

Hello Colorado Wheat.

A guy wakes up in a hospital room from a terrible car crash. The doc says “I have good news and bad news. What do you want to hear first?” The patient says, “Give me the bad news.” The doc replies: “The bad news is both of your legs are horribly mangled and you may never walk again.” The patient says, “Omega, what’s the good news?” The doc says, “The guy in the room next to you wants to buy your boots.”

I too have good news and bad news. The bad news is this 11-week closing futures table shows every grain we track made new 11-week closing lows, and no buy signals exist:

CLOSE	KWK19	KWN19	KWZ19	CK19	CN19	CZ19	WK19	MWK19	MWZ19	SK19
<b>03/08</b>	<b>\$4.31</b>	<b>\$4.40</b>	<b>\$4.73</b>	<b>\$3.64</b>	<b>\$3.74</b>	<b>\$3.89</b>	<b>\$4.40</b>	<b>\$5.49</b>	<b>\$5.70</b>	<b>\$8.96</b>
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	<b>\$3.82</b>	<b>\$3.90</b>	\$3.99	\$5.20	\$5.69	\$5.93	\$9.29
02/01	\$5.17	\$5.26	\$5.50	\$3.87	\$3.95	\$4.02	<b>\$5.28</b>	<b>\$5.79</b>	\$6.03	\$9.32
01/25	<b>\$5.20</b>	<b>\$5.29</b>	<b>\$5.55</b>	\$3.89	\$3.97	\$4.03	\$5.27	\$5.78	\$6.01	<b>\$9.39</b>
01/18	\$5.15	\$5.25	\$5.53	\$3.90	\$3.97	<b>\$4.04</b>	\$5.24	<b>\$5.79</b>	<b>\$6.05</b>	\$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	<b>\$3.91</b>	<b>\$3.98</b>	<b>\$4.04</b>	\$5.23	\$5.76	\$6.03	\$9.35
12/28	\$5.08	\$5.20	\$5.50	\$3.83	\$3.91	<b>\$3.98</b>	<b>\$5.19</b>	<b>\$5.56</b>	<b>\$5.86</b>	<b>\$9.08</b>

The good news is:

Uh, well.. I kinda fudged on the good news part. Will get back to you on that.

In the meantime...this link takes you to poshmark, where you can get an idea on the used boots market:

<https://poshmark.com/browse/mens-used-cowboy-boots>

**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**

Will buzz thru these charts fairly quickly, as unless a guy is short, they don't look too good.

KC wheat, with the 5<sup>th</sup> week of new red numbers; cascading lows...wow.



Long-term weekly continuous chart shows 2016 support lows of \$3.95 are near.



Can that be the good news? The end is near? What size are those boots?

The USDA released their March WASDE update Friday. Main change was a 25 million bushel cut in their spring wheat export projections. White (soft white winter, mainly) wheat exports were dropped 10 million bu. In a bit of a surprise, USA HRW exports were left unchanged.

Here's the updated USA all wheat balance sheet; I added a 2019/20 column. Obviously, production and exports are the big guesses, so I went with unchanged on those. Wheat's cheap vs corn, so I increased feed and residual. Main takeaway is the balance sheet is potentially tighter than 2016-17, which makes me think \$4.00 wheat futures may come, but I don't think they'll persist all year.

USA all wheat								3/8/2019	maltby guess
year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
carry in	862	743	718	590	752	976	1181	1099	1055
production	1999	2266	2135	2026	2062	2310	1741	1884	1900
imports	113	122	169	149	113	117	157	145	150
total supply	2974	3131	3022	2765	2927	3403	3079	3128	3105
food	941	945	951	958	957	949	965	965	965
seed	76	73	77	81	67	61	63	63	63
feed/residual	163	388	228	120	152	154	51	80	100
domestic use	1180	1406	1256	1159	1176	1164	1079	1108	1128
exports	1051	1007	1176	854	775	1055	901	965	965
total demand	2231	2413	2432	2013	1951	2219	1980	2073	2093
carryout	743	718	590	752	976	1184	1099	1055	1012
stox/use	33.3%	29.8%	24.3%	37.4%	50.0%	53.4%	55.5%	50.9%	48.4%
farm price	\$ 7.24	\$ 7.77	\$ 6.87	\$ 5.99	\$ 4.89	\$ 3.89	\$ 4.72	\$ 5.15	\$4.65

2016/17 not only saw cheap futures, but it was characterized by a very cheap basis that never improved.

The warning is...my unchanged export guess is NOT a no-brainer, and frankly, it's easier to state it's overly optimistic than to say it's pessimistic.

This table shows all wheat production of the major wheat exporters, which does NOT include the Former Soviet Union. Australia could rebound by 4 mmt easily, and Europe was down 14 million tonnes in 18/19, so that's 18 million tonnes which could come back in.

major exporters all wheat production (mmt)									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	208.9	193.3	217.9	224.0	221.7	227.7	221.1	206.2	??

Besides that, the FSU-12 had a 17 million tonne wheat production drop in 18/19 compared to 17/18!

**This expected rebound in world wheat production is the MAIN FUNDAMENTAL input that has caused the steep wheat futures sell-off, and until we see buy-signals, one CANNOT state this expected rebound is fully priced in already.**

Corn futures accelerated their downward slide too. The WASDE cut corn demand for ethanol usage by 25 million bushels, and dropped their USA corn export forecast by 75 million bu. That 100-million-bushel demand reduction was NOT a bullish input.

May corn shown here, with no buy signals on the horizon:

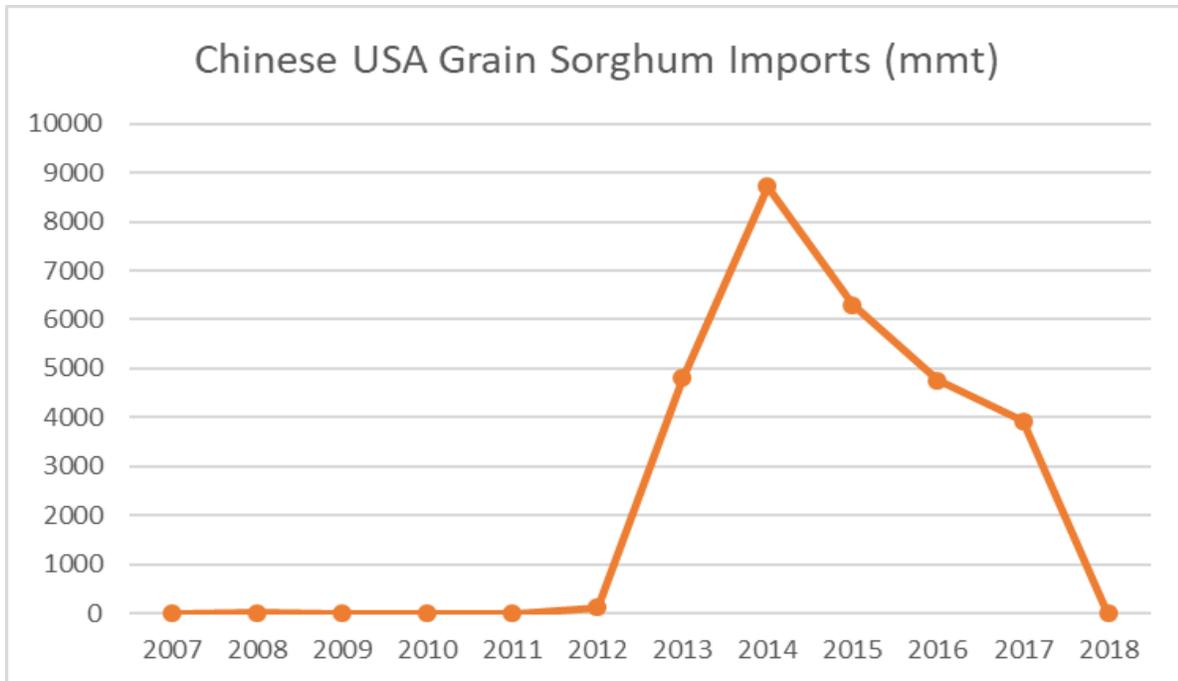


The new red line is \$3.64. The “law” of “Big Round Numbers” says \$3.50 would be the next Big Round Number.

I believe this is good news; China bought a boat of USA milo.

<https://www.reuters.com/article/us-usa-trade-china-sorghum/china-makes-biggest-us-sorghum-purchase-since-trade-war-began-idUSKCN1QO2DG>

This chart will look better for 2019. How much better? I’m not sure, but one boat is better than no boats. Maybe one boat leads to two boats...



How about soybeans? USA soybean exports to China are less than ½ of last years', and politics continue to be a drag on the markets. China buys about 40% of Canada's canola crop, which is now in question...

<https://www.apnews.com/fffb33e550c64107a11328a28c116e04>

I personally doubt China will now buy US beans to replace Canadian canola, but some analysts (who work for futures commission houses) are more hopeful. The USDA did NOT drop USA bean exports (yet), and they increased the crush demand slightly. May beans shown here:



I don't see any buy signals on wheat, corn or bean charts, and fundamentally, world buyers are content to go hand-to-mouth as much as possible. There is absolutely no sense of urgency from anyone. I know many commission houses are in dire need of a futures rally, and point to huge Fund short positions, as an impending catalyst. You've read these wires long enough to know one thing I believe: huge Fund short positions get big because they are winning positions. Successful Funds (and traders) do NOT add to losing positions. They add to winners.

New Friday closing lows bring in new selling, and the short positions get bigger.

We'll finish with an updated look at the USA hard wheat export scorecard; it was a good week, again, but the USDA 's projections will be difficult to reach. I lean towards more reductions are coming:

<b>THIS WEEK's (03/01)</b>	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	8.286	191.4	320.0	128.6	13	9.89
HRS	4.850	179.8	<b>275.0</b>	95.2	13	7.32
<b>2 WEEKS AGO (02/21)</b>	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 Gulf bids are still quite firm, sitting on a 30c basis rally since the beginning of the calendar year, but are now highly inverted, as April/May bids are 15 to 20c discount, and June/July is another dime discount.

GULF date	12 pro	ords	diff	
3/8/2019	173	152	21	
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	
1/18/2019	141	125	16	
1/11/2019	139	122	17	
1/4/2019	141	122	19	

Basis strength is shown in these country bids, but seasonal weakness is coming.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>03/08</b>	<b>\$3.80-\$4.01</b>	<b>\$4.07</b>	<b>\$3.89-\$3.96</b>	<b>\$3.78-\$3.96</b>	<b>\$4.18-\$4.31</b>
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
<b>03/08(K)</b>	<b>-52, -30</b>	<b>-25</b>	<b>-42, -35</b>	<b>-53, -35</b>	<b>-14, -00</b>
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
<b>3/08(K)</b>	<b>-25</b>	<b>-15, -13</b>	<b>-29, -14</b>	<b>-13, -10</b>	<b>-14</b>
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

An updated look at my spec positions...

KC May wheat vs May corn is not yet a winner, as KC wheat lost 5 or 6c to corn, so...I'm not adding to this.



And KC K vs May spring wheat... also NOT yet a winner. Chart looks topy, maybe. Spring wheat logistics are very poor right now, but the main issue with this spread is Big Money does not play in Minny, so the spread is very directionally biased. Just because Big Money is selling KC doesn't mean Big Money is selling MGEX.



Looks like I better keep my day job, or pare down my boot collection... Have a good week.