CORN: LOWER

Good morning, happy September and happy new crop year! Overnight markets are pulling back a touch, down 2.25-3.25 cents at the break, which isn't too surprising following Friday's push higher. Speaking of Friday, what a welcomed surprise, but I guess that's what happens when you get the combination of end of month, lack of farmer selling, light volume, rumors of rumors of demand, and a little bit of technical support breaking above the 50-day MA. CFTC data from Friday showed funds short covering and adding longs to their position, reducing their net short position by 33.9k contracts bringing it to 110.6k net short. As of this morning, our estimates have that number closer to 79.9k contracts net short, but we'll see how the week plays out. With the Holiday yesterday, everything will be pushed back a day with export inspections and crop progress updates released later today.

At the break, CZ25 was 3 ¼ lower.

SOYBEANS: LOWER

Bean futures down for a test of this $10.45 SX zone we have been talking about the past week. Values are net higher since the 8/11 USDA report / Trump tweet to China but look challenging to hold for a higher high from the current 2 step move. Past 30-day dry weather for the US sets up the chance we end up with a smaller crop plus the theme US acreage falls further with FSA data updates. Whether the yield or acreage is smaller holds most of the steady futures market the past week. Ok take off 5 to 10 mil/bu bushels this then leads the trade exports where the real elephant in the room with China remains. Bean oil took on significant red weekly bar as spec funds took longs off the table, always the case vs commercial selling, with market structure moving away from what the courts will do for RIN waivers (1.39 billion slated for a reallocation). The EPA now must send the rule to the OMB, followed by public comment which all takes time. This time begins to make the Oct 31st deadline for RVO final volumes less and less likely = momentum shift to downside. Spec funds faded the bean oil long which for the week, commercials were net sellers along with funds about even contracts. Beans saw +10,000 more spec fund buys than commercial sells which is the core of higher prices leading into the Tuesday report. Meal also higher by 7,000 contracts, net spec buy vs commercial sells. Beans now have some downside to take off if nothing develops this week from a supply side risk.

At the break, SX25 was 13 ½ lower.

WHEAT: LOWER

The market posted a nice close to the week and month on Friday, with KC managing a weekly move of only 1 cent lower, as spillover buying came for the bounce in the corn market. Overnight trade could not carry gains into the new month, with pressure from selling in soybeans. CFTC reports showed funds were buyers through 8/26, reducing the net short in Chicago wheat by 16k contracts and KC wheat by 3k contracts. ABARES released its Aussie production estimate at 33.8 MMT, down 1% vs 2024, but still 22% above the 5YA. Cash markets were firm into the end of August, as buyers see gaps to fill in the pipeline and shippers are slow to make new sales at current basis levels. Look for a weaker start to the month, with global offers soft and pressure from row crops and outside markets this morning.

At the break, KWZ25 was 9 ¾ lower.

CATTLE: STEADY-HIGHER

An improved margin structure at the packer level did indeed result in bigger throughput last week. Weekly slaughter totaled 565K head, on the upper end of expectations and a six-week high. Same for total beef production, a six-week high, though still down a material 7% vs this same week last year. So, now that Labor Day has passed and packers have some appetite for larger production rates, how will the wholesale beef product markets perform? Seasonally, we should expect a weaker choice cutout over these next 4-5 weeks, but is that downside to $400? $390? As we'd seen earlier this summer, we should probably expect any positive packer margin to be fleeting, if not through weaker beef, then through higher cash cattle markets…. Friday's CFTC commitment of traders data showed mixed activity from the funds. In live cattle, they were net buyers of a small 2K contracts and in feeders a more material 3K contract net seller. Funds have actually shed some length in feeders for five weeks now despite that market still pressing into new highs.

Fund Position	Accumulative	Yesterday
Corn	-79,935	30,000
Soybeans	23,145	8,000
Soybean Meal	-66,793	1,000
Soybean Oil	28,303	2,000
Chicago Wheat	-79,859	3,000
KC Wheat	-46,980	1,000

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