

Weather

Large rainfall totals were recorded in Kansas, Iowa, Minnesota, and Wisconsin over the past 24 hours. The radar-estimated rainfall total map is below.

There will be a chance of rain in the southeastern Corn Belt into the daytime hours tomorrow, but even so, we will not see rain amounts nearly as significant as recorded over the past 24 hours in the western Corn Belt. Rain of more than a half inch in the southeastern Corn Belt through tomorrow will likely be confined to southeastern Missouri, southern Illinois, and southern Indiana.

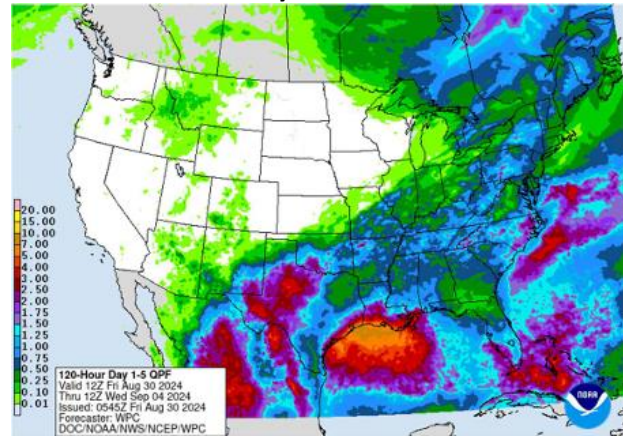
The northwestern half of the Corn Belt dries out today, and the entire Corn Belt is in a very dry pattern for an extended period starting on Sunday. A very weak jet stream over much of the Nation suggested throughout the 11-15 day period does not indicate that the drier pattern in question will end anytime soon. For the Corn Belt and northern Plains, the next time a truly “good” rain event arrives for Sunday and beyond will likely be when it is essentially too late for that rain to benefit this year’s corn and soybean crops.

Heat was again notable yesterday in the Mid-South and nearby. Today is likely the last day of 90+ degree highs in the Corn Belt for the rest of this year.

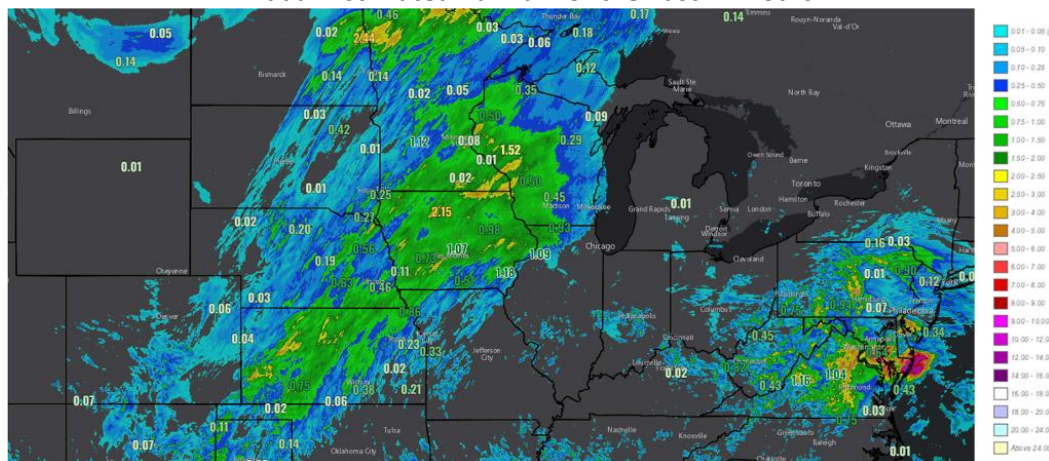
Grains

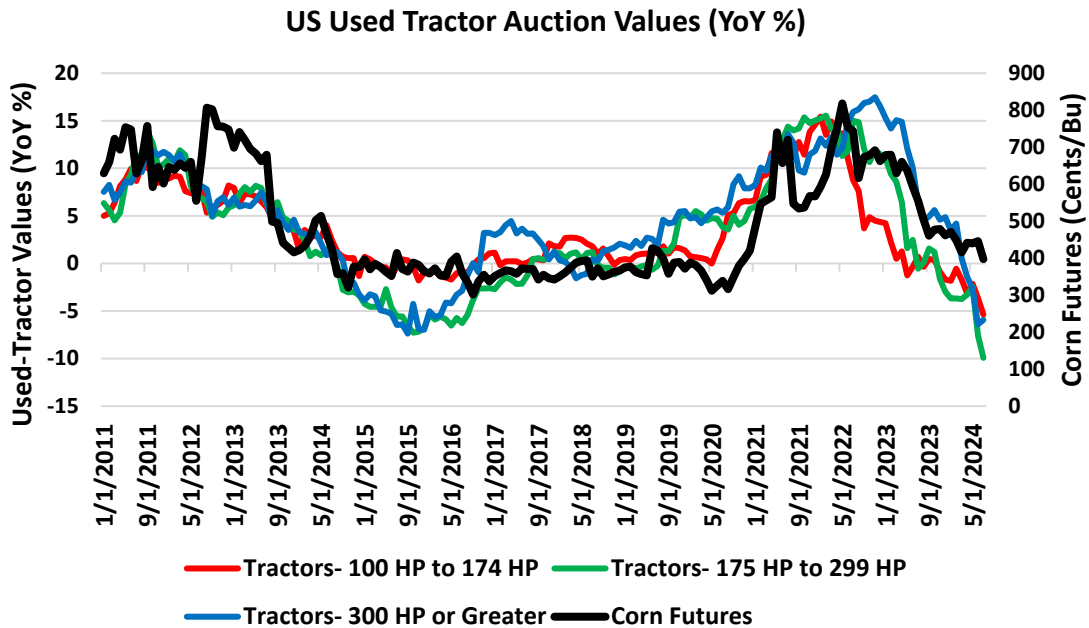
We will look at used tractor auction values (YoY %) today. Tractor values are heavily correlated with grain profitability, as displayed by front-month corn futures in the chart on the next page. The national breakeven average price is ~\$4.70 for corn and ~\$11.90 for soybeans, and sinking grain prices raise concerns about US farmer profitability and their willingness to make new capital investments. Brazil’s currency advantage over the US remains a headwind for long-term US export demand growth.

Day 1-5 QPF



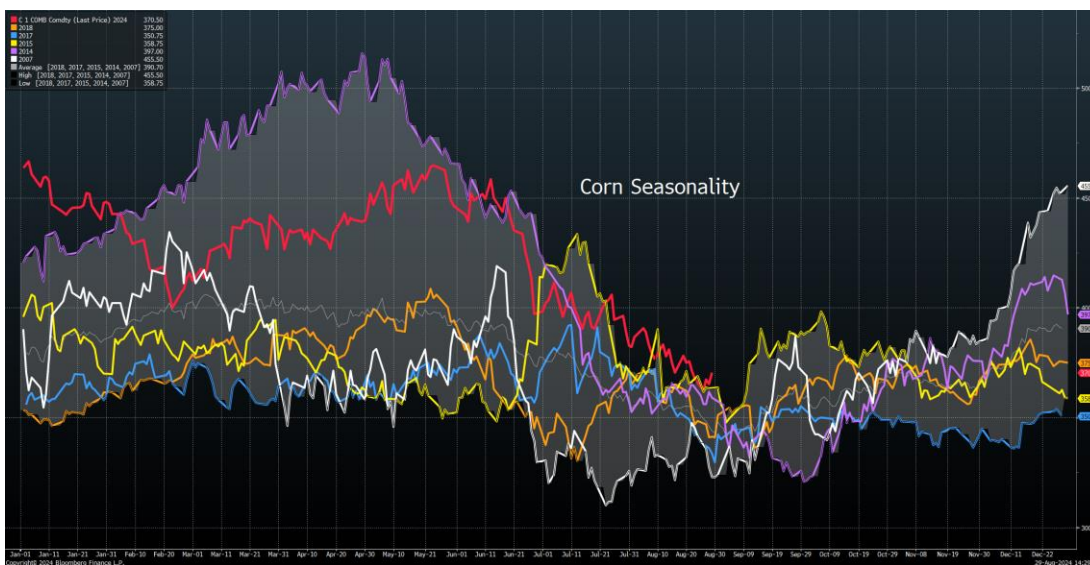
Radar-Estimated Rainfall for the Past 24 Hours





As we approach the end of August, I want to review the corn seasonal setup as we enter harvest. The table to the right and chart below highlight relevant years in which US stocks were building and had similar stocks-to-consumption ratios as 24/25. In those specific years (07/08, 14/15, 15/16, 18/19), front-month corn futures increased by 3.1% and 4.7% in September and October, respectively. Today is the first notice day for September futures, and with farmers priced on old crop, it could mean there is less downward pressure on the corn market in the immediate future.

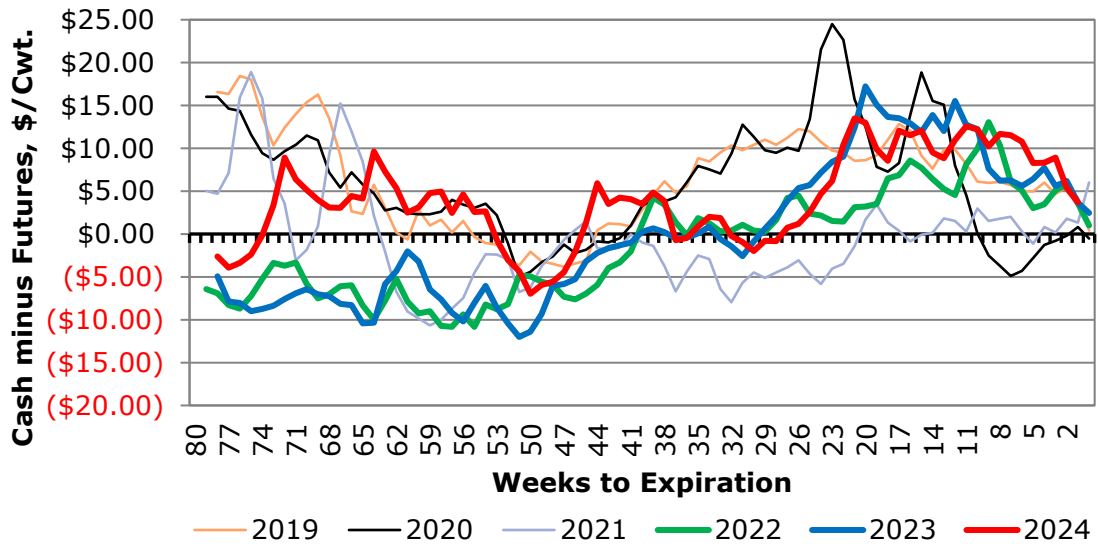
WASDE Stocks to Consumption Ratio	
	Corn
2000/2001	24.4%
2001/2002	20.2%
2002/2003	13.8%
2003/2004	11.5%
2004/2005	23.9%
2005/2006	21.5%
2006/2007	14.4%
2007/2008	15.8%
2008/2009	16.5%
2009/2010	15.4%
2010/2011	10.1%
2011/2012	9.0%
2012/2013	7.9%
2013/2014	10.7%
2014/2015	14.6%
2015/2016	14.8%
2016/2017	18.6%
2017/2018	17.3%
2018/2019	18.4%
2019/2020	16.6%
2020/2021	10.2%
2021/2022	11.1%
2022/2023	11.3%
2023/2024	14.8%
2024/2025	16.4%



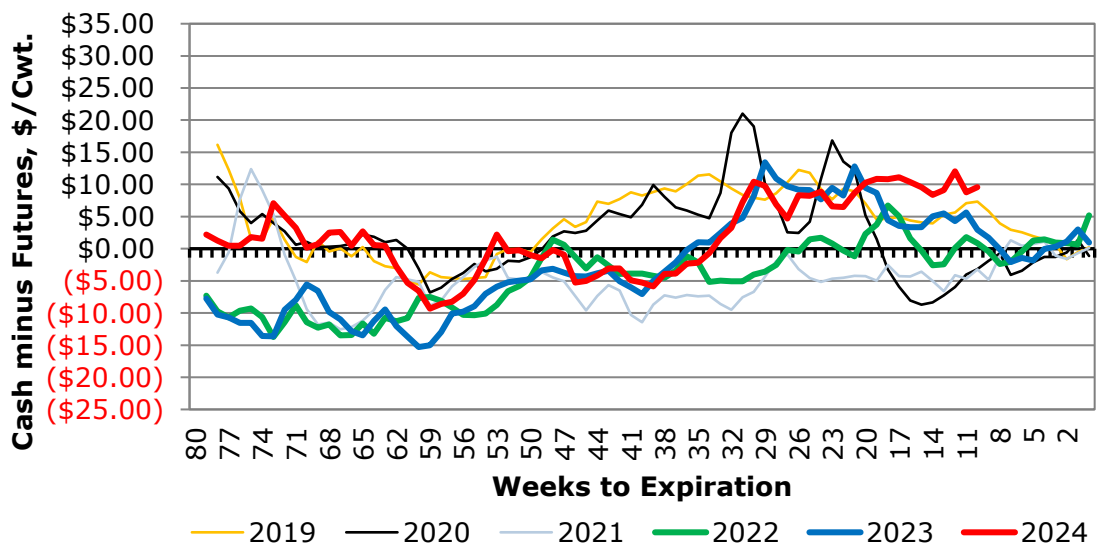
Livestock

I wanted to review cattle basis today. The charts are below. Basis has been strong across the entire curve but, I am focusing on August and October today. The October basis particularly stands as being strong relative to recent history for this time of the year.

USDA Fed Steer (5 Area) minus CME Live Cattle Futures, August Expiration

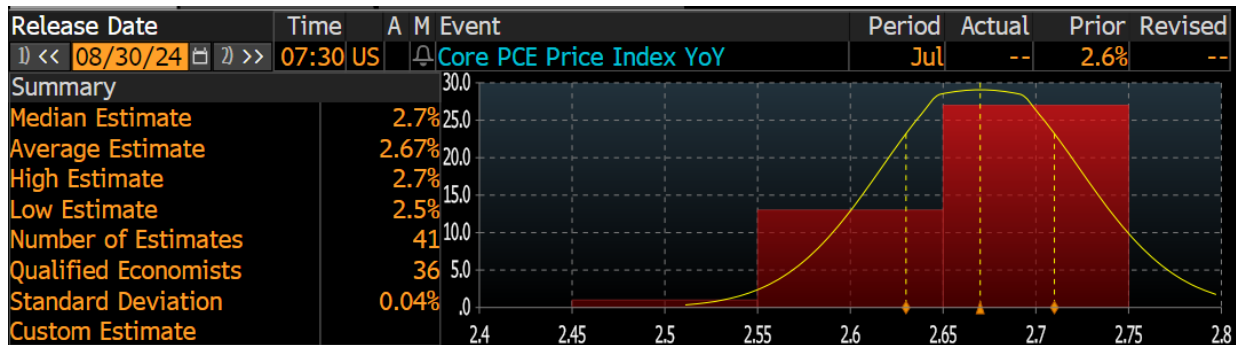
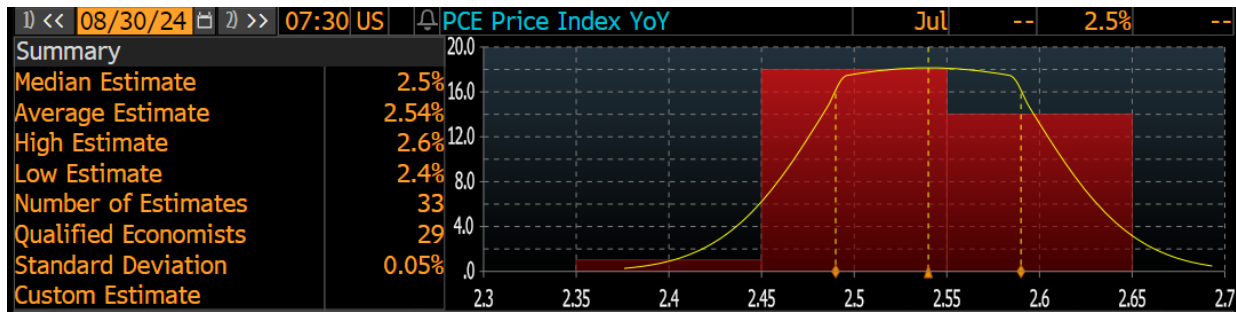


USDA Fed Steer (5 Area) minus CME Live Cattle Futures, October Expiration



Financials

Today's major economic release will be the PCE Price Index, the Fed's preferred inflation metric. The Fed is looking for confirmation that inflation is slowing, which will only increase confidence in the priced-in rate cuts for September and beyond. The average survey guesses are shown below.



Today's Calendar (all times Central)

- PCE Price Index – 7:30 am
- Personal Income / Spending – 7:30 am
- Chicago PMI – 8:45 am
- U of M Inflation Expectations – 9:00 am
- U of M Consumer Expectations / Sentiment – 9:00 am

Thanks for reading.

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