Farm Journal
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News this week...

Seasonal low for corn? — *December corn futures found buyer interest on the drop to just above $6.50 and bounced to solid weekly gains. While the extension of the Black Sea grain export deal will keep Ukrainian corn flowing onto the world market and export demand for U.S. corn is poor, seasonals are strong from now through year-end. Soybean futures faced pressure last week from sharply lower soyoil/palm oil and crude oil. Rains in Argentina brought temporary relief but more will be needed and parts of central Brazil have turned dry. Winter wheat futures dropped amid the Ukraine grain export deal extension and paltry U.S. export demand. Live cattle futures firmed as the cash market extended its recent gains. Lean hog futures chopped sideways as ongoing cash market pressure limited buyer interest.*

Grain export deal extended
The deal allowing Ukrainian grain exports from Black Sea ports was extended for 120 days from Nov. 18 without any changes. United Nations officials told Russia they were "fully committed to removing remaining obstacles to exporting food and fertilizers" from the country, though there is no deal yet to export of Russian ammonia via a pipeline to the Black Sea.

Huge weekly soybean export sales
Exporters sold more than 3 million metric tons (MMT) of soybeans during the week ended Nov. 10, with China accounting for over half of the total. Total soybean export commitments (exports + outstanding sales) were 4% ahead of year-ago and 11% ahead of the five-year average. Soybean sales are ahead of the pace to reach USDA's export forecast of 2.045 billion bushels.

Weekly corn sales totaled nearly 1.2 MMT but total commitments were 52% behind last year and 36% below the five-year average. Our 2022-23 corn export forecast at 2.05 billion bu. is 100 million bu. below USDA's. But in other years when corn exports have had a similarly poor start to the marketing year, final shipments ended below 2 billion bu., so there's risk our forecast could fall further.

Wheat export commitments are 7% behind year-ago and 17% below the five-year average. USDA forecasts wheat exports at a seven-year low of 775 million bu. — and that likely isn't low enough. Our forecast of 765 million bu. would be the lowest since 1971-72.

Another rail union rejects deal
Members of the International Brotherhood of Boilermakers rejected the tentative agreement reached between unions and freight railroads. A cooling off period will last until Dec. 9 and the union said it intends to continue negotiating. Votes from the two largest rail worker unions will conclude Nov. 21.

Sen. Roger Wicker (R-Miss.), ranking member of the Senate Commerce, Science and Transportation Committee, said, "When the moment arrives, and I hope it will not, Congress will step in and impose the Biden administration's backstop plan."

Vilsack: Farmers to lead climate focus
USDA Secretary Tom Vilsack believes climate change will remain on the agenda even as some Republicans suggest the matter will be downplayed under GOP control of the chamber. Vilsack noted farmer interest in the climate-smart agricultural commodities effort and extra funding for environmental programs has been high, noting the total for the climate-smart commodities effort has been increased to $3.1 billion from $2.8 billion, with the extra funds to allow for 65 new projects. See *News page 4* for impacts of midterm elections on agricultural policy.

Another sign inflation has peaked
The U.S. producer price index (PPI) climbed 8.0% in October, down from an 8.4% rise the previous month. Excluding volatile food, energy and trade services components, so-called core PPI rose 5.4% annually after increasing 5.6% in September. This followed consumer inflation data the previous week that came in lower than September. The U.S. dollar index plunged to a three-month low on signs inflation has peaked (see "General Outlook" on *Analysis page 4*).

Brainard: Slower pace of rate hikes 'soon'
Vice Chair Lael Brainard said the Federal Reserve would likely soon reduce the size of its rate hikes. Other Fed officials were more hawkish in recent comments, signaling a dip into recession is likely to fully tamp down inflation.

China pork imports to rise in 2023
Through the first 10 months of this year, China imported 1.38 MMT of pork, down 59% from the same period last year. Rabobank expects China's pork imports to build through the fourth quarter and rise next year as domestic pork prices are surging and hog numbers are less than Beijing has indicated.

Happy Thanksgiving from *Pro Farmer*
Due to Thanksgiving, there will be no *Pro Farmer* newsletter this week. Visit www.profarmer.com for market news and policy updates. Your next newsletter will be dated Dec. 3.

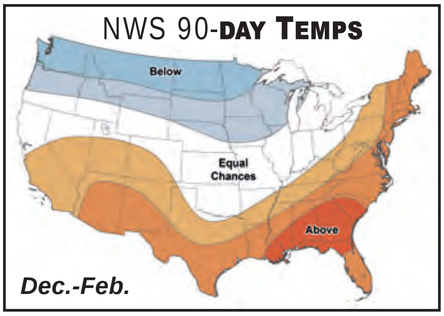
Winter wheat conditions still low

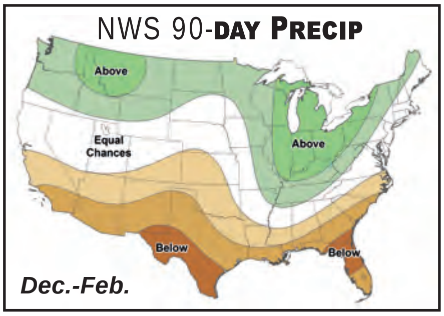
USDA rated 32% of the winter wheat crop "good" to "excellent," up two points from the previous week. The portion of crop rated "poor" to "very poor" declined two points to 32%.

On the weighted *Pro Farmer* Crop Condition Index (0 to 500-point scale, with 500 being perfect), the HRW crop improved 4.7 points to 270.6 while the SRW crop rose 6.6 points to 357.0. The bulk of the improvement for HRW was in Montana, while the SRW improvements were largely in Illinois, Michigan and Ohio. CCI ratings remained 71.3 points below the five-year average for HRW and 5.3 below for SRW.

La Niña-influenced extended forecast

The National Weather Service (NWS) 90-day forecast calls for above-normal temps and below-normal precip across the South and East Coast. Below-normal temps and above-normal precip are expected across the Pacific Northwest to the Great Lakes region. The middle swath of the country has "equal chances" for above-, below- and average temps and precip during the three-month period.





The forecast offers little hope for significant improvement to HRW wheat conditions during winter. However, SRW wheat areas are expected to see relatively favorable winter weather.

The Seasonal Drought Outlook calls for drought to persist in HRW areas over the next three months. Drought improvement or removal is likely for major SRW producing states, especially through the Ohio and Tennessee river valleys.

Three-quarters of winter wheat is drought-stressed

As of Nov. 15, dryness/drought covered 83% of Colorado, 90% of Montana, 89% of Texas and all of Kansas, Oklahoma, Nebraska and South Dakota. In SRW areas, dryness/drought was present in 87% of Missouri, 77% of Illinois, 98% of Indiana, 76% of Ohio, 39% of Michigan, 100% of Kentucky and 97% of Tennessee.

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Producer Crop Comments...

Please send crop comments to editors@profarmer.com.

Hancock, Winnebago Cos. (north-central) Iowa:
"Fall weather has been about perfect. Everyone should get harvest, tillage and fertilizer applications done without trouble. Soybeans were exceptional — the type of crop you have the yield monitor recalibrated multiple times just to be sure. It was fairly common for 75 bu. to 85 bu. per acre soybean yields around here. Corn was above APH but slightly off from the past two years. It's hard to be disappointed with corn but most guys were not overly excited given soybean yields."

Wayne Co. (south-central) Iowa:
"My yields were all over the place. Corn-on-corn was very disappointing and below APH. Soybeans were average. Yields depended on rain amounts and timing."

Allen Co. (northeast) Indiana:
"I'm not real happy with our corn yields. I was expecting closer to APH, but we didn't get corn planted until late May/early June."

Red Willow Co. (southwest) Nebraska:
"Our wheat stands have some holes developing. Cold weather didn't help."

Sherman Co. (northwest) Kansas:
"Wheat is going backwards due to drought and now the cold temps."

Thomas Co. (northwest) Kansas:
"Final dryland corn yield across our farm was 2.58 bu. per acre. We felt like our corn and milo way over-achieved last year versus some of the neighboring fields. It was evident this year. The more the crop over-achieved last year in a particular field the worse the yield was this year... pretty much across the board. Took all the water."

Marion Co. (central) Kansas:
"Wheat stands look much better after three inches of rain. Double-crop soybeans are still too green to finish."

IGC trims global wheat crop forecast

The International Grains Council (IGC) trimmed its forecast for 2022-23 global wheat production by 1 million metric tons (MMT) to 791 MMT. IGC slashed its Argentine wheat crop forecast by 4.5 MMT to 13 MMT, which was only partially offset by a 1.2-MMT increase for Australia and 1.5-MMT jump in the Turkey wheat crop. IGC still forecasts global wheat production will rise 10 MMT (1.3%) from 2021-22. USDA forecasts global wheat production at 783 MMT.

IGC kept its 2022-23 global corn production forecast at 1.166 billion metric tons, which would be down 53 MMT (4.3%) from last year. USDA projects global corn production at 1.168 billion metric tons.

IGC raised its 2022-23 global soybean crop peg by 2 MMT to 388 MMT, which would be up 32 MMT (9.0%) from last year. USDA projects global soybean production at 391 MMT.

NOPA crush rises sharply in October

Members of the National Oilseed Processors Association (NOPA) crushed 184.5 million bu. of soybeans in October, up 26.4 million bu. (16.7%) from September and 471,000 bu. (0.3%) above October 2021. The NOPA data implies a full October soybean crush of 196.5 million bushels. Crush would need to run 0.8% above year-ago over the remaining 10 months to hit USDA's forecast of 2.245 billion bushels. That should be easily achievable given strong crush margins through next summer.

Soyoil stocks totaled 1.528 billion lbs., up 68 million lbs. from September but were 306 million lbs. lower than last year.

U.S. import, export prices fall

U.S. import prices fell 0.2% from a month earlier in October, following a 1.1% decline the previous month as the strong dollar helped to reduce prices of imported goods. It was the fourth consecutive monthly decline. On an annualized basis, U.S. import prices advanced 4.2%, the least since February 2021, after rising 6% in September.

U.S. export prices slipped 0.3% in October after dropping 1.5% in September. Prices for agricultural exports declined 1.0%, led by a 6.6% drop in soybean prices, offsetting higher prices for wheat, fruit and vegetables. Export prices increased 6.9% year-on-year in October after rising 9.2% in September.

Panel urges review of China's trade

In its annual report, the U.S./China Economic and Security Review Commission recommended Congress direct the Biden administration to assess China's compliance with the landmark 1999 agreement that awarded China the "Permanent Normal Trade Relations" status as Beijing prepared to join the World Trade Organization. If Beijing is found to be out of compliance, the commission said Congress should consider legislation to immediately suspend normal trade ties, which have given China the most favorable trade terms and tariff rates. The suspension could lead to a substantial increase in tariffs on imports from China.

Yellen presses China on macro policies

Treasury Secretary Janet Yellen held "frank, constructive, and positive" talks with China's central bank Governor Yi Gang covering high energy and commodity prices, as well as the macroeconomic outlook in both countries. The U.S. also seeks clarity on China's plans for its Covid-19 policies that have curtailed its economic growth and restricted global supply chains.

China keeps interest rates unchanged

The People's Bank of China (PBOC) kept interest rates unchanged, but partially rolled over maturing medium-term policy loans. That resulted in a net 150 billion yuan medium-term cash withdrawal from China's economy.

ERP Phase 2, other aid details coming

USDA announced the launch of Phase 2 of its Emergency Relief Program (ERP), targeted to those who suffered losses in 2020 and 2021 but may not have received any payments under Phase 1. The payments will be based on the difference in farm revenue between a typical year and the disaster year and are to avoid windfall or duplicate payments.

The new Pandemic Assistance Revenue Program (PARP) will be available to help producers of commodities that saw revenue declines in calendar 2020 compared with 2018 or 2019 due to the Covid pandemic. USDA said PARP is aimed at addressing "gaps in previous pandemic assistance, which was targeted at price loss or lack of market access, rather than overall revenue."

USDA said that more details on ERP Phase 2 and PARP will be made available "in the coming weeks."

Already some complaints with USDA's ERP Phase 2

Some farmers and others are already in talks with lawmakers and USDA officials regarding concerns with ERP Phase 2. One complaint we've heard is the use of Schedule F for information, as it does not break out farm revenue by enterprise. *How will FSA address discrepancies between Schedule F gross income and crop loss?*

NASS to use FSA data in September

USDA's NASS will permanently include updated acreage estimates based on FSA certified acres for corn, soybeans, sorghum and sugarbeets in its September Crop Production Report. Prior to 2021, such changes came in October. USDA will not make acreage adjustments to those crops in October or November unless there are unusual circumstances.

EPA Canola/rapeseed analysis coming

The Office of Management and Budget (OMB) completed its review of the final rule from EPA on the lifecycle analysis of greenhouse gas emissions (GHG) relative to certain biofuels produced from canola/rapeseed oil via a hydrotreating process. No major changes are expected from the proposed rule issued early this year relative to the lifecycle analysis for diesel, jet fuel, heating oil, naphtha and liquefied petroleum gas produced from canola/rapeseed oil. In April, EPA proposed these would meet the lifecycle GHG emissions reduction threshold of 50% required to qualify to generate RINs for advanced biofuels (D5) and biomass-based diesel (D4) under the RFS program.

EPA's RFS proposal meetings begin

OMB has scheduled eight meetings with stakeholders in the biofuels industry between Nov. 16 and Nov. 22 regarding EPA's biofuels blending proposals for 2023 and beyond. EPA will issue its final proposed RFS levels no later than Nov. 30.

Impact of midterm elections on farm bill, other issues

By Washington Policy Analyst Jim Wiesemeyer and Editor Brian Grete

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The midterm election results were certainly no red wave as Republicans garnered a modest takeover of the House, while Democrats kept control of the Senate. Voters gave clear signals they want more civility in Washington.

Initial impacts of midterm elections...

Gridlock, but not on all items. Compromise between the political parties and the White House is needed to get anything done. This will take agreement from the less extreme members in both chambers. Otherwise it will be hard to get anything done, including the new farm bill, because of the hard-line conservatives in the House and the more liberal progressives in the Senate.

Where compromise is possible or must come

Spending issues, including still-to-do fiscal year (FY) 2023 and a fresh look toward FY 2024, which begins next Oct. 1, 2023. The debt limit will have to be either suspended or increased. But some conservative Republicans think they have “leverage” to extract some “gimmies,” but that has proven to be a failed strategy in the past. A government shutdown is possible on both topics if cooler heads do not prevail.

Border security and immigration reform is possible, but the past shows these are very sensitive topics. Both parties may want to work deals on child-care tax credits (Democrats) and border security issues (GOP). Ag sector impact: If a compromise comes, this could bring more workers for agriculture, something the dairy industry and others are urging.

Why Dec. 6 Georgia Senate runoff is important

The Georgia race is between incumbent Raphael Warnock and GOP challenger Herschel Walker. If Democrats get 51 seats — the tally now is 50/49 — that would mean full majority members on all panels.

Elections will impact new farm bill debate

Senate Ag Chair Debbie Stabenow (D-Mich.) says she will return to lead the panel for another farm bill. She is up for re-election in 2024 and has proven to be a tough negotiator in past farm bills. She usually gets what she wants relative to (1) specialty crops, (2) urban farming, (3) food and nutrition spending and (4) conservation program funding. Add in climate change to this farm bill.

In the House, the Ag panel will be led by Rep. Glenn “GT” Thompson (R-Pa.). He will focus on production agriculture, improving the farmer safety net, and making sure crop insurance is not negatively impacted.

Will there be a farm bill in 2023?

Veteran farm bill watchers say the Senate can reach the finish line, but they aren’t sure about the House. Reasons: With many new lawmakers, staff and the need for more hearings, it will take time to educate on the complexities of farm policy.

But Thompson has told us and others he wants a farm bill presented to the House floor by July next year.

Other farm bill-related issues

- **Funding level:** It will take additional funding beyond a typical baseline spending measure to improve the farmer safety net. *Will the new Republicans in the House allow that as they focus on the over $31 trillion in U.S. debt?* Debt is twice the level now than when the farm bill had to find billions of dollars in savings.
- **Base acre changes:** Soybean lobbyists will try to get another update of base acres. But this would come at a cost.
- **Nutrition funding:** Food stamps/SNAP take up almost 85% of farm bill funding. Unless Democrats sign off on final spending, history shows a farm bill will be voted down.
- **Lessons of past House farm bill votes:** If the GOP-led House inks a bill without a lot of Democratic support, it would not fly in the Democrat-controlled Senate and could face problems in the House like two recent farm bills.
- **Use of CCC funds:** House Republicans do not like how USDA Secretary Tom Vilsack has tapped Commodity Credit Corporation (CCC) funding for billions in climate-smart ag programs. They will try to limit the secretary’s discretion.
- **Crop insurance and ad hoc disaster programs:** Crop insurance agents, lobbyists and several farm-state lawmakers fret some farmers will lower their crop insurance coverage thinking Congress will continue to provide emergency aid. Veteran farm bill analysts say it is best to optimize the crop insurance program for expanded coverage, including closing higher deductibles and finding a way to cover the unique perils of specialty crops.
- **Anti-ag amendments:** The same ones keep coming up — and are easily defeated. Examples: Major changes or elimination of the sugar program, and significantly altering pay caps and farm program eligibility.

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Farm Journal CEO, Andrew Weber

CATTLE - Fundamental Analysis

Choice beef cutout fell sharply on Nov. 11 and kept slipping last week. Cattle weights continued rising seasonally and weekly slaughter totals remained near likely annual highs. Cattle futures reacted to these developments, sustaining a slide begun in late October. And yet, cash cattle prices continued their advance, with light early week trading up about $2.00 over comparable week-prior quotes. Ultimately, these reflect an overall tight fed cattle supply situation and robust demand as retail beef prices dip below year-ago levels. We look for sustained short-term firmness and fresh highs in the new year.

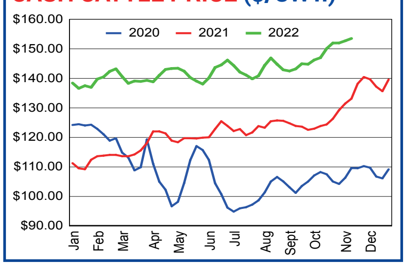
DAILY DECEMBER LIVE CATTLE

Position Monitor

Game Plan: The cash market should remain on an upward trajectory as market-ready supplies tighten. Keep risk in the cash market.

	Feds	Feeders
IV'22	0%	0%
I'23	0%	0%
II'23	0%	0%
III'23	0%	0%

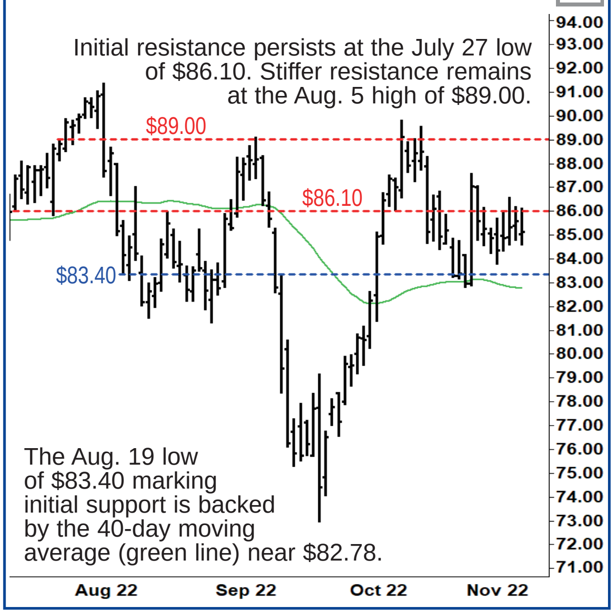
CASH CATTLE PRICE ($/CWT.)



HOGS - Fundamental Analysis

Hog futures continue anticipating seasonal weakness and the mid-December end to grocers' ham-buying season could undercut the market during the year-end holidays. But we believe the stage is set for a strong early-winter rebound due to a comparative shortage of market-ready hogs (see "From the Bullpen" *on Analysis page 4*). And while retail pork prices, particularly those for bacon and hams, are running above late-2021 levels, the increases are well below those seen in chicken prices. Thus, ongoing hog market losses look temporary, with early 2023 prices seeming likely to follow the cattle market higher.

DAILY DECEMBER LEAN HOGS

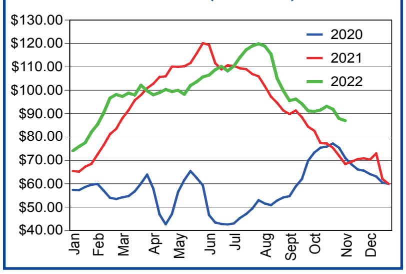


Position Monitor

Game Plan: A seasonal low in the cash market should come soon. We would only be interested in hedges on an overdone price rally in futures.

	Lean Hogs
IV'22	0%
I'23	0%
II'23	0%
III'23	0%

CASH HOG PRICE ($/CWT.)



FEED

Feed Monitor

Corn

IV'22	67%
I'23	0%
II'23	0%
III'23	0%

Meal

IV'22	67%
I'22	0%
II'23	0%
III'23	0%

Corn Game Plan: You have corn-for-feed needs covered in cash through November. Our target to extend coverage is a drop to the $6.40 level in December futures.

Meal Game Plan: You have all soybean meal needs covered in cash through November. We are targeting a drop to the $400.00 level in December soymeal futures to extend coverage.

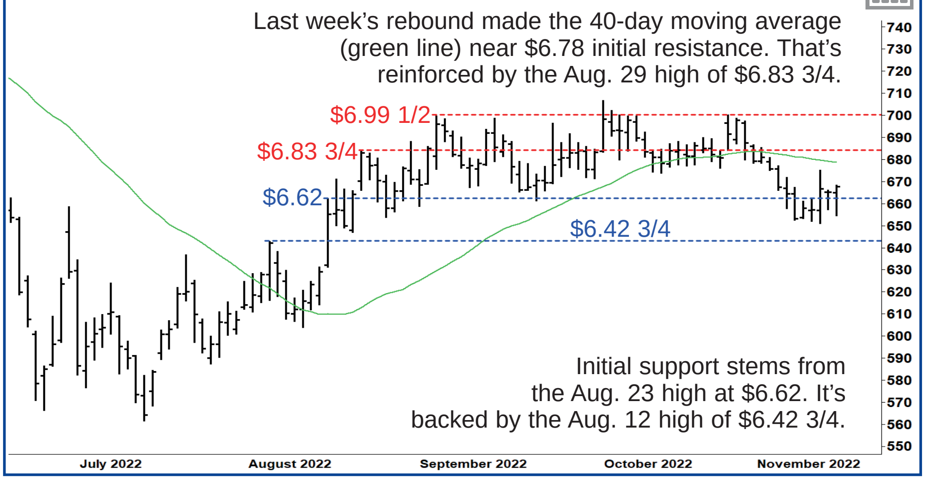
DAILY DECEMBER SOYBEAN MEAL

Position Monitor

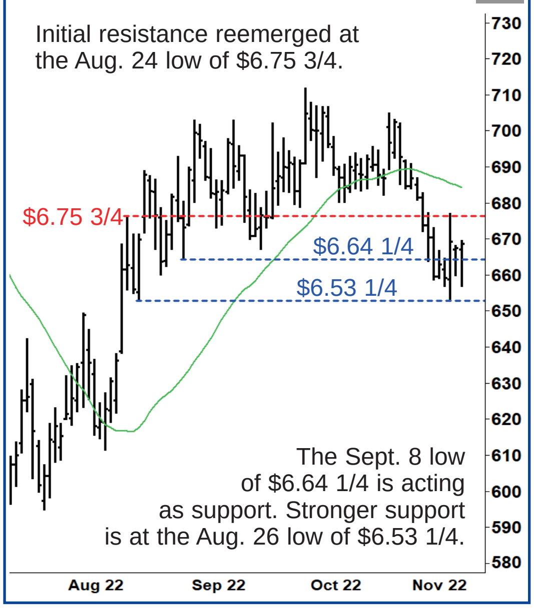
	'22 crop	'23 crop
Cash-only:	50%	0%
Hedgers (cash sales):	50%	0%
Futures/Options	0%	0%

Game Plan: Wait to get caught up with advised sales if you aren't current. The recent technical breakdown suggests there could be more near-term price risk, though the downside should be relatively limited. Long-term fundamentals remain supportive once the market finds a short-term bottom. Seasonally, the market typically posts a rally after harvest. Wait on an extended price rally to advance sales.

DAILY DECEMBER CORN



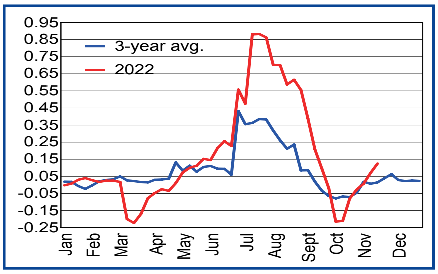
DAILY MARCH CORN



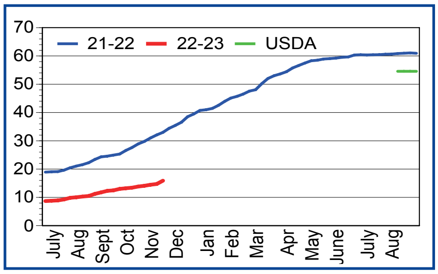
CORN - Fundamental Analysis

Futures' gains despite the extension of the Ukraine export deal shows there's solid underlying support and buyer interest on price dips. But bearish headwinds including slumping crude oil, a still-strong U.S. dollar and potentially large South American crops will likely limit post-harvest rallies. Last week's export surge may have encouraged bulls, but export commitments so far in 2022-23 are still running 52% behind the comparable period in 2021-22. Ukraine risk and a tight supply outlook for 2023 should limit near-term price risk. With trading activity likely to taper off during the holidays, there remains considerable potential for volatility.

AVERAGE CORN BASIS (DECEMBER)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

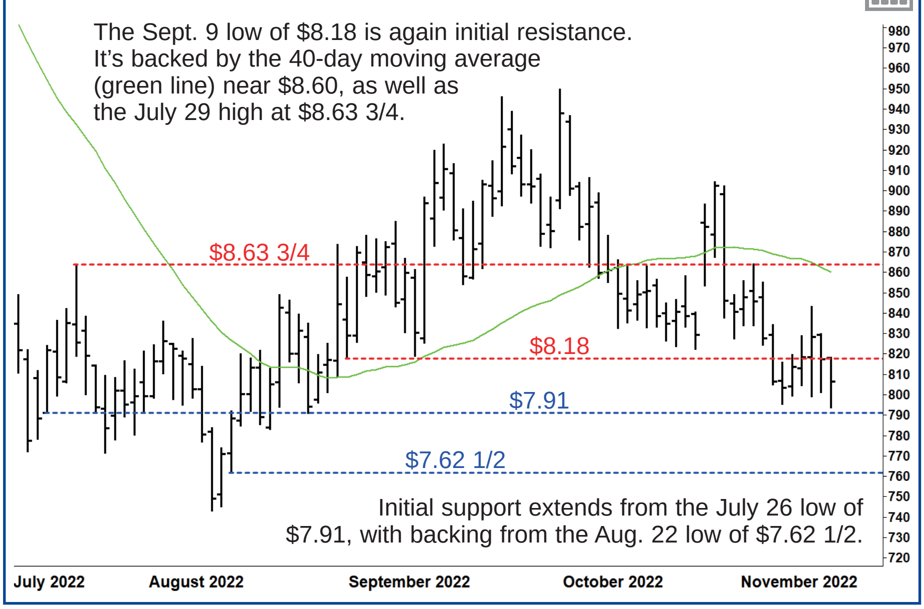
	'22 crop	'23 crop
Cash-only:	85%	30%
Hedgers (cash sales):	85%	30%
Futures/Options	0%	0%

Game Plan: Seasonals are weak into year-end, but given our sales levels, we are content to wait on an extended price rally to increase sales. Hedges are too risky as near-term price action could be extremely volatile.

WHEAT - Fundamental Analysis

SRW — The Black Sea grain export deal extension helped extend the downtrend to nearly two months. But last week's drop was relatively modest and further downside may be limited if the dollar continues to decline (see *Analysis* page 4). Poor exports likely will keep stifling rallies.

DAILY DECEMBER SRW WHEAT

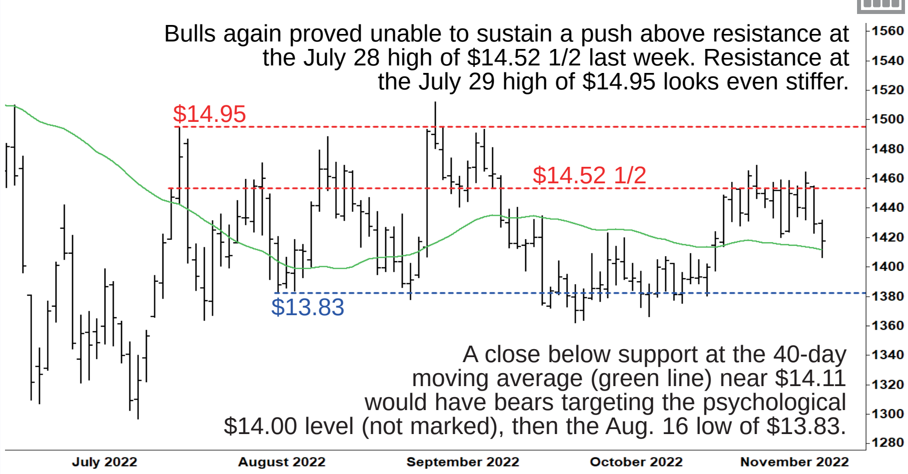


Position Monitor

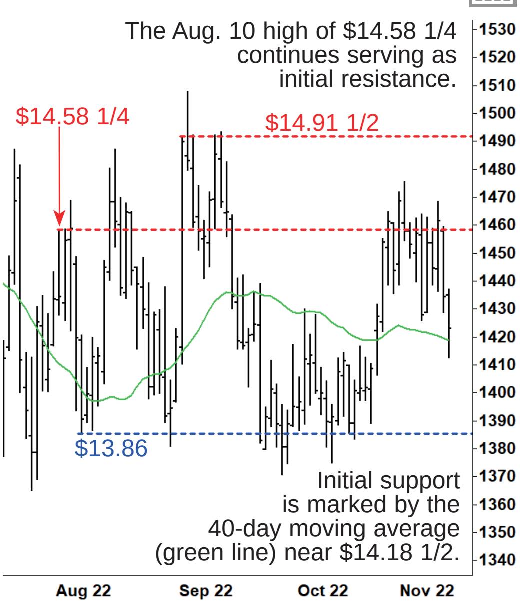
	'22 crop	'23 crop
Cash-only:	60%	0%
Hedgers (cash sales):	60%	0%
Futures/Options	0%	0%

Game Plan: Wait until January futures are at $14.75 or higher to get current with advised sales. The market typically firms once seasonal harvest pressure eases. A rally to the $15.00 level would likely trigger sales and/or hedge advice. We still view extended price strength as a selling opportunity as South America is projected to grow a record crop and supplies will be ample through 2022-23.

DAILY JANUARY SOYBEANS



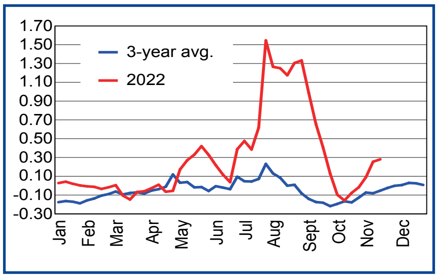
DAILY MARCH SOYBEANS



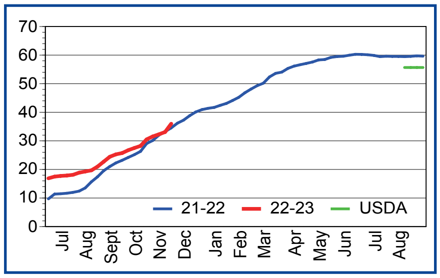
SOYBEANS - Fundamental Analysis

January futures posted a lower weekly close for the third time in the past four weeks and show signs of a near-term top. A strong start to the growing season in Brazil, crude oil's retreat below $80 a barrel and the soyoil market's sharp reversal could lead to further pressure on soybean futures over the near-term. But downside price risk should be limited by strong demand fundamentals, as illustrated by rising crush (see *News page 3*) and weekly exports topping 3 MMT, the highest for any week excluding marketing-year rollovers since September 2020. Traders will closely monitor developing dryness in areas of central Brazil and entrenched drought in Argentina.

AVERAGE SOYBEAN BASIS (JANUARY)



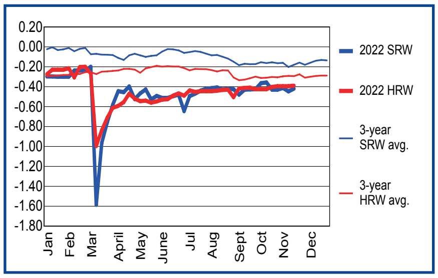
SOYBEAN EXPORT BOOKINGS (MMT)



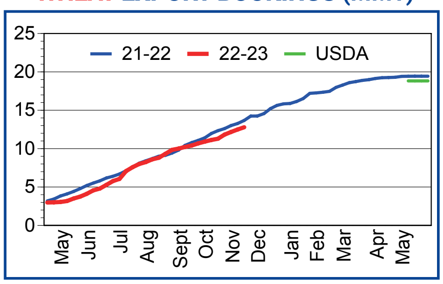
DAILY DECEMBER HRW WHEAT

DAILY DECEMBER HRS WHEAT

AVERAGE WHEAT BASIS (DECEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Modest improvement in USDA's crop ratings the past couple weeks, albeit from record-low levels, will be difficult to sustain given a dry long-term forecast for the Plains. While that and a slightly smaller global production outlook are price-supportive, HRW futures will likely grind sideways, barring a sharp move up in the SRW market.

HRS — December HRS futures posted a modest weekly advance despite weakness in the winter wheat markets. U.S. spring wheat export commitments (accumulated exports + outstanding sales) so far in 2022-23 are running 1.8% ahead of the year-ago level. By contrast, overall U.S. wheat export commitments are down 6.5%.

Position Monitor

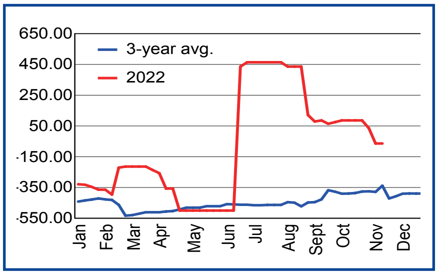
	'22 crop	'23 crop
Cash-only:	70%	0%
Hedgers (cash sales):	70%	0%
Futures/Options	0%	0%

Game Plan: We'll wait on a stronger rally before advancing sales. New-crop cotton is currently too cheap versus other crops.

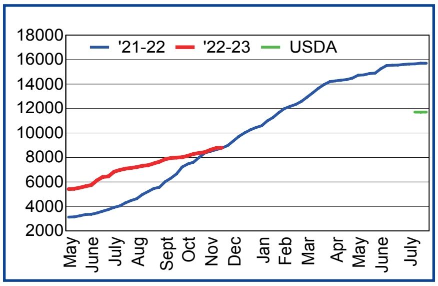
COTTON - Fundamental Analysis

While the latest weekly export shipments figure was supportive, U.S. cotton sales of just 25,100 bales for the week ended Nov. 10 were disappointing. Bulls hope the recent U.S. dollar dive and improved economic prospects translate into stronger demand.

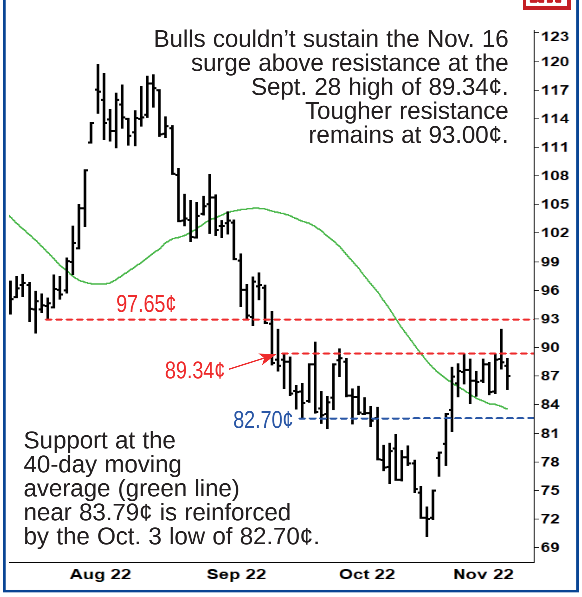
AVERAGE COTTON BASIS (DECEMBER)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON

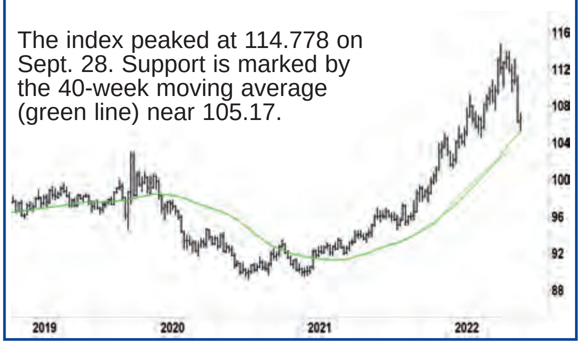


GENERAL OUTLOOK

Currenc ies: History shows trends in currency markets tend to be stronger and last longer than price moves in other major markets. Recent price action in the foreign exchange market is providing strong clues the U.S. dollar index (USDX) has put in a major top, while currencies such as the euro, British pound, Swiss franc and other majors have put in significant price bottoms.

There are significant macroeconomic implications to the aforementioned scenario. The big drop in the USDX is not only a positive development for U.S. agricultural exports but is also a clue U.S. inflation has peaked. Furthermore, the depreciating USDX suggests the Federal Reserve can now begin to ease its aggressive monetary tightening cycle. We will see if that's the case after the Fed's Dec. 13-14 monetary policy meeting.

WEEKLY U.S. DOLLAR INDEX



FROM THE BULLPEN By Market Consultant Dan Vaught

Market hog weights in the Iowa/southern Minnesota region averaged 283.5 lbs. per head in the week of Nov. 4 and 283.8 lbs. the next week. Those marked annual declines of 6.6 lbs. and 6.5 lbs., respectively, which were the largest non-disease-related reductions on records extending back to 1982. This should support winter hog prices.

Hog weights jumped in mid-2014 amidst the massive PEDV-driven shortage and again in spring 2020 as the packing industry was shut down by Covid-19. Those explain the drastic year-to-year hog weight declines posted one year later.

But the current weight reductions apparently reflect an extreme tightening of market-ready hog supplies, which is almost unheard of at this time of year.

Hog weights have fallen over 4.0 lbs. below year-ago levels during past summers, particularly when hog and pork supplies were at their annual lows. The only times weights fell 5.0 lbs. or more below year-ago in the fourth quarter were in Dec. 1983 and Oct. 2002. Nearby futures had bottomed around $40.00 in fall 1983, then soared to $54.95 from late Nov. to mid-Jan. 1984. Nearby futures had spiked under $30.00 in September 2002, but surged to $54.24 by early January 2003.

Hog slaughter barely topped 2.50 million head in the week of Nov. 12, down 4.5% from year-ago. Last week's total likely fell short of year-ago, as well. We believe the implied shortage will power a substantial post-holiday rally.

WATCH LIST

1. **USDA Crop Progress Report** — **MON 11/21**, 3:00 p.m. CT
   Winter wheat ratings are the focus.
2. **USDA Food Price Outlook** — **TUE 11/22**, 8:00 a.m. CT
   Another increase in prices likely.
3. **USDA Cold Storage Report** — **TUE 11/22**, 2:00 p.m. CT
   Seasonals: Beef up, pork down.
4. **Thanksgiving** — **THUR 11/24**
   Markets and gov't offices closed.
5. **USDA Export Sales Report** — **FRI 11/25**, 7:30 a.m. CT
   Soybean sales to China in focus.

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