

August 15, 2024

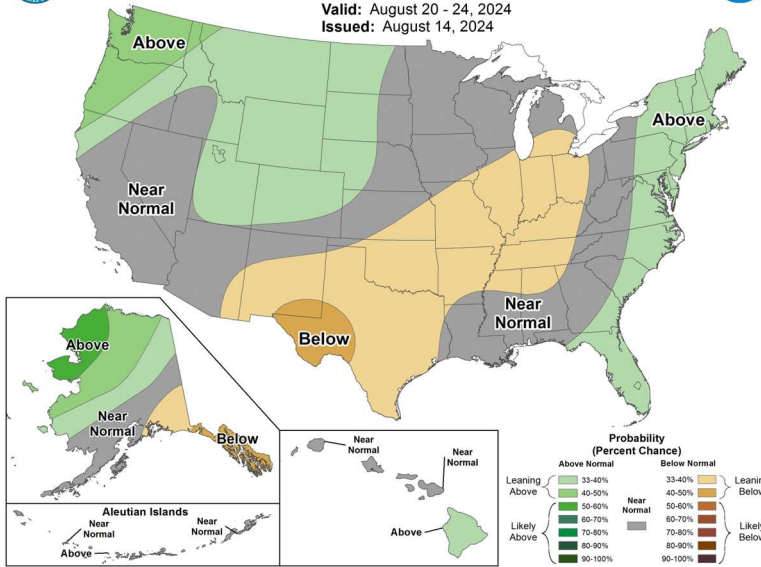
Weather:



6-10 Day Precipitation Outlook

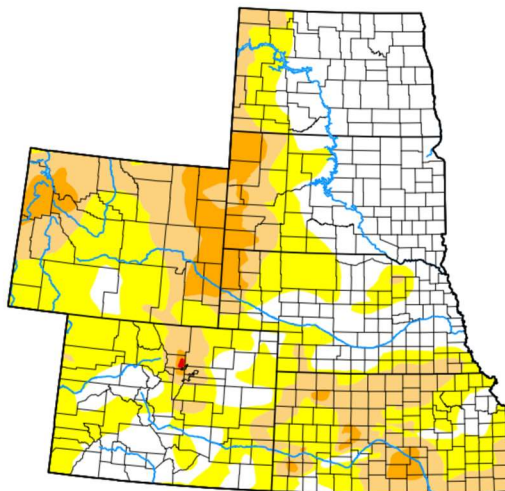


Valid: August 20 - 24, 2024  
Issued: August 14, 2024



U.S. Drought Monitor  
High Plains

August 13, 2024  
(Released Thursday, Aug. 15, 2024)  
Valid 8 a.m. EDT



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

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- No significant changes overnight
- Net drying and warm weather is expected to expand from the Balkan Countries of southeastern Europe through Ukraine and into Russia's Southern Region during the coming week to ten days
  - o Some of the heat and dryness will eventually reach into Russia's Central Region as well
  - o Crop moisture stress is likely in the lower Danube River Basin for the next week to ten days and especially from central Ukraine into Russia's Southern Region this weekend and next week
- Eastern Russia New Lands will see frequent bouts of rain returning this week with temperatures cooler than usual at times
  - o Concern over small grain and sunseed quality is expected
- Central Europe is trending wetter, and the process will prevail for the next full week slowing farming activity while ensuring good summer crop moisture
- Sugarcane areas of Queensland and some eastern wheat, barley, sorghum and cotton areas received some beneficial rain earlier this week, but those areas will be trending drier now for a while
- Western and southern Australia will see some timely rainfall during the next ten days to two weeks maintaining a favorable outlook for early season winter crop development
- China will remain wet in many areas across the north while the Yangtze River Basin gets some welcome rain to ease dryness
- India rain will fall in most of the north, east and far south leaving northwestern areas with less than usual rainfall
  - o Gujarat, northwestern Rajasthan and southeastern Pakistan will be driest
- **U.S. Midwest crop areas are expected to receive periodic rain to improve topsoil moisture through the coming week**
- **No significant heat is expected in the U.S. Midwest over the next ten days**
- **Texas dryness will be great for cotton, corn and sorghum harvesting in the south while dryland crops in West Texas would welcome some additional rain**
- **U.S. southeastern states are seeing improving conditions after flooding last week and this trend will continue into next week, despite some showers and thunderstorms**
- Canada's Prairies will get some rain periodically through the next ten days, although central through southwestern areas will not get much moisture and dryness will prevail
- **Argentina still needs a general soaking rain and no such opportunity is forthcoming for a while**
  - o Buenos Aires and La Pampa may get significant rain next week while Cordoba, Santa Fe and Santiago del Estero remain dry biased

## **News:**

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- Algeria purchased an unspecified amount of durum wheat, with unconfirmed reports including 200,000 to 275,000 MT from Canada and 100,000 to 200,000 MT from other origins. The Philippines purchased 50,000 MT of feed wheat expected to be sourced from Australia. Egypt reportedly made no purchases yet in informal talks

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to buy large quantities of wheat after getting limited participation in its recent tender to buy up to 3.8 MMT of wheat.

- Int'l Grains Council: raised their 2024/25 global Corn crop forecast by 1.0 mln mt to 1.226 bln mt and lowered their 2024/25 global Wheat crop forecast by 2.0 mln mt to 799 mln mt.
- Russian forces attacked port infrastructure in Ukraine's southern city of Odesa on Wednesday evening, striking a Louis Dreyfus Company grain facility. The company said a missile hit the truck discharge bay at its Brooklyn Kyiv facility, but no employees were harmed and products stored in silos were undamaged. Repair work is not expected to "materially disrupt terminal operations" as there are alternative logistics options at the site.
- Ethanol production up-ticked only +0.5% from the prior week; the resulting 1.072 mil bbl/day rate would yield 315 million gallons of ethanol and consume 109 million bushels of feedstock. Over a marketing year, such a rate would consume over 5.65 billion bushels of corn, which is above the current YTD grind average. Blender demand improved to just under +1% as expected. Exports also retreated, falling to 71k bbl/day vs. 210k last week (and 79k last year). Ethanol imports remained zero. Ethanol stocks also surprised with a modest -1.7% wk/wk draw to 23.35 mil bbl, or 981 million gallons.
- **ASAP Agri Thursday estimated 420,400 mt of Ukraine rapeseed has been exported so far in August, and that they could potentially ship a record 900,000 mt for the whole month. In August 2023 Ukraine exported 711,300 mt of rapeseed.**
- **Analysts polled by Reuters expect the National Oilseed Processors Association to report its members crushed 182.4 million bu. of soybeans during July, which would be the most ever for the month. The crush pace is expected to rise 3.9% from June and 5.2% from year-ago. Soyoil stocks as of July 31 were estimated at 1.608 billion pounds.**
- **Rosario Grain Exchange forecast Argentina's 2023/24 Corn crop output at 49.0 (USDA is at 50 mmt) mmt, that's up from the previous estimate at 47.5 mmt. Projections for the 24/25 corn crop show acres at 7.67 mln hectares, and production also at 49.0 mmt, unchanged from the 23/24 outlook.**
- **China's new home prices in 70 cities shrank by 4.9% from year-ago in July. That was the 13th straight month of decrease and the sharpest drop since June 2015, despite continued attempts from Beijing to ease the impact of a prolonged property weakness. Among 70 cities surveyed, only two – Shanghai and Xian – reported a rise in new home prices in monthly terms, and only Shanghai registered a price rise in the resale home market.**
- **The Japanese economy grew by 3.1% on an annualized basis in the second quarter, a major upswing from 2.3% contraction the previous quarter.**
- **U.S. crude oil stockpiles rose unexpectedly last week, building for the first time since late June, while gasoline and distillate inventories fell more than forecast, the EIA said. Crude inventories rose by 1.36 million barrels to 430.7**

million barrels in the week ended Aug. 9, compared with analysts' expectations in a Reuters poll for a 2.2-million-barrel draw.

- **China's oil refinery output in July fell 6.1% from a year earlier, official data showed, down for a fourth month as thin processing margins and tepid fuel demand discouraged production. Refiners processed 59.06 million metric tons of crude oil in July, data from the National Bureau of Statistics showed, equivalent to 13.91 million barrels per day, the lowest since October 2022.**

## Technically Speaking:

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## Market Fundamentals:

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Export Sales		8/2/24 - 8/8/24						
	Estimates	Net Sales			Accum. Exports	Year Ago Accum. Exports	This Week YOY % change	Last Week YOY % change
		23/24	24/25	25/26				
Wheat	200-600k	n/a	339,900	(66,800)	8,928,100	6,769,800	31.88%	33.98%
Corn	500k-1.3m	120,500	800,500	0	55,816,500	40,548,700	37.65%	38.15%
Beans	500k-1.2m	221,700	1,344,200	0	45,938,200	53,045,700	-13.40%	-13.77%
Meal	200-700k	113,700	140,100	0	13,849,600	12,664,800	9.36%	9.55%
Soyoil	0-15k	700	0	0	220,700	128,000	72.42%	72.74%
Sorghum		3,700	0	0	5,851,300	2,835,500	106.36%	109.26%
Beef		28,100	0	0	622,500	649,900	-4.22%	-6.36%
Pork		20,900	0	0	1,262,700	1,205,300	4.76%	5.54%
Cotton		110,900	400	0	4,212,700	5,126,500	-17.83%	-16.97%

Source: USDA (FAS) - Gulke Group

**Wheat:** Net sales of 399,900 metric tons (MT) for 2024/2025 were up 24 percent from the previous week, but down 6 percent from the prior 4-week average. Increases primarily for Mexico (126,000 MT), Yemen (50,000 MT), Italy (40,400 MT). **Corn:** Net sales of 120,500 MT for 2023/2024--a marketing-year low--were down 75 percent from the previous week and 66 percent from the prior 4-week average. Increases primarily for Colombia (173,900 MT), Portugal (51,000 MT), Honduras (42,800 MT), Mexico (28,300 MT), were offset by **reductions for unknown destinations (163,500 MT)**. Net sales of 800,500 MT for 2024/2025 were primarily for **unknown destinations (345,000 MT)**, Mexico (257,900 MT). **Soybeans:** Net sales of 221,700 MT for 2023/2024 were down 32 percent from the previous week and 1 percent from the prior 4-week average. Increases primarily for the Netherlands (84,900 MT), Germany (67,300 MT), Egypt (29,300 MT). Net sales of 1,344,200 MT for 2024/2025 primarily for China (**536,000 MT**), **unknown destinations (483,000 MT)**, Mexico (133,200 MT), Egypt (85,000 MT), and Spain (60,000 MT). **Beef:** Net sales of 28,100 MT for **2024--a marketing-year high--**were up noticeably from the previous week and up 99 percent from the prior 4-week average. Increases were primarily for South Korea (11,400 MT), Japan (6,300 MT), China (4,400 MT), Taiwan (2,200 MT), and Mexico (1,600 MT).

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**Yesterday's Trades: Corn** – For 2023, bot 15% CZ 420 calls at 9 3/8(\$300 profit/contract) and bot 10% CZ at 401 1/4 (\$62.50 profit/contract). For 2024, bot 15% CZ 420 calls at 9 3/8 (\$300 profit/contract), bot 20% CZ at 401 1/4 (\$2168.75 profit/contract), and bot 20% CZ 470 calls at 2 1/8(\$1625 profit/contract). **Soybean** – Bot 1 SMV at 301.8(\$1370 profit/contract). **Canola** – For 2023, bot 35% RSX at 575.5(profit/contract of \$712 on 20% and loss/contract of \$33.60 on 15%). For 2024, bot 35% RSX at 575.5(profit/contract of \$1038.4 on 30% and profit/contract of \$1512 on 5%).

**ADVICE: No New Advice. Look over yesterday's advice activity in case you need to catch up.**

### **COMMENTS:**

Exports came in very good this week for soybeans with over 1.34 million tonnes on the books for 24/25 which was above expectations. Just to keep feelings somewhat tempered there was a small cancellation of soybeans by China. Corn was near the upper range of expectations while wheat and soymeal were disappointing.

The U.S. weather seems to be conducive to crop growth for a good part of the Midwest. I did put in the latest drought map for the High Plains as there are some areas of modest concern. Since the USDA came out with their recent state yields the most calls/texts to rebuff those numbers have been from MN and NE.

The Amazon River Basin is dry and already have some minor impact on grain shipments. Probably not a huge concern now but worth watching. With La Nina reasserting itself, there is usually an increased risk for drought in South America. However, it is important to remember that not all La Nina years result in below average grain harvests in South America.

The NOPA July Crush numbers will be coming out later today and the expectations are for record crushed soybeans for the month of July and 3.9% better than last month.

Economic numbers look more positive with the US\$ up as well and trying to turn the MACD long. China's economy continues to struggle.

The Pro Farmer tour will take place and will give us some boots on the ground insight. Usually their numbers at the end of the week come in close to the USDA projections but this year it might be more important to hear their comments on how the current crop looks vs last year and then we can formulate our own opinions. A few private firms have made comments since Monday's USDA numbers saying they have taken small tours and are not as optimistic in their projections. The USDA will fall back and say the farmer surveys support their projections and StoneX recent farmer survey-based results were even higher than the USDA.

Gulke Group Spec Table Buy/Sell Stops			(*New Positions in BOLD)				
	8/15/2024		Today's Stops		Current Position*		
	High	Low	Close	Buy	Sell	Long	Short
CU24	382	376	381	387 1/2	374 1/2	383 1/4	
CZ24	401 3/4	395 1/2	400 3/4	407 1/2	394	404 3/4	
SU24	958 1/4	940	952 1/4	971	933 1/2		974 1/2
SX24	974	955 1/4	968 1/2	987 3/4	949 1/4		987 1/2
SMV24	302.5	295.7	301.3	308.6	294.0	320.4	
SMZ24	305.0	298.5	303.7	310.4	297.1	321.3	
BOZ24	39.67	38.66	38.88	40.39	37.37		46.96
WZ24	559 1/4	547 1/2	556 1/4	568 1/2	544	573 1/4	
KWZ24	566 1/4	556 3/4	561 1/4	571 1/4	551 1/4		563 3/4
MWZ24	614 3/4	608 1/4	608 3/4	615 3/4	601 3/4	616	
LCV24	182.400	180.450	182.125	184.275	179.975	180.425	
LCZ24	182.075	180.000	181.600	184.175	179.025	179.550	
LHV24	76.100	73.000	75.925	79.225	72.625		77.050
LHZ24	67.400	64.550	67.250	70.300	64.200		67.625
FCU24	245.325	242.150	247.900	251.275	244.525		256.950
CTZ24	68.25	66.89	67.050	68.46	65.64	68.47	
CTH25	69.77	68.51	68.650	70.11	67.19	70.07	
SBV24	18.44	17.91	17.970	18.55	17.39		17.94
GCZ24	2519.7	2476.2	2486.60	2530.60	2442.60		2485.70
NRX24	15.20	14.95	15.11	15.38	14.83	15.040	
RSX24	581.0	565.5	578.3	613.8	542.8		594.6
DJU24	40191	39786	40119	40544	39694	39873	
CLV24	77.52	75.66	75.84	77.90	73.78	76.90	
NGV24	2.395	2.272	2.343	2.481	2.205		2.121
DXU24	102.54	102.100	102.435	103.07	101.80		103.487
USU24	124 25/32	123 27/32	124 19/32	125 25/32	123 13/32	121 10/32	

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