

Hello Colorado Wheat.

Sometimes we know even less than normal...and this is one of those times. Export inspections by wheat class and export sales haven't been released in a couple of weeks, and this Friday, Jan 11 is scheduled to be a really big day, as the Crop Production Annual Summary for 2018, the January WASDE update, the quarterly Grain Stocks-in-all-positions, and even the Winter Wheat and Canola Seedings report are all supposed to be released at 11:00 am Friday. Right now, it looks like NONE of those reports will be issued.

The CFTC's Commitment of Traders reports haven't been released in a couple of weeks either.

We are in an information vacuum. Eventually, we'll see some data, and the markets will react, possibly wildly, but in the meantime, we're in "get closer to home" mode, which caused last week's rally. It's hard to be supper bearish (or bullish) without a constant stream of information that backs up your point of view.

This is how the market's settled Friday, with all grains higher for the week. The Bear may come back, but just like The Bull, he needs info to reinforce his ideas. Otherwise, he has to take some money off the table. Positions were reduced. There will be plenty of time to get bullish or bearish again, and devote resources (margin money) to convictions. But that time is not now.

CLOSE	KWH19	KWN19	KWZ19	CH19	CN19	CZ19	WH19	MWH19	MWZ19	SH19
01/04	\$5.06	\$5.28	\$5.57	\$3.83	\$3.98	\$4.04	\$5.17	\$5.70	\$6.03	\$9.10
12/28	\$4.96	\$5.20	\$5.50	\$3.76	\$3.91	\$3.98	\$5.12	\$5.51	\$5.86	\$8.96
12/21	\$5.03	\$5.26	\$5.55	\$3.79	\$3.94	\$3.99	\$5.14	\$5.61	\$5.95	\$8.98
12/14	\$5.18	\$5.39	\$5.67	\$3.85	\$3.99	\$4.04	\$5.30	\$5.84	\$6.12	\$9.14
12/07	\$5.12	\$5.32	\$5.62	\$3.86	\$3.99	\$4.03	\$5.31	\$5.82	\$6.09	\$9.29
11/30	\$5.00	\$5.22	\$5.50	\$3.78	\$3.92	\$4.00	\$5.16	\$5.76	\$6.10	\$9.08
11/23	\$4.86	\$5.11	\$5.44	\$3.71	\$3.86	\$3.95	\$5.00	\$5.71	\$6.08	\$8.95
11/16	\$5.07	\$5.29	\$5.64	\$3.76	\$3.90	\$3.98	\$5.07	\$5.74	\$6.11	\$9.06
11/09	\$5.09	\$5.34	\$5.67	\$3.81	\$3.96	\$4.03	\$5.02	\$5.77	\$6.12	\$9.00
11/02	\$5.28	\$5.49	\$5.84	\$3.83	\$3.97	\$4.04	\$5.09	\$5.88	\$6.22	\$9.00
10/26	\$5.27	\$5.49	\$5.85	\$3.80	\$3.94	\$4.03	\$5.05	\$5.86	\$6.20	\$8.71

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 your wheat unless you have discussed protein premiums

Can a Trading Fund, which watches fundamental inputs, make any bets with this information?

THIS WEEK'S (ended 12/27)	Weekly loadings (mil bu)	Accumulated in season	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	?	?	320.0	?	22	?
HRS	?	?	300.0	?	22	?
LAST WEEK'S (12/20)	Weekly loadings	Accumulated in season	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	?	?	320.0	?	23	?
HRS	?	?	300.0	?	23	?
2 WEEKS AGO (12/13)	Weekly loadings	Accumulated in season	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	10.582	124.4	320.0	195.6	24	8.15
HRS	8.399	127.8	300.0	172.2	24	7.18

Can any Wheat Trader, who makes a living (or dying) on wheat spreads, feel good about adding to a position? I doubt it. All he can do is lighten the load, and possibly fade it if/when the load lightening gets overdone, although that's always easier said than done.

Let's look at KC H/K, which settled Friday at -11.5c carry:



That's less than 6c/month storage. Full storage on delivery wheat is 11c/month. Interest is about another 1.5c/month. "Full carry" then would be about 26.3c (KC May would be 26.3c over KC March). We are currently in the "observation period" (from 12/19/18 to 2/22/19). IF the KC H-K spread averages less than 50% of full carry, the CME mandated storage rates would shrink from 11c/month to 8c/month.

Without export sales, or the super important Quarterly Stocks report, or the CFTC COT reports, etc., the main, possibly only clues are what's going on in the nearby Chgo wheat spread, or what is the basis doing.

The Chicago H-K wheat spread is much tighter than the KC H-K; it settled Friday at only a 6c carry. That is a Bullish input. The posted Gulf bids for HRW are slightly better, possibly also a bullish input:

GULF date	12 pro	ords	diff	
1/4/2019	141	122	19	
12/28/2018	140	116	24	
12/21/2018	140	116	24	
12/14/2018	155	118	37	
12/7/2018	160	130	30	
11/30/2018	152	120	32	H
11/23/2018	160	130	30	
11/16/2018	160	130	30	
11/9/2018	160	130	30	
11/2/2018	160	130	30	
10/26/2018	120	110	10	
10/19/2018	120	110	10	
10/12/2018	120	107	13	
10/5/2018	120	107	13	
9/28/2018	117	106	11	

So with Chgo very tight, and the Gulf basis not backing down, a KC Wheat Bear Spreader (typically a commercial, who owns a lot of instore wheat, that he hopes stays in storage forever...) is uncharacteristically uncomfortable. He NEEDS some public bearish news to help him feel good about not rolling his short hedges, or else, he runs the risk of getting trapped because he got stubborn.

In this case, without weekly bearish inputs from a very slow export loading pace, the lack of information is actually working as a bullish input. And if the nearby spread is tighter, then the deferred spreads naturally tighten up as well.

To a wheat producer, tighter spreads reduce and eventually remove all incentive to sit on unsold wheat inventory.

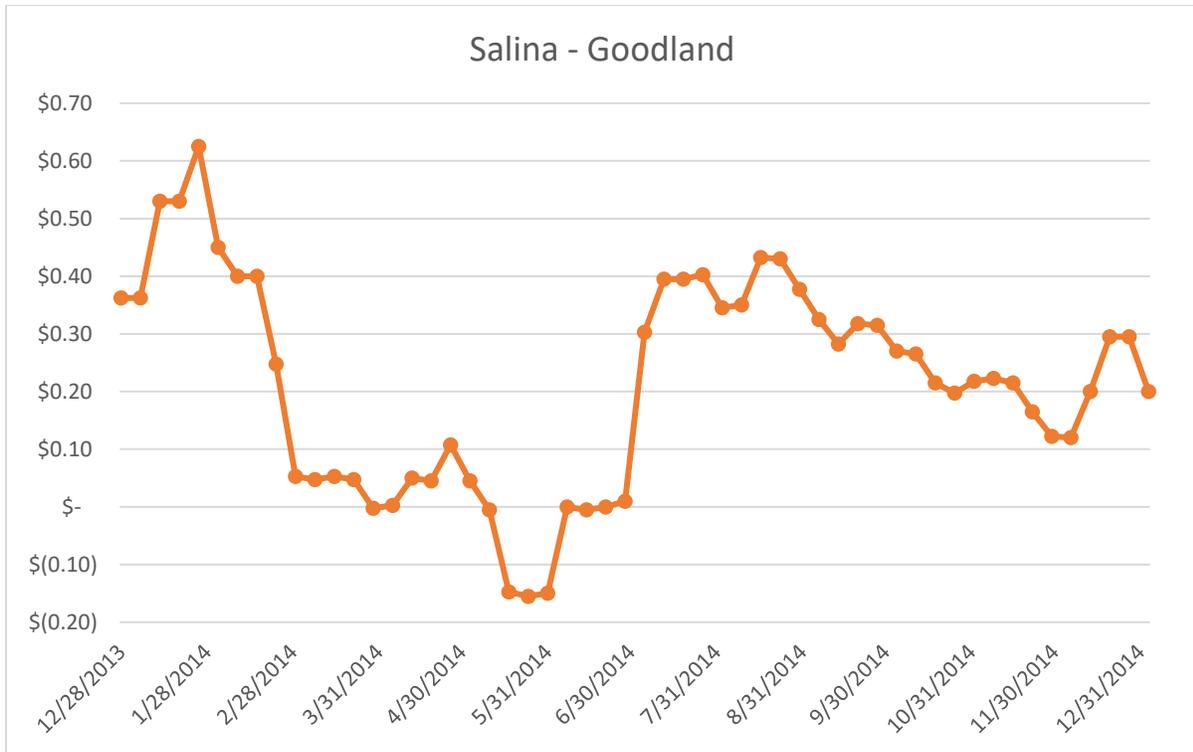
Posted bids in the country are mainly a dime higher with the futures, BUT we do see some slightly better basis bids too, and the high side of Hutchinson, KS jumped almost 20c(!).

(I will make an editorial comment: if KC H shorts aren't nervous, they should at least be on alert...when I do the math on a VSR calculator, I show the KC H-K has to trade at -14c and stay there, or else the storage rates will decline to 8c/month.

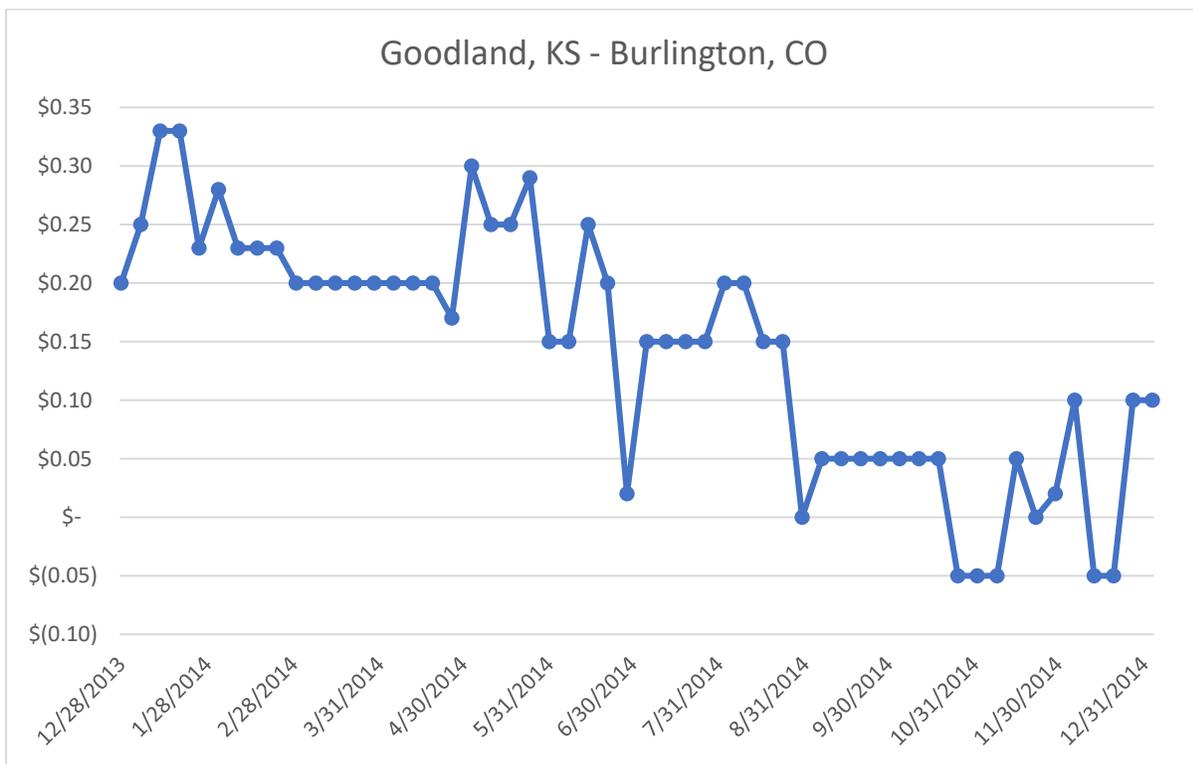
Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
01/04	\$4.26-\$4.66	\$4.81	\$4.51-\$4.61	\$4.43-\$4.66	\$4.85-\$4.86
12/28	\$4.16-\$4.51	\$4.71	\$4.41-\$4.51	\$4.32-\$4.56	\$4.76-\$4.76
12/21	\$4.23-\$4.58	\$4.78	\$4.48-\$4.58	\$4.40-\$4.63	\$4.83-\$4.83
12/14	\$4.38-\$4.73	\$4.93	\$4.37-\$4.73	\$4.55-\$4.78	\$4.98-\$4.98
12/07	\$4.32-\$4.62	\$4.82	\$4.29-\$4.52	\$4.49-\$4.67	\$4.82-\$4.87
11/30	\$4.17-\$4.50	\$4.62	\$4.31-\$4.40	\$4.29-\$4.50	\$4.70-\$4.70
11/23	\$3.91-\$4.21	\$4.21	\$4.01-\$4.16	\$4.02-\$4.26	\$4.31-\$4.41
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
01/204(H)	-80, -40	-25	-55, -45	-63, -40	-20, -20
12/28 (H)	-80, -45	-25	-55, -45	-63, -40	-20, -20
12/21 (H)	-80, -45	-25	-55, -45	-63, -40	-20, -20
12/14 (H)	-80, -45	-25	-81, -45	-63, -40	-20, -20
12/07 (H)	-80, -50	-30	-83, -60	-63, -45	-30, -25
11/30 (H)	-83, -50	-38	-69, -60	-71, -50	-30, -30
11/23 (Z)	-70, -40	-40	-60, -45	-58, -35	-30, -20
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
01/04(H)	-25	-20, -15	-35, -15	-18, -15	-22
12/28(H)	-25	-20, -15	-35, -34	-20, -18	-23
12/21(H)	-25	-20, -15	-35, -34	-20, -18	-23
12/14(H)	-25	-20, -15	-35, -34	-20, -18	-25
12/07 (H)	-35	-25, -22	-39, -35	-25, -23	-27
11/30 (H)	-50	-35, -19	-33, -24	-17, -17	-31
11/23 (Z)	-25	-15, -15	-24, -15	-10, -08	-19

Last week I showed some basis charts, and some charts of historical basis relationships. A reader asked me if I would show a Goodland vs Salina chart.

Here it is, and my editorial comment is when Salina is more than 40c over Goodland, Goodland is relatively cheap, and when Goodland is only a dime (or less) discount, it's relatively expensive.



That chart is only one calendar year, but I looked at the data going back to Jan.2012, and I'd stand by my comment. Speaking of editorial license...if a guy grew wheat on the CO-KS border..., if Goodland is 20c or more than Burlington, take it to Goodland...I'll work up a longer-term chart of this too.



Interesting stuff. But it's all changing anyway...probably sooner than I know.

This article from Bloomberg a week or so ago says Cargill and ADM are creating a joint venture to help producers market their grain with an online platform...

<https://www.bloomberg.com/news/articles/2018-12-27/u-s-farmers-wary-of-ulterior-motive-for-traders-digital-push>

The article implies Cargill and ADM are doing this to compete with “startups like Indigo Ag Inc., Grainster Inc. and the Farmers Business Network Inc....”

I'm familiar with Indigo but had to google Grainster and FBN. Hmm; I suspect one of these days the “online marketing platform” field will be kinda crowded...

Ok, what's coming up?

KC March wheat has gained on Chgo March wheat, nearing previous resistance at -8c...



If we knew we were actually exporting HRW to Egypt, or Algeria, or Brazil...or if we knew we were not.

Or if we knew wheat stocks in certain states were more, or less, than expected.

Or if we knew expected winter wheat plantings last fall were substantially different than “normal” “trend-based” expectations...

IF we knew anything, we might have a reason for going one way or the other on a spread, but we don't, so in that scenario, being short KC vs Chgo would make me wonder why have a big position...

KC March...rangebound, but the range is narrowing as time moves on without news.



March corn...likewise. Narrowing ranges; demand seems steady, we think.



This is only a 15c range. All of these markets will go crazy, one way or the other, one of these days.

Including soybeans. H beans shown here:



The red line of support on March beans is currently \$8.71, but the 11-week futures table shows next week that line moves up to \$8.95, and I drew it in with a dotted line. That will be a very narrow range for beans.

The markets are getting ready for some big moves, once the information flows freely.

When will information flow freely?

I'd be surprised if it's soon.

Have a good week.

PS; someone asked me why I haven't shown a weather map in a few weeks. My answer is "because it doesn't matter yet". In the middle of January, it can be too cold, or too dry, or too something, but it means nothing. The middle of March...then it will mean something.

See ya.