



July 2024 Monthly Commentary

Another down month. Futures were lower across the board in somewhat volatile fashion. There were a few hot/dry scares/rallies, but they didn't hold or follow through. In general, the weather has been favorable, crop ratings have held up, and record yields are expected. Corn was down 21 cents in July with Chgo wheat down 45 cents, KC down 37, and Mpls 31 lower. Beans lost 85 cents with meal losing \$9.00 and oil down 82 points. The oil meal changes are a bit deceiving as oil was up 540 points early in the month and then steadily lost against meal.

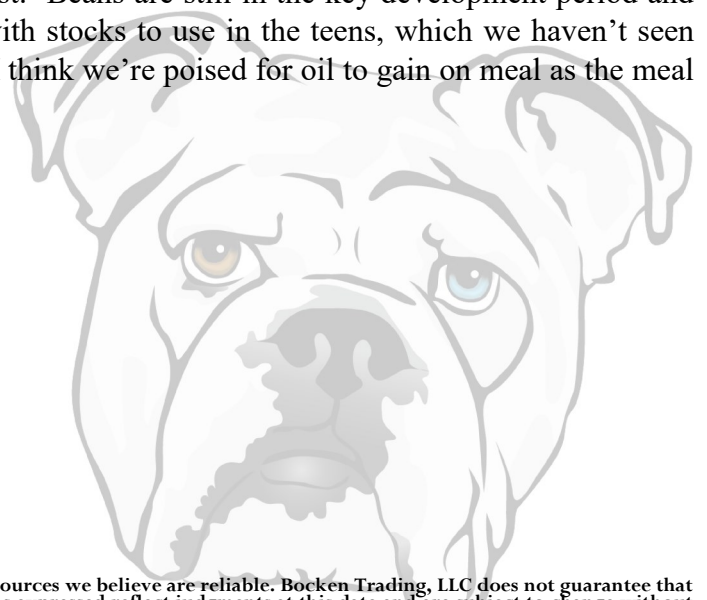
Yield ideas in corn are centering around 179-183 bu/a – all a record, and compare to 177.3 last year (previous record). The USDA is at 181 bu/a, but will give an actual estimate next week. The trade is expecting a reduction in area or at least harvested area due to the flooding issues early in the season. Despite larger than expected Jun 1 stocks, the USDA raised feed use in the July WASDE, thus the b/s wasn't as burdensome as feared. We're not trading the demand side of the b/s just yet, but US is competitive and SAM and Ukr exports may be overestimated while US is underestimated. The trade is dialing in a record yield and this is historical precedence for futures to at least make an interim low around the August S&D. Would expect the same this year unless yields are well above trade ideas.

Wheat has continued to languish, but Russian values have been relatively stable around \$220 FOB and US SRW is competitive with all origins. EU values have been working higher relatively as the EU balance sheet is shaping up to be quite snug due mainly to a short crop in France. Their exports could be down almost 10 mmt from last year and their import needs should be large given both quality and quantity issues. With Ukr/Russia export availability also down, Austr, Can, and the US will have to make up the difference. This may or may not be a huge deal, with much depending on China demand as they have been largely absent from the market recently. Not interested in pressing the market here with SRW the cheapest wheat. In add'n, spreads may tighten given that deliverable certs keep getting canceled.

Beans have the double whammy of record yields (mostly likely) and questionable demand. Yield ideas are around 52-53 bu/a, and there is currently nothing threatening in the forecast. Beans are still in the key development period and can add yield. The bean balance could be quite burdensome with stocks to use in the teens, which we haven't seen since the 19/20 crop year. Beans could be an \$8.00-9.00 item. I think we're poised for oil to gain on meal as the meal tightness may finally be "solved" and oil has its own issues.

Regards,

Megan Bocken
August 8, 2024



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