

Hello Colorado Wheat.

Omega. Winter wheat futures' continued cratering dragged corn with it, and a quick look at my "11-week closing futures table" forces me to ask, "why haven't old-crop spring wheat and soybeans printed red numbers (new 11-week closing lows) yet?" Spoiler alert...the answer is "they will."

CLOSE	KWK19	KWN19	KWZ19	CK19	CN19	CZ19	WK19	MWK19	MWZ19	SK19
03/01	\$4.45	\$4.53	\$4.83	\$3.73	\$3.82	\$3.94	\$4.57	\$5.58	\$5.77	\$9.12
02/22	\$4.66	\$4.74	\$4.87	\$3.85	\$3.93	\$4.02	\$4.92	\$5.65	\$5.87	\$9.24
02/15	\$4.85	\$4.93	\$5.23	\$3.83	\$3.91	\$3.99	\$5.07	\$5.67	\$5.87	\$9.22
02/08	\$5.01	\$5.09	\$5.37	\$3.82	\$3.90	\$3.99	\$5.20	\$5.69	\$5.93	\$9.29
02/01	\$5.17	\$5.26	\$5.50	\$3.87	\$3.95	\$4.02	\$5.28	\$5.79	\$6.03	\$9.32
01/25	\$5.20	\$5.29	\$5.55	\$3.89	\$3.97	\$4.03	\$5.27	\$5.78	\$6.01	\$9.39
01/18	\$5.15	\$5.25	\$5.53	\$3.90	\$3.97	\$4.04	\$5.24	\$5.79	\$6.05	\$9.30
01/11	\$5.16	\$5.26	\$5.54	\$3.87	\$3.94	\$4.02	\$5.25	\$5.74	\$6.01	\$9.24
01/04	\$5.18	\$5.28	\$5.57	\$3.91	\$3.98	\$4.04	\$5.23	\$5.76	\$6.03	\$9.35
12/28	\$5.08	\$5.20	\$5.50	\$3.83	\$3.91	\$3.98	\$5.19	\$5.56	\$5.86	\$9.08
12/21	\$5.14	\$5.26	\$5.55	\$3.86	\$3.94	\$3.99	\$5.21	\$5.68	\$5.95	\$9.11

Cascading red numbers in KC wheat first, followed by cascading red numbers in Chicago wheat, and now corn enters the fray.

Old-crop beans are only 4c from a new red number, and old-crop spring wheat is only 2c away from a new red number.

I'd be surprised if beans and spring wheat can't print a new red number this week.

The other side is...when we look at the daily price charts, we'll see Friday's action was characterized by big reversals, or the weekly closing table would have been worse.

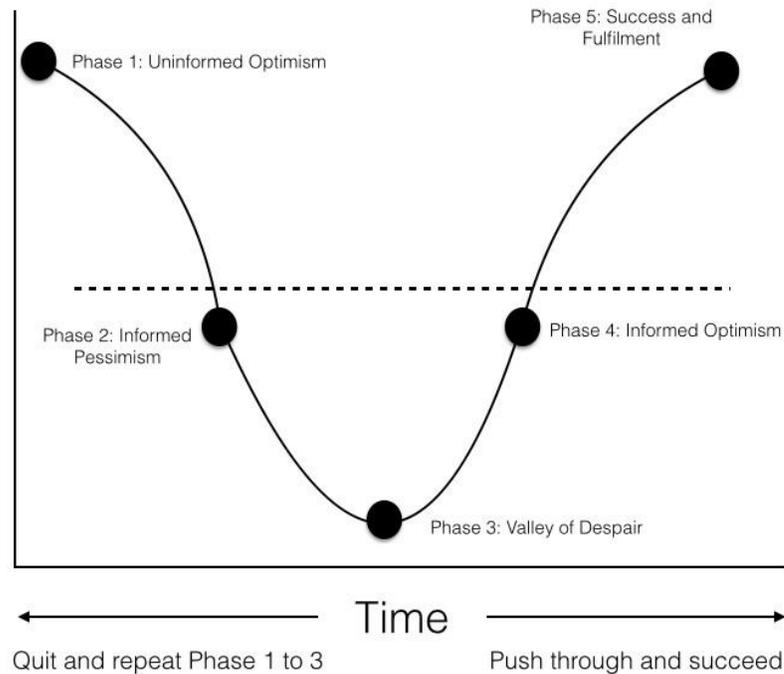
Does Friday's reversals mean the long-term bottom is in? Maybe; just about anything is possible. The phrase "long-term" seems too strong, but are we due for a bounce?

Yes.

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

On a side note...

This chart is used to depict how people deal with change; I think it shows market psychology too.



Winter wheat guys are almost entering Phase 3, the Valley of Despair.

Corn guys are at Phase 2.

Beans and old-crop spring wheat guys are past Phase 1, but that's about it.

(This story from the Mpls Star-Tribune about Recombinetics and their new CEO stating "...gene-edited animals have native traits and are not GMO", talking about their genetically modified hornless heifers and other bioengineered livestock services seems applicable here too.

<http://www.startribune.com/new-ceo-at-st-paul-gene-editing-firm-eyes-new-livestock-medical-products/506527032/>)

Ok, back to "the Bounce".

Did Friday's reversal mean anything, other than merely Fund (algorithmic) gyrations?

These are hourly charts:

May corn:



May beans:



Chicago May wheat:



And even KC May wheat:



All show the same thing. At precisely 11:30 am, March 1, a buy-program kicked in. Therefore, it was not fundamentally related. It was Big Money related.

Spring wheat doesn't quite show the same pattern, which confirms my suspicions.



The late Friday bounce is merely an algo bounce and is not sustainable. I would not build a big long position based merely on Friday's action, or the idea that "something must have changed at 11:30".

However, IF I had to bet the bull side on one of those...KC has been pounded, and I'm leaning towards... too much.

Here's my updated Export Pace scorecard. You wouldn't know it from the weekly action, but it was a pretty good export loadings week.

THIS WEEK'S (02/21)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	9.512	183.1	320.0	136.9	14	9.78
HRS	3.814	174.9	300.0	125.1	14	8.94
2 WEEKS AGO (02/14)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	6.184	173.6	320.0	146.4	15	9.76
HRS	3.380	171.2	300.0	128.8	15	8.58

The USDA will still have to decrease their USA HRW export projection, maybe this Friday on the March WASDE, BUT they will have to decrease their USA spring wheat export projection as well.

This is MGEX K – KC K:



Usually I show spreads in line format, but this candlestick format allows me to show it reached my target of +122 on Friday's intraday spike, and then closed lower for the day, leaving a potential island reversal.

Old-crop spring wheat is overpriced relative to old-crop hard winter wheat.

AND...KC old-crop wheat is a relative bargain compared to old-crop corn. It can get cheaper, but...



May beans are about ready to throw in the towel:



Once beans close on a Friday below that red line of \$9.08, Sell Algos will emerge from the computers...

Am I bullish wheat?

Admittedly, it's hard for me to almost ever be bullish hard winter wheat, as they grow that stuff outdoors. It's cheap against spring wheat and corn, and beans are getting ready to make a run at \$8.00, so in that regard, I'd sell something other than hard winter wheat.

But am I bullish KC wheat? Well, I don't see any buy signals on this chart...



Unfortunately, I'm not sure hard winter wheat has gone deep enough into The Valley of Despair.

And Dec corn...one could build a pretty good case that the entire USA farm economy depends on Dec corn. If we don't see a USA corn pollination problem this summer, or a Russian/Ukraine drought, we'll all be walking in that Valley.

Dec corn shown here, now with 2 red lines:



Weather problems arise suddenly. It's early March, and temps are more like it's early January. Maybe the picture changes overnight, but it feels to me like we're going to need a disaster somewhere to prevent a price disaster here.

I'll take small shot at KC vs corn, and KC vs MGEX. Will see how that works, although bottom-picking usually isn't a great strategy.

We'll finish with a quick look at cash bids, which are mainly steady. All the fireworks have been in the futures almost the entire year. Too bad the fireworks exploded on the ground. I hope everyone survived.

The Gulf is steady, now posted against the K futures. Protein widened a freckle.

GULF date	12 pro	ords	diff	
3/1/2019	172	150	22	K
2/22/2019	170	152	18	
2/15/2019	161	146	15	
2/8/2019	158	138	20	
2/1/2019	160	145	15	
1/25/2019	152	132	20	

The country basis bids are mixed, mainly steady.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
03/01	\$3.93-\$4.15	\$4.21	\$3.78-\$4.10	\$3.87-\$4.10	\$4.31-\$4.32
02/22	\$3.79-\$4.29	\$4.34	\$4.14-\$4.24	\$3.98-\$4.29	\$4.49-\$4.54
02/15	\$3.97-\$4.47	\$4.52	\$4.32-\$4.42	\$4.16-\$4.47	\$4.67-\$4.72
02/08	\$4.14-\$4.64	\$4.74	\$4.49-\$4.54	\$4.33-\$4.65	\$4.84-\$4.84
02/01	\$4.29-\$4.79	\$4.89	\$4.51-\$4.69	\$4.48-\$4.75	\$4.99-\$4.99
01/25	\$4.30-\$4.75	\$4.87	\$4.64-\$4.70	\$4.49-\$4.70	\$4.97-\$5.00
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
03/01(K)	-52, -30	-25	-67, -35	-58, -35	-14, -13
02/22(H)	-80, -30	-25	-45, -35	-61, -29	-10, -05
02/15(H)	-80, -30	-25	-45, -35	-61, -29	-10, -05
02/08(H)	-80, -30	-20	-45, -40	-61, -29	-10, -10
02/01(H)	-80, -30	-20	-58, -40	-61, -34	-10, -10
01/25(H)	-80, -35	-23	-46, -40	-61, -40	-13, -10
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
3/01(K)	-30	-20, -13	-33, -09	-17, -12	-19
2/22(H)	-20	-20, -10	-29, -05	-13, -08	-15
2/15(H)	-20	-20, -10	-29, -10	-13, -08	-15
2/08(H)	-20	-10, -10	-29, -10	-13, -08	-15
2/01(H)	-25	-15, -10	-34, -10	-18, -10	-15
1/25(H)	-25	-15, -13	-34, -10	-18, -10	-20

Have a good week.