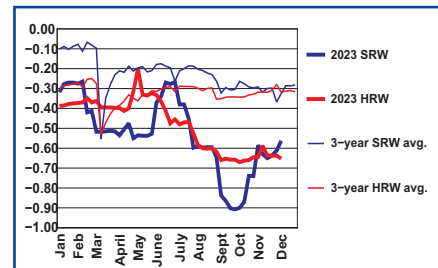
DAILY MARCH HRW WHEAT



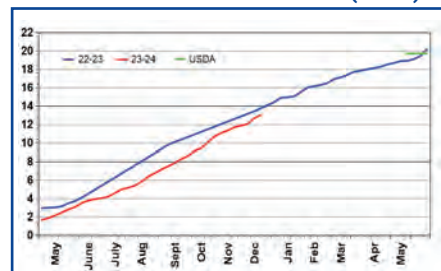
DAILY MARCH HRS WHEAT



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Chinese buying was focused on SRW last week, but the rising tide lifted hard red prices as well. Look for the relative dryness in the Southern Plains to continue supporting HRW, but the rally could falter if/when the export business cools. The next fundamental focus point for HRW will be USDA's winter wheat seedlings estimate on Jan. 12.

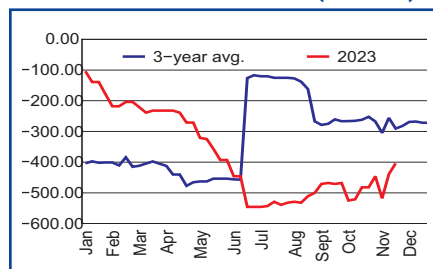
HRS — Canada officially boosted the estimate of its 2023 HRS crop 7.4% last week (see *News page 2*), which better defined the supply increase recently weighing on spreads versus winter wheat. HRS may continue losing ground in the short term, but expect the spreads to widen again as the winter wheat crops start growing next spring.

Position Monitor

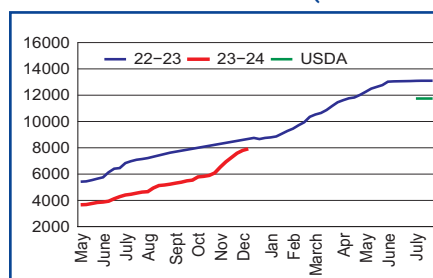
	'23 crop	'24 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

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.

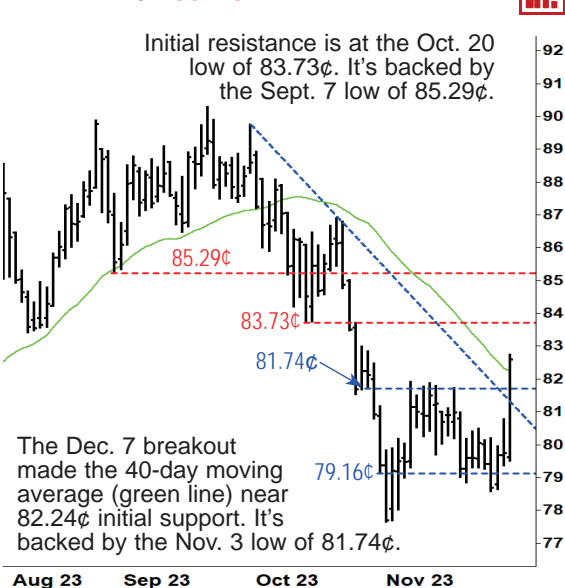
AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



COTTON - Fundamental Analysis

Talk of declining certificated stocks supported cotton last week. Export sales during the week after Thanksgiving proved weak, but prices surged Dec. 7, likely due to short-covering ahead of USDA's Dec. crop reports. We continue to view rallies as sales opportunities.

GENERAL OUTLOOK

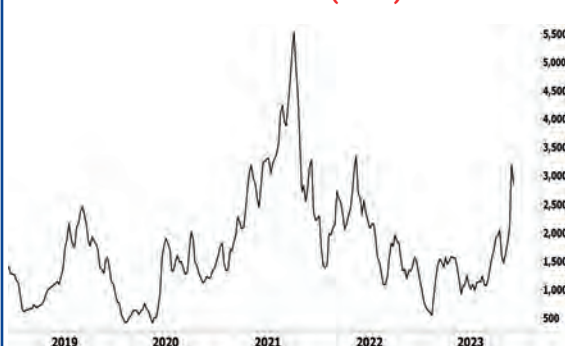
SHIPPING: The Baltic Dry Index (BADI) more than doubled in November, reaching an 18-month high. This indicates much improved conditions and activity in ocean shipping since early 2023.

The index reflects supply and demand conditions in the bulk shipping sector, including capesize, panamax and supramax categories, with the ships handling products such as coal, iron ore and grain.

The BADI is threatening to top its 2022 high, but is still well short of the highs reached during the 2021 shipping crisis following pandemic shutdowns and amid port backlogs. Constrictions on the Panama Canal and an imbalance of ships on the oceans are reportedly playing a role in the current surge.

Still, this strength implies the global demand is proving robust at this juncture, reinforcing equity market strength.

WEEKLY BALTIC DRY INDEX (BADI)



FROM THE BULLPEN By Inputs Editor Davis Michaelson

Fertilizer prices rallied through harvest and the ensuing fertilizer application season. Our Nutrient Composite Index (NCI) firmed 4.2%. The 35.84-point quarterly gain boosted it to 882.02, roughly double the all-time low, but 500 points below the same time last year.

Anhydrous ammonia prices surged after dropping to \$618.72 per short ton in late August, reaching a Midwestern average of \$832.09 on Dec. 1. That's down sharply from last year. Anhydrous could surge, but we believe \$900.00 will act as a ceiling and March 1 prices could fall to around \$775.00 per short ton. We see spring UAN28% around \$400.00 with UAN32% around \$425.00 per short ton.

Phosphate prices firmed 5.8% for

DAP and 5.2% for MAP during the quarter. By spring, we expect DAP prices to be around \$650.00 and MAP in the neighborhood of \$670.00.

Potash prices bucked the trend and softened 3.3% during fall, averaging \$517.09. A supply squeeze in potash is possible but Canadian and U.S. producers should make up any shortfall by spring. We expect spring potash prices around \$500.00 per short ton.

Diesel prices rose 3¢ during autumn, with Midwest prices around \$3.64 per gallon. We expect a Santa Claus swoon again this year. Look to lock in at least some of your anticipated spring diesel needs around Christmas as prices tend to dip at that time.

WATCH LIST

1	U.S. Consumer Inflation Consumer price index for Nov.	TUE 12/12 7:30 a.m. CT
2	FOMC Meeting Concludes "Dot plot" projections are key.	WED 12/13 1:00 p.m. CT
3	USDA Export Sales Report Focus is on soybean sales.	THUR 12/14 7:30 a.m. CT
4	Livestock, Dairy & Poultry Rpt. Key factors for these markets.	THUR 12/14 2:00 p.m. CT
5	NOPA Soy Crush Report Soybean crush will be strong.	FRI 12/15 11:00 a.m. CT

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