

Hello Colorado Wheat.

I wish I knew photoshop, because this should read Say hello to my little Ten Dollar Soybean friend.



I wrote in my 8/21/20 wire "IF those beans don't get a drink...say hello to my little Ten Dollar friend."

Look at this rocket shot to the Moon Nov bean chart; will we hear "Beans in The Teens!?"? omega...



**Charts and discussions follow, with the goal of giving you useful information to help you with your business. My disclaimer remains the same: these are my sometimes rapidly changing opinions, but I believe you should: 1.be willing to store your wheat, if it's the right thing to do 2. apply 60# of N at planting, and 15# of sulfur, and in the spring, apply 30 more # of N; and if it's a wet spring, re-apply another 30# about three weeks later 3. don't sell your wheat unless you have discussed protein premiums and considered why you're not seeing any**

“Beans in The Teens” ... brings back bad memories. Back in about August of 1983, a futures commission house made the rounds, and got a lot of people pumped up about Beans in The Teens, and after everyone was good and long, beans stalled out at about \$9.50 and promptly broke two bucks. Later on, we heard an affiliated trading house with that big commission house was the main seller...

Anyway...before we get too crazy, this weekly continuous bean chart suggests tough sledding should be expected around \$10.75 if the rocket shot is still alive by then, although “say hello to my little \$10.75 soybean friend” doesn’t sound quite as cool...



This is the new Export Pace scorecard we’ll use; I added a new fudge factor column for beans and corn. We had already been using 35 extra in wheat, on the wheat-by-class pace, but not here, so hopefully this ties it together better.

WEEK ENDED (09/03/20)	Weekly loadings	Accumulated in season	Estimated fudge factor	Total loaded est	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	37.0	9.7	60	69.7	2,325	2255.3	51	44.2
Soybeans	46.9	19.3	30	49.3	2,125	2075.7	51	40.7
All wheat	23.8	266.8	35	301.8	975	673.2	39	17.3

Soybean yield was reduced to 1.4 bu/ac, which cut production by 112 million bu, and demand for last year was raised 40 million (30 in exports and 10 in crush), so net was this year’s carryout, for 2020/21, was reduced 150 million bu.

That's a big reduction; ending stox/use ratio is now down to 10.4%, and National Average Farm Price jumped 90c/bu! Wowzers. I'm still not sure about those exports. Last week I was pretty sure bean exports for last year should have been cut by 60 million, and instead they were increased by 30 million.

WTH? Something's wrong somewhere, but we have to go with these numbers for now. (Maybe I missed a week...??)

Anyway...Beans in The Teens? Let's see how \$10.75 does first.

Corn... we saw a 3 bu yield reduction, as expected, but how about the USDA doubling down on corn exports? They increased this new year's corn export forecast a 100 million bu, now up to 2.325 billion bu, which is about 44 million bu weekly with the 60 million fudge factor. It's not impossible, but it has to happen every week. Somewhat ominously...feed demand was cut 100 million bu, and ethanol usage was cut 100 million bu. Possibly high prices affect demand...and that makes one nervous about the export number, which is basically all up to China.

Net effect was 2020/21 ending stox/usage ratio was reduced to 17%, and National Average Farm Price was raised up to \$3.50, which all seems about ok. The problem is...Dec corn is trading at \$3.70.

I admit my corn bias was not as good as my soybean bias. I said sell corn last week...and it was up another dime this week. Here's a Z corn chart:



As long as that uptrend is intact, if you want to stay long your corn, I don't blame you, but when it's violated, I'd move on it, and sell it. Fundamentally, I think it's 20c too high, and if those export shipments falter, it could get ugly quickly.

The feeding number is 400 million more than 2 years ago, and 200 million more than last year, but I don't think people are eating out at restaurants like they were...

And I don't like the looks of the crude oil chart, shown below, so my bias is I don't expect ethanol usage demand numbers to increase...



Here's how the week ended:

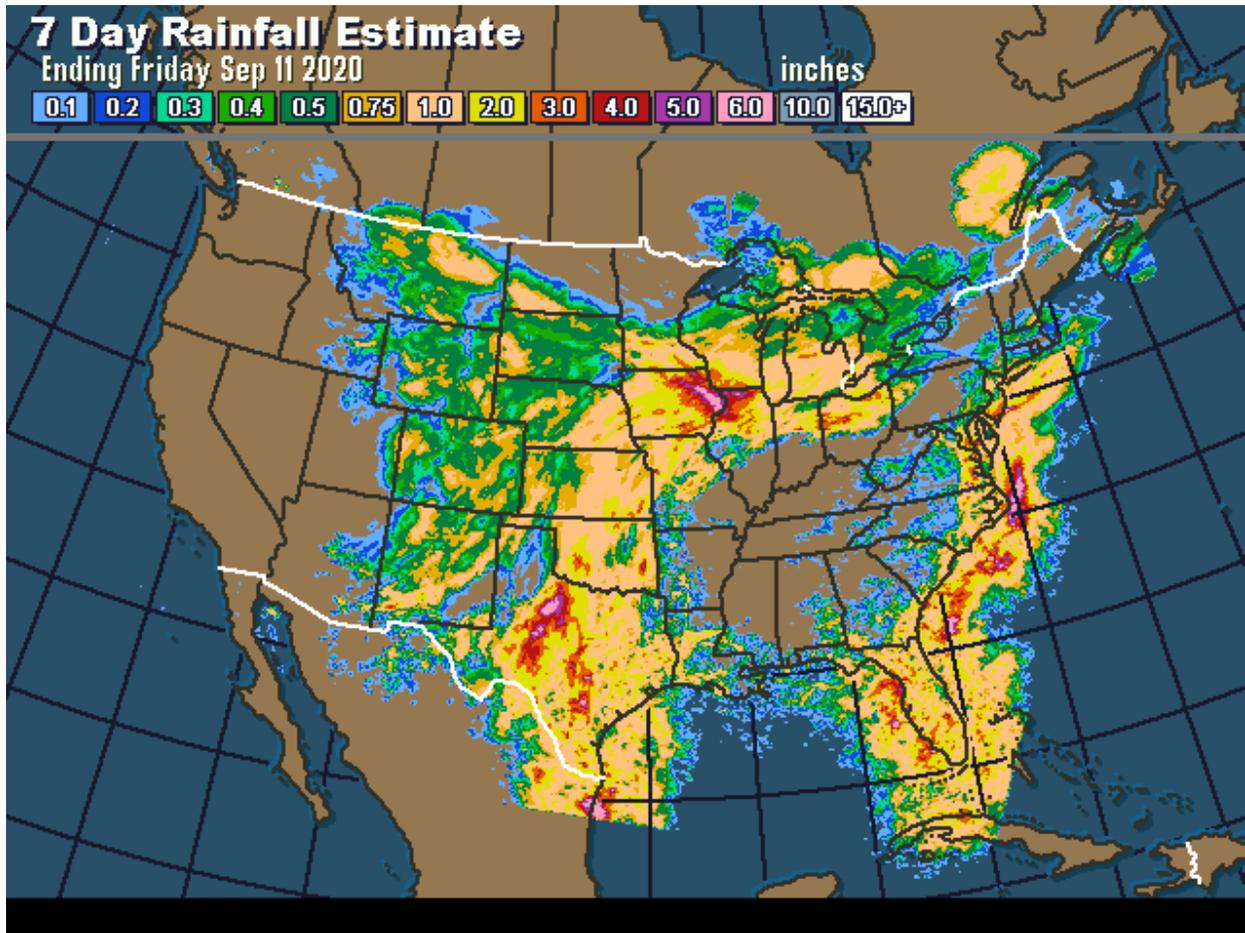
CLOSE	KWZ20	KWN21	CZ20	CN21	WZ20	MWZ20	MWN21	SX20	CRD20	ES20
<b>09/11</b>	<b>\$4.71</b>	<b>\$4.96</b>	<b>\$3.69</b>	<b>\$3.88</b>	<b>\$5.42</b>	<b>\$5.32</b>	<b>\$5.61</b>	<b>\$9.96</b>	<b>\$38.08</b>	<b>\$3334</b>
09/04	\$4.73	\$4.97	\$3.58	\$3.79	\$5.50	\$5.43	\$5.66	\$9.68	\$40.59	\$3418
08/28	\$4.72	\$4.98	\$3.59	\$3.80	\$5.49	\$5.39	\$5.66	\$9.51	\$43.29	\$3505
08/21	\$4.57	\$4.83	\$3.41	\$3.66	\$5.35	\$5.29	\$5.57	\$9.05	\$42.34	\$3392
08/14	\$4.36	\$4.60	\$3.38	\$3.63	\$5.10	\$5.12	\$5.44	\$8.99	\$42.31	\$3362
08/07	\$4.27	\$4.55	\$3.21	\$3.48	\$5.04	\$5.11	\$5.45	\$8.68	\$41.49	\$3345
07/31	\$4.53	\$4.78	\$3.27	\$3.52	\$5.39	\$5.28	\$5.59	\$8.93	\$40.57	\$3264
07/24	\$4.61	\$4.85	\$3.35	\$3.59	\$5.45	\$5.28	\$5.60	\$8.99	\$41.30	\$3204
07/17	\$4.60	\$4.83	\$3.40	\$3.61	\$5.41	\$5.27	\$5.60	\$8.95	\$40.75	\$3214
07/10	\$4.64	\$4.87	\$3.45	\$3.66	\$5.39	\$5.38	\$5.68	\$8.91	\$40.73	\$3179
07/03	\$4.47	\$4.72	\$3.54	\$3.75	\$5.00	\$5.24	\$5.57	\$8.97	\$40.36	\$3116
06/26	\$4.41	\$4.69	\$3.25	\$3.51	\$4.84	\$5.24	\$5.57	\$8.61	\$38.65	\$3007

Another new blue number in corn and beans, but not wheat. Crude actually set a new 11-week closing low, and the stock market set a new 4-week closing low.

Wheat actually closed lower for the week. Why?

USA wheat numbers weren't changed much in the September WASDE, but world numbers...production went up 4 million tonnes, 2 in Canada and 1.5 in Australia. The EEU production estimate also went up .5 mmt, which is nothing, but signifies the European wheat production estimates are NOT going down anymore. Argentina's estimate was cut a million tonnes. I'd say Canada and Australia still have some upside, probably more upside than Argentina has downside, but that's my guess.

Other bearish wheat inputs included last week's moisture, shown here, which looks like even Colorado got some:



I've been saying a guy could lay off this year's crop in next year's July, if he still has it, and the moisture makes me think about laying off some of the crop you are planting. (In all fairness, this week's forecast is dry, so maybe wait on another rain before we get heavily sold next year's stuff?)

Another bearish input is...lot's and lot's of chatter about double-cropping wheat immediately after soybeans are harvested. A couple of weeks ago I wrote about that specialty crop, soft red winter...here's a farmdocdaily recent article recommending planting more soft red acres right after the beans are harvested. Their recommendation is to sell some July as a hedge. (Do you think he just reads my stuff and goes with it? I'm leaning towards no on that...)

[https://farmdocdaily.illinois.edu/2020/09/expected-returns-for-wheat-in-2021-wheat-double-crop-soybeans-competitive-with-corn.html?utm\\_source=farmdoc+daily+and+Farm+Policy+News+Updates&utm\\_campaign=676cb095cf-WEEKENDER\\_RSS\\_EMAIL\\_CAMPAIGN&utm\\_medium=email&utm\\_term=0\\_2caf2f9764-676cb095cf-173650021](https://farmdocdaily.illinois.edu/2020/09/expected-returns-for-wheat-in-2021-wheat-double-crop-soybeans-competitive-with-corn.html?utm_source=farmdoc+daily+and+Farm+Policy+News+Updates&utm_campaign=676cb095cf-WEEKENDER_RSS_EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_2caf2f9764-676cb095cf-173650021)

IF you want to stay bullish wheat, the best reason is...it's still dry in Volgograd, and the forecast remains that way for the next 10 days:



The risk to staying long wheat based on a Russian forecast is by the time we know it's raining over there, it will be late in the game, but the other side is...it is most certainly dry in the Russian Wheat Basket.

The Export loadings-by-class picture didn't change much. The USDA increased the HRW export forecast by 5 million bu, and reduced the SRW export forecast by the same 5 million bu. This scorecard does show HRW slipping just a freckle:

WEEK ENDED (09/03/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	5.6	125.2	410.0	284.8	38	7.5
HRS	9.4	82.5	270.0	187.5	38	4.9
SRW	3.9	30.9	85.0	54.1	38	1.4
LAST WEEK						
HRW	7.8	119.7	405.0	285.3	39	7.3
HRS	5.4	73.2	270.0	196.8	39	5.0
SRW	.6	27.0	90.0	63.0	39	1.6

Gulf bids are even firmer:

GULF date	12 pro	ords	diff	
9/11/2020	160	137	23	
9/4/2020	141	128	13	Z
8/28/2020	145	130	15	U
8/21/2020	135	118	17	
8/14/2020	135	120	15	
8/7/2020	140	116	24	
7/31/2020	145	122	23	

These bids are not record high bids, but they are getting close. I show 12's were bid in the +180's for about a month a couple years ago, and ords peaked at +150. One thing these high priced basis bids accomplished is expiring KC U inverted over KC Z. We might continue to see that trend. Believe me, the board will NOT help you store wheat, as carrying charges are small, and shrinking, and being long the basis is risky, as it's expensive. If you want to stay long wheat, it's purely a bet on Russia, in my opinion.

The weekly export sales report did not show any Chinese activity in HRW, although Brazil loaded 2 small boats and bought another one. China did load a small boat of spring wheat, and interestingly, China did load a big boat of soft red.

Posted bids (as I interpret the USDA AMS pdf file)...show very little change, even though the Gulf bids were sharply higher. Why are posted country basis bids not better?

It's because the secondary rail freight market is up again. Even though we might make the assumption that the cost of rail cars is zero, as the railroad should supply them...in reality, that's a bad assumption.

This paragraph is from the weekly Grain Transportation Report, issued by the AMS branch of the USDA:

*Likewise, bids in the secondary market have increased significantly in recent weeks. Bids for delivery of railcars in October traded around \$200 per car in May and early June, but are now over \$1,000 per car, about \$800 above the prior 3-year average. As of the week ending September 3, prices for delivery of railcars in September and October are above average, about +\$800 (per car) in September and +\$700 in October. Bids for delivery of railcars in November have fallen considerably in the last 2 weeks from a peak during the week ending August 20.*

This is a link to the report if you want to read it yourself; it's about 20 pages, with lots of numbers...

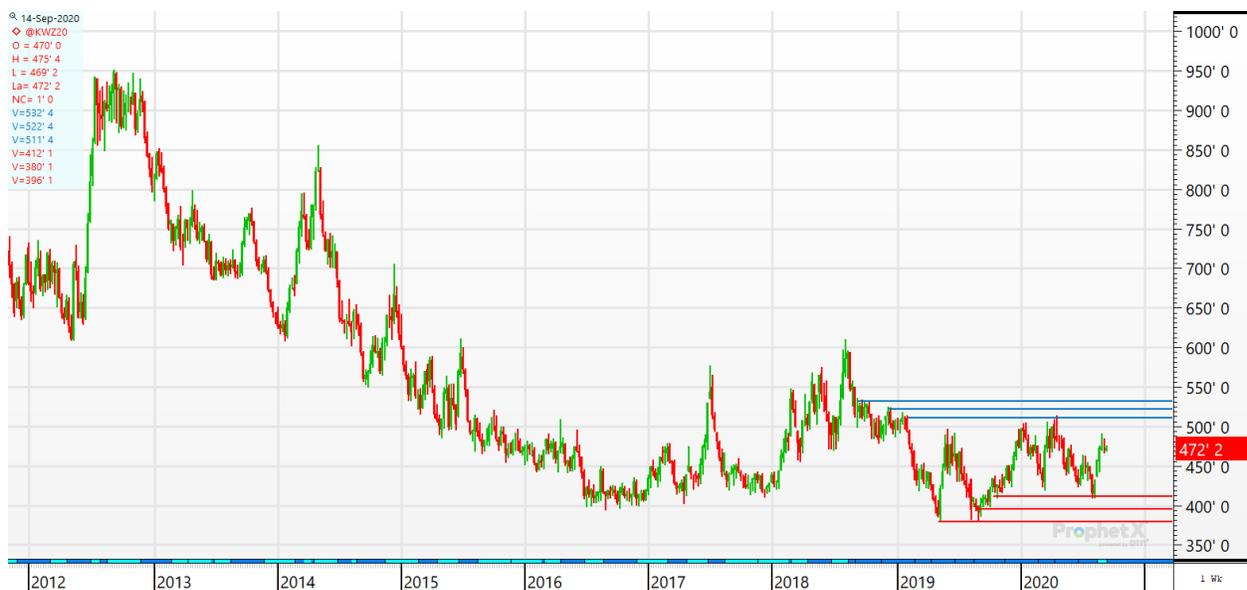
<https://www.ams.usda.gov/sites/default/files/media/GTR09102020.pdf>

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
09/11	\$4.21-\$4.41	\$4.46	\$4.21-\$4.31	\$4.02-\$4.31	\$4.41-\$4.71
09/04	\$4.23-\$4.43	\$4.48	\$4.23-\$4.33	\$4.04-\$4.33	\$4.43-\$4.73
08/28	\$4.17-\$4.47	\$4.42	\$4.17-\$4.27	\$4.02-\$4.22	\$4.42-\$4.72
08/21	\$4.01-\$4.21	\$4.26	\$4.01-\$4.11	\$3.84-\$4.06	\$4.26-\$4.56
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
09/11(Z)	-50, -30	-25	-50, -40	-70, -40	-30, -00
09/04(Z)	-50, -30	-25	-50, -40	-70, -40	-30, -00
08/28(U)	-45, -15	-20	-50, -35	-60, -40	-20, -10
08/21(U)	-45, -25	-20	-50, -35	-67, -40	-20, -10
Date	Concordia	Salina	Hutch/Wichita	Ark City	
09/11(Z)	-30	-20, -16	-40, -20	-34	
09/04(Z)	-30	-20, -16	-40, -20	-34	
08/28(U)	-20	-10, -07	-35, -10	-29	
08/21(U)	-20	-10, -07	-35, -10	-29	

Here's a KC Z futures chart, going flat, as the uptrend has lost some momentum:



And this longer-term weekly KC continuous points out KC remains tightly range-bound...



I'd bet most (all) of you have a smartphone, which shows some type of weather forecast. Have you added Volgograd as a city you are watching? This chart is watching it; you can bet on that.

I know you're busy. Milo harvest is probably close, and last week's report said Colorado is already 17% finished with new-crop wheat planting. Kansas is probably getting started too. I'd bet some corn is ready too.

Don't get in too much of a hurry; please Stay Safe. Have a good week.