



October 11, 2024

#2147

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. Trends in grains are higher, though they could easily struggle until harvest is completed. Next MNU by October 20th.

No Markets: No markets Monday. Columbus Day.

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Future Reports: Nov 8, Dec 10, then January 10, 2025, USDA's Quarterly Report.

Technicals Plus: For the week, Dec24 corn fell \$0.09, soybeans lost \$0.322, while the wheat price rose \$0.064, with meal falling \$15.10.

Dec24 Corn closed slightly below \$4.16 support Friday at \$4.156. This is also slightly below corn's upward trendline. If corn cannot turn back higher on Monday, support will be tested at \$4.10, breaking its uptrend line and opening the door for Bears to come back to the table. With basis widening and combines rolling, it would not be out of the question to see corn test \$4.00 again and even fall below \$4.00 to fill an open gap left from September. Historically, it is not unusual in big crop years for corn to go back and test its low. If wheat moves under \$6.00, that could add some additional pressure to corn. Higher energy prices from increasing war activities in the Middle East would be friendly to the entire grain complex. Like for corn, a very poor close for **Nov24 Soybeans**, closing at its lowest price since September 16th at \$10.054. Resistance will be \$10.25, with support at \$10.00. Breaking support would have Funds targeting \$9.75. It's sell the rumor and buy the fact, with rains in Brazil. They keep talking about them and eventually they will arrive. Forecasts differ, but they are increasing as we write. Many expect them to be below normal, overall. Again, it's a waiting game. Like for corn, it's hard to rally prices when harvest weather is fantastic, bringing hedge pressure to bear. **Dec24 K.C.**

Wheat managed to do what corn and soybeans could not do this week, by closing higher for the week and over resistance at \$6.044. Resistance becomes support, making \$6.00 support, with \$6.25 being resistance. It's a trading game for Funds, 2 steps forward and 1 step back, until profit taking comes in after a sharp, 1- or 2-day rally. Trendline support rolls in just under \$5.90 next Tuesday.

October 11th, 2024, USDA Grain Stocks Report:

U.S. Production 2024/2025 Average Guesses Sept 2022/2023

Corn	–	15.203 bb	15.158 bb	15.186 bb	15.342 bb
Soybeans	–	4.582 bb	4.586 bb	4.586 bb	4.165 bb

U.S. Avg Yield (bpa) 2024/2025 Average Guesses Sept 2022/2023
October

Corn	–	183.8	183.4	183.6	173.3
Soybeans	–	53.1	53.0	53.2	50.6

U.S. Harvest Acres 2024/2025 Average Guesses Sept 2022/2023
(Million Acres) October

Corn	–	82.7	82.6	82.7	86.5
Soybeans	–	83.6	86.3	86.3	82.4

U.S. Ending Stocks 2024/2025 Average Guesses Sept

Corn	–	1.999 bb	1.940 bb	2.057 bb
Soybeans	–	0.550 bb	0.542 bb	0.550 bb
Wheat	–	0.812 bb	0.821 bb	0.828 bb

World Ending Stocks 2023/2024 Average Guess Sept

Corn	–	312.7 mmt	308.7 mmt	309.6 mmt
Beans	–	112.4 mmt	112.2 mmt	112.3 mmt
Wheat	–	266.2 mmt	265.0 mmt	265.3 mmt

World Ending Stocks 2024/2025 Average Guess Sept

Corn	–	306.5 mmt	306.9 mmt	308.4 mmt
Beans	–	134.7 mmt	134.3 mmt	134.6 mmt
Wheat	–	257.7 mmt	256.4 mmt	257.2 mmt

USDA Numbers: One of the more boring reports of the year. **Corn** yield increased by 0.2 bpa from last September. **Beans** were reduced by 0.1 bpa. **Corn** stocks came in 1.999 bb. We wanted under 2.000 bb. Do not know if that is a win! **Soybean** stocks were left unchanged.

Our greatest concern is global soybean stocks. They jumped from 112.4 mmt as an ending stocks carryover number for 2023/2024 to 134.7 mmt to begin the 2024/2025 marketing year. For the market to get excited, they need to be under 100 mmt. We recommended pricing half of one's anticipated 2025 production already because of where global stocks were going. Soybeans will see pressure into next week with the coming rains. As long as Brazil's weather does not create much risk to their production, the seasonal rally for soybeans will remain limited.

For **Corn**, exports were raised another 25 mb to 2.325 bb, with total feed and residual use estimated at 5.825 bb. Ethanol use is forecast at 5.45 bb, taking total domestic use to 12.655 bb. Corn's average farmgate price remained unchanged at \$4.10/bu.

The USDA placed Brazil's production for 2023/2024 at 122 mmt and lowered their exports 2 mmt to 46 mmt. Argy's production was left unchanged at 50 mmt, but also lowered their exports 3 mmt to 32 mmt.

After playing with many adjustments in usage and demand for **Soybeans**, the USDA ended 2023/2024 U.S. ending stocks at 342 mb, up 2 mb from last month, while lowering soybean's average farmgate price a dime to \$12.40/bu.

Looking at the USDA's average farmgate price for both **corn and soybeans**, one must scratch their head. Beans a bit over \$10.00 and corn somewhat over \$4.00? So, corn has nowhere to go, and soybeans will rally \$2/bu? It's an upside-down world! We see corn has a greater potential to the upside than soybeans do.

For 2024/2025, the USDA says Brazil and Argentina will grow 169 mmt and 51 mmt of soybeans, respectively. For corn, it will be 127 mmt and 51 mmt, respectively.

Wheat's harvested acres were estimated at 38.5 m, up from September's 37.9 m. Production was estimated at 1.971 bb, down from September's estimate of 1.982 bb, with ending stocks at 812 mb, down from 828 mb. Wheat's average farmgate price was left unchanged at \$5.70/bu.

News Bites: Brazil's Grupo Potencial reports it will invest \$600 million reais (\$108.86 Million) to increase biodiesel output at one of its plants, giving the facility the world's largest production capacity for soy oil-based biofuel.

The weekly Bloomberg Commodity Index (BCI) continues to trade within a well-defined, slight downward channel.

As of Monday, Managed Money was only short 68k corn, 35, soybeans, and 52k wheat.

Export Sales/Loadings: Total U.S. soybean sales for this marketing year are the 3rd worst in the last 10 years. Total commitments of U.S. soybeans to China are also the 3rd worst. Thursday's export sales had 48.1 mb for corn, with shipments of 41.7 mb, below the 45.1 mb needed weekly to meet estimates. Total commitments are up 15% versus last year. Soybean sales were 46.5 mb, with loadings at 62.7 mb versus the 37.1 mb needed weekly. Total commitments are up 4% from last year. Wheat exports were 15.9 mb, with loadings at 13.2 mb versus needing 14.9 weekly to meet estimates. Total wheat commitments are up 19% versus last year.

Flash Sales: For the week, 155 mt of corn reported bought by Mexico, 172.5k mt of soybeans to unknowns, 166k mt of soybeans to China, 126k mt of corn to unknowns, and finished the week on Friday, 132k mt of soybeans were taken by unknowns, as well as 577,928 mt of corn. If this unknown is China, it is a bigger deal than what prices showed today. Corn could easily show better on Tuesday, with the weekend harvest pressure taken away.

Brazil's Weather: Mostly hot and dry this week, with Monsoon rains beginning to increase in coverage through their extended models. The GFS keeps much of the rain at bay in their 10-day forecast, with the Euro forecasting them to start next week and be above normal. Both have better coverage the last two weeks of October.

Corn: Watch demand for corn's price direction. Corn export sales for last week came in at 66.3 mb, lifting yearly commitments to 647 mb, 14% higher than a year ago. Then we had unknowns taking 577,928 mt of corn this week! This is the wrong time of the year to get corn to go on a sharp rally, especially with a record yield being harvested and with harvest weather that cannot get any better. But that demand sure looks to be there! And that is what will help lift corn in the months ahead. They may forget in the short term that Brazil's soybeans are going in late, due to one of their worst droughts ever. It's another waiting game.

Soybeans: We must be aware of what provides the lift to soybeans. It certainly is not their burdensome stocks! World's veg-oil prices have been on the rise. Palm oil has risen 16% since mid-September. Canola prices are up 14%. This has lifted soybean oil and has kept U.S. crush margins well above levels seen for most of the past summer.

Wheat: Wheat has the tightest balance sheet. With that, weather risks continue to add to the quiet hype underneath the market, with Russia, Ukraine, Australia, and the U.S.; all having issues with drought concerns affecting this fall's plantings and for Australia, their new crop.

Since 2019/2020, wheat's global ESU ratio has fallen from 40.21% to 32.21 currently. The last time it was this low, was back in 2014/2015 at 32.13%.

Russian wheat values were flat for some time but saw an \$8/mt jump this week. Russian wheat yields are falling below expectations, and the Russian grain union is clamoring for export restrictions.