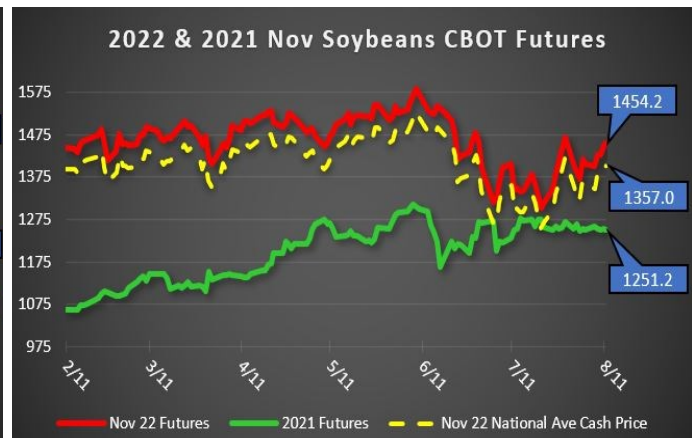
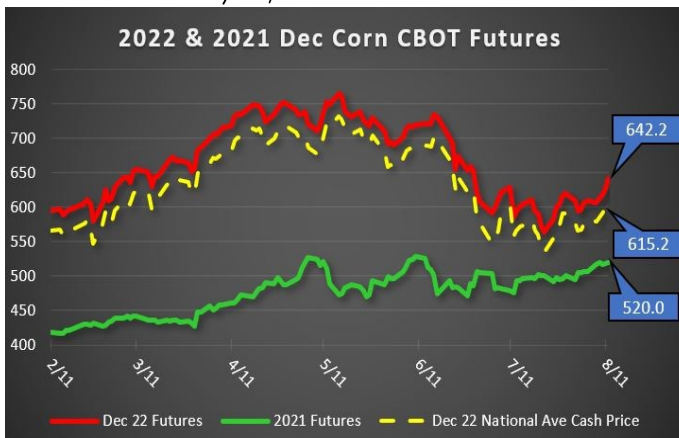


AUGUST 12, 2022

KEY TAKE AWAYS:

- Corn and soybeans had a good week, punctuated by the August USDA report that was released today.
- Corn estimated harvest acres were reduced by 100,000 acres to 81.8 million ac. Yield estimates were lowered by 1.6 bu/ac to 175.4 bu/ac. That puts total production at 14.36 billion bu. These numbers confirmed what everyone already knew: the dry weather has taken its toll on the corn crop. Monday's crop progress report put the corn crop at 58% good/excellent, well below the five-year average of 65% good/excellent.
- The USDA estimates that soybean yields will be slightly higher 51.9 bu/ac. Harvested acre projections were reduced by 300,000 acres to 87.2 million acres for a total production of 4.53 billion bushels. Ironically, on Monday the USDA reduced the soybean crop's good/excellent rating to 59% - down 1% from the previous week. For this week in 2021, the good/excellent rating was 60% and the average yield ended up being 51.4 bu/ac. If this crop is going to make 51.9 bu/ac, it has its work cut out.

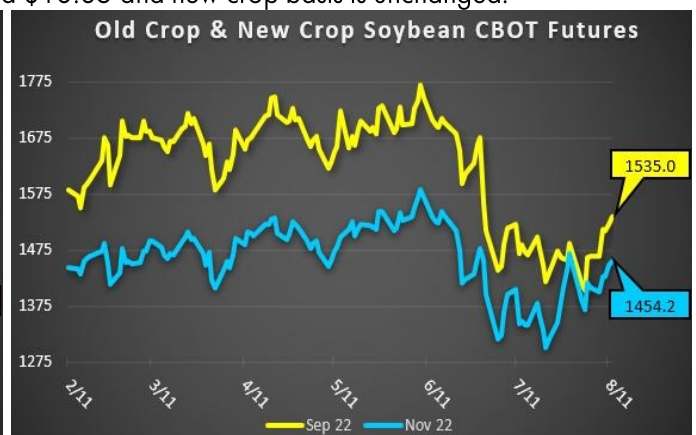
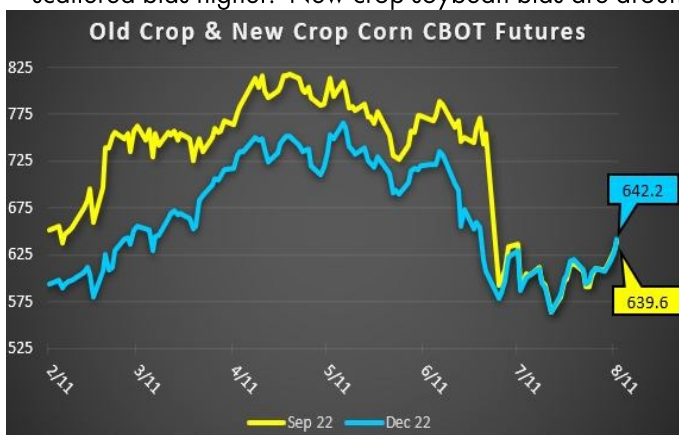


CASH PRICES

Cash prices and the corresponding basis's have been documented from grain elevators and processors from various locations throughout the state of Iowa.

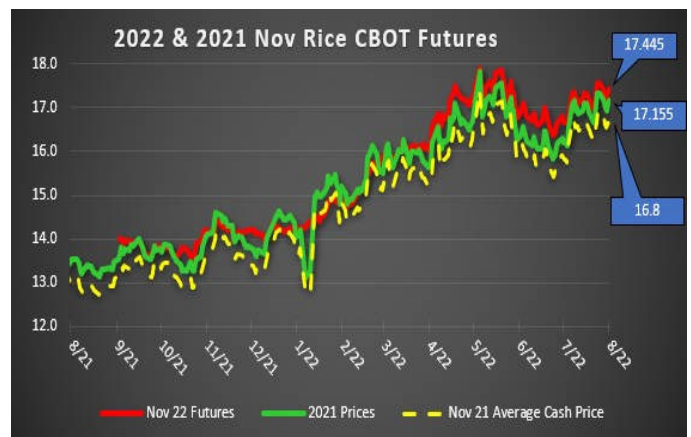
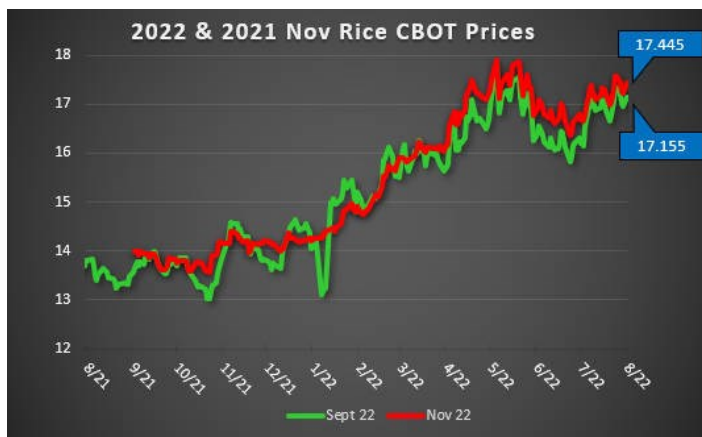
KEY TAKE AWAYS:

- Despite Sept corn futures being up from last week, old crop cash bids are down from last week due to a collapsing basis. We are now close enough to harvest that old crop prices and new crop prices will start to converge. Old crop bids are still over \$7.00 throughout Iowa and the Plains States. In the Eastern Corn Belt, old crop bids are \$6.60 - \$6.75. New crop bids \$6.00 or better and new crop basis is steady.
- Old crop soybean bids are up around 30¢ from last week. Most bids are anywhere from \$14.80 - \$15.00 with scattered bids higher. New crop soybean bids are around \$13.85 and new crop basis is unchanged.



RICE:

- With harvesters in the field and Iraq in the market, it feels like progress.
- In Texas, the market seems to be hovering in that \$17.50/cwt range; however, since the drought has curtailed all second crop canal water, farmers not on wells are going to need a bit more than that to make ends meet this year.
- New reports surfaced this week about a weak monsoon in India that is resulting in at least 13% decreased production.
- In the futures market, we saw an average daily volume of 750, up significantly from last week.



COTTON:

- All cotton production is forecast at 12.6 million 480-pound bales, down 28% from 2021.
- Upland cotton production is forecast at 12.2 million 480-pound bales, down 29% from 2021.
- Cotton prices settled the week with another run at the \$0.97–\$0.98 resistance level.
- Cotton is finally trading around the \$1.00 mark. This Friday's close was entered at \$1.144.
- The supply side of the market is the force for higher prices. Demand, previously slowed by inflationary and recessionary fears, has stabilized for now.
- Current demand, while not the basis for a bull market, will not hinder higher prices. The drought across the U.S. Southwest, as well as production setbacks in other countries, are the moving force.

