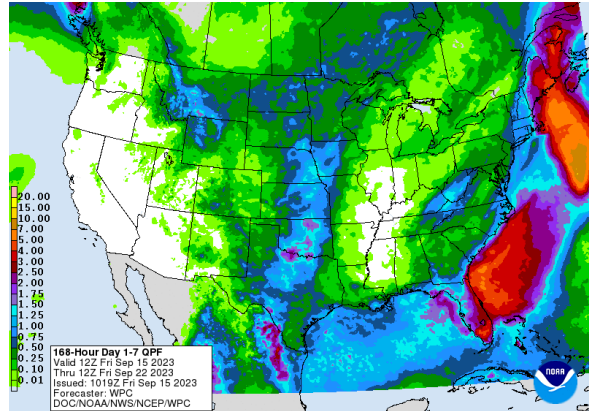


Weather

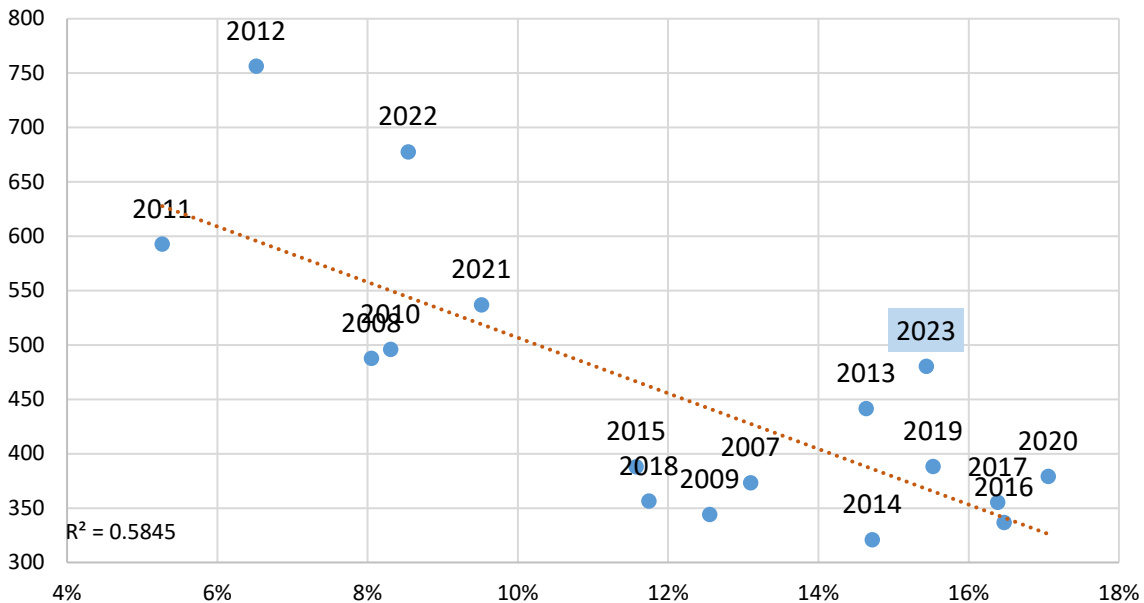
A few more days of mostly dry weather for the Corn Belt, but you can see the QPF picking up the increase in rainfall for the WCB in the map at right. It remains to be seen how far east these rights might go...certainly areas west of the MS River will be most favored for the best amounts and coverage. We should see mostly above normal temperatures over the next two weeks, which means we still aren't looking for a significant frost/freeze event for the Northern Plains yet.



Crops

I'm going to comment on objective yield data for soybeans, but I'm saving that for Monday to allow me a little more time to chew on the info. This morning I'm just going to throw one quick chart at you and we'll be off to the weekend. Today we're just looking at the price of December corn relative to the Sep WASDE release. Not the tightest scatter I've ever seen, but not the worst either. Would certainly imply, in my opinion, that CZ seems a bit overvalued relative to the balance sheet here.

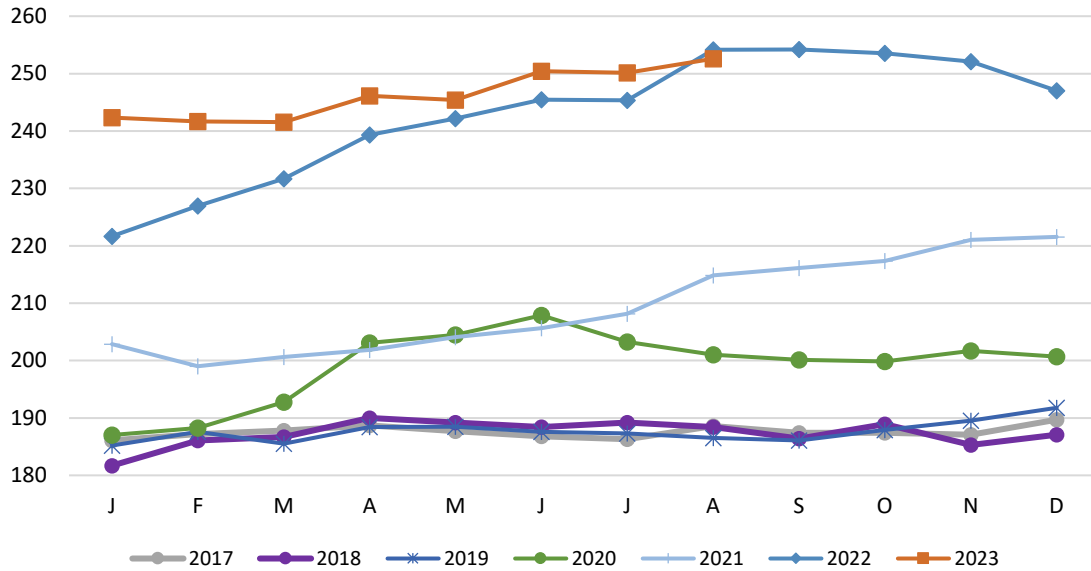
End-Sep CZ Close vs. Sep WASDE Stocks/Use Ratio



Livestock

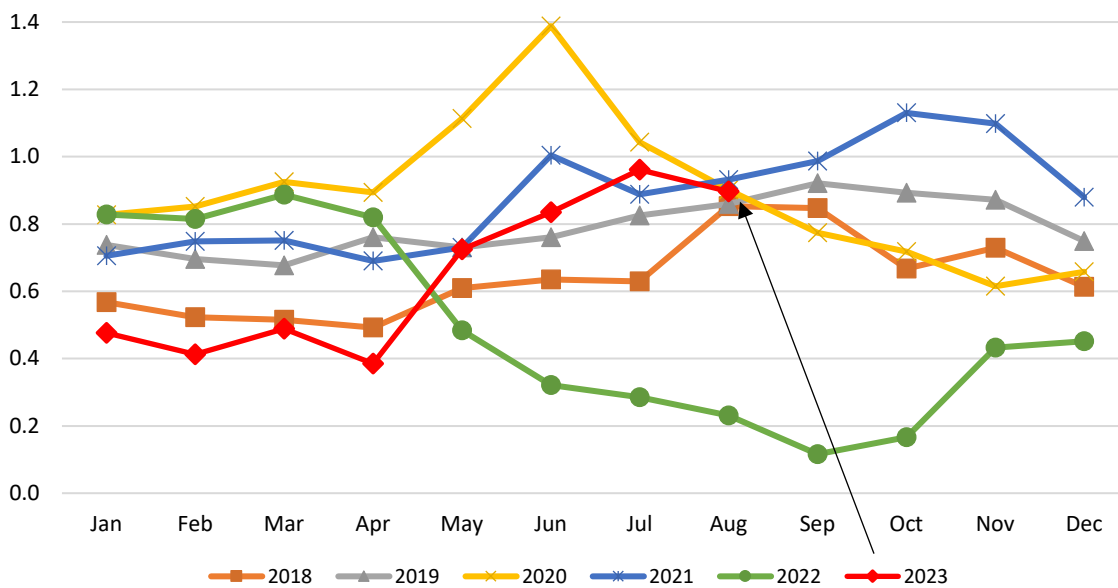
I just want to look at a few more tidbits from the monthly retail meat price numbers this morning. The first chart below looks at the retail broiler composite over the past few years. What stands out here is that last month saw the first YOY decline in the retail broiler composite since mid-2021. Prices obviously remain very elevated, however.

USDA Retail Broiler Composite (Cents/lb)



It is also worth noting that, while the price fell below year ago levels, it was higher vs. the previous month. The chart below looks at our ground beef – chicken breast price spread. The spread narrowed slightly, which on the margin favors ground beef. However, you can also see that despite the narrower spread that ground beef still remains relatively pricey compared to chicken breast.

Ground Beef-Chicken Breast Retail Price Spread



Financials

I was watching crude oil go up yesterday and I was watching the dollar move higher at the same time. I wondered to myself...what are the “commodity currencies up to?” The chart below looks at two of the more well know commodity currencies, the CD (blue line, top panel) and AD (orange line, bottom panel). The white line in each panel is the Bloomberg Commodity index. For many years these commodity currencies and the BCOM would seem to move in tandem, but that has seemingly broken down somewhat since the pandemic. Most recently, we’ve seen several weeks of BCOM strength (obviously highlighted by oil) but the CD and AD have been flat to lower. Instead it has been the DX that has been moving higher alongside commodities. With the US now a major exporter of petroleum products, could we potentially call the USD a commodity currency? Or is one of the moves, DX strength vs. oil/commodity strength, on borrowed time if the dollar-commodity inverse relationship reasserts itself? No answers here today...thoughts appreciated.

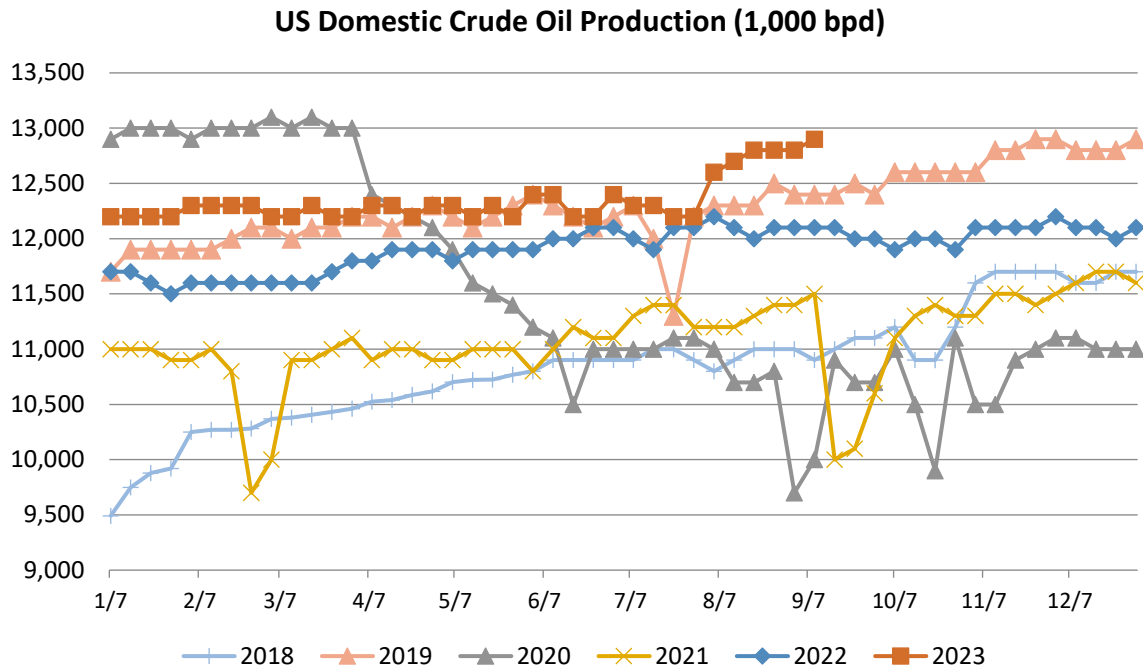


No major economic data on tap today, but the U of M flash sentiment report will garner some attention. Remember the Fed will have a policy statement next Wednesday. Right now the market is pricing in no change to rates. Overnight data out of China showed slightly better than expected figures for industrial production, retail sales, and the unemployment rate. The Euro has bounced a little this morning after a FT article suggested an unnamed ECB member said the ECB might not be done with rate hikes.

Energy

I have probably pointed this out too often lately and I’ll stop making such a big deal out of it going forward, but for one more time....it looks like the death of US oil production has been greatly exaggerated. I think this is pretty underappreciated by the market right now. I suppose the question of whether it can be sustain is up for

debate...but it's already much stronger than a lot of analysts/traders would have suggested a year ago (myself included).



Today's Calendar (all times Central)

- Industrial Production – 8:15am
- U of M Sentiment (Flash) – 9:00am

Thanks for reading.
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