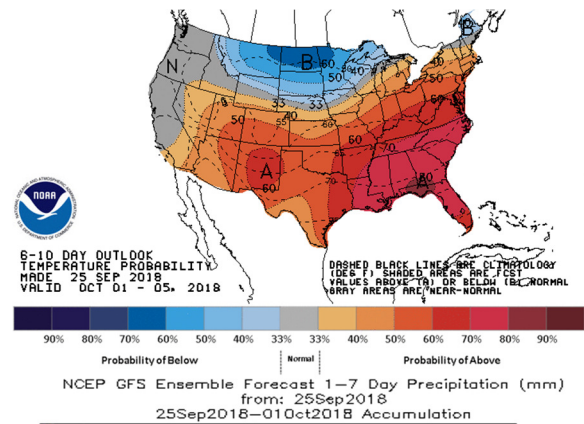
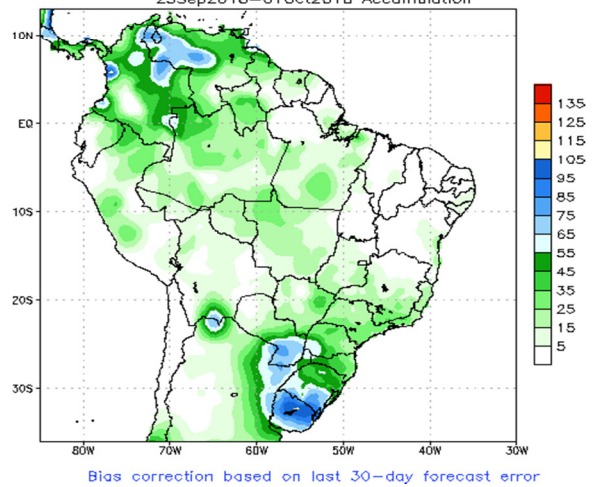


## Weather

No big change to the US forecast. Mostly light rains through the Corn Belt over the next five days, but we should see rainfall activity starting to pick up near the end of the 5-day period and the outlook for both the 6-10 and 11-15 day periods call for AN precipitation chances. There should be a “battlezone” of temps set up during these periods with BN temps in northern portions of the country and AN temps in the south.



In South America, there are no big changes this morning. We’ll see continued heavy rainfall chances through southern Brazil and Paraguay over the next several days. Rainfall chances in the near term through northern portions of the country will look pretty limited but should gradually increase as we move into week 2 of the forecast. We’ve seen some decent rains through Argentina over the past few days and some additional rain should continue to fall through the end of the weekend. A widespread portion of the region should be able to realize ~1” or so of rainfall when all is said and done. Look for drier weather to return next week. We will see some cold temps in southern portions of the region early next week with some possibility of sub-freezing levels.



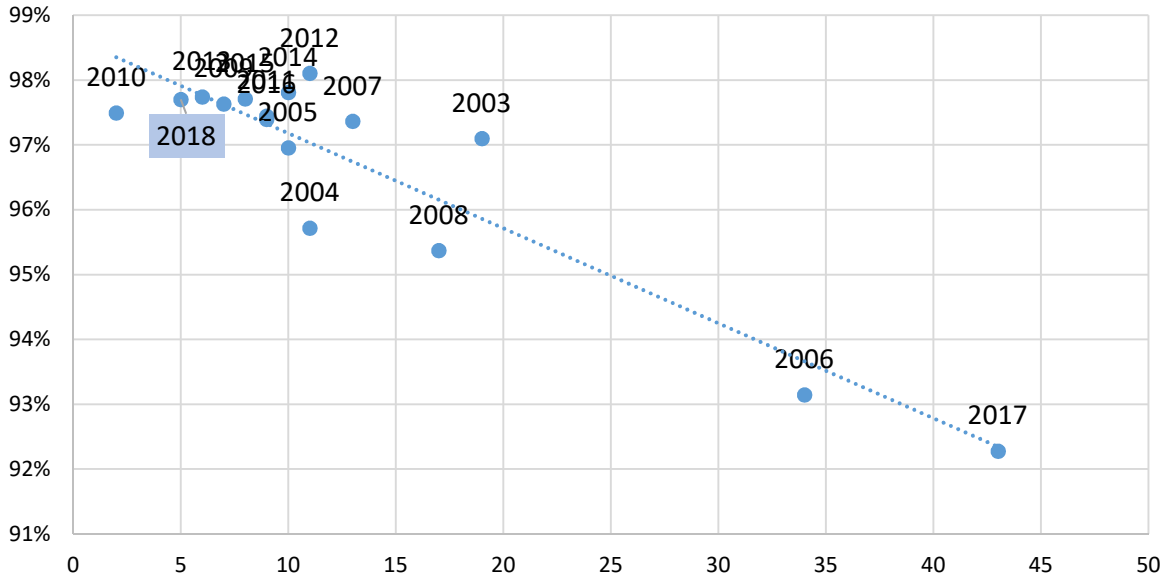
## Crops

The month end reports have been sneaking up on me...I’ve had my attention elsewhere over the past few weeks but we can’t deny the big market-moving potential these reports have. I’ll focus my attention on the report over the next few days, and today we’ll look very briefly at the outlook on spring wheat production. You can see the pre-report expectations to the right and you’ll notice that expectations are little changed from NASS’s prior estimates. As the following charts will show, this outlook seems to make a lot of sense to me. Starting with harvested area, note on the chart that follows on the next page that NASS’s percent-harvested estimate in their August report lines up fairly well with what conditions would imply. The second chart on the following page shows that the yield estimate given in NASS’s August report also lines up fairly well with conditions. Yes, one can say that the yield is a big high vs. the trendline, but note over the past several years that yields have had a very strong tendency to come in larger than the trendline would have indicated.

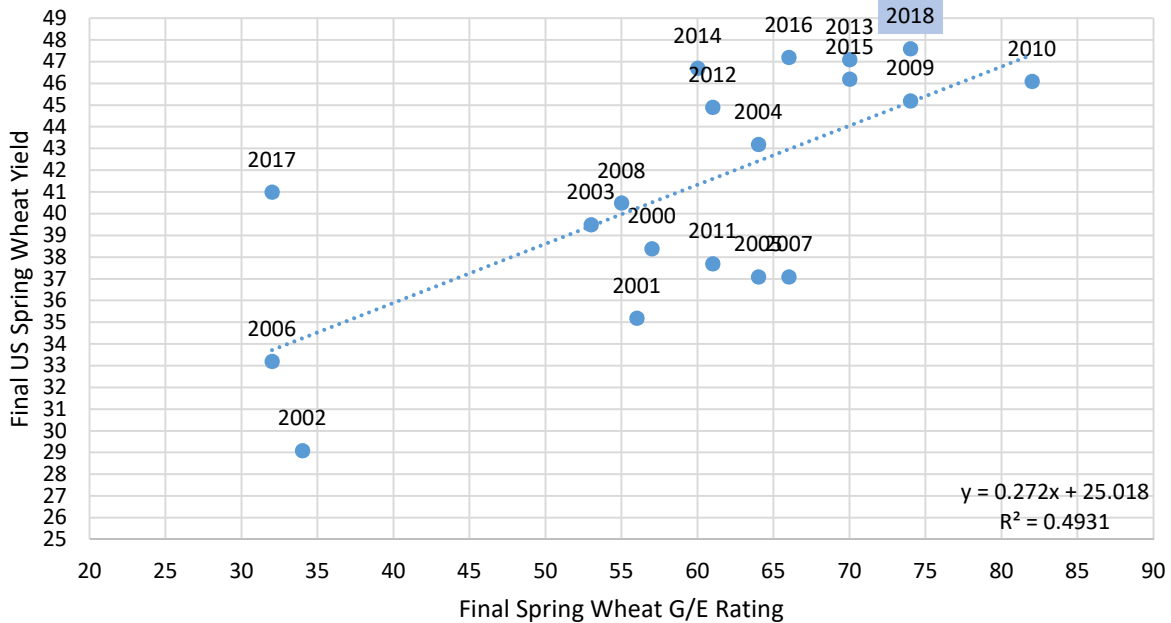
### USDA 2018 All-Wheat Production (Million Bushels)

	Average Trade Analyst Estimate	Trade Analysts Estimates	USDA August Estimate
All Wheat	1,873	1,848-1,907	1,877
HRW	661	655-666	661
SRW	291	285-294	282
Spring	610	591-635	614
Durum	73	70-80	73

**Other Spring Wheat Harvested % of Planted vs. Final P/VP Condition Total**



**US Spring Wheat Yield vs. Conditions**

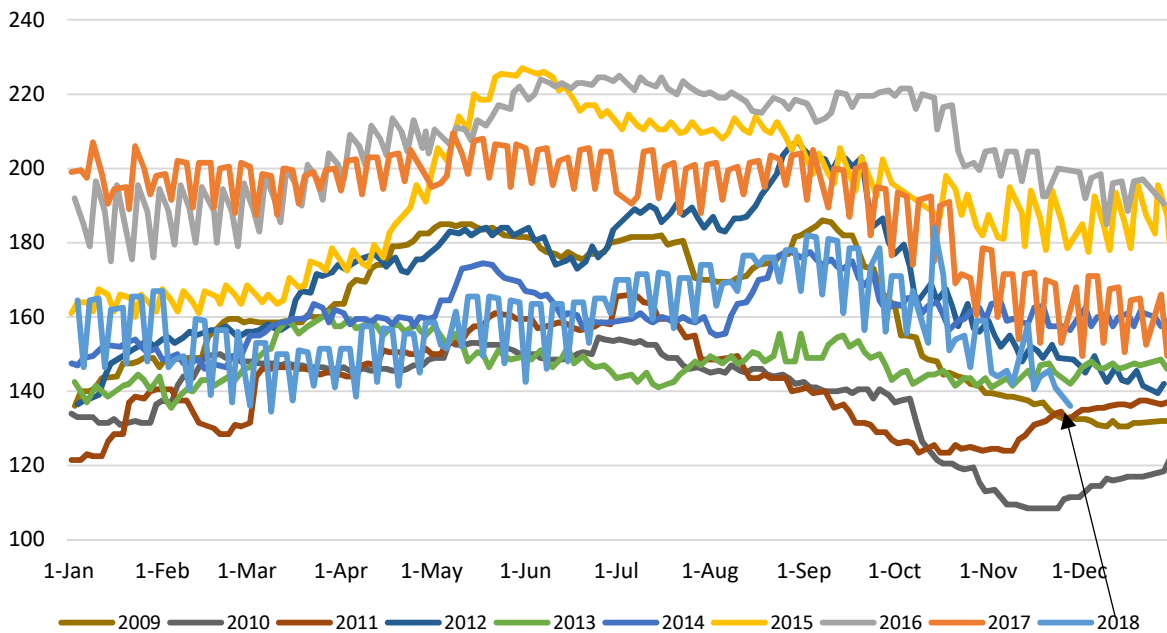


I haven't heard anything from the anecdotal yield reports to suggest a big move from NASS on spring wheat yields either, so I am onboard with the average guess and I'm looking for very limited change in wheat production figures on Friday.

## Livestock

Given our discussion on chicken and total meats in cold storage yesterday, I thought it might be worth a quick look at chicken prices. The chart below shows the Georgia dock boneless/skinless chicken breast price, and you can see that we're currently at our lowest level since 2009 and on pace to move lower. And keep in mind there are several new chicken processing plants due to come online over the next year, which should keep chicken prices under additional pressure.

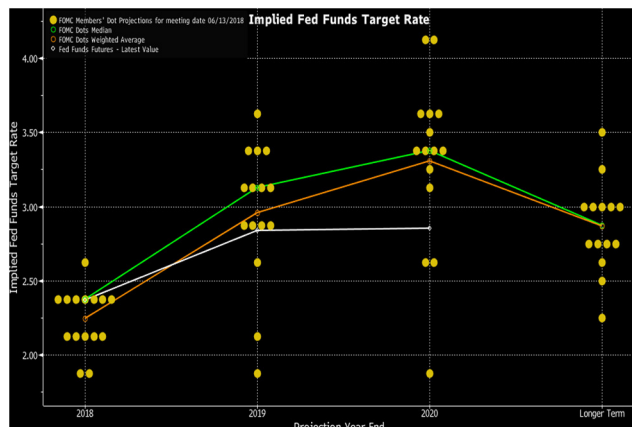
**Georgia Dock Boneless/Skinless Chicken Breast**



Pork prices have bounced seasonally off their lows and while beef really hasn't done much here lately I think we need to keep our eyes on the combined amount of competing meat availability coming at us.

## Financials

The big storyline today will of course be the FOMC announcement, though there should be no surprise on policy action as a 25bps rate hike is all but a done deal. The real intrigue will come from the dot plot and whether it will imply another 25 bps in December and what lies ahead. The last Fed dot plot showed a *median* rate projection of roughly 2.375 and a weighted average rate projection of 2.242 for end-2018. If the Fed is strongly leaning towards a fourth rate hike to come in December, we should see both of those values increase slightly in today's release. Note that Fed Fund futures are currently pricing in a ~77% chance for



another rate hike in December, so today's dots could certainly have a big influence on the outlook. Additionally, Fed Chair Powell will hold a press conference shortly after the announcement and he is likely to field questions about President Trump's desire for "help" from the Fed.

FX markets are little changed this morning at the time of writing, though that will almost certainly change upon the release of the FOMC statement later this afternoon. US equity markets are higher, bouncing back from a soft session yesterday. Global bond markets are getting a bounce this morning, even in Italy where the Five Star party has threatened to block the 2019 budget unless it includes full funding for the party's plan to boost incomes for the poor. The market seems to be calling the group's bluff right now as Italian bonds continue their rally.

### Energy

Crude oil futures are slightly lower at the time of writing this morning. India announced yesterday it will stop buying Iranian crude oil by November, getting inline with the Trump administration's wishes. That still leaves China as a possible outlet for Iranian crude as they have not signaled whether they will or will not continue to buy their crude, but with the trade war already ongoing it is likely not a fight the Chinese are willing to pick and face the consequences of the US's secondary sanctions. We'll see...

The initial weakness in crude oil prices this morning has likely been prompted by the surprise build in US crude oil stocks reported by API yesterday. API reported a build of 2.9 mil barrels while expectations had been calling for reductions of 1.5 mil. API is not a reliable indicator of what to expect from the EIA, however.

### Today's Calendar (all times Central)

- New Home Sales – 9:00am
- EIA Petroleum Inventories – 9:30am
- FOMC Rate Decision – 1:00pm

Thanks for reading.

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