

Hello Colorado Wheat.

Last Tuesday's September WASDE had some surprises, at least to me, and I'm resigned to admitting there are some things in life I will never understand...apparently including USDA's corn export final estimate. Please allow me to go down this rabbit hole, admittedly mainly to get it off my chest.

This Export Pace scorecard was from last week's wire:

WEEK ENDED (08/31/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	18.9	1467.0	60	1527	1,625	98	00	118
Soybeans	11.8	1919.9	30	1950	1,980	30	00	45
All wheat	14.3	159.1	45	171	700	529	39	13.6
Milo	3.1	106.3	5	111	100	-11	00	0

The accumulated in season total of 1467.0 is a running total of FGIS weekly inspections. Then I added a fudge factor of 60 million bu to get my expected total corn exports of 1527 (1.527 billion, which is 1527 million bu), and then I referenced the "final statement" from the Export Sales report. My wire said "statement from FAS of corn exports this year being 1.554 billion", and said I might have to increase my fudge factor to 85 million bu.

And then in the September WASDE we see the USDA said final corn exports of 22/23 were actually 1665 mil bu (1.665 billion), or another 111 million bu. What the...?!*

Consider this table... the running total is from the weekly FGIS grains inspected report.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
last week running total	1,926	1,660	2,626	2,170	1,467		
"final statement"	49,202,100	43,273,800	66,957,900	59,763,700	39,469,100		
conversion, mmt to mil bu	1,936.98	1,703.60	2,635.99	2,352.77	1,553.82		
actual WASDE final exports	2,066	1,778	2,747	2,472	1,665		
final diff from running total	140	118	121	302	198	176	prev 5 year avg
final diff from statement	129	74	111	119	111	109	prev 5 year avg

The average difference of the USDA final corn exports, shown in the September WASDE, is 176 million bu more than the FGIS running total. **Thus my new fudge factor for corn, will be 175 million bu, which I will add to the weekly running total all at once.** (I used to prorate it, but I'm changing that process.)

The "final statement" is from the last weekly FAS export sales of the year. It's closer to the actual WASDE final, differing by only 109 million bu, but we only see it at the end of the year.

Based on similar analysis, my new fudge factor for soybeans is raised to 60 mil bu, and I am raising my wheat fudge factor to 100 mil bu. Milo stays at 5 mil bu.

I hope that's all clear as mud. I have no idea WHY we need such a big fudge factor, but obviously we do, and it seems to be increasing almost yearly. Thanks for letting me vent a bit.

*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***

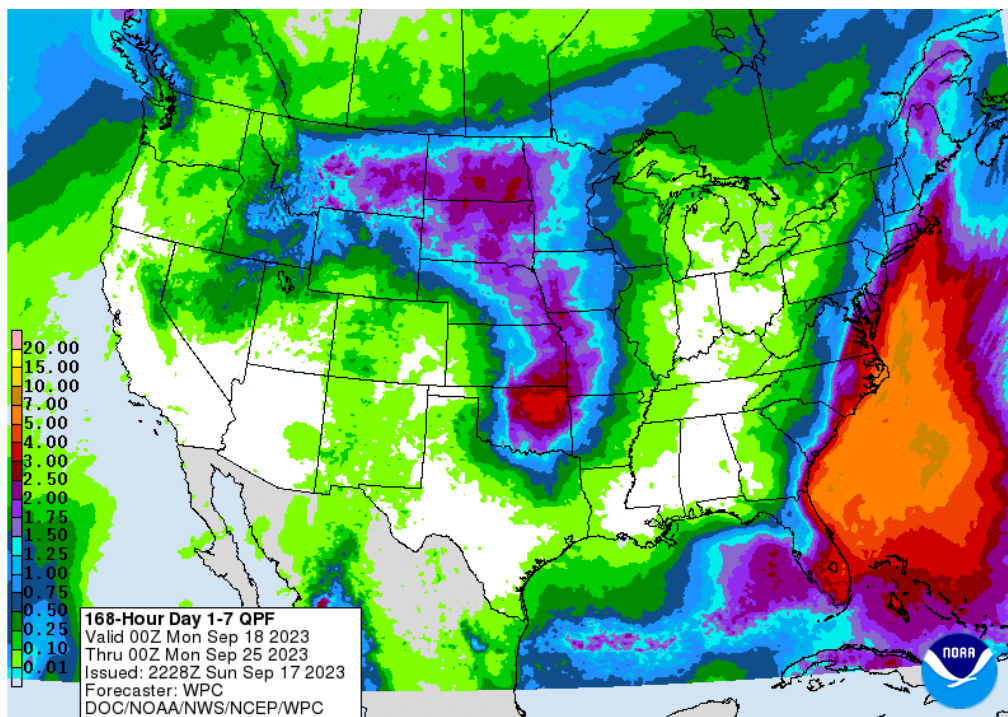
While we're still in that mode...this is the new Export Pace Scorecard, with the revised Fudge Factors just added to the accumulated (running total). We do note the soybean export forecast for 23/24 (this year) was dropped 35 million bu.

WEEK ENDED (09/31/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	24.6	24.6	175	200	2,050	1,850	51	36.3
Soybeans	11.4	11.4	60	71	1,790	30	51	25.2
All wheat	14.3	174.7	100	274	700	426	38	11.2
Milo	5.3	5.3	5	10	255	245	51	4.8
LAST WEEK								
Corn	18.9	1467.0	60	1527	1,625	98	00	118
Soybeans	11.8	1919.9	30	1950	1,980	30	00	45
All wheat	14.3	159.1	45	171	700	529	39	13.6
Milo	3.1	106.3	5	111	100	-11	00	0

It's not pleasant to see the USA corn and soybean exports continue to decrease, just like USA wheat has done for the past several years, but we all know bulk commodity exports often boil down to one thing, which is price. I know that's not a view widely expressed by the marketing groups, but...

As far as Export Sales this week, wheat's 16 mil bu and beans' 26 mil bu were enough to meet the export forecasts, but corn's 30 needs to improve, as does milo's not quite 4.

This week will see some rain, but this isn't much of a factor right now. Some spring wheat guys would like to get done with harvest. I'd like to see more rain after the HRW is planted.



Here's how the week ended after a couple days of dealing with the WASDE numbers. KC Wheat closed 15c higher due to world wheat production reductions. Corn was down 8c, as a decreased yield wasn't enough to offset increased acres. Beans were down 23c, on the reduced 23/24 USA soybean export forecast.

Crude oil moved up above \$90...

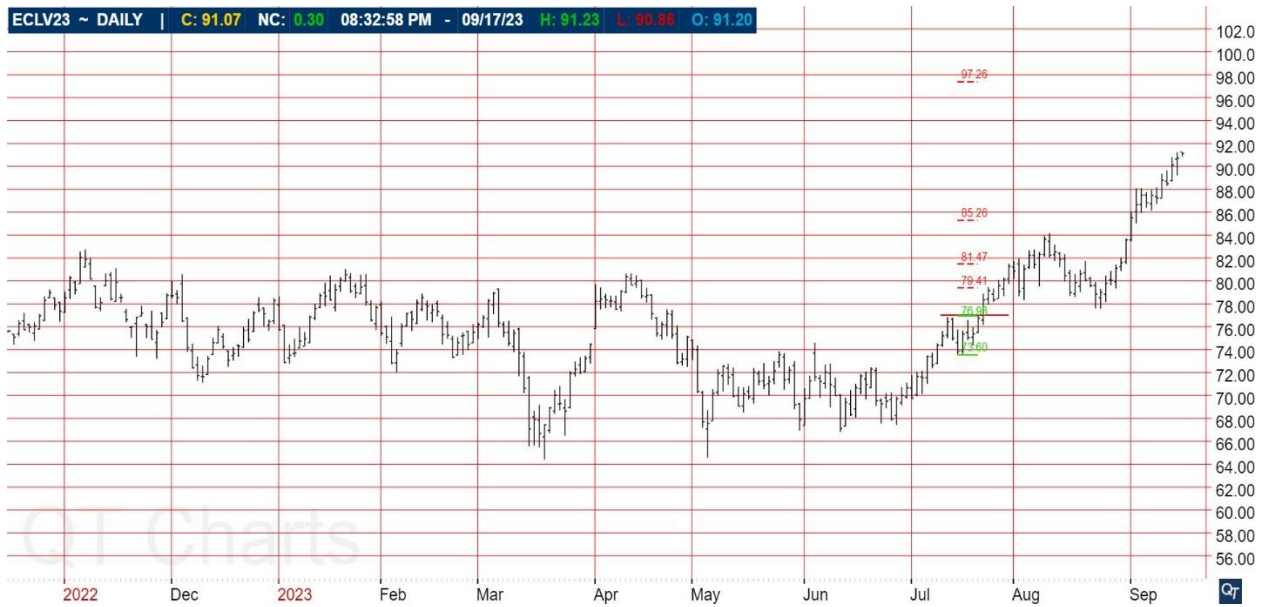
	Dec '23 HRW	July '24 HRW	Dec'23 corn	July '24 corn	Chgo Z wheat	Springs Dec (Z)	Nov'23 soybean	July '24 Soybean	Crude oil	S&P
<i>CLOSE</i>	KWZ23	KWN24	CZ23	CN24	WZ23	MWZ23	SX23	SN24	CRD22	ES22
09/15	\$7.47	\$7.36	\$4.76	\$5.04	\$6.04	\$7.89	\$13.40	\$13.70	\$90.77	\$4498
09/08	\$7.32	\$7.23	\$4.84	\$5.10	\$5.96	\$7.71	\$13.63	\$13.85	\$87.51	\$4462
09/01	\$7.23	\$7.18	\$4.82	\$5.09	\$5.96	\$7.60	\$13.69	\$13.88	\$85.55	\$4522
08/25	\$7.65	\$7.54	\$4.88	\$5.15	\$6.22	\$7.76	\$13.88	\$14.00	\$80.25	\$4422
08/18	\$7.61	\$7.50	\$4.93	\$5.19	\$6.39	\$8.18	\$13.53	\$13.70	\$81.25	\$4382
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
<i>Year ago</i>	\$8.01	\$8.01	\$5.93	\$5.93	\$7.70	\$9.79	\$13.40	\$13.40	\$75.57	\$4762

and while the stock market eked out a higher weekly close, this week will be tough as the UAW strike settles in...<https://www.marketplace.org/2023/09/15/the-uaw-strike-is-also-about-evs-and-the-future-of-auto-industry-jobs/>

Talk about a puzzle...electric vehicles reduce crude oil usage...

Yet this crude oil chart with a Price Count higher (I used the breakout above the 07/14 close of \$75.42 as my buy-signal) does not seem to care about EV's at all, which is another thing that's hard for me to explain. I'm going with crude oil mainly cares about right now, and worries about what happens later...later.

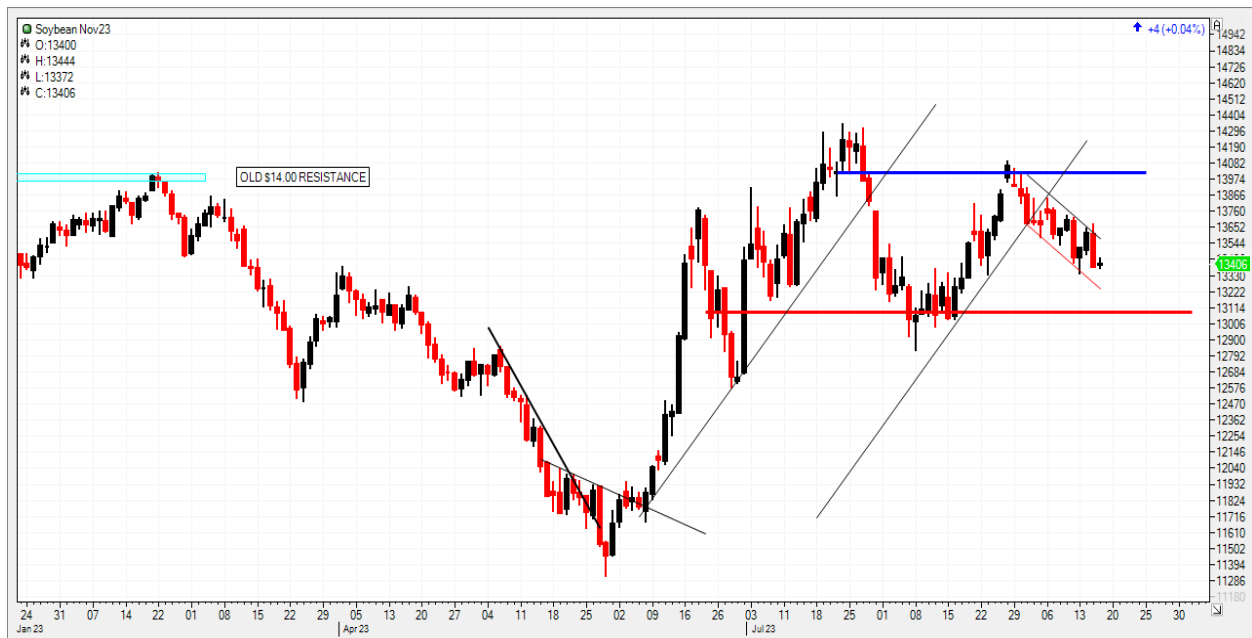
Even though there's supposedly only about a 5% chance of reaching the 4th Tier...\$97/bbl doesn't seem as impossible as it once did, and we saw in March of 2022, the spike high was \$130.



Anyway, besides crude oil, I assume Congressional budget talks and shenanigans should weigh on the stock market too, ALTHOUGH...this article says the stock market went up 8% during the last shutdown.

<https://www.aol.com/finance/why-government-shutdown-fall-could-114559444.html>

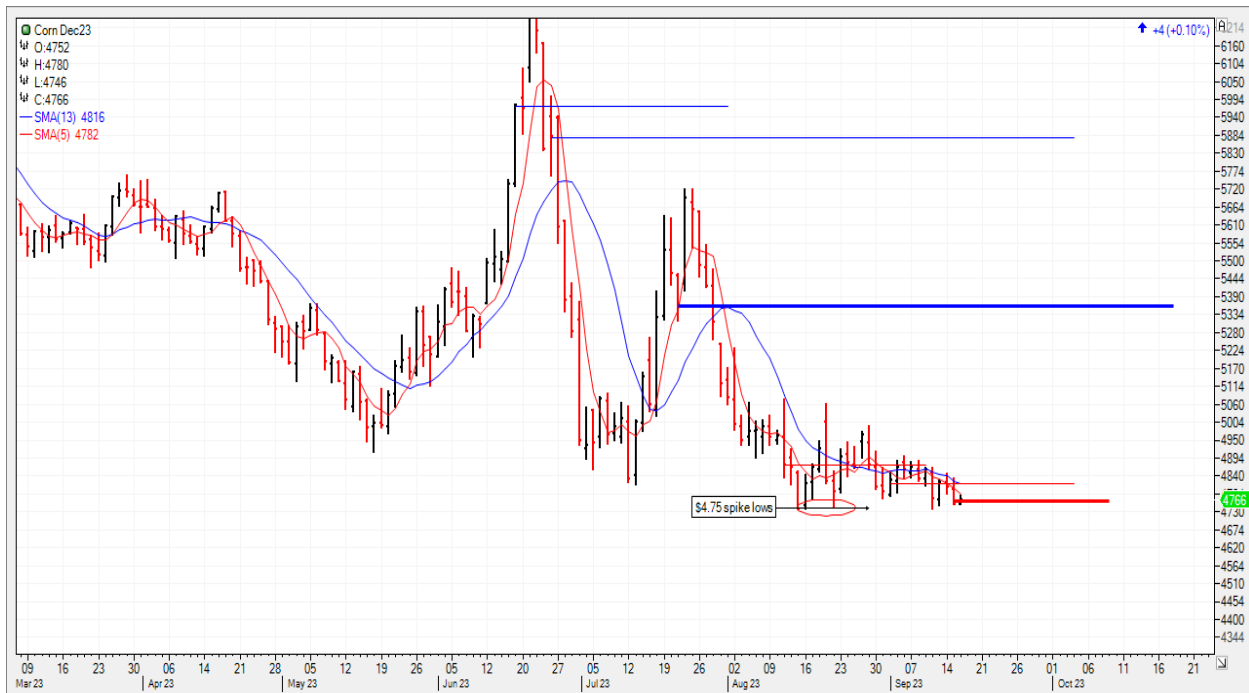
Soybeans...saw the USDA take ending stocks for 23/24 down to 220 million bu (the USDA can't print a sub-200 carryout, so they lowered the export forecast), but this Nov bean chart isn't really moving much either way. The red line is still \$13.08, and the blue line is still \$14.02. The recent channel is pointing lower, but it is very narrow, only about a day's range. I'm not selling more beans this week, but certainly would not want to see a new red line.



Dec corn was disappointed the yield wasn't lowered more, and probably wasn't expecting increased acres again. The week closed only 8c lower, but...it did set a new Red line (a new 11-week Closing Low), which would have to be viewed as a sell signal. Also, what I don't like, and I didn't hear anyone talking about it (most futures brokers don't like talking about bad 'what-ifs')...is the USDA reduced the 22/23 ethanol usage to 5.195 billion bu, yet...they did not change the 23/24 ethanol demand, and kept it at 5.3 billion, which is 105 million bu more than 22/23...and we just talked about EV's and also \$90 crude oil. PLUS we saw in the Export Pace scorecard that corn exports are projected to increase 385 million bu...Throw in the additional 200 million for feed...and we're looking at a 695 million bu (call it 700 million bu...) increase in demand compared to last year. **I don't like it at all.**

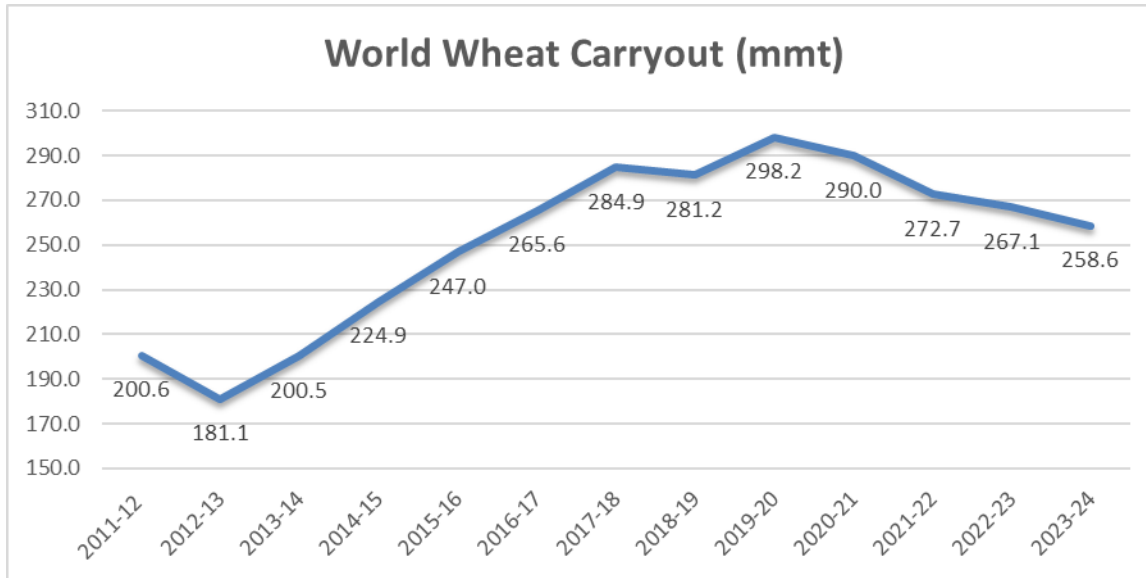
Here's Dec corn; **I'm selling another 10%, which brings me up to 85% sold.**

Maybe a smarter move would be to wait until the \$4.75 spike lows are taken out, but I'm not waiting.



Wheat...finally saw a weekly close higher.

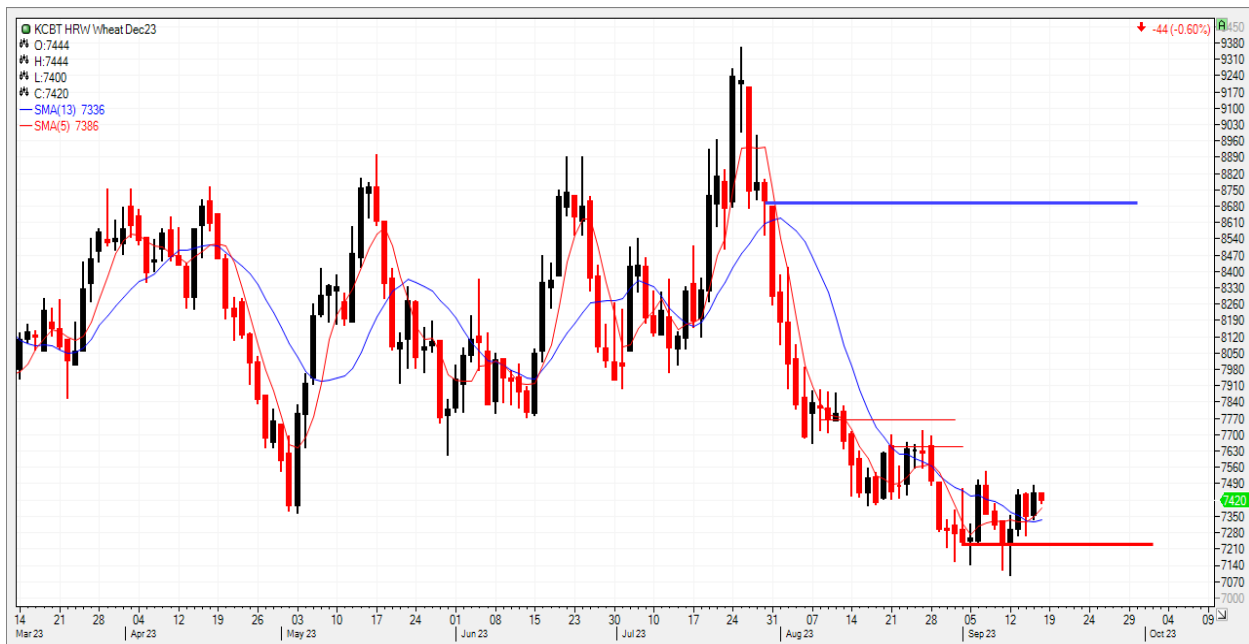
The USA balance sheets didn't net change, although spring wheat exports went up 10 mil bu and HRW lost 10 mil bu. BUT world wheat numbers...tightened up and production reductions. Canada lost 2 mmt, Argentina lost 1, and Australia lost 3 mmt. Europe went down 1, but Ukraine gained it. Plus world beginning stocks lost 1 mmt. Net, world ending stocks decreased 7 million tonnes.



This might be seen as bullish, but...recent increased wheat demand has been from the feed sector.

This is KC Z wheat. I don't think we get a solid buy signal until we get back above \$7.70, but a Friday close above \$7.50 would see some buying.

I don't think we are going to create a new Red line for a while either. That would require a Friday close below \$7.23.



I recommended getting at least 25% of next year's wheat sold last week and am ok sitting. If you didn't sell any, I still would.

Gulf bids are unchanged, and so are most basis bids in the country:

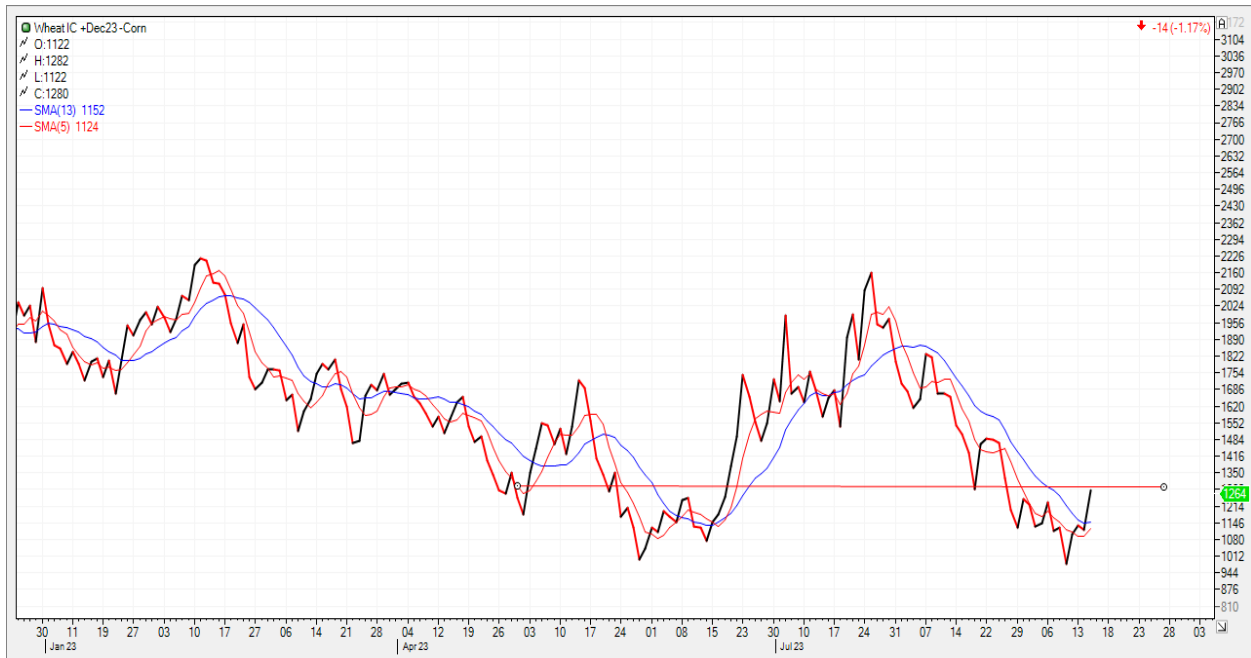
GULF date	12 pro	ords	diff	
9/15/2023	80	80	0	
9/8/2023	80	80	0	
9/1/2023	80	80	0	Z
8/25/2023	90	90	0	U
8/18/2023	90	90	0	
8/11/2023	90	90	0	

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
09/15	\$6.52-\$6.62	\$6.67	\$6.52-\$6.62	\$6.32-\$6.51	\$6.61-\$7.27
09/08	\$6.37-\$6.47	\$6.52	\$6.37-\$6.47	\$6.10-\$6.36	\$6.46-\$7.12
09/01	\$6.28-\$6.38	\$6.43	\$6.28-\$6.38	\$6.06-\$6.27	\$6.41-\$7.03
08/25	\$6.69-\$6.84	\$6.84	\$6.69-\$6.79	\$6.49-\$6.59	\$6.84-\$7.34
08/18	\$6.69-\$6.84	\$6.84	\$6.69-\$6.79	\$6.49-\$6.59	\$6.84-\$7.34
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
09/15(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
09/08(Z)	-95, -85	-80	-95, -85	-122, -96	-86, -20
09/01(Z)	-95, -85	-80	-95, -85	-117, -96	-82, -20
08/25(U)	-85, -70	-70	-85, -75	-105, -95	-70, -20
08/18(U)	-85, -70	-70	-85, -75	-105, -95	-70, -20

Date	Concordia	Salina	Hutch/Wichita	Ark City
09/15(Z)	-50	-35, -20	-49, -17	-53
09/08(Z)	-55	-35, -20	-49, -17	-53
09/01(Z)	-55	-35, -20	-49, -17	-53
08/25(U)	-50	-27, -15	-45, -10	-53
08/18(U)	-50	-27, -15	-45, -10	-53

Not much to see here. The domestic milling market is a better bid than the Gulf, but that is pretty quiet right now too.

With the big (huge?) corn crop coming and questionable demand numbers, and the friendly (?) world wheat numbers, this Chgo Z wheat – Dec corn spread seems like it has some potential to move higher...if Chgo wheat can get through old resistance at about a dollar thirty over corn:



Pretty quiet in the news. I did see Cargill was selling their 25% stake in a Russian grain export elevator <https://www.msn.com/en-us/money/other/cargill-says-it-has-agreed-to-sell-stake-in-russian-grain-terminal-to-delo/ar-AA1gHGpp>

but bought 3 soybean crush facilities in Brazil.

<https://www.reuters.com/article/granol-m-a-cargill-idUSKBN30J2AN>

The phrase “follow the money” comes to mind.

Have a good week. Stay safe.

Early Sunday night trade is tepid at best, and early Monday trade shows wheat erasing most of last week’s gains. Great.

PS; IF you haven’t sold much corn, I think you’re betting on a drought next summer. It could happen, but...

PPS...I heard nothing but crickets about what are we doing with GMO wheat. Maybe rightfully so, but...