

Hello Colorado Wheat.

Friday’s impressive reversal action in corn staved off some (what I think would have been) some serious selling with a Friday close below \$4.75, which did NOT happen yet. And that little three letter word might be key. Yet.

I’m showing KC wheat is sitting on a double-bottom of support, barely.

Chgo wheat was 3c lower, while Minny was a penny better, but the star in the “grains” was undoubtedly soybeans, up 30c and bouncing into previous overhead resistance.

Crude oil was down \$5 for the week, and like KC wheat, and Z corn, managed to avoid setting new 11-week Closing Lows, and presumedly significant selling. Yet...might be applicable to oil as well, although inexplicable might be the right word, as how can oil break with the Middle East seething?

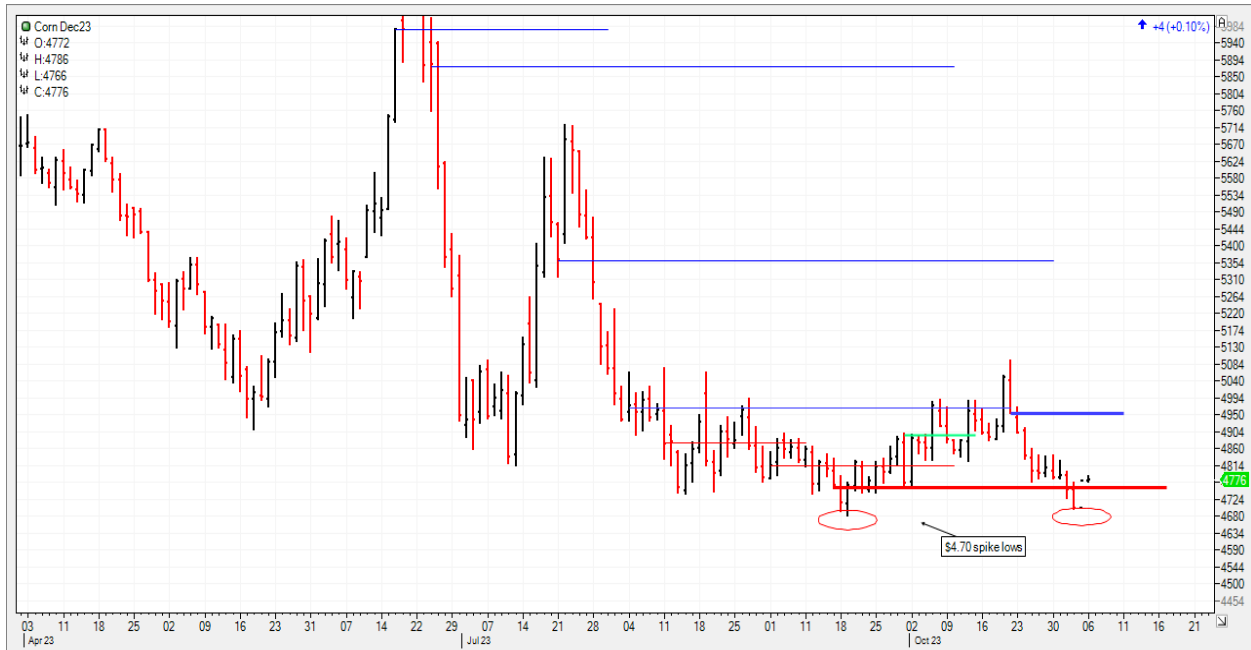
And just when the stock market was on the verge of rolling over the edge of the cliff , it bounced.

	Dec '23 HRW	July '24 HRW	Dec'23 corn	July '24 corn	Chgo Z wheat	Springs Dec (Z)	JAN'24 soybean	July '24 Soybean	Crude oil	S&P
CLOSE	KWZ23	KWN24	CZ23	CN24	WZ23	MWZ23	SF24	SN24	CRD23	ES23
11/03	\$6.44	\$6.70	\$4.77	\$5.10	\$5.73	\$7.21	\$13.52	\$13.84	\$80.51	\$4376
10/27	\$6.43	\$6.70	\$4.81	\$5.09	\$5.76	\$7.20	\$13.20	\$13.54	\$85.54	\$4138
10/20	\$6.70	\$6.88	\$4.96	\$5.22	\$5.86	\$7.31	\$13.20	\$13.51	\$87.08	\$4248
10/13	\$6.69	\$6.88	\$4.93	\$5.22	\$5.80	\$7.22	\$13.00	\$13.33	\$87.69	\$4357
10/06	\$6.74	\$6.92	\$4.92	\$5.20	\$5.68	\$7.21	\$12.85	\$13.20	\$82.79	\$4342
09/29	\$6.64	\$6.81	\$4.77	\$5.06	\$5.42	\$7.09	\$12.95	\$13.27	\$90.79	\$4326
09/22	\$7.11	\$7.11	\$4.77	\$5.06	\$5.80	\$7.71	\$13.14	\$13.33	\$90.03	\$4361
09/15	\$7.47	\$7.36	\$4.76	\$5.04	\$6.04	\$7.89	\$13.56	\$13.70	\$90.77	\$4498
09/08	\$7.32	\$7.23	\$4.84	\$5.10	\$5.96	\$7.71	\$13.78	\$13.85	\$87.51	\$4462
09/01	\$7.23	\$7.18	\$4.82	\$5.09	\$5.96	\$7.60	\$13.83	\$13.88	\$85.55	\$4522
08/25	\$7.65	\$7.54	\$4.88	\$5.15	\$6.22	\$7.76	\$13.99	\$14.00	\$80.25	\$4422
08/18	\$7.61	\$7.50	\$4.93	\$5.19	\$6.39	\$8.18	\$13.64	\$13.70	\$81.25	\$4382
Year ago	\$8.01	\$8.01	\$5.93	\$5.93	\$7.70	\$9.79	\$13.40	\$13.40	\$75.57	\$4762

Early Sunday night didn’t change anything. This will be an interesting week.

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 Dec corn. The \$4.75 Spike Lows have been replaced with \$4.70 Spike Lows. The Red Line at \$4.76 did not change, nor did the Blue Line at \$4.96. Dec corn is still in a 20c range, but...



But...but but. It's still in the 20c range.

I THINK it is going to break down, and I think buying the new 4-week Closing Highs a couple weeks ago will prove to be a bad trade, but...not yet.

Why am I so bearish?

Is it the Export pace?

Well, the pace is about what it's been, which is not good. But it wasn't much different than recently. (Beans had a down week, after last week's boomer...and wheat is still struggling, with another sub-7 million week.)

WEEK ENDED (10/26/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	20.9	194.7	175	370	2,025	1655	44	37.6
Soybeans	69.5	365.6	60	426	1,755	1329	44	30.2
All wheat	6.9	261.4	100	361	700	339	31	10.9
Milo	2.6	17.7	5	23	255	232	44	5.3
LAST WEEK								
Corn	17.2	173.3	175	348	2,025	1677	45	37.3
Soybeans	90.4	290.0	60	350	1,755	1405	45	31.2
All wheat	6.2	254.4	100	354	700	346	32	10.8
Milo	0.1	15.1	5	20	255	235	45	5.2

Corn export sales, though, were only 29.5 mil bu, which was 55% of the previous week.

What's bothering me about corn...is I heard some discussion about next year.

Let's say producers want to plant more beans, less corn. How many acres will they switch?

This is a 2 million acre drop, with unchanged yield, and production drops by 300 million bu, but because beginning stocks will be very large, 750 mil more than the beginning of this year, total supply increases by 400 million bu. With unchanged demand, ending stocks will build by 400 million bushels.

I assume that's worth a 40c/bu cut to the National Average Farm Price.

I think it's unreasonable to assume demand will increase just for the heck of it if prices stay unchanged.

corn	1	2	3	4	5	6	7	8	9
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
area planted	94.0	90.2	88.9	89.7	90.7	93.3	88.6	94.9	92.9
area harvested	86.7	82.7	81.3	81.3	82.3	85.3	79.2	87.1	85.1
yield	174.6	176.6	176.4	167.5	171.4	176.7	173.4	173.0	173.0
beginning stocks	1,737	2,293	2,140	2,221	1,919	1,235	1,377	1,361	2,110
production	15,148	14,609	14,340	13,620	14,111	15,074	13,715	15,064	14,718
imports	57	36	28	42	24	24	39	25	25
total supply	16,942	16,938	16,508	15,883	16,054	16,333	15,131	16,450	16,853
feed and residual	5,470	5,304	5,429	5,900	5,607	5,718	5,549	5,600	5,600
food, seed and industrial	6,885	7,057	6,793	6,286	6,467	6,766	6,559	6,715	6,715
(includes ethanol & by-products	5,432	5,605	5,378	4,857	5,028	5,326	5,177	5,300	5,300
total domestic use	12,355	12,361	12,222	12,186	12,074	12,484	12,108	12,315	12,315
exports	2,294	2,438	2,066	1,777	2,747	2,471	1,661	2,025	2,025
total use	14,649	14,799	14,288	13,963	14,821	14,955	13,769	14,340	14,340
ending stocks	2,293	2,140	2,221	1,919	1,235	1,377	1,362	2,110	2,513
stox/use	15.65%	14.46%	15.54%	13.74%	8.33%	9.21%	9.89%	14.71%	17.52%
NAFP	\$ 3.36	\$ 3.36	\$ 3.61	\$ 3.56	\$ 4.53	\$ 6.00	\$ 6.54	\$ 4.95	\$ 4.55

What can make USA corn exports increase? Other than USA price being the cheapest? I think it comes down to a major competitor having major trouble.

Consider this table, showing USA production in million metric tonnes, and Brazil's corn production, and the USA 373.9 is 14.718 billion bu, from the projected balance sheet above:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
USA, corn production (mmt)	384.8	371.1	364.3	346.0	358.4	382.9	348.4	382.7	373.9
Brazil, corn production (mmt)	98.5	82.0	101.0	102.0	87.0	116.0	137.0	129.0	"?"

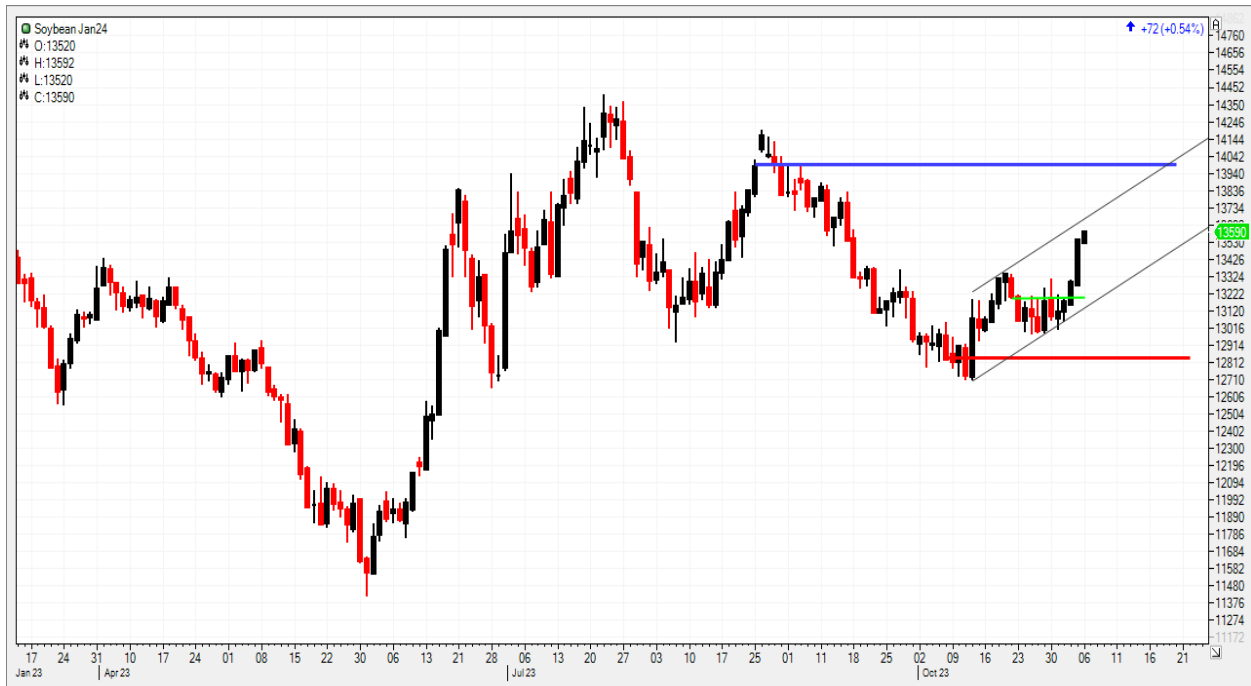
Dec 2024 corn futures are about \$5.18, which is a 41c/bu premium over Dec '23 corn, and appear to be pricing in some production declines somewhere.

Is Brazil going to have a 15% drop in corn production next year? We don't know. But Dr. Cordonnier recently lowered his '23 Brazilian corn crop estimate to 116 million tonnes, quite a bit less than the USDA's 129 mmt. <https://brownfieldagnews.com/news/analyst-adjusts-brazils-corn-and-soybean-outlook/>

Anyway...for now, corn remains stuck in a 20c range.

Soybeans...gained 30c last week, probably more from the current dryish South American weather. Reuters' Karen Braun posted this story Friday: <https://www.reuters.com/markets/commodities/erratic-weather-threatens-brazils-run-another-record-soy-crop-2023-11-03/>

This is Jan beans (not Nov), with the 11-week Closing High Blue Line at \$13.99 from 08/25, and the Red Line 11-week Closing Low at \$12.85 from 10/06. I drew in a previous 4 week Closing High at \$13.20 Green Line, and it looks like the close above that last week brought in some buying:



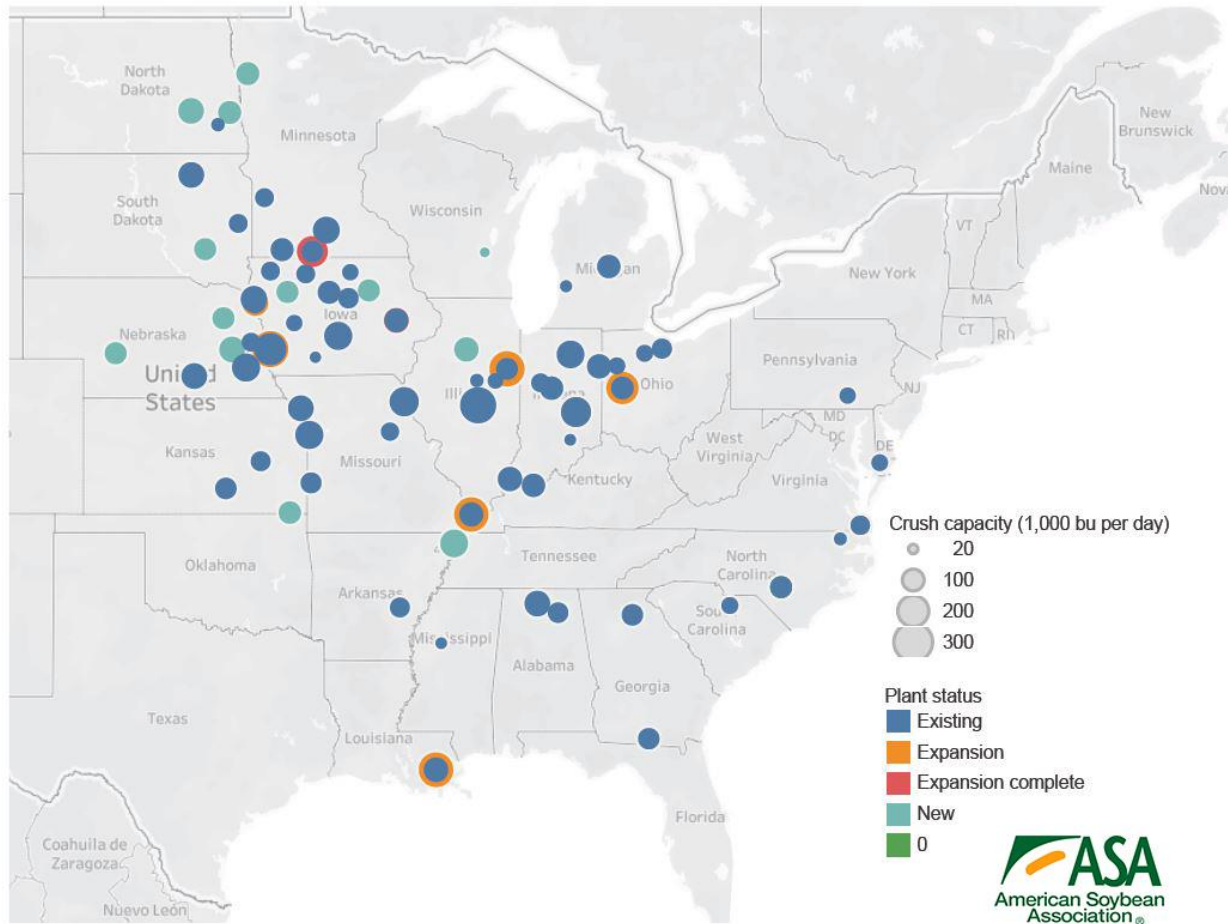
We get the November WASDE update this Thursday, Nov. 9. It won't show anything about next year, but a downgrade to this year's South American crops would be a "friendly" input.

Cargill announced they have completed a big expansion of their soybean crushing facility in Sydney, Ohio, and this article also mentions LDC announcing they would build a new bean crusher in Upper Sandusky, Ohio...<https://ocj.com/2023/11/big-expansion-for-ohio-soybean-crush/>

This article is almost a year old now, and while some of the expansion has not started, soybean crush capacity has increased this year. <https://www.iasoybeans.com/newsroom/article/isr-january-2023-soybean-processing-growth-is-crushing-it>

This map is from that article:

Figure 1. U.S. Soybean Crush Plants



Canada's primary oilseed is canola, and it too has announced increases in Canola crushing capacity <https://www.realagriculture.com/2023/08/barriers-mounting-for-full-expansion-of-canola-crush-capacity/>

but the concern has been...where will the extra canola come from?

"Wheat acres" has been the standard answer, which has supported MGEX spring wheat futures (MGEX July '24 wheat is 90c or so over KC July'24 wheat),

but this very recent article is about a potential doubling of canola yields with transgenics and gene editing adding in some corn genes, at least in the greenhouse, but with such a huge yield increase, field trials are expected this spring: <https://www.producer.com/news/canola-yields-reach-new-heights/> The article said if they get a 25% yield bump in the field trials, it would be a victory.

Wheat...will have an ever harder time competing with oil seeds if those breakthroughs occur. It's having a hard time competing currently, mainly based on price, which in the case of oil seeds, stems from increasing demand.

Unfortunately, wheat has no similar biofuel buzz, and thus in the meantime, KC wheat futures are trying...to quit imitating a falling rock, now forging a double-bottom from the last 2 weeks:



If that double-bottom can't hold, I would expect more selling to come in.

Gulf wheat bids are steady; we saw USA wheat exports and export sales were not awe-inspiring...

GULF date	12 pro	ords	diff
11/3/2023	120	85	35
10/27/2023	120	85	35
10/20/2023	120	80	40
10/13/2023	80	80	0
10/6/2023	80	80	0

Posted bids in the country are mainly steady, although we see one location dropped their bid quite a bit:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
11/03	\$5.53-\$5.88	\$5.63	\$5.48-\$5.58	\$5.28-\$5.47	\$5.58-\$6.23
10/27	\$5.53-\$5.88	\$5.63	\$5.48-\$5.58	\$5.28-\$5.47	\$5.58-\$6.23
10/20	\$5.75-\$6.15	\$5.90	\$5.75-\$5.85	\$5.55-\$5.74	\$5.85-\$6.50
10/13	\$5.74-\$5.84	\$5.89	\$5.74-\$5.84	\$5.54-\$5.73	\$5.84-\$6.49
10/06	\$5.79-\$5.89	\$5.94	\$5.79-\$5.89	\$5.59-\$5.78	\$5.89-\$6.54

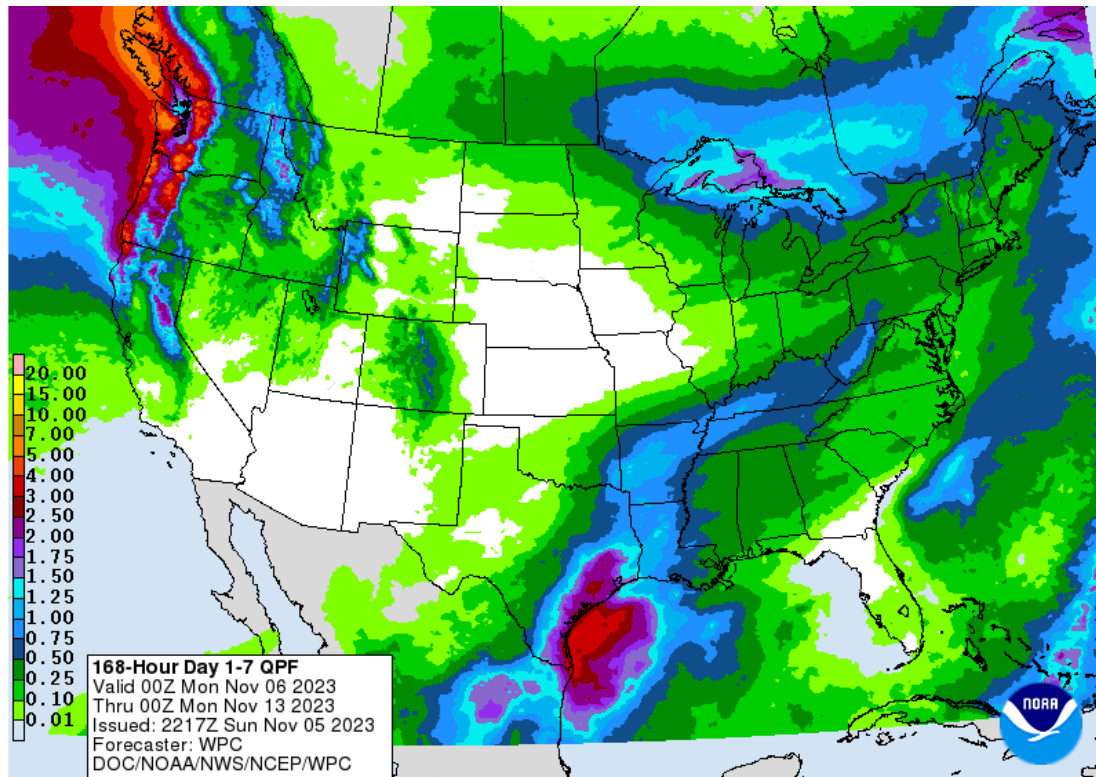
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
11/03(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
10/27(Z)	-95, -55	-80	-95, -85	-115, -96	-86, -20
10/20(Z)	-95, -55	-80	-95, -85	-115, -96	-86, -20
10/13(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
10/06(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20

Date	Concordia	Salina	Hutch/Wichita	Ark City
11/03(Z)	-50	-35, -20	-45, -15	-53
10/27(Z)	-50	-35, -20	-45, -15	-53
10/20(Z)	-50	-35, -20	-45, -15	-53
10/13(Z)	-50	-35, -20	-45, -15	-53
10/06(Z)	-50	-35, -20	-45, -17	-53

Wheat conditions are better than they were last year at this time, which has probably been a negative input to price. These are good or better totals:

	10/30/23	10/31/22
Kansas	32%	24%
Colorado	63%	28%
Oklahoma	42%	11%
Texas	41%	04%
Nebraska	41%	22%
South Dakota	59%	29%
Montana	76%	32%

This week might benefit Montana, some of Oklahoma, and maybe...the front will move east away from the mountains in Colorado, maybe. The Texas High Plains might get damp too.



I haven't sold any more of my new-crop wheat than the initial 25% at \$7.65, which was almost a dollar ago. I shoulda been more aggressive.

World wheat news was on the skinny side.

India did NOT change or reduce their wheat import tax, but said they will extend their "free food" program another 5 years (possibly politically motivated) <https://www.reuters.com/world/india/india-extend-free-food-grains-programme-by-five-years-says-modi-2023-11-04/>

Russia announced a 6 month ban on durum wheat (they are NOT a major durum exporter), and also dropped their wheat export tax by \$4.30/mt. They also indicated their wheat harvest was 93 million tonnes (USDA last at 85 mmt) <https://tass.com/economy/1701799>

Australia didn't make the news; Europe didn't either, and I saw the MATIF wheat was down about \$4/mt to \$233 (on 10/13, we did a price comparison with KC at \$6.69 and the MATIF at \$237, so the MATIF lost about 11c/bu while KC lost 26c since then).

Have a good week. Stay Safe. Slow Down.

WASDE comes out Thursday. This will be an important week for price direction.