

Hello Colorado Wheat.

The Canadian rail strike might have ended, as a judge ordered everyone back to work, although we'll soon see if the Teamsters go back. They stated they would seek a legal challenge to the judge's order, but...I think most everyone feels this thing will get worked out, and in a couple of weeks it will be mainly forgotten, which in my opinion, is good.

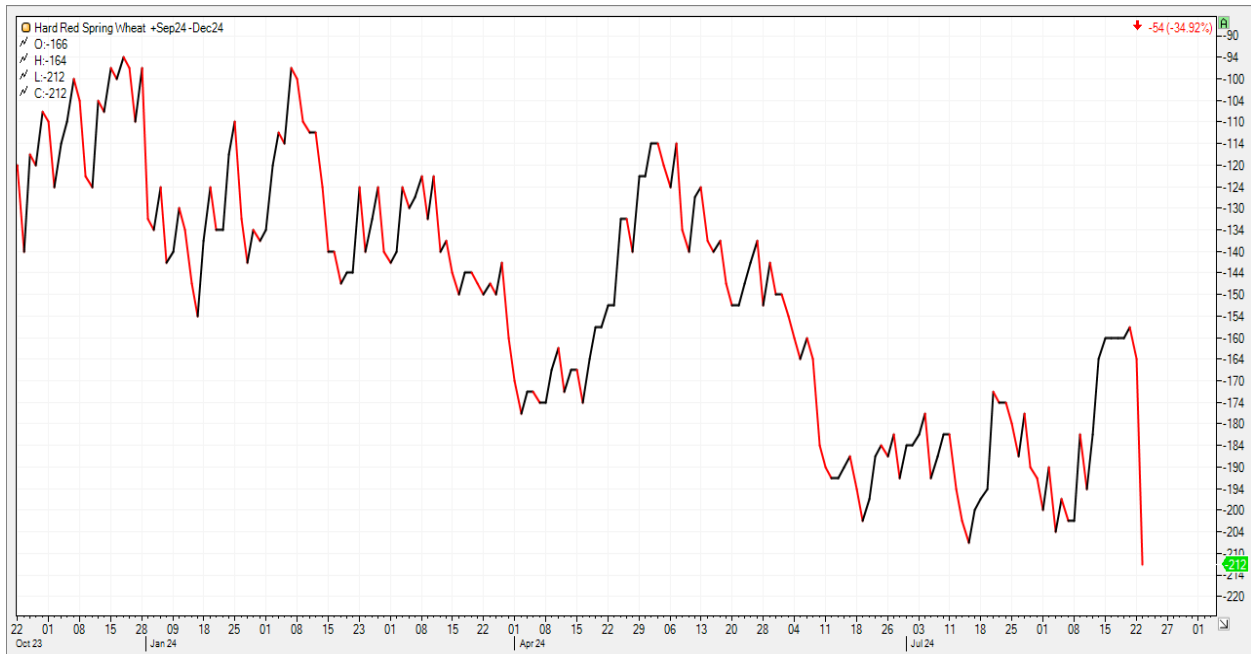
And one might have expected that news to buoy spring wheat, but looking at the weekly Closing Table, we see spring wheat dropped almost 40c, setting a new Red number, which dragged down KC and Chgo with it, although the good news was KC only lost 20c. Ok, that's not good news.

So what happened to spring wheat? We saw a tweet Thursday night from Crookston, MN asking if anyone else was seeing sprout damage. Vomitoxin, low test weight, even low protein can be dealt with, but sprout damage...is a non-blendable killer. It has the potential to "poison" North American spring wheat this whole year.

	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
08/23	\$5.20	\$5.35	\$3.68	\$3.91	\$5.02	\$5.52	\$9.52	\$9.73	\$74.92	\$5663
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

*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***

Here's the MGEX Sept-Dec calendar spread, reacting to the sprout damage fear:



It's very early in the spring wheat year. Hopefully this sprout damage is very localized, and the markets will be able to work around it easily. We'll see.

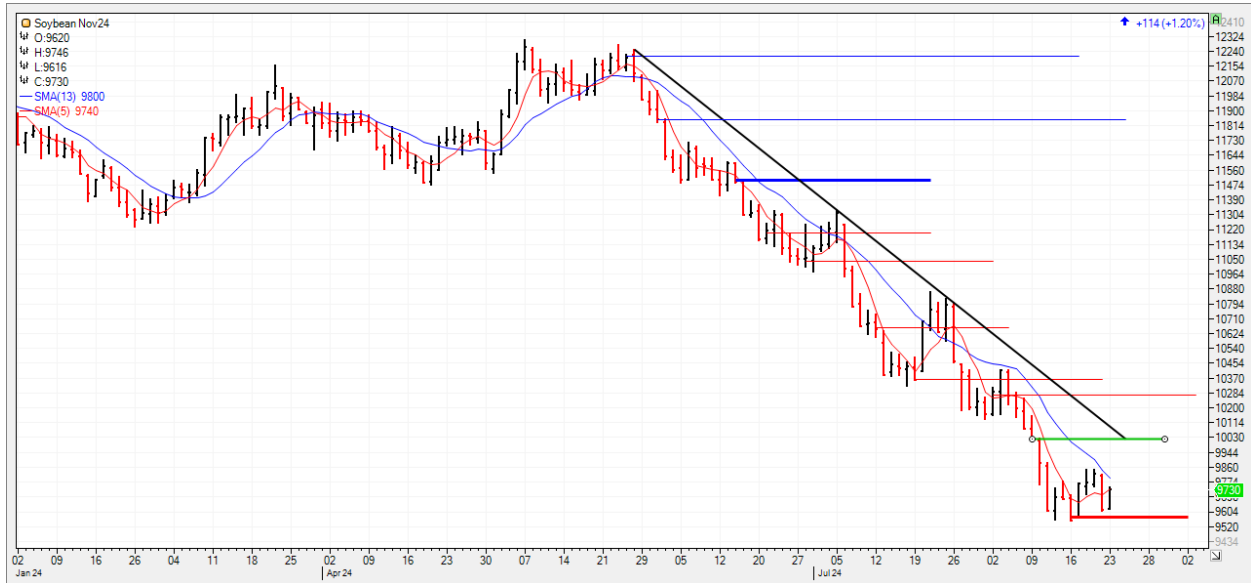
In the meantime, I'm not buying spring wheat calendar spreads just because they're "cheap".

Nor do I like buying spring wheat against KC (or Chgo) until we know the issue has been contained. Here's Minny Z wheat sinking to KC Z wheat, testing channel support:



Looking back on the weekly Closing Table for a minute, we see corn setting new Red numbers, but only by a couple cents, finally possibly setting the stage for some legitimate bottoming action, which would be good news once that finally happens, and what about those beans?

Chinese buying helped beans finish higher, although we'll need more confirmation the bottom is in. Here's November soybeans, and I drew in the green line which would be the 4-Week Closing High:



The updated export Loading pace scorecard...with only 2 remaining weeks in the feed grains and soybeans marketing years, assuming my fudge factors are in the ballpark... looks like the current USDA export forecasts for 2023/24 are on target, keeping in mind we saw a 25 mil bu upward revision for corn on last week's August WASDE update. And that assumes the next 2 weeks will be very similar to what we saw reported for this week.

WEEK ENDED (08/15/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	45.9	1972.3	175	2147	2,250	103	02	51.5
Soybeans	14.6	1608.8	60	1669	1,700	31	02	15.5
All wheat	12.8	168.4	19	187	825	638	41	15.6
Milo	4.2	228.0	5	233	245	12	02	6.0
LAST update								
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

And...it appears (there's a chance) "low prices might help cure" low prices...as it's very early in the new-crop corn and bean seasons, **but we saw a very good week of new-crop export sales in both corn and beans. Corn export sales for "next year" were almost 51 mil bu , and new-crop soybeans export sales were about 61 mil bu.**

Here's Dec corn, and while yes, it did set a new Red Line, we can't help but notice that the Green Line (4-week Closing High) is at \$3.95, which is only 4c from Friday's close:



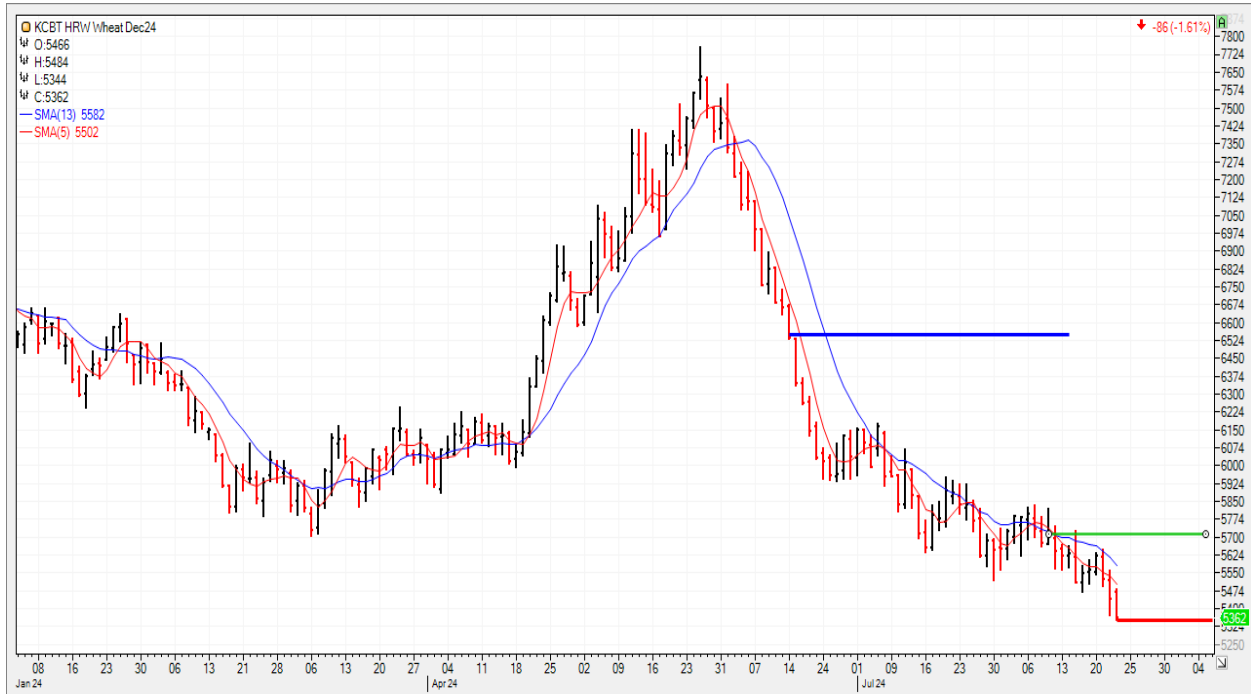
The ProFarmer Tour ended. Soybeans looked great, although corn might have trouble achieving the USDA's 183.1 record corn yield. ProFarmer estimated corn at 181.1 and beans at a huge 54.9 bu/ac. <https://www.morningstar.com/news/dow-jones/202408237381/pro-farmer-tour-sees-bigger-soybean-crop-less-corn-than-usda>

Our friend Michale Hirtzer contributed to this Bloomberg story about the ProFarmer Tour <https://www.insurancejournal.com/news/midwest/2024/08/23/789771.htm>

Anyway...the sizes of the crops are in the market no doubt, and weather won't change them much, so it will come down to demand.

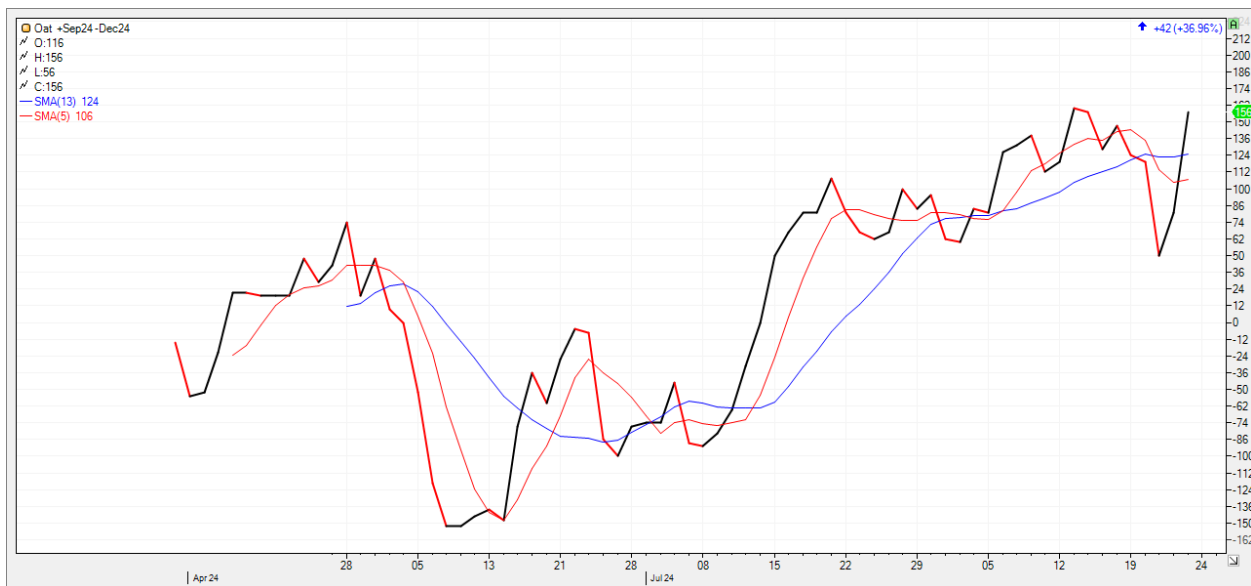
If China comes back on the FAS Export Sales report this week, then...maybe finally we can get some new 4-week Closing Highs, and have some technical buy signals to at least start covering (profit-taking) some Fund shorts.

KC Z...well, spring wheat did Hard Winter no favors. Another nasty new Red Line, and the Green Line up at \$5.71 seems far away, and the Blue Line...well, Joe Satriani's classic album from 1989, "Flying in a Blue Dream", seems apt.

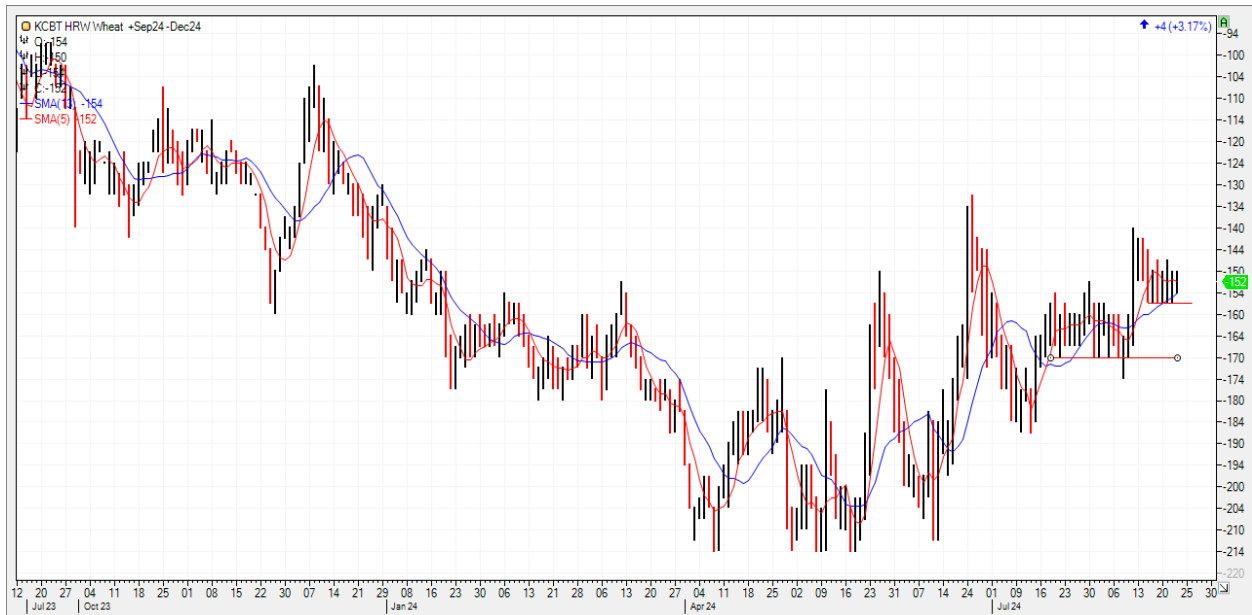


I mentioned the collapsing spring wheat markets, mainly due to quality fears. Here's a calendar spread showing that the Canadian rail strike is more than just a little fear. I'm sure oat buyers and traders all hope the teamsters indeed report for work this morning.

U-Z oats here, settling at a 15c inversion. Dan Maltby says inverses destroy wealth:



One last calendar spread to look at is KC U-Z., showing some weird little support at -15.75



I admit I thought that KC U/Z calendar spread would relax and set back, but it hasn't, and now, First Notice Day will soon be upon us, Friday Aug 30, so there's not a lot of time remaining.

Gulf HRW too-arrive bids haven't changed in a while, although weekly wheat export sales had a good week (finally) last week, so there too, these lower prices might be helping find some demand.

GULF date	12 pro	11's	diff
8/23/2024	115	110	5
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 are still basis the Sept (U), showing little change last week, although we see one Kansas Terminal dropped their bid a nickel:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
08/23	\$4.57-\$4.65	\$4.35	\$4.35-\$4.35	\$4.21-\$4.30	\$4.55-\$5.00
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

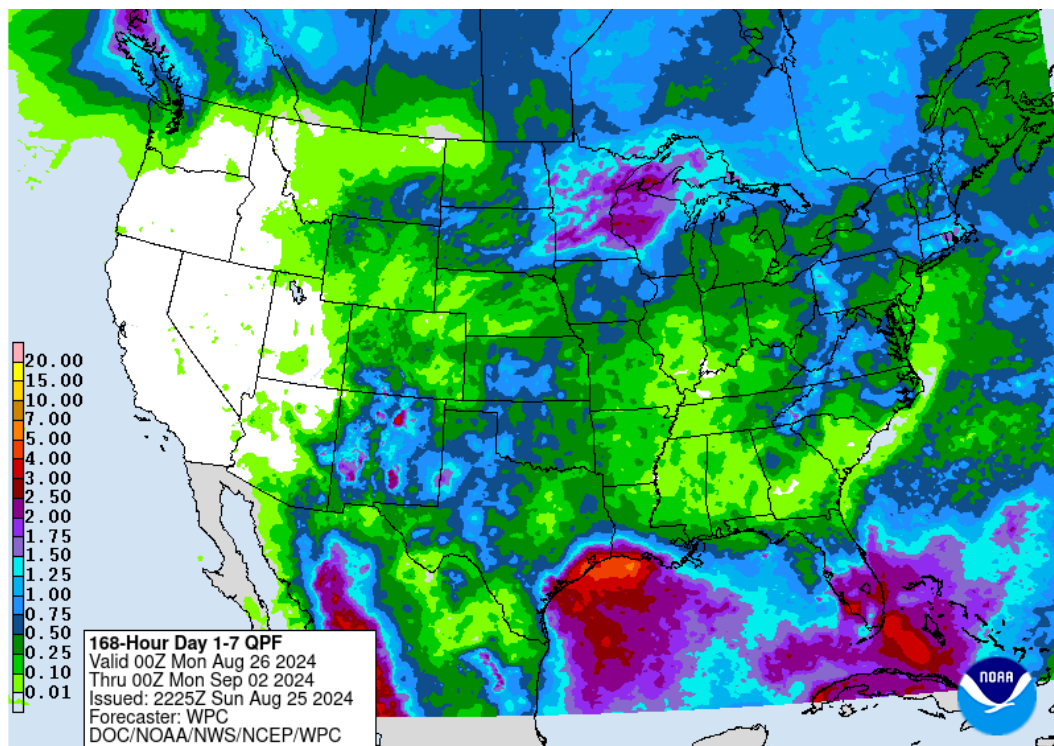
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
08/23(U)	-63, -55	-85	-85, -85	-99, -90	-65, -20
08/16(U)	-63, -55	-85	-85, -85	-99, -90	-65, -20
08/09(U)	-63, -55	-55	-85, -75	-99, -90	-65, -20
08/02(U)	-63, -55	-55	-85, -75	-99, -85	-65, -20
07/26(U)	-63, -55	-85	-85, -85	-95, -85	-70, -20
07/19(U)	-63, -55	-85	-85, -85	-95, -85	-70, -20

Date	Concordia	Salina	Hutch/Wichita	Ark City
08/23(U)	-40	-15, -05	-32, -03	-45
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

Speaking of little time remaining, we'll be using these columns in the Closing Table next week as we roll out from the Septs...

	KC DEC HRW	JULY '25	Dec CORN	July CORN	Chgo Z wheat	Springs DEC (Z)	NOV'24 BEANS	July BEANS	Crude oil	S&P (U)
CLOSE	KWZ24	KWN25	CZ24	CN25	WZ24	MWZ24	SX24	SN25	CRD23	ES23
08/23	\$5.35	\$5.61	\$3.91	\$4.27	\$5.28	\$5.72	\$9.73	\$10.33	\$74.92	\$5663
08/16	\$5.55	\$5.80	\$3.93	\$4.28	\$5.53	\$6.09	\$9.57	\$10.20	\$75.19	\$5578
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06/07	\$7.00	\$7.05	\$4.67	\$4.93	\$6.77	\$7.20	\$11.58	\$11.83	\$75.53	\$5356

August will finish up, certainly not bone dry, and maybe helpful for winter wheat planting season:



Early Sunday night action is subdued, nominally a penny either side of unchanged. I wouldn't be too surprised if the whole week goes that way.

World wheat news...moderately interesting. Indian wheat millers are again asking their government to release some wheat stocks as local prices are surging again., and some are again bringing up eliminating the wheat import tax...<https://www.reuters.com/world/india/indian-flour-mills-urge-govt-release-wheat-stocks-prices-surge-2024-08-21/>

French wheat suffered some quality issues, and is fighting to keep market share as Russian wheat continues making gains...<https://www.msn.com/en-gb/news/world/french-wheat-exports-crumble-as-russian-influence-rises-in-africa/ar-AA1pptHM?ocid=BingNewsVerp>

This table shows European wheat futures getting more aggressive while they struggle with the quality and Russian competition...

	7/5/2024	7/12/2024	7/19/2024	7/26/2024	8/2/2024	8/9/2024	8/16/2024	8/23/2024
matif	\$ 228.50	\$ 219.75	\$ 223.00	\$ 217.00	\$ 219.50	\$ 217.00	205.25	194.50
KC	\$ 220.10	\$ 208.61	\$ 209.44	\$ 200.44	\$ 205.67	\$ 203.56	198.33	191.07
diff	\$ 8.40	\$ 11.14	\$ 13.56	\$ 16.56	\$ 13.83	\$ 13.44	\$ 6.92	\$ 3.43

If I was appointed USA Wheat Tsar, I would subsidize USA wheat exports into Africa with the goal of significantly hurting Russia. I assume someone would file a complaint. I'm not sure France would like it either... <https://www.msn.com/en-za/news/other/africa-emerges-as-a-significant-market-for-russian-grain/ar-AA1pcv8U?ocid=BingNewsVerp>

Have a good week. Stay Safe. Slow Down.