



September 12, 2024

#2142

LOOKING FORWARD WITH A BACKWARD GLANCE

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Current Sales: 2023 sales: corn 100% soybeans 100% wheat 100%
2024 sales: corn 0% soybeans 50% wheat 50%

Sales Recommendations: No Sales. Texted this week, *“Keep stops in place if you re-owned any grain.”* Stops \$0.01 above entry points were hit Wednesday in soybeans and today in corn on USDA’s data release. See re-ownership suggestions under **Technicals Plus**. Next MNU by September 20th.

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Future Reports: USDA Quarterly Report Sept 30, Oct 11, Nov 8, Dec 10, and the USDA’s Quarterly Report on Friday, Jan 10, 2025.

Fuel Needs: Watching and waiting. Looking for \$60 to \$62 for support. The decision will be if one buys 6 months’ worth of supplies, or one goes for a full year.

Technicals Plus: USDA numbers were the most neutral in years. Traders ran stops on both sides of even money today in corn and soybeans in the opening minutes after 11:00 am.

Dec24 Corn closed up \$0.012 today. One can argue price retraced 50% of its most recent rally, raising support to today’s low of \$3.97, with last week’s high being resistance at \$4.16, followed by \$4.22. We see 1st resistance at \$4.096, or today’s high. Support will still show up at \$4.00/\$4.01, **with \$4.01 being a good point to take a shot at re-owning corn again**. Friday’s close will be important.

Nov24 Soybeans closed up \$0.102 today at \$10.106, but well-off the day’s high of \$10.172. Price never retraced 50% of its most recent rally, which gives concern. \$10.00 seems to be support, though price closed below at \$9.972 on Tuesday. Exports continue to drag, which causes us concern about any significant rally in the near future. We will lean toward the negative side of soybeans in the short-term. A 50% retracement would be \$9.93. Due to our negative leanings, if soybeans have put in a low, though overall still weak seasonally, we would peg \$9.75 to \$9.80 for a retest. Meal and oil have similar chart structures, neither bullish.

Dec24 K.C. Wheat looks best of these 3 grains. When viewing our entry points to re-owning grain, wheat has not come close to taking out our stops. Exports are great to beyond great. Wheat has the most bullish talking points. It's time to plant and planting conditions are poor to very poor for wheat exporting nations. Even though of the 3 grains, only wheat closed lower, technically it looks better. **A retest of \$5.75 would represent a good price to re-own more bushels, maintaining with a stop just above \$5.65, our first entry point.** Last week, we stated resistance would be \$5.95, \$6.00, and then the \$6.15 area. Price closed today at \$5.862, down \$0.02. Price reached \$5.986 today, between our 2 stated resistance points. That sets psychological resistance as a key resistance point of \$6.00. After price moves above \$6.20, a 50% retracement of this year's price fall will be wheat's target, \$6.50.

September 12, 2024 – USDA Grain Stocks Report:

<u>U.S. Production 24/25</u>	<u>Avg Guesses</u>	<u>August 2024</u>	<u>2023/2024</u>
Corn – 15.186 bb	15.154 bb	15.146 bb	15.342 bb
Soybeans – 4.586 bb	4.609 bb	4.589 bb	4.165 bb

<u>U.S. Average yield 24/25</u>	<u>Avg Guesses</u>	<u>August 2024</u>	<u>2023-2024</u>
Corn – 183.6 bpa	182.7 bpa	183.1 bpa	177.3 bpa
Soybeans – 53.2 bpa	53.4 bpa	53.2 bpa	50.6 bpa

<u>U.S. Ending Stocks 23/24</u>	<u>Avg Guesses</u>	<u>August 2024</u>
Corn – 1.812 bb	1.853 bb	2.074 bb
Soybeans – 0.340 bb	0.343 bb	0.345 bb

<u>U.S. Ending Stocks 24/25</u>	<u>Avg Guesses</u>	<u>August 2024</u>
Corn – 2.057 bb	2.009 bb	2.074 bb
Soybeans – 0.550 bb	0.584 bb	0.560 bb
Wheat – 0.828 bb	0.820 bb	0.828 bb

<u>World Ending Stocks 2023/24</u>	<u>Avg Guesses</u>	<u>August 2024</u>
Corn – 309.6 mmt	308.2 mmt	308.5 mmt
Beans – 112.3 mmt	112.1 mmt	112.4 mmt
Wheat – 265.3 mmt	262.5 mmt	262.4 mmt

<u>World Ending Stocks 2024/25</u>	<u>Avg Guesses</u>	<u>August 2024</u>
Corn – 310.2 mmt	309.0 mmt	310.2 mmt
Beans – 134.3 mmt	134.2 mmt	134.3 mmt
Wheat – 256.6 mmt	255.8 mmt	256.6 mmt

USDA's Numbers: The USDA raised the U.S. **Corn** yield 0.5 bpa to 183.6 bpa. That production increase did not increase 2024/2025 carryover stocks as much, due to increasing demand from historically low prices, which is driving demand higher.

To see the Big Picture, we look back at 2023/2024, where that marketing year's ending stocks for corn closed out falling another 55 mb to 1.812 bb, or about where we forecasted it to close out earlier this marketing year. Yield added 110 mb to stocks, so combined with increased demand, that took new crop ending stocks to 2.057 bb. These cheap prices will continue eating away at the U.S. 2024/2025 ending stocks. We see USDA's inflated corn stock numbers for Brazil and Argentina also supporting corn prices into 2025. As they did last month, the USDA left Brazil's and Argentina's corn production unchanged at 127 mmt and 51 mmt, respectively.

Again, track export sales and loadings each week to confirm increasing demand for U.S. corn. New crop corn stocks were increased 40 mb and the USDA did lower the average farmgate price another \$0.10 to \$4.10.

From August, the USDA left the U.S. **Soybean** yield unchanged at 53.2 bpa. By adjusting old crop stocks down 5 mb to 340 mb from an increase in crush demand, and from a few other minor adjustments, the USDA was able to lower 2024/2025 soybean carryover stocks by 10 mb to 550 mb. That was a bit of a surprise, as the average trade guess had the USDA raising stocks to 584 mb. While coming in at 550 mb is supportive, new crop stocks are still too high to support a significant rally over the next 2 months. Harvest pressure will keep prices struggling, as will seasonals. We will look at it as a win if prices can hold at or above current lows through the 1st half of October. The USDA left soybeans' average farmgate price unchanged at \$10.80.

Though the USDA left Brazil's soybean production unchanged at 153 mmt, they did lower Argentina's soybean production by 0.9 mmt to 48.1 mmt.

The USDA left **Wheat** stocks unchanged from August. They also left global stocks unchanged. These numbers will be updated in the USDA's Quarterly Report on Monday, September 30th. Globally, Ukraine's wheat exports increased from 14 mmt to 15 mmt. Russia's were left unchanged, as was their production. They cut EU wheat production another 4 mmt to 124 mmt, while increasing Australia's wheat production 2 mmt.

News Bites: The USDA listed 10 states with record corn yields and 6 states with record soybean yields.

A cargo of wheat bound for Egypt was hit this week. The trade decided this was a "one-off". If this occurs again, the trade may take more notice. If for a 3rd time, price risk will begin to be added in, not only to wheat prices, but also to energy prices. As energy goes, so goes grains, to an extent.

Flash/Exports: Flashed Tuesday 132k mts of soybeans to China and Flashed Friday 118.6k mts of corn to unknowns. Corn export sales were 26.2 mb last week, soybeans 54.2 mb, wheat 17.4 mb, and sorghum 3.2 mb. China was the main buyer of U.S. soybeans last week taking 35.4 mb. Corn export sales are running 8% higher than a year ago, as U.S. prices are very competitive. Soybean export sales have been catching up but remain 26% below a year ago. Soybean exports will not have any significant rally until export sales pick up the pace. This week's pace, over 50 mb, needs to be a low point in sales, on average. Due to the heat and drought conditions in Ukraine, Russia, and the Black Sea that we have been writing about for

many months, U.S. wheat exports are rising, up 31% over last year, with HRWW export sales up 77%!

Brazil: Last year's drought in Brazil, from September 2023 through August 2024, has been their driest in history, going back 150 years. Rainfall amounts in northern regions in Brazil have averaged about 50% of normal over the last 10 years. This gives Brazil's farmers their worst starting conditions in well over 100 years.

Brazil deserves a pat on the back for "recking" their precipitation patterns, as they continue to take down 10's of thousands of acres of their virgin Amazon Forest, disrupting their seasonal, Monsoonal rains. Last year, during the months from October to December, they recorded record low humidity readings, making it very difficult for storms to fire.

This year's seasonal drought is hanging on tough, with temperatures last week over 110 degrees in spots, with most everywhere else ranging from 100 to 110 degrees. Subsoil moisture levels have literally been sucked dry. Once again, it will be difficult to get storms to fire. Weather forecasters do not take current drought conditions into consideration when winds shift and begin blowing into Brazil from the Northeast. All conditions need to be "ripe" to get their normal Monsoonal rains. We spoke often that when their rains fired last year, they were different, more like the scattered storms we get in the Midwest during summertime. If the Brazilians have altered their topography so sufficiently that they have permanently altered Brazil's natural weather patterns, things will likely become dicey again this growing season. Based on recent trend analysis, they have permanently altered the flow over far northern Brazil.

If we had to extrapolate from current data, the overarching theme would highly suggest that their normally wet cycle is supported by a La Nina, which is this year. If their Monsoon season is somewhat "off" this year, it would suggest that during times of an El Nino, or when weather patterns would suggest drought conditions, said drought would be more severe. We would conclude, if this is what unfolds over the next several years and it is not part of the longer-term weather cycles we have been forecasting for the U.S. for the 1st half of this decade, that weather patterns and crop production will become increasingly more volatile/unpredictable/variable in nature.

SA Soybean Supplies: We have written about how poor the SA soybean crop was because of their on-going drought and scattered summer storms, not their normal Monsoonal rains. We kept saying we will need to watch exports. Something is happening over there. Brazil's soybean exports in August fell on their face compared to July shipments. Their September export pace is falling behind that of August. Are the beans not there or have Brazil's farmers put their foot down and are not selling? With the crop we have been told they have, China getting needed soybeans from Brazil should not be a problem for another few months. A few analysts suggest Brazil will be out of beans in 45-days. Their early harvested soybeans will not hit their ports until March of 2025. That would give the U.S. 4 months of solid demand.

In China, reports are that their demand for soybeans have reached levels never-seen before. Their crush rate is hitting all-time highs. The U.S. sits on the lowest soybean price in the world and buying from China, and unknowns, keep rising. The better the chances are that Trump gets

re-elected; the more worried China will be about needing to fill their grain reserves with ALL grains. Plus, the drier Brazil gets, the more worried China will get. If Brazil's drought continues past October, Katty bar the door! Yes, what if. No one knows until it occurs. Our mind keeps going back to 1934-1936. What was their weather like in those years? Argentina 2 years ago, had their worst drought since 1931.

U.S. Weather: How dry was our August? The 5th driest on record going back 150-years. While dry, it was relatively cool. Because of the coolness, yields are not being hurt much. But, we have the first 3 weeks in September dealing from the same deck. Bushels are being lost but how much, no one really knows. Like, more bushels are being lost by the lack of N, Tar Spot, ear drop, leafhoppers, white mold, leaf diseases, and stalk diseases. Diseases are really rearing their ugly head right now.

Corn: Corn harvest progress in the U.S.: Nationally, 5% complete, with TX 85% done, KS 14%, MO 13%, TN 31%, NC 33%, KY 22%, IN 1%, IL 2%, IA and the rest near zero.

Corn G/E rating fell 1 pt to 64% versus its 5-year average of 56%. That is corn's best rating since 2018, when it was 68% at this time of the year. Corn's grind value was placed at \$6.30/bu. Ethanol production continues to be strong, running 4% higher than a year ago.

AgRural reports 1st corn plantings are 15% done, up 8% from the previous week.

Soybeans: Francine may impact soybean harvest and yields down south, as only 59% of the crop is harvested. As you can see by price action, the trade does not care. Supplies are plentiful. U.S. soybean stocks are the largest in the last 6 years.

Soybeans' G/E rating was unchanged this week at 655 versus its 5-year average of 57%. Soybeans' crush value came in at \$13.54/bu this week.

Soybeans have a \$0.90/bu advantage over Brazil's beans on a FOB basis. That spread is getting cut, due to low water levels in the Mississippi, primarily coming from the drought in the Ohio River Basin, which is lowering barge tonnage and increasing freight costs.

Wheat: Ukraine has imposed a cap of 16.2 mmt for wheat exports, compared to 18.3 mmt a year ago. Their crop was a "crap" crop, with just 30% rated as food grade. Ukraine millers are requesting their government to limit exports to an even greater extent.

Drought and heat conditions continue in Ukraine, the Black Sea, and Russia, raising fall planting and production concerns for their 2024/2025 crop. U.S. HRWW plantings face similar problems.

Things are getting screwed up for wheat. Though this deal was finalized earlier, 53k mt of French wheat is headed to New York as U.S. flour mills keep importing. Wheat is coming into Albany. It is cheaper to ship in French wheat than to haul it in from the Midwest.