



### News this week...

- 2 – Brazil continues to cut corn crop, export forecasts.
- 3 – Economic growth slowing as inflation builds.
- 4 – Highlights from USDA's September S&D Report.

**Soybeans rebound after USDA reports** – Funds liquidated long positions in the corn and soybean markets ahead of USDA's reports on Friday (see below and [News](#) page 4 for report details). But the soybean data offered no bearish surprises, which along with a pickup in Chinese purchases of U.S. new-crop soybeans, enticed some post-report buying. December corn futures fell below the \$5.00 level following the reports, but found a little corrective buying on spillover from soybeans. Wheat futures were pressured by fund selling ahead of the reports and had a muted reaction to the data. Cattle futures extended their sharp price drop from the August highs as traders waited on the boxed beef market to signal prices are low enough. Hog futures faced heavy pressure as traders widened the discount to the cash index.

## Corn crop estimate: 14.996 bil. bu.

USDA's corn crop estimate is up 246 million bu. from August and 54 million bu. higher than traders expected. USDA estimates the corn yield at 176.3 bu. per acre, up 1.7 bu. from last month. That would be the third highest yield on record. It raised harvested area by 590,000 acres.

USDA's initial objective yield data showed the second highest number of ears on record for 10 survey states. On Crop Tour, we found record ear counts.

## Bean crop estimate: 4.374 bil. bu.

USDA's soybean crop estimate is up 35 million bu. from last month but 3 million bu. lower than expected. USDA estimates the yield at 50.6 bu. per acre, up 0.6 bu. from last month. USDA cut harvested bean area by 284,000 acres.

USDA's initial objective yield data showed pod counts down from last year in nine of the 11 survey states.

## Cotton crop: 18.509 million bales

USDA's cotton crop estimate is up 1.245 million bales from last month and 819,000 bales higher than traders anticipated. USDA raised the average yield by 95 lbs. to 895 lbs. per acre. USDA cut harvested cotton area by 434,000 acres.

## La Niña likely to return by winter

The U.S. Climate Prediction Center (CPC) predicts a "70% to 80% chance of La Niña redeveloping during the Northern Hemisphere winter," though it should be a relatively "weak" event. World Weather Inc. says this La Niña won't likely have as much impact as last year's event. Rains are expected to be sporadic and lighter than normal in southern Brazil, though conditions aren't likely to be as dry. It also believes this year's dryness will be "less intensive" across Argentina.

## China cuts corn use forecast

China's ag ministry cut its 2021-22 corn-for-feed consumption forecast by 3 million metric tons (MMT) as low hog prices slow herd expansion. Total corn consumption is still expected to rise 8.5 MMT from 2020-21.

## Gov't blames packers for food inflation

Three senior White House economic aides said consolidation in beef, pork and poultry processing raised meat prices and hurt consumers. This appears to be a clear signal that actions are coming on alleged meat industry concentration.

## Bill coming to restore MCOOL

The "American Beef Labeling Act" would mandate the U.S. Trade Representative, in consultation with USDA, develop World Trade Organization-compliant mandatory country of origin labeling (MCOOL) requirements within one year of enactment. If MCOOL isn't enacted within a year, the legislation would be "automatically reinstated for beef only."

## USDA offers aid for feed transport

USDA's Emergency Assistance for Livestock, Honey Bees and Farm-raised Fish Program (ELAP) will cover feed transportation costs for this year where grazing and hay resources have been depleted. Application deadline is Jan. 31, 2022.

## Vilsack op-ed hits a nerve with farmers

In a *Wall Street Journal* op-ed, USDA Secretary Tom Vilsack wrote: "Keeping step-up in basis doesn't protect farmers, it protects investors. The people who are going to pay tax under the proposal have never plowed an acre." But based on information from tax experts, there would be major implications for farmers/ranchers from the proposed policy changes.

## House ag reconciliation incomplete

The House Ag Committee budget reconciliation package only totals \$66 billion out of the \$89 billion they are supposed to spend. It includes \$7.75 billion for ag research and infrastructure, over \$18 billion in rural job-promoting investments and support for biofuels infrastructure, and \$40 billion in investments in forestry programs. Democrats didn't include a bipartisan broadband bill and WHIP+ extension. Instead, they are expected to include WHIP+ in a forthcoming Continuing Resolution to keep the government funded, apparently to try and force Republicans to vote for an increase in the debt ceiling.

## Brazil cuts corn crop, export forecasts

Brazil cut its corn crop estimate by 901,000 metric tons (MT) from last month to 85.7 MMT. Conab's official corn crop estimate is still much higher than private firms. Brazil-based AgRural estimates Brazil's corn crop at 81.9 MMT. Crop Consultant Dr. Michael Cordonnier pegs the crop at 82.0 MMT.

Conab lowered its 2020-21 (February-January) Brazilian corn export forecast to 22 MMT, down 1.5 MMT from last month. Through August, Brazil had exported only 7.6 MMT of corn, meaning it would still have to ship 14.4 MMT to reach Conab's forecast. Brazilian sources tell us corn exports are unlikely to exceed 20 MMT.

Conab raised its 2020-21 (January-December) Brazilian soybean export forecast to 83.6 MMT, up 200,000 MT from last month. Through August, Brazil had exported 72.7 MMT of soybeans, meaning it would only have to ship 10.9 MMT through the end of the year to hit Conab's forecast. The soybean shipping season is winding down, but delays at the U.S. Gulf could push more near-term business to Brazil and cause Conab's estimate to be a little low.

## Brazil full-season corn planting starts

As of Sept. 4, Brazilian farmers had planted 10% of their full-season corn, according to AgRural, down from 14% on that date last year. AgRural expects full-season corn plantings to increase only 0.6% versus year-ago, despite a shortage of supplies and high domestic prices.

Starting dates for Brazilian soybean planting range from Sept. 13 (far southern states) to Oct. 1 (northern states).

## ABARES raises Aussie wheat crop

Australia is expected to produce its second largest wheat crop ever in 2021-22 due to "excellent growing conditions in June and July" that resulted in average to above-average rainfall in most growing regions. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) raised its Australian wheat crop estimate to 32.6 MMT, up 4.8 MMT from its June forecast.

## More Canadian wheat than expected

Stats Canada estimated Canadian wheat stocks totaled 5.7 MMT at the end of July, up 3.7% from year-ago and well above expectations of 4.8 MMT. Canadian wheat exports increased 10.1% in 2020-21 to 26.4 MMT.

Canola stocks decreased 48.6% to 1.8 MMT, the lowest level since July 2017, but still above trade expectations of 1.2 MMT. Canola crush was record-large and exports rose 4.9%.

## Chinese soy imports rise in August

China imported nearly 9.5 MMT of soybeans in August, up 9.5% from July but down 1.1% compared with last year. In the first eight months of this year, China imported 67.1 MMT of soybeans, up 3.6% from the same period last year. Chinese soybean importers normally ramp up imports during fall as U.S. new-crop supplies become available. But weak crush margins and ample supplies held by crushers after aggressive imports of Brazilian beans during summer are expected to limit Chinese soy imports the next few months.

## Chinese meat imports slow in August

China imported 758,000 MT of meat (including offal) in August. That was down 11.2% from July and 8.9% less than August 2020, as weak domestic pork prices limited imports. In the first eight months of this year, China imported nearly 6.7 MMT of meat, 1.7% greater than the same period last year.

## Strong Chinese August trade data

Chinese exports jumped 25.6% and imports surged 33.1% in July, both easily beating trade expectations. That pushed China's trade surplus to \$58.3 billion, up from \$56.6 billion in July. China's trade surplus with the U.S. rose to \$37.7 billion, up from \$35.4 billion in July.

## Chinese PPI hits 13-year high

China's producer price index (PPI) rose for an eighth straight month in August and surged 9.5% compared with a year earlier — the fastest rise since August 2008. The surge in factory gate prices was driven by soaring coal, chemical and metals prices, despite Beijing's attempts to cool them.

China's consumer price index grew 0.8% versus year-ago, though that was down from a 1.0% rise in July. Food prices fell 4.1% in August, led by a 44.9% year-over-year drop in pork prices. Non-food prices rose 1.9% last month.

## PBOC comments cool monetary policy easing expectations

Officials with the People's Bank of China (PBOC) say the Chinese central bank will not resort to flood-like stimulus, as they expect liquidity supply and demand will remain basically balanced in coming months. This cooled market expectations for any imminent policy easing to boost China's economy, despite signs it is losing steam.

## China wants less fraudulent data

Chinese President Xi Jinping has targeted statisticians in his expanding campaign to purify Chinese data. Chinese statistics in the "new era" will be improved by numerous audits and punishment of perpetrators. According to *Dim Sums: Rural China Economics and Policy*, frustrated by immoral and incompetent human statisticians, Chinese officials are putting more trust in "smart" computers to collect statistics.



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## Producer Crop Comments...

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

### **Des Moines Co. (southeast) Iowa:**

*"I can't remember an early September when all the corn is brown and all the soybeans are still so green."*

### **Polk Co. (central) Iowa:**

*"We have lots of ears and the inside of fields is looking good. Grain looks to be high quality. We put a lot of focus on maximizing yield with less than optimal moisture."*

### **DeKalb Co. (northeast) Illinois:**

*"What was left of a decent crop got hit by the white combine Sept. 7. We had pea-size to quarter-size hail."*

### **LaSalle Co. (northeast) Illinois:**

*"Corn fields look terrible around Earlville, Illinois, following the Sept. 7 hail storm. Corn that was green now has shredded leaves. Some fields had some damage loss, while others the ears were ok. Definitely yield loss on soybeans."*

### **McLean Co. (central) Illinois:**

*"The last three weeks took the top end yield out of the corn crop in central Illinois. It will still yield well but grain fill was short-lived. I personally think many will be disappointed."*

### **Shelby Co. (southeast) Illinois:**

*"I know it's not all perfect but there's going to be a large amount of 220-bu. to 260-bu. corn in our area if things are as good as they look. There are a lot of big ears out there. Talked to a guy who started harvesting last week in Paris, Illinois (Edgar Co.) and his farm was averaging 270 bu. per acre dry so far. Nearby farmers haven't told me a number under 215 bu. yet and most are closer to 230 bu. per acre."*

### **Madison Co. (southwest) Illinois:**

*"Harvest has started. Our first 60-acre field planted the first week of April averaged 228 bu. per acre dry. Pleased."*

### **Delaware Co. (east-central) Indiana:**

*"Our first 200 acres of corn averaged 200-plus bu. per acre, similar to what it yielded last year."*

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

*"Corn premiums and quality are deteriorating fast, so we started harvesting at 27.5% moisture."*

### **Charles Mix Co. (southeast) South Dakota:**

*"This is the earliest I can remember soybean harvest. The first field averaged 24 bu. per acre. We are satisfied with that given the heat and dry weather they went through."*

### **Stafford Co. (south-central) Kansas:**

*"Our dryland corn is ranging from 40 bu. to 87 bu., with an average of 64 bu. per acre. That's down from our estimate of 80 bu. two weeks ago and an 88 bu. APH. The crop did not fill with the late hot, dry weather."*

### **North-central Tennessee:**

*"With 1,200 acres harvested, our average corn yield is around 180 bu. per acre, down about 10 bu. from our APH. But results are better than we expected, as dry conditions late in the growing season hurt the crop."*

### **Humphreys Co. (west-central) Mississippi:**

*"350 acres of irrigated corn averaged 245 bu. per acre versus normal yields in the 190-bu. to 210-bu. range."*

## Fed notes inflation, slowing growth

U.S. economic growth "gradually downshifted" to a moderate pace, according to the Federal Reserve's Beige Book, with price pressures evident across the economy. Much of the economic slowdown came in sectors linked to dining out, travel and tourism "reflecting safety concerns due to the rise of the Delta variant." Areas of the economy with supply chain disruptions and labor shortages also experienced slowing, with the update noting that it was not due to reduced demand.

The report indicated businesses reported inflation was "steady at an elevated pace" with half of the Fed districts calling price pressures "strong" and the other half labeling them "moderate."

Debate over when to start tapering the Fed's monthly \$120 billion of asset purchases will intensify during the Sept. 21-22 Federal Open Market Committee meeting. The dovish contingent at the Fed maintains that it is too early to consider pulling back policy support with 8.4 million Americans unemployed and Delta variant Covid cases rising. But Fed hawks fear inflation could shoot past its 2% target.

## Record July beef exports, pork slows

The U.S. exported 297.3 million lbs. of beef in July, the most ever for the month. Beef shipments increased 30.1 million lbs. (11.3%) from June and 45.0 million lbs. (17.9%) versus the previous year. A significant increase in beef shipments to China helped offset smaller tonnages to traditional buyers Mexico, Japan and South Korea. Through the first seven months of this year, the U.S. shipped 1.966 billion lbs. of beef, up 340.6 million lbs. (21.0%) versus the same period in 2020.

U.S. pork exports totaled 508.2 million lbs. in July, down 55.6 million lbs. (9.9%) from June and 47.0 million lbs. (8.5%) below last year. Through July, the U.S. exported 4.342 billion lbs. of pork, down 7.9 million lbs. (0.2%) versus the same period last year. Pork shipments to China fell 62.0% from year-ago in July and declined 34.6% through the first seven months of the year.

## Brazil confirms two cases of BSE

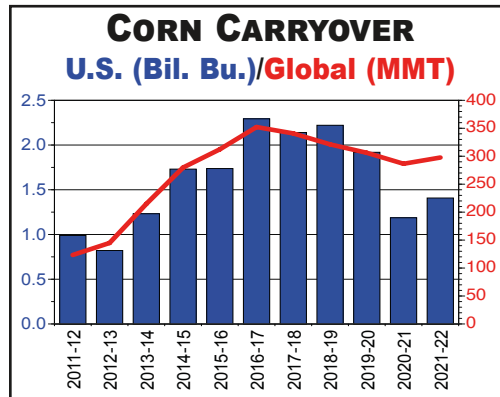
Brazil confirmed two cases of atypical bovine spongiform encephalopathy (BSE) — one in Mato Grosso and the other in Minas Gerais. As a result, the country suspended beef exports.

The National Cattlemen's Beef Association (NCBA) called on USDA and the Office of the U.S. Trade Representative (USTR) to "remain vigilant in enforcing our standards," saying the U.S. must hold Brazil "accountable." Emphasizing the cases in Brazil pose no threat to the U.S. or to U.S. beef, NCBA said it was key for USDA to "examine Brazil and to continue implementing science-based safeguards that ensure all imported beef meets the same rigorous science-based food safety and animal health standards as American beef."



# U.S., global corn and soybean ending stocks rise

by Editor Brian Grete



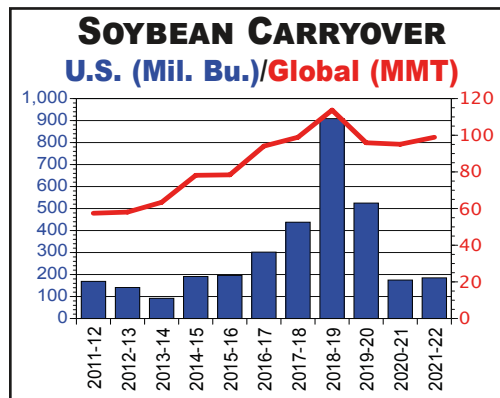
**CORN** — USDA raised its old-crop corn ending stocks estimate by 70 million bu. from last month to 1.187 billion bushels. USDA made no changes to old-crop supplies. On the demand side, it cut food, seed and industrial use by 40 million bu. (all on lower corn-for-ethanol use) and lowered exports by 30 million bushels.

USDA raised its 2021-22 ending stocks projection by 166 million bu. from last month to 1.408 billion bushels. It raised new-crop total supply by 316 million bu. due to the increases in beginning stocks and production. That was only partially offset by a 150-million-bu. increase to projected use. USDA raised estimated feed & residual corn use 75 million bu. and exports by 75 million bushels.

Our corn ending stocks forecasts are 1.192 billion bu. for 2020-21 and 1.375 billion bu. for 2021-22.

- **USDA 2020-21 price:** \$4.45 up a nickel from August; **2021-22:** \$5.45, down 30¢.

Global corn carryover: 286.5 million metric tons (MMT) for 2020-21, up 5.7 MMT from August; 297.6 MMT for 2021-22, up 13.0 MMT.



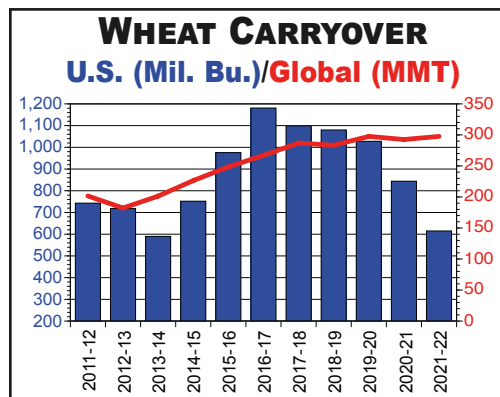
**SOYBEANS** — USDA raised its old-crop soybean ending stocks estimate by 15 million bu. from last month to 175 million bushels. USDA made no change to old-crop bean supplies. It cut crush by 15 million bu. from last month.

For 2021-22, USDA raised its ending stocks forecast by 30 million bu. to 185 million bushels. It raised new-crop total soybean supplies by 41 million bu. from last month due to the increase in beginning stocks and production. On the demand side, USDA cut projected crush by 25 million bu. and increased exports by 35 million bushels.

Our soybean ending stocks forecasts are 170 million bu. for 2020-21 and 210 million bu. for 2021-22.

- **USDA 2020-21 price:** \$10.90, unchanged from August; **2021-22:** \$12.90, down 80¢.

Global soybean carryover: 95.1 MMT for 2020-21, up 2.3 MMT from last month; 98.9 MMT for 2021-22, up 2.7 MMT.

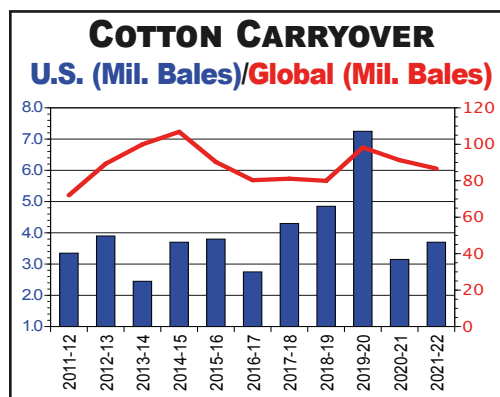


**WHEAT** — USDA cut its 2021-22 wheat ending stocks projection by 12 million bu. from last month to 615 million bushels. It lowered total supply by 10 million bu. on a cut to projected imports. On the demand side, the only change was a 2-million-bu. increase to projected food use.

Our wheat ending stocks forecast is 600 million bu. for 2021-22.

- **USDA 2021-22 price:** \$6.60, down a dime from August.

Global wheat carryover: 292.6 MMT for 2020-21, up 3.7 MMT from August; 283.2 MMT for 2021-22, up 4.2 MMT.



**COTTON** — USDA raised 2021-22 ending stocks by 700,000 bales from last month. It increased total supply by 1.19 million bales as the bigger crop estimate more than offset a 50,000-bale cut to old-crop carryover. USDA raised projected exports by 500,000 bales and lowered unaccounted use by 10,000 bales.

Our cotton ending stocks forecast is 3.5 million bales for 2021-22.

- **USDA 2020-21 price:** 66.5¢, unchanged from last month; **2021-22:** 84¢, up 4¢.

Global cotton carryover: 91.3 million bales for 2020-21, down 480,000 bales from August; 86.7 million bales for 2021-22, down 550,000 bales.

## CATTLE - Fundamental Analysis

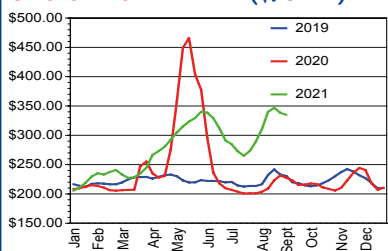
A big question for the cattle market is how well consumer beef demand will hold up with the summer grilling season ended and the Delta Covid variant taking a bite out of the economy. The 10-year average for Choice beef cutout implies a \$10.00 (5%) drop from a mid-August peak to second-half low in early October. That implies a fall low around \$330.00. A better guide might be 2014, when beef prices previously soared to record highs. That year's loss suggests a bottom around \$322.00, far above all highs reached before 2020. We believe fears of a wholesale market dive, as well as recent futures losses, are overdone.

### Position Monitor

Game Plan:	Feds Feeders	
We feel the	III'21	0%
downside is	IV'21	0%
overdone at	I'22	0%
	II'22	0%

current levels. Fed cattle producers should wait on a strong price recovery before considering hedges.

### CHOICE BOXED BEEF (\$/CWT.)



### DAILY OCTOBER LIVE CATTLE

Former support at \$124.05 is now initial resistance. Tougher resistance is at the June 14 high at \$127.00.



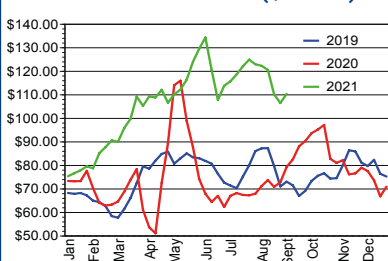
## HOGS - Fundamental Analysis

Cash hog prices tend to rise seasonally from early September to mid-October, and wholesale pork values tend to do the same. After declining significantly from a late-July peak into early September, the 10-year average implies a wholesale pork rally of almost 6% over the following five to six weeks. This happens despite the usual seasonal surge in hog slaughter, thereby implying a commensurate surge in pork demand. We see little reason to doubt a repeat this year, especially with beef prices at record levels for this time of year. If so, the large discounts built into nearby futures would prove overly large.

### Position Monitor

Game Plan:	Lean Hogs	
Given the wider-than-normal seasonal discount built into	III'21	0%
futures, you should continue to carry risk in the cash market. We would likely hedge a strong price rebound.	IV'21	0%
	I'22	0%
	II'22	0%

### PORK CUTOUT VALUE (\$/CWT.)



### DAILY OCTOBER LEAN HOGS

The June 17 low at \$86.525 now represents initial resistance.



## FEED

### Feed Monitor

#### Corn

III'21	83%
IV'21	0%
I'22	0%
II'22	0%

**Corn Game Plan:** You should have 50% of corn-for-feed needs covered in the cash market for September. Plan on going hand-to-mouth after coverage runs out until the market signals a seasonal low.

#### Meal

III'21	92%
IV'21	25%
I'22	0%
II'22	0%

**Meal Game Plan:** You should have 75% of soymeal needs covered in the cash market for September and 25% for the fourth quarter. Wait for a seasonal low to extend coverage.

### DAILY OCTOBER SOYBEAN MEAL

The early-September decline flipped former support at \$343.00 to initial resistance.

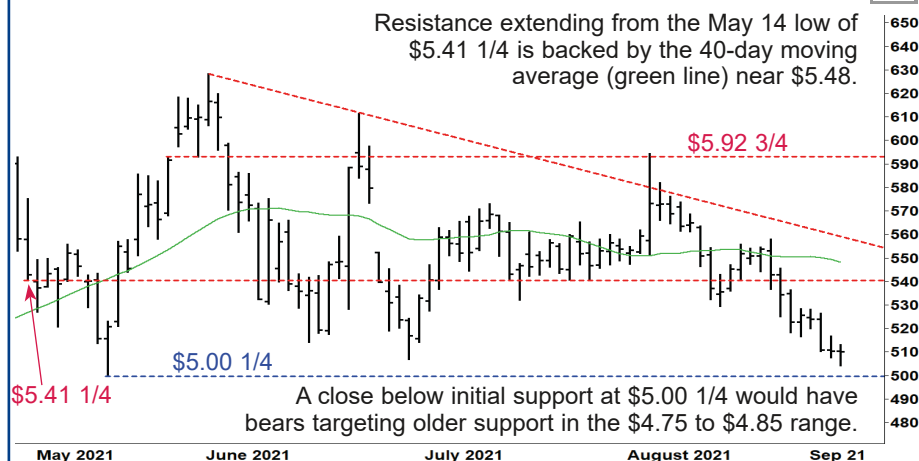


## Position Monitor

	'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 as futures are near the bottom of the multi-month sideways trading range and at levels that have attracted buyers since May. Get current with advised hedges to limit downside risk exposure. If support at the May low falters, additional hedges may be needed as that would open sizable downside risk through harvest.

## DAILY DECEMBER CORN



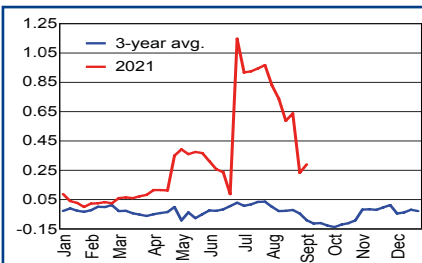
## DAILY MARCH CORN



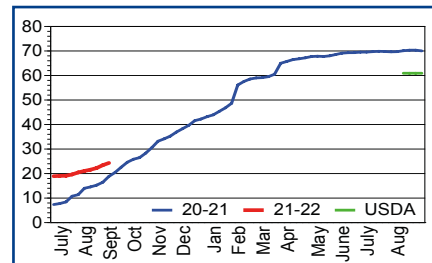
## CORN - Fundamental Analysis

USDA's larger-than-expected crop estimate sparked a brief futures downturn, followed by a quick snap-back. December corn quite literally spent about a minute under \$5. The initial reaction to seemingly bearish USDA numbers suggests the market has largely factored in a near-record harvest, and that the \$5 area is still an appealing price point for buyers. If prices stabilize around or above the past week's lows, we may see a sideways to possibly modestly higher trade for a few weeks, depending in part on exports. Funds have been dumping long positions in recent weeks. Whether that trend reverses will be of key interest in upcoming CFTC numbers.

## AVERAGE CORN BASIS (DECEMBER)



## CORN EXPORT BOOKINGS (MMT)



## Position Monitor

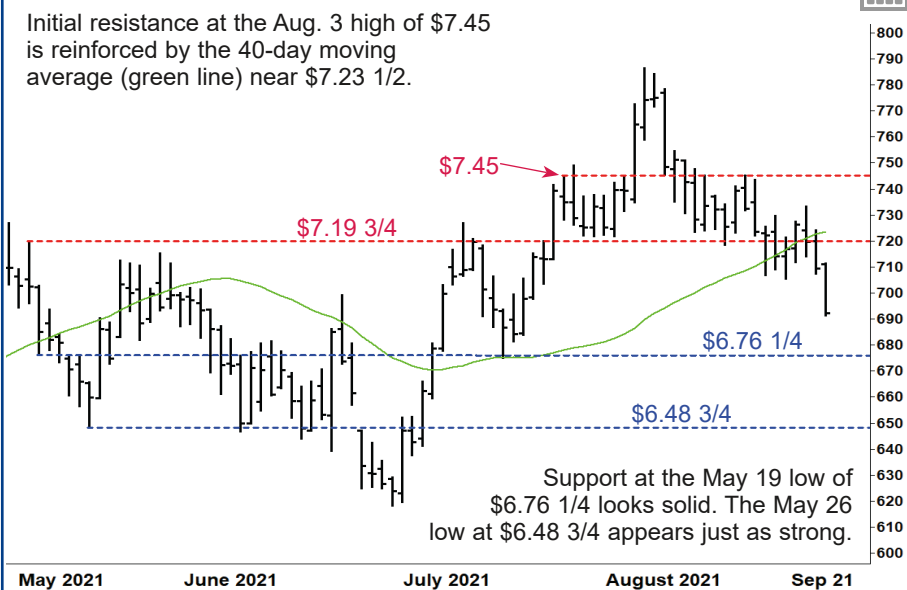
	'21 crop	'22 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. We're content to wait on the next move higher to advance old- and new-crop sales as long-term fundamentals are supportive and seasonals suggest prices could move higher.

## WHEAT - Fundamental Analysis

**SRW** – December futures' 13% nosedive from a contract high just a month ago largely squashed bullish enthusiasm. But if prices stabilize soon, we may see sideways trade as the market assesses new-crop planting. SRW exports so far in 2021-22 are running 56% above last year's levels.

## 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:** Wait on an extended price recovery to get current with advised cash sales. Get current with advised hedges and be prepared to add to hedge coverage if support at the June lows is violated. Seasonally, prices favor the downside through early fall as harvest accelerates. It would likely take a surge in export demand and/or funds rebuilding aggressive long positions to counter seasonal weakness.

## DAILY NOVEMBER SOYBEANS



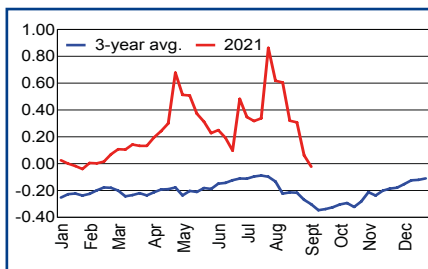
## DAILY JANUARY SOYBEANS



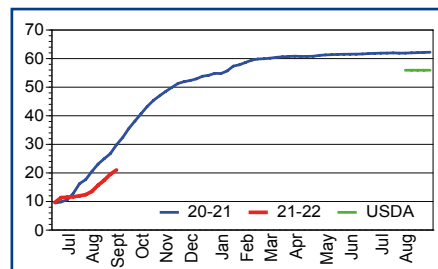
## SOYBEANS - Fundamental Analysis

The soybean futures rally following USDA's reports combined with more Chinese purchases of U.S. new-crop soybeans last week had to be encouraging for market bulls. If prices can stabilize above the past week's lows, we may see sideways-to-firmer price action in coming weeks, especially if China continues to buy more U.S. beans (since Aug. 1, USDA has reported over 3.7 million metric tons in U.S. soybean sales to China or "unknown destinations"). But we're also wary of another swing lower in prices as harvest accelerates. We are maintaining a defensive posture, while standing ready to seize on any rallies as opportunities to lock in more new-crop cash sales.

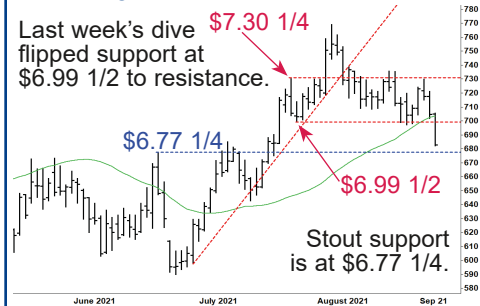
## AVERAGE SOYBEAN BASIS (NOVEMBER)



## SOYBEAN EXPORT BOOKINGS (MMT)



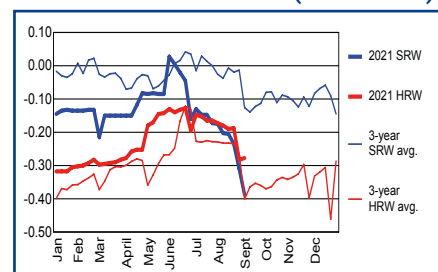
## DAILY DECEMBER HRW WHEAT



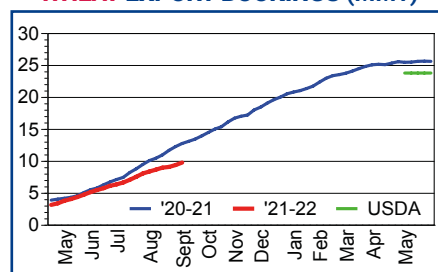
## DAILY DECEMBER HRS WHEAT



## AVERAGE WHEAT BASIS (DECEMBER)



## WHEAT EXPORT BOOKINGS (MMT)



**HRW** – December futures' drop below \$7.00 helped flip winter wheat markets more toward the bears' camp, and tepid exports haven't helped bulls' case. HRW exports so far this year are running 29% below last year's levels. But a bid for acres as winter planting season nears may limit further downside price risk.

**HRS** – Spring wheat got caught in its winter counterparts' downdraft, with December futures sinking near a seven-week low. Surprisingly large Canadian stocks also depressed prices. HRS will likely remain a follower in coming weeks. But USDA will update its spring wheat crop estimate on Sept. 30. We expect a cut in harvested acres.

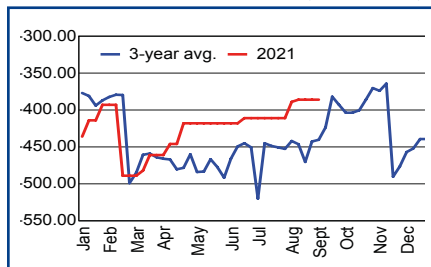


## Position Monitor

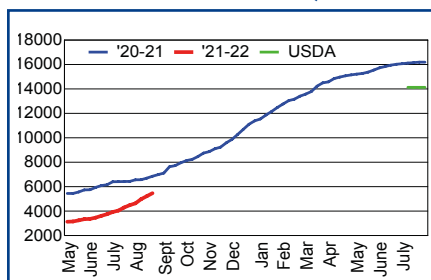
	'21 crop	'22 crop
Cash-only:	75%	0%
Hedgers (cash sales):	75%	0%
Futures/Options	0%	0%

**Game Plan:** Get current with advised sales. Be prepared to increase sales on a blowoff top or signs the extended price rally is exhausted.

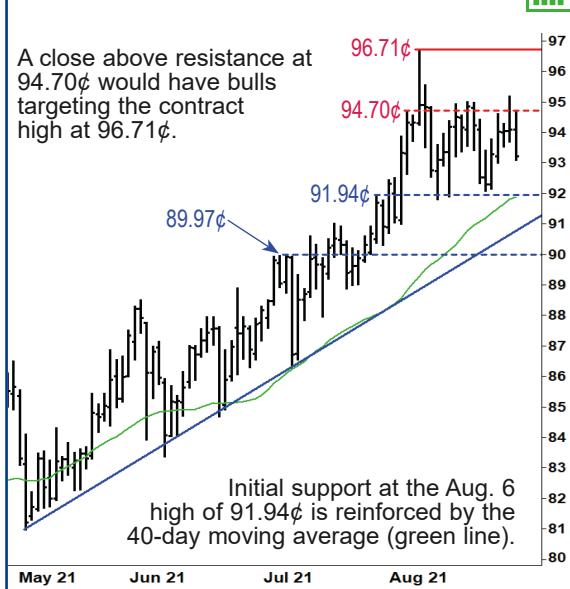
## AVERAGE COTTON BASIS (OCTOBER)



## COTTON EXPORT BOOKINGS ('000 BALES)



## DAILY DECEMBER COTTON



## COTTON - Fundamental Analysis

Despite favorable August weather, last week's USDA report indicated a 9% drop in "good" to "excellent" crop ratings, fueled by a 14-point drop in Texas. We suspect a lot of acres previously slated for abandonment were added to the survey. That explains the negative reversal.

## GENERAL OUTLOOK

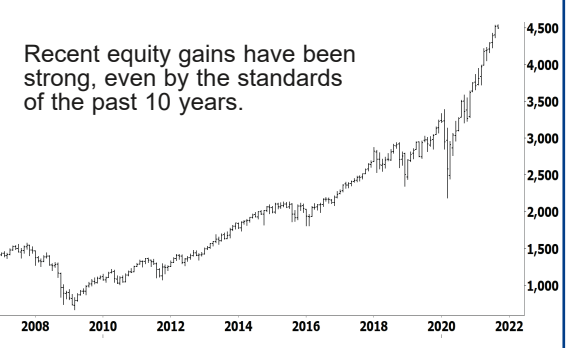
**EQUITIES:** U.S. stocks have been on a roll since the depths of the Covid lockdowns, notching a string of record highs for much of the past year. The S&P 500 index posted 54 record-high closes so far this year, compared to 33 for all of 2020, according to researcher CFRA.

More recently, the rally paused amid concern over escalating Covid cases and a weak U.S. jobs report. Seasonally, this isn't unusual. Since 1945, September has

been the weakest of the 12 months for the S&P 500, according to CFRA.

*Is the equity bull run on its last legs, or just on hold?* The latter seems the better bet. Near- and long-term technicals for the S&P 500 remain bullish. Plus, the Fed's easy-money policies are keeping the financial system awash in liquidity. For investors in such an environment, stock market returns are still "the only game in town."

## WEEKLY S&P 500 INDEX



## FROM THE BULLPEN By Market Consultant Dan Vaught

Midwest farmers will soon start winter wheat plantings and it will be time to apply fall nitrogen before we know it. This brings to mind the fertilizer situation. Costs are high and rising.

Anhydrous ammonia prices dipped below \$500 per ton late last year, but those in Iowa and Illinois are currently around \$750. Our read suggests they may rise another \$50 or more during the next month, likely due to CF Industries having had to declare force majeure at its huge Donaldsonville, Louisiana facility in the wake of Hurricane Ida.

Some local, domestic production will help fill the supply gap, but supplies may be tight for late-fall nitrogen applications. This pushes heavier nitro-

gen demand to spring, which means elevated pre-plant prices. Corn farmers might benefit from patience in making fall purchases, hoping CF Industries gets its Louisiana production operations up and running.

However, the situation is being exacerbated by a U.S. countervailing duty investigation into nitrogen price fixing by Russia and Trinidad and Tobago. This is similar to the investigation that has powered sharp year-over-year price gains in phosphates.

The natural gas situation isn't helping. Prices are above \$4.00, with nearby October futures testing \$5.00 last week. Ultimately, high nitrogen prices may impact spring corn plantings.

## WATCH LIST

- 1 USDA Crop Progress Report** **MON 9/13**  
Corn harvest pace will be watched. 3:00 p.m. CT
- 2 U.S. Inflation Report** **TUES 9/14**  
Consumer inflation for August. 7:30 a.m. CT
- 3 Chinese Industrial Production** **TUES 9/14**  
China's factory output for August. 9:00 p.m. CT
- 4 NOPA Soy Crush Report** **WED 9/15**  
Soy crush likely slowed in August. 11:00 a.m. CT
- 5 USDA Weekly Export Sales** **THURS 9/16**  
Soybean sales to China the key. 7:30 a.m. CT

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