



### News this week...

- 2 – Corn conditions decline, soybeans hold steady.
- 3 – Emerging markets will have key influence on ag.
- 4 – Chevron deference ruling could have big ag impacts.

**Soybeans rebound, corn and wheat pause** – Soybean futures rebounded from their June 28 lows ahead of the Fourth of July holiday. Corn and wheat futures struggled to find corrective buying but held above their late-June lows. With corn pollination starting, much of traders' attention will be on weather. Without any significant heat or moisture stress, it's going to be difficult to get traders concerned about corn and soybean crop prospects. But funds are already heavily net short across the grain and soy markets (see "From the Bullpen" on [Analysis](#) page 4). Live cattle futures initially pulled back last week, but big discounts to the cash market and strong cash fundamentals limited selling. Lean hog futures tried to rebound from their recent lows, though weak cash and wholesale prices limited corrective buying.

## Favorable weather for Corn Belt

Periodic rainfall and seasonal temperatures are expected across the Corn Belt from the Fourth of July through this week. Timely rains are forecast for the Delta and Southeast. While some northern areas of the Corn Belt will remain excessively wet, overall conditions are likely to be favorable for the corn crop as pollination starts.

## Balance sheet changes coming July 12

USDA's updated balance sheets on July 12 will reflect adjustments to old-crop demand forecasts based on June 1 stocks. There will be major changes on the new-crop balance sheets to reflect planted acreage figures.

The first all-wheat crop estimate will include the first survey-based forecasts for other spring wheat and durum.

## Mexico to keep importing yellow corn

Mexico will discard a core goal of its outgoing administration to reduce imports of yellow corn, according to the incoming ag minister. Mexico will likely have to continue importing large amounts of yellow corn due to increased demand from the livestock sector as Mexicans' appetite for meat products grows. There's still an outstanding case with a U.S.-Mexico-Canada Agreement dispute panel regarding Mexico's ban on GM corn for human consumption.

## Refiners shifting toward SAF

SAF is more expensive to produce and involves more rigorous refining compared to renewable diesel. Current SAF production yields smaller volumes and more low-value byproducts. Still, major biofuels producers are retrofitting facilities to produce sustainable aviation fuel (SAF) to counter low returns from renewable diesel. Government mandates and subsidies are seen as essential for the expansion of both fuels.

## USDA to amend FMMOs

USDA plans to amend Federal Milk Marketing Orders (FMMOs), updating pricing formulas for all 11 orders. A 60-day comment period will follow once the plan is published.

## SCOTUS issues key rulings

The Supreme Court issued several significant rulings to finish its 2023-24 term, including overturning the Chevron deference that has potential ag impacts (see [News](#) page 4). Others:

- Presidential immunity: Presidents have immunity from criminal prosecution for official acts but not for unofficial acts, a decision that benefits former President Donald Trump.
- Statute of limitations challenge: The six-year statute of limitations for challenging federal regulations should begin when a business was first affected, not when the regulation was issued. This is seen as a victory for small businesses and anti-regulatory interests, allowing more flexibility in challenges.

## Headwinds, opportunities for ag

Ag economists are growing more negative regarding the financial health of the crops sector of agriculture, but their views on livestock are becoming more positive. When the Ag Economists' Monthly Monitor, a joint survey from the University of Missouri and Farm Journal, asked ag economists what they view as most negative, they listed:

- Crop prices retreating more rapidly than input costs.
- Commodity prices below breakeven production costs.
- Export outlook, specifically the lack of Chinese demand.
- U.S. trade policy with more international competition.
- Constant challenges to demand and trade policy.

Positive aspects included:

- Good profitability for cow-calf operators.
- Adverse global weather boosting U.S. export demand.
- Possibility of good yields will help to hit financial goals.
- U.S. prices being more competitive in the global market.
- Farmers making adaptations to stay in business.

## Canada rail workers reauthorize strike

Railway workers at Canadian National and Canadian Pacific Kansas City (CPKC) again overwhelmingly voted in favor of striking. CPKC said it is unlikely the rail worker union or the company will be in a position to initiate a legal strike or lockout before mid-July. Still, shippers are preparing for supply-chain disruptions.

## Corn conditions drop, beans steady

USDA rated 67% of the corn crop as “good” to “excellent” as of June 30, down two percentage points from the previous week. The “poor” to “very poor” rating increased two points to 9%.

The soybean crop was rated 67% “good” to “excellent,” unchanged from the previous week, though there was a one-point increase in the top category. The “poor” to “very poor” rating held at 8%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop dropped 2.1 points to 372.3 while the soybean crop held at 363.0. CCI ratings were 32.7 points higher than last year for corn and 34.5 points above year-ago for soybeans.

## Cordonnier cuts harvested acreage

Crop consultant Dr. Michael Cordonnier adopted USDA’s corn planted acreage figure of 91.475 million acres, but he cut harvested acreage 910,000 acres to 82.538 million (90.2% of planted area), assuming a 2% loss due to flooding in the northwestern Corn Belt. Cordonnier left his yield projection at 179 bu. per acre. The acreage adjustment lowered his corn production forecast to 14.770 billion bushels.

For soybeans, Cordonnier used USDA’s planted acreage figure of 86.100 million acres, but he cut harvested area 750,000 acres to 84.511 million acres (99.0% of planted area), also assuming 2% loss due to flooding in the northwestern Corn Belt. He kept his yield projection at 52 bu. per acre. The acreage change reduced his soybean production forecast to 4.390 billion bushels.

## Spring wheat conditions improve

USDA rated 72% of the spring wheat crop as “good” to “excellent,” up one point from the previous week. The “poor” to “very poor” rating held at 4%.

On our CCI, spring wheat improved 8.6 points to 382.2, led by a 6.6-point increase in top producer North Dakota. That was 48.8 points higher than last year on this date.

## Cotton crop deteriorates

USDA cut its “good” to “excellent” rating for the cotton crop six points to 50%. The “poor” to “very poor” rating increased three points to 17%.

On our CCI, the cotton crop dropped 6.2 points to 345.5, led by a 2.8-point drop in Texas and a 2.2-point decline in Georgia, which combined account for nearly half of U.S. cotton production.

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## Producer Crop Comments...

Please send crop comments to [editors@profarmer.com](mailto:editors@profarmer.com).

### **Guthrie Co. (west-central) Iowa:**

*“Drove across the three ‘I states.’ Lots of excellent looking corn out there from Des Moines to Shelbyville, Indiana. Need a shot of water in southeast Indiana. But otherwise, crops looked great.”*

### **Lee Co. (southeast) Iowa:**

*“Started seeing some corn tassels emerge on mid-April planted corn on June 26. Earliest I can ever remember! We had nearly two inches of rain in June, so soil moisture conditions are favorable.”*

### **Cedar Co. (east-central) Iowa:**

*“It’s not very often you see 110-day corn tasseling in June, but that’s the case this year.”*

### **Champaign Co. (east-central) Illinois:**

*“Traveled to northeast Missouri. Corn crop we saw in northeast Missouri looks great and is further along than Illinois. Soybeans... meh.”*

### **Putnam Co. (west-central) Indiana:**

*“I got my first measurable rain in five weeks, though only 0.3 inch. A lot of corn is starting to tassel and it desperately needs water.”*

### **Rush Co. (central) Indiana:**

*“For those wondering why the market keeps going down. We just got our fourth half-inch rain in the last 10 days. Our worst corn is waist high and lush. Our April-planted corn is tasseling.”*

### **Adams Co. (south-central) Nebraska:**

*“There was already a lot of four-inch corn that was replanted from the earlier hail event. Another hail storm ripped through the area June 29.”*

### **Turner Co. (southeast) South Dakota:**

*“My corn that isn’t drowned out is yellow from nitrogen loss and saturated soils.”*

### **Cass Co. (east-central) North Dakota:**

*“Our corn is off to the races... about chest high on June 29. We probably have enough moisture to get close to the finish line at this point. We just need to catch heat for those GDUs now!”*

### **Stevens Co. (southwest) Kansas:**

*“Had anywhere from 0.50 to 2.60 inches of rain across our area. I have to admit back in May I thought we were in for a long summer. So far in June have had 4.7 inches in eight rainfall events. Some places have had a lot more than that. If we can just catch a little July and August rain we’ll be in good shape.”*

### **Nodaway Co. (southwest) Missouri:**

*“Some corn is in full tassel while others are replanting some of the wet holes that were originally planted into suspect conditions... all in the same area.”*

### **McLennan Co. (central) Texas:**

*“Salvaging of our corn crop continues. It drowned out April and May, now is burning up and shrinking by the hour. I didn’t chop any, but will probably regret that later.”*

## Emerging economies will continue to drive global agricultural markets

Emerging economies have driven global agricultural market developments over the past 20 years and will continue to do so, with shifts due to changing demographics and economic affluence. The OECD-FAO Agricultural Outlook 2024-2033 highlights the increased roles of India, Southeast Asia and Sub-Saharan Africa, while China's influence is expected to decline. Key projections include a shift toward productivity improvements rather than land expansion, leading to a decline in agriculture's global greenhouse gas emissions intensity. However, significant productivity gaps will persist, particularly in Africa and Asia, challenging food security and farm incomes. Highlights:

- Cereal grain demand is projected to continue to be led by food use, closely followed by feed use. In 2033, 41% of all cereals will be directly consumed by humans, 36% will be used as animal feed, while the remainder will be processed into biofuel and other industrial products.
- Yield challenges are projected to persist for oilseeds, with major producers experiencing slow growth or declines in yield, notably in Indonesia and Malaysia for palm oil, and the European Union and Canada for rapeseeds.
- Poultry meat will dominate the growth of the meat sector, primarily due to its relative affordability and perceived nutritional advantages. It is projected to account for 43% of total meat proteins consumed by 2033.
- Over 85% of the additional projected fish production will stem from aquaculture, elevating its share in global fish production to 55% by 2033.

## May soybean crush rises less than expected

U.S. processors crushed 192.0 million bu. of soybeans during May. That was up 14.3 million bu. (8.0%) from April and 2.7 million bu. (1.4%) from year-ago but 2 million bu. less than analysts expected.

Through the first nine months of 2023-24, the crush pace was 3.5% above the same period last year. To reach USDA's forecast of 2.290 billion bu., crush must run 3.6% above year-ago during the final three months of the marketing year. Our soy crush forecast for 2023-24 matches USDA's at 2.290 billion bushels.

## Corn ethanol use stronger than expected

Corn-for-ethanol use totaled 453.7 million bu. during May, up 36.8 million bu. (8.8%) from April and 14.7 million bu. (3.3%) from last year. Corn ethanol use increased 7.8 million bu. more than the average pre-report estimate.

Through the first nine months of 2023-24, corn-for-ethanol use totaled 4.064 billion bu., 5.9% above the same period last year. To reach USDA's forecast of 5.450 billion bu., corn ethanol consumption must run 3.5% above year-ago through the final three months of the marketing year. Our corn ethanol use forecast is the same as USDA's at 5.450 billion bushels.

	ACTUAL			DOANE FORECASTS*		
	Year Ago	Last Week	This Week	Aug.	Sept.	Oct.-Dec.
(Monthly & quarterly avg.)						
<b>CORN</b>						
Central Illinois, bushel	5.15	4.05	3.85	4.10	4.20	4.25
Omaha, NE, bushel	5.47	4.41	4.27	4.40	4.50	4.55
Dried Distillers Grain, IA, \$/ton	195.25	150.00	148.30	—	—	—
<b>SOYBEANS</b>						
Central Illinois, bushel	15.02	11.47	11.55	11.50	11.30	11.20
Memphis, TN, bushel	15.15	—	11.21	11.50	11.40	11.30
Soymeal, 48% Decatur, ton	424.20	383.30	381.00	385.00	375.00	360.00
<b>WHEAT</b>						
Kansas City, HRW, bushel	9.06	6.11	6.30	6.40	6.50	6.70
Minneapolis, 14% DNS, bushel	10.53	8.16	8.02	8.00	8.00	8.20
St. Louis, SRW, bushel	6.63	5.46	5.71	5.75	5.85	6.00
Portland, Soft White, bushel	6.93	6.18	6.20	6.15	6.15	6.20
Durum, NE MT HAD, 13%, bu.	7.94	7.31	6.94	7.00	7.00	7.00
<b>SORGHUM</b> , Kansas City, cwt.	9.29	7.68	7.29	7.40	7.50	7.65
<b>COTTON</b> , 11/16 SLM, 7 area, c/lb.	76.12	65.63	63.28	67.00	66.00	65.00
<b>RICE</b> , nearby futures, cwt.	18.27	17.80	16.96	15.25	15.25	15.50
<b>BARLEY</b> , MT, G.T., malting, bu.	6.10	6.53	6.48	6.50	6.50	6.75
<b>OATS</b> , Minneapolis No. 2 heavy, bu.	4.33	4.00	4.00	4.00	4.00	4.00
<b>ALFALFA</b> , NW Iowa, lg. sq. prem., ton	209.21	—	—	160.00	160.00	160.00
<b>SUNFLOWERS</b> , Fargo, ND, cwt.	19.10	16.30	16.50	17.00	17.50	18.00
<b>HOGS</b> , Nat'l carcass 51%-52% cwt.	92.23	87.59	86.92	85.00	82.00	72.00
<b>FEEDER PIGS</b> , 40 lbs., Nat. avg, head	35.83	55.10	53.50	48.00	50.00	65.00
<b>CHOICE STEERS</b> , feedlots, cwt.	181.33	194.84	195.81	190.00	187.00	192.50
<b>FEEDER CATTLE</b> , Oklahoma City						
Steers, 700-800 pounds, cwt.	238.01	263.55	266.40	270.00	270.00	263.00
Steers, 500-550 pounds, cwt.	259.11	315.85	319.01	310.00	315.00	320.00
Heifers, 450-500 pounds, cwt.	236.77	292.70	285.01	290.00	285.00	295.00
<b>COWS</b> , utility, Sioux Falls, SD, cwt.	113.56	134.03	134.47	140.00	135.00	125.00
<b>MILK</b> , Class III, CME spot month, cwt.	14.46	20.09	20.07	20.50	21.00	22.50
<b>LAMBS</b> , Slg., San Angelo, TX, cwt.	182.50	—	220.00	—	—	—
<b>ENERGY</b>						
Ethanol, IA, gallon	2.47	1.86	1.98	—	—	—
Farm diesel, U.S., gallon	3.21	3.19	3.19	3.22	3.17	3.15

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

# SCOTUS ruling affects functioning of administrative state

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

The Supreme Court of the U.S. (SCOTUS) overturned a 40-year precedent known as Chevron deference that gave vast authority to regulatory agencies in a decision with major implications for the power of the federal government.

## **Background on Chevron deference**

The Chevron doctrine, established in 1984, directed courts to defer to federal agencies' reasonable interpretations of ambiguous laws. The SCOTUS decision was split along ideological lines, with the conservative majority voting to overturn Chevron. Chief Justice John Roberts, writing for the majority, called the Chevron framework "unworkable" and said the court was ending "our 40-year misadventure with Chevron deference."

## **Implications of ruling**

The ruling will have far-reaching implications for federal regulations across various sectors, including agriculture. Judges are paid to interpret the law and now they won't have the Chevron deference, as it's technically called.

Proponents of overturning Chevron argue it will reduce the power of unelected bureaucrats and increase accountability. House Ag Chair Glenn "GT" Thompson (R-Pa.) said: "The Supreme Court has taken a significant step in reaffirming a core principle of our Constitution: the power to legislate rests with Congress."

Critics warn the decision could lead to legal and administrative chaos, making it harder for agencies to respond to new challenges and implement regulations.

It will shift more interpretive power to the courts, potentially leading to inconsistent rulings and increased litigation over agency regulations.

## **Impact for agriculture regulations and the farm bill**

USDA and EPA will no longer have the broad authority to interpret ambiguous statutes. This change is expected to limit their ability to create and enforce regulations without explicit congressional authorization. For instance, regulations related to farm subsidies, crop insurance and environmental practices, including the Waters of the United States (WOTUS) rule, will now face closer judicial scrutiny.

**Farm subsidies and crop insurance:** Agencies will need clear statutory authority to implement or modify programs related to farm subsidies and crop insurance. That could lead to fewer regulatory changes, unless explicitly directed by Congress.

**Environmental practices:** Regulations under the Clean Water Act and other environmental laws will be more challenging to enforce if they rely on ambiguous statutory language. This could affect rules aimed at protecting wetlands and managing agricultural runoff.

**Animal welfare:** The ruling could impact regulations like those via the Packers & Stockyards Act, which aim to ensure fair competition and treatment in livestock markets.

**Impact on the farm bill:** The ruling puts pressure on Congress to draft more precise and detailed legislation. This is particularly relevant for the new farm bill, as lawmakers will need to ensure that the statutory language is clear to avoid judicial challenges and ensure effective implementation by federal agencies.

## **Impact on EPA and enviro regulations**

Environmental regulators will face tougher judicial challenges. The decision is expected to slow down the regulatory process, requiring more time to craft, weigh comments and finalize rules. Many environmental rules stem from old laws with few modern amendments, adding to the uncertainty.

## **Other possible congressional changes**

There will be an increase in congressional oversight of federal agencies to ensure they are acting within the bounds of their statutory authority.

## **Other implications**

- The ruling could lead to uncertainty as businesses and other stakeholders may challenge new regulations in court. This could create a more volatile regulatory environment, impacting long-term planning and compliance.

- The ag and energy sectors are asking how this ruling could impact related regulations. Biofuel interests are wondering if this will impact the Renewable Fuel Standard (RFS) program. Given that EPA has more leeway to set RFS levels without the mandates in law, it could. But RFS levels have been challenged before and the resolution takes a long time, so it really doesn't affect the mandates.

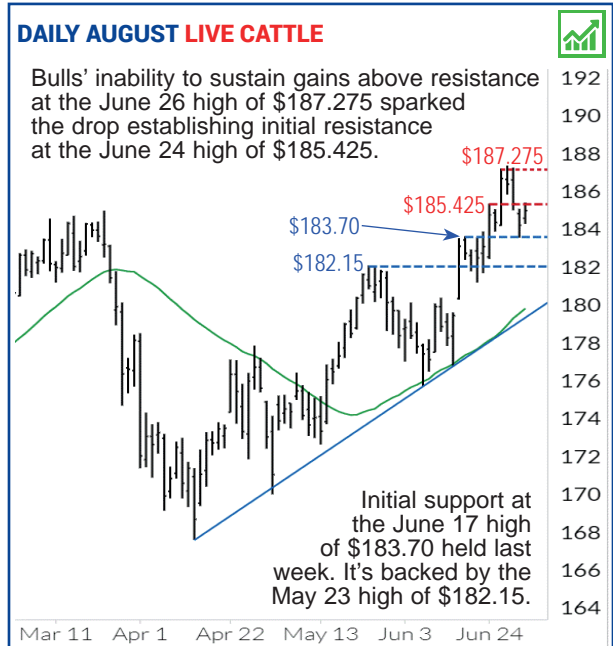
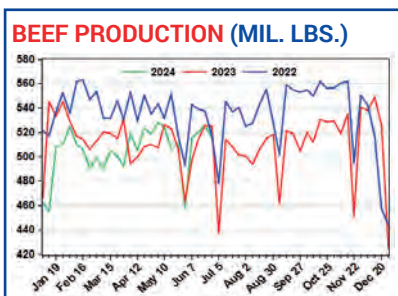
- The ruling said decisions made previously that relied on Chevron would not be subject to review. But the conservative Republican Study Committee (RSC) said House committees "have an opportunity to review any regulatory action that was justified by Chevron deference toward agency interpretation."

**CATTLE - Fundamental Analysis**

Weekly cattle slaughter has averaged 4.4% under year-ago levels since mid-May, but beef production has generally matched comparable 2023 levels. That reflects big annual increases in cattle weights. For example, the latest steer carcass weight reading at 917 lbs. per head averaged 32 lbs. over last year. And yet, cash cattle prices set another record in the last week of June. Wholesale beef prices well below last year's peak are apparently encouraging grocers to keep featuring beef actively, which in turn is spurring surprisingly robust consumer demand. This seems likely to continue in the short run.

Position Monitor			
Game Plan:	Feds Feeders		
Live cattle	III'24	0%	0%
futures re-	IV'24	0%	0%
main at	I'25	0%	0%
	II'25	0%	0%

steep discounts to the cash market. Any near-term hedges should be done by purchasing put options.

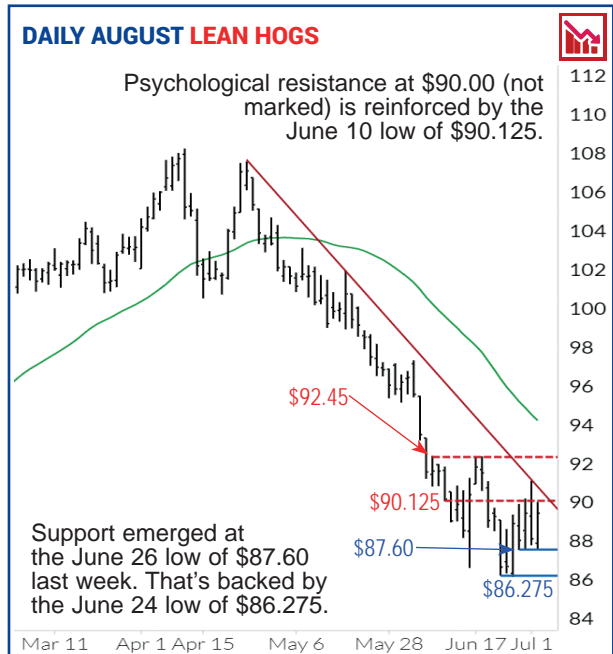
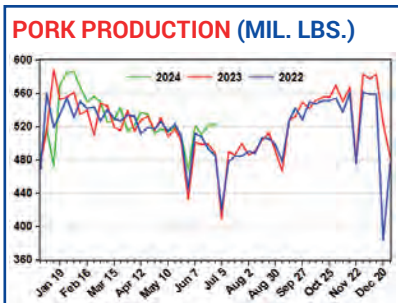


**HOGS - Fundamental Analysis**

While grocers continue featuring beef, they're seemingly maintaining retail pork prices at elevated levels and discouraging consumer offtake. That's hamstringing the hog and pork sector. The situation and outlook aren't being helped by increased supplies, with the June 27 Hogs & Pigs Report implying 2% annual gains in hog numbers through early August, with numbers expected to run about 1% over year-ago through the balance of the year. Big June production totals illustrate the relatively plentiful supply. Deferred hog futures are trading above fall 2023 lows, so the indicated discounts seem justified.

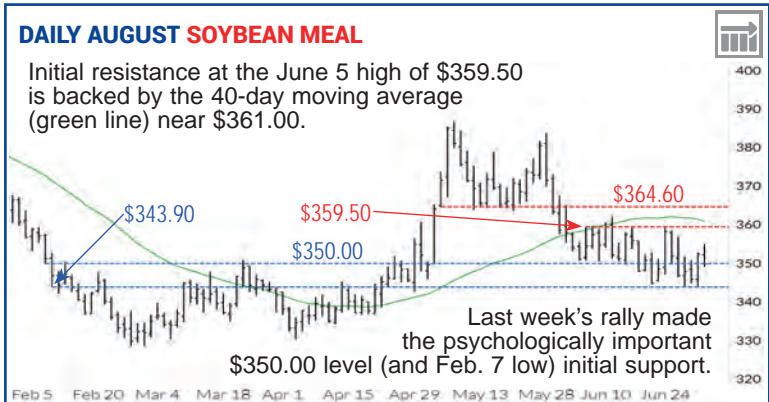
Position Monitor			
Game Plan: Hogs	Lean Hogs		
posted a very	III'24	0%	0%
early seasonal top	IV'24	0%	0%
and could face	I'25	0%	0%
	II'25	0%	0%

more near-term price pressure. Wait on an overdue correction before considering hedge coverage.



**FEED**

Feed Monitor			
<b>Corn</b>			
III'24	33%	<b>Corn Game Plan:</b> You have all corn-for-feed needs covered in the cash market through July. Wait on signs of a major low before actively extending coverage.	
IV'24	0%		
I'25	0%		
II'25	0%		
<b>Meal</b>			
III'24	33%	<b>Meal Game Plan:</b> You have all soy meal needs covered in the cash market through July. Wait on signs the market has put in a price bottom before extending coverage deeper into summer.	
IV'24	0%		
I'25	0%		
II'25	0%		



### Position Monitor

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

**Game Plan:** Wait on an overdue price rebound to get current with advised sales. With bears firmly in control, a notable correction could be difficult barring a change in the weather. We will advise initial 2024-crop marketings at the same time as old-crop sales. The current fundamental makeup of the market dictates any summertime price rally must be used to make old- and new-crop sales.

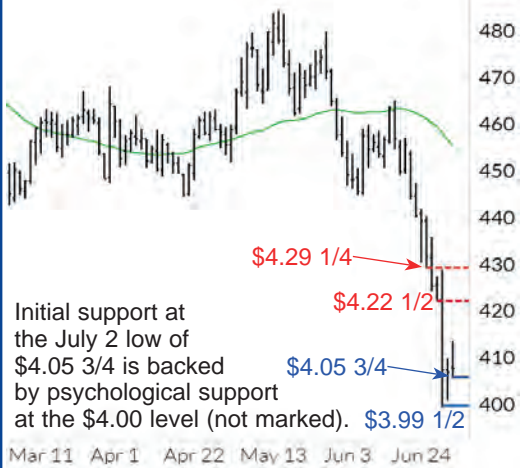
### DAILY DECEMBER CORN

The bearish June 28 report reaction flipped support at the June 27 low of \$4.33 to initial resistance. Expect stiffer resistance at the Feb. 26 low of \$4.46.



### DAILY SEPTEMBER CORN

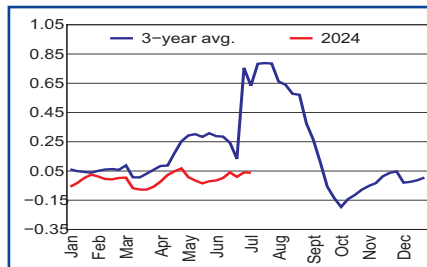
A rally above initial resistance at the June 27 low of \$4.22 1/2 would face stiffer resistance at the June 25 low of \$4.29 1/4.



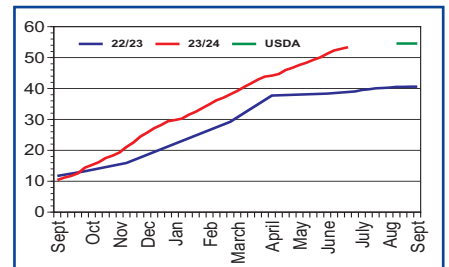
### CORN - Fundamental Analysis

Unexpectedly large USDA acreage and June 1 stocks sent corn futures diving June 28, with prices firming early last week on apparent short-covering. Prospects for a seasonal rally, which would likely reflect industry concerns about corn pollination, are also diminishing after hot, dry Corn Belt areas received significant rainfall as the calendar turned to July. As discussed in "From the Bullpen" on *Analysis page 4*, the market reaction to the late-June reports holds negative implications for the outlook as well. Bulls can reasonably hope the sheer bearishness of current market psychology will set the stage for a short-term bounce, but we would recommend quickly taking advantage of such a move.

#### AVERAGE CORN BASIS (SEPT.)



#### CORN EXPORT BOOKINGS (MMT)



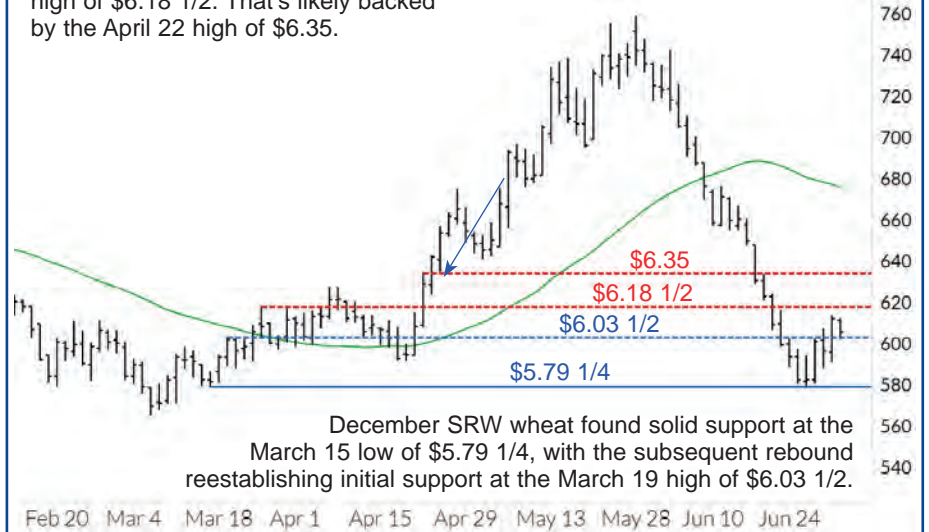
### Position Monitor

	'24 crop	'25 crop
Cash-only:	60%	10%
Hedgers (cash sales):	60%	10%
Futures/Options	0%	0%

**Game Plan:** Wait on an extended correction to advance cash sales. Seasonally, the wheat market may face more near-term pressure as winter wheat harvest advances. It's also unlikely wheat can fully divorce from corn price action.

### DAILY DECEMBER SRW WHEAT

Expect initial resistance at the March 25 high of \$6.18 1/2. That's likely backed by the April 22 high of \$6.35.



### WHEAT - Fundamental Analysis

**SRW** – USDA's 610,000-acre boost to projected winter wheat harvested area, along with bearish leadership from corn, weighed on wheat futures June 28. However, the market's sustained recovery from its June 26 low suggests a seasonal low may be in place.

### Position Monitor

	'23 crop	'24 crop
Cash-only:	60%	10%
Hedgers (cash sales):	65%	10%
Futures/Options	0%	0%

**Game Plan:** You must be prepared to make additional sales on any notable corrective price gains as farmer selling is likely to be active and a sustained price rally seems unlikely barring a fresh bullish catalyst. We are targeting a rebound of 50¢ or more in August futures to increase old-crop sales. Timing of new-crop sales will be based off the next move for old-crop.

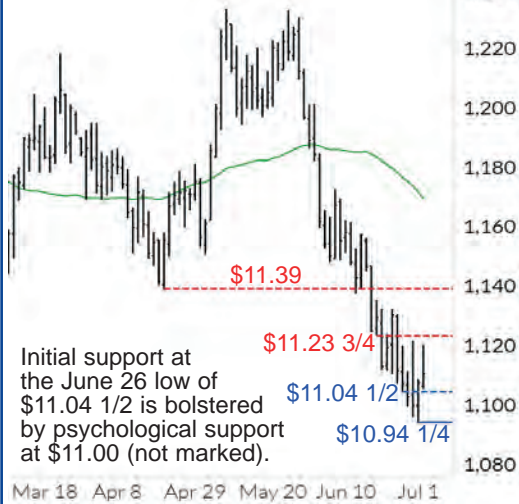
### DAILY NOVEMBER SOYBEANS

Stiff resistance stands at the Feb. 28 low of \$11.25, with reinforcement from psychological resistance at that point. It's backed by the March 6 low of \$11.37.



### DAILY SEPTEMBER SOYBEANS

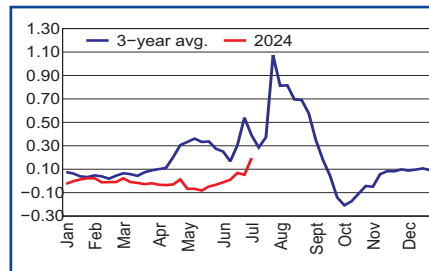
The June 18 low puts initial resistance at \$11.23 3/4, with stiff backing from the April 19 low of \$11.39.



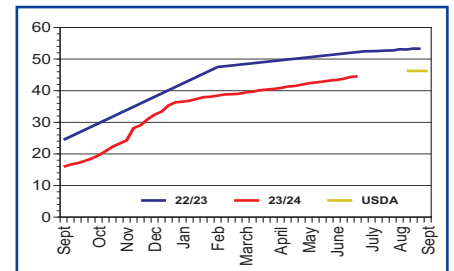
### SOYBEANS - Fundamental Analysis

Headline results of the June 28 USDA reports were somewhat supportive of soybean prices, but those were offset by the relatively large harvested acreage forecast and the bearish corn data, along with the corn price breakdown. Beneficial early-summer weather isn't helping the bullish cause either. Conversely, recent events have caused some private forecasters to trim their projected harvested acreage numbers. Bulls can also pin some hopes on the belated nature of the soybean growing and harvest seasons. There is certainly no guarantee of August-September weather proving conducive to a big harvest. Nevertheless, be prepared to take advantage of rallies to advance sales.

#### AVERAGE SOYBEAN BASIS (AUG.)



#### SOYBEAN EXPORT BOOKINGS (MMT)



### DAILY DECEMBER HRW WHEAT

The March 25 high of \$6.24 3/4 marks initial resistance.

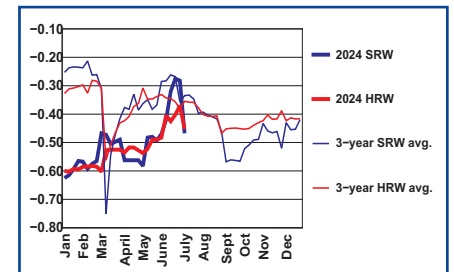


### DAILY SEPTEMBER HRS WHEAT

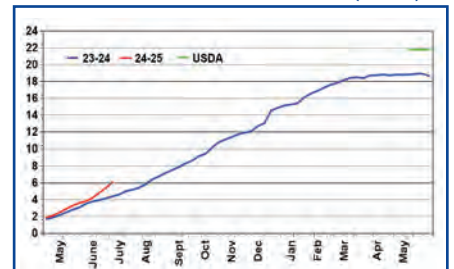
Initial resistance stands at the April 2 low of \$6.46 1/4.



#### AVERAGE WHEAT BASIS (SEPT.)



#### WHEAT EXPORT BOOKINGS (MMT)



**HRW** — Increased 2023-24 ending stocks, along with beneficial rains and USDA's boost to its harvested acreage forecast imply new-crop weakness. But bearish traders' inability to trigger a followthrough drop suggests the market may have found a bottom. Still, the upside may be limited with harvest far from over.

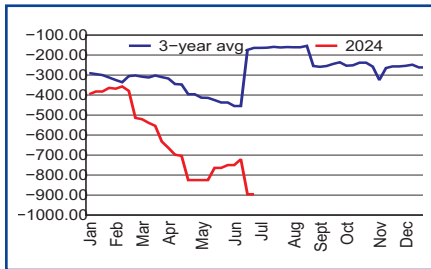
**HRS** — USDA's cut to its HRS plantings estimate seemingly offered the market support, but other factors such as diving corn prices, plentiful rains and strong conditions in HRS areas all favor bears. And yet, HRS futures firmed along with winter wheat. Again, seasonal factors suggest the market faces limited upside potential in the short run.

### Position Monitor

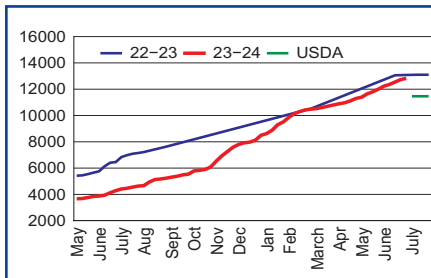
	'23 crop	'24 crop
Cash-only:	90%	25%
Hedgers (cash sales):	90%	25%
Futures/Options	0%	0%

**Game Plan:** We'll use a corrective rebound to finish 2023-crop sales before the end of July. Wait to increase 2024-crop marketings.

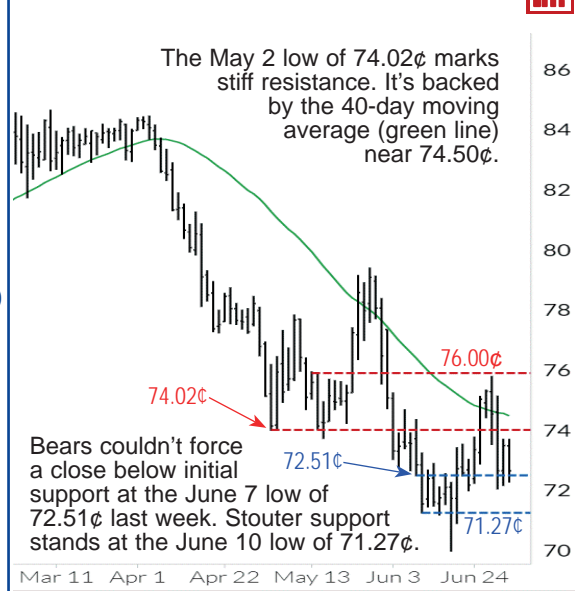
### AVERAGE COTTON BASIS (OCT.)



### COTTON EXPORT BOOKINGS ('000 BALES)



### DAILY DECEMBER COTTON



## COTTON - Fundamental Analysis

The recent rally was halted by USDA's planted acreage estimate coming in 841,000 acres above expectations. The spring dive had already reflected industry anticipation of surging new-crop supplies and persistently weak usage. The upside is capped without a bullish event.

## GENERAL OUTLOOK

**METALS:** The Comex copper futures market hit a record high of \$5.20/lb. on May 20, but prices have since dropped sharply and are down around 15% from the May peak. One reason for the sharp price drop stems from weak-handed bullish speculators getting caught on the wrong side of the market when it started to turn south.

More importantly, however, the sharp decline in copper prices suggests

the global economy is slowing. Copper is an important industrial metal used in construction, appliances and electronics worldwide, with its prices often reflecting global economic conditions.

"Dr. Copper" may be delivering an early prognosis that global economic growth is slowing, which may allow the world's major central banks to lower their interest rates sooner in order to stimulate their economies.

### WEEKLY NEARBY COPPER FUTURES (\$/LB.)



## FROM THE BULLPEN By Economist Lane Akre

New-crop corn and soybean futures each fell to fresh for-the-move lows in the wake of the June Acreage and Quarterly Grain Stocks Reports. The last 10 times corn prices fell on Acreage/Stocks day, nearby futures posted double-digit losses. In eight of those years corn ended July even lower. July is tied for the most bearish month of the year historically for corn. In the last 20 years, prices have risen just six times while closing lower 14 times. The average gain over that period is 8.7% (about 35¢) while the average loss is 8.6% (35¢).

Soybean futures struggled to maintain initial gains following the reports, then rallied early last week. Beans maintain a neutral seasonal bias in July, as prices have fallen and risen 10 times each in the

last 20 years. The average gain over that period is 6.5% (about 75¢) while the average loss is 8.2% (94¢).

The seasonal biases for both corn and beans offer modest hope for price strength, but funds' aggressive selling over the past few weeks has sent prices to historically oversold levels. Funds are short over 14% of open interest across corn, soybeans and wheat, a historically extreme level that has led to short-covering in prior instances. Given the technically oversold levels, funds' heavy short positions and the tendency for prices to bottom in early July (as mentioned in this space the previous week), a forthcoming rebound is not out of the question, although fundamentals virtually demand active selling of rallies.

## WATCH LIST

- 1 USDA Crop Progress Report** **MON 7/8**  
*Will corn, bean ratings keep sliding?* 3:00 p.m. CT
- 2 USDA Export Sales Report** **THUR 7/11**  
Summer sales are usually slow. 7:30 a.m. CT
- 3 U.S. Consumer Price Index** **THUR 7/11**  
Inflation data for June. 7:30 a.m. CT
- 4 USDA Crop Production Report** **FRI 7/12**  
First all-wheat crop estimate. 11:00 a.m. CT
- 5 USDA WASDE Report** **FRI 7/12**  
Acreage, demand shifts included. 11:00 a.m. CT

## Farm Bill and Policy Updates

Read Jim Wiesemeyer's latest updates on the farm bill, USDA programs and much more in his daily Policy Updates report on [www.profarmer.com](http://www.profarmer.com).