



September 10, 2021

#1941

## LOOKING FORWARD WITH A BACKWARD GLANCE

**Sales Recommendations:** No sales. Next MNU by September 19<sup>th</sup>. MNU's will be out on Thursday's this month. May have follow-up MNU's late on Sunday.

<b><u>Current Sales:</u></b>	<b><u>2020</u></b> sales:	<b><u>corn</u></b>	100%	<b><u>soybeans</u></b>	100%	<b><u>wheat</u></b>	100.0%
	<b><u>2021</u></b> sales:	<b><u>corn</u></b>	20%	<b><u>soybeans</u></b>	0%	<b><u>wheat</u></b>	68.0%
	<b><u>2022</u></b> sales:	<b><u>corn</u></b>	0%	<b><u>soybeans</u></b>	0%	<b><u>wheat</u></b>	0%

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**Technicals Plus:** Selling the rumor and expectations for nearly 30-days saw traders' step back in to buy the fact in corn and soybeans today. Do not let talking heads get you excited yet. Corn and soybeans pulled back off resistance; not closing on their highs, which is not good. **All grains remain within their down trending channels.** **Dec21 Corn** tested psychological support at \$5.00, running stops to \$4.974 on its initial reaction to USDA's numbers. Price then worked higher but posted a negative reversal lower on the minute chart at 12:40 pm and trended lower thereafter. Price will need to close over today's high of \$5.24 to turn corn's trend higher. We believe \$5.00 will be tested again. USDA's 13 mmt increase in world stocks gives this market a negative hue, short term. **Nov21 Soybeans** ran stops below support of \$12.70, trading down to \$12.626, before turning higher. Major support and resistance of \$13.00 stopped soybeans rebound rally today, which we see as negative. Price will need to close above \$13.00 to turn soybeans' trend higher. More news is needed for prices to break above or below current support or resistance levels. **Dec21 KC Wheat** could not gain any traction today, closing lower by \$0.02 today, but over \$0.12 off its low. We will call that positive. Chart structure looks bad, with \$7.00 now resistance and \$6.70 support. Price is hanging near 50% of wheat's entire move higher since its July 7<sup>th</sup> low of \$5.90. Supplies are tight and will remain so for months to come, supporting prices. **Dec21 Oats** closed below \$5.00 today at \$4.93.

### **September 10<sup>th</sup>, USDA Grain Stocks Report:**

**U.S. Production 2021/2022**

**Average Guesses**

**2020/2021**

Corn –	14.996 bb	Corn –	14.897 bb	14.182 bb
Soybeans –	4.374 bb	Soybeans –	4.363 bb	4.135 bb

<u><b>U.S. Average Yield (bpa) 2021/2022</b></u>	<u><b>Average Guesses</b></u>	<u><b>2020-2021</b></u>
July		
Corn –	176.30	175.50
Soybeans –	50.60	50.30
		172.00
		50.20

<u><b>U.S. Ending Stocks 2020/2021</b></u>	<u><b>Average Guesses</b></u>	<u><b>Aug 2021</b></u>
Corn –	1.187 bb	Corn – 1.159 bb
Soybeans –	0.175 bb	Soybeans – 0.166 bb
		1.117 bb
		0.160 bb

<u><b>U.S. Ending Stocks 2021/2022</b></u>	<u><b>Average Guesses</b></u>	<u><b>Aug 2021</b></u>
Corn –	1.408 bb	1.329 bb
Soybeans –	0.185 bb	0.178 bb
Wheat –	0.615 bb	0.619 bb
		1.242 bb
		.155 bb
		.627 bb

<u><b>World Ending Stocks 2020/2021</b></u>	<u><b>Average Guess</b></u>	<u><b>Aug 2021</b></u>
Corn –	286.50 mmt	281.00 mmt
Beans –	95.10 mmt	92.50 mmt
Wheat –	292.60 mmt	288.60 mmt
		280.80 mmt
		92.80 mmt
		288.80 mmt

<u><b>World Ending Stocks 2021/2022</b></u>	<u><b>Average Guess</b></u>	<u><b>Aug 2021</b></u>
Corn –	297.60 mmt	285.70 mmt
Beans –	98.90 mmt	96.90 mmt
Wheat –	283.20 mmt	278.90 mmt
		284.60 mmt
		96.20 mmt
		279.10 mmt

**USDA's Numbers:** After the surprise FSA acreage release, the USDA followed with its own surprise by lowering **soybean** acres 400,000 to 87.2 m. The cut in acres and increase in yield produced a 35 mb increase in production to 4.374 bb, setting 2021/2022 ending stocks to 4.574 bb, which included a 10 mb reduction in projected soybean imports this year. Changes to reach these numbers were reducing crush by 25 mb, increasing exports by 35 mb, and increasing total use by 10 mb. Due to reduced crush, the USDA "believes" it will find an additional 15 mb somewhere. World-ending stocks for soybeans were raised from their August guess of 92.8 mmt to 95.1 mmt, a decidedly negative number when the average trade guess was for it to fall 0.4 mmt. The USDA placed the average farmgate price for soybeans at \$12.90/bu, down \$0.80 from August.

**Corn** acres were raised by 600,000 to 93.3 m, which lifted harvested acres to 85.1 m. That number should fall due to more "failed" acres chopped or abandoned in the most drought riddled states. Yield was increased to 176.6 bpa, up from 174.6 last month. The increase in acres and yield pushed 2021/2022 carryover stocks by 246 mb to 14.99 bb. To get there, the USDA raised feed and residual us 75 mb to 5.7 bb, and exports were increased 75 mb to 2.4 bb. That was

great to see. Unfortunately, they offset that with an increase in old crop stocks of 70 mb, and lowered old-crop food, seed and industrial, and ethanol use, to bring total use down on old crop. An interesting big negative is the USDA raising world ending stocks for corn from 284.6 mmt to 297.6 mts. We need to see where they came up with that, while Brazil's crop continues to shrink and the U.S. crop doing the same moving forward. Could it be from less demand? Average farmgate price was lowered to \$5.45/bu, down \$0.30 from August.

The USDA left U.S. wheat production unchanged, placing planted acres at 46.7 m and average yield at 44.5 bpa. They did lower wheat's ending stocks 8 mb to 615 mb. The USDA reduced imports by 10 mb, while increasing food use by 2 mb. World ending stocks were increased over 4 mmt to 283.22 mmt. That came from raising Australia's production 1.5 mmt, EU's production upped to 139 mmt, offsetting a cut in Canada's production reduction by 1 mmt to 23 mmt, while the USDA left Russia's wheat crop unchanged at 72.5 mmt. The average farmgate price was lowered \$0.10 to \$6.60/bu.

**Corn: THIS IS SERIOUS.** We say the U.S. 2021 corn crop is not there, NOT at 176.3 bpa. We have been hearing for the last 2 months about disease issues in corn from nearly every producer in nearly every corn producing state, some with one disease, others with several disease issues, and even more telling us that Illinois has every disease issue in the book in their state. So, if Illinois has serious issues, you must believe they are not alone. That is not to mention all the wind, hail, drought, and HEAT damage experienced in many states west of the Mississippi River, which opens plants up to diseases. All summer we have heard reports of how great Illinois's corn crop was. Yet, we were hearing 2-months ago from insurance adjusters who were walking corn fields in Illinois that there are serious diseases in them, including poor stands, flooding issues, as well as drought issues. Now things are coming to light. See the link below. Again, we have been taking calls from the heat and drought, ridden states and all their issues for 2 months, and then all the sudden - the same thing is just NOW coming to light in Illinois! (Wind damage during the summer is showing up in many states, taking the top out of yields.) What about Indiana, Ohio, Michigan, and Wisconsin? Some of the quotes from the article; *"corn crop that has changed radically in the last 7-days", "Disease pressure is bringing fields to their knees", "premature shutting down due to a cocktail mix of heavy disease pressure coming at it from many fronts – gray leaf spot, northern leaf blight, common and southern rust, tar spot and, most recently, Goss's bacterial wilt and leaf blight, so much corn is shutting down prematurely", "not all of this crop is going to stand and dry down in the field,"*

<https://www.agweb.com/news/crops/harvest/ferrie-disease-pressure-bringing-corn-its-knees>

Ag Rural lowered Brazil's corn production to 81.6 mmt, which is 20+ mmt, or 800 mb below last year's crop. From their beginning trend estimate of 109 mmt, production has fallen 28.6 mmt, or 1.078 bb! One cannot tell us this will not matter to U.S. corn prices in the 1<sup>st</sup> half of 2022. Think of where U.S. prices would go if the U.S. crop was cut by 1 bb today.

Corn's crop rating went down 1% point, now at 59%. This rating is lower than the G/E rating before USDA's August report, continued proof that these crop ratings remain a questionable method to use to forecast final yield results.

Argentina is running low on exportable corn supplies, sending their basis levels soaring. They should be out of corn by month's end, leaving U.S. corn the cheapest in the world.

Corn export sales were good for last week, coming in today at 35.7 mb. That number still needs to crank up and move over 60 mb/week. Give it a month or so. By that time, Gulf ports should be back up to about 94% online. The damage to the Cargill loading facility will have it down longer, maybe 3 to 6 months. Last year they loaded out about 6% of U.S. corn exports.

**Soybeans:** Soybeans' crop rating rose 1% point from last week, now at 57%. Repeating from corn, this rating is lower than the G/E rating before USDA's August report, continued proof that these crop ratings remain a questionable method to use to forecast final yield results.

Flash sales reported Chinese soybean buys continued this week, with 132 k mts on Friday, 132k mts yesterday, and 106k mts reported on Wednesday,

For this coming marketing year 2021/2022, Chinese soybean imports are projected to rise 3 mmt to 101 mmt. Analysts see China way underbought for current needs, the October – December time frame.

Stats Canada reported canola stocks near 1.8 mmt, with the trade guess being 1.2mmt. That hit the beans this week. Still, that was down 48.6% vs a year ago and is the lowest canola stocks since July of 2017.

Another negative to the soybean market this week was Brazil lowering its biodiesel mandate from 13% to 10%. With such a massive crop this year, that raises a question as to why they would need to. India has approved GMO imports into 3-more ports, facilitating overseas purchases of animal feed in larger volumes. This should be bullish for U.S. soybean meal prices unless they import all their needs from Argentina.

**Wheat:** Wheat markets took a hit this week when Stats Canada reported wheat stocks of 5.7 mmt, which came in 1 mmt above estimates and 2 mmt above USDA's last guess. It is interesting as U.S. wheat prices fall, world demand from global importers is hot. Russian wheat prices have risen 8-weeks in a row. U.S. producers are wondering how that can be. This week, 5-wheat importing nations were tendering for 550,000 mts.

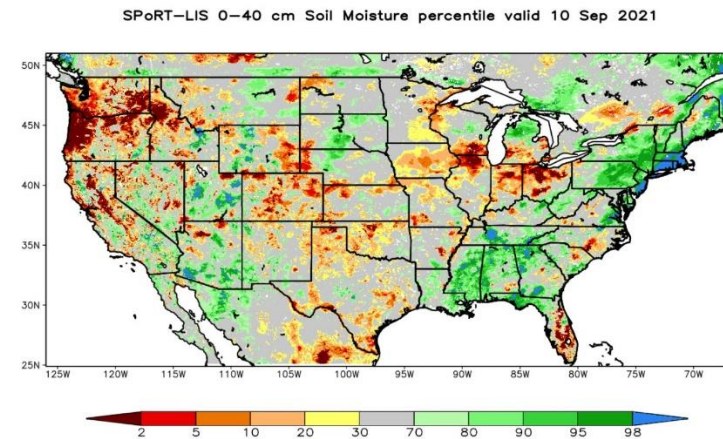
Argentina's wheat crop is now forecasted to be 20.5 mmt, up 400k from their last estimate. Russia's wheat crop is seen lower, now placed at 69.3 mmt, after starting out closer to 87 mmt. USDA's last forecast was for 72.5 mmt. BARE raised Australia's wheat production to 32.63 mmt vs their June number of 27.8 mmt.

Russia's wheat woes have them jacking up wheat export taxes to limit wheat exports and control food price inflation. They raised export taxes twice in 2 weeks, raising them \$7.00/mt this week.

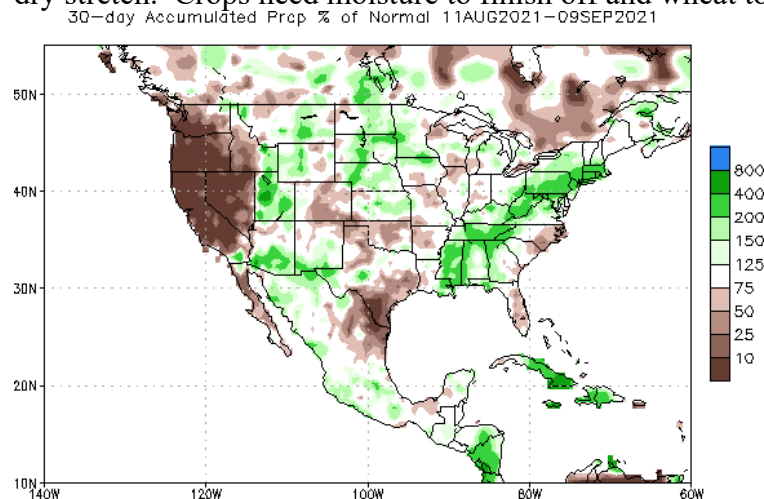
Dryness concerns are entering the U.S. HRW wheat picture, with N & W OK, SW KS and SE CO experiencing less than 25% of normal rainfall over the last 30-days.

**Fertilizer:** The world's largest nitrogen manufacturer, CF Industries, declared “force majeure” this week, after Ida hit Gulf ports, sending fertilizer prices sharply higher, with nitrogen prices jumping 16.5%.

This map shows the moisture in the top 10-inches of soil. You would think there would be some production related issues in areas with little, limited or no surface moisture, like in Iowa, Wisconsin, Illinois, Indiana, Ohio. But no, talk is everything is just fine!



The last 30-days shows IA, MO, IL, WI, and our wheat states of CO, W KS, OK, & TX hitting a dry stretch. Crops need moisture to finish off and wheat to get germinated.



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991–2020)