

Hello Colorado Wheat.

Friday was a Friday 13th, but for the most part...it was a dud. So was the Crop Report the day before.

Two duds walked into a bar. The first one orders a White Claw. The second one orders a Budweiser. and says “read this article about barley growers singing the Blues.”

<https://www.reuters.com/markets/commodities/beer-loses-share-hard-seltzer-us-barley-farmers-scramble-2024-09-11/> He then says “let’s get a burger, I see they have a gluten-free bun”.

The bartender looks at the duds and says “You guys used to be younger, smarter, and funnier before you lost your E’s.”

What do we see here? More green numbers, telling us short covering continues. But no blue numbers, telling us this is NOT a big bull market.

	KC DEC	JULY	Dec	July	Chgo Z	Springs	NOV’24	July	Crude	S&P
	HRW	’25	CORN	CORN	wheat	DEC (Z)	BEANS	BEANS	oil	(U)
CLOSE	KWZ24	KWN25	CZ24	CN25	WZ24	MWZ24	SX24	SN25	CRD23	ES23
09/13	\$6.00	\$6.23	\$4.13	\$4.48	\$5.95	\$6.36	\$10.06	\$10.58	\$68.65	\$5630
09/06	\$5.78	\$6.01	\$4.06	\$4.42	\$5.67	\$6.14	\$10.05	\$10.59	\$67.67	\$5420
08/30	\$5.65	\$5.88	\$4.01	\$4.34	\$5.52	\$6.01	\$10.00	\$10.55	\$73.55	\$5661
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
08/09	\$5.71	\$5.95	\$3.95	\$4.32	\$5.66	\$6.09	\$10.03	\$10.57	\$76.84	\$5370
08/02	\$5.76	\$5.98	\$4.03	\$4.39	\$5.62	\$6.15	\$10.27	\$10.80	\$73.52	\$5376
07/26	\$5.62	\$5.83	\$4.10	\$4.43	\$5.49	\$6.08	\$10.49	\$10.95	\$76.19	\$5499
07/19	\$5.87	\$6.03	\$4.05	\$4.36	\$5.68	\$6.30	\$10.36	\$10.79	\$80.13	\$5554
07/12	\$5.87	\$6.12	\$4.15	\$4.42	\$5.76	\$6.17	\$10.66	\$11.13	\$82.29	\$5665
07/05	\$6.16	\$6.37	\$4.24	\$4.55	\$6.14	\$6.51	\$11.30	\$11.63	\$83.16	\$5622
06/28	\$6.03	\$6.23	\$4.21	\$4.51	\$5.97	\$6.33	\$11.04	\$11.38	\$81.54	\$5522

What should we do?

The two duds at the bar glared at the bartender ordered another round.

Sometimes that can be a good strategy, but not always.

*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***

Let's take a quick look at the September WASDE update, but first...we'll address this Bloomberg article our pal Micheal Hirtzer wrote (and ps, our other pal Brian Walker told me that the gal, Heather Schlitz (what a great barley name!!), who wrote that barley article for Reuters was on the spring wheat tour, and we know Hirtzer is a regular on the winter wheat tours.)

<https://www.ajot.com/news/french-wheat-heads-to-new-york-as-us-flour-mills-keep-importing>

Anyway, some more European wheat is headed to the States. Is it a big deal? I'm leaning towards "no, not really". Will it keep coming this season? I'm leaning towards..."probably not much."

This table gives data, showing the "spread", which is the difference between the estimated price of European wheat delivered to a USA east Coast port compared to the estimated price of USA wheat delivered to a USA East Coast port.

	3/1/2024	7/26/2024	9/13/2024
MATIF futures	\$ 184.75	\$ 217.00	\$ 224.50
upgrade	\$ 25.00	\$ 25.00	\$ 25.00
freight	\$ 40.00	\$ 40.00	\$ 40.00
handle	\$ 10.00	\$ 10.00	\$ 10.00
sum \$/mt	\$ 259.75	\$ 292.00	\$ 299.50
bu conversion	\$ 7.07	\$ 7.95	\$ 8.15
KC futures	\$ 5.65	\$ 5.46	\$ 6.00
implied basis at USA port (over KC Z)	\$ 1.42	\$ 2.49	\$ 2.15
possible freight X Salina (bu)	\$ 1.90	\$ 1.90	\$ 1.90
fob Salina, 11 pro	\$ 0.40	\$ 0.40	\$ 0.40
implied basis, HRW, delv USA port	\$ 2.30	\$ 2.30	\$ 2.30
spread	\$ 0.88	\$ (0.19)	\$ 0.15
posted KC high side, 12 pro	\$ 1.50	\$ 1.15	\$ 0.70
posted Gulf "to-arrive"	\$ 1.50	\$ 1.20	\$ 1.00
flat price gulf	\$ 7.15	\$ 6.66	\$ 7.00
flat price gulf, S/mt	\$ 262.72	\$ 244.53	\$ 257.21
KC futures	\$ 5.65	\$ 5.46	\$ 6.00
KC futures, \$/mt	\$ 207.60	\$ 200.44	\$ 220.46

Right now, I estimate European wheat is about 13c/bu cheaper than USA wheat, which is a lot narrower than it was in early March 2024. I estimate European wheat was 88c/bu cheaper than USA wheat back then. It's quite possible this wheat was purchased back then. Also notice at the end of July, USA was actually cheaper delivered to that port than European wheat was. This European wheat probably should have been sold back to Europe and replaced with USA wheat. I don't know why that didn't happen, but it could have been many reasons.

A couple of things we need to keep in mind is this is a moving picture, with a lot of parts, and things do indeed change. The USDA said the USA imported 18 million bu of HRW last marketing year, while they estimate this year there will only be 5 million bu of HRW imported.

Also, my opinion is just blaming this on the railroads isn't very productive. I estimate rail freight from Salina to an East Coast port is \$1.90/bu (which is almost \$70/mt), while I estimate vessel freight to that port from Europe is only \$40/mt. But while I admit most of the time, I'm no fan of the railroads, I do think they have a right to run their own business and try to make as much money as they can, as long as they supply the cars needed, and THAT'S where my complaint with the railroads is (especially the BNSF, as it appears they have severely curtailed the number of cars for their DET shipments (not shuttles), which will hurt many USA smaller flour mills.) Another opinion is that complaining to the Surface Transportation Board is almost a complete waste of time.

Anyway...when the Euronext (MATIF) futures are \$15 or so under KC, we don't expect to see any HRW imports, but when KC futures are a \$15 premium to European wheat futures, then we should expect to see a flood of HRW imports. Right now, KC is about \$4 under Euronext futures, which is "no-man's land" as I see it.

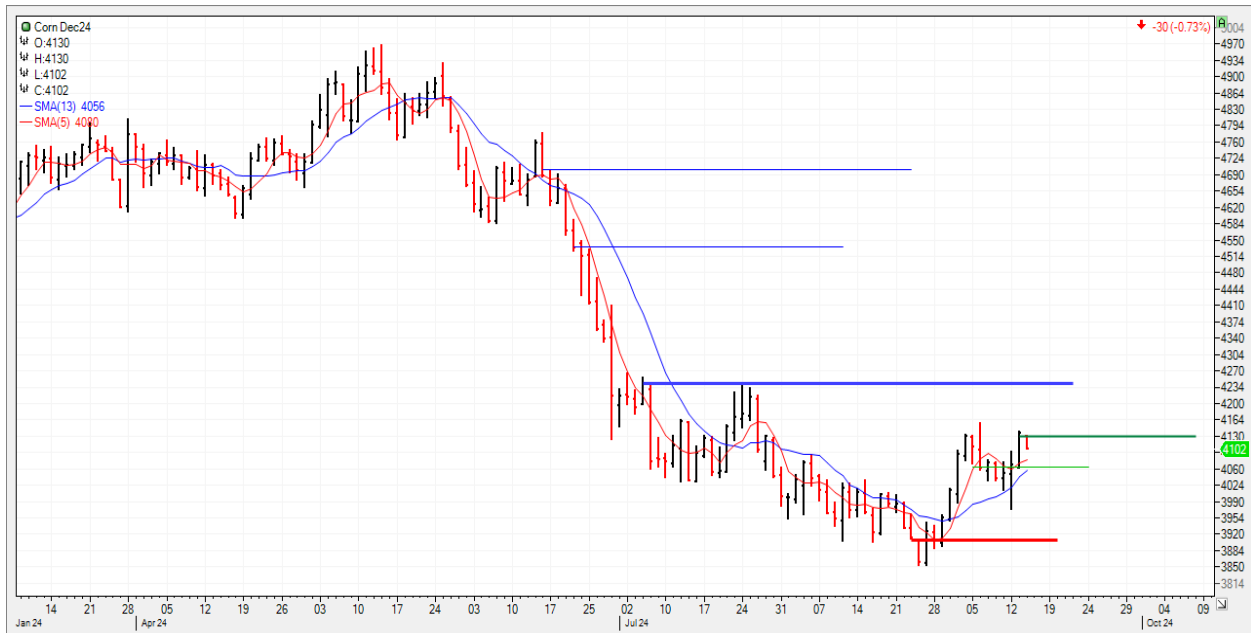
There was a USDA September WASDE update last week, but there were no changes at all made to the USA domestic picture, and world fundamentals were about unchanged as well. European wheat total production dropped 4 million tonnes, while Australia gained 2 million tonnes, but this net 2 million tonnes drop to production was more than offset by a 3 million tonne gain in Beginning stocks. What the ? (!) It's hard to win around here...

This updated KC Z chart shows a higher green line (4 week Closing High). A drop in open interest confirms Funds are covering (buying back) their short positions.



That wheat chart will get more interesting in a couple weeks, as the Blue line at \$6.16 from 07/05 will be rolling off the table. Which means...IF wheat can avoid completely falling apart, there will be a chance at actually having a bull market again. BUT...getting up and through and closing above that \$6.16 area will not be easy.

Similarly, Dec corn shows another higher Green line at \$4.13 (the Table on page 1 shows this is the third green line), and the decline in open interest again shows short positions are being covered.



And again like wheat, we'll be dealing with a moving Blue Line. I still have resting paper to sell some corn at \$4.24, and am starting to think it might get filled. The USDA raised the new-crop corn yield by a half bushel, which was a 39 mil bu increase in production (and supply), BUT reduced last year's carryout by 55 mil bu, as they increased Industrial usage by the 15 million they reduced in August...but they also increased last year's exports by 40 mil bu! There were no changes to the 2024/25 demand, so net was the new-crop corn ending stocks went down by 16 mi bu. (but they dropped the NAFP a dime, which kinda makes me hope that resting paper does indeed get filled.)

There were no big changes to the world corn picture. I suspect as the year moves along we'll see some big changes to the world picture, probably from South America, but this corn year is just getting started.

November beans don't look as good as wheat or corn. There was a new green line, but only by a penny, so...we'd better recognize the green line as a small double-top of resistance.



Tiny fine-tuning was made to the USA domestic soybean picture, and world numbers didn't change much, if any. I think the world bean picture will indeed change as the year marches on.

Pull up your weather app on your phone and look at Sinop, and Cuiaba in Matto Grosso, Brazil, and again, just like last week, we see 10 days of no rain.

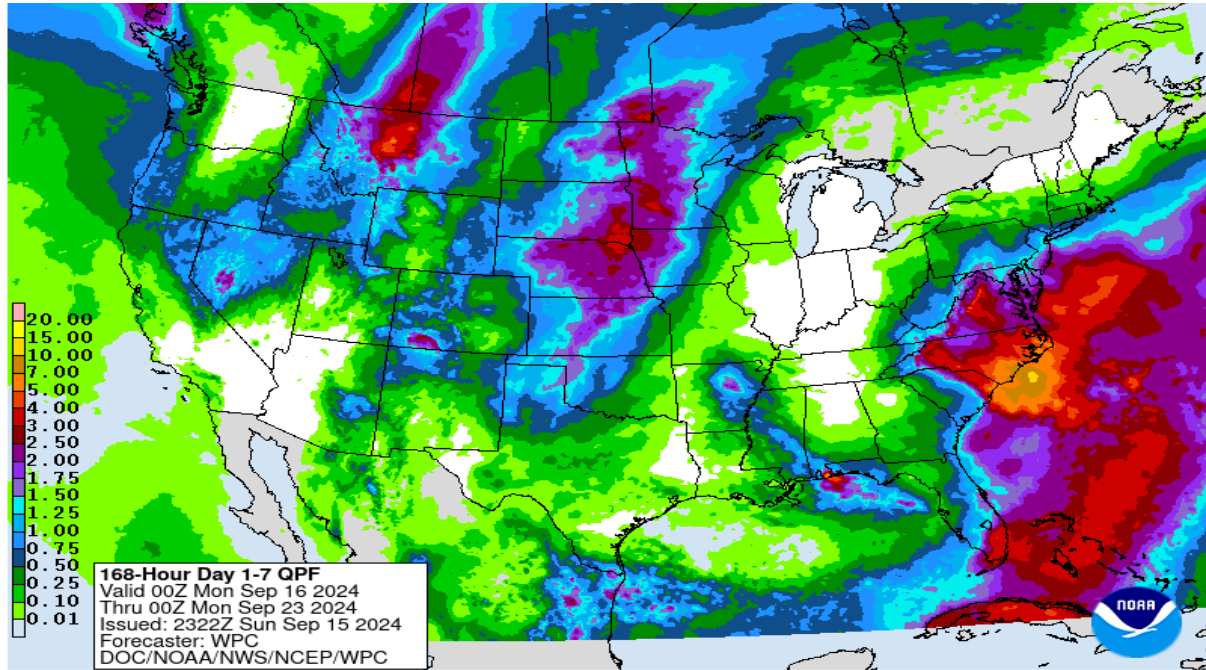
It's not too serious yet, and normally it rains hard in October down there, so we'll see.

The first week of the new year for loading beans, milo and corn wasn't great and shows they all need to step up the pace. Wheat is hanging in there.

WEEK ENDED (09/05/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	32.9	18.4	175	193	2,300	2107	51	41.3
Soybeans	13.0	9.6	60	70	1,850	1780	51	34.9
All wheat	21.6	233.3	19	252	825	573	38	15.1
Milo	0.1	0.1	5	5	220	215	51	6.9
LAST update								
Corn	38.0	2048.5	175	2223	2,250	27	00	-27
Soybeans	18.3	1642.8	60	1703	1,700	-3	00	+3
All wheat	21.2	210.8	19	230	825	595	39	15.3
Milo	4.8	237.4	5	242	245	3	00	-3

Export sales for corn weren't good last week either, at 33 mil bu, but bean sales were 54.1 mil bu (BIG) and wheat sales were 17.4, which is a little more than what is needed.

Early Sunday night action has wheat down 4c, corn down 3c, and soybeans down 5c. We'd like to see another higher weekly close, which would be another green line, but harvest is gaining momentum, which will easily feed any further short-covering. This forecast says harvest should make some progress:



That forecast also shows some moisture for some HRW country, which is probably good for winter wheat planting, and has as much to do with wheat being down 4c Sunday night as anything.

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

GULF				
date	12 pro	11's	diff	
9/13/2024	100	100	0	
9/6/2024	100	100	0	
8/30/2024	100	100	0	Z
8/23/2024	115	110	5	U
8/16/2024	115	110	5	

Posted basis bids in the country didn't change much. We see one spot is a nickel better,
 (although I did see 2 places in western Kansas were weaker, but not shown here).

Corn harvest is coming.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
09/13	\$5.30-\$5.40	\$5.05	\$5.05-\$5.05	\$4.91-\$5.00	\$5.25-\$5.80
09/06	\$5.08-\$5.18	\$4.83	\$4.83-\$4.83	\$4.69-\$4.78	\$4.98-\$5.58
08/30	\$4.95-\$5.05	\$4.70	\$4.70-\$4.70	\$4.50-\$4.70	\$4.85-\$5.33
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

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
09/13(Z)	-70, -60	-95	-95, -95	-109, -100	-75, -20
09/06(Z)	-70, -60	-95	-95, -95	-109, -100	-80, -20
08/30(Z)	-70, -60	-95	-95, -95	-115, -95	-80, -33
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

Date	Concordia	Salina	Hutch/Wichita	Ark City
09/13(Z)	-50	-25, -20	-40, -10	-50
09/06(Z)	-50	-25, -20	-40, -10	-50
08/30(Z)	-50	-25, -18	-45, -16	-50
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

a few interesting stories...

India is reducing the amount of wheat that can be held by traders, in an attempt to keep a lid on prices...<https://www.reuters.com/markets/commodities/india-lowers-wheat-stock-limits-tame-prices-2024-09-13/>

Colorado grows quite a bit of millet, and apparently India's production has been growing, but farmers complain about inconsistent demand. <https://www.newslaundry.com/2024/09/16/what-will-we-eat-who-will-buy-it-indias-millet-boom-is-not-helping-indias-farmers>

This article about Russia stealing Ukrainian grain might actually make mainstream media; I think it was published in the WSJ, and I think this is NOT behind a paywall. <https://www.msn.com/en-us/money/markets/how-russia-profits-from-ukraine-invasion-by-selling-stolen-grain-on-a-global-black-market/ar-AA1qDlNs?ocid=BingNewsSerp>

Russia hit a ship with Ukrainian wheat bound for Egypt last week with a missile or a drone, which caused a dime rally that lasted a few hours...
<https://www.nytimes.com/2024/09/12/world/europe/ukraine-grain.html>

An alternative crop story from Iowa...changing a hog farm to a mushroom farm...<https://ci.uky.edu/irj/rural-blog/iowa-family-farmers-working-create-midwestern-blueprint-theyve-swapped-out-pigs>

Have a good week.

Planting and harvesting... you're very busy right now.

Slow Down. Stay Safe.