

Hello Colorado Wheat.

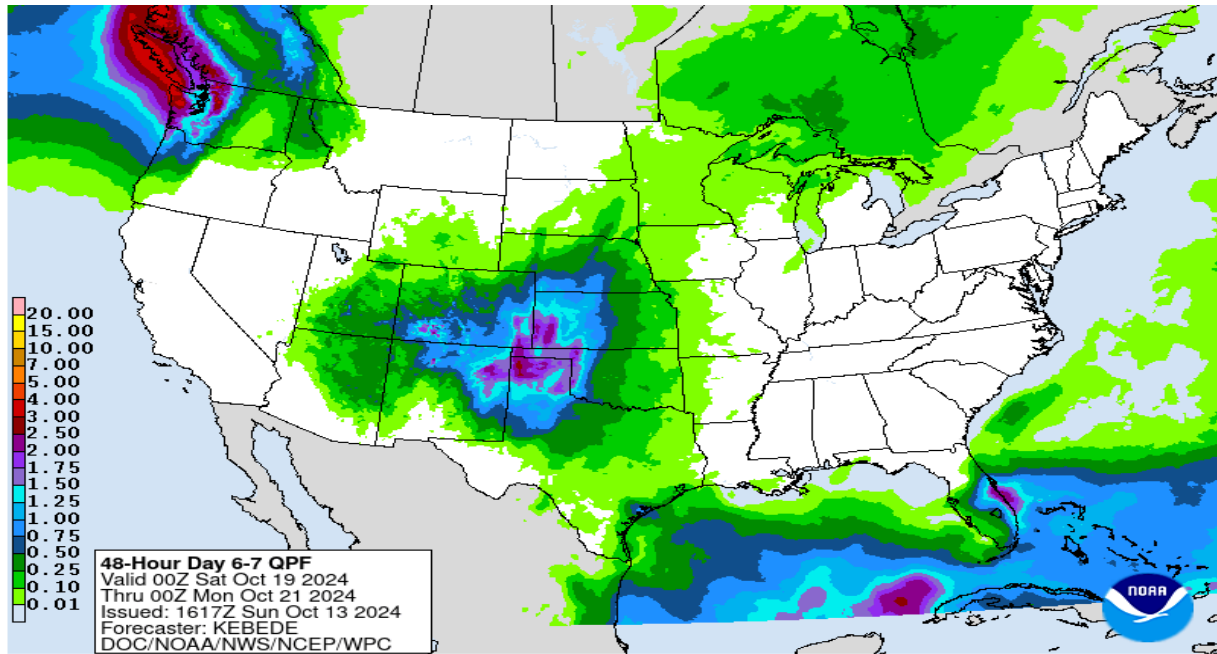
Last week I said “sell some wheat” several times, mainly because forecasts about everywhere looked surprisingly wetter and looking at the weekly closing table, I’m ok with the call, as old-crop KC Z wheat was down 24c and new-crop KC N was down 26c. Dec corn was 11c and Nov beans plunged another 36c...but something nagging me on that sell call is wheat was unable to sink low enough (and fast enough) to create a new green number. We can see that Friday’s close will BECOME the new 4-week Closing Low, and a close below these Friday’s closes this coming week will indeed be another (kinda) small sell signal, but...but we’re a long way away from closing this coming week. And since the wheat sell-off was influenced by the wetter forecasts, we’d better see how the forecasts performed, and then of course what are the forecasts doing NOW... and with the benefit of looking at the Sunday night open, with wheat up a penny or so...we can ask “how bearish is the weather?”

The answer kinda feels like it’s “we’ve done enough damage for now and need to see some real raindrops”. A new wrinkle is the Russians trying to tell the wheat world they will have to play by their rules, but I don’t think the market is ready for that either.

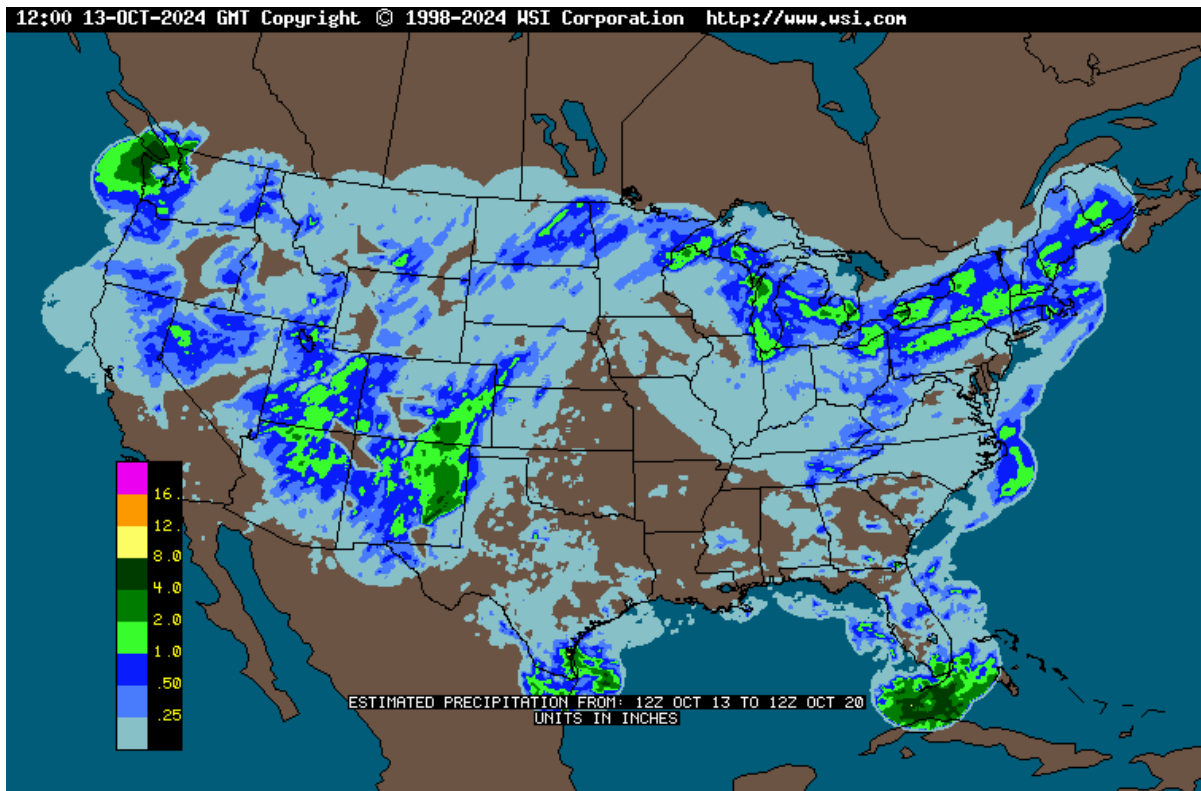
	KC DEC HRW	JULY '25	Dec CORN	July CORN	Chgo Z wheat	Springs DEC (Z)	NOV'24 BEANS	July BEANS	Crude oil	S&P (Z)
CLOSE	KWZ24	KWN25	CZ24	CN25	WZ24	MWZ24	SX24	SN25	CRD24	ES24
10/18	\$5.81	\$6.13	\$4.05	\$4.31	\$5.73	\$6.17	\$9.70	\$10.23	\$69.22	\$5906
10/11	\$6.05	\$6.39	\$4.16	\$4.48	\$5.99	\$6.44	\$10.06	\$10.61	\$75.56	\$5860
10/04	\$5.98	\$6.32	\$4.25	\$4.55	\$5.90	\$6.39	\$10.38	\$10.96	\$74.38	\$5800
09/27	\$5.77	\$6.07	\$4.18	\$4.51	\$5.80	\$6.08	\$10.66	\$11.16	\$68.18	\$5791
09/20	\$5.64	\$5.90	\$4.02	\$4.38	\$5.69	\$6.08	\$10.12	\$10.68	\$71.00	\$5762
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

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 was last week's forecast:



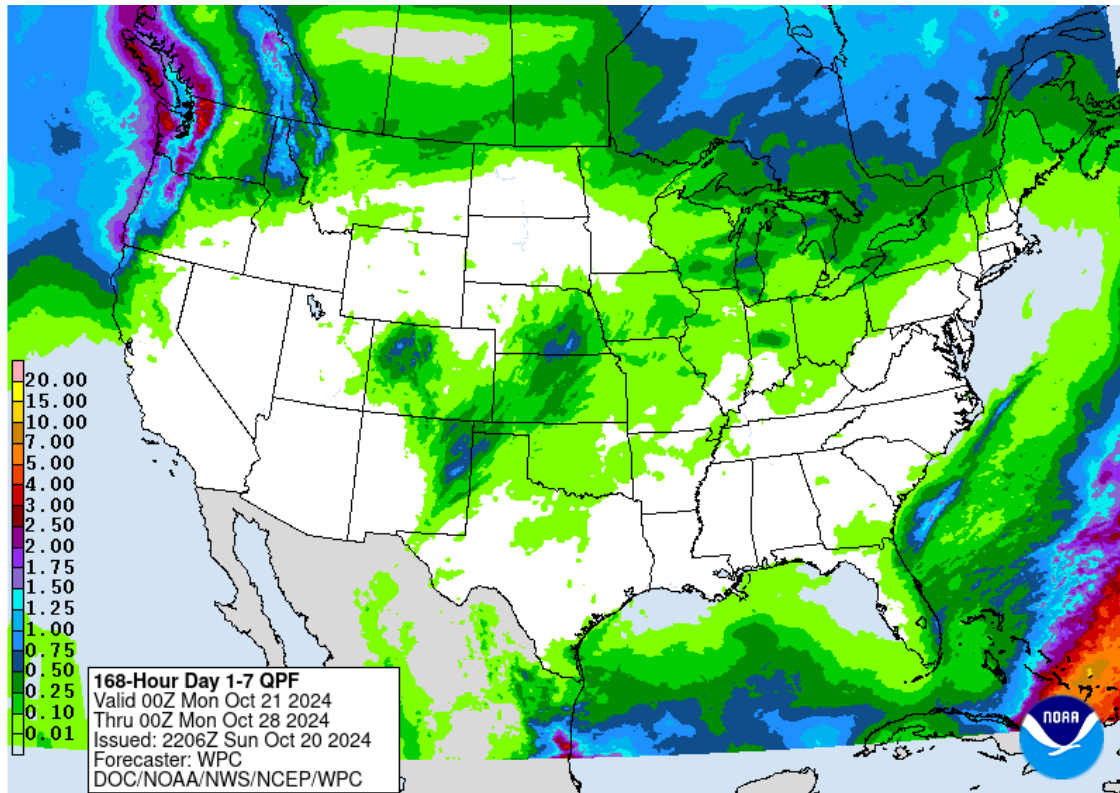
And this was what we received:



SE Colorado maybe got a little, but other than New Mexico, that was pretty much it.

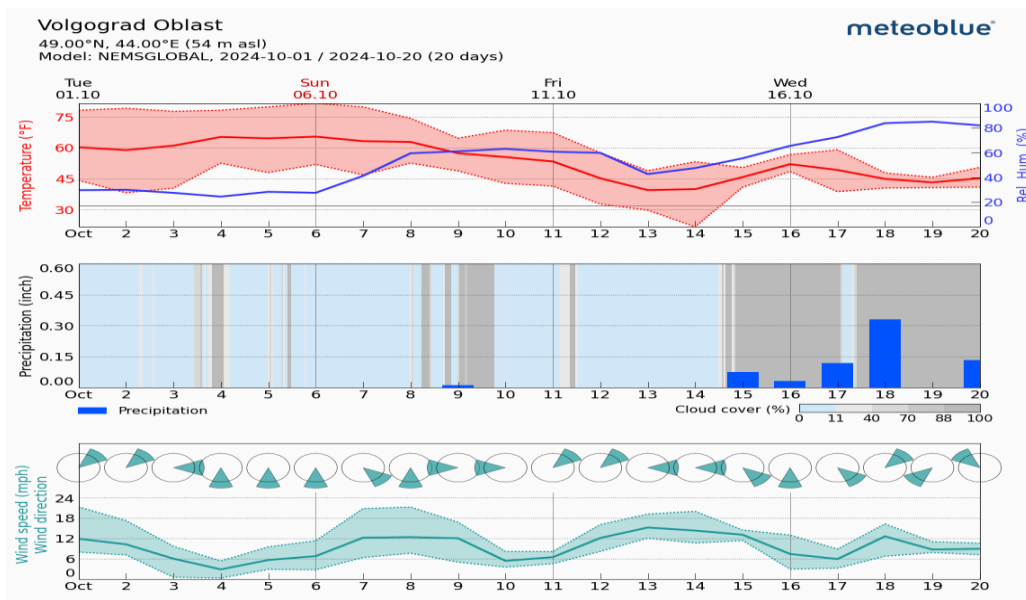
I don't think last week's total rain in The Plains was worth a 26c drop.

Thus, we'll have to assume this forecast has quite a bit of it priced in already, and we will know pretty soon this week how it plays out, because ALL of that Great Plains moisture is expected in the next 48 hours. My phone shows a 40% chance on Monday in Salina, KS.



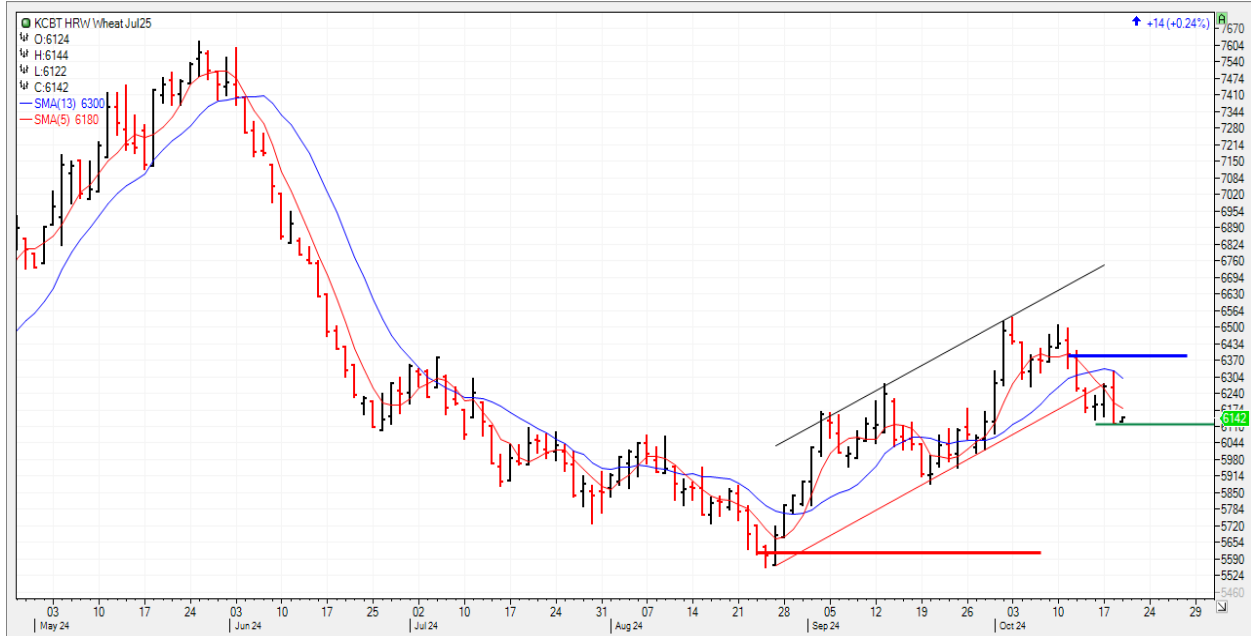
Well, what about Russia? I think they did get some rain, but not a lot. This table is from the meteoblue.com website

https://www.meteoblue.com/en/weather/historyclimate/weatherarchive/volgograd-oblast_russia_472755 I think they got about a half inch total last week:



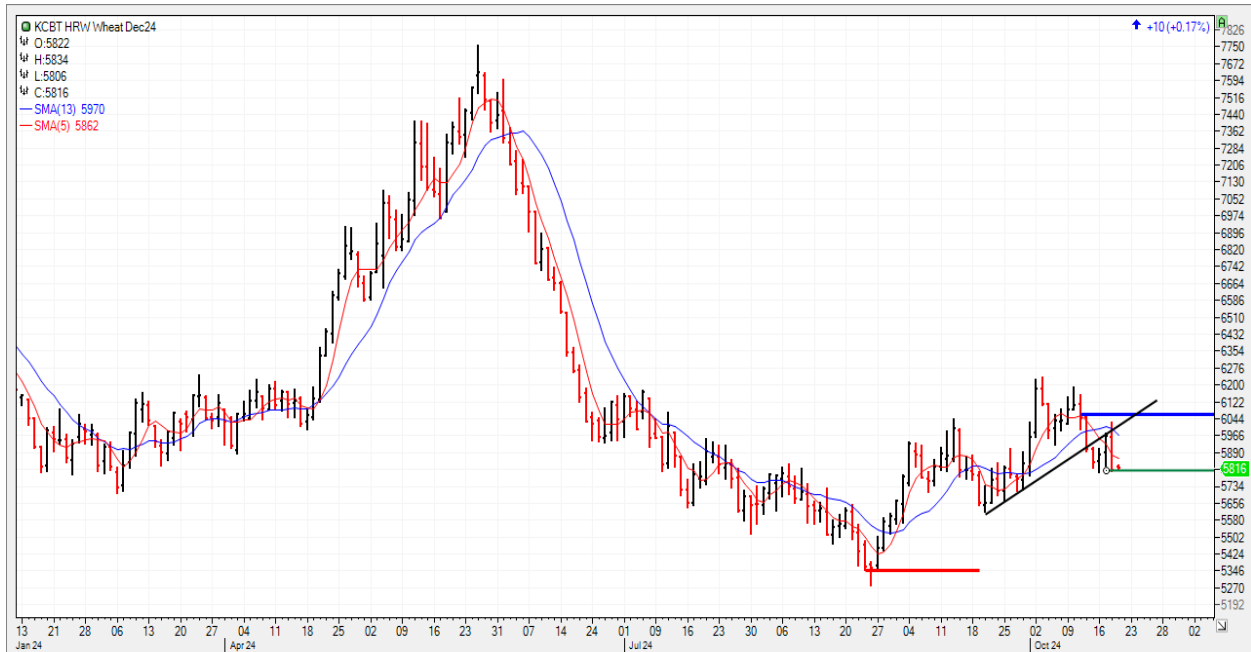
So...what's all this mean? I think it means we're done going down until we get more rain, here...or over there.

This is KC July wheat, The green line is now up to \$6.13, so if a guy was using a green line (4-week Closing Low) as a sell-stop, he would be able to raise his stop up from \$6.07.



I've already sold 25% of next year's expected wheat production at that \$6.07 level, and am gonna sit for a bit until it's wetter in winter wheat country somewhere.

How about old-crop wheat? Here's KC Dec wheat, and here too we see a trailing sell-stop being raised (only by 4c to \$5.81). The charts are very similar. But old-crop is affected not only by weather,



but also by Russian gyrations, as they are “proclaiming” some new rules, that they expect the world buyers to play by.

First they said they were setting a “floor price” for their wheat...

<https://www.reuters.com/markets/commodities/russia-sets-price-floor-wheat-international-tenders-sources-say-2024-10-11/>

which a few days later was changed to an “indicative price” ...

<https://www.reuters.com/markets/commodities/russias-grain-exporters-union-starts-publishing-indicative-prices-wheat-exports-2024-10-15/>

which was followed by their statement that Russian wheat would be sold directly, with no foreign middle men, etc. <https://www.arabtimesonline.com/news/kuwait-among-13-nations-set-to-receive-direct-grain-supplies-from-russia/>

This story shows African nations have become big Russian wheat customers, mainly because Russian wheat has been cheapest. I assume African buyers are nervous about “price floor” talk:

<https://www.msn.com/en-us/money/markets/africa-s-reliance-on-russian-wheat-sparks-food-crisis-fears/ar-AA1sgdsk?ocid=BingNewsVerp>

I doubt we have heard the final word on any of this.

And going down a path not dissimilar from last week’s story on Indian naan (which our pal Brian Walker told me is made from “atta flour” which is stone-ground, and unsifted ...) is this story about Russian Bliny bread (which are basically crepes) <https://www.rbth.com/russian-kitchen/337902-bliny-most-russian-dish>

Russian Bliny and Indian Chapati breads...are basically flatbreads. I just can’t imagine they demand superior “intrinsic milling and baking qualities” whenever those countries release a new wheat variety.

Anyway...a friend sent me this pic of a couple Russian flour salesmen, addressing flour quality complaints:

The updated Export Pace Scorecard shows wheat hanging in there, and wheat export sales were good at 18.5 mil bu. Corn had a really bad week of loadings, but FINALLY saw great export sales (more than 87 mil bu, and not quite half was to “unknown destinations” which corn bulls everywhere are hoping that was finally some Chinese biz). Beans had another BIG week of loadings and another BIG week of export Sales...but chances of rain in South America seem to be what only matters right now.

WEEK ENDED (10/10/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	16.9	185.8	243	429	2,325	1896	46	41.2
Soybeans	57.9	188.5	52	241	1,850	1609	46	35.0
All wheat	13.6	330.1	19	349	825	476	33	14.4
Milo	3.2	16.3	5	21	220	199	46	4.3
LAST update								
Corn	36.7	168.2	243	411	2,325	1914	47	40.7
Soybeans	52.6	123.5	52	176	1,850	1674	47	35.6
All wheat	13.4	316.4	19	335	825	490	34	14.4
Milo	0.1	13.1	5	18	220	202	47	4.3

This table of KC wheat futures converted in \$/mt compared to the Euronext wheat futures indicates KC is actually getting relatively more competitive:

8/2/2024	8/16/2024	8/30/2024	9/13/2024	9/27/2024	10/18/2024	
\$ 219.50	\$ 205.25	\$ 218.75	\$ 224.50	\$ 216.25	\$ 226.75	matif
\$ 205.67	\$ 198.33	\$ 212.20	\$ 220.46	\$ 207.24	\$ 213.39	KC
\$ 13.83	\$ 6.92	\$ 6.55	\$ 4.04	\$ 9.01	\$ 13.36	diff

Posted to-arrive Gulf HRW basis bids are unchanged:

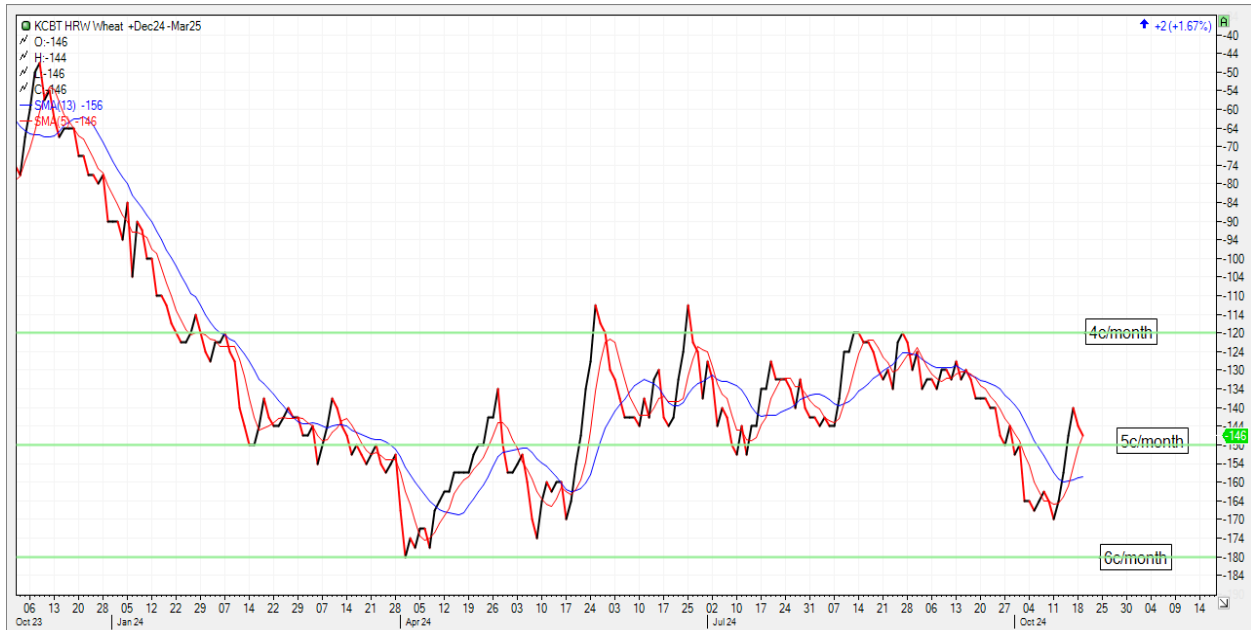
GULF date	12 pro	11's	diff
10/18/2024	105	100	5
10/11/2024	105	100	5
10/4/2024	105	100	5
9/27/2024	100	100	0
9/20/2024	100	100	0

And I think exporters are posting a 10c premium for Nov and another dime for December.

That dime push for November firmed up a Central Kansas terminal basis bid, while everyone else, including these posted Colorado basis bids, was unchanged:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
10/18	\$5.01-\$5.16	\$4.86	\$4.86-\$4.86	\$4.71-\$4.81	\$5.11-\$5.61
10/11	\$5.25-\$5.40	\$5.10	\$5.10-\$5.10	\$4.95-\$5.05	\$5.35-\$5.85
10/04	\$5.18-\$5.38	\$5.03	\$5.03-\$5.03	\$4.88-\$4.98	\$5.28-\$5.78
09/27	\$4.97-\$5.17	\$4.82	\$4.82-\$4.82	\$4.68-\$4.77	\$5.02-\$5.57
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
10/18(Z)	-80, -65	-95	-95, -95	-109, -100	-70, -20
10/11(Z)	-80, -65	-95	-95, -95	-109, -100	-70, -20
10/04(Z)	-80, -60	-95	-95, -95	-109, -100	-70, -20
09/27(Z)	-80, -60	-95	-95, -95	-109, -100	-75, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
10/18(Z)	-50	-30, -25	-35, -06	-50	
10/11(Z)	-50	-30, -25	-40, -10	-50	
10/04(Z)	-50	-30, -25	-40, -10	-50	
09/27(Z)	-50	-25, -20	-40, -10	-50	

I think this KC Dec-March calendar spread shows moving strongly away from a 15c carry is going to take some new input:



Dec corn felt harvest pressure but...big Export Sales kept corn above \$4.00, even though expectations of a big South American corn crop are still valid.



Some showers in Mato Grosso, Brazil broke Nov beans hard last week, but my iPhone's 10-day forecast for Sinop, Mato Grosso shows a 50% chance of rain this Monday, but then NOTHING for the following 8 days and Cuiaba, Matto Grosso shows nothing until a 35% chance of rain next weekend, which is why Nov bean futures are trying to stabilize. Sunday night early action saw beans up 6c .



USA harvest progress on Monday afternoon's report should show soybeans almost 90% finished, and corn should be about 66% complete, so futures prices will move with South American weather forecasts and actualities, and...Chinese buying, or lack of it.

China's economy is mainly viewed currently as "struggling", and the Bank of China did announce another .25 point interest rate decrease. <https://www.reuters.com/markets/rates-bonds/china-cuts-benchmark-loan-prime-rates-by-25-bps-2024-10-21/>

Other news is pretty tame.

Indian farmers are getting some new wheat seed varieties, with the goal of ever more yield...<https://www.tribuneindia.com/news/haryana/farmers-throng-research-institute-to-get-seeds-of-new-wheat-varieties/>

and India did announce about a 6% price increase they will pay wheat farmers for new-crop wheat <https://www.reuters.com/markets/commodities/india-raises-wheat-purchase-price-by-66-boost-output-2024-10-16/>

Australia's harvest is progressing slowly, held back by recent rains <https://www.beefcentral.com/lotfeeding/feedgrain-focus-rain-slows-northern-harvest/>

And an Australian economist published a new book, about War and Wheat...the economist's conclusion is Australia needs a bigger domestic market for her wheat, and he's promoting wheat bio-fuel, which I assume is wheat ethanol. Omega. <https://www.graincentral.com/news/dennis-brings-historical-insights-to-light-in-debut-book/>

Have a good week.

Stay Safe, and Slow Down, so there will be another tomorrow.