

Hello Colorado Wheat.

The August WASDE update came and went Friday, and based on the market's reaction (down a dime or so in everything...) it's safe to say it was not super bullish.

The week ended down 3c for **KC Z**, and we will treat this as an **important double-bottom**.

In that regard, Z corn was down a dime, **BUT took out the double-bottom of support**, so we'll have to take a hard look at holding on to any unsold corn...

Beans were down 25c...good weather last week.

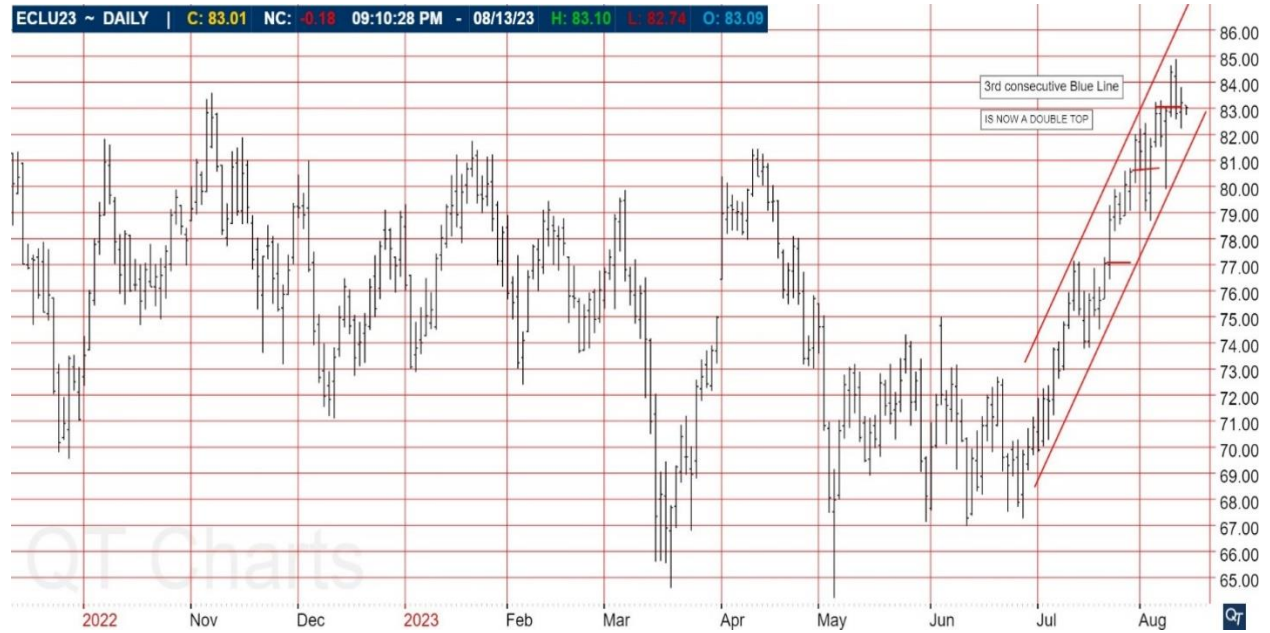
We'll treat crude oil as a double-top.

The stock market continues to ease a bit on a couple more expected small rate hikes. The upward trend line of support is being tested.

	Dec '23 HRW	July '24 HRW	Dec'23 corn	July '24 corn	Chgo Z wheat	Springs Dec (Z)	Nov'23 soybean	July '24 Soybean	Crude oil	S&P
CLOSE	KWZ23	KWN24	CZ23	CN24	WZ23	MWZ23	SX23	SN24	CRD22	ES22
08/11	\$7.66	\$7.66	\$4.87	\$5.15	\$6.54	\$8.30	\$13.08	\$13.25	\$83.19	\$4481
08/04	\$7.69	\$7.67	\$4.97	\$5.23	\$6.60	\$8.38	\$13.33	\$13.42	\$82.82	\$4498
07/28	\$8.69	\$8.33	\$5.30	\$5.51	\$7.28	\$9.07	\$13.83	\$13.74	\$80.58	\$4607
07/21	\$8.67	\$8.19	\$5.36	\$5.56	\$7.18	\$8.97	\$14.02	\$13.86	\$77.07	\$4565
07/14	\$8.34	\$7.92	\$5.14	\$5.36	\$6.81	\$8.90	\$13.71	\$13.54	\$75.42	\$4537
07/07	\$8.20	\$7.76	\$4.94	\$5.17	\$6.67	\$8.55	\$13.18	\$13.10	\$73.86	\$4434
06/30	\$8.00	\$7.68	\$4.95	\$5.16	\$6.69	\$8.27	\$13.43	\$13.08	\$70.64	\$4488
06/23	\$8.63	\$8.25	\$5.88	\$5.97	\$7.62	\$8.80	\$13.10	\$13.11	\$69.16	\$4389
06/16	\$8.37	\$8.06	\$5.98	\$6.04	\$7.16	\$8.69	\$13.42	\$13.18	\$71.78	\$4454
06/09	\$7.93	\$7.63	\$5.31	\$5.47	\$6.58	\$8.18	\$12.04	\$12.18	\$70.17	\$4305
06/02	\$8.04	\$7.79	\$5.41	\$5.57	\$6.52	\$8.12	\$11.84	\$12.00	\$71.74	\$4288
05/26	\$8.10	\$7.67	\$5.35	\$5.49	\$6.48	\$8.25	\$11.90	\$12.08	\$72.67	\$4213
Year ago	\$8.01	\$8.01	\$5.93	\$5.93	\$7.70	\$9.79	\$13.40	\$13.40	\$75.57	\$4762

Charts and discussions follow, with the goal of giving you useful information to help you with the business of marketing your crops. My disclaimer remains the same: these are my sometimes rapidly changing opinions. ALSO, USE THE BEST MANAGEMENT PRACTICES YOU CAN. STUDIES SHOW GOOD MANAGEMENT ADDS AN AVERAGE OF 13 BU/ACRE; IT PAYS FOR ITSELF

This is the crude oil chart, showing the Blue Line at \$83.00 is now a double-top of resistance. (I know it shows as a red line, but we're working on that...)

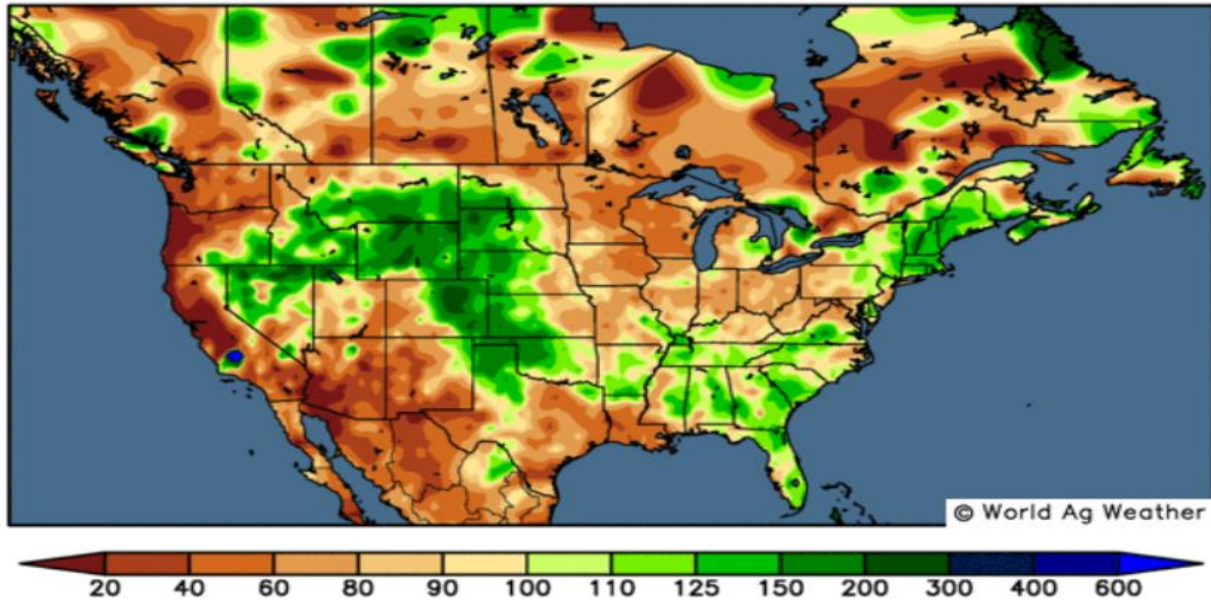


This is the E mini S&P 500, showing the test of the channel support. I think it will hold, but we'll see.



Ok, getting into the Grains...Do you think this is True?

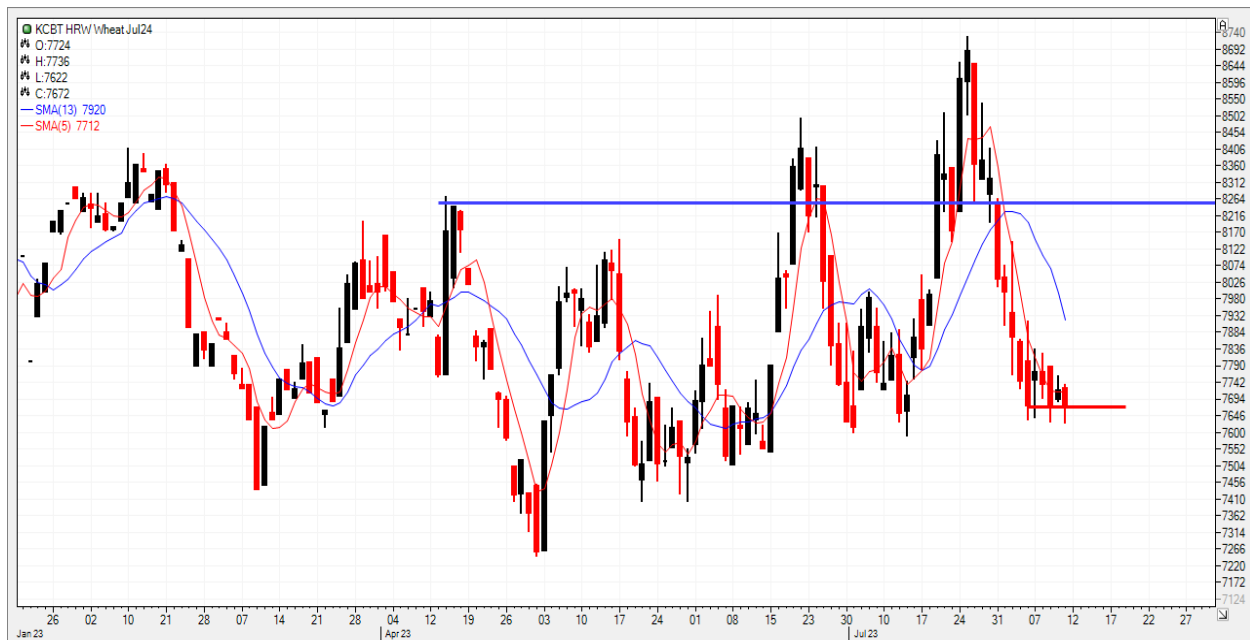
90-day Precipitation Analysis Percent of normal through 7 Aug 2023



Source: World Ag Weather

If you think it is indeed truthful...THEN the real question is...DOES IT MEAN THE DROUGHT IS BROKEN? Because IF THAT occurred, then...I don't think it can be ignored.

This is KC July'24. The last 2 weeks the market settled at \$7.66, which I am treating as an important double-bottom of support, and am raising my sell-stop up to this red line. **On a weekly close below that, I will sell 25% of my expected production of next year's wheat (which will be planted this fall).**



Friday's WASDE for USA HRW specifically was bearish. Supply went up and demand went down.

NASS's Crop Production increased USA HRW production by 8 million bu. Colorado went up 5 mil bu, Nebraska went up 4 mil bu, and Montana went down 1 mil bu, ...

and the WASDE dropped USA all wheat exports by 25 mil bu, and ALL of that 25 mil bu reduction came at the expense of HRW.

This news story from Bloomberg talked about 2 boats of Polish wheat coming into the States, and one has been held up, possibly from too much foreign material (corn) to meet grade.

https://finance.yahoo.com/news/us-halts-import-rare-cargo-212730446.html?fr=sycsrp_catchall

At the risk of sounding too cynical for my own good...somehow I am not surprised the boat is being rejected (or at least held up for unloading), AS THE updated "Euro wheat into the States" calculation shows Euro wheat floats to the Gulf at a basis of +93, or 70c higher than the last update. Why? Because KC Sept broke hard, down exactly a dollar, while the MATIF only set back about 30c/bu.

	5/26/2023	6/9/2023	6/23/2023	7/14/2023	7/28/2023	8/11/2023
MATIF Sept futures	\$ 225	\$ 235	\$ 247	\$ 232	248	237
upgrade	\$ 25	\$ 25	\$ 25	\$ 25	25	25
freight	\$ 40	\$ 40	\$ 40	\$ 40	40	40
handle	\$ 10	\$ 10	\$ 10	\$ 10	10	10
sum \$/mt	\$ 300	\$ 310	\$ 322	\$ 307	\$ 323	\$ 312
bu conversion	\$ 8.16	\$ 8.44	\$ 8.76	\$ 8.36	\$ 8.79	\$ 8.49
KC futures	\$ 8.19	\$ 7.98	\$ 8.62	\$ 8.29	\$ 8.56	\$ 7.56
implied basis at USA port	\$ (0.03)	\$ 0.46	\$ 0.14	\$ 0.07	\$ 0.23	\$ 0.93
possible freight to "KC" (bu)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
implied basis, delv KC	\$ 0.97	\$ 1.46	\$ 1.14	\$ 1.07	\$ 1.23	\$ 1.93
posted KC high side, 12 pro	\$ 1.60	\$ 1.40	1.86	1.25	0.80	0.90
posted Gulf "to-arrive"	\$ 1.40	\$ 1.00	0.65	0.73	0.73	0.90

We also note the USA Gulf "to-arrive" bid has improved a bit, now posted at +90 bid.

The WORLD wheat S&D on Friday dropped EEU wheat production 3 mmt (although Ukraine's wheat production estimate was raised 3.5 mmt), but I heard some of the European wheat was having quality issues due to late rains during harvest.

All of this leads me to believe we have heard the last about Euro wheat going to the Texas Gulf.

I suspect it is still cheaper than USA wheat delivered to the Atlantic coast mills, due to rail freight, although it's approaching even money...and note that the USDA DID NOT increase HRW IMPORTS.

Besides the mentioned changes to the world wheat balance sheet, China's production was cut 3 mmt although their usage dropped 1 mmt. And Canada's production was reduced 2 mmt.

Kazakhstan's wheat production increased 1 mmt.

There was NO change to India's wheat numbers, and on a side note, even after India announced a rice export ban, the USDA did not change any Indian rice numbers either.

I am less inclined to believe we'll see Indian wheat imports, as they almost certainly would come from Russia, and the Black Sea situation remains extremely unsettled, although the other side is... Russian wheat exports were raised 1 mmt.

So....what's all this mean to this year's remaining unsold HRW?

Well, I PROBABLY should use this week's close as a double-bottom with last week's (I know it was 3c lower, but...if it was treated as a double-bottom, that would be a good sell-stop, and a close below it this week would prompt selling the unsold cash wheat.

Here's KC Z...(I know bids are still basis the KC Sept, but "top step", based on volume, is clearly the Z):



Sunday night KC was up a few cents, then down a couple cents, even though the Black Sea war news is relatively quiet, so it's possible...KC is forging out a bottom, but...if it closes lower this week, a guy probably should just dump it.

Unfortunately, like Forrest Gump, I am not a smart man...and am going to get stubborn and wait a bit longer.

Why?

The previous week's dollar/bu shellacking was so brutal, so fast...it would seem like we're due for at least a bounce. Plus the Euro calc suggests the market has done plenty of work, and we do see an improved Gulf bid. Plus I'll probably sell some July'24 wheat this week.

Anyway...I'm hanging on to that last dab of wheat, hoping...KC can bottom out soon. (I know hope isn't a great strategy...)

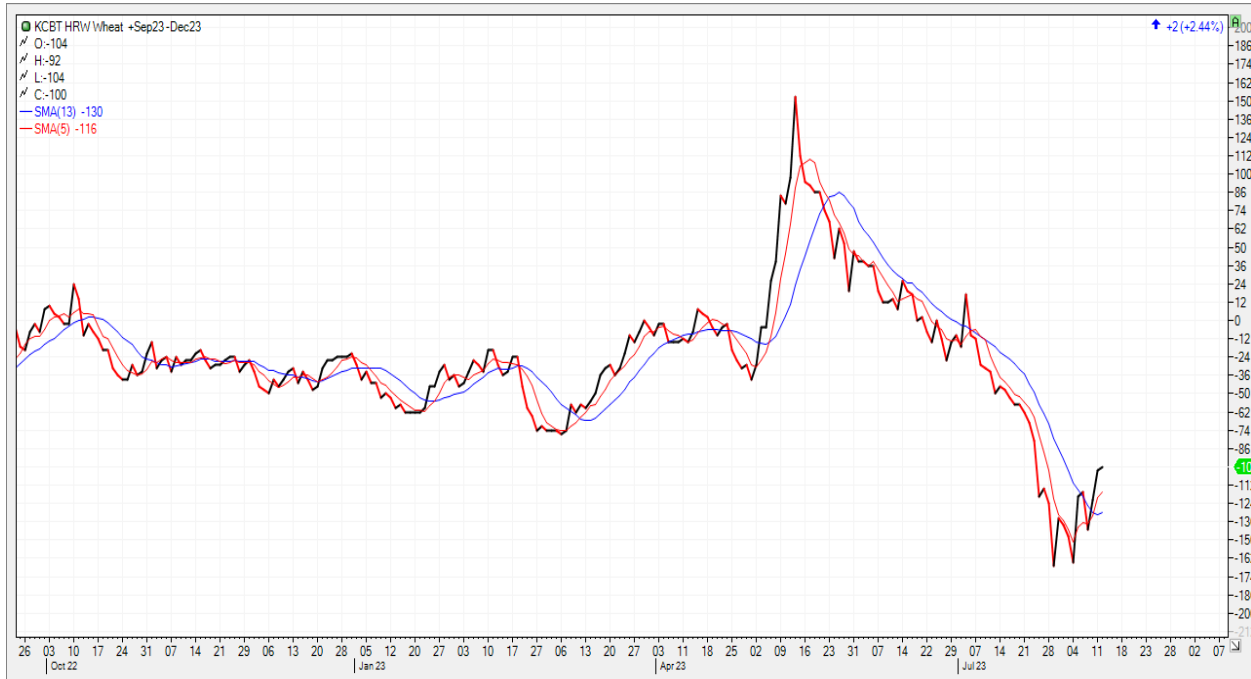
Gulf bids are a little better:

GULF date	12 pro	ords	diff	
8/11/2023	90	90	0	
8/4/2023	65	65	0	
7/28/2023	73	73	0	NQ
7/21/2023	73	73	0	NQ
7/14/2023	73	73	0	
7/7/2023	73	73	0	
6/30/2023	73	73	0	
6/23/2023	65	65	0	U
6/16/2023	100	100	0	

Posted basis bids in the country are mainly a little weaker.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
08/11	\$6.71-\$6.86	\$6.86	\$6.71-\$6.81	\$6.51-\$6.61	\$6.86-\$7.36
08/04	\$6.68-\$6.83	\$6.93	\$6.73-\$6.83	\$6.48-\$6.63	\$6.88-\$7.33
07/28	\$7.71-\$8.01	\$8.01	\$7.81-\$7.91	\$7.61-\$7.78	\$7.96-\$8.36
07/21	\$7.85-\$8.00	\$8.15	\$7.95-\$8.05	\$7.78-\$7.95	\$8.10-\$8.40
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
08/11(U)	-85, -70	-70	-85, -75	-105, -95	-70, -20
08/04(U)	-85, -70	-60	-80, -70	-105, -90	-65, -20
07/28(U)	-85, -55	-55	-75, -65	-95, -78	-60, -20
07/21(U)	-75, -60	-45	-65, -55	-82, -65	-50, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
08/11(U)	-50	-27, -15	-45, -10	-53	
08/04(U)	-45	-25, -10	-41, -10	-50	
07/28(U)	-45	-25, -10	-41, -10	-50	
07/21(U)	-35	-20, +05	-41, -10	-45	
07/14(U)	-30	-15, +05	-41, -05	-45	

The table on page 1 shows KC Z was down 3c, but it doesn't show that the KC SEPT actually closed 3c higher for the week, which means the KC U-Z calendar spread narrowed about 6c, which is more than a little interesting. The spread seems to be responding to the Gulf and domestic milling basis bids, while ignoring the weaker interior basis bids. I think I'd personally fade this spread strength, going with the weaker Terminal bids, rather than the Gulf and domestic milling basis strength.



Cruising into the Export pace scorecard, we note old-crop corn exports were reduced 25 mil bu (with more reductions coming), and we already said USA wheat exports were reduced 25 mil bu. Old-crop bean exports were unchanged, but look increasingly difficult to reach the forecast. On a more positive note, old-crop milo exports were raised 10 mil bu.

WEEK ENDED (08/03/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	14.8	1385.8	60	1441	1,625	184	04	46.0
Soybeans	10.4	1866.5	30	1894	1,980	86	04	21.5
All wheat	10.1	110.8	45	118	700	582	43	13.5
Milo	1.3	92.0	5	97	100	3	04	0.8
LAST WEEK								
Corn	20.6	1370.3	60	1425	1,650	225	05	45.0
Soybeans	12.1	1856.0	30	1883	1,980	97	05	19.4
All wheat	21.4	100.5	45	107	725	618	44	14.0
Milo	2.8	90.6	5	95	90	-5	05	0.0

Weekly export Sales...soybeans sold 15 mil bu old-crop, and 40.2 mil bu new-crop. The WASDE saw a 25 mil bu reduction to new-crop soybeans, down to 1.825 bil bu, which is 35 mil bu weekly. Competition from Brazil is fierce. New-crop corn sales were 30 mil bu. With the new 25 mil bu reduction to new-crop corn export forecast, 39.4 mil bu will need to be loaded weekly. Brazilian corn competition is just as fierce as soybeans.

Balance sheets for both USA corn and beans tightened up with yield decreases and corresponding production reductions not quite offsetting demand reductions.

Corn specifically saw next year's ending stox/usage ratio slightly shrink to 15.3%, compared to the July 23/23 corn ending stox/use ratio of 15.6%. And that was worth only a dime bump to the projected National Average Farm price, up to \$4.90.

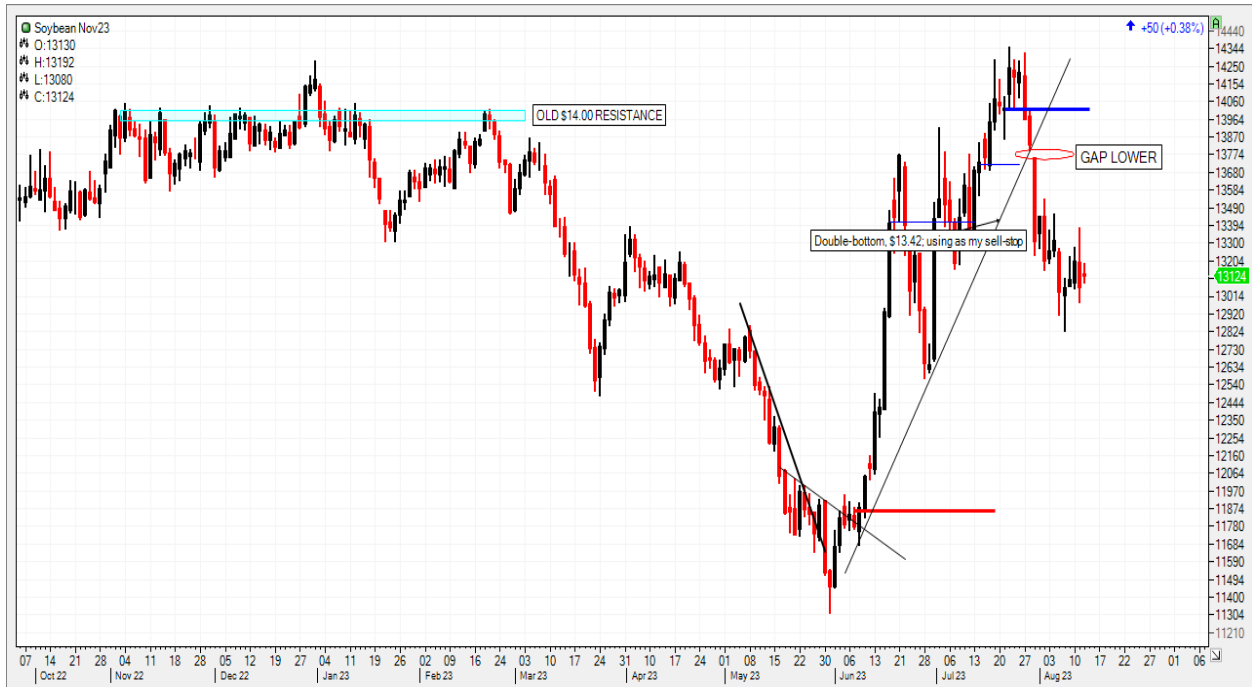
Dec corn shown here, with a new red line @ \$4.87, under the previous double of support at \$4.95, and...leaving my 50% unsold balance looking increasingly vulnerable:



The "good" news is the NAFP of \$4.90 is about where Z corn currently is, so possibly the downside is somewhat limited.

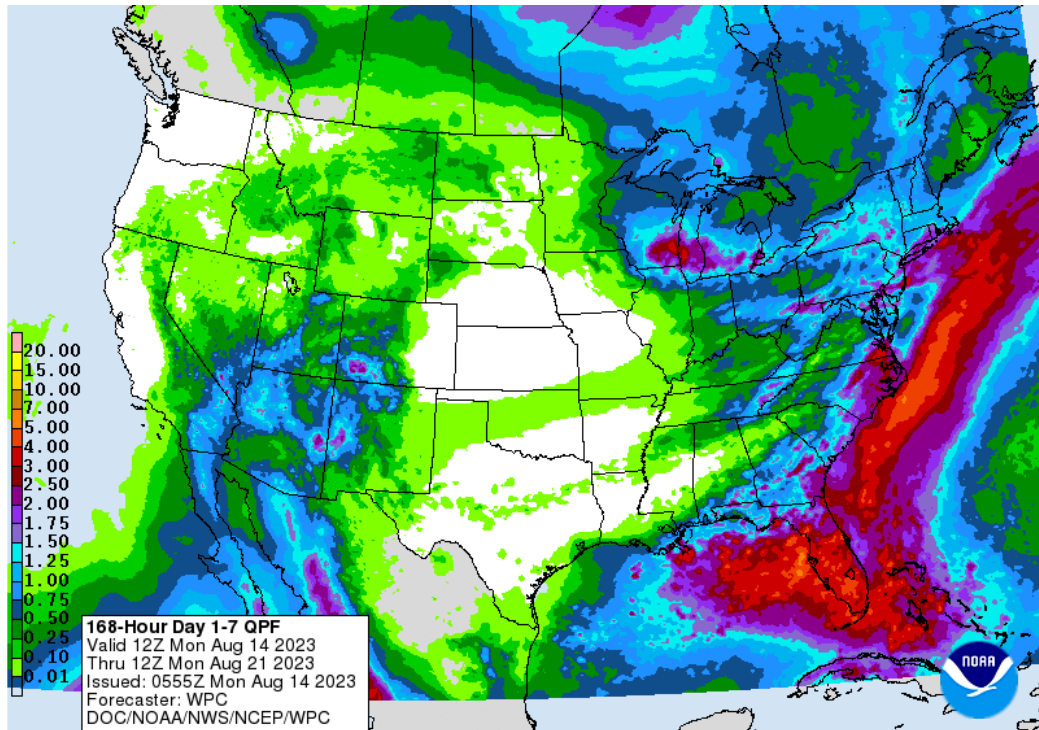
BUT I'm going to respect the market action. Taking out that double-bottom of support was a sell-sign for me, and I am selling half of my unsold, still unharvested corn, which is basically 25% of what I expect to harvest. This leaves me with 25% of my corn crop as unsold.

New-crop Nov beans...still 50% unsold, and not liking this action, but the new ending stox/use ratio is only 5.7%. The August WASDE projected a carryout of only 245 mil bu for new-crop beans, which is very tight, so I'm not selling more beans right now.



With soybeans, certainly, demand depends on China, and this story about a “stalling Chinese economy” is why that soybean chart doesn’t look great. https://news.yahoo.com/china-stalling-economy-puts-world-141731036.html?fr=sycsrp_catchall

This week looks drier, except of course on ripe spring wheat. When it rains, it pours...



I'll sit on the dab of unsold wheat, but more than likely will sell some unplanted new-crop wheat this week.

I'm selling 25% more of the corn I will be harvesting, leaving 25% unsold.

I'm going to sit on the remaining unsold, unharvested soybeans.

Have a good week. Stay Safe. Slow down.