

Hello Colorado Wheat.

As I tend to believe the market is very efficient, especially as time ticks by...I start with a look at Friday closes, and assume...most everything we know is priced in. The August WASDE comes out Monday (today, 8/12/24) and has the potential to change what we know. USA corn and soybean yields from a NASS August production report are the obvious potential game changers, although frankly...based on the posted “average analysts guesses” ...it doesn’t look like this August report will change things greatly. Slight yield increases are expected, thus the reports already have a slight negative bias built in.

Friday 08/09 settlements show KC wheat was unable to close higher 2 weeks straight, although Chgo wheat did accomplish that small feat. Both corn and soybeans set new Red numbers (new 11-Week Closing Lows), which was the dominant feature. The Bear Market in corn and beans is not over. Crude bounced on an uptick in hostilities...while the stock market is still not sure it’s ready to start moving higher again; more troubling, we note it did set a new 4-week Closing Low again.

	KCSEPT	DEC '24	SEPT	DEC '24	Chgo U	Springs	SEP'24	NOV 24	Crude	S&P
	HRW	HRW	CORN	CORN	wheat	SEP (U)	BEANS	BEANS	oil	(U)
<i>CLOSE</i>	KWU24	KWZ24	CU24	CZ24	WU24	MWU24	SU24	SX24	CRD23	ES23
08/09	\$5.54	\$5.71	\$3.77	\$3.95	\$5.43	\$5.90	\$9.88	\$10.03	\$76.84	\$5370
08/02	\$5.60	\$5.76	\$3.87	\$4.03	\$5.39	\$5.95	\$10.18	\$10.27	\$73.52	\$5376
07/26	\$5.46	\$5.62	\$3.95	\$4.10	\$5.24	\$5.89	\$10.42	\$10.49	\$76.19	\$5499
07/19	\$5.70	\$5.87	\$3.91	\$4.05	\$5.43	\$6.10	\$10.37	\$10.36	\$80.13	\$5554
07/12	\$5.68	\$5.87	\$4.02	\$4.15	\$5.51	\$5.98	\$10.59	\$10.66	\$82.29	\$5665
07/05	\$5.99	\$6.16	\$4.11	\$4.24	\$5.91	\$6.33	\$11.26	\$11.30	\$83.16	\$5622
06/28	\$5.86	\$6.03	\$4.08	\$4.21	\$5.74	\$6.13	\$11.00	\$11.04	\$81.54	\$5522
06/21	\$5.87	\$6.03	\$4.41	\$4.53	\$5.76	\$6.17	\$11.20	\$11.20	\$80.73	\$5534
06/14	\$6.36	\$6.55	\$4.57	\$4.70	\$6.29	\$6.66	\$11.47	\$11.50	\$78.45	\$5458
06/07	\$6.79	\$7.00	\$4.55	\$4.67	\$6.49	\$7.04	\$11.56	\$11.58	\$75.53	\$5356
05/31	\$7.23	\$7.42	\$4.54	\$4.67	\$7.00	\$7.50	\$11.85	\$11.85	\$76.99	\$5299
05/24	\$7.36	\$7.53	\$4.75	\$4.88	\$7.18	\$7.63	\$12.25	\$12.20	\$77.72	\$5322

Anyway...we’ll soon see if we have something to talk about. Cue up some Bonnie Raitt while we wait.

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

It's possible we'll see some demand changes, besides the expected slightly bearish supply changes. It doesn't look like the old-crop corn or beans export picture needs to change, imo. And wheat exports are currently on pace, although...**wheat** export **sales** are **very slow**, maybe too slow, and **new-crop corn sales are no where near what is needed**. Beans finally had a good week of new-crop sales, although it's **too early to say \$10.00 keeps the Chinese coming**.

WEEK ENDED (08/01/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	48.5	1885.2	175	2060	2,225	165	04	41.2
Soybeans	9.6	1581.1	60	1641	1,700	59	04	14.8
All wheat	16.2	130.0	19	149	825	676	43	15.7
Milo	6.8	221.4	5	226	245	19	04	4.8
LAST update								
Corn	41.7	1837.0	175	2012	2,225	213	05	42.6
Soybeans	14.8	1571.3	60	1631	1,700	69	05	13.8
All wheat	15.8	111.7	19	131	825	694	44	15.8
Milo	2.1	214.7	5	220	245	25	05	5.0

I don't think we'll see big, if any, changes to the other demand categories either, until we get the Sept 30 Grain stocks report, and then see the changes on the October WASDE update. In other words, I'm not looking for any fundamental inputs to spark a price rally anytime soon.

World fundamentals...don't seem in need of urgent change either. We'll probably see some world wheat production updates, and maybe some fine-tuning on South American beans and corn, but...that's about it.

What is needed to spark short covering? A reason. Any reason would be great. It could be a timing reason. If the markets ever quit going lower, and instead went sideways for a while, that in itself would be a reason. The table on page 1 shows almost all the 11-week Highs will be rolling off the table. That's not yet a friendly input, but one day it will be.

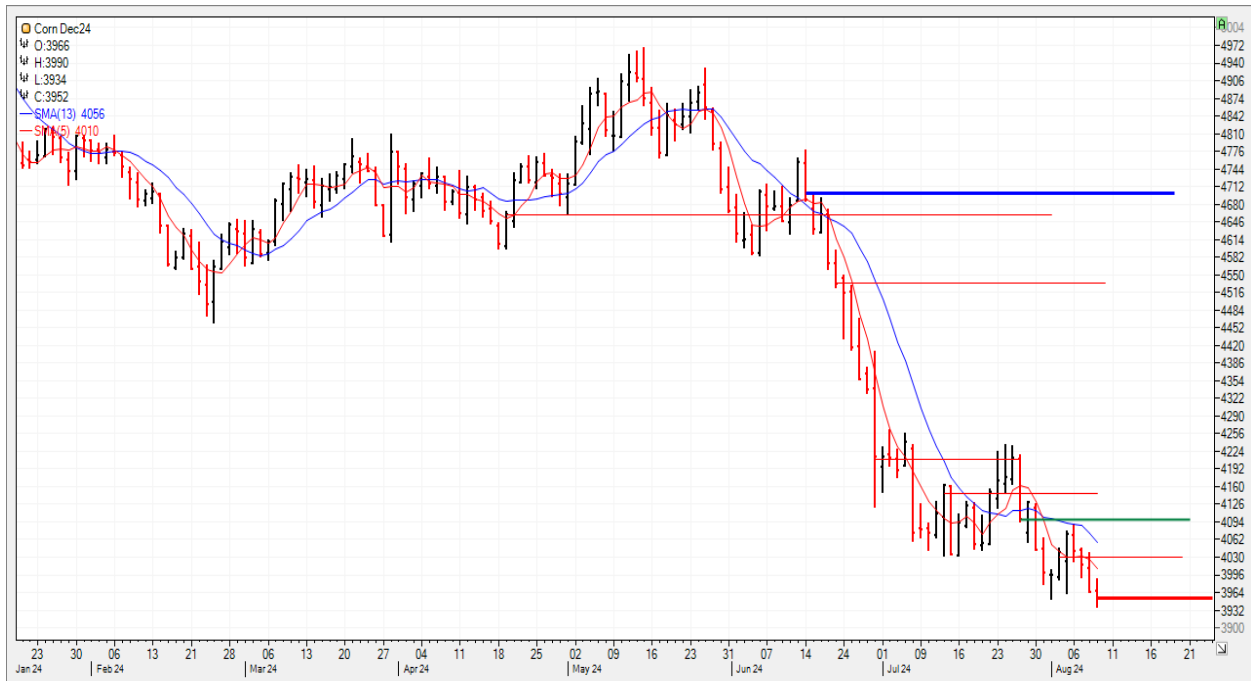
How will we know if we saw a reason?

Technically speaking...at a minimum, the markets need to see new 4-Week Closing Highs. In KC Z wheat, that's a Friday close above \$5.87. Dec corn needs a Friday close above \$4.10 and November new-crop beans need a Friday close above \$10.49. I'm drawing in those levels as Green lines on the daily charts.

This is the November soybean chart. It set a new Red Line last week. The “good news” is the Blue Line is 35c lower this week, although it’s really not in play. The Green Line is the 4-Week Closing High. A weekly close above that would be something to talk about.



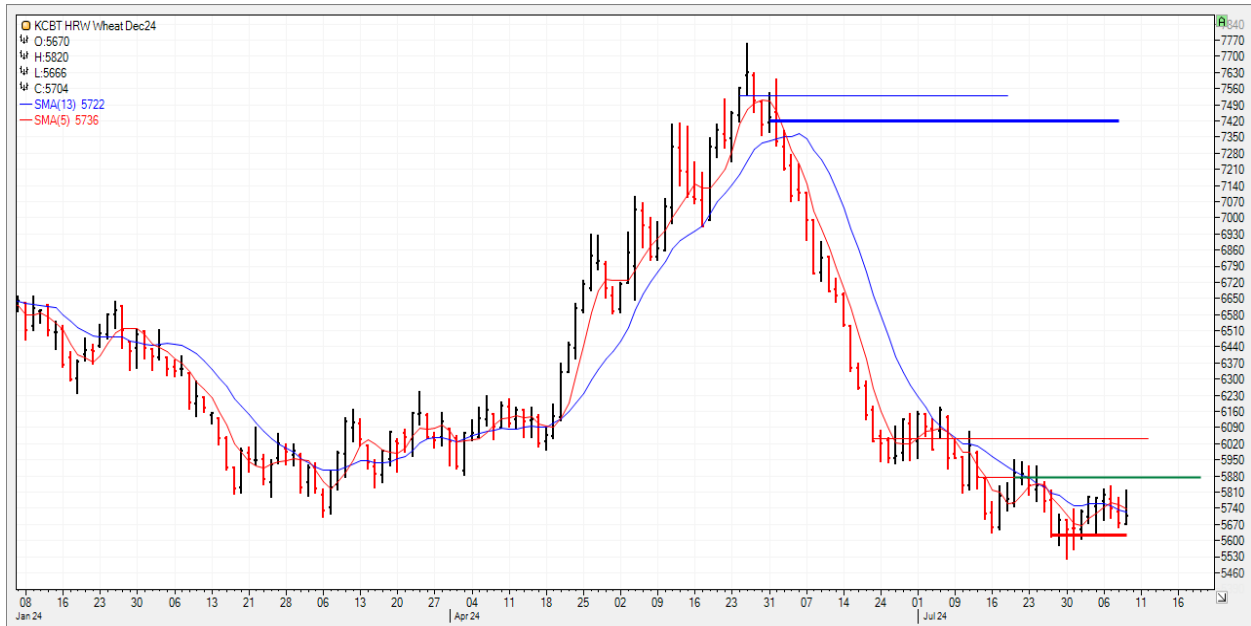
The Z corn chart also set a new lower Red Line, and an old Blue Line rolled off, so the current Blue line is lower (and not in play.)



Until Green Lines are closed above, buy signals don't exist.

The KC Dec wheat chart last set a new Red line a couple weeks ago, but until we get a Friday close above a Green Line...we're not moving higher. The Blue line is closer to the market, but not a factor. (IF nothing happens for a month, then the Blue Line will be down to \$6.03, and THEN...we'll certainly be paying attention.) The Green Line is at \$5.87 this week. NEXT WEEK's Green Line however...will indeed be in play. Which makes me think...wheat is probably getting cheap enough to be dangerous. Although...maybe not quite yet.

Here's KC Z wheat:



For reference, European wheat futures compared to KC aren't showing any relative big changes either:

	7/5/2024	7/12/2024	7/19/2024	7/26/2024	8/2/2024	8/9/2024
matif	\$ 228.50	\$ 219.75	\$ 223.00	\$ 217.00	\$ 219.50	\$ 217.00
KC	\$ 220.10	\$ 208.61	\$ 209.44	\$ 200.44	\$ 205.67	\$ 203.56
diff	\$ 8.40	\$ 11.14	\$ 13.56	\$ 16.56	\$ 13.83	\$ 13.44

Gulf HRW to-arrive bids didn't change last week:

GULF date	12 pro	11's	diff	
8/9/2024	115	110	5	
8/2/2024	115	110	5	
7/26/2024	120	105	15	
7/19/2024	120	105	15	
7/12/2024	120	105	15	
7/5/2024	120	105	15	
6/28/2024	120	105	15	U

Posted basis bids in the country didn't change either (one spot is down a nickel):

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
08/09	\$4.91-\$4.99	\$4.99	\$4.69-\$4.79	\$4.56-\$4.64	\$4.89-\$5.34
08/02	\$4.97-\$5.06	\$5.05	\$4.75-\$4.85	\$4.61-\$4.75	\$4.95-\$5.40
07/26	\$4.83-\$4.91	\$4.61	\$4.61-\$4.61	\$4.51-\$4.61	\$4.76-\$5.26
07/19	\$5.07-\$5.15	\$4.85	\$4.85-\$4.85	\$4.75-\$4.85	\$5.00-\$5.50
07/12	\$5.05-\$5.13	\$5.14	\$4.83-\$4.93	\$4.73-\$4.83	\$4.93-\$5.84
07/05	\$5.35-\$5.44	\$5.09	\$5.04-\$5.09	\$4.99-\$5.19	\$5.29-\$5.75
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
08/09(U)	-63, -55	-55	-85, -75	-99, -90	-65, -20
08/02(U)	-63, -55	-55	-85, -75	-99, -85	-65, -20
07/26(U)	-63, -55	-85	-85, -85	-95, -85	-70, -20
07/19(U)	-63, -55	-85	-85, -85	-95, -85	-70, -20
07/12(U)	-63, -55	-54	-85, -75	-95, -85	-75, +16
07/05(U)	-64, -55	-90	-95, -90	-100, -83	-70, -24
Date	Concordia	Salina	Hutch/Wichita	Ark City	
08/09(U)	-35	-12, -05	-32, -03	-45	
08/02(U)	-35	-12, -05	-32, -03	-45	
07/26(U)	-35	-15, -05	-32, -03	-45	
07/19(U)	-35	-15, -05	-32, -03	-45	
07/12(U)	-35	-15, -05	-32, -03	-45	

Pretty boring, waiting...however...

A wheat wild-card has been played. Friday afternoon the Canadian Industrial Labor Board ruled that the Canadian rail unions (mainly the Teamsters) have the right to strike, after 12 days, which would be August 22. The Board deemed commodities are “non-essential” (let me know if that changes when Canadian grocery stores have empty shelves.). I doubt the RR’s and the Unions are going to get this worked out in the next 12 days, so...it sure looks like a Canadian rail strike is coming. <https://finance.yahoo.com/news/canadian-rail-strike-could-begin-174741444.html>

What does this mean?

The simple answer is ...another question? How long will the strike last?

We know Canada mainly grows spring wheat, and we know...they export almost all of it, including quite a bit to the USA, which we will assume is used only in USA HRS domestic usage.

	1	2	3	4	5	6	7	8	9	10	11
(million bu)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
USA HRS production	556	568	491	384	587	520	531	297	446	468	532
USA HRS IMPORTS	66	48	67	88	67	52	47	43	56	63	50
USA HRS domestic usage	308	304	276	287	323	286	339	220	275	261	283
imports as % of domestic usage	21.4%	15.8%	24.3%	30.7%	20.7%	18.2%	13.9%	19.5%	20.4%	24.1%	17.7%

SO...depending on how long the strike lasts, it’s quite possible USA HRS imports decrease this year, and we’ll **assume these missing imports will be replaced with USA HRS production**, which might not be that difficult, although USA HRS ending stocks would decrease.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
USA HRS ending stocks	213	272	235	191	263	280	235	146	155	190	229

Where it gets more interesting...is IF what if the USA picks up some more spring wheat export biz, if Canada can’t get it to their ports?

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
USA HRS exports	270	252	319	229	259	269	284	209	214	235	260

Thus USA HRS ending stocks could certainly tighten up, which...who knows...might positively affect USA HRW.

Hard Amber Durum fundamentals would be affected too:

	1	2	3	4	5	6	7	8	9	10	11
(million bu)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
USA HAD IMPORTS	50	34	30	52	52	41	37	41	51	45	50
USA HAD domestic usage	63	87	101	90	88	66	93	65	88	84	85
imports as % of domestic usage	79.4%	39.1%	29.7%	57.8%	59.1%	62.1%	39.8%	63.1%	58.0%	53.6%	47.1%

And we'll assume USA oat end users are on pins and needles:

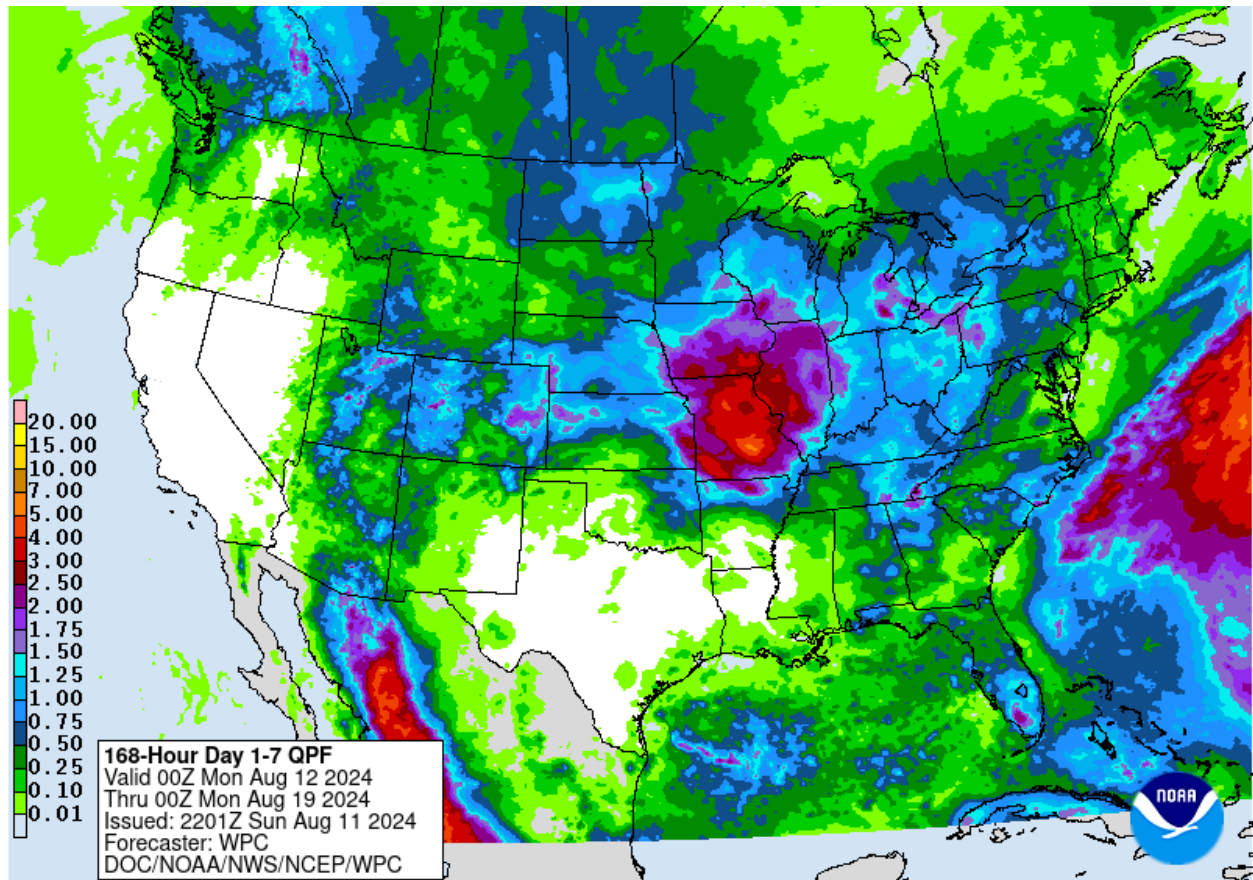
	1	2	3	4	5	6	7	8	9	10	11
(million bu)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
USA OATS IMPORTS	109	86	90	89	86	92	85	81	84	74	75
USA OATS domestic usage	150	172	161	148	146	146	150	126	139	130	134
imports as % of domestic usage	72.7%	50.0%	55.9%	60.1%	58.9%	63.0%	56.7%	64.3%	60.4%	56.9%	56.0%

But maybe this is a nothingburger, and it all gets worked out quickly.

As Sunday night shows Mpls Sept wheat down a penny or so...we have to assume everyone is assuming...this is no big deal.

Sunday night shows KC wheat down 2c, corn down almost 2c and beans down about 4c...in extremely light volume.

The weekly forecast is on the damp side, probably seen as a little negative to corn and beans.



Should be an interesting week; the August WASDE comes out tomorrow.

Have a good week. Stay Safe. Slow Down.