

Hello Colorado Wheat.

When I coached kids' baseball, and a kid complained about getting called out looking, I always said "That was a strike. How do I know it was a strike? Because the ump called it a strike."

How do I know the markets haven't bottomed out yet, even though they are undeniably cheap? Because we're not seeing any buy signals. The easiest buy signal to see is a new 4-week Closing High.

Do we see any on this table? No, although spring wheat is close, Friday's close (\$5.93) was only 2c below the new 4-week Closing High of \$5.95. (The previous spring wheat 4-week Closing High of \$6.10 rolls off the 4-week count.) All other grains and beans...miles away from setting a new 4-Week Closing High. Worse...we see KC wheat, corn and beans all set new 11-Week Closing Lows, which are...the opposite of buy signals, which we would of course call ...a sell signal.

The kid should have at least swung his bat. If we're going down, we're going down swinging.

	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
08/16	\$5.40	\$5.55	\$3.71	\$3.93	\$5.30	\$5.93	\$9.39	\$9.57	\$75.19	\$5578
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

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

I had a conversation with a pal the other day. We were talking about The Funds, and I said they never think it's too low to sell, or too high to buy...and he said he didn't really get that concept.

Consider this November soybean chart. There are at least 9 sell signals on here, using a new 11-week Closing Low as a sell signal.



A Fund, or a speculator, or a farmer hedging his new crop beans...sold a contract at \$11.58 on 6/07, then added to his position by selling one at \$11.50 on 6/14, and another at \$11.20 on 6/21 and a fourth on 6/28 at \$11.04. IF he had more beans to sell, or the spec or The Fund wasn't at his limit yet, then he would have kept selling. On 7/12, he sold \$10.66. then on 7/19, he sold \$10.36, and on 8/02, he sold \$10.27, on 8/09 he sold \$10.03, and finally he sold last Friday's (8/16) at \$9.57. That last sale sure seems too cheap, but...who knows? Assume the spec or Fund GETS OUT at a new 4-week Closing high, which currently is \$10.49. The math would look like:

9 sell signals; Nov '24 beans					
1	6/7/2024	\$ 11.58	\$ 10.49	\$ 1.09	\$ 5,450.00
2	6/14/2024	\$ 11.50	\$ 10.49	\$ 1.01	\$ 5,050.00
3	6/21/2024	\$ 11.20	\$ 10.49	\$ 0.71	\$ 3,550.00
4	6/28/2024	\$ 11.04	\$ 10.49	\$ 0.55	\$ 2,750.00
5	7/12/2024	\$ 10.66	\$ 10.49	\$ 0.17	\$ 850.00
6	7/19/2024	\$ 10.36	\$ 10.49	\$ (0.13)	\$ (650.00)
7	8/2/2024	\$ 10.27	\$ 10.49	\$ (0.22)	\$ (1,100.00)
8	8/9/2024	\$ 10.03	\$ 10.49	\$ (0.46)	\$ (2,300.00)
9	8/16/2024	\$ 9.57	\$ 10.49	\$ (0.92)	\$ (4,600.00)
sum				\$ 1.80	\$ 9,000.00
current 4 week closing high		\$10.49			

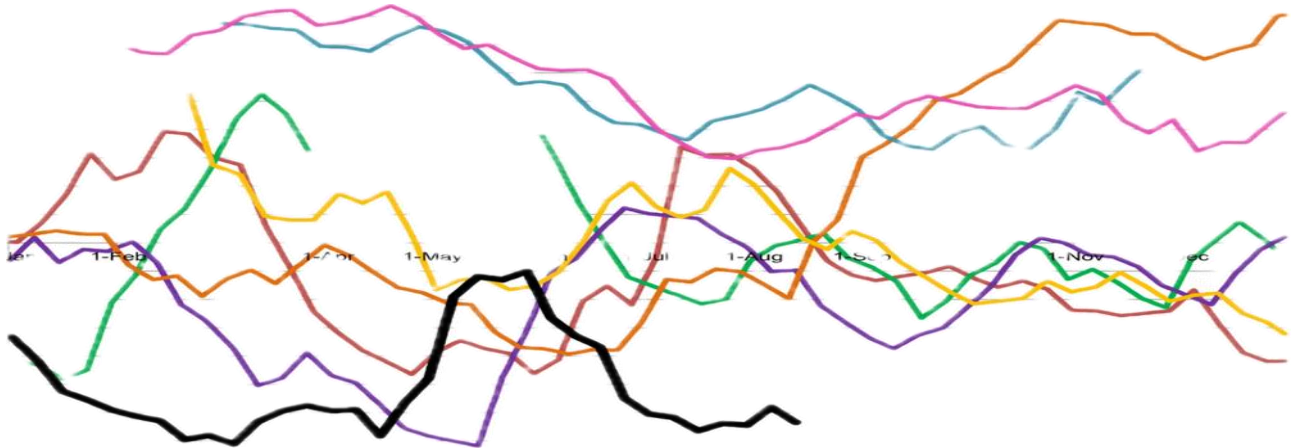
More than likely...the 4-week Closing High won't be triggered for a couple weeks, and probably by then the 4-Week Closing High would be down to \$10.03, and then the math looks like:

9 sell signals; Nov '24 beans						
1	6/7/2024	\$ 11.58	\$ 10.03	\$ 1.55	\$ 7,750.00	
2	6/14/2024	\$ 11.50	\$ 10.03	\$ 1.47	\$ 7,350.00	
3	6/21/2024	\$ 11.20	\$ 10.03	\$ 1.17	\$ 5,850.00	
4	6/28/2024	\$ 11.04	\$ 10.03	\$ 1.01	\$ 5,050.00	
5	7/12/2024	\$ 10.66	\$ 10.03	\$ 0.63	\$ 3,150.00	
6	7/19/2024	\$ 10.36	\$ 10.03	\$ 0.33	\$ 1,650.00	
7	8/2/2024	\$ 10.27	\$ 10.03	\$ 0.24	\$ 1,200.00	
8	8/9/2024	\$ 10.03	\$ 10.03	\$ -	\$ -	
9	8/16/2024	\$ 9.57	\$ 10.03	\$ (0.46)	\$ (2,300.00)	
sum				\$ 5.94	\$ 29,700.00	
current 4 week closing high		\$10.49				

The reality is...Funds do have limits. If they reach their limit early, the math would change. In this soybean example, if a Fund reached his limit by selling ¼ of his position, it would still look good:

9 sell signals; Nov '24 beans						
1	6/7/2024	\$ 11.58	\$ 10.03	\$ 1.55	\$ 7,750.00	
2	6/14/2024	\$ 11.50	\$ 10.03	\$ 1.47	\$ 7,350.00	
3	6/21/2024	\$ 11.20	\$ 10.03	\$ 1.17	\$ 5,850.00	
4	6/28/2024	\$ 11.04	\$ 10.03	\$ 1.01	\$ 5,050.00	
sum				\$ 5.20	\$ 26,000.00	

Do Funds reach their position limit and then quit selling? I'm not sure, but this chart I pirated from Susan Stroud seems to imply that yes, Funds do have limits and they don't sell more than that limit:



That black line shows what she thinks is total combined short positions of The Funds (whomever they are...) is grains and oilseeds. The line is a record big short, BUT it's basically gone flat since early July, which would possibly coincide pretty well with the example I used.

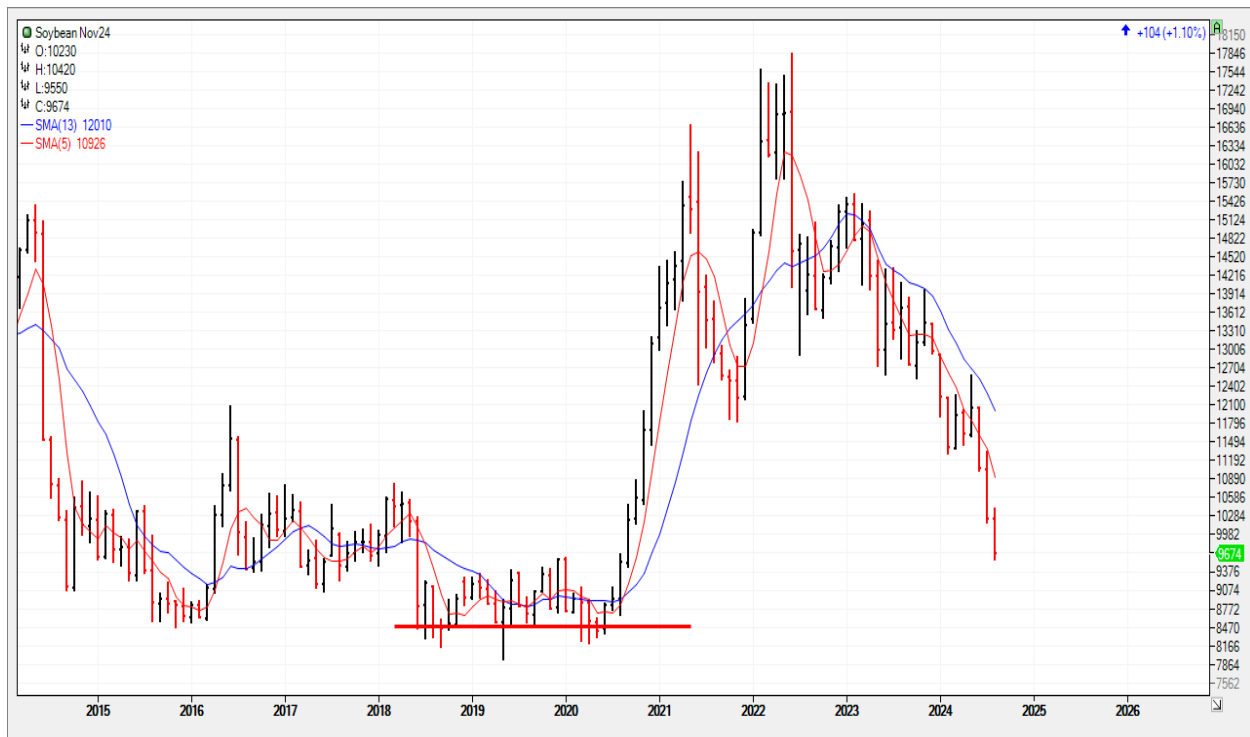
In that case, it might imply that Actually...when you're at your limit, then there is a price too high to buy or too low to sell. Interesting.

Sunday night action has beans up a dime. One of these days...the market will do the job of forcing Funds or specs or etc out of short positions, but...that "one of these days" clause is the tricky part.

We saw the August WASDE last week, and it most certainly helped push beans down almost 50c last week. Record high yield, and thus record production more than offset slightly higher crush and slightly higher exports. Ending stocks increased 125 mil bu from the July to the August WASDE. This is the highlights as I see them:

	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
yield	51.9	49.3	50.6	47.4	51.0	51.7	49.6	50.6	53.2
production	4,296	4,412	4,428	3,552	4,216	4,465	4,270	4,165	4,589
crushings	1,901	2,055	2,092	2,165	2,141	2,204	2,212	2,290	2,425
exports	2,166	2,134	1,752	1,679	2,266	2,152	1,980	1,700	1,850
carry out	302	438	909	525	257	274	263	345	560
stox/use	7.2%	10.2%	22.9%	13.3%	5.7%	6.1%	6.1%	8.4%	12.8%
NAFP	\$ 9.47	\$ 9.33	\$ 8.48	\$ 8.57	\$ 10.80	\$ 13.30	\$ 14.20	\$ 12.50	\$ 10.80

This long-term monthly soybean chart suggests yes, beans are cheap, but...also shows those lows of 2018-thru much of 2020 are not impossible. I drew in a red line at \$8.50



Anyway, until we get a buy signal...yikes.

The updated Export Pace for old-crop beans looks ok with 3 weeks remaining in the marketing year. And wheat is doing ok. The USDA actually increased old-crop corn exports, and will take about 50 mil bu these next 3 weeks to hit the new higher forecast. Milo is dragging a bit.

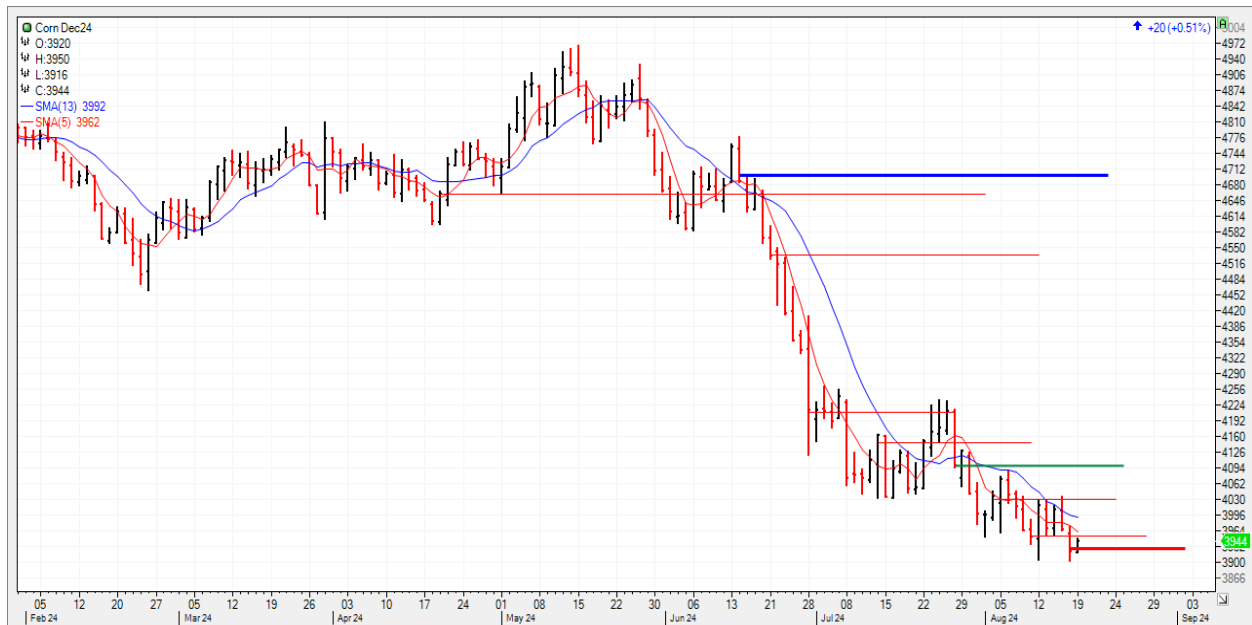
WEEK ENDED (08/01/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	38.4	1925.9	175	2101	2,250	149	03	49.7
Soybeans	12.0	1593.3	60	1653	1,700	47	03	15.7
All wheat	23.9	155.0	19	174	825	651	42	15.5
Milo	2.3	223.8	5	229	245	16	03	5.3
LAST update								
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

New-crop soybeans exports forecast was increased 25 mil bu; will take not quite 36 mil bu weekly to hit it. Last week's new-crop soybean export sales were the exact 36 mil bu needed.

New-crop corn sales picked up , but at 31.5 mil bu, will need to increase. The USDA increased new-crop corn exports forecast by 75 mil bu, obviously thinking the lower price will help. The new target of 2.3 bil bu will require 44.2 mil bu weekly corn exports.

The wheat export forecast did NOT increase. The export report showed a boat of spring wheat was loaded X the PNW to China, but China didn't buy more, and similarly, Brazil loaded 2 big boats of HRW the Gulf, but also did not buy additional bushels.

Here's Dec corn, sinking slower than it had been; that's the good news.



Until we see a new 4-Week High close, we can't get too excited. I suspect this week doesn't do anything, but in a couple weeks...the 4-week High will be down to \$4.03, and MAYBE that can get triggered. We'll see.

Wheat...saw the USDA unexpectedly reduce spring wheat production by 33 mil bu, and they also reduced durum production by 12 mil bu. HRW production increased 13 mil bu and soft white was up 8 mil bu. Last week I spent quite a bit of time on the coming Canadian rail strike, and the August WASDE exacerbated the situation. We saw that in the Mpls spring wheat gaining on KC. This is the Dec chart...MWZ24-KWZ24 bouncing into previous resistance nominally just below 60c:



This spread could...get up thru that resistance if Canadian production decreases, which was left unchanged on the August WASDE even though USA spring wheat decreased.

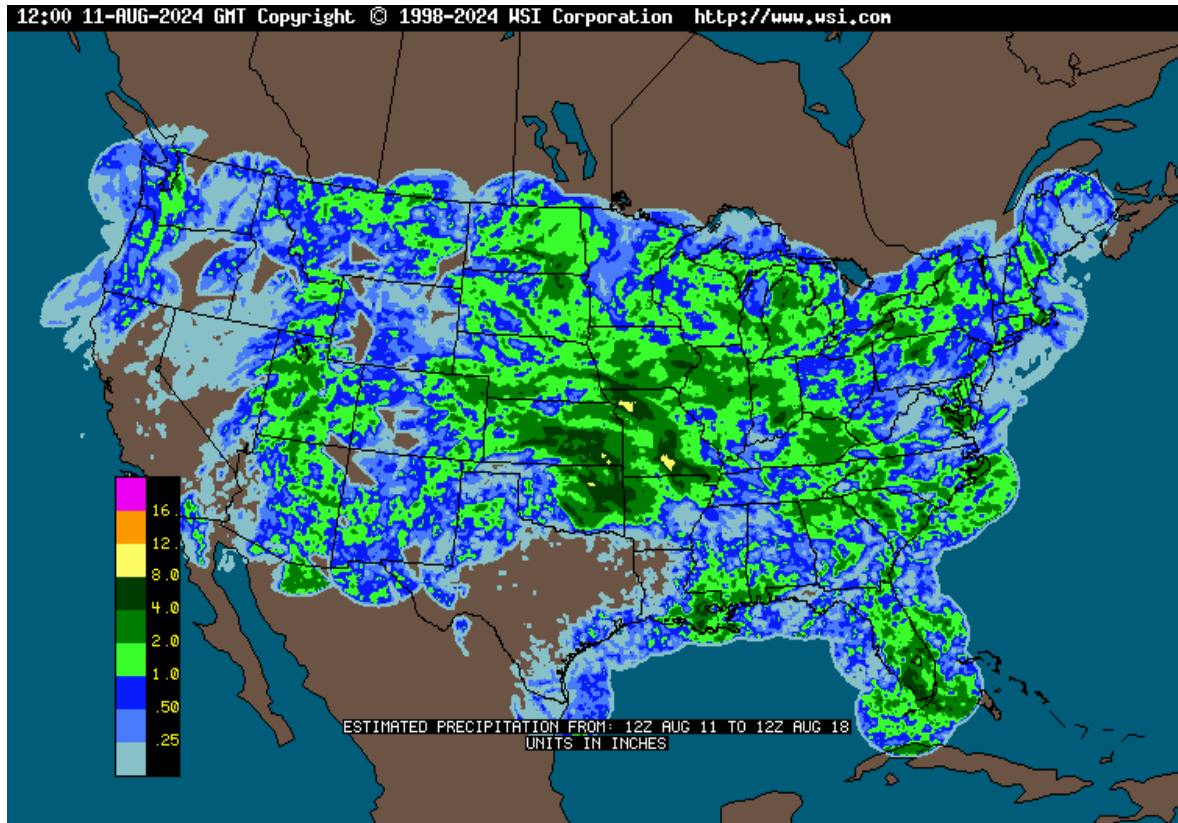
However...it could break...if the quality is bad as suspected by some. I'm sure vomitoxin is out there, but am not sure if it's an issue. And falling numbers could be an issue, IF the weather stays damp.

And who knows what protein North American spring wheat will be.

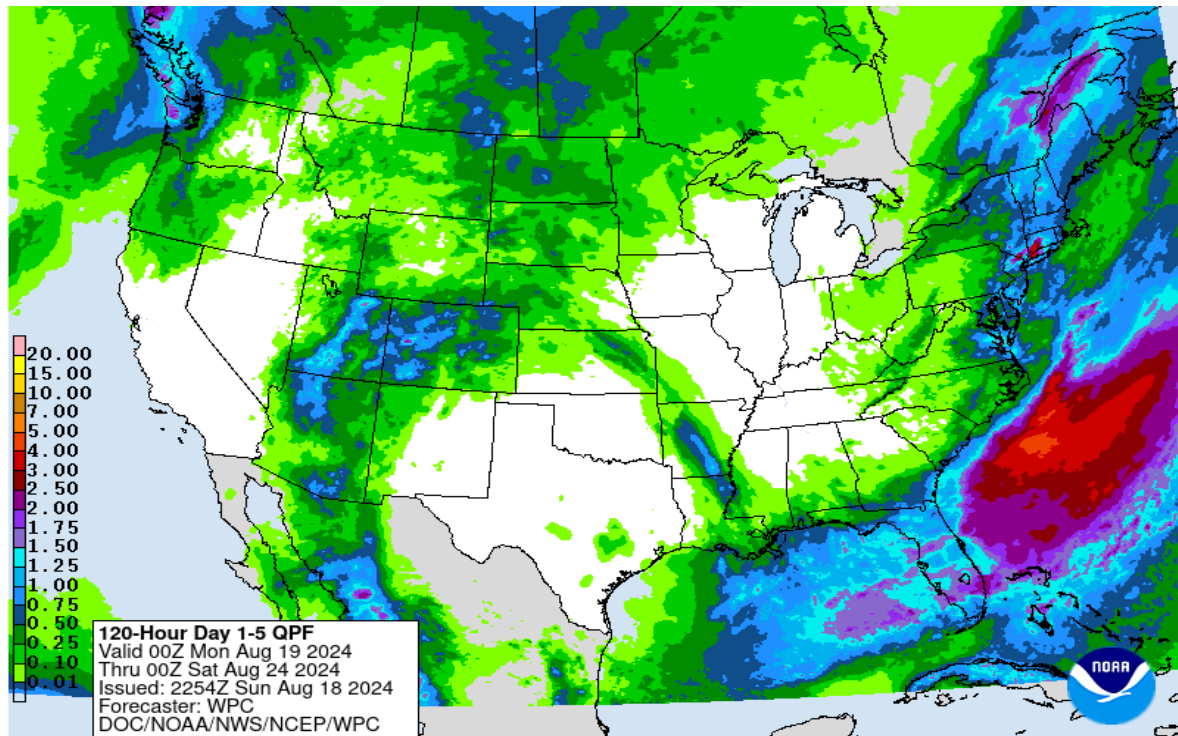
And of course...how the strike unfolds is a real wild card. I personally think the Canadian government forces the Teamsters etc back to work after 4 or 5 days, but maybe they let it drag out for a couple weeks. IF it drags out for a couple months, various degrees of chaos are likely.

Generally, chaos should be avoided.

Last week was damp in North Dakota.

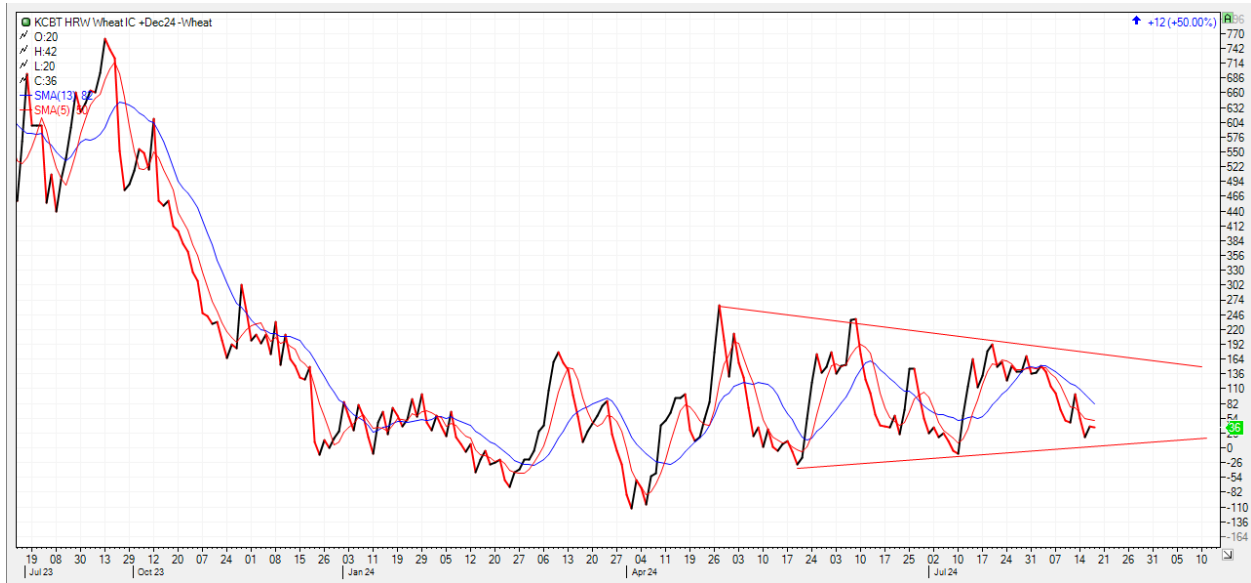


This week looks a little drier, but...not perfectly dry at harvest time.



Anyway...inter-market wheat spreads are nervous, both ways.

Here's KC Z – Chgo Z...with an eyeball on even money:



World wheat numbers on the August WASDE didn't change a lot, although we saw a 1.0 mmt increase for Australia and a 1.5 mmt increase for Kazakhstan. Ukraine's wheat production estimate increased 2.1 mmt, but Europe's dropped 2.0 mmt. Imports increased 1 mmt into both Europe and Africa, but overall world wheat ending stocks nominally decreased about a half million tonnes.

Europe wheat futures dropped more than KC wheat futures:

	7/5/2024	7/12/2024	7/19/2024	7/26/2024	8/2/2024	8/9/2024	8/16/2024
matif	\$ 228.50	\$ 219.75	\$ 223.00	\$ 217.00	\$ 219.50	\$ 217.00	205.25
KC	\$ 220.10	\$ 208.61	\$ 209.44	\$ 200.44	\$ 205.67	\$ 203.56	198.33
diff	\$ 8.40	\$ 11.14	\$ 13.56	\$ 16.56	\$ 13.83	\$ 13.44	\$ 6.92

Posted Gulf to-arrive HRW bids didn't move:

GULF date	12 pro	11's	diff
8/16/2024	115	110	5
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 showed a freckle of weakness:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
08/16	\$4.77-\$4.85	\$4.55	\$4.55-\$4.55	\$4.41-\$4.50	\$4.75-\$5.20
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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
08/16(U)	-63, -55	-85	-85, -85	-99, -90	-65, -20
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
Date	Concordia	Salina	Hutch/Wichita	Ark City	
08/16(U)	-35	-15, -05	-32, -03	-45	
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	

Grain companies are struggling too. Cargill is restructuring from 5 divisions into 3 divisions, which sounds bloody to me. <https://www.msn.com/en-us/money/companies/cargill-plans-restructuring-amid-earnings-slowdown/ar-AA1oxEFE?ocid=BingNewsSerp>

CHS complained about the Panama Canal causing problems at the end of May, and again 3 months later. <https://www.msn.com/en-us/news/us/drought-war-across-the-world-hurting-minnesota-farmers-agribusinesses/ar-AA1oQe3u?ocid=BingNewsVerp>

They too will be tightening their belts.

Have a good week. Stay Safe. Slow Down.