

**Weather**

Tropical Storm Helene has gained strength overnight and is probably not far from being classified as a hurricane. It will continue to gain strength through the time of landfall (scheduled for tomorrow evening). The forecast of the landfall point has shifted a bit westward but should still be in the Big Bend area of the Florida panhandle to the east of Apalachicola. Flooding-type rains will impact more western parts of the Southeast, with heavy rain in the southeastern Corn Belt and northern/eastern parts of the Mid-South, meaning no harvest progress into early next week but putting much-needed water into the Ohio River and central/lower parts of the Mississippi River.

It is still uncertain when it will rain again in the Plains and northwestern Corn Belt; completely dry weather will dominate that area for at least the next 15 days and undoubtedly even longer. Even the eastern Corn Belt and Mid-South will evolve into an unusually dry weather pattern starting around Monday.

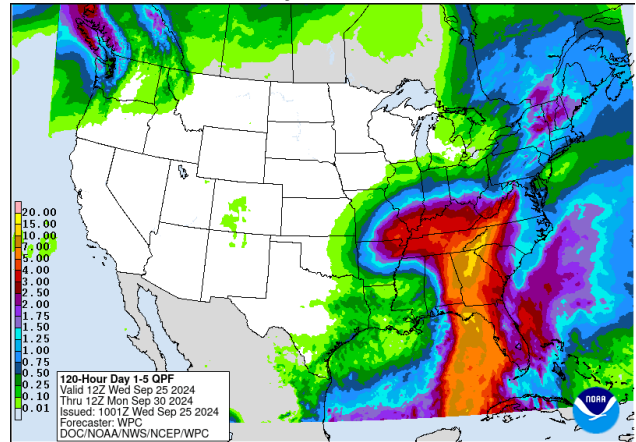
The weather pattern for the next 15 days remains largely void of abnormally cold air throughout North America. There is still no indication on when the first freeze will be.

There is nothing new regarding the rainfall forecast for northern soybean-growing areas of Brazil. Over the next 15 days, we will see rainfall more frequently in the area. However, at no point does the pattern look remotely close to “wet,” with amounts over the vast majority of the area running below/easily below normal, and some places will probably stay completely dry.

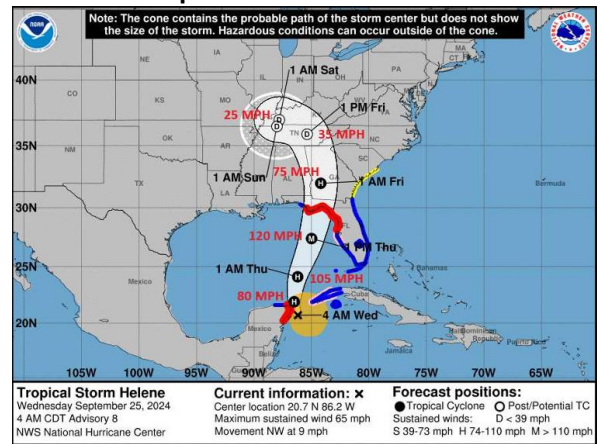
**Grains**

One last comment on Brazil's dryness, and then we'll move on to other topics for the rest of the week. The scatter on the next page shows mid-October Brazil soybean planting progress against deviation from the 30-year trend yield. There is virtually no correlation, reiterating that, it is too early to panic about Brazil's dryness.

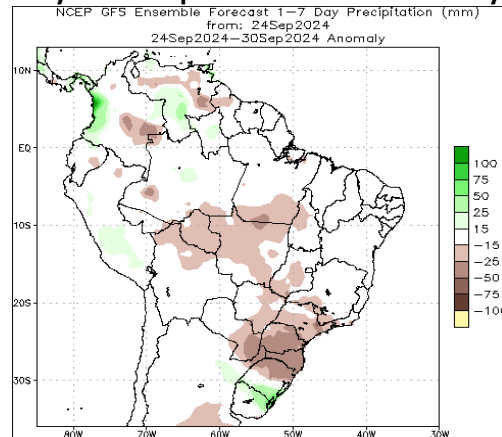
Day 1-5 QPF

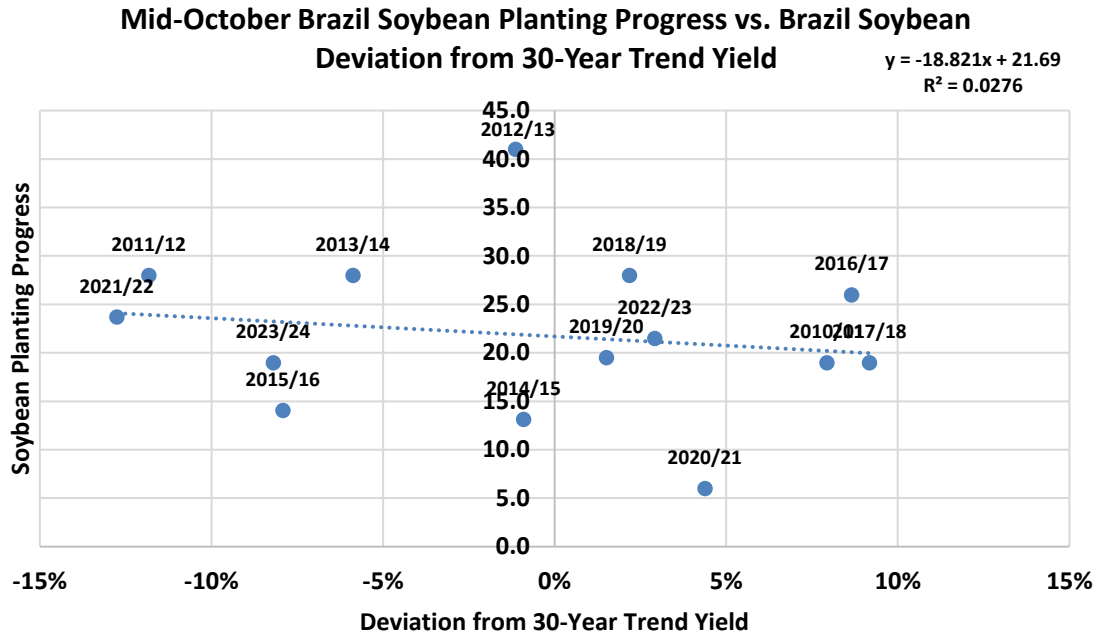


Tropical Storm Helene Path

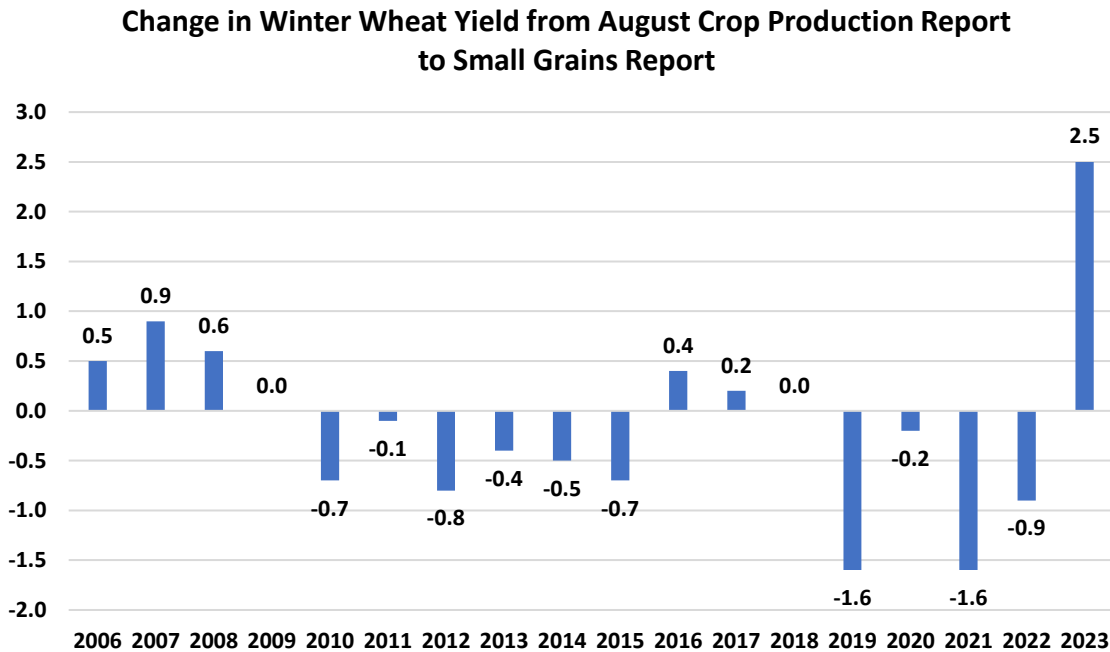


Day 1-7 Precipitation Forecast Anomaly

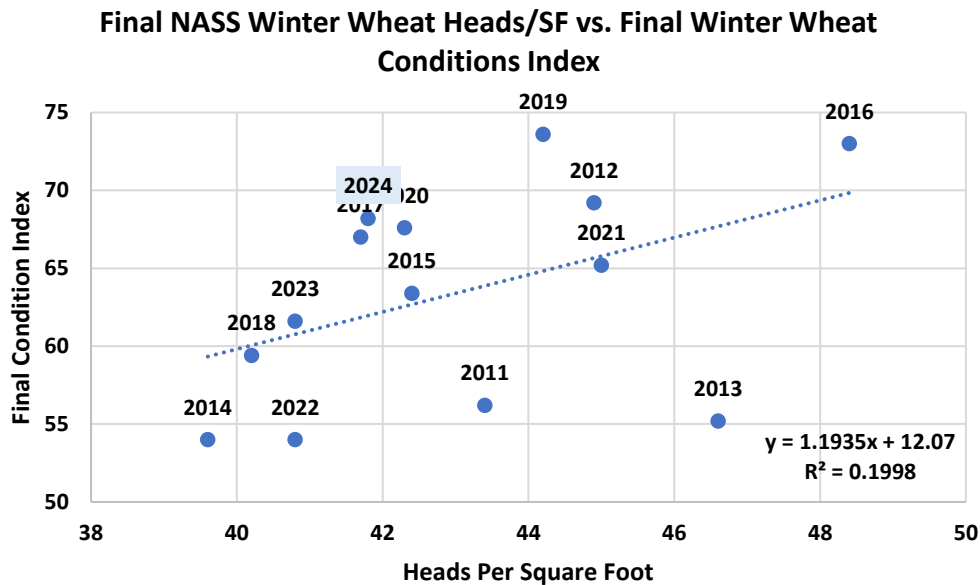




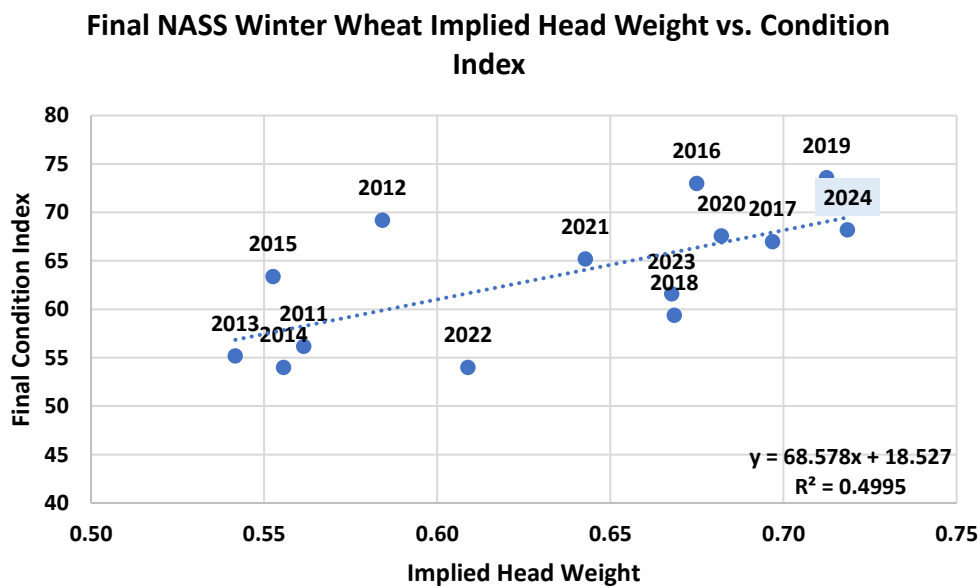
Switching gears, as a reminder, we have the Small Grains report on Monday. Last Friday, we looked at other spring wheat yields/harvested area, and today, we will review winter wheat yields. The chart below shows the change in yield moving from the August Crop Production report to the Small Grains report. You'll notice that there can be material revisions to winter wheat yield in some years.



There isn't a lot of new information on winter wheat production, but we are going to review two charts below. The first chart plots final head counts vs. the final condition index. The highlighted 2024 figure uses the August Crop Production report's head count total. The chart does not have a strong correlation, but the 2024 head count seems reasonable to slightly low based on the condition index.

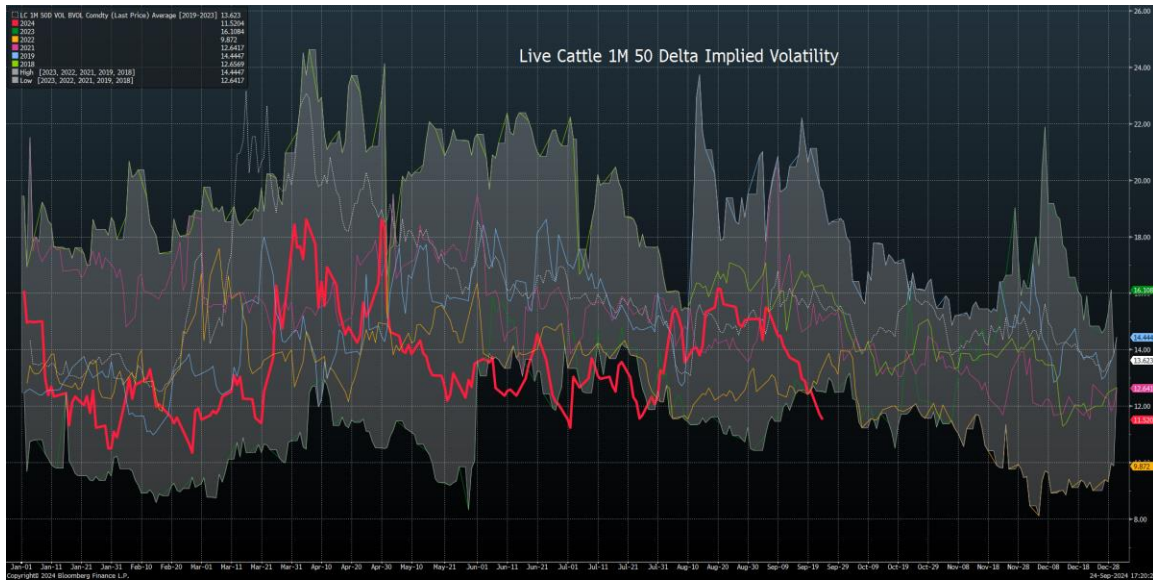


The chart below looks at head weights vs. condition ratings. This scatter is a little better than the last but hardly a sure thing. In this case, I would suggest that the NASS implied head weight from their August report is probably reasonable to what we should expect. Considering the above, it is likely fair to assume that we shouldn't anticipate a "large" revision to winter wheat yield, but as the first chart showed on the previous page, there is almost always some yield adjustment in the Small Grains report.



## Livestock

We will review implied options volatility for both live and feeder cattle today. Both charts below show the implied volatility of options with one month of term before expiration and a 50 delta (50-50 chance of finishing in the money). In live cattle and feeder cattle, option volatility is at or near the five-year low (note that I excluded 2020 from the graph due to COVID). Volatility has generally been lower relative to recent history since the spike from the bird flu scare in March/April this year.



## Financials

I just wanted to review China's CSI 300 Index, which rose 1.5% last evening, extending gains post-stimulus. The chart below shows the index breaking through the 50-day moving average and approaching other major moving averages.



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

- New Home Sales – 9:00 am
- EIA Energy Stocks – 9:30 am

Thanks for reading.

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