Farm Journal
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News this week...

2 – U.S. winter wheat crop cut more than expected.
3 – H&P Report bullish now, but more so into 2022.
4 – Soybeans are the shocker this time in Sept. 1 stocks.

Bearish soybean data – *Sept. 1 soybean stocks were more than 80 million bu. higher than traders expected (see* News *page 4). That changes the price outlook, especially if USDA increases its crop estimate. With soybean ending stocks now in the "comfort" zone, it will be difficult to build upside momentum without a South American weather/crop scare or a strong pull from other markets. Sept. 1 corn stocks also topped expectations, but futures took the bearish data in stride, partly because of strength in the wheat market. Wheat futures rallied as USDA's final crop estimate pulled Sept. 1 stocks lower than expected. The cattle market weakened, led by feeder cattle, which posted a downside breakout from the recent consolidation range. Hog futures rallied sharply in reaction to the Hogs & Pigs Report (see* News *page 3).*

China's power issues crunching ag

A shortage of coal supplies, tougher emissions standards and strong demand from manufacturers have pushed Chinese energy prices to record highs and are causing widespread power curbs. At least half the soybean crushing plants in northern and northeastern China have been shuttered due to the country's power outages, *Reuters* reported. This is resulting in a spike in feed costs, compounding troubles for hog farmers who are already struggling with poor margins.

China focused more on food than energy

Through August, China had purchased $25.3 billion in U.S. ag goods, 92% of its seasonal targeted rate to reach $43.6 billion this year per the Phase 1 trade agreement, according to the Peterson Institute for International Economics. Its energy buys at $12.6 billion were only 56% of the seasonal targeted rate.

Tariffs on China will remain intact

U.S. Trade Representative Katherine Tai told *Politico* the Biden administration wants to "build" on existing tariffs and confront China for failing to live up to terms of the Phase 1 agreement. She noted a review of the trade policy is still ongoing but would be completed "very soon." Tai on Oct. 4 will appear at the Center for Strategic and International Studies and deliver remarks on the U.S. trade agenda with China.

Energy prices stoke economic worries

Record energy prices pushed Euro-zone inflation to the highest level in 13 years in September. Surging energy prices combined with central banks reeling in their easy money policies have economists worried about slowing economic growth and rising inflation — stagflation. Soaring natural gas values are also inflating fertilizer prices.

U.S. inflation hits 30-year high

Inflation as measured by the personal consumption expenditure price index rose 0.4% in August, putting it up 4.3% on an annualized basis — the highest level since 1991. Minus energy and food, prices rose 0.3% during August, while the annual rate at 3.6% was also a 30-year high.

Partial government shutdown averted

A stopgap bill was signed that will keep the government funded through Dec. 3, at which point another continuing resolution will be needed to fund the remainder of the fiscal year. The bill includes $28.6 billion in additional disaster relief ($10 billion for ag disasters in 2020 and 2021). Sources tell us it will take a while to get the regulations out and it could be early next year before actual payments are made.

Saga continues as debt ceiling looms

Treasury Secretary Janet Yellen told Congress the debt ceiling would be reached Oct. 18 and inaction would risk a first-ever default on U.S. federal debt. Democrats insist on suspending the debt limit, something Republicans oppose, as sources say tying it to reconciliation would require a specific dollar amount to be included. Democrats don't want a specific debt limit figure, knowing they will be the only votes for the matter via reconciliation.

USDA's big ag investment package

USDA plans $3 billion in investments to support agriculture via the Commodity Credit Corporation (CCC).

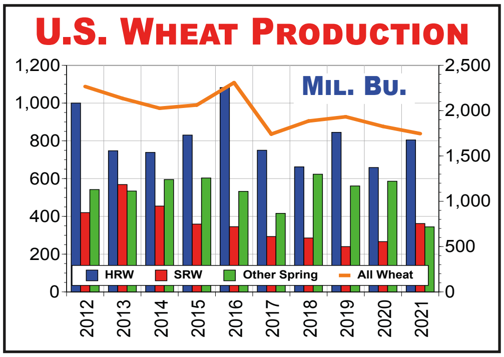
- $500 million to support drought recovery and encourage the adoption of water-smart management practices.
- Up to $500 million in African swine fever prevention.
- $500 million to provide relief from ag market disruption, such as increased transportation challenges, availability and cost of certain materials and other near-term obstacles related to the marketing and distribution of certain commodities.
- Up to $1.5 billion to provide assistance to help schools respond to supply chain disruptions.

Vilsack positioning on climate plan

USDA is seeking public comments on the "possible development" of a Climate-Smart Agriculture and Forestry (CSAF) Partnership Program. USDA Secretary Tom Vilsack stressed this was a "commodity program," though the Federal Register mentioned carbon sequestration. Vilsack is clearly trying to position the program to qualify for CCC funding.

U.S. wheat crop smaller than thought

USDA cut its final all-wheat production estimate by 51 million bu. from August to 1.646 billion bushels. It cut its winter wheat crop estimate by 42 million bu., with HRW crop down 28 million bu., SRW down 5 million bu. and white winter wheat down 9 million bu. from August. USDA lowered its other spring wheat crop estimate by 12 million bu. and raised the durum crop by 2 million bushels.



USDA reduced wheat harvested acreage by 939,000 acres to 37.163 million acres and lowered the national average all-wheat yield by 0.2 bu. to 44.3 bu. per acre.

Consultant cuts corn yield forecast

Corn maturity has been pushed by warm, dry late-season weather, cutting short grain filling. Foliar diseases, especially tar spot in the eastern Corn Belt is a concern. As a result, Crop Consultant Dr. Michael Cordonnier cut his corn yield estimate by 1 bu. to 175 bu. per acre.

Cordonnier kept his soybean yield estimate at 50.3 bu. per acre, but has a neutral to slightly lower bias, as weather continues to push soybean maturity.

Perspective on crop ratings, yields

USDA kept its "good" to "excellent" ratings for the corn and soybean crops at 59% and 58%, respectively, the week ended Sept. 26. Compared with the end of August, corn ratings were unchanged and soybean conditions improved one point.

Back to 1986 when USDA started releasing weekly national crop condition ratings, there have been five other years where corn ratings were unchanged in September. In three of those years, USDA raised its yield estimate in October. The two other years, it left the yield unchanged. Of those five years, USDA's final yield was higher than October twice, lower twice and unchanged once.

For soybeans, there have been 12 other times when conditions have increased during September. USDA raised its soybean yield 11 of those years and kept it unchanged once. Of those 12 years, USDA's final soybean yield was higher than October nine times and lower three times.

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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Black Hawk Co. (northeast) Iowa:
"Beans are averaging over 80 bu. per acre. That's about 10 bu. better than I expected. Late-August and early September rains really boosted the beans."

Cedar Co. (east-central) Iowa:
"Our soybean yield averaged 72 bu. per acre, beating what we expected and our APH."

Montgomery Co. (southwest) Iowa:
"One word for our soybean yields — PHENOMENAL!"

McLean Co. (central) Illinois:
"Corn is very disappointing. We thought we were going to have 260-bu.-per-acre yields, and with two-thirds of our acres done, it looks like 220 bu. to 230 bu. per acre. Several neighbors are going to be lucky to get 200 bu. per acre."

Kosciusko Co. (north-central) Indiana:
"Corn on one of our farms made 198 bu. per acre dry, which was the best yield ever on this farm, despite bad tar spot. It normally yields 170 bu. per acre."

Wells Co. (northeast) Indiana:
"We are going to have the best yields we've ever had. Currently projecting corn at 240 bu. to 245 bu. per acre versus APH of 182 bu. and expectations of 220 bu. per acre. Soybeans expected to finish at 74 bu. to 77 bu. per acre versus APH of 61 bu. and expectations of 67 bu. to 70 bu. per acre."

Martin Co. (south-central) Minnesota:
"My soybean yields have been very disappointing at 30 bu. to 40 bu. per acre with an APH of 60-plus bu. per acre. Go 10 to 20 miles from me and beans are doing 50 bu. to 70 bu. per acre."

Cass Co. (east-central) Nebraska:
"Our beans are the best I've ever cut!"

Pawnee Co. (southeast) Nebraska:
"Early corn is slightly above average. I was expecting a little better yields."

Minnehaha Co. (east-central) South Dakota:
"Our corn that was blown over by 70 mph winds a couple weeks ago is running around 225 bu. per acre. Excellent yield for a drought!"

Logan Co. (west-central) Kansas:
"Dryland corn is barely worth picking. Dryland soybeans are running 10 bu. to 15 bu. per acre. Irrigated soybeans are below average on first cutting."

Calloway Co. (central) Missouri:
"Yields are disappointing. Was expecting 160 bu. to 200 bu. corn and 50 bu. soybeans. Both crops shut down prematurely. Corn yielded 125 bu. to 175 bu. with APH of 150 bu. to 190 bu. per acre. Soybeans went 35 bu. to 48 bu. with APH of 44 bu. to 50 bu. per acre. Seeing extreme variation across fields for both crops."

South-central Kentucky:
"Yields are insanely good. I wasn't expecting it."

U.S. hog herd shrinks, will get smaller

USDA in its Hogs & Pigs Report estimated the U.S. hog herd at 75.4 million head as of Sept. 1, down 3.1 million head (3.9%) from year-ago and 1.7 million head less than the average pre-report estimate implied. The breeding herd contracted 2.3% and the market hog inventory dropped 4.1% compared with year-ago levels.

The two heaviest categories of market hogs were fractionally higher than traders anticipated. But the number of market hogs under 50 lbs. (down 5.6%) and 50 lbs. to 119 lbs. (down 6.0%) was far less than traders expected. The data implies slaughter will run about 1.5% under year-ago levels through mid-fall. After that, slaughter should decline roughly 6.0% through winter.

Hogs & Pigs Report	USDA actual	Trade expected
	(% of year-ago)	
Inventory —		
All Hogs/Pigs	96.1	98.3
Breeding	97.7	98.9
Marketing	95.9	98.3
Pig Crop —		
June-Aug.	94.0	98.1
Pigs/litter	99.5	100.5
Farrowings —		
June-Aug.	97.4	96.6
Sept.-Nov. Ints.	95.6	96.7
Dec.-Feb. Ints.	100.6	100.4
Market Hog Inventory —		
Under 50 lbs.	94.4	98.3
50-119 lbs.	94.0	98.3
120-179 lbs.	98.6	98.1
180 lbs. plus	98.7	98.0

The much smaller summer pig crop (down 6.0%) and the 3.1% reduction in breeding herd means the U.S. hog herd will continue to contract, which is bullish for next spring forward. Fall farrowing intentions are expected to drop 4.2% from last year, but producers indicated to USDA they intend to farrow 1.4% more sows this winter, though that would mean there would have to be heavy gilt retention this fall.

Significant downward revisions to past data

USDA made major revisions to data back to December 2020. The December hog herd was reduced 190,000 head, with a 90,000-head decline in the market hog inventory. The March hog herd was cut 1.09 million head, with all of that total being market hogs. The June hog herd was slashed 1.25 million head, with 1.24 million of that cut being market hogs.

Feedlot placements unexpectedly rise

USDA's Cattle on Feed Report estimated there were 11.234 million head of cattle in large feedlots (1,000-plus head) as of Sept. 1, down 160,000 head (1.4%) from year-ago. August placements topped year-ago levels by 2.3%, while marketings declined 0.4%.

Cattle on Feed Report	USDA actual	Average estimate
	(% of year-ago)	
On Feed Sept. 1	98.6	97.9
Placed in Aug.	102.3	99.0
Mkted in Aug.	99.6	100.0

Feedlots placed fewer lightweight and 6-weight calves. But placements of the top four weight categories increased.

Meat price inflation forecasts raised

USDA's Economic Research Service (ERS) made no change to its overall food price inflation forecast, nor to its grocery or restaurant price inflation outlooks this month. But ERS expects some significant price gains for beef and veal, pork, and fish and seafood versus its prior outlook.

ERS expects all food prices to climb 3.0% to 4.0% in 2021 and rise another 2.0% to 3.0% in 2022. That follows food price inflation of 3.4% in 2020 and compares to a 2.4% rise for the 20-year historical average.

It expects food-away-from-home (restaurant) prices to climb 3.5% to 4.5% this year and another 3.0% to 4.0% in 2022. That follows 3.4% growth in 2020 and compares to 2.8% growth for the 20-year historical average.

Food at home (supermarket) prices are expected to climb 2.5% to 3.5% in 2021 and another 1.5% to 2.5% in 2022. That compares with 3.5% inflation in 2020 and 2.0% growth for the 20-year average.

U.S. consumer confidence falls again

U.S. consumer confidence fell for a third consecutive month to a seven-month low in September, according to the Conference Board, as the Delta variant of Covid increased concerns about the economy's near-term prospects. The Present Situation Index, which is based on consumers' assessment of current business and labor market conditions, fell 3.7% last month. The Expectations Index that's based on consumers' short-term (six month) outlook for income, business, and labor market conditions dropped 6.7%.

The Conference Board noted the readings "suggest consumers have grown more cautious and are likely to curtail spending" amid short-term inflation concerns.

China's factory sector contracts

China's official purchasing managers index (PMI) shrank to 49.6 in September — the first time below the 50.0 contractions threshold since February 2020. Sub-indexes for output, new orders and exports all contracted amid higher material costs, production bottlenecks and electricity rationing.

China's Caixin PMI that tracks smaller and privately owned factories rose to a neutral reading of 50.0, but exports continued to fall and inflationary pressure surged.

Argentina lifts beef export ban

Argentina lifted its cap on beef exports that had limited shipments to 50% of normal volumes to tame domestic price inflation. Argentina is the world's fifth largest beef exporter and three-quarters its total beef exports last year went to China. This could trim Chinese demand for U.S. beef.

Grain Stocks Report a game changer for soybeans

by Editor Brian Grete and Chief Economist Bill Nelson

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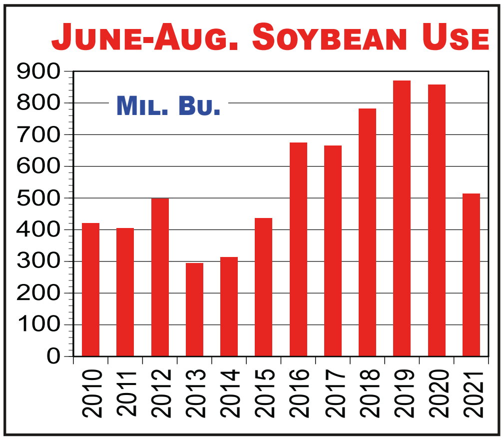
USDA's Grain Stocks Report has a history of providing surprises and this quarter's report did just that. Traders widely missed the mark on Sept. 1 stocks, with corn and soybean stocks both well above expectations while wheat inventories were below levels traders anticipated.

Soybeans provided the biggest shock this time

USDA estimated Sept. 1 soybean stocks at 256 million bu., down 51.2% from last year but 82 million bu. higher than anticipated. On-farm stocks totaled 68 million bu. (26.6%), down 52% from last year. Off-farm stocks totaled 188 million bu. (73.4%), down 51% from last year.



Indicated disappearance for June through August totaled 513 million bu., down 40% from last year and the smallest fourth-quarter soybean use since 2015.

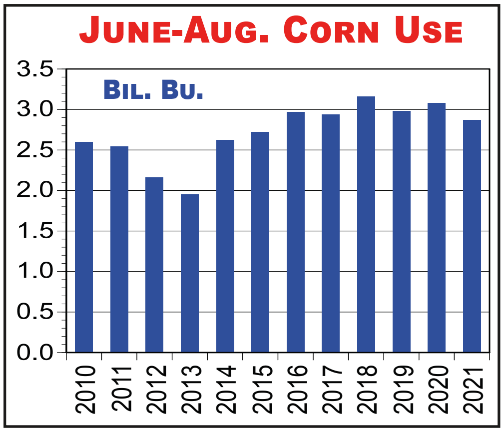
Upward revision to 2020 soybean crop the real surprise

Traders knew about the dramatic slowdown in soybean use during the fourth quarter of the 2020-21 marketing year. What caught them off guard was the 81-million-bu. increase USDA made to last year's soybean crop. It raised harvested acres by 300,000 to 82.6 million acres and increased the yield by 0.8 bu. to 51.0 bu. per acre.

The larger crop forecast explains why first quarter 2020-21 disappearance implied minimal residual use when it is usually high during that quarter due to unaccounted bushels in shipping channels. USDA should have come to the conclusion much sooner that implied first-quarter use was too low, and consequently its production forecast for 2020 was also too low.

Fourth quarter 2020-21 corn use was slow

Sept. 1 corn stocks totaled 1.24 billion bu., down 36% from last year but 81 million bu. higher than traders expected. Of the total, 395 million bu. (31.9%) of corn stocks were held on-farm, down 47% from last year. Off-farm stocks of 842 million bu. (68.1%) fell 28%.



Indicated disappearance for June through August at 2.87 billion bu. fell 6.8% versus last year and was the slowest use for the period since 2015.

USDA lowered its 2020 corn crop estimate

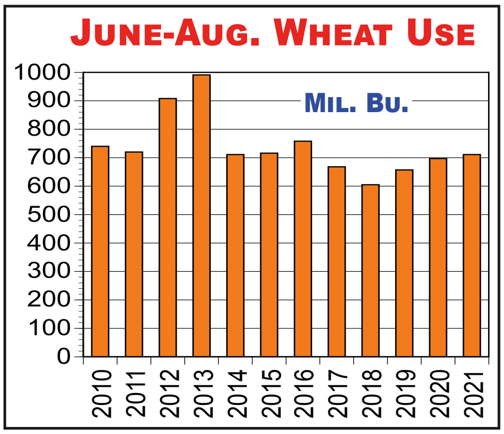
USDA revised down its 2020 corn crop by 71 million bu. from its previous estimate. It revised last year's harvested acres to 82.3 million acres, down 200,000 acres, and cut the 2020 yield by 0.6 bu. to 171.4 bu. per acre.

The cut to last year's crop and the 49-million-bu. increase to final 2020-21 ending stocks versus USDA's estimate earlier this month implies extremely low fourth-quarter feed and residual use compared with the two previous years.

Smaller crop drives down Sept. 1 wheat stocks

Sept. 1 wheat stocks totaled 1.78 billion bu., down 17.5% from last year and 72 million bu. lower than traders expected. Of the total, 419 million bu. (23.6%) was stored on-farm, down 41% from last year. Off-farm stocks totaled 1.36 billion bu. (76.4%), down 6% from last year.

Implied disappearance in the first quarter of 2021-22 was 711 million bu., up 2% from the same period last year and the strongest usage for the quarter since 2016.



But traders' miss on Sept. 1 wheat stocks had more to do with the crop estimate being cut more than expected. Traders knew there was a surge in wheat feeding.

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

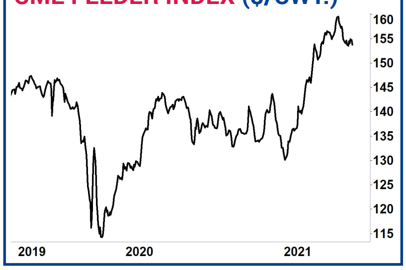
Large premiums built into deferred live cattle futures, as well as the summer decline in corn prices, seemingly boosted August feedlot placements. But tumbling beef prices and the late-summer breakdown in fed cattle futures likely curbed producer optimism. Still, cattle market prospects depend heavily upon the strength of beef demand. Export demand remains robust, but we worry elevated retail prices are strangling domestic demand. Huge packer margins indicate they could easily pay up for cattle when beef prices stabilize and/or rebound, so we remain cautiously optimistic.

Position Monitor

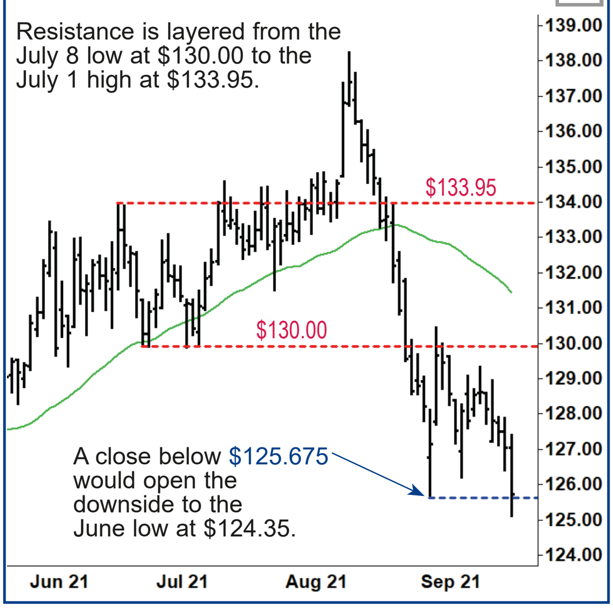
	Feds	Feeders
IV'21	0%	0%
I'22	0%	0%
II'22	0%	0%
III'22	0%	0%

Game Plan: Fed cattle producers should continue to carry all risk in the cash market. But be prepared to hedge if futures violate the September lows.

CME FEEDER INDEX ($/CWT.)



DAILY DECEMBER LIVE CATTLE



HOGS - Fundamental Analysis

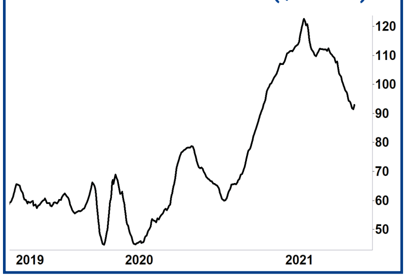
Although USDA's Sept. 24 Hogs and Pigs Report (see *News page 3*) was bullish for the 2022 hog price outlook, it implied fourth-quarter 2021 hog supplies would decline about 2% annually, rather than the 3% drop indicated in June. But that did not prevent nearby futures from rallying strongly in response. In addition, after sliding steadily since early August, the CME Lean Hog Index turned higher last week, as did wholesale pork values. History suggests a modest hog/pork complex rally into mid-October, but the bullish reaction to the report data may indicate the rally could be stronger than the market expects.

Position Monitor

	Lean Hogs
IV'21	0%
I'22	0%
II'22	0%
III'22	0%

Game Plan: The price outlook has turned more bullish for hogs. But be prepared to add hedges if futures challenge the summer highs and run out of steam.

CME LEAN HOG INDEX ($/CWT.)



DAILY DECEMBER LEAN HOGS

FEED

Feed Monitor

Corn	
IV'21	0%
I'22	0%
II'22	0%
III'22	0%

Meal	
IV'21	25%
I'22	0%
II'22	0%
III'22	0%

Corn Game Plan: You should be hand-to-mouth on corn-for-feed coverage. A price break into the low-$5 range or lower would be an opportunity to extend coverage.

Meal Game Plan: You should also have 25% of fourth-quarter needs covered in the cash market. We are willing to wait for signs a seasonal low is in place before extending coverage.

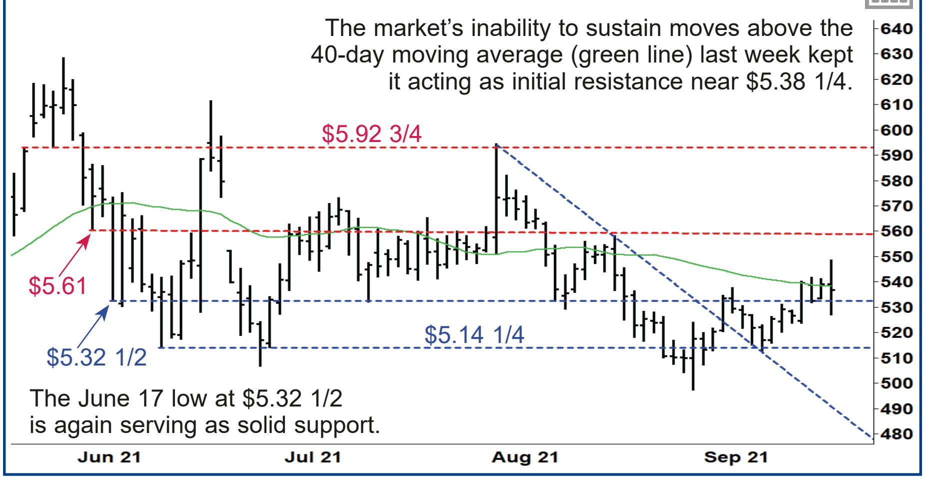
DAILY DECEMBER SOYBEAN MEAL

Position Monitor

	'21 crop	'22 crop
Cash-only:	40%	0%
Hedgers (cash sales):	40%	0%
Futures/Options	10%	0%

Game Plan: Wait on an extended price recovery to get current with advised cash sales. We feel the low $5.00 range is too cheap and the $6.00 area is too pricey for the market. Sell in the upper end of that range and don't panic with sales in the lower end. Hold the 2021-crop hedges in December futures as downside protection during harvest. Additional hedges may be needed if the Sept. 10 low is violated.

DAILY DECEMBER CORN

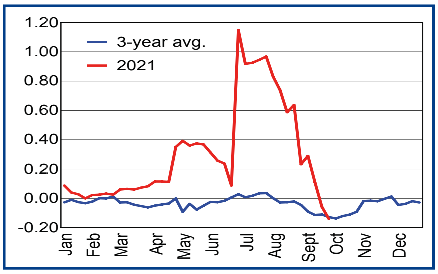


DAILY MARCH CORN

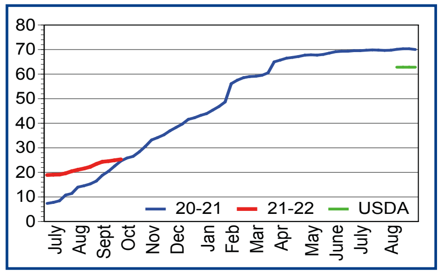
CORN - Fundamental Analysis

December futures firmed last week in the face of a bearish USDA Grain Stocks Report and soybean market selloff. That tells us bulls still have some fight in them, and the uptrend the past three weeks suggests an early seasonal low may be in place. Recent rallies to multiyear highs in commodities such as crude oil and cotton may whet speculators' appetites for a bigger piece of the action in grains as we begin a historically volatile month. A push above $5.50 in December corn could fuel another leg higher, but any sustained upside will require a stronger export pace. Look to increase coverage amid such a move, since the market has consistently proven unable to sustain rallies.

AVERAGE CORN BASIS (DECEMBER)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

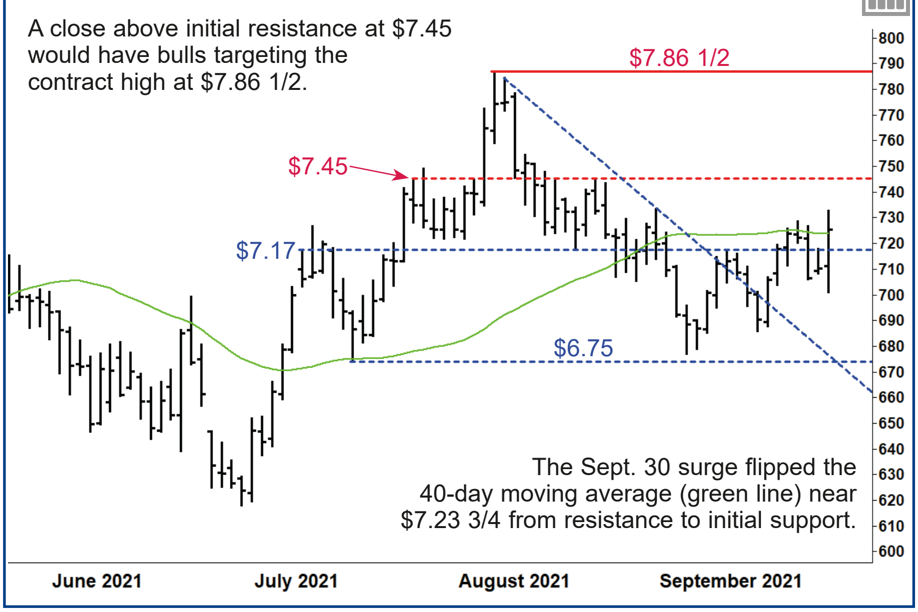
	'21 crop	'22 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

Game Plan: Use periods of price strength to get current with advised sales. We are targeting a push into the mid-$7.00 range to advance 2021-crop sales. We would also likely make additional 2022-crop sales at that time.

WHEAT - Fundamental Analysis

SRW – December futures rose for the third week in a row as USDA added another chapter to the shrinking global supply story. But underwhelming export sales raise a red flag. The next few weeks could be a tug-of-war between potential wheat strength and corn/soy weakness.

DAILY DECEMBER SRW WHEAT

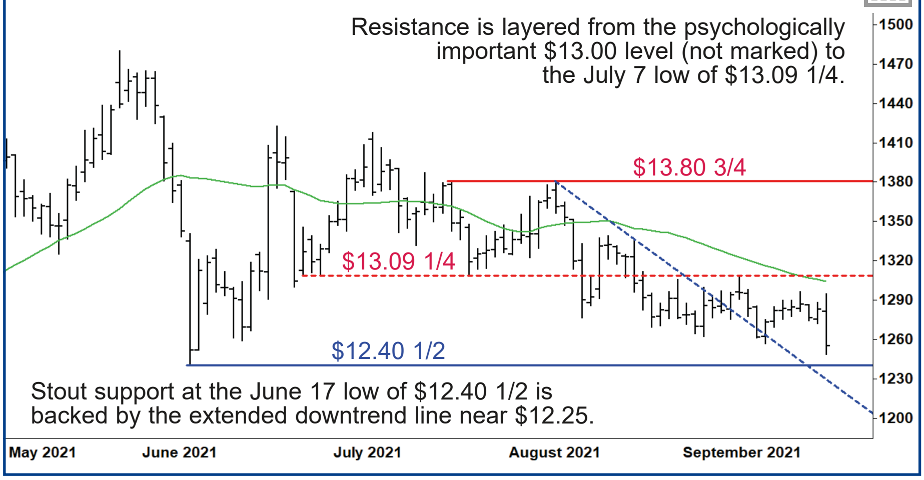


Position Monitor

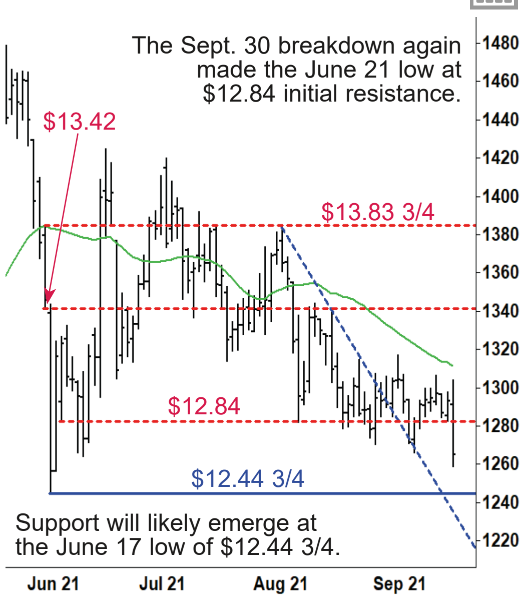
	'21 crop	'22 crop
Cash-only:	40%	0%
Hedgers (cash sales):	40%	0%
Futures/Options	10%	0%

Game Plan: USDA's Sept. 1 stock data changed the price outlook. Get current with advised cash sales. Hold the 2021-crop hedges in November futures as downside protection during harvest. Additional cash sales and/or hedges may be needed on a violation of the June low, as that would open more downside risk. Any corrective price strength should be used to advance 2021-crop sales.

DAILY NOVEMBER SOYBEANS



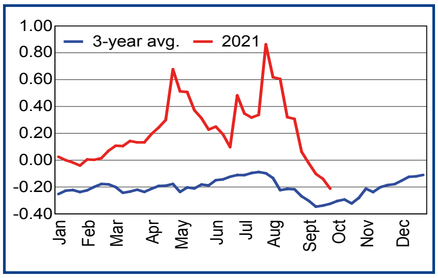
DAILY JANUARY SOYBEANS



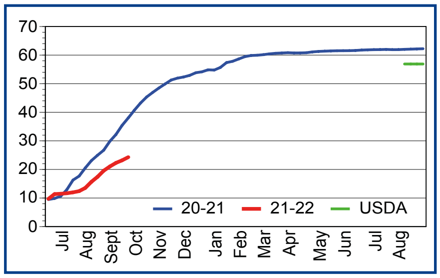
SOYBEANS - Fundamental Analysis

USDA's Grain Stocks Report was a game changer for soybeans. Projected 2020-21 ending stocks jumped 32% into the "comfort" zone above 200 million bushels. With strong yields being reported, USDA is likely to raise its crop estimate in October. The market could ultimately face 2021-22 ending stocks above 300 million bu., far above USDA's current projection. Such a scenario would project futures lower than they are currently trading, possibly below the June low as harvest progresses. After the bearish Sept. 30 report data, the upside for the soybean market is tied to corn and wheat or an unlikely bullish surprise in the Oct. 12 Crop Production Report.

AVERAGE SOYBEAN BASIS (NOVEMBER)



SOYBEAN EXPORT BOOKINGS (MMT)



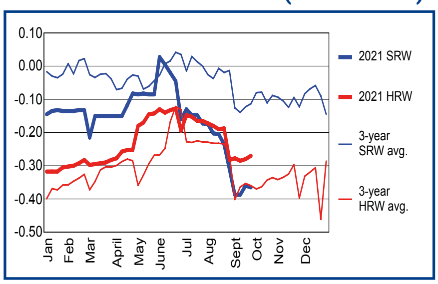
DAILY DECEMBER HRW WHEAT

DAILY DECEMBER HRS WHEAT

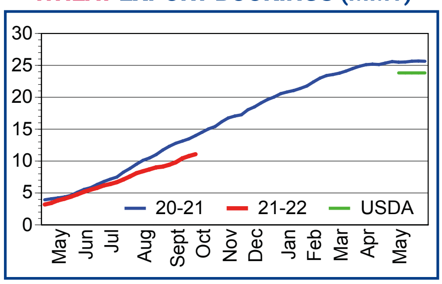
HRW — December HRW seized leadership in the wheat markets the past week. With U.S. stockpiles at a 14-year low, market bulls have a bona fide case for a run at the contract high reached in August if dryness in the U.S. Plains hampers the newly-seeded winter crop. A concern is exports, with commitments running 21% below year-ago.

HRS — While USDA's other spring wheat crop estimate wasn't cut as much as expected, the supply situation is still price-supportive. There's little prospect of a quick end to the Northern Plains drought, which should also support prices. But HRS futures will likely be a follower of winter wheat markets as they have more speculative interest.

AVERAGE WHEAT BASIS (DECEMBER)



WHEAT EXPORT BOOKINGS (MMT)

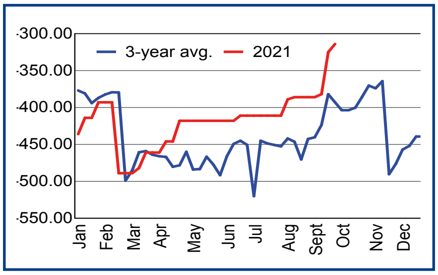


Position Monitor

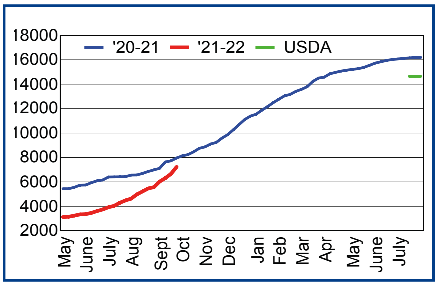
	'21 crop	'22 crop
Cash-only:	75%	20%
Hedgers (cash sales):	75%	20%
Futures/Options	0%	0%

Game Plan: On Sept. 29, we advised selling 20% of expected 2022-crop for harvest delivery next year. Be ready to increase 2021-crop sales when the rally stalls.

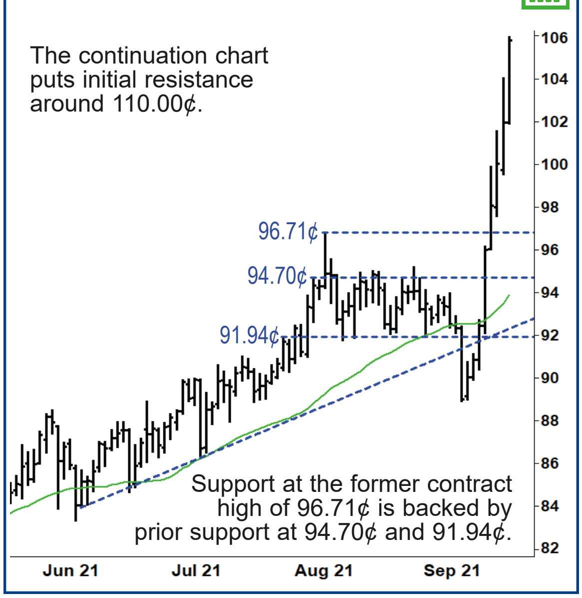
AVERAGE COTTON BASIS (DECEMBER)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



COTTON - Fundamental Analysis

The Sept. 20 cotton dive triggered huge demand, with export sales for the week ended Sept. 23 soaring to 571,400 bales. Surging prices will likely spur plantings next year and may cause some mills to shift to synthetics. Use the rally to forward-price some 2022-crop production.

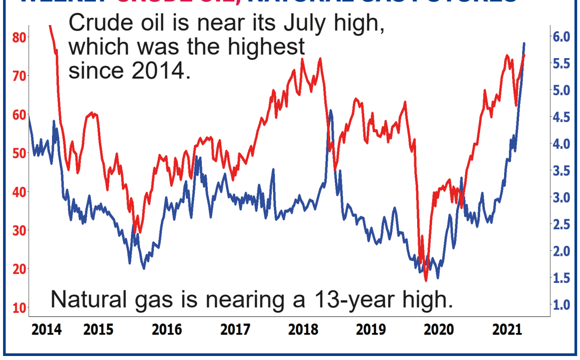
GENERAL OUTLOOK

Energy: November crude oil futures neared hit a fresh contract high at $76.67 per barrel last week, which fell just short of the eight-year high of $76.98 posted last July. Meanwhile, nearby natural gas prices spiked to an eight-year high of $6.318 before setting back.

Given the crude market's leadership of the commodity sector, this strength might be seen as good news for the ag markets. But the increased direct cost of fuel for equipment and grain drying does not favor the ag sector.

Moreover, rising energy costs are pointing to strong, sustained increases in fertilizer costs. Soaring natural gas prices are causing big European cutbacks in ammonia production. Brazilian farmers are reportedly short-bought on nitrogen supplies, benchmark Indian urea prices are elevated and Chinese demand is exceeding production.

WEEKLY CRUDE OIL, NATURAL GAS FUTURES



FROM THE BULLPEN By Market Consultant Dan Vaught

History shows the September direction taken by the grain markets is often followed by sustained October moves.

December corn rallied during October 21 times in the past 41 years, from 1980 to 2020, but that performance improves to 12 of 15 years when the contract rose during September. Conversely, in those years when December corn posted a September decline, it advanced in October just nine of 26 years. Thus, the modest 2 1/2¢ gain December corn posted in September suggests prices could move higher this month.

November soybeans hold a similar record, having climbed during October in 24 years since 1980. But in years in which it gained ground during September, it followed through to the upside in 13 of those 16 years. In contrast, November soybeans declined 14 times in the 25 years when the contract suffered a September loss. The contract's 36 1/2¢ decline in September suggests it could fall more this month.

Wheat futures, in contrast, have a general upward bias in October, with December SRW futures rising 26 times in the past 41 years. Still, in years when the contract rose during September, it gained 16 times in October of those 24 years. In years when it suffered a September decline, the ratio of October gains slipped to 10 times in 17 years. The contract firmed 3 1/4¢ last month, suggesting more price strength may lie ahead.

WATCH LIST

1	**USDA Crop Progress Report** Rapid harvest progress continues.	**MON 10/4** 3:00 p.m. CT
2	**USDA Ag Trade Data** Export, import stats for August.	**TUES 10/5** 9:30 a.m. CT
3	**USDA Beef, Pork Exports** Beef exports should stay strong.	**WED 10/6** 10:00 a.m. CT
4	**USDA Weekly Export Sales** Chinese purchases in focus.	**THUR 10/7** 7:30 a.m. CT
5	**September Employment Rpt.** Jobs should rise from August.	**FRI 10/8** 7:30 a.m. CT