Staff Report No. 2024-72 **October 14, 2024**

October Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2023/24 U.S. MYA Price Projection	2024/25 U.S. MYA Price Projection
Corn	$4.65 per bu.	$4.10 per bu.
Soybeans	$12.50 per bu.	$10.80 per bu.
Long Grain Rice	$15.90 per cwt.	$14.50 per cwt.
South. Med. Grain Rice	$17.50 per cwt.	$14.50 per cwt.
Upland Cotton Lint	$0.76 per lb.	$0.66 per lb.
Seed Cotton	$0.3910 per lb.	$0.3430 per lb.

WASDE Summary

The **2024/25 U.S. corn outlook** calls for smaller supplies, larger exports, and reduced ending stocks. Projected beginning stocks for 2024/25 are 52 million bushels lower based on the Grain Stocks report. Corn production is forecast at 15.2 billion bushels, up 17 million from last month on a 0.2-bushel increase in yield to 183.8 bushels per acre. Harvested area for grain is unchanged at 82.7 million acres. Total use is raised slightly to 15.0 billion bushels reflecting greater exports. With supply falling and use rising, ending stocks are cut 58 million bushels to 2.0 billion. The season-average corn price received by producers is unchanged at $4.10 per bushel.

The **2024/25 outlook for U.S. soybean** production is forecast at 4.6 billion bushels, down 4 million on lower yields. Harvested area is unchanged at 86.3 million acres. The soybean yield is projected at 53.1 bushels per acre, down 0.1 bushels from the September forecast. With lower production partly offset by slightly higher beginning stocks, supplies are lowered 2.0 million bushels to 4.9 billion. With a slightly lower residual and no change to exports and crush, ending stocks are unchanged from last month at 550 million bushels. The U.S. season-average soybean price for 2024/25 is unchanged at $10.80 per bushel.

The **outlook for 2024/25 U.S. rice** this month is for slightly larger supplies, unchanged domestic use and exports, and slightly higher ending stocks. Supplies are raised on reports of higher production as imports

remain unchanged. The NASS October Crop Production report raised 2024/25 production by 0.1 million cwt to 219.8 million, all on higher yields. Average all-rice yield is forecast at 7,590 pounds per acre, an increase of 2 pounds over last month. Long-grain production is forecast at 166.8 million cwt and combined medium- and short-grain production at 53.0 million. Projected 2024/25 all rice ending stocks are raised by 0.1 million cwt to 45.7 million, up 16 percent from last year. The 2024/25 long- and southern medium-grain average farm prices are unchanged at $14.50 per cwt.

The **U.S. cotton estimates for 2024/25** shows lower production, mill use, and exports. NASS reduced the estimate of U.S. all-cotton production by slightly over 300,000 bales to 14.2 million in its October Crop Production report, primarily reflecting the damage from Hurricane Helene. Georgia and North Carolina accounted for much of the reduction as high winds and heavy rain pummeled open bolls, while some other states experienced partially offsetting gains. Overall, the national all-cotton yield estimate is reduced 18 pounds from last month to 789 pounds per harvested acre. Domestic mill use is reduced 100,000 bales to 1.8 million due to the latest reported mill activity. Reflecting weaker global import demand and lower production for 2024/25, U.S. exports are reduced 300,000 bales to 11.5 million. Ending stocks are raised 100,000 bales to 4.1 million, for a stocks-to-use ratio of slightly less than 31 percent. The 2024/25 season average upland farm price is unchanged at 66 cents per pound.

Corn

After 2023's record corn harvest, it became clear the era of 2-billion-bushel corn surpluses was back, and prices would have to find a new, lower trading range. The start of the 2024-25 season had potential to tilt supplies in either direction, getting off to a rough start, as numerous bouts of severe weather hit major producing states from late April through June. High winds, tornadoes, hail and flooding damaged crops in high-yielding areas more often than usual. Pockets of damaged acres are still lurking across the country, outnumbered by healthy corn and soybean crops that benefited from the best soil-moisture conditions the Midwest has experienced in at least four years.

For producers, the downside of this year's big crops is that corn and soybean prices have collapsed to levels rarely seen, especially since 2007, when the rise of the ethanol market increased farm profitability. In mid-August, the price of December corn is $3.90 a bushel, 19% below USDA's estimated cost of production. The last time December corn prices were this unprofitable was in the summer of 2020, when markets were frightened by the global pandemic and talk of a possible 3 billion bushel carryin. In terms of supply prospects, today's corn market is not that bad. Demand is moving cheap corn at a near-record clip.

The past six weeks have seen a modest rally in December corn prices from the August low of $3.85, but the anticipation of a big U.S. harvest is hampering prices, keeping them near their lowest level in four years for this time of year. In the September WASDE report, USDA estimated a 15.186-billion-bushel corn crop with a record yield of 183.6 bushels per acre. Dow Jones' pre-report survey of 19 analysts expects USDA to trim the production estimate to 15.158 billion bushels with a record yield of 183.4 bushels per acre.

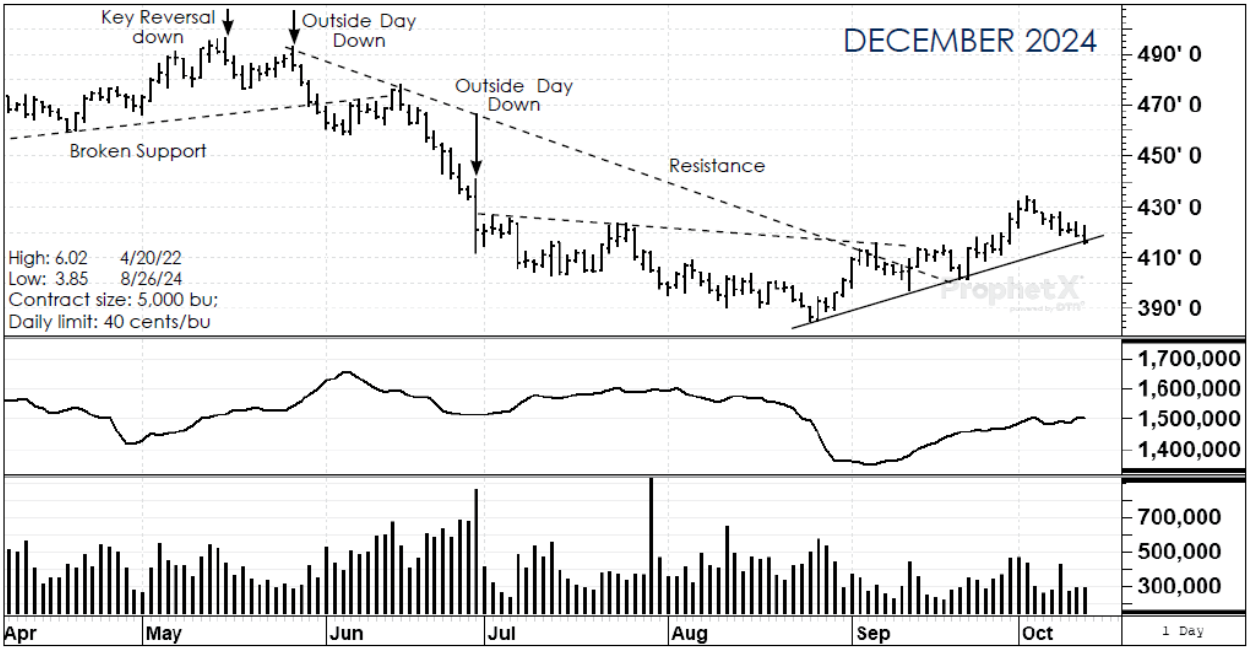
Because September corn stocks came in 93 million bushels below analysts' estimates on September 30th, the same group now expects USDA to reduce its estimate of U.S. ending corn stocks by 117 million bushels to 1.940 billion for 2024-25, still the most in six years, if true. It is early in the new season, but USDA may make some minor tweaks to demand, as export sales are off to a good start, up 14% from a year ago at this time. For the 2023-24 season that just ended in August, corn stocks should total 1.760 billion bushels, the highest in four years.

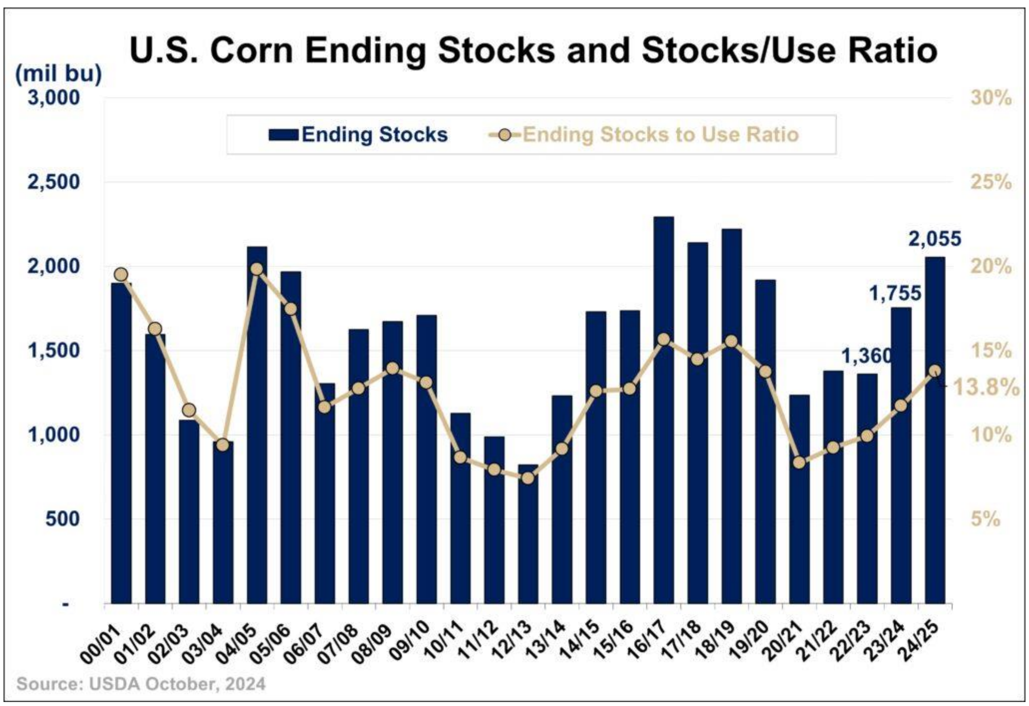
Corn futures were trading higher ahead of the October Crop Production and Supply and Demand reports from USDA, which sparked some modest selling pressure and forced prices to settle near the week's lows. USDA opted to leave most of the balance sheet unchanged today, making minor adjustments after incorporating ending stocks reported in the Quarterly Grain Stocks report on September 30th. USDA raised 2024 production to 15.203 billion bushels, above 15.186 billion in September and expectations of 15.155 billion bushels. That leaves the estimated yield at 183.8 bushels per acre, 0.2 bushels up from a month ago. Prices found modest strength into the close. Bulls managed to hold key support this week, which leaves the door open for a bounce next week. December futures have worked into a precarious position. That is, if prices continue to go much lower, it could negate the uptrend currently in place from the August low. Harvest selling and commercial hedge pressure has left the door open for extended weakness as of late, though we feel it is overdone.

On the surface, the October USDA reports look modestly bearish, which encouraged selling pressure intraday. A deeper dive into the objective yield data in the Crop Production report is quite puzzling. USDA raised yields in Iowa, Kansas, Missouri and Nebraska and cut estimated yields in Indiana and Ohio. Each of those states are part of the 10 objective yield data sets. Ear counts were down from September in eight of the ten objective yield states (Illinois, Indiana, Iowa, Kansas, Minnesota, Nebraska, Ohio, South Dakota and Wisconsin), with only Wisconsin and Minnesota showing increases. Huge drops in Iowa and Indiana were stunning. Population was a mixed bag for the states, though overall, were down as well. With population and ear counts both showing declines, implied ear weights are seen as smashing the prior record. The coming month will allow for additional objective data to be collected, giving a better idea of where production will end up. This continues to give us confidence that the current USDA yield forecast is too high, which is likely to shore up the balance sheet in the coming months.

The world balance sheet will become more of a focus and price-action driver in the coming quarter. South America has begun planting and relatively dry soils have limited planting pace. But, fertilizer costs in Brazil are expensive relative to the price of corn. The high input costs of corn could lead to more producers opting to plant beans. While bearish for beans, which already see the world balance sheet at record levels, it could tighten up the corn balance sheet. If Brazil does not plant as much corn as currently expected, it could also drive additional importers to the U.S. market, including China, which currently does not have any sales on the book for U.S. origin corn. USDA lifted their export estimate 25 million bushels to 2.325 billion bushels in today's report, reflecting their optimism for the export market.

Corn futures slipped another 1 1/2 to 3 3/4 cents under pressure hedge selling ahead of what should be the most-active harvest weekend of the season so far. USDA's slightly larger U.S. crop estimate also weighed on the market, reinforcing that fact U.S. corn supplies are ample to meet demand and overshadowing a sizable U.S. corn export sale of 577,928 MT to unknown destinations. December corn futures fell 2 3/4 cents to $4.15 3/4, while March futures fell 3 1/4 cents to $4.33 and July futures fell 3 3/4 cents to $4.47 1/4.

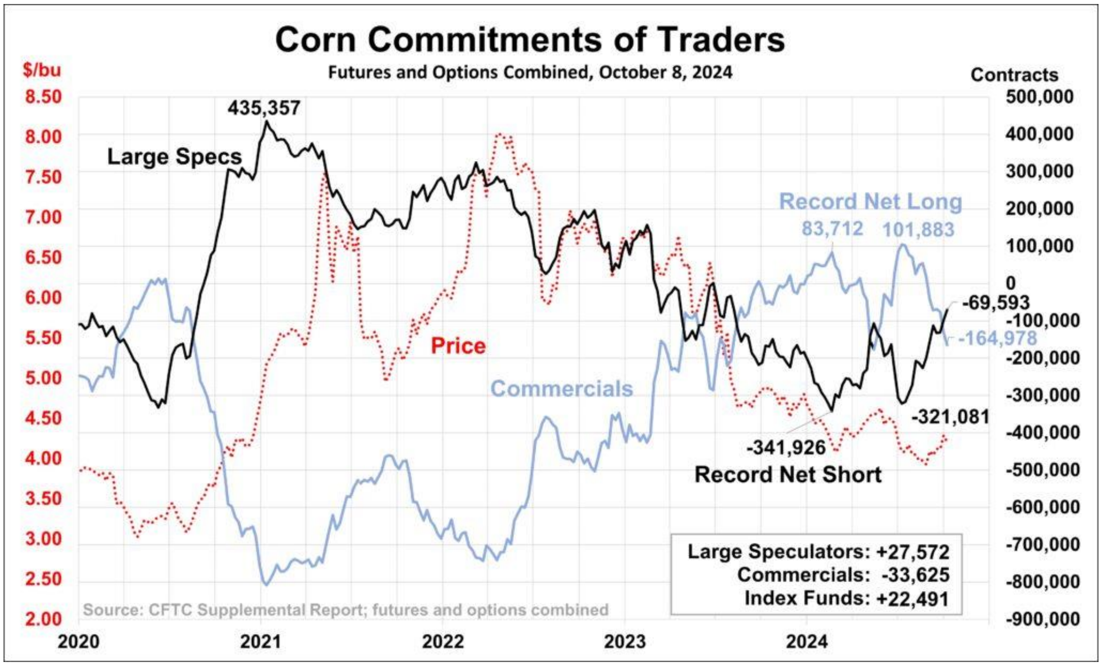




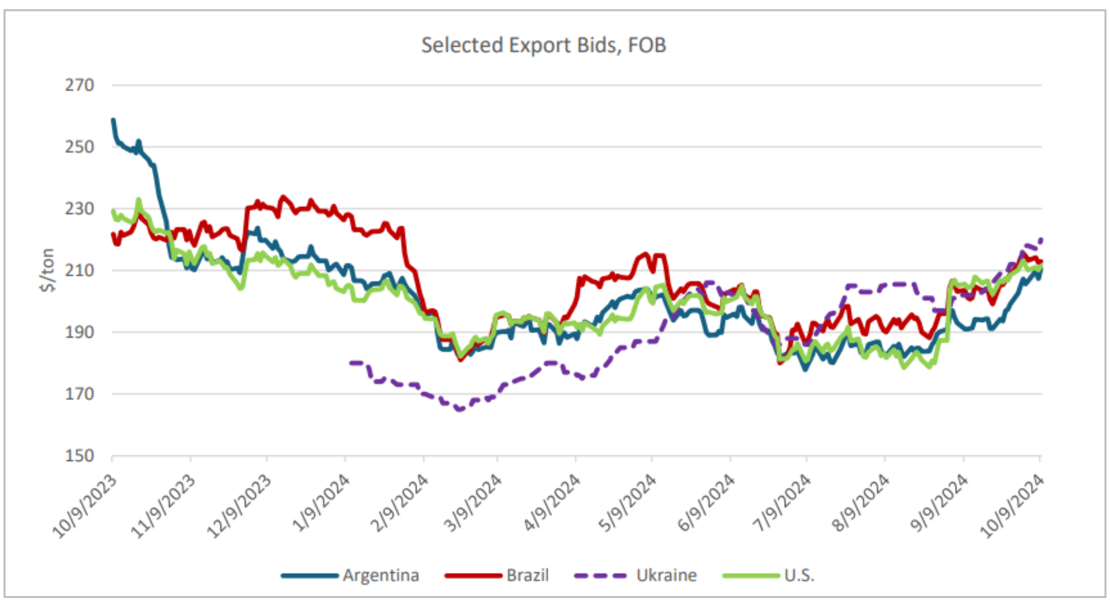
December futures ended the day just above key support from their short-term trendline. A close below $4.15 on Monday will break that support and likely set up a test of support at $4.00. For the week, Dec. corn lost 9 cents and posted its lowest weekly close in 3 weeks. December would have to close below $4.01 3/4 to put our 5-week Friday close rule back short the market again. December 2025 futures broke their short-term uptrend today, closing at $4.50. December 2025 now has nearby support at $4.47 and at $4.42.

Weekly CFTC Supplemental Commitments of Traders data shows large speculators were again active net buyers during the week ended Tuesday as they continued to liquidate their once-large short position. The

large specs trimmed their net short position by about 27,500 contracts, covering more than 30,500 shorts and were net short less than 70,000 contracts at Tuesday's close. In contrast, commercial traders were net sellers of more than 33,000 contracts on the week taking their net short position to about 165,000 contracts.



Since the September WASDE, export bids for all major origins rose as further declines in Black Sea supplies and dryness during planting in South America supported slimmer supply expectations. U.S. bids were up $6/ton to $211; pressure from the ongoing harvest continues to offset smaller supply expectations from the September 1st NASS Grain Stocks report. Brazil bids were up $9/ton to $213, while Argentine bids were up $20/ton to $211. Low water levels in both the Amazon and Paraná Rivers are throttling throughput, supporting higher export bids. Ukrainian bids were up $18/ton to $220, as competition for diminished Ukrainian supplies is supporting higher bids.



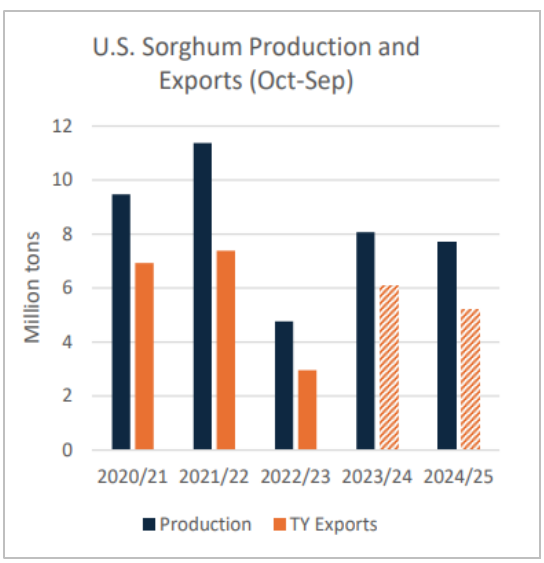
Export bids (fob, US$ per ton)	9-Oct-24	9-Sep-24	9-Oct-23	*% change, '23 - '24*
Argentina, Up River	220	191	259	-19%
Brazil, Paranaguá	213	204	222	-4%
Ukraine	220	202	N/A	N/A
U.S. #3 Yellow Corn, Gulf	211	206	229	-8%

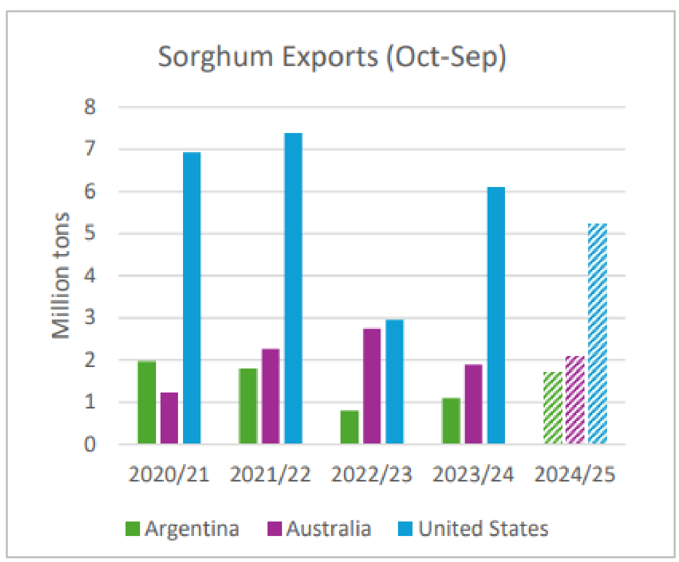
U.S. sorghum exports have nearly doubled from 3.0 million tons in 2022/23 to 6.1 million tons in 2023/24 (October-September), largely due to stronger U.S. production following a year plagued by drought. This year-to-year increase brings U.S. sorghum exports back on par with the 5-year export average. China is the largest destination for U.S. sorghum in 2023/24, accounting for over 90 percent of U.S. exports. Production growth is not expected to continue into 2024/25, and U.S. supplies and exports are forecast to decrease from 2023/24.

Chinese sorghum demand remained robust throughout 2023/24, driven by use in animal feed and the production of baijiu (a.k.a. shaojiu), a traditional alcoholic beverage. While domestic production largely meets brewing needs, since 2014/15 China has played a significant role in global imports, primarily to satisfy demand for cost effective animal feed supplies. In addition to the United States, China also imports sorghum from Argentina and Australia.

Following the drop in 2022/23 production of U.S. sorghum, Australian and Argentine sorghum partially filled the vacuum for demand, with Australia exporting 2.8 million tons and Argentina supplying 800,000 tons. However, export potential was limited due to low production in these countries relative to the United States. Combined production of sorghum in both countries averaged 4.3 million tons over the past 5 years, versus an annual average of 7.2 million tons of Chinese sorghum imports over the same period. Without U.S. supplies, Chinese sorghum consumption was reduced. As U.S. production rebounded in 2023/24, Chinese imports and consumption also recovered, although not to the peak levels of 2021/22.

Looking ahead to 2024/25, U.S. sorghum production is forecast to decline year over year from 8.0 million tons to 7.7 million tons due to unfavorable weather conditions in major growing regions. With beginning stocks remaining low, U.S. exports are forecast to decrease to 5.2 million tons. Argentina and Australia are forecast to have a larger crop in the next production season and are expected to grow their shares of global sorghum trade





Soybeans

After 2023's record harvest, it became very evident that surpluses to soybean stocks had returned, and, as a result, prices would probably end up trading in a lower range. For soybeans, there was a bearish adjustment, but it was more gradual relative to that for corn. A modest U.S. soybean harvest in 2023 was followed by a big soybean harvest in Brazil in early 2024, which cut into demand for U.S. soybeans and pushed U.S. ending soybean stocks up, from 264 million bushels in 2022-23 to 345 million bushels in 2023-24.

For producers, the tragic side of this year's big crops is that soybean prices have collapsed to levels not often seen, especially since 2007. For November soybeans (in August), the price of $9.60 a bushel is 18% below USDA's cost of production estimate. That level of unprofitability has not been seen since 2018 and 2019, two years of tariff disputes with China, when annual U.S. soybean demand dropped below 4.0 billion bushels. Again, today's soybean demand is much better than those two earlier years, but I must admit the threat of Brazilian expansion may hang over prices again in 2025.

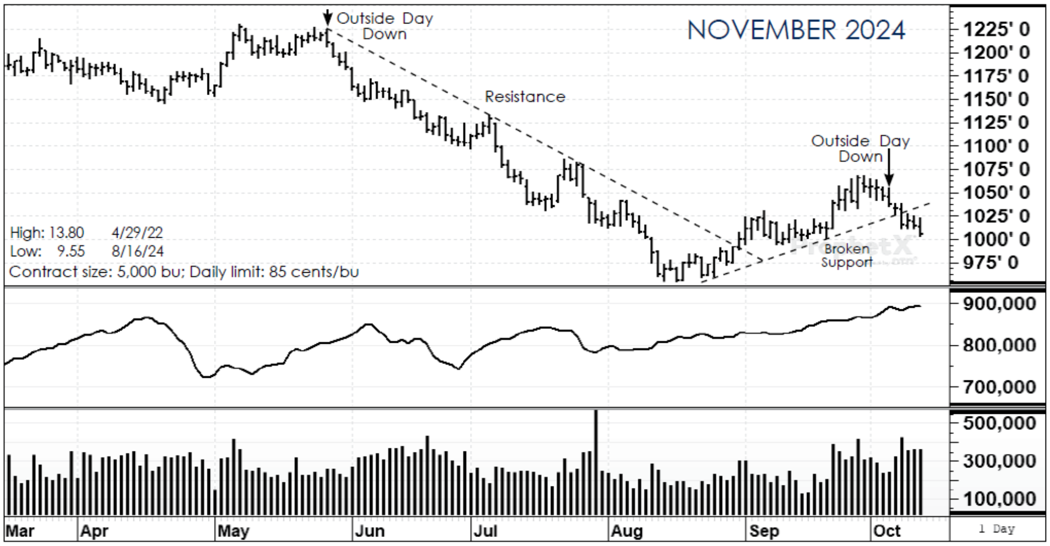
In September, USDA estimated a record-high 4.586 billion bushel soybean crop, based on a record yield of 53.2 bushels per acre. August weather was generally favorable for this year's soybean crop, and early anecdotes have suggested higher yields. However, a stretch of dry weather started in late August that is expected to last another 10 days or more. As of October 6th, USDA said harvest was 47% complete, making faster-than-normal progress as producers try to avoid further moisture loss in their beans. Dow Jones' survey expects USDA will lightly trim its estimate of U.S. soybean production to 4.572 billion bushels with a yield of 53.0 bushels per acre, still a record high, if true.

Thanks to the September 30th stocks report, we know the 2023-24 season should end with 342 million bushels of U.S. soybean stocks, the most in four years. For 2024-25, USDA is expected to slightly reduce ending stocks from 550 mb to 542 million bushels, the most in six years and the main bearish reason for this year's lower soybean prices.

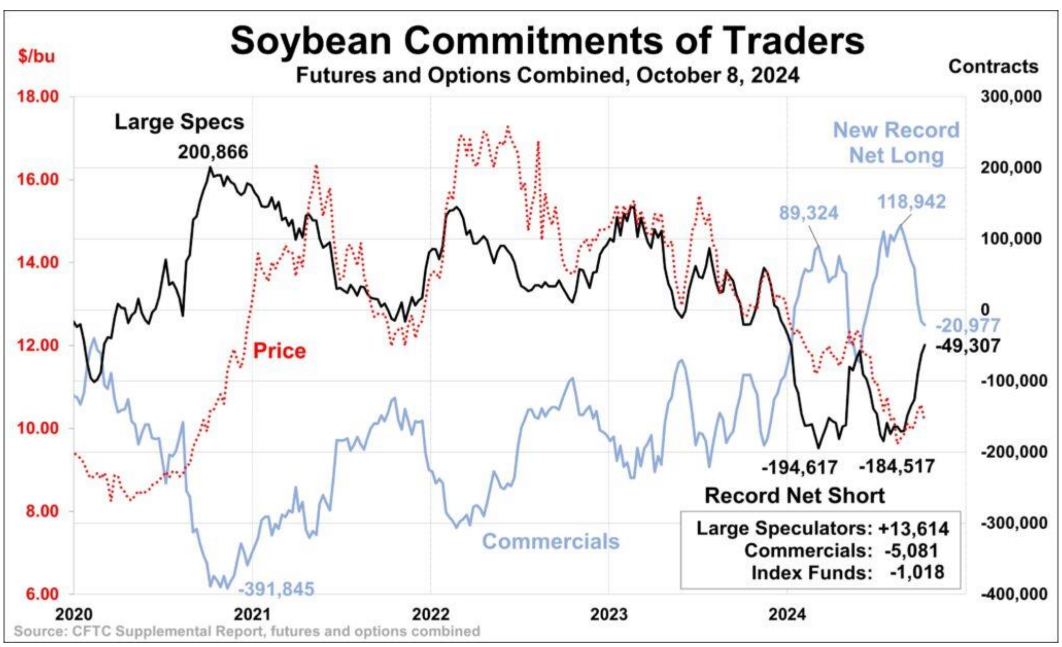
Corrective strength across the soy complex was negated in the wake of USDA's October production, supply and demand data. Old-crop soybean carryover of 342 million bu. was set by the Quarterly Grain Stocks Report as of September 1st, up 2 million from the September WASDE. USDA cut total supplies 2 million bushels, with a 3-million-bushel reduction to the 2023 crop and a 1-million-bushel increase to estimated old-crop imports, while total use was cut 4 million bu. from last month with crush trimmed 8-million bu., residual use up 9-million bu. and exports down 5-million bu. For 2024-25, USDA lowered the average soybean yield 0.1 bu. to 53.1 bu. per acre, reducing production 4 million bushels from September's forecast, though the figure remains at a record high of 4.582 billion bushels and is still up 10% from 2023. Harvested area has, however, remained unchanged at 86.3 million acres. On the demand side of the balance sheet, residual use was decreased by 2 million bushels, with no changes to exports and crush, leaving ending stocks unchanged from last month at 550 million bushels. Traders will continue to mull over the data into next week, with technical pressure likely lingering across the complex. However, corrective gains in soymeal could ignite corrective strength following a string of losses since the October 1st high.

Soybean futures tumbled another 9 1/4 to 12 cents under pressure from harvest-related hedge selling and today's USDA reports, which reinforced prospects for ample U.S. soybean supplies this year. Prospects for increasing rainfall in growing areas of Brazil and Argentina also weighed on prices. Losses were limited by indications of fresh Chinese interest in U.S. soybeans. Nov. soybeans fell 9 1/4 cents to $10.05 1/2, while Jan. futures fell 10 1/2 cents to $10.21 and March fell 11 1/2 cents to $10.35. December soyoil futures fell 43 points to 43.33 cents, while December soymeal futures fell $1.00 to $315.10.

The near-term technical picture for soybean futures is weak after futures broke their short-term uptrend lines earlier this week. November futures recently posted their lowest close since September 16th and had their worst week in 8 weeks to that point, losing 32 1/4 cents. The market is also now back below all its key moving averages. Nov. beans appear to have some substantial chart support right below them at $9.95 1/2-$10.01 1/4, but a close back below $10.00 could potentially set up a test of the contract low at $9.55. Nearby resistance is now at $10.23 3/4-$10.27 1/4.

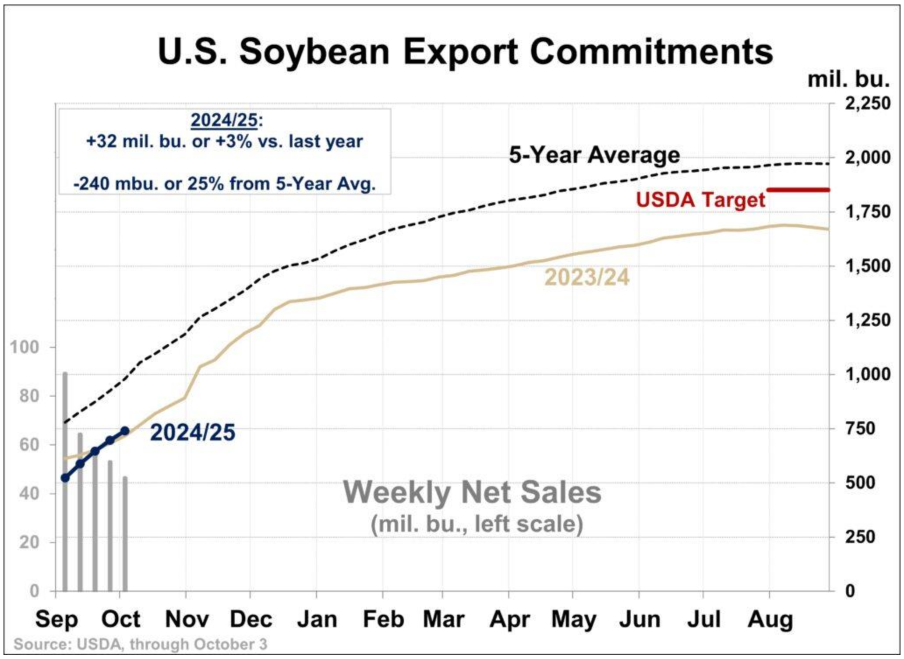


CFTC Supplemental data shows large speculators were net buyers of nearly 14,000 contracts of soybean futures/options during the week ended Tuesday, cutting their net short position to less than 50,000 contracts. Commercial traders were very modest net sellers of about 5,000 contracts on the week, putting them net short about 21,000 contracts. That remains a very small commercial net short for harvest season, which suggests producers have been slow sellers of new-crop soybeans so far. That is likely in part because they have been busy getting beans out of the field, though, and movement could pick up as harvest winds down. Harvest should be close to 70% over by the end of this week.

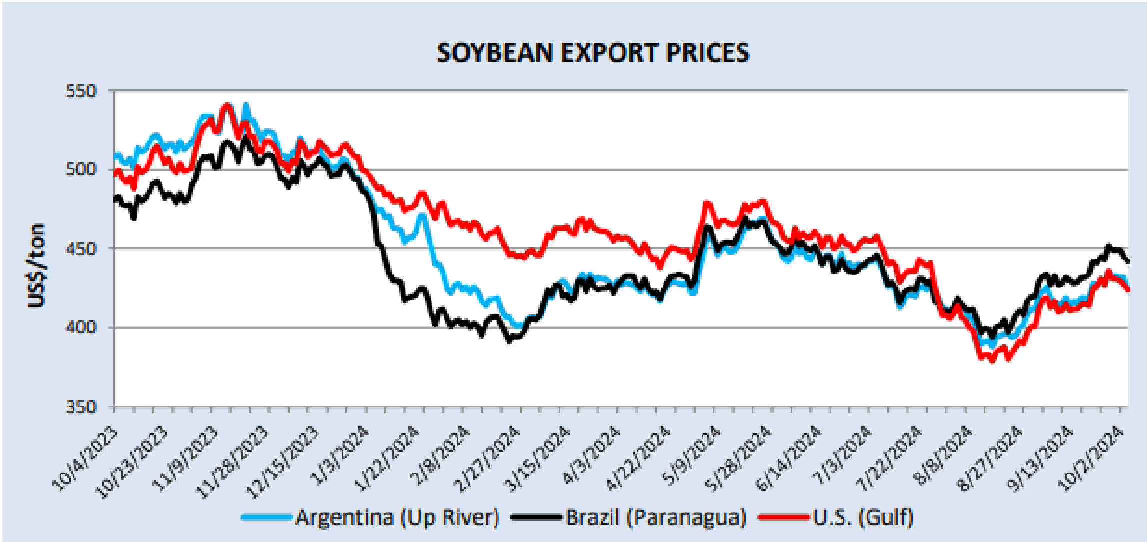


Weather in both the U.S. and South America will be a key focus over the next month. As of October 6th, USDA reported soybean harvest was 47% complete, notably ahead of the five-year average. World Weather Inc. maintains weather throughout the Midwest will allow for aggressive harvesting over the next two weeks amid mostly dry conditions. Meanwhile, after an extended period of hot, dry weather, Brazil will experience some needed moisture over the next couple of weeks that will eventually support some planting of early soybeans. The forecaster notes greater rainfall in the October 19-25 period will be more helpful in raising topsoil moisture after this week's sporadic rainfall.

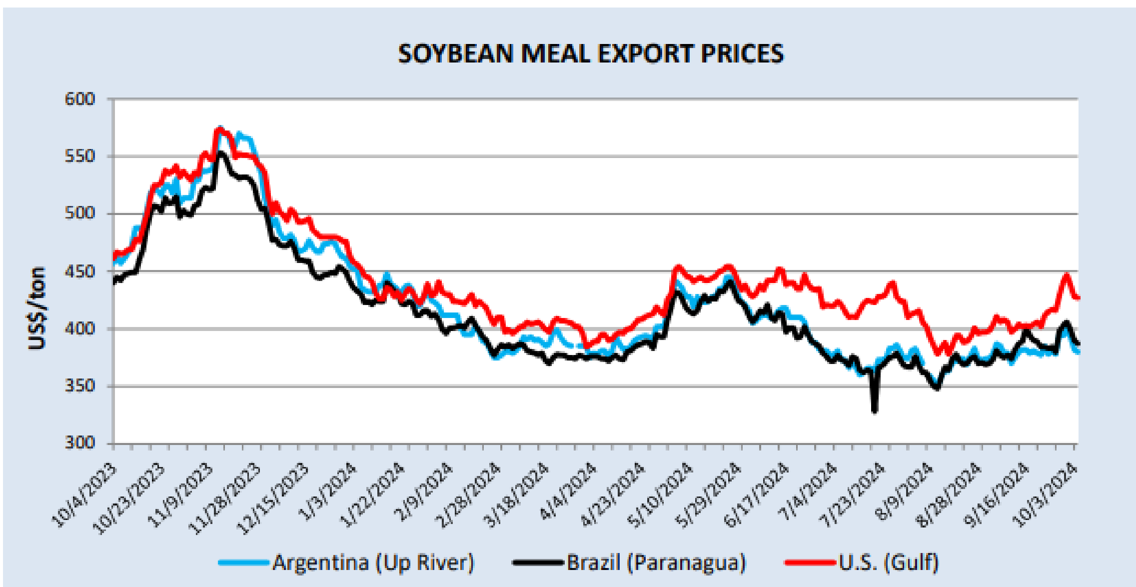
U.S. exports will be closely monitored as the year progresses, with an increased focus following recent stimulus measures in China and ahead of the November election. Moreover, lingering inflation could continue to prop up the U.S. dollar making U.S. commodities less competitive on the global marketplace.



Soybean prices were up since the last WASDE report on poor weather conditions in South America at the beginning of planting season. In the last week, global soybean prices fell slightly following the arrival of rain in some growing regions of Brazil. Soybean meal prices largely moved in tandem with soybean prices. U.S. soybean oil prices rose through most of September, tracking with rising prices of other vegetable oils that were driven by lower supply expectations for palm, rapeseed, and sunflower oil.



Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.



Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

After a late arrival in the new-crop U.S. soybean market, China has bought about 298 million bushels of U.S. soybeans for 2024/25 delivery since mid-July, but Chinese buyers have reportedly not yet booked any U.S. beans for December or January delivery. The lack of forward purchases reportedly reflects hopes for Brazilian producers to boost sales, but we suspect it may also be related to concerns about deteriorating U.S.-China trade relations.

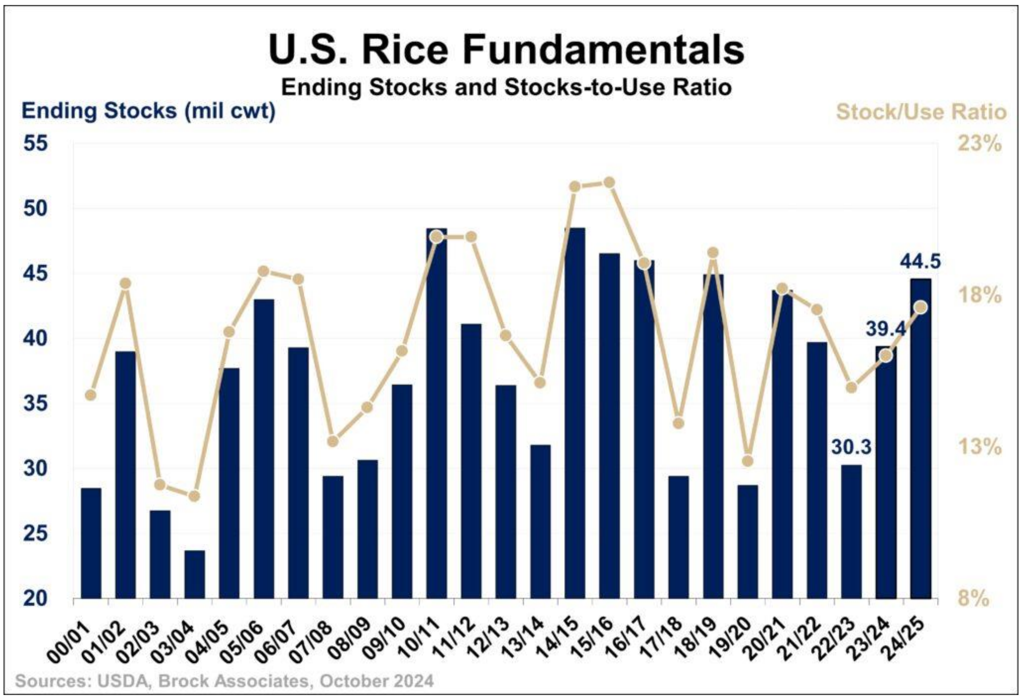
The Chinese commerce minister recently raised "serious concerns" with U.S. Secretary of Commerce Gina Raimondo over U.S. semiconductor policies towards China and restrictions on Chinese connected vehicles, calling for sanctions against Chinese companies to be lifted. However, according to a Department of Commerce press release, Raimondo said the semiconductor policy, enacted on national security grounds, was "not negotiable." She also noted "ongoing concerns from the U.S. business

community about decreasing regulatory transparency in the PRC, non-market policies and practices, and structural overcapacity in a range of industrial sectors."

Rice

Rice futures ended lower, retreating amid follow-through technical selling after yesterday's breakdown and bearish world supplies. November rice settled down 7 cents to $14.99 ½, after trading a range of $14.95 to $15.06. January rice settled down 10 ½ cents to $15.13 ½.

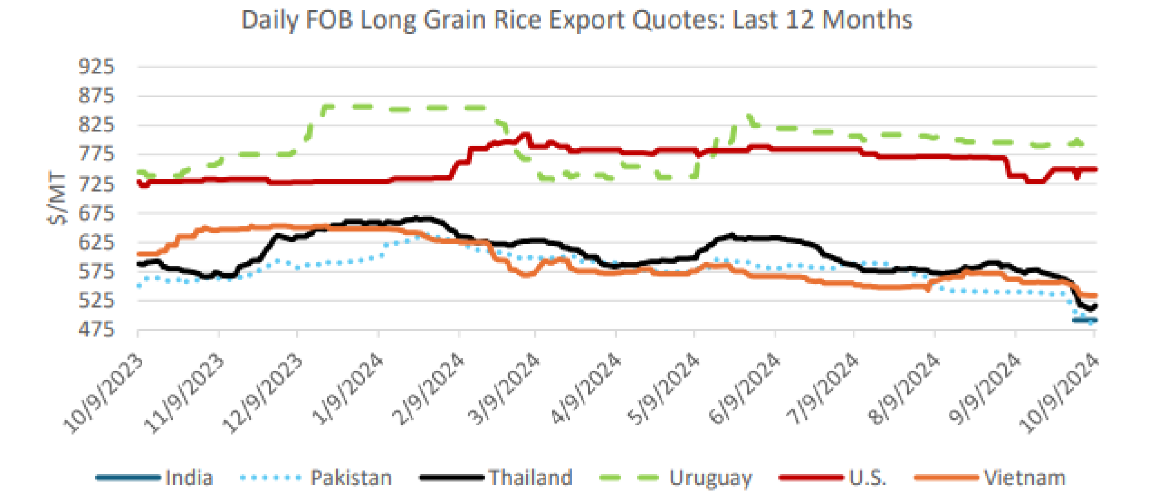
USDA's October WASDE marginally changed its U.S. production and ending stocks forecasts for rice, leaving projections for long-grain completely unchanged. U.S. harvest is nearly finished and there will not be much to drive the market in the near-term, and the path of least resistance looks to be lower. After recent trading in an increasingly tight range over several days, futures broke down. For November rice, bears will want to push below the September 26th low at $14.88 ½. If that low holds, this will remain a sideways trending market.



Large specs continue to buy rice, both through short liquidation and establishing new longs. Since their recent large net short position as of July 23rd specs have been buyers all but 3 of the past 11 weeks, and they've been buyers now for 5 consecutive weeks. Harvest progress has been well ahead of pace which explains the significant commercial hedge pressure. Price action has been choppy for months now forming a wedge and at one point this week, posting 4 consecutive inside days before ending the week lower. 14.90 in November is the nearest level that will motivate us. If futures break through that level we'll likely advise a defensive hedge.

Since the September WASDE, Asian export quotes declined significantly in response to India lifting its export ban on non-basmati white rice, which had been in place since July 2023. The Government of India set a Minimum Export Price (MEP) at $490/ton and the current export quote is $492/ton. Vietnamese quotes decreased $28 to $534/ton, while Thai quotes declined $60 to $517/ton with increased pressure from India's return to the market. Pakistani quotes fell $53 to $487/ton, slightly below India's MEP. U.S.

prices increased $11 to $750/ton with improved demand within the Western Hemisphere and slow farmer selling. Uruguayan quotes fell $10 to $786/ton and remained the highest among major exporters.

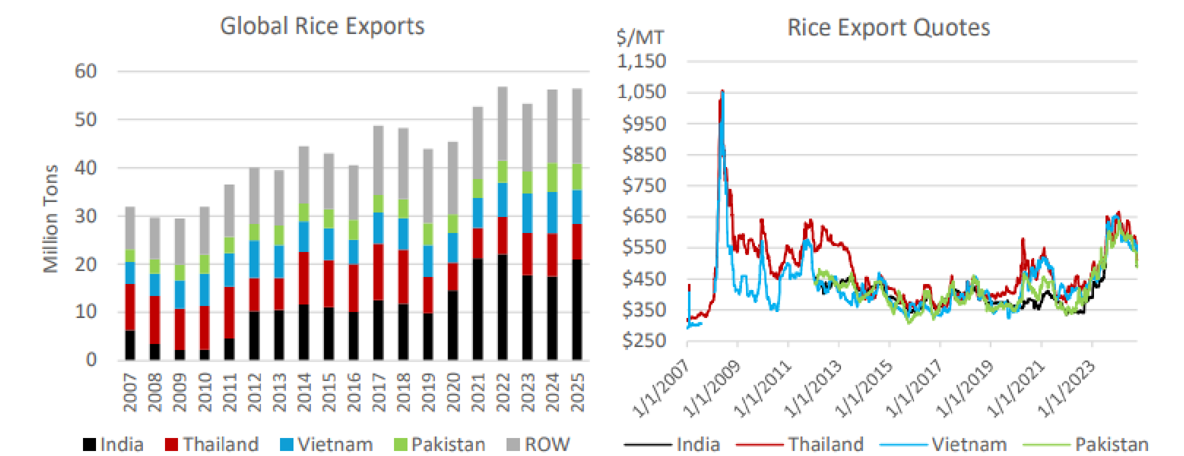


Source: International Grains Council
Note on FOB quotes: Thai 100B, U.S. 4%, all others 5% broken white rice.

On September 28th, India lifted a 14-month export ban on non-basmati white rice, the most traded category of rice globally. Additionally, India removed the Minimum Export Price (MEP) on basmati rice and reduced tariffs to 10 percent on paddy, brown, and parboiled exports. Global trade is now set to rise in 2025 as top exporter India expands shipments and global rice prices are expected to fall. Notably, the ban on broken rice exports remains in place, which is forecast to keep India export volumes and global trade below the records reached in 2022.

India's sudden export ban on July 20, 2023 profoundly impacted global rice exporter prices, spurring their highest climb in 15 years. With the removal of the non-basmati white rice export ban this past month, the Indian government also set a MEP of $490/ton. Indian export quotes are now around that level, which is comparable to when they were last quoted in July 2023. In response, export prices for other origins have fallen sharply and some have edged below $500/ton for the first time since July 2023. Pakistan, which saw surging exports during the export ban, has removed its own MEP in response. With India's return to the market, exports are anticipated to decline for Thailand, Vietnam, and Pakistan. All of these countries expanded exports in 2023/24 as a result of India's export ban.

India Removes Rice Export Ban, Spurring Additional Trade



Source: International Grains Council

Global trade is expected to expand slightly for 2025 as price-sensitive countries, especially in Africa and Asia, increase import demand in response to more available supplies and lower prices. African countries, in particular, shifted to alternate suppliers such as Pakistan but scaled back on their total purchases during the Indian export ban. Shipments to neighboring Nepal and Bangladesh are expected to rebound as well.

Cotton

Cotton futures ended the week lower as USDA's October production, supply and demand data ignited selling. Old-crop cotton carryover was unchanged from last month, with no changes to supply or demand from September. However, new-crop carryover increased 100,000 bales from September, despite a 310,000-bale cut to supplies due to a smaller crop estimate. USDA trimmed cotton use 400,000 bales, with domestic use down 100,000 bales to 1.8 million bales and exports down 300,000 bales to 11.5 million bales. Unaccounted use was also cut 10,000 bales to -40,000 bales. Look for recent consolidation to continue as technical resistance looms and near-term oversold conditions likely curb heavy selling pressure.

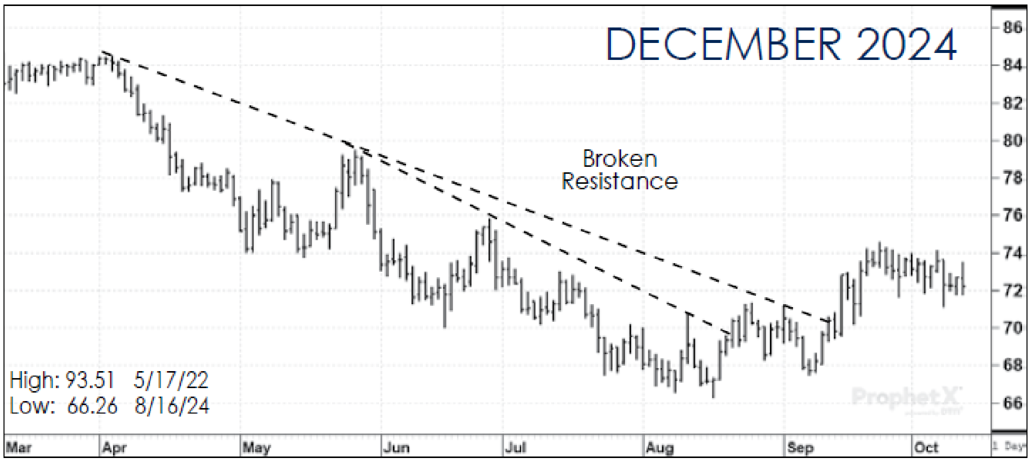
As of October 6th, USDA reported 26% of the cotton crop was harvested, making the next several weeks crucial as harvest efforts continue to progress across the country. World Weather Inc. notes cotton areas will experience dry biased weather for the next week, favoring crop maturation and some harvesting, though cool temps next week may bring a threat of soft frost to the northern Delta, Virginia and North Carolina, but mostly likely the airmass will moderate prior to getting into those areas. The forecaster notes showers will return to a large part of western Texas and southwestern Oklahoma October 18-19, which may discolor come cotton, though drier weather is expected shortly after, which should improve the situation.

USDA's 300,000-bale cut to 2024-25 exports in today's supply and demand update certainly set the tone for exports as the marketing-year progresses. While the drop was not all that surprising, it certainly hardened prospects of reduced cotton demand for the foreseeable future. However, traders will continue to monitor stimulus measures in China, which could prop up purchases from the country, though any escalation in trade tensions and lingering inflation could help quash any potential optimism should extended measures transpire.

Cotton futures ended lower, losing 40 to 45 points. December settled at 72.21, after trading a range of 71.76 to 73.50. March cotton settled at 74.33 and did NOT trigger our morning hedge recommendation.

The cotton market's dynamic of production concerns being more than offset by weak demand was illustrated in Friday's Supply and Demand report. USDA lowered its estimate of U.S. cotton production to 14.201 million bales, compared with trade estimates that averaged 14.270 million, but raised its projected U.S. cotton carryout to 4.1 million bales, cutting projected exports by 300,000 bales.

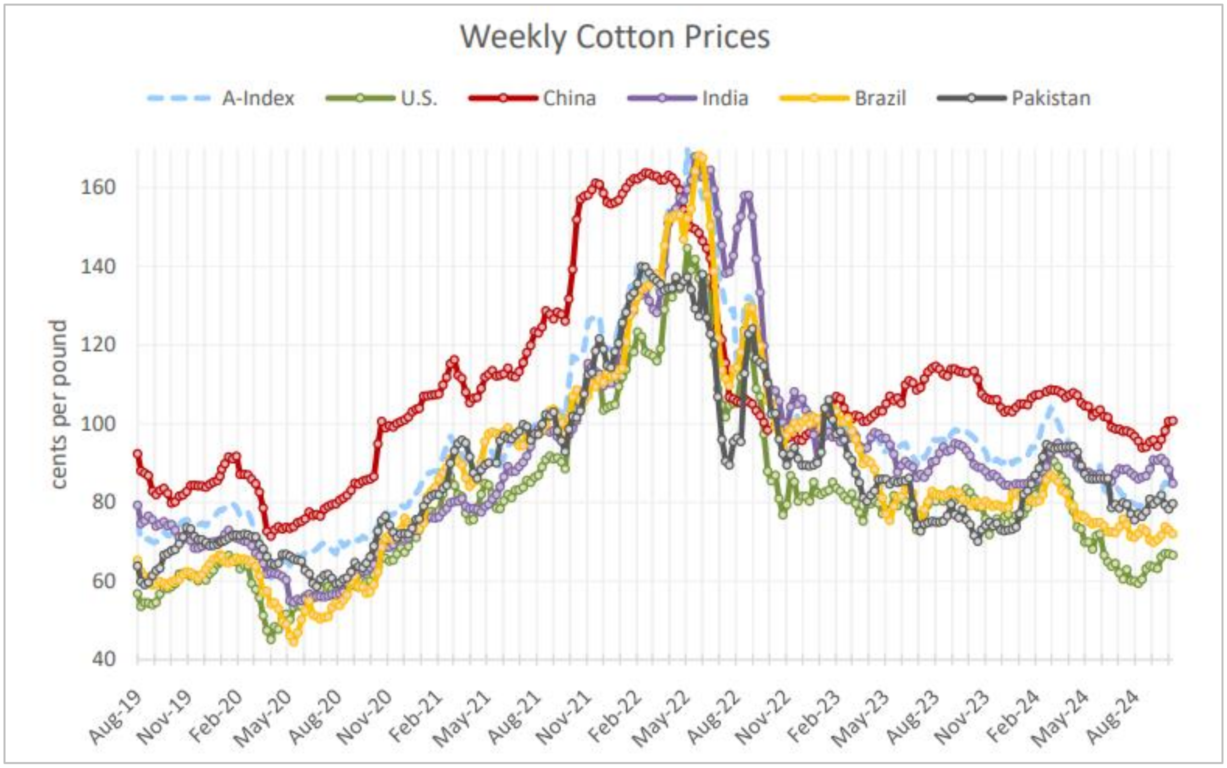
The losses in Georgia from Hurricane Helene are significant, but the storm and the market's reaction to it are a reminder that Texas is by far the biggest factor in U.S. cotton supplies. Meanwhile, weekly export sales on Thursday were poor once again. Large speculators were net short by 37,370 contracts of cotton as of Tuesday, an increase of 3,943 from the prior week, the CFTC said.



After three weeks of buying off of the all time largest net short position in history, large specs returned to selling, to the tune of 3,943 contracts in the week ended Tuesday. Index funds were buyers for the 8th consecutive week, adding over 16,000 contracts over that time frame and 5,056 contracts this week.

Even on this buying from specs and funds, price action has been sideways at best and more so slightly lower over the past several weeks. We have several times now worked orders to sell March futures on a close under 74. We will continue to watch this level as it appears a close under 74 opens up downside back to the 69 cent area. We also advised working a sell limit order to make a cash sale if December futures his 75.50, which is significant as a 50% retracement of the major move lower, and also just under the late June high.

Since the last WASDE report, cotton futures on the Intercontinental Exchange (ICE) are up around 4 cents per pound to 72 cents on lower expected U.S. production. Crop conditions declined across the country as witnessed in the most recent Crop Progress report, and Hurricane Helene negatively affected areas in the Mid-South and Southeast. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long position for both NonCommercial and Index participants rising to over 36,000 contracts compared with a net short position last month. Nonetheless, this remains significantly below the level last year at over 105,000 contracts.



U.S. spot prices are up again to around 66 cents per pound on lower expected U.S. production. Southeast basis fell slightly to -450 basis points while North and South Delta fell to -600. West TexasKansas-Oklahoma is unchanged at -675, and average basis across the United States was also unchanged at around -600. China prices are up more than 5 cents to 100 cents per pound as the nearby futures contract (January) on the Zhengzhou Commodity Exchange (ZCE) rose nearly 1,000 yuan per metric ton to around 14,200. Basis (relative to ICE) was up nearly 300 points to around 2,800 points and the same level as last year. India prices are down 6 cents this month to 85 cents per pound and likely reflect a greater volume of transactions compared with recent months as the 2024/25 crop arrives. Basis fell over 900 points this month to around 1,200 points but remains well above the level of 400 witnessed last year. Brazilian prices remain mostly unchanged at around 70 cents. Basis is down 200 points again this month but above last year's level of around -600 points. This is likely attributed to 2023/24 ending stocks falling nearly 1.0 million bales compared with the previous year to 3.1 million.

PLC Farm Program Payment Projections – 2023/24 CY and 2024/25 CY

The table below projects the national marketing year average prices for purposes of the Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

Covered Commodity	***2023/24 MYA Price****	*Effective Reference Price*	***2023/24 PLC Payment Rate***
Corn	$4.65	$3.70	--
Grain Sorghum	$4.90	$3.95	--
Long Grain Rice	$15.90	$14.00	--
Medium Grain Rice	$17.50	$14.00	--
Seed Cotton	$0.3910	$0.3670	--
Soybeans	$12.50	$8.40	--
Wheat	$6.96	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on October 11, 2024.

Covered Commodity	***2024/25 MYA Price****	*Effective Reference Price*	***2024/25 PLC Payment Rate***
Corn	$4.10	$4.01	--
Grain Sorghum	$4.10	$4.06	--
Long Grain Rice	$14.50	$14.00	--
Medium Grain Rice	$14.50	$14.00	--
Seed Cotton	$0.3430	$0.3670	$0.0240
Soybeans	$10.80	$9.26	--
Wheat	$5.70	$5.50	--

*The 2024/25 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on October 11, 2024.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, No Bull, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), Total Farm Marketing, University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

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