

Wednesday, October 18, 2023

EIA Report – Today, 10:00 am  
Export Sales – Tomorrow, 7:30 am  
Commitments of Traders – Friday, 2:30 pm

## Macro News

December Dow futures are down 89 to 34,055 and December WTI Crude is up \$1.56 to \$87.00.

Stocks are lower amid Middle Eastern uncertainties and anticipation of potential Federal Reserve rate hikes. Investors are also keenly awaiting earnings from Tesla and Netflix. During the previous trading session, Wall Street saw mixed results. NVIDIA faced a 4% drop due to U.S. restrictions on chip sales to China, while Goldman Sachs reported a 33% profit decline for Q3. Conversely, Bank of America and Dollar Tree experienced gains after positive Q3 results and an upgrade, respectively. Recent U.S. economic data surpassed expectations, with retail sales and industrial production figures for September exceeding forecasts. BlackRock's Gargi Chaudhuri highlighted the possibility of another rate hike in December. Richmond Fed President, Thomas Barkin, emphasized the flexibility in deciding future interest rate adjustments. Current U.S. rate futures indicate a higher likelihood of a rate hike in December than in November. The earnings season is in full swing, with major companies like Tesla, Netflix, and Morgan Stanley set to report. In international news, a planned summit between President Biden and Arab leaders was canceled due to a tragic explosion in Gaza. Meanwhile, Iran's foreign minister called for an embargo against Israel. Today, the market's attention is on U.S. Building Permits, Housing Starts, and Crude Oil Inventories data. Additionally, speeches from several Fed officials are anticipated. Lastly, U.S. 10-year bond rates have risen by 0.10% to 4.854%.

## Grain News



**Summary:** A large and strong system likely produces moderate to heavy rain in Argentina this weekend and early next week, easing the intensity of drought on its early-corn, sunflowers, and winter wheat. It also sends a cool front far to the north next week, triggering t-storms in / near central Brazil to mark a truer start to the wet season in Goiás and Mato Grosso where soybean planting is underway. Southern Brazil and Paraguay stay stormy as waves of energy and cool fronts trigger t-storms every one to three days, maintaining the wet October for first-corn in Rio Grande do Sul. Note that widespread rain is probable in the central U.S. Tue.-Fri. (Oct. 24-27). For more information, visit [www.tstorm.net](http://www.tstorm.net).

**USDA Daily Sales Announcements:**

\*\*\*Private exporters reported sales of 132,000 metric tons of soybeans for delivery to China during the 2023/2024 marketing year.

## ETHANOL: US Weekly Production Survey Before EIA Report

	Survey Results			EIA
	Avg	Low	High	Prev. Week
Production (k bpd)	1,024	1,007	1,045	1,004
Stockpiles (m bbl)	21.561	21.350	21.826	21.526

## Record U.S. Corn Consumption for Ethanol Driven by Strong Margins - Refinitiv Research

Ethanol margins continue to soar, reaching an unprecedented level of \$1.19 per gallon on average in the key ethanol production regions, particularly the Corn Belt. This highlights the exceptional profitability within the ethanol industry for the ongoing year, with predictions indicating a sustained upward trajectory. Anticipated lower corn prices compared to historical highs in recent years further bolster this trend. During September, the consumption of corn for ethanol surged to 512.8 thousand bushels, a significant increase from the 421.2 thousand bushels consumed in August. This marked a notable improvement from the 466.8 thousand bushels recorded a year ago and 375.8 thousand bushels in September 2021. As of October 6, corn consumption for ethanol has already reached 614 thousand bushels, indicating the strongest start to a season. Drawing insights from the market indicators, Refinitiv Agriculture Research has revised its projection for the 2023/24 U.S. corn consumption for ethanol to 5,304.6 million bushels. This figure represents an increase of 4.6 million bushels above the USDA's October estimate, emphasizing the robust outlook for ethanol consumption. In related developments, on October 16, climate ministers from the E.U. nations united in endorsing the bloc's position for this year's U.N. COP28 climate summit. This unified stance underpins a global initiative to phase out CO2-emitting fossil fuels gradually. By championing this cause, the European Union, encompassing 27 countries, demonstrates its proactive approach and forward-thinking stance in the annual United Nations climate negotiations. The negotiations involve nearly 200 nations collaboratively addressing the pressing challenges of global warming.

### Brazil's Abiove projects record 164.7 mln tons of soy production in 2023/24

A group representing large soybean traders and processors on Tuesday forecast Brazil will produce a record 164.7 million metric tons of the oilseed in the 2023/24 cycle, 7 million tons more than in the previous harvest. In its first statement on the new crop, Abiove said Brazil, the world's biggest soy supplier, would crush 54 million tons domestically and export 100 million tons of the oilseed in 2024.

## Brazil's October Soy and Soymeal Export Projections Adjusted - ANEC

Brazil's Association of Cereal Exporters (ANEC) has updated its forecasts for October exports. Soymeal exports are now expected to reach 2.05 million tonnes, a slight increase from the previous week's projection of 1.945 million tonnes. On the other hand, soy exports are anticipated to amount to 6.44 million tonnes, down from the prior estimate of 6.828 million tonnes.

## China watcher: China to step up purchases of U.S. soybeans

China is short-bought on soybeans and soybean crush margins are robust, a China watcher informs, with logistical problems in both Brazil and the U.S. limiting recent purchases. China is closely watching transportation glitches in both countries and will soon accelerate its purchases of U.S. soybeans, the source informs.

## China Says Grain Output May Hit Record High on Rainfall in North

China's grain production this year may hit a record high based on preliminary estimates, Sheng Laiyun, deputy chief of the National Bureau of Statistics, said at a briefing in Beijing. "The situation of our autumn grain production is relatively good, the area is expanding, and the rain in the northern region is increasing, which is generally beneficial to the production of summer grain," Sheng said on Wednesday. "We now have a preliminary estimate that this year's grain production may hit a record high, and the livestock industry is growing steadily, so the overall supply of agricultural products is sufficient. It has laid a very good foundation for the sustained and stable recovery of the economy." The country has been impacted by heavy rains this year, including from typhoons, which have disrupted people's daily activities. Sheng's comments indicate that the weather situation has been positive for crops. Sheng was speaking after China announced that gross domestic product increased 4.9% in the July-September period from a year prior, better than economist estimates.

## China Approves GM Corn and Soy Varieties in Crop Boost

China has given the green light to several genetically modified (GM) corn and soybean seed varieties, aiming to enhance production and lessen reliance on foreign imports. This decision aligns with President Xi Jinping's emphasis on food self-sufficiency. The agriculture ministry's national committee has approved 37 GM corn seeds and 14 soybean seeds, with some developed by China National Seed Group and Beijing Dabeinong Technology Group. These approvals are open for public feedback until November 15. China initiated a GM corn and soybean commercial planting pilot in 2021, which has now expanded to 20 counties. Despite the expansion, GM crops cover only 267,000 hectares, a fraction of China's total corn area. The introduction of GM seeds could potentially boost China's crop yields by up to 12%. Following this news, Chinese seed company stocks, including Dabeinong, saw significant gains. The GM corn seed market in China could be valued at around \$8.2 billion

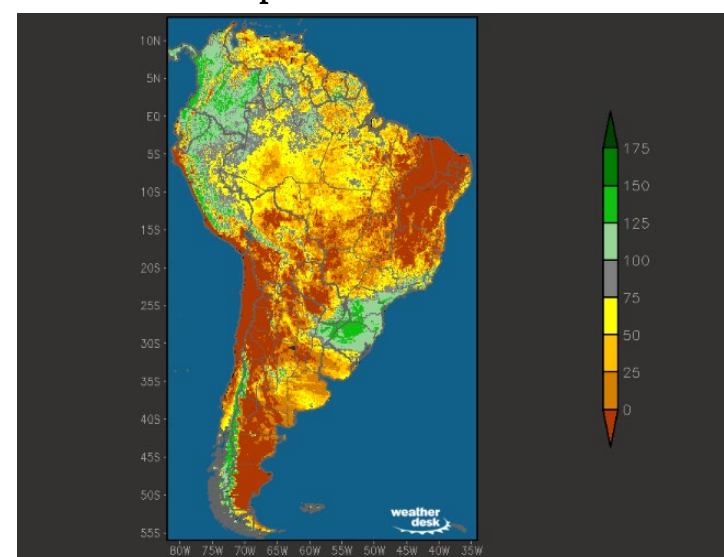
## USDA Moves Corn, Soybean and Wheat Acreage Adjustments to August Report

USDA will permanently include updated acreage estimates for wheat as well as corn, soybeans and several other crops in its monthly U.S. crop production reports every August, earlier than in past years, the agency announced at its data users meeting on Tuesday. USDA will update acreage data for corn and soybeans again in its September reports, and update canola and sunflower acreage in October. USDA also said it won't roll out its new weekly export sales reporting system until spring 2024 at the earliest.

### Top and Lowest State Conservation Reserve Program Rental Rates

The USDA announced the CRP has paid out \$1.77 billion this month to landowners in the program. CRP acreage under the Biden administration has increased 4.3 million acres since early 2021 to 24.8 million acres now, a 21% bump. With new contract enrollments starting with the 2024 fiscal year in October, USDA added 2.12 million acres this year. Acreage has risen even though the average overall rental rate in the program has declined \$6.73 per acre over that time. The average rental rate is \$78.20 per acre. USDA cites improvements to the program, which include increasing payments for practice incentives from 20% to 50% to help boost enrollment. While acreage has increased, USDA statistics from August show there are now -17,864 fewer CRP contracts since January 2021, a -3.2% decrease to 545,653 contracts, as of August 2023. The number of farms participating also fell -4.2% to 305,816 farms.

### Current Topsoil Moisture – Oct 18<sup>th</sup>



### Chart of the Day

