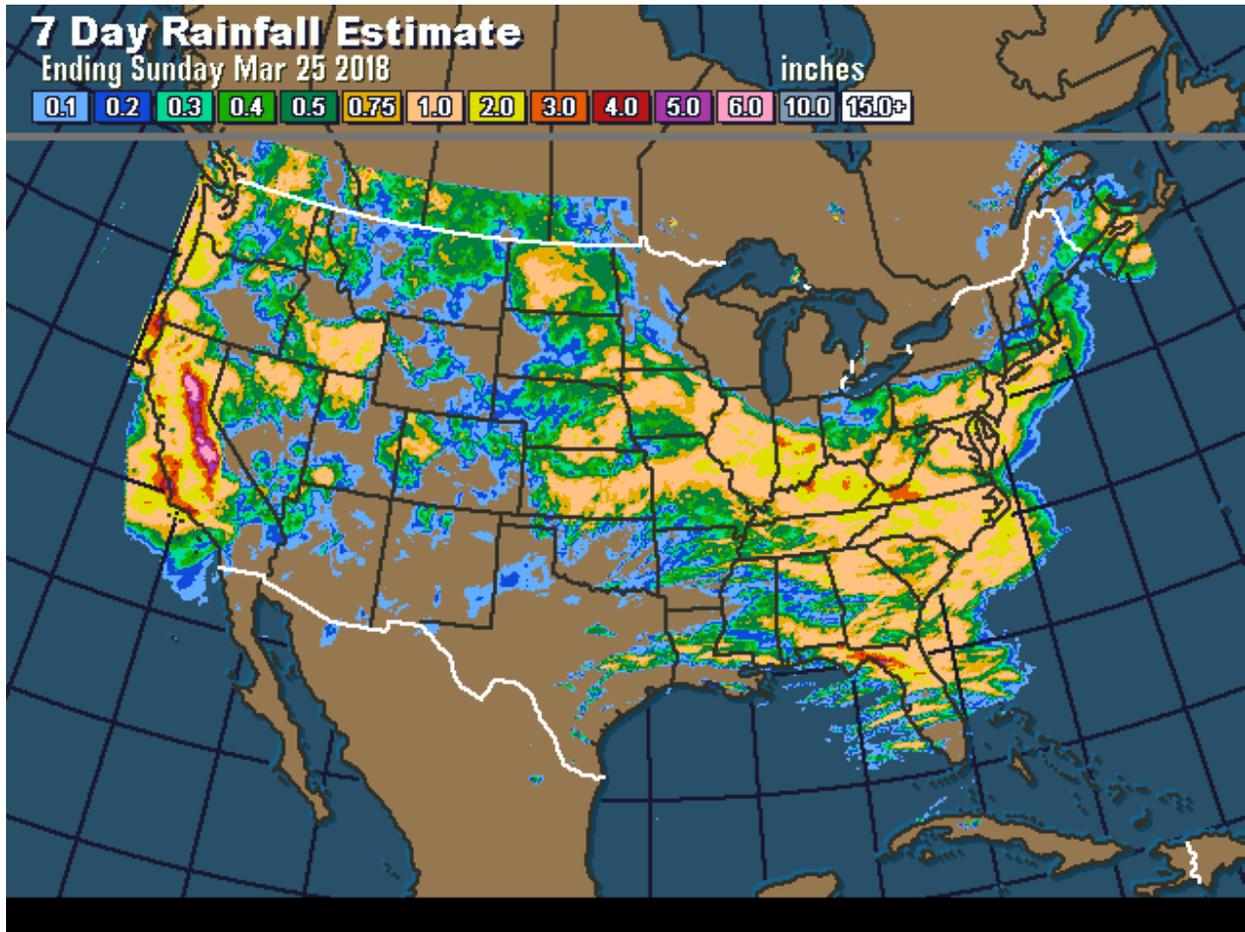


Hello Colorado Wheat.

Wheat (and other) markets set back last week. Some rain moved through...maybe not enough to make a huge difference, but prices appeared fundamentally too high, so it didn't take much.

This map indicates most of The Great Plains received measurable amounts:



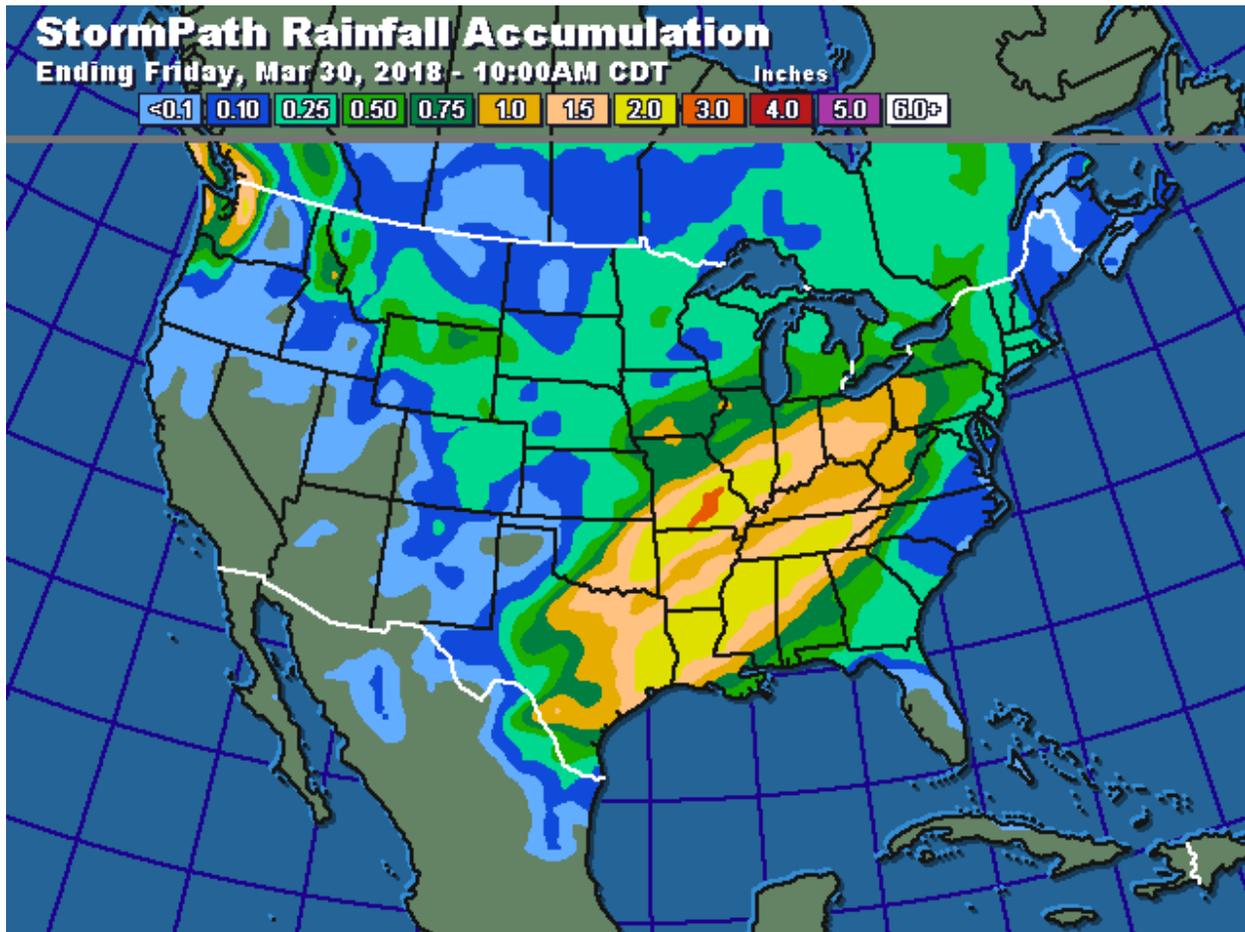
I saw a tweet that said some wheat farmers weren't top-dressing because prices were low. If so, I will assume those guys aren't members of Wheat Club...

Wheat Club guys are getting after it, because almost any moisture at all this time of year meets the definition of a "wet spring".

In some areas, one rain may be enough to meet the definition of a "wet spring"; in some even drier wheat areas, one fog might do it...

***Charts and discussions follow, with the goal of giving you useful information to help you with your business. My disclaimer remains the same: these are my sometimes rapidly changing opinions, but I believe you should: 1. be willing to store your wheat, 2. apply 30# of N at planting, and if it's a wet spring, re-apply 30# 3. don't sell wheat to elevators who do not post protein scales, up and down.***

Forecasts say a little more is expected this week. A weekly tenth of an inch goes a long way. The market will worry about the week that doesn't get any at all...later, especially as world wheat prospects look ok.



DTN says : *Recent warm temperatures and rain in Turkey will favor development of wheat running well ahead of normal due to the well above normal temperatures.*

*Wheat areas of Ukraine, west and south Russia have turned colder again since the weekend. Snow cover is widespread and deep due to recent snow storms. Moisture for this crop should be adequate to surplus when this snow melts during the spring.*

*Winter wheat areas of Europe have turned colder again since the weekend. Recent episodes of rain will provide favorable moisture for crops in western and central Europe during the coming weeks. Wheat areas in Spain and Italy will benefit from above normal winter time precipitation at this time, mostly rain in Spain and snow and rain in Italy.*

*An increase in rain activity through east-central China during the late winter period will help improve soil moisture and irrigation in key winter wheat areas. Wheat is likely breaking dormancy due to recent warmth.*

Winter time rainfall through in Morocco, Algeria and Tunisia. The added moisture will favor jointing to reproductive winter wheat. Colder temperatures this week will need to be watched as this could impact flowering wheat.

Key winter wheat areas of Pakistan and India are dry and warm at this time, increasing stress to this crop.

“especially as world wheat prospects look ok”. We’ll keep an eye on India and Pakistan.

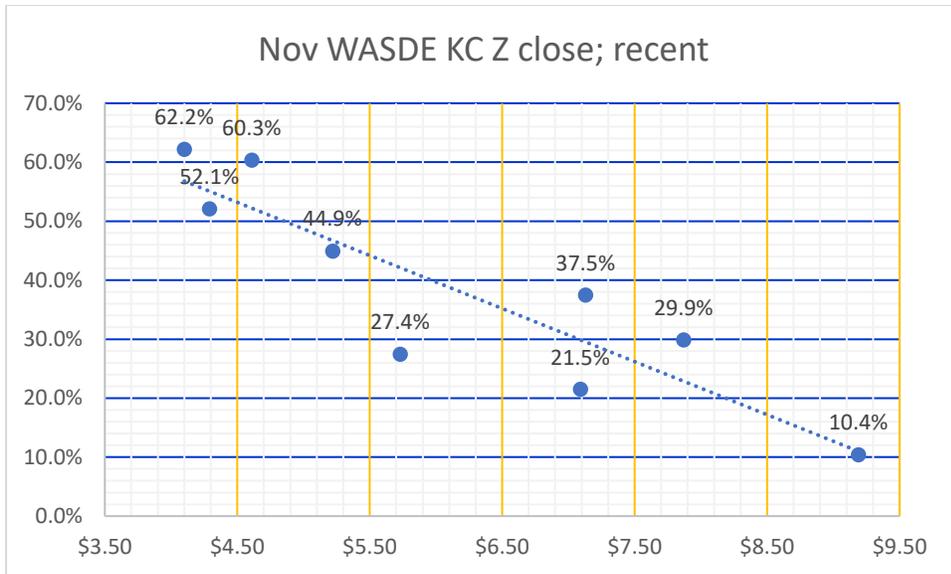
Ok, enough weather. Here’s where we are, with KC down 21c for the week:

CLOSE	KWK18	KWN18	KWZ18	CK18	CN18	CZ18	WK18	MWK18	MWU18	SK18
<b>03/23</b>	<b>\$4.79</b>	<b>\$4.98</b>	<b>\$5.40</b>	<b>\$3.77</b>	<b>\$3.86</b>	<b>\$3.99</b>	<b>\$4.60</b>	<b>\$6.03</b>	<b>\$6.15</b>	<b>\$10.28</b>
03/16	\$5.00	\$5.17	\$5.54	\$3.83	\$3.91	\$4.04	\$4.68	\$6.12	\$6.25	\$10.49
03/09	\$5.21	\$5.37	\$5.73	<b>\$3.91</b>	<b>\$3.98</b>	<b>\$4.07</b>	\$4.89	\$6.18	\$6.32	\$10.39
03/02	<b>\$5.34</b>	<b>\$5.50</b>	<b>\$5.85</b>	\$3.85	\$3.93	\$4.04	<b>\$5.00</b>	\$6.20	<b>\$6.34</b>	<b>\$10.71</b>
02/23	\$4.85	\$5.03	\$5.42	\$3.75	\$3.82	\$3.97	\$4.64	<b>\$6.13</b>	\$6.30	<b>\$10.48</b>
02/16	<b>\$4.94</b>	<b>\$5.11</b>	<b>\$5.48</b>	<b>\$3.75</b>	<b>\$3.83</b>	<b>\$3.97</b>	<b>\$4.72</b>	\$6.16	<b>\$6.31</b>	<b>\$10.33</b>
02/09	<b>\$4.81</b>	<b>\$4.97</b>	<b>\$5.33</b>	\$3.70	<b>\$3.78</b>	\$3.92	\$4.61	\$6.16	\$6.29	\$9.94
02/02	<b>\$4.78</b>	<b>\$4.94</b>	<b>\$5.29</b>	<b>\$3.70</b>	<b>\$3.77</b>	<b>\$3.93</b>	<b>\$4.60</b>	<b>\$6.15</b>	\$6.25	\$9.90
01/26	<b>\$4.58</b>	<b>\$4.75</b>	<b>\$5.11</b>	\$3.65	\$3.73	<b>\$3.90</b>	\$4.54	<b>\$6.24</b>	\$6.27	\$9.97
01/19	\$4.41	\$4.58	\$4.95	\$3.61	\$3.69	\$3.86	\$4.36	\$6.18	\$6.22	\$9.89
01/12	<b>\$4.40</b>	<b>\$4.55</b>	<b>\$4.92</b>	<b>\$3.55</b>	<b>\$3.63</b>	<b>\$3.81</b>	<b>\$4.34</b>	\$6.21	<b>\$6.22</b>	<b>\$9.72</b>

Two weeks ago, I wrote: *Unfortunately, the table and graph clearly suggest the current KC Z18 futures are GROSSLY OVERPRICED, IF the balance sheet doesn’t tighten up. IF the balance sheet for crop year 2018/19 (which is your HRW thinking about breaking dormancy) does not tighten up, the futures, according to this study, have about a \$1.20/bu DOWNSIDE coming.*

The graph I referred to is included on the next page. Since then, KC Z dropped 45c off the closing weekly highs set on March 2. (The intra-week spike highs were another 13c higher.) Do I still think another 80c is coming?

More than likely, as the year progresses, deferred wheat futures will continue to erode, and sink towards the nearby futures month (we see the May is around \$4.80). That would be another 60c... (That’s why Wheat Club members who plan on storing their wheat locked in some wide carrying charges by selling some Dec futures.)



BUT, in the meantime, the market needs to pause. Last week, I wrote "I think the \$4.85 area will hold..." and I was referencing the KC July.

This updated KC July chart shows this week's spike intra-week low on Wednesday was down below \$4.80, but it settled about \$4.84 that day, and the weekly closing table shows KC N settled the week at \$4.98. Surely some of you just exclaimed: "That man is a genius!"



Tell everyone.

OK, where to next?

Well...that gets a bit tricky. The USDA is releasing some KEY fundamental reports (possibly game-changing, possibly duds) this week. The stocks-in-all-positions will provide an important update on usage, although it will be merely glanced at (nerds will study it later), BUT the Prospective Plantings will move the market.

Soybean acres will be huge. I don't see how they can't be huge. All oilseeds, including canola and cotton...will be more than last year, and probably record setting. I read a headline that said Canada will plant more canola acres than wheat acres for the first time ever.

The problem with that is...everyone knows it.

Look at old-crop May beans, sitting about half way between their recent high and recent low:



I tend to think beans will move towards the lower end of the range, although it will take giant acres and great weather this spring through summer AND...very angry Chinese buyers to truly break the soybean market.

(With Trump's rhetoric and burgeoning trade war, I wouldn't rule out the very angry Chinese buyers as a key factor, but that's a long-term story...)

A glance at a longer-term weekly continuous soybean chart suggests to me that \$10.00, plus or minus a \$1.50, keeps beans in the same range they have been in for almost 4 years.



What about corn acres?

Even though prices aren't great, almost everyone loves raising corn. I'm leaning towards unchanged on corn acres. I don't expect corn acres to provide big fireworks. What will move Dec corn?

Weather. And we're not even close to seriously talking about USA corn-growing weather.

Here's Z corn, sitting in a tight 40c range, waiting for a reason to make a move away from \$4.00...:



So if corn can't move until later, and beans could move, but probably won't...and the wheat weather isn't bad enough (yet) to make a difference, what about spring wheat acres?

That's where it might possibly get interesting.

I've been saying for quite a while I expect USA spring wheat acres to jump a million, and I expect Canadian spring wheat acres to also jump up a million. Spring wheat prices are relatively very good, the crop insurance revenue futures price is 60c higher than last year, and India did a trade war on imported pulses and lentils, so the Pulse Experiment should take a breather.

Pretty clear cut to me. Like "this is easy Bro!" ...

But what if...the spring wheat farmer sitting on his oil wells says, "not so fast."

I say "no way!", but a well-respected group issued their expected acreage report late last week, which said USA Other Spring Wheat acres are going to be up only 3%, a measly 316,000 acres.

What?! That's crazy talk.

I didn't see their state-by-state expected spring wheat acreage, but I did do some reverse engineering...

IF all USA spring wheat acres are up only 316,000 acres, then based on averages of recent years, what would that look like in the 4 key spring wheat states of MN, SD, ND and MT?

This is what I came up with, based on those assumptions:

<b>PLANTED SPRING WHEAT ACRES (1000 ac)</b>						<i>implied</i>	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
MN	1,200	1,220	1,480	1,310	1,160	1,193	
MT	2,950	3,050	2,650	2,150	2,500	2,572	
ND	5,100	6,250	6,700	6,000	5,350	5,504	
SD	1,190	1,300	1,330	1,080	970	998	
total	10,440	11,820	12,160	10,540	9,980	10,266	<i>implied</i>
USA	11,606	13,025	13,367	11,605	11,009	11,325	informa
	89.95%	90.75%	90.97%	90.82%	90.65%		

We "know" they planted this much winter wheat (way, way down from "normal") ...

<b>PLANTED WINTER WHEAT ACRES (1000 ac)</b>							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
MN	0	0	0	0	0	0	
MT	2,000	2,500	2,350	2,250	1,750	1,550	
ND	215	870	200	130	70	90	
SD	1,300	1,210	1,420	1,180	910	850	
total	3,515	4,580	3,970	3,560	2,730	2,490	

And the same group thinks durum acres will be down 4%, which would look like this:

<b>PLANTED DURUM WHEAT ACRES (1000 ac)</b>						
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
MN	0	0	0	0	0	0
MT	450	435	620	780	890	854
ND	790	840	1090	1460	1260	1210
SD	4	4	6	10	7	7
total	1244	1279	1716	2250	2157	2071 implied -4%

So if you add those together, the 4-State all wheat acreage would only be:

<b>FOUR NORTHERN STATES ALL WHEAT PLANTED ACRES</b>						
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
MN	1,200	1,220	1,480	1,310	1,160	1,193
MT	5,400	5,985	5,620	5,180	5,140	4,976
ND	6,105	7,960	7,990	7,590	6,680	6,803
SD	2,494	2,514	2,756	2,270	1,887	1,855
total	15,199	17,679	17,846	16,350	14,867	14,827
"expected" winter wheat acres						32,608 99.7%
"expected" other spring wheat acres						11,325 102.9%
"expected" durum wheat acres						2,214 96.0%
"expected" total all wheat acres						46,147 100.3%

I still don't believe it, but I will admit it made me take off my big (for me) MGEX bear spreads. He who fights and runs away lives to fight another day. Anyway, the point is spring wheat acres might not actually increase 2 million acres in North America this year.

We will soon see what the survey says. Keep in mind it is a survey, and the actual planted acres will be different than the survey. If the weather stays wintry for a while, or if it gets too wet to plant...things could change. Anyway, the report comes out this Thursday. It will be quite interesting.

We'll finish up with a look at posted cash prices. Here's the updated Gulf bids, where we see high priced 12's continue to weaken, and the spread between 12's and ords continuing to narrow. New-crop gets closer every day...the market likes to "revert to the mean" when in doubt.

GULF			
date	12 pro	ords	diff
3/23/2018	160	95	65
3/16/2018	175	95	80
3/9/2018	190	102	88
3/2/2018	195	105	90
2/23/2018	230	110	120
2/16/2018	230	100	130
2/9/2018	195	90	105
2/2/2018	200	90	110
1/26/2018	230	92	138
1/19/2018	230	92	138
1/12/2018	230	92	138
1/5/2018	245	90	155

“Country” bids mainly followed the board lower. Basis changes were small, maybe watching the Gulf?

Date	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>03/23</b>	<b>\$3.99-\$4.34</b>	<b>\$4.04</b>	<b>\$3.89-\$3.94</b>	<b>\$3.98-\$4.22</b>	<b>\$3.94-\$3.99</b>
03/16	\$4.20-\$4.55	\$4.25	\$4.09-\$4.15	\$4.19-\$4.43	\$4.25-\$4.25
03/09	\$4.41-\$4.76	\$4.56	\$4.30-\$4.36	\$4.32-\$4.63	\$4.46-\$4.46
03/02	\$4.59-\$4.89	\$4.69	\$4.44-\$4.49	\$4.45-\$4.77	\$4.59-\$4.59
02/23	\$3.79-\$4.34	\$4.14	\$3.79-\$3.89	\$3.94-\$4.26	\$3.99-\$4.04
02/16	\$3.89-\$4.44	\$4.24	\$3.89-\$3.99	\$4.04-\$4.36	\$4.09-\$4.14
02/09	\$3.76-\$4.31	\$4.11	\$3.75-\$3.86	\$3.91-\$4.23	\$3.96-\$4.01
02/02	\$3.73-\$4.28	\$4.06	\$3.73-\$3.78	\$3.82-\$4.20	\$3.93-\$3.96
01/26	\$3.53-\$4.03	\$3.86	\$3.53-\$3.63	\$3.61-\$4.00	\$3.76-\$3.78
BASIS(K)	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>03/23</b>	<b>-80, -45</b>	<b>-75</b>	<b>-90, -85</b>	<b>-81, -57</b>	<b>-85, -80</b>
03/16	-80, -45	-75	-90, -85	-81, -57	-75, -75
03/09	-80, -45	-65	-90, -85	-89, -57	-75, -75
03/02(K)	-75, -45	-65	-90, -85	-89, -57	-75, -75
02/23(H)	-90, -35	-55	-90, -80	-75, -43	-70, -65
02/16	-90, -35	-55	-90, -80	-75, -43	-70, -65
02/09	-90, -35	-55	-90, -80	-75, -43	-70, -65
02/02	-90, -35	-57	-90, -85	-81, -43	-70, -67
01/26	-90, -40	-57	-90, -80	-82, -43	-67, -65

Have a good week. Thursday should be exciting, at least for a couple of minutes.

We’ll get some fundamental clues for where we’re headed.