flooding in Australia, boosting concerns about its wheat crop. Growing season. La Niña is sometimes associated with drought in South American conditions (no La Niña or El Niño) this fall and winter. If they're correct, it could signal some challenges for the South American hemisphere fall and a 55% chance it will persist during winter 2016-17. The CPC previously gave 55% to 60% odds for ENSO-neutral conditions. The Climate Prediction Center (CPC) Egyptian government before they’ll send it grain wheat shipments. Egypt received four offers in a tender to purchase its on-again, off-again zero-tolerance policy on ergot in wheat imports, Egypt, the world's largest wheat importer, reversed its ban on imports of Canadian bone-in beef from animals under 30 months old. U.S. egg sets recently increased 4% and chick placements came in 2% over year-ago levels. Both represented noticeable increases from the recent pace of year-over-year gains that were running about 1% above those from 2015. The U.S. broiler industry is expanding amid cheap feed prices. USDA now forecasts broiler production to rise 1.7% this year and another 2% in 2017. China lifted a ban on imports of U.S. bone-in and boneless beef from cattle under 30 months old in mid-September. China also lifted its ban on imports of Canadian bone-in beef from animals under 30 months old. U.S. and Canadian beef must still meet China's various requirements, which are still undefined, so shipment dates remain in the future. China's ban on most U.S. beef imports has been in place since late 2003. In 2010, China started allowing imports of boneless Canadian beef from cattle under 30 months old. Rains and flooding resulting from Hurricane Matthew caused widespread North Carolina hog slaughter delays in early October. While both Smithfield Foods and Tyson Foods said their East Coast processing plants didn't sustain "substantial" damage, floodwaters hampered transportation and forced them to operate at reduced rates. North Carolina's ag depart¬ment said the hurri¬cane killed at least 1.8 million poultry, mostly chickens. That figure might climb as high as 5 million birds.

In a September report, the U.S. Senate Committee on Environment and Public Works excoriated the expansion of jurisdiction claimed by the Army Corps of Engineers and the U.S. Environmental Protection Agency under the Clean Water Act. The report cited case studies illustrating the agencies' overreach. In one extreme example, the Corps asserted jurisdiction over a dirt road that had tire ruts in which rainwater collected – and therefore was considered wetlands. The report called the reach of federal authority claimed by EPA and the Corps "ominous."

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After receiving no offers from three recent wheat tenders and having Russian sanctions imposed on Egyptian fruit and vegetable imports, Egypt, the world's largest wheat importer, reversed its on-again, off-again zero-tolerance policy on ergot in wheat shipments in mid-September. Officials said they would reinstate the inter¬national standard of a 0.05% tolerance level for ergot in wheat shipments. Egypt received four offers in a tender to purchase wheat Sept. 22. But some exporters want an official decree from the Egyptian government before they’ll send it grain.

The Climate Prediction Center (CPC) says there is now a 71% chance of a weak La Niña developing during the northern hemisphere fall and a 55% chance it will persist during winter 2016-17. The CPC previously gave 55% to 60% odds for ENSO-neutral conditions (no La Niña or El Niño) this fall and winter. If they're correct, it could signal some challenges for the South American growing season. La Niña is sometimes associated with drought in southern Brazil and central Argentina. It has also been linked to flooding in Australia, boosting concerns about its wheat crop.

U.S. winter wheat seeding was 59% complete as of Oct. 9, a gain of 16% for the week. Planting is basically on pace with historical norms. Emergence is run¬ning four points ahead of aver¬age at 34%. The latest Drought Monitor showed recent rains had no impact on dryness in southeast Kansas. But Oklahoma’s drought footprint contracted 15.6 points to 38.3%.

Low prices apparently limited the expected shift toward wheat feeding in southern Plains feedlots. The September 1 soybean stocks result, at 197 million bushels essentially matched the USDA's mid-September forecast, so the data had little impact upon prices. On the small grains report, acreage planted to oats fell short of the June forecast, with the net result being relatively small harvest at 64.8 million bushels. Barley plantings topped expecta¬tions, but scattered problems caused USDA analysts to trim their harvested acreage forecasts. Barley production at 199.3 million bushels topped the August figure by 9.6 mil¬lion bushels.

USDA trimmed its 2016 wheat harvest estimate 11 million bushels to 2.310 billion, which also fell about 16 million below industry forecasts. The decline stemmed from reduced acreage estimates. The results for the various wheat varieties were mixed. One big shift came in the form of a 34 million bushel increase from the preliminary HRW harvest result, now at 1.082 million. The durum and white wheat crops were also stated above previous estimates. In contrast, SRW produc¬tion was reduced 27 million bushels to 345 million, and the projected ‘other’ spring wheat harvest was cut by 37 million to 534 million bushels. The latter result was particularly important, since it implies a compensatory drop in the U.S. supply of high-protein wheat. When combined with issues faced by other major producers, this may add up to a global shortage high-quality grain.
CORN
The corn market initially reacted well to the October 12 USDA Crop Production and Supply/Demand (WASDE) report, since those contained a 1.0 bushel/acre cut to the average yield, a 50 million bu. boost to the export forecast and a 64 million bu. reduction in projected 2016-17 carryover. The rally stalled later than day, with the slide continuing early on Oct. 13, but moved strongly higher during the days following. Concurrent U.S. dollar strength and persistent harvest pressure didn’t hasten the bullish cause, although many in the industry continue thinking the USDA is overestimating domestic corn yields. Export sales for the week ended Oct. 6 of 873,400 metric tons (MT) were at the low end of expectations, but shipments were strong, topping 1.2 million metric tons (MMT). Ultimately, slow farmer selling and firming basis seemingly bode well for short-term price prospects.

SORGHUM
In the October Crop Production report, USDA reduced 2016 sorghum planted acreage by 464,000 acres to 6,761 million acres. Sorghum acreage is down 20% from 2015 to the lowest level in four years. While minor adjustments were made to several states, the downward adjustment was driven by a 500,000 acre cut in Texas’s sorghum plantings. Lower acreage more than offset an upward revision to yield. Sorghum production is forecast at 467 million bushels, down 22% from 2015 and well below last season’s use at 583 million bushels. As a result, the smaller crop will restrict demand, particularly exports, and also support sorghum prices relative to corn. This will also likely shift some domestic demand away from sorghum to corn.

SOYBEANS
The USDA’s 68 million bushel increase in its 2016 soybean crop estimate published Oct. 12 clearly exceeded the 40 million bu. rise in the export forecast, with the net result of the various product flows being a 30 million bu. addition to projected 2016/17 ending stocks. That news, along with ideas that large changes on later reports will continue rising initially caused a bearish market reaction. The industry is also concerned about prospects for a major rebound in 2016/17 Brazilian production after poor weather curbed their output early this year. However, soybeans later rebounded along with the grains. Export news remains very supportive, with daily reports indicating 241,000 tonnes of beans sold to China and an “unknown destination” on Oct. 13. Soybean export sales of 1,417,100 tonnes during the week ended Oct. 6 are cited as the reason for the market to end that week, since the tally topped lofty expectations. Any signs that exports are slowing could weigh heavily upon prices.

WHEAT
Wheat futures headed up rather well in the wake of the Oct. 12 USDA report and the minor October U.S. dollar surge. The Oct. 13 rebound in response to that day’s greenhouse slide was impressive, since it implied large speculative traders were lightening their short exposure to the market. The WASDE report indicated a 34-million-bu. rise in the 2016-17 HRW production estimate and a 35 million bu. drop in projected feed usage (from September). The changes weren’t entirely unexpected, which partially explains the robust reversal of the post-report drop. The rise was remarkable, but overhead resistance looks tough. The HRS data looked supportive, since USDA confirmed the reduced 2016 crop and cut projected carryover 41 million bushels. When combined with production issues in other major producing countries, the spring wheat result suggests the potential for a global shortfall of high-protein wheat.

CATTLE
Despite active early-to-mid-2016 placements, the USDA estimated the October 1 U.S. large-lot feedyard population at 10.4 million head, up just 1.5% from a year ago. Active fed cattle sales and dropping weights suggest cattle supplies will soon begin their long-awaited seasonal decline, but kills remain quite large by historical standards. Cattle slaughter reached 650,000 head during the week ended Oct. 8, up 9.6% annually. Smaller feedlot placements not included in the monthly Cattle on Feed Report may be marketing many more cattle than they did a year ago. Also, cow slaughter has risen on a seasonal and cyclical basis as ranchers slow herd expansion. Beef cow slaughter has averaged over 200,000 per year for nearly the last 15 years and should continue rising on the strong prospect that feedlot placements will increase and a fresh record for the month. Forthcoming reports seem likely to cause the December futures to drift lower on lower USDA cattle placements for the days ahead, but any move to the downside is expected to be limited by the 640,000 head that were at the low end of expectations earlier in the month. Forthcoming reports seem likely to see continuing Friday gains as traders continue to lighten their short exposure to the market for fed cattle.

DAIRY
A sizeable cutback in European dairy production is also needed to support prices. This is especially true if favorable fall weather gets southern Plains winter wheat pastures off to a strong start, since farmers will be tempted to actively graze yearlings on that ground.

FEEDER CATTLE
The CME feeder cattle index dropped from its August high of $149/cwt to $122 in mid-October. The extended seasonal decline in fed cattle prices along with rising early-autumn corn prices have combined to weigh very heavily on feeder cattle prices. The price weakness has carried the index to its lowest level since late-2010. The break even for new feedlot placements is now down near $100/cwt. April 2017 live cattle futures are trading near that level so a recovery in fed cattle prices could quickly translate into a profit opportunity for feedlots. Cash prices still face some additional seasonal pressure, but should also begin to rebound before year end. This could prove especially true if favorable fall weather gets southern Plains winter wheat pastures off to a strong start, since farmers will be tempted to actively graze yearlings on that ground.

MARKETING MENTOR