field notes — vol. 022 — funds cut, beans held

arcanum analytica · a weekly dissection of the corn and soybean markets
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the week in corn + soy

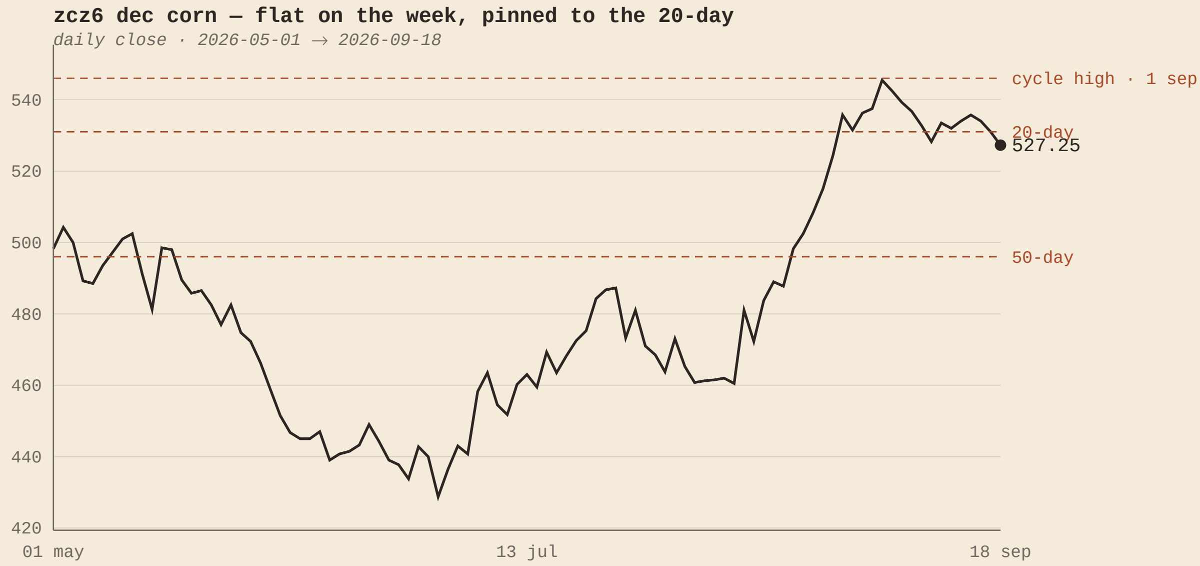
last issue i named the one setup that had cleared the extreme — a short in the most crowded soy book of the year — and then refused to take it, on the grounds that the dominant driver of beans was an accelerating, dated china bid with a presidential summit inside the trade's window. i set three conditions that would arm the short. this week one of them printed, and the other two moved *against* it. that is the whole issue in a sentence: **the rollover the desk waited eleven weeks for finally showed up in the positioning, and the price refused to confirm it.**

corn did almost nothing, which is itself the story. **zcz6** ran up to **535¾** midweek and faded back to settle **527½** friday — down **2¾** on the week and now sitting just *under* the 20-day (**532**), still **+30½** over the 50-day (**497**) and −**18½** off the **546** cycle high from **1 sep**. the september survey took the last scheduled bullish catalyst off the board — a **178.5** yield and a **1.567 bn** carryout that were real cuts but smaller than the trade wanted — and with nothing left to price higher, a **+414,460** managed-money long simply stopped adding. corn is a coiled book with a spent catalyst and no fresh reason to move either way. that is a positioning setup waiting for a trigger, not a fundamental one.

soy was where the tension lived. funds finally blinked — the **15 sep** cot cut managed-money net −**15,757** to **+241,501**, the first *lower high* after the **+2.07**σ peak, exactly the rollover my soy short waits on. and the price went the other way: **zsx6** rallied from friday's **1296½** reversal low to **1320½** by wednesday before fading to settle **1303½**, **+7** on the week and still **+9** above the 20-day (**1294**). read that carefully. the crowd trimmed its most crowded position and beans *rose*. that is not what a top looks like — that is demand absorbing liquidation, and it is the tape telling you the china bid is real. the friday fade to **1303½** is the first hint of a price rollover, but it is a hint, not a signal: the 20-day held, and the trigger i need is a *close beneath* it.

macro turned into a genuine cross-current this week, and the grains' reaction to it is the tell. the fed **hiked 25 bp** on **16 sep** to a **3.75–4.00%** target — its first increase since 2023, with a statement that "inflation remains elevated" and a dot plot in which eight of the committee still see another hike this year. a hawkish fed firms the dollar and is a textbook export headwind for grains. and on that very day soy *rallied* **+14¼**. when a market shrugs off the macro force that should hurt it, the force pushing the other way is stronger than the one you were watching — and here that force is beijing. crude (**CLX6**) tagged **$100¾** on **15 sep** and faded to settle **96.08** friday, a biofuel tailwind that keeps flickering on and off at the century mark.

the framework for what follows: markets price the future, so analytical work is about forecasting what gets repriced next — not describing what's priced now. below, in order: the tape (what dropped), the state of the board (the sheet, the spread, the positioning), the forward risks (what gets repriced next, with probability), and the trade that captures the gap. this week the gap is a short that is one condition closer than last week and still two conditions away — and the discipline is in holding the line until the summit clears.



zcz6 dec corn — a spent catalyst, coiling just under the 20-day

the week's settlements

contract	fri 18 sep	∆ vs 11 sep (vol-021)	week's path
zcz6 (dec corn)	**527½**	–**2¾** (–0.5%)	up to **535¾**, faded under the 20-day
zsx6 (nov soy)	**1303½**	**+7** (+0.5%)	up to **1320½**, faded friday
zwz6 (dec wheat)	**714¼**	–**11** (–1.5%)	the book that keeps unwinding
zcn7–zcz7 (corn new-crop spread)	**+24¾**	**+½**	rich but inside the noise band

settlements verified through friday 18 september via cme session data. new-crop 2026/27 is the only frame; the old-crop marketing year closed with the july expiry and the new soy/corn marketing year rolled 1 september. the september-contract grains expired 14 sep, rolling the tracked fronts to dec corn, nov soy, and dec wheat.

what the tape said

release	when	print	read
fomc rate decision	wed 16 sep	**hiked 25 bp** to **3.75–4.00%**; "inflation remains elevated"; dots skew to one more	dollar-firming, an export headwind the grains shrugged off

cot (disaggregated)	fri 18 sep (as of 15 sep)	corn mm **+414,460** (z **+1.81σ**, w/w **+1**) · soy **+241,501** (z **+1.89σ**, w/w −**15,757**)	soy's first *lower high* — the rollover; corn stalled at the extreme
doe ethanol grind	wed 16 sep (wk ending 11 sep)	**115.4 mn bu/wk** (**+7.6%** vs 5y)	corn demand firm, the strongest 5-yr spread of the run
export inspections	mon 14 sep (wk ending 10 sep)	corn **1,525k mt** · soy **673k mt** · wheat **457k mt**	corn shipments hold above year-ago; new-crop soy flow beginning

balance sheet translation — each print, mapped to the sheet:

- **fomc → the whole board.** a **25 bp** hike to **3.75–4.00%** lifts the dollar at the margin and, through it, trims us export competitiveness — a headwind that lands hardest on the crop most dependent on foreign demand, which is soy. the tape's answer was to rally beans **+14¼** on the day: the china bid is currently a bigger number than the dollar.
- **cot → soy.** managed money cut −**15,757** to **+241,501**, z **+2.07σ** → **+1.89σ**. this is the *lower high* the framework treats as the liquidation-start tell after a ≥ **+1.4σ** peak. but the tell is only half a signal without the price confirming, and price rose into the cut — so the rollover is *armed in positioning, unconfirmed in price.*
- **cot → corn.** net essentially unchanged (**+1** contract) at **+414,460**, z **+1.81σ**. the loaded long stopped adding but did not roll over — a *stall*, not a turn. no fresh fuel in, none out yet.
- **ethanol → corn demand.** the grind at **115.4 mn bu/wk** printed **+7.6%** over the five-year average, the widest of this run, with crude bid. the corn export line (**3.275 bn**) and the ethanol line (**5.600 bn**) are both underwritten by the physical tape; corn's problem is positioning, not demand.

not on the tape but on deck: the first clean new-crop export-sales read, the **xi jinping** washington summit on **24 sep**, and quarterly grain stocks on **30 sep** — two bullish-capable binaries inside any short's window.

the state of the board

balance sheet — a real cut, still governing, still bearish-vs-expectations

the **september** wasde and its objective-yield survey continue to govern; there is no new sheet until the october wasde on **9 oct**. new-crop 2026/27 is the only frame.

corn 2026/27: yield **178.5 bpa**, production **15.800 bn**, feed & residual **5.950 bn** (−**150 mb** vs august), exports **3.275 bn**, ethanol **5.600 bn**, ending stocks **1.567 bn**, stocks/use **~9.7%** — the tightest in three seasons. a real cut, but a demand-offset one: roughly **70%** of the lost production came back as a feed-and-residual reduction, which is why the carryout landed **+34 mb** above the **1.533** consensus and read bearish on the tape. the pro-farmer tour still sits **456 mb** below usda (**15.344 bn** on **173.2** vs **15.800** on **178.5**) — a **5.3 bpa** gap the combine, not another estimate, settles from here. that gap is the one live bullish tail corn has left, and it resolves in harvest results over the next month.

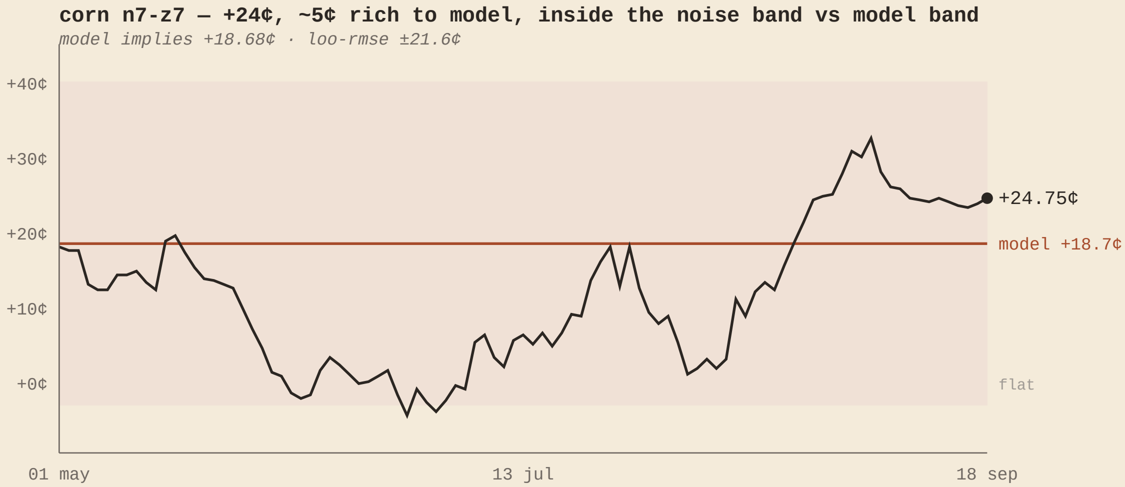
soy 2026/27: yield **52.8 bpa**, production **4.535 bn**, crush **2.780 bn** (record), exports **1.685 bn** (**+25 mb** for china), ending stocks **310 mb**, stocks/use **~6.8%**. the survey delivered the report's biggest directional miss — the trade wanted a smaller crop and got a bigger one —

and carryout still landed above both the **290** dtn and **298** reuters surveys even after the export bump. the sheet does not underwrite a **1300+** print; the demand trajectory does, and that is the fragile, china-dependent thing the short would be betting against.

the arcanum overlay carries corn exports modestly over usda on the physical pace and holds soy stocks looser than the board trades; full line-item detail on the **balance sheets** resource page.

time spreads — the deferred premium, still rich, still inside noise

the new-crop-year corn spread — zcn7 over zcz7 — settled **+24¾¢**, essentially unchanged from last issue's **+24¼¢**, after peaking **+32¼¢** on **1 sep**. against a model-implied **~+18.68¢** and a **±21.6¢** loo-rmse band, it sits about **6¢** rich — elevated but well inside the noise. it priced the deferred tightness on the way up and has held that premium through the survey without extending; single-pillar corroboration of the tight-carry read, not a trade.



corn n7-z7 spread — +24¾¢, ~6¢ rich to model, inside the ±21.6¢ band

positioning — the rollover printed, on one book

the cot dated **15 sep**, released friday, is the number this issue turns on — and for the first time in this run, one franchise book has begun to unwind.

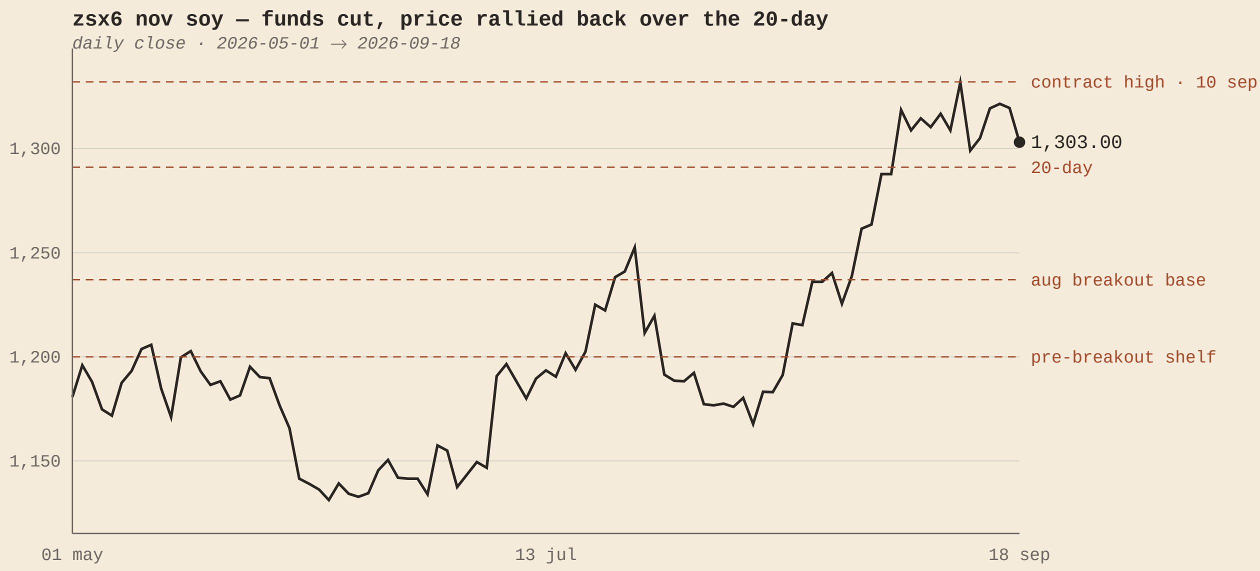
product	mm net	w/w	3y z-score	signal
corn	**+414,460**	**+1**	**+1.81σ**	extended, stalled
soybeans	**+241,501**	–**15,757**	**+1.89σ**	rolling over

the eight-week soy climb — **+1.15σ** (28 jul) → a **+2.07σ** peak (8 sep) — put in its first lower high at **+1.89σ**. that is the liquidation-start tell the framework was rebuilt around after the may–june corn miss, and it is why the soy short is *watched* and not dismissed. but the loaded-vs-spent distinction matters: at **+1.89σ** soy is still loaded — the fuel for a liquidation is very much present — it simply has not been lit, because the price refused to confirm the positioning tell. corn is the mirror image: **+1.81σ** and stalled dead (**+1** w/w), a book that has stopped building but shows no lower high, sitting over a genuine supply cut that gives a short no fundamental footing. neither book is a trade yet; one is a short waiting on price and a summit, the other is a stall waiting on a catalyst.

technicals — a lower high in soy, a fade in corn

dec corn (zcz6). **527½** settled –**4½** under the 20-day (**532**) after failing at **535¾** midweek; it holds **+30½** over the 50-day (**497**) and the golden cross is intact, so this is an uptrend taking a breather, not a reversal. the level that flips the near-term bias is the 20-day at **532** — corn is now just below it, and a *sustained* break opens the 50-day at **497**. no leading reversal tell, no rollover in the book underneath: corn is coiling, and the first clean directional catalyst is the **30 sep** stocks report.

nov soy (zsx6). the week's tension in one chart. **1303½** made a lower high than the **1332¼** contract high, faded from **1320½** on friday, and still closed **+9** over the 20-day (**1294**) and **+64** over the 50-day (**1239**). the structure is *still* an uptrend; the friday fade and the positioning rollover are the leading tells, but the confirmation level is unmoved — a *daily close below the 20-day, now 1294*, is what turns the price rollover from hint to signal. lose **1294** and the **1237** august breakout base, the **1239** 50-day, and the **1200** pre-breakout shelf come into play in sequence.



zsx6 nov soy — funds cut, price held; a lower high above a rising 20-day

seasonality — the harvest-pressure base rate

the late-september seasonal frame stays *soft* for both crops: the harvest-pressure window historically carries a sub-50 hit rate for new-crop dec corn and nov soy as the crop comes in and yield uncertainty resolves. that is a bearish base-rate prior, and it stacks cleanly on corn — a spent catalyst, a stalled long, and a calendar that leans lower into october. for soy the same prior applies but is the one base rate china demand overrides every time it shows up, and this week it showed up again. the calendar says drift lower into harvest; the china tape says do not stand in front of the beans. the tension is unchanged, and it is still the trade.

forward risks

everything above is where the board *sits*. this is what it starts pricing next.

weather — the crop is made

the agronomic story is closed. the crop is at or past maturity and harvest is underway; the western-belt deficit the desk tracked all summer got its count in the survey, which cut national yield **2.2 bpa** to **178.5**. weather can no longer meaningfully add or subtract — the yield question moved from the field to the combine, and the live tension is the **456 mb** gap between usda's **15.800 bn** and the pro-farmer **15.344 bn**. that resolves in harvest results over the next month, and it is the one path left for corn to tighten from here.

demand — china is still the whole soy story

corn demand is firm and not a source of downside: ethanol grind **115.4 mn bu/wk**, **+7.6%** over the five-year average, and inspections **1,525k mt** holding above year-ago. corn's issue is a crowded book, not a soft market.

soy demand did exactly what last issue warned it would. china booked roughly another **1 mmt** of us new-crop this week, taking the season's total close to **13 mmt** — more than half the **25 mmt** it has committed to annually through 2028 — and it is buying *into* the **xi jinping** washington summit on **24 sep**, a deliberately friendly posture ahead of the meeting. brazil's declining stocks keep pushing the marginal ton back to the us gulf and pnw. this is the wall the soy short runs into: the crowd is long for a real, accelerating, dated reason. a **10%** chinese tariff on us goods still caps the flow, which is the one thing keeping this from a runaway.

policy + trade watch

- **china / the xi summit (24 sep)** — the swing variable for the entire soy thesis and a dated bullish binary sitting *inside* any short's window. a purchase announcement re-fuels the crowded long; a disappointment is the liquidation catalyst. this single event governs the soy trade, and it is now five days out.
- **quarterly grain stocks (30 sep)** — the next scheduled repricing; a **1 september** stocks print that surprises either way is the accelerant for a crowded-book move in both crops.
- **october wasde (9 oct)** — the first harvest-informed yield update and the venue where the **456 mb** pro-farmer gap starts to close.
- **biofuel / crude ~$96 (tagged $100%)** — the soy-oil and ethanol-margin tailwind stays on while crude holds the mid-**$90s**; a slide back under **$90** pulls the soy-oil bid.

macro overlay

- **fed funds 3.75–4.00%, +25 bp (16 sep)** — the mechanism into grains is the dollar and export competitiveness: a hawkish hike firms the dollar and, at the margin, makes us grain dearer to foreign buyers. the grains shrugged it off this week because the china bid is currently the larger force; the risk is that a second hike, or a dollar that keeps grinding higher, eventually bites the export line the beans are leaning on.
- **crude (CLX6) 96.08, high $100%** — firmer crude lifts ethanol blend economics (corn) and the renewable-diesel pull on soybean oil (soy); a tailwind while crude holds the mid-**$90s**, and the recurring fade off **$100** is the thing to watch.
- **10-year ~5%** — the back-up in yields alongside the hike firms the dollar and is a mild, persistent export headwind; a decisive break above **5%** would matter more than the level itself.

what i'd worry about

1. **the xi summit delivers (24 sep).** ~**45%** likely. impact: **+40–80¢** on zsx6 — it re-fuels the **+1.89σ** long, negates the friday fade, and runs over anyone short. this is the single reason not to short beans here. 2. **the soy liquidation lights.** ~**35%** likely over the next 2–3 weeks. the rollover is *in* the positioning (–**15,757**), the sheet is loose, and a summit

disappointment plus a close below the **1294** 20-day opens –**80–100¢** toward the **1200** shelf. the fuel is loaded; it needs the china bid to blink. 3. **the corn stall breaks lower.** ~**30%** likely. corn **+1.81σ** into a spent catalyst and a soft seasonal; a sustained break of the 20-day (**532**) opens the 50-day at **497**, –**25–40¢** on zcz6. no fundamental short underneath — the positioning is the fuel, the **30 sep** stocks print the likely trigger. 4. **grain stocks (30 sep) surprises.** roughly a coin-flip on direction. a bearish quarterly-stocks number on top of still-record longs is the accelerant for a liquidation in either crop; a bullish one caps the downside. 5. **a second fed hike / dollar grind.** ~**30%** likely into year-end. the export headwind the beans ignored this week compounds if the dollar keeps firming — –**15–30¢** on soy over time, marginal on corn. 6. **harvest verifies sub-178 corn.** ~**25%** likely. combine results toward the pro-farmer **173.2** tighten the sheet the survey under-cut — **+20–40¢** on corn, the one live bullish tail left.

the scorecard

open positions

no open positions. the field-notes book is flat for the twentieth consecutive gated issue.

recent history (most recent closed trades)

no closed trades. the framework track record has not opened its first gated entry — lifetime n = ***0****.*

equity curve — flat; no risk carried.

the accountability this week is a clean one, and it is *for* the discipline. last issue i declined the soy short and set three arming conditions, with the explicit warning that shorting a **+2.07σ** book into an accelerating china bid "looks brilliant right up until beijing prints a purchase headline." this week the positioning condition armed — the –**15,757** lower high — and had i shorted on that alone, i would be underwater: beans *rallied* into the fund selling, china booked another **~1 mmt**, and the summit is now five days out. the wait was correct. the honest counter-point is that the price *did* fade friday to **1303½**, so the short's odds ticked up, not down — one condition met, a second inching closer, the third still blocking. that is a setup maturing on schedule, not a market that got away.

the missed-move check is clean: corn was flat (–**0.5%**), soy chopped (**+0.5%**), no tracked instrument made a **>10%** move this week. the prior corn and soy up-legs remain logged in the ledger; nothing new to add.

rolling stats: lifetime **n = 0**, hits **0**, hit-rate n/a, avg-R n/a. the consecutive-loss circuit breaker is **null** — the streak is no-trades, not stops. twenty gated issues is a long time to carry no risk, and the open question i keep flagging to the desk stands: is the gate a rigorous filter, or one calibrated to a market that offers the trade one condition short? this week answered it a little more firmly than last — the one book that rolled over is being defended by a real demand bid, and standing aside was the right call, not a missed one.

what i'm watching

- **mon 21 sep** — export inspections (wk ending 18 sep); the new-crop soy flow to china is the line that matters.
- **wed 23 sep** — doe ethanol grind; a hold above the 5-year average keeps corn demand firm.
- **thu 24 sep** — the **xi jinping** washington summit. the dated bullish soy binary; the short is not placeable until this resolves. a purchase headline re-fuels the long; a disappointment lights the liquidation.
- **thu 24 sep** — weekly export sales; china bookings the line.
- **fri 25 sep** — the **cot** as of **22 sep**; does soy print a *second* consecutive lower high (rollover confirming) or do the funds re-load into the summit?
- **30 sep** — quarterly grain stocks. the next scheduled repricing for both crops, and the time-stop boundary for any soy short armed before it.
- **crude ~$90** — the biofuel tailwind's on/off switch for the soy complex.

the trade — one condition of three, and the summit still in the way

no new trade this week. the twentieth consecutive issue through the publication gate without a market entry — and, like last week, the reason is a specific dated risk, not an absent setup. the setup is here, it is one condition closer than it was, and it is being declined on the same wall: china.

the **short nov soy** remains the closest thing on the board to a gate-legal ticket, and this week it advanced:

- **positioning — armed.** mm soy cut −**15,757** to **+241,501**, z **+2.07σ** → **+1.89σ**: the first *lower high* after the peak, the liquidation-start tell the framework treats as a primary trigger. this is condition (2), and it printed.
- **technical — half-armed.** friday's fade to **1303½** made a *lower high* beneath the **1332¼** contract high, but the price sits **+9** over the 20-day (**1294**). the leading tell is forming; the confirmation — a daily close below the 20-day — has not come.
- **fundamental (vs expectations) — intact.** the survey's looser-than-priced sheet (yield **52.8**, carryout **310 mb** above both surveys) still argues the beans are over-owned relative to the balance sheet.

so why still no ticket? **because the dominant driver of soybeans continues to contradict the short, and the binary is now five days out.** china booked another **~1 mmt** this week, took the season past **13 mmt**, and is buying *into* the **24 sep** xi summit; the fed hiked and beans rallied anyway. you do not short a still-loaded long the week before a presidential summit whose base case is a purchase announcement — with quarterly grain stocks on **30 sep** right behind it. the binary-event rule says close before events like these; here two of them sit inside the minimum hold, so the position would be a five-day scalp into a demand catalyst, not a gate-quality trade. that is still "tempting and probably wrong."

the tape gave the cleanest possible confirmation of last week's call this week: funds cut the crowded long and price *rose*. when a market absorbs liquidation and closes higher, the sellers are meeting stronger buyers — the fuel is loaded but the match is wet. the short arms when the china bid blinks, not before.

the rest of the board, walked quickly:

- **long soy (join the bid).** the tape is telling you the china bid is real and beans held **+9** over the 20-day into fund selling — but z **+1.89σ** is a still-crowded book, and buying it six days before a binary summit is chasing into an event, not a trade. **fails.**

- **long corn (the tight sheet).** a real cut and a **1.567 bn** carryout, but corn is **+1.81σ**, just faded under its 20-day, and the fed hike is a fresh dollar headwind. the gate-legal entry is a pullback to the 50-day (**497**), not a stall under the 20-day. **no ticket, no bid.**
- **short corn.** the book stalled (**+1** w/w) but printed no lower high, corn *held* over its 50-day, and a genuine supply cut sits underneath. fundamental-contra, no rollover. **fails.**
- **corn n7-z7 at +24¾¢. ~6¢** rich to the **~18.7** model, inside the **±21.6** noise band. single-pillar, no edge. **not a trade.**

what arms the soy short — the falsifiable checklist, updated. two of three conditions are now closer than last week; the china binary still governs and must clear first:

1. **price confirms the rollover** — a daily close below the 20-day, now **1294** (last week **1271**; the average has risen with the tape). *not met — beans closed **+9** above it.* 2. **positioning confirms it** — a *lower high* in soy mm net after the **+2.07σ** peak. **met — the 15 sep cot cut −15,757 to +241,501.** 3. **the china binary clears** — the **24 sep** xi summit passes without a demand escalation, or china buying visibly stalls. *not met — the summit is five days out and buying is accelerating.*

with all three, the short arms at **5% of book** (the two-pillar-extreme size, half the default): sell zsx6 on the break or a failed retest near **1268**, **stop on a daily close back above 1305** (~**37¢**), **partial 1212** (**1.5:1**), **final 1180** (**2.4:1**), **time stop: close before the 30 sep grain-stocks report** regardless of level. until conditions (1) and (3) hit, the book stays flat.

the honest read: twenty issues flat is not a badge and i am not dressing it up. but the alternative this week was shorting the year's most crowded bean book on a positioning tell the price actively refused, six days before a summit whose base case runs the short over. the setup is real, it is the right *type*, and it is maturing — one condition met, one forming, one blocking. **invalidation of the wait is the three-condition checklist above.** if the summit disappoints and **1294** breaks, we are short the liquidation at reduced size with defined risk. if china escalates, we carry nothing into a squeeze. the framework, not the fear of missing, makes the call.

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