Farm Journal
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News this week...

Summer rally runs out of steam — *A larger-than-expected drop in condition ratings lifted both corn and soybeans early in the week, but was quickly forgotten as weather forecasts pointed to timely precipitation, including areas that have seen significant dryness. Soybeans led the way lower on favorable weather heading into the crucial August growing period, while lackluster China demand also weighed. Wheat futures also felt pressure but were insulated by the continued escalation of fighting between Russia and Ukraine, which has threatened export flows out of the Black Sea region. Cattle futures signaled they may have bottomed after USDA announced plans to reopen the southern border to Mexican imports, while lean hog futures hit a three-week low alongside signs a cash rally is stalling out.*

Year-round E15 in Senate farm bill

Senate Republicans will include language that would permanently allow year-round sales of the E15 gasoline blend in the upper chamber's version of the farm bill, news reports said. According to Politico, the E15 language is a scaled-down version of the standalone bill passed by the House in May, which narrowed exemptions for some small refiners – a potential sticking point for some Republican senators. The report said Senate Agriculture Committee Chairman John Boozman, an Arkansas Republican, has scheduled a markup of the bill for Aug. 6.

Boozman said he expects to reach an agreement with Senate Democrats over a possible one- to two-year delay to requirements that states share SNAP food-aid costs before the markup.

Black Sea toll on grain, fuel flows

A Ukrainian drone attack caused "significant damage" to a Russian grain export terminal on the Kerch Strait, Reuters reported on Thursday, the latest in a series of attacks between the two countries that have targeted grain shipping and infrastructure and raised concerns about exports out of the Black Sea region. The report said the terminal has a capacity of 5 million metric tons. Shipping in the Sea of Azov and the Kerch strait, which handled around a quarter of Russian grain exports, has been halted due to drone attacks since June 10. Russia has targeted Ukrainian shipping and ports near Odesa. Meantime, Ukraine on Friday struck one of Russia's largest oil refineries, threatening to disrupt fuel supplies again as strikes on the country's energy infrastructure resumed.

Oil prices up 20% in July

Renewed fighting between the U.S. and Iran left crude oil futures on track for a monthly gain of around 20% in July. Ship-tracking data indicated a slight rise in tanker traffic through the Strait of Hormuz at the end of the week after no strikes were reported by either country overnight Thursday.

Bond yields surge after Fed decision

Remarks by Federal Reserve Chairman Kevin Warsh following the central bank's decision to leave rates unchanged this week sparked an alarming surge in long-term Treasury yields – a sign bond-market investors fear that policymakers will wait too long to lift rates to cool inflation. The concerns also weighed on the dollar. A weaker greenback can be a positive for commodities priced in dollars, making them less expensive to users of other currencies. The danger is that the Fed might need to strike a much more hawkish tone in the future if it is seen as behind the curve in the inflation fight.

"Market moves post-meeting were consistent with a central bank inflation credibility shock," said Mark Cabana, rates strategist at BofA Global Research, in a note.

Economy slows in second quarter

The U.S. economy grew at a 1.5% annualized pace in the second quarter, the government said in an initial estimate Thursday, decelerating from the pace seen in the first three months of the year and coming in below Wall Street estimates of 2% growth. A larger trade deficit and slow inventory rebuilding were a drag on the report, but consumer spending rose at a robust 3.2% and business investment continued at a rapid pace, fueled by the artificial intelligence buildout.

Inflation gauge cools in June

The Federal Reserve's favored inflation gauge cooled more than expected in June but remains well above the central bank's 2% target. The personal consumption expenditures (PCE) index fell 0.1%, pulled down by energy prices, bringing the 12-month rate down to 3.7% from 4.1% in May. The core figure, which strips out food and energy prices and is viewed by the Fed as the most reliable measure of price pressures in the economy, rose 0.1%, allowing the 12-month rate to cool slightly to 3.3% from 3.4% in May. The report also showed personal income rose 0.2% in June, while consumer spending rose 0.3%.

Crop conditions decline sharply

The corn crop was rated 63% good to excellent as of July 26, down from 67% a week prior. Last year at this time the crop was rated 73% good to excellent. The Pro Farmer Crop Conditions Index (on a 0-to-500 scale, 500 equals perfect) saw an 8.25- point decline to 364.39.

USDA pegged 63% of the soybean crop in the good or excellent categories, down from 66% the prior week. Soybeans were rated 70% good to excellent last year. The CCI rating dropped 5.23 points from last week to 365.09.

The spring wheat crop's rating was 53% good to excellent, unchanged. The Pro Farmer CCI dropped 7.01 points to 344.38. USDA pegs the spring wheat yield as the second highest ever, but recent crop stress due to heat and dryness are likely to weigh on production.

No change to Cordonnier crop pegs

Pro Farmer crop consultant Dr. Michael Cordonnier made no changes to the U.S. corn and soybean crops yields. He left his 2026 U.S. corn yield unchanged at 181.0 bushels per acre with a neutral- to-lower bias. Cordonnier also left his 2026 U.S. soybean yield unchanged this week at 52.0 bushels per acre, with a neutral-to-lower bias. "Weather forecasts for this week look better than they did last week but hotter and dryer-than-normal conditions are expected across the central U.S. The area of most concern is the western Corn Belt, especially the Dakotas which will have some of the hottest temperatures," he said.

Wet weather sinks grain markets

Wet forecasts called the tune mid-week, marking a likely end to the summer rally seen in soybeans over the past month and a half, prompting us to increase sales for the 2026 crop.

Forecasts call for rains for much of Iowa and neighboring states along with the eastern Corn Belt, with some precipitation also seen for the far western Corn Belt and northern Plains. Drew Lerner of World Weather Inc., in an assessment of July weather, noted some of the driest areas of the northwestern Corn and Soybean Belt are due to get beneficial rain and see some temporary cooling late in the week, followed by less frequent and less significant rain with a couple bouts of warmer-than-usual weather separated by more seasonable temperatures.

Predicting what USDA publishes in its August Crop Production report will be somewhat contingent on USDA's Crop Ratings this weekend, but if we use last week's ratings, a drop in USDA's yields is possible. Damage to the crop during the reproductive cycle will be hard to ignore.

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Southern border opens for cattle

USDA late last Friday announced a phased reopening of the southern border to Mexican cattle imports on Aug. 24 (see *Bullpen*, Analysis 4). The initial reaction was sharply lower but cattle bulls made ground later in the week. Beyond the knee-jerk bearish reaction, there is a case to be made that the longer-term implications of the end of the export ban, which traders have known would one day come, are relatively benign.

"The flow of Mexican cattle will be very small for many weeks with a relatively small number of cattle likely to be imported in the remainder of the year," said Oklahoma State University livestock extension specialist Derrell Peel.

Fort Morgan beef plant set to open

Fort Morgan, Colorado, meatpackers reached a tentative agreement with Cargill to end a nearly 70-day lockout, the Colorado Sun reported Wednesday. The 1,700 beef-processing employees haven't been allowed to return to work since May 20, as negotiations on a new contract hit a wall and workers were locked out of the facility. "We reached a recommended settlement for a new labor agreement during the negotiation discussions. It is subject to ratification by union members, with a vote expected early next week," said Cargill spokesperson Hli Yang, who declined to share details, the Sun reported.

Senate could pass more farm aid

Senate Majority Leader John Thune on Tuesday said a House-passed $95 billion reconciliation package, which includes $12 billion in additional farm relief, is the best way forward for a host of items sought by President Donald Trump, Agri-Pulse reported, citing remarks the South Dakota Republican made in a Fox News interview.

Late in the week, Senator Boozman sought to attach E15 to the funding package, despite it being left out earlier, Robert White from the Renewable Fuels Association told AgriTalk.. That would be an effective replacement of the standalone House measure that was approved in May is seen as a non-starter in the Senate due to expected objections from oil- and refining-state lawmakers, the report noted.

California moves forward with E15

California regulators will consider proposed E15 regulations on Sept. 24 that are needed to fully implement state sales of gasoline mixed with 15% ethanol, according to an Agri-Pulse report. Top ethanol trade groups Growth Energy and the Renewable Fuels Association praised the move by the California Air Resources Board. California last year became the last U.S. state to legalize E15, though sales have yet to begin, the report said. The proposed rule would set the technical standards necessary to get the fuel flowing, Growth Energy said, according to the report.

Structural shift in cattle feeders' cost

The farm expenditures report tracks the amount of money farmers spend to raise their crops and livestock over the course of the calendar year. While the report is not a market mover in the day-to-day sense, it can reveal longer term trends in the farm sector. This year's report indicated a significat shift in where feeders' dollars are going.

For the first time in the survey's 41-year history, expenditures for breeding and non-breeding livestock exceeded those of feed. The explosion in livestock values, especially cattle, coupled with relatively flat prices for feed grains helped pave the way for the reversal. Livestock operations spending more on supplementing their herds than they did on the actual feed used to bring the animals up to market weight is just another example of how near record-low herd sizes and a longer-than-usual contraction phase for the U.S. have changed market dynamics at the farm level.

The report also revealed belt tightening occurred, though more so in farms that receive a majority of their income from crops. Spending on tractors and trucks fell $3.45 billion among row crop operations from 2024 to 2025, while on livestock farms those purchases actually increased by $50 million. Across all capital expenditures, row crop farm spending fell $4.2 billion to $43.6 billion while livestock operations saw spending increase $2.1 billion to $37.7 billion.

China's Sinograin to auction soybeans

China's state-owned Sinograin said it will auction about 504,000 MT of imported soybeans — its first sale of that size since January, says a Reuters report. Johnny Xiang, founder of AgRadar Consulting says, "The auction is likely intended to free up storage space for the planned purchase of 25 million metric tons of U.S. soybeans."

The market expects China to auction around 500,000 MT of soybeans each week in the coming weeks, the report said.

China has purchased 3.045 MMT of soybeans for the 2026-27 crop year. While the country has been chipping away at purchases, much larger purchases are needed to get on pace to hit that goal. Unknown destinations has purchased 3.087 MMT of new-crop beans and a portion of that total is likely China as well.

Shipments plunge from Black Sea

Ukraine's maritime exports plunged due to Russian attacks on vessels, which will pressure Ukraine's ag sector if the shutdown of shipments persists, says the Ukrainian Agri Council. Given harvest prospects, Ukraine could export around 67 MMT of ag products this season, but if the ports remain shut, export capacity could fall to just 1.7 MMT per month, the group said. The shutdown of Black Sea exports could push importers to the U.S.

Diesel at epicenter of supply crunch

Diesel is "at the epicenter" of a supply squeeze in fuels as global refinery activity fell this month to its lowest seasonal level since the pandemic, Goldman Sachs Group analysts said, according to Bloomberg. The weakness in run rates was due to refinery outages in Russia and the Middle East from ongoing conflicts, along with subdued processing in China, analysts including Yulia Zhestkova Grigsby and Daan Struyven, said in a note. That cut global throughput by an estimated 6.5 million barrels a day from a year earlier, they said, adding, "The slowdown is tightening fuel supplies just as demand heads toward the fourth-quarter peak season."

EU crop monitor cuts harvest prospects

Crop monitoring service MARS cuts its 2026 harvest prospects for the EU, citing heatwave damage, and warned further reductions are possible. "Repeated heatwaves shortened the grain-filling phase of winter crops and brought forward the harvest, which has already been completed in the south and is progressing elsewhere," MARS said in a report. The agency cut its corn yield to 6.93 tons per hectare from 7.38 t/ha, previously.

Russia proposes armed grain ships

Russian officials have proposed arming grain ships with machine guns and mobile missile launchers to counter Ukrainian drone attacks, Bloomberg reported. The possibilities include temporarily equipping bulk carriers with armor plating, sandbags, and anti-drone mesh, and having soldiers escort the vessels for the first part of their voyage, the report said. Russia's grain trade is being threatened by Ukrainian drone attacks, with trade suspended in the Sea of Azov, which helped push wheat to a two-year high. Since last week, shipments from Ukraine's Black Sea ports in Odesa are halted following Russian military strikes.

China works to lift pork prices

The Chinese government's campaign to lift domestic pork prices is finally gaining traction. But the rally is running into a familiar obstacle: consumers still aren't buying enough, said a Bloomberg report. State-ordered capacity cuts and financial losses among breeders are starting to reduce supply. After hitting a 16-year low in June, wholesale pork prices increased nearly 7% in July. That's helpful for the government's priorities of fighting deflation and securing rural incomes. But oversupply persists and the recovery is likely to be drawn out. Still, the price increase is noteworthy because summer is usually a low season for demand. But broader consumption trends aren't favorable, suggesting supply still needs to shrink and any recovery is likely to be gradual and grinding.

Weather isn't the only thing on the market's radar

By Bill Watts, Editor

Pro Farmer
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This week served as a blunt reminder that when it comes to corn, soybeans and summer rallies, the three most important things are: weather, weather and weather.

A larger-than-expected drop in crop condition ratings for both commodities provided ammo for a Tuesday pop, but it was the weather forecasts for the remainder of this week that called the tune. A wet outlook featuring healthy rains across the Corn Belt by the end of this week eased worries over yields. Totals of one to two inches are seen for much of Iowa and Illinois and surrounding states with near normal temperatures.

Soybeans took it the hardest. As the saying goes, the soybean crop is made in August, and current forecasts point to favorable conditions heading into that critical month. Of course, there's still much to be determined. Will the forecasts pan out? How much damage has been done to crops in the northwest Corn Belt and Plains due to extreme heat and dry weather in July? Did excessively wet conditions in parts of the eastern Corn Belt earlier this year cause pollination problems or foster conditions for yield-damaging disease outbreaks? Many of these questions will be answered in the coming weeks. The Pro Farmer Crop Tour Aug. 17-20 will indeed offer some preliminary answers to these and other concerns.

But there's still more to the market than weather, and it's important not to lose sight of other drivers. Here's what else to keep on your radar:

The Fed

There's a Wall Street adage that holds that new Federal Reserve chiefs almost always face an early test from the financial markets. Examples include Alan Greenspan and the 1987 "Black Monday" stock-market crash, Ben Bernanke and the 2007-2009 financial crisis, and a nasty stock-market correction and bond-market hiccup that soon followed Jerome Powell taking the reins in 2018. Now, new Fed Chairman Kevin Warsh appears to have provoked the bond-market vigilantes. After lamenting the Fed's truly disappointing inflation record in a news conference following this week's policy meeting, he seemed to indicate that markets have already done some of the central bank's work for it by tightening financial conditions and indicated there were other tools beyond interest rates for fighting inflation. The result was a steep selloff in long-term Treasuries, which sent 10-year yields higher and resulted in the sharpest steepening of the yield curve in a year.

A less hawkish sounding Fed led to a pullback for the dollar. That's a plus for agricultural commodities in the near term. The rub is that if Warsh and the Fed are perceived as falling behind the curve, investors will expect a potentially more forceful rate-hike response, which would likely mean a stronger dollar. From an operations standpoint, it's worth reiterating that the rate environment is unlikely to shift soon — certainly not toward easing.

Wars and chokepoints

Weather may rule the roost right now for corn and soybeans, but wheat futures have been particularly volatile as a result of a twist in the Russia-Ukraine war that is threatening grain shipments from both major exporters. Shipping in the Sea of Azov and the Kerch Strait, which previously handled up to a quarter of Russian grain exports, has been halted due to Ukrainian drone attacks. Russia has attacked Ukraine grain ships as well as ports around Odesa.

Meanwhile, a widening Middle East war is renewing worries over oil supplies, while diesel fuel prices lead the way higher in the energy complex due to tight stocks and seasonal demand. A diesel export ban by Russia, a result of Ukrainian attacks on refineries, adds to the upward pressure.

China tensions

A lack of more aggressive new-crop soybean purchases by China is raising questions about whether Beijing will hit what the White House has said is a commitment to buy 25 million metric tons. That shaky outlook has also been a secondary factor in the soybean market's retreat.

That puts the onus on relations between Washington and Beijing. A Reuters report this week said Iran was expected to receive a shipment of up to 400 Chinese-made shoulder-fired missiles within weeks. President Donald Trump said he would be "disappointed" if China provided arms to Iran. Meanwhile, trade tensions have elevated but haven't derailed plans for Chinese leader Xi Jinping to visit the U.S. in September. Any threat to that timetable would likely not go down well in the soybean market.

Remember, August weather will continue to drive the market day to day, but macro forces and geopolitics will help build the underlying trend.

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ANALYSIS

August 1, 2026

CATTLE

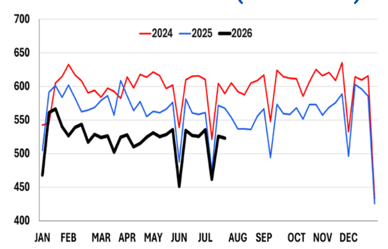
USDA's planned southern border reopening to Mexican feeder cattle pressured futures before they stabilized. Import volumes remain uncertain, as Mexico expanded processing capacity during the prolonged closure (see *From the Bullpen*). Meanwhile, USDA's recent cattle data suggest U.S. herd-rebuilding efforts may finally be starting, but progress remains slow amid still-elevated heifer slaughter rates. Hot, dry conditions across the Plains continue to limit pasture recovery and force additional culling in some regions, underscoring the structural vulnerability of U.S. beef supplies.

Position Monitor

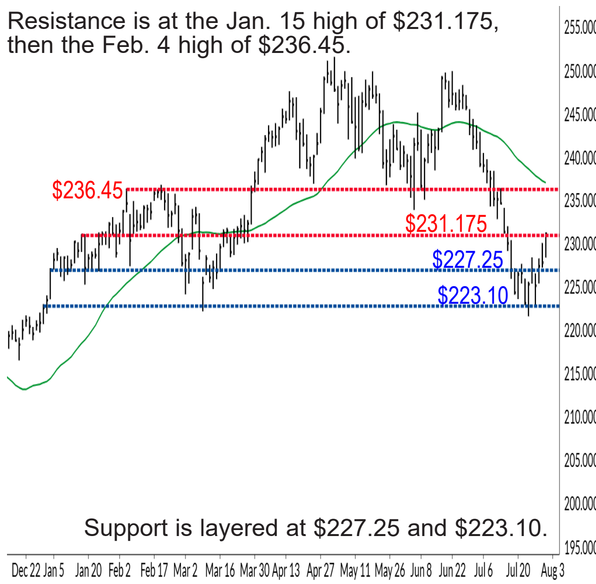
	Feds	Feeders
III'26	0%	0%
IV'26	0%	0%
I'27	0%	0%
II'27	0%	0%

Game Plan: Live cattle have faced a notable pullback in recent weeks. Consider using LRP to establish price floors.

CATTLE SLAUGHTER ('000 HEAD)



DAILY AUGUST LIVE CATTLE



HOGS

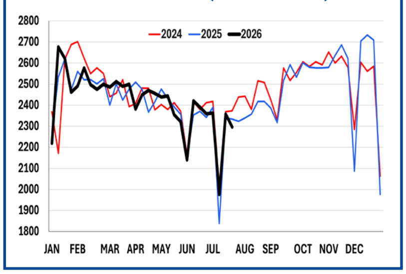
Slowing gains in the CME lean hog index may signal a seasonal top, as summer demand softens and supplies typically build into fall. Pork cutout has held above $100 but is losing momentum. Futures have corrected lower in response, with additional pressure stemming from resistance at the 200- and 100-day moving averages. Packer margins are under pressure from the softer wholesale market. Higher productivity and heavier carcass weights continue to support elevated production forecasts despite a modestly smaller breeding herd, keeping overall supplies adequate.

Position Monitor

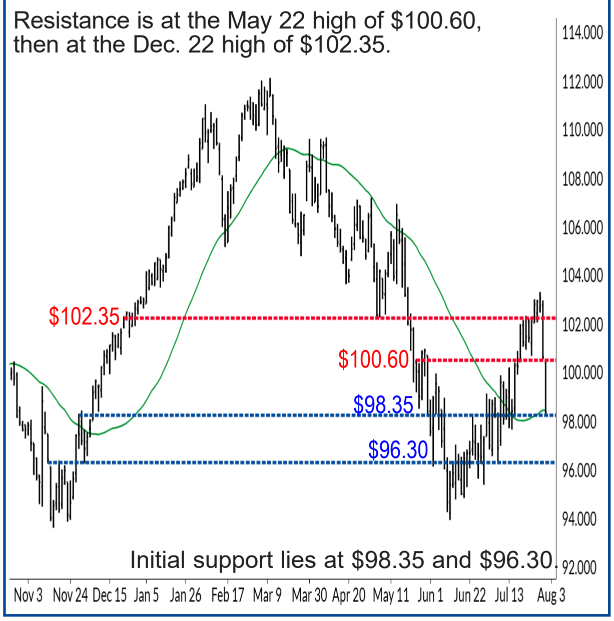
	Lean Hogs
III'26	0%
IV'26	0%
I'27	0%
II'27	0%

Game Plan: Lean hogs have shown fresh strength amid seasonal support. Stay patient for now as we assess the next opportunity for hedges.

HOG SLAUGHTER ('000 HEAD)



DAILY AUGUST LEAN HOGS



FEED

Feed Monitor

Corn	
III'26	33%
IV'26	0%
I'27	0%
II'27	0%

Meal	
III'26	33%
IV'26	0%
I'27	0%
II'27	0%

Corn Game Plan: We are open for corn-for-feed coverage through the end of the year. Be prepared to establish coverage this week.

Meal Game Plan: We are open on meal coverage through the end of the year. Be prepared to establish coverage this week.

DAILY SEPTEMBER SOYBEAN MEAL

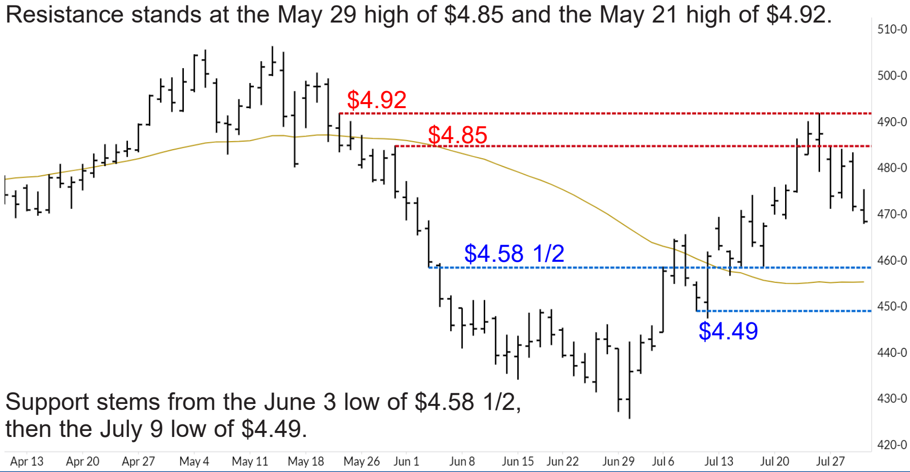
Position Monitor

	'25 crop	'26 crop
Cash-only:	90%	50%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	20%

Game Plan: The recent rally lost steam at mid-week as weather forecasts and weakness in soybeans began to weigh on corn futures. The end of the rally prompted a sale on July 29. You should now be 90% sold for the 2025 crop in the cash market, with cash-only marketers 50% sold on new-crop. Hedgers are 40% sold with 20% covered under December puts.

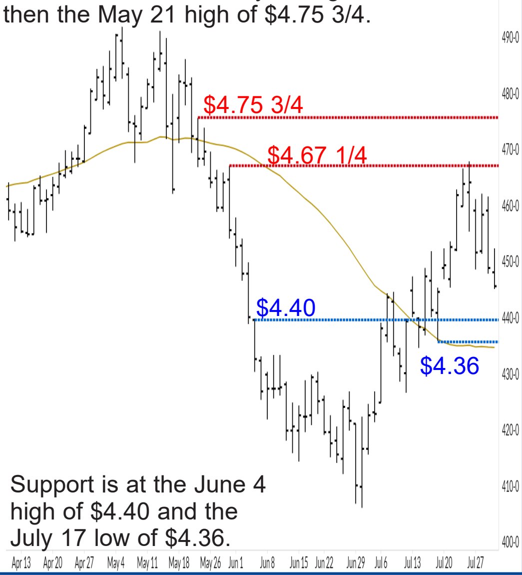
DAILY DECEMBER CORN

Resistance stands at the May 29 high of $4.85 and the May 21 high of $4.92.



DAILY SEPTEMBER CORN

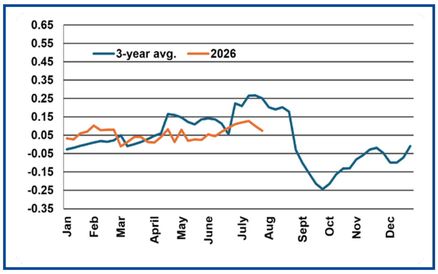
Resistance is at the May 29 high of $4.67 1/4, then the May 21 high of $4.75 3/4.



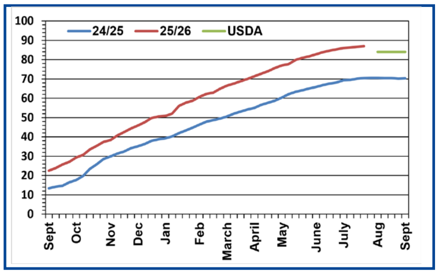
CORN

USDA's 4 percentage point drop in the good to excellent categories reflected the impact of hot and dry weather in the western Corn Belt and gave futures a mild bump early in the week. However, forecasts calling for more rainfall than expected in early August put a damper on the weather rally this week. While condition ratings are not a perfect predictor of the initial yield forecast, markets will closely eye Monday's Crop Progress report for clues to what USDA will release in the initial yield forecast on August 12. Analysts polled by Bloomberg expect USDA to report 466 million bushels were crushed for ethanol in June, which would be up 4.4 percent from last year.

AVERAGE CORN BASIS (SEPTEMBER)



CORN EXPORT BOOKINGS (MMT)



Position Monitor

	'26 crop	'27 crop
Cash-only:	30%	0%
Hedgers (cash sales):	30%	0%
Futures/Options	0%	0%

Game Plan: You should have 30% of 2026 crop sold in the cash market. Be prepared to make additional sales as the market reacts to geopolitical tensions. Remain patient for now on 2027 sales.

WHEAT

SRW — Grain terminals and ships along the Black Sea faced attacks once again this week. The elevated risks and premium associated with it have helped wheat futures remain somewhat insulated amid sharp losses in the soybean complex this week.

DAILY SEPTEMBER SRW WHEAT

Resistance is at the May 21 high of $6.73, then the May 14 high of $7.00.

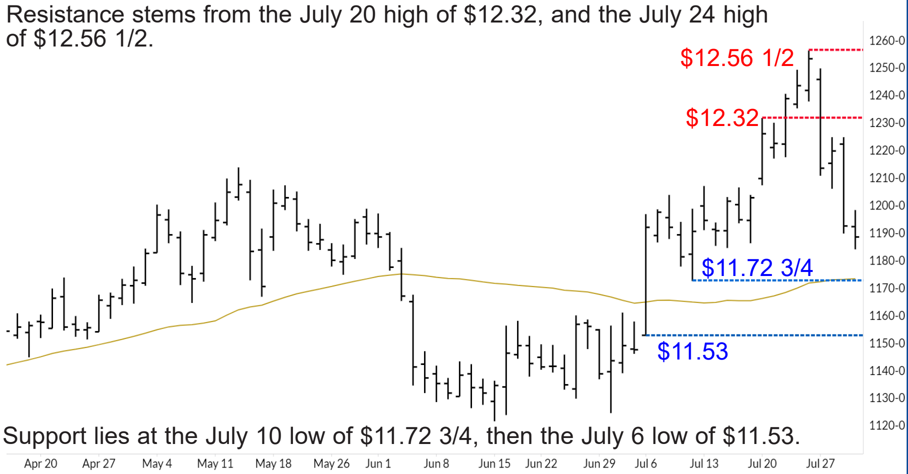
Position Monitor

	'25 crop	'26 crop
Cash-only:	100%	55%
Hedgers (cash sales):	100%	35%
Futures/Options	0%	40%

Game Plan: We advised selling another 10% of new-crop on July 29, bringing cash-only marketers to 55% sold. Hedgers are 35% sold with another 40% covered under November put options. China has slowed purchases as of late, making traders more cautious amid the demand uncertainty. Stay patient for additional new-crop sales.

DAILY NOVEMBER SOYBEANS

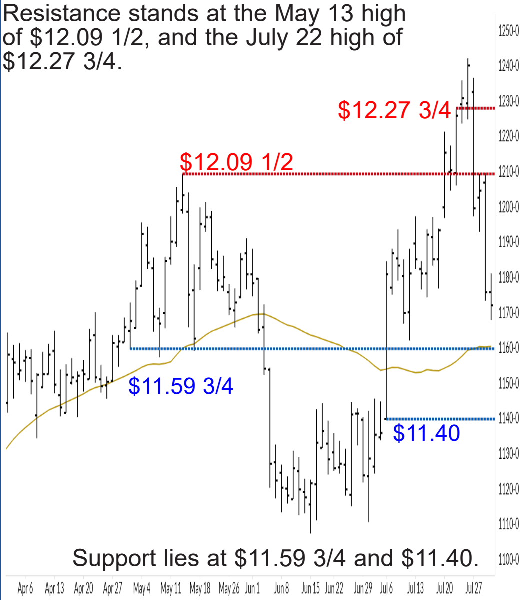
Resistance stems from the July 20 high of $12.32, and the July 24 high of $12.56 1/2.



Support lies at the July 10 low of $11.72 3/4, then the July 6 low of $11.53.

DAILY SEPTEMBER SOYBEANS

Resistance stands at the May 13 high of $12.09 1/2, and the July 22 high of $12.27 3/4.

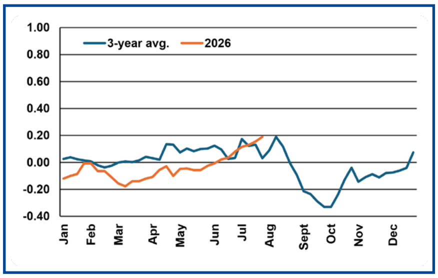


Support lies at $11.59 3/4 and $11.40.

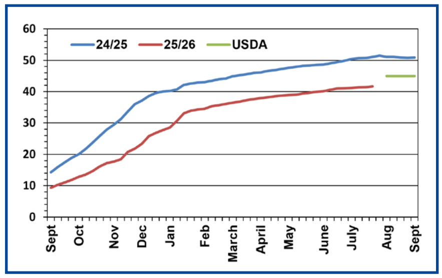
SOYBEANS

Soybeans notched two sizable days of losses this week as flash sales from China remained sparse. The latest export sales report showed purchases from China the week ending July 23 were down 48 percent from the week prior, though the country did add 264,000 MT of flash sales this week. Still, total commitments remain below pace needed to hit 25 MMT. Tensions between the U.S. and China over the war in Iran (see *News p.4*) will also heighten the importance of domestic crush use in keeping demand firm. Forecasts for the key August weather window have turned bearish with more rainfall expected in the western growing regions that are currently experiencing dryness.

AVERAGE SOYBEAN BASIS (AUGUST)

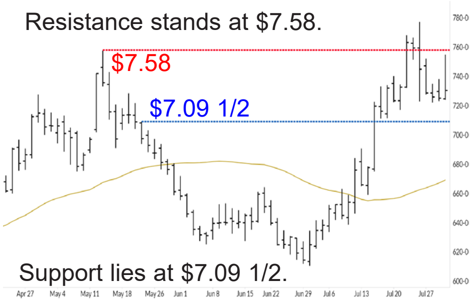


SOYBEAN EXPORT BOOKINGS (MMT)



DAILY SEPTEMBER HRW WHEAT

Resistance stands at $7.58.



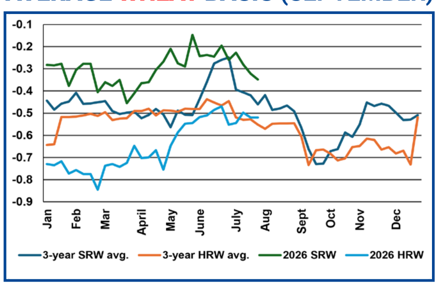
Support lies at $7.09 1/2.

DAILY SEPTEMBER HRS WHEAT

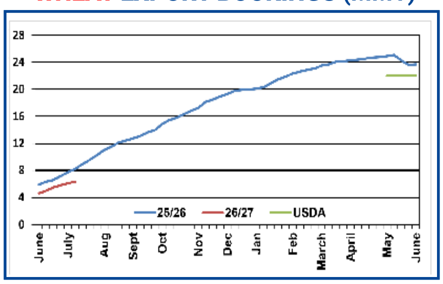
Resistance is at $7.35 1/2.

Support lies at $6.90 1/2.

AVERAGE WHEAT BASIS (SEPTEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Early-week losses in HRW were milder compared to other classes, finding support from poor harvest results centered in the Plains. Good progress was made on the harvest this week as 81 percent of the U.S. crop is now harvested, with many Midwestern states now over 95 percent complete.

HRS — Spring wheat acres impacted by drought hit a high for the growing season at 42 percent as of July 28. The 18 point increase from last week was the sharpest week-over-week gain since 2018, with most of the impacted acres being in Montana and North Dakota. Harvest is just barely underway at 2 percent complete.

Position Monitor

	'25 crop	'26 crop
Cash-only:	100%	60%
Hedgers (cash sales):	100%	60%
Futures/Options	0%	0%

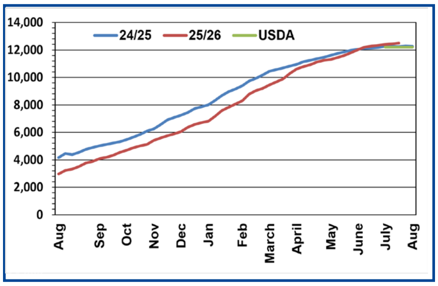
Game Plan: You should be sold out of old-crop production. With more than half of new-crop covered, be prepared to sell strength in futures and/or basis.

COTTON

December futures have consolidated around the 10- and 20-day moving averages in a show of strength despite pressure across the ag complex and crude oil. However, China-related risks linger. Any fresh developments could overpower domestic production concerns.

AVERAGE COTTON BASIS (OCTOBER)

COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON

Resistance stands at the April highs of 81.22¢ and 82.98¢.

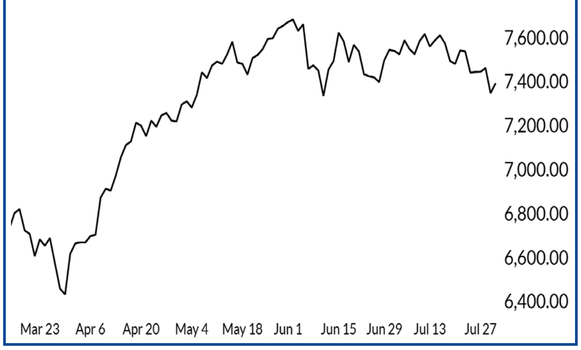
GENERAL OUTLOOK

Equities: The S&P 500 stock index has spent the summer grinding sideways at elevated levels, while the tech-heavy Nasdaq has been trending down since early June — plagued by worries AI-related spending won't pay off, especially as China has just come out with cheaper and apparently competitive AI technology. The "sell in May and go away" trader adage has been an accurate one for the Nasdaq.

Here in the dog days of summer, when many markets languish amid family vacations, veteran stock market watchers are already concerned.

The historically equity-market-turbulent months of September and October are not far off and wobbly S&P and Nasdaq indexes over the summer may provide the stock market bears with extra momentum into autumn.

DAILY S&P 500 E-MINI SEPTEMBER FUTURES



FROM THE BULLPEN

By Economist Spencer Langford

Cattle markets opened the week under heavy pressure following news that the phased re-opening of the U.S.-Mexico border to imports of cattle will begin August 24.

In the weeks leading up to the announcement, live and feeder cattle futures dropped nearly 10% from late June highs. The sell-off raises the question of whether re-opening has largely been priced in, especially after trade on Monday saw deferred feeder contracts move limit down.

While the resumption of imports will increase supplies from current levels, the degree of change may not be enough to justify moving futures even lower. Cattle flows across the border in 2024 were 1.24 million, or just 3.4% of the U.S. calf crop for context. Mexico has also slowly worked to increase its own slaughter capacity, meaning that the U.S. has already been receiving a portion of the beef supply that traditionally entered in the form of live cattle.

Still, futures may not be able to crest above previous highs as the situation stands. Losses incurred in July were partially driven by poor packer margins causing a pullback in the cash markets as well. Boxed beef prices typically perform poorly in the middle of summer, which does not bode well for margins to improve enough to allow cattle to retrace all their losses.

WATCH LIST

1	**Oilseed, Grain Crushing Rpts.** June crush, ethanol data.	**MON 8/3** 2:00 p.m. CT
2	**Crop Progress** Condition ratings in focus.	**MON 8/3** 3:00 p.m. CT
3	**Weekly Ethanol Production** Production posts strong rebound.	**WED 8/5** 9:30 a.m. CT
4	**EIA Crude Oil Stocks** A look at drawdowns, net imports.	**THU 8/6** 7:30 a.m. CT
5	**Weekly Export Sales** Soybean sales in focus.	**THU 8/6** 7:30 a.m. CT

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