



May 10, 2024

#2118

## LOOKING FORWARD WITH A BACKWARD GLANCE

*A Product of 247.Ag*

<b>Current Sales:</b>	<b>2023</b> sales:	<b>corn</b>	25%	<b>soybeans</b>	0% - 25%	<b>wheat</b>	80%
	<b>2024</b> sales:	<b>corn</b>	0%	<b>soybeans</b>	0%	<b>wheat</b>	25%

**Sales Recommendations:** Timing for wheat sales is front and center from this week to May 15. July24 K.C. wheat double topped just under \$6.80. That is a warning sign of a potential top and seasonal high. 247Ag projects KC wheat's seasonal high is in, or it is not! Next Monday's price action will decide. That decision comes from Russia. How much more damage from more frosts or freezing temperatures? Is it forecasted to rain or remain dry? Due to wheat's seasonal price fall beginning next week, Russia's weather ills, or not, will determine. On Monday, the KC July wheat price will be much higher or much lower.

Price the balance of your 2023 wheat holdings. Place a sell-stop at \$6.45. If price breaks this low, this rally is done. If price moves higher, watch \$6.79. If it clears this level, raise your sell-stop to \$6.70. If price cannot hold the rally above \$6.80, you need to have all 2023 wheat gone. If it holds, you need to let price run. \$7.00 is the next resistance level. Price will need to clear that level very quickly if price is to have a good chance to make our \$7.40 to \$7.50 target. If it cannot, odds are this rally is done. It all keys off how many bushels Russia may lose in the next 30-days. It is forecasted to be drier for the next week but rains the 2<sup>nd</sup> half of May. Their last wetter forecast bombed. Trends tend to run. Since this is literally a crap shoot, price the balance of your 2023 wheat at \$6.94 should price move sharply higher the 1<sup>st</sup> of next week. Take new crop sales up to 50%. If price reaches \$7.40, push new crop wheat sales to 75% and/or buy puts to cover the balance of new crop production. We will text next week as these targets are hit. Read more under **Wheat**.

No corn or soybean sales recommended, except where taking a good/great basis off the table and re-owning via futures, as we have been recommending for several months. Next MNU Thursday, May 16.

**Pricing & Price Targets:** Minimum price objectives for old crop corn sales are \$5.20 – \$5.25 and for soybeans, \$12.90 – \$13.00. This is for lead month futures. From a timing perspective for corn, we are tagging it to seasonals, but more likely from crop losses developing in South

America, suggesting this rally's high to terminate in the 1<sup>st</sup> half of June. Neither one needs to achieve our minimum objectives on this rally but if either does, it would increase the odds of higher highs later in 2024.

**Text Interruption:** Our server shut down our texting capability on Monday, April 29<sup>th</sup>. We had our techs and our server checking on the issue, not knowing it was intentional. No one could "discover" what the issue was getting our texts out. It took many phone calls and finally reaching the right person 2 days ago at Fastwire, who informed us they shut us down, stating their future plans are to end the email division offered through Huntel, or abbn Nebraska, now called Fastwire. If you have service through Fastwire, please be aware. We also discovered this will be occurring in many companies, as they "downsize" the number of services they offer and look to focus on those that make them the most money. The largest email provider in Omaha will also be terminating their email services.

**CLICK YES!!!:** We engaged a new service for texting, which requires you to 'opt in'. If you are a subscriber who receives texting, you should have received a test text on May 7<sup>th</sup> at 2:20 pm from 888-995-8443. You must reply 'yes' to the message to approve the receipt of our messages. If you should have received this test text and did not, please let us know ASAP. First texts will be sent out shortly after 8:00 am. Most texting will be completed by 8:30 am.

Be advised that you **CANNOT** text back to us on this number!!! Use our direct contact phone numbers to reach out to us. ***THANKS FOR YOUR UNDERSTANDING FOR THE CHANGES FORCED UPON US.***

**See 247Ag on X:** See our weather posts, comments, market trends, global events, and other Ag related, market moving data at: <https://twitter.com/247dotAg>

**Future reports:** June 12, USDA's Quarterly on June 28, July 12, Aug 12, Sept 12, USDA's Quarterly on Sept 30, Oct 11, Nov 8, Dec 10, and finally USDA's Quarterly Report on Jan 10, 2025.

**Technicals Plus:** **July24 Corn** closed up \$0.132 today at \$4.696, for a new high close for the week. Price closed up \$0.094 for the week. On corn's weekly chart, its next price target is \$4.95 to \$5.00, followed by \$5.25. Based on current weather "trends", we look for corn prices to keep pushing higher, as it continues its advance to its seasonal, spring high. We expect this rally to peak within the next 4 weeks; 5 weeks at most. **Dec24 Corn** closed at \$4.92 today, up \$0.092. Closing above \$4.85 opens the door for Funds to push price to its gap target that gets closed at \$5.03. \$5.00 represents significant resistance, with its next upside price target resting at \$5.20. **July24 Soybeans**, the weakest of the 3 grains, closed \$0.104 today at \$12.19. On the weekly chart, soybeans had a low-end close; not positive. For price to get up and run to \$13.00, price must close over \$12.25 on the weekly chart. ***Our minimum upside target for old crop soybeans remains \$12.90 to \$13.00.*** Beans struggle against burdensome old crop stocks, USDA's questionable South American production numbers, and questionable demand. Adverse weather in Argentina is bullish, which may have been mostly priced in this week, while adverse weather in the U.S. is negative. **Nov24 Soybeans** closed at \$12.056, its 2<sup>nd</sup> weekly close over \$12.00.

We cannot get excited yet, as it closed in the lower third of this week's price range. Its weekly chart shows Funds should target price target its open gap at \$12.444. If price can surmount that price level, significant resistance will show up from \$13.10 to \$13.20. Both old crop and new crop futures have moved above their 100-day moving average, which is supportive. **July24 Meal** had a poor week but remains over \$20 above trendline support. **July24 Soyoil** has found support at \$42.50 and resistance at \$44.50, \$44.80, and \$45.00. A great close for **July24 K.C. Wheat** today. Price closed at \$6.732, up \$0.23 for the week and up \$0.214 today. ***Seasonals historically trend higher into mid-May, before falling into harvest.*** Wheat producers need to be on their toes this next week, looking to lock-in "necessary" new crop wheat sales. **Price needs to move over \$6.80 Monday**, which would give price a good shot at \$7.00, where one needs to be making additional "needed" sales. **Pay attention next week! Once harvest starts in Texas, any additional price gains will be difficult to come by.** Russia needs to continue with a ***Big*** weather issue to keep U.S. futures rallying. ***If the price can clear \$6.80 early next week and then possibly \$7.00, we have a shot at \$7.40-\$7.50.*** Historically, harvest pressure kills any further rallies. Any hint of rain coming for stressed Russian or Ukraine wheat areas will hit prices hard.

#### **May 12<sup>th</sup>, 2024, USDA WASDE Grain Stocks Report And Projections for 2024/2025**

<b><u>U.S. Production 2024/2025</u></b>	<b><u>Avg Guesses</u></b>	<b><u>2023/2024</u></b>
Corn – 14.860 bb	14.897 bb	15.342 bb
Soybeans – 4.450 bb	4.430 bb	4.165 bb
All Wheat – 1.858 bb	1.889 bb	1.812 bb
Winter – 1.248 bb	1.305 bb	1.248 bb

<b><u>U.S. Ending Stocks 2023/2024</u></b>	<b><u>Avg Guesses</u></b>	<b><u>April</u></b>
Corn – 2.022 bb	2.098 bb	2.122 bb
Soybeans – 0.340 bb	0.341 bb	0.340 bb
Wheat – 0.687 bb	0.689 bb	0.698 bb

<b><u>U.S. Ending Stocks 2024/2025</u></b>	<b><u>Avg Guesses</u></b>
Corn – 2.102 bb	2.256 bb
Soybeans – 0.445 bb	0.432 bb
Wheat – 0.766 bb	0.786 bb

<b><u>World Ending Stocks 2023/2024</u></b>	<b><u>Avg Guesses</u></b>	<b><u>April</u></b>
Corn – 313.1 mmt	315.3 mmt	318.3 mmt
Beans – 111.8 mmt	112.4 mmt	114.2 mmt
Wheat – 257.6 mmt	258.1 mmt	258.3 mmt

<b><u>World Ending Stocks 2024/25</u></b>	<b><u>Avg Guesses</u></b>
Corn – 312.3 mmt	317.4 mmt
Beans – 128.5 mmt	120.0 mmt
Wheat – 253.6 mmt	256.9 mmt

<b><u>South American Production</u></b>	<b><u>Average Guess</u></b>	<b><u>April</u></b>
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### ***BRAZIL***

Brazil Corn	– 122.0 mmt	122.5 mmt	124.0 mmt
Brazil Soybeans	– 154.0 mmt	152.6 mmt	155.0 mmt

### ***ARGENTINA***

Argentina Corn	– 53.0 mmt	52.0 mmt	55.0 mmt
Argentina Beans	– 50.0 mmt	49.5 mmt	50.0 mmt

**USDA's Numbers:** Before we start, more realistic numbers for Brazil and Argentina will be out next Tuesday? That is when CONAB releases theirs. BAGE may do the same on Tuesday.

The USDA made minor changes for South American production. As we figured, any corn losses to Brazil's Safrinha crop will need to wait until the next USDA report on June 12<sup>th</sup>. The same goes for current losses for Argentina's corn crop, which BAGE has already lowered to 45.5 mmt versus USDA's estimate of 53 mmt, down 2 mmt from their April estimate.

What surprised us most is how close all the numbers were for U.S. stocks. The furthest off was a 100 mb reduction in 2023/2024 old crop stocks, which came from a 50 mb increase in exports (*which we have told you to watch*) and a 50 mb increase in the ethanol grins. And from the average of the guesses, USDA came in 154 mb lower for 2024/2025 corn stocks.

The most negative number was the USDA placing 2024/2025 World Ending Stocks for soybeans at 128.5 mmt versus the average of the guesses at 120 mmt. The trade knows that is for next year, but it still helps to keep a cap on future rallies.

**Corn:** Keep Brazil's hot and dry weather forecast front and center, as it is the market driver for corn into to 1<sup>st</sup> half of June. This trend is not forecasted to change, with the 14-day continuing with the hot/dry trend. Just like extremely wet conditions look to be entrenched for RGDS, the same is said for Brazil. These trends are tied together. As long as Safrinha's crop continues to suffer from too hot and too dry, excessive rains will continue to fall in RGDS. Some rain should be expected for Mato Grosso and other states in Brazil but if below normal rainfall and above normal temperatures persist through May as we suspect they will, it will reduce Brazil's 2<sup>nd</sup> crop corn production.

Argentina's issues have been lifting U.S. corn prices, with leaf hoppers infesting their corn crop introducing stunt disease. This is somewhat new for Argentina and the effects from this disease are hard to determine. From field to field, losses can be as little as a few percent to 100%. If you don't walk your fields, you won't know. BAGE has lowered its corn production number to 45.5 mmt versus USDA's high water mark of 56 mmt.

There are 2 reasons for this "explosion" of leafhoppers. One is the abnormally warm, wet, humid conditions, which cause their population to explode. Second is the cycle of warming the earth is in. Over the last 55 years, the number of "frosty" days have declined. For Rosario, those days have fallen from 18.5 to 14.2, Santiago del Estero from a high of 19 days to 12.4 days, and for Cordoba, from 11 days all the way down to 3.2 days. This helps these little buggers survive in regions where they have not been seen before.

Planting Progress (PP) for corn was reported on Monday at 36% versus its 5-year average of 39%. IA checked in at 47% complete, with IL at 32%, IN 20%, OH 26%, MI 16%, WI 22%, MN 42%, ND 11%, SD 18%, NE 31%, KS 51%, and MO 67%.

We seem to remember that traders believe that if producers can get 50% of the nation's corn planted by May 1<sup>st</sup>, trendline yields are guaranteed. On the other hand, Ohio got its corn planted late last year and had a record result. Nothing in Ag is exact or guaranteed with production. That said, some suggest after May 15<sup>th</sup>, average corn yields fall by 7/10<sup>th</sup> of a bu/day. After May 25<sup>th</sup>, yield reduction increases to 1 bu/day.

Fun with numbers/lies? The USDA has the national average corn yield over 181 bpa. It has been over 180 bpa for 3-years now. The shocker is the USDA is not keeping up with its historic trendline increases per year of an average 1.5 bu/yr increase! This highest yield in the last 7-years has been 177 bpa. If one averages the last 7 years, the average yield is 172.86 bpa. That is through 2022.

Ethanol production fell 2.2% from the previous week. There was a BIG draw on ethanol stocks, which fell 5.1%. Some of that came from the 3<sup>rd</sup> largest week of ethanol exports. Grind was 95.8 mb versus needing to grind weekly 103.9 mb.

Thursday saw a Flash Sale of 132,080 mt of corn sold to Mexico, with 61k mt for 2023/2024 and 71k mt for 2024/2025.

**Soybeans:** Rio Grande do Sul (RGDS) has been in the headlines these last 2 weeks, from historic flooding. With 70% of their soybean crop harvested, yet to be harvested was 6.9 mmt, or 254 mb. Some have suggested up to 5 mmt lost. Reality will be 2 to 3 mmt. There will be millions of bushels of damaged beans, moldy, rotten, sprouted. Soybeans will sprout in their pods, as more rains will keep harvest sidelined. Shatter losses will increase. The current weather pattern appears “entrenched”, with little change seen in the near-term.

The market will not care about these losses, as it will remain unknown for weeks, if not a month or two. It matters to Argentina, as they would import some soybeans from RGDS to keep their crush facilities operating until they get new crop soybeans from their producers. It also matters to regional RGDS crushing facilities, which is why U.S. meal prices ran up over \$40/ton from last week to this Monday.

Waste oils, including used cooking oil, animal fats, and other fatty acids, offer the cheapest and easiest means for producing SAF with current technologies. Frying oil from China is “stealing” from the U.S. market in more ways than one. China buys Brazil's soybeans. China ships them from Brazil to China. China crushes them and uses the soyoil for cooking. China takes the used soybean oil and sometimes mixes in palm oil, which is not “acceptable”, which they then ship to the U.S. Commercials then use that oil to convert into SAF, for which they get U.S. subsidies. Remember, this is also about the “environment” impact. You are telling us transporting soybeans and their products around the world is more environmentally friendly than using U.S. grown soybeans here. Anything that benefits China? Anything that screws the U.S. producer? Anything that screws the U.S. taxpayers?

PP for soybeans was reported on Monday at 25% versus its 5-year average of 21%. IA and MO were 30% complete, with IL 31%, IN & OH 20%, MI 13%, WI 22%, MN 17%, ND 3%, SD 10%, NE 18%, and KS 22%.

Soybean exports came in at 15.8 mb, which is on the high side for this time of year, when China dominates and the U.S. slides. Watch this number weekly to see if it disproves USDA's "managing" production numbers from South America.

**Wheat:** China is looking to wrap itself around GMO's, in hopes of reaching higher levels of food production independence, which it will never do. But to reduce any percentage of food dependency would be beneficial. There are few options for GMO wheat but that is what China is diving into, approving its 1<sup>st</sup> ever gene-edited wheat. That is China's 1<sup>st</sup> step into GM tech to food crops.

Hot and dry hit Russia's wheat production regions early, trimming yields. That was enhanced by much colder and drier afterwards, dropping temperatures to freezing. Frost/freeze events from May 3<sup>rd</sup> through May 5<sup>th</sup> have 3 Russian provinces declaring emergencies, due to severe damage to crops. Locals have stated this year's harvest will be "well below" last year's levels. Another round of too cold arrives over the next few days. Significant damage to these regions could drop Russian wheat production up to 5%. The Black Sea region could add to these losses from continued cold and overly dry conditions, which are seen continuing. Today, the USDA lowered Russian wheat production to 88 mmt, down from 92 mmt.

The dry sectors are eastern Ukraine and southwestern Russia. Surface moisture is now gone, with subsoils drying out. What looked promising is now in desperate need of rain. Systems for rain have been meager but have brought in cooler to cold temperatures, which has reduced the plants' demand for moisture. Rainfall has been in streaks and has been light and in narrow bands. The next "better" system is seen for May 15-16, which is more than a week out, which lowers confidence. Fronts are also dropping south, not moving from the west or southwest, which have access to moisture from the Mediterranean or Black Sea. If this trend does not change, production losses will increase. While the number of fronts is seasonally increasing, that will only increase the streaks of rain, not curing the overall rainfall shortages. These fronts also bring in cooler/colder and drier air, which limits future rainfall events. Risks of frosts will continue with this setup, along with drier conditions, which will keep chipping away at Russia's wheat production estimates. For prices, that will not slam them higher from quickly deteriorating conditions. This would be a slow death from 1000 pricks. It will be interesting to learn how price movement reacts to a slow death from too cold and too dry versus the normal too hot and too dry, "flash drought" scenario. Stay on your toes on this one. It can get explosive if the current weather pattern does not change. The struggle is against technicals, Funds being short, and slowly reducing supplies. If Funds can keep prices corralled and Russia's production keeps falling, price movement becomes more explosive the longer Funds work to hold onto their short positions. Wheat prices are trading above their 200-day MA, which is bullish.

**Weather Extremes:** Alberta, Canada, sees its wheat crop suffering from drought and it is excessively dry in southern Russia, with a cold threat coming again this week. Frost/freeze from

May 2 – May 5 hit 3 provinces in Russia, severely cutting production. From initial, high-end guesses, production has fallen from 5 to 10 mmt. Western Kansas and the Panhandle of Oklahoma have been very dry.

From April 20<sup>th</sup> through May 7<sup>th</sup>, from North Dakota to the Gulf, many locations have seen one of their historically wettest stretches in recorded history. This also includes many regions in the PNW, and from Montana to Wisconsin.

Excessively wet conditions and flooding have hit Southern China, south of the Yangtze River Basin. Hundreds of thousands of people have been evacuated. Rice fields have been fully flooded. Water levels reached 2<sup>nd</sup> story levels, washing out paddy and potato fields. Extreme weather events have become more intense and unpredictable in recent years. April precipitation records have been broken in many parts of Guangdong, where they have been pounded by the heaviest downpours in 6 decades. This area has been called the “factory floor of the world”. Apparently, where our government sends U.S. jobs.

The EU has issues with it being too wet and too cool in their Northwestern regions. Weather conditions there have become very unpredictable for the EU, with 2023 a year that had extreme weather events and abrupt changes. 2023 saw increased heat, drought, and flooding events. EU olive oil production plunged to a record low in the 12 months ending June 2023, as drought hit the main producing regions. Spain’s core crops of wheat, barley, and rice had their lowest production levels in over a decade. The EU is projecting its overall cereal production to be 4.3% below the 5-year average this season, mostly due to “bad” weather conditions.

Record and relentless rains in Brazil’s southern state of Rio Grande do Sul has virtually cut them off from the rest of the country, as flooding washed away roads, bridges, and rails. This has affected 1.45 million people across 417 of the state’s 497 cities. The state’s main airport could be out of use for another 30 days. Officials state this event has been the worst ever natural calamity to hit their state. Continued rains are forecasted, with Brazil’s national center for natural disasters forecasting a high risk of very large flooding events of very serious proportions.

RGDS is a large producer of soybeans, rice, wheat, and meat. Roughly 30% of RGDS’ soybeans remain unharvested. Following an apocalyptic-type rainfall event, unharvested soybean fields are now lakes, grain storage facilities are submerged, food silos damaged or lost, and up to 10 meat packing plants have suspended operations. Seasonally, RGDS averages reach up to 6 inches of rain during the last half of April and the 1<sup>st</sup> half of May. Up to 20 inches have fallen, with more, much more forecasted. If this materializes, it will be the flooding for them in recorded history, or at least in nearly 90 years; a 100-year event.

A drought of historic proportions hit Brazil during October through December of 2023, bringing their subsoil moisture conditions down to record-setting low levels, which continue through today. Their seasonal drought set in early this year, bringing added risk to their 2<sup>nd</sup> corn plantings, known as their Safrinha crop. Yield potential is seen as “good” in Mato Grosso, producing 43% of their Safrinha crop, but at risk in Mato Grosso do Sul at 13%, Goias 13%, as well as Parana 18%, and minor producers of Sao Paulo and Minas Gerais.